

Q3 2023 Interim report

KLP Group, sustainability and KLP



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KLP Group

Report for the third quarter of 2023

In brief

- Competitive return in a quarter marked by weak performance in the financial and property markets
- Value-adjusted return on the common portfolio of minus 0.3 per cent in the third quarter and 3.9 per cent in the year to date
- Total profit on the customer portfolio of NOK 16 billion to the end of the third quarter.

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 Forsikringservice and KLP Eiendom.

At the end of the third quarter of 2023, the Group had total assets of NOK 972.3 billion, an increase of NOK 72.2 billion in the year to date.

Results for the third quarter of 2023

Kommunal Landspensjonskasse gjensidig forsikringselskap

The Group's parent company, Kommunal Landspensjonskasse gjensidig forsikringselskap (KLP), offers public-sector occupational pensions to municipalities, county authorities, health enterprises and businesses affiliated to the public sector.

Corporate result

Investment result

KLP has guaranteed to provide customers on public-sector occupational pensions with financial income equivalent to NOK 3.2 billion in the third quarter. Actual financial income amounts to NOK -2.2 billion after property investments have been written down by NOK 3.4 billion. The write-downs on property are due to a higher required rate of return resulting from higher interest rates. KLP thus made a loss (shortfall in returns) from the management of customer funds of NOK 5.4 billion in the third quarter. The investment result amounts to NOK 15.8 (-27.3)¹ billion up to the third quarter. The return on customer funds in the common portfolio was 3.9 per cent for the year to date.

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

Risk result

The risk result is an indication of whether disability and mortality in the insurance stock is developing as expected.

Through the third quarter there was somewhat lower disability than assumed by KLP, but so far this year disability is higher than expected. The result so far this year related to disability amounts to NOK -313 million.

Mortality has been higher than expected, although the effect was far smaller in the third quarter than in the first half-year. So far this year, the result related to mortality amounts to NOK 606 million.

The risk result related to survivors' cover amounts to NOK 30 million so far this year. The total risk result thus amounts to NOK 364 million so far this year.

Administration result

The difference between the cost elements within premium income, withdrawals from management reserves and insurance-related operating expenses constitutes the administration result. The Company's administration result shows a surplus of NOK 176 (56) million so far this year, of which NOK 114 million fell in the third quarter. Insurance-related operating expenses came to NOK 1.1 (1.1) billion so far this year.

Total profit/loss

Total profit/loss to the Company stands at NOK 1.1 (0.5) billion for the year to date. The customer result is NOK 16 (-26.3) billion so far this year.

NOK millions	Customers	Company	Total
Investment result	15,642	181	15,822
Risk result	364	-	364
Interest guarantee premium		217	217
Administration result		176	176
Net income from investments in the corporate portfolio and other income/expenses in non-technical accounts		561	561
Tax		-264	-264
Other profit/loss elements		256	256
Profit/loss after Q3 2023	16,006	1,127	17,133
Profit/loss after Q3 2022	-26,327	473	-25,854

Financial strength and capital-related matters

KLP's total assets have increased by NOK 61.5 billion in the year to date and amount to NOK 771.8 billion. The premium reserve increased by NOK 46.3 billion to NOK 564.8 billion in the same period.

The buffer fund amounts to NOK 101.9 billion after the third quarter. The fund can be used to cover the lack of return from the management of customer funds and is thus a financial buffer. A positive interim result to customers of NOK 16 billion also constitutes a buffer.

Without applying transitional rules, the Company's solvency capital requirement (SCR) is 368 per cent. This is a change of 38 percentage points in the quarter, and is due to a new calculation methodology for longevity and disability risk, which increased cover by 24 percentage points while payments of annual equity contributions accounted for 15 percentage points.

KLP's target is for capital adequacy to exceed 150 per cent. Solvency is well above this target and thus enables sound and stable management of customer funds in a multi-year perspective.

Key figures

Per cent	At 30.09.2023	At 30.09.2022
Return on the common portfolio	3.9	-2.6
Return incl. value changes in hold-to-maturity bonds and lending	2.8	-5.9
<i>The returns figures apply to the common portfolio</i>		
Capital adequacy, Solvency II	368	341
Capital adequacy, Solvency II, with transitional measures	368	341

Premium income

Premium income excluding premium reserves received on transfers in amounts to NOK 59.9 (40.2) billion at the end of the third quarter. Of this, premiums related to the regulation of accrued rights amount to NOK 37.5 (20) billion.

Claims/benefits

Pensions paid and other claims, excluding ceded premium reserves, amounted to NOK 19.4 (17.8) billion at the end of the third quarter.

Management of the common portfolio

The assets in the common portfolio totalled NOK 718.2 (671.1) billion:

Assets	At 30.09.2023		At 30.09.2022	
	Proportion	Return	Proportion	Return
All figures in per cent				
Equities	30,9 %	10,6 %	29,1 %	-11,9 %
Short-term bonds	29,1 %	2,6 %	29,1 %	2,5 %
Long-term/HTM bonds	13,4 %	-3,3 %	15,1 %	8,8 %
Lending	11,5 %	2,8 %	12,2 %	1,7 %
Property	10,8 %	0,9 %	12,3 %	-10,9 %
Other financial assets	4,2 %	3,1 %	2,1 %	0,5 %

Equities

Total exposure in shares and alternative investments, including equity derivatives, was 30.9 per cent at the end of the third quarter. The total return on shares and alternative investments was minus 1.0 per cent in the quarter. The return on KLP's global equities was minus 3.0 per cent, while KLP's Norwegian equity portfolio returned 6.1 per cent in the 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 third quarter, the Norwegian krone strengthened against the US dollar and the euro, among other currencies. Currency hedging had a positive impact on the return on shares this quarter.

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

Short-term bonds accounted for 10.8 per cent and money-market instruments 4.2 per cent of the assets in the common portfolio at the end of the quarter. Norwegian, Eurozone and US government interest rates all rose during the third quarter. KLP's global government bond index achieved a currency-hedged return of minus 2.3 per cent in the quarter, while the return on the Norwegian government bond index was minus 0.3 per cent. Global credit margins fell slightly through the quarter. The quarterly return on KLP's global credit bond index was minus 2.1 per cent, while the return on the Norwegian bond index was 1.0 per cent. Short-term bonds produced a total return of minus 0.3 per cent in the third quarter.

The money market return was 1.3 per cent for the quarter.

Bonds measured at amortised cost

Investments in bonds recognised at amortised cost made up around 29.1 per cent of the common portfolio at the end of the quarter. Unrecognised decreases in value in the portfolio amounted to NOK 16.9 billion at the end of the third quarter. The portfolio is well diversified and consists of securities issued by creditworthy borrowers. The return measured at amortised cost in the third quarter was 1.0 per cent.

Property

Property investments, including Norwegian and international property funds, accounted for 13.4 per cent of the common portfolio. Property values in the common portfolio were adjusted downwards by NOK 6.0 billion in the third quarter. The write-downs are based on higher required rates of return due to higher interest rates.

Property investments in the common portfolio achieved a return of minus 3.3 per cent in the year to date. The returns include currency hedging and property funds. There is still uncertainty associated with the effects of the various factors that influence the property market, including interest rates, required rate of return, inflation and costs.

Lending

Lending in the common portfolio totals NOK 81 billion. This is split between NOK 70.9 billion in loans to the public sector, NOK 2.9 billion in secured mortgage loans and NOK 0.2 billion in loans with government guarantees, with the remaining NOK 7 billion made up of direct lending. 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 1.7 billion at the end of the quarter. Returns so far this year are 3.7 per cent

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 0.6 per cent in the third quarter, and 2.0 per cent for the year to date. The return in the quarter is affected by write-downs of property investments.

Other matters

The market situation

The market situation for public-sector occupational pensions is stable. We have received notice of termination from two local government customers who have decided to move to another provider. On the corporate side, there are a small number of companies that are considering which pension solution to take in the future and which provider they might want to use.

Special age rules

At the end of August, the Government and public-sector employers' and employee organisations entered into an agreement on pension rules for persons with special age limits who were born in 1963 or later. The new rules involve a change to the ordinary pension rules that apply to these cohorts. The first pensions under the new rules can be paid in 2025 when the 1963 cohort turns 62. Within KLP, almost 40 per cent of members who are in work have a special age limit. Among other things, the solution entails a gradual shift in the special age limits over time, in line with the proposal presented by the Pensions Committee in its report from 2022. The agreement also states that a process will be initiated to assess the future need for special age limits.

Business areas of the subsidiaries

Non-life insurance

Operating profit before tax was NOK 255 (-49.3) million at the end of the third quarter. The third quarter also yielded a good result, with a profit of NOK 65 (loss of 39) million. The improved performance is mainly due to satisfactory insurance results and reversals of previous years' reserves. Operating costs are also lower than expected.

Premium volume stood at NOK 2,575 million at the end of the third quarter, an increase of NOK 283 million from the position at 31.12.2022. Insurance income has increased by NOK 235 million, or 14.5 per cent, since the same time in 2022, and amounts to NOK 1,863 million. The retail market shows growth of NOK 70 million, or 10.4 per cent, while the public-sector and corporate market shows growth of NOK 165 million, or 17.3 per cent. The solid growth in the public-sector and corporate market is due mainly to substantial premium increases in some high-risk segments.

The insurance result (premiums minus claims paid in 2023), was NOK 252 (314) million at 30.09.2023. Both the property and motor insurance sectors within the retail market produced weak results. Increased material costs resulting from higher inflation are contributing to this trend, but the Company is also seeing an increased claims rate in the motor segment. Over time, the Company's premiums will be adjusted upwards to reflect the increased costs. Storms in August also led to somewhat higher than normal claims rates in these sectors.

No new major claims were reported in connection with ordinary business during the quarter. For the year to date, two claims exceeding NOK 20 million have been reported. Reversal of previous years' claims is still positive, and this year NOK 105 million has so far been taken to income, equivalent to 4.9 per cent of the reserves at the beginning of the year.

There was one major natural disaster event during the quarter, related to heavy rain with subsequent flooding and water penetration. The total gross claim amount related to this event is estimated at NOK 1.8 billion, of which NOK 1.35 billion is covered by the Norwegian Natural Perils Pool. The Company's share of the natural perils is estimated at NOK 89 million. Reinsurance covers NOK 34 million of the Company's costs. A natural disaster reported earlier in 2023 has also taken a turn for the worse, and the Company's share of this claim is now NOK 50 million, an increase of NOK 5 million.

Key figures for the Company

	At 30.09.2023	At 30.09.2022	At 31.12.2022
Claims ratio	78.9	104.4	98.3
Reinsurance ratio	4.7	-25.4	-19
Cost ratio	13.0	13.6	13.9
Total cost ratio	96.6	92.5	93.2

Net financial income at 30.09.2023 was NOK 185 (-136.9) million, representing a return of 3.3 (minus 2.5) per cent. Returns for the third quarter in isolation were NOK -12 (-24) million, or minus 0.2 (minus 0.4) per cent. So far this year, the equity portfolio has returned 14.2 (minus 16.2) per cent. As of the first half-year, the Company's investments in interest-bearing funds had a return of 1.8 (minus 7.6) per cent, while long-term bonds

returned 4.4 (2.5) per cent in the same period. The return on the property investments was 0 (10.1) per cent, following a write-down of property values by NOK 26 million this year. The third quarter in isolation saw a return of minus 2.2 per cent on equities, 0.3 per cent on interest-bearing instruments and 2.0 per cent on long-term bonds. Property investments returned minus 3.7 per cent in the quarter.

The Company's financial position is good, with a solvency capital requirement (SCR) of 246 per cent at the end of the third quarter, compared to 222 per cent at the end of 2022 and 222 per cent after the second quarter of 2023.

Asset and fund management

KLP Kapitalforvaltning AS provides securities management in the KLP Group. It had a total of NOK 715 billion under management at the end of the third quarter, of which NOK 162 billion was for external customers.

The majority of the assets are managed on behalf of KLP and its subsidiaries.

Net subscriptions to the KLP funds were NOK 12.1 billion in the first three quarters of the year, of which NOK 10.8 billion came from external customers. The number of direct unit-holders at the end of the third quarter was 36,901.

KLP Kapitalforvaltning AS made a profit before tax of NOK 42.2 million to 30.09.2023.

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.

At the end of the third quarter, the KLP Banken Group achieved an operating profit before tax of NOK 203.1 (97.5) million, of which the third quarter in isolation accounted for NOK 81.6 (55.0) million. The change is mainly related to increased net interest income in both business areas and reduced losses on financial instruments. Broken down by area, profits for the second quarter were NOK 139.0 (57.8) million in the retail market and NOK 64.1 (39.7) million in the public-sector market.

The KLP Banken Group's total lending as of 30 September 2023 amounted to NOK 43.1 (42.1) billion. The split between the retail and public-sector markets was NOK 23.7 (23.4) billion and 19.4 (18.7) billion respectively.

KLP Banken manages NOK 2.9 (3.0) billion in mortgage loans and NOK 75.9 (73.8) billion in loans to public-sector borrowers and other businesses on behalf of KLP.

In the year to date, losses and loss provisions in the retail market amounted to NOK 1.0 (-0.1) million. Losses and provisions are mainly in the retail market. Nor were any losses on public-sector lending recognised in the third quarter.

Group

From 2023 onwards, the KLP Group will present its accounts in accordance with the new accounting standard IFRS 17 Insurance Contracts. The new standard takes account of the fact that KLP is mutually owned, and that the policy-holders for public-sector occupational pensions are entitled to all value

creation in the Group. This means that, according to IFRS 17, the Group has no equity and the profit/loss will be zero.

However, the Group has reported equity of minus NOK 3,555 million as of 30.09.2023. This equity arises because policy-holders are entitled to the fair value of all assets and liabilities in the business, but some assets and liabilities are not recognised at fair value. There is then a valuation difference which constitutes equity in a mutual insurance company. The change in valuation difference in the period, NOK 129 million in the third quarter/NOK 86 million so far this year, will then be posted to profit/loss.

The Group's insurance liabilities related to contracts for public-sector occupational pensions amounted to NOK 734 billion at 30.09. This is an increase of NOK 27 billion in the quarter, and NOK 47 billion in the year to date. NOK 20 billion of the growth in the year is due to an increase in the value of assets and liabilities transferred to policy-holders.

Refer also to Note 37 to the 2022 financial statements for a further description of the transition to IFRS 17.

Corporate social responsibility

Labour and skills could constitute a bottleneck in the green transition. This is shown in the report “Enough people?” from KLP and the Norwegian Climate Foundation. The report analyses projections for labour needs in various sectors in Norway. Even with moderate estimates for growth in the “industrial adventure sectors”, heads and hands are a scarce commodity. Healthcare and other sectors also need a bigger workforce, and Norway does not have enough manpower to do everything at the same time. We will have to prioritise the collective resources in our society, and ensure that enough people are trained in the skills that are most needed.

