

Report for 1st quarter 2024

The logo consists of the letters 'KBN' in a bold, green, sans-serif font, centered within a white square that is tilted slightly to the right.

KBN

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About KBN

With total assets of over NOK 500 billion, Kommunalbanken AS (KBN) is one of the largest financial institutions in Norway. KBN provides loans to municipalities, county authorities and companies with municipal guarantee that carry out local government tasks. Our ambition is to contribute to the development of sustainable communities.

KBN is 100% owned by the Norwegian state. KBN was first established in 1927 and is today the largest lender to the local government sector.

Our total lending to the sector is in excess of
NOK 357bn

Building sustainable communities

KBN has a strong market position and seeks to use this to promote communities that are sustainable, both economically, socially and environmentally. We are committed to ensuring municipalities make future oriented choices when investing, and we offer a slightly lower interest rate on loans for projects that are ambitious from a climate perspective. We also use some of our resources to improve knowledge of climate change and risk, and interest rates, as well as economy and debt management for municipalities' elected representatives and administrative teams.

One of the largest Norwegian borrowers

KBN finances its lending to the local government sector by borrowing money directly in the capital markets. KBN is today one of the largest Norwegian borrowers in the international capital markets, with a yearly borrowing program of around NOK 100 billion. KBNs green bonds finance the transition to a low-carbon, climate resilient future in Norwegian local societies. KBN has more than ten years' history as an issuer of green bonds.

AAA-rating

KBN has a conservative risk profile and is one of the few AAA-rated financial institutions in the world. KBN has never suffered any losses on its lending. As a state-owned company with a public mandate, strong capital base, robust operations and low risk appetite, KBN holds the highest possible credit rating from both Standard and Poor's and Moody's.

Key figures

(Amounts in NOK 1 000 000)	1st quarter 2024	1st quarter 2023	2023
RESULTS			
Net interest income	553	508	2 105
Core earnings ¹	308	280	1 211
Profit after tax	390	389	1 432
Cost/income ratio (percent) ²	17.2%	16.1%	15.6%
Return on equity after tax ³	7.7%	8.9%	7.9%
Return on equity after tax (core earnings) ⁴	6.8%	6.8%	7.3%
Return on assets after tax ⁵	0.3%	0.3%	0.3%
LOANS TO CUSTOMERS			
New disbursements	11 284	9 264	53 429
Aggregate loans to customers ⁶	357 100	330 036	354 052
12 month lending growth in percent ⁷	8.2%	2.9%	7.8%
Green loans to customers ⁸	54 249	42 759	52 763
Share of green loans in lending portfolio	15.7%	13.0%	15.4%
Share of municipalities with green loans ⁹	40.1%	38.8%	39.9%
LIQUIDITY PORTFOLIO⁶	115 723	110 249	114 610
DEBT SECURITIES ISSUED			
New long-term debt securities issued	38 188	24 459	76 935
Aggregate debt securities issued ⁶	476 393	461 785	438 407
TOTAL ASSETS	531 179	505 485	522 203
EQUITY			
Equity	21 983	19 233	21 684
Common equity Tier 1 capital adequacy ratio	18.5%	18.8%	17.4%
Leverage ratio	4.1%	3.8%	4.0%
LIQUIDITY COVERAGE RATIO (LCR)¹⁰			
Total	276%	258%	266%
NOK	88%	94%	87%
EUR	378%	246%	251%
USD	175%	163%	171%
AUD	3 801%	124%	1 253%
GBP	Infinite	Infinite	43 868%
OTHER KEY FIGURES			
Market share excl. Husbanken ¹¹	50.2 %	49.1 %	51.1 %
Percentage of women employed in KBN	36%	43%	36%
Emissions in tons CO ₂ equivalents ¹²	31.0	21.9	111.5

Footnotes

¹ Profit after tax adjusted for net unrealised gain/(loss) on financial instruments (in accordance with note 2) adjusted for estimated tax at 25% tax rate, and adjusted for Portion allocated to owners of additional Tier 1 capital. This result measure is included to give relevant information about the company's underlying operations.

² Operating expenses as a percentage of sum Net interest income and Total other operating income adjusted for Net unrealised gain/(loss) on financial instruments (in accordance with note 2).

³ Share of the Profit for the year allocated to shareholders as a percentage of average equity (annualized). Average equity is calculated based on monthly equity, not including Profit for the year, less dividends from the time the dividends are paid out, as well as addition or reduction of the company's share capital during the year.

⁴ Core earnings as a percentage of average equity (annualized).

⁵ Share of Profit for the year allocated to shareholders as a percentage of average assets (annualized). Average assets are calculated based on monthly assets.

⁶ Principal amounts.

⁷ 12-month lending growth based on total lending (principal amounts).

⁸ Aggregate green loans to customers financed by green bonds. In addition, the bank has a smaller portfolio of green loans to customers that were given before or that does not qualify after the criteria in Green bond framework published in 2016. These loans are no longer financed with green bonds. Total aggregate green loans to customers are NOK 56.1 billion.

⁹ Percentage of municipalities in KBN's lending portfolio with green loans, based on total aggregate green loans to customers.

¹⁰ Liquidity coverage ratio (LCR) is a measure for the regulatory liquidity reserve. LCR is defined as liquid assets as a percentage of net payments in a given stress period of 30 days.

¹¹ KBN's market share based on sector code 6500. Lending from Husbanken is not included as KBN does not compete for these loans.

¹² KBN's climate accounting is based on the Greenhouse Gas Protocol Corporate Standard. Own emissions consist of calculations within scope 1 and scope 2 in this climate statement.

See also the overview and description of alternative performance measures published on kbn.com

The Board of Directors' Report

Increasing interest income and profitable growth

KBN's lending grew by NOK 3 billion in the first quarter of 2024, with green lending accounting for NOK 1.5 billion of this growth. Green lending represented 15.7% of KBN's total lending at the end of the quarter. KBN's net interest income increased from NOK 508 million in the first quarter of 2023 to NOK 553 million in the first quarter of 2024. Good growth in profitable lending products together with higher interest rates contributed to this increase in KBN's income.

Results for the quarter

KBN's core earnings¹ totalled NOK 308 million in the first quarter of 2024, compared to NOK 280 million in the first quarter of 2023. Increased net interest income resulting from higher interest rates and profitable growth was the main reason for the increase in core earnings.

KBN's net interest income totalled NOK 553 million in the first quarter of 2024, as compared to NOK 508 million in the corresponding period of 2023. There was relatively little change in money-market interest rates in the quarter. Norges Bank kept its key policy rate unchanged at its January and March meetings. Norway's key policy rate currently stands at 4.5%.

KBN's result for the accounting period in the first quarter of 2024 was a profit of NOK 390 million, compared to a profit of NOK 389 million in the same period in 2023. In the first quarter of 2024, KBN recognised a net gain on financial instruments totalling NOK 81 million, as compared to a net gain of NOK 114 million in the first quarter of 2023, with realised gains from market transactions representing NOK 25 million of the net gain in the first quarter of 2024 compared to NOK 1 million in the first quarter of 2023. Unrealised gains amounted to NOK 55 million in the first quarter of 2024, compared to NOK 114 million in the same period in 2023. KBN's fixed-rate lending and associated hedging instruments contributed a net unrealised gain of NOK 68 million in the first quarter of 2024, primarily as a result of a moderate decrease in credit spreads for the local government sector. There was an equivalent net unrealised loss on fixed-rate lending and associated hedging instruments of NOK 116 million in the first quarter of 2023. KBN started to apply hedge accounting to all its new fixed rate lending with effect from 1 January 2022. The application of hedge accounting to KBN's fixed-rate lending will over time reduce the size of the portfolio of fixed-rate loans carried at fair value, and this will reduce the unrealised gains and losses included in KBN's earnings.

