

KLP



Interim report

KLP KOMMUNEKREDITT AS
Q3 2022

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KLP KOMMUNEKREDITT AS

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Interim Financial Statements

KLP KOMMUNEKREDITT AS

Main features by third quarter:

- Increased operating income
- Reduced market value of liquid investments
- Reduced costs on covered bond refinancing

OBJECTIVE

The Company's objective is long-term financing of 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 Group is owned by Kommunal Landspensjonskasse (KLP).

INCOME STATEMENT

Net interest income by third quarter were NOK 74.2 (47.2)¹ million. The change is due to slightly higher lending margins in average and lending volume growth.

Net income effects of financial instruments so far this year amounts to NOK -16.8 (-25.0) million. This mainly comprises reduced market values on liquid investments and 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 -10.8 (-1.2) 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 caused by covered bond refinancing is NOK -6.0 (-23.8) so far this year.

Operating expenses in third quarter amounted to -15.6 (-12.9) million.

The Company has not had any credit losses, and very low loan loss provisions are recognized in the income statement.

The pre-tax profit by quarter end was NOK 41.8 (9.4) million. The change in profit is mainly due to increased operating income and reduced negative P&L effects related to financial instruments.

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

LENDING

The Company's customer lending as at 30 September 2022 amounted to NOK 18.7 (16.8) billion. The Company's borrowers are municipalities, county municipalities and local government enterprises with municipal guarantees.

LIQUID INVESTMENTS

KLP Kommunekreditt AS has strict rules on what assets may be included in the securities holdings. In addition to public sector loans, 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 at 30 September 2022, the Company's securities portfolio had a market value of NOK 2.1 (1.6) billion.

BORROWING

The Company's borrowing comprise covered bonds (OMF) as well as borrowing from KLP Banken AS. So far this year new covered bond issues amounts to NOK 3.0 (2.5) billion and net repurchase of previous issues was NOK 2.7 (2.8) billion. All covered bonds have achieved AAA rating. The Norwegian Financial Supervisory Authority (Finanstilsynet) has during September approved the company's program for issuance of OMF Premium.

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 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 lending is limited to local government risk. Management of the Company's liquidity is conducted through investments in banks satisfying high credit quality requirements.

At the end of third quarter 2022, core capital i.a.w. the capital adequacy rules were NOK 756 (743) million. Loans to municipalities and county administrations are risk-weighted 20 percent in accordance with the authorities' capital adequacy regulations. KLP Kommunekreditt AS had a core capital adequacy and capital adequacy ratio 18.2 (20.1) percent at the end of third quarter. The minimum statutory requirement is 15.0 percent capital adequacy ratio. Leverage ratio was 3.6 (3.9) percent. The minimum statutory requirement is 3.0 percent.

Oslo, 25 October 2022

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	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	120 766	53 390	286 244	168 708	233 743
	Other interest income	20 866	9 868	50 748	31 175	42 380
3	Total interest income	141 633	63 258	336 992	199 883	276 123
	Interest expense, effective interest method	-102 611	-29 457	-234 710	-96 831	-139 178
	Other interest expenses	-9 869	-17 666	-28 103	-55 831	-70 976
3	Total interest costs	-112 480	-47 123	-262 813	-152 662	-210 154
3	Net interest income	29 153	16 135	74 178	47 221	65 969
17	Net gain/(loss) on financial instruments	-3 321	-2 858	-16 804	-24 987	-27 435
	Total net gain/(loss) on financial instruments	-3 321	-2 858	-16 804	-24 987	-27 435
	Other operating expenses	-5 584	-4 864	-15 597	-12 882	-17 981
18	Net loan losses	-1	-1	-5	7	-3
	Total operating expenses	-5 585	-4 865	-15 602	-12 874	-17 984
	Operating profit/loss before tax	20 247	8 413	41 772	9 360	20 550
	Tax ordinary income	-4 454	-1 851	-6 214	3 396	935
	Profit for the period	15 793	6 562	35 558	12 756	21 485
	Other comprehensive income for the period	0	0	0	0	0
	Comprehensive income for the period	15 793	6 562	35 558	12 756	21 485

