

Report for 2nd quarter 2024

The logo consists of the letters 'KBN' in a bold, dark green, sans-serif font. The letters are contained within a white square that is tilted slightly to the right. The background of the entire page is a soft-focus photograph of green foliage with small, light pink flowers. A yellow butterfly with black spots is perched on one of the flower clusters in the middle-right section of the image.

KBN

Kommunalbanken AS

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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 financing of the sector is in excess of
NOK 361bn

We finance the local communities of tomorrow

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)	2nd quarter 2024	January - June 2024	2nd quarter 2023	January - June 2023	2023
RESULTS					
Net interest income	550	1 104	507	1 015	2 105
Core earnings ¹	330	638	360	640	1 211
Profit after tax	493	884	280	669	1 432
Cost/income ratio (percent) ²	16.1%	16.7%	13.1%	14.4%	15.6%
Return on equity after tax ³	10.1%	8.9%	6.1%	7.5%	7.9%
Return on equity after tax (core earnings) ⁴	7.3%	7.1%	8.7%	7.8%	7.3%
Return on assets after tax ⁵	0.3%	0.3%	0.3%	0.3%	0.3%
LOANS TO CUSTOMERS					
New disbursements	7 640	18 924	12 106	21 370	53 429
Aggregate loans to customers ⁶	358 059	358 059	335 516	335 516	354 052
Aggregate customer financing ⁷	360 655	360 655	335 516	335 516	354 052
12 month lending growth in percent ⁸	6.7%	6.7%	5.9%	5.9%	7.8%
12 month aggregate financing growth in percent ⁹	7.5%	7.5%	5.9%	5.9%	7.8%
Green loans to customers ¹⁰	54 890	54 890	44 127	44 127	52 763
Share of green loans in lending portfolio	15.8%	15.8%	13.2%	13.2%	15.4%
Share of municipalities with green loans ¹¹	40.1%	40.1%	38.8%	38.8%	39.9%
LIQUIDITY PORTFOLIO⁶	120 787	120 787	123 558	123 558	114 610
DEBT SECURITIES ISSUED					
New long-term debt securities issued	23 392	61 580	8 435	32 894	76 935
Aggregate debt securities issued ⁶	474 307	474 307	460 430	460 430	438 407
TOTAL ASSETS	530 227	530 227	515 604	515 604	522 203
EQUITY					
Equity	21 510	21 510	20 557	20 557	21 684
Common equity Tier 1 capital adequacy ratio	18.5%	18.5%	18.6%	18.6%	17.4%
Leverage ratio	4.1%	4.1%	4.0%	4.0%	4.0%
LIQUIDITY COVERAGE RATIO (LCR)¹²					
Total	246%	246%	256%	256%	266%
NOK	77%	77%	106%	106%	87%
EUR	336%	336%	191%	191%	251%
USD	231%	231%	131%	131%	171%
AUD	189%	189%	721%	721%	1 253%
GBP	3205%	3205%	291%	291%	43 868%
OTHER KEY FIGURES					
Market share excl. Husbanken ¹³	49.8 %	49.8 %	50.0 %	50.0 %	51.1 %
Market share overall financing of customers excl. Husbanken ¹⁴	50.2 %	50.2 %	50.0 %	50.0 %	51.1 %
Percentage of women employed in KBN	36%	36%	41%	41%	36%
Emissions in tons CO ₂ equivalents ¹⁵	21.2	52.2	28.5	50.3	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 Principal amounts. Aggregate customer financing is the sum of KBN's lending portfolio and KBN's portfolio of municipal bonds in the liquidity portfolio, which are included as a part of KBN's financing of customers.

⁸ 12-month lending growth based on aggregate loans to customers (principal amounts).

⁹ 12-month growth based on aggregate customer financing (principal amount).

¹⁰ 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.

¹¹ Percentage of municipalities in KBN's lending portfolio with green loans, based on total aggregate green loans to customers.

¹² 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.

¹³ KBN's market share based on total loans to customers of sector code 6500 divided by total lending to the same sector, based on Statistics Norway's K2 reporting. Lending from Husbanken is not included as KBN does not compete for these loans.

¹⁴ KBN's market share based on total customer financing of sector code 6500 divided by total lending to the same sector, based on Statistics Norway's K2 reporting. Lending from Husbanken is not included as KBN does not compete for these loans.

¹⁵ 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, as well as indirect emissions in scope 3 from waste management and travel activities.

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 net interest totalled NOK 550 million in the second quarter of 2024, compared to NOK 507 million in the second quarter of 2023. Growth in profitable lending products over the last twelve months together with higher interest rates contributed to this increase in KBN's income. KBN's lending grew by NOK 1 billion in the second quarter of 2024, with green lending accounting for NOK 0.6 billion of this growth. Green lending represented 15.8% of KBN's total lending at the end of the quarter, compared to 13.2% at the end of the second quarter of 2023.

Results for the quarter

KBN's core earnings¹ totalled NOK 330 million in the second quarter of 2024, compared to NOK 360 million in the second quarter of 2023. KBN's core earnings in the second quarter of 2023 were positively affected by a realised gain of NOK 101 million before tax resulting from KBN repurchasing subordinated debt capital. KBN's net interest income totalled NOK 550 million in the second quarter of 2024, as compared to NOK 507 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 May and June meetings. Norway's key policy rate currently stands at 4.5%.

