



Interim report First half 2024

KommuneKredit
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 **KommuneKredit**

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Key figures

Million	H1	H1	H1	Full-year
	2024	2024	2023	2023
	EUR	DKK	DKK	DKK
Key figures for the period				
Net interest income	45	336	191	467
Administrative expenses	-13	-99	-100	-193
Profit before value adjustments	31	230	87	264
Value adjustment of financial instruments	-67	-502	153	276
Tax on profit for the year	8	60	-53	-126
Comprehensive income for the year	-28	-212	187	414
Loans and leases	25,578	190,748	181,070	187,139
Portfolio of securities	6,051	45,125	46,279	43,639
Investments in property, plant and equipment	-	-	3	3
Assets	33,606	250,617	240,280	242,612
Debt securities issued	30,314	226,063	211,642	218,173
Equity	1,337	9,968	9,953	10,180
Activities during the period				
Loans and leases, net additions in nominal value (net lending)	753	5,616	4,296	5,874
Loans and leases, gross additions in nominal value	2,741	20,439	16,508	29,027
Debt securities issued, gross additions in nominal value	3,834	28,594	24,801	41,543

Key figures and financial ratios have been calculated in accordance with "Recommendations & Financial Ratios" issued by CFA Society Denmark. Exchange rate at 30 June 2024: EUR 100 = DKK 745.7414. The format is unchanged from last year.

* REA and capital ratio have been calculated in accordance with the principles applying to credit institutions, even though these rules do not apply to KommuneKredit.

Million	H1	H1	H1	Full-year
	2024	2024	2023	2023
	EUR	DKK	DKK	DKK
Capital structure				
Total Risk Exposure Amount (REA)	2,395	17,861	15,176	15,637
Common Equity Tier 1 (CET1) capital	1,337	9,968	9,953	10,180
Capital base	1,325	9,880	9,873	10,107
Capital ratio, pct.	55	55	65	65
Equity ratio, pct.	4.0	4.0	4.1	4.2
Selected financial ratios				
Losses on loans and leases	0	0	0	0
Expenses/assets, pct.	0.04	0.04	0.04	0.08
Net interest income/assets, pct.	0.13	0.13	0.08	0.19
Number of full-time employees	104	104	102	101
Selected ESG figures				
CO ₂ e total (scope 1, 2, 3) (t)		31	32	64
Share of renewable energy, pct.		92	92	93
Gender composition, management level (women), pct.		25.0	25.0	25.0
Employee turnover, pct. (annualised)		8.4	12.2	10.0
CEO pay ratio/ median employee remuneration		3.7	3.6	3.6

Providing equal opportunities for local sustainable growth

KommuneKredit is a Danish special-purpose credit institution that provides funding for local growth and the green transition in municipalities and regions across Denmark.

KommuneKredit is an association with sustainability at its core and a strong ESG profile. Our member base consists of all Danish municipal and regional authorities. Our guarantee structure and prudent business model have secured us a premium credit rating (AAA) (Aaa).

That is why we can offer municipalities and regions instant and uncomplicated access to finance large or small projects at the lowest possible cost. With equal opportunities and terms for all – across the entire country.

And it has been so since 1899, when we first disbursed a loan. Our dedicated employees provide advice on and arrange more than 3,000 loans and leases every year.

When investors buy our bonds, we can disburse loans for purposes such as energy renovation of a local sports centre, purchase of a new eco-friendly hybrid ferry, or more sustainable district heating systems across the country.

For the benefit of Danish citizens, our local communities and the future of Denmark.



Mission

We want to contribute to giving Danish municipalities and regions more financial leeway by providing funding and financial advice at the lowest possible cost.



Vision

We want always to offer the best funding choice for our customers, regardless of the given framework.

We want to be modern, efficient and engaged, with a focus on high quality, steadiness and stability.



Legal basis and current framework

KommuneKredit was established by way of Act no. 35 dated 19 March 1898, which was recently amended by Act no. 405 dated 25 April 2023 on the Credit Institution for Local and Regional Authorities in Denmark (Lov om kreditforeningen af kommuner og regioner i Danmark). With the Act on KommuneKredit, the organisation is subject to supervision by the Danish Financial Supervisory Authority. This means KommuneKredit is subject to some of the requirements and supervisory limits that apply to private credit institutions. However, the limits have been adjusted to our special purpose business and the limited risks we assume.

Joint and several liability – an unconditional strength

KommuneKredit issues bonds on behalf of our members, which count all of Denmark's municipalities and regions. They have joint and several liability for our liabilities, and combined with our very secure business model this provides KommuneKredit with the highest possible credit rating – in line with that assigned to the Kingdom of Denmark. Our bonds are very secure and can be sold at low yields relative to market rates. For the benefit of Danish citizens, our local communities and the future of Denmark.



Joint and several liability

All of Denmark's municipalities and regions are members of KommuneKredit. They are jointly and severally liable for our liabilities.



Safe link

We are the safe link between global funding and local borrowers. We provide access to financing at the lowest possible cost for developing the Danish welfare society.



