

Consolidated financial statements

Interim report

Q4 2014

ALP
Banken



INCOME STATEMENT

BALANCE SHEET

NOTES



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KLP Banken AS Group

Interim financial statements Q4 2014

Main features by the fourth quarter end:

- Maintaining healthy margins
- 21 % increase in managed lending volume, 8% increase in operating expenses in 2014.
- Additional NOK 1.2 billion of mortgage covered bonds issued in Q4. The lending balance in KLP Boligkreditt was NOK 3.0 billion at the reporting date.

The KLP Banken Group is financing house 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. The Group has also steadily expanded its activity in the retail market since 2010. The Group manages lending totalling NOK 66 billion. The overall business of KLP Banken AS and its subsidiaries is divided into the retail market and public sector loans business areas. The business is nationwide and the companies' head office is 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 Kommunekreditt AS and KLP Boligkreditt AS.

Income statement

Net interest income for the KLP Banken Group in 2014 amounted to NOK 133.0 million compared to NOK 122.0 million in 2013. Operating expenses and depreciation amounted to NOK 157.4 million compared to NOK 144.7 million at the same time last year. A loss provision of NOK 0.6 million related to retail loans has been made during the year.

The financial statements have been prepared in NOK and are presented in accordance with International Financial Reporting Standards (IFRS). This means that financial instruments are recognised in part at market value. At the end of the fourth quarter, the income statement includes a net gain associated with securities of NOK 6.2 million. During the previous year, a net gain of NOK 4.1 million was brought to book.

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 58.0 million in 2014, the same amount as in 2013.

In 2014, the KLP Banken Group achieved pre-tax profits of NOK 28.7 million. In 2013, the result was NOK 87.0 million. Income after tax amounted to NOK 20.9 million and NOK 74.4 million, respectively. The 2013 result includes a non-recurring income of NOK 50 million related to legal settlements.

Lending

On 31 December 2014, the KLP Banken Group had lending of NOK 24.9 billion compared to NOK 21.3 billion the previous year. The distribution between the retail market and public sector lending was NOK 8.6 billion and NOK 16.3 billion, respectively.

Liquid investments

On the reporting date, the portfolio of liquid investments amounted to NOK 3.5 billion against NOK 2.9 billion at the same time last year.

Borrowing

The KLP Banken Group's external financing comprises of deposits, certificates and bonds. On the date of reporting, deposits from individuals and companies were NOK 6.3 billion and issued securities amounted to NOK 21.7 billion. Of the issued securities, covered bonds (OMF) issued by KLP Kommunekreditt AS represented NOK 16.6 billion, while KLP Boligkreditt AS had NOK 1.8 billion outstanding. All covered bonds issues have achieved AAA-rating.

Solvency

At the end of the fourth quarter, eligible Tier 1 and Tier 2 capital i.a.w. the capital adequacy rules was NOK 1 247.4 million. Eligible Tier 1 and Tier 2 capital comprises core capital only. The corresponding figure for last year was NOK 1269.1 million. Lending is risk-weighted in accordance with the authorities' capital adequacy regulations. The KLP Banken Group had a capital adequacy ratio of 16.7 per cent at the end of the fourth quarter, against 19.6 per cent on the same date last year. The minimum statutory requirement including buffer requirements is 10.0 per cent core capital adequacy ratio and 13.5 per cent capital adequacy ratio.

