

# Q4 2022 Interim report

KLP Group



# Table of Contents

## KLP Group

<b>4</b>	Report for the fourth quarter of 2022
<b>11</b>	Income statement
<b>12</b>	Financial position statement
<b>13</b>	Changes in owners' equity
<b>13</b>	Statement of cashflow
<b>14</b>	Notes to the financial statement
<b>14</b>	Note 1 Accounting principles –and estimates
<b>15</b>	Note 2 Segment information
<b>16</b>	Note 3 Premium income for own account
<b>16</b>	Note 4 Other income
<b>17</b>	Note 5 Subordinated loans and perpetual hybrid tier 1 securities
<b>18</b>	Note 6 Operating expenses
<b>18</b>	Note 7 Other expenses
<b>18</b>	Note 8 Investment property
<b>18</b>	Note 9 Fair value of financial assets and liabilities
<b>25</b>	Note 10 Borrowing
<b>26</b>	Note 11 Fair value hierarchy
<b>28</b>	Note 12 Liquidity risk
<b>30</b>	Note 13 Interest rate risk
<b>33</b>	Note 14 Credit risk
<b>37</b>	Note 15 Technical provisions in life insurance
<b>37</b>	Note 16 Other current liabilities
<b>37</b>	Note 17 SCR ratio
<b>39</b>	Note 18 Presentation of assets and liabilities that are subject to net settlement
<b>40</b>	Note 19 Pension obligations

## KLP's sustainability accounts

<b>43</b>	Engaged and responsible owner
<b>44</b>	Climate, environment and nature
<b>46</b>	Innovation and social development
<b>48</b>	KLP as a workplace and employer
<b>49</b>	UN Sustainable Development Goals which KLP contributes to
<b>52</b>	Notes and definitions

## Kommunal Landspensjonskasse

<b>57</b>	Income statement
<b>58</b>	Statement of financial position
<b>59</b>	Changes in owners' equity
<b>60</b>	Statement of cash flows
<b>60</b>	Notes to the financial statement
<b>60</b>	Note 1 Accounting principles and -estimates
<b>62</b>	Note 2 Value-adjustment investment property
<b>62</b>	Note 3 Premium income
<b>62</b>	Note 4 Claims
<b>62</b>	Note 5 Insurance-related operating expenses
<b>62</b>	Note 6 Fair value of financial assets and liabilities
<b>66</b>	Note 7 Fair value hierarchy
<b>72</b>	Note 8 Presentation of assets and liabilities that are subject to net settlement
<b>74</b>	Note 9 Liabilities
<b>74</b>	Note 10 SCR ratio
<b>76</b>	Note 11 Leases
<b>76</b>	Note 12 Pension obligations

# KLP Group

## Report for the fourth quarter of 2022

Strong financial strength and a good quarter for KLP and its subsidiaries, but weak financial markets have marked the year as a whole.

- The return in the fourth quarter of 2022 was 1.5 per cent; for the whole year it was minus 1.1 per cent.
- Risk result of NOK 558 million for the year.
- NOK 3.2 billion is transferred to the premium fund.

KLP – a customer-owned group

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

At the end of the fourth quarter of 2022, the Group had total assets of NOK 901.6 billion, an increase of NOK 0.4 billion for the year.

The Group's total comprehensive income was NOK 913 (490) million<sup>1</sup> in 2022.

Kommunal Landspensjonskasse

Pension schemes within the public sector are offered and administered by the Group's parent company, Kommunal Landspensjonskasse. Out of KLP's total assets of NOK 710.3 billion, NOK 654.3 billion is linked to insurance obligations within public-sector occupational pensions.

Results for the fourth quarter of 2022

### Investment result

KLP achieved an investment result – the return in excess of that guaranteed by the company to its customers – totalling NOK -20.0 (14.9) billion for the year. The return on the common portfolio was 1.5 per cent for the fourth quarter and minus 1.1 per cent for the year.

### Risk result

The risk events in the stock have been within expectations throughout the year and will vary from quarter to quarter. Net income was NOK -405 million in the fourth quarter and NOK 558 million for the year. The

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

risk result was sharply reduced in the fourth quarter. This development is particularly related to disability, where a significant increase in provisions was observed from 2021 to 2022. The increase in provisions for disability must be seen in the context of changes in the regulations for work assessment allowances in 2021 and 2022. There are also accrual effects through the year which normally result in large provisions for disability in the fourth quarter.

### Administration result

The Company's administration result shows a loss of NOK 17 (35) million in 2022. Insurance-related operating costs came to NOK 1.5 (1.4) billion for the year.

### Total profit/loss

Total profit/loss to the Company stands at NOK 897 (469) million for the year. The customer result is NOK -19.3 (15.5) billion for the year.

NOK millions	Customers	Company	Total
Investment result	-19 957	-50	-20 007
Risk result	651	-93	558
Interest guarantee premium		266	266
Administration result		-17	-17
Net income from investments in the corporate portfolio and other income/expenses in non-technical accounts		811	811
Tax		-115	-115
Other profit/loss elements		94	94
<b>Profit/loss after Q4 2022</b>	<b>-19 306</b>	<b>897</b>	<b>-18 409</b>
Profit/loss after Q4 2021	15 446	469	15 915

### Financial strength and capital-related matters

KLP's total assets increased by NOK 3.5 billion in the year, but decreased by NOK 10.5 billion in the fourth quarter in isolation, and now amount to NOK 710.3 billion. The premium reserve increased by NOK 31.8 billion to NOK 516.5 billion at year-end.

The Board of Directors will propose to the general meeting a transfer of NOK 2.6 billion from the buffer fund to the premium fund, in addition to the risk result. The buffer fund will decrease by NOK 22.6 billion through the year, ending on NOK 102.2 billion at year-end. KLP has solid financial buffers which allow it to achieve good long-term returns.

Without applying transitional rules, the Company's capital adequacy is 337 per cent. KLP's target is a 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 31.12.2022	At 31.12.2021
Return on the common portfolio	-1,1	8,4
Return incl. value changes in hold-to-maturity bonds and lending	-3,9	6,7
<i>The returns figures apply to the common portfolio</i>		
Capital adequacy, Solvency II	337	316
Capital adequacy, Solvency II, with transitional measures	337	345

## Premium income

Premium income excluding premium reserves received on transfers in amounted to NOK 50.1 (50.2) billion at the end of the fourth quarter.

## Claims/benefits

Pensions paid and other claims, excluding ceded premium reserves, amounted to NOK 23.9 (22.1) billion at the end of the fourth quarter.

## Management of the common portfolio

The assets in the common portfolio totalled NOK 660.4 (659.3) billion and were invested as shown below. The return is given for the year as a whole.

