

Report for 4th quarter
2023

KBN

Table of Contents

About KBN

- 3 Building sustainable communities
- 3 One of the largest Norwegian borrower
- 3 AAA-rating

Key figures

The Board of Directors' Report

- 7 A larger share of the market and profitable growth
- 7 Results for the quarter
- 8 Results for 2023 as a whole
- 9 Lending
- 10 The financial markets
- 11 Transition to a new reference rate
- 11 Funding
- 12 Liquidity management
- 13 Capital
- 13 Greenhouse gas accounting in 2023
- 14 Future prospects

Financial statement

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statement

- 20 Accounting policies
- 21 Note 1 Net interest income
- 22 Note 2 Net gain/(loss) on financial instruments
- 23 Note 3 Classification of financial instruments
- 24 Note 4 Financial instruments measured at fair value
- 26 Note 5 Loans to customers
- 26 Note 6 Expected credit loss
- 27 Note 7 Commercial paper and bonds
- 27 Note 8 Credit exposure in commercial paper and bonds
- 28 Note 9 Debt securities issued and Commercial paper issued
- 29 Note 10 Primary capital
- 30 Note 11 Capital adequacy

Contact information

About KBN

With total assets over NOK 500 billion, Kommunalbanken AS (KBN) is one of the largest financial institutions in Norway. We provide 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 354bn

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 borrower

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)	2023	2022
RESULTS		
Net interest income	2 105	1 866
Core earnings ¹	1 211	1 081
Profit after tax	1 432	(60)
Cost/income ratio (per cent) ²	15.6 %	15.8%
Return on equity after tax ³	7.9 %	(0.8%)
Return on equity after tax (core earnings) ⁴	7.3 %	6.6%
Return on assets after tax ⁵	0.3 %	0.0%
LOANS TO CUSTOMERS		
New disbursements	53 429	39 261
Aggregate loans to customers ⁶	354 052	328 401
12 month lending growth in percent ⁷	7.8 %	1.7%
Green loans to customers ⁸	52 763	41 421
Share of total green loans in lending portfolio	15.4 %	13.3%
Share of municipalities with green loans ⁹	39.9 %	38.0%
LIQUIDITY PORTFOLIO⁶	114 610	109 959
DEBT SECURITIES ISSUED		
New long-term debt securities issued	77 727	86 995
Aggregate debt securities issued ⁶	438 407	429 206
TOTAL ASSETS	522 203	492 450
EQUITY		
Equity	21 684	18 903
Common equity Tier 1 capital adequacy ratio	17.4 %	19.0%
Leverage ratio	4.0 %	3.9%
LIQUIDITY COVERAGE RATIO (LCR)¹⁰		
Total	266%	261%
NOK	87%	95%
EUR	251%	441%
USD	171%	242%
AUD	1 253%	1 078%
GBP	43 868%	1 958%
OTHER KEY FIGURES		
Market share excl. Husbanken ¹¹	51.1 %	49.7 %
Percentage of women employed in KBN ¹²	36%	43%
Emissions in CO ₂ tons equivalents ¹³	111.5	79.7

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 54.7 billion.

⁹ Percentage of municipalities in KBN's lending portfolio with green loans.

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 from KBN divided by total loans to same sector based on SSBs K2-reporting. Lending from Husbanken is not included as KBN does not compete for these loans.

¹² Measured as the proportion of women among all employees.

¹³ 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

A larger share of the market and profitable growth

KBN's lending grew by NOK 26 billion in 2023, and KBN increased its market share to 51.1%, adjusting for borrowing from the Norwegian State Housing Bank. For comparison, this market share at the end of 2022 was 49.7%. KBN's green lending grew by NOK 11 billion in 2023 as compared to an increase of NOK 8 billion in 2022. Green lending represented 15.4% of KBN's total lending at the end of 2023. KBN's net interest income increased from NOK 1,866 million in 2022 to NOK 2,105 million in 2023. Good growth in profitable lending products together with higher interest rates helped KBN achieve higher earnings in 2023.

Results for the quarter

KBN's core earnings¹ totalled NOK 273 million in the fourth quarter of 2023, compared to NOK 242 million in the fourth quarter of 2022. An increase in net interest income resulting from higher interest rates was the main reason for the strong increase in core earnings.

KBN's net interest income totalled NOK 534 million in the fourth quarter of 2023, as compared to NOK 479 million in the corresponding period of 2022. There was relatively little change in money-market interest rates in the quarter despite Norges Bank increasing its key policy rate by a further 0.25 percentage points at its meeting on 15 December. Norway's key policy rate now stands at 4.5%.

KBN's result for the accounting period in the fourth quarter of 2023 was a profit of NOK 566 million, compared to a profit of NOK 224 million in the same period in 2022. In the fourth quarter of 2023, KBN recognised a net gain on financial instruments totalling NOK 338 million, as compared to a net loss of NOK 64 million in the fourth quarter of 2022. KBN's fixed-rate lending and associated hedging instruments contributed a net unrealised gain of NOK 193 million in the fourth quarter of 2023, primarily as a result of a moderate decrease in credit spreads for the local government sector. There was an equivalent net unrealised gain on fixed-rate lending and associated hedging instruments of NOK 383 million in the fourth quarter of 2022. 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 loss of NOK 21 million for the fourth quarter of 2023, while KBN's own bonds and associated hedging instruments contributed a net unrealised gain of NOK 165 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.

KBN's provision for losses is relatively 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 increased its provision for losses in the fourth quarter of 2023 by NOK 1 million as a result of growth in its portfolios.

KBN's total operating costs for the fourth quarter of 2023 were NOK 87 million, compared to NOK 74 million in the same period in 2022. The increase in operating costs was primarily due to wage growth and a provision for the variable element of salaries.

