



Q1 2022 Interim Report KLP Group, Sustainability and KLP

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Report for the first quarter of 2022

Weak market performance affects KLP's first quarter results

- After the first quarter of 2022, the return was minus 0.75 per cent.
- Higher interest rates and a weak equity market have a negative impact on the quarterly results for KLP and its subsidiaries.
- Strong solvency capital coverage of 332 per cent.

KLP – a customer-owned group

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

At the end of the first quarter of 2022, the Group had total assets of NOK 902.9 billion, an increase of NOK 1.6 billion in the first quarter.

The Group's total comprehensive income was NOK 392 (601)¹ million in the first quarter.

Kommunal Landspensjonskasse

Pension schemes within the public sector are offered and administered by the Group's parent company, Kommunal Landspensjonskasse. Out of KLP's total assets of NOK 710.5 billion, NOK 644.2 billion is linked to insurance obligations within public-sector occupational pensions.

Results for the first quarter of 2022

Investment result

KLP achieved an investment result (the return in excess of that guaranteed by the Company to its customers) of NOK -7.9 (4.7) billion in the first quarter. The return on the common portfolio was minus 0.75 per cent.

Risk result

The risk events in the stock have been within expectations throughout the year and will vary from quarter to quarter. The result was NOK 105 million in the first quarter.

1. Figures in brackets give values for the corresponding period in 2021.

Administration result

The Company's administration result shows a loss of NOK 9 (41) million in the first quarter. Insurance-related operating costs came to NOK 368 (299) million in the first quarter.

Total profit/loss

Total profit/loss to the Company stands at NOK 388 (595) million for the first quarter. The customer result is NOK -7.8 (4.7) billion for the year.

NOK millions	Customers	Company	Total
Investment result	-7 857	-37	-7 894
Risk result	105		105
Interest guarantee premium		64	64
Administration result		-9	-9
Net income from investments in the corporate portfolio and other income/ expenses in non-technical accounts		53	53
Tax		6	6
Other profit/loss elements		311	311
Profit/loss after Q1 2022	-7 752	388	-7 365
Profit/loss after Q1 2021	4 708	595	5 304

Financial strength and capital-related matters

KLP's total assets increased by NOK 3.7 billion in the first quarter and amount to NOK 710.5 billion. The premium reserve decreased by NOK 0.8 billion to NOK 485.5 billion in the same period.

The buffer fund decreased by NOK 8.4 billion in the period, ending on NOK 117.8 billion after the first quarter.

Without applying transitional rules, the Company's solvency capital requirement (SCR) is 332 per cent. Taking account of the transitional arrangement for technical provisions, capital adequacy was 332 per cent.

In the annual calculation of capital adequacy, a new method for dealing with deferred tax was implemented. Under the new methodology, KLP takes account of future revenues in calculating future tax for Solvency II. In a stress scenario, these revenues will be reduced, giving rise to reduced future taxes. The reduction in future taxes can be used as a risk-reducing effect on capital adequacy. The main effect of this change occurred between the fourth quarter of 2021 and the annual calculation.

There have been two major changes since the year-end. The most important factor for the solvency margin is the big rise in interest rates. This results in a lower capital requirement for life insurance and more available capital because the risk margin also goes down. A merged buffer fund has also been implemented, but this has limited impact with today's high buffer levels.

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

Key figures

Per cent	At 31.03.2022	At 31.03.2021
Value-adjusted return	-0,8	1,5
Return incl. added value in hold-to-maturity bonds and lending	-2,3	0,8
<i>The return figures apply to the common portfolio</i>		
Capital adequacy, Solvency II	332	287
Capital adequacy, Solvency II, with transitional measures	332	243

Premium income

Premium income excluding premium reserves received on transfers in amounts to NOK 7.1 (7.0) billion at the end of the first quarter.

Claims/benefits

Pensions paid and other claims, excluding ceded premium reserves, amounted to NOK 5.8 (5.3) billion for the first quarter.

Management of the common portfolio

The assets in the common portfolio totalled NOK 662.5 (603.1) billion and were invested as shown below:

Assets	At 31.03.2022		At 31.03.2021	
All figures in per cent	Proportion	Return	Proportion	Return
Equities	30,1 %	-3,2 %	25,8 %	5,0 %
Short-term bonds	13,1 %	-4,6 %	16,2 %	-2,4 %
Long-term/HTM bonds	28,4 %	0,8 %	29,0 %	0,9 %
Lending	12,1 %	0,5 %	12,7 %	0,4 %
Property	14,0 %	1,4 %	13,2 %	0,9 %
Other financial assets	2,3 %	0,1 %	3,1 %	0,3 %

Equities

Total exposure in shares and alternative investments, including equity derivatives, was 30.1 per cent at the end of the first quarter. The total return on shares and alternative investments was minus 3.2 per cent in the quarter. The return on KLP's global equities was minus 4.9 per cent, while KLP's Norwegian equity portfolio returned plus 4.7 per cent in the first quarter.

Short-term bonds and the money market

Short-term bonds accounted for 13.1 per cent and money-market instruments 2.3 per cent of the assets in the common portfolio as at 31 March. Norwegian, European and US government interest rates all rose during the first quarter. KLP's global government bond index achieved a currency-hedged return of minus 4.6 per cent in the quarter, while the return on the Norwegian government bond index was minus 3.3 per cent. Increased global credit margins through the quarter brought a return of minus 6.7 per cent on KLP's global credit bond index. Short-term bonds produced a total return of minus 4.6 per cent in the first quarter. The money market return was 0.1 per cent for the quarter.

Long-term bonds

Investment in long-term bonds and bonds held to maturity made up 28.4 per cent of the common portfolio at 31 March. Unrecognised decreases in value in the portfolio rose in the first quarter and amounted to NOK 4.2 billion at the end of the first quarter. The portfolio is well diversified and consists of securities issued by creditworthy borrowers. The return measured at amortised cost in the first quarter was 0.8 per cent.

Property

Property investments, including Norwegian and international property funds, made up 14.0 per cent of the common portfolio. Property values in the common portfolio were adjusted upwards by NOK 486.9 million in the quarter. Property investments in the common portfolio achieved a return of 1.4 per cent in the first quarter.

Lending

Lending in the common portfolio totals NOK 77.9 billion. This is split between NOK 65.8 billion in loans to the public sector, NOK 2.1 billion in loans with government guarantees and NOK 3.1 billion in secured mortgage loans, with the remaining NOK 6.9 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 615 million at 31 March. The return for the first quarter was 0.5 percent.

Returns on the corporate portfolio

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

The corporate portfolio is managed with a moderate-risk long-term investment horizon, with the object of stable returns. Investments in the corporate portfolio achieved a return of 0.6 per cent in the first quarter.

Business areas of the subsidiaries

Non-life insurance

The first quarter produced a pre-tax operating profit of NOK -24.3 (71.6) million. The weak result is mainly due to a negative trend in the financial markets in the quarter. The insurance result is better than expected so far this year, largely due to the small number of large claims and continued reversal of previous years' reserves.

As a result of tendering procedures in the fourth quarter of 2021, the Company saw weaker growth going into this year than in previous years. Volume growth so far this year is NOK 85 million, and premium volume was NOK 2,105 (1,887) million at the end of the first quarter. Premiums due increased by 9.1 per cent, or NOK 96 million, compared with the same time in 2021. For the public-sector and corporate markets, premiums increased by 8.9 per cent, while the corresponding increase for the retail market was 10.2 per cent.

One claim in excess of NOK 10 million was reported in the first quarter. A further six claims were reported in the range between NOK 3 and 10 million. These claims total NOK 29 million.

Reversal of previous years' claims is still positive, and this year NOK 33 million has so far been taken to income, equivalent to 1.7 per cent of the reserves at the beginning of the year.

Key figures for the Company

	At 31.03 2022	At 31.03 2021	Whole of 2021
Claims ratio	79,6	72,8	76,4
Cost ratio	15,5	16,4	15,8
Total cost ratio	95,1	89,2	92,1

Net financial income in the first quarter was NOK -49.3 (29.5) million, equivalent to minus 0.9 (0.6) per cent. Overall, the equity portfolio had a negative quarterly return of minus 4.1 per cent. The quarter has been marked by turbulence in the international equity market, while the Norwegian equity portfolio returned 1.5 per cent. The Company's investments in interest-bearing funds also had a negative return of minus 2.8 per cent, largely as a result of higher interest rates and increased credit premiums. The Company's long-term bonds had a yield of 0.8 per cent. The return on property investments was 3.6 per cent, after a write-up of NOK 18.4 million on real estate assets.

The solvency margin (SCR) saw a marginal change from 224 per cent at year-end to 222 per cent at the end of the first quarter.

Asset and fund management

KLP Kapitalforvaltning provides securities management in the KLP Group. It had a total of NOK 646 billion under management at the end of the first quarter, of which NOK 135 billion was for external customers. The majority of the assets are managed on behalf of KLP and its subsidiaries.

There were zero net new subscriptions to the KLP funds in the first quarter. External customers had positive net new subscriptions of NOK 4.5 billion in the quarter.

The Company achieved a result before tax of NOK -17.5 million in the first quarter.

Bank

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

As of 31 March, the KLP Banken Group had loans to customers totalling NOK 40.6 (37.6) billion. Mortgage loans in the retail market and public-sector loans totalled NOK 22.6 (20.9) billion and 18.0 (16.7) billion respectively.

KLP Banken manages NOK 3.0 (3.2) billion in mortgage loans and NOK 72.6 (72.6) billion in loans to public-sector borrowers and other businesses on behalf of KLP.

The Bank's mortgage products are aimed at the target group of members of the KLP pension schemes. So far this year, the retail market in KLP Banken has seen stronger growth in mortgages, which increased by NOK 0.5 billion compared to NOK 0.3 billion last year. New loans paid out also increased compared to last year.

Lending volume to the public-sector market on KLP Banken's balance sheet increased by NOK 0.2 (0.9) billion through the quarter. Loans to public-sector borrowers managed on behalf of KLP increased by NOK 0.1 (1.1) billion in the same period. Managed loans to other businesses, mainly in other currencies, decreased by NOK 0.1 billion in the first quarter, to NOK 6.3 billion.

The Bank's lending margins are heavily affected by market turbulence and rising interest rates. This hits both lending areas. KLP Banken has chosen to keep lending rates on mortgages unchanged for a time. This has helped to drive growth, but also contributed to lower margins in the first quarter compared to last year. In the public-sector market, margins have remained at an almost normal level. The Bank's operating income, in the form of net interest income, was NOK 72.1 (75.7) million at the end of the first quarter.

KLP Banken's liquidity is invested in other banks and in interest-bearing securities. The portfolio of interest-bearing securities and bank deposits amounts to NOK 8.3 (5.5) billion.

The Bank's net gain/loss on financial instruments mainly comprises accounting effects of loan buybacks and changes in the value of its securities holdings. In all, financial instruments produced total expenses of NOK -10.1 (14.5) million to the end of the quarter. The recognised expense in the quarter is mainly due to increased credit risk premiums in the market reducing the market value of the Bank's securities holdings. Realised costs make up a negligible proportion of this.

The KLP Banken Group's external financing consists mainly of deposits and bonds. Deposit growth so far this year is NOK 0.5 (0.3) billion. On the reporting date, deposits from individuals and companies amounted to NOK 13.4 (12.1) billion and debt from securities issues came to NOK 31.9 (27.1) billion. The securities debt is mainly covered bonds issued by KLP Kommunekreditt AS and KLP Boligkreditt AS.

Operating expenses and depreciation amounted to NOK 64.0 (60.6) million in the first quarter.

In the year to date, losses and loss provisions in the retail market amounted to NOK 0.1 (-0.5) million. Positive figures here mean that the reversal of previous loss provisions on credit cards and mortgages is higher than new losses and loss provisions. Nor have we experienced any losses related to public-sector lending in the year to date.

The KLP Banken Group had a pre-tax operating profit of NOK 18.3 million (48.6) in the first quarter. Broken down by area, the pre-tax profit was NOK 8.3 (41.8) million from the retail market and NOK 10.0 (6.8) million from the public-sector market. Most changes in the value of liquidity investments are recorded in the retail market. The Group's total comprehensive income for the first quarter was NOK 56.2 (69.8) million.

Corporate social responsibility

At the end of February, Russia invaded Ukraine and so started a war that concerns the whole world. When Russia annexed the Crimea back in 2014, KLP and the KLP funds introduced a precautionary approach to investments in Russia. KLP froze four companies at that time, and has been underinvested in Russia since then. At the end of February, KLP decided to apply its exclusion policy and withdraw all investments in Russian companies. This involves 22 different companies in all, and about a third of the shares in these – those listed in London – have already been sold. Divestment from the Moscow Stock Exchange will be completed when the exchange opens and in line with what the sanction rules allow.

For KLP as a responsible investor, voting at general meetings is an important way of influencing companies in which we are invested. In the first quarter, KLP updated the voting guidelines for KLP and the KLP funds to reflect changes made by NUES (the Norwegian Corporate Governance Committee) in 2021. Recommendations on ownership, corporate governance and control from the local government organisation KS have also been incorporated.

The expansion of renewable energy and sustainable infrastructure is crucial to achieving the goals set out in the Paris Agreement. In the first quarter, KLP invested in a new Nordic renewables company, where the principal shareholders are HitecVision and TrønderEnergi. The company will have operations throughout the Nordic region related to energy production, electrification and energy efficiency.

KLP Banken issued three new green loans in the first quarter, totalling NOK 8.1 million. These went to two projects within waste management and improved recycling rates, and one to install solar panels in commercial premises.

If the world is to attain the 1.5 degree target laid down in the Paris Agreement, change is needed in a number of sectors. Through the 'Green Shipping Programme', KLP helped develop common guidelines for standardising criteria for green loans in shipping. Financial institutions should only provide green loans to projects directly linked to emission targets in line with the Paris Agreement, and the companies must make contractual commitments to meet the emission targets specified in the loan agreement.

Before Christmas, KLP Eiendom obtained BREEAM In-Use certification for one of its buildings at Tjuvholmen in Oslo. The certification process has produced good results, including a reduction in energy consumption (a big financial saving at today's electricity prices), and reduced emissions from the property.

In the first quarter, KLP Skadeforsikring launched two fire prevention projects which will both help to increase the life of the buildings. One is in cooperation with the fire service in Gudbrandsdalen and Innlandet, and the other is being run in partnership with NTNU, the Norwegian Institute for Air Research, the Norwegian Asthma and Allergy Association, and several municipalities.

One of KLP's working environment networks that has made great improvements is the merged SOP (Central Operations) department at Akershus University Hospital. The project focuses on measures to prevent sickness absence, and to create a shared culture and an inclusive workplace environment. By strengthening the leadership role in the management team, the project has helped to increase employee involvement and improve the training of new hires. The project has raised people's awareness of their own working environment and how they can help to improve it, and contributed to greater safety and transparency in the workplace.

Future prospects and events after the end of the quarter

The global economy has been heavily affected by the war in Ukraine and rising commodity prices. This has resulted in some big falls in the equity market and higher interest rates. KLP has solid financial buffers which safeguard customers' savings in periods of negative market movements.

