



Interim report Q2 2013

Income statement, balance sheet and notes



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KLP Kommunekreditt AS

Interim financial statement Q2/2013

Objective and ownership

The Company's objective is long-term financing of municipalities, county administrations and companies carrying out public sector assignments. Loans to companies are to be guaranteed by municipalities, county administrations, central government or a bank under Section 50 of the Norwegian Local Government Act. Guarantees are to be of the ordinary surety type covering both repayments and interest. The lending business is principally financed by the issue of covered bonds.

KLP Kommunekreditt AS is a wholly owned subsidiary of KLP Banken AS. The KLP Banken Group is owned by Kommunal Landspensjonskasse (KLP). KLP Kommunekreditt AS was established in 2009 and has its head office in Trondheim. The brand name KLP Kommunekreditt is used in marketing to customer groups in the public sector.

Income statement

Net interest and credit commission income at the end of the first quarter of 2013 totalled NOK 48.4 million. Operating costs for KLP Kommunekreditt as at the second quarter 2013 amounted to NOK 10.0 million. The Company has not had losses or made loss provisions on loans. KLP Kommunekreditt had a pre-tax profit of NOK 34.8 million for the second quarter 2013.

Loans/total assets

The Company's loans to customers as at 30 June 2013 were at NOK 18.7 billion against 20.9 billion as at 30 June 2012. The Company's lending is to municipalities, county administrations and local government enterprises.

Borrowing

The Company's borrowing comprises covered bonds as well as borrowing from its parent company. During the first half of 2013 covered bonds issuance amounted to NOK 2 billion. During 2012 covered bonds were issued for NOK 6.5 billion and SEK 500 million. All the covered bonds have an AAA rating.

Liquidity investments

KLP Kommunekreditt AS has strict rules on what assets may be included in the securities holdings. In addition to loans to the public sector the securities holdings comprise secure bonds as well as deposits in other banks. The securities comprise certificates and bonds with very good security, principally investments in covered bonds with AAA rating. As at 13 June 2013 the bond portfolio's nominal value was NOK 2.9 billion. Unrealized gains amounted to NOK 28.9 million.

Solvency

At the end of the second quarter 2013 core capital according to the capital adequacy rules was NOK 700.7 million. Loans to municipalities and county administrations are risk-weighted by 20 per cent in accordance with the authorities' capital adequacy regulations. KLP Kommunekreditt AS had a core capital adequacy and capital adequacy ratio of 16.0 per cent at the end of the second quarter 2013. The minimum statutory requirement is 9 per cent.

Income Statement

KLP Kommunekreditt AS

Note	NOK thousands	Q2 2013	Q2 2012	01.01.2013- 30.06.2013	01.01.2012- 30.06.2012	01.01.2012- 31.12.2012
	Interest income and similar income	176 674	214 196	358 315	439 587	825 602
	Interest expenses and similar expenses	-151 508	-196 541	-309 889	-414 871	-755 551
3	Net interest income	25 166	17 655	48 426	24 717	70 052
	Commission costs & bank charges	0	0	0	0	0
	Net charges and commission costs	0	0	0	0	0
	Net gain/(loss) on financial instruments	-7 094	-9 899	-3 623	7 062	50 293
	Total other operating income	-7 094	-9 899	-3 623	7 062	50 293
	Other operating expenses	-4 394	-5 676	-10 037	-13 393	-28 137
	Operating profit/loss before tax	13 677	2 081	34 765	18 386	92 207
	Tax on ordinary profit/loss	-3 830	-583	-9 734	-5 148	-25 879
	Income	9 847	1 498	25 031	13 238	66 329
	Other comprehensive income	0	0	0	0	0
	Other comprehensive income for the period after tax	0	0	0	0	0
	COMPREHENSIVE INCOME FOR THE PERIOD	9 847	1 498	25 031	13 238	66 329

