

Q2 2018 Presentation KLP Banken Group

Q2 2018 - financial highlights and cover pool



Content

- Financial highlights
- Cover Pool Report – KLP Boligkreditt AS
- Cover Pool Report – KLP Kommunekreditt AS



Overview - group

Profitability

NOK MILLIONS, YTD	Q2 2018	Q2 2017
Profit before tax	43	48
Total income	160	142
Operating expenses	111	98
ROE, annualised b.t.	8,3 %	10,4 %

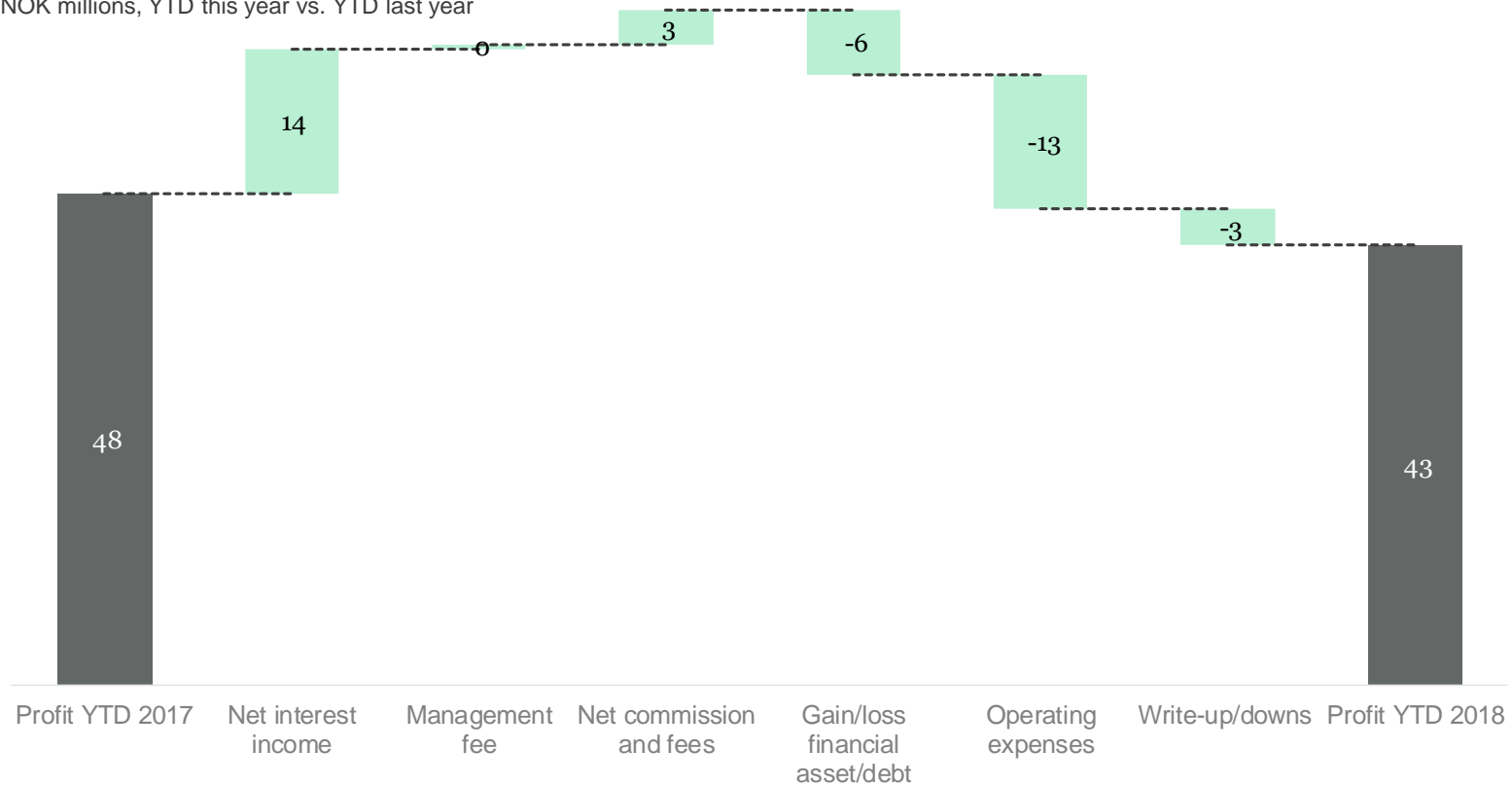
Balance sheet

NOK MILLIONS	30.06.2018	30.06.2017
Mortgage loans	15,7	13,7
Public sector loans	16,1	16,9
Customer deposits	10,2	9,1
Capital adequacy (CET 1)	20,2 %	19,3 %

Profit development

Group profit before tax

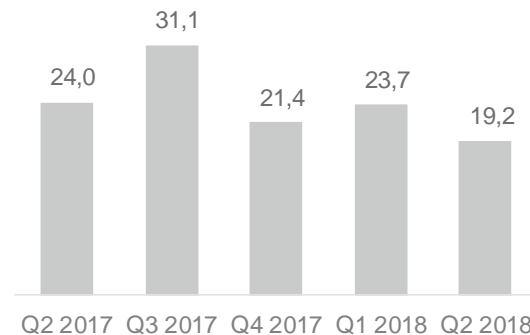
NOK millions, YTD this year vs. YTD last year



