



# Interim Report

KLP BOLIGKREDITT AS  
Q1 2017

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## **KLP BOLIGKREDITT**

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# Interim Financial Statements

KLP BOLIGKREDITT AS  
Q1 2017

## Main features by first quarter end:

- Operating profit before tax amounted to NOK 1.7 million.
- The lending balance was NOK 4.6 billion.
- No losses on lending

## Objective and ownership

The Company's objective is to be the KLP Banken Group's vehicle for the issue of mortgage-covered bonds.

KLP Boligkreditt AS is a wholly owned subsidiary of KLP Banken AS. The KLP Banken Group is owned by Kommunal Landspensjonskasse (KLP). KLP Boligkreditt AS was established in 2013 and has its head office in Trondheim.

## Income statement

Net interest and credit commission revenues in the first quarter of 2017 were NOK 9.4 million, and 10.5 million for the same period last year. Operating expenses in the quarter amounted to NOK 7.8 million. The Company has not had losses or made loss provisions on loans. Pre-tax profit by quarter end was NOK 1.7 million.

## Lending

The Company's loans to customers as at 31 March 2017 amounted to NOK 4.6 billion, up from NOK 4.0 billion at the same time last year. Loans totaling NOK 0.4 billion have been purchased from KLP Banken AS during the quarter. Total assets amounted to NOK 4.8 billion at quarter end.

## Borrowing

The Company's borrowing comprises of covered bonds as well as borrowing from its parent company. Outstanding bond debt was NOK 3.7 billion at the reporting date while intercompany debt had a balance of NOK 0.8 billion. All covered bonds have an AAA-rating. The last quarter there has been no new covered bond issues. Bond restructuring are done occasionally in order to adjust average duration in the borrowing portfolio. This may cause accounting gains

or losses. The last quarter there has been no need for restructuring.

## 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 of bonds as well as deposits in other banks. The securities comprise of certificates and bonds of high credit quality, principally investments in covered bonds. As at 31 March 2017, the liquidity portfolio's market value was NOK 216 million. The net gain associated with liquidity investments was NOK 0.1 million.

## Risk and capital adequacy

KLP Boligkreditt AS is exposed to various types of risk. The Company has established a framework for risk management aimed at ensuring that risks are identified, analyzed and subjected to management using policies, limits, procedures and instructions. The Company is to have a prudent risk profile and earnings are to be principally a result of borrowing and lending activity as well as liquidity management. This means that the Company is to have low market risk, and interest and foreign-exchange risk arising within the borrowing and lending activity is reduced using derivatives. The Company is to have sufficient long-term financing and limits have been established to ensure that this objective is achieved. The credit risk in the Company is low and the Company's lending is limited to loans with liens on housing and leisure property. The Company's securities portfolio has high credit quality.

At the end of the first quarter 2017, core capital i.a.w. the capital adequacy rules was NOK 279.4 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 16.2 per cent at the end of the first quarter 2017. The minimum statutory requirement is 15.0 per cent.

# Income statement

NOK THOUSANDS	NOTE	Q1 2017	Q1 2016	01.01.2016 - 31.12.2016
Interest income		26 865	27 009	104 511
Interest expense		-17 442	-16 536	-67 703
<b>Net interest income</b>	<b>3</b>	<b>9 423</b>	<b>10 473</b>	<b>36 808</b>
Net gain/(loss) financial instruments	14	128	2 993	3 328
<b>Total other operating income</b>		<b>128</b>	<b>2 993</b>	<b>3 328</b>
Other operating expenses		-7 845	-7 867	-28 758
<b>Total operating expenses</b>		<b>-7 845</b>	<b>-7 867</b>	<b>-28 758</b>
<b>Operating profit/loss before tax</b>		<b>1 706</b>	<b>5 599</b>	<b>11 379</b>
Tax ordinary income		-409	-1 400	-2 865
<b>Profit for the period</b>		<b>1 297</b>	<b>4 199</b>	<b>8 514</b>
Other comprehensive income		0	0	0
<b>Other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Comprehensive income for the period</b>		<b>1 297</b>	<b>4 199</b>	<b>8 514</b>

