

Q3 Interim Report 2024

KLP Kommunekreditt AS

KLP

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KLP Kommunekreditt AS

Q3 2024

Interim Financial Statements 3/2024

Main features by third quarter end:

- Stable P&L development
- Reduced lending volume
- No realized loan losses

Objective

The Company's objective is financing KLP Banken's loans to municipalities, county administrations and enterprises carrying out public sector assignments. Loans to companies must be guaranteed by municipalities, county administrations or the central government under the Norwegian Local Government Act. Guarantees are to be of the ordinary surety type covering both repayments and interest. The lending business is principally funded issuing covered bonds.

KLP Kommunekreditt AS is a wholly owned subsidiary of KLP Banken AS. The KLP Banken AS is owned by Kommunal Landspensjonskasse (KLP).

Income statement

The operating profit before tax for the third quarter was NOK 18.2 (28.8)¹ million. Year-to-date, the profit before tax is NOK 63.5 (64.2) million. The change in profit is mainly due to reduced lending volume.

Net interest income as of third quarter was NOK 82.7 (85.1) million. Compared to the third quarter last year, the company had a lower average lending volume. The reduction in net interest income is partially compensated by a somewhat higher interest rate level.

Net P&L effects on financial instruments as at third quarter were NOK -3.7 (-4.2) million. This mainly includes costs from the repurchase of borrowings and changes in the value of liquid investments. Realized and unrealized value changes in the company's liquid investments have resulted in an effect of NOK 6.3 (1.7) million so far this year. The restructuring of the borrowing portfolio is done regularly to adjust the average maturity. This can result in both loss and gain. Accounting losses from the repurchase of own debt amount to NOK -9.8 (-5.9) million so far this year.

Operating expenses as of third quarter were NOK -15.6 (-16.7) million. The company has not had any loan losses and has very low loan loss provisions.

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

Lending/total assets

The company's loans to customers as of 30 September 2024 were NOK 18.0 (19.4) billion. So far this year, the net loan growth has been NOK -1.0 billion. Borrowers are municipalities, county municipalities, and enterprises with municipal guarantees. Total assets was NOK 22.9 (21.6) billion.

Liquid investments

The collateral associated with the loan financing is subject to strict requirements. In addition to loans to the public sector, it consists of high credit quality securities and deposits in other banks. The securities consist of certificates and bonds with high credit quality, mainly covered bonds. As of 30 September 2024, the company's interest-bearing securities had a market value of NOK 4.1 (1.5) billion.

Borrowing

The company's financing consists of covered bonds (OMF) and loans from KLP Banken AS. The company had NOK 0.6 (1.1) billion in intra-group debt at the end of the quarter. Outstanding OMF debt was NOK 21.2 (19.4) billion. NOK 6.3 billion in new covered bonds have been issued so far this year. Net repurchases or sales of own holdings from previous issues amount to NOK -4.5 (-6.4) billion as at third quarter. All OMF issuances have an Aaa rating from Moody's.

Risk and capital adequacy

KLP Kommunekreditt AS has established a risk management framework to ensure that risks are identified, analyzed, and managed through guidelines, frameworks, routines, and instructions. The company should have a cautious risk profile, and earnings should primarily result from lending and borrowing activities as well as liquidity management. This means that the company should have low market risk. Interest rate risk arising from lending and borrowing activities is reduced using derivatives. The company shall have sufficient long-term financing within established frameworks. The credit risk in the company is very low, and loans are limited to those with municipal risk. The company's liquidity is placed in banks with high credit quality requirements and in securities in line with board-approved credit lines.

At the end of the third quarter of 2024, core capital i.a.w. the capital adequacy rules were NOK 945.2 (878.9) million. Loans to municipalities and county administrations are risk-weighted 20 per cent in accordance with the authorities' capital adequacy regulations. KLP Kommunekreditt AS has a core capital adequacy and capital adequacy ratio of 21.4 (20.4) percent as at third quarter. The minimum statutory requirement is 17.5 percent capital adequacy ratio. Leverage ratio was 4.1 (4.1) per cent. The requirement here is 3.0 per cent.

