Q1 2023 Interim report

KLP Group

Table of Contents

KLP Group

KLP's sustainability accounts

Kommunal Landspensjonskasse

KLP Group

Report for the first quarter of 2023

Good financial returns had a positive impact on KLP's results in the first quarter

- KLP achieved a return of 2.5 per cent on the pension assets in the common portfolio in the first quarter.
- A sound equity market and interest rates above the guaranteed interest rate have contributed positively to the financial returns in the first quarter.
- Strong capital adequacy at 316 per cent.

KLP – a customer-owned group

The KLP Group is made up of the following companies: Kommunal Landspensjonskasse (KLP) and its subsidiaries KLP Banken, KLP Skadeforsikring, KLP Kapitalforvaltning, KLP Forsikringsservice and KLP Eiendom.

At the end of the first quarter of 2023, the Group had total assets of NOK 948.1 billion, an increase of NOK 47.9 billion in the quarter.

Kommunal Landspensjonskasse

Pension schemes within the public sector are offered and administered by the Group's parent company, Kommunal Landspensjonskasse. Out of KLP's total assets of NOK 742.1 billion, NOK 668.2 billion is linked to insurance liabilities within public-sector occupational pensions.

All retirement pension cases were converted to a new pension system during the first quarter and will be processed there. This is an important step in the extensive change programme underway in KLP.

There has been a consultation on the regulations for a new public-sector early retirement pension (AFP). The new public-sector AFP is designed as a lifetime benefit and will start with the 1963 cohort when they turn 62 in 2025. KLP has submitted a detailed response. A legislative process is expected in the autumn.

Implementation of new accounting rules

Financial instruments

New rules for the measurement and valuation of financial instruments were implemented in the first quarter. These will be treated from 1 January 2023 in accordance with the rules in the international financial reporting standard IFRS 9 Financial Instruments.

The purpose of the new rules is to simplify the accounting treatment of financial instruments. There are now two factors that determine this; the characteristics of the instrument and the company's business model. Another purpose is to make provision for expected losses on financial instruments measured at amortised cost. Previous rules had no requirement for provisions for expected credit losses.

Comparative figures from previous periods have not been restated as there is no requirement for this.

The transitional effect in the company accounts as of 01.01.2023 amounts to minus NOK 2 million on equity and minus NOK 13 million on the buffer fund. The change is related to provisions for expected losses on investments measured at amortised cost.

For the Group, the transitional effect on equity amounts to minus NOK 12.0 billion after tax. The transitional effect is mainly due to the fact that financial instruments previously measured at amortised cost are now measured at fair value with changes in value through profit/loss. From 1 January 2022, unrecognised changes in the value of these instruments will therefore be included in the financial statements. The reason for the increased measurement of financial instruments at fair value with changes in value through profit/loss in the consolidated accounts is that insurance liabilities are discounted using a market-based interest-rate curve. This means that changes in the recognised value of insurance liabilities related to changes in interest rates will be partly offset by changes in the recognised value of income from interest on the associated financial instruments.

Refer to KLP's annual report for 2022, Note 37 (to the company accounts) and Note 37 (to the consolidated accounts), for further discussion of the transition to new accounting policies for financial assets.

Insurance contracts

The international accounting standard for recognition and measurement of insurance contracts, IFRS 17, entered into force from 1 January 2023. It is not permitted to use the standard in the company accounts of life insurance companies, but it must be implemented in the consolidated accounts of groups reporting under IFRS.

One purpose of the new standard is to provide for better valuation and performance measurement of insurance contracts, along with increased transparency over the business and greater comparability.

IFRS 17 recognises that the purpose of mutual insurance companies is not to generate profits for external owners, but to provide insurance cover to members. Value creation for a mutual enterprise cannot therefore be measured in the same way as for a private limited company, for example. Profits or losses from the business will be distributed among current or future members of the mutual insurance company. Profits to members in excess of those deriving from the obligations attached to the insurance contracts are set aside as a debt to current and future members. This acts as a buffer against future losses. As a general rule, mutual enterprises have neither profit nor equity. Equity may nevertheless arise because the standard requires net assets in the business set aside for members to be always measured at market value, whereas some assets and liabilities are not measured at market value, either because this is not permitted under other accounting rules or because the Group has chosen another valuation method where this was possible. This then produces a measurement difference related to certain assets and liabilities. This measurement difference will constitute equity in the mutual enterprise. The change in measurement difference is a profit to the enterprise. KLP has identified surplus assets set aside as debt to current or future members for the residual value of the business, and any changes in this, together with monies paid into the members' premium fund, will give a picture of KLP's value creation.

The insurance liabilities are measured by estimating future cash flows related to the insurance contract and discounting them using a market-based interest rate curve that takes account of the liquidity in KLP's insurance contracts. A risk adjustment is then applied for non-financial risk.

Comparable figures have been prepared for 2022. The equity effect of implementing the standard amounted to minus NOK 48.9 billion on 01.01.2022. Refer to Note 37 to the consolidated accounts in the annual report for 2022 for further details of the transition to IFRS 17.

Implementation of IFRS 17 will have no impact on capital adequacy ratio.

Results for the first quarter of 2023

Group

The best estimate of liabilities related to insurance contracts entitling the policyholder to the residual value of the business increased by NOK 33.6 (-65.4) billion[1] in the quarter and amounts to NOK 383.1 (384.0) billion. NOK 31.3 (-67.7) billion of the increase is related to discount effects from falling long-term interest rates throughout the quarter. Despite an increase of NOK 17.6 billion in the value of underlying net assets, the residual value to policyholders fell from NOK 337.3 billion to NOK 319.6 billion in the quarter. The total liability to policy-holders entitled to residual value thus amounts to NOK 702.7 (686.9) billion as of 31.03.2023.

The Group has also issued ordinary insurance contracts within non-life insurance. Liabilities related to this business increased from NOK 3.2 billion to NOK 4.0 billion through the first quarter.

The consolidated profit/loss amounted to NOK -43 (10,480) million, and was due to differences in recognised value changes and changes in the market value of net assets. Cumulatively, this valuation difference amounts to NOK -3,630 (2,293) million, and corresponds to the Group's equity. The big change from the first quarter of last year to the first quarter of this year is partly due to the fact that, in implementing IFRS 9 from 1 January 2023, the Group has changed the measurement of a significant proportion of financial instruments from amortised cost to market value.

Company result

Investment result

KLP achieved an investment result (returns in excess of the average guaranteed rate of return) of NOK 13.2 (-7.9) billion in the first quarter. The return on the common portfolio was 2.5 per cent.

1. Figures in brackets give values for the corresponding period in 2022.

Risk result

There was a negative trend in disability in the quarter which had a negative effect on the risk result. On the other hand, excess mortality had a positive effect on the result. In total, the risk result amounts to NOK 71 (105) million in the first quarter. The risk events in the stock have been within expectations throughout the year and will vary from quarter to quarter.

Administration result

The company's administration result shows a surplus of NOK 54 (-9) million in the first quarter. Insurance-related operating costs came to NOK 377 (368) million in the first quarter.

Total profit/loss

Total profit/loss to the company stands at NOK 454 (388) million for the first quarter. The customer result is NOK 13.2 (-7.8) billion for the year.

NOK millions	Customers	Company	Total
Investment result	13 117	116	13 233
Risk result	71		71
Interest guarantee premium		68	68
Administration result		54	54
Net income from investments in the corporate portfolio and other income/expenses in non-technical accounts		302	302
Tax		-108	-108
Other profit/loss elements		23	23
Profit/loss after Q1 2023	**13 188**	**454**	**13 642**
Profit/loss after Q1 2022	-7 752	388	-7 365

Financial strength and capital-related matters

KLP's total assets increased by NOK 31.8 billion in the first quarter and amount to NOK 742.1 billion. The premium reserve increased by NOK 1.7 billion to NOK 520.3 billion in the same period.

The buffer fund amounts to NOK 102.2 billion after the first quarter. There is also a positive interim result of NOK 13.2 billion in the customer result.

Without applying transitional rules, the company's capital adequacy ratio is 316 per cent. Taking account of the transitional arrangement for technical provisions, capital adequacy was 316 per cent.

KLP's target is a capital adequacy of at least 150 per cent without applying transitional rules. Capital adequacy is well over this target and reflects the Company's good financial strength.

Key figures

Per cent	At 31.03.2023	At 31.03.2022
Return on the common portfolio	2,5	-0,8
Return incl. value changes in hold-to-maturity bonds and lending	2,6	-2,3
The returns figures apply to the common portfolio		
Capital adequacy, Solvency II	316	332
Capital adequacy, Solvency II, with transitional measures	316	332

Premium income

Premium income excluding premium reserves received on transfers in amounts to NOK 7.6 (7.1) billion at the end of the first quarter.

Claims/benefits

Pensions paid and other claims, excluding ceded premium reserves, amounted to NOK 6.2 (5.8) billion for the first quarter.

Management of the common portfolio

The assets in the common portfolio totalled NOK 690.9 (662.5) billion and were invested as shown below:

Assets	At 31.03.2023		At 31.03.2022	
All figures in per cent	Proportion	Return	Proportion	Return
Equities	31,5 %	6,7 %	30,1 %	-3,2 %
Short-term bonds	11,6 %	1,7 %	13,1 %	-4,6 %
Long-term/HTM bonds	28,7 %	0,8 %	28,4 %	0,8 %
Lending	11,8 %	0,8 %	12,1 %	0,5 %
Property	14,7 %	-0,2 %	14,0 %	1,4 %
Other financial assets	1,6 %	0,8 %	2,3 %	0,1 %

Equities

Total exposure in shares and alternative investments, including equity derivatives, was 31.5 per cent at the end of the first quarter. The total return on shares and alternative investments was 6.7 per cent in the quarter. The return on KLP's global equities was 8.4 per cent, while KLP's Norwegian equity portfolio returned 1.6 per cent in the first quarter.

The currency hedging ratio for equities in developed markets and the most liquid currencies in emerging markets was between 50 and 70 per cent. In the first quarter, the Norwegian krone depreciated against the US dollar and the euro, among other currencies. Currency hedging made a negative contribution to the return on equity in this quarter.

Short-term bonds and money market instruments measured at fair value

Short-term bonds accounted for 11.6 per cent and money-market instruments 1.6 per cent of the assets in the common portfolio at the end of the quarter. There was some movement in Norwegian, European and US long-term government bond yields through the quarter, but these ended down in the first quarter, while short-term yields rose. KLP's global government bond index achieved a currency-hedged return of 2.7 per cent in the quarter, while the return on the Norwegian government bond index was 1.7 per cent. Increased global credit margins contributed to a quarterly return of 2.7 per cent on KLP's global corporate bond index, while the return on the Norwegian corporate bond index was 0.9 per cent. Short-term bonds produced a total return of 1.7 per cent in the first quarter. The money market return was 0.8 per cent for the quarter.

Bonds measured at amortised cost

Investment in bonds measured at amortised cost made up 28.7 per cent of the common portfolio at the end of the quarter. Unrecognised decreases in value in the portfolio rose in the first quarter and amounted to NOK 10.4 billion at the end of the quarter. The portfolio is well diversified and consists of securities issued by creditworthy borrowers. The return measured at amortised cost in the first quarter was 0.8 per cent.

Property

Property investments, including Norwegian and international property funds, accounted for 14.7 per cent of the common portfolio. Property values in the common portfolio were adjusted downwards by NOK 980.3 million in the quarter. Property investments in the common portfolio achieved a return of minus 0.2 per cent in the first quarter. The returns include currency hedging and property funds.

Lending

Lending in the common portfolio totals NOK 79.2 billion. This is split between NOK 68.0 billion in loans to the public sector, NOK 0.7 billion in loans with government guarantees and NOK 2.9 billion in secured mortgage loans, with the remaining NOK 7.6 billion made up of other secured loans. The lending portfolio is of high quality, with no losses on municipal loans and very modest provisions for losses on mortgage loans. Unrecognised decreases in value in the lending portfolio (fixed-interest loans) totalled NOK 1.4 billion at the end of the quarter. The return for the first quarter was 0.8 percent.

Returns on the corporate portfolio

The corporate portfolio covers the placement of owners' equity and subordinated loans/hybrid Tier 1 and Tier 2 securities.

The corporate portfolio is managed with a moderate-risk long-term investment horizon, with the objective of stable returns. Investments in the corporate portfolio achieved a return of 0.9 per cent in the first quarter.

Business areas of the subsidiaries

Non-life insurance

The first quarter of 2023 is the first time KLP Skadeforsikring AS has presented its accounts with the insurance contracts reported in accordance with IFRS 17. This means that some key figures will not be directly comparable with previous years' reporting. With the introduction of the new standard, the comparative figures have been reworked.

The first quarter shows a profit before tax and other provisions of NOK 99.3 (56.9) million. Financial income is higher than expected and accounts for some of the good result. Because of one large claim, the underwriting result is weaker than expected. Previous years' reserves were liquidated in the quarter.

Volume growth so far this year is NOK 263 million, and premium volume was NOK 2,456 (2,105) million at the end of the first quarter. The increase is primarily due to increased premiums, both generally and within specific segments. Insurance income increased by 15.4 per cent, or NOK 84 million, compared with the same time in 2022. For the public-sector and corporate markets, income increased by 19.8 per cent, while the corresponding increase for the retail market was 9.8 per cent.

One large claim was reported in the first quarter, of which the company covered NOK 76 million. Any excess is covered by the company's reinsurers.

In recent years, KLP Skadeforsikring AS has seen several fire claims from the waste industry, some of them very large. The company's reinsurers are therefore restrictive in their offering within this customer group, and the company plans to reduce its exposure to this industry. This has led to stricter conditions for the industry.

Reversals of previous years' claims are still positive, and gains of NOK 11 million have been taken to income so far this year, equivalent to 0.5 per cent of the reserves at the beginning of the year.

Key figures for the company

	At 31.03.2023	At 31.03.2022	At 31.12.2022
Claims ratio	93,8	64,9	75,8
Cost ratio	14,9	14,6	14,5
Combined ratio	**108,6**	**79,5**	**90,4**

Net financial income in the first quarter was NOK 148.7 (-49.3) million, equivalent to 2.7 (-0.9) per cent. The quarter has been characterised by large movements in the international financial markets. Overall, the equity portfolio had a quarterly return of 9.3 per cent. The company's investments in fixed income funds also had a positive return of 1.6 per cent, as a result of a reduction in interest rates and reduced credit premiums. The company's long-term bonds had a yield of 0.8 per cent. The return on property investments was 5.5 per cent, after a write-up of NOK 32 million on real estate assets.

The capital adequacy ratio was slightly reduced from 222 per cent at the end of 2022 to 218 per cent at the end of the first quarter.

Asset and fund management

KLP Kapitalforvaltning AS provides securities management in the KLP Group. It had a total of NOK 671 billion under management at the end of the first quarter, of which NOK 151 billion was for external customers. The majority of the assets are managed on behalf of KLP and its subsidiaries.

Net new subscriptions to the KLP funds were NOK 3.7 billion in the first quarter. External customers had positive net new subscriptions of NOK 5 billion in the quarter.

The company achieved a profit before tax of NOK 11.3 million in the first quarter.

Bank

The KLP Banken Group finances mortgages and other credit to individual customers (retail market) as well as loans to municipalities, county municipalities and companies that provide public services (public-sector market). The Bank's lending business is financed by deposits from private customers and companies, loans from the securities market and owners' equity. The Bank also manages a substantial volume of lending financed by pension assets in KLP.

