

Q4 2023 Interim report

KLP Group, sustainability and KLP

KLP



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KLP Group

Report for the fourth quarter of 2023

In brief

- NOK 21.4 billion to be transferred to the customers' premium fund.
- Return on the common portfolio of 2.4 per cent in the fourth quarter and 6.4 per cent in the year.
- Provisions in the pension scheme for hospital doctors increased by NOK 2.5 billion
- Total assets in excess of NOK 1,000 billion

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 fourth quarter of 2023, the Group had total assets of NOK 1,017 billion, an increase of NOK 117 billion in 2023.

Results for the fourth 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

The investment result for customers was NOK 29.2 (-20)¹ billion in 2023, and NOK 13.9 billion in the fourth quarter. The book return on the common portfolio was 6.4 per cent for the year, and 2.4 per cent for the fourth quarter. Actual financial income is NOK 42.7 billion in 2023, of which NOK 17.2 billion was earned in the fourth quarter.

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

Of the customers' investment result, NOK 20 billion has been transferred to the customers' premium fund, NOK 7.2 billion has been allocated to the customers' buffer fund and NOK 2 billion has been used to strengthen the premium reserve in the Pension Scheme for Hospital Doctors. After many years of low interest rates where it has been necessary to build buffers, KLP now has financial strength commensurate with today's interest levels. KLP is therefore transferring a historically large amount from surplus returns in 2023 to the premium fund. Good returns in KLP mean lower payments for pensions and more money for other purposes benefitting our customers. The customers are thus directly aware of the consequences of good results in KLP.

Risk result

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

The total risk result for 2023 amounts to NOK 648 million. NOK 594 million has been transferred to the customers' premium fund, while NOK 54 million has been used to strengthen the premium reserve in the Pension Scheme for Hospital Doctors.

In 2023, disability rates were higher than expected and the risk result for disability now amounts to NOK -280 million.

For KLP's schemes as a whole, mortality has been higher than expected and the risk result for longevity is NOK 842 million. The risk result associated with survivors' cover is NOK 85 million.

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. The increase in the reserve amounts to NOK 2,528 million, and is included in the accounts for 2023.

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 144 (-17) million so far this year, of which NOK -32 million fell in the third quarter. Insurance-related operating expenses came to NOK 1.5 (1.5) billion so far this year.

Total profit/loss

The profit to insurance customers amounts to NOK 29.8 (-19.3) billion, while the profit to the company is NOK 856 (897) million.

NOK MILLIONS	Customers	Company	Total
Investment result	29,171	295	29,465
Risk result	648		648
Interest guarantee premium		291	291
Administration result		144	144
Other income from technical accounts		-508	-508
Net income from investments in the corporate portfolio and other income/expenses in non-technical accounts		1,024	1,024
Tax		-277	-277
Other profit/loss elements		-111	-111
Profit/loss after Q4 2023	29,819	856	30,675
Profit/loss after Q4 2022	-19,306	897	-18,409

Financial strength and capital-related matters

KLP's total assets have increased by NOK 76.9 billion in the year to date and amount to NOK 787.2 billion. The premium reserve increased by NOK 55.0 billion to NOK 573.6 billion in the same period.

NOK 7.2 billion of the investment result for the year was allocated to the buffer fund. NOK 813 million has been transferred from the customers' buffer fund to the customers' premium fund, and NOK 343 million has been moved out of transferred contracts. In total, the buffer fund increased by NOK 6 billion in 2023 and amounts to NOK 108.2 billion after the fourth quarter. The fund is contract-based, and can be used to cover the shortfall in returns from the management of customer assets. The buffer fund is therefore important for financial strength and expected returns on customer funds in future periods.

Without applying transitional rules, the Company's solvency capital requirement (SCR) is 350 per cent. This is a fall of 17 percentage points in the quarter, and is due to a reduction in interest rates in the fourth quarter.

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	31.12.2023	31.12.2022
Return on the common portfolio	6.4	-1.1
Return incl. value changes in hold-to-maturity bonds and lending	6.8	-3.9
<i>The returns figures apply to the common portfolio</i>		
Capital adequacy, Solvency II	350	337
Capital adequacy, Solvency II, with transitional measures	350	337

Premium income

Premium income excluding premium reserves received on transfers in amounted to NOK 70.2 (50.1) billion at the end of the fourth quarter. Of this, premiums related to the regulation of accrued rights amount to NOK 40.1 (21.2) billion.

Claims/benefits

Pensions paid and other claims, excluding ceded premium reserves, amounted to NOK 26.1 (23.9) billion at the end of the fourth quarter.

Management of the common portfolio

The assets in the common portfolio totalled NOK 734.3 (660.4) billion:

Assets	31.12.2023		31.12.2022	
	Proportion	Return	Proportion	Return
All figures in per cent				
Equities	31.6%	16.1%	30.2%	-8.0%
Long-term/HTM bonds	28.6%	3.2%	29.0%	3.3%
Property	13.3%	-3.2%	14.7%	7.1%
Lending	11.3%	3.9%	12.0%	2.5%
Short-term bonds	11.5%	5.8%	12.2%	-9.9%
Other financial assets	3.6%	4.7%	1.9%	1.6%

Equities

Total exposure in shares and alternative investments, including equity derivatives, was 31.6 per cent at the end of the fourth quarter. The total return on shares and alternative investments was 4.2 per cent in the quarter. The return on KLP's global equities was 7.5 per cent, while KLP's Norwegian equity portfolio returned 2.4 per cent in the fourth 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 fourth 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

In total, short-term bonds achieved returns of 4.5 per cent in the fourth quarter. The money market return was 1.5 per cent for the quarter. Short-term bonds accounted for 11.5 per cent and money-market instruments 3.6 per cent of the assets in the common portfolio at the end of the quarter. Norwegian, Eurozone and US government interest rates all fell during the fourth quarter. KLP's global government bond index achieved a currency-hedged return of 5.5 per cent in the quarter, while the return on the Norwegian government bond index was 4.2 per cent. Global credit margins were lower through the quarter. The quarterly return on KLP's global credit bond index was 6.8 per cent, while the return on the Norwegian bond index was 4.7 per cent.

Bonds measured at amortised cost

Investments in bonds recognised at amortised cost made up around 28.6 per cent of the common portfolio at the end of the quarter. Unrecognised decreases in value in the portfolio rose in the first quarter and amounted to NOK 8.0 billion at the end of the fourth quarter. The portfolio is well diversified and consists of

securities issued by creditworthy borrowers. The return on investment measured at amortised cost was 0.6 per cent in the fourth quarter, and 3.2 per cent for the full year.

Property

Property investments, including Norwegian and international real estate funds, made up 13.3 per cent of the common portfolio. Property values in the common portfolio were written down by NOK 6.7 billion in the fourth 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 3.2 per cent in the year. 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 82 billion. This is split between NOK 70.8 billion in loans to the public sector, NOK 2.8 billion in secured mortgage loans and NOK 0.2 billion in loans with government guarantees, with the remaining NOK 7.7 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 1.3 billion at the end of the quarter. Returns in 2023 were 3.9 per cent.

Returns on the corporate portfolio

The corporate portfolio covers assets financed by owners' equity and subordinated loans/hybrid Tier 1 and Tier 2 securities.

The corporate portfolio is managed with a moderate-risk long-term investment horizon, with the objective of stable returns. Investments in the corporate portfolio achieved a return of 0.9 per cent in the fourth quarter, and 3.0 per cent for the year. The return is affected by write-downs on property.

Other matters

The market situation

The market situation for public-sector occupational pensions is stable, and customers with premium reserves totalling around NOK 2.1 billion decided to move their schemes away from KLP with effect from 1 January 2024.

Business areas of the subsidiaries

Non-life insurance

Operating profit before tax was NOK 273 (111) million at the end of the fourth quarter of 2023. The fourth quarter produced a profit of NOK 18 (62) million. The growth in profit in the quarter is mainly due to good financial results outweighing a weak result from insurance operations. Operating costs are lower than expected.

Premium volume stood at NOK 2,586 million at the end of the fourth quarter, an increase of NOK 294 million from the position at 31.12.2022. Premium income increased by NOK 305 million, or 13.9 per cent, in 2023, and amounts to NOK 2,505 million. The retail market shows growth of NOK 97 million, or 10.6 per cent, while the public-sector and corporate market shows growth of NOK 208 million, or 16.2 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 350 (442) million at 31.12.2023. 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.

There was one large claim in the quarter. For the year, five individual claims and three natural peril events over NOK 10 million were reported. Reversal of previous years' claims is still positive, and this year NOK 79 million has so far been taken to income, equivalent to 3.6 per cent of the reserves at the beginning of the year.

There were no large natural peril claims in the quarter. The Company's share of the natural perils is estimated at NOK 114 million in 2023. Reinsurance covers NOK 56 million of this sum.

Key figures for the Company

	31.12.2023	31.12.2022
Claims ratio	83.5	98.3
Reinsurance ratio	2.8	-19
Cost ratio	14.0	13.9
Total cost ratio	100.3	93.2

Net financial income at 31.12.2023 was NOK 313.3 (-95.6) million, representing a return of 5.5 (minus 1.7) per cent. Returns for the fourth quarter in isolation were NOK 128.7 (41.3) million, or 2.3 per cent. (0.8)

The Company's financial position is good, with a solvency capital requirement (SCR) of 227 per cent at the end of 2023, compared to 222 per cent at the end of 2022 and 246 per cent after the third quarter of 2023.

Asset and fund management

KLP Kapitalforvaltning AS provides securities management in the KLP Group. It had a total of NOK 760 billion under management at the end of the fourth quarter, of which NOK 179 billion was for external customers. The majority of the assets are managed on behalf of KLP and its subsidiaries.

Net new subscriptions to the KLP securities funds in 2023 amounted to NOK 13.9 billion, with a net gain of NOK 17.2 billion from customers external to the Group. The number of direct unit-holders at the end of the third quarter was 37,930.

KLP Kapitalforvaltning made a profit before tax of NOK 54.7 million in 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 fourth quarter, the KLP Banken Group achieved an operating profit before tax of NOK 285.4 (180.5) million, of which the second quarter in isolation accounted for NOK 82.3 (83.0) million. The change in 2023 is mainly related to increased net interest income in both business areas and reduced losses on financial instruments. Broken down by area, profits were NOK 199.4 (107.7) million in the retail market and NOK 86.0 (72.8) million in the public-sector market.

