



KLP Kommunekreditt AS

**Base Prospectus**

Arranger:



Trondheim/Oslo, 22 June 2021

### Important information

The Base Prospectus is based on sources such as annual reports and publicly available information and forward-looking information based on current expectations, estimates and projections about global economic conditions, as well as the economic conditions of the regions and industries that are major markets for KLP Kommunekreditt AS.

A prospective investor should consider carefully the factors set forth in Chapter 1 Risk factors, and elsewhere in the Prospectus, and should consult his or her own expert advisers as to the suitability of an investment in the bonds.

**IMPORTANT – EEA AND UK RETAIL INVESTORS** - If the Final Terms in respect of any bonds includes a legend titled "Prohibition of Sales to EEA Retail Investors" and/or "Prohibition of Sales to UK Retail Investors", the bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ('EEA') and/or in the United Kingdom (the "UK"). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the PRIIPs Regulation) (and for UK, as it forms part of domestic law by virtue of the EUWA (the UK PRIIPs Regulation)) for offering or selling the bonds or otherwise making them available to retail investors in the EEA and/or the UK has been prepared and therefore offering or selling the bonds or otherwise making them available to any retail investor in the EEA and/or the UK may be unlawful under the PRIIPs Regulation and/ or the UK PRIIPs Regulation.

**MiFID II product governance and/or UK MiFIR product governance** – The Final Terms in respect of any bonds will include a legend titled "MiFID II product governance" and/or "UK MiFIR product governance" which will outline the target market assessment in respect of the bonds and which channels for distribution of the bonds are appropriate. Any person subsequently offering, selling or recommending the bonds (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

This Base Prospectus is subject to the general business terms of the Arranger, available at its websites (<https://www.dnb.no>).

The Arranger and/or any of its affiliated companies and/or officers, directors and employees may be a market maker or hold a position in any instrument or related instrument discussed in this Base Prospectus and may perform or seek to perform financial advisory or banking services related to such instruments. The Arranger's corporate finance department may act as manager or co-manager for this Company in private and/or public placement and/or resale not publicly available or commonly known.

Copies of this Base Prospectus are not being mailed or otherwise distributed or sent in or into or made available in the United States. Persons receiving this document (including custodians, nominees and trustees) must not distribute or send such documents or any related documents in or into the United States.

Other than in compliance with applicable United States securities laws, no solicitations are being made or will be made, directly or indirectly, in the United States. Securities will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States without registration or an applicable exemption from registration requirements.

The distribution of the Base Prospectus may be limited by law also in other jurisdictions, for example in non-EEA countries. Approval of the Base Prospectus by Finanstilsynet (the Norwegian FSA) implies that the Base Prospectus may be used in any EEA country. No other measures have been taken to obtain authorisation to distribute the Base Prospectus in any jurisdiction where such action is required.

The Base Prospectus dated 22 June 2021 together with a Final Terms and any supplements to these documents constitute the Prospectus.

The content of this Base Prospectus does not constitute legal, financial or tax advice and potential investors should seek legal, financial and/or tax advice.

Unless otherwise stated, this Base Prospectus is subject to Norwegian law. In the event of any dispute regarding the Base Prospectus, Norwegian law will apply.

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# 1 Risk factors

There are risks associated with all investments in Covered Bonds issued by KLP Kommunekreditt AS.

The material risk factors relating to the Issuer are the following:

## 1.1 Risks related to the Issuer

### 1.1.1 Financial risk

The risks are presented in a descending order with regards to materiality.

#### **Refinancing risk**

If KLP Kommunekreditt AS is not able to refinance maturing Covered Bonds by issuing new Covered Bonds the Issuer may not be able to make timely payment on the principal of the maturing Covered Bond. This would occur if investors either do not want to or are not able to invest in Covered Bonds issued by KLP Kommunekreditt AS. Such a situation may arise because the Issuer has an increased credit risk or the Covered Bond market is not functioning satisfactorily. The amortisation of the cover pool assets does not generate sufficient liquidity to repay maturing Covered Bonds. As of 31 March 2021, the weighted average life of the cover pool assets was 11,9 years versus 2,4 years for Covered Bonds issued by KLP Kommunekreditt AS.

The Issuer's liquidity risk policy requires that KLP Kommunekreditt AS has liquidity sufficient to cover all Covered Bonds maturing the next sixmonths. To fulfil this requirement The Issuer therefore refinances maturing Covered Bonds twelve to six months prior to maturity. In the case of an inability to issue Covered Bonds the liquidity risk policy requirement gives the Issuer six months to find measures so that the maturing Covered Bonds can be repaid when maturing. All Covered Bonds issued by KLP Kommunekreditt AS have a soft-bullet, enabling a one-year extension of the maturity of the Covered Bonds.

The Issuer has established a senior unsecured revolving credit facility with KLP Banken AS in order to ensure the Issuer has access to liquidity to meet its payment obligations in respect of all Covered Bonds then outstanding, including any principal, interest and any connected derivative agreements, for the next 12 months on a rolling basis, and for the previous 12 months on a rolling basis, for claims due, but not paid. During the life of the covered bond KLP Banken AS's credit risk can change and the ability to fulfil its obligations can be materially reduced.

#### **Liquidity and market value of liquidity portfolio (securities)**

The Issuer is exposed to the risk that the value of a substitute asset may decrease as a result of the trend in market factors, such as interest rates, credit spreads and the volatility of these factors. As of 31 March 2021 the market value of the liquidity portfolio was NOK 919 mill with a weighted average life of 3,0 years. 96 % of the securities in the portfolio are Norwegian Covered Bonds. There is a maturity mismatch between the liquidity portfolio and the maturing Covered Bonds. In order to repay maturing Covered Bonds the securities need to be sold in the securities market. In the case of the Norwegian Covered Bond market is not functioning satisfactorily there is a risk of not being able to sell the Covered Bonds in a timely manner or that the securities have to be sold with a substantial discount. An increase of 10 basis points would have a negative effect on the value of the liquidity portfolio of NOK 2,7 million.

#### **Increased interest rate on borrowing versus lending**

As the Issuer is exposed to different markets with respect to its borrowing and lending activities, there is a risk that interests levels on its borrowings may increase at a time when it is not able to similarly increase the interest levels on its receivables, which may have a negative effect on its ability to fulfil its obligations.

#### **Operational risk**

Considering the issuer isolated and its relatively low number of employees, operational risks related to loan management and group services might occur. The organizational structure of the issuer, which carries a dependency between the issuer and the parent company, is exposed to the risks that comes with structural changes.

See section 4.6 for a more detailed description of how KLP Kommunekreditt AS manages these risk factors.

## 1.2 Risks relating to the Bonds

All investments in interest bearing securities have risk associated with such investment. The risk is related to the general volatility in the market for such securities, varying liquidity in a single bond issue as well as company specific risk factors. An investment in interest bearing securities is only suitable for investors who understand the risk factors associated with this type of investments and who can afford a loss of all or part of the investment.

In each category below, the Issuer sets out the most material risk in the Issuer's assessment, taking into the negative impact of such risk on the Issuer and the bonds and the probability of its occurrence.

### 1.2.1 Financial risk

**Market risk** is the risk that the value of the Loan will decrease due to the change in value of the market risk factors. The price of a single bond issue will fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk of that particular bond issue, and the liquidity of this bond issue in the market. In spite of an underlying positive development in the Issuers business activities, the price of a bond may fall independent of this fact. Bond issues with a relatively short tenor and a floating rate coupon rate do however in general carry a lower price risk compared to loans with a longer tenor and/or with a fixed coupon rate.

KLP Kommunekreditt AS has as of March 2021 issued NOK 17,9 billion of Covered Bonds and is a small issuer in the Norwegian Covered Bond market. No market-maker agreement is entered into in relation to this bond issue, and the liquidity of bonds will at all times depend on the market participants view of the credit quality of the Issuer as well as established and available credit lines.

**Interest rate risk** is the risk borne by the Loan due to variability of the NIBOR interest rate. The coupon payments, which depend on the NIBOR interest rate and the Margin, will vary in accordance with the variability of the NIBOR interest rate. The interest rate risk related to this bond issue will be limited, since the coupon rate will be adjusted quarterly according to the change in the reference interest rate (NIBOR 3 months) over the tenor. The primary price risk for a floating rate bond issue will be related to the market view of the correct trading level for the credit spread related to the bond issue at a certain time during the tenor, compared with the credit margin the bond issue is carrying. A possible increase in the credit spread trading level relative to the coupon defined credit margin may relate to general changes in the market conditions and/or Issuer specific circumstances. However, under normal market circumstances the anticipated tradable credit spread will fall as the duration of the bond issue becomes shorter. In general, the price of bonds will fall when the credit spread in the market increases, and conversely the bond price will increase when the market spread decreases.

#### **The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"**

The Listed bonds are linked to NIBOR. Interest rates and indices which are deemed to be "benchmarks", (including NIBOR) are the subject of recent national and international regulatory guidance and proposals for reform including, without limitation, the Benchmark Regulation and certain other international and national reforms. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Bonds linked to or referencing such a "benchmark".

The Benchmarks Regulation could have a material impact on any Bonds linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

### 1.2.2 Risks relating to the covered bonds

#### **Covered Bonds are obligations of the Issuer only**

The Covered Bonds constitute obligations of the Issuer only, which have the benefit of a statutory preference under Chapter 11, Sub-chapter II of the Financial Undertakings Act in the Issuer Cover Pool. An investment in the Covered Bonds involves a reliance on the creditworthiness of the Issuer. The Covered Bonds are not guaranteed by the Bank or any other person.

In addition, an investment in the Covered Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the relevant Covered Bonds.

**Credit ratings may not reflect all risks**

Moody's has assigned an Aaa long-term rating to the Covered Bonds. Aaa rated bonds are judged to be of the highest quality, subject to the lowest level of credit risk. There is no guarantee that such rating of the Covered Bonds will be maintained or that such credit rating reflects the potential impact of all risks related to an investment in the Covered Bonds. Accordingly, a credit rating is not a recommendation to buy, sell or hold Covered Bonds and may be revised or withdrawn by Moody's at any time. Any such revision or withdrawal could adversely affect the market value of the Covered Bonds. The Issuer may, at any time, vary the rating agency or agencies from which credit ratings of the Covered Bonds are obtained or vary the number of credit rating agencies from whom credit ratings of the Covered Bonds are obtained.

**Credit ratings may be subject to change**

The credit ratings of the Covered Bonds are important to the issuers business. There can be no assurance that Moody's will not downgrade the ratings of the Covered Bonds either as a result of the financial position of the Group or changes to applicable rating methodologies used by Moody's. Moody's evaluation of the Issuer may also be based on a number of factors not entirely within the control of the Issuer, such as conditions affecting the financial services industry generally. Any reduction in the ratings of the Issuer's debt instruments could adversely affect its liquidity and competitive position, undermine confidence in the Issuer, increase its borrowing costs, limit its access to the capital markets, or limit the range of counterparties willing to enter into transactions with the Issuer. Such development could have a material adverse effect on the Issuer's business, financial situation, results of operations, liquidity and/or prospects.

### **1.2.3 Risks related to the Issuer Cover Pool**

There can be no assurance that the Issuer Cover Pool will be sufficient to pay in full the amounts payable under the Covered Bonds.

The Issuer has established a senior unsecured revolving credit facility with KLP Banken AS in order to ensure the Issuer has access to liquidity to meet its payment obligations in respect of all Covered Bonds then outstanding, including any principal, interest and any connected derivative agreements, for the next 12 months on a rolling basis, and for the previous 12 months on a rolling basis, for claims due, but not paid. During the life of the covered bond KLP Banken AS's credit risk can change and the ability to fulfill its obligations can be materially reduced.

