

Q2 Interim report 2024

KLP Boligkreditt AS

KLP



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KLP Boligkreditt AS

Q2 2024

Interim Financial Statements 2/2024

Main features by second quarter end:

- Increased operating profit
- 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.

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

The operating profit before tax for the second quarter was NOK 14.9 (5.0)¹ million. Year-to-date, the profit before tax is NOK 22.9 (10.3) million. The change in profit is mainly due to growth in net interest income and reduced negative effects from financial instruments.

Net interest and credit commission income for the second quarter was NOK 53.5 (43.9) million. The change is mainly related to higher interest rates and slightly higher average loan margins. Higher interest rates increase the interest income on equity-financed lending.

Net effects of financial instruments at the end of the quarter were NOK 0.1 (-3.1) million. This mainly includes losses on liquidity placements and costs associated with the repurchase of borrowings. Realized and unrealized changes in the value of the liquidity portfolio have resulted in an effect of NOK 1.6 (-1.1) million. The restructuring of the borrowing portfolio is done regularly to adjust the average maturity. This can result in both losses and gains. Accounting effects due to the repurchase of own debt amount to a total of NOK -1.5 (-2.0) million so far this year.

Operating costs for the second quarter were NOK -30.6 (-30.5) million. The company has not had any loan losses and has very low loss provisions.

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

Lending and total assets

The company's loans to customers as of 30 June 2024 amounted to NOK 12.6 (12.6) billion. Loans from the parent company KLP Banken AS amounting to NOK 1.6 (2.4) billion were purchased in the first half of the year. Total assets were NOK 13.8 (13.6) billion.

Liquid investments

KLP Boligkreditt AS has strict requirements for the assets that can be included in the security holdings. In addition to mortgage loans, the security holdings consist of securities and deposits in other banks. The securities consist of certificates and bonds with very high credit quality, mainly investments in covered bonds. As of 30 June 2024, the company's interest-bearing securities had a market value of NOK 0.8 (0.6) billion.

Borrowing

The company's external financing consists of issued covered bonds (OMF) and loans from KLP Banken AS. The company had NOK 1.6 (0.6) billion in intra-group debt at the end of the quarter. Outstanding OMF debt was NOK 11.1 (12.0) billion. New covered bonds amounting to NOK 1.0 billion have been issued so far this year. Net repurchase of previous issues amounted to NOK 1.0 billion. All OMF issuances have an Aaa rating from Moody's.

Risk and capital adequacy

KLP Boligkreditt AS has established a risk management framework to ensure that risks are identified, analyzed, and managed through guidelines, frameworks, routines, and instructions. The company should have a cautious risk profile, and earnings should primarily result from lending and borrowing activities as well as liquidity management. This means that the company should have low market risk. Interest rate risk arising from lending and borrowing activities is reduced using derivatives. The company should have sufficient long-term financing within established frameworks. The credit risk in the company is very low, and the company's loans are limited to those secured by residential property. The company's liquidity is placed in banks with high credit quality requirements and in securities in line with board-approved credit lines.

Core capital according to capital adequacy rules at the end of the second quarter of 2024 was NOK 1 027 (919) million. Core capital was increased by NOK 100 million in the first half of the year. Loans for residential purposes are risk-weighted at 35 percent according to government regulations for capital adequacy. KLP Boligkreditt AS has a core capital ratio and capital adequacy ratio of 20.9 (19.6) percent per the second quarter. The minimum requirement for total capital adequacy is 17.5 percent. The leverage ratio was 7.5 (6.8) percent. The requirement here is 3.0 per cent.

Future prospects

KLP Boligkreditt AS is part of the financing structure within the KLP Banken Group.

Norwegian society is still experiencing a period of macroeconomic uncertainty, which also affects households. High price growth and increased interest rates are particularly noticeable in people's personal finances. KLP Banken's member customers, who are mainly public sector employees and their households, are more shielded from employment-related risks compared to other groups, as they are employed by municipalities and health enterprises. KLP Banken therefore assumes that the risk of default and loss will remain limited in the future.

KLP Boligkreditt AS is licensed as a mortgage credit institution and will continue to develop by purchasing loans from KLP Banken AS or KLP. The business will primarily be financed through the issuance of covered bonds (OMF) in a security holding consisting residential mortgages. The company aims to contribute to reducing the bank group's borrowing costs and thus be an important contributor to the financing of residential mortgages for KLP's members.

