

Q1 Interim report 2024

KLP Boligkreditt AS

The KLP logo is rendered in a large, white, serif font. The 'K' and 'L' are connected, and the 'P' is separate. The logo is centered horizontally and positioned in the upper left quadrant of the page. The background is a blurred photograph of a white house with two windows, and two people are visible on ladders, one on the left and one on the right, appearing to be working on the exterior of the house. The overall scene is bright and sunny, with green foliage visible in the background.

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KLP Boligkreditt AS

Q1 2024

Interim Financial Statements 1/2024

Main features by first quarter end:

- Increased P&L
- Reduced lending volume
- No recognized losses on lending

Objective

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

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

Income statement

Pre-tax profit at the end of the fourth quarter was NOK 8.0 (5.3)¹ million. The change in earnings is primarily due to increased net interest income as well as reduced negative profit effects from financial instruments.

Net interest and credit commission revenues in the first quarter were NOK 25.5 (24.1) million. The change is mainly due to increased interest rates and somewhat higher lending margins on average.

Net profit and loss effects on financial instruments in the quarter were NOK -0.4 (-2.6) million. This is mainly due to price effects on liquid placements as well as restructuring of borrowing. Realized and unrealized value changes in the liquidity portfolio have resulted in a profit effect of NOK 1.0 (-0.8) million.

Restructuring of the borrowing portfolio is done regularly to adjust the average maturity. This can result in both loss and gain. Accounting effects because of the buyback of own debt amount to a total of NOK -1.4 (-1.8) million so far this year.

Operating expenses for the first quarter amounted to NOK -17.1 (-16.2) million. The Company has not had any credit losses and have very low loan 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 31 March 2024 amounted to NOK 12.5 (12.8) billion. The Company has purchased loans from the parent company KLP Banken AS amounting to NOK 0.7 (1.5) billion during the quarter. Total assets were NOK 13.7 (13.8) billion.

Liquid investments

KLP Boligkreditt AS has strict rules for 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 of 31 March 2024, the securities portfolio's market value was NOK 0.8 (0.6) billion.

Borrowing

The company's borrowing consists of covered bonds (OMF) secured by a loan portfolio of mortgages as well as loans from KLP Banken AS. Outstanding intercompany debt amounted to NOK 1.4 (0.5) billion by quarter end. Outstanding covered bond debt was NOK 11.3 (12.5) billion. New covered bonds issued in the first quarter amounted to NOK 1.0 billion. Net repurchases of previous issues amounted to NOK 0.8 billion in the quarter. All covered bonds have achieved Aaa rating from Moody's.

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 shall 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 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 2024, core capital according to the capital adequacy rules was NOK 1 027 (919) million. The core capital was increased by NOK 100 million in the first quarter. 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 21.0 (19.2) percent at the end of the first quarter. The minimum statutory requirement is 17.5 per cent capital adequacy ratio. Leverage ratio was 7.5 (6.6) per cent. Here the minimum statutory requirement is 3.0 per cent.

Oslo, 8 May 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	Q1 2024	Q1 2023	01.01.2023 -31.12.2023
	Interest income, effective interest method	175 078	128 727	591 812
	Other interest income	7 774	10 162	31 295
3	Total interest income	182 853	138 889	623 106
	Interest expense, effective interest method	-157 355	-114 821	-542 313
3	Total interest expense	-157 355	-114 821	-542 313
3	Net interest income	25 498	24 069	80 793
15	Net gain/(loss) on financial instruments	-355	-2 584	-3 733
	Total net gain/(loss) on financial instruments	-355	-2 584	-3 733
	Other operating expenses	-17 079	-16 173	-62 162
16	Net loan losses	-67	24	3
	Total operating expenses	-17 145	-16 148	-62 159
	Operating profit/loss before tax	7 998	5 336	14 901
	Tax ordinary income	-709	-1 174	-3 278
	Profit for the period	7 289	4 162	11 623
	Other comprehensive income for the period	0	0	0
	Comprehensive income for the period	7 289	4 162	11 623