Profit development

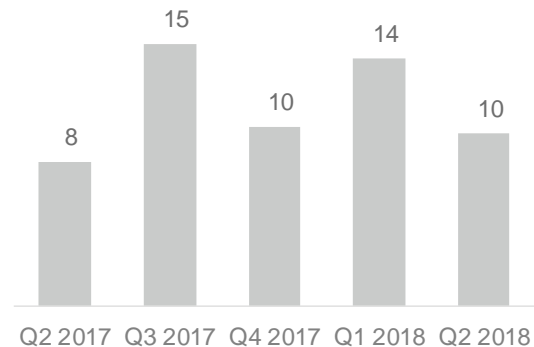
Group PBT

NOK millions



Retail market PBT

NOK millions



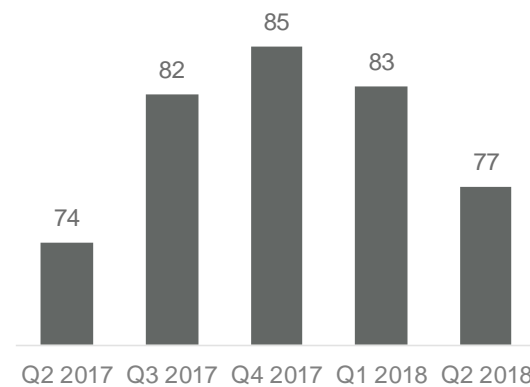
Public sector PBT

NOK millions



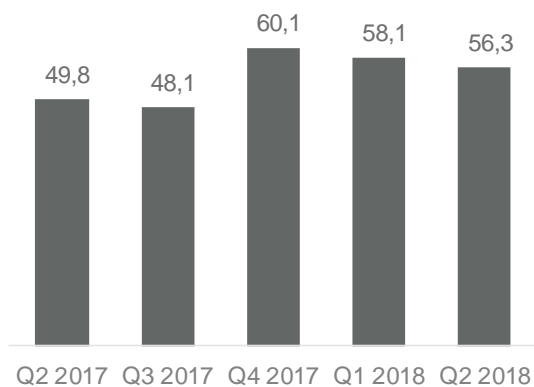
Total income

NOK millions, Group



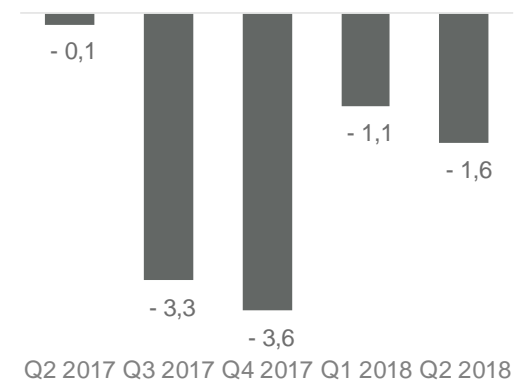
Operating expenses

NOK millions, Group



Financial gains/losses

NOK millions, Group



Profit development

Delinquent loans, mortgage and public sector

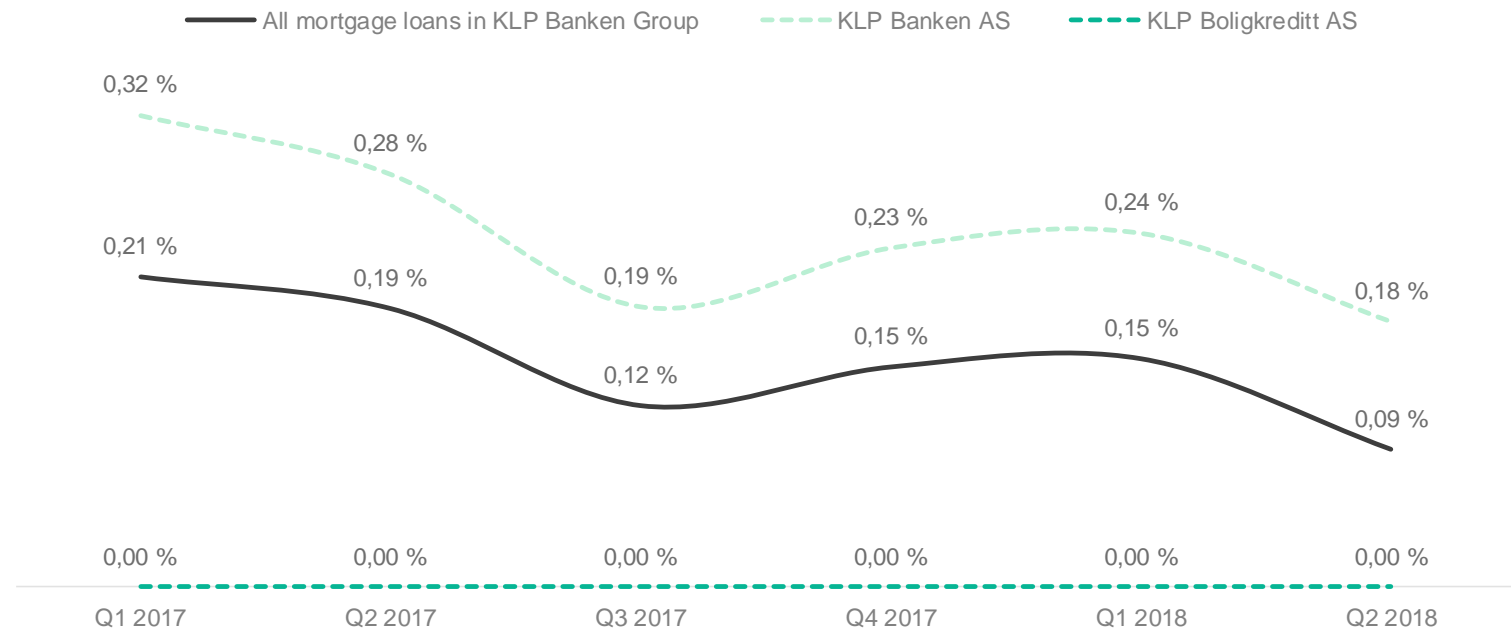
NOK MILLIONS	30.06.2018
Delinquencies in % of Group total lending	0,08 %

Loss provisions

NOK MILLIONS	2016	2017	2018
Mortgage loans	1	3	3
Public sector loans	-	-	-0,0

Retail loan delinquencies

>90 days, % of company total lending balance

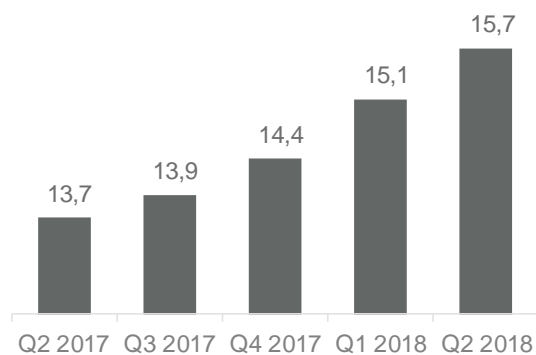


Business volumes

NOK BILLIONS	MORTGAGE LOANS	PUBLIC SECTOR LOANS	CUSTOMER DEPOSITS*
KLP Banken AS	8,1		10,2
KLP Boligkreditt AS	7,6		
KLP Kommunekreditt AS		16,1	
Total	15,7	16,1	10,2