Oslo, 13 May 2022

The Board of Kommunal Landspensjonskasse gjensidige forsikringsselskap

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KLP Group

Q1 2022

Income statement

KLP Group

NOTE	NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021- 31.12.2021
3	Premium income for own account	7 981	7 469	52 001
	Current return on financial assets	3 820	3 629	14 813
	Net interest income banking	72	76	309
	Net value changes on financial instruments	-17 128	9 617	48 365
8	Net income from investment properties	1 261	836	8 543
4	Other income	367	403	1 547
	Total net income	-3 627	22 030	125 577
	Claims for own account	-11 037	-14 077	-31 855
	Change in technical provisions	8 781	4 737	-31 253
5	Net costs subordinated loan and hybrid Tier 1 securities	160	230	103
6	Operating expenses	-627	-512	-2 278
7	Other expenses	-333	-303	-1 292
	Unit holder's value change in consolidated securites funds	7 237	-4 128	-19 802
	Total expenses	4 181	-14 053	-86 377
	Operating profit/loss	555	7 977	39 200
	To/from securities adjustment fund – life insurance	0	-1 207	-21 646
	To supplementary reserves – life insurance	841	0	-5 420
	Assets allocated to insurance customers - life insurance	-1 183	-6 077	-11 107
	Pre-tax income	213	693	1 027
	Cost of taxes ¹	-163	-246	-748
	Income	49	446	279

NOTE	NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021- 31.12.2021
19	Actuarial loss and profit on post employment benefit obligations	426	185	84
	Adjustments of the insurance obligations	-47	-21	-16
	Tax on items that will not be reclassified to profit or loss	-67	-30	-12
	Items that will not be reclassified to profit or loss	311	135	56
	Revaluation real property for use in own operation	43	26	206
8	Currency translation foreign properites	-945	-1 276	-1 314
	Adjustments of the insurance obligations	945	1 276	1 314
	Tax on items that will be reclassified to profit or loss	-11	-7	-52
	Items that will be reclassified to income particular specific conditions are met	32	20	155
	Total other comprehensive income	343	154	211
	Total comprehensive income	392	601	490
	¹ Unit holders share of taxes in consolidated securities fund	-80	-54	-296

Financial position statement

KLP Group

NOTE	NOK MILLIONS	31.03.2022	31.03.2021	31.12.2021
	Deferred tax assets	51	49	52
	Other intangible assets	854	731	797
	Tangible fixed assets	2 741	2 561	2 714
	Investments in associated companies and joint venture	5 221	4 592	4 934
8,11	Investment property	89 280	80 412	89 535
9,14	Debt instruments held to maturity	25 376	28 397	25 985
9,14	Debt instruments classified as loans and receivables	166 434	155 674	164 484
9,11,14	Lending local government, enterprises & retail customers at fair value through profit / loss	56	537	79
9,14	Lending local government, enterprises and retail customers	118 829	113 070	118 024
9,11,14	Debt instruments at fair value through profit or loss	184 010	182 846	188 172
9,11	Equity capital instruments at fair value through profit/loss	287 036	227 487	294 476
9,11,14	Financial derivatives	6 578	5 077	3 253
19	Receivables	13 474	6 859	5 377
14	Cash and bank deposits	2 971	5 221	3 388
	TOTAL ASSETS	902 911	813 514	901 270
	Owners' equity contributed	19 831	17 919	19 831
	Retained earnings	21 618	21 823	20 901
	TOTAL OWNERS' EQUITY	41 449	39 742	40 732

NOTE	NOK MILLIONS	31.03.2022	31.03.2021	31.12.2021
9,10	Hybrid Tier 1 securities	1 505	1 637	1 604
9,10	Subordinated loan capital	2 939	3 032	3 000
19	Pension obligations	474	772	870
15	Technical provisions - life insurance	643 082	595 798	653 551
	Premiums, claims and contingency fund provisions - non-life insurance	3 596	3 316	3 023
9,10	Covered bonds issued	30 960	26 345	31 015
9,10	Debt to credit institutions	12 933	7 018	4 199
9,10	Liabilities to and deposits from customers	13 372	12 103	12 901
9,11	Financial derivatives	1 409	1 416	4 740
	Deferred tax	1 416	1 572	1 387
16	Other current liabilities	14 848	8 387	6 808
	Unit holders' s interest in consolidated securites funds	134 927	112 376	137 440
TOTAL LIABILITIES		861 463	773 772	860 538
TOTAL EQUITY AND LIABILITIES		902 911	813 514	901 270
	Contingent liabilities	27 001	26 601	28 754

Changes in Owners' equity

KLP Group

2022 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 31 December 2021	19 831	20 901	40 732
Change recognized directly in equity		324	324
Owners' equity 1 January 2022	19 831	21 225	41 056
Income		49	49
Items that will not be reclassified to income		311	311
Items that will be reclassified to income later when particular conditions are met		32	32
Total other comprehensive income		343	343
Total comprehensive income	0	392	392
Owners' equity contribution received (net)			0
Total transactions with the owners	0		0
Owners' equity 31 March 2022	19 831	21 617	41 449

2021 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 1 January 2021	18 194	21 222	39 416
Income		446	446
Items that will not be reclassified to income		135	135
Items that will be reclassified to income later when particular conditions are met		20	20
Total other comprehensive income		154	154
Total comprehensive income	0	601	601
Owners' equity contribution received (net)	- 275		- 275
Total transactions with the owners	- 275		- 275
Owners' equity 31 March 2021	17 919	21 823	39 742

2021 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 1 January 2021	18 194	21 222	39 416
Income	811	- 532	279
Items that will not be reclassified to income		56	56
Items that will be reclassified to income later when particular conditions are met		155	155
Total other comprehensive income		211	211
Total comprehensive income	811	- 321	490
Owners' equity contribution received (net)	826		826
Total transactions with the owners	826		826
Owners' equity 31 December 2021	19 831	20 901	40 732

Statement of cash flow

NOK MILLIONS	01.01.2022 -31.03.2022	01.01.2021 -31.12.2021	01.01.2021 -30.09.2021	01.01.2021 -30.06.2021	01.01.2021 -31.03.2021
Net cash flow from operational activities	-1 917	-24 289	-17 000	-21 644	-13 312
Net cash flow from investment activities ¹	-82	-278	-218	-146	-72
Net cash flow from financing activities ²	1 583	25 182	17 496	22 640	15 833
Net changes in cash and bank deposits	-417	616	278	850	2 449
Holdings of cash and bank deposits at start of period	3 388	2 772	2 772	2 772	2 772
Holdings of cash and bank deposits at end of period	2 971	3 388	3 050	3 622	5 221

¹ Payments on the purchase of tangible fixed assets.

² Net receipts of owners' equity contribution, rising of new loans and repayment of debt. And also payments from unit holders in consolidated securities funds.

Notes to the financial statement

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 01.01.2022 – 31.03.2022. The accounts have not been audited.

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

The same accounting principles and calculation methods have been used in the interim financial statements as in the last annual financial statements, unless stated otherwise.

In the insurance business, rules on a merged buffer fund covering all customers were introduced for municipal pension schemes from 01.01.2022 together with some other changes for guaranteed pension products. The new buffer fund replaces the earlier supplementary reserves and securities adjustment fund and amounts to 126 NOK million as at 01.01.2022. The buffer fund is included in the accounting line “Technical provisions – life insurance” in the balance sheet. In addition, 554 NOK million was transferred from the security adjustment fund to the risk adjustment fund. The latter is included in retained earnings in the balance sheet.

In 2021 and at the beginning of 2022, the insurance business was in discussions with the Financial Supervisory Authority of Norway on certain allocations that were made in the annual accounts for 2020. The annual accounts for 2021 reported these changes, and the effects were incorporated into the figures. In February 2022, the insurance business again received a letter from the FSA stating that its equity must contribute 20 per cent of the amount from the risk result from 2020 used to boost the reserves for increased longevity. This amounts to NOK 229 million, and is recognised directly in the balance sheet, split between retained earnings and technical provisions -life insurance.

The interim financial statements do not contain all the information required of complete financial statements, and this interim financial report should be read in the context of the annual financial statements for 2021. The annual financial statements are available at KLP's website klp.no.

Other

Exclusion of Russian companies

The group decided in February 2022 to freeze all investments in Russia, and 22 Russian companies were excluded. Some of the companies were already subject to restrictions following the escalation of the Russia-Ukraine conflict back in 2014, but this has now been extended to all investments in Russia. KLP is actively exploring ways to sell off these investments, but international sanctions have to be taken into account, as well as the restrictions imposed on Western investors by Russia. The investments are in the KLP AksjeFremvoksende Markeder Indeks I and KLP Aksje Fremvoksende Markeder Flerfaktor funds, and are conservatively priced at a total of around NOK 24 million at the end of the first quarter.

Norwegian Competition Authority investigating whether KLP has breached the Competition Act

In February 2022, the Norwegian Competition Authority made an unannounced evidence-gathering visit to the groups insurance business because it found reasonable grounds to assume that it had breached the Norwegian Competition Act. The Authority is examining whether the insurance business has breached Section 11 of the Act (Abuse of a dominant position), and the evidence-gathering was authorised by a decision from Hordaland District Court.

The group has given the Norwegian Competition Authority access to everything it has asked for, and is ready to cooperate with the Authority in its continuing investigation.

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.

The group has changed the discount rate for corporate bonds which is used to calculate pension obligations. Compared to the assumptions used at 31.12.2021, the discount rate has been changed from 1.9 % to 2.7

%. This change results in a reduction of 426 NOK million in recognised liabilities as at 31.03.2022. Demographic assumptions such as expected wage growth, the National Insurance basic amount (G) and pension regulations have not changed in the period.

New rules regulating deferred pensions have been adopted, but the Norwegian Accounting Standards Board has not issued any guidance on how these should be included in the pension accounts. This should be clarified soon, and is expected to affect the company's pension obligations in later periods.

Note 2 Segment information

NOK MILLIONS	Group pensions pub.sect. & group life			Non-life insurance			Banking			Asset management		
	01.01.2022 -31.03.2022	01.01.2021 -31.03.2021	01.01.2021 -31.12.2021	01.01.2022 -31.03.2022	01.03.2021 -31.03.2021	01.01.2021 -31.12.2021	01.01.2022 -31.03.2022	01.03.2021 -31.03.2021	01.01.2021 -31.12.2021	01.01.2022 -31.03.2022	01.03.2021 -31.03.2021	01.01.2021 -31.12.2021
Premium income for own account from external customers ¹	7 503	7 041	50 161	492	442	1 865	0	0	0	0	0	0
Net financial income from investments	-5 045	8 726	50 228	-48	27	259	63	93	277	-2	2	2
Other income	340	517	1 999	0	0	2	20	19	78	160	154	608
Total income	2 798	16 284	102 388	445	469	2 125	84	112	355	158	155	610
Claims for own account	-10 642	-13 754	-30 438	-395	-323	-1 417	0	0	0	0	0	0
Insurance provisions for own account	8 778	4 736	-31 246	3	1	-7	0	0	0	0	0	0
Costs borrowing	160	230	103	0	0	0	0	0	0	0	0	0
Operating costs excluding depreciation	-325	-255	-1 147	-76	-75	-298	-63	-61	-229	-179	-133	-548
Depreciation	-23	-23	-162	-1	-1	-5	-1	-1	-5	-1	-1	-6
Other expenses	-365	-336	-1 425	0	0	0	-2	-1	-5	0	0	0
Return to financial instruments attributable to minority interests												
Total expenses	-2 417	-9 402	-64 315	-469	-398	-1 728	-65	-64	-239	-180	-135	-554
Operating profit/loss	380	6 883	38 074	-24	72	398	18	49	116	-21	21	56
Funds credited to insurance customers ²	-310	-6 317	-37 786	0	0	0	0	0	0	0	0	0
Pre-tax income	71	566	288	-24	72	398	18	49	116	-21	21	56
Cost of taxes	6	-105	125	-5	-23	30	8	13	-21	5	-5	-13
Income	77	461	413	-29	49	428	27	62	95	-16	16	43
Change in other comprehensive income	311	135	56	44	19	-91	29	8	26	34	14	2
Total comprehensive income	388	595	469	15	68	337	56	70	121	18	30	45
Assets	710 467	650 623	706 748	6 192	5 917	5 976	47 954	43 200	47 482	605	587	636
Liabilities	669 077	610 921	666 070	3 911	3 739	3 710	45 406	40 731	44 961	205	223	256

NOK MILLIONS	Other			Eliminations			Total		
	01.01.2022 -31.03.2022	01.01.2021 -31.03.2021	01.01.2021 -31.12.2021	01.01.2022 -31.03.2022	01.03.2021 -31.03.2021	01.01.2021 -31.12.2021	01.01.2022 -31.03.2022	01.03.2021 -31.03.2021	01.01.2021 -31.12.2021
Premium income for own account from external customers ¹	0	0	0	-15	-13	-25	7 981	7 469	52 001
Net financial income from investments	0	0	0	-6 943	5 312	21 263	-11 974	14 161	72 029
Other income	3	3	12	-156	-290	-1 151	367	403	1 547
Total income	3	3	12	-7 114	5 009	20 086	-3 627	22 033	125 577
Claims for own account	0	0	0	0	0	0	-11 037	-14 077	-31 855
Insurance provisions for own account	0	0	0	0	0	0	8 781	4 737	-31 253
Costs borrowing	0	0	0	0	0	0	160	230	103
Operating costs excluding depreciation	-3	-3	-10	44	39	182	-600	-489	-2 050
Depreciation	0	0	0	0	0	-50	-27	-27	-228
Other expenses	0	0	0	34	34	138	-333	-303	-1 292
Return to financial instruments attributable to minority interests				7 237	-4 128	-19 802	7 237	-4 128	-19 802
Total expenses	-3	-3	-10	7 315	-4 055	-19 531	4 181	-14 056	-86 377

NOK MILLIONS	Other			Eliminations			Total		
	01.01.2022 -31.03.2022	01.01.2021 -31.03.2021	01.01.2021 -31.12.2021	01.01.2022 -31.03.2022	01.03.2021 -31.03.2021	01.01.2021 -31.12.2021	01.01.2022 -31.03.2022	01.03.2021 -31.03.2021	01.01.2021 -31.12.2021
Operating profit/loss	0	0	2	202	954	555	555	7 978	39 200
Funds credited to insurance customers ²	0	0	0	-32	-967	-388	-342	-7 284	-38 173
Pre-tax income	0	-1	2	169	-13	167	213	693	1 027
Cost of taxes	0	0	0	-178	-127	-869	-163	-246	-748
Income	0	-1	1	-9	-139	-702	49	446	279
Change in other comprehensive income	1	-1	0	-76	-20	218	343	154	211
Total comprehensive income	1	-1	2	-85	-160	-484	392	601	490
Assets	9	7	9	137 685	113 179	140 419	902 911	813 514	901 270
Liabilities	2	3	3	142 862	118 156	145 537	861 463	773 772	860 538

¹ Premium income covers premiums earned for own account including savings premium and transferred premium reserves from other companies.

² Funds transferred to the insurance customers include transfers to the premium fund, provisions to the securities adjustment fund, provisions to supplementary reserves and other provisions of surplus funds to the insurance customers.

The KLP Group's business is divided into the five areas: public sector occupational pension/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 offer a broad selection of securities mutual funds both to retail customers and to institutional customers. The securities management has a socially responsible profile.

OTHER

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

Note 3 Premium income for own account

NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
Contribution service pension	7 628	7 488	52 075
Reinsurance premiums ceded	-24	-18	-75
Transfer of premium reserves from others	376	0	0
Total premium income	7 981	7 469	52 001

Note 4 Other income

NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
Supplement contractual early retirement scheme (ERS)	331	299	1 265
Other income ¹	36	103	282
Total other income	367	403	1 547

¹ Other income includes investment from associated companies, so the results can be both negative and positive.

