

A close-up photograph of a person's hand typing on a laptop keyboard. The hand is positioned on the left side of the keyboard, with fingers resting on the keys. The keyboard is black with white lettering on the keys. The laptop is white. In the background, a computer monitor is visible, displaying a blurred image. The overall scene is brightly lit, suggesting an office or home workspace.

**Interim report Q2** 2012  
KLP Banken AS Group

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## KLP Banken AS Group

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## Income Statement KLP Banken AS Group

| Note | NOK thousands                                       | Q2 2012  | Q2 2011  | 01.01.2012-<br>30.06.2012 | 01.01.2011-<br>30.06.2011 | 01.01.2011-<br>31.12.2011 |
|------|---|----------|----------|---------------------------|---------------------------|---------------------------|
|      | Interest income and similar income                  | 244 075  | 227 979  | 514 801                   | 447 824                   | 969 147                   |
|      | Cost of interest and similar costs                  | -221 645 | -229 152 | -479 596                  | -437 713                  | -948 019                  |
| 3    | Net interest income                                 | 22 430   | -1 173   | 35 205                    | 10 111                    | 21 128                    |
|      | Commission & banking services income                | 1 220    | 1 006    | 2 423                     | 1 778                     | 4 179                     |
|      | Commission & banking services costs                 | -92      | -100     | -97                       | -125                      | -413                      |
|      | Net charges and commission income                   | 1 129    | 907      | 2 327                     | 1 654                     | 3 766                     |
|      | Other fee income                                    | 20 832   | 12 333   | 49 168                    | 29 207                    | 59 630                    |
|      | Net gain/(loss) financial instruments               | -9 851   | -645     | 7 645                     | 492                       | -6 796                    |
|      | Total other operating income                        | 10 981   | 11 688   | 56 813                    | 29 699                    | 52 834                    |
|      | Salary and administrative costs                     | -8 879   | -7 146   | -20 976                   | -17 044                   | -44 833                   |
|      | Depreciation  | -533     | -564     | -1 067                    | -1 117                    | -2 241                    |
|      | Other operating expenses                            | -17 437  | -25 989  | -38 213                   | -43 990                   | -92 558                   |
|      | Total operating expenses                            | -26 849  | -33 699  | -60 256                   | -62 151                   | -139 632                  |
|      | Loss on loans issued, guarantees etc.               | 0        | -41      | 0                         | -41                       | -50                       |
|      | Gains/losses on securities that are fixed assets    | 0        | -204     | 0                         | -204                      | -204                      |
|      | Operating income before tax                         | 7 688    | -22 522  | 34 088                    | -20 932                   | -62 158                   |
|      | Tax on ordinary income                              | -2 153   | 6 306    | -9 545                    | 5 861                     | 27 087                    |
|      | Income  | 5 536    | -16 216  | 24 544                    | -15 071                   | -35 071                   |
|      | Other comprehensive income                          | 0        | 0        | 0                         | 0                         | 0                         |
|      | Other comprehensive income for the period after tax | 0        | 0        | 0                         | 0                         | 0                         |
|      | COMPREHENSIVE INCOME FOR THE PERIOD                 | 5 536    | -16 216  | 24 544                    | -15 071                   | -35 071                   |