Financial Position Statement

KLP Kommunekreditt AS

Note	NOK thousands	30.06.2013	30.06.2012	31.12.2012
ASSETS				
	Loans to and receivables from credit institutions	585 275	577 900	1 240 833
4	Loans to and receivables from customers	18 676 564	20 941 841	19 244 195
13	Interest-bearing securities	2 895 993	3 453 059	3 915 133
	Deferred tax asset	0	10 645	0
9	Financial derivatives	151 482	157 870	172 025
10	Other assets	16 390	71 392	60 115
	TOTAL ASSETS	22 325 704	25 212 708	24 632 301
LIABILITIES AND OWNERS' EQUITY				
LIABILITIES				
8	Debt to credit institutions	2 627 991	3 564 573	3 213 972
7	Liabilities created on issuance of securities	18 652 532	20 692 457	20 365 434
9	Financial derivatives	295 837	299 038	336 221
	Deferred tax	19 820	0	10 085
11	Other liabilities	3 257	8 995	5 459
11	Provision for accrued costs and liabilities	519	18	412
	TOTAL LIABILITIES	21 599 956	24 565 081	23 931 584
OWNERS' EQUITY				
	Share capital	362 500	362 500	362 500
	Share premium fund	312 500	271 889	312 500
	Other owners' equity	25 717	0	25 717
	Unallocated profit/loss	25 031	13 238	0
	TOTAL OWNERS' EQUITY	725 748	647 627	700 717
	TOTAL LIABILITIES AND OWNERS' EQUITY	22 325 704	25 212 708	24 632 301

Statement of owners' equity

KLP Kommunekredit AS

2013 NOK thousands	Share capital	Share premium fund	Other owners' equity	Total owners' equity
Owners' equity 1 January 2013	362 500	312 500	25 717	700 717
Income	0	0	25 031	25 031
Other comprehensive income	0	0	0	0
Total comprehensive income	0	0	25 031	25 031
Owners' equity contributed during the period	0	0	0	0
Group contributions received	0	0	0	0
Total transactions with the owners	0	0	0	0
Owners' equity 30 June 2013	362 500	312 500	50 748	725 748

2012 NOK thousands	Share capital	Share premium fund	Other owners' equity	Total owners' equity
Owners' equity 1 January 2012	362 500	271 889	0	634 389
Income	0	0	13 238	13 238
Other comprehensive income	0	0	0	0
Total comprehensive income	0	0	13 238	13 238
Owners' equity contributed during the period	0	0	0	0
Dividends/Group contribution paid during the period	0	0	0	0
Total transactions with the owners	0	0	0	0
Owners' equity 30 June 2012	362 500	271 889	13 238	647 627

NOK thousands	Number of shares	Nominal value in whole NOK	Share capital	Share premium fund	Other owners' equity	Total owners' equity
Share capital paid in/share premium fund	3 625 000	100	362 500	312 500	0	675 000
Changes in other owners' equity	-	-	0	0	50 748	50 748
Owners' equity as at 30 June 2013	3 625 000	100	362 500	312 500	50 748	725 748

There is one class of shares. All the shares are owned by KLP Banken AS.

Income per share 30.06.2013 in NOK: 6.90

Income per share 30.06.2012 in NOK: 3.65

Statement of cash flows

KLP Kommunekreditt AS

NOK thousands	01.01.2013- 30.06.2013	01.01.2012- 30.06.2012	01.01.2012- 31.12.2012
OPERATING ACTIVITIES			
Payments received from customers - interest, commission & charges	289 142	394 255	757 876
Net receipts/payments (-) on loans to customers	520 544	2 903 974	4 575 635
Payments on operation	-11 694	-19 479	-33 604
Net receipts/payments on other operating activities	-2 459	54 293	57 393
Net interest investment accounts	1 423	685	22 993
Income tax paid	0	0	0
Net cash flow from operating activities	796 956	3 333 728	5 380 293
INVESTMENT ACTIVITIES			
Payments on purchase of securities	-1 247 131	-1 903 076	-2 322 305
Receipts on sales of securities	2 270 070	0	0
Interest received from securities	40 895	25 532	77 313
Net cash flow from investment activities	1 063 833	-1 877 545	-2 244 992
FINANCING ACTIVITIES			
Net receipts/payments (-) on loans from credit institutions	-2 244 975	-1 492 753	-2 191 537
Net payment of interest on loans	-323 133	-395 989	-704 772
Net receipts/payments (-) on other short-term items	43 329	20 052	27 519
Net cash flow from financing activities	-2 524 779	-1 868 690	-2 868 790
Net cash flow during the period	-663 990	-412 507	266 510
Cash and cash equivalents at the start of the period	1 231 988	965 477	965 477
Cash and cash equivalents at the end of the period	567 998	552 970	1 231 988
Net receipts/ disbursements (-) of cash	-663 990	-412 507	266 510
RECONCILIATION			
Profit/loss before tax	34 765	18 386	92 207
Change in accounts payable	-117	-176	-50
Items classified as investment or financing activities	224 536	384 132	619 446
Changes in other accrual items	537 772	2 931 386	4 668 690
Net cash flow from operating activities	796 956	3 333 728	5 380 293