Oslo, 7 November 2024

AAGE E. SCHAANNING

Chair

JANICKE E. FALKENBERG

AUD NORUNN STRAND

JONAS V. KÅRSTAD

CARL STEINAR LOUS

Managing Director

Income statement

KLP Kommunekreditt AS

NOTE	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	244 934	244 185	741 742	632 287	891 875
	Other interest income	64 817	52 167	179 145	154 815	209 113
3	Total interest income	309 751	296 351	920 886	787 102	1 100 988
	Interest expense, effective interest method	-250 984	-234 813	-742 877	-624 529	-879 623
	Other interest expenses	-32 945	-28 237	-95 265	-77 465	-107 746
3	Total interest costs	-283 928	-263 050	-838 142	-701 994	-987 369
3	Net interest income	25 823	33 301	82 745	85 108	113 619
17	Net gain/(loss) on financial instruments	-1 463	1 486	-3 650	-4 201	-2 304
	Total net gain/(loss) on financial instruments	-1 463	1 486	-3 650	-4 201	-2 304
	Other operating expenses	-6 124	-5 971	-15 595	-16 663	-22 717
18	Net loan losses	3	3	10	0	4
	Total operating expenses	-6 121	-5 969	-15 585	-16 663	-22 713
	Operating profit/loss before tax	18 239	28 818	63 510	64 245	88 603
	Tax ordinary income	969	-6 340	973	5 594	235
	Profit for the period	19 208	22 478	64 483	69 839	88 838
	Other comprehensive income for the period	0	0	0	0	0
	Comprehensive income for the period	19 208	22 478	64 483	69 839	88 838

Balance

KLP Kommunekreditt AS

NOTE	NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
ASSETS				
5	Loans to credit institutions	720 700	662 148	568 248
4,5	Loans to customers	18 005 864	19 370 631	19 001 225
5,6,15	Fixed-income securities	4 088 504	1 456 806	1 500 050
5,6	Financial derivatives	119 741	140 773	108 137
12	Other assets	8 669	3 296	10 618
	Total assets	22 943 476	21 633 654	21 188 279
LIABILITIES AND OWNERS EQUITY				
LIABILITIES				
5,9	Debt to credit institutions	551 105	1 107 225	701 570
5,7	Debt securities issued	21 183 736	19 412 910	19 390 805
5,6	Financial derivatives	23 170	40 651	23 233
	Deferred tax liabilities	1 695	2 129	21 622
13	Other liabilities	169 586	120 137	81 817
13	Provision for accrued costs and liabilities	418	389	21
	Total liabilities	21 929 709	20 683 441	20 219 067
EQUITY				
	Share capital	391 500	391 500	391 500
	Share premium	363 500	363 500	363 500
	Other owners' equity	194 284	125 374	214 212
	Unallocated profit/loss	64 483	69 839	0
	Total owners' equity	1 013 767	950 213	969 212
	Total liabilities and equity	22 943 476	21 633 654	21 188 279

Statement of changes in equity

KLP Kommunekreditt AS

2024 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2024	391 500	363 500	214 212	969 212
Profit for the period	0	0	64 483	64 483
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	64 483	64 483
Group contribution received	0	0	70 651	70 651
Group contribution made	0	0	-90 578	-90 578
Total transactions with the owners	0	0	-19 927	-19 927
Equity 30 September 2024	391 500	363 500	258 767	1 013 767

2023 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2023	391 500	363 500	145 102	900 102
Profit for the period	0	0	69 839	69 839
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	69 839	69 839
Group contribution received	0	0	69 944	69 944
Group contribution made	0	0	-89 671	-89 671
Total transactions with the owners	0	0	-19 728	-19 728
Equity 30 September 2023	391 500	363 500	195 213	950 213

2023 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2023	391 500	363 500	145 102	900 102
Income for the year	0	0	88 838	88 838
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	88 838	88 838
Group contribution received	0	0	69 944	69 944
Group contribution made	0	0	-89 671	-89 671
Total transactions with the owners	0	0	-19 728	-19 728
Equity 31 December 2023	391 500	363 500	214 212	969 212