## Financial Position Statement KLP Banken AS Group

| Notes                                 | NOK thousands                                       | 30.06.2012        | 30.06.2011        | 31.12.2011        |
|---------------------------------------|---|-------------------|-------------------|-------------------|
| <b>ASSETS</b>                         |   |                   |                   |                   |
|                                       | Lending to and receivables from credit institutions | 1 512 742         | 2 216 215         | 1 610 889         |
| 4                                     | Lending to and receivables from customers           | 23 787 926        | 26 789 143        | 28 415 577        |
| 11                                    | Interest-bearing securities                         | 3 453 059         | 742 612           | 1 536 960         |
|                                       | Financial derivatives                               | 165 131           | 9 254             | 70 165            |
|                                       | Deferred tax asset                                  | 12 403            | 722               | 21 949            |
|                                       | Tangible fixed assets                               | 531               | 752               | 634               |
|                                       | Intangible assets                                   | 20 557            | 22 484            | 21 520            |
| 8                                     | Other assets  | 7 383             | 78 088            | 26 386            |
|                                       | <b>TOTAL ASSETS</b>                                 | <b>28 959 732</b> | <b>29 859 271</b> | <b>31 704 079</b> |
| <b>LIABILITIES AND OWNERS' EQUITY</b> |   |                   |                   |                   |
| <b>LIABILITIES</b>                    |   |                   |                   |                   |
| 6                                     | Debt to credit institutions                         | 200 122           | 8 313 436         | 4 306 449         |
| 5                                     | Liabilities created on issuance of securities       | 24 868 391        | 18 634 653        | 24 169 735        |
|                                       | Deposits  | 2 323 632         | 1 530 421         | 1 840 261         |
|                                       | Financial derivatives                               | 322 555           | 81 487            | 192 594           |
| 9                                     | Other liabilities                                   | 48 115            | 104 981           | 18 584            |
| 9                                     | Provision for accrued costs and liabilities         | 13 335            | 15 255            | 17 418            |
|                                       | <b>TOTAL LIABILITIES</b>                            | <b>27 776 151</b> | <b>28 680 233</b> | <b>30 545 041</b> |
| <b>OWNERS' EQUITY</b>                 |   |                   |                   |                   |
|                                       | Share capital                                       | 750 000           | 750 000           | 750 000           |
|                                       | Share premium fund                                  | 271 372           | 306 443           | 271 372           |
|                                       | Other owners' equity                                | 137 665           | 137 666           | 137 665           |
|                                       | Unallocated profit/loss                             | 24 544            | -15 071           | 0                 |
|                                       | <b>TOTAL OWNERS' EQUITY</b>                         | <b>1 183 582</b>  | <b>1 179 038</b>  | <b>1 159 037</b>  |
|                                       | <b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>         | <b>28 959 732</b> | <b>29 859 271</b> | <b>31 704 079</b> |



## Statement of owners' equity KLP Banken AS Group

| 2012                               | Share          | Other          | Total          |                  |
|------------------------------------|----------------|----------------|----------------|------------------|
| NOK thousands                      | capital        | premium fund   | owners' equity |                  |
| Owners' equity 1 January 2012      | 750 000        | 271 372        | 137 665        | 1 159 037        |
| Unallocated profit/loss            | 0              | 24 544         | 0              | 24 544           |
| Other comprehensive income         | 0              | 0              | 0              | 0                |
| <b>Total comprehensive income</b>  | <b>0</b>       | <b>24 544</b>  | <b>0</b>       | <b>24 544</b>    |
| Total transactions with the owners | 0              | 0              | 0              | 0                |
| <b>Owners' equity 30 June 2012</b> | <b>750 000</b> | <b>295 916</b> | <b>137 665</b> | <b>1 183 582</b> |

| 2011                               | Share          | Other          | Total          |                  |
|------------------------------------|----------------|----------------|----------------|------------------|
| NOK thousands                      | capital        | premium fund   | owners' equity |                  |
| Owners' equity 1 January 2011      | 750 000        | 306 443        | 137 666        | 1 194 109        |
| Income                             | 0              | -15 071        | 0              | -15 071          |
| Other comprehensive income         | 0              | 0              | 0              | 0                |
| <b>Total comprehensive income</b>  | <b>0</b>       | <b>-15 071</b> | <b>0</b>       | <b>-15 071</b>   |
| Total transactions with the owners | 0              | 0              | 0              | 0                |
| <b>Owners' equity 30 June 2011</b> | <b>750 000</b> | <b>291 372</b> | <b>137 666</b> | <b>1 179 038</b> |

