

Q4 Interim Report 2024

KLP Kommunekreditt AS

KLP



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KLP Kommunekreditt AS

Q4 2024

Interim Financial Statements 4/2024

Main features quarter end:

- Stable lending volume
- Reduced net interest income
- No realized loan losses

Objective

The company is established to finance KLP Banken's loans to municipalities, county municipalities, and companies performing public assignments. Loans to companies must be guaranteed by municipalities or county municipalities under the Local Government Act. Guarantees must be of the ordinary surety type and cover both principal and interests. The lending business is mainly financed by the issuance of covered bonds.

KLP Kommunekreditt AS is a wholly owned credit institution of KLP Banken AS. KLP Banken AS is owned by Kommunal Landspensjonskasse mutual insurance company (KLP).

Income statement

The operating profit before tax for the fourth quarter was NOK 13.4 (24.4)¹ million. For the year 2024, the profit before tax was NOK 77.0 (88.6) million. The change in results is mainly due to a reduction in net interest income due to lower loan volumes and negative income effects on financial instruments.

Net interest income per fourth quarter was NOK 108.6 (113.6) million. Compared to last year, the company had a lower average lending volume. Loan margins have also been slightly lower on average than the previous year. This is partly compensated by higher interest rates providing increased returns on loans financed with equity.

Net income effects on financial instruments per fourth quarter were NOK -10.4 (-2.3) million. This mainly includes costs from the repurchase of borrowings and value changes in liquidity placements. The restructuring of the borrowing portfolio is done regularly to adjust the average maturity. This can result in both losses and gains. Accounting losses from the repurchase of own debt amounted to NOK -10.0 (-6.0) million per fourth quarter. Realized and unrealized value changes in the company's liquidity placements resulted in an income effect of NOK -0.3 (3.8) million in 2024.

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

Operating costs per fourth quarter were NOK -21.2 (-22.7) million. The company has not had any loan losses and has very low loss provisions.

Lending/total assets

The company's loans to customers as of December 31, 2024, were NOK 18.7 (19.0) billion. As at the fourth quarter, net lending growth was NOK -0.3 billion. Borrowers are municipalities, county municipalities, and companies with municipal guarantees. Total assets were NOK 23.1 (21.2) billion.

Liquid investments

The collateral associated with borrowing financing is subject to strict requirements. In addition to loans to the public sector, it consists of secure securities and deposits in other banks. The securities consist of certificates and bonds with very high security, mainly covered bonds. As of December 31, 2024, the company's interest-bearing securities had a market value of NOK 3.6 (1.5) billion.

Borrowing

The company's financing consists of covered bonds (OMF) and loans from KLP Banken AS. The company had NOK 1.0 (0.7) billion in intra-group debt at the end of the quarter. Outstanding OMF debt was NOK 21.0 (19.4) billion. New covered bonds amounting to NOK 6.3 (6.0) billion were issued in 2024. Net repurchases and sales of own holdings from previous issues amounted to NOK -4.7 (-6.4) billion per fourth quarter. All OMF issuances have an Aaa rating from Moody's.

Risk and capital adequacy

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

Core capital according to the capital adequacy rules at the end of the fourth quarter 2024 was NOK 1,025.7 (967.7) million. Loans to municipalities and county municipalities are risk-weighted at 20 percent according to government regulations for capital adequacy. KLP Kommunekreditt AS has a core capital ratio and capital adequacy ratio of 22.7 (22.7) percent per fourth quarter. The minimum requirement for total capital adequacy is 17.5 percent. The leverage ratio was 4.5 (4.6) percent. The requirement here is 3.0 percent.

