

A close-up photograph of a person's hand typing on a black keyboard. The hand is positioned on the left side of the frame, with fingers resting on the keys. The keyboard is white and black. In the background, a computer monitor is visible, displaying a blurred image of a person's face. The overall scene is softly lit, suggesting an office environment.

**Interim report Q3** 2012  
KLP Banken AS Group

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## KLP Banken AS Group

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# KLP Banken AS Group

## Interim financial statement 3/2012

### Main features of the third quarter:

- better margins on public sector lending
- insignificant lending losses in the personal market, no losses on lending to the public sector
- good returns on the securities investments
- good costs development

The KLP Banken Group's purpose is financing of housing mortgages and lending to municipalities, county administrations and companies carrying out public sector assignments. The KLP Banken Group is a substantial long-term lender to the public sector and from 2010 has established business in the personal market. The Group manages lending totalling NOK 52.7 billion. The overall business of KLP Banken AS and its subsidiaries is divided into the personal market and public sector loans business areas. The business is nationwide and the companies' head offices are in Trondheim. KLP Banken AS is wholly owned by Kommunal Landspensjonskasse Gjensidig forsikringsselskap (KLP) through KLP Bankholding AS. KLP Banken AS has two wholly owned subsidiaries, KLP Kreditt AS (previously Kommunekreditt Norge AS) and KLP Kommunekreditt AS.

### Profit and loss account

Net interest income for the KLP Banken Group at the end of Q3 2012 amounts to NOK 60.0 million against 11.1 million for the same period the previous year. Operating expenses and depreciation amounted to NOK 94.1 million against 97.5 million at the same time last year. The Group has not had significant losses on housing loans and has had no losses on public sector lending.

The financial statements have been prepared in NOK, and are presented in accordance with the Norwegian Accounting Act, the Annual Accounts Regulations for Banking (Regulation No. 1240 of 16 December 1998), as well as Regulations on Simplified Application of IFRS, the Simplification Regulations (Regulation No. 57 of 21 January 2008). This means that financial instruments are in part recognised at market value. At the end of the third quarter the accounts show an unrealised gain associated with securities of NOK 52.1 million. During the same period last year an unrealised gain of NOK 7.0 million was brought to book. Of the unrealised gains so far this year, NOK 42.1 million relate to value increases on liquid investments.

In addition to its own lending, the banking group administers housing mortgages and public sector lending financed by its parent company, Kommunal Landspensjonskasse (KLP). The management fee for this task amounted to NOK 64.5 million at the end of the third quarter. The corresponding amount last year was NOK 43.6 million.

The KLP Banken Group achieved pre-tax profits of NOK 85.8 million by the end of the third quarter. At the same time last year the result was NOK -33.5 million. Income after tax amounted to NOK 61.8 million and NOK -24.1 million respectively.

### Lending

On 30 September 2012 the KLP Banken Group had a lending portfolio of NOK 23.5 billion compared to NOK 28.1 billion at the end of the third quarter 2011. The distribution between the retail market and public sector lending is NOK 1.6 billion and NOK 21.9 billion respectively.



### **Liquid investments**

On the reporting date liquid investments amounted to NOK 3.5 billion against NOK 1.1 billion at the same time last year.

### **Borrowing**

The KLP Banken Group's external financing comprises deposits, certificates and bonds. On the reporting date deposits were NOK 2.6 billion and liabilities created on issuance of securities were NOK 24.4 billion. Of the securities liabilities, covered bonds (OMF) issued by KLP Kommunekreditt AS represented NOK 20.5 billion. All covered bonds issues have achieved AAA rating.

### **Solvency**

At the end of the third quarter 2012, Tier 1 and Tier 2 capital eligible under the capital adequacy rules was NOK 1138 million. Primary capital (eligible Tier 1 and Tier 2 capital) comprises only core capital. The corresponding figure for last year was NOK 1170 million. Lending is risk-weighted in accordance with the authorities' capital adequacy regulations. The KLP Banken Group had a capital adequacy ratio of 18.6 per cent at the end of the third quarter, against 15.6 per cent on the same date last year. The minimum statutory requirement is 8 per cent.

