Annual Report 2024

KLP Kommunekreditt AS

Table of Contents

KLP Kommunekreditt AS

KLP Kommunekreditt AS

Annual Report for 2024

This year's operating profit before tax was NOK 77.0 million. Net lending balance was down from NOK 19.0 to 18.7 billion.

KLP Kommunekreditt AS is a mortgage company 100% owned by KLP Banken AS. The purpose of the Company is long-term financing of municipalities, county authorities and companies working for the public sector.

KLP Banken AS is a commercial bank 100% owned by Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP). KLP Banken AS also owns all of the shares in the subsidiary KLP Boligkreditt AS. The collective operations of KLP Banken AS and its subsidiaries are divided into two business areas: retail market and public-sector lending. The business is nationwide and the companies' head office is in Trondheim.

KLP Kommunekreditt AS is the only financial institution in Norway that issues covered bonds for loans to municipalities, county authorities or enterprises with public guarantees. Its presence in the market for loans to public-sector enterprises encourages competition, which benefits the target group of municipal and county authorities and enterprises with public guarantees by providing access to favourable long-term financing.

Profit (NOK millions)	2024	2023	Change
Operating profit before tax	77.0	88.6	-11.6
Net interest income	108.6	113.6	-5.1
Total operating expenses	-21.2	-22.7	1.6
Profit/loss financial instruments	-10.4	-2.3	-8.1

Balance sheet (NOK billions)	2024	2023	Change
New loan payments	2.1	1.1	1.0
Net lending	18.7	19.0	-0.3
Liquidity	4.3	2.1	2.2

INCOME STATEMENT

The Company's profit before tax gave a return on equity of 7.9 (9.9)[1] per cent.

Net interest income from the lending and investment portfolios was about 4 per cent lower than in 2023.The change from last year is mainly due to lower lending volume and slightly lower lending margins.

The results are also affected by higher losses on financial instruments in 2024 than the previous year. This is mainly due to increased buyback costs on the Company's own debt issuance. The Company makes

[1] Figures in brackets refer to the same period last year

regular adjustments to reduce its liquidity risk and to meet regulatory requirements with respect to liquidity indicators and capital adequacy. Refinancing of the borrowings then results in a regular need to buy back the Company's own issuances. In 2024 the profit/loss effect of such buybacks was NOK -10.0 (-6.0) million.

The Company also had reduced profits from liquidity management as changes in the market value of the Company's securities resulted in a loss of NOK -0.3 (gain of 3.8) million. The overall negative accounting effect of changes in value on financial instruments was thus higher in 2024 compared to the previous year. See Note 6.

Operating expenses show a 6.9 per cent decrease compared to the previous year. This is mainly due to lower lending volume in the Company. The Company's lending is managed by KLP Banken AS, and the operating expenses incurred are regulated in a management agreement with the parent company. Under this agreement, KLP Kommunekreditt AS is charged for its share of the parent company's costs for the management of public-sector loans, based on volume. Costs are settled monthly. Operating expenses in excess of this are mainly direct costs incurred by the Company for purchases of external services.

LENDING

Lending activities in KLP Kommunekreditt AS are primarily based on the sale of new loans directly from the Company.

Total lending was reduced by 2 per cent in 2024. 91 (91) per cent of the lending volume is at floating interest rates. The rest is fixed interest rate loans.

In 2024, the Company paid out new loans worth NOK 2.1 (1.1) billion. The lending portfolio comprises direct loans to Norwegian municipalities and county authorities, or to enterprises working for the public sector and receiving unconditional guarantees from municipalities or county authorities. The credit risk in the lending portfolio is considered very low.

The credit risk associated with lending to municipal and county authorities in Norway is limited to deferral of payment and does not provide for cessation of payment obligations. This is a consequence of the Norwegian Local Government Act, which indemnifies lenders against losses if a local authority is unable to meet its payment obligations. Where payment is deferred, the lender is also secured against losses of accrued interest, late-payment interest and debt collection costs. KLP Kommunekreditt AS has not incurred any credit loss on loans to Norwegian municipalities or county authorities.

The Company had no non-performing loans more than 90 days past due at the end of 2024. No individual losses were recorded in the financial year. Estimated loss provisions had an effect on profits of NOK 3 (4) thousand in the financial year. For more information on losses and lending, please refer to Note 8.

LENDING ACTIVITIES AND THE ROLE OF THE BANK

KLP makes loans to the public sector from its own balance sheet and through KLP Kommunekreditt AS. Loans are managed by KLP Banken AS.

KLP Kommunekreditt AS, together with KLP, has a good position in the market for long-term financing of municipalities, county authorities and enterprises working in the public sector.

Total loans from KLP and KLP Kommunekreditt AS to public-sector borrowers amounted to NOK 93.4 (90.3) billion at the end of 2024, an increase of 3.2 (3.1) billion, or 3.5 (3.6) per cent, in the financial year. For the local government sector overall, the estimated debt growth is 7 per cent in 2024. Loan applications totalling NOK 88.5 (95.0) billion were received in 2024.

LIQUIDITY

The Company's liquidity situation is satisfactory, as it's financing more than covers the liquidity requirement from operations.

KLP Kommunekreditt AS is subject to strict rules with respect to the assets it may invest in. The portfolio of liquid investments comprises safe securities and deposits in other banks. The securities are certificates and bonds with excellent security, largely covered bonds with an Aaa rating.

Holdings of cash and cash equivalents have been used to pay out new loans or for redemptions and buybacks of borrowings.

As new bond issues occur when the terms for them are considered favourable, a need arises to invest surplus liquidity. This liquidity contributes to earnings and provides the flexibility needed to meet the demand for new lending.

At the end of 2024 the Company had outstanding liquid investments in the form of interest-bearing securities amounting to NOK 3.6 (1.5) billion. Securities are recognised at market value. At the same date, bank deposits amounted to NOK 0.7 (0.6) billion.

BORROWING

KLP Kommunekreditt AS has established a programme for issuing covered bonds (OMF).

In the Norwegian market, covered bonds secured in a portfolio of loans to the local government sector amounted to NOK 21.0 (19.4) billion at the end of 2024. New issues in 2024 totalled NOK 6.3 (6.0) billion. Buybacks of previous issues amounted to NOK 5.0 (6.4) billion. No bonds were issued outside Norway. KLP Kommunekreditt AS has achieved the best rating for its borrowing programme.

The bonds are backed by the Company's lending activity. Loans to enterprises have to be guaranteed by municipalities or county authorities under the provisions of the Local Government Act, by the Norwegian government or by a bank. The guarantees must be unconditional and cover both repayments and interest.

The Company's debt to credit institutions at the end of the year comprised internal financing from KLP Banken AS in the amount of NOK 1.0 (0.7) billion.

BALANCE SHEET AND CAPITAL ADEQUACY

Total assets stood at NOK 23.1 (21.2) billion at the end of 2024. Of this, loans to public-sector borrowers amount to NOK 18.7 (19.0) billion and NOK 4.3 (2.1) billion are liquid investments.

The Company's equity and subordinated loan capital, based on the Board of Directors' proposal for the allocation of the year's profit, totalled NOK 1,026 (968) million at the end of 2024. Core capital is identical to equity and subordinated loan capital. This gives a capital adequacy and core capital adequacy of 22.7 (22.7) per cent.

The current capital requirement, including capital buffers, is 14.0 per cent tier 1 capital adequacy and 17.5 per cent capital adequacy. The unweighted tier 1 capital ratio was 4.5 (4.6) per cent, compared with the requirement of 3.0 per cent.

The risk-weighted balance came to NOK 4.3 (4.1) billion. Capital adequacy is considered to be good.

ALLOCATION OF THE PROFIT FOR THE YEAR

The financial statements for KLP Kommunekreditt AS for 2024 show total comprehensive income of NOK 80.0 (88.8) million. The Board of Directors proposes that a group contribution of NOK 78.7 million be paid to KLP with tax effect. NOK 61.4 million will be returned from KLP as a group contribution without any tax effect. Net profit and distributed group contributions will be transferred to other equity. The group contribution will have an accounting effect from the date of the decision.

ABOUT THE FINANCIAL STATEMENTS

The Board of Directors believes that the financial statements provide a true and fair view of the Company's assets and liabilities, financial position and profit. The conditions for continued operation are present, and this is assumed in the financial statements.

KLP Kommunekreditt AS prepares its financial statements in accordance with IFRS Accounting Standards, as approved by the EU, with associated interpretations. See Note 2 for further details.

RATING

The rating agencies' assessments of the Company have a bearing on its borrowing terms. The Company uses Moody's for credit rating of bonds. All covered bonds issued have an Aaa rating.

RISK MANAGEMENT

KLP Kommunekreditt AS is subject to KLP Banken's risk management framework. This is intended to

ensure that risks are identified, analysed and managed by means of policies, limits, procedures and instructions.

Separate guidelines have been established for the most important individual risks (liquidity, credit, market, operational and compliance risks) and an overarching risk management policy that includes principles, organisation, frameworks etc. for the bank's overall risk. The guidelines are adopted by the Board and reviewed at least once per year. The policies are of an overarching nature and are complemented by procedures, rules, and instructions determined at the administrative level.