## Statement of cash flows KLP Banken AS konsern

| NOK thousands   | 30.06.2012        | 30.06.2011        | 2011              |
|---|-------------------|-------------------|-------------------|
| Operating activities  |                   |                   |                   |
| Payments received from customers - interest, commission & charges           | 469 746           | 366 792           | 781 784           |
| Payments to customers - interest, commission & charges                      | -43 905           | -21 430           | -50 230           |
| Net receipts/disbursements on lending customers                             | 4 673 790         | 2 117 148         | -2 043 066        |
| Net receipts on customer bank deposits                                      | 483 371           | 504 687           | 814 527           |
| Net receipts/disbursements on operations                                    | -31 264           | -30 679           | -84 480           |
| Payments to staff, pension facilities, employer's social sec. contrib. etc. | -23 544           | -19 170           | -39 241           |
| Tax and public charges paid   | -56               | 0                 | 0                 |
| Net interest investment accounts  | 6 137             | 7 666             | 51 774            |
| Net receipts/disbursements regarding operating activities                   | 98 618            | 105 611           | 108 499           |
| Income tax paid   | 0                 | 0                 | 0                 |
| <b>Net cash flows from operating activities</b>                             | <b>5 632 895</b>  | <b>3 030 625</b>  | <b>-460 433</b>   |
| Investment activities   |                   |                   |                   |
| Receipts regarding securities   | 27 412            | 0                 | 98 680            |
| Disbursements regarding securities  | -1 903 076        | -633 658          | -1 618 210        |
| Payments on the purchase of tangible fixed assets                           | 0                 | -231              | -272              |
| <b>Net cash flows from investment activities</b>                            | <b>-1 875 664</b> | <b>-633 889</b>   | <b>-1 519 802</b> |
| Financing activities  |                   |                   |                   |
| Net receipts on loans from credit institutions                              | -3 442 416        | 8 674 553         | 15 901 453        |
| Disbursements - loan repayment  | 0                 | -9 962 341        | -12 928 945       |
| Net payment of interest on loans  | -419 393          | -375 787          | -768 531          |
| Net receipts/ disbursements (-) on other short-term items                   | 38 031            | 50 573            | -43 127           |
| <b>Net cash flows from financing activities</b>                             | <b>-3 823 778</b> | <b>-1 613 002</b> | <b>2 160 850</b>  |
| <b>Net cash flows during the period</b>                                     | <b>-66 547</b>    | <b>783 734</b>    | <b>180 616</b>    |
| Cash and cash equivalents at the start of the period                        | 1 523 225         | 1 342 609         | 1 342 609         |
| Cash and cash equivalents held at the end of the period                     | 1 456 678         | 2 126 345         | 1 523 225         |
| <b>Net receipts/ disbursements (-) of cash</b>                              | <b>-66 547</b>    | <b>783 734</b>    | <b>180 616</b>    |

### RECONCILIATION

|  |                  |                  |                 |
|--|------------------|------------------|-----------------|
| Income before tax                                      | 34 088           | -20 932          | -62 158         |
| Change in accounts payable                             | -1 517           | -235             | 646             |
| Items classified as investment or financing activities | 481 211          | 379 410          | 980 911         |
| Changes in other accrual items                         | 5 119 113        | 2 672 382        | -1 379 832      |
| <b>Net cash flows from operating activities</b>        | <b>5 632 895</b> | <b>3 030 625</b> | <b>-460 433</b> |



## Note 1 General informatio

KLP Banken AS was formed on 25 February 2009. The company offers standard banking products to personal banking customers. The bank is an online bank without branches. KLP Banken AS is registered and domiciled in Norway. Its head office is at Beddingen 8 in Trondheim. The Company has a branch office in Oslo.

KLP Banken AS owns all the shares in KLP Kreditt AS (formerly Kommunekreditt Norge AS) and KLP Kommunekreditt AS. The Company is a subsidiary of KLP Bankholding AS, which is in turn wholly owned by Kommunal Landspensjonskasse (KLP). KLP is a mutual insurance company.

## Note 2 Accounting principles

These interim financial statements cover the period 1 January to 30 June 2012. The accounts have not been audited.

The KLP Banken AS Group interim financial statements have been prepared in accordance with the Norwegian Regulation 1240 «Regulations on financial statements etc for banks, financial enterprises and their parent companies», hereinafter referred to as the Annual Accounts Regulations of 16 December 1998 and Norwegian Act No. 56 «Act regarding annual accounts etc (Accounting Act)» of 17 July 1998.

The Accounting Act and the regulations require that the Company uses international accounting standards (IAS/IFRS) approved by the EU in the preparation of the accounts but allows certain exceptions from IFRS through Regulation No. 57: «Regulations on simplified application of international accounting standards» of 21 January 2008 (hereinafter referred to as «the Simplification Regulations»). The Simplification Regulations allow the presentation in the accounts of a provision for dividend and group contribution at the end of the reporting period even though the resolution is passed at a later date. This is the only accounting principle deviating in regard to IFRS.

These interim financial statements are presented in accordance with the same principles as the annual financial statements for 2011 and the interim report should therefore be read in conjunction with the latter. The annual financial statements are available at [www.klp.no](http://www.klp.no).