The board believes that there is potential for further development of the company and that a significant portion of KLP Banken's loans for residential purposes can be financed by KLP Boligkreditt AS, including financing forms that contribute positively to the environment and sustainability.

Trondheim, 14 August 2024

AAGE E. SCHAANNING

Chair

JANICKE E. FALKENBERG

LILL STABELL

JONAS V. KÅRSTAD

CHRISTOPHER A. N. STEEN

Managing Director

Statement pursuant to section § 5-6 of the securities trading act

KLP Boligkreditt AS

We hereby confirm that the half yearly financial statement for the company for the period 1 January through 30 June 2024 to the best of our knowledge have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company taken as a whole.

To the best of our knowledge, the half-yearly report gives a true and fair overview of important events that occurred during the accounting period and their impact on the half-yearly financial statement, and a description of the principal risks and uncertainties facing the company over the next accounting period.

Trondheim, 14 August 2024

AAGE E. SCHAANNING

Chair

JANICKE E. FALKENBERG

LILL STABELL

JONAS V. KÅRSTAD

CHRISTOPHER A. N. STEEN

Managing Director

Income statement

KLP Boligkreditt AS

NOTE	NOK THOUSANDS	Q2 2024	Q2 2023	01.01.2024 -30.06.2024	01.01.2023 -30.06.2023	01.01.2023 -31.12.2023
	Interest income, effective interest method	173 630	137 529	348 709	266 256	591 812
	Other interest income	10 316	6 331	18 091	16 493	31 295
3	Total interest income	183 946	143 860	366 799	282 749	623 106
	Interest expense, effective interest method	-155 938	-124 049	-313 293	-238 870	-542 313
3	Total interest expense	-155 938	-124 049	-313 293	-238 870	-542 313
3	Net interest income	28 008	19 810	53 506	43 879	80 793
15	Net gain/(loss) on financial instruments	427	-467	71	-3 051	-3 733
	Total net gain/(loss) on financial instruments	427	-467	71	-3 051	-3 733
	Other operating expenses	-13 562	-14 373	-30 641	-30 545	-62 162
16	Net loan losses	63	12	-3	37	3
	Total operating expenses	-13 500	-14 360	-30 644	-30 508	-62 159
	Operating profit/loss before tax	14 935	4 984	22 934	10 320	14 901
	Tax ordinary income	-2 235	-1 096	-2 944	-2 270	-3 278
	Profit for the period	12 700	3 887	19 989	8 050	11 623
	Other comprehensive income for the period	0	0	0	0	0
	Comprehensive income for the period	12 700	3 887	19 989	8 050	11 623

Balance

KLP Boligkreditt AS

NOTE	NOK THOUSANDS	30.06.2024	30.06.2023	31.12.2023
	ASSETS			
5	Loans to credit institutions	375 319	336 283	469 974
4,5	Loans to customers	12 556 901	12 597 524	12 745 448
5,6,14	Fixed-income securities	809 452	641 846	516 406
11	Other assets	20 243	23 925	4 296
	Total assets	13 761 916	13 599 578	13 736 124
	LIABILITIES AND OWNERS EQUITY			
	LIABILITIES			
5,9	Debt to credit institutions	1 551 635	619 485	1 686 316
5,7	Debt securities issued	11 148 785	12 040 413	11 105 128
	Deferred tax liabilities	3 335	4 259	7 537
12	Other liabilities	10 654	7 275	5 424
	Total liabilities	12 714 409	12 671 432	12 804 406
	EQUITY			
	Share capital	430 000	380 000	380 000
	Share premium	530 463	480 463	480 463
	Other owners' equity	67 054	59 633	71 256
	Unallocated profit/loss	19 989	8 050	0
	Total owners' equity	1 047 507	928 146	931 719
	Total liabilities and equity	13 761 916	13 599 578	13 736 124

Statement of changes in equity

KLP Boligkreditt AS

2024 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2024	380 000	480 463	71 256	931 719
Profit for the period	0	0	19 989	19 989
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	19 989	19 989
Group contribution received	0	0	14 898	14 898
Group contribution made	0	0	-19 100	-19 100
Paid-up equity for the period	50 000	50 000	0	100 000
Total transactions with the owners	50 000	50 000	-4 202	95 798
Equity 30 June 2024	430 000	530 463	87 044	1 047 507

