

KLP



Interim report

KLP BOLIGKREDITT AS
Q3 2018

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Interim Financial Statement

KLP BOLIGKREDITT AS

Main features by third quarter end:

- Operating profit before tax NOK 7.3 million.
- Lending balance up 35 per cent
- No credit loss on lending

OBJECTIVE AND OWNERSHIP

The Company's objective is to be the KLP Banken Group's vehicle for the issue of mortgage-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 was established in 2013 and has its head office in Trondheim.

INCOME STATEMENT

Net interest and credit commission revenues in the first three quarters of 2018 were NOK 39.3 million, up from NOK 32.3 million at the same time last year. Operating expenses in the same period amounted to NOK 31.3 million. There have not been any losses or significant loss provisions made on loans as a result of the implementation of the Accounting Standard IFRS9 Financial Instruments from January 2018. The pre-tax profit by quarter end was NOK 7.3 million.

LENDING

The Company's loans to customers as at 30 September 2018 amounted to NOK 6.8 billion, up from 4.9 billion at the same time last year. The increase so far this year amounts to NOK 1.8 billion, or 35 per cent. Loans totaling NOK 3.8 billion have been purchased from KLP Banken AS during the year. Total assets amounted to NOK 7.3 billion at the end of the quarter.

BORROWING

The Company's borrowing comprises covered bonds as well as borrowing from its parent company. Outstanding intercompany debt amounted to NOK 700 million at quarter end and covered bond debt was NOK 6.1 billion at the reporting date. New covered bond issues amounts to NOK 2.8 billion so far this year. Restructuring of long-term debt have caused accounting losses by the end of the third quarter of NOK 0.5 million. All covered bonds have an 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 certificates and bonds of high credit quality, principally investments in covered bonds with AAA rating. As at 30 September 2018, the bond portfolio's market value was NOK 207.4 million. The net loss associated with liquidity investments amounts to NOK 0.2 million so far this year.

RISK AND CAPITAL ADEQUACY

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 borrowing and lending activity as well as liquidity management. This means that the Company is to have low market risk, and interest and foreign exchange risk arising within the borrowing and lending activity are reduced using derivatives. The Company is to have sufficient 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 third quarter 2018, core capital i.a.w. the capital adequacy rules was NOK 500 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 19.6 per cent at the end of the third quarter 2018. The minimum statutory requirement is 15.5 per cent capital adequacy ratio. Leverage ratio was 6.8 per cent. The minimum statutory requirement is 3 per cent leverage ratio.

Income statement

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	Q3 2018	Q3 2017	01.01.2018 -30.09.2018	01.01.2017 -30.09.2017	01.01.2017 -31.12.2017
	Interest income	41 167	28 377	107 939	82 830	113 366
	Interest expense	-27 681	-16 048	-68 660	-50 511	-66 915
3	Net interest income	13 485	12 329	39 279	32 319	46 451
14	Net gain/(loss) financial instruments	-1 877	-17	-684	147	148
	Total other operating income	-1 877	-17	-684	147	148
	Other operating expenses	-10 209	-7 184	-31 264	-22 885	-33 090
	Net loan losses	2	0	-4	0	0
	Total operating expenses	-10 208	-7 184	-31 269	-22 885	-33 090
	Operating profit/loss before tax	1 400	5 128	7 327	9 582	13 509
	Tax ordinary income	-322	-1 231	-1 685	-2 300	-3 288
	Profit for the period	1 078	3 897	5 642	7 282	10 220
	Other comprehensive income for the period	0	0	0	0	0
	Comprehensive income for the period	1 078	3 897	5 642	7 282	10 220

