



Interim report

KLP BOLIGKREDITT AS
Q1 2019

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Interim Financial Statement

KLP BOLIGKREDITT AS

Main features by first quarter end:

- Operating pre-tax profit NOK 4.9 million.
- Lending balance NOK 7.1 billion.
- No losses on lending

OBJECTIVE AND OWNERSHIP

The Company's objective is to be the KLP Banken Group's vehicle for the issue of mortgage-backed covered bonds.

KLP Boligkreditt AS is a wholly owned subsidiary of KLP Banken AS. The KLP Banken Group is owned by Kommunal Landspensjonskasse (KLP). KLP Boligkreditt AS has its head office in Trondheim.

INCOME STATEMENT

Net interest and credit commission revenues at the end of the first quarter were NOK 15.6 (13.1)¹ million. Operating expenses in the same period amounted to NOK 11.0 (10.1) million. The Company has not had any credit losses last quarter and have minimal loan loss provisions. The pre-tax profit by quarter end was NOK 4.9 (4.0) million.

LENDING

The Company's loans to customers as at 31 March 2019 amounted to NOK 7.1 billion, up from 5.4 billion at the same time last year. Loans totaling NOK 0.5 billion have been purchased from KLP Banken AS during the first quarter of 2019. Total assets amounted to NOK 7.7 billion at the end of the quarter.

BORROWING

The Company's borrowing comprises of covered bonds as well as borrowing from its parent company. Outstanding intercompany debt amounted to NOK 0.7 billion at quarter end, while covered bond debt was NOK 6.5 billion at the reporting date. There were no new covered bond issued this quarter. Bond restructuring have not caused accounting gains or losses by the end of the first quarter. All covered bonds have AAA rating.

LIQUIDITY INVESTMENTS

KLP Boligkreditt AS has strict rules on what assets may be included in the securities holdings. In addition to mortgage

loans, the securities holdings comprise secure bonds as well as deposits in other banks. The securities comprise of certificates and bonds of high credit quality, principally investments in covered bonds with AAA rating. As at 31 March 2019, the bond portfolio's market value was NOK 289 (5) million. The net gain associated with liquidity investments amounted to NOK 0.4 million.

RISK AND CAPITAL ADEQUACY

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

At the end of the first quarter 2019, core capital i.a.w. the capital adequacy rules was NOK 505.9 (380.5) million. Mortgage loans are risk-weighted by 35 per cent in accordance with the authorities' capital adequacy regulations. KLP Boligkreditt AS had a core capital adequacy and capital adequacy ratio of 18.9 (19.2) per cent at the end of the first quarter 2019. The minimum statutory requirement is 15.5 per cent capital adequacy ratio. Leverage ratio was 6.5 (6.9) per cent, the minimum statutory requirement is 3.0 per cent.

¹Figures in parenthesis are from the corresponding period in 2018.

Income statement

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	Q1 2019	Q1 2018	01.01.2018 -31.12.2018
	Interest income, amortised cost	44 549	30 413	150 342
	Interest income at fair value	1 175	9	1 168
3	Total interest income	45 725	30 422	151 510
	Interest expense, amortised cost	-30 163	-17 273	-96 885
	Interest expense at fair value	0	0	0
3	Total interest costs	-30 163	-17 273	-96 885
3	Net interest income	15 561	13 148	54 625
15	Net gain/(loss) financial instruments	370	890	-937
	Total other operating income	370	890	-937
	Other operating expenses	-10 986	-10 077	-45 168
	Net loan losses	-2	-1	-6
	Total operating expenses	-10 988	-10 077	-45 175
	Operating profit/loss before tax	4 944	3 961	8 513
	Tax ordinary income	-1 088	-911	-2 043
	Profit for the period	3 856	3 050	6 470
	Other comprehensive income for the period	0	0	0
	Comprehensive income for the period	3 856	3 050	6 470

