

CREDIT OPINION

28 April 2021

Update

✓ Rate this Research

RATINGS

KLP Banken AS

Domicile	Norway
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	A3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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KLP Banken AS

Update to credit analysis

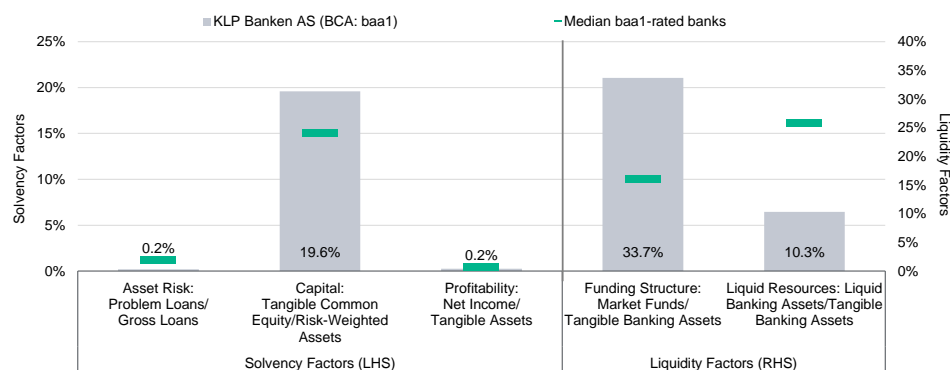
Summary

[KLP Banken AS](#)' (KLP Banken) A3 long-term deposit rating is derived from (1) the bank's baa1 Baseline Credit Assessment (BCA); and (2) one notch of rating uplift from our assessment of a very high probability of affiliate support from its parent [Kommunal Landspensjonskasse](#) (KLP, A2 stable Insurance Financial Strength Rating), which results in an Adjusted BCA of a3. The deposit rating does not incorporate any uplift from our Advanced Loss Given Failure (LGF) analysis, reflecting the limited amount of outstanding obligations protecting the bank's junior depositors in case of failure.

KLP Banken's baa1 standalone BCA reflects its solid capital buffers, with a reported common equity tier 1 (CET1) capital ratio of 19.5% as of year-end, and improving funding profile, with increasing amounts of more stable deposits, balanced against still high reliance on market funding. The bank's asset risk is low because of a focus on lending to the Norwegian public sector and retail mortgage customers, predominantly public sector employees, which also drives the bank's relatively low profitability. Norway's economy contracted by 0.8% in 2020 and unemployment rose to 5.1%, but KLP Banken's asset quality remained resilient given its lending focus. Nevertheless, the bank's mortgage lending has grown rapidly in recent years, which means that part of its portfolio remains unseasoned.

Exhibit 1

Rating Scorecard - Key financial ratios



These are our [Banks Methodology](#) scorecard ratios. Asset risk and profitability reflect the weaker of either the three-year average and latest figure. Capital is the latest reported figure. Funding structure and liquid resources reflect the latest fiscal year-end figures.

Source: Moody's Investors Service

Credit strengths

- » Low asset risk driven by focus on public sector lending and residential mortgages in Norway
- » Strong capitalisation, supported by the parent
- » Growing deposit base
- » Very high probability of affiliate support from KLP, in case of need

Credit challenges

- » Low profitability due to lending focus and intense competition in the retail market will put further pressure on margins, and constrains internal capital generation
- » High reliance on market funding, but substantially through public sector covered bonds
- » A rapid rate of growth in retail mortgages, which means that part of the portfolio is unseasoned

Outlook

The stable outlook on the long-term deposit rating reflects our expectation that KLP Banken will be able to sustain its financial performance and that affiliate support will remain very high.

Factors that could lead to an upgrade

- » The deposit ratings could be upgraded if the parent's ratings are upgraded, or, if the bank's liability structure changes to include substantially higher amounts of senior unsecured or more junior debt.
- » An upgrade of the standalone BCA would not in itself trigger an upgrade. The BCA could be upgraded to be aligned with the Adjusted BCA if: (1) the bank substantially improves its recurring profitability and operating efficiency, without taking on higher risk assets; (2) the bank demonstrates stronger asset quality than anticipated through an economic cycle; and (3) the funding profile improves with higher amounts of stable deposits.

