An aerial photograph of a modern building with a prominent blue roof. The building is surrounded by lush greenery, including trees and a winding path. The text 'Annual Report 2025' is overlaid in white on the right side of the image.

Annual Report 2025

KommuneKredit
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1175 Copenhagen K
Denmark
CVR No. 22 12 86 12



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Green Bond Impact Report

KommuneKredit reports annually about the environmental impact of our green loans.

> [Read the Green Bond Impact Report on our website](#)

Corporate Governance Report

KommuneKredit has published a report on corporate governance.

> [Read the Corporate Governance Report on our website](#)

Follow us



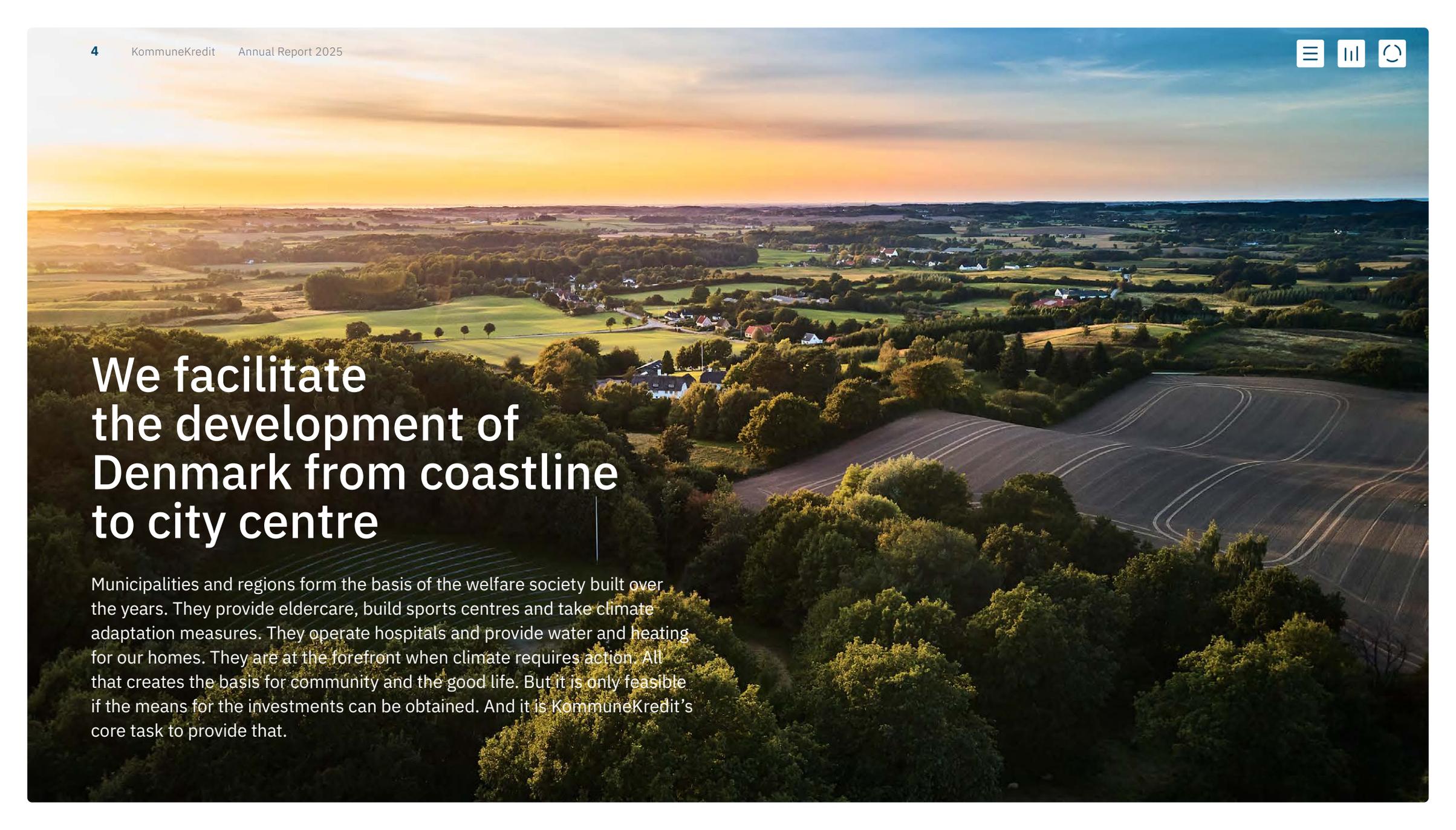
Gilleleje Waterworks
New, state-of-the-art waterworks

01

About KommuneKredit

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We facilitate the development of Denmark from coastline to city centre

Municipalities and regions form the basis of the welfare society built over the years. They provide eldercare, build sports centres and take climate adaptation measures. They operate hospitals and provide water and heating for our homes. They are at the forefront when climate requires action. All that creates the basis for community and the good life. But it is only feasible if the means for the investments can be obtained. And it is KommuneKredit's core task to provide that.

KommuneKredit in brief

KommuneKredit was established in 1899 as a special-purpose credit institution. Since then, our core purpose has been to support welfare, societal developments and the local green transition in Denmark. We do so by providing funding for the necessary investments in public tasks performed by municipalities and regions – at equal terms for all and at the lowest possible cost.

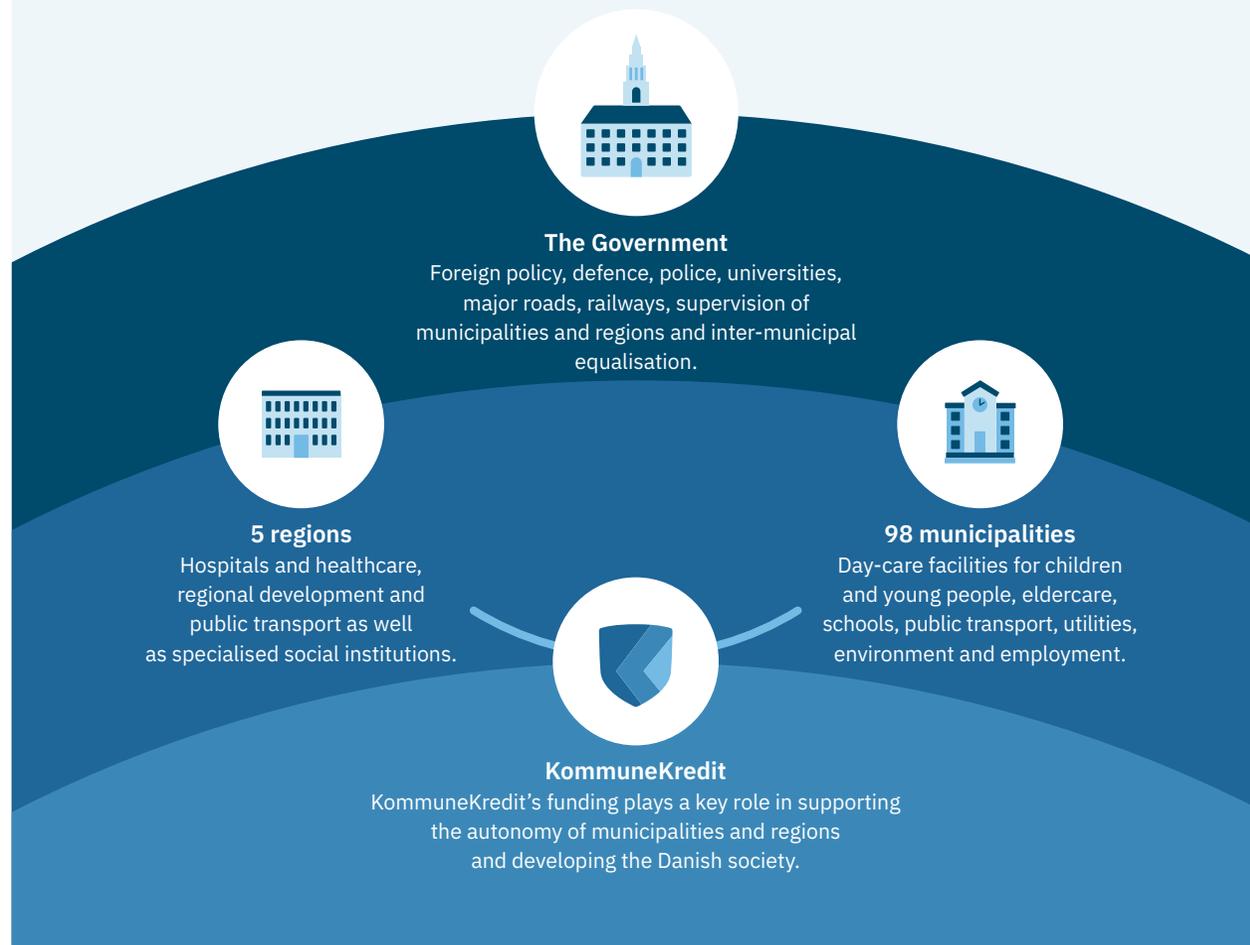
Our business model builds on a community with all Danish municipalities and regions being members and jointly and severally liable for KommuneKredit’s liabilities. We provide loans and finance leases to municipalities and regions and other entities undertaking public tasks when the loan is guaranteed by a local or regional authority. The statutory model has provided a solid basis for our role as a funding partner for more than 125 years.

> [Read more about the principles of the economy of municipalities and regions and the access to raise loans](#)



Municipalities and regions are key to the Danish welfare system

Municipalities and regions are defined by law, and their right of autonomy is laid down in the Danish Constitution (*grundloven*) and other legislation. KommuneKredit is governed by Act No. 405 of 25 April 2023 on the Credit Institution for Local and Regional Authorities in Denmark (*lov om kreditforeningen af kommuner og regioner i Danmark*).

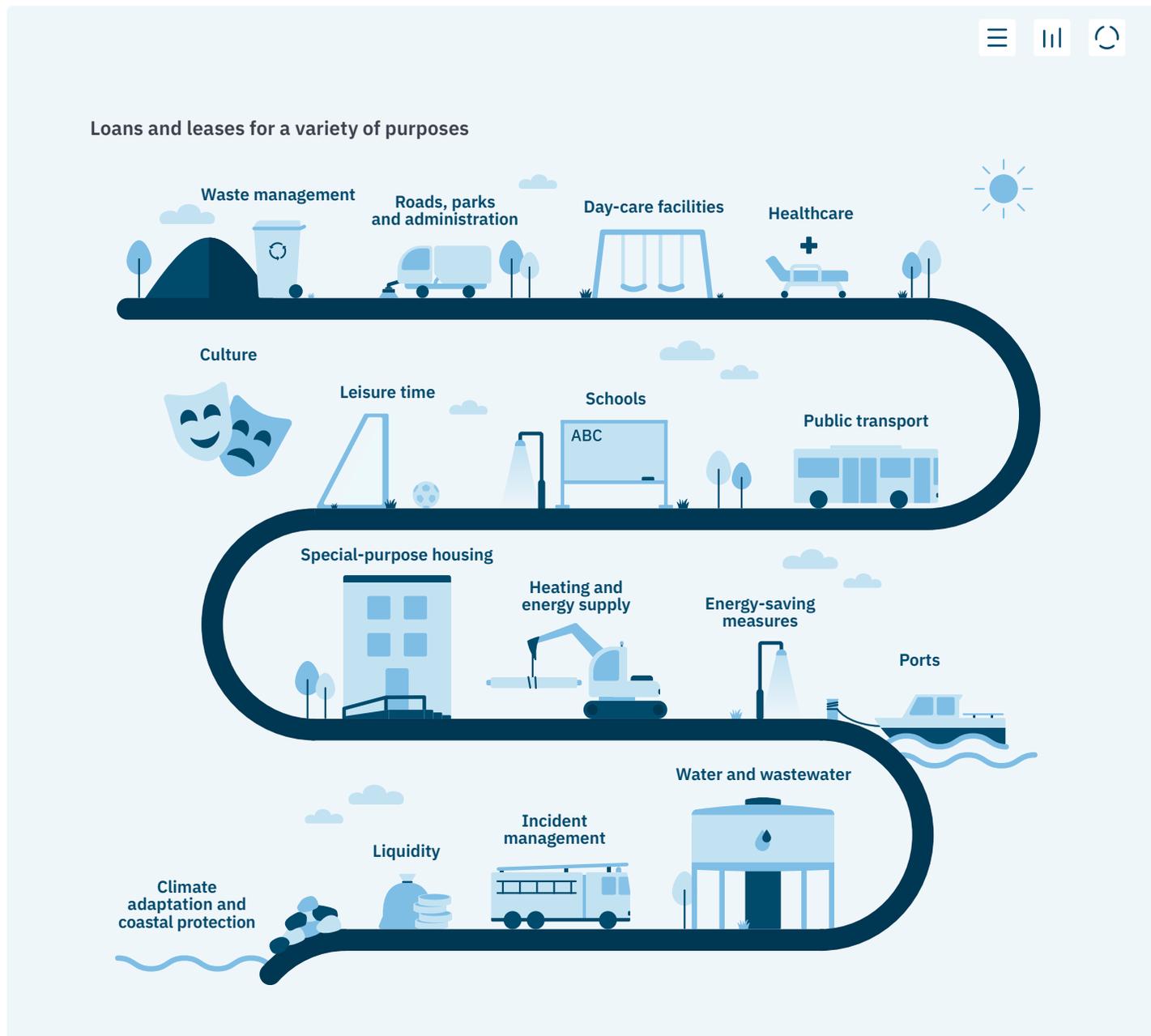


Loans and leases for a variety of public tasks

When a request is made for a loan or a lease, we make a specific assessment as to whether we can grant the loan within the loan framework of the Danish Ministry of the Interior and Health (*Indenrigs- og Sundhedsministeriet*), the legislation applicable to the relevant municipal or regional task and the EU state aid rules. In that way, we ensure that the loan can be provided within the framework of KommuneKredit's loans and leases. However, it is the responsibility of the municipality or region to assess whether the investment makes sense in a societal perspective and to ensure that the loan can be repaid.

Over the years, we have provided funding for a variety of investments spanning energy-efficient district heating, climate adaptation, energy-saving measures and climate-friendly transport to housing for the elder and marginalised citizens, schools, city museums and sports centres.

- > [Read more about what we provide loans and leases for](#)
- > [An overview of the distribution of our loans and leases on customer types is available on our website](#)



Better local value for public money

We fund our lending by issuing bonds that are purchased by the Government at rates equivalent to Danish government bond yields. We are not required to pay dividend, and we only have to cover our costs and maintain a stable equity. This results in lower interest rates for our customers, creating better financial leeway for municipalities and regions for the benefit of local welfare and development. Once a democratic investment decision has been made by a municipality or a region, it is our task to provide loans and leases – at equal terms for all. We do so without regard to the size or location of the project enabling municipalities and regions to translate democratic decisions into specific investments.

Continuity and predictability

Our role is to provide access to funding of public tasks. With our funding model, we can give municipalities and regions access to predictable funding within the legislative framework.

Social contribution

We have built extensive knowledge about the funding of local public tasks and its framework. We draw on this knowledge in our day-to-day advisory services and also bring it into play in our dialogue with relevant stakeholders and decision-makers. In that way, our knowledge and experience contribute to a better decision-making basis – for the benefit of society at large.



Legal basis and applicable framework

KommuneKredit was established by Act No. 35 of 19 March 1898 as most recently amended by Act No. 405 of 18 April 2023 on the Credit Institution for Local and Regional Authorities in Denmark. The Act lays down the framework for KommuneKredit as a special-purpose credit institution. KommuneKredit's statutory purpose is to provide loans and finance leases to municipalities and regions and other entities undertaking public tasks when the loan is guaranteed by a local or regional authority. KommuneKredit is subject to some of the same requirements and supervisory frameworks that apply to private credit institutions. However, the supervisory frameworks are adapted to our special activities and the limited risks that we assume. The responsibility for the financial supervision of KommuneKredit is entrusted to the Danish Financial Supervisory Authority (*Finanstilsynet*). In addition, the Minister for Industry, Business and Financial Affairs has appointed an auditor to oversee that KommuneKredit's lending is in keeping with the rules applicable to the borrowing of municipalities and regions and the delimitation of KommuneKredit's customer group as required by law. [The Act on KommuneKredit and our Articles of Association are available on our website.](#)



Letter from Management

On 26 March 2025, KommuneKredit reached a mutual understanding with the Danish Government to the effect that, in the future, the Government will fund KommuneKredit at rates corresponding to the Government's own funding costs. Having obtained funding by selling bonds in the market for more than 125 years, this was a groundbreaking change that will ultimately benefit all citizens and taxpayers.

Based on an understanding between KommuneKredit and the Government, we have regularly issued bonds since June 2025 that Danmarks Nationalbank (the central bank of Denmark), acting on behalf of the Government, has purchased at interest rates corresponding to Danish government bond yields. The lower funding cost for KommuneKredit has entailed even lower interest rates on our loans and leases. In consequence, we lowered our interest rates on loans and leases by

between 0.4 and 0.7 percentage point already on 1 April 2025. Based on the understanding, annual interest rate savings are expected to total up to DKK 1 billion when the new funding model takes effect. Such savings will benefit all citizens and taxpayers in municipalities and regions. Add to this that the Government obtains major savings by purchasing KommuneKredit bonds rather than investing the proceeds of its bond sales in its account with Danmarks Nationalbank.



Martin Damm,
Chairman of the Board of Directors

Jens Lundager,
Chief Executive Officer

The understanding will be implemented in the Act on KommuneKredit by a statutory amendment. There has been a public inquiry concerning the bill, but the bill has not been introduced due to the announcement of the general election on 26 February 2026. With the upcoming amendment, the regulations applying to KommuneKredit and the Danish Financial Supervisory Authority's supervision of KommuneKredit's financial activities will be adjusted to reflect the new funding model and ensure proportionality with the limited risks offered by the business model.

The specific terms applicable to KommuneKredit's issuance of bonds to the Government appear from 'Guidelines for financial transactions between Danmarks Nationalbank and KommuneKredit', which were agreed on in connection with the understanding. According to the guidelines we can issue bonds with maturities of up to 30 years and, basically, make weekly issuances. Against that background, we can ensure that our members and customers have access to funding of their projects at any time with the maturities allowed under the executive orders on lending and that we can meet our obligations in the bond market as regards our existing outstanding bonds worth approx. DKK 200 billion and our

obligations relating to the daily provision of collateral to our financial counterparties.

Seen from the outside, nothing has changed at KommuneKredit, the only difference being that our loans and leases are provided at interest rates that are, on average, half a percentage point lower than previously. However, for KommuneKredit as a business, there have been major changes. For more than 125 years, our main focus has been to secure the necessary demand from investors who in all situations have been willing to buy our bonds in the market at very low yields. The demand reliability is now guaranteed through the Government's purchase of our bonds, and we can therefore focus even more on supporting good funding decisions by making our knowledge and experience as a knowledge partner available to our members and customers.

In connection with the announcement of the understanding, we adjusted our organisation. During 2025, we also wrapped up our risk management policy to align it with the new situation.

Financial results

As expected, KommuneKredit's comprehensive income came to a loss of DKK 44 million for 2025. This should be viewed in the con-

“ I am pleased that the agreement with the Government will enable us to offer cheaper funding to municipalities and regions – amounting to annual savings of DKK 1 billion in the future.

Martin Damm
Chairman of the Board of Directors

text of our net interest income of DKK 641 million being in line with expectations at the interim stage, while our expenses were DKK 206 million, or slightly below expectations. Profit before tax and value adjustments came to DKK 507 million which is in line with the expectations in the interim report.

Assets and liabilities except leases are measured at fair value. Comprehensive income came to a loss due to negative value adjustments of DKK 552 million at the end of 2025 largely reflecting the transition to the new funding model.

Loans and leases

When a local council has made a democratic decision to raise a loan or provide a guaran-

tee for a loan – and the purpose of the loan is within the regulatory framework of our lending activities – we provide the funding. The assessment of whether the investment makes good sense for society and whether repayment capacity exists is made by the local authority only. This is how the distribution of responsibilities has always been, and it has proven very solid. Only on very rare occasions has a project financed by a loan guaranteed by a local authority failed and, as a result of the guarantee, the municipality has had to take over the debt. In such cases, the local authority providing the guarantee will in practice take over the role as creditor from us until the debt is entirely assumed.

Examples of loans and leases provided in 2025

- **Korsør Marina:** A DKK 9.5 million construction credit facility for changes to pier layout, etc.
- **Møllehjemmet Care Centre in the Municipality of Norddjurs:** A DKK 0.4 million loan for the establishment of incident management services.
- **South Jutland Fire and Rescue Services:** A DKK 3.4 million loan for the establishment of incident management services.
- **The 4th Hvidovre Sea Scout Group:** A DKK 2.9 million construction credit facility for the reconstruction of a scout hut following a fire.
- **North Zealand Hospital:** A DKK 0.5 million lease agreement for the financing of a giraffe incubator for premature babies.
- **Incident Management Services in Randers, Favrskov and Djursland:** A DKK 2.1 million lease agreement for a remote-controlled robot to be used as a water and foam cannon and to ventilate buildings, covered courts, parking facilities, etc.
- **ESANI, the multi-municipal national waste management company of Greenland:** A DKK 500 million loan to complete incineration plants in NUUK and Sisimiut.

› [More information about our projects is available on our website](#)

However, in the past two years, we have seen an example where Odsherred Varme A/S (a district heating utility) has been placed in reconstruction. At a bankruptcy court hearing in July 2025, a majority of the creditors adopted a reconstruction proposal which was upheld by the court. The reconstruction involves a compulsory arrangement combined with an extension of payments according to which the two financial creditors – a bank being the largest creditor and then KommuneKredit – will receive dividends of about 60 per cent of the debt over a 45-year period.

