



Interim report

KLP BOLIGKREDIT AS
Q4 2019

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KLP BOLIGKREDITT AS

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Interim Financial Statement

KLP BOLIGKREDITT AS

Main features by fourth quarter end:

- Increased net interest income
- No losses on lending
- Increased losses on financial instruments

OBJECTIVE AND OWNERSHIP

The Company's objective is to grant or acquire loans secured by a mortgage on housing, access document for housing or housing cooperatives (housing mortgages) or other real estate (real estate mortgages), and to finance lending activities mainly through the issuance of covered bonds (covered bonds).

KLP Boligkreditt AS is a wholly owned subsidiary of KLP Banken AS. The KLP Banken Group is owned by Kommunal Landspensjonskasse (KLP).

INCOME STATEMENT

Net interest and credit commission revenues in 2019 were NOK 63.0 (54.6)¹ million.

Profit and loss effects of financial instruments so far this year show a net loss of NOK 11.8 (0.9) million.

Operating expenses in the same period amounted to NOK 47.0 (45.2) million. The Company has not had any losses on lending and have minimal loan loss provisions.

The pre-tax profit as at quarter end was NOK 4.2 (8.5) million. The change in profit is mainly due to the increase in net losses on financial instruments, which were higher than the increase in net interests.

LENDING

The Company's loans to customers as at 31 of December 2019 amounted to NOK 7.3 (7.2) billion. The increase in 2019 amounts to NOK 0.1 (2.2) billion. Loans totaling NOK 2.9 (4.9) billion have been purchased from KLP Banken AS during the year. Total assets amounted to NOK 7.9 (7.7) billion at the end of the quarter.

BORROWING

The Company's borrowing comprises covered bonds as well as borrowing KLP Banken AS. Outstanding intercompany debt amounted to NOK 0.4 (1.0) billion at years end and covered bond debt was NOK 7.0 (6.1) billion at the reporting date. New covered bonds issued in 2019 amounted to 2.0 (2.8) NOK billion, while re-

purchase of previous issues amounted to NOK 0.6 (1.1) billion. All covered bonds have AAA rating. Restructuring of long-term debt is done regularly to adjust average maturity on funding. This may cause profit or loss. Accounting losses caused by repurchase of own debt amounts to NOK 11.5 (0.5) billion by the end of the fourth quarters.

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. As at 31 December 2019, the bond portfolio's market value was NOK 460.3 (288.4) million. Realised and unrealized gain associated with liquidity investments amounts to NOK 0.3 (net loss 0.5) million.

RISK AND CAPITAL ADEQUACY

KLP Boligkreditt AS 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 basically a result of the borrowing and lending activity as well as liquidity management. This means that the Company is to have low market risk. 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 within set limits. The credit risk in the Company is low and the Company's lending is limited to local government risk. The Company's liquidity is invested in banks satisfying high credit quality requirements and in securities in accordance with Board-approved credit lines.

At the end of the fourth quarter 2019, core capital i.a.w. the capital adequacy rules were NOK 508.8(505.9) 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 18.5(18.9) per cent at the end of the fourth quarter 2019. The minimum statutory requirement is 16.0 per cent capital adequacy ratio. Leverage ratio was 6.4 (6.6) per cent. The minimum statutory requirement is 3.0 per cent.

¹ Figures in parenthesis are from the corresponding period in 2018.

Income statement

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	Q4 2019	Q4 2018	01.01.2019 -31.12.2019	01.01.2018 -31.12.2018
	Interest income, amortised cost	53 730	42 631	194 889	150 342
	Interest income at fair value	2 833	940	6 712	1 168
3	Total interest income	56 563	43 571	201 602	151 510
	Interest expense, amortised cost	-39 638	-28 225	-138 568	-96 885
3	Total interest costs	-39 638	-28 225	-138 568	-96 885
3	Net interest income	16 925	15 346	63 033	54 625
15	Net gain/(loss) financial instruments	-1 575	-253	-11 837	-937
	Total other operating income	-1 575	-253	-11 837	-937
	Other operating expenses	-13 945	-13 904	-46 966	-45 168
16	Net loan losses	-2	-2	-16	-6
	Total operating expenses	-13 947	-13 906	-46 982	-45 175
	Operating profit/loss before tax	1 403	1 186	4 215	8 513
	Tax ordinary income	-309	-358	-927	-2 043
	Profit for the period	1 094	828	3 288	6 470
	Other comprehensive income for the period	0	0	0	0
	Comprehensive income for the period	1 094	828	3 288	6 470