## Note 3 Net interest income

| NOK thousands   | 01.01.2012-<br>30.06.2012 | 01.01.2011-<br>30.06.2011 | The year 2011  |
|---|---------------------------|---------------------------|----------------|
| Interest on lending to and receivables from credit institutions | 20 679                    | 23 351                    | 52 757         |
| Interest on lending to customers                                | 460 911                   | 418 059                   | 889 856        |
| Interest on securities  | 33 211                    | 6 414                     | 26 534         |
| <b>Total interest income</b>                                    | <b>514 801</b>            | <b>447 824</b>            | <b>969 147</b> |
| Interest on debt to credit institutions                         | 360 640                   | 367 060                   | 763 520        |
| Interest on debt to KLP   | 25 277                    | 44 832                    | 109 717        |
| Interest on debt to customers                                   | 92 111                    | 21 287                    | 67 414         |
| Premium/discount on covered bonds                               | 1 566                     | 4 509                     | 7 342          |
| Other interest costs  | 1                         | 25                        | 26             |
| <b>Total interest costs</b>                                     | <b>479 596</b>            | <b>437 713</b>            | <b>948 019</b> |
| <b>Net interest income</b>                                      | <b>35 205</b>             | <b>10 111</b>             | <b>21 128</b>  |

## Note 4 Lending to customers

| NOK thousands                                     | 30.06.2012 | 30.06.2011 | 31.12.2011 |
|---|------------|------------|------------|
| Lending to customers before write-downs           | 23 472 383 | 26 662 203 | 28 147 575 |
| Individual write-downs                            | -9         | 0          | -49        |
| Write-downs by group                              | 0          | 0          | 0          |
| Lending to customers after individual write-downs | 23 472 374 | 26 662 203 | 28 147 524 |
| Accrued interest                                  | 164 641    | 156 126    | 166 605    |
| Lending customers fair value hedging              | 149 209    | 0          | 101 449    |
| Lending customers fair value adjustment           | 1 702      | -29 186    | 2 739      |
| Lending to customers                              | 23 787 926 | 26 789 143 | 28 415 577 |

## Note 5 Liabilities - securities issued

| NOK thousands   |           |          | Interest | Commence   |            |  | Accrued  | 30.06.2012 |
|---|-----------|----------|----------|------------|------------|--|----------|------------|
| ISIN code   | Nominal   | Currency | rate     | ment       | Due date   |  | interest | Book value |
| NO0010585185  | 4 300 000 | NOK      | Variable | 15.09.2010 | 15.09.2015 |  | 5 256    | 4 305 256  |
| NO0010592884  | 2 470 000 | NOK      | Variable | 10.12.2010 | 10.12.2012 |  | 3 513    | 2 473 513  |
| NO0010592892  | 4 000 000 | NOK      | Variable | 10.12.2010 | 10.12.2013 |  | 5 956    | 4 005 956  |
| NO0010592900  | 750 000   | NOK      | Fixed    | 15.12.2010 | 15.12.2020 |  | 18 758   | 768 758    |
| XS0605180412  | 1 250 000 | SEK      | Variable | 15.03.2011 | 15.03.2013 |  | 1 190    | 1 096 190  |
| NO0010609795  | 4 000 000 | NOK      | Variable | 20.05.2011 | 20.05.2014 |  | 11 617   | 4 011 617  |
| NO0010624778  | 2 500 000 | NOK      | Fixed    | 15.09.2011 | 15.05.2015 |  | 11 267   | 2 511 267  |
| XS0747335494  | 500 000   | SEK      | Variable | 17.02.2012 | 17.02.2015 |  | 1 353    | 434 853    |
| NO0010642192  | 1 000 000 | NOK      | Variable | 13.04.2012 | 13.04.2016 |  | 5 991    | 1 005 991  |
| Amortisation / value adjustments                                    |           |          |          |            |            |  |          | 79 057     |
| Total covered bonds issued  |           |          |          |            |            |  |          | 20 692 457 |
| Certificate loan  | 500 000   | NOK      | Flytende | 16.12.2011 | 14.12.2012 |  | 640      | 500 640    |
| Certificate loan  | 299 000   | NOK      | Fast     | 17.01.2012 | 17.07.2012 |  | 4 039    | 303 039    |
| Certificate loan  | 500 000   | NOK      | Flytende | 18.01.2012 | 18.01.2013 |  | 2 785    | 502 785    |
| Certificate loan  | 300 000   | NOK      | Fast     | 01.03.2012 | 31.08.2012 |  | 3 048    | 303 048    |
| Certificate loan  | 300 000   | NOK      | Fast     | 17.04.2012 | 05.07.2012 |  | 1 541    | 301 541    |
| Certificate loan, KLP   | 500 000   | NOK      | Fast     | 02.05.2012 | 02.08.2012 |  | 2 047    | 502 047    |
| Certificate loan  | 360 000   | NOK      | Flytende | 14.05.2012 | 14.05.2013 |  | 1 296    | 361 296    |
| Certificate loan  | 300 000   | NOK      | Flytende | 01.06.2012 | 31.05.2013 |  | 680      | 300 680    |
| Secured bonds   | 500 000   | NOK      | Flytende | 12.03.2012 | 11.06.2013 |  | 808      | 500 808    |
| Secured bonds   | 300 000   | NOK      | Flytende | 27.04.2012 | 27.04.2015 |  | 1 923    | 301 923    |
| Secured bonds   | 300 000   | NOK      | Fast     | 15.06.2012 | 15.06.2017 |  | 618      | 300 618    |
| Amortisation / value adjustments                                    |           |          |          |            |            |  |          | -2 491     |
| Total liabilities - issuance of certificate loans and secured bonds |           |          |          |            |            |  |          | 4 175 934  |
| Total liabilities - securities issued                               |           |          |          |            |            |  |          | 24 868 391 |