KommuneKredit's loan to the district heating utility is fully guaranteed by the Municipality of Odsherred. This specifically entails that the municipality must continue to guarantee the utility's remaining debt (for 45 years) and, moreover, that the municipality has taken out a loan with KommuneKredit to cover the some 40 per cent loss resulting from the compulsory arrangement. Both the loan and the guarantee have been provided based on an exemption for the loan granted by the Ministry of the Interior and Health.

Loans to Greenland

Since early 2024, the municipal sector in Greenland has had the possibility to take out loans with KommuneKredit for local projects

in Greenland. The Danish Government provides KommuneKredit with a guarantee for the loan, while the Government of Greenland provides the Danish Government with a guarantee for the loan within certain limits. In the second half of 2025, we granted the first loans totalling DKK 1,624 million to the municipal sector in Greenland.

Guarantee commissions

When companies undertaking public sector tasks are to make investments, they can often obtain a loan or lease with KommuneKredit against a guarantee provided by one or several local governments. In some cases – water, wastewater and district heating – the municipality must, under municipal law and regulation, collect a guarantee commission as payment for assuming the credit risk. We see widespread uncertainty among private advisers to local governments as to how to determine the guarantee commission, and in some cases, this results in local governments being advised to determine a guarantee commission that does not reflect the actual risk of providing the guarantee, meaning that the guarantee commission is either too high or too low. In our view, local governments need clear guidelines as to how to determine a fair guarantee commission in practice. Therefore, we have regularly en-

“With our Strategy 2029, it is our ambition to underpin our role as the preferred funding partner for municipalities and regions.

Jens Lundager
Chief Executive Officer

gaged in dialogue about the determination of guarantee commissions, and we also offer to participate in dialogue about any future efforts that may contribute to clarifying the uncertainty.

Green loans

Up to the introduction of the new funding model, KommuneKredit has had a green bond programme that has formed the basis for the funding of local green investments in, for example, the roll-out of energy-efficient district heating. In 2025, we obtained approval from our Green Bond Committee to provide investments totalling DKK 4.8 billion under our green programme. We continue to report annually on the impact of green bonds issued before 2025.

New strategy

In December 2025, the Board of Directors of KommuneKredit adopted a new strategy, ‘Strategy 2029 – Exploring new paths’, which was launched in early 2026. The new strategy builds on the result of Strategy 2025, which has now been completed – including an IT transformation programme that was implemented within the agreed timeframe and below budget.

With Strategy 2029, we will strive to strengthen KommuneKredit’s position as the best funding partner for municipalities and regions in Denmark and Greenland – through knowledge, efficiency and the courage to develop. Being a customer of KommuneKredit must be simple.

Although the core of our business is unchanged, the context has changed. KommuneKredit is now funded directly by the Government. This offers some opportunities that we must seize to make us even stronger.

We must shift our focus even more towards our customers and members and their needs, while at the same time fuelling the development we have already started: creating a well-managed, accessible and sustainable credit institution with public ownership.

New Board of Directors at KommuneKredit

Based on the distribution of votes at the municipal and regional elections in November 2025, the municipalities elect six members, and the regions elect two members for the Board of Directors of KommuneKredit. The Board of Directors also has two independent members elected by the Board of Directors itself. The composition of the Board of Directors for the coming four years will be decided on 1 May at the latest. The term of the new Board of Directors starts on 1 June 2026.

New domicile

Having resided at Kultorvet in Copenhagen for nearly 60 years, we sold those properties in the spring of 2025. A new lease has been entered into for premises at Store Kongen-

gade 72C in Copenhagen, and we expect to relocate in the second quarter of 2026. The relocation to Store Kongensgade is not just about new premises, it is rather about creating a workplace where employees thrive. Accordingly, we have involved the employees in deciding how we best refurbish the new premises to ensure that this will make a positive contribution to our high employee satisfaction, which has once again been confirmed by our annual employee satisfaction survey. Employee satisfaction is a key prerequisite for our work with the new strategy and for our continued efforts to future-proof KommuneKredit to ensure that we can continue to provide stable and long-term funding to municipalities and regions – also in the future.

Martin Damm
Chairman of the
Board of Directors

Jens Lundager
Chief Executive Officer

Key figures and financial ratios for KommuneKredit

Million	2025	2025	2024	2023	2022	2021
	EUR	DKK	DKK	DKK	DKK	DKK
Key figures						
Net interest and fee income	96	713	717	457	353	378
Value adjustment of financial instruments	-74	-552	-510	276	1,144	249
Staff costs and administrative expenses	-28	-206	-194	-193	-224	-140
Impairment of loans and receivables, etc.	0	0	0	0	0	0
Profit for the year	-6	-44	8	414	991	378
Loans and leases	26,729	199,627	194,110	187,139	174,974	194,948
Equity	1,352	10,099	10,188	10,180	9,766	8,775
Assets	33,671	251,468	252,498	242,612	237,052	249,077
Debt securities issued	30,533	228,032	231,169	218,173	207,899	233,892
Portfolio of securities	5,471	40,860	43,618	43,639	46,591	48,387
Investments in property, plant and equipment	0	0	2	3	0	0
Activities during the year						
Loans and leases, net additions in nominal value (net lending)	560	4,186	6,219	5,874	4,766	8,675
Loans and leases, gross additions in nominal value	5,899	44,054	34,413	29,027	28,057	36,958
Debt securities issued, gross additions in nominal value	4,870	36,368	43,407	41,543	52,692	65,112

With the adoption of the new Act on KommuneKredit and the subsequent dialogue with the Danish Financial Supervisory Authority, additional key figures and financial ratios have been added. Comparative figures have been restated.

Key figures and financial ratios have been calculated in accordance with the accounting provisions applicable to KommuneKredit. Exchange rate at 31 December 2025: EUR 100 = DKK 746.8488.

Million	2025	2025	2024	2023	2022	2021
	EUR	DKK	DKK	DKK	DKK	DKK
Financial ratios						
Capital base relative to minimum capital requirement	7.8	7.8	7.2	8.1	7.7	7.8
Solvency ratio	63	63	58	65	62	62
Equity Tier 1 ratio	63	63	59	65	62	63
Return on equity before tax, %	-0.4	-0.4	0.1	5.4	13.7	5.7
Return on equity after tax, %	-0.4	-0.4	0.1	4.2	10.7	4.4
Income/cost ratio	0.8	0.8	1.1	3.8	6.7	4.5
Total risk exposure amount (REA)	2,144	16,012	17,391	15,637	15,653	13,859
Common Equity Tier 1 (CET1) capital	1,352	10,099	10,188	10,180	9,766	8,775
Capital base	1,343	10,033	10,066	10,107	9,684	8,660
Interest rate risk	34	254	55	104	197	268
Currency position	32	241	556	1,013	2,413	932
Loans to deposits, %	87.5	87.5	84.0	85.8	84.2	83.3
Loans to equity	19.8	19.8	19.1	18.4	17.9	22.2
Impairment rate for the year	0	0	0	0	0	0
Return on assets (profit for the year/total assets), %	0.0	0.0	0.0	0.2	0.4	0.2
Equity ratio after tax, %	4.0	4.0	4.0	4.2	4.1	3.5
Expenses/assets, %	0.08	0.08	0.08	0.08	0.09	0.06
Net interest income/assets, %	0.25	0.25	0.29	0.19	0.14	0.15
Number of full-time employees	100	100	106	101	97	88

	2025	2024	2023	2022	2021
Selected ESG figures					
CO ₂ e total (scope 1, 2, 3) (t)	62	73	64	56	36
Share of renewable energy, %	92	92	93	93	89
Gender composition, management level (women), %	26.7	31.3	26.7	26.7	33.3
Employee turnover, % (FY)	9.0	6.1	10.0	9.8	10.4
CEO pay/median employee remuneration	3.4	3.7	3.6	3.7	3.7

* The method used to determine gender composition, management level (women), %, has been changed from comprising only management levels 1 and 2 to also comprising management level 3.

This is how we create value for society

Case – CONSTRUCTION LOAN

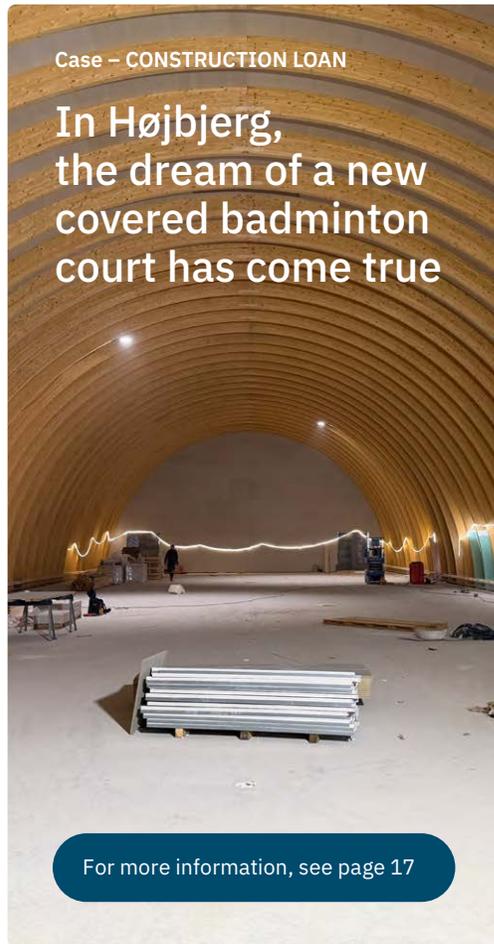
From gas to cheaper and greener heating in Hedensted



For more information, see page 16

Case – CONSTRUCTION LOAN

In Højbjerg, the dream of a new covered badminton court has come true



For more information, see page 17

Case – LEASE

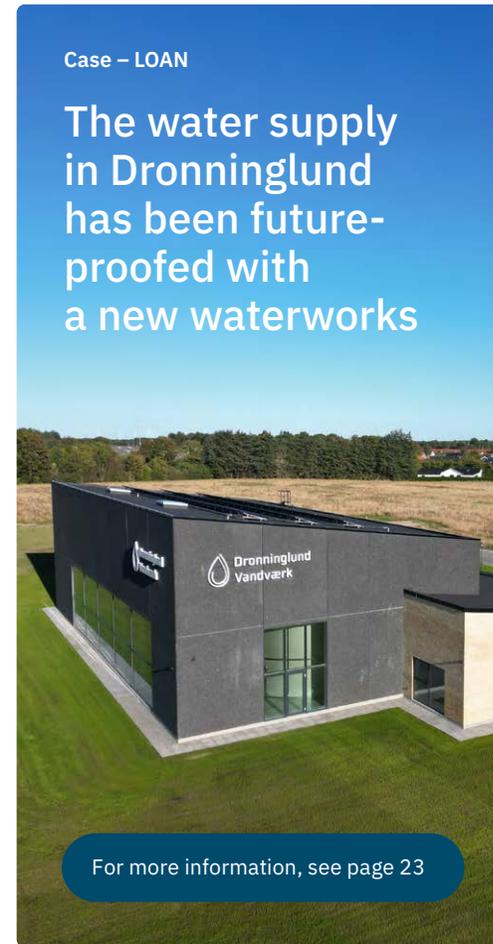
The Municipality of Odder creates safer public open spaces with green and reliable LED lamps



For more information, see page 22

Case – LOAN

The water supply in Dronninglund has been future-proofed with a new waterworks



For more information, see page 23

Strategy 2029 – Exploring new paths

KommuneKredit is in a good place. Every single day we help facilitate the investments necessary for welfare and the development of society in Denmark. Our new strategy will improve our foundation for being able to accomplish this task even better. That will require that we take responsibility and have the courage to create progress.

With the new strategy, we take the next important steps in our development. We must shift our focus even more towards our customers and members and their needs, while at the same time fuelling the development we have already started: creating a well-

managed, accessible and sustainable credit institution with public ownership. In other words, we are exploring new paths, and our vision is to excel at funding the investments to be made by municipalities and regions in the future.



Mission

We provide loans and leases for public tasks – at the lowest possible costs and at equal terms for all.



Vision

We want to be the preferred funding choice for municipalities and regions when they invest in the future.



Strategic goals

1. Good funding decisions
We contribute to good funding decisions by being a credible financial knowledge partner.

Customers – We have knowledge of how to fund public tasks, about lending rules, about state subsidy rules and about the financial situation in general. We want to share that knowledge with our customers in a relevant, uniform and structured way to ensure that they choose the right funding that fits their needs.

Members – Being a knowledge partner, we focus on supporting the financial interests of our members in respect of loans and leases – also as regards their ownership of and provision of guarantees to municipal companies. Ultimately, we are here for the sake of our members.

Social value – We make our knowledge available to relevant stakeholders to provide them with the best possible decision basis. We seek out collaboration and communicate with decisions-makers, authorities and interest groups.

In 2029, we will be the preferred choice as a credible financial knowledge partner. Our expertise will be translated into better decisions and measurable social value, our role will be well-known and recognised, and our funding will form a natural part of decisions regarding investments in society.

2. Efficient and responsible
Our operations are efficient, based on digital systems and decent – with structured use of artificial intelligence in a controlled environment.

Operations – We have well-functioning operations and interact with our customers. We want to continue to develop our external customer portals and our internal loan and lease portals, and we want to strengthen our back office, accounting and IT functions. We give priority to data quality, integration and artificial intelligence to ensure efficiency and smooth processes.

Decency – Decency is part of our identity – both internally and externally. Internally, this means making efforts to ensure a high degree of employee satisfaction and a good working environment. Externally, it is about how we respond as a responsible and transparent business. It builds on our 125+ years of experience where corporate social responsibility has been a natural part of our DNA.

Compliance – We work systematically with risk management, state subsidies and other regulatory requirements. We set high standards and regularly develop our processes to ensure that they are solid and relevant in the future.

In 2029, all operating standard processes in the value chain will have been made efficient from front to back. We will have solid customer-friendly portals with high data quality, and our risk management and compliance standards will be outstanding. We will generally be recognised for our accessibility, knowledge and decency.

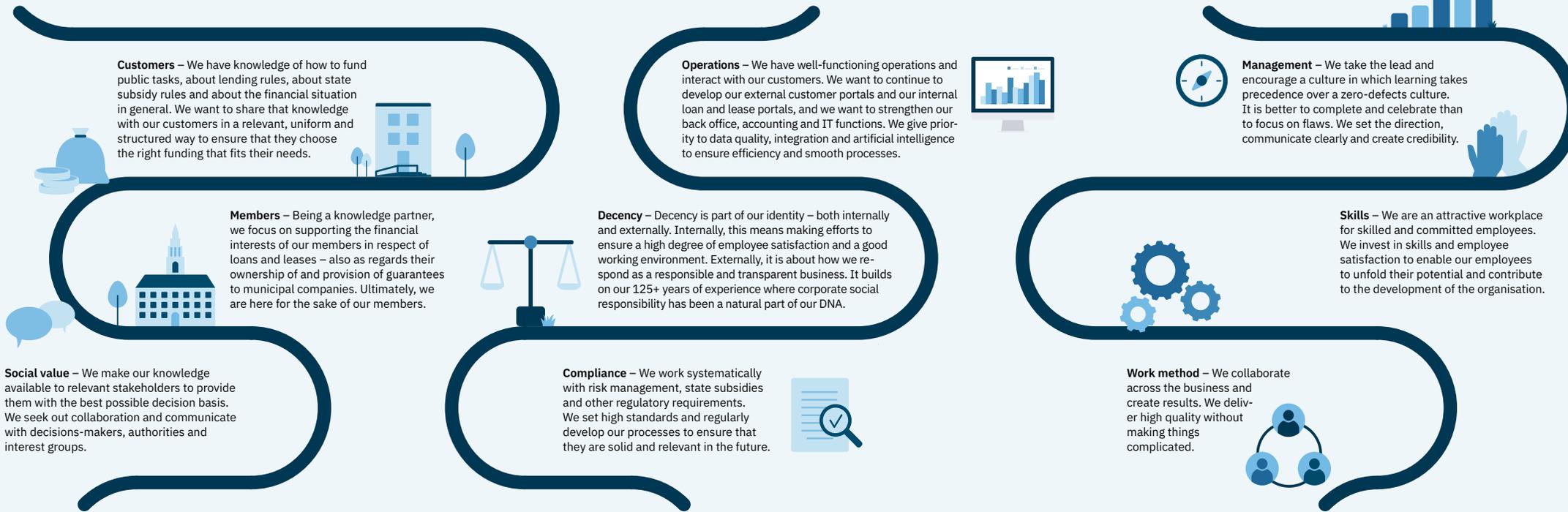
3. Progress
We take responsibility and show courage to create progress.

Management – We take the lead and encourage a culture in which learning takes precedence over a zero-defects culture. It is better to complete and celebrate than to focus on flaws. We set the direction, communicate clearly and create credibility.

Skills – We are an attractive workplace for skilled and committed employees. We invest in skills and employee satisfaction to enable our employees to unfold their potential and contribute to the development of the organisation.

Work method – We collaborate across the business and create results. We deliver high quality without making things complicated.

In 2029, our management and collaboration culture will be characterised by progress, learning and closing abilities. We will embrace new technological opportunities, deliver on time, celebrate completion and will not be considered to foster a zero-defects culture. Thanks to collaborating teams and targeted skills development, our employees will thrive and underpin the organisation's ability to renew.



Case – CONSTRUCTION LOAN

From gas to cheaper and greener heating in Hedensted

Citizens in the Municipality of Hedensted can look forward to a cheaper, greener and more stable heat supply from the summer of 2027. Having been granted a construction credit of DKK 41.6 million by KommuneKredit, the Hedensted Fjernvarme can now establish a new wastewater heat pump and a new distribution grid, a project that will make it possible to reduce gas consumption significantly and thereby the heating bills of local families.





Case – CONSTRUCTION LOAN

New opportunities in Højbjerg

In Højbjerg, they have been dreaming of a new covered badminton court for a long time. A court that would strengthen local association activities and a framework ensuring access for disabled people. With a construction credit of DKK 10 million from KommuneKredit and financial support from the Municipality of Aarhus and the Salling Foundations, that dream has now come true.

Risk management

Business model with low risk and high reliability of funding

Our financial position is largely unaffected by financial market volatility as we pass on our financing costs to our customers with the addition of a small margin.

The Board of Directors has the overall responsibility for our risk management and for determining the risk tolerance. KommuneKredit is supervised by the Danish Financial Supervisory Authority.

At KommuneKredit, we distinguish between financial and non-financial risks. Our total risk exposure amount (REA) has been calculated at DKK 16.0 billion. The solvency ratio calculated according to the requirements applicable to credit institutions was 63 per cent.

We regularly identify, control and mitigate the risks to which our business is exposed.

Our financial position is largely unaffected by financial market volatility as we pass on our financing costs to our customers through interest rates on loans and leases.

Financial risks

The Danish municipalities and regions are jointly and severally liable for KommuneKredit's liabilities. This means that the risks

we assume will ultimately also be risks of municipalities and regions. We have a low risk tolerance which is limited to the financial risks that are absolutely necessary in order to achieve our mission.

Market risk

Until March 2025, KommuneKredit issued bonds in various currencies and subsequently converted these to the currency profile that matched the loans and leases we provided to our customers and our total liquidity resources by means of derivative financial instruments. Going forward, we will only issue bonds in Danish kroner, and Danmarks Nationalbank will buy all our bonds on behalf of the Government. We keep our market risk at a low level to reduce the risk of loss resulting from any changes in market prices.

Credit risk

KommuneKredit is exposed to credit risks in respect of investment counterparties and financial counterparties. The credit risk on investment counterparties arises from investing total liquidity resources in bonds, while the credit risk on financial counterparties arises from the agreements concluded on the use of

Losses

+125 years

without losses on loans and leases

Risk weight

0%

There is a credit risk weight of 0 per cent when banks invest in KommuneKredit's bonds

Total risk exposure amount (REA)

DKK 16.0 billion

Calculated in accordance with the solvency requirements for credit institutions

Local and regional authorities

98 municipalities and 5 regions

are jointly and severally liable for KommuneKredit's liabilities

derivatives. As our bonds issued in foreign currencies mature, we expect a lower credit risk on financial counterparties.

The credit risk on investment counterparties is limited by high credit quality requirements. This applies to both the type of counterparty and the counterparty's credit rating. The credit risk on financial counterparties is also limited by our high credit quality requirements. In addition, we must only trade derivatives with financial counterparties with whom we have entered into a collateral agreement.

KommuneKredit provides loans or finance leases only to Danish municipalities and regions or to local companies and institutions which have obtained a full guarantee from a local or regional authority. Our lending and leasing activities are therefore characterised by the highest level of security. During our more than 125 years in business, we have never suffered a loss on our lending or leasing activities.

In addition, we grant loans guaranteed by the Danish Government to the municipal sector in Greenland.

Liquidity risk

We issue bonds in Danish kroner. Subsequently, we provide loans and leases to municipalities, regions and local companies and institutions. Our task is to ensure that the financing matches the lending and leasing profile requested by the customers.

The Board of Directors has decided that KommuneKredit must have total liquidity resources to cover a long period of extreme

Total risk exposure amount (REA)

KommuneKredit's total risk exposure amount has been calculated at DKK 16.0 billion. We have calculated the risk exposure amount in accordance with the solvency requirements applicable to credit institutions and apply it in our calculation of the solvency ratio. The risk exposure derives from the following areas:



Loans

The risk exposure on loans and leases carries a weight of 0. The reason is that all the risk exposure is either on Danish municipalities and regions or on the Danish Government for the part that relates to loans to Greenland.



Portfolio of securities

KommuneKredit's risk exposure amount on its portfolio of securities totalled DKK 3.1 billion at year-end 2025. The portfolio of DKK 41 billion derives from bonds that form part of the total liquidity resources. The bonds are highly liquid bonds with a very high credit quality.