KBN's liquidity portfolio and associated hedging instruments contributed a net unrealised gain of NOK 51 million for the first quarter of 2024, while KBN's own bonds and associated hedging instruments contributed a net unrealised loss of NOK 64 million to its result from ordinary activities. KBN's unrealised gains and

¹ Profit after tax adjusted for net unrealised gain/(loss) on financial instruments (in accordance with note 2) adjusted for estimated tax at 25% tax rate, and adjusted for Portion allocated to owners of additional Tier 1 capital.

losses are expected to reverse, either as market conditions normalise or as the instruments approach maturity.

KBN's provision for losses is limited due to the fact that Norwegian municipalities cannot be declared insolvent. KBN's liquidity management portfolio is also of very high credit quality. KBN reduced its provision for losses by NOK 9 million in the first quarter of 2024.

KBN's total operating costs for the first quarter of 2024 were NOK 96 million, compared to NOK 77 million in the same period in 2023. The increase in operating costs was mainly due to inflation and the weakness of the Norwegian krone, increased activity in developing and improving KBN's operations, and hiring in temporary employees pending new appointments.

KBN's annualised return on equity in the first quarter of 2024 was 7.7%, compared to 8.9% in the first quarter of 2023. Based on its core earnings, KBN's annualised return on equity in the quarter was 6.8%, unchanged from the same period in 2023. The return requirement set for KBN by its owner for the 2022-2024 period is 5.5%.

KBN's total comprehensive income in the first quarter of 2024 was NOK 318 million, compared to NOK 343 million in the first quarter of 2023. KBN's total comprehensive income includes gains and losses on KBN's own bonds resulting from changes to KBN's own credit risk. For the first quarter of 2024, there was a loss from changes to KBN's own credit risk of NOK 97 million, as compared to a loss of NOK 61 million in the same period in 2023.

Table 1: Result for the period and total comprehensive income

<i>(Amounts in NOK 1 000 000)</i>	Q1 2024	Q1 2023	2023
Net interest income	553	508	2 105
Fees and commission expenses	33	29	126
Net gain/(loss) on financial instruments	81	114	212
Increased/(reduced) provision for expected credit loss	(9)	3	(10)
Operating expenses	96	77	325
Income tax	124	125	444
Profit for the period	390	389	1 432
<i>(Amounts in NOK 1 000 000)</i>	Q1 2024	Q1 2023	2023
Profit for the period	390	389	1 432
Change in fair value of liabilities due to changes in own credit risk	(97)	(61)	484
Actuarial gain/(loss) on pension liability	0	0	(8)
Tax	24	15	(119)
Total comprehensive income for the period	318	343	1 789

Lending

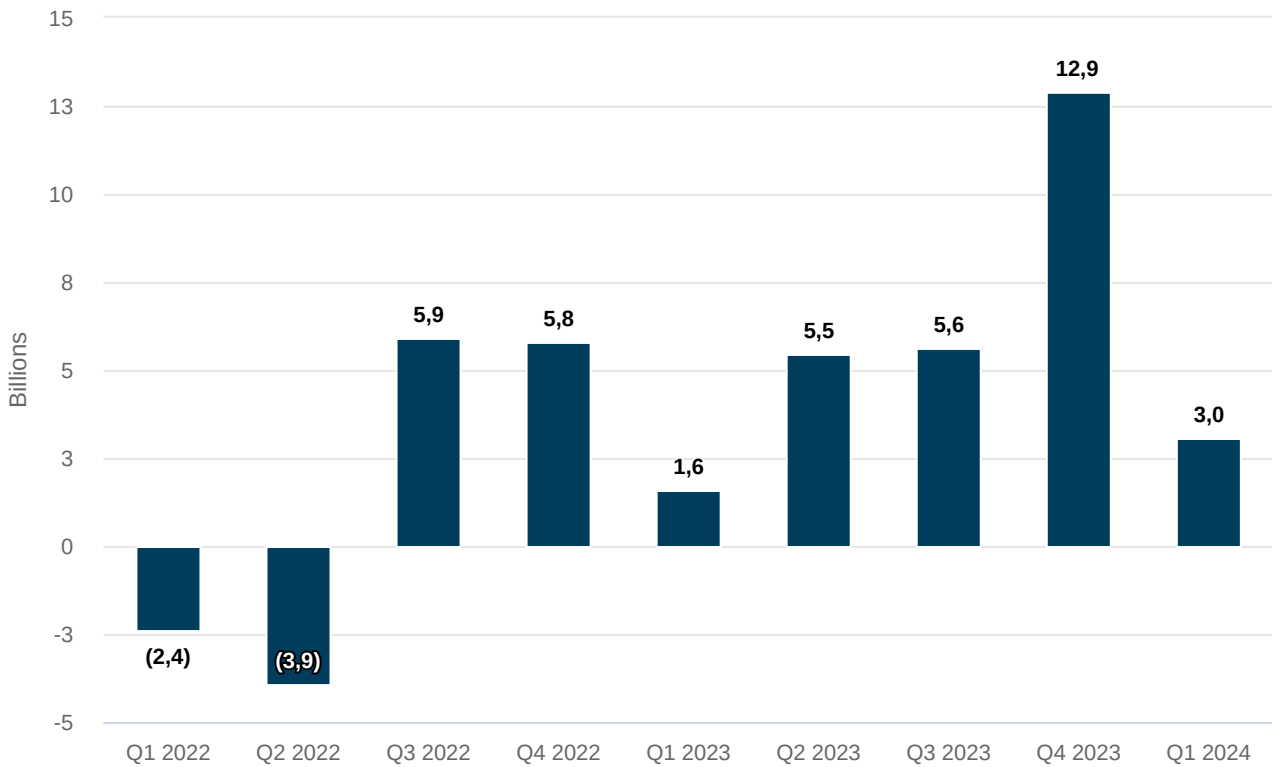
KBN's lending portfolio totalled NOK 357 billion² at the end of the first quarter of 2024. The lending portfolio increased by NOK 3.0 billion in the first quarter of 2024, while it increased by NOK 1.6 billion in the same period in 2023. The relatively unattractive terms available to KBN's customers in the capital markets continued to create better market conditions for KBN's long-term instalment-based loans in the first quarter.

KBN continued to experience a good level of growth in its green lending, and its portfolio of green loans increased by NOK 1.5 billion in the first quarter of 2024, as compared to NOK 1.3 billion in the same period in 2023. KBN's green lending in the first quarter of 2024 included green loans to the municipalities of Trondheim and Fredrikstad as financing for environmentally friendly projects. At the end of the first quarter of 2024, KBN's green lending represented 15.7% of its overall lending portfolio.