Notes to the Accounts

KLP Kommunekreditt AS

Note 1 GENERAL INFORMATION

KLP Kommunekreditt AS was formed on 25 August 2009. The Company provides or acquires public sector loans that are guaranteed by the Norwegian state, Norwegian county administrations or Norwegian municipalities. Guarantees shall be of the ordinary surety type covering both repayments and interest. The lending activities are principally financed by the issuance of covered bonds.

KLP Kommunekreditt AS is registered and domiciled in Norway. Its head office is at Beddingen 8 in Trondheim. The Company is a subsidiary of KLP Banken AS, which is in turn wholly owned by Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP) through the holding company KLP Bankholding AS.

Note 2 ACCOUNTING PRINCIPLES

This interim report covers the period from 1 January 2013 to 30 June 2013. The accounts have not been audited.

The interim financial statements for KLP Kommunekreditt AS have been prepared in accordance with the international accounting standards IAS/IFRS approved by the EU. This interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting".

These interim financial statements are otherwise presented in accordance with the same principles as the annual financial statements for 2012 and the interim report for the first quarter 2013. This interim report ought therefore to be read in conjunction with the these. The annual financial statements and the interim report are available at www.klp.no.

IFRS 7 Financial instruments - information

Information is to be provided showing the effect of offsetting of financial assets and liabilities on the company's financial position. The information requirement applies to financial instruments that are entered net in accordance with IAS 32, as well as financial instruments that may be subject to net settlement, regardless of presentation in accordance with IAS 32.

Note 3 NET INTEREST INCOME

NOK thousands	01.01.2013- 30.06.2013	01.01.2012- 30.06.2012	The year 2012
Interest on loans to and receivables from credit institutions	7 397	13 671	22 993
Interest on loans to customers	310 453	392 731	721 032
Interest on securities	40 465	33 185	81 577
Total interest income	358 315	439 587	825 602
Interest on debt to credit institutions (covered bonds)	264 497	359 027	646 983
Interest on debt to KLP Banken	43 421	54 277	105 790
Premium/discount on covered bonds	1 971	1 566	2 778
Total interest costs	309 889	414 870	755 551
Net interest income	48 426	24 717	70 052

Note 4 LOANS TO CUSTOMERS

NOK thousands	30.06.2013	30.06.2012	31.12.2012
Loans to customers before write-downs	18 313 652	20 651 682	18 864 431
Individual write-downs	0	0	0
Write-downs by group	0	0	0
Loans to customers after individual write-downs	18 313 652	20 651 682	18 864 431
Accrued interest	137 827	151 836	116 517
Loans to customers, fair value hedging	225 085	138 322	263 248
Loans to customers	18 676 564	20 941 841	19 244 195

All lending comprises loans to, or loans guaranteed by, Norwegian municipalities and county administrations, including loans to local government enterprises and inter-authority companies (public sector lending). Guarantees are of the ordinary surety type covering both repayments and interest.

