



Q4 Interim Report KLP Group, Sustainability and KLP

Innholdsfortegnelse

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Report for the fourth quarter of 2021

Good results for customers and owners throughout 2021

- The value-adjusted return was 2.6 per cent in the fourth quarter and 8.4 per cent for the year, while the book return was 1.4 per cent in the quarter and 5.0 per cent to the end of the fourth quarter.
- The subsidiaries are delivering positive profit contributions.

KLP – a customer-owned group

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

At the end of the fourth quarter, the Group had total assets of NOK 901.3 billion, an increase of NOK 28.8 billion in the fourth quarter, and NOK 94.1 billion for the year.

The Group's total comprehensive income was NOK 1.5 (1.0) billion¹ after the fourth 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 706.7 billion, NOK 652.4 billion is linked to insurance obligations within public-sector occupational pensions.

Results for the fourth quarter of 2021

Investment result

KLP achieved an investment result - the return in excess of that guaranteed by the Company to its customers - totalling NOK 14.9 (12.4) billion after the fourth quarter. The value-adjusted return on the common portfolio was 2.6 per cent in the fourth quarter and 8.4 per cent for the year, while the book return was 1.4 per cent in the second quarter and 5.0 per cent in the year.

1. Figures in brackets give values for the corresponding period in 2020.

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 minus NOK 36 million in the fourth quarter, and plus 589 million for the year.

Administration result

The Company's administration result shows a surplus of NOK 35 million so far this year, of which NOK 124 million fell in the quarter. Insurance-related operating costs came to NOK 1.4 (1.2) billion for the year.

Total profit/loss

Total profit/loss to the Company stands at NOK 1.5 (1.0) billion for 2021. The customer result is NOK 15.5 (12.4) billion for the year.

NOK millions	Customers	Company	Total
Investment result	14 863	277	15 140
Risk result	589		589
Interest guarantee premium		251	251
Administration result		35	35
Other income from technical accounts		6	6
Net income from investments in the corporate portfolio and other income/expenses in non-technical accounts		1 030	1 030
Tax		-202	-202
Other profit/loss elements		56	56
Profit/loss after Q4 2021	15 453	1 452	16 904
Profit/loss after Q4 2020	12 350	1 021	13 371

Financial strength and capital-related matters

KLP's total assets increased by NOK 12.2 billion in the fourth quarter and amount to NOK 706.7 billion at 31 December. The premium reserve increased by NOK 5.0 billion to NOK 485.9 billion in the same period.

The securities adjustment fund increased by NOK 8.8 billion in the quarter, to NOK 77.4 billion after the fourth quarter.

Without applying transitional rules, the Company's solvency capital requirement (SCR) is 290 per cent. Taking account of the transitional arrangement for technical provisions, capital adequacy was 317 per cent. 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 31.12.2021	At 31.12.2020
Book return	5,0	4,8
Value-adjusted return	8,4	4,2
Value-adjusted incl. added value in hold-to-maturity bonds and lending	6,7	5,5
<i>The return figures apply to the common portfolio</i>		
Capital adequacy, Solvency II	290	282
Capital adequacy, Solvency II, with transitional measures	317	358

Premium income

Premium income excluding premium reserves received on transfers in amounts to NOK 50.2 (34.3) billion at the end of the quarter.

Claims/benefits

Pensions paid and other claims, excluding ceded premium reserves, amounted to NOK 22.1 (20.7) billion for the year.

Management of the common portfolio

The assets in the common portfolio totalled NOK 659.3 (604.8) billion and were invested as shown below:

Assets	At 31.12.2021		At 31.12.2020	
All figures in per cent	Proportion	Return	Proportion	Return
Equities	30,9 %	22,8 %	24,2 %	6,3 %
Short-term bonds	13,8 %	-0,7 %	16,9 %	6,5 %
	27,7 %	3,5 %	28,9 %	3,5 %
Long-term/HTM bonds	11,9 %	1,7 %	12,9 %	2,1 %
Lending	13,8 %	10,2 %	13,3 %	6,8 %
Property	1,9 %	0,7 %	3,9 %	1,5 %

Equities

Total exposure in shares and alternative investments, including equity derivatives, was 30.9 per cent at the end of the fourth quarter. The total return on shares and alternative investments was 6.2 per cent in the quarter. The return on KLP's global equities was 7.0 per cent, while KLP's Norwegian equity portfolio returned 3.0 per cent in the quarter.

Short-term bonds and the money market

Short-term bonds accounted for 13.8 per cent and money-market instruments 1.9 per cent of the assets in the common portfolio at the end of the fourth quarter. Norwegian, European and US interest rates all rose slightly during the quarter. KLP's global government bond index achieved a currency-hedged return of 0.6 per cent in the quarter, while the return on the Norwegian government bond index was minus 0.5 per cent.

The quarterly return for KLP's global credit bond index was 0.1 per cent. In total, short-term bonds achieved returns of 0.2 per cent in the fourth 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 27.7 per cent of the common portfolio at 31 December. Unrecognised added values in the common portfolio amounted to NOK 5.9 billion at 31 December. The portfolio is well diversified and consists of securities issued by creditworthy borrowers. The return measured at amortised cost in the fourth quarter was 0.8 per cent.

Property

Property investments, including Norwegian and international property funds, made up 13.8 per cent of the common portfolio. Property values in the common portfolio were adjusted upwards by NOK 2.8 billion in the quarter, and by NOK 5.5 billion for the year. Property investments in the common portfolio achieved a return of 10.2 per cent in 2021.

Lending

Lending in the common portfolio totals NOK 77.9 billion. This is split between NOK 65.7 billion in loans to the public sector, NOK 2.1 billion in loans with government guarantees and NOK 3.0 billion in secured mortgage loans, with the remaining NOK 7.1 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 added values in the lending portfolio (fixed-interest loans) totalled NOK 156 million at 31 December. The return for the year was 1.7 per cent.

Returns on the corporate portfolio

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

The corporate portfolio is managed with a moderate-risk long-term investment horizon, with the object of stable returns. Investments in the corporate portfolio achieved a return of 0.9 per cent in the fourth quarter, and 3.4 per cent for 2021.

Other matters

Competition has intensified since new providers entered the market for insurance-based public-sector occupational pensions in 2020. Two municipalities and several closed agreements moved away from KLP at the beginning of 2022. The total volume of the outflow was NOK 4.5 billion. There were no moves to KLP at the start of 2022.

It is too early to say how Covid-19 and the pandemic situation will affect the drawing of disability pensions in KLP's membership base over time. Historical figures up to 2019/2020 indicate that the Company has adequate margins built into the calculation basis for disability. Because of the uncertainty surrounding disability going forward, most of these margins will be retained until further notice.

Business areas of the subsidiaries

Non-life insurance

The results for 2021 show a pre-tax operating profit of NOK 397.7 (220.0) million. The positive development continued in the fourth quarter and profit for the quarter was NOK 53.8 (122.8) million. Insurance results were slightly weaker than the three previous quarters, while the financial return was satisfactory. Operating expenses were lower than expected and the Company has continued to reverse previous years' reserves.

Premium volume stood at NOK 2,020 million at the end of the fourth quarter, an increase of NOK 220 million from the position at 31.12.2020. The overall premium level is still increasing. Overdue premiums have increased by 12.3 per cent compared with 2020. Growth is good within all segments in the Company.

The insurance result (premiums minus claims costs) was NOK 426 (276) million. No major claims were reported in the fourth quarter. Reversal of previous years' claims is still positive, with NOK 109 million taken to income in 2021, equivalent to 5.5 per cent of the reserves at the beginning of the 2021.

Key figures for the Company

	At 31.12 2021	At 31.12 2020
Claims ratio	76,4	83,0
Cost ratio	15,8	17,6
Total cost ratio	92,1	100,7

Net financial income in 2021 amounted to NOK 254.8 (228.2) million, representing a return of 5.0 (5.0) per cent. Returns for the fourth quarter in isolation were NOK 80.9 (124.8) million, or 1.6 (2.7) per cent. The equity portfolio returned 24.6 per cent in 2021. The Company's investments in interest-bearing funds had a return of 0 per cent, while long-term bonds returned 3.2 per cent. The return on real estate investments was 10.5 per cent, after a write-up of NOK 43.1 million.

The fourth quarter in isolation saw a return of 7.6 per cent on equities, 0 per cent on interest-bearing instruments, 0.8 per cent on long-term bonds and 3.6 per cent on property investments.

After group contributions to the parent company, the Company's financial position is good with a solvency capital requirement (SCR) of 224 per cent at the end of 2021, compared to 237 per cent at the end of 2020.

Asset and fund management

KLP Kapitalforvaltning provides securities management in the KLP Group. It had a total of NOK 669 billion under management at the end of 2021, of which NOK 137 billion came from external customers. The majority of the assets are managed on behalf of KLP and its subsidiaries. Net new subscriptions to the KLP funds were NOK 12.4 billion 2021. External customers had net new subscriptions of NOK 13.3 billion in 2021.

KLP Kapitalforvaltning AS made a profit before tax of NOK 56.2 million in 2021.

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 lending financed through pension assets held by KLP.

As of 31.12.2021, the KLP Banken Group had loans to customers totalling NOK 39.9 (38.2) billion. Mortgage loans in the retail market and public-sector loans totalled NOK 22.0 (20.5) billion and 17.8 (17.6) billion respectively.

KLP Banken manages NOK 3.0 (3.2) billion in mortgage loans and NOK 74.9 (73.9) billion in loans to public-sector borrowers and other businesses.

The Bank's mortgage products are aimed at the target group of members of the KLP pension schemes. In 2021, the retail market in KLP Banken saw weaker growth in mortgages compared to last year's very strong performance, increasing by NOK 1.5 (2.2) billion. Growth in the fourth quarter accounts for about half of the total growth in 2021. Disbursement of new loans is at about the same level as the previous year, but redemptions have increased.

Lending volume to the public-sector market on KLP Banken's balance sheet decreased by NOK 0.3 (1.0) billion. Loans to public-sector borrowers managed on behalf of KLP increased by NOK 3.4 (7.1) billion in the same period. Managed loans to foreign debtors, mainly in other currencies, decreased by NOK 3.5 billion in 2021, to NOK 6.4 billion.

The Bank's lending margins were affected by low interest rates and increasing competition in both lending areas. After the central bank increased its key policy rate in September, KLP Banken opted to keep lending rates on mortgages unchanged to the end of the year. This produced stronger growth and lower margins in the fourth quarter. The Bank's operating income, in the form of net interest income, was NOK 308.6 (317.3) million at the end of the fourth quarter.

KLP Banken's liquidity is invested in other banks and in interest-bearing securities. The portfolio of interest-bearing securities amounts to NOK 6.0 (3.1) billion.

The Bank's net gain/loss on financial instruments mainly includes the effects of loan buybacks and changes in the value of its securities holdings. In all, financial instruments produced total expenses of NOK -32.9 (-26.1) million to the end of the quarter.

The KLP Banken Group's external financing consists mainly of deposits and bonds. Deposit growth in 2021 was NOK 1.1 (0.5) billion. On the reporting date, deposits from individuals and companies amounted to NOK 12.9 (11.8) billion and debt from securities issues came to NOK 31.9 (25.8) billion. The securities debt is mainly covered bonds issued by KLP Kommunekreditt AS and KLP Boligkreditt AS.

Operating expenses and depreciation amounted to NOK 236.2 (227.8) million as of the fourth quarter.

Losses and loss provisions in the retail market amounted to NOK 2.3 (4.3) million in 2021. These are mainly losses on credit cards. The pandemic has not led to increased losses on mortgages. Nor have we experienced any losses related to public-sector lending in 2021.

The KLP Banken Group had a pre-tax operating profit of NOK 116.1 (136.8) million at the end of the fourth quarter. Broken down by area, profits were NOK 87.6 (101.5) million in the retail market and NOK 28.5 (35.2) million in the public-sector market.

Corporate social responsibility

In the fourth quarter, KLP tightened up the arms criterion in the 'Guideline as a responsible investor'. In January 2021, the United Nations Treaty Prohibiting Nuclear Weapons entered into force. Statens Pensjonsfond Utland (SPU) revised its guidelines accordingly. To back up the intent of the Treaty, KLP wanted to apply a more stringent practice to undertakings involved with nuclear weapons.

Traditionally, KLP has excluded companies that produce or develop components for controversial weapons, and the Company has now settled on a somewhat stricter line for what components or support services should be included. As a result, KLP excluded 14 new arms companies that might be linked to the production of controversial weapons such as nuclear weapons and cluster munitions.

