

Q1

First quarter 2017
(Unaudited)

Skandiabanken Boligkreditt AS

Covered bonds outstanding

NOK 20.8 bn

Cover pool

NOK 23.5 bn

Average LTV

48.1 %

skandia : banken
Boligkreditt

Key figures

In NOK thousand	Reference	Q1 17	Q1 16	2016
Summary of income statement				
Net interest income		34 800	29 031	121 141
Net other income		-2 471	1 929	420
Total income		32 329	30 960	121 561
Other operating expenses		-1 923	-1 829	-8 649
Operating profit before loan losses		30 406	29 131	112 912
Loan losses		-105	-70	-176
Profit before tax		30 301	29 061	112 736
Tax expense		-6 787	-7 265	-27 145
Net profit		23 514	21 796	85 591
Balance sheet figures (in million NOK)				
Total loan volume		23 309	16 372	19 373
Covered bonds issued (nominal value)		20 812	13 312	16 300
Covered bonds issued (carried value)		20 760	13 297	16 262
Total assets, end of period		23 563	16 386	19 479
Losses and defaults				
Loss rate (%)	1	0.001 %	0.001 %	0.001 %
Solvency				
Common equity Tier 1 ratio	4	15.1 %	15.6 %	14.2 %
Tier 1 capital ratio		16.6 %	15.6 %	16.0 %
Total capital ratio		18.6 %	15.6 %	18.5 %
Leverage ratio		5.9 %	5.7 %	5.8 %
Other				
Loan to value	2	48.1 %	51.4 %	49.2 %
Cover Pool	3	23 463	16 280	19 391
Over-collateralisation (OC), (nominal)		12.7 %	22.4 %	19.0 %

Alternative Performance Measures / References:

Skandiabanken Boligkreditt AS (the company) discloses alternative performance measures as a supplement to the financial statements prepared in accordance with IFRS. Such performance measures are commonly used by analysts, investors and other stakeholders to evaluate the performance of the company in isolation or relative to the financial industry. The measures are provided to give an enhanced insight into the operations, financing and future prospects of the company. Some of the measures are presented in detail in notes to the financial statement and not repeated here.

1) Loss rate is calculated as the loan losses of the period divided by the average loan volume of the period. The measure is commonly used by banks and industry analysts to indicate the quality of the lending book. For interim periods the loan losses for the period is annualised using the number of days in the period to the total number of days in the year.

2) LTV (Loan-to-Value) is calculated as the loan amount divided by the estimated value of the property. When calculating a weighted average of LTV for the entire loan book, the credit balance of home loans is used as weights. The LTV is provided as a measure of lending risk exposure.

3) Cover pool consist of mortgages and supplementary assets eligible according to the covered bonds legislation in Norway. Please refer to note 9 for further details.

4) Solvency figures are presented including profit for the period. Please refer to note 3 for further details.

First Quarter Results

Skandiabanken Boligkreditt AS had a net profit of NOK 23.5 million in the first quarter of 2017, which is an increase of NOK 4.9 million from the fourth quarter of 2016.

At the end of the quarter, net customer loans amounted to NOK 23.3 billion, up from NOK 19.4 billion at the end of the fourth quarter of 2016. Outstanding covered bonds amounted to NOK 20.8 (16.3) billion. The average loan to value (LTV) was 48.1 per cent (49.2).

Skandiabanken Boligkreditt AS ("Skandiabanken Boligkreditt" or "the company") was established in 2015 to be used as a vehicle to fund the Skandiabanken group by issuing covered bonds based on residential mortgages. The company's offices are located in Bergen, Norway.

All comparable figures refer to the previous quarter.

Important events during the quarter

The average Norwegian short-term money market rates fell compared to the fourth quarter of 2016, while Norges Bank kept its key policy rate stable at 0.5 per cent at its meeting on 16 March 2017. Skandiabanken Boligkreditt kept its lending rate stable in the quarter.

The company issued NOK 5.7 billion in covered bonds in the quarter. NOK 1.7 billion under the loan agreement with maturity in 2021, and NOK 4 billion under a new loan agreement with maturity in 2022. Both covered bonds are thus eligible as a Level 1 asset in LCR.

The Annual General Meeting on 1 February 2017 authorised the Board of Directors to increase the share capital in Skandiabanken Boligkreditt AS. The share capital was increased with NOK 240 120 000 from NOK 60 030 000 to NOK 300 150 000 by increasing the nominal value from NOK 4 to NOK 5 per share.

On 29 March 2017, the Ministry of Finance introduced a new regulation requiring Norwegian covered bonds companies to have an over collateralisation of at least 2 per cent. The new regulation is effective from 29 March 2017. On 31 March, Skandiabanken Boligkreditt had an over collateralisation of 12.7 per cent, and the regulation will thus not have any material impact on this level.

Operating income

Operating income was NOK 32.3 million, compared to NOK 26.6 million in the previous quarter. Net interest income increased by NOK 7.6 million to NOK 34.8 million. Net other income was NOK -2.5 million related to a net loss on financial instruments.

Operating expenses

Operating expenses were NOK 1.9 (2.5) million in the quarter and consisted of administrative expenses related to the company's hire of management and administrative resources from Skandiabanken ASA.

Impairments and losses

Provisions increased NOK 0.1 million in the quarter, compared to an increase of NOK 0.1 million in the fourth quarter.

At the end of the quarter, total write-downs were NOK 1.6 (1.4) million.

Taxes

The calculated income tax expense was NOK 6.8 (5.5) million, which corresponds to an effective tax rate of 22.4 (22.8) per cent.

Loans to and deposits from customers

Loans to customers increased to NOK 23.3 billion, representing a net increase of NOK 3.9 billion from the previous quarter.

The increase resulted from the acquisition of NOK 5.7 billion in residential mortgages from Skandiabanken ASA, and ordinary repayments from customers in the period.

Capitalisation, liquidity and financial position

Skandiabanken Boligkreditt had total booked equity of NOK 1.4 billion as of 31 March 2017, equivalent to a common equity Tier 1 capital ratio of 15.1 per cent. At quarter end the Tier 1 capital ratio was 16.6 per cent and the total capital ratio 18.6 per cent.

Skandiabanken Boligkreditt had NOK 20.8 (16.3) billion in outstanding debt issued as covered bonds as of 31 March 2017. A total of NOK 5.7 billion in covered bonds were issued under both existing and new loan agreements during the quarter. Securities totalling NOK 1.2 billion were redeemed during the quarter.

At quarter end, Skandiabanken Boligkreditt had total liquid assets of NOK 0.2 (0.1) billion. The liquidity coverage ratio (LCR) was 498 per cent, significantly above the regulatory minimum.

Covered bonds issued by Skandiabanken Boligkreditt have been assigned the highest rating from Moody's Investors Service (Aaa).

Subsequent events

There have not been any significant events subsequent to 31.03.17 that affect the financial statements for Q1 2017.