The KLP Banken Group's lending balance as of 31 December 2023 was NOK 42.9 (42.4) billion. The split between the retail and public-sector markets was NOK 23.9 (23.3) billion and 19.0 (19.1) billion respectively.

KLP Banken manages NOK 2.8 (2.9) billion in mortgage loans and NOK 79.3 (75.6) billion in loans to public-sector borrowers and other businesses on behalf of KLP.

Losses and loss provisions in the fourth quarter amount to NOK 0.9 (0.3) million in the retail market, a small reduction from the third quarter. The rise in interest rates has so far not resulted in a significant increase in mortgage losses, but persistent high inflation and interest rates could lead to a reduction in borrowers' ability to repay their loans in the longer term. Nor have we experienced any losses related to public-sector lending in 2023.

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 net assets in the Group. This means that, according to IFRS 17, the Group has no equity² and the profit/loss will be zero.

The Group's insurance liabilities related to contracts for public-sector occupational pensions amounted to NOK 762 billion at 31.12.2023. This is an increase of NOK 28 billion in the quarter, and NOK 75 billion in the year. Increases in the value of assets and premium payments are the main reasons for the growth.

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

Corporate social responsibility

Throughout 2023, the Board worked together with senior management on a new strategy for its corporate social responsibility work, one result of which was to set targets for key areas. The corporate responsibility strategy was formally adopted at the very end of the year, and we are now working to get it incorporated into the corporate strategy, and into the reporting.

The new Corporate Sustainability Reporting Directive (CSRD) is based around annual materiality assessments following the principle of double materiality. The rules enter into force for financial institutions on 01.01.2025, for the 2024 reporting year. As a natural extension of our corporate social responsibility strategy work, we are conducting a pilot test of sustainability reporting under the new Directive for the 2023 reporting year.

Due diligence assessments of publicly traded companies in the Gulf States (Saudi Arabia, Qatar, the United Arab Emirates and Kuwait) were completed, and it was announced that 11 companies would be excluded because of a high risk of human rights violations, particularly related to issues with authoritarian regimes that limit freedom of expression and political rights, particularly for critics and human rights activists. The companies excluded are within the building, construction and property sectors and telecommunications, where the risk is considered particularly high. KLP also excluded the oil company Saudi Aramco, due to a combination of close ties with dominant state owners and an active position contrary to KLP's expectations for climate and energy transition plans.

In response to the war in Gaza, KLP is carrying out a special due diligence assessment of Israeli companies to pick up any possible involvement in human rights violations. We are also in regular contact with players such as Norwegian People's Aid and the Norwegian Union of Municipal and General Employees on the ongoing war, as they have been reviewing the funds offered by Norwegian banks to their customers, to see whether these are invested in companies with activities in the occupied Palestinian territories.

The non-life company has worked to make selected insurance products more sustainable, including meeting the criteria for sustainable non-life insurance in the EU taxonomy.

² The Group reports on equity in its financial statements. Equity consists of the book value of net assets minus the fair value of these assets. This is because policy-holders are entitled to the fair value of net assets, and this requirement is covered in the financial statements. There is then a measurement difference as some assets are not recorded at market value. The measurement difference is reported as equity. Changes in measurement differences constitute total comprehensive income for the Group.

The non-life company is constantly working to reduce emissions and other environmental damage from claims settlements. The burnt-out Meierigården building in Porsgrunn was demolished in December with electric-powered machinery which reduces both greenhouse gas emissions and local air pollution from the work site.

Future prospects and events after the end of the quarter

KLP achieved good results in 2023 and we expect this to continue in 2024.

The disability figures increased during the pandemic, and it is unclear whether they will persist or return to pre-2020 levels. KLP is monitoring developments in case there is a need to increase the disability tariff.

We may expect to see more tendering procedures for public-sector occupational pensions, and we will continue to strive to be the best provider to the Norwegian local government and healthcare sector. We will continue to focus on delivering good services to our customers and being a responsible and sustainable player in the market.

Oslo, 16 February 2024

The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

TINE SUNDTOFT

Chair

Terje Rootwelt

Egil Matsen

Kjerstin Fyllingen

Rune Simensen

Odd Haldgeir Larsen

Vibeke Haldal

Elected by and from among the
employees

Erling Bendiksen

Elected by and from among the
employees

The Board of Directors uses digital signature

Income statement

KLP Group

NOTE	NOK MILLIONS	Q4 2023	Q4 2022	01.01.2023 -31.12.2023	01.01.2022 -31.12.2022
3, 5	Insurance service result	- 890	414	- 1 925	485
	Net income from investments measured at fair value with changes in P/L	37 594	13 313	76 629	-38 960
	Net income from investments not measured at fair value with changes in P/L	19	-220	78	8 748
4	Fair value adjustment investment properties and rental income	-90	-1 753	-2 547	6 558
	Net credit loss from financial assets not measured at fair value	49	0	-186	0
	Net income from associated companies and joint ventures	214	-4	416	334
	Net interest income banking	126	111	468	371
	Unit holder's value change in consolidated securities funds	-10 638	-3 640	-27 286	15 966
	Total net income	27 274	7 808	47 573	-6 985
	Policyholder's share of changes in fair value of underlying items	-25 001	-11 743	-43 586	24 823
	Other insurance related financial cost	-44	-14	-42	49
5	Net insurance related financial cost	-25 045	-11 757	-43 628	24 872
	Net insurance services and financial result	1 338	-3 536	2 019	18 372
6	Net costs subordinated loan and hybrid Tier 1 securities	-57	201	-463	-169
	Operating expenses	-318	-253	-1 124	-968
	Other income	48	23	77	57
	Other expenses	-18	-25	-77	-77
	Pre-tax income	993	-3 590	432	17 215
	Cost of taxes ¹	-195	-136	-1 227	-826
	Income	798	-3 726	-794	16 389
12	Actuarial loss and profit on post employment benefit obligations	-496	57	-146	132
	Tax on items that will not be reclassified to profit or loss	77	-5	22	-17
	Items that will not be reclassified to profit or loss	-419	53	-125	115
	Revaluation real property for use in own operation	-56	-207	-308	-43
4	Currency translation foreign properites	566	-561	2 139	148
	Tax on items that will be reclassified to profit or loss	14	52	77	11
	Items that will be reclassified to income particular specific conditions are met	524	-717	1 908	116
	Total other comprehensive income	105	-664	1 784	231
	Total comprehensive income ²	903	-4 390	990	16 621
	¹ Unit holders share of taxes in consolidated security funds	-82	-279	-375	-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 31.12.2023 of minus 2,655 million. This equity arises as a result of the fact that the policyholders are entitled to the fair value of all the 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 903 million will thus appear as a result.

Financial position statement

KLP Group

NOTE	NOK MILLIONS	31.12.2023	31.12.2022
	Deferred tax assets	48	48
	Other intangible assets	1 379	1 049
	Tangible fixed assets	2 277	2 633
	Investments in associated companies and joint venture	6 620	5 456
4, 9	Investment property	92 322	93 992
5	Reinsurance contract assets	728	736
7, 9	Fixed income securitites and other debt instruments at fair value	410 569	181 802
7	Fixed income securitites and other debt instruments at amortized costs	2 254	198 752
7, 9	Lending local government, enterprises & retail customers at fair value through profit / loss	79 579	0
7	Lending local government, enterprises & retail customers at amortized costs	44 509	121 360
7, 9	Equity capital instruments at fair value through profit/loss	354 757	282 399
7, 9	Financial derivatives	15 587	6 820
7	Receivables	2 674	1 700
	Cash and bank deposits	3 509	3 321
	TOTAL ASSETS	1 016 813	900 068
7, 8	Hybrid Tier 1 securities	1 434	1 428
7, 8	Subordinated loan capital	3 327	3 147
12	Pension obligations	913	815
5	Insurance obligations with the right to residual value	762 196	686 834
5	Other insurance liabilities	3 392	3 181
7, 8	Covered bonds issued	30 504	32 430
7, 8	Debt to credit institutions	13 041	6 683
7, 8	Liabilities to and deposits from customers	14 060	13 779
7	Financial derivatives	3 249	3 158
	Deferred tax	1 055	1 153
14	Other current liabilities	6 364	4 233
	Equity	-2 650	8 395
	Unit holders `s interest in consolidated securites funds	179 929	134 831
	TOTAL EQUITY AND LIABILITIES	1 016 813	900 068
	Contingent liabilities	30 934	31 083

Changes in owners' equity

KLP Group

2023 NOK MILLIONS	Equity
Owners' equity 31 December 2022	8 395
Change of principle 01.01.2023, IFRS 9 ¹	- 12 035
Owners' equity 1 January 2023	- 3 640
Income	- 794
Items that will not be reclassified to income	- 125
Items that will be reclassified to income later when particular conditions are met	1 908
Total other comprehensive income	1 784
Total comprehensive income	990
Owners' equity 31 December 2023	- 2 650

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	16 389
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	16 621
Other changes	- 39
Owners' equity 31 December 2022	8 395

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

Statement of cashflow

KLP Group

NOK MILLIONS	01.01.2023 -31.12.2023	01.01.2023 -30.09.2023	01.01.2023 -30.06.2023	01.01.2023 -31.03.2023	01.01.2022 -31.12.2022
Net cash flow from operational activities	-19 180	-14 051	-3 581	116	36 130
Net cash flow from investment activities ¹	-470	-351	-252	-113	-346
Net cash flow from financing activities ²	19 838	14 149	3 812	-347	-35 851
Net changes in cash and bank deposits	188	-254	-21	-344	-66
Holdings of cash and bank deposits at start of period	3 321	3 321	3 321	3 321	3 388
Holdings of cash and bank deposits at end of period	3 509	3 068	3 301	2 978	3 321

¹ Payments on the purchase of tangible fixed assets.