## 2 Definitions

Annual Report 2020	KLP Kommunekreditt AS's annual report for 2020.
Annual Report 2019	KLP Kommunekreditt AS's annual report for 2019.
Arranger:	DNB Bank ASA, DNB Markets.
Base Prospectus	This document dated 22 June 2021.  The Base Prospectus has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus.
Creditor	A person or firm to whom money is due.
Credit Institution	An undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account.
Company/Issuer/KLP Kommunekreditt:	KLP Kommunekreditt AS with registration number: 994 526 944.
EEA:	European Economic Area.
Eligible Loans	Eligible loans are assets which are eligible for inclusion in the Cover Pool, as determined by the Financial Institutions Act and Regulations (as amended, varied or supplemented from time to time) and the Credit Policy.
Final Terms	Document to be prepared for each new issue of bonds under the Prospectus. The template for Final Terms is included in the Base Prospectus as Annex 2.  The template for Final Terms has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this template for Final Terms as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this template for Final Terms. Investors should make their own assessment as to the suitability of investing in the securities.
IFRS	International Finance Reporting Standards.
KLP	Kommunal Landspensjonskasse gjensidige forsikringsselskap.
KLP Banken	KLP Banken AS, the 100 % owner of KLP Kommunekreditt.
KLP Banken Group:	KLP Banken AS and its subsidiaries KLP Boligkreditt AS and KLP Kommunekreditt AS.
KLP Group	Kommunal Landspensjonskasse gjensidig forsikringsselskap with subsidiaries.
Q1 Report 2021	KLP Kommunekreditt's Interim report Q1 2021.
Revolving Credit Facility	A line of credit that is arranged between a bank and a business. It has an established maximum amount, where the business has access to the funds at any time when needed.

## **3 Persons responsible**

### ***3.1 Persons responsible for the information***

KLP Kommunekreditt AS, Beddingen 8, 7042 Trondheim, is responsible for the content in this Prospectus.

### ***3.2 Declaration by persons responsible***

KLP Kommunekreditt AS confirms that the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

Trondheim, 22 June 2021

KLP Kommunekreditt AS

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Carl Steinar Lous  
Managing director, CEO

### ***3.3 Declaration by persons responsible***

KLP Kommunekreditt AS confirm that:

- a) the Base Prospectus has been approved by the Finanstilsynet, as competent authority under Regulation (EU) 2017/1129;
- b) the Finanstilsynet only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129;
- c) such approval shall not be considered as an endorsement of the issuer that it the subject of this Base Prospectus;
- d) investors should make their own assessment as to the suitability of investing in the securities.

## 4 Statutory Auditors

The Issuer's auditor for the period which has covered the historical financial information in this Base Prospectus has been PwC.

**Contact information:**

PricewaterhouseCoopers AS (PwC)

Dronning Eufemias gate 71

Postboks 748 Sentrum

N-0194 Oslo, Norway

PricewaterhouseCoopers AS (PwC) is a member of the Norwegian Institute of Public Accountants (Norwegian: Den Norske Revisorforening).

## **5 Information about the Issuer**

### ***5.1 History and development of the Company***

#### **5.1.1 Name and contact details**

The legal name of the Issuer is KLP Kommunekreditt AS, the commercial name is KLP Kommunekreditt.

The address, telephone number and website of the Issuer's principal place of business is as follow:

KLP Kommunekreditt AS,  
Commercial address: Beddingen 8, 7042 Trondheim  
Mailing address: Beddingen 9, 7042 Trondheim  
Country: Norway  
Telephone: +47 55 54 85 00

Website: <https://www.klp.no>

The information on the website mentioned above does not form part of the Base Prospectus unless that information is incorporated by reference into the Base Prospectus.

#### **5.1.2 Place of registration, registration number and LEI code**

The Issuer is registered in the Norwegian Register of Business Enterprises (Foretaksregisteret) with registration number: 994 526 944 and the VAT Register (Merverdiavgiftsregisteret). LEI-code (legal entity identifier): 549300AGRU020LR1DW94. Date of incorporation is 25.08.2009.

#### **5.1.3 Incorporation, domicile and legal form**

The Issuer is organized under the laws of Norway. Special laws applicable for the Issuer is i.a. the Financial Institutions Act (finansforetaksloven), Financial Contracts Act (finansavtaleloven), Money Laundering Act (hvitvaskingsloven) and Limited Liability Companies Act (aksjeloven).

#### **5.1.4 Objects and purposes**

Articles of association § 1-2 Purpose

The company's purpose is to provide or acquire public loans, including loans to or guaranteed by, the Norwegian state, Norwegian municipalities or Norwegian county municipalities and to finance the lending activities mainly by issuing covered bonds.

The lending funds are obtained mainly through the issuance of covered bonds as regulated in the Act on Financial Undertakings and Financial Groups §§ 11-5 to 11-15, in Norway or abroad.

#### **5.1.5 Any recent events**

There have been no recent events particular to either Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency since the date of the relevant Issuer's last published audited or unaudited financial statements.

#### **5.1.6 Credit ratings**

The issuer has not assigned any credit ratings.

Moody's Investor service Ltd has rated all previous covered bonds issued by KLP Kommunekredtt AS Aaa.

#### **5.1.7 Material changes in borrowing and funding structure since the last financial year**

The Company's borrowing consists of covered bonds (OMF) as well as loans from KLP Banken AS. There were no new covered bonds issues in the first quarter, but net repurchase of previous issues was NOK 0.2 billion. All covered bonds have AAA rating.

So far this second quarter, new covered bond issues amounted to NOK 3.0 billion and net repurchase of previous issues was NOK 2,9 billion.

### **5.1.8 Expected financing of activities**

The lending business is principally financed by issue of Covered Bonds. The Issuer markets the Covered Bonds to prospective investors. The Cover Pool (Norwegian: sikkerhetsmasse) is maintained by the Issuer in accordance with the terms of the Financial Undertakings Act. The Issuer has been operating in this sphere of economic activity since the establishing of the company and issued its first Covered Bond in December 2009.

The Issuer has no losses on lending as of 31.03.2021. Since the Issuer was established the Issuer has not incurred losses on lending.

The main part of the issuers future financing is expected to be refinancing of maturing covered bonds.

### **5.2 Eligible loans**

The guidelines adopted by the Issuer's Board of Directors with respect to the eligibility of loans for transfer and the transfer procedure are set out in the Issuer's credit policy (the "Credit Policy") Eligible loans are assets which are eligible for inclusion in the Cover Pool, as determined by the Financial Institutions Act and Regulations (as amended, varied or supplemented from time to time) and the Credit Policy ("Eligible Loans"). The Credit Policy may put limits on Eligible Loans depending on type of loan products; concentration of exposures to particular borrowers; concentration of exposures to particular loan maturities and any other criteria the Issuer's Board of Directors may, from time to time, think necessary.

### **5.3 Transfer and management of loans**

As the Issuer has a relatively low number of employees and purchases all services related to the management of the loan portfolio, the loan generation and management of the Issuer from KLP Banken and KLP, the Issuer is, as it is now set up, dependent on these companies. The dependency could cease if the organisation of the Issuer is changed.

As a 100 % owned subsidiary of KLP Banken, the Issuer is dependent on the owner company for any increase of equity in excess of profits generated.

The Issuer has entered into a transfer and servicing agreement with KLP and KLP Banken to acquire and transfer Eligible Loans from KLP to the Issuer (the "Transfer and Servicing Agreement"). Pursuant to the Transfer and Servicing Agreement, KLP Banken is appointed by the Issuer as the service provider of all Eligible Loans that are transferred to the Issuer.

The Issuer has also agreements with KLP Banken and KLP concerning group services, treasury functions etc., and purchases according to these all services related to the management of the Issuer from the two companies. Repayments of loans are made to an account in KLP Banken's name and transferred the following day to an account in the Issuer's name. This account is included in the Cover Pool.

### **5.4 Revolving Credit Facility**

The Issuer has established a senior unsecured revolving credit facility with KLP Banken in order to ensure the Issuer has access to liquidity to meet its payment obligations in respect of all Covered Bonds then outstanding, including any principal, interest and any connected derivative agreements, for the next 12 months on a rolling basis, and for the previous 12 months on a rolling basis, for claims due, but not paid. KLP Banken may or may not agree to any request from the Issuer to so amend or supplement the credit facility in its absolute discretion. The unsecured nature of the credit facility means that claims of secured creditors and holders of the Issuer's Covered Bonds rank in priority to those of KLP Banken under the credit facility. Any claim by KLP Banken under the credit facility will not have the benefit of a preferential right to the Cover Pool. For so long as any Covered Bonds are outstanding, there are no events of default under the credit facility and the maturity of any loan under the facility will be structured to fall after the final maturity of any Covered Bonds issued by the Issuer.

### **5.5 Independent examiner**

PricewaterhouseCoopers AS (PwC) has been appointed by the Financial Supervisory Authority of Norway as the independent examiner pursuant to section 2-34, sub-section 1, of the Financial Institutions Act.

### **5.6 Risk Management**

The Issuer's objective is long-term financing of municipalities, county administrations and companies carrying out public sector assignments with financing primarily raised by issuing Covered Bonds. The Covered Bonds are issued

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with high ratings from Moody's. This means that the Issuer seeks to maintain a low risk profile in line with requirements set out by the Norwegians government for covered bond companies.

Emphasis for the Issuer's risk management policies is placed on identifying, measuring and managing risk factors in a way that supports the capital markets' confident in the Issuer, in order for the Issuer to maintain high ratings on the Covered Bonds issued.

The Issuer is subject to a high degree of legal requirements. Special laws applicable for the Issuer are mainly the Financial Institutions Act (finansforetaksloven), Financial Contracts Act (finansavtaleloven), Money Laundering Act (hvitvaskingsloven) and Limited Liability Companies Act (aksjeloven).

KLP Kommunekreditt AS is a wholly owned subsidiary of KLP Banken AS. The Board of Directors of the Bank has established a risk management framework aimed at ensuring that risks are identified, analysed and managed based on policies, limits, procedures and instructions. The Board has adopted risk policies covering the key individual risks as well as an overarching risk policy that covers principles, organisation, limits etc. for the Bank's total risk. The risk policies are of an overarching nature and are complemented by procedures, guidelines and instructions laid down at the senior management level. The policies state which departments are responsible for handling the various risks and also cover the establishment of a separate risk control function. One purpose of the risk control function is to check that the risk policies and other guidelines for risk management are being followed. This function is carried out by the head of the Risk Management and Compliance Department, which is responsible for preparing periodic risk reports to senior management and the Board as well as reporting on any breaches of policies or guidelines. The Department, which has an independent role in relation to other departments, also has other tasks associated with the Bank's risk management. The responsibility for the operational direction of the Bank's liquidity risk, exchange rate risk and interest rate risk lies with the Finance Department.

### CREDIT RISK

Credit risk is managed through the Issuer's strategy and policy documents, establishing the criteria's for loans being eligible (Eligible Loans) for the Cover Pool (Norwegian: sikkerhetsmasse), and what requirements are set for borrowers and collateral for loans that may be acquired by the Issuer. The documents are established at least annually by the Board of Directors of KLP Kommunekreditt.

The risk management objectives are monitored and reported periodically to the Board of Directors.

The credit risk is considered by KLP or KLP Banken as administrator for KLP's portfolio of public sector loans, or by KLP Banken on behalf of the Issuer and as administrator of the Issuers portfolio of public sector loans.

### MARKET RISK

The market risk policy ensures that the business is run in accordance with the Group's overall strategy and that any risk is reflected in the return. The Board of Directors has set management objectives for market risk. Follow-up takes place through ongoing reporting to the Issuer's management and Board of Directors.