Note 5 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

NOK thousands	30.06.2013		30.06.2012		31.12.2012	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
FINANCIAL ASSETS AT FAIR VALUE						
Interest-bearing securities	2 895 993	2 895 993	3 453 059	3 453 059	3 915 133	3 915 133
Financial derivatives	151 482	151 482	157 870	157 870	172 025	172 025
Total financial assets at fair value	3 047 475	3 047 475	3 610 929	3 610 929	4 087 158	4 087 158
FINANCIAL ASSETS AT FAIR VALUE HEDGING						
Loans to Norwegian local authorities	6 202 047	6 218 707	5 492 106	5 442 316	5 978 833	5 983 059
Total financial assets at fair value hedging	6 202 047	6 218 707	5 492 106	5 442 316	5 978 833	5 983 059
FINANCIAL ASSETS AT AMORTIZED COST						
Loans to and receivables from credit institutions	585 275	585 275	577 900	577 900	1 240 833	1 240 833
Loans to Norwegian local authorities	12 474 517	12 471 793	15 449 735	15 430 777	13 265 362	13 265 362
Total financial assets at amortized cost	13 059 793	13 057 068	16 027 635	16 008 677	14 506 195	14 506 195
Total financial assets	22 309 314	22 323 250	25 130 670	25 061 922	24 572 186	24 576 412
FINANCIAL LIABILITIES AT FAIR VALUE						
Financial derivatives	295 837	295 837	299 038	299 038	336 221	336 221
Total financial liabilities at fair value	295 837	295 837	299 038	299 038	336 221	336 221
DEBT TO CREDIT INSTITUTIONS AT FAIR VALUE HEDGING						
Covered bonds issued	4 387 539	4 407 056	3 388 208	3 376 050	3 379 250	3 456 709
Total financial liabilities at fair value hedging	4 387 539	4 407 056	3 388 208	3 376 050	3 379 250	3 456 709
DEBT TO FINANCIAL INSTITUTIONS AT AMORTIZED COST						
Liabilities to credit institutions	2 627 991	2 627 991	3 564 573	3 564 573	3 213 972	3 213 972
Covered bonds issued	14 264 993	14 321 977	17 304 249	17 355 410	16 986 184	16 999 955
Total financial liabilities at amortized cost	16 892 984	16 949 968	20 868 821	20 919 983	20 200 156	20 213 927
Total financial liabilities	21 576 360	21 652 861	24 556 068	24 595 071	23 915 627	24 006 857

Fair value of investments listed in an active market is based on the current purchase price. A financial instrument is considered to be listed in an active market if the listed price is simply and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length. If the market for the security is not active, or the security is not listed on a stock market or similar, the Group uses valuation techniques 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 interest rate curves and spread curves. As far as possible the estimates are based on external observable market data and rarely on company-specific information.

The different financial instruments are thus priced in the following way:

Interest-bearing securities - other than government

All Norwegian fixed income securities except government are priced theoretically. A zero coupon curve is used as well as spread curves for the pricing. Reuters is used as the source for the zero coupon curve from 0 to 10 years. From 10 years and over, Bloomberg is used as the source since Reuters does not provide prices over 10 years.

Financial derivatives

These transactions are valued based on the applicable swap curve at the time of valuation.

Fair value of loans to Norwegian local government

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. Lending with fixed interest is valued using a valuation model, including relevant credit spread adjustments obtained from the market.

Fair value of loans to and receivables from credit institutions

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

Fair value of debt to credit institutions

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

Liabilities created on issuance of 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

NOK thousands	Level 1	Level 2	Level 3	Total 30.06.2013
ASSETS				
Interest-bearing securities	0	2 895 993	0	2 895 993
Financial derivatives	0	151 482	0	151 482
Total financial assets valued at fair value	0	3 047 475	0	3 047 475
LIABILITIES				
Financial derivatives liabilities	0	295 837	0	295 837
Total financial liabilities at fair value	0	295 837	0	295 837

NOK thousands	Level 1	Level 2	Level 3	Total 30.06.2012
ASSETS				
Interest-bearing securities	0	3 453 059	0	3 453 059
Financial derivatives	0	157 870	0	157 870
Total financial assets valued at fair value	0	3 610 929	0	3 610 929
LIABILITIES				
Financial derivatives liabilities	0	299 038	0	299 038
Total financial liabilities at fair value	0	299 038	0	299 038

NOK thousands	Level 1	Level 2	Level 3	Total 31.12.2012
ASSETS				
Interest-bearing securities	0	3 915 133	0	3 915 133
Financial derivatives	0	172 025	0	172 025
Total financial assets valued at fair value	0	4 087 158	0	4 087 158
LIABILITIES				
Financial derivatives liabilities	0	336 221	0	336 221
Total financial liabilities at fair value	0	336 221	0	336 221

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 noted in an active market if noted 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 regularly occurring transactions at arm's length.