The annual rate of debt growth in the local government sector as at the end of February 2024 was calculated to be 8.0%. After adjusting for borrowing from the Norwegian State Housing Bank, the rate of debt growth was 7.8%. After adjusting for borrowing from the Norwegian State Housing Bank, KBN's market share at the end of the first quarter of 2024 was 50.4%. The market conditions for new lending were good in the first quarter of 2024. However, a high rate of debt growth among KBN's customers, particularly in January, resulted in KBN's market share at the end of February being somewhat lower than at the end of 2023.

² Principal amount

Chart 1: Quarterly lending growth in billion kroner



Financial markets

Inflation slowed over the first quarter of 2024, but remains materially above the targets of the central banks of many countries across the world, including in Norway. The market now expects that the rate of inflation will continue to fall, and that peak interest rates have now been reached. The rate of inflation in Norway was running at 3.9% at the most recent assessment in March, while core inflation was 4.5%. The goal of monetary policy is for the annual rate of growth in the consumer price index to be as close as possible to 2% annual growth. It is uncertain how long it will take before inflation falls to the target rate. The US dollar and Euro strengthened against the majority of currencies in the first quarter of 2024, including the Norwegian krone. The Norwegian krone continues to be at a historically low level.

Credit spreads on local government and covered bonds were somewhat lower in the first quarter of 2024. The outlook for future changes in the spreads on local government and covered bonds is uncertain, both in Norway and internationally.

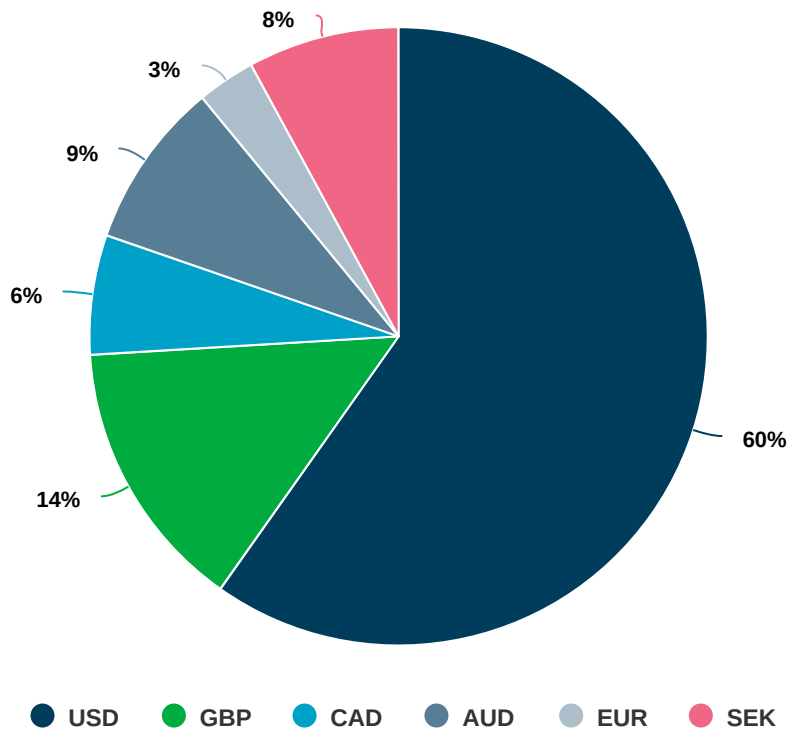
Funding

KBN enjoyed good access to the international capital markets in the first quarter of 2024 and completed all its funding transactions as planned. The weakness of the Norwegian krone relative to the US dollar increased KBN's liquidity as a result of liquidity inflows from cash collateral for currency hedging instruments over the first quarter of 2024, and KBN's funding activities were therefore somewhat less

extensive. In the first quarter of 2024, KBN's new borrowings totalled approximately NOK 38.2 billion through 15 bond issues in six currencies, as compared to NOK 24.5 billion in the first quarter of 2023.

KBN continues to enjoy low borrowing costs and good market access thanks to its AAA/Aaa rating.

Chart 2: New borrowings by currency in the first quarter of 2024



Liquidity management

KBN's liquidity portfolio totalled NOK 116 billion³ at the end of the first quarter of 2024, as compared to NOK 110 billion at the end of the first quarter of 2023. KBN's liquidity portfolio is managed with the aim of matching its financing requirements, including lending growth, for the subsequent twelve months, and it is managed on the basis of a low-risk investment strategy.

The liquidity portfolio is principally held in zero-risk-weighted assets that are particularly liquid. Investments denominated in foreign currencies represented 56% of the portfolio at 31 March 2024. Fluctuations in the value of the Norwegian krone relative to other currencies will therefore result in fluctuations in the size of the liquidity portfolio in NOK terms.

³ Principal amount

Capital

KBN's capital adequacy at the end of the first quarter of 2024 was in excess of the requirements set by the authorities.

Table 2: Capital adequacy key figures

As at 31 March 2024	Volume in NOK billion	Capital adequacy	Requirements
Common equity Tier 1 capital adequacy ratio	16.9	18.5 %	14.8 %
Tier 1 capital adequacy ratio	20.3	22.3 %	16.7 %
Total capital ratio	21.1	23.2 %	19.2 %

KBN's total assets at the end of the first quarter of 2024 amounted to NOK 531 billion, up from NOK 505 billion at the end of the first quarter of 2023 and from NOK 522 billion at the end of 2023. The increase was primarily due to growth in KBN's lending and an increase in the NOK value of balance sheet assets as a result of currency conversion.

KBN's Pillar 2 capital requirement at the end of the first quarter consisted of 2.0% of the basis for calculation under Pillar 1. The Pillar 2 requirement is intended to address risks that the undertaking is exposed to and that are not, or are only partially, covered by the general capital requirements in Pillar 1. The requirement must be satisfied with at least 56.25% common equity Tier 1 capital and at least 75% Tier 1 capital.

KBN's leverage ratio at the end of the first quarter of 2024 was 4.1%, as compared to the requirement of 3.0%

Capital adequacy figures are sensitive to large fluctuations in exchange rates, particularly the USD-NOK rate, because these impact the size of KBN's balance sheet through the conversion into NOK. In addition, changes in the value of KBN's outstanding currency hedging instruments lead to fluctuations in cash collateral that influence KBN's capital adequacy key figures. KBN has internal buffers that are intended to ensure its capital adequacy does not fall below the regulatory requirements as a result of such exchange rate fluctuations.

Greenhouse gas accounting in the first quarter of 2024

In 2022, KBN increased its long-term target for reducing its own emissions to a reduction of at least 55% by 2030 compared to the 2019 level. This emissions trajectory implies that KBN's CO₂ emissions in 2024 should be a maximum of 45% of the 2019 level, which corresponds to approximately 86.3 tonnes of CO₂e for the year. KBN's calculated CO₂e emissions for the first quarter of 2024 were 31,0 tonnes of CO₂e⁴, which is an increase from the first quarter of 2023.

⁴ KBN's greenhouse gas accounting is based on the Greenhouse Gas Protocol Corporate Standard. For the purposes of this greenhouse gas accounting, KBN's own emissions consist of calculations regarding its Scope 1 and Scope 2 emissions.