Assets	At 31.12.2022		At 31.12.2021	
All figures in per cent	Proportion	Return	Proportion	Return
Equities	30,2 %	-8,0 %	30,9 %	22,8 %
Short-term bonds	12,2 %	-9,9 %	13,8 %	-0,7 %
Long-term/HTM bonds	29,0 %	3,3 %	27,7 %	3,5 %
Lending	12,0 %	2,5 %	11,9 %	1,7 %
Property	14,7 %	7,1 %	13,8 %	10,2 %
Other financial assets	1,9 %	1,6 %	1,9 %	0,7 %

## Equities

Total exposure in shares and alternative investments, including equity derivatives, was 30.2 per cent at the end of the fourth quarter. The total return on shares and alternative investments was 4.1 per cent in the fourth quarter. KLP's global exchange-listed equity portfolio produced a return of 5.3 per cent in the quarter, while the Norwegian equity portfolio had a return of 8.6 per cent.

The currency hedging ratio for equities in developed markets and the most liquid currencies in emerging markets was between 50 and 70 per cent in the fourth quarter. During this period, the Norwegian krone has appreciated against the US dollar, and currency hedging had a positive effect on the return on shares this quarter. For the year as a whole, the Norwegian krone depreciated against the US dollar and the euro, among other currencies. In 2022, currency hedging made a negative contribution to the return on shares.

## Short-term bonds and the money market

Short-term bonds accounted for 12.2 per cent and money-market instruments 1.9 per cent of the assets in the common portfolio as at 31 December. KLP's global government bond index achieved a currency-hedged return of minus 1.2 per cent in the fourth quarter, while the return on the Norwegian government bond index was 1.0 per cent. Lower global credit margins contributed to a quarterly return of 2.7 per cent on KLP's global credit bond index. In total, short-term bonds achieved returns of 1.1 per cent in the fourth quarter. The money market return was also 1.1 per cent for this quarter.

## Held-to-maturity bonds

Investment in long-term bonds and bonds held to maturity made up 29.0 per cent of the common portfolio at 31 December. Unrecognised decreases in value in the portfolio rose in the first quarter and amounted to NOK 10.9 billion at the end of the fourth quarter. The portfolio is well diversified and consists of securities issued by creditworthy borrowers. The return measured at amortised cost was 0.8 per cent in the fourth quarter and 3.3 per cent for the year.

## Property

Property investments, including Norwegian and international property funds, accounted for 14.7 per cent of the common portfolio. Property values in the common portfolio were adjusted upwards by NOK 2.2 billion in the fourth quarter. The total write-up so far this year is NOK 3.2 billion, partly due to the fact that shopping centres and hotels are seeing a high level of activity after two years of pandemic and that rental prices for offices remain good. Property investments in the common portfolio achieved a return of 7.1 per cent in 2022.

## Lending

Lending in the common portfolio totals NOK 78.5 billion. This is split between NOK 67.5 billion in loans to the public sector, NOK 0.7 billion in loans with government guarantees and NOK 2.9 billion in secured mortgage loans, with the remaining NOK 7.4 billion made up of other secured loans. The lending portfolio is of high quality, with no losses on municipal loans and very modest provisions for losses on mortgage loans. Unrecognised decreases in value in the lending portfolio (fixed-interest loans) totalled NOK 1.3 billion after the fourth quarter. The return for the year was 2.5 per cent.

## Returns on the corporate portfolio

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

The corporate portfolio is managed with a moderate-risk long-term investment horizon, with the objective of stable returns. Investments in the corporate portfolio achieved a return of 1.4 per cent in the fourth quarter, and 2.8 per cent for the year.

## Business areas of the subsidiaries

### Non-life insurance

The results at 31 December show a pre-tax operating profit of NOK 9.8 (397.7) million. Profit growth in the fourth quarter was positive, mainly due to an improved financial result and a positive insurance result. Operating costs are lower than expected and the Company has continued to reverse previous years' reserves, although the Company increased its reserves in the third quarter to cover delayed effects of Covid-19. For the fourth quarter in isolation, the profit was NOK 59.6 (53.8) million.

Premium volume stood at NOK 2 294 million at the end of the fourth quarter, an increase of NOK 273 million from the position at 31.12.2021. Premiums due have increased by 14.5 per cent, or NOK 292 million, compared with 2021. There is solid growth in all segments.

The insurance result was NOK 444 (426) million at 31 December. No major claims were reported during the fourth quarter. Reversal of previous years' claims is still positive, and NOK 104 (109) million has been taken to income this year, equivalent to 5.4 (5.5) per cent of the reserves at the beginning of the year.

### Key figures for the Company

	At 31.12 2022	At 31.12 2021
Claims ratio	80,8	76,4
Cost ratio	14,5	15,8
<b>Combined ratio</b>	<b>95,4</b>	<b>92,1</b>

Waste disposal is an important social responsibility for the municipalities. So it is a priority for KLP Skadeforsikring to support this by offering the necessary insurance. Despite longstanding efforts to prevent fires, there is still a level of insurance risk that could be unacceptable in the long term. The Company has initiated discussions with key stakeholders in this area, and will continue this dialogue in the future.

Net financial income at year-end was NOK -97.6 (254.8) million, representing a return of minus 1.7 (5.0) per cent. Returns for the fourth quarter in isolation were NOK 40.6 (80.9) million, or 0.8 (1.6) per cent. This year, the equity portfolio has returned minus 12.6 (24.6) per cent. At the end of the year, the Company's investments in interest-bearing funds had a return of minus 5.7 (0.0) per cent, while long-term bonds returned 3.3 (3.2) per cent. The return on real estate investments was 5.2 (10.5) per cent, after a write-up of NOK 7.3 million. The fourth quarter in isolation saw a return of 4.3 per cent on equities, 2.0 per cent on interest-bearing investments, and a 0.8 per cent on long-term bonds.

The Company's financial position is satisfactory, with a solvency capital requirement (SCR) of 204 per cent at the end of the year, compared to 224 per cent at the end of 2021 and 219 per cent after the third quarter of this year. The reduction is due to increased deductibles and reinsurance premiums for 2023.

## Asset and fund management

KLP Kapitalforvaltning provides securities management in the KLP Group. It had a total of NOK 640 billion under management at the end of the year, of which NOK 134 billion was for external customers. The majority of the assets are managed on behalf of KLP and its subsidiaries.

Net new subscriptions to the KLP funds were NOK 900 million 2022. External customers had net new subscriptions of NOK 13 billion in 2022.

KLP Kapitalforvaltning had pre-tax income of NOK 24 million in the fourth quarter and NOK 5 million for the year.

## Bank

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

The KLP Banken Group's total lending as of 31 December amounted to NOK 42.4 (39.9) billion. The split between the retail market and the public sector was NOK 23.3 (22.1) billion and 19.1 (17.8) billion respectively.

