



Interim report

KLP KOMMUNEKREDITT AS
Q1 2021

Table of contents

KLP KOMMUNEKREDITT AS

INTERIM FINANCIAL STATEMENTS	3
INCOME STATEMENT	5
BALANCE SHEET	6
STATEMENT OF CHANGES IN EQUITY	7
STATEMENT OF CASH FLOW	8
NOTES TO THE ACCOUNTS	9
NOTE 1 General information	9
NOTE 2 Accounting principles	9
NOTE 3 Net interest income	10
NOTE 4 Loans to customers	10
NOTE 5 Categories of financial instruments	11
NOTE 6 Fair value hierarchy	13
NOTE 7 Securities liabilities - stock exchange listed covered bonds and certificates	15
NOTE 8 Over-collateralisation	15
NOTE 9 Liabilities to credit institutions	16
NOTE 10 Financial assets and liabilities subject to net settlement	17
NOTE 11 Transactions with related parties	18
NOTE 12 Other assets	18
NOTE 13 Other liabilities and provision for accrued costs	19
NOTE 14 Capital adequacy	20
NOTE 15 Fixed-income securities	21
NOTE 16 Contingent liabilities	21
NOTE 17 Net gain/(loss) on financial instruments	21
NOTE 18 Loan loss provision	22
Quarterly earnings trend	23
Key figures - accumulated	23

Interim Financial Statements

KLP KOMMUNEKREDITT AS

Main features by first quarter end:

- Reduced lending margins
- Reduced costs
- No recognized losses on lending

OBJECTIVE

The Company's objective is financing KLP Banken's loans to municipalities, county administrations and enterprises carrying out public sector assignments. Loans to companies must be guaranteed by municipalities, county administrations or the central government under the Norwegian Local Government Act. Guarantees are to be of the ordinary surety type covering both repayments and interest. The lending business is principally funded issuing covered bonds (OMF).

KLP Kommunekreditt AS is a wholly owned subsidiary of KLP Banken AS. The KLP Banken AS is owned by Kommunal Landspensjonskasse (KLP).

INCOME STATEMENT

Net interest revenues by the first quarter were NOK 12.7 (14.7)¹ million. The change is mainly related to somewhat lower lending margins on average.

Net income effects of financial instruments by first quarter amounts to NOK -3.1 (-6.5) million. This is mainly due to pricing effects when repurchasing loans.

Operating expenses in the first quarter amounted to 3.9 (4.2) million. The Company has not had any credit losses, and very low loan loss provisions are recognized in the income statement.

Profit before tax for the quarter ended at NOK 5.7 (4.0) million. The change in profit is mainly due to lower operating costs and reduced losses on financial instruments more than compensating for the reduction in net interest income.

LENDING

The Company's loans to customers as of 31 March 2021, amounted to NOK 16.7 (16.8) billion. The Company's borrowers are municipalities, county municipalities and local government enterprise lending covered by municipal guarantees.

LIQUID INVESTMENTS

There are strict rules on which assets may be included in the securities holdings. In addition to loans to the public

sector 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 31.03.2021, the Company's securities portfolio market value was NOK 0.9 (2.3) billion. Realized and unrealized market value changes so far this year has created a gain of NOK 0.4 (-4.7) million.

BORROWING

The Company's borrowing consists of covered bonds (OMF) as well as loans from KLP Banken AS. There were no new covered bonds issues in the first quarter, but net repurchase of previous issues was NOK 0.2 billion. All covered bonds have AAA rating.

The Company regularly restructures its borrowing with the purpose of adjusting average duration. This may cause both loss and gain. Buying back own bond issues have caused a net loss of NOK -3.4 (-1.8) million brought to book by the first quarter.

RISK AND CAPITAL ADEQUACY

KLP Kommunekreditt 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 is to have sufficient long-term financing within set limits. The credit risk in the Company is low and lending is limited to local government risk. Management of the Company's liquidity is conducted through investments in banks and securities with high credit quality requirements.

At the end of the first quarter 2021, core capital i.a.w. the capital adequacy rules were NOK 744 (715) million. Loans to municipalities and county administrations are risk-weighted 20 per cent in accordance with the authorities' capital adequacy regulations. KLP Kommunekreditt AS had a core capital adequacy and capital adequacy ratio of 20.3 (18.2) per cent at the end of the first quarter. The minimum statutory requirement is 14.5 per cent capital adequacy ratio. Leverage ratio was 4.1 (3.5) per cent. The minimum statutory requirement is 3.0 per cent.