Outlook

Macroeconomic developments in Norway indicate that economic growth in 2017 will be moderate. Monetary policy is expansionary and supportive of structural adjustments in the Norwegian economy, but it is expected to take time for the effects of the oil price fall to dissipate and for the level of activity to normalise. The most recent surveys show that unemployment is lower than projected and that economic growth appears to be gaining some momentum.

Low interest rates supported the strong inflation in house prices in Norway in 2016. The new regulations on requirements for new residential mortgage loans that took effect in 2017 have dampened the growth in house prices to some extent. Norges Bank still expects house prices in Norway to increase in 2017.

The global interest rate level is low, but there are prospects that interest rates abroad will rise somewhat faster than Norges Bank had earlier projected. The uncertainty in the global economy is high because a number of US policy issues have yet to be clarified and due to several forthcoming elections in Europe

Norges Bank maintained a stable key policy rate of 0.5 per cent at the rate decision meeting in May. The next interest rate decision will be announced on 22 June 2017. The latest Monetary Policy Report indicates that the key policy rate will remain close to 0.5 per cent in 2017.

Skandiabanken continuously evaluates its credit policies to ensure that the risk in the loan book does not increase significantly as a result of macroeconomic development.

Skandiabanken Boligkreditt has experienced volume growth as a result of the positive volume growth in the parent bank in the first quarter of 2017. The growth is expected to continue into the second quarter, but at a somewhat slower pace. Covered bonds are expected to play an increasingly important role in the overall funding of the Skandiabanken group in the years to come.

Bergen, 8 May 2017

The Board of Directors, Skandiabanken Boligkreditt AS



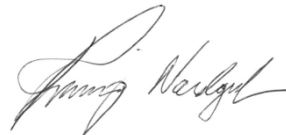
Petter Skouen
(Chairman)



Ragnhild Wiborg



Mai-Lill Ibsen



Henning Nordgulen
(CEO)

Income statement

In NOK thousand	Note	Q1 17	Q1 16	2016
Interest income	16	117 677	89 228	392 521
Interest expense	16	-82 877	-60 197	-271 380
Net interest income		34 800	29 031	121 141
Net gain (loss) on financial instruments		-2 471	1 929	420
Other income		0	0	0
Other operating income		-2 471	1 929	420
Personnel expenses		0	0	0
Administrative expenses	17	-1 923	-1 829	-8 649
Profit before loan losses		30 406	29 131	112 912
Loan losses	11	-105	-70	-176
Profit before tax		30 301	29 061	112 736
Tax expense	18	-6 787	-7 265	-27 145
Profit for the period		23 514	21 796	85 591
Attributable to				
Shareholders		21 492	21 796	81 328
Tier 1 capital holders	15	2 022	0	4 263
Profit for the period		23 514	21 796	85 591

Earnings per share, see note 22

Statement of comprehensive income

In NOK thousand		Q1 17	Q1 16	2016
Profit for the period		23 514	21 796	85 591
Other comprehensive income				
Other comprehensive income that can be reclassified to profit or loss after tax		-112	0	-226
Other items that cannot be reclassified to profit or loss after tax			0	0
Total components of other comprehensive income (after tax)		-112	0	-226
Total comprehensive income for the period		23 402	21 796	85 365
Attributable to				
Shareholders		21 380	21 796	81 102
Tier 1 capital holders	15	2 022	0	4 263
Total comprehensive income for the period		23 402	21 796	85 365

Balance sheet

In NOK thousand	Note	31.03.17	31.03.16	31.12.16
Assets				
Loans to and receivables from credit institutions	10	158 142	406	13 590
Loans to customers	6,7,8,9	23 306 981	16 370 639	19 371 961
Net loans to customers and credit institutions		23 465 123	16 371 045	19 385 551
Commercial paper and bonds available for sale	19	75 928	0	76 072
Deferred tax assets		107	0	71
Other assets		0	0	0
Advance payment and accrued income		22 096	15 168	16 926
Total assets		23 563 254	16 386 213	19 478 620
Liabilities				
Loans from credit institutions	10,19	1 141 145	2 076 937	1 816 845
Debt securities issued	14,19	20 759 854	13 297 349	16 261 848
Taxes payable	18	30 422	14 790	27 118
Other liabilities		58 781	54 967	71 131
Subordinated loan	14	175 000	0	175 000
Total liabilities		22 165 202	15 444 043	18 351 942
Equity				
Share capital		300 150	60 030	60 030
Share premium		849 880	840 000	840 000
Additional Tier 1 capital	15	125 197	0	125 203
Other equity		122 825	42 140	101 445
Total equity		1 398 052	942 170	1 126 678
Total liabilities and equity		23 563 254	16 386 213	19 478 620

Statement of changes in equity

In NOK thousand	Share capital	Share premium	Additional Tier 1 capital	Changes in fair value of financial instruments available for sale	Other equity	Total equity
Balance sheet as at 01.01.16	60 030	840 000	0	0	20 343	920 373
Profit for the period to other equity (01.01.16 - 31.03.16)			0	0	21 796	21 796
Balance sheet as at 31.03.16	60 030	840 000	0	0	42 140	942 170
Profit for the period to other equity (01.04.16 - 31.12.16)					59 531	59 531
Profit for the period to Tier 1 capital holders (01.04.16 - 31.12.16)			4 263			4 263
Issued Additional Tier 1 capital (01.04.16 - 31.12.16)			125 000			125 000
Payments to Tier 1 capital holders (01.04.16 - 31.12.16)			-4 060			-4 060
Net change in fair value of financial instruments available for sale (01.04.16 to 31.12.16)				-226		-226
Balance sheet as at 31.12.16	60 030	840 000	125 203	-226	101 671	1 126 678
Profit for the period to other equity (01.01.17 - 31.03.17)					21 492	21 492
Profit for the period to Tier 1 capital holders (01.01.17 - 31.03.17)			2 022			2 022
Issued Additional Tier 1 capital (01.01.17 - 31.03.17)			0			0
Payments to Tier 1 capital holders (01.01.17 - 31.03.17)			-2 028			-2 028
Net change in fair value of financial instruments available for sale (01.01.17 to 31.03.17)				-112		-112
Capital increase Q1 17	240 120	9 880				250 000
Balance sheet as at 31.03.17	300 150	849 880	125 197	-338	123 163	1 398 052

Skandiabanken Boligkreditt is a wholly owned subsidiary of Skandiabanken ASA.

In Q1 2017 the share capital in Skandiabanken Boligkreditt AS was increased by NOK 240 120 000 from NOK 60 030 000 to NOK 300 150 000 by increasing the nominal value from NOK 1 to NOK 5 per share (increase of NOK 4 per share). The share premium was increased by NOK 9 880 000. The Financial Supervisory Authority of Norway gave its consent to the share capital increase and the new share capital was registered with the Register of Business and Enterprises on 10 March 2017.