## Income Statement KLP Banken AS Group

Note	NOK thousands	Q3 2012	Q3 2011	01.01.2012- 30.09.2012	01.01.2011- 30.09.2011	01.01.2011- 31.12.2011
	Interest income and similar income	223 067	247 315	737 868	695 139	969 147
	Cost of interest and similar costs	-198 274	-246 315	-677 870	-684 028	-948 019
3	Net interest income	24 793	1 000	59 998	11 111	21 128
	Commission & banking services income	1 176	1 017	3 599	2 795	4 179
	Commission & banking services costs	-151	-114	-248	-239	-413
	Net charges and commission income	1 024	903	3 351	2 556	3 766
	Others fee income	15 294	14 397	64 462	43 604	59 630
	Net gain/(loss) financial instruments	44 477	6 490	52 122	6 982	-6 796
	Total other operating income	59 771	20 887	116 584	50 585	52 834
	Salary and administrative costs	-12 956	-10 660	-33 932	-27 704	-44 833
	Depreciation	-522	-573	-1 589	-1 690	-2 241
	Other operating expenses	-20 383	-24 092	-58 596	-68 082	-92 558
	Total operating expenses	-33 862	-35 325	-94 118	-97 476	-139 632
	Loss on loans issued, guarantees etc.	0	-9	0	-50	-50
	Gains/losses on securities that are fixed assets	0	0	0	-204	-204
	Operating income before tax	51 726	-12 544	85 815	-33 478	-62 158
	Tax on ordinary income	-14 483	3 513	-24 028	9 374	27 087
	Income	37 243	-9 031	61 787	-24 104	-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	37 243	-9 031	61 787	-24 104	-35 071

## Financial Position Statement KLP Banken AS Group

Note	NOK thousands	30.09.2012	30.09.2011	31.12.2011
<b>ASSETS</b>				
	Lending to and receivables from credit institutions	1 485 214	2 019 219	1 610 889
4	Lending to and receivables from customers	23 463 861	28 128 543	28 415 577
11	Interest-bearing securities	3 490 663	1 078 203	1 536 960
	Financial derivatives	203 884	66 160	70 165
	Deferred tax asset	0	3 665	21 949
	Tangible fixed assets	490	702	634
	Intangible assets	20 075	22 002	21 520
8	Other assets	3 987	61 078	26 386
	<b>TOTAL ASSETS</b>	<b>28 668 175</b>	<b>31 379 572</b>	<b>31 704 079</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>				
<b>LIABILITIES</b>				
6	Debt to credit institutions	0	4 506 174	4 306 449
5	Liabilities created on issuance of securities	24 443 384	23 635 808	24 169 735
	Deposits	2 552 500	1 715 126	1 840 261
	Financial derivatives	398 477	179 585	192 594
	Deferred tax	2 080	0	0
9	Other liabilities	35 324	149 680	18 584
9	Provision for accrued costs and liabilities	15 585	23 194	17 418
	<b>TOTAL LIABILITIES</b>	<b>27 447 351</b>	<b>30 209 567</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	61 787	-24 104	0
	<b>TOTAL OWNERS' EQUITY</b>	<b>1 220 825</b>	<b>1 170 005</b>	<b>1 159 037</b>
	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>28 668 175</b>	<b>31 379 572</b>	<b>31 704 079</b>



## Statement of owners' equity KLP Banken AS Group

2012 NOK thousands	Share capital	Share premium fund	Other owners' equity	Total owners' equity
Owners' equity 1 January 2012	750 000	271 372	137 665	1 159 037
Unallocated profit/loss	0	61 787	0	61 787
Other comprehensive income	0	0	0	0
Total comprehensive income	0	61 787	0	61 787
Total transactions with the owners	0	0	0	0
Owners' equity 30 September 2012	750 000	333 159	137 665	1 220 825

2011 NOK thousands	Share capital	Share premium fund	Other owners' equity	Total owners' equity
Owners' equity 1 January 2011	750 000	306 443	137 666	1 194 109
Income	0	-24 104	0	-24 104
Other comprehensive income	0	0	0	0
Total comprehensive income	0	-24 104	0	-24 104
Total transactions with the owners	0	0	0	0
Owners' equity 30 September 2011	750 000	282 339	137 666	1 170 005