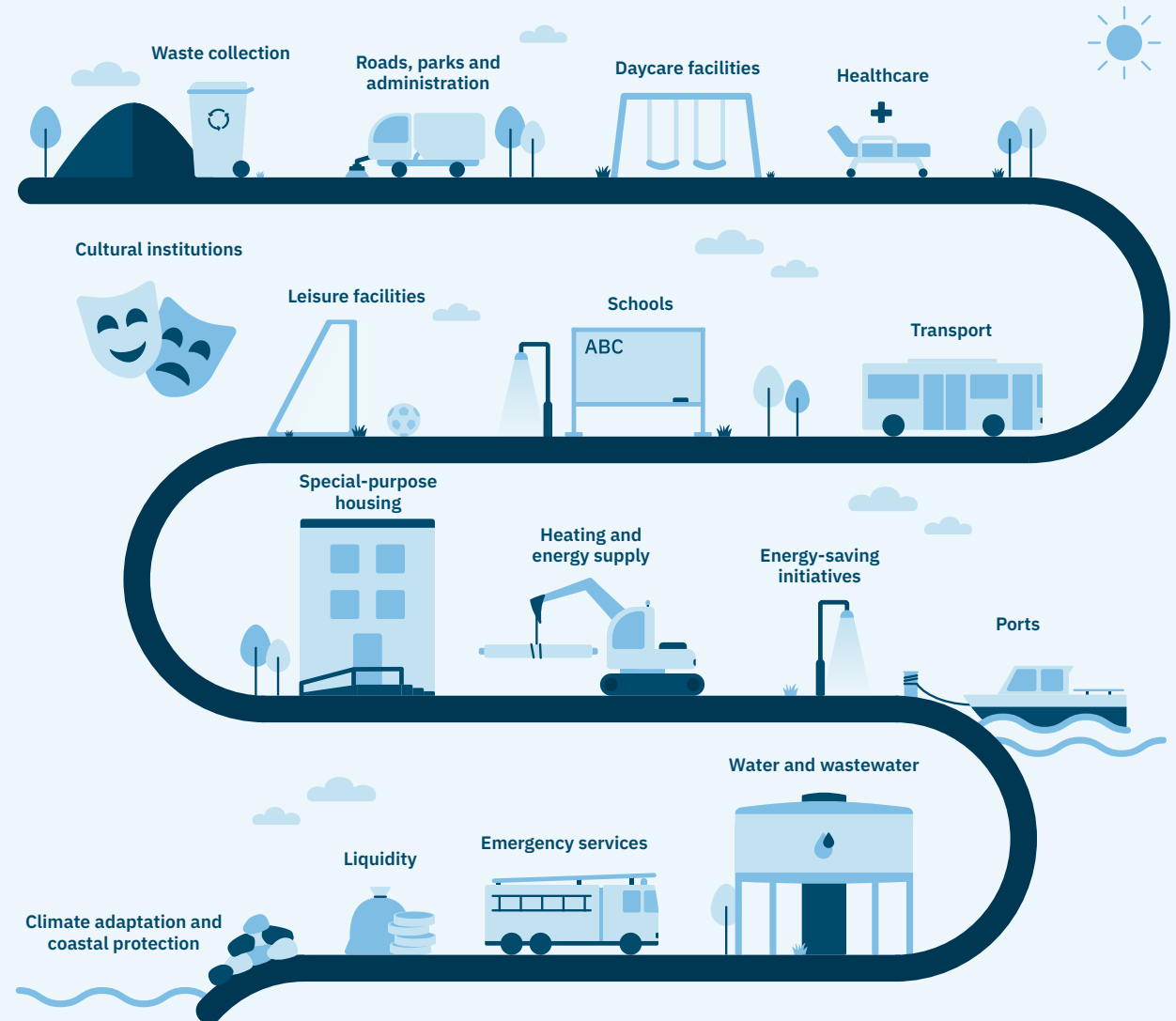
Funding of lending

We fund our lending by issuing bonds on the Danish and international capital markets.

Loans and leases for many purposes

Our loans and leases finance many different types of local projects in Danish society, including investments in green and social projects. Investments are made on the basis of democratic decisions in city and regional councils – regardless of the size of the project or where in Denmark it takes place.

The list of investments we have helped finance over the past 125 years is long and spans everything from green projects such as investments in energy-efficient district heating, climate proofing and coastal protection, energy-saving initiatives and climate-friendly transport to social purposes such as housing for marginalised people, senior housing, schools, city museums and sports centres.



Management's review

KommuneKredit is a special-purpose credit institution. Our purpose is to provide funding at the lowest possible cost to municipalities, regions and local companies and institutions undertaking a municipal task. We have done this for 125 years, and this is how we support local growth and the green transition in Denmark.

KommuneKredit is organised as an association in which all local municipalities and regions are members. We fund our activity by issuing bonds, for which our members have joint and several liability. This means our bonds are very secure and can be traded at low yields relative to market rates. Moreover, we do not have to make a profit on our business, and we do not pay dividends.

Our success can be measured in terms of the low lending rates we offer our customers when we help to finance their investments – irrespective of the size of the investment or where in Denmark a project is located. In other words, we help ensure more local value for citizens' money.

On 13 March 2024, Martin Damm, the mayor of the Municipality of Kalundborg and chairman of Local Government Denmark, was elected as chairman of the Board of Directors of KommuneKredit.

Negative comprehensive income

Net interest income amounted to DKK 336 million, which was higher than in the same period last year. The higher net interest income was driven primarily by improved earnings on securities in the amount of DKK 95 million as a result of a higher level of interest rates in 2024.

Expenses developed as expected, and our profit before tax and value adjustments was DKK 230 million.



Examples of loans and leases in H1 2024

Loans

- Hans Christian Andersens Airport: Loan of DKK 12 million for financing of airport infrastructure.
- Alhedens Idræts- og Kulturcenter: Loan of DKK 0.5 million for part financing of renovation of roof and entrance for sports facilities.
- Vestforbrænding: Building credit of DKK 6.3 billion to, among other things, establishing e.g. pipelines in connection with the realisation of Denmark's largest district heating project, Varmeplan 2030, the purpose of which is to phase out oil and gas-fired furnaces.

Leases

- Municipality of Holstebro: Lease agreement for 282 interactive screens at a value of about DKK 4.5 million.
- Central Denmark Region: Lease agreement for hospital laundry equipment at a value of DKK 61.9 million.
- Central Denmark Region: Lease agreement of DKK 53.1 million for hospital pharmacy at Aarhus Universitetshospital, Skejby.

› [Read about other projects we have helped finance, on our website.](#)

With the exception of leasing, our assets and liabilities are recognised at fair value, and we have recorded large positive value adjustments in recent years. Most of these are offset by negative value adjustments in later periods, which was the case in the first half of 2024, when we recorded negative value adjustments of half a billion kroner. Against this background, comprehensive income was negative in the amount of DKK 212 million at 30 June.

Rising lending activity

Our total nominal loans and leases reached DKK 200 billion in the first half of 2024. The increase was driven by, among other things, lending for district heating. KommuneKredit granted more than 100 loans and construction credits for district heating at a total value of around DKK 6 billion during the half-year period.

During the same period, 1,149 lease agreements were concluded at a total value of DKK 561 million. Cars account for the majority of the lease agreements in terms of numbers, while property leasing is the largest item in terms of amounts.

Turning to financing, we launched a strategy this spring under which we will make annual

issues in Danish kroner with maturities of up to five years. The purpose is to create more liquidity in our DKK issues. The first issue amounted to DKK 5 billion with a three-year maturity.

Our business setup

In the executive orders on borrowing, the Ministry of the Interior and Health has defined rules for the capacity of local governments to raise loans and provide guarantees. Investments for which a loan is raised with us must be for carrying out a municipal or regional undertaking, and the framework for our lending is therefore laid down in the local authority mandate and a number of sector laws. Furthermore, KommuneKredit lending must comply with the EU state aid rules.

In May, the government submitted a proposal for an act on carbon capture activities in the utilities sector for consultation. The bill will enable a municipality to finance capital expenditures or operating activities in connection with carbon capture activities in a municipally owned company. The explanatory notes to the bill state that a municipality will be able to provide guarantees for a loan from KommuneKredit, whenever possible.

Further to this, KommuneKredit has stated that if capital expenditures in a municipally owned carbon capture company are to be financed by KommuneKredit, the Danish regulatory framework must be changed to clearly allow for this. Access to loans on favourable terms for carbon capture activities will be in accordance with the EU's state aid rules, as the block exemption regulations open up for lawful state aid for certain areas which the EU intends to promote and in which a lack of financing options has been identified. Carbon capture is one of these areas.

