

# Q2 Interim Report 2025

KLP Kommunekreditt AS

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# KLP Kommunekreditt AS

Q2 2025

## Interim Financial Statements 2/2025

Main features by second quarter end:

- Increased lending volume
- Stable P&L development
- No confirmed lending losses

### Objective

The Company's objective is financing KLP Banken's loans to municipalities, county administrations and enterprises carrying out public sector assignments. Loans to companies must be guaranteed by municipalities, county administrations or the central government under the Norwegian Local Government Act. Guarantees must be unconditional and cover both principal and interest. The lending activities are primarily financed through the issuance of covered bonds.

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

### Income statement

The operating profit before tax for the second quarter was NOK 21.0 (18.6)<sup>1</sup> million. Year-to-date, profit before tax is NOK 45.2 (45.3) million. The change in profit is mainly due to positive effects from value changes in financial instruments offsetting the decline in net interest income.

Net interest income for the second quarter was NOK 48.4 (56.9) million. The change is primarily related to lower average lending margins in the first half of the year.

Net effects from financial instruments for the second quarter amounted to NOK 5.9 (-2.2) million. This mainly includes value changes in the company's liquidity placements and effects from buybacks of its own issued debt. Realized and unrealized value changes in the company's liquidity placements have contributed NOK 6.0 (5.4) million to the result so far this year. Accounting losses from buybacks of own debt total NOK -0.1 (-7.4) million so far this year.

Operating expenses for the first half of the year were NOK -9.1 (-9.5) million. The company has had no loan losses and maintains very low loss provisions.

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<sup>1</sup> Figures in parenthesis refer to the corresponding period last year.

## **Lending and total assets**

As of June 30, 2025, the company's loans to customers amounted to NOK 19.8 (18.3) billion. So far this year, net loan growth has been NOK 1.1 billion (6 percent). Borrowers include municipalities, county authorities, and companies with municipal guarantees. Total assets amounted to NOK 22.3 (20.7) billion.

## **Liquidity investments**

The cover pool related to the company's funding 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 include certificates and bonds with very high credit quality, primarily covered bonds. As of June 30, 2025, the market value of the company's interest-bearing securities was NOK 1.6 (1.8) billion.

## **Funding**

The company's financing consists of covered bonds (OMF) and loans from KLP Banken AS. At the end of the quarter, intra-group debt amounted to NOK 2.1 (0.7) billion. Outstanding covered bond debt was NOK 19.1 (18.8) billion. No new covered bonds have been issued so far in 2025. Net buybacks and sales from own holdings of previous issuances amounted to NOK -1.9 (-1.5) billion as of the second 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, procedures, and instructions. The company is to maintain a conservative risk profile, and earnings should primarily result from lending and deposit activities as well as liquidity management. This implies that the company should have low market risk. Interest rate risk arising from lending and borrowing activities is reduced by derivatives. The company must maintain sufficient long-term funding within established limits. The credit risk is very low, as lending is limited to loans with municipal risk. Liquidity is placed in banks with high credit quality requirements and in securities in accordance with board-approved credit lines.

Core capital in accordance with capital adequacy regulations at the end of the second quarter of 2025 was NOK 1,010.3 (947.5) million. Loans to municipalities and county authorities are risk-weighted at 20 percent according to regulatory capital adequacy rules. KLP Kommunekreditt AS had a core capital ratio and total capital ratio of 22.2 (23.0) percent as of the second quarter. The minimum requirement for total capital adequacy is 17.5 percent. The leverage ratio was 4.5 (4.6) percent, with a requirement of 3.0 percent.

## **Outlook**

KLP Kommunekreditt AS is the only credit institution in Norway that issues covered bonds secured by loans to the public sector. Together with KLP, the company contributes to competition in the public lending market, thereby ensuring that the public sector has access to long-term financing on favorable terms. The overall growth in recent years demonstrates a solid market position.

High credit quality in the loan portfolios is intended to help KLP Kommunekreditt AS achieve favorable funding terms. Government regulation of banks and financial institutions requires compliance with a range of capital and liquidity requirements. This necessitates ongoing earnings that enable the company to meet such requirements.

The market for municipal sector loans continues to grow, and a large share of borrowing is financed through the securities market rather than through financial institutions. KLP Kommunekreditt AS is well capitalized and has an advantage as a stable and long-term lender in a low-risk market. The general development of the financial markets will determine the extent to which KLP Kommunekreditt AS can finance its lending activities on terms that provide sufficient profitability for continued growth.