¹Figures in parenthesis refer to the corresponding period last year.

Trondheim, 28 April 2021

Aage E. Schaanning
Chair

Aina Slettedal Eide

Aud Norunn Strand

Kristian Lie-Pedersen

Carl Steinar Lous
Managing Director

Income statement

KLP KOMMUNEKREDITT AS

NOTE	NOK THOUSANDS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
	Interest income, effective interest method	57 328	107 835	305 293
	Other interest income	10 873	35 790	108 258
3	Total interest income	68 201	143 624	413 551
	Interest expense, effective interest method	-35 987	-99 815	-241 866
	Other interest expenses	-19 558	-29 060	-99 274
3	Total interest costs	-55 545	-128 876	-341 140
3	Net interest income	12 656	14 749	72 411
17	Net gain/(loss) financial instruments	-3 066	-6 547	-19 164
	Total other operating income	-3 066	-6 547	-19 164
	Other operating expenses	-3 912	-4 208	-18 528
18	Net loan losses	9	-2	-13
	Total operating expenses	-3 903	-4 210	-18 540
	Operating profit/loss before tax	5 687	3 992	34 706
	Tax ordinary income	4 204	8 074	1 317
	Profit for the period	9 892	12 066	36 023
	Other comprehensive income for the period	0	0	0
	Comprehensive income for the period	9 892	12 066	36 023

Balance sheet

KLP KOMMUNEKREDITT AS

NOTE	NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
ASSETS				
5	Loans to credit institutions	583 706	797 230	447 030
4,5	Loans to customers	16 734 400	16 823 530	17 654 327
5,6,15	Fixed-income securities	919 680	2 281 582	863 851
5,6	Financial derivatives	45 859	71 753	42 630
12	Other assets	776	1 208	237
Total assets		18 284 421	19 975 303	19 008 076
LIABILITIES AND OWNERS EQUITY				
LIABILITIES				
5,9	Debt to credit institutions	255 041	935 246	745 103
5,7	Debt securities issued	17 202 722	18 136 755	17 429 657
5,6	Financial derivatives	51 434	117 917	77 831
	Deffered tax liabilities	9 021	1 385	9 021
13	Other liabilities	16 376	62 606	1 731
13	Provision for accrued costs and liabilities	694	652	36
Total liabilities		17 535 287	19 254 563	18 263 379
EQUITY				
	Share capital	362 500	362 500	362 500
	Share premium	312 500	312 500	312 500
	Other owners' equity	64 242	33 674	69 697
	Unallocated profit/loss	9 892	12 066	0
Total owners' equity		749 133	720 740	744 697
Total liabilities and equity		18 284 421	19 975 303	19 008 076

Statement of changes in equity

KLP KOMMUNEKREDITT AS

2021 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2021	362 500	312 500	69 697	744 697
Profit for the period	0	0	9 892	9 892
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	9 892	9 892
Group contribution received	0	0	19 343	19 343
Group contribution made	0	0	-24 798	-24 798
Total transactions with the owners	0	0	-5 456	-5 456
Equity 31 March 2021	362 500	312 500	74 133	749 133

2020 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2020	362 500	312 500	94 367	769 367
Profit for the period	0	0	12 066	12 066
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	12 066	12 066
Group contribution made	0	0	-60 693	-60 693
Total transactions with the owners	0	0	-60 693	-60 693
Equity 31 March 2020	362 500	312 500	45 740	720 740

2020 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2020	362 500	312 500	94 367	769 367
Profit for the period	0	0	36 023	36 023
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	36 023	36 023
Group contribution made	0	0	-60 693	-60 693
Total transactions with the owners	0	0	-60 693	-60 693
Equity 31 December 2020	362 500	312 500	69 697	744 697