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

Notes to the financial statement

KLP Group

Note 1 **Accounting principles – and estimates**

Accounting principles

The financial statements in this interim report show the Kommunal Landspensjonskasse (KLP) group financial statements and parent company financial statements for the period 01.01.2023 – 31.12.2023. 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 31.12.2023. 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		Other		Eliminations		Total	
	01.01.2023	01.01.2022	01.01.2023	01.01.2022	01.01.2023	01.01.2022	01.01.2023	01.01.2022	01.01.2023	01.01.2022	01.01.2023	01.01.2022	01.01.2023	01.01.2022
	-31.12.2023	-31.12.2022	-31.12.2023	-31.12.2022	-31.12.2023	-31.12.2022	-31.12.2023	-31.12.2022	-31.12.2023	-31.12.2022	-31.12.2023	-31.12.2022	-31.12.2023	-31.12.2022
Result from insurance services	-1 925	485	342	457	0	0	0	0	0	0	-342	-457	-1 925	485
Net financial income from investments	74 859	-22 950	319	-91	468	345	23	0	0	0	-809	-254	74 859	-22 950
Policyholder's share of changes in fair value of underlying items	-43 586	24 823	0	0	0	0	0	0	0	0	0	0	-43 586	24 823
Other insurance related financial cost	-42	49	29	49	0	0	0	0	0	0	-29	-49	-42	49
Unit holder's value change in consolidated security funds	-27 286	15 966	0	0	0	0	0	0	0	0	0	0	-27 286	15 966
Total income	2 019	18 372	690	414	468	345	23	0	0	0	-1 180	-759	2 019	18 372
Net costs subordinated loan and hybrid Tier 1 securities	-463	-169	0	0	0	0	0	0	0	0	0	0	-463	-169
Operating expenses	-1 124	-968	-356	-310	-268	-245	-528	-602	-12	-11	1 165	1 168	-1 124	-968
Other income	77	57	10	7	92	84	560	607	13	12	-675	-711	77	57
Other expenses	-77	-77	0	0	-7	-4	0	0	0	0	7	4	-77	-77
Pre-tax income	432	17 216	343	111	285	180	55	5	1	2	-684	-299	432	17 216
Cost of taxes	-1 227	-826	-147	-53	-15	-17	-12	-2	0	0	175	72	-1 227	-826
Income	-794	16 389	196	59	270	163	42	3	1	1	-509	-227	-794	16 389
Total other comprehensive income	1 784	231	99	19	-13	11	-14	11	0	0	-72	-41	1 784	231
Total comprehensive income	990	16 621	295	77	257	174	29	14	0	2	-581	-267	990	16 621
Assets	1 016 813	900 068	6 559	6 109	48 928	50 511	682	635	11	11	-56 181	-57 265	1 016 813	900 068
Liabilities	1 019 463	891 673	3 965	3 739	45 754	47 544	260	241	4	3	-49 983	-51 528	1 019 463	891 673

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	Q4 2023	Q4 2022	01.01.2023 -31.12.2023	01.01.2022 -31.12.2022
Insurance income	143	1309	1 780	3 743
Insurance service expenses	-1 051	-899	-3 635	-3 677
Reinsurance income (+)/ cost (-)	17	4	-71	418
Insurance service result	-890	414	-1 925	485

Note 4 Investment property

NOK MILLIONS	Q4 2023	Q4 2022	01.01.2023 -31.12.2023	01.01.2022 -31.12.2022
Net rental income	1 011	860	3 873	3 219
Net value adjustment	-1 102	-2 613	-6 420	3 338
Net income from investment properties	-90	-1 753	-2 547	6 558
Currency translate foreign properites (taken to other comprehensive income)	566	-561	2 139	148
Net income from investment properties included currency translate	476	- 2 314	- 407	6 706

NOK MILLIONS	31.12.2023	31.12.2022
Investment property 01.01.	93 992	89 535
Value adjustment, including currency translation	- 4 280	3 486
Net additions	2 653	991
Other changes	- 42	- 20
Investment property	92 322	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 liabilites 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)	
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 liabilites 01.01.2022 including risk adjustment	449 424
Residual value	248 260
Insurance liabilities 01.01.2022	697 685

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

NOK MILLIONS			
Other insurance liabilities		LRC*	LIC*
			LIC Reinsurance
Provision 31.12.2021/01.01.2022		216	2 400
Effect of seasonal variation		9	0
Discounting		0	-134
Provision 01.01.2022 before risk adjustment		225	2 266
Risk adjustment		0	95
Provision 01.01.2022 including risk adjustment		225	2 361

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	337 305	686 834
Changes that relate to current services				
Change in risk adjustment for non-financial risk for risk expired	0	2 321	0	2 321
Experience adjustment not related to future service	-53	0	0	-53
Insurance service result	-53	2 321	0	2 268
Change in risk adjustment for non-financial risk at the start of the period	0	-2 257	2 257	0
Accrued interest	12 553	1 089	-13 643	0
Released cash flows	-15 978	0	0	-15 978
Changes in estimates related to future service	-2 558	-222	2 780	0
Change due to changes in discount curve	9 599	833	-10 432	0
Result added to policyholders	22 526	0	37 038	59 564
Insurance related financial cost	26 143	-557	18 000	43 586
Premium	57 921	0	0	57 921
Claims and other insurance service expenses (incl. Investment components)	-28 494	0	0	-28 494
Total cash flows	29 426	0	0	29 426
Other changes	0	0	81	81
Total other changes	0	0	81	81
Insurance obligations with the right to residual value 31 December 2023	377 742	29 068	355 386	762 196

NOK MILLIONS	Liability for incurred claims (LIC)			Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Liabilities for remaining coverage	
Other insurance liabilities 1 January 2023	2 790	115	276	3 181
Insurance income	0	0	-2 505	-2 505
Claims	2 043	83	0	2 126
Expenses	158	6	0	164
Other movements related to current service	0	-40	0	-40
Changes that relate to past service	-118	-41	0	-158
Insurance service expenses	2 084	9	0	2 092
Insurance service result	2 084	9	-2 505	-413
Insurance related financial cost	62	5	0	66
Premium	-1 983	0	0	-1 983
Claims and other insurance service expenses	0	0	2 551	2 551
Total cash flows	-1 983	0	2 551	568
Other changes	-8	0	-2	-10
Other insurance liabilities 31 December 2023	2 944	128	320	3 392

NOK MILLIONS	Liability for incurred claims (LIC)			Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Liabilities for remaining coverage	
Reinsurance contracts assets 1 January 2023	705	30	0	736
Premium paid - reinsurance	0	0	-164	-164
Recoveries of incurred claims and other insurance service expenses	137	8	0	145
Reinsurance expenses -related to past service	-44	-8	0	-52
Insurance service expenses	93	0	0	93
Insurance service result	93	0	-164	-71
Insurance related financial cost	16	9	0	25
Premium	-108	0	154	45
Total cash flows	-108	0	154	45
Other changes	-7	0	0	-7
Reinsurance contracts assets 31 December 2023	699	39	-10	728

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 2023					
Insurance service result	-2 268	413	-71	0	-1 925
Net insurance related financial cost	-43 586	-66	25	0	-43 628

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	-195	0	0	-195
Insurance service result	-195	167	0	-28
Change in risk adjustment for non-financial risk at the start of the period	0	0	0	0
Accrued interest	7 055	598	-7 653	0
Released cash flows	-11 802	0	0	-11 802
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	-13 021	-13 021
Insurance related financial cost	-105 859	-7 970	89 006	-24 823
Premium	41 389	0	0	41 389
Claims and other insurance service expenses (incl. Investment components)	-27 426	0	0	-27 426
Total cash flows	13 963	0	0	13 963
Other changes	0	0	39	39
Total other changes	0	0	39	39
Insurance obligations with the right to residual value 31 December 2022	322 226	27 304	337 305	686 834

NOK MILLIONS	Liability for incurred claims (LIC)			Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Liabilities for remaining coverage	
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	277	3 181

NOK MILLIONS	Liability for incurred claims (LIC)			Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Liabilities for remaining coverage	
Reinsurance contracts assets 1 January 2022	327	13	0	341
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	1	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	28	38	418	0	485
Insurance related financial cost	24 823	48	0	0	24 872

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	31.12.2023	31.12.2022
1	4,8 %	4,2 %
2	4,5 %	4,0 %
3	4,0 %	3,9 %
4	3,6 %	3,8 %
5	3,5 %	3,9 %
10	4,0 %	4,3 %
15	3,9 %	4,0 %
25	3,7 %	3,7 %
50	3,5 %	3,5 %
75	3,5 %	3,5 %
100	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	31.12.2023	31.12.2022
1	5,3 %	4,5 %
5	4,9 %	4,3 %
10	3,7 %	3,8 %
15	3,2 %	3,3 %
25	3,3 %	3,4 %
50	3,5 %	3,4 %
80	3,5 %	3,4 %

SENSITIVITY

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 31.12.2023	377 742
All interest rates in the discount rate curve are increased by 0.5% points	264 650
All interest rates in the discount rate curve are reduced by 0.5% points	554 646

Note 6 Subordinated loans and perpetual hybrid tier 1 securities

NOK MILLIONS	Q4 2023	Q4 2022	01.01.2023 -31.12.2023	01.01.2022 -31.12.2022
SUBORDINATED LOANS				
Interest costs	-35	-32	-153	-131
Value changes	-21	48	-229	-143
Net costs subordinated loans	-56	15	-382	-274
PERPETUAL HYBRID TIER 1 SECURITIES				
Interest costs	-17	-16	-75	-72
Value changes	16	201	-6	176
Net costs perpetual hybrid tier 1 securities	-1	186	-81	104
Net costs subordinated loan and hybrid Tier 1 securities	-57	201	-463	-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.

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

Norwegian fixed-income securities – other than government ones Norwegian fixed-income securities (denominated in NOK) are generally priced based on rates from Nordic Bond Pricing. Securities not covered by Nordic Bond Pricing are priced theoretically. The theoretical price should be based on the discounted value of the security's future cash flows. Discounting is performed using a swap curve adjusted for credit spread and liquidity spread. The credit spread should, to the extent possible, be based on a comparable bond from the same issuer. The liquidity spread is determined at the discretion of the evaluator.

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:

This means that the last traded price is used as long as it is considered representative. If the price information is deemed outdated, a derived valuation is performed in relation to a relevant proxy (such as a stock index or one or more companies). If this is not possible, a discretionary assessment is made, which may be based on fundamental analysis, broker evaluations, or risk and liquidity adjustments to the price.