Factors that could lead to a downgrade

- » A downgrade of the parent, KLP, could trigger a downgrade of KLP Banken's ratings, or, if we assess a lower probability that affiliate support would be forthcoming.
- » There could also be pressure on KLP Banken's CRR and CR Assessment from a lower volume of liabilities that are subordinated to these instruments, for example if maturing senior unsecured debt is not refinanced with other senior or junior instruments.
- » Further pressure on KLP Banken's ratings could develop from: (1) significantly weaker asset quality than what we anticipate under the current downturn, or, the bank undertakes higher risk lending; and (2) sustained weaker financial performance, for example due to erosion of the bank's franchise from competitive pressures.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

KLP Banken AS (Consolidated Financials) [1]

	12-20 ²	12-19 ²	12-18 ²	12-17 ²	12-16 ²	CAGR/Avg. ³
Total Assets (NOK Billion)	42.7	39.7	37.1	35.0	34.4	5.6 ⁴
Total Assets (USD Million)	4,985.8	4,516.6	4,283.2	4,276.7	3,994.4	5.7 ⁴
Tangible Common Equity (NOK Billion)	2.4	2.2	2.1	2.1	1.8	7.1 ⁴
Tangible Common Equity (USD Million)	281.2	250.4	243.9	250.7	212.7	7.2 ⁴
Problem Loans / Gross Loans (%)	0.1	0.2	0.2	0.1	0.1	0.1 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	19.6	19.2	20.2	21.4	19.1	19.9 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	2.3	3.9	2.7	1.2	1.2	2.2 ⁵
Net Interest Margin (%)	0.8	0.8	0.7	0.7	0.6	0.7 ⁵
PPI / Average RWA (%)	1.2	1.0	0.9	1.1	1.0	1.1 ⁶
Net Income / Tangible Assets (%)	0.3	0.2	0.2	0.2	0.2	0.2 ⁵
Cost / Income Ratio (%)	62.4	67.2	70.3	64.8	66.1	66.1 ⁵
Market Funds / Tangible Banking Assets (%)	33.7	33.0	33.1	34.4	38.4	34.5 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	10.3	11.8	9.5	11.7	12.4	11.1 ⁵
Gross Loans / Due to Customers (%)	324.5	304.2	314.0	318.2	344.9	321.1 ⁵

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Profile

KLP Banken, registered and domiciled in [Norway](#) (Aaa stable), is an internet bank operating in the Norwegian market with a retail and public sector focus. The head office is located in Trondheim and the bank also has a branch office in Oslo. KLP Banken together with its wholly owned subsidiaries [KLP Kommunekreditt AS](#) (KLP Kommunekreditt) and [KLP Boligkreditt AS](#) (KLP Boligkreditt) form the KLP Banken AS Group.

The bank was formed in February 2009 and is wholly owned by the mutual insurance company KLP through KLP Bankholding AS.

In the retail market the bank provides housing mortgages, savings products and other services with a focus on the members of the pension schemes in KLP. This target group made up 70% of KLP Banken's retail customers as of the end of 2020.

The bank's presence in the market for public sector lending is through KLP Kommunekreditt and the bank provides long-term financing to the Norwegian regional and local government (RLG) sector, which includes municipalities, counties and companies with public-sector guarantees.

As of 31 December 2020, KLP Banken's consolidated assets totaled NOK43 billion (€4.1 billion).

Recent developments

As COVID-19 and its variants continue to cast a shadow over the world's health systems and economies, the level of uncertainty and strength of the economic recovery will vary across countries. We [expect](#) real GDP in all G-20 countries to grow compared with last year, but some countries will take longer than others to return to full capacity. Fiscal and monetary policy response, as well as pandemic management, will play a key role. Our forecasts assume that vaccines are unlikely to be available widely before the middle of 2021. Thus, the recovery path is still uncertain and will remain highly dependent on: (1) the distribution of vaccines, (2) effective pandemic management, and (3) government policy support.

We have reversed the [outlook](#) on our Banking System Outlook for Norway to stable from negative, reflecting our expectation that the Norwegian economy will recover strongly in 2021 after a coronavirus-induced downturn last year, exacerbated by a fall in oil prices. Norwegian banks will maintain good asset quality, as well as strong capitalisation and solid profitability. Their dependence on market funding will remain high, although offset by ample liquidity.