In the third quarter, KLP continued its efforts to establish direct dialogue with Chinese companies in the mining industry. KLP therefore participated in a mineral conference in Chengdu, where the aim was to follow up on mining companies KLP has invested in, and raise topics such as human rights, climate and nature impact directly with the companies.

In the third quarter, KLP Skadeforsikring entered into a partnership to promote sustainable building management and claim prevention in the local government sector.

Change in the Board of Directors

In October, the Deputy Chair of the Board, Ingunn Trosholmen, was appointed State Secretary in the Prime Minister's office. She took office on 16 October, and stepped down from the Board of KLP at the same time.

Future prospects and events after the end of the quarter

The world is still marked by heightened geopolitical tension and war in Ukraine and the Middle East. Higher inflation and interest rates could pose challenges to the global economy, but KLP has solid financial buffers to withstand financial turbulence. If interest rates are kept at the current levels, conditions are favourable for returns to help to reduce pension costs going forward.

Investment in operational efficiency and unique user experiences

The change programme is currently the most important strategic initiative in KLP. The programme is establishing a new pension platform that will create new and unique user experiences, increase cost efficiency and prepare the business for a new supplementary pension from 2025.

Through the initiative, members and pensioners will be provided with new self-service interfaces to offer individual simulations and guidance, a fully digital application dialogue and access to their own policies. A new case management solution, the 'Pension System', will provide for automated processing of applications, time-driven transitions and changes.

The new platform has so far been used on old-age pensions and today's AFP (early retirement) cover. All old-age pension cases are now processed in the new Pension System, and all new applications for AFP will also be included in the new solution. About 70 per cent of all new applications and transitions to old-age pensions are now handled fully automatically. Of all computer-initiated changes, about 60 percent are handled fully automatically. This provides good user experiences and cost-effective case management.

The change programme is now gearing up for the introduction of disability and survivors' pensions into the Pension System. Work is also underway to prepare KLP for a new industry-wide reimbursement solution and a new supplementary pension.

Reserves increased from 01.01.2024

The mortality basis in the Pension Scheme for Hospital Doctors will be strengthened from 01.01.2024 after several years of negative results on longevity in this scheme. The conditions for women in this scheme to re-enter the labour market are also changing. Preliminary calculations indicate that the two changes combined will require an increase of NOK 2.5 billion in premium reserves, equivalent to around 6 per cent of the total premium reserve under the scheme.

The public-sector occupational pension market

Norway was reported to the ESA in 2022 for two matters relating to the public-sector occupational pension market. One case alleges that Norway is providing KLP with unlawful state aid, while the other complaint is that municipalities and health enterprises are breaching the rules for public procurement. Earlier this year it emerged that the Norwegian state, represented by the Ministry of Local Government and District Affairs, had responded to the ESA in a letter rejecting the complaints.

The case is now with the Authority, and no decisions have yet been made. Nor have there been any decisions in the case in which the Norwegian Competition Authority is investigating whether KLP has abused its dominant position. KLP is assisting by providing information and answering questions raised by the Norwegian Competition Authority in its investigations.

Oslo, 14 November 2023

The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

TINE SUNDTOFT

Chair

Terje Rootwelt

Egil Matsen

Kjerstin Fyllingen

Rune Simensen

Odd Haldgeir Larsen

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	Q3 2023	Q3 2022	01.01.2023 -30.09.2023	01.01.2022 -30.09.2022	01.01.2022 -31.12.2022
3, 5	Insurance service result	-1 022	- 235	- 956	163	2 022
	Net income from investments measured at fair value with changes in P/L	-2 474	-8 931	39 116	-54 186	-37 425
	Net income from investments not measured at fair value with changes in P/L	20	3 644	59	8 968	8 748
4	Fair value adjustment investment properties and rental income	-2 394	1 267	-2 456	8 310	6 558
	Net credit loss from financial assets not measured at fair value	-234	0	-234	0	0
	Net interest income banking	119	100	341	259	371
	Unit holder's value change in consolidated securites funds	3 891	329	-16 648	19 605	15 966
	Total net income	-1 070	-3 591	20 178	-17 043	-5 783
	Policyholder's share of changes in fair value of underlying items	3 361	7 170	-18 585	38 513	21 992
	Other insurance related financial cost	-4	14	2	62	49
5	Net insurance related financial cost	3 357	7 183	-18 583	38 576	22 040
	Net insurance services and financial result	1 264	3 357	640	21 696	18 279
6	Net costs subordinated loan and hybrid Tier 1 securities	145	-236	-406	-370	-169
	Operating expenses	-264	-242	-886	-806	-1 159
	Other income	179	45	196	306	305
	Other expenses	110	19	-105	-20	-25
	Pre-tax income	1 435	2 944	-561	20 805	17 232
	Cost of taxes ¹	-271	-307	-1 032	-690	-826
	Income	1 164	2 637	-1 592	20 115	16 405
12	Actuarial loss and profit on post employment benefit obligations	-47	9	349	74	132
	Tax on items that will not be reclassified to profit or loss	8	-1	-55	-12	-17
	Items that will not be reclassified to profit or loss	-40	8	294	63	115
	Revaluation real property for use in own operation	-131	-24	-252	165	-43
4	Currency translation foreign properites	-897	397	1 573	709	148
	Tax on items that will be reclassified to profit or loss	33	6	63	-41	11
	Items that will be reclassified to income particular specific conditions are met	-995	379	1 384	833	116
	Total other comprehensive income	-1 035	387	1 679	895	231
	Total comprehensive income ²	129	3 024	86	21 010	16 637
	¹ Unit holders share of taxes in consolidated security funds	-89	103	-293	-80	-359

² From and including 2023, the KLP group will submit accounts according to the new accounting standard IFRS 17 Insurance contracts. The new standard takes into account the fact that KLP is mutually owned, and the policyholders on public occupational pensions are entitled to all value creation in the group. This means that according to IFRS 17 the group has no equity and that the result will be zero.

However, the group has reported an equity as of 30.09.2023 of minus NOK 3,555 million. This equity arises as a result of the fact that the policyholders are entitled to the fair value of all assets and liabilities in the business, but certain asset and liability items are not accounted for at fair value. This creates a valuation difference that constitutes equity in a mutual insurance company. The period's change in valuation difference, NOK 129 million in the third quarter/NOK 86 million so far this year, will thus appear as a result.

Financial position statement

KLP Group

NOTE	NOK MILLIONS	30.09.2023	30.09.2022	31.12.2022
	Deferred tax assets	25	54	48
	Other intangible assets	1 300	979	1 049
	Tangible fixed assets	2 341	2 859	2 633
	Investments in associated companies and joint venture	5 969	5 784	5 456
4, 9	Investment property	91 957	96 889	93 992
5	Reinsurance contract assets	738	738	736
7, 9	Fixed income securitites and other debt instruments at fair value	386 448	180 765	181 802
7	Fixed income securitites and other debt instruments at amortized costs	2 226	199 984	198 752
7, 9	Lending local government, enterprises & retail customers at fair value through profit / loss	78 825	0	0
7	Lending local government, enterprises & retail customers at amortized costs	44 473	121 519	121 360
7, 9	Equity capital instruments at fair value through profit/loss	338 407	278 379	282 399
7, 9	Financial derivatives	3 894	1 613	6 820
7	Receivables	12 675	20 080	1 810
	Cash and bank deposits	3 068	3 500	3 321
	TOTAL ASSETS	972 345	913 144	900 178
7, 8	Hybrid Tier 1 securities	1 470	1 650	1 428
7, 8	Subordinated loan capital	3 271	3 162	3 147
12	Pension obligations	398	841	815
5	Insurance obligations with the right to residual value	733 875	670 366	686 780
5	Other insurance liabilities	3 612	3 370	3 181
7, 8	Covered bonds issued	30 661	31 445	32 430
7, 8	Debt to credit institutions	3 674	3 670	6 683
7, 8	Liabilities to and deposits from customers	14 351	13 607	13 779
7	Financial derivatives	5 060	21 989	3 158
	Deferred tax	1 084	1 535	1 153
14	Other current liabilities	15 592	21 911	4 343
	Equity	-3 555	12 823	8 450
	Unit holders `s interest in consolidated securites funds	162 855	126 774	134 831
	TOTAL EQUITY AND LIABILITIES	972 345	913 144	900 178
	Contingent liabilities	32 981	34 188	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	- 1 592
Items that will not be reclassified to income	294
Items that will be reclassified to income later when particular conditions are met	1 384
Total other comprehensive income	1 679
Total comprehensive income	86
Other changes	- 55
Owners' equity 30 September 2023	- 3 555

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	20 115
Items that will not be reclassified to income	63
Items that will be reclassified to income later when particular conditions are met	833
Total other comprehensive income	895
Total comprehensive income	21 010
Owners' equity 30 September 2022	12 823

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 -30.09.2023	01.01.2023 -30.06.2023	01.01.2023 -31.03.2023	01.01.2022 -31.12.2022	01.01.2022 -30.09.2022
Net cash flow from operational activities	-14 051	-3 581	116	36 130	42 855
Net cash flow from investment activities ¹	-351	-252	-113	-346	-250
Net cash flow from financing activities ²	14 149	3 812	-347	-35 851	-42 493
Net changes in cash and bank deposits	-254	-21	-344	-66	113
Holdings of cash and bank deposits at start of period	3 321	3 321	3 321	3 388	3 388
Holdings of cash and bank deposits at end of period	3 068	3 301	2 978	3 321	3 500

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 – 30.09.2023. 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.

The accounting standard IFRS 17 Insurance contracts entered into force for the financial year which started on 1st January 2023, and has been adopted by the Group. IFRS 17 requires comparative figures for 2022, so the implementation effect of this standard of minus NOK 48.9 billion after tax, was posted to Group equity from 01.01.2022.

As a result of IFRS 17 being implemented, the voluntary exemption from using IFRS 9 Financial instruments for insurance-based business also ceases. KLP used this exception in the consolidated accounts, and has thus implemented IFRS 9 from and including 1st January 2023. 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 30.09.2023. 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 in 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		
	01.01.2023	01.01.2022	01.01.2022	01.01.2023	01.01.2022	01.01.2022	01.01.2023	01.01.2022	01.01.2022	01.01.2023	01.01.2022	01.01.2022
	-30.09.2023	-30.09.2022	-31.12.2022	-30.09.2023	-30.09.2022	-31.12.2022	-30.09.2023	-30.09.2022	-31.12.2022	-30.09.2023	-30.09.2022	-31.12.2022
Result from insurance services	-1 341	-272	1 374	306	343	457	0	0	0	0	0	0
Net financial income from investments	19 845	-17 285	-7 050	189	-137	-91	337	218	345	10	-6	0
Policyholder's share of changes in fair value of underlying items	-18 585	40 460	23 494	0	0	0	0	0	0	0	0	0
Other insurance related financial cost	0	0	0	2	62	49	0	0	0	0	0	0
Unit holder's value change in consolidated security funds	0	0	0	0	0	0	0	0	0	0	0	0
Total income	-81	22 903	17 818	497	268	414	337	218	345	10	-6	0
Net costs subordinated loan and hybrid Tier 1 securities	-406	-370	-169	0	0	0	0	0	0	0	0	0
Operating expenses	0	-1	-1	-247	-221	-310	-197	-177	-245	-393	-464	-602
Other income	166	398	482	5	2	7	68	62	84	424	451	607
Other expenses	295	-7	-8	0	0	0	-5	-5	-4	0	0	0
Pre-tax income	-25	22 924	18 122	255	49	111	203	97	180	42	-19	5
Cost of taxes	-183	-42	-115	-73	-12	-53	-2	5	-17	-11	5	-2
Income	-208	22 882	18 007	182	37	59	201	102	163	32	-14	3
Total other comprehensive income	294	63	115	38	6	19	14	3	11	28	6	11
Total comprehensive income	86	22 944	18 122	220	43	77	216	106	174	59	-8	14
Assets	749 614	720 883	709 219	6 672	6 166	6 109	49 403	49 369	50 511	612	594	635
Liabilities	753 167	705 958	699 115	4 083	3 831	3 739	46 271	46 472	47 544	160	223	241

NOK MILLIONS	Other			Eliminations			Total		
	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
Result from insurance services	0	0	0	79	92	191	-956	163	2 022
Net financial income from investments	0	0	0	16 445	-19 438	-14 953	36 826	-36 648	-21 749
Policyholder's share of changes in fair value of underlying items	0	0	0	0	-1 947	-1 502	-18 585	38 513	21 992
Other insurance related financial cost	0	0	0	0	0	0	2	62	49
Unit holder's value change in consolidated security funds	0	0	0	-16 648	19 605	15 966	-16 648	19 605	15 966
Total income	0	0	0	-124	-1 688	-298	640	21 695	18 279
Net costs subordinated loan and hybrid Tier 1 securities	0	0	0	0	0	0	-406	-370	-169
Operating expenses	-9	-8	-11	-40	64	9	-886	-806	-1 159
Other income	9	9	12	-477	-616	-887	196	306	305
Other expenses	0	0	0	-395	-8	-13	-105	-20	-25
Pre-tax income	1	1	2	-1 036	-2 248	-1 189	-561	20 805	17 232
Cost of taxes	0	0	0	-763	-645	-639	-1 032	-690	-826
Income	0	1	1	-1 799	-2 893	-1 828	-1 592	20 115	16 405
Total other comprehensive income	1	0	0	1 304	818	76	1 679	895	231
Total comprehensive income	1	1	2	-496	-2 075	-1 753	86	21 010	16 637
Assets	10	9	11	166 034	136 120	133 694	972 345	913 144	900 178
Liabilities	2	2	3	172 219	143 834	141 085	975 901	900 320	891 728

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 Forsikringservice AS which offers a broad specter of services to local authority pension funds.

Note 3 Insurance service result

NOK MILLIONS	Q3 2023	Q3 2022	01.01.2023 -30.09.2023	01.01.2022 -30.09.2022	01.01.2022 -31.12.2022
Insurance income	-186	571	1 637	2 435	8 333
Insurance service expenses	-810	-1 221	-2 505	-2 686	-6 729
Reinsurance income (+)/ cost (-)	-26	415	-88	414	418
Insurance service result	-1 022	-235	-956	163	2 022

Note 4 Investment property

NOK MILLIONS	Q3 2023	Q3 2022	01.01.2023 -30.09.2023	01.01.2022 -30.09.2022	01.01.2022 -31.12.2022
Net rental income		1 053	814	2 862	2 360
Net value adjustment		-3 447	454	-5 318	5 951
Net income from investment properties		-2 394	1 267	-2 456	8 310
Currency translate foreign properites (taken to other comprehensive income)		-897	397	1 573	709
Net income from investment properties included currency translate		- 3 290	1 665	- 883	9 020

NOK MILLIONS	30.09.2023	30.09.2022	31.12.2022
Investment property 01.01.	93 992	89 535	89 535
Value adjustment, including currency translation	- 3 745	6 660	3 486
Net additions	1 744	719	991
Other changes	- 34	- 25	- 20
Investment property	91 957	96 889	93 992

Note 5 Technical provisions

From and including 2023, the group reports insurance liabilities according to IFRS 17. The standard requires comparison figures one year back, so that the opening balance according to the new standard will be 01.01.2022.