KBN's result for the accounting period in the second quarter of 2024 was a profit of NOK 493 million, compared to a profit of NOK 280 million in the same period in 2023. In the second quarter of 2024, KBN recognised a net gain on financial instruments totalling NOK 193 million, as compared to a net loss of NOK 48 million in the second quarter of 2023. Realised gains from market transactions represented NOK 28 million of the net gain in the second quarter of 2024 compared to NOK 95 million in the second quarter of 2023. Unrealised gains amounted to NOK 164 million in the second quarter of 2024, compared to unrealised losses of NOK 143 million in the same period in 2023. KBN's fixed rate lending and associated hedging instruments contributed a net unrealised gain of NOK 171 million in the second 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 128 million in the second quarter of 2023. KBN started to apply hedge accounting to all its new fixed rate lending with effect from 1 January 2022. KBN's introduction of hedge accounting to its 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 net unrealised gains and losses included in KBN's earnings.

KBN's liquidity portfolio and associated hedging instruments contributed a net unrealised gain of NOK 36 million for the second quarter of 2024, while KBN's own bonds and associated hedging instruments contributed a net unrealised loss of NOK 15 million to its result from ordinary activities. KBN's unrealised gains and losses are expected to reverse, either as market conditions normalise or as the instruments approach maturity.

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.

KBN's provision for losses is very 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's provision for losses was unchanged in the second quarter of 2024.

KBN's total operating costs for the second quarter of 2024 were NOK 88 million, compared to NOK 75 million in the same period in 2023. The increase in operating costs was primarily due to inflation and the weakness of the Norwegian krone, a higher level of activity in developing and improving KBN's operations, and hiring in temporary employees pending new appointments.

Results for the first six months of 2024

KBN's core earnings² in the first six months of 2024 totalled NOK 638 million as compared to NOK 640 million in the first six months of 2023. KBN's core earnings in the first six months of 2023 were positively affected by a realised gain of NOK 101 million before tax resulting from KBN repurchasing subordinated debt capital. KBN's net interest income in the first six months of 2024 was NOK 1,104 million, compared to NOK 1,015 million in the same period in 2023. The increase was primarily due to higher interest rates in combination with lending growth.

KBN's result for the period in the first six months of 2024 was a profit of NOK 884 million as compared to NOK 669 million in the same period in 2023. KBN recognised net gains on financial instruments totalling NOK 273 million in the first six months of 2024, compared with net gains totalling NOK 66 million in the same period in 2023.

KBN's total operating costs for the first six months of 2024 were NOK 184 million, compared to NOK 151 million in the first six months of 2023. The increase was due to a higher level of activity, wage growth and inflation. KBN's cost-to-income ratio³ for the first six months of 2024 was 16.7%, compared to 14.4% in the same period in 2023.

KBN's annualised return on equity in the first six months of 2024 was 8.9%, compared to 7.5% in the same period in 2023. Based on its core earnings, KBN's annualised return on equity in the first six months of 2024 was 7.1%, compared to 7.8% in 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 six months of 2024 was NOK 652 million, compared to NOK 628 million in the first six months 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 six months of 2024, there was an unrealised loss from changes to KBN's own credit risk of NOK 309 million, as compared to an unrealised loss of NOK 54 million in the same period in 2023. Reduced creditspreads on KBN's debt securities issued is the main reason for the unrealised losses.

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

³ Operating expenses as a percentage of the sum of net interest income and total other operating income adjusted for net unrealised gains/losses on financial instruments (in accordance with note 2).

Table 1: Result for the period and total comprehensive income

(Amounts in NOK 1 000 000)	Q2 2024	Year to date 2024	Q2 2023	Year to date 2023	2023
Net interest income	550	1 104	507	1 015	2 105
Fees and commission expenses	33	66	36	65	126
Net gain/(loss) on financial instruments	193	273	(48)	66	212
Increased/(reduced) provision for expected credit loss	0	(9)	(7)	(4)	(10)
Operating expenses	88	184	75	151	325
Income tax	128	252	75	201	444
Profit for the period	493	884	280	669	1 432

(Amounts in NOK 1 000 000)	Q2 2024	Year to date 2024	Q2 2023	Year to date 2023	2023
Profit for the period	493	884	280	669	1 432
Change in fair value of liabilities due to changes in own credit risk	(212)	(309)	7	(54)	484
Actuarial gain/(loss) on pension liability	0	0	0	0	(8)
Tax	53	77	(2)	13	(119)
Total comprehensive income for the period	335	652	285	628	1 789

Lending

KBN's lending portfolio totalled NOK 358 billion⁴ at the end of the second quarter of 2024, while aggregate customer financing⁵ at the same time was NOK 361 billion⁶. KBN's aggregate customer financing increased by NOK 3.1 billion in the second quarter of 2024, while it increased by NOK 5.5 billion in the same period in 2023. Strong competition and the improved terms available to KBN's customers in the capital markets in particular were the reasons for the more moderate growth in the second quarter of 2024 compared with the second quarter of 2023.