Balance sheet

KLP BOLIGKREDITT AS

NOTE	NOK THOUSANDS	31.12.2019	31.12.2018
ASSETS			
5	Loans to credit institutions	128 596	148 414
4,5	Loans to customers	7 337 524	7 227 991
5,6,14	Fixed-income securities	460 344	288 357
	Deffered tax assets	2 101	1 874
11	Other assets	1 891	2 391
Total assets		7 930 455	7 669 027
LIABILITIES AND OWNERS EQUITY			
LIABILITIES			
5,9	Debt to credit institutions	387 157	1 036 913
5,7	Debt securities issued	7 027 380	6 116 113
12	Other liabilities	4 600	7 971
Total liabilities		7 419 137	7 160 997
EQUITY			
	Share capital	220 000	220 000
	Share premium	270 463	270 463
	Other owners' eqyity	20 855	17 567
Total owners' equity		511 318	508 030
Total liabilities and equity		7 930 455	7 669 027

Statement of changes in equity

KLP BOLIGKREDITT AS

2019 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2019	220 000	270 463	17 567	508 030
Profit for the period	0	0	3 288	3 288
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	3 288	3 288
Group contribution received	0	0	9 551	9 551
Group contribution made	0	0	-9 551	-9 551
Total transactions with the owners	0	0	0	0
Equity 31 December 2019	220 000	270 463	20 855	511 318

2018 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Owners' equity 31 December 2017	160 000	210 463	11 097	381 560
Changes in accounting principles (IFRS 9)	0	0	0	0
Owners' equity 1 January 2018	160 000	210 463	11 097	381 560
Income for the year	0	0	6 470	6 470
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	6 470	6 470
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 31 December 2018	220 000	270 463	17 567	508 030

Statement of cash flow

KLP BOLIGKREDITT AS

NOK THOUSANDS	01.01.2019 -31.12.2019	01.01.2018 -31.12.2018
OPERATING ACTIVITIES		
Payments received from customers - interest, commission & charges	191 298	146 856
Disbursements on loans customers & credit institutions	-2 915 755	-4 871 955
Receipts on loans customers & credit institutions	2 809 417	2 701 522
Net receipts/disbursements on operations	-50 028	-43 369
Net receipts/disbursements from operating activities	2 635	-410
Net interest investment accounts	2 305	1 504
Income tax paid	0	0
Net cash flow from operating activities	39 873	-2 065 852
INVESTMENT ACTIVITIES		
Payments on the purchase of securities	-665 584	-291 018
Receipts on sale of securities	493 349	7 985
Receipts of interest from securities	6 616	395
Net cash flow from investment activities	-165 619	-282 638
FINANCING ACTIVITIES		
Receipts on loans	2 000 000	2 800 000
Repayment and redemption of loans	-1 744 000	-192 000
Payment for loan buybacks	650 000	-800 000
Net payment of interest on loans	-133 022	-76 934
Receipts in internal funding	3 472 072	6 934 973
Repayment in internal funding	-4 121 474	-6 398 694
Net payment of interest on internal funding	-12 160	-10 471
Change in owners' equity	0	120 000
Group contribution paid	-2 853	-3 868
Net cash flows from financing activities	108 563	2 373 006
Net cash flow during the period	-17 183	24 515
Cash and cash equivalents at the start of the period	140 521	116 006
Cash and cash equivalents at the end of the period	123 338	140 521
Net receipts/ disbursements of cash	-17 183	24 515

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. It's 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 2019 – 31 December 2019, specifying the earnings trend in Q4. The interim Financial Statements has not been audited.

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

Other accounting principles and calculations are the same in the interim financial statement as in the last annual report.