Income Statement

KLP Banken AS Group

Note	NOK thousands	Q4 2014	Q4 2013	2014	2013
	Interest income and similar income	226 825	207 686	841 945	839 397
	Cost of interest and similar costs	-186 137	-173 706	-708 899	-717 420
3	Net interest income	40 688	33 980	133 046	121 977
	Commission income and income from banking services	3 030	4 187	11 174	8 538
	Commission costs and costs of banking services	-170	-165	-1 176	-727
	Net charges and commission income	2 860	4 022	9 998	7 811
	Other fee income	14 525	14 313	58 025	58 063
	Net gain/(loss) financial instruments	-7 722	-2 789	-14 399	43 806
	Total other operating income	6 803	11 524	43 626	101 869
	Salary and administrative costs	-16 172	-13 163	-48 976	-51 316
	Depreciation	-667	-670	-2 677	-2 356
	Other operating expenses	-36 023	-25 979	-105 738	-91 026
	Total operating expenses	-52 862	-39 812	-157 391	-144 698
	Loss on loans issued, guarantees etc.	177	0	-607	0
	Gains/losses on securities that are fixed assets	0	0	0	0
	Operating profit/loss before tax	-2 335	9 713	28 672	86 959
	Tax on ordinary income	631	-4 476	-7 741	-12 564
	Income	-1 704	5 237	20 931	74 395
	Other comprehensive income	-2 424	-2 085	-5 722	-2 085
	Tax on other comprehensive income	655	0	1 545	584
	Other comprehensive income for the period	-1 769	-2 085	-4 177	-1 501
	COMPREHENSIVE INCOME FOR THE PERIOD	-3 474	3 152	16 753	72 894

Balance Sheet

KLP Banken AS Group

Note	NOK thousands	31.12.2014	31.12.2013
	ASSETS		
	Loans to and receivables from credit institutions	1 113 949	1 534 079
4	Loans to and receivables from customers	24 945 746	21 317 032
13	Fixed income securities	3 486 756	2 922 819
	Stocks, shares and primary capital certificates	265	0
	Financial derivatives	187 413	210 223
	Tangible fixed assets	2 698	0
	Intangible assets	499	581
10	Other assets	18 503	21 098
	TOTAL ASSETS	1 852	1 562
	SUM EIENDELER	29 757 683	26 007 394
	LIABILITIES AND OWNERS' EQUITY		
	LIABILITIES		
7	Liabilities created on issuance of securities	21 687 168	19 981 805
	Deposits	6 250 873	4 406 943
	Financial derivatives	448 146	265 754
	Deferred tax	0	13 422
11	Other liabilities	49 433	19 835
11	Provision for accrued costs and liabilities	36 737	29 465
	TOTAL LIABILITIES	28 472 358	24 717 223
	OWNERS' EQUITY		
	Share capital	750 000	750 000
	Share premium	440 000	440 000
	Retained earnings	78 571	100 171
	Unallocated profit/loss	16 753	0
	TOTAL OWNERS' EQUITY	1 285 325	1 290 171
	TOTAL LIABILITIES AND OWNERS' EQUITY	29 757 683	26 007 394

Statement of owners' equity

KLP Banken AS Group

2014 NOK thousands	Share capital	Share premium	Retained earnings	Total owners' equity
Owners' equity 1 January 2014	750 000	440 000	100 171	1 290 171
Income for the period	0	0	20 931	20 931
Other comprehensive income	0	0	-4 177	-4 177
Total comprehensive income for the period	0	0	16 753	16 753
Received group contribution	0	0	8 500	8 500
Group contribution made	0	0	-30 100	-30 100
Total transactions with the owners	0	0	-21 600	-21 600
Owners' equity 31 December 2014	750 000	440 000	95 325	1 285 325

2013 NOK thousands	Share capital	Share premium	Retained earnings	Total owners' equity
Owners' equity 1 January 2013	750 000	406 371	60 907	1 217 278
Income for the period	0	33 629	40 766	74 395
Other comprehensive income	0	0	-1 501	-1 501
Total comprehensive income for the period	0	33 629	39 265	72 893
Total transactions with the owners	0	0	0	0
Owners' equity 31 December 2013	750 000	440 000	100 171	1 290 171