Results for 2023 as a whole

KBN's core earnings¹ for 2023 as a whole totalled NOK 1,211 million, compared to NOK 1,081 million for 2022. KBN's net interest income in 2023 as a whole was NOK 2,105 million, as compared to NOK 1,866 million in 2022. The increase was primarily due to higher interest rates in combination with higher lending margins and good lending growth.

KBN's result for the period for 2023 as a whole was a profit of NOK 1,432 million as compared to a loss of NOK 60 million in 2022. KBN recognised net gains on financial instruments totalling NOK 212 million in 2023, compared with net losses totalling NOK 1,615 million in 2022.

KBN's total operating costs in 2023 as a whole were NOK 325 million, compared to NOK 271 million in 2022. The increase was due to a higher level of activity, wage growth and inflation. KBN's cost-to-income ratio² for 2023 was 15.6%, compared to 15.8% in 2022.

Based on its result from ordinary activities, KBN's annualised return on equity in 2023 was 7.9%, compared to -0.8% in 2022. Based on its core earnings, KBN's annualised return on equity in 2023 was 7.3%, compared to 6.6% in 2022. The return requirement set for KBN by its owner for the 2023-2025 period is 5.5%.

KBN's total comprehensive income in 2023 was NOK 1,789 million, compared to NOK 541 million in 2022. KBN's total comprehensive income includes gains and losses on KBN's own bonds resulting from changes to KBN's own credit risk. For 2023 as a whole, there was a gain after tax from changes to KBN's own credit risk of NOK 363 million, as compared to a gain of NOK 600 million in 2022.

1 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.

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

Table 1: Result for the period and total comprehensive income

<i>(Amounts in NOK 1 000 000)</i>	Q4 2023	YTD 2023	Q4 2022	2022
Net interest income	534	2 105	479	1 866
Fees and commission expenses	34	126	41	133
Net gain/(loss) on financial instruments	338	212	(64)	(1 615)
Increased/(reduced) provision for expected credit loss	1	(10)	6	28
Operating expenses	87	325	74	271
Income tax	183	444	71	(120)
Profit/(Loss) for the period	566	1 432	224	(60)
<i>(Amounts in NOK 1 000 000)</i>	Q4 2023	YTD 2023	Q4 2022	2022
Profit/(loss) for the period	566	1 432	224	(60)
Change in fair value of liabilities due to changes in own credit risk	627	484	152	800
Actuarial gain/(loss) on pension liability	(8)	(8)	2	2
Tax	(155)	(119)	(38)	(200)
Total comprehensive income for the period	1 030	1 789	339	541

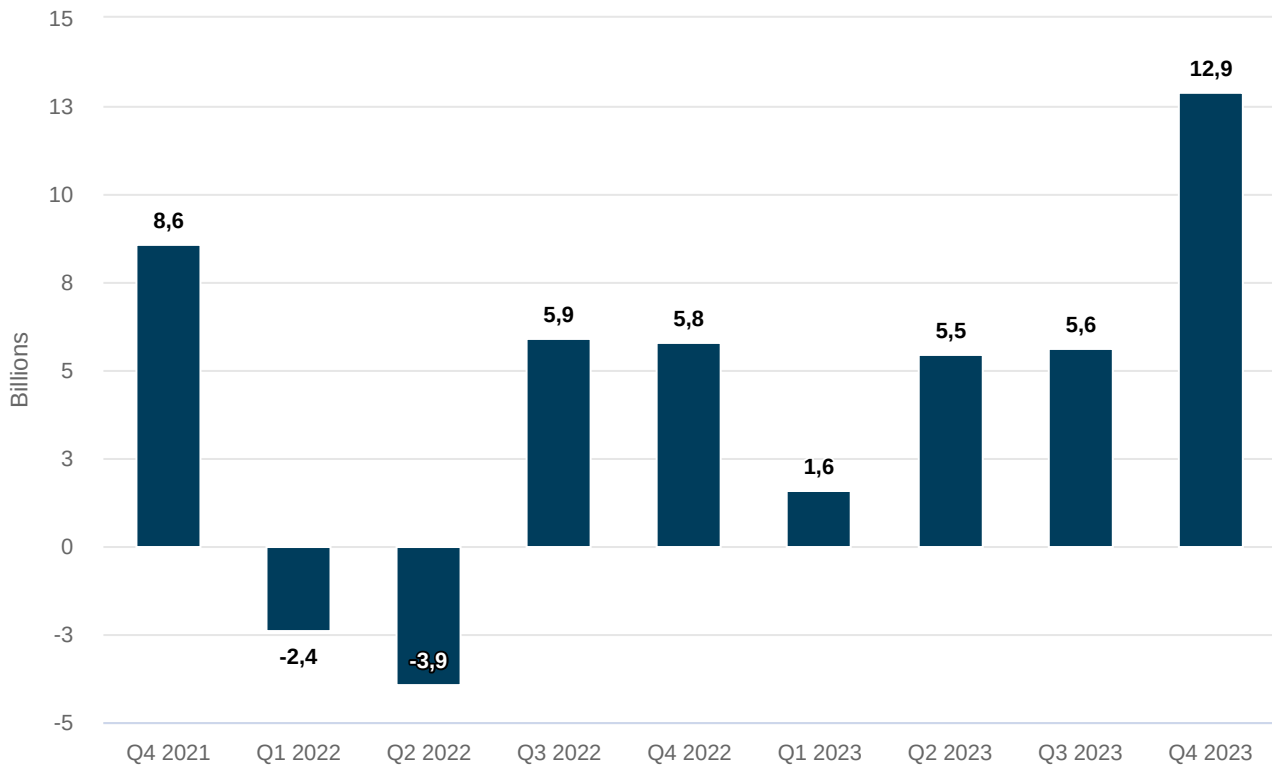
Lending

KBN's lending portfolio totalled NOK 354 billion³ at the end of 2023. The lending portfolio increased by NOK 12.9 billion in the fourth quarter of 2023, while it increased by NOK 5.8 billion in the same period in 2022. 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 fourth quarter.