Note 5 Subordinated loans and perpetual hybrid tier 1 securities

NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
SUBORDINATED LOANS			
Interest costs ¹	-28	-27	-124
Value changes	88	130	132
Net costs subordinated loans	60	103	8
PERPETUAL HYBRID TIER 1 SECURITIES			
Interest costs	-16	-16	-64
Value changes	115	142	159
Net costs perpetual hybrid tier 1 securities	99	127	96
Net costs subordinated loan and hybrid Tier 1 securities	160	230	103

¹ Besides pure interest costs, this includes recognition through profit/loss of a discount on one subordinated loan.

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 6 Operating expenses

NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
Personnel costs	- 353	- 315	- 1 248
Depreciation and writedowns	- 40	- 39	- 228
Other operating expenses	- 235	- 159	- 802
Total operating expenses	- 627	- 512	- 2 278

Note 7 Other expenses

NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
Supplement contractual early retirement scheme (ERS)	- 335	- 299	- 1 265
Other expenses	2	- 4	- 27
Total other expenses	- 333	- 303	- 1 292

Note 8 Investment property

NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
Net rental income	790	756	3 040
Net value adjustment	471	80	5 444
Realised gains	0	0	59
Net income from investment properties	1 261	836	8 543
Currency translate foreign properites (taken to other comprehensive income)	-945	-1 276	-1 314
Net income from investment properties included currency translate	316	- 439	7 229

NOK MILLIONS	31.03.2022	31.03.2021	31.12.2021
Investment property 01.01.	89 535	81 485	81 485
Value adjustment, including currency translation	- 475	- 1 196	4 130
Net additions	231	138	3 913
Other changes	- 11	- 15	7
Investment property	89 280	80 412	89 535

Note 9 Fair value of financial assets and liabilities

Fair value is to be a representative price based on what the equivalent asset 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:

- Investments held to maturity
- Bonds classified as loans and receivables
- Other loans and receivables
- Liabilities to and deposits from customers
- Subordinated loan capital (liabilities)
- 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
- Debt instruments at fair value
- Derivatives (assets and liabilities)
- Debt to credit institutions (liabilities)

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

- INVESTMENTS HELD TO MATURITY
- BONDS CLASSIFIED AS LOANS AND RECEIVABLES
- 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 applying for Norwegian fixed-income securities described above.

e) Receivables on credit institutions

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

f) Loans to municipalities and enterprises with municipal guarantee

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

g) Loans secured by mortgage

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

- EQUITY INSTRUMENTS**h) Shares (listed)**

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

The following sources are used for Norwegian shares:

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

The following sources are used for foreign shares:

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

i) Shares (unlisted)

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

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

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

j) Private Equity

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

DERIVATIVES**k) Futures/FRA/IRF**

All futures contracts for KLP are traded on the stock exchange. Bloomberg is used as a prices 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 prices on swap curves.

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

p) Fair value of subordinated loans

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

q) Fair value of subordinated bond/perpetual bond issued

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

r) Covered bonds issued

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

s) Deposits from customers

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

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

NOK MILLIONS	31.03.2022		31.03.2021		31.12.2021	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS HELD TO MATURITY - AT AMORTIZED COST						
Norwegian hold-to-maturity bonds	4 005	4 187	5 071	5 596	4 071	4 477
Foreign hold-to-maturity bonds	21 371	21 772	23 326	25 113	21 915	23 289
Total debt instruments held to maturity	25 376	25 959	28 397	30 709	25 985	27 766
DEBT INSTRUMENTS CLASSIFIED AS LOANS AND RECEIVABLES- AT AMORTIZED COST						
Norwegian bonds	55 228	55 645	53 651	55 803	53 339	54 373
Foreign bonds	111 184	119 202	101 977	108 159	111 136	115 067
Other receivables	23	23	46	46	9	9
Total debt instruments classified as loans and receivables	166 435	174 871	155 674	164 007	164 484	169 448
LENDING LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS						
Loans to local government sector or enterprises with local government guarantee	56	56	537	537	79	79
Total loans to local government, enterprises & retail customers	56	56	537	537	79	79
LENDING TO LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS - AT AMORTIZED COST						
Loans secured by mortgage	25 737	25 697	24 115	24 137	25 081	25 085
Loans to local government sector or enterprises with local government guarantee	86 773	85 941	81 568	82 448	86 486	86 641
Loans abroad secured by mortgage and local government guarantee	6 274	6 274	7 340	7 340	6 413	6 413
Loans creditcard	45	45	47	47	44	44
Total loans to local government, enterprises & retail customers	118 829	117 956	113 070	113 972	118 024	118 183
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Norwegian bonds	55 366	55 366	50 635	50 635	56 354	56 354
Norwegian certificates	6 301	6 301	8 066	8 066	7 805	7 805
Foreign bonds	80 355	80 355	90 377	90 377	87 026	87 026
Foreign certificates	394	394	737	737	405	405
Investments with credit institutions	41 594	41 594	33 031	33 031	36 582	36 582
Total debt instruments	184 010	184 010	182 846	182 846	188 172	188 172

NOK MILLIONS	31.03.2022		31.03.2021		31.12.2021	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Shares	250 922	250 922	206 483	206 483	260 001	260 001
Equity funds	31 220	31 220	19 358	19 358	30 328	30 328
Property funds	4 894	4 894	1 646	1 646	4 147	4 147
Total equity capital instruments	287 036	287 036	227 487	227 487	294 476	294 476
RECEIVABLES						
Receivables related to direct business	2 049	2 049	1 914	1 914	1 725	1 725
Receivables related to reinsurance agreements	265	265	174	174	304	304
Reinsurance share of gross claims reserve	72	72	55	55	0	0
Receivables related to securites	10 549	10 549	3 104	3 104	2 727	2 727
Prepaid rent related to real estate activities	257	257	212	212	245	245
Other receivables	282	282	1 400	1 400	374	374
Total other loans and receivables including receivables from policyholders	13 474	13 474	6 859	6 859	5 377	5 377
FINANCIAL LIABILITIES - AT AMORTIZED COST						
Hybrid Tier 1 securities	1 505	1 586	1 637	1 576	1 604	1 586
Subordinated loan capital	2 939	3 310	3 032	3 411	3 000	3 310
Debt to credit institutions	903	903	2 106	2 106	897	897
Covered bonds issued	30 960	30 521	26 345	26 503	31 015	30 591
Liabilities and deposits from customers	13 372	13 372	12 103	12 103	12 901	12 901
Total financial liabilities	49 679	49 691	45 222	45 699	49 417	49 284
FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS						
Debt to credit institutions	12 031	12 031	4 913	4 913	3 302	3 302
Total financial liabilities	12 031	12 031	4 913	4 913	3 302	3 302

NOK MILLIONS	31.03.2022		31.03.2021		31.12.2021	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS						
Forward exchange contracts	5 166	324	3 563	809	2 019	3 077
Interest rate swaps	611	1 085	237	607	223	1 664
Interest rate and currency swaps	756	0	1 091	0	732	0
Share option	45	0	187	0	279	0
Total financial derivatives	6 578	1 409	5 077	1 416	3 253	4 740

Note 10 Borrowing

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.03.2022	Book value 31.03.2021	Book value 31.12.2021
FIXED - TERM SUBORDINATED LOAN							
Kommunal Landspensjonskasse	2 530	EUR	Fixed ¹	2045	2 939	3 032	3 000
Total subordinated loan capital	2 530	-	-	-	2 939	3 032	3 000
HYBRID TIER 1 SECURITIES							
Kommunal Landspensjonskasse	984	JPY	Fixed ²	2034	1 505	1 637	1 604
Total hybrid Tier 1 securities	984	-	-	-	1 505	1 637	1 604
COVERED BONDS							
KLP Kommunekreditt AS	0	NOK	Floating	2021	0	261	0
KLP Kommunekreditt AS	0	NOK	Fixed	2021	0	605	0
KLP Kommunekreditt AS	1 996	NOK	Floating	2022	1 999	4 939	1 999
KLP Kommunekreditt AS	5 000	NOK	Floating	2023	5 011	5 006	5 009
KLP Kommunekreditt AS	5 000	NOK	Floating	2024	5 007	2 502	5 006
KLP Kommunekreditt AS	5 000	NOK	Floating	2025	5 005	2 604	5 003
KLP Kommunekreditt AS	1 000	NOK	Floating	2026	1 003	0	1 002

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.03.2022	Book value 31.03.2021	Book value 31.12.2021
KLP Kommunekreditt AS	500	NOK	Fixed	2027	511	511	508
KLP Boligkreditt AS	0	NOK	Floating	2021	0	567	0
KLP Boligkreditt AS	924	NOK	Floating	2022	924	2 501	1 904
KLP Boligkreditt AS	2 500	NOK	Floating	2023	2 502	2 501	2 501
KLP Boligkreditt AS	2 500	NOK	Floating	2024	2 500	2 500	2 500
KLP Boligkreditt AS	2 500	NOK	Floating	2025	2 500	1 798	2 500
KLP Boligkreditt AS	2 500	NOK	Floating	2026	2 506	0	2 504
KLP Boligkreditt AS	1 450	NOK	Floating	2027	1 452	0	501
Other					38	51	78
Total covered bonds	30 870	-	-	-	30 960	26 345	31 015
DEBT TO CREDIT INSTITUTIONS							
KLP Banken AS	0	NOK	Floating	2021	0	1 503	0
KLP Banken AS	300	NOK	Floating	2022	301	300	300
KLP Banken AS	300	NOK	Floating	2023	301	0	300
KLP Banken AS	300	NOK	Floating	2024	301	300	300
KLP Fond	0	NOK/EUR/USD	Floating	2021	0	602	0
KLP Fond	0	NOK/EUR/USD	Fixed	2021	0	979	0
KLP Fond	2 771	NOK/EUR/USD	Floating	2022	2 771	0	385
KLP Fond	1 336	NOK/EUR/USD	Fixed	2022	1 336	0	1 241
Kommunal Landspensjonskasse	0	NOK/EUR/USD	Floating	2021	0	3 318	0
Kommunal Landspensjonskasse	7 860	NOK/EUR/USD	Floating	2022	7 860	0	1 651
Other					64	16	21
Total liabilities to credit institutions	12 868	-	-	-	12 933	7 018	4 199

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.03.2022	Book value 31.03.2021	Book value 31.12.2021
LIABILITIES AND DEPOSITS FROM CUSTOMERS ¹							
Retail	11 572	NOK	-	-	11 572	10 521	11 212
Business	1 762	NOK	-	-	1 762	1 554	1 650
Foreign	38	NOK	-	-	38	28	39
Liabilities to and deposits from customers	13 372	-	-	-	13 372	12 103	12 901
Total financial liabilities	60 624	-	-	-	61 710	50 135	52 719

¹ The loan has an interest change date in 2025.

² The loan has an interest change date in 2034.

³ There is no contractual maturity date on deposits.

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

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

Note 11 Fair value hierarchy

31.03.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
<i>Land/plots</i>	0	0	973	973
<i>Real estate fund</i>	0	0	3 538	3 538
<i>Buildings</i>	0	0	84 769	84 769
Investment property	0	0	89 280	89 280
Lending at fair value	0	56	0	56
<i>Certificates</i>	1 580	5 130	0	6 709
<i>Bonds</i>	23 279	96 507	0	119 786
<i>Fixed-income funds</i>	15 921	7 375	6 863	30 159
Bonds and other fixed-income securities	40 779	109 012	6 863	156 654
Loans and receivables	26 026	1 330	0	27 356
<i>Shares</i>	242 604	5 499	2 819	250 922
<i>Equity funds</i>	2 171	0	51	2 222
<i>Property funds</i>	0	1 144	3 750	4 894
<i>Special funds</i>	0	0	0	0
<i>Private Equity</i>	0	0	28 998	28 998
Shares and units	244 775	6 644	35 617	287 036
Financial derivatives	0	6 578	0	6 578
Total assets at fair value	311 580	123 619	131 760	566 960
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	1 409	0	1 409
Debt to credit institutions ¹	10 695	1 336	0	12 031
Total financial liabilities at fair value	10 695	2 745	0	13 440

¹ The line «Debt to credit institutions» includes liabilities measured at fair value and amortized cost. This line is therefore not reconcilable against the Balance sheet. The liabilities measured at amortized cost amounted to NOK 903 million per 31.03.2022.

31.03.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
<i>Land/plots</i>	0	0	970	970
<i>Real estate fund</i>	0	0	3 320	3 320
<i>Buildings</i>	0	0	76 123	76 123
Investment property	0	0	80 412	80 412
Lending at fair value	0	537	0	537
<i>Certificates</i>	5 182	3 621	0	8 803
<i>Bonds</i>	23 007	101 287	0	124 294
<i>Fixed-income funds</i>	16 752	7 273	4 820	28 845
Bonds and other fixed-income securities	44 941	112 181	4 820	161 942
Loans and receivables	19 481	1 423	0	20 905
<i>Shares</i>	201 194	2 603	2 685	206 483
<i>Equity funds</i>	2 338	0	49	2 388
<i>Property funds</i>	0	1 095	551	1 646
<i>Special funds</i>	0	0	0	
<i>Private Equity</i>	0	0	16 970	16 970
Shares and units	203 532	3 698	20 256	227 487
Financial derivatives	0	5 077	0	5 077
Total assets at fair value	267 955	122 917	105 489	496 360
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	1 416	0	1 416
Debt to credit institutions ¹	3 934	979	0	4 913
Total financial liabilities at fair value	3 934	2 395	0	6 329

31.12.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
<i>Land/plots</i>	0	0	983	983
<i>Real estate fund</i>	0	0	3 572	3 572
<i>Buildings</i>	0	0	84 980	84 980
Investment property	0	0	89 535	89 535
Lending at fair value	0	79	0	79
<i>Certificates</i>	2 046	6 164	0	8 210
<i>Bonds</i>	24 164	102 021	0	126 186
<i>Fixed-income funds</i>	17 199	7 431	6 227	30 858
Bonds and other fixed-income securities	43 410	115 616	6 227	165 253
Loans and receivables	21 472	1 447	0	22 919
<i>Shares</i>	246 170	10 962	2 869	260 001
<i>Equity funds</i>	2 316	0	50	2 366
<i>Property funds</i>	0	1 133	3 013	4 147
<i>Special funds</i>	0	0	0	0
<i>Private Equity</i>	0	0	27 962	27 962
Shares and units	248 486	12 096	33 895	294 476
Financial derivatives	0	3 253	0	3 253
Sum eiendeler regnskapsført til virkelig verdi	313 367	132 491	129 657	575 515
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	4 740	0	4 740
Debt to credit institutions ¹	2 061	1 241	0	3 302
Total financial liabilities at fair value	2 061	5 981	0	8 042

Changes in Level 3, Investment Property	Book value 31.03.2022	Book value 31.03.2021	Book value 31.12.2021
Opening balance 1 January	89 535	81 485	81 485
Sold	0	0	-723
Bought	231	138	4 636
Unrealised changes	-475	-1 196	4 130
Other changes	-11	-15	7
Closing balance 31.03./31.12.	89 280	80 412	89 535
Realised gains/losses	0	0	59

Changes in Level 3, Financial Assets	Book value 31.03.2022	Book value 31.03.2021	Book value 31.12.2021
Opening balance 1 January	40 122	23 420	23 420
Sold	-1 293	-870	-4 627
Bought	2 512	2 014	13 867
Unrealised changes	1 139	512	7 463
Closing balance 31.03./31.12.	42 481	25 076	40 122
Realised gains/losses	509	562	2 242
Closing balance 31.03.	131 760	105 489	129 657

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

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

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for on normal market terms and conditions. Highest quality in regard to fair value is based on listed prices in an active market. A financial instrument is considered as noted in an active market if noted prices are simply 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 6 588 million as of 31.03.2022.