Statement of cash flow

KLP KOMMUNEKREDITT AS

NOK THOUSANDS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
OPERATIONAL ACTIVITIES			
Payments received from customers - interest, commission & charges	49 134	82 256	328 355
Disbursements on loans customers & credit institutions	-200 000	-584 970	-3 405 493
Receipts on loans customers & credit institutions	1 072 325	418 374	2 275 762
Disbursements on operations	-4 055	-3 925	-18 135
Net receipts/disbursements from operating activities	10 151	-5 353	2 366
Net interest investment accounts	185	323	1 940
Net cash flow from operating activities	927 739	-93 294	-815 205
INVESTMENT ACTIVITIES			
Payments on the purchase of securities	-484 022	-1 018 835	-3 285 779
Receipts on sale of securities	426 435	100 287	3 787 878
Receipts of interest from securities	4 109	6 846	26 544
Net cash flow from investment activities	-53 478	-911 702	528 643
FINANCING ACTIVITIES			
Receipts on loans from credit institutions	0	0	4 000 000
Repayments and redemption of securities debt	0	-100 000	-4 732 110
Change in buyback of securities debt	-219 788	800 000	804 000
Net payment of interest on loans credit institutions	-31 558	-112 543	-289 937
Receipts in internal funding	0	1 090 000	4 165 000
Disbursements in internal funding	-490 000	-475 000	-3 740 000
Net payment of interest on internal funding	-382	-1 066	-4 762
Payment on group contribution	0	0	-60 693
Net cash flows from financing activities	-741 727	1 201 391	141 498
Net cash flow during the period	132 533	196 394	-145 064
Cash and cash equivalents at the start of the period	442 579	587 644	587 644
Cash and cash equivalents at the end of the period	575 113	784 038	442 579
Net receipts/disbursements of cash	132 533	196 394	-145 064

Notes to the accounts

KLP KOMMUNEKREDITT AS

NOTE 1 General information

KLP Kommunekreditt AS was formed on 25 August 2009. The company is a credit enterprise that provides or acquires public sector loans that are guaranteed by the Norwegian municipalities. Borrowers provide surety covering both repayments and interest.

The object of the Company is primarily to finance activities by issuing covered bonds with security in public sector guarantees loans. Parts of these loans are listed on Oslo Børs (Stock Exchange).

KLP Kommunekreditt AS is registered and domiciled in Norway. It's head office is at Beddingen 8 in Trondheim, and the company has a branch office in Dronning Eufemiasgate 10 in 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 Kommunekreditt AS for the period 1 January 2021 – 31 March 2021, with a specification of the results in the first quarter. The interim Financial Statements has not been audited.

The interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

Other accounting principles and calculations are the same in the interim financial statement as in the annual report for 2020, please see the annual report for further information.

NOTE 3 Net interest income

NOK THOUSANDS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
Interest income on loans to customers	57 049	106 489	303 354
Interest income on loans to credit institutions	279	1 345	1 940
Total interest income, effective interest method	57 328	107 835	305 293
Interest income on bonds and certificates	1 993	8 856	26 841
Other interest income	8 880	26 934	81 416
Total other interest income	10 873	35 790	108 258
Total interest income	68 201	143 624	413 551
Interest expenses on debt to KLP Banken AS	-320	-1 142	-4 695
Interest expenses on issued securities	-35 667	-98 673	-237 171
Total interest expenses, effective interest method	-35 987	-99 815	-241 866
Other interest expenses	-19 558	-29 060	-99 274
Total other interest expenses	-19 558	-29 060	-99 274
Total interest expenses	-55 545	-128 876	-341 140
Net interest income	12 656	14 749	72 411

NOTE 4 Loans to customers

NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
Loans to customers before write-downs	16 670 054	16 637 336	17 551 888
Write-downs steps 1 and 2	-164	-162	-173
Loans to customers after write-downs	16 669 890	16 637 174	17 551 715
Accrued interest	48 280	89 599	40 365
Fair value hedging	16 230	103 829	62 247
Premium/discount	0	-7 073	0
Loans to customers	16 734 400	16 823 530	17 654 327

All lending comprises loans to, or loans guaranteed by, Norwegian municipalities and county administrations, including loans to local government enterprises and intermunicipal (public sector lending). Guarantees are of the ordinary surety type covering both repayments and interest.