The water sector has for some time been endeavouring to change the frameworks for loans for their investments in order to improve the correlation between the depreciation period of the investments and the loan term. Specifically, there are talks about a need for extending the loan term to up to

70 years. In practice, KommuneKredit will be able to offer loans with terms up to 70 years, but it is the Ministry for Economic Affairs and the Interior's executive order on borrowing that stipulates the current 40-year limit when it comes to guarantees for loans for investments in the water sector.

In the area of district heating, the government signed a broad political agreement in the Danish Parliament in June that concerns aspects such as the depreciation period for district heating pipelines. The aim is to reduce the district heating price for consumers by offering district heating companies the opportunity to depreciate pipelines over 45 years instead of the current 30-year period.

At the same time, they are assessing whether extending the depreciation period will give rise to an extension of the maximum term of

the loan for the investment so that it matches the depreciation period. As is the case for loans for investments in the water sector, in this area KommuneKredit will also be able to grant loans with longer terms of e.g. 45 years, if it is permitted by regulation.

Future climate solutions

When municipalities want to participate in or support climate-proofing projects, there are very different rules for who decides who pays the bill, and who is ultimately liable for investments in the area. It depends on the source of the water.

Generally, considerations about future climate solutions in municipalities should also include access to financing. If municipalities are to have better access to loans from KommuneKredit, there ought to be a correlation between the rules on division of tasks (in the various special acts) and the rules on municipality access to raising loans and providing guarantees.

Loans for district heating and guarantee commission

When processing loans for district heating projects, KommuneKredit specifically assesses whether the loan represents state aid. This would be the case in situations where

competition for heating supply is deemed to exist in the area concerned. In these cases, we apply the EU block exemption regulations, which open up for granting legal state aid for investments in energy-efficient district heating, subject to specific conditions being met. Energy-efficient district heating is thus an area which the EU intends to promote.

KommuneKredit lends money to district heating companies against a municipal guarantee. The subsidy component in the loan from KommuneKredit is the interest rate advantage obtained by the district heating company from raising a loan with KommuneKredit compared with a similar loan from a private lender. The guarantee contains an independent subsidy component, which corresponds to the credit risk undertaken by the municipality in the form of the guarantee.

In December 2023, the Danish Energy Agency issued a guiding statement on municipal guarantees under the Danish Heat Supply Act. According to the statement, a municipality must always charge guarantee commission when providing guarantees for loans to a collective heat supply system. The amount of the guarantee commission must in each case be determined on the basis of an individual assessment of the risk undertaken by the mu-

“Generally, considerations about future climate solutions in municipalities should also include the matter of access to financing such solutions.

Martin Damm

Chairman of the Board of Directors, KommuneKredit

“We have launched a strategy with annual bond issues in Danish kroner with maturities of up to five years to create more liquidity in our DKK-denominated issues.

Jens Lundager
CEO, KommuneKredit

municipality. In the Heat Supply Act, there is no legal basis for a municipality to make a profit on the guarantee.

The Energy Agency’s guiding statement also stipulates that the municipality must carry out a state aid assessment. If the assessment shows that the state aid regulations apply, the municipality may ensure compliance by, among other things, charging a market-consistent guarantee commission. However, the Energy Agency does not state what it will mean in practice for the municipalities that parallel rules on guarantee commission apply in these cases.

Despite the guiding statement, much uncertainty remains about the basis of the guarantee commission and the size thereof when a

municipal guarantee is provided for loans to a district heating company.

In our view, the guarantee commission should only balance out the advantage of the guarantee or, in other words, the value of hedging the specific credit risk. On the other hand, the guarantee commission must not eliminate the advantages of a KommuneKredit loan, consisting of the interest rate advantage, saved registration fee, etc. These advantages should benefit the district heating company. These measures will then help to promote energy-efficient district heating, which is the very reason for the area being covered by block exemption.

Strategic initiatives

Strategy 2025 sets out to ensure a future for KommuneKredit as a well-run, accessible and

sustainable publicly-owned financial enterprise. In the first half of 2024, we took new communication channels into use, including a new website for our investors. We also continued our efforts to develop our new customer portal, scheduled for launch in 2025. In the field of IT, we constantly work to maintain a simple and robust IT framework, and to that end we have implemented new and more secure PCs for all employees. In the area of governance, we have prioritised anti-stress efforts, focusing, among other things, on being better at addressing the many different types of stress.

In spring 2024, we started a process the purpose of which is to define a new strategy for KommuneKredit to replace Strategy 2025. So far, we have completed the analysis stage, at which we liaise with customers, employees, executives and board members. In autumn 2024, we will finalise this work with the goal of the Board of Directors adopting the new strategy before the end of the year.

125th anniversary

KommuneKredit will celebrate its 125th anniversary in 2024, which to a large extent will be a celebration of the strong solidarity among the country’s municipalities and regions, which is the very foundation of

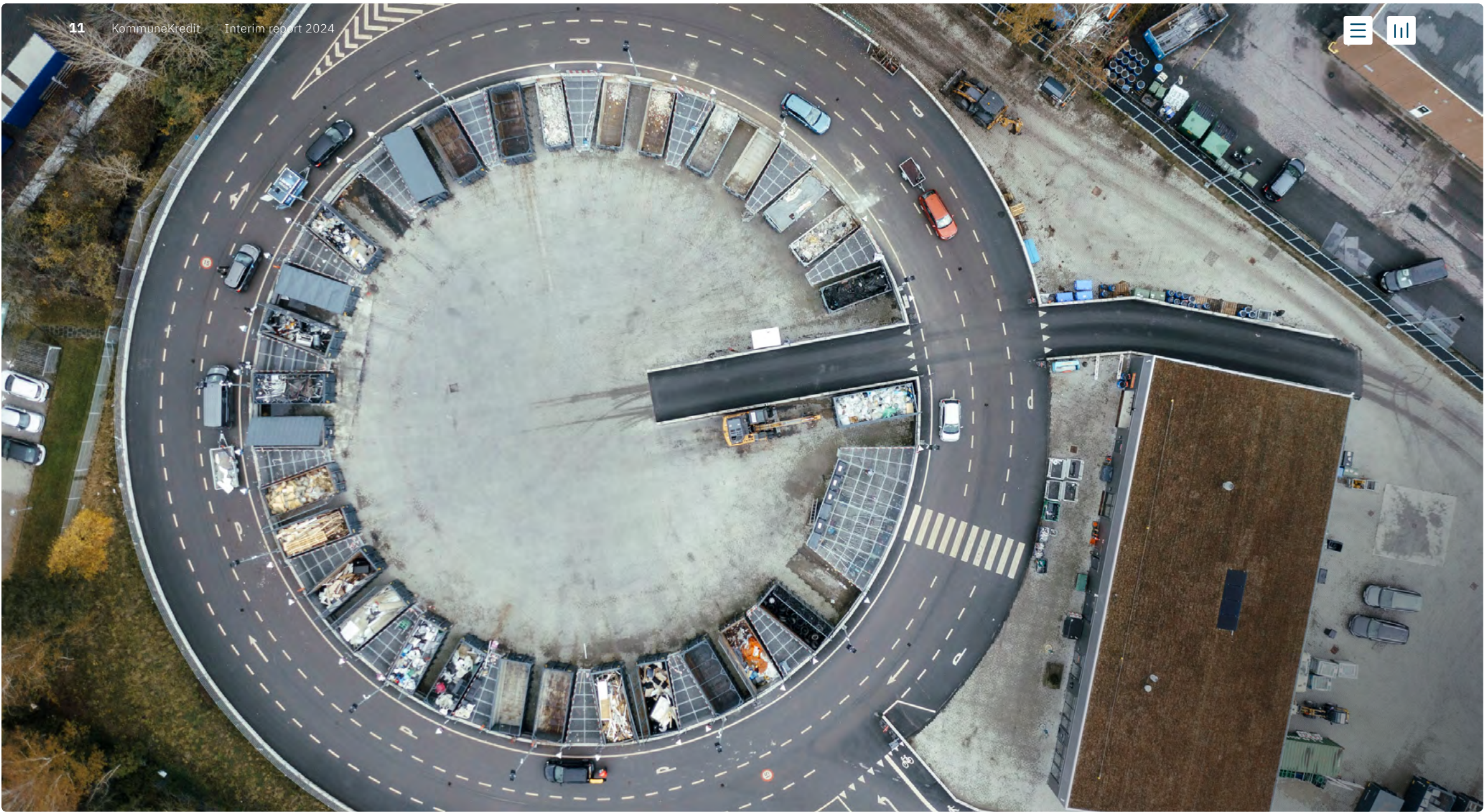
KommuneKredit. This solidarity helps ensure that, by joining forces, we can together create the financial latitude and offer the local authorities in Denmark financing at the lowest possible cost for a wide range of projects. In connection with the anniversary, we have released a book, which may be downloaded from our website.