Oslo, 5 February 2025

AAGE E. SCHAANNING

Chair

JANICKE E. FALKENBERG

AUD NORUNN STRAND

JONAS V. KÅRSTAD

CARL STEINAR LOUS

Managing Director

Income statement

KLP Kommunekreditt AS

NOTE	NOK THOUSANDS	Q4 2024	Q4 2023	2024	2023
	Interest income, effective interest method	243 130	259 588	984 871	891 875
	Other interest income	90 523	54 298	269 668	209 113
3	Total interest income	333 653	313 886	1 254 539	1 100 988
	Interest expense, effective interest method	-275 075	-255 094	-1 017 952	-879 623
	Other interest expenses	-32 764	-30 281	-128 028	-107 746
3	Total interest costs	-307 838	-285 375	-1 145 980	-987 369
3	Net interest income	25 814	28 511	108 559	113 619
17	Net gain/(loss) on financial instruments	-6 798	1 897	-10 448	-2 304
	Total net gain/(loss) on financial instruments	-6 798	1 897	-10 448	-2 304
	Other operating expenses	-5 563	-6 055	-21 157	-22 717
18	Net loan losses	-7	4	3	4
	Total operating expenses	-5 570	-6 050	-21 155	-22 713
	Operating profit/loss before tax	13 446	24 358	76 956	88 603
	Tax ordinary income	2 024	-5 359	2 997	235
	Profit for the period	15 470	18 999	79 953	88 838
	Other income and expenses	0	0	0	0
	Comprehensive income for the period	15 470	18 999	79 953	88 838

Balance

KLP Kommunekreditt AS

NOTE	NOK THOUSANDS	31.12.2024	31.12.2023
	ASSETS		
5	Loans to credit institutions	705 779	568 248
4,5	Loans to customers	18 687 981	19 001 225
5,6,15	Fixed-income securities	3 587 455	1 500 050
5,6	Financial derivatives	83 757	108 137
12	Other assets	2 025	10 618
	Total assets	23 066 996	21 188 279
	LIABILITIES AND OWNERS EQUITY		
	LIABILITIES		
5,9	Debt to credit institutions	951 824	701 570
5,7	Debt securities issued	20 976 533	19 390 805
5,6	Financial derivatives	38 057	23 233
	Deferred tax liabilities	18 625	21 622
13	Other liabilities	52 720	81 817
13	Provision for accrued costs and liabilities	0	21
	Total liabilities	22 037 759	20 219 067
	EQUITY		
	Share capital	391 500	391 500
	Share premium	363 500	363 500
	Other accrued equity	274 237	214 212
	Total owners' equity	1 029 237	969 212
	Total liabilities and equity	23 066 996	21 188 279

Statement of changes in equity

KLP Kommunekreditt AS

2024 NOK THOUSANDS	Share capital	Share premium	Other accrued equity	Total owners' equity
Equity 1 January 2024	391 500	363 500	214 212	969 212
Income for the year	0	0	79 953	79 953
Other income and expenses	0	0	0	0
Total comprehensive income for the period	0	0	79 953	79 953
Group contribution received	0	0	70 651	70 651
Group contribution made	0	0	-90 578	-90 578
Total transactions with the owners	0	0	-19 927	-19 927
Equity 31 December 2024	391 500	363 500	274 237	1 029 237

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

Statement of cash flow

KLP Kommunekreditt AS

NOK THOUSANDS	2024	2023
OPERATIONAL ACTIVITIES		
Payments received from customers - interest	978 918	794 436
Disbursements on loans customers & credit institutions	-2 062 280	-1 069 415
Receipts on loans customers & credit institutions	2 393 715	1 300 680
Receipts on loans from credit institutions	6 250 000	6 000 000
Repayments and redemption of securities debt	-5 000 000	-5 000 000
Change in securities debt, own funds	333 063	-1 407 062
Net payment of interest on loans credit institutions	-951 937	-775 168
Receipts in internal funding	1 500 000	2 205 000
Disbursements in internal funding	-1 250 000	-3 210 000
Net payment of interest on internal funding	-33 070	-67 524
Payments on the purchase of securities	-3 520 132	-442 481
Receipts on sale of securities	1 449 349	1 666 175
Receipts of interest from securities	101 362	77 787
Disbursements on operations	-21 719	-22 301
Net receipts/disbursements from operating activities	-12 032	-38 809
Interest from credit institutions	23 675	18 079
Net cash flow from operating activities	178 912	29 399
INVESTMENT ACTIVITIES		
Net cash flow from investment activities	0	0
FINANCING ACTIVITIES		
Payment on group contribution	-19 927	-19 728
Net cash flows from financing activities	-19 927	-19 728
Net cash flow during the period	158 985	9 672
Cash and cash equivalents at the start of the period	535 356	525 685
Cash and cash equivalents at the end of the period	694 341	535 356
Net receipts/disbursements	158 985	9 672
Liquidity holdings comprise:		
Deposits with and receivables from banks with no agreed term	694 341	535 356
Total liquidity holdings at the end of the reporting period	694 341	535 356
Total interest received	1 103 956	890 302
Total interest paid	-985 007	-842 691