According to law and regulations, the Issuer's exposure to interest risk must on balance be sound and reasonable. The Issuer has established limits for maximum interest and exchange risk, which have been approved by the Board of Directors. The Issuer will mainly use financial derivatives to keep the afore-mentioned risk at the desired levels. The Issuer will mainly use financial derivatives to keep the afore-mentioned risk at the desired levels.

### LIQUIDITY RISK

The Issuer's liquidity risk policy ensures a prudent liquidity management for meeting it's paying obligations, ensures a sound ratio between the Issuers liquidity and obligations, and ensures that the business is run in accordance with the group's overall strategy.

The Issuer may issue Covered Bonds where it has the option to extend the scheduled maturity date by up to twelve months, if the Issuer has problems refinancing at the time of ordinary maturity.

The Issuer has a revolving Credit Facility Agreement with KLP Banken, where the bank is obliged to provide liquid funds in order that outstanding bonds and any associated derivatives receive timely settlement.

### OPERATIONAL RISK

The Issuer has entered into a framework agreement with KLP Banken, which includes loan management, group services and treasury functions, etc. Under the agreement, the bank bears the risk of any errors within the supplies and services provided. The operational risk and internal control are assessed on an ongoing basis. An annual risk assessment is made of important risks for the Issuer.

The Issuer has an internal auditor function that reports to the Board of Directors.

## 6 Business overview

### 6.1 General information

The Issuer was established as a credit institution (OMF-foretak) in Trondheim under the name KLP Kommunekreditt AS with a share capital of NOK 362,500,000. The Financial Supervisory Authority of Norway granted the Issuer licence to become a credit institution (OMF-foretak) on 9 December 2009, with permission to issue Covered Bonds (obligasjoner med fortrinnsrett, OMF). The mortgage loans will be marketed under the name of KLP Kommunekreditt.

KLP Kommunekreditt's aim is to be a financial partner for the public sector. There will continue to be major development projects in the sector in for example care services, kindergartens, schools, roads, water, sewerage/drainage, and waste disposal. Ever stronger focus on tasks associated with climate and the environment will in addition involve increased financing needs for our customer groups.

KLP Kommunekreditt emphasises a high level of competency in local authority financing and advice, cost effective operation and competitive financing with low risk.

KLP Kommunekreditt AS is the only financial institution in Norway that issues covered bonds by way of loans to municipalities, county municipalities or enterprises with public guarantees. Its presence in the market for public loans encourages competition and benefits the target group of municipal and county authorities with public guarantees providing access to favourable long-term financing.

KLP Kommunekreditt AS has no division of its income by products or services. The Company has only the public sector market segment and offers only loans to its customers. The Company has only Norwegian customers. The Company has no external customers representing more than 10 per cent of the Company's total operating income.

The Company's lending is managed by KLP Banken AS, and most of the operating expenses are regulated in a management agreement with the parent company. Under this agreement, KLP Kommunekreditt AS is charged for its share of the parent company's costs for the management of public-sector loans, based on volume. Costs are settled monthly. Operating expenses in excess of this are mainly direct costs incurred by the Company in connection with external assistance, such as rating, auditing, etc. In 2020, the Company's operating expenses decreased to NOK 18.5 (19.6) million. Increased efficiency in the parent company's management of loans to public-sector borrowers contributed to lower costs in KLP Kommunekreditt AS.

#### 6.1.1 Lending

KLP Kommunekreditt AS's lending operations are primarily based on loans directly from the Company. Refinancing of loans in KLP has had little effect on the growth in lending in recent years.

Total lending amounted to NOK 17.7 (16.5) billion at the end of the year. 80 (83) per cent of the lending volume is at floating interest rates. The share of fixed-rate loans increased from 17 to 20 per cent in the financial year.

In 2020, the Company paid out new loans worth NOK 3.4 (1.6) billion. The loan portfolio consists of loans to Norwegian municipalities and county municipalities directly, or to enterprises working for the public sector and receiving unconditional guarantees from municipalities or county authorities. The risk in the loan portfolio is considered very low.

In Norway, the credit risk associated with loans to municipalities and county authorities is limited to deferred payments, not to any lapse in the obligation to pay. This follows from the Norwegian Local Government Act, and secures the lender against loss if a municipality cannot meet its payment obligations. In the event of deferred payment, the lender is also secured against the loss of accrued interest, interest on overdue payments and collection costs. KLP Kommunekreditt AS has not had any credit loss on loans to Norwegian municipalities or county authorities.

The Company had no non-performing loans more than 90 days past due at the end of 2020. No individual losses were recorded in the financial year. In the financial year, estimated loss provisions had an effect on profits of NOK -13 (2) thousand. Please refer to Note 16 in the Annual Report 2020.

#### 6.1.2 Borrowing

KLP Kommunekreditt AS has established a programme for issuing covered bonds.

At the end of 2020, loan-backed covered bonds issued in the Norwegian market amounted to NOK 17.9 (18.6) billion. New issues in 2020 totalled NOK 4.0 (6.0) billion. Buybacks of previous issues amounted to NOK 4.7 (5.5) billion. No bonds were issued outside Norway. KLP Kommunekreditt AS has achieved the best rating for its borrowing programme.

Base Prospectus

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The bonds are backed by the Company's lending activity. Loans to enterprises have to be guaranteed by municipalities or county authorities under the provisions of the Local Government Act, by the Norwegian government or by a bank. They must be unconditional and cover both repayments and interest.

The Company's debt to credit institutions at the end of the year comprised internal financing from KLP Banken AS in the amount of NOK 0.7 (0.3) billion.

## 7 Organizational structure

The Issuer is a wholly owned subsidiary of KLP Banken AS ("KLP Banken"). KLP Banken AS is a commercial bank owned by Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP). KLP is a mutual insurance company. KLP Banken AS also owns all the shares in its subsidiary KLP Boligkreditt AS. KLP Banken is the parent company of the Issuer and Boligkreditt AS ("KLP Boligkreditt").

The collective operations of KLP Banken AS and its subsidiaries are divided into two business areas: retail market and public-sector lending. The business is nationwide and the companies' head office is located in Trondheim.

### LENDING OPERATIONS AND THE ROLE OF THE BANK

Loans to the public sector are provided by both KLP and KLP Kommunekreditt AS, and managed by KLP Banken AS.

KLP Kommunekreditt AS, together with KLP, has a good position in the market for long-term financing of municipalities, county authorities and enterprises working in the public sector. KLP increased its lending limits by NOK 5 billion when the pandemic struck in March 2020. KLP Banken AS was thus able to continue to offer competitive conditions to public-sector borrowers who were concerned at finding greatly reduced opportunities for new loans and refinancing in the lending markets.

Total loans to public-sector borrowers amounted to NOK 81.6 (73.4) billion at the end of 2020, an increase of NOK 8.2 (5.7) billion, or 11.2 (8.5) per cent, in the financial year. For the local government sector as a whole, the estimated net debt growth is just under 8 per cent in 2020.

Loan applications totalling NOK 141.8 (83.2) billion were received in 2020. The increase came mainly in the first half of the year, particularly from March onwards, when the outbreak of the Covid-19 pandemic resulted in a tighter lending market for the municipalities. Less access to capital and higher prices in the securities market meant that a greater proportion of the municipalities' new borrowings, and their refinancing arrangements, were sourced from KLP Banken.

### 7.1 Organization plan



### 7.2 KLP Banken

KLP Banken was launched in February 2010 as an online retail bank with attractive and basic savings and lending products. The bank offers the following products: current accounts, savings accounts, online banking, debit cards, credit card, ordinary housing mortgages, housing-linked credit, lending for holiday homes, BSU (housing savings scheme for young people) and Litt Extra (equity release for over-60s).

In its operation and marketing KLP Banken pays particular attention to the members of the pension schemes administered by KLP. KLP Banken is to be a direct bank for customers seeking a long-term and predictable partner. In this way we want to be the preferred bank for KLP's members and pensioners as well as other personal customers who find the bank's services and our fundamental values attractive.

## Base Prospectus

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Late 2013, KLP Banken established KLP Boligkreditt AS, a wholly-owned mortgage covered bond-issuing entity. 2014 will be the first year of full operation. This is the second covered bond-issuing company established by KLP Banken (the first was KLP Kommunekreditt AS, which manages public sector loans).

The activities of KLP Banken AS are divided between two nationwide business areas: the retail market and the public-sector market.

KLP Banken AS is an online bank with no physical branch network. The bank offers simple and competitive savings and loan products, and digital solutions to establish and manage them.

KLP Banken aims to be a major lender and financial partner for KLP's owners, and the preferred bank for members of KLP's pension schemes.

The bank aims to provide products and services on competitive terms to help ensure that businesses that have chosen KLP as pension provider are perceived as attractive employers. At the end of 2020, employees in these enterprises accounts for over 70 per cent of KLP Banken's retail customers.

Presence in the market for loans to public sector enterprises contributes to competition and provides the target group of municipalities, county municipalities and businesses with public guarantees access to favourable long-term financing. The bank also provides guidance to customers within financing and municipal finance.

As part of a customer-owned group, KLP Banken AS has taken its share of responsibility for dealing with the situation that the pandemic brought upon the KLP Group's customers and members this year. In the retail market, rapid interest rate reductions and closer membership follow-up and guidance have been implemented, as well as granting deferral of repayments for customers in need for it. In the public-sector market, the bank has increased its lending based on the extraordinary liquidity provided by KLP, as well as providing guidance and information through close contact with the customers.

KLP Banken AS is wholly owned by Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP), and has its head office in Trondheim. KLP Banken AS has two subsidiaries, KLP Kommunekreditt AS and KLP Boligkreditt AS. KLP Bankholding AS was the head of the KLP Banken Group until the autumn of 2020. The company was then merged with KLP Banken AS.

## **7.3 KLP**

KLP is a pension company with five wholly owned subsidiaries organised as limited companies. The subsidiaries should contribute to increased growth and profitability by offering good prices for banking, asset management and insurance services to everyone who has a pension in KLP. KLP is owned by municipalities, companies and health enterprises with public-sector occupational pensions.

The parent company Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP) and its wholly-owned subsidiaries have a total of around 1,000 employees.

As a mutual insurance company, KLP provides services within pensions, banking, funds and insurance to customers in the public sector and their employees. KLP had a total assets of NOK 807 billion at the beginning of 2021.

KLP's core business is pensions and life insurance. We aim to deliver the right pension at the right time. Most employers in the public sector are required by collective agreements to provide occupational pension schemes for their staff. KLP is the largest provider of public-sector occupational pensions to municipalities, county municipalities, health enterprises and companies affiliated to the public sector.

## **8 Trend information**

### **8.1 Negative statements**

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements or any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of this Base Prospectus.

### **8.2 Information about any known trends**

KLP Kommunekreditt AS is the only credit company in Norway that issues bonds secured by loans to the public sector. The presence of KLP Kommunekreditt AS together with KLP in the market for public loans contributes to competition and so provides the public sector with access to long-term financing on favourable terms. Overall growth in recent years shows that the market position has been strengthened.

High credit quality in the loan portfolio will help KLP Kommunekreditt AS to achieve favourable borrowing terms. Government regulation of banks and financial institutions means that a number of regulatory requirements for capital and liquidity have to be met. This requires constant earnings that make it possible to meet such requirements.

The market for loans to the local government sector is still growing, and a large part of the borrowing is financed from the securities market rather than financial institutions. KLP Kommunekreditt AS is well capitalised and has an advantage as a stable and long-term lender in a market characterised by low risk. General developments in the financial markets will determine the extent to which KLP Kommunekreditt AS can finance its lending activities on terms that provide sufficient profitability for further growth.

Norwegian municipalities have developed a good and comprehensive range of services to the public. Increased life expectancy, demographics, income growth and climate risk give grounds to expect a sustained high level of investment in the public sector over the next few years. In particular, we may expect further growth in demand for loans for projects that contribute to climate change adaptation.