KBN continued to experience a good level of growth in its green lending, and its portfolio of green loans increased by NOK 6.2 billion in the fourth quarter of 2023, as compared to NOK 2.3 billion in the same period in 2022. KBN's green lending in the fourth quarter of 2023 included two sizeable green loans to the City of Oslo as financing for new environmentally friendly nursing homes and schools. At the end of 2023, KBN's green lending represented 15.4% of its overall lending portfolio. KBN's target was for 15% of its lending to be green lending by the end of 2023.

The annual rate of debt growth in the local government sector as at the end of 2023 was calculated to be 7.9%. After adjusting for borrowing from the Norwegian State Housing Bank, the rate of debt growth was 7.2%. After adjusting for borrowing from the Norwegian State Housing Bank, KBN's market share at the end of 2023 was 51.1%.

³ Principal amounts

Chart 1: Quarterly lending growth in billion kroner

The financial markets

The rate of inflation decreased over 2023, but it remains materially above the targets of the central banks of many countries across the world, including in Norway. A number of central banks have consequently raised their key policy rates. Norway's central bank raised its key policy rate by a total of 1.75 percentage points in 2023. The market now expects that the key policy rate has peaked. The rate of inflation in Norway was running at 4.8% at the most recent assessment in December, while core inflation was 5.5%. 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 2023, including the Norwegian krone. The Norwegian krone did strengthen somewhat towards the end of 2023, but continues to be at a historically low level. The continuing uncertainty is leading to a high level of volatility in the fixed income market and the equity market, and for the Norwegian krone.

The credit spreads on local government and covered bonds fell at the start of 2023 but rose again over the following months. At the end of 2023 spreads were at around the same level as at the end of 2022. The outlook for future changes in the spreads on local government and covered bonds is uncertain, both in Norway and internationally.

Transition to a new reference rate

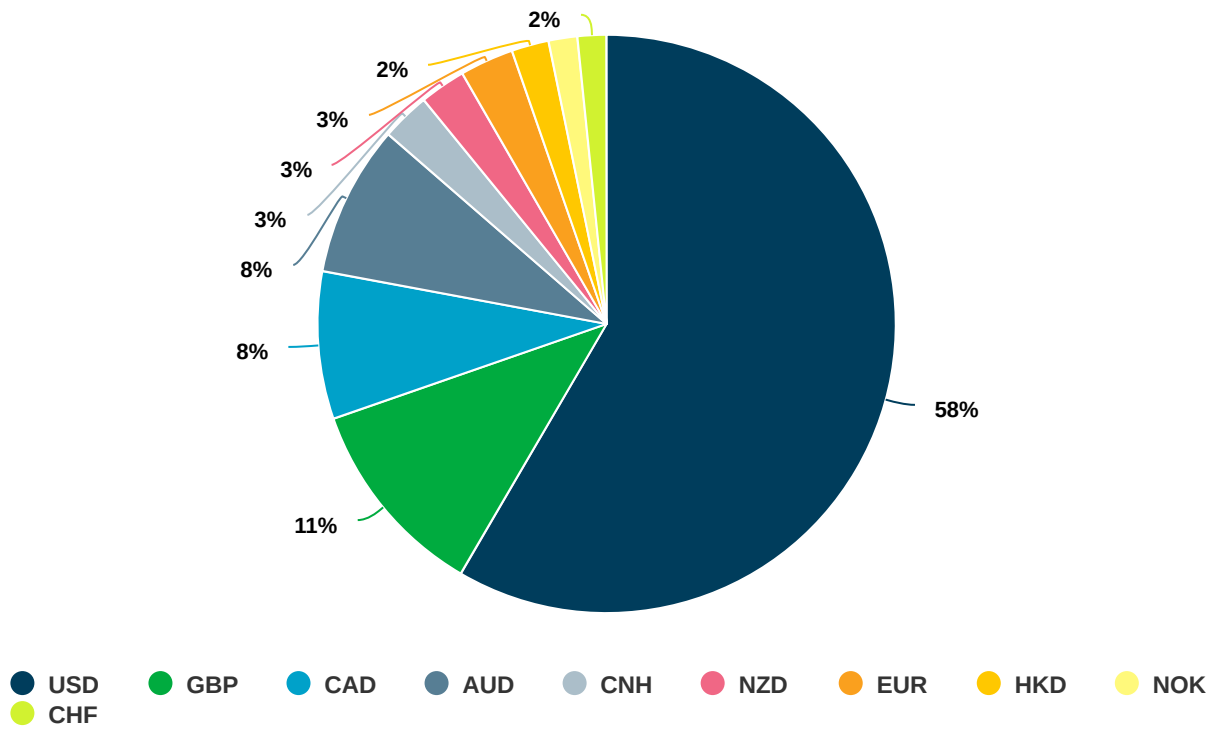
In 2020 the UK's Financial Conduct Authority (FCA) decided that LIBOR would be discontinued and would cease to be quoted with effect from 1 July 2023. The reference rate therefore had to be replaced by a new, risk-free reference rate for current contracts and activities. For the USD, LIBOR was replaced by the Secured Overnight Financing Rate (SOFR) reference rate. KBN did not have any bonds with a floating LIBOR rate at the time of the transition, but it did have a significant portfolio of financial derivatives with USD LIBOR as their reference rate. The transition was regulated by a transition clause in the ISDA agreement for financial derivatives, which meant that the reference rate changed from three-month USD LIBOR to USD SOFR with a spread premium of 26.16 basis points. In line with this, KBN converted all its ongoing derivative contracts to USD SOFR in 2023. The conversion did not have a material impact on KBN's earnings.