KommuneKredit’s financing plays a key role for the development of local communities and the green transition. The world and the conditions for our operations have changed since we granted our first loan in 1899. KommuneKredit has adapted to these changes – and continues to do so.

It is paramount that, concurrently with the day-to-day services to our customers and investors, we remain focused on ensuring a future for KommuneKredit as a well-run, accessible and sustainable financial enterprise. This is the only way to ensure we remain an attractive choice in the future.

Martin Damm
Chairman of the
Board of Directors

Jens Lundager
CEO



Highlights – first half of 2024

High international credit rating

Moody's

**P-1/
Aaa**

Standard & Poor's

**A-1+/
AAA**

Equity ratio

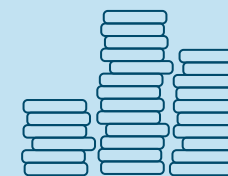
4.0%



With an equity ratio of more than 3 pct., KommuneKredit has an adequate capital position.

Capital ratio.

55%



The high capital ratio reflects the low risk associated with our business model.

ESG targets on track



Our green loan portfolio rose from 22 pct. in 2023 to 24 pct. at 30 June 2024. We are thus well on the way to meeting our goal of increasing the share of green loans in our loan portfolio to at least 25 pct. by 2025.

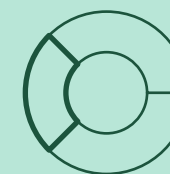
Consistently strong ESG ratings



We maintain our strong ESG ratings from ISS ESG, MSCI and Sustainalytics.

> [Read about our ESG ratings on our website.](#)

Working with ESG data



To define the level of ambition for our ESG data and reporting, we regularly identify our investors' need for ESG data. In this context, we have launched an ESG data project.

Read about our work on page 13.

ESG – a strategic priority

We have an ambition of regularly strengthening the integration of environmental, social and governance (ESG) considerations into our business. This enables us to not only maintain but also extend our focus on social responsibility, which has been a natural part of our business since we issued our first loan 125 years ago.

As our investors increasingly take ESG factors into consideration, integrating ESG considerations into our business is an integral part of our Strategy 2025.

Nearly all the loans we issue and the lease agreements we enter into have a green and/or social purpose, which could be climate proofing and coastal protection, public transport, energy efficiency initiatives in public buildings or the establishment of senior housing, local sports centres, schools and district heating supply.

As a financial enterprise, it is natural for us to direct our primary focus on ESG initiatives

towards lending, leasing and investments, which form part of our core business. However, we are also dedicated to making a difference within our organisation in terms of managing our business responsibly, reducing emissions related to our own operations and ensuring good working conditions for our more than 100 employees.

Green financing

The local government sector is showing strong interest in investing in the green transition. This interest is reflected in our green loan portfolio, which at 30 June 2024 amounted to a total value of DKK 35.9 billion, corresponding to 24 pct. of our loan portfolio*.

We are thus well on the way to meeting our goal of increasing the share of green loans in our loan portfolio to at least 25 pct. by 2025.

In June 2024, we issued a green bond of EUR 500 million. This was our ninth green bond issue since 2017, when we issued our first green bond. Our combined green bond issues now amount to DKK 31.9 billion.

ESG data

In 2023, we launched an ESG data project to create the foundation for KommuneKredit's future ESG reporting and to further develop our ESG strategy and goals. Our overall ambition is to accommodate investor demand for ESG data for their ESG reporting. The first part of the project, which concerned the identification of relevant ESG data, was completed in the first half of 2024. The project will continue in the second half of the year with a focus on developing the systems to support our collection, storage and reporting of ESG data.



Henrik Andersen, Managing Director

* Calculated as the share of the outstanding nominal value of approved green loans relative to the outstanding nominal value of fixed-term loans excluding construction credits.

Sustained growth in lending and negative comprehensive income

KommuneKredit recorded net lending of just under DKK 6 billion in the first half of 2024. As expected, recent years' large positive value adjustments have been offset by negative value adjustments, which resulted in a negative result for the period.

Earnings and capital base

Total net interest income for the first half of 2024 was DKK 336 million, up DKK 145 million from the year-earlier level.

The increase in net interest income was primarily driven by higher interest income on investments owing to the higher level of interest rates during the period.

Administrative expenses for the period amounted to DKK 99 million, against DKK 100 million in the corresponding period last year. The reduction was due exclusively to the change in the VAT deduction percentage, which enables KommuneKredit to deduct a higher VAT percentage.

Profit before value adjustments and tax came to DKK 230 million, a year-on-year increase of DKK 143 million.

In recent years, we have recorded large positive value adjustments, which will be offset by similarly negative value

adjustments in the subsequent years. This was the case in the first half of 2024, which saw negative value adjustments of financial instruments in the amount of DKK 502 million, against positive adjustments of DKK 153 million in the first half of 2023.