The transition from the insurance liabilities according to previous rules to new rules is shown below:

NOK MILLIONS	
Insurance liabilities linked to insurance contracts with the right to residual value	
Earned pension benefits with the agreement's calculation basis and basic interest (gross premium reserve) 31/12/2021	486 277
Administration reserve and reserve related to incurred, but not reported claims and reserves related to reported, but not settled claims	-18 737
Net premium reserve 31.12.2021	467 540
Net move of earned premiereserves 01.01.2022	-3 318
Earned pension benefits with the insurance contracts calculation basis and base rate (net premium reserve)	464 222
Earned pension benefits with best estimate calculation basis and discount curve for IFRS 17	403 400
Cash flows related to future premiums and associated accrual of pension benefits and other cash flows within the boundary of the contracts with best estimate calculation basis, salary growth curve and cash discount curve for IFRS 17*	-30 089
Premiumfund balance	41 006
Best estimate pension liabilities 01.01.2022 before risk adjustment	414 317
Risk adjustment	35 107
Best estimate pension liabilities 01.01.2022 including risk adjustment	449 424
Residual value	248 260
Insurance liabilities	697 684

* Other cash flows consist of cost premiums, costs, interest guarantee premiums, equity grants and contributions to premium funds

NOK MILLIONS	LRC*	LIC*	LIC Reinsurance
Other insurance liabilities			
Provision 31.12.2021/01.01.2022	236	2 382	335
Effect of seasonal variation	9	0	0
Discounting	0	-134	-7
Provision 01.01.2022 before risk adjustment	245	2 248	328
Risik adjustment	0	95	13
Provision 01.01.2022 including risk adjustment	245	2 343	341

LRC = Liability for remaining coverage

LIC = Liability for incurred claims

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	337 250	686 780
Changes that relate to current services				
Change in risk adjustment for non-financial risk for risk expired		1 303		1 303
Experience adjustment not related to future service	38			38
Insurance service result	38	1 303		1 341
Change in risk adjustment for non-financial risk at the start of the period		-2 257	2 257	0
Accrued interest	10 210	794	-11 004	0
Released cash flows	-10 381			-10 381
Changes in estimates related to future service	32 307	2 511	-34 819	0
Change due to changes in discount curve	-41 739	-3 244	44 983	0
Result adds to policyholders' residual value			28 965	28 965
Insurance related financial cost	-9 602	-2 197	30 384	18 585
Premium	1 024	0	0	1 024
Claims and other insurance service expenses (incl. Investmentcomponents)	26 082	0	0	26 082
Total cash flows	27 106	0	0	27 106
Other changes	0	0	64	64
Insurance obligations with the right to residual value 30 September 2023	339 768	26 410	367 697	733 875

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
Other insurance liabilities 1 January 2023	2 790	115	276	3 181
Insurance income	0	0	-1 864	-1 864
Claims	1 498	61	0	1 559
Expenses	115	4	0	119
Other movements related to current service		-25	0	-25
Changes that relate to past service	-151	-33	0	-184
Insurance service expenses	1 462	8	0	1 470
Insurance service result	1 462	8	-1 864	-394
Insurance related financial cost	13	3	0	16
Premium	-1 367	0		-1 367
Claims and other insurance service expenses	0	0	2 182	2 182
Total cash flows	-1 367	0	2 182	815
Other changes	-6	0	-1	-6
Other insurance liabilities 30 September 2023	2 892	125	595	3 612

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
Reinsurance contracts assets 1 January 2023	705	30	0	736
Premium paid - reinsurance	0	0	-122	-122
Recoveries of incurred claims and other insurance service expenses	88	5	0	93
Reinsurance expenses -related to past service	-54	-5	0	-59
Insurance service expenses	34	0	0	34
Insurance service result	34	0	-122	-88
Insurance related financial cost	10	8	0	18
Premium	-55	0	154	99
Total cash flows	-55	0	154	99
Other changes	-27	0	0	-27
Reinsurance contracts assets 30 September 2023	667	38	32	738

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 Q3 2023					
Insurance service result	-1 341	394	-88	79	-956
Net insurance related financial cost	-18 585	-16	18	0	-18 583

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 2022	414 317	35 107	248 260	697 685
Changes that relate to current services	0	0	0	0
Change in risk adjustment for non-financial risk for risk expired	0	398	0	398
Experience adjustment not related to future service	-126	0	0	-126
Insurance service result	-126	398	0	272
Change in risk adjustment for non-financial risk at the start of the period	0	0	0	0
Accrued interest	5 234	444	-5 678	0
Released cash flows	-8 045	0	0	-8 045
Changes in estimates related to future service	1 294	110	-1 404	0
Change due to changes in discount curve	-113 502	-9 618	123 120	0
Result added to policyholders' residual value	0	0	-32 415	-32 415
Insurance related financial cost	-115 020	-9 064	83 624	-40 460
Premium	41 975	0	0	41 975
Claims and other insurance service expenses (incl. Investment components)	-29 105	0	0	-29 105
Total cash flows	12 870	0	0	12 870
Insurance obligations with the right to residual value 30 September 2022	312 041	26 441	331 884	670 366

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
Other insurance liabilities 1 January 2022	2 266	95	225	2 586
Insurance income	0	0	-1 629	-1 629
Claims	1 650	64	0	1 713
Expenses	117	4	0	122
Other movements related to current service	0	-21	0	-21
Changes that relate to past service	-89	-25	0	-114
Insurance service expenses	1 678	22	0	1 700
Insurance service result	1 678	22	-1 629	71
Insurance related financial cost	-59	-5	0	-64
Premium	-1 152	0	0	-1 152
Claims and other insurance service expenses	0	0	1 941	1 941
Total cash flows	-1 152	0	1 941	789
Other changes	-2	0	-11	-13
Other insurance liabilities 30 September 2022	2 732	112	526	3 370

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
Reinsurance contracts assets 1 January 2022	328	13	-1	340
Premium paid - reinsurance	0	0	-73	-73
Recoveries of incurred claims and other insurance service expenses	463	21	0	484
Reinsurance expenses -related to past service	6	-4	0	3
Insurance service expenses	470	17	0	487
Insurance service result	470	17	-73	414
Insurance related financial cost	-1	0	0	-1
Premium	0	0	98	98
Repayments	-92	0	0	-92
Total cash flows	-92	0	98	6
Other changes	-21	0	0	-21
Reinsurance contracts assets 30 September 2022	684	31	24	739

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 Q3 2022					
Insurance service result	-272	-71	414	92	163
Insurance related financial cost	40 460	64	-1	-1 947	38 576

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 2022	414 317	35 107	248 260	697 685
Changes that relate to current services	0	0	0	0
Change in risk adjustment for non-financial risk for risk expired	0	167	0	167
Experience adjustment not related to future service	-1 541	0	0	-1 541
Insurance service result	-1 541	167	0	-1 374
Change in risk adjustment for non-financial risk at the start of the period	0	0	0	0
Accured interest	7 055	598	-7 653	0
Released cash flows	-10 456	0	0	-10 456
Changes in estimates related to future service	2 689	228	-2 917	0
Change due to changes in discount curve	-103 802	-8 796	112 597	0
Result added to policyholders' residual value	0	0	-13 038	-13 038
Insurance related financial cost	-104 513	-7 970	88 990	-23 494
Premium	53 502	0	0	53 502
Claims and other insurance service expenses (incl. Investment components)	-39 539	0	0	-39 539
Total cash flows	13 963	0	0	13 963
Insurance obligations with the right to residual value 31 December 2022	322 226	27 304	337 250	686 780

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
Other insurance liabilities 1 January 2022	2 266	95	225	2 586
Insurance income	0	0	-2 200	-2 200
Claims	2 068	80	0	2 148
Expenses	153	5	0	159
Other movements related to current service	0	-31	0	-31
Changes that relate to past service	-84	-30	0	-113
Insurance service expenses	2 138	25	0	2 162
Insurance service result	2 138	25	-2 200	-38
Insurance related financial cost	-44	-5	0	-48
Premium	0	0	0	0
Claims and other insurance service expenses	-1 570	0	2 265	694
Total cash flows	-1 570	0	2 265	694
Other changes	-1	0	-13	-13
Other insurance liabilities 31 December 2022	2 790	115	276	3 181

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
Reinsurance contracts assets 1 January 2022	328	13	-1	340
Premium paid - reinsurance	0	0	-97	-97
Recoveries of incurred claims and other insurance service expenses	475	21	0	497
Reinsurance expenses -related to past service	23	-4	0	19
Insurance service expenses	498	17	0	515
Insurance service result	498	17	-97	418
Insurance related financial cost	0	0	0	0
Premium	0	0	98	98
Repayments	-122	0	0	-122
Total cash flows	-122	0	98	-24
Other changes	1	0	0	1
Reinsurance contracts assets 31 December 2022	705	30	0	736

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 Q4 2022					
Insurance service result	1 374	38	418	191	2 022
Insurance related financial cost	23 494	48	0	-1 502	22 040

Important assumptions

Discount curve for IFRS 17

Expected cash flows from the insurance contracts will mature at various times in the future.

The future cash flows are therefore discounted to the value on the balance sheet date with an interest rate curve that is determined on the balance sheet date.

The discount curve for IFRS 17 is generally determined according to the same principles as the curve EIOPA calculates for Solvency II purposes.

The main difference is that EIOPA's estimate for volatility adjustment is replaced with an estimate for the illiquidity spread in the bond market, and this is calibrated to the illiquidity degree of the KLP's obligation.

Selected values of discounting curves for IFRS 17 are listed below:

Year	30.09.2023	30.09.2022	31.12.2022
1	5.7%	4.3%	4.2%
2	5.3%	4.0%	4.0%
3	4.8%	4.0%	3.9%
4	4.5%	4.0%	3.8%
5	4.4%	4.0%	3.9%
10	4.7%	4.3%	4.3%
15	4.3%	4.0%	4.0%
25	3.8%	3.7%	3.7%
50	3.5%	3.5%	3.5%
75	3.5%	3.5%	3.5%
100	3.5%	3.5%	3.5%

Salary growth curve

Future cash flows within the contract boundary are calculated with assumptions about annual future salary growth/regulation as stated in the table below.

The salary growth curve is projected by the NAM model (Norwegian aggregate model), which makes a macro projection of key economic figures (salary growth, inflation, etc.) year by year.

Year	30.09.2023	30.09.2022	31.12.2022
1	5.3%	3.3%	4.5%
5	4.8%	4.8%	4.3%
10	3.8%	4.1%	3.8%
15	3.4%	3.8%	3.3%
25	3.3%	3.4%	3.4%
50	3.5%	3.4%	3.4%
80	3.5%	3.4%	3.4%

Sensitivity - the discount curve according to IFRS 17

For insurance contracts with a right to residual value, interest rate changes will have a major impact on the best estimate of the pension liabilities

NOK MILLIONS

Best estimate pension liability

Calculated with the interest rate curve as of 30.09	337 863
All interest rates in the discount rate curve are increased by 0.5% points	234 169
All interest rates in the discount rate curve are reduced by 0.5% points	498 544

Note 6 Subordinated loans and perpetual hybrid tier 1 securities

NOK MILLIONS	Q3 2023	Q3 2022	01.01.2023 -30.09.2023	01.01.2022 -30.09.2022	01.01.2022 -31.12.2022
SUBORDINATED LOANS					
Interest costs	-35	-35	-118	-99	-131
Value changes	111	-102	-208	-190	-143
Net costs subordinated loans	76	-136	-326	-289	-274
PERPETUAL HYBRID TIER 1 SECURITIES					
Interest costs	-20	-20	-58	-56	-72
Value changes	90	-79	-22	-25	176
Net costs perpetual hybrid tier 1 securities	70	-100	-80	-81	104
Net costs subordinated loan and hybrid Tier 1 securities	145	-236	-406	-370	-169

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 liabilities

Fair value is to be a representative price based on what the equivalent assets or liabilities 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
- Liabilities 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 liabilities)
- Debt to credit institutions (liabilities)
- 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 respectively). 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 Bloomberg's 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 priced 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	30.09.2023		30.09.2022		31.12.2022	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
FIXED-INCOME SECURITIES AND OTHER DEBT INSTRUMENTS AT AMORTIZED COST						
Norwegian bonds	1 006	935	64 739	60 308	65 861	62 754
Foreign bonds	1 220	1 108	135 245	126 432	132 892	125 280
Fixed-income securities and other debt instruments at amortized cost	2 226	2 043	199 984	186 740	198 752	188 034
LENDING LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS						
Loans secured by mortgage	2 590	2 590	0	0	0	0
Loans to local government sector or enterprises with local government guarantee	70 941	70 941	0	0	0	0
Loans abroad secured by mortgage and local government guarantee	4 704	4 704	0	0	0	0
Other lending	590	590	0	0	0	0
Total loans to local government, enterprises & retail customers	78 825	78 825	0	0	0	0
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	43 124	43 135	26 277	26 169	26 107	24 701
Loans to and receivables from central banks	75	75	0	0	0	0
Loans to local government sector or enterprises with local government guarantee	0	0	89 025	87 361	89 743	88 342
Loans abroad secured by mortgage and local government guarantee	0	0	6 172	6 172	5 352	5 352
Loans to and receivables from credit institutions	1 274	1 274	0	0	0	0
Other lending	0	0	46	46	158	158
Total loans to local government, enterprises & retail customers	44 473	44 484	121 519	119 748	121 360	118 553
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Norwegian bonds	126 710	126 710	57 010	57 010	58 922	58 922
Norwegian certificates	11 625	11 625	8 793	8 793	7 648	7 648
Foreign bonds	199 448	199 448	77 254	77 254	72 565	72 565
Foreign certificates	891	891	430	430	420	420
Investments with credit institutions	47 773	47 773	37 278	37 278	42 246	42 246
Total debt instruments	386 448	386 448	180 765	180 765	181 802	181 802
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Shares	286 692	286 692	233 630	233 630	238 730	238 730
Equity funds	44 915	44 915	38 054	38 054	37 155	37 155
Property funds	6 800	6 800	6 695	6 695	6 514	6 514
Total equity capital instruments	338 407	338 407	278 379	278 379	282 399	282 399
RECEIVABLES						
Receivables related to direct business	908	908	1 706	1 706	379	379
Receivables related to securites	10 958	10 958	17 907	17 907	912	912
Prepaid rent related to real estate activities	148	148	130	130	0	0
Other receivables	661	661	338	338	518	518
Total other loans and receivables including receivables from policyholders	12 675	12 675	20 080	20 080	1 810	1 810
FINANCIAL LIABILITIES - AT AMORTIZED COST						
Debt to credit institutions	955	955	1 168	1 168	1 055	1 055
Covered bonds issued	30 661	30 641	31 445	31 289	32 430	32 402
Liabilities and deposits from customers	14 351	14 351	13 607	13 607	13 779	13 779
Hybrid Tier 1 securities	0	0	1 650	1 393	1 428	1 428
Subordinated loan capital	0	0	3 162	3 059	3 147	3 093
Total financial liabilities	45 967	45 947	51 032	50 516	51 839	51 757
FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS						
Debt to credit institutions	2 719	2 719	2 502	2 502	5 628	5 628
Hybrid Tier 1 securities	1 470	1 470	0	0	0	0
Subordinated loan capital	3 271	3 271	0	0	0	0
Total financial liabilities	7 460	7 460	2 502	2 502	5 628	5 628