Future prospects

At its monetary policy committee meeting in March 2024, Norges Bank announced that Norway's key policy rate will likely be held steady for some time. Norges Bank stated that the reason for this is the need to ensure inflation returns to its target of 2% per year within a reasonable time horizon. The future path of the policy rate thereafter will depend on economic developments.

Credit spreads for local government sector issuers in the capital markets continue to be at historically high levels. It is uncertain whether credit spreads will fall over 2024 or whether they will stabilise at a higher level. This, in combination with the increases in money market rates, has made it more expensive for our customers to finance their investment spending. It is expected that this may affect the overall demand for new financing in 2024.

KBN will continue to provide its customers with attractive financing for local government sector projects across Norway.

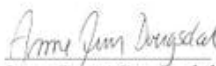
Oslo, 26 April 2024

The Board of Directors and Chief Executive Officer of Kommunalbanken AS


Brit Kristin Sæbø Rugland
CHAIR


Rune Midtgaard
VICE CHAIR


Eyvind Aven
BOARD MEMBER


Anne Jenny Dvergsdal
EMPLOYEE REPRESENTATIVE

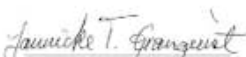

Toril Hovdenak
BOARD MEMBER


Nils Gunnar Baumann
EMPLOYEE REPRESENTATIVE


Ida Espolin Johnson
BOARD MEMBER


Ida Texmo Prytz
BOARD MEMBER


Petter Steen Jr.
BOARD MEMBER


Jannicke Trumpy Granquist
CEO

Financial statement

INCOME STATEMENT

(Amounts in NOK 1 000 000)	Note	1st quarter 2024	1st quarter 2023	2023
Interest income from assets measured at amortised cost		4 688	3 214	15 411
Interest income from assets measured at fair value		1 993	1 051	6 933
Total interest income		6 680	4 265	22 345
Interest expense		6 127	3 757	20 240
Net interest income	<u>1</u>	553	508	2 105
Fees and commission expenses		33	29	126
Net gain/(loss) on financial instruments	<u>2</u>	81	114	212
Increased/(reduced) provision for expected credit loss	<u>6</u>	(9)	3	(10)
Total other operating income		57	82	96
Salaries and administrative expenses		61	49	190
Depreciation of fixed and intangible assets		12	10	43
Other operating expenses		23	17	92
Total operating expenses		96	77	325
Profit before tax		514	514	1 876
Income tax		124	125	444
Profit for the period		390	389	1 432
Portion allocated to shareholder		350	366	1 301
Portion allocated to owners of additional Tier 1 capital		41	23	131

STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK 1 000 000)	Note	1st quarter 2024	1st quarter 2023	2023
Profit for the period		390	389	1 432
Other comprehensive income				
<i>Items which will not be reclassified to profit or loss</i>				
Change in fair value of liabilities due to changes in own credit risk	<u>9</u>	(97)	(61)	484
Actuarial gain/(loss) on pension liability		0	0	(8)
Tax		24	15	(119)
Total other comprehensive income		(73)	(46)	357
Total comprehensive income for the period		318	343	1 789
Portion allocated to shareholder		277	320	1 658
Portion allocated to owners of additional Tier 1 capital		41	23	131

Statement of financial position

(Amounts in NOK 1 000 000)	Note	31 March 2024	31 March 2023	31 December 2023
Assets				
Deposits with credit institutions	<u>3</u>	35 806	45 347	36 601
Other money market deposits	<u>3</u>	0	570	0
Loans to customers	<u>3,4,5,6</u>	354 797	326 832	352 226
Commercial paper and bonds	<u>3,4,6,7,8</u>	114 666	109 674	114 344
Financial derivatives	<u>3,4</u>	23 472	20 056	16 505
Deferred tax asset		2 218	2 774	2 339
Other assets		220	232	190
Total assets		531 179	505 485	522 203
Liabilities and equity				
Due to credit institutions	<u>3,4</u>	17 364	10 292	5 232
Commercial paper issued	<u>3,4,9</u>	1 144	0	41 318
Debt securities issued	<u>3,4,9</u>	459 448	439 779	424 593
Financial derivatives	<u>3,4</u>	30 448	34 198	28 505
Other liabilities		4	46	76
Pension commitments		25	27	25
Subordinated loan capital	<u>3,4,9</u>	763	1 909	770
Total liabilities		509 196	486 252	500 520
Share capital		3 895	3 895	3 895
Additional Tier 1 capital		3 484	2 392	3 484
Retained earnings		14 604	12 947	14 305
Total equity		21 983	19 234	21 684
Total liabilities and equity		531 179	505 485	522 203

Statement of changes in equity

(Amounts in NOK 1 000 000)

	1 January - 31 March 2024				
	Share capital	Additional Tier 1 capital	Financial liabilities, changes in own credit risk	Other equity	Total equity
Equity as of 31 December 2023	3 895	3 484	59	14 245	21 684
Profit for the period	0	0	0	390	390
Other comprehensive income after tax - financial liabilities, changes in own credit risk	0	0	(73)	0	(73)
Other comprehensive income after tax - actuarial gain/loss	0	0	0	0	0
Interest paid on additional Tier 1 capital	0	0	0	(18)	(18)
Issuance of additional Tier 1 capital	0	0	0	0	0
Dividends for 2023	0	0	0	0	0
Equity as of 31 March 2024	3 895	3 484	(14)	14 617	21 983

	1 January - 31 March 2023				
	Share capital	Additional Tier 1 capital	Financial liabilities, changes in own credit risk	Other equity	Total equity
Equity as of 31 December 2022	3 895	2 392	(305)	12 921	18 903
Profit for the period	0	0	0	389	389
Other comprehensive income after tax - financial liabilities, changes in own credit risk	0	0	(46)	0	(46)
Other comprehensive income after tax - actuarial gain/loss	0	0	0	0	0
Interest paid on additional Tier 1 capital	0	0	0	(13)	(13)
Dividends for 2022	0	0	0	0	0
Equity as of 31 March 2023	3 895	2 392	(350)	13 297	19 233

	1 January - 31 December 2023				
	Share capital	Additional Tier 1 capital	Financial liabilities, changes in own credit risk	Other equity	Total equity
Equity as of 31 December 2022	3 895	2 392	(304)	12 920	18 903
Profit for the period	0	0	0	1 432	1 432
Other comprehensive income after tax - financial liabilities, changes in own credit risk	0	0	363	0	363
Other comprehensive income after tax - actuarial gain/loss	0	0	0	(6)	(6)
Interest paid on additional Tier 1 capital	0	0	0	(101)	(101)
Issuance of additional Tier 1 capital	0	1 093	0	0	1 093
Dividends for 2022	0	0	0	0	0
Equity as of 31 December 2023	3 895	3 484	59	14 245	21 684