Balance sheet

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	30.09.2018	30.09.2017	31.12.2017
ASSETS				
5	Loans to credit institutions	304 234	119 826	123 488
4,5	Loans to customers	6 818 258	4 925 594	5 057 203
5,6,13	Interest-bearing securities	207 397	4 021	5 020
	Deffered tax assets	0	0	1 064
10	Other assets	10 251	5 881	930
Total assets		7 340 140	5 055 323	5 187 705
LIABILITIES AND OWNERS EQUITY				
LIABILITIES				
5,8	Debt to credit institutions	700 378	370 242	500 345
5,7	Debt securities issued	6 123 743	4 297 706	4 298 444
11	Other liabilities	7 890	8 452	6 824
11	Provision for accrued costs and liabilities	927	301	532
Total liabilities		6 832 938	4 676 701	4 806 145
EQUITY				
	Share capital	220 000	160 000	160 000
	Share premium	270 463	210 463	210 463
	Other owners' eqyity	11 097	877	11 097
	Unallocated profit/loss	5 642	7 282	0
Total owners' equity		507 202	378 622	381 560
Total liabilities and equity		7 340 140	5 055 323	5 187 705

Statement of changes in equity

KLP BOLIGKREDITT AS

2018 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 31 December 2017	160 000	210 463	11 097	381 560
Changes in accounting principles (IFRS 9)	0	0	0	0
Equity 1 January 2018	160 000	210 463	11 097	381 560
Profit for the period	0	0	5 642	5 642
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	5 642	5 642
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 30 September 2018	220 000	270 463	16 739	507 202
2017 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2017	100 000	150 463	29 377	279 840
Profit for the period	0	0	7 282	7 282
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	7 282	7 282
Dividends paid	0	0	-28 500	-28 500
Group contribution received	0	0	9 087	9 087
Group contribution made	0	0	-9 087	-9 087
Paid-up equity in the period	60 000	60 000	0	120 000
Total transactions with the owners	60 000	60 000	-28 500	91 500
Equity 30 September 2017	160 000	210 463	8 159	378 622
2017 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2017	100 000	150 463	29 377	279 840
Profit for the period	0	0	10 220	10 220
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	10 220	10 220
Dividend paid	0	0	-28 500	-28 500
Group contribution received	0	0	9 087	9 087
Group contribution made	0	0	-9 087	-9 087
Paid-up equity in the period	60 000	60 000	0	120 000
Total transactions with the owners	60 000	60 000	-28 500	91 500
Equity 31 December 2017	160 000	210 463	11 097	381 560

Statement of cash flow

KLP BOLIGKREDITT AS

NOK THOUSANDS	01.01.2018 -30.09.2018	01.01.2017 -30.09.2017	01.01.2017 -31.12.2017
OPERATING ACTIVITIES			
Payments received from customers - interest, commission & charges	105 977	81 292	111 110
Disbursements on loans customers & credit institutions	-3 826 953	-1 768 834	-2 207 037
Receipts on loans customers & credit institutions	2 057 260	1 563 310	1 875 248
Net receipts/disbursements on operations	-26 479	-24 269	-38 001
Net receipts/disbursements from operating activities	2 357	-5 615	-4 677
Net interest investment accounts	965	1 014	1 440
Income tax paid	0	0	0
Net cash flow from operating activities	-1 686 873	-153 102	-261 917
INVESTMENT ACTIVITIES			
Payments on the purchase of securities	-208 176	-3 803	-4 801
Receipts on sale of securities	5 988	43 985	43 985
Receipts of interest from securities	-193	423	433
Net cash flow from investment activities	-202 381	40 605	39 617
FINANCING ACTIVITIES			
Receipts on loans from credit institutions	3 400 000	600 000	557 000
Disbursements on loans from credit institutions	-1 378 624	-525 385	-351 515
Net payment of interest on loans	-65 161	-51 590	-68 024
Change in owners' equity	120 000	120 000	120 000
Group contribution paid	-3 868	-3 029	-3 029
Dividends paid	0	-28 500	-28 500
Net cash flows from financing activities	2 072 347	111 496	225 932
Net cash flow during the period	183 093	-1 001	3 632
Cash and cash equivalents at the start of the period	116 006	112 374	112 374
Cash and cash equivalents at the end of the period	299 099	111 373	116 006
Net receipts/ disbursements of cash	183 093	-1 001	3 632

Notes to the accounts

KLP BOLIGKREDITT AS

NOTE 1 General information

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

KLP Boligkreditt AS is registered and domiciled in Norway. Its head office is at Beddingen 8 in Trondheim, with

a branch office in Dronning Eufemiasgate 10, Oslo. The company is a wholly owned subsidiary of KLP Banken AS which is in turn wholly owned by Kommunal Landspensjonskasse (KLP), 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 2018 – 30 September 2018, specifying the earnings trend in Q3. The interim Financial Statements has not been audited.