Funding

KBN enjoyed good access to the international capital markets in 2023 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 2023, and KBN's funding activities were therefore somewhat less extensive. In 2023 as a whole KBN's new borrowings totalled approximately NOK 78 billion through 46 bond issues in 10 currencies, as compared to NOK 87 billion in 2022.

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

Chart 2: New borrowings by currency in 2023



Liquidity management

KBN’s liquidity portfolio totalled NOK 115 billion⁴ at the end of 2023, as compared to NOK 110 billion at the end of 2022. 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 58% of the portfolio at 31 December 2023. 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.

⁴ Principal amounts

Capital

KBN's capital adequacy at the end of 2023 was in excess of the requirements set by the authorities.

Table 2: Capital adequacy key figures

As at 31 December 2023	Volume in NOK billion	Capital adequacy	Requirements
Common equity Tier 1 capital adequacy ratio	16.5	17.4 %	14.8 %
Tier 1 capital adequacy ratio	20.0	21.0 %	16.7 %
Total capital ratio	20.8	21.9 %	19.2 %

KBN's total assets at the end of 2023 amounted to NOK 522 billion, up from NOK 492 billion at the end of 2022. 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 received the Financial Authority of Norway's (Finanstilsynet's) decision regarding its Pillar 2 requirement (SREP) on 22 December 2023. The Financial Supervisory Authority of Norway determined that KBN will have a Pillar 2 requirement consisting of 2.0% of the basis for calculation under Pillar 1. KBN's Pillar 2 requirement has therefore been reduced by 0.1 percentage points. 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. The decision came into force on 31 December 2023.

KBN's leverage ratio at the end of 2023 was 4.0%, 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 both through the conversion into NOK and because changes in the value of KBN's outstanding currency hedging contracts cause fluctuations in cash collateral. When the krone weakens, KBN receives collateral, the size of KBN's balance sheet increases and KBN's capital adequacy decreases. When the krone strengthens, KBN's capital adequacy increases. The figures for weighted capital adequacy are also temporarily affected by changes in the value of KBN's hedging contracts until the cash collateral is received the following day and the additional effect is offset. 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 2023

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 2023 should be a maximum of 65% of the 2019 level, which corresponds to approximately 125 tonnes of CO₂e for the year. KBN's calculated CO₂ emissions increased in 2023 relative to 2022, mainly due to more

normalized travel activities in 2023. KBN's calculated CO₂ emissions for 2023 were at 111.5 tonnes of CO₂e⁵, which is better than the targeted emissions pathway.

Future prospects

Norges Bank raised its key policy rate to 4.5% at its December 2023 monetary policy committee meeting, and it has implied that it will probably keep the key policy rate at this level for some time ahead. Norges Bank has stated that the reason for the increases is the need to reduce inflation. Norges Bank's forecast for its key policy rate indicates that it will remain at the current level until autumn 2024 before gradually decreasing. The future path of the policy rate thereafter will depend on economic developments. 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 wars in Ukraine and in the Middle-East and uncertainty about the economic outlook have caused long-lasting uncertainty in the fixed income market. For 2023 as a whole, credit spreads for local government sector issuers were at a high and stable level. The fact credit spreads have remained high as we moved into 2024 reveals the continuing nervousness in financial markets. It is still 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.

The level of demand for KBN-issued bonds is good, and the increase in the credit spreads on KBN's bonds has been relatively moderate. This means that KBN is in a good position to improve its profitability, which will help to further strengthen its long-term capitalisation and lending capacity.

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

The Board of Directors proposes a dividend for 2023 of NOK 700 million. This represents 48,9% of KBN's profit and 57.8% of its core earnings.

Oslo, 15 February 2024

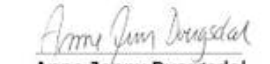
The Board of Directors and CEO of KBN AS

⁵ 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.

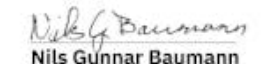

Brit Kristin Sæbø Rugland
CHAIR


Rune Midtgaard
VICE CHAIR


Eyvind Aven
BOARD MEMBER


Anne Jenny Dvergsdal
EMPLOYEE REPRESENTATIVE

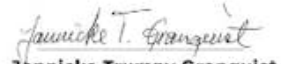

Toril Hovdenak
BOARD MEMBER


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	4th quarter 2023	2023	4th quarter 2022	2022
Interest income from assets measured at amortised cost		4 623	15 411	2 612	6 155
Interest income from assets measured at fair value		2 073	6 933	1 079	3 026
Total interest income		6 696	22 345	3 909	9 180
Interest expense		6 163	20 240	3 430	7 315
Net interest income	<u>1</u>	534	2 105	479	1 866
Fees and commission expenses		34	126	41	133
Net gain/(loss) on financial instruments	<u>2</u>	338	212	(64)	(1 615)
Increased/(reduced) provision for expected credit loss	<u>6</u>	1	(10)	6	28
Total other operating income		303	96	(111)	(1 775)
Salaries and administrative expenses		46	190	33	166
Depreciation of fixed and intangible assets		11	43	10	38
Other operating expenses		30	92	31	67
Total operating expenses		87	325	74	271
Profit before tax		749	1 876	294	(180)
Income tax		183	444	71	(120)
Profit for the period		566	1 432	224	(60)
Portion allocated to shareholder		525	1 301	201	(135)
Portion allocated to owners of additional Tier 1 capital		41	131	22	75

STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK 1 000 000)	Note	4th quarter 2023	0	4th quarter 2022	2022
Profit for the period		566	1 432	224	(60)
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>	627	484	152	800
Actuarial gain/(loss) on pension liability		(8)	(8)	2	2
Tax		(155)	(119)	(38)	(200)
Total other comprehensive income		464	357	116	601
Total comprehensive income for the period		1 030	1 789	339	541
Portion allocated to shareholder		989	1 658	317	467
Portion allocated to owners of additional Tier 1 capital		41	131	22	75