As of 31 March, the KLP Banken Group had loans to customers totalling NOK 42.7 (40.6) billion. Mortgage loans in the retail market and public-sector loans totalled NOK 23.3 (22.6) billion and 19.4 (18.0) billion respectively.

The KLP Banken Group manages NOK 2.9 (3.0) billion in mortgage loans and NOK 74.1 (72.6) billion in loans to public-sector borrowers and other businesses on behalf of KLP.

The Bank's mortgage products are aimed at the target group of members of the KLP pension schemes. Net mortgage growth in the first quarter was NOK 75 million, which is considerably lower than at the same time last year.

Lending volume to the public-sector market on KLP Banken Group's balance sheet increased by NOK 0.2 (0.2) billion through the quarter. Loans to public-sector borrowers managed on behalf of KLP increased by NOK 0.5 (0.1) billion in the same period.

The bank's lending margins have continued from autumn 2022 at a somewhat higher level than in the first quarter of 2022. Higher interest rates have also contributed to higher earnings on the Bank's loans financed by equity. The Bank's operating income, in the form of net interest income, was NOK 110.2 (72.1) million at the end of the first quarter.

The KLP Banken Group's external financing consists mainly of deposits and bonds. Deposit growth so far this year is NOK 0.4 (0.5) billion. At the reporting date, deposits from individuals and enterprises amounted to NOK 14.1 (13.4) billion. Liabilities created on issuance of securities totalled NOK 32.0 (31.9) billion. The securities debt is mainly covered bonds issued by KLP Kommunekreditt AS and KLP Boligkreditt AS.

Operating expenses and depreciation amounted to NOK 71.4 (64.0) million in the first quarter.

In the year to date, losses and loss provisions on loans in the retail market amounted to NOK 0.3 (0.1) million. Nor have we experienced any losses related to public-sector lending in this quarter.

The KLP Banken Group had a pre-tax operating profit of NOK 53.1 million (18.3) in the first quarter. Broken down by area, profits were NOK 35.4 (8.3) million in the retail market and NOK 17.7 (10.0) million in the public-sector market.

Corporate social responsibility

A pilot study was recently completed to examine financing solutions for green maritime infrastructure. Institutional investors are among the players who could take on a greater role and provide capital to finance the major upgrade that is needed in the maritime sector. KLP is one of the institutional investors leading the way in this work.

KLP also actively contributes to achieving the global climate goals and nature targets. The issue of seabed mining is one of many examples where the objectives could conflict with each other, and where difficult trade-offs have to be made. In a consultation response to the Ministry of Petroleum and Energy, KLP stresses that the precautionary principle dictates that, until we have a better knowledge base, we should hold off on commercially oriented exploration and mining on the seabed. KLP also supports an international proposal for a temporary suspension of offshore mining.

KLP considers climate change and nature loss to be both a direct financial risk and an indirect systemic risk for our global society. KLP has published a new expectation document that sets out KLP's expectations for how companies should manage climate and nature risk. The aim is to minimise KLP's exposure to natural and climate-related risks, and to ensure that our financial goals are achieved in a way that supports social and economic development within the Earth's tolerance limits. KLP has also introduced stricter guidelines for voting and will vote against board resolutions in companies that produce the largest emissions without having a credible transition plan.

During the first quarter, KLP received approval for its Nordic Swan eco-labelled funds according to new criteria. The new criteria have a greater focus on climate and biodiversity, set higher standards for the exercise of active ownership, and implement EU rules on sustainable finance.

In the first quarter of the year, just under NOK 40 million was lent to new projects that met the requirements for green loans in KLP Banken.

A study is underway to look at the possibility of establishing a web-based system to help municipal councils and government to gain a better insight into the overall status of the building stock for customers with non-life insurance in KLP.

Future prospects and events after the end of the quarter

The world is still marked by heightened geopolitical tension and the war in Ukraine. Higher inflation and interest rates may raise challenges to the global economy, but could also provide good opportunities for generating surplus returns over and beyond the interest rate guarantee for KLP.

Last year, Storebrand filed a complaint against Norway with the ESA, alleging that KLP is receiving unlawful state aid, and that Norwegian municipalities and health trusts have breached the rules on public procurement. The Norwegian government, represented by the Ministry of Local Government and Rural Affairs, has responded to the Authority in a letter rejecting the complaints. The case is now with the ESA, and it could turn into a long drawn-out process.

Oslo, 23 May 2023
The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

TINE SUNDTOFT
Chair

INGUNN TROSHOLMEN
Deputy Chair

EGIL MATSEN

RUNE SIMENSEN
Deputy board member

ODD HALDGEIR LARSEN

ØIVIND BREVIK

VIBEKE HELDAL
Elected by and from among the employees

ERLING BENDIKSEN
Elected by and from among the employees

Income statement

KLP Group

NOTE	NOK MILLIONS	Q1 2023	Q1 2022	01.01.2022 -31.12.2022
3, 5	**Insurance service result**	**139**	**244**	**2 022**
	Net income from investments measured at fair value with changes in P/L	27 830	1 203	8 748
	Net income from investments not measured at fair value with changes in P/L	18	-13 598	-37 425
4	Fair value adjustment investment properties and rental income	496	1 261	6 558
	Net credit loss from financial assets not measured at fair value	0	1	0
	Net interest income banking	110	72	371
	Unit holder's value change in consolidated securites funds	-12 135	7 237	15 966
	Total net income	**16 319**	**-3 824**	**-5 783**
	Policyholder's share of changes in fair value of underlying items	-17 620	14 878	21 992
	Other insurance related financial cost	-20	36	49
5	**Net insurance related financial cost**	**-17 640**	**14 914**	**22 040**
	Net insurance services and financial result	**-1 182**	**11 334**	**18 279**
6	Net costs subordinated loan and hybrid Tier 1 securities	-467	160	-169
	Operating expenses	-315	-309	-1 159
	Other income	8	36	305
	Other expenses	-92	-2	-25
	Pre-tax income	**-2 049**	**11 219**	**17 232**
	Cost of taxes [1]	-330	-184	-826
	Income	**-2 379**	**11 035**	**16 405**
12	Actuarial loss and profit on post employment benefit obligations	31	426	132
	Tax on items that will not be reclassified to profit or loss	-5	-67	-17
	Items that will not be reclassified to profit or loss	***26***	***358***	***115***
	Revaluation real property for use in own operation	-8	43	-43
4	Currency translation foreign properites	2 315	-945	148
	Tax on items that will be reclassified to profit or loss	2	-11	11
	Items that will be reclassified to income particular specific conditions are met	**2 309**	**-913**	**116**
	Total other comprehensive income	**2 336**	**-555**	**231**
	Total comprehensive income	**-43**	**10 480**	**16 637**
	[1] Unit holders share of taxes in consolidated security funds	-87	-80	-359

Financial position statement

KLP Group

NOTE	NOK MILLIONS	31/03/2023	31/03/2022	31/12/2022
	Deferred tax assets	46	51	48
	Other intangible assets	1 135	854	1 049
	Tangible fixed assets	2 617	2 741	2 633
	Investments in associated companies and joint venture	5 779	5 221	5 456
4, 9	Investment property	96 333	89 280	93 992
5	Reinsurance contract assets	820	341	736
7, 9	Fixed income securitites and other debt instruments at fair value	375 173	184 010	181 802
7	Fixed income securitites and other debt instruments at amortized costs	2 193	191 811	198 752
7, 9	Lending local government, enterprises & retail customers at fair value through profit / loss	77 635	56	0
7	Lending local government, enterprises & retail customers at amortized costs	43 509	118 828	121 360
7, 9	Equity capital instruments at fair value through profit/loss	315 118	287 036	282 399
7, 9	Financial derivatives	1 442	6 578	6 820
7	Receivables	23 283	12 635	1 700
	Cash and bank deposits	2 978	2 971	3 321
	TOTAL ASSETS	**948 061**	**902 413**	**900 068**
7, 8	Hybrid Tier 1 securities	1 644	1 505	1 428
7, 8	Subordinated loan capital	3 345	2 939	3 147
12	Pension obligations	812	474	815
5	Insurance obligations with the right to residual value	702 733	682 100	686 861
5	Other insurance liabilities	3 965	3 012	3 181
7, 8	Covered bonds issued	30 945	30 960	32 430
7, 8	Debt to credit institutions	3 949	12 933	6 683
7, 8	Liabilities to and deposits from customers	14 136	13 372	13 779
7	Financial derivatives	11 561	1 409	3 158
	Deferred tax	1 163	1 427	1 153
14	Other current liabilities	25 459	15 061	4 152
	Equity	-3 630	2 293	8 450
	Unit holders`s interest in consolidated securites funds	151 979	134 927	134 831
	TOTAL EQUITY AND LIABILITIES	**948 061**	**902 413**	**900 068**
	Contingent liabilities	32 833	27 001	31 083

Changes in owners' equity

KLP Group

2023 NOK MILLIONS	Equity
Owners' equity 31 December 2022	**8 450**
Change of principle 01.01.2023, IFRS 9 [1]	- 12 037
Owners' equity 1 January 2023	**- 3 587**
Income	**- 2 379**
Items that will not be reclassified to income	26
Items that will be reclassified to income later when particular conditions are met	2 309
Total other comprehensive income	**2 336**
Total comprehensive income	**- 43**
Owners' equity 31 March 2023	**- 3 630**

2022 NOK MILLIONS	Equity
Owners' equity 31 December 2021	**40 732**
Change of principle 01.01.2022, IFRS 17 [1]	- 48 918
Owners' equity 1 January 2022	**- 8 186**
Income	**11 035**
Items that will not be reclassified to income	358
Items that will be reclassified to income later when particular conditions are met	- 913
Total other comprehensive income	**- 555**
Total comprehensive income	**10 480**
Owners' equity 31 March 2022	**2 293**

2022 NOK MILLIONS	Equity
Owners' equity 31 December 2021	**40 732**
Change of principle 01.01.2022, IFRS 17 [1]	- 48 918
Owners' equity 1 January 2022	**- 8 186**
Income	**16 405**
Items that will not be reclassified to income	115
Items that will be reclassified to income later when particular conditions are met	116
Total other comprehensive income	**231**
Total comprehensive income	**16 637**
Owners' equity 31 December 2022	**8 450**

[1] For more information see the annual report 2022, note 37, points 37.1.11 and 37.2.5 Transitional effects.

Statement of cashflow

KLP Group

NOK MILLIONS	01.01.2023 -31.03.2023	01.01.2022 -31.12.2022	01.01.2022 -30.09.2022	01.01.2022 -30.06.2022	01.01.2022 -31.03.2022
Net cash flow from operational activities	116	36 130	42 855	40 710	-1 917
Net cash flow from investment activities [1]	-113	-346	-250	-173	-82
Net cash flow from financing activities [2]	-347	-35 851	-42 493	-40 153	1 583
Net changes in cash and bank deposits	**-344**	**-66**	**113**	**385**	**-417**
Holdings of cash and bank deposits at start of period	3 321	3 388	3 388	3 388	3 388
Holdings of cash and bank deposits at end of period	**2 978**	**3 321**	**3 500**	**3 773**	**2 971**

[1] Payments on the purchase of tangible fixed assets.

[2] Net receipts of owners' equity contribution, rising of new loans and repayment of debt, in addition to payments from unit holders in consolidated security funds.

Notes to the financial statement

KLP Group

Note 1 Accounting principles –and estimates

Accounting principles

The financial statements in this interim report show the Kommunal Landspensjonskasse (KLP) group financial statements and parent company financial statements for the period 01.01.2023 – 31.03.2023. The accounts have not been audited.

That part of the interim report that relates to the Group financial statements has been prepared in accordance with IAS 34 Interim financial Reporting.

Two new accounting standards came into force for the financial year starting 01.01.2023 and have been adopted by the Group. They are IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments. IFRS 17 requires comparative figures for 2022, so the implementation effect of this standard, minus NOK 48.9 billion after tax, was posted to Group equity from 01.01.2022. IFRS 9 does not require comparative figures, so the implementation effect of this standard of minus NOK 12.0 billion was posted to Group equity from 01.01.2023. Final figures for the implementation effect for IFRS 9 have been reduced by NOK 1.6 billion from our preliminary estimates given in the annual report for 2022. The change reflects a change in measurement method. For more information on the accounting principles associated with these standards, and the transitional effects, refer to the Group's annual report for 2022, Note 37.

No other changes have been made to the accounting principles that affect the interim financial statements as of 31.03.2023. Refer to the Group's annual report for 2022 for a more detailed description of accounting principles.

The interim financial statements do not contain all the information required for complete annual financial statements, and this interim report should be read in conjunction with the annual financial statements for 2022. The annual report can be retrieved from www.klp.no.

Accounting estimates

In preparing the interim financial statements, we have exercised discretion and used estimates and assumptions that affect the accounting figures. Actual figures may differ from the estimates used.

The measurement of insurance contracts under IFRS 17 uses a number of new parameters that are fraught with considerable uncertainty. The most important for the various business areas are:

Life insurance activities

- All cash flows arising from the insurance contracts that are within the contract limit are included in the measurement of the insurance contract. Future cash flows are calculated using assumptions of future annual wage growth/adjustment derived from a projection of the NAM (Norwegian Aggregate Model). The model produces a macro projection of key economic variables year by year based on the economic situation at the measurement date.
- The cash flow calculations use best estimates of mortality and disability.
- The cash flows are discounted with an interest rate curve that takes account of the time value of money and any financial risk that is not included in the estimated cash flows. The interest rate curve is based on the EIOPA interest rate curve with an illiquidity mark-up.
- The risk adjustment for non-financial risk is based on the risk appetite in the life insurance business and a 95% confidence level, and amounts to 7.77% of the insurance liability in 2023.

Non-life insurance activities

- The claims provisions are estimated from the company's historical payment patterns.
- The claims provisions are discounted with an interest rate curve that takes account of the time value of money and any financial risk that is not included in the estimated payments. The interest rate curve is based on the EIOPA interest rate curve with an illiquidity mark-up.

Insurance income under IFRS 17 corresponds to pro-rata premiums earned, adjusted for seasonal variations.

- Seasonal variations are estimated from the historical variation in the company's history of claims received through the year.

Risk adjustment has also been introduced.

- The risk adjustment is derived from the company's risk appetite.
- The risk adjustment represents an addition to technical provisions so there is a 75% probability that they will be sufficient to cover all insurance obligations.
- The risk adjustment for non-financial risk is based on the risk appetite in the non-life insurance business and a 75% confidence level, and amounts to 4.3 % of the insurance liability at 31.03.2023.

For more information, refer to the Group's annual financial statements for 2022, Note 37.