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

The company applied the IFRS 9 Financial Instruments Act on January 1, 2018. In KLP Boligkreditt's annual report for

2017, the consequences of the implementation have been described, and it is referred to this for further information. The annual report is available at klp.no. IFRS 9 does not require recasting of comparative figures from previous periods, and the entity has thus chosen not to revise these.

The other accounting principles used in this interim report are consistent with those used in the annual report for 2017, and we refer to the annual report for a detailed description of these

NOTE 3 Net interest income

NOK THOUSANDS	Q3 2018	01.01.2018 -30.09.2018
	Profit and Loss	Profit and Loss
Interest on financial assets to amortised cost and fair value through profit and loss	40 959	107 712
Interest on financial assets for fair value through profit and loss	207	228
Total interest income	41 167	107 939
Interest on liabilities to amortised cost and fair value through profit and loss	-27 681	-68 660
Interest on liabilities for fair value through profit and loss	0	0
Total interest costs	-27 681	-68 660
Net interest income	13 485	39 279

NOTE 4 Loans to customers

NOK THOUSANDS	30.09.2018	30.09.2017	31.12.2017
Loans to customers before write-downs	6 811 757	4 920 164	5 051 772
Provisions and write-downs	-5	0	0
Loans to customers after write-downs	6 811 752	4 920 164	5 051 772
Accrued interest	6 506	5 431	5 431
Loans to customers	6 818 258	4 925 594	5 057 203

NOTE 5 Categories of financial instruments

NOK THOUSANDS	30.09.2018		01.01.2018	
	Capitalized value	Fair value	Capitalized value	Fair value
FINANCIAL ASSETS FAIR VALUE				
Fixed-income securities	207 397	207 397	5 020	5 020
Total financial assets fair value	207 397	207 397	5 020	5 020
FINANCIAL ASSETS AT AMORTIZED COST				
Loans to and receivables from credit institutions	304 234	304 234	123 488	123 488
Lending to the retail market	6 818 258	6 818 258	6 818 034	5 056 979
Total financial assets at amortized cost	7 122 492	7 122 492	5 180 467	5 180 467
Total financial assets	7 329 889	7 329 889	5 185 487	5 185 487
FINANCIAL LIABILITIES AT AMORTIZED COST				
Liabilities to credit institutions	700 378	700 378	500 345	500 345
Covered bonds issued	6 123 743	6 158 705	4 298 444	4 328 684
Total financial liabilities at amortized cost	6 824 121	6 859 084	4 798 789	4 829 028
Total financial liabilities	6 824 121	6 859 084	4 798 789	4 829 028

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 market rate including a relevant risk margin on the reporting date.

Fair value of loans to and receivables from credit institutions

All receivables from credit institutions (bank deposits) are at variable interest rates. Fair value of these is considered virtually the same as book value since the contract terms are continuously changed in step with market interest rates.

Fair value of liabilities to credit institutions

These transactions are valued using a valuation model, including relevant credit spread adjustments obtained from the market.

Liabilities created on issuance of covered bonds

Fair value in this category is determined on the basis of internal valuation models based on external observable data.

NOTE 6 Fair value hierarchy

30.09.2018 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	1 997	205 400	0	207 397
Total assets at fair value	1 997	205 400	0	207 397

30.09.2017 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	998	3 023	0	4 021
Total assets at fair value	998	3 023	0	4 021

31.12.2017 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	1 999	3 021	0	5 020
Total assets at fair value	1 999	3 021	0	5 020

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 has been no movement between the levels.