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

In the 1st quarter, NOK 1 199 million in stocks moved from Level 1 to Level 2, NOK 60 million moved from Level 1 to Level 3 and NOK 1 242 million moved from level 2 to level 1. This is due to changes in liquidity.

Note 12 **Liquidity risk**

The table below specify the company's financial obligations ranked by maturity. The amounts given are non-discounted contractual flows of cash.

31.03.2022 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan ¹	0	243	562	639	4 456	5 900
Perpetual hybrid Tier 1 securities ¹	0	127	255	318	1 165	1 866
Debt to and deposits from customers (without defined maturity)	12 933	0	0	0	0	12 933
Covered bonds issued	0	2 922	27 146	2 025	0	32 093
Payables to credit institutions	176	1 651	607	0	0	2 434
Financial derivatives	1 915	2 552	197	477	15	5 157
Accounts payable	193	0	0	0	0	193
Contingent liabilities (without defined maturity)	27 001	0	0	0	0	27 001
Total	42 218	7 496	28 768	3 459	5 637	87 577

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 64 million and derivatives maturing between 1 to 12 months are reduced with NOK 26 million. Total amount of the financial liabilities for the Group are after these adjustments NOK 87 486 million.

31.03.2021 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan ¹	0	251	574	658	4 727	6 210
Perpetual hybrid Tier 1 securities ¹	0	124	249	311	1 304	1 988
Debt to and deposits from customers (without defined maturity)	12 103	0	0	0	0	12 103
Covered bonds issued	260	1 161	24 840	584	0	26 845
Payables to credit institutions	1 907	908	609	0	0	3 424
Financial derivatives	1 245	2 090	19	51	-106	3 298
Accounts payable	111	0	0	0	0	111
Contingent liabilities (without defined maturity)	26 601	0	0	0	0	26 601
Total	42 228	4 534	26 290	1 604	5 925	80 581

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 50 million, payables to credit institutions maturing within one month are reduced with NOK 40 million and derivatives maturing between 1 to 12 months are reduced with NOK 115 million. Total amount of the financial liabilities for the Group are after these adjustments NOK 80 377 million.

31.12.2021 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan ¹	0	125	573	658	4 725	6 082
Perpetual hybrid Tier 1 securities ¹	0	64	257	321	1 298	1 941
Debt to and deposits from customers (without defined maturity)	12 901	0	0	0	0	12 901
Covered bonds issued	0	3 921	26 930	1 003	0	31 855
Payables to credit institutions	1 685	312	608	0	0	2 605
Financial derivatives	3 739	3 366	248	295	216	7 864
Accounts payable	42	0	0	0	0	42
Contingent liabilities (without defined maturity)	28 754	0	0	0	0	28 754
Total	47 121	7 788	28 616	2 277	6 240	92 043

¹ Some of the hybrid capital are perpetual. Estimated cash flows are based on expected maturity at the interest adjustment date.

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 754 million, payables to credit institutions maturing within one month are reduced with NOK 335 million and derivatives maturing between 1 to 12 months are reduced with NOK 237 million. Total amount of the financial liabilities for the Group are after these adjustments NOK 90 716 million.

The table above shows financial liabilities the Group has grouped by interest payments and repayment of principal, based on the date payment is due. Banking contains the largest proportion of the financial liabilities in the Group.

Liquidity risk is the risk that the Group will not be able to meet the financial obligations that it has. The risk that the Group would not have adequate liquidity to meet its current liabilities and current operations is very small since a major part of the Group's assets is liquid. The Group has significant funds invested in the money market, bonds and shares that can be sold in the event of a liquidity requirement. The Group's liquidity strategy involves the Group always having adequate liquid assets to meet the Group's liabilities as they fall due without accruing significant costs associated with releasing assets.

Asset composition in the Group's portfolios should be adequately liquid to be able to cover other liquidity needs that may arise. KLP Kapitalforvaltning manages the Group's liquidity. Internal parameters have been established for the size of the liquidity holding. The Group's risk management unit monitors and reports developments in the liquidity holding continuously. The Group Board determines an asset management and liquidity strategy annually. The liquidity strategy includes parameters, responsibilities, risk measurement and an emergency plan for liquidity management.

The major liabilities in the Group are insurance related and are mostly linked to pension obligations. These liabilities are fully funded and liquidity management are handled in the same manner as other liabilities.

Note 13 Interest rate risk

31.03.2022 NOK MILLIONS								
	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow 01.01.2022 -31.03.2022	Total	Adjusted for the unit holders' interests in consolidated securities funds
ASSETS								
Financial derivatives classified as assets	17	-8	39	133	-142	10	48	37
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	0	0	3
Bonds and other fixed-return securities	-44	-52	-1 047	-1 453	-1 698	71	-4 223	-3 296
Fixed income fund holdings	-1 122	0	0	0	0	0	-1 122	-1 122
Lending and receivables	-1	0	0	0	0	74	74	119
Lending	0	0	0	0	0	206	206	206
Cash and bank deposits	0	0	0	0	0	7	7	7
Contingent liabilities ¹	0	0	0	0	0	11	11	11
Total assets	-1 150	-60	-1 007	-1 320	-1 840	380	-4 998	-4 036
LIABILITIES								
Deposit	0	0	0	0	0	-34	-34	-34
Liabilities created on issue of securities	0	0	0	0	0	-80	-80	-80
Financial derivatives classified as liabilities	2	2	-23	1	0	-1	-18	-17
Hybrid capital, subordinated loans	0	0	0	38	70	0	108	108
Debt to credit institutions	0	0	0	0	0	-29	-29	-29
Total liabilities	2	2	-23	39	70	-144	-54	-53
Total before tax	-1 148	-59	-1 030	-1 281	-1 770	236	-5 053	-4 089
Total after tax	-861	-44	-773	-961	-1 328	177	-3 789	-3 067

31.03.2021 NOK MILLIONS								
	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow 01.01.2021 -31.03.2021	Total	Adjusted for the unit holders' interests in consolidated securities funds
ASSETS								
Financial derivatives classified as assets	20	-10	-30	-2	-189	0	-210	-191
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	2	2	2
Bonds and other fixed-return securities	-43	-54	-1 163	-1 767	-2 167	73	-5 123	-4 160
Fixed income fund holdings	-1 315	0	0	0	0	0	-1 315	-1 315
Lending and receivables	0	-1	0	0	0	62	61	50
Lending	0	0	0	0	0	195	195	195
Cash and bank deposits	0	0	0	0	0	13	13	13
Contingent liabilities ¹	0	0	0	0	0	13	13	13
Total assets	-1 338	-65	-1 193	-1 770	-2 356	358	-6 364	-5 393
LIABILITIES								
Deposit	0	0	0	0	0	-31	-31	-31
Liabilities created on issue of securities	0	0	0	0	0	-71	-71	-71
Financial derivatives classified as liabilities	-2	5	39	35	0	5	81	81
Hybrid capital, subordinated loans	0	0	0	46	81	0	127	127
Debt to credit institutions	0	0	0	0	0	-23	-23	-23
Total liabilities	-2	5	39	81	81	-120	83	83
Total before tax	-1 340	-60	-1 154	-1 689	-2 275	237	-6 281	-5 310
Total after tax	-1 005	-45	-865	-1 267	-1 706	178	-4 711	-3 983

31.12.2021 NOK MILLIONS								
	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow 01.01.2021 -31.12.2021	Total	Adjusted for the unit holders' interests in consolidated securities funds
ASSETS								
Financial derivatives classified as assets	33	-1	-1	53	-209	2	-122	-99
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	16	16	0
Bonds and other fixed-return securities	-46	-55	-1 128	-1 553	-2 018	293	-4 508	-3 780
Fixed income fund holdings	-1 321	0	0	0	0	0	-1 321	-1 321
Lending and receivables	0	-1	0	0	0	85	84	187
Lending	0	0	0	0	0	819	819	819
Cash and bank deposits	0	0	0	0	0	34	34	34
Contingent liabilities ¹	0	0	0	0	0	41	41	41
Total assets	-1 334	-57	-1 129	-1 501	-2 227	1 290	-4 957	-4 119
LIABILITIES								
Deposit	0	0	0	0	0	-133	-133	-133
Liabilities created on issue of securities	0	0	0	0	0	-318	-318	-318
Financial derivatives classified as liabilities	1	1	20	26	0	14	62	48
Hybrid capital, subordinated loans	0	0	0	43	77	0	119	119
Debt to credit institutions	0	0	0	0	0	-41	-41	-41
Total liabilities	1	1	20	69	77	-479	-311	-325
Total before tax	-1 334	-55	-1 109	-1 432	-2 150	811	-5 268	-4 444
Total after tax	-1 000	-41	-831	-1 074	-1 612	609	-3 951	-3 333

¹ Contingent liabilities are lending agreements that are not yet materialized.

The note shows the effect on profits if market interest rates were to increase by one percent, for fair value risk and variable interest risk.

Change in fair value (fair value risk) is shown in the first five columns and is calculated by the change in fair value of interest bearing instruments if interest rates had been one percent higher at the end of the period. The column change in cash flow shows the change in cash flows if the interest had been one percent higher over the year being reported on. The sum of these results reflects the overall effect that the scenario had given the group during the period being reported on.

The fair value risk applies to fixed interest securities where the market value of the securities is affected by market interest rates. Floating rate risk applies to securities with floating interest rates, where a change in market interest rates affects the cash-flow from the interest bearing securities.

The following securities are included in the note; securities measured at fair value through profit or loss (floating and fixed interest rates), investments held to maturity (only those with floating interest rates) and loans and receivables (only those with floating interest rates). The group has no securities classified as available for sale.

The Groups total interest rate risk is limited as a significant portion of the investments are bonds with fixed interest rates that are classified as held to maturity and loans and receivables, or fixed rate lending, measured at amortized cost. A change in market interest rate does not affect profit or loss for these assets.

Insurance contracts with guaranteed return does not change the accounting value even if interest rates change. Changes in interest rates also has no impact on the guaranteed return , but will have an impact on the achieved return to cover the guaranteed return . This is because that insurance funds partly invested in debt instruments whose cash flows should help to meet the guaranteed return.

Note 14 Credit risk

31.03.2022 NOK MILLIONS									
	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Bank and finance	Mortgage < 80% ¹	Mortgage > 80% ¹	Other	Total	Adjusted for the unit holders' interest in consolidated securites funds
Debt instruments held to maturity at amortized cost	24 020	18	0	0	0	0	1 338	25 376	25 376
Debt instruments classified as loans and receivables at amortized cost	145 497	0	380	1 700	0	0	18 858	166 434	166 434
Debt instruments at fair value - fixed-return securities	111 139	2 334	4 908	3 850	0	0	11 640	133 870	111 917
Fixed-income funds	0	0	0	0	0	0	22 784	22 784	22 784
Loans and receivables	27 050	0	0	306	0	0	0	27 356	22 597
Financial derivatives classified as assets	6 578	0	0	0	0	0	0	6 578	5 748
Cash and bank deposits	2 904	0	0	67	0	0	0	2 971	2 971
Lending	0	0	90 762	0	23 967	2 127	2 029	118 885	118 885
Total	317 187	2 351	96 050	5 923	23 967	2 127	56 649	504 254	476 713

SPECIFICATION OF INVESTMENT GRADE NOK MILLIONS	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	11 056	2 704	6 798	3 462	24 020
Debt instruments classified as loans and receivables at amortized cost	22 302	24 680	57 681	40 834	145 497
Debt instruments at fair value - fixed-return securities	32 417	14 060	31 896	32 765	111 139
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	8 871	17 101	1 079	27 050
Financial derivatives classified as assets	0	2 475	4 074	29	6 578
Cash and bank deposits	0	2 310	593	0	2 904
Lending	0	0	0	0	0
Total	65 775	55 100	118 143	78 170	317 187

31.03.2021 NOK MILLIONS									
	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Bank and finance	Mortgage < 80% ¹	Mortgage > 80% ¹	Other	Total	Adjusted for the unit holders' interest in consolidated securites funds
Debt instruments held to maturity at amortized cost	27 017	43	0	0	0	0	1 338	28 397	28 397
Debt instruments classified as loans and receivables at amortized cost	132 694	0	380	0	0	0	22 600	155 674	155 674
Debt instruments at fair value - fixed-return securities ²	114 542	1 738	4 696	5 093	0	0	14 301	140 370	120 608
Fixed-income funds	0	0	0	0	0	0	21 572	21 572	21 572
Loans and receivables	20 374	0	0	531	0	0	0	20 904	17 269
Financial derivatives classified as assets	5 077	0	0	0	0	0	0	5 077	4 670
Cash and bank deposits	5 155	0	0	66	0	0	0	5 221	5 221
Lending	0	0	86 052	0	21 637	2 846	3 072	113 607	113 607
Total	304 857	1 781	91 128	5 690	21 637	2 846	62 883	490 823	467 018

SPECIFICATION OF INVESTMENT GRADE NOK MILLIONS	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	11 879	4 148	7 133	3 857	27 017
Debt instruments classified as loans and receivables at amortized cost	22 795	21 731	53 999	34 170	132 694
Debt instruments at fair value - fixed-return securities	27 710	14 410	32 371	40 050	114 542
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	8 498	11 541	335	20 374
Financial derivatives classified as assets	0	1 522	3 501	54	5 077
Cash and bank deposits	0	4 258	896	0	5 155
Lending	0	0	0	0	0
Total	62 383	54 566	109 442	78 466	304 857

31.12.2021 NOK MILLIONS									
	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Bank and finance	Mortgage < 80% ¹	Mortgage > 80% ¹	Other	Total	Adjusted for the unit holders' interest in consolidated securites funds
Debt instruments held to maturity at amortized cost	24 553	36	0	0	0	0	1 396	25 985	25 985
Debt instruments classified as loans and receivables at amortized cost	142 017	0	377	1 683	0	0	20 406	164 484	164 484
Debt instruments at fair value - fixed-return securities	117 047	1 454	5 295	3 835	0	0	14 196	141 827	116 454
Fixed-income funds	0	0	0	0	0	0	23 426	23 426	23 426
Loans and receivables	21 934	0	0	985	0	0	0	22 919	15 955
Financial derivatives classified as assets	3 253	0	0	0	0	0	0	3 253	2 908
Cash and bank deposits	3 320	0	0	67	0	0	0	3 388	3 388
Lending	-	0	90 582	0	23 025	2 329	2 167	118 103	118 103
Total	312 124	1 490	96 253	6 570	23 025	2 329	61 592	503 384	470 702

¹ These two columns provide information on the proportion of loans with mortgage security within 80% of base value and loans that exceed 80% mortgage of base value.

SPECIFICATION OF INVESTMENT GRADE NOK MILLIONS	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	11 168	2 797	6 989	3 598	24 553
Debt instruments classified as loans and receivables at amortized cost	20 632	25 034	60 915	35 437	142 017
Debt instruments at fair value - fixed-return securities	33 523	14 839	34 861	33 823	117 047
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	9 433	11 881	621	21 934
Financial derivatives classified as assets	0	706	2 545	2	3 253
Cash and bank deposits	0	2 672	648	0	3 320
Lending	0	0	0	0	0
Total	65 323	55 481	117 840	73 480	312 124

Credit risk means the risk of the counterparty not being able to meet its own obligations toward the KLP Group. In this table the credit risk is measured through the rating agencies' estimates of how high the creditworthiness of the various issuers of securities is. Not rated assets that are placed in other categories that describe the credit risk, such as sector and guarantees.

Emphasis is placed on diversification of credit exposure to avoid concentration of credit risk against individual debtors. To monitor credit risk in lending and investments a special credit committee has been established, meeting regularly. The limits for credit risk against the individual debtor are set by the committee. Changes in debtors' credit assessments are monitored and followed up by KLP Kapitalforvaltning AS.