## Note 5 Liabilities - securities issued

| NOK thousands<br>ISIN code                  | Nominal   | Currency | Interest<br>rate | Commence<br>ment | Due date   | Accrued<br>interest | 30.06.2011<br>Book value |
|---|-----------|----------|------------------|------------------|------------|---------------------|--------------------------|
| Covered bonds                               |           |          |                  |                  |            |                     |                          |
| NO0010587793                                | 100 000   | NOK      | Variable         | 15.09.2010       | 21.09.2011 | 128                 | 100 128                  |
| NO0010585185                                | 4 300 000 | NOK      | Variable         | 15.09.2010       | 15.09.2015 | 6 268               | 4 306 268                |
| NO0010592884                                | 1 500 000 | NOK      | Variable         | 10.12.2010       | 10.12.2012 | 2 616               | 1 502 616                |
| NO0010592892                                | 4 000 000 | NOK      | Variable         | 10.12.2010       | 10.12.2013 | 7 257               | 4 007 257                |
| NO0010592900                                | 750 000   | NOK      | Fixed            | 15.12.2010       | 15.12.2020 | 18 715              | 768 715                  |
| XS0605180412                                | 1 250 000 | SEK      | Variable         | 15.03.2011       | 15.03.2013 | 1 327               | 1 096 327                |
| NO0010609795                                | 4 000 000 | NOK      | Variable         | 20.05.2011       | 20.05.2014 | 13 720              | 4 013 720                |
| NO0010614555                                | 2 900 000 | NOK      | Variable         | 28.06.2011       | 28.06.2013 | 701                 | 2 900 701                |
| Amortisering / verdijusteringer             |           |          |                  |                  |            |                     | -61 079                  |
| Sum utstedte obligasjoner med fortrinnsrett |           |          |                  |                  |            |                     | 18 634 653               |

| NOK thousands<br>ISIN code                      | Nominal   | Currency | Interest<br>rate | Commence<br>ment | Due date   | Accrued<br>interest | 31.12.2011<br>Book value |
|---|-----------|----------|------------------|------------------|------------|---------------------|--------------------------|
| NO0010585185                                    | 4 300 000 | NOK      | Flytende         | 15.09.2010       | 15.09.2015 | 7 208               | 4 307 208                |
| NO0010592884                                    | 3 000 000 | NOK      | Flytende         | 10.12.2010       | 10.12.2012 | 5 500               | 3 005 500                |
| NO0010592892                                    | 4 000 000 | NOK      | Flytende         | 10.12.2010       | 10.12.2013 | 7 600               | 4 007 600                |
| NO0010592900                                    | 750 000   | NOK      | Fast             | 15.12.2010       | 15.12.2020 | 1 602               | 751 602                  |
| XS0605180412                                    | 1 250 000 | SEK      | Flytende         | 15.03.2011       | 15.03.2013 | 1 597               | 1 096 597                |
| NO0010609795                                    | 4 000 000 | NOK      | Flytende         | 20.05.2011       | 20.05.2014 | 15 443              | 4 015 443                |
| NO0010614555                                    | 2 900 000 | NOK      | Flytende         | 28.06.2011       | 28.06.2012 | 938                 | 2 900 938                |
| NO0010624778                                    | 2 000 000 | NOK      | Fast             | 15.09.2011       | 15.05.2015 | 20 741              | 2 020 741                |
| Amortisation / value adjustments                |           |          |                  |                  |            |                     | 46 827                   |
| Total covered bonds issued                      |           |          |                  |                  |            |                     | 22 152 457               |
|   |           |          |                  |                  |            |                     |                          |
| Certificate loan, KLP                           | 1 000 000 | NOK      | Fast             | 31.08.2011       | 01.02.2012 | 10 952              | 1 010 952                |
| Certificate loan                                | 500 000   | NOK      | Fast             | 01.09.2011       | 01.03.2012 | 5 548               | 505 548                  |
| Certificate loan                                | 500 000   | NOK      | Flytende         | 16.12.2011       | 14.12.2012 | 778                 | 500 778                  |
| Total liabilities issuance of certificate loans |           |          |                  |                  |            |                     | 2 017 278                |