Statement of cash flow

KLP Kommunekreditt AS

NOK THOUSANDS	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023	01.01.2023 -31.12.2023
OPERATIONAL ACTIVITIES			
Payments received from customers - interest, commission & charges	722 839	517 652	794 436
Disbursements on loans customers & credit institutions	-462 251	-851 278	-1 069 415
Receipts on loans customers & credit institutions	1 455 729	682 332	1 300 680
Disbursements on operations	-16 833	-17 263	-22 301
Net receipts/disbursements from operating activities	-4 552	4 713	-38 809
Interest from credit institutions	11 926	8 505	18 079
Net cash flow from operating activities	1 706 857	344 660	982 671
INVESTMENT ACTIVITIES			
Payments on the purchase of securities	-3 221 642	-301 239	-442 481
Receipts on sale of securities	703 316	1 566 175	1 666 175
Receipts of interest from securities	49 422	60 820	77 787
Net cash flow from investment activities	-2 468 904	1 325 757	1 301 482
FINANCING ACTIVITIES			
Receipts on loans from credit institutions	6 250 000	6 000 000	6 000 000
Repayments and redemption of securities debt	-5 000 000	-5 000 000	-5 000 000
Change in securities debt, own funds	477 512	-1 378 494	-1 407 062
Net payment of interest on loans credit institutions	-646 787	-498 257	-775 168
Receipts in internal funding	350 000	1 205 000	2 205 000
Disbursements in internal funding	-500 000	-1 805 000	-3 210 000
Net payment of interest on internal funding	-25 640	-54 727	-67 524
Payment on group contribution	-19 927	-19 728	-19 728
Net cash flows from financing activities	885 158	-1 551 206	-2 274 481
Net cash flow during the period	123 111	119 211	9 672
Cash and cash equivalents at the start of the period	535 356	525 685	525 685
Cash and cash equivalents at the end of the period	658 467	644 895	535 356
Net receipts/disbursements	123 111	119 211	9 672

Notes to the financial statement

KLP Kommunekreditt AS

Note 1 **General information**

KLP Kommunekreditt AS was formed on 25 August 2009. The company is a credit enterprise that provides or acquires public sector loans that are guaranteed by the Norwegian municipalities. Borrowers provide surety covering both repayments and interest.

The object of the Company is primarily to finance activities by issuing covered bonds with security in public sector guarantees loans. Parts of these loans are listed on Oslo Børs (Stock Exchange).

KLP Kommunekreditt AS is registered and domiciled in Norway. It's head office is at Beddingen 8 in Trondheim, and the company has a branch office in Dronning Eufemiasgate 10 in Oslo.

The company is a wholly owned subsidiary of KLP Banken AS which is in turn wholly-owned by Kommunal Landspensjonskasse (KLP). KLP is a mutual insurance company.

Note 2 **Accounting principles**

The interim report includes the interim Financial Statements of KLP Kommunekreditt AS for the period 1 January 2024 – 30 September 2024, with a specification of the results in the Q3.

The financial statements for KLP Kommunekreditt AS 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".

The interim Financial Statements has not been audited.

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	238 876	238 809	724 708	620 249	873 796
Interest income on loans to credit institutions	6 058	5 376	17 034	12 038	18 079
Total interest income, effective interest method	244 934	244 185	741 742	632 287	891 875
Interest income on bonds and certificates	26 528	18 118	66 474	58 833	77 406
Other interest income	38 288	34 049	112 671	95 983	131 708
Total other interest income	64 817	52 167	179 145	154 815	209 113
Total interest income	309 751	296 351	920 886	787 102	1 100 988
Interest expenses on debt from KLP Banken AS	-8 477	-20 862	-25 174	-54 407	-66 549
Interest expenses on issued securities	-242 507	-213 951	-717 703	-570 122	-813 073
Total interest expenses, effective interest method	-250 984	-234 813	-742 877	-624 529	-879 623
Other interest expenses	-32 945	-28 237	-95 265	-77 465	-107 746
Total other interest expenses	-32 945	-28 237	-95 265	-77 465	-107 746
Total interest expenses	-283 928	-263 050	-838 142	-701 994	-987 369
Net interest income	25 823	33 301	82 745	85 108	113 619

Note 4 Loans to customers

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
Loans to customers before write-downs	17 879 842	19 283 503	18 895 059
Write-downs steps 1 and 2	-170	-184	-180
Loans to customers after write-downs	17 879 672	19 283 320	18 894 880
Accrued interest	194 769	216 136	192 899
Fair value hedging	-68 577	-128 825	-86 554
Loans to customers	18 005 864	19 370 631	19 001 225

All lending comprises loans to, or loans guaranteed by, Norwegian municipalities and county administrations, including loans to local government enterprises and intermunicipal (public sector lending). Guarantees are of the ordinary surety type covering both repayments and interest.