Note 2 **Segment information**

NOK MILLIONS	Group pensions pub. sect. & group life	Non-life insurance	Banking	Asset management	Other	Eliminations	Total
	Q1 2023	Q1 2023	Q1 2023	Q1 2023	Q1 2023	Q1 2023	Q1 2023
Result from insurance services	34	57	0	0	0	48	139
Net financial income from investments	18 007	151	103	6	0	10 187	28 454
Policyholder's share of changes in fair value of underlying items	-17 620	0	0	0	0	0	-17 620
Other insurance related financial cost	0	-20	0	0	0	0	-20
Unit holder's value change in consolidated security funds	0	0	0	0	0	-12 135	-12 135
Total income	**421**	**188**	**103**	**6**	**0**	**-1 900**	**-1 182**
Net costs subordinated loan and hybrid Tier 1 securities	-467	0	0	0	0	0	-467
Operating expenses	0	-89	-70	-138	-3	-14	-315
Other income	0	0	21	144	3	-161	8
Other expenses	80	0	-1	0	0	-171	-92
Pre-tax income	**34**	**99**	**53**	**11**	**0**	**-2 246**	**-2 049**
Cost of taxes	-108	-25	37	-3	0	-232	-330
Income	**-74**	**75**	**90**	**8**	**0**	**-2 477**	**-2 379**
Total other comprehensive income	26	3	1	2	0	2 303	2 336
Total comprehensive income	**-48**	**77**	**91**	**11**	**0**	**-174**	**-43**
Assets	728 102	6 948	49 373	631	11	162 996	948 061
Liabilities	731 790	4 501	46 365	227	3	168 804	951 691

The KLP Group's business is divided into the five areas: Group pensions public sector & group life, non-life insurance, banking, asset management and other. All business is directed towards customers in Norway.

PUBLIC SECTOR OCCUPATIONAL PENSION AND GROUP LIFE

Kommunal Landspensjonskasse offers group public sector occupational pensions.

NON-LIFE INSURANCE

KLP Skadeforsikring AS offers property and personal injury products to employers within the public and private sectors. In addition a broad specter of standard insurance products is offered to the the retail market.

BANKING

KLP's banking business embraces the companies KLP Banken AS and its wholly-owned subsidiaries: KLP Kommunekreditt AS and KLP Boligkreditt AS. The banking business covers services such as deposits and lending to the retail market, credit cards, as well as lending with public sector guarantee.

ASSET MANAGEMENT

Asset management is offered from the company KLP Kapitalforvaltning AS. The company offers a broad selection of securities mutual funds both to retail customers and to institutional customers. The securities management has a socially responsible profile.

OTHER

Other segments comprises KLP Forsikringsservice AS which offers a broad specter of services to local authority pension funds.

Note 3 **Insurance service result**

NOK MILLIONS	Q1 2023
Insurance income	1 046
Insurance service expenses	-922
Reinsurance income	14
Insurance service result	**139**

Note 4 **Investment property**

NOK MILLIONS	Q1 2023
Net rental income	929
Net value adjustment	-433
Net income from investment properties	**496**
Currency translate foreign properites (taken to other comprehensive income)	2 315
Net income from investment properties included currency translate	**2 811**

NOK MILLIONS	31.03.2023
Investment property 01.01.	93 992
Value adjustment, including currency translation	1 882
Net additions	431
Other changes	27
Investment property	**96 333**

Note 5 **Technical provisions**

NOK MILLIONS	Estimates of present value of future cash flows	Risk adjustment for non financial risk	Residual value	Total
Insurance obligations with the right to residual value 1 January 2023	**322 226**	**27 304**	**337 331**	**686 861**
Changes that realte to current services	**16**	**-50**	**0**	**-34**
Change in risk adjustment for non-financial risk and for risk expired		-50		-50
Experience adjustment not related to future service	16			16
Insurance service result	**16**	**-50**	**0**	**-34**
Change in risk adjustment for non-financial risk at the start of the period		-2 257	2 257	0
Accured interest	3 351	261	-3 612	0
Released cash flows	1 055			1 055
Changes in estimates related to future service	1 518	118	-1 636	0
Change due to changes in discount curve	29 052	2 258	-31 310	0
Result addes to policyholders' residual value			16 564	16 564
Insurance related financial cost	**34 977**	**380**	**-17 737**	**17 620**
Premium	332			332
Claims and other insurance service expenses	-2 046			-2 046
Total cash flows	**-1 714**			**-1 714**
Insurance obligations with the right to residual value 31 March 2023	**355 505**	**27 633**	**319 594**	**702 733**

NOK MILLIONS	Liability for incurred claims (LIC) Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Liabilities for remaining coverage	Receivables offset in liabilities	Total
Other insurance liabilities 1 January 2023	**2 808**	**115**	**309**	**-52**	**3 181**
Insurance income			**-630**		**-630**
Claims	550	22			572
Expenses	42	2			44
Other movements realted to current service		-4			-4
Changes that relate to past service	-12	-13			-24
Insurance service expenses	**581**	**7**			**587**
Insurance service result	**581**	**7**	**-630**		**-43**
Insurance related financial cost	**29**	**6**			**35**
Premium	-446				-446
Claims and other insurance service expenses			1 249		1 249
Total cash flows	**-446**		**1 249**		**803**
Total cash flows				**-11**	**-11**
Other insurance liabilities 31 March 2023	**2 972**		**928**	**-63**	**3 965**

NOK MILLIONS	Liability for incurred claims (LIC) Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Liabilities for remaining coverage	Receivables offset in liabilities	Total
Reinsurance contracts assets 1 January 2023	**673**	**30**	**0**	**32**	**736**
Premium paid - reinsurance			**-40**		**-40**
Recoveries of incurred claims and other insurance service expenses	55	3			0
Reinsurance expenses -related to past service	-4	0			0
Insurance service expenses	**51**	**3**			**54**
Insurance service result	**51**	**3**	**-40**		**14**
Insurance related financial cost	**7**	**9**			**15**
Premium	-10		82		72
Repayments					**0**
Total cash flows	**-10**		**82**		**72**
Other changes				**-16**	**-16**
Reinsurance contracts assets 31 March 2023	**720**	**42**	**42**	**16**	**820**

NOK MILLIONS	Insurance obligation with the right to residual value	Other insurance liabilities	Reinsurance	Intercompany eliminations	Total
Specification of P/L items per product group Q1 2023					
Insurance service result	34	43	14	48	139
Insurance related financial cost	-17 620	-35	15	0	-17 640

Note 6 **Subordinated loans and perpetual hybrid tier 1 securities**

NOK MILLIONS	Q1 2023
SUBORDINATED LOANS	
Interest costs	-41
Value changes	-211
Net costs subordinated loans	**-252**
PERPETUAL HYBRID TIER 1 SECURITIES	
Interest costs	-19
Value changes	-197
Net costs perpetual hybrid tier 1 securities	**-216**
Net costs subordinated loan and hybrid Tier 1 securities	**-467**

This note gives a specification of the line "Net costs subordinated loan and hybrid Tier 1 securities" in the income statement.

The fluctuations in value change are predominantly due to the loans being denominated in foreign currency. The subordinated loan is issued in euros and the perpetual hybrid Tier 1 security are issued in Japanese yen.

Note 7 **Fair value of financial assets and liabilites**

Fair value is to be a representative price based on what the equivalent assets or liabilites would be sold for under normal market terms and conditions. A financial instrument is considered as being listed in an active market if listed prices are easily and regularly accessible from a stock exchange, dealer, broker, commercial group, pricing service or regulatory authority, and such prices represent actual transactions that occur regularly at arm's length. If the market for the security is not active, or the security is not listed on a stock exchange or similar, the Group uses valuation techniques to determine fair value. These are based on information on transactions recently carried out on business conditions, reference to the purchase and sale of similar instruments and pricing by means of externally obtained interest-rate curves and interest-rate differential curves. Estimates are based to the greatest possible extent on external observable market data, and to a small degree on company-specific information.

In the case of this note, there are three different categories of financial instruments: balance sheet classification, accounts classification, and type of instrument. It is for this last category that information is provided about how fair value is derived.

FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

This category includes:

- Fixed-income securities and other debt instruments measured at amortised cost
- Lending to local government, enterprises & retail customers measured at amortised cost
- Liabilites to and deposits from customers
- Other debt issued (liabilities)

Financial instruments not measured at fair value are measured at amortised cost by using the effective interest rate method. The internal rate of exchange is determined by discounting contractual cash flows over their expected term. The cash flows include arrangement/up-front fees and direct transaction costs as well as any residual value on the expiry of the expected term. Amortised cost is the present value of these cash flows discounted by the internal rate of interest. This note contains information about the fair value of the financial instruments that are measured at amortised cost.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

This category includes:

- Equity instruments
- Fixed-income securities and other debt instruments measured at fair value
- Lending local government, enterprises & retail customers at fair value through profit/loss
- Derivatives (assets and liabilites)
- Debt to credit institutions (liabilites)
- Subordinated loan capital (liabilities)

Below is a list of which types of financial instrument come under the various accounts categories, and how fair value is calculated.

FIXED-INCOME SECURITIES AND OTHER DEBT INSTRUMENTS MEASURED AT FAIR VALUE

a) Foreign fixed-income securities

Foreign fixed-income securities are generally priced based on prices obtained from an index provider. At the same time, prices are compared between several different sources to spot any errors.

The following sources are used:

- Barclays Capital Indices
- Bloomberg

Barclays Capital Indices have first priority (they cover foreign government and foreign credit respecitvely). Then comes Bloomberg based on Bloomberg's pricing service Business Valuator Accredited in Litigation (BVAL). BVAL has verified prices from Bloomberg.

b) Norwegian fixed-income securities – government

Nordic Bond Pricing is used as the primary source for pricing Norwegian Government Bonds. Prices are compared with prices from Bloomberg in order to uncover any errors.

c) Norwegian fixed-income securities – other than government ones

Norwegian fixed-income securities except government are mainly priced directly on prices from Nordic Bond Pricing. Securities that are not covered by Nordic Bond Pricing are priced theoretically. The theoretical price is based on the assumed present value on the sale of the position. A zero-coupon curve is used for discounting. The zero-coupon curve is adjusted upwards by means of a credit spread, which is to take account of the risk the bond entails. The credit spread is calculated on the basis of a spread curve taking account of the duration of the bond. Nordic Bond Pricing is the main source of spread curves. They provide company-specific curves and curves for Norwegian savings banks, municipalities and energy. Savings banks have various spread curves based on total assets. For companies where Nordic Bond Pricing do not deliver spread curves, the Group use spread curves from three Norwegian banks. When spread curves are available from more than one of these banks, an equal-weighted average is used. If a bond lacks an appropriate spread curve, spread from a comparable bond from the same issuer is used.

d) Fixed-income securities issued by foreign enterprises but denominated in NOK

Fair value is calculated on the same general principles as those applied on Norwegian fixed-income securities described above.

e) Receivables on credit institutions

The fair value of these are considered as being approximately the same as the book value since the terms and conditions of the contract are continually revised in accordance with changes in the market rates.

f) Loans to municipalities and enterprises with municipal guarantee

Receivables are valued by means of a valuation model using relevant credit premium adjustments obtained in the market. For guaranteed loans fair value is calculated as discounted cash flow based on the same interest-rate curves as direct loans, but the credit margin is adjusted to market values for the appropriate combination of guarantee category and type of guarantee. The guarantor is either a state, municipality or a bank.

g) Loans secured by mortgage

The principles for calculating fair value are subject to the loans having fixed-interest rates or not. Fair value of fixed-rate loans is calculated by discounting contractual cash flows by the market rate including a relevant risk margin on the reporting date. The fair value of loans with no fixed rate is approximately equal to book value since the terms and conditions of the contract are continually revised in accordance with changes in the market rates.

EQUITY INSTRUMENTS

h) Shares (listed)

Liquid shares are generally valued on the basis of prices from an index provider. At the same time, prices are compared between different sources in order to spot any errors.

The following sources are used for Norwegian shares:

- Oslo Børs/Oslo Stock Exchange (primary source)
- Morgan Stanley Capital International (MSCI)
- Bloomberg

The following sources are used for foreign shares:

- Morgan Stanley Capital International (MSCI) (primary source)
- Bloomberg

i) Shares (unlisted)

As far as possible, The Group uses the Norwegian Mutual Funds Association's industry recommendations. This basically means the following:

The last price traded has key priority. If the last price traded is outside of the bid/offer price in the market, the price is adjusted accordingly. This means that if the last price traded is below the offer price, the price is adjusted upward to the offer price. If it is above the bid price, it is adjusted downward to the bid price.

In cases where there is very little information about the shares, a discretionary assessment is carried out, such as a fundamental analysis of the company, or a broker assessment.

j) Private Equity

Most of the investment in Private Equity goes through funds. The funds' fair value is to be based on reported market values that follow from the International Private Equity and Venture Capital Valuation Guidelines ('IPEV Guidelines). These guidelines are established by the European Venture Capital Association (EVCA) and are based on the principle of approximate market assessment of the companies. Fair value is calculated on the basis of the funds' reported market value adjusted for payments in and out during the period between the fund's last reported market value and the period being reported on for the Group. Direct investments in Private Equity are treated in the same way as with current stocks, but valuation can be daily, quarterly or yearly. In cases where it's possible to obtain information on what co-investments are priced within the funds, it will be considered in the valuation process. Other direct investments are valued based on either cost prices, reported market values from companies or available trading prices.

DERIVATIVES

k) Futures/FRA/IRF

All futures contracts for KLP are traded on the stock exchange. Bloomberg is used as a price source. Prices are also obtained from another source in order to check that Bloombergs' prices are correct. Reuters acts as a secondary source.

l) Options

Bloomberg is used as a source for pricing options traded on the stockmarket. Reuters is a secondary source.

m) Interest-rate swaps

Interest-rate swaps are valued in a model that takes observable market data such as interest-rate curves and relevant credit premiums into account.

n) FX-swaps

FX-swaps with a one-year maturity or less are priced on curves that are built up from FX swap-points obtained from Reuters. The market is not considered particularly liquid for FX-swaps with a maturity of more than one year and basis-adjusted swap curves are used for pricing purposes.

DEBT TO CREDIT INSTITUTIONS

o) Placements with credit institutions and deposits

Placements with credit institutions are made as short-term deposits. Fair value is calculated by discounting contractual cash flows by market rate including a relevant risk margin on the reporting date. Deposits are prices on swap curves.

SUBORDINATED LOAN CAPITAL, OTHER DEBT ISSUED, AND DEPOSITS FROM CUSTOMERS

p) Fair value of subordinated loans

The observable price is used as the fair value of loans listed on an active stock exchange. In the case of other loans that are not part of an active market the fair value is based on an internal valuation model based on observable data.

q) Fair value of subordinated bond/perpetual bond issued

Fair value in this category is determined on the basis of internal valuation models based on external observable data.

r) Covered bonds issued

Fair value in this category is determined on the basis of internal valuation models based on observable data.

s) Deposits from customers

All deposits are without fixed-rate interest. The fair value of these is considered as approximately equal to book value since the contractual terms are continually revised in accordance with the market rate.

The tables below give a more detailed specification of the content of the different classes of assets and financial liabilities.