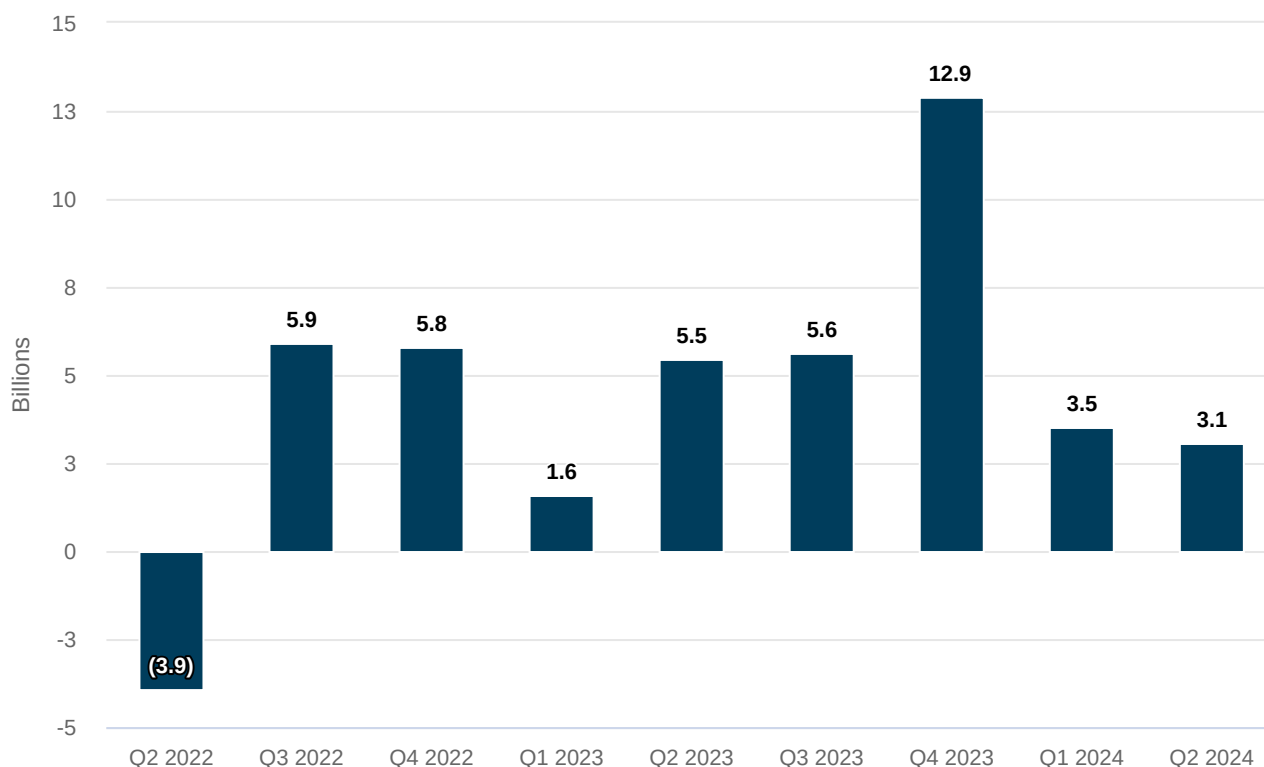
KBN continued to experience a good level of growth in its green lending, and its portfolio of green loans increased by NOK 0.6 billion in the second quarter of 2024, as compared to NOK 1.2 billion in the same period in 2023. KBN's green lending in the second quarter of 2024 included green loans for a biogas project in Nedre Romerike and for a fjord-based heating project in Stad municipality. At the end of the second quarter of 2024, KBN's green lending represented 15.8% of its overall lending portfolio.

The annual rate of debt growth in the local government sector as at the end of June 2024 was calculated to be 9.8%. After adjusting for borrowing from the Norwegian State Housing Bank, the rate of debt growth was 9.5%. After adjusting for borrowing from the Norwegian State Housing Bank, KBN's market share based on its total customer financing as at the end of the second quarter of 2024 was 50,2%.

⁴ Principal amount

⁵ Aggregate customer financing is the sum of KBN's lending portfolio and KBN's portfolio of municipal bonds in the liquidity portfolio, which are included as a part of KBN's financing of customers.

⁶ Principal amount

Chart 1: Quarterly growth in aggregate customer financing in billion kroner

Financial markets

Inflation slowed over the second quarter of 2024 and is approaching 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 2.6% at the most recent assessment in June, while core inflation was 3.4%. 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. The US dollar and Euro remained relatively stable against the majority of currencies in the second quarter of 2024, including the Norwegian krone. The Norwegian krone continues to be at a historically weak level.

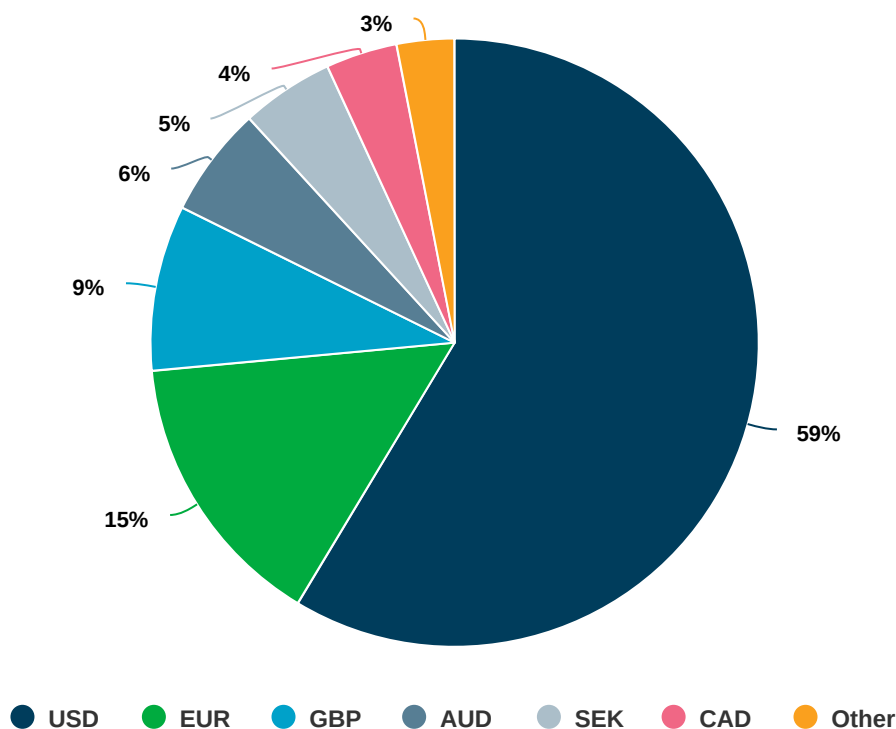
The credit spreads on local government and covered bonds fell through the second quarter of 2024. The outlook for future changes in the spreads on local government and covered bonds is uncertain, both in Norway and internationally.