KLP Banken manages NOK 2.9 (3.0) billion in mortgage loans and NOK 73.4 (72.7) billion in loans to public-sector borrowers and other businesses on behalf of KLP.

The Bank's mortgage products are aimed at the target group of members of the KLP pension schemes. KLP Banken had a mortgage growth of NOK 1.2 (1.5) billion through the year. Disbursements of new loans show a lower volume than at the same time last year, but the proportion of redemptions has also decreased. The public-sector market has experienced somewhat higher overall lending growth than last year.

The KLP Banken Group had a pre-tax operating profit of NOK 180.5 (116.1) million at the end of the fourth quarter. Operating revenues as a whole were strengthened in 2022 compared to 2021, especially in the public-sector market. Costs and impairments of financial instruments also affected this year's accounts less than last year's, and commission income from banking services increased. Broken down by area, profits were NOK 107.7 (87.6) million in the retail market and NOK 72.8 (28.5) million in the public-sector market. After tax and estimate deviations, the KLP Banken Group's total profit at the end of the fourth quarter was NOK 174.3 (121.0) million.

## Corporate social responsibility

More sustainable and renewable energy is crucial to addressing both the climate crisis and the nature crisis. KLP contributes to this through its investments. In the fourth quarter, for example, KLP invested in a Norwegian fund which aims to install solar panels on Norwegian roofs, and in a new investment partnership with Norfund to construct more power lines in India. KLP placed a total of NOK 805 million in climate-



friendly investments in the quarter. In the year as a whole, KLP placed NOK 8.6 billion in such investments. The total market value of climate-friendly investments has now risen to more than NOK 61 billion. KLP's investments have helped to finance renewable energy projects worldwide, and by the end of the year KLP had helped finance the construction of more than 50 renewable energy power plants.

In the last quarter of the year, there were two major events with a bearing on international cooperation on climate and nature. The climate summit highlighted the role of the financial markets and the importance of increasing climate finance and contributing to a restructuring of the global economy. During the climate summit, the UN launched a report with ten recommendations that companies should follow when designing their climate strategies and targets. KLP supports the 1.5-degree target, and was present at the climate negotiations. The UN Nature Summit was held in Canada in December. A new global nature framework for managing nature was agreed, containing specific goals for the protection of land and sea, and sustainable management of nature. Companies were also required to monitor and report publicly on their impact on nature and biodiversity. The finance industry is again highlighted as an important part of the solution for redirecting flows of money where they make a positive contribution to nature. KLP supports the new nature agreement, and places expectations on companies we invest in related to nature and biodiversity. KLP is participating in a project which started in the fourth quarter with Sabima and PwC, concerned with nature risk and mapping of environmental impact for Norwegian companies.

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

The year 2022 was marked by the war in Ukraine, along with rising inflation, interest rates and energy prices. This resulted in substantial movements in the financial markets. KLP has solid financial buffers which safeguard customers' pension capital in periods of negative market movements. High interest rates are good for the management of pension capital in the period ahead.

#### Oslo, 17 February 2023

The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

**TINE SUNDTOFT**  
Chair

**INGUNN TROSHOLMEN**  
Deputy Chair

**EGIL MATSEN**

**HILDE ROLANDSEN**  
Deputy board member

**ODD HALDGEIR LARSEN**

**ØIVIND BREVIK**

**VIBEKE HELDAL**  
Elected by and from among the  
employees

**ERLING BENDIKSEN**  
Elected by and from among  
the employees

## Income statement

### KLP Group

NOTE	NOK MILLIONS	Q4 2022	Q4 2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021
3	Premium income for own account	10 436	9 478	52 601	52 001
	Current return on financial assets	4 603	3 639	18 128	14 813
	Net interest income banking	111	76	371	309
	Net value changes on financial instruments	13 384	18 187	-47 383	48 365
8	Net income from investment properties	-1 876	3 673	6 282	8 543
4	Other income	367	345	1 684	1 547
	<b>Total net income</b>	<b>27 025</b>	<b>35 398</b>	<b>31 682</b>	<b>125 577</b>
	Claims for own account	-5 660	-6 170	-29 348	-31 855
	Change in technical provisions	-34 154	-6 354	-32 223	-31 253
	Net costs subordinated loan and hybrid Tier 1 securities	201	28	-169	103
6	Operating expenses	-692	-767	-2 476	-2 278
7	Other expenses	-349	-335	-1 377	-1 292
	Unit holder's value change in consolidated security funds	-4 604	-7 805	15 001	-19 802
	<b>Total expenses</b>	<b>-45 259</b>	<b>-21 403</b>	<b>-50 591</b>	<b>-86 377</b>
	<b>Operating profit/loss</b>	<b>-18 234</b>	<b>13 995</b>	<b>-18 910</b>	<b>39 200</b>
	To/from securities adjustment fund – life insurance	0	-8 623	0	-21 646
	To supplementary reserves – life insurance	21 828	-6 031	24 063	-5 420
	Assets allocated to insurance customers - life insurance	-2 915	-505	-3 501	-11 107
	<b>Pre-tax income</b>	<b>679</b>	<b>-1 165</b>	<b>1 652</b>	<b>1 027</b>
	Cost of taxes <sup>1</sup>	-135	108	-801	-748
	<b>Income</b>	<b>544</b>	<b>-1 056</b>	<b>851</b>	<b>279</b>
19	Actuarial loss and profit on post employment benefit obligations	57	350	132	84
	Adjustments of the insurance obligations	-13	-46	-21	-16
	Tax on items that will not be reclassified to profit or loss	-5	-54	-17	-12
	<b>Items that will not be reclassified to profit or loss</b>	<b>40</b>	<b>250</b>	<b>94</b>	<b>56</b>
	Revaluation real property for use in own operation	-207	68	-43	206
8	Currency translation foreign properites	-561	-531	148	-1 314
	Adjustments of the insurance obligations	561	531	-148	1 314
	Tax on items that will be reclassified to profit or loss	52	-17	11	-52
	<b>Items that will be reclassified to income particular specific conditions are met</b>	<b>-156</b>	<b>51</b>	<b>-32</b>	<b>155</b>
	<b>Total other comprehensive income</b>	<b>-116</b>	<b>301</b>	<b>62</b>	<b>211</b>
	<b>Total comprehensive income</b>	<b>427</b>	<b>-755</b>	<b>913</b>	<b>490</b>
	<sup>1</sup> Unit holders share of taxes in consolidated security funds	-71	-75	-359	-296