NOK MILLIONS	31/03/2023	
	Book value	Fair value
FIXED-INCOME SECURITIES AND OTHER DEBT INSTRUMENTS AT AMORTIZED COST		
Norwegian bonds	993	964
Foreign bonds	1 201	1 125
Fixed-income securities and other debt instruments at amortized cost	**2 193**	**2 089**
LENDING LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS		
Loans secured by mortgage	2 848	2 848
Loans to local government sector or enterprises with local government guarantee	68 986	68 986
Loans abroad secured by mortage and local government guarantee	5 230	5 230
Other lending	571	571
Total loans to local government, enterprises & retail customers	**77 635**	**77 635**
lending to local government, enterprises & retail customers – at amortized cost		
LENDING TO LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS – AT AMORTIZED COST		
Loans to and receivables from customers	42 717	42 724
Loans to and receivables from central banks	73	73
Loans to and receivables from credit institutions	718	718
Total loans to local government, enterprises & retail customers	**43 509**	**43 516**
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Norwegian bonds	123 002	123 002
Norwegian certificates	6 816	6 816
Foreign bonds	201 670	201 670
Foreign certificates	456	456
Investments with credit institutions	43 228	43 228
Total debt instruments	**375 173**	**375 173**
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Shares	265 829	265 829
Equity funds	42 176	42 176
Property funds	7 113	7 113
Total equity capital instruments	**315 118**	**315 118**
RECEIVABLES		
Receivables related to direct business	459	459
Receivables related to securites	22 231	22 231
Prepaid rent related to real estate activites	148	148
Other receivables	445	445
Total other loans and receivables including receivables from policyholders	**23 283**	**23 283**
FINANCIAL LIABILITIES - AT AMORTIZED COST		
Debt to credit institutions	1 054	1 054
Covered bonds issued	30 945	30 945
Liabilities and deposits from customers	14 136	14 136
Total financial liabilities	**46 135**	**46 135**
FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS		
Debt to credit institutions	2 894	2 894
Hybrid Tier 1 securities	1 644	1 644
Subordinated loan capital	3 345	3 345
Total financial liabilities	**7 883**	**7 883**

NOK MILLIONS	31/03/2023	
	Assets	Liabilities
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS		
Forward exchange contracts	218	8 783
Interest rate swaps	451	2 778
Interest rate and currency swaps	640	0
Share option	133	0
Total financial derivatives	**1 442**	**11 561**

Note 8 **Borrowing**

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.03.2023
FIXED - TERM SUBORDINATED LOAN					
Kommunal Landspensjonskasse	2 530	EUR	Fixed [1]	2045	3 345
Total subordinated loan capital	**2 530**	-	-	-	**3 345**
HYBRID TIER 1 SECURITIES					
Kommunal Landspensjonskasse	984	JPY	Fixed [2]	2034	1 644
Total hybrid Tier 1 securities	**984**	-	-	-	**1 644**
COVERED BONDS					
KLP Kommunekreditt AS	1 652	NOK	Floating	2023	1 660
KLP Kommunekreditt AS	5 000	NOK	Floating	2024	5 019
KLP Kommunekreditt AS	5 000	NOK	Floating	2025	5 010
KLP Kommunekreditt AS	5 000	NOK	Floating	2026	5 036
KLP Kommunekreditt AS	1 000	NOK	Fixed	2027	1 021
KLP Kommunekreditt AS	700	NOK	Fixed	2029	714
KLP Boligkreditt AS	423	NOK	Floating	2023	424
KLP Boligkreditt AS	2 500	NOK	Floating	2024	2 501
KLP Boligkreditt AS	2 500	NOK	Floating	2025	2 501
KLP Boligkreditt AS	4 500	NOK	Floating	2026	4 524
KLP Boligkreditt AS	2 500	NOK	Floating	2027	2 511
Other					23
Total covered bonds	**30 775**	-	-	-	**30 945**
DEBT TO CREDIT INSTITUTIONS					
KLP Banken AS	300	NOK	Floating	2023	301
KLP Banken AS	450	NOK	Floating	2024	452
KLP Banken AS	300	NOK	Floating	2025	301
KLP Fond	813	NOK	Floating	2023	813
KLP Fond	1 117	NOK	Fixed	2023	1 117
Kommunal Landspensjonskasse	851	NOK	Floating	2023	851
Other		NOK	Floating		113
Total liabilities to credit institutions	**3 832**	-	-	-	**3 949**
LIABILITIES AND DEPOSITS FROM CUSTOMERS [3]					
Retail	11 876	NOK			11 876
Business	2 221	NOK			2 221
Foreign	39	NOK			39
Liabilities to and deposits from customers	**14 136**	-			**14 136**
Total financial liabilities	**52 256**				**54 018**

[1] The loan has an interest change date in 2025.

[2] The loan has an interest change date in 2034.

[3] There is no contractual maturity date on deposits.

This note shows the financial liabilities that the Group had at the end of the reporting period; where the majority is funding for KLP Bank Group.

The companies listed above are the issuers of the financial debt. Deposits belongs to KLP Banken AS.

Note 9 **Fair value hierarchy**

31.03.2023 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Land/plots	0	0	1 368	1 368
Buildings	0	0	94 965	94 965
Investment property	**0**	**0**	**96 333**	**96 333**
Lending at fair value	**0**	**77 635**	**0**	**77 635**
Certificates	1 465	5 808	0	7 273
Bonds	24 002	300 705	0	324 707
Fixed-income funds	0	9 217	11 149	20 365
Bonds and other fixed-income securities	**25 466**	**315 729**	**11 149**	**352 344**
Loans and receivables	**21 770**	**1 058**	**0**	**22 829**
Shares	257 029	5 448	3 352	265 829
Equity funds	2 268	0	54	2 322
Property funds	0	2 242	4 871	7 113
Special funds	0	0	0	0
Private Equity	0	0	39 853	39 853
Shares and units	**259 298**	**7 690**	**48 130**	**315 118**
Financial derivatives	**0**	**1 442**	**0**	**1 442**
Total assets at fair value	**306 534**	**403 555**	**155 611**	**865 701**
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	11 561	0	11 561
Debt to credit institutions [1]	1 777	1 117	0	2 894
Total financial liabilities at fair value	**1 777**	**12 678**	**0**	**14 455**

[1] The line «Debt to credit institutions» includes liabilities measured at fair value and amortized cost. This line is therefore not reconcilable against the Balance sheet. The liabilities measured at amortized cost amounted to NOK 1 055 million per 31.03.2023.

Changes in Level 3, Investment Property	Book value 31.03.2023
Opening balance 1 January	93 992
Sold	0
Bought	431
Unrealised changes	1 882
Other changes	27
Closing balance 31.03.	**96 333**
Realised gains/losses	0

Changes in Level 3, Financial Assets	Book value 31.03.2023
Opening balance 1 January	53 407
Sold	-556
Bought	2 981
Unrealised changes	3 447
Closing balance 31.03.	**59 279**
Realised gains/losses	315
Closing balance 31.03.	**155 611**

Unrealised changes and realized gains / losses are reflected on the line "Net value changes on financial instruments" in the consolidated income statement.

The table "Changes in level 3" shows changes in level 3 classified instruments in the period indicated.

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for on normal market terms and conditions. Highest quality in regard to fair value is based on listed prices in an active market. A financial instrument is considered as noted in an active market if noted prices are easily and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length.

Level 1:

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

Level 2:

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

Level 3:

Instruments at Level 3 contain no observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded. The instruments covered at Level 3 in the Group include unlisted shares and Private Equity.

Valuations related to items in the various levels are described in Note 9. For description of the pricing of investment property, please see the annual financial statements.

No sensitivity analysis has been carried out on securities included in Level 3. A sensitivity analysis for investment property is available in the annual report. A change in the variables of the pricing is considered of little significance. On a general basis, a 5 percent change in the pricing would produce a change of NOK 7 781 million as of 31.03.2023.

With regard to transferring securities between the levels, a limit is set for the number of trading days and the amount of trading for shares by separating Level 1 and Level 2. The general principles related to the distribution between levels basically concern whether the asset or liability is listed or not and whether the listing can be stated to be in an active market. As regards shares, there is a further distinction between trading days and amount of trading which separates out listed securities that do not form part of an active market. The values at the end of the reporting period provide the basis for any movement between the levels.

In the 1st quarter, NOK 446 million in stocks moved from Level 1 to Level 2, NOK 93 million moved from Level 1 to Level 3, NOK 793 million moved from level 2 to level 1 and NOK 4 million moved from level 2 to level 3 This is due to changes in liquidity.

Note 10 **Presentation of assets and liabilities that are subject to net settlement**

31.03.2023 NOK MILLIONS				Related amounts not presented net				
	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	Adjusted for the unit holders' interest in consolidated securities funds
ASSETS								
Financial derivatives	1 442	0	1 442	-523	-1 007	-1 769	260	260
Repos	1 003	0	1 003	-1 003	0	0	0	0
Total	**2 445**	**0**	**2 445**	**-1 527**	**-1 007**	**-1 769**	**260**	**260**
LIABILITIES								
Financial derivatives	11 561	0	11 561	-523	-888	-6 831	3 330	3 274
Repos	1 118	0	1 118	0	0	0	1 118	115
Total	**12 679**	**0**	**12 679**	**-523**	**-888**	**-6 831**	**4 448**	**3 389**

The purpose of the note is to show the potential effect of netting agreements at the KLP Group; what possibilities the KLP Group has to net bilateral

agreements against other counterparties should the latter go bankrupt and the remaining amount if all such netting agreements are materialized.

The note shows derivative positions and repo agreements in the financial position statement. Repos are a part of the line "Debt to credit institutions" in the balance sheet.

The consolidated figures include all entities the KLP Group is considered to have control over. In addition, the outer line shows which de facto net amount remains if all the Groups netting agreements are set off; which only includes subsidiaries and entities, where the Group carries the risk.

Note 11 **SCR ratio**

The Solvency II balance sheet includes assets and liabilities at fair value. For assets that have a different value in the accounts change in balance value are added. There are no observable market values for KLP's insurance liabilities, which are thus calculated by way of a best estimate based on actuarial assumptions. In addition there is a risk margin that is to reflect a third party's capital costs by taking over these liabilities.

Tier 1 capital appears from the Solvency II balance sheet and Hybrid Tier 1 securities. Tier 2 capital consist of subordinated loans and ancillary own funds. Starting 30.09.2022 the risk equalization fund will also be considered tier 2 own funds. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the

Company's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 282 per cent, which is well over the Company's target of at least 150 per cent. With the transitional measure on technical provisions the SCR ratio is 282 per cent.

	31.03.2023
Solvency II - SCR ratio	**282%**

NOK BILLIONS	31.03.2023
Simplified Solvency II Financial Position Statement	
Assets, book value	746
Added values - hold-to-maturity portfolio/loans and receivables	-12
Added values - other lending	-1
Other added/lesser values	0
Deferred tax asset	0
Total assets - solvency II	**733**

NOK BILLIONS	31.03.2023
Simplified Solvency II Financial Position Statement	
Best estimate	647
Risk margin	13
Hybrid Tier 1 securities/Subordinated loan capital	5
Other liabilities	26
Deferred tax liabilities	0
Total liabilities - solvency II	**690**
Excess of assets over liabilities	42
- Deferred tax asset	0
- Risk equalization fund (tier 2 own funds starting 30.09.2022)	-5
+ Hybrid Tier 1 securities	2
Tier 1 basic own funds	**39**
Total eligible tier 1 own funds	**39**
Subordinated loans	3
Risk equalization fund (tier 2 own funds starting 30.09.2022)	5
Tier 2 basic own funds	**8**
Ancillary own funds	13
Tier 2 ancillary own funds	**13**
Deduction for max. eligible tier 2 own funds	-13
Total eligible tier 2 own funds	**8**
Deferred tax asset	0
Total eligible tier 3 own funds	**0**
Solvency II total eligible own funds	**47**
Solvency capital requirement (SCR)	**17**
Solvency II- SCR ratio	**282%**

Note 12 **Pension obligations**

NOK MILLIONS	31.03.2023
Capitalized net liability 01.01.	815
Capitalized pension costs	48
Capitalized financial costs	7
Actuarial gains and losses	-31
Premiums / contributions received	-27
Capitalized net liability 31.03.	**812**

Assumptions	31.03.2023
Discount rate	3,00%
Salary growth	3,50%
The National Insurance basic amount (G)	3,25%
Pension increases	2,60%
Social security contribution rate	14,10%
Capital activity tax	5,00%

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 31 million as of 31.03.2023. The change is recognized in other comprehensive income in the income statement.

Note 13 **Loss provisions on fixed-income securities and loans to customers at amortised cost**

This note shows expected credit loss provisions on fixed-income securities measured at amortised cost in KLP Skadeforsikring AS as well as provisions for losses on loans to customers in KLP Banken AS.

Refer to note 26 in the annual report for KLP Skadeforsikring AS and respectively note 2 and note 10 in the annual report for KLP Banken AS, for a detailed description of both models.

Expected credit loss (ECL) on fixed-income securities measured at amortised cost

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
	stage 1	stage 2	stage 3	Total stage 1-3
Opening balance ECL 01.01.2023	261	42	0	303
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	0	0	0	0
New losses	6	0	0	6
Write-offs	-11	-24	0	-34
Change in risk model	0	0	0	0
Closing balance ECL 31.03.2023	**256**	**19**	**0**	**275**
Changes (01.01.2023 - 31.03.2023)	-5	-23	0	-28

Expected credit loss (ECL) loans to customers – all segments

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
	stage 1	stage 2	stage 3	Total stage 1-3
Opening balance ECL 01.01.2023	2 390	2 090	998	5 478
Transfer to stage 1	370	-309	-61	0
Transfer to stage 2	-22	27	-4	0
Transfer to stage 3	-1	-78	79	0
Net changes	-344	696	88	440
New losses	109	2	2	113
Write-offs	-90	-79	-120	-289
Change in risk model	0	0	0	0
Closing balance ECL 31.03.2023	**2 413**	**2 349**	**981**	**5 742**
Changes (01.01.2023 - 31.03.2023)	22	259	-16	264
This includes provisions for losses on loans and receivables - unused credit				2 931

Expected credit loss (ECL) loans to customers – mortgage

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
	stage 1	stage 2	stage 3	Total stage 1-3
Opening balance ECL 01.01.2023	144	207	422	774
Transfer to stage 1	3	-3	0	0
Transfer to stage 2	-5	5	0	0
Transfer to stage 3	0	-34	34	0
Net changes	21	72	104	197
New losses	46	2	0	48
Write-offs	-15	-42	-24	-81
Change in risk model	0	0	0	0
Closing balance ECL 31.03.2023	**194**	**208**	**536**	**939**
Changes (01.01.2023 - 31.03.2023)	50	1	114	165
This includes provisions for losses on loans and receivables - unused credit on mortgages				7

Expected credit loss (ECL) – public lending

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
	stage 1	stage 2	stage 3	Total stage 1-3
Opening balance ECL 01.01.2023	184	0	0	184
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	-2	0	0	-2
New losses	9	0	0	9
Write-offs	-5	0	0	-5
Change in risk model	0	0	0	0
Closing balance ECL 31.03.2023	**186**	**0**	**0**	**186**
Changes (01.01.2023 - 31.03.2023)	2	0	0	2

Expected credit loss (ECL) – credit card

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
	stage 1	stage 2	stage 3	Total stage 1-3
Opening balance ECL 01.01.2023	2 040	1 883	516	4 440
Transfer to stage 1	366	-306	-61	0
Transfer to stage 2	-17	21	-4	0
Transfer to stage 3	-1	-45	45	0
Net changes	-363	624	-17	245
New losses	53	0	0	53
Write-offs	-70	-37	-95	-202
Change in risk model	0	0	0	0
Closing balance ECL 31.03.2023	**2 009**	**2 140**	**386**	**4 535**
Changes (01.01.2023 - 31.03.2023)	-31	257	-131	96
This includes provisions for losses on loans and receivables - unused credit on credit card				2 923