Derivative financial instruments

KommuneKredit's risk exposure on derivatives concluded with financial counterparties totalled DKK 11.6 billion at the end of 2025. We use derivatives to hedge market risks arising as a result of our role as a link between our funding through bond issuance and loans and leases to the customers.

The risk exposure derives from a total principal of DKK 492 billion with financial counterparties. All our derivatives transactions are concluded with financial counterparties that are subject to bilateral collateral agreements with a daily exchange of collateral and only with counterparties that are assigned at least an A- rating by the international rating agencies.



Other risk exposure

Other risk exposure totals DKK 1.3 billion and mainly consists of operational risk totalling DKK 1.2 billion.

In addition to monitoring and managing our financial risks, we focus especially on a number of non-financial risks relating to the operation and development of our business. We particularly focus on managing our IT risks.

Jonas Toft Månsson

Chief Business Development & Risk Management Officer

financial market stress. Our total liquidity resources consist of highly liquid bonds with a very high credit quality (HQLA).

In pursuance of the Act on KommuneKredit, KommuneKredit must, on an equal footing with private credit institutions, comply with the requirements of a Liquidity Coverage Ratio and a Net Stable Funding Ratio of 100 per cent. The Board of Directors has introduced stricter requirements in our internal guidelines to reflect KommuneKredit's low risk tolerance. The low liquidity risk ensures that we can at all times meet our financial obligations.

Price risk on own funding spreads

KommuneKredit's funding spreads reflect our relative financing costs compared to the variable market rate. As we calculate financing at fair value, we are exposed to changes in our own funding spreads. By maintaining fairly constant margins

on loans and leases, we transfer changes in our own funding spreads to loan and lease prices.

The remainder of the price risk arises primarily for two reasons. The first is that the term to maturity of our funding does not precisely match that of our loans and leases to customers. The other is that we have total liquidity resources.

Non-financial risks

In addition to monitoring and managing our financial risks, we focus especially on a number of risks relating to the operation and development of our business. These risks may cause KommuneKredit a material financial loss, extended use of resources or reputational damage.

Non-financial risks include operational risks (including IT risks) and compliance risks.

Non-financial risk expresses the risk of loss due to, for example, inadequate or failed processes, cyber attacks, human error and actions, system errors, external events or lack of compliance with applicable legislation.

The individual departments at KommuneKredit are responsible for the day-to-day management of operational risks. Efforts are coordinated centrally to ensure optimised management across our business.

Most of our activities are subject to operational risk. We record risk events to improve our business procedures and processes systematically and thereby reduce the number of risk events.

Our business procedures comprise risk assessment, allocation of responsibilities, segregation of duties, process management and business practices. We automate as many processes as possible to reduce the risk of human error.

All critical processes, be they automated or manual, must be supported by either peer checks or automatic controls.

KommuneKredit is highly dependent on a well-functioning IT infrastructure. We place particular focus on this area via an incident management plan and an IT security policy that sets guidelines for access control, assignment of roles and rights, system crashes and errors, etc. We fall within the EU's Digital Operational Resilience Act. This contributes to further underpinning our handling of IT risks.

Non-financial risks



Cyber attacks



IT breakdowns



Critical business processes



Internal fraud

What is the risk?

All businesses face a risk of cyber attacks. This places demands on employee training in and knowledge of how to protect the business against cyber attacks.

External factors such as power failures, water damage, lightning strikes, etc., create a risk that IT systems and hardware will fail or otherwise become inaccessible.

Critical or key business processes for which the IT support is insufficient or which are not subject to a clear distribution of responsibilities may increase the risk of system failure, dependence on specific individuals and financial loss.

Inadequate systems, distribution of responsibilities or processes may result in fraud against KommuneKredit or our customers for personal financial gain.

What might be the consequence?

Inability to access our IT platform, challenges maintaining critical and key business functions or making functionality available to our customers or to protect customer and employee data.

IT systems are essential to KommuneKredit's entire business. Without access to our IT infrastructure, we would struggle to run our business. We have business continuity plans in place to ensure that critical or key business functions can be maintained in the event of a major IT breakdown.

Incorrect handling of our many different tasks would cause a risk of financial loss.

In addition to financial losses, internal fraud may result in reputational damage, which may ultimately affect our ability to run a business.

What measures have we taken?

We regularly update and test technical security measures. Further, we conduct awareness campaigns and offer training to all employees in how to prevent cyber attacks. We have business continuity plans in place to ensure that critical or key business functions can be maintained in the event of a major cyber attack.

We have carried out initiatives in accordance with best practice, including a fully redundant data centre at another location and the backup of data at other locations.

To the fullest extent possible, we support processes using IT systems and business procedures. Working as a 'second line of defence', an in-house operational risk function monitors that operational risk is adequately managed.

All processes involving valuables (money and securities) have embedded IT controls, peer checks and segregation of functions. Each year, we complete a management inspection, including an assessment of the adequacy of checks and controls. The Board of Directors regularly discusses the risk of fraud.

Case – LEASE

The Municipality of Odder creates safer public open spaces with green and reliable LED lamps

When the streets of Odder are to be lighted up in the future, the street lightning will be a more climate-friendly version than what the citizens of the municipality have been used to. The municipality has decided to eliminate CO₂ emissions from street lighting, and with yet another lease agreement from KommuneKredit, the entire municipality in eastern Jutland will be lighted up by more climate-friendly LED lamps.





Case – LOAN

The water supply in Dronninglund has been future-proofed with a new waterworks

In Dronninglund in northern Denmark, a loan agreement with KommuneKredit has made it possible to build a new waterworks ensuring clean and reliable tap water in the future for more than 2,000 households in the area. Moreover, the good dialogue with KommuneKredit has contributed to a secure and effective construction process.

Corporate governance

Responsible and efficient corporate governance

KommuneKredit aims to achieve responsible and efficient corporate governance.

Being a credit institution, KommuneKredit is subject to some of the same requirements and supervisory frameworks that apply to private credit institutions. However, the framework has been adjusted to KommuneKredit’s special-purpose business model and the limited risks involved. We are comprised by the rules on management and control of banks, etc. (governance rules laid down by the Danish Financial Supervisory Authority).

Management structure

The Board of Directors is in charge of the overall management of KommuneKredit and, in keeping with the Articles of Association, must ensure reasonable organisation of our business activities. The Board of Directors determines Kommune-

Kredit’s risk tolerance and risk policy as well as capital and liquidity targets.

Once a year, the Board of Directors determines what areas of responsibility are to be part of the Board of Directors’ tasks.

The Board of Directors delegates authority to the Management Board. However, the Board of Directors may not delegate to the Management Board authority that is part of the Board of Directors’ overall management duties, is of an unusual nature or is of material significance to KommuneKredit.

The Management Board is in charge of the day-to-day management of KommuneKredit in accordance with the Act on KommuneKredit and KommuneKredit’s Articles of Association, the policies and guidelines laid down by the Board

of Directors and any other directions given by the Board of Directors as well as other applicable legislation.

Board of Directors

The Board of Directors is composed of ten members. Six members are elected by the local authorities and two by the regional authorities. Two are elected by the Board of Directors and are independent members with skills in accounting, auditing, finance or risk management. Board members are elected for terms of four years, and the term of office runs from 1 June of the year after the most recent election to the local and regional councils. The election term for one of the two independent Board members is staggered by two years relative to the other Board members.

Day-to-day management of KommuneKredit

Management Board

Jens Lundager, Chief Executive Officer
Henrik Andersen, Managing Director

Loans & leases

Søren Steen Mortensen
Chief Lending & Leasing Officer

IT

Jesper Nørmark Hede
Chief Information Officer

Business Development & Risk Management

Jonas Toft Månsson, Chief Business
Development & Risk Management Officer

Business Support & Finance

Morten Søtofte
Chief Business Support & Finance Officer

Legal and external relations

Helene Vinten
General Counsel

The Board of Directors holds at least four ordinary board meetings a year, and its duties follow an annual calendar covering all significant areas. In 2025, the Board of Directors met in March, June, September and December.

The Board of Directors forms a quorum when at least half of the members are present and participate in the vote. The Management Board usually participates in board meetings but is not a part of the Board of Directors. The Board of Directors carries out an evaluation at suitable intervals of the skills of its members, its work and of the cooperation between the Board of Directors and the Management Board.

Audit Committee

The Audit Committee is composed of three members of the Board of Directors, of whom two are the independent Board members.

The Board of Directors appoints the chairman of the Audit Committee from among the Committee members. The Chairman of the Board of Directors cannot act as chairman of the Audit Committee. The Board of Directors has adopted a set of terms of reference for the Audit Committee, which is available on our website.

> [The terms of reference for the Audit Committee are available on our website](#)

Four meetings were held in the Audit Committee in 2025. The Audit Committee meets at least once a year with the external auditors without the attendance of the Management Board or any other employees of KommuneKredit.

Management Board

The CEO is in charge of the day-to-day management of KommuneKredit. Decisions regarding loans, lease agreements, financing, the use of financial instruments and investments require Management Board consensus. In case of disagreement on such matters, the Board of Directors will make the final decision.

The Management Board informs the Board of Directors about all significant changes in KommuneKredit's affairs and the Management Board's position on all important events of consequence to KommuneKredit. The Management Board provides the Board of Directors with accounting, financial and risk-related information that highlights KommuneKredit's development to allow the Board of Directors to perform its management duties as well as control and supervisory tasks.

At every meeting of the Board of Directors, the Management Board reports whether KommuneKredit complies with the guidelines for financial and operational risk management laid down by the Board of Directors.

Employees

In 2025, KommuneKredit had an average of 100 full-time employees.

KommuneKredit has entered into a collective agreement with Finance Denmark (*Finans Danmark Arbejdsgiver*) and the Danish Financial Services Union.

KommuneKredit attaches importance to facilitating a culture in which employees have equal opportunity to make a career

regardless of gender, ethnicity and age. The Management Board has adopted guidelines for diversity and the under-represented gender.

> [The guidelines for diversity and the underrepresented gender are available on our website](#)

Supervision

KommuneKredit is supervised by the Danish Financial Supervisory Authority.

In addition, the Minister for Industry, Business and Financial Affairs has appointed an auditor to oversee that KommuneKredit's lending is in keeping with the rules applicable to the borrowing of municipalities and regions and the delimitation of KommuneKredit's customer group as required by law.

Since 1 January 2023, Per Hansen, chief adviser on legal affairs, has acted as the appointed auditor.

Annual cycle of business for the Board of Directors 2025/2026

- Board meeting
- Audit Committee meeting
- Management Board meetings with the Chairman

Board meeting Q2 2025
(after the Audit Committee meeting has been held)

Focus: Strategy

- Cost follow-up
- Management Board report on developments in KommuneKredit's activities
- Annual wheel
- Report on KommuneKredit's lending and leasing strategy
- Report on KommuneKredit's financing and investment strategy

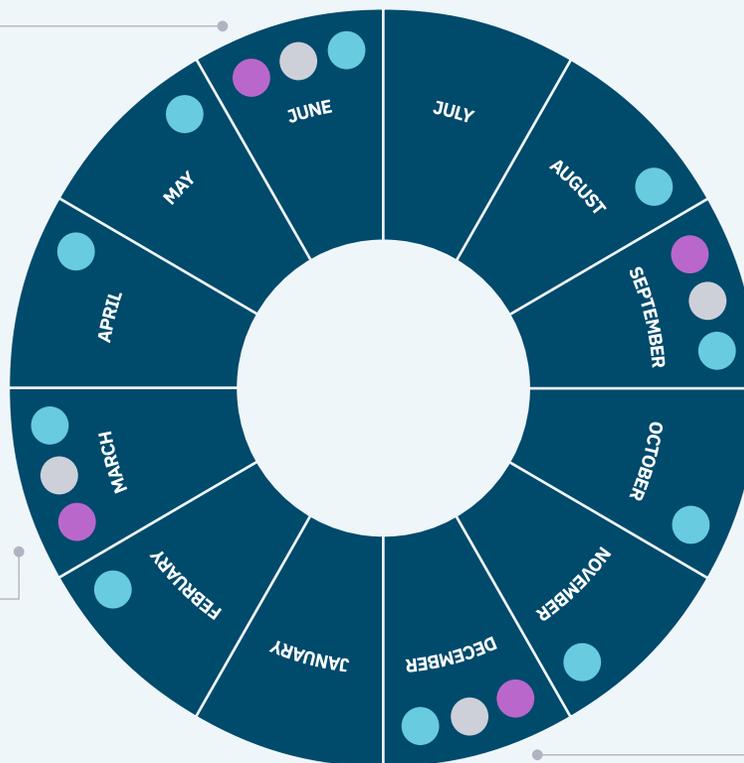
Annual board seminar

- Strategy

Board meeting Q1 2026
(after the Audit Committee meeting has been held)

Focus: Annual report

- Annual report and long-form audit report
- Budget follow-up
- Long-term budget
- Management Board report on developments in KommuneKredit's activities



Board meeting Q3 2025
(after the Audit Committee meeting has been held)

Focus: Interim report

- Interim report and review long-form audit report
- Cost follow-up
- Budget: Draft of level of administrative expenses
- Management Board report on developments in KommuneKredit's activities and the transformation programme
- Compliance reporting
- Distribution of responsibilities between the Board of Directors and the Management Board
- Rules of Procedure

Board meeting Q4 2025
(after the Audit Committee meeting has been held)

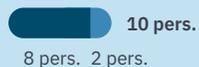
Focus: Risk management

- Long-form audit report in respect of audit over the year
- Cost follow-up
- Management Board report on developments in KommuneKredit's activities
- Budget: Approval of cost budget
- Risk management policy and IT security policy
- Other policies
- Report on operational risks, IT security and IT risk management
- Synopsis of annual report
- Approval of new strategy

Gender composition at 31 December 2025 (legal gender)

● Men
● Women

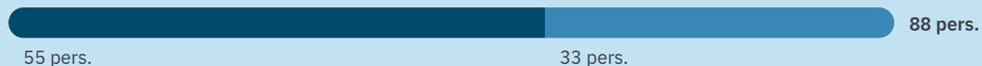
Board of Directors



Other management



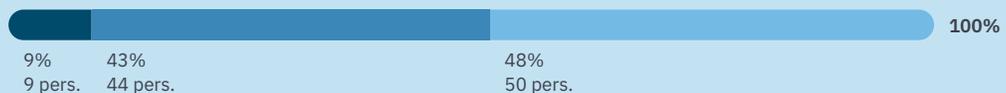
Other employees



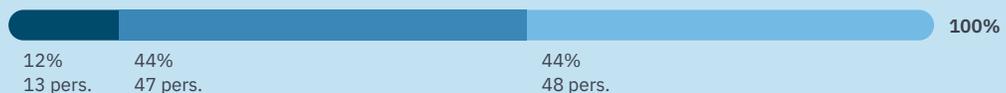
Age composition of employees at 31 December 2025

● Aged 30 years or less
● Aged between 31 and 50 years
● Aged 51 years or more

2025



2024



Corporate governance recommendations

KommuneKredit is not directly encompassed by a corporate governance code, but we do, where relevant and within the provisions of the Act on KommuneKredit, apply the Danish Recommendations on Corporate Governance published by the Danish Committee on Corporate Governance (*Komitéen for god Selskabsledelse*).

> The Danish Recommendations on Corporate Governance are available on the Committee on Corporate Governance's website

Based on the recommendations, we have published a corporate governance report.

> Our corporate governance report is available on our website

> Read more about KommuneKredit's work with ESG data on page 83

Board of Directors



Martin Damm

Chairman

Mayor Municipality of Kalundborg

Year of birth: 1963

Joined the Board of Directors:

13 March 2024

Directorships

Chairman: Kommunernes Landsforening (KL)

Board member: Kommunernes Lønningsnævn; Vestsjællands Brandvæsen; Kalundborgegnens Erhvervsråd



Thomas Lykke Pedersen

Vice Chairman

Mayor Municipality of Fredensborg

Year of birth: 1962

Joined the Board of Directors:

1 June 2018

Directorships

Chairman: Dansk Fjernvarmes Handelsselskab A.M.B.A; Nordsjællands Brandvæsen; Espergærde Gymnasium og HF

Board member: Fredensborg Forsyning A/S; Norfors I/S



Birgit Aagaard-Svendsen

Member of the Board of Directors

Member of the Board of Directors

Year of birth: 1956

Joined the Board of Directors:

1 June 2020

Directorships

Chairman: Renewable Energy Company A/S
Board member: Copenhagen Malmö Port AB; Aker Solutions AS; Stiftelsen Det Norske Veritas and related entities; Grama Design Aps; Otto Mønsted A/S



Michael Fenger

Member of the Board of Directors

Mayor Municipality of Gentofte

Year of birth: 1962

Joined the Board of Directors:

1 June 2022

Directorships

Deputy Chairman: I/S Vestforbrænding
Board member: Novafos A/S; Gate 21



Mikael Klitgaard

Member of the Board of Directors

Mayor Municipality of Brønderslev

Year of birth: 1954

Joined the Board of Directors:

1 June 2014

Directorships

Board member: Nordjyllands Trafikselskab; KKR Nordjylland; Vurderingsankenævnet; Destination Nord; Brønderslev Erhverv; BRN (Business Region North Denmark); Holtegaard Køreforening

Other positions

Member: Board of Representatives of Aalborg Lufthavn; Board of Representatives of Nordjyllands Trafikselskab



Susanne Kure

Member of the Board of Directors

Member of the Board of Directors

Year of birth: 1965

Joined the Board of Directors:

1 June 2022

Directorships

Board member: Pensionskassen for Socialrådgivere, Socialpædagoger og Kontorpersonale; Pensionskassen for Farmakonomer; PKA+ Pension Forsikrings-selskab A/S; Genan Holding A/S; PreSeed Ventures A/S; PSV Hafnium Management ApS; UCPH Ventures A/S; Royal Greenland A/S



Erik Lauritzen

Member of the Board of Directors

Mayor Municipality of Sønderborg

Year of birth: 1960

Joined the Board of Directors:

1 June 2018

Directorships

Chairman: Valgbestyrelsen; Sct. Jørgens Hospital; Lokalvarme Sønderborg
Deputy Chairman: Project Zero Fonden; Sønderborg Lufthavn; Sydtrafik
Board member: EUC Syd; Turistdestination Sønderjylland; Region Sønderjylland-Schleswig; AlsFyn Forbindelsen

Other positions

Chairman: Board of Representatives of Sønderborg Vækstråd

Deputy Chairman: KL – Local Government Denmark’s Climate Action Committee

Member: Board of Representatives of Sydtrafik



Tormod Olsen

Member of the Board of Directors

Regional Council Member Capital Region of Denmark

Year of birth: 1983

Joined the Board of Directors:

1 June 2022

Directorships

Board member: Danske Regioner; Gate 21; Member of Region Eastern Denmark; member of the executive committee of Region Eastern Denmark; Chairman of the health-care council for Amager and the Western Copenhagen area



Carsten Scheibye

Member of the Board of Directors

Regional Council Member Capital Region of Denmark

Year of birth: 1963

Joined the Board of Directors:

1 April 2023

Directorships

Chairman: De lette Kollektivboliger i Hasle og Klemensker S/I; Precure ApS



Peter Sørensen

Member of the Board of Directors

Mayor Municipality of Horsens

Year of birth: 1966

Joined the Board of Directors:

1 June 2022

Directorships

Board member: Business Horsens; Kystlandet; Business Region Aarhus; Sydøstjyllands Brandvæsen; Sundheds-samarbejdsudvalget, Region Midtjylland; Fjernvarme Horsens

Management Board

Jens Lundager

Chief Executive Officer

Year of birth: 1962

Joined the Management Board: 1 September 2015

Former positions

2011-2015 Assistant Governor, Danmarks Nationalbank

2009-2011 Deputy Permanent Secretary, the Danish Ministry of Economic and Business Affairs

2000-2009 Head of Department, Danmarks Nationalbank

1997-2000 Counsellor (Financial), Royal Danish Embassy, Washington DC

1991-1997 Economist, Danmarks Nationalbank

1987-1991 Economist, Danish Ministry of Finance

Other fiduciary positions

2016- Chairman, Committee on Auditors under the aegis of the Danish Business Authority

Henrik Andersen

Managing Director

Year of birth: 1963

Joined the Management Board: 1 January 2018

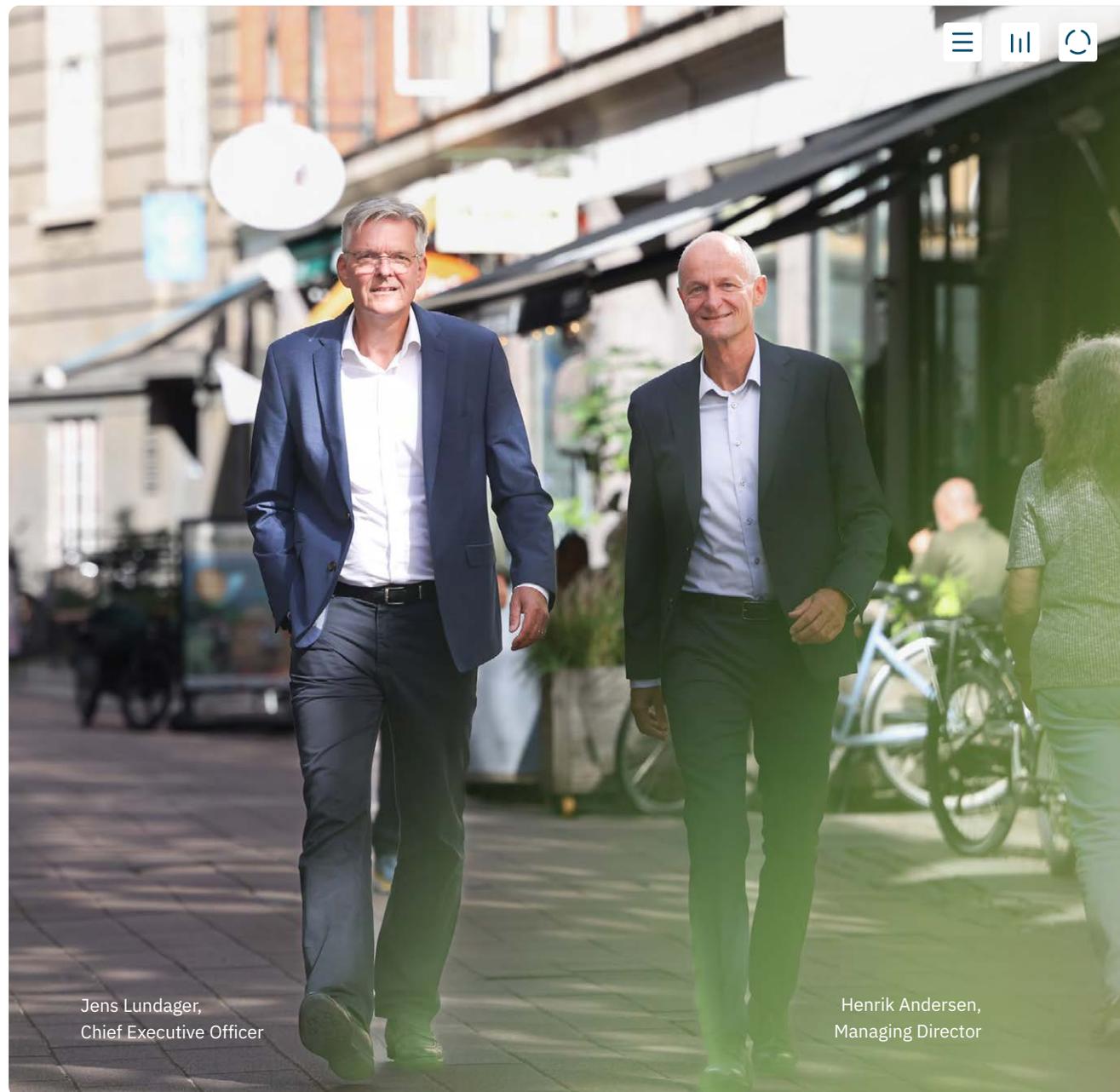
Former positions

2015-2017 Head of Group Treasury, Saxo Bank

2014-2015 Senior Vice President, Nykredit Realkredit A/S

2007-2014 Senior Vice President/Head of Treasury, Nykredit Bank A/S

1990-2007 Trainee, Economist, Head of Office, Head of Department, Nykredit Realkredit A/S



Jens Lundager,
Chief Executive Officer

Henrik Andersen,
Managing Director

02

The year in brief

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Municipality of Frederiksberg
Rain gardens for climate change
adaptation

Financial review

New funding model implemented

2025 was characterised by the transition to the new funding model. Further, 2025 saw the first loans being provided to the municipal sector in Greenland.