Statement of cash flows

In NOK thousand	Note	01.01.17- 31.03.17	01.01.16- 31.03.16	2016
Cash flows from operating activities				
Net payments on loans to customers	6	-3 935 125	-1 384 998	-4 384 978
Interest received on loans to customers	16	112 064	89 334	388 610
Interest paid on loans and deposits from credit institution	16	-5 802	-8 631	-35 914
Net receipts/payments from buying and selling financial instruments at fair value	19	0	0	-76 369
Interest received from commercial paper and bonds	16	379	0	1 497
Payments related to administrative expenses	17	-1 923	-1 777	-7 863
Taxes paid		-3 484	0	-7 551
Other receipts/payments		-24 414	15 681	22 637
Net cash flows from operating activities		-3 858 305	-1 290 391	-4 099 931
Cash flows from investment activities				
Net cash flows from investment activities		0	0	0
Cash flows from financing activities				
Receipts on issued covered bonds	14	5 700 000	1 300 000	7 096 860
Payments on matured and redeemed covered bonds	14	-1 198 002	-673 000	-3 508 000
Interest paid on covered bonds	16	-69 580	-50 956	-222 313
Net receipts on loans and deposits from credit institution	10	-675 700	223 607	-36 485
Receipts on subordinated loan	14	0	0	175 000
Interest paid on subordinated loan	14	-1 833	0	-3 627
Receipts on share capital and share premium net of issuing cost	EQ*	250 000	0	0
Receipts on issued additional Tier1 capital	15	0	0	125 000
Interest paid on additional Tier 1 capital	15	-2 028	0	-4 060
Net cash flows from financing activities		4 002 857	799 651	3 622 375
Total net cash flows		144 552	-490 740	-477 556
Cash at the beginning of the period		13 590	491 146	491 146
Cash at the end of the period		158 142	406	13 590
Change in cash		144 552	-490 740	-477 556
Cash				
Loans to credit institutions		158 142	406	13 590
Loans from credit institutions		0	0	0
Total cash		158 142	406	13 590

EQ*= see statement of changes in equity

Notes

Note 1 – Accounting Principles

The quarterly financial statement for Skandiabanken Boligkreditt AS has been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and adopted by the EU. A description of the accounting principles applied in the preparation of the financial statements appears in the annual report for 2016. There have been no changes or amendments to accounting principles in the period.

When preparing the financial statements, the management makes estimates, judgments and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the critical accounting estimates and areas where judgment is applied appear in note 2 in the annual report for 2016.

Note 2 – Segment information

Skandiabanken Boligkreditt AS has only one reporting segment, which comprises home loans to private individuals. Management monitors the company only in relation to this segment.

Note 3 – Capital adequacy

The capital adequacy regulations are intended to improve institutions' risk management and achieve closer concordance between risk and capital. The applicable regulations for Norwegian banks are adapted to the EU's capital adequacy regulations for credit institutions and investment firms (CRD IV/CRR).

Skandiabanken Boligkreditt uses the standard method to establish the risk weighted volume for credit risk and the basic method to establish the risk weighted volume for operational risk. At the balance sheet date no exposure was included in the risk weighted volume for market risk.

In NOK thousand	31.03.17		31.03.16		31.12.16	
	Nominal exposure	Risk-Weighted volume	Nominal exposure	Risk-Weighted volume	Nominal exposure	Risk-Weighted volume
Central governments	25 802	0	0	0	25 859	0
Regional governments	107	267	0	0	72	179
Institutions	158 142	31 628	406	81	13 591	2 718
Secured by mortgages on immovable property	23 317 946	8 180 576	16 377 315	5 743 585	19 381 550	6 796 482
Exposures in default	11 312	11 132	8 344	8 344	7 337	7 337
Covered bonds	50 125	5 012	0	0	50 211	5 021
Other items	0	0	149	149	0	0
Total credit risk, standardised method	23 563 434	8 228 615	16 386 214	5 752 159	19 478 620	6 811 737
Operational risk		227 137		282 186		227 138
Total risk- weighted volume		8 455 752		6 034 345		7 038 875
Capital base						
Share capital		300 150		60 030		60 030
Share premium		849 880		840 000		840 000
Other equity		101 333		20 343		20 117
Additional Tier 1 capital		125 197		0		125 203
Profit for the period		21 492		21 796		81 328
Total booked equity		1 398 052		942 170		1 126 678
Additional Tier 1 capital instruments included in total equity		-125 197		0		-125 203
Common equity Tier 1 capital instruments		1 272 855		942 170		1 001 475
<i>Deductions</i>						
Goodwill, deferred tax assets and other intangible assets		0		0		0
Value adjustment due to the requirements for prudent valuation (AVA)		-76		0		-76
Profit for the period, unaudited		-21 492		0		0

Common equity Tier 1 capital		1 251 287		942 170		1 001 399
Additional Tier 1 capital		125 000		0		125 000
Tier 1 capital		1 376 287		942 170		1 126 399
Tier 2 capital		175 000		0		175 000
Own funds (primary capital)		1 551 287		942 170		1 301 399
Specification of capital requirements						
Minimum requirements CET1 capital	4.5 %	380 509	4.5 %	271 546	4.5 %	271 546
Capital conservation buffer	2.5 %	211 394	2.5 %	150 859	2.5 %	150 859
Systemic risk buffer	3.0 %	253 673	3.0 %	181 030	3.0 %	181 030
Countercyclical capital buffer	1.5 %	126 836	1.0 %	60 343	1.5 %	90 515
Additional Tier 1 capital	1.5 %	126 836	1.5 %	90 515	1.5 %	90 515
Tier 2 capital	2.0 %	169 115	2.0 %	120 687	2.0 %	120 687
Total minimum and buffer requirements own funds (primary capital)	15.0 %	1 268 363	14.5 %	874 980	15.0 %	1 055 831
<i>Available CET1 capital after buffer requirements</i>		277 039		67 190		191 928
<i>Available Own funds (primary capital)</i>		282 924		67 190		245 568
Capital ratio %						
Common equity Tier 1 capital		14.8 %		15.6 %		14.2 %
Additional Tier 1 capital		1.5 %		0.0 %		1.8 %
Tier 2 capital		2.1 %		0.0 %		2.5 %
Total capital ratio		18.3 %		15.6 %		18.5 %
Capital ratio % (including interim profits*)						
Common equity Tier 1 capital		15.1 %		15.6 %		14.2 %
Additional Tier 1 capital		1.5 %		0.0 %		1.8 %
Tier 2 capital		2.1 %		0.0 %		2.5 %
Total capital ratio		18.6 %		15.6 %		18.5 %

* Expected dividends for the group are deducted in the parent bank's capital ratio calculation.