The Board of Directors expects that there will also be a need for significant long-term and stable financing beyond what the securities market can offer to public-sector borrowers. KLP Banken's expertise in municipal financing, regardless of the size of its own balance sheet, can be used in its stewardship role for KLP. KLP Kommunekreditt AS and KLP as a whole will be a key player providing loans for public investment purposes.

## 9 Administrative, management and supervisory bodies

### 9.1 Board of Directors

The Issuer's Board of Directors consists of four members elected by the General Meeting (Norwegian: Generalforsamlingen). The current directors are as follows:

Name	Position	Other roles
<b>Aage Elmenhorst Schaanning</b>	Chairman	CFO of KLP
<b>Aud Norunn Røsok Strand</b>	Board member	Chief officer Modum municipality
<b>Aina Slettedal Eide</b>	Board member	Group Chief Accountant, KLP
<b>Kristian Lie-Pedersen</b>	Board member	Risk Manager, KLP Banken

The business address of the 4 members of the Issuer's Board of Directors is the registered address of the Issuer.

### 9.2 Management

Name	Position
<b>Carl Steinar Lous</b>	CEO of the Issuer
<b>Silje Skoglund Steinmo</b>	Chief Risk Officer of the Issuer
<b>Christopher Steen</b>	Chief Financial Officer of the Issuer

### 9.3 Administrative, management and supervisory bodies conflicts of interest

The management (Carl Steinar Lous, Silje Skoglund Steinmo and Christopher Steen) are also employed by KLP Banken AS, as Director of Public Sector Market, Chief Risk Officer and Chief Financial Officer. It is therefore possible that potential conflicts of interest may arise for these directors between their duties to the Issuer and their duties to KLP Banken AS in relation to intra-group matters (for example, the allocation of costs, or any intra group transactions between KLP Banken and the Issuer). However, since the Issuer's primary business is to issue covered bonds financing the public lending of the Group, the Issuer does not believe that any conflicts of interest will arise. No actual conflicts of interest have arisen between these officers' duties to the Issuer and KLP Banken. There are no conflicts of interests between their duties to the Issuer and their private interests or other duties.

The Issuer's Board of Directors consists of four members elected by the General Meeting (Norwegian: Generalforsamlingen). One of the Issuer's director (Aage Elmenhorst Schaanning) is also a member of the management bodies of KLP. This person, as well as Kristian Lie-Pedersen and Aina Iren Slettedal Eide are members of the Board of Directors of KLP Banken AS, and KLP Boligkreditt AS, appointed in accordance with the relevant regulations under Norwegian law. It is therefore possible that potential conflicts of interest may arise for these directors between their duties to the Issuer and their duties to the relevant KLP companies in relation to intra-group matters (for example, the allocation of costs, or any intra group transactions between the relevant KLP companies and the Issuer). However, since the Issuer's primary business is to issue covered bonds on behalf of the KLP Group, the Issuer does not believe that any conflicts of interest will arise. No actual conflicts of interest have arisen between these three directors' duties to the Issuer or the relevant KLP companies and their private interests or other duties. Beyond the abovementioned, there is no other conflict between these three directors duties to the Issuer and their private interests or other duties. Nor has Aud Norunn Røsok Strand any conflict between her duties to the Issuer and her private interests or other duties.

## **10 Shareholder information**

The Issuer's 3,625,000 shares of NOK 100 are owned by KLP Banken AS. KLP Kommunekreditt AS is, according to this, a 100% owned subsidiary.

There are no specific measures in place to ensure that the control is not abused. However, KLP Kommunekreditt AS has a separate Board of Directors, in which, according to the Financial Institutions Act 2015, 1/4 of the members has no position or duty in KLP Banken. The Board is, according to its regulation, obliged to see to that all substantial agreements with other group companies are made in writing. All substantial agreements with KLP Banken shall be approved by the general assembly. Both KLP Banken and KLP Kommunekreditt is subject to group rules and regulations in Financial Institutions Act 2015 and Limited Liability companies Act.

### ***10.1 Change of control of the company***

There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

# 11 Financial information concerning the Company's assets and liabilities, financial position and profits and losses

## 11.1 Historical Financial Information for the Company

The annual financial statement for the years ended 31 December 2020 and 2019 have been prepared in accordance with International Finance Reporting Standards (IFRS) as adopted by the EU. The Q1 Report 2021 has been prepared in accordance with IAS 34 "Interim Financial Reporting".

The annual financial statement for the years ended 31 December 2020 and 2019 have been audited by PricewaterhouseCoopers AS.

Except for the annual financial statement for the years ended 31 December 2020 and 2019, PricewaterhouseCoopers AS has not audited, reviewed or produced any report on any other information provided in this Base Prospectus.

According to the Regulation (EU) 2017/1129 of the European Parliament and of the Council, information in a prospectus may be incorporated by reference. Accordingly, the historical financial information and financial statements are incorporated by reference to the [Q1 2021 Report](#), [Annual Report 2020](#) and [Annual Report 2019](#), see Cross Reference List for complete web address.

	Q1 Report 2021	Annual Report	
	Page(s)	2020 Page(s)	2019 Page(s)
<b>KLP Kommunekreditt AS</b>			
Income statement	5	11	9
Balance sheet	6	12	10
Cash flow statement	8	16	12
Notes	9-23	17-59	15-41
Accounting principles	9	18-26	15-19
Auditors Report	—	60-65	42-45

## 11.2 Auditing of historical annual financial information

### 11.2.1 Statement of audited financial information

The annual financial statement for the years ended 31 December 2020 and 2019 (the "Audited financial information") have been audited by PricewaterhouseCoopers AS.

A statement of the audited financial information is given in the [Annual Report 2020](#) pages: 60-65 and in the [Annual Report 2019](#), pages 42-46.

Please see Cross Reference List for complete references.

## 11.3 Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

### ***11.4 Significant change in the Issuer's financial or trading position***

There has been no significant change in the financial or trading position of the Issuer which has occurred since the end of the last financial period for which interim financial information has been published.

## **13 Documents available**

The following documents (or copies thereof) may be inspected as long as the Base Prospectus is valid, at the headquarters of KLP Kommunekreditt AS in Beddingen 8, Trondheim or on the website: <https://www.klp.no>:

- a) the up to date Memorandum of incorporation and The Articles of Association of KLP Kommunekreditt AS;
- b) all reports, letters, and other documents, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in the Base Prospectus.

## 14 Financial instruments that can be issued under the Base Prospectus

The Base Prospectus, as approved in accordance with the EU Prospectus Regulation 2017/1129, allows for the issuance of Bonds.

This chapter describes the form, type, definitions, general terms and conditions, return and redemption mechanisms, rating and template for Final Terms associated with the Bonds.

Risk factors related to the Bonds are described in Chapter 1 Risk Factors.

### 14.1 Securities Form

A Bond is a financial instrument as defined in the Norwegian Securities Trading Act (Verdipapirhandelloven) § 2-2.

The Bonds are electronically registered in book-entry form with the Securities Depository.

### 14.2 Security Type

#### **Borrowing limit – tap issue**

The Loan may be either open or closed for increase of the Borrowing Amount during the tenor. A tap issue can take place until five banking days before the Maturity Date. If the issue is open, the First Tranche and Borrowing Limit will be specified in the Applicable Final Terms.

#### **Return**

##### *Fixed Rate (FIX)*

A Bond issue with a fixed Interest Rate will bear interest at a fixed rate as specified in the applicable Final Terms.

The Interest Rate will be payable annually or semi-annually on the Interest Payment Dates as specified in the applicable Final Terms.

##### *Floating Rate (FRN)*

A Bond issue with a floating Interest Rate will bear interest equal to a Reference Rate plus a fixed Margin for a specified period (3 or 6 months). Interest Rate or Reference Rate may be deemed to be zero. The period lengths are equal throughout the term of the Loan, but each Interest Payment Date is adjusted in accordance with the Business Day Convention. The Interest Rate for each forthcoming period is determined two Business Days prior to each Interest Payment Date based on the then current value of the Reference Rate plus the Margin.

The Interest Rate will be payable quarterly or semi-annually on the the Interest Payment Dates as specified in the applicable Final Terms.

The relevant Reference Rate, the Margin, the Interest Payment Dates and the then current Interest Rate will be specified in the applicable Final Terms.

#### **Redemption**

The Loan will mature in full at the Maturity Date at a price equal to 100 per cent. of the nominal amount

If the amount due is not paid in full on the Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Maturity Date, provided that any amount representing the amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Maturity Date which shall be adjusted pursuant to the Business Day Convention.

#### **Security**

The Bonds are unsecured. In accordance with the Financial Undertakings Act, the Bonds, together with any other assets as set out in Clause 3.2 (Status) which are registered in the Cover Pool Register at any time, shall in the event of bankruptcy, negotiation of debt under the Bankruptcy Act, winding up of the Issuer or public administration of the Issuer, have an exclusive, equal and proportional preferential claim over the Cover Pool.

## 14.3 Definitions

This section includes a summary of the definitions set out in any Bond Terms as well as certain other definitions relevant for this Prospectus. If these definitions at any point in time no longer represents the correct understanding of the definitions set out in the Bond Terms, the Bond Terms shall prevail.

Additional Bonds:	Means Bonds issued under a Tap Issue, including any Temporary Bonds as defined in the Bond Terms.
Attachment:	Means any schedule, appendix or other attachment to the Bond Terms.
Base Prospectus:	This document. Describes the Issuer and predefined features of Bonds that can be listed under the Base prospectus, as specified in the Prospectus Regulation (EU) 2017/1129. Valid for 12 months after it has been published. In this period, a prospectus may be constituted by the Base Prospectus, any supplement(s) to the Base Prospectus and a Final Terms for each new issue.
Bond Issue/Bonds/ Notes/the Loan:	Means (i) the debt instruments issued by the Issuer pursuant to these Bond Terms, and (ii) any overdue and unpaid principal which has been issued under a separate ISIN in accordance with the regulations of the CSD from time to time.
Bond Terms:	The agreement including any attachments thereto, and any subsequent amendments and additions agreed between the parties thereto.
Bond Trustee:	<p>Nordic Trustee AS, Postboks 1470 Vika, 0116 Oslo, or its successor(s) Website: <a href="https://nordictrustee.com">https://nordictrustee.com</a></p> <p>The Bond Trustee has power and authority to act on behalf of, and/or represent, the Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of the Bond Terms, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, or others.</p> <p>The Bond Trustee shall represent the Bondholders in accordance with the finance documents. The Bond Trustee is not obligated to assess or monitor the financial condition of the Issuer or any other obligor unless to the extent expressly set out in the Bond Terms, or to take any steps to ascertain whether any event of default has occurred. The Bond Trustee is entitled to take such steps that it, in its sole discretion, considers necessary or advisable to protect the rights of the Bondholders in all matters pursuant to the terms of the finance documents.</p>
Bondholder:	A person who is registered in the CSD as directly registered owner or nominee holder of a Bond, subject however to the Bondholders' rights in the Bond Terms.
Bondholders' decisions:	<p>The Bondholders' Meeting represents the supreme authority of the Bondholders community in all matters relating to the Bonds and has the power to make all decisions altering the terms and conditions of the Bonds, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.</p> <p>At the Bondholders' meeting each Bondholder may cast one vote for each voting bond owned at close of business on the day prior to the date of the Bondholders' meeting in the records registered in the Securities Depository.</p> <p>In order to form a quorum, at least half (1/2) of the voting bonds must be represented at the Bondholders' meeting. See also the clause for repeated Bondholders' meeting in the Bond Terms.</p> <p>Resolutions shall be passed by simple majority of the votes at the Bondholders' Meeting, however, a majority of at least 2/3 of the voting bonds represented at the Bondholders' Meeting is required for any waiver or amendment of any terms of the Bond Terms.</p> <p>(For more details, see also the clause for Bondholders' decisions in the Bond Terms)</p>
Bondholders rights:	<p>Bondholders' rights are specified in the Bond Terms.</p> <p>By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by the Bond Terms.</p>