## Financial position statement

### KLP Group

NOTE	NOK MILLIONS	31.12.2022	31.12.2021
	Deferred tax assets	48	52
	Other intangible assets	1 049	797
	Tangible fixed assets	2 633	2 714
	Investments in associated companies and joint venture	5 456	4 934
8,11	Investment property	93 992	89 535
9,14	Debt instruments held to maturity	24 225	25 985
9,14	Debt instruments classified as loans and receivables	174 530	164 484
9,11,14	Lending local government, enterprises & retail customers at fair value through profit / loss	0	79
9,14	Lending local government, enterprises and retail customers	121 360	118 024
9,11,14	Debt instruments at fair value through profit or loss	181 815	188 172
9,11	Equity capital instruments at fair value through profit/loss	282 399	294 476
9,11,14	Financial derivatives	6 820	3 253
9	Receivables	3 989	5 377
14	Cash and bank deposits	3 321	3 388
	<b>TOTAL ASSETS</b>	<b>901 636</b>	<b>901 270</b>
	Owners' equity contributed	21 388	19 831
	Retained earnings	21 482	20 901
	<b>TOTAL OWNERS' EQUITY</b>	<b>42 870</b>	<b>40 732</b>
9,10	Hybrid Tier 1 securities	1 428	1 604
9,10	Subordinated loan capital	3 147	3 000
19	Pension obligations	815	870
15	Technical provisions - life insurance	652 618	653 551
	Premiums, claims and contingency fund provisions - non-life insurance	3 782	3 023
9,10	Covered bonds issued	32 430	31 015
9,10	Debt to credit institutions	6 683	4 199
9,10	Liabilities to and deposits from customers	13 779	12 901
9,11	Financial derivatives	3 158	4 740
	Deferred tax	1 143	1 387
16	Other current liabilities	4 951	6 808
	Unit holders' s interest in consolidated securites funds	134 831	137 440
	<b>TOTAL LIABILITIES</b>	<b>858 766</b>	<b>860 538</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>901 636</b>	<b>901 270</b>
	Contingent liabilities	31 083	28 754

## Changes in owners' equity

### KLP Group

2022 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 31 December 2021	19 831	20 901	40 732
Change recognized directly in equity		243	243
Owners' equity 1 January 2022	19 831	21 144	40 975
Income	576	275	851
Items that will not be reclassified to income		94	94
Items that will be reclassified to income later when particular conditions are met		- 32	- 32
Total other comprehensive income		62	62
Total comprehensive income	576	338	913
Owners' equity contribution received (net)	982		982
Total transactions with the owners	982		982
Owners' equity 31 December 2022	21 388	21 482	42 870

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

## Statement of cashflow

### KLP Group

NOK MILLIONS	01.01.2022 -31.12.2022	01.01.2022 -30.09.2022	01.01.2022 -30.06.2022	01.01.2022 -31.03.2022	01.01.2021 -31.12.2021
Net cash flow from operational activities	36 211	42 855	40 710	-1 917	-24 289
Net cash flow from investment activities <sup>1</sup>	-346	-250	-173	-82	-278
Net cash flow from financing activities <sup>2</sup>	-35 932	-42 493	-40 153	1 583	25 182
Net changes in cash and bank deposits	-66	113	385	-417	616
Holdings of cash and bank deposits at start of period	3 388	3 388	3 388	3 388	2 772
Holdings of cash and bank deposits at end of period	3 321	3 500	3 773	2 971	3 388

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

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

## Notes to the financial statement

KLP Group

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

#### **Accounting principles**

The financial statements in this interim report show the Kommunal Landspensjonskasse (KLP) group financial statements and parent company financial statements for the period 01.01.2022 – 31.12.2022. The accounts have not been audited.

That part of the interim report that relates to the Group financial statements has been prepared in accordance with IAS 34 Interim financial Reporting. The same accounting principles and calculation methods have been used in the interim financial statements as in the last annual financial statements, unless stated otherwise.

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

## Note 2 Segment information

NOK MILLIONS	Group pensions pub. sect. & group life		Non-life insurance		Banking		Asset management		Other		Eliminations		Total	
	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021
Premium income for own account from external customers <sup>1</sup>	50 523	50 161	2 105	1 865	0	0	0	0	0	0	-27	-25	52 601	52 001
Net financial income from investments	-7 013	50 228	-91	259	345	277	0	2	0	0	-15 844	21 263	-22 602	72 029
Other income	1 784	1 999	7	2	84	78	607	608	12	12	-811	-1 151	1 684	1 547
<b>Total income</b>	<b>45 294</b>	<b>102 388</b>	<b>2 021</b>	<b>2 125</b>	<b>429</b>	<b>355</b>	<b>607</b>	<b>610</b>	<b>12</b>	<b>12</b>	<b>-16 682</b>	<b>20 086</b>	<b>31 682</b>	<b>125 577</b>
Claims for own account	-27 663	-30 438	-1 685	-1 417	0	0	0	0	0	0	0	0	-29 348	-31 855
Insurance provisions for own account	-32 207	-31 246	-16	-7	0	0	0	0	0	0	0	0	-32 223	-31 253
Costs borrowing	-169	103	0	0	0	0	0	0	0	0	0	0	-169	103
Operating costs excluding depreciation	-1 329	-1 147	-305	-298	-241	-229	-595	-548	-11	-10	107	182	-2 373	-2 050
Depreciation	-81	-162	-5	-5	-2	-5	-7	-6	0	0	-8	-50	-103	-228
Other expenses	-1 507	-1 425	0	0	-6	-5	0	0	0	0	136	138	-1 377	-1 292
Unit holder's value change in consolidated security funds											15 001	-19 802	15 001	-19 802
<b>Total expenses</b>	<b>-62 956</b>	<b>-64 315</b>	<b>-2 011</b>	<b>-1 728</b>	<b>-249</b>	<b>-239</b>	<b>-602</b>	<b>-554</b>	<b>-11</b>	<b>-10</b>	<b>15 237</b>	<b>-19 531</b>	<b>-50 591</b>	<b>-86 377</b>
<b>Operating profit/loss</b>	<b>-17 662</b>	<b>38 074</b>	<b>10</b>	<b>398</b>	<b>180</b>	<b>116</b>	<b>5</b>	<b>56</b>	<b>2</b>	<b>2</b>	<b>-1 445</b>	<b>555</b>	<b>-18 910</b>	<b>39 200</b>
Funds credited to insurance customers <sup>2</sup>	18 580	-37 786	0	0	0	0	0	0	0	0	1 982	-388	20 562	-38 173
<b>Pre-tax income</b>	<b>918</b>	<b>288</b>	<b>10</b>	<b>398</b>	<b>180</b>	<b>116</b>	<b>5</b>	<b>56</b>	<b>2</b>	<b>2</b>	<b>537</b>	<b>167</b>	<b>1 652</b>	<b>1 027</b>
Cost of taxes	-115	125	-22	-68	-14	0	-2	-13	0	0	-647	-791	-801	-748
<b>Income</b>	<b>803</b>	<b>413</b>	<b>-13</b>	<b>329</b>	<b>166</b>	<b>116</b>	<b>3</b>	<b>43</b>	<b>1</b>	<b>1</b>	<b>-109</b>	<b>-624</b>	<b>851</b>	<b>279</b>
Change in other comprehensive income	94	56	14	8	8	5	11	2	0	0	-65	140	62	211
<b>Total comprehensive income</b>	<b>897</b>	<b>469</b>	<b>1</b>	<b>337</b>	<b>174</b>	<b>121</b>	<b>14</b>	<b>45</b>	<b>2</b>	<b>2</b>	<b>-175</b>	<b>-484</b>	<b>913</b>	<b>490</b>
Assets	710 268	706 748	6 571	5 976	50 511	47 482	635	636	11	9	133 641	140 419	901 636	901 270
Liabilities	667 468	666 070	4 302	3 710	47 544	44 961	241	256	3	3	139 206	145 537	858 766	860 538

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

<sup>2</sup> 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.