Expected credit loss (ECL) loans to customers – senior loans

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
	stage 1	stage 2	stage 3	Total stage 1-3
Opening balance ECL 01.01.2023	21	0	0	21
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	0	0	0	0
New losses	2	0	0	2
Write-offs	-1	0	0	-1
Change in risk model	0	0	0	0
Closing balance ECL 31.03.2023	**22**	**0**	**0**	**22**
Changes (01.01.2023 - 31.03.2023)	1	0	0	1
This includes provisions for losses on loans and receivables - unused credit on senior loans				1

Expected credit loss (ECL) loans to customers – overdrafts deposit accounts

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
	stage 1	stage 2	stage 3	Total stage 1-3
Opening balance ECL 01.01.2023	0	0	60	60
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	0	0	0	0
New losses	0	0	2	2
Write-offs	0	0	-1	-1
Change in risk model	0	0	0	0
Closing balance ECL 31.03.2023	**0**	**0**	**61**	**61**
Changes (01.01.2023 - 31.03.2023)	0	0	1	1

Note 14 **Other current liabilites**

NOK MILLIONS	31.03.2023
Short-term payables trade in securities	22 881
Incurred not assessed taxes	471
Accounts payable	616
Public fees	563
Other current liabilities	928
Total other current liabilities	**25 459**

Key figures – Accumulated

NOK MILLIONS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
KLP GROUP					
Total assets	948 061	900 068	913 144	900 195	902 413
Equity	-3 630	8 450	12 823	9 800	2 293
Solvency SCR ratio	282%	304%	306%	304%	299%
Number of employees in the Group	1 091	1 093	1 095	1 081	1 060
KOMMUNAL LANDSPENSJONSKASSE					
Profit before tax	539	918	461	216	71
Premium income for own account	7 663	50 523	40 248	33 081	7 503
- of which inflow of premium reserve	91	386	386	386	376
Insurance customers' funds incl. acc. profit	8 331	28 517	22 453	16 367	10 642
- of which funds with guaranteed returns	2 125	4 659	4 658	4 658	4 875
Net investment common portfolio	690 902	660 381	671 095	660 834	662 500
Net investment choice portfolio	2 683	2 609	2 602	2 665	2 588
Insurance funds incl. earnings for the year	668 235	654 324	641 805	654 482	644 226
- of which funds with guaranteed interest	552 840	552 101	542 820	548 891	526 324
Solvency capital requirement (SCR)	46 768	46 158	46 307	44 901	44 809
Solvency SCR ratio	316%	318%	341%	340%	332%
Riskprofit	71	558	963	550	105
Return profits	13 232	-20 006	-27 421	-20 374	-7 894
Administration profit	54	-17	56	-22	-9
Solvency capital	151 550	140 958	129 556	138 338	151 201
Value-adjusted return on common portfolio	2,5 %	-1,1 %	-2,6 %	-2,1 %	-2,3 %
Return on unit-linked portfolio	3,4 %	-2,5 %	-4,2 %	-3,5 %	-1,2 %
Return on corporate portfolio	0,9 %	2,8 %	1,4 %	0,9 %	0,6 %
KLP SKADEFORSIKRING AS					
Profit before tax	99	111	49	88	57
Insurance income	630	2 200	1 629	1 071	546
Owners' equity	2 446	2 369	2 339	2 367	2 370
Claims ratio	93,9 %	80,8 %	80,3 %	73,4 %	79,6 %
Combined-ratio	13,9 %	14,5 %	14,2 %	15,3 %	15,5 %
Return on assets under management	2,7 %	-1,7 %	-2,5 %	-2,1 %	-0,9 %
Solvency capital requirement (SCR)	2 309	2 222	2 250	2 273	2 329
Solvency SCR ratio	215%	222%	219%	225%	222%
Annual premium in force – retail market	982	954	933	918	893
Annual premium in force – public sector market	1 474	1 341	1 325	1 318	1 210
Net new subscriptions (accumulated within the year)	20	121	123	113	7
KLP BANKEN GROUP					
Profit/loss before tax	53	181	98	43	18
Net interest income	110	369	258	159	72
Other operating income	21	85	63	43	20
Operating expenses and depreciation	-71	-247	-181	-123	-64
Net realized/unrealized changes in financial instruments to fair value	-7	-26	-43	-36	-10
Contributions	14 136	13 779	13 607	13 465	13 372
Housing mortgages granted	23 333	23 258	23 369	23 042	22 635
Loan(s) with public guarantee(s)	19 384	19 117	18 718	18 321	17 974
Defaulted loans	46	44	43	46	46
Borrowing on the issuance of securities	31 999	33 485	32 613	32 444	31 862
Total assets	49 373	50 511	49 370	48 704	47 954
Average total assets	49 942	48 996	48 426	48 030	47 718
Owners' equity	3 008	2 966	2 897	2 555	2 548
Net interest rate	0,22%	0,75%	0,53%	0,33%	0,15%
Profit/loss from general operations before tax	0,11%	0,90%	0,20%	0,09%	0,04%
Return on owners' equity before tax	7,16%	7,16%	5,15%	3,37%	2,91%
Capital adequacy	20,5 %	20,7 %	19,7 %	17,7 %	18,1 %
Number of private customers	49 697	48 804	48 216	47 759	47 123
Of this members of KLP	33 512	32 988	32 681	32 226	31 973

NOK MILLIONS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
KLP KAPITALFORVALTNING AS					
Profit/loss before tax	11	5	-19	-30	-21
Total assets under management	670 937	640 183	615 589	621 080	646 213
Assets managed for external customers	151 269	134 215	126 187	126 193	134 367

KLP's sustainability accounts

Q1 2023

KLP's purpose is to provide secure and competitive pension savings in a way that contributes to the realisation of the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement's climate goals. Our ambition is to be among the leaders in our sector for corporate responsibility.

In this sustainability report, we give an account of how KLP engages in the field of corporate responsibility and sustainability and the results we have achieved so far this year. Our sustainability reporting rests on KLP's core values:

- **Open**: KLP is as open and transparent as possible, because we think this makes our endeavours more influential and effective. We are therefore open about both our positive and negative impacts.
- **Clear**: KLP reports clearly and in ways that are understandable for our stakeholders. We define clearly and explain what we mean by the terms we use.
- **Responsible**: KLP will report responsibly and present our results accurately, focusing on the areas that are material for KLP.
- **Committed**: KLP considers openness an important contributor to and a precondition for further development in the financial sector. We therefore seek to report in a way that is comparable with other entities, and we base our reporting on best practice and existing standards.

Engaged and responsible owner

KLP aims to be an engaged and responsible owner. This is stated in KLP's corporate strategy and corporate responsibility strategy, as well as its asset management strategy and associated investment principles. Our strategies and guidelines are based on international norms and conventions intended to promote human rights and decent working conditions, reduce harm to the climate and the environment, and contribute to sustainable development.

As a responsible investor and owner, we utilise the following tools in our work:

- We integrate sustainability factors in our investment analyses and decision-making processes.
- We try to influence companies, business sectors and markets to engage in sustainable value creation through the exercise of active ownership.
- We exclude companies that violate our criteria and that show neither a willingness nor an ability to change.

Goals

- KLP aimes to vote at 95 per cent of general meetings in Norway and abroad throughout the year.
- KLP aimes to follow up 240 companies in 2022.

	31.03.2023	31.03.2022	31.03.2021	31.03.2020	UN SDGs
Individual companies KLP has engaged in direct dialogue with on ESG issues	759	727	589	534	All SDGs
General meetings of Norwegian companies at which KLP has voted (number/percentage)	22 (96 %)	9 (90 %)	5 (71 %)	10 (100 %)	n/a
General meetings of foreign companies at which KLP has voted (number/percentage)	1 094 (99 %)	1 103 (98 %)	641 (97 %)	965 (96 %)	n/a
Companies excluded from investment	81	49	47	102	All SDGs

Comments on performance in the first quarter

In the first quarter, KLP was in dialogue with 81 companies on topics related to ESG, including improved tax reporting practices, nature risk, management of waste from meat producers, and KLP's expectations for the general meeting season for 2023. A large share of dialogues were with Norwegian companies on topics related to good governance, such as board composition, board fees, organization of board elections, and input to improve the election committee's recommendations.

By the end of the first quarter, KLP had voted at 99 per cent of the general meetings of foreign companies, and at 96 per cent of the general meetings of Norwegian companies.

In the first quarter, KLP excluded ten companies for breaching KLP's exclusion criteria related to gambling, alcohol, weapons, and coal. Two companies were re-included as they are no longer in breach of the gambling criteria. At the end of the quarter, a total of 759 companies were excluded.

Climate, environment and nature

In the longer term, climate change and the impoverishment of nature and the environment will affect KLP's opportunities to create a good return on the pension assets we manage. We have worked systematically on climate risk over several years to enable us to analyse, manage and report climate risk as a financial risk. At the same time, we have a responsibility to minimise the impact we have on the climate, the environment and nature – directly through our own activities and indirectly through our customers, partners, suppliers and investments.

Climate goals and climate-friendly investments

If the world is to keep global warming below 1.5C, global emissions must reach net zero by 2050. Thus, KLP has a goal of aligning our investments to this target and reach net zero in our portfolio as well. We have developed our own roadmap, which describes how KLP will assess each individual investment against an emission pathway compatible with the 1.5C target, and how we will work towards and measure our contribution to the goals set out in the Paris Agreement. Read more about the roadmap here.

Huge investments are needed if the world is to reach the Paris Agreement's climate targets and succeed in transitioning to a low-emission society. One important aspect of KLP's climate goals is to increase our climate-friendly investments. Climate-friendly investments are those which contribute directly to emission reductions or otherwise contribute to the green transition in Norway or around the world. We distinguish between two different categories of climate-friendly investments:

- **Zero-emission investments** – These are investments involving zero or almost zero emissions from operations (not including Scope 3 emissions). The category includes renewable energy, sustainable forestry, and zero-emission transport. These are the same zero-emission investments that are 100 per cent Paris aligned in KLP's climate goals.
- **Transitional investments** – These are investments that contribute to a reduction in emissions and the development of new technologies, or that help sectors that would find it hard to reach zero emissions to reduce their emissions and become more sustainable. This is achieved through green lending and bonds, green buildings, and infrastructure.

Goals

To increase KLP's climate-friendly investments by NOK 6 billion per year

MILLION NOK	New in 1st quarter 2023	31.03.2023	31.03.2022	31.03.2021	31.03.2020	UN SDGs
Zero-emission investments	**-746**	**38 878**	**32 509**	**32 282**	**30 248**	**-**
Renewable energy	-746	36 334	30 686	30 775	30 248	7. 9. 17.
As a share of KLP's total investments	-	*5 %*	*4,3 %*	*5 %*	*5 %*	7.
Renewable energy in Norway	*-1 271*	*20 935*	*20 354*	*22 246*	*22 035*	7.
Renewable energy internationally	*412*	*13 933*	*9 107*	*5 537*	*4 752*	7.
Renewable energy in developing countries	*113*	*1 466*	*1 225*	*1 038*	*815*	7. 9. 17.
Sustainable forestry	0	2 544	1 823	1 507	-	13. 15.
Transitional financing	**854**	**36 160**	**29 987**	**17 490**	**12 155**	**-**
Green buildings in the property portfolio	-	21 252	20 546	13 095	10 738	9.
As a share of the portfolio's market value	-	*22 %*	*23 %*	*17 %*	*14 %*	-
Green lending	15	9 373	5 876	2 367	1 417	6. 9. 11. 13.
Green bonds	11	2 765	2 532	2 028	0	-
Infrastructure	828	2 770	1 033	-	0	9.
Total climate-friendly investments	**108**	**75 038**	**62 496**	**49 772**	**42 403**	**-**
As a share of KLP's total investments	-	*10 %*	*7,5 %*	*8 %*	*7 %*	-
Fossil energy	**-**	**15 095**	**14 185**	**8 554**	**8 053**	**-**
As a share of KLP's total investments	-	*2 %*	*2,0 %*	*1,3 %*	*1,0 %*	-

Comments on performance in the first quarter

Climate-friendly investments are a focus area for KLP and a way for KLP to contribute to the green transition. We therefore have a target of investing NOK 6 billion each year. In the first quarter, climate-friendly investments increased by net 108 million. One of the investments was through a new collaboration with Norfund to invest in power lines in India. KLP also invested in a Catella Elithis Energy Positive Fund, a property fund with a focus on reducing energy consumption and greenhouse gas emissions from the properties in the portfolio.

The value of KLP's investments in fossil energy has increased since last year. This is largely due to the fact that the market value of these investments has increased, and not new investments. Compared to the last quarter in 2022, the value has decreased, and as a proportion of KLP's investments there is no change.

KLP's property portfolio and own operations

KLP has a responsibility to reduce the impact we have on climate, nature, and the environment. Therefore, we work to reduce the footprint from our own operations and offices. As one of the largest real estate companies in the Nordic region, KLP also aims to help create meeting places where people thrive and can realize their potential. We are concerned with reducing the environmental footprint of the real estate industry and have a long-term perspective on our properties. This is why we are working to improve in order to reduce energy consumption and handle waste in a better way.

Goals

- To halve greenhouse gas emissions from our own operations by 2030, compared to emissions in 2010
- To reduce the property portfolio's energy consumption to 169 kWh per square meter.

	31.03.2023	31.03.2022	31.03.2021	31.03.2020	UN SDGs
Number of flights	1 074	397	6	1 405	12.13.
Greenhouse gas emissions from flights (tonnes CO2e)	75	29	0	170	12.13.
Energy consumption at KLP's own offices (kWh per m2)	123	136	97	124	9. 13.
Energy consumption in KLP's property portfolio (kWh per m2)	145	152	167	179	9.

Comments on performance in the first quarter

KLP sticks to the policy of reducing unnecessary flights, but we still see a large increase in the number of flights compared to the last two years. This also results in an increase in emissions from flights. At the same time, it seems that the pandemic has changed our travel habits, and compared to the first quarter of 2019, the number of flights is 35 percent lower. This is below the target of a reduction of 45 per cent.

Energy consumption has decreased both in KLP's own office premises and in the property portfolio. Due to the energy crisis and the high electricity prices, KLP Eiendom implemented several measures to reduce energy consumption, such as reduced operating times, adjustment of temperature levels and a general increased focus on reducing energy consumption. This seems to have paid off.

Innovation and social development

While pension assets are invested to generate a good return, they also contribute to innovation and social development. KLP has several portfolios that are targeted at helping to make a difference in the transition to a sustainable society and building the society of the future.

Lending to municipalities and county municipalities

KLP's lending activities are directed primarily at Norwegian municipalities, and county municipalities, as well as other public sector entities. The loans are used for purposes that support local social development and welfare. For many years, we have contributed to the sustainable development of society through the provision of loans to fund projects all over Norway.

Goals

To increase lending to purposes of this type.

MILLION NOK	New in 1st quarter 2023	31.03.2023	31.03.2022	31.03.2021	31.03.2020	UN SDGs
Lending in total	**690**	**87 717**	**84 273**	**81 635**	**74 255**	
Lending for roads and transport		9 044	9 760	2 564	9 323	9.
Lending for publicly owned real property		4 622	4 300	3 960	5 011	9.
Lending to the public sector and associated entities		71 125	66 265	71 703	57 063	9.
Lending for water and sewage services, and waste management		2 927	3 948	3 408	2 858	9.
Green lending	**11**	2 765	2 532	2 028	new	9.

