

# Q2 2023 Interim report

KLP Group, sustainability and KLP

The KLP logo is rendered in a white, classic serif typeface. The letter 'K' is tall and narrow, with a distinctive vertical stroke that extends above the top of the 'L'. The 'L' and 'P' are shorter and wider, with the 'P' featuring a small loop at the top. The logo is positioned in the upper left quadrant of the page, set against a background of a blurred landscape with mountains and water under a warm, orange-hued sky.

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## **KLP Group**

### **Report for the second quarter of 2023**

KLP delivers good results for the first half of 2023

- KLP achieved a value-adjusted return on the pension assets in the common portfolio of 4.2 per cent so far this year.
- The total profit on the customer portfolio was NOK 21.3 billion.
- Good growth from external customers choosing KLP's fund products.

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 second quarter of 2023, the Group had total assets of NOK 956.3 billion, an increase of NOK 56.2 billion in the year to date.

Results for the second quarter of 2023

Kommunal Landspensjonskasse

Pension schemes within the public sector are offered and administered by the Group's parent company, Kommunal Landspensjonskasse. Out of KLP's total assets of NOK 788.7 billion, NOK 715.2 billion is linked to insurance obligations within public-sector occupational pensions.

Corporate result

#### **Investment result**

KLP achieved an investment result (returns in excess of the guaranteed average rate of return) of NOK 21.2 (-20.4) billion in the second quarter. The return on the common portfolio was 4.2 per cent for the year to date.

#### **Risk result**

The risk events in the stock have been within expectations throughout the year and will vary from quarter to quarter. The risk result totalled NOK 199 (445) million in the second quarter, and NOK 270 (550) million so far this year.

## Administration result

The Company's administration result shows a surplus of NOK 62 (-22) million so far this year, of which NOK 8 million fell in the second quarter. Insurance-related operating costs came to NOK 761 (748) million so far this year.

## Total profit/loss

Total profit/loss to the Company stands at NOK 892 (283) million for the year to date. The customer result is NOK 21.3 (-19.7) billion so far this year.

NOK millions	Customers	Company	Total
Investment result	21 049	195	21 243
Risk result	270		270
Interest guarantee premium		144	144
Administration result		62	62
Net income from investments in the corporate portfolio and other income/expenses in non-technical accounts		374	374
Tax		-172	-172
Other profit/loss elements		290	290
<b>Profit/loss after Q2 2023</b>	<b>21 318</b>	<b>892</b>	<b>22 210</b>
Profit/loss after Q2 2023	-19 721	283	-19 439

## Financial strength and capital-related matters

KLP's total assets have increased by NOK 78.4 billion in the year to date and amount to NOK 788.7 billion. The premium reserve increased by NOK 41.4 billion to NOK 559.9 billion in the same period.

The buffer fund amounts to NOK 101.9 billion after the second quarter. There is also a positive interim profit of NOK 21.3 billion in the customer result.

Without applying transitional rules, the Company's solvency capital requirement (SCR) is 330 per cent.

KLP's target is a capital adequacy of at least 150 per cent. Solvency is well above this target and is an important prerequisite for sound capital management over time.

## Key figures

Per cent	At 30.06.2023	At 30.06.2022
Return	4,2	-2,1
Return including added value in assets measured at amortised cost	3,3	-4,8
<i>The returns figures apply to the common portfolio</i>		
Capital adequacy, Solvency II	330	340
Capital adequacy, Solvency II, with transitional measures	330	340

## Premium income

Premium income excluding premium reserves received on transfers in amounts to NOK 51.0 (32.7) billion at the end of the second quarter.

## Claims/benefits

Pensions paid and other claims, excluding ceded premium reserves, amounted to NOK 12.7 (11.7) billion at the end of the second quarter.

## Management of the common portfolio

The assets in the common portfolio totalled NOK 701.9 (660.8) billion and were invested as shown below:

Assets	At 30.06.2023		At 30.06.2022	
	Proportion	Return	Proportion	Return
All figures in per cent				
Equities	32,4 %	11,7 %	28,9 %	-10,0 %
Bonds measured at fair value	11,0 %	1,3 %	12,6 %	-8,3 %
Bonds measured at amortised cost	28,8 %	1,6 %	29,2 %	1,7 %
Lending	11,7 %	1,7 %	12,3 %	1,0 %
Property	14,6 %	-0,8 %	15,4 %	7,8 %
Other financial assets	1,4 %	1,8 %	1,6 %	0,1 %

## Equities

Total exposure in shares and alternative investments, including equity derivatives, was 32.4 per cent at the end of the second quarter. The total return on shares and alternative investments was 4.8 per cent in the quarter. The return on KLP's global equities was 6.3 per cent, while KLP's Norwegian equity portfolio returned 1.6 per cent in the second 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. For the second quarter, the Norwegian krone depreciated against the US dollar and the euro, among other currencies. The depreciation of the krone had a positive impact on the return on shares in the unsecured portfolios.

## Current bonds and money market instruments measured at fair value

Short-term bonds accounted for 11.0 per cent and money-market instruments 1.4 per cent of the assets in the common portfolio at the end of the quarter. Norwegian, Eurozone and US government interest rates all rose during the second quarter. KLP's global government bond index achieved a currency-hedged return of minus 1.5 per cent in the quarter, while the return on the Norwegian government bond index was minus 2.7 per cent. Global credit margins fell slightly through the quarter. The quarterly return on KLP's global credit bond index was minus 0.6 percent, while the return on the Norwegian bond index was minus 2.2 percent. Short-term bonds produced a total return of minus 1.0 per cent in the second quarter. The money market return was 1.0 per cent for the quarter.

## Bonds measured at amortised cost

Investments in bonds recognised at amortised cost made up around 28.8 per cent of the common portfolio at the end of the quarter. Unrecognised decreases in value in the portfolio amounted to NOK 16.5 billion at the end of the second quarter. The portfolio is well diversified and consists of securities issued by creditworthy borrowers. The return measured at amortised cost in the second quarter was 0.8 per cent.

## Property

Property investments, including Norwegian and international property funds, made up 14.6 per cent of the common portfolio. Property values in the common portfolio were adjusted downwards by NOK 2.6 billion in the first half-year. 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 0.8 per cent in the first half-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 79.7 billion. This is split between NOK 68.4 billion in loans to the public sector, NOK 0.8 billion in loans with government guarantees and NOK 2.9 billion in secured mortgage loans, with the remaining NOK 7.7 billion made up of other secured loans. The lending portfolio is of high quality, with no losses on municipal loans and very modest provisions for losses on mortgage loans. Unrecognised decreases in value in the lending portfolio (fixed-interest loans) totalled NOK 2.0 billion at the end of the quarter. Returns so far this year are 1.7 per cent

## Returns on the corporate portfolio

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

The corporate portfolio is managed with a moderate-risk long-term investment horizon, with the objective of stable returns. Investments in the corporate portfolio returned 0.6 percent in the second quarter, and 1.5 percent so far this year, pulled down by higher required rates of return due to higher interest rates which resulted in real estate write-downs.

## Other matters

At KLP, one of the industry's most comprehensive technology initiatives is under way, where we are establishing a new digital solution for retirement that provides new and better services to employers and their employees. In order to succeed, significant changes are being made in technology, business processes and organisation. We are establishing new concepts for retirement on a platform with a focus on automation, self-service and efficient case management. KLP is also adopting new cloud-based services, and through a new data platform, we are increasingly utilising our unique insight into public-sector occupational pensions in our corporate governance and service development.

As from the first half of 2023, all old-age pensions in KLP are being handled through the new digital solution. Employees who are to receive an old-age pension now receive an answer in seconds, and more than 70 per cent of all old-age pension applications are processed completely automatically. The vast majority of employees can also simulate their expected retirement pension on KLP's secure web pages. In this way, it will be easy for the employee to see how much more pension they will receive by working a little longer and/or working in a 100 per cent position. Contributing to a better understanding of people's own pension finances and making well-informed choices through guidance is an important contribution to KLP's

work on corporate social responsibility. In the second quarter, we introduced the AFP benefit, which is now also handled automatically, and work is ongoing on the latest payments of disability and survivors' pensions, as well as a new old-age pension for those born after 1963.

The need for skilled professionals in the local government and healthcare sector is only expected to increase as the population steadily ages, and it is difficult to recruit and retain staff. So it is more important than ever for employees in the local government and healthcare sector to be enabled to work as much as possible for as many years as possible while they are of working age. KLP shares knowledge and experience of working life in order to contribute to health-promoting workplaces and a positive social development among our owners.

Twelve new projects have been launched in KLP's working environment network in 2023. The intention is to apply good project processes, share experience within the network, and make gains in the form of reduced sickness absence, stable staffing and better services.

Business areas of the subsidiaries

### **Non-life insurance**

The first half of 2023 produced a pre-tax operating profit of NOK 189.5 (88.2) million. The second quarter also yielded a good result, with a profit of NOK 90.2 (31.3) million. The growth in profits is mainly due to solid financial returns and the reversal of previous years' reserves. Operating costs are also lower than expected.

Premium volume stood at NOK 2,534 million at the end of the second quarter, an increase of NOK 242 million from the position at 31.12.2022. Premium income increased by NOK 159 million, or 14.8 per cent, to reach NOK 1,230 million. The retail market shows growth of NOK 45 million, or 9.7 per cent, while the public-sector and corporate market shows growth of NOK 115 million, or 18.5 per cent. The solid growth in the public-sector and corporate market is due to substantial premium increases in some high-risk segments.

Insurance income less claims expenses was NOK 183 (332) million at 30 June. Both the property and motor insurance sectors produced weak results. Increased material costs resulting from higher inflation are a factor in this trend. Over time, the Company's premiums will be adjusted upwards to reflect the increased costs.

Reversals of previous years' claims are still positive, and this year NOK 51 million has so far been taken to income, equivalent to 2.4 per cent of the reserves at the beginning of the year.

There was a major natural disaster in the first half-year, with a gross claim against the Natural Perils Pool of NOK 900 million. The Company's share of this claim is NOK 45 million.

## Key figures for the Company

	At 30.06 2023	At 30.06 2022	Whole of 2022
Claims ratio	82,6	71,4	98,3
Cost ratio	13,9	14,4	13,8
<b>Total cost ratio</b>	<b>101,5</b>	<b>85,9</b>	<b>93,2</b>

Net financial income in the first half-year was NOK 197.0 (-112.7) million, representing a return of 3.6 (minus 2.1) per cent. Returns for the second quarter in isolation were NOK 47.2 (-63.5) million, or 0.9 (minus 1.1) per cent. So far this year, the equity portfolio has returned 16.5 (minus 14.1) per cent. As of the first half-year, the Company's investments in interest-bearing funds had a return of minus 1.6 (minus 5.8) per cent, while fixed income bonds returned 1.7 (1.7) per cent in the same period. The return on real estate investments was 3.6 per cent, after a write-down of NOK 22 million in the quarter. The company's real estate investments have nevertheless been written up by NOK 10 million so far this year. The second quarter in isolation saw a return of 6.6 per cent on equities, minus 0.1 per cent on interest-bearing investments, and a 0.9 per cent on long-term bonds.

The Company's financial position is good, with a solvency capital requirement (SCR) of 222 per cent at the end of the second quarter, compared to 222 per cent at the end of 2022 and 215 per cent after the first quarter of 2023.

KLP Kapitalforvaltning AS provides securities management in the KLP Group. It had a total of NOK 688 billion under management at the end of the first half-year, of which NOK 163 billion came from external customers. The majority of the assets are managed on behalf of KLP and its subsidiaries.

Net new subscriptions to the KLP funds were NOK 6.3 billion in the first half. External customers had positive net new subscriptions of NOK 8.1 billion in the first half.

The Company achieved a result before tax of NOK 3.5 million in the first half-year.

## 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 second quarter, the KLP Banken Group achieved an operating profit before tax of NOK 121.5 (42.5) million, of which the second quarter in isolation accounted for NOK 68.3 (24.2) million. The change is mainly related to increased net interest income in both business areas and reduced losses on financial instruments. Broken down by area, profits for the second quarter were NOK 87.5 (21.8) million in the retail market and NOK 34.0 (20.7) million in the public-sector market.

The KLP Banken Group's lending balance as of 30 June 2023 was NOK 42.9 (41.4) billion. The split between the retail and public-sector markets was NOK 23.5 (23.1) billion and 19.4 (18.3) billion respectively.



KLP Banken manages NOK 2.9 (3.1) billion in mortgage loans and NOK 74.7 (73.1) billion in loans to public-sector borrowers and other businesses on behalf of KLP.

## Group

The KLP Group is owned by policy-holders drawing public-sector occupational pensions. All value creation therefore accrues to current or future policy-holders drawing to public-sector occupational pensions. That means that these policy-holders are entitled to the residual interest consisting of the net assets of the business. The residual interest due to policy-holders is shown as a debt to the insured and not as equity. This is as specified in the IFRS 17 accounting standard, which KLP is applying in its consolidated financial statements from 2023 onwards.

Of the Group's insurance liabilities related to public-sector occupational pensions of NOK 707 billion as at 30.06.2023, NOK 34.3 billion is made up of residual interest belonging to the policy-holders. The remainder of the insurance liability consists of the best estimate of discounted future receipts and payments related to the insurance contracts plus risk adjustment.

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

## Corporate social responsibility

Voting at general meetings is one of the important tools KLP uses in exercising its ownership, and the second quarter of the year is known as the high season for general meetings. As well as following the Company's usual voting policies, KLP has chosen to vote against the boards of 68 companies with high greenhouse gas emissions or a high risk of contributing to deforestation, where the companies do not demonstrate sufficient willingness or ability to manage risk and the negative impacts of their activities.

KLP has also raised shareholder motions together with several other investors on better tax reporting for three oil and gas companies. The results show that a number of investors are keen to contribute to improvements in this area. In Norway, we have observed a clear effect from the discussions we had with selected companies earlier this year, where almost 50 per cent of these companies have improved the documentation for general meetings and adapted to our expectations.

The transition to a more eco-friendly economy is crucial if we are to halt and reverse the loss of nature and biodiversity. Many companies, including KLP, are working to understand how they can implement and help to achieve the aims of the UN Biodiversity Agreement. KLP has participated in a project on nature risk in Norwegian industry. The work resulted in a guide to the work on nature risk, to serve as an aid to companies that want to make a start on the eco-friendly transition, and makes suggestions for sources for analysis and the steps that need to be taken to get there.

Green ports can play an important role in the transition to an emission-free society. Together with others, KLP has prepared a proposal for what the criteria for accelerating the green transition in the port sector might be. The report was launched in April.

The non-life company has been working on studies of how sustainability can be strengthened in the insurance products, initially for real estate, and how these products can be adapted to the EU's taxonomy criteria. There is also a focus on repairs and reuse to contribute to the transition to a more circular economy. Among other things, a pilot has been started on the reuse and repair of home electronics. KLP has also held a seminar for insurance brokers focusing on sustainability.

### **Future prospects and events after the end of the quarter**

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

**Oslo, August 25, 2023**

The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

**TINE SUNDTOFT**  
Chair

**INGUNN TROSHOLMEN**  
Deputy Chair

**EGIL MATSEN**

**KJERSTIN FYLLINGEN**

**ODD HALDGEIR LARSEN**

**TERJE ROOTWELT**

**VIBEKE HELDAL**  
Elected by and from employees

**ERLING BENDIKSEN**  
Elected by and from employees

*The Board of Directors uses digital signature*

## Income statement

### KLP Group

NOTE	NOK MILLIONS	Q2 2023	Q2 2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
3, 5	<b>Insurance service result</b>	<b>- 72</b>	<b>154</b>	<b>66</b>	<b>398</b>	<b>2 022</b>
	Net income from investments measured at fair value with changes in P/L	13 760	4 121	41 590	5 324	8 748
	Net income from investments not measured at fair value with changes in P/L	21	-31 656	39	-45 255	-37 425
4	Fair value adjustment investment properties and rental income	-559	5 782	-63	7 043	6 558
	Net credit loss from financial assets not measured at fair value	0	0	0	0	0
	Net interest income banking	112	87	222	160	371
	Unit holder's value change in consolidated securites funds	-8 405	12 039	-20 540	19 276	15 966
	<b>Total net income</b>	<b>4 929</b>	<b>-9 628</b>	<b>21 248</b>	<b>-13 452</b>	<b>-5 783</b>
	Policyholder's share of changes in fair value of underlying items	-4 326	16 465	-21 946	31 343	21 992
	Other insurance related financial cost	26	13	6	49	49
5	<b>Net insurance related financial cost</b>	<b>-4 300</b>	<b>16 478</b>	<b>-21 939</b>	<b>31 392</b>	<b>22 040</b>
	<b>Net insurance services and financial result</b>	<b>557</b>	<b>7 004</b>	<b>-625</b>	<b>18 338</b>	<b>18 279</b>
6	Net costs subordinated loan and hybrid Tier 1 securities	-84	-294	-551	-134	-169
	Operating expenses	-306	-254	-621	-564	-1 159
	Other income	9	224	17	260	305
	Other expenses	-123	-38	-214	-39	-25
	<b>Pre-tax income</b>	<b>53</b>	<b>6 643</b>	<b>-1 995</b>	<b>17 861</b>	<b>17 232</b>
	Cost of taxes <sup>1</sup>	-431	-200	-761	-384	-826
	<b>Income</b>	<b>-377</b>	<b>6 443</b>	<b>-2 756</b>	<b>17 478</b>	<b>16 405</b>
12	Actuarial loss and profit on post employment benefit obligations	365	-361	396	65	132
	Tax on items that will not be reclassified to profit or loss	-57	57	-62	-10	-17
	<b>Items that will not be reclassified to profit or loss</b>	<b>308</b>	<b>-303</b>	<b>334</b>	<b>55</b>	<b>115</b>
	Revaluation real property for use in own operation	-113	146	-121	189	-43
4	Currency translation foreign properites	155	1 257	2 470	312	148
	Tax on items that will be reclassified to profit or loss	28	-37	30	-47	11
	<b>Items that will be reclassified to income particular specific conditions are met</b>	<b>70</b>	<b>1 367</b>	<b>2 379</b>	<b>453</b>	<b>116</b>
	<b>Total other comprehensive income</b>	<b>378</b>	<b>1 063</b>	<b>2 713</b>	<b>508</b>	<b>231</b>
	<b>Total comprehensive income</b>	<b>0</b>	<b>7 506</b>	<b>-43</b>	<b>17 986</b>	<b>16 637</b>
	<sup>1</sup> Unit holders share of taxes in consolidated security funds	-117	-103	-204	-183	-359