NOTE 5 Categories of financial instruments

NOK THOUSANDS	31.03.2021		31.03.2020		31.12.2020	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS						
Fixed-income securities	919 680	919 680	2 281 582	2 281 582	863 851	863 851
Financial derivatives	45 859	45 859	71 753	71 753	42 630	42 630
Total financial assets at fair value through profit and loss	965 539	965 539	2 353 335	2 353 335	906 482	906 482
FINANCIAL ASSETS FAIR VALUE HEDGING						
Lending to Norwegian municipalities	3 229 963	3 292 101	3 013 729	3 013 229	3 659 595	3 715 811
Total financial assets fair value hedging	3 229 963	3 292 101	3 013 729	3 013 229	3 659 595	3 715 811
FINANCIAL ASSETS AT AMORTIZED COST						
Loans to and receivables from credit institutions	583 706	583 706	797 230	797 230	447 030	447 030
Lending to Norwegian municipalities	13 504 438	13 504 438	13 809 801	13 797 500	13 994 732	13 994 732
Total financial assets at amortized cost	14 088 144	14 088 144	14 607 030	14 594 729	14 441 762	14 441 762
Total financial assets	18 283 645	18 345 784	19 974 094	19 961 294	19 007 838	19 064 054
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS						
Financial derivatives	51 434	51 434	117 917	117 917	77 831	77 831
Total financial liabilities at fair value through profit and loss	51 434	51 434	117 917	117 917	77 831	77 831
FINANCIAL LIABILITIES FAIR VALUE HEDGING						
Covered bonds issued	1 127 265	1 139 273	1 856 891	1 858 798	1 139 041	1 148 872
Total financial liabilities fair value hedging	1 127 265	1 139 273	1 856 891	1 858 798	1 139 041	1 148 872
FINANCIAL LIABILITIES AT AMORTIZED COST						
Liabilities to credit institutions	255 041	255 041	935 246	935 246	745 103	745 103
Covered bonds issued	16 075 457	16 169 095	16 279 864	16 277 454	16 290 616	16 873 438
Total financial liabilities at amortized cost	16 330 498	16 424 136	17 215 110	17 212 700	17 035 718	17 618 541
Total financial liabilities	17 509 197	17 614 843	19 189 918	19 189 415	18 252 590	18 845 243

NOTE 5 Categories of financial instruments (continues)

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for on normal market terms and conditions. A financial instrument is considered to be listed in an active market if the listed price is simply and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length. If the market for the security is not active, or the security is not listed on a stock market or similar, valuation techniques are used to set fair value. These are based for example on information on recently completed transactions carried out on business terms and conditions, reference to trading in similar instruments and pricing using externally collected yield curves and yield spread curves. As far as possible the estimates are based on externally observable market data and rarely on company-specific information.

The different financial instruments are thus priced in the following way:**Fixed-income securities - government**

Bloomberg is used as a source for pricing Norwegian government bonds. The prices are compared with the prices from Nordic Bond Pricing to reveal any errors.

Fixed-income securities - other than government

Norwegian fixed-income securities except government are generally priced using prices from Nordic Bond Pricing. Those securities that are not included in Nordic Bond Pricing are priced theoretically. The theoretical price is based on the assumed present value on the sale of the position. A zero-coupon curve is used for discounting. The zero-coupon curve is adjusted upwards by means of a credit spread, which is to take account of the risk the bond entails. The credit spread is calculated on the basis of a spread curve taking account of the duration of the bond. Nordic Bond Pricing is the main source of spread curves. They provide company-specific curves for Norwegian saving banks, municipalities and energy. Saving banks have various spread curves based on total assets. For companies where Nordic Bond Pricing do not deliver spread curves, the Group use spread curves from three Norwegian banks. When spread curves are available from more than one of these banks, an equal-weighted

average is used. If a bond lacks an appropriate spread curve, spread from a comparable bond from the same issuer is used. If a bond lacks an appropriate spread curve, spread from a comparable bond from the same issuer is used.

Financial derivatives

These transactions are valued based on the applicable swap curve at the time of valuation. Derivative contracts are to be used only to hedge balance amounts and to enable payments obligations to be met. Derivative contracts may be struck only with counterparties with high credit quality.

Fair value of loans to Norwegian local administrations

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. This is valued in Level 2 in the valuation hierarchy, cf. note 6.

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. This is valued in Level 2 in the valuation hierarchy, cf. note 6.

Fair value of liabilities to credit institutions

These transactions are valued using a valuation model, including relevant credit spread adjustments obtained from the market. This is valued in Level 2 in the valuation hierarchy, cf. note 6.

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. This is valued in Level 2 in the valuation hierarchy, cf. note 6.

