

Q3 Interim report 2024

KLP Boligkreditt AS

The KLP logo is rendered in a white, serif typeface. The letter 'K' is tall and narrow, with a long vertical stem. The 'L' is shorter and wider, and the 'P' is also shorter and wider, with a small loop at the top. The letters are closely spaced and appear to be part of a larger graphic element.

KLP

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KLP Boligkreditt AS

Q3 2024

Interim Financial Statements 3/2024

Main features by third quarter end:

- Increased interest income
- Reduces administrative expenses
- No recognized loan losses

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 forsikringselskap (KLP).

Income statement

The operating profit before tax for the third quarter was NOK 12.4 (-2.0)¹ million. Year-to-date, the profit before tax is NOK 35.3 (8.3) 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 third quarter was NOK 81.2 (59.0) million. The change is mainly related to higher interest rates and slightly higher average loan margins.

Net P&L effects from financial instruments at the end of the quarter were NOK 0.6 (-3.8) million. This mainly includes value declines in liquidity placements and costs from the repurchase of own bond issues. Realized and unrealized value changes in the liquidity portfolio have resulted in an P&L effect of NOK 2.2 (-0.1) million. The restructuring of the borrowing portfolio is done regularly to adjust the average maturity. This may cause both loss and gain. Accounting effects from the repurchase of own debt amount to NOK -1.5 (-3.7) million so far this year.

Operating expenses as of third quarter were NOK -46.5 (-47.0) 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 September 2024 amounted to NOK 12.6 (12.6) billion. Loans amounting to NOK 2.9 (3.5) billion have been purchased from the parent company KLP Banken AS so far this year. Total assets was NOK 13.8 (13.7) billion.

Liquid investments

KLP Boligkreditt AS has strict requirements for what assets may be included in the collateral pool. In addition to mortgages, the collateral pool consists 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 September 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 2.2 (1.6) billion in intra-group debt at the end of the third quarter. Outstanding OMF debt was NOK 10.5 (11.2) billion. New covered bonds amounting to NOK 1.0 (1.0) billion have been issued so far this year. Net repurchases of previous issues amount to NOK -1.6 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 shall have a cautious risk profile, and earnings shall primarily result from lending and borrowing activities as well as liquidity management. This means that the company shall have low market risk. Interest rate risk arising from lending and borrowing activities is reduced using derivatives. The company shall 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 mortgages secured by lien on housing 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 regulations at the end of the third quarter 2024 was NOK 1 027 (919) million. Core capital was increased by NOK 100 million in the first half of the year. Lending for residential purposes are risk-weighted 35 percent according to the authorities' regulations for capital adequacy. KLP Boligkreditt AS has a core capital ratio and capital adequacy ratio of 20.9 (19.4) percent as at third quarter. The minimum requirement for total capital adequacy is 17.5 percent. The leverage ratio was 7.5 (6.7) percent. The requirement here is 3.0 per cent.

Oslo, 7 November 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	Q3 2024	Q3 2023	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023	01.01.2023 -31.12.2023
	Interest income, effective interest method	176 564	153 767	525 272	420 023	591 812
	Other interest income	10 524	7 568	28 615	24 061	31 295
3	Total interest income	187 088	161 335	553 887	444 084	623 106
	Interest expense, effective interest method	-159 404	-146 170	-472 697	-385 040	-542 313
3	Total interest expense	-159 404	-146 170	-472 697	-385 040	-542 313
3	Net interest income	27 684	15 165	81 191	59 044	80 793
15	Net gain/(loss) on financial instruments	573	-781	644	-3 831	-3 733
	Total net gain/(loss) on financial instruments	573	-781	644	-3 831	-3 733
	Other operating expenses	-15 862	-16 412	-46 502	-46 957	-62 162
16	Net loan losses	-10	-17	-12	20	3
	Total operating expenses	-15 872	-16 429	-46 515	-46 937	-62 159
	Operating profit/loss before tax	12 385	-2 045	35 320	8 275	14 901
	Tax ordinary income	-1 674	450	-4 619	-1 821	-3 278
	Profit for the period	10 711	-1 595	30 701	6 455	11 623
	Other comprehensive income for the period	0	0	0	0	0
	Comprehensive income for the period	10 711	-1 595	30 701	6 455	11 623