The Company aims to maintain a low level of operational risk, and to be characterised by a high level of professional competence, sound procedures and efficient operations.

The Company is included in the KLP Banken Group's process for assessing and quantifying material risks and calculating its capital and liquidity needs (ICAAP/ILAAP). The assessment of capital needs is forward-looking, and in addition to calculating the need based on the current exposure (and limits), the need is assessed in light of planned growth, decided strategic changes, etc. The Board of Directors of the Company takes an active part in these assessments and, in addition to the capital requirement assessment, determines a desired level for total capital (the capital target).

The boards of KLP Banken AS, KLP Kommunekreditt AS and KLP Boligkreditt AS have appointed a joint risk committee. The risk committee deals with matters specifically related to risk and has an advisory function to the Board of KLP Kommunekreditt AS.

CORPORATE GOVERNANCE

The Company's articles of association and applicable legislation provide guidelines for corporate governance, corporate management and define a clear division of roles between governing bodies and corporate management.

The Board of Directors sets the policies for the Company's activities. The Board held six board meetings in 2024. At the end of 2024, the Board comprised two women and two men.

The Managing Director is in charge of the day-to-day management of the Company in accordance with instructions issued by the Board of Directors.

For Board members, board liability insurance has been taken out. This also covers the Managing Director.

The presentation of the Company's accounts follows established processes across the KLP Group. The work is split between the Company's finance function and the Group-wide shared functions. The management submits regular accounting status updates and reports on borrowing decisions to the Board. The Board adopts quarterly and annual accounts.

The Company follows the KLP Group's guidelines on gender equality and diversity in the composition of the Board. These provide for an appropriate composition of the Board in terms of age, gender and experience. There have been no deviations from them during the reporting period.

WORKING ENVIRONMENT AND ORGANISATION

There are no direct employees in KLP Kommunekreditt AS. The Company's governance and management are handled by people employed by KLP Banken AS.

A management agreement has been entered into with KLP Banken AS, covering administration, IT support, finance and risk management, as well as borrowing and liquidity management.

SUSTAINABILITY

The Norwegian Transparency Act, which entered into force on 1 July 2022, requires companies to carry out due diligence checks and account for these in their public reporting. For 2024, a Group-wide statement will be prepared pursuant to the Transparency Act for the KLP Group. The statement will be made available by 30 June 2025 under Corporate Social Responsibility - About KLP - KLP.no

For the 2024 financial year, a Group-wide consolidated sustainability report has been prepared for KLP pursuant to Section 2-3 (4) of the Norwegian Accounting Act. KLP Banken is not currently covered by the reporting requirements as a separate entity, but is part of the Group-wide reporting for Kommunal Landspensjonskasse gjensidig forsikringsselskap, whose registered address is Dronning Eufemias gate 10, 0191 Oslo, Norway. The consolidated sustainability report and auditor's sign-off can be found at https://www.klp.no/om-klp/finans-og-ir/rapporter-og-presentasjoner.

OUTLOOK

The presence of KLP Kommunekreditt AS together with KLP in the market for public loans contributes to competition and so provides the public sector with access to long-term financing on favourable terms. Overall growth in recent years shows that the market position is strong.

High credit quality in the lending portfolios helps KLP Kommunekreditt AS to obtain the most favourable borrowing terms. Government regulation of banks and financial institutions means that a number of regulatory requirements for capital and liquidity have to be met. This requires constant earnings to enable us to meet such requirements.

The lending market to the local government sector is still growing, and a large portion of the borrowing is financed in the securities market rather than financial institutions. KLP Kommunekreditt AS is well capitalised and has an advantage as a stable and long-term lender in a market characterised by low risk. General developments in the financial markets will determine the extent to which KLP Kommunekreditt AS can finance its lending activities on terms that provide sufficient profitability for further growth.

Norwegian municipalities have developed a good and extensive range of services to the public. Tighter economic conditions do not yet appear to have resulted in lower loan growth than what has been normal in recent years. Increased life expectancy, demographics, income growth and climate risk give grounds to expect a sustained high level of investment in the public sector over the next few years. However, the municipalities in the Norwegian Association of Local and Regional Authorities (KS) say in their annual budget survey that they expect to see high levels of investment and debt in 2025, as in 2024.

Demand for loans for projects that contribute to climate adaptation is likely to increase further in the years ahead.

The Board of Directors expects that there will still be a need for significant long-term and stable financing beyond what the securities market can offer to public-sector borrowers. KLP Banken's expertise in local government financing, regardless of the size of its own balance sheet, can be used in its loan management role for KLP. KLP Kommunekreditt AS and KLP as a whole aim to be a key player providing loans for public investments.

The new Capital Requirements Regulation (CRR3) entered into force in the EU on 1 January 2025, and the Ministry of Finance has decided that the changes will be introduced in Norway when the rules are included in the EEA Agreement. The new rules entail lower capital requirements for mortgage loans for banks that use the standard method to calculate capital requirements, such as the KLP Banken Group. The changes will contribute to more equal competitive conditions between standard method banks and IRB banks. For the KLP Banken Group, the changes will result in an easing of the capital requirement of between NOK 400 and 500 million.

Trondheim, 12 March 2025
The Board of Directors of
KLP Kommunekreditt AS

AAGE SCHAANNING
Chair

JANICKE E. FALKENBERG

AUD NORUNN STRAND

JONAS V. KÅRSTAD

CARL STEINAR LOUS
Managing Director

Statement of the board of directors

DECLARATION PURSUANT TO THE NORWEGIAN SECURITIES TRADING ACT, SECTION § 5-5

KLP Kommunekreditt AS

We hereby declare that, to the best of our knowledge, the annual financial statements for the period from 1 January to 31 December 2024 have been prepared in accordance with applicable accounting standards, and that the information in the financial statements gives a true and fair view of the Company's assets, liabilities, financial position and overall profit or loss.

We also declare that the Directors' report provides a true and fair overview of the development, profit or loss and the financial position of the Company, together with a description of the most significant risk and uncertainty factors the Company faces.

Trondheim, 12 March 2025
The Board of Directors of
KLP Kommunekreditt AS

AAGE SCHAANNING
Chair

JANICKE E. FALKENBERG

AUD NORUNN STRAND

JONAS V. KÅRSTAD

CARL STEINAR LOUS
Managing Director

Income Statement

KLP Kommunekreditt AS

NOTES	NOK MILLIONS	2024	2023
	Interest income, effective interest method	985	892
	Other interest income	270	209
5	**Total interest income**	**1 255**	**1 101**
	Interest expenses, effective interest method	-1 018	-880
	Other interest expenses	-128	-108
5	**Total interest expense**	**-1 146**	**-987**
5	**Net interest income**	**109**	**114**
6	Net gain/(loss) on financial instruments	-10	-2
	Total net gain/(loss) on financial instruments	**-10**	**-2**
	Other operating expenses	-21	-23
8	Net loan losses	0	0
	Total operating expenses	**-21**	**-23**
	Operating profit/loss before tax	**77**	**89**
9	Tax on ordinary income	3	0
	Income for the year	**80**	**89**
	Total other income and expenses	**0**	**0**
	COMPREHENSIVE INCOME FOR THE YEAR	**80**	**89**
	Total profit in % of total assets	0.35%	0.42%

Balance

KLP Kommunekreditt AS

NOTES	NOK MILLIONS	31.12.2024	31.12.2023
	ASSETS		
10,12	Loans to and receivables from credit institutions	706	568
11,12	Loans to and receivables from customers	18 688	19 001
12,13,14	Fixed-income securities	3 587	1 500
15,16	Financial derivatives	84	108
17	Other assets	2	11
	TOTAL ASSETS	**23 067**	**21 188**
	LIABILITIES AND OWNERS' EQUITY		
	LIABILITIES		
12,18	Liabilities to credit institutions	952	702
12,19	Liabilities created on issuance of securities	20 977	19 391
12,14,15,16	Financial derivatives	38	23
20	Other liabilities	53	82
9	Deferred tax	19	22
	TOTAL LIABILITIES	**22 038**	**20 219**
	OWNERS' EQUITY		
	Share capital	392	392
	Share premium	363	363
	Other accrued equity	274	214
22	**TOTAL OWNERS' EQUITY**	**1 029**	**969**
	TOTAL LIABILITIES AND OWNERS' EQUITY	**23 067**	**21 188**

Trondheim, 12 March 2025
The Board of Directors of
KLP Kommunekreditt AS

AAGE SCHAANNING
Chair

JANICKE E. FALKENBERG

AUD NORUNN STRAND

JONAS V. KÅRSTAD

CARL STEINAR LOUS
Managing Director

Statement of owner's equity

KLP Kommunekreditt AS

2024 NOK MILLIONS	Share capital	Share premium	Other accrued equity	Total owners' equity
Owners' equity 1 January 2024	392	364	214	969
Income for the year			80	80
Comprehensive income for the year			**80**	**80**
Group contributions without tax effect received in the period			71	71
Group contributions with tax effect made in the period			-91	-91
Total transactions with the owners			**-20**	**-20**
Owners' equity 31 December 2024	**392**	**364**	**274**	**1 029**

2023 NOK MILLIONS	Share capital	Share premium	Other accrued equity	Total owners' equity
Owners' equity 1 January 2023	392	364	145	900
Income for the year			89	89
Comprehensive income for the year			**89**	**89**
Group contributions without tax effect received in the period			70	70
Group contributions with tax effect made in the period			-90	-90
Total transactions with the owners			**-20**	**-20**
Owners' equity 31 December 2023	**392**	**364**	**214**	**969**

NOK MILLIONS	Number of shares	Par value	Share capital
Equity at 1 January 2024	3 625 000	108.0	392
Equity at 31 December 2024	**3 625 000**	**108.0**	**392**

There is one class of shares. All the shares are owned by KLP Banken AS.