Earnings and capital base

Net interest income for the year was DKK 641 million, which is in line with the guidance of DKK 650 million for the year. Compared with 2024, it is a decline of DKK 89 million which mainly reflects lower income from our investments of surplus liquidity due to a decline in short-term interest rates.

The sale of our properties at Kultorvet 14 and 16 in Copenhagen in 2025 generated extraordinary income of DKK 76 million under Other operating income.

Administrative expenses totalled DKK 206 million for the year, which is DKK 9 million less than our guidance in the interim report. The lower-than-expected administrative expenses were due to lower salary and IT costs which were only partly offset by higher costs in connection with the sale of our properties. Compared with 2024, when administrative expenses

totalled DKK 194 million, this is an increase of DKK 12 million. The increase chiefly reflects higher IT costs for server operations, hardware and IT consultants of DKK 8 million. Profit before value adjustments and tax came to DKK 507 million, down by DKK 16 million on 2024 and in line with our guidance in the interim report.

Value adjustments for the year came to DKK -552 million. The negative value adjustments reflect that the interest rates used for the valuation of loans and funding have been adjusted to Danish government bond yields in accordance with the new funding model. To this should be added that, as expected, the large positive value adjustments in 2021-2023 were subsequently offset by negative value adjustments.

Tax on profit for the year amounted to DKK 1 million in 2025 against DKK -5 million in 2024.

“The negative development in comprehensive income is in line with our guidance in the interim report and is largely attributable to value adjustments.

Morten Søjtofte
Chief Business Support & Finance Officer

Accordingly, comprehensive income for the year amounted to DKK -44 million compared with DKK 8 million in 2024. The negative development in comprehensive income is in line with our guidance in the interim report and is largely attributable to value adjustments. The negative comprehensive income for the year is taken to equity in its entirety. Following the sale of our properties at Kultorvet 14 and 16, we have reversed a revaluation reserve of DKK 45 million for the period through equity, which subsequently constitutes DKK 10,099 million, corresponding to an equity ratio of 4.0 per cent. Equity consists of Common Equity Tier 1 (CET1) capital and must, according to the Board of Directors' target, make up at least 3 per cent of total assets.

The total risk exposure amount (REA) came to DKK 16 billion at end-2025, down DKK 1.4 billion on end-2024. The decline partly reflects a lower holding of securities, which has reduced

the credit risk, and partly an exchange-rate risk reduction. Moreover, the implementation of Capital Requirements Regulation III (CRR3) has also contributed to a lower total risk exposure amount. Accordingly, the solvency ratio calculated in accordance with the solvency requirements for credit institutions was 63 per cent at end-2025 compared to 58 per cent at end-2024.

Loans and leases

Net lending, i.e. new lending including leases but less repayments and redemptions, amounted to DKK 4.2 billion and is hence DKK 2.2 billion higher than the DKK 2.0 billion guided for in the interim report.

Growth in lending is largely attributable to projects within district heating – both new establishments and extensions – and other green infrastructure investments, including water and wastewater solutions. In addition, as something new, we provided loans to the municipal sector in Greenland in 2025, loans for which the Danish Government provides KommuneKredit with guarantees.

In 2025, green loans accounted for 25.2 per cent of our relevant lending¹ and therefore reached our target that green loans were to account for 25 per cent of relevant lending in 2025.

> [More information about our green loan portfolio is available in our Green Bond Impact Report on our website](#)



Investments and funding

Total investments, i.e. amounts due from credit institutions and the portfolio of securities, declined by DKK 5.0 billion to DKK 41.0 billion at year-end 2025. Accumulated funding, i.e. amounts due to credit institutions and debt securities issued, declined by DKK 3.1 billion. The decline in investments and funding is a consequence of the new funding model, which has enabled us to reduce our total liquidity resources.

By far the greater share of our outstanding funding is still denominated in EUR, USD and DKK. Total assets declined by DKK 1.0 billion to DKK 251.5 billion in 2025, due mainly to the reduction in total liquidity resources, which is only partly offset by the increase in lending.

¹ The calculation of the proportion of green loans of our relevant lending is based on loans excluding construction credits, leases and bond loans.

Outlook

Following the adjustment to a new funding model, 2026 is anticipated to be a more stable year

We have now left the transitional effects of the new funding model behind and are starting the new year with moderate net lending, low funding costs and normalised value adjustments.

Developments in KommuneKredit's lending depend on the legislative framework for the access to lending and the provision of guarantees and on the customers' needs for taking out loans. Net lending is expected to total DKK 5.5 billion in 2026, which is in line with net lending in 2025.

Depending on developments in lending in 2026, we expect the need for Government-based funding to end up around DKK 35 billion. In 2025, we adjusted total liquidity resources to the new funding model and now expect the need for a securities portfolio to be around DKK 40 billion in 2026.

KommuneKredit has a low risk tolerance and, consequently, we do not expect net interest income to be affected by any changes in market conditions. The new funding model will enable us to maintain low funding costs, which we will pass on to our customers in the form of low interest rates on loans and leases. We forecast net interest income for the year of just under DKK 500 million.

Administrative expenses are expected to be around DKK 225 million in 2026. The expected increase is partly due to non-recurring expenses relating to the relocation and refurbishment of premises and partly to the circumstance that the rent to be paid for the new premises will be included in administrative expenses as opposed to previously when we incurred funding costs by owning our headquarters. To this should be added general movements in salaries and prices.

All else equal, we expect value adjustments of about DKK 150 million for 2026 with usual fluctuations of +/- DKK 500 million.

We expect to maintain our equity ratio at not less than 3 per cent of total assets, which is consistent with our target.

Outlook for 2026

	Results for 2025	Outlook for 2026
Net lending (DKKm)	4,186	5,500
Net interest income (DKKm)	641	500
Staff costs and administrative expenses (DKKm)	206	225
Profit before value adjustments and tax (DKKm)	507	275
Equity ratio (%)	4.0	4.1

The expectations expressed in this annual report are inherently subject to uncertainties and may be affected by external factors. This may have the effect that actual developments and actual results may differ significantly from the expectations expressed in this annual report.

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Financial statements 2025

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Filstov Free School
Addition of new labs

Comprehensive income

DKKm	Note	2025	2024
Interest income	1.1	4,979	6,316
Interest expense	1.2	-4,338	-5,586
Net interest income		641	730
Other operating income		82	4
Other operating expenses		-10	-17
Staff costs and administrative expenses	2.1, 2.2	-206	-194
Profit before value adjustments		507	523
Value adjustment of financial instruments	1.3, 1.4	-552	-510
Profit/loss before tax		-45	13
Tax on profit for the year	3.1	1	-5
Profit/loss for the year		-44	8
Other comprehensive income			
Actuarial gains and losses		0	0
Tax on actuarial gains and losses	3.1	0	0
Comprehensive income for the year		-44	8
Allocated as follows:			
Transferred to equity		-44	8
Total		-44	8

Balance sheet

DKKm	Note	2025	2024
Assets			
Due from credit institutions	1.4	139	2,350
Loans	1.4, 1.5	189,348	183,467
Leases	1.5, 1.6	10,279	10,644
Portfolio of securities	1.4, 1.7	40,860	43,618
Derivative financial instruments	1.4	10,723	12,232
Other assets		54	114
Current tax assets	3.2	65	73
Total assets		251,468	252,498
Liabilities and equity			
Due to credit institutions	1.4	0	6
Debt securities issued	1.4, 1.8	228,032	231,169
Derivative financial instruments	1.4	12,302	9,991
Other liabilities		480	572
Current tax liabilities	3.2	0	0
Deferred tax liabilities	3.3	555	572
Total liabilities		241,369	242,310
Equity		10,099	10,188
Total liabilities and equity		251,468	252,498

Equity

DKKm	Note	2025	2024
Equity			
Equity at 1 January		10,188	10,180
Revaluation reserve			
Revaluation reserve reversed		-45	0
Transferred to equity			
Profit/loss for the year		-44	8
Other comprehensive income			
Actuarial adjustments		0	0
Tax on other comprehensive income		0	0
Other comprehensive income after tax		0	0
Total changes in equity for the year		-89	8
Equity at 31 December		10,099	10,188

Comprehensive income for the year is transferred to equity in accordance with KommuneKredit's Articles of Association.

Equity declined to DKK 10,099 million at 31 December 2025 from DKK 10,188 million at 31 December 2024. At year-end 2025, equity accounted for 4.0 per cent of assets, which is unchanged from year-end 2024. Equity consists of Common Equity Tier 1 (CET1) capital.

According to the Act on KommuneKredit, equity must account for at least 1 per cent of liabilities, corresponding to DKK 2,414 million. According to the target set by the Board of Directors, equity must account for at least 3 per cent of assets as this is considered a suitable capital base to underpin KommuneKredit's activities.

Equity at 1 January and 31 December 2025 contains a net revaluation reserve of DKK 2 million.

Cash flows

DKKm	Note	2025	2024
Profit/loss before tax		-45	13
Depreciation, amortisation and impairment		1	1
Other adjustments		-76	-
Income tax paid		-5	-107
Total		-125	-93
Net interest income reversed		-641	-729
Financial income received		4,979	6,316
Financial expenses paid		-4,338	-5,586
Change in lending		-5,516	-6,972
Change in portfolio of securities		2,758	21
Change in debt securities issued		-3,137	12,996
Change in derivative financial liabilities		2,311	-2,958
Change in derivative financial assets		1,509	-804
Change in other assets		-23	19
Change in other liabilities		-93	-136
Cash flows from operating activities		-2,316	2,074
Sale of other assets		111	0
Purchase of other assets		0	-2
Cash flows from investing activities		111	-2
Cash flows from financing activities		-	-
Change in cash and cash equivalents		-2,205	2,072
Cash and cash equivalents at 1 January		2,344	272
Cash and cash equivalents at 31 December		139	2,344
Specified as follows:			
Deposits with credit institutions		139	2,350
Short-term payables to credit institutions		0	-6
Cash and cash equivalents at 31 December		139	2,344

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General information

Note 1.0 Accounting policies

General information

The financial statements of KommuneKredit for 2025 have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional Danish disclosure requirements for issuers of listed bonds.

The financial year follows the calendar year. KommuneKredit's functional currency is Danish kroner (DKK), and the annual report is presented in millions of Danish kroner (DKK million).

The concept of materiality has been applied in preparing the annual report. Certain items have been aggregated, and certain disclosures have been omitted because they are immaterial, individually and in the aggregate, to the annual report.

Unless otherwise indicated, all amounts in the annual report are stated in DKK million. The stated totals have been calculated on the basis of actual amounts before rounding. As amounts are rounded to DKK million, there may be minor differences between the sum of individual amounts and the stated totals.

The EU Commission Delegated Regulation (EU) 2019/815 on the single electronic reporting format (the ESEF Regulation) specifies the use of a special electronic reporting format for annual reports of

companies issuing listed securities. More specifically, the ESEF Regulation requires the preparation of the annual report in XHTML format. In accordance with the requirements of the ESEF Regulation, the annual report approved by management consists of a zip file with the file name Årsrapport 2025-ESEF that contains an XHTML file that can be opened using standard web browsers.

Change in accounting policies

There are no new or amended IFRS standards or interpretations entering into force and effective for the financial year 2025 or later which are considered to have an impact on the financial reporting for 2025.

Significant accounting estimates, assumptions and judgments

In the preparation of the 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 deems 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 and have been issued prior to KommuneKredit's new funding model may affect the financial statements. As there is no active market for these securities, 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, the 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.

KommuneKredit's new funding model has caused a change in the use of estimates as regards debt securities issued. Debt securities issued after the transition to the new funding model have been issued at interest rates corresponding to Danish government bond yields. Government bond yields can be observed directly in the market and, therefore, no significant accounting estimates are used in the valuation of debt securities issued after the transition to the new funding model. Relative to 2024, no changes have been made to the accounting estimates applied.

Currency translation

The presentation currency used in the financial statements is Danish kroner (DKK). On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Assets and liabilities denominated in foreign currency are translated at the exchange rates at the balance sheet date. Realised and unrealised exchange rate adjustments are recognised in the statement of comprehensive income.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to KommuneKredit.

General information

Note 1.0 Accounting policies – continued

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from KommuneKredit and the value of the liability can be reliably measured.

Income is recognised in profit or loss as earned. Costs are recognised when incurred by KommuneKredit.

On initial recognition, financial assets and financial liabilities are recognised at the transaction date. Realised and unrealised adjustments of the value of financial assets and financial liabilities to fair value using the fair value option through profit or loss are recognised in profit or loss under 'Value adjustments of financial instruments'. Derecognition of both financial assets and financial liabilities is made on expiry or at the time of sale.

The fair value is measured on the basis of quoted market prices of financial instruments traded in active markets. If an active market exists, fair value is based on the most recently observed market price.

If the market for one or more financial assets or financial liabilities is illiquid, fair value is determined using generally accepted valuation methods. Transaction costs and income are recognised on initial recognition.

Offsetting

Positive and negative fair values of financial instruments are included in separate items in the balance sheet, and positive and negative values are set off only when KommuneKredit has the right and the intention to settle several financial instruments on a net basis.

Determination of the value of financial instruments using the fair value option

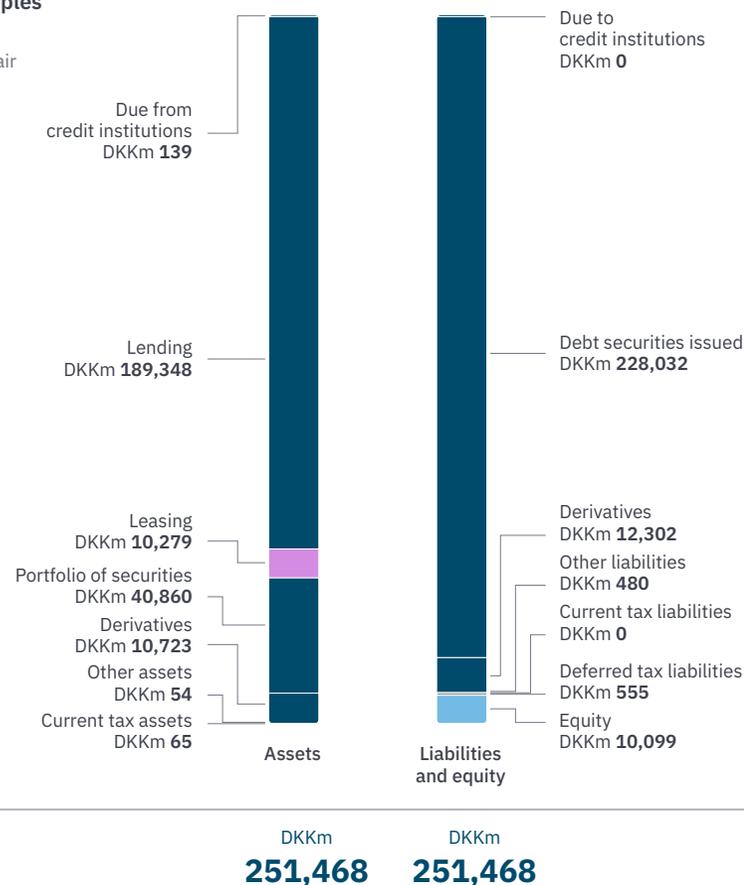
KommuneKredit has decided to use the fair value option under IFRS 9 'Financial Instruments' to provide the reader with a transparent and easy-to-understand calculation of the balance sheet components.

Using the fair value option also helps ensure consistent accounting treatment of amounts due from credit institutions, lending, the portfolio of securities, debt securities issued and derivatives in respect of risk and matching hedges. This implies that lending, securities and derivatives are measured at fair value with value adjustment through profit or loss.

Overall, 96 per cent of the balance sheet items are measured at fair value.

Valuation principles

- Fair value and fair value option
- Cost
- Other



General information

Note 1.0 Accounting policies – continued

Further, the fair value option is applied because KommuneKredit's measurement of investment returns is based on fair values, and the relating disclosure to the Management Board and the Board of Directors is based on fair values.

To mitigate the operational risks associated with determination and manual handling of non-observable market data for purposes of fair value measurement of lending, debt securities issued and derivatives, KommuneKredit has internal controls and business procedures in place which ensure distribution of responsibilities, segregation of duties and process management. All critical manual processes are supported by objective controls or peer checks.

More details on the quantification of the sensitivity which is, nevertheless, associated with the use of non-observable market data are given in note 1.4 on the fair value of financial instruments.

Other assets

Other assets comprise properties, other non-current assets, VAT receivable and other receivables.

Other liabilities

Other liabilities comprise pre-invoiced income, salary items payable and creditors.

Pension obligations

KommuneKredit has entered into pension schemes with the majority of our employees. Liabilities relating to defined contribution schemes are recognised in profit or loss in the period in which they are earned, and payments due are recognised in the balance sheet under Other liabilities.

KommuneKredit has entered into defined benefit plans with a few former employees. For defined benefit plans, annual actuarial calculations are made of the net present value of future benefits to be paid under the plan. The value in use is calculated based on assumptions of future developments in salary, interest, inflation, mortality rates, etc.

The value in use is only calculated for the benefits earned by the employees through their employment with KommuneKredit to date. The calculations are based on the Danish Financial Supervisory Authority's benchmark for mortality rates and longevity improvements. Adjustments to the calculated value in use attributable to changes in actuarial assumptions are recognised in other comprehensive income. The yield curve is that which the Danish Financial Supervisory Authority instructs institutions to use in connection with the measurement of insurance obligations and which is used in the budget agreement for municipal civil servants.

KommuneKredit has paid the pension obligation to Sampension, and the obligation is therefore not recognised in the balance sheet.

Segment information

The annual report of KommuneKredit does not disclose information about operating segments as KommuneKredit has one reportable business segment only.

Net interest and fair value adjustments, etc.

Note 1.1 Interest income and

Note 1.2 Interest expense

Interest income and interest expense are accrued and recognised in the statement of comprehensive income. Interest income and interest expense comprise interest on financial instruments, leases as well as administrative fees. Interest income and interest expense regarding financial instruments measured at fair value are presented under net interest income.

DKKm	2025	2024
Interest income		
Net financials at amortised cost		
Leases	256	369
Net financials at fair value		
Fixed-term loans	3,402	3,890
Bond loans	361	510
Portfolio of securities	960	1,547
Total interest income	4,979	6,316
Interest expense		
Net financials at fair value		
Bond loans	341	491
Other loans and derivatives	3,997	5,095
Total interest expense	4,338	5,586

Note 1.3 Value adjustments of financial instruments

Value adjustments comprise realised and unrealised value adjustments of financial instruments.

DKKm	2025	2024
Value adjustments of financial instruments		
Portfolio of securities	-4	33
Loans	1,376	757
Impairment of leases	1	2
Debt securities issued	-3,417	-2,247
Derivative financial instruments	1,492	945
Total value adjustments of financial instruments	-552	-510

Fair value adjustments, etc.