Norwegian municipalities have developed a strong and comprehensive range of services for the population. Increased life expectancy, demographic trends, income development, and climate risk suggest a continued high level of investment in the public sector in the coming years. Higher costs due to increased interest rates do not appear to have reduced lending growth compared to recent years. In its annual budget survey, KS (the Norwegian Association of Local and Regional Authorities) indicates that investment and borrowing levels are expected to remain high going forward. Demand for loans to projects that support climate adaptation is also likely to continue increasing in the years ahead.

The Board assumes that there will continue to be a significant need for long-term and stable financing for public borrowers. KLP Kommunekreditt AS and KLP together aim to be a key provider of loans for public investment purposes.

**Trondheim, 14 August 2025**

**AAGE E. SCHAANNING**

Chair

**JANICKE E. FALKENBERG**

**INGER HEGNA**

**JONAS V. KÅRSTAD**

**CARL STEINAR LOUS**

Managing Director

## **Statement pursuant to section § 5-6 of the securities trading act**

KLP Kommunekreditt AS

We hereby confirm that the half yearly financial statement for the company for the period 1 January through 30 June 2025 to the best of our knowledge have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company taken as a whole.

To the best of our knowledge, the half-yearly report gives a true and fair overview of important events that occurred during the accounting period and their impact on the half-yearly financial statement, and a description of the principal risks and uncertainties facing the company over the next accounting period.

**Trondheim, 14 August 2025**

**AAGE E. SCHAANNING**

Chair

**JANICKE E. FALKENBERG**

**INGER HEGNA**

**JONAS V. KÅRSTAD**

**CARL STEINAR LOUS**

Managing Director

## Income statement

KLP Kommunekreditt AS

NOTE	NOK THOUSANDS	Q2 2025	Q2 2024	01.01.2025 -30.06.2025	01.01.2024 -30.06.2024	01.01.2024 -31.12.2024
	Interest income, effective interest method	263 514	247 152	509 386	496 808	984 871
	Other interest income	64 277	58 356	146 826	114 328	269 668
3	<b>Total interest income</b>	<b>327 791</b>	<b>305 508</b>	<b>656 212</b>	<b>611 136</b>	<b>1 254 539</b>
	Interest expense, effective interest method	-272 259	-246 234	-540 979	-491 894	-1 017 952
	Other interest expenses	-32 932	-31 434	-66 844	-62 320	-128 028
3	<b>Total interest costs</b>	<b>-305 191</b>	<b>-277 668</b>	<b>-607 823</b>	<b>-554 214</b>	<b>-1 145 980</b>
3	<b>Net interest income</b>	<b>22 600</b>	<b>27 840</b>	<b>48 389</b>	<b>56 922</b>	<b>108 559</b>
17	Net gain/(loss) on financial instruments	2 659	-4 967	5 886	-2 187	-10 448
	<b>Total net gain/(loss) on financial instruments</b>	<b>2 659</b>	<b>-4 967</b>	<b>5 886</b>	<b>-2 187</b>	<b>-10 448</b>
	Other operating expenses	-4 241	-4 234	-9 090	-9 470	-21 157
18	Net loan losses	-3	4	-10	6	3
	<b>Total operating expenses</b>	<b>-4 244</b>	<b>-4 230</b>	<b>-9 100</b>	<b>-9 464</b>	<b>-21 155</b>
	<b>Operating profit/loss before tax</b>	<b>21 016</b>	<b>18 643</b>	<b>45 176</b>	<b>45 271</b>	<b>76 956</b>
	Tax ordinary income	-293	880	-1 278	4	2 997
	<b>Profit for the period</b>	<b>20 723</b>	<b>19 524</b>	<b>43 897</b>	<b>45 275</b>	<b>79 953</b>
	<b>Other income and expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Comprehensive income for the period</b>	<b>20 723</b>	<b>19 524</b>	<b>43 897</b>	<b>45 275</b>	<b>79 953</b>