Statement of cash flows

<i>(Amounts in NOK 1 000 000)</i>	1st quarter 2024	1st quarter 2023	2023
Cash flows from operating activities			
Interest received	6 074	4 173	21 671
Interest paid	(5 673)	(3 249)	(19 068)
Fees and commissions paid	(103)	(92)	(129)
Cash payments for operations	(84)	(67)	(285)
Paid taxes	0	0	0
Net disbursement of loans to customers	(3 048)	(1 910)	(25 647)
Net (payment)/disbursement short-term investments	13 259	(2 155)	1 677
Net payment/(disbursement) from purchase/sale of securities	2 951	6 270	1 936
Net (payment)/disbursement other assets	58	(4)	(50)
Net payment/(disbursement) other liabilities	(67)	(8)	24
Net (payment)/disbursement financial derivatives	11 531	16 121	11 435
Net cash flows from operating activities	24 898	19 079	(8 436)
Cash flows from investing activities			
Disbursement from sale of fixed assets	(10)	(8)	(34)
Net cash flows from investing activities	(10)	(8)	(34)
Cash flows from financing activities			
Payments on issued commercial paper	35 140	21 765	152 355
Repayment of commercial paper issued	(76 534)	(45 576)	(134 845)
Lease payments	(4)	(2)	(8)
Payments on issued debt securities	38 188	24 459	76 935
Repayment of debt securities issued	(21 704)	(19 667)	(85 790)
Interest Paid on additional Tier 1 capital	(18)	(13)	(101)
Dividends paid	(0)	0	0
Net cash flows from financing activities	(24 933)	(19 034)	8 546
Net cash flows	(44)	37	76
Adjustment of exchange rate changes	63	25	29
Net cash flows after effects of exchange rate changes	19	62	105
Cash and cash equivalents at 1 January	356	251	251
Net changes of cash and cash equivalents	19	62	105
Cash and cash equivalents at end of period	375	313	356
Whereof			
<i>Deposits with credit institutions without agreed time to maturity</i>	375	313	356
<i>Due to credit institutions without agreed time to maturity</i>	0	0	0

Notes to the financial statement

Accounting policies

Kommunalbanken AS (KBN) prepares its financial statements in accordance IFRS® Accounting Standards as adopted by the EU. The condensed interim financial statements as of 31 March 2024 are prepared in accordance with IAS 34 Interim Financial Reporting and follow the same accounting policies and methods of computation as presented in the annual financial statements for 2023. The interim financial statement does not include all the information required in a full annual financial statement and should be read in conjunction with the annual financial statement for 2023.

The company has only one operating segment. There is thus no segment information beyond the note information provided on lending to customers and the business as a whole.

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgments and assumptions that affect the reported amounts of assets and liabilities, and revenues and expenses. Estimates and judgments are based on historical experience and expectations about future developments.

The fair value of financial instruments not traded in an active market or lacking readily available quoted prices on the balance sheet date is determined using valuation models. When inputs into valuation models cannot be directly derived from observable market data, management makes assessments and uses assumptions related to credit risk and liquidity risk in financial instruments. Although judgmental assessments and assumptions are largely based on actual market conditions on the balance sheet date, they may introduce uncertainty into the recognised amounts.

Note 1 Net interest income

<i>(Amounts in NOK 1 000 000)</i>	1st quarter 2024	1st quarter 2023	2023
Deposits with credit institutions	159	85	404
Other money market deposits	0	2	11
Loans to customers	3 656	2 569	11 755
Financial derivatives, hedge accounting loans to customers	114	12	239
Commercial paper and bonds	760	546	3 002
<i>Interest income from assets measured at amortised cost</i>	<i>4 688</i>	<i>3 214</i>	<i>15 411</i>
Loans to customers	374	163	1 398
Commercial paper and bonds	494	293	1 524
Financial derivatives	1 125	596	4 011
<i>Interest income from assets measured at fair value</i>	<i>1 993</i>	<i>1 051</i>	<i>6 933</i>
Total interest income	6 680	4 265	22 345
Due to credit institutions	1	0	0
Commercial paper issued	272	84	417
Debt securities issued	1 851	1 430	6 195
Financial derivatives, hedge accounting debt securities issued	2 367	1 774	8 858
Other interest expense	0	0	0
<i>Interest expenses from debt measured at amortised cost</i>	<i>4 491</i>	<i>3 288</i>	<i>15 470</i>
Debt securities issued	1 165	910	4 003
Financial derivatives	466	(457)	726
Subordinated loan capital	6	15	41
<i>Interest expenses from debt measured at fair value</i>	<i>1 636</i>	<i>468</i>	<i>4 770</i>
Total interest expenses	6 127	3 757	20 240
Net interest income	553	508	2 105

From the second half of 2023, KBN has changed the presentation of interest from financial instruments in fair value hedging. This entails that interest that was previously presented as interest income or expense measured at fair value in the table above, is now presented as interest income or expense measured at amortised cost. The change only affects the presentation of interest on financial derivatives. Historical data has been adjusted accordingly.

Note 2 Net gain/(loss) on financial instruments

(Amounts in NOK 1 000 000)

Net gain/(loss) on financial instruments	1st quarter 2024	1st quarter 2023	2023
Loans to customers	(1 147)	338	1 049
Commercial paper and bonds	(259)	260	1 310
Financial derivatives	(1 796)	3 710	9 803
Debt securities issued	3 270	(4 197)	(11 959)
Subordinated loan capital	13	3	10
Net gain/(loss) on financial instruments	81	114	212
Whereof net unrealised gain/(loss) on financial instruments	55	114	120
Whereof net realised gain/(loss) on market transactions	25	1	92

Specification of net gain/(loss) on financial instruments including hedging instruments	1st quarter 2024	1st quarter 2023	2023
Loans to customers, including hedging instruments	68	(116)	101
Commercial paper and bonds, including hedging instrument	77	22	(82)
Debt securities issued and subordinated loan capital, including hedging instruments	(64)	207	193
Net gain/(loss) on financial instruments	81	114	212

Specification of net gain/(loss) on financial instruments in fair value hedge	1st quarter 2024	1st quarter 2023	2023
Loan to customers	(758)	60	243
Financial derivatives, in hedge accounting loans to customers	724	(56)	(250)
Commercial paper and bonds	1	0	0
Financial derivatives, in hedge accounting commercial paper and bonds	(1)	0	0
Debt securities issued	1 802	(1 370)	(7 154)
Financial derivatives, in hedge accounting debt securities issued	(1 873)	1 390	7 242
Net gain/(loss) on financial instruments in fair value hedge	(104)	24	81

Changes in fair value of liabilities due to changes in own credit risk are not included in the line net gain/(loss) on financial instruments in the table above. Such fair value changes are recognised in other comprehensive income in the statement of comprehensive income. The change in fair value arising from debt securities issued presented in the above table, is due to changes in parameters other than own credit risk.

Changes in fair value are the result of changes in market parameters - mainly prices on bonds, interest rates, credit spreads, basis swap spreads and FX rates, and are reflected in carrying amounts in the statement of financial position and in the income statement. As KBN has limited currency and interest rate risk, the changes in relevant parameters will mostly be symmetric on the asset and liabilities sides of the statement of financial position and will therefore only to a small extent cause net effects in the income statement. Changes in credit spreads for investments in the liquidity portfolio, fixed interest-rate loans to customers measured at fair value and issued debt securities, as well as changes in basis swap spreads, may on the other hand lead to significant effect in income statement and in the statement of comprehensive income.

