

Q1 Interim Report 2024

KLP Kommunekreditt AS



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KLP Kommunekreditt AS

Q1 2024

Interim Financial Statements 1/2024

Main features by first quarter end:

- Increased net interest income
- Reduced lending volume
- No recognized losses on lending

Objective

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

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

Income statement

Operating profit before tax for the first quarter was NOK 26.6 (17.8)¹ million. The change in profit is mainly due to increased net interest income and a positive profit effect from changes in the value of financial instruments.

Net interest income by the first quarter were NOK 29.1 (25.3) million. The change is mainly due to increased interest rate level compared to last year and somewhat higher lending margins in average.

Net profit and loss effects of financial instruments by first quarter amounts to NOK 2.8 (-2.5) million. This is mainly due to price effects on liquid placements and repurchases of own borrowings.

Operating expenses in the first quarter amounted to -5.2 (-5.0) million. The Company has not had any credit losses, and very low loan loss provisions.

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

Lending

The Company's loans to customers as of 31 March 2024, amounted to NOK 18.7 (19.4) billion. So far this year the lending growth is NOK -0.3 billion. Borrowers are municipalities, county municipalities and local government enterprise lending covered by municipal guarantees. Total assets were NOK 20.8 (21.8) billion.

Liquid investments

There are strict rules on which assets may be included in the securities holdings. In addition to loans to the public sector the securities holdings consist secure bonds as well as deposits in other banks. The securities comprise certificates and bonds of high credit quality, principally investments in covered bonds. As of 31 March 2024, the Company's securities portfolio market value was NOK 1.5 (2.1) billion.

Borrowing

The Company's borrowing consists of covered bonds (OMF) as well as loans from KLP Banken AS. There were no new covered bond issues in the first quarter. Net repurchases of previous emissions equals to NOK 0.2 billion during the quarter. All covered bonds have Aaa rating from Moody's.

Risk and capital adequacy

KLP Kommunekreditt AS has established a framework for risk management aimed at ensuring risks are identified, analyzed and subject to management using policies, limits, procedures, and instructions. The Company is to have a prudent risk profile and earnings are to be principally a result of the borrowing and lending activity as well as liquidity management. This means that the Company is to have low market risk. Interest risk arising from the borrowing and lending activities are reduced using derivatives. The Company shall have sufficient long-term financing within set limits. The credit risk in the Company is very low and lending is limited to local government risk. Management of the Company's liquidity is conducted through investments in banks satisfying high credit quality requirements and in securities in accordance with board-approved credit lines.

At the end of the first quarter 2024, core capital i.a.w. the capital adequacy rules were NOK 948 (878) million. Loans to municipalities and county administrations are risk-weighted 20 per cent in accordance with the authorities' capital adequacy regulations. KLP Kommunekreditt AS had a core capital adequacy and capital adequacy ratio of 22.8 (20.4) percent at the end of the first quarter. The minimum statutory requirement is 17.5 percent capital adequacy ratio. Leverage ratio was 4.6 (4.0) per cent. Here the minimum statutory requirement is 3.0 per cent.

Oslo, 8 May 2024

AAGE E. SCHAANNING

Chair

JANICKE E. FALKENBERG

AUD NORUNN STRAND

JONAS V. KÅRSTAD

CARL STEINAR LOUS

Managing Director

Income statement

KLP Kommunekreditt AS

NOTE	NOK THOUSANDS	Q1 2024	Q1 2023	01.01.2023 -31.12.2023
	Interest income, effective interest method	249 655	182 321	891 875
	Other interest income	55 972	52 994	209 113
3	Total interest income	305 628	235 315	1 100 988
	Interest expense, effective interest method	-245 660	-185 879	-879 623
	Other interest expenses	-30 886	-24 090	-107 746
3	Total interest costs	-276 546	-209 969	-987 369
3	Net interest income	29 082	25 347	113 619
17	Net gain/(loss) on financial instruments	2 780	-2 529	-2 304
	Total net gain/(loss) on financial instruments	2 780	-2 529	-2 304
	Other operating expenses	-5 236	-4 973	-22 717
18	Net loan losses	2	-2	4
	Total operating expenses	-5 234	-4 976	-22 713
	Operating profit/loss before tax	26 628	17 842	88 603
	Tax ordinary income	-876	15 803	235
	Profit for the period	25 751	33 644	88 838
	Other comprehensive income for the period	0	0	0
	Comprehensive income for the period	25 751	33 644	88 838