## Financial position statement

### KLP Group

NOTE	NOK MILLIONS	30.06.2023	30.06.2022	31.12.2022
	Deferred tax assets	35	57	48
	Other intangible assets	1 234	926	1 049
	Tangible fixed assets	2 485	2 888	2 633
	Investments in associated companies and joint venture	5 745	5 594	5 456
4, 9	Investment property	96 070	95 851	93 992
5	Reinsurance contract assets	728	314	736
7, 9	Fixed income securitites and other debt instruments at fair value	362 781	170 920	181 802
7	Fixed income securitites and other debt instruments at amortized costs	2 217	196 621	198 752
7, 9	Lending local government, enterprises & retail customers at fair value through profit / loss	77 618	28	0
7	Lending local government, enterprises & retail customers at amortized costs	44 288	120 141	121 360
7, 9	Equity capital instruments at fair value through profit/loss	336 111	275 423	282 399
7, 9	Financial derivatives	3 868	1 560	6 820
7	Receivables	19 829	26 104	1 700
	Cash and bank deposits	3 301	3 773	3 321
	<b>TOTAL ASSETS</b>	<b>956 311</b>	<b>900 199</b>	<b>900 068</b>
7, 8	Hybrid Tier 1 securities	1 540	1 550	1 428
7, 8	Subordinated loan capital	3 346	3 026	3 147
12	Pension obligations	469	860	815
5	Insurance obligations with the right to residual value	707 059	666 354	686 780
5	Other insurance liabilities	3 776	3 006	3 181
7, 8	Covered bonds issued	30 606	31 441	32 430
7, 8	Debt to credit institutions	4 368	5 916	6 683
7, 8	Liabilities to and deposits from customers	14 524	13 465	13 779
7	Financial derivatives	4 853	9 998	3 158
	Deferred tax	1 144	1 461	1 153
14	Other current liabilities	24 250	26 665	4 233
	Equity	-3 684	9 800	8 450
	Unit holders `s interest in consolidated securites funds	164 060	126 656	134 831
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>956 311</b>	<b>900 199</b>	<b>900 068</b>
	Contingent liabilities	33 096	27 001	31 083

## Changes in owners' equity

### KLP Group

2023 NOK MILLIONS	Equity
<b>Owners' equity 31 December 2022</b>	<b>8 450</b>
Change of principle 01.01.2023, IFRS 9 <sup>1</sup>	- 12 037
<b>Owners' equity 1 January 2023</b>	<b>- 3 587</b>
<b>Income</b>	<b>- 2 756</b>
Items that will not be reclassified to income	334
Items that will be reclassified to income later when particular conditions are met	2 379
<b>Total other comprehensive income</b>	<b>2 713</b>
<b>Total comprehensive income</b>	<b>- 43</b>
<b>Other Changes</b>	<b>- 55</b>
<b>Owners' equity 30 June 2023</b>	<b>- 3 684</b>

2022 NOK MILLIONS	Equity
<b>Owners' equity 31 December 2021</b>	<b>40 732</b>
Change of principle 01.01.2022, IFRS 17 <sup>1</sup>	- 48 918
<b>Owners' equity 1 January 2022</b>	<b>- 8 186</b>
<b>Income</b>	<b>17 478</b>
Items that will not be reclassified to income	55
Items that will be reclassified to income later when particular conditions are met	453
<b>Total other comprehensive income</b>	<b>508</b>
<b>Total comprehensive income</b>	<b>17 986</b>
<b>Owners' equity 30 June 2022</b>	<b>9 800</b>

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

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

## Statement of cashflow

KLP Group

NOK MILLIONS	01.01.2023 -30.06.2023	01.01.2023 -31.03.2023	01.01.2022 -31.12.2022	01.01.2022 -30.09.2022	01.01.2022 -30.06.2022
Net cash flow from operational activities	-3 581	116	36 130	42 855	40 710
Net cash flow from investment activities <sup>1</sup>	-252	-113	-346	-250	-173
Net cash flow from financing activities <sup>2</sup>	3 812	-347	-35 851	-42 493	-40 153
<b>Net changes in cash and bank deposits</b>	<b>-21</b>	<b>-344</b>	<b>-66</b>	<b>113</b>	<b>385</b>
Holdings of cash and bank deposits at start of period	3 321	3 321	3 388	3 388	3 388
<b>Holdings of cash and bank deposits at end of period</b>	<b>3 301</b>	<b>2 978</b>	<b>3 321</b>	<b>3 500</b>	<b>3 773</b>

<sup>1</sup> Payments on the purchase of tangible fixed assets.

<sup>2</sup> 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.

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## Notes to the financial statement

KLP Group

### Note 1 **Accounting principles – and estimates**

#### **Accounting principles**

The financial statements in this interim report show the Kommunal Landspensjonskasse (KLP) group financial statements and parent company financial statements for the period 01.01.2023 – 30.06.2023. The accounts have not been audited.

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

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

No other changes have been made to the accounting principles that affect the interim financial statements as of 30.06.2023. 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](http://www.klp.no).

#### **Accounting estimates**

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

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

#### **Life insurance activities**

- All cash flows arising from the insurance contracts that are within the contract limit are included in the measurement of the insurance contract. Future cash flows

are calculated using assumptions of future annual wage growth/adjustment derived from a projection of the NAM (Norwegian Aggregate Model). The model produces a macro projection of key economic variables year by year based on the economic situation at the measurement date.

- The cash flow calculations use best estimates of mortality and disability.
- The cash flows are discounted with an interest rate curve that takes account of the time value of money and any financial risk that is not included in the estimated cash flows. The interest rate curve is based on the EIOPA interest rate curve with an illiquidity mark-up.
- The risk adjustment for non-financial risk is based on the risk appetite in the life insurance business and a 95% confidence level, and amounts to 7.77% of the insurance liability in 2023.

### **Non-life insurance activities**

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

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

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

Risk adjustment has also been introduced.

- The risk adjustment is derived from the company's risk appetite.
- The risk adjustment represents an addition to technical provisions so there is a 75% probability that they will be sufficient to cover all insurance obligations.
- The risk adjustment for non-financial risk is based on the risk appetite in the non-life insurance business and a 75% confidence level, and amounts to 4.3 % of the insurance liability in 2023.

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



## Note 2 Segment information

NOK MILLIONS	Group pensions pub. sect. & group life			Non-life insurance			Banking			Asset management		
	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
Result from insurance services	-182	32	1 374	152	305	457	0	0	0	0	0	0
Net financial income from investments	22 419	-13 649	-7 050	200	-111	-91	212	125	345	7	-3	0
Policyholder's share of changes in fair value of underlying items	-21 946	33 029	23 494	0	49	0	0	0	0	0	0	0
Other insurance related financial cost	0	0	0	6	0	49	0	0	0	0	0	0
Unit holder's value change in consolidated security funds	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total income</b>	<b>291</b>	<b>19 412</b>	<b>17 818</b>	<b>358</b>	<b>244</b>	<b>414</b>	<b>212</b>	<b>125</b>	<b>345</b>	<b>7</b>	<b>-3</b>	<b>0</b>
Net costs subordinated loan and hybrid Tier 1 securities	-551	-134	-169	0	0	0	0	0	0	0	0	0
Operating expenses	0	0	-1	-174	-156	-310	-132	-123	-245	-285	-336	-602
Other income	-4	241	482	5	1	7	45	42	84	282	310	607
Other expenses	60	71	-8	0	0	0	-3	-2	-4	0	0	0
<b>Pre-tax income</b>	<b>-205</b>	<b>19 590</b>	<b>18 122</b>	<b>189</b>	<b>88</b>	<b>111</b>	<b>121</b>	<b>42</b>	<b>180</b>	<b>4</b>	<b>-30</b>	<b>5</b>
Cost of taxes	-172	19	-115	-58	-24	-53	16	18	-17	-1	7	-2
<b>Income</b>	<b>-377</b>	<b>19 609</b>	<b>18 007</b>	<b>131</b>	<b>65</b>	<b>59</b>	<b>138</b>	<b>60</b>	<b>163</b>	<b>3</b>	<b>-22</b>	<b>3</b>
Total other comprehensive income	334	55	115	42	7	19	17	3	11	33	6	11
<b>Total comprehensive income</b>	<b>-43</b>	<b>19 664</b>	<b>18 122</b>	<b>174</b>	<b>71</b>	<b>77</b>	<b>155</b>	<b>63</b>	<b>174</b>	<b>36</b>	<b>-17</b>	<b>14</b>
Assets	732 932	710 649	709 219	6 868	5 884	5 869	49 557	48 704	50 511	609	605	635
Liabilities	736 614	699 004	699 115	4 325	3 516	3 675	46 485	46 149	47 544	180	243	241

NOK MILLIONS	Other			Eliminations			Total		
	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
Result from insurance services	0	0	0	96	61	191	66	398	2 022
Net financial income from investments	0	0	0	18 951	-19 090	-14 953	41 788	-32 728	-21 749
Policyholder's share of changes in fair value of underlying items	0	0	0	0	-1 735	-1 502	-21 946	31 343	21 992
Other insurance related financial cost	0	0	0	0	49	0	6	49	49
Unit holder's value change in consolidated security funds	0	0	0	-20 540	19 276	15 966	-20 540	19 276	15 966
<b>Total income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1 492</b>	<b>-1 440</b>	<b>-298</b>	<b>-625</b>	<b>18 338</b>	<b>18 279</b>
Net costs subordinated loan and hybrid Tier 1 securities	0	0	0	0	0	0	-551	-134	-169
Operating expenses	-6	-6	-11	-25	57	9	-621	-564	-1 159
Other income	6	7	12	-317	-340	-887	17	260	305
Other expenses	0	0	0	-271	-108	-13	-214	-39	-25
<b>Pre-tax income</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>-2 105</b>	<b>-1 831</b>	<b>-1 189</b>	<b>-1 995</b>	<b>17 861</b>	<b>17 232</b>
Cost of taxes	0	0	0	-546	-404	-639	-761	-384	-826
<b>Income</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>-2 651</b>	<b>-2 234</b>	<b>-1 828</b>	<b>-2 756</b>	<b>17 478</b>	<b>16 405</b>
Total other comprehensive income	1	0	0	2 286	438	76	2 713	508	231
<b>Total comprehensive income</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>-365</b>	<b>-1 796</b>	<b>-1 753</b>	<b>-43</b>	<b>17 986</b>	<b>16 637</b>
Assets	11	10	11	166 335	134 347	133 825	956 311	900 199	900 068
Liabilities	2	3	3	172 390	141 484	141 039	959 995	890 399	891 618

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	Q2 2023	Q2 2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -30.06.2022
Insurance income	776	891	1 823	1 864	8 333
Insurance service expenses	-773	-754	-1 695	-1 465	-6 729
Reinsurance income (+)/ cost (-)	-76	17	-62	-1	418
<b>Insurance service result</b>	<b>-72</b>	<b>154</b>	<b>66</b>	<b>398</b>	<b>2 022</b>

### Note 4 Investment property

NOK MILLIONS	Q2 2023	Q2 2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
Net rental income	880	756	1 809	1 546	3 219
Net value adjustment	-1 439	5 026	-1 871	5 497	3 338
<b>Net income from investment properties</b>	<b>-559</b>	<b>5 782</b>	<b>-63</b>	<b>7 043</b>	<b>6 558</b>
Currency translate foreign properites (taken to other comprehensive income)	155	1 257	2 470	312	148
<b>Net income from investment properties included currency translate</b>	<b>-404</b>	<b>7 039</b>	<b>2 407</b>	<b>7 355</b>	<b>6 706</b>

NOK MILLIONS	30.06.2023	30.06.2022	31.12.2022
Investment property 01.01.	93 992	89 535	89 535
Value adjustment, including currency translation	598	5 809	3 486
Net additions	1 501	518	991
Other changes	- 22	- 11	- 20
<b>Investment property</b>	<b>96 070</b>	<b>95 851</b>	<b>93 992</b>

## 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	
<b>Insurance liabilities linked to insurance contracts with the right to residual value</b>	
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
<b>Net premium reserve 31.12.2021</b>	<b>467 540</b>
Net move of earned premiereserves 01.01.2022	-3 318
<b>Earned pension benefits with the insurance contracts calculation basis and base rate (net premium reserve)</b>	<b>464 222</b>
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
<b>Best estimate pension liabilities 01.01.2022 before risk adjustment</b>	<b>414 317</b>
Risk adjustment	35 107
<b>Best estimate pension liabilities 01.01.2022 including risk adjustment</b>	<b>449 424</b>
Residual value	248 260
<b>Insurance liabilities</b>	<b>697 684</b>

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

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

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
<b>Insurance obligations with the right to residual value 1 January 2023</b>	<b>322 226</b>	<b>27 304</b>	<b>337 250</b>	<b>686 780</b>
<b>Changes that relate to current services</b>				
Change in risk adjustment for non-financial risk for risk expired		158		158
Experience adjustment not related to future service	24			24
<b>Insurance service result</b>	<b>24</b>	<b>158</b>		<b>182</b>
Change in risk adjustment for non-financial risk at the start of the period		-2 257	2 257	0
Accrued interest	6 745	524	-7 269	0
Released cash flows	3 923			3 923
Changes in estimates related to future service	12 451	968	-13 419	0
Change due to changes in discount curve	-5 596	-435	6 031	0
Result added to policyholders' residual value			18 022	18 022
<b>Insurance related financial cost</b>	<b>17 524</b>	<b>-1 200</b>	<b>5 622</b>	<b>21 946</b>
Premium	659	0	0	659
Claims and other insurance service expenses (incl. Investment components)	-2 569	0	0	-2 569
<b>Total cash flows</b>	<b>-1 910</b>	<b>0</b>	<b>0</b>	<b>-1 910</b>
<b>Other changes</b>	<b>0</b>	<b>0</b>	<b>61</b>	<b>61</b>
<b>Insurance obligations with the right to residual value 30 June 2023</b>	<b>337 863</b>	<b>26 262</b>	<b>342 933</b>	<b>707 059</b>

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
<b>Other insurance liabilities 1 January 2023</b>	<b>2 790</b>	<b>115</b>	<b>276</b>	<b>3 181</b>
Insurance income	0	0	-1 230	-1 230
Claims	1 013	41	0	1 054
Expenses	77	3	0	80
Other movements related to current service		-14	0	-14
Changes that relate to past service	-78	-26	0	-104
Insurance service expenses	1 012	4	0	1 016
<b>Insurance service result</b>	<b>1 012</b>	<b>4</b>	<b>-1 230</b>	<b>-214</b>
<b>Insurance related financial cost</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>8</b>
Premium	-985	0		-985
Claims and other insurance service expenses	0	0	1 828	1 828
<b>Total cash flows</b>	<b>-985</b>	<b>0</b>	<b>1 828</b>	<b>843</b>
<b>Other changes</b>	<b>-4</b>	<b>0</b>	<b>-38</b>	<b>-41</b>
<b>Other insurance liabilities 30 June 2023</b>	<b>2 817</b>	<b>122</b>	<b>837</b>	<b>3 776</b>

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
<b>Reinsurance contracts assets 1 January 2023</b>	<b>705</b>	<b>30</b>	<b>0</b>	<b>736</b>
Premium paid - reinsurance	0	0	-80	-80
Recoveries of incurred claims and other insurance service expenses	55	3	0	58
Reinsurance expenses -related to past service	-36	-4	0	-40
Insurance service expenses	19	-1	0	18
<b>Insurance service result</b>	<b>19</b>	<b>-1</b>	<b>-80</b>	<b>-62</b>
<b>Insurance related financial cost</b>	<b>6</b>	<b>8</b>	<b>0</b>	<b>14</b>
Premium	-50	0	82	32
<b>Total cash flows</b>	<b>-50</b>	<b>0</b>	<b>82</b>	<b>32</b>
<b>Other changes</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>7</b>
<b>Reinsurance contracts assets 30 June 2023</b>	<b>688</b>	<b>38</b>	<b>3</b>	<b>728</b>

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 Q2 2023					
Insurance service result	-182	214	-62	96	66
Insurance related financial cost	-21 946	-8	14	0	-21 939

NOK MILLIONS	Estimates of present value of future cash flows	Risk adjustment for non financial risk	Residual value	Total
<b>Insurance obligations with the right to residual value 1 January 2022</b>	<b>414 317</b>	<b>35 107</b>	<b>248 260</b>	<b>697 685</b>
<b>Changes that relate to current services</b>	0	0	0	0
Change in risk adjustment for non-financial risk for risk expired	0	30	0	30
Experience adjustment not related to future service	-61	0	0	-61
<b>Insurance service result</b>	<b>-61</b>	<b>30</b>	<b>0</b>	<b>-32</b>
Change in risk adjustment for non-financial risk at the start of the period	0	0	0	0
Accrued interest	3 479	295	-3 774	0
Released cash flows	-1 319	0	0	-1 319
Changes in estimates related to future service	2 068	175	-2 243	0
Change due to changes in discount curve	-98 213	-8 322	106 535	0
Result adds to policyholders' residual value	0	0	-31 710	-31 710
<b>Insurance related financial cost</b>	<b>-93 985</b>	<b>-7 852</b>	<b>68 807</b>	<b>-33 029</b>
Premium	14 968	0	0	14 968
Claims and other insurance service expenses (incl. Investmentcomponents)	-13 238	0	0	-13 238
<b>Total cash flows</b>	<b>1 730</b>	<b>0</b>	<b>0</b>	<b>1 730</b>
<b>Insurance obligations with the right to residual value 30 June 2022</b>	<b>322 001</b>	<b>27 285</b>	<b>317 068</b>	<b>666 354</b>