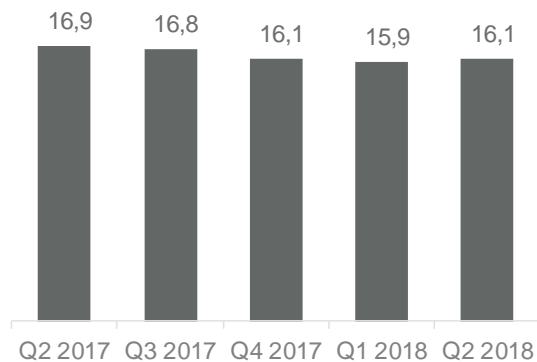
Mortgage loans

NOK billions



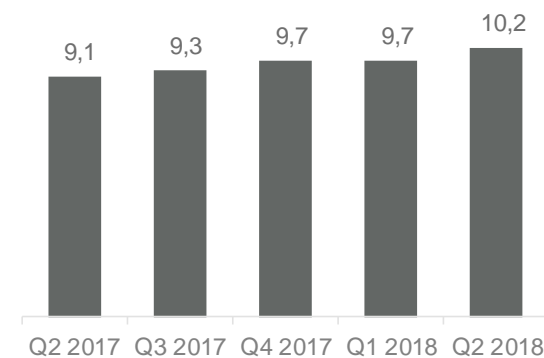
Public sector loans

NOK billions



Deposits

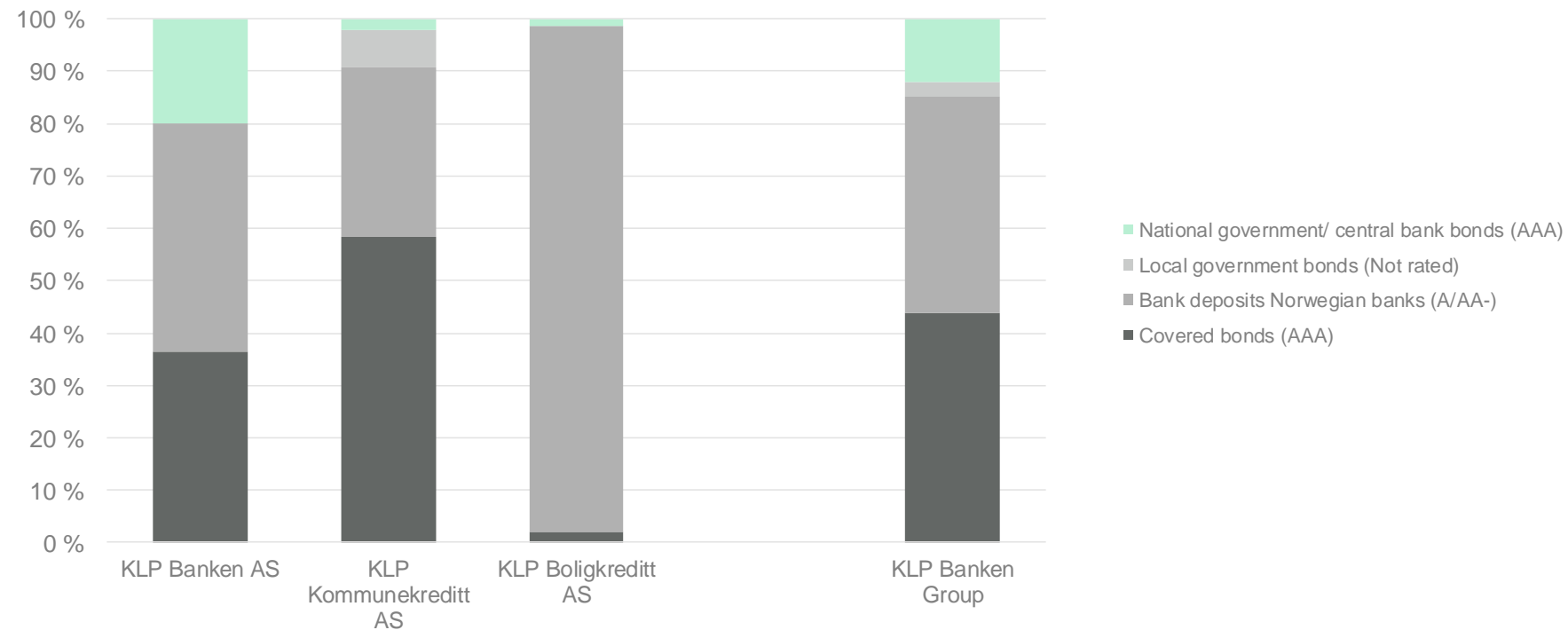
NOK billions



Liquidity placements

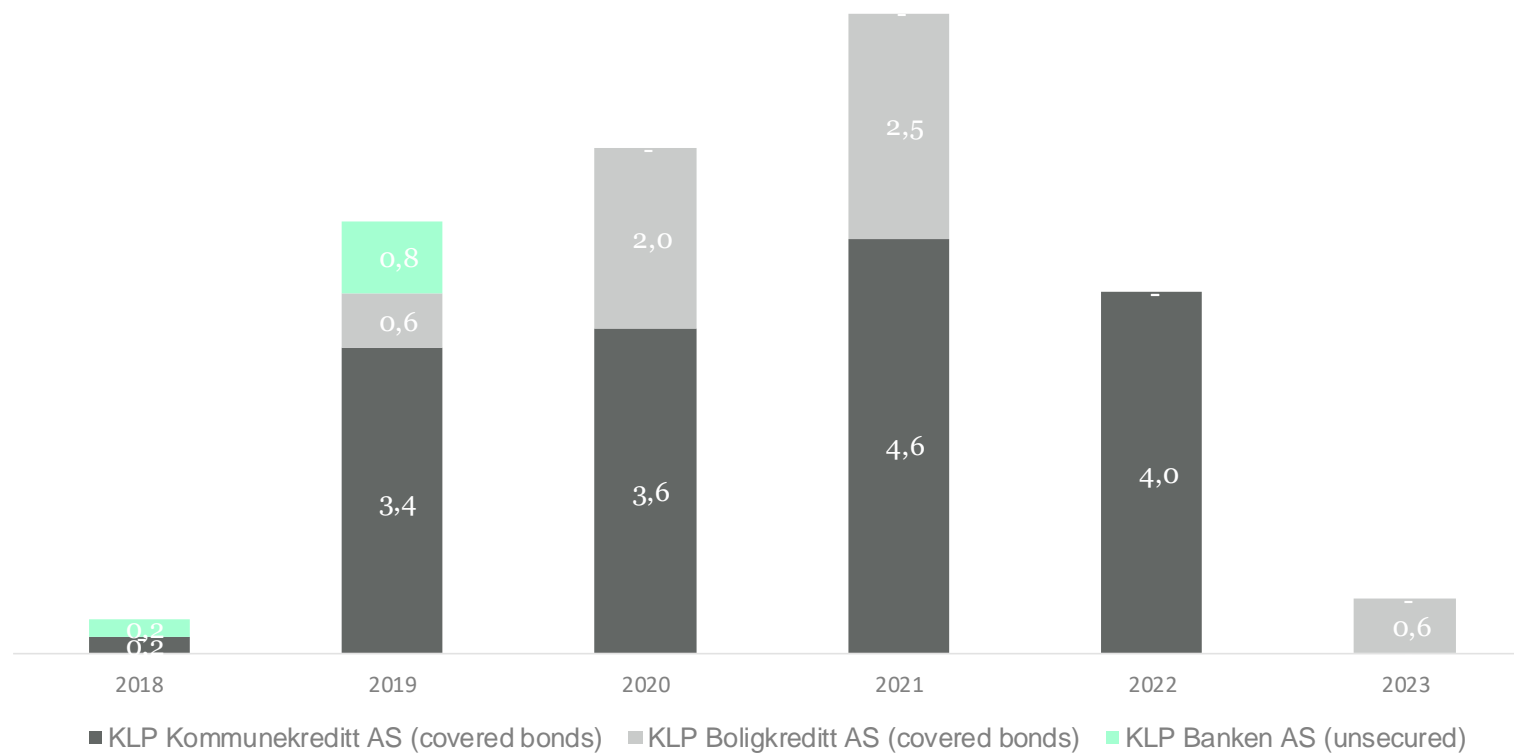
Composition of liquidity placements

Quarter end



Issued bond debt

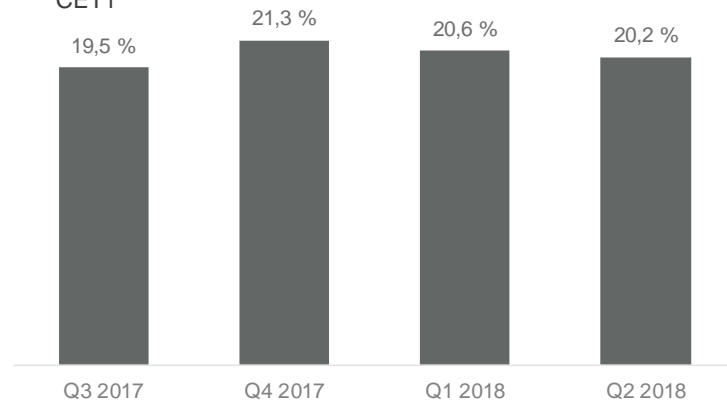
Maturity profile of issued bond debt
NOK billions



Core capital adequacy

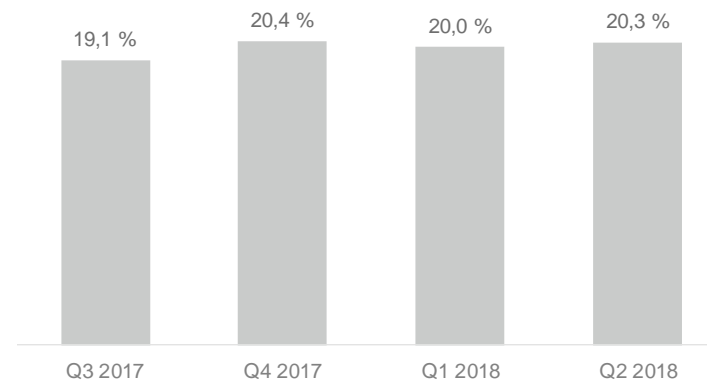
KLP Banken Group

CET1



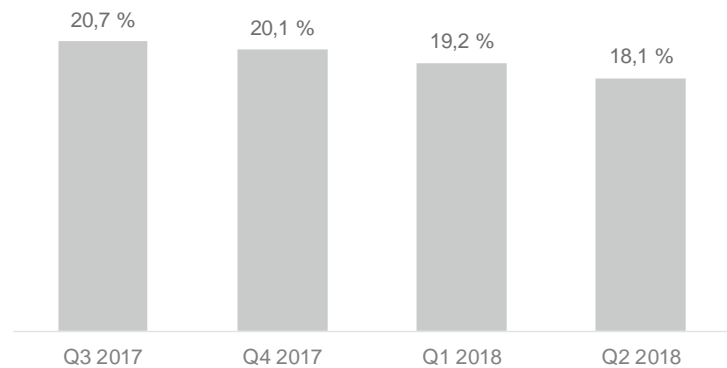
KLP Banken AS

CET1



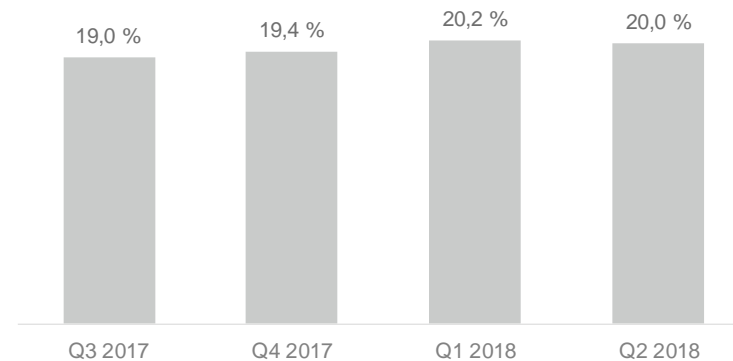
KLP Boligkreditt AS

CET1



KLP Kommunekreditt AS

CET1



P&Ls

KLP Banken Group

NOK MILLIONS, YTD	Q2 2018	Q2 2017	2017
Net interest income	123	109	242
Management fee	29	29	57
Net commission and fees	8	5	11
Gain/loss financial asset/debt	-3	4	-3
Operating expenses	-111	-98	-200
Write-up/downs	-3	0	-3
Earnings before tax	43	48	103

KLP Banken AS

NOK MILLIONS, YTD	Q2 2018	Q2 2017	2017
Net interest income	64	49	113
Management fee	29	29	57
Net commission and fees	8	5	11
Gain/loss financial asset/debt	2	2	1
Operating expenses	-82	-73	-150
Write-up/downs	-3	0	-3
Earnings before tax	18	12	30

Numbers do not include effects from group contribution

KLP Boligkreditt AS

NOK MILLIONS, YTD	Q2 2018	Q2 2017	2017
Net interest income	26	20	46
Gain/loss financial asset/debt	1	0	0
Other income	-	-	-
Operating expenses	-21	-16	-33
Earnings before tax	6	4	14