Note 4 – Leverage ratio

The leverage ratio requirement is a supplement to the risk-weighted minimum capital requirements and states that the capital base in financial institutions shall also comprise a defined percentage of the value of the company's assets and off-balance-sheet liabilities, calculated without risk weighting. The regulations are intended to prevent banks from using too low of a risk weight in the capital adequacy calculations, and to ensure that the banks maintain a minimum capital level, even with skewing of the portfolio towards low-risk segments.

On 20 December 2016 the Norwegian Ministry of Finance announced that the minimum leverage ratio requirement for Norwegian banks and credit institutions will be three per cent. In addition, banks will have to meet a buffer requirement of two per cent. The requirements will take effect from 30 June 2017. If the requirements are not met, institutions will have to submit a plan for the necessary increase in leverage ratio within five days. The automatic restrictions that occur for institutions dividend policy, bonus payments and share buybacks under the risk-weighted minimum capital requirements, does not apply to the non-fulfilment of buffer requirements for leverage ratio.

The capital target is to consist of Tier 1 capital and the exposure target to follows the rules in the Commission Delegated Regulation (EU) 2015-62. The regulation has not yet been incorporated into the EEA Agreement, or translated into Norwegian. The Norwegian Ministry of Finance will issue further rules for calculating the exposure target during the spring of 2017.

The table below shows the calculation, on the basis of existing rule proposals and with CCFs based on the current standardised approach, subject to a CCF-floor of 10 per cent.

In NOK thousand		31.03.17	31.03.16	31.12.16
Off balance sheet commitments		0	0	0
Loans and advances and other assets		23 563 254	16 386 213	19 478 620
Regulatory adjustments included in Tier 1 capital		0	0	0
Total leverage exposure		23 563 254	16 386 213	19 478 620
Tier 1 capital		1 376 287	942 170	1 126 399
Leverage ratio %		5.8 %	5.7 %	5.8 %
Leverage ratio % (including interim profits*)		5.9 %	5.7 %	5.8 %
Leverage Ratio requirements				
Minimum requirements	3.0 %	706 898	491 586	584 359
Buffer requirements credit institutions	0.0 %	0	0	0
Total minimum and buffer requirements (Tier 1 capital)	3.0 %	706 898	491 586	584 359
<i>Available Tier 1 capital after minimum and buffer requirements</i>		<i>669 389</i>	<i>450 584</i>	<i>542 040</i>
<i>Available Tier 1 capital after minimum and buffer requirements (including interim profits*)</i>		<i>690 881</i>	<i>450 584</i>	<i>542 040</i>

* Expected dividends for the group are deducted in the parent bank's capital ratio calculation.

Note 5 – Financial risk management

Skandiabanken Boligkredit's risk strategy comprises a combination of its risk philosophy and risk management principles.

Risk philosophy

Skandiabanken Boligkredit's core business involves issuing or purchasing residential mortgages, property mortgages and funding of the lending activity, primarily through the issuance of covered bonds. Skandiabanken Boligkredit shall not assume any material risk other than that deriving from this core business, i.e. primarily credit risk and liquidity risk. The company shall have a sound risk culture, based on openness, transparency and competence, and shall constantly challenge its methods, processes and procedures in order to improve its performance.

Risk management principles

Skandiabanken Boligkredit shall adopt a holistic approach to risk management. The following principles therefore apply:

- Skandiabanken Boligkredit's Board of Directors shall establish specific management frameworks for each risk area.
- Risk management and reporting shall be performed in accordance with applicable frameworks and objectives.
- Risk management shall be an ongoing and continuous process.
- Risk reporting shall be framed in an understandable manner and provide a clear picture of Skandiabanken Boligkredit's risk situation to all stakeholders.
- Responsibility for entering into agreements that cause the company to incur risk is delegated through personal authorisations.

Organisation of risk management

Skandiabanken Boligkredit's organisation of risk management is designed so as to secure implementation of the company's risk strategy.

Skandiabanken Boligkredit does not currently employ any staff. The CEO's services are hired from the parent bank. Skandiabanken Boligkredit's functions for handling risk and capital management include:

- The Board of Directors, and the Board's Risk Management Committee
- The CEO
- The bank's Risk Management function
- The bank's Finance functions, including CFO, Asset and Liability Committee and Treasury
- Internal Auditor
- External Auditor
- Independent Inspector

For further information about risk management and the different types of risks in Skandiabanken Boligkredit, reference is made to the annual report for 2016.

Note 6 – Loans to customers

In NOK thousand		31.03.17	31.03.16	31.12.16
Loans to customers				
Loans without agreed maturity or notice period		0	0	0
Loans with agreed maturity or notice period		23 308 534	16 371 981	19 373 409
Total loans to customers (gross)		23 308 534	16 371 981	19 373 409

Write-downs for individually assessed impaired loans	0	0	0
Write-downs for collectively assessed impaired loans	1 553	1 342	1 448
Total loans to customers (net)	23 306 981	16 370 639	19 371 961

Residual time to maturity (gross loans)

In NOK thousand	31.03.17	31.03.16	31.12.16
Upon request	0	0	0
Maximum 3 months	307 480	209 568	254 827
3 months - 1 year	919 509	628 704	763 957
1-5 years	4 804 502	3 322 100	4 006 910
More than 5 years	17 277 043	12 211 609	14 347 715
Total	23 308 534	16 371 981	19 373 409

Note 7 – Loans to customers by geographical area

Lending by geographical area*

In NOK thousand	31.03.17		31.03.16		31.12.16	
	Percentage	Gross lending	Percentage	Gross lending	Percentage	Gross lending
Østfold	5.1 %	1 191 553	4.5 %	743 967	5.0 %	975 557
Akershus	25.0 %	5 829 754	24.7 %	4 042 949	24.8 %	4 795 591
Oslo	22.7 %	5 299 766	23.3 %	3 813 578	22.7 %	4 392 599
Hedmark	0.9 %	219 741	0.8 %	127 878	0.9 %	174 199
Oppland	0.9 %	219 153	0.9 %	144 372	0.9 %	170 243
Buskerud	5.9 %	1 382 860	5.6 %	921 762	5.9 %	1 134 053
Vestfold	3.6 %	848 199	3.5 %	564 854	3.6 %	702 130
Telemark	0.6 %	144 613	0.5 %	79 670	0.6 %	116 171
Aust-Agder	0.7 %	170 302	0.6 %	94 885	0.7 %	131 898
Vest-Agder	0.9 %	219 053	1.0 %	169 672	1.0 %	187 475
Rogaland	7.3 %	1 697 258	8.2 %	1 345 663	7.8 %	1 507 283
Hordaland	13.7 %	3 183 615	14.2 %	2 318 720	14.0 %	2 703 701
Sogn og Fjordane	0.2 %	35 428	0.2 %	28 554	0.2 %	30 807
Møre og Romsdal	1.4 %	316 922	1.4 %	235 555	1.4 %	273 250
Sør-Trøndelag	4.2 %	986 138	4.4 %	721 530	4.2 %	820 756
Nord-Trøndelag	0.5 %	105 012	0.4 %	70 952	0.5 %	93 255
Nordland	2.3 %	547 654	2.0 %	335 071	2.2 %	423 226
Troms	3.2 %	749 520	3.2 %	515 752	3.1 %	608 476
Finnmark	0.7 %	161 993	0.6 %	96 597	0.7 %	132 739
Total gross lending per geographical area	100.0 %	23 308 534	100.0 %	16 371 981	100.0 %	19 373 409

* The basis for the geographical distribution is the customer's residential address.