|                                       |  |  |  |  |  |  |            |
|---------------------------------------|--|--|--|--|--|--|------------|
| Total liabilities - securities issued |  |  |  |  |  |  | 24 169 735 |
|---------------------------------------|--|--|--|--|--|--|------------|



## Note 6 Debt to credit institutions

| NOK thousands                            | Due date   | Nominal | Accr'd interest | 30.06.2012<br>Book value |
|--|------------|---------|-----------------|--------------------------|
| Debt to KLP                              | 15.09.2012 | 200 000 | 122             | 200 122                  |
| Total liabilities to credit institutions |            |         |                 | 200 122                  |

| NOK thousands                            | Due date   | Nominal   | Accr'd interest | 30.06.2011<br>Book value |
|--|------------|-----------|-----------------|--------------------------|
| Debt to KLP                              | 15.09.2011 | 4 000 000 | 5 033           | 4 005 033                |
| Export finance loan 8                    | 15.09.2011 | 4 294 016 | 14 387          | 4 308 403                |
| Total liabilities to credit institutions |            |           |                 | 8 313 436                |

| NOK thousands                            | Due date   | Nominal   | Accr'd interest | 31.12.2011<br>Book value |
|--|------------|-----------|-----------------|--------------------------|
| Debt to KLP                              | 15.03.2012 | 4 300 000 | 6 449           | 4 306 449                |
| Total liabilities to credit institutions |            |           |                 | 4 306 449                |

## Note 7 Transactions with related parties

| NOK thousands  | 30.06.2012      | 30.06.2011        | 31.12.2011        |
|--|-----------------|-------------------|-------------------|
| <b>Income statement items</b>                        |                 |                   |                   |
| KLP, fees income lending management                  | 49 118          | 29 107            | 59 480            |
| KLP, interest on borrowing                           | -25 277         | -44 832           | -109 717          |
| KLP, interest on certificate loan(s)                 | -15 606         | 0                 | -10 952           |
| KLP Kapitalforvaltning, fees for services provided   | -137            | -285              | -680              |
| KLP, rent  | -1 716          | -1 705            | -3 411            |
| KLP, pension premium                                 | -3 597          | -1 452            | -7 146            |
| KLP, staff services (at cost)                        | -18 527         | -17 325           | -39 226           |
| KLP Group companies, subsidised interest staff loans | 366             | 0                 | 655               |
| <b>TOTAL</b>   | <b>-15 375</b>  | <b>-36 492</b>    | <b>-110 997</b>   |
| <b>Financial position statement items</b>            |                 |                   |                   |
| KLP, borrowing Group debt short-term                 | -200 122        | -4 005 033        | -4 306 449        |
| KLP, certificate loans issued                        | -502 047        | 0                 | -1 010 952        |
| KLP, net internal outstanding accounts               | -14 619         | 38 940            | -10 580           |
| KLP, clearance banking system                        | -24 910         | -700 696          | 19 128            |
| KLP Group companies                                  | 139             | -141              | -22               |
| <b>TOTAL</b>   | <b>-741 559</b> | <b>-4 666 930</b> | <b>-5 308 875</b> |

Transactions with related parties are carried out on general market terms and conditions, with the exception of the Company's share of shared administrative services which is allocated at cost. Allocation is based on actual use. All intra-Group accounts are settled as they arise.