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	4 088 504	4 088 504	1 456 806	1 456 806	1 500 050	1 500 050
Financial derivatives	119 741	119 741	140 773	140 773	108 137	108 137
Total financial assets at fair value through profit and loss	4 208 245	4 208 245	1 597 579	1 597 579	1 608 187	1 608 187
FINANCIAL ASSETS FAIR VALUE HEDGING						
Lending to Norwegian municipalities	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	720 700	720 700	662 148	662 148	568 248	568 248
Lending to Norwegian municipalities	16 124 154	16 124 154	17 877 282	17 877 282	17 416 597	17 416 597
Total financial assets at amortized cost	16 844 854	16 844 854	18 539 430	18 539 430	17 984 845	17 984 845
Total financial assets	22 934 808	22 946 330	21 630 358	21 640 959	21 177 661	21 171 328
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						
Covered bonds issued	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 to credit institutions	551 105	551 105	1 107 225	1 107 225	701 570	701 570
Covered bonds issued	19 438 932	19 518 414	17 725 235	17 738 289	17 677 781	17 707 656
Total financial liabilities at amortized cost	19 990 037	20 069 518	18 832 460	18 845 514	18 379 351	18 409 226
Total financial liabilities	21 758 011	21 853 202	20 560 785	20 575 495	20 115 608	20 155 262

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.

Fair value of loans to Norwegian local administrations

Fair value of lending without fixed interest rates is considered virtually the same as book value since the contract terms are continuously changed in step with market interest rates. Fair value of fixed rate loans is calculated by discounting contractual cash flows by the marked rate including a relevant risk margin on the reporting date. This is valued in Level 2 in the valuation hierarchy, cf. Note 6.

Fair value of loans to and receivables from credit institutions

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

Fair value of liabilities to credit institutions

These transactions are valued using a valuation model, including relevant credit spread adjustments obtained from the market. This is valued in Level 2 in the valuation hierarchy, cf. Note 6.

Liabilities created on issuance of covered bonds

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	99 089	3 989 415	0	4 088 504
Financial derivatives	0	119 741	0	119 741
Total assets at fair value	99 089	4 109 156	0	4 208 245
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	99 148	1 357 658	0	1 456 806
Financial derivatives	0	140 773	0	140 773
Total assets at fair value	99 148	1 498 430	0	1 597 579
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	99 073	1 400 977	0	1 500 050
Financial derivatives	0	108 137	0	108 137
Total assets at fair value	99 073	1 509 114	0	1 608 187
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

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. 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	22 950 000	21 700 000	21 700 000
Adjustments	-13 636	-69 335	-8 726
Accrued interest	221 372	179 244	146 531
Own holdings, nominal amount	-1 974 000	-2 397 000	-2 447 000
Total debt securities issued	21 183 736	19 412 910	19 390 805
Interest rate on borrowings through the issuance of securities on the reporting date:	5.15 %	5.01 %	5.07 %

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
Bond debt, nominal amount	21 700 000	6 250 000	-5 000 000	0	22 950 000
Adjustments	-8 726	0	0	-4 910	-13 636
Accrued interest	146 531	0	0	74 841	221 372
Own holdings, nominal amount	-2 447 000	0	473 000	0	-1 974 000
Total debt securities issued	19 390 805	6 250 000	-4 527 000	69 931	21 183 736

Note 8 Over-collateralisation

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
SECURITY POOL			
Loans to customers	18 016 856	19 385 835	19 006 509
Financial derivatives (net)	96 491	100 044	84 952
Additional collateral ¹	6 436 275	4 188 048	4 196 638
Total security pool	24 549 622	23 673 927	23 288 100
Outstanding covered bonds incl. own funds and premium/discount	23 263 135	21 841 922	21 894 289
Coverage of the security pool	105.5 %	108.4 %	106.4 %

¹ Additional collateral includes loans and receivables from credit institutions and bonds and certificates. Liquidity reserve are not included in additional collateral.

Section 11-7 of the Regulations on Financial Institutions lays down a requirement for over-collateralisation by at least 2 percent of the value of the outstanding covered bonds.

Note 9 Liabilities to credit institutions

30.09.2024 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2025	400 000	803	400 803
Debt to KLP Banken AS	15.12.2025	150 000	301	150 301
Total liabilities to credit institutions		550 000	1 105	551 105

Interest rate on debt to credit institutions at the reporting date: 4.82 %

The interest rate is calculated as a weighted average of the act/360 basis.