## Balance

### KLP Kommunekreditt AS

NOTE	NOK THOUSANDS	30.06.2025	30.06.2024	31.12.2024
<b>ASSETS</b>				
5	Loans to credit institutions	902 878	524 067	705 779
4,5	Loans to customers	19 750 613	18 310 780	18 687 981
5,6,15	Fixed-income securities	1 592 898	1 760 279	3 587 455
5,6	Financial derivatives	80 779	113 351	83 757
12	Other assets	18 696	12 529	2 025
	<b>Total assets</b>	<b>22 345 864</b>	<b>20 721 007</b>	<b>23 066 996</b>
<b>LIABILITIES AND OWNERS EQUITY</b>				
<b>LIABILITIES</b>				
5,9	Debt to credit institutions	2 054 015	751 377	951 824
5,7	Debt securities issued	19 124 023	18 832 822	20 976 533
5,6	Financial derivatives	23 747	32 249	38 057
	Deferred tax liabilities	1 304	1 695	18 625
13	Other liabilities	86 962	108 239	52 720
13	Provision for accrued costs and liabilities	0	66	0
	<b>Total liabilities</b>	<b>21 290 050</b>	<b>19 726 448</b>	<b>22 037 759</b>
<b>EQUITY</b>				
	Share capital	391 500	391 500	391 500
	Share premium	363 500	363 500	363 500
	Other accrued equity	256 917	194 284	274 237
	Unallocated profit/loss	43 897	45 275	0
	<b>Total owners' equity</b>	<b>1 055 814</b>	<b>994 559</b>	<b>1 029 237</b>
	<b>Total liabilities and equity</b>	<b>22 345 864</b>	<b>20 721 007</b>	<b>23 066 996</b>

## Statement of changes in equity

### KLP Kommunekreditt AS

2025 NOK THOUSANDS	Share capital	Share premium	Other accrued equity	Total owners' equity
Equity 1 January 2025	391 500	363 500	274 237	1 029 237
Profit for the period	0	0	43 897	43 897
Other income and expenses	0	0	0	0
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>43 897</b>	<b>43 897</b>
Group contribution received	0	0	61 410	61 410
Group contribution made	0	0	-78 731	-78 731
<b>Total transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>-17 321</b>	<b>-17 321</b>
<b>Equity 30 June 2025</b>	<b>391 500</b>	<b>363 500</b>	<b>300 814</b>	<b>1 055 814</b>

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
Profit for the period	0	0	45 275	45 275
Other income and expenses	0	0	0	0
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>45 275</b>	<b>45 275</b>
Group contribution received	0	0	70 651	70 651
Group contribution made	0	0	-90 578	-90 578
<b>Total transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>-19 927</b>	<b>-19 927</b>
<b>Equity 30 June 2024</b>	<b>391 500</b>	<b>363 500</b>	<b>239 559</b>	<b>994 559</b>

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
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>79 953</b>	<b>79 953</b>
Group contribution received	0	0	70 651	70 651
Group contribution made	0	0	-90 578	-90 578
<b>Total transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>-19 927</b>	<b>-19 927</b>
<b>Equity 31 December 2024</b>	<b>391 500</b>	<b>363 500</b>	<b>274 237</b>	<b>1 029 237</b>

## Statement of cash flow

### KLP Kommunekreditt AS

NOK THOUSANDS	01.01.2025 -30.06.2025	01.01.2024 -30.06.2024	01.01.2024 -31.12.2024
<b>OPERATIONAL ACTIVITIES</b>			
Payments received from customers - interest	481 645	505 280	978 918
Payments made on issuance of loans to customers	-1 706 648	-256 922	-2 062 280
Receipts related to repayment and redemption of loans to customers	675 373	926 277	2 393 715
Receipts on loans from credit institutions	0	3 000 000	6 250 000
Repayments and redemption of securities debt	-4 000 000	-5 000 000	-5 000 000
Change in securities debt, own funds	2 099 893	1 424 412	333 063
Net payment of interest on loans credit institutions	-494 891	-446 237	-951 937
Receipts in internal funding	1 300 000	350 000	1 500 000
Disbursements in internal funding	-200 000	-300 000	-1 250 000
Net payment of interest on internal funding	-34 893	-16 891	-33 070
Payments on the purchase of securities	-602 163	-856 909	-3 520 132
Receipts on sale of securities	2 588 424	603 316	1 449 349
Receipts of interest from securities	78 565	37 267	101 362
Disbursements on operations	-10 983	-12 293	-21 719
Net receipts/disbursements from operating activities	20 795	32 618	-12 032
Interest from credit institutions	12 350	7 781	23 675
<b>Net cash flow from operating activities</b>	<b>207 468</b>	<b>-2 302</b>	<b>178 912</b>
<b>INVESTMENT ACTIVITIES</b>			
<b>Net cash flow from investment activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FINANCING ACTIVITIES</b>			
Payment on group contribution	-17 321	-19 927	-19 927
<b>Net cash flows from financing activities</b>	<b>-17 321</b>	<b>-19 927</b>	<b>-19 927</b>
<b>Net cash flow during the period</b>	<b>190 147</b>	<b>-22 229</b>	<b>158 985</b>
Cash and cash equivalents at the start of the period	694 341	535 356	535 356
Cash and cash equivalents at the end of the period	884 488	513 127	694 341
<b>Net receipts/disbursements</b>	<b>190 147</b>	<b>-22 229</b>	<b>158 985</b>
<b>Liquidity holdings comprise:</b>			
Deposits with and receivables from banks with no agreed term	884 488	513 127	694 341
<b>Total liquidity holdings at the end of the reporting period</b>	<b>884 488</b>	<b>513 127</b>	<b>694 341</b>
<b>Total interest received</b>	<b>572 560</b>	<b>550 328</b>	<b>1 103 956</b>
<b>Total interest paid</b>	<b>-529 784</b>	<b>-463 128</b>	<b>-985 007</b>