Statement of cash flows

KLP Kommunekreditt AS

NOTES	NOK MILLIONS	2024	2023
	OPERATING ACTIVITIES		
	Payments received from customers – interest	979	794
	Payments made on issuance of loans to customers	-2 062	-1 069
	Receipts related to repayment and redemption of loans to customers	2 394	1 301
19	Receipts on loans from credit institutions	6 250	6 000
19	Repayments and redemption of securities debt	-5 000	-5 000
19	Change in securities debt, own funds	333	-1 407
19	Net payment of interest on loans credit institions	-952	-775
18	Receipts in internal funding	1 500	2 205
18	Disbursements in internal funding	-1 250	-3 210
18	Net payment of interest on internal funding	-33	-68
	Payments on purchase of securities	-3 520	-442
	Receipts on sales of securities	1 449	1 666
	Interest received from securities	101	78
	Disbursements on operations	-22	-22
	Net receipts/disbursements from operating activities	-12	-39
	Interest from credit institutions	24	18
	Net cash flow from operating activities	**179**	**29**
	INVESTMENT ACTIVITIES		
	Net cash flow from investment activities	**0**	**0**
	FINANCING ACTIVITIES		
	Payment on group contribution	-20	-20
	Net cash flow from financing activities	**-20**	**-20**
	Net cash flow during the period	**159**	**10**
	Cash and cash equivalents at start of period	535	526
	Cash and cash equivalents at end of period	694	535
	Net receipts/disbursements (-) during the period	**159**	**10**
	Liquidity holdings comprise:		
	Deposits with and receivables from banks with no agreed term	694	535
10	**Total liquidity holdings at the end of the reporting period**	**694**	**535**
	Total interest received	**1 104**	**890**
	Total interest paid	**-985**	**-843**

Notes to the accounts

KLP Kommunekreditt AS

Note 1 General information

KLP Kommunekreditt AS was founded on 25 August 2009. The company is a credit enterprise whose object is to provide and acquire public sector loans that are guaranteed by the Norwegian state, Norwegian county administrations or Norwegian municipalities. Borrowers provide ordinary surety covering both repayments and interest.

The business is mainly financed by issuing covered bonds with collateral in government guaranteed loans. Some of these are listed on Oslo Børs (The Norwegian Stock Exchange).

KLP Kommunekreditt AS is registered and domiciled in Norway. KLP Kommunekreditt AS has its head office 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.

The company's financial statement for 2024 were approved by the company's board on 12.03.2025. The annual financial statement is available at www.klp.no.

Note 2 Material accounting policy information

Below is a description of the most important accounting principles used in the preparation of the financial statements for KLP Kommunekreditt AS. These principles are applied in the same way in all periods presented unless otherwise indicated.

2.1 FUNDAMENTAL PRINCIPLES

The financial statements for KLP Kommunekreditt AS have been prepared in accordance with IFRS Accounting Standards®) as adopted by the EU. The Norwegian Accounting Act and the Regulations concerning annual accounts for banks, mortgage firms and finance companies (the Accounting Regulations) contain individual requirements for additional information which is not required under IFRS Accounting Standards. These supplementary information requirements have been incorporated into the notes to the financial statements.

The annual accounts have been prepared on the principle of historic cost, with the following exceptions:

- Financial assets and liabilities (including financial derivatives) are valued at fair value through profit or loss

- Financial assets and liabilities are valued in accordance with the rules on fair value hedging

To prepare the accounts in accordance with IFRS Accounting Standards, management must make accounting estimates and approximate valuations. This will affect the value of the company's assets and liabilities, income and expenses recognised in the financial statements. Actual figures may deviate from estimates used. Areas in which discretionary valuations and estimates of material significance to the company have been used are described in Note 3.

All amounts are presented in NOK millions without decimals unless stated otherwise.

The financial statements have been prepared in accordance with the going concern assumption.

2.1.1. Changes in accounting principles and information

a. **New and changed standards adopted by the company in 2024:**

There are no new or amended IFRS Accounting Standards or IFRIC interpretations that have come into effect for the 2024 financial statements that significantly affect the Group's financial statements. The accounting policies applied are consistent with the policies applied in the 2023 annual report, except for a voluntary change in accounting policies for presentation in the cash flow statement.

Presentation in the cash flow statement:

Following a reassessment of the classification and presentation of the entity's cash flows based on IAS 7, the entity has, as of the 2024 financial statements, made a voluntary change in policy for the classification and presentation of cash flows.

Payments for the purchase of securities, receipts for the sale of securities and receipts of interest from securities are, as of 2024, classified as cash flows from operating activities. These were previously classified as cash flows from investing activities. The comparative figures have been restated and net cash inflows of NOK 1,301 million have been reclassified from investing activities to operating activities.

Cash inflows from taking up debt securities, payments from installments and redemptions of debt securities, changes in the own holdings of debt securities, payments of interest on debt securities, taking up debt to credit institutions, installments and redemptions of debt to credit institutions and payments of interest to credit institutions are classified as cash flows from operating activities from 2024 onwards. The comparative figures have been restated and net cash inflows of NOK -2,258 million have been reclassified from financing activities to operating activities.

The reason for the change is to provide users of the accounts with more relevant and reliable information about the resources used in operating activities during the year.

b. **Standards, changes to and interpretations of existing standards that have not come into effect and where the company has not chosen early application:**

A new accounting standard for presentation and disclosure in financial statements, IFRS 18, has been published by the IASB in April 2024. This new standard will replace IAS 1 Presentation of Financial Statements. If approved by the EU, the standard will be effective for annual reporting periods beginning on or after 1 January 2027. IFRS 18 is not expected to have a material impact on the Group's financial reporting. KLP Kommunekreditt does not plan to implement the standard early.

There are certain other changes in standards and interpretations that will be effective for annual financial statements beginning on or after 1 January 2025 and that have not been adopted in these financial statements. These are not expected to have a material impact on the financial statements.

2.2 FORREIGN CURRENCY

2.2.1 Functional currency and presentation currency

The accounts are presented in NOK, which is the functional currency of the parent company and the presentation currency of the company.

2.3 FINANCIAL INSTRUMENTS

The most important accounting policies relating to financial instruments are described below.

2.3.1 Recognition and derecognition

Financial assets and liabilities are recognised on the balance sheet on the date when the KLP Kommunekreditt AS becomes party to the instrument's contractual terms and conditions. Regular purchases and sales of investments are recognised on the date of the agreement. Financial assets are removed from the balance sheet when the rights to receive cash flows from the investment expire or when these rights have been transferred and the KLP Kommunekreditt AS has essentially transferred the risk and the potential benefit from ownership. Financial liabilities are derecognised when the rights to the contractual conditions have been fulfilled, cancelled or have expired.

2.3.2 Classification and subsequent measurement

2.3.2.1 Financial assets

Financial assets are classified on initial recognition in one of the following categories:

- Amortised cost
- Fair value through profit or loss

A financial asset is measured at amortized cost if both of the following criteria are met and the financial asset has not been reported at fair value through profit or loss (the "fair value option"):

- The financial asset is held in a business model whose purpose is to keep financial assets in order to receive the contractual cash flows (the 'business model criterion'), and
- At certain times, the contractual terms of the financial asset lead to cash flows that only include repayments and interest on the outstanding principal amount (the "cash flow criterion")

All other financial assets are measured at fair value with changes in value through profit/loss:

- Assets with contractual cash flows that do not meet the cash flow criterion; and/or
- Assets held in a different business model than "held to collect contractual cash flows"; or
- Assets designated at fair value through profit or loss (the "fair value option").

KLP Kommunekreditt AS may designate a debt instrument that meets the criteria to be measured at amortized cost to be reported at fair value through profit or loss if this eliminates or significantly reduces inconsistencies in measurement ("accounting mismatches").

Impairment model

The impairment model for losses on loans and receivables is based on expected credit losses. The impairment model defines default *as "a claim that is more than 90 days past due, or an account that is continuously overdrawn for a minimum of 90 days (by at least NOK 1.000)*". Also, a commitment is considered defaulted on if it has been forfeited for various reasons, such as in debt negotiations.

How the impairment loss is to be measured is determined for each individual stage and the model uses the effective interest rate method. Upon initial recognition, and in cases where the credit risk has not increased significantly after initial recognition, provision has to be made for credit losses that are expected to occur over the next 12 months (Stage 1). If the credit risk has increased significantly, the provisions should correspond to the expected credit losses over the expected useful life (Stage 2). If there is a loss event, impairments are raised equal to the expected loss on the commitment throughout its life (Stage 3).

For the products where the company has not developed its own PD (probability of defalult) and LGD (loss given default) models, the loss ratio method is used.