## Base Prospectus

Borrowing Limit – Tap Issue and Borrowing Amount/First Tranche	<p>Borrowing Limit is the maximum issue amount for an open Bond issue.</p> <p>Borrowing Amount/First Tranche is the borrowing amount for a closed Bond Issue, eventually the borrowing amount for the first tranche of an open Bond Issue.</p> <p>Borrowing Limit – Tap Issue and Borrowing Amount/First Tranche will be specified in the Final Terms.</p>
Business Day:	A day on which the CSD settlement system is open and the relevant currency settlement system is open.
Business Day Convention:	<p>If the last day of any Interest Period originally falls on a day that is not a Business Day, the Interest Payment Date will be as follow:</p> <p>If Fixed Rate, the Interest Payment Date shall be postponed to the next day which is a Business Day (Following Business Day convention). However, no adjustment will be made to the Interest Period.</p> <p>If FRN, the Interest Period will be extended to include the first following Business Day unless that day falls in the next calendar month, in which case the Interest Period will be shortened to the first preceding Business Day (Modified Following Business Day convention). The Interest Period is adjusted accordingly.</p>
Calculation Agent:	The Bond Trustee, if not otherwise stated in the applicable Final Terms.
Cover Pool:	<p>The pool of assets to which:</p> <ul style="list-style-type: none"> <li>(i) the Bondholders,</li> <li>(ii) any other bonds issued by the Issuer that have been given the same preferential rights in the same cover pool, and</li> <li>(iii) counterparties to derivative contracts that have been given the same preferential rights in the same cover pool, if any, as referred to in Section 11-8 (1) (e) of the Financial Undertaking Act,</li> </ul> <p>have a preferential right in accordance with the Financial Undertakings Act Chapter 11, Subchapter II and regulations given pursuant thereto, comprising of assets described in Clause 3.2 in the Bond Terms and which are registered in the designated Cover Pool Register at any time, subject to changes pursuant to Clause 3.2. of the Bond Terms.</p>
Cover Pool Register:	<p>The register of:</p> <ul style="list-style-type: none"> <li>(i) the Bonds,</li> <li>(ii) any other bonds issued by the Issuer that have been given the same preferential rights to the Cover Pool,</li> <li>(iii) the derivative contracts which have been given the same preferential rights as the Bonds, and</li> <li>(iv) the assets in the Cover Pool,</li> </ul> <p>- to be established and maintained by the Issuer in accordance with the Financial Undertaking and regulations given pursuant thereto.</p>
Currency:	<p>The currency in which the bond issue is denominated.</p> <p>Currency will be specified in the Final Terms.</p>
Day Count Convention:	<p>The convention for calculation of payment of interest;</p> <p>a) If Fixed Rate, the interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis), unless:</p> <ul style="list-style-type: none"> <li>(i) the last day in the relevant Interest Period is the 31st calendar day but the first day of that Interest Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be shortened to a 30-day month;</li> <li>or</li> <li>(ii) the last day of the relevant Interest Period is the last calendar day in February, in which case February shall not be lengthened to a 30-day month.</li> </ul> <p>(b) If FRN, the interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).</p>

## Base Prospectus

Denomination – Each Bond / Nominal Amount:	The nominal amount of each Bond. Denomination of each bond will be specified in the Final Terms.
Disbursement Date / Issue Date	Date of bond issue. On the Issue Date the bonds will be delivered to the Bondholder's VPS-account against payment or to the Bondholder's custodian bank if the Bondholder does not have his/her own VPS-account. The Issue Date will be specified in the Final Terms.
Extended Maturity Date:	The extended date on which the Bonds fall due, as set out in Clause 4.6.1 e) in the Bond Terms. The Extended Maturity Date shall be adjusted pursuant to the Business Day Convention. Extended Maturity Date will be specified in the Final Terms.
Exchange:	Means: (a) Oslo Børs (the Oslo Stock Exchange); or (b) any regulated market as such term is understood in accordance with the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and Regulation (EU) No. 600/2014 on markets in financial instruments (MiFIR).
Financial Undertaking:	Entity with authorization according to the Financial Undertaking Act.
Financial Undertaking Act:	Means the Norwegian act on financial undertakings of 10. April 2015 no. 17.
Final Terms:	Document describing securities as specified in Prospectus Regulation (EU) 2017/1129, prepared as part of the Prospectus. Final Terms will be prepared for each new security as specified in Prospectus Regulation (EU) 2017/1129, issued by the Issuer. The template for Final Terms has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves the template for Final Terms as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are subject of the Final Terms. Investors should make their own assessment as to the suitability of investing in the securities.
Interest Determination Date(s):	In the case of NIBOR: Second Oslo business day prior to the start of each Interest Period. Interest Determination Date(s) for other Reference Rates, see Final Terms.
Interest Payment Date(s):	The Interest Rate is paid in arrears on the last day of each Interest Period. Any adjustment will be made according to the Business Day Convention. The Interest Payment Date(s) will be specified in the Final Terms.
Interest Period:	The first Interest Period runs from and including the Issue Date to but excluding the first Interest Payment Date. The subsequent Interest Periods run from and including an Interest Payment Date to but excluding the next Interest Payment Date. The last Interest Payment Date corresponds to the Maturity Date.
Interest Rate:	Rate of interest applicable to the Bonds;  (i) If Fixed Rate, the Bonds shall bear interest at the percentage rate per annum (based on the Day Count Convention)  (ii) If FRN, the Bonds shall bear interest at a rate per annum equal to the Reference Rate plus a Margin (based on the Day Count Convention). Interest Rate or Reference Rate may be deemed to be zero.  The Interest Rate is specified in Final Terms.
Interest Rate Adjustment Date:	Date(s) for adjusting of the interest rate for bond issue with floating interest rate.

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	The Interest Rate Adjustment Date will coincide with the Interest Payment Date.
ISIN:	International Securities Identification Number for the Bond Issue. ISIN is specified in Final Terms.
Issuer:	KLP Kommunekreditt AS is the Issuer under the Base Prospectus.
Issuer's Bonds:	Means any Bonds which are owned by the Issuer or any affiliate of the Issuer.
Issue Price:	The price in percentage of the Denomination, to be paid by the Bondholders at the Issue Date. Issue price will be specified in Final Terms.
Arranger(s)	The bond issue's Arranger(s), as specified in the Final Terms.
LEI-code:	Legal Entity Identifier (LEI) is a 20-character reference code to uniquely identify legally distinct entities that engage in financial transactions. LEI-code is specified in Final Terms.
Listing:	Listing of a bond issue on the Oslo Stock Exchange (Oslo Børs) is due to the Base Prospectus, any supplement(s) to the Base Prospectus and a Final Terms.  An application for listing will be sent after the Disbursement Date and as soon as possible after the Prospectus has been approved by the Norwegian FSA.  Bonds listed on an Exchange are freely negotiable. See also Market Making.
Market Making:	For Bonds listed on an Exchange, a market-maker agreement between the Issuer and a Arranger may be entered into.  This will be specified in the Final Terms.
Margin:	The margin, specified in percentage points, to be added to the Reference rate.  Margin will be specified in the Final terms.
Maturity Date:	The date the bond issue is due for payment. The Maturity Date coincides with the last Interest Payment Date and is adjusted in accordance with the Business Day Convention.  The Maturity Date is specified in the Final Terms.
Outstanding Bonds:	Means any Bonds not redeemed or otherwise discharged.  The Issuer will issue on the Issue date the first tranche of the bond issue as specified in Final Terms. During the term of the bond issue, new tranches may be issued up to the Borrowing Limit, as specified in Final Terms.
Paying Agent:	The entity designated by the Issuer to manage (maintain the Issuer Account for) the bond issue in the Securities Depository.  The Paying Agent is specified in the Final Terms.
Prospectus:	The Prospectus consists of the Base Prospectus, any supplement(s) to the Base Prospectus and the relevant Final Terms prepared in connection with application for listing on an Exchange.
Redemption:	The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent. of the Nominal Amount.  If the amount due is not paid in full on the Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Maturity Date, provided that any amount representing the amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Maturity Date. The Extended Maturity Date shall be adjusted pursuant to the Business Day Convention.

## Base Prospectus

Redemption Price:	The price determined as a percentage of the Denomination to which the bond issue is to be redeemed, as specified in the Final Terms.
Reference Rate:	For FRN, the Reference Rate shall be NIBOR or any other rate as specified in the Final Terms, which appears on the Relevant Screen Page as at the specified time on the Interest Determination Date in question.  The Reference Rate, the Relevant Screen Page, the specified time, information about the past and future performance and volatility of the Reference Rate and any fallback provisions will be specified in Final Terms.
Relevant Screen Page:	For FRN, an internet address or an electronic information platform belonging to a renowned provider of Reference Rates.  The Relevant Screen Page will be specified in the Final Terms.
Securities Depository /CSD:	The securities depository in which the bonds are registered, in accordance with the Norwegian Act of 2019 no. 6 regarding Securities depository.  Unless otherwise specified in the Final Terms, the following Securities Depository will be used: Norwegian Central Securities Depository ("Verdipapirsentralen" or "Euronext VPS"), P.O. Box 4, 0051 Oslo.
Tap Issues:	The Issuer may, provided that the conditions set out in the Bond Terms are met, at one or more occasions up until, but excluding, the Maturity Date or any earlier date when the Bonds have been redeemed in full, issue Additional Bonds until the aggregate nominal amount of the Bonds outstanding equals in aggregate the maximum issue amount (less the aggregate nominal amount of any previously redeemed Bonds)  If N/A is specified in the Borrowing Limit in the Final Terms, the Issuer may not make Tap issues under the Bond Terms.
Temporary Bonds:	If the Bonds are listed on an Exchange and there is a requirement for a supplement to the Base Prospectus in order for the Additional Bonds to be listed together with the Bonds, the Additional Bonds may be issued under a separate ISIN which, upon the approval of the supplement, will be converted into the ISIN for the Bonds issued on the initial Issue Date. The Bond Terms governs such Temporary Bonds. The Issuer shall inform the Bond Trustee, the Exchange and the Paying Agent once such supplement is approved.
Yield:	Dependent on the Market Price for bond issue with floating rate. Yield for the first interest period can be determined when the interest is known, normally two Business Days before the Issue Date.  For bond issue with fixed rate, yield is dependent on the market price and number of Interest Payment Date.  The yield is calculated in accordance with «Anbefaling til Konvensjoner for det norske sertifikat- og obligasjonsmarkedet» prepared by Norske Finansanalytikeres Forening in January 2020: <a href="https://finansanalytiker.no/innlegg/januar-2020-oppdatert-konvensjon-for-det-norske-sertifikat-og-obligasjonsmarkedet/">https://finansanalytiker.no/innlegg/januar-2020-oppdatert-konvensjon-for-det-norske-sertifikat-og-obligasjonsmarkedet/</a>  Yield is specified in Final Terms.

## 14.4 General terms and conditions

These general terms and conditions summarize and describe the general terms and conditions set out in any Bond Terms. If these general terms and conditions at any point in time no longer represents the correct understanding of the general terms and conditions set out in the Bond Terms, the Bond Terms shall prevail.

### 14.4.1 Use of proceeds

The Issuer will use the net proceeds from the Bond Issue for its general corporate purposes.

Other use of proceeds will be specified in the Final Terms.

