

Q1 Interim report 2025

KLP Kommunekreditt AS



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KLP Kommunekreditt AS

Q1 2025

Interim Financial Statements 1/2025

Main features quarter end:

- Increased 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 first quarter was NOK 24.2 (26.6)¹ million. The change in results is mainly due to reduced net interest income.

Net interest income in the first quarter was NOK 25.8 (29.1) million. Compared to last year, the company had a higher average loan volume. However, loan margins have on average been lower than in the same period last year.

Net P&L effects of financial instruments in the first quarter were NOK 3.2 (2.8) million. This mainly includes value changes in liquid investments and costs associated with the repurchase of bond issues. Realized and unrealized value changes in the company's liquid investments have so far in 2025 resulted in an effect of NOK 3.2 (2.9) million. Restructuring of the borrowing portfolio is done regularly to adjust the average maturity. This can result in both losses and gains. Accounting losses due to the repurchase of own debt amount to NOK 0.0 (-0.1) million per first quarter.

Operating expenses in the first quarter were NOK -4.8 (-5.2) million. The company has not had any loan losses and has very low loss provisions.

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

Lending/total assets

The company's loans to customers as of March 31, 2025, were NOK 19.4 (18.7) billion. In the first quarter, net loan growth was NOK 0.7 billion (3.9 percent). Borrowers are municipalities, county municipalities, and companies with municipal guarantees. Total assets amounted NOK 23.7 (20.8) billion.

Liquid investments

The collateral associated with loan financing is subject to strict requirements. In addition to loans to the public sector, it consists of securities and deposits in other banks. The securities consist of certificates and bonds with very high security, mainly covered bonds. As of March 31, 2025, the company's interest-bearing securities had a market value of NOK 3.5 (1.5) billion.

Borrowing

The company's financing consists of covered bonds (OMF) and loans from KLP Banken AS. The company had NOK 1.6 (0.6) billion in intra-group debt at the end of the quarter. Outstanding OMF debt was NOK 21.0 (19.2) billion. No new covered bonds have been issued so far in 2025. Net repurchases and sales of own holdings from previous issues amounted to NOK 0.0 (0.2) billion in the first 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 shall have a cautious risk profile, and earnings shall mainly result from lending and borrowing activities as well as liquidity management. This means that the company shall have low market risk. Interest rate risk arising from lending and borrowing activities is reduced using derivatives. The company shall have sufficient long-term financing within established limits. The credit risk in the company is very low, and loans are limited to those with municipal risk. The company's liquidity is placed in banks with high credit-quality requirements and in securities in accordance with board-approved credit lines.

Core capital according to capital adequacy rules at the end of the first quarter of 2025 was NOK 1,008 (948) million. Loans to municipalities and county municipalities are risk-weighted at 20 percent according to government capital adequacy regulations. KLP Kommunekreditt AS has a core capital ratio and capital adequacy ratio of 21.6 (22.8) percent as of the first quarter-end. The minimum requirement for total capital adequacy is 17.5 percent. The leverage ratio was 4.2 (4.6) percent. The requirement here is 3.0 percent.

Oslo, 6 May 2025

The Board of Directors of
KLP Kommunekreditt AS

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 | Q1 2025 | Q1 2024 | 2024 |
|------|---|-----------------|-----------------|-------------------|
| | Interest income, effective interest method | 245 872 | 249 655 | 984 871 |
| | Other interest income | 82 549 | 55 972 | 269 668 |
| 3 | Total interest income | 328 421 | 305 628 | 1 254 539 |
| | Interest expense, effective interest method | -268 720 | -245 660 | -1 017 952 |
| | Other interest expenses | -33 912 | -30 886 | -128 028 |
| 3 | Total interest costs | -302 632 | -276 546 | -1 145 980 |
| 3 | Net interest income | 25 788 | 29 082 | 108 559 |
| 17 | Net gain/(loss) on financial instruments | 3 227 | 2 780 | -10 448 |
| | Total net gain/(loss) on financial instruments | 3 227 | 2 780 | -10 448 |
| | Other operating expenses | -4 849 | -5 236 | -21 157 |
| 18 | Net loan losses | -7 | 2 | 3 |
| | Total operating expenses | -4 856 | -5 234 | -21 155 |
| | Operating profit/loss before tax | 24 160 | 26 628 | 76 956 |
| | Tax ordinary income | -985 | -876 | 2 997 |
| | Profit for the period | 23 175 | 25 751 | 79 953 |
| | Other income and expenses | 0 | 0 | 0 |
| | Comprehensive income for the period | 23 175 | 25 751 | 79 953 |