Comprehensive income for the first half of 2024 amounted to DKK -212 million against DKK 187 million in the first half of 2023. Comprehensive income for the period has been transferred to equity, which now stands at DKK 9,968 million.

The Board of Directors has defined a target that earnings should provide appropriate capitalisation, corresponding to an equity ratio of at least 3 pct. At 4.0 pct., the equity ratio was slightly lower than the 2024 expectation of 4.2 pct., but still meeting the Board's target.

The total risk exposure amount (REA) was DKK 17.9 billion at 30 June 2024, which was DKK 2.3 billion higher than at

“ Given the negative value adjustments in the first half of 2024 of DKK 502 million, comprehensive income for the year is likely to be negative.

Morten Sætøfte
CFO

year-end 2023. The increase was driven primarily a higher credit risk because of the larger portfolio of investments. This brought the capital ratio, calculated in accordance with the solvency rules for credit institutions, to 55 pct. at 30 June 2024, against 65 pct. at year-end 2023.

Loans and leases

Net lending, which is new loans including leases less repayment instalments and redemptions, amounted to DKK 5.6 billion in the first half of 2024, against DKK 4.3 billion in the first half of 2023. The stronger lending growth was primarily attributable to loans for water, wastewater and district heating projects.

The value of total loans and leases rose by DKK 3.6 billion from end-2023 to DKK 190.7 billion at 30 June 2024, primar-

ily because the increase in net lending was partly offset by negative value adjustments of lending due to slightly rising interest rates.

Funding and investments

Total investments – due from credit institutions and the portfolio of securities – amounted to DKK 46.7 billion at the end of the first half year. This was an increase of DKK 2.8 billion relative to year-end 2023. The value of accumulated funding, – due to credit institutions and debt securities issued – rose by DKK 7.9 billion to DKK 226.1 billion.

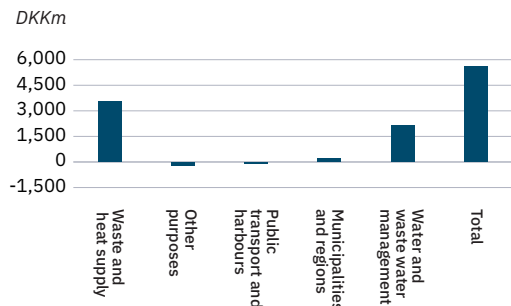
The majority of the outstanding funding is still in EUR, USD and DKK. Total assets were up by DKK 8.0 billion to DKK 250.6 billion.

Outlook for 2024

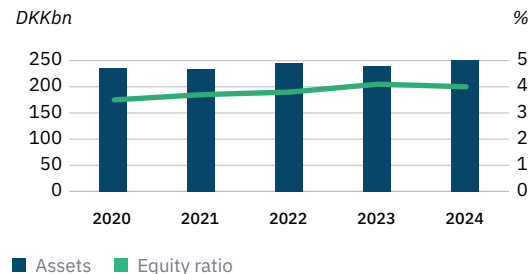
Relative to previous guidance, we upgrade our guidance for net interest income from DKK 500 million to DKK 650 million, primarily owing to higher interest income on investments. We have also upgraded our guidance for net lending from DKK 4.5 billion to DKK 6.5 billion because net lending has so far been higher than expected. Our guidance for administrative expenses of DKK 200 million is unchanged. Accordingly, we are guiding for a profit for the year before value adjustments and tax of DKK 450 million.

Given the negative value adjustments in the first half of 2024 of DKK 502 million, comprehensive income for the year is likely to be negative. We still expect to maintain our equity ratio at not less than 3 pct. both in the short term and in the long term.

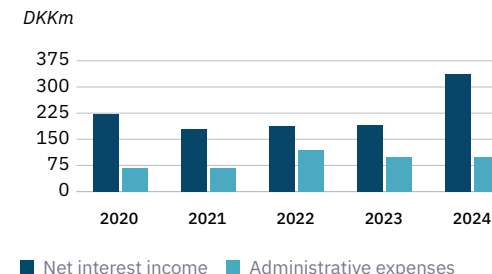
Distribution of net lending



Assets and equity ratio first half 2020-2024



Net interest income and administrative expenses first half 2020-2024





02

Financial statements H1 2024

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Comprehensive income

DKKkm	Note	H1 2024	H1 2023
Interest income		3,158	2,418
Interest expense		-2,822	-2,227
Net interest income		336	191
Other operating income		2	3
Other operating expenses		-9	-7
Administrative expenses		-99	-100
Profit before value adjustments		230	87
Value adjustments of financial instruments		-502	153
Profit before tax		-272	240
Tax on profit for the period		60	-53
Profit for the period		-212	187
Other comprehensive income			
Actuarial gains and losses		0	0
Tax on actuarial gains and losses		0	0
Comprehensive income for the period		-212	187
Allocated as follows:			
Transferred to equity		-212	187
Total		-212	187

Balance sheet

DKKkm	Note	30 June 2024	31 Dec. 2023
Assets			
Due from credit institutions	3	1,624	273
Loans	3	179,625	176,433
Leases		11,123	10,706
Portfolio of securities	3	45,125	43,639
Derivatives	3, 4	12,913	11,428
Other assets		109	133
Current tax assets		98	0
Total assets		250,617	242,612
Liabilities and equity			
Due to credit institutions		0	1
Debt securities issued	3	226,063	218,173
Derivatives	3, 4	13,432	12,949
Other liabilities		584	707
Current tax liabilities		0	32
Deferred tax liabilities		570	570
Total liabilities		240,649	232,432
Equity		9,968	10,180
Total liabilities and equity		250,617	242,612

Equity

DKKm	Note	H1 2024	H1 2023
Equity			
Equity at 1 January		10,180	9,766
Transferred to equity			
Profit for the period		-212	187
Other comprehensive income			
Actuarial gains and losses		0	0
Tax on other comprehensive income		0	0
Other comprehensive income after tax		0	0
Transferred to equity in total		-212	187
Equity at 31 December		9,968	9,953

The comprehensive income for the period is transferred to equity in accordance with the articles of association of KommuneKredit.

Equity fell to DKK 9,968 million at 30 June 2024 from DKK 10,180 million at the end of 2023. At 30 June 2024, equity amounted to 4.0 pct. of total assets, which was lower than at year-end 2023. Equity consists of Common Equity Tier 1 (CET1) capital.

Under the legal framework applying to KommuneKredit, equity must equal at least 1 pct. of total liabilities, equal to DKK 2,406 million. The Board of Directors' target is for equity to amount to at least 3 pct. of assets, which is considered adequate to support KommuneKredit's activities.

Equity at 1 January and 30 June 2024 includes a DKK 2 million net revaluation reserve.