Balance

KLP Kommunekreditt AS

NOTE	NOK THOUSANDS	31.03.2024	31.03.2023	31.12.2023
ASSETS				
5	Loans to credit institutions	429 141	250 723	568 248
4,5	Loans to customers	18 735 127	19 384 070	19 001 225
5,6,15	Fixed-income securities	1 537 968	2 057 757	1 500 050
5,6	Financial derivatives	109 167	146 857	108 137
12	Other assets	4 934	3 831	10 618
	Total assets	20 816 337	21 843 238	21 188 279
LIABILITIES AND OWNERS EQUITY				
LIABILITIES				
5,9	Debt to credit institutions	551 210	2 313 058	701 570
5,7	Debt securities issued	19 162 805	18 474 384	19 390 805
5,6	Financial derivatives	24 262	21 228	23 233
	Deferred tax liabilities	1 695	2 129	21 622
13	Other liabilities	101 329	118 421	81 817
13	Provision for accrued costs and liabilities	0	0	21
	Total liabilities	19 841 301	20 929 220	20 219 067
EQUITY				
	Share capital	391 500	391 500	391 500
	Share premium	363 500	363 500	363 500
	Other owners' equity	194 284	125 374	214 212
	Unallocated profit/loss	25 751	33 644	0
	Total owners' equity	975 036	914 018	969 212
	Total liabilities and equity	20 816 337	21 843 238	21 188 279

Statement of changes in equity

KLP Kommunekreditt AS

2024 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2024	391 500	363 500	214 212	969 212
Profit for the period	0	0	25 751	25 751
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	25 751	25 751
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 March 2024	391 500	363 500	220 036	975 036

2023 NOK THOUSANDS	Share capital	Share premium	Other equity	Total owners' equity
Equity 1 January 2023	391 500	363 500	145 102	900 102
Profit for the period	0	0	33 644	33 644
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	33 644	33 644
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 March 2023	391 500	363 500	159 018	914 018

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

Statement of cash flow

KLP Kommunekreditt AS

NOK THOUSANDS	Q1 2024	Q1 2023	01.01.2023 -31.12.2023
OPERATIONAL ACTIVITIES			
Payments received from customers - interest, commission & charges	237 594	147 099	794 436
Disbursements on loans customers & credit institutions	-101 000	-840 278	-1 069 415
Receipts on loans customers & credit institutions	374 794	626 446	1 300 680
Disbursements on operations	-8 220	-7 791	-22 301
Net receipts/disbursements from operating activities	21 237	17 961	-38 809
Interest from credit institutions	3 229	2 038	18 079
Net cash flow from operating activities	527 634	-54 525	982 671
INVESTMENT ACTIVITIES			
Payments on the purchase of securities	-259 540	-100 590	-442 481
Receipts on sale of securities	224 641	764 338	1 666 175
Receipts of interest from securities	18 241	22 414	77 787
Net cash flow from investment activities	-16 657	686 162	1 301 482
FINANCING ACTIVITIES			
Receipts on loans from credit institutions	0	0	6 000 000
Repayments and redemption of securities debt	0	0	-5 000 000
Change in securities debt, own funds	-224 263	-1 320 692	-1 407 062
Net payment of interest on loans credit institutions	-227 998	-168 423	-775 168
Receipts in internal funding	0	805 000	2 205 000
Disbursements in internal funding	-150 000	-200 000	-3 210 000
Net payment of interest on internal funding	-7 297	-12 652	-67 524
Payment on group contribution	-19 927	-19 728	-19 728
Net cash flows from financing activities	-629 486	-916 495	-2 274 481
Net cash flow during the period	-118 510	-284 858	9 672
Cash and cash equivalents at the start of the period	535 356	525 685	525 685
Cash and cash equivalents at the end of the period	416 847	240 827	535 356
Net receipts/disbursements	-118 510	-284 858	9 672