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
<b>Other insurance liabilities 1 January 2022</b>	<b>2 266</b>	<b>95</b>	<b>225</b>	<b>2 586</b>
Insurance income	0	0	-1 071	-1 071
Claims	781	30	0	812
Expenses	66	2	0	69
Other movements related to current service	0	-12	0	-12
Changes that relate to past service	-82	-22	0	-104
Insurance service expenses	766	-1	0	765
<b>Insurance service result</b>	<b>766</b>	<b>-1</b>	<b>-1 071</b>	<b>-307</b>
<b>Insurance related financial cost</b>	<b>-47</b>	<b>-4</b>	<b>0</b>	<b>-51</b>
Premium	-823	0	0	-823
Claims and other insurance service expenses	0	0	1 629	1 629
<b>Total cash flows</b>	<b>-823</b>	<b>0</b>	<b>1 629</b>	<b>806</b>
<b>Other changes</b>	<b>-6</b>	<b>0</b>	<b>-22</b>	<b>-29</b>
<b>Other insurance liabilities 30 June 2022</b>	<b>2 156</b>	<b>90</b>	<b>760</b>	<b>3 006</b>

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
<b>Reinsurance contracts assets 1 January 2022</b>	<b>328</b>	<b>13</b>	<b>-1</b>	<b>340</b>
Premium paid - reinsurance	0	0	-48	-48
Recoveries of incurred claims and other insurance service expenses	40	2	0	42
Reinsurance expenses -related to past service	8	-3	0	5
Insurance service expenses	49	-1	0	47
<b>Insurance service result</b>	<b>49</b>	<b>-1</b>	<b>-48</b>	<b>-1</b>
<b>Insurance related financial cost</b>	<b>-2</b>	<b>0</b>	<b>0</b>	<b>-2</b>
Premium	0	0	53	53
Repayments	-85	0	0	-85
<b>Total cash flows</b>	<b>-85</b>	<b>0</b>	<b>53</b>	<b>-33</b>
<b>Other changes</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>9</b>
<b>Reinsurance contracts assets 30 June 2022</b>	<b>298</b>	<b>12</b>	<b>4</b>	<b>313</b>

NOK MILLIONS	Insurance obligation with the right to residual value	Other insurance liabilities	Reinsurance	Intercompany eliminations	Total
<b>Specification of P/L items per product group Q2 2022</b>					
Insurance service result	32	307	-1	61	398
Insurance related financial cost	33 029	51	-2	-1 686	31 392

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

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
<b>Other insurance liabilities 1 January 2022</b>	<b>2 266</b>	<b>95</b>	<b>225</b>	<b>2 586</b>
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	<b>2 138</b>	<b>25</b>	<b>0</b>	<b>2 162</b>
<b>Insurance service result</b>	<b>2 138</b>	<b>25</b>	<b>-2 200</b>	<b>-38</b>
<b>Insurance related financial cost</b>	<b>-44</b>	<b>-5</b>	<b>0</b>	<b>-48</b>
Premium	0	0	0	0
Claims and other insurance service expenses	-1 570	0	2 265	694
<b>Total cash flows</b>	<b>-1 570</b>	<b>0</b>	<b>2 265</b>	<b>694</b>
<b>Other changes</b>	<b>-1</b>	<b>0</b>	<b>-13</b>	<b>-13</b>
<b>Other insurance liabilities 31 December 2022</b>	<b>2 790</b>	<b>115</b>	<b>276</b>	<b>3 181</b>

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
<b>Reinsurance contracts assets 1 January 2022</b>	<b>328</b>	<b>13</b>	<b>-1</b>	<b>340</b>
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
<b>Insurance service result</b>	<b>498</b>	<b>17</b>	<b>-97</b>	<b>418</b>
<b>Insurance related financial cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0,1</b>
Premium	0	0	98	98
Repayments	-122	0	0	-122
<b>Total cash flows</b>	<b>-122</b>	<b>0</b>	<b>98</b>	<b>-24</b>
<b>Other changes</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Reinsurance contracts assets 31 December 2022</b>	<b>705</b>	<b>30</b>	<b>0</b>	<b>736</b>

NOK MILLIONS	Insurance obligation with the right to residual value	Other insurance liabilities	Reinsurance	Intercompany eliminations	Total
<b>Specification of P/L items per product group Q4 2022</b>					
Insurance service result	1 374	-1 091	418	191	893
Insurance related financial cost	23 494	48	0	-1 502	22 040

## Important assumptions

### Discount curve for IFRS 17

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

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



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

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

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

Year	30.06.2023	30.06.2022	31.12.2022
1	5,453 %	3,649 %	4,226 %
2	5,099 %	3,474 %	4,040 %
3	4,663 %	3,712 %	3,891 %
4	4,342 %	3,971 %	3,843 %
5	4,174 %	4,108 %	3,901 %
10	4,033 %	4,090 %	4,260 %
15	3,867 %	3,904 %	4,012 %
25	3,670 %	3,683 %	3,722 %
50	3,524 %	3,524 %	3,526 %
75	3,503 %	3,503 %	3,503 %
100	3,500 %	3,500 %	3,500 %

### Salary growth curve

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

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

Year	30.06.2023	30.06.2022	31.12.2022
1	5,3 %	3,7 %	4,5 %
5	4,0 %	5,1 %	4,3 %
10	3,3 %	4,1 %	3,8 %
15	2,9 %	3,6 %	3,3 %
25	3,3 %	3,4 %	3,4 %
50	3,5 %	3,4 %	3,4 %
80	3,5 %	3,4 %	3,4 %

### Sensitivity - the discount curve according to IFRS 17

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

#### NOK MILLIONS

##### Best estimate pension liability

Calculated with the interest rate curve as of 30.06	337 863
All interest rates in the discount rate curve are increased by 0.5% points	234 169
All interest rates in the discount rate curve are reduced by 0.5% points	498 544

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

NOK MILLIONS	Q2 2023	Q2 2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
<b>SUBORDINATED LOANS</b>					
Interest costs	-41	-36	-82	-64	-131
Value changes	-108	-176	-319	-88	-143
<b>Net costs subordinated loans</b>	<b>-149</b>	<b>-213</b>	<b>-401</b>	<b>-152</b>	<b>-274</b>
<b>PERPETUAL HYBRID TIER 1 SECURITIES</b>					
Interest costs	-19	-20	-38	-36	-72
Value changes	85	-61	-112	54	176
<b>Net costs perpetual hybrid tier 1 securities</b>	<b>66</b>	<b>-81</b>	<b>-150</b>	<b>19</b>	<b>104</b>
<b>Net costs subordinated loan and hybrid Tier 1 securities</b>	<b>-84</b>	<b>-294</b>	<b>-551</b>	<b>-134</b>	<b>-169</b>

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

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

## Note 7 Fair value of financial assets and liabilities

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

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

### FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

#### This category includes:

- Fixed-income securities and other debt instruments measured at amortised cost
- Lending to local government, enterprises & retail customers measured at amortised cost
  - Liabilities to and deposits from customers

- Other debt issued (liabilities)

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

## FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

### **This category includes:**

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

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

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

### **a) Foreign fixed-income securities**

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

### **The following sources are used:**

- Barclays Capital Indices
- Bloomberg

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

**b) Norwegian fixed-income securities – government**

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

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

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

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

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

**e) Receivables on credit institutions**

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

**f) Loans to municipalities and enterprises with municipal guarantee**

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

**g) Loans secured by mortgage**

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

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## EQUITY INSTRUMENTS

### **h) Shares (listed)**

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

#### **The following sources are used for Norwegian shares:**

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

#### **The following sources are used for foreign shares:**

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

### **i) Shares (unlisted)**

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

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

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

### **j) Private Equity**

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

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## DERIVATIVES

### **k) Futures/FRA/IRF**

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

### **l) Options**

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

### **m) Interest-rate swaps**

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

### **n) FX-swaps**

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

## DEBT TO CREDIT INSTITUTIONS

### **o) Placements with credit institutions and deposits**

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

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

### **p) Fair value of subordinated loans**

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

### **q) Fair value of subordinated bond/perpetual bond issued**

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

**r) Covered bonds issued**

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

**s) Deposits from customers**

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

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

NOK MILLIONS	30.06.2023		30.06.2022		31.12.2022	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
<b>FIXED-INCOME SECURITIES AND OTHER DEBT INSTRUMENTS AT AMORTIZED COST</b>						
Norwegian bonds	1 001	941	63 183	59 746	65 861	62 754
Foreign bonds	1 216	1 100	133 437	126 759	132 892	125 280
<b>Fixed-income securities and other debt instruments at amortized cost</b>	<b>2 217</b>	<b>2 041</b>	<b>196 621</b>	<b>186 505</b>	<b>198 752</b>	<b>188 034</b>
<b>LENDING LOCAL GOVERNMENT, ENTERPRISES &amp; RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS</b>						
Loans secured by mortgage	2 854	2 854	0	0	0	0
Loans to local government sector or enterprises with local government guarantee	68 866	68 866	28	28	0	0
Loans abroad secured by mortgage and local government guarantee	5 311	5 311	0	0	0	0
Other lending	588	588	0	0	0	0
<b>Total loans to local government, enterprises &amp; retail customers</b>	<b>77 618</b>	<b>77 618</b>	<b>28</b>	<b>28</b>	<b>0</b>	<b>0</b>
lending to local government, enterprises & retail customers – at amortized cost						
<b>LENDING TO LOCAL GOVERNMENT, ENTERPRISES &amp; RETAIL CUSTOMERS – AT AMORTIZED COST</b>						
Loans to and receivables from customers	42 930	42 937	26 079	25 978	26 107	24 701
Loans to and receivables from central banks	74	74	0	0	0	0
Loans to local government sector or enterprises with local government guarantee	0	0	88 067	86 684	89 743	88 342
Loans abroad secured by mortgage and local government guarantee	0	0	5 950	5 950	5 352	5 352
Loans to and receivables from credit institutions	1 284	1 284	0	0	0	0
Other lending	0	0	45	45	158	158
<b>Total loans to local government, enterprises &amp; retail customers</b>	<b>44 288</b>	<b>44 295</b>	<b>120 141</b>	<b>118 656</b>	<b>121 360</b>	<b>118 553</b>
<b>DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>						
Norwegian bonds	117 941	117 941	55 204	55 204	58 922	58 922
Norwegian certificates	9 341	9 341	4 591	4 591	7 648	7 648
Foreign bonds	198 491	198 491	77 440	77 440	72 565	72 565
Foreign certificates	468	468	417	417	420	420
Investments with credit institutions	36 540	36 540	33 267	33 267	42 246	42 246
<b>Total debt instruments</b>	<b>362 781</b>	<b>362 781</b>	<b>170 920</b>	<b>170 920</b>	<b>181 802</b>	<b>181 802</b>
<b>EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>						
Shares	284 032	284 032	233 482	233 482	238 730	238 730
Equity funds	44 877	44 877	35 557	35 557	37 155	37 155
Property funds	7 202	7 202	6 385	6 385	6 514	6 514
<b>Total equity capital instruments</b>	<b>336 111</b>	<b>336 111</b>	<b>275 423</b>	<b>275 423</b>	<b>282 399</b>	<b>282 399</b>
<b>RECEIVABLES</b>						
Receivables related to direct business	642	642	1 510	1 510	379	379
Receivables related to securites	18 516	18 516	23 519	23 519	912	912
Prepaid rent related to real estate activities	148	148	211	211	0	0
Other receivables	523	523	864	864	408	408
<b>Total other loans and receivables including receivables from policyholders</b>	<b>19 829</b>	<b>19 829</b>	<b>26 104</b>	<b>26 104</b>	<b>1 700</b>	<b>1 700</b>
<b>FINANCIAL LIABILITIES - AT AMORTIZED COST</b>						
Debt to credit institutions	1 055	1 055	1 003	1 003	1 055	1 055
Covered bonds issued	30 606	30 541	31 441	31 406	32 430	32 402
Liabilities and deposits from customers	14 524	14 524	13 465	13 465	13 779	13 779
Hybrid Tier 1 securities	0	0	1 550	1 345	1 428	1 428
Subordinated loan capital	0	0	3 026	3 314	3 147	3 093
<b>Total financial liabilities</b>	<b>46 185</b>	<b>46 120</b>	<b>50 484</b>	<b>50 533</b>	<b>51 839</b>	<b>51 757</b>
<b>FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS</b>						
Debt to credit institutions	3 313	3 313	4 914	4 914	5 628	5 628
Hybrid Tier 1 securities	1 540	1 540	0	0	0	0
Subordinated loan capital	3 346	3 346	0	0	0	0
<b>Total financial liabilities</b>	<b>8 199</b>	<b>8 199</b>	<b>4 914</b>	<b>4 914</b>	<b>5 628</b>	<b>5 628</b>



NOK MILLIONS	30.06.2023		30.06.2022		31.12.2022	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
<b>FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS</b>						
Forward exchange contracts	2 802	1 641	596	7 016	5 024	1 570
Interest rate swaps	500	3 212	377	1 011	1 077	194
Interest rate and currency swaps	566	0	587	1 971	583	1 393
Share option	0	0	0	0	135	0
<b>Total financial derivatives</b>	<b>3 868</b>	<b>4 853</b>	<b>1 560</b>	<b>9 998</b>	<b>6 820</b>	<b>3 158</b>

## Note 8 Borrowing

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 30.06.2023	Book value 30.06.2022	Book value 31.12.2022
<b>FIXED - TERM SUBORDINATED LOAN</b>							
Kommunal Landspensjonskasse	2 530	EUR	Fixed <sup>1</sup>	2045	3 346	3 026	3 147
<b>Total subordinated loan capital</b>	<b>2 530</b>	-	-	-	<b>3 346</b>	<b>3 026</b>	<b>3 147</b>
<b>HYBRID TIER 1 SECURITIES</b>							
Kommunal Landspensjonskasse	984	JPY	Fixed <sup>2</sup>	2034	1 540	1 550	1 428
<b>Total hybrid Tier 1 securities</b>	<b>984</b>	-	-	-	<b>1 540</b>	<b>1 550</b>	<b>1 428</b>
<b>COVERED BONDS</b>							
KLP Kommunekreditt AS	0	NOK	Floating	2023	0	3 704	2 985
KLP Kommunekreditt AS	2 785	NOK	Floating	2024	2 798	5 009	5 021
KLP Kommunekreditt AS	5 000	NOK	Floating	2025	5 012	5 004	5 010
KLP Kommunekreditt AS	5 000	NOK	Floating	2026	5 040	5 015	5 036
KLP Kommunekreditt AS	1 000	NOK	Fixed	2027	1 017	502	1 012
KLP Kommunekreditt AS	4 000	NOK	Floating	2027	4 028	0	0
KLP Kommunekreditt AS	700	NOK	Fixed	2029	722	0	706
KLP Boligkreditt AS	0	NOK	Floating	2023	0	1 601	1 603
KLP Boligkreditt AS	2 500	NOK	Floating	2024	2 502	2 501	2 501
KLP Boligkreditt AS	2 500	NOK	Floating	2025	2 500	2 500	2 501
KLP Boligkreditt AS	4 500	NOK	Floating	2026	4 528	3 107	3 521
KLP Boligkreditt AS	2 500	NOK	Floating	2027	2 513	2 505	2 512
Other					-54	-7	22
<b>Total covered bonds</b>	<b>30 485</b>	-	-	-	<b>30 606</b>	<b>31 441</b>	<b>32 430</b>
<b>DEBT TO CREDIT INSTITUTIONS</b>							
KLP Banken AS	0	NOK	Floating	2022	0	250	0
KLP Banken AS	300	NOK	Floating	2023	301	301	300
KLP Banken AS	450	NOK	Floating	2024	452	451	450
KLP Banken AS	300	NOK	Floating	2025	301	0	303
KLP Fond	0	NOK	Floating	2022	0	205	0
KLP Fond	0	NOK	Fixed	2022	0	1 283	0
KLP Fond	0	NOK	Floating	2023	955	0	1 302
KLP Fond	1 039	NOK	Fixed	2023	1 039	0	1 540
Kommunal Landspensjonskasse	0	NOK	Floating	2022	0	2 048	0
Kommunal Landspensjonskasse	0	NOK	Floating	2022	0	1 300	0
Kommunal Landspensjonskasse	716	NOK	Floating	2023	716	0	0
Kommunal Landspensjonskasse	502	NOK	Fixed	2023	502	0	2 678
Other					102	78	110
<b>Total liabilities to credit institutions</b>	<b>3 306</b>	-	-	-	<b>4 368</b>	<b>5 916</b>	<b>6 683</b>
<b>LIABILITIES AND DEPOSITS FROM CUSTOMERS <sup>3</sup></b>							
Retail	12 107	NOK			12 107	11 753	11 722
Business	2 378	NOK			2 378	1 685	2 021
Foreign	39	NOK			39	27	37
<b>Liabilities to and deposits from customers</b>	<b>14 524</b>	-			<b>14 524</b>	<b>13 465</b>	<b>13 779</b>
<b>Total financial liabilities</b>	<b>51 828</b>				<b>54 383</b>	<b>55 398</b>	<b>57 467</b>

<sup>1</sup> The loan has an interest change date in 2025.

<sup>2</sup> The loan has an interest change date in 2034.

<sup>3</sup> There is no contractual maturity date on deposits.