## 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 2025 – 30 June 2025.

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 2024 please see the annual report for further information.

### Note 3 Net interest income

NOK THOUSANDS	Q2 2025	Q2 2024	01.01.2025 -30.06.2025	01.01.2024 -30.06.2024	01.01.2024 -31.12.2024
Interest income on loans to customers	249 836	240 736	489 924	485 832	961 196
Interest income on loans to credit institutions	13 678	6 416	19 462	10 976	23 675
<b>Total interest income, effective interest method</b>	<b>263 514</b>	<b>247 152</b>	<b>509 386</b>	<b>496 808</b>	<b>984 871</b>
Interest income on fixed-income securities	27 520	20 669	70 940	39 946	116 937
Other interest income	36 757	37 687	75 887	74 382	152 731
<b>Total other interest income</b>	<b>64 277</b>	<b>58 356</b>	<b>146 826</b>	<b>114 328</b>	<b>269 668</b>
<b>Total interest income</b>	<b>327 791</b>	<b>305 508</b>	<b>656 212</b>	<b>611 136</b>	<b>1 254 539</b>
Interest expenses on debt from KLP Banken AS	-23 503	-9 760	-37 083	-16 697	-33 323
Interest expenses on issued securities	-248 756	-236 474	-503 896	-475 196	-984 629
<b>Total interest expenses, effective interest method</b>	<b>-272 259</b>	<b>-246 234</b>	<b>-540 979</b>	<b>-491 894</b>	<b>-1 017 952</b>
Other interest expenses	-32 932	-31 434	-66 844	-62 320	-128 028
<b>Total other interest expenses</b>	<b>-32 932</b>	<b>-31 434</b>	<b>-66 844</b>	<b>-62 320</b>	<b>-128 028</b>
<b>Total interest expenses</b>	<b>-305 191</b>	<b>-277 668</b>	<b>-607 823</b>	<b>-554 214</b>	<b>-1 145 980</b>
<b>Net interest income</b>	<b>22 600</b>	<b>27 840</b>	<b>48 389</b>	<b>56 922</b>	<b>108 559</b>

### Note 4 Loans to customers

NOK THOUSANDS	30.06.2025	30.06.2024	31.12.2024
Principal on lending	19 617 201	18 230 872	18 594 965
Write-downs	-187	-174	-177
Accrued interest	183 456	173 451	175 177
Fair value hedging	-49 857	-93 369	-81 984
<b>Loans to and receivables from customers</b>	<b>19 750 613</b>	<b>18 310 780</b>	<b>18 687 981</b>