# Balance sheet

NOK THOUSANDS	NOTE	31.03.2017	31.03.2016	31.12.2016
<b>ASSETS</b>				
Loans to credit institutions		171 525	124 393	115 181
Loans to customers	4	4 588 314	4 012 042	4 722 193
Interest-bearing securities	13	44 228	104 213	44 110
Deffered tax assets		75	321	485
Other assets	10	12 735	9 885	3 777
<b>Total assets</b>		<b>4 816 876</b>	<b>4 250 854</b>	<b>4 885 745</b>
<b>LIABILITIES AND OWNERS EQUITY</b>				
<b>LIABILITIES</b>				
Debt to credit institutions	8	782 736	170 158	848 927
Debt securities issued	7	3 745 175	3 796 004	3 745 457
Deffered tax liabilities		0	0	3 029
Other liabilities	11	7 323	8 683	8 204
Provision for accrued costs and liabilities	11	505	483	288
<b>Total liabilities</b>		<b>4 535 739</b>	<b>3 975 329</b>	<b>4 605 905</b>
<b>EQUITY</b>				
Share capital		100 000	100 000	100 000
Share premium		150 463	150 463	150 463
Other owners' eqyity		30 674	25 062	29 377
<b>Total owners' equity</b>		<b>281 137</b>	<b>275 525</b>	<b>279 840</b>
<b>Total liabilities and equity</b>		<b>4 816 876</b>	<b>4 250 854</b>	<b>4 885 745</b>

# Statement of changes in equity

2017 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2017	100 000	150 463	29 377	279 840
Profit for the period	0	0	1 297	1 297
Other comprehensive income	0	0	0	0
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>1 297</b>	<b>1 297</b>
Group contribution received	0	0	9 087	9 087
Group contribution made	0	0	-9 087	-9 087
<b>Total transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity 31 March 2017</b>	<b>100 000</b>	<b>150 463</b>	<b>30 674</b>	<b>281 137</b>

  

2016 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2016	100 000	150 463	15 497	265 960
Profit for the period	0	0	4 199	4 199
Other comprehensive income	0	0	0	0
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>4 199</b>	<b>4 199</b>
Group contribution received	0	0	19 873	19 873
Group contribution made	0	0	-14 507	-14 507
<b>Total transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>5 366</b>	<b>5 366</b>
<b>Equity 31 March 2016</b>	<b>100 000</b>	<b>150 463</b>	<b>25 062</b>	<b>275 525</b>

  

2016 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2016	100 000	150 463	15 497	265 960
Profit for the period	0	0	8 514	8 514
Other comprehensive income	0	0	0	0
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>8 514</b>	<b>8 514</b>
Group contribution received	0	0	19 873	19 873
Group contribution made	0	0	-14 507	-14 507
<b>Total transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>5 366</b>	<b>5 366</b>
<b>Equity 31 December 2016</b>	<b>100 000</b>	<b>150 463</b>	<b>29 377</b>	<b>279 840</b>

# Statement of cash flow

NOK THOUSANDS	01.01.2017 - 31.03.2017	01.01.2016 - 31.03.2016	01.01.2016 - 31.12.2016
<b>OPERATING ACTIVITIES</b>			
Payments received from customers - interest, commission & charges	26 261	26 384	102 210
Net receipts/disbursements on loans customers & credit institutions	124 846	-276 832	-980 504
Net receipts/disbursements on operations	-8 337	-7 649	-28 086
Net receipts/disbursements from operating activities	-177	3 256	2 313
Net interest investment accounts	336	443	1 627
Income tax paid	0	0	0
<b>Net cash flow from operating activities</b>	<b>142 929</b>	<b>-254 398</b>	<b>-902 440</b>
<b>INVESTMENT ACTIVITIES</b>			
Payments on the purchase of securities	-994	-101 775	-142 403
Receipts on sale of securities	998	88 234	189 161
Receipts of interest from securities	173	285	902
<b>Net cash flow from investment activities</b>	<b>177</b>	<b>-13 256</b>	<b>47 660</b>
<b>FINANCING ACTIVITIES</b>			
Disbursements on loans from credit institutions	-65 608	-617 308	-89 287
Receipts on loans from credit institutions	0	900 000	1 000 000
Net payment of interest on loans	-18 306	-10 376	-61 413
Group contribution paid	-3 029	0	0
<b>Net cash flows from financing activities</b>	<b>-86 943</b>	<b>272 316</b>	<b>849 300</b>
<b>Net cash flow during the period</b>	<b>56 163</b>	<b>4 662</b>	<b>-5 480</b>
Cash and cash equivalents at the start of the period	112 374	117 854	117 854
Cash and cash equivalents at the end of the period	168 537	122 516	112 374
<b>Net receipts/ disbursements of cash</b>	<b>56 163</b>	<b>4 662</b>	<b>-5 480</b>