NOTE 6 Fair value hierarchy

31.03.2021 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	34 991	884 689	0	919 680
Financial derivatives	0	45 859	0	45 859
Total assets at fair value	34 991	930 548	0	965 539
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives (liabilities)	0	51 434	0	51 434
Total financial liabilities at fair value	0	51 434	0	51 434

31.03.2020 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	59 965	2 221 618	0	2 281 582
Financial derivatives	0	71 753	0	71 753
Total assets at fair value	59 965	2 293 370	0	2 353 335
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives (liabilities)	0	117 917	0	117 917
Total financial liabilities at fair value	0	117 917	0	117 917

31.12.2020 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	134 985	728 866	0	863 851
Financial derivatives	0	42 630	0	42 630
Total assets at fair value	134 985	771 496	0	906 482
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives (liabilities)	0	77 831	0	77 831
Total financial liabilities at fair value	0	77 831	0	77 831

NOTE 6 Fair value hierarchy (continues)

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 therefore not 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 and according to the rules on hedge accounting. Financial assets measured at amortized cost and hedge accounting comprise lending to and due to credit institutions, Norwegian municipalities and retail customers. The stated fair value of these assets is determined on terms qualifying for Level 2. Financial liabilities recognized at amortized cost and hedge accounting 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 Securities liabilities - stock exchange listed covered bonds and certificates

NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
Bond debt, nominal amount	17 860 000	18 504 000	17 860 000
Adjustments	24 243	57 275	42 033
Accrued interest	29 479	75 480	23 624
Own holdings, nominal amount	-711 000	-500 000	-496 000
Total debt securities issued	17 202 722	18 136 755	17 429 657

Interest rate on borrowings through the issuance of securities on the reporting date: 0.81 % 2.16 % 0.63 %

The interest rate is calculated as a weighted average of the act/360 basis. It includes interest rate effects and amortization costs.

NOK THOUSANDS	Balance sheet 31.12.2020	Issued	Matured/ redeemed	Other adjustments	Balance sheet 31.03.2021
Bond debt, nominal amount	17 860 000	0	0	0	17 860 000
Adjustments	42 033	0	0	-17 790	24 243
Accrued interest	23 624	0	0	5 855	29 479
Own holdings, nominal amount	-496 000	0	-215 000	0	-711 000
Total debt securities issued	17 429 657	0	-215 000	-11 935	17 202 722

NOTE 8 Over-collateralisation

NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
SECURITY POOL			
Loans to customers	16 796 718	16 817 394	17 710 745
Financial derivatives (net)	-5 717	-46 176	-35 294
Additional collateral ¹	1 394 623	3 026 732	1 260 821
Total security pool	18 185 624	19 797 951	18 936 272
Outstanding covered bonds incl. own funds and premium/discount	17 308 368	18 640 412	18 022 310
Coverage of the security pool	105.1 %	106.2 %	105.1 %

¹ Additional collateral includes loans and receivables from credit institutions and bonds and certificates. Liquidity reserve are not included in additional collateral.

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

NOTE 9 Liabilities to credit institutions

31.03.2021 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2022	255 000	41	255 041
Total liabilities to credit institutions		255 000	41	255 041

Interest rate on debt to credit institutions at the reporting date: 0.34 %

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

31.03.2020 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2021	40 000	24	40 024
Debt to KLP Banken AS	15.12.2021	120 000	73	120 073
Debt to KLP Banken AS	15.12.2021	75 000	46	75 046
Debt to KLP Banken AS	15.12.2021	500 000	95	500 095
Debt to KLP Banken AS	15.12.2021	200 000	8	200 008
Total liabilities to credit institutions		935 000	246	935 246

Interest rate on debt to credit institutions at the reporting date: 1.37 %

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

31.12.2020 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2022	250 000	30	250 030
Debt to KLP Banken AS	15.12.2022	495 000	72	495 072
Total liabilities to credit institutions		745 000	103	745 103

Interest rate on debt to credit institutions at the reporting date: 0.26 %

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

NOTE 10 Financial assets and liabilities subject to net settlement

31.03.2021 NOK THOUSANDS				Related sums that are not presented net		
	Gross financial assets/ liabilites	Gross assets/ liabilites presented net	Book value	Financial instruments	Security in cash	Net recognised value
ASSETS						
Financial derivatives	45 859	0	45 859	-36 866	0	8 993
Total	45 859	0	45 859	-36 866	0	8 993
LIABILITIES						
Financial derivatives	51 434	0	51 434	-36 866	0	14 568
Total	51 434	0	51 434	-36 866	0	14 568