Funding

KBN enjoyed good access to the international capital markets in the second quarter of 2024 and completed all its funding transactions as planned. In the first six months of 2024, KBN's new borrowings totalled approximately NOK 62 billion through 22 bond issues in eight currencies, as compared to NOK 33 billion in the corresponding period 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 six months of 2024



Liquidity management

KBN's liquidity portfolio totalled NOK 121 billion⁷ at the end of the second quarter of 2024, as compared to NOK 124 billion at the end of the second 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 57% of the portfolio at 30 June 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.

Capital

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

⁷ Principal amount

Table 2: Capital adequacy key figures

As at 30 June 2024	Volume in NOK billion	Capital adequacy	Requirements
Common equity Tier 1 capital adequacy ratio	17.2	18.5 %	14.8 %
Tier 1 capital adequacy ratio	20.7	22.3 %	16.7 %
Total capital ratio	21.5	23.1 %	19.2 %

KBN's total assets at the end of the second quarter of 2024 amounted to NOK 530 billion, up from NOK 516 billion at the end of the second 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 second 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 second 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 six months of 2024

KBN has a long-term goal of reducing its own emissions by 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 55% of the 2019 level, which corresponds to approximately 106 tonnes of CO₂e for the year. KBN's calculated CO₂e emissions in the first six months of 2024 were 52 tonnes of CO₂e⁸, which is a moderate increase from the first six months of 2023.

Future prospects

At its monetary policy committee meeting in June 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 keeps declining towards the target of 2% per year within a reasonable time horizon. The future path of the policy rate thereafter will depend on economic developments.

⁸ 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, as well as its indirect emissions in Scope 3 from waste and business travel.

After weaker company results for the second quarter in the USA in combination with increased unemployment and weaker economic prospects, there has been market turmoil at the beginning of August. The stock markets have fluctuated sharply and interest rates in the market have fallen. Market expectations now are weaker economic development in the world economy in the second half of the year. KBN is to a small extent affected by short-term fluctuations in the market. Over time, the level of interest rates and the general economic development could affect the markets for municipal debt in Norway and for KBN.

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

Statement by the Board of Directors

We confirm that the half-year financial statements for the period 1 January 2024 to 30 June 2024 have, to the best of our knowledge, been prepared in accordance with IAS 34 Interim Financial Reporting, and that the information contained in the financial statements gives a true and fair view of the company's assets, liabilities, financial position and results as a whole.

We also confirm that, to the best of our knowledge, the half-year report provides a true and fair overview of important events during the accounting period and their effects on the half-year financial statements, and also of the material risks and uncertainties facing the company during the next accounting period.

Oslo, 8 August 2024

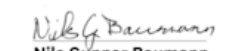
The Board of Directors and Chief Executive Officer of Kommunalbanken AS


Brit Kristin Sæbø Rugland
CHAIR


Rune Midtgaard
VICE CHAIR


Eyvind Aven
BOARD MEMBER


Kristine Fausa Aasberg
EMPLOYEE REPRESENTATIVE

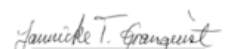

Nils Gunnar Baumann
EMPLOYEE REPRESENTATIVE


Toril Hovdenak
BOARD MEMBER


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	2nd quarter 2024	January - June 2024	2nd quarter 2023	January - June 2023	2023
Interest income from assets measured at amortised cost		4 882	9 570	3 303	6 519	15 411
Interest income from assets measured at fair value		1 765	3 758	1 752	3 003	6 933
Total interest income		6 647	13 328	5 055	9 522	22 345
Interest expense		6 097	12 224	4 548	8 507	20 240
Net interest income	1	550	1 104	507	1 015	2 105
Fees and commission expenses		33	66	36	65	126
Net gain/(loss) on financial instruments	2	193	273	(48)	66	212
Increased/(reduced) provision for expected credit loss	6	0	(9)	(7)	(4)	(10)
Total other operating income		159	216	(77)	5	96
Salaries and administrative expenses		49	110	42	91	190
Depreciation of fixed and intangible assets		12	23	10	21	43
Other operating expenses		28	50	23	40	92
Total operating expenses		88	184	75	151	325
Profit before tax		622	1 136	355	870	1 876
Income tax		128	252	75	201	444
Profit for the period		493	884	280	669	1 432
Portion allocated to shareholder		453	803	253	618	1 301
Portion allocated to owners of additional Tier 1 capital		40	81	27	50	131

STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK 1 000 000)	Note	2nd quarter 2024	January - June 2024	2nd quarter 2023	January - June 2023	2023
Profit for the period		493	884	280	669	1 432
Other comprehensive income						
Items which will not be reclassified to profit or loss						
Change in fair value of liabilities due to changes in own credit risk	9	(212)	(309)	7	(54)	484
Actuarial gain/(loss) on pension liability		0	0	0	0	(8)
Tax		53	77	(2)	13	(119)
Total other comprehensive income		(159)	(231)	5	(40)	357
Total comprehensive income for the period		335	652	285	628	1 789
Portion allocated to shareholder		294	571	258	578	1 658
Portion allocated to owners of additional Tier 1 capital		40	81	27	50	131

Statement of financial position

(Amounts in NOK 1 000 000)	Note	30 June 2024	30 June 2023	31 December 2023
Assets				
Deposits with credit institutions	<u>3</u>	37 709	41 357	36 601
Other money market deposits	<u>3</u>	0	0	0
Loans to customers	<u>3,4,5,</u> <u>6</u>	355 592	329 229	352 226
Commercial paper and bonds	<u>3,4,6,</u> <u>7,8</u>	120 010	122 350	114 344
Financial derivatives	<u>3,4</u>	14 572	19 735	16 505
Deferred tax asset		2 143	2 697	2 318
Other assets		202	235	210
Total assets		530 227	515 604	522 203
Liabilities and equity				
Due to credit institutions	<u>3,4</u>	10 839	13 023	5 232
Commercial paper issued	<u>3,4,9</u>	7 509	8 066	41 318
Debt securities issued	<u>3,4,9</u>	459 239	434 086	424 593
Financial derivatives	<u>3,4</u>	30 356	39 085	28 505
Other liabilities		(4)	48	76
Pension commitments		25	27	25
Subordinated loan capital	<u>3,4,9</u>	752	714	770
Total liabilities		508 717	495 047	500 520
Share capital		3 895	3 895	3 895
Additional Tier 1 capital		3 484	3 484	3 484
Retained earnings		14 131	13 178	14 305
Total equity		21 510	20 557	21 684
Total liabilities and equity		530 227	515 604	522 203

Statement of changes in equity

(Amounts in NOK 1 000 000)

	1. januar - 30 June 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	884	884
Other comprehensive income after tax - financial liabilities, changes in own credit risk	0	0	(231)	0	(231)
Other comprehensive income after tax - actuarial gain/loss	0	0	0	0	0
Interest paid on additional Tier 1 capital	0	0	0	(126)	(126)
Issuance of additional Tier 1 capital	0	0	0	0	0
Dividends for 2023	0	0	0	(700)	(700)
Equity as of 31 March 2024	3 895	3 484	(172)	14 303	21 510

	1. januar - 30 June 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	669	669
Other comprehensive income after tax - financial liabilities, changes in own credit risk	0	0	(40)	0	(40)
Other comprehensive income after tax - actuarial gain/loss	0	0	0	0	0
Interest paid on additional Tier 1 capital	0	0	0	(67)	(67)
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 March 2023	3 895	3 484	(344)	13 522	20 557

	1. januar - 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

(Amounts in NOK 1 000 000)	January - June 2024	January - June 2023	2023
Cash flows from operating activities			
Interest received	13 207	9 082	21 671
Interest paid	(11 651)	(6 997)	(19 068)
Fees and commissions paid	(112)	(122)	(129)
Net realised gains on financial assets	0	(8)	0
Cash payments for operations	(160)	(131)	(285)
Paid taxes	0	0	0
Net disbursement of loans to customers	(4 006)	(7 606)	(25 647)
Net (payment)/disbursement short-term investments	4 048	4 873	1 677
Net payment/(disbursement) from purchase/sale of securities	(3 371)	(4 763)	1 936
Net (payment)/disbursement other assets	50	(16)	(50)
Net payment/(disbursement) other liabilities	(75)	(4)	24
Net (payment)/disbursement financial derivatives	17 367	28 568	11 435
Net cash flows from operating activities	15 295	22 876	(8 436)
Cash flows from investing activities			
Disbursement from sale of fixed assets	(20)	(16)	(34)
Net cash flows from investing activities	(20)	(16)	(34)
Cash flows from financing activities			
Payments on issued commercial paper	48 606	46 003	152 355
Repayment of commercial paper issued	(83 622)	(61 866)	(134 845)
Lease payments	(4)	(4)	(8)
Payments on issued debt securities	61 580	32 894	76 935
Repayment of debt securities issued	(41 205)	(39 930)	(85 790)
Interest Paid on additional Tier 1 capital	(126)	(67)	(101)
Dividends paid	(700)	0	0
Net cash flows from financing activities	(15 473)	(22 969)	8 546
Net cash flows	(197)	(110)	76
Adjustment of exchange rate changes	68	51	29
Net cash flows after effects of exchange rate changes	(129)	(59)	105
Cash and cash equivalents at 1 January	356	251	251
Net changes of cash and cash equivalents	(129)	(59)	105
Cash and cash equivalents at end of period	227	192	356
Whereof			
Deposits with credit institutions without agreed time to maturity	227	192	356
Due to credit institutions without agreed time to maturity	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 30 June 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