# Notes to the accounts

## 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.

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 2017 – 31 March 2017. The interim Financial Statements have not been audited.

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

There are no changes in the accounting principles in 2017 that have been of significance for the interim Financial Statements following the first quarter. Attention is drawn to KLP Boligkreditt's Annual Report for 2016 for detailed description of accounting principles.



**NOTE 3** Net interest income

NOK THOUSANDS	01.01.2017 - 31.03.2017	01.01.2016 - 31.03.2016	01.01.2016 - 31.12.2016
Interest on loans to and receivables from credit institutions	340	456	1 627
Interest on loans to customers	26 358	26 183	102 106
Interest on securities	167	369	779
<b>Total interest income</b>	<b>26 865</b>	<b>27 009</b>	<b>104 511</b>
Interest on covered bonds	14 344	11 244	55 978
Interest on liabilities to KLP Banken	2 457	4 958	9 309
Premium/discount on covered bonds	641	334	2 415
<b>Total interest costs</b>	<b>17 442</b>	<b>16 536</b>	<b>67 703</b>
<b>Net interest income</b>	<b>9 423</b>	<b>10 473</b>	<b>36 808</b>

**NOTE 4** Loans to customers

NOK THOUSANDS	31.03.2017	31.03.2016	31.12.2016
Loans to cutomers before write-downs	4 582 936	4 006 858	4 716 913
Individual write-downs	0	0	0
Write-downs by group	0	0	0
<b>Loans to cutomers after write-downs</b>	<b>4 582 936</b>	<b>4 006 858</b>	<b>4 716 913</b>
Accured interest	5 377	5 184	5 280
Change in fair value due to interest rate changes (fair value hedging)	0	0	0
<b>Loans to customers</b>	<b>4 588 314</b>	<b>4 012 042</b>	<b>4 722 193</b>

**NOTE 5** Categories of financial instruments

NOK THOUSANDS	31.03.2017		31.03.2016		31.12.2016	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
<b>FINANCIAL ASSETS AT FAIR VALUE</b>						
Fixed-income securities	44 228	44 228	104 213	104 213	44 110	44 110
<b>Total financial assets at fair value</b>	<b>44 228</b>	<b>44 228</b>	<b>104 213</b>	<b>104 213</b>	<b>44 110</b>	<b>44 110</b>
<b>FINANCIAL ASSETS AT AMORTIZED COST</b>						
Loans to and receivables from credit institutions	171 525	171 525	124 393	124 393	115 181	115 181
Lending to the retail market	4 588 314	4 588 314	4 012 042	4 012 042	4 722 193	4 722 193
<b>Total financial assets at amortized cost</b>	<b>4 759 838</b>	<b>4 759 838</b>	<b>4 136 435</b>	<b>4 136 435</b>	<b>4 837 374</b>	<b>4 837 374</b>
<b>Total financial assets</b>	<b>4 804 066</b>	<b>4 804 066</b>	<b>4 240 648</b>	<b>4 240 648</b>	<b>4 881 484</b>	<b>4 881 484</b>
<b>FINANCIAL LIABILITIES AT AMORTIZED COST</b>						
Liabilities to credit institutions	782 736	782 736	170 158	170 158	848 927	848 927
Covered bonds issued	3 745 175	3 760 851	3 796 004	3 754 354	3 745 457	3 747 200
<b>Total financial liabilities at amortized cost</b>	<b>4 527 911</b>	<b>4 543 587</b>	<b>3 966 162</b>	<b>3 924 512</b>	<b>4 594 384</b>	<b>4 596 127</b>
<b>Total financial liabilities</b>	<b>4 527 911</b>	<b>4 543 587</b>	<b>3 966 162</b>	<b>3 924 512</b>	<b>4 594 384</b>	<b>4 596 127</b>