Comments on performance in the first quarter

KLP's lending to municipalities and county municipalities increased by a net 690 million NOK in the first quarter. New green loans were issued for close to 40 million NOK, and green lending increased by a net 11.5 million NOK. The projects that were financed included flood protection in the center of Hov in Søndre Land municipality and environmental filling in new artificial turf at Sjetne Idrettslag.

Seed capital investments

KLP wishes to contribute to ensuring that good ideas can be pursued locally and that new jobs are created in Norway. By investing in innovation, KLP will contribute to local value creation and the green transition in Norway. We have established a separate portfolio where we invest in seed funds. Most of these are linked to Norwegian research environments.

Goals

To invest NOK 500–1,000 million in seed-capital, thereby contributing to innovation and new business.

MILLION NOK	New in 1st quarter 2023	31.03.2023	31.03.2022	31.03.2021	31.03.2020
Seed capital investments in Norway	27	512	340	151	7

Comments on performance in the first quarter

Investments in seed funds increased by a net 27 million in the first quarter. In addition to increasing investments in existing funds, KLP invested in the fund Sondo Fund 1 which will invest in companies in an early start-up phase, with the main emphasis on companies in Norway or with Norwegian connections. In total, KLP has invested in 16 funds, and has committed to investing in one more fund.

Banking and finance in developing companies

Underdeveloped financial institutions and the population's lack of access to financial services, such as savings accounts, loans, and insurance coverage, are obstacles to poverty reduction in developing countries. Around 1.7 billion people worldwide still have no access to these fundamental financial services.

Through our investments in the financial sector in developing countries, we wish to contribute to economic growth and higher living standards.

Goals

To increase investments in the banking and financial sector in developing countries, thereby contributing to economic growth and higher living standards in those countries.

MILLION NOK	New in 1st quarter 2023	31.03.2023	31.03.2022	31.03.2021	31.03.2020
Banking and finance in developing countries	0	959	852	659	839

Comments on performance in the first quarter

KLP made no new investments in banking and finance in developing countries in the first quarter, and it is only the market value that has changed.

KLP as a workplace and employer

KLP strives to be an attractive workplace, with a working environment characterised by equality and diversity, and where everyone feels respected for who they are. KLP works actively and systematically to promote equality and prevent discrimination. KLP engages in systematic HSE activities to ensure a safe and proper working environment, establish good procedures, and achieve better health and wellbeing, reduced sickness absence and the wholehearted commitment of employees.

Goals

To achieve a sickness absence rate of less than 4 per cent.

	31.03.2023	31.03.2022	31.03.2021	31.03.2020
Employees at KLP	1 098	1 060	1 021	1 008
Total sickness absence	4,6 %	4,9 %	3,5 %	4,4 %

Comments on performance in the first quarter

At the end of the first quarter, the total sickness absence was 4.6 per cent, divided into short-term absence of 1.9 per cent and long-term absence of 2.7 per cent. There is a decrease in total sickness absence compared to the first quarter of last year, which stood at 4.9 per cent. Sick leave is usually somewhat higher during this period due to seasonal flu, and we also see a high incidence of colds.

Equality and diversity

KLP works actively and systematically to promote equality and prevent discrimination. In 2021, KLP became a partner in the "Women in Finance Charter", an initiative that will contribute to greater gender balance in the financial industry, and has committed to four principles that will support this:

1. Set internal targets for gender balance at management levels and in specialist functions
2. Annually publish the status and progress towards the goals in the sustainability report
3. Have one member in the group management with dedicated responsibility for following up the work on gender balance and inclusion
4. Have an ambition that progress towards the goals should be reflected in remuneration to managers who particularly contribute to achieving the goals

Goal setting

- To increase the number of women in management positions and senior professional positions

	31.03.2023	31.03.2022	31.03.2021	31.03.2020
Gender balance in management positions and senior profesional positions (women / men)	33 / 67 %	-	-	n/a
New employments in management positions and senior professional positions (women / men)	38 / 63 %	-	-	3.

Comments on performance in the first quarter

In the first quarter, there were eight people (three women and five men) who started in management positions or senior professional positions with salaries above 1 million. These were recruited for four new positions (one woman and three men) and four replacements for employees who left (two women and two men).

UN Sustainable Development Goals which KLP contributes to

Goal 1, *No poverty*

- Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

Goal 3, *Good health and well-being*

- Target 3.a: Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate

Goal 5, *Gender equality*

- Target 5.1: End all forms of discrimination against all women and girls everywhere
- Target 5.4: Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate

- Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
- Target 5.a: Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws

Goal 6, *Clean water and sanitation for all*

- Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

Goal 7, *Affordable and clean energy*

- Target 7.1: By 2030, ensure universal access to affordable, reliable and modern energy services
- Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix
- Target 7.a: By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

Goal 8, *Decent work and economic growth*

- Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial service
- Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead
- Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
- Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
- Target 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

Goal 9, *Industry, innovation and infrastructure*

- Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
- Target 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
- Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
- Target 9.a: Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States

Goal 10, *Reduced inequalities*

- Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
- Target 10.4: Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

Goal 11, *Sustainable cities and communities*

- Target 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
- Target 11.5: By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations
- Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Goal 12, *Responsible consumption and production*

- Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

Goal 13: *Climate action*

Goal 15, *Life on land*

- Target 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

Goal 17, *Partnership for the goals*

- Target 17.3: Mobilize additional financial resources for developing countries from multiple sources

Notes and definitions

Engaged and responsible owner

Number of unique companies shows the number of unique companies with which KLP has communicated directly during the year on ESG-related matters and as part of various investor alliances. KLP may engage in several dialogues with a company on a variety of topics during the year. KLP's follow-up varies in scope, topic and time horizon. This is a form of active ownership, in which KLP engages in a dialogue with companies to clarify how they deal with corporate responsibility challenges and to communicate *KLP's expectations as an investor*.

General meetings of shareholders. KLP makes use of ISS's services to vote at general meetings in the companies in which we invest. At general meetings of Norwegian companies (domiciled or listed in Norway), KLP votes manually though ISS. At general meetings of non-Norwegian companies, KLP votes by proxy through ISS.

Number of exclusions shows the total number of companies excluded from investment by KLP at the close of the year, due to violation of the exclusion criteria set out in the *Guidelines for KLP as a Responsible Investor*.

Climate, environment and nature

Climate-friendly investments

It is the market value of the investments, in NOK million, that is disclosed. New investments are net new investments through the year.

The percentage is calculated as the investments' percentage of KLP's collective portfolio.

To maintain consistency with respect to the definitions KLP uses in our climate goals, we have revised the definition of climate-friendly investments. KLP divides climate-friendly investments into *zero-emission investments* and *transitional investments*. Where practical and appropriate, historic figures have been restated in respect of the new definition. However, the figures are, in principle, not comparable with previously reported figures.

Zero-emission investments

Zero-emission investments are investments whose operations produce zero or almost zero emissions.

Renewable energy in Norway are investments in shares and bonds in Norwegian electricity generating companies and power grid operators. The electricity generating companies are classified as those operating hydro, wind or biofuel power plants. The figures also include loans to companies and projects in Norway within the power sector. This has not previously been the case. The figure is therefore not directly comparable with previous years.

Renewable energy abroad are investments in renewable energy projects outside of Norway. This includes both equity investments and project financing. The investments are made either through external fund managers specialising in energy or through other partners. This year, the figure also includes companies that derive more than 95 per cent of their revenues from the production of renewable energy.

Renewable energy in developing countries are investments in new renewable energy projects. The investments are made partly as direct investments in partnership with Norfund, partly as fund investments through the fund manager Climate Investor One. The investments are part of KLP's impact investments, which is one of the tools in the *Guidelines for KLP as a Responsible Investor*. The objective is to obtain a financial return and benefit society. The investments are based on commercial risk and return assessments, but also attach importance to their impact on social and environmental parameters.

Sustainable forestry are investments in funds that invest in FSC-certified forest land in Sweden, Finland and the Baltic states.

Zero-emission ferries are loans to Fjord1 for electric ferries. These loans were repaid in the second quarter of 2022 and are therefore removed from the table from the third quarter onwards. This means that the value of climate-friendly investments per third quarter in 2021 and 2020 is lower and deviates from the value that has been reported historically, as the value of zero-emission ferries is not included in the total.

Transitional investments

These are investments that contribute to a reduction in emissions and the development of new technologies, or that help sectors that would find it hard to reach zero emissions to reduce their emissions and become more sustainable.

Green buildings. It is the market value of green buildings in KLP's property portfolio and the total square metreage that are reported. Green buildings are defined as buildings with energy class A or B. The requirements in the EU taxonomy state that buildings must have energy class A or be among the top 15 percent of all buildings within the same nation or region to be aligned. In the national building stock, A and B buildings correspond to approx. 14 per cent of the buildings with an active energy label, so this will probably be aligned with the definition. KLP therefore uses this as our definition. In previous years, green buildings have been restricted to only include buildings with energy label A, or have included buildings that are BREEAM certified with a minimum grade of very good, that produce their own energy through solar panels, or that have won a Norwegian real estate award where the environment is an important measurement parameter . In order to obtain comparable figures over time, the indicator for previous years has been updated according to the new definition, with energy class A or B. The historical figures therefore deviate from what was reported in previous annual reports.

Green loans are loans to municipalities, county municipalities and entities owned by municipalities. The loan must have a clearly positive impact on the climate and environment, and must meet specific criteria, depending on the nature of the project. The project categories are water and sewage services, waste management, transport, and building construction and renovation. The criteria are based on the *Green Bond Principles*, *Climate Bond Initiative Taxonomy* and *Nordic Public Sector Issuers Position Paper on Green Bonds Impact Reporting*. The criteria are revised as and when required.

Green bonds are bonds classified as green and having third-party verification. This does not include bonds that are already included in KLP's investments in renewable energy in Norway, see above.

Infrastructure includes investments in funds for sustainable infrastructure in Europe.

Fossil energy covers KLP's investments in companies classified as oil and gas companies, including those engaged in exploration, extraction, and refining. Transport and oil service companies are not included.

KLP's property portfolio and own operations

Number of flights is based on figures provided by our travel agency, and it is the number of legs that is reported. A leg means an individual distance.

Greenhouse gas emissions from flights are also based on figures from our travel agency. They use calculation methods and emission factors from ICAO (International Civil Aviation Organization).

Energy consumption from KLP's own offices is a material source of greenhouse gas emissions for KLP. The energy consumption at KLP's own offices is not temperature adjusted but shows actual consumption. KLP's own offices are defined as the office premises in which the KLP Group's employees work. In previous years, we have included only KLP's offices in Norway. This year, however, we include offices used by KLP Eiendom in Stockholm and Copenhagen. The energy consumption data is obtained from our energy monitoring system.

Energy consumption in KLP's property portfolio is the average 12-month, climate-adjusted specific energy consumption in buildings managed by KLP itself. These are properties that KLP owns, has responsibility for operating and maintaining, and where it is in a position to implement and measure the impact of environmental initiatives. KLP has such buildings in Oslo, Trondheim, Copenhagen, and Stockholm. All of these have energy surveillance systems, where energy and water consumption are registered and monitored. In most of the buildings, tenants' energy consumption is also included, so that we have an overview of the total energy consumption for the buildings. Buildings' energy consumption is temperature adjusted to allow the effect of energy saving initiatives to be measured.

In the first quarter 2021, KLP started using a new energy and environment follow-up system for properties in its portfolio. This has taken some time to implement. Due to a lack of data from some properties, the reporting does not include the energy consumption from all buildings. Obtaining data from tenants has been a particular challenge, since they must now give their consent before KLP can collect this data. When data from all buildings is included in the new system, we will have a better basis for reporting than before.

KLP has a large portfolio of buildings, which evolves over time. Some buildings may also change patterns of use for shorter or longer periods of time, in connection with a change in tenants, for example.

It may occasionally be impossible to obtain correct figures for a variety of reasons, such as faulty meters or overdue reporting of figures from our subcontractors. This is taken into account in that the report includes only those buildings that KLP manages itself and that have comparable operating conditions 12 months back in time from the reporting date. Although this means that the buildings on which KLP reports vary slightly from year to year, our assessment is nevertheless that this will identify the correct trends in the company's property base.

Innovation and social development

Lending

Lending for roads and transport covers, for example, loans for road and infrastructure projects and the procurement of means of transport.

Lending for publicly owned real property covers, for example, loans for school buildings, town halls and other municipally owned buildings.

Lending to the public sector and associated entities covers the funding of various types of investments in municipalities, country municipalities and entities owned by municipalities, such as preschool nurseries, care homes for the elderly or schools.

Lending to water and sewage services, and waste management covers loans to various projects relating to the water supply, sewage and waste management.

Seed capital investments

Seed capital investments are investments in seed funds relating to research institutions in Norway. The reported figure is the market value of the investments made. At the close of 2021, KLP had invested in 13 different seed funds.

Banking and finance in developing countries

Investments in banking and finance in developing countries are KLP's investments in the Nordic Microfinance Initiative (NMI) and Nor Finance. NorFinance is an investment company that KLP owns in partnership with Norfund. The investments are made as part of KLP's impact investment portfolio, which is one of the tools set out in the *Guidelines for KLP as a Responsible Investor*. The purpose is to achieve both a financial return and benefits society.

KLP as a workplace and employer

Number of employees are permanent employees of the KLP Group in Norway, Sweden, and Denmark, including employees on welfare leave and those who work part-time.

Sickness absence is self-certified or medically certified sickness absence among permanent employees. *Short-term sickness absence* is defined as absence of 1–3 days. *Long-term sickness absence* is defined as absence of 4 days or more.

Gender balance at management level and in senior professional positions. The highest paid positions are defined as positions with an annual salary of over NOK 1 million. These positions are made up of management positions and senior professional positions.

The gender balance is calculated as the proportion of women and the proportion of men who have an annual salary above NOK 1 million out of the total number of employees with an annual salary above NOK 1 million. The calculation is based on the start date in the position. The number reported shows the gender balance at the end of the quarter, and not in the quarter.

New hires include all employees in existing positions, employees in newly created positions and employees who have been appointed to a position. The figure reported shows new hires at the end of the quarter, and accumulated so far in the year, and not new hires in the quarter.