Note 8 – Credit risk exposure and collateral

Credit risk or counterparty risk is the risk of loss as a result of the company's customers and counterparties failing to fulfil their payment obligations. The company's maximum credit exposure will be the book value of financial assets and any associated off-balance sheet liabilities.

The company's customer exposures comprises the majority of the company's total credit exposure. A high percentage of the company's lending is collateralised. Collateral in the private retail market essentially comprise fixed property.

The table below shows the relationship between total credit exposure and the associated collateral distributed to exposure class. Lending secured by mortgages includes the percentage distributed of exposure relating to the various loan-to-value levels. For example, the line 0-40% means that the exposures amount to less than 40 percent of the value of the collateral. 100% means that the loan amount exceeds the value of the hedging object or that the loan is unsecured. The entire loan per collateral is placed in the same loan-to-value category.

The property values on which the calculations are based are updated in the last month of each quarter and are therefore representative of the current market value. The calculation of loan-to-value does not take into account any additional collateral.

In NOK thousand		31.03.17			
Loan-to-value, Residential mortgages	Distribution in percent	Number of loans	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
0 % - 40 %	30 %	5 216	6 908 630	0	6 908 630
40 % - 60 %	45 %	4 753	10 374 864	0	10 374 864
60 % - 80 %	26 %	2 354	5 989 464	0	5 989 464
80 % - 90 %	0 %	12	30 686	0	30 686
90 % - 100 %	0 %	3	4 890	0	4 890
> 100 %	0 %	0	0	0	0
Residential mortgages			23 308 534	0	23 308 534
Exposure to customers			23 308 534	0	23 308 534
Loans to and receivables from credit institutions			158 142	0	158 142
Commercial paper and bonds available for sale			75 928	0	75 928
Other assets			22 096	0	22 096
Exposure to others			256 166	0	256 166
Gross exposure			23 564 700	0	23 564 700

The table below shows the percentage allocation of exposures for home loans for various levels of loan-to-value. Where the entire exposure in the table above is placed in a related loan-to-value level, the relative share of the loan exposure at each level is shown in the table below.

In NOK thousand		31.03.17	
Loan-to-value, Residential mortgages (relative distribution)	Distribution in percent	Gross carrying amounts	
0 % - 85 %	99.996 %	23 307 577	
85 % - 100 %	0.004 %	957	
> 100 %	0.000 %	0	
Residential mortgages		23 308 534	

In NOK thousand		31.03.16			
Loan-to-value, Residential mortgages	Distribution in percent	Number of loans	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
0 % - 40 %	24 %	3 194	3 986 647	0	3 986 647
40 % - 60 %	40 %	3 178	6 489 591	0	6 489 591
60 % - 80 %	36 %	2 339	5 868 591	0	5 868 591
80 % - 90 %	0 %	9	22 414	0	22 414
90 % - 100 %	0 %	0	0	0	0
> 100 %	0 %	2	4 738	0	4 738
Residential mortgages			16 371 981	0	16 371 981
Exposure to customers			16 371 981	0	16 371 981
Loans to and receivables from credit institutions			406	0	406
Other assets			15 168	0	15 168
Exposure to others			15 574	0	15 574
Gross exposure			16 387 555	0	16 387 555

In NOK thousand		31.03.16	
Loan-to-value, Residential mortgages (relative distribution)	Distribution in percent	Gross carrying amounts	
0 % - 85 %	99.98 %	16 368 813	
85 % - 100 %	0.00 %	360	
> 100 %	0.02 %	2 808	
Residential mortgages		16 371 981	

In NOK thousand		31.12.16			
	Distribution in percent	Number of loans	Gross carrying amounts	Off-balance sheet amounts	Maximum exposure to credit risk
Loan-to-value, Residential mortgages					
0 % - 40 %	28 %	4 277	5 477 711	0	5 477 711
40 % - 60 %	43 %	3 925	8 270 699	0	8 270 699
60 % - 80 %	29 %	2 165	5 552 102	0	5 552 102
80 % - 90 %	0 %	22	65 746	0	65 746
90 % - 100 %	0 %	2	2 822	0	2 822
> 100 %	0 %	2	4 329	0	4 329
Residential mortgages			19 373 409	0	19 373 409
Exposure to customers			19 373 409	0	19 373 409
Loans to and receivables from credit institutions					
			13 590	0	13 590
Commercial paper and bonds available for sale					
			76 072	0	76 072
Other assets					
			16 997	0	16 997
Exposure to others			106 659	0	106 659
Gross exposure			19 480 068	0	19 480 068

In NOK thousand		31.12.16	
	Distribution in percent	Gross carrying amounts	
Loan-to-value, Residential mortgages (relative distribution)			
0 % - 85 %	99.990 %	19 371 527	
85 % - 100 %	0.008 %	1 490	
> 100 %	0.002 %	392	
Residential mortgages		19 373 409	

Note 9 – Loan-to-value (LTV) and cover pool

In NOK thousand	31.03.17		31.03.16		31.12.16	
Debt related to securities issued, nominal value	20 812 000		13 312 000		16 300 000	
Debt related to securities issued, carried value	20 759 854		13 297 349		16 261 848	
Loans to customers (gross)	23 308 534		16 371 981		19 373 409	
Average size of loan per customer	1 889		1 888		1 864	
Number of loans	12 338		8 722		10 393	
Weighted average since issuing of the loans (months)	44		38		44	
Weighted average remaining maturity (months)	266		272		267	
Average LTV (percent)	48.1		51.4		49.2	
Cover pool						
	31.03.17		31.03.16		31.12.16	
Loans secured with mortgages	23 308 534		16 371 981		19 373 409	
Not eligible for the cover pool	-78 528		-92 018		-71 183	
Net loans that are in the cover pool	23 230 006		16 279 963		19 302 226	
Commercial paper and bonds	75 000		0		75 000	
Supplementary assets	158 142		406		13 590	
Total cover pool	23 463 148		16 280 369		19 390 816	
Cover pool	Nominal value	Carried value	Nominal value	Carried value	Nominal value	Carried value
Over-collateralisation (percent)	12.7	13.0	22.3	22.4	19.0	19.2
Amount surpassing legal minimum requirements	2 651 148	2 703 294	2 968 369	2 983 020	3 090 816	3 128 968
Amount surpassing minimum requirements as indicated by rating agency	2 130 848	2 184 298	2 635 569	2 650 586	2 683 316	2 722 422