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	31.12.2023		31.12.2022	
	Book value	Fair value	Book value	Fair value
FIXED-INCOME SECURITIES AND OTHER DEBT INSTRUMENTS AT AMORTIZED COST				
Norwegian bonds	1 017	935	65 861	62 754
Foreign bonds	1 237	1 108	132 892	125 280
Fixed-income securities and other debt instruments at amortized cost	2 254	2 043	198 752	188 034
LENDING LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS				
Loans secured by mortgage	2 571	2 571	0	0
Loans to local government sector or enterprises with local government guarantee	71 141	71 141	0	0
Loans abroad secured by mortgage and local government guarantee	5 245	5 245	0	0
Other lending	622	622	0	0
Total loans to local government, enterprises & retail customers	79 579	79 579	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	42 856	42 850	26 107	24 701
Loans to and receivables from central banks	75	75	0	0
Loans to local government sector or enterprises with local government guarantee	0	0	89 743	88 342
Loans abroad secured by mortgage and local government guarantee	0	0	5 352	5 352
Loans to and receivables from credit institutions	1 578	1 578	0	0
Other lending	0	0	158	158
Total loans to local government, enterprises & retail customers	44 509	44 503	121 360	118 553
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Norwegian bonds	133 716	133 716	58 922	58 922
Norwegian certificates	8 189	8 189	7 648	7 648
Foreign bonds	209 125	209 125	72 565	72 565
Foreign certificates	898	898	420	420
Investments with credit institutions	58 641	58 641	42 246	42 246
Total debt instruments	410 569	410 569	181 802	181 802
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Shares	302 882	302 882	238 730	238 730
Equity funds	44 885	44 885	37 155	37 155
Property funds	6 990	6 990	6 514	6 514
Total equity capital instruments	354 757	354 757	282 399	282 399
RECEIVABLES				
Receivables related to direct business	750	750	379	379
Receivables related to securites	1 309	1 309	912	912
Prepaid rent related to real estate activities	148	148	0	0
Other receivables	466	466	408	408
Total other loans and receivables including receivables from policyholders	2 674	2 674	1 700	1 700
FINANCIAL LIABILITIES - AT AMORTIZED COST				
Debt to credit institutions	905	905	1 055	1 055
Covered bonds issued	30 504	30 526	32 430	32 402
Liabilities and deposits from customers	14 060	14 060	13 779	13 779
Hybrid Tier 1 securities	0	0	1 428	1 428
Subordinated loan capital	0	0	3 147	3 093
Total financial liabilities	45 469	45 492	51 839	51 757
FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS				
Debt to credit institutions	12 137	12 137	5 628	5 628
Hybrid Tier 1 securities	1 434	1 434	0	0
Subordinated loan capital	3 327	3 327	0	0
Total financial liabilities	16 897	16 897	5 628	5 628

NOK MILLIONS	31.12.2023		31.12.2022	
	Assets	Liabilities	Assets	Liabilities
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS				
Forward exchange contracts	13 525	1 152	5 024	1 570
Interest rate swaps	1 383	2 096	1 077	194
Interest rate and currency swaps	679	0	583	1 393
Share option	0	0	135	0
Total financial derivatives	15 587	3 249	6 820	3 158

Note 8 Borrowing

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.12.2023	Book value 31.12.2022
FIXED - TERM SUBORDINATED LOAN						
Kommunal Landspensjonskasse	2 530	EUR	Fixed ¹	2045	3 327	3 147
Total subordinated loan capital	2 530	-	-	-	3 327	3 147
HYBRID TIER 1 SECURITIES						
Kommunal Landspensjonskasse	984	JPY	Fixed ²	2034	1 434	1 428
Total hybrid Tier 1 securities	984	-	-	-	1 434	1 428
COVERED BONDS						
KLP Kommunekreditt AS	0	NOK	Floating	2023	0	2 985
KLP Kommunekreditt AS	1 553	NOK	Floating	2024	1 562	5 021
KLP Kommunekreditt AS	5 000	NOK	Floating	2025	5 015	5 010
KLP Kommunekreditt AS	5 000	NOK	Floating	2026	5 053	5 036
KLP Kommunekreditt AS	1 000	NOK	Fixed	2027	1 012	1 012
KLP Kommunekreditt AS	6 000	NOK	Floating	2027	6 052	0
KLP Kommunekreditt AS	700	NOK	Fixed	2029	706	706
KLP Boligkreditt AS	0	NOK	Floating	2023	0	1 603
KLP Boligkreditt AS	1 554	NOK	Floating	2024	1 555	2 501
KLP Boligkreditt AS	2 500	NOK	Floating	2025	2 501	2 501
KLP Boligkreditt AS	4 500	NOK	Floating	2026	4 536	3 521
KLP Boligkreditt AS	2 500	NOK	Floating	2027	2 516	2 512
Other					-4	22
Total covered bonds	30 307	-	-	-	30 504	32 430
DEBT TO CREDIT INSTITUTIONS						
KLP Banken AS	0	NOK	Floating	2023	0	300
KLP Banken AS	450	NOK	Floating	2024	453	450
KLP Banken AS	300	NOK	Floating	2025	301	303
KLP Banken AS	150	NOK	Floating	2026	151	0
KLP Fond	4 218	NOK	Floating	2023	4 218	1 302
KLP Fond	1 111	NOK	Floating	2023	1 111	1 540
Kommunal Landspensjonskasse	6 727	NOK	Fixed	2023	6 727	2 678
Kommunal Landspensjonskasse	0	NOK	Floating	2023	0	0
Other					80	110
Total liabilities to credit institutions	12 957	-	-	-	13 041	6 683
LIABILITIES AND DEPOSITS FROM CUSTOMERS ³						
Retail	12 087	NOK			12 087	11 722
Business	1 924	NOK			1 924	2 021
Foreign	50	NOK			50	37
Liabilities to and deposits from customers	14 060	-			14 060	13 779
Total financial liabilities	60 837				62 366	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

31.12.2023 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
<i>Land/plots</i>	0	0	1 283	1 283
<i>Buildings</i>	0	0	91 040	91 040
Investment property	0	0	92 322	92 322
Lending at fair value	0	79 579	0	79 579
<i>Certificates</i>	1 578	7 508	0	9 086
<i>Bonds</i>	27 564	315 287	0	342 850
<i>Fixed-income funds</i>	0	9 591	16 041	25 632
Bonds and other fixed-income securities	29 142	332 386	16 041	377 569
Loans and receivables	32 349	651	0	33 000
<i>Shares</i>	293 389	5 996	3 497	302 882
<i>Equity funds</i>	2 378	0	37	2 415
<i>Property funds</i>	0	1 980	5 010	6 990
<i>Special funds</i>	0	0	0	0
<i>Private Equity</i>	0	0	42 470	42 470
Shares and units	295 767	7 976	51 014	354 757
Financial derivatives	0	15 587	0	15 587
Total assets at fair value	357 258	436 178	159 377	952 814
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	3 249	0	3 249
Debt to credit institutions ¹	11 026	1 111	0	12 137
Total financial liabilities at fair value	11 026	4 360	0	15 385

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 905 million per 31.12.2023.

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 31.12.2023	Book value 31.12.2022
Opening balance 1 January	93 992	89 535
Sold	0	-148
Bought	2 653	1 139
Unrealised changes	-4 280	3 486
Other changes	-42	-20
Closing balance 31.12.	92 322	93 992
Realised gains/losses	0	0

Changes in Level 3, Financial Assets	Book value 31.12.2023	Book value 31.12.2022
Opening balance 1 January	53 407	40 122
Sold	-4 923	-5 749
Bought	15 430	14 524
Unrealised changes	3 141	4 510
Closing balance 31.12.	67 055	53 407
Realised gains/losses	1 863	2 322
Closing balance 31.12.	159 377	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 7 969 million as of 31.12.2023.

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 4th quarter, NOK 469 million in stocks moved from Level 1 to Level 2, NOK 16 million moved from Level 1 to Level 3, NOK 1 419 million moved from level 2 to level 1 and NOK 2 million moved from level 2 to level 3. The movements is due to changes in liquidity.

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

31.12.2023 NOK MILLIONS	Related amounts not presented net							Adjusted for the unit holders' interest in consolidated securities funds
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	
ASSETS								
Financial derivatives	15 587	0	15 587	-1 376	-10 882	-7 399	214	209
Repos	6 172	0	6 172	-1 113	0	0	5 058	5 058
Total	21 759	0	21 759	-2 489	-10 882	-7 399	5 272	5 267
LIABILITIES								
Financial derivatives	3 249	0	3 249	-1 376	-25	-6	1 866	1 885
Repos	1 111	0	1 111	0	0	0	1 111	0
Total	4 360	0	4 360	-1 376	-25	-6	2 977	1 885

31.12.2022 NOK MILLIONS	Related amounts not presented net							Adjusted for the unit holders' interest in consolidated securities funds
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	
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 317 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 317 per cent.

	31.12.2023	31.12.2022
Solvency II - SCR ratio	317 %	288 %
Solvency II - SCR ratio	317 %	288 %

NOK BILLIONS	31.12.2023	31.12.2022
Simplified Solvency II Financial Position Statement		
Assets, book value	790	713
Added values - hold-to-maturity portfolio/loans and receivables	-9	-13
Added values - other lending	-1	-2
Other added/lesser values	0	0
Deferred tax asset	0	0
Total assets - solvency II	779	699

NOK BILLIONS	31.12.2023	31.12.2022
Simplified Solvency II Financial Position Statement		
Best estimate	704	632
Risk margin	11	12
Hybrid Tier 1 securities/Subordinated loan capital	5	5
Other liabilities	13	9
Deferred tax liabilities	0	0
Total liabilities - solvency II	733	657
Excess of assets over liabilities	46	42
- Deferred tax asset	0	0
- Risk equalization fund (tier 2 own funds starting 30.09.2022)	-5	-5
+ Hybrid Tier 1 securities	1	1
Tier 1 basic own funds	42	38
Total eligible tier 1 own funds	42	38
Subordinated loans	3	3
Risk equalization fund (tier 2 own funds starting 30.09.2022)	5	5
Tier 2 basic own funds	8	8
Ancillary own funds	14	13
Tier 2 ancillary own funds	14	13
Deduction for max. eligible tier 2 own funds	-15	-14
Total eligible tier 2 own funds	7	7
Deferred tax asset	0	0
Total eligible tier 3 own funds	0	0
Solvency II total eligible own funds	49	46
Solvency capital requirement (SCR)	16	16
Solvency II- SCR ratio	317 %	288 %