30.09.2023 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	16.12.2024	1 105 000	2 225	1 107 225
Total liabilities to credit institutions		1 105 000	2 225	1 107 225

Interest rate on debt to credit institutions at the reporting date: 4.53 %

The interest rate is calculated as a weighted average of the act/360 basis.

31.12.2023 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2025	700 000	1 570	701 570
Total liabilities to credit institutions		700 000	1 570	701 570

Interest rate on debt to credit institutions at the reporting date: 4.75 %

The interest rate is calculated as a weighted average of the act/360 basis.

Note 10 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	119 741	0	119 741	-23 170	0	96 571
Total	119 741	0	119 741	-23 170	0	96 571
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	140 773	0	140 773	-40 651	-104 349	17 441
Total	140 773	0	140 773	-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				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	108 137	0	108 137	-23 233	0	84 905
Total	108 137	0	108 137	-23 233	0	84 905
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 Kommunekreditt AS. The note shows derivative positions in the financial statement.

Note 11 Transactions with related parties

NOK THOUSANDS	01.01.2024 -30.09.2024	01.01.2023 -30.09.2023	01.01.2023 -31.12.2023
KLP Banken AS, interest on borrowing	-25 174	-54 407	-66 549
KLP Banken AS, interest on deposits	7 819	6 089	8 646
KLP Banken AS, administrative services (at cost)	-9 599	-10 008	-13 966
KLP Kapitalforvaltning AS, fees for services provided	0	0	-77

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
BALANCES			
KLP Banken AS, debt to credit institutions	-551 105	-1 107 225	-701 570
KLP Banken AS, deposit	221 696	211 320	213 878
KLP Banken AS, loan settlement	7 879	2 430	10 618
Net outstanding accounts to:			
KLP Banken AS	-984	-1 302	-1 627
KLP Kapitalforvaltning AS	0	0	-77

There are no direct salary cost in KLP Kommunekreditt AS. Personnel costs (administrative services) are allocated from KLP Banken AS.

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

Note 12 Other assets

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
Intercompany receivables	7 879	2 430	10 618
Prepaid expenses	790	866	0
Total other assets	8 669	3 296	10 618

Note 13 Other liabilities and provision for accrued costs

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
Creditors	-32	1	113
Intercompany payables	984	1 302	1 704
Short-term balances with credit institutions	98 896	104 700	80 000
Other liabilities	69 739	14 134	50 000
Total other liabilities	169 586	120 137	131 817
VAT	418	389	21
Total accrued costs and liabilities	418	389	21

Note 14 Capital adequacy

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
Share capital and share premium fund	755 000	755 000	755 000
Other owners' equity	194 284	125 374	214 212
Total owners' equity	949 284	880 374	969 212
Adjustments due to requirements for proper valuation	-4 089	-1 457	-1 500
Core capital/Tier 1 capital	945 196	878 917	967 712
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)	945 196	878 917	967 712
Capital requirement	352 977	345 157	340 885
Surplus of own funds (Tier 1 and Tier 2 capital)	592 219	533 760	626 827
ESTIMATE BASIS CREDIT RISK:			
Institutions	153 409	161 140	137 401
Local and regional authorities	3 761 897	3 916 156	3 846 618
Covered bonds	318 580	116 139	120 454
Other items	790	515	0
Calculation basis credit risk	4 234 675	4 193 950	4 104 472
Credit risk	338 774	335 516	328 358
Operating risk	12 335	9 432	12 335
Credit valuation adjustment (CVA)	1 868	209	192
Total capital requirement assets	352 977	345 157	340 885
Core capital adequacy ratio	21.4 %	20.4 %	22.7 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
Capital adequacy ratio	21.4 %	20.4 %	22.7 %
Leverage ratio	4.1 %	4.1 %	4.6 %

CAPITAL REQUIREMENT PER 30.09.2024	Core capital/ Tier 1 capital	Supplementary capital/Tier 2 capital	Own funds
Minimum requirement excl. buffers	4.5 %	3.5 %	8.0 %
Protective buffer	2.5 %	0.0 %	2.5 %
Systemic risk buffer	4.5 %	0.0 %	4.5 %
Counter-cyclical capital buffer	2.5 %	0.0 %	2.5 %
Current capital requirement incl. buffers	14.0 %	3.5 %	17.5 %
Capital requirement leverage ratio	3.0 %	0.0 %	3.0 %