Balance sheet

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	31.03.2019	31.03.2018	31.12.2018
ASSETS				
5	Loans to credit institutions	264 834	115 617	148 414
4,5	Loans to customers	7 148 585	5 360 909	7 227 991
5,6,14	Interest-bearing securities	288 782	5 021	288 357
	Deffered tax assets	787	153	1 874
11	Other assets	39 535	5 978	2 391
Total assets		7 742 521	5 487 678	7 669 027
LIABILITIES AND OWNERS EQUITY				
LIABILITIES				
5,9	Debt to credit institutions	705 250	0	1 036 913
5,7	Debt securities issued	6 518 772	5 099 513	6 116 113
12	Other liabilities	6 613	3 013	7 971
12	Provision for accrued costs and liabilities	0	541	0
Total liabilities		7 230 635	5 103 067	7 160 997
EQUITY				
	Share capital	220 000	160 000	220 000
	Share premium	270 463	210 463	270 463
	Other owners' equity	17 567	11 097	17 567
	Unallocated profit/loss	3 856	3 050	0
Total owners' equity		511 886	384 610	508 030
Total liabilities and equity		7 742 521	5 487 678	7 669 027

Statement of changes in equity

KLP BOLIGKREDITT AS

2019 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2019	220 000	270 463	17 567	508 030
Profit for the period	0	0	3 856	3 856
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	3 856	3 856
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 2019	220 000	270 463	21 423	511 886

2018 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2018	160 000	210 463	11 097	381 560
Profit for the period	0	0	3 050	3 050
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	3 050	3 050
Group contribution received	0	0	12 249	12 249
Group contribution made	0	0	-12 249	-12 249
Total transactions with the owners	0	0	0	0
Equity 31 March 2018	160 000	210 463	14 147	384 610

2018 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2018	160 000	210 463	11 097	381 560
Income for the year	0	0	6 470	6 470
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	6 470	6 470
Group contribution received	0	0	12 249	12 249
Group contribution made	0	0	-12 249	-12 249
Paid-up equity in the period	60 000	60 000	0	120 000
Total transactions with the owners	60 000	60 000	0	120 000
Equity 31 December 2018	220 000	270 463	17 567	508 030

Statement of cash flow

KLP BOLIGKREDITT AS

NOK THOUSANDS	Q1 2019	Q1 2018	01.01.2018 -31.12.2018
OPERATING ACTIVITIES			
Payments received from customers - interest, commission & charges	44 089	30 243	146 856
Disbursements on loans customers & credit institutions	-547 690	-900 195	-4 871 955
Receipts on loans customers & credit institutions	590 231	591 254	2 701 522
Net receipts/disbursements on operations	-12 702	-9 943	-43 369
Net receipts/disbursements from operating activities	-1 119	-11	-410
Net interest investment accounts	524	277	1 504
Income tax paid	0	0	0
Net cash flow from operating activities	73 333	-288 375	-2 065 852
INVESTMENT ACTIVITIES			
Payments on the purchase of securities	-1 994	-1 992	-291 018
Receipts on sale of securities	1 997	1 994	7 985
Receipts of interest from securities	1 115	9	395
Net cash flow from investment activities	1 118	11	-282 638
FINANCING ACTIVITIES			
Receipts on loans	0	800 000	2 800 000
Repayment and redemption of loans	400 000	400 000	400 000
Payment for loan buybacks	0	-400 000	-1 392 000
Change in internal funding	-331 525	-500 000	536 279
Net payment of interest on loans	-27 644	-15 662	-87 405
Change in owners' equity	0	0	120 000
Group contribution paid	0	-3 868	-3 868
Net cash flows from financing activities	40 831	280 470	2 373 006
Net cash flow during the period	115 282	-7 894	24 515
Cash and cash equivalents at the start of the period	140 521	116 006	116 006
Cash and cash equivalents at the end of the period	255 803	108 112	140 521
Net receipts/ disbursements of cash	115 282	-7 894	24 515

Notes to the accounts

KLP BOLIGKREDITT AS

NOTE 1 General information

KLP Boligkreditt AS was formed on 30 October 2013. The company is a housing credit enterprise, and finance the activity primary through issuing covered bonds (OMF).