Note 12 Pension obligations

NOK MILLIONS	31.12.2023	31.12.2022
Capitalized net liability 01.01.	815	870
Capitalized pension costs	197	215
Capitalized financial costs	28	19
Actuarial gains and losses	146	-132
Premiums / contributions received	-274	-157
Capitalized net liability 31.12.	913	815

Assumptions	31.12.2023	31.12.2022
Discount rate	3.10%	3,00 %
Salary growth	3.50%	3,50 %
The National Insurance basic amount (G)	3.25%	3,25 %
Pension increases	2.80%	2,60 %
Social security contribution rate	14.10%	14,10 %
Capital activity tax	5.00%	5,00 %

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 146 million as of 31.12.2023. 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 3	stage 3		
Opening balance ECL 01.01.2023	261	42	0		303	
Transfer to stage 1	0	0	0		0	
Transfer to stage 2	0	0	0		0	
Transfer to stage 3	0	0	0		0	
Net changes	-34	-5	0		-38	
New losses	27	0	0		27	
Write-offs	-14	-24	0		-38	
Change in risk model	0	0	0		0	
Closing balance ECL 31.12.2023	240	14	0		254	
Changes (01.01.2023 - 31.12.2023)	-21	-28	0		-49	

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 3	stage 3		
Opening balance ECL 01.01.2023	2 390	2 090	998		5 478	
Transfer to stage 1	873	-657	-216		0	
Transfer to stage 2	-35	53	-18		0	
Transfer to stage 3	-2	-108	110		0	
Net changes	-2 166	-949	269		-2 847	
New losses	333	119	227		678	
Write-offs	-196	-157	-185		-538	
Change in risk model	1 214	1 937	284		3 436	
Closing balance ECL 31.12.2023	2 411	2 328	1 468		6 207	
Changes (01.01.2023 - 31.12.2023)	20	238	471		729	
This includes provisions for losses on loans and receivables - unused credit					3 029	

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	774
Transfer to stage 1	7	-7	0	0
Transfer to stage 2	-8	25	-18	0
Transfer to stage 3	0	-34	34	0
Net changes	-66	152	450	537
New losses	65	13	188	266
Write-offs	-4	-36	-28	-68
Change in risk model	0	0	0	0
Closing balance ECL 31.12.2023	139	320	1 048	1 507
Changes (01.01.2023 - 31.12.2023)	-5	113	626	734
This includes provisions for losses on loans and receivables - unused credit on mortgages				4

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	-13	0	0	-13
New losses	27	0	0	27
Write-offs	-19	0	0	-19
Change in risk model	0	0	0	0
Closing balance ECL 31.12.2023	180	0	0	180
Changes (01.01.2023 - 31.12.2023)	-4	0	0	-4

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	866	-650	-216	0
Transfer to stage 2	-28	28	0	0
Transfer to stage 3	-2	-74	76	0
Net changes	-2 259	-1 222	-381	-3 861
New losses	235	106	17	358
Write-offs	0	0	0	0
Change in risk model	1 214	1 937	284	3 436
Closing balance ECL 31.12.2023	2 067	2 008	297	4 372
Changes (01.01.2023 - 31.12.2023)	27	125	-220	-67
This includes provisions for losses on loans and receivables - unused credit on credit card				3 025

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	-2	0	0	-2
New losses	5	0	0	5
Write-offs	0	0	0	0
Change in risk model	0	0	0	0
Closing balance ECL 31.12.2023	24	0	0	24
Changes (01.01.2023 - 31.12.2023)	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	42	42
New losses	0	0	22	22
Write-offs	0	0	0	0
Change in risk model	0	0	0	0
Closing balance ECL 31.12.2023	0	0	124	124
Changes (01.01.2023 - 31.12.2023)	0	0	64	64

Note 14 Other current liabilities

NOK MILLIONS	31.12.2023	31.12.2022
Short-term payables trade in securities	3 357	1 699
Incurring not assessed taxes	900	671
Accounts payable	301	256
Public fees	691	629
Other current liabilities	1 114	979
Total other current liabilities	6 364	4 233

Key figures – Accumulated

NOK MILLIONS	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
KLP GROUP								
Total assets	1 016 813	972 345	956 311	948 061	900 068	913 144	900 199	902 413
Equity	-2 650	-3 555	-3 623	-3 630	8 395	12 823	9 800	2 293
Solvency SCR ratio	317 %	332 %	297 %	282 %	288 %	306 %	304 %	299 %
Number of employees in the Group	1 133	1 120	1 099	1 091	1 093	1 095	1 081	1 060
KOMMUNAL LANDSPENSJONSKASSE								
Profit before tax	1 245	1 136	774	539	918	461	216	71
Premium income for own account	70 326	60 032	51 102	7 663	50 523	40 248	33 081	7 503
- of which inflow of premium reserve	92	91	91	91	386	386	386	376
Insurance customers' funds incl. acc. profit	28 261	21 501	14 840	8 331	28 517	22 453	16 367	10 642
- of which funds with guaranteed returns	2 139	2 125	2 121	2 125	4 659	4 658	4 658	4 875
Net investment common portfolio	734 337	718 214	701 944	690 902	660 366	671 095	660 834	662 500
Net investment choice portfolio	2 830	2 730	2 833	2 683	2 609	2 602	2 665	2 588
Insurance funds incl. earnings for the year	724 553	704 815	715 239	668 235	654 324	641 805	654 482	644 226
- of which funds with guaranteed interest	616 351	586 941	592 053	552 840	552 101	542 820	548 891	526 324
Solvency capital requirement (SCR)	49 692	49 918	47 317	46 768	46 158	46 307	44 901	44 809
Solvency SCR ratio	350 %	368 %	330 %	316 %	318 %	341 %	340 %	332 %
Riskprofit	648	364	270	71	558	963	550	105
Return profits	29 466	15 822	21 243	13 232	-20 006	-27 421	-20 374	-7 894
Administration profit	144	176	62	54	-17	56	-22	-9
Solvency capital	164 487	147 893	151 993	151 550	140 958	129 556	138 338	151 201
Value-adjusted return on common portfolio	6,4 %	3,9 %	4,2 %	2,5 %	-1,1 %	-2,6 %	-2,1 %	-2,3 %
Return on unit-linked portfolio	8,3 %	4,8 %	5,6 %	3,4 %	-2,5 %	-4,2 %	-3,5 %	-1,2 %
Return on corporate portfolio	3,0 %	2,1 %	1,5 %	0,9 %	2,8 %	1,4 %	0,9 %	0,6 %
KLP SKADEFORSIKRING AS								
Profit before tax	273	255	189	99	111	49	88	57
Insurance income	2 505	1 863	1 230	630	2 200	1 629	1 071	546
Owners' equity	2 594	2 589	2 543	2 446	2 369	2 339	2 367	2 370
Claims ratio	86,3 %	83,6 %	87,6 %	91,7 %	80,8 %	80,3 %	73,4 %	79,6 %
Combined-ratio	14,0 %	13,0 %	13,9 %	13,9 %	14,5 %	14,2 %	15,3 %	15,5 %
Return on assets under management	5,5 %	3,3 %	3,6 %	2,7 %	-1,7 %	-2,5 %	-2,1 %	-0,9 %
Solvency capital requirement (SCR)	2 446	2 514	2 377	2 309	2 222	2 250	2 273	2 329
Solvency SCR ratio	227 %	246 %	222 %	215 %	222 %	219 %	225 %	222 %
Annual premium in force – retail market	1 068	1 042	1 013	982	954	933	918	893
Annual premium in force – public sector market	1 517	1 533	1 521	1 474	1 341	1 325	1 318	1 210
Net new subscriptions (accumulated within the year)	72	61	43	20	121	123	113	7
KLP BANKEN GROUP								
Profit/loss before tax	285	203	122	53	181	98	43	18
Net interest income	465	340	221	110	369	258	159	72
Other operating income	89	67	44	21	85	63	43	20
Operating expenses and depreciation	-271	-201	-134	-71	-247	-181	-123	-64
Net realized/unrealized changes in financial instruments to fair value	3	-3	-9	-7	-26	-43	-36	-10
Contributions	14 061	14 351	14 524	14 136	13 779	13 607	13 465	13 372
Housing mortgages granted	23 855	23 754	23 481	23 333	23 258	23 369	23 042	22 635
Loan(s) with public guarantee(s)	19 001	19 371	19 449	19 384	19 117	18 718	18 321	17 974
Defaulted loans	44	52	43	46	44	43	46	46
Borrowing on the issuance of securities	31 408	31 616	31 661	31 999	33 485	32 613	32 444	31 862
Total assets	48 928	49 403	49 557	49 373	50 511	49 370	48 704	47 954
Average total assets	49 719	49 957	50 034	49 942	48 996	48 426	48 030	47 718

NOK MILLIONS	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Owners' equity	3 174	3 132	3 072	3 008	2 966	2 897	2 555	2 548
Net interest rate	0,93 %	0,68 %	0,44 %	0,22 %	0,75 %	0,53 %	0,33 %	0,15 %
Profit/loss from general operations before tax	0,57 %	0,41 %	0,24 %	0,11 %	0,90 %	0,20 %	0,09 %	0,04 %
Return on owners' equity before tax	9,62 %	9,13 %	8,19 %	7,16 %	7,16 %	5,15 %	3,37 %	2,91 %
Capital adequacy	21,7 %	20,2 %	20,3 %	20,5 %	20,7 %	19,7 %	17,7 %	18,1 %
Number of private customers	52 488	51 340	50 231	49 697	48 804	48 216	47 759	47 123
Of this members of KLP	35 390	34 802	34 307	33 512	32 988	32 681	32 226	31 973
KLP KAPITALFORVALTNING AS								
Profit/loss before tax	55	42	4	11	5	-19	-30	-21
Total assets under management	760 484	715 698	687 956	670 937	640 183	615 589	621 080	646 213
Assets managed for external customers	179 219	162 321	163 444	151 269	134 215	126 187	126 193	134 367

KLP's sustainability accounts

Q4 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.