NOK MILLIONS	30.09.2023		30.09.2022		31.12.2022	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS						
Forward exchange contracts	2 720	2 384	294	16 818	5 024	1 570
Interest rate swaps	708	2 676	450	2 576	1 077	194
Interest rate and currency swaps	466	0	751	2 593	583	1 393
Share option	0	0	118	2	135	0
Total financial derivatives	3 894	5 060	1 613	21 989	6 820	3 158

Note 8 Borrowing

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 30.09.2023	Book value 30.09.2022	Book value 31.12.2022
FIXED - TERM SUBORDINATED LOAN							
Kommunal Landspensjonskasse	2 530	EUR	Fixed ¹	2045	3 271	3 162	3 147
Total subordinated loan capital	2 530	-	-	-	3 271	3 162	3 147
HYBRID TIER 1 SECURITIES							
Kommunal Landspensjonskasse	984	JPY	Fixed ²	2034	1 470	1 650	1 428
Total hybrid Tier 1 securities	984	-	-	-	1 470	1 650	1 428
COVERED BONDS							
KLP Kommunekreditt AS	0	NOK	Floating	2023	0	3 285	2 985
KLP Kommunekreditt AS	1 603	NOK	Floating	2024	1 612	5 015	5 021
KLP Kommunekreditt AS	5 000	NOK	Floating	2025	5 014	5 008	5 010
KLP Kommunekreditt AS	5 000	NOK	Floating	2026	5 050	5 022	5 036
KLP Kommunekreditt AS	1 000	NOK	Fixed	2027	1 026	505	1 012
KLP Kommunekreditt AS	6 000	NOK	Floating	2027	6 051	0	0
KLP Kommunekreditt AS	700	NOK	Fixed	2029	729	0	706
KLP Boligkreditt AS	0	NOK	Floating	2023	0	1 602	1 603
KLP Boligkreditt AS	1 689	NOK	Floating	2024	1 690	2 501	2 501
KLP Boligkreditt AS	2 500	NOK	Floating	2025	2 501	2 500	2 501
KLP Boligkreditt AS	4 500	NOK	Floating	2026	4 535	3 514	3 521
KLP Boligkreditt AS	2 500	NOK	Floating	2027	2 516	2 508	2 512
Other					-63	-17	22
Total covered bonds	30 492	-	-	-	30 661	31 445	32 430
DEBT TO CREDIT INSTITUTIONS							
KLP Banken AS	0	NOK	Floating	2022	0	114	0
KLP Banken AS	0	NOK	Floating	2023	0	301	300
KLP Banken AS	450	NOK	Floating	2024	453	452	450
KLP Banken AS	300	NOK	Floating	2025	301	301	303
KLP Banken AS	200	NOK	Floating	2025	201	0	0
KLP Fond	0	NOK	Floating	2022	0	274	0
KLP Fond	0	NOK	Fixed	2022	0	1 256	0
KLP Fond	616	NOK	Floating	2023	616	0	1 302
KLP Fond	1 042	NOK	Fixed	2023	1 042	0	1 540
Kommunal Landspensjonskasse	0	NOK	Floating	2022	0	881	0
Kommunal Landspensjonskasse	0	NOK	Floating	2022	0	0	0
Kommunal Landspensjonskasse	956	NOK	Floating	2023	956	0	0
Kommunal Landspensjonskasse	0	NOK	Fixed	2023	0	0	2 678
Other					105	91	110
Total liabilities to credit institutions	3 564	-	-	-	3 674	3 670	6 683
LIABILITIES AND DEPOSITS FROM CUSTOMERS ³							
Retail	12 114	NOK			12 114	11 786	11 722
Business	2 193	NOK			2 193	1 786	2 021
Foreign	43	NOK			43	35	37
Liabilities to and deposits from customers	14 351	-			14 351	13 607	13 779
Total financial liabilities	51 920				53 426	53 534	57 467

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

30.09.2023 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Land/plots	0	0	1 366	1 366
Buildings	0	0	90 591	90 591
Investment property	0	0	91 957	91 957
Lending at fair value	0	78 825	0	78 825
Certificates	2 411	10 106	0	12 516
Bonds	25 637	300 561	0	326 198
Fixed-income funds	0	8 948	13 257	22 206
Bonds and other fixed-income securities	28 048	319 615	13 257	360 920
Loans and receivables	24 400	1 128	0	25 528
Shares	274 787	8 203	3 701	286 691
Equity funds	2 297	0	51	2 349
Property funds	0	2 095	4 705	6 800
Special funds	0	0	0	0
Private Equity	0	0	42 567	42 567
Shares and units	277 085	10 299	51 024	338 407
Financial derivatives	0	3 894	0	3 894
Total assets at fair value	329 533	413 761	156 238	899 531

LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	5 060	0	5 060
Debt to credit institutions ¹	1 677	1 042	0	2 719
Total financial liabilities at fair value	1 677	6 102	0	7 779

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 955 million per 30.09.2023.

30.09.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Land/plots	0	0	1 081	1 081
Buildings	0	0	95 808	95 808
Investment property	0	0	96 889	96 889
Lending at fair value	0	0	0	0
Certificates	2 104	7 118	0	9 223
Bonds	22 139	98 149	0	120 288
Fixed-income funds	13 995	7 541	9 573	31 109
Bonds and other fixed-income securities	38 239	112 808	9 573	160 620
Loans and receivables	19 009	1 135	0	20 144
Shares	224 270	5 210	3 361	232 841
Equity funds	2 092	0	56	2 148
Property funds	0	2 324	4 371	6 695
Special funds	0	0	0	0
Private Equity	0	0	36 694	36 694
Shares and units	226 363	7 534	44 483	278 379
Financial derivatives	0	1 613	0	1 613
Total assets at fair value	283 610	123 090	150 945	557 646
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	21 989	0	21 989
Debt to credit institutions ¹	1 246	1 256	0	2 502
Total financial liabilities at fair value	1 246	23 245	0	24 491

31.12.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
<i>Land/plots</i>	0	0	1 377	1 377
<i>Buildings</i>	0	0	92 615	92 615
Investment property	0	0	93 992	93 992
Lending at fair value	0	0	0	0
<i>Certificates</i>	2 254	5 815	0	8 069
<i>Bonds</i>	21 099	110 390	0	131 489
<i>Fixed-income funds</i>	0	8 129	9 835	17 964
Bonds and other fixed-income securities	23 353	124 333	9 835	157 521
Loans and receivables	23 447	835	0	24 281
<i>Shares</i>	229 463	5 131	3 378	237 972
<i>Equity funds</i>	2 067	0	60	2 127
<i>Property funds</i>	0	2 165	4 349	6 514
<i>Special funds</i>	0	0	0	0
<i>Private Equity</i>	0	0	35 785	35 785
Shares and units	231 530	7 297	43 572	282 399
Financial derivatives	0	6 820	0	6 820
Total assets at fair value	278 330	139 285	147 399	565 014
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	3 158	0	3 158
Debt to credit institutions ¹	4 326	1 302	0	5 628
Total financial liabilities at fair value	4 326	4 460	0	8 786

Changes in Level 3, Investment Property	Book value 30.09.2023	Book value 30.09.2022	Book value 31.12.2022
Opening balance 1 January	93 992	89 535	89 535
Sold	0	-108	-148
Bought	1 744	827	1 139
Unrealised changes	-3 745	6 660	3 486
Other changes	-34	-25	-20
Closing balance 30.09./31.12.	91 957	96 889	93 992
Realised gains/losses	0	0	0

Changes in Level 3, Financial Assets	Book value 30.09.2023	Book value 30.09.2022	Book value 31.12.2022
Opening balance 1 January	53 407	40 122	40 122
Sold	-2 387	-4 241	-5 749
Bought	9 250	11 106	14 524
Unrealised changes	4 011	7 069	4 510
Closing balance 30.09./31.12.	64 281	54 056	53 407
Realised gains/losses	957	1 718	2 322
Closing balance 30.09./31.12.	156 238	150 945	147 399

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 7 812 million as of 30.09.2023.

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.

During the 3rd quarter, NOK 1 626 million in stocks moved from Level 1 to Level 2, NOK 164 million moved from Level 1 to Level 3 and NOK 691 million moved from level 2 to level 1. The movements is due to changes in liquidity.

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

30.09.2023 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	3 894	0	3 894	-2 454	-1 199	-3 172	200	401
Repos	3 130	0	3 130	-800	0	0	2 329	2 329
Total	7 024	0	7 024	-3 255	-1 199	-3 172	2 530	2 730
LIABILITIES								
Financial derivatives	5 060	0	5 060	-2 454	-907	-1 067	2 246	2 245
Repos	1 043	0	1 043	0	0	0	1 043	243
Total	6 103	0	6 103	-2 454	-907	-1 067	3 290	2 488
30.09.2022								
NOK MILLIONS								
	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	1 613	0	1 613	-615	-1 008	-1 094	273	273
Repos	500	0	500	-500	0	0	0	0
Total	2 113	0	2 113	-1 115	-1 008	-1 094	273	273
LIABILITIES								
Financial derivatives	21 989	0	21 989	-615	-2 362	-13 930	5 197	4 740
Repos	1 257	0	1 257	0	0	0	1 257	757
Total	23 246	0	23 246	-615	-2 362	-13 930	6 453	5 497
31.12.2022								
NOK MILLIONS								
	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	6 820	0	6 820	-1 861	-3 879	-1 796	470	437
Repos	0	0	0	0	0	0	0	0
Total	6 820	0	6 820	-1 861	-3 879	-1 796	470	437
LIABILITIES								
Financial derivatives	3 158	0	3 158	-1 861	-63	-235	1 256	1 256
Repos	1 304	0	1 304	0	0	0	1 304	1 304
Total	4 462	0	4 462	-1 861	-63	-235	2 560	2 560

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 332 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 332 per cent.

	30.09.2023	30.09.2022	31.12.2022
Solvency II - SCR ratio	332 %	306 %	288 %
NOK BILLIONS	30.09.2023	30.09.2022	31.12.2022
Simplified Solvency II Financial Position Statement			
Assets, book value	775	724	713
Added values - hold-to-maturity portfolio/loans and receivables	-18	-16	-13
Added values - other lending	-2	-2	-2
Other added/lesser values	0	0	0
Deferred tax asset	0	0	0
Total assets - solvency II	755	707	699

	30.09.2023	30.09.2022	31.12.2022
NOK BILLIONS	30.09.2023	30.09.2022	31.12.2022
Simplified Solvency II Financial Position Statement			
Assets, book value	775	724	713
Added values - hold-to-maturity portfolio/loans and receivables	-18	-16	-13
Added values - other lending	-2	-2	-2
Other added/lesser values	0	0	0
Deferred tax asset	0	0	0
Total assets - solvency II	755	707	699

NOK BILLIONS	30.09.2023	30.09.2022	31.12.2022
Simplified Solvency II Financial Position Statement			
Best estimate	677	616	632
Risk margin	10	11	12
Hybrid Tier 1 securities/Subordinated loan capital	4	5	5
Other liabilities	17	32	9
Deferred tax liabilities	0	0	0
Total liabilities - solvency II	709	664	657
Excess of assets over liabilities	47	43	42
- Deferred tax asset	0	0	0
- Risk equalization fund (tier 2 own funds starting 30.09.2022)	-5	-5	-5
+ Hybrid Tier 1 securities	1	2	1
Tier 1 basic own funds	43	39	38
Total eligible tier 1 own funds	43	39	38
Subordinated loans	3	3	3
Risk equalization fund (tier 2 own funds starting 30.09.2022)	5	5	5
Tier 2 basic own funds	8	8	8
Ancillary own funds	14	13	13
Tier 2 ancillary own funds	14	13	13
Deduction for max. eligible tier 2 own funds	-16	-14	-14
Total eligible tier 2 own funds	7	7	7
Deferred tax asset	0	0	0
Total eligible tier 3 own funds	0	0	0
Solvency II total eligible own funds	50	46	46
Solvency capital requirement (SCR)	15	15	16
Solvency II- SCR ratio	332 %	306 %	288 %

Note 12 Pension obligations

NOK MILLIONS	30.09.2023	30.09.2022	31.12.2022
Capitalized net liability 01.01.	815	870	870
Capitalized pension costs	145	153	215
Capitalized financial costs	21	15	19
Actuarial gains and losses	-349	-74	-132
Premiums / contributions received	-234	-123	-157
Capitalized net liability 30.09./31.12.	398	841	815

Assumptions	30.09.2023	30.09.2022	31.12.2022
Discount rate	4,00%	3,20%	3,00%
Salary growth	4,00%	3,75%	3,50%
The National Insurance basic amount (G)	3,50%	3,50%	3,25%
Pension increases	2,90%	2,75%	2,60%
Social security contribution rate	14,10%	14,10%	14,10%
Capital activity tax	5,00%	5,00%	5,00%

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 349 million as of 30.09.2023. 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)	Total stage 1-3
	stage 1	stage 2	stage 2	stage 3	
Opening balance ECL 01.01.2023	261	42	0	0	303
Transfer to stage 1	0	0	0	0	0
Transfer to stage 2	0	0	0	0	0
Transfer to stage 3	0	0	0	0	0
Net changes	-30	-5	0	0	-36
New losses	25	0	0	0	25
Write-offs	-13	-24	0	0	-36
Change in risk model	0	0	0	0	0
Closing balance ECL 30.09.2023	242	14	0	0	256
Changes (01.01.2023 - 30.09.2023)	-19	-29	0	0	-47