## 14.4.2 Publication

This Base Prospectus, any supplement(s) to this Base Prospectus and the Final Terms will be available for inspection at the offices of KLP Kommunekreditt AS, Beddingen 8, 7042 Trondheim or on the Issuer's website at <https://www.klp.no>.

The Prospectus will be published by a stock exchange announcement.

## 14.4.3 Redemption

Matured interest and matured principal will be credited each Bondholder directly from the Securities Registry. Claims for interest and principal shall be limited in time pursuant the Norwegian Act relating to the Limitation Period Claims of 18 May 1979 no 18, p.t. 3 years for interest rates and 10 years for principal.

## 14.4.4 Fees, Expenses and Tax legislation

The tax legislation of the investor's Member State and of the Issuer's country of incorporation may have an impact on the income received from the securities.

The Issuer shall pay any stamp duty and other public fees in connection with the loan. Any public fees or taxes on sales of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise decided by law or regulation. The Issuer is responsible for withholding any withholding tax imposed by Norwegian law.

## 14.4.5 Security Depository and secondary trading

The Bonds are electronically registered in book-entry form with the Securities Depository, see also the definition of "Securities Depository". Securities Depository is specified in the Final Terms.

Secondary trading will be made over an Exchange for Bonds listed on a marketplace. See also definition of "Market Making".

Prospectus fee for the Base Prospectus including templates for Final Terms is NOK 101,000. In addition, there is a listing fee for listing of the Bonds in accordance with the current price list of the Exchange. The listing fees will be specified in the Final Terms.

## 14.4.6 Status of the Bonds and Security

The Bonds are unsubordinated obligations issued as covered bonds (obligasjoner med fortrinnsrett) in accordance with Chapter 11, Sub-chapter II and appurtenant regulations of the Financial Undertaking Act and rank pari passu among (i) themselves, (ii) any other bonds issued by the Issuer that have been given the same preferential rights to the Cover Pool and (iii) any obligations of the Issuer to counterparties under derivative contracts, if any, as referred to in Section 11-8 (1) (e) of the Financial Undertaking Act that have been provided the same preferred rights to settlement against the Cover Pool.

To the extent that claims in relation to the Bonds, other covered bonds and relating derivative agreements (both as registered in the Cover Pool Register) are not met out of the Cover Pool, the residual claims will rank pari passu with the unsecured and unsubordinated obligations of the Issuer, save for those preferred by law.

The Bonds are unsecured. In accordance with the Financial Undertakings Act, the Bonds, together with any other assets as set out in Clause 3.2 (Status) in the Bond Terms which are registered in the Cover Pool Register at any time, shall in the event of bankruptcy, negotiation of debt under the Bankruptcy Act, winding up of the Issuer or public administration of the Issuer, have an exclusive, equal and proportional preferential claim over the Cover Pool.

## 14.4.7 Bond Terms

The Bond Terms has been entered into between the Issuer and the Bond Trustee. The Bond Terms regulates the Bondholders' rights and obligations in relations with the bond issue. The Bond Trustee enters into the Bond Terms on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Bond Terms.

By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by the Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party.

Base Prospectus

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The Bond Terms will be attached to the Final Terms for each Bond issue and is also available through the Arranger(s), Issuer and the Bond Trustee.

### **14.4.8 Legislation**

The Bond Terms are governed by and construed in accordance with Norwegian law. The Issuer is organized under the laws of Norway.

### **14.4.9 Approvals**

The Bonds will be issued in accordance with the Issuer's Board of Directors approval.

The date of the Issuer's Board of Directors approval will be specified in the Final Terms.

The Base Prospectus has been submitted to the Norwegian Financial Supervisory Authority (Finanstilsynet) before listing of the Bonds takes place.

Final Terms will be submitted to Finanstilsynet for information in connection with an application for listing of a Bond Issue.

The Base prospectus will not be the basis for offers for subscription in bonds that are not subject to a prospectus obligation.

### **14.4.10 Restrictions on the free transferability of the securities**

Any restrictions on the free transferability of the securities will be specified in the Final Terms.

## ***14.5 Return and redemption***

Bonds may have return and redemption mechanisms as explained below. The relevant Final Terms refer to these mechanisms and provide relevant parameter values for the specific bond issue.

### **14.5.1 Bonds with floating rate (FRN)**

#### *14.5.1.a Return (interest)*

The Interest Rate is specified in Interest Rate ii). Payment of the Interest Rate is calculated on basis of the Day Count Convention (b).

Interest Rate or Reference Rate may be deemed to be zero.

The period lengths are equal throughout the term of the Loan, but each Interest Payment Date is adjusted in accordance with the Business Day Convention. The Interest Rate for each forthcoming period are determined two Business Days prior to each Interest Payment Date based on the then current value of the Reference Rate plus the Margin.

The Interest Rate is paid in arrears on each Interest Payment Date. The first Interest Period runs from and including the Issue Date to but excluding the first Interest Payment Date. The subsequent Interest Periods run from and including an Interest Payment Date to but excluding the next Interest Payment Date. The last Interest Payment Date corresponds to the Maturity Date.

The relevant Reference Rate, the Margin, the Interest Payment Dates and the then current Interest Rate will be specified in the applicable Final Terms.

Interest calculation method for secondary trading is given by act/360, modified following.

#### *14.5.1.b Redemption*

Redemption is made in accordance with Redemption.

### **14.5.2 Bonds with fixed rate**

#### *14.5.2.a Return (interest)*

The interest rate is specified in Interest Rate (i). Payment of the the Interest Rate is calculated on basis of the Day Count Convention (a).

The Interest Rate is paid in arrears on each Interest Payment Date. The first Interest Period runs from and including the Issue Date to but excluding the first Interest Payment Date. The subsequent Interest Periods run from and

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including an Interest Payment Date to but excluding the next Interest Payment Date. The last Interest Payment Date corresponds to the Maturity Date.

The Interest Rate and the Interest Payment Dates will be specified in the applicable Final Terms.

Interest calculation method for secondary trading is given by act/365 for bond issue with fixed rate.

*14.5.2.b Redemption*

Redemption is made in accordance with Redemption.

## **14.6 Rating**

Moody's Investor service Ltd has rated all previous covered bonds issued by KLP Kommunekredtt AS Aaa.

Aaa rated bonds are judged to be of the highest quality, subject to the lowest level of credit risk.

Moody's Investor Service Ltd is established in the EU and have been registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the Credit Rating Agencies Regulation).

## **14.7 Final Terms**

Template for Final Terms for fixed and floating bond issue, see Appendix 2.

## Cross reference list

Reference in Base Prospectus	Refers to	Details
11.1 Historical Financial Information for the Company	Q1 2021 Report, available at <a href="https://www.klp.no/en/financial-information/Kvartalsrapport-Kommunekreditt_Q1_2021_engelsk.pdf">https://www.klp.no/en/financial-information/Kvartalsrapport-Kommunekreditt_Q1_2021_engelsk.pdf</a>	Income statement, page 5 Balance sheet, page 6 Cash flow statement, page 8 Notes, pages 9-23 Accounting principles, page 9
	Annual Report 2020, available at <a href="https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=527310&amp;attachmentId=213076&amp;obsvc.item=1">https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=527310&amp;attachmentId=213076&amp;obsvc.item=1</a>	Income statement, page 11 Balance sheet, page 12 Cash flow statement, page 16 Notes, page 17-59 Accounting principles, page 18-26
	Annual Report 2019, available at <a href="https://www.klp.no/en/financial-information/_/attachment/download/84d6ec3c-f5f9-4b1d-9039-e7a1824d43ed:2b7c167d5a5a29c8f1ba d4edfbd9f7ab460ccc40/ENGELSK_KLP%20Kommunekreditt_Annual%20report_2019.pdf">https://www.klp.no/en/financial-information/_/attachment/download/84d6ec3c-f5f9-4b1d-9039-e7a1824d43ed:2b7c167d5a5a29c8f1ba d4edfbd9f7ab460ccc40/ENGELSK_KLP%20Kommunekreditt_Annual%20report_2019.pdf</a>	Income statement, page 9 Balance sheet, page 10 Cash flow statement, page 12 Notes, pages 15-41 Accounting principles, pages 15-19
11.2 Auditing of historical annual financial information	Annual Report 2020, available at <a href="https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=527310&amp;attachmentId=213076&amp;obsvc.item=1">https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=527310&amp;attachmentId=213076&amp;obsvc.item=1</a>	Auditors' report, pages
	Annual Report 2019, available at <a href="https://www.klp.no/en/financial-information/_/attachment/download/84d6ec3c-f5f9-4b1d-9039-e7a1824d43ed:2b7c167d5a5a29c8f1ba d4edfbd9f7ab460ccc40/ENGELSK_KLP%20Kommunekreditt_Annual%20report_2019.pdf">https://www.klp.no/en/financial-information/_/attachment/download/84d6ec3c-f5f9-4b1d-9039-e7a1824d43ed:2b7c167d5a5a29c8f1ba d4edfbd9f7ab460ccc40/ENGELSK_KLP%20Kommunekreditt_Annual%20report_2019.pdf</a>	Auditors' report, pages 42-45

References to the documents mentioned above are limited to information given in "Details", e.g. that the non-incorporated parts are either not relevant for the investor or covered elsewhere in the prospectus.

## **Arranger's disclaimer**

DNB Bank ASA, as Arranger, has assisted the Company in preparing this Base Prospectus. The Arranger has not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and the Arranger expressly disclaim any legal or financial liability as to the accuracy or completeness of the information contained in this Base Prospectus or any other information supplied in connection with the issuance or distribution of bonds by KLP Kommunekreditt AS.

This Base Prospectus is subject to the general business terms of the Arranger, available at its respective website. Confidentiality rules and internal rules restricting the exchange of information between different parts of the Arranger may prevent employees of the Arranger who are preparing this Base Prospectus from utilizing or being aware of information available to the Arranger and/or any of its affiliated companies and which may be relevant to the recipient's decisions.

Each person receiving this Base Prospectus acknowledges that such person has not relied on the Arranger, nor on any person affiliated with it in connection with its investigation of the accuracy of such information or its investment decision.

Oslo, 22 June 2021

DNB Bank ASA  
([www.dnb.no](http://www.dnb.no))

## Annex 1 Articles of Association of the Issuer

### VEDTEKTER FOR KLP KOMMUNEKREDITT AS

(vedtatt i generalforsamling 3. desember 2015, endret i generalforsamling 22. mars 2017 og 26. september 2019)

#### Kapittel 1 Alminnelige bestemmelser

##### § 1-1 Navn og forretningskontor

KLP Kommunekreditt AS er stiftet den 25. august 2009, og har sitt forretningskontor (hovedkontor) i Trondheim.

##### § 1-2 Formål

Selskapets formål er å yte eller erverve offentlige lån, herunder lån til eller garantert av, den norske staten, norske kommuner eller norske fylkeskommuner og å finansiere utlånsvirksomheten hovedsakelig ved utstedelse av obligasjoner med fortrinnsrett.

Utlånsmidlene skaffes til veie hovedsakelig gjennom utstedelse av obligasjoner med fortrinnsrett som regulert i Lov om finansforetak og finanskonsern §§ 11-5 til 11-15, i Norge eller utlandet.

##### § 1-3 Aksjekapitalen

Aksjekapitalen er kr 362 500 000 fordelt på 3 625 000 aksjer pålydende kr 100.

#### Kapittel 2 Organer

##### § 2-1 Organer

Selskapets organer er styret, generalforsamlingen og daglig leder.

Selskapets organer har ansvar, kompetanse og oppgaver som følger av finansforetaksloven, aksjeloven og annen relevant lovgivning.

##### § 2-2 Styret

Styret skal bestå av minimum tre og maksimum åtte medlemmer, med inntil like mange varamedlemmer.