Notes to the financial statement

KLP Kommunekreditt AS

Note 1 **General information**

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

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

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

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

Note 2 **Accounting principles**

The interim report includes the interim Financial Statements of KLP Kommunekreditt AS for the period 1 January 2023 – 31 March 2024, with a specification of the results in the Q1.

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	Q1 2024	Q1 2023	01.01.2023 -31.12.2023
Interest income on loans to customers	245 095	179 181	873 796
Interest income on loans to credit institutions	4 560	3 140	18 079
Total interest income, effective interest method	249 655	182 321	891 875
Interest income on bonds and certificates	19 277	22 354	77 406
Other interest income	36 695	30 640	131 708
Total other interest income	55 972	52 994	209 113
Total interest income	305 628	235 315	1 100 988
Interest expenses on debt from KLP Banken AS	-6 937	-13 166	-66 549
Interest expenses on issued securities	-238 723	-172 713	-813 073
Total interest expenses, effective interest method	-245 660	-185 879	-879 623
Other interest expenses	-30 886	-24 090	-107 746
Total other interest expenses	-30 886	-24 090	-107 746
Total interest expenses	-276 546	-209 969	-987 369
Net interest income	29 082	25 347	113 619

Note 4 Loans to customers

NOK THOUSANDS	31.03.2024	31.03.2023	31.12.2023
Loans to customers before write-downs	18 633 701	19 329 809	18 895 059
Write-downs steps 1 and 2	-178	-186	-180
Loans to customers after write-downs	18 633 523	19 329 623	18 894 880
Accrued interest	200 401	145 622	192 899
Fair value hedging	-98 797	-91 175	-86 554
Loans to customers	18 735 127	19 384 070	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	31.03.2024		31.03.2023		31.12.2023	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS						
Fixed-income securities	1 537 968	1 537 968	2 057 757	2 057 757	1 500 050	1 500 050
Financial derivatives	109 167	109 167	146 857	146 857	108 137	108 137
Total financial assets at fair value through profit and loss	1 647 134	1 647 134	2 204 614	2 204 614	1 608 187	1 608 187
FINANCIAL ASSETS FAIR VALUE HEDGING						
Lending to Norwegian municipalities	1 723 865	1 734 164	1 642 496	1 649 751	1 584 628	1 578 296
Total financial assets fair value hedging	1 723 865	1 734 164	1 642 496	1 649 751	1 584 628	1 578 296
FINANCIAL ASSETS AT AMORTIZED COST						
Loans to and receivables from credit institutions	429 141	429 141	250 723	250 723	568 248	568 248
Lending to Norwegian municipalities	17 011 262	17 011 262	17 741 574	17 741 574	17 416 597	17 416 597
Total financial assets at amortized cost	17 440 404	17 440 404	17 992 298	17 992 298	17 984 845	17 984 845
Total financial assets	20 811 403	20 821 701	21 839 407	21 846 663	21 177 661	21 171 328
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS						
Financial derivatives	24 262	24 262	21 228	21 228	23 233	23 233
Total financial liabilities at fair value through profit and loss	24 262	24 262	21 228	21 228	23 233	23 233
FINANCIAL LIABILITIES FAIR VALUE HEDGING						
Covered bonds issued	1 701 411	1 709 072	1 747 747	1 750 746	1 713 024	1 722 804
Total financial liabilities fair value hedging	1 701 411	1 709 072	1 747 747	1 750 746	1 713 024	1 722 804
FINANCIAL LIABILITIES AT AMORTIZED COST						
Liabilities to credit institutions	551 210	551 210	2 313 058	2 313 058	701 570	701 570
Covered bonds issued	17 461 394	17 514 544	16 726 637	16 707 564	17 677 781	17 707 656
Total financial liabilities at amortized cost	18 012 604	18 065 755	19 039 695	19 020 622	18 379 351	18 409 226
Total financial liabilities	19 738 277	19 799 089	20 808 670	20 792 596	20 115 608	20 155 262