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

NOK THOUSANDS	12 months ECL		Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 2	stage 3	
Opening balance ECL 01.01.2023	2 390	2 090	998	0	5 478
Transfer to stage 1	675	-531	-145	0	0
Transfer to stage 2	-36	40	-4	0	0
Transfer to stage 3	-2	-78	80	0	0
Net changes	-736	1 383	300	0	947
New losses	288	94	183	0	564
Write-offs	-214	-331	-240	0	-785
Change in risk model	45	0	0	0	45
Closing balance ECL 30.09.2023	2 409	2 667	1 172	0	6 249
Changes (01.01.2023 - 30.09.2023)	19	577	175	0	771
This includes provisions for losses on loans and receivables - unused credit					3 140

Expected credit loss (ECL) loans to customers – mortgage

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Opening balance ECL 01.01.2023	144	207	422	773
Transfer to stage 1	8	-8	0	0
Transfer to stage 2	-7	7	0	0
Transfer to stage 3	0	-34	34	0
Net changes	-36	251	221	437
New losses	67	17	154	238
Write-offs	-27	-44	-91	-162
Change in risk model	0	0	0	0
Closing balance ECL 30.09.2023	149	397	740	1 285
Changes (01.01.2023 - 30.09.2023)	5	189	318	512
This includes provisions for losses on loans and receivables - unused credit on mortgages				8

Expected credit loss (ECL) – public lending

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 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	-8	0	0	-8
New losses	23	0	0	23
Write-offs	-15	0	0	-15
Change in risk model	0	0	0	0
Closing balance ECL 30.09.2023	184	0	0	184
Changes (01.01.2023 - 30.09.2023)	0	0	0	0

Expected credit loss (ECL) – credit card

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Opening balance ECL 01.01.2023	2 040	1 883	516	4 440
Transfer to stage 1	667	-523	-145	0
Transfer to stage 2	-29	33	-4	0
Transfer to stage 3	-2	-44	47	0
Net changes	-692	1 132	42	482
New losses	194	77	6	277
Write-offs	-171	-287	-135	-592
Change in risk model	45	0	0	45
Closing balance ECL 30.09.2023	2 052	2 271	328	4 650
Changes (01.01.2023 - 30.09.2023)	12	388	-189	211
This includes provisions for losses on loans and receivables - unused credit on credit card				3 132

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

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 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	1	0	0	1
New losses	4	0	0	4
Write-offs	-2	0	0	-2
Change in risk model	0	0	0	0
Closing balance ECL 30.09.2023	24	0	0	24
Changes (01.01.2023 - 30.09.2023)	3	0	0	3
This includes provisions for losses on loans and receivables - unused credit on senior loans				0

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

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 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	37	37
New losses	0	0	23	23
Write-offs	0	0	-14	-14
Change in risk model	0	0	0	0
Closing balance ECL 30.09.2023	0	0	106	106
Changes (01.01.2023 - 30.09.2023)	0	0	46	46

Note 14 Other current liabilities

NOK MILLIONS	30.09.2023	30.09.2022	31.12.2022
Short-term payables trade in securities	12 574	18 989	1 699
Incurred not assessed taxes	974	275	671
Accounts payable	276	164	256
Public fees	595	545	629
Other current liabilities	1 173	1 939	1 088
Total other current liabilities	15 592	21 911	4 343

Key figures – Accumulated

NOK MILLIONS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
KLP GROUP								
Total assets	972 345	956 311	948 061	900 178	913 144	900 199	902 413	901 270
Equity	-3 555	-3 623	-3 630	8 450	12 823	9 800	2 293	40 732
Solvency SCR ratio	332 %	297 %	282 %	288 %	306 %	304 %	299 %	287 %
Number of employees in the Group	1 120	1 099	1 091	1 093	1 095	1 081	1 060	1 048
KOMMUNAL LANDSPENSJONSKASSE								
Profit before tax	1 136	774	539	918	461	216	71	288
Premium income for own account	60 032	51 102	7 663	50 523	40 248	33 081	7 503	50 161
- of which inflow of premium reserve	91	91	91	386	386	386	376	0
Insurance customers' funds incl. acc. profit	21 501	14 840	8 331	28 517	22 453	16 367	10 642	30 438
- of which funds with guaranteed returns	2 125	2 121	2 125	4 659	4 658	4 658	4 875	8 346
Net investment common portfolio	718 214	701 944	690 902	660 366	671 095	660 834	662 500	659 281
Net investment choice portfolio	2 730	2 833	2 683	2 609	2 602	2 665	2 588	2 199
Insurance funds incl. earnings for the year	704 815	715 239	668 235	654 324	641 805	654 482	644 226	652 444
- of which funds with guaranteed interest	586 941	592 053	552 840	552 101	542 820	548 891	526 324	526 235
Solvency capital requirement (SCR)	49 918	47 317	46 768	46 158	46 307	44 901	44 809	45 190
Solvency SCR ratio	368 %	330 %	316 %	318 %	341 %	340 %	332 %	316 %
Riskprofit	364	270	71	558	963	550	105	589
Return profits	15 822	21 243	13 232	-20 006	-27 421	-20 374	-7 894	15 134
Administration profit	176	62	54	-17	56	-22	-9	35
Solvency capital	147 893	151 993	151 550	140 958	129 556	138 338	151 201	196 049
Value-adjusted return on common portfolio	3,9 %	4,2 %	2,5 %	-1,1 %	-2,6 %	-2,1 %	-2,3 %	8,4 %
Return on unit-linked portfolio	4,8 %	5,6 %	3,4 %	-2,5 %	-4,2 %	-3,5 %	-1,2 %	8,9 %
Return on corporate portfolio	2,1 %	1,5 %	0,9 %	2,8 %	1,4 %	0,9 %	0,6 %	3,4 %
KLP SKADEFORSIKRING AS								
Profit before tax	255	189	99	111	49	88	57	0
Insurance income	1 863	1 230	630	2 200	1 629	1 071	546	0
Owners' equity	2 589	2 543	2 446	2 369	2 339	2 367	2 370	0
Claims ratio	83,6 %	87,6 %	91,7 %	80,8 %	80,3 %	73,4 %	79,6 %	76,4 %
Combined-ratio	13,0 %	13,9 %	13,9 %	14,5 %	14,2 %	15,3 %	15,5 %	92,1 %
Return on assets under management	3,3 %	3,6 %	2,7 %	-1,7 %	-2,5 %	-2,1 %	-0,9 %	5,0 %
Solvency capital requirement (SCR)	2 514	2 377	2 309	2 222	2 250	2 273	2 329	2 278
Solvency SCR ratio	246 %	222 %	215 %	222 %	219 %	225 %	222 %	224 %
Annual premium in force – retail market	1 042	1 013	982	954	933	918	893	871
Annual premium in force – public sector market	1 533	1 521	1 474	1 341	1 325	1 318	1 210	1 149
Net new subscriptions (accumulated within the year)	61	43	20	121	123	113	7	91
KLP BANKEN GROUP								
Profit/loss before tax	203	122	53	181	98	43	18	116
Net interest income	340	221	110	369	258	159	72	309
Other operating income	67	44	21	85	63	43	20	79
Operating expenses and depreciation	-201	-134	-71	-247	-181	-123	-64	-239
Net realized/unrealized changes in financial instruments to fair value	-3	-9	-7	-26	-43	-36	-10	-33
Contributions	14 351	14 524	14 136	13 779	13 607	13 465	13 372	12 901
Housing mortgages granted	23 754	23 481	23 333	23 258	23 369	23 042	22 635	22 090
Loan(s) with public guarantee(s)	19 371	19 449	19 384	19 117	18 718	18 321	17 974	17 844
Defaulted loans	52	43	46	44	43	46	46	36
Borrowing on the issuance of securities	31 616	31 661	31 999	33 485	32 613	32 444	31 862	31 918
Total assets	49 403	49 557	49 373	50 511	49 370	48 704	47 954	47 482
Average total assets	49 957	50 034	49 942	48 996	48 426	48 030	47 718	45 085
Owners' equity	3 132	3 072	3 008	2 966	2 897	2 555	2 548	2 521
Net interest rate	0,68 %	0,44 %	0,22 %	0,75 %	0,53 %	0,33 %	0,15 %	0,68 %
Profit/loss from general operations before tax	0,41 %	0,24 %	0,11 %	0,90 %	0,20 %	0,09 %	0,04 %	0,26 %

NOK MILLIONS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Return on owners' equity before tax	9,13 %	8,19 %	7,16 %	7,16 %	5,15 %	3,37 %	2,91 %	4,78 %
Capital adequacy	20,2 %	20,3 %	20,5 %	20,7 %	19,7 %	17,7 %	18,1 %	18,7 %
Number of private customers	51 340	50 231	49 697	48 804	48 216	47 759	47 123	46 463
Of this members of KLP	34 802	34 307	33 512	32 988	32 681	32 226	31 973	31 587
KLP KAPITALFORVALTNING AS								
Profit/loss before tax	42	4	11	5	-19	-30	-21	56
Total assets under management	715 698	687 956	670 937	640 183	615 589	621 080	646 213	668 855
Assets managed for external customers	162 321	163 444	151 269	134 215	126 187	126 193	134 367	136 792

KLP's sustainability accounts

Q3 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 aims to vote at 95 per cent of general meetings in Norway and abroad throughout the year.

- KLP aims to follow up 240 companies in 2022.

	30.09.2023	30.09.2022	30.09.2021	UN SDGs
Unique company dialogues KLP has engaged in on ESG issues	160	188	157	All SDGs
General meetings of Norwegian companies at which KLP has voted (number/percentage)	117 (99,2 %)	103 (93 %)	61 (86 %)	n/a
General meetings of foreign companies at which KLP has voted (number/percentage)	7 520 (99,6 %)	7 611 (99 %)	6 531 (99 %)	n/a
Companies excluded from investment	776	693	638	All SDGs

Comments on performance in the third quarter

In the third quarter, KLP had dialogue with 17 companies and voted at almost 1 050 general meetings in Norwegian and foreign companies. The dialogues were various ESG topics such as human rights in supply chains, responsible mining, and management of sustainability risk. By the end of the quarter, KLP had initiated over 160 dialogues and voted at over 7 600 general meetings.

KLP excluded 9 companies during the third quarter for breaching KLP's exclusion criteria relating to alcohol, coal, gambling, controversial weapons, environmental damage, and human rights. One company was re-included as it no longer violates our gambling criterion. At the end of the quarter, a total of 776 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 the 3rd quarter	30.09.2023	30.09.2022	30.09.2021	UN SDGs
Zero-emission investments	-5	38 463	37 197	34 048	-
Renewable energy	-5	35 866	35 094	32 518	7. 9. 17.
<i>As a share of KLP's total investments</i>	<i>n/a</i>	<i>4,7 %</i>	<i>4,9 %</i>	<i>4,7 %</i>	<i>7.</i>
<i>Renewable energy in Norway</i>	<i>-691</i>	<i>19 545</i>	<i>21 762</i>	<i>24 185</i>	<i>7.</i>
<i>Renewable energy internationally</i>	<i>686</i>	<i>14 393</i>	<i>11 770</i>	<i>7 185</i>	<i>7.</i>
<i>Renewable energy in developing countries</i>	<i>-</i>	<i>1 928</i>	<i>1 562</i>	<i>1 148</i>	<i>7. 9. 17.</i>
Sustainable forestry	-	2 597	2 103	1 530	13. 15.
Transitional financing	2 618	38 878	22 379	23 023	-
Green buildings in the property portfolio	0	19 634	21 832	14 625	9.
<i>As a share of the portfolio's market value</i>	<i>0</i>	<i>21,6 %</i>	<i>22,7 %</i>	<i>17,5 %</i>	<i>-</i>
Green buildings through funds and bonds	2 400	2 509			
Green bonds	8	9 703	7 247	5 969	6. 9. 11. 13.
Green lending	210	3 268	2 755	2 429	-
Sustainable infrastructure	0	3 764	1 158	0	9.
Total climate-friendly investments	2 613	77 341	59 765	57 071	-
<i>As a share of KLP's total investments</i>	<i>n/a</i>	<i>10,1 %</i>	<i>8,3 %</i>	<i>8,3 %</i>	<i>-</i>
Fossil energy	n/a	16 872	15 739	9 885	-
<i>As a share of KLP's total investments</i>	<i>n/a</i>	<i>2,2 %</i>	<i>2,2 %</i>	<i>1,4 %</i>	<i>-</i>

Comments on performance in the third 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 third quarter of the year, KLP's climate-friendly investments increased by NOK 2.6 billion net. This includes lending to a BREAM certified building and green bonds.

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 150 kWh per square meter.

	30.09.2023	30.09.2022	30.09.2021	UN SDGs
Number of flights	3 112	2 271	295	12.13.
Greenhouse gas emissions from flights (tonnes CO2e)	211	151	17	12.13.
Energy consumption at KLP's own offices (kWh per m2)	121	131	78	9. 13.
Energy consumption in KLP's property portfolio (kWh per m2)	143	150	171	9.

Comments on performance in the third 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 third 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. KLP Eiendom has 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 the 3rd quarter	30.09.2023	30.09.2022	30.09.2021	UN SDGs
Lending in total	1 764	90 096	86 318	83 322	
Lending for roads and transport		9 650	9 121	2 604	9.
Lending for publicly owned real property		4 823	4 091	4 333	9.
Lending to the public sector and associated entities		72 752	70 413	72 734	9.
Lending for water and sewage services, and waste management		2 871	2 694	3 651	9.
Green lending	210	3 268	2 755	2 293	9.

Comments on performance in the third quarter

In the third quarter, KLP issued four new green loans for a total of NOK 230 million. These were loans to water and sewage in Øvre Eiker municipality, installation of solar panels in Tynset municipality, and sustainable investments in Innherred Renovasjon IKS.

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 the 3rd quarter	30.09.2023	30.09.2022	30.09.2021	UN SDGs
Seed capital investments in Norway	14	540	413	253	8.

Comments on performance in the third quarter

Investments in seed funds increased by a net NOK 14 million in the third quarter. This is due to increased investments in existing funds.

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 the 3rd quarter	30.09.2023	30.09.2022	30.09.2021	UN SDGs
Banking and finance in developing countries	-	942	1 115	831	1. 5. 8. 9. 11. 17

Comments on performance in the third quarter

In the second quarter, KLP increased its investment in Norfinance, and the market value of some of the other investments has changed.

KLP as a workplace and employer

KLP strives to be an attractive workplace that provides good career development opportunities in an equal and diversified working environment. We focus on 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.

	30.09.2023	30.09.2022	30.09.2021	UN SDGs
Employees at KLP	1 115	1 095	1 032	n/a
Total sickness absence	3,9 %	4,3 %	3,0 %	3.