Styremedlemmer med eventuelle varamedlemmer og styrets leder, velges av generalforsamlingen.

Styremedlemmer, herunder styrets leder, velges for 2 år av gangen, og slik at halvparten er på valg hvert år.

##### § 2-3 Generalforsamling

Dersom generalforsamling avholdes ved møte, kan den i tillegg til å i Trondheim kommune, hvor selskapets hovedkontor ligger, eventuelt holdes i Oslo kommune hvor hovedkontoret til morselskapet KLP Bankholding AS ligger.

##### § 2-4 Signatur og prokura

Selskapet forpliktes ved underskrift av styrets leder eller administrerende direktør alene, eller av to styremedlemmer i fellesskap. Styret kan gi nærmere angitte ansatte rett til å forplikte selskapet. Styret kan dessuten meddele prokura og spesialfullmakter.

## **Annex 2 Template for Final Terms for fixed and floating rate Bonds**

**[Annex 2]**



## **Final Terms**

**for**

**[Title of the bond issue]**  
**ISIN: [ISIN]**

Trondheim, [Date]

*Terms used herein shall be deemed to be defined as such for the purpose of the conditions set forth in the Base Prospectus clauses 2 Definitions and 14.3 Definitions, these Final Terms and the attached Bond Terms.*

[In case MiFID II identified target market are professional investors and eligible counterparties, insert the following:]

**[MiFID II product governance / Professional investors and eligible counterparties (ECPs) only target market]** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended) (**MiFID II**); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR product governance / Professional investors and eligible counterparties only (ECPs) target market]** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS]** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation (as defined below). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the **PRIIPs Regulation**) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS]** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[In case MiFID II identified target market are retail investors, professional investors and eligible counterparties, insert the following:]

**[MiFID II product governance / Retail investors, professional investors and eligible counterparties (ECPs) target market]** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended) (**MiFID II**); EITHER [and (ii) all channels for distribution of the Bonds are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate – investment advice[,/and] portfolio management[,/and][non-advised sales][and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable]]. [Consider any negative target market]. Any person subsequently

offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

**[UK MiFIR product governance / Retail investors, professional investors and eligible counterparties target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is retail clients, as defined in point (8) of Article 2 of Regulation (EU) 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (**UK MiFIR**); EITHER [and (ii) all channels for distribution of the Bonds are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate – investment advice[,/and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's (as defined below) suitability and appropriateness obligations under COBS, as applicable]]. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable].]

This document constitutes the Final Terms of the Bonds described herein pursuant to the Regulation (EU) 2017/1129 and must be read in conjunction with the Base Prospectus dated 22 June 2021 and [the supplement[s] to the Base Prospectus dated [date]].

The Base Prospectus dated 22 June 2021 [and the supplement[s] to the Base Prospectus dated [date]] [together] constitute[s] a base prospectus for the purposes of the Regulation (EU) 2017/1129 ((together,) the "Base Prospectus").

Final Terms include a summary of each Bond Issue.

These Final Terms and the Base Prospectus [and the supplement[s] to the Base Prospectus] are available on the Issuer's website <https://www.klp.no>, or on the Issuer's visit address, KLP Kommunekreditt AS, Beddingen 8, 7042 Trondheim, or their successor (s).

# 1 Summary

The below summary has been prepared in accordance with the disclosure requirements in Article 7 in the Regulation (EU) 2017/1129 as of 14 June 2017.

## Introduction and warning

<i>Disclosure requirement</i>	<i>Disclosure</i>
Warning	This summary should be read as introduction to the Base Prospectus. Any decision to invest in the securities should be based on consideration of the Base Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national law, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Base Prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
Name and international securities identification number ('ISIN') of the securities.	[●]
Identity and contact details of the issuer, including its legal entity identifier ('LEI').	KLP Kommunekreditt AS Beddingen 8 7042 Trondheim Norway  Telephone: +47 55 54 85 00 Registration number 994 526 944 registered in the Norwegian Register of Business Enterprises (Foretaksregisteret) LEI-code ((legal entity identifier): 549300AGRU020LR1DW94.
Identity and contact details of the offeror or of the person asking for admission to trading on a regulated market.	There is no offeror, the Base Prospectus has been produced in connection with listing of the securities on an Exchange. The Issuer is going to ask for admission to trading on a regulated market.
Identity and contact details of the competent authority that approved the prospectus	Financial Supervisory Authority of Norway (Finanstilsynet), Revierstredet 3, 0151 Oslo. Telephone number is +47 22 93 98 00. E-mail: <a href="mailto:prospekter@finanstilsynet.no">prospekter@finanstilsynet.no</a> .
Date of approval of the prospectus.	The Base Prospectus was approved on 22 June 2021.

## Key information on the Issuer

<i>Disclosure requirements</i>	<i>Disclosure</i>
<i>Who is the issuer of the securities</i>	KLP Kommunekreditt AS
Domicile and legal form	The Company is a Limited Liability Company under the provisions of the Limited Liability Companies Act (aksjeloven) and organized under the laws of Norway.
Principal activities	The Issuer was established as a credit institution (OMF-foretak) in Trondheim under the name KLP Kommunekreditt AS. The Financial Supervisory Authority of Norway granted the Issuer licence to become a credit institution (OMF-foretak) on 9 December 2009, with permission to issue Covered Bonds (obligasjoner med fortrinnsrett, OMF).  KLP Kommunekreditt AS is the only financial institution in Norway that issues covered bonds by way of loans to municipalities, county municipalities or enterprises with public guarantees. Its presence in the market for public loans encourages competition and benefits the target group of municipal and county authorities with public guarantees providing access to favourable long-term financing.
Major shareholders	

The Issuer's 3,625,000 shares of NOK 100 are owned by KLP Banken AS. KLP Kommunekreditt AS is, according to this, a 100% owned subsidiary.

There are no specific measures in place to ensure that the control is not abused. However, KLP Kommunekreditt AS has a separate Board of Directors, in which, according to the Financial Institutions Act 2015, 1/4 of the members has no position or duty in KLP Banken. The Board is, according to its regulation, obliged to see to that all substantial agreements with other group companies are made in writing. All substantial agreements with KLP Banken shall be approved by the general assembly. Both KLP Banken and KLP Kommunekreditt is subject to group rules and regulations in Financial Institutions Act 2015 and Limited Liability companies Act.

## Management

Name	Position
Carl Steinar Lous	CEO of the Issuer
Silje Skoglund Steinmo	Chief Risk Officer of the Issuer
Christopher Steen	Chief Financial Officer of the Issuer

## Statutory auditors

PricewaterhouseCoopers AS (PwC)

## What is the key financial information regarding the issuer

## Key financial information

## KLP Kommunekreditt AS's financial statements

Amounts in NOK thousands	Q1 Report	Annual Report	Annual Report
	2021 Unaudited	2020 Audited	2019 Audited
Operating income (comprehensive income for the period)	9 892	36 023	19 598
Net financial debt (long term debt plus short term debt minus cash (liabilities created on issuance of securities plus other borrowing minus loans to credit institutions)) <i>Liabilities created on issuance of securities (OMF) + Other borrowing (internlån) - Cash (Loans to credit institutions (innskudd i andre banker)</i>	17 202 722 +255 041 -583 706 = 16 874 057	17 429 657 +745 103 - 447 030 = 17 727 730	17 387 458 + 320 169 -594 461 = 17 113 166
Net Cash flows from operating activities	927 739	-815 205	519 570
Net Cash flows from financing activities	-741 727	141 498	45 908
Net Cash flow from investment activities	-53 478	528 643	-609 228

There is no description of any qualifications in the audit report for the Annual Report 2020.

## What are the key risk factors that are specific to the issuer

*Refinancing risk*

If KLP Kommunekreditt AS is not able to refinance maturing Covered Bonds by issuing new Covered Bonds the Issuer may not be able to make timely payment on the principal of the maturing Covered Bond. This would occur if investors either do not want to or are not able to invest in Covered Bonds issued by KLP Kommunekreditt AS. Such a situation may arise because the Issuer has an increased credit risk or the Covered Bond market is not functioning satisfactorily. The amortisation of the cover pool assets does not generate sufficient liquidity to repay maturing Covered Bonds. As of 31 March 2021, the weighted average life of the cover pool assets was 11,9 years versus 2,4 years for Covered Bonds issued by KLP Kommunekreditt AS.

The Issuer's liquidity risk policy requires that KLP Kommunekreditt AS has liquidity sufficient to cover all Covered Bonds maturing the next twelve months. To fulfil this requirement The Issuer therefore refinances maturing Covered Bonds twelve months prior to maturity. In the case of an inability to issue Covered Bonds the liquidity risk policy requirement gives the Issuer twelve months to find measures so that the maturing Covered Bonds can be repaid when maturing. All Covered Bonds issued by KLP

	<p>Kommunekreditt AS have a soft-bullet, enabling a one-year extension of the maturity of the Covered Bonds.</p> <p>The Issuer has established a senior unsecured revolving credit facility with KLP Banken AS in order to ensure the Issuer has access to liquidity to meet its payment obligations in respect of all Covered Bonds then outstanding, including any principal, interest and any connected derivative agreements, for the next 12 months on a rolling basis, and for the previous 12 months on a rolling basis, for claims due, but not paid. During the life of the covered bond KLP Banken AS's credit risk can change and the ability to fulfil its obligations can be materially reduced.</p> <p><i>Liquidity and market value of liquidity portfolio (securities)</i> The Issuer is exposed to the risk that the value of a substitute asset may decrease as a result of the trend in market factors, such as interest rates, credit spreads and the volatility of these factors. As of March 31st 2021 the market value of the liquidity portfolio was 919 million kroner with a weighted average life of 3,0 years. 96 % of the securities in the portfolio are Norwegian Covered Bonds . There is a maturity mismatch between the liquidity portfolio and the maturing Covered Bonds. In order to repay maturing Covered Bond the securities need to be sold in the securities market. In the case of the Norwegian Covered Bond market is not functioning satisfactorily there is a risk of not being able to sell the Covered Bonds in a timely manner or that the securities have to be sold with a substantial discount. An increase of 10 basis points would have a negative effect on the value of the liquidity portfolio of 2,7 million kroner.</p> <p><i>Increased interest rate on borrowing versus lending</i> As the Issuer is exposed to different markets with respect to its borrowing and lending activities, there is a risk that interests levels on its borrowings may increase at a time when it is not able to similarly increase the interest levels on its receivables, which may have a negative effect on its ability to fulfil its obligations.</p> <p><i>Operational risk</i> Considering the issuer isolated and its relatively low number of employees, operational risks related to loan management and group services might occur. The organizational structure of the issuer, which carries a dependency between the issuer and the parent company, is exposed to the risks that comes with structural changes.</p>
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### Key information on the securities