NOTE 3 Net interest income

NOK THOUSANDS	Q4 2019	Q4 2018	01.01.2019 -31.12.2019	01.01.2018 -31.12.2018
Interest income on loans to customers, amortised cost	53 179	42 101	192 584	148 839
Interest income on loans to credit institutions, amortised cost	552	529	2 305	1 504
Total interest income, amortised cost	53 730	42 631	194 889	150 342
Interest income on bonds and certificates, fair value	2 833	940	6 712	1 168
Total interest income	56 563	43 571	201 602	151 510
Interest expenses on debt to KLP Banken AS, amortised cost	-2 353	-3 479	-11 806	-10 471
Interest expenses on issued securities, amortised cost	-37 286	-24 746	-126 762	-86 414
Total interest costs	-39 638	-28 225	-138 568	-96 885
Net interest income	16 925	15 346	63 033	54 625

NOTE 4 Loans to customers

NOK THOUSANDS	31.12.2019	31.12.2018
Loans to cutomers before write-downs	7 328 032	7 219 291
Provisions and write-downs	-23	-7
Loans to cutomers after write-downs	7 328 009	7 219 284
Premium/discount	499	979
Accrued interest	9 015	7 729
Loans to customers	7 337 524	7 227 991

NOTE 5 Categories of financial instruments

NOK THOUSANDS	31.12.2019		31.12.2018	
	Capitalized value	Fair value	Capitalized value	Fair value
FINANCIAL ASSETS FAIR VALUE				
Fixed-income securities	460 344	460 344	288 357	288 357
Total financial assets fair value	460 344	460 344	288 357	288 357
FINANCIAL ASSETS AT AMORTIZED COST				
Loans to and receivables from credit institutions	128 596	128 596	148 414	148 414
Loans to and receivables from customers	7 337 524	7 337 524	7 227 991	7 227 991
Total financial assets at amortized cost	7 466 119	7 466 119	7 376 405	7 376 405
Total financial assets	7 926 463	7 926 463	7 664 762	7 664 762
FINANCIAL LIABILITIES AT AMORTIZED COST				
Liabilities to credit institutions	387 157	387 157	1 036 913	1 036 913
Covered bonds issued	7 027 380	7 048 842	6 116 113	6 141 701
Total financial liabilities at amortized cost	7 414 537	7 435 999	7 153 026	7 178 614
Total financial liabilities	7 414 537	7 435 999	7 153 026	7 178 614

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. If a bond lacks an appropriate spread curve, spread from a comparable bond from the same issuer 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 marked rate including a relevant risk margin on the reporting date. This is valued in Level 2 in the valuation hierarchy, cf. note 6.

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 marked interest rates. This is valued in Level 2 in the valuation hierarchy, cf. note 6.

Fair value of liabilities to credit institutions

These transactions are valued using a valuation model, including relevant credit spread adjustments obtained from the market. This is valued in Level 2 in the valuation hierarchy, cf. note 6.

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. This is valued in Level 2 in the valuation hierarchy, cf. note 6.

NOTE 6 Fair value hierarchy

31.12.2019 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	3 992	456 352	0	460 344
Total assets at fair value	3 992	456 352	0	460 344

31.12.2018 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	1 997	286 360	0	288 357
Total assets at fair value	1 997	286 360	0	288 357

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 have been no transfers between Level 1 and Level 2.

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 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	31.12.2019	31.12.2018
Bond debt, nominal amount	7 164 000	6 908 000
Adjustments	-583	-5 897
Accrued interest	13 963	14 010
Own holdings, nominal amount	-150 000	-800 000
Total debt securities issued	7 027 380	6 116 113

Interest rate on borrowings through the issuance of securities on the reporting date: 2.22 % 1.66 %

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 31.12.2018	Issued	Matured/ redemed	Other adjustments	Balance sheet 31.12.2019
Bond debt, nominal amount	6 908 000	2 000 000	-1 744 000	0	7 164 000
Adjustments	-5 897	0	0	5 314	-583
Accrued interest	14 010	0	0	-47	13 963
Own holdings, nominal amount	-800 000	0	650 000	0	-150 000
Total debt securities issued	6 116 113	2 000 000	-1 094 000	5 267	7 027 380

NOTE 8 Over-collateralisation

NOK THOUSANDS	31.12.2019	31.12.2018
SECURITY POOL		
Loans to customers ¹	7 100 277	7 141 124
Additional collateral ²	583 587	1 178 939
Total security pool	7 683 864	8 320 064
Outstanding covered bonds incl. own funds and premium/discount	7 328 886	6 926 430
Coverage of the security pool	104.8%	120.1%

¹ Excluding mortgage loans that do not qualify for security pool.

² Additional collateral includes loans to and receivables from credit institutions and bonds and certificates. Liquid assets used in the LCR liquidity reserve are not included in additional collateral.