Note 10 – Credit institutions – receivables and liabilities

In NOK thousand	31.03.17	31.03.16	31.12.16
Loans to and receivables from credit institutions			
Loans to and receivables without maturity or notice period	158 142	406	13 590
Loans to and receivables with agreed maturity or notice period	0	0	0
Write-downs on impaired loans	0	0	0
Total loans to and receivables from credit institutions	158 142	406	13 590
Liabilities to credit institutions			
Loans and deposits from credit institutions without agreed maturity or notice period	0	0	0
Loans and deposits from credit institutions with agreed maturity or notice period	1 141 145	2 076 937	1 816 845
Total liabilities to credit institutions	1 141 145	2 076 937	1 816 845

Note 11 – Loan losses

Loan loss provisions

In NOK thousand	31.03.17	31.03.16	31.12.16
Opening balance individual write-downs	0	0	0
+ Increase in write-downs on loans previously written down	0	0	0
+ Write-downs on loans not previously written down	0	0	0
- Reversal of write downs as a result of confirmations in the period	0	0	0
- Reversal of individual write-downs in the period	0	0	0
Closing balance	0	0	0
Opening balance collective write-downs	1 448	1 272	1 272
+/- change in collective write-downs in the period	105	70	176
Closing balance group collective write-downs	1 553	1 342	1 448
Closing balance total write-downs	1 553	1 342	1 448
Individual write-downs	0	0	0
Individual write-downs (collectively considered)	0	0	0
Collective write-downs	1 553	1 342	1 448
Total write downs	1 553	1 342	1 448
Specification of loan losses			
Actual losses	0	0	0
Reversal of previous years' depreciation	0	0	0
Increase in provision	-105	-70	-176
Reversal of provisions	0	0	0
Recoveries of previously written-off	0	0	0
Net cost of losses in the period	-105	-70	-176
Losses by sector and industry			
Retail market (individuals)	-105	-70	-176
Total	-105	-70	-176
Write-downs by product group			
Residential mortgages	1 553	1 342	1 448
Total	1 553	1 342	1 448

Note 12 – Non-performing and doubtful loans

Non-performing and doubtful loans

Skandiabanken Boligkreditt AS has internal routines for ongoing monitoring of exposures for which repayments and interest have not been paid on time or for which authorised overdraft limits are exceeded, where the reason is deemed to be the customer's inability or lack of propensity to pay. Payment defaults of more than 60 days and more than NOK 200 are always reported as non-performing. If other matters are identified that make it probable that the customer's financial position will result in loss, the exposure is classified as doubtful. The need to recognise individual impairments is assessed against the value of available collateral for the exposure. The table below shows the relationship between the gross book value of non-performing and doubtful loans and the associated individual impairments.

In NOK thousand	31.03.17	31.03.16	31.12.16
Non-performing loans with write-downs	0	0	0
Non-performing loans without write-downs	10 131	8 344	6 349
Total non-performing loans (more than 60 days)	10 131	8 344	6 349
Doubtful loans	0	0	0
Gross non-performing and doubtful loans	10 131	8 344	6 349
- Individual write-downs	0	0	0
Net non-performing and doubtful loans	10 131	8 344	6 349
<i>Provisioning ratio</i>	0 %	0 %	0 %

Overdue loans without write-downs - age distribution

The table below shows the book value of overdue loans and overdrawn amounts on credits allocated by number of days after maturity, where no impairments have been recognised. The table is intended to provide an analysis of exposures where there is inadequate ability or propensity to pay, rather than overdue amounts attributable to a delay in transferring funds. Based on this and the company's internal routines for monitoring overdue exposures, the default must exceed NOK 200 for more than 6 days to be included in the table below.

In NOK thousand	31.03.17				Total
	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	
Mortgages	244 064	33 841	4 587	5 544	288 036
Loans to customers	244 064	33 841	4 587	5 544	288 036

In NOK thousand	31.03.16				Total
	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	
Mortgages	189 580	23 959	8 344	0	221 883
Loans to customers	189 580	23 959	8 344	0	221 883

In NOK thousand	31.12.16				Total
	7-30 days	31 - 60 days	61 - 90 days	More than 90 days	
Mortgages	178 813	26 768	2 000	4 349	211 930
Loans to customers	178 813	26 768	2 000	4 349	211 930

Note 13 – Liquidity risk (LCR) and NSFR

The liquidity requirements are intended to guarantee satisfactory liquidity management by ensuring that the institutions have sufficient liquid assets to cover their liabilities on maturity and have stable and long-term financing at all times. The Liquidity Coverage Ratio (LCR) is intended to ensure that institutions can convert sufficient assets to cash to cover expected net liquidity outflows over the next 30 days in stressed situations in the money and capital markets. The Net Stable Funding Ratio (NSFR) is intended to ensure that less liquid assets are financed over the long term.

On 22 December 2015, based on the CRR/CRD IV Regulation, Finanstilsynet issued its Regulation on Calculation of Liquid Assets, Payments and Deposits in the Liquidity Coverage Ratio (LCR). For Norwegian covered bonds companies, including Skandiabanken Boligkreditt, the LCR requirement applied from 30 June 2016. The requirement is gradually phased in, and rising from 70 per cent to 80 per cent from 31 December 2016, and finally to 100 per cent from 31 December 2017.

The NSFR has not yet been introduced as a minimum requirement. On 23 November the EU Commission proposed the introduction of a requirement of 100 per cent which will come into force two years after publication in the Official Journal of the European Union. The requirement will thus presumably apply from the end of 2018 or beginning early in 2019.

LCR (Liquidity Coverage Ratio)

In NOK thousand	31.03.17		31.12.16	
	Carrying value	Value LCR	Carrying value	Value LCR
Level 1 - assets exclusive Covered bonds	25 802	25 802	25 859	25 859
Level 1 Covered bonds	50 125	46 617	50 212	46 698
Level 2A - assets	0	0	0	0
Level 2B - assets	0	0	0	0
Assets ineligible as "liquid assets"	23 487 327	0	19 402 549	0
Total assets	23 563 254	72 419	19 478 620	72 557
Net outflows		14 518		11 897
LCR %		499 %		610 %

Note 14 – Debt securities issued

Carried at amortised cost:

In NOK thousand	Currency	31.03.17	31.03.16	31.12.16
Bonds issued	NOK	20 759 854	13 297 349	16 261 848
Subordinated loan	NOK	175 000	0	175 000
Total debt securities issued		20 934 854	13 297 349	16 436 848

Specification of covered bonds as at 31.03.17:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity	Carrying value
Covered bonds						
NO0010745326	Skandiabanken Boligkreditt AS	812 000	NOK	Floating	31.07.2017	811 876
NO0010745292	Skandiabanken Boligkreditt AS	4 000 000	NOK	Floating	04.10.2018	3 993 864
NO0010745300	Skandiabanken Boligkreditt AS	4 000 000	NOK	Floating	29.10.2019	3 991 811
NO0010745334	Skandiabanken Boligkreditt AS	4 000 000	NOK	Floating	14.08.2020	3 999 273
NO0010745342	Skandiabanken Boligkreditt AS	4 000 000	NOK	Floating	14.10.2021	3 960 056
NO0010786999	Skandiabanken Boligkreditt AS	4 000 000	NOK	Floating	27.04.2022	4 002 974
Total covered bonds		20 812 000				20 759 854

All covered bond loans have "soft bullet" with the possibility to extend the maturity with one year.