	31.12.2023	31.12.2022	31.12.2021	31.12.2020	UN SDGs
Individual companies KLP has engaged in direct dialogue with on ESG issues	243	255	294	362	All SDGs
General meetings of Norwegian companies at which KLP has voted (number/percentage)	132 (99,2 %)	115 (95 %)	98 (85 %)	112 (97 %)	n/a
General meetings of foreign companies at which KLP has voted (number/percentage)	8 472 (99,6 %)	8 787 (99 %)	8 779 (98 %)	8 052 (96 %)	n/a
Companies excluded from investment	799	758	657	560	All SDGs

Comments on performance in the fourth quarter

By the end of the fourth quarter, KLP had initiated 243 company dialogues and voted at over 8 600 general meetings in Norwegian and foreign companies. The dialogues were on various ESG topics such as management of climate and nature risks, KLP's expectations to management of Nordic and boreal forests, the right to unionise, and sustainable ship scrapping.

During the fourth quarter, KLP excluded 23 companies for breaching KLP's exclusion criteria relating to human rights, environmental damage, controversial weapons, coal, gambling, and oil sand. Five companies were re-included as they no longer violate our gambling criteria for coal, oil sand, and weapons. At the end of the quarter, a total of 799 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 4th quarter 2023	31.12.2023	31.12.2022	31.12.2021	31.12.2020	UN SDGs
Zero-emission investments	2 901	44 175	37 579	32 340	32 687	-
Renewable energy	2 901	41 595	35 498	29 800	32 687	7. 9. 17.
<i>As a share of KLP's total investments</i>	-	5,3 %	5,0 %	4,2 %	5,0 %	7.
of which is renewable energy in Norway	97	22 458	21 449	20 051	23 074	7.
of which is renewable energy internationally	2 378	16 789	12 515	8 581	6 698	7.
of which is renewable energy in developing countries	426	2 348	1 534	1 168	932	7. 9. 17.
Sustainable forestry	0	2 580	2 081	1 880	-	13. 15.
Transitional financing	559	41 279	34 402	19 612	23 569	-
Green buildings in the property portfolio	-	19 767	21 003	20 464	13 147	9.
<i>As a share of the portfolio's market value</i>	-	21,8 %	22,5 %	23,1 %	16,3 %	-
Green buildings through funds and bonds	0	2 502	ny	ny	ny	9.
Green lending	748	12 121	9 095	5 813	1 881	-
Green bonds	469	3 737	2 753	2 541	2 087	6. 9. 11. 13.
Infrastructure	-658	3 152	1 551	891	6 328	9.
Total climate-friendly investments	3 460	85 454	71 981	51 952	56 257	-
<i>As a share of KLP's total investments</i>	-	10,9 %	10,2 %	7,4 %	8,1 %	-
Fossil energy	-	15 020	15 843	12 441	7 818	-
<i>As a share of KLP's total investments</i>	-	1,9 %	2,2 %	1,8 %	1,2 %	-

Comments on performance in the fourth 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 fourth quarter of the year, KLP's climate-friendly investments increased by NOK 3.46 billion net. This includes investments in a debt fund that provides project financing to renewable energy, and a renewable energy fund focusing on solar power.

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.

	31.12.2023	31.12.2022	31.12.2021	31.12.2020	UN SDGs
Number of flights	4 272	3 505	864	1 302	12.13.
Greenhouse gas emissions from flights (tonnes CO2e)	285	245	52	150	12.13.
Energy consumption at KLP's own offices (kWh per m2)	134	125	97	97	9. 13.
Energy consumption in KLP's property portfolio (kWh per m2)	141	155	161	167	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 year. Compared to 2019, on the other hand, the number of flights is reduced by 34 percent. This may imply that flights have stabilized on a new normal level after the pandemic. This also results in an increase in emissions from flights, but against 2019, emissions are significantly reduced. One reason may be that we have fewer long-haul flights than before.

Compared to 2022, the energy consumption in KLP's own office premises has increased. One reason may be that we implemented several measures to reduce energy consumption due to the high energy prices, whereas this year, operations have returned to normal. In 2023, KLP Eiendom has stopped estimating energy consumption for properties where they lack consumption from tenants, which can affect total consumption.

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 4th quarter 2023	31.12.2023	31.12.2022	31.12.2021	31.12.2020	UN SDGs
Lending in total	73	90 170	87 027	84 016	81 442	
Lending for roads and transport	-	9 718	9 067	9 700	8 887	9.
Lending for publicly owned real property	-	4 782	4 407	4 129	4 862	9.
Lending to the public sector and associated entities	-	72 756	70 734	66 470	64 581	9.
Lending for water and sewage services, and waste management	-	2 915	2 818	3 717	3 112	9.
of which is green lending	469	3 737	2 753	2 575	277	9.

Comments on performance in the fourth quarter

In the fourth quarter, KLP issued tre new green loans for a total of NOK 499,5 million. These loans are financing a new, sustainable library in Sarpsborg municipality, a new swimming pool in Egersund municipality, and new investments for the waste management company Remidt 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 4th quarter 2023	31.12.2023	31.12.2022	31.12.2021	31.12.2020	UN SDGs
Seed capital investments in Norway	31	575	492	310	125	8.

Comments on performance in the fourth quarter

In the fourth quarter, KLP increased our investments in several of the seed investment funds we are already invested in. In total, they increased by net 31 million kroner.

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 4th quarter 2023	31.12.2023	31.12.2022	31.12.2021	31.12.2020	UN SDGs
Banking and finance in developing countries	-	921	1 000	886	665	1. 5. 8. 9. 11. 17

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.

	31.12.2023	31.12.2022	31.12.2021	31.12.2020	UN SDGs
Employees at KLP	1 133	1 093	1 048	1 018	n/a
Total sickness absence	4,5 %	4,5 %	3,3 %	3,2 %	3.

Comments on performance in the fourth quarter

So far this year, the total sickness absence of 4.5 per cent is divided into short-term absence of 1.8 per cent and long-term absence of 2.7 per cent. There is a decrease in total sickness absence compared to the end of the fourth quarter last year, which stood at 4.6 per cent, divided into short-term absence of 2 per cent and long-term absence of 2.6 per cent.

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

	31.12.2023	31.12.2022	31.12.2021	31.12.2020	UN SDGs
Gender balance in management positions and senior professional positions (women / men)	33 / 67 %	33 / 67 %	30 / 70 %	-	5. 8.
New employments in management positions and senior professional positions (women / men)	33 / 67 %	60 / 40 %	-	-	5. 8.

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

Q4 2023

Income statement

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	Q4 2023	Q4 2022	01.01.2023 -31.12.2023	01.01.2022 -31.12.2022
2	Premium income	10 294	9 889	70 326	50 523
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	936	-2 303	241	6 441
	Interest income and dividends etc. on financial assets	3 308	2 935	14 507	10 824
3	Value changes on investments	11 539	9 411	32 140	-27 220
	Gains and losses realized on investments	1 357	-32	-4 388	2 385
	Net income from investments in the common portfolio	17 140	10 011	42 500	-7 570
3	Net income from investments in the investment option portfolio	90	47	212	-58
	Other insurance-related income	365	346	1 415	1 358
4	Claims	-6 761	-6 064	-28 261	-28 517
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-16 040	-13 743	-62 104	-11 731
	Changes in insurance liabilities taken to profit/loss - individual investment option portfolio	4	-37	-315	-392
	Funds assigned to insurance contracts - contractual liabilities	-4 665	312	-20 632	-651
5	Insurance-related operating expenses	-419	-430	-1 512	-1 487
	Other insurance-related costs	-360	-348	-1 408	-1 368
	Technical profit/loss	-353	-17	221	107
3, 6	Net income from investments in the corporate portfolio	521	532	1 282	1 066
	Other income	16	8	48	16
	Administration costs and other costs associated with the corporate portfolio	-75	-66	-306	-271
	Non-technical profit/loss	462	474	1 024	811
	Profit/loss pre-tax	109	457	1 245	918
	Tax	-13	-73	-277	-115
	Income before other income and expenses	96	384	968	803
7	Actuarial gains and losses on defined benefits pension schemes	-307	19	-88	66
	Proportion of other comprehensive income on application of the equity method	-189	38	-59	66
	Adjustment of the insurance liabilities	52	-13	13	-21
	Tax on other income and expenses that will not be reclassified to profit or loss	77	-5	22	-17
	Total other income and expenses that will not be reclassified to profit or loss	-367	40	-111	94
	TOTAL COMPREHENSIVE INCOME	-271	424	856	897
	ALLOCATIONS AND TRANSFERS, PRELIMINARY 2023 / FINAL 2022:				
	Transferred to owners' equity contribution			-317	-576
	Transferred to the risk equalization fund			-295	142
	Transferred to other retained earnings			-244	-464
	Total allocations and transfers			-856	-897

Statement of financial position

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	31.12.2023	31.12.2022
ASSETS			
ASSETS IN THE CORPORATE PORTFOLIO			
	Intangible assets	1 326	978
8	Buildings and other real estate	1 301	1 399
	Shares and holdings in property subsidiaries	3 068	3 483
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	6 200	5 641
9	Financial assets valued at amortized cost	21 256	20 132
8, 9	Financial assets valued at fair value	13 426	12 489
	Receivables	1 483	1 350
10	Right-of-use assets	756	865
	Other assets	1 182	956
	Total assets in the corporate portfolio	49 999	47 292
ASSETS IN THE CUSTOMER PORTFOLIOS			
	Shares and holdings in property subsidiaries	73 742	74 979
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	6 662	5 495
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	11 137	11 858
9	Financial assets valued at amortized cost	288 086	267 451
8, 9	Financial assets valued at fair value	354 711	300 584
	Total investment in the common portfolio	734 337	660 366
	Shares and holdings in property subsidiaries	296	301
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	58	61
9	Financial assets at amortized costs	989	943
8, 9	Financial assets at fair value	1 488	1 305
	Total investments in the investment option portfolio	2 830	2 609
	Total assets in the customer portfolios	737 168	662 976
	TOTAL ASSETS	787 167	710 268