Note 1.4.1 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) quoted 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 discounted using the zero coupon yield curves as well as yield curve and option models.

A) KommuneKredit uses quoted prices for similar issues adjusted for liquidity, credit risk and conversion rights on the part of debt securities issued and loans 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

of the debt securities issued by KommuneKredit are passed on directly to the bond loan to the customer with the addition of a fixed margin for KommuneKredit.

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

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 which are stated at fair value and which are not part of the bond circuit.

The calculation of fair value in level 2 includes observable input like swap rates, currency basis swap spreads, tenor spreads, exchange rates, etc. The valuation of debt securities issued also includes KommuneKredit's current funding costs. Since KommuneKredit obtains funding at rates corresponding to Danish government bond yields, the government bond yields are used as KommuneKredit's current funding costs. The valuation of lending includes KommuneKredit's current lending prices. KommuneKredit aims to keep lending margins relatively constant by adjusting current lending prices on a regular basis in relation to estimated current funding costs. Changes in current funding costs will thus be partly set off by changes in current lending prices.

Fair value adjustments, etc.

1.4.1 Specification of fair value of financial instruments – continued

A small part of KommuneKredit's debt securities issued and derivatives is classified as fair value level 3. This level is used for structured notes issued and the 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, equities and commodities and the correlation between them. The structured notes issued are micro-hedged by derivatives, and changes in the non-observable input will therefore not have any significant impact on profit or loss as changes in issuance will have the opposite effect on the derivative financial instrument.

KommuneKredit pursues a risk management strategy of eliminating market risk by using financial instruments (see notes 1.9-1.11). Consequently, the total net effect on 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 the margin between funding costs and lending prices.

No transfers between the fair value hierarchy levels were made in 2025.

Fair value adjustments, etc.

Note 1.4.1 Specification of fair value of financial instruments – continued

DKKkm	Level 1	Level 2	Level 3	Total
2025				
Assets				
Due from credit institutions	139	0	0	139
Loans	0	189,348	0	189,348
Portfolio of securities	40,860	0	0	40,860
Derivative financial instruments	0	10,437	286	10,723
Total assets	40,999	199,785	286	241,070
Liabilities				
Due to credit institutions	0	0	0	0
Debt securities issued	0	225,301	2,731	228,032
Derivative financial instruments	0	11,979	323	12,302
Total liabilities	0	237,280	3,054	240,334

DKKkm	Level 1	Level 2	Level 3	Total
2024				
Assets				
Due from credit institutions	2,350	0	0	2,350
Loans	0	183,467	0	183,467
Portfolio of securities	41,482	2,136	0	43,618
Derivative financial instruments	0	11,981	251	12,232
Total assets	43,832	197,584	251	241,667
Liabilities				
Due to credit institutions	6	0	0	6
Debt securities issued	0	228,147	3,022	231,169
Derivative financial instruments	0	9,605	386	9,991
Total liabilities	6	237,752	3,408	241,166

Fair value adjustments, etc.

Note 1.4.2 Specification of level 3 fair value

DKKm	Balance at 1 January	Additions	Disposals	Recognised in profit for the year	31 Dec.
2025					
Assets					
Due from credit institutions	0	0	0	0	0
Loans	0	0	0	0	0
Portfolio of securities	0	0	0	0	0
Derivative financial instruments	251	0	-8	43	286
Total assets	251	0	-8	43	286
Liabilities					
Due to credit institutions	0	0	0	0	0
Debt securities issued	3,022	0	-247	-44	2,731
Derivative financial instruments	386	0	-12	-51	323
Total liabilities	3,408	0	-259	-95	3,054

DKKm	Balance at 1 January	Additions	Disposals	Recognised in profit for the year	31 Dec.
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
Derivative financial instruments	261	0	0	-10	251
Total assets	261	0	0	-10	251
Liabilities					
Due to credit institutions	0	0	0	0	0
Debt securities issued	3,349	0	-283	-44	3,022
Derivative financial instruments	245	0	-25	166	386
Total liabilities	3,594	0	-308	122	3,408

Fair value adjustments, etc.

Note 1.4.3 Development in credit spreads

The monetary effect caused by credit spreads on fair value adjustments on the statement of comprehensive income and the balance sheet (equal to CVA/DVA on derivatives) is shown below. The calculations are based on a model using the future positive and negative exposure adjusted for the probability of customer default and losses on default. The calculations are based on market-based probabilities of default.

DKKm	2024	Develop- ment	2025
Statement of comprehensive income			
Value adjustments of financial instruments	-31	7	-24
Total effect on statement of comprehensive income	-31	7	-24
Statement of financial position			
Assets	-24	7	-17
Liabilities	7	0	7
Total effect on statement of financial position	-31	7	-24

Note 1.4.4 Offsetting

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 value of derivatives contains offsetting in the balance sheet. Total offsetting amounted to DKK 7,440 million at 31 December 2025 against DKK 7,246 million at 31 December 2024.

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 is limited to the lesser of assets and liabilities calculated per counterparty. The amount is recorded as 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 is 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 loans, leases 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 carry- ing amount	Set-off	Carrying amount	Financial instruments	Collateral	Net value
2025						
Assets	18,163	-7,440	10,723	-2,994	-7,265	464
Liabilities	19,742	-7,440	12,302	-2,994	-9,179	129
Net	-1,579	0	-1,579	0	1,914	335
2024						
Assets	19,478	-7,246	12,232	-2,874	-8,442	916
Liabilities	17,237	-7,246	9,991	-2,874	-6,906	211
Net	2,241	0	2,241	0	-1,536	705

Fair value adjustments, etc.

Note 1.4.5 Specification of collateral

DKKk		Collateral posted		Collateral received	
Type of bond	Rating	Market value	Market value after haircut	Market value	Market value after haircut
2025					
Danish government bonds	AAA	1,016	972	2,274	2,153
Danish mortgage bonds	AAA	0	0	374	357
German government bonds	AAA	1,412	1,325	1,997	1,903
Dutch government bonds	AAA	23	23	395	383
Austrian government bonds	AA+	2,579	2,526	0	0
Finnish government bonds	AA	2,643	2,550	1,201	1,159
British government bonds	AA-	184	168	399	384
French government bonds	A+	1,780	1,707	1,159	1,083
Total		9,637	9,271	7,799	7,422
Of which non-nettable collateral		0	-92	0	-157
Total nettable collateral		9,637	9,179	7,799	7,265

DKKk		Collateral posted		Collateral received	
Type of bond	Rating	Market value	Market value after haircut	Market value	Market value after haircut
2024					
Danish government bonds	AAA	847	813	1,574	1,471
Danish mortgage bonds	AAA	0	0	313	298
German government bonds	AAA	1,097	1,025	2,371	2,256
Dutch government bonds	AAA	0	0	19	19
Finnish government bonds	AA+	96	92	1,094	1,061
French government bonds	AA-	5,104	4,921	2,809	2,672
British government bonds	AA-	152	136	725	676
Total		7,296	6,987	8,905	8,453
Of which non-nettable collateral		0	-81	0	-11
Total nettable collateral		7,296	6,906	8,905	8,442

Reference is made to note 1.10.3 for a detailed description of terms and conditions, etc.

Fair value adjustments, etc.

Note 1.5 Loans and leases

Loans are measured at fair value through profit or loss. Leases are measured at amortised cost but are presented here for the sake of completeness. Value adjustments for the year are included under Disposals.

DKKm	No. of loans	2025	2024
Loans			
Balance at 1 January	20,317	194,111	187,139
Additions	3,322	44,054	34,413
Disposals	3,242	38,538	27,441
Total lending	20,397	199,627	194,111
Bond loans	2,178	18,518	24,678
Fixed-term loans	6,895	170,830	158,789
Leases	11,324	10,279	10,644
Total lending	20,397	199,627	194,111

DKKm	2025	2024
Bond loans	18,518	24,678
Fair value adjustments	660	326
Bond loans in nominal values	19,178	25,004
Fixed-term loans	170,830	158,789
Fair value adjustments	7,835	9,498
Fixed-term loans in nominal values	178,665	168,287
Leases	10,279	10,644
Impairment	2	3
Leases in nominal values	10,281	10,647

Fair value adjustments, etc.

Note 1.6 Unearned financial income relating to leases

Leases are not covered by the fair value option. KommuneKredit is the lessor of finance leases. Finance leases are recognised in the balance sheet as receivables at an amount corresponding to the future minimum lease payments discounted at the implied rate for the lease. On subsequent recognition, leases are measured at amortised cost. The difference between the value on initial recognition and the nominal value is accrued over the term to maturity and is recognised as 'interest on leases' under Interest income.

DKKm	2025	2024
Net investments in finance leases, by lease term		
Up to 1 year	1,520	1,528
From 1 to 5 years	3,761	3,960
More than 5 years	5,000	5,159
Total net leases	10,281	10,647
Gross investments in finance leases, by lease term		
Up to 1 year	1,703	1,789
From 1 to 5 years	4,306	4,751
More than 5 years	5,878	6,289
Total gross leases	11,887	12,829
Unearned financial income	1,606	2,182

Note 1.7 Portfolio of securities

The portfolio of securities is measured at fair value through profit or loss.

DKKm	2025	2024
Portfolio of securities		
Government/public authorities	10,862	12,501
Multilateral counterparties	0	0
Mortgage credit institutions	29,998	31,117
Banks	0	0
Total portfolio of securities	40,860	43,618
Of which portfolio of securities used as collateral	5,919	3,805
Portfolio of unencumbered securities	34,941	39,813

Fair value adjustments, etc.

Note 1.8 Debt securities issued

Debt securities issued are measured at fair value through profit or loss.

DKKm	Balance at 1 January	Additions	Disposals & value adj.	31 Dec.	Value ad- justment	Fair value 31 Dec.
2025						
Danmarks Nationalbank	0	17,950	0	17,950	-833	17,117
Nasdaq Copenhagen	39,554	492	-6,111	33,935	-2,790	31,145
ECP	359	2,514	-2,873	0	0	0
Private placements	22,227	922	-3,995	19,154	-12	19,142
Uridashi	5	0	-1	4	-1	3
Benchmark	176,998	14,490	-29,366	162,122	-4,855	157,267
Kangaroo	3,741	0	-172	3,569	-211	3,358
Total debt securities issued	242,884	36,368	-42,518	236,734	-8,702	228,032

DKKm	Balance at 1 January	Additions	Disposals & value adj.	31 Dec.	Value ad- justment	Fair value 31 Dec.
2024						
Nasdaq Copenhagen	42,804	5,656	-8,906	39,554	-2,397	37,157
ECP	0	6,410	-6,051	359	-1	358
Private placements	18,002	4,646	-421	22,227	-435	21,792
Uridashi	6	0	-1	5	-3	2
Benchmark	168,109	26,468	-17,578	176,999	-8,594	168,405
Kangaroo	3,618	227	-104	3,741	-286	3,455
Total debt securities issued	232,539	43,407	-33,061	242,885	-11,716	231,169

Financial risk management

General information

Our historical function as a financial link between the capital markets and the local government sector in Denmark and, in future, a link between funding from the Government to the local government sector exposes KommuneKredit to financial risks. Through prudent risk management, it is ensured that KommuneKredit's risk profile matches the Board of Directors' low risk tolerance. The low risk tolerance means that KommuneKredit only assumes financial risks that are absolutely necessary to achieve KommuneKredit's mission. KommuneKredit has established a Finance and Risk Committee, which meets regularly to discuss relevant risk exposures such as market risk and credit risk.

KommuneKredit distinguishes between the following types of financial risks:

- Market risk is the risk that changes in market factors will affect the value of a financial instrument. Market risk comprises currency risk, interest rate risk, volatility risk and other price risk.
- Credit risk is the risk of incurring a credit loss. Credit loss is defined both as the failure of a counterparty to honour its obligations towards KommuneKredit and as changes in market expectations for the ability of a counterparty to meet its obligations in general.
- Liquidity risk is the risk that at any given time KommuneKredit does not have and cannot source adequate liquid funds to meet obligations and cover loan and lease commitments given.

Note 1.9 Market risk

KommuneKredit limits the market risk by using derivatives.

The limited market risk mitigates the risk of loss resulting from changes in market factors. KommuneKredit distinguishes between the following types of market risks:

- Currency risk is the risk that exchange rate fluctuations will affect the value of a financial instrument.
- Interest rate risk is the risk that interest rate fluctuations will affect the value of a financial instrument.
- Volatility risk is the risk that changes in volatilities of interest rates, currencies or similar factors will affect the value of a financial instrument.

- Other price risk is the risk that changes in market factors other than those attributable to interest rate, currency and volatility fluctuations will affect the value of a financial instrument. This includes exposures to, e.g., inflation indices and KommuneKredit's own funding spreads and changes in the lending margin.

Note 1.9.1 Currency risk

Policies and procedures

KommuneKredit's risk tolerance in respect of currency risk is very limited as it is rarely necessary to accept such risk to achieve KommuneKredit's mission.

Currency risk stems from the issue of bonds in currencies other than Danish kroner and the holding of bonds in total liquidity resources in currencies other than Danish kroner. The risk is hedged by using derivative financial instruments. KommuneKredit no longer issues bonds in currencies other than Danish kroner, but the currency risk stemming from bonds previously issued and the bonds in total liquidity resources will persist.

According to the guidelines, the net position calculated as the present value of future payments in euros must not exceed 13 per cent of equity, and the net position for all other currencies combined must not exceed 3.8 per cent of equity.

Measurement

The currency position is presented separately for receivables and liabilities as well as derivatives. The distribution shows how the derivatives are used to hedge the resulting currency position from receivables and liabilities.

At the end of 2025, KommuneKredit's largest currency exposure was DKK 195 million in euros.

Financial risk management

Note 1.9.1 Currency risk – continued

DKKkm		Assets	Obliga- tions	Derivative financial instru- ments	Currency position
2025					
Australian dollar	AUD	0	4,132	4,138	6
Swiss franc	CHF	66	11,089	10,998	-25
Euro	EUR	10,912	103,840	92,732	-195
Pound sterling	GBP	0	9,995	10,005	11
Japanese yen	JPY	0	658	658	0
Mexican pesos	MXN	0	1,298	1,299	1
Norwegian kroner	NOK	0	7,588	7,582	-6
Swedish kroner	SEK	0	4,893	4,878	-15
US dollars	USD	4	35,778	35,826	52
Other currencies*		0	341	342	0

* Other currencies comprise the Canadian dollar (CAD), the New Zealand dollar (NZD), the Turkish lira (TRY) and the South African rand (ZAR).

DKKkm		Assets	Obliga- tions	Derivative financial instru- ments	Currency position
2024					
Australian dollar	AUD	0	4,262	4,259	-3
Swiss franc	CHF	78	10,073	9,976	-19
Euro	EUR	8,860	102,762	94,424	522
Pound sterling	GBP	0	13,508	13,502	-6
Japanese yen	JPY	0	756	759	3
Mexican peso	MXN	0	1,142	1,150	8
Norwegian kroner	NOK	0	8,774	8,780	6
Swedish kroner	SEK	0	4,417	4,405	-12
US dollar	USD	3	47,835	47,846	14
Other currencies*		0	342	345	3

* Other currencies comprise the Canadian dollar (CAD), the New Zealand dollar (NZD), the Turkish lira (TRY) and the South African rand (ZAR).

Financial risk management

Note 1.9.2 Interest rate risk

Policies and procedures

KommuneKredit's risk tolerance in respect of interest rate risk is limited, but it is deemed necessary to accept certain interest rate risk to achieve KommuneKredit's mission.

KommuneKredit primarily accepts interest rate risk when the total liquidity resources are invested in bonds.

The interest rate risk is managed by hedging fixed-rate lending, funding and investments of a certain size one-to-one using derivatives. The remaining interest rate risk is also managed using derivatives with hedging at portfolio level.

According to the guidelines, the interest rate risk must not exceed 4 per cent of equity, corresponding to DKK 404 million. The interest rate risk is calculated using a 1 percentage point parallel shift in the yield curve.

DKKm	2025	2024
Total interest rate risk	254	55
Equity used for limit	10,099	10,188
Interest rate risk limit of 4.0% of equity	404	408
Utilisation of the limit as a percentage	63	13

Note 1.9.3 Volatility risk

Policies and procedures

KommuneKredit's risk tolerance in respect of currency risk is very limited, as it is rarely necessary to accept such risk to achieve KommuneKredit's mission.

KommuneKredit may to a very limited extent accept volatility risk in the form of interest rate volatility risk. Interest rate volatility risk arises when KommuneKredit invests in callable bonds or bonds with a cap or floor or previously issued bonds with a floor.

According to the Board of Directors' guidelines, the interest rate volatility risk must not exceed 0.2 per cent of equity, corresponding to approximately DKK 20 million. The interest rate volatility risk is calculated based on a 1 percentage point shift in the interest rate volatility. At the end of 2025, the interest rate volatility risk was very limited.

Note 1.9.4 Other price risk

Policies and procedures

KommuneKredit is exposed to risk related to changes to our own funding spreads. By maintaining relatively constant interest rate margins for customers, we pass on changes to our own funding spreads to interest rates on loans and leases. As the funding is larger and has longer terms to maturity than the binding commitments for loans and leases, part of the effect of changed funding spreads will not be passed on to interest rates on loans and leases. The risk relating to our own funding spreads is a part of KommuneKredit's business model and will therefore be necessary in order to achieve KommuneKredit's mission, but efforts are made to keep it low.

KommuneKredit is exposed to changes in our interest rate margin. The interest rate margin is set with a view to achieving an appropriate profit to ensure adequate equity. Since KommuneKredit measures all loans at fair value, a reduction of the interest rate margin would, all else equal, lead to a positive fair value adjustment through more lenient discounting of payments from existing loans. Similarly, an increase of the interest rate margin would, all else equal, lead to a negative fair value adjustment. The interest rate margin is driven by factors such as earnings on the liquidity portfolio and expected growth in total assets.

The risk associated with KommuneKredit's own funding spreads and the interest rate margin is measured and reported on a continuous basis.

KommuneKredit's risk tolerance in respect of other price risk than the risk of changes to our own funding spreads and the interest rate margin is very low.

Other price risk than the risk of changes to KommuneKredit's own funding spreads and the interest rate margin results from KommuneKredit's previously issued bonds related to inflation indices or the like. According to the Board of Directors' guidelines, such other price risks were hedged at the issue date.

Financial risk management

Note 1.10 Credit risk

Policies and procedures

KommuneKredit is exposed to credit risk in connection with short-term placements and investment in bonds for the total liquidity resources and when entering into derivatives which reduce the market risk. Moreover, credit risk relates to loans and leases to municipalities and regions in Denmark.

Loans and leases are only granted to municipalities and regions in Denmark or against a 100 per cent guarantee from such authorities. Loans to the municipal sector in Greenland are covered by a guarantee from the Danish Government. In this section, recipients of loans and leases are referred to as customers. Derivatives with customers are hedged in the same way as loans and leases. Investment counterparties and counterparties with respect to derivatives who are not customers are referred to as counterparties.

Due to the special credit quality of our customers, KommuneKredit assesses that the credit risk related to loans, leases and derivatives with customers is very limited. However, in accordance with IFRS 9, the credit risk on leases must be calculated as they are recognised at cost. The credit risk on leases has been calculated at DKK 2 million.

KommuneKredit has a Grants Committee whose duties include approving loans of more than DKK 300 million or where a loan otherwise deviates from standard practice. Credit events such as a request for forbearance are also considered by the Grants Committee. KommuneKredit has never recorded a loss on a loan or lease.

Credit risk on loans, leases and derivatives with customers

DKKm	Carrying amount	Credit risk
2025		
Danish municipalities and regions	96,985	2
Institutions guaranteed by Danish municipalities and regions	101,039	0
Municipal units in Greenland guaranteed by the Danish Government	1,599	0
Total	199,623	2
2024		
Danish municipalities and regions	98,941	3
Institutions guaranteed by Danish municipalities and regions	94,984	0
Total	193,925	3

In order to reduce the credit risk, KommuneKredit can only enter into financial instruments with counterparties with whom a bilateral collateral agreement has been concluded. According to the guidelines on the posting of collateral, such agreements must meet at least the following requirements:

- Daily exchange of collateral and low threshold values for exchange.
- Collateral received under the agreements must be high-quality liquid bonds. In order to further reduce the credit risk on counterparties, the credit risk guidelines include strict requirements as to the credit quality, both in relation to the type of counterparty and the credit rating agencies' credit rating of the counterparty. As a result, financial instruments may only be entered into with the following types of counterparties:
- Central governments, local and regional authorities and other public authorities.
- Multilateral development banks and international organisations
- Banks, other financial institutions and issuers of covered bonds

Financial risk management

Note 1.10 Credit risk – continued

Counterparties must be domiciled in Zone A countries. These include EU member states and other countries which are full members of the Organization for Economic Cooperation and Development (OECD). The requirement that the counterparty must be domiciled in a Zone A country does not extend to multilateral development banks and international organisations as these are often not domiciled in a specific country.

In addition, counterparties must have a rating of at least AA- from Standard & Poor's or a similar rating from Fitch Ratings before we can invest in the bonds. If a collateral agreement has been entered into with the counterparty, ratings down to A- are accepted. Agreements with lower-rated, systemically important financial institutions (SIFIs) in Denmark are also accepted as are a few non-Danish SIFIs as long as they have a minimum credit rating of A-.

According to the Board of Directors' guidelines, counterparties satisfying these requirements may be granted a credit risk line by the Management Board.

Expected credit risk losses are recognised in the statement of comprehensive income on an ongoing basis.

KommuneKredit sets limits for the concentration of credit risks based on large exposures in the EU Regulation on Prudential Requirements for Credit Institutions and Investment Firms. According to the Regulation, exposures to a single counterparty or a group of connected counterparties, net of fully and completely secured exposures, must not exceed 25 per cent of the base capital, which for KommuneKredit's purposes substantially corresponds to equity. The Management Board has also defined limits for the maximum portfolio of securities issued by a specific issuer.