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

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

Level 3: Instruments at Level 3 contain no observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded.

Note 7 LIABILITIES CREATED ON ISSUANCE OF SECURITIES

NOK thousands ISIN code	Nominal	Currency	Interest	Commence- ment	Due date	Accrued interest	30.06.2013 Book value
Covered bonds							
N00010585185	4 300 000	NOK	Floating	15.09.10	15.09.15	3 629	4 303 629
N00010592892	1 053 000	NOK	Floating	10.12.10	10.12.13	1 271	1 054 271
N00010592900	750 000	NOK	Fixed	15.12.10	15.12.20	18 715	768 715
N00010609795	1 439 000	NOK	Floating	20.05.11	20.05.14	3 327	1 442 327
N00010624778	2 500 000	NOK	Fixed	15.09.11*	15.05.15	11 267	2 511 267
XS0747335494	500 000	SEK	Floating	17.02.12	17.02.15	921	434 421
N00010642192	1 000 000	NOK	Floating	13.04.12	13.04.16	4 813	1 004 813
N00010662307	3 000 000	NOK	Floating	26.10.12	10.11.17	9 273	3 009 273
N00010663180	2 000 000	NOK	Floating	15.11.12	16.11.16	5 316	2 005 316
N00010675952	1 000 000	NOK	Fixed	02.05.13	19.05.17	3 699	1 003 699
N00010675978	1 000 000	NOK	Floating	15.05.13	15.05.18	2 768	1 002 768
Amortization / value adjustments							112 035
Total covered bonds issued							18 652 532

* Paid 500 mill. NOK in January 2012.

NOK thousands ISIN code	Nominal	Currency	Interest	Commence- ment	Due date	Accrued interest	30.06.2012 Book value
Covered bonds							
N00010585185	4 300 000	NOK	Floating	15.09.10	15.09.15	5 256	4 305 256
N00010592884	2 470 000	NOK	Floating	10.12.10	10.12.12	3 513	2 473 513
N00010592892	4 000 000	NOK	Floating	10.12.10	10.12.13	5 956	4 005 956
N00010592900	750 000	NOK	Fixed	15.12.10	15.12.20	18 758	768 758
XS0605180412	1 250 000	SEK	Floating	15.03.11	15.03.13	1 190	1 096 190
N00010609795	4 000 000	NOK	Floating	20.05.11	20.05.14	11 617	4 011 617
N00010624778	2 500 000	NOK	Fixed	15.09.11	15.05.15	11 267	2 511 267
XS0747335494	500 000	SEK	Floating	17.02.12	17.02.15	1 353	434 853
N00010642192	1 000 000	NOK	Floating	13.04.12	13.04.16	5 991	1 005 991
Amortization / value adjustments							79 057
Total covered bonds issued							20 692 457

NOK thousands ISIN code	Nominal	Currency	Interest	Commence- ment	Due date	Accrued interest	31.12.2012 Book value
Covered bonds							
N00010585185	4 300 000	NOK	Floating	15.09.10	15.09.15	4 031	4 304 031
N00010592892	1 103 000	NOK	Floating	10.12.10	10.12.13	1 490	1 104 490
N00010592900	750 000	NOK	Fixed	15.12.10	15.12.20	1 607	751 607
XS0605180412	1 250 000	SEK	Floating	15.03.11	15.03.13	765	1 095 765
N00010609795	4 000 000	NOK	Floating	20.05.11	20.05.14	10 313	4 010 313
N00010624778	2 500 000	NOK	Fixed	15.09.11	15.05.15	55 377	2 555 377
XS0747335494	500 000	SEK	Floating	17.02.12	17.02.15	959	434 459
N00010642192	1 000 000	NOK	Floating	13.04.12	13.04.16	5 092	1 005 092
N00010662307	3 000 000	NOK	Floating	26.10.12	10.11.17	12 898	3 012 898
N00010663180	2 000 000	NOK	Floating	15.11.12	16.11.16	5 797	2 005 797
Amortization / value adjustments							85 605
Total covered bonds issued							20 365 434