KLP Boligkreditt AS is registered and domiciled in Norway. It's head office is at Beddingen 8 in Trondheim, with a branch office in Dronning Eufemiasgate 10, Oslo.

The company is a wholly owned subsidiary of KLP Banken AS which is in turn wholly owned by Kommunal Landspensjonskasse (KLP), through KLP Bankholding AS. 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 2019 – 31 March 2019, specifying the earnings trend in Q1. The interim Financial Statements has not been audited.

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

As of 1 January 2019 the company have implemented the accounting standard IFRS 16 Leases. The changeover to IFRS has not had a material impact on the company's accounts. For more information see the company's annual report for 2018. The annual report is available at klp.no.

Other accounting principles and calculations are the same in the interim financial statement as in the last annual report.

NOTE 3 Net interest income

NOK THOUSANDS	Q1 2019	Q1 2018	01.01.2018 -31.12.2018
Interest income on loans to customers, amortised cost	44 006	30 124	148 839
Interest income on loans to credit institutions, amortised cost	543	288	1 504
Interest income on bonds and certificates, fair value	1 175	9	1 168
Total interest income	45 725	30 422	151 510
Interest expenses on debt to KLP Banken AS, amortised cost	-3 035	-793	-10 471
Interest expenses on issued securities, amortised cost	-27 128	-16 481	-86 414
Total interest costs	-30 163	-17 273	-96 885
Net interest income	15 561	13 148	54 625

NOTE 4 Loans to customers

NOK THOUSANDS	31.03.2019	31.03.2018	31.12.2018
Loans to customers before write-downs	7 140 947	5 355 282	7 222 364
Provisions and write-downs	-8	0	0
Loans to customers after write-downs	7 140 938	5 355 282	7 222 364
Accrued interest	7 646	5 627	5 627
Loans to customers	7 148 585	5 360 909	7 227 991

NOTE 5 Categories of financial instruments

NOK THOUSANDS	31.03.2019		31.03.2018		31.12.2018	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
FINANCIAL ASSETS FAIR VALUE						
Fixed-income securities	288 782	288 782	5 021	5 021	288 357	288 357
Total financial assets fair value	288 782	288 782	5 021	5 021	288 357	288 357
FINANCIAL ASSETS AT AMORTIZED COST						
Loans to and receivables from credit institutions	264 834	264 834	115 617	115 617	148 414	148 414
Lending to the retail market	7 148 585	7 148 585	5 360 909	5 360 909	7 227 991	7 227 991
Total financial assets at amortized cost	7 413 418	7 413 418	5 476 526	5 476 526	7 376 405	7 376 405
Total financial assets	7 702 200	7 702 200	5 481 547	5 481 547	7 664 762	7 664 762
FINANCIAL LIABILITIES AT AMORTIZED COST						
Liabilities to credit institutions	705 250	705 250	0	0	1 036 913	1 036 913
Covered bonds issued	6 518 772	6 557 303	5 099 513	5 139 765	6 116 113	6 141 701
Total financial liabilities at amortized cost	7 224 021	7 262 553	5 099 513	5 139 765	7 153 026	7 178 614
Total financial liabilities	7 224 021	7 262 553	5 099 513	5 139 765	7 153 026	7 178 614

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

Bloomberg is used as a source for pricing Norwegian government bonds. It is Oslo Stock Exchange that provides the price (via Bloomberg). The prices are compared with the prices from Reuters to reveal any errors.

Fixed-income securities - other than government

Norwegian fixed-income securities except government are generally priced using prices from Nordic Bond Pricing. Those securities that are not included in Nordic Bond Pricing are priced theoretically. The theoretical price is based on the assumed present value on the sale of the position. A zero-coupon curve is used for discounting. The zero-coupon curve is adjusted upwards by means of a credit spread, which is to take account of the risk the bond entails. The credit spread is calculated on the basis of a spread curve taking account of the duration of the bond. Nordic Bond Pricing is the main source of spread curves. They provide company-specific curves for Norwegian saving banks, municipalities and energy. Saving banks have various spread curves based on total assets. For companies where Nordic Bond Pricing do not deliver spread curves, the Group use spread curves from three Norwegian banks. When spread curves are available from more than one of these banks, an equal-weighted average is used.