Comments on performance in the second quarter

So far this year, the total sickness absence of 3.9 per cent is divided into short-term absence of 1.5 per cent and long-term absence of 2.4 per cent. There is a decrease in total sickness absence compared to the end of the third quarter last year, which stood at 4.3 per cent, divided into short-term absence of 1.8 per cent and long-term absence of 2.5 per cent. Sickness absence in the third quarter is usually somewhat lower than in the two first quarters of the year.

Equality and diversity

KLP works actively and systematically to promote equality and prevent discrimination. We have clear guidelines, targets and actions that we work with continuously throughout the year. We have a target of gender balance at management levels and in specialist functions, and work systematically to increase women's share of men's salary. We are partners in the "Women in Finance Charter", an initiative that will contribute to greater gender balance in the financial industry.

Goal setting

- To increase the number of women in management positions and specialist functions

	30.09.2023	30.09.2022	30.09.2021	UN SDGs
Gender balance in management positions and senior professional positions (women / men)	33 % / 67 %	new	new	5.
New employments in management positions and senior professional positions (women / men)	55 % / 45 %	new	new	5.

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 through 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 shows new hires at the end of the quarter, and accumulated so far in the year, and not in the quarter.

Kommunal Landspensjonskasse

Q3 2023

Income statement

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	Q3 2023	Q3 2022	01.01.2023 -30.09.2023	01.01.2022 -30.09.2022	01.01.2022 -31.12.2022
2	Premium income	8 930	7 552	60 032	40 633	50 523
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	-3 080	1 552	-694	8 743	6 441
	Interest income and dividends etc. on financial assets	4 202	2 663	11 198	7 889	10 824
3	Value changes on investments	-7 755	-10 109	20 601	-36 631	-25 583
	Gains and losses realized on investments	4 581	1 978	-5 745	2 418	748
	Net income from investments in the common portfolio	-2 053	-3 917	25 360	-17 581	-7 570
3	Net income from investments in the investment option portfolio	-20	-19	123	-104	-58
	Other insurance-related income	364	348	1 050	1 012	1 358
4	Claims	-6 661	-6 086	-21 501	-22 453	-28 517
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-4 840	3 281	-46 063	2 012	-11 731
	Changes in insurance liabilities taken to profit/loss - individual investment option portfolio	-160	26	-319	-355	-392
	Funds assigned to insurance contracts - contractual liabilities	0	0	0	0	-651
	Unallocated profit to insurance contracts	5 307	-413	-15 967	-963	0
5	Insurance-related operating expenses	-333	-309	-1 093	-1 057	-1 487
	Other insurance-related costs	-359	-346	-1 048	-1 020	-1 368
	Technical profit/loss	174	118	574	124	107
3, 6	Net income from investments in the corporate portfolio	245	194	760	534	1 066
	Other income	15	5	32	8	16
	Administration costs and other costs associated with the corporate portfolio	-72	-72	-231	-206	-271
	Non-technical profit/loss	188	127	561	336	811
	Profit/loss pre-tax	362	244	1 136	461	918
	Tax	-92	-61	-264	-42	-115
	Income before other income and expenses	270	184	872	419	803
7	Actuarial gains and losses on defined benefits pension schemes	-30	6	219	47	66
	Proportion of other comprehensive income on application of the equity method	-17	3	130	28	66
	Adjustment of the insurance liabilities	5	-1	-39	-8	-21
	Tax on other income and expenses that will not be reclassified to profit or loss	8	-1	-55	-12	-17
	Total other income and expenses that will not be reclassified to profit or loss	-34	7	256	55	94
	TOTAL COMPREHENSIVE INCOME	235	191	1 127	473	897

Statement of financial position

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	30.09.2023	30.09.2022	31.12.2022
ASSETS				
ASSETS IN THE CORPORATE PORTFOLIO				
	Intangible assets	1 238	906	978
8	Investment properties	1 384	1 103	1 399
	Shares and holdings in property subsidiaries	3 108	3 697	3 483
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	6 081	5 516	5 641
9	Financial assets valued at amortized cost	20 914	20 099	20 132
8, 9	Financial assets valued at fair value	13 559	12 794	12 489
	Receivables	2 775	1 143	1 350
10	Right-of-use assets	784	892	865
	Other assets	1 022	924	956
	Total assets in the corporate portfolio	50 864	47 074	47 292
ASSETS IN THE CUSTOMER PORTFOLIOS				
	Shares and holdings in property subsidiaries	73 390	77 991	74 979
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	6 011	5 817	5 495
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	11 317	11 994	11 858
9	Financial assets valued at amortized cost	285 268	269 243	267 451
8, 9	Financial assets valued at fair value	342 227	306 050	300 584
	Total investment in the common portfolio	718 214	671 095	660 366
	Shares and holdings in property subsidiaries	294	318	301
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	61	63	61
9	Financial assets at amortized costs	971	941	943
8, 9	Financial assets at fair value	1 404	1 279	1 305
	Total investments in the investment option portfolio	2 730	2 602	2 609
	Total assets in the customer portfolios	720 944	673 697	662 976
	TOTAL ASSETS	771 808	720 771	710 268

NOTE	NOK MILLIONS	30.09.2023	30.09.2022	31.12.2022
OWNERS' EQUITY AND LIABILITIES				
	Owners' equity contributed	22 551	20 812	21 388
	Retained earnings	22 536	21 563	21 411
	Total owners' equity	45 087	42 375	42 799
9	Subordinated loan capital etc.	4 809	4 812	4 575
	Premium reserve etc.	562 487	509 679	516 525
	Buffer fund	101 807	97 985	102 162
	Premium funds, defined contribution funds, pension regulation funds etc.	21 681	30 599	33 024
	Unallocated profit to customers	15 925	957	0
	Total insurance liabilities - contractual liabilities	701 900	639 219	651 711
	Pension capital etc.	2 313	2 000	2 005
	Buffer fund	61	37	61
	Premium funds, defined contribution funds, pension regulation funds etc.	460	543	547
	Unallocated profit to customers	81	6	0
	Total insurance liabilities - special investment portfolio	2 915	2 585	2 613
7	Pension obligations	252	529	524
	Current tax liabilities	495	127	467
	Deferred tax liabilities	315	493	316
10	Lease liabilities	848	943	920
11	Liabilities	15 096	29 605	5 985
	Accrued costs and prepaid income	91	81	357
	TOTAL OWNERS' EQUITY AND LIABILITIES	771 808	720 771	710 268
OFF-BALANCE SHEET ITEMS				
	Contingent liabilities	30 098	31 384	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		181	691	872
Actuarial gains and losses on defined benefits pension schemes			219	219
Proportion of other comprehensive income on application of the equity method			130	130
Adjustment of the insurance liabilities			-39	-39
Tax on other income and expenses that will not be reclassified to profit or loss			-55	-55
Total other income and expenses that will not be reclassified to profit or loss			256	256
Total comprehensive income (unallocated)		181	947	1 127
Owners equity contribution received	1 162			1 162
Total transactions with owners	1 162			1 162
Own funds 30 September 2023	22 551	4 824	17 712	45 087

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 ¹		415	-172	243
Own funds 1 January 2022	19 831	4 786	16 304	40 921
Income before other income and expenses		-130	549	419
Actuarial gains and losses on defined benefits pension schemes			47	47
Proportion of other comprehensive income on application of the equity method			28	28
Adjustment of the insurance liabilities			-8	-8
Tax on other income and expenses that will not be reclassified to profit or loss			-12	-12
Total other income and expenses that will not be reclassified to profit or loss			55	55
Total comprehensive income (unallocated)		-130	604	473
Owners equity contribution received	982			982
Total transactions with owners	982			982
Own funds 30 September 2022	20 812	4 655	16 908	42 375

¹ See note 2.11 c) in the financial statement 2022 for 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 ¹		415	-172	243
Own funds 1 January 2022	19 831	4 786	16 304	40 921
Income before other income and expenses	576	-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	576	-142	464	897
Owners equity contribution received	982			982
Total transactions with owners	982			982
Own funds 31 December 2022	21 388	4 643	16 768	42 799

¹ See note 2.1.1 c) in the financial statement 2022 for information

Statement of cash flows

Kommunal Landspensjonskasse

NOK MILLIONS	01.01.2023 -30.09.2023	01.01.2023 -30.06.2023	01.01.2023 -31.03.2023	01.01.2022 -31.12.2022	01.01.2022 -30.09.2022
Net cashflow from operational activities	-408	885	476	-374	-527
Net cashflow from investment activities ¹	-348	-249	-112	-329	-237
Net cashflow from financing activities ²	821	-292	-276	866	895
Net changes in cash and bank deposits	64	344	88	163	131
Holdings of cash and bank deposits at start of period	918	918	918	755	755
Holdings of cash and bank deposits at end of period	982	1 261	1 006	918	885

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 – 30.09.2023. 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 2022, unless stated otherwise.

The Financial Reporting Regulations have changed the rules for recognition and measurement of financial instruments. According to the Financial Reporting Regulations, these must be recognized in accordance with IFRS 9 from and including the financial year starting on 1 January 2023. The Financial Accounts Regulations, however, allow for financial assets that satisfy the criteria in IFRS 9.4.2A to be measured at amortized cost or fair value with changes in value in comprehensive income. KLP has used the opportunity to measure these securities at amortized cost.

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.

For more information about the accounting principles related to this changes and implementation effects, please refer to the company's annual report for 2022, note 37.

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 Premium income

NOK MILLIONS	Q3 2023	Q3 2022	01.01.2023 -30.09.2023	01.01.2022 -30.09.2022	01.01.2022 -31.12.2022
Gross premiums due	8 930	7 552	59 941	40 248	50 137
Transfer of premium reserves from others	0	0	91	386	386
Total premium income	8 930	7 552	60 032	40 633	50 523

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 3rd 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 3 million during this period. We 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)	Total stage 1-3
	stage 1	stage 2	stage 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	-2 924	-797	0	-3 721
New losses	2 318	0	0	2 318
Write-offs	-2 792	-475	0	-3 267
Closing balance ECL 30.09.2023	26 395	2 558	0	28 953
Changes (01.01.2023 - 30.09.2023)	-3 398	-1 481	0	-4 879

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

NOK THOUSANDS	12 months ECL	Lifetime ECL	Lifetime ECL	Total
		(not credit impaired)	(credit impaired)	
	stage 1	stage 2	stage 3	stage 1-3
Opening balance ECL 01.01.2023	5 187	4	97	5 289
Transfer to stage 1	2	-2	0	0
Transfer to stage 2	-1 449	1 449	0	0
Transfer to stage 3	0	0	0	0
Net changes	-477	232 382	208	232 112
New losses	281	0	0	281
Write-offs	-88	-1	0	-89
Closing balance ECL 30.09.2023	3 456	233 833	305	237 594
Changes (01.01.2023 - 30.09.2023)	-1 731	233 829	208	232 305

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

NOK THOUSANDS	12 months ECL	Lifetime ECL	Lifetime ECL	Total
		(not credit impaired)	(credit impaired)	
	stage 1	stage 2	stage 3	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	-1 449	1 449	0	0
Transfer to stage 3	0	0	0	0
Net changes	-469	232 379	0	231 910
New losses	200	0	0	200
Write-offs	-31	0	0	-31
Closing balance ECL 30.09.2023	2 639	233 828	0	236 467
Changes (01.01.2023 - 30.09.2023)	-1 749	233 828	0	232 079

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

NOK THOUSANDS	12 months ECL	Lifetime ECL	Lifetime ECL	Total
		(not credit impaired)	(credit impaired)	
	stage 1	stage 2	stage 3	stage 1-3
Opening balance ECL 01.01.2023	6	4	97	108
Transfer to stage 1	2	-2	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	-3	3	208	207
New losses	2	0	0	2
Write-offs	-1	0	0	-1
Closing balance ECL 30.09.2023	7	5	305	317
Changes (01.01.2023 - 30.09.2023)	1	1	208	209

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

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 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	-23	0	0	-23
New losses	79	0	0	79
Write-offs	-38	0	0	-38
Closing balance ECL 30.09.2023	810	0	0	810
Changes (01.01.2023 - 30.09.2023)	17	0	0	17

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

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 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 30.09.2023	0	0	0	0
Changes (01.01.2023 - 30.09.2023)	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)	Total stage 1-3
	stage 1	stage 2	stage 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	18	0	0	18
New losses	0	0	0	0
Write-offs	-18	0	0	-18
Closing balance ECL 30.09.2023	0	0	0	0
Changes (01.01.2023 - 30.09.2023)	0	0	0	0

Note 4 Claims

NOK MILLIONS	Q3 2023	Q3 2022	01.01.2023 -30.09.2023	01.01.2022 -30.09.2022	01.01.2022 -31.12.2022
Claims paid	6 657	6 085	19 376	17 794	23 858
Transfers of premium reserves to others	4	1	2 125	4 658	4 659
Total claims	6 661	6 086	21 501	22 453	28 517

Note 5 Insurance-related operating expenses

NOK MILLIONS	Q3 2023	Q3 2022	01.01.2023 -30.09.2023	01.01.2022 -30.09.2022	01.01.2022 -31.12.2022
Personnel costs	192	177	619	604	843
Depreciation	57	49	167	141	189
Other operating expenses	84	84	307	312	454
Total insurance-related operating expenses	333	309	1 093	1 057	1 487

Note 6 Value-adjustment investment property

The portfolio of investment properties, including investment properties owned via subsidiaries, has been valued as at 30. September 2023.

NOK MILLIONS	Q3 2023	Q3 2022	01.01.2023 -30.09.2023	01.01.2022 -30.09.2022	01.01.2022 -31.12.2022
Value adjustment incl. foreign exchange	-4 519	813	-3 957	6 732	3 417
Foreign exchange effect on hedging	910	-749	-1 637	-912	134
Net value adjustment incl. exchange hedging	-3 609	64	-5 593	5 820	3 550

Note 7 Pension obligations

NOK MILLIONS	30.09.2023	30.09.2022	31.12.2022
Capitalized net liability 01.01.	524	553	553
Capitalized pension costs	90	93	124
Capitalized financial costs	14	10	13
Actuarial gains and losses	-219	-47	-66
Premiums / contributions received	-157	-80	-101
Capitalized net liability 30.09. / 31.12.	252	529	524

ASSUMPTIONS	30.09.2023	30.09.2022	31.12.2022
Discount rate	4.00%	3.20 %	3.00 %
Salary growth	4.00%	3.75 %	3.50 %
The National Insurance basic amount (G)	3.50%	3.50 %	3.25 %
Pension increases	2.90%	2.75 %	2.60 %
Social security contribution rate	14.10%	14.10 %	14.10 %
Capital activity tax	5.00%	5.00 %	5.00 %

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 219 million as of 30.09.2023. The change is recognized in "Total other income and expenses that will not be reclassified to profit or loss".