Subordinated loan

NO0010768120	Skandiabanken Boligkreditt AS	175 000	NOK	Floating	22.06.2026**	175 000
Total subordinated loan		175 000				175 000

** First possible call date for the issuer is 22 June 2021. The loan agreement has covenants to qualify as Tier 2 capital.

Changes of debt securities:

	31.12.16	January - March 2017				31.03.17
		Issued	Matured	Redeemed	Other adjustments	
Covered bonds (nominal)	16 300 000	5 700 000	0	-1 188 000	0	20 812 000
Subordinated loan	175 000	0	0	0	0	175 000
Total	16 475 000	5 700 000	0	-1 188 000	0	20 987 000

Note 15 – Additional Tier 1 Capital (hybrid capital)

On 21 June 2016, Skandiabanken Boligkreditt AS issued a hybrid capital instrument with a nominal value of NOK 125 million. The instrument is perpetual with an option for the issuer to redeem the capital at specific dates, the first time being 22 June 2021, 5 years after the issue date. The instrument has an interest rate of NIBOR 3 months plus a margin of 5.3 percent.

The loan agreement fulfils the Norwegian regulatory requirements for inclusion in the Bank's Tier 1 capital. This implies that the issuer, at its sole discretion, has the right to withhold interest and/or redemption of the instrument. This implies that the instrument does not fulfil the definition of a debt instrument according to IAS 32 and is such defined as equity in the company's balance sheet.

In NOK thousand	Currency	31.03.17	31.03.16	31.12.16
Additional Tier 1 capital	NOK	125 000	0	125 000
Total Additional Tier 1 capital		125 000	0	125 000

Specification of additional Tier 1 capital as at 31.03.17:

ISIN	Issuing company	Nominal value	Currency	Interest	Maturity*	Carrying amounts
Additional Tier 1 capital						
NO0010768138	Skandiabanken Boligkreditt AS	125 000	NOK	3M Nibor + 5.3 %	Perpetual	125 000
Total additional Tier 1 capital						125 000

* The Tier1 capital is perpetual with an option for the issuer to redeem the capital at specific dates, the first time being 22 June 2021.

Change of additional Tier 1 capital

	31.12.16	January - March 2017				31.03.17
		Issued	Matured	Redeemed	Other adjustments	
Additional Tier 1 capital	125 000	0	0	0	0	125 000
Total	125 000	0	0	0	0	125 000

As at 31 March 2017, there is NOK 0.2 million in accrued interest related to additional Tier 1 capital. This has been recognised against the additional Tier 1 capital and the carried value including accrued interest is 125.2 million NOK.

Note 16 – Net interest income

Net interest income			
In NOK thousand	Q1 17	Q1 16	2016
Loans to and receivables from credit institutions	61	227	812
Loans to customers	117 234	89 001	390 185
Commercial paper and bonds	382	0	1 524
Total interest income	117 677	89 228	392 521
Loans and deposits from credit institutions	-5 802	-9 066	-35 914
Debt securities issued	-75 251	-51 131	-231 656
Subordinated loan	-1 824	0	-3 810
Total interest expense	-82 877	-60 197	-271 380
Net interest income	34 800	29 031	121 141

All interest income from customers is related to residential mortgages

Note 17 – Administrative expenses

Other administrative expenses			
In NOK thousand	Q1 17	Q1 16	2016
Consultants and other external services	1 923	1 829	8 645
Other operating expenses		0	4
Total other administrative expenses	1 923	1 829	8 649

Note 18 – Tax expense

In NOK thousand	Q1 17	Q1 16	2016
Taxes payable	6 787	7 265	27 118
Change in deferred tax	0	0	0
Correction of taxes payable previous year	0	0	27
Total tax expense	6 787	7 265	27 145
Reconciliation of the tax expense:			
Profit before tax	30 301	29 061	112 736
Expected tax expense at nominal rate of 24 % (in 2017) and 25 % (in 2016)	7 272	7 265	28 184
Tax effect from interest to Tier 1 capital holders	-485	0	-1 066
Correction of taxes payable previous year	0	0	27
Total tax expense	6 787	7 265	27 145
Effective tax rate	22.4 %	25.0 %	24.1 %

Note 19 – Fair value of financial instruments

Fair value of financial instruments (in NOK thousands)

In NOK thousand	31.03.17		31.03.16		31.12.16	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Assets						
Loans to and receivables from credit institutions (ac)	158 142	158 142	406	406	13 590	13 590
Loans to customers (ac)	23 306 981	23 306 981	16 370 639	16 370 639	19 371 961	19 371 961
Commercial paper and bonds available for sale	75 928	75 928	0	0	76 072	76 072
Other assets (ac)	22 096	22 096	15 168	15 168	16 926	16 926
Total assets financial instruments	23 563 147	23 563 147	16 386 213	16 386 213	19 478 549	19 478 549
Liabilities						
Loans and deposits from credit institutions (ac)	1 141 145	1 141 145	2 076 937	2 076 937	1 816 845	1 816 845
Debt securities issued (ac)	20 759 854	20 866 824	13 297 349	13 211 880	16 261 848	16 302 714
Other liabilities (ac)	58 781	58 781	54 967	54 967	71 131	71 131
Subordinated loan (ac)	175 000	184 913	0	0	175 000	181 030
Total liabilities financial instruments	22 134 780	22 251 663	15 429 253	15 343 784	18 324 824	18 371 720

(ac) = assets and liabilities booked at amortised cost

Fair value of financial instruments measured at amortised cost

Cash and cash equivalents, loans to credit institutions and loans to customers and debt securities are measured at amortised cost.

Measurement at amortised cost imply that a financial asset or liability is recognised to the present value of the contractual cash flows using effective interest rate method, adjusted for potential impairment. This measurement method will not necessarily provide a carrying value equal to the fair value of the financial instrument due to volatility in the market, changed market conditions, asymmetrical information and changes in investors risk- and return expectations.

Cash and cash equivalents and loans and advances: Fair value is estimated based on amortised cost as all assets are recognised in the accounts based on the contractual cash flow with floating interest rate and that loans with impairment indicators are written down to fair value of expected cash flows. There is no active market for loan portfolios.

Debt to credit institutions are liabilities with floating interest rate and as there have not been any significant changes in the credit spread, amortised cost is assumed to be a reasonable approximation to fair value.