The concentration of credit risk by rating, counterparty type, geographical area and instrument type is shown in note 1.10.2.

Note 1.10.1 Credit risk measurement

Measurement

Credit risks can be broken down into two main components. The first component is the credit risk associated with amounts due from credit institutions and the credit risk associated with securities, collec-

tively referred to as investment credit risk. This derives from investments made using means from the total liquidity resources. The second component is the credit risk associated with derivatives and related collateral, collectively referred to as credit risk on derivatives. This derives from the hedging of, primarily, interest rate risk and currency risk.

The credit risk on both components is limited due to the high credit quality requirements and the requirement for collateral agreements when trading in derivatives.

Exposures associated with credit risk declined by DKK 5.3 billion from DKK 46.7 billion in 2024 to DKK 41.4 billion in 2025. The decline mainly owes to a lower exposure to investments.

The credit quality of investments remains very high with 96 per cent of the exposure being placed in securities rated AA- or higher. Most of the investment portfolio consists of Danish mortgage bonds, high-rated European government bonds and bonds issued by other highly rated institutions. A small proportion of the investments is placed with unrated counterparties which have been designated SIFIs in Denmark.

The exposure to derivatives after collateral has decreased by DKK 0.4 billion. The exposure before collateral decreased by DKK 1.5 billion, while in absolute terms the value of the collateral after haircut declined by DKK 1.2 billion. At the end of 2025, 94 per cent of the fair value of the derivatives portfolio was covered by collateral received.

The credit rating is based on Standard & Poor's and/or Fitch Ratings. If the counterparty is rated by two rating agencies, the lowest rating is applied. When investing in securities, the rating of the security is used if it exists, otherwise the issuer's rating is used. If the security is covered by a guarantee, the rating of the guarantor is used.

Any collateral received that exceeds the fair value of derivatives at counterparty level is not included in the credit risk-reducing collateral. In respect of counterparties posting collateral for their liabilities vis-à-vis KommuneKredit, the value of the collateral is classified based on the rating of the counterparty. Thus, the classification does not reflect the rating of the collateral. The credit risk-reducing element of the collateral equals the value of the nettable collateral received, see note 1.4.5.

As the credit risk measured at fair value at counterparty level cannot be negative, an adjustment in this respect has been made in the column 'Correction for neg. (negative) FV (fair value) per counterparty'.

Financial risk management

Note 1.10.1 Credit risk measurement – continued

DKKm	Investment credit risk			Credit risk on derivatives					Total		
	Rating	Due from credit institutions	Securities	Total	Derivative financial instruments		Correction for neg. FV per counterparty	Collateral after haircut		Total	Net
					Positive	Negative					
2025											
AAA	0	32,587	32,587	0	0	0	0	0	0	32,587	
AA+	0	4,063	4,063	0	0	0	0	0	0	4,063	
AA	0	2,721	2,721	7,401	-5,673	32	-1,691	69	2,790	2,790	
AA-	14	0	14	2,376	-2,477	286	-185	0	14	14	
A+	5	1,489	1,494	7,507	-9,883	7,680	-5,005	299	1,793	1,793	
A	0	0	0	789	-1,490	1,147	-384	62	62	62	
A-	0	0	0	29	-156	127	0	0	0	0	
NR	120	0	120	0	0	0	0	0	120	120	
Total	139	40,860	40,999	18,102	-19,679	9,272	-7,265	430	41,429		
2024											
AAA	0	36,210	36,210	0	0	0	0	0	0	36,210	
AA+	0	744	744	0	0	0	0	0	0	744	
AA	0	0	0	6,281	-5,623	39	-666	31	31	31	
AA-	1	6,664	6,665	56	-121	80	0	15	6,680	6,680	
A+	533	0	533	10,809	-9,996	5,832	-5,997	648	1,181	1,181	
A	15	0	15	2,246	-1,199	819	-1,779	87	102	102	
A-	0	0	0	3	-246	243	0	0	0	0	
NR	1,801	0	1,801	0	0	0	0	0	1,801	1,801	
Total	2,350	43,618	45,968	19,395	-17,185	7,013	-8,442	781	46,749		

Financial risk management

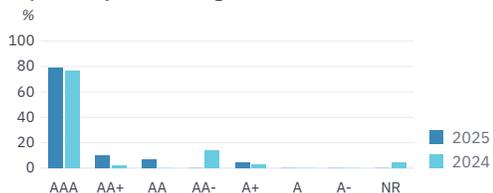
Note 1.10.2 Credit quality

KommuneKredit has never incurred losses on loans or leases.

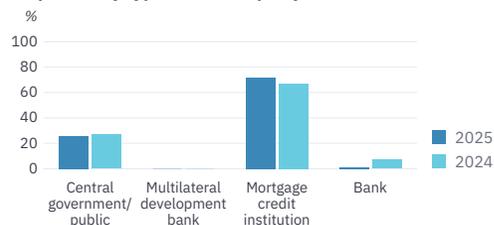
79 per cent of the total exposure relates to counterparties with the highest rating of AAA, 17 per cent to counterparties with ratings between AA+ and AA- and 4 per cent to counterparties with lower credit ratings. The credit quality of KommuneKredit's counterparties is thus very high.

The breakdown of exposures from year-end 2024 to year-end 2025 has been changed because European government bonds with higher credit ratings have replaced French government bonds with lower credit ratings. We still have a small portfolio of French government bonds maturing in May 2026. In 2025, there was still a need for a certain volume of European government bonds, mainly to meet the need for collateral.

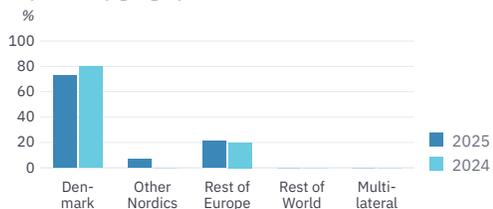
Exposure by credit rating



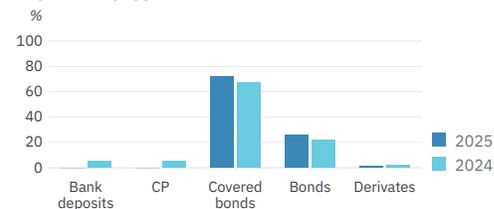
Exposure by type of counterparty



Exposure by geographical area



Exposure by type of instrument



Note 1.10.3 Collateral received

All KommuneKredit's collateral agreements have been concluded as annexes (Credit Support Annexes) to ISDA Master Agreements. In order to ensure maximum credit risk reduction, low threshold values have been agreed for the daily exchange of collateral.

When collateral is posted, a haircut (deduction) is calculated in respect of the collateral depending on the instrument, the rating and the term to maturity. This haircut is a buffer protecting the parties against fluctuations in the market value in case the collateral is to be realised.

To further reduce the credit risk, the collateral agreements also include strict requirements as to the quality of the collateral posted. Under the collateral agreements, collateral must be government bonds issued by countries with high ratings or highly-rated mortgage bonds. As indicated in note 1.4.5, 95 per cent of the collateral received at year-end 2025 was thus Danish, British, Finnish, French, Dutch, German or Austrian government bonds. The remaining 5 per cent was Danish mortgage bonds with the highest credit quality. Thus, all collateral received consists of high-quality liquid bonds.

A minor share of the collateral received exceeds the net value of the derivatives at counterparty level. Accordingly, these are not included as credit risk-reducing collateral.

Financial risk management

Note 1.11 Liquidity risk

Policies and procedures

Even if KommuneKredit's risk tolerance in respect of liquidity risks is very low, such risks cannot be avoided. The liquidity risk was reduced further in 2025 compared to previous years in that as from March 2025, KommuneKredit will be funded by the Government through the sale of bonds to Danmarks Nationalbank. The Management Board meets regularly with the other members of the Finance and Risk Committee to discuss the liquidity risk.

According to the liquidity guidelines, the total holding of high-quality, unrestricted liquid assets (HQLA) must exceed the accumulated liquidity outflows in a 30-day stress scenario. This is achieved by keeping the Liquidity Coverage Ratio (LCR) constantly above 120 per cent. Furthermore, the stable funding in the medium term and the long term, i.e. more than one year, must exceed the liquidity requirements in a stress scenario. This is achieved by ensuring a Net Stable Funding Ratio (NSFR) constantly above 110 per cent. The LCR and the NSFR are based on the Liquidity Coverage Ratio and the Net Stable Funding Ratio of the Capital Requirement Regulation. At year-end 2025, the LCR was 191 per cent, and the NSFR was 155 per cent.

The Board of Directors has determined a minimum 180-day requirement for the survival horizon in a going concern stress scenario. At year-end 2025, the survival horizon was 320 days. The stress scenario is based on the assumptions that KommuneKredit will not have access to obtain new funding from Danmarks Nationalbank, that KommuneKredit continues to disburse new loans and that the markets develop unfavourably for KommuneKredit in relation to investments and collateral for derivatives. In the scenario, loans to customers subject to renegotiation, for which the binding liquidity commitment is shorter than the term to maturity of the loan, are considered irredeemable during the remaining term to maturity.

The survival horizon is supplemented by additional stress scenarios for short-term liquidity.

Financial risk management

Note 1.11.1 Distribution of maturity

The distribution of maturity is shown in nominal values, excl. interest, according to the term to maturity or the liquidity binding period where this is shorter. Loan commitments with known disbursement dates are recognised on the basis of the current date. Loan commitments for which dates and amounts are unknown are recognised on the basis of the term to maturity for the credit lines in question.

DKK M	0-3 months	3-12 months	1-5 years	Over 5 years	Total
2025					
Financial assets					
Due from credit institutions	139	0	0	0	139
Portfolio of securities	769	20,248	19,314	463	40,794
Loans	23,795	19,717	64,327	90,004	197,843
Leases	604	916	3,761	5,000	10,281
Total recognised financial assets	25,307	40,881	87,402	95,467	249,057
Financial liabilities					
Due to credit institutions	0	0	0	0	0
Debt securities issued	7,570	23,100	100,179	105,885	236,734
Derivative financial instruments	-258	1,543	2,727	-1,546	2,466
Total recognised financial liabilities	7,312	24,643	102,906	104,339	239,200
Off-balance sheet items					
Loan commitments given	4,079	9,837	13,317	264	27,497

DKK M	0-3 months	3-12 months	1-5 years	Over 5 years	Total
2024					
Financial assets					
Due from credit institutions	2,349	0	0	0	2,349
Portfolio of securities	7,957	26,999	8,380	0	43,336
Loans	25,593	24,658	58,402	84,638	193,291
Leases	270	1,258	3,960	5,159	10,647
Total recognised financial assets	36,169	52,915	70,742	89,797	249,623
Financial liabilities					
Due to credit institutions	6	0	0	0	6
Debt securities issued	8,992	26,608	104,884	102,401	242,885
Derivative financial instruments	-148	-1,197	-397	-1,554	-3,296
Total recognised financial liabilities	8,850	25,411	104,487	100,847	239,595
Off-balance sheet items					
Loan commitments given	4,452	8,662	17,704	1,629	32,447

Staff costs and administrative expenses

Note 2.1 Staff costs and administrative expenses

Administrative expenses comprise staff costs and other administrative expenses, adjustment of pension obligations and amortisation, depreciation and impairment of intangible assets and property, plant and equipment. Actuarial adjustments and changes are recognised in the line item 'Actuarial gains and losses' under comprehensive income and not in administrative expenses.

Intangible assets and property, plant and equipment are measured at cost less accumulated amortisation, depreciation and impairment charges.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Where individual components of an intangible asset or an item of property, plant and equipment have different useful lives, they are accounted for as separate items and amortised or depreciated separately.

Development costs regarding software comprise consultancy fees and other expenses attributable to KommuneKredit's development activities. Development projects that meet the applicable accounting requirements are recognised as intangible assets. As for intangible assets and items of property, plant and equipment, amortisation or depreciation is provided on a straight-line basis over the expected useful lives of the assets or components, respectively, as follows:

- Intangible assets (software, etc.), 1-5 years
- Operating equipment, including IT equipment, 2-5 years
- Cars, 3 years

The carrying amounts are tested annually to determine whether there is any indication of impairment. Where there is evidence that an asset may be impaired, the recoverable amount of the asset is determined. The recoverable amount of an asset is the higher of its fair value less expected costs to sell and its value in use.

DKKm	2025	2024
Administrative expenses		
Salaries and pension contributions, etc.	109	110
Staff costs and administrative expenses	17	17
Consultancy fees	37	30
IT licenses	28	27
Charges	3	3
Property management	8	6
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	1	1
Other administrative expenses	3	0
Total administrative expenses	206	194
Average number of employees	100	106
DKK '000	2025	2024
Fees to auditors as per the Articles of Association		
Statutory audit of financial statements	652	572
Other assurance engagements	239	259
Other services	0	0
Total fees	891	831

Staff costs and administrative expenses

Note 2.2 Remuneration of the Board of Directors and Management Board

DKK '000	Fee	Contractual remuneration	Pension	Total
2025				
Management Board	0	5,608	280	5,888
Board of Directors	1,157	0	0	1,157
Total	1,157	5,608	280	7,045
2024				
Management Board	0	5,495	273	5,768
Board of Directors	1,140	0	0	1,140
Total	1,140	5,495	273	6,908

The members of the Management Board do not participate in KommuneKredit's bonus scheme.

The members of KommuneKredit's Board of Directors receive a fixed fee.

See KommuneKredit's website for a detailed overview of [Remuneration of management](#).

Tax

Note 3.1 Tax on profit for the year

KommuneKredit computes tax on financial instruments based on the market-value principle. The current corporate income tax rate is 22 per cent.

Deferred tax is measured on all temporary differences between the carrying amount and the tax base of assets and liabilities. The current tax rate applied is 22 per cent.

Tax on profit for the year comprises current tax for the year, changes in deferred tax for the year, estimated tax on other comprehensive income and prior-year adjustments.

DKKm	2025	2024
Current tax	6	1
Deferred tax charge for the year	-7	3
Prior-year adjustments	0	1
Total tax on profit for the year	-1	5
Tax on profit for the year is explained as follows:		
Estimated tax on pre-tax profit for the year	-10	3
Non-deductible expenses/non-taxable income	8	2
Prior-year adjustments to current tax	0	0
Adjustment of deferred tax relating to prior years	1	0
Total tax for the year	-1	5
Effective tax rate	2	39
Tax on other comprehensive income		
Tax on actuarial adjustment	0	0
Tax on other comprehensive income, total	0	0

Tax

Note 3.2 Current tax assets/liabilities

Current tax assets and tax liabilities are recognised in the balance sheet as the sum of current tax, prior-year tax receivables or payables and tax paid for the year.

The tax asset recognised concerns a pending case in Switzerland regarding retained withholding tax on matured bond investments.

DKKm	2025	2024
Balance at 1 January	73	0
Current tax	-6	-1
Prior-year adjustments	-10	-1
Income tax for the year paid	5	75
Adjustment for the year	3	0
Total current tax assets	65	73
Balance at 1 January	0	-32
Prior-year adjustments	0	0
Current tax	0	0
Income tax for the year paid	0	32
Total current tax liabilities	0	0

Note 3.3 Deferred tax liabilities

Deferred tax assets and tax liabilities are measured on all temporary differences between the carrying amount and the tax value of assets and liabilities. Deferred tax assets and tax liabilities are measured on the basis of the tax rules which will, given the legislation in force at the balance sheet date, apply once the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the statement of comprehensive income.

DKKm	2025	2024
Balance at 1 January	572	570
Prior-year adjustments	-10	-1
Deferred tax charge for the year	-7	3
Total deferred tax liabilities	555	572
Deferred tax liabilities are broken down as follows:		
Property, plant and equipment and intangible assets	-3	6
Lease assets	565	574
Pension obligations	-7	-8
Total deferred tax liabilities	555	572

Other notes

Note 4.1 Contingent assets and liabilities

KommuneKredit has a contingent liability for the pension obligations that relate to the defined benefit schemes. The calculations are based on the Danish Financial Supervisory Authority's benchmark for mortality rates and longevity improvements. The commitment was calculated at DKK 33 million at 31 December 2025. In addition, there are excess reserves of DKK 30 million to cover future changes to the schemes. Adjustments to the calculated value in use attributable to changes in actuarial assumptions are recognised in other comprehensive income. However, this only happens if the bonus reserve cannot cover the changes.

Note 4.2 Related parties

KommuneKredit has no related parties exercising control over KommuneKredit. KommuneKredit's related parties exercising significant influence comprise the members of KommuneKredit's Board of Directors and Management Board and their close family members.

Board of Directors and Management Board

Management's remuneration is disclosed in note 2.2. Executive positions are mentioned in the corporate governance section. No other transactions were carried out with members of the Board of Directors and Management Board during the year.

Note 4.3 Events after the balance sheet date

No events have occurred after the balance sheet date that have a significant impact on KommuneKredit's results of operations.

Note 5 IFRS 9 Impairment

KommuneKredit uses the fair value option for a significant part of our balance sheet, as a result of which IFRS 9 only affects the measurement of leases.

KommuneKredit grants loans and leases exclusively to municipalities and regions and companies that have a full local government guarantee. Danish municipalities and regions are subject to supervision by the Ministry of the Interior and Health.

It has been decided by court order that Danish municipalities cannot enter into reconstruction proceedings. The Ministry of the Interior and Health has laid down administrative rules (executive orders) to ensure that municipalities and regions maintain an adequate level of liquidity. Compliance with these rules is controlled and enforced by the Ministry. Pursuant to the so-called 'overdraft rule', the liquidity of a municipality, calculated as a 12-month average, must as a minimum be positive.

This means that all Danish municipalities and regions are highly creditworthy and subject to a low probability of default (PD). Therefore, they are all placed in the category with the lowest PD level. The strong creditworthiness is reflected in the applied PD value in which the Credit Default Swap (CDS) price of the Danish Government is used as a proxy to determine the current value.

The CDS price of the Danish Government is determined on the basis of observable market data, and the calculation of value impairment is made using the same Loss Given Default (LGD) value as for determining the CDS prices.

As a result of the use of IFRS 9, the measurement of leases includes an expected credit loss. This means that, already when a lease agreement is established, an impairment charge at an amount equal to the expected credit loss resulting from default events within 12 months is recognised. The impairment charge is recognised in three stages depending on credit risk developments:

Other notes

Note 5 IFRS 9 Impairment – continued

Stage 1

If the credit risk has not increased significantly, the impairment charge equals the expected credit loss resulting from default events that are possible within the next 12 months. The impairment charge is recognised at the time when the lease agreement is established and is subsequently adjusted to reflect non-significant increases in credit risk.

Stage 2

If the credit risk has increased significantly, the agreement is transferred to stage 2 and an impairment equal to the expected credit loss over the lifetime of the agreement is recognised. A shift to stage 2 would take place in case of an increase in the PD on the expected term to maturity of the financial asset of 100 per cent and an increase in the 12-month PD of 0.5 percentage point.

Stage 3

In the case of default or other credit impairment, the agreement is transferred to stage 3. Impairment is recognised using the same principles as in stage 2, but with the difference that interest income attributable to the impaired part of the agreement is recognised on the basis of the impaired value.

When calculating the expected loss, the term to maturity of the agreement is capped at the contractual term. Model-calculated stage 1 and stage 2 impairment charges are based on transformations of PD and LGD values to short term (12 months) or long term (term to maturity of agreement).

Throughout the history of KommuneKredit, there have been no losses on loans or leases provided to municipalities and regions, and therefore all leases are classified as stage 1. There were no shifts between the stages during the reporting period.

Impairment at 31 December 2025 is shown in the table below, and all leases were in stage 1 at the balance sheet date.

Impairment of assets at cost

DKKm	PD level	Cost	Impairment	Carrying amount
Stage 1 (12-month expected loss)	0	0	0	0
1 January 2025	0.0% - 0.5%	10,647	3	10,644
Change	-	-366	-1	-365
31 December 2025	0.0% - 0.5%	10,281	2	10,279

The PD expresses the probability of default. At stage 1, the PD expresses the probability of the customer defaulting on its obligations towards KommuneKredit within the next 12 months.

The LGD expresses the proportion expected to be lost given default on the part of the customer.

The change from 1 January to 31 December 2025 was due to a general decrease in credit risk in the market.

Other notes

Note 6 Key figures and financial ratios

Million	2025	2025	2024	2023	2022	2021
	EUR	DKK	DKK	DKK	DKK	DKK
Key figures						
Net interest and fee income	96	713	717	457	353	378
Value adjustment of financial instruments	-74	-552	-510	276	1,144	249
Staff costs and administrative expenses	-28	-206	-194	-193	-224	-140
Impairment of loans and receivables, etc.	0	0	0	0	0	0
Profit/loss for the year	-6	-44	8	414	991	378
Loans and leases	26,729	199,627	194,110	187,139	174,974	194,948
Equity	1,352	10,099	10,188	10,180	9,766	8,775
Assets	33,671	251,468	252,498	242,612	237,052	249,077
Debt securities issued	30,533	228,032	231,169	218,173	207,899	233,892
Portfolio of securities	5,471	40,860	43,618	43,639	46,591	48,387
Investments in property, plant and equipment	0	0	2	3	0	0
Activities during the year						
Loans and leases, net additions in nominal value (net lending)	560	4,186	6,219	5,874	4,766	8,675
Loans and leases, gross additions in nominal value	5,899	44,054	34,413	29,027	28,057	36,958
Debt securities issued, gross additions in nominal value	4,870	36,368	43,407	41,543	52,692	65,112

With the adoption of the new Act on KommuneKredit (*Lov om kreditforeningen af kommuner og regioner i Danmark*) and the subsequent dialogue with the Danish Financial Supervisory Authority (*Finanstilsynet*), additional key figures and financial ratios have been added. Comparative figures have been restated.