The Group has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes.

The Group can be said to have a high concentration of debt instruments directed at the Norwegian public sector, however this does not imply concentration risk in the ordinary meaning since the counterparty risk is considered to be minimal.

The rating above are gathered from Standard & Poor's, Moody's, Fitch, Scope Ratings and Nordic Credit Rating. The rating is converted to S&P's rating table, where AAA is linked to securities with the highest creditworthiness. The lowest rating of the five is used and all five rating agencies are equal as the basis for investments in fixed income securities. "Other" is mainly securities issued by power companies and other corporate bonds. KLP Group has strict guidelines for investments in fixed-income securities, which also apply to investments falling into the "Other" category.

The lines in the note coincide with the financial position statement layout. The exceptions are debt instruments at fair value, which are divided into three categories in the note and lending which is shown combined in the note, but is shown in two lines in the financial position statement (fair value and amortized cost).

The consolidated accounts includes all the units that KLP Group is considered to have control over. This gives an impression of a higher risk than the actual one, since the risk that the Group does not actually carry appears in the accounts. The outer column includes actual ownership and credit risk of the Group companies and investment funds held by KLP Group at the end of the period.

NOK MILLIONS	31.03.2022		31.03.2021		31.12.2021	
	Consolidated	Adjusted for the unit holders' in consolidated securites funds	Consolidated	Adjusted for the unit holders' in consolidated securites funds	Consolidated	Adjusted for the unit holders' in consolidated securites funds
10 LARGEST COUNTERPARTIES						
Counterparty 1	15 166	11 597	13 865	12 370	15 032	11 995
Counterparty 2	13 091	12 127	12 195	11 279	14 514	11 891
Counterparty 3	11 019	8 359	10 059	7 545	10 578	7 482
Counterparty 4	8 575	7 064	7 449	7 208	8 586	6 660
Counterparty 5	6 509	6 509	5 744	5 497	7 828	6 377
Counterparty 6	6 325	6 233	5 497	5 478	7 706	5 830
Counterparty 7	5 502	5 502	4 752	4 752	6 377	5 548
Counterparty 8	4 804	4 752	4 692	4 658	5 878	4 928
Counterparty 9	4 752	4 568	4 030	3 923	5 548	4 698
Counterparty 10	4 632	4 444	3 934	3 920	4 698	4 506
Total	80 375	71 153	72 215	66 630	86 745	69 916

The table above shows the 10 largest counterparties to which the KLP Group has exposure. The amounts stated are book value. “Adjusted for the minority holding” includes only that which is in the Group’s ownership and where the Group retains actual credit risk. The majority of the 10 largest counterparties are either finance institutions or counterparties covered by a public sector guarantee (central or local government guarantee).

Note 15 **Technical provisions in life insurance**

NOK MILLIONS	31.03.2022	31.03.2021	31.12.2021
Premium reserves - ordinary tariff	485 449	452 739	486 276
Premium funds, buffer funds and pensioners’ surplus funds	157 526	38 197	41 268
Supplementary reserves	0	43 461	48 812
Securities adjustment fund	0	56 693	77 194
Other provisions	1	0	1
Profit/loss allocated to insurance contracts	105	4 708	0
Technical provisions in life insurance	643 082	595 798	653 551

Note 16 **Other current liabilities**

NOK MILLIONS	31.03.2022	31.03.2021	31.12.2021
Short-term payables trade in securities	11 532	3 899	3 645
Incurred not assessed taxes	269	1 414	560
Advance tax-deduction pension scheme	439	392	491
Accounts payable	444	314	226
Pre-called contribution to insurance	904	850	699
Other current liabilities	1 259	1 519	1 187
Total other current liabilities	14 848	8 387	6 808

Note 17 **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. 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 299 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 299 per cent.

	31.03.2022	31.03.2021	31.12.2021
Solvency II - SCR ratio	299 %	258 %	287 %
Solvency II - SCR ratio	299 %	258 %	287 %

NOK BILLIONS	31.03.2022	31.03.2021	31.12.2021
Simplified Solvency II Financial Position Statement			
Assets, book value	713	653	710
Added values - hold-to-maturity portfolio/loans and receivables	-4	10	6
Added values - other lending	-1	1	0
Other added/lesser values	0	0	0
Deferred tax asset	0	0	0
Total assets - solvency II	708	664	716

NOK BILLIONS	31.03.2022	31.03.2021	31.12.2021
Simplified Solvency II Financial Position Statement			
Best estimate	630	597	649
Risk margin	12	13	13
Hybrid Tier 1 securities/Subordinated loan capital	5	5	5
Other liabilities ¹	25	16	12
Deferred tax liabilities	1	1	1
Total liabilities - solvency II	672	632	679
Excess of assets over liabilities	37	32	36
- Deferred tax asset	0	0	0
+ Hybrid Tier 1 securities	2	2	2
Tier 1 basic own funds	38	34	38
Total eligible tier 1 own funds	38	34	38
Subordinated loans	3	3	3
Tier 2 basic own funds	3	3	3
Ancillary own funds	0	12	12
Tier 2 ancillary own funds	0	12	12
Deduction for max. eligible tier 2 own funds	4	-7	-8
Total eligible tier 2 own funds	7	7	7
Deferred tax asset	0	0	0
Total eligible tier 3 own funds	0	0	0
Solvency II total eligible own funds	45	41	45
Solvency capital requirement (SCR)	15	16	16
Solvency II- SCR ratio	299 %	258 %	287 %

Note 18 **Presentation of assets and liabilities that are subject to settlement**

31.03.2022 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	Adjusted for the unit holders' interest in consolidated securities funds
ASSETS								
Financial derivatives	6 578	0	6 578	-676	-9 936	-1 713	155	155
Repos	0	0	0	0	0	0	0	0
Total	6 578	0	6 578	-676	-9 936	-1 713	155	155
LIABILITIES								
Financial derivatives	1 409	0	1 409	-676	-21	0	733	733
Repos	1 337	0	1 337	0	0	0	1 337	1 337
Total	2 746	0	2 746	-676	-21	0	2 070	2 070

31.03.2021 NOK MILLIONS				Related amounts not presented net				
	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	Adjusted for the unit holders' interest in consolidated securities funds
ASSETS								
Financial derivatives	5 077	0	5 077	-1 405	-3 458	-557	422	430
Repos	0	0	0	0	0	0	0	0
Total	5 077	0	5 077	-1 405	-3 458	-557	422	430
LIABILITIES								
Financial derivatives	1 416	0	1 416	-1 405	-69	-131	11	11
Repos	979	0	979	0	0	0	979	979
Total	2 395	0	2 395	-1 405	-69	-131	990	990

31.12.2021 NOK MILLIONS				Related amounts not presented net				
	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	Adjusted for the unit holders' interest in consolidated securities funds
ASSETS								
Financial derivatives	3 253	0	3 253	-2 375	-1 753	-709	281	281
Repos	1 200	0	1 200	-1 200	0	0	0	0
Total	4 453	0	4 453	-3 575	-1 753	-709	281	281
LIABILITIES								
Financial derivatives	4 740	0	4 740	-2 375	-367	-669	1 363	1 301
Repos	1 241	0	1 241	0	0	0	1 241	41
Total	5 982	0	5 982	-2 375	-367	-669	2 605	1 342

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 includes all units 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 units, where the group carries the risk.

Note 19 **Pension obligations**

NOK MILLIONS	31.03.2022	31.03.2021	31.12.2021
Capitalized net liability 01.01.	870	934	934
Capitalized pension costs	52	47	192
Capitalized financial costs	5	5	20
Actuarial gains and losses	-426	-185	-84
Premiums / contributions received	-28	-29	-191
Capitalized net liability 31.03./31.12.	474	772	870

Assumptions	31.03.2022	31.03.2021	31.12.2021
Discount rate	2,70 %	2,00 %	1,90 %
Salary growth	2,75 %	2,25 %	2,75 %
The National Insurance basic amount (G)	2,50 %	2,00 %	2,50 %
Pension increases	1,75 %	1,24 %	1,75 %
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 426 million as of 31.03.2022. The change is recognized in other comprehensive income in the income statement.

Key figures – Accumulated

NOK MILLIONS	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
KLP GROUP								
Profit before tax	213	1 027	2 192	1 325	693	1 657	1 682	713
Total assets	902 911	901 270	872 465	870 548	813 514	807 161	789 981	785 598
Owners' equity	41 449	40 732	41 439	40 154	39 742	39 416	39 243	37 245
Solvency SCR ratio	299 %	287 %	264 %	257 %	258 %	261 %	244 %	230 %
Number of employees in the Group	1 060	1 048	1 032	1 017	1 021	1 018	1 016	1 010
KOMMUNAL LANDSPENSJONSKASSE								
Profit before tax	71	288	1 699	965	566	1 289	1 303	523
Premium income for own account	7 503	50 161	41 163	33 634	7 041	37 102	29 081	17 124
- of which inflow of premium reserve	376	0	0	0	0	2 850	2 846	2 865
Insurance customers' funds incl. acc. profit	10 642	30 438	24 690	19 100	13 754	28 360	23 013	17 809
- of which funds with guaranteed returns	4 875	8 346	8 346	8 346	8 419	7 656	7 667	7 655
Net investment common portfolio	662 500	659 281	644 160	626 280	603 076	604 782	582 108	574 890
Net investment choice portfolio	2 588	2 199	2 156	2 215	2 081	2 044	2 012	1 966
Insurance funds incl. earnings for the year	644 226	652 444	634 112	633 579	595 680	594 718	575 915	644 226
- of which funds with guaranteed interest	526 324	526 235	513 186	515 787	490 936	496 121	485 605	526 324
Solvency capital requirement (SCR)	44 809	45 190	44 536	43 473	41 580	42 742	42 507	41 148
Solvency SCR ratio	332 %	316 %	289 %	282 %	287 %	282 %	264 %	252 %
Riskprofit	105	589	625	293	191	-398	706	300
Return profits	-7 894	15 134	9 347	7 232	4 688	12 350	6 831	3 417
Administration profit	64	35	159	61	41	171	187	64

NOK MILLIONS	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Solvency capital	151 201	196 049	176 437	174 816	160 647	172 863	141 563	143 139
Book return on common portfolio	-0,8 %	5,0 %	3,5 %	2,6 %	1,4 %	4,8 %	3,2 %	1,9 %
Value-adjusted return on common portfolio	-2,3 %	8,4 %	5,6 %	4,4 %	1,5 %	4,2 %	1,4 %	-0,5 %
Return on unit-linked portfolio	-1,2 %	8,9 %	5,8 %	5,0 %	1,9 %	4,2 %	0,4 %	-1,8 %
Return on corporate portfolio	0,6 %	3,4 %	2,5 %	1,7 %	0,8 %	3,1 %	1,3 %	0,4 %
KLP SKADEFORSIKRING AS								
Profit before tax	-24,3	397,7	343,9	225,9	71,6	220,0	97,2	18,2
Gross premium due	516,4	1 939,3	1 436,2	940,6	460,1	1 728,4	1 280,4	840,4
Premium income for own account	492,4	1 864,6	1 380,9	903,6	441,7	1 657,6	1 227,8	804,6
Owners' equity	2 280,9	2 265,8	2 348,3	2 294,4	2 178,7	2 110,9	1 990,7	1 924,0
Claims ratio	79,6 %	76,4 %	73,6 %	74,5 %	72,8 %	83,1 %	83,1 %	83,3 %
Combined-ratio	95,1 %	92,1 %	85,1 %	90,3 %	89,2 %	100,7 %	100,7 %	101,9 %
Return on assets under management	-0,9 %	5,0 %	3,4 %	2,6 %	0,6 %	5,0 %	2,3 %	0,8 %
Solvency capital requirement (SCR)	2 329	2 278	2 290	2 267	2 193	2 132	2 006	1 934
Solvency SCR ratio	222 %	224 %	267 %	252 %	238 %	239 %	246 %	234 %
Annual premium in force – retail market	892,8	871,4	846,7	828,9	806,8	786,0	759,8	734,6
Annual premium in force – public sector market	1 210,0	1 148,8	1 135,0	1 128,0	1 080,4	1 016,4	1 009,9	999,7
Net new subscriptions (accumulated within the year)	7,2	91,2	75,9	65,0	17,0	87,6	74,8	51,5
KLP BANKEN GROUP								
Profit/loss before tax	18,3	116,1	93,8	54,3	48,6	136,8	101,7	39,8
Net interest income	72,1	308,6	232,8	152,8	75,7	317,3	229,3	136,0
Other operating income	20,3	78,9	58,6	38,6	19,0	77,7	58,6	39,0
Operating expenses and depreciation	-64,0	-238,5	-174,2	-118,6	-60,6	-232,1	-164,5	-119,1
Net realized/unrealized changes in financial instruments to fair value	-10,1	-32,9	-23,5	-18,6	14,5	-26,1	-21,7	-16,1
Contributions	13 372	12 901	12 774	12 643	12 103	11 781	11 993	12 245
Housing mortgages granted	22 635	22 090	21 365	21 409	20 894	20 570	20 610	20 121

NOK MILLIONS	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Loan(s) with public guarantee(s)	17 974	17 844	16 842	16 752	16 734	17 654	16 933	17 357
Defaulted loans	46	36	32	34	57	54	48	77
Borrowing on the issuance of securities	31 862	31 918	29 536	29 195	27 147	25 800	26 203	25 993
Total assets	47 954	47 482	44 980	45 216	43 200	42 688	43 438	43 855
Average total assets	47 718	45 085	43 834	43 952	42 944	41 188	41 568	41 777
Owners' equity	2 548	2 521	2 490	2 474	2 470	2 427	2 389	2 343
Net interest rate	0,15 %	0,68 %	0,53 %	0,35 %	0,18 %	0,80 %	0,57 %	0,33 %
Profit/loss from general operations before tax	0,04 %	0,26 %	0,21 %	0,12 %	0,11 %	0,33 %	0,24 %	0,10 %
Return on owners' equity before tax	2,91 %	4,78 %	5,15 %	4,47 %	8,02 %	6,16 %	6,11 %	3,59 %
Capital adequacy	18,1 %	18,7 %	18,6 %	18,4 %	19,3 %	19,5 %	18,7 %	18,4 %
Number of private customers	47 123	46 463	47 750	46 872	46 116	45 406	44 842	44 213
Of this members of KLP	31 973	31 587	32 615	31 664	32 183	32 048	31 869	32 533
KLP KAPITALFORVALTNING AS								
Profit/loss before tax	-21,5	56,0	53,0	24,6	20,7	30,9	25,6	-1,9
Total assets under management	646 213	668 855	647 995	627 599	602 400	596 254	579 129	563 238
Assets managed for external customers	134 367	136 792	123 811	121 308	111 821	103 378	100 106	87 968

KLP's sustainability accounts

Q1 2022

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

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

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

Engaged and responsible owner

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

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

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

Goals

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

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

Comments on performance in the first quarter

KLP decided to freeze the first shares in Russia in 2014 due to the political risk. As a result of the invasion and war in Ukraine, KLP decided in February to exit Russia and to exclude 22 Russian companies. We are working to divest our investments in these companies. The sale of companies listed on the Moscow Stock Exchange will be carried out when the stock exchange opens and in line with what the sanctions regulations allow.

At the end of the first quarter, KLP had voted at 98 per cent of the general meetings of foreign companies, and at 90 per cent of the general meetings of Norwegian companies. This is somewhat below the target, but the voting season has just begun, and the target applies to an overall assessment of the voting season.