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. This is valued in Level 2 in the valuation hierarchy, cf. note 6.

Fair value of loans to and receivables from credit institutions

All receivables from credit institutions (bank deposits) are at variable interest rates. Fair value of these is considered virtually the same as book value since the contract terms are continuously changed in step with marked interest rates. This is valued in Level 2 in the valuation hierarchy, cf. note 6.

Fair value of liabilities to credit institutions

These transactions are valued using a valuation model, including relevant credit spread adjustments obtained from the market. This is valued in Level 2 in the valuation hierarchy, cf. note 6.

Liabilities created on issuance of covered bonds

Fair value in this category is determined on the basis of internal valuation models based on external observable data. This is valued in Level 2 in the valuation hierarchy, cf. note 6.

NOTE 6 Fair value hierarchy

31.03.2019 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	1 995	286 786	0	288 782
Total assets at fair value	1 995	286 786	0	288 782

31.03.2018 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	1 998	3 023	0	5 021
Total assets at fair value	1 998	3 023	0	5 021

31.12.2018 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	1 997	286 360	0	288 357
Total assets at fair value	1 997	286 360	0	288 357

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.

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

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, Norwegian municipalities and retail customers. The stated fair value of these assets is determined on terms qualifying for level 2. Financial liabilities recognized at amortized cost consist of debt securities issued and deposits. The stated fair value of these liabilities is determined by methods qualifying for level 2.

NOTE 7 Securities liabilities - stock exchange listed covered bonds and certificates

NOK THOUSANDS	31.03.2019	31.03.2018	31.12.2018
Bond debt, nominal amount	6 908 000	5 100 000	6 908 000
Adjustments	-4 598	-11 328	-5 897
Accured interest	15 370	10 842	14 010
Own holdings, nominal amount	-400 000	0	-800 000
Total debt securities issued	6 518 772	5 099 513	6 116 113

Interest rate on borrowings through the issuance of securities on the reporting date 1.77 % 1.4 % 1.66 %

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 31.12.2018	Issued	Matured/ redemed	Other adjustments	Balance sheet 31.03.2019
Bond debt, nominal amount	6 908 000	0	0	0	6 908 000
Adjustments	-5 897	0	0	1 298	-4 598
Accured interest	14 010	0	0	1 360	15 370
Own holdings, nominal amount	-800 000	0	400 000	0	-400 000
Total debt securities issued	6 116 113	0	400 000	2 659	6 518 772

NOTE 8 Over-collateralisation

TUSEN KRONER	31.03.2019	31.03.2018	31.12.2018
SECURITY POOL			
Loans to customers ¹	7 012 625	5 350 108	7 141 124
Additional collateral ²	952 216	115 476	1 178 939
Total security pool	7 964 841	5 465 584	8 320 064
Outstanding covered bonds incl. own funds and premium/discount	6 943 525	5 139 765	6 926 430
Coverage of the security pool	114.7%	106.3%	120.1%

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 per cent of the value of the outstanding covered bonds.

NOTE 9 Liabilities to credit institutions

31.03.2019 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2020	50 952	36	50 987
Debt to KLP Banken AS	15.12.2020	53 802	38	53 840
Debt to KLP Banken AS	15.12.2020	600 000	422	600 422
Total liabilities to credit institutions				705 250
Interest rate on debt to credit institutions at the reporting date				1.49 %
The interest rate is calculated as a weighted average of the act/360 basis.				

31.03.2018 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS		0	0	0
Total liabilities to credit institutions				0

31.12.2018 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2020	600 000	370	600 370
Debt to KLP Banken AS	15.12.2020	130 000	75	130 075
Debt to KLP Banken AS	15.12.2020	203 117	125	203 242
Debt to KLP Banken AS	15.12.2020	103 162	64	103 226
Total liabilities to credit institutions				1 036 913
Interest rate on debt to credit institutions at the reporting date				1.4 %
The interest rate is calculated as a weighted average of the act/360 basis.				