## Statement of cash flows KLP Banken AS konsern

NOK thousands	30.09.2012	30.09.2011	2011
<b>Operating activities</b>			
Payments received from customers - interest, commission & charges	634 049	511 752	781 784
Payments to customers - interest, commission & charges	-75 338	-35 071	-50 230
Net receipts/disbursements on lending customers	5 087 497	-3 685 425	-2 043 066
Net receipts on customer deposits banking	712 239	689 392	814 527
Net receipts/disbursements on operations	-55 263	-105 001	-84 480
Payments to staff, pension schemes, employer's social sec. contrib. etc.	-36 108	-29 229	-39 241
Net interest investment accounts	11 458	12 689	51 774
Net receipts/disbursements regarding operating activities	53 183	59 329	108 499
Income tax paid	0	0	0
<b>Net cash flows from operating activities</b>	<b>6 331 716</b>	<b>-2 581 564</b>	<b>-460 433</b>
<b>Investment activities</b>			
Receipts regarding securities	4 310	98 680	98 680
Disbursements regarding securities	-1 903 076	-1 164 000	-1 638 503
Receipts of interest from securities	51 438	7 065	20 293
Payments on the purchase of tangible fixed assets	0	-272	-272
<b>Net cash flows from investment activities</b>	<b>-1 847 329</b>	<b>-1 058 527</b>	<b>-1 519 802</b>
<b>Financing activities</b>			
Net receipts/disbursements on loans from credit institutions	-4 121 215	17 540 264	15 901 453
Disbursements - loan repayment	0	-12 768 686	-12 928 945
Net payment of interest on loans	-560 528	-597 642	-768 531
Net receipts/disbursements (-) on other short-term items	34 241	-7 492	-43 127
<b>Net cash flows from financing activities</b>	<b>-4 647 502</b>	<b>4 166 444</b>	<b>2 160 850</b>
<b>Net cash flows during the period</b>	<b>-163 115</b>	<b>526 353</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	1 360 110	1 868 964	1 523 225
<b>Net receipts/disbursements (-) of cash</b>	<b>-163 115</b>	<b>526 353</b>	<b>180 616</b>
<b>RECONCILIATION</b>			
Income before tax	85 815	-33 478	-62 158
Change in trade accounts payable	-271	-317	646
Items classified as investment or financing activities	604 997	700 573	980 911
Changes in other accrual items	5 641 176	-3 248 342	-1 379 832
<b>Net cash flows from operating activities</b>	<b>6 331 716</b>	<b>-2 581 564</b>	<b>-460 433</b>





## Note 1 General information

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

This interim report covers the period 1 January to 30 September 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 (the 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- 30.09.2012	01.01.2011- 30.09.2011	The year 2011
Interest on lending to and receivables from credit institutions	28 213	40 192	52 757
Interest on lending to customers	651 120	640 425	889 856
Interest on securities	58 535	14 522	26 534
<b>Total interest income</b>	<b>737 868</b>	<b>695 139</b>	<b>969 147</b>
Interest on debt to credit institutions	507 429	564 511	763 520
Interest on debt to KLP	44 093	77 212	120 669
Interest on debt to customers	124 354	36 177	56 462
Premium/discount on covered bonds	1 983	6 102	7 342
Other interest costs	10	26	26
<b>Total interest costs</b>	<b>677 870</b>	<b>684 028</b>	<b>948 019</b>
<b>Net interest income</b>	<b>59 998</b>	<b>11 111</b>	<b>21 128</b>

## Note 4 Lending to customers

NOK thousands	30.09.2012	30.09.2011	31.12.2011
Lending to customers before write-downs	22 989 777	27 935 754	28 147 575
Individual write-downs	-9	-50	-49
Write-downs by group	0	0	0
Lending to customers after individual write-downs	22 989 768	27 935 704	28 147 524
Accrued interest	192 549	190 144	166 605
Lending customers fair value hedging	279 491	0	101 449
Lending customers fair value adjustment	2 053	2 695	2 739
Lending to customers	23 463 861	28 128 543	28 415 577

