

KLP



Interim report

KLP BOLIGKREDITT AS
Q1 2023

Table of contents

KLP BOLIGKREDITT AS

INTERIM FINANCIAL STATEMENT	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	12
NOTE 7 Debt securities issued - stock exchange listed covered bonds and certificates	13
NOTE 8 Over-collateralisation	13
NOTE 9 Liabilities to credit institutions	14
NOTE 10 Transactions with related parties	15
NOTE 11 Other assets	16
NOTE 12 Other liabilities and provision for accrued costs and liabilities	16
NOTE 13 Capital adequacy	17
NOTE 14 Fixed-income securities	18
NOTE 15 Net gain(loss) on financial instruments	18
NOTE 16 Loan loss provision	19
Quarterly earnings trend	20
Key figures accumulated	20

Interim Financial Statement

KLP BOLIGKREDITT AS

Main features by first quarter end:

- Increased net interest income
- Moderate lending growth
- No recognized losses on lending

OBJECTIVE

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

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

INCOME STATEMENT

Net interest and credit commission revenues at the end of the first quarter were NOK 24.1 (19.1)¹ million. The change is mainly due to increased interest rate level as well as somewhat increased lending margins in average.

Net profit and loss effects on financial instruments in the quarter were NOK -2.6 (-4.6) million. This is mainly due to market value changes on securities holdings and to the restructuring of issued bonds.

Operating expenses for the first quarter amounted to NOK -16.2 (-18.0) million. The Company has not had any credit losses and have minimal loan loss provisions.

The pre-tax profit at the end of the first quarter was NOK -5.3 (-3.5) million. The change in earnings is primarily due to increased net interest income, reduced profit effects from financial instruments and somewhat lower expenses.

LENDING/TOTAL ASSETS

The Company's loans to customers as at 31 March 2023 amounted to NOK 12.8 (12.7) billion. The Company has purchased loans from the parent company KLP Banken AS amounting to NOK 1.5 (1.5) billion during the quarter. Total assets were NOK 13.8 (14.7) billion.

LIQUID INVESTMENTS

There are strict rules on which assets may be included in the securities holdings. In addition to mortgage loans, the securities holdings consist of secure bonds as well as deposits in other banks. The securities consist of certificates and bonds of high credit quality, principally investments in covered bonds. As at 31 March 2023, the securities portfolio's market value was NOK 0.6 (1.7)

billion. Net profit and loss associated with realized and unrealized market value changes in the securities portfolio so far this year amounted to NOK -0.8 (-3.1) million.

BORROWING

The company's borrowing consists of covered bonds (OMF) secured by a loan portfolio of mortgages and loans from KLP Banken AS. Outstanding intercompany debt amounted to NOK 0.5 (1.5) billion by quarter end. Outstanding covered bond debt was NOK 12.5 (12.4) billion. New covered bonds issued in the first quarter amounted to NOK 1.0 billion. Net repurchases of previous issues amounted to NOK 1.2 billion in the quarter. All covered bonds have achieved Aaa rating from Moody's.

The Company regularly restructures its borrowing with the purpose of adjusting average duration. This may cause profit or loss. Accounting losses from repurchase of own debt amounts to NOK -1.8 (-1.5) million so far this year.

RISK AND CAPITAL ADEQUACY

KLP Boligkreditt AS has established a framework for risk management aimed at ensuring that risks are identified, analyzed and subject to management, using policies, limits, procedures, and instructions. The Company is to have a prudent risk profile and earnings are to be principally a result of the borrowing and lending activity as well as liquidity management. This means that the Company is to have low market risk. Interest risk arising within the borrowing and lending activity are reduced using derivatives. The Company must have sufficient long-term financing within set limits. The credit risk in the Company is low and the Company's lending is limited to loans with liens on housing and leisure property. Management of the Company's liquidity is conducted through investments in banks satisfying high credit quality requirements and in securities in accordance with Board-approved credit lines.