Kommunal Landspensjonskasse

Q1 2022

Income statement

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	Q1 2023	Q1 2022	01.01.2022 -31.12.2022
2	Premium income	7 663	7 503	50 523
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	2 647	185	6 441
	Interest income and dividends etc. on financial assets	3 261	2 441	10 824
3	Value changes on investments	13 661	-8 363	-25 583
	Gains and losses realized on investments	-3 294	817	748
	Net income from investments in the common portfolio	**16 275**	**-4 921**	**-7 570**
3	Net income from investments in the investment option portfolio	88	-24	-58
	Other insurance-related income	342	331	1 358
4	Claims	-8 331	-10 642	-28 517
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-1 895	9 330	-11 731
	Changes in insurance liabilities taken to profit/loss – individual investment option portfolio	-1	-756	-392
	Funds assigned to insurance contracts - contractual liabilities	0	0	-651
	Unallocated profit to insurance contracts	-13 184	-105	0
5	Insurance-related operating expenses	-377	-368	-1 487
	Other insurance-related costs	-342	-331	-1 368
	Technical profit/loss	**237**	**18**	**107**
3, 6	Net income from investments in the corporate portfolio	372	112	1 066
	Other income	8	2	16
	Administration costs and other costs associated with the corporate portfolio	-78	-60	-271
	Non-technical profit/loss	**302**	**53**	**811**
	Profit/loss pre-tax	**539**	**71**	**918**
	Tax	-108	6	-115
	Income before other income and expenses	**431**	**77**	**803**
7	Actuarial gains and losses on defined benefits pension schemes	20	270	66
	Proportion of other comprehensive income on application of the equity method	12	156	66
	Adjustment of the insurance liabilities	-4	-47	-21
	Tax on other income and expenses that will not be reclassified to profit or loss	-5	-67	-17
	Total other income and expenses that will not be reclassified to profit or loss	**23**	**311**	**94**
	TOTAL COMPREHENSIVE INCOME	**454**	**388**	**897**

Statement of financial position

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	31.03.2023	31.03.2022	31.12.2022
	ASSETS			
	ASSETS IN THE CORPORATE PORTFOLIO			
	Intangible assets	1 067	782	978
8	Investment properties	1 389	995	1 399
	Shares and holdings in property subsidiaries	3 436	3 622	3 483
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	5 764	5 238	5 641
9	Financial assets valued at amortized cost	20 796	19 352	20 132
8, 9	Financial assets valued at fair value	12 721	12 188	12 489
	Receivables	1 439	1 230	1 350
10	Right-of-use assets	838	946	865
	Other assets	1 045	1 026	956
	Total assets in the corporate portfolio	**48 496**	**45 379**	**47 292**
	ASSETS IN THE CUSTOMER PORTFOLIOS			
	Shares and holdings in property subsidiaries	77 517	69 832	74 979
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	5 822	5 245	5 495
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	11 665	12 343	11 858
9	Financial assets valued at amortized cost	271 504	260 812	267 451
8, 9	Financial assets valued at fair value	324 395	314 267	300 584
	Total investment in the common portfolio	**690 902**	**662 500**	**660 366**
	Shares and holdings in property subsidiaries	311	279	301
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	61	63	61
9	Financial assets at amortized costs	956	925	943
8, 9	Financial assets at fair value	1 355	1 320	1 305
	Total investments in the investment option portfolio	**2 683**	**2 588**	**2 609**
	Total assets in the customer portfolios	**693 585**	**665 088**	**662 976**
	TOTAL ASSETS	**742 081**	**710 467**	**710 268**

NOTE	NOK MILLIONS	31.03.2023	31.03.2022	31.12.2022
	OWNERS' EQUITY AND LIABILITIES			
	Owners' equity contributed	21 389	19 831	21 388
	Retained earnings	21 863	21 478	21 411
	Total owners' equity	**43 252**	**41 309**	**42 799**
9	Subordinated loan capital etc.	5 088	4 444	4 575
	Premium reserve etc.	518 259	483 154	516 525
	Buffer fund	102 146	117 605	102 162
	Premium funds, defined contribution funds, pension regulation funds etc.	32 045	40 323	33 024
	Unallocated profit to customers	13 114	104	0
	Total insurance liabilities - contractual liabilities	**665 565**	**641 186**	**651 711**
	Pension capital etc.	2 003	2 296	2 005
	Buffer fund	61	193	61
	Premium funds, defined contribution funds, pension regulation funds etc.	533	551	547
	Unallocated profit to customers	73	1	0
	Total insurance liabilities - special investment portfolio	**2 670**	**3 041**	**2 613**
7	Pension obligations	523	301	524
	Current tax liabilities	289	184	467
	Deferred tax liabilities	315	444	316
10	Lease liabilities	896	989	920
11	Liabilities	23 172	18 407	5 985
	Accrued costs and prepaid income	311	163	357
	TOTAL OWNERS' EQUITY AND LIABILITIES	**742 081**	**710 467**	**710 268**
	OFF-BALANCE SHEET ITEMS			
	Contingent liabilities	30 427	23 900	28 767

Changes in owners' equity

Kommunal Landspensjonskasse

2023 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 31 December 2022	**21 388**	**4 643**	**16 768**	**42 799**
Change recognized directly in equity [1]			-2	-2
Own funds 1 January 2023	**21 388**	**4 643**	**16 766**	**42 798**
Income before other income and expenses		116	316	431
Actuarial gains and losses on defined benefits pension schemes			20	20
Proportion of other comprehensive income on application of the equity method			12	12
Adjustment of the insurance liabilities			-4	-4
Tax on other income and expenses that will not be reclassified to profit or loss			-5	-5
Total other income and expenses that will not be reclassified to profit or loss			**23**	**23**
Total comprehensive income (unallocated)		**116**	**339**	**454**
Owners equity contribution recieved	0			0
Total transactions with owners	**0**			**0**
Own funds 31 March 2023	**21 389**	**4 759**	**17 104**	**43 252**

[1] Implementation effect IFRS 9

2022 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 31 December 2021	**19 831**	**4 370**	**16 476**	**40 678**
Change recognized directly in equity [2]		415	-172	243
Own funds 1 January 2022	**19 831**	**4 786**	**16 304**	**40 921**
Income before other income and expenses		-37	114	77
Actuarial gains and losses on defined benefits pension schemes			270	270
Proportion of other comprehensive income on application of the equity method			156	156
Adjustment of the insurance liabilities			-47	-47
Tax on other income and expenses that will not be reclassified to profit or loss			-67	-67
Total other income and expenses that will not be reclassified to profit or loss			**311**	**311**
Total comprehensive income (unallocated)		**-37**	**425**	**388**
Owners equity contribution recieved	0			0
Total transactions with owners	**0**			**0**
Own funds 31 March 2022	**19 831**	**4 749**	**16 729**	**41 309**

[2] See note 2.1.1 c) in the annual report 2022 for more information

2022 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 31 December 2021	**19 831**	**4 370**	**16 476**	**40 678**
Change recognized directly in equity [2]		415	-172	243
Own funds 1 January 2022	**19 831**	**4 786**	**16 304**	**40 921**
Income before other income and expenses		-142	369	803
Actuarial gains and losses on defined benefits pension schemes			66	66
Proportion of other comprehensive income on application of the equity method			66	66
Adjustment of the insurance liabilities			-21	-21
Tax on other income and expenses that will not be reclassified to profit or loss			-17	-17
Total other income and expenses that will not be reclassified to profit or loss			**94**	**94**
Total comprehensive income		**-142**	**464**	**897**
Owners equity contribution recieved	982			982
Total transactions with owners	**982**			**982**
Own funds 31 December 2022	**21 388**	**4 643**	**16 768**	**42 799**

[2] See note 2.1.1 c) in the annual report 2022 for more information

Statement of cash flows

Kommunal Landspensjonskasse

NOK MILLIONS	01.01.2023 -31.03.2023	01.01.2022 -31.12.2022	01.01.2022 -30.09.2022	01.01.2022 -30.06.2022	01.01.2022 -31.03.2022
Net cashflow from operational activities	476	-374	-527	809	337
Net cashflow from investment activities [1]	-112	-329	-237	-162	-78
Net cashflow from financing activities [2]	-276	866	895	-187	-28
Net changes in cash and bank deposits	**88**	**163**	**131**	**460**	**231**
Holdings of cash and bank deposits at start of period	918	755	755	755	755
Holdings of cash and bank deposits at end of period	**1 006**	**918**	**885**	**1 215**	**985**

[1] Payments on the purchase of tangible fixed assets.

[2] Net receipts of owners' equity contribution, rising of new loans and repayment of debt.

Notes to the financial statement

Kommunal Landspensjonskasse

Note 1 Accounting principles and -estimates

Accounting principles

The financial statements in this interim report show the interim accounts for Kommunal Landspensjonskasse (KLP), for the period 01.01.2023 – 31.03.2023. The accounts have not been audited.

The interim financial statements have been prepared in accordance with the Regulations of 18 December 2015 No 1824 relating to annual financial statements for life insurance companies (the Financial Reporting Regulations) and IAS 34 Interim Reporting. The interim financial statements have been prepared on the same principles as the annual financial statements for 2021, unless stated otherwise.

The Financial Reporting Regulations have changed the rules for recognition and measurement of financial instruments. From the financial year starting on 1 January 2023, these must be recognized and measured in accordance with IFRS 9. Financial assets that satisfy the criteria in IFRS 9.4.2A can still be measured at amortized cost. KLP has used the opportunity to measure these securities at amortized cost It is a new accounting standard that has come into force for the accounting year that started on 01.01.2023, and which has been adopted by the company. This applies to the new standard for financial instruments, IFRS 9. The implementation effect is partly applied to the company's equity and partly to the insurance obligations as shown in the table below:

NOK MILLIONS	Corporate portfolio	Common portfolio	Investment option portfolio	Total for customer portfolios
Financial assets	-2	-13	0	-13
Financial liabilities	0	0	0	0
Tax effect	1	0	0	0
Net effect	**-2**	**-13**	**0**	**-13**
The effect is posted at:	Equity			Insurance liabilities

There is no requirement to rework comparative figures from previous periods, and the comparative figures have thus not been reworked.

The interim financial statements do not contain all the information required of complete annual financial statements, and this interim report should be read in conjunction with the annual financial statements for 2022. The company's annual report is available from klp.no.

Accounting estimates

In preparing the interim financial statements, management has exercised discretion and used estimates and assumptions that affect the accounting figures. Actual figures may deviate from estimates used. When implementing new rules for the recognition and measurement of financial instruments, there is a requirement for provisions for expected credit losses on financial instruments valued at amortized cost. There will be significant estimate uncertainty linked to the calculation of expected credit losses. Otherwise, reference is made to note 3 “Important accounting estimates and assessments” in the annual report for 2022 for a description of accounting items where there is a significant risk of material changes in balance sheet values in future periods.

Note 2 **Claims**

NOK MILLIONS	Q1 2023
Gross premiums due	7 572
Transfer of premium reserves from others	91
Total premium income	**7 663**

Note 3 **Loss provisions on fixed-income securities and loans measured at amortised cost**

The note shows provisions for losses on fixed-income securities measured at amortised cost as well as loans and receivables measured at amortised cost.

In the first quarter of 2023, no changes have been made to the models used to calculate the expected loss. The net loss provisions have increased by NOK 208 thousand in the first quarter of 2023. Refer to note 37 in the annual report for a more detailed description of the model.

Expected credit loss (ECL) fixed-income securities measured at amortised cost

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
	Stage 1	Stage 2	Stage 3	Total stage 1-3
Opening balance ECL 01.01.2023	29 793	4 039	0	33 832
Transfer to stage 1	0	-209	0	-209
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	347	33	0	380
New losses	1 592	0	0	1 592
Write-offs	-1 498	-475	0	-1 973
Closing balance ECL 31.03.2023	**30 235**	**3 388**	**0**	**33 622**
Changes (01.01.2023 - 31.03.2023)	441	-651	0	-209

Expected credit loss (ECL) loans and receivables - all segments

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
	Stage 1	Stage 2	Stage 3	Total stage 1-3
Opening balance ECL 01.01.2023	5 187	4	97	5 288
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	418	0	0	418
New losses	0	0	0	0
Write-offs	0	0	0	0
Closing balance ECL 31.03.2023	**5 605**	**4**	**97**	**5 706**
Changes (01.01.2023 - 31.03.2023)	418	0	0	418

Expected credit loss (ECL) loans and receivables - business loans

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
	Stage 1	Stage 2	Stage 3	Total stage 1-3
Opening balance ECL 01.01.2023	4 388	0	0	4 388
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	416	0	0	0
New losses	0	0	0	4 804
Write-offs	0	0	0	0
Closing balance ECL 31.03.2023	**4 804**	**0**	**0**	**4 804**
Changes (01.01.2023 - 31.03.2023)	416	0	0	416

Expected credit loss (ECL) loans and receivables - mortgage loans

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
	Stage 1	Stage 2	Stage 3	Total stage 1-3
Opening balance ECL 01.01.2023	6	4	97	107
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	-1	0	0	-1
New losses	0	0	0	0
Write-offs	0	0	0	0
Closing balance ECL 31.03.2023	**5**	**4**	**97**	**106**
Changes (01.01.2023 - 31.03.2023)	-1	0	0	-1

Expected credit loss (ECL) loans and receivables - public sector

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
	Stage 1	Stage 2	Stage 3	Total stage 1-3
Opening balance ECL 01.01.2023	792	0	0	792
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	2	0	0	2
New losses	0	0	0	0
Write-offs	0	0	0	0
Closing balance ECL 31.03.2023	**795**	**0**	**0**	**795**
Changes (01.01.2023 - 31.03.2023)	2	0	0	2

Expected credit loss (ECL) loans and receivables - senior loans

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
	Stage 1	Stage 2	Stage 3	Total stage 1-3
Opening balance ECL 01.01.2023	0	0	0	0
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	0	0	0	0
New losses	0	0	0	0
Write-offs	0	0	0	0
Closing balance ECL 31.03.2023	**0**	**0**	**0**	**0**
Changes (01.01.2023 - 31.03.2023)	0	0	0	0

Expected credit loss (ECL) - segments excluded from the balance sheet

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
	Stage 1	Stage 2	Stage 3	Total stage 1-3
Opening balance ECL 01.01.2023	0	0	0	0
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	0	0	0	0
New losses	0	0	0	0
Write-offs	0	0	0	0
Closing balance ECL 31.03.2023	**0**	**0**	**0**	**0**
Changes (01.01.2023 - 31.03.2023)	0	0	0	0

Note 4 **Claims**

NOK MILLIONS	Q1 2023
Claims paid	6 206
Transfers of premium reserves to others	2 125
Total claims	**8 331**

Note 5 **Insurance-related operating expenses**

NOK MILLIONS	Q1 2023
Personnel costs	220
Depreciation	48
Other operating expenses	109
Total insurance-related operating expenses	**377**

Note 6 **Value-adjustment investment property**

The portfolio of investment properties, including investment properties owned via subsidiaries, has been valued as at 31. March 2023.

NOK MILLIONS	Q1 2023
Value adjustment incl. foreign exchange	1 862
Foreign exchange effect on hedging	-2 347
Net value adjustment incl. exchange hedging	**-485**

Note 7 **Pension obligations**

NOK MILLIONS	31.03.2023
Capitalized net liability 01.01.	524
Capitalized pension costs	30
Capitalized financial costs	5
Actuarial gains and losses	-20
Premiums / contributions received	-16
Capitalized net liability 31.03.	**523**

ASSUMPTIONS	31.03.2023
Discount rate	3.00 %
Salary growth	3.50 %
The National Insurance basic amount (G)	3.25 %
Pension increases	2.60 %
Social security contribution rate	14.10 %
Capital activity tax	5.00 %

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 20 million as of 31.03.2023. The change is recognized in "Total other income and expenses that will not be reclassified to profit or loss".