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

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

Fixed-income securities - government

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

Fixed-income securities - other than government

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

Financial derivatives

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

Fair value of loans to Norwegian local administrations

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

Fair value of loans to and receivables from credit institutions

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

Fair value of liabilities to credit institutions

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

Liabilities created on issuance of covered bonds

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

Note 6 Fair value hierarchy

31.03.2024 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	99 096	1 438 872	0	1 537 968
Financial derivatives	0	109 167	0	109 167
Total assets at fair value	99 096	1 548 038	0	1 647 134
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives (liabilities)	0	24 262	0	24 262
Total financial liabilities at fair value	0	24 262	0	24 262

31.03.2023 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Fixed-income securities	99 362	1 958 395	0	2 057 757
Financial derivatives	0	146 857	0	146 857
Total assets at fair value	99 362	2 105 252	0	2 204 614
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives (liabilities)	0	21 228	0	21 228
Total financial liabilities at fair value	0	21 228	0	21 228

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

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

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

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

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

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

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

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

NOK THOUSANDS	31.03.2024	31.03.2023	31.12.2023
Bond debt, nominal amount	21 700 000	20 700 000	21 700 000
Adjustments	-37 680	13 500	-8 726
Accrued interest	158 484	108 884	146 531
Own holdings, nominal amount	-2 658 000	-2 348 000	-2 447 000
Total debt securities issued	19 162 805	18 474 384	19 390 805
Interest rate on borrowings through the issuance of securities on the reporting date:	5.08 %	3.59 %	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 31.03.2024
Bond debt, nominal amount	21 700 000	0	0	0	21 700 000
Adjustments	-8 726	0	0	-28 953	-37 680
Accrued interest	146 531	0	0	11 953	158 484
Own holdings, nominal amount	-2 447 000	0	-211 000	0	-2 658 000
Total debt securities issued	19 390 805	0	-211 000	-17 000	19 162 805

Note 8 Over-collateralisation

NOK THOUSANDS	31.03.2024	31.03.2023	31.12.2023
SECURITY POOL			
Loans to customers	18 739 365	19 391 622	19 006 509
Financial derivatives (net)	84 932	125 662	84 952
Additional collateral ¹	4 287 499	4 298 845	4 196 638
Total security pool	23 111 796	23 816 129	23 288 100
Outstanding covered bonds incl. own funds and premium/discount	21 897 990	20 818 662	21 894 289
Coverage of the security pool	105.5 %	114.4 %	106.4 %

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

31.03.2024 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2025	550 000	1 210	551 210
Total liabilities to credit institutions		550 000	1 210	551 210

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

4.66 %

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

31.03.2023 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	16.12.2024	75 000	115	75 115
Debt to KLP Banken AS	16.12.2024	1 505 000	2 317	1 507 317
Debt to KLP Banken AS	16.12.2024	150 000	231	150 231
Debt to KLP Banken AS	16.12.2024	400 000	362	400 362
Debt to KLP Banken AS	16.12.2024	180 000	33	180 033
Total liabilities to credit institutions		2 310 000	3 058	2 313 058

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

3.26 %

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

31.03.2024 NOK THOUSANDS				Related sums that are not presented net		
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Net recognised value
ASSETS						
Financial derivatives	109 167	0	109 167	-24 262	0	84 905
Total	109 167	0	109 167	-24 262	0	84 905
LIABILITIES						
Financial derivatives	24 262	0	24 262	-24 262	0	0
Total	24 262	0	24 262	-24 262	0	0