Detailed credit considerations

Low asset risk driven by focus on public sector lending and residential mortgages in Norway

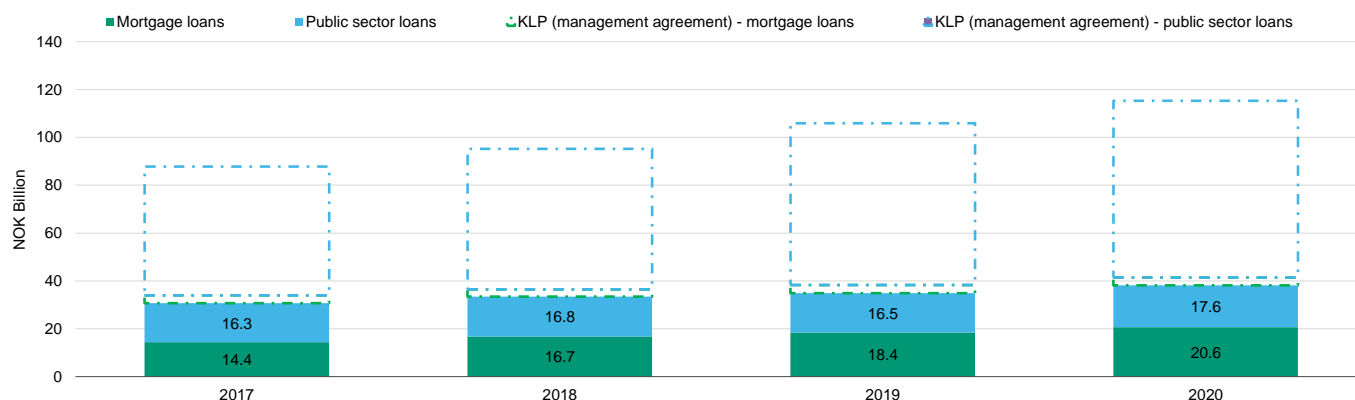
We expect KLP Banken's asset quality to remain relatively resilient, as Government support measures roll out, due to its focus on very low risk lending to the Norwegian public sector (RLGs) and low risk residential mortgage lending predominantly to public sector employees with high job security. These characteristics are reflected in the bank's historically low problem loan ratio and loan losses. Our aa3 Asset Risk score also takes into account the recent high rate of growth in mortgage lending, which means that part of the bank's portfolio is unseasoned, and the shift towards this asset class in the bank's portfolio.

As of year-end 2020, mortgage loans on KLP Banken's balance sheet were NOK20.6 billion and public sector loans were NOK17.6 billion, compared to NOK18.4 billion and NOK16.5 billion respectively as of year-end 2019 (see Exhibit 3). Mortgage loans grew by 12% in 2020 (10% in 2019) and public sector lending increased by 7%, leading to an overall loan growth of 9% during the year (overall 4% in 2019). KLP Banken also manages KLP's loan portfolio, which the parent funds directly from its own balance sheet. This managed portfolio totaled NOK77.1 billion as of end-2020.

Exhibit 3

Loan portfolio consists primarily of retail mortgages and public sector loans

KLP Banken's own lending and loans managed on behalf of KLP



Source: Moody's Investors Service, company reports

Competing against the state-owned [Kommunalbanken AS](#) (KBN; Aaa stable, a1¹), KLP Banken has been challenged in growing its market share in public sector lending given KBN's low funding costs and not-for-profit mandate, and direct access to the market for the larger municipalities. Therefore, mortgages have become a greater share of the bank's portfolio relative to loans to the RLG sector.