The UN Climate Summit (COP26) was hosted in Glasgow in November. The main goal of the summit was to keep the 1.5-degree target within reach, and adopt a more ambitious climate policy. KLP contributed to several webinars during the Climate Summit. Among other things, KLP's chief executive Sverre Thornes spoke in a webinar given by the International Chamber of Commerce on how to increase the profitability of climate-friendly investments.

Two key topics in particular were discussed during the Climate Summit: the regulations governing quota trading between countries, and targets for climate financing to poor countries. KLP has been investing in the renewable energy and financial sectors in poor countries since 2012. Through this work, KLP has contributed to more sustainable development in these countries and better access to basic services in banking and finance.

In November, KLP invested in the innovative Climate Investor 2 fund, a "blended finance" fund based on a combination of public and private capital. The fund invests mainly in projects within renewable energy, but also finances sustainable water supplies, good sanitation, waste management and circular economy in developing countries in Asia, Africa and Latin America.

The high electricity prices were much talked-about in the autumn and the run-up to Christmas. This topic was also on the agenda when KLP hosted the Local Government Conference in Tromsø in October. In the last edition of the Local Government Conference at Maihaugen in Lillehammer, the environmental perspective was emphasised under the title "The battle for energy — is there a peaceful way forward?". Several experts, along with mayors, discussed how Norway can find a peaceful way through the green transition.

There was an increased focus on environmental crises through the year. KLP signed the 'Finance for Biodiversity Pledge', whereby KLP will work alongside other investors.

KLP aims to contribute to the sustainability work of Norwegian municipalities at the local level. As part of this, KLP has partnered with 'Gjenbruksgjengen', which has developed a teaching concept with various narratives designed to teach children about the environment and recycling. The aim is to roll out the teaching program to SFOs.

Future prospects and events after the end of the quarter

The whole of the finance industry has worked to change the rules for guaranteed pension products. The changes are many and varied, but the most important for public-sector occupational pensions was the proposal to introduce a merged buffer fund to replace the current supplementary reserves and securities adjustment fund. The change in the rules takes effect from 1 January 2022. The buffer fund will be agreement-specific, and will be transferred in full if the pension scheme should move.

The global economy has been affected by the pandemic, and this led to price rises and higher interest rates in recent months. KLP has a high level of preparedness and good financial strength to enable it to handle such fluctuations.

Oslo, 18 February 2022

The Board of Kommunal Landspensjonskasse gjensidige forsikringsselskap

EGIL JOHANSEN
Chair

JENNY FØLLING
Deputy Chair

EGIL MATSEN

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VIBEKE HELDAL
Elected by and from the employees

ERLING BENDIKSEN
Elected by and from the employees

The Boards Signatures

Income statement

KLP Group

NOTE	NOK MILLIONS	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
3	Premium income for own account	9 478	8 447	52 001	39 049
	Current return on financial assets	3 639	3 409	14 813	14 793
	Net interest income banking	76	88	309	318
	Net value changes on financial instruments	18 187	18 748	48 365	15 331
8	Net income from investment properties	3 673	3 464	8 543	5 080
4	Other income	345	160	1 547	1 136
	Total net income	35 398	34 316	125 577	75 707
	Claims for own account	-6 170	-5 707	-31 855	-29 780
	Change in technical provisions	-5 043	-5 674	-29 942	-19 000
5	Net costs subordinated loan and hybrid Tier 1 securities	28	309	103	-478
6	Operating expenses	-767	-563	-2 278	-1 971
	Sale of business	0	-4	0	-183
7	Other expenses	-335	-337	-1 292	-1 258
	Unit holder's value change in consolidated securites funds	-7 805	-8 043	-19 802	-11 074
	Total expenses	-20 092	-20 019	-85 066	-63 744
	Operating profit/loss	15 306	14 297	40 511	11 963

NOTE	NOK MILLIONS	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
	To/from securities adjustment fund – life insurance	-8 623	-7 741	-21 646	245
	To supplementary reserves – life insurance	-6 031	-8 239	-5 420	-7 749
	Assets allocated to insurance customers - life insurance	-505	1 657	-11 107	-2 803
	Pre-tax income	146	-25	2 338	1 657
	Cost of taxes ¹	-219	-179	-1 076	-860
	Income	-73	-204	1 262	797
19	Actuarial loss and profit on post employment benefit obligations	350	217	84	-88
	Adjustments of the insurance obligations	-46	-21	-16	12
	Tax on items that will not be reclassified to profit or loss	-54	-57	-12	19
	Items that will not be reclassified to profit or loss	250	139	56	-57
	Revaluation real property for use in own operation	68	250	206	392
8	Currency translation foreign properites	-531	-818	-1 314	1 778
	Adjustments of the insurance obligations	531	818	1 314	-1 778
	Tax on items that will be reclassified to profit or loss	-17	-62	-52	-98
	Items that will be reclassified to income particular specific conditions are met	51	187	155	294
	Total other comprehensive income	301	326	211	238
	Total comprehensive income	228	122	1 473	1 034
	¹ Unit holders share of taxes in consolidated securities fund	-75	-62	-296	-255

Financial position statement

KLP Group

NOTE	NOK MILLIONS	31.12.2021	31.12.2020
	Deferred tax assets	52	61
	Other intangible assets	797	684
	Tangible fixed assets	2 714	2 557
	Investments in associated companies and joint venture	4 934	4 240
8,11	Investment property	89 535	81 485
9,14	Debt instruments held to maturity	25 985	28 986
9,14	Debt instruments classified as loans and receivables	164 484	154 180
9,11,14	Lending local government, enterprises & retail customers at fair value through profit / loss	79	589
9,14	Lending local government, enterprises and retail customers	118 024	115 071
9,11,14	Debt instruments at fair value through profit or loss	188 172	193 814
9,11	Equity capital instruments at fair value through profit/loss	294 476	204 982
9,11,14	Financial derivatives	3 253	11 561
9	Receivables	5 377	6 179
14	Cash and bank deposits	3 388	2 772
	TOTAL ASSETS	901 270	807 161

NOTE	NOK MILLIONS	31.12.2021	31.12.2020
	Owners' equity contributed	19 654	18 194
	Retained earnings	22 061	21 222
	TOTAL OWNERS' EQUITY	41 715	39 416
9,10	Hybrid Tier 1 securities	1 604	1 764
9,10	Subordinated loan capital	3 000	3 135
19	Pension obligations	870	934
15	Technical provisions - life insurance	652 240	595 068
	Premiums, claims and contingency fund provisions - non-life insurance	3 023	2 729
9,10	Covered bonds issued	31 015	24 997
9,10	Debt to credit institutions	4 199	14 216
9,10	Liabilities to and deposits from customers	12 901	11 781
9,11	Financial derivatives	4 740	789
	Deferred tax	1 387	1 425
16	Other current liabilities	7 136	6 859
	Unit holders' s interest in consolidated securites funds	137 440	104 050
	TOTAL LIABILITIES	859 555	767 745
	TOTAL EQUITY AND LIABILITIES	901 270	807 161
	Contingent liabilities	28 754	27 659

Changes in Owners' equity

KLP Group

2021 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 1 January 2021	18 194	21 222	39 416
Income	634	628	1 262
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	634	838	1 473
Owners' equity contribution received (net)	826		826
Total transactions with the owners	826		826
Owners' equity 31 December 2021	19 654	22 061	41 715

2020 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 1 January 2020	16 540	20 799	37 339
Income	611	186	797
Items that will not be reclassified to income		- 57	- 57
Items that will be reclassified to income later when particular conditions are met		294	294
Total other comprehensive income		238	238
Total comprehensive income	611	423	1 034
Owners' equity contribution received (net)	1 043		1 043
Total transactions with the owners	1 043		1 043
Owners' equity 31 December 2020	18 194	21 222	39 416

Statement of cash flows

KLP Group

NOK MILLIONS	01.01.2021 -31.12.2021	01.01.2021 -30.09.2021	01.01.2021 -30.06.2021	01.01.2021 -31.03.2021	01.01.2020 -31.12.2020
Net cash flow from operational activities	-24 289	-17 000	-21 644	-13 312	13 405
Net cash flow from investment activities ¹	-278	-218	-146	-72	-331
Net cash flow from financing activities ²	25 182	17 496	22 640	15 833	-13 495
Net changes in cash and bank deposits	616	278	850	2 449	-422
Holdings of cash and bank deposits at start of period	2 772	2 772	2 772	2 772	3 194
Holdings of cash and bank deposits at end of period	3 388	3 050	3 622	5 221	2 772

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

KLP Group

Note 1 Accounting principles –and estimates

Accounting principles

The financial statements in this interim report show the Kommunal Landspensjonskasse (KLP) group financial statements and parent company financial statements for the period 1 January 2021 – 31 December 2021. 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.

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 2020. The annual financial statements are available at KLP's website klp.no.

Accounting estimates

In preparing the interim financial statements, management has exercised discretion and used estimates and assumptions that affect the accounting figures. Actual figures may deviate from estimates used.

The life insurance business continuously follows up the risks related to disability and whether the disability provisions need to be strengthened. When determining conditions for disability, experience data up to and including 2020 is used, including margins that take into account the uncertainty related to covid-19. No disability provisions have been made related to covid-19 beyond this. A possible effect of covid-19 is lower employment rates, recession and increasing disability in society as a result of this. The Group consider this risk to be lower for the public sector.

For non-life business, there is increased uncertainty with regard to future compensation costs, particularly in the occupational injury sector, as a result of Covid-19 being added to the list of recognised occupational illnesses. The company has increased its premiums for occupational injury to account for this. To date, the company has received many occupational injury claims relating to Covid-19, but the compensation costs for these are currently modest.

In January, the Norwegian Accounting Standards Board published updated guiding assumptions for pension liabilities. In relation to the assumptions used as at 31.12.2020, the discount rate for corporate bonds was changed from 1.7 % to 1.9 %. At the same time, wage growth was changed from 2.25 % to 2.50 %, the National Insurance Scheme's basic amount (G) was changed from 2.0% to 2.5% and pension adjustment was changed from 1.24% to 1.74 %. In total, these changes result in a NOK 84 million decrease in recognised pension liabilities for the Group as at 31.12.2021.

Note 2 Segment information

NOK MILLIONS	Group pensions pub. sect. & group life		Group pensions private		Non-life insurance		Banking	
	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Premium income for own account from external customers ¹	50 161	37 102	sold	313	1 865	1 658	0	0
Net financial income from investments	50 228	25 351	sold	-604	259	229	277	292
Other income	1 999	1 429	sold	2	2	2	78	77
Total income	102 388	63 881	-	-288	2 125	1 889	355	370
Claims for own account	-30 438	-28 360	sold	-45	-1 417	-1 375	0	0
Insurance provisions for own account	-29 935	-19 329	sold	331	-7	-2	0	0
Costs borrowing	103	-478	sold	0	0	0	0	0
Operating costs excluding depreciation	-1 147	-1 030	sold	-19	-298	-287	-229	-222
Depreciation	-162	-74	sold	0	-5	-5	-5	-4
Sale of business	0	0	sold	0	0	0	0	0
Other expenses	-1 425	-1 377	sold	0	0	0	-5	-7
Return to financial instruments attributable to minority interests								
Total expenses	-63 004	-50 649	-	267	-1 728	-1 668	-239	-233

NOK MILLIONS	Group pensions pub. sect. & group life		Group pensions private		Non-life insurance		Banking	
	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Operating profit/loss	39 384	13 233	-	-22	398	220	116	137
Funds credited to insurance customers ²	-37 786	-11 944	sold	8	0	0	0	0
Pre-tax income	1 599	1 289	-	-14	398	220	116	137
Cost of taxes	-202	-204	sold	0	-68	-42	0	-4
Income	1 396	1 085	-	-14	329	178	116	133
Change in other comprehensive income	56	-63	sold	-4	8	-7	5	-3
Total comprehensive income	1 452	1 021	-	-18	337	170	121	130
Assets	706 748	652 277	sold	sold	5 976	5 270	47 482	42 688
Liabilities	665 087	612 894	sold	sold	3 710	3 160	44 961	40 261

NOK MILLIONS	Asset management		Other		Eliminations		Total	
	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Premium income for own account from external customers ¹	0	0	0	0	-25	-24	52 001	39 049
Net financial income from investments	2	6	0	0	21 263	10 247	72 029	35 522
Other income	608	547	12	12	-1 151	-932	1 547	1 136
Total income	610	554	12	12	20 086	9 291	125 577	75 707
Claims for own account	0	0	0	0	0	0	-31 855	-29 780
Insurance provisions for own account	0	0	0	0	0	0	-29 942	-19 000
Costs borrowing	0	0	0	0	0	0	103	-478
Operating costs excluding depreciation	-548	-517	-10	-12	182	247	-2 050	-1 839
Depreciation	-6	-6	0	0	-50	-42	-228	-132
Sale of business	0	0	0	0	0	-183	0	-183
Other expenses	0	0	0	0	138	125	-1 292	-1 258

NOK MILLIONS	Asset management		Other		Eliminations		Total	
	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Return to financial instruments attributable								
to minority interests					-19 802	-11 074	-19 802	-11 074
Total expenses	-554	-523	-10	-12	-19 531	-10 927	-85 066	-63 744
Operating profit/loss	56	31	2	0	555	-1 636	40 511	11 964
Funds credited to insurance customers ²	0	0	0	0	-388	1 630	-38 173	-10 306
Pre-tax income	56	31	2	0	167	-6	2 338	1 657
Cost of taxes	-13	-7	0	0	-791	-602	-1 076	-860
Income	43	23	1	-1	-624	-608	1 262	797
Change in other comprehensive income	2	-7	0	0	140	322	211	238
Total comprehensive income	45	16	2	-1	-484	-285	1 473	1 035
Assets	636	579	9	8	140 419	106 339	901 270	807 161
Liabilities	256	245	3	3	145 537	111 182	859 555	767 745

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 six areas: public sector occupational pension/group life, enterprise (defined benefit) and defined contribution pension, 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.