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	30.09.2018	30.09.2017	31.12.2017
Bond debt, nominal amount	6 917 000	4 300 000	4 300 000
Adjustments	-6 691	-11 941	-11 071
Accrued interest	13 433	9 647	9 515
Own holdings, nominal amount	-800 000	0	0
Total debt securities issued	6 123 743	4 297 706	4 298 444

Interest rate on borrowings through the issuance of securities on the reporting date 1.55 % 1.38 % 1.36 %

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 31.12.2017	Issued	Matured/ redemed	Other adjustments	Balance sheet 30.09.2018
Bond debt, nominal amount	4 300 000	2 800 000	-183 000	0	6 917 000
Adjustments	-11 071	0	0	4 380	-6 691
Accrued interest	9 515	0	0	3 918	13 433
Own holdings, nominal amount	0	0	-800 000	0	-800 000
Total debt securities issued	4 298 444	2 800 000	-983 000	8 299	6 123 743

NOTE 8 Liabilities to credit institutions

30.09.2018 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2020	700 000	378	700 378
Total liabilities to credit institutions				700 378

Interest rate on debt to credit institutions at the reporting date 1.38 %

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

NOTE 8 Liabilities to credit institutions – continues

30.09.2017 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	17.12.2018	370 000	242	370 242
Total liabilities to credit institutions				370 242
Interest rate on debt to credit institutions at the reporting date				1.47 %
The interest rate is calculated as a weighted average of the act/360 basis.				

31.12.2017 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.03.2019	500 000	345	500 345
Total liabilities to credit institutions				500 345
Interest rate on debt to credit institutions at the reporting date				1.46 %
The interest rate is calculated as a weighted average of the act/360 basis.				

NOTE 9 Transactions with related parties

NOK THOUSANDS	01.01.2018 -30.09.2018	01.01.2017 -30.09.2017	01.01.2017 -31.12.2017
KLP Banken AS, interest on borrowing	6 992	3 975	5 431
KLP Banken AS, administrative services (at cost)	29 898	21 478	31 178
KLP Kapitalforvaltning AS, fees for services provided	28	0	0
KLP Group companies, subsidised interest employee loans	1 156	1 014	1 437
KLP Banken AS, purchase of loans	3 826 953	1 563 310	2 207 037

NOTE 9 Transactions with related parties - continues

NOK THOUSANDS	30.09.2018	30.09.2017	31.12.2017
BALANCES			
KLP Banken AS, borrowing Group current liabilities	-700 378	-370 242	-500 345
KLP Banken AS, net internal liabilities	9 937	5 568	538
Net outstanding accounts to:			
KLP Banken AS, loan settlement	-7 269	-6 637	-2 956
KLP	214	211	253
KLP Group companies, net other internal accounts	100	103	139

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 10 Other assets

NOK THOUSANDS	30.09.2018	30.09.2017	31.12.2017
Intercompany receivables	10 251	5 881	930
Total other assets	10 251	5 881	930

NOTE 11 Other liabilities and provision for accrued costs

NOK THOUSANDS	30.09.2018	30.09.2017	31.12.2017
Intercompany payables	7 269	6 637	2 956
Tax payable	0	0	3 868
Other liabilities	621	1 815	0
Total other liabilities	7 890	8 452	6 824
VAT	0	223	223
Accrued expenses	927	77	309
Total accrued costs and liabilities	927	301	532

NOTE 12 Capital adequacy

NOK THOUSANDS	30.09.2018	30.09.2017	31.12.2017
Share capital and share premium fund	490 463	370 463	370 463
Other owners' equity	11 097	877	11 097
Total owners' equity	501 560	371 340	381 560
Interim Profit qualifying for tier 1 capital	0	7 282	0
Adjustments due to requirements for proper valuation	-207	0	-5
Deferred tax asset	-1 064	-485	-1 064
Core capital/Tier 1 capital	500 289	378 137	380 491
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)	500 289	378 137	380 491
Capital requirement	204 091	146 456	150 125
Surplus of own funds (Tier 1 and Tier 2 capital)	296 198	231 681	230 366
Estimate basis credit risk:			
Institutions	62 901	25 368	25 165
Investments with mortgage security in real estate	2 386 390	1 723 958	1 770 021
Covered bonds	20 540	302	302
Calculation basis credit risk	2 469 831	1 749 628	1 795 488
Credit risk	197 586	139 970	143 639
Operating risk	6 505	6 486	6 486
Total capital requirement assets	204 091	146 456	150 125
Core capital adequacy ratio	19.6 %	20.7 %	20.3 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
Capital adequacy ratio	19.6 %	20.7 %	20.3 %
Leverage ratio	6.8 %	7.5 %	7.3 %
CAPITAL REQUIREMENT PER 30.09.2018	Tier 1 capital	Tier 2 capital	Tier 1 and tier 2 capital
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 13 Fixed-income securities