KLP Kommunekreditt AS

NOK MILLIONS, YTD	Q2 2018	Q2 2017	2017
Net interest income	33	39	82
Gain/loss financial asset/debt	-6	1	-5
Other income	-	-	-
Operating expenses	-8	-9	-17
Earnings before tax	19	32	60

Balance sheets

KLP Banken Group

NOK MILLIONS	30.06.2018	30.06.2017	31.12.2017
Lending to credit institutions	1 485	1 341	1 286
Loans to customers	32 046	30 895	30 763
Interest bearing securities	2 108	2 747	2 759
Other assets	178	157	173
Total assets	35 817	35 140	34 981

Borrowing from credit inst.	-	-	-
Bond debt	23 084	23 762	22 924
Deposits	10 218	9 138	9 669
Other debt	407	353	285
Total liabilities	33 709	33 253	32 878
Equity	2 108	1 887	2 102
Total liabilities and equity	35 817	35 140	34 981

KLP Boligkreditt AS

NOK MILLIONS	30.06.2018	30.06.2017	31.12.2017
Lending to credit institutions	147	242	123
Loans to customers	7 560	4 459	5 057
Interest bearing securities	5	44	5
Other assets	9	4	1
Total assets	7 721	4 750	5 187

Borrowing from credit inst.	1 506	160	500
Bond debt	5 703	4 298	4 298
Deposits	-	-	-
Other debt	5	9	3
Total liabilities	7 215	4 467	4 802
Equity	506	283	385
Total liabilities and equity	7 721	4 750	5 187

KLP Banken AS

NOK MILLIONS	30.06.2018	30.06.2017	31.12.2017
Lending to credit institutions	2 954	1 123	1 449
Loans to customers	8 204	9 270	9 384
Interest bearing securities	1 129	1 267	1 318
Other assets	1 259	985	1 135
Total assets	13 545	12 645	13 285

Borrowing from credit inst.	-	-	-
Bond debt	1 021	1 570	1 477
Deposits	10 218	9 138	9 669
Other debt	275	173	111
Total liabilities	11 514	10 882	11 257
Equity	2 032	1 763	2 028
Total liabilities and equity	13 545	12 645	13 285

KLP Kommunekreditt AS

NOK MILLIONS	30.06.2018	30.06.2017	31.12.2017
Lending to credit institutions	466	561	489
Loans to customers	16 282	17 166	16 321
Interest bearing securities	974	1 436	1 436
Other assets	98	153	91
Total assets	17 820	19 315	18 339

Borrowing from credit inst.	575	425	275
Bond debt	16 360	17 894	17 149
Deposits	-	-	-
Other debt	149	230	180
Total liabilities	17 084	18 549	17 603
Equity	736	766	735
Total liabilities and equity	17 820	19 315	18 339

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- Cover Pool Report – KLP Kommunekreditt AS



Overview

Key data

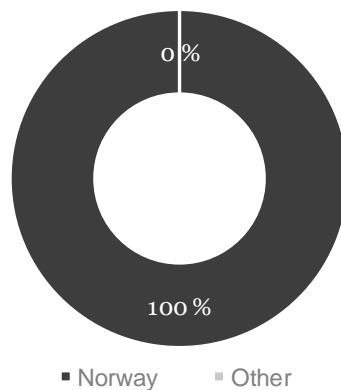
NOK MILLIONS	30.06.2018
Total loan balance	7 433 625 858
Bank deposits	147 410 821
Norwegian AAA-rated covered bonds	400 000 000
Total cover pool	7 981 036 679
Covered bonds issued	6 100 000 000
Over-collateralisation	30,8 %
No. of loans	5 966
Average loan balance	1 245 998
WA Seasoning (months)	43,2
WA Remaining terms (months)	262,9
WA Indexed LTV	48,8 %
WA Unindexed LTV	52,3 %
Percentage variable mortgages	100,0 %