ENTERPRISE (DEFINED BENEFIT) AND DEFINED CONTRIBUTION PENSION

KLP Bedriftspensjon AS offers products to enterprises within both the public and private sectors. The business was sold in 2020.

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	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Contribution service pension	9 497	8 707	52 075	36 270
Reinsurance premiums ceded	-19	-35	-75	-71
Transfer of premium reserves from others	0	-225	0	2 850
Total premium income	9 478	8 447	52 001	39 049

Note 4 Other income

NOK MILLIONS	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Supplement contractual early retirement scheme (ERS)	331	305	1 265	1 189
Other income ¹	14	-145	282	-52
Total other income	345	160	1 547	1 136

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

Note 5 Subordinated loans and perpetual hybrid tier 1 securities

NOK MILLIONS	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
SUBORDINATED LOANS				
Interest costs ¹	-31	-30	-124	-555
Value changes	26	146	132	169
Net costs subordinated loans	-5	115	8	-386
PERPETUAL HYBRID TIER 1 SECURITIES				
Interest costs	-16	-15	-64	-67
Value changes	49	208	159	-25
Net costs perpetual hybrid tier 1 securities	33	193	96	-92
Net costs subordinated loan and hybrid Tier 1 securities	28	309	103	-478

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	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Personnel costs	253	311	1 138	1 131
Depreciation and writedowns	112	37	228	132
Other operating expenses	402	215	912	708
Total operating expenses	767	563	2 278	1 971

Note 7 Other expenses

NOK MILLIONS	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Supplement contractual early retirement scheme (ERS)	331	305	1 265	1 189
Other expenses	4	32	27	70
Total other expenses	335	337	1 292	1 258

Note 8 Investment property

NOK MILLIONS	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Net rental income	785	753	3 040	2 893
Net value adjustment	2 829	2 712	5 444	2 177
Realised gains	59	0	59	9
Net income from investment properties	3 673	3 464	8 543	5 080
Currency translate foreign properites (taken to other comprehensive income)	-531	-818	-1 314	1 778
Net income from investment properties included currency translate	3 142	2 647	7 229	6 858

NOK MILLIONS	31.12.2021	31.12.2020
Investment property 01.01.	81 485	74 545
Value adjustment, including currency translation	4 130	3 956
Net additions	3 913	3 083
Reclassified property for own use	0	- 102
Other changes	7	2
Investment property	89 535	81 485

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 Bloombergs' prices are correct. Reuters acts as a secondary source.

l) Options

Bloomberg is used as a source for pricing options traded on the stock market. 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	31.12.2021		31.12.2020	
	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS HELD TO MATURITY - AT AMORTIZED COST				
Norwegian hold-to-maturity bonds	4 071	4 477	5 130	5 786
Foreign hold-to-maturity bonds	21 915	23 289	23 856	26 163
Total debt instruments held to maturity	25 985	27 766	28 986	31 950
DEBT INSTRUMENTS CLASSIFIED AS LOANS AND RECEIVABLES- AT AMORTIZED COST				
Norwegian bonds	53 339	54 373	51 396	54 735
Foreign bonds	111 136	115 067	102 738	111 115
Other receivables	9	9	47	47
Total debt instruments classified as loans and receivables	164 484	169 448	154 180	165 897
LENDING LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS				
Loans to local government sector or enterprises with local government guarantee	79	79	589	589
Total loans to local government, enterprises & retail customers	79	79	589	589
LENDING TO LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS - AT AMORTIZED COST				
Loans secured by mortgage	25 081	25 085	23 763	23 816
Loans to local government sector or enterprises with local government guarantee	86 486	86 641	81 335	82 668
Loans abroad secured by mortgage and local government guarantee	6 413	6 413	9 923	9 923
Loans creditcard	44	44	50	50
Total loans to local government, enterprises & retail customers	118 024	118 183	115 071	116 458
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Norwegian bonds	56 354	56 354	51 841	51 841
Norwegian certificates	7 805	7 805	6 094	6 094
Foreign bonds	87 026	87 026	92 025	92 025
Foreign certificates	405	405	549	549
Investments with credit institutions	36 582	36 582	43 305	43 305
Total debt instruments	188 172	188 172	193 814	193 814
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Shares	260 001	260 001	185 112	185 112
Equity funds	30 328	30 328	18 488	18 488
Property funds	4 147	4 147	1 382	1 382
Total equity capital instruments	294 476	294 476	204 982	204 982
RECEIVABLES				

NOK MILLIONS	31.12.2021		31.12.2020	
	Book value	Fair value	Book value	Fair value
Receivables related to direct business	1 725	1 725	1 433	1 433
Receivables related to reinsurance agreements	304	304	176	176
Receivables related to securites	2 727	2 727	3 111	3 111
Prepaid rent related to real estate activities	245	245	212	212
Other receivables	374	374	1 246	1 246
Total other loans and receivables including receivables from policyholders	5 377	5 377	6 179	6 179
FINANCIAL LIABILITIES - AT AMORTIZED COST				
Hybrid Tier 1 securities	1 604	1 586	1 764	1 592
Subordinated loan capital	3 000	3 310	3 135	3 561
Debt to credit institutions	897	897	3 304	3 304
Covered bonds issued	31 015	30 591	24 997	25 105
Liabilities and deposits from customers	12 901	12 901	11 781	11 781
Total financial liabilities	49 417	49 284	44 980	45 342
FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS				
Debt to credit institutions	3 302	3 302	10 913	10 913
Total financial liabilities	3 302	3 302	10 913	10 913

NOK MILLIONS	31.12.2021		31.12.2020	
	Assets	Liabilities	Assets	Liabilities
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS				
Forward exchange contracts	2 019	3 077	9 140	384
Interest rate swaps	223	1 664	1 144	405
Interest rate and currency swaps	732	0	1 058	0
Share option	279	0	219	0
Total financial derivatives	3 253	4 740	11 561	789

Note 10 **Borrowing**

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.12.2021	Book value 31.12.2020
FIXED - TERM SUBORDINATED LOAN						
Kommunal Landspensjonskasse	2 530	EUR	Fixed ¹	2045	3 000	3 135
Total subordinated loan capital	2 530	-	-	-	3 000	3 135
HYBRID TIER 1 SECURITIES						
Kommunal Landspensjonskasse	984	JPY	Fixed ²	2034	1 604	1 764
Total hybrid Tier 1 securities	984	-	-	-	1 604	1 764
COVERED BONDS						
KLP Kommunekreditt AS	0	NOK	Floating	2021	0	260
KLP Kommunekreditt AS	0	NOK	Fixed	2021	0	8
KLP Kommunekreditt AS	1 996	NOK	Floating	2022	1 999	5 004
KLP Kommunekreditt AS	5 000	NOK	Floating	2023	5 009	5 006
KLP Kommunekreditt AS	5 000	NOK	Floating	2024	5 006	2 502
KLP Kommunekreditt AS	5 000	NOK	Floating	2025	5 003	2 053
KLP Kommunekreditt AS	1 000	NOK	Floating	2026	1 002	2 053
KLP Kommunekreditt AS	500	NOK	Fixed	2027	508	508
KLP Boligkreditt AS	0	NOK	Floating	2021	0	585
KLP Boligkreditt AS	1 904	NOK	Floating	2022	1 904	2 500
KLP Boligkreditt AS	2 500	NOK	Floating	2023	2 501	2 501
KLP Boligkreditt AS	2 500	NOK	Floating	2024	2 500	2 500
KLP Boligkreditt AS	2 500	NOK	Floating	2025	2 500	1 497
KLP Boligkreditt AS	2 500	NOK	Floating	2026	2 504	0
KLP Boligkreditt AS	500	NOK	Floating	2027	501	0
Other					78	73
Total covered bonds	30 900	-	-	-	31 015	24 997

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.12.2021	Book value 31.12.2020
DEBT TO CREDIT INSTITUTIONS						
KLP Banken AS	0	NOK	Floating	2021	0	2 704
KLP Banken AS	300	NOK	Floating	2022	300	300
KLP Banken AS	300	NOK	Floating	2023	300	0
KLP Banken AS	300	NOK	Floating	2024	300	300
KLP Fond	0	NOK/EUR/USD	Floating	2021	0	4 140
KLP Fond	0	NOK/EUR/USD	Fixed	2021	0	914
KLP Fond	385	NOK/EUR/USD	Floating	2022	385	0
KLP Fond	1 241	NOK/EUR/USD	Fixed	2022	1 241	0
Kommunal Landspensjonskasse	0	NOK/EUR/USD	Floating	2021	0	5 859
Kommunal Landspensjonskasse	1 651	NOK/EUR/USD	Floating	2022	1 651	0
Other					21	-1
Total liabilities to credit institutions	4 176	-	-	-	4 199	14 216
LIABILITIES AND DEPOSITS FROM CUSTOMERS ³						
Retail	11 212	NOK			11 212	10 311
Business	1 650	NOK			1 650	1 441
Foreign	39	NOK			39	30
Liabilities to and deposits from customers	12 901	-	-	-	12 901	11 781
Total financial liabilities	51 490	-	-	-	52 719	55 893

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

31.12.2021 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
Total assets at fair value	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

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 897 million per 31.12.2021

31.12.2020 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
<i>Land/plots</i>	0	0	996	996
<i>Real estate fund</i>	0	0	3 354	3 354
<i>Buildings</i>	0	0	77 136	77 136
Investment property	0	0	81 485	81 485
Lending at fair value	0	589		589
<i>Certificates</i>	1 058	5 585	0	6 643
<i>Bonds</i>	16 125	110 382	0	126 506
<i>Fixed-income funds</i>	17 437	7 141	4 250	28 828
Bonds and other fixed-income securities	34 621	123 108	4 250	161 978
Loans and receivables	31 106	730	0	31 836
<i>Shares</i>	179 469	2 939	2 704	185 112
<i>Equity funds</i>	2 245	0	55	2 300
<i>Property funds</i>	0	1 157	224	1 382
<i>Special funds</i>	0		0	
<i>Private Equity</i>	0	0	16 188	16 188
Shares and units	181 714	4 097	19 171	204 982
Financial derivatives	0	11 561	0	11 561
Sum eiendeler regnskapsført til virkelig verdi	247 440	140 085	104 905	492 431
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	789	0	789
Debt to credit institutions ¹	9 999	914	0	10 913
Total financial liabilities at fair value	9 999	1 702	0	11 701

Changes in Level 3, Investment Property	Book value 31.12.2021	Book value 31.12.2020
Opening balance 1 January	81 485	74 545
Sold	0	-83
Bought	3 913	3 166
Unrealised changes	4 130	3 956
Other changes	7	-99
Closing balance 31.12.	89 535	81 485
Realised gains/losses	0	9

Changes in Level 3, Financial Assets	Book value 31.12.2021	Book value 31.12.2020
Opening balance 1 January	23 420	14 660
Sold	-4 627	-1 765
Bought	13 867	8 828
Unrealised changes	7 463	1 697
Closing balance 31.12.	40 122	23 420
Realised gains/losses	2 242	644
Closing balance 31.12.	129 657	104 905

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 6 483 million as of 31.12.2021.