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

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

## Note 9 Fair value hierarchy

30.06.2023 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
<i>Land/plots</i>	0	0	1 370	1 370
<i>Buildings</i>	0	0	94 700	94 700
<b>Investment property</b>	<b>0</b>	<b>0</b>	<b>96 070</b>	<b>96 070</b>
<b>Lending at fair value</b>	<b>0</b>	<b>77 618</b>	<b>0</b>	<b>77 618</b>
<i>Certificates</i>	2 274	7 536	0	9 809
<i>Bonds</i>	25 465	290 994	0	316 459
<i>Fixed-income funds</i>	0	9 744	12 523	22 267
<b>Bonds and other fixed-income securities</b>	<b>27 739</b>	<b>308 274</b>	<b>12 523</b>	<b>348 536</b>
<b>Loans and receivables</b>	<b>13 024</b>	<b>1 222</b>	<b>0</b>	<b>14 246</b>
<i>Shares</i>	273 631	7 100	3 301	284 032
<i>Equity funds</i>	2 378	0	57	2 435
<i>Property funds</i>	0	2 242	4 960	7 202
<i>Special funds</i>	0	0	0	0
<i>Private Equity</i>	0	0	42 442	42 442
<b>Shares and units</b>	<b>276 008</b>	<b>9 342</b>	<b>50 761</b>	<b>336 111</b>
<b>Financial derivatives</b>	<b>0</b>	<b>3 868</b>	<b>0</b>	<b>3 868</b>
<b>Total assets at fair value</b>	<b>316 771</b>	<b>400 324</b>	<b>159 353</b>	<b>876 448</b>
<b>LIABILITIES BOOKED AT FAIR VALUE</b>				
Financial derivatives	0	4 853	0	4 853
Debt to credit institutions <sup>1</sup>	1 772	1 541	0	3 313
<b>Total financial liabilities at fair value</b>	<b>1 772</b>	<b>6 394</b>	<b>0</b>	<b>8 166</b>

<sup>1</sup> The line «Debt to credit institutions» includes liabilities measured at fair value and amortized cost. This line is therefore not reconcilable against the Balance sheet. The liabilities measured at amortized cost amounted to NOK 1 055 million per 30.06.2023.

30.06.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
<i>Land/plots</i>	0	0	983	983
<i>Buildings</i>	0	0	94 868	94 868
<b>Investment property</b>	<b>0</b>	<b>0</b>	<b>95 851</b>	<b>95 851</b>
<b>Lending at fair value</b>	<b>0</b>	<b>28</b>	<b>0</b>	<b>28</b>
<i>Certificates</i>	867	4 141	0	5 008
<i>Bonds</i>	23 306	94 655	0	117 961
<i>Fixed-income funds</i>	14 710	8 110	7 750	30 570
<b>Bonds and other fixed-income securities</b>	<b>38 883</b>	<b>106 906</b>	<b>7 750</b>	<b>153 538</b>
<b>Loans and receivables</b>	<b>16 096</b>	<b>1 286</b>	<b>0</b>	<b>17 381</b>
<i>Shares</i>	225 307	5 032	3 143	233 482
<i>Equity funds</i>	2 151	0	51	2 202
<i>Property funds</i>	0	2 269	4 115	6 385
<i>Special funds</i>	0	0	0	0
<i>Private Equity</i>	0	0	33 355	33 355
<b>Shares and units</b>	<b>227 458</b>	<b>7 302</b>	<b>40 663</b>	<b>275 423</b>
<b>Financial derivatives</b>	<b>0</b>	<b>1 560</b>	<b>0</b>	<b>1 560</b>
<b>Total assets at fair value</b>	<b>282 437</b>	<b>117 081</b>	<b>144 264</b>	<b>543 781</b>
<b>LIABILITIES BOOKED AT FAIR VALUE</b>				
Financial derivatives	0	9 998	0	9 998
Debt to credit institutions <sup>1</sup>	2 331	2 583	0	4 914
<b>Total financial liabilities at fair value</b>	<b>2 331</b>	<b>12 581</b>	<b>0</b>	<b>14 912</b>

31.12.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
<i>Land/plots</i>	0	0	1 377	1 377
<i>Buildings</i>	0	0	92 615	92 615
<b>Investment property</b>	<b>0</b>	<b>0</b>	<b>93 992</b>	<b>93 992</b>
<b>Lending at fair value</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<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
<b>Bonds and other fixed-income securities</b>	<b>23 353</b>	<b>124 333</b>	<b>9 835</b>	<b>157 521</b>
<b>Loans and receivables</b>	<b>23 447</b>	<b>835</b>	<b>0</b>	<b>24 281</b>
<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
<b>Shares and units</b>	<b>231 530</b>	<b>7 297</b>	<b>43 572</b>	<b>282 399</b>
<b>Financial derivatives</b>	<b>0</b>	<b>6 820</b>	<b>0</b>	<b>6 820</b>
<b>Total assets at fair value</b>	<b>278 330</b>	<b>139 285</b>	<b>147 399</b>	<b>565 014</b>
<b>LIABILITIES BOOKED AT FAIR VALUE</b>				
Financial derivatives	0	3 158	0	3 158
Debt to credit institutions <sup>1</sup>	4 326	1 302	0	5 628
<b>Total financial liabilities at fair value</b>	<b>4 326</b>	<b>4 460</b>	<b>0</b>	<b>8 786</b>

Changes in Level 3, Investment Property	Book value 30.06.2023	Book value 30.06.2022	Book value 31.12.2022
Opening balance 1 January	93 992	89 535	89 535
Sold	0	-71	-148
Bought	1 501	589	1 139
Unrealised changes	598	5 809	3 486
Other changes	-22	-11	-20
<b>Closing balance 30.06./31.12.</b>	<b>96 070</b>	<b>95 851</b>	<b>93 992</b>
Realised gains/losses	0	0	0

Changes in Level 3, Financial Assets	Book value 30.06.2023	Book value 30.06.2022	Book value 31.12.2022
Opening balance 1 January	53 407	40 122	40 122
Sold	-1 563	-2 478	-5 749
Bought	6 911	6 095	14 524
Unrealised changes	4 528	4 674	4 510
<b>Closing balance 30.06./31.12.</b>	<b>63 284</b>	<b>48 412</b>	<b>53 407</b>
Realised gains/losses	565	950	2 322
<b>Closing balance 30.06./31.12.</b>	<b>159 353</b>	<b>144 264</b>	<b>147 399</b>

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

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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 7 968 million as of 30.06.2023.

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 2nd quarter, NOK 1 367 million in stocks moved from Level 1 to Level 2, NOK 11 million moved from Level 1 to Level 3, NOK 643 million moved from level 2 to level 1 and NOK 2 million moved from level 2 to level 3. This is due to changes in liquidity.

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

30.06.2023 NOK MILLIONS				Related amounts not presented net				
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	Adjusted for the unit holders' interest in consolidated securities funds
<b>ASSETS</b>								
Financial derivatives	3 868	0	3 868	-1 932	-1 254	-2 408	649	625
Repos	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3 868</b>	<b>0</b>	<b>3 868</b>	<b>-1 932</b>	<b>-1 254</b>	<b>-2 408</b>	<b>649</b>	<b>625</b>
<b>LIABILITIES</b>								
Financial derivatives	4 853	0	4 853	-1 932	-344	-1 186	2 742	2 742
Repos	1 541	0	1 541	0	0	0	1 541	1 541
<b>Total</b>	<b>6 395</b>	<b>0</b>	<b>6 395</b>	<b>-1 932</b>	<b>-344</b>	<b>-1 186</b>	<b>4 284</b>	<b>4 284</b>
<b>30.06.2022</b>								
<b>NOK MILLIONS</b>								
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	Adjusted for the unit holders' interest in consolidated securities funds
<b>ASSETS</b>								
Financial derivatives	1 560	0	1 560	-902	-831	-1 255	63	63
Repos	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1 560</b>	<b>0</b>	<b>1 560</b>	<b>-902</b>	<b>-831</b>	<b>-1 255</b>	<b>63</b>	<b>63</b>
<b>LIABILITIES</b>								
Financial derivatives	9 998	0	9 998	-902	-1 317	-7 366	1 818	1 825
Repos	2 583	0	2 583	0	0	0	2 583	2 583
<b>Total</b>	<b>12 582</b>	<b>0</b>	<b>12 582</b>	<b>-902</b>	<b>-1 317</b>	<b>-7 366</b>	<b>4 401</b>	<b>4 408</b>
<b>31.12.2022</b>								
<b>NOK MILLIONS</b>								
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	Adjusted for the unit holders' interest in consolidated securities funds
<b>ASSETS</b>								
Financial derivatives	6 820	0	6 820	-1 861	-3 879	-1 796	470	437
Repos	0	0	0	0	0	0	0	0
<b>Total</b>	<b>6 820</b>	<b>0</b>	<b>6 820</b>	<b>-1 861</b>	<b>-3 879</b>	<b>-1 796</b>	<b>470</b>	<b>437</b>
<b>LIABILITIES</b>								
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
<b>Total</b>	<b>4 462</b>	<b>0</b>	<b>4 462</b>	<b>-1 861</b>	<b>-63</b>	<b>-235</b>	<b>2 560</b>	<b>2 560</b>

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 297 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 297 per cent.

	30.06.2023	30.06.2022	31.12.2022
<b>Solvency II - SCR ratio</b>	<b>297 %</b>	<b>304 %</b>	<b>288 %</b>
<b>NOK BILLIONS</b>			
<b>Simplified Solvency II Financial Position Statement</b>			
Assets, book value	792	731	713
Added values - hold-to-maturity portfolio/loans and receivables	-19	-12	-13
Added values - other lending	-2	-1	-2
Other added/lesser values	0	0	0
Deferred tax asset	0	0	0
<b>Total assets - solvency II</b>	<b>771</b>	<b>717</b>	<b>699</b>

NOK BILLIONS	30.06.2023	30.06.2022	31.12.2022
<b>Simplified Solvency II Financial Position Statement</b>			
Best estimate	687	632	632
Risk margin	11	11	12
Hybrid Tier 1 securities/Subordinated loan capital	5	5	5
Other liabilities	25	32	9
Deferred tax liabilities	0	0	0
<b>Total liabilities - solvency II</b>	<b>728</b>	<b>680</b>	<b>657</b>
Excess of assets over liabilities	43	37	42
- Deferred tax asset	0	0	0
- Risk equalization fund (tier 2 own funds starting 30.09.2022)	-5	0	-5
+ Hybrid Tier 1 securities	2	2	1
<b>Tier 1 basic own funds</b>	<b>40</b>	<b>38</b>	<b>38</b>
<b>Total eligible tier 1 own funds</b>	<b>40</b>	<b>38</b>	<b>38</b>
Subordinated loans	3	3	3
Risk equalization fund (tier 2 own funds starting 30.09.2022)	5	0	5
<b>Tier 2 basic own funds</b>	<b>8</b>	<b>3</b>	<b>8</b>
Ancillary own funds	14	13	13
<b>Tier 2 ancillary own funds</b>	<b>14</b>	<b>13</b>	<b>13</b>
Deduction for max. eligible tier 2 own funds	-15	-9	-14
<b>Total eligible tier 2 own funds</b>	<b>7</b>	<b>7</b>	<b>7</b>
Deferred tax asset	0	0	0
<b>Total eligible tier 3 own funds</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Solvency II total eligible own funds</b>	<b>47</b>	<b>45</b>	<b>46</b>
<b>Solvency capital requirement (SCR)</b>	<b>16</b>	<b>15</b>	<b>16</b>
<b>Solvency II- SCR ratio</b>	<b>297 %</b>	<b>304 %</b>	<b>288 %</b>

## Note 12 Pension obligations

NOK MILLIONS	30.06.2023	30.06.2022	31.12.2022
Capitalized net liability 01.01.	815	870	870
Capitalized pension costs	97	103	215
Capitalized financial costs	14	10	19
Actuarial gains and losses	-396	-65	-132
Premiums / contributions received	-60	-57	-157
<b>Capitalized net liability 30.06/31.12.</b>	<b>469</b>	<b>860</b>	<b>815</b>

Assumptions	30.06.2023	30.06.2022	31.12.2022
Discount rate	3.00%	2.70%	3.00%
Salary growth	3.50%	2.75%	3.50%
The National Insurance basic amount (G)	3.25%	2.50%	3.25%
Pension increases	2.60%	1.75%	2.60%
Social security contribution rate	14.10%	14.10%	14.10%
Capital activity tax	5.00%	5.00%	5.00%

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 31 million as of 30.06.2023. 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.

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	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	-30	-5	0	-35
New losses	7	0	0	7
Write-offs	-12	-24	0	-36
Change in risk model	0	0	0	0
<b>Closing balance ECL 30.06.2023</b>	<b>226</b>	<b>14</b>	<b>0</b>	<b>239</b>
Changes (01.01.2023 - 30.06.2023)	-35	-29	0	-64

### 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	
Opening balance ECL 01.01.2023	2 390	2 090	998	5 478
Transfer to stage 1	598	-501	-97	0
Transfer to stage 2	-29	61	-33	0
Transfer to stage 3	-2	-64	65	0
Net changes	-624	936	20	332
New losses	175	173	26	374
Write-offs	-135	-180	-214	-529
Change in risk model	0	0	0	0
<b>Closing balance ECL 30.06.2023</b>	<b>2 375</b>	<b>2 515</b>	<b>766</b>	<b>5 656</b>
Changes (01.01.2023 - 30.06.2023)	-15	424	-232	178
This includes provisions for losses on loans and receivables - unused credit				3 112

### 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	3	-3	0	0
Transfer to stage 2	-6	6	0	0
Transfer to stage 3	0	-34	34	0
Net changes	-51	97	-78	-32
New losses	41	138	0	180
Write-offs	-3	-36	-24	-63
Change in risk model	0	0	0	0
<b>Closing balance ECL 30.06.2023</b>	<b>128</b>	<b>376</b>	<b>353</b>	<b>859</b>
Changes (01.01.2023 - 30.06.2023)	-16	169	-69	85
This includes provisions for losses on loans and receivables - unused credit on mortgages				9

## 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	-6	0	0	-6
New losses	17	0	0	17
Write-offs	-9	0	0	-9
Change in risk model	0	0	0	0
<b>Closing balance ECL 30.06.2023</b>	<b>186</b>	<b>0</b>	<b>0</b>	<b>186</b>
Changes (01.01.2023 - 30.06.2023)	2	0	0	2

## Expected credit loss (ECL) – credit card

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	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	596	-499	-97	0
Transfer to stage 2	-22	55	-33	0
Transfer to stage 3	-2	-30	32	0
Net changes	-689	695	-103	-97
New losses	114	34	0	148
Write-offs	0	0	0	0
Change in risk model	0	0	0	0
<b>Closing balance ECL 30.06.2023</b>	<b>2 037</b>	<b>2 139</b>	<b>316</b>	<b>4 491</b>
Changes (01.01.2023 - 30.06.2023)	-4	255	-201	51
This includes provisions for losses on loans and receivables - unused credit on credit card				3 102

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

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Opening balance ECL 01.01.2023	21	0	0	21
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	-1	0	0	-1
New losses	3	0	0	3
Write-offs	0	0	0	0
Change in risk model	0	0	0	0
<b>Closing balance ECL 30.06.2023</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>23</b>
Changes (01.01.2023 - 30.06.2023)	2	0	0	2
This includes provisions for losses on loans and receivables - unused credit on senior loans				1

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

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	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	12	12
New losses	0	0	26	26
Write-offs	0	0	0	0
Change in risk model	0	0	0	0
<b>Closing balance ECL 30.06.2023</b>	<b>0</b>	<b>0</b>	<b>98</b>	<b>98</b>
Changes (01.01.2023 - 30.06.2023)	0	0	38	38

**Note 14 Other current liabilities**

NOK MILLIONS	30.06.2023	30.06.2022	31.12.2022
Short-term payables trade in securities	20 392	23 380	1 699
Incurred not assessed taxes	748	169	671
Accounts payable	389	263	199
Public fees	1 031	916	609
Other current liabilities	1 689	1 937	1 055
<b>Total other current liabilities</b>	<b>24 250</b>	<b>26 665</b>	<b>4 233</b>

**Note 15 Events after the reporting period**

The extreme weather "Hans", which entered Norway in week 33, has caused a lot of water and flood-related damage in southern Norway.

All natural peril to property with fire insurance is covered by the Norwegian Natural Perils Pool, and the businesses are responsible for an amount corresponding to their share of domestic property insurance. For the group's non-life insurance business, this amounts to approximately 5 per cent. There are certain businesses that will cover damage costs to other assets, for example a damaged car or water intrusion, that arise as a result of the incident.

The damage is handled by the insurance company with which the customer has policies. Both joint damage costs through the Norwegian Natural Perils Pool and the business's own replacement costs are grouped into a collective damage.

The total extent of damage for the extreme weather is still unclear, but the group's non-life insurance business has a separate reinsurance contract that covers total liability of over NOK 50 million.