## Note 8 Other assets

| NOK thousands                    | 30.06.2012   | 30.06.2011    | 31.12.2011    |
|----------------------------------|--------------|---------------|---------------|
| Intra-Group outstanding accounts | 139          | 2 164         | 21 943        |
| Miscellaneous receivables        | 4 809        | 74 724        | 520           |
| Prepaid expenses                 | 2 435        | 1 200         | 3 923         |
| <b>Total other assets</b>        | <b>7 383</b> | <b>78 088</b> | <b>26 386</b> |

## Note 9 Other liabilities and provision for accrued costs

| NOK thousands                              | 30.06.2012    | 30.06.2011     | 31.12.2011    |
|--|---------------|----------------|---------------|
| Creditors                                  | 299           | 936            | 1 817         |
| Intra-Group outstanding accounts           | 39 530        | 8 417          | 16 767        |
| Miscellaneous liabilities                  | 8 286         | 95 628         | 0             |
| <b>Total other liabilities</b>             | <b>48 115</b> | <b>104 981</b> | <b>18 584</b> |
| Advance deductions                         | 1 303         | 1 217          | 2 170         |
| Social security costs                      | 1 176         | 1 040          | 1 562         |
| Holiday pay                                | 1 653         | 1 350          | 3 344         |
| Pension liabilities                        | 7 364         | 4 186          | 7 421         |
| VAT  | 18            | 1 529          | 2 922         |
| Provisioned costs                          | 1 821         | 5 933          | 0             |
| <b>Total accrued costs and liabilities</b> | <b>13 335</b> | <b>15 255</b>  | <b>17 418</b> |

## Note 10 Capital adequacy

| NOK thousands   | 30.06.2012 | 30.06.2011 | 31.12.2011 |
|---|------------|------------|------------|
| Share capital and share premium fund                      | 1 021 372  | 1 056 443  | 1 021 371  |
| Other owners' equity                                      | 137 665    | 137 666    | 137 665    |
| Owners' equity  | 1 159 037  | 1 194 109  | 1 159 036  |
| Interim profit/loss                                       | 0          | -15 071    | 0          |
| Deduction goodwill and other intangible assets            | -20 557    | -22 484    | -21 520    |
| Deferred tax asset  | -12 403    | -722       | -21 949    |
| Core capital  | 1 126 077  | 1 155 832  | 1 115 567  |
| Supplementary capital                                     | 0          | 0          | 0          |
| Supplementary capital                                     | 0          | 0          | 0          |
| Total Tier 1 and 2 capital to count                       | 1 126 077  | 1 155 832  | 1 115 567  |
| Capital requirement                                       | 497 018    | 542 248    | 619 028    |
| Surplus of Tier 1 and 2 capital                           | 629 059    | 613 584    | 496 539    |
| Estimate basis credit risk                                |            |            |            |
| Local and regional authorities (including municipalities) | 3 963 469  | 4 864 025  | 5 727 763  |
| Publicly owned enterprises                                | 275 051    | 43 238     | 0          |
| States  | 3 215      | 0          | 0          |
| Institutions  | 598 256    | 579 788    | 0          |
| Investments with mortgage security in real estate         | 575 361    | 737 863    | 1 083 538  |
| Investments fallen due                                    | 25 683     | 17 000     | 0          |
| Covered bonds   | 333 708    | 146 651    | 304 289    |
| Holdings securities                                       | -          | 1 874      | 1 874      |
| Other holdings  | 174 282    | 113 788    | 346 513    |
| Estimate basis credit risk                                | 5 949 025  | 6 504 225  | 7 463 975  |
| Credit risk   | 475 922    | 520 338    | 597 118    |
| Operational risk  | 21 096     | 21 910     | 21 910     |
| Total capital requirement                                 | 497 018    | 542 248    | 619 028    |
| Core capital adequacy ratio                               | 18,1 %     | 17,1 %     | 14,4 %     |
| Supplementary capital ratio                               | 0,0 %      | 0,0 %      | 0,0 %      |
| Capital adequacy ratio                                    | 18,1 %     | 17,1 %     | 14,4 %     |

Basel II regulations have been used in calculating capital adequacy.

The authorities' minimum requirement for capital adequacy is set at 8 per cent for financial institutions.

## Note 11 Interest-bearing securities

| NOK thousands | 30.06.2012       |              | 31.12.2011       |              |
|---------------|------------------|--------------|------------------|--------------|
|               | Acquisition cost | Market value | Acquisition cost | Market value |
| Bonds         | 3 440 598        | 3 453 059    | 1 539 449        | 1 536 960    |

The bonds are brought to account at market value.