Statement of financial position

<i>(Amounts in NOK 1 000 000)</i>	Note	31 December 2023	31 December 2022
Assets			
Deposits with credit institutions	<u>3</u>	36 601	39 512
Loans to customers	<u>3,4,5,6</u>	352 226	324 532
Commercial paper and bonds	<u>3,4,6,7,8</u>	114 344	109 235
Financial derivatives	<u>3,4</u>	16 505	16 119
Deferred tax asset		2 339	2 885
Other assets		190	166
Total assets		522 203	492 450
Liabilities and equity			
Due to credit institutions	<u>3,4</u>	5 232	6 567
Commercial paper issued	<u>3,9</u>	41 318	23 377
Debt securities issued	<u>3,4,9</u>	424 593	402 553
Financial derivatives	<u>3,4</u>	28 505	39 070
Other liabilities		76	56
Pension commitments		25	27
Subordinated loan capital	<u>3,4,9</u>	770	1 897
Total liabilities		500 520	473 547
Share capital		3 895	3 895
Additional Tier 1 capital		3 484	2 392
Retained earnings		14 305	12 617
Total equity		21 684	18 903
Total liabilities and equity		522 203	492 450

Statement of changes in equity

(Amounts in NOK 1 000 000)

	1 January - 31 December 2023				
	Share capital	Additional Tier 1 capital	Financial liabilities, changes in 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 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 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

	1 January - 31 December 2022				
	Share capital	Additional Tier 1 capital	Financial liabilities, changes in credit risk	Other equity	Total equity
Equity as of 31 December 2021	3 895	2 392	(904)	13 698	19 081
Profit for the period	0	0	0	(60)	(60)
Other comprehensive income after tax - financial liabilities, changes in credit risk	0	0	600	0	600
Other comprehensive income after tax - actuarial gain/loss	0	0	0	2	2
Interest paid on additional Tier 1 capital	0	0	0	(74)	(74)
Dividends for 2021	0	0	0	(646)	(646)
Equity as of 31 December 2022	3 895	2 392	(304)	12 920	18 903

Statement of cash flows

<i>(Amounts in NOK 1 000 000)</i>	January-December 2023	2022
Cash flows from operating activities		
Interest received	21 671	7 680
Interest paid	(19 068)	(5 568)
Fees and commissions paid	(129)	(131)
Cash payments to employees and suppliers	(285)	(233)
Income taxes paid	0	(525)
Net disbursement of loans to customers	(25 647)	(5 385)
Net (increase)/decrease in deposits with credit institutions	1 677	(21 209)
Net increase/(decrease) in commercial paper and bonds	1 936	5 950
Net (increase)/decrease in other assets	(50)	(5)
Net increase/(decrease) in other liabilities	24	(27)
Net (increase)/decrease in financial derivatives	11 435	25 528
Net cash flows from operating activities	(8 436)	6 079
Cash flows from investing activities		
Net (purchase)/sales of property and equipment	(34)	(32)
Net cash flows from investing activities	(34)	(32)
Cash flows from financing activities		
Receipts on issued commercial paper	152 355	148 633
Payments on redeemed commercial paper	(134 845)	(156 685)
Lease payments	(8)	(8)
Receipts on issued debt securities	76 935	86 995
Payments on redeemed debt securities	(85 790)	(84 295)
Interest Paid on additional Tier 1 capital	(101)	(74)
Dividends paid	0	(646)
Net cash flows from financing activities	8 546	(6 080)
Net cash flows	76	(33)
Effects of exchange rate changes on cash and cash equivalents	29	(24)
Net cash flows after effects of exchange rate changes	105	(57)
Cash and cash equivalents at 1 January	251	308
Net receipts of cash	105	(57)
Cash and cash equivalents at end of period	356	251
Whereof		
<i>Deposits with credit institutions without agreed time to maturity</i>	356	251
<i>Due to credit institutions without agreed time to maturity</i>	0	0

Notes to the financial statement

Accounting policies

Kommunalbanken AS (KBN) prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The condensed interim financial statements as of 31 December 2023 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 2022. 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 2022.

The Company has one operating segment: lending to the municipalities, county authorities and companies with municipal guarantee that carry out local government tasks. The Company does not provide separate segment reporting other than disclosures on the lending portfolio and the business as a whole.

The preparation of financial statements in accordance with IFRS requires that management uses estimates and judgments that may affect the carrying amounts of assets and liabilities, and revenues and costs. Estimates and judgments are based on historical experience and expectations regarding future developments.

Fair value of financial instruments that are not traded in an active market or where quoted prices are not readily available on the reporting date is determined using valuation techniques. The measurement of fair value requires management to make judgments and assumptions related to credit and liquidity risk related to the financial instruments. Even though the judgments and assumptions are based to the largest extent possible on actual market conditions on the reporting date, they entail uncertainty related to carrying amounts.

Note 1 Net interest income

<i>(Amounts in NOK 1 000 000)</i>	4th quarter 2023	2023	4th quarter 2022	2022
Deposits with credit institutions	118	404	18	0
Other money market deposits	0	11	1	0
Loans to customers	3 516	11 755	2 089	5 274
Financial derivatives, hedge accounting loans to customers	115	239	5	(30)
Commercial paper and bonds	873	3 002	499	911
<i>Interest income from assets measured at amortised cost</i>	<i>4 623</i>	<i>15 411</i>	<i>2 612</i>	<i>6 155</i>
Loans to customers	396	1 398	472	1 977
Commercial paper and bonds	525	1 524	165	628
Financial derivatives	1 152	4 011	442	421
<i>Interest income from assets measured at fair value</i>	<i>2 073</i>	<i>6 933</i>	<i>1 079</i>	<i>3 026</i>
Total interest income	6 696	22 345	3 691	9 180
Due to credit institutions	0	0	0	18
Commercial paper issued	130	417	120	98
Debt securities issued	1 704	6 195	1 106	3 592
Financial derivatives, hedge accounting debt securities issued	2 530	8 858	1 187	953
Other interest expense	0	0	(0)	(12)
<i>Interest expenses from debt measured at amortised cost</i>	<i>4 365</i>	<i>15 470</i>	<i>2 412</i>	<i>4 649</i>
Debt securities issued	1 070	4 003	819	3 365
Financial derivatives	722	726	(35)	(761)
Subordinated loan capital	6	41	15	61
<i>Interest expenses from debt measured at fair value</i>	<i>1 798</i>	<i>4 770</i>	<i>799</i>	<i>2 666</i>
Total interest expenses	6 163	20 240	3 211	7 315
Net interest income	534	2 105	479	1 866

From 2023, KBN has modified the presentation of interest from financial instruments in hedge accounting. This entails that interest that has previously been presented under interest income or interest expenses measured at fair value have been transferred to interest income or interest expenses measured at amortised cost. The change affects only the presentation of interest on financial derivatives. Comparable 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	4th quarter 2023	2023	4th quarter 2022	2022
Loans to customers	3 660	1 049	1 628	(5 377)
Commercial paper and bonds	1 083	1 310	229	(2 177)
Financial derivatives	8 347	9 803	1 396	(18 748)
Debt securities issued	(12 717)	(11 959)	(3 269)	24 492
Subordinated loan capital	(36)	10	(48)	196
Net gain/(loss) on financial instruments	338	212	(64)	(1 615)
Whereof net unrealised gain/(loss) on financial instruments	336	120	(54)	(1 622)
Whereof net realised gain/(loss) on market transactions	1	92	(10)	6

Specification of net gain/(loss) on financial instruments	4th quarter 2023	2023	4th quarter 2022	2022
Loans to customers, including hedging instruments	193	101	383	(1 129)
Commercial paper and bonds, including hedging instrument	(20)	(82)	(0)	(138)
Debt securities issued and subordinated loan capital, including hedging instruments	165	193	(447)	(348)
Net gain/(loss) on financial instruments	338	212	(64)	(1 615)

Specification of net gain/(loss) on financial instruments in fair value hedges	4th quarter 2023	2023	4th quarter 2022	2022
Loan to customers	1 372	243	228	(261)
Financial derivatives, in fair value hedge of loans to customers	(1 302)	(250)	(193)	245
Debt securities issued	(7 279)	(7 154)	(1 592)	18 247
Financial derivatives, in fair value hedge of debt securities issued	7 328	7 242	1 559	(18 262)
Net gain/(loss) on financial instruments in fair value hedge	118	81	2	(31)

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. Net gain/(loss) arising from Debt securities issued presented in the above table is due to changes in factors other than own credit risk.

Changes in fair value are the result of changes in market parameters, mainly prices on bonds, market 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 therefore only to a small extent cause net effects in the income statement. Investments in the liquidity portfolio, fixed interest-rate loans to customers and issued debt securities measured at fair value, may lead to significant effect in the income statement and other

comprehensive income due to changes in credit spreads. Similarly, changes in basis swap spreads may lead to significant net effects in the income statement.

KBN hedges currency risk. The bank's guidelines require hedging of all currency risks related to holdings in foreign currency. However, short-term net exposure linked to income and balance sheet items in USD and EUR may arise. KBN's limit for currency risk in these currencies is 1.6 per cent of primary capital. This means that net profit effects from short-term exchange rate changes are limited. Effects from the currency conversion of principal from non-derivative interest instruments in foreign currency, including among other commercial paper and bonds and debt securities issued, and from accrued interest and fees are presented net in the income statement. Corresponding changes in value from foreign exchange derivatives used as a hedging instrument in financial hedging of the mentioned currency exposure, are presented net with currency conversion effects from the hedging object. In the tables above, only effects from exchange rate changes on fair value changes are presented.

Note 3 Classification of financial instruments

(Amounts in NOK 1 000 000)

At 31 December 2023	Total	At fair value			At amortised cost	
		Fair value option	Mandatory at fair value	Fair value hedge	Hedge accounting	Hold to collect
Deposits with credit institutions	36 601	0	0	0	0	36 601
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	15 741	764	0	0
Total financial assets	519 675	138 359	15 741	764	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	14 898	13 608	0	0
Subordinated loan capital	770	770	0	0	0	0
Total financial liabilities	500 419	165 935	14 898	13 608	240 285	65 694

At 31 December 2022	Total	At fair value			At amortised cost	
		Fair value option	Mandatory at fair value	Fair value hedge	Hedge accounting	Hold to collect
Deposits with credit institutions	39 512	0	0	0	0	39 512
Loans to customers	324 532	83 650	0	0	15 577	225 305
Commercial paper and bonds	109 235	60 324	0	0	0	48 911
Financial derivatives	16 119	0	15 837	283	0	0
Total financial assets	489 399	143 974	15 837	283	15 577	313 728
Due to credit institutions	6 567	0	0	0	0	6 567
Commercial paper issued	23 377	0	0	0	0	23 377
Debt securities issued	402 553	154 458	0	0	219 532	28 563
Financial derivatives	39 070	0	19 417	19 653	0	0
Subordinated loan capital	1 897	1 897	0	0	0	0
Total financial liabilities	473 465	156 355	19 417	19 653	219 532	58 507

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 11 in the Annual Report for further information about valuation techniques, inputs, value change analysis and sensitivities. 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 December 2023	Level 1	Level 2	Level 3	Total
Loans to customers	0	0	71 461	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	19 622	82 575	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

At 31 December 2022	Level 1	Level 2	Level 3	Total
Loans to customers	0	0	83 650	83 650
Commercial paper and bonds	49 861	4 039	6 424	60 324
Financial derivatives	0	15 967	152	16 119
Total financial assets measured at fair value	49 861	20 006	90 226	160 094
Debt securities issued	12 284	122 595	19 580	154 458
Financial derivatives	0	34 780	4 290	39 070
Subordinated loan capital	0	0	1 897	1 897
Total financial liabilities measured at fair value	12 284	157 374	25 767	195 425

Reconciliation of movements in Level 3

	Loans to customers	Commercial paper and bonds	Debt securities issued	Subordinated loan capital	Financial derivatives
Carrying amount at 31 December 2022	83 650	6 424	19 580	1 897	(4 138)
Purchase	0	9 203	0	(1 099)	(15)
Sale	0	(1 396)	0	0	0
Issue	0	0	6 528	0	0
Settlement	(7 884)	(3 864)	(1 655)	0	1 238
Transfer into Level 3	0	4 093	0	0	0
Transfer out of Level 3	(5 111)	(3 655)	0	0	0
Net unrealised gain/(loss) recognised in the period	806	(45)	459	(28)	651
Carrying amount at 31 December 2023	71 461	10 760	24 911	770	(2 264)

	Loans to customers	Commercial paper and bonds	Debt securities issued	Subordinated loan capital	Financial derivatives
Carrying amount at 31 December 2021	98 853	6 599	30 522	2 092	(8 674)
Purchase	0	9 711	(208)	0	0
Sale	0	0	0	0	(30)
Issue	0	0	766	0	(28)
Settlement	(7 136)	(7 374)	(12 311)	0	3 153
Transfer into Level 3	0	175	0	0	0
Transfer out of Level 3	(2 943)	(2 580)	0	0	0
Net unrealised gain/(loss) recognised in the period	(5 124)	(108)	811	(195)	1 441
Carrying amount at 31 December 2022	83 650	6 424	19 580	1 897	(4 138)

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, and refinancing of change of loan product for loans to customers. In 2023, net holdings amounting to NOK 210 million have been transferred from Level 2 to Level 1, and NOK 1 867 million from Level 1 to Level 2. Transfer between level 1 and level 2 is due to improved or reduced reliability of market data used in the valuation.

Gains/(losses) on financial instruments in Level 3 are recognised in the Income statement under net gain/(loss) on financial instruments and in the statement of other comprehensive income (for changes in fair value due to changes in own credit risk). Effects from the currency conversion of principal from non-derivative interest instruments in foreign currency and from interest and fees/discounts are presented net in the income statement. Corresponding changes in value from foreign exchange derivatives used as a hedging instrument in financial hedging of the mentioned currency exposure, are presented net with currency conversion effects from the hedging object.

Sensitivity analysis, level 3

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

(Amounts in NOK 1 000 000)	31 December 2023		31 December 2022	
	Carrying amount	Sensitivity	Carrying amount	Sensitivity
Loans to customers	71 461	(225)	83 650	(293)
Commercial paper and bonds	10 760	(20)	6 424	(17)
Financial derivatives	(2 264)	(31)	(4 138)	(22)
Debt securities issued	(24 911)	16	(19 580)	25
Subordinated loan capital	(770)	3	(1 897)	9
Total		(257)		(297)

Note 5 Loans to customers

(Amounts in NOK 1 000 000)	31 December 2023	31 December 2022
Principal amount	354 052	328 401
Accrued interest	2 915	1 928
Value adjustment of loans to customers at fair value	(4 700)	(5 506)
Value adjustment of loans to customers at hedge accounting	(18)	(261)
Expected credit loss	(41)	(52)
Total loans to customers	352 208	324 511
Other loans	18	22
Total loans to customers	352 226	324 532

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 December 2023		31 December 2022	
	Carrying amount	Expected credit loss	Carrying amount	Expected credit loss
Loans to customers	280 765	41	240 882	52
Commercial paper and bonds	47 446	3	48 911	2
Total	328 211	44	289 793	54

The below table shows a specification of the period's change in expected credit loss that is recognised in the income statement. Positive numbers here indicate an increase in expected credit loss, while negative numbers indicate a reduction in expected credit loss.

(Amounts in NOK 1 000 000)	4th quarter 2023	January-December 2023	4th quarter 2022	2022
Loans to customers	2.7	(11.0)	5.6	27.4
Commercial paper and bonds	(1.5)	1.2	0.4	0.1
Total	1.2	(9.8)	6.0	27.5

KBN's expected credit losses are allocated into stage 1, 2 and 3. According to the impairment principles described in IFRS 9 *Financial Instruments*, Stage 1 implies no significant increase in credit risk since recognition of the asset. Stage 2 implies such a significant increase, while stage 3 implies that the asset is credit-impaired.

All exposures are estimated to be in Stage 1, both as of 31 December 2023 and 31 December 2022.

Note 7 Commercial paper and bonds

(Amounts in NOK 1 000 000)

Commercial paper and bonds by type of issuer	31 December 2023	31 December 2022
Domestic		
Issued by public bodies ¹	0	0
Issued by other borrowers	25 107	20 257
Foreign		
Issued by public bodies ¹	69 755	77 918
Issued by other borrowers	19 481	11 061
Total Commercial paper and bonds	114 344	109 235

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

Commercial paper and bonds by time to maturity	31 December 2023	31 December 2022
Under 1 year	31 833	42 635
1-5 years	80 869	64 789
> 5 years	1 642	1 811
Total Commercial paper and bonds	114 344	109 235
Average time to maturity (years) ²	1.9	2.0

²Average time to maturity 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 time to maturity of liquid assets is 1.9 years as of December 31, 2023.

Note 8 Credit exposure in commercial paper and bonds

Amounts in the tables below represent actual credit exposure.