NOTE	NOK MILLIONS	31.12.2023	31.12.2022
OWNERS' EQUITY AND LIABILITIES			
	Owners' equity contributed	22 868	21 388
	Retained earnings	22 046	21 411
	Total owners' equity	44 914	42 799
9	Subordinated loan capital etc.	4 795	4 575
	Premium reserve etc.	571 399	516 525
	Buffer fund	108 017	102 162
	Premium funds, defined contribution funds, pension regulation funds etc.	42 251	33 024
	Total insurance liabilities - contractual liabilities	721 667	651 711
	Pension capital etc.	2 173	2 005
	Buffer fund	185	61
	Premium funds, defined contribution funds, pension regulation funds etc.	491	547
	Total insurance liabilities - special investment portfolio	2 850	2 613
7	Pension obligations	572	524
	Current tax liabilities	435	467
	Deferred tax liabilities	370	316
10	Lease liabilities	822	920
11	Liabilities	10 508	5 985
	Accrued costs and prepaid income	234	357
	TOTAL OWNERS' EQUITY AND LIABILITIES	787 167	710 268
OFF-BALANCE SHEET ITEMS			
	Contingent liabilities	28 420	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			96	96
Own funds 1 January 2023	21 388	4 643	16 864	42 896
Income before other income and expenses	317	295	355	968
Actuarial gains and losses on defined benefits pension schemes			-88	-88
Proportion of other comprehensive income on application of the equity method			-59	-59
Adjustment of the insurance liabilities			13	13
Tax on other income and expenses that will not be reclassified to profit or loss			22	22
Total other income and expenses that will not be reclassified to profit or loss			-111	-111
Total comprehensive income	317	295	244	856
Owners equity contribution received	1 162			1 162
Total transactions with owners	1 162			1 162
Own funds 31 December 2023	22 868	4 938	17 108	44 914

¹ Implementation effects due to changes in IFRS Accounting Standards

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 -31.12.2023	01.01.2023 -30.09.2023	01.01.2023 -30.06.2023	01.01.2023 -31.03.2023	01.01.2022 -31.12.2022
Net cashflow from operational activities	-439	-408	885	476	-374
Net cashflow from investment activities ¹	-468	-348	-249	-112	-329
Net cashflow from financing activities ²	1 130	821	-292	-276	866
Net changes in cash and bank deposits	223	64	344	88	163
Holdings of cash and bank deposits at start of period	918	918	918	918	755
Holdings of cash and bank deposits at end of period	1 141	982	1 261	1 006	918

¹ Payments on the purchase of tangible fixed assets.

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

Notes to the financial statement

Kommunal Landspensjonskasse

Note 1 Accounting principles and -estimates

Accounting principles

The financial statements in this interim report show the interim accounts for Kommunal Landspensjonskasse (KLP), for the period 01.01.2023 – 31.12.2023. 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
Shares in subsidiaries	98	0	0	0
Financial assets	-2	-13	0	-13
Financial liabilities	0	0	0	0
Tax effect	1	0	0	0
Net effect	96	-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 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	Q4 2023	Q4 2022	01.01.2023 -31.12.2023	01.01.2022 -31.12.2022
Gross premiums due	10 293	9 889	70 234	50 137
Transfer of premium reserves from others	0	0	92	386
Total premium income	10 294	9 889	70 326	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. During the fourth quarter of 2023, no changes have been made to the models used to calculate the expected loss. The total net loss provisions has decreased by NOK 48.7 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	stage 2	stage 3	stage 1-3
Opening balance ECL 01.01.2023	29 793	4 039	0	33 832
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	-2 985	-818	0	-3 803
New losses	4 497	0	0	4 497
Write-offs	-5 777	-1 011	0	-6 788
Closing balance ECL 31.12.2023	25 528	2 210	0	27 738
Changes (01.01.2023 - 31.12.2023)	-4 265	-1 829	0	-6 094

Expected credit loss (ECL) loans and receivables - 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	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	14	183 903		386	184 303
New losses	653	0		0	653
Write-offs	-82	0		-97	-180
Closing balance ECL 31.12.2023	4 325	185 354		386	190 065
Changes (01.01.2023 - 31.12.2023)	-862	185 349		289	184 776

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

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	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	0	183 897		0	183 897
New losses	548	0		0	548
Write-offs	-1	0		0	-1
Closing balance ECL 31.12.2023	3 486	185 346		0	188 832
Changes (01.01.2023 - 31.12.2023)	-902	185 346		0	184 444

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

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	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	-4	5		386	387
New losses	3	0		0	3
Write-offs	0	0		-97	-97
Closing balance ECL 31.12.2023	7	8		386	401
Changes (01.01.2023 - 31.12.2023)	1	3		289	293

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 2	stage 3	
Opening balance ECL 01.01.2023	792	0	0	0	792
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	-87	0	0	0	-87
New losses	102	0	0	0	102
Write-offs	0	0	0	0	0
Closing balance ECL 31.12.2023	808	0	0	0	808
Changes (01.01.2023 - 31.12.2023)	15	0	0	0	15

Expected credit loss (ECL) loans and receivables - public-private partnership

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	0	0	0	0	0
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	24	0	0	0	24
New losses	0	0	0	0	0
Write-offs	0	0	0	0	0
Change in risk model	0	0	0	0	0
Closing balance ECL 31.12.2023	24	0	0	0	24
Changes (01.01.2023 - 31.12.2023)	24	0	0	0	24

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 2	stage 3	
Opening balance ECL 01.01.2023	0	0	0	0	0
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	0	0	0	0	0
New losses	0	0	0	0	0
Write-offs	0	0	0	0	0
Closing balance ECL 31.12.2023	0	0	0	0	0
Changes (01.01.2023 - 31.12.2023)	0	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	81	0	0	82
New losses	0	0	0	0
Write-offs	-81	0	0	-82
Closing balance ECL 31.12.2023	0	0	0	0
Changes (01.01.2023 - 31.12.2023)	0	0	0	0

Note 4 Claims

NOK MILLIONS	Q4 2023	Q4 2022	01.01.2023 -31.12.2023	01.01.2022 -31.12.2022
Claims paid	6 747	6 063	26 122	23 858
Transfers of premium reserves to others	14	0	2 139	4 659
Total claims	6 761	6 064	28 261	28 517

Note 5 Insurance-related operating expenses

NOK MILLIONS	Q4 2023	Q4 2022	01.01.2023 -31.12.2023	01.01.2022 -31.12.2022
Personnel costs	263	239	882	843
Depreciation	57	48	224	189
Other operating expenses	99	142	406	454
Total insurance-related operating expenses	419	430	1 512	1 487

Note 6 Value-adjustment investment property

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

NOK MILLIONS	Q4 2023	Q4 2022	01.01.2023 -31.12.2023	01.01.2022 -31.12.2022
Value adjustment incl. foreign exchange	-466	-3 315	-4 422	3 417
Foreign exchange effect on hedging	-332	1 045	-1 969	134
Net value adjustment incl. exchange hedging	-798	-2 270	-6 391	3 550

Note 7 Pension obligations

NOK MILLIONS	31.12.2023	31.12.2022
Capitalized net liability 01.01.	524	553
Capitalized pension costs	120	124
Capitalized financial costs	19	13
Actuarial gains and losses	88	-66
Premiums / contributions received	-179	-101
Capitalized net liability 31.12.	572	524

ASSUMPTIONS	31.12.2023	31.12.2022
Discount rate	3.10 %	3.00 %
Salary growth	3.50 %	3.50 %
The National Insurance basic amount (G)	3.25 %	3.25 %
Pension increases	2.80 %	2.60 %
Social security contribution rate	14.10 %	14.10 %
Capital activity tax	5.00 %	5.00 %

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 88 million as of 31.12.2023. The change is recognized in "Total other income and expenses that will not be reclassified to profit or loss".

Note 8 Fair value hierarchy

31.12.2023 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	440	0	440
<i>Bonds</i>	0	7 975	0	7 975
<i>Fixed-income funds</i>	3 344	0	0	3 344
Fixed-income securities	3 344	8 416	0	11 760
Loans and receivables	916	219	0	1 135
<i>Shares</i>	0	0	4	4
Shares and units	0	0	4	4
Financial derivatives	0	527	0	527
Other financial assets	0	1	0	1
Total corporate portfolio	4 261	9 162	4	13 426
COMMON PORTFOLIO				
<i>Certificates</i>	1 578	1 618	0	3 196
<i>Bonds</i>	20 668	28 533	0	49 202
<i>Fixed-income funds</i>	24 743	11 070	16 041	51 854
Fixed-income securities	46 989	41 221	16 041	104 252
Loans and receivables	19 960	829	0	20 788
<i>Shares</i>	68 712	2 134	3 403	74 248
<i>Equity funds</i>	89 660	0	37	89 696
<i>Property funds</i>	0	1 980	8 176	10 156
<i>Special funds</i>	0	2 497	0	2 497
<i>Private Equity</i>	0	0	42 470	42 470

31.12.2023 NOK MILLIONS	Level 1	Level 2	Level 3	Total
Shares and units	158 371	6 611	54 085	219 067
Financial derivatives	0	9 814	0	9 814
Other financial assets	0	790	0	790
Total common portfolio	225 320	59 265	70 126	354 711
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	249	9	0	257
Fixed-income securities	249	9	0	257
Loans and receivables	102	0	0	102
<i>Equity funds</i>	1048	0	0	1048
<i>Property funds</i>	0	0	43	43
<i>Special funds</i>	0	14	0	14
Shares and units	1 048	14	43	1 104
Financial derivatives	0	24	0	24
Other financial assets	0	0	0	0
Total investment option portfolio	1 398	47	43	1 488
Total financial assets valued at fair value	230 979	68 473	70 173	369 625
CORPORATE PORTFOLIO				
Buildings and other real estate	0	0	1 301	1 301
Total buildings and other real estate	0	0	1 301	1 301
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	578	0	0	578
Total corporate portfolio	578	0	0	578
COMMON PORTFOLIO				
Financial derivatives	0	1 137	0	1 137
Debt to credit institutions	6 126	0	0	6 126
Total common portfolio	6 126	1 137	0	7 263
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	1	0	1
Debt to credit institutions	23	0	0	23
Total investment option portfolio	23	1	0	25
Total financial liabilities at fair value	6 727	1 139	0	7 866

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

31.12.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
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
<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				
Buildings and other real estate	0	0	1 399	1 399
Total buildings and other real estate	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 31.12.2023	Book value 31.12.2022
Opening balance 01.01.			6	8
Sold			0	0
Bought			0	0
Unrealised changes			-2	-2
Closing balance 31.12.			4	6
Realised gains/losses			0	0