NOTE 10 Transactions with related parties

NOK THOUSANDS	Q1 2019	Q1 2018	01.01.2018 -31.12.2018
KLP Banken AS, interest on borrowing	3 035	793	10 471
KLP Banken AS, administrative services (at cost)	10 567	9 416	43 084
KLP Kapitalforvaltning AS, fees for services provided	4	20	40
KLP Group companies, subsidised interest employee loans	642	377	1 413
KLP Banken AS, purchase of loans	547 690	900 195	4 871 955

NOK THOUSANDS	31.03.2019	31.03.2018	31.12.2018
BALANCES			
KLP Banken AS, borrowing Group current liabilities	-705 250	0	-1 036 913
KLP Banken AS, net internal liabilities	38 950	5 654	2 166
Net outstanding accounts to:			
KLP Banken AS, loan settlement	-3 729	-2 917	-5 089
KLP	400	223	162
KLP Group companies, net other internal accounts	185	101	63

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 and conditions, with the exception of the Company's share of common functions (staff services), which are allocated at cost. The receivable is based on actual use. All internal receivables are settled as they arise.

NOTE 11 Other assets

NOK THOUSANDS	31.03.2019	31.03.2018	31.12.2018
Intercompany receivables	39 535	5 978	2 391
Total other assets	39 535	5 978	2 391

NOTE 12 Other liabilities and provision for accrued costs

NOK THOUSANDS	31.03.2019	31.03.2018	31.12.2018
Creditors	32	96	29
Intercompany payables	3 729	2 917	5 089
Tax payable	2 853	0	2 853
Total other liabilities	6 613	3 013	7 971
VAT	0	0	0
Accrued expenses	0	541	0
Total accrued costs and liabilities	0	541	0

NOTE 13 Capital adequacy

NOK THOUSANDS	31.03.2019	31.03.2018	31.12.2018
Share capital and share premium fund	490 463	370 463	490 463
Other owners' equity	17 567	11 097	17 567
Total owners' equity	508 030	381 560	508 030
Adjustments due to requirements for proper valuation	-289	-5	-288
Deferred tax asset	-1 874	-1 064	-1 874
Core capital/Tier 1 capital	505 867	380 491	505 868
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)	505 867	380 491	505 868
Capital requirement	214 346	158 599	213 593
Surplus of own funds (Tier 1 and Tier 2 capital)	291 521	221 892	292 275
Estimate basis credit risk:			
Institutions	60 875	24 549	30 162
Investments with mortgage security in real estate	2 502 005	1 876 319	2 529 797
Covered bonds	28 679	302	28 636
Calculation basis credit risk	2 591 559	1 901 170	2 588 595
Credit risk	207 325	152 094	207 088
Operating risk	7 021	6 505	6 505
Total capital requirement assets	214 346	158 599	213 593
Core capital adequacy ratio	18.9 %	19.2 %	18.9 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
Capital adequacy ratio	18.9 %	19.2 %	18.9 %
Leverage ratio	6.5 %	6.9 %	6.6 %

CAPITAL REQUIREMENT PER 31.03.2019	Core capital/ Tier 1 capital	Supplementary capital/Tier 2 capital	Own funds
Minimum requirement excl. buffers	4.5 %	3.5 %	8.0 %
Protective buffer	2.5 %	0.0 %	2.5 %
Systemic risk buffer	3.0 %	0.0 %	3.0 %
Counter-cyclical capital buffer	2.0 %	0.0 %	2.0 %
Current capital requirement incl. buffers	12.0 %	3.5 %	15.5 %
Capital requirement leverage ratio	3.0 %	0.0 %	3.0 %

NOTE 14 Fixed-income securities

NOK THOUSANDS	31.03.2019		31.03.2018		31.12.2018	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	1 995	1 995	1 998	1 998	1 997	1 997
Bonds	286 058	286 786	3 017	3 023	286 058	286 360
Total fixed-income securities	288 053	288 782	5 015	5 021	288 055	288 357