The company has only public loans, and here the loss ratio method is used, with the exception for low credit risk such as all loan are in stage 1.

For more information on loan losses, please refer to note 8.

Financial derivatives and hedging

Financial derivatives are capitalised at fair value at the time the derivative contract is struck. On subsequent measurement the derivatives are recognised at fair value and are presented as an asset if the value is positive and a liability if the value is negative. Recognition of associated gains and losses depends on whether the derivative has been identified as a hedging instrument and on the type of accounting hedge the derivative is included in.

For derivatives not included in hedging relationships, gains and losses are recognised as net value changes on derivatives and foreign exchange. In the financial statements, they are included in the line “Net gain/loss on financial instruments”. These fall into the category of financial assets at fair value reported through profit or loss.

For derivatives included in the accounting hedges, gains and losses are recognised as net changes in value of certificates, bonds and other securities, and are presented in the financial statements under ‘Net profit/(loss) on financial Instruments’.

The derivatives which are hedging instruments are used for hedging interest rate risk on fixed-interest borrowing and lending. In its hedging activity, the company safeguards itself against movements in market interest rates. Changes in the credit spread are not taken into account in the hedging effectiveness. The company uses the rules on fair value hedging, so that the book value of the hedged item (asset or liability) is adjusted for the value change in the hedged risk. The value change is recognised in the income statement.

2.3.2.2 Financial liabilities

The company has classified all financial liabilities measured at amortized cost, except for:

- Financial liabilities at fair value through profit or loss: this classification applies to derivatives and financial liabilities designated as such upon initial recognition. The company has designated certain liabilities at fair value through the income statement, because this reduces or eliminates inconsistencies in measurement (‘accounting mismatches’)
- Financial guarantees and loan commitments

Other financial liabilities recognised at amortised cost:

The category includes deposits from customers and credit institutions with no interest rate hedging and other financial liabilities not designated as liabilities measured at fair value through profit or loss.

2.3.3 Netting

Financial assets and liabilities are presented net in the statement of financial position when there is an unconditional offsetting entitlement that can be legally enforced, and the intention is to settle net or realise the asset and liability simultaneously.

2.3.4 Modification

When the contractual cash flows from a financial asset are renegotiated or otherwise amended, and the renegotiation or change does not lead to derecognition of the financial asset, the gross book value of the financial asset is recalculated, and a gain or loss is recognised in the income statement. The gross book value of the financial asset is recalculated as the present value of the renegotiated or amended contractual cash flows, discounted at the original effective interest rate for the financial asset. Any costs or fees incurred adjust the book value of the modified financial asset and are amortised over the remaining lifetime of the changed financial asset.

2.4 CASH AND BANK DEPOSIT

Cash and bank deposits are defined as receivables from credit institutions without any termination date. The amount does not include receivables from credit institutions that are linked to the purchase and sale of securities in the management of the securities portfolios. The statement of cash flows has been prepared in accordance with the direct method.

2.5 FINANCIAL LIABILITIES

The company's financial liabilities comprise liabilities to credit institutions and covered bonds issued.

2.5.1 Liabilities to credit institutions

Liabilities to credit institutions are capitalized at market value on acquisition. As a rule, on subsequent measurement the liability is recognized at amortized cost. The interest costs are included in the amortization and are shown in the line “Interest expenses effective interest rate method” in the income statement.

2.5.2 Covered bonds issued

In the first instance covered bonds issued are recognized at fair value on take-up adjusted for purchase costs, i.e. nominal adjusted for any premium/discount on issue. On subsequent valuation the bonds are valued at amortized cost. The interest costs are shown in the line “Interest expenses, effective interest rate method” in the income statement. Bonds with fixed interest are recognized in accordance with the rules on fair value hedging since they are hedged against change in interest rate level. Upon repurchase of covered bond issued, any gain or loss is recognized in the line “net gain/loss on financial instruments”.

2.6 PRESENTATION OF INCOME IN THE ACCOUNTS

2.6.1 Interest income/expenses

Interest income and interest expenses associated with all interest-bearing financial instruments valued at amortized cost are taken to income using the effective interest rate method (internal rate of return) and is presented in the line “Interest income/expenses, effective interest rate method”.

2.7 TAX

Tax costs in the income statement comprise tax payable and changes in deferred tax. Tax is recognized in the profit and loss account in the period in which it is incurred. Deferred tax and tax assets are calculated as differences between the accounting and taxation value of assets and liabilities. Deferred tax assets are capitalized to the extent it can be shown probable that the company will have sufficient taxable profit to exploit the tax asset.

The company is a part of a financial services group and a tax group. Except for the limitations pursuant to the Financial Institutions Act, any tax-related surplus may be passed in its entirety to the parent company and subsidiaries as a group contribution with tax effect.

Group contributions that are proposed but not approved by the general meeting are classified as equity. When the group contribution is approved, it is reclassified as a liability. The tax effect of the group contribution is included in the calculation of deferred tax until the date of approval.

The company pays no benefits to employees and is not covered by the rules on financial activity tax. The company’s nominal income tax rate in 2024 is 22 per cent.

Note 3 **Important accounting estimates and valuations**

The company prepares estimates and assumptions about future situations. These are constantly evaluated and are based on historical data and expectations concerning probable future events considered on the basis of data available at the time of presentation of the financial statements. The estimates may be expected to differ from the final outcome.

The company’s balance sheet principally comprises loans to local government and enterprises with local government guarantee, as well as covered bonds issued. These items are valued in the accounts at amortized cost, except for borrowing and lending with fixed interest rates which are valued at fair value in accordance with the rules on fair value hedging. This means that the accounting value of the hedging object (fixed interest borrowing and lending) is changed when the market interest rate changes. The credit spread is locked at the commencement date, so the market's pricing of credit is not reflected in book value. This is because the credit element is not hedged.

The portfolio of loans measured at amortized cost is written down for expected credit losses. The method for measuring impairment for expected loss depends on whether the credit risk has increased significantly since initial recognition. When the credit risk has not increased significantly after initial recognition, provisions are based on 12 months’ expected loss (step 1). If the credit risk has increased significantly since initial recognition, but there is no credit deterioration, write-downs are based on expected loss over the lifetime (stage 2). If the credit risk has increased significantly and there is credit deterioration, a provision should be raised for the expected loss over its lifetime (stage 3).

The company has not developed its own models for determining the probability of loss and calculating loss given default but use a simplified loss ratio method. This is justified by the fact that the lending portfolio mainly hav a municipal guarantee with low credit risk. In the simplified method, a change in risk class of at least one grade from initial recognition to the reporting date is considered to be a significant increase in credit risk. For more information about the company's calculation of losses, please refer to Note 8.

Note 4 **Segment information**

KLP Kommunekreditt AS has no division of its income by products or services. The Company has only the public sector market segment and offers only loans to its customers. The Company has only Norwegian customers. The Company has no external customers representing more than 10 per cent of the Company's total operating income.

Note 5 **Net interest income**

NOK MILLIONS	2024	2023
Interest income on loans to customer	961	874
Interest income on loans to credit institutions	24	18
Total interest income, effective interest method	**985**	**892**
Interest income on fixed-income securities	117	77
Other interest income	153	132
Total other interest income	**270**	**209**
Total interest income	**1 255**	**1 101**
Interest expenses on debt from KLP Banken AS	-33	-67
Interest expenses on issued securities	-985	-813
Total interest expense, effective interest method	**-1 018**	**-880**
Other interest expenses	-128	-108
Total other interest expense	**-128**	**-108**
Total interest expence	**-1 146**	**-987**
Net interest income	**109**	**114**

Note 6 **Net gain/(loss) on financial instruments**

NOK MILLIONS	2024	2023
Net gain/(loss) on fixed-income securities	0	4
Net gain/(loss) financial derivatives and realized amortization linked to lending	0	0
Net gain/(loss) financial derivatives and realized repurchase of own debt	-10	-6
Total net gain/(loss) on financial instruments	**-10**	**-2**

Note 7 **Auditor's fee**

NOK THOUSANDS	EY	PwC	2024	2023
Ordinary audit	225	173	398	438
Certification services				162
Total auditor's fee	**225**	**173**	**398**	**600**

The company has changed external auditors in 2024. The audit costs for 2024 include costs to both EY and PWC. The amounts above are inclusive of VAT. Audit fees are included in the line "Other operating expenses" in the income statement.

Note 8 **Loan loss provision**

KLP Kommunekreditt AS uses the IFRS 9 exception in the rules for very low credit risk in public-sector lending, and there will be no estimated future losses on the basis of substantially increased credit risk since initial recognition. All loans are classed in stage 1, which corresponds to immaterial change in credit risk since initial recognition. For KLP Kommunekreditt AS, a simplified loss rate method has been chosen to calculate the expected credit loss (ECL), where the bank uses a very low loss rate to calculate its losses, corresponding to 0.001 per cent of total lending.

A part of the assessment of future losses is the assessment of how the future will look with regard to the future in terms of macroeconomic conditions affecting the bank's credit losses. The expected credit loss (ECL) should be probability-weighted based on several scenarios defined by the bank, but since we use an exception for very low credit risk the bank only use the expected scenario as a basis for the calculation of expected credit loss. KLP Banken's risk forum reviews the changes in macroeconomic conditions or other factors that could affect the impairments in KLP Kommunekreditt AS.