At the end of the first quarter 2023, core capital according to the capital adequacy rules was NOK 919 (767) million. Mortgage loans are risk-weighted by 35 per cent in accordance with the authorities' capital adequacy regulations. KLP Boligkreditt AS had a core capital adequacy and capital adequacy ratio of 19.2 (15.9) percent at the end of the first quarter. The minimum statutory requirement is 16.0 per cent capital adequacy ratio. Leverage ratio was 6.6 (5.2) per cent. Here the minimum statutory requirement is 3.0 per cent.

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

Oslo, 9 May 2023

Aage Schaanning
Chair

Janicke E. Falkenberg

Lill Stabell

Jonas V. Kårstad

Christopher A. N. Steen
Managing Director

Income statement

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	Q1 2023	Q1 2022	01.01.2022 -31.12.2022
	Interest income, effective interest method	128 727	53 659	313 325
	Other interest income	10 162	5 634	24 999
3	Total interest income	138 889	59 293	338 324
	Interest expense, effective interest method	-114 821	-40 210	-264 306
3	Total interest expense	-114 821	-40 210	-264 306
3	Net interest income	24 069	19 083	74 018
15	Net gain/(loss) on financial instruments	-2 584	-4 585	-10 512
	Total net gain/(loss) on financial instruments	-2 584	-4 585	-10 512
	Other operating expenses	-16 173	-18 016	-65 811
16	Net loan losses	24	8	-40
	Total operating expenses	-16 148	-18 007	-65 851
	Operating profit/loss before tax	5 336	-3 510	-2 345
	Tax ordinary income	-1 174	3 980	3 723
	Profit for the period	4 162	470	1 379
	Other comprehensive income for the period	0	0	0
	Comprehensive income for the period	4 162	470	1 379

Balance sheet

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	31.03.2023	31.03.2022	31.12.2022
ASSETS				
5	Loans to credit institutions	392 414	232 510	364 166
4,5	Loans to customers	12 810 522	12 749 418	12 282 503
5,6,14	Fixed-income securities	631 977	1 651 553	1 424 079
11	Other assets	8 022	20 724	16 723
Total assets		13 842 935	14 654 205	14 087 471
LIABILITIES AND OWNERS EQUITY				
LIABILITIES				
5,9	Debt to credit institutions	449 903	1 480 237	524 456
5,7	Debt securities issued	12 458 598	12 394 893	12 634 091
	Deferred tax liabilities	4 259	4 002	4 259
12	Other liabilities	5 916	5 886	4 569
Total liabilities		12 918 677	13 885 018	13 167 375
EQUITY				
	Share capital	380 000	330 000	380 000
	Share premium	480 463	380 463	480 463
	Other owners' equity	59 633	58 254	59 633
	Unallocated profit/loss	4 162	470	0
Total owners' equity		924 258	769 187	920 096
Total liabilities and equity		13 842 935	14 654 205	14 087 471

Statement of changes in equity

KLP BOLIGKREDITT AS

2023 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2023	380 000	480 463	59 633	920 096
Profit for the period	0	0	4 162	4 162
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	4 162	4 162
Group contribution received	0	0	0	0
Group contribution made	0	0	0	0
Total transactions with the owners	0	0	0	0
Equity 31 March 2023	380 000	480 463	63 795	924 258

2022 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2022	330 000	380 463	61 462	771 925
Profit for the period	0	0	470	470
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	470	470
Group contribution received	0	0	11 372	11 372
Group contribution made	0	0	-14 579	-14 579
Total transactions with the owners	0	0	-3 207	-3 207
Equity 31 March 2022	330 000	380 463	58 724	769 187

2022 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2022	330 000	380 463	61 462	771 925
Income for the year	0	0	1 379	1 379
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	1 379	1 379
Group contribution received	0	0	11 372	11 372
Group contribution made	0	0	-14 579	-14 579
Paid-up equity in the period	50 000	100 000	0	150 000
Total transactions with the owners	50 000	100 000	-3 207	146 793
Equity 31 December 2022	380 000	480 463	59 633	920 096