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. In the theoretical price is based on the assumed present value on the sale of the position. A zero-coupon curve is

used for discounting. The zero-coupon curve is adjusted upwards by means of a credit spread, which is to take account of the risk the bond entails. The credit spread is calculated on the basis of a spread curve taking account of the duration of the bond. Nordic Bond Pricing is the main source of spread curves. They provide company-specific curves for Norwegian saving banks, municipalities and energy. Saving banks have various spread curves based on total assets. For companies where Nordic Bond Pricing do not deliver spread curves, the Group use spread curves from three Norwegian banks. When spread curves are available from more than one of these banks, an equal-weighted average is used.

**Fair value of loans to retail customers**

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.

**Fair value of loans to and receivables from credit institutions**

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

**Fair value of liabilities to credit institutions**

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

**Liabilities created on issuance of covered bonds**

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

**NOTE 6** Fair value hierarchy

31.03.2017				
NOK THOUSANDS	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>				
Financial assets recognized at fair value:				
Fixed-income securities	996	43 232	0	44 228
<b>Total financial assets recognized at fair value</b>	<b>996</b>	<b>43 232</b>	<b>0</b>	<b>44 228</b>
Financial assets recognized at fair value in Note 5:				
Loans to and receivables from credit institutions	0	171 525	0	171 525
Loans to and receivables from customers	0	4 588 314	0	4 588 314
<b>Total financial assets at amortized cost</b>	<b>0</b>	<b>4 759 838</b>	<b>0</b>	<b>4 759 838</b>
<b>LIABILITIES</b>				
Financial liabilities recognized at fair value in Note 5:				
Liabilities to credit institutions	0	782 736	0	782 736
Covered bonds issued	0	3 760 851	0	3 760 851
<b>Total financial liabilities at amortized cost</b>	<b>0</b>	<b>4 543 587</b>	<b>0</b>	<b>4 543 587</b>

31.03.2016				
NOK THOUSANDS	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>				
Financial assets recognized at fair value:				
Fixed-income securities	998	103 215	0	104 213
<b>Total financial assets recognized at fair value</b>	<b>998</b>	<b>103 215</b>	<b>0</b>	<b>104 213</b>
Financial assets recognized at fair value in Note 5:				
Loans to and receivables from credit institutions	0	124 393	0	124 393
Loans to and receivables from customers	0	4 012 042	0	4 012 042
<b>Total financial assets at amortized cost</b>	<b>0</b>	<b>4 136 435</b>	<b>0</b>	<b>4 136 435</b>
<b>LIABILITIES</b>				
Financial liabilities recognized at fair value in Note 5:				
Liabilities to credit institutions	0	170 158	0	170 158
Covered bonds issued	0	3 754 354	0	3 754 354
<b>Total financial liabilities at amortized cost</b>	<b>0</b>	<b>3 924 512</b>	<b>0</b>	<b>3 924 512</b>

**NOTE 6** Fair value hierarchy – cont.

31.12.2016 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>				
Financial assets recognized at fair value:				
Fixed-income securities	999	43 111	0	44 110
<b>Total financial assets recognized at fair value</b>	<b>999</b>	<b>43 111</b>	<b>0</b>	<b>44 110</b>
Financial assets recognized at fair value in Note 5:				
Loans to and receivables from credit institutions	0	115 181	0	115 181
Loans to and receivables from customers	0	4 722 193	0	4 722 193
<b>Total financial assets at amortized cost</b>	<b>0</b>	<b>4 837 374</b>	<b>0</b>	<b>4 837 374</b>
<b>LIABILITIES</b>				
Financial liabilities recognized at fair value in Note 5:				
Liabilities to credit institutions	0	848 927	0	848 927
Covered bonds issued	0	3 747 200	0	3 747 200
<b>Total financial liabilities at amortized cost</b>	<b>0</b>	<b>4 596 127</b>	<b>0</b>	<b>4 596 127</b>