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 4th quarter, NOK 993 million in stocks moved from Level 1 to Level 2, NOK 40 million moved from Level 1 to Level 3, NOK 879 million moved from level 2 to level 1 and NOK 2 million moved from level 2 to level 3. This is due to changes in liquidity.

Note 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.

31.12.2021 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

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.

31.12.2020 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan ¹	0	131	592	687	5 073	6 484
Perpetual hybrid Tier 1 securities ¹	0	62	249	312	1 452	2 075
Debt to and deposits from customers (without defined maturity)	11 781	0	0	0	0	11 781
Covered bonds issued	18	1 423	26 618	587	0	28 646
Payables to credit institutions	1 351	2 410	610	0	0	4 370
Financial derivatives	2 396	2 381	116	-266	-294	4 333
Accounts payable	123	0	0	0	0	123
Contingent liabilities (without defined maturity)	27 659	0	0	0	0	27 659
Total	43 328	6 407	28 186	1 320	6 231	85 472

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 29 million, payables to credit institutions maturing within one month are reduced with NOK 140 million, derivatives maturing between 1 to 12 months are reduced with NOK 1 million. Derivatives maturing between 1 to 5 years and 5 to 10 years, increased by NOK 2 million in both periods. Total amount of the financial liabilities for the Group are after these adjustments NOK 85 306 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

31.12.2021 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

31.12.2020 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 01.01.2020 -31.12.2020	Total	Adjusted for the unit holders' interests in consolidated securities funds
ASSETS								
Financial derivatives classified as assets	12	-4	-86	-59	-245	-22	-405	-353
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	6	6	0
Bonds and other fixed-return securities	-44	-48	-1 153	-1 914	-2 460	320	-5 299	-4 336
Fixed income fund holdings	-1 329	0	0	0	0	0	-1 329	-1 329
Lending and receivables	0	-1	0	0	0	273	272	218
Lending	0	0	0	0	0	797	797	797
Cash and bank deposits	0	0	0	0	0	28	28	28
Contingent liabilities ¹	0	0	0	0	0	52	52	52
Total assets	-1 362	-53	-1 239	-1 974	-2 705	1 453	-5 879	-4 925
LIABILITIES								
Deposit	0	0	0	0	0	-120	-120	-120
Liabilities created on issue of securities	0	0	0	0	0	-288	-288	-288
Financial derivatives classified as liabilities	6	11	84	53	0	18	171	167
Hybrid capital, subordinated loans	0	0	0	51	93	0	143	143
Debt to credit institutions	0	0	0	0	0	-72	-72	-72
Total liabilities	6	11	84	103	93	-461	-165	-169
Total before tax	-1 356	-42	-1 155	-1 870	-2 612	992	-6 043	-5 094
Total after tax	-1 017	-32	-866	-1 403	-1 959	744	-4 533	-3 820

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 Group's 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

31.12.2021 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	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

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

31.12.2020 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	27 554	35	0	0	0	0	1 397	28 986	28 986
Debt instruments classified as loans and receivables at amortized cost	130 769	0	377	0	0	0	23 034	154 180	154 180
Debt instruments at fair value - fixed-return securities	109 855	1 690	4 208	8 592	0	0	12 745	137 089	117 540
Fixed-income funds	0	0	0	0	0	0	24 889	24 889	24 889
Loans and receivables	31 536	0	0	300	0	0	0	31 836	25 170
Financial derivatives classified as assets	11 561	0	0	0	0	0	0	11 561	9 108
Cash and bank deposits	2 703	0	0	69	0	0	0	2 772	2 772
Lending	0	0	88 746	0	21 108	2 972	2 834	115 660	115 660
Total	313 979	1 725	93 331	8 960	21 108	2 972	64 899	506 973	478 305

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	12 029	4 063	9 063	2 400	27 554
Debt instruments classified as loans and receivables at amortized cost	22 528	19 734	59 503	29 004	130 769
Debt instruments at fair value - fixed-return securities	31 049	8 886	36 354	33 566	109 855
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	22 806	7 628	1 102	31 536
Financial derivatives classified as assets	0	3 838	7 692	31	11 561
Cash and bank deposits	0	2 002	701	0	2 703
Lending	0	0	0	0	0
Total	65 606	61 328	120 942	66 103	313 979

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 is 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 include 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	31.12.2021		31.12.2020	
	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	15 032	11 995	15 388	14 159
Counterparty 2	14 514	11 891	13 120	9 013
Counterparty 3	10 578	7 482	12 585	8 160
Counterparty 4	8 586	6 660	8 744	8 034
Counterparty 5	7 828	6 377	7 409	7 208
Counterparty 6	7 706	5 830	6 155	5 622
Counterparty 7	6 377	5 548	5 857	5 604
Counterparty 8	5 878	4 928	5 622	4 710
Counterparty 9	5 548	4 698	4 768	4 698
Counterparty 10	4 698	4 506	4 747	3 915
Total	86 745	69 916	84 395	71 123

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	31.12.2021	31.12.2020
Premium reserves - ordinary tariff	487 409	457 514
Premium funds, buffer funds and pensioners' surplus funds	38 825	38 588
Supplementary reserves	48 812	43 460
Securities adjustment fund	77 194	55 487
Other provisions	1	18
Technical provisions in life insurance	652 240	595 068

Note 16 **Other current liabilities**

NOK MILLIONS	31.12.2021	31.12.2020
Short-term payables trade in securities	3 645	3 029
Incurred not assessed taxes	888	1 489
Advance tax-deduction pension scheme	491	447
Accounts payable	226	270
Pre-called contribution to insurance	544	576
Other current liabilities	1 342	1 049
Total other current liabilities	7 136	6 859

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 265 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 289 per cent.

	31.12.2021	31.12.2020
Solvency II - SCR ratio	265 %	261 %

NOK BILLIONS	31.12.2021	31.12.2020
Simplified Solvency II Financial Position Statement		
Assets, book value	710	655
Added values - hold-to-maturity portfolio/loans and receivables	6	15
Added values - other lending	0	1
Other added/lesser values	0	0
Deferred tax asset	0	0
Total assets - solvency II	716	671

NOK BILLIONS	31.12.2021	31.12.2020
Simplified Solvency II Financial Position Statement		
Best estimate	647	598
Risk margin	14	14
Hybrid Tier 1 securities/Subordinated loan capital	5	5
Other liabilities ¹	13	18
Deferred tax liabilities	1	1
Total liabilities - solvency II	680	637
Excess of assets over liabilities	36	34
- Deferred tax asset	0	0
+ Hybrid Tier 1 securities	2	2
Tier 1 basic own funds	37	35
Total eligible tier 1 own funds	37	35
Subordinated loans	3	4
Tier 2 basic own funds	3	4
Ancillary own funds	12	11
Tier 2 ancillary own funds	12	11
Deduction for max. eligible tier 2 own funds	-8	-7
Total eligible tier 2 own funds	8	8
Deferred tax asset	0	0
Total eligible tier 3 own funds	0	0
Solvency II total eligible own funds	45	43
Solvency capital requirement (SCR)	17	16
Solvency II- SCR ratio	265 %	261 %

¹ Financial calculation of Solvency II-SCR ratio as of 31.12.2020 gives a Solvency II-SCR ratio of 261%. This is a reduction of 3% compared to previously reported.

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

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

31.12.2020 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	11 561	0	11 561	-771	-9 516	0	1 570	1 276
Repos	1 759	0	1 759	-914	0	0	845	845
Total	13 320	0	13 320	-1 685	-9 516	0	2 415	2 121
LIABILITIES								
Financial derivatives	789	0	789	-771	-72	0	18	18
Repos	914	0	914	0	0	0	914	0
Total	1 702	0	1 702	-771	-72	0	932	18

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	31.12.2021	31.12.2020
Capitalized net liability 01.01.	934	790
Capitalized pension costs	192	164
Capitalized financial costs	20	23
Actuarial gains and losses	-84	88
Premiums / contributions received	-191	-120
Business sold in 2020	0	-11
Capitalized net liability 31.12.	870	934

Assumptions	31.12.2021	31.12.2020
Discount rate	1.90%	1.70%
Salary growth	2.75%	2.25%
The National Insurance basic amount (G)	2.50%	2.00%
Pension increases	1.73%	1.24%
Social security contribution rate	14.10%	14.10%
Capital activity tax	5.00%	5.00%

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 84 million as of 31.12.2021. The change is recognized in other comprehensive income in the income statement.

Note 20 **Events after the reporting period**

Non life insurance

Storm Gyda, which ravaged the Norwegian coast in January 2022, is defined as a natural peril and is consequently covered through the Norwegian Natural Perils Pool. The total costs for the entire industry are distributed according to the market shares of the individual companies within property insurance. The Group's non-life business share is just under 5%. It is too early to predict the total extent of the damage, but provisional estimates indicate it is in excess of NOK 100 million. The company's share will therefore be just under NOK 5 million. There will also be some storm-related claims that are not covered by the natural perils pool, e.g. in relation to cars. The extent of these is not yet known, but it is not thought that these amounts will be significant for the company.

Life Insurance

Change in allocations in the financial statements for 2020

The group was in discussions with the Financial Supervisory Authority of Norway through 2021, to clarify certain allocations that were entered in the financial statements for 2020 for the life insurance business. These discussions have continued into 2022, and shortly before the interim report for the fourth quarter was produced, it was determined that the life insurance business would change some of the allocations made from the profits for 2020 in the annual report for 2021. The changes have not been incorporated into the interim report published after the fourth quarter of 2021, but the effects on the various accounting items are shown in the table below. The modified allocation has not been finally agreed with the FSA, and may be changed further.

NOK MILLION	Q4 2021 Reporting	Preliminary year end reporting 2021	Change
INCOME STATEMENT			
Change in technical provisions	- 29 942	- 31 253	- 1 311
Operating profit/loss	40 511	39 200	- 1 311
Pre-tax income	2 338	1 027	- 1 311
Tax	- 1 076	- 748	328
Total comprehensive income	1 473	490	- 983
POSITION OF FINANCIAL STATMENT			
Owners' equity contributed	19 654	19 831	177
Retained earnings	22 061	20 901	- 1 160
Total owners equity	41 715	40 732	- 983
Provisions in life insurance	652 240	653 551	1 311
Other current liabilities	7 136	6 808	- 328
Total liabilities	859 555	860 538	983

Key figures – Accumulated

NOK MILLIONS	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
KLP GROUP								
Profit before tax	2 338	2 192	1 325	693	1 657	1 682	713	151
Total assets	901 270	872 465	870 548	813 514	807 161	789 981	785 598	764 904
Owners' equity	41 715	41 439	40 154	39 742	39 416	39 243	37 245	36 836
Solvency SCR ratio	265 %	264 %	257 %	258 %	261 %	244 %	230 %	214 %
Number of employees in the Group	1 048	1 032	1 017	1 021	1 018	1 016	1 010	1 008
KOMMUNAL LANDSPENSJONSKASSE								
Profit before tax	1 599	1 699	965	566	1 289	1 303	523	31
Premium income for own account	50 161	41 163	33 634	7 041	37 102	29 081	17 124	9 589
- of which inflow of premium reserve	0	0	0	0	2 850	2 846	2 865	2 503
Insurance customers' funds incl. acc. profit	30 438	24 690	19 100	13 754	28 360	23 013	17 809	11 478
- of which funds with guaranteed returns	8 346	8 346	8 346	8 419	7 656	7 667	7 655	6 377
Net investment common portfolio	659 281	644 160	626 280	603 076	604 782	582 108	574 890	570 649
Net investment choice portfolio	2 199	2 156	2 215	2 081	2 044	2 012	1 966	2 082
Insurance funds incl. earnings for the year	652 444	634 112	633 579	595 680	594 718	575 915	652 444	542 408
- of which funds with guaranteed interest	526 235	513 186	515 787	490 936	496 121	485 605	526 235	474 366
Solvency capital requirement (SCR)	44 874	44 536	43 473	41 580	42 742	42 507	41 148	38 960
Solvency SCR ratio	290 %	289 %	282 %	287 %	282 %	264 %	252 %	234 %
Riskprofit	589	625	293	191	-398	706	300	200
Return profits	15 134	9 347	7 232	4 688	12 350	6 831	3 417	-149
Administration profit	35	159	61	41	171	187	64	39