KLP was in dialogue with 49 companies on topics related to ESG, including human rights in conflict areas, indigenous rights in mining, employee rights in supply chains to meat producers, salmon producers on risks related to climate and biodiversity, deforestation in Brazil and election committees on board composition.

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.

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 Q1 2022	31.03.2022	31.03.2021	31.03.2020	UN SDGs
Zero-emission investments	1 731	33 150	33 005	30 248	
Renewable energy	1 731	30 686	30 775	30 248	7. 9. 17.
<i>As a share of KLP's total investments</i>		4.3 %	4.8 %	4.9 %	7.
<i>Renewable energy in Norway</i>	1 025	20 354	22 246	22 035	7.
<i>Renewable energy internationally</i>	703	9 107	5 537	4 752	7.
<i>Renewable energy in developing countries</i>	3	1 225	1 038	815	7. 9. 17.
Sustainable forestry	-	1 823	1 507	-	13. 15.
Zero-emission ferries	-	641	723	-	9. 11. 13.
Transitional financing	440	19 973	11 314	7 318	-
Green buildings in the property portfolio	-	10 532	6 919	5 901	9.
<i>As a share of the portfolio's market value</i>		12 %	9 %	8 %	n/a
Green bonds	449	5 876	2 367	1 417	n/a
Green lending	- 9	2 532	2 028	-	6. 9. 11. 13.
Infrastructure	-	1 033	-	-	9.
Total climate-friendly investments	2 171	53 123	44 318	37 566	-
<i>As a share of KLP's total investments</i>		7.5 %	6.9 %	6.1%	n/a
Fossil energy		14 185	8 554	8 053	-
<i>As a share of KLP's total investments</i>		2.0%	1.3%	1.0%	n/a

Comments on performance in the first quarter

In the first quarter, KLP's climate-friendly investments increased by more than NOK 2.1 billion. A large proportion of the new investments were in renewable energy, including in a new Nordic renewable company. The company will have activities throughout the Nordic region related to energy production, electrification and energy efficiency. We also increased our investment in the fund Climate Investor One, which invests in renewable energy in developing countries. Three new green loans were also granted from the KLP Bank.

The value of KLP's investments in fossil energy has increased since last quarter of 2021. This is largely due to the fact that the market value of these investments has increased, and not new investments. As a share of KLP's investments, the increase is relatively small, and has increased from 1.8 to 2 per cent.

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. That is why we are working to improve ourselves in order to reduce energy consumption and handle waste in a better way.

Goals

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

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

Comments on performance in the first quarter

The long awaited reopening of society has affected the business in the first quarter of the year. KLP has introduced a hybrid office scheme, and although some employees work from home, there is a large increase in employees in the offices. With more activity in the office premises, and also as a result of a cold winter, energy consumption has increased. Restrictions on business travel due to covid-19 have also been removed, which led to increased travel activity in the first quarter. The level is still far lower than it was before the pandemic, and KLP continues to focus on reducing unnecessary flights.

Energy consumption in KLP's real estate portfolio in the first quarter was low compared with previous years, but this may also be related to infection control measures that have been introduced.

Innovation and social development

At the same time as 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 Q1 2022	31.03.2022	31.03.2021	31.03.2020	UN SDGs
Lending in total	251	84 273	81 635	74 255	
Lending for roads and transport		9 760	2 564	9 323	9.
Lending for publicly owned real property		4 300	3 960	5 011	9.
Lending to the public sector and associated entities		66 265	71 703	57 063	9.
Lending for water and sewage services, and waste management		3 948	3 408	2 858	9.
Green loans	- 9	2 532	2 028	new	9.

Comments on performance in the first quarter

In the first quarter of the year, KLP's lending to municipalities and county municipalities increased by a net 251 million. Net green loans decreased by NOK 9 million, but three new green loans totaling NOK 8.1 million were issued. Two of these went to Innherred Renovasjon IKS and their project with an improved recycling rate. The last loan went to Byglandstunet AS, and the loan will be used for the installation of photovoltaic systems.

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 Q1 2022	31.03.2022	31.03.2021	31.03.2020	UN SDGs
Seed capital investments in Norway	33	340	151	7	8.

Comments on performance in the first quarter

KLP's seed investments increased by NOK 33 million in the first quarter. These are increased investments in funds KLP has already invested in, and not investments in new funds. Among other things, it has invested more in a CoFounder fund, with which KLP collaborates on KLP Trykktanken. By the first quarter of 2022, KLP had invested in 13 different seed funds.

Banking and finance in developing companies

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

Goals

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

MILLION NOK	New in Q1 2022	31.03.2022	31.12.2021	31.12.2020	UN SDGs
Banking and finance in developing countries	-	852	659	839	1. 5. 8. 9. 11. 17

Comments on performance in the first quarter

KLP made no new investments in banking and finance in developing countries, and the change from the previous quarter is due to a decline in market value.

KLP as a workplace and employer

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

Goals

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

	31.03.2022	31.03.2021	31.03.2020	UN SDGs
Employees at KLP	1 060	1 021	1 008	n/a
Total sickness absence	4.9 %	3.5 %	4.4 %	3.

Comments on performance in the first quarter

In the first quarter of 2022, the total sickness absence was 4.9 percent. This is a small increase from the previous quarter, and may be related to the fact that more people have had covid-19 and influenza. Absence due to illness in the first quarter of last year was lower than usual, and one reason was probably the infection control restrictions that reduced the incidence of other illnesses.

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.

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 rated as Energy Class A. This is in accordance with the proposed requirements in the EU Taxonomy. Previously, the definition has also included buildings that are BREEAM-certified to a minimum rating of 'very good', that produce their own energy through solar panels, or that have won a Norwegian building award in which the environment was an important performance indicator. The updated definition is therefore stricter and includes fewer buildings. The figures from previous years have not been restated in accordance with the new definition and are therefore not directly comparable.

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

Energy consumption 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.

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.

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.

Kommunal Landspensjonskasse

Q1 2022

Income statement

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
3	Premium income	7 503	7 041	50 161
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	185	-350	6 736
	Interest income and dividends etc. on financial assets	2 441	4 427	12 587
	Value changes on investments	-8 363	-1 486	17 896
	Gains and losses realized on investments	817	6 302	12 550
	Net income from investments in the common portfolio	-4 921	8 893	49 770
	Net income from investments in the investment option portfolio	-24	39	181
	Other insurance-related income	331	306	1 274
4	Claims	-10 642	-13 754	-30 438
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	9 330	3 104	-59 440
	Changes in insurance liabilities taken to profit/loss – individual investment option portfolio	-756	3	-177
	Funds assigned to insurance contracts - contractual liabilities	0	0	-9 415
	Unallocated profit to insurance contracts	-105	-4 688	0
5	Insurance-related operating expenses	-368	-299	-1 372
	Other insurance-related costs	-331	-300	-1 286
	Technical profit/loss	18	344	-742
	Net income from investments in the corporate portfolio	112	272	1 292
	Other income	2	9	10
	Administration costs and other costs associated with the corporate portfolio	-60	-59	-272
	Non-technical profit/loss	53	222	1 030

NOTE	NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
	Profit/loss pre-tax	71	566	288
	Tax	6	-105	125
	Income before other income and expenses	77	461	413
12	Actuarial gains and losses on defined benefits pension schemes	270	118	48
	Proportion of other comprehensive income on application of the equity method	156	66	36
	Adjustment of the insurance liabilities	-47	-21	-16
	Tax on other income and expenses that will not be reclassified to profit or loss	-67	-30	-12
	Total other income and expenses that will not be reclassified to profit or loss	311	135	56
	TOTAL COMPREHENSIVE INCOME	388	595	469

Statement of financial position

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	31.03.2022	31.03.2021	31.12.2021
ASSETS				
ASSETS IN THE CORPORATE PORTFOLIO				
	Intangible assets	782	657	727
7	Investment properties	995	991	1 004
	Shares and holdings in property subsidiaries	3 622	3 368	3 507
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	5 238	5 077	5 177
6	Financial assets valued at amortized cost	19 352	19 132	19 456
6,7	Financial assets valued at fair value	12 188	12 341	12 221
	Receivables	1 230	2 241	1 407
11	Right-of-use assets	946	1 054	973
	Other assets	1 026	605	796
Total assets in the corporate portfolio		45 379	45 466	45 268
ASSETS IN THE CUSTOMER PORTFOLIOS				
	Shares and holdings in property subsidiaries	69 832	62 220	70 206
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	5 245	4 614	4 958
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	12 343	13 078	12 524
6	Financial assets valued at amortized cost	260 815	248 861	259 608
6,7	Financial assets valued at fair value	314 264	274 303	311 984
Total investment in the common portfolio		662 500	603 076	659 281
	Shares and holdings in property subsidiaries	279	225	256
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	63	66	63
6	Financial assets at amortized costs	925	736	753
6,7	Financial assets at fair value	1 320	1 054	1 126
Total investments in the investment option portfolio		2 588	2 081	2 199
Total assets in the customer portfolios		665 088	605 157	661 480
TOTAL ASSETS		710 467	650 623	706 748

NOTE	NOK MILLIONS	31.03.2022	31.03.2021	31.12.2021
OWNERS' EQUITY AND LIABILITIES				
	Owners' equity contributed	19 831	17 919	19 831
	Retained earnings	21 559	21 784	20 847
	Total owners' equity	41 390	39 703	40 678
6	Subordinated loan capital etc.	4 444	4 668	4 604
	Premium reserve etc.	483 154	451 266	484 728
	Supplementary reserves	0	43 326	48 626
	Securities adjustment fund	0	56 575	77 397
	Buffer fund	117 605	0	0
	Premium funds, defined contribution funds, pension regulation funds etc.	40 323	37 731	40 769
	Unallocated profit to customers	104	4 680	0
	Total insurance liabilities - contractual liabilities	641 186	593 578	651 520
	Pension capital etc.	2 296	1 473	1 549
	Supplementary reserves	0	135	186
	Buffer fund	193	0	0
	Premium funds, defined contribution funds, pension regulation funds etc.	551	466	499
	Unallocated profit to customers	1	28	0
	Total insurance liabilities - special investment portfolio	3 041	2 102	2 234
12	Pension obligations	301	491	553
	Current tax liabilities	103	1 151	259
	Deferred tax liabilities	444	745	444
11	Lease liabilities	989	1 078	1 012
9	Liabilities	18 407	6 828	5 261
	Accrued costs and prepaid income	163	280	182
	TOTAL OWNERS' EQUITY AND LIABILITIES	710 467	650 623	706 748
OFF-BALANCE SHEET ITEMS				
	Contingent liabilities	23 900	24 208	26 074

Changes in Owners' equity

Kommunal Landspensjonskasse

2022 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 31 December 2021	19 831	4 370	16 476	40 678
Change recognized directly in equity		554	-229	324
Own funds 1 January 2022	19 831	4 924	16 247	41 002
Income before other income and expenses		-37	114	77
Actuarial gains and losses on defined benefits pension schemes			270	270
Proportion of other comprehensive income on application of the equity method			156	156
Adjustment of the insurance liabilities			-47	-47
Tax on other income and expenses that will not be reclassified to profit or loss			-67	-67
Total other income and expenses that will not be reclassified to profit or loss			311	311
Total comprehensive income (unallocated)		-37	425	388
Owners equity contribution recieved	0			0
Total transactions with owners	0			0
Own funds 31 March 2022	19 831	4 887	16 671	41 390

2021 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 1 January 2021	18 194	5 404	15 784	39 382
Income before other income and expenses		170	290	461
Actuarial gains and losses on defined benefits pension schemes			118	118
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			-30	-30
Total other income and expenses that will not be reclassified to profit or loss			135	135
Total comprehensive income (unallocated)		170	425	595
Owners equity contribution recieved	-275			-275
Total transactions with owners	-275			-275
Own funds 31 March 2021	17 919	5 575	16 209	39 703

2021 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 1 January 2021	18 194	5 404	15 784	39 382
Income before other income and expenses	811	-1 034	636	413
Actuarial gains and losses on defined benefits pension schemes			48	48
Proportion of other comprehensive income on application of the equity method			36	36
Adjustment of the insurance liabilities			-16	-16
Tax on other income and expenses that will not be reclassified to profit or loss			-12	-12
Total other income and expenses that will not be reclassified to profit or loss			56	56
Total comprehensive income	811	-1 034	692	469
Owners equity contribution recieved	826			826
Total transactions with owners	826			826
Own funds 31 December 2021	19 831	4 370	16 476	40 678

Statement of cash flows

Kommunal Landspensjonskasse

NOK MILLIONS	01.01.2022 -31.03.2022	01.01.2021 -31.12.2021	01.01.2021 -30.09.2021	01.01.2021 -30.06.2021	01.01.2021 -31.03.2021
Net cashflow from operational activities	337	-346	-424	778	271
Net cashflow from investment activities ¹	-78	-275	-211	-142	-69
Net cashflow from financing activities ²	-28	716	695	-312	-302
Net changes in cash and bank deposits	231	95	61	323	-100
Holdings of cash and bank deposits at start of period	755	659	659	659	659
Holdings of cash and bank deposits at end of period	985	755	720	983	560

¹ Payments on the purchase of tangible fixed assets.

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

Notes to the financial statement

Kommunal Landspensjonskasse

Note 1 Accounting principles- and estimates

Accounting principles

The financial statements in this interim report show the interim accounts for Kommunal Landspensjonskasse (KLP), for the period 01.01.2022 – 31.03.2022. 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 2020, unless stated otherwise.

Rules on a merged buffer fund covering all customers were introduced for municipal pension schemes from 01.01.2022 together with some other changes for guaranteed pension products. The new buffer fund replaces the earlier supplementary reserves and securities adjustment fund. The rule changes are intended to provide a more neutral framework for moving municipal pension schemes. The table below shows the reworked opening balance.

NOK MILLIONS	Total insurance liabilities - contractual liabilities 01.01.2022	Total insurance liabilities - special investment portfolio 01.01.2022	Total
Supplementary reserves	48 626	186	48 812
Securities adjustment fund	76 843		76 843
Buffer fund	125 469	186	125 655

A further NOK 554 million was moved from the securities adjustment fund to the risk equalisation fund as of 01.01.2022.

In 2021 and at the beginning of 2022, KLP was in discussions with the Financial Supervisory Authority of Norway on certain allocations that were made in the annual accounts for 2020. The annual accounts for 2021 reported these changes, and the effects were incorporated into the figures. In February 2022, KLP again received a letter from the FSA stating that its equity must contribute 20 per cent of the amount from the risk result from 2020 used to boost the reserves for increased longevity. This amounts to NOK 229 million, and is recognised directly in the balance sheet, between equity and premium funds.

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 2021. The company's annual report is available from klp.no.

Other

Exclusion of Russian companies

KLP decided in February 2022 to freeze all investments in Russia, and 22 Russian companies were excluded. Some of the companies were already subject to restrictions following the escalation of the Russia-Ukraine conflict back in 2014, but this has now been extended to all investments in Russia. KLP is actively exploring ways to sell off these investments, but international sanctions have to be taken into account, as well as the restrictions imposed on Western investors by Russia. The investments are in the KLP AksjeFremvoksende Markeder Indeks I and KLP Aksje Fremvoksende Markeder Flerfaktor funds, and are conservatively priced at a total of around NOK 24 million at the end of the first quarter.

The Norwegian Competition Authority is investigating whether KLP has violated the Competition Act

In February 2022, the Norwegian Competition Authority carried out unannounced securing of evidence with KLP because they believe there is reasonable reason to assume that KLP has violated the Norwegian Competition Act. It is the provision in section 11 of the Norwegian Competition Act on undue exploitation of a dominant position that the Norwegian Competition Authority investigates whether KLP has breached, and the securing of evidence was carried out on the basis of a decision from Hordaland District Court.