Balance

KLP Kommunekreditt AS

| NOTE | NOK THOUSANDS | 31.03.2025 | 31.03.2024 | 31.12.2024 |
|--------------------------------------|-------------------------------------|-------------------|-------------------|-------------------|
| ASSETS | | | | |
| 5 | Loans to credit institutions | 628 008 | 429 141 | 705 779 |
| 4,5 | Loans to customers | 19 419 248 | 18 735 127 | 18 687 981 |
| 5,6,15 | Fixed-income securities | 3 532 536 | 1 537 968 | 3 587 455 |
| 5,6 | Financial derivatives | 75 634 | 109 167 | 83 757 |
| 12 | Other assets | 13 485 | 4 934 | 2 025 |
| | Total assets | 23 668 910 | 20 816 337 | 23 066 996 |
| LIABILITIES AND OWNERS EQUITY | | | | |
| LIABILITIES | | | | |
| 5,9 | Debt to credit institutions | 1 552 932 | 551 210 | 951 824 |
| 5,7 | Debt securities issued | 20 985 677 | 19 162 805 | 20 976 533 |
| 5,6 | Financial derivatives | 20 317 | 24 262 | 38 057 |
| | Deferred tax liabilities | 1 304 | 1 695 | 18 625 |
| 13 | Other liabilities | 73 589 | 101 329 | 52 720 |
| | Total liabilities | 22 633 819 | 19 841 301 | 22 037 759 |
| EQUITY | | | | |
| | 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 | 23 175 | 25 751 | 0 |
| | Total owners' equity | 1 035 091 | 975 036 | 1 029 237 |
| | Total liabilities and equity | 23 668 910 | 20 816 337 | 23 066 996 |

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 | 23 175 | 23 175 |
| Other income and expenses | 0 | 0 | 0 | 0 |
| Total comprehensive income for the period | 0 | 0 | 23 175 | 23 175 |
| Group contribution received | 0 | 0 | 61 410 | 61 410 |
| Group contribution made | 0 | 0 | -78 731 | -78 731 |
| Total transactions with the owners | 0 | 0 | -17 321 | -17 321 |
| Equity 31 March 2025 | 391 500 | 363 500 | 280 091 | 1 035 091 |

| 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 | 25 751 | 25 751 |
| Other income and expenses | 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 |