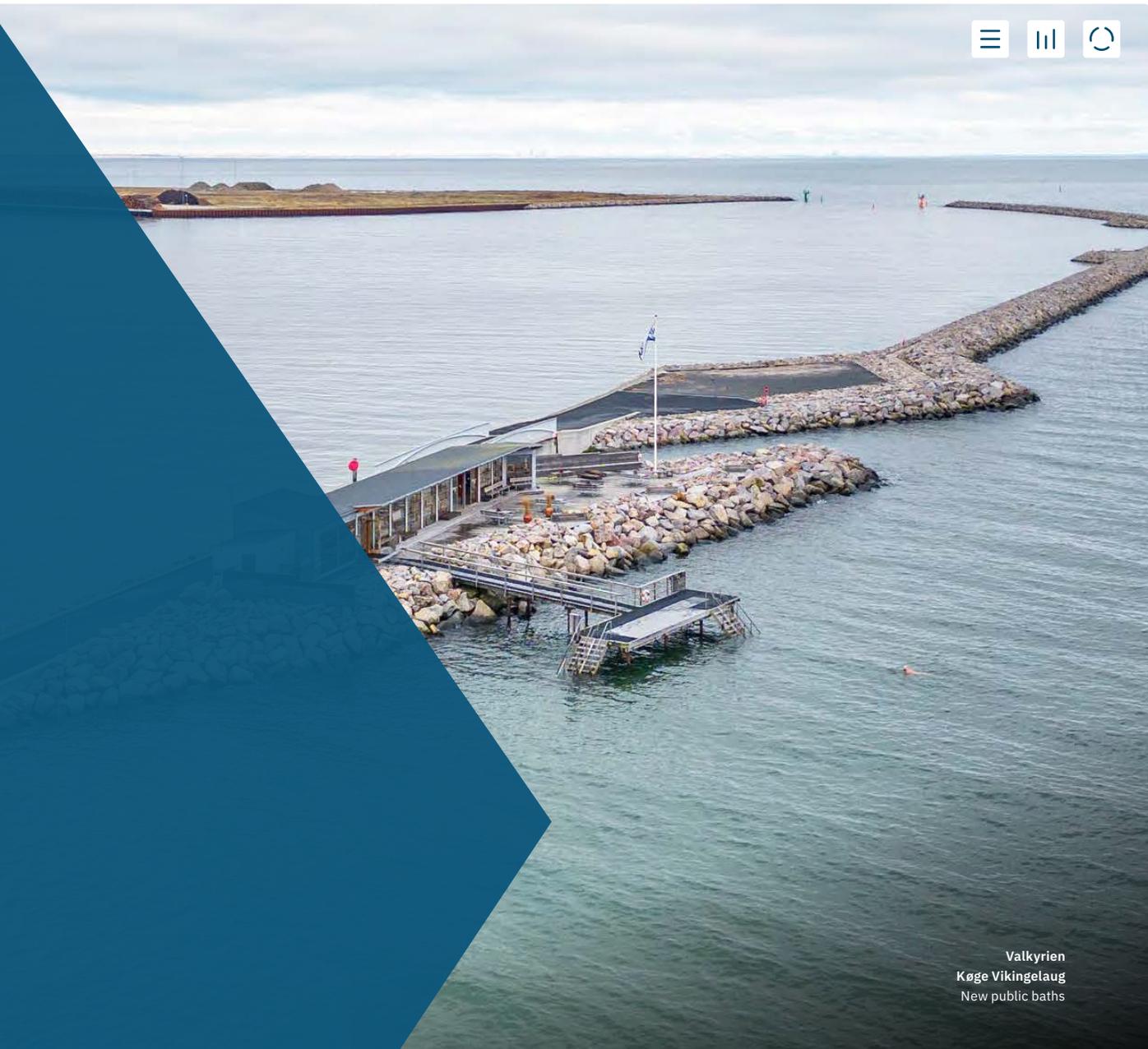
Key figures and financial ratios have been calculated in accordance with the accounting provisions applicable to KommuneKredit. Exchange rate at 31 December 2025: EUR 100 = DKK 746.8488.

Million	2025	2025	2024	2023	2022	2021
	EUR	DKK	DKK	DKK	DKK	DKK
Financial ratios						
Base capital relative to minimum capital requirement	7.8	7.8	7.2	8.1	7.7	7.8
Solvency ratio	63	63	58	65	62	62
Equity Tier 1 ratio	63	63	59	65	62	63
Return on equity before tax, %	-0.4	-0.4	0.1	5.4	13.7	5.7
Return on equity after tax, %	-0.4	-0.4	0.1	4.2	10.7	4.4
Income/cost ratio	0.8	0.8	1.1	3.8	6.7	4.5
Total risk exposure amount (REA)	2,144	16,012	17,391	15,637	15,653	13,859
Common Equity Tier 1 (CET1) capital	1,352	10,099	10,188	10,180	9,766	8,775
Capital base	1,343	10,033	10,066	10,107	9,684	8,660
Interest rate risk	34	254	55	104	197	268
Currency position	32	241	556	1,013	2,413	932
Loans to deposits, %	87.5	87.5	84.0	85.8	84.2	83.3
Loans to equity	19.8	19.8	19.1	18.4	17.9	22.2
Impairment rate for the year	0	0	0	0	0	0
Return on assets (profit for the year/total assets), %	0.0	0.0	0.0	0.2	0.4	0.2
Equity ratio after tax, %	4.0	4.0	4.0	4.2	4.1	3.5
Expenses/assets, %	0.08	0.08	0.08	0.08	0.09	0.06
Net interest income/assets, %	0.25	0.25	0.29	0.19	0.14	0.15
Number of full-time employees	100	100	106	101	97	88

04

Statements and reports

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Valkyrien
Køge Vikingelaug
New public baths

Management's statement

The Board of Directors and the Management Board have today considered and adopted the annual report of KommuneKredit for the period 1 January - 31 December 2025.

In our opinion, the annual report with the file name [Årsrapport 2025-ESEF](#) has in all material respects been prepared in accordance with the ESEF Regulation.

The financial statements have been prepared in accordance with legislative requirements, including IFRS Accounting Standards as adopted by the EU and additional Danish disclosure requirements for issuers of listed bonds.

In our opinion, the financial statements give a true and fair view of the financial position of KommuneKredit at 31 December 2025 and of the comprehensive income of KommuneKredit's operations and cash flows for the period 1 January - 31 December 2025.

It is also our opinion that the Management report 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, 9 March 2026

Management Board

Jens Lundager
Chief Executive Officer

Henrik Andersen
Managing Director

/Morten Søtofte
Chief Business Support
& Finance Officer

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 Scheibye

Peter Sørensen

Independent auditor's report

To the Board of Directors of KommuneKredit

Opinion

We have audited the financial statements of KommuneKredit for the financial year 01.01.2025 - 31.12.2025, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information. The financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements for issuers of listed bonds in Denmark.

In our opinion, the financial statements give a true and fair view of the Association's financial position at 31.12.2025, and of the results of their operations and cash flows for the financial year 01.01.2025 - 31.12.2025 in

accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements for issuers of listed bonds in Denmark.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Association in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), as applicable to audits of financial statements

of public interest entities, and the additional ethical requirements applicable in Denmark to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of KommuneKredit for the first time on 26.08.2016 for the financial year 2017. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 9 years up to and including the financial year 2025.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 01.01.2025 - 31.12.2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair value measurement of derivative financial assets and liabilities

Generally, KommuneKredit's loans and advances, securities, derivatives and bonds issued are measured at fair value based on listed prices or input market data for yield curves and exchange rates.

In particular, KommuneKredit's financial assets comprise positive derivatives that are measured at fair value of Levels 2 and 3 of the fair value hierarchy, corresponding to DKK 10,723 million of the assets at 31 December 2025 (2024: DKK 12,232 million). In particular, KommuneKredit's financial liabilities comprise negative derivatives that are measured at fair value of Levels 2 and 3 of the fair value hierarchy, corresponding to DKK 12,302 million of the liabilities at 31 December 2025 (2024: DKK 9,991 million).

Because of the general materiality of measuring derivative financial assets and liabilities at fair value and especially the complexity of measuring derivatives at fair value of Level 3 of the fair value hierarchy, these matters are key audit matters.

The measurement principles are described in the Summary of significant accounting policies, and Management has described the determination of fair values and the management of market risks in more detail in the notes on fair value adjustments etc. and financial risk management.

The measurement of fair values is generally based on the correct input and application of various observable market prices and parameters. In particular, the valuation of instruments in level 3 of the fair value hierarchy is based on unobservable inputs and estimates.

How the matter was addressed in our audit

Our audit comprised a review of relevant business procedures, test of key controls and analyses of developments in fair values.

Furthermore, our audit procedures included::

- Testing master data on contracts on a sample basis and regular reconciliation to counterparties
- Testing of input and use of parameters to determine fair values
- Assessment and testing of the measurement of instruments classified into Level 3 of the fair value hierarchy.

Finally, the audit comprised testing for compliance with disclosure requirements for financial assets, liabilities and derivatives.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements for issuers of listed bonds in Denmark, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Association's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, safeguards put in place and measures taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in

our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the financial statements of KommuneKredit we performed procedures to express an opinion on whether the annual report for the financial year 01.01.2025-31.12.2025, with the file name Årsrapport 2025-ESEF, is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of the annual report in XHTML format.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the Association's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the appropriateness of the Association's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified, and;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy.

In our opinion, the annual report of KommuneKredit for the financial year 01.01.2025 - 31.12.2025, with the file name Årsrapport 2025-ESEF, is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 09.03.2026

DELOITTE

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Wellejus

State Authorised
Public Accountant
Identification No
(MNE) mne24807

Jens Ringbæk

State Authorised
Public Accountant
Identification No
(MNE) mne27735

Report of the auditor appointed by the Ministry

To the Board of Directors of KommuneKredit

As the auditor appointed by the Danish Ministry of Industry, Business and Financial Affairs (*Erhvervsministeriet*), I have reviewed the financial statements of KommuneKredit for the period 1 January to 31 December 2025, prepared by Management. In addition, I have read the Management report.

During my review, I did not identify any non-compliance with the framework for KommuneKredit's lending operations, which I supervise.

Copenhagen, 9 March 2026

Per Hansen

Jægersborg Garden, north
Establishment of housing for
senior citizens

05

ESG

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ESG at KommuneKredit

KommuneKredit's greatest contribution to social and environmental improvements in Denmark is made through the projects realised by our customers and funded by us.

In 2025, citizens and enterprises in Billund obtained cheaper district heating while at the same time reducing CO₂ emissions from heat production. A DKK 250 million investment in a new production facility means that, in the future, by far the greater share of heating will be based on green electricity rather than biomass. With an expected annual cost reduction of around DKK 2,300 for an average single-family detached house, this will not only warm up homes but also come in handy for households.

Similarly, the lease of 100 electric cars for the home care and nursing sector in the Municipality of Frederikshavn contributes to the provision of care and support for elderly and sick citizens while at the same time reducing greenhouse gas emissions through the replacement of an equal number of petrol and diesel cars. As an additional benefit, the employees who helped pick the cars will also experience an easier and safer workday.

These are examples of how projects funded by loans and leases from KommuneKredit create value for citizens, employees

and the environment at the same time by looking at the overall picture. This is one way to take social responsibility while getting better local value for the money.

Our customers' sustainability ambitions

Danish municipalities and regions have high ambitions for the sustainable transition of Danish local communities. They play a decisive role for Denmark to reach the national climate targets and to minimise global warming. All Danish municipalities and regions have set climate action plans to reduce greenhouse gas emissions sharply towards 2030 and to achieve climate neutrality by 2050. Further, they must assist local communities in gearing up for their adaptation to climate change. Municipalities and regions do so by launching and providing guarantees for climate projects, such as cloud-burst mitigation projects in city and town parks, but also by incorporating and making requirements for energy efficiency improvements of buildings in municipalities and regions that have to be more energy efficient while being able to handle fluctuating temperatures and volumes of water as a result of climate change.

The water, wastewater and district heating sectors perform collective utility tasks, and loans for the many long-term capital investments in those sectors account for a significant share of our loan portfolio. Both the water and the district

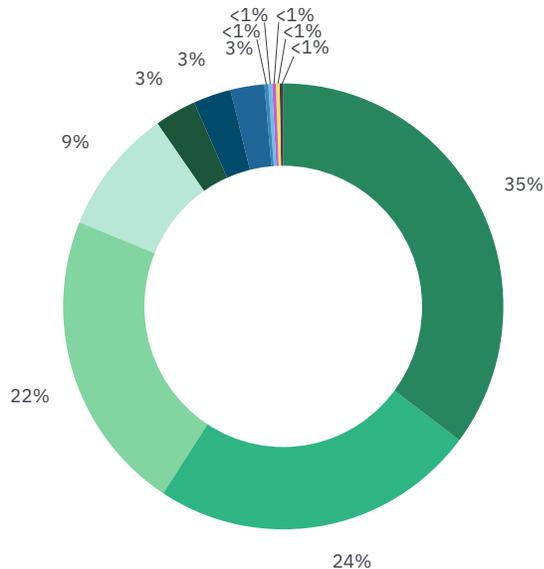


heating sectors have strong ambitions for the environment and the climate and have a target of being climate neutral by 2030. Accordingly, they play a key role in respect of achieving the national climate targets, but also in respect of climate adaptation where especially the water sector is being designed to fluctuating and increasing volumes of water.

KommuneKredit supports local sustainability ambitions

KommuneKredit mirrors the local sustainability ambitions in Denmark. We fund a large share of the public infrastructure that citizens often take for granted in a well-functioning society. The ambitions go further than just the climate and the environment, extending to the social, healthcare and cultural areas where municipalities and regions provide public trans-

Total distribution of KommuneKredit's lending by industry*



- Public administration and defence; compulsory social security
- Electricity, gas and district heating
- Water supply; sewerage, waste management and cleaning of soil and ground water
- Human health and social work activities
- Transport and goods handling
- Real estate activities
- Administrative and support service activities
- Arts, entertainment and recreation
- Professional, scientific and technical activities
- Financial and insurance activities
- Other service activities
- Other

* Investments funded through KommuneKredit must serve a public purpose. Accordingly, not all activities under each industry code justify funding through KommuneKredit.

port and establish housing for senior citizens, local sports centres, schools and cultural offerings.

In 2025, the citizens of Hornsyld and Hvide Sande were able to rejoice at the renovation of the public swimming pools in those two towns. And the more than 40,000 annual visitors to the ceramics museum CLAY in Middelfart can look forward to an extended experience when the kitchen of the museum's cafe is fully renovated. In Højbjerg near Aarhus, the citizens can now enjoy an up-to-date covered badminton court next to the old one that dates back to 1972. This will improve the physical settings for badminton players regardless of level, age and disability. And in Hvidovre, more than 100 sea scouts can now replace their old scout hut which burned down.

> [An overview of the distribution of our loans and leases on customer types is available on our website](#)

Our continued work with ESG at KommuneKredit

The new funding model will not change the environmental, social and management qualities of KommuneKredit. Our loans and leases contribute to creating social value in the same way as hitherto, albeit now at lower interest rates. And our purpose is unchanged: to provide funding for our customers.

However, something has indeed changed. The government funding model implies that we no longer issue green bonds. We will continue to report annually on the impact of our green bonds issued before 2025. We will also continue to identify the climate and environmental qualities of the activities we provide loans and leases for to enable us to communicate about our

customers' investments in the local green transition in Denmark. This includes our large loans to district heating projects.

KommuneKredit will continue to be a responsible collaboration partner for our customers. We are part of the critical financial infrastructure of society and are therefore very conscious about being a business that ensures good corporate governance, is transparent and has guidelines and a culture that promote decency and ethical conduct.

We have about 100 employees who are highly specialised and vital to the operation of KommuneKredit. We constantly strive to be a workplace characterised by a high level of employee satisfaction and good development opportunities while at the same time taking responsibility for our employees and the labour market we operate in.

In the years to come, we will increasingly endeavour to make KommuneKredit's value to society visible and to report on it in a new format focusing on what is key to KommuneKredit and our members. In this annual report, we draw conclusions on our efforts to achieve the nine ESG goals in the strategy period ended in 2025. Under the new strategy, focus will be on mirroring the customers' sustainability ambitions, on continued decency and the visibility of our social responsibility efforts and on developing KommuneKredit's role as a knowledge partner who can be involved in relevant considerations about how KommuneKredit's funding can contribute to solving society's problems.

> [More information about our green loan portfolio is available in our Green Bond Impact Report on our website](#)

Focus on district heating

District heating is an energy-efficient heating solution that supports us in reaching Denmark's national climate goals and in making us independent of fossil fuels from other countries.

According to the Danish Energy Agency (*Energistyrelsen*), two out of three homes in Denmark have district heating¹. With the political agreement made in 2022 on more green heating and the phase-out of natural gas, there is broad political agreement in the Danish parliament, Folketinget, to 'speed up the green transition and to give access to cheap district heating'².

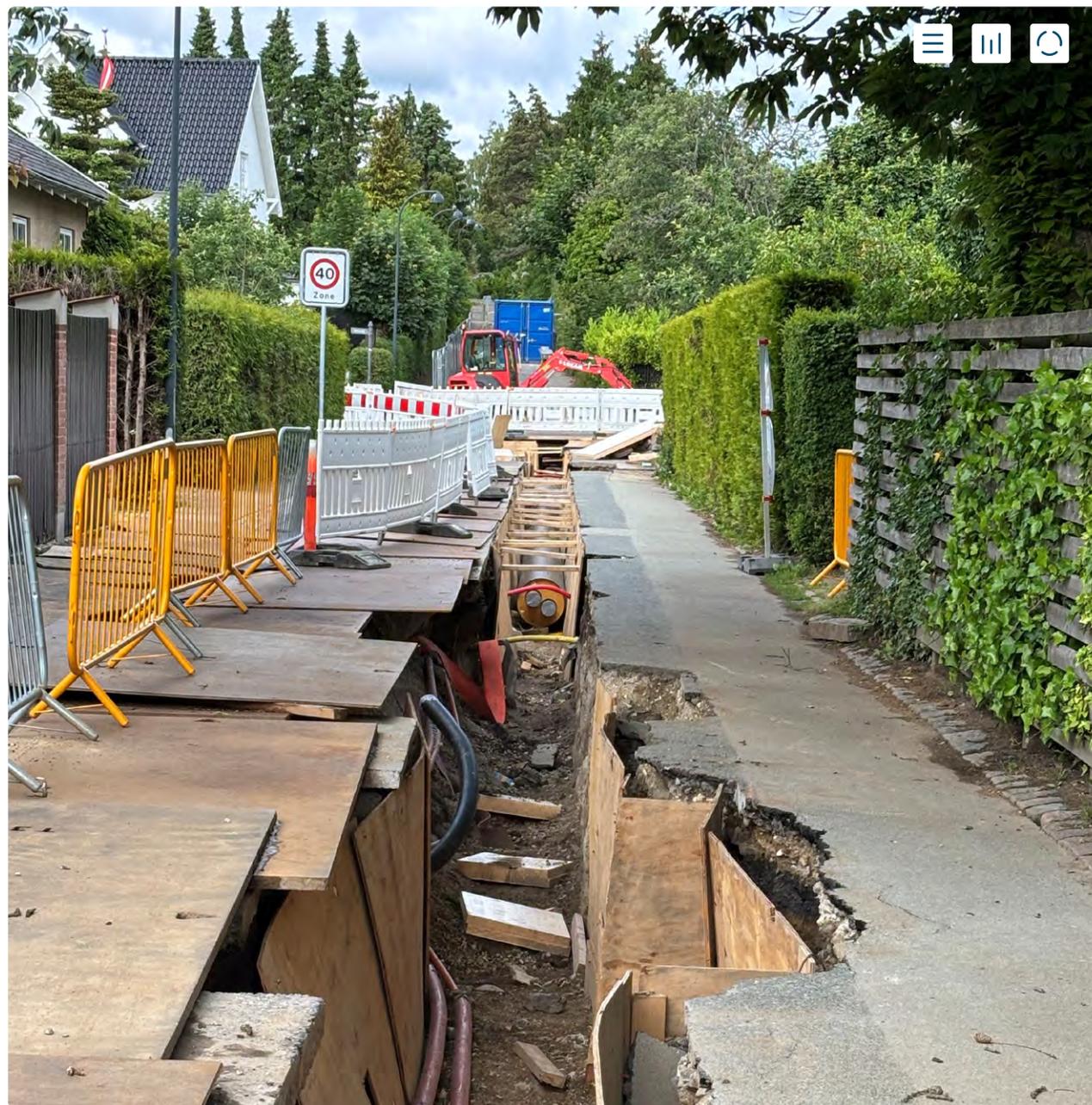
The Danish Ministry of Climate, Energy and Utilities (*Klima-, Energi- og Forsyningsministeriet*) is making continued efforts to implement the new framework that is to ensure favourable conditions for investments in green energy technologies while at the same time ensuring that the consumers can obtain as cheap heating as possible³.

District heating can be produced using various fuels and technologies. The development is towards increased use of climate-friendly technologies, such as waste heat, and new political decisions have been made to support the district heating companies' use of such sources

¹ Information about the heating area

² Climate agreement on green electricity and heating 2022.pdf (in Danish)

³ KEFM.dk/forsyning/fjernvarme



of heat⁴. Waste heat is already being used in Grenaa where Grenaa District Heating Network and De Danske Gærfabrikker have agreed that the heat deriving from yeast production is to be used to heat up homes in the area; the heat will probably suffice to heat up 1,600 average homes. The waste heat also means that the district heating network can minimise its use of wood chips in the production of heat.