NOTE 15 Net gain(loss) on financial instruments

NOK THOUSANDS	Q1 2019	Q1 2018	01.01.2018 -31.12.2018
Net gain/(loss) on fixed-income securities	370	2	-466
Net gain/(loss) financial derivatives and realized repurchase of own debt	0	888	-471
Total net gain/(loss) financial instruments	370	890	-937

NOTE 16 Loan loss provision

Changes in provisions for expected losses at 31 March 2019 are related to changes in lending volume. No other changes have been made to the assumptions or input to the model for calculating loss provisions. Refer to Note 18 and Note 2 to 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, AMORTISED COST				
Opening balance ECL 01.01.2019	6	0	0	6
Transfers to stage 1	0	0	0	0
Transfers to stage 2	0	0	0	0
Transfers to stage 3	0	0	0	0
Net changes	2	0	0	2
New losses	0	0	0	0
Closing balance ECL 31.03.2019	8	0	0	8
Changes (01.01.2019-31.03.2019)	2	0	0	2

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 - AMORTISED COST				
Gross lending 01.01.2019	7 211 133	15 887	0	7 227 020
Transfers to stage 1	10 276	-10 276	0	0
Transfers to stage 2	-6 803	6 803	0	0
Transfers to stage 3	0	0	0	0
Net changes	-89 661	-102	0	-89 763
New lending	525 149	0	0	525 149
Write-offs	-512 134	-2 537	0	-514 671
Gross lending 31.03.2019	7 137 960	9 774	0	7 147 735

Accrued interest is not included in the book value.

Quarterly earnings trend

NOK MILLIONS	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Interest income	45.7	43.6	41.2	36.4	30.4
Interest expense	-30.2	-28.2	-27.7	-23.7	-17.3
Net interest income	15.6	15.3	13.5	12.7	13.1
Net gain/ (loss) financial instruments	0.4	-0.3	-1.9	0.3	0.9
Total other operating income	0.4	-0.3	-1.9	0.3	0.9
Other operating expenses	-11.0	-13.9	-10.2	-11.0	-10.1
Total operating expenses	-11.0	-13.9	-10.2	-11.0	-10.1
Operating profit/loss before tax	4.9	1.2	1.4	2.0	4.0
Tax ordinary income	-1.1	-0.4	-0.3	-0.5	-0.9
Profit for the period	3.9	0.8	1.1	1.5	3.1

Key figures accumulated

NOK MILLIONS	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Pre-tax income	4.9	8.5	7.3	5.9	4.0
Net interest income	15.6	54.6	39.3	25.8	13.1
Other operating cost and depreciation	-11.0	-45.2	-31.3	-21.1	-10.1
Net realized/unrealized change fin. instruments at fair value	0.4	-0.9	-0.7	1.2	0.9
Housing mortgage lending	7 148.6	7 228.0	6 818.3	7 559.8	5 360.9
Non-performing loans	-	-	-	-	-
Total liabilities created on issuance of securities	6 518.8	6 116.1	6 123.7	5 702.9	5 099.5
Other borrowing	705.2	1 036.9	700.4	1 506.3	0.0
Total assets	7 742.5	7 669.0	7 340.1	7 720.8	5 487.7
Average total assets	7 705.8	6 428.4	6 263.9	6 454.3	5 337.7
Equity	511.9	508.0	507.2	506.1	384.6
Interest net	0.20 %	0.85 %	0.63 %	0.40 %	0.25 %
Profit/loss from ordinary operation before taxes	0.06 %	0.13 %	0.12 %	0.09 %	0.07 %
Return on equity	3.86 %	1.67 %	1.29 %	2.32 %	3.12 %
Capital adequacy ratio	18.9 %	18.9 %	19.6 %	18.1 %	19.2 %
Liquidity coverage ratio (LCR)	209 %	226 %	233 %	151 %	217 %



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