| 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 |

Statement of cash flow

KLP Kommunekreditt AS

| NOK THOUSANDS | Q1 2025 | Q1 2024 | 2024 |
|--|-----------------|-----------------|------------------|
| OPERATIONAL ACTIVITIES | | | |
| Payments received from customers - interest | 215 406 | 237 594 | 978 918 |
| Payments made on issuance of loans to customers | -752 078 | -101 000 | -2 062 280 |
| Receipts related to repayment and redemption of loans to customers | 48 580 | 374 794 | 2 393 715 |
| Receipts on loans from credit institutions | 0 | 0 | 6 250 000 |
| Repayments and redemption of securities debt | -2 114 000 | 0 | -5 000 000 |
| Change in securities debt, own funds | 2 099 534 | -224 263 | 333 063 |
| Net payment of interest on loans credit institutions | -246 985 | -227 998 | -951 937 |
| Receipts in internal funding | 800 000 | 0 | 1 500 000 |
| Disbursements in internal funding | -200 000 | -150 000 | -1 250 000 |
| Net payment of interest on internal funding | -12 472 | -7 297 | -33 070 |
| Payments on the purchase of securities | -163 003 | -259 540 | -3 520 132 |
| Receipts on sale of securities | 215 000 | 224 641 | 1 449 349 |
| Receipts of interest from securities | 43 620 | 18 241 | 101 362 |
| Disbursements on operations | -6 744 | -8 220 | -21 719 |
| Net receipts/disbursements from operating activities | 1 767 | 21 237 | -12 032 |
| Interest from credit institutions | 3 814 | 3 229 | 23 675 |
| Net cash flow from operating activities | -67 561 | -98 582 | 178 912 |
| INVESTMENT ACTIVITIES | | | |
| Net cash flow from investment activities | 0 | 0 | 0 |
| FINANCING ACTIVITIES | | | |
| Payment on group contribution | -17 321 | -19 927 | -19 927 |
| Net cash flows from financing activities | -17 321 | -19 927 | -19 927 |
| Net cash flow during the period | -84 882 | -118 510 | 158 985 |
| 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 | 609 459 | 416 847 | 694 341 |
| Net receipts/disbursements | -84 882 | -118 510 | 158 985 |
| Liquidity holdings comprise: | | | |
| Deposits with and receivables from banks with no agreed term | 609 459 | 416 847 | 694 341 |
| Total liquidity holdings at the end of the reporting period | 609 459 | 416 847 | 694 341 |
| Total interest received | 262 840 | 259 064 | 1 103 956 |
| Total interest paid | -259 457 | -235 296 | -985 007 |

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 – 31 March 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 | Q1 2025 | Q1 2024 | 2024 |
|---|-----------------|-----------------|-------------------|
| Interest income on loans to customers | 240 088 | 245 095 | 961 196 |
| Interest income on loans to credit institutions | 5 784 | 4 560 | 23 675 |
| Total interest income, effective interest method | 245 872 | 249 655 | 984 871 |
| Interest income on fixed-income securities | 43 420 | 19 277 | 116 937 |
| Other interest income | 39 129 | 36 695 | 152 731 |
| Total other interest income | 82 549 | 55 972 | 269 668 |
| Total interest income | 328 421 | 305 628 | 1 254 539 |
| Interest expenses on debt from KLP Banken AS | -13 581 | -6 937 | -33 323 |
| Interest expenses on issued securities | -255 139 | -238 723 | -984 629 |
| Total interest expenses, effective interest method | -268 720 | -245 660 | -1 017 952 |
| Other interest expenses | -33 912 | -30 886 | -128 028 |
| Total other interest expenses | -33 912 | -30 886 | -128 028 |
| Total interest expenses | -302 632 | -276 546 | -1 145 980 |
| Net interest income | 25 788 | 29 082 | 108 559 |

Note 4 Loans to customers

| NOK THOUSANDS | 31.03.2025 | 31.03.2024 | 31.12.2024 |
|--|-------------------|-------------------|-------------------|
| Principal on lending | 19 293 982 | 18 633 701 | 18 594 965 |
| Write-downs | -184 | -178 | -177 |
| Accrued interest | 199 859 | 200 401 | 175 177 |
| Fair value hedging | -74 409 | -98 797 | -81 984 |
| Loans to and receivables from customers | 19 419 248 | 18 735 127 | 18 687 981 |