NOK THOUSANDS	30.09.2018		30.09.2017		31.12.2017	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	1 997	1 997	995	998	1 994	1 999
Bonds	205 213	205 400	3 017	3 023	3 017	3 021
Total fixed-income securities	207 209	207 397	4 012	4 021	5 011	5 020

NOTE 14 Net gain(loss) on financial instruments

NOK THOUSANDS	Q3 2018		01.01.2018 -30.09.2018	
	Profit and Loss	Other comprehensive income	Profit and Loss	Other comprehensive income
Net gain/(loss) on financial assets and liabilities for fair value through profit and loss	-236	0	-231	0
Net gain/(loss) assets at amortised cost	-1 641	0	-453	0
Total	-1 877	0	-684	0

NOTE 15 Losses on lending

NOK THOUSANDS	12-month ECL step 1	Lifetime ECL - not credit-impaired step 2	Lifetime ECL credit-impaired step 3	Total
Opening balance 01.01.2018	0	0	0	0
Transfers to step 1	0	0	0	0
Transfers to step 2	0	0	0	0
Transfers to step 3	0	0	0	0
Net changes	0	0	0	0
New losses	4	1	0	5
Closing balance 30.09.2018	4	1	0	5

Quarterly earnings trend

NOK MILLIONS	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Interest income	41.2	36.4	30.5	30.5	28.3
Interest expense	-27.7	-23.7	-17.3	-16.4	-16.0
Net interest income	13.5	12.7	13.2	14.1	12.3
Net gain/ (loss) financial instruments	-1.9	0.3	0.9	0.0	0.0
Total other operating income	-1.9	0.3	0.9	0.0	0.0
Other operating expenses	-10.2	-11.0	-10.1	-10.2	-7.2
Total operating expenses	-10.2	-11.0	-10.1	-10.2	-7.2
Operating profit/loss before tax	1.4	2.0	4.0	3.9	5.1
Tax ordinary income	-0.3	-0.5	-0.9	-1.0	-1.2
Profit for the period	1.1	1.5	3.1	2.9	3.9

Key figures accumulated

NOK MILLIONS	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Pre-tax income	7.3	5.9	4.0	13.5	9.6
Net interest income	39.3	25.8	13.1	46.5	32.3
Other operating cost and depreciation	-31.3	-21.1	-10.1	-33.1	-22.9
Net realized/unrealized change fin. instruments at fair value	-0.7	1.2	0.9	0.1	0.1
Housing mortgage lending	6 818.3	7 559.8	5 360.9	5 057.2	4 925.6
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	6 123.7	5 702.9	5 099.5	4 298.4	4 297.7
Other borrowing	700.4	1 506.3	0.0	500.3	370.2
Total assets	7 340.1	7 720.8	5 487.7	5 187.7	5 055.3
Average total assets	6 263.9	6 454.3	5 337.7	5 036.7	4 970.5
Equity	507.2	506.1	384.6	381.6	378.6
Interest net	0.63 %	0.40 %	0.25 %	0.92 %	0.65 %
Profit/loss from ordinary operation before taxes	0.12 %	0.09 %	0.07 %	0.27 %	0.19 %
Return on equity	2.55 %	3.09 %	4.19 %	4.83 %	4.51 %
Capital adequacy ratio	19.6 %	18.1 %	19.2 %	20.3 %	20.7 %
Liquidity coverage ratio (LCR)	233 %	151 %	217 %	195 %	137 %



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