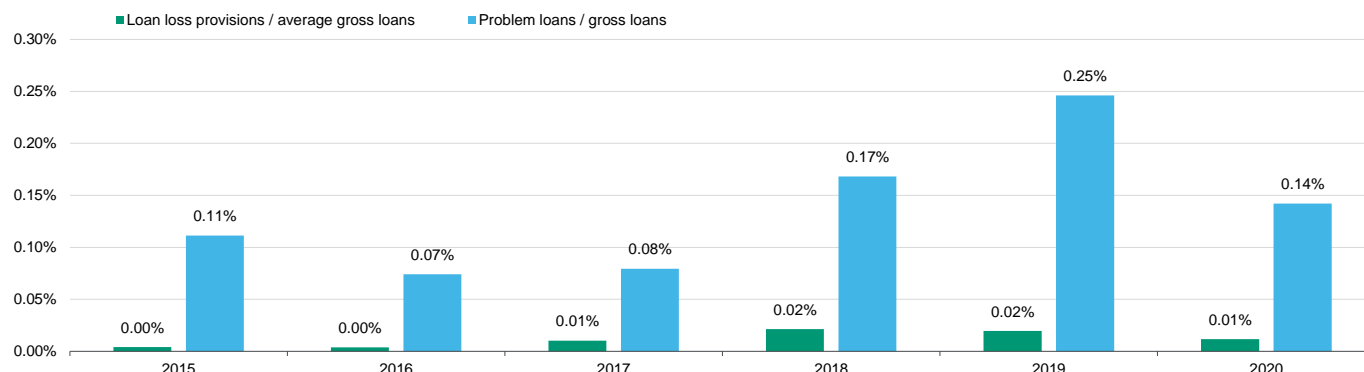
We consider the Norwegian RLG sector's credit risk to be very low because (1) RLGs receive budget transfers and the equalisation principle ensures that RLGs have the financial means to deliver services mandated by the central government; (2) RLGs are placed under central government oversight if they record, or, project that they will record, a budget imbalance; and (3) RLGs cannot declare insolvency, but can only defer payment including any accrued interest. Therefore, KLP Banken has never faced a loss from this segment.

Comparatively, residential mortgages in Norway represent higher, but still, low risk. Despite the roll-out of Government support measures during 2021, asset quality deterioration in this segment will be modest given the improved trends in employment and low interest rates. The average loan-to-value of KLP Banken's mortgage portfolio was also a relatively conservative 58% as of end-2020 (2019: 60%), while most of the bank's mortgage customers were public sector employees and members of KLP, with high job security and therefore will likely be unaffected from the macroeconomic pressures in the short-term.

KLP Banken's credit costs (loan loss provisions/gross loans) averaged just 0.01% in the five years 2016-2020 and were 0.01% end-2020. Problem loans (IFRS 9 stage 3 loans) remained low at 0.14% of gross loans at the end of 2020, slightly down from 0.25% in 2019 (see Exhibit 4) as the bank continues to grow mortgage lending and its portfolio begins to season.

Exhibit 4

Problem loan and credit costs remain low Evolution of asset quality metrics for KLP Banken



Source: Moody's Investors Service

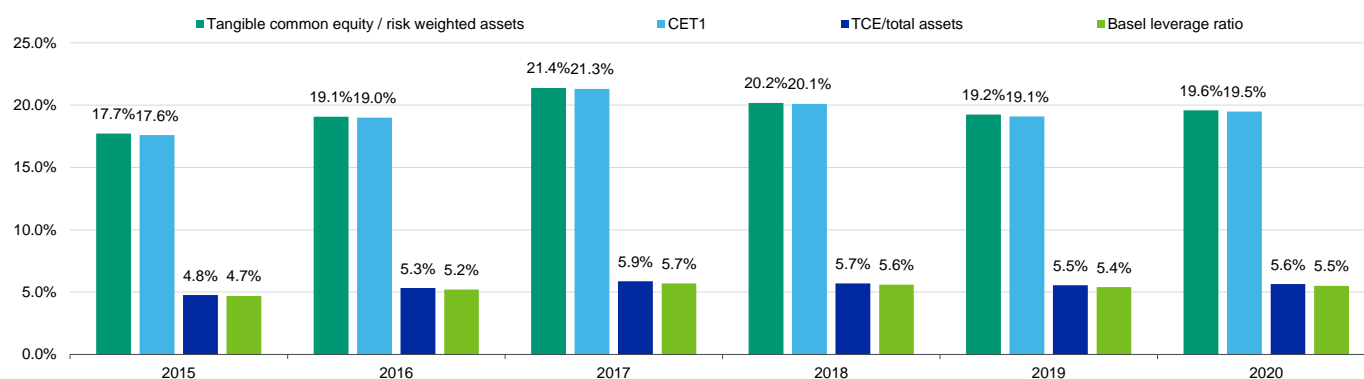
Strong capitalisation, supported by the parent

We consider KLP Banken's capitalisation to be strong and substantially above relevant regulatory requirements, with access to capital from its large and cash-rich parent KLP that supports its ability to continue to grow its business. This view is reflected in our assigned Capital score of aa3. Our assessment also takes into account potential volatility in capital metrics as the bank continues to grow strongly.