(Amounts in NOK 1 000 000)	2nd quarter 2024	January - June 2024	2nd quarter 2023	January - June 2023	2023
Deposits with credit institutions	168	327	86	171	404
Other money market deposits	0	0	10	11	11
Loans to customers	3 681	7 337	2 563	5 133	11 755
Financial derivatives, hedge accounting loans to customers	151	265	32	46	239
Commercial paper and bonds	882	1 641	612	1 158	3 002
Financial derivatives, hedge accounting loans to customers	0	0	0	0	0
<i>Interest income from assets measured at amortised cost</i>	<i>4 882</i>	<i>9 570</i>	<i>3 303</i>	<i>6 519</i>	<i>15 411</i>
Loans to customers	358	731	426	589	1 398
Commercial paper and bonds	452	945	317	588	1 524
Financial derivatives	956	2 081	1 009	1 826	4 011
<i>Interest income from assets measured at fair value</i>	<i>1 765</i>	<i>3 758</i>	<i>1 752</i>	<i>3 003</i>	<i>6 933</i>
Total interest income	6 647	13 328	5 055	9 522	22 345
Due to credit institutions	14	15	0	0	0
Commercial paper issued	33	305	17	101	417
Debt securities issued	2 033	3 885	1 538	2 968	6 195
Financial derivatives, hedge accounting debt securities issued	2 310	4 677	2 171	3 945	8 858
<i>Interest expenses from debt measured at amortised cost</i>	<i>4 391</i>	<i>8 882</i>	<i>3 726</i>	<i>7 014</i>	<i>15 470</i>
Debt securities issued	1 138	2 303	965	1 875	4 003
Financial derivatives	562	1 027	(156)	(411)	726
Subordinated loan capital	6	12	13	28	41
<i>Interest expenses from debt measured at fair value</i>	<i>1 706</i>	<i>3 342</i>	<i>822</i>	<i>1 492</i>	<i>4 770</i>
Total interest expenses	6 097	12 224	4 548	8 507	20 240
Net interest income	550	1 104	507	1 015	2 105

Note 2 Net gain/(loss) on financial instruments

(Amounts in NOK 1 000 000)

Net gain/(loss) on financial instruments	2nd quarter 2024	January - June 2024	2nd quarter 2023	January - June 2023	2023
Loans to customers	275	(872)	(3 022)	(2 684)	1 049
Commercial paper and bonds	138	(122)	(376)	(115)	1 310
Financial derivatives	497	(1 299)	(1 589)	2 121	9 803
Debt securities issued	(710)	2 560	4 990	792	(11 959)
Subordinated loan capital	(7)	6	(51)	(48)	10
Net gain/(loss) on financial instruments	193	273	(48)	66	212
Whereof net unrealised gain/(loss) on financial instruments	164	220	(143)	(29)	120
Whereof net realised gain/(loss) on market transactions	28	54	95	95	92

Specification of net gain/(loss) on financial instruments including hedging instruments	2nd quarter 2024	January - June 2024	2nd quarter 2023	January - June 2023	2023
Loans to customers, including hedging instruments	171	239	(128)	(244)	101
Commercial paper and bonds, including hedging instrument	36	113	(9)	14	(82)
Debt securities issued and subordinated loan capital, including hedging instruments	(15)	(79)	89	296	193
Net gain/(loss) on financial instruments	193	273	(48)	66	212

Specification of net gain/(loss) on financial instruments in fair value hedge	2nd quarter 2024	January - June 2024	2nd quarter 2023	January - June 2023	2023
Loan to customers	(102)	(859)	(1 029)	(969)	243
Financial derivatives, in hedge accounting loans to customers	115	839	963	907	(250)
Commercial paper and bonds	(1)	(1)	0	0	0
Financial derivatives, in hedge accounting commercial paper and bonds	1	1	0	0	0
Debt securities issued	(882)	920	2 060	690	(7 154)
Financial derivatives, in hedge accounting debt securities issued	952	(921)	(2 041)	(651)	7 242
Net gain/(loss) on financial instruments in fair value hedge	83	(22)	(47)	(23)	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 30 June 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	37 709	0	0	0	0	37 709
Other money market deposits	0	0	0	0	0	0
Loans to customers	355 592	64 427	0	0	55 157	236 007
Commercial paper and bonds	120 010	63 683	0	0	769	55 558
Financial derivatives	14 572	0	13 503	1 069	0	0
Total financial assets	527 883	128 111	13 503	1 069	55 926	329 274
Due to credit institutions	10 839	0	0	0	0	10 839
Commercial paper issued	7 509	0	0	0	0	7 509
Debt securities issued	459 239	174 848	0	0	257 966	26 425
Financial derivatives	30 356	0	15 628	14 728	0	0
Subordinated loan capital	752	752	0	0	0	0
Total financial liabilities	508 696	175 600	15 628	14 728	257 966	44 773

At 30 June 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	41 357	0	0	0	0	41 357
Other money market deposits	0	0	0	0	0	0
Loans to customers	329 229	75 156	0	0	26 871	227 203
Commercial paper and bonds	122 350	67 904	0	0	0	54 447
Financial derivatives	19 735	0	18 582	1 153	0	0
Total financial assets	512 672	143 060	18 582	1 153	26 871	323 006
Due to credit institutions	13 023	0	0	0	0	13 023
Commercial paper issued	8 066	0	0	0	0	8 066
Debt securities issued	434 086	166 559	0	0	235 394	32 132
Financial derivatives	39 085	0	19 497	19 588	0	0
Subordinated loan capital	714	714	0	0	0	0
Total financial liabilities	494 972	167 273	19 497	19 588	235 394	53 221