Statement of cash flows

KLP Banken AS Group

NOK thousands	2014	2013
OPERATING ACTIVITIES		
Payments received from customers - interest, commission & charges	764 555	764 031
Payments to customers - interest, commission & charges	-154 170	-122 955
Net receipts/disbursements on lending to customers	-3 573 398	379 047
Net receipts on customer deposits banking	1 843 929	1 460 748
Net receipts/disbursements on operations	-103 940	-94 239
Paym's to employees, pension schemes, employer's soc. security contrib. etc.	-39 411	-45 024
Net interest investment accounts	26 105	29 584
Net receipts/disbursements from operating activities	70 594	85 432
Income tax paid	0	0
Net cash flow from operating activities	-1 165 735	2 456 623
INVESTMENT ACTIVITIES		
Receipts from securities	1 382 690	2 619 973
Payments on purchase of securities	-1 939 590	-1 478 732
Receipts of interest from securities	66 298	77 487
Receipts from sale of fixed assets	0	0
Payments on purchase of fixed assets	0	-2 018
Net cash flows from investment activities	-490 602	1 216 710
FINANCING ACTIVITIES		
Net receipts/disbursements on loans from credit institutions	1 828 609	-3 729 547
Net payments of interest on loans	-555 043	-549 071
Payment of group contribution	-33 305	0
Net cash flows from financing activities	1 240 261	-4 278 619
Net cash flow during the period	-416 076	-605 287
Cash and cash equivalents at the beginning of the period	1 486 425	2 091 712
Cash and cash equivalents at the end of the period	1 070 349	1 486 425
Net receipts/disbursements of cash	-416 076	-605 287

Notes to the accounts

KLP Banken AS Group

Note 1 GENERAL INFORMATION

KLP Banken AS was founded on 25 February 2009. KLP Banken AS and its subsidiaries provide or acquire loans to Norwegian municipalities and county authorities, as well as to companies with a public sector guarantee. The lending activities are principally financed by the issuance of covered bonds. The Group also offers standard banking products to private customers. The Company, KLP Banken AS, is registered as domiciled in Norway. 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 Kommunekreditt AS and KLP Boligkreditt AS. These companies together form the KLP Banken AS Group. The Company, KLP Banken AS, is a subsidiary of KLP Bankholding AS, which is wholly owned by Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP). KLP is a mutual insurance company.

Note 2 ACCOUNTING PRINCIPLES

This interim report includes the consolidated financial statements of KLP Banken AS for the period 1 January 2014 - 31 December 2014.

The interim financial statements have not been audited

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

There are no changes in the accounting rules in 2014, which has had an impact on the interim financial statements for the 4th quarter. The annual report for 2013 contains a more detailed description of accounting policies. The annual report is available on klp.no.

Note 3 NET INTEREST INCOME

NOK thousands	2014	2013
Interest on loans to and receivables from credit institutions	26 157	29 649
Interest on loans to customers	750 040	734 644
Interest on securities	65 748	75 103
Total interest income	841 945	839 397
Interest on debt to credit institutions	463 025	508 636
Interest on debt to customers	243 638	204 421
Premium/discount on covered bonds	2 221	3 893
Other interest costs	15	471
Total interest costs	708 899	717 420
Net interest income	133 046	121 977

Note 4 LOANS TO CUSTOMERS

NOK thousands	31.12.2014	31.12.2013
Loans to customers before write-downs	24 435 400	20 989 035
Individual write-downs	-573	-9
Write-downs by group	0	0
Loans to customers after individual write-downs	24 434 827	20 989 026
Accrued interest	104 463	108 906
Change in fair value due to interest rate changes (fair value hedging)	406 456	219 100
Loans to customers	24 945 746	21 317 032