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 | 31.03.2025 | | 31.03.2024 | | 31.12.2024 | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Capitalized value | Fair value | Capitalized value | Fair value | Capitalized value | Fair value |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS | | | | | | |
| Fixed-income securities | 3 532 536 | 3 532 536 | 1 537 968 | 1 537 968 | 3 587 455 | 3 587 455 |
| Financial derivatives | 75 634 | 75 634 | 109 167 | 109 167 | 83 757 | 83 757 |
| Total financial assets at fair value through profit and loss | 3 608 169 | 3 608 169 | 1 647 134 | 1 647 134 | 3 671 212 | 3 671 212 |
| FINANCIAL ASSETS FAIR VALUE HEDGING AT AMORTIZED COST | | | | | | |
| Lending to Norwegian municipalities | 1 869 275 | 1 882 353 | 1 723 865 | 1 734 164 | 1 921 836 | 1 936 594 |
| Total financial assets fair value hedging at amortized cost | 1 869 275 | 1 882 353 | 1 723 865 | 1 734 164 | 1 921 836 | 1 936 594 |
| FINANCIAL ASSETS AT AMORTIZED COST | | | | | | |
| Loans to and receivables from credit institutions | 628 008 | 628 008 | 429 141 | 429 141 | 705 779 | 705 779 |
| Lending to Norwegian municipalities | 17 549 974 | 17 549 974 | 17 011 262 | 17 011 262 | 16 766 145 | 16 766 145 |
| Total financial assets at amortized cost | 18 177 982 | 18 177 982 | 17 440 404 | 17 440 404 | 17 471 924 | 17 471 924 |
| Total financial assets | 23 655 426 | 23 668 504 | 20 811 403 | 20 821 701 | 23 064 972 | 23 079 730 |
| FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS | | | | | | |
| Financial derivatives | 20 317 | 20 317 | 24 262 | 24 262 | 38 057 | 38 057 |
| Total financial liabilities at fair value through profit and loss | 20 317 | 20 317 | 24 262 | 24 262 | 38 057 | 38 057 |
| FINANCIAL LIABILITIES FAIR VALUE AT HEDGING AMORTIZED COST | | | | | | |
| Covered bonds issued | 1 696 318 | 1 711 260 | 1 701 411 | 1 709 072 | 1 679 351 | 1 691 807 |
| Total financial liabilities fair value hedging amortized cost | 1 696 318 | 1 711 260 | 1 701 411 | 1 709 072 | 1 679 351 | 1 691 807 |
| FINANCIAL LIABILITIES AT AMORTIZED COST | | | | | | |
| Liabilities to credit institutions | 1 552 932 | 1 552 932 | 551 210 | 551 210 | 951 824 | 951 824 |
| Covered bonds issued | 19 289 358 | 19 344 295 | 17 461 394 | 17 514 544 | 19 297 182 | 19 343 808 |
| Total financial liabilities at amortized cost | 20 842 290 | 20 897 227 | 18 012 604 | 18 065 755 | 20 249 006 | 20 295 632 |
| Total financial liabilities | 22 558 926 | 22 628 805 | 19 738 277 | 19 799 089 | 21 966 414 | 22 025 497 |

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

| 31.03.2025 NOK THOUSANDS | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|------------------|----------|------------------|
| ASSETS BOOKED AT FAIR VALUE | | | | |
| Fixed-income securities | 128 825 | 3 403 710 | 0 | 3 532 536 |
| Financial derivatives | 0 | 75 634 | 0 | 75 634 |
| Total assets at fair value | 128 825 | 3 479 344 | 0 | 3 608 169 |
| LIABILITIES BOOKED AT FAIR VALUE | | | | |
| Financial derivatives (liabilities) | 0 | 20 317 | 0 | 20 317 |
| Total financial liabilities at fair value | 0 | 20 317 | 0 | 20 317 |

| 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 |

| 31.12.2024 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 |

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 | 31.03.2025 | 31.03.2024 | 31.12.2024 |
|---|-------------------|-------------------|-------------------|
| Bond debt, nominal amount | 20 836 000 | 21 700 000 | 22 950 000 |
| Adjustments | -42 112 | -37 680 | -42 953 |
| Accrued interest | 191 789 | 158 484 | 183 486 |
| Own holdings, nominal amount | 0 | -2 658 000 | -2 114 000 |
| Total debt securities issued | 20 985 677 | 19 162 805 | 20 976 533 |
| Interest rate on borrowings through the issuance of securities on the reporting date: | 4.97% | 5.08% | 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 31.03.2025 |
|-------------------------------------|-----------------------------|----------|----------------------|----------------------|-----------------------------|
| Bond debt, nominal amount | 22 950 000 | 0 | -2 114 000 | 0 | 20 836 000 |
| Adjustments | -42 953 | 0 | 0 | 841 | -42 112 |
| Accrued interest | 183 486 | 0 | 0 | 8 303 | 191 789 |
| Own holdings, nominal amount | -2 114 000 | 0 | 2 114 000 | 0 | 0 |
| Total debt securities issued | 20 976 533 | 0 | 0 | 9 144 | 20 985 677 |