Note 8 Fair value hierarchy

30.09.2023 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	812	0	812
<i>Bonds</i>	0	7 404	0	7 404
<i>Fixed-income funds</i>	3 202	0	0	3 202
Fixed-income securities	3 202	8 216	0	11 419
Loans and receivables	768	702	0	1 470
<i>Shares</i>	0	0	6	6
Shares and units	0	0	6	6
Financial derivatives	0	613	0	613
Other financial assets	0	50	0	50
Total corporate portfolio	3 971	9 582	6	13 559
COMMON PORTFOLIO				
<i>Certificates</i>	2 074	2 911	0	4 985
<i>Bonds</i>	19 003	28 471	0	47 474
<i>Fixed-income funds</i>	23 368	10 441	13 257	47 066
Fixed-income securities	44 445	41 823	13 257	99 524
Loans and receivables	15 420	782	0	16 203
<i>Shares</i>	64 468	2 472	3 441	70 382
<i>Equity funds</i>	89 586	0	51	89 637
<i>Property funds</i>	0	2 095	7 556	9 651
<i>Special funds</i>	0	2 405	0	2 405
<i>Private Equity</i>	0	0	42 567	42 567
Shares and units	154 054	6 973	53 615	214 642
Financial derivatives	0	2 199	0	2 199
Other financial assets	0	9 659	0	9 659
Total common portfolio	213 919	61 436	66 872	342 227
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	236	9	0	245
Fixed-income securities	236	9	0	245
Loans and receivables	95	0	0	95
<i>Equity funds</i>	996	0	0	996
<i>Property funds</i>	0	0	45	45
<i>Special funds</i>	0	13	0	13
Shares and units	996	13	45	1 054
Financial derivatives	0	8	0	8
Other financial assets	0	1	0	1
Total investment option portfolio	1 327	32	45	1 404
Total financial assets valued at fair value	219 217	71 050	66 923	357 191
CORPORATE PORTFOLIO				
Investment property	0	0	1 384	1 384
Total investment property	0	0	1 384	1 384
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	616	0	0	616
Total corporate portfolio	616	0	0	616

30.09.2023 NOK MILLIONS	Level 1	Level 2	Level 3	Total
COMMON PORTFOLIO				
Financial derivatives	0	1 413	0	1 413
Debt to credit institutions	330	0	0	330
Total common portfolio	330	1 413	0	1 742
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	1	0	1
Debt to credit institutions	11	0	0	11
Total investment option portfolio	11	1	0	12
Total financial liabilities at fair value	956	1 414	0	2 371

30.09.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	535	0	535
<i>Bonds</i>	46	7 110	0	7 156
<i>Fixed-income funds</i>	3 142	0	0	3 142
Fixed-income securities	3 189	7 645	0	10 833
Loans and receivables	504	793	0	1 297
<i>Shares</i>	0	0	6	6
Shares and units	0	0	6	6
Financial derivatives	0	657	0	657
Other financial assets	0	0	0	0
Total corporate portfolio	3 692	9 095	6	12 794
COMMON PORTFOLIO				
<i>Certificates</i>	2 104	3 034	0	5 139
<i>Bonds</i>	18 731	26 484	0	45 215
<i>Fixed-income funds</i>	33 318	8 988	9 573	51 879
Fixed-income securities	54 154	38 506	9 573	102 233
Loans and receivables	10 832	192	0	11 024
<i>Shares</i>	47 668	1 383	2 947	51 998
<i>Equity funds</i>	80 621	0	56	80 677
<i>Property funds</i>	0	2 324	7 202	9 526
<i>Special funds</i>	0	2 004	0	2 004
<i>Private Equity</i>	0	0	36 694	36 694
Shares and units	128 289	5 711	46 900	180 899
Financial derivatives	0	325	0	325
Other financial assets	0	11 569	0	11 569
Total common portfolio	193 275	56 303	56 473	306 050
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	259	8	0	268
Fixed-income securities	259	8	0	268
Loans and receivables	88	0	0	88
<i>Equity funds</i>	863	0	0	863
<i>Property funds</i>	0	0	49	49
<i>Special funds</i>	0	11	0	11
Shares and units	863	11	49	923
Financial derivatives	0	0	0	0
Other financial assets	0	0	0	0
Total investment option portfolio	1 210	20	49	1 279
Total financial assets valued at fair value	198 174	65 418	56 528	320 120

30.09.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
CORPORATE PORTFOLIO				
Investment property	0	0	1 103	1 103
Total investment property	0	0	1 103	1 103
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	182	0	182
Debt to credit institutions	702	0	0	702
Total corporate portfolio	702	182	0	884
COMMON PORTFOLIO				
Financial derivatives	0	13 283	0	13 283
Debt to credit institutions	159	0	0	159
Total common portfolio	159	13 283	0	13 442
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	45	0	45
Debt to credit institutions	20	0	0	20
Total investment option portfolio	20	45	0	65
Total financial liabilities at fair value	881	13 510	0	14 391

31.12.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	318	0	318
<i>Bonds</i>	47	7 367	0	7 414
<i>Fixed-income funds</i>	3 194	0	0	3 194
Fixed-income securities	3 241	7 685	0	10 926
Loans and receivables	612	489	0	1 101
<i>Shares</i>	0	0	6	6
Shares and units	0	0	6	6
Financial derivatives	0	455	0	455
Other financial assets	0	0	0	0
Total corporate portfolio	3 854	8 630	6	12 489
COMMON PORTFOLIO				
<i>Certificates</i>	1 853	1 079	0	2 931
<i>Bonds</i>	18 254	38 572	0	56 826
<i>Fixed-income funds</i>	19 831	9 569	9 835	39 234
Fixed-income securities	39 938	49 219	9 835	98 992
Loans and receivables	16 397	193	0	16 590
<i>Shares</i>	47 713	1 609	3 262	52 584
<i>Equity funds</i>	80 476	0	60	80 536
<i>Property funds</i>	0	2 165	7 083	9 248
<i>Special funds</i>	0	2 191	0	2 191
<i>Private Equity</i>	0	0	35 785	35 785
Shares and units	128 189	5 966	46 189	180 344
Financial derivatives	0	4 164	0	4 164
Other financial assets	0	493	0	493
Total common portfolio	184 523	60 036	56 024	300 584
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	265	8	0	273
Fixed-income securities	265	8	0	273
Loans and receivables	98	0	0	98
<i>Equity funds</i>	862	0	0	862
<i>Property funds</i>	0	0	47	47

31.12.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<i>Special funds</i>	0	12	0	12
Shares and units	862	12	47	922
Financial derivatives	0	9	0	9
Other financial assets	0	4	0	4
Total investment option portfolio	1 225	34	47	1 305
Total financial assets valued at fair value	189 602	68 699	56 078	314 378
CORPORATE PORTFOLIO				
Investment property	0	0	1 399	1 399
Total investment property	0	0	1 399	1 399
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	60	0	60
Debt to credit institutions	512	0	0	512
Total corporate portfolio	512	60	0	572
COMMON PORTFOLIO				
Financial derivatives	0	1 321	0	1 321
Debt to credit institutions	2 130	0	0	2 130
Total common portfolio	2 130	1 321	0	3 452
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	6	0	6
Debt to credit institutions	36	0	0	36
Total investment option portfolio	36	6	0	42
Total financial liabilities at fair value	2 678	1 387	0	4 066

Changes in Level 3 shares, unlisted CORPORATE PORTFOLIO	Book value 30.09.2023	Book value 30.09.2022	Book value 31.12.2022
Opening balance 01.01.	6	8	8
Sold	0	0	0
Bought	0	0	0
Unrealised changes	0	-2	-2
Closing balance 30.09./31.12.	6	6	6
Realised gains/losses	0	0	0

Changes in Level 3 shares, unlisted COMMON PORTFOLIO	Book value 30.09.2023	Book value 30.09.2022	Book value 31.12.2022
Opening balance 01.01.	3 262	2 721	2 721
Sold	-25	-20	-53
Bought	87	33	432
Unrealised changes	118	213	162
Closing balance 30.09./31.12.	3 441	2 947	3 262
Realised gains/losses	-12	-13	-6

Changes in Level 3 equity funds, unlisted COMMON PORTFOLIO	Book value 30.09.2023	Book value 30.09.2022	Book value 31.12.2022
Opening balance 01.01.	59	50	50
Sold	0	0	0
Bought	0	0	0
Unrealised changes	-9	5	9
Closing balance 30.09./31.12.	50	55	59
Realised gains/losses	0	0	0

Changes in Level 3, private equity and property funds COMMON PORTFOLIO	Book value 30.09.2023	Book value 30.09.2022	Book value 31.12.2022
Opening balance 01.01.	52 683	40 127	40 127
Sold	-2 379	-4 258	-5 753
Bought	9 255	10 733	14 036
Unrealised changes	3 822	6 867	4 292
Closing balance 30.09./31.12.	63 380	53 470	52 703
Realised gains/losses	973	1 726	2 313

Changes in Level 3, property funds INVESTMENT OPTION PORTFOLIO	Book value 30.09.2023	Book value 30.09.2022	Book value 31.12.2022
Opening balance 01.01.	48	0	0
Sold	-1	-1	-2
Bought	0	50	50
Unrealised changes	-1	0	-1
Closing balance 30.09./31.12.	46	49	48
Realised gains/losses	0	0	0

Changes in Level 3, investment property CORPORATE PORTFOLIO	Book value 30.09.2023	Book value 30.09.2022	Book value 31.12.2022
Opening balance 01.01.	1 399	1 004	1 004
Sold	-3	0	0
Bought	0	0	0
Unrealised changes	31	138	435
Other	-42	-40	-40
Closing balance 30.09./31.12.	1 384	1 103	1 399
Realised gains/losses	0	0	0
Total level 3	68 308	57 630	57 476

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 3 415 million as of 30.09.2023 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 3rd quarter, NOK 474 million moved from Level 1 to Level 2, NOK 68 million moved from level 2 to level 1 and NOK 70 million moved from level 1 to level 3. 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.

30.09.2023 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

30.09.2023 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
FIXED-INCOME SECURITIES								
Norwegian bonds	5 647	5 153	63 890	58 826	325	294	69 862	64 273
Accrued not due interest	91	91	1 052	1 052	4	4	1 147	1 147
Foreign bonds	15 063	14 026	137 540	125 625	633	577	153 236	140 227
Accrued not due interest	113	113	1 835	1 835	9	9	1 957	1 957
Total fixed-income securities	20 914	19 383	204 317	187 337	971	884	226 202	207 604
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	2 851	2 734	0	0	2 851	2 734
Lending with public sector guarantee	0	0	73 076	71 304	0	0	73 076	71 304
Loans abroad secured by mortgage and local government guarantee	0	0	4 362	4 371	0	0	4 362	4 371
Accrued not due interest	0	0	663	663	0	0	663	663
Total other loans and receivables	0	0	80 952	79 072	0	0	80 952	79 072
Total financial assets at amortized cost	20 914	19 383	285 268	266 409	971	884	307 153	286 676
ASSETS – AT FAIR VALUE								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	6	6	12 013	12 013	0	0	12 019	12 019
Foreign shares	0	0	58 369	58 369	0	0	58 369	58 369
Total shares	6	6	70 382	70 382	0	0	70 388	70 388
Property funds	0	0	9 651	9 651	45	45	9 696	9 696
Norwegian equity funds	0	0	89 376	89 376	996	996	90 372	90 372
Foreign equity funds	0	0	42 828	42 828	0	0	42 828	42 828
Total equity fund units	0	0	141 855	141 855	1 041	1 041	142 896	142 896
Norwegian alternative investments	0	0	2 405	2 405	13	13	2 419	2 419
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	2 405	2 405	13	13	2 419	2 419
Total shares and units	6	6	214 642	214 642	1 054	1 054	215 703	215 703
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	6 617	6 617	28 756	28 756	0	0	35 374	35 374
Foreign bonds	727	727	18 267	18 267	0	0	18 994	18 994
Accrued not due interest	60	60	450	450	0	0	510	510
Norwegian fixed-income funds	3 135	3 135	24 231	24 231	240	240	27 606	27 606
Foreign fixed-income funds	0	0	22 206	22 206	0	0	22 206	22 206
Accrued not due interest	67	67	630	630	5	5	702	702
Norwegian certificates	805	805	4 076	4 076	0	0	4 881	4 881
Foreign certificates	0	0	891	891	0	0	891	891
Accrued not due interest	7	7	17	17	0	0	24	24
Fixed income securities	11 419	11 419	99 524	99 524	245	245	111 188	111 188
Norwegian loans and receivables	1 101	1 101	10 602	10 602	26	26	11 729	11 729
Foreign loans and receivables	370	370	5 600	5 600	69	69	6 039	6 039
Total loans and receivables	1 470	1 470	16 203	16 203	95	95	17 768	17 768
DERIVATIVES								
Interest rate swaps	473	473	185	185	0	0	658	658
Share options	0	0	0	0	0	0	0	0
Forward exchange contracts	140	140	2 015	2 015	8	8	2 163	2 163
Total financial derivatives classified as assets	613	613	2 199	2 199	8	8	2 821	2 821
OTHER FINANCIAL ASSETS								
Other financial assets	50	50	9 659	9 659	1	1	9 710	9 710
Total financial assets valued at fair value	13 559	13 559	342 227	342 227	1 404	1 404	357 191	357 191
LIABILITIES								

30.09.2023 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
DERIVATIVES								
Interest rate swaps	0	0	214	214	0	0	214	214
Forward exchange contracts	0	0	1 199	1 199	1	1	1 200	1 200
Total financial derivatives classified as liabilities	0	0	1 413	1 413	1	1	1 414	1 414
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 340	3 271	0	0	0	0	3 340	3 271
Hybrid Tier 1 securities	1 470	1 470	0	0	0	0	1 470	1 470
Total subordinated loan capital etc.	4 809	4 741	0	0	0	0	4 809	4 741
LIABILITIES TO CREDIT INSTITUTIONS								
Repos	0	0	0	0	0	0	0	0
Norwegian call money ¹	0	0	269	269	0	0	269	269
Foreign call money ¹	616	616	61	61	11	11	687	687
Total liabilities to credit institutions	616	616	330	330	11	11	956	956