Balance sheet

KLP KOMMUNEKREDITT AS

NOTE	NOK THOUSANDS	30.09.2022	30.09.2021	31.12.2021
ASSETS				
5	Loans to credit institutions	313 996	365 186	572 172
4,5	Loans to customers	18 717 589	16 842 207	17 844 402
5,6,15	Fixed-income securities	2 090 323	1 584 626	1 666 698
5,6	Financial derivatives	117 792	44 845	42 051
12	Other assets	6 036	12 759	384
Total assets		21 245 736	18 849 622	20 125 706
LIABILITIES AND OWNERS EQUITY				
LIABILITIES				
5,9	Debt to credit institutions	1 506 565	1 005 136	755 168
5,7	Debt securities issued	18 806 433	17 029 733	18 563 116
5,6	Financial derivatives	32 927	35 703	9 644
	Deferred tax liabilities	5 110	3 565	8 086
13	Other liabilities	101 038	23 103	28 934
13	Provision for accrued costs and liabilities	354	385	33
Total liabilities		20 452 427	18 097 624	19 364 980
EQUITY				
	Share capital	362 500	362 500	362 500
	Share premium	312 500	312 500	312 500
	Other owners' equity	82 751	64 242	85 727
	Unallocated profit/loss	35 558	12 756	0
Total owners' equity		793 309	751 998	760 727
Total liabilities and equity		21 245 736	18 849 622	20 125 706

Statement of changes in equity

KLP KOMMUNEKREDITT AS

2022 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2022	362 500	312 500	85 727	760 727
Profit for the period	0	0	35 558	35 558
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	35 558	35 558
Group contribution received	0	0	10 551	10 551
Group contribution made	0	0	-13 527	-13 527
Total transactions with the owners	0	0	-2 976	-2 976
Equity 30 September 2022	362 500	312 500	118 309	793 309

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	12 756	12 756
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	12 756	12 756
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 30 September 2021	362 500	312 500	76 998	751 998

2021 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2021	362 500	312 500	69 697	744 697
Income for the year	0	0	21 485	21 485
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	21 485	21 485
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 December 2021	362 500	312 500	85 727	760 727

Statement of cash flow

KLP KOMMUNEKREDITT AS

NOK THOUSANDS	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
OPERATIONAL ACTIVITIES			
Payments received from customers - interest, commission & charges	223 996	153 169	231 825
Disbursements on loans customers & credit institutions	-1 614 362	-622 719	-1 316 600
Receipts on loans customers & credit institutions	710 846	1 336 845	979 570
Disbursements on operations	-18 466	-14 650	-16 168
Net receipts/disbursements from operating activities	57 722	4 592	11 216
Interest from credit institutions	2 975	489	1 390
Net cash flow from operating activities	-637 288	857 726	-108 767
INVESTMENT ACTIVITIES			
Payments on the purchase of securities	-954 253	-1 406 177	-2 017 481
Receipts on sale of securities	522 177	677 202	1 209 261
Receipts of interest from securities	20 637	8 737	12 103
Net cash flow from investment activities	-411 439	-720 238	-796 117
FINANCING ACTIVITIES			
Receipts on loans from credit institutions	3 000 000	2 500 000	5 500 000
Repayments and redemption of securities debt	-3 008 000	-2 760 000	-3 852 000
Change in securities debt, own funds	251 605	-125 771	-491 530
Net payment of interest on loans credit institutions	-203 474	-103 566	-143 363
Receipts in internal funding	1 100 000	750 000	1 655 000
Disbursements in internal funding	-350 000	-490 000	-1 645 000
Net payment of interest on internal funding	-5 641	-896	-1 815
Payment on group contribution	-2 976	-5 456	-5 456
Net cash flows from financing activities	781 514	-235 689	1 015 836
Net cash flow during the period	-267 213	-98 201	110 952
Cash and cash equivalents at the start of the period	553 531	442 579	442 579
Cash and cash equivalents at the end of the period	286 318	344 378	553 531
Net receipts/disbursements	-267 213	-98 201	110 952