Notes to the financial statement

KLP Kommunekreditt AS

Note 1 **General information**

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

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

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

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

Note 2 **Accounting principles**

The interim report includes the interim Financial Statements of KLP Kommunekreditt AS for the period 1 January 2024 – 31 December 2024, with a specification of the results in the Q4.

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

The interim Financial Statements has not been audited.

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

Note 3 Net interest income

NOK THOUSANDS	Q4 2024	Q4 2023	2024	2023
Interest income on loans to customers	236 488	253 547	961 196	873 796
Interest income on loans to credit institutions	6 642	6 041	23 675	18 079
Total interest income, effective interest method	243 130	259 588	984 871	891 875
Interest income on fixed-income securities	50 463	18 573	116 937	77 406
Other interest income	40 061	35 725	152 731	131 708
Total other interest income	90 523	54 298	269 668	209 113
Total interest income	333 653	313 886	1 254 539	1 100 988
Interest expenses on debt from KLP Banken AS	-8 149	-12 142	-33 323	-66 549
Interest expenses on issued securities	-266 926	-242 951	-984 629	-813 073
Total interest expenses, effective interest method	-275 075	-255 094	-1 017 952	-879 623
Other interest expenses	-32 764	-30 281	-128 028	-107 746
Total other interest expenses	-32 764	-30 281	-128 028	-107 746
Total interest expenses	-307 838	-285 375	-1 145 980	-987 369
Net interest income	25 814	28 511	108 559	113 619

Note 4 Loans to customers

NOK THOUSANDS	31.12.2024	31.12.2023
Loans to customers before write-downs	18 594 965	18 895 059
Write-downs steps 1 and 2	-177	-180
Loans to customers after write-downs	18 594 788	18 894 880
Accrued interest	175 177	192 899
Fair value hedging	-81 984	-86 554
Loans to customers	18 687 981	19 001 225

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

Note 5 Categories of financial instruments

NOK THOUSANDS	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	3 587 455	3 587 455	1 500 050	1 500 050
Financial derivatives	83 757	83 757	108 137	108 137
Total financial assets at fair value through profit and loss	3 671 212	3 671 212	1 608 187	1 608 187
FINANCIAL ASSETS FAIR VALUE HEDGING				
Lending to Norwegian municipalities	1 921 836	1 936 594	1 584 628	1 578 296
Total financial assets fair value hedging	1 921 836	1 936 594	1 584 628	1 578 296
FINANCIAL ASSETS AT AMORTIZED COST				
Loans to and receivables from credit institutions	705 779	705 779	568 248	568 248
Lending to Norwegian municipalities	16 766 145	16 766 145	17 416 597	17 416 597
Total financial assets at amortized cost	17 471 924	17 471 924	17 984 845	17 984 845
Total financial assets	23 064 972	23 079 730	21 177 661	21 171 328
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS				
Financial derivatives	38 057	38 057	23 233	23 233
Total financial liabilities at fair value through profit and loss	38 057	38 057	23 233	23 233
FINANCIAL LIABILITIES FAIR VALUE HEDGING				
Covered bonds issued	1 679 351	1 691 807	1 713 024	1 722 804
Total financial liabilities fair value hedging	1 679 351	1 691 807	1 713 024	1 722 804
FINANCIAL LIABILITIES AT AMORTIZED COST				
Liabilities to credit institutions	951 824	951 824	701 570	701 570
Covered bonds issued	19 297 182	19 343 808	17 677 781	17 707 656
Total financial liabilities at amortized cost	20 249 006	20 295 632	18 379 351	18 409 226
Total financial liabilities	21 966 414	22 025 497	20 115 608	20 155 262