Follow-up on non-performing commitments

Non-performing exposures are currently monitored by the public-sector loan administration department. There have been no recorded losses on public-sector lending in KLP Kommunekreditt AS at any time. Loans with payments over 30 days past due are followed up by way of dialogue with the public-sector customers, which is believed to be the reason why there have been no cases of default over 90 days in recent years.

Expected credit loss (ECL) - loans to customers - public lending

NOK THOUSANDS	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
2024	**stage 1**	**stage 2**	**stage 3**	**stage 1-3**
Opening balanse ECL 01.01.2024	180			180
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3				
Net changes	-11			-11
New losses	24			24
Write-offs	-16			-16
Closing balance ECL 31.12.2024	**177**			**177**
Changes (01.01.2024 - 31.12.2024)	-3			-3

Book value of loans to and receivables from customers - public lending

NOK THOUSANDS	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
2024	**stage 1**	**stage 2**	**stage 3**	**stage 1-3**
Lending 01.01.2024	19 087 958			19 087 958
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3				
Net change	-1 167 223			-1 167 223
New lending	2 529 768			2 529 768
Write-offs	-1 680 362			-1 680 362
Lending 31.12.2024	**18 770 141**			**18 770 141**
Fair value hedging	-81 984			-81 984
Recognised loan loss provisions	-177			-177
Book value of loans to public lending 31.12.2024	**18 687 981**			**18 687 981**

Expected credit loss (ECL) - loans to customers - public lending

NOK THOUSANDS	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
2023	**stage 1**	**stage 2**	**stage 3**	**stage 1-3**
Opening balanse ECL 01.01.2023	184			184
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3				
Net changes	-13			-13
New losses	27			27
Write-offs	-19			-19
Closing balance ECL 31.12.2023	**180**			**180**
Changes (01.01.2023 - 31.12.2023)	-4			-4

Book value of loans to and receivables from customers - public lending

NOK THOUSANDS	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
2023	**stage 1**	**stage 2**	**stage 3**	**stage 1-3**
Lending 01.01.2023	19 215 331			19 215 331
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3				
Net change	-1 109 055			-1 109 055
New lending	2 947 008			2 947 008
Write-offs	-1 965 325			-1 965 325
Lending 31.12.2023	**19 087 958**			**19 087 958**
Fair value hedging	-86 554			-86 554
Recognised loan loss provisions	-180			-180
Book value of loans to public lending 31.12.2023	**19 001 225**			**19 001 225**

Note 9 **Tax**

NOK MILLIONS	2024	2023
Accounting income before taxes	77	89
Differences between accounting and tax income:		
Reversal of value increase financial assets	36	25
Change in differences affecting relationship between booked and taxable income	-35	-23
Taxable income	**79**	**91**
DEFFERED TAX ASSETS LINKED TO		
Securites	0	-1
Loan to customers	-18	-19
Total tax-reducing temporary differences	**-18**	**-20**
DEFERRED TAX LINKED TO		
Securities	8	17
Hedging of borrowing	9	1
Premium/discount on borrowing	3	3
Tax effect of group distribution	17	20
Total tax-increasing temporary differences	**37**	**41**
Net deferred tax(+)/tax assets(-)	**19**	**22**
SUMMARY OF TAX EXPENSES OF THE YEAR		
Change in deferred tax taken to income excl. effect of group distribution	0	0
Capitalized tax from Group contribution	17	20
Reallocated tax from paid out Group contribution	-20	-20
Total tax costs	**-3**	**0**
Effective tax rate	-3.9 %	-0,3 %
RECONCILIATION OF TAX RATE		
Accounting income before taxes	77	89
Income taxs expense, nominal tax rate	17	19
Income tax expense, effective tax rate	-3	0
Difference between effective and nominal tax rate	**20**	**20**
Effect of reallocated tax from paid out Group contribution	20	20
Total	**20**	**20**

Note 10 **Cash, cash equivalents and other loans and receivables from credit institutions**

NOK MILLIONS	31.12.2024	31.12.2023
Bank deposits operations	694	535
Total cash and cash equivalents (liquidity)	**694**	**535**
Bank accounts to be used for the purchase and sale of securities	11	33
Loans and receivables from credit institutions	**706**	**568**

Note 11 **Lending and receivables**

NOK MILLIONS	31.12.2024	31.12.2023
LOANS TO AND RECEIVABLES FROM CUSTOMERS		
Principal on lending	18 595	18 895
Write-downs	0	0
Fair value hedging	-82	-87
Accrued interest	175	193
Loans to and receivables from customers	**18 688**	**19 001**

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

Note 12 **Categories of financial instruments**

NOK MILLIONS	31.12.2024		31.12.2023	
	Capitalized value	Fair value	Capitalized value	Fair value
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS				
Fixed-income securities	3 587	3 587	1 500	1 500
Financial derivatives	84	84	108	108
Total financial assets at fair value through profit and loss	**3 671**	**3 671**	**1 608**	**1 608**
FINANCIAL ASSETS FAIR VALUE HEDGING AT AMORTIZED COST				
Lending to Norwegian municipalities	1 922	1 937	1 585	1 578
Total financial assets fair value hedging at amortized cost	**1 922**	**1 937**	**1 585**	**1 578**
FINANCIAL ASSETS AT AMORTIZED COST				
Loans to and receivables from credit institutions	706	706	568	568
Lending to Norwegian municipalities	16 766	16 766	17 417	17 417
Total financial assets at amortized cost	**17 472**	**17 472**	**17 985**	**17 985**
Total financial assets	**23 065**	**23 080**	**21 178**	**21 171**
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS				
Financial derivatives	38	38	23	23
Total financial liabilities at fair value through profit and loss	**38**	**38**	**23**	**23**
FINANCIAL LIABILITIES FAIR VALUE HEDGING AMORTIZED COST				
Covered bonds issued	1 679	1 692	1 713	1 723
Total financial liabilities fair value hedging amortized cost	**1 679**	**1 692**	**1 713**	**1 723**
FINANCIAL LIABILITIES AT AMORTIZED COST				
Liabilities to credit institutions	952	952	702	702
Covered bonds issued	19 297	19 344	17 678	17 708
Total financial liabilities at amortized cost	**20 249**	**20 296**	**18 379**	**18 409**
Total financial liabilities	**21 966**	**22 025**	**20 116**	**20 155**

GAIN/LOSS FAIR VALUE HEDGING	31.12.2024	31.12.2023
On the hedging object	-38	-27
On the hedged item attributable to hedged risk	38	27
Gain and loss in fair value hedging	**0**	**0**

Fair value should be a representative price based on what a corresponding asset or liability would have been traded for on the balance sheet day. 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. If the market for the security is not active, or the security is not listed on a stock market or similar, the Group uses valuation techniques 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 to the leaste extent possible 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 derivates

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 fixedrate loans is calculated by discounting contracual cash flows by the marked rate including a relevant riskmargin on the reporting date. This is valued in Level 2 in the valuation hierarchy, cf. note 14.

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 14.

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 14.

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 14.

Note 13 **Fixed-income securities**

NOK MILLIONS				31.12.2024
Debtor categories	**Acquisition cost**	**Unreal. gain/loss**	**Accr. int. not due**	**Market value**
Government/social security administration	99	0		99
Credit enterprises	2 713	0	13	2 726
Local government administration	758	0	5	763
Total fixed-income securities	**3 570**	**-1**	**18**	**3 587**

Effective interest rate: 5.19%

NOK MILLIONS				31.12.2023
Debtor categories	**Acquisition cost**	**Unreal. gain/loss**	**Accr. int. not due**	**Market value**
Government/social security administration	99	0		99
Credit enterprises	1 204	-3	4	1 205
Local government administration	195	0	1	196
Total fixed-income securities	**1 498**	**-3**	**5**	**1 500**

Effective interest rate: 5.23%

Effective interest is calculated as a yield-to-maturity, i.e. it is the constant interest rate level at which one may discount all the future cash flows from the securities to obtain the securities' total market value.

Note 14 **Fair value hierarchy**

31.12.2024 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	99	3 488		3 587
Financial derivatives		84		84
Total assets at fair value	**99**	**3 572**		**3 671**
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives (liabilities)		38		38
Total financial liabilities at fair value		**38**		**38**

31.12.2023 NOK MILLIONS	Level 1	Level 2	Total
ASSETS BOOKED AT FAIR VALUE			
Fixed-income securities	99	1 401	1 500
Financial derivatives		108	108
Total assets at fair value	**99**	**1 509**	**1 608**
LIABILITIES BOOKED AT FAIR VALUE			
Financial derivatives (liabilities)		23	23
Total financial liabilities at fair value		**23**	**23**

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 12 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 15 **Financial derivatives**

NOK MILLIONS 31.12.2024	Nominal amount	Fair value	< 1 year	1-5 years	5-10 years	> 10 years	Total
Derivatives related to lending	1 990	84	370	1 247		374	1 990
Total assets	**1 990**	**84**	**370**	**1 247**		**374**	**1 990**
Derivatives related to borrowing	1 700	-38		1 700			1 700
Total liabilities	**1 700**	**-38**		**1 700**			**1 700**

NOK MILLIONS 31.12.2023	Nominal amount	Fair value	< 1 year	1-5 years	5-10 years	> 10 years	Total
Derivatives related to borrowing	1 200	18		500	700		1 200
Derivatives related to lending	1 526	90	92	1 079	355		1 526
Total assets	**2 726**	**108**	**92**	**1 579**	**1 055**		**2 726**
Derivatives related to borrowing	500	-22		500	0		500
Derivatives related to lending	136	-1		83	52		136
Total liabilities	**636**	**-23**		**583**	**52**		**636**

The company uses interest-rate swaps to adjust for differences in interest rate exposure between lending and borrowing. All derivative agreements entered into are for hedging purposes. The hedging strategy involves swapping interest terms in future periods, not swapping principal amounts. Interest-rate swaps are generally agreed with the same principal as the underlying loan or borrowing (back-to-back). Changes in the value of the effective part of the hedging instruments are regularly compared with changes in the value of the hedged risk, and any differences in hedging effectiveness are corrected. See note 2.3.2.1 for a description of the accounting policies for classifying and measuring derivatives.