Section 11-7 of the Regulations on Financial Institutions lays down a requirement for over-collateralisation by at least 2 per cent of the value of the outstanding covered bonds.

NOTE 9 Liabilities to credit institutions

31.12.2019 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2021	143 259	104	143 363
Debt to KLP Banken AS	15.12.2021	97 020	70	97 090
Debt to KLP Banken AS	15.12.2021	146 598	106	146 704
Total liabilities to credit institutions				387 157
Interest rate on debt to credit institutions at the reporting date:				1.63 %
The interest rate is calculated as a weighted average of the act/360 basis.				

31.12.2018 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2020	600 000	370	600 370
Debt to KLP Banken AS	15.12.2020	130 000	75	130 075
Debt to KLP Banken AS	15.12.2020	203 117	125	203 242
Debt to KLP Banken AS	15.12.2020	103 162	64	103 226
Total liabilities to credit institutions				1 036 913
Interest rate on debt to credit institutions at the reporting date:				1.40 %
The interest rate is calculated as a weighted average of the act/360 basis.				

NOTE 10 Transactions with related parties

NOK THOUSANDS	01.01.2019 -31.12.2019	01.01.2018 -31.12.2018
KLP Banken AS, interest on borrowing	11 806	10 471
KLP Banken AS, administrative services (at cost)	43 837	43 084
KLP Kapitalforvaltning AS, fees for services provided	17	40
KLP Group companies, subsidised interest employee loans	4 616	1 413
KLP Banken AS, purchase of loans	2 915 755	4 871 955

NOK THOUSANDS	31.12.2019	31.12.2018
BALANCES		
KLP Banken AS, borrowing Group current liabilities	-387 157	-1 036 913
KLP Banken AS, net internal liabilities	257	2 166
Net outstanding accounts to:		
KLP Banken AS	-3 370	-5 089
KLP	1 082	162
KLP Group companies, net other internal accounts	551	63

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, with the exception of the Company's share of common functions, which is allocated at cost. Allocation is based on actual use. All internal receivables are settled as they arise.

NOTE 11 Other assets

NOK THOUSANDS	31.12.2019	31.12.2018
Intercompany receivables	1 891	2 391
Total other assets	1 891	2 391

NOTE 12 Other liabilities and provision for accrued costs and liabilities

NOK THOUSANDS	31.12.2019	31.12.2018
Creditors	75	29
Intercompany payables	3 370	5 089
Tax payable	1 155	2 853
Total other liabilities	4 600	7 971

NOTE 13 Capital adequacy

NOK THOUSANDS	31.12.2019	31.12.2018
Share capital and share premium fund	490 463	490 463
Other owners' equity	20 855	17 567
Total owners' equity	511 318	508 030
Adjustments due to requirements for proper valuation	-460	-288
Deferred tax asset	-2 101	-1 874
Core capital/Tier 1 capital	508 756	505 868
Supplementary capital/Tier 2 capital	0	0
Supplementary capital/Tier 2 capital	0	0
Total eligible own funds (Tier 1 and Tier 2 capital)	508 756	505 868
Capital requirement	220 068	213 593
Surplus of own funds (Tier 1 and Tier 2 capital)	288 688	292 275
Estimate basis credit risk:		
Institutions	25 719	30 162
Investments with mortgage security in real estate	2 568 133	2 529 797
Covered bonds	45 635	28 636
Other holdings	1 890	0
Calculation basis credit risk	2 641 378	2 588 595
Credit risk	211 310	207 088
Operating risk	8 758	6 505
Total capital requirement assets	220 068	213 593
Core capital adequacy ratio	18.5 %	18.9 %
Supplementary capital ratio	0.0 %	0.0 %
Capital adequacy ratio	18.5 %	18.9 %
Leverage ratio	6.4 %	6.6 %

CAPITAL REQUIREMENT PER 31.12.2019	Core capital/ Tier 1 capital	Supplementary capital/Tier 2 capital	Own funds
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	2.5 %	0.0 %	2.5 %
Current capital requirement incl. buffers	12.5 %	3.5 %	16.0 %

NOTE 14 Fixed-income securities

NOK THOUSANDS	31.12.2019		31.12.2018	
	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	3 988	3 992	1 997	1 997
Bonds	456 195	456 352	286 058	286 360
Total fixed-income securities	460 183	460 344	288 055	288 357

Fixed income securities are brought to account at market value, including accrued but not due interests.