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 30 June 2024	Level 1	Level 2	Level 3	Total
Loans to customers	0	64 427	0	64 427
Commercial paper and bonds	56 652	871	6 160	63 683
Financial derivatives	0	14 219	353	14 572
Total financial assets measured at fair value	56 652	79 517	6 513	142 683
Debt securities issued	17 885	136 136	20 827	174 848
Financial derivatives	0	26 669	3 688	30 356
Subordinated loan capital	0	0	752	752
Total financial liabilities measured at fair value	17 885	162 805	25 267	205 957

At 30 June 2023	Level 1	Level 2	Level 3	Total
Loans to customers	0	75 156	0	75 156
Commercial paper and bonds	59 452	3 292	5 159	67 904
Financial derivatives	0	19 510	225	19 735
Total financial assets measured at fair value	59 452	97 958	5 385	162 795
Debt securities issued	13 140	130 907	22 512	166 559
Financial derivatives	0	35 868	3 217	39 085
Subordinated loan capital	0	0	714	714
Total financial liabilities measured at fair value	13 140	166 775	26 443	206 358

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	(5)
Sale	(1 244)	0	0	0
Issue	0	1 345	0	0
Settlement	(4 567)	(5 882)	0	209
Transfer into Level 3	619	0	0	0
Transfer out of Level 3	(1 848)	0	0	0
Net unrealised gain/(loss) recognised in the period	74	453	(18)	(1 276)
Carrying amount 30 June 2024	6 160	20 827	752	(3 335)

	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	2 284	0	(1 099)	(15)
Sale	(1 396)	0	0	0
Issue	0	2 217	0	0
Settlement	(1 504)	(1 102)	0	1 133
Transfer into Level 3	1 090	0	0	0
Transfer out of Level 3	(1 815)	0	0	0
Net unrealised gain/(loss) recognised in the period	76	1 817	(84)	27
Carrying amount 30 June 2023	5 159	22 512	714	(2 992)

	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.

(Amounts in NOK 1 000 000)	30 June 2024		30 June 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	6 160	(16)	5 159	(13)	10 760	(20)
Financial derivatives	(3 335)	(7)	(2 992)	(16)	(2 264)	(31)
Debt securities issued	(20 827)	7	(22 512)	19	(24 911)	16
Subordinated loan capital	(752)	3	(714)	3	(770)	3
Total		(13)		(7)		(32)

Note 5 Loans to customers

(Amounts in NOK 1 000 000)	30 June 2024	30 June 2023	31 December 2023
Principal amount	358 059	335 495	354 052
Accrued interest	3 136	2 211	2 915
Fair value adjustment	(4 712)	(7 221)	(4 700)
Value adjustment in fair value hedges	(877)	(1 229)	(18)
Expected credit loss	(31)	(46)	(41)
Total loans to customers	355 575	329 208	352 208
Other loans	17	21	18
Total loans	355 592	329 229	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)	30 June 2024		30 June 2023		31 December 2023	
	Carrying amount	Expected credit loss	Carrying amount	Expected credit loss	Carrying amount	Expected credit loss
Loans to customers	291 164	31	254 074	46	280 765	41
Commercial paper and bonds	56 327	4	54 447	3	47 446	3
Total	347 491	35	308 520	50	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)	2nd quarter 2024	January - June 2024	2nd quarter 2023	January - June 2023	2023
Loans to customers	(0.2)	(9.5)	(8.2)	(5.4)	(11.0)
Commercial paper and bonds	0.5	0.7	1.2	1.3	1.2
Increased/(reduced) provision for expected credit loss	0.3	(8.8)	(7.0)	(4.1)	(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 30 June 2024, 30 June 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	30 June 2024	30 June 2023	31 December 2023
Domestic			
Issued by public bodies ¹	10 828	0	0
Hereof bonds issued by Norwegian municipalities	2 622	0	0
Issued by other borrowers	20 514	34 083	25 107
Foreign			
Issued by public bodies ¹	62 927	70 141	69 755
Issued by other borrowers	25 740	18 126	19 481
Total commercial paper and bonds	120 010	122 350	114 344

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

Commercial paper and bonds by time to maturity	30 June 2024	30 June 2023	31 December 2023
Under 1 year	25 108	45 086	31 833
1-5 years	91 151	74 286	80 869
> 5 years	3 750	2 978	1 642
Total commercial paper and bonds	120 010	122 350	114 344
Average duration (years)*	2.6	2.1	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 2.5 years as of June 30, 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 30 June 2024								
Time to maturity	< 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	7 066	0	0	0	0	1 520	4 690	5 086	0	18 362
Multilateral development banks	1 051	0	0	0	0	0	1 719	11 683	0	14 453
Regional authorities	7 229	0	0	8 997	0	352	16 079	5 022	3 409	41 088
Financial institutions	0	0	0	0	0	0	393	0	0	393
Corporates	765	0	0	0	0	2 265	0	0	0	3 029
Covered Bonds	0	0	0	0	0	0	430	42 254	0	42 685
Total	16 111	0	0	8 997	0	4 136	23 312	64 044	3 409	120 010