Note 8 DEBT TO CREDIT INSTITUTIONS

NOK thousands	Due date	Nominal	Accrued interest	30.06.2013 Book value
Loan KLP Banken	16.09.13	2 625 000	2 991	2 627 991
Total liabilities to credit institutions				2 627 991

NOK thousands	Due date	Nominal	Accrued interest	30.06.2012 Book value
Loan KLP Banken	15.09.12	3 560 000	4 573	3 564 573
Total liabilities to credit institutions				3 564 573

NOK thousands	Due date	Nominal	Accrued interest	31.12.2012 Book value
Loan KLP Banken	15.03.13	3 210 000	3 972	3 213 972
Total liabilities to credit institutions				3 213 972

Note 9 PRESENTATION OF ASSETS AND LIABILITIES THAT ARE SUBJECT TO NET SETTLEMENT

30.06.13 NOK thousands	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Related amounts not presented net		
				Financial instruments	Security in cash	Net amount
ASSETS						
Financial derivatives	151 482	0	151 482	0	0	151 482
Total	151 482	0	151 482	0	0	151 482
LIABILITIES						
Financial derivatives	295 837	0	295 837	0	0	295 837
Total	295 837	0	295 837	0	0	295 837

31.12.12 NOK thousands	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Related amounts not presented net		
				Financial instruments	Security in cash	Net amount
ASSETS						
Financial derivatives	172 025	0	172 025	-172 025	0	0
Total	172 025	0	172 025	-172 025	0	0
LIABILITIES						
Financial derivatives	336 221	0	336 221	-172 025	0	164 196
Total	336 221	0	336 221	-172 025	0	164 196

30.06.12 NOK thousands	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Related amounts not presented net		
				Financial instruments	Security in cash	Net amount
ASSETS						
Financial derivatives	157 870	0	157 870	-157 870	0	0
Total	157 870	0	157 870	-157 870	0	0
LIABILITIES						
Financial derivatives	299 038	0	299 038	-157 870	0	141 168
Total	299 038	0	299 038	-157 870	0	141 168

The purpose of the note is to show the potential effect of netting agreements at KLP Kommunekreditt AS. The Note shows derivative positions in the financial position statement.

Note 10 TRANSACTIONS WITH RELATED PARTIES

NOK thousands	01.01.2013- 30.06.2013	01.01.2012- 30.06.2012	The year 2012
INCOME STATEMENT ITEMS			
KLP Banken AS, interest on borrowing	-43 421	-54 277	-105 790
KLP Banken AS, administrative services (at cost)	-7 605	-10 669	-21 321
KLP Kapitalforvaltning AS, fees for services provided	-158	-31	-326
TOTAL	-51 184	-64 977	-127 437

NOK thousands	30.06.2013	30.06.2012	31.12.2012
FINANCIAL POSITION STATEMENT ITEMS			
KLP Banken AS, borrowing Group current liabilities	-2 627 991	-3 564 573	-3 213 972
KLP Banken AS, net internal receivables	-3 173	-4 704	-5 277
KLP Banken AS, bank clearing system	16 258	67 054	59 587
KLP Kapitalforvaltning AS, net internal receivables	-60	0	-45
TOTAL	-2 614 966	-3 502 223	-3 159 707

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

Transactions with related parties are carried out on 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	30.06.2013	30.06.2012	31.12.2012
Receivables from companies in the same Group	16 258	67 054	59 587
Miscellaneous receivables	0	4 277	0
Prepaid expenses	132	60	528
Total other assets	16 390	71 392	60 115

Note 12 OTHER LIABILITIES AND PROVISION FOR ACCRUED COSTS

NOK thousands	30.06.2013	30.06.2012	31.12.2012
Creditors	21	11	138
Receivables from companies in the same Group	3 233	4 704	5 322
Interim securities liabilities	4	4 280	0
Total other liabilities	3 257	8 995	5 459
VAT	28	18	216
Provisioned costs	490	0	196
Total accrued costs and liabilities	519	18	412