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	8 050	8 050
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	8 050	8 050
Group contribution received	0	0	0	0
Group contribution made	0	0	0	0
Total transactions with the owners	0	0	0	0
Equity 30 June 2023	380 000	480 463	67 683	928 146

2023 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2023	380 000	480 463	59 633	920 096
Income for the year	0	0	11 623	11 623
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	11 623	11 623
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 December 2023	380 000	480 463	71 256	931 719

Statement of cash flow

KLP Boligkreditt AS

NOK THOUSANDS	01.01.2024 -30.06.2024	01.01.2023 -30.06.2023	01.01.2023 -31.12.2023
OPERATING ACTIVITIES			
Payments received from customers - interest, commission & charges	341 157	258 563	567 810
Disbursements on loans customers & credit institutions	-1 613 741	-2 426 781	-4 538 968
Receipts on loans customers & credit institutions	1 784 313	2 107 651	4 098 045
Disbursements on operations	-32 427	-31 706	-61 722
Net receipts/disbursements from operating activities	4 068	6 321	1 547
Net interest investment accounts	8 797	6 015	14 873
Net cash flow from operating activities	492 166	-79 938	81 586
INVESTMENT ACTIVITIES			
Payments on the purchase of securities	-330 128	-178 853	-219 829
Receipts on sale of securities	40 000	958 154	1 125 861
Receipts of interest from securities	16 767	18 310	33 063
Net cash flow from investment activities	-273 362	797 610	939 094
FINANCING ACTIVITIES			
Receipts on loans from credit institutions	1 000 000	1 000 000	1 000 000
Repayment and redemption of loans	0	-2 000 000	-2 000 000
Change in securities debt, own funds	-956 960	399 629	-548 349
Net payment of interest on loans	-287 770	-227 489	-500 708
Receipts in internal funding	1 816 710	2 630 435	6 783 028
Repayment in internal funding	-1 950 729	-2 535 597	-5 623 737
Net payment of interest on internal funding	-27 108	-6 427	-23 558
Change in owners' equity	100 000	0	0
Group contribution paid	-4 202	0	0
Net cash flows from financing activities	-310 059	-739 449	-913 325
Net cash flow during the period	-91 254	-21 777	107 355
Cash and cash equivalents at the start of the period	456 573	349 219	349 219
Cash and cash equivalents at the end of the period	365 319	327 442	456 573
Net receipts/disbursements	-91 254	-21 777	107 355

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. Its 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 2024 – 30 June 2024, specifying the earnings trend in Q2. The interim Financial Statements has not been audited.

The financial statements for KLP Boligkreditt AS have been prepared in accordance with IFRS Accounting Standards® as adopted by the EU with some additions that follow The Norwegian Accounting Act and the Regulations concerning annual accounts for banks, mortgage firms and finance companies (the Accounting Regulations). 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 2023, please see the annual report for further information.

Note 3 Net interest income

NOK THOUSANDS	Q2 2024	Q2 2023	01.01.2024 -30.06.2024	01.01.2023 -30.06.2023	01.01.2023 -31.12.2023
Interest income on loans to customers	169 397	134 037	339 244	260 026	576 938
Interest income on loans to credit institutions	4 233	3 492	9 465	6 229	14 873
Total interest income, effective interest method	173 630	137 529	348 709	266 256	591 812
Interest income on bonds and certificates	10 316	6 331	18 091	16 493	31 295
Total other interest income	10 316	6 331	18 091	16 493	31 295
Total interest income	183 946	143 860	366 799	282 749	623 106
Interest expenses on debt from KLP Banken AS	-13 150	-3 509	-26 446	-6 619	-26 129
Interest expenses on issued securities	-142 788	-120 540	-286 848	-232 251	-516 185
Total interest expenses, effective interest method	-155 938	-124 049	-313 293	-238 870	-542 313
Total interest expense	-155 938	-124 049	-313 293	-238 870	-542 313
Net interest income	28 008	19 810	53 506	43 879	80 793

Note 4 Loans to customers

NOK THOUSANDS	30.06.2024	30.06.2023	31.12.2023
Loans to customers before write-downs	12 530 604	12 576 942	12 717 235
Provisions and write-downs	-66	-29	-62
Loans to customers after write-downs	12 530 539	12 576 914	12 717 173
Accrued interest	26 363	20 611	28 276
Loans to customers	12 556 901	12 597 524	12 745 448