Note 5 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

NOK thousands	31.12.2014		31.12.2013	
	Capitalized value	Fair value	Capitalized value	Fair value
FINANCIAL ASSETS AT FAIR VALUE				
Fixed income securities	3 486 756	3 486 756	2 922 819	2 922 819
Financial derivatives	187 413	187 413	210 223	210 223
Total financial assets at fair value	3 674 170	3 674 170	3 133 042	3 133 042
FINANCIAL ASSETS AT FAIR VALUE HEDGING				
Loans to Norwegian local administrations	6 066 133	6 111 821	6 160 311	6 181 146
Loans to retail customers	365 713	347 239	454 408	442 592
Total financial assets at fair value hedging	6 431 846	6 459 060	6 614 719	6 623 738
FINANCIAL ASSETS AT AMORTIZED COST				
Loans to and receivables from credit institutions	1 113 949	1 113 949	1 534 079	1 534 079
Loans to Norwegian local administrations	10 272 128	10 262 529	10 673 119	10 671 959
Loans to retail customers	8 241 773	8 241 773	4 029 195	4 029 195
Total financial assets at amortized cost	19 627 850	19 618 251	16 236 393	16 235 233
Total financial assets	29 733 865	29 751 480	25 984 154	25 992 013
DEBT TO CREDIT INSTITUTIONS AT FAIR VALUE				
Financial derivatives	448 146	448 146	265 754	265 754
Total financial liabilities at fair value	448 146	448 146	265 754	265 754
LIABILITIES CREATED ON ISSUANCE OF SECURITIES AT FAIR VALUE HEDGING				
Liabilities created on issuance of securities	2 985 895	3 023 096	4 748 614	4 969 199
Total financial liabilities at fair value hedging	2 985 895	3 023 096	4 748 614	4 969 199
DEBT TO CREDIT INSTITUTIONS AND DEPOSITS AT AMORTIZED COST				
Liabilities created on issuance of securities	18 701 273	18 776 903	15 233 191	15 121 032
Deposits from customers	6 250 873	6 250 873	4 406 943	4 406 943
Total financial liabilities at amortized cost	24 952 146	25 027 776	19 640 134	19 527 975
Total financial liabilities	28 386 187	28 499 018	24 654 502	24 762 928

Fair value of investments listed in an active market is based on the current bid price. 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

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

Fixed-income securities – other than government

All Norwegian fixed-income securities except government are priced theoretically. A zero coupon curve is used as well as yield spread curves for the pricing. Reuters and Bloomberg are the sources of the curves.

Financial derivatives

These transactions are valued based on the applicable swap curve at the time of valuation. Derivative contracts are to be used only to hedge balance amounts and to enable payments obligations to be met. Derivative contracts may be struck only with counterparties with high credit quality.

Fair value of loans to Norwegian local administrations, loans to retail customers and deposits.

Fair value of lending and deposits 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. Lending with fixed interest is valued using a valuation model, including relevant credit spread adjustments obtained from the market.

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 debt 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 securities

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

Note 6 FAIR VALUE HIERARCHY

NOK thousands	Level 1	Level 2	Level 3	Total 31.12.2014
ASSETS				
Fixed income securities	149 005	3 337 751	0	3 486 756
Stocks, shares and primary capital certificates	0	0	265	265
Financial derivatives	0	187 413	0	187 413
Total financial assets valued at fair value	149 005	3 525 164	265	3 674 434
LIABILITIES				
Financial derivatives	0	448 146	0	448 146
Total financial liabilities at fair value	0	448 146	0	448 146

NOK thousands	Level 1	Level 2	Level 3	Total 31.12.2014
ASSETS				
Fixed income securities	128 739	2 794 080	0	2 922 819
Financial derivatives	0	210 223	0	210 223
Total financial assets valued at fair value	128 739	3 004 303	0	3 133 042
LIABILITIES				
Financial derivatives	0	265 754	0	265 754
Total financial liabilities at fair value	0	265 754	0	265 754

NOK thousands	Booked value 31.12.13	Booked value 31.12.14
CHANGES IN LEVEL 3, UNLISTED SHARES		
Opening balance	0	0
Sold	0	0
Bought	0	265
Unrealised changes	0	0
Closing balance	0	265
Realised gains / losses	0	0

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 in 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 in 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 no observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded.

There have been no movement between levels in the fourth quarter / year to date.