Ratings

CURRENT RATING	Moody's
KLP Banken AS	A2
KLP Boligkreditt covered bond rating	Aaa

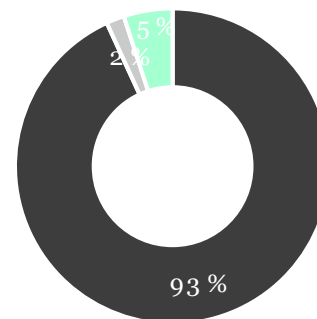
Geographic loan distribution

Nominal loan balance



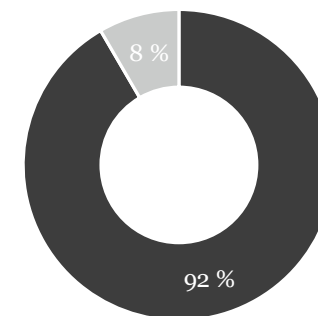
Cover pool composition

Nominal amounts



KLP members' share

of total loan balance



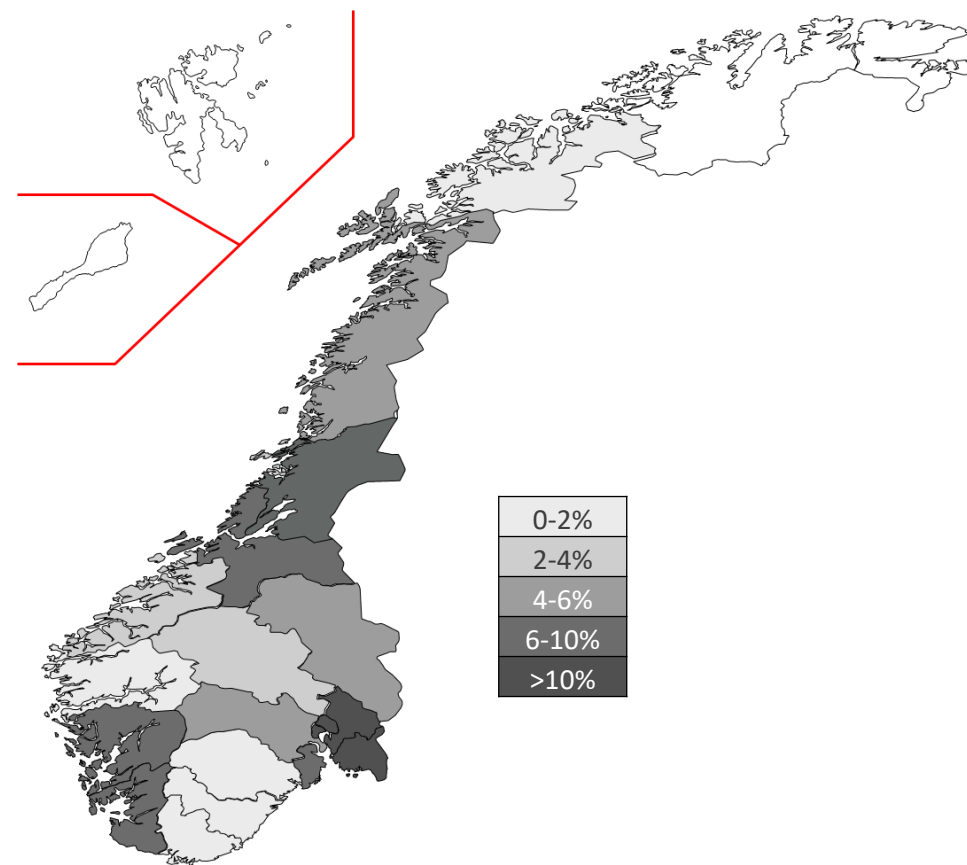
Geographical distribution

Geographical mortgage distribution

COUNTY	NOK
Akershus	1 418 604 630
Østfold	873 469 931
Oslo	793 115 355
Hordaland	605 983 333
Vestfold	561 979 611
Rogaland	489 545 871
Trøndelag	451 292 065
Buskerud	383 545 834
Troms	334 507 566
Hedmark	315 260 735
Nordland	286 948 733
Møre og Romsdal	244 555 611
Oppland	215 860 104
Telemark	148 464 545
Finnmark	106 358 862
Vest-Agder	90 706 238
Aust-Agder	78 155 439
Sogn og fjordane	34 522 793
Svalbard	748 602
Total loan balance	7 433 625 858

Geographical loan distribution

% of total loan balance



Loan-to-value

Unindexed LTV distribution

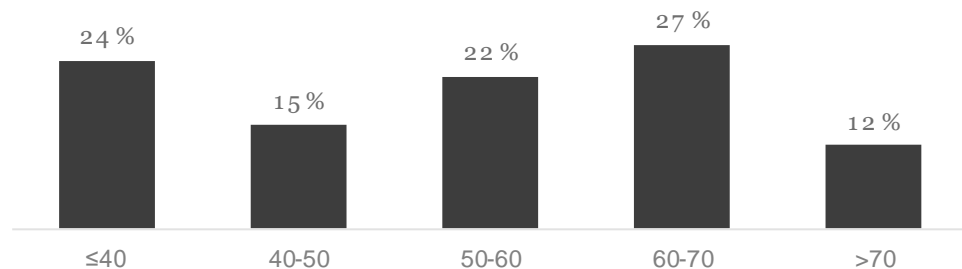
LTV INTERVAL	NOK
≤40	1 809 235 248
40-50	1 116 379 457
50-60	1 633 560 996
60-70	1 980 817 892
>70	893 632 265
Total loan balance	7 433 625 858

Indexed LTV distribution

LTV INTERVAL	NOK
≤40	2 259 930 223
40-50	1 252 904 980
50-60	1 674 117 831
60-70	1 733 738 646
>70	512 934 178
Total loan balance	7 433 625 858

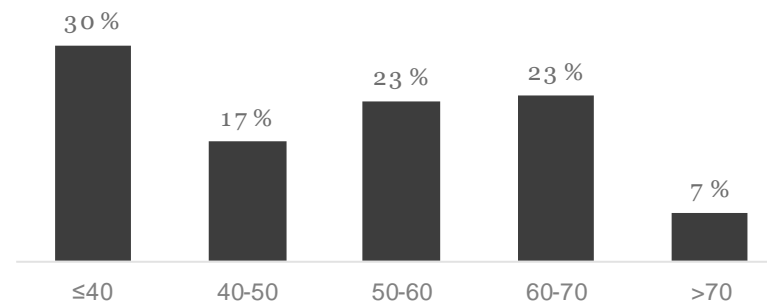
LTV-distribution

Unindexed, % of total



LTV-distribution

Indexed, % of total



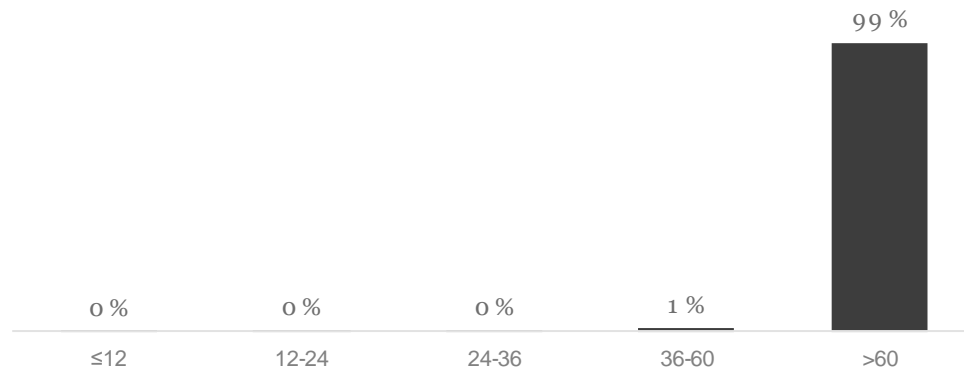
Seasoning

Remaining terms

MONTHS	NOK
≤12	2 301 672
12-24	10 995 102
24-36	25 372 410
36-60	67 784 655
>60	7 327 172 019
Total loan balance	7 433 625 858

Remaining terms

Months, % of total

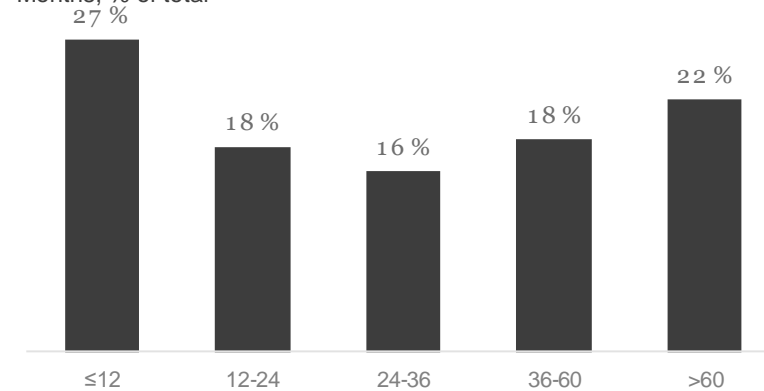


Seasoning

MONTHS	NOK
≤12	1 996 461 152
12-24	1 310 370 545
24-36	1 154 608 804
36-60	1 358 818 369
>60	1 613 366 986
Total loan balance	7 433 625 858