31.03.2020 NOK THOUSANDS				Related sums that are not presented net		
	Gross financial assets/ liabilites	Gross assets/ liabilites presented net	Book value	Financial instruments	Security in cash	Net recognised value
ASSETS						
Financial derivatives	71 753	0	71 753	0	0	0
Total	71 753	0	71 753	0	0	0
LIABILITIES						
Financial derivatives	117 917	0	117 917	-71 753	0	46 165
Total	117 917	0	117 917	-71 753	0	46 165

31.12.2020 NOK THOUSANDS				Related sums that are not presented net		
	Gross financial assets/ liabilites	Gross assets/ liabilites presented net	Book value	Financial instruments	Security in cash	Net recognised value
ASSETS						
Financial derivatives	42 630	0	42 630	-42 630	0	0
Total	42 630	0	42 630	-42 630	0	0
LIABILITIES						
Financial derivatives	77 831	0	77 831	-42 630	0	35 201
Total	77 831	0	77 831	-42 630	0	35 201

The purpose of the note is to show the potential effect of netting agreements at the KLP Kommunekreditt AS. The note shows derivative positions in the financial statement.

NOTE 11 Transactions with related parties

NOK THOUSANDS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
KLP Banken AS, interest on borrowing	320	1 142	4 695
KLP Banken AS, interest on deposits	-150	0	-267
KLP Banken AS, administrative services (at cost)	2 612	2 828	11 838
KLP Kapitalforvaltning AS, fees for services provided	0	0	94

NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
BALANCES			
KLP Banken AS, debt to credit institutions	-255 041	-935 246	-745 103
KLP Banken AS, deposit	100 417	0	100 267
KLP Banken AS, loan settlement	776	1 208	237
Net outstanding accounts to:			
KLP Banken AS	-919	-988	-1 605
KLP	0	-51 740	0
KLP Kapitalforvaltning AS	0	0	-24

There are no direct salary cost in KLP Kommunekreditt AS. Personnel costs (administrative services) are allocated from KLP Banken AS.

Transactions with related parties are carried out on 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 12 Other assets

NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
Intercompany receivables	776	1 208	237
Total other assets	776	1 208	237

NOTE 13 Other liabilities and provision for accrued costs

NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
Creditors	5	47	101
Intercompany payables	919	988	1 629
Owed group contribution (KLP)	0	51 740	0
Other liabilities	15 452	9 831	1
Total other liabilities	16 376	62 606	1 731
VAT	16	0	36
Accrued expenses	678	652	0
Total accrued costs and liabilities	694	652	36

NOTE 14 Capital adequacy

NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
Share capital and share premium fund	675 000	675 000	675 000
Other owners' equity	69 697	42 627	69 697
Total owners' equity	744 697	717 627	744 697
Adjustments due to requirements for proper valuation	-920	-2 282	-864
Core capital/Tier 1 capital	743 778	715 345	743 833
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)	743 778	715 345	743 833
Capital requirement	292 606	315 258	306 180
Surplus of own funds (Tier 1 and Tier 2 capital)	451 172	400 087	437 655
ESTIMATE BASIS CREDIT RISK:			
Institutions	126 068	173 592	97 979
Local and regional authorities	3 347 270	3 453 586	3 559 832
Covered bonds	88 469	200 540	58 636
Other items	0	2 231	0
Calculation basis credit risk	3 561 807	3 829 949	3 716 447
Credit risk	284 945	306 396	297 316
Operating risk	7 552	8 745	8 755
Credit valuation adjustment	110	117	110
Total capital requirement assets	292 606	315 258	306 180
Core capital adequacy ratio	20.3 %	18.2 %	19.4 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
Capital adequacy ratio	20.3 %	18.2 %	19.4 %
Leverage ratio	4.1 %	3.5 %	3.9 %

CAPITAL REQUIREMENT PER 31.03.2021	Core capital/ Tier 1 capital	Supplementary capital/Tier 2 capital	Own funds
Minimum requirement excl. buffers	4.5 %	3.5 %	8.0 %
Protective buffer	2.5 %	0.0 %	2.5 %
Systemic risk buffer	3.0 %	0.0 %	3.0 %
Counter-cyclical capital buffer	1.0 %	0.0 %	1.0 %
Current capital requirement incl. buffers	11.0 %	3.5 %	14.5 %
Capital requirement leverage ratio	3.0 %	0.0 %	3.0 %

NOTE 15 Fixed-income securities

NOK THOUSANDS	31.03.2021		31.03.2020		31.12.2020	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	34 992	34 991	275 452	276 180	276 564	277 494
Bonds	882 365	884 689	2 009 354	2 005 402	584 494	586 358
Total fixed-income securities	917 356	919 680	2 284 806	2 281 582	861 058	863 851

Fixed income securities are brought to account at market value, including accrued but not due interests.