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 2022 – 30 September 2022, with a specification of the results in the Q3. 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 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	118 712	53 220	281 841	168 070	232 353
Interest income on loans to credit institutions	2 054	170	4 403	638	1 390
Total interest income, effective interest method	120 766	53 390	286 244	168 708	233 743
Interest income on bonds and certificates	10 155	2 835	23 522	7 068	10 950
Other interest income	10 712	7 033	27 226	24 107	31 430
Total other interest income	20 866	9 868	50 748	31 175	42 380
Total interest income	141 633	63 258	336 992	199 883	276 123
Interest expenses on debt from KLP Banken AS	-4 532	-391	-7 038	-929	-1 880
Interest expenses on issued securities	-98 079	-29 066	-227 672	-95 902	-137 298
Total interest expenses, effective interest method	-102 611	-29 457	-234 710	-96 831	-139 178
Other interest expenses	-9 869	-17 666	-28 103	-55 831	-70 976
Total other interest expenses	-9 869	-17 666	-28 103	-55 831	-70 976
Total interest expenses	-112 480	-47 123	-262 813	-152 662	-210 154
Net interest income	29 153	16 135	74 178	47 221	65 969

NOTE 4 Loans to customers

NOK THOUSANDS	30.09.2022	30.09.2021	31.12.2021
Loans to customers before write-downs	18 738 687	16 803 545	17 835 041
Write-downs steps 1 and 2	-181	-166	-176
Loans to customers after write-downs	18 738 505	16 803 379	17 834 865
Accrued interest	98 737	55 266	40 892
Fair value hedging	-119 654	-16 439	-31 356
Loans to customers	18 717 589	16 842 207	17 844 402

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	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 THROUGH PROFIT AND LOSS						
Fixed-income securities	2 090 323	2 090 323	1 584 626	1 584 626	1 666 698	1 666 698
Financial derivatives	117 792	117 792	44 845	44 845	42 051	42 051
Total financial assets at fair value through profit and loss	2 208 115	2 208 115	1 629 471	1 629 471	1 708 748	1 708 748
FINANCIAL ASSETS FAIR VALUE HEDGING						
Lending to Norwegian municipalities	1 679 957	1 687 999	2 771 019	2 821 710	1 981 191	2 024 610
Total financial assets fair value hedging	1 679 957	1 687 999	2 771 019	2 821 710	1 981 191	2 024 610
FINANCIAL ASSETS AT AMORTIZED COST						
Loans to and receivables from credit institutions	313 996	313 996	365 186	365 186	572 172	572 172
Lending to Norwegian municipalities	17 037 632	17 037 632	14 071 188	14 071 188	15 863 211	15 863 211
Total financial assets at amortized cost	17 351 628	17 351 628	14 436 374	14 436 374	16 435 383	16 435 383
Total financial assets	21 239 700	21 247 742	18 836 864	18 887 555	20 125 323	20 168 742
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS						
Financial derivatives	32 927	32 927	35 703	35 703	9 644	9 644
Total financial liabilities at fair value through profit and loss	32 927	32 927	35 703	35 703	9 644	9 644
FINANCIAL LIABILITIES FAIR VALUE HEDGING						
Covered bonds issued	471 324	470 232	977 371	986 257	508 146	515 581
Total financial liabilities fair value hedging	471 324	470 232	977 371	986 257	508 146	515 581
FINANCIAL LIABILITIES AT AMORTIZED COST						
Liabilities to credit institutions	1 506 565	1 506 565	1 005 136	1 005 136	755 168	755 168
Covered bonds issued	18 335 108	18 273 698	16 052 362	16 124 177	18 054 970	18 103 842
Total financial liabilities at amortized cost	19 841 673	19 780 263	17 057 498	17 129 313	18 810 137	18 859 010
Total financial liabilities	20 345 925	20 283 422	18 070 571	18 151 273	19 327 927	19 384 235