Note 8 Over-collateralisation

| NOK THOUSANDS | 31.03.2025 | 31.03.2024 | 31.12.2024 |
|--|-------------------|-------------------|-------------------|
| SECURITY POOL | | | |
| Loans to customers | 19 439 732 | 18 739 365 | 18 715 951 |
| Financial derivatives (net) | 55 332 | 84 932 | 45 704 |
| Additional collateral ¹ | 3 725 232 | 4 287 499 | 5 886 869 |
| Total security pool | 23 220 296 | 23 111 796 | 24 648 525 |
| Outstanding covered bonds incl. own funds and premium/discount | 21 055 555 | 21 897 990 | 23 158 712 |
| Coverage of the security pool | 110.3% | 105.5% | 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

| 31.03.2025 NOK THOUSANDS | | | | |
|---|------------|------------------|------------------|------------------|
| | Due date | Nominal | Accrued interest | Book value |
| Debt to KLP Banken AS | 15.12.2026 | 400 000 | 757 | 400 757 |
| Debt to KLP Banken AS | 15.12.2026 | 550 000 | 1 040 | 551 040 |
| Debt to KLP Banken AS | 15.12.2026 | 200 000 | 378 | 200 378 |
| Debt to KLP Banken AS | 15.12.2026 | 400 000 | 757 | 400 757 |
| Total liabilities to credit institutions | | 1 550 000 | 2 932 | 1 552 932 |

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

4,54 %

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

| 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.

| 31.12.2024 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.

Note 10 Financial assets and liabilities subject to net settlement

| 31.03.2025 NOK THOUSANDS | | Related sums that are not presented net | | |
|-----------------------------|------------------------------------|---|------------------|----------------------|
| | Gross financial assets/liabilities | Financial instruments | Security in cash | Net recognised value |
| ASSETS | | | | |
| Financial derivatives | 75 634 | -20 317 | 0 | 55 317 |
| Total | 75 634 | -20 317 | 0 | 55 317 |
| LIABILITIES | | | | |
| Financial derivatives | 20 317 | -20 317 | 0 | 0 |
| Total | 20 317 | -20 317 | 0 | 0 |

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

| 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 |

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 | 31.03.2025 | 31.03.2024 | 31.12.2024 |
|----------------------|------------|------------|------------|
| Interest incomes | 2 563 | 2 561 | 10 499 |
| Interest expenses | -13 581 | -6 937 | -33 323 |
| Purchase of services | -3 683 | -3 841 | -12 991 |
| Other receivables | 10 959 | 2 564 | 1 571 |
| Bank deposits | 226 939 | 216 439 | 224 376 |
| Borrowing | -1 552 932 | -551 210 | -951 824 |
| Other debt | -1 237 | -1 058 | -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 | 31.03.2025 | 31.03.2024 | 31.12.2024 |
|---------------------------|---------------|--------------|--------------|
| Intercompany receivables | 10 959 | 2 564 | 1 571 |
| Prepaid expenses | 1 901 | 2 369 | 0 |
| Miscellaneous receivables | 624 | 0 | 454 |
| Total other assets | 13 485 | 4 934 | 2 025 |

Note 13 Other liabilities and provision for accrued costs

| NOK THOUSANDS | 31.03.2025 | 31.03.2024 | 31.12.2024 |
|--|---------------|----------------|---------------|
| Creditors | 0 | 159 | 113 |
| Intercompany payables | 1 237 | 1 058 | 1 134 |
| Short-term balances with credit institutions | 53 200 | 79 000 | 46 513 |
| Other liabilities | 19 151 | 21 112 | 4 960 |
| Total other liabilities | 73 589 | 101 329 | 52 720 |