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for at normal market terms and conditions. Highest quality in regard to fair value is based on listed prices in an active market. A financial instrument is considered as listed in an active market if listed prices are simply and regularly available from a stock market, dealer, broker, industry group, price-setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length.

**LEVEL 1:**

Instruments at this level obtain fair value from listed prices in an active market for identical assets or liabilities to which the entity has access at the reporting date. Examples of instruments in Level 1 are stock market listed securities.

**LEVEL 2:**

Instruments at this level obtain fair value from observable market data. This includes prices based on identical instruments, but where the instrument does not maintain a high enough trading frequency and is not therefore considered to be traded in an active market, as well as prices based on corresponding assets and price-leading indicators that can be confirmed from market information. Example instruments at Level 2 are fixed-income securities priced on the basis of interest rate paths.

**LEVEL 3:**

Instruments at Level 3 contain non-observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded.

There has been no movement between the levels.

**NOTE 7** Securities liabilities - stock exchange listed covered bonds and certificates

NOK THOUSANDS	31.03.2017	31.03.2016	31.12.2016
Bond debt, nominal amount	3 743 000	4 300 000	4 300 000
Adjustments	-7 465	-9 577	-7 987
Accured interest	9 641	10 581	10 444
Own holdings, nominal amount	0	-505 000	-557 000
<b>Total debt securities issued</b>	<b>3 745 175</b>	<b>3 796 004</b>	<b>3 745 457</b>
Interest rate on borrowings through the issuance of securities at the reporting date	1.56 %	1.63 %	1.66 %

The interest rate is calculated as a weighted average of the act/360 basis. It includes interest rate effects and amortization costs.

## Changes in debet securities issued

	Balance sheet 31.03.2017	Issued	Matured/ redemed	Other adjustments	Balance sheet 31.12.2016
Bond debt, nominal amount	3 743 000	0	-557 000	0	4 300 000
Adjustments	-7 465	0	0	522	-7 987
Accured interest	9 641	0	0	-803	10 444
Own holdings, nominal amount	0	0	557 000	0	-557 000
<b>Total debt securities issued</b>	<b>3 745 175</b>	<b>0</b>	<b>0</b>	<b>-282</b>	<b>3 745 457</b>

**NOTE 8** Liabilities to credit institutions

31.03.2017				
NOK THOUSANDS	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.06.2018	550 000	371	550 371
Debt to KLP Banken AS	15.06.2018	110 817	40	110 857
Debt to KLP Banken AS	15.06.2018	121 484	24	121 508
<b>Total liabilities to credit institutions</b>				<b>782 736</b>

Interest rate on debt to credit institutions at the reporting date 1.43 %

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

31.03.2016				
NOK THOUSANDS	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.06.2016	170 000	158	170 158
<b>Total liabilities to credit institutions</b>				<b>170 158</b>

Interest rate on debt to credit institutions at the reporting date 1.97 %

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

**NOTE 8** Liabilities to credit institutions – cont.

31.12.2016				
NOK THOUSANDS	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.03.2018	420 000	278	420 278
Debt to KLP Banken AS	15.03.2018	139 151	87	139 238
Debt to KLP Banken AS	15.03.2018	209 280	98	209 377
Debt to KLP Banken AS	15.03.2018	80 000	34	80 034
<b>Total liabilities to credit institutions</b>				<b>848 927</b>

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 9** Transactions with related parties