Statement of cash flow

KLP BOLIGKREDITT AS

NOK THOUSANDS	Q1 2023	Q1 2022	01.01.2022 -31.12.2022
OPERATING ACTIVITIES			
Payments received from customers - interest, commission & charges	124 060	51 336	294 362
Disbursements on loans customers & credit institutions	-1 541 520	-1 546 586	-4 485 153
Receipts on loans customers & credit institutions	1 025 988	1 114 215	4 533 887
Disbursements on operations	-17 837	-17 886	-67 210
Net receipts/disbursements from operating activities	11 509	4 933	-3 593
Net interest investment accounts	2 557	748	7 537
Net cash flow from operating activities	-395 243	-393 240	279 829
INVESTMENT ACTIVITIES			
Payments on the purchase of securities	-139 081	-104 618	-684 123
Receipts on sale of securities	928 154	154 349	962 786
Receipts of interest from securities	12 419	5 337	21 759
Net cash flow from investment activities	801 492	55 068	300 421
FINANCING ACTIVITIES			
Receipts on loans from credit institutions	1 000 000	1 500 000	2 500 000
Repayment and redemption of loans	0	-1 087 084	-2 500 000
Change in securities debt, own funds	-1 177 245	-454 000	171 215
Net payment of interest on loans	-111 764	-37 014	-233 841
Receipts in internal funding	1 644 184	1 545 258	4 980 740
Repayment in internal funding	-1 718 389	-1 159 809	-5 551 012
Net payment of interest on internal funding	-3 458	-1 918	-6 890
Change in owners' equity	0	0	150 000
Group contribution paid	0	-3 207	-3 207
Net cash flows from financing activities	-366 672	302 226	-492 996
Net cash flow during the period	39 576	-35 946	87 255
Cash and cash equivalents at the start of the period	349 219	261 964	261 964
Cash and cash equivalents at the end of the period	388 795	226 018	349 219
Net receipts/disbursements	39 576	-35 946	87 255

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 2023 – 31 March 2023, specifying the earnings trend in Q1. The interim Financial Statements has not been audited.

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

Other accounting principles and calculations are the same in the interim financial statement as in the annual report for 2022, please see the annual report for further information.

NOTE 3 Net interest income

NOK THOUSANDS	Q1 2023	Q1 2022	01.01.2022 -31.12.2022
Interest income on loans to customers	125 989	52 840	305 788
Interest income on loans to credit institutions	2 737	819	7 537
Total interest income, effective interest method	128 727	53 659	313 325
Interest income on bonds and certificates	10 162	5 634	24 999
Total other interest income	10 162	5 634	24 999
Total interest income	138 889	59 293	338 324
Interest expenses on debt from KLP Banken AS	-3 110	-2 127	-7 039
Interest expenses on issued securities	-111 710	-38 083	-257 267
Total interest expenses, effective interest method	-114 821	-40 210	-264 306
Total interest expense	-114 821	-40 210	-264 306
Net interest income	24 069	19 083	74 018

NOTE 4 Loans to customers

NOK THOUSANDS	31.03.2023	31.03.2022	31.12.2022
Loans to customers before write-downs	12 789 486	12 740 209	12 263 421
Provisions and write-downs	-41	-17	-65
Loans to customers after write-downs	12 789 445	12 740 192	12 263 355
Accrued interest	21 077	9 226	19 148
Loans to customers	12 810 522	12 749 418	12 282 503

NOTE 5 Categories of financial instruments

NOK THOUSANDS	31.03.2023		31.03.2022		31.12.2022	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
FINANCIAL ASSETS AT FAIR VALUE						
Fixed-income securities	631 977	631 977	1 651 553	1 651 553	1 424 079	1 424 079
Total financial assets at fair value	631 977	631 977	1 651 553	1 651 553	1 424 079	1 424 079
FINANCIAL ASSETS AT AMORTIZED COST						
Loans to and receivables from credit institutions	392 414	392 414	232 510	232 510	364 166	364 166
Loans to and receivables from customers	12 810 522	12 810 522	12 749 418	12 749 418	12 282 503	12 282 503
Total financial assets at amortized cost	13 202 936	13 202 936	12 981 928	12 981 928	12 646 669	12 646 669
Total financial assets	13 834 913	13 834 913	14 633 482	14 633 482	14 070 748	14 070 748
FINANCIAL LIABILITIES AT AMORTIZED COST						
Liabilities to credit institutions	449 903	449 903	1 480 237	1 480 237	524 456	524 456
Covered bonds issued	12 458 598	12 421 487	12 394 893	12 420 617	12 634 091	12 611 328
Total financial liabilities at amortized cost	12 908 501	12 871 390	13 875 130	13 900 856	13 158 547	13 135 784
Total financial liabilities	12 908 501	12 871 390	13 875 130	13 900 856	13 158 547	13 135 784

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.