KLP has given the Norwegian Competition Authority access to everything they have requested, and is prepared to cooperate with the Norwegian Competition Authority in the further investigation.

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.

KLP has changed the discount rate for corporate bonds which is used to calculate pension obligations. Compared to the assumptions used at 31.12.2021, the discount rate has been changed from 1.9 % to 2.7 %. This change results in a reduction of NOK 253 million in

recognised liabilities as at 31.03.2022. Demographic assumptions such as expected wage growth, the National Insurance basic amount (G) and pension regulations have not changed in the period.

New rules regulating deferred pensions have been adopted, but the Norwegian Accounting Standards Board has not issued any guidance on how these should be included in the pension accounts. This should be clarified soon, and is expected to affect the company's pension obligations in later periods.

Note 2 **Value-adjustment investment property**

The portfolio of investment properties, including investment properties owned via subsidiaries, has been valued as at 31. March 2022.

NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
Value adjustment incl. foreign exchange	-445	-1 182	3 984
Foreign exchange effect on hedging	1 024	1 215	1 382
Net value adjustment incl. exchange hedging	579	34	5 366

Note 3 **Premium income**

NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
Gross premiums due	7 126	7 041	50 161
Transfer of premium reserves from others	376	0	0
Total premium income	7 503	7 041	50 161

Note 4 **Claims**

NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
Claims paid	5 766	5 335	22 092
Transfers of premium reserves to others	4 875	8 419	8 346
Total claims	10 642	13 754	30 438

Note 5 **Insurance-related operating expenses**

NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
Personnel costs	213	187	735
Depreciation	50	50	270
Other operating expenses	104	62	366
Total insurance-related operating expenses	368	299	1 372

Note 6 **Fair value of financial assets and liabilities**

For information regarding pricing of financial assets and liabilities see note 9 Fair value of financial assets and liabilities in the consolidated financial statement.

31.03.2022 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS – AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	485	519	3 448	3 596	7	7	3 940	4 122
Accrued not due interest	5	5	50	50	0	0	55	55
Foreign hold-to-maturity bonds	6 018	6 038	14 998	15 377	45	47	21 060	21 461
Accrued not due interest	43	43	253	253	1	1	296	296
Total investments held to maturity	6 550	6 604	18 748	19 275	53	56	25 352	25 935
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	4 785	4 605	51 085	49 268	274	264	56 144	54 137
Accrued not due interest	65	65	687	687	5	5	757	757
Foreign bonds	7 808	7 643	110 226	107 895	583	571	118 617	116 109
Accrued not due interest	144	144	1 795	1 795	10	10	1 949	1 949
Total bonds classified as loans and receivables	12 802	12 456	163 794	159 646	872	850	177 467	172 952
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	3 089	3 049	0	0	3 089	3 049
Lending with public sector guarantee	0	0	68 601	67 821	0	0	68 601	67 821
Loans abroad secured by mortgage and local government guarantee	0	0	6 260	6 260	0	0	6 260	6 260
Accrued not due interest	0	0	323	323	0	0	323	323
Total other loans and receivables	0	0	78 273	77 453	0	0	78 273	77 453
Total financial assets at amortized cost	19 352	19 061	260 815	256 374	925	906	281 093	276 340
ASSETS – AT FAIR VALUE								

31.03.2022 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
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	8	8	10 147	10 147	0	0	10 155	10 155
Foreign shares	0	0	41 342	41 342	0	0	41 342	41 342
Total shares	8	8	51 490	51 490	0	0	51 497	51 497
Property funds	0	0	7 790	7 790	0	0	7 790	7 790
Norwegian equity funds	0	0	90 210	90 210	888	888	91 098	91 098
Foreign equity funds	0	0	29 992	29 992	0	0	29 992	29 992
Total equity fund units	0	0	127 992	127 992	888	888	128 881	128 881
Norwegian alternative investments	0	0	1 955	1 955	11	11	1 966	1 966
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	1 955	1 955	11	11	1 966	1 966
Total shares and units	8	8	181 437	181 437	899	899	182 343	182 343
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	5 876	5 876	27 733	27 733	0	0	33 609	33 609
Foreign bonds	772	772	18 329	18 329	0	0	19 102	19 102
Accrued not due interest	26	26	298	298	0	0	324	324
Norwegian fixed-income funds	2 765	2 765	22 513	22 513	314	314	25 591	25 591
Foreign fixed-income funds	0	0	30 159	30 159	0	0	30 159	30 159
Accrued not due interest	3	3	61	61	1	1	65	65
Norwegian certificates	465	465	2 689	2 689	0	0	3 153	3 153
Foreign certificates	0	0	394	394	0	0	394	394

31.03.2022 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
Accrued not due interest	1	1	5	5	0	0	6	6
Fixed income securities	9 908	9 908	102 181	102 181	315	315	112 404	112 404
Norwegian loans and receivables	1 219	1 219	9 708	9 708	24	24	10 951	10 951
Foreign loans and receivables	440	440	7 915	7 915	66	66	8 420	8 420
Total loans and receivables	1 658	1 658	17 623	17 623	90	90	19 371	19 371
DERIVATIVES								
Interest rate swaps	515	515	323	323	0	0	838	838
Share options	0	0	45	45	0	0	45	45
Forward exchange contracts	99	99	3 739	3 739	16	16	3 854	3 854
Total financial derivatives classified as assets	614	614	4 108	4 108	16	16	4 737	4 737
OTHER FINANCIAL ASSETS								
Other financial assets	0	0	8 917	8 917	0	0	8 917	8 917
Total financial assets valued at fair value	12 188	12 188	314 264	314 264	1 320	1 320	327 772	327 772
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	35	35	0	0	35	35
Forward exchange contracts	0	0	210	210	1	1	211	211
Total financial derivatives classified as liabilities	0	0	245	245	1	1	246	246

31.03.2022 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
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	2 939	3 116	0	0	0	0	2 939	3 116
Hybrid Tier 1 securities	1 505	1 586	0	0	0	0	1 505	1 586
Total subordinated loan capital etc.	4 444	4 701	0	0	0	0	4 444	4 701
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	2 527	2 527	2	2	2 530	2 530
Foreign call money ¹	697	697	4 617	4 617	17	17	5 330	5 330
Total liabilities to credit institutions	697	697	7 144	7 144	19	19	7 860	7 860

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

31.03.2021 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS – AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	538	621	4 445	4 886	11	11	4 994	5 518
Accrued not due interest	6	6	62	62	0	0	67	67
Foreign hold-to-maturity bonds	6 290	6 611	16 660	18 120	38	43	22 988	24 774
Accrued not due interest	47	47	276	276	1	1	324	324
Total investments held to maturity	6 880	7 284	21 443	23 344	50	55	28 373	30 683
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	4 680	4 818	48 686	50 576	208	217	53 574	55 611
Accrued not due interest	72	72	759	759	4	4	835	835
Foreign bonds	7 361	7 724	100 330	106 232	465	489	108 156	114 446
Accrued not due interest	138	138	1 674	1 674	8	8	1 820	1 820
Total bonds classified as loans and receivables	12 252	12 752	151 448	159 241	685	719	164 385	172 712
OTHER LOANS AND RECEIVABLES								
Secured loan	0	0	3 215	3 236	0	0	3 215	3 236
Lending with public sector guarantee	0	0	65 153	65 954	0	0	65 153	65 954
Loans abroad secured by mortgage and local government guarantee	0	0	7 275	7 275	0	0	7 275	7 275
Accrued not due interest	0	0	327	327	0	0	327	327
Total other loans and receivables	0	0	75 970	76 791	0	0	75 970	76 791
Total financial assets at amortized cost	19 132	20 036	248 861	259 376	736	774	268 728	280 186
ASSETS – AT FAIR VALUE								

31.03.2021 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
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	7	7	6 977	6 977	0	0	6 984	6 984
Foreign shares	0	0	28 691	28 691	0	0	28 691	28 691
Total shares	7	7	35 668	35 668	0	0	35 675	35 675
Property funds	0	0	4 269	4 269	0	0	4 269	4 269
Norwegian equity funds	0	0	82 177	82 177	619	619	82 796	82 796
Foreign equity funds	0	0	18 609	18 609	0	0	18 609	18 609
Total equity fund units	0	0	105 055	105 055	619	619	105 674	105 674
Norwegian alternative investments	0	0	1 846	1 846	8	8	1 854	1 854
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	1 846	1 846	8	8	1 855	1 855
Total shares and units	7	7	142 569	142 569	627	627	143 203	143 203
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	6 348	6 348	28 870	28 870	0	0	35 218	35 218
Foreign bonds	414	414	17 679	17 679	0	0	18 093	18 093
Accrued not due interest	20	20	313	313	0	0	333	333
Norwegian fixed-income funds	2 671	2 671	32 273	32 273	317	317	35 261	35 261
Foreign fixed-income funds	0	0	28 845	28 845	0	0	28 845	28 845
Accrued not due interest	106	106	2 187	2 187	14	14	2 307	2 307
Norwegian certificates	350	350	4 459	4 459	0	0	4 809	4 809
Foreign certificates	0	0	737	737	0	0	737	737

31.03.2021 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
Accrued not due interest	2	2	4	4	0	0	7	7
Fixed income securities	9 910	9 910	115 368	115 368	330	330	125 609	125 609
Norwegian loans and receivables	1 122	1 122	6 272	6 272	20	20	7 414	7 414
Foreign loans and receivables	555	555	5 795	5 795	65	65	6 415	6 415
Total loans and receivables	1 678	1 678	12 067	12 067	84	84	13 829	13 829
DERIVATIVES								
Interest rate swaps	653	653	85	85	0	0	738	738
Share options	0	0	187	187	0	0	187	187
Forward exchange contracts	89	89	2 794	2 794	11	11	2 894	2 894
Total financial derivatives classified as assets	742	742	3 067	3 067	11	11	3 819	3 819
OTHER FINANCIAL ASSETS								
Other financial assets	5	5	1 232	1 232	1	1	1 238	1 238
Total financial assets valued at fair value	12 341	12 341	274 303	274 303	1 054	1 054	287 699	287 699
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	154	154	0	0	154	154
Forward exchange contracts	0	0	494	494	1	1	496	496
Total financial derivatives classified as liabilities	0	0	648	648	1	1	650	650

31.03.2021 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
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 032	3 412	0	0	0	0	3 032	3 412
Hybrid Tier 1 securities	1 637	1 592	0	0	0	0	1 637	1 592
Total subordinated loan capital etc.	4 668	5 003	0	0	0	0	4 668	5 003
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	655	655	3	3	657	657
Foreign call money ¹	885	885	1 759	1 759	16	16	2 660	2 660
Total liabilities to credit institutions	885	885	2 414	2 414	19	19	3 318	3 318

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

31.12.2021 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS – AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	488	558	3 454	3 789	2	2	3 944	4 350
Accrued not due interest	19	19	98	98	0	0	117	117
Foreign hold-to-maturity bonds	6 191	6 405	15 426	16 581	38	42	21 654	23 029
Accrued not due interest	37	37	208	208	1	1	246	246
Total investments held to maturity	6 735	7 019	19 185	20 677	41	45	25 961	27 741
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	4 830	4 879	49 370	50 187	212	216	54 412	55 282
Accrued not due interest	61	61	676	676	3	3	740	740
Foreign bonds	7 728	7 945	110 489	114 061	490	505	118 706	122 511
Accrued not due interest	103	103	1 716	1 716	8	8	1 826	1 826
Total bonds classified as loans and receivables	12 722	12 988	162 250	166 639	713	732	175 684	180 359
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	2 978	2 982	0	0	2 978	2 982
Lending with public sector guarantee	0	0	68 536	68 679	0	0	68 536	68 679
Loans abroad secured by mortgage and local government guarantee	0	0	6 389	6 389	0	0	6 389	6 389
Accrued not due interest	0	0	270	270	0	0	270	270
Total other loans and receivables	0	0	78 172	78 319	0	0	78 172	78 319
Total financial assets at amortized cost	19 456	20 007	259 608	265 636	753	776	279 817	286 420
ASSETS – AT FAIR VALUE								

31.12.2021 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
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	8	8	9 571	9 571	0	0	9 579	9 579
Foreign shares	0	0	43 771	43 771	0	0	43 771	43 771
Total shares	8	8	53 342	53 342	0	0	53 350	53 350
Property funds	0	0	7 071	7 071	0	0	7 071	7 071
Norwegian equity funds	0	0	96 227	96 227	740	740	96 967	96 967
Foreign equity funds	0	0	29 154	29 154	0	0	29 154	29 154
Total equity fund units	0	0	132 453	132 453	740	740	133 193	133 193
Norwegian alternative investments	0	0	1 884	1 884	9	9	1 892	1 892
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	1 884	1 884	9	9	1 892	1 892
Total shares and units	8	8	187 679	187 679	749	749	188 435	188 435
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	6 101	6 101	28 982	28 982	0	0	35 083	35 083
Foreign bonds	691	691	17 913	17 913	0	0	18 604	18 604
Accrued not due interest	30	30	323	323	0	0	353	353
Norwegian fixed-income funds	2 983	2 983	26 888	26 888	298	298	30 169	30 169
Foreign fixed-income funds	0	0	30 858	30 858	0	0	30 858	30 858
Accrued not due interest	0	0	0	0	0	0	0	0
Norwegian certificates	475	475	3 986	3 986	0	0	4 461	4 461
Foreign certificates	0	0	405	405	0	0	405	405

31.12.2021 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
Accrued not due interest	1	1	3	3	0	0	4	4
Fixed income securities	10 280	10 280	109 357	109 357	298	298	119 935	119 935
Norwegian loans and receivables	1 033	1 033	7 428	7 428	18	18	8 479	8 479
Foreign loans and receivables	254	254	4 964	4 964	56	56	5 274	5 274
Total loans and receivables	1 287	1 287	12 393	12 393	74	74	13 753	13 753
DERIVATIVES								
Interest rate swaps	615	615	103	103	0	0	718	718
Share options	0	0	279	279	0	0	279	279
Forward exchange contracts	31	31	1 479	1 479	6	6	1 516	1 516
Total financial derivatives classified as assets	646	646	1 862	1 862	6	6	2 513	2 513
OTHER FINANCIAL ASSETS								
Other financial assets	0	0	695	695	0	0	695	695
Total financial assets valued at fair value	12 221	12 221	311 984	311 984	1 126	1 126	325 331	325 331
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	364	364	0	0	364	364
Forward exchange contracts	0	0	1 646	1 646	4	4	1 650	1 650
Total financial derivatives classified as liabilities	0	0	2 010	2 010	4	4	2 014	2 014

31.12.2021 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
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 000	3 310	0	0	0	0	3 000	3 310
Hybrid Tier 1 securities	1 604	1 586	0	0	0	0	1 604	1 586
Total subordinated loan capital etc.	4 604	4 895	0	0	0	0	4 604	4 895
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	85	85	3	3	87	87
Foreign call money ¹	734	734	818	818	12	12	1 564	1 564
Total liabilities to credit institutions	734	734	902	902	15	15	1 651	1 651