NOK THOUSANDS	01.01.2017 - 31.03.2017	01.01.2016 - 31.03.2016	01.01.2016 - 31.12.2016
<b>INCOME STATEMENT ITEMS</b>			
KLP Banken AS, interest on borrowing	-2 457	-4 958	-9 309
KLP Banken AS, administrative services (at cost)	-7 343	-7 294	-26 794
KLP Kapitalforvaltning AS, fees for services provided	-12	-15	-34
KLP Group companies, subsidised interest employee loans	342	234	1 234
<b>Total</b>	<b>-9 470</b>	<b>-12 033</b>	<b>-34 904</b>

NOK THOUSANDS	31.03.2017	31.03.2016	31.12.2016
<b>FINANCIAL POSTITION STATEMENT ITEMS</b>			
KLP Banken AS, borrowing Group current liabilities	-782 736	-170 158	-848 927
KLP Banken AS, net internal liabilities	12 425	9 677	3 295
Net outstanding accounts to:			
KLP Banken AS, loan settlement	-7 323	-7 283	-8 096
KLP	211	150	290
KLP Group companies, net other internal accounts	99	59	192
<b>Total</b>	<b>-777 325</b>	<b>-167 556</b>	<b>-853 246</b>

There are no direct salary cost in KLP Boligkreditt AS. Personnel costs (administrative services) are allocated from KLP Banken AS.

Transactions with related parties are carried out at general market terms and conditions, with the exception of the Company's share of common functions (staff services), which are allocated at cost. The receivable is based on actual use. All internal receivables are settled as they arise.

**NOTE 10** Other assets

NOK THOUSANDS	31.03.2017	31.03.2016	31.12.2016
Intercompany receivables	12 735	9 885	3 777
<b>Total</b>	<b>12 735</b>	<b>9 885</b>	<b>3 777</b>

**NOTE 11** Other liabilities and provision for accrued costs

NOK THOUSANDS	31.03.2017	31.03.2016	31.12.2016
Creditors	0	0	108
Intercompany payables	7 323	7 283	8 096
Other liabilities	0	1 400	0
<b>Total other liabilities</b>	<b>7 323</b>	<b>8 683</b>	<b>8 204</b>
Accrued expenses	505	483	288
<b>Total accrued costs and liabilities</b>	<b>505</b>	<b>483</b>	<b>288</b>

**NOTE 12** Capital adequacy

NOK THOUSANDS	31.03.2017	31.03.2016	31.12.2016
Share capital and share premium fund	250 463	250 463	250 463
Other owners' equity	29 377	20 863	29 377
<b>Total owners' equity</b>	<b>279 840</b>	<b>271 326</b>	<b>279 840</b>
Interim profit/loss	0	0	0
Deferred tax asset	-485	-321	-485
<b>Core capital/Tier 1 capital</b>	<b>279 355</b>	<b>271 005</b>	<b>279 355</b>
Supplementary capital/Tier 2 capital	0	0	0
<b>Supplementary capital/Tier 2 capital</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total eligible own funds (Tier 1 and Tier 2 capital)	279 355	271 005	279 355
Capital requirement	138 270	119 829	141 426
<b>Surplus of own funds (Tier 1 and Tier 2 capital)</b>	<b>141 085</b>	<b>151 176</b>	<b>137 929</b>
Estimate basis credit risk:			
Institutions	37 077	26 870	24 148
Investments with mortgage security in real estate	1 605 910	1 403 870	1 652 477
Covered bonds	4 323	10 322	4 311
<b>Calculation basis credit risk</b>	<b>1 647 310</b>	<b>1 441 062</b>	<b>1 680 936</b>
Credit risk	131 785	115 285	134 475
Operating risk	6 486	4 544	6 951
<b>Total capital requirement assets</b>	<b>138 270</b>	<b>119 829</b>	<b>141 426</b>
Core capital adequacy ratio	16.2%	18.1%	15.8%
Supplementary capital ratio	0.0%	0.0%	0.0%
<b>Capital adequacy ratio</b>	<b>16.2%</b>	<b>18.1%</b>	<b>15.8%</b>
<b>Leverage ratio</b>	<b>5.8%</b>	<b>6.4%</b>	<b>5.7%</b>