Fair value of loans to retail costumers

Fair value of lending without fixed interest rates is considered virtually the same as book value since the contract terms are continuously changed in step with market interest rates. Fair value of fixed rate loans is calculated by discounting contractual cash flows by the marked rate including a relevant risk margin on the reporting date.

Fair value of loans to and receivables from credit institutions

All receivables from credit institutions (bank deposits) are at variable interest rates. Fair value of these is considered virtually the same as book value since the contract terms are continuously changed in step with marked interest rates.

Fair value of liabilities to credit institutions

These transactions are valued using a valuation model, including relevant credit spread adjustments obtained from the market.

Liabilities created on issuance of covered bonds

Fair value in this category is determined on the basis of internal valuation models based on external observable data.

NOTE 6 Fair value hierarchy

31.03.2023 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	9 936	622 041	0	631 977
Total assets at fair value	9 936	622 041	0	631 977

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

31.12.2022 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	9 943	1 414 136	0	1 424 079
Total assets at fair value	9 943	1 414 136	0	1 424 079

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for at normal market terms and conditions. Highest quality in regard to fair value is based on listed prices in an active market. A financial instrument is considered as listed in an active market if listed prices are simply and regularly available from a stock market, dealer, broker, industry group, price-setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length.

LEVEL 1: Instruments at this level obtain fair value from listed prices in an active market for identical assets or liabilities to which the entity has access at the reporting date. Examples of instruments in Level 1 are stock market listed securities.

LEVEL 2: Instruments at this level obtain fair value from observable market data. This includes prices based on identical instruments, but where the instrument does not maintain a high enough trading frequency and is not therefore considered to be traded in an active market, as well as prices based on corresponding assets and price-leading indicators that can be confirmed from market

information. Example instruments at Level 2 are fixed-income securities priced on the basis of interest rate paths.

LEVEL 3: Instruments at Level 3 contain non-observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded.

Note 5 discloses the fair value of financial assets and financial liabilities that are recognized at amortized cost. Financial assets measured at amortized cost comprise lending to and due to credit institutions and retail customers. The stated fair value of these assets is determined on terms qualifying for Level 2. Financial liabilities recognized at amortized cost consist of debt securities issued and deposits. The stated fair value of these liabilities is determined by methods qualifying for Level 2.

There have been no transfers between Level 1 and Level 2.

NOTE 7 Debt securities issued - stock exchange listed covered bonds and certificates

NOK THOUSANDS	31.03.2023	31.03.2022	31.12.2022
Bond debt, nominal amount	14 000 000	13 424 000	13 000 000
Adjustments	-2 284	9 396	-2 926
Accrued interest	37 882	11 498	37 018
Own holdings, nominal amount	-1 577 000	-1 050 000	-400 000
Total debt securities issued	12 458 598	12 394 893	12 634 091

Interest rate on borrowings through the issuance of securities on the reporting date: 3.74% 1.60% 3.61%

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 31.12.2022	Issued	Matured/ redeemed	Other adjustments	Balance sheet 31.03.2023
Bond debt, nominal amount	13 000 000	1 000 000	0	0	14 000 000
Adjustments	-2 926	0	0	642	-2 284
Accrued interest	37 018	0	0	864	37 882
Own holdings, nominal amount	-400 000	0	-1 177 000	0	-1 577 000
Total debt securities issued	12 634 091	1 000 000	-1 177 000	1 507	12 458 598

NOTE 8 Over-collateralisation

NOK THOUSANDS	31.03.2023	31.03.2022	31.12.2022
SECURITY POOL			
Loans to customers ¹	12 798 648	12 718 187	11 478 090
Additional collateral ²	2 533 520	2 704 393	2 159 749
Total security pool	15 332 168	15 422 580	13 637 839
Outstanding covered bonds incl. own funds and premium/discount	14 001 922	13 465 671	13 012 603
Coverage of the security pool	109.5%	114.5%	104.8%