Note 16 **Presentation of assets and liabilities subject to net settlement**

31.12.2024 NOK MILLIONS		Related amounts not presented net		
	Gross financial assets/ liabilities	Financial instruments	Security in cash	Net amount
ASSETS				
Financial derivatives	84	-38		46
Total	**84**	**-38**		**46**
LIABILITIES				
Financial derivatives	38	-38		
Total	**38**	**-38**		

31.12.2023 NOK MILLIONS		Related amounts not presented net		
	Gross financial assets/ liabilities	Financial instruments	Security in cash	Net amount
ASSETS				
Financial derivatives	108	-23		85
Total	**108**	**-23**		**85**
LIABILITIES				
Financial derivatives	23	-23		
Total	**23**	**-23**		

The purpose of this note is to show the potential effect of netting agreements on KLP Kommunekreditt AS. The note shows the derivative positions in the financial position statement.

Note 17 **Other assets**

NOK MILLIONS	31.12.2024	31.12.2023
Receivables between Group companies	2	11
Total other assets	**2**	**11**

Note 18 **Liabilities to credit institutions**

31.12.2024 NOK MILLIONS	Currency	Interest	Due date	Nominal	Accrued interest	Book value
Debt from KLP Banken AS	NOK	Fixed	15.12.2026	550	1	551
Debt to KLP Banken AS	NOK	Fixed	15.12.2026	400	1	401
Total liabilities to credit institutions				**950**	**2**	**952**
Interest rate on debt to credit institutions at the reporting date						**4.69%**

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

NOK MILLIONS	Book value 31.12.2023	Receipts internal funding	Disbursements internal funding	Changes accrued interest	Book value 31.12.2024	Interest paid in 2024
Debt from KLP Banken AS	702	1 500	-1 250	2	952	-33
Debt from KLP Banken AS	**702**	**1 500**	**-1 250**	**2**	**952**	**-33**

31.12.2023 NOK MILLIONS	Currency	Interest	Due date	Nominal	Accrued interest	Book value
Debt from KLP Banken AS	NOK	Fixed	12.12.2025	700	2	702
Total liabilities to credit institutions				**700**	**2**	**702**
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.

NOK MILLIONS	Book value 31.12.2022	Receipts internal funding	Disbursements internal funding	Changes accrued interest	Book value 31.12.2023	Interest paid in 2023
Debt from KLP Banken AS	1 708	2 205	-3 210	-1	702	-68
Debt from KLP Banken AS	**1 708**	**2 205**	**-3 210**	**-1**	**702**	**-68**

Note 19 **Securities liabilities - stock exchange listed covered bonds**

NOK MILLIONS	31.12.2024	31.12.2023
Bonds, nominal value	20 836	19 253
Revaluations	-43	-9
Accrued interest	183	147
Total liabilities created on issuance of securities	**20 977**	**19 391**
Interest rate on borrowings through the issuance of securities at the reporting date.	**5.10%**	**5.07%**

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

NOK MILLIONS	Balance sheet 31.12.2023	Issued	Matured/ redeemed	Other adjustments	Balance sheet 31.12.2024	Interest paid in 2024
Change in liabilities created on issuance of securities						
Bonds, nominal value	19 253	6 250	-4 667		20 836	
Revaluations	-9			-34	-43	
Accrued interest	147			37	183	-952
Total liabilities created on issuance of securities	**19 391**	**6 250**	**-4 667**	**3**	**20 977**	**-952**

NOK MILLIONS	Balance sheet 31.12.2022	Issued	Matured/ redeemed	Other adjustments	Balance sheet 31.12.2023	Interest paid in 2023
Change in liabilities created on issuance of securities						
Bonds, nominal value	19 668	6 000	-6 415		19 253	
Revaluations	12			-21	-9	
Accrued interest	103			44	147	-775
Total liabilities created on issuance of securities	**19 783**	**6 000**	**-6 415**	**23**	**19 391**	**-775**

Note 20 **Other liabilities and provision for accrued costs and liabilities**

NOK MILLIONS	31.12.2024	31.12.2023
Receivables between companies in the same Group	1	2
Creditors	0	0
Short-term balances with credit institutions	47	80
Other liabilities	5	0
Total other liabilities	**53**	**82**

Note 21 **Transactions with related parties**

NOK MILLIONS	2024	
	KLP Banken AS	**Other group companies**
Interest incomes	10	
Interest expenses	-33	
Purchase of services	-13	
Other receivables	2	
Bank deposits	224	
Borrowing	-952	
Other debt	-1	

NOK MILLIONS	2023	
	KLP Banken AS	**Other group companies**
Interest incomes	9	
Interest expenses	-67	
Purchase of services	-14	
Other receivables	11	
Bank deposits	214	
Borrowing	-702	
Other debt	-2	

There are no direct salary costs 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 22 **Capital adequancy**

NOK MILLIONS	31.12.2024	31.12.2023
Share capital and share premium fund	755	755
Other owners' equity	274	214
Total owners' equity	**1 029**	**969**
Adjustments due to requirements for proper valuation	-4	-2
Core capital/Tier 1 capital	**1 026**	**968**
Supplementary capital/Tier 2 capital	**0**	**0**
Total own funds (eligible Tier 1 and Tier 2 capital)	1 026	968
Capital requirement	362	341
Surplus of own funds (eligible Tier 1 and Tier 2 capital)	**664**	**627**
ESTIMATE BASIS CREDIT RISK		
Institutions	149	137
Local and regional authorities	3 891	3 847
Covered bonds	273	120
Other items	0	
Calculation basis credit risk	**4 313**	**4 104**
Credit risk	345	328
Operational risk	15	12
Credit valuation adjustment	2	0
Total capital requirement assets	**362**	**341**
Core capital adequacy ratio	22.7%	22.7%
Supplementary capital ratio	0.0%	0.0%
Capital adequacy ratio	**22.7%**	**22.7%**
Leverage ratio	**4.5%**	**4.6%**

Capital requirement per 31.12.2024	Core capital/ Tier 1 capital	Supplementary capital/ Tier 2 capital	Own funds
Minimum requirement without buffers	4.5%	3.5%	8.0%
Protective buffers	2.5%	0.0%	2.5%
System risk buffers	4.5%	0.0%	4.5%
Counter-cyclical buffers	2.5%	0.0%	2.5%
Applicable capital requirements including buffers	**14.0%**	**3.5%**	**17.5%**
Capital requirement leverage ratio	**3.0%**	**0.0%**	**3.0%**

Note 23 **Financial risk managment**

Organisation of risk management

KLP Kommunekreditt AS is a wholly owned subsidiary of KLP Banken AS. The Board of Directors of the Bank has established a risk management framework aimed at ensuring that risks are identified, analyzed and managed based on policies, limits, procedures and instructions. The Board has adopted risk policies covering the key individual risks as well as an overarching risk policy that covers principles, organization, limits etc. for the Bank's total risk. The risk policies are of an overarching nature and are complemented by procedures, guidelines and instructions laid down at the senior management level. The policies state which departments are responsible for handling the various risks and cover the establishment of a separate risk control function. One purpose of the risk control function is to check that the risk policies and other guidelines for risk management are being followed. This function is carried out by the head of the Risk Management and Compliance Department, which is responsible for preparing periodic risk reports to senior management and the Board as well as reporting on any breaches of policies or guidelines. The Department, which has an independent role in relation to other departments, also has other tasks associated with the Bank's risk management. The responsibility for the operational direction of the Bank's liquidity risk and interest rate risk lies with the Finance Department.

Note 24 **Credit risk**

Credit risk is defined as the risk of loss associated with loan customers, derivative counterparties, issuers of securities and other counterparties being unable or unwilling to settle at the agreed time and in accordance with written contracts, where the collateral established does not cover the outstanding claim. KLP Kommunekreditt AS provides loans to Norwegian municipalities and county administrations, local government enterprises, intermunicipal companies and loans to companies where the loan is guaranteed by a Norwegian municipality or county administration. Guarantees are payable on demand.