31.03.2023 NOK THOUSANDS				Related sums that are not presented net		
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Net recognised value
ASSETS						
Financial derivatives	146 857	0	146 857	-21 228	0	125 629
Total	146 857	0	146 857	-21 228	0	125 629
LIABILITIES						
Financial derivatives	21 228	0	21 228	-21 228	0	0
Total	21 228	0	21 228	-21 228	0	0

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

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

Note 11 Transactions with related parties

NOK THOUSANDS	Q1 2024	Q1 2023	01.01.2023 -31.12.2023
KLP Banken AS, interest on borrowing	-6 937	-13 166	-66 549
KLP Banken AS, interest on deposits	2 561	1 707	8 646
KLP Banken AS, administrative services (at cost)	-3 841	-3 366	-13 966
KLP Kapitalforvaltning AS, fees for services provided	0	0	-77

NOK THOUSANDS	31.03.2024	31.03.2023	31.12.2023
BALANCES			
KLP Banken AS, debt to credit institutions	-551 210	-2 313 058	-701 570
KLP Banken AS, deposit	216 439	206 939	213 878
KLP Banken AS, loan settlement	2 564	635	10 618
Net outstanding accounts to:			
KLP Banken AS	-1 058	-1 128	-1 627
KLP Kapitalforvaltning AS	0	0	-77

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

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

Note 12 Other assets

NOK THOUSANDS	31.03.2024	31.03.2023	31.12.2023
Intercompany receivables	2 564	635	10 618
Prepaid expenses	2 369	2 598	0
Miscellaneous receivables	0	598	0
Total other assets	4 934	3 831	10 618

Note 13 Other liabilities and provision for accrued costs

NOK THOUSANDS	31.03.2024	31.03.2023	31.12.2023
Creditors	159	97	113
Intercompany payables	1 058	1 128	1 704
Short-term balances with credit institutions	79 000	112 400	80 000
Other liabilities	21 112	4 796	0
Total other liabilities	101 329	118 421	81 817
VAT	0	0	21
Total accrued costs and liabilities	0	0	21

Note 14 Capital adequacy

NOK THOUSANDS	31.03.2024	31.03.2023	31.12.2023
Share capital and share premium fund	755 000	755 000	755 000
Other owners' equity	194 284	125 374	214 212
Total owners' equity	949 284	880 374	969 212
Adjustments due to requirements for proper valuation	-1 538	-2 058	-1 500
Core capital/Tier 1 capital	947 747	878 316	967 712
Supplementary capital/Tier 2 capital	0	0	0
Supplementary capital/Tier 2 capital	0	0	0
Total eligible own funds (Tier 1 and Tier 2 capital)	947 747	878 316	967 712
Capital requirement	332 930	345 177	340 885
Surplus of own funds (Tier 1 and Tier 2 capital)	614 817	533 139	626 827
ESTIMATE BASIS CREDIT RISK:			
Institutions	94 739	79 643	137 401
Local and regional authorities	3 780 803	3 954 270	3 846 618
Covered bonds	127 231	157 111	120 454
Other items	2 369	2 598	0
Calculation basis credit risk	4 005 143	4 193 623	4 104 472
Credit risk	320 411	335 490	328 358
Operating risk	12 335	9 432	12 335
Credit valuation adjustment (CVA)	183	256	192
Total capital requirement assets	332 930	345 177	340 885
Core capital adequacy ratio	22.8 %	20.4 %	22.7 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
Capital adequacy ratio	22.8 %	20.4 %	22.7 %
Leverage ratio	4.6 %	4.0 %	4.6 %

CAPITAL REQUIREMENT PER 31.03.2024	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	31.03.2024		31.03.2023		31.12.2023	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	98 946	99 096	188 259	191 816	0	0
Bonds	1 435 277	1 438 872	1 868 397	1 865 940	1 498 025	1 500 050
Total fixed-income securities	1 534 223	1 537 968	2 056 656	2 057 757	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	31.03.2024	31.03.2023	31.12.2023
Loan commitment	39 734	22 650	70 850
Total contingent liabilities	39 734	22 650	70 850