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

30.09.2022 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								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	496	493	3 448	3 407	2	2	3 946	3 902
Accrued not due interest	14	14	95	95	0	0	108	108
Foreign hold-to-maturity bonds	6 572	6 270	15 853	15 326	38	38	22 463	21 634
Accrued not due interest	23	23	171	171	0	0	194	194
Total investments held to maturity	7 104	6 799	19 567	18 999	40	40	26 711	25 838
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	5 048	4 636	55 992	51 595	302	277	61 343	56 508
Accrued not due interest	76	76	865	865	4	4	945	945
Foreign bonds	7 789	7 245	111 824	102 928	586	541	120 199	110 715
Accrued not due interest	82	82	1 567	1 567	8	8	1 658	1 658
Total bonds classified as loans and receivables	12 995	12 039	170 248	156 955	901	831	184 144	169 825
OTHER LOANS AND RECEIVABLES								
Secured loan	0	0	3 016	2 908	0	0	3 016	2 908
Lending with public sector guarantee	0	0	69 884	68 213	0	0	69 884	68 213
Loans abroad secured by mortgage and local government guarantee	0	0	6 144	6 144	0	0	6 144	6 144
Accrued not due interest	0	0	383	383	0	0	383	383
Total other loans and receivables	0	0	79 428	77 649	0	0	79 428	77 649
Total financial assets at amortized cost	20 099	18 838	269 243	253 603	941	871	290 283	273 312
ASSETS – AT FAIR VALUE								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	6	6	9 816	9 816	0	0	9 822	9 822
Foreign shares	0	0	42 182	42 182	0	0	42 182	42 182
Total shares	6	6	51 998	51 998	0	0	52 004	52 004
Property funds	0	0	9 526	9 526	49	49	9 575	9 575
Norwegian equity funds	0	0	80 486	80 486	863	863	81 349	81 349
Foreign equity funds	0	0	36 885	36 885	0	0	36 885	36 885
Total equity fund units	0	0	126 897	126 897	911	911	127 809	127 809
Norwegian alternative investments	0	0	2 004	2 004	11	11	2 016	2 016
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	2 004	2 004	11	11	2 016	2 016

30.09.2022 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
Total shares and units	6	6	180 899	180 899	923	923	181 828	181 828
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	6 798	6 798	27 139	27 139	0	0	33 937	33 937
Foreign bonds	322	322	17 741	17 741	0	0	18 063	18 063
Accrued not due interest	36	36	335	335	0	0	371	371
Norwegian fixed-income funds	3 136	3 136	20 697	20 697	266	266	24 099	24 099
Foreign fixed-income funds	0	0	31 109	31 109	0	0	31 109	31 109
Accrued not due interest	6	6	74	74	1	1	81	81
Norwegian certificates	532	532	4 694	4 694	0	0	5 226	5 226
Foreign certificates	0	0	430	430	0	0	430	430
Accrued not due interest	3	3	14	14	0	0	17	17
Fixed income securities	10 833	10 833	102 233	102 233	268	268	113 334	113 334
Norwegian loans and receivables	865	865	5 404	5 404	41	41	6 310	6 310
Foreign loans and receivables	431	431	5 620	5 620	47	47	6 099	6 099
Total loans and receivables	1 297	1 297	11 024	11 024	88	88	12 409	12 409
DERIVATIVES								
Interest rate swaps	657	657	2	2	0	0	660	660
Share options	0	0	118	118	0	0	118	118
Forward exchange contracts	0	0	204	204	0	0	204	204
Total financial derivatives classified as assets	657	657	325	325	0	0	982	982
OTHER FINANCIAL ASSETS								
Other financial assets	0	0	11 569	11 569	0	0	11 570	11 570
Total financial assets valued at fair value	12 794	12 794	306 050	306 050	1 279	1 279	320 123	320 123
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	2 423	2 423	0	0	2 423	2 423
Forward exchange contracts	182	182	10 860	10 860	45	45	11 087	11 087
Total financial derivatives classified as liabilities	182	182	13 283	13 283	45	45	13 510	13 510
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 162	3 059	0	0	0	0	3 162	3 059
Hybrid Tier 1 securities	1 650	1 393	0	0	0	0	1 650	1 393
Total subordinated loan capital etc.	4 812	4 452	0	0	0	0	4 812	4 452
LIABILITIES TO CREDIT INSTITUTIONS								
Repos	0	0	0	0	0	0	0	0
Norwegian call money ¹	0	0	4	4	3	3	6	6
Foreign call money ¹	702	702	155	155	17	17	875	875
Total liabilities to credit institutions	702	702	159	159	20	20	881	881

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

31.12.2022 NOK MILLION	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								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	494	500	2 559	2 573	2	2	3 055	3 075
Accrued not due interest	19	19	95	95	0	0	114	114
Foreign hold-to-maturity bonds	6 479	6 133	14 273	13 949	38	39	20 790	20 121
Accrued not due interest	39	39	202	202	1	1	241	241
Total investments held to maturity	7 030	6 691	17 129	16 820	41	41	24 200	23 552

31.12.2022 NOK MILLION	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	5 138	4 836	55 584	52 806	302	283	61 024	57 925
Accrued not due interest	70	70	769	769	4	4	844	844
Foreign bonds	7 789	7 303	113 271	105 231	586	545	121 645	113 079
Accrued not due interest	105	105	1 716	1 716	9	9	1 830	1 830
Total bonds classified as loans and receivables	13 102	12 314	171 339	160 522	902	842	185 343	173 678
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	2 935	2 836	0	0	2 935	2 836
Lending with public sector guarantee	0	0	70 213	68 807	0	0	70 213	68 807
Loans abroad secured by mortgage and local government guarantee	0	0	5 332	5 332	0	0	5 332	5 332
Other loans	0	0	115	115	0	0	115	115
Accrued not due interest	0	0	389	389	0	0	389	389
Total other loans and receivables	0	0	78 982	77 478	0	0	78 982	77 478
Total financial assets at amortized cost	20 132	19 005	267 451	254 820	943	883	288 525	274 708
ASSETS – AT FAIR VALUE								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	6	6	10 961	10 961	0	0	10 968	10 968
Foreign shares	0	0	41 622	41 622	0	0	41 622	41 622
Total shares	6	6	52 584	52 584	0	0	52 590	52 590
Property funds	0	0	9 248	9 248	47	47	9 296	9 296
Norwegian equity funds	0	0	80 234	80 234	862	862	81 096	81 096
Foreign equity funds	0	0	36 087	36 087	0	0	36 087	36 087
Total equity fund units	0	0	125 570	125 570	909	909	126 479	126 479
Norwegian alternative investments	0	0	2 191	2 191	12	12	2 203	2 203
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	2 191	2 191	12	12	2 203	2 203
Total shares and units	6	6	180 344	180 344	922	922	181 272	181 272
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	7 144	7 144	27 753	27 753	0	0	34 898	34 898
Foreign bonds	223	223	28 552	28 552	0	0	28 775	28 775
Accrued not due interest	47	47	520	520	0	0	568	568
Norwegian fixed-income funds	3 194	3 194	21 271	21 271	273	273	24 738	24 738
Foreign fixed-income funds	0	0	17 964	17 964	0	0	17 964	17 964
Accrued not due interest	0	0	0	0	0	0	0	0
Norwegian certificates	315	315	2 499	2 499	0	0	2 814	2 814
Foreign certificates	0	0	420	420	0	0	420	420
Accrued not due interest	4	4	12	12	0	0	15	15
Fixed income securities	10 926	10 926	98 992	98 992	273	273	110 191	110 191
Norwegian loans and receivables	630	630	10 531	10 531	32	32	11 193	11 193
Foreign loans and receivables	471	471	6 059	6 059	66	66	6 596	6 596
Total loans and receivables	1 101	1 101	16 590	16 590	98	98	17 789	17 789
DERIVATIVES								
Interest rate swaps	455	455	657	657	0	0	1 113	1 113
Share options	0	0	135	135	0	0	135	135
Forward exchange contracts	0	0	3 372	3 372	9	9	3 381	3 381
Total financial derivatives classified as assets	455	455	4 164	4 164	9	9	4 628	4 628
OTHER FINANCIAL ASSETS								
Other financial assets	0	0	493	493	4	4	498	498
Total financial assets valued at fair value	12 489	12 489	300 584	300 584	1 305	1 305	314 378	314 378
LIABILITIES								

31.12.2022 NOK MILLION	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
DERIVATIVES								
Interest rate swaps	0	0	118	118	0	0	118	118
Forward exchange contracts	60	60	1203	1203	6	6	1269	1269
Total financial derivatives classified as liabilities	60	60	1321	1321	6	6	1387	1387
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 147	3 093	0	0	0	0	3 147	3 093
Hybrid Tier 1 securities	1 428	1 428	0	0	0	0	1 428	1 428
Total subordinated loan capital etc.	4 575	4 521	0	0	0	0	4 575	4 521
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	636	636	3	3	639	639
Foreign call money ¹	512	512	1 494	1 494	33	33	2 039	2 039
Total liabilities to credit institutions	512	512	2 130	2 130	36	36	2 678	2 678

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

Note 10 Leases

NOK MILLIONS	30.09.2023	30.09.2022	31.12.2022
RIGHT-OF-USE ASSETS	Property		
Opening balance 01.01.	865	973	973
Depreciation	-81	-81	-108
Closing balance 30.09. / 31.12.	784	892	865

NOK MILLIONS	30.09.2023	30.09.2022	31.12.2022
LEASE LIABILITIES	Property		
Opening balance 01.01.	920	1 012	1 012
Repayments	-72	-69	-92
Closing balance 30.09. / 31.12.	848	943	920

NOK MILLIONS	Q3 2023	Q3 2022	01.01.2023 -30.09.2023	01.01.2022 -30.09.2022	01.01.2022 -31.12.2022
	Property				
Interest expense lease liabilities	5	6	16	18	24
Interest expense lease liabilities	5	6	16	18	24

Note 11 Liabilities

NOK MILLIONS	30.09.2023	30.09.2022	31.12.2022
Short-term liability securities	9 644	12 962	852
Advance tax-deduction pension scheme	522	478	522
Accounts payable	37	8	18
Derivatives	1 414	13 510	1 387
Debt to credit institutions	956	881	2 678
Liabilities related to direct insurance	2 497	1 740	492
Other liabilities	26	26	36
Total liabilities	15 096	29 605	5 985

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

30.09.2023 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 derivatives	2 821	0	2 821	-1 357	-948	0	654
Total	2 821	0	2 821	-1 357	-948	0	654
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	2 199	0	2 199	-1 356	-329	0	553
Total assets – corporate portfolio	613	0	613	0	-616	0	96
Total assets – investment option portfolio	8	0	8	-1	-4	0	5
Total	2 821	0	2 821	-1 357	-948	0	654
LIABILITIES							
Financial derivatives	1 414	0	1 414	-1 357	-196	-467	0
Total	1 414	0	1 414	-1 357	-196	-467	0
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	1 413	0	1 413	-1 356	-196	-467	0
Total liabilities – corporate portfolio	0	0	0	0	0	0	0
Total liabilities – investment option portfolio	1	0	1	-1	0	0	0
Total	1 414	0	1 414	-1 357	-196	-467	0

30.09.2022 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 derivatives	982	0	982	-207	-867	0	163
Total	982	0	982	-207	-867	0	163
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	325	0	325	-207	-149	0	118
Total assets – corporate portfolio	657	0	657	0	-702	0	45
Total assets – investment option portfolio	0	0	0	0	-16	0	0
Total	982	0	982	-207	-867	0	163
LIABILITIES							
Financial derivatives	13 510	0	13 510	-207	-162	-11 148	2 153
Total	13 510	0	13 510	-207	-162	-11 148	2 153
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	13 283	0	13 283	-207	-160	-11 148	1 927
Total liabilities – corporate portfolio	182	0	182	0	0	0	182
Total liabilities – investment option portfolio	45	0	45	0	-2	0	44
Total	13 510	0	13 510	-207	-162	-11 148	2 153

31.12.2022 NOK MILLIONS	Related amounts not presented net						Net amount
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	
ASSETS							
Financial derivatives	4 628	0	4 628	-1 228	-2 667	-667	366
Total	4 628	0	4 628	-1 228	-2 667	-667	366
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	4 164	0	4 164	-1 225	-2 124	-667	360
Total assets – corporate portfolio	455	0	455	0	-512	0	0
Total assets – investment option portfolio	9	0	9	-2	-31	0	6
Total	4 628	0	4 628	-1 228	-2 667	-667	366
LIABILITIES							
Financial derivatives	1 387	0	1 387	-1 228	-88	-211	64
Total	1 387	0	1 387	-1 228	-88	-211	64
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	1 321	0	1 321	-1 225	-42	-211	0
Total liabilities – corporate portfolio	60	0	60	0	-25	0	60
Total liabilities – investment option portfolio	6	0	6	-2	-21	0	3
Total	1 387	0	1 387	-1 228	-88	-211	64

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 368 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 368 per cent.

	30.09.2023	30.09.2022	31.12.2022
SOLVENCY II-SCR RATIO	368 %	341 %	318 %

NOK BILLIONS	30.09.2023	30.09.2022	31.12.2022
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT			
Assets, book value	771	720	709
Added values - hold-to-maturity portfolio/loans and receivables	-17	-15	-12
Added values - other lending	-2	-2	-2
Other added/lesser values	0	0	0
Deferred tax asset	0	0	0
Total assets - solvency II	751	703	695

NOK BILLIONS	30.09.2023	30.09.2022	31.12.2022
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT			
Best estimate	674	613	629
Risk margin	10	11	12
Hybrid Tier 1 securities/Subordinated loan capital	4	5	5
Other liabilities	17	31	8
Deferred tax liabilities	0	0	0
Total liabilities - solvency II	705	660	653
Excess of assets over liabilities	47	43	42
- Deferred tax asset	0	0	0
- Risk equalization fund (tier 2 own funds starting 30.09.2022)	-5	-5	-5
+ Hybrid Tier 1 securities	1	2	1
Tier 1 basic own funds	43	40	39
Total eligible tier 1 own funds	43	40	39
Subordinated loans	3	3	3
Risk equalization fund (tier 2 own funds starting 30.09.2022)	5	5	5
Tier 2 basic own funds	8	8	8
Ancillary own funds	14	13	13
Tier 2 ancillary own funds	14	13	13
Deduction for max. eligible tier 2 own funds	-15	-14	-13
Total eligible tier 2 own funds	7	7	7
Deferred tax asset	0	0	0
Total eligible tier 3 own funds	0	0	0
Solvency II total eligible own funds	50	46	46
Market risk	8	7	7
Diversification market risk	-3	-3	-2
Counterparty risk	0	0	0
Life risk	10	12	14
Diversification life risk	-0	-2	-3
Diversification general	-3	-3	-3
Operational risk	3	3	3
Loss absorbing ability deferred tax	-1	-2	-2
Solvency capital requirement (SCR)	14	14	15
Linear minimum capital requirement (MCR_linear)	1	4	5
Minimum	3	3	4
Maximum	6	6	7
Minimum capital requirement (MCR)	3	4	5
Solvency II -SCR ratio	368 %	341 %	318 %