CAPITAL REQUIREMENT PER 31.03.2017	Tier 1 capital	Tier 2 capital	Tier 1 and tier 2 capital
Minimum requirement excl. buffers	4.5%	3.5%	8.0%
Protective buffer	2.5%	0.0%	2.5%
Systemic risk buffer	3.0%	0.0%	3.0%
Counter-cyclical capital buffer	1.5%	0.0%	1.5%
<b>Current capital requirement incl. buffers</b>	<b>11.5%</b>	<b>3.5%</b>	<b>15.0%</b>

**NOTE 13** Fixed-income securities

NOK THOUSANDS	31.03.2017		31.03.2016		31.12.2016	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	995	996	997	998	998	999
Bonds	42 987	43 232	102 976	103 215	42 987	43 111
<b>Total fixed-income securities</b>	<b>43 982</b>	<b>44 228</b>	<b>103 973</b>	<b>104 213</b>	<b>43 985</b>	<b>44 110</b>

**NOTE 14** Net gain/(loss) on financial instruments

NOK THOUSANDS	01.01.2017	01.01.2016	01.01.2016
	- 31.03.2017	- 31.03.2016	- 31.12.2016
Net gain/(loss) on fixed-income securities	128	14	421
Net gain/(loss) financial derivatives and realized repurchase of own debt	0	2 979	2 907
<b>Total net gain/(loss) financial instruments</b>	<b>128</b>	<b>2 993</b>	<b>3 328</b>

## Quarterly earnings trend

NOK MILLIONS	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Interest income	26.9	26.8	25.9	24.8	27.0
Interest expense	-17.4	-18.9	-16.9	-15.3	-16.5
<b>Net interest income</b>	<b>9.4</b>	<b>7.9</b>	<b>8.9</b>	<b>9.5</b>	<b>10.5</b>
Net gain/ (loss) financial instruments	0.1	0.0	-0.1	0.4	3.0
<b>Total other operating income</b>	<b>0.1</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.4</b>	<b>3.0</b>
Other operating expenses	-7.8	-8.9	-6.4	-5.6	-7.9
<b>Total operating expenses</b>	<b>-7.8</b>	<b>-8.9</b>	<b>-6.4</b>	<b>-5.6</b>	<b>-7.9</b>
<b>Operating profit/loss before tax</b>	<b>1.7</b>	<b>-1.0</b>	<b>2.5</b>	<b>4.3</b>	<b>5.6</b>
Tax ordinary income	-0.4	0.3	-0.6	-1.1	-1.4
<b>Profit for the period</b>	<b>1.3</b>	<b>-0.8</b>	<b>1.9</b>	<b>3.2</b>	<b>4.2</b>

## Key figures – accumulated

NOK MILLIONS	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Pre-tax income	1.7	11.4	12.4	9.9	5.6
Net interest income	9.4	36.8	28.9	20.0	10.5
Other operating income	0.0	0.0	0.0	0.0	0.0
Other operating cost and depreciation	-7.8	-28.8	-19.9	-13.5	-7.9
Net realized/unrealized change fin. instruments at fair value	0.1	3.3	3.3	3.4	3.0
Housing mortgage lending	4 588.3	4 722.2	4 546.3	4 206.5	4 012.0
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	3 745.2	3 745.5	3 942.0	4 141.4	3 796.0
Other borrowing	782.7	848.9	470.4	0.0	170.2
Total assets	4 816.9	4 885.7	4 703.1	4 428.6	4 250.9
Average total assets	4 851.3	4 422.4	4 331.1	4 193.9	4 105.0
Equity	281.1	279.8	280.6	278.7	275.5
Interest net	0.19%	0.83%	0.67%	0.48%	0.26%
Profit/loss from ordinary operation before taxes	0.04%	0.26%	0.29%	0.24%	0.14%
Return on equity	2.44%	4.29%	6.22%	7.44%	8.42%
Capital adequacy ratio	16.2%	15.8%	16.7%	17.2%	18.1%
Liquidity coverage ratio (LCR)	119 %	111 %	113 %	119 %	102 %





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