Balance

KLP Boligkreditt AS

NOTE	NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
ASSETS				
5	Loans to credit institutions	277 289	456 437	469 974
4,5	Loans to customers	12 603 621	12 627 904	12 745 448
5,6,14	Fixed-income securities	830 083	643 246	516 406
11	Other assets	66 647	18 143	4 296
	Total assets	13 777 641	13 745 730	13 736 124
LIABILITIES AND OWNERS EQUITY				
LIABILITIES				
5,9	Debt to credit institutions	2 152 965	1 568 760	1 686 316
5,7	Debt securities issued	10 549 527	11 238 976	11 105 128
	Deferred tax liabilities	3 335	4 259	7 537
12	Other liabilities	13 194	6 811	5 424
12	Provision for accrued costs and liabilities	401	374	0
	Total liabilities	12 719 423	12 819 179	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	30 701	6 455	0
	Total owners' equity	1 058 218	926 551	931 719
	Total liabilities and equity	13 777 641	13 745 730	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	30 701	30 701
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	30 701	30 701
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 September 2024	430 000	530 463	97 755	1 058 218

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	6 455	6 455
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	6 455	6 455
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 September 2023	380 000	480 463	66 088	926 551

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 -30.09.2024	01.01.2023 -30.09.2023	01.01.2023 -31.12.2023
OPERATING ACTIVITIES			
Payments received from customers - interest, commission & charges	512 965	404 725	567 810
Disbursements on loans customers & credit institutions	-2 856 592	-3 491 784	-4 538 968
Receipts on loans customers & credit institutions	2 932 768	3 150 792	4 098 045
Disbursements on operations	-46 439	-47 180	-61 722
Net receipts/disbursements from operating activities	2 605	5 169	1 547
Net interest investment accounts	13 702	10 184	14 873
Net cash flow from operating activities	559 008	31 905	81 586
INVESTMENT ACTIVITIES			
Payments on the purchase of securities	-539 811	-198 665	-219 829
Receipts on sale of securities	229 828	978 154	1 125 861
Receipts of interest from securities	27 084	25 216	33 063
Net cash flow from investment activities	-282 899	804 705	939 094
FINANCING ACTIVITIES			
Receipts on loans from credit institutions	1 000 000	1 000 000	1 000 000
Repayment and redemption of loans	-2 500 000	-2 000 000	-2 000 000
Change in securities debt, own funds	944 031	-413 106	-548 349
Net payment of interest on loans	-431 752	-358 844	-500 708
Receipts in internal funding	3 161 666	4 197 079	6 783 028
Repayment in internal funding	-2 694 992	-3 154 471	-5 623 737
Net payment of interest on internal funding	-42 150	-10 176	-23 558
Change in owners' equity	100 000	0	0
Group contribution paid	-4 202	0	0
Net cash flows from financing activities	-467 400	-739 518	-913 325
Net cash flow during the period	-191 290	97 093	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	265 283	446 311	456 573
Net receipts/disbursements	-191 290	97 093	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.

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 September 2024, specifying the earnings trend in Q3. 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	Q3 2024	Q3 2023	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023	01.01.2023 -31.12.2023
Interest income on loans to customers	171 117	149 466	510 361	409 492	576 938
Interest income on loans to credit institutions	5 447	4 301	14 912	10 531	14 873
Total interest income, effective interest method	176 564	153 767	525 272	420 023	591 812
Interest income on bonds and certificates	10 524	7 568	28 615	24 061	31 295
Total other interest income	10 524	7 568	28 615	24 061	31 295
Total interest income	187 088	161 335	553 887	444 084	623 106
Interest expenses on debt from KLP Banken AS	-15 679	-5 252	-42 125	-11 872	-26 129
Interest expenses on issued securities	-143 724	-140 918	-430 572	-373 169	-516 185
Total interest expenses, effective interest method	-159 404	-146 170	-472 697	-385 040	-542 313
Total interest expense	-159 404	-146 170	-472 697	-385 040	-542 313
Net interest income	27 684	15 165	81 191	59 044	80 793

Note 4 Loans to customers

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
Loans to customers before write-downs	12 578 025	12 604 035	12 717 235
Provisions and write-downs	-75	-46	-62
Loans to customers after write-downs	12 577 951	12 603 989	12 717 173
Accrued interest	25 671	23 915	28 276
Loans to customers	12 603 621	12 627 904	12 745 448

Note 5 Categories of financial instruments

NOK THOUSANDS	30.09.2024		30.09.2023		31.12.2023	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
FINANCIAL ASSETS AT FAIR VALUE						
Fixed-income securities	830 083	830 083	643 246	643 246	516 406	516 406
Total financial assets at fair value	830 083	830 083	643 246	643 246	516 406	516 406
FINANCIAL ASSETS AT AMORTIZED COST						
Loans to and receivables from credit institutions	277 289	277 289	456 437	456 437	469 974	469 974
Loans to and receivables from customers	12 603 621	12 603 621	12 627 904	12 627 904	12 745 448	12 745 448
Total financial assets at amortized cost	12 880 911	12 880 911	13 084 341	13 084 341	13 215 422	13 215 422
Total financial assets	13 710 994	13 710 994	13 727 587	13 727 587	13 731 829	13 731 829
FINANCIAL LIABILITIES AT AMORTIZED COST						
Liabilities to credit institutions	2 152 965	2 152 965	1 568 760	1 568 760	1 686 316	1 686 316
Covered bonds issued	10 549 527	10 582 013	11 238 976	11 223 871	11 105 128	11 102 781
Total financial liabilities at amortized cost	12 702 492	12 734 978	12 807 735	12 792 631	12 791 444	12 789 097
Total financial liabilities	12 702 492	12 734 978	12 807 735	12 792 631	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