Note 17 Net gain/(loss) on financial instruments

NOK THOUSANDS	Q1 2024	Q1 2023	01.01.2023 -31.12.2023
Net gain/(loss) on fixed-income securities	2 915	-1 688	3 763
Net gain/(loss) financial derivatives and realized amortization linked to lending	0	0	-46
Net gain/(loss) financial derivatives and realized repurchase of own debt	-135	-841	-6 020
Total net gain/(loss) on financial instruments	2 780	-2 529	-2 304

Note 18 **Loan loss provision**

Changes in provisions for expected losses in first quarter 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 first 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	-2	0	0	-2
New losses	1	0	0	1
Write-offs	-2	0	0	-2
Closing balance ECL 31.03.2024	178	0	0	178
Changes (01.01.2024-31.03.2024)	-2	0	0	-2

NOK THOUSANDS	12-month ECL stage 1	Lifetime ECL not credit impaired stage 2	Lifetime ECL credit impaired stage 3	Total
VALUE OF LENDING AND RECEIVABLES FOR CUSTOMERS RECOGNISED IN THE BALANCE SHEET - PUBLIC LENDING				
Lending 01.01.2024	19 087 959	0	0	19 087 959
Transfers to stage 1	0	0	0	0
Transfers to stage 2	0	0	0	0
Transfers to stage 3	0	0	0	0
Net changes	-184 309	0	0	-184 309
New lending	101 773	0	0	101 773
Write-offs	-171 321	0	0	-171 321
Lending 31.03.2024	18 834 102	0	0	18 834 102

Quarterly earnings trend

NOK MILLIONS	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Interest income	305.6	313.9	296.4	255.4	235.3
Interest expense	-276.5	-285.4	-263.1	-229.0	-210.0
Net interest income	29.1	28.5	33.3	26.5	25.3
Net gain/(loss) financial instruments	2.8	1.9	1.5	-3.2	-2.5
Total net gain/(loss) on financial instruments	2.8	1.9	1.5	-3.2	-2.5
Other operating expenses	-5.2	-6.1	-6.0	-5.7	-5.0
Total operating expenses	-5.2	-6.1	-6.0	-5.7	-5.0
Operating profit/loss before tax	26.6	24.4	28.8	17.6	17.8
Tax ordinary income	-0.9	-5.4	-6.3	-3.9	15.8
Profit for the period	25.7	19.0	22.5	13.7	33.6

Key figures - accumulated

NOK MILLIONS	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Pre-tax income	26.6	88.6	64.2	35.4	17.8
Net interest income	29.1	113.6	85.1	51.8	25.3
Other operating income	0.0	0.0	0.0	0.0	0.0
Other operating cost	-5.2	-22.7	-16.7	-10.7	-5.0
Net gain/(loss) financial instruments	2.8	-2.3	-4.2	-5.7	-2.5
Lending with public sector guarantee	18 735.1	19 001.2	19 370.6	19 449.1	19 384.1
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	19 162.8	19 390.8	19 412.9	18 555.2	18 474.4
Other borrowing	551.2	701.6	1 107.2	2 309.0	2 313.1
Total assets	20 816.3	21 188.3	21 633.7	21 948.7	21 843.2
Average total assets	21 002.3	21 868.2	22 090.8	22 248.4	22 195.6
Equity	975.0	969.2	950.2	927.7	914.0
Interest net	0.14 %	0.52 %	0.39 %	0.23 %	0.11 %
Profit/loss from ordinary operation before taxes	0.13 %	0.41 %	0.29 %	0.16 %	0.08 %
Return on equity	10.99 %	9.84 %	9.52 %	7.87 %	7.93 %
Capital adequacy ratio	22.8 %	22.7 %	20.4 %	20.2 %	20.4 %
Liquidity coverage ratio (LCR)	975 %	925 %	1 034 %	2 158 %	2 827 %

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