The bank reported a CET1 capital ratio of 19.5% as of end-2020 (end-2019: 19.1%; see Exhibit 5) and an identical total capital ratio. These metrics were substantially above the CET1 regulatory requirement of 12.5% and a total capital regulatory requirement of 16.0% applicable at that time. The requirements included a 3% systemic risk buffer and a 1.0% countercyclical capital buffer that applied for all banks in Norway, which has subsequently been reduced to 1%, and a 1.5% pillar 2 requirement that is specific to KLP Banken. The bank's own target is to maintain a buffer of at least 0.5 percentage points (p.p.) above requirements, and therefore a total capital target of at least 16.5% at the end of 2020. Our capital measure, tangible common equity (TCE)/risk-weighted assets, was 19.6% as of year-end 2020.

Exhibit 5

KLP Banken's capital is solid with substantial headroom above capital requirements Capital metrics evolution



Source: Moody's Investors Service

KLP Banken also reported an adequate Basel leverage ratio of 5.5% as of end-2020 (end-2019: 5.4%), which is above its 3% regulatory requirement. Normally the requirement for a non-systemic Norwegian bank would be 5%, but in October 2018, the Norwegian Department of Finance approved KLP Banken's exception from the extra 2 p.p. buffer for banks because KLP Banken uses the standardised approach when calculating credit risk weights.

Internal capital generation is limited because of low profitability, however KLP Banken has received regular capital injections from KLP that have helped it maintain its capital metrics as lending has continued to grow. However, further strong lending growth may lead to volatility or a reduction in capital metrics from current levels going forward, given also that current levels are above the minimum capital targets of the bank.

Low but stable profitability will be sustained

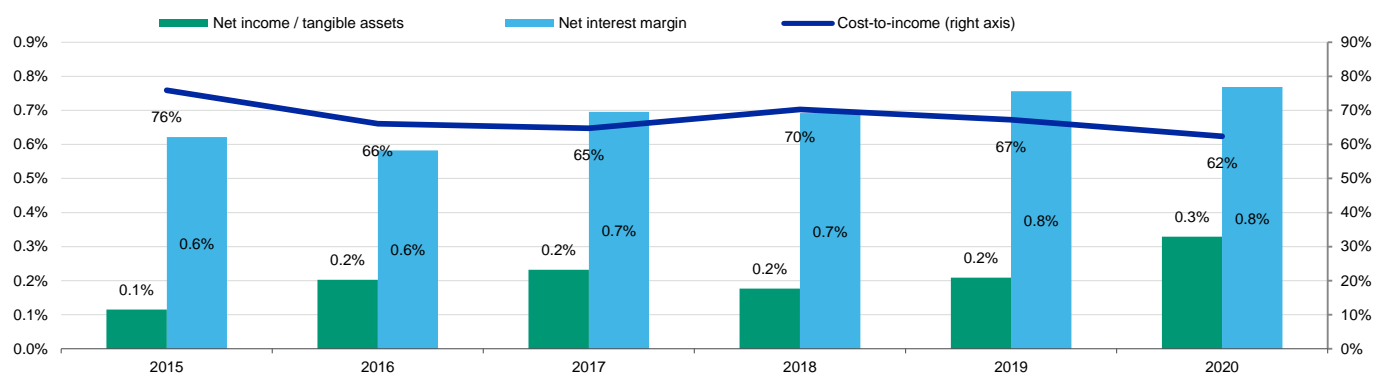
Our assigned Profitability score of b1 reflects the bank's relatively weak profitability, which is driven by its low risk lending model. Despite growing mortgage lending and high growth rates we believe that there is limited upside from the bank's current profitability levels given that margins on public lending will remain low while competition on retail lending remains will put further strain to the net interest margins. Furthermore, interest rates in Norway are at an all time low, following the central bank reduction during 2020, and although we expect interest rates to increase again in the second half of the year the increases will be only marginal.