Note 5 Categories of financial instruments

NOK THOUSANDS	30.06.2024		30.06.2023		31.12.2023	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
FINANCIAL ASSETS AT FAIR VALUE						
Fixed-income securities	809 452	809 452	641 846	641 846	516 406	516 406
Total financial assets at fair value	809 452	809 452	641 846	641 846	516 406	516 406
FINANCIAL ASSETS AT AMORTIZED COST						
Loans to and receivables from credit institutions	375 319	375 319	336 283	336 283	469 974	469 974
Loans to and receivables from customers	12 556 901	12 556 901	12 597 524	12 597 524	12 745 448	12 745 448
Total financial assets at amortized cost	12 932 221	12 932 221	12 933 807	12 933 807	13 215 422	13 215 422
Total financial assets	13 741 673	13 741 673	13 575 653	13 575 653	13 731 829	13 731 829
FINANCIAL LIABILITIES AT AMORTIZED COST						
Liabilities to credit institutions	1 551 635	1 551 635	619 485	619 485	1 686 316	1 686 316
Covered bonds issued	11 148 785	11 176 836	12 040 413	12 004 601	11 105 128	11 102 781
Total financial liabilities at amortized cost	12 700 420	12 728 471	12 659 898	12 624 085	12 791 444	12 789 097
Total financial liabilities	12 700 420	12 728 471	12 659 898	12 624 085	12 791 444	12 789 097

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.

Fixed-income securities - other than government

Norwegian fixed-income securities are generally priced based on rates from Nordic Bond Pricing. Securities not covered by Nordic Bond Pricing are priced theoretically. The theoretical price should be based on the discounted value of the security's future cash flows. Discounting is done using a swap curve adjusted for credit spread and liquidity spread. The credit spread should, to the extent possible, be based on a comparable bond from the same issuer. Liquidity spread is determined at the discretion of the evaluator.

Fair value of loans to retail costumers

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

Fair value of loans to and receivables from credit institutions

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

Fair value of liabilities to credit institutions

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

Liabilities created on issuance of covered bonds

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

Note 6 Fair value hierarchy

30.06.2024 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	19 816	789 636	0	809 452
Total assets at fair value	19 816	789 636	0	809 452

30.06.2023 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	19 844	622 002	0	641 846
Total assets at fair value	19 844	622 002	0	641 846

31.12.2023 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	19 815	496 592	0	516 406
Total assets at fair value	19 815	496 592	0	516 406

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. The stated fair value of these liabilities is determined by methods qualifying for level 2.

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

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

NOK THOUSANDS	30.06.2024	30.06.2023	31.12.2023
Bond debt, nominal amount	13 000 000	12 000 000	12 000 000
Adjustments	-4 156	-2 721	-3 151
Accrued interest	53 942	43 134	54 278
Own holdings, nominal amount	-1 901 000	0	-946 000
Total debt securities issued	11 148 785	12 040 413	11 105 128
Interest rate on borrowings through the issuance of securities on the reporting date:	5.08%	4.33%	5.07%

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 31.12.2023	Issued	Matured/ redeemed	Other adjustments	Balance sheet 30.06.2024
Bond debt, nominal amount	12 000 000	1 000 000	0	0	13 000 000
Adjustments	-3 151	0	0	-1 006	-4 156
Accrued interest	54 278	0	0	-337	53 942
Own holdings, nominal amount	-946 000	0	-955 000	0	-1 901 000
Total debt securities issued	11 105 128	1 000 000	-955 000	-1 342	11 148 785

Note 8 Over-collateralisation

NOK THOUSANDS	30.06.2024	30.06.2023	31.12.2023
SECURITY POOL			
Loans to customers ¹	12 536 163	12 570 737	12 689 403
Additional collateral ²	2 986 673	877 253	1 833 583
Total security pool	15 522 835	13 447 990	14 522 986
Outstanding covered bonds incl. own funds and premium/discount	13 080 638	12 004 601	12 050 920
Coverage of the security pool	118.7%	112.0%	120.5%

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 5 percent of the value of the outstanding covered bonds.