Note 8 **Fair value hierarchy**

31.03.2023 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Certificates	0	436	0	436
Bonds	0	7 018	0	7 018
Fixed-income funds	3 257	0	0	3 257
Fixed-income securities	**3 257**	**7 454**	**0**	**10 710**
Loans and receivables	**586**	**710**	**0**	**1 296**
Shares	0	0	6	6
Shares and units	**0**	**0**	**6**	**6**
Financial derivatives	**0**	**650**	**0**	**650**
Other financial assets	**0**	**59**	**0**	**59**
Total corporate portfolio	**3 843**	**8 872**	**6**	**12 721**
COMMON PORTFOLIO				
Certificates	1 465	1 173	0	2 638
Bonds	19 510	34 454	0	53 964
Fixed-income funds	20 324	10 641	11 149	42 113
Fixed-income securities	**41 298**	**46 268**	**11 149**	**98 715**
Loans and receivables	**13 015**	**771**	**0**	**13 786**
Shares	54 942	1 558	3 176	59 676
Equity funds	87 257	0	54	87 311
Property funds	0	2 242	7 745	9 987
Special funds	0	2 237	0	2 237
Private Equity	0	0	39 853	39 853
Shares and units	**142 199**	**6 038**	**50 828**	**199 065**
Financial derivatives	**0**	**329**	**0**	**329**
Other financial assets	**0**	**12 499**	**0**	**12 499**
Total common portfolio	**196 513**	**65 905**	**61 977**	**324 395**
INVESTMENT OPTION PORTFOLIO				
Fixed-income funds	219	8	0	228
Fixed-income securities	**219**	**8**	**0**	**228**
Loans and receivables	**113**	**0**	**0**	**113**
Equity funds	953	0	0	953
Property funds	0	0	47	47
Special funds	0	13	0	13
Shares and units	**953**	**13**	**47**	**1 013**
Financial derivatives	**0**	**1**	**0**	**1**
Other financial assets	**0**	**0**	**0**	**0**
Total investment option portfolio	**1 286**	**22**	**47**	**1 355**
Total financial assets valued at fair value	**201 641**	**74 799**	**62 030**	**338 471**
CORPORATE PORTFOLIO				
Investment property	0	0	1 389	1 389
Total investment property	**0**	**0**	**1 389**	**1 389**
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	143	0	143
Debt to credit institutions	563	0	0	563
Total corporate portfolio	**563**	**143**	**0**	**706**
COMMON PORTFOLIO				
Financial derivatives	0	7 143	0	7 143
Debt to credit institutions	272	0	0	272
Total common portfolio	**272**	**7 143**	**0**	**7 415**
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	18	0	18
Debt to credit institutions	16	0	0	16
Total investment option portfolio	**16**	**18**	**0**	**35**
Total financial liabilities at fair value	**851**	**7 304**	**0**	**8 155**

Changes in Level 3 shares, unlisted **CORPORATE PORTFOLIO**	**Book value** **31.03.2023**
Opening balance 01.01.	6
Sold	0
Bought	0
Unrealised changes	0
Closing balance 31.03.	**6**
Realised gains/losses	0

Changes in Level 3 shares, unlisted **COMMON PORTFOLIO**	**Book value** **31.03.2023**
Opening balance 01.01.	3 262
Sold	0
Bought	13
Unrealised changes	-99
Closing balance 31.03.	**3 176**
Realised gains/losses	0

Changes in Level 3 equity funds, unlisted **COMMON PORTFOLIO**	**Book value** **31.03.2023**
Opening balance 01.01.	0
Sold	0
Bought	0
Unrealised changes	-6
Closing balance 31.03.	**-6**
Realised gains/losses	0

Changes in Level 3, private equity and property funds **COMMON PORTFOLIO**	**Book value** **31.03.2023**
Opening balance 01.01.	52 703
Sold	-558
Bought	3 027
Unrealised changes	3 574
Closing balance 31.03.	**58 747**
Realised gains/losses	310

Changes in Level 3, property funds **INVESTMENT OPTION PORTFOLIO**	**Book value** **31.03.2023**
Opening balance 01.01.	0
Sold	-1
Bought	0
Unrealised changes	1
Closing balance 31.03.	**0**
Realised gains/losses	0

Changes in Level 3, investment property **CORPORATE PORTFOLIO**	**Book value** **31.03.2023**
Opening balance 01.01.	0
Sold	0
Bought	0
Unrealised changes	10
Other	-20
Closing balance 31.03.	**-10**
Realised gains/losses	0
Total level 3	**61 913**

Unrealised changes are reflected in the line «Value changes on investments» in the different portfolios in the income statement.

The amounts in the level distribution can in turn be found in the financial position statement under various portfolios' allocation of financial instruments at fair value and investment property.

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for on normal market terms and conditions. Highest quality in regard to fair value is based on listed prices in an active market. A financial instrument is considered as noted in an active market if noted prices are easily and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length.

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

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

LEVEL 3: Instruments at Level 3 contain no observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded. The instruments covered at Level 3 in the company include unlisted shares and Private Equity.

Valuations related to items in the various levels are described in note 7 for the Group. For description of the pricing of investment property please see the annual financial statements.

The fair value of assets and liabilities measured at amortized cost are stated in note 9. Level based classification of these items will be as follows; assets classified as held to maturity are included in level 1, lending and loans and receivables are included in level 2. Liabilities, measured at amortized cost, will be categorized as follows: subordinated loans are included in both level 1 and 2, hybrid tier 1 securities are included in level 2 and debt to credit institutions are included in level 1. Information regarding pricing of these interest bearing instruments are available in note 7 for the Group.

No sensitivity analysis has been carried out on securities included in Level 3. A change in the variables of the pricing is considered of little significance on the securities. A sensitivity analysis for investment property is available in the annual report. On a general basis, a 5 percent change in the pricing would produce a change of NOK 3 171 million as of 31.03.2023 on the assets in level 3.

With regard to transferring securities between the levels, a limit is set for the number of trading days and the amount of trading for shares by separating Level 1 and Level 2. The general principles related to the distribution between levels basically concern whether the asset or liability is listed or not and whether the listing can be stated to be in an active market. For shares there is a further distinction between trading days and amount of trading which separates out listed securities that do not form part of an active market. The values at the end of the reporting period provide the basis for any movement between the levels.

During the 1st quarter, NOK 62 million was moved from Level 1 to Level 2, NOK 13 million was moved from level 1 to level 3 and NOK 278 million was moved from level 2 to level 1. The amounts are related to equity instruments and the movements are due to change in liquidity. There were no other movements between the different levels in KLP.

Note 9 **Fair value of financial assets and liabilities**

For information regarding pricing of financial assets and liabilities see note 7 Fair value of financial assets and liabilities in the consolidated financial statement.

31.03.2023 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS – AT AMORTIZED COST								
FIXED-INCOME SECURITIES								
Norwegian bonds	5 683	5 402	59 404	56 764	308	290	65 395	62 456
Accrued not due interest	78	78	832	832	5	5	915	915
Foreign bonds	14 841	14 050	129 943	122 208	630	594	145 415	136 852
Accrued not due interest	195	195	2 116	2 116	11	11	2 322	2 322
Total fixed-income securities	**20 796**	**19 725**	**192 295**	**181 919**	**956**	**901**	**214 047**	**202 545**
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	2 870	2 783	0	0	2 870	2 783
Lending with public sector guarantee	0	0	70 662	69 383	0	0	70 662	69 383
Loans abroad secured by mortgage and local government guarantee	0	0	5 172	5 172	0	0	5 172	5 172
Accrued not due interest	0	0	504	504	0	0	504	504
Total other loans and receivables	**0**	**0**	**79 209**	**77 843**	**0**	**0**	**79 209**	**77 843**
Total financial assets at amortized cost	**20 796**	**19 725**	**271 504**	**259 762**	**956**	**901**	**293 256**	**280 388**
ASSETS – AT FAIR VALUE								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	6	6	10 888	10 888	0	0	10 894	10 894
Foreign shares	0	0	48 788	48 788	0	0	48 788	48 788
Total shares	**6**	**6**	**59 676**	**59 676**	**0**	**0**	**59 682**	**59 682**
Property funds	0	0	9 987	9 987	47	47	10 034	10 034
Norwegian equity funds	0	0	87 021	87 021	953	953	87 975	87 975

31.03.2023 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Foreign equity funds	0	0	40 143	40 143	0	0	40 143	40 143
Total equity fund units	**0**	**0**	**137 151**	**137 151**	**1 001**	**1 001**	**138 152**	**138 152**
Norwegian alternative investments	0	0	2 237	2 237	13	13	2 250	2 250
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	**0**	**0**	**2 237**	**2 237**	**13**	**13**	**2 250**	**2 250**
Total shares and units	**6**	**6**	**199 065**	**199 065**	**1 013**	**1 013**	**200 084**	**200 084**
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	6 749	6 749	28 296	28 296	0	0	35 045	35 045
Foreign bonds	223	223	25 213	25 213	0	0	25 435	25 435
Accrued not due interest	46	46	455	455	0	0	501	501
Norwegian fixed-income funds	3 250	3 250	21 716	21 716	227	227	25 192	25 192
Foreign fixed-income funds	0	0	20 365	20 365	0	0	20 365	20 365
Accrued not due interest	7	7	32	32	1	1	40	40
Norwegian certificates	432	432	2 167	2 167	0	0	2 599	2 599
Foreign certificates	0	0	456	456	0	0	456	456
Accrued not due interest	4	4	15	15	0	0	19	19
Fixed income securities	**10 710**	**10 710**	**98 715**	**98 715**	**228**	**228**	**109 653**	**109 653**
Norwegian loans and receivables	947	947	5 794	5 794	40	40	6 781	6 781
Foreign loans and receivables	349	349	7 993	7 993	74	74	8 415	8 415
Total loans and receivables	**1 296**	**1 296**	**13 786**	**13 786**	**113**	**113**	**15 195**	**15 195**
DERIVATIVES								
Interest rate swaps	650	650	84	84	0	0	733	733
Share options	0	0	133	133	0	0	133	133
Forward exchange contracts	0	0	112	112	1	1	113	113
Total financial derivatives classified as assets	**650**	**650**	**329**	**329**	**1**	**1**	**980**	**980**
OTHER FINANCIAL ASSETS								
Other financial assets	**59**	**59**	**12 499**	**12 499**	**0**	**0**	**12 559**	**12 559**
Total financial assets valued at fair value	**12 721**	**12 721**	**324 395**	**324 395**	**1 355**	**1 355**	**338 471**	**338 471**
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	385	385	0	0	385	385
Forward exchange contracts	143	143	6 758	6 758	18	18	6 919	6 919
Total financial derivatives classified as liabilities	**143**	**143**	**7 143**	**7 143**	**18**	**18**	**7 304**	**7 304**
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 444	3 345	0	0	0	0	3 444	3 345
Hybrid Tier 1 securities	1 644	1 644	0	0	0	0	1 644	1 644
Total subordinated loan capital etc.	**5 088**	**4 989**	**0**	**0**	**0**	**0**	**5 088**	**4 989**
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money [1]	0	0	23	23	3	3	26	26
Foreign call money [1]	563	563	249	249	13	13	825	825
Total liabilities to credit institutions	**563**	**563**	**272**	**272**	**16**	**16**	**851**	**851**

[1] Call money is collateral for paid/received margin related to derivatives.

Note 10 **Leases**

NOK MILLIONS	31.03.2023
RIGHT-OF-USE ASSETS	**Property**
Opening balance 01.01.	865
Depreciation	-27
Closing balance 31.03.	**838**

NOK MILLIONS	31.03.2023
LEASE LIABILITIES	**Property**
Opening balance 01.01.	920
Repayments	-24
Closing balance 31.03.	**896**

NOK MILLIONS	Q1 2023
	Property
Interest expense lease liabilities	5
Interest expense lease liabilities	**5**

Note 11 **Liabilities**

NOK MILLIONS	31.03.2023
Short-term liability securities	13 107
Advance tax-deduction pension scheme	477
Accounts payable	168
Derivatives	7 304
Debt to credit institutions	851
Liabilities related to direct insurance	1 118
Other liabilities	147
Total liabilities	**23 172**

Note 12 **Presentation of assets and liabilities that are subject to net settlement**

31.03.2023 NOK MILLIONS					Related amounts not presented net		
	Gross financial assets/ liabilities	**Gross assets/ liabilities presented net**	**Book value**	**Financial instruments**	**Security in cash**	**Security in securities**	**Net amount**
ASSETS							
Financial derivates	980	0	980	-197	-831	0	220
Total	**980**	**0**	**980**	**-197**	**-831**	**0**	**220**
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	329	0	329	-196	-260	0	133
Total assets – corporate portfolio	650	0	650	0	-563	0	87
Total assets – investment option portfolio	1	0	1	-1	-8	0	0
Total	**980**	**0**	**980**	**-197**	**-831**	**0**	**220**
LIABILITIES							
Financial derivates	7 304	0	7 304	-197	-205	-5 980	1 067
Total	**7 304**	**0**	**7 304**	**-197**	**-205**	**-5 980**	**1 067**
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	7 143	0	7 143	-196	-57	-5 980	910
Total liabilities – corporate portfolio	143	0	143	0	-128	0	143
Total liabilities – investment option portfolio	18	0	18	-1	-21	0	14
Total	**7 304**	**0**	**7 304**	**-197**	**-205**	**-5 980**	**1 067**

The purpose of this note is to show the potential effect of netting agreements at KLP; what possibilities KLP has to net bilateral agreements against other counterparties should the latter go bankrupt and the remaining amount if all such netting agreements are materialized. The note shows derivative positions in the financial position statement, and one additional table with information on the different portfolios in the company.

Note 13 **SCR ratio**

The Solvency II balance sheet includes assets and liabilities at fair value. For assets that have a different value in the accounts change in balance value are added. There are no observable market values for KLP's insurance liabilities, which are thus calculated by way of a best estimate based on actuarial assumptions. In addition there is a risk margin that is to reflect a third party's capital costs by taking over these liabilities.

Tier 1 capital appears from the Solvency II balance sheet and Hybrid Tier 1 securities. Tier 2 capital consist of subordinated loans and ancillary own funds. Starting 30.09.2022 the risk equalization fund will also be considered tier 2 own funds. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 316 per cent, which is well over the Company's target of at least 150 per cent. With the transitional measure on technical provisions the SCR ratio is 316 per cent.

	31.03.2023
SOLVENCY II-SCR RATIO	**316%**

NOK BILLIONS	31.03.2023
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT	
Assets, book value	741
Added values - hold-to-maturity portfolio/loans and receivables	-12
Added values - other lending	-1
Other added/lesser values	0
Deferred tax asset	0
Total assets - solvency II	**728**

NOK BILLIONS	31.03.2023
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT	
Best estimate	643
Risk margin	12
Hybrid Tier 1 securities/Subordinated loan capital	5
Other liabilities	25
Deferred tax liabilities	0
Total liabilities - solvency II	**686**
Excess of assets over liabilities	42
- Deferred tax asset	0
- Risk equalization fund (tier 2 own funds starting 30.09.2022)	-5
+ Hybrid Tier 1 securities	2
Tier 1 basic own funds	**39**
Total eligible tier 1 own funds	**39**
Subordinated loans	3
Risk equalization fund (tier 2 own funds starting 30.09.2022)	5
Tier 2 basic own funds	**8**
Ancillary own funds	13
Tier 2 ancillary own funds	**13**
Deduction for max. eligible tier 2 own funds	-14
Total eligible tier 2 own funds	**7**
Deferred tax asset	0
Total eligible tier 3 own funds	**0**
Solvency II total eligible own funds	**47**
Market risk	7
Diversification market risk	-2
Counterparty risk	0
Life risk	15
Diversification life risk	-3
Diversification general	-3
Operational risk	3
Loss absorbing ability deferred tax	-2
Solvency capital requirement (SCR)	**15**
Linear minimum capital requirement (MCR_linear)	5
Minimum	4
Maximum	7
Minimum capital requirement (MCR)	**5**
Solvency II -SCR ratio	**316 %**