(Amounts in NOK 1 000 000)		Exposure as at 30 June 2023								
Time to maturity	< 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	17 069	0	0	0	0	1 626	9 749	1 217	0	29 661
Multilateral development banks	1 698	0	0	0	0	0	1 771	6 257	0	9 726
Regional authorities	9 273	0	0	9 894	0	0	10 335	5 513	2 431	37 446
Financial institutions	0	0	0	0	0	0	0	0	0	0
Corporates	1 081	0	0	0	0	633	0	0	0	1 713
Covered Bonds	1 490	0	0	4 581	0	0	0	37 734	0	43 805
Total	30 611	0	0	14 475	0	2 259	21 854	50 721	2 431	122 350

(Amounts in NOK 1 000 000)		Exposure as at 31 December 2023								
Time to maturity		< 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)	30 June 2024	30 June 2023	31 December 2023
Debt securities issued (nominal amounts incl. fees) as at 1 January	438 407	429 206	429 206
New issuance	61 580	32 894	76 935
Redemptions	(41 205)	(39 697)	(85 790)
Amortisation (incl. fees)	(186)	(233)	(242)
Effects of exchange rate changes	15 712	38 259	18 297
Debt securities issued (nominal amounts incl. fees) as at end of period	474 307	460 430	438 407
Accrued interest	6 589	5 174	5 592
Fair value adjustment	(21 657)	(31 518)	(19 406)
<i>Of which value adjustmenst that is due to change in own credit risk</i>	231	460	(78)
<i>Of which value adjustmenst that is due to other reasons, fair value</i>	(9 242)	(12 409)	(7 603)
<i>Of which value adjustmenst that is due to other reasons, hedge accounting</i>	(12 645)	(19 569)	(11 725)
Total Debt securities issued	459 239	434 086	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
<i>Cash flows</i>			
Payments from issuance	48 606	61 580	0
Redemptions	(83 622)	(41 205)	0
<i>Changes that are not related to cash flows</i>			
Change due to accrued interest and amortisation	305	811	(12)
Changes in fair value	0	(2 251)	(6)
Repurchase, related to issue of Tier 1 capital	0	0	0
Effects of exchange rate changes on nominal amounts incl. fees	903	15 712	0
Carrying amount 30 June 2024	7 509	459 239	752

(Amounts in NOK 1 000 000)	Commercial paper issued	Debt securities issued	Subordinated loan capital
Carrying amount 31 December 2022	23 377	402 553	1 897
<i>Cash flows</i>			
Payments from issuance	46 003	32 894	0
Redemptions	(61 866)	(39 930)	0
<i>Changes that are not related to cash flows</i>			
Change due to accrued interest and amortisation	101	948	(31)
Changes in fair value	0	(637)	48
Repurchase, related to issue of Tier 1 capital	0	0	(1 200)
Effects of exchange rate changes on nominal amounts incl. fees	450	38 258	0
Carrying amount 30 June 2023	8 066	434 086	714

(Amounts in NOK 1 000 000)	Commercial paper issued	Debt securities issued	Subordinated loan capital
Carrying amount 31 December 2022	23 377	402 553	1 897
<i>Cash flows</i>			
Payments from issuance	152 355	76 935	0
Redemptions	(134 845)	(85 790)	0
<i>Changes that are not related to cash flows</i>			
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

(Amounts in NOK 1 000 000)	30 June 2024	30 June 2023	31 December 2023
Equity	21 510	20 557	21 684
Additional Tier 1 capital included in equity	(3 484)	(3 484)	(3 484)
Equity included in common equity Tier 1 capital	18 025	17 073	18 199
<i>Deductions:</i>			
Deferred tax asset that exceeds 10 % of common equity Tier 1 capital	(387)	(1 014)	(604)
Intangible assets	(155)	(152)	(162)
Dividends payable	(351)	(326)	(700)
Prudent valuation adjustments (AVA)	(135)	(141)	(138)
Adjustments unrealised loss (gains) due to changes in own credit risk	173	344	(59)
Total common equity Tier 1 capital	17 171	15 784	16 536
Other approved Tier 1 capital	3 484	3 484	3 484
Total Tier 1 capital	20 655	19 268	20 020
<i>Supplementary capital</i>			
Subordinated loan capital	800	800	800
Total supplementary capital	800	800	800
Total primary capital	21 455	20 068	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)	30 June 2024			30 June 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	18 362	0	0	0	0
Regional governments and local authorities	386 047	73 448	5 876	5 392	5 690
<i>Of which are Norwegian municipalities</i>	355 592	73 448	5 876	5 285	5 651
Corporates	3 032	1 516	121	69	129
Public sector entities	10 495	0	0	0	0
Multilateral development banks	14 461	0	0	0	0
Financial institutions	19 002	3 801	304	236	515
<i>Of which counterparty exposure on derivatives</i>	12 623	2 526	202	187	477
Claims secured by residential property	21	21	2	2	2
Covered bonds	42 754	4 443	355	350	309
Other assets	1 765	4 399	352	338	344
Credit Valuation Adjustment	204	2 545	204	215	427
Total credit risk	496 142	90 173	7 214	6 602	7 416
Market risk	0	0	0	0	0
Operational risk - Basic Indicator					
Approach		2 615	209	190	204
Minimum capital requirements		92 788	7 423	6 791	7 621
Total capital ratio			23.1 %	23.6 %	21.9 %
Tier 1 capital adequacy ratio			22.3 %	22.7 %	21.0 %
Common equity Tier 1 capital adequacy ratio			18.5 %	18.6 %	17.4 %
Leverage ratio			4.1 %	4.0 %	4.0 %

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