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

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

Fair value of loans to Norwegian local administrations

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

Fair value of loans to and receivables from credit institutions

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

Fair value of liabilities to credit institutions

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

Liabilities created on issuance of covered bonds

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

Note 6 Fair value hierarchy

31.12.2024 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	99 103	3 488 353	0	3 587 455
Financial derivatives	0	83 757	0	83 757
Total assets at fair value	99 103	3 572 109	0	3 671 212
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives (liabilities)	0	38 057	0	38 057
Total financial liabilities at fair value	0	38 057	0	38 057

31.12.2023 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	99 073	1 400 977	0	1 500 050
Financial derivatives	0	108 137	0	108 137
Total assets at fair value	99 073	1 509 114	0	1 608 187
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives (liabilities)	0	23 233	0	23 233
Total financial liabilities at fair value	0	23 233	0	23 233

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

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

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

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

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

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

NOK THOUSANDS	31.12.2024	31.12.2023
Bond debt, nominal amount	22 950 000	21 700 000
Adjustments	-42 953	-8 726
Accrued interest	183 486	146 531
Own holdings, nominal amount	-2 114 000	-2 447 000
Total debt securities issued	20 976 533	19 390 805
Interest rate on borrowings through the issuance of securities on 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 effects and amortization costs.

NOK THOUSANDS	Balance sheet 31.12.2023	Issued	Matured/ redeemed	Other adjustments	Balance sheet 31.12.2024
Bond debt, nominal amount	21 700 000	6 250 000	-5 000 000	0	22 950 000
Adjustments	-8 726	0	0	-34 226	-42 953
Accrued interest	146 531	0	0	36 954	183 486
Own holdings, nominal amount	-2 447 000	0	333 000	0	-2 114 000
Total debt securities issued	19 390 805	6 250 000	-4 667 000	2 728	20 976 533

Note 8 Over-collateralisation

NOK THOUSANDS	31.12.2024	31.12.2023
SECURITY POOL		
Loans to customers	18 715 951	19 006 509
Financial derivatives (net)	45 704	84 952
Additional collateral ¹	5 886 869	4 196 638
Total security pool	24 648 525	23 288 100
Outstanding covered bonds incl. own funds and premium/discount	23 158 712	21 894 289
Coverage of the security pool	106.4 %	106.4 %

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

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

Note 9 Liabilities to credit institutions

31.12.2024 NOK THOUSANDS	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2026	550 000	1 146	551 146
Debt to KLP Banken AS	15.12.2026	400 000	677	400 677
Total liabilities to credit institutions		950 000	1 824	951 824
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.

31.12.2023 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2025	700 000	1 570	701 570
Total liabilities to credit institutions		700 000	1 570	701 570
Interest rate on debt to credit institutions at the reporting date:				4.75 %

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

Note 10 Financial assets and liabilities subject to net settlement

31.12.2024 NOK THOUSANDS		Related sums that are not presented net		
	Gross financial assets/liabilities	Financial instruments	Security in cash	Net recognised value
ASSETS				
Financial derivatives	83 757	-38 057	0	45 699
Total	83 757	-38 057	0	45 699
LIABILITIES				
Financial derivatives	38 057	-38 057	0	0
Total	38 057	-38 057	0	0

31.12.2023 NOK THOUSANDS		Related sums that are not presented net		
	Gross financial assets/liabilities	Financial instruments	Security in cash	Net recognised value
ASSETS				
Financial derivatives	108 137	-23 233	0	84 905
Total	108 137	-23 233	0	84 905
LIABILITIES				
Financial derivatives	23 233	-23 233	0	0
Total	23 233	-23 233	0	0