## 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 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 2022	Q4 2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021
Contribution service pension	10 460	9 497	52 312	52 075
Reinsurance premiums ceded	-24	-19	-97	-75
Transfer of premium reserves from others	0	0	386	0
<b>Total premium income</b>	<b>10 436</b>	<b>9 478</b>	<b>52 601</b>	<b>52 001</b>

## Note 4 Other income

NOK MILLIONS	Q4 2022	Q4 2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021
Supplement contractual early retirement scheme (ERS)	345	331	1 354	1 265
Other income <sup>1</sup>	21	14	330	282
<b>Total other income</b>	<b>367</b>	<b>345</b>	<b>1 684</b>	<b>1 547</b>

<sup>1</sup> 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 2022	Q4 2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021
<b>SUBORDINATED LOANS</b>				
Interest costs <sup>1</sup>	-32	-31	-131	-124
Value changes	48	26	-143	132
<b>Net costs subordinated loans</b>	<b>15</b>	<b>-5</b>	<b>-274</b>	<b>8</b>
<b>PERPETUAL HYBRID TIER 1 SECURITIES</b>				
Interest costs	-16	-16	-72	-64
Value changes	201	49	176	159
<b>Net costs perpetual hybrid tier 1 securities</b>	<b>186</b>	<b>33</b>	<b>104</b>	<b>96</b>
<b>Net costs subordinated loan and hybrid Tier 1 securities</b>	<b>201</b>	<b>28</b>	<b>-169</b>	<b>103</b>

<sup>1</sup> 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 2022	Q4 2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021
Personnel costs	400	364	1 401	1 248
Depreciation and writedowns	39	112	149	228
Other operating expenses	254	291	926	802
<b>Total operating expenses</b>	<b>692</b>	<b>767</b>	<b>2 476</b>	<b>2 278</b>

## Note 7 Other expenses

NOK MILLIONS	Q4 2022	Q4 2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021
Supplement contractual early retirement scheme (ERS)	345	331	1 354	1 265
Other expenses	4	4	23	27
<b>Total other expenses</b>	<b>349</b>	<b>335</b>	<b>1 377</b>	<b>1 292</b>

## Note 8 Investment property

NOK MILLIONS	Q4 2022	Q4 2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021
Net rental income	736	785	2 944	3 040
Net value adjustment	-2 613	2 829	3 338	5 444
Realised gains	0	59	0	59
<b>Net income from investment properties</b>	<b>-1 876</b>	<b>3 673</b>	<b>6 282</b>	<b>8 543</b>
Currency translate foreign subsidiaries (taken to other comprehensive income)	-561	-531	148	-1 314
<b>Net income from investment properties included currency translate</b>	<b>- 2 437</b>	<b>3 142</b>	<b>6 430</b>	<b>7 229</b>

NOK MILLIONS	31.12.2022	31.12.2021
Investment property 01.01.	89 535	81 485
Value adjustment, including currency translation	3 486	4 130
Net additions	991	3 913
Other changes	- 20	7
<b>Investment property</b>	<b>93 992</b>	<b>89 535</b>

## Note 9 Fair value of financial assets and liabilities

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

This note contains information on the three different categories of financial instruments: balance sheet classification, accounts classification and type of instrument. For the latter information is also provided on 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 (liabilities)
- 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 based 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 into account 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.

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

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

**e) Receivables on credit institutions**

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

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

Receivables are valued by means of a valuation model using relevant credit premium adjustments obtained in the market. For guaranteed loans fair value is calculated as discounted cash flow based on the same interest-rate curves as direct loans, but the credit margin is adjusted to market values for the appropriate

combination of guarantee category and type of guarantee. The guarantor is either a state, municipality or a bank.

#### **g) Loans secured by mortgage**

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

### **EQUITY INSTRUMENTS**

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

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

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

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

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

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

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

As far as possible, The Group uses the Norwegian Mutual Funds Association's industry recommendations. This basically means the following: The last price traded has key priority. If the last price traded is outside of the bid/offer price in the market, the price is adjusted accordingly. This means that if the last price traded is below the offer price, the price is adjusted upward to the offer price. If it is above the bid price, it is adjusted downward to the bid price.

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

#### **j) Private Equity**

Most of the investment in Private Equity goes through funds. The funds' fair value is to be based on reported market values that follow from the International Private Equity and Venture Capital Valuation

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

## DERIVATIVES

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

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

### **l) Options**

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

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

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

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

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

## DEBT TO CREDIT INSTITUTIONS

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

Placements with credit institutions are made as short-term deposits. Fair value is calculated by discounting contractual cash flows by market rate including a relevant risk margin on the reporting date. Deposits are priced based 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	31.12.2022		31.12.2021	
	Book value	Fair value	Book value	Fair value
<b>DEBT INSTRUMENTS HELD TO MATURITY - AT AMORTIZED COST</b>				
Norwegian hold-to-maturity bonds	3 180	3 199	4 071	4 477
Foreign hold-to-maturity bonds	21 045	20 376	21 915	23 289
<b>Total debt instruments held to maturity</b>	<b>24 225</b>	<b>23 575</b>	<b>25 985</b>	<b>27 766</b>
<b>DEBT INSTRUMENTS CLASSIFIED AS LOANS AND RECEIVABLES- AT AMORTIZED COST</b>				
Norwegian bonds	62 681	59 555	53 339	54 373
Foreign bonds	111 841	104 898	111 136	115 067
Other receivables	8	8	9	9
<b>Total debt instruments classified as loans and receivables</b>	<b>174 530</b>	<b>164 461</b>	<b>164 484</b>	<b>169 448</b>
<b>LENDING LOCAL GOVERNMENT, ENTERPRISES &amp; RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS</b>				
Loans to local government sector or enterprises with local government guarantee	0	0	79	79
<b>Total loans to local government, enterprises &amp; retail customers</b>	<b>0</b>	<b>0</b>	<b>79</b>	<b>79</b>
<b>LENDING TO LOCAL GOVERNMENT, ENTERPRISES &amp; RETAIL CUSTOMERS - AT AMORTIZED COST</b>				
Loans secured by mortgage	26 107	24 701	25 078	25 085
Loans to local government sector or enterprises with local government guarantee	89 743	88 342	86 486	86 629
Loans abroad secured by mortgage and local government guarantee	5 352	5 352	6 413	6 413
Loans creditcard	44	44	44	44
Other loans	115	115	3	3
<b>Total loans to local government, enterprises &amp; retail customers</b>	<b>121 360</b>	<b>118 553</b>	<b>118 024</b>	<b>118 174</b>