## Key figures – Accumulated

NOK MILLIONS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
<b>KLP GROUP</b>								
Total assets	956 311	948 061	900 068	913 144	900 199	902 413	901 270	872 465
Equity	-3 684	-3 630	8 450	12 823	9 800	2 293	40 732	41 439
Solvency SCR ratio	297 %	282 %	304 %	306 %	304 %	299 %	287 %	264 %
Number of employees in the Group	1 099	1 091	1 093	1 095	1 081	1 060	1 048	1 032
<b>KOMMUNAL LANDSPENSJONSKASSE</b>								
Profit before tax	774	539	918	461	216	71	288	1 699
Premium income for own account	51 102	7 663	50 523	40 248	33 081	7 503	50 161	41 163
- of which inflow of premium reserve	91	91	386	386	386	376	0	0
Insurance customers' funds incl. acc. profit	14 840	8 331	28 517	22 453	16 367	10 642	30 438	24 690
- of which funds with guaranteed returns	2 121	2 125	4 659	4 658	4 658	4 875	8 346	8 346
Net investment common portfolio	701 944	690 902	660 366	671 095	660 834	662 500	659 281	644 160
Net investment choice portfolio	2 833	2 683	2 609	2 602	2 665	2 588	2 199	2 156
Insurance funds incl. earnings for the year	715 239	668 235	654 324	641 805	654 482	644 226	652 444	634 112
- of which funds with guaranteed interest	592 053	552 840	552 101	542 820	548 891	526 324	526 235	513 186
Solvency capital requirement (SCR)	47 317	46 768	46 158	46 307	44 901	44 809	45 190	44 536
Solvency SCR ratio	330 %	316 %	318 %	341 %	340 %	332 %	316 %	289 %
Riskprofit	270	71	558	963	550	105	589	625
Return profits	21 243	13 232	-20 006	-27 421	-20 374	-7 894	15 134	9 347
Administration profit	62	54	-17	56	-22	-9	35	159
Solvency capital	151 993	151 550	140 958	129 556	138 338	151 201	196 049	176 437
Value-adjusted return on common portfolio	4,2 %	2,5 %	-1,1 %	-2,6 %	-2,1 %	-2,3 %	8,4 %	5,6 %
Return on unit-linked portfolio	5,6 %	3,4 %	-2,5 %	-4,2 %	-3,5 %	-1,2 %	8,9 %	5,8 %
Return on corporate portfolio	1,5 %	0,9 %	2,8 %	1,4 %	0,9 %	0,6 %	3,4 %	2,5 %
<b>KLP SKADEFORSIKRING AS</b>								
Profit before tax	189	99	111	49	88	57	0	0
Insurance income	1 230	630	2 200	1 629	1 071	546	0	0
Owners' equity	2 543	2 446	2 369	2 339	2 367	2 370	0	0
Claims ratio	87,6 %	91,7 %	80,8 %	80,3 %	73,4 %	79,6 %	76,4 %	73,6 %
Combined-ratio	13,9 %	13,9 %	14,5 %	14,2 %	15,3 %	15,5 %	92,1 %	85,1 %
Return on assets under management	3,6 %	2,7 %	-1,7 %	-2,5 %	-2,1 %	-0,9 %	5,0 %	3,4 %
Solvency capital requirement (SCR)	2 377	2 309	2 222	2 250	2 273	2 329	2 278	2 290
Solvency SCR ratio	222 %	215 %	222 %	219 %	225 %	222 %	224 %	267 %
Annual premium in force – retail market	1 013	982	954	933	918	893	871	847
Annual premium in force – public sector market	1 521	1 474	1 341	1 325	1 318	1 210	1 149	1 135
Net new subscriptions (accumulated within the year)	43	20	121	123	113	7	91	76
<b>KLP BANKEN GROUP</b>								
Profit/loss before tax	122	53	181	98	43	18	116	94
Net interest income	221	110	369	258	159	72	309	233
Other operating income	44	21	85	63	43	20	79	59
Operating expenses and depreciation	-134	-71	-247	-181	-123	-64	-239	-174
Net realized/unrealized changes in financial instruments to fair value	-9	-7	-26	-43	-36	-10	-33	-24
Contributions	14 524	14 136	13 779	13 607	13 465	13 372	12 901	12 774
Housing mortgages granted	23 481	23 333	23 258	23 369	23 042	22 635	22 090	21 365
Loan(s) with public guarantee(s)	19 449	19 384	19 117	18 718	18 321	17 974	17 844	16 842
Defaulted loans	43	46	44	43	46	46	36	32
Borrowing on the issuance of securities	31 661	31 999	33 485	32 613	32 444	31 862	31 918	29 536
Total assets	49 557	49 373	50 511	49 370	48 704	47 954	47 482	44 980
Average total assets	50 034	49 942	48 996	48 426	48 030	47 718	45 085	43 834
Owners' equity	3 072	3 008	2 966	2 897	2 555	2 548	2 521	2 490
Net interest rate	0,44 %	0,22 %	0,75 %	0,53 %	0,33 %	0,15 %	0,68 %	0,53 %
Profit/loss from general operations before tax	0,24 %	0,11 %	0,90 %	0,20 %	0,09 %	0,04 %	0,26 %	0,21 %

NOK MILLIONS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Return on owners' equity before tax	8,19 %	7,16 %	7,16 %	5,15 %	3,37 %	2,91 %	4,78 %	5,15 %
Capital adequacy	20,3 %	20,5 %	20,7 %	19,7 %	17,7 %	18,1 %	18,7 %	18,6 %
Number of private customers	50 231	49 697	48 804	48 216	47 759	47 123	46 463	47 750
Of this members of KLP	34 307	33 512	32 988	32 681	32 226	31 973	31 587	32 615
<b>KLP KAPITALFORVALTNING AS</b>								
Profit/loss before tax	4	11	5	-19	-30	-21	56	53
Total assets under management	687 956	670 937	640 183	615 589	621 080	646 213	668 855	647 995
Assets managed for external customers	163 444	151 269	134 215	126 187	126 193	134 367	136 792	123 811

## KLP's sustainability accounts

Q2 2023

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

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

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

### Engaged and responsible owner

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

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

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

### Goals

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

- KLP aims to follow up 240 companies in 2022.

	30.06.2023	30.06.2022	30.06.2021	30.06.2020	UN SDGs
Unique company dialogues KLP has engaged in on ESG issues	770	736	599	543	All SDGs
General meetings of Norwegian companies at which KLP has voted (number/percentage)	91 (100 %)	94 (94%)	57 (87 %)	79 (99 %)	n/a
General meetings of foreign companies at which KLP has voted (number/percentage)	5 383 (99,7 %)	6 638 (100%)	5 521 (99 %)	4 989 (96 %)	n/a
Companies excluded from investment	141	107	108	198	All SDGs

## Comments on performance in the second quarter

In the second quarter, KLP had 60 dialogues with companies on various ESG topics such as child labor and practices around the marketing of goods and services to children, metallurgical coal, improvement of tax guidelines, executive salaries, climate and nature targets as well as strategy and reporting in these areas.

The second quarter is the high season for annual general meetings, where over 60 per cent of all general meetings are held in the period from February to July. At the end of the second quarter, KLP had voted on close to 5 400 general meetings in foreign companies, and 91 general meetings in Norwegian companies.

In the second quarter, KLP excluded 9 companies for breaching KLP's exclusion criteria relating to alcohol, coal and rights in war and conflict. One company was re-included as it no longer violates our carbon criterion. At the end of the quarter, a total of 770 companies were excluded.

## Climate, environment and nature

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

### Climate goals and climate-friendly investments

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

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

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

## Goals

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

MILLION NOK	New in the 2nd quarter	30.06.2023	30.06.2022	30.06.2021	30.06.2020	UN SDGs
<b>Zero-emission investments</b>	<b>- 328</b>	<b>38 158</b>	<b>35 481</b>	<b>33 272</b>	<b>29 027</b>	-
Renewable energy	- 415	35 492	33 430	31 739	29 027	7. 9. 17.
<i>As a share of KLP's total investments</i>	-	4,7 %	4,7 %	4,7 %	4,6 %	7.
Renewable energy in Norway	- 467	19 665	21 820	24 248	23 038	7.
Renewable energy internationally	45	13 987	10 201	6 438	5 121	7.
Renewable energy in developing countries	7	1 840	1 409	1 053	868	7. 9. 17.
Sustainable forestry	87	2 666	2 051	1 533	0	13. 15.
<b>Transitional financing</b>	<b>1 721</b>	<b>37 722</b>	<b>31 787</b>	<b>19 832</b>	<b>14 177</b>	-
Green buildings in the property portfolio	0	20 990	21 682	13 639	11 254	9.
<i>As a share of the portfolio's market value</i>	-	22,1 %	22,8 %	16,4 %	14,7 %	-
Green buildings in funds	85	114	0	0	0	
Green bonds	490	9 735	6 427	3 935	1 661	6. 9. 11. 13.
Green lending	294	3 058	2 574	2 258	1 262	-
Infrastructure	852	3 825	1 104	0	0	9.
<b>Total climate-friendly investments</b>	<b>1 393</b>	<b>75 880</b>	<b>67 268</b>	<b>53 104</b>	<b>43 204</b>	-
<i>As a share of KLP's total investments</i>	-	10,1 %	9,5 %	7,9 %	6,9 %	-
<b>Fossil energy</b>	<b>-</b>	<b>15 455</b>	<b>14 552</b>	<b>8 554</b>	<b>8 053</b>	-
<i>As a share of KLP's total investments</i>	-	2,1 %	2,1 %	1,3 %	1,3 %	-

## Comments on performance in the second 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 second quarter of the year, KLP's climate-friendly investments increased by NOK 852 million net. These are not investments in new projects, companies or funds, but increased investments where KLP has already made investments. This includes the forest fund Silvestica II and several of the funds of Copenhagen Infrastructure Partners, which invest in renewable energy.

## KLP's property portfolio and own operations

KLP has a responsibility to reduce the impact we have on climate, nature, and the environment. Therefore, we work to reduce the footprint from our own operations and offices. As one of the largest real estate companies in the Nordic region, KLP also aims to help create meeting places where people thrive and can realize their potential. We are concerned with reducing the environmental footprint of the real estate



industry and have a long-term perspective on our properties. This is why we are working to improve in order to reduce energy consumption and handle waste in a better way.

## Goals

- To halve greenhouse gas emissions from our own operations by 2030, compared to emissions in 2010
- To reduce the property portfolio's energy consumption to 150 kWh per square meter.

	30.06.2023	30.06.2022	30.06.2021	30.06.2020	UN SDGs
Number of flights	2 296	1 465	71	1 519	12.13.
Greenhouse gas emissions from flights (tonnes CO2e)	160	95	4	182	12.13.
Energy consumption at KLP's own offices (kWh per m2)	119	133	75	75	9. 13.
Energy consumption in KLP's property portfolio (kWh per m2)	145	152	142	175	9.

## Comments on performance in the second quarter

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

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

## Innovation and social development

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

## Lending to municipalities and county municipalities

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

## Goals

To increase lending to purposes of this type.

MILLION NOK	New in the 2nd quarter	30.06.2023	30.06.2022	30.06.2021	30.06.2020	UN SDGs
<b>Lending in total</b>	<b>1 303</b>	<b>88 331</b>	<b>85 484</b>	<b>81 630</b>	<b>79 456</b>	
Lending for roads and transport		9 520	9 141	2 526	1 745	9.
Lending for publicly owned real property		4 689	4 358	3 985	5 377	9.
Lending to the public sector and associated entities		71 211	69 437	71 514	69 477	9.
Lending for water and sewage services, and waste management		2 911	2 548	3 605	2 857	9.
<b>Green lending</b>	<b>294</b>	<b>3 058</b>	<b>2 574</b>	<b>2 258</b>	<b>new</b>	<b>9.</b>

## Comments on performance in the second quarter

KLP's lending to municipalities and county councils increased net by over NOK 1.3 billion in the second quarter. Four new green loans were issued for a total of NOK 294 million. The largest green loan was disbursed to Ringsaker municipality for financing a new nursing home at Moelv and flood protection in the municipality.

## Seed capital investments

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

## Goals

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

MILLION NOK	New in the 2nd quarter	30.06.2023	30.06.2022	30.06.2021	30.06.2020	UN SDGs
Seed capital investments in Norway	40	528	378	207	10	8.

## Comments on performance in the second quarter

Investments in seed funds increased by a net NOK 40 million in the second quarter. In addition to increasing investments in existing funds, KLP invested in the fund Sarsia Seed III. Sarsia has particular expertise in renewable energy, technology, life sciences and health, and this fund will place particular emphasis on investing in companies with specific sustainability goals.

## Banking and finance in developing companies

Underdeveloped financial institutions and the population's lack of access to financial services, such as savings accounts, loans, and insurance coverage, are obstacles to poverty reduction in developing countries. Around 1.7 billion people worldwide still have no access to these fundamental financial services. Through our investments in the financial sector in developing countries, we wish to contribute to economic growth and higher living standards.

## Goals

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

MILLION NOK	New in the 2nd quarter	30.06.2023	30.06.2022	30.06.2021	30.06.2020	UN SDGs
Banking and finance in developing countries	4	980	1 025	708	736	1. 5. 8. 9. 11. 17

## Comments on performance in the second quarter

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

## KLP as a workplace and employer

KLP strives to be an attractive workplace that provides good career development opportunities in an equal and diversified working environment. We focus on systematic HSE activities to ensure a safe and proper working environment, establish good procedures, and achieve better health and wellbeing, reduced sickness absence and the wholehearted commitment of employees.

## Goals

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

	30.06.2023	30.06.2022	30.06.2021	30.06.2020	UN SDGs
Employees at KLP	1 099	1 081	1 022	1 010	n/a
Total sickness absence	4,2 %	4,6 %	3,2 %	3,7 %	3.

## Comments on performance in the second quarter

So far this year, the total sickness absence of 4.2 per cent is divided into short-term absence of 1.6 per cent and long-term absence of 2.6 per cent. There is a decrease in total sickness absence compared to the end of the second 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. Sickness absence in the second quarter is usually somewhat lower than in the first quarter due to seasonal flu and colds decreasing.

## Equality and diversity

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

1. Set internal targets for gender balance at management levels and in specialist functions
2. Annually publish the status and progress towards the goals in the sustainability report

3. Have one member in the group management with dedicated responsibility for following up the work on gender balance and inclusion
4. Have an ambition that progress towards the goals should be reflected in remuneration to managers who particularly contribute to achieving the goals

### Goal setting

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

	30.06.2023	30.06.2022	30.06.2021	30.06.2020	UN SDGs
Gender balance in management positions and senior professional positions (women / men)	32 % / 68 %	new	new	new	5.
New employments in management positions and senior professional positions (women / men)	44 % / 56 %	new	new	new	5.

## UN Sustainable Development Goals which KLP contributes to

### Goal 1, *No poverty*

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

### Goal 3, *Good health and well-being*

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

### Goal 5, *Gender equality*

- Target 5.1: End all forms of discrimination against all women and girls everywhere
- Target 5.4: Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate
- Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
- Target 5.a: Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws

### Goal 6, *Clean water and sanitation for all*

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

### **Goal 7, Affordable and clean energy**

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

### **Goal 8, Decent work and economic growth**

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

### **Goal 9, Industry, innovation and infrastructure**

- Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
- Target 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

- Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
- Target 9.a: Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States

### **Goal 10, *Reduced inequalities***

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

### **Goal 11, *Sustainable cities and communities***

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

### **Goal 12, *Responsible consumption and production***

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

### **Goal 13: *Climate action***

### **Goal 15, *Life on land***

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

### **Goal 17, *Partnership for the goals***

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

## Notes and definitions

### Engaged and responsible owner

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

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

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

### Climate, environment and nature

#### Climate-friendly investments

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

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

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

#### Zero-emission investments

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

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

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

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

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

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

## Transitional investments

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

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

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



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

*Infrastructure* includes investments in funds for sustainable infrastructure in Europe.

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

KLP's property portfolio and own operations

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

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

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

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

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

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

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

slightly from year to year, our assessment is nevertheless that this will identify the correct trends in the company's property base.

## **Innovation and social development**

### Lending

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

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

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

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

### Seed capital investments

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

### Banking and finance in developing countries

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

## **KLP as a workplace and employer**

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

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

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

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

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

# Kommunal Landspensjonskasse

Q2 2023

## Income statement

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	Q2 2023	Q2 2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
2	Premium income	43 439	25 578	51 102	33 081	50 523
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	-261	7 007	2 386	7 192	6 441
	Interest income and dividends etc. on financial assets	3 735	2 786	6 996	5 227	10 824
3	Value changes on investments	14 695	-18 159	28 356	-26 522	-25 583
	Gains and losses realized on investments	-7 031	-377	-10 325	440	748
	<b>Net income from investments in the common portfolio</b>	<b>11 138</b>	<b>-8 744</b>	<b>27 413</b>	<b>-13 664</b>	<b>-7 570</b>
3	Net income from investments in the investment option portfolio	56	-62	143	-86	-58
	Other insurance-related income	344	333	686	664	1 358
4	Claims	-6 509	-5 725	-14 840	-16 367	-28 517
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-39 328	-10 598	-41 223	-1 269	-11 731
	Changes in insurance liabilities taken to profit/loss - individual investment option portfolio	-157	376	-158	-381	-392
	Funds assigned to insurance contracts - contractual liabilities	0	0	0	0	-651
	Unallocated profit to insurance contracts	-8 090	-446	-21 274	-550	0
5	Insurance-related operating expenses	-384	-380	-761	-748	-1 487
	Other insurance-related costs	-347	-343	-689	-674	-1 368
	<b>Technical profit/loss</b>	<b>163</b>	<b>-11</b>	<b>400</b>	<b>7</b>	<b>107</b>
3, 6	Net income from investments in the corporate portfolio	143	229	515	340	1 066
	Other income	10	0	17	2	16
	Administration costs and other costs associated with the corporate portfolio	-81	-73	-159	-133	-271
	<b>Non-technical profit/loss</b>	<b>72</b>	<b>156</b>	<b>374</b>	<b>209</b>	<b>811</b>
	<b>Profit/loss pre-tax</b>	<b>235</b>	<b>145</b>	<b>774</b>	<b>216</b>	<b>918</b>
	Tax	-64	13	-172	19	-115
	<b>Income before other income and expenses</b>	<b>171</b>	<b>158</b>	<b>602</b>	<b>235</b>	<b>803</b>
7	Actuarial gains and losses on defined benefits pension schemes	230	-229	250	41	66
	Proportion of other comprehensive income on application of the equity method	135	-132	147	24	66
	Adjustment of the insurance liabilities	-40	40	-44	-7	-21
	Tax on other income and expenses that will not be reclassified to profit or loss	-57	57	-62	-10	-17
	<b>Total other income and expenses that will not be reclassified to profit or loss</b>	<b>267</b>	<b>-263</b>	<b>290</b>	<b>48</b>	<b>94</b>
	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>438</b>	<b>-105</b>	<b>892</b>	<b>283</b>	<b>897</b>

## Statement of financial position

### Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	30.06.2023	30.06.2022	31.12.2022
<b>ASSETS</b>				
<b>ASSETS IN THE CORPORATE PORTFOLIO</b>				
	Intangible assets	1 169	851	978
8	Investment properties	1 388	1 005	1 399
	Shares and holdings in property subsidiaries	3 287	3 737	3 483
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	5 957	5 203	5 641
9	Financial assets valued at amortized cost	21 107	19 987	20 132
8, 9	Financial assets valued at fair value	12 598	11 776	12 489
	Receivables	36 308	19 366	1 350
10	Right-of-use assets	811	919	865
	Other assets	1 300	1 255	956
	<b>Total assets in the corporate portfolio</b>	<b>83 925</b>	<b>64 099</b>	<b>47 292</b>
<b>ASSETS IN THE CUSTOMER PORTFOLIOS</b>				
	Shares and holdings in property subsidiaries	77 172	76 569	74 979
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	5 792	5 626	5 495
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	11 486	12 159	11 858
9	Financial assets valued at amortized cost	276 865	265 439	267 451
8, 9	Financial assets valued at fair value	330 629	301 040	300 584
	<b>Total investment in the common portfolio</b>	<b>701 944</b>	<b>660 834</b>	<b>660 366</b>
	Shares and holdings in property subsidiaries	310	311	301
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	61	63	61
9	Financial assets at amortized costs	972	943	943
8, 9	Financial assets at fair value	1 490	1 347	1 305
	<b>Total investments in the investment option portfolio</b>	<b>2 833</b>	<b>2 665</b>	<b>2 609</b>
	<b>Total assets in the customer portfolios</b>	<b>704 777</b>	<b>663 499</b>	<b>662 976</b>
	<b>TOTAL ASSETS</b>	<b>788 702</b>	<b>727 598</b>	<b>710 268</b>