Changes in Level 3 shares, unlisted COMMON PORTFOLIO	Book value 31.12.2023	Book value 31.12.2022
Opening balance 01.01.	3 262	2 721
Sold	-43	-53
Bought	84	432
Unrealised changes	100	162
Closing balance 31.12.	3 403	3 262
Realised gains/losses	-27	-6

Changes in Level 3 equity funds, unlisted COMMON PORTFOLIO	Book value 31.12.2023	Book value 31.12.2022
Opening balance 01.01.	60	50
Sold	0	0
Bought	0	0
Unrealised changes	-23	9
Closing balance 31.12.	37	60
Realised gains/losses	0	0

Changes in Level 3, private equity and property funds COMMON PORTFOLIO	Book value 31.12.2023	Book value 31.12.2022
Opening balance 01.01.	52 703	40 127
Sold	-4 798	-5 753
Bought	15 886	14 036
Unrealised changes	2 895	4 292
Closing balance 31.12.	66 687	52 703
Realised gains/losses	1 844	2 313

Changes in Level 3, property funds INVESTMENT OPTION PORTFOLIO	Book value 31.12.2023	Book value 31.12.2022
Opening balance 01.01.	48	0
Sold	-2	-2
Bought	0	50
Unrealised changes	-3	-1
Closing balance 31.12.	43	48
Realised gains/losses	0	0

Changes in Level 3, investment property CORPORATE PORTFOLIO	Book value 31.12.2023	Book value 31.12.2022
Opening balance 01.01.	1 399	1 004
Sold	-3	0
Bought	0	0
Unrealised changes	-50	435
Other	-45	-40
Closing balance 31.12.	1 301	1 399
Realised gains/losses	0	0
Total level 3	71 474	57 477

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 3 574 million as of 31.12.2023 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 4th quarter, NOK 57 million moved from Level 1 to Level 2 and NOK 237 million moved from level 2 to level. The amounts are related to equity instruments and the movements are due to change in liquidity. There were no other movements between the different levels in KLP.

Note 9 Fair value of financial assets and liabilities

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

31.12.2023 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS – AT AMORTIZED COST								
FIXED-INCOME SECURITIES								
Norwegian bonds	5 720	5 469	65 501	63 444	333	317	71 554	69 231
Accrued not due interest	89	89	874	874	4	4	967	967
Foreign bonds	15 288	14 671	137 631	131 700	641	609	153 560	146 980
Accrued not due interest	158	158	2 114	2 114	11	11	2 283	2 283
Total fixed-income securities	21 256	20 388	206 120	198 132	989	941	228 365	219 461
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	2 782	2 689	0	0	2 782	2 689
Lending with public sector guarantee	0	0	73 602	72 237	0	0	73 602	72 237
Loans abroad secured by mortgage and local government guarantee	0	0	4 991	5 040	0	0	4 991	5 040
Accrued not due interest	0	0	591	591	0	0	591	591
Total other loans and receivables	0	0	81 966	80 556	0	0	81 966	80 556
Total financial assets at amortized cost	21 256	20 388	288 086	278 688	989	941	310 331	300 017
ASSETS – AT FAIR VALUE								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	4	4	12 271	12 271	0	0	12 275	12 275
Foreign shares	0	0	61 977	61 977	0	0	61 977	61 977
Total shares	4	4	74 248	74 248	0	0	74 252	74 252
Property funds	0	0	10 156	10 156	43	43	10 198	10 198
Norwegian equity funds	0	0	89 369	89 369	1 048	1 048	90 417	90 417
Foreign equity funds	0	0	42 797	42 797	0	0	42 797	42 797
Total equity fund units	0	0	142 322	142 322	1 090	1 090	143 412	143 412
Norwegian alternative investments	0	0	2 497	2 497	14	14	2 511	2 511
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	2 497	2 497	14	14	2 511	2 511
Total shares and units	4	4	219 067	219 067	1 104	1 104	220 175	220 175
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	7 064	7 064	29 484	29 484	0	0	36 548	36 548
Foreign bonds	846	846	19 205	19 205	0	0	20 052	20 052
Accrued not due interest	65	65	512	512	0	0	577	577
Norwegian fixed-income funds	3 344	3 344	26 222	26 222	257	257	29 824	29 824
Foreign fixed-income funds	0	0	25 632	25 632	0	0	25 632	25 632
Accrued not due interest	0	0	0	0	0	0	0	0
Norwegian certificates	435	435	2 272	2 272	0	0	2 707	2 707
Foreign certificates	0	0	898	898	0	0	898	898
Accrued not due interest	5	5	26	26	0	0	31	31
Fixed income securities	11 760	11 760	104 252	104 252	257	257	116 269	116 269
Norwegian loans and receivables	417	417	14 977	14 977	25	25	15 420	15 420
Foreign loans and receivables	718	718	5 811	5 811	77	77	6 606	6 606
Total loans and receivables	1 135	1 135	20 788	20 788	102	102	22 026	22 026

31.12.2023 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	437	437	963	963	0	0	1400	1400
Share options	0	0	0	0	0	0	0	0
Forward exchange contracts	89	89	8 851	8 851	24	24	8 964	8 964
Total financial derivatives classified as assets	527	527	9 814	9 814	24	24	10 365	10 365
OTHER FINANCIAL ASSETS								
Other financial assets	1	1	790	790	0	0	791	791
Total financial assets valued at fair value	13 426	13 426	354 711	354 711	1 488	1 488	369 625	369 625
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	57	57	0	0	57	57
Forward exchange contracts	0	0	1 081	1 081	1	1	1 082	1 082
Total financial derivatives classified as liabilities	0	0	1 137	1 137	1	1	1 139	1 139
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 361	3 327	0	0	0	0	3 361	3 327
Hybrid Tier 1 securities	1 434	1 434	0	0	0	0	1 434	1 434
Total subordinated loan capital etc.	4 795	4 761	0	0	0	0	4 795	4 761
LIABILITIES TO CREDIT INSTITUTIONS								
Repos	0	0	0	0	0	0	0	0
Norwegian call money ¹	0	0	1 277	1 277	0	0	1 277	1 277
Foreign call money ¹	578	578	4 849	4 849	23	23	5 450	5 450
Total liabilities to credit institutions	578	578	6 126	6 126	23	23	6 727	6 727

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
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

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
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								
DERIVATIVES								
Interest rate swaps	0	0	118	118	0	0	118	118
Forward exchange contracts	60	60	1 203	1 203	6	6	1 269	1 269
Total financial derivatives classified as liabilities	60	60	1 321	1 321	6	6	1 387	1 387
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

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

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

Note 10 Leases

NOK MILLIONS	31.12.2023	31.12.2022
RIGHT-OF-USE ASSETS	Property	
Opening balance 01.01.	865	973
Depreciation	-108	-108
Deduction	-2	0
Closing balance 31.12.	756	865

NOK MILLIONS	31.12.2023	31.12.2022
LEASE LIABILITIES	Property	
Opening balance 01.01.	920	1 012
Repayments	-96	-92
Deduction	-2	0
Closing balance 31.12.	822	920

NOK MILLIONS	Q4 2023	Q4 2022	01.01.2023 -31.12.2023	01.01.2022 -31.12.2022
	Property			
Interest expense lease liabilities	5	6	21	24
Interest expense lease liabilities	5	6	21	24

Note 11 Liabilities

NOK MILLIONS	31.12.2023	31.12.2022
Short-term liability securities	729	852
Advance tax-deduction pension scheme	577	522
Accounts payable	13	18
Derivatives	1 139	1 387
Debt to credit institutions	6 727	2 678
Liabilities related to direct insurance	1 279	492
Other liabilities	44	36
Total liabilities	10 508	5 985

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

31.12.2023 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	10 365	0	10 365	-1 077	-6 716	-2 755	149
Total	10 365	0	10 365	-1 077	-6 716	-2 755	149
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	9 814	0	9 814	-1 076	-6 114	-2 755	100
Total assets – corporate portfolio	527	0	527	0	-578	0	32
Total assets – investment option portfolio	24	0	24	-1	-23	0	17
Total	10 365	0	10 365	-1 077	-6 716	-2 755	149
LIABILITIES							
Financial derivatives	1 139	0	1 139	-1 077	-62	-5	0
Total	1 139	0	1 139	-1 077	-62	-5	0
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	1 137	0	1 137	-1 076	-62	-5	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	1 139	0	1 139	-1 077	-62	-5	0

31.12.2022 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	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 350 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 350 per cent.

	31.12.2023	31.12.2022
SOLVENCY II-SCR RATIO	350 %	318 %
NOK BILLIONS		
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT		
Assets, book value	786	709
Added values - hold-to-maturity portfolio/loans and receivables	-9	-12
Added values - other lending	-1	-2
Other added/lesser values	0	0
Deferred tax asset	0	0
Total assets - solvency II	776	695

NOK BILLIONS	31.12.2023	31.12.2022
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT		
Best estimate	701	629
Risk margin	11	12
Hybrid Tier 1 securities/Subordinated loan capital	5	5
Other liabilities	13	8
Deferred tax liabilities	0	0
Total liabilities - solvency II	729	653
Excess of assets over liabilities	46	42
- Deferred tax asset	0	0
- Risk equalization fund (tier 2 own funds starting 30.09.2022)	-5	-5
+ Hybrid Tier 1 securities	1	1
Tier 1 basic own funds	43	39
Total eligible tier 1 own funds	43	39
Subordinated loans	3	3
Risk equalization fund (tier 2 own funds starting 30.09.2022)	5	5
Tier 2 basic own funds	8	8
Ancillary own funds	14	13
Tier 2 ancillary own funds	14	13
Deduction for max. eligible tier 2 own funds	-15	-13
Total eligible tier 2 own funds	7	7
Deferred tax asset	0	0
Total eligible tier 3 own funds	0	0
Solvency II total eligible own funds	50	46
Market risk	7	7
Diversification market risk	-2	-2
Counterparty risk	0	0
Life risk	10	14
Diversification life risk	-0	-3
Diversification general	-3	-3
Operational risk	3	3
Loss absorbing ability deferred tax	-1	-2
Solvency capital requirement (SCR)	14	15
Linear minimum capital requirement (MCR_linear)	5	5
Minimum	3	4
Maximum	6	7
Minimum capital requirement (MCR)	5	5
Solvency II -SCR ratio	350 %	318 %