KLP Banken's net income/tangible assets ratio for the entire 2020 was 0.3%, slightly higher compared to 2019 and 2018 (see Exhibit 6). The bank's net interest margin stood at 0.8% for 2020, broadly in line compared to the same period a year earlier. Efficiency also improved slightly, with the cost-to-income at 62% for 2020, compared to 67% during the same period 2019, but remains constrained by the bank's limited scale.

Exhibit 6

Profitability is relatively weak because of its loan book composition and competitive pressures

KLP Banken's profitability and efficiency metrics



Source: Moody's Investors Service, company reports

For the portfolio of mortgages and public sector loans that KLP Banken administers on behalf of its parent company, KLP, the bank receives a management fee. For this service it received a fee of NOK59.2 million during 2020, which is slightly higher than NOK58.8 million received during the same period in 2019.

High market funding reliance, although predominantly through covered bonds; growing deposits

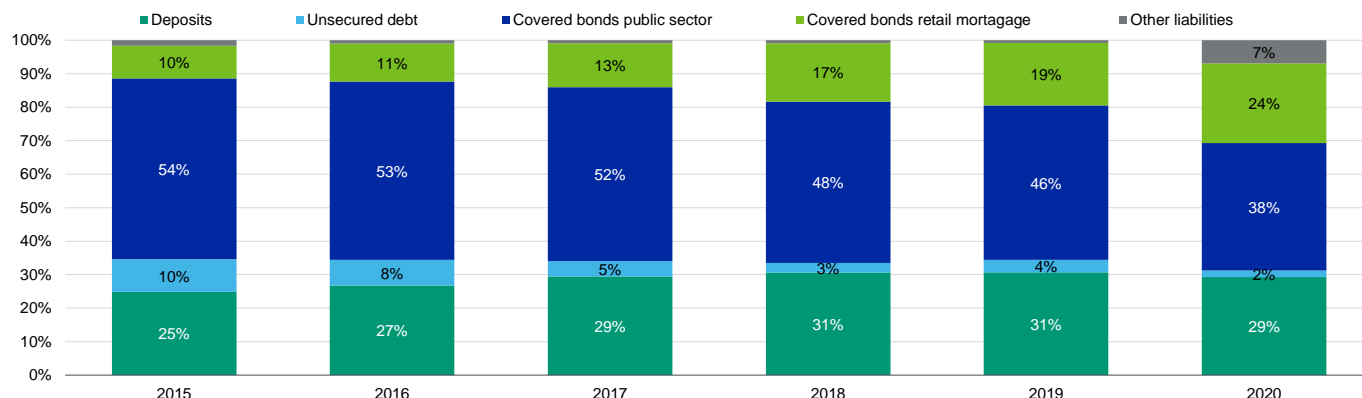
Our ba1 Funding Structure score for KLP Banken reflects its high reliance on potentially confidence-sensitive market funding, predominantly through its two covered bond issuing subsidiaries. Our assessment, also takes into account KLP Banken's limited capacity to make large benchmark issuances, but also the growing volume of customer deposits.

Deposits accounted for 29% of total liabilities (excluding equity) as of end-2020, slightly lower compared to 31% as of year-end 2019 (see Exhibit 7). At the same time, senior unsecured funding has declined because the bank is increasingly focused on funding itself through deposits and covered bonds. Public sector covered bonds issued by KLP Kommunekreditt made up 40% of total liabilities and retail mortgage covered bonds issued by KLP Boligkreditt made up a further 24% of liabilities as of the end of 2020.

Exhibit 7

Deposits and covered bonds dominate KLP Banken's funding structure

Funding sources as a percentage of total liabilities, excluding equity



Source: Moody's Investors Service, company reports

Nevertheless, we do not expect that KLP Banken will have the capacity to make large benchmark issuances of retail mortgage covered bonds, which constrains our market funding assessment for the bank. Partly mitigating these concerns, we also expect that the association with the KLP brand would support investor confidence in the bank. Market participants have also demonstrated appetite for public sector covered bonds given the high quality of the collateral, thereby partly mitigating refinancing risk and the bank plans to capitalise further on KLP's and KLP Kommunekreditt's reputations.