Note 7 SECURITIES LIABILITIES – STOCK EXCHANGE LISTED COVERED BONDS AND CERTIFICATES

NOK thousands ISIN code	Nominal	Currency	Interest	Issued	Due date	Accrued interest	31.12.2014 Booked value
Secured bonds	300 000	NOK	Floating	27.04.12	27.04.2015	1 595	301 595
Secured bonds	300 000	NOK	Fixed	15.06.12	15.06.2017	7 726	307 726
Secured bonds	300 000	NOK	Floating	24.08.12	24.08.15	925	300 925
Secured bonds	400 000	NOK	Floating	15.11.12	16.11.16	1 530	401 530
Secured bonds	400 000	NOK	Floating	14.05.13	13.05.16	1 279	401 279
Secured bonds	200 000	NOK	Fixed	03.10.13	03.10.18	1 761	201 761
Secured bonds	500 000	NOK	Floating	10.03.14	10.03.17	596	500 596
Secured bonds	500 000	NOK	Floating	04.04.14	04.04.18	2 586	502 586
Secured bonds	300 000	NOK	Floating	29.09.14	27.09.19	50	300 050
Amortization / value adjustments							22 793
Total liabilities issuance of certificate loans and secured bonds							3 240 841
N00010585185	1 300 000	NOK	Floating	15.09.10	15.09.15	1 148	1 301 148
N00010592900	750 000	NOK	Fixed	15.12.10	15.12.20	1 607	751 607
N00010624778	542 000	NOK	Fixed	15.09.11	15.05.15	12 006	554 006
N00010642192	860 000	NOK	Floating	13.04.2012	13.04.2016	3 899	863 899
N00010662307	3 000 000	NOK	Floating	26.10.12	10.11.17	8 797	3 008 797
N00010663180	2 500 000	NOK	Floating	15.11.12	16.11.16	6 281	2 506 281
N00010675952	1 000 000	NOK	Fixed	02.05.13	19.05.17	13 993	1 013 993
N00010675978	1 500 000	NOK	Floating	15.05.13	15.05.18	3 825	1 503 825
N00010711419	1 000 000	NOK	Floating	15.05.14	15.05.17	2 338	1 002 338
N00010716780	2 000 000	NOK	Floating	26.08.14	10.12.18	2 114	2 002 114
N00010719974	2 000 000	NOK	Floating	17.09.14	20.12.19	933	2 000 933
Amortization / value adjustments							133 991
Total liabilities of issuance of covered bonds in lending by public guarantee							16 642 932
N00010719875	600 000	NOK	Floating	12.09.14	12.09.19	613	600 613
N00010721244	600 000	NOK	Floating	06.10.14	06.10.17	2 567	602 567
N00010723018	600 000	NOK	Floating	05.11.14	05.11.21	1 777	601 777
Amortization / value adjustments							-1 562
Total liabilities of issuance of covered bonds in the mortgage							1 803 395
Total liabilities created on issuance of securities							21 687 168

Note 7 SECURITIES LIABILITIES – STOCK EXCHANGE LISTED COVERED BONDS AND CERTIFICATES – CONT.

NOK thousands ISIN code	Nominal before repurchase	Repurchase	Rate	Purchase amount	Profit/loss	Date
REPURCHASE OF DEPT						
N00010624778	2 500 000	1 441 000	101,66	1 464 916	-23 916	15.05.14
N00010585185	4 300 000	500 000	100,56	502 800	-2 800	25.06.14
N00010585185	3 800 000	1 331 500	100,50	1 338 184	-6 684	26.08.14
N00010585185	3 799 899	165 000	100,50	165 820	-820	28.08.14
N00010585185	3 799 799	570 500	100,46	573 124	-2 624	17.09.14
N00010585185	3 799 699	56 000	100,47	56 262	-262	26.09.14
N00010624778	1 059 000	45 000	101,20	45 540	-540	15.09.14
N00010624778	1 058 899	340 000	101,22	344 138	-4 138	17.09.14
N00010624778	1 058 798	62 000	101,15	62 713	-713	30.09.14
N00010585185	1 677 000	220 000	100,46	221 001	-1 001	03.10.14
N00010585185	1 457 000	116 000	100,45	116 524	-524	06.10.14
N00010585185	1 341 000	41 000	100,39	41 158	-158	20.11.14
N00010624778	612 000	70 000	100,90	70 629	-629	20.11.14
N00010642192	1 000 000	50 000	100,62	50 310	-310	10.10.14
N00010642192	950 000	45 000	100,57	45 257	-257	06.11.14
N00010642192	905 000	45 000	100,62	45 279	-279	07.11.14
Total repurchase	33 118 093	5 098 000		5 143 657	-45 657	