## Note 12 Loss on loans issued etc.

| NOK thousands                    | Pr 30.06.2012 | Pr. 30.06.2011 | Pr 31.12.2011 |
|----------------------------------|---------------|----------------|---------------|
| Known losses                     | 0             | 0              | 40            |
| Reversal of previous write-downs | 0             | 0              | 0             |
| Change in individual write-downs | 0             | 41             | 9             |
| Change in write-downs by group   | 0             | 0              | 0             |
| <b>Total losses on lending</b>   | <b>0</b>      | <b>41</b>      | <b>49</b>     |
| Gross default exceeding 90 days  | 5 680         | 3 541          | 14 080        |
| Gross other doubtful loans       | 0             | 0              | 0             |

This applies to housing mortgage lending. Losses or write-downs on defaulted loans are not expected in the public sector.

## Note 13 Contingent liabilities

| NOK thousands                              | 30.06.2012     | 30.06.2011     | 31.12.2011     |
|--|----------------|----------------|----------------|
| Credit facilities for lending not utilised | 45 971         | 369 663        | 99 328         |
| Promised loan(s)                           | 169 151        | 200 955        | 80 709         |
| <b>Total contingent liabilities</b>        | <b>215 122</b> | <b>570 618</b> | <b>180 037</b> |

## Note 14 Key figures

| Accumulated figures in NOK millions                         | Q2-12    | Q1-12    | Q4-11    | Q3-11    | Q2-11    |
|---|----------|----------|----------|----------|----------|
| Pre-tax income  | 34,1     | 26,4     | -62,2    | -33,5    | -20,9    |
| Net interest income   | 35,2     | 12,8     | 21,1     | 11,1     | 10,1     |
| Other operating income                                      | 51,5     | 29,5     | 63,4     | 46,2     | 30,9     |
| Operating costs and depreciation                            | -60,3    | -33,4    | -139,9   | -97,7    | -62,4    |
| Net realised/unrealised change fin. instrum's at fair value | 7,6      | 17,5     | -6,8     | 7,0      | 0,5      |
| Deposits  | 2 323,6  | 2 115,0  | 1 840,3  | 1 715,1  | 1 530,4  |
| Lending with housing mortgage                               | 1 597,4  | 1 653,3  | 3 211,3  | 2 476,9  | 2 060,8  |
| Lending with public sector guarantee                        | 22 190,5 | 24 734,0 | 25 204,3 | 25 651,7 | 24 728,2 |
| Defaulted loans   | 5,7      | 11,8     | 14,1     | 40,8     | 6,8      |
| Total liabilities – securities issued                       | 24 868,4 | 25 864,0 | 24 169,7 | 22 131,7 | 18 634,7 |
| Other borrowing   | 200,1    | 450,1    | 4 306,4  | 6 010,3  | 8 313,4  |
| Total assets  | 28 959,7 | 29 931,6 | 30 545,0 | 31 386,5 | 29 859,3 |
| Average total assets  | 29 752,4 | 30 238,3 | 29 205,1 | 29 625,8 | 28 862,2 |
| Owners' equity  | 1 183,6  | 1 174,8  | 1 159,0  | 1 170,0  | 1 179,0  |
| Interest net  | 0,12 %   | 0,04 %   | 0,07 %   | 0,04 %   | 0,04 %   |
| Income from ordinary operation before taxes                 | 0,11 %   | 0,09 %   | -0,21 %  | -0,11 %  | -0,07 %  |
| Income from ordinary op. excl. fair value assessments       | 0,09 %   | 0,03 %   | -0,19 %  | -0,14 %  | -0,07 %  |
| Return on owners' equity before tax                         | 2,88 %   | 2,25 %   | -5,36 %  | -2,86 %  | -1,78 %  |
| Capital adequacy ratio                                      | 18,1 %   | 17,2 %   | 14,4 %   | 15,6 %   | 17,1 %   |





KLP Banken AS  
P.O. Box 8814  
7481 Trondheim

Tel: 22 03 35 00  
Fax: 73 53 38 39  
[KLPBanken@klp.no](mailto:KLPBanken@klp.no)

Visiting adress, Trondheim:  
Beddingen 8

Visiting adress, Oslo:  
Dronning Eufemias gate 10