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

## Note 5 Categories of financial instruments

NOK THOUSANDS	30.06.2025		30.06.2024		31.12.2024	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>						
Fixed-income securities	1 592 898	1 592 898	1 760 279	1 760 279	3 587 455	3 587 455
Financial derivatives	80 779	80 779	113 351	113 351	83 757	83 757
<b>Total financial assets at fair value through profit and loss</b>	<b>1 673 677</b>	<b>1 673 677</b>	<b>1 873 630</b>	<b>1 873 630</b>	<b>3 671 212</b>	<b>3 671 212</b>
<b>FINANCIAL ASSETS FAIR VALUE HEDGING AT AMORTIZED COST</b>						
Lending to Norwegian municipalities	1 894 693	1 895 919	1 715 131	1 727 651	1 921 836	1 936 594
<b>Total financial assets fair value hedging at amortized cost</b>	<b>1 894 693</b>	<b>1 895 919</b>	<b>1 715 131</b>	<b>1 727 651</b>	<b>1 921 836</b>	<b>1 936 594</b>
<b>FINANCIAL ASSETS AT AMORTIZED COST</b>						
Loans to and receivables from credit institutions	902 878	902 878	524 067	524 067	705 779	705 779
Lending to Norwegian municipalities	17 855 920	17 855 920	16 595 649	16 595 649	16 766 145	16 766 145
<b>Total financial assets at amortized cost</b>	<b>18 758 797</b>	<b>18 758 797</b>	<b>17 119 716</b>	<b>17 119 716</b>	<b>17 471 924</b>	<b>17 471 924</b>
<b>Total financial assets</b>	<b>22 327 168</b>	<b>22 328 393</b>	<b>20 708 478</b>	<b>20 720 998</b>	<b>23 064 972</b>	<b>23 079 730</b>
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS</b>						
Financial derivatives	23 747	23 747	32 249	32 249	38 057	38 057
<b>Total financial liabilities at fair value through profit and loss</b>	<b>23 747</b>	<b>23 747</b>	<b>32 249</b>	<b>32 249</b>	<b>38 057</b>	<b>38 057</b>
<b>FINANCIAL LIABILITIES FAIR VALUE AT HEDGING AMORTIZED COST</b>						
Covered bonds issued	1 723 971	1 739 921	1 702 310	1 714 791	1 679 351	1 691 807
<b>Total financial liabilities fair value hedging amortized cost</b>	<b>1 723 971</b>	<b>1 739 921</b>	<b>1 702 310</b>	<b>1 714 791</b>	<b>1 679 351</b>	<b>1 691 807</b>
<b>FINANCIAL LIABILITIES AT AMORTIZED COST</b>						
Liabilities to credit institutions	2 054 015	2 054 015	751 377	751 377	951 824	951 824
Covered bonds issued	17 400 052	17 473 824	17 130 513	17 200 401	19 297 182	19 343 808
<b>Total financial liabilities at amortized cost</b>	<b>19 454 067</b>	<b>19 527 838</b>	<b>17 881 889</b>	<b>17 951 777</b>	<b>20 249 006</b>	<b>20 295 632</b>
<b>Total financial liabilities</b>	<b>21 201 784</b>	<b>21 291 506</b>	<b>19 616 448</b>	<b>19 698 818</b>	<b>21 966 414</b>	<b>22 025 497</b>

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

30.06.2025 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
Fixed-income securities	128 913	1 463 985	0	1 592 898
Financial derivatives	0	80 779	0	80 779
<b>Total assets at fair value</b>	<b>128 913</b>	<b>1 544 764</b>	<b>0</b>	<b>1 673 677</b>
<b>LIABILITIES BOOKED AT FAIR VALUE</b>				
Financial derivatives (liabilities)	0	23 747	0	23 747
<b>Total financial liabilities at fair value</b>	<b>0</b>	<b>23 747</b>	<b>0</b>	<b>23 747</b>

  

30.06.2024 NOK THOUSANDS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
Fixed-income securities	99 079	1 661 200	0	1 760 279
Financial derivatives	0	113 351	0	113 351
<b>Total assets at fair value</b>	<b>99 079</b>	<b>1 774 551</b>	<b>0</b>	<b>1 873 630</b>
<b>LIABILITIES BOOKED AT FAIR VALUE</b>				
Financial derivatives (liabilities)	0	32 249	0	32 249
<b>Total financial liabilities at fair value</b>	<b>0</b>	<b>32 249</b>	<b>0</b>	<b>32 249</b>

  

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

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

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

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

Note 5 discloses the fair value of financial assets and financial liabilities that are recognized at amortized cost and according to the rules on hedge accounting. Financial assets measured at amortized cost and hedge accounting comprise lending to and due to credit institutions, Norwegian municipalities and retail



customers. The stated fair value of these assets is determined on terms qualifying for Level 2. Financial liabilities recognized at amortized cost and hedge accounting consist of debt securities issued. The stated fair value of these liabilities is determined by methods qualifying for Level 2.

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

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

NOK THOUSANDS	30.06.2025	30.06.2024	31.12.2024
Bond debt, nominal amount	18 950 000	19 700 000	22 950 000
Adjustments	-18 501	-45 387	-42 953
Accrued interest	192 524	178 209	183 486
Own holdings, nominal amount	0	-1 000 000	-2 114 000
<b>Total debt securities issued</b>	<b>19 124 023</b>	<b>18 832 822</b>	<b>20 976 533</b>
Interest rate on borrowings through the issuance of securities on the reporting date:	5.03%	5.13%	5.10%