Balance

KLP Boligkreditt AS

NOTE	NOK THOUSANDS	31.03.2024	31.03.2023	31.12.2023
ASSETS				
5	Loans to credit institutions	355 141	392 414	469 974
4,5	Loans to customers	12 533 616	12 810 522	12 745 448
5,6,14	Fixed-income securities	809 039	631 977	516 406
11	Other assets	6 343	8 022	4 296
	Total assets	13 704 139	13 842 935	13 736 124
LIABILITIES AND OWNERS EQUITY				
LIABILITIES				
5,9	Debt to credit institutions	1 377 185	449 903	1 686 316
5,7	Debt securities issued	11 279 035	12 458 598	11 105 128
	Deferred tax liabilities	3 335	4 259	7 537
12	Other liabilities	9 731	5 916	5 424
12	Provision for accrued costs and liabilities	46	0	0
	Total liabilities	12 669 333	12 918 676	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	7 289	4 162	0
	Total owners' equity	1 034 806	924 258	931 719
	Total liabilities and equity	13 704 139	13 842 935	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	7 289	7 289
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	7 289	7 289
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 31 March 2024	430 000	530 463	74 343	1 034 806

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

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	Q1 2024	Q1 2023	01.01.2023 -31.12.2023
OPERATING ACTIVITIES			
Payments received from customers - interest, commission & charges	169 162	124 060	567 810
Disbursements on loans customers & credit institutions	-702 448	-1 541 520	-4 538 968
Receipts on loans customers & credit institutions	913 710	1 025 988	4 098 045
Disbursements on operations	-18 487	-17 837	-61 722
Net receipts/disbursements from operating activities	3 689	11 509	1 547
Net interest investment accounts	4 803	2 557	14 873
Net cash flow from operating activities	370 429	-395 243	81 586
INVESTMENT ACTIVITIES			
Payments on the purchase of securities	-310 331	-139 081	-219 829
Receipts on sale of securities	20 000	928 154	1 125 861
Receipts of interest from securities	6 469	12 419	33 063
Net cash flow from investment activities	-283 861	801 492	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	0	-2 000 000
Change in securities debt, own funds	-827 780	-1 177 245	-548 349
Net payment of interest on loans	-143 732	-111 764	-500 708
Receipts in internal funding	803 388	1 644 184	6 783 028
Repayment in internal funding	-1 111 763	-1 718 389	-5 623 737
Net payment of interest on internal funding	-14 051	-3 458	-23 558
Change in owners' equity	100 000	0	0
Group contribution paid	-4 202	0	0
Net cash flows from financing activities	-198 141	-366 672	-913 325
Net cash flow during the period	-111 573	39 576	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	345 000	388 795	456 573
Net receipts/disbursements	-111 573	39 576	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 – 31 March 2024, specifying the earnings trend in Q1. 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	Q1 2024	Q1 2023	01.01.2023 -31.12.2023
Interest income on loans to customers	169 847	125 989	576 938
Interest income on loans to credit institutions	5 232	2 737	14 873
Total interest income, effective interest method	175 078	128 727	591 812
Interest income on bonds and certificates	7 774	10 162	31 295
Total other interest income	7 774	10 162	31 295
Total interest income	182 853	138 889	623 106
Interest expenses on debt from KLP Banken AS	-13 296	-3 110	-26 129
Interest expenses on issued securities	-144 059	-111 710	-516 185
Total interest expenses, effective interest method	-157 355	-114 821	-542 313
Total interest expense	-157 355	-114 821	-542 313
Net interest income	25 498	24 069	80 793

Note 4 Loans to customers

NOK THOUSANDS	31.03.2024	31.03.2023	31.12.2023
Loans to customers before write-downs	12 504 785	12 789 486	12 717 235
Provisions and write-downs	-129	-41	-62
Loans to customers after write-downs	12 504 656	12 789 445	12 717 173
Accrued interest	28 960	21 077	28 276
Loans to customers	12 533 616	12 810 522	12 745 448

Note 5 Categories of financial instruments

NOK THOUSANDS	31.03.2024		31.03.2023		31.12.2023	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
FINANCIAL ASSETS AT FAIR VALUE						
Fixed-income securities	809 039	809 039	631 977	631 977	516 406	516 406
Total financial assets at fair value	809 039	809 039	631 977	631 977	516 406	516 406
FINANCIAL ASSETS AT AMORTIZED COST						
Loans to and receivables from credit institutions	355 141	355 141	392 414	392 414	469 974	469 974
Loans to and receivables from customers	12 533 616	12 533 616	12 810 522	12 810 522	12 745 448	12 745 448
Total financial assets at amortized cost	12 888 757	12 888 757	13 202 936	13 202 936	13 215 422	13 215 422
Total financial assets	13 697 796	13 697 796	13 834 913	13 834 913	13 731 829	13 731 829
FINANCIAL LIABILITIES AT AMORTIZED COST						
Liabilities to credit institutions	1 377 185	1 377 185	449 903	449 903	1 686 316	1 686 316
Covered bonds issued	11 279 035	11 295 709	12 458 598	12 421 487	11 105 128	11 102 781
Total financial liabilities at amortized cost	12 656 220	12 672 894	12 908 501	12 871 390	12 791 444	12 789 097
Total financial liabilities	12 656 220	12 672 894	12 908 501	12 871 390	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