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

Note 11 Transactions with related parties

NOK THOUSANDS	2024	2023
KLP Banken AS, interest on borrowing	-33 323	-66 549
KLP Banken AS, interest on deposits	10 499	8 646
KLP Banken AS, administrative services (at cost)	-12 991	-13 966
KLP Kapitalforvaltning AS, fees for services provided	-77	-77

NOK THOUSANDS	31.12.2024	31.12.2023
BALANCES		
KLP Banken AS, debt to credit institutions	-951 824	-701 570
KLP Banken AS, deposit	224 376	213 878
KLP Banken AS, loan settlement	1 571	10 618
KLP Banken AS, net outstanding accounts	-1 057	-1 627
KLP Kapitalforvaltning AS, net outstanding accounts	-77	-77

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

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

Note 12 Other assets

NOK THOUSANDS	31.12.2024	31.12.2023
Intercompany receivables	1 571	10 618
Miscellaneous receivables	454	0
Total other assets	2 025	10 618

Note 13 Other liabilities and provision for accrued costs

NOK THOUSANDS	31.12.2024	31.12.2023
Creditors	113	113
Intercompany payables	1 134	1 704
Short-term balances with credit institutions	46 513	80 000
Other liabilities	4 960	0
Total other liabilities	52 720	81 817
VAT	0	21
Total accrued costs and liabilities	0	21

Note 14 Capital adequacy

NOK THOUSANDS	31.12.2024	31.12.2023
Share capital and share premium fund	755 000	755 000
Other owners' equity	274 237	214 212
Total owners' equity	1 029 237	969 212
Adjustments due to requirements for proper valuation	-3 587	-1 500
Core capital/Tier 1 capital	1 025 650	967 712
Supplementary capital/Tier 2 capital	0	0
Supplementary capital/Tier 2 capital	0	0
Total eligible own funds (Tier 1 and Tier 2 capital)	1 025 650	967 712
Capital requirement	362 060	340 885
Surplus of own funds (Tier 1 and Tier 2 capital)	663 590	626 827
ESTIMATE BASIS CREDIT RISK:		
Institutions	148 935	137 401
Local and regional authorities	3 890 649	3 846 618
Covered bonds	272 571	120 454
Other items	454	0
Calculation basis credit risk	4 312 609	4 104 472
Credit risk	345 009	328 358
Operating risk	15 314	12 335
Credit valuation adjustment (CVA)	1 737	192
Total capital requirement assets	362 060	340 885
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 excl. buffers	4.5 %	3.5 %	8.0 %
Protective buffer	2.5 %	0.0 %	2.5 %
Systemic risk buffer	4.5 %	0.0 %	4.5 %
Counter-cyclical capital buffer	2.5 %	0.0 %	2.5 %
Current capital requirement incl. buffers	14.0 %	3.5 %	17.5 %
Capital requirement leverage ratio	3.0 %	0.0 %	3.0 %

Note 15 Fixed-income securities

NOK THOUSANDS	31.12.2024		31.12.2023	
	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	98 925	99 103	0	0
Bonds	3 471 466	3 488 353	1 498 025	1 500 050
Total fixed-income securities	3 570 391	3 587 455	1 498 025	1 500 050

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

Note 16 **Contingent liabilities**

NOK THOUSANDS	31.12.2024	31.12.2023
Loan commitment	5 242	70 850
Total contingent liabilities	5 242	70 850

Note 17 **Net gain/(loss) on financial instruments**

NOK THOUSANDS	Q4 2024	Q4 2023	2024	2023
Net gain/(loss) on fixed-income securities	-6 587	2 016	-258	3 763
Net gain/(loss) financial derivatives and realized amortization linked to lending	0	-46	-189	-46
Net gain/(loss) financial derivatives and realized repurchase of own debt	-211	-74	-10 001	-6 020
Total net gain/(loss) on financial instruments	-6 798	1 897	-10 448	-2 304