Disclosure requirements	Disclosure
<i>What are the main features of the securities</i>	
Description of the securities, including ISIN code.	[●]
Currency for the bond issue	[●]
Borrowing Limit and Borrowing Amount [● tranche]	[●]
Denomination – Each Bond	[●]
Any restrictions on the free transferability of the securities.	[●]
Description of the rights attached to the securities, limitations to those rights and ranking of the securities.	[●]
Information about Issue and Maturity Date, interest rate, instalment and representative of the bondholders	[●]
Status of the bonds and security	[●]
<i>Where will the securities be traded</i>	
Indication as to whether the securities offered are or will be the object of an	[●]

application for admission to trading.	
<i>What are the key risks that are specific to the securities</i>	
Most material key risks	<p><i>Financial risk</i></p> <p>Market risk is the risk that the value of the Loan will decrease due to the change in value of the market risk factors. The price of a single bond issue will fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk of that particular bond issue, and the liquidity of this bond issue in the market. In spite of an underlying positive development in the Issuers business activities, the price of a bond may fall independent of this fact. Bond issues with a relatively short tenor and a floating rate coupon rate do however in general carry a lower price risk compared to loans with a longer tenor and/or with a fixed coupon rate.</p> <p>KLP Kommunekreditt AS has as of November 2019 issued NOK 18.7 billion of Covered Bonds and is a small issuer in the Norwegian Covered Bond market. No market-maker agreement is entered into in relation to this bond issue, and the liquidity of bonds will at all times depend on the market participants view of the credit quality of the Issuer as well as established and available credit lines.</p> <p><i>Interest rate risk</i> is the risk borne by the Loan due to variability of the NIBOR interest rate. The coupon payments, which depend on the NIBOR interest rate and the Margin, will vary in accordance with the variability of the NIBOR interest rate. The interest rate risk related to this bond issue will be limited, since the coupon rate will be adjusted quarterly according to the change in the reference interest rate (NIBOR 3 months) over the 4.5 year tenor (extendable up to 5.5 years). The primary price risk for a floating rate bond issue will be related to the market view of the correct trading level for the credit spread related to the bond issue at a certain time during the tenor, compared with the credit margin the bond issue is carrying. A possible increase in the credit spread trading level relative to the coupon defined credit margin may relate to general changes in the market conditions and/or Issuer specific circumstances. However, under normal market circumstances the anticipated tradable credit spread will fall as the duration of the bond issue becomes shorter. In general, the price of bonds will fall when the credit spread in the market increases, and conversely the bond price will increase when the market spread decreases.</p> <p><i>The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"</i></p> <p>The Listed bonds are linked to NIBOR. Interest rates and indices which are deemed to be "benchmarks", (including NIBOR) are the subject of recent national and international regulatory guidance and proposals for reform including, without limitation, the Benchmark Regulation and certain other international and national reforms. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Bonds linked to or referencing such a "benchmark". The Benchmarks Regulation could have a material impact on any Bonds linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".</p>

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**Key information on the admission to trading on a regulated market**

Disclosure requirements	Disclosure
Under which conditions and timetable can I invest in this security?	<p>[●]</p> <p>The estimate of total expenses related to the admission to trading is as follow: [●].</p> <p>[/ Other: (specify)]</p> <p>Listing fee Oslo Børs [●] Registration fee Oslo Børs [●]</p>
<i>Why is the prospectus being produced</i>	In connection with listing of the securities on the Oslo Børs.
Reasons for the admission to trading on a regulated market and use of.	<p>Use of proceeds [●]</p> <p>Estimated net amount of the proceeds [●]</p>
Description of material conflicts of interest to the issue including conflicting interests.	[●]

## 2 Detailed information about the security

### Generally:

ISIN code:	[ISIN]
The Loan/The Bonds:	[Title of the bond issue]
Borrower/Issuer:	KLP Kommunekreditt AS is registered in Norwegian Register of Business Enterprises (Foretaksregisteret) with registration number: 994 526 944. The Company's LEI code is 549300AGRU020LR1DW94.
Security Type:	Covered [open] bond issue with [fixed/floating] rate
Borrowing Limit – Tap Issue:	[Currency] [Amount borrowing limit]
Borrowing Amount [●] tranche:	[Currency] [Amount [●] tranche]
Outstanding Amount:	[Currency] [Amount [●] tranche]
Denomination – Each bond:	[Currency] [Amount denomination] - each and ranking pari passu among themselves
Securities Form:	As set out in the Base Prospectus clause 14.1.
Publication:	As specified in the Base Prospectus section 14.4.2.
Issue Price:	[As defined in the Base Prospectus section 14.3] [Issue price] %
Disbursement Date/Issue Date:	[As defined in the Base Prospectus section 14.3] [Issue date]
Maturity Date:	[As defined in the Base Prospectus section 14.3] [Maturity Date]
Extended Maturity Date:	[As defined in the Base Prospectus section 14.3] [Extended Maturity Date]
<b>Interest Rate:</b>	
Interest Bearing from and Including:	[Issue date] / Other: (specify)]
Interest Bearing To:	[Maturity Date] / Other: (specify)]
Reference Rate:	[As defined in the Base Prospectus section 14.3] Floating rate: [NIBOR] [3 / 6 / 12] months [description of Reference Rate] Relevant Screen Page: [Relevant Screen Page] Specified time: [specified time] Information about the past and future performance and volatility of the Reference Rate is available at [Relevant Screen Page / other: (specify)] Fallback provisions: [Provisions]

	<p>/ Other: (specify)]</p> <p>/ Fixed Rate: N/A]</p>
Margin:	<p>[As defined in the Base Prospectus section 14.3</p> <p>Floating Rate: [Margin] % p.a.</p> <p>/ Fixed Interest: N/A</p> <p>/ Other: (specify)]</p>
Interest Rate:	<p>[Bond issue with floating rate (as defined in the Base Prospectus section 14.3): [Reference Rate + Margin] % p.a.</p> <p>Current Interest Rate: [current interest rate]</p> <p>/ Bond Issue with fixed rate (as defined in the Base Prospectus section 14.3): [Interest rate] % p.a.</p>
Day Count Convention:	<p>[Floating Rate: As defined in the Base Prospectus section 14.3</p> <p>/ Fixed Rate: As defined in the Base Prospectus section 14.3</p>
Day Count Fraction – Secondary Market:	<p>[Floating Rate: As specified in the Base Prospectus section 14.5.1.a</p> <p>/ Fixed Rate: As specified in the Base Prospectus section 14.5.2.a</p>
Interest Determination Date:	<p>[Floating Rate: As defined in the Base Prospectus section 14.3.</p> <p>Interest Rate Determination Date: [Interest Rate Determination Date(s)] each year.</p> <p>/ Fixed rate: N/A</p> <p>/ Other: (specify)]</p>
Interest Rate Adjustment Date:	<p>[Floating Rate: As defined in the Base Prospectus section 14.3.</p> <p>/ Fixed rate: N/A]</p>
Interest Payment Date:	<p>As defined in the Base Prospectus section 14.3 and specified in the Base Prospectus section 14.5.1 (FRN) / section 14.5.2 (fixed rate)</p> <p>Interest Payment Date: [Date(s)] each year.</p> <p>The first Interest Payment Date is [Date].</p>
#Days first term:	[Number of interest days] days
Yield:	<p>As defined in the Base Prospectus section 14.3.</p> <p>The Yield is [yield]</p>
Business Day:	<p>As defined in the Base Prospectus section 14.3.</p> <p>/ Other: (specify)]</p>
<b>Amortisation and Redemption:</b>	
Redemption:	<p>As defined in the Base Prospectus section 14.3 and as specified in the Base Prospectus section 14.4.3, 14.5.1.b and 14.5.2.b.</p> <p>The Maturity Date is [maturity date]</p> <p>The Extended Maturity Date is [Extended maturity date]</p>

Redemption Price is [*redemption price*] %

**Obligations:**

Issuer's special obligations during the term of the Bond Issue:

As specified in the Base Prospectus section 14.4.7.

/ Other: (*specify*)

**Listing:**

Listing of the Bond Issue/Marketplace:

As defined in the Base Prospectus section 14.3 and specified in the Base Prospectus section 14.4.5.

Exchange for listing of the Bonds: [*Exchange*]

/ The Bonds will not be applied for listing on any Exchange.

/ Other: (*specify*)

Any restrictions on the free transferability of the securities:

As specified in the Base prospectus section 14.4.10.

Restrictions on the free transferability of the securities: [*specify*]

Purpose/Use of proceeds:

As specified in the Base Prospectus section 14.4.1.

Estimated total expenses related to the offer: [*specify*]

Estimated net amount of the proceeds: [*specify*]

Use of proceeds: [*specify*]

[Other: (*specify*)]

Prospectus and Listing fees:

As defined in the Base Prospectus section 14.3 and specified in the Base Prospectus section 14.4.5.

Listing fees: [*specify*]

/ Other: (*specify*)

Market-making:

As defined in the Base Prospectus section 14.3.

[A market-making agreement has been entered into between the Issuer and [*name of market maker*]]

/ Other: (*specify*)

Approvals:

As specified in the Base Prospectus section 14.4.9.

Date of the Board of Directors' approval: [*date*]

/ Other: (*specify*)

Bond Terms:

As defined in the Base Prospectus section 14.3 and specified in the Base Prospectus section 14.4.7.

By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by the Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party.

/ Other: (*specify*)

Status and security:

As specified in the Base Prospectus section 14.4.6.

/ Other: (*specify*)

Bondholders' meeting/

As defined in the Base Prospectus section 14.3.

KLP Kommunekreditt AS

Final Terms - [Title of Bonds]

ISIN [ISIN]

Voting rights:

*/ Other: (specify)*

Availability of the Documentation:

<https://www.klp.no>

Arranger(s):

*[name of Arranger(s)] as [type of Arranger]*

Bond Trustee:

As defined in the Base prospectus section 14.3.

Paying Agent:

As defined in the Base prospectus section 14.3.

The Paying Agent is *[name of the Paying Agent]*

Securities Depository / CSD:

As defined in the Base Prospectus section 14.3 and specified in the Base Prospectus section 14.4.5

*/ Other: (specify)*

Calculation Agent:

[As defined in the Base Prospectus section 14.3

*/ Other: (specify)*

Listing fees:

Prospectus fee for the Base Prospectus including template for Final Terms is NOK 101,000.

*[Listing and other fees at the Exchange: (specify)*

*/ No listing: N/A]*

### 3 Additional information

**Advisor**

The Issuer has mandated [*name of Arranger(s)*] as [*type of Arranger*] for the issuance of the Loan. The [*type of Arranger*] [has/have] acted as advisor[s] to the Issuer in relation to the pricing of the Loan.

The [*Arranger*] will be able to hold position in the Loan.

/ Other: (*specify*)

**Interests and conflicts of interest**

[The involved persons in the Issuer or offer of the Bonds have no interest, nor conflicting interests that are material to the Bond Issue.

/ Other: (*specify*)

**Rating**

According to Moodys rating definitions available at the date of this Prospectus on <https://ratings.moodys.io/ratings#rating-scale>, Moody's long-term ratings are opinions of the relative credit risk of financial obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings use Moody's Global Scale and reflect both the likelihood of default and any financial loss suffered in the event of default.

Moody's rating scale ranges from Aaa to C, with Aaa being the highest quality and C the lowest quality. 'Aaa' mean obligations are judged to be of the highest quality, subject to the lowest level of credit risk.

Moody's Investor Service Ltd has rated all previous covered bonds issued by KLP Kommunekredtt AS Aaa.

/ Other: (*specify*)

[There is no official rating of the Issuer

/ Other: (*specify*).

**Listing of the Loan:**

[As defined in the Base Prospectus section 14.3]

The Prospectus will be published in [*country*]. An application for listing at [*Exchange*] will be sent as soon as possible after the Issue Date. Each bond is negotiable.

**Statement from the [*type of bookrunner*]:**

[*name of Arranger(s)*] [has/have] assisted the Issuer in preparing the prospectus. The [*type of Arranger(s)*] [has/have] not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made, and the [*type of Arranger(s)*] expressly disclaim[s] any legal or financial liability as to the accuracy or completeness of the information contained in this prospectus or any other information supplied in connection with bonds issued by the Issuer or their distribution. The statements made in this paragraph are without prejudice to the responsibility of the Issuer. Each person receiving this prospectus acknowledges that such person has not relied on the [*type of Arranger(s)*] nor on any person affiliated with them in connection with its investigation of the accuracy of such information or its investment decision.

[*place*], [*date*]

[*name of Arranger(s)*]  
[*web address of Arranger(s)*]

KLP Kommunekreditt AS

Final Terms - [Title of Bonds]

ISIN [ISIN]

## **4 Annex 1 Bond Terms**