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**

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 issue 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

30.09.2022 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	99 496	1 990 828	0	2 090 323
Financial derivatives	0	117 792	0	117 792
Total assets at fair value	99 496	2 108 620	0	2 208 115
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives (liabilities)	0	32 927	0	32 927
Total financial liabilities at fair value	0	32 927	0	32 927

30.09.2021 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	99 976	1 484 651	0	1 584 626
Financial derivatives	0	44 845	0	44 845
Total assets at fair value	99 976	1 529 495	0	1 629 471
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives (liabilities)	0	35 703	0	35 703
Total financial liabilities at fair value	0	35 703	0	35 703

31.12.2021 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	99 920	1 566 778	0	1 666 698
Financial derivatives	0	42 051	0	42 051
Total assets at fair value	99 920	1 608 829	0	1 708 748
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives (liabilities)	0	9 644	0	9 644
Total financial liabilities at fair value	0	9 644	0	9 644

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 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	19 500 000	17 600 000	19 508 000
Adjustments	-29 018	35 831	37 436
Accrued interest	62 450	24 902	29 679
Own holdings, nominal amount	-727 000	-631 000	-1 012 000
Total debt securities issued	18 806 433	17 029 733	18 563 116

Interest rate on borrowings through the issuance of securities on the reporting date: 2.58 % 0.72 % 1.05 %

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	19 508 000	3 000 000	-3 008 000	0	19 500 000
Adjustments	37 436	0	0	-66 454	-29 018
Accrued interest	29 679	0	0	32 771	62 450
Own holdings, nominal amount	-1 012 000	0	285 000	0	-727 000
Total debt securities issued	18 563 116	3 000 000	-2 723 000	-33 683	18 806 433

NOTE 8 Over-collateralisation

NOK THOUSANDS	30.09.2022	30.09.2021	31.12.2021
SECURITY POOL			
Loans to customers	18 725 829	16 893 064	17 888 000
Financial derivatives (net)	84 821	8 732	31 883
Additional collateral ¹	2 791 650	2 293 027	2 759 289
Total security pool	21 602 301	19 194 823	20 679 171
Outstanding covered bonds incl. own funds and premium/discount	19 474 543	17 763 228	19 633 708
Coverage of the security pool	110.9 %	108.1 %	105.3 %

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 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	150 000	156	150 156
Debt to KLP Banken AS	15.12.2023	400 000	416	400 416
Debt to KLP Banken AS	15.12.2023	200 000	208	200 208
Debt to KLP Banken AS	15.12.2023	505 000	525	505 525
Debt to KLP Banken AS	15.12.2023	50 000	52	50 052
Debt to KLP Banken AS	15.12.2023	200 000	208	200 208
Total liabilities to credit institutions		1 505 000	1 565	1 506 565

Interest rate on debt to credit institutions at the reporting date: 2.34 %

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	300 000	47	300 047
Debt to KLP Banken AS	15.12.2022	150 000	23	150 023
Debt to KLP Banken AS	15.12.2022	255 000	40	255 040
Debt to KLP Banken AS	15.12.2022	300 000	26	300 026
Total liabilities to credit institutions		1 005 000	136	1 005 136

Interest rate on debt to credit institutions at the reporting date: 0.35 %

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

31.12.2021 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2023	755 000	168	755 168
Total liabilities to credit institutions		755 000	168	755 168