Note 14 Capital adequacy

| NOK THOUSANDS | 31.03.2025 | 31.03.2024 | 31.12.2024 |
|---|------------------|------------------|------------------|
| Share capital and share premium fund | 755 000 | 755 000 | 755 000 |
| Other owners' equity | 256 917 | 194 284 | 274 237 |
| Total owners' equity | 1 011 917 | 949 284 | 1 029 237 |
| Adjustments due to requirements for proper valuation | -3 533 | -1 538 | -3 587 |
| Core capital/Tier 1 capital | 1 008 384 | 947 747 | 1 025 650 |
| 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) | 1 008 384 | 947 747 | 1 025 650 |
| Capital requirement | 374 127 | 332 930 | 362 060 |
| Surplus of own funds (Tier 1 and Tier 2 capital) | 634 258 | 614 817 | 663 590 |
| ESTIMATE BASIS CREDIT RISK: | | | |
| Institutions | 134 686 | 94 739 | 148 935 |
| Local and regional authorities | 4 056 473 | 3 780 803 | 3 890 649 |
| Covered bonds | 272 671 | 127 231 | 272 571 |
| Other items | 2 525 | 2 369 | 454 |
| Calculation basis credit risk | 4 466 356 | 4 005 143 | 4 312 609 |
| Credit risk | 357 308 | 320 411 | 345 009 |
| Operating risk | 15 314 | 12 335 | 15 314 |
| Credit valuation adjustment (CVA) | 1 504 | 183 | 1 737 |
| Total capital requirement assets | 374 127 | 332 930 | 362 060 |
| Core capital adequacy ratio | 21.6 % | 22.8 % | 22.7 % |
| Supplementary capital ratio | 0.0 % | 0.0 % | 0.0 % |
| Capital adequacy ratio | 21.6 % | 22.8 % | 22.7 % |
| Leverage ratio | 4.2 % | 4.6 % | 4.5 % |

| CAPITAL REQUIREMENT PER 31.03.2025 | 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 % |
| 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 | 31.03.2025 | | 31.03.2024 | | 31.12.2024 | |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Acquisition cost | Market value | Acquisition cost | Market value | Acquisition cost | Market value |
| Certificates | 128 625 | 128 825 | 98 946 | 99 096 | 98 925 | 99 103 |
| Bonds | 3 386 287 | 3 403 710 | 1 435 277 | 1 438 872 | 3 471 466 | 3 488 353 |
| Total fixed-income securities | 3 514 911 | 3 532 536 | 1 534 223 | 1 537 968 | 3 570 391 | 3 587 455 |

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

Note 16 Contingent liabilities

| NOK THOUSANDS | 31.03.2025 | 31.03.2024 | 31.12.2024 |
|-------------------------------------|----------------|---------------|--------------|
| Loan commitment | 584 267 | 39 734 | 5 242 |
| Total contingent liabilities | 584 267 | 39 734 | 5 242 |

Note 17 Net gain/(loss) on financial instruments

| NOK THOUSANDS | Q1 2025 | Q1 2024 | 2024 |
|---|--------------|--------------|----------------|
| Net gain/(loss) on fixed-income securities | 3 227 | 2 915 | -258 |
| Net gain/(loss) financial derivatives and realized amortization linked to lending | 0 | 0 | -189 |
| Net gain/(loss) financial derivatives and realized repurchase of own debt | 0 | -135 | -10 001 |
| Total net gain/(loss) on financial instruments | 3 227 | 2 780 | -10 448 |

Note 18 **Loan loss provision**

Changes in provisions for expected losses in first 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 first 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) | 31.03.2025 | 31.03.2024 | 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 | -2 | 0 | 0 | -2 | -2 | -11 |
| New losses | 10 | 0 | 0 | 10 | 1 | 24 |
| Write-offs | -2 | 0 | 0 | -2 | -2 | -16 |
| Closing balance ECL | 184 | 0 | 0 | 184 | 178 | 177 |
| Changes in the period 01.01-31.03./31.12. | 7 | 0 | 0 | 7 | -2 | -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) | 31.03.2025 | 31.03.2024 | 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 | -185 575 | 0 | 0 | -185 575 | -184 309 | -1 167 223 |
| New lending | 1 069 721 | 0 | 0 | 1 069 721 | 101 773 | 2 529 768 |
| Write-offs | -160 446 | 0 | 0 | -160 446 | -171 321 | -1 680 362 |
| Lending | 19 493 841 | 0 | 0 | 19 493 841 | 18 834 102 | 18 770 141 |
| Fair value hedging | -74 409 | 0 | 0 | -74 409 | 18 834 102 | 18 770 141 |
| Recognised loan loss provisions | -184 | 0 | 0 | -184 | -98 797 | -81 984 |
| Book value of loans to public lending | 19 419 248 | 0 | 0 | 19 419 248 | 18 735 127 | 18 687 981 |

Quarterly earnings trend

| NOK MILLIONS | Q1 2025 | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 |
|---|-------------|-------------|-------------|-------------|-------------|
| Interest income | 328.4 | 333.7 | 309.8 | 305.5 | 305.6 |
| Interest expense | -302.6 | -307.8 | -283.9 | -277.7 | -276.5 |
| Net interest income | 25.8 | 25.8 | 25.8 | 27.8 | 29.1 |
| Net gain/(loss) financial instruments | 3.2 | -6.8 | -1.5 | -5.0 | 2.8 |
| Total net gain/(loss) on financial instruments | 3.2 | -6.8 | -1.5 | -5.0 | 2.8 |
| Other operating expenses | -4.8 | -5.6 | -6.1 | -4.2 | -5.2 |
| Total operating expenses | -4.8 | -5.6 | -6.1 | -4.2 | -5.2 |
| Operating profit/loss before tax | 24.2 | 13.5 | 18.2 | 18.6 | 26.6 |
| Tax ordinary income | -1.0 | 2.0 | 1.0 | 0.9 | -0.9 |
| Profit for the period | 23.2 | 15.5 | 19.2 | 19.5 | 25.7 |

Key figures - accumulated

| NOK MILLIONS | Q1 2025 | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 |
|---|------------|------------|------------|------------|------------|
| Pre-tax income | 24.2 | 77.0 | 63.5 | 45.3 | 26.6 |
| Net interest income | 25.8 | 108.6 | 82.7 | 56.9 | 29.1 |
| Other operating income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other operating cost | -4.8 | -21.2 | -15.6 | -9.5 | -5.2 |
| Net gain/(loss) financial instruments | 3.2 | -10.4 | -3.7 | -2.2 | 2.8 |
| Lending with public sector guarantee | 19 419.2 | 18 688.0 | 18 005.9 | 18 310.8 | 18 735.1 |
| Non-performing loans | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total liabilities created on issuance of securities | 20 985.7 | 20 976.5 | 21 183.7 | 18 832.8 | 19 162.8 |
| Other borrowing | 1 552.9 | 951.8 | 551.1 | 751.4 | 551.2 |
| Total assets | 23 668.9 | 23 067.0 | 22 943.5 | 20 721.0 | 20 816.3 |
| Average total assets | 23 368.0 | 22 127.6 | 22 065.9 | 20 954.6 | 21 002.3 |
| Equity | 1 035.1 | 1 029.2 | 1 013.8 | 994.6 | 975.0 |
| Interest net | 0.11 % | 0.49 % | 0.37 % | 0.27 % | 0.14 % |
| Profit/loss from ordinary operation before taxes | 0.10 % | 0.35 % | 0.29 % | 0.22 % | 0.13 % |
| Return on equity | 9.39 % | 7.94 % | 8.74 % | 9.34 % | 10.99 % |
| Capital adequacy ratio | 21.6 % | 22.7 % | 21.4 % | 23.0 % | 22.8 % |
| Liquidity coverage ratio (LCR) | 368 % | 1 113 % | 860 % | 851 % | 975 % |

Contact information

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