Debt securities are measured at fair value based on prices sourced from Nordic Bond Pricing. Nordic Bond Pricing has estimated the fair value based on available price information from investment banks and brokers trading in the bond markets.

31.03.2017				
	Level 1	Level 2	Level 3	Total
Commercial paper and bonds available for sale	0	75 928	0	75 928
Total	0	75 928	0	75 928
Financial instruments measured at fair value level 3				
In NOK thousand				Total
Opening balance 1 January 2017			0	0
Net gain/(loss) on financial instruments (unrealised)*			0	0
Acquisitions / exits			0	0
Sale			0	0
Settlement			0	0
Transferred from Level 1 or Level 2			0	0
Transferred to Level 1 or Level 2			0	0
Other			0	0
Closing balance at 31 March 2017			0	0

There has been no transfers of financial instruments between Level 1 and Level 2 in the period January to March 2017

31.03.2016

	Level 1	Level 2	Level 3	Total
Commercial paper and bonds available for sale	0	0	0	0
Total	0	0	0	0

Financial instruments measured at fair value level 3

In NOK thousand	Total
Opening balance 1 January 2016	0
Net gain/(loss) on financial instruments (unrealised)*	0
Acquisitions / exits	0
Sale	0
Settlement	0
Transferred from Level 1 or Level 2	0
Transferred to Level 1 or Level 2	0
Other	0
Closing balance at 31 March 2016	0

31.12.2016

	Level 1	Level 2	Level 3	Total
Commercial paper and bonds available for sale	0	76 072	0	76 072
Total	0	76 072	0	76 072

Financial instruments measured at fair value level 3

In NOK thousand	Total
Opening balance 1 January 2016	0
Net gain/(loss) on financial instruments (unrealised)*	0
Acquisitions / exits	0
Sale	0
Settlement	0
Transferred from Level 1 or Level 2	0
Transferred to Level 1 or Level 2	0
Other	0
Closing balance at 31 December 2016	0

Fair value hierarchy

Financial assets and debt recognised at fair value, due to these having been classified either as held for trade, designated at fair value through profit or loss on initial recognition (fair value option) or held for sale, shall be classified in a fair value hierarchy depending on the reliability of the fair value estimate. At Level 1, assets or liabilities are priced in an active market, at level 2 prices are determined on the basis of observable input data from similar assets (either directly or indirectly) and at level 3 prices are fair value based on unobservable input data.

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity has access to at the reporting date. An active market is a market where quoted prices are easily accessible at a stock exchange or similar trading place, from a broker or other entity that publishes price information. Quoted prices shall represent actual and frequent transactions. For Skandiabanken Boligkreditt AS, level 1 assets and liabilities comprise listed interest-bearing bonds.

Level 2: Prices other than the quoted prices at level 1 and which are observable either directly or indirectly. Interest-bearing bonds that are valued based on prices sourced from trading places, brokers or other entities that publish price information, but where there is no active market because no official prices are available, are categorised as level 2. When using valuation methods, external data are applied to discounted cash flows (e.g. prices quoted by third parties or prices for similar instruments). The discount rate is implicit in the market interest rate with respect to credit and liquidity risk.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Note 20 – Related party transactions

Liabilities to and receivables from Skandiabanken ASA

In NOK thousand	31.03.17	31.03.16	31.12.16
Liability related to overdraft facility to Skandiabanken ASA	1 141 145	2 076 379	1 816 398
Receivables related to deposits in Skandiabanken ASA	158 061	361	13 510
Skandiabanken ASAs ownership of covered bonds issued by Skandiabanken Boligkreditt AS	70 273	0	140 156
Skandiabanken ASAs ownership of subordinated loan issued by Skandiabanken Boligkreditt AS	175 000	0	175 000
Skandiabanken ASAs ownership of additional Tier 1 capital issued by Skandiabanken Boligkreditt AS	125 000	0	125 000

Transactions with Skandiabanken ASA

In NOK thousand	Q1 17	Q1 16	2016
Purchase of services in line with service agreement	1 318	1 307	5 096
Interest expense on overdraft facility	5 802	8 858	35 258
Interest income on deposits	61	227	812
Interest on covered bonds issued by Skandiabanken Boligkreditt AS	1 950	0	3 288
Interest on subordinated loan issued by Skandiabanken Boligkreditt AS	1 824	0	3 810
Share of result related to Skandiabanken ASAs ownership of additional Tier 1 capital in Skandiabanken Boligkreditt AS	2 022	0	4 263

Description of agreements with related parties:

Sale of mortgages to Skandiabanken Boligkreditt:

Skandiabanken ASA sells home loans to its subsidiary, Skandiabanken Boligkreditt. Only loans with a LTV lower than 75% may be sold to Skandiabanken Boligkreditt. The sale and transfer of loans is carried out at market terms and conditions. After the loans have been transferred, Skandiabanken Boligkreditt AS assumes all the risks and benefits associated with the mortgages sold.

Management agreement between Skandiabanken ASA and Skandiabanken Boligkreditt:

A management agreement has been entered into between Skandiabanken ASA and Skandiabanken Boligkreditt, under the terms of which Skandiabanken Boligkreditt purchases administrative services from Skandiabanken ASA. These services relate, inter alia, to the CEO, to Treasury, IT, Finance and Accounting, and Risk Management. The agreement has been entered into at market terms and conditions.

Skandiabanken Boligkreditt's credit facilities:

Skandiabanken ASA has granted an overdraft facility and a revolving credit facility to Skandiabanken Boligkreditt. The overdraft is divided in two credit facilities, each in the amount of NOK 3 billion and with a term of 364 days and three years, respectively. The revolving credit facility equals Skandiabanken Boligkreditt's payment obligations for the next 12 months in respect of issued covered bonds, and with a term extending four months after the last maturity date of issued covered bonds. Both facilities are at floating interest rates, three-month NIBOR plus a margin.

Deposit accounts with Skandiabanken ASA:

Skandiabanken Boligkreditt AS has two ordinary deposit accounts with Skandiabanken ASA with interest at the market rate.

Note 21 – Earnings per share (EPS)

In NOK	Q1 17	Q1 16	2016
Profit for the period to other equity (shareholders)	21 492 000	21 796 000	81 328 000
Number of shares (weighted average)	60 030 000	60 030 000	60 030 000
Earnings per share (basic)	0.36	0.36	1.35
Earnings per share (diluted)	0.36	0.36	1.35

Note 22 – Subsequent events

There have not been any significant events subsequent to 31.03.17 that affect the financial statements for Q1 2017.

Contact information

Skandiabanken Boligkreditt AS

P.O. Box 7077

NO-5020 Bergen

NORWAY

<https://skandiabanken.no/IR/IR-english/funding-and-rating/funding>

<https://skandiabanken.no/IR/funding-og-rating/funding-no>