Interest rate on debt to credit institutions at the reporting date: 0.47 %

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

NOTE 10 Financial assets and liabilities subject to net settlement

30.09.2022 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	117 792	0	117 792	-32 927	0	84 865
Total	117 792	0	117 792	-32 927	0	84 865
LIABILITIES						
Financial derivatives	32 927	0	32 927	-32 927	0	0
Total	32 927	0	32 927	-32 927	0	0

30.09.2021 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	44 845	0	44 845	-35 222	0	9 623
Total	44 845	0	44 845	-35 222	0	9 623
LIABILITIES						
Financial derivatives	35 703	0	35 703	-35 222	0	481
Total	35 703	0	35 703	-35 222	0	481

31.12.2021 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	42 051	0	42 051	-9 190	0	32 861
Total	42 051	0	42 051	-9 190	0	32 861
LIABILITIES						
Financial derivatives	9 644	0	9 644	-9 190	0	454
Total	9 644	0	9 644	-9 190	0	454

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	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
KLP Banken AS, interest on borrowing	-7 038	-929	-1 880
KLP Banken AS, interest on deposits	2 490	422	788
KLP Banken AS, administrative services (at cost)	-9 518	-7 441	-11 420
KLP Kapitalforvaltning AS, fees for services provided	0	-38	-70

NOK THOUSANDS	30.09.2022	30.09.2021	31.12.2021
BALANCES			
KLP Banken AS, debt to credit institutions	-1 506 565	-1 005 136	-755 168
KLP Banken AS, deposit	203 544	100 689	201 054
KLP Banken AS, loan settlement	5 242	6 816	384
Net outstanding accounts to:			
KLP Banken AS	-1 110	-242	-3 496
KLP Kapitalforvaltning AS	0	0	-32

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	30.09.2022	30.09.2021	31.12.2021
Intercompany receivables	5 242	6 816	384
Prepaid expenses	794	643	0
Miscellaneous receivables	0	5 300	0
Total other assets	6 036	12 759	384

NOTE 13 Other liabilities and provision for accrued costs

NOK THOUSANDS	30.09.2022	30.09.2021	31.12.2021
Intercompany payables	1 110	242	3 528
Other liabilities	99 928	22 860	25 406
Total other liabilities	101 038	23 103	28 934
VAT	354	385	33
Total accrued costs and liabilities	354	385	33

NOTE 14 Capital adequacy

NOK THOUSANDS	30.09.2022	30.09.2021	31.12.2021
Share capital and share premium fund	675 000	675 000	675 000
Other owners' equity	82 751	69 697	85 727
Total owners' equity	757 751	744 697	760 727
Adjustments due to requirements for proper valuation	-2 090	-1 585	-1 667
Core capital/Tier 1 capital	755 660	743 113	759 060
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)	755 660	743 113	759 060
Capital requirement	332 841	296 205	317 996
Surplus of own funds (Tier 1 and Tier 2 capital)	422 819	446 908	441 065
ESTIMATE BASIS CREDIT RISK:			
Institutions	87 406	83 369	122 921
Local and regional authorities	3 825 005	3 368 906	3 628 147
Covered bonds	160 190	148 465	130 277
Other items	794	5 943	0
Calculation basis credit risk	4 073 394	3 606 684	3 881 345
Credit risk	325 872	288 535	310 508
Operating risk	6 826	7 552	6 826
Credit valuation adjustment	144	119	663
Total capital requirement assets	332 841	296 205	317 996
Core capital adequacy ratio	18.2 %	20.1 %	19.1 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
Capital adequacy ratio	18.2 %	20.1 %	19.1 %
Leverage ratio	3.6 %	3.9 %	3.8 %

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 incl. buffers	11.5 %	3.5 %	15.0 %
Capital requirement leverage ratio	3.0 %	0.0 %	3.0 %

NOTE 15 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	80 037	80 185	99 982	99 976	143 582	143 783
Bonds	2 019 917	2 010 139	1 483 793	1 484 651	1 523 965	1 522 915
Total fixed-income securities	2 099 954	2 090 323	1 583 775	1 584 626	1 667 547	1 666 698