Note 15 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	98 933	99 089	99 013	99 148	0	0
Bonds	3 970 968	3 989 415	1 357 140	1 357 658	1 498 025	1 500 050
Total fixed-income securities	4 069 901	4 088 504	1 456 153	1 456 806	1 498 025	1 500 050

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

Note 16 Contingent liabilities

NOK THOUSANDS	30.09.2024	30.09.2023	31.12.2023
Loan commitment	0	27 750	70 850
Total contingent liabilities	0	27 750	70 850

Note 17 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	923	3 443	6 329	1 747	3 763
Net gain/(loss) financial derivatives and realized amortization linked to lending	0	0	-189	0	-46
Net gain/(loss) financial derivatives and realized repurchase of own debt	-2 386	-1 956	-9 790	-5 947	-6 020
Total net gain/(loss) on financial instruments	-1 463	1 486	-3 650	-4 201	-2 304

Note 18 Loan loss provision

Changes in provisions for expected losses in third quarter of 2024 are related to changes in lending volume. No other changes have been made to the assumptions or input to the model for calculating loss provisions in the third quarter of 2024.

Refer to Note 8 and Note 2 in the annual report for more details of the model.

NOK THOUSANDS	12-month ECL stage 1	Lifetime ECL not credit impaired stage 2	Lifetime ECL credit impaired stage 3	Total
EXPECTED CREDIT LOSS (ECL) - LOANS TO CUSTOMERS - PUBLIC LENDING				
Opening balance ECL 01.01.2024	180	0	0	180
Transfers to stage 1	0	0	0	0
Transfers to stage 2	0	0	0	0
Transfers 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

NOK THOUSANDS	12-month ECL stage 1	Lifetime ECL not credit impaired stage 2	Lifetime ECL credit impaired stage 3	Total
VALUE OF LENDING AND RECEIVABLES FOR CUSTOMERS RECOGNISED IN THE BALANCE SHEET - PUBLIC LENDING				
Lending 01.01.2024	19 087 959	0	0	19 087 959
Transfers to stage 1	0	0	0	0
Transfers to stage 2	0	0	0	0
Transfers to stage 3	0	0	0	0
Net changes	-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

Quarterly earnings trend

NOK MILLIONS	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Interest income	309.8	305.5	305.6	313.9	296.4
Interest expense	-283.9	-277.7	-276.5	-285.4	-263.1
Net interest income	25.8	27.8	29.1	28.5	33.3
Net gain/(loss) financial instruments	-1.5	-5.0	2.8	1.9	1.5
Total net gain/(loss) on financial instruments	-1.5	-5.0	2.8	1.9	1.5
Other operating expenses	-6.1	-4.2	-5.2	-6.1	-6.0
Total operating expenses	-6.1	-4.2	-5.2	-6.1	-6.0
Operating profit/loss before tax	18.2	18.6	26.6	24.4	28.8
Tax ordinary income	1.0	0.9	-0.9	-5.4	-6.3
Profit for the period	19.2	19.5	25.7	19.0	22.5

Key figures - accumulated

NOK MILLIONS	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Pre-tax income	63.5	45.3	26.6	88.6	64.2
Net interest income	82.7	56.9	29.1	113.6	85.1
Other operating income	0.0	0.0	0.0	0.0	0.0
Other operating cost	-15.6	-9.5	-5.2	-22.7	-16.7
Net gain/(loss) financial instruments	-3.7	-2.2	2.8	-2.3	-4.2
Lending with public sector guarantee	18 005.9	18 310.8	18 735.1	19 001.2	19 370.6
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	21 183.7	18 832.8	19 162.8	19 390.8	19 412.9
Other borrowing	551.1	751.4	551.2	701.6	1 107.2
Total assets	22 943.5	20 721.0	20 816.3	21 188.3	21 633.7
Average total assets	22 065.9	20 954.6	21 002.3	21 868.2	22 090.8
Equity	1 013.8	994.6	975.0	969.2	950.2
Interest net	0.37 %	0.27 %	0.14 %	0.52 %	0.39 %
Profit/loss from ordinary operation before taxes	0.29 %	0.22 %	0.13 %	0.41 %	0.29 %
Return on equity	8.74 %	9.34 %	10.99 %	9.84 %	9.52 %
Capital adequacy ratio	21.4 %	23.0 %	22.8 %	22.7 %	20.4 %
Liquidity coverage ratio (LCR)	860 %	851 %	975 %	925 %	1 034 %

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