NOTE 16 Contingent liabilities

NOK THOUSANDS	31.03.2021	31.03.2020	31.12.2020
Loan commitment	19 520	456 368	4 650
Total contingent liabilities	19 520	456 368	4 650

NOTE 17 Net gain/(loss) on financial instruments

NOK THOUSANDS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
Net gain/(loss) on fixed-income securities	363	-4 737	-83
Net gain/(loss) financial derivatives and realized repurchase of own debt	-3 429	-1 810	-19 081
Total net gain/(loss) on financial instruments	-3 066	-6 547	-19 164

NOTE 18 Loan loss provision

Changes in provisions for expected losses in first quarter 2021 are related to changes in lending volume. No other changes have been made to the assumptions or input to the model for calculating loss provisions in the first quarter of 2021.

Refer to Note 18 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, AMORTIZED COST				
Opening balance ECL 01.01.2021	174	0	0	174
Transfers to stage 1	0	0	0	0
Transfers to stage 2	0	0	0	0
Transfers to stage 3	0	0	0	0
Net changes	-2	0	0	-2
New losses	3	0	0	3
Write-offs	-10	0	0	-10
Closing balance ECL 31.03.2021	165	0	0	165
Changes (01.01.2021-31.03.2021)	-9	0	0	-9

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 - AMORTIZED COST				
Gross lending 01.01.2021	17 592 253	0	0	17 592 253
Transfers to stage 1	0	0	0	0
Transfers to stage 2	0	0	0	0
Transfers to stage 3	0	0	0	0
Net changes	-166 640	0	0	-166 640
New lending	302 584	0	0	302 584
Write-offs	-1 009 863	0	0	-1 009 863
Gross lending 31.03.2021	16 718 334	0	0	16 718 334

Quarterly earnings trend

NOK MILLIONS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Interest income	68.2	75.1	80.1	114.7	143.6
Interest expense	-55.5	-60.1	-55.9	-96.3	-128.9
Net interest income	12.7	15.1	24.2	18.4	14.7
Net gain/(loss) financial instruments	-3.1	-1.6	-2.3	-8.7	-6.5
Total other operating income	-3.1	-1.6	-2.3	-8.7	-6.5
Other operating expenses	-3.9	-6.5	-3.2	-4.7	-4.2
Total operating expenses	-3.9	-6.5	-3.2	-4.7	-4.2
Operating profit/loss before tax	5.7	6.9	18.7	5.1	4.0
Tax ordinary income	4.2	-1.5	-4.1	-1.1	8.1
Profit for the period	9.9	5.4	14.6	4.0	12.1

Key figures - accumulated

NOK MILLIONS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Pre-tax income	5.7	34.7	27.8	9.1	4.0
Net interest income	12.7	72.4	57.4	33.2	14.7
Other operating income	0.0	0.0	0.0	0.0	0.0
Other operating cost	-3.9	-18.5	-12.0	-8.9	-4.2
Net gain/(loss) financial instruments	-3.1	-19.2	-17.5	-15.2	-6.5
Lending with public sector guarantee	16 734.4	17 654.3	16 932.7	17 356.5	16 823.5
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	17 202.7	17 429.7	17 990.6	18 231.7	18 136.8
Other borrowing	255.0	745.1	515.1	675.1	935.2
Total assets	18 284.4	19 008.1	19 381.1	19 767.8	19 975.3
Average total assets	18 646.2	18 778.7	18 965.3	19 158.6	19 262.4
Equity	749.1	744.7	739.3	724.7	720.7
Interest net	0.07 %	0.39 %	0.30 %	0.17 %	0.08 %
Profit/loss from ordinary operation before taxes	0.03 %	0.18 %	0.15 %	0.05 %	0.02 %
Return on equity	3.05 %	4.51 %	4.82 %	2.36 %	2.08 %
Capital adequacy ratio	20.3 %	19.4 %	18.3 %	18.3 %	18.2 %
Liquidity coverage ratio (LCR)	6 919 %	55 095 %	248 %	5 046 %	215 %



KLP KOMMUNEKREDITT AS

Beddingen 8, 7042 Trondheim
Organization no.: 994 526 944

VISITOR ADDRESS

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