Linked to repurchase of debt, interest rate swaps were realized with a gain of NOK 24.2 million. The total effect on profit/loss of repurchased debt was therefore NOK -21.5 million.

NOK thousands ISIN code	Nominal	Currency	Interest	Issued	Due date	Accrued interest	31.12.2013 Booked value
Certificate loan	300 000	NOK	Floating	21.03.13	21.03.14	142	300 142
Certificate loan	300 000	NOK	Floating	11.06.13	11.06.14	340	300 340
Certificate loan	150 000	NOK	Floating	30.08.13	29.08.14	265	150 265
Secured bonds	300 000	NOK	Floating	27.04.12	27.04.2015	1 587	301 587
Secured bonds	300 000	NOK	Fixed	15.06.12	15.06.2017	7 726	307 726
Secured bonds	300 000	NOK	Floating	24.08.12	24.08.15	891	300 891
Secured bonds	300 000	NOK	Floating	15.11.12	16.11.16	1 111	301 111
Secured bonds	300 000	NOK	Floating	14.05.13	13.05.16	947	300 947
Secured bonds	300 000	NOK	Floating	31.05.13	28.11.14	547	300 547
Secured bonds	200 000	NOK	Fixed	03.10.13	03.10.18	1 761	201 761
Amortization / value adjustments							5 846
Total liabilities issuance of certificate loans and secured bonds							2 771 163

Note 7 SECURITIES LIABILITIES – STOCK EXCHANGE LISTED COVERED BONDS AND CERTIFICATES – CONT.

NOK thousands ISIN code	Nominal	Currency	Interest	Issued	Due date	Accrued interest	31.12.2013 Booked value
N00010585185	4 300 000	NOK	Floating	15.09.10	15.09.15	3 918	4 303 918
N00010592900	750 000	NOK	Fixed	15.12.10	15.12.20	1 607	751 607
N00010609795	999 000	NOK	Floating	20.05.11	20.05.14	2 238	1 001 238
N00010624778	2 500 000	NOK	Fixed	15.09.11	15.05.15	55 377	2 555 377
XS0747335494	500 000	SEK	Floating	17.02.12	17.02.15	925	434 425
N00010642192	1 000 000	NOK	Floating	13.04.2012	13.04.2016	4 608	1 004 608
N00010662307	3 000 000	NOK	Floating	26.10.12	10.11.17	8 798	3 008 798
N00010663180	2 000 000	NOK	Floating	15.11.12	16.11.16	4 840	2 004 840
N00010675952	1 000 000	NOK	Fixed	02.05.13	19.05.17	15 041	1 015 041
N00010675978	1 000 000	NOK	Floating	15.05.13	15.05.18	2 611	1 002 611
Amortization / value adjustments							128 180
Total liabilities of issuance of covered bonds in lending by public guarantee							17 210 642
Total liabilities created on issuance of securities							19 981 805

Note 8 PRESENTATION OF ASSETS AND LIABILITIES SUBJECT TO NET SETTLEMENT

NOK thousands	Gross financial assets/liabilities	Gross assets/liabilities presented net	Booked value	31.12.2014 Related amounts not presented net		
				Financial instruments	Security in cash	Net amount
ASSETS						
Financial derivatives	187 413	0	187 413	-187 413	-3 101	0
Total	187 413	0	187 413	-187 413	-3 101	0
LIABILITIES						
Financial derivatives	448 146	0	448 146	-187 413	-2 239	258 494
Total	448 146	0	448 146	-187 413	-2 239	258 494