31.03.2024 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	19 815	789 224	0	809 039
Total assets at fair value	19 815	789 224	0	809 039

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

31.12.2023 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	31.03.2024	31.03.2023	31.12.2023
Bond debt, nominal amount	13 000 000	14 000 000	12 000 000
Adjustments	-3 817	-2 284	-3 151
Accrued interest	54 852	37 882	54 278
Own holdings, nominal amount	-1 772 000	-1 577 000	-946 000
Total debt securities issued	11 279 035	12 458 598	11 105 128
Interest rate on borrowings through the issuance of securities on the reporting date:	5.07%	3.74%	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 31.03.2024
Bond debt, nominal amount	12 000 000	1 000 000	0	0	13 000 000
Adjustments	-3 151	0	0	-667	-3 817
Accrued interest	54 278	0	0	574	54 852
Own holdings, nominal amount	-946 000	0	-826 000	0	-1 772 000
Total debt securities issued	11 105 128	1 000 000	-826 000	-93	11 279 035

Note 8 Over-collateralisation

NOK THOUSANDS	31.03.2024	31.03.2023	31.12.2023
SECURITY POOL			
Loans to customers ¹	12 509 428	12 798 648	12 689 403
Additional collateral ²	2 838 745	2 533 520	1 833 583
Total security pool	15 348 173	15 332 168	14 522 986
Outstanding covered bonds incl. own funds and premium/discount	13 071 603	14 001 922	12 050 920
Coverage of the security pool	117.4%	109.5%	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 2 percent of the value of the outstanding covered bonds.

Note 9 Liabilities to credit institutions

31.03.2024 NOK THOUSANDS	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2025	1 050 000	1 934	1 051 934
Debt to KLP Banken AS	15.12.2025	100 000	130	100 130
Debt to KLP Banken AS	15.12.2025	224 951	171	225 121
Total liabilities to credit institutions		1 374 951	2 234	1 377 185

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

3.90%

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

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 %

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	Q1 2024	Q1 2023	01.01.2023 -31.12.2023
KLP Banken AS, interest on borrowing	-13 296	-3 110	-26 129
KLP Banken AS, interest on deposits	2 561	1 707	8 646
KLP Banken AS, administrative services (at cost)	-15 781	-14 944	-56 169
KLP Kapitalforvaltning AS, fees for services provided	0	0	-20
KLP Group companies, subsidised interest employee loans	2 055	2 132	9 988
KLP Banken AS, purchase of loans	-702 448	-1 541 520	-4 538 968

NOK THOUSANDS	31.03.2024	31.03.2023	31.12.2023
BALANCES			
KLP Banken AS, borrowing Group current liabilities	-1 377 185	-449 903	-1 686 316
KLP Banken AS, deposit	216 436	206 936	213 875
KLP Banken AS, net internal liabilities	2 966	4 140	1 778
Net outstanding accounts to:			
KLP Banken AS	-4 446	-4 742	-5 316
KLP	1 289	1 287	1 608
KLP Group companies, net other internal accounts	654	708	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	31.03.2024	31.03.2023	31.12.2023
Intercompany receivables	4 909	6 135	4 296
Prepaid expenses	1 433	1 887	0
Total other assets	6 343	8 022	4 296

Note 12 Other liabilities and provision for accrued costs

NOK THOUSANDS	31.03.2024	31.03.2023	31.12.2023
Creditors	374	0	88
Intercompany payables	4 446	4 742	5 336
Other liabilities	4 911	1 174	0
Total other liabilities	9 731	5 916	5 424
VAT	46	0	0
Total accrued costs and liabilities	46	0	0

Note 13 Capital adequacy

NOK THOUSANDS	31.03.2024	31.03.2023	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	-632	-516
Core capital/Tier 1 capital	1 026 709	919 465	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)	1 026 709	919 465	931 203
Capital requirement	391 022	382 531	397 569
Surplus of own funds (Tier 1 and Tier 2 capital)	635 687	536 934	533 634
Estimate basis credit risk:			
Institutions	71 879	78 483	94 672
Retail	371 331	0	401 637
Investments with mortgage security in real estate	4 213 037	4 483 683	4 273 476
Investments fallen due	1 258	0	0
Covered bonds	78 922	62 204	49 659
Other holdings	2 089	8 022	910
Calculation basis credit risk	4 738 517	4 632 391	4 820 354
Credit risk	379 081	370 591	385 628
Operating risk	11 940	11 940	11 940
Total capital requirement assets	391 022	382 531	397 569
Core capital adequacy ratio	21.0 %	19.2 %	18.7 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
Capital adequacy ratio	21.0 %	19.2 %	18.7 %
Leverage ratio	7.5 %	6.6 %	6.8 %