Seasoning

Months, % of total



Interest and repayment

Interest rate structure

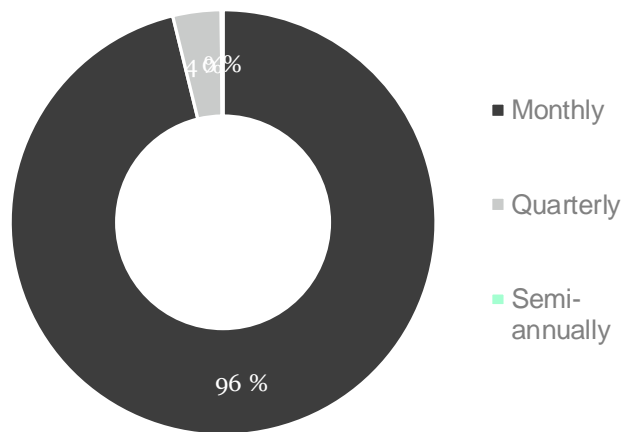
FREQUENCY	NOK
Monthly	7 150 576 321
Quarterly	272 366 748
Semi-annually	10 682 789
Total loan balance	7 433 625 858

Repayment structure

TYPE	NOK
Annuity	7 201 532 889
Constant amortisation	232 092 969
Total loan balance	7 433 625 858

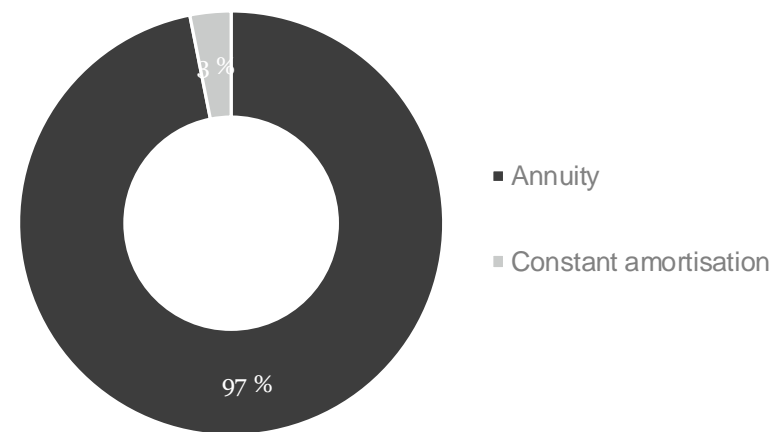
Interest payment frequency

% of total loan balance



Payment profile

% of total loan balance



Delinquencies

NOK	LOAN BALANCE	AMOUNT IN ARREARS	LOAN BALANCE IN % OF COVER POOL LOANS
7< >30 days	44 866 563	197 472	0,6 %
30< >90 days	-	-	0,0 %
>90 days	-	-	0,0 %
Total	44 866 563	197 472	0,6 %

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- Cover Pool Report – KLP Kommunekreditt AS



Overview

Key data	
Amounts in NOK	30.06.2018
Total nominal loan balance	16 244 862 311
Bank deposits	463 490 957
AAA-rated bonds	2 271 000 000
Total cover pool	18 979 353 268
Covered bonds issued	-
Covered bonds issued	17 825 000 000
Over-collateralisation	6,5 %
No. of loans	746
Average loan size	21 775 955
WA life (years)	10
WA Remaining terms (months)	252
Largest debtor/guarantor (in % of pool)	3,8 %

All loans are either made directly to or are guaranteed by Norwegian municipalities or county administrations.

The pool only includes loans with an unconditional and irrevocable on-demand guarantee of payment covering both interest and principal.

All covered bonds are issued in NOK.