KBN hedges currency risk. The bank's guidelines require hedging of all currency risk associated with positions in foreign currency. However, short-term net positions may arise related to income statement and balance sheet items in USD and EUR. KBN's framework for currency risk in these currencies is set at 1.6% of regulatory capital. This means that net income effects from short-term exchange rate fluctuations are limited. Effects from the currency conversion of principal amounts from non-derivative interest-bearing instruments in foreign currency, including certificates and bonds and debt securities issued, as well as from interest and fees are presented net in the income statement. Corresponding changes in fair value from FX derivatives used as hedging instruments in the economic hedging of the mentioned currency exposure, are presented net along with exchange differences from the hedged item. In the tables above, only the effects of exchange rate changes on fair value changes and changes in hedging value are presented.

Note 3 Classification of financial instruments

(Amounts in NOK 1 000 000)

At 31 March 2024	Total	At fair value			At amortised cost	
		Fair value option	Mandatorily at fair value	Fair value hedge	Designated at hedge accounting	Hold to collect
Deposits with credit institutions	35 806	0	0	0	0	35 806
Other money market deposits	0	0	0	0	0	0
Loans to customers	354 797	66 497	0	0	49 638	238 663
Commercial paper and bonds	114 666	64 662	0	0	231	49 773
Financial derivatives	23 472	0	22 620	852	0	0
Total financial assets	528 741	131 159	22 620	852	49 869	324 242
Due to credit institutions	17 364	0	0	0	0	17 364
Commercial paper issued	1 144	0	0	0	0	1 144
Debt securities issued	459 448	176 110	0	0	256 538	26 800
Financial derivatives	30 448	0	14 688	15 760	0	0
Subordinated loan capital	763	763	0	0	0	0
Total financial liabilities	509 167	176 873	14 688	15 760	256 538	45 309

At 31 March 2023	Total	At fair value			At amortised cost	
		Fair value option	Mandatorily at fair value	Fair value hedge	Designated at hedge accounting	Hold to collect
Deposits with credit institutions	45 347	0	0	0	0	45 347
Other money market deposits	570	0	0	0	0	570
Loans to customers	326 832	80 728	0	0	21 081	225 023
Commercial paper and bonds	109 674	71 798	0	0	0	37 877
Financial derivatives	20 056	0	19 589	468	0	0
Total financial assets	502 479	152 526	19 589	468	21 081	308 816
Due to credit institutions	10 292	0	0	0	0	10 292
Commercial paper issued	0	0	0	0	0	0
Debt securities issued	439 779	177 996	0	0	231 433	30 350
Financial derivatives	34 198	0	15 581	18 617	0	0
Subordinated loan capital	1 909	1 909	0	0	0	0
Total financial liabilities	486 179	179 905	15 581	18 617	231 433	40 643

At 31 December 2023	Total	At fair value			At amortised cost	
		Fair value option	Mandatorily at fair value	Fair value hedge	Designated at hedge accounting	Hold to collect
Deposits with credit institutions	36 601	0	0	0	0	36 601
Other money market deposits	0	0	0	0	0	0
Loans to customers	352 226	71 461	0	0	42 274	238 490
Commercial paper and bonds	114 344	66 898	0	0	0	47 446
Financial derivatives	16 505	0	15 454	1 051	0	0
Total financial assets	519 675	138 359	15 454	1 051	42 274	322 537
Due to credit institutions	5 232	0	0	0	0	5 232
Commercial paper issued	41 318	0	0	0	0	41 318
Debt securities issued	424 593	165 165	0	0	240 285	19 143
Financial derivatives	28 505	0	14 267	14 238	0	0
Subordinated loan capital	770	770	0	0	0	0
Total financial liabilities	500 419	165 935	14 267	14 238	240 285	65 694

Note 4 Financial instruments measured at fair value

Methods used for the determination of fair value is categorised within three levels, which reflect different degrees of valuation uncertainty:

Level 1 - Quoted prices in active markets for identical assets and liabilities

Level 2 - Valuation techniques with observable inputs

Level 3 - Valuation techniques where inputs are to a significant degree unobservable

See Note 9 in the Annual Report for further information about valuation techniques, inputs, value change analysis and sensitivities. Level 2 includes fixed rate loans to customers granted before 1 January 2022. Fixed rate loans to customers are granted on an individual basis and are not traded in an active market. Fair value is calculated using the discounted cash flows method where discount rates are derived from observable money market interest rate yield curves. Discount rates are adjusted for credit and liquidity risk linked to the relevant securities based on observable credit spreads for Norwegian municipalities at the balance sheet date. For fixed rate loans to customers with an installment structure, a discretionary liquidity premium is added to the valuation, but this does not constitute a significant part of the input data in the valuation.

Financial instruments measured at fair value in KBN's Statement of financial position are distributed in the following levels:

(Amounts in NOK 1 000 000)

At 31 March 2024	Level 1	Level 2	Level 3	Total
Loans to customers	0	66 497	0	66 497
Commercial paper and bonds	52 776	1 803	10 083	64 662
Financial derivatives	0	23 014	458	23 472
Total financial assets measured at fair value	52 776	91 313	10 542	154 631
Debt securities issued	17 794	135 850	22 466	176 110
Financial derivatives	0	26 755	3 693	30 448
Subordinated loan capital	0	0	763	763
Total financial liabilities measured at fair value	17 794	162 606	26 922	207 321

At 31 March 2023	Level 1	Level 2	Level 3	Total
Loans to customers	0	80 728	0	80 728
Commercial paper and bonds	66 540	377	4 881	71 798
Financial derivatives	0	19 829	227	20 056
Total financial assets measured at fair value	66 540	100 934	5 109	172 582
Debt securities issued	13 108	144 101	20 787	177 996
Financial derivatives	0	31 390	2 808	34 198
Subordinated loan capital	0	0	1 909	1 909
Total financial liabilities measured at fair value	13 108	175 491	25 505	214 103

At 31 December 2023	Level 1	Level 2	Level 3	Total
Loans to customers	0	71 461	0	71 461
Commercial paper and bonds	52 667	3 471	10 760	66 898
Financial derivatives	0	16 151	354	16 505
Total financial assets measured at fair value	52 667	91 083	11 114	154 864
Debt securities issued	11 759	128 495	24 911	165 165
Financial derivatives	0	25 888	2 618	28 505
Subordinated loan capital	0	0	770	770
Total financial liabilities measured at fair value	11 759	154 382	28 299	194 441

KBN has reassessed the categorisation of fixed rate loans to customers at fair value in the fair value hierarchy. KBN considers that all the bank's fixed rate loans to customers at fair value should be included in level 2, since both money market interest rate yield curves and credit spreads are considered observable, and non-observable input data do not constitute a significant proportion of input data. Historical data have been adjusted accordingly. The change applies correspondingly to information on measurements at fair value for loans to customers measured at amortised cost in note 10 of the annual report.