NOK MILLIONS	31.12.2022		31.12.2021	
	Book value	Fair value	Book value	Fair value
<b>DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
Norwegian bonds	58 922	58 922	56 354	56 354
Norwegian certificates	7 648	7 648	7 805	7 805
Foreign bonds	72 565	72 565	87 026	87 026
Foreign certificates	420	420	405	405
Investments with credit institutions	42 259	42 259	36 582	36 582
<b>Total debt instruments</b>	<b>181 815</b>	<b>181 815</b>	<b>188 172</b>	<b>188 172</b>
<b>EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
Shares	238 730	238 730	260 001	260 001
Equity funds	37 155	37 155	30 328	30 328
Property funds	6 514	6 514	4 147	4 147
<b>Total equity capital instruments</b>	<b>282 399</b>	<b>282 399</b>	<b>294 476</b>	<b>294 476</b>
<b>RECEIVABLES</b>				
Receivables related to direct business	1 908	1 908	1 725	1 725
Receivables related to reinsurance agreements	704	704	304	304
Receivables related to securites	900	900	2 727	2 727
Prepaid rent related to real estate activities	55	55	245	245
Other receivables	422	422	374	374
<b>Total other loans and receivables including receivables from policyholders</b>	<b>3 989</b>	<b>3 989</b>	<b>5 377</b>	<b>5 377</b>
<b>FINANCIAL LIABILITIES - AT AMORTIZED COST</b>				
Hybrid Tier 1 securities	1 428	1 428	1 604	1 586
Subordinated loan capital	3 147	3 093	3 000	3 310
Debt to credit institutions	1 055	1 055	897	897
Covered bonds issued	32 430	32 402	31 015	31 088
Liabilities and deposits from customers	13 779	13 779	12 901	12 901
<b>Total financial liabilities</b>	<b>51 839</b>	<b>51 757</b>	<b>49 417</b>	<b>49 781</b>
<b>FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
Debt to credit institutions	5 628	5 628	3 302	3 302
<b>Total financial liabilities</b>	<b>5 628</b>	<b>5 628</b>	<b>3 302</b>	<b>3 302</b>

NOK MILLIONS	31.12.2022		31.12.2021	
	Assets	Liabilities	Assets	Liabilities
<b>FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
Forward exchange contracts	5 024	1 570	2 019	3 077
Interest rate swaps	1 077	194	223	1 664
Interest rate and currency swaps	583	1 393	732	0
Share option	135	0	279	0
<b>Total financial derivatives</b>	<b>6 820</b>	<b>3 158</b>	<b>3 253</b>	<b>4 740</b>

## Note 10 Borrowing

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.12.2022	Book value 31.12.2021
<b>FIXED - TERM SUBORDINATED LOAN</b>						
Kommunal Landspensjonskasse	2 530	EUR	Fixed <sup>1</sup>	2045	3 147	3 000
<b>Total subordinated loan capital</b>	<b>2 530</b>	-	-	-	<b>3 147</b>	<b>3 000</b>
<b>HYBRID TIER 1 SECURITIES</b>						
Kommunal Landspensjonskasse	984	JPY	Fixed <sup>2</sup>	2034	1 428	1 604
<b>Total hybrid Tier 1 securities</b>	<b>984</b>	-	-	-	<b>1 428</b>	<b>1 604</b>
<b>COVERED BONDS</b>						
KLP Kommunekreditt AS	0	NOK	Floating	2022	0	1 999
KLP Kommunekreditt AS	2 968	NOK	Floating	2023	2 985	5 009
KLP Kommunekreditt AS	5 000	NOK	Floating	2024	5 021	5 006
KLP Kommunekreditt AS	5 000	NOK	Floating	2025	5 010	5 003
KLP Kommunekreditt AS	5 000	NOK	Floating	2026	5 036	1 002
KLP Kommunekreditt AS	1 000	NOK	Fixed	2027	1 012	508
KLP Kommunekreditt AS	700	NOK	Fixed	2029	706	0
KLP Boligkreditt AS	0	NOK	Floating	2022	0	1 904
KLP Boligkreditt AS	1 600	NOK	Floating	2023	1 603	2 501
KLP Boligkreditt AS	2 500	NOK	Floating	2024	2 501	2 500
KLP Boligkreditt AS	2 500	NOK	Floating	2025	2 501	2 500
KLP Boligkreditt AS	3 500	NOK	Floating	2026	3 521	2 504
KLP Boligkreditt AS	2 500	NOK	Floating	2027	2 512	501
Other					22	78
<b>Total covered bonds</b>	<b>32 268</b>	-	-	-	<b>32 430</b>	<b>31 015</b>
<b>DEBT TO CREDIT INSTITUTIONS</b>						
KLP Banken AS	0	NOK	Floating	2022	0	300
KLP Banken AS	300	NOK	Floating	2023	300	300
KLP Banken AS	450	NOK	Floating	2024	450	300
KLP Banken AS	300	NOK	Floating	2025	303	0
KLP Fond	0	NOK	Floating	2022	0	385
KLP Fond	0	NOK	Fixed	2022	0	1 241
KLP Fond	1 302	NOK	Floating	2023	1 302	0
KLP Fond	1 540	NOK	Fixed	2023	1 540	0
Kommunal Landspensjonskasse	0	NOK	Floating	2022	0	1 651
Kommunal Landspensjonskasse	2 678	NOK	Floating	2023	2 678	0
Other		NOK	Floating		110	21
<b>Total liabilities to credit institutions</b>	<b>6 570</b>	-	-	-	<b>6 683</b>	<b>4 199</b>
<b>LIABILITIES AND DEPOSITS FROM CUSTOMERS <sup>3</sup></b>						
Retail	11 722	NOK	-	-	11 722	11 212
Business	2 021	NOK	-	-	2 021	1 650
Foreign	37	NOK	-	-	37	39
<b>Liabilities to and deposits from customers</b>	<b>13 779</b>	-	-	-	<b>13 779</b>	<b>12 901</b>
<b>Total financial liabilities</b>	<b>56 130</b>	-	-	-	<b>57 467</b>	<b>52 719</b>