KLP KOMMUNEKREDITT AS RATINGS

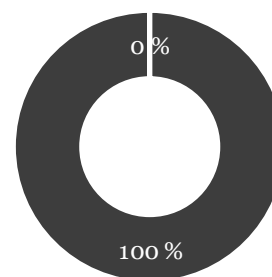
Moody's

Covered bond rating

Aaa

Geographic loan distribution

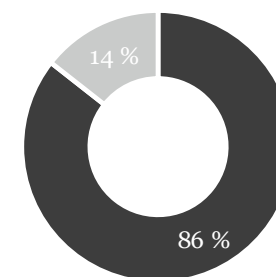
Nominal loan balance



■ Norway ■ Others

Cover pool composition

Nominal amounts



■ Public sector loans ■ Substitution assets

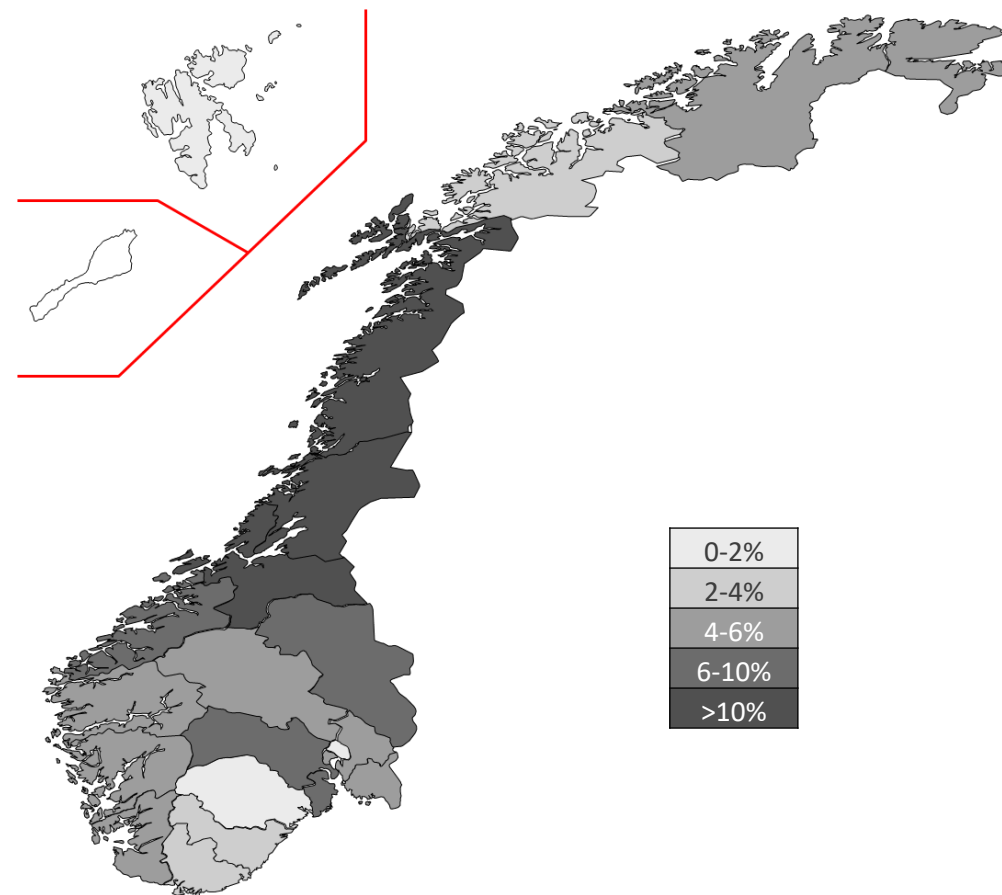
Geographical distribution

Geographical distribution

COUNTY	NOK
Trøndelag	1 980 260 986
Nordland	1 962 162 505
Hedmark	1 416 199 582
Vestfold	1 244 276 924
Buskerud	1 226 874 576
Møre og Romsdal	1 131 702 427
Sogn og Fjordane	942 285 532
Hordaland	840 279 539
Finnmark	792 728 730
Østfold	786 999 220
Akershus	753 105 801
Oppland	714 699 453
Rogaland	676 799 646
Troms	655 805 035
Vest-Agder	471 636 230
Aust-Agder	345 607 618
Telemark	172 209 432
Oslo	100 000 000
Svalbard	31 229 076
Total loan balance	16 244 862 311

Geographical loan distribution

% of total loan balance



Debtor and collateral concentration

TOP 10 LARGEST DEBTORS	NOK
Debtor 1	625 864 610
Debtor 2	571 083 322
Debtor 3	436 500 000
Debtor 4	435 559 161
Debtor 5	404 323 668
Debtor 6	350 404 611
Debtor 7	343 860 520
Debtor 8	329 807 693
Debtor 9	298 325 287
Debtor 10	293 911 886
Top 10 total loan balance	4 089 640 758

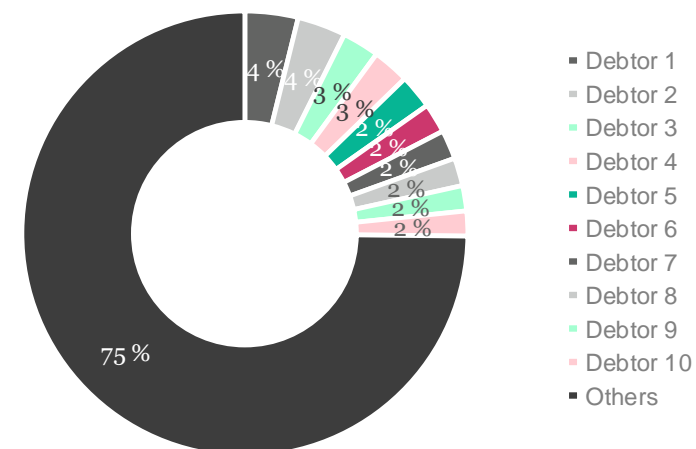
Largest 10 in percent of total loan balance

25,2 %

COLLATERAL TYPE	NOK
Direct claim against municipality	13 340 948 153
Loan with guarantee of municipality	1 524 436 994
Direct claim against county	711 947 207
Loan with guarantee of county	667 529 956
Total loan balance	16 244 862 311

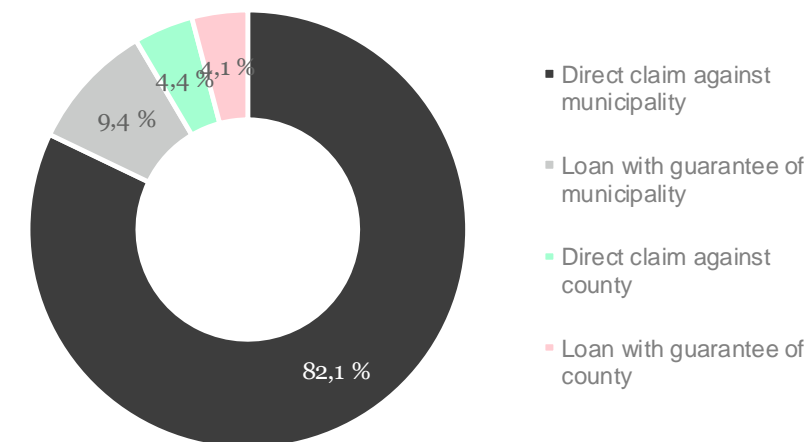
Debtor concentration

% of total loan balance



Collateral concentration

% of total loan balance



Interest and repayment structure

Repayment structure

NOK	LOAN BALANCE	SHARE	NO. OF LOANS
Constant Amortisation	14 050 832 627	86 %	695
Annuity	53 938 657	0 %	4
Partial Bullet	178 246 000	1 %	6
Bullet	1 961 845 027	12 %	41
Total	16 244 862 311	100 %	746

Loan size

NOK	LOAN BALANCE	SHARE	NO. OF LOANS
< 10 mill.	1 401 678 626	9 %	392
> 10 mill. - < 25 mill.	2 935 762 292	18 %	181
> 25 mill. - < 100 mill.	8 341 418 961	51 %	158
> 100 mill. - < 250 mill.	1 613 959 753	10 %	9
< 250 mill.	1 952 042 679	12 %	6
Total	16 244 862 311	100 %	746

Rate reset period

NOK	LOAN BALANCE	SHARE	ACC %
< 1 month	8 827 220 021	54 %	54 %
> 1 month - < 3 month	2 521 899 331	16 %	70 %
> 3 month - < 1 yr	1 136 305 298	7 %	77 %
> 1 yr - < 2 yr	933 390 957	6 %	83 %
> 2 yr - < 5 yr	2 103 306 739	13 %	96 %
> 5 yr	722 739 964	4 %	100 %
Total	16 244 862 311	100 %	

Interest rate type

NOK	LOAN BALANCE	SHARE	NO. OF LOANS
Variable	12 143 550 383	75 %	637
Fixed	4 101 311 927	25 %	109
Total	16 244 862 311	100 %	746

Delinquencies

NOK	LOAN BALANCE	AMOUNT IN ARREARS	LOAN BALANCE IN % OF COVER POOL LOANS
0< >30 days	42 106 714	830 897	0,3 %
30< >60 days	-	-	0,0 %
60< >90 days	-	-	0,0 %
>90 days	-	-	0,0 %
Total	42 106 714	830 897	0,3 %

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