24.1 CONTROL AND LIMITATION OF CREDIT RISK

The Board has determined a credit policy that contains overarching guidelines, requirements and limits associated with credit risk. The policy lays down that the bank is to have a low credit risk profile and includes limits on types of lending and principles for organisation and operation of the Company's lending activity. The policy also includes an overall mandate structure for lending and other counterparty exposure. The mandates are linked to Board-determined limits for a large number of the Company's individual borrowers and these limits derive from a risk classification in which the individual borrowers are assigned a risk class based on a set of fixed criteria. Furthermore requirements are set for reporting to the Board on usage of the limits.

Credit risk associated with issuers of securities, derivative counterparties and other counterparties in the financial area is also limited by Board-determined limits on individual counterparties. These limits are based on the counterparty's solvency and other assessments of the counterparties' creditworthiness.

In processing all new loan applications checks are made on whether the customer's credit limits are greater than the sum of the loan amounts applied for and current lending. In the credit risk policy described above, requirements are set for reporting to the Board on the use of the limits. Any breach of the limits must be reported to the Company's Board in any event.

24.2 LOANS ACCORDING TO TYPE OF SECURITY/EXPOSURE (PRINCIPAL)

NOK MILLIONS	31.12.2024	31.12.2023
LOANS ACCORDING TO TYPE OF SECURITY/EXPOSURE (PRINCIPAL)		
Lending to municipalities and county administrations	17 834	18 086
Lending with municipal/county administration guarantee	761	809
Total	**18 595**	**18 895**
Sums falling due more than 12 months after the end of the reporting period	17 332	17 877

The Company also invests in securities issued by municipalities and county administrations and will in addition have credit risk exposure in the form of “additional collateral”. The additional collateral can amount up to 20 percent of the cover. In accordance with the Company’s internal guidelines the additional collateral may be in the form of deposits in banks satisfying minimum rating requirements as well as covered bonds issued by Norwegian credit enterprises.

CREDIT QUALITY OF SECURITIES, BANK DEPOSITS AND DERIVATIVES

Securities with external credit rating (Moody’s)

NOK MILLIONS	31.12.2024	31.12.2023
AAA	2 802	1 296
Unrated	785	204
Total	**3 587**	**1 500**

Deposits in banks grouped by external credit assessment (Moody’s)

NOK MILLIONS	31.12.2024	31.12.2023
Aa1-Aa3	478	334
A1-A3	228	234
Total	**706**	**568**

The Company may also be exposed to credit risk as a result of derivative agreements struck. The purpose of such agreements is to reduce risks arising as a result of the Company’s borrowing and lending activities. The Company’s internal guidelines specify creditworthiness requirements for derivative counterparties. All derivative agreements are entered into with counterparties with a minimum A1 rating (Moody’s).

24.3 MAXIMUM EXPOSURE TO CREDIT RISK

KLP Kommunekreditt AS measures maximum exposure as principal and accrued interest. Security in cash or securities is not exchanged, nor are other credit improvements carried out. The table below shows the maximum exposure for KLP Kommunekreditt AS.

Maximum exposure to credit risk

NOK MILLIONS	31.12.2024	31.12.2023
Loans to and receivables from credit institutions	706	568
Loans to and receivables from customers	18 770	19 088
Fixed-income securities	3 587	1 500
Financial derivatives	84	108
Loss write-downs stage 1	0	0
Total	**23 147**	**21 264**

24.4 LOANS FALLEN DUE

The Company has not incurred losses on lending. The company considers all receivables to be satisfactorily secured.

Loans fallen due

NOK MILLIONS	31.12.2024	31.12.2023
Principal on loans with payments overdue by 7-30 days	54	73
Principal on loans with payments overdue by 31-90 days		
Principal on non-performing loans		
Total loans fallen due	**54**	**73**
Relevant security or guarantees	54	73

24.5 CONCENTRATION OF CREDIT RISK

The Company's lending is in its entirety linked to public-sector financing, so the portfolio has a high concentration towards a single sector. The underlying credit risk from this sector is however so low that it is hardly possible to reduce this concentration without increasing the total risk in the portfolio. The concentration towards the Norwegian public sector is thus considered not to be a risk issue.

KLP Kommunekreditt AS's largest borrower as at 31 December 2024 was approximately 4.8 per cent of the Company's total lending.

Note 25 **Market risk**

Market risk is here understood to mean the risk of a reduction in the fair value of the -Company's owners' equity as a result of fluctuations in market prices for the Company's assets and liabilities. Changes in credit margins are excluded as they fall under credit risk.

KLP Kommunekreditt AS is exposed to market risk as a result of the Company's borrowing and lending activity and management of its liquidity.

The exposure is however limited to interest rate risk. Interest rate risk arises from differences in timing of interest rate adjustments for the Company's assets and liabilities. The risk associated with such imbalances is reduced by using derivative contracts. All of the Company's borrowing is in NOK, and the whole of the lending portfolio comprises loans in NOK.

25.1 MEASUREMENT OF MARKET RISK

Interest rate risk is measured as the change in value on a one percentage point change in all interest rates.

25.2 INTEREST RATE RISK

The market risk policy comprises the Company's overarching guidelines, requirements and limits associated with market risk. The policy dictates that the market risk should be minimised so the total market risk is low. It further states that the Company should not actively take positions that expose it to market risk. The policy also sets limits for interest rate risk, both for the total interest rate risk for the indefinite future and for rolling 12-month periods. The risk limits are set to ensure that low market risk profile that has been adopted is adhered to. The operational responsibility for managing the Company's market risk lies with the Finance Department. The Risk managment and Compliance Department reports the Company's actual exposure in relation to limits in accordance with guidelines set by the Board.

Interest rate risk arises because the fixed interest periods for the Company's assets and liabilities are not the same. The gap in the table below shows the difference between assets and liabilities that can be interest-adjusted within the given time intervals. The repricing date shows the time to the next agreed interest adjustment date. Floating-rate loans and deposits, and cash and receivables from credit institutions, fall into the time interval up to one month, while fixed-interest loans, securities and liabilities created on issuance of securities fall into the time interval for which interest adjustment has been agreed.

The Company's interest rate sensitivity as at 31 December 2024 (2023), measured as value change in the event of one percentage point change in all interest rates, was NOK -8.9 (4.7) million.

INTEREST-RATE RISK KLP KOMMUNEKREDITT AS

Repricing dates for interest-bearing assets and liabilities as at 31 December 2024

NOK MILLIONS	Total Principal	Up to 1 mth	From 1 mth to 3 mths	From 3 mths to 12 mths	From 1 year to 5 years	Over 5 years
Loans to and receivables from credit institutions	706	706				
Loans to and receivables from customers	18 595	15 406	1 382	281	1 263	263
Fixed-income securities	3 559	499	3 010	50		
Total	**22 860**	**16 610**	**4 392**	**331**	**1 263**	**263**
Liabilities to credit institutions	950	950				
Liabilities created on issuance of securities	20 086	18 200	1 886			
Total	**21 036**	**19 150**	**1 886**			
Gap	**1 824**	**-2 540**	**2 506**	**331**	**1 263**	**263**
Financial derivatives	0	-914	1 028	-195	454	-373
Net gap	**1 824**	**-3 454**	**3 534**	**136**	**1 717**	**-110**

Repricing dates for interest-bearing assets and liabilities as at 31 December 2023

NOK MILLIONS	Total Principal	Up to 1 mth	From 1 mth to 3 mths	From 3 mths to 12 mths	From 1 year to 5 years	Over 5 years
Loans to and receivables from credit institutions	568	568				
Loans to and receivables from customers	18 895	15 573	1 610	226	1 194	293
Fixed-income securities	1 498	130	1 368			
Total	**20 961**	**16 270**	**2 978**	**226**	**1 194**	**293**
Liabilities to credit institutions	700	700				
Liabilities created on issuance of securities	19 253	5 000	12 553	1 000	700	
Total	**19 953**	**5 700**	**12 553**	**1 000**	**700**	
Gap	**1 008**	**10 570**	**-9 575**	**-774**	**494**	**293**
Financial derivatives	0	-931	740	60	-163	293
Net gap	**1 008**	**9 640**	**-8 835**	**-714**	**331**	**587**

Note 26 **Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its obligations and/or finance increases in its assets without substantial additional costs arising in the form of price falls on assets which must be realised, or in the form of more costly financing.

26.1 MANAGEMENT OF LIQUIDITY RISK

The management of KLP Kommunekreditt's liquidity risk must be viewed in the context of the management of the liquidity risk in the KLP Banken Group. A liquidity policy has been established for the Group containing principles, guidelines, requirements and limits that apply to the management of the liquidity risk. The policy states that the Group is to have a moderate liquidity risk profile and various requirements. The policy contains various requirements and limits to adhere to the desired liquidity risk profile, including targets for deposit cover, limits for refinancing needs for various timeframes and liquidity buffer requirements. The Board has also adopted an emergency plan for financial crises (including liquidity crises) as part of the Bank's recovery plan. In addition to the requirements at Group level, separate specific requirements have been established for KLP Kommunekreditt AS, including requirements for continuously positive cash flows, limits for refinancing requirements and requirements for liquidity reserves and drawing rights. The operational responsibility for managing the Company's liquidity risk lies with the Finance Department. The Risk Management and Compliance Department reports the Company's actual exposure in relation to limits in accordance with guidelines set by the Board.