## Note 5 Liabilities created on issuance of securities

NOK thousands								30.09.2012
ISIN code	Nominal	Currency	Interest	Commencement	Due date	Accr. interest		Book value
NO0010585185	4 300 000	NOK	Variable	15.09.2010	15.09.2015	3 930	4 303 930	
NO0010592884	2 470 000	NOK	Variable	10.12.2010	10.12.2012	3 184	2 473 184	
NO0010592892	4 000 000	NOK	Variable	10.12.2010	10.12.2013	5 437	4 005 437	
NO0010592900	750 000	NOK	Fixed	15.12.2010	15.12.2020	27 430	777 430	
XS0605180412	1 250 000	SEK	Variable	15.03.2011	15.03.2013	866	1 095 866	
NO0010609795	4 000 000	NOK	Variable	20.05.2011	20.05.2014	10 967	4 010 967	
NO0010624778	2 500 000	NOK	Fixed	15.09.2011	15.05.2015	33 322	2 533 322	
XS0747335494	500 000	SEK	Variable	17.02.2012	17.02.2015	1 344	434 844	
NO0010642192	1 000 000	NOK	Variable	13.04.2012	13.04.2016	5 889	1 005 889	
Amortisation/value adjustments							122 359	
Total covered bonds issued							20 763 227	
Certificate loan	500 000	NOK	Variable	16.12.2011	14.12.2012	548	500 548	
Certificate loan	500 000	NOK	Variable	18.01.2012	18.01.2013	2 740	502 740	
Certificate loan	360 000	NOK	Variable	14.05.2012	14.05.2013	1 229	361 229	
Certificate loan	300 000	NOK	Variable	01.06.2012	31.05.2013	633	300 633	
Certificate loan	300 000	NOK	Fixed	05.07.2012	05.04.2013	1 965	301 965	
Certificate loan	300 000	NOK	Variable	09.07.2012	09.07.2013	1 890	301 890	
Secured bonds	500 000	NOK	Variable	12.03.2012	11.06.2013	711	500 711	
Secured bonds	300 000	NOK	Variable	27.04.2012	27.04.2015	1 903	301 903	
Secured bonds	300 000	NOK	Fixed	15.06.2012	15.06.2017	4 172	304 172	
Secured bonds	300 000	NOK	Variable	24.08.2012	24.08.2015	1 045	301 045	
Amortisation/value adjustments							3 322	
Total liabilities issuance of certificate loans and secured bonds							3 680 158	
Total liabilities created on issuance of securities							24 443 384	

## Note 5 Liabilities created on issuance of securities (continued)

NOK thousands							30.09.2011
ISIN code	Nominal	Currency	Interest	Commencement	Due date	Accr. interest	Book value
Covered bonds							
N00010585185	4 300 000	NOK	Variable	15.09.2010	15.09.2015	6 651	4 306 651
N00010592884	3 000 000	NOK	Variable	10.12.2010	10.12.2012	5 304	3 005 304
N00010592892	4 000 000	NOK	Variable	10.12.2010	10.12.2013	7 326	4 007 326
N00010592900	750 000	NOK	Fixed	15.12.2010	15.12.2020	27 411	777 411
XS0605180412	1 250 000	SEK	Variable	15.03.2011	15.03.2013	1 356	1 096 356
N00010609795	4 000 000	NOK	Variable	20.05.2011	20.05.2014	14 800	4 014 800
N00010614555	2 900 000	NOK	Variable	28.06.2011	28.06.2013	740	2 900 740
N00010624778	2 000 000	NOK	Fixed	15.09.2011	15.05.2015	3 073	2 003 073
Amortisation/value adjustments							20 024
Total covered bonds issued							22 131 684
Certificate loan, KLP	1 000 000	NOK	Fixed	31.08.2011	01.02.2012	2 760	1 002 760
Certificate loan	500 000	NOK	Fixed	01.09.2011	01.03.2012	1 364	501 364
Total liabilities issuance of certificate loans							1 504 125
Total liabilities created on issuance of securities							23 635 808