We also consider KLP Banken's liquidity profile to be adequate. Liquid banking assets to tangible banking assets stood at 10.3% as of the end of 2020 (end-2019: 11.8%). The bank's liquidity portfolio mainly comprises highly rated Norwegian covered bonds and bonds issued by Norwegian municipalities. We consider covered bonds to be of lower quality than government bonds, but because of the low indebtedness of the Norwegian state there is a limited supply of sovereign debt. We assign a ba2 liquidity score, reflecting the bank's sizeable liquidity coverage and dominance of covered bonds in the liquidity portfolio. Further, as of the end of 2020 the bank's liquidity coverage ratio stood at a very high 443%, compared to the requirement of 100%.

Source of facts and figures cited in this report

Unless noted otherwise, the bank specific figures originate from bank's reports and Moody's Banking Financial Metrics. All figures are based on our own chart of accounts and may be adjusted for analytical purposes. Please refer to the document [Financial Statement Adjustments in the Analysis of Financial Institutions](#) published on 9 August 2018.

ESG considerations

In line with our general view for the banking sector, KLP Banken has a low exposure to Environmental risks, see our [Environmental](#) risks heatmap for further information.

The most relevant social risks for banks arise from the way they interact with their customers. Social risks are particularly high in the area of data security and customer privacy which is partly mitigated by sizeable technology investments and banks' long track record of handling sensitive client data. Fines and reputational damage due to product misselling or other types of misconduct is a further social risk. Societal trends are also relevant in a number of areas, such as shifting customer preferences towards digital banking services, increasing information technology cost, aging population concerns in several countries, impacting demand for financial services or socially driven policy agendas that may translate into regulation that affects banks' revenue base. We also regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. Overall, we consider banks, including KLP Banken, to face moderate social risks. For more details see our [Social](#) risks heatmap.

Governance is highly relevant for KLP Banken, as it is to all players in the banking industry. Corporate governance weaknesses can lead to a deterioration in a company's credit quality, while governance strengths can benefit its credit profile. Governance risks are largely internal rather than externally driven, and for KLP Banken we do not have material governance concerns. Nonetheless corporate governance remains a key credit consideration and requires ongoing monitoring.

Support and structural considerations

Affiliate support

KLP Banken's a3 Adjusted BCA incorporates one notch of affiliate support, which reflects our assessment of a very high probability of support from KLP, in case of need. Our support considerations are driven by (1) the 100% ownership by KLP; (2) its importance to the group's strategy of providing a complete suite of financial services to its members, and the shared brand name and geographical footprint; and (3) the demonstrated support through ongoing capital injections, for example in August 2015 for NOK200 million, in December 2016 for NOK250 million and in December 2017 for NOK150 million.

We use A3 as an anchor rating for KLP, which is one notch below its Insurance Financial Strength Rating of A2, because any potential support to its subsidiaries will be subordinated to the claims of its own policyholders.

Loss Given Failure analysis

Norway has transposed the EU Bank Resolution and Recovery Directive (BRRD) into local legislation effective from January 2019 and as such we consider the country an operational resolution regime. In accordance with our methodology, we therefore apply our Advanced LGF analysis, considering the risks faced by different debt and deposit classes across the liability structure should the bank enter resolution.

In our Advanced LGF analysis, we use our standard assumptions and assume residual tangible common equity of 3% and losses post-failure of 8% of tangible banking assets. We also assume a 25% run-off of "junior" wholesale deposits and a 5% run-off in preferred deposits. Moreover, we assign a 25% probability to junior deposits being preferred to senior unsecured debt.

Under these assumptions, for KLP Banken's A3 deposits, our LGF analysis indicates a moderate loss-given-failure because of the limited volume of senior unsecured debt outstanding and no outstanding junior debt. This leads to no rating uplift for deposits from the bank's a3 Adjusted BCA. The assigned LGF notching is lower than the corresponding LGF notching guidance using year-end 2019 data in our scorecard, because we expect KLP Banken's net outstanding amount of senior unsecured debt to decline during 2020, reducing the overall volume of senior liabilities that would absorb losses alongside depositors in the event of failure.

Government support considerations

We do not incorporate any government support uplift on KLP Banken's ratings because we consider the probability of government support, in case of need, to be low.