NOK MILLIONS	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Solvency capital	196 049	176 437	174 816	160 647	172 863	141 563	143 139	123 211
Book return on common portfolio	5,0 %	3,5 %	2,6 %	1,4 %	4,8 %	3,2 %	1,9 %	0,6 %
Value-adjusted return on common portfolio	8,4 %	5,6 %	4,4 %	1,5 %	4,2 %	1,4 %	-0,5 %	-3,7 %
Return on unit-linked portfolio	8,9 %	5,8 %	5,0 %	1,9 %	4,2 %	0,4 %	-1,8 %	-5,7 %
Return on corporate portfolio	3,4 %	2,5 %	1,7 %	0,8 %	3,1 %	1,3 %	0,4 %	-0,1 %
KLP SKADEFORSIKRING AS								
Profit before tax	397,7	343,9	225,9	71,6	220,0	97,2	18,2	-126,1
Gross premium due	1 939,3	1 436,2	940,6	460,1	1 728,4	1 280,4	840,4	415,4
Premium income for own account	1 864,6	1 380,9	903,6	441,7	1 657,6	1 227,8	804,6	397,9
Owners' equity	2 265,8	2 348,3	2 294,4	2 178,7	2 110,9	1 990,7	1 924,0	1 819,9
Claims ratio	76,4 %	73,6 %	74,5 %	72,8 %	83,1 %	83,1 %	83,3 %	86,8 %
Combined-ratio	92,1 %	85,1 %	90,3 %	89,2 %	100,7 %	100,7 %	101,9 %	105,7 %
Return on assets under management	5,0 %	3,4 %	2,6 %	0,6 %	5,0 %	2,3 %	0,8 %	-2,3 %
Solvency capital requirement (SCR)	2 278	2 290	2 267	2 193	2 132	2 006	1 934	1 815
Solvency SCR ratio	224 %	267 %	252 %	238 %	239 %	246 %	234 %	213 %
Annual premium in force – retail market	871,4	846,7	828,9	806,8	786,0	759,8	734,6	709,3
Annual premium in force – public sector market	1 148,8	1 135,0	1 128,0	1 080,4	1 016,4	1 009,9	999,7	987,5
Net new subscriptions (accumulated within the year)	91,2	75,9	65,0	17,0	87,6	74,8	51,5	24,8
KLP BEDRIFTSPENSJON AS¹								
Profit before tax	sold	sold	sold	sold	sold	sold	sold	-13,7
Premium income for own account	sold	sold	sold	sold	sold	sold	sold	313,5
- of which premium reserve added	sold	sold	sold	sold	sold	sold	sold	133,2
Insurance customers' funds including accumulated profit	sold	sold	sold	sold	sold	sold	sold	6 342
- of which funds with guaranteed returns	sold	sold	sold	sold	sold	sold	sold	1 595
Returns profit	sold	sold	sold	sold	sold	sold	sold	2,1
Risk result	sold	sold	sold	sold	sold	sold	sold	6,3

NOK MILLIONS	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Administration losses	sold	sold	sold	sold	sold	sold	sold	-9,6
Solvency capital requirement (SCR)	sold	sold	sold	sold	sold	sold	sold	171
Solvency SCR ratio	sold	sold	sold	sold	sold	sold	sold	81 %
Solvency capital	sold	sold	sold	sold	sold	sold	sold	758,2
Book capital return on common portfolio	sold	sold	sold	sold	sold	sold	sold	0,8 %
Value-adjusted capital return on common portfolio	sold	sold	sold	sold	sold	sold	sold	0,2 %
Return on defined unit-linked contribution pensions	sold	sold	sold	sold	sold	sold	sold	-11,9 %
Return on corporate portfolio	sold	sold	sold	sold	sold	sold	sold	0,1 %
KLP BANKEN GROUP								
Profit/loss before tax	116,1	93,8	54,3	48,6	136,8	101,7	39,8	21,6
Net interest income	308,6	232,8	152,8	75,7	317,3	229,3	136,0	75,7
Other operating income	78,9	58,6	38,6	19,0	77,7	58,6	39,0	19,4
Operating expenses and depreciation	-238,5	-174,2	-118,6	-60,6	-232,1	-164,5	-119,1	-60,7
Net realized/unrealized changes in financial instruments to fair value	-32,9	-23,5	-18,6	14,5	-26,1	-21,7	-16,1	-19,4
Contributions	12 901	12 774	12 643	12 103	11 781	11 993	12 245	12 034
Housing mortgages granted	22 090	21 365	21 409	20 894	20 570	20 610	20 121	19 143
Loan(s) with public guarantee(s)	17 844	16 842	16 752	16 734	17 654	16 933	17 357	16 823
Defaulted loans	36	32	34	57	54	48	77	97
Borrowing on the issuance of securities	31 918	29 536	29 195	27 147	25 800	26 203	25 993	25 899
Total assets	47 482	44 980	45 216	43 200	42 688	43 438	43 855	42 002
Average total assets	45 085	43 834	43 952	42 944	41 188	41 568	41 777	40 850
Owners' equity	2 521	2 490	2 474	2 470	2 427	2 389	2 343	2 322
Net interest rate	0,68 %	0,53 %	0,35 %	0,18 %	0,80 %	0,57 %	0,33 %	0,19 %

NOK MILLIONS	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Profit/loss from general operations before tax	0,26 %	0,21 %	0,12 %	0,11 %	0,33 %	0,24 %	0,10 %	0,04 %
Return on owners' equity before tax	4,78 %	5,15 %	4,47 %	8,02 %	6,16 %	6,11 %	3,59 %	2,69 %
Capital adequacy	18,7 %	18,6 %	18,4 %	19,3 %	19,5 %	18,7 %	18,4 %	18,8 %
Number of private customers	46 463	47 750	46 872	46 116	45 406	44 842	44 213	43 712
Of this members of KLP	31 587	32 615	31 664	32 183	32 048	31 869	32 533	32 135
KLP KAPITALFORVALTNING AS								
Profit/loss before tax	56,0	53,0	24,6	20,7	30,9	25,6	-1,9	-0,3
Total assets under management	668 855	647 995	627 599	602 400	596 254	579 129	563 238	524 877
Assets managed for external customers	136 792	123 811	121 308	111 821	103 378	100 106	87 968	74 598

¹ The business has been sold with accounting effect per. 01.04.2020

KLP Sustainability Accounts

Q4 2021

Integrating corporate responsibility into all our operations

STRATEGIC GOAL

EMPLOYEE STATISTICS

KLP's employees are a key resource, and KLP wants to be an organization with committed employees who are able to utilize their own expertise and technological opportunities. It is important that our employees have a good working environment, and KLP is constantly striving to reduce employees' sickness absence.

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators show how KLP supports several of the UN Sustainable Development Goals:

- Goal 3, *Good health and well-being*.
- Goal 8, *Decent work and economic growth*, and especially target 8.8; Protect labour rights and promote safe and secure working environments for all workers.

TARGET

KLP's target is to keep sickness absence below 4 per cent.

Results in the 4th quarter

In the fourth quarter the total sickness absence was 3,3 per cent. This is a slight increase compared to the same quarter last year, but still within the target of below 4 per cent. As society is gradually reopening, a continued focus on hand hygiene and infection may have helped reduce the incidence of other illnesses such as colds and the flu. Increased flexibility when working from home may also have helped reduce short-term absence.

	31.12.2021	31.12.2020	31.12.2019	UN Sustainable Development Goals
Employees of KLP	1 048	1 018	1 007	n/a
Total sickness absence	3,3 %	3,2 %	3,9 %	3.

DEFINITION

The number of employees refers to permanent employees in Norway, Sweden, and Denmark, and includes employees on leave of absence and employees working part-time.

Sickness absence is self-certified and doctor-certified sickness absence. Short-term sickness absence is defined as 1-3 days; long-term absence is 4 days or more.

CLIMATE AND ENVIRONMENT

KLP is working to reduce the environmental impact of its own operations and supports the goal of limiting global warming to 1.5 degree. KLP aims to align its own business and investments with the goals in the Paris Agreement.

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators show how KLP supports several of the UN Sustainable Development Goals:

- Goal 9, *Industry, innovation and infrastructure*, and especially target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and environmentally sound technologies.
- Target 11.6: By 2030, reduce the adverse environmental impact of cities, paying special attention to air quality and waste management.
- Goal 13: *Climate action*

TARGET

- Halve greenhouse gas emissions from our own operations by 2030, based on emissions in 2010.
- Reduce energy consumption in the property portfolio to 180 kWh per square metre.

Results in the 4th quarter

The covid pandemic and infection control measures continued to affect KLP also in the final quarter of the year. KLP has mainly continued with a home office scheme and restriction on business travel, but during periods with fewer local and national restrictions, KLP has softened these limitations. The number of travels and employees at the offices was still low compared to the fourth quarter of 2020.

Infection control measures also affected the activity in the buildings in KLP's property portfolio, which, among other things, has resulted in reduced energy consumption. This is expected to increase as society reopens.

	31.12.2021	31.12.2020	31.12.2019	UN Sustainable Development Goals
Number of flights	864	1 302	6 481	12.13.
Greenhouse gas emissions from flights (tonnes CO ₂ e)	52	150	803	12.13.
Energy consumption in KLP's own offices (kWh per m ²)	97	97	127	9. 13.
Energy consumption in KLP's property portfolio (kWh per m ²)	161	167	185	9.

DEFINITION

Flights and emissions

The number of flights is based on figures from our travel agency, and it is the number of individual stretches that is reported. A stretch means a single flight, and a round-trip journey may consist of several stretches.

Greenhouse gas emissions from flights is also based on numbers from our travel agency. They use the method and emission factors from ICAO (International Civil Aviation Organization).

Energy consumption in KLP's own offices

Energy consumption is a major source of KLP's greenhouse gas emissions. The energy consumption in KLP's own office premises is not temperature-adjusted but shows actual usage. 'Own office premises are the offices where the KLP Group's own employees work.

KLP changed to a new energy and environment monitoring system for all properties in our portfolio in the first quarter. It has taken time to implement the system. Since data is still lacking, numbers from the fourth quarter of 2020 have been used to calculate the total energy consumption. KLP's property company in Trondheim has moved to new, more energy efficient offices. This may affect and be reflected in the energy consumption when we are able to export data.

Energy consumption in KLP's property portfolio

The reported figures are the 12-month average climate-adjusted specific energy use for KLP-operated buildings.

'KLP-operated buildings' are the properties which KLP owns, operates and maintains, where KLP is able to implement environmental measures and measure their effects. These are buildings in Oslo, Trondheim, Copenhagen, and Stockholm. All these buildings have energy monitoring systems in which energy and water consumption is recorded and monitored. In most buildings, the tenants' energy consumption is also included, so we have an overview of total energy consumption for the buildings.

Energy consumption in kWh per m2 per year for KLP-operated buildings has been temperature-adjusted to measure the effect of the energy-saving measures.

KLP changed to a new energy and environment monitoring system for all properties in our portfolio in the first quarter. It has taken time to implement the system and data is still lacking for some properties. Therefore, the total area is not included in the reporting for the fourth quarter. The number is not directly comparable to historic numbers, and the share of properties with data is expected to increase in the next quarter.

The company has a large portfolio of buildings, which also changes over time. The individual buildings can also change their consumption patterns over shorter or longer periods, e.g., in connection with changes of tenant.

There may be various reasons why it is sometimes impossible to obtain correct figures, such as faults in meters or figures reported late by our sub-contractors. Hence, the reporting will only include KLP-operated buildings where operating conditions are consistent going back 12 months from the reporting date. In effect, the buildings included in the reporting might vary slightly from year to year. Nevertheless, we believe this will reflect the correct trends in the company's property portfolio.

Increasing investments that promote sustainable development and support our financial goals

STRATEGIC GOAL

INCREASE CLIMATE-FRIENDLY INVESTMENTS

KLP's investments promote many different aspects of sustainable development, but given KLP's focus on climate change, we are particularly committed to climate-friendly investments. KLP wants to steer its capital in a climate-friendly direction by setting specific targets for selected investments.

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators show how KLP supports several of the UN Sustainable Development Goals:

- Goal 7, *Affordable and clean energy*, including target 7.1: By 2030, ensure universal access to reliable and modern energy services; target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix; and target 7.a: By 2030, enhance international cooperation to facilitate access to clean energy research and technology.
- Goal 9, *Industry, innovation and infrastructure*, especially target 9.a: Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support; and 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.

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

TARGET

Increase KLP's climate-friendly investments by NOK 6 billion per year.