NOK thousands							31.12.2011
ISIN code	Nominal	Currency	Interest	Commencement	Due date	Accr. interest	Book value
Covered bonds							
N00010585185	4 300 000	NOK	Variable	15.09.2010	15.09.2015	7 208	4 307 208
N00010592884	3 000 000	NOK	Variable	10.12.2010	10.12.2012	5 500	3 005 500
N00010592892	4 000 000	NOK	Variable	10.12.2010	10.12.2013	7 600	4 007 600
N00010592900	750 000	NOK	Fixed	15.12.2010	15.12.2020	1 602	751 602
XS0605180412	1 250 000	SEK	Variable	15.03.2011	15.03.2013	1 597	1 096 597
N00010609795	4 000 000	NOK	Variable	20.05.2011	20.05.2014	15 443	4 015 443
N00010614555	2 900 000	NOK	Variable	28.06.2011	28.06.2012	938	2 900 938
N00010624778	2 000 000	NOK	Fixed	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	Fixed	31.08.2011	01.02.2012	10 952	1 010 952
Certificate loan	500 000	NOK	Fixed	01.09.2011	01.03.2012	5 548	505 548
Certificate loan	500 000	NOK	Variable	16.12.2011	14.12.2012	778	500 778
Total liabilities issuance of certificate loans							2 017 278
Total liabilities created on issuance of securities							24 169 735



## Note 6 Debt to credit institutions

NOK thousands	Due date	Nominal	Accrued interest	30.09.2012 Book value
				0
Total liabilities to credit institutions				0

NOK thousands	Due date	Nominal	Accrued interest	30.09.2011 Book value
Debt to KLP	15.12.2011	4 500 000	6 174	4 506 174
Total liabilities to credit institutions				4 506 174

NOK thousands	Due date	Nominal	Accrued interest	31.12.2011 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	30.09.2012	30.09.2011	31.12.2011
<b>Income statement items</b>			
KLP, fees income lending management	64 412	43 504	59 480
KLP, interest on borrowing	-26 065	-74 363	-109 717
KLP, interest on certificate loan	-18 028	-2 849	-10 952
KLP Kapitalforvaltning, fees for services provided	-425	-443	-680
KLP, rent	-2 620	-2 558	-3 411
KLP, pension premium	-6 507	-2 383	-7 146
KLP, staff services (at cost)	-30 385	-26 018	-39 226
KLP Group companies, subsidised interest staff loans	504	0	655
<b>TOTAL</b>	<b>-19 114</b>	<b>-65 110</b>	<b>-110 997</b>
<b>Financial position statement items</b>			
KLP, borrowing Group debt short-term	0	-4 506 174	-4 306 449
KLP, certificate loans issued	0	-1 002 849	-1 010 952
KLP, net intra-Group accounts	-8 495	-75 169	-10 580
KLP, clearance banking system	-20 576	-2 281 553	19 128
KLP Group companies	-185	-159	-22
<b>TOTAL</b>	<b>-29 256</b>	<b>-7 865 904</b>	<b>-5 308 875</b>

Transactions with related parties are carried out at general market terms and conditions, with the exception of the Company's share of common administrative functions 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	30.09.2012	30.09.2011	31.12.2011
Intra-Group accounts	29	21 447	21 943
Miscellaneous receivables	0	37 412	520
Prepaid expenses	3 958	2 219	3 923
<b>Total other assets</b>	<b>3 987</b>	<b>61 078</b>	<b>26 386</b>

## Note 9 Other liabilities and provision for accrued costs

NOK thousands	30.09.2012	30.09.2011	31.12.2011
Creditors	1 547	854	1 817
Intra-Group accounts	8 709	101 629	16 767
Miscellaneous liabilities	25 068	47 197	0
<b>Total other liabilities</b>	<b>35 324</b>	<b>149 680</b>	<b>18 584</b>
Advance deductions	1 001	1 061	2 170
Social security costs	833	742	1 562
Holiday pay	2 580	2 252	3 344
Pension liabilities	7 364	4 186	7 421
VAT	342	3 314	2 922
Provisioned costs	3 465	11 640	0
<b>Total accrued costs and liabilities</b>	<b>15 585</b>	<b>23 194</b>	<b>17 418</b>