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

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

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

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

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



## Note 11 Fair value hierarchy

31.12.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
<i>Land/plots</i>	0	0	1 377	1 377
<i>Buildings</i>	0	0	92 615	92 615
<b>Investment property</b>	<b>0</b>	<b>0</b>	<b>93 992</b>	<b>93 992</b>
<b>Lending at fair value</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Certificates</i>	2 254	5 815	0	8 069
<i>Bonds</i>	21 099	110 390	0	131 489
<i>Fixed-income funds</i>	0	8 129	9 835	17 964
<b>Bonds and other fixed-income securities</b>	<b>23 353</b>	<b>124 333</b>	<b>9 835</b>	<b>157 521</b>
<b>Loans and receivables</b>	<b>23 459</b>	<b>835</b>	<b>0</b>	<b>24 294</b>
<i>Shares</i>	229 463	5 131	3 378	237 972
<i>Equity funds</i>	2 067	0	60	2 127
<i>Property funds</i>	0	2 165	4 349	6 514
<i>Special funds</i>	0	0	0	0
<i>Private Equity</i>	0	0	35 785	35 785
<b>Shares and units</b>	<b>231 530</b>	<b>7 297</b>	<b>43 572</b>	<b>282 399</b>
<b>Financial derivatives</b>	<b>0</b>	<b>6 820</b>	<b>0</b>	<b>6 820</b>
<b>Total assets at fair value</b>	<b>278 342</b>	<b>139 285</b>	<b>147 399</b>	<b>565 026</b>
<b>LIABILITIES BOOKED AT FAIR VALUE</b>				
Financial derivatives	0	3 158	0	3 158
Debt to credit institutions <sup>1</sup>	4 326	1 302	0	5 628
<b>Total financial liabilities at fair value</b>	<b>4 326</b>	<b>4 460</b>	<b>0</b>	<b>8 786</b>

<sup>1</sup> The line «Debt to credit institutions» includes liabilities measured at fair value and amortized cost. This line is therefore not reconcilable against the Balance sheet. The liabilities measured at amortized cost amounted to NOK 1 055 million per 31.12.2022.

31.12.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<b>ASSETS BOOKED AT FAIR VALUE</b>				
<i>Land/plots</i>	0	0	983	983
<i>Buildings</i>	0	0	88 552	88 552
<b>Investment property</b>	<b>0</b>	<b>0</b>	<b>89 535</b>	<b>89 535</b>
<b>Lending at fair value</b>	<b>0</b>	<b>79</b>	<b>0</b>	<b>79</b>
<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
<b>Bonds and other fixed-income securities</b>	<b>43 410</b>	<b>115 616</b>	<b>6 227</b>	<b>165 253</b>
<b>Loans and receivables</b>	<b>21 472</b>	<b>1 447</b>	<b>0</b>	<b>22 919</b>
<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
<b>Shares and units</b>	<b>248 486</b>	<b>12 096</b>	<b>33 895</b>	<b>294 476</b>
<b>Financial derivatives</b>	<b>0</b>	<b>3 253</b>	<b>0</b>	<b>3 253</b>
<b>Total assets at fair value</b>	<b>313 367</b>	<b>132 491</b>	<b>129 657</b>	<b>575 515</b>
<b>LIABILITIES BOOKED AT FAIR VALUE</b>				
Financial derivatives	0	4 740	0	4 740
Debt to credit institutions <sup>1</sup>	2 061	1 241	0	3 302
<b>Total financial liabilities at fair value</b>	<b>2 061</b>	<b>5 981</b>	<b>0</b>	<b>8 042</b>

Changes in Level 3, Investment Property	Book value 31.12.2022	Book value 31.12.2021
Opening balance 1 January	89 535	81 485
Sold	-148	-723
Bought	1 139	4 636
Unrealised changes	3 486	4 130
Other changes	-20	7
<b>Closing balance 31.12.</b>	<b>93 992</b>	<b>89 535</b>
Realised gains/losses	0	59

Changes in Level 3, Financial Assets	Book value 31.12.2022	Book value 31.12.2021
Opening balance 1 January	40 122	23 420
Sold	-5 749	-4 627
Bought	14 524	13 867
Unrealised changes	4 510	7 463
<b>Closing balance 31.12.</b>	<b>53 407</b>	<b>40 122</b>
Realised gains/losses	2 322	2 242
<b>Closing balance 31.12.</b>	<b>147 399</b>	<b>129 657</b>

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

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

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for on normal market terms and conditions. Highest quality in regard to fair value is based on listed prices in an active market. A financial instrument is considered as noted in an active market if noted prices are easily and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length.

### Level 1:

Instruments at this level obtain fair value from listed prices in an active market for identical assets or liabilities that the entity has access to at the reporting date. Examples of instruments at Level 1 are stock market listed securities.

### Level 2:

Instruments at this level obtain fair value from observable market data. This includes prices based on identical instruments, but where the instrument does not maintain a high enough trading frequency and is corresponding therefore not considered to be traded in an active market, as well as prices based on assets and price-leading indicators that can be confirmed from market information. Example instruments at Level 2 are fixed income securities priced on the basis of interest rate paths.

**Level 3:**

Instruments at Level 3 contain no observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded. The instruments covered at Level 3 in the Group include unlisted shares and Private Equity.

Valuations related to items in the various levels are described in Note 9. For description of the pricing of investment property, please see the annual financial statements.

No sensitivity analysis has been carried out on securities included in Level 3. A sensitivity analysis for investment property is available in the annual report. A change in the variables of the pricing is considered of little significance. On a general basis, a 5 percent change in the pricing would produce a change of NOK 7 370 million as of 31.12.2022.

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

In the 4th quarter, NOK 442 million in stocks moved from Level 1 to Level 2, NOK 23 million moved from Level 1 to Level 3, NOK 921 million moved from level 2 to level 1, NOK 27 million moved from level 3 to level 2 and NOK 1 million moved from level 2 to level 3. This is due to changes in liquidity.

**Note 12 Liquidity risk**

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

31.12.2022 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan <sup>1</sup>	0	131	608	690	4 815	6 245
Perpetual hybrid Tier 1 securities <sup>1</sup>	0	72	287	359	1 215	1 933
Debt to and deposits from customers (without defined maturity)	13 779	0	0	0	0	13 779
Covered bonds issued	0	5 542	28 862	940	0	35 343
Payables to credit institutions	1 499	339	778	0	0	2 616
Financial derivatives	3 370	2 085	670	751	612	7 488
Accounts payable	36	0	0	0	0	36
Contingent liabilities (without defined maturity)	31 083	0	0	0	0	31 083
<b>Total</b>	<b>49 766</b>	<b>8 170</b>	<b>31 204</b>	<b>2 740</b>	<b>6 642</b>	<b>98 523</b>

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 72 million and derivatives maturing between 1 to 12 months are reduced with NOK 140 million. In addition, payables to credit institutions maturing within one month are reduced with NOK 23 million. Derivatives maturing within between 1 to 5 years increase by NOK 12 million. Total amount of the financial liabilities for the Group are after these adjustments NOK 98 299 million.