Cash flows

DKKm	Note	H1 2024	H1 2023
Profit before tax		-272	240
Depreciation, amortisation and impairment		0	1
Income tax paid		-70	-106
Total		-342	134
Net interest income reversed		-336	-191
Financial income received		3,158	2,418
Financial expenses paid		-2,822	-2,227
Change in lending		-3,609	-6,096
Change in portfolio of securities		-1,486	312
Change in debt securities issued		7,892	3,743
Change in derivative financial liabilities		483	-647
Change in derivative financial assets		-1,485	2,532
Change in other assets		22	19
Change in other liabilities		-123	-38
Cash flows from operating activities		1,352	-41
Sale of other assets		-	-
Purchase of other assets		-	-3
Cash flows from investing activities		-	-3
Cash flows from financing activities		-	-
Change in cash and cash equivalents		1,352	-44
Cash and cash equivalents at 1 January		272	376
Cash and cash equivalents at 31 December		1,624	332
Specified as follows:			
Deposits with credit institutions		1,624	335
Short-term payables to credit institutions		-	-3
Cash and cash equivalents at 31 December		1,624	332

Notes

Note 1 Accounting policies

General

This interim report covers the period from 1 January to 30 June 2024.

The interim report is presented in accordance with IAS 34, "Interim Financial Reporting", as adopted by the EU, and additional disclosure requirements for interim reports.

All figures in the interim report are presented in millions of Danish kroner, unless otherwise stated. The stated totals have been calculated on the basis of actual amounts before rounding. As amounts are rounded to DKK millions, there may be minor differences between the sum of individual amounts and the stated totals.

The accounting policies are consistent with the policies applied in the 2023 Annual Report. Reference is made to the annual report for a complete description of the accounting policies.

Change in accounting policies

There are no new or amended IFRS standards or interpretations entering into force and effective for the financial year 2024 or later which are considered to have an effect on the financial reporting for 2024.

Significant accounting estimates and judgments

In the preparation of the interim financial statements, management makes a number of accounting estimates and judgments. The estimates and judgments are made in accordance with the accounting policies based on assumptions that management finds reasonable and realistic but which are inherently uncertain and unpredictable. The accounting estimates and judgments are tested and assessed in an ongoing process to ensure that they reflect the historical experience and assessments of future conditions.

The accounting estimates and judgments deemed most critical to the financial statements are where the calculation of fair value is based on input not directly observable in the market and where there is no opposite effect.

In particular, estimates and judgments with respect to the valuation of debt securities issued that are not a part of the bond circuit may affect the financial statements. There is no active market for these securities, as a result of which significant accounting estimates are used in the valuation.

Estimates and judgments in the valuation of certain derivatives may also affect the financial statements, as there are no directly observable prices in the market. Observable input in generally accepted cash flow models is used instead.

There is no observable market for the valuation of loans which are not part of the bond circuit, which means that KommuneKredit applies own current lending prices as market prices.

For all other financial instruments, valuation does not involve significant estimates. This is either because these instruments have quoted prices in an active market, or because there is no significant accounting impact of the estimates applied.

Relative to information in the annual report for 2023, no changes were made to the accounting estimates made. A full description of applied methods and principles for determining accounting judgments and estimates with respect to the fair value of financial instruments is provided in the annual report for 2023.

Note 2 Events after the balance sheet date

No significant events occurred after the balance sheet date.

Notes

Note 3 Specification of fair value of financial instruments

In accordance with IFRS 13 'Fair Value Measurement', financial instruments measured at fair value must be classified in a fair value hierarchy ranging from level 1 to level 3, depending on how the fair values have been determined and the data on which they are based. The fair value is the amount for which a financial asset or a financial liability can be exchanged between knowledgeable, willing parties.

Fair value is measured on the basis of the following hierarchy:

Level 1: Quoted prices in an active market for identical assets or liabilities.

Level 2: Observable input based on quoted prices in an active market for similar assets or liabilities, or other valuation methods in which the valuation is based substantially on observable input.

Level 3: Non-observable input where the valuation is not based substantially on observable input.

The valuation of fair values in levels 2 and 3 is based on generally accepted models. KommuneKredit uses both A) listed prices for similar issues adjusted for liquidity, credit risk and conversion rights and B) discounted cash flow models, where all estimated and fixed cash flows are dis-

counted using zero coupon interest curves, interest structure and options models.

A) KommuneKredit uses listed prices for similar issues adjusted for liquidity, credit risk and conversion rights on the part of debt securities issued and loans which is referred to as the bond circuit. The bond circuit is characterised by being based on the mortgage credit balance principle where the terms and conditions underlying the debt securities issued by KommuneKredit are passed on directly to the bond loan to the client plus a margin determined by KommuneKredit.

The securities in the bond circuit are listed on Nasdaq Copenhagen, but the bonds are illiquid as the frequency and volume of trading is insufficient. Consequently, the listed price cannot be used, and listed prices from similar issues adjusted for liquidity, credit risk and conversion rights are used instead. Similar issues could be mortgage or government bonds with similar characteristics. As the credit risk on loans to customers corresponds to the issued debt securities, the price of the debt securities issued is also used for the bond loan. Price changes will thus not have any impact on the result.

B) KommuneKredit uses discounting of cash flows on derivatives, on the remaining part of the debt

securities issued, which are also considered illiquid, and on loans raised at fair value which are part of the bond circuit.

The calculation of fair value in level 2 includes observable input like swap rates, FX base swap spreads, tenor spreads and exchange rates, etc. The valuation of debt securities issued also includes KommuneKredit's estimate of the actual funding expenses. The valuation of lending includes KommuneKredit's current lending prices. KommuneKredit aims to keep lending margins relatively constant by adjusting the actual lending prices on a regular basis against estimated, current funding expenses. The sensitivity associated with estimating actual funding expenses will thus be partly set off by changes in current lending prices. This means that the total value adjustment is considered to have a maximum net effect in the range of +/- DKK 250 million.

A small part of KommuneKredit's debt securities issued and derivatives is classified as fair value level 3. The level is used for structured notes and pertaining hedging derivatives for which input, in addition to input that applies to fair value level 2, also consists of non-observable input like volatility of currencies, shares and commodities and the correlation between these. The structured notes issued are micro-hedged by derivatives, and changes

in the non-observable input will therefore not have any significant impact on the profit as changes in issuance will have an opposite effect on the derivative.

KommuneKredit pursues a risk management strategy of mitigating market risk by using financial instruments. Consequently, the total net effect on the statement of comprehensive income and equity derived from changes in estimates and assumptions used to calculate the fair value under levels 2 and 3 is reduced to include changes in funding expenses and lending prices.

No transfers between the levels were made in the first half of 2024.

Notes

Note 3 Specification of fair value of financial instruments (continued)

DKKkm	Level 1	Level 2	Level 3	Total
30 June 2024				
Assets				
Due from credit institutions	1,624	0	0	1,624
Loans	0	179,625	0	179,625
Portfolio of securities	45,125	0	0	45,125
Derivatives	0	12,660	253	12,913
Total assets	46,749	192,285	253	239,287
Liabilities				
Due to credit institutions	0	0	0	0
Debt securities issued	0	222,791	3,272	226,063
Derivatives	0	13,053	379	13,432
Total liabilities	0	235,844	3,651	239,495

DKKkm	Level 1	Level 2	Level 3	Total
31 December 2023				
Assets				
Due from credit institutions	273	0	0	273
Loans	0	176,433	0	176,433
Portfolio of securities	43,639	0	0	43,639
Derivatives	0	11,167	261	11,428
Total assets	43,912	187,600	261	231,773
Liabilities				
Due to credit institutions	1	0	0	1
Debt securities issued	0	214,824	3,349	218,173
Derivatives	0	12,704	245	12,949
Total liabilities	1	227,528	3,594	231,123

Notes

Note 3 Specification of level 3 fair value

DKKm	Balance at 1 January	Additions	Disposals	Recognised in profit for the period	31 Dec.
30 June 2024					
Assets					
Due from credit institutions	0	0	0	0	0
Loans	0	0	0	0	0
Portfolio of securities	0	0	0	0	0
Derivatives	261	0	0	-8	253
Total assets	261	0	0	-8	253
Liabilities					
Due to credit institutions	0	0	0	0	0
Debt securities issued	3,349	0	0	-77	3,272
Derivatives	245	0	0	134	379
Total liabilities	3,594	0	0	57	3,651

DKKm	Balance at 1 January	Additions	Disposals	Recognised in profit for the year	31 Dec.
31 December 2023					
Assets					
Due from credit institutions	0	0	0	0	0
Loans	0	0	0	0	0
Portfolio of securities	0	0	0	0	0
Derivatives	256	0	-1	6	261
Total assets	256	0	-1	6	261
Liabilities					
Due to credit institutions	0	0	0	0	0
Debt securities issued	5,054	0	-1,761	56	3,349
Derivatives	309	0	-27	-37	245
Total liabilities	5,363	0	-1,788	19	3,594

Notes

Note 4 Specification of fair value of financial instruments

KommuneKredit settles foreign exchange transactions and derivatives on a net basis when a master netting agreement (ISDA Master Agreement) includes an agreement on Cross-Transaction Payment Netting. The net settlement entails that the accounting values for derivatives contain offsetting in the balance sheet. Total offsetting amounted to DKK 8,102 million at 30 June 2024, against DKK 7,917 million at 31 December 2023.

In ISDA Master Agreements where no Cross-Transaction Payment Netting is included, the accounting values will not include offsetting. The netting value of derivatives not offset has been limited to the lesser of assets and liabilities calculated per counterparty. The amount is included in both assets and liabilities.

ISDA Master Agreements include unilateral or bilateral collateral agreements relating to derivatives. Collateral received and posted under these agreements solely includes bonds with a high credit rating. The amount of collateral is calculated per counterparty and has been limited to the net value of the financial instruments for which the bonds have been provided as collateral. The collateral agreements only allow offsetting in case of bankruptcy and not on a regular basis. No offsetting is applied for the value of the collateral.

KommuneKredit has not entered into any netting agreements and has not posted or received any collateral in relation to lending, leasing or debt securities issued. Accordingly, these financial instruments are not included in the table below. Carrying amounts appear from the balance sheet.

Derivatives presented in the balance sheet

DKKm	Values offset			Values not offset		
	Gross carrying amount	Set-off	Carrying amount	Financial instruments	Collateral	Net value
30 June 2024						
Assets	21,015	-8,102	12,913	-2,813	-9,503	597
Liabilities	21,534	-8,102	13,432	-2,813	-10,442	177
Net	-519	0	-519	0	939	420
31 December 2023						
Assets	19,345	-7,917	11,428	-2,672	-7,658	1,098
Liabilities	20,866	-7,917	12,949	-2,672	-9,798	479
Net	-1,521	0	-1,521	0	2,140	619

Notes

Note 5 Key figures and financial ratios

DKK million	H1 2024	H1 2024	H1 2023	H1 2022	H1 2021	H1 2020	FY 2023
	EUR	DKK	DKK	DKK	DKK	DKK	DKK
Key figures for the period							
Net interest income	45	336	191	187	180	221	467
Administrative expenses	-13	-99	-100	-119	-68	-67	-193
Profit before value adjustments	31	230	87	65	109	152	264
Value adjustment of financial instruments	-67	-502	153	535	190	35	276
Tax on profit for the year	8	60	-53	-132	-66	-41	-126
Comprehensive income for the period	-28	-212	187	468	233	145	414
Loans and leases	25,578	190,748	181,070	179,513	191,156	190,698	187,139
Portfolio of securities	6,051	45,125	46,279	50,530	36,745	37,609	43,639
Investments in property, plant and equipment	-	-	3	0	0	0	0
Assets	33,606	250,620	240,280	245,327	234,368	236,685	242,612
Debt securities issued	30,314	226,063	211,642	221,784	216,970	216,443	218,173
Equity	1,337	9,968	9,953	9,243	8,630	8,324	10,180
Activities during the period							
Loans and leases, net additions in nominal value	753	5,616	4,296	3,367	3,782	3,914	5,874
Loans and leases, gross additions in nominal value	2,741	20,439	16,508	16,912	19,874	23,926	29,027
Debt securities issued, gross additions in nominal value	3,834	28,594	24,801	33,319	35,229	26,855	41,543

Million	H1 2024	H1 2024	H1 2023	H1 2022	H1 2021	H1 2020	FY 2023
	EUR	DKK	DKK	DKK	DKK	DKK	DKK
Capital structure							
Total Risk Exposure Amount (REA)	2,395	17,861	15,176	16,267	12,202	13,817	15,637
Common Equity Tier 1 (CET1) capital	1,337	9,968	9,953	9,243	8,630	8,324	10,180
Capital base	1,325	9,880	9,873	9,136	8,530	8,165	10,107
Capital ratio.	55	55	65	56	70	59	65
Equity ratio, pct.	4.0	4.0	4.1	3.8	3.7	3.5	4.2
Selected financial ratios							
Losses on loans and leases	0	0	0	0	0	0	0
Expenses/assets, pct.	0.04	0.04	0.04	0.05	0.03	0.03	0.08
Net interest income/assets, pct.	0.13	0.13	0.08	0.08	0.08	0.09	0.08
Number of full-time employees	104	104	102	94	87	79	101

Key figures and financial ratios have been calculated in accordance with "Recommendations & Financial Ratios" issued by CFA Society Denmark.

Exchange rate at 30 June 2024: EUR 100 = DKK 745.7414. The format is unchanged from last year.

* REA and capital ratio have been calculated in accordance with the principles applying to credit institutions, even though these rules do not apply to KommuneKredit.



03

Statements and reports

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Statement by the Board of Directors and the Management Board

The Board of Directors and the Management Board have today considered and approved the interim report of KommuneKredit for the period 1 January – 30 June 2024.

The interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU.

In our opinion, the interim financial statements give a true and fair view of the financial position of KommuneKredit at 30 June 2024 and of the comprehensive income of KommuneKredit’s operations and cash flows for the period 1 January – 30 June 2024.

Further, in our opinion, the Management’s review gives a true and fair view of the development in KommuneKredit’s operations and financial matters, principal risks and uncertainties, the comprehensive income for the period and KommuneKredit’s financial position as such.

Copenhagen, 4 September 2024

Management Board

Jens Lundager
CEO, Managing Director

Henrik Andersen
Managing Director

/Morten Søjtofte
CFO

Board of Directors

Martin Damm
Chairman

Thomas Lykke Pedersen
Vice Chairman

Birgit Aagaard-Svendsen

Michael Fenger

Mikael Klitgaard

Susanne Kure

Erik Lauritzen

Tormod Olsen

Carsten Scheiby

Peter Sørensen

Independent auditor's report on review of the interim financial statements

To the Board of Directors of KommuneKredit

We have reviewed the interim financial statements of KommuneKredit for the period 01.01.2024 - 30.06.2024, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies.

Management's responsibility for the interim financial statements

Management is responsible for the preparation of interim financial statements in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and Danish disclosure requirements for listed companies, and for such internal control as Management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial statements. We conducted our review in accordance with the International Standard on Engagements to Review Interim

Financial Information Performed by the Independent Auditor of the Entity and additional requirements under Danish audit regulation. This requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared, in all material respects, in accordance with the applicable financial reporting framework. This also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with the International Standard on Engagements to Review Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures primarily consisting of inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements for the period 01.01.2024 - 30.06.2024 have not been prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and Danish disclosure requirements for listed companies.

Statement on the management's review

Management is responsible for the management's review.

Our conclusion on the interim financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our review of the interim financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the interim financial statements or our knowledge obtained in the review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management's review is in accordance with the interim financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management's review.

Copenhagen, 4 September 2024

DELOITTE

Statsautoriseret Revisionspartnerselskab
CVR No. 33 96 35 56

Henrik Wellejus

State Authorised Public Accountant
Identification No. (MNE) mne24807

Jens Ringbæk

State Authorised Public Accountant
Identification No. (MNE) mne27735

Report by the ministry-appointed auditor

To the Board of Directors of KommuneKredit

As the auditor appointed by the Ministry, I have reviewed the interim financial statements of KommuneKredit for the period 1 January – 30 June 2024. In addition, I have read the Management's review.

During my review, I did not identify any non-compliance with the framework governing KommuneKredit's lending business, which is the subject of my supervision. The audit procedures performed by Deloitte did not give rise to any comments on my part.

Copenhagen, 4 September 2024

Per Hansen



04

Additional information

30 Definitions and formulas



Definitions and formulas

Benchmark: Public issues under a standard loan programme. Maturities often vary between 3 and 10 years depending on currency.

Cap: An interest rate cap is a maximum interest rate on a given financial instrument with variable interest payments.

Co₂e Scope total: Direct and indirect emissions of CO₂ from purchased energy (such as electricity and district heating).

Cross-Transaction Payment Netting: When payments are netted into one net payment across multiple transactions.

CVA: Credit Value Adjustment (CVA) designates the value by which derivatives must be adjusted to reflect the probability of a counterparty's default.

DVA: Debt Value Adjustment (DVA) designates the value by which derivatives must be adjusted to reflect the probability of KommuneKredit's default.

ECP: European Commercial Paper. Issues under a standard loan programme with a short term to maturity.

Equity ratio =
$$\frac{\text{Equity}}{\text{Total assets}}$$

Common Equity Tier 1 (CET1) capital: Equity less various deductions, which in KommuneKredit's case is zero.

Funding spread: KommuneKredit's funding spread is its funding costs relative to the variable market rate in DKK.

Green Bond Framework (GBF): The framework for KommuneKredit's issue of green bonds, including the criteria defining which loan purposes may be classified as green.

General block exemption rules: The General Block Exemption Regulation is part of the EU's state aid rules and is designed to reduce administrative burdens on specific types of state aid without giving recipients an unfair competitive advantage.

Haircut: Deductions in the quoted price of bonds, the size depending on the liquidity properties of the bond.

HQLA: High-quality liquid assets.

ISDA Master Agreement: Bilateral framework agreement and master netting agreement for trading in OTC derivatives between financial counterparties.

Capital base: Common Equity Tier 1 (CET1) capital less various deductions (e.g. prudent valuation, current losses, intangible assets).

Capital ratio =
$$\frac{\text{Capital base}}{\text{Total risk exposure amount (REA)}}$$

The capital ratio is calculated in accordance with the solvency requirements for financial institutions.

Local authority mandate: The rules on local authority mandates are based on unwritten legal doctrines that allow municipalities to undertake assignments and make certain financial transactions of an economic nature without explicit statutory authority.

Total liquidity resources: Total liquidity resources are composed of equity and liquidity resources.

Liquidity Coverage Ratio (LCR): Indicates the ratio between the portfolio of liquid assets and the net runoff from cash flows over a 30-day horizon in a stress scenario. The financial ratio was introduced in connection with Basel III and subsequently CRR/CRD IV.

Nasdaq Copenhagen: Bonds listed on the stock exchange in Copenhagen. These bonds are often denominated in DKK.

Net Stable Funding Ratio (NSFR): The ratio between defined stable funding and the estimated need for stable funding. The financial ratio was introduced in connection with Basel III and subsequently CRR/CRD IV.

Net lending: Net additions of loans and leases in nominal value.

Bond circuit: The bond circuit is characterised by being based on the mortgage credit balance principle where the terms and conditions underlying the debt securities issued by KommuneKredit are passed on directly to the bond loan to the customer plus a margin determined by KommuneKredit.

Risk tolerance: The level of risk a business is willing to accept.

Risk weight: Weight attributed to the individual exposures when calculating the capital ratio. Given by the solvency rules for credit institutions.

Total risk exposure amount (REA) The value of total assets when calculating the capital ratio, allowing for the risk weight of the exposure. Total risk exposure amount is calculated in accordance with the solvency requirements for credit institutions.

Structured notes: Structured notes are typically a mixture of a bond and an embedded element of derivatives (most often options) which provides exposure to other forms of investment assets, for example developments in a price, interest rate or equity index or a selection of equities.

TCFD: Task Force on Climate-related Financial Disclosures.



Disclaimer: The interim report is prepared in Danish and translated into English. In the event of discrepancies the Danish version must prevail.

Cover page photo: Piling wall at Enø to protect the coast from rising water levels. In 2024, KommuneKredit converted a construction credit into a loan for DKK 33 million for Enø Digelaug.

Thank you to NIRAS for lending us the front page picture.

Other photos: KommuneKredit



Contact

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Please direct questions regarding bond issuance to:
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