NOTE 15 Net gain(loss) on financial instruments

NOK THOUSANDS	01.01.2019 -31.12.2019	01.01.2018 -31.12.2018
Net gain/(loss) on fixed-income securities	-325	-466
Net gain/(loss) financial derivatives and realized repurchase of own debt	-11 512	-471
Total net gain/(loss) financial instruments	-11 837	-937

NOTE 16 Loan loss provision

No changes have been made to the assumptions or input to the model for calculating loan loss provisions according to the IFRS 9 in the 4th quarter. Changes in loan loss provisions are related to changes in lending volume. Refer to note 15 and note 2 in the annual report 2018 for more model details.

NOK THOUSANDS	12-month ECL stage 1	Lifetime ECL not credit impaired stage 2	Lifetime ECL credit impaired stage 3	Total
EXPECTED CREDIT LOSS (ECL) - LOANS TO CUSTOMERS, AMORTISED COST				
Opening balance ECL 01.01.2019	7	0	0	7
Transfers to stage 1	0	0	0	0
Transfers to stage 2	0	0	0	0
Transfers to stage 3	0	0	0	0
Net changes	6	0	0	6
New losses	11	0	0	11
Derecognised loss	-1	0	0	-1
Closing balance ECL 31.12.2019	23	0	0	23
Changes (01.01.2019-31.12.2019)	16	0	0	16

NOK THOUSANDS	12-month ECL stage 1	Lifetime ECL not credit impaired stage 2	Lifetime ECL credit impaired stage 3	Total
VALUE OF LENDING AND RECEIVABLES FOR CUSTOMERS RECOGNISED IN THE BALANCE SHEET - AMORTISED COST				
Gross lending 01.01.2019	7 211 133	15 887	0	7 227 020
Transfers to stage 1	7 344	-7 344	0	0
Transfers to stage 2	-10 154	10 154	0	0
Transfers to stage 3	0	0	0	0
Net changes	-253 603	-206	0	-253 809
New lending	2 411 006	1 424	0	2 412 430
Write-offs	-2 040 050	-8 543	0	-2 048 593
Gross lending 31.12.2019	7 325 676	11 372	0	7 337 048

Quarterly earnings trend

NOK MILLIONS	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Interest income	56.6	50.9	48.4	45.7	43.6
Interest expense	-39.6	-35.9	-32.9	-30.2	-28.2
Net interest income	16.9	15.0	15.5	15.6	15.3
Net gain/ (loss) financial instruments	-1.6	-8.8	-1.9	0.4	-0.3
Total other operating income	-1.6	-8.8	-1.9	0.4	-0.3
Other operating expenses	-13.9	-10.8	-11.3	-11.0	-13.9
Total operating expenses	-13.9	-10.8	-11.3	-11.0	-13.9
Operating profit/loss before tax	1.4	-4.5	2.4	4.9	1.2
Tax ordinary income	-0.3	1.0	-0.5	-1.1	-0.4
Profit for the period	1.1	-3.5	1.8	3.9	0.8

Key figures accumulated

NOK MILLIONS	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Pre-tax income	4.2	2.8	7.3	4.9	8.5
Net interest income	63.0	46.1	31.1	15.6	54.6
Other operating cost and depreciation	-47.0	-33.0	-22.3	-11.0	-45.2
Net realized/unrealized change fin. instruments at fair value	-11.8	-10.3	-1.5	0.4	-0.9
Housing mortgage lending	7 337.5	7 167.0	7 096.9	7 148.6	7 228.0
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	7 027.4	6 677.5	6 238.9	6 518.8	6 116.1
Other borrowing	387.2	802.6	933.2	705.2	1 039.9
Total assets	7 930.5	8 006.7	7 689.3	7 742.5	7 669.0
Average total assets	7 799.7	7 837.9	7 679.2	7 705.8	6 428.4
Equity	511.3	510.2	513.7	511.9	508.0
Interest net	0.81 %	0.59 %	0.40 %	0.20 %	0.85 %
Profit/loss from ordinary operation before taxes	0.05 %	0.04 %	0.10 %	0.06 %	0.13 %
Return on equity	0.96 %	1.29 %	1.93 %	3.86 %	1.67 %
Capital adequacy ratio	18.5 %	18.8 %	19.3 %	18.9 %	18.9 %
Liquidity coverage ratio (LCR)	775 %	5655 %	411 %	209 %	226 %



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