Note 9 Liabilities to credit institutions

30.06.2024 NOK THOUSANDS	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2025	1 050 000	1 637	1 051 637
Debt to KLP Banken AS	15.12.2025	399 307	534	399 841
Debt to KLP Banken AS	15.12.2025	100 000	156	100 156
Total liabilities to credit institutions		1 549 307	2 327	1 551 635

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

4.01%

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

30.06.2023 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	16.12.2024	197 967	245	198 213
Debt to KLP Banken AS	16.12.2024	170 000	211	170 211
Debt to KLP Banken AS	16.12.2024	250 906	156	251 061
Total liabilities to credit institutions		618 873	612	619 485
Interest rate on debt to credit institutions at the reporting date:				2.79 %

31.12.2023 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2025	1 537 488	2 817	1 540 306
Debt to KLP Banken AS	15.12.2025	145 838	173	146 011
Total liabilities to credit institutions		1 683 326	2 990	1 686 316
Interest rate on debt to credit institutions at the reporting date:				3.88 %

Note 10 Transactions with related parties

NOK THOUSANDS	01.01.2024 -30.06.2024	01.01.2023 -30.06.2023	01.01.2023 -31.12.2023
KLP Banken AS, interest on borrowing	-26 446	-6 619	-26 129
KLP Banken AS, interest on deposits	5 156	3 690	8 646
KLP Banken AS, administrative services (at cost)	-28 585	-28 363	-56 169
KLP Kapitalforvaltning AS, fees for services provided	0	0	-20
KLP Group companies, subsidised interest employee loans	3 590	4 693	9 988
KLP Banken AS, purchase of loans	-1 613 741	-2 426 781	-4 538 968

NOK THOUSANDS	30.06.2024	30.06.2023	31.12.2023
BALANCES			
KLP Banken AS, borrowing Group current liabilities	-1 551 635	-619 485	-1 686 316
KLP Banken AS, deposit	219 031	208 919	213 875
KLP Banken AS, net internal liabilities	17 837	20 270	1 778
Net outstanding accounts to:			
KLP Banken AS	-3 435	-4 895	-5 316
KLP	964	1 505	1 608
KLP Group companies, net other internal accounts	486	893	890

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

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

Note 11 Other assets

NOK THOUSANDS	30.06.2024	30.06.2023	31.12.2023
Intercompany receivables	19 288	22 667	4 296
Prepaid expenses	956	1 258	0
Total other assets	20 243	23 925	4 296

Note 12 Other liabilities and provision for accrued costs

NOK THOUSANDS	30.06.2024	30.06.2023	31.12.2023
Creditors	73	109	88
Intercompany payables	3 435	4 895	5 336
Other liabilities	7 146	2 270	0
Total other liabilities	10 654	7 275	5 424

Note 13 Capital adequacy

NOK THOUSANDS	30.06.2024	30.06.2023	31.12.2023
Share capital and share premium fund	960 463	860 463	860 463
Other owners' equity	67 054	59 633	71 256
Total owners' equity	1 027 518	920 097	931 719
Adjustments due to requirements for proper valuation	-809	-642	-516
Core capital/Tier 1 capital	1 026 708	919 455	931 203
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)	1 026 708	919 455	931 203
Capital requirement	393 068	375 547	397 569
Surplus of own funds (Tier 1 and Tier 2 capital)	633 640	543 907	533 634
Estimate basis credit risk:			
Institutions	78 824	71 612	94 672
Retail	392 939	0	401 637
Investments with mortgage security in real estate	4 211 929	4 409 133	4 273 476
Covered bonds	78 964	62 200	49 659
Other holdings	1 442	2 151	910
Calculation basis credit risk	4 764 097	4 545 096	4 820 354
Credit risk	381 128	363 608	385 628
Operating risk	11 940	11 940	11 940
Total capital requirement assets	393 068	375 547	397 569
Core capital adequacy ratio	20.9 %	19.6 %	18.7 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
Capital adequacy ratio	20.9 %	19.6 %	18.7 %
Leverage ratio	7.5 %	6.8 %	6.8 %

CAPITAL REQUIREMENT PER 30.06.2024	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	4.5 %	0.0 %	4.5 %
Counter-cyclical capital buffer	2.5 %	0.0 %	2.5 %
Current capital requirement including buffers	14.0 %	3.5 %	17.5 %
Capital requirement leverage ratio	3.0 %	0.0 %	3.0 %

Note 14 Fixed-income securities

NOK THOUSANDS	30.06.2024		30.06.2023		31.12.2023	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	19 788	19 816	19 830	19 844	0	0
Bonds	783 888	789 636	619 689	622 002	513 138	516 406
Total fixed-income securities	803 676	809 452	639 519	641 846	513 138	516 406