Results in the 4th quarter

In the fourth quarter, KLP had a net increase in new climate friendly investments of 49.5 million. For 2021 in total, KLP invested new 8.13 billion. This is, amongst other things, in renewable energy in Norway and internationally, sustainable infrastructure and sustainable forests.

	Change 4th quarter					
MILLION NOK	2021	2020	31.12.2021	31.12.2020	31.12.2019	UN Sustainable Development Goals
Renewable energy in Norway	-4 134	-1 502	20 051	22 482	23 258	7.
Renewable energy internationally	1 396	1 485	8 581	6 624	3 127	7.
Renewable energy in developing countries	20	50	1 168	932	725	7. 9. 17.
Buildings with environmental qualities in the property portfolio	423	2 206	15 176	17 635	14 197	9.
Green bonds	-156	53	5 813	1 881	890	n/a
Other climate-friendly investments	-405	2 930	6 006	4 493	295	7. 9. 15. 17.
Total	-2 856	5 222	56 795	54 046	42 493	7. 9. 15. 17
As a share of KLP's total investments	-1 %	1 %	8 %	9 %	7 %	n/a
Renewable energy (market value)	-5 141	-935	29 800	31 679	29 748	7.
Renewable energy (as a share of KLP's total investments)	-1 %	0 %	4 %	5 %	5 %	7.
Fossil energy (market value)	2 556	96	12 441	7 818	10 823	n/a
Fossil energy (as a share of KLP's total investments)	1 %	0 %	2 %	1 %	2 %	n/a
Buildings with environmental qualities in the property portfolio (market value)	423	2 206	15 176	17 635	14 197	9.
Buildings with environmental qualities in the property portfolio (as a share of the portfolio)	-1 %	2 %	17 %	22 %	19 %	n/a

DEFINITION

It is the market value of investments, and the change in market value, in million NOK that is reported.

Renewable energy in Norway

Renewable energy in Norway means equity and bond investments in Norwegian energy generation and distribution companies. The energy companies are classified as electricity producers from hydro-electric or wind power or biofuels. The figure also includes lending to companies and projects in Norway in the power sector, which was not included before. The figure is therefore not directly comparable to previous years.

Renewable energy internationally

Renewable energy internationally covers investments in renewable energy projects. These are both equity investments and project financing. The investments are made either through external fund managers specialising in energy or through other partners. This quarter we also include listed companies with more than 95 per cent of their revenue from renewable energy.

Renewable energy in developing countries

Renewable energy in developing countries covers investments in new renewable energy projects. The investments are made partly as direct investments in cooperation with Norfund, and partly as fund investments through the fund manager Climate Investor One. The investments are part of KLP's portfolio of development investments, which is one of the measures in the *Guidelines for KLP as a responsible investor*. The aim is to achieve both financial returns and benefits to society. The investments are based on commercial risk and return assessments, but also emphasize the effect on social and environmental parameters.

Buildings with environmental qualities

It is the market value of buildings with environmental qualities in KLP's property portfolio that is reported. Buildings with environmental qualities are defined as buildings with energy class A or B. This is following the proposed classification criteria in the EU taxonomy. In the past, the definition also included buildings that are BREEAM certified with a minimum rating of *very good*, that produce their own energy through solar panels, or that have won a Norwegian property prize where environment is an important measurement parameter. The updated definition is therefore stricter and includes fewer buildings. The figures from previous years have not been updated to conform to the new definition, so the figures are not directly comparable.

Green bonds

The market value includes bonds that are classified as green and not already included in KLP's investments in renewable energy in Norway as described above.

Other climate friendly investments

Climate-friendly investments that do not fall into one of the main categories above are placed here. This includes amongst other things loans for electric ferries and investments in a fund that invests in FSC-certified forest properties. In the fourth quarter, we also included a new investment cooperation for sustainable infrastructure and green loans to municipalities, county councils and enterprises with a municipal affiliation. The loan must have a clear positive environmental and climate effect and satisfy certain criteria, and the project must relate to water, sewerage and waste disposal, transport or new construction and refurbishment of buildings. Publicly traded energy companies outside Norway which generate electricity mainly from renewable sources are no longer included. These adjustments implies that the numbers are not directly comparable to historical figures.

Share of KLP's total investments

The share represents the investment as a percentage of KLP's total investments.

Fossil energy

The figure is the market value of KLP's investments in companies classified as oil and gas companies, including exploration, production, and refineries. Transport and oil industry service companies are not included.

FINANCE IN DEVELOPING COUNTRIES

Underdeveloped financial institutions and lack of access to financial services such as savings, loans and insurance for the population are hindering efforts to reduce poverty in developing countries. Through our investments in finance in developing countries, KLP aims to contribute to economic growth and better living conditions.

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators show how KLP supports several of the UN Sustainable Development Goals:

- Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, appropriate technology and financial services, including microfinance.
- 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.

- 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 services; and target 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
- Target 9.3: Increase access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit.
- Target 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
- Target 17.3: Mobilize additional financial resources for developing countries from multiple sources.

TARGET

Increase investment in bank and finance in developing countries and thus contribute to economic growth and better living conditions in developing countries.

Results in the 4th quarter

In the fourth quarter, the market value of KLPs investments in finance in developing countries increased by NOK 66 million. The increase is partly caused by a previous investment in NorFinance being registered this quarter, as well as an increase in the market value and favorable exchange rates.

	Change 4th quarter					
MILLION NOK	2021	2020	31.12.2021	31.12.2020	31.12.2019	UN Sustainable Development Goals
Banking and finance in developing countries	55	-56	886	665	713	1. 5. 8. 9. 11. 17

DEFINITION

Investments in banking and finance in developing countries are KLP's investments in the Nordic Microfinance Initiative (NMI) (previously Norwegian Microfinance Initiative) and NorFinance. NorFinance is an investment company that KLP owns together with Norfund, among others. The investments are made as part of KLP's development investment portfolio, which is one of the instruments in the *Guidelines for KLP as a responsible investor*. The aim is to achieve both financial returns and benefits to society.

SEED INVESTMENTS

KLP wants to ensure that good ideas can be pursued locally and create jobs in Norway. By investing in innovation, KLP aims to contribute to local wealth creation and the green transformation in Norway.

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators support e.g., UN Sustainability Goal 8, *Decent work and economic growth*, particularly target 8.3: 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 services.

TARGET

Increase seed investments and thus contribute to innovation.

Results in the 4th quarter

The value of KLP's seed investments increased by NOK 57 million on the fourth quarter. This increase is both due to new investments to the different funds we are invested in, and an increase in the market value.

	Change 4th quarter					
MILLION NOK	2021	2020	31.12.2021	31.12.2020	31.12.2019	UN Sustainable Development Goals
Seed investments in Norway	57	4	310	15	8	8.

DEFINITION

It is the market value of investments made that is reported. In 2018, KLP established a portfolio of investments in seed investment funds related to research environments in Norway. At the end of the third quarter, KLP had invested in 13 different funds.

Engaging companies and industries for a more sustainable operation

STRATEGIC GOAL

ENGAGED AND RESPONSIBLE OWNER

KLP is an engaged and responsible owner which seeks to influence individual companies, industries, and markets.

UN SUSTAINABLE DEVELOPMENT GOALS

As a responsible investor and owner, KLP has discussions with companies on many topics related to the UN Sustainable Development Goals. KLP's exclusion criteria are also consistent with the SDGs. The indicators show how KLP supports several of the SDGs:

- Target 3.a: Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries.
- Goal 5, *Gender equality*
- Goal 7, *Affordable and clean energy*
- 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.
- Target 12.6: Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
- Goal 14, *Life below water*
- Goal 15, *Life on land*
- Target 16.2: End abuse, exploitation, trafficking and all forms of violence against and torture of children; target 16.4: By 2030, significantly reduce illicit financial and arms flows; and target 16.5: Substantially reduce corruption and bribery in all their forms.

TARGET

- KLP aims to vote at 95 per cent of general meetings both in Norway and abroad.
- KLP aimed to follow up 40 companies in the fourth quarter, and 240 companies during the year.

Results in the 4th quarter

By the end of the fourth quarter, KLP had voted at 99 per cent of general meetings of foreign companies, and thus achieved the target. For Norwegian companies, KLP voted at 85 per cent of the general meetings, which is below the target of 95 per cent. Part of the explanation is that notifications of general meetings were given too late in advance, resulting in KLP not being able to vote on time. In some instances, companies have sent the documentation too late. In these cases, KLP has followed up with meetings with these companies to explain our expectations regarding general meetings.

In 2020, KLP changed service provider to one that does not offer dialogue as a service. Follow-up of companies is therefore only through direct dialogue between KLP and the company. KLP had direct dialogue with 137 companies in the fourth quarter. By the end of the quarter a total of 294 companies have been followed up on topics related to ESG, such as human rights in conflict areas, beaching, tax and transparency, labor rights in China and the Gulf, environmental damage, sustainable aquaculture, climate risk and children's rights.

	31.12.2021	31.12.2020	31.12.2019	UN Sustainable Development Goals
Companies excluded from investments	657	560	534	All SDGs
General meetings of Norwegian companies at which KLP has voted (number / percentage)	98 (85 %)	112 (97 %)	102 (97 %)	n/a
General meetings of foreign companies at which KLP has voted (number / percentage)	8 779 (98 %)	8 052 (96 %)	7 512 (97 %)	n/a
Unique companies KLP has had direct dialogue with on ESG topics	294	362	191	All SDGs

DEFINITION

Excluded companies

The number of exclusions refers to the total number of companies KLP had excluded from investments because of breaches of the *Guidelines for KLP as a responsible investor* at the end of the year.

General meetings

KLP uses services from ISS to vote at general meetings of companies in which we have investments. At general meetings of Norwegian companies (domiciled or listed in Norway), KLP votes manually through ISS. At general meetings of foreign companies, KLP uses proxy voting through ISS.

Dialogue with companies

The number of unique companies KLP has engaged with refers to companies that KLP has been in direct dialogue with during the year on social, environmental or governance issues. KLP may have several dialogues with a company during the year related to various topics. KLP's follow-up varies in scope, subject-matter, and time frame. This is a way of exercising ownership in which KLP engages in a dialogue with companies to clarify how they handle corporate social responsibility issues and to communicate KLP's expectations as an investor and owner.

Developing products and services that contribute to positive development in society

STRATEGIC GOAL

LENDING BUSINESS

KLP's lending business is largely aimed at Norwegian municipalities, county councils and enterprises with a municipal affiliation. The loans are used for purposes that help to reduce national greenhouse gas emissions, and benefit society as a whole.

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators support UN Sustainable Development Goal 9, *Industry, innovation and infrastructure*, and in particular target 9.1; Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure.

TARGET

Increase lending for this purpose.

Results in the 4th quarter

KLP's loans to municipalities and county councils increased by net NOK 1.8 billion in the fourth quarter. KLP gave six new green loans and paid out NOK 155.8 million, amongst others to GIVAS IKA, the new school in Bardu municipality and Bodø Havn KF for investments in shore power. For 2021 in total, KLP Banken paid out 19 new green loans.

	Change 4th quarter					
MILLION NOK	2021	2020	31.12.2021	31.12.2020	31.12.2019	UN Sustainable Development Goals
Loans for roads and transport	7 096	153	9 700	9 525	8 812	9.
Loans for public property	-204	-332	4 129	4 543	4 987	9.
Loans to public sector and businesses	-6 264	1 763	66 470	63 943	56 434	9.
Lending to water, sewage, and waste disposal	66	122	3 717	3 112	203	9.
Green loans	283	0	2 575	277	New	9.

DEFINITION

Loans for public property are loans for e.g., school buildings, town halls and other municipal buildings. Lending to the public sector and businesses covers the financing of various types of investment by municipalities and county councils, such as kindergartens, nursing homes, schools etc.

Green loans can be given to municipalities, county councils and enterprises with a municipal affiliation. The loan must have a clearly positive environmental and climate effect and satisfy different criteria according to the type of project. The criteria are based on the *Green Bond Principles*, the *Climate Bond Initiative Taxonomy*, and the *Nordic Public Sector Issuers Position Paper on Green Bonds Impact Reporting*. The criteria are regularly revised as needed.