31.12.2021 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan <sup>1</sup>	0	125	573	658	4 725	6 082
Perpetual hybrid Tier 1 securities <sup>1</sup>	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
<b>Total</b>	<b>47 121</b>	<b>7 788</b>	<b>28 616</b>	<b>2 277</b>	<b>6 240</b>	<b>92 043</b>

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.

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

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

31.12.2022 NOK MILLIONS								
	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow 01.01.2022 -31.12.2022	Total	Adjusted for the unit holders' interests in consolidated securities funds
<b>ASSETS</b>								
Financial derivatives classified as assets	29	-1	8	63	-153	5	-48	-32
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	13	13	13
Bonds and other fixed-return securities	-44	-76	-1 223	-1 578	-1 339	282	-3 979	-3 101
Fixed income fund holdings	0	0	0	0	0	0	0	0
Lending and receivables	0	0	0	0	0	197	197	178
Lending	0	0	0	0	0	884	884	884
Cash and bank deposits	0	0	0	0	0	0	0	0
Contingent liabilities <sup>1</sup>	0	0	0	0	0	37	37	37
<b>Total assets</b>	<b>-15</b>	<b>-77</b>	<b>-1 215</b>	<b>-1 516</b>	<b>-1 492</b>	<b>1 418</b>	<b>-2 897</b>	<b>-2 022</b>
<b>LIABILITIES</b>								
Deposit	0	0	0	0	0	-142	-142	-142
Liabilities created on issue of securities	0	0	0	0	0	-335	-335	-335
Financial derivatives classified as liabilities	-3	0	-15	1	0	-8	-25	-24
Hybrid capital, subordinated loans	0	0	0	34	57	0	91	91
Debt to credit institutions	0	0	0	0	0	-52	-52	-52
<b>Total liabilities</b>	<b>-3</b>	<b>0</b>	<b>-15</b>	<b>35</b>	<b>57</b>	<b>-536</b>	<b>-463</b>	<b>-462</b>
<b>Total before tax</b>	<b>-18</b>	<b>-77</b>	<b>-1 230</b>	<b>-1 481</b>	<b>-1 435</b>	<b>882</b>	<b>-3 359</b>	<b>-2 484</b>
<b>Total after tax</b>	<b>-14</b>	<b>-58</b>	<b>-922</b>	<b>-1 111</b>	<b>-1 076</b>	<b>661</b>	<b>-2 520</b>	<b>-1 863</b>

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
<b>ASSETS</b>								
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 <sup>1</sup>	0	0	0	0	0	41	41	41
<b>Total assets</b>	<b>-1 334</b>	<b>-57</b>	<b>-1 129</b>	<b>-1 501</b>	<b>-2 227</b>	<b>1 290</b>	<b>-4 957</b>	<b>-4 119</b>
<b>LIABILITIES</b>								
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
<b>Total liabilities</b>	<b>1</b>	<b>1</b>	<b>20</b>	<b>69</b>	<b>77</b>	<b>-479</b>	<b>-311</b>	<b>-325</b>
<b>Total before tax</b>	<b>-1 334</b>	<b>-55</b>	<b>-1 109</b>	<b>-1 432</b>	<b>-2 150</b>	<b>811</b>	<b>-5 268</b>	<b>-4 444</b>
<b>Total after tax</b>	<b>-1 000</b>	<b>-41</b>	<b>-831</b>	<b>-1 074</b>	<b>-1 612</b>	<b>609</b>	<b>-3 951</b>	<b>-3 333</b>

<sup>1</sup> Contingent liabilities are lending agreements that are not yet materialized.

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

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

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

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

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

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

## Note 14 Credit risk

31.12.2022 NOK MILLIONS									
	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Bank and finance	Mortgage < 80% <sup>1</sup>	Mortgage > 80% <sup>1</sup>	Other	Total	Adjusted for the unit holders' interest in consolidated securites funds
Debt instruments held to maturity at amortized cost	22 828	0	0	0	0	0	1 396	24 225	24 225
Debt instruments classified as loans and receivables at amortized cost	159 435	0	551	2 784	0	0	11 761	174 530	174 530
Debt instruments at fair value - fixed-return securities	124 085	2 688	6 755	4 813	0	0	9 346	147 686	122 448
Fixed-income funds	0	0	0	0	0	0	9 835	9 835	9 835
Loans and receivables	22 971	0	0	1 323	0	0	0	24 294	20 582
Financial derivatives classified as assets	6 820	0	0	0	0	0	0	6 820	5 501
Cash and bank deposits	3 248	0	0	73	0	0	0	3 321	3 321
Lending	0	0	92 617	0	25 055	1 623	2 066	121 360	121 360
<b>Total</b>	<b>339 388</b>	<b>2 688</b>	<b>99 923</b>	<b>8 992</b>	<b>25 055</b>	<b>1 623</b>	<b>34 403</b>	<b>512 071</b>	<b>481 801</b>



SPECIFICATION OF INVESTMENT GRADE NOK MILLIONS	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	10 600	2 843	6 352	3 033	22 828
Debt instruments classified as loans and receivables at amortized cost	29 894	22 160	62 752	44 628	159 435
Debt instruments at fair value - fixed-return securities	31 336	13 962	38 088	40 699	124 085
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	13 269	8 216	1 486	22 971
Financial derivatives classified as assets	0	3 541	3 266	13	6 820
Cash and bank deposits	0	2 802	446	0	3 248
Lending	0	0	0	0	0
<b>Total</b>	<b>71 830</b>	<b>58 577</b>	<b>119 121</b>	<b>89 860</b>	<b>339 388</b>

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

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

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

Credit risk is the risk of financial loss due to the Group's counterparties not being able to meet their obligations. The table above displays the credit risk based on rating agencies estimates of the creditworthiness of the various counterparties. Non-rated assets are placed in the category that best reflects the credit risk based on sector, guarantees etc.

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

The Group has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. The Group can be said to have a high concentration of debt instruments directed at the Norwegian public sector, however this does not imply concentration risk in the ordinary meaning since the counterparty risk is considered to be minimal.

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

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

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

NOK MILLIONS	31.12.2022		31.12.2021	
	Consolidated	Adjusted for the unit holders' in consolidated securites funds	Consolidated	Adjusted for the unit holders' in consolidated securