

Q3 Interim report 2024

KLP Banken Group



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KLP Banken Group

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KLP Banken Group

Interim Financial Statements 3/2024

Main features by quarter end:

- Increased interest income
- Lower lending growth
- Good deposit growth

The KLP Banken Group finances mortgage loans and other credits in the retail market and provides lending to municipalities, county administrations and companies carrying out public sector assignments. Additionally, the KLP Banken manages a lending portfolio on behalf of its parent company Kommunal Landspensjonskasse (KLP). The Group manages a lending total of NOK 124 (122)¹ billion. The overall business of KLP Banken AS and its subsidiaries is nationwide and divided into the retail market and public sector loans business areas.

In the retail market KLP Banken shall provide products and services at competitive terms to contribute to enterprises having elected KLP as their pension scheme provider are perceived as attractive employers.

In the public sector market KLP Kommunekreditt AS, together with KLP, shall contribute to market competition and thereby access to favorable long-term financing for the sector.

KLP Banken AS is wholly owned by KLP. KLP Banken AS has two wholly owned subsidiaries, KLP Kommunekreditt AS and KLP Boligkreditt AS. The main office is in Trondheim.

Income statement

KLP Banken Group's pre-tax profit for the third quarter was NOK 87.7 (81.6) million. At the end of the third quarter, the group's operating profit was NOK 254.7 (203.1) million. The change is mainly due to increased net interest income in both business areas and net gains on financial instruments.

Segmented results show NOK 192.1 (139.0) million in the retail market and NOK 62.6 (64.1) million in the public sector market.

Net interest income in the KLP Banken Group as at third quarter amounts to NOK 385.8 (339.7) million. The increase is mainly due to higher interest rates providing higher returns on loans financed with equity. The bank has also achieved slightly higher margins between loans and financing in the retail market.

¹Figures in parenthesis refer to the corresponding period last year.

At the end of the quarter, the income statement includes net income from value changes in financial instruments of NOK 5.8 (-2.9) million. This result effect is mainly related to changes in the market value of the bank's liquidity placements. An insignificant part of this is realized income.

Net fee and commission income was NOK 24.3 (20.9) million at the end of the quarter.

The bank group manages mortgages, public loans, and other credits financed by the parent company (KLP). The management fee for this assignment amounted to NOK 46.9 (46.0) million per third quarter.

Operating expenses including depreciations amounted to NOK -208.0 (-199.6) million. Most of the increase is due to price increases for external services and wage growth. Operating expenses also include reimbursements to customers due to fraud amounting to NOK -1.3 (-1.7) million.

So far in 2024, losses and loan loss provisions amount to NOK -0.1 (-1.0) million in the retail market. The bank's individual write-downs on mortgages have increased so far this year, but estimated provisions for future losses have been reduced by approximately the same amount. High inflation and high interest rates may eventually lead to reduced repayment capacity among borrowers. Nor in 2024 there have been loan losses related to public sector loans.

After taxes and estimate deviations, the group's total result as at third quarter was NOK 252.3 (215.6) million.

Lending and credits

KLP Banken manages loans on its own balance sheet and loans financed by KLP for a total of NOK 124 (122) billion. On its own balance sheet, the KLP Banken Group had loans to customers amounting to NOK 42.2 (43.1) billion as of 30 September 2024. The distribution between the retail market and the public market was NOK 24.2 (23.7) billion and NOK 18.0 (19.4) billion, respectively.

The retail market in KLP Banken has a mortgage growth of NOK 0.4 (0.5) billion so far in 2024. New mortgage disbursements so far this year amount to NOK 5.8 (6.0) billion. KLP Banken experiences that the growth in demand for new mortgages is lower than in previous years, which is related to the current high interest rates and inflation. The bank's main target group for mortgages is members of the pension schemes in KLP.

Mortgages amounting to NOK 2.9 (3.5) billion are sold from KLP Banken AS to the credit institution KLP Boligkreditt AS by the end of the third quarter. The volume of managed mortgages for KLP has been relatively stable and amounts to NOK 2.8 billion at the end of the quarter.

Outstanding drawn credits on credit cards has been at a stable level since the turn of last year. However, unused credits and the number of active credit card customers have steadily increased in 2024.

KLP Banken's lending volume in the public sector market has decreased by NOK -1.0 (0.2) billion so far this year. Loans to public borrowers managed on behalf of KLP have increased by NOK 1.5 billion. New

disbursements of public sector loans so far in 2024 amount to NOK 4.5 (5.4) billion for KLP and KLP Banken together.

Liquid investments

Available liquidity is invested in other banks and interest-bearing securities. Deposits in credit institutions amounted to NOK 1.6 (1.3) billion in the KLP Banken Group at the end of the quarter. The book value of interest-bearing securities measured at fair value was NOK 7.8 (4.7) billion.

Market value changes in interest-bearing securities have resulted in an accounting effect of NOK 14.6 (3.1) million as of the third quarter.

Borrowing

The KLP Banken Group's external financing comprises deposits and bonds. At the reporting date, deposits from individuals and businesses amounted to NOK 15.7 (14.4) billion. Deposit growth so far this year is 11.6 percent, which follows the bank's focus on attractive deposit products. This has resulted in very positive growth in new deposit and daily banking customers. Fixed-rate deposits for personal customers were launched in the second quarter.

Debt incurred through the issuance of securities in the KLP Banken Group was NOK 32.5 (31.6) billion at the end of the third quarter. Of this, covered bonds (OMF) issued by KLP Kommunekreditt AS amounted to NOK 21.2 (19.4) billion and by KLP Boligkreditt AS to NOK 10.5 (11.2) billion. All OMF issuances have achieved Aaa rating. The securities debt in KLP Banken AS was NOK 0.8 (1.0) billion.

Risk and capital adequacy

The KLP Banken Group is exposed to various types of risks, and the bank has established a framework for risk management aimed at ensuring risks are identified, analysed and subject to management using policies, limits, procedures and instructions.

The bank is to have a prudent risk profile and earnings are to be principally a result of borrowing and lending activities as well as liquidity management. This means that the bank is to have low market risk, and interest rate risks arising within the borrowing and lending activities are reduced using derivatives.

The KLP Banken Group and its subsidiaries are to have responsible long-term financing and limits have been established to ensure that that this objective is achieved.

The credit risk associated with the banking group assets is low, and lending is mainly limited to loans with local government risk and loans with lien on housing property. Management of the bank's liquidity is conducted through investments in other banks satisfying set credit quality requirements and in securities in accordance with Board-approved credit lines.

At the end of third quarter 2024, eligible Tier 1 and Tier 2 capital i.a.w. the capital adequacy rules were NOK 3,086 (2,898) million. Eligible Tier 1 and Tier 2 capital comprises core capital only. Loans are risk-weighted

according to the capital requirements regulations. The KLP Banken Group had a capital adequacy and core capital ratio of 20.6 (20.2) percent at the reporting date. The minimum statutory requirements, including buffer requirements, are 14.8 percent core capital ratio and 18.6 percent capital adequacy. The leverage ratio was 5.8 (5.8) percent. The requirement here is 3.0 percent.

Oslo, 7 November 2024

SVERRE THORNES
Chair

AAGE E. SCHAANNING
Deputy Chair

JANICKE E. FALKENBERG

ANNE BJERTNÆS

PER KRISTIAN VAREIDE

JONAS V. KÅRSTAD
Elected by and from employees

ELLEN WINGE LER
Elected by and from employees

MARIANNE SEVALDSEN
Managing Director

Income statement

KLP Banken Group

NOTES	NOK THOUSANDS	Q3 2024	Q3 2023	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023	01.01.2023 -31.12.2023
	Interest income, effective interest method	606 039	545 681	1 801 724	1 444 913	2 038 683
	Other interest income	113 568	88 293	306 542	258 646	351 367
3	Total interest income	719 607	633 974	2 108 266	1 703 559	2 390 050
	Interest expense, effective interest method	-552 122	-483 213	-1 617 184	-1 275 180	-1 802 752
	Other interest expense	-36 299	-31 845	-105 330	-88 668	-122 557
3	Total interest costs	-588 422	-515 059	-1 722 514	-1 363 848	-1 925 309
3	Net interest income	131 185	118 915	385 752	339 711	464 740
	Commission income and income from banking services	9 911	8 355	26 426	22 832	30 618
	Commission cost and cost from banking services	-717	-670	-2 120	-1 957	-2 734
	Net charges and commission income	9 194	7 686	24 306	20 875	27 884
	Other fee income	15 632	15 313	46 897	45 975	61 288
16	Net gain/ (loss) financial instruments	-121	6 433	5 808	-2 893	2 466
	Total other operating income	15 511	21 745	52 705	43 083	63 754
	Salaries and administrative costs	-26 385	-20 644	-69 199	-63 841	-91 577
	Depreciation	-808	-945	-2 424	-2 888	-3 742
	Other operating expenses	-40 845	-44 558	-136 370	-132 826	-174 751
14	Net loan losses	-115	-574	-85	-1 022	-871
	Total operating expenses	-68 153	-66 720	-208 078	-200 577	-270 941
	Operating profit/loss before tax	87 738	81 626	254 684	203 091	285 437
	Tax ordinary income	-4 216	-19 603	-10 308	994	-18 622
	Profit/loss for the period	83 522	62 023	244 377	204 085	266 815
	Estimate difference, pension obligation and assets	-5 812	-2 016	10 523	15 315	-13 013
	Tax on actuarial gains and losses	1 453	504	-2 631	-3 829	3 253
	Items that will not be reclassified to profit and loss	-4 359	-1 512	7 892	11 486	-9 760
	Changes in the fair value through profit and loss	0	0	0	0	0
	Tax on changes in fair value of available for sale financial assets	0	0	0	0	0
	Items that may be reclassified to profit and loss	0	0	0	0	0
	Other comprehensive income for the period	-4 359	-1 512	7 892	11 486	-9 760
	Comprehensive income for the period	79 163	60 511	252 269	215 571	257 056

Balance sheet

KLP Banken Group

NOTES	NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
	ASSETS			
5	Claims on central banks	75 596	74 572	75 312
5	Loans to credit institutions	1 635 361	1 274 225	1 577 691
4,5	Loans to customers	42 227 563	43 124 278	42 856 271
5,6,13	Fixed-income securities	7 836 977	4 749 545	4 276 469
5,6	Shareholdings	1 852	1 187	1 897
5,6,8	Financial derivatives	119 877	141 113	108 370
	Intangible assets	12 922	14 329	13 943
17	Right-of-use assets	13 092	14 962	14 495
	Fixed assets	436	436	436
10	Other assets	6 961	8 435	3 221
	Total assets	51 930 636	49 403 084	48 928 107
	LIABILITIES AND OWNERS EQUITY			
	LIABILITIES			
5,7	Debt securities issued	32 542 552	31 615 951	31 408 338
5	Deposits and borrowings from the public	15 684 807	14 350 590	14 060 460
5,6,8	Financial derivatives	23 170	40 651	23 233
	Deferred tax liabilities	4 165	4 143	55 706
17	Lease liabilities	13 864	15 544	15 131
11	Other liabilities	253 446	217 093	127 394
11	Provision for accrued costs and liabilities	49 630	26 665	63 913
	Total liabilities	48 571 634	46 270 638	45 754 176
	EQUITY			
	Share capital	1 140 000	1 140 000	1 140 000
	Share premium	1 050 000	1 050 000	1 050 000
	Other owners' equity	916 733	726 875	983 931
	Profit for the period	252 269	215 571	0
	Total equity	3 359 002	3 132 446	3 173 931
	Total liabilities and equity	51 930 636	49 403 084	48 928 107

Statement of changes in equity

KLP Banken Group

2024 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2024	1 140 000	1 050 000	983 931	3 173 931
Profit for the period	0	0	244 377	244 377
Other comprehensive income	0	0	7 892	7 892
Total comprehensive income for the period	0	0	252 269	252 269
Group contribution received during the period	0	0	214 756	214 756
Group contribution paid during the period	0	0	-281 954	-281 954
Total transactions with the owners	0	0	-67 198	-67 198
Equity 30 September 2024	1 140 000	1 050 000	1 169 002	3 359 002

2023 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2023	1 140 000	1 050 000	776 466	2 966 466
Profit for the period	0	0	204 085	204 085
Other comprehensive income	0	0	11 486	11 486
Total comprehensive income for the period	0	0	215 571	215 571
Group contribution received during the period	0	0	159 535	159 535
Group contribution paid during the period	0	0	-209 126	-209 126
Total transactions with the owners	0	0	-49 591	-49 591
Equity 30 September 2023	1 140 000	1 050 000	942 446	3 132 446

2023 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2023	1 140 000	1 050 000	776 466	2 966 466
Income for the year	0	0	266 815	266 815
Other comprehensive income	0	0	-9 760	-9 760
Comprehensive income for the year	0	0	257 056	257 056
Group contribution received during the period	0	0	159 535	159 535
Group contribution paid during the period	0	0	-209 126	-209 126
Total transactions with the owners	0	0	-49 591	-49 591
Equity 31 December 2023	1 140 000	1 050 000	983 931	3 173 931

Statement of cash flow

KLP Banken Group

NOK THOUSANDS	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023	01.01.2023 -31.12.2023
OPERATING ACTIVITIES			
Payments received from customers – interest, commission and charges	1 761 333	1 311 446	1 908 976
Payments to customers – interest, commission and charges	-445 203	-310 591	-443 505
Disbursements on loans to customers and credit institutions	-6 266 347	-10 293 329	-13 278 857
Receipts on loans to customers	6 877 250	9 616 175	12 917 822
Net receipts on customer deposits banking	1 624 471	571 593	281 568
Disbursements on operations	-142 137	-132 719	-168 467
Payments to staff, pension schemes, employer's social security contribution etc.	-75 986	-72 361	-92 549
Interest investment accounts	60 934	41 383	65 614
Net receipts/disbursements from operating activities	51 701	41 290	20 301
Net cash flow from operating activities	3 446 015	772 888	1 210 903
INVESTMENT ACTIVITIES			
Receipts on the sale of securities	2 198 279	4 400 411	5 261 280
Payments on the purchase of securities	-5 676 527	-2 532 416	-2 966 767
Receipts of interest from securities	172 670	160 869	216 770
Payments on the purchase of tangible fixed assets	0	-191	-191
Net cash flow from investment activities	-3 305 577	2 028 673	2 511 092
FINANCING ACTIVITIES			
Receipts on loans	7 600 000	7 200 000	7 200 000
Repayments and redemption of securities debt	-7 950 000	-7 300 000	-7 300 000
Change in securities debt, own funds	1 421 993	-1 791 696	-2 005 529
Net payment of interest on loans	-1 112 827	-890 098	-1 321 854
Payment of lease liabilities	-1 267	-1 216	-1 630
Group contributions paid	-67 198	-49 591	-49 591
Net cash flows from financing activities	-109 299	-2 832 602	-3 478 604
Net cash flow during the period	31 138	-31 041	243 392
Cash and cash equivalents at the start of the period	1 583 769	1 340 377	1 340 377
Cash and cash equivalents at the end of the period	1 614 907	1 309 336	1 583 769
Net receipts/disbursements (-)	31 138	-31 041	243 392

Notes to the financial statement

KLP Banken Group

Note 1 **General information**

KLP Banken AS was formed 25 February 2009. KLP Banken AS owns all the shares in KLP Kommunekreditt AS and KLP Boligkreditt AS. These companies together form the KLP Banken Group. KLP Banken Group provide or acquire loans to Norwegian municipalities and county authorities, as well as to companies with public sector guarantee. The lending activities are principally financed by issuance of covered bonds. The Group also offers standard banking products to private customers. KLP Banken AS is registered and domiciled in Norway. Its head office is at Beddingen 8 in Trondheim. The company has a branch office in Dronning Eufemiasgate 10, Oslo.

The company, KLP Banken AS, is a wholly owned subsidiary of Kommunal Landspensjonskasse (KLP). KLP is a mutual insurance company.

Note 2 **Accounting principles**

The interim report includes the interim Financial Statements of KLP Banken Group for the period 1 January 2024 – 30 September 2024, with a specification of the results in the 3rd quarter. The interim Financial Statements has not been audited.

The financial statements have been prepared in accordance with IFRS Accounting Standards[®]) as adopted by the EU with some additions that follow The Norwegian Accounting Act and the Regulations concerning annual accounts for banks, mortgage firms and finance companies (the Accounting Regulations). The interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

Other accounting principles and calculations are the same in the interim financial statement as in the annual report for 2023, please see the annual report for further information.

Note 3 Net interest income

NOK THOUSANDS	Q3 2024	Q3 2023	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023	01.01.2023 -31.12.2023
Interest income on loans to customers	581 401	526 287	1 734 255	1 399 674	1 973 093
Interest income on loans to credit institutions	24 638	19 394	67 469	45 240	65 590
Total interest income, effective interest method	606 039	545 681	1 801 724	1 444 913	2 038 683
Interest income on bonds and certificates	75 195	54 162	193 616	162 450	219 358
Other interest income	38 373	34 131	112 926	96 196	132 009
Total other interest income	113 568	88 293	306 542	258 646	351 367
Total interest income	719 607	633 974	2 108 266	1 703 559	2 390 050
Interest expenses on deposits to KLP Banken	-154 296	-115 939	-433 845	-298 179	-426 988
Interest expenses on issued securities	-397 760	-367 200	-1 183 136	-976 776	-1 375 467
Interest expense lease liabilities	-66	-74	-203	-225	-297
Total interest expense, effective interest method	-552 122	-483 213	-1 617 184	-1 275 180	-1 802 752
Other interest expenses	-32 975	-28 269	-95 358	-77 564	-107 877
Interest expenses on deposits to customers	-3 324	-3 576	-9 972	-11 104	-14 680
Total other interest expense	-36 299	-31 845	-105 330	-88 668	-122 557
Total interest expense	-588 422	-515 059	-1 722 514	-1 363 848	-1 925 309
Net interest income	131 185	118 915	385 752	339 711	464 740

Note 4 Loans to customers

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
Principal on loans to customers	42 023 044	42 958 704	42 665 975
Credit portfolio	41 703	43 107	42 393
Overdraft current account	162	121	175
Write-downs step 1 and 2	-1 550	-1 963	-1 765
Write-downs step 3	-2 344	-1 137	-1 413
Loans to customers after write-downs	42 061 012	42 998 832	42 705 364
Accrued interest	235 127	254 271	237 460
Fair value hedging	-68 577	-128 825	-86 554
Loans to customers	42 227 563	43 124 278	42 856 271

Note 5 Categories of financial instruments

NOK THOUSANDS	30.09.2024		30.09.2023		31.12.2023	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS						
Fixed-income securities	7 836 977	7 836 977	4 749 545	4 749 545	4 276 469	4 276 469
Financial derivatives	119 877	119 877	141 113	141 113	108 370	108 370
Shares and holdings	1 852	1 852	1 187	1 187	1 897	1 897
Total financial assets at fair value through profit and loss	7 958 705	7 958 705	4 891 845	4 891 845	4 386 736	4 386 736
FINANCIAL ASSETS FAIR VALUE HEDGING						
Loans to and receivables from customers	1 881 709	1 893 232	1 493 349	1 503 950	1 584 628	1 578 296
Total financial assets fair value hedging	1 881 709	1 893 232	1 493 349	1 503 950	1 584 628	1 578 296
FINANCIAL ASSETS AT AMORTIZED COST						
Loans to and receivables from credit institutions	75 596	75 596	74 572	74 572	75 312	75 312
Loans to and receivables from central banks	1 635 361	1 635 361	1 274 225	1 274 225	1 577 691	1 577 691
Loans to and receivables from customers	40 345 854	40 345 854	41 630 929	41 630 929	41 271 643	41 271 643
Total financial assets at amortized cost	42 056 811	42 056 811	42 979 727	42 979 727	42 924 646	42 924 646
Total financial assets	51 897 225	51 908 748	49 364 920	49 375 521	48 896 010	48 889 678
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS						
Financial derivatives	23 170	23 170	40 651	40 651	23 233	23 233
Total financial liabilities at fair value through profit and loss	23 170	23 170	40 651	40 651	23 233	23 233
FINANCIAL LIABILITIES FAIR VALUE HEDGING						
Liabilities created on issuance of securities	1 744 803	1 760 513	1 687 674	1 689 332	1 713 024	1 722 804
Total financial liabilities fair value hedging	1 744 803	1 760 513	1 687 674	1 689 332	1 713 024	1 722 804
FINANCIAL LIABILITIES AT AMORTIZED COST						
Liabilities created on issuance of securities	30 797 749	30 910 819	29 928 276	29 918 720	29 695 315	29 718 083
Deposits from customers	15 684 807	15 684 807	14 350 590	14 350 590	14 060 460	14 060 460
Total financial liabilities at amortized cost	46 482 556	46 595 626	44 278 867	44 269 311	43 755 775	43 778 543
Total financial liabilities	48 250 530	48 379 310	46 007 192	45 999 293	45 492 031	45 524 579

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for on normal market terms and conditions. A financial instrument is considered to be listed in an active market if the listed price is simply and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length. If the market for the security is not active, or the security is not listed on a stock market or similar, valuation techniques are used to set fair value. These are based for example on information on recently completed transactions carried out on business terms and conditions, reference to trading in similar instruments and pricing using externally collected yield curves and yield spread curves. As far as possible the estimates are based on externally observable market data and rarely on company-specific information.

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

Fixed-income securities - government

Nordic Bond Pricing is used as a source for pricing Norwegian government bonds.

Fixed-income securities - other than government

Norwegian fixed-income securities are generally priced based on rates from Nordic Bond Pricing. Securities not covered by Nordic Bond Pricing are priced theoretically. The theoretical price should be based on the discounted value of the security's future cash flows. Discounting is done using a swap curve adjusted for credit spread and liquidity spread. The credit spread should, to the extent possible, be based on a comparable bond from the same issuer. Liquidity spread is determined at the discretion of the evaluator.

Financial derivatives

These transactions are valued based on the applicable swap curve at the time of valuation. Derivative contracts are to be used only to hedge balance amounts and to enable payments obligations to be met. Derivative contracts may be struck only with counterparties with high credit quality.

Shares (unlisted)

For liquid shares and units, the closing price on the balance sheet date is used as the basis for measurement at fair value. If the prices are not quoted, the last price traded is used. Illiquid shares are priced on the basis of the Oslo Stock Exchange's index algorithm based on the last traded prices. If the pricing information is outdated, a derived valuation is produced from relevant stock indices or other similar securities. If this is also considered unsatisfactory, a discretionary valuation is made. This may be based on fundamental analysis, broker assessment, or adjustments for risk or liquidity considerations in relation to the price.

Fair value of loans to retail customers

The fair value through profit/loss is calculated by discounting contractual cash flows to present values. The discount rate is determined as the market rate, including a suitable risk margin. For loans measured at fair value through other comprehensive income, the fair value is calculated as the recognised principal minus estimated loss provisions on loans classified in Stage 2 and 3 (see note 14 Loan losses provision).

Fair value of loans to Norwegian local administrations

The fair value of these loans is considered to be virtually the same as the book value, as the contract terms are constantly adjusted in line with market interest rates. The fair value of fixed rate loans is calculated by discounting contractual cash flows by market interest rates including a suitable risk margin at the end of the reporting period. This is valued at Level 2 in the valuation hierarchy, cf. Note 6.

Fair value of deposits

The fair value of floating rate deposits is taken to be approximately equal to the deposit amount including accrued interest. The fair value of fixed rate deposits is calculated by discounting contractual cash flows by market interest rates including a suitable risk margin. Discounting contractual cash flows by market interest rates including a suitable risk margin.

Fair value of loans to and receivables from credit institutions

All receivables from credit institutions (bank deposits) are at variable interest rates. The fair value of these is considered to be virtually the same as the book value, as the contract terms are continuously changed in step with change in market interest rates. This is valued at Level 2 in the valuation hierarchy, cf. Note 6.

Liabilities created on issuance of securities

Fair value in this category is determined on the basis of internal valuation models based on external observable data. This is valued in Level 2 in the valuation hierarchy, cf. Note 6.

Note 6 Fair value hierarchy

30.09.2024 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	630 831	7 206 146	0	7 836 977
Shareholdings	0	0	1 852	1 852
Financial derivatives	0	119 877	0	119 877
Total assets at fair value	630 831	7 326 023	1 852	7 958 705
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives (liabilities)	0	23 170	0	23 170
Total financial liabilities at fair value	0	23 170	0	23 170

30.09.2023 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	827 157	3 922 388	0	4 749 545
Shareholdings	0	0	1 187	1 187
Financial derivatives	0	141 113	0	141 113
Total assets at fair value	827 157	4 063 500	1 187	4 891 845
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives (liabilities)	0	40 651	0	40 651
Total financial liabilities at fair value	0	40 651	0	40 651

31.12.2023 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	825 632	3 450 837	0	4 276 469
Shareholdings	0	0	1 897	1 897
Financial derivatives	0	108 370	0	108 370
Total assets at fair value	825 632	3 559 207	1 897	4 386 736
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives (liabilities)	0	23 233	0	23 233
Total financial liabilities at fair value	0	23 233	0	23 233

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
CHANGES IN LEVEL 3 UNLISTED SHARES			
Opening balance	1 897	1 187	1 187
Additions/purchases of shares	0	0	0
Unrealized changes	-45	0	710
Closing balance	1 852	1 187	1 897
Realized gains/losses	0	0	0

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for at normal market terms and conditions. Highest quality in regard to fair value is based on listed prices in an active market. A financial instrument is considered as listed in an active market if listed prices are simply and regularly available from a stock market, dealer, broker, industry group, price-setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length.

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

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

Level 3: Instruments at Level 3 contain non-observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded.

Note 5 discloses the fair value of financial assets and financial liabilities that are recognized at amortized cost and according to the rules on hedge accounting. Financial assets measured at amortized cost and hedge accounting comprise lending to and due to credit institutions, Norwegian municipalities and retail customers. The stated fair value of these assets is determined on terms qualifying for level 2. Financial liabilities recognized at amortized cost and hedge accounting consist of debt securities issued and deposits. The stated fair value of these liabilities is determined by methods qualifying for level 2.

There have been no transfers between level 1 and level 2.

Note 7 Debt securities issued - stock exchange listed covered bonds and certificates

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
Bond debt, nominal amount	34 303 457	34 658 978	34 657 598
Adjustments	-17 726	-72 213	-11 981
Accrued interest	280 820	237 186	205 721
Own holdings, nominal amount	-2 024 000	-3 208 000	-3 443 000
Total debt securities issued	32 542 552	31 615 951	31 408 338
Interest rate on borrowings through the issuance of securities at the reporting date:	5.14%	5.02%	5.08%

The interest rate is calculated as a weighted average of the act/360 basis. It includes interest rate effects and amortization costs.

NOK THOUSANDS	Balance sheet 31.12.2023	Issued	Matured/ redeemed	Other adjustments	Balance sheet 30.09.2024
Changes in debt securities issued - stock exchange listed covered bonds and certificates					
Bond debt, nominal amount	34 657 598	7 600 000	-7 950 000	-4 141	34 303 457
Adjustments	-11 981	0	0	-5 744	-17 726
Accrued interest	205 721	0	0	75 099	280 820
Own holdings, nominal amount	-3 443 000	0	1 419 000	0	-2 024 000
Total debt securities issued	31 408 338	7 600 000	-6 531 000	65 214	32 542 552

Note 8 Financial assets and liabilities subject to net settlement

30.09.2024 NOK THOUSANDS				Related sums that are not presented net		
	Gross financial assets/liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Security in cash	Net recognised value
ASSETS						
Financial derivatives	119 877	0	119 877	-23 170	0	96 706
Total	119 877	0	119 877	-23 170	0	96 706
LIABILITIES						
Financial derivatives	23 170	0	23 170	-23 170	0	0
Total	23 170	0	23 170	-23 170	0	0

30.09.2023 NOK THOUSANDS				Related sums that are not presented net		
	Gross financial assets/liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Security in cash	Net recognised value
ASSETS						
Financial derivatives	141 113	0	141 113	-40 651	-104 349	17 441
Total	141 113	0	141 113	-40 651	-104 349	17 441
LIABILITIES						
Financial derivatives	40 651	0	40 651	-40 651	0	0
Total	40 651	0	40 651	-40 651	0	0

31.12.2023 NOK THOUSANDS	Gross financial assets/liabilities	Gross assets/ liabilities presented net	Book value	Related sums that are not presented net		
				Financial instruments	Security in cash	Net recognised value
ASSETS						
Financial derivatives	108 370	0	108 370	-23 233	0	85 137
Total	108 370	0	108 370	-23 233	0	85 137
LIABILITIES						
Financial derivatives	23 233	0	23 233	-23 233	0	0
Total	23 233	0	23 233	-23 233	0	0

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

Note 9 Transactions with related parties

NOK THOUSANDS	01.01.2024	01.01.2023	01.01.2023
	-30.09.2024	-30.09.2023	-31.12.2023
KLP, fees lending management	46 897	45 938	61 251
KLP Skadeforsikring AS, fees	0	38	38
KLP Kapitalforvaltning AS, fees for services provided	0	0	-187
KLP, rent	-2 406	-2 543	-3 318
KLP Skipsbygget AS, rent	-1 694	-1 628	-2 171
KLP Bassengtomten AS, rent parking	-75	-72	-96
KLP Eiendomsdrift AS, cost office buildings	-344	-401	-472
KLP, pension premium	-11 567	-10 451	-13 855
KLP, staff services (at cost)	-60 828	-56 591	-77 627
KLP Group companies, subsidised interest employee loans	11 146	13 195	18 048

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
	BALANCES		
KLP, net internal accounts	-4 305	-3 125	-5 433
KLP, loan settlement	-31 715	-10 862	-32 167
KLP Group companies, net other internal accounts	1 157	1 512	1 421

Transactions with related parties are carried out at general market terms, with the exception of the company's share of common functions, which are allocated at cost. Allocation is based on actual use. All internal receivables are settled as they arise.

Note 10 Other assets

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
	Intercompany receivables	2 074	3 058
Miscellaneous receivables	0	25	3
Prepaid expenses	4 886	5 352	2
Total other assets	6 961	8 435	3 221

Note 11 Other liabilities and provision for accrued costs

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
Creditors	762	4 698	2 626
Intercompany payables	35 953	15 533	39 395
Short-term balances with credit institutions	98 896	104 700	80 000
Other liabilities	117 836	92 162	5 373
Total other liabilities	253 446	217 093	127 394
Withholding tax	2 048	1 892	3 024
Social security contributions	1 708	1 531	2 782
Capital activity tax	588	520	902
Holiday pay	5 376	4 844	6 820
Pension obligations	33 311	14 247	43 999
VAT	822	954	21
Provisioned costs	5 776	2 676	6 364
Total accrued costs and liabilities	49 630	26 665	63 913

Note 12 Capital adequacy

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
Share capital and share premium fund	2 190 000	2 190 000	2 190 000
Other owners' equity	916 733	726 875	983 931
Total owners' equity	3 106 733	2 916 876	3 173 931
Adjustments due to requirements for proper valuation	-7 837	-4 750	-4 276
Deduction goodwill and other intangible assets	-12 922	-14 329	-13 943
Core capital/Tier 1 capital	3 085 974	2 897 797	3 155 711
Supplementary capital/Tier 2 capital	0	0	0
Supplementary capital/Tier 2 capital	0	0	0
Total eligible own funds (Tier 1 and Tier 2 capital)	3 085 974	2 897 797	3 155 711
Capital requirement	1 196 542	1 146 913	1 162 608
Surplus of own funds (Tier 1 and Tier 2 capital)	1 889 433	1 750 884	1 993 104
Estimate basis credit risk:			
Institutions	334 039	281 982	336 067
Retail	879 090	629 381	942 002
Local and regional authorities (incl. municipalities/county administrations)	3 761 897	3 916 156	3 846 618
Investments with mortgage security in real estate	8 402 512	8 323 439	8 184 585
Investments fallen due	68 600	58 185	49 785
Covered bonds	640 253	372 612	325 440
Other items	23 671	26 563	22 517
Calculation basis credit risk	14 110 061	13 608 317	13 707 014
Credit risk	1 128 805	1 088 665	1 096 561
Operating risk	65 852	58 035	65 852
Credit valuation adjustments (CVA)	1 885	212	194
Total capital requirement assets	1 196 542	1 146 913	1 162 608
Core capital adequacy ratio	20.63 %	20.21 %	21.71 %
Supplementary capital ratio	0.00 %	0.00 %	0.00 %
Capital adequacy ratio	20.63 %	20.21 %	21.71 %
Leverage ratio	5.84 %	5.80 %	6.30 %

CAPITAL REQUIREMENT PER 30.09.2024	Core capital/Tier 1 capital	Supplementary capital/Tier 2 capital	Own funds
Minimum requirement excl. buffers	4.50 %	3.50 %	8.00 %
Protective buffer	2.50 %	0.00 %	2.50 %
Systemic risk buffer	4.50 %	0.00 %	4.50 %
Counter-cyclical capital buffer	2.50 %	0.00 %	2.50 %
Pillar 2-requirement	0.83 %	0.27 %	1.10 %
Current capital requirement incl. buffers	14.83 %	3.77 %	18.60 %
Capital requirement leverage ratio	3.00 %	0.00 %	3.00 %

Note 13 Fixed-income securities

NOK THOUSANDS	30.09.2024		30.09.2023		31.12.2023	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	237 486	237 813	336 643	337 104	0	0
Bonds	7 568 629	7 599 164	4 407 723	4 412 441	4 269 911	4 276 469
Total fixed-income securities	7 806 115	7 836 977	4 744 366	4 749 545	4 269 911	4 276 469

Fixed income securities are brought to account at market value, including accrued but not due interests.

Note 14 Loan loss provision

There has not been done any changes in the models for calculation of the expected loss provisions in the third quarter.

The total loan loss provisions have decreased by one percentage for KLP Banken Group from the last quarter.

Refer to Note 10 and Note 2 in the annual report for more details of the model.

Expected credit loss (ECL) loans to customers – all segments

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Opening balance ECL 01.01.2024	2 411	2 328	1 468	6 207
Transfer to stage 1	973	-914	-59	0
Transfer to stage 2	-16	16	0	0
Transfer to stage 3	-2	-87	88	0
Net changes	-1 049	354	866	170
New losses	302	161	96	559
Write-offs	-48	-38	-18	-104
Change in risk model	-294	-230	-68	-592
Closing balance ECL 30.09.2024	2 278	1 590	2 373	6 240
Changes (01.01.2024 - 30.09.2024)	-133	-739	905	33
This includes provisions for losses on loans and receivables - unused credit				2 346

Expected credit loss (ECL) loans to customers – mortgage

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Opening balance ECL 01.01.2024	139	320	1 048	1 507
Transfer to stage 1	20	-20	0	0
Transfer to stage 2	-2	2	0	0
Transfer to stage 3	0	-28	28	0
Net changes	-48	27	-98	-119
New losses	59	43	46	149
Write-offs	-7	-2	0	-8
Change in risk model	-25	-53	-33	-111
Closing balance ECL 30.09.2024	136	291	991	1 418
Changes (01.01.2024 - 30.09.2024)	-3	-30	-57	-90
This includes provisions for losses on loans and receivables - unused credit on mortgages				8

Expected credit loss (ECL) – public lending

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Opening balance ECL 01.01.2024	180	0	0	180
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	-6	0	0	-6
New losses	8	0	0	8
Write-offs	-11	0	0	-11
Closing balance ECL 30.09.2024	170	0	0	170
Changes (01.01.2024 - 30.09.2024)	-10	0	0	-10

Expected credit loss (ECL) – credit card

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Opening balance ECL 01.01.2024	2 067	2 008	297	4 372
Transfer to stage 1	953	-894	-59	0
Transfer to stage 2	-14	14	0	0
Transfer to stage 3	-2	-59	61	0
Net changes	-1 025	290	-47	-781
New losses	232	117	44	393
Change in risk model	-266	-177	-35	-478
Closing balance ECL 30.09.2024	1 947	1 299	260	3 506
Changes (01.01.2024 - 30.09.2024)	-120	-709	-37	-866
This includes provisions for losses on loans and receivables - unused credit on credit card				2 338

Expected credit loss (ECL) loans to customers – senior loans

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Opening balance ECL 01.01.2024	24	0	0	24
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	0	0	873	873
New losses	3	0	0	3
Change in risk model	-3	0	0	-3
Closing balance ECL 30.09.2024	23	0	874	897
Changes (01.01.2024 - 30.09.2024)	-1	0	874	873

Expected credit loss (ECL) loans to customers – overdrafts deposit accounts

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Opening balance ECL 01.01.2024	0	0	124	124
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	0	0	120	120
New losses	0	0	6	6
Closing balance ECL 30.09.2024	0	0	250	250
Changes (01.01.2024 - 30.09.2024)	0	0	126	126

Book value of loans and receivables from customers – all segments

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Lending 01.01.2024	42 243 091	660 373	44 193	42 947 657
Transfer to stage 1	169 824	-166 285	-3 539	0
Transfer to stage 2	-298 478	299 520	-1 041	0
Transfer to stage 3	-6 829	-18 446	25 275	0
Net changes	-1 020 588	-4 045	-4 521	-1 029 155
New losses	6 920 594	71 205	5 926	6 997 725
Write-offs	-6 455 000	-144 904	-8 369	-6 608 273
Lending 30.09.2024	41 552 613	697 418	57 923	42 307 955

Book value of loans and receivables from customers – mortgages

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Lending 01.01.2024	21 036 709	657 456	43 154	21 737 319
Transfer to stage 1	168 496	-165 142	-3 355	0
Transfer to stage 2	-297 702	298 743	-1 041	0
Transfer to stage 3	-4 975	-18 246	23 221	0
Net change	-3 331 589	-102 123	-11 577	-3 445 289
New lending	5 808 878	70 813	5 741	5 885 432
Write-offs	-2 246 749	-46 698	0	-2 293 447
Lending 30.09.2024	21 133 067	694 805	56 144	21 884 015

Book value of loans and receivables from customers – public lending

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Lending 01.01.2024	19 087 958	0	0	19 087 958
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net change	-626 122	0	0	-626 122
New lending	831 534	0	0	831 534
Write-offs	-1 218 760	0	0	-1 218 760
Lending 30.09.2024	18 074 611	0	0	18 074 611

Book value of loans and receivables from customers – credit card

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Lending 01.01.2024	40 983	2 917	866	44 766
Transfer to stage 1	1 328	-1 143	-185	0
Transfer to stage 2	-776	776	0	0
Transfer to stage 3	-186	-200	387	0
Net change	899	-128	-298	473
New lending	4 695	392	177	5 264
Lending 30.09.2024	46 943	2 614	947	50 503

Book value of loans to receivables from customers – senior loans

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Lending 01.01.2024	2 077 541	0	0	2 077 541
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	-1 603	0	1 603	0
Net change	-53 067	0	-1 117	-54 184
New lending	275 449	0	0	275 449
Lending 30.09.2024	2 298 320	0	485	2 298 806

Book value of loans to receivables from customers – overdraft deposit accounts

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Lending 01.01.2024	-99	0	173	73
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	-64	0	64	0
Net change	-201	0	102	-99
New lending	37	0	8	46
Lending 30.09.2024	-327	0	347	20

Exposure - unused credit

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Lending 01.01.2024	1 766 778	57 144	198	1 824 120
Transfer to stage 1	10 619	-10 593	-26	0
Transfer to stage 2	-14 994	14 994	0	0
Transfer to stage 3	-99	-9	108	0
Net change	-10 531	1 073	949	-8 509
New lending	1 087 829	3 354	3	1 091 186
Write-offs	-382 620	-18 853	0	-401 472
Lending 30.09.2024	2 456 984	47 109	1 232	2 505 325

Losses recognised in the profit and loss account consist of:

NOK THOUSANDS	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023	01.01.2023 -31.12.2023
	Change in loss provisions in stage 1, 2 and 3	-288	-1 346
Established losses	-312	-7	-7
Recovery for previously established losses	515	331	464
Total losses in the income statement	-85	-1 022	-871

Note 15 **Contingent liabilities**

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
Credit facilities for lending not utilized	1 263 869	1 175 835	1 275 687
Credit facilities issued credit card	276 332	249 298	262 897
Loan promise	1 665 897	1 457 421	885 271
Total contingent liabilities	3 206 098	2 882 555	2 423 855

Credit facilities for lending not utilized: The 'Fleksilån' product is included here; this is a credit facility which allows the customer to borrow up to a specified credit limit.

Credit facilities issued credit card: Customers' credit card limits are a contingent liability for the Bank, where the customer can choose to utilise the credit up to the allocated credit limit.

Loan commitment: The Bank issues funding certificates that customers can use in bidding procedures for home purchases. This also includes other loans that have been granted but not disbursed.

Note 16 **Net gain/(loss) on financial instruments**

NOK THOUSANDS	Q3 2024	Q3 2023	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023	01.01.2023 -31.12.2023
Net gain/(loss) on fixed-income securities	1 375	8 727	14 553	3 107	7 882
Net gain/(loss) financial derivatives and realized amortization linked to lending	-60	317	-285	439	284
Net gain/(loss) financial derivatives and realized repurchase of own debt	-2 396	-3 675	-11 339	-9 633	-9 933
Net accrual of over/under rates borrowings and securities	1 381	1 379	4 141	4 141	5 521
Other financial income and expenses	-420	-314	-1 261	-946	-1 288
Total net gain/(loss) on financial instruments	-121	6 433	5 808	-2 893	2 466

Note 17 **Leases**

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
	Property		
RIGHT-OF-USE ASSETS			
Opening balance 01.01.	14 495	16 365	16 365
Depreciation	-1 403	-1 403	-1 870
Closing balance	13 092	14 962	14 495
LEASE LIABILITIES			
Opening balance 01.01.	15 131	16 761	16 761
Repayments	-1 267	-1 216	-1 630
Closing balance	13 864	15 544	15 131

NOK THOUSANDS	Q3 2024	Q3 2023	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023	01.01.2023 -31.12.2023
	Property				
Interest expense lease liabilities	66	74	203	225	297
Interest expense lease liabilities	66	74	203	225	297

Note 18 Pension obligations - own employees

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
Capitalized net liability	43 999	32 092	32 092
Pension costs taken to profit/loss	11 328	10 231	13 635
Finance costs taken to profit/loss	1 261	946	1 287
Actuarial gains and losses incl. social security contributions	-10 523	-15 315	13 013
Premiums/supplement paid-in including admin	-12 754	-13 708	-16 029
Capitalized net liability	33 311	14 247	43 999

ASSUMPTIONS	30.09.2024	30.09.2023	31.12.2023
Discount rate	3.25%	4.00%	3.10%
Salary growth	3.50%	4.00%	3.50%
The National Insurance basic amount (G)	3.25%	3.50%	3.25%
Pension increases	2.80%	2.90%	2.80%
Social security contribution	14.10%	14.10%	14.10%
Capital activity tax	5.00%	5.00%	5.00%

The effect of changes in the assumptions is a reduction of the obligation by NOK 10.5 million as of 30.09.2024. The change is recognized in comprehensive income.

Quarterly earnings trend

NOK MILLIONS	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Interest income	719.6	699.2	689.5	686.5	634.0
Interest expense	-588.4	-571.2	-562.9	-561.5	-515.1
Net interest income	131.2	127.9	126.6	125.0	118.9
Commission income and income from banking services	9.9	9.1	7.4	7.8	8.4
Commission cost and cost from banking services	-0.7	-0.7	-0.7	-0.8	-0.7
Net charges and commission income	9.2	8.4	6.7	7.0	7.7
Other fee income	15.6	15.7	15.6	15.3	15.3
Net gain/(loss) financial instruments	-0.1	-1.0	6.9	5.4	6.4
Total other operating income	15.5	14.7	22.5	20.7	21.7
Salaries and administrative costs	-26.4	-17.3	-25.6	-27.7	-20.6
Depreciation	-0.8	-0.8	-0.8	-0.9	-0.9
Other operating expenses	-40.8	-42.4	-53.2	-41.9	-44.6
Net loan losses	-0.1	1.1	-1.1	0.2	-0.6
Total operating expenses	-68.2	-59.3	-80.6	-70.4	-66.7
Operating profit/loss before tax	87.7	91.8	75.1	82.3	81.6
Tax ordinary income	-4.2	-5.1	-0.9	-19.6	-19.6
Profit/loss for the period	83.5	86.7	74.2	62.7	62.0
Other comprehensive income	-5.8	6.2	10.1	-28.3	-2.0
Tax on other comprehensive income	1.5	-1.5	-2.5	7.1	0.5
Other comprehensive income for the period	-4.4	4.6	7.6	-21.2	-1.5
Comprehensive income for the period	79.2	91.3	81.8	41.5	60.5

Key figures – accumulated

NOK MILLIONS	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Pre-tax income	254.7	166.9	75.1	285.4	203.1
Net interest income	385.8	254.6	126.6	464.7	339.7
Other operating income	71.2	46.4	22.3	89.2	66.9
Other operating cost and depreciation	-208.1	-139.9	-80.6	-270.9	-200.6
Net gain/(loss) financial instruments	5.8	5.9	6.9	2.5	-2.9
Deposits	15 684.8	15 628.8	14 157.5	14 060.5	14 350.6
Lending customers	24 221.7	24 493.5	24 101.5	23 855.0	23 753.6
Lending with public sector guarantee	18 005.9	18 310.8	18 735.1	19 001.2	19 370.6
Non-performing loans	57.9	54.4	53.0	44.2	52.1
Total liabilities created on issuance of securities	32 542.6	30 766.9	31 252.8	31 408.3	31 616.0
Other borrowing	0.0	0.0	0.0	0.0	0.0
Total assets	51 930.6	49 972.6	48 856.7	48 928.1	49 403.1
Average total assets	50 429.4	49 450.4	48 892.4	49 719.4	49 956.9
Equity	3 359.0	3 279.8	3 188.5	3 173.9	3 132.4
Interest net	0.76 %	0.51 %	0.26 %	0.93 %	0.68 %
Profit/loss from ordinary operation before taxes	0.51 %	0.34 %	0.15 %	0.57 %	0.41 %
Return on equity	10.70 %	10.52 %	9.47 %	9.62 %	9.13 %
Capital adequacy ratio	20.6 %	20.8 %	21.2 %	21.7 %	20.2 %
Liquidity coverage ratio (LCR)	401 %	452 %	325 %	520 %	404 %

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