Reconciliation of changes in Level 3

	Commercial paper and bonds	Debt securities issued	Subordinated loan capital	Financial derivatives
Carrying amount 31 December 2023	10 760	24 911	770	(2 264)
Purchase	2 367	0	0	(2)
Sale	(328)	0	0	0
Issue	0	211	0	0
Settlement	(2 731)	(3 238)	0	134
Transfer into Level 3	548	0	0	0
Transfer out of Level 3	(632)	0	0	0
Net unrealised gain/(loss) recognised in the period	100	582	(7)	(1 102)
Carrying amount 31 March 2024	10 083	22 466	763	(3 234)

	Commercial paper and bonds	Debt securities issued	Subordinated loan capital	Financial derivatives
Carrying amount 31 December 2022	6 424	19 580	1 897	(4 138)
Purchase	1 475	0	0	0
Sale	(891)	0	0	0
Issue	0	614	0	0
Settlement	(931)	(893)	0	1 132
Transfer into Level 3	505	0	0	0
Transfer out of Level 3	(1 815)	0	0	0
Net unrealised gain/(loss) recognised in the period	116	1 487	12	425
Carrying amount 31 March 2023	4 881	20 787	1 909	(2 581)

	Commercial paper and bonds	Debt securities issued	Subordinated loan capital	Financial derivatives
Carrying amount 31 December 2022	6 424	19 580	1 897	(4 138)
Purchase	9 203	0	(1 099)	(15)
Sale	(1 396)	0	0	0
Issue	0	6 528	0	0
Settlement	(3 864)	(1 655)	0	1 238
Transfer into Level 3	4 093	0	0	0
Transfer out of Level 3	(3 655)	0	0	0
Net unrealised gain/(loss) recognised in the period	(45)	459	(28)	651
Carrying amount 31 December 2023	10 760	24 911	770	(2 264)

The transfers into and out of Level 3 are mainly due to changes in market conditions that affect the assessment of inputs to the valuation techniques during the reporting period. Year to date 2024 there have been no transfers from Level 2 to Level 1.

Effects from the currency conversion of principal amounts from non-derivative interest-bearing instruments in foreign currency and from interest and fees, are presented net in the income statement. Corresponding changes in fair value from currency derivatives used as hedging instruments in the economic hedging of the mentioned currency exposure, are presented net along with FX differences from the hedged item.

Net unrealised fair value changes for loans to customers, commercial paper issued, debt securities issued as well as subordinated loans are included in the income statement in net gain/(loss) on financial instruments, with the exception of unrealised fair value changes due to a change in own credit risk. Unrealised fair value changes due to a change in own credit risk are included in the statement of comprehensive income as other comprehensive income.

Sensitivity analysis, level 3

The table below shows the impact of a 10 bp increase in the discount rate for financial assets and liabilities in Level 3.

<i>(Amounts in NOK 1 000 000)</i>	31 March 2024		31 March 2023		31 December 2023	
	Carrying amount	Impact of changes in key assumptions	Carrying amount	Impact of changes in key assumptions	Carrying amount	Impact of changes in key assumptions
Commercial paper and bonds	10 083	(23)	4 881	(13)	10 760	(20)
Financial derivatives	(3 234)	(14)	(2 581)	(22)	(2 264)	(31)
Debt securities issued	(22 466)	14	(20 787)	26	(24 911)	16
Subordinated loan capital	(763)	3	(1 909)	9	(770)	3
Total		(20)		1		(32)

Note 5 Loans to customers

(Amounts in NOK 1 000 000)	31 March 2024	31 March 2023	31 December 2023
Principal amount	357 100	330 014	354 052
Accrued interest	3 575	2 280	2 915
Fair value adjustment	(5 089)	(5 228)	(4 700)
Value adjustment in fair value hedges	(775)	(201)	(18)
Expected credit loss	(31)	(55)	(41)
Total loans to customers	354 780	326 810	352 208
Other loans	17	22	18
Total loans	354 797	326 832	352 226

Note 6 Expected credit loss

The below table shows expected credit loss as part of the carrying amount of loans to customers and commercial paper and bonds at the end of the period.

(Amounts in NOK 1 000 000)	31 March 2024		31 March 2023		31 December 2023	
	Carrying amount	Expected credit loss	Carrying amount	Expected credit loss	Carrying amount	Expected credit loss
Loans to customers	288 300	31	246 104	55	280 765	41
Commercial paper and bonds	50 004	3	37 877	2	47 446	3
Total	338 304	35	283 980	56	328 211	44

The below table shows a specification of the period's change in expected credit loss that is recognised in the income statement.

(Amounts in NOK 1 000 000)	1st quarter 2024	1st quarter 2023	2023
Loans to customers	(9.3)	2.8	(11.0)
Commercial paper and bonds	0.2	0.0	1.2
Increased/(reduced) provision for expected credit loss	(9.1)	2.8	(9.8)

All assets are allocated to stage 1 at initial recognition. On subsequent reporting dates, stage 1 allocation means that there has been no significant increase in credit risk since initial recognition for that particular asset. An allocation to stage 2 on a subsequent reporting date represents a significant increase in credit risk since initial recognition, while stage 3 implies that the asset is credit impaired. Stage 1 requires the calculation of a 12-month expected credit loss that is recognised in the income statement and statement of financial position. Assets allocated to stages 2 and 3 require the calculation of a lifetime expected credit loss, recognised in the income statement and statement of financial position. The assets are allocated back to lower stages if the credit risk is since reduced. Actual credit losses have never taken place during KBN's history.

All exposures are assessed to be in stage 1, both as of 31 March 2024, 31 March 2023 and 31 December 2023.

Note 7 Commercial paper and bonds

(Amounts in NOK 1 000 000)

Commercial paper and bonds by type of issuer	31 March 2024	31 March 2023	31 December 2023
Domestic			
Issued by public bodies ¹	0	0	0
Issued by other borrowers	26 836	22 616	25 107
Foreign			
Issued by public bodies ¹	66 795	74 992	69 755
Issued by other borrowers	21 034	12 066	19 481
Total commercial paper and bonds	114 666	109 674	114 344

¹Issued by or guaranteed by sovereigns, central banks, regional authorities and multilateral development bank

Commercial paper and bonds by time to maturity	31 March 2024	31 March 2023	31 December 2023
Under 1 year	27 753	35 555	31 833
1-5 years	83 633	71 405	80 869
> 5 years	3 279	2 714	1 642
Total commercial paper and bonds	114 666	109 674	114 344
Average duration (years)*	2.5	2.4	1.9

*Average duration shown in the table above applies to Commercial paper and bonds, but not to money market deposits. These are presented on the line Deposits with credit institutions. Including such deposits, the average duration of liquid assets is 2.4 years as of March 31, 2024.

Note 8 Credit exposure in commercial paper and bonds

Amounts in the tables below represent actual credit exposure.

(Amounts in NOK 1 000 000)	Exposure as at 31 March 2024									
	< 1 year				> 1 year					
Time to maturity	A-1	A-2	A-3	Not rated	BBB	A	AA	AAA	Not rated	
Sovereigns and central banks	11 082	0	0	0	0	568	4 746	2 947	0	19 343
Multilateral development banks	1 050	0	0	0	0	0	1 770	11 686	0	14 506
Regional authorities	8 298	0	0	5 510	0	346	17 100	4 722	2 321	38 297
Financial institutions	149	0	0	0	0	0	287	0	0	436
Corporates	1 028	0	0	0	0	2 662	0	1 628	0	5 318
Covered Bonds	637	0	0	0	0	0	0	36 128	0	36 765
Total	22 244	0	0	5 510	0	3 576	23 903	57 111	2 321	114 666