NOTE	NOK MILLIONS	30.06.2023	30.06.2022	31.12.2022
<b>OWNERS' EQUITY AND LIABILITIES</b>				
	Owners' equity contributed	21 405	19 701	21 388
	Retained earnings	22 301	21 372	21 411
	<b>Total owners' equity</b>	<b>43 706</b>	<b>41 073</b>	<b>42 799</b>
9	Subordinated loan capital etc.	4 969	4 576	4 575
	Premium reserve etc.	557 773	506 138	516 525
	Buffer fund	101 807	104 970	102 162
	Premium funds, defined contribution funds, pension regulation funds etc.	31 604	40 167	33 024
	Unallocated profit to customers	21 202	547	0
	<b>Total insurance liabilities - contractual liabilities</b>	<b>712 385</b>	<b>651 822</b>	<b>651 711</b>
	Pension capital etc.	2 156	1 994	2 005
	Buffer fund	61	70	61
	Premium funds, defined contribution funds, pension regulation funds etc.	521	591	547
	Unallocated profit to customers	116	4	0
	<b>Total insurance liabilities - special investment portfolio</b>	<b>2 854</b>	<b>2 659</b>	<b>2 613</b>
7	Pension obligations	306	545	524
	Current tax liabilities	410	127	467
	Deferred tax liabilities	315	431	316
10	Lease liabilities	872	966	920
11	Liabilities	22 767	25 278	5 985
	Accrued costs and prepaid income	117	121	357
	<b>TOTAL OWNERS' EQUITY AND LIABILITIES</b>	<b>788 702</b>	<b>727 598</b>	<b>710 268</b>
<b>OFF-BALANCE SHEET ITEMS</b>				
	Contingent liabilities	30 133	26 832	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	
<b>Own funds 31 December 2022</b>	<b>21 388</b>	<b>4 643</b>	<b>16 768</b>	<b>42 799</b>
Change recognized directly in equity <sup>1</sup>			-2	-2
<b>Own funds 1 January 2023</b>	<b>21 388</b>	<b>4 643</b>	<b>16 766</b>	<b>42 798</b>
Income before other income and expenses		195	408	602
Actuarial gains and losses on defined benefits pension schemes			250	250
Proportion of other comprehensive income on application of the equity method			147	147
Adjustment of the insurance liabilities			-44	-44
Tax on other income and expenses that will not be reclassified to profit or loss			-62	-62
<b>Total other income and expenses that will not be reclassified to profit or loss</b>			<b>290</b>	<b>290</b>
<b>Total comprehensive income (unallocated)</b>		<b>195</b>	<b>698</b>	<b>892</b>
Owners equity contribution received <sup>2</sup>	17			17
<b>Total transactions with owners</b>	<b>17</b>			<b>17</b>
<b>Own funds 30 June 2023</b>	<b>21 405</b>	<b>4 838</b>	<b>17 463</b>	<b>43 706</b>

<sup>1</sup> Implementation effect IFRS 9

<sup>2</sup> During the second quarter, NOK 1 227 million of ordinary equity capital contributions were called in to be paid in during the third quarter.

2022 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
<b>Own funds 31 December 2021</b>	<b>19 831</b>	<b>4 370</b>	<b>16 476</b>	<b>40 678</b>
Change recognized directly in equity <sup>1</sup>		415	-172	243
<b>Own funds 1 January 2022</b>	<b>19 831</b>	<b>4 786</b>	<b>16 304</b>	<b>40 921</b>
Income before other income and expenses		-103	338	235
Actuarial gains and losses on defined benefits pension schemes			41	41
Proportion of other comprehensive income on application of the equity method			24	24
Adjustment of the insurance liabilities			-7	-7
Tax on other income and expenses that will not be reclassified to profit or loss			-10	-10
<b>Total other income and expenses that will not be reclassified to profit or loss</b>			<b>48</b>	<b>48</b>
<b>Total comprehensive income (unallocated)</b>		<b>-103</b>	<b>386</b>	<b>283</b>
Owners equity contribution received <sup>2</sup>	-130			-130
<b>Total transactions with owners</b>	<b>-130</b>			<b>-130</b>
<b>Own funds 30 June 2022</b>	<b>19 701</b>	<b>4 683</b>	<b>16 690</b>	<b>41 073</b>

<sup>1</sup> See note 2.11 c) in the financial statement 2022 for information

<sup>2</sup> During the second quarter, NOK 1 119 million of ordinary equity capital contributions were called in to be paid in during the third quarter.

2022 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
<b>Own funds 31 December 2021</b>	<b>19 831</b>	<b>4 370</b>	<b>16 476</b>	<b>40 678</b>
Change recognized directly in equity <sup>1</sup>		415	-172	243
<b>Own funds 1 January 2022</b>	<b>19 831</b>	<b>4 786</b>	<b>16 304</b>	<b>40 921</b>
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
<b>Total other income and expenses that will not be reclassified to profit or loss</b>			<b>94</b>	<b>94</b>
<b>Total comprehensive income</b>	<b>576</b>	<b>-142</b>	<b>464</b>	<b>897</b>
Owners equity contribution received	982			982
<b>Total transactions with owners</b>	<b>982</b>			<b>982</b>
<b>Own funds 31 December 2022</b>	<b>21 388</b>	<b>4 643</b>	<b>16 768</b>	<b>42 799</b>

<sup>1</sup> See note 2.1.1 c) in the financial statement 2022 for information



## Statement of cash flows

### Kommunal Landspensjonskasse

NOK MILLIONS	01.01.2023 -30.06.2023	01.01.2023 -31.03.2023	01.01.2022 -31.12.2022	01.01.2022 -30.09.2022	01.01.2022 -30.06.2022
Net cashflow from operational activities	885	476	-374	-527	809
Net cashflow from investment activities <sup>1</sup>	-249	-112	-329	-237	-162
Net cashflow from financing activities <sup>2</sup>	-292	-276	866	895	-187
<b>Net changes in cash and bank deposits</b>	<b>344</b>	<b>88</b>	<b>163</b>	<b>131</b>	<b>460</b>
Holdings of cash and bank deposits at start of period	918	918	755	755	755
<b>Holdings of cash and bank deposits at end of period</b>	<b>1 261</b>	<b>1 006</b>	<b>918</b>	<b>885</b>	<b>1 215</b>

<sup>1</sup> Payments on the purchase of tangible fixed assets.

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

## Notes to the financial statement

Kommunal Landspensjonskasse

### Note 1 Accounting principles and -estimates

#### Accounting principles

The financial statements in this interim report show the interim accounts for Kommunal Landspensjonskasse (KLP), for the period 01.01.2023 – 30.06.2023. 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. From the financial year starting on 1 January 2023, these must be recognized and measured in accordance with IFRS 9. Financial assets that satisfy the criteria in IFRS 9.4.2A can still be measured at amortized cost. KLP has used the opportunity to measure these securities at amortized cost. It is a new accounting standard that has come into force for the accounting year that started on 01.01.2023, and which has been adopted by the company. This applies to the new standard for financial instruments, IFRS 9. The implementation effect is partly applied to the company's equity and partly to the insurance obligations as shown in the table below:

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

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

For more information about the accounting principles related to this standard 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](http://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	Q2 2023	Q2 2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
Gross premiums due	43 439	25 569	51 011	32 695	50 137
Transfer of premium reserves from others	0	9	91	386	386
<b>Total premium income</b>	<b>43 439</b>	<b>25 578</b>	<b>51 102</b>	<b>33 081</b>	<b>50 523</b>

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

The note shows provisions for losses on fixed-income securities measured at amortised cost as well as loans and receivables measured at amortised cost. In the second quarter of 2023, no changes have been made to the models used to calculate the expected loss. The net loss provisions have increased by NOK 224 million during this period. We refer to note 37 in the annual report for 2022 for a more detailed description of the model.

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

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Opening balance ECL 01.01.2023	29 793	4 039	0	33 832
Transfer to stage 1	0	-209	0	-209
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	-2 713	-805	0	-3 518
New losses	1 764	0	0	1 764
Write-offs	-2 029	-475	0	-2 504
<b>Closing balance ECL 30.06.2023</b>	<b>26 815</b>	<b>2 550</b>	<b>0</b>	<b>29 364</b>
Changes (01.01.2023 - 30.06.2023)	-2 979	-1 489	0	-4 468

**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 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	-228 386	228 386	0	0
Transfer to stage 3	0	0	0	0
Net changes	228 894	1	7	228 902
New losses	246	0	0	246
Write-offs	-19	0	0	-19
<b>Closing balance ECL 30.06.2023</b>	<b>5 923</b>	<b>228 390</b>	<b>104</b>	<b>234 417</b>
Changes (01.01.2023 - 30.06.2023)	736	228 385	7	229 128

**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 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	-228 386	228 386	0	0
Transfer to stage 3	0	0	0	0
Net changes	228 906	0	0	228 906
New losses	208	0	0	208
Write-offs	0	0	0	0
<b>Closing balance ECL 30.06.2023</b>	<b>5 116</b>	<b>228 386</b>	<b>0</b>	<b>233 502</b>
Changes (01.01.2023 - 30.06.2023)	728	228 386	0	229 114

**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 3	
Opening balance ECL 01.01.2023	6	4	97	108
Transfer to stage 1	2	-2	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	-3	1	7	4
New losses	0	0	0	0
Write-offs	0	0	0	0
<b>Closing balance ECL 30.06.2023</b>	<b>5</b>	<b>4</b>	<b>104</b>	<b>113</b>
Changes (01.01.2023 - 30.06.2023)	-1	-1	7	5

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

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Opening balance ECL 01.01.2023	792	0	0	792
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	-27	0	0	-27
New losses	37	0	0	37
Write-offs	0	0	0	0
<b>Closing balance ECL 30.06.2023</b>	<b>802</b>	<b>0</b>	<b>0</b>	<b>802</b>
Changes (01.01.2023 - 30.06.2023)	10	0	0	10

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

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Opening balance ECL 01.01.2023	0	0	0	0
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	0	0	0	0
New losses	0	0	0	0
Write-offs	0	0	0	0
<b>Closing balance ECL 30.06.2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Changes (01.01.2023 - 30.06.2023)	0	0	0	0

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

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total stage 1-3
	stage 1	stage 2	stage 3	
Opening balance ECL 01.01.2023	0	0	0	0
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Net changes	18	0	0	18
New losses	0	0	0	0
Write-offs	-18	0	0	-18
<b>Closing balance ECL 30.06.2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Changes (01.01.2023 - 30.06.2023)	0	0	0	0

## Note 4 Claims

NOK MILLIONS	Q2 2023	Q2 2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
Claims paid	6 513	5 943	12 719	11 709	23 858
Transfers of premium reserves to others	-4	-218	2 121	4 658	4 659
<b>Total claims</b>	<b>6 509</b>	<b>5 725</b>	<b>14 840</b>	<b>16 367</b>	<b>28 517</b>

## Note 5 Insurance-related operating expenses

NOK MILLIONS	Q2 2023	Q2 2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
Personnel costs	207	215	426	428	843
Depreciation	63	41	111	92	189
Other operating expenses	114	124	223	229	454
<b>Total insurance-related operating expenses</b>	<b>384</b>	<b>380</b>	<b>761</b>	<b>748</b>	<b>1 487</b>

## Note 6 Value-adjustment investment property

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

NOK MILLIONS	Q2 2023	Q2 2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
Value adjustment incl. foreign exchange	-1 299	6 363	563	5 918	3 417
Foreign exchange effect on hedging	-199	-1 186	-2 547	-162	134
<b>Net value adjustment incl. exchange hedging</b>	<b>-1 499</b>	<b>5 177</b>	<b>-1 984</b>	<b>5 756</b>	<b>3 550</b>

## Note 7 Pension obligations

NOK MILLIONS	30.06.2023	30.06.2022	31.12.2022
Capitalized net liability 01.01.	524	553	553
Capitalized pension costs	60	62	124
Capitalized financial costs	9	7	13
Actuarial gains and losses	-250	-41	-66
Premiums / contributions received	-38	-36	-101
<b>Capitalized net liability 30.06. / 31.12.</b>	<b>306</b>	<b>545</b>	<b>524</b>

ASSUMPTIONS	30.06.2023	30.06.2022	31.12.2022
Discount rate	3.70 %	3.20 %	3.00 %
Salary growth	3.50 %	3.50 %	3.50 %
The National Insurance basic amount (G)	3.25 %	3.25 %	3.25 %
Pension increases	2.60 %	2.48 %	2.60 %
Social security contribution rate	14.10 %	14.10 %	14.10 %
Capital activity tax	5.00 %	5.00 %	5.00 %

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 250 million as of 30.06.2023. The change is recognized in "Total other income and expenses that will not be reclassified to profit or loss".

## Note 8 Fair value hierarchy

30.06.2023 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<b>FINANCIAL ASSETS BOOKED AT FAIR VALUE</b>				
<b>CORPORATE PORTFOLIO</b>				
<i>Certificates</i>	0	547	0	547
<i>Bonds</i>	0	7 054	0	7 054
<i>Fixed-income funds</i>	3 224	0	0	3 224
<b>Fixed-income securities</b>	<b>3 224</b>	<b>7 601</b>	<b>0</b>	<b>10 825</b>
<b>Loans and receivables</b>	<b>260</b>	<b>870</b>	<b>0</b>	<b>1 130</b>
<i>Shares</i>	0	0	6	6
<b>Shares and units</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>
<b>Financial derivatives</b>	<b>0</b>	<b>592</b>	<b>0</b>	<b>592</b>
<b>Other financial assets</b>	<b>0</b>	<b>46</b>	<b>0</b>	<b>46</b>
<b>Total corporate portfolio</b>	<b>3 484</b>	<b>9 108</b>	<b>6</b>	<b>12 598</b>
<b>COMMON PORTFOLIO</b>				
<i>Certificates</i>	1 857	1 009	0	2 865
<i>Bonds</i>	18 818	27 852	0	46 671
<i>Fixed-income funds</i>	22 092	11 200	12 523	45 816
<b>Fixed-income securities</b>	<b>42 767</b>	<b>40 061</b>	<b>12 523</b>	<b>95 352</b>
<b>Loans and receivables</b>	<b>5 899</b>	<b>790</b>	<b>0</b>	<b>6 689</b>
<i>Shares</i>	59 371	1 987	3 190	64 548
<i>Equity funds</i>	89 772	0	57	89 829
<i>Property funds</i>	0	2 242	7 790	10 032
<i>Special funds</i>	0	2 225	0	2 225
<i>Private Equity</i>	0	0	42 442	42 442
<b>Shares and units</b>	<b>149 143</b>	<b>6 453</b>	<b>53 479</b>	<b>209 076</b>
<b>Financial derivatives</b>	<b>0</b>	<b>2 078</b>	<b>0</b>	<b>2 078</b>
<b>Other financial assets</b>	<b>0</b>	<b>17 435</b>	<b>0</b>	<b>17 435</b>
<b>Total common portfolio</b>	<b>197 810</b>	<b>66 817</b>	<b>66 002</b>	<b>330 629</b>
<b>INVESTMENT OPTION PORTFOLIO</b>				
<i>Fixed-income funds</i>	237	9	0	246
<b>Fixed-income securities</b>	<b>237</b>	<b>9</b>	<b>0</b>	<b>246</b>
<b>Loans and receivables</b>	<b>160</b>	<b>0</b>	<b>0</b>	<b>160</b>
<i>Equity funds</i>	1 022	0	0	1 022
<i>Property funds</i>	0	0	45	45
<i>Special funds</i>	0	12	0	12
<b>Shares and units</b>	<b>1 022</b>	<b>12</b>	<b>45</b>	<b>1 079</b>
<b>Financial derivatives</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>5</b>
<b>Other financial assets</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Total investment option portfolio</b>	<b>1 419</b>	<b>27</b>	<b>45</b>	<b>1 490</b>
<b>Total financial assets valued at fair value</b>	<b>202 713</b>	<b>75 952</b>	<b>66 053</b>	<b>344 717</b>
<b>CORPORATE PORTFOLIO</b>				
Investment property	0	0	1 388	1 388
<b>Total investment property</b>	<b>0</b>	<b>0</b>	<b>1 388</b>	<b>1 388</b>
<b>FINANCIAL LIABILITIES BOOKED AT FAIR VALUE</b>				
<b>CORPORATE PORTFOLIO</b>				
Financial derivatives	0	1	0	1
Debt to credit institutions	663	0	0	663
<b>Total corporate portfolio</b>	<b>663</b>	<b>1</b>	<b>0</b>	<b>664</b>

30.06.2023 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<b>COMMON PORTFOLIO</b>				
Financial derivatives	0	1 401	0	1 401
Debt to credit institutions	543	0	0	543
<b>Total common portfolio</b>	<b>543</b>	<b>1 401</b>	<b>0</b>	<b>1 944</b>
<b>INVESTMENT OPTION PORTFOLIO</b>				
Financial derivatives	0	5	0	5
Debt to credit institutions	11	0	0	11
<b>Total investment option portfolio</b>	<b>11</b>	<b>5</b>	<b>0</b>	<b>17</b>
<b>Total financial liabilities at fair value</b>	<b>1 218</b>	<b>1 407</b>	<b>0</b>	<b>2 624</b>

30.06.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<b>FINANCIAL ASSETS BOOKED AT FAIR VALUE</b>				
<b>CORPORATE PORTFOLIO</b>				
<i>Certificates</i>	0	356	0	356
<i>Bonds</i>	48	6 630	0	6 678
<i>Fixed-income funds</i>	2 669	0	0	2 669
<b>Fixed-income securities</b>	<b>2 716</b>	<b>6 986</b>	<b>0</b>	<b>9 702</b>
<b>Loans and receivables</b>	<b>722</b>	<b>784</b>	<b>0</b>	<b>1 506</b>
<i>Shares</i>	0	0	6	6
<b>Shares and units</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>
<b>Financial derivatives</b>	<b>0</b>	<b>559</b>	<b>0</b>	<b>559</b>
<b>Other financial assets</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>3</b>
<b>Total corporate portfolio</b>	<b>3 438</b>	<b>8 332</b>	<b>6</b>	<b>11 776</b>
<b>COMMON PORTFOLIO</b>				
<i>Certificates</i>	867	1 616	0	2 483
<i>Bonds</i>	20 085	24 755	0	44 840
<i>Fixed-income funds</i>	34 128	9 522	7 750	51 399
<b>Fixed-income securities</b>	<b>55 079</b>	<b>35 893</b>	<b>7 750</b>	<b>98 722</b>
<b>Loans and receivables</b>	<b>7 805</b>	<b>322</b>	<b>0</b>	<b>8 128</b>
<i>Shares</i>	47 051	1 170	2 950	51 171
<i>Equity funds</i>	82 977	0	51	83 028
<i>Property funds</i>	0	2 269	6 976	9 245
<i>Special funds</i>	0	1 920	0	1 920
<i>Private Equity</i>	0	0	33 355	33 355
<b>Shares and units</b>	<b>130 029</b>	<b>5 359</b>	<b>43 331</b>	<b>178 719</b>
<b>Financial derivatives</b>	<b>0</b>	<b>498</b>	<b>0</b>	<b>498</b>
<b>Other financial assets</b>	<b>0</b>	<b>14 974</b>	<b>0</b>	<b>14 974</b>
<b>Total common portfolio</b>	<b>192 913</b>	<b>57 047</b>	<b>51 080</b>	<b>301 040</b>
<b>INVESTMENT OPTION PORTFOLIO</b>				
<i>Fixed-income funds</i>	295	8	0	304
<b>Fixed-income securities</b>	<b>295</b>	<b>8</b>	<b>0</b>	<b>304</b>
<b>Loans and receivables</b>	<b>144</b>	<b>0</b>	<b>0</b>	<b>144</b>
<i>Equity funds</i>	838	0	0	838
<i>Property funds</i>	0	0	49	49
<i>Special funds</i>	0	11	0	11
<b>Shares and units</b>	<b>838</b>	<b>11</b>	<b>49</b>	<b>898</b>
<b>Financial derivatives</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Other financial assets</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Total investment option portfolio</b>	<b>1 277</b>	<b>21</b>	<b>49</b>	<b>1 347</b>
<b>Total financial assets valued at fair value</b>	<b>197 628</b>	<b>65 399</b>	<b>51 136</b>	<b>314 163</b>



30.06.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<b>CORPORATE PORTFOLIO</b>				
Investment property	0	0	1 005	1 005
<b>Total investment property</b>	<b>0</b>	<b>0</b>	<b>1 005</b>	<b>1 005</b>
<b>FINANCIAL LIABILITIES BOOKED AT FAIR VALUE</b>				
<b>CORPORATE PORTFOLIO</b>				
Financial derivatives	0	83	0	83
Debt to credit institutions	672	0	0	672
<b>Total corporate portfolio</b>	<b>672</b>	<b>83</b>	<b>0</b>	<b>755</b>
<b>COMMON PORTFOLIO</b>				
Financial derivatives	0	5 482	0	5 482
Debt to credit institutions	2 656	0	0	2 656
<b>Total common portfolio</b>	<b>2 656</b>	<b>5 482</b>	<b>0</b>	<b>8 139</b>
<b>INVESTMENT OPTION PORTFOLIO</b>				
Financial derivatives	0	27	0	27
Debt to credit institutions	20	0	0	20
<b>Total investment option portfolio</b>	<b>20</b>	<b>27</b>	<b>0</b>	<b>47</b>
<b>Total financial liabilities at fair value</b>	<b>3 348</b>	<b>5 593</b>	<b>0</b>	<b>8 941</b>

31.12.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<b>FINANCIAL ASSETS BOOKED AT FAIR VALUE</b>				
<b>CORPORATE PORTFOLIO</b>				
<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
<b>Fixed-income securities</b>	<b>3 241</b>	<b>7 685</b>	<b>0</b>	<b>10 926</b>
<b>Loans and receivables</b>	<b>612</b>	<b>489</b>	<b>0</b>	<b>1 101</b>
<i>Shares</i>	0	0	6	6
<b>Shares and units</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>
<b>Financial derivatives</b>	<b>0</b>	<b>455</b>	<b>0</b>	<b>455</b>
<b>Other financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total corporate portfolio</b>	<b>3 854</b>	<b>8 630</b>	<b>6</b>	<b>12 489</b>
<b>COMMON PORTFOLIO</b>				
<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
<b>Fixed-income securities</b>	<b>39 938</b>	<b>49 219</b>	<b>9 835</b>	<b>98 992</b>
<b>Loans and receivables</b>	<b>16 397</b>	<b>193</b>	<b>0</b>	<b>16 590</b>
<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
<b>Shares and units</b>	<b>128 189</b>	<b>5 966</b>	<b>46 189</b>	<b>180 344</b>
<b>Financial derivatives</b>	<b>0</b>	<b>4 164</b>	<b>0</b>	<b>4 164</b>
<b>Other financial assets</b>	<b>0</b>	<b>493</b>	<b>0</b>	<b>493</b>
<b>Total common portfolio</b>	<b>184 523</b>	<b>60 036</b>	<b>56 024</b>	<b>300 584</b>
<b>INVESTMENT OPTION PORTFOLIO</b>				
<i>Fixed-income funds</i>	265	8	0	273
<b>Fixed-income securities</b>	<b>265</b>	<b>8</b>	<b>0</b>	<b>273</b>
<b>Loans and receivables</b>	<b>98</b>	<b>0</b>	<b>0</b>	<b>98</b>
<i>Equity funds</i>	862	0	0	862
<i>Property funds</i>	0	0	47	47

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

Changes in Level 3 shares, unlisted CORPORATE PORTFOLIO	Book value 30.06.2023	Book value 30.06.2022	Book value 31.12.2022
Opening balance 01.01.	6	8	8
Sold	0	0	0
Bought	0	0	0
Unrealised changes	0	-2	-2
<b>Closing balance 30.06./31.12.</b>	<b>6</b>	<b>6</b>	<b>6</b>
Realised gains/losses	0	0	0

Changes in Level 3 shares, unlisted COMMON PORTFOLIO	Book value 30.06.2023	Book value 30.06.2022	Book value 31.12.2022
Opening balance 01.01.	3 262	2 721	2 721
Sold	-20	-20	-53
Bought	25	1	432
Unrealised changes	-76	247	162
<b>Closing balance 30.06./31.12.</b>	<b>3 190</b>	<b>2 950</b>	<b>3 262</b>
Realised gains/losses	-15	-13	-6

Changes in Level 3 equity funds, unlisted COMMON PORTFOLIO	Book value 30.06.2023	Book value 30.06.2022	Book value 31.12.2022
Opening balance 01.01.	59	50	50
Sold	0	0	0
Bought	0	0	0
Unrealised changes	-3	0	9
<b>Closing balance 30.06./31.12.</b>	<b>57</b>	<b>50</b>	<b>59</b>
Realised gains/losses	0	0	0

Changes in Level 3, private equity and property funds COMMON PORTFOLIO	Book value 30.06.2023	Book value 30.06.2022	Book value 31.12.2022
Opening balance 01.01.	52 703	40 127	40 127
Sold	-1 495	-2 480	-5 753
Bought	7 044	6 012	14 036
Unrealised changes	4 503	4 420	4 292
<b>Closing balance 30.06./31.12.</b>	<b>62 755</b>	<b>48 080</b>	<b>52 703</b>
Realised gains/losses	542	955	2 313

Changes in Level 3, property funds INVESTMENT OPTION PORTFOLIO	Book value 30.06.2023	Book value 30.06.2022	Book value 31.12.2022
Opening balance 01.01.	48	0	0
Sold	-1	-1	-2
Bought	0	50	50
Unrealised changes	-2	0	-1
<b>Closing balance 30.06./31.12.</b>	<b>45</b>	<b>49</b>	<b>48</b>
Realised gains/losses	0	0	0

Changes in Level 3, investment property CORPORATE PORTFOLIO	Book value 30.06.2023	Book value 30.06.2022	Book value 31.12.2022
Opening balance 01.01.	1 399	1 004	1 004
Sold	-3	0	0
Bought	0	0	0
Unrealised changes	21	20	435
Other	-28	-20	-40
<b>Closing balance 30.06./31.12.</b>	<b>1 388</b>	<b>1 005</b>	<b>1 399</b>
Realised gains/losses	3	0	0
<b>Total level 3</b>	<b>67 441</b>	<b>52 140</b>	<b>57 476</b>

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 3 372 million as of 30.06.2023 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 2nd quarter, NOK 263 million was moved from Level 1 to Level 2 and NOK 87 million was moved from level 2 to level 1. The amounts are related to equity instruments and the movements are due to change in liquidity. There were no other movements between the different levels in KLP.

## Note 9 Fair value of financial assets and liabilities

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

30.06.2023 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value

ASSETS – AT AMORTIZED COST

30.06.2023 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
<b>FIXED-INCOME SECURITIES</b>								
Norwegian bonds	5 708	5 225	59 609	54 734	308	278	65 625	60 237
Accrued not due interest	78	78	890	890	5	5	972	972
Foreign bonds	15 149	14 039	134 652	122 775	648	591	150 449	137 405
Accrued not due interest	172	172	1 968	1 968	11	11	2 150	2 150
<b>Total fixed-income securities</b>	<b>21 107</b>	<b>19 514</b>	<b>197 118</b>	<b>180 366</b>	<b>972</b>	<b>885</b>	<b>219 197</b>	<b>200 765</b>
<b>OTHER LOANS AND RECEIVABLES</b>								
Secured loans	0	0	2 881	2 780	0	0	2 881	2 780
Lending with public sector guarantee	0	0	71 150	69 282	0	0	71 150	69 282
Loans abroad secured by mortgage and local government guarantee	0	0	5 234	5 244	0	0	5 234	5 244
Accrued not due interest	0	0	483	483	0	0	483	483
<b>Total other loans and receivables</b>	<b>0</b>	<b>0</b>	<b>79 747</b>	<b>77 789</b>	<b>0</b>	<b>0</b>	<b>79 747</b>	<b>77 789</b>
<b>Total financial assets at amortized cost</b>	<b>21 107</b>	<b>19 514</b>	<b>276 865</b>	<b>258 155</b>	<b>972</b>	<b>885</b>	<b>298 944</b>	<b>278 554</b>
<b>ASSETS – AT FAIR VALUE</b>								
<b>EQUITY CAPITAL INSTRUMENTS</b>								
Norwegian shares	6	6	11 278	11 278	0	0	11 284	11 284
Foreign shares	0	0	53 270	53 270	0	0	53 270	53 270
<b>Total shares</b>	<b>6</b>	<b>6</b>	<b>64 548</b>	<b>64 548</b>	<b>0</b>	<b>0</b>	<b>64 554</b>	<b>64 554</b>
Property funds	0	0	10 032	10 032	45	45	10 076	10 076
Norwegian equity funds	0	0	89 508	89 508	1 022	1 022	90 530	90 530
Foreign equity funds	0	0	42 763	42 763	0	0	42 763	42 763
<b>Total equity fund units</b>	<b>0</b>	<b>0</b>	<b>142 303</b>	<b>142 303</b>	<b>1 067</b>	<b>1 067</b>	<b>143 369</b>	<b>143 369</b>
Norwegian alternative investments	0	0	2 225	2 225	12	12	2 237	2 237
Foreign alternative investments	0	0	0	0	0	0	0	0
<b>Total alternative investments</b>	<b>0</b>	<b>0</b>	<b>2 225</b>	<b>2 225</b>	<b>12</b>	<b>12</b>	<b>2 237</b>	<b>2 237</b>
<b>Total shares and units</b>	<b>6</b>	<b>6</b>	<b>209 076</b>	<b>209 076</b>	<b>1 079</b>	<b>1 079</b>	<b>210 161</b>	<b>210 161</b>
<b>DEBT INSTRUMENTS AT FAIR VALUE</b>								
Norwegian bonds	6 316	6 316	27 469	27 469	0	0	33 785	33 785
Foreign bonds	689	689	18 801	18 801	0	0	19 490	19 490
Accrued not due interest	49	49	400	400	0	0	449	449
Norwegian fixed-income funds	3 218	3 218	23 517	23 517	245	245	26 980	26 980
Foreign fixed-income funds	0	0	22 267	22 267	0	0	22 267	22 267
Accrued not due interest	6	6	32	32	1	1	38	38
Norwegian certificates	542	542	2 382	2 382	0	0	2 924	2 924
Foreign certificates	0	0	468	468	0	0	468	468
Accrued not due interest	5	5	15	15	0	0	20	20
<b>Fixed income securities</b>	<b>10 825</b>	<b>10 825</b>	<b>95 352</b>	<b>95 352</b>	<b>246</b>	<b>246</b>	<b>106 422</b>	<b>106 422</b>
Norwegian loans and receivables	900	900	1 450	1 450	96	96	2 446	2 446
Foreign loans and receivables	230	230	5 239	5 239	64	64	5 533	5 533
<b>Total loans and receivables</b>	<b>1 130</b>	<b>1 130</b>	<b>6 689</b>	<b>6 689</b>	<b>160</b>	<b>160</b>	<b>7 979</b>	<b>7 979</b>
<b>DERIVATIVES</b>								
Interest rate swaps	556	556	0	0	0	0	556	556
Share options	0	0	0	0	0	0	0	0
Forward exchange contracts	36	36	2 078	2 078	5	5	2 118	2 118
<b>Total financial derivatives classified as assets</b>	<b>592</b>	<b>592</b>	<b>2 078</b>	<b>2 078</b>	<b>5</b>	<b>5</b>	<b>2 675</b>	<b>2 675</b>
<b>OTHER FINANCIAL ASSETS</b>								
<b>Other financial assets</b>	<b>46</b>	<b>46</b>	<b>17 435</b>	<b>17 435</b>	<b>1</b>	<b>1</b>	<b>17 482</b>	<b>17 482</b>
<b>Total financial assets valued at fair value</b>	<b>12 598</b>	<b>12 598</b>	<b>330 629</b>	<b>330 629</b>	<b>1 490</b>	<b>1 490</b>	<b>344 717</b>	<b>344 717</b>
<b>LIABILITIES</b>								

30.06.2023 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
<b>DERIVATIVES</b>								
Interest rate swaps	0	0	183	183	0	0	183	183
Forward exchange contracts	1	1	1218	1218	5	5	1224	1224
<b>Total financial derivatives classified as liabilities</b>	<b>1</b>	<b>1</b>	<b>1401</b>	<b>1401</b>	<b>5</b>	<b>5</b>	<b>1407</b>	<b>1407</b>
<b>SUBORDINATED LOAN CAPITAL</b>								
Subordinated loan capital	3 429	3 346	0	0	0	0	3 429	3 346
Hybrid Tier 1 securities	1 540	1 644	0	0	0	0	1 540	1 644
<b>Total subordinated loan capital etc.</b>	<b>4 969</b>	<b>4 990</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4 969</b>	<b>4 990</b>
<b>LIABILITIES TO CREDIT INSTITUTIONS</b>								
Repos	0	0	502	502	0	0	502	502
Norwegian call money <sup>1</sup>	0	0	0	0	0	0	0	0
Foreign call money <sup>1</sup>	663	663	41	41	11	11	716	716
<b>Total liabilities to credit institutions</b>	<b>663</b>	<b>663</b>	<b>543</b>	<b>543</b>	<b>11</b>	<b>11</b>	<b>1 218</b>	<b>1 218</b>

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

30.06.2022 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
<b>ASSETS – AT AMORTIZED COST</b>								
<b>INVESTMENTS HELD TO MATURITY</b>								
Norwegian hold-to-maturity bonds	492	500	3 448	3 467	2	2	3 942	3 969
Accrued not due interest	9	9	87	87	0	0	96	96
Foreign hold-to-maturity bonds	6 368	6 235	15 235	15 141	38	39	21 642	21 414
Accrued not due interest	18	18	202	202	1	1	220	220
<b>Total investments held to maturity</b>	<b>6 887</b>	<b>6 762</b>	<b>18 972</b>	<b>18 896</b>	<b>41</b>	<b>41</b>	<b>25 899</b>	<b>25 699</b>
<b>BONDS CLASSIFIED AS LOANS AND RECEIVABLES</b>								
Norwegian bonds	5 030	4 697	54 586	50 956	297	276	59 912	55 930
Accrued not due interest	70	70	807	807	5	5	881	881
Foreign bonds	7 839	7 381	110 566	103 403	591	554	118 996	111 338
Accrued not due interest	162	162	1 708	1 708	10	10	1 880	1 880
<b>Total bonds classified as loans and receivables</b>	<b>13 100</b>	<b>12 309</b>	<b>167 666</b>	<b>156 874</b>	<b>903</b>	<b>846</b>	<b>181 668</b>	<b>170 029</b>
<b>OTHER LOANS AND RECEIVABLES</b>								
Secured loan	0	0	3 133	3 033	0	0	3 133	3 033
Lending with public sector guarantee	0	0	69 428	68 133	0	0	69 428	68 133
Loans abroad secured by mortgage and local government guarantee	0	0	5 941	5 941	0	0	5 941	5 941
Accrued not due interest	0	0	298	298	0	0	298	298
<b>Total other loans and receivables</b>	<b>0</b>	<b>0</b>	<b>78 801</b>	<b>77 404</b>	<b>0</b>	<b>0</b>	<b>78 801</b>	<b>77 404</b>
<b>Total financial assets at amortized cost</b>	<b>19 987</b>	<b>19 071</b>	<b>265 439</b>	<b>253 175</b>	<b>943</b>	<b>887</b>	<b>286 369</b>	<b>273 132</b>
<b>ASSETS – AT FAIR VALUE</b>								
<b>EQUITY CAPITAL INSTRUMENTS</b>								
Norwegian shares	6	6	10 132	10 132	0	0	10 138	10 138
Foreign shares	0	0	41 039	41 039	0	0	41 039	41 039
<b>Total shares</b>	<b>6</b>	<b>6</b>	<b>51 171</b>	<b>51 171</b>	<b>0</b>	<b>0</b>	<b>51 177</b>	<b>51 177</b>
Property funds	0	0	9 245	9 245	49	49	9 294	9 294
Norwegian equity funds	0	0	82 146	82 146	838	838	82 983	82 983
Foreign equity funds	0	0	34 237	34 237	0	0	34 237	34 237
<b>Total equity fund units</b>	<b>0</b>	<b>0</b>	<b>125 628</b>	<b>125 628</b>	<b>887</b>	<b>887</b>	<b>126 515</b>	<b>126 515</b>
Norwegian alternative investments	0	0	1 920	1 920	11	11	1 931	1 931
Foreign alternative investments	0	0	0	0	0	0	0	0
<b>Total alternative investments</b>	<b>0</b>	<b>0</b>	<b>1 920</b>	<b>1 920</b>	<b>11</b>	<b>11</b>	<b>1 931</b>	<b>1 931</b>