CAPITAL REQUIREMENT PER 31.03.2024	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	31.03.2024		31.03.2023		31.12.2023	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	19 789	19 819	0	0	0	0
Bonds	783 888	789 219	629 613	631 977	513 138	516 406
Total fixed-income securities	803 677	809 039	629 613	631 977	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	Q1 2024	Q1 2023	01.01.2023 -31.12.2023
Net gain/(loss) on fixed-income securities	1 005	-754	179
Net gain/(loss) financial derivatives and realized repurchase of own debt	-1 360	-1 830	-3 912
Total net gain/(loss) financial instruments	-355	-2 584	-3 733

Note 16 Loan loss provision

In the first quarter of 2024 the company has updated the LGD model. The update involves, among other things, an increase in transaction costs and haircut in connection with forced sales. This leads to increase the provision for losses.

The total loan loss provisions have thus doubled since fourth quarter 2023. Although the percentage increase is large, the amounts involved are relatively small in relation to the total lending volume. The increase is NOK 67 000.

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	1	-1	0	0
Transfers to stage 2	-6	6	0	0
Transfers to stage 3	0	0	0	0
Net changes	23	45	0	69
New losses	1	0	0	1
Write-offs	-2	0	0	-3
Closing balance ECL 31.03.2024	58	71	0	129
Changes (01.01.2024-31.03.2024)	17	49	0	67

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	50 866	-50 866	0	0
Transfers to stage 2	-100 214	100 214	0	0
Transfers to stage 3	-1 259	0	1 259	0
Net changes	-167 030	-1 967	0	-168 997
New lending	665 961	0	0	665 961
Write-offs	-691 656	-17 074	0	-708 729
Lending 31.03.2024	12 191 370	341 116	1 259	12 533 746

Quarterly earnings trend

NOK MILLIONS	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Interest income	182.9	179.0	161.3	143.9	138.9
Interest expense	-157.4	-157.3	-146.2	-124.0	-114.8
Net interest income	25.5	21.7	15.2	19.8	24.1
Net gain/ (loss) on financial instruments	-0.4	0.1	-0.8	-0.5	-2.6
Total net gain/(loss) on financial instruments	-0.4	0.1	-0.8	-0.5	-2.6
Other operating expenses	-17.1	-15.2	-16.4	-14.4	-16.1
Total operating expenses	-17.1	-15.2	-16.4	-14.4	-16.1
Operating profit/loss before tax	8.0	6.6	-2.0	5.0	5.3
Tax ordinary income	-0.7	-1.5	0.4	-1.1	-1.2
Profit for the period	7.3	5.2	-1.6	3.9	4.2

Key figures accumulated

NOK MILLIONS	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Pre-tax income	8.0	14.9	8.3	10.3	5.3
Net interest income	25.5	80.8	59.0	43.9	24.1
Other operating expenses	-17.1	-62.2	-46.9	-30.5	-16.1
Net gain/ (loss) financial instruments	-0.4	-3.7	-3.8	-3.1	-2.6
Housing mortgage lending	12 533.6	12 745.4	12 627.9	12 597.5	12 810.5
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	11 279.0	11 105.1	11 239.0	12 040.4	12 458.6
Other borrowing	1 377.2	1 686.3	1 568.8	619.5	449.9
Total assets	13 704.1	13 736.1	13 745.7	13 599.6	13 842.9
Average total assets	13 720.1	13 911.8	13 916.6	13 843.5	13 965.2
Equity	1 034.8	931.7	926.6	928.1	924.3
Interest net	0.19 %	0.58 %	0.42 %	0.32 %	0.17 %
Profit/loss from ordinary operation before taxes	0.06 %	0.11 %	0.06 %	0.07 %	0.04 %
Return on equity	3.17 %	1.62 %	1.20 %	2.24 %	2.32 %
Capital adequacy ratio	21.0 %	18.7 %	19.4 %	19.6 %	19.2 %
Liquidity coverage ratio (LCR)	74.4 %	69.7 %	75.3 %	1 00.4 %	23.9 %

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