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

NOTE 16 Contingent liabilities

NOK THOUSANDS	30.09.2022	30.09.2021	31.12.2021
Loan commitment	37 012	4 650	64 650
Total contingent liabilities	37 012	4 650	64 650

NOTE 17 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	-2 753	-834	-10 833	-1 217	-4 179
Net gain/(loss) financial derivatives and realized amortization linked to lending	5	0	5	0	0
Net gain/(loss) financial derivatives and realized repurchase of own debt	-572	-2 024	-5 976	-23 770	-23 256
Total net gain/(loss) on financial instruments	-3 321	-2 858	-16 804	-24 987	-27 435

NOTE 18 Loan loss provision

Changes in provisions for expected losses in third quarter 2022 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 third quarter of 2022.

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 - PUBLIC LENDING				
Opening balance ECL 01.01.2022	176	0	0	176
Transfers to stage 1	0	0	0	0
Transfers to stage 2	0	0	0	0
Transfers to stage 3	0	0	0	0
Net changes	-9	0	0	-9
New losses	28	0	0	28
Write-offs	-14	0	0	-14
Closing balance ECL 30.09.2022	181	0	0	181
Changes (01.01.2022-30.09.2022)	5	0	0	5

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 - PUBLIC LENDING				
Lending 01.01.2022	17 875 934	0	0	17 875 934
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	-521 318	0	0	-521 318
New lending	2 898 586	0	0	2 898 586
Write-offs	-1 415 778	0	0	-1 415 778
Lending 30.09.2022	18 837 424	0	0	18 837 424

Quarterly earnings trend

NOK MILLIONS	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Interest income	141.6	109.3	86.1	76.2	63.3
Interest expense	-112.5	-83.3	-67.1	-57.5	-47.1
Net interest income	29.2	26.0	19.0	18.7	16.1
Net gain/(loss) financial instruments	-3.3	-11.1	-2.4	-2.4	-2.9
Total net gain/(loss) on financial instruments	-3.3	-11.1	-2.4	-2.4	-2.9
Other operating expenses	-5.6	-4.8	-5.2	-5.1	-4.9
Total operating expenses	-5.6	-4.8	-5.2	-5.1	-4.9
Operating profit/loss before tax	20.2	10.1	11.4	11.2	8.4
Tax ordinary income	-4.5	-2.2	0.5	-2.5	-1.9
Profit for the period	15.8	7.9	11.9	8.7	6.6

Key figures - accumulated

NOK MILLIONS	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Pre-tax income	41.8	21.5	11.4	20.6	9.4
Net interest income	74.2	45.0	19.0	66.0	47.2
Other operating income	0.0	0.0	0.0	0.0	0.0
Other operating cost	-15.6	-10.0	-5.2	-18.0	-12.9
Net gain/(loss) financial instruments	-16.8	-13.5	-2.4	-27.4	-25.0
Lending with public sector guarantee	18 717.6	18 321.1	17 974.4	17 844.4	16 842.2
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	18 806.4	19 210.8	18 547.4	18 563.1	17 029.7
Other borrowing	1 506.6	905.5	755.2	755.2	1 005.1
Total assets	21 245.7	21 013.8	20 161.6	20 125.7	18 849.6
Average total assets	20 685.7	20 569.8	20 143.7	19 566.9	18 928.8
Equity	793.3	777.5	769.6	760.7	752.0
Interest net	0.36 %	0.22 %	0.09 %	0.34 %	0.25 %
Profit/loss from ordinary operation before taxes	0.20 %	0.10 %	0.06 %	0.11 %	0.05 %
Return on equity	7.32 %	5.66 %	5.99 %	2.76 %	1.68 %
Capital adequacy ratio	18.2 %	18.3 %	19.0 %	19.1 %	20.1 %
Liquidity coverage ratio (LCR)	4 278 %	813 %	1 628 %	2 117 %	7 273 %



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