30.06.2022 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
<b>Total shares and units</b>	<b>6</b>	<b>6</b>	<b>178 719</b>	<b>178 719</b>	<b>898</b>	<b>898</b>	<b>179 622</b>	<b>179 622</b>
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	6 336	6 336	26 845	26 845	0	0	33 181	33 181
Foreign bonds	314	314	17 702	17 702	0	0	18 016	18 016
Accrued not due interest	27	27	293	293	0	0	320	320
Norwegian fixed-income funds	2 667	2 667	20 765	20 765	302	302	23 735	23 735
Foreign fixed-income funds	0	0	30 570	30 570	0	0	30 570	30 570
Accrued not due interest	1	1	65	65	1	1	67	67
Norwegian certificates	354	354	2 060	2 060	0	0	2 415	2 415
Foreign certificates	0	0	417	417	0	0	417	417
Accrued not due interest	1	1	5	5	0	0	6	6
<b>Fixed income securities</b>	<b>9 702</b>	<b>9 702</b>	<b>98 722</b>	<b>98 722</b>	<b>304</b>	<b>304</b>	<b>108 727</b>	<b>108 727</b>
Norwegian loans and receivables	974	974	1 714	1 714	98	98	2 786	2 786
Foreign loans and receivables	532	532	6 414	6 414	46	46	6 992	6 992
<b>Total loans and receivables</b>	<b>1 506</b>	<b>1 506</b>	<b>8 128</b>	<b>8 128</b>	<b>144</b>	<b>144</b>	<b>9 778</b>	<b>9 778</b>
DERIVATIVES								
Interest rate swaps	559	559	17	17	0	0	577	577
Share options	0	0	0	0	0	0	0	0
Forward exchange contracts	0	0	481	481	1	1	482	482
<b>Total financial derivatives classified as assets</b>	<b>559</b>	<b>559</b>	<b>498</b>	<b>498</b>	<b>1</b>	<b>1</b>	<b>1 059</b>	<b>1 059</b>
OTHER FINANCIAL ASSETS								
<b>Other financial assets</b>	<b>3</b>	<b>3</b>	<b>14 974</b>	<b>14 974</b>	<b>1</b>	<b>1</b>	<b>14 977</b>	<b>14 977</b>
<b>Total financial assets valued at fair value</b>	<b>11 776</b>	<b>11 776</b>	<b>301 040</b>	<b>301 040</b>	<b>1 347</b>	<b>1 347</b>	<b>314 163</b>	<b>314 163</b>
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	880	880	0	0	880	880
Forward exchange contracts	83	83	4 602	4 602	27	27	4 712	4 712
<b>Total financial derivatives classified as liabilities</b>	<b>83</b>	<b>83</b>	<b>5 482</b>	<b>5 482</b>	<b>27</b>	<b>27</b>	<b>5 592</b>	<b>5 592</b>
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 026	3 314	0	0	0	0	3 026	3 314
Hybrid Tier 1 securities	1 550	1 345	0	0	0	0	1 550	1 345
<b>Total subordinated loan capital etc.</b>	<b>4 576</b>	<b>4 659</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4 576</b>	<b>4 659</b>
LIABILITIES TO CREDIT INSTITUTIONS								
Repos	0	0	1 300	1 300	0	0	1 300	1 300
Norwegian call money <sup>1</sup>	0	0	1 296	1 296	3	3	1 299	1 299
Foreign call money <sup>1</sup>	672	672	60	60	17	17	749	749
<b>Total liabilities to credit institutions</b>	<b>672</b>	<b>672</b>	<b>2 656</b>	<b>2 656</b>	<b>20</b>	<b>20</b>	<b>3 348</b>	<b>3 348</b>

<sup>1</sup> 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
<b>ASSETS – AT AMORTIZED COST</b>								
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
<b>Total investments held to maturity</b>	<b>7 030</b>	<b>6 691</b>	<b>17 129</b>	<b>16 820</b>	<b>41</b>	<b>41</b>	<b>24 200</b>	<b>23 552</b>

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
<b>BONDS CLASSIFIED AS LOANS AND RECEIVABLES</b>								
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
<b>Total bonds classified as loans and receivables</b>	<b>13 102</b>	<b>12 314</b>	<b>171 339</b>	<b>160 522</b>	<b>902</b>	<b>842</b>	<b>185 343</b>	<b>173 678</b>
<b>OTHER LOANS AND RECEIVABLES</b>								
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
<b>Total other loans and receivables</b>	<b>0</b>	<b>0</b>	<b>78 982</b>	<b>77 478</b>	<b>0</b>	<b>0</b>	<b>78 982</b>	<b>77 478</b>
<b>Total financial assets at amortized cost</b>	<b>20 132</b>	<b>19 005</b>	<b>267 451</b>	<b>254 820</b>	<b>943</b>	<b>883</b>	<b>288 525</b>	<b>274 708</b>
<b>ASSETS – AT FAIR VALUE</b>								
<b>EQUITY CAPITAL INSTRUMENTS</b>								
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
<b>Total shares</b>	<b>6</b>	<b>6</b>	<b>52 584</b>	<b>52 584</b>	<b>0</b>	<b>0</b>	<b>52 590</b>	<b>52 590</b>
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
<b>Total equity fund units</b>	<b>0</b>	<b>0</b>	<b>125 570</b>	<b>125 570</b>	<b>909</b>	<b>909</b>	<b>126 479</b>	<b>126 479</b>
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
<b>Total alternative investments</b>	<b>0</b>	<b>0</b>	<b>2 191</b>	<b>2 191</b>	<b>12</b>	<b>12</b>	<b>2 203</b>	<b>2 203</b>
<b>Total shares and units</b>	<b>6</b>	<b>6</b>	<b>180 344</b>	<b>180 344</b>	<b>922</b>	<b>922</b>	<b>181 272</b>	<b>181 272</b>
<b>DEBT INSTRUMENTS AT FAIR VALUE</b>								
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
<b>Fixed income securities</b>	<b>10 926</b>	<b>10 926</b>	<b>98 992</b>	<b>98 992</b>	<b>273</b>	<b>273</b>	<b>110 191</b>	<b>110 191</b>
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
<b>Total loans and receivables</b>	<b>1 101</b>	<b>1 101</b>	<b>16 590</b>	<b>16 590</b>	<b>98</b>	<b>98</b>	<b>17 789</b>	<b>17 789</b>
<b>DERIVATIVES</b>								
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
<b>Total financial derivatives classified as assets</b>	<b>455</b>	<b>455</b>	<b>4 164</b>	<b>4 164</b>	<b>9</b>	<b>9</b>	<b>4 628</b>	<b>4 628</b>
<b>OTHER FINANCIAL ASSETS</b>								
<b>Other financial assets</b>	<b>0</b>	<b>0</b>	<b>493</b>	<b>493</b>	<b>4</b>	<b>4</b>	<b>498</b>	<b>498</b>
<b>Total financial assets valued at fair value</b>	<b>12 489</b>	<b>12 489</b>	<b>300 584</b>	<b>300 584</b>	<b>1 305</b>	<b>1 305</b>	<b>314 378</b>	<b>314 378</b>
<b>LIABILITIES</b>								



31.12.2022 NOK MILLION	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
DERIVATIVES								
Interest rate swaps	0	0	118	118	0	0	118	118
Forward exchange contracts	60	60	1 203	1 203	6	6	1 269	1 269
<b>Total financial derivatives classified as liabilities</b>	<b>60</b>	<b>60</b>	<b>1 321</b>	<b>1 321</b>	<b>6</b>	<b>6</b>	<b>1 387</b>	<b>1 387</b>
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
<b>Total subordinated loan capital etc.</b>	<b>4 575</b>	<b>4 521</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4 575</b>	<b>4 521</b>
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money <sup>1</sup>	0	0	636	636	3	3	639	639
Foreign call money <sup>1</sup>	512	512	1 494	1 494	33	33	2 039	2 039
<b>Total liabilities to credit institutions</b>	<b>512</b>	<b>512</b>	<b>2 130</b>	<b>2 130</b>	<b>36</b>	<b>36</b>	<b>2 678</b>	<b>2 678</b>

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

## Note 10 Leases

NOK MILLIONS	30.06.2023	30.06.2022	31.12.2022
<b>RIGHT-OF-USE ASSETS</b>	<b>Property</b>		
Opening balance 01.01.	865	973	973
Depreciation	-54	-54	-108
<b>Closing balance 30.06. / 31.12.</b>	<b>811</b>	<b>919</b>	<b>865</b>

NOK MILLIONS	30.06.2023	30.06.2022	31.12.2022
<b>LEASE LIABILITIES</b>	<b>Property</b>		
Opening balance 01.01.	920	1 012	1 012
Repayments	-48	-46	-92
<b>Closing balance 30.06. / 31.12.</b>	<b>872</b>	<b>966</b>	<b>920</b>

NOK MILLIONS	Q2 2023	Q2 2022	01.01.2023 -30.06.2023	01.01.2022 -30.06.2022	01.01.2022 -31.12.2022
	<b>Property</b>				
Interest expense lease liabilities	5	6	11	12	24
<b>Interest expense lease liabilities</b>	<b>5</b>	<b>6</b>	<b>11</b>	<b>12</b>	<b>24</b>

## Note 11 Liabilities

NOK MILLIONS	30.06.2023	30.06.2022	31.12.2022
Short-term liability securities	19 052	15 377	852
Advance tax-deduction pension scheme	957	843	522
Accounts payable	32	-7	18
Derivatives	1 407	5 592	1 387
Debt to credit institutions	1 218	3 348	2 678
Liabilities related to direct insurance	74	99	492
Other liabilities	28	26	36
<b>Total liabilities</b>	<b>22 767</b>	<b>25 278</b>	<b>5 985</b>

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

30.06.2023 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
<b>ASSETS</b>							
Financial derivatives	2 675	0	2 675	-1 178	-663	-312	629
<b>Total</b>	<b>2 675</b>	<b>0</b>	<b>2 675</b>	<b>-1 178</b>	<b>-663</b>	<b>-312</b>	<b>629</b>
<b>PORTFOLIO ALLOCATION OF ASSETS</b>							
Total assets – common portfolio	2 078	0	2 078	-176	0	-312	590
Total assets – corporate portfolio	592	0	592	0	-663	0	36
Total assets – investment option portfolio	5	0	5	-2	0	0	2
<b>Total</b>	<b>2 675</b>	<b>0</b>	<b>2 675</b>	<b>-1 178</b>	<b>-663</b>	<b>-312</b>	<b>629</b>
<b>LIABILITIES</b>							
Financial derivatives	1 407	0	1 407	-1 178	-44	-991	27
<b>Total</b>	<b>1 407</b>	<b>0</b>	<b>1 407</b>	<b>-1 178</b>	<b>-44</b>	<b>-991</b>	<b>27</b>
<b>PORTFOLIO ALLOCATION OF LIABILITIES</b>							
Total liabilities – common portfolio	1 401	0	1 401	-176	-38	-991	23
Total liabilities – corporate portfolio	1	0	1	0	0	0	1
Total liabilities – investment option portfolio	5	0	5	-2	-6	0	3
<b>Total</b>	<b>1 407</b>	<b>0</b>	<b>1 407</b>	<b>-1 178</b>	<b>-44</b>	<b>-991</b>	<b>27</b>

30.06.2022 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
<b>ASSETS</b>							
Financial derivatives	1 059	0	1 059	-475	-741	-18	0
<b>Total</b>	<b>1 059</b>	<b>0</b>	<b>1 059</b>	<b>-475</b>	<b>-741</b>	<b>-18</b>	<b>0</b>
<b>PORTFOLIO ALLOCATION OF ASSETS</b>							
Total assets – common portfolio	498	0	498	-474	-54	-18	0
Total assets – corporate portfolio	559	0	559	0	-672	0	0
Total assets – investment option portfolio	1	0	1	-1	-15	0	0
<b>Total</b>	<b>1 059</b>	<b>0</b>	<b>1 059</b>	<b>-475</b>	<b>-741</b>	<b>-18</b>	<b>0</b>
<b>LIABILITIES</b>							
Financial derivatives	5 592	0	5 592	-475	-158	-6 205	139
<b>Total</b>	<b>5 592</b>	<b>0</b>	<b>5 592</b>	<b>-475</b>	<b>-158</b>	<b>-6 205</b>	<b>139</b>
<b>PORTFOLIO ALLOCATION OF LIABILITIES</b>							
Total liabilities – common portfolio	5 482	0	5 482	-474	-155	-6 205	31
Total liabilities – corporate portfolio	83	0	83	0	0	0	83
Total liabilities – investment option portfolio	27	0	27	-1	-2	0	25
<b>Total</b>	<b>5 592</b>	<b>0</b>	<b>5 592</b>	<b>-475</b>	<b>-158</b>	<b>-6 205</b>	<b>139</b>

31.12.2022 NOK MILLIONS	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Related amounts not presented net		Net amount
					Security in cash	Security in securities	
<b>ASSETS</b>							
Financial derivatives	4 628	0	4 628	-1 228	-2 667	-667	366
<b>Total</b>	<b>4 628</b>	<b>0</b>	<b>4 628</b>	<b>-1 228</b>	<b>-2 667</b>	<b>-667</b>	<b>366</b>
<b>PORTFOLIO ALLOCATION OF ASSETS</b>							
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
<b>Total</b>	<b>4 628</b>	<b>0</b>	<b>4 628</b>	<b>-1 228</b>	<b>-2 667</b>	<b>-667</b>	<b>366</b>
<b>LIABILITIES</b>							
Financial derivatives	1 387	0	1 387	-1 228	-88	-211	64
<b>Total</b>	<b>1 387</b>	<b>0</b>	<b>1 387</b>	<b>-1 228</b>	<b>-88</b>	<b>-211</b>	<b>64</b>
<b>PORTFOLIO ALLOCATION OF LIABILITIES</b>							
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
<b>Total</b>	<b>1 387</b>	<b>0</b>	<b>1 387</b>	<b>-1 228</b>	<b>-88</b>	<b>-211</b>	<b>64</b>

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 330 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 330 per cent.

	30.06.2023	30.06.2022	31.12.2022
<b>SOLVENCY II-SCR RATIO</b>	<b>330 %</b>	<b>340 %</b>	<b>318 %</b>

NOK BILLIONS	30.06.2023	30.06.2022	31.12.2022
<b>SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT</b>			
Assets, book value	788	727	709
Added values - hold-to-maturity portfolio/loans and receivables	-18	-13	-12
Added values - other lending	-2	0	-2
Other added/lesser values	0	0	0
Deferred tax asset	0	0	0
<b>Total assets - solvency II</b>	<b>767</b>	<b>714</b>	<b>695</b>

NOK BILLIONS	30.06.2023	30.06.2022	31.12.2022
<b>SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT</b>			
Best estimate	684	630	629
Risk margin	11	11	12
Hybrid Tier 1 securities/Subordinated loan capital	5	5	5
Other liabilities	24	32	8
Deferred tax liabilities	0	0	0
<b>Total liabilities - solvency II</b>	<b>724</b>	<b>677</b>	<b>653</b>
Excess of assets over liabilities	43	37	42
- Deferred tax asset	0	0	0
- Risk equalization fund (tier 2 own funds starting 30.09.2022)	-5	0	-5
+ Hybrid Tier 1 securities	2	2	1
<b>Tier 1 basic own funds</b>	<b>40</b>	<b>38</b>	<b>39</b>
<b>Total eligible tier 1 own funds</b>	<b>40</b>	<b>38</b>	<b>39</b>
Subordinated loans	3	3	3
Risk equalization fund (tier 2 own funds starting 30.09.2022)	5	0	5
<b>Tier 2 basic own funds</b>	<b>8</b>	<b>3</b>	<b>8</b>
Ancillary own funds	14	13	13
<b>Tier 2 ancillary own funds</b>	<b>14</b>	<b>13</b>	<b>13</b>
Deduction for max. eligible tier 2 own funds	-15	-9	-13
<b>Total eligible tier 2 own funds</b>	<b>7</b>	<b>7</b>	<b>7</b>
Deferred tax asset	0	0	0
<b>Total eligible tier 3 own funds</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Solvency II total eligible own funds</b>	<b>47</b>	<b>45</b>	<b>46</b>
Market risk	8	7	7
Diversification market risk	-3	-2	-2
Counterparty risk	0	0	0
Life risk	12	12	14
Diversification life risk	-2	-2	-3
Diversification general	-3	-3	-3
Operational risk	3	3	3
Loss absorbing ability deferred tax	-2	-2	-2
<b>Solvency capital requirement (SCR)</b>	<b>14</b>	<b>13</b>	<b>15</b>
Linear minimum capital requirement (MCR_linear)	1	4	5
Minimum	4	3	4
Maximum	6	6	7
<b>Minimum capital requirement (MCR)</b>	<b>4</b>	<b>4</b>	<b>5</b>
<b>Solvency II -SCR ratio</b>	<b>330 %</b>	<b>340 %</b>	<b>318 %</b>