Note 18 Loan loss provision

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

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

NOK THOUSANDS	12-month ECL stage 1	Lifetime ECL not credit impaired stage 2	Lifetime ECL credit impaired stage 3	Total
EXPECTED CREDIT LOSS (ECL) - LOANS TO CUSTOMERS - PUBLIC LENDING				
Opening balance ECL 01.01.2024	180	0	0	180
Transfers to stage 1	0	0	0	0
Transfers to stage 2	0	0	0	0
Transfers to stage 3	0	0	0	0
Net changes	-11	0	0	-11
New losses	24	0	0	24
Write-offs	-16	0	0	-16
Closing balance ECL 31.12.2024	177	0	0	177
Changes (01.01.2024-31.12.2024)	-3	0	0	-3

NOK THOUSANDS	12-month ECL stage 1	Lifetime ECL not credit impaired stage 2	Lifetime ECL credit impaired stage 3	Total
VALUE OF LENDING AND RECEIVABLES FOR CUSTOMERS RECOGNISED IN THE BALANCE SHEET - PUBLIC LENDING				
Lending 01.01.2024	19 087 958	0	0	19 087 958
Transfers to stage 1	0	0	0	0
Transfers to stage 2	0	0	0	0
Transfers to stage 3	0	0	0	0
Net changes	-1 167 223	0	0	-1 167 223
New lending	2 529 768	0	0	2 529 768
Write-offs	-1 680 362	0	0	-1 680 362
Lending 31.12.2024	18 770 141	0	0	18 770 141
Fair value hedging	-81 984	0	0	-81 984
Recognised loan loss provisions	-177	0	0	-177
Book value of loans to public lending 31.12.2024	18 687 981	0	0	18 687 981

Quarterly earnings trend

NOK MILLIONS	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Interest income	333.7	309.8	305.5	305.6	313.9
Interest expense	-307.8	-283.9	-277.7	-276.5	-285.4
Net interest income	25.8	25.8	27.8	29.1	28.5
Net gain/(loss) financial instruments	-6.8	-1.5	-5.0	2.8	1.9
Total net gain/(loss) on financial instruments	-6.8	-1.5	-5.0	2.8	1.9
Other operating expenses	-5.6	-6.1	-4.2	-5.2	-6.1
Total operating expenses	-5.6	-6.1	-4.2	-5.2	-6.1
Operating profit/loss before tax	13.5	18.2	18.6	26.6	24.4
Tax ordinary income	2.0	1.0	0.9	-0.9	-5.4
Profit for the period	15.5	19.2	19.5	25.7	19.0

Key figures - accumulated

NOK MILLIONS	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Pre-tax income	77.0	63.5	45.3	26.6	88.6
Net interest income	108.6	82.7	56.9	29.1	113.6
Other operating income	0.0	0.0	0.0	0.0	0.0
Other operating cost	-21.2	-15.6	-9.5	-5.2	-22.7
Net gain/(loss) financial instruments	-10.4	-3.7	-2.2	2.8	-2.3
Lending with public sector guarantee	18 688.0	18 005.9	18 310.8	18 735.1	19 001.2
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	20 976.5	21 183.7	18 832.8	19 162.8	19 390.8
Other borrowing	951.8	551.1	751.4	551.2	701.6
Total assets	23 067.0	22 943.5	20 721.0	20 816.3	21 188.3
Average total assets	22 127.6	22 065.9	20 954.6	21 002.3	21 868.2
Equity	1 029.2	1 013.8	994.6	975.0	969.2
Interest net	0.49 %	0.37 %	0.27 %	0.14 %	0.52 %
Profit/loss from ordinary operation before taxes	0.35 %	0.29 %	0.22 %	0.13 %	0.41 %
Return on equity	7.94 %	8.74 %	9.34 %	10.99 %	9.84 %
Capital adequacy ratio	22.7 %	21.4 %	23.0 %	22.8 %	22.7 %
Liquidity coverage ratio (LCR)	1 113 %	860 %	851 %	975 %	925 %

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