Counterparty Risk Rating

Counterparty Risk Ratings (CRRs) are opinions of the ability of entities to honour the uncollateralised portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRRs are distinct from ratings assigned to senior unsecured debt instruments and from issuer ratings because they reflect that, in a resolution, CRR liabilities might benefit from preferential treatment compared with senior unsecured debt. Examples of CRR liabilities include the uncollateralised portion of payables arising from derivatives transactions and the uncollateralised portion of liabilities under sale and repurchase agreements.

KLP Banken's CRR is positioned at A1/Prime-1.

The CRR is positioned two notches above the Adjusted BCA of a3, reflecting the very low loss-given-failure from the volumes of instruments that are subordinated to CRR liabilities.

Counterparty Risk (CR) Assessment

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails, and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than both the likelihood of default and the expected financial loss, and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (for example, swaps), letters of credit, guarantees and liquidity facilities.

KLP Banken's CR Assessment is positioned at Aa3(cr)/Prime-1(cr).

For KLP Banken, our Advanced LGF analysis indicates an extremely low loss-given-failure for the CR Assessment, leading to three notches of uplift from the bank's a3 Adjusted BCA.

Methodology and scorecard

About Moody's bank scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our Scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 8

KLP Banken AS

Macro Factors							
Weighted Macro Profile		Very Strong -	100%				
Factor		Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency							
Asset Risk							
Problem Loans / Gross Loans		0.2%	aa1	↔	aa3	Quality of assets	Loan growth
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)		19.6%	aa1	↔	aa3	Access to capital	Expected trend
Profitability							
Net Income / Tangible Assets		0.2%	b1	↔	b1	Expected trend	
Combined Solvency Score			a1		a2		
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets		33.7%	baa3	↔	ba1	Market funding quality	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets		10.3%	baa3	↔	ba2	Stock of liquid assets	
Combined Liquidity Score			baa3		ba1		
Financial Profile					baa1		
Qualitative Adjustments					Adjustment		
Business Diversification					0		
Opacity and Complexity					0		
Corporate Behavior					0		
Total Qualitative Adjustments					0		
Sovereign or Affiliate constraint					Aaa		
BCA Scorecard-indicated Outcome - Range					a3 - baa2		
Assigned BCA					baa1		
Affiliate Support notching					1		
Adjusted BCA					a3		
Balance Sheet			in-scope (NOK Million)	% in-scope	at-failure (NOK Million)	% at-failure	
Other liabilities			28,808	67.5%	30,009	70.3%	
Deposits			11,781	27.6%	10,580	24.8%	
Preferred deposits			8,718	20.4%	8,282	19.4%	
Junior deposits			3,063	7.2%	2,297	5.4%	
Senior unsecured bank debt			800	1.9%	800	1.9%	
Equity			1,280	3.0%	1,280	3.0%	
Total Tangible Banking Assets			42,669	100.0%	42,669	100.0%	

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF	Assigned	Additional	Preliminary
	Instrument	Sub-	Instrument	Sub-	De Jure	De Facto	Notching	LGF	Notching	Rating
	volume +	ordination	volume +	ordination			Guidance	notching		Assessment
	subordination		subordination				vs.			
							Adjusted			
							BCA			
Counterparty Risk Rating	10.3%	10.3%	10.3%	10.3%	2	2	2	2	0	a1
Counterparty Risk Assessment	10.3%	10.3%	10.3%	10.3%	3	3	3	3	0	aa3 (cr)
Deposits	10.3%	3.0%	10.3%	4.9%	0	0	0	0	0	a3

Instrument Class	Loss Given		Additional	Preliminary Rating	Government	Local Currency	Foreign
	Failure	notching					
			notching	Assessment	Support	Rating	Currency
					notching		Rating
Counterparty Risk Rating	2		0	a1	0	A1	A1
Counterparty Risk Assessment	3		0	aa3 (cr)	0	Aa3(cr)	
Deposits	0		0	a3	0	A3	A3

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

Ratings

Exhibit 9

Category	Moody's Rating
KLP BANKEN AS	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
PARENT: KOMMUNAL LANDSPENSJONSKASSE	
Outlook	Stable
Insurance Financial Strength	A2
Subordinate	Baa1 (hyb)

Source: Moody's Investors Service

Endnotes

¹ The bank ratings in this report are the bank's senior unsecured debt rating and Baseline Credit Assessment.

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