The bank holds deposits and a well-diversified securities portfolio to manage liquidity risk. The securities portfolio consists of securities issued by the government, municipalities, and other LCR-approved 0% risk-weighted assets, as well as covered bonds issued by Norwegian credit institutions. The securities are spread across several counterparties, and the bank also has established credit lines that set limits on large exposures. The bank's securities portfolio is intended to have low credit risk and will consist exclusively of securities rated AA or AAA.

26.2 MATURITY ANALYSIS

The tables below show the maturity analysis of the Company's assets and liabilities including stipulated interest rates.

LIQUIDITY RISK KLP KOMMUNEKREDITT AS

Maturity analysis for assets and liabilities as at 31 December 2024:

NOK MILLIONS	Total	Undefined	Up to 1 mth	From 1 mth to 3 mths	From 3 mths to 12 mths	From 1 year to 5 years	Over 5 years
Loans to and receivables from customers	30 129		71	323	1 802	6 802	21 131
Fixed-income securities	4 024		42	188	389	3 405	
Loans to and receivables from credit institutions	930		706	224			
Total	**35 083**		**819**	**736**	**2 190**	**10 208**	**21 131**
Liabilities created on issuance of securities	22 845		144	103	2 270	20 327	
Unused loan commitments	5		1	4			
Financial derivatives	44		-12	2	29	19	6
Liabilities to credit institutions	1 001		4	2	16	980	
Total	**23 895**		**137**	**111**	**2 315**	**21 326**	**6**
Net cash flow	**11 188**		**682**	**624**	**-124**	**-11 118**	**21 124**

Maturity analysis for assets and liabilities as at 31 December 2023:

NOK MILLIONS	Total	Undefined	Up to 1 mth	From 1 mth to 3 mths	From 3 mths to 12 mths	From 1 year to 5 years	Over 5 years
Loans to and receivables from customers	21 658		58	199	1 072	6 098	14 231
Fixed-income securities	1 679		2	147	152	1 379	
Loans to and receivables from credit institutions	568		354	214			
Total	**23 905**		**414**	**560**	**1 224**	**7 477**	**14 231**
Liabilities created on issuance of securities	21 101		62	166	1 918	18 955	
Unused loan commitments	71		71				
Financial derivatives	48		-12	3	34	17	6
Liabilities to credit institutions	738		3	2	12	722	
Total	**21 957**		**124**	**170**	**1 963**	**19 693**	**6**
Net cash flow	**1 948**		**289**	**389**	**-739**	**-12 217**	**14 225**

A 24-month internal loan of NOK 950 million has been provided from KLP Banken AS to KLP Kommunekreditt AS, which is defined as "Liabilities to credit institutions". This loan is rolled over currently every third month and the interest rate is set each month.

Note 27 Over-collateralisation

NOK MILLIONS	Fair value	
	31.12.2024	31.12.2023
SECURITY POOL		
Loans to customers	18 716	19 007
Financial derivatives (net)	46	85
Additional collateral [1)]	5 887	4 197
Total security pool	**24 649**	**23 288**
Outstanding covered bonds incl. own funds and premium/discount	23 159	21 894
Coverage of the security pool	**106.4%**	**106.4%**

1) Additional collateral includes loans to and receivables from credit institutions, bonds and certificates. Liquid assets used in the LCR 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 28 Hedge accounting

NOK MILLIONS 31.12.2024	Book value	Cumulative change in fair value	Change in fair value in the period
HEDGED OBJECT			
Loan	1 922	-82	5
Debt	1 679	39	34

NOK MILLIONS 31.12.2024	Nominal value	Fair value	Change in fair value in the period
HEDGING INSTRUMENT			
Interest rate swap loan	1 990	-82	4
Interest rate swap debt	1 700	39	34

Hedging instruments broken down by maturity are shown in Note 15 Financial derivatives.

NOK MILLIONS 31.12.2023	Book value	Cumulative change in fair value	Change in fair value in the period
HEDGED OBJECT			
Loan	1 585	-87	11
Debt	1 713	6	16

NOK MILLIONS 31.12.2023	Nominal value	Fair value	Change in fair value in the period
HEDGING INSTRUMENT			
Interest rate swap loan	1 662	-87	11
Interest rate swap debt	1 700	6	16

Note 29 Salary and obligations to senior management

2024 NOK THOUSANDS	Paid from KLP Kommunekreditt AS				Paid from another company in the same group					
	Salaries, fees etc.	Other benefits	Annual pension accumulation	Loans	Salaries, fees etc.	Other benefits	Annual pension accumulation	Loans	Interest rate as at 31.12.2024	Repayment plan 1)
SENIOR EMPLOYEES										
Carl Steinar Lous, Department manager Public Market/Managing Director					1 619	25	319	3 075	4,70	A27/A39
BOARD OF DIRECTORS										
Aage Schaanning, *Chair*					4 306	160	1 322	7 326	4,95/5,50	Flex
Aud Norunn Strand	92				13					
Janicke Elisabeth S. Falkenberg										
Jonas Vincent Kårstad, *Chosen by and among the employees in KLP Banken Group*					140					
EMPLOYEES										
Total loans to employees of KLP Kommunekreditt AS								3 075		

2023 NOK THOUSANDS	Paid from KLP Kommunekreditt AS				Paid from another company in the same group					
	Salaries, fees etc.	Other benefits	Annual pension accumulation	Loans	Salaries, fees etc.	Other benefits	Annual pension accumulation	Loans	Interest rate as at 31.12.2023	Repayment plan 1)
SENIOR EMPLOYEES										
Carl Steinar Lous, Department manager Public Market/Managing Director					1 547	24	309	3 244	4.70	A27/A39
BOARD OF DIRECTORS										
Aage Schaanning, *Chair*					4 099	152	1 281	6 182	4.70	Flex
Aud Norunn Strand	88				13			359	5.50	Flex
Aina Iren Slettedal Eide (left the Board in March 2023)										
Janicke Elisabeth S. Falkenberg (from March 2023)										
Jonas Vincent Kårstad, *Chosen by and among the employees in KLP Banken Group*					126					
EMPLOYEES										
Total loans to employees of KLP Kommunekreditt AS								3 244		

1) A= Annuity loan, last payment, HC=Home Credit.

The KLP Board of Directors has laid down principles and guidelines for remuneration that apply for the entire Group and set up a remuneration committee as a subcommittee of the Board.
The committee reports on and carries out checks that the remuneration schemes in the Group are in line with the Board's principles and guidelines.

Managing director is a contracted-in function from the parent company, KLP Banken AS, and the individual receives no benefits directly from KLP Kommunekreditt AS for the appointment. KLP Kommunekreditt AS refunds that part of the benefits associated with the role as managing director. The Managing Director has no agreement on performance pay (bonus) or guaranteed salary on termination. He is pensionable aged 70.

There are no obligations to provide the Chair of the Board of Directors special consideration or other benefits on termination or change in employment contract or appointment.

Directors' fees are set by the General Assembly. Board members employed in the KLP Group, not having been elected by and from the employees, do not receive a fee for the Board appointment. Benefits in addition to Directors' fees for Board members employed in the KLP Group are stated only if they are included in the senior management group employed in the KLP Group. This also applies to any loans they may have with the Group. Of the board members, Aage E. Schaanning, Janicke Elisabeth S. Falkenberg and Jonas Vincent Kårstad are employed in the KLP Group.

All benefits are shown without the addition of social security costs.

The KLP Group offers loans for various purposes. There are separate loan terms for employees, and no senior employees have loan terms that deviate from these.
Loans to external board members are only granted under ordinary loan terms. The interest rebate that accrues to employees is refunded to the lending company.

Attention is drawn otherwise to the description of the main principles on determination of remuneration in the KLP Group that may be found at klp.no.

Note 30 Number of FTEs and employees

KLP Kommunekreditt AS has two employees, but they do not receive any remuneration or other benefits from the Company.
KLP Kommunekreditt AS buys personnel services from other companies in the KLP Group.

Note 31 Contingent liabilities

NOK MILLIONS	31.12.2024	31.12.2023
Loan commitment	5	71
Total contingent liabilities	**5**	**71**

These are contractual payments to borrowers that are highly likely to be paid out.

Statsautoriserte revisorer
Ernst & Young AS

Stortorvet 7, 0155 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

To the General Meeting in KLP Kommunekreditt AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of KLP Kommunekreditt (the Company), which comprise the balance as at 31 December 2024, the income statement, statement of owners' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 1 years from the election by the general meeting of the shareholders on 15 May 2024 for the accounting year 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2024. We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other information comprises annual report and declaration pursuant to the Norwegian Securities Trading Act, section 5-5. Our opinion on the financial statements does not cover the information in the Board of Directors' report and the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors' report and for the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report that fact if there is a material misstatement in the Board of Directors' report and the other information presented with the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

Shape the future
with confidence

- up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 12 March 2025
ERNST & YOUNG AS

Johan-Herman Stene
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)

Contact information

KLP KOMMUNEKREDITT AS
Beddingen 8
7042 Trondheim

Organization number.: 994 526 944

Visitors address, Trondheim
Beddingen 8

Visitors address, Oslo
Dronning Eufemias gate 10

klpbanken.no

Tlf: 55 54 85 00
klpkommunekreditt@klp.no