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

31.03.2023 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	16.12.2024	204 036	40	204 076
Debt to KLP Banken AS	16.12.2024	145 795	19	145 814
Debt to KLP Banken AS	16.12.2024	100 000	13	100 013
Total liabilities to credit institutions		449 831	72	449 903

Interest rate on debt to credit institutions at the reporting date: 2.35 %

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

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

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

31.12.2022 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2024	494 036	401	494 437
Debt to KLP Banken AS	15.12.2024	30 000	19	30 019
Total liabilities to credit institutions		524 036	420	524 456

Interest rate on debt to credit institutions at the reporting date: 1.72 %

NOTE 10 Transactions with related parties

NOK THOUSANDS	Q1 2023	Q1 2022	01.01.2022 -31.12.2022
KLP Banken AS, interest on borrowing	-3 110	-2 127	-7 039
KLP Banken AS, interest on deposits	1 707	592	4 177
KLP Banken AS, administrative services (at cost)	-14 944	-17 540	-60 693
KLP Kapitalforvaltning AS, fees for services provided	0	0	-19
KLP Group companies, subsidised interest employee loans	2 132	1 912	8 408
KLP Banken AS, purchase of loans	-1 541 520	-1 546 586	-4 485 153

NOK THOUSANDS	31.03.2023	31.03.2022	31.12.2022
BALANCES			
KLP Banken AS, borrowing Group current liabilities	-449 903	-1 480 237	-524 456
KLP Banken AS, deposit	206 936	201 644	205 229
KLP Banken AS, net internal liabilities	4 140	18 966	14 697
Net outstanding accounts to:			
KLP Banken AS	-4 742	-5 886	-4 569
KLP	1 287	1 148	1 318
KLP Group companies, net other internal accounts	708	611	708

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

Transactions with related parties are carried out at general market terms, with the exception of the Company's share of common functions, which is allocated at cost. Allocation is based on actual use. All internal receivables are settled as they arise.

NOTE 11 Other assets

NOK THOUSANDS	31.03.2023	31.03.2022	31.12.2022
Intercompany receivables	6 135	20 724	16 723
Prepaid expenses	1 887	0	0
Total other assets	8 022	20 724	16 723

NOTE 12 Other liabilities and provision for accrued costs and liabilities

NOK THOUSANDS	31.03.2023	31.03.2022	31.12.2022
Intercompany payables	4 742	5 886	4 569
Other liabilities	1 174	0	0
Total other liabilities	5 916	5 886	4 569

NOTE 13 Capital adequacy

NOK THOUSANDS	31.03.2023	31.03.2022	31.12.2022
Share capital and share premium fund	860 463	710 463	860 463
Other owners' equity	59 633	58 254	59 633
Total owners' equity	920 097	768 718	920 097
Adjustments due to requirements for proper valuation	-632	-1 652	-1 424
Core capital/Tier 1 capital	919 465	767 066	918 672
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)	919 465	767 066	918 672
Capital requirement	382 531	385 548	373 302
Surplus of own funds (Tier 1 and Tier 2 capital)	536 934	381 517	545 370
Estimate basis credit risk:			
Institutions	78 483	50 525	76 036
Investments with mortgage security in real estate	4 483 683	4 462 296	4 298 876
Covered bonds	62 204	164 756	141 414
Other holdings	8 022	611	708
Calculation basis credit risk	4 632 391	4 678 187	4 517 034
Credit risk	370 591	374 255	361 363
Operating risk	11 940	11 294	11 940
Total capital requirement assets	382 531	385 548	373 302
Core capital adequacy ratio	19.2 %	15.9 %	19.7 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
Capital adequacy ratio	19.2 %	15.9 %	19.7 %
Leverage ratio	6.6 %	5.2 %	6.5 %

CAPITAL REQUIREMENT PER 31.03.2023	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	2.5 %	0.0 %	2.5 %
Current capital requirement including buffers	12.5 %	3.5 %	16.0 %
Capital requirement leverage ratio	3.0 %	0.0 %	3.0 %