Kommunal Landspensjonskasse

Q4 2021

Income statement

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
3	Premium income	8 998	8 021	50 161	37 102
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	2 757	2 069	6 736	6 009
	Interest income and dividends etc. on financial assets	3 086	2 143	12 587	11 224
	Value changes on investments	7 965	14 272	17 896	1 240
	Gains and losses realized on investments	2 984	-2 245	12 550	5 698
	Net income from investments in the common portfolio	16 792	16 239	49 770	24 170
	Net income from investments in the investment option portfolio	63	74	181	74
	Other insurance-related income	331	305	1 274	1 192
4	Claims	-5 748	-5 347	-30 438	-28 360
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-19 897	-22 021	-58 133	-27 649
	Changes in insurance liabilities taken to profit/loss - individual investment option portfolio	-96	-102	-173	487
	Funds assigned to insurance contracts - contractual liabilities	79	2 929	-9 415	-4 111
	Unallocated profit to insurance contracts	9 494	7 041	0	0
5	Insurance-related operating expenses	-481	-347	-1 372	-1 172
	Other insurance-related costs	-333	-309	-1 286	-1 206
	Technical profit/loss	-292	-558	569	526
	Net income from investments in the corporate portfolio	258	611	1 292	1 457
	Other income	-1	18	10	18
13	Administration costs and other costs associated with the corporate portfolio	-66	-86	-272	-712
	Non-technical profit/loss	191	543	1 030	762

NOTE	NOK MILLIONS	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
	Profit/loss pre-tax	-101	-14	1 599	1 289
	Tax	74	-29	-202	-204
	Income before other income and expenses	-27	-44	1 396	1 085
12	Actuarial gains and losses on defined benefits pension schemes	217	145	48	-49
	Proportion of other comprehensive income on application of the equity method	133	72	36	-39
	Adjustment of the insurance liabilities	-46	-21	-16	12
	Tax on other income and expenses that will not be reclassified to profit or loss	-54	-36	-12	12
	Total other income and expenses that will not be reclassified to profit or loss	250	160	56	-63
	TOTAL COMPREHENSIVE INCOME	223	116	1 452	1 021
	ALLOCATIONS AND TRANSFERS, PRELIMINARY 2021 / FINAL 2020:				
	Transferred to owners' equity contribution			-634	-611
	Transferred to the risk equalization fund			-277	136
	Transferred to other retained earnings			-541	-546
	Total allocations and transfers			-1 452	-1 021

Statement of financial position

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	31.12.2021	31.12.2020
ASSETS			
ASSETS IN THE CORPORATE PORTFOLIO			
	Intangible assets	727	602
7	Investment properties	1 004	1 017
	Shares and holdings in property subsidiaries	3 507	3 380
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	5 177	4 910
6	Financial assets valued at amortized cost	19 456	19 012
6,7	Financial assets valued at fair value	12 221	12 816
	Receivables	1 407	1 922
11	Right-of-use assets	973	1 081
	Other assets	796	710
Total assets in the corporate portfolio		45 268	45 450
ASSETS IN THE CUSTOMER PORTFOLIOS			
	Shares and holdings in property subsidiaries	70 206	61 742
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	4 958	4 254
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	12 524	13 263
6	Financial assets valued at amortized cost	259 608	248 813
6,7	Financial assets valued at fair value	311 984	276 710
Total investment in the common portfolio		659 281	604 782
	Shares and holdings in property subsidiaries	256	223
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	63	66
6	Financial assets at amortized costs	753	720
6,7	Financial assets at fair value	1 126	1 034
Total investments in the investment option portfolio		2 199	2 044
Total assets in the customer portfolios		661 480	606 826
TOTAL ASSETS		706 748	652 277

NOTE	NOK MILLIONS	31.12.2021	31.12.2020
OWNERS' EQUITY AND LIABILITIES			
	Owners' equity contributed	19 654	18 194
	Retained earnings	22 006	21 188
	Total owners' equity	41 661	39 382
6	Subordinated loan capital etc.	4 604	4 898
14	Premium reserve etc.	485 858	456 055
	Supplementary reserves	48 626	43 325
	Securities adjustment fund	77 397	55 137
	Premium funds, defined contribution funds, pension regulation funds etc.	38 333	38 124
	Unallocated profit to customers	0	0
	Total insurance liabilities - contractual liabilities	650 213	592 642
14	Pension capital etc.	1 552	1 478
	Supplementary reserves	186	135
	Premium funds, defined contribution funds, pension regulation funds etc.	492	464
	Unallocated profit to customers	0	0
	Total insurance liabilities - special investment portfolio	2 230	2 077
12	Pension obligations	553	594
	Current tax liabilities	587	1 155
	Deferred tax liabilities	444	614
11	Lease liabilities	1 012	1 099
9	Liabilities	5 261	9 506
	Accrued costs and prepaid income	182	309
	TOTAL OWNERS' EQUITY AND LIABILITIES	706 748	652 277
OFF-BALANCE SHEET ITEMS			
	Contingent liabilities	26 074	26 011

Changes in Owners' equity

Kommunal Landspensjonskasse

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	634	277	485	1 396
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	634	277	541	1 452
Owners equity contribution recieved	826			826
Total transactions with owners	826			826
Own funds 31 December 2021	19 654	5 681	16 325	41 661

2020 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 1 January 2020	16 540	5 540	15 238	37 318
Income before other income and expenses	611	-136	609	1 085
Actuarial gains and losses on defined benefits pension schemes			-49	-49
Proportion of other comprehensive income on application of the equity method			-39	-39
Adjustment of the insurance liabilities			12	12
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			-63	-63
Total comprehensive income	611	-136	546	1 021
Owners equity contribution recieved	1 043			1 043
Total transactions with owners	1 043			1 043
Own funds 31 December 2020	18 194	5 404	15 784	39 382

Statement of cash flows

Kommunal Landspensjonskasse

NOK MILLIONS	01.01.2021 -31.12.2021	01.01.2021 -30.09.2021	01.01.2021 -30.06.2021	01.01.2021 -31.03.2021	01.01.2020 -31.12.2020
Net cashflow from operational activities	-346	-424	778	271	2 885
Net cashflow from investment activities ¹	-275	-211	-142	-69	-324
Net cashflow from financing activities ²	716	695	-312	-302	-2 802
Net changes in cash and bank deposits	95	61	323	-100	-241
Holdings of cash and bank deposits at start of period	659	659	659	659	900
Holdings of cash and bank deposits at end of period	755	720	983	560	659

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 are the financial statements for Kommunal Landspensjonskasse (KLP) for the period 1 January – 31 December 2021. The accounts have not been audited.

The interim financial statements are presented in accordance with Regulations no. 1824 of 18 December 2015: The Regulations governing the annual financial statements for life insurance companies (the Financial Reporting Regulations) and IAS 34 Interim Financial Reporting. The interim financial statements have been prepared in accordance with the same principles as the annual financial statements for 2020, unless stated otherwise.

The interim financial statements do not contain all the information required of complete annual financial statements, and the interim financial statement should be read in the context of the annual financial statements for 2020, which may be obtained from KLP's head office at Dronning Eufemias gate 10, or at klp.no.

Accounting estimates

In preparing the interim financial statements, management has exercised discretion and used estimates and assumptions that affect the accounting figures. Actual figures may deviate from estimates used.

KLP continuously follows up the risks related to disability and whether the disability provisions need to be strengthened. When determining conditions for disability, experience data up to and including 2020 is used, including margins that take into account the uncertainty related to covid-19. No disability provisions have been made related to covid-19 beyond this.

A possible effect of covid-19 is lower employment rates, recession and increasing disability in society as a result of this. We consider this risk to be lower for the public sector.

In January, the Norwegian Accounting Standards Board published updated guiding assumptions for pension liabilities. In relation to the assumptions used as at 31.12.2020, the discount rate for corporate bonds was changed from 1.7 % to 1.9 %. At the same time, wage growth was changed from 2.25 % to 2.50 %, the National Insurance Scheme's basic amount (G) was changed from 2.0 % to 2.5 % and pension adjustment was changed from 1.24 % to 1.74 %. In total, these changes result in a NOK 48 million decrease in recognised pension liabilities for KLP as at 31.12.2021.

Note 2 **Value-adjustment investment property**

The portfolio of investment properties, including investment properties owned via subsidiaries, has been valued at 31 December 2021.

NOK MILLIONS	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Value adjustment incl. foreign exchange	2 202	1 928	3 984	4 033
Foreign exchange effect on hedging	443	639	1 382	-1 500
Net value adjustment incl. exchange hedging	2 645	2 567	5 366	2 533

Note 3 **Premium income**

NOK MILLIONS	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Gross premiums due	8 998	8 017	50 161	34 252
Transfer of premium reserves from others	0	4	0	2 850
Total premium income	8 998	8 021	50 161	37 102

Note 4 **Claims**

NOK MILLIONS	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Claims paid	5 748	5 359	22 092	20 704
Transfers of premium reserves to others	0	-11	8 346	7 656
Total claims	5 748	5 347	30 438	28 360

Note 5 **Insurance-related operating expenses**

NOK MILLIONS	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Personnel costs	217	204	735	691
Depreciation	123	49	270	179
Other operating expenses	141	95	366	302
Total insurance-related operating expenses	481	347	1 372	1 172

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

31.12.2021 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.

31.12.2020 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	543	644	4 445	5 000	11	11	5 000	5 655
Accrued not due interest	19	19	101	101	0	0	120	120
Foreign hold-to-maturity bonds	6 547	6 923	16 993	18 918	38	44	23 578	25 884
Accrued not due interest	41	41	223	223	1	1	264	264
Total investments held to maturity	7 149	7 626	21 763	24 242	50	56	28 962	31 924
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	4 337	4 567	46 054	49 088	191	204	50 582	53 860
Accrued not due interest	60	60	725	725	3	3	788	788
Foreign bonds	7 366	7 880	101 144	109 202	468	503	108 979	117 585
Accrued not due interest	100	100	1 702	1 702	8	8	1 810	1 810
Total bonds classified as loans and receivables	11 863	12 607	149 626	160 718	671	719	162 159	174 043
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	3 191	3 243	0	0	3 191	3 243
Lending with public sector guarantee	0	0	64 088	65 304	0	0	64 088	65 304
Loans abroad secured by mortgage and local government guarantee	0	0	9 864	9 864	0	0	9 864	9 864
Accrued not due interest	0	0	280	280	0	0	280	280
Total other loans and receivables	0	0	77 424	78 691	0	0	77 424	78 691
Total financial assets at amortized cost	19 012	20 233	248 813	263 650	720	775	268 546	284 658

ASSETS – AT FAIR VALUE

31.12.2020 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	6 581	6 581	0	0	6 588	6 588
Foreign shares	0	0	26 548	26 548	0	0	26 548	26 548
Total shares	7	7	33 129	33 129	0	0	33 136	33 136
Property funds	0	0	4 031	4 031	0	0	4 031	4 031
Norwegian equity funds	0	0	72 440	72 440	580	580	73 021	73 021
Foreign equity funds	0	0	17 818	17 818	0	0	17 818	17 818
Total equity fund units	0	0	94 290	94 290	580	580	94 870	94 870
Norwegian alternative investments	0	0	1 709	1 709	8	8	1 717	1 717
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	1 710	1 710	8	8	1 718	1 718
Total shares and units	7	7	129 128	129 128	588	588	129 724	129 724
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	6 604	6 604	30 995	30 995	0	0	37 600	37 600
Foreign bonds	429	429	18 703	18 703	0	0	19 131	19 131
Accrued not due interest	28	28	368	368	0	0	396	396
Norwegian fixed-income funds	2 632	2 632	36 415	36 415	337	337	39 384	39 384
Foreign fixed-income funds	0	0	28 828	28 828	0	0	28 828	28 828
Norwegian certificates	530	530	2 255	2 255	0	0	2 785	2 785
Foreign certificates	0	0	549	549	0	0	549	549

31.12.2020 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	5	5	0	0	7	7
Fixed income securities	10 226	10 226	118 119	118 119	337	337	128 681	128 681
Norwegian loans and receivables	570	570	15 446	15 446	27	27	16 043	16 043
Foreign loans and receivables	1 129	1 129	5 530	5 530	67	67	6 726	6 726
Total loans and receivables	1 700	1 700	20 977	20 977	93	93	22 770	22 770
DERIVATIVES								
Interest rate swaps	775	775	1 018	1 018	0	0	1 792	1 792
Share options	0	0	219	219	0	0	219	219
Forward exchange contracts	109	109	4 706	4 706	16	16	4 831	4 831
Total financial derivatives classified as assets	884	884	5 943	5 943	16	16	6 843	6 843
OTHER FINANCIAL ASSETS								
Other financial assets	0	0	2 543	2 543	0	0	2 543	2 543
Total financial assets valued at fair value	12 816	12 816	276 710	276 710	1 034	1 034	290 560	290 560
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	0	0	0	0	0	0
Forward exchange contracts	0	0	326	326	1	1	327	327
Total financial derivatives classified as liabilities	0	0	326	326	1	1	327	327