According to the Danish District Heating Association (*Dansk Fjernvarme*), renewable energy accounted for 77 per cent of all energy sources of heat production in 2024⁵.

Our neighbouring countries, such as Germany and the Netherlands, have seen the potential of district heating solutions and are visiting Denmark to gather inspiration and experience. This also goes for the funding of district heating where KommuneKredit contributed to the knowledge-sharing at the Danish District Heating Association's 'International District Heating Summit' in 2025.

At the end of 2025, KommuneKredit had granted loans for district heating worth DKK 44.8 billion. This includes loans for the production, storage and distribution of heat to households. It is our expectation that the demand for KommuneKredit funding of district heating projects across the country will continue in the years ahead. Conversion projects are in place and, moreover, existing plants are to be maintained in order to ensure the most effective operations.

⁴ KEFM.dk/forsyning/fjernvarme

⁵ Facts about district heating | the Danish District Heating Association



Hedensted Fjernvarme
Wastewater heat pump

Examples of district heating projects in 2025

- **Struer Energi Fjernvarme:** 3 MW air/water CO₂ heat pump
- **Fensmark Fjernvarme:** Gas booster plant and transit pipe
- **Viborg Varme Produktion A/S:** Energy HUB which collects waste heat from a data centre and a transformer station
- **Wastewater heat pump for Hedensted Fjernvarme:** The heat pump generates heat from wastewater. A collective solution ensuring the supply of energy and a contribution to energy independence.

> More information about our projects is available on our website



ESG goals 2022-2025

In 2022, KommuneKredit defined five goals concerning climate and environmental responsibility (E), two goals concerning social responsibility (S) and two goals concerning governance (G) for the relevant strategy period. On the next few pages we will round off the goals with some final remarks on our achievements.

E goals



- **Reduce carbon footprint from own operations by 55 per cent by 2030 relative to 2018.**

At the end of 2025, we had reduced the overall carbon footprint from our own operations by 53 per cent relative to 2018. The key measures taken to reduce our carbon footprint was the introduction of an internal CO₂e budget for travels, less climate-impacting raw materials in the canteen and a reduction of the carbon footprint from our consumption of heat, electricity and water.

- **Compensate the remaining carbon footprint from own operations.**

Each year, KommuneKredit concludes an agreement on afforestation corresponding to our carbon footprint. In 2025, 292 trees were planted, reducing atmospheric CO₂ and contributing to more biodiversity.

- **Lift the share of green loans to at least 25 per cent by 2025.**

At the end of 2025, green loans accounted for 25.22 per cent of our lending. Accordingly, we have achieved our goal that a minimum of 25 per cent of our lending must be green loans by 2025.

- **Map the carbon footprint of KommuneKredit's loan and investment portfolio.**

The carbon footprint of our investment portfolio is calculated at 236,069 tons of CO₂e. KommuneKredit may only invest in bonds issued by governments, states, regional authorities, multilateral development banks and financial institutions. Our investments must be confined to countries in the Zone A risk category defined by the OECD.

The carbon footprint of our lending portfolio is calculated at 2,405,031 tons of

CO₂e covering 95 per cent of our loans. At this point, reliable data for the remaining 5 per cent cannot be obtained. The figure represents emissions from the operation of funded projects.

In both cases, we have, where possible, adhered to the international standard PCAF method. A description of the method is available on our website.

- **Assess the possibility of setting reduction targets for the carbon footprint of our loan and investment portfolio.**

In considering whether it is possible to set reduction targets for KommuneKredit's lending portfolio, we have emphasised that it is KommuneKredit's task to fund investments made on the basis of democratic decisions by municipalities and regions and that KommuneKredit therefore cannot

actively impact what projects we provide funding for. On that basis, we will not set reduction targets for the carbon footprint of our lending portfolio.

As concerns the investment portfolio, KommuneKredit has a very low risk tolerance as regards our investments, which, in consequence, are limited to a small universe of mainly safe government and mortgage bonds. Setting up reduction targets therefore assumes a scope of action that we only have to a very limited extent. On that basis, we will not set reduction targets for the carbon footprint of our investment portfolio.

S goals



- **Promote an inclusive corporate culture.**

We want to be a workplace that can attract the specialists on which our operations depend and where the employees can offer different perspectives on the execution of projects in a safe environment. To achieve that, we have worked with diversity, personal profiles, flexible work arrangements and socialising opportunities. We have implemented guidelines for diversity and the underrepresented gender and have hired students and trainees.

- **Maintain a high level of employee satisfaction.**

KommuneKredit's employee satisfaction survey conducted in the autumn of 2025 showed an overall satisfaction score of 85 and a response rate of 95. This is an increase from an already high level of 81 in 2022 and shows that KommuneKredit continues to be top-in-class compared with other Danish businesses with a similar number of employees. The survey results are underpinned by a drop in KommuneKredit's already low employee turnover rate and absence due to sickness during the same period, indicating general employee satisfaction.



G goals



- **Strengthen our ESG governance.**

In order to strengthen the management and cohesion across the ESG spectre, we also established an internal advisory ESG Committee in connection with setting the goals. We have increased transparency by providing an overview of policies and data on our website, and in 2023 we launched an ESG data project. In connection with these efforts, we determined KommuneKredit's data structure for the future, and we are working to provide system support in connection with the retrieval and storage of ESG data.

- **Increase the visibility of our ESG profile.**

KommuneKredit has participated in debates and panels at, for example, the Danish Climate Festival (*Klima-folkemødet*) where we focus on our own and our customers' strong ESG qualities. We have given presentations at seminars, engaged in dialogue with relevant stakeholders and launched a new website to provide us with a better basis for increasing visibility. This is a beginning that we can build on in the years ahead.

ESG ratings



The image displays three ESG rating logos. On the left is the MSCI ESG Ratings logo, showing a scale from CCC to AAA with 'AA' highlighted and 'As of Feb 2026' below. In the center is the ISS ESG logo, featuring 'Corporate ESG Performance' in a blue box and 'Prime' in a green box, with 'RATED BY ISS ESG' below. On the right is the Sustainalytics logo, showing 'Rated' in a box with a document icon and 'MORNINGSTAR SUSTAINALYTICS' below.

MSCI

In August 2025¹, we maintained our AA rating, which is the second highest rating assigned by MSCI.

ISS ESG

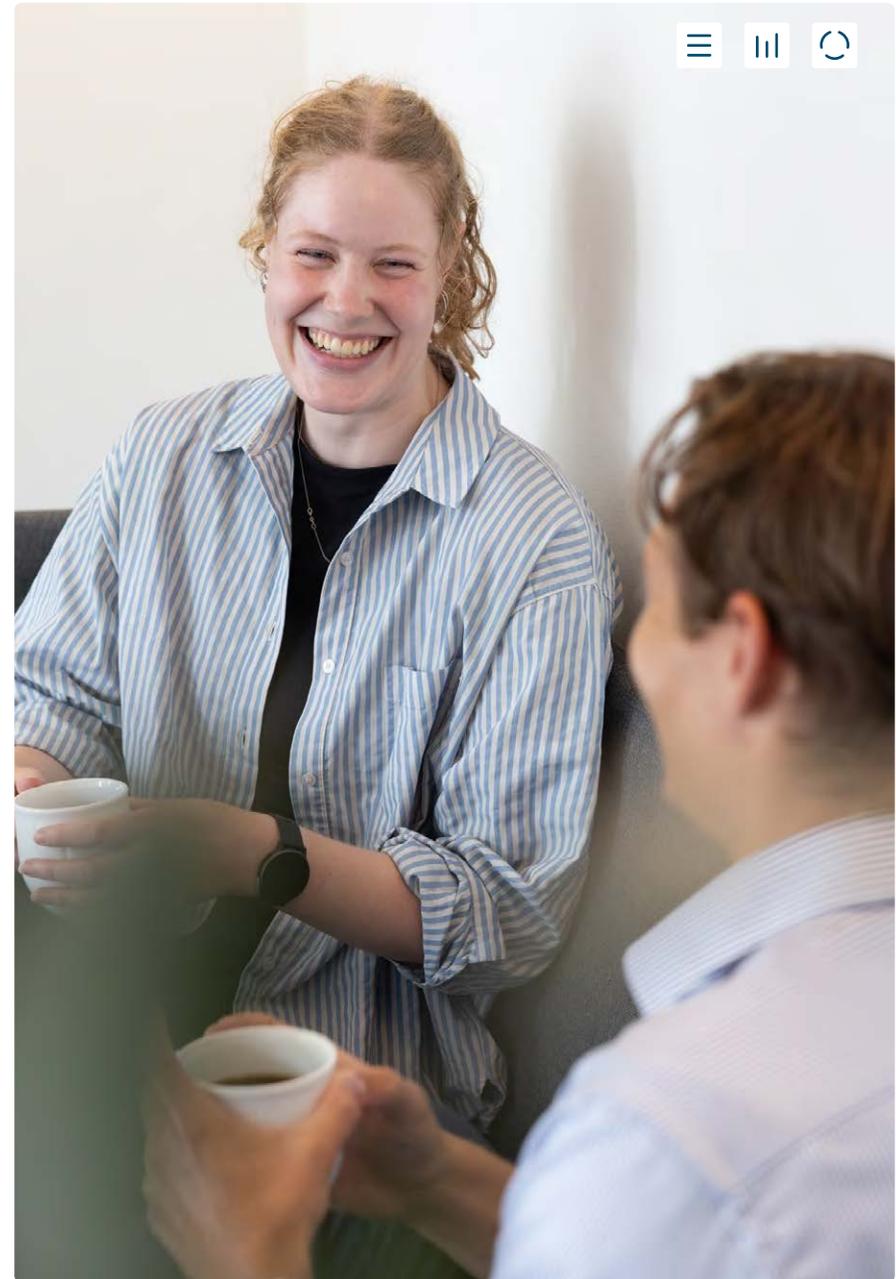
Our latest rating from ISS ESG is a C rating from 2022 when we continued to qualify for the Prime category.

Sustainalytics

In June 2025, KommuneKredit received a score of 14.9 from Sustainalytics which means that we are placed in their ‘low risk’ category².

¹ The use by KommuneKredit of any data from MSCI ESG Research LLC or its affiliates (‘MSCI’) and the use of MSCI logos, trademarks, service marks or index names herein do not constitute a sponsorship, endorsement, recommendation or promotion of KommuneKredit by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided ‘as-is’ and without warranty. MSCI names and logos are trademarks or service marks of MSCI. MSCI services and data are the property of MSCI or its information providers and are provided ‘as-is’ and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

² In June 2025, KommuneKredit received an ESG Risk Rating of 14.9 and was assessed by Morningstar Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors. In no event the present publication shall be construed as investment advice or expert opinion as defined by the applicable legislation. The information contained or reflected herein is not directed to or intended for use or distribution to India-based clients or users and its distribution to Indian resident individuals or entities is not permitted. Morningstar/Sustainalytics accepts no responsibility or liability whatsoever for the actions of third parties in this respect.



ESG key figures

Climate and environmental data (E)

	2025	2024	2023	2022	2021	Comments
CO ₂ e Scope 1 (t)	0	0	0	0	0	KommuneKredit has no direct GHG emissions from own sources.
CO ₂ e Scope 2 (t)	8	7	8	7	11	In 2025, our supplied district heating was in line with previous years. All electricity is from certified wind power.
CO ₂ e Scope 3 (t)*	54	66	55	49	26	KommuneKredit's Scope 3 emissions have declined considerably due to a fall in travel activity resulting from the new funding model and reduced canteen emissions.
CO ₂ e total (t)*	62	73	64	56	36	Total emissions have gone down by 11 tons of CO ₂ e due to the decline in Scope 3 emissions. Emissions have been reduced by 53 per cent relative to 2018.
Energy consumption (MWh)	337	385	385	390	393	The energy consumption has declined compared with previous years.
Renewable energy share (%)	92	92	93	93	89	The renewable energy share has remained stable compared with previous years.
Water consumption (m ³)*	1,041	1,871	1,046	1,001	786	Our water consumption is back at the level of previous years. The sharp increase last year was most likely due to the renovation of part of our headquarters.

* The calculation method has been updated based on improved annual consumption data from the utility. The comparative figures have been restated.

Social data (S)

	2025	2024	2023	2022	2021	Comments
Full-time equivalent (FTE)	100	106	101	97	88	The number of FTE in 2025 has been adjusted to the transition to the new funding model.
Gender diversity (women) (%)	35.9	35.7	37.2	34.4	39.2	Gender diversity at KommuneKredit is on a par with 2024. This is a focus area for KommuneKredit and our target is a distribution of 40/60 women/men.
Gender diversity, Management (N1, N2, N3) (%)	26.7	31.3	26.7	26.7	33.3	Gender diversity at management level has declined slightly but is on a par with 2023. We have decided to simplify our reporting on gender diversity at management level to a simple figure. The figures for the individual management levels are incorporated in our efforts in the area. Our target is 40/60 women/men for N2 and N3.
Gender pay ratio (avg.)	13.1	13.6	15.9	13.6	18.1	The gender pay ratio has been fairly stable in the past few years.
Employee turnover ratio (%)	9.0	6.1	10.0	9.8	10.4	Employee turnover is back at around 10 per cent following a decline in 2024.
Employee training hours per FTE	12.9	14.5	10.6	13.1	7.3	As part of the collective agreement with the Financial Services Union (<i>Finansforbundet</i>), all our employees have access to apply for subsidies for education and skills development.
Absence due to illness (days/FTE)	4.5	3.2	5.8	3.5	3.0	There has been an increase in absence due to illness, but the level remains low compared with the labour market in general.
Employee engagement (score)	85	83	84	81	80	The employee engagement survey among our employees shows a continued high satisfaction level which is in line with our target.

Governance data (G)

	2025	2024	2023	2022	2021	Comments
Attendance rate at Board meetings (%)	77.5	80	87.5	82.5	80	The Board of Directors held four meetings in 2025, and the attendance rate declined slightly.
Attendance rate at Audit Committee meetings (%)	100	92	100	100	91.7	The Audit Committee held four meetings in 2025, and the attendance rate was 100 per cent.
Pay gap, CEO and employees	3.4	3.7	3.6	3.7	3.7	The pay gap between CEO and employees has declined slightly.
Gender diversity, Board of Directors (%)	20	20	20	20	20	The Board of Directors consists of ten members. Six members are elected by the municipalities, two by the regions and two are elected by the Board of Directors and are independent. The two independent members are women.
Penalties regarding corruption per employee	0	0	0	0	0	KommuneKredit's policies and processes mitigate the risk of corruption and ensure that employees do not receive a personal benefit from professional relations.

Definitions and formulas (ESG)

ESG indicator	Definition	Formula
CO ₂ e Scope 1 (t)	We have no direct GHG emissions from own or controlled sources.	Not relevant
CO ₂ e Scope 2 (t)	Indirect GHG emissions caused by our consumed energy.	Electricity consumption * emission factor + district heating * emission factor
CO ₂ e Scope 3 (t)	GHG emissions that occur in our upstream and downstream value chain beyond Scope 2, including GHG Protocol Scope 3 Categories 1 (canteen), 3 (fuel and energy-related activities), 6 (domestic and international air and rail travel) and 13 (leased assets in own office buildings).	Food type * emission factor + energy consumption (MWh) * value chain emission factor + travel type, class and number of kilometres travelled * emission factor + total energy consumption (MWh) in downstream leased office buildings * emission factor
Total CO ₂ e (t)	Sum of GHG emissions in Scopes 1, 2 and 3.	∑ Scopes 1, 2 and 3
Energy consumption (MWh)	Total energy consumption in MWh related to own operations.	∑ Consumption of electricity and district heating
Renewable energy share (%)	Share of total energy consumption deriving from renewable energy sources.	(Renewable energy usage / Total energy usage) * 100
Water consumption (m ³)	Consumption of water related to own operations.	∑ Water consumption
Full-time equivalent (FTE)	A measurement used to figure out the number of full-time hours worked by all employees in a business. We consider 37 hours to be full-time hours.	∑ Full-time employees + (Individual part-time employee work hours / Full-time hours)
Gender diversity (women) (%)	Employee breakdown by gender in per cent.	(Full-time equivalent (women) / Full-time equivalent (women + men)) * 100
Gender diversity, Management (N1, N2, N3) (%)	Gender diversity in per cent for management levels 1 (N1), 2 (N2) and 3 (N3).	(Women in management / (women in management + men in management)) * 100
Gender pay ratio (%)	The gender pay gap defined as the difference in average pay levels between female and male employees as a percentage of the average pay level for male employees.	(Average gross hourly earnings for male employees - average gross hourly earnings for female employees) / Average gross hourly earnings for male employees * 100

ESG indicator	Definition	Formula
Employee turnover ratio (%)	The rate of employees who have left the business.	$((\text{Voluntary} + \text{involuntary FTE leaving}) / \text{FTE}) * 100$
Employee training hours per FTE	The average number of training hours per employee.	$\Sigma \text{ Employee training hours} / \text{FTE}$
Absence due to illness (days/FTE)	Average number of days of absence per FTE.	$\Sigma \text{ Number of days of absence due to illness} / \text{FTE}$
Employee engagement (score)	A measure of how committed our employees are to helping our organisation succeed.	Calculated by external supplier based on surveys
Attendance rate at Board meetings (%)	Activity level of Board members.	$(\Sigma \text{ Board members attending each meeting in the reporting year} / (\Sigma \text{ Number of meetings} * \Sigma \text{ Number of Board members})) * 100$
Attendance rate at Audit Committee meetings (%)	Activity level of Audit Committee members.	$(\Sigma \text{ Audit Committee members attending each meeting in the reporting year} / (\Sigma \text{ Number of meetings} * \Sigma \text{ Number of Audit Committee members})) * 100$
Pay gap, CEO and employees	The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual).	CEO compensation / Median staff pay (excl. CEO remuneration)
Gender diversity, Board of Directors (%)	Calculated as an average ratio of female to male Board members.	$((\text{Female Board members}) / (\text{Female Board members} + \text{male Board members})) * 100$
Penalties for corruption per employee	The number of convictions for violation of anti-corruption and anti-bribery legislation.	$\Sigma \text{ Number of corruption convictions per employee}$

06

Additional information

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90 Definitions of key figures and financial ratios



I/S Amager Ressourcecenter
Replacement of traditional vehicles
with green alternatives

Definitions

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

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

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

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

Collateral agreement (Credit Support Annex): Agreement between financial counterparties regarding the exchange of collateral in case of fluctuations in the market value of derivatives.

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.

Cyclical fluctuations: Cyclical fluctuations are changes in economic activity in the Danish society over a long period of time.

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.

Floor: An interest rate floor is a minimum interest rate on a given financial instrument with variable interest payments.

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.

Haircut: Deductions in the market value of bonds, the size depending on the liquidity properties of the bond.

HQLA: High-quality liquid assets.

ICMA: International Capital Market Association.

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

Kangaroo: Issues in Australian dollars primarily for Australian and Japanese investors under a standardised loan programme.

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 Copenhagen Stock Exchange. These bonds are often denominated in Danish kroner.

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

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.

Private placement: An issue directed at a single investor. Issues may be denominated in different currencies and terms to maturity.

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.

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.

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

Uridashi: Issue for the Japanese retail market under a standard loan programme.

Definitions of key figures and financial ratios

Base capital relative to minimum capital requirement

The ratio of base capital to minimum capital requirement; KommuneKredit is not subject to any minimum capital requirement but calculates it as 8% of total risk exposure.

Capital base

Common Equity Tier 1 (CET1) capital less various deductions (including prudent valuation adjustment, current losses and intangible assets).

Common Equity Tier 1 (CET1) capital

Equity less various deductions which in KommuneKredit's case amount to zero.

Currency position

Currency position represents the sum of all short-term currency positions and the sum of all long-term currency positions whichever is larger.

Equity ratio after tax, %

Equity as per cent of total assets.

Equity Tier 1 ratio

Base capital relative to total risk exposure.

Expenses/assets, %

Expenses for the period to assets at end of period.

Impairment rate for the year

Impairment of/provisions for loans and leases for the period as per cent of loans and leases.

Income/cost ratio (DKK)

Income including value adjustments of securities as per cent of costs including loan impairment.

The ratio contains all the income statement items before tax

Interest rate risk

Effect on fair value adjustments of a 1 percentage point increase in interest rates overall.

Loans and leases, net additions in nominal value (net lending)

Increase in net loans and leases for the year, from beginning of period to end of period.

Loans to deposits

Loans and leases plus impairment as per cent of deposits.

Loans to equity

Loans and leases at end of period to equity at end of period.

Net interest and fee income

Net interest income and other operating income and other operating expenses.

Net interest income/assets, %

Net interest and fee income for the period to assets at end of period.

Return on assets

(profit for the year/total assets), %

Profit or loss for the year as per cent of total assets.

Return on equity after tax

Profit or loss for the period after tax as per cent of average equity. Average equity is calculated as a simple average of equity at 1 January and equity at 31 December.

Return on equity before tax

Profit or loss for the period before tax as per cent of average equity. Average equity is calculated as a simple average of equity at 1 January and equity at 31 December.

Solvency ratio

Base capital relative to total risk exposure

Total risk exposure amount (REA)

The value of total assets when calculating the solvency ratio, allowing for the risk weight of the exposure.

Photos/visualisations

Front page: Air photo of Helsingør
Healthcare Centre
Page 3: Gilleleje Waterworks
Pages 13, 16, 78: COWI + Arkitema
Pages 13, 17: Morten Bødskov
Pages 13, 22: Municipality of Odder
Pages 13, 23: Mogens Steen
Page 88: I/S Amager Resource Centre

Other photos

KommuneKredit

Thanks to: Dronninglund Waterworks,
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Odder for participating in cases.

Disclaimer

The annual report is prepared in Danish
and translated into English. In the event
of discrepancies the Danish version shall
prevail.



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