NOK thousands	Gross financial assets/liabilities	Gross assets/liabilities presented net	Booked value	31.12.2013 Related amounts not presented net		
				Financial instruments	Security in cash	Net amount
ASSETS						
Financial derivatives	210 223	0	210 223	-137 147	0	73 076
Total	210 223	0	210 223	-137 147	0	73 076
LIABILITIES						
Financial derivatives	265 754	0	265 754	-137 147	-1 858	126 749
Total	265 754	0	265 754	-137 147	-1 858	126 749

Note 9 TRANSACTIONS WITH RELATED PARTIES

NOK thousands	2014	2013
INCOME STATEMENT ITEMS		
KLP, fees income lending management	58 000	58 000
KLP Kapitalforvaltning, fees for services provided	-434	-527
KLP, rent	-3 557	-3 435
KLP, pension premium	-3 603	-6 223
KLP, staff services (at cost)	-42 214	-41 637
KLP Group companies, subsidised interest employee loans	1 856	1 086
TOTAL	10 048	7 264

NOK thousands	31.12.2014	31.12.2013
FINANCIAL POSITION STATEMENT ITEMS		
KLP, net intra-Group accounts	-10 430	-8 164
KLP, clearance banking system	-17 051	-8 950
KLP Group companies	400	176
TOTAL	-27 081	-16 938

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 internal receivables are settled as they arise.

Note 10 OTHER ASSETS

NOK thousands	31.12.2014	31.12.2013
Intercompany receivables	492	176
Miscellaneous receivables	0	38
Prepaid expenses	1 360	1 348
Total other assets	1 852	1 562

Note 11 OTHER LIABILITIES AND PROVISION FOR ACCRUED COSTS

NOK thousands	31.12.2014	31.12.2013
Creditors	7 296	1 833
Intercompany liabilities	27 573	17 210
Miscellaneous liabilities	14 565	792
Total other liabilities	49 433	19 835
Withholding tax	2 647	2 421
Social security costs	1 869	1 620
Holiday pay	4 173	3 685
Pension obligations	25 381	19 889
VAT	301	158
Accrued costs	2 366	1 692
Total accrued costs and liabilities	36 737	29 465

Note 12 CAPITAL ADEQUACY

NOK thousands	31.12.2014	31.12.2013
Share capital and share premium fund	1 190 000	1 190 000
Other owners' equity	78 571	100 171
Owners' equity	1 268 571	1 290 171
Interim profit/loss	0	0
Less goodwill and other intangible assets	-18 503	-21 098
Deferred tax asset	-2 699	0
Core capital	1 247 369	1 269 073
Supplementary capital	0	0
Supplementary capital	0	0
Total eligible Tier 1 and 2 capital	1 247 369	1 269 073
Capital requirement	596 329	518 042
Surplus of Tier 1 and 2 capital	651 040	751 031

Note 12 CAPITAL ADEQUACY - CONT.

NOK thousands	31.12.2014	31.12.2013	
CALCULATION BASIS CREDIT RISK			
Local and regional authorities (including municipalities/county administrations)	3 311 173	3 388 172	
Institutions	265 725	394 712	
Investments with mortgage security in real estate	3 180 713	2 088 362	
Investments fallen due	78 758	46 608	
Covered bonds	285 843	279 408	
Other holdings	765	581	
Calculation basis credit risk	7 122 977	6 197 843	
Credit risk	569 838	495 827	
Operating risk	26 491	22 215	
Total capital requirement	596 329	518 042	
Core capital adequacy ratio	16,7 %	19,6 %	
Supplementary capital ratio	0,0 %	0,0 %	
Capital adequacy ratio	16,7 %	19,6 %	
Capital requirement per 31.12.2014	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 %
Current capital requirement incl. buffers	10,0 %	3,5 %	13,5 %

Note 13 FIXED INCOME SECURITIES

NOK thousands	31.12.2014		31.12.2013	
	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	253 538	254 929	0	0
Bonds	4 196 865	3 231 827	2 885 394	2 922 819
Total interest-bearing securities	4 450 403	3 486 756	2 885 394	2 922 819

The bonds are brought to account at market value, including accrued but not due interests.