## Note 10 Capital adequacy

NOK thousands	30.09.2012	30.09.2011	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
<b>Owners' equity</b>	<b>1 159 037</b>	<b>1 194 109</b>	<b>1 159 036</b>
Interim profit/loss	0	-33 478	0
Deduction goodwill and other intangible assets	-20 075	-22 002	-21 520
Deferred tax asset	0	0	-21 949
<b>Core capital</b>	<b>1 138 962</b>	<b>1 138 632</b>	<b>1 115 567</b>
Supplementary capital	0	0	0
<b>Supplementary capital</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total eligible Tier 1 and 2 capital	1 138 962	1 138 632	1 115 567
Capital requirement	490 557	583 564	619 028
<b>Surplus of Tier 1 and 2 capital</b>	<b>648 405</b>	<b>555 068</b>	<b>496 539</b>
<b>Estimate basis credit risk</b>			
Local and regional authorities (including municipalities/county administrations)	4 186 239	5 138 413	5 727 763
Publicly owned enterprises	11 133	36 738	0
State	3 047	0	0
Institutions	583 494	519 563	0
Investments with mortgage security in real estate	721 104	859 225	1 083 538
Investments fallen due	25 683	25 500	0
Covered bonds	337 074	0	304 289
Holdings securities	0	214 163	1 874
Other holdings	490	227 075	346 513
<b>Estimate basis credit risk</b>	<b>5 868 264</b>	<b>7 020 675</b>	<b>7 463 975</b>
Credit risk	469 461	561 654	597 118
Operational risk	21 096	21 910	21 910
<b>Total capital requirement</b>	<b>490 557</b>	<b>583 564</b>	<b>619 028</b>
Core capital adequacy ratio	18,6 %	15,6 %	14,4 %
Supplementary capital ratio	0,0 %	0,0 %	0,0 %
Capital adequacy ratio	18,6 %	15,6 %	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	30.09.2012		31.12.2011	
	Acquisition cost	Market value	Acquisition cost	Market value
Bonds	3 440 598	3 490 663	1 537 522	1 536 960

The bonds are brought to account at market value.

## Note 12 Losses on loans issued etc.

NOK thousands	As at 30.09.2012	As at 30.09.2011	As at 31.12.2011
Known losses	0	0	40
Reversal of previous write-downs	0	0	0
Change in individual write-downs	0	50	9
Change in write-downs by group	0	0	0
<b>Total losses on lending</b>	<b>0</b>	<b>50</b>	<b>49</b>
Gross default exceeding 90 days	5 854	40 784	14 080
Gross other doubtful loans	0	0	0

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

## Note 13 Contingent liabilities

NOK thousands	30.09.2012	30.09.2011	31.12.2011
Credit facilities for lending not utilised	42 572	488 171	99 328
Promised loans	206 442	45 540	80 709
<b>Total conditional liabilities</b>	<b>249 014</b>	<b>533 711</b>	<b>180 037</b>

## Note 14 Key figures

Accumulated figures in NOK millions	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11
Pre-tax profit	85,8	34,1	26,4	-62,2	-33,5
Net interest income	60,0	35,2	12,8	21,1	11,1
Other operating income	67,8	51,5	29,5	63,4	46,2
Depreciation and write down	-94,1	-60,3	-33,4	-139,9	-97,7
Net realised/unrealised change fin. instrum's at fair value	52,1	7,6	17,5	-6,8	7,0
Deposits	2 552,5	2 323,6	2 115,0	1 840,3	1 715,1
Housing mortgage lending	1 550,5	1 597,4	1 653,3	3 211,3	2 476,9
Lending with public sector guarantee	21 915,4	22 190,5	24 734,0	25 204,3	25 651,7
Defaulted loans	5,9	5,7	11,8	14,1	40,8
Total liabilities - securities issued	24 443,4	24 868,4	25 864,0	24 169,7	22 131,7
Other borrowing	0,0	200,1	450,1	4 306,4	6 010,3
Total assets	28 668,2	28 959,7	29 931,6	31 704,1	31 386,5
Average total assets	30 186,1	30 331,9	30 238,3	29 784,6	29 625,8
Owners' equity	1 220,8	1 183,6	1 174,8	1 159,0	1 170,0
Interest net	0,20 %	0,12 %	0,04 %	0,07 %	0,04 %
Income from ordinary operation before taxes	0,28 %	0,11 %	0,09 %	-0,21 %	-0,11 %
Income from ordinary op. excl. fair value assessments	0,11 %	0,09 %	0,03 %	-0,19 %	-0,14 %
Return on owners' equity before tax	7,03 %	2,88 %	2,25 %	-5,36 %	-2,86 %
Capital adequacy ratio	18,6 %	18,1 %	17,2 %	14,4 %	15,6 %



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