NOTE 14 Fixed-income securities

NOK THOUSANDS	31.03.2023		31.03.2022		31.12.2022	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	0	0	3 994	3 994	9 937	9 943
Bonds	629 613	631 977	1 650 733	1 647 559	1 411 555	1 414 136
Total fixed-income securities	629 613	631 977	1 654 727	1 651 553	1 421 492	1 424 079

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

NOTE 15 Net gain(loss) on financial instruments

NOK THOUSANDS	Q1 2023	Q1 2022	01.01.2022 -31.12.2022
Net gain/(loss) on fixed-income securities	-754	-3 122	-4 554
Net gain/(loss) financial derivatives and realized repurchase of own debt	-1 830	-1 463	-5 958
Total net gain/(loss) financial instruments	-2 584	-4 585	-10 512

NOTE 16 Loan loss provision

In the first quarter of 2023 the company has not made any adjustments in the expected loss models. There are only small changes in the loan loss provisions in this quarter compared to the previous.

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 01.01.2023	25	41	0	66
Transfers to stage 1	1	-1	0	0
Transfers to stage 2	-1	1	0	0
Transfers to stage 3	0	0	0	0
Net changes	7	3	0	10
New losses	4	0	0	4
Write-offs	-2	-36	0	-37
Closing balance ECL 31.03.2023	33	9	0	42
Changes (01.01.2023-31.03.2023)	8	-33	0	-24

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 01.01.2023	12 033 405	249 164	0	12 282 569
Transfers to stage 1	32 486	-32 486	0	0
Transfers to stage 2	-96 973	96 973	0	0
Transfers to stage 3	0	0	0	0
Net changes	-138 066	-1 666	0	-139 732
New lending	1 490 439	0	2 190	1 492 629
Write-offs	-785 286	-39 617	0	-824 903
Lending 31.03.2023	12 536 005	272 369	2 190	12 810 564

Quarterly earnings trend

NOK MILLIONS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Interest income	138.9	123.9	85.8	69.4	59.3
Interest expense	-114.8	-105.2	-66.6	-52.3	-40.2
Net interest income	24.1	18.7	19.2	17.1	19.1
Net gain/ (loss) on financial instruments	-2.6	2.8	-1.4	-7.3	-4.6
Total net gain/(loss) on financial instruments	-2.6	2.8	-1.4	-7.3	-4.6
Other operating expenses	-16.1	-14.1	-16.1	-17.6	-18.0
Total operating expenses	-16.1	-14.1	-16.1	-17.6	-18.0
Operating profit/loss before tax	5.3	7.4	1.7	-7.9	-3.5
Tax ordinary income	-1.2	-1.6	-0.4	1.7	4.0
Profit for the period	4.2	5.8	1.3	-6.2	0.5

Key figures accumulated

NOK MILLIONS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Pre-tax income	5.3	-2.3	-9.7	-11.4	-3.5
Net interest income	24.1	74.0	55.3	36.1	19.1
Other operating expenses	-16.1	-65.9	-51.7	-35.6	-18.0
Net gain/ (loss) financial instruments	-2.6	-10.5	-13.3	-11.9	-4.6
Housing mortgage lending	12 810.5	12 282.5	12 671.4	12 919.7	12 749.4
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	12 458.6	12 634.1	12 624.0	12 213.9	12 394.9
Other borrowing	449.9	524.5	564.2	1 092.1	1 480.2
Total assets	13 842.9	14 087.5	14 109.9	14 227.0	14 654.2
Average total assets	13 965.2	14 200.6	14 211.8	14 270.3	14 483.9
Equity	924.3	920.1	914.3	913.0	769.2
Interest net	0.17 %	0.52 %	0.39 %	0.25 %	0.13 %
Profit/loss from ordinary operation before taxes	0.04 %	-0.02 %	-0.07 %	-0.08 %	-0.02 %
Return on equity	2.32 %	-0.30 %	-1.68 %	-2.95 %	-1.82 %
Capital adequacy ratio	19.2 %	19.7 %	19.2 %	18.9 %	15.9 %
Liquidity coverage ratio (LCR)	239 %	483 %	723 %	1 160 %	580 %



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