Time to maturity Risk class	Exposure as at 31 December 2023									
	< 1 year				> 1 year					Total
	A-1	A-2	A-3	Not rated	BBB	A	AA	AAA	Not rated	
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

Time to maturity Risk class	Exposure as at 31 December 2022									
	< 1 year				> 1 year					Total
	A-1	A-2	A-3	Not rated	BBB	A	AA	AAA	Not rated	
Sovereigns and central banks	24 043	0	0	2 093	0	4 251	11 816	0	0	42 203
Multilateral development banks	1 962	0	0	0	0	0	1 688	5 012	0	8 661
Regional authorities	8 358	0	0	4 079	0	0	9 609	4 457	2 271	28 775
Financial institutions	0	0	0	0	0	0	0	0	0	0
Corporates	395	0	0	0	0	103	0	0	0	498
Covered Bonds	1 421	0	0	282	0	0	2 775	24 619	0	29 098
Total	36 179	0	0	6 455	0	4 354	25 888	34 089	2 271	109 235

Note 9 Debt securities issued and Commercial paper issued

(Amounts in NOK 1 000 000)	31 December 2023	31 December 2022
Debt securities issued (nominal amounts incl. fees) as at 1 January	429 206	395 385
New issuance	77 727	86 995
Redemptions	(86 032)	(83 648)
Amortisation (incl. fees)	(791)	(647)
Effects of exchange rate changes	18 297	31 122
Debt securities issued (nominal amounts incl. fees) as at end of period	438 407	429 206
Accrued interest	5 592	4 228
Fair value adjustment	(19 406)	(30 881)
<i>Of which value change that is due to change in own credit risk</i>	(78)	406
<i>Of which value change that is due to other reasons, fair value</i>	(7 603)	(12 408)
<i>Of which value change that is due to other reasons, hedge accounting</i>	(11 725)	(18 879)
Total Debt securities issued	424 593	402 553

(Amounts in NOK 1 000 000)	Commercial paper	Debt securities issued	Subordinated loan capital
Carrying amount 31 December 2022	23 377	402 553	1 897
<i>Cash flows</i>			
Proceeds from issuance of debt securities	152 355	76 935	0
Buyback of debt securities	(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 ¹			(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

¹In 2023 KBN carried out a buy-back of subordinated loan capital of NOK 1.2 billion and a related issue of Tier 1 capital.

<i>(Amounts in NOK 1 000 000)</i>	Commercial paper	Debt securities issued	Subordinated loan capital
Carrying amount 31 December 2021	31 567	393 663	2 092
<i>Cash flows</i>			
Proceeds from issuance of debt securities	148 633	86 995	0
Buyback of debt securities	(156 685)	(84 295)	0
<i>Changes that are not related to cash flows</i>			
Change due to accrued interest and amortisation	98	352	1
Changes in fair value	0	(25 285)	(196)
Effects of exchange rate changes	(236)	31 123	0
Carrying amount 31 December 2022	23 377	402 553	1 897

Note 10 Primary capital

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.

In 2023, KBN have carried out a buy-back of subordinated loan capital of NOK 1.2 billion and a related issue of Tier 1 capital. Both bonds have first repayment date in the second quarter of 2028. The buyback resulted in a realised gain of NOK 101 mill. before tax, which has been recognised as income. The transaction results in a strengthening of the bank's Tier 1 capital ratio and Leverage ratio.

<i>(Amounts in NOK 1 000 000)</i>	31 December 2023	31 December 2022
Equity	21 684	18 903
Additional Tier 1 capital included in equity	(3 484)	(2 392)
Equity included in common equity Tier 1 capital	18 199	16 512
<i>Deductions:</i>		
Deferred tax asset that exceeds 10 % of common equity Tier 1 capital	(604)	(1 228)
Intangible assets	(162)	(143)
Dividends payable	(700)	0
Prudent valuation adjustments (AVA)	(138)	(147)
Adjustments unrealised loss (gains) due to changes in own credit risk	(59)	305
Total common equity Tier 1 capital	16 536	15 299
Other approved Tier 1 capital	3 484	2 392
Total Tier 1 capital	20 020	17 691
<i>Supplementary capital</i>		
Subordinated loan capital	800	2 000
Total supplementary capital	800	2 000
Total primary capital	20 820	19 691

Note 11 Capital adequacy

<i>(Amounts in NOK 1 000 000)</i>	31 December 2023			31 December 2022
	Carrying amount	Risk weighted assets	Capital requirements and capital adequacy	Capital requirements and capital adequacy
Credit risk				
Sovereigns and central banks	21 125	0	0	0
Regional governments and local authorities	381 386	71 120	5 690	5 240
<i>Of which are Norwegian municipalities</i>	352 226	70 637	5 651	5 212
Corporates	4 759	1 613	129	20
Public sector entities	9 630	0	0	0
Multilateral development banks	12 258	0	0	0
Financial institutions	34 358	6 442	515	224
<i>Of which counterparty exposure on derivatives</i>	27 495	5 966	477	171
Claims secured by residential property	21	21	2	2
Covered bonds	36 995	3 865	309	232
Other assets	1 727	4 298	344	333
Credit Valuation Adjustment	427	5 343	427	202
Total credit risk	502 687	92 703	7 416	6 253
Market risk	0	0	0	0
Operational risk - Basic Indicator Approach		2 554	204	190
Minimum capital requirements		95 257	7 621	6 443
Total capital ratio			21.9 %	24.5 %
Tier 1 capital adequacy ratio			21.0 %	22.0 %
Common equity Tier 1 capital adequacy ratio			17.4 %	19.0 %
Leverage ratio			4.0 %	3.9 %

Contact information

Kommunalbanken AS
P.O.Box 1210 Vika, 0110 Oslo

Address:
Haakon VIIIs gate 5b, 0161 Oslo

Phone: +47 21 50 20 00
E-mail: post@kbn.com

www.kbn.com