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

Note 7 Fair value hierarchy

31.03.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	466	0	466
<i>Bonds</i>	27	6 648	0	6 674
<i>Fixed-income funds</i>	2 768	0	0	2 768
Fixed-income securities	2 795	7 113	0	9 908
Loans and receivables	828	830	0	1 658
<i>Shares</i>	0	0	8	8
Shares and units	0	0	8	8
Financial derivatives	0	614	0	614
Other financial assets	0	0	0	0
Total corporate portfolio	3 622	8 558	8	12 188
COMMON PORTFOLIO				
<i>Certificates</i>	1 054	2 034	0	3 087
<i>Bonds</i>	20 847	25 513	0	46 361
<i>Fixed-income funds</i>	37 053	8 816	6 863	52 733
Fixed-income securities	58 954	36 363	6 863	102 181
Loans and receivables	17 304	318	0	17 623
<i>Shares</i>	47 867	954	2 669	51 490
<i>Equity funds</i>	91 153	0	51	91 204
<i>Property funds</i>	0	1 144	6 646	7 790
<i>Special funds</i>	0	1 955	0	1 955
<i>Private Equity</i>	0	0	28 998	28 998
Shares and units	139 020	4 053	38 363	181 437
Financial derivatives	0	4 108	0	4 108
Other financial assets	0	8 917	0	8 917
Total common portfolio	215 279	53 758	45 227	314 264
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	307	8	0	315
Fixed-income securities	307	8	0	315
Loans and receivables	90	0	0	90
<i>Equity funds</i>	888	0	0	888
<i>Special funds</i>	0	11	0	11
Shares and units	888	11	0	899
Financial derivatives	0	16	0	16
Other financial assets	0	0	0	0
Total investment option portfolio	1 285	35	0	1 320

31.03.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
Total financial assets valued at fair value	220 186	62 351	45 234	327 772
CORPORATE PORTFOLIO				
Investment property	0	0	995	995
Total investment property	0	0	995	995
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	697	0	0	697
Total corporate portfolio	697	0	0	697
COMMON PORTFOLIO				
Financial derivatives	0	245	0	245
Debt to credit institutions	7 144	0	0	7 144
Total common portfolio	7 144	245	0	7 390
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	1	0	1
Debt to credit institutions	19	0	0	19
Total investment option portfolio	19	1	0	20
Total financial liabilities at fair value	7 860	246	0	8 106

31.03.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	352	0	352
<i>Bonds</i>	0	6 781	0	6 781
<i>Fixed-income funds</i>	2 777	0	0	2 777
Fixed-income securities	2 777	7 133	0	9 910
Loans and receivables	750	928	0	1 678
<i>Shares</i>	0	0	7	7
Shares and units	0	0	7	7
Financial derivatives	0	742	0	742
Other financial assets	0	5	0	5
Total corporate portfolio	3 527	8 807	7	12 341
COMMON PORTFOLIO				
<i>Certificates</i>	2 590	2 611	0	5 201
<i>Bonds</i>	20 801	26 061	0	46 863
<i>Fixed-income funds</i>	49 775	8 710	4 820	63 305
Fixed-income securities	73 166	37 382	4 820	115 368

31.03.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
Loans and receivables	11 752	315	0	12 067
<i>Shares</i>	32 831	249	2 588	35 668
<i>Equity funds</i>	83 767	0	49	83 817
<i>Property funds</i>	0	1 095	3 174	4 269
<i>Special funds</i>	0	1 846	0	1 846
<i>Private Equity</i>	0	0	16 970	16 970
Shares and units	116 598	3 190	22 781	142 569
Financial derivatives	0	3 067	0	3 067
Other financial assets	0	1 232	0	1 232
Total common portfolio	201 515	45 186	27 601	274 303
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	323	7	0	330
Fixed-income securities	323	7	0	330
Loans and receivables	84	0	0	84
<i>Equity funds</i>	619	0	0	619
<i>Special funds</i>	0	8	0	8
Shares and units	619	8	0	627
Financial derivatives	0	11	0	11
Other financial assets	0	0	0	1
Total investment option portfolio	1 026	27	0	1 054
Total financial assets valued at fair value	206 069	54 020	27 608	287 698
CORPORATE PORTFOLIO				
Investment property	0	0	991	991
Total investment property	0	0	991	991
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	885	0	0	885
Total corporate portfolio	885	0	0	885
COMMON PORTFOLIO				
Financial derivatives	0	648	0	648
Debt to credit institutions	2 414	0	0	2 414
Total common portfolio	2 414	648	0	3 062
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	1	0	1
Debt to credit institutions	19	0	0	19
Total investment option portfolio	19	1	0	20
Total financial liabilities at fair value	3 318	650	0	3 968

31.12.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	475	0	475
<i>Bonds</i>	29	6 793	0	6 822
<i>Fixed-income funds</i>	2 983	0	0	2 983
Fixed-income securities	3 012	7 269	0	10 280
Loans and receivables	338	949	0	1 287
<i>Shares</i>	0	0	8	8
Shares and units	0	0	8	8
Financial derivatives	0	646	0	646
Other financial assets	0	0	0	0
Total corporate portfolio	3 350	8 864	8	12 221
COMMON PORTFOLIO				
<i>Certificates</i>	1 523	2 872	0	4 394
<i>Bonds</i>	21 634	25 583	0	47 217
<i>Fixed-income funds</i>	42 676	8 842	6 227	57 745
Fixed-income securities	65 833	37 296	6 227	109 357
Loans and receivables	12 076	317	0	12 393
<i>Shares</i>	49 694	927	2 721	53 342
<i>Equity funds</i>	97 369	0	50	97 419
<i>Property funds</i>	0	1 133	5 938	7 071
<i>Special funds</i>	0	1 884	0	1 884
<i>Private Equity</i>	0	0	27 962	27 962
Shares and units	147 064	3 944	36 671	187 679
Financial derivatives	0	1 862	0	1 862
Other financial assets	0	695	0	695
Total common portfolio	224 972	44 114	42 899	311 984
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	292	7	0	298
Fixed-income securities	292	7	0	298
Loans and receivables	74	0	0	74
<i>Equity funds</i>	740	0	0	740
<i>Special funds</i>	0	9	0	9
Shares and units	740	9	0	749
Financial derivatives	0	6	0	6
Other financial assets	0	0	0	0
Total investment option portfolio	1 105	21	0	1 126
Total financial assets valued at fair value	229 427	52 998	42 906	325 331

31.12.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
CORPORATE PORTFOLIO				
Investment property	0	0	1 004	1 004
Total investment property	0	0	1 004	1 004
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	734	0	0	734
Total corporate portfolio	734	0	0	734
COMMON PORTFOLIO				
Financial derivatives	0	2 010	0	2 010
Debt to credit institutions	902	0	0	902
Total common portfolio	902	2 010	0	2 912
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	4	0	4
Debt to credit institutions	15	0	0	15
Total investment option portfolio	15	4	0	19
Total financial liabilities at fair value	1 651	2 014	0	3 665

Changes in Level 3 shares, unlisted CORPORATE PORTFOLIO	Book value 31.03.2022	Book value 31.03.2021	Book value 31.12.2021
Opening balance 01.01.	8	7	7
Sold	0	0	0
Bought	0	0	0
Unrealised changes	0	0	1
Closing balance 31.03./31.12.	8	7	8
Realised gains/losses	0	0	0

Changes in Level 3 shares, unlisted COMMON PORTFOLIO	Book value 31.03.2022	Book value 31.03.2021	Book value 31.12.2021
Opening balance 01.01.	2 721	2 545	2 545
Sold	-20	0	0
Bought	1	0	15
Unrealised changes	-34	43	161
Closing balance 31.03./31.12.	2 669	2 588	2 721
Realised gains/losses	-13	0	0

Changes in Level 3 equity funds, unlisted COMMON PORTFOLIO	Book value 31.03.2022	Book value 31.03.2021	Book value 31.12.2021
Opening balance 01.01.	50	55	55
Sold	0	0	0
Bought	0	0	0
Unrealised changes	1	-5	-5
Closing balance 31.03./31.12.	51	49	50
Realised gains/losses	0	0	0
Changes in Level 3, private equity, fixed- income funds and property funds COMMON PORTFOLIO	Book value 31.03.2022	Book value 31.03.2021	Book value 31.12.2021
Opening balance 01.01.	40 127	23 312	23 312
Sold	-1 242	-786	-4 551
Bought	2 457	1 979	13 793
Unrealised changes	1 165	460	7 574
Closing balance 31.03./31.12.	42 507	24 964	40 127
Realised gains/losses	521	562	2 236
Changes in Level 3, investment property CORPORATE PORTFOLIO	Book value 31.03.2022	Book value 31.03.2021	Book value 31.12.2021
Opening balance 01.01.	1 004	1 017	1 017
Sold	0	0	0
Bought	0	0	0
Unrealised changes	10	9	40
Other	-20	-35	-53
Closing balance 31.03./31.12.	995	991	1 004
Realised gains/losses	0	0	0
Total level 3	46 229	28 600	43 911

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 simply 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 9 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 6. 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 9 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 2 311 million as of 31.03.2022 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. 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 1st quarter, NOK 69 million was moved from Level 1 to Level 2 and NOK 247 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 8 Presentation of assets and liabilities that are subject to net settlement

31.03.2022 NOK MILLIONS					Related amounts not presented net		
	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount
ASSETS							
Financial derivatives	4 737	0	4 737	-212	-7 756	0	151
Total	4 737	0	4 737	-212	-7 756	0	151
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	4 108	0	4 108	-212	-7 045	0	45
Total assets – corporate portfolio	614	0	614	0	-697	0	99
Total assets – investment option portfolio	16	0	16	0	-15	0	7
Total	4 737	0	4 737	-212	-7 756	0	151
LIABILITIES							
Financial derivatives	246	0	246	-212	-46	0	0
Total	246	0	246	-212	-46	0	0
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	245	0	245	-212	-43	0	0
Total liabilities – corporate portfolio	0	0	0	0	0	0	0
Total liabilities – investment option portfolio	1	0	1	0	-3	0	0
Total	246	0	246	-212	-46	0	0

31.03.2021 NOK MILLIONS					Related amounts not presented net		
	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount
ASSETS							
Financial derivatives	3 819	0	3 819	-643	-2 927	0	392
Total	3 819	0	3 819	-643	-2 927	0	392
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	3 067	0	3 067	-642	-2 175	0	320
Total assets – corporate portfolio	742	0	742	0	-741	0	64
Total assets – investment option portfolio	11	0	11	-1	-11	0	8
Total	3 819	0	3 819	-643	-2 927	0	392
LIABILITIES							
Financial derivatives	650	0	650	-643	-17	0	0
Total	650	0	650	-643	-17	0	0
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	648	0	648	-642	-14	0	0
Total liabilities – corporate portfolio	0	0	0	0	0	0	0
Total liabilities – investment option portfolio	1	0	1	-1	-3	0	0
Total	650	0	650	-643	-17	0	0

31.12.2021 NOK MILLIONS					Related amounts not presented net		
	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount
ASSETS							
Financial derivatives	2 513	0	2 513	-1 485	-1 640	-79	310
Total	2 513	0	2 513	-1 485	-1 640	-79	310
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	1 862	0	1 862	-1 484	-901	-79	279
Total assets – corporate portfolio	646	0	646	0	-734	0	27
Total assets – investment option portfolio	6	0	6	-2	-5	0	4
Total	2 513	0	2 513	-1 485	-1 640	-79	310
LIABILITIES							
Financial derivatives	2 014	0	2 014	-1 485	-21	-330	222
Total	2 014	0	2 014	-1 485	-21	-330	222
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	2 010	0	2 010	-1 484	-18	-330	220
Total liabilities – corporate portfolio	0	0	0	0	0	0	0
Total liabilities – investment option portfolio	4	0	4	-2	-3	0	3
Total	2 014	0	2 014	-1 485	-21	-330	222

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 9 **Liabilities**

NOK MILLIONS	31.03.2022	31.03.2021	31.12.2021
Short-term liabilities securities	8 676	1 503	367
Advance tax-deduction pension scheme	439	392	491
Accounts payable	128	-17	10
Derivatives	246	650	2 014
Debt to credit institutions	7 860	3 318	1 651
Liabilities related to direct insurance	904	850	699
Other liabilities	154	132	30
Total liabilities	18 407	6 828	5 261

Note 10 **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. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 332 per cent, which is well over the Company's target of at least 150 per cent. With the transitional measure on technical provisions the SCR ratio is 332 per cent.

	31.03.2022	31.03.2021	31.12.2021
SOLVENCY II-SCR RATIO	332 %	287 %	316 %
NOK BILLIONS	31.03.2022	31.03.2021	31.12.2021
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT			
Assets, book value	710	650	706
Added values - hold-to-maturity portfolio/loans and receivables	-5	11	7
Added values - other lending	0	0	0
Other added/lesser values	0	0	0
Deferred tax asset	0	0	0
Total assets - solvency II	705	661	713
NOK BILLIONS	31.03.2022	31.03.2021	31.12.2021
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT			
Best estimate	627	595	647
Risk margin	12	13	13
Hybrid Tier 1 securities/Subordinated loan capital	5	5	5
Other liabilities	25	15	11
Deferred tax liabilities	0	1	1
Total liabilities - solvency II	668	629	676
Excess of assets over liabilities	37	33	36
- Deferred tax asset	0	0	0
+ Hybrid Tier 1 securities	2	2	2
Tier 1 basic own funds	38	34	38
Total eligible tier 1 own funds	38	34	38
Subordinated loans	3	3	3
Tier 2 basic own funds	3	3	3
Ancillary own funds	12	11	12
Tier 2 ancillary own funds	12	11	12
Deduction for max. eligible tier 2 own funds	-8	-7	-8
Total eligible tier 2 own funds	7	7	7
Deferred tax asset	0	0	0
Total eligible tier 3 own funds	0	0	0
Solvency II total eligible own funds	45	42	45
Market risk	7	7	7
Diversification market risk	-2	-2	-2
Counterparty risk	0	0	0
Life risk	13	13	13
Diversification life risk	-2	-3	-2

	31.03.2022	31.03.2021	31.12.2021
Diversification general	-3	-3	-3
Operational risk	3	3	3
Loss absorbing ability deferred tax	-2	-1	-2
Solvency capital requirement (SCR)	14	14	14
Linear minimum capital requirement (MCR_linear)	5	6	5
Minimum	3	4	4
Maximum	6	7	6
Minimum capital requirement (MCR)	5	6	5
Solvency II -SCR ratio	332 %	287 %	316 %

Note 11 Leases

NOK MILLIONS	31.03.2022	31.03.2021	31.12.2021
RIGHT-OF-USE ASSETS	Property		
Opening balance 01.01.	973	1 081	1 081
Depreciation	-27	-27	-108
Closing balance	946	1 054	973
NOK MILLIONS	31.03.2022	31.03.2021	31.12.2021
LEASE LIABILITIES	Property		
Opening balance 01.01.	1 012	1 099	1 099
Repayments	-23	-22	-88
Closing balance	989	1 078	1 012
NOK MILLIONS	Q1 2022	Q1 2021	01.01.2021 -31.12.2021
	Property		
Interest expense lease liabilities	6	6	26
Interest expense lease liabilities	6	6	26

Note 12 Pension obligations

NOK MILLIONS	31.03.2022	31.03.2021	31.12.2021
Capitalized net liability 01.01.	553	594	594
Capitalized pension costs	31	28	110
Capitalized financial costs	3	3	12
Actuarial gains and losses	-270	-118	-48
Premiums / contributions received	-17	-16	-116
Capitalized net liability 31.03. / 31.12.	301	491	553
ASSUMPTIONS	31.03.2022	31.03.2021	31.12.2021
Discount rate	2,70 %	2,00 %	1,90 %
Salary growth	2,75 %	2,25 %	2,75 %
The National Insurance basic amount (G)	2,50 %	2,00 %	2,50 %
Pension increases	1,75 %	1,24 %	1,75 %
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 270 million as of 31.03.2022. The change is recognized in "Total other income and expenses that will not be reclassified to profit or loss".