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 31.12.2024	Issued	Matured/ redeemed	Other adjustments	Balance sheet 30.06.2025
Bond debt, nominal amount	22 950 000	0	-4 000 000	0	18 950 000
Adjustments	-42 953	0	0	24 452	-18 501
Accrued interest	183 486	0	0	9 038	192 524
Own holdings, nominal amount	-2 114 000	0	2 114 000	0	0
<b>Total debt securities issued</b>	<b>20 976 533</b>	<b>0</b>	<b>-1 886 000</b>	<b>33 490</b>	<b>19 124 023</b>

## Note 8 Over-collateralisation

NOK THOUSANDS	30.06.2025	30.06.2024	31.12.2024
SECURITY POOL			
Loans to customers	19 752 025	18 323 474	18 715 951
Financial derivatives (net)	56 984	81 026	45 704
Additional collateral <sup>1</sup>	1 760 406	2 933 148	5 886 869
<b>Total security pool</b>	<b>21 569 415</b>	<b>21 337 648</b>	<b>24 648 525</b>
Outstanding covered bonds incl. own funds and premium/discount	19 213 745	19 921 164	23 158 712
<b>Coverage of the security pool</b>	<b>112.3%</b>	<b>107.1%</b>	<b>106.4 %</b>

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

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

## Note 9 Liabilities to credit institutions

30.06.2025 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2026	400 000	783	400 783
Debt to KLP Banken AS	15.12.2026	500 000	979	500 979
Debt to KLP Banken AS	15.12.2026	550 000	1 077	551 077
Debt to KLP Banken AS	15.12.2026	200 000	392	200 392
Debt to KLP Banken AS	15.12.2026	400 000	783	400 783
<b>Total liabilities to credit institutions</b>		<b>2 050 000</b>	<b>4 015</b>	<b>2 054 015</b>

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

4.70%

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

30.06.2024 NOK THOUSANDS				
	Due date	Nominal	Accrued interest	Book value
Debt to KLP Banken AS	15.12.2025	400 000	734	400 734
Debt to KLP Banken AS	15.12.2025	350 000	642	350 642
<b>Total liabilities to credit institutions</b>		<b>750 000</b>	<b>1 377</b>	<b>751 377</b>

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

4.72 %

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

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
<b>Total liabilities to credit institutions</b>		<b>950 000</b>	<b>1 824</b>	<b>951 824</b>

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.

## Note 10 Financial assets and liabilities subject to net settlement

30.06.2025 NOK THOUSANDS		Related sums that are not presented net		
	Gross financial assets/ liabilities	Financial instruments	Security in cash	Net recognised value
<b>ASSETS</b>				
Financial derivatives	80 779	-23 747	-67 148	5 621
<b>Total</b>	<b>80 779</b>	<b>-23 747</b>	<b>-67 148</b>	<b>5 621</b>
<b>LIABILITIES</b>				
Financial derivatives	23 747	-23 747	0	0
<b>Total</b>	<b>23 747</b>	<b>-23 747</b>	<b>0</b>	<b>0</b>

30.06.2024 NOK THOUSANDS		Related sums that are not presented net		
	Gross financial assets/ liabilities	Financial instruments	Security in cash	Net recognised value
<b>ASSETS</b>				
Financial derivatives	113 351	-32 249	-87 471	11 990
<b>Total</b>	<b>113 351</b>	<b>-32 249</b>	<b>-87 471</b>	<b>11 990</b>
<b>LIABILITIES</b>				
Financial derivatives	32 249	-32 249	0	0
<b>Total</b>	<b>32 249</b>	<b>-32 249</b>	<b>0</b>	<b>0</b>

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

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

TUSEN KRONER	30.06.2025	30.06.2024	31.12.2024
Interest incomes	5 176	5 157	10 499
Interest expenses	-37 083	-16 697	-33 323
Purchase of services	-6 572	-6 426	-12 991
Other receivables	16 558	10 950	1 571
Bank deposits	229 552	219 034	224 376
Borrowing	-2 054 015	-751 377	-951 824
Other debt	-592	-294	-1 134

All transactions are against KLP Banken AS.

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

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

## Note 12 Other assets

NOK THOUSANDS	30.06.2025	30.06.2024	31.12.2024
Intercompany receivables	16 558	10 950	1 571
Prepaid expenses	1 267	1 580	0
Miscellaneous receivables	871	0	454
<b>Total other assets</b>	<b>18 696</b>	<b>12 529</b>	<b>2 025</b>

## Note 13 Other liabilities and provision for accrued costs

NOK THOUSANDS	30.06.2025	30.06.2024	31.12.2024
Creditors	0	221	113
Intercompany payables	592	294	1 134
Short-term balances with credit institutions	66 900	87 800	46 513
Other liabilities	19 470	19 923	4 960
<b>Total other liabilities</b>	<b>86 962</b>	<b>108 239</b>	<b>52 720</b>
VAT	0	66	0
<b>Total accrued costs and liabilities</b>	<b>0</b>	<b>66</b>	<b>0</b>