30.09.2024 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	29 727	800 357	0	830 083
Total assets at fair value	29 727	800 357	0	830 083

30.09.2023 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	19 830	623 416	0	643 246
Total assets at fair value	19 830	623 416	0	643 246

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	30.09.2024	30.09.2023	31.12.2023
Bond debt, nominal amount	10 500 000	12 000 000	12 000 000
Adjustments	-4 500	-2 849	-3 151
Accrued interest	54 027	52 824	54 278
Own holdings, nominal amount	0	-811 000	-946 000
Total debt securities issued	10 549 527	11 238 976	11 105 128
Interest rate on borrowings through the issuance of securities on the reporting date:	5.10%	5.00%	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 30.09.2024
Bond debt, nominal amount	12 000 000	1 000 000	-2 500 000	0	10 500 000
Adjustments	-3 151	0	0	-1 349	-4 500
Accrued interest	54 278	0	0	-251	54 027
Own holdings, nominal amount	-946 000	0	946 000	0	0
Total debt securities issued	11 105 128	1 000 000	-1 554 000	-1 600	10 549 527

Note 8 Over-collateralisation

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
SECURITY POOL			
Loans to customers ¹	12 601 311	12 603 407	12 689 403
Additional collateral ²	790 649	1 811 253	1 833 583
Total security pool	13 391 960	14 414 660	14 522 986
Outstanding covered bonds incl. own funds and premium/discount	10 582 013	12 036 733	12 050 920
Coverage of the security pool	126.6%	119.8%	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

30.09.2024 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2025	250 000	419	250 419
Debt to KLP Banken AS	15.12.2025	1 050 000	1 759	1 051 759
Debt to KLP Banken AS	15.12.2025	150 000	251	150 251
Debt to KLP Banken AS	15.12.2025	300 000	268	300 268
Debt to KLP Banken AS	15.12.2025	400 000	268	400 268
Total liabilities to credit institutions		2 150 000	2 965	2 152 965

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

4.02 %

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

30.09.2023 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	16.12.2024	220 509	332	220 841
Debt to KLP Banken AS	16.12.2024	149 559	169	149 728
Debt to KLP Banken AS	16.12.2024	500 000	565	500 565
Debt to KLP Banken AS	00.01.1900	511 221	770	511 991
Debt to KLP Banken AS	16.12.2024	185 356	279	185 635
Total liabilities to credit institutions		1 566 644	2 116	1 568 760

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

3.39 %

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 -30.09.2024	01.01.2023 -30.09.2023	01.01.2023 -31.12.2023
KLP Banken AS, interest on borrowing	-42 125	-11 872	-26 129
KLP Banken AS, interest on deposits	7 818	6 089	8 646
KLP Banken AS, administrative services (at cost)	-41 822	-41 985	-56 169
KLP Kapitalforvaltning AS, fees for services provided	0	0	-20
KLP Group companies, subsidised interest employee loans	5 010	7 317	9 988
KLP Banken AS, purchase of loans	-2 856 592	-3 491 784	-4 538 968

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
BALANCES			
KLP Banken AS, borrowing Group current liabilities	-2 152 965	-1 568 760	-1 686 316
KLP Banken AS, deposit	221 693	211 317	213 875
KLP Banken AS, net internal liabilities	64 812	15 056	1 778
Net outstanding accounts to:			
KLP Banken AS	-4 373	-4 991	-5 316
KLP	916	1 546	1 608
KLP Group companies, net other internal accounts	440	912	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	30.09.2024	30.09.2023	31.12.2023
Intercompany receivables	66 169	17 514	4 296
Prepaid expenses	478	629	0
Total other assets	66 647	18 143	4 296

Note 12 Other liabilities and provision for accrued costs

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
Creditors	0	0	88
Intercompany payables	4 373	4 991	5 336
Other liabilities	8 821	1 821	0
Total other liabilities	13 194	6 811	5 424
VAT	401	374	0
Total accrued costs and liabilities	401	374	0