Note 14 LOSSES ON LOANS ISSUED ETC.

NOK thousands	2014	2013
Confirmed losses	23	0
Reversal of previous write-downs	-9	0
Change in individual write-downs	593	0
Change in write-downs by group	0	0
Total loss on lending	607	0

NOK thousands	31.12.2014	31.12.2013
Impairment of loans 01.01	9	0
Recoveries of loans previously written off	-42	0
New individual impairment	607	9
Impairment of loans 31.12	573	9
Gross default exceeding 90 days	26 151	9 661
Gross other doubtful loans	0	0

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

Note 15 CONTINGENT LIABILITIES

NOK thousands	31.12.2014	31.12.2013
Credit facilities for lending not utilised	374 701	292 379
Loan commitments	348 718	161 511
Total contingent liabilities	723 419	453 890

Note 16 PENSION OBLIGATIONS – OWN EMPLOYEES

Tusen kroner	31.12.2014	31.12.2013
Net pension cost incl. social security costs & admin. taken to profit/loss	7 066	6 698
Changes in pension plan, taken to profit/loss	-2 834	0
Net interest cost including social security costs (SSC)	1 097	832
Actuarial loss incl. SSC OCI	5 722	2 085
Net obligations incl. SSC	25 381	19 889
ASSUMPTIONS		
Discount rate	2,30 %	4,00 %
Salary growth	2,75 %	3,75 %
Adjustment NI basic amount (G)	2,50 %	3,50 %
Pension increases	1,73 %	2,72 %
Expected return	2,30 %	4,00 %
SSC rate	14,10 %	14,10 %

Key figures

Accumulated figures in NOK millions	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Pre-tax income	28,7	31,0	30,9	13,8	87,0
Net interest income	133,0	92,4	60,8	31,4	122,0
Other operating income	68,0	50,6	33,7	16,7	65,9
Other operating costs and depreciation	-157,4	-105,3	-69,8	-38,2	-144,7
Net realized /unrealized change fin. instruments at fair value	-14,4	-6,7	6,3	3,9	43,8
Deposits	6 250,9	5 485,7	5 079,3	4 706,4	4 406,9
Housing mortgage lending	8 607,5	6 526,9	5 840,0	4 816,6	4 483,6
Lending with public sector guarantee	16 338,2	16 044,9	16 314,0	16 559,5	16 833,4
Defaulted loans	0,0	18,4	7,6	10,1	9,7
Total liabilities created on issuance of securities	21 687,2	20 244,0	19 603,7	19 753,1	19 981,8
Other borrowing	0,0	0,0	0,0	0,0	0,0
Total assets	29 757,7	27 674,3	26 445,8	26 103,7	26 007,4
Average total assets	27 882,5	26 840,8	26 226,6	26 055,5	27 144,5
Owners' equity	1 285,3	1 288,8	1 290,4	1 278,7	1 290,2
Interest net	0,48 %	0,34 %	0,23 %	0,12 %	0,45 %
Profit/loss from ordinary operation before taxes	0,10 %	0,12 %	0,12 %	0,05 %	0,32 %
Return on owners' equity before tax	2,24 %	2,40 %	2,42 %	1,07 %	7,15 %
Capital adequacy ratio	16,7 %	18,4 %	20,1 %	20,2 %	19,6 %



KLP Banken AS
P.O. Box 8814, 74-81 Trondheim
Organization no.: 993 821 837

Tel.: 05554
Fax: 73 53 38 39
klpbanken@klp.no

Visiting adress, Trondheim: Beddingen 8
Visiting adress, Oslo: Dronning Eufemias gate 10
klpbanken.no