31.12.2020 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	3 135	3 561	0	0	0	0	3 135	3 561
Hybrid Tier 1 securities	1 764	1 592	0	0	0	0	1 764	1 592
Total subordinated loan capital etc.	4 898	5 152	0	0	0	0	4 898	5 152
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	2 504	2 504	3	3	2 507	2 507
Foreign call money ¹	923	923	2 412	2 412	17	17	3 352	3 352
Total liabilities to credit institutions	923	923	4 917	4 917	19	19	5 859	5 859

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

Note 7 Fair value hierarchy

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

31.12.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
Total financial assets valued at fair value	229 427	52 998	42 906	325 331
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

31.12.2020 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	533	0	533
<i>Bonds</i>	0	7 061	0	7 061
<i>Fixed-income funds</i>	2 632	0	0	2 632
Fixed-income securities	2 632	7 594	0	10 226
Loans and receivables	1 464	236	0	1 700
<i>Shares</i>	0	0	7	7
Shares and units	0	0	7	7
Financial derivatives	0	884	0	884
Other financial assets	0	0	0	0
Total corporate portfolio	4 096	8 713	7	12 816
COMMON PORTFOLIO				
<i>Certificates</i>	549	2 260	0	2 809
<i>Bonds</i>	16 038	34 028	0	50 066
<i>Fixed-income funds</i>	52 460	8 534	4 250	65 243
Fixed-income securities	69 047	44 822	4 250	118 119

31.12.2020 NOK MILLIONS	Level 1	Level 2	Level 3	Total
Loans and receivables	20 662	315	0	20 977
<i>Shares</i>	30 258	326	2 545	33 129
<i>Equity funds</i>	74 016	0	55	74 070
<i>Property funds</i>	0	1 157	2 874	4 031
<i>Special funds</i>	0	1 710	0	1 710
<i>Private Equity</i>	0	0	16 188	16 188
Shares and units	104 274	3 193	21 662	129 128
Financial derivatives	0	5 943	0	5 943
Other financial assets	0	2 543	0	2 543
Total common portfolio	193 983	56 816	25 911	276 710
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	330	7	0	337
Fixed-income securities	330	7	0	337
Loans and receivables	93	0	0	93
<i>Equity funds</i>	580	0	0	580
<i>Special funds</i>	0	8	0	8
Shares and units	580	8	0	588
Financial derivatives	0	16	0	16
Other financial assets	0	0	0	0
Total investment option portfolio	1 004	30	0	1 034
Total financial assets valued at fair value	199 083	65 559	25 918	290 560
CORPORATE PORTFOLIO				
Investment property	0	0	1 017	1 017
Total investment property	0	0	1 017	1 017
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	923	0	0	923
Total corporate portfolio	923	0	0	923
COMMON PORTFOLIO				
Financial derivatives	0	326	0	326
Debt to credit institutions	4 917	0	0	4 917
Total common portfolio	4 917	326	0	5 242
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	1	0	1
Debt to credit institutions	19	0	0	19
Total investment option portfolio	19	1	0	21
Total financial liabilities at fair value	5 859	327	0	6 186

Changes in Level 3 shares, unlisted CORPORATE PORTFOLIO	Book value 31.12.2021	Book value 31.12.2020
Opening balance 01.01.	7	5
Sold	0	0
Bought	0	0
Unrealised changes	1	1
Closing balance 31.12.	8	7
Realised gains/losses	0	0

Changes in Level 3 shares, unlisted COMMON PORTFOLIO	Book value 31.12.2021	Book value 31.12.2020
Opening balance 01.01.	2 545	2 170
Sold	0	-23
Bought	15	377
Unrealised changes	161	22
Closing balance 31.12.	2 721	2 545
Realised gains/losses	0	0

Changes in Level 3 equity funds, unlisted COMMON PORTFOLIO	Book value 31.12.2021	Book value 31.12.2020
Opening balance 01.01.	55	54
Sold	0	0
Bought	0	0
Unrealised changes	-5	1
Closing balance 31.12.	50	55
Realised gains/losses	0	0

Changes in Level 3, private equity, fixed- income funds and property funds COMMON PORTFOLIO	Book value 31.12.2021	Book value 31.12.2020
Opening balance 01.01.	23 312	14 888
Sold	-4 551	-1 740
Bought	13 793	8 341
Unrealised changes	7 574	302
Closing balance 31.12.	40 127	23 312
Realised gains/losses	2 236	636

Changes in Level 3, investment property CORPORATE PORTFOLIO	Book value 31.12.2021	Book value 31.12.2020
Opening balance 01.01.	1 017	955
Sold	0	0
Bought	0	0
Unrealised changes	40	85
Other	-53	-23
Closing balance 31.12.	1 004	1 017
Realised gains/losses	0	0
Total level 3	43 911	26 935

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 2 196 million as of 31.12.2021 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 4th quarter, NOK 148 million was moved from Level 1 to Level 2, NOK 7 million was moved from level 1 to level 3 and NOK 60 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

31.12.2021 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

31.12.2020 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	6 843	0	6 843	-326	-5 795	0	1 089
Total	6 843	0	6 843	-326	-5 795	0	1 089
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	5 943	0	5 943	-326	-4 860	0	970
Total assets – corporate portfolio	884	0	884	0	-923	0	106
Total assets – investment option portfolio	16	0	16	0	-12	0	12
Total	6 843	0	6 843	-326	-5 795	0	1 089
LIABILITIES							
Financial derivatives	327	0	327	-326	-3	0	0
Total	327	0	327	-326	-3	0	0
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	326	0	326	-326	0	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	327	0	327	-326	-3	0	0

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	31.12.2021	31.12.2020
Short-term liabilities securities	367	2 258
Advance tax-deduction pension scheme	491	447
Accounts payable	10	4
Derivatives	2 014	327
Debt to credit institutions	1 651	5 859
Liabilities related to direct insurance	699	576
Other liabilities	30	34
Total liabilities	5 261	9 506

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 290 per cent, which is well over the Company's target of at least 150 per cent. With the transitional measure on technical provisions the SCR ratio is 317 per cent.

	31.12.2021	31.12.2020
SOLVENCY II-SCR RATIO ¹	290 %	282 %

NOK BILLIONS	31.12.2021	31.12.2020
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT		
Assets, book value	706	652
Added values - hold-to-maturity portfolio/loans and receivables	7	16
Added values - other lending	0	0
Other added/lesser values	0	0
Deferred tax asset	0	0
Total assets - solvency II	713	668

NOK BILLIONS	31.12.2021	31.12.2020
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT		
Best estimate	645	596
Risk margin	14	14
Hybrid Tier 1 securities/Subordinated loan capital	5	5
Other liabilities	13	18
Deferred tax liabilities	1	1
Total liabilities - solvency II	677	634
Excess of assets over liabilities	36	33
- Deferred tax asset	0	0
+ Hybrid Tier 1 securities	2	2
Tier 1 basic own funds	37	36
Total eligible tier 1 own funds	37	36
Subordinated loans	3	4
Tier 2 basic own funds	3	4
Ancillary own funds	12	11
Tier 2 ancillary own funds	12	11
Deduction for max. eligible tier 2 own funds	-8	-7
Total eligible tier 2 own funds	8	8
Deferred tax asset	0	0
Total eligible tier 3 own funds	0	0
Solvency II total eligible own funds	45	43
Market risk	7	7
Diversification market risk	-2	-2
Counterparty risk	0	0
Life risk	14	14
Diversification life risk	-3	-3
Diversification general	-3	-3

NOK BILLIONS	31.12.2021	31.12.2020
Operational risk	3	3
Loss absorbing ability deferred tax	-1	-1
Solvency capital requirement (SCR)	15	15
Linear minimum capital requirement (MCR_linear)	7	8
Minimum	4	4
Maximum	7	7
Minimum capital requirement (MCR)	7	7
Solvency II -SCR ratio ¹	290 %	282 %

¹ Final calculation of Solvency II-SCR ratio as of 31.12.2020 gives a Solvency II-SCR ratio of 282 %. This is a reduction of 4 % compared to previously reported.

Note 11 Leases

NOK MILLIONS	31.12.2021	31.12.2020
RIGHT-OF-USE ASSETS	Property	
Opening balance 01.01.	1 081	204
Addition	0	981
Depreciation	-108	-104
Closing balance 31.12.	973	1 081

NOK MILLIONS	31.12.2021	31.12.2020
LEASE LIABILITIES	Property	
Opening balance 01.01.	1 099	210
Addition	0	981
Repayments	-88	-92
Closing balance 31.12.	1 012	1 099

NOK MILLIONS	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
	Property			
Interest expense lease liabilities	6	7	26	17
Interest expense lease liabilities	6	7	26	17

Note 12 **Pension obligations**

NOK MILLIONS	31.12.2021	31.12.2020
Capitalized net liability 01.01.	594	508
Capitalized pension costs	110	95
Capitalized financial costs	12	15
Actuarial gains and losses	-48	49
Premiums / contributions received	-116	-71
Capitalized net liability 31.12.	553	594

ASSUMPTIONS	31.12.2021	31.12.2020
Discount rate	1.90 %	1.70 %
Salary growth	2.75 %	2.25 %
The National Insurance basic amount (G)	2.50 %	2.00 %
Pension increases	1.73 %	1.24 %
Social security contribution rate	14.10 %	14.10 %
Capital activity tax	5.00 %	5.00 %

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 48 million as of 31.12.2021. The change is recognized in "Total other income and expenses that will not be reclassified to profit or loss".

Note 13 **Administration costs and other costs associated with the corporate portfolio**

NOK MILLIONS	Q4 2021	Q4 2020	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Interest expense subordinated loan	31	31	124	212
Discount subordinated loan	0	0	0	343
Interest expense Hybrid Tier 1 securities	16	15	64	67
Other costs associated with the corporate portfolio	18	41	84	91
Administration costs and other costs associated with the corporate portfolio	66	86	272	712

Note 14 **Premium reserve**

NOK MILLIONS	31.12.2021	31.12.2020
Premium reserve etc. 01.01.	456 055	459 343
Net freed up reserves due to changes in the public sector occupational pension as of January 1st, 2020	0	-22 081
Other changes	29 803	18 794
Premium reserve etc. 31.12.	485 858	456 055

NOK MILLIONS	31.12.2021	31.12.2020
Pension capital etc. 01.01.	1 478	2 064
Net freed up reserves due to changes in the public sector occupational pension as of January 1st, 2020	0	-63
Other changes ¹	74	-523
Pension capital etc. 31.12.	1 552	1 478

¹ Other changes in 2020 are negative due to the reallocation from the investment option portfolio to the common portfolio.

Note 15 **Events after the reporting period**

Change in allocations in the financial statements for 2020

The company was in discussions with the Financial Supervisory Authority of Norway through 2021, to clarify certain allocations that were entered in the financial statements for 2020. These discussions have continued into 2022, and shortly before the interim report for the fourth quarter was produced, it was determined that KLP would change some of the allocations made from the profits for 2020 in the annual report for 2021. The changes have not been incorporated into the interim report published after the fourth quarter of 2021, but the effects on the various accounting items are shown in the table below. The modified allocation has not been finally agreed with the FSA, and may be changed further.

NOK MILLION	Q4 2021 Reporting	Preliminary year end reporting 2021	Change
INCOME STATEMENT			
Change in premium reserve etc., gross	-29 861	-28 731	1 130
Changes in premium funds, defined contribution funds, and pension regulation funds etc.	-684	-3 120	-2 436
Changes in pension capital etc. - contractual liabilities	-74	-71	3
Changes in premium funds, defined contribution funds and pension regulation funds etc. -individual investment option portfolio	-7	-14	-7
Technical result	569	-742	-1 311
Tax	-202	125	328
Income before other income and expenses	1 396	413	-983
Total comprehensive income	1 452	469	-983
POSITION OF FINANCIAL STATMENT			
Equity			
Other owners' equity contributed	19 654	19 831	177
Risk equalization fund	5 681	4 370	-1 311
Other retained earnings	16 325	16 476	151
Insurance liabilities - contractual liabilities			
Premium reserve etc.	485 858	484 728	-1 130
Premium funds, defined contribution funds, pension regulation funds etc.	38 333	40 769	2 436
Insurance liabilities- individual investment portfolio			
Pension capital etc.	1 552	1 549	-3
Premium funds, defined contribution funds, pension regulation funds etc.	492	499	7
Other liabilities			
Current tax liabilities	587	259	-328