Note 13 Capital adequacy

NOK THOUSANDS	30.09.2024	30.09.2023	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	-830	-643	-516
Core capital/Tier 1 capital	1 026 688	919 453	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)	1 026 688	919 453	931 203
Capital requirement	393 322	378 200	397 569
Surplus of own funds (Tier 1 and Tier 2 capital)	633 366	541 253	533 634
Estimate basis credit risk:			
Institutions	68 604	94 608	94 672
Retail	387 083	0	401 637
Investments with mortgage security in real estate	4 230 629	4 419 766	4 273 476
Covered bonds	80 036	62 342	49 659
Other holdings	918	1 541	910
Calculation basis credit risk	4 767 269	4 578 257	4 820 354
Credit risk	381 382	366 261	385 628
Operating risk	11 940	11 940	11 940
Total capital requirement assets	393 322	378 200	397 569
Core capital adequacy ratio	20.9 %	19.4 %	18.7 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
Capital adequacy ratio	20.9 %	19.4 %	18.7 %
Leverage ratio	7.5 %	6.7 %	6.8 %

CAPITAL REQUIREMENT PER 30.09.2024	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	30.09.2024		30.09.2023		31.12.2023	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	29 604	29 727	19 803	19 830	0	0
Bonds	794 782	800 357	619 689	623 416	513 138	516 406
Total fixed-income securities	824 386	830 083	639 492	643 246	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	Q3 2024	Q3 2023	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023	01.01.2023 -31.12.2023
Net gain/(loss) on fixed-income securities	582	937	2 193	-146	179
Net gain/(loss) financial derivatives and realized repurchase of own debt	-9	-1 717	-1 549	-3 685	-3 912
Total net gain/(loss) financial instruments	573	-781	644	-3 831	-3 733

Note 16 Loan loss provision

There has not been done any changes in the model for calculation of the expected loss provisions in the third quarter.

The total loan loss provisions have been increased since second quarter of 2024. Although the percentage increase is large, the amounts involved are relatively small in relation to the total lending volume. The increase is NOK 10 000 kroner.

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 01.01.2024	41	22	0	63
Transfers to stage 1	8	-8	0	0
Transfers to stage 2	-1	1	0	0
Transfers to stage 3	0	0	0	0
Net changes	-3	24	0	21
New losses	13	1	0	13
Write-offs	-7	-2	0	-8
Change in risk model	-8	-6	0	-14
Closing balance ECL 30.09.2024	43	32	0	75
Changes (01.01.2024-30.09.2024)	2	10	0	12

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	101 283	-101 283	0	0
Transfers to stage 2	-189 367	189 367	0	0
Transfers to stage 3	0	0	0	0
Net changes	-350 504	-5 388	0	-355 892
New lending	2 498 248	8 659	0	2 506 907
Write-offs	-2 246 169	-46 660	0	-2 292 829
Lending 30.09.2024	12 248 193	355 504	0	12 603 697

Quarterly earnings trend

NOK MILLIONS	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Interest income	187.1	183.9	182.9	179.0	161.3
Interest expense	-159.4	-155.9	-157.4	-157.3	-146.2
Net interest income	27.7	28.0	25.5	21.7	15.2
Net gain/ (loss) on financial instruments	0.6	0.4	-0.4	0.1	-0.8
Total net gain/(loss) on financial instruments	0.6	0.4	-0.4	0.1	-0.8
Other operating expenses	-15.9	-13.5	-17.1	-15.2	-16.4
Total operating expenses	-15.9	-13.5	-17.1	-15.2	-16.4
Operating profit/loss before tax	12.4	14.9	8.0	6.6	-2.0
Tax ordinary income	-1.7	-2.2	-0.7	-1.5	0.4
Profit for the period	10.7	12.7	7.3	5.2	-1.6

Key figures accumulated

NOK MILLIONS	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Pre-tax income	35.3	22.9	8.0	14.9	8.3
Net interest income	81.2	53.5	25.5	80.8	59.0
Other operating expenses	-46.5	-30.6	-17.1	-62.2	-46.9
Net gain/ (loss) financial instruments	0.6	0.1	-0.4	-3.7	-3.8
Housing mortgage lending	12 603.6	12 556.9	12 533.6	12 745.4	12 627.9
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	10 549.5	11 148.8	11 279.0	11 105.1	11 239.0
Other borrowing	2 153.0	1 551.6	1 377.2	1 686.3	1 568.8
Total assets	13 777.6	13 761.9	13 704.1	13 736.1	13 745.7
Average total assets	13 756.9	13 749.0	13 720.1	13 911.8	13 916.6
Equity	1 058.2	1 047.5	1 034.8	931.7	926.6
Interest net	0.59 %	0.39 %	0.19 %	0.58 %	0.42 %
Profit/loss from ordinary operation before taxes	0.26 %	0.17 %	0.06 %	0.11 %	0.06 %
Return on equity	4.66 %	4.54 %	3.17 %	1.62 %	1.20 %
Capital adequacy ratio	20.9 %	20.9 %	21.0 %	18.7 %	19.4 %
Liquidity coverage ratio (LCR)	1 043 %	731 %	744 %	697 %	753 %

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