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

Note 15 Net gain/(loss) on financial instruments

NOK THOUSANDS	Q2	Q2	01.01.2024	01.01.2023	01.01.2023
	2024	2023	-30.06.2024	-30.06.2023	-31.12.2023
Net gain/(loss) on fixed-income securities	607	-329	1 611	-1 083	179
Net gain/(loss) financial derivatives and realized repurchase of own debt	-180	-138	-1 540	-1 968	-3 912
Total net gain/(loss) financial instruments	427	-467	71	-3 051	-3 733

Note 16 Loan loss provision

The company has updated the weight of the different stress scenarios. The weight of the negative scenario has been reduced and the weight of the positive scenario has been increased.

The total loan loss provisions have been reduced since first quarter of 2024. Although the percentage increase is large, the amounts involved are relatively small in relation to the total lending volume. The decrease is NOK 63 000.

Refer to Note 8 and Note 2 in the annual report for more details of the model.

NOK THOUSANDS	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	stage 1	not credit impaired stage 2	credit impaired stage 3	
EXPECTED CREDIT LOSS (ECL) - LOANS TO CUSTOMERS - MORTGAGE				
Opening balance ECL 01.01.2024	41	22	0	63
Transfers to stage 1	2	-2	0	0
Transfers to stage 2	-7	7	0	0
Transfers to stage 3	0	0	0	0
Net changes	2	16	0	18
New losses	3	0	0	3
Write-offs	-5	-1	0	-6
Change in risk model	-6	-6	0	-12
Closing balance ECL 30.06.2024	31	35	0	66
Changes (01.01.2024-30.06.2024)	-10	13	0	3

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 01.01.2024	12 434 702	310 809	0	12 745 511
Transfers to stage 1	70 386	-70 386	0	0
Transfers to stage 2	-165 651	165 651	0	0
Transfers to stage 3	0	0	0	0
Net changes	-263 114	-3 940	0	-267 054
New lending	1 497 094	0	0	1 497 094
Write-offs	-1 384 702	-33 883	0	-1 418 585
Lending 30.06.2024	12 188 715	368 252	0	12 556 967

Quarterly earnings trend

NOK MILLIONS	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Interest income	183.9	182.9	179.0	161.3	143.9
Interest expense	-155.9	-157.4	-157.3	-146.2	-124.0
Net interest income	28.0	25.5	21.7	15.2	19.8
Net gain/ (loss) on financial instruments	0.4	-0.4	0.1	-0.8	-0.5
Total net gain/(loss) on financial instruments	0.4	-0.4	0.1	-0.8	-0.5
Other operating expenses	-13.5	-17.1	-15.2	-16.4	-14.4
Total operating expenses	-13.5	-17.1	-15.2	-16.4	-14.4
Operating profit/loss before tax	14.9	8.0	6.6	-2.0	5.0
Tax ordinary income	-2.2	-0.7	-1.5	0.4	-1.1
Profit for the period	12.7	7.3	5.2	-1.6	3.9

Key figures accumulated

NOK MILLIONS	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Pre-tax income	22.9	8.0	14.9	8.3	10.3
Net interest income	53.5	25.5	80.8	59.0	43.9
Other operating expenses	-30.6	-17.1	-62.2	-46.9	-30.5
Net gain/ (loss) financial instruments	0.1	-0.4	-3.7	-3.8	-3.1
Housing mortgage lending	12 556.9	12 533.6	12 745.4	12 627.9	12 597.5
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	11 148.8	11 279.0	11 105.1	11 239.0	12 040.4
Other borrowing	1 551.6	1 377.2	1 686.3	1 568.8	619.5
Total assets	13 761.9	13 704.1	13 736.1	13 745.7	13 599.6
Average total assets	13 749.0	13 720.1	13 911.8	13 916.6	13 843.5
Equity	1 047.5	1 034.8	931.7	926.6	928.1
Interest net	0.39 %	0.19 %	0.58 %	0.42 %	0.32 %
Profit/loss from ordinary operation before taxes	0.17 %	0.06 %	0.11 %	0.06 %	0.07 %
Return on equity	4.54 %	3.17 %	1.62 %	1.20 %	2.24 %
Capital adequacy ratio	20.9 %	21.0 %	18.7 %	19.4 %	19.6 %
Liquidity coverage ratio (LCR)	731 %	744 %	697 %	753 %	1 004 %

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