## Note 14 Capital adequacy

NOK THOUSANDS	30.06.2025	30.06.2024	31.12.2024
Share capital and share premium fund	755 000	755 000	755 000
Other owners' equity	256 917	194 284	274 237
<b>Total owners' equity</b>	<b>1 011 917</b>	<b>949 284</b>	<b>1 029 237</b>
Adjustments due to requirements for proper valuation	-1 593	-1 760	-3 587
<b>Core capital/Tier 1 capital</b>	<b>1 010 324</b>	<b>947 524</b>	<b>1 025 650</b>
Supplementary capital/Tier 2 capital	0	0	0
<b>Supplementary capital/Tier 2 capital</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total eligible own funds (Tier 1 and Tier 2 capital)	1 010 324	947 524	1 025 650
Capital requirement	363 785	330 090	362 060
<b>Surplus of own funds (Tier 1 and Tier 2 capital)</b>	<b>646 538</b>	<b>617 434</b>	<b>663 590</b>
ESTIMATE BASIS CREDIT RISK:			
Institutions	190 838	114 866	148 935
Local and regional authorities	4 068 171	3 708 250	3 890 649
Covered bonds	102 576	145 223	272 571
Other items	2 138	1 580	454
<b>Calculation basis credit risk</b>	<b>4 363 723</b>	<b>3 969 919</b>	<b>4 312 609</b>
Credit risk	349 098	317 593	345 009
Operating risk	14 132	12 335	15 314
Credit valuation adjustment (CVA)	556	162	1 737
<b>Total capital requirement assets</b>	<b>363 785</b>	<b>330 090</b>	<b>362 060</b>
Core capital adequacy ratio	22.2 %	23.0 %	22.7 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
<b>Capital adequacy ratio</b>	<b>22.2 %</b>	<b>23.0 %</b>	<b>22.7 %</b>
<b>Leverage ratio</b>	<b>4.5 %</b>	<b>4.6 %</b>	<b>4.5 %</b>

CAPITAL REQUIREMENT PER 30.06.2025	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 %
<b>Current capital requirement incl. buffers</b>	<b>14.0 %</b>	<b>3.5 %</b>	<b>17.5 %</b>
<b>Capital requirement leverage ratio</b>	<b>3.0 %</b>	<b>0.0 %</b>	<b>3.0 %</b>

## Note 15 Fixed-income securities

NOK THOUSANDS	30.06.2025		30.06.2024		31.12.2024	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	128 649	128 913	98 941	99 079	98 925	99 103
Bonds	1 453 773	1 463 985	1 655 504	1 661 200	3 471 466	3 488 353
<b>Total fixed-income securities</b>	<b>1 582 423</b>	<b>1 592 898</b>	<b>1 754 445</b>	<b>1 760 279</b>	<b>3 570 391</b>	<b>3 587 455</b>

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

## Note 16 Contingent liabilities

NOK THOUSANDS	30.06.2025	30.06.2024	31.12.2024
Loan commitment	350 501	43 000	5 242
<b>Total contingent liabilities</b>	<b>350 501</b>	<b>43 000</b>	<b>5 242</b>

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

NOK THOUSANDS	Q2 2025	Q2 2024	01.01.2025 -30.06.2025	01.01.2024 -30.06.2024	01.01.2024 -31.12.2024
Net gain/(loss) on fixed-income securities	2 805	2 491	6 032	5 406	-258
Net gain/(loss) financial derivatives and realized amortization linked to lending	0	-189	0	-189	-189
Net gain/(loss) financial derivatives and realized repurchase of own debt	-146	-7 269	-146	-7 404	-10 001
<b>Total net gain/(loss) on financial instruments</b>	<b>2 659</b>	<b>-4 967</b>	<b>5 886</b>	<b>-2 187</b>	<b>-10 448</b>

## Note 18 **Loan loss provision**

Changes in provisions for expected losses in second quarter of 2025 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 second quarter of 2025.

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

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

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	30.06.2025	30.06.2024	31.12.2024
	stage 1	stage 2	stage 3	Total stage 1-3	Total stage 1-3	Total stage 1-3
Opening balance ECL 01.01.	177	0	0	177	180	180
Transfers to stage 1	0	0	0	0	0	0
Transfers to stage 2	0	0	0	0	0	0
Transfers to stage 3	0	0	0	0	0	0
Net changes	-4	0	0	-4	-4	-11
New losses	27	0	0	27	3	24
Write-offs	-13	0	0	-13	-4	-16
<b>Closing balance ECL</b>	<b>187</b>	<b>0</b>	<b>0</b>	<b>187</b>	<b>174</b>	<b>177</b>
Changes in the period 01.01-30.06./31.12.	10	0	0	10	-6	-3

### **Book value of loans and receivables for customers - public lending**

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	30.06.2025	30.06.2024	31.12.2024
	stage 1	stage 2	stage 3	Total stage 1-3	Total stage 1-3	Total stage 1-3
Lending 01.01.	18 770 141	0	0	18 770 141	19 087 959	19 087 958
Transfers to stage 1	0	0	0	0	0	0
Transfers to stage 2	0	0	0	0	0	0
Transfers to stage 3	0	0	0	0	0	0
Net changes	-476 042	0	0	-476 042	-475 057	-1 167 223
New lending	2 895 699	0	0	2 895 699	268 101	2 529 768
Write-offs	-1 389 141	0	0	-1 389 141	-476 680	-1 680 362
<b>Lending</b>	<b>19 800 657</b>	<b>0</b>	<b>0</b>	<b>19 800 657</b>	<b>18 404 323</b>	<b>18 770 141</b>
Fair value hedging	-49 857	0	0	-49 857	-93 369	-81 984
Recognised loan loss provisions	-187	0	0	-187	-174	-177
<b>Book value of loans to public lending</b>	<b>19 750 613</b>	<b>0</b>	<b>0</b>	<b>19 750 613</b>	<b>18 310 780</b>	<b>18 687 981</b>

## Quarterly earnings trend

NOK MILLIONS	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Interest income	327.8	328.4	333.7	309.8	305.5
Interest expense	-305.2	-302.6	-307.8	-283.9	-277.7
<b>Net interest income</b>	<b>22.6</b>	<b>25.8</b>	<b>25.8</b>	<b>25.8</b>	<b>27.8</b>
Net gain/(loss) financial instruments	2.7	3.2	-6.8	-1.5	-5.0
<b>Total net gain/(loss) on financial instruments</b>	<b>2.7</b>	<b>3.2</b>	<b>-6.8</b>	<b>-1.5</b>	<b>-5.0</b>
Other operating expenses	-4.2	-4.8	-5.6	-6.1	-4.2
<b>Total operating expenses</b>	<b>-4.2</b>	<b>-4.8</b>	<b>-5.6</b>	<b>-6.1</b>	<b>-4.2</b>
<b>Operating profit/loss before tax</b>	<b>21.0</b>	<b>24.2</b>	<b>13.5</b>	<b>18.2</b>	<b>18.6</b>
Tax ordinary income	-0.3	-1.0	2.0	1.0	0.9
<b>Profit for the period</b>	<b>20.7</b>	<b>23.2</b>	<b>15.5</b>	<b>19.2</b>	<b>19.5</b>

## Key figures - accumulated

NOK MILLIONS	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Pre-tax income	45.2	24.2	77.0	63.5	45.3
Net interest income	48.4	25.8	108.6	82.7	56.9
Other operating income	0.0	0.0	0.0	0.0	0.0
Other operating cost	-9.1	-4.8	-21.2	-15.6	-9.5
Net gain/(loss) financial instruments	5.9	3.2	-10.4	-3.7	-2.2
Lending with public sector guarantee	19 750.6	19 419.2	18 688.0	18 005.9	18 310.8
Non-performing loans	0.0	0.0	0.0	0.0	0.0
Total liabilities created on issuance of securities	19 124.0	20 985.7	20 976.5	21 183.7	18 832.8
Other borrowing	2 054.0	1 552.9	951.8	551.1	751.4
Total assets	22 345.9	23 668.9	23 067.0	22 943.5	20 721.0
Average total assets	22 706.4	23 368.0	22 127.6	22 065.9	20 954.6
Equity	1 055.8	1 035.1	1 029.2	1 013.8	994.6
Interest net	0.21 %	0.11 %	0.49 %	0.37 %	0.27 %
Profit/loss from ordinary operation before taxes	0.20 %	0.10 %	0.35 %	0.29 %	0.22 %
Return on equity	8.78 %	9.39 %	7.94 %	8.74 %	9.34 %
Capital adequacy ratio	22.2 %	21.6 %	22.7 %	21.4 %	23.0 %
Liquidity coverage ratio (LCR)	747 %	368 %	1 113 %	860 %	851 %

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