(Amounts in NOK 1 000 000)	Exposure as at 31 March 2023									
	< 1 year				> 1 year					
Time to maturity	A-1	A-2	A-3	Not rated	BBB	A	AA	AAA	Not rated	
Sovereigns and central banks	20 132	0	0	1 704	0	4 485	11 642	749	0	38 712
Multilateral development banks	2 924	0	0	0	0	0	1 790	5 724	0	10 438
Regional authorities	6 993	0	0	1 989	0	0	9 270	5 189	2 401	25 842
Financial institutions	0	0	0	0	0	0	0	0	0	0
Corporates	530	0	0	0	0	78	0	0	0	608
Covered Bonds	1 282	0	0	0	0	0	2 374	30 419	0	34 075
Total	31 861	0	0	3 694	0	4 563	25 075	42 081	2 401	109 674

(Amounts in NOK 1 000 000)	Exposure as at 31 December 2023									
	< 1 year					> 1 year				
Risk class	A-1	A-2	A-3	Not rated	BBB	A	AA	AAA	Not rated	Total
Sovereigns and central banks	11 242	0	0	0	0	574	6 718	2 590	0	21 125
Multilateral development banks	1 409	0	0	0	0	0	1 713	9 133	0	12 256
Regional authorities	12 762	0	0	2 707	0	208	16 102	4 780	2 233	38 791
Financial institutions	145	0	0	0	0	0	274	0	0	419
Corporates	1 400	0	0	0	0	1 826	0	1 533	0	4 759
Covered Bonds	2 166	0	0	0	0	0	0	34 827	0	36 994
Total	29 125	0	0	2 707	0	2 608	24 807	52 864	2 233	114 344

Note 9 Debt securities issued and commercial paper issued

(Amounts in NOK 1 000 000)	31 March 2024	31 March 2023	31 December 2023
Debt securities issued (nominal amounts incl. fees) as at 1 January	438 407	429 206	429 206
New issuance	38 188	24 459	76 935
Redemptions	(21 704)	(19 385)	(85 790)
Amortisation (incl. fees)	(35)	(282)	(242)
Effects of exchange rate changes	21 537	27 788	18 297
Debt securities issued (nominal amounts incl. fees) as at end of period	476 393	461 785	438 407
Accrued interest	5 633	4 617	5 592
Fair value adjustment	(22 578)	(26 623)	(19 406)
<i>Of which value adjustment that is due to change in own credit risk</i>	19	467	(78)
<i>Of which value adjustment that is due to other reasons, fair value</i>	(9 030)	(9 581)	(7 603)
<i>Of which value adjustment that is due to other reasons, hedge accounting</i>	(13 567)	(17 509)	(11 725)
Total Debt securities issued	459 448	439 779	424 593

(Amounts in NOK 1 000 000)	Commercial paper issued	Debt securities issued	Subordinated loan capital
Carrying amount 31 December 2023	41 318	424 593	770
Cash flows	0	0	0
Payments from issuance	35 140	38 188	0
Redemptions	(76 534)	(21 704)	0
<i>Changes that are not related to cash flows</i>	0	0	0
Change due to accrued interest and amortisation	272	6	6
Changes in fair value	0	(3 173)	(13)
Repurchase, related to issue of Tier 1 capital	0	0	0
Effects of exchange rate changes on nominal amounts incl. fees	948	21 537	0
Carrying amount 31 March 2024	1 144	459 448	763

<i>(Amounts in NOK 1 000 000)</i>	Commercial paper issued	Debt securities issued	Subordinated loan capital
Carrying amount 31 December 2022	23 377	402 553	1 897
<i>Cash flows</i>	0	0	0
Payments from issuance	21 765	24 459	0
Redemptions	(45 576)	(19 667)	0
<i>Changes that are not related to cash flows</i>	0	0	0
Change due to accrued interest and amortisation	84	389	15
Changes in fair value	0	4 258	(3)
Effects of exchange rate changes on nominal amounts incl. fees	349	27 788	0
Carrying amount 31 March 2023	0	439 779	1 909

<i>(Amounts in NOK 1 000 000)</i>	Commercial paper issued	Debt securities issued	Subordinated loan capital
Carrying amount 31 December 2022	23 377	402 553	1 897
<i>Cash flows</i>	0	0	0
Payments from issuance	152 355	76 935	0
Redemptions	(134 845)	(85 790)	0
<i>Changes that are not related to cash flows</i>	0	0	0
Change due to accrued interest and amortisation	417	1 122	(19)
Changes in fair value	0	11 475	92
Repurchase, related to issue of Tier 1 capital	0	0	(1 200)
Effects of exchange rate changes on nominal amounts incl. fees	15	18 297	0
Carrying amount 31 December 2023	41 318	424 593	770

Note 10 Primary capital

<i>(Amounts in NOK 1 000 000)</i>	31 March 2024	31 March 2023	31 December 2023
Equity	21 983	19 233	21 684
Additional Tier 1 capital included in equity	(3 484)	(2 392)	(3 484)
Equity included in common equity Tier 1 capital	18 499	16 842	18 199
Deductions:			
Deferred tax asset that exceeds 10 % of common equity Tier 1 capital	(484)	(1 097)	(604)
Intangible assets	(159)	(142)	(162)
Dividends payable	(870)	(163)	(700)
Prudent valuation adjustments (AVA)	(145)	(151)	(138)
Adjustments unrealised loss (gains) due to changes in own credit risk	14	350	(59)
Total common equity Tier 1 capital	16 855	15 639	16 536
Other approved Tier 1 capital	3 484	2 392	3 484
Total Tier 1 capital	20 339	18 031	20 020
<i>Supplementary capital</i>			
Subordinated loan capital	800	2 000	800
Total supplementary capital	800	2 000	800
Total primary capital	21 139	20 031	20 820

Primary capital has been calculated under Capital Requirements Regulation (CRR). Unrealised gain/(loss) on liabilities that is due to changes in own credit risk is related to debt securities issued.

Note 11 Capital adequacy

(Amounts in NOK 1 000 000)	31 March 2024			31 March 2023	31 December 2023
	Carrying amount	Risk weighted assets	Minimum capital requirements and capital adequacy	Minimum capital requirements and capital adequacy	Minimum capital requirements and capital adequacy
Credit risk					
Sovereigns and central banks	19 343	0	0	0	0
Regional governments and local authorities	383 283	72 204	5 776	5 248	5 690
<i>Of which are Norwegian municipalities</i>	354 797	71 134	5 691	5 248	5 651
Corporates	5 324	1 847	148	24	129
Public sector entities	9 808	0	0	0	0
Multilateral development banks	14 509	0	0	0	0
Financial institutions	18 427	3 780	302	324	515
<i>Of which counterparty exposure on derivatives</i>	13 254	2 654	212	267	477
Claims secured by residential property	21	21	2	2	2
Covered bonds	36 803	3 851	308	272	309
Other assets	1 745	4 346	348	337	344
Credit Valuation Adjustment	209	2 608	209	274	427
Total credit risk	489 471	88 658	7 093	6 480	7 416
Market risk	0	0	0	0	0
Operational risk - Basic Indicator					
Approach		2 615	209	190	204
Minimum capital requirements		91 273	7 302	6 670	7 621
Total capital ratio			23.2 %	24.0 %	21.9 %
Tier 1 capital adequacy ratio			22.3 %	21.6 %	21.0 %
Common equity Tier 1 capital adequacy ratio			18.5 %	18.8 %	17.4 %
Leverage ratio			4.1 %	3.8 %	4.0 %

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