Note 13 CAPITAL ADEQUACY

NOK thousands	30.06.2013	30.06.2012	31.12.2012
Share capital and share premium fund	675 000	634 389	675 000
Other owners' equity	25 717	0	25 717
Owners' equity	700 717	634 389	700 717
Interim profit/loss	0	0	0
Deferred tax asset	0	-10 645	0
Core capital	700 717	623 744	700 717
Supplementary capital	0	0	0
Supplementary capital	0	0	0
Total eligible Tier 1 and 2 capital	700 717	623 744	700 717
Capital requirement	350 559	379 466	370 359
Surplus of Tier 1 and 2 capital	350 158	244 278	330 358
CALCULATION BASIS CREDIT RISK			
Institutions	176 755	176 200	315 485
Local and regional authorities	3 837 465	4 222 430	3 964 218
Covered bonds	289 599	333 708	338 791
Calculation basis credit risk	4 303 820	4 732 338	4 618 494
Credit risk	344 306	378 587	369 480
Operating risk	6 253	879	879
Total capital requirement assets	350 559	379 466	370 359
Core capital adequacy ratio	16,0 %	13,1 %	15,1 %
Supplementary capital ratio	0,0 %	0,0 %	0,0 %
Capital adequacy ratio	16,0 %	13,1 %	15,1 %

Basel II regulations have been used in calculating capital adequacy.

The authorities' minimum requirement for capital adequacy is set at 9 per cent for financial institutions.

With effect from 1 July the capital requirements are increased so that the requirement for core capital adequacy is 9 per cent and the capital adequacy requirement is increased to 12.5 per cent.

Note 14 INTEREST-BEARING SECURITIES

NOK thousands	30.06.2013		31.12.2012	
	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	200 019	200 576	417 941	419 370
Bonds	2 657 049	2 695 417	3 440 598	3 495 763
Total interest-bearing securities	2 857 068	2 895 993	3 858 539	3 915 133

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

Note 15 CONTINGENT LIABILITIES

NOK thousands	30.06.2013	30.06.2012	31.12.2012
Credit facilities for lending not utilised	0	0	0
Promised loans	199 679	24 679	49 671
Total contingent liabilities	199 679	24 679	49 671

Note 16 KEY FIGURES

Accumulated figures in NOK millions	Q2-13	Q1-13	4Q-12	3Q-12	Q2-12
Pre-tax income	34,8	21,1	92,2	78,3	18,4
Net interest income	48,4	23,3	70,1	46,6	24,7
Other operating income	0,0	0,0	0,0	0,0	0,0
Depreciation and write down	-10,0	-5,6	-28,1	-19,7	-13,4
Net realized /unrealized change fin. instruments at fair value	-3,6	3,5	50,3	51,4	7,1
Lending with public sector guarantee	18 676,6	19 139,1	19 244,2	20 758,3	20 941,8
Defaulted loans	-	-	-	-	-
Borrowing on issuance of securities	18 652,5	18 849,6	20 365,4	20 763,2	20 692,5
Other borrowing	2 628,0	2 889,1	3 214,0	3 413,9	3 564,6
Total assets	22 325,7	22 791,6	24 632,3	25 244,1	25 212,7
Average total assets	23 479,0	23 712,0	25 591,1	25 897,0	25 881,3
Owners' equity	725,7	715,9	700,7	690,8	647,6
Interest net	0,21 %	0,10 %	0,27 %	0,18 %	0,10 %
Income from ordinary operation before tax	0,15 %	0,09 %	0,36 %	0,30 %	0,07 %
Income from ordin. operations excl. f.v.assessm'nt before tax	0,16 %	0,07 %	0,16 %	0,10 %	0,04 %
Return on owners' equity before tax	4,79 %	2,95 %	13,16 %	11,34 %	2,84 %
Capital adequacy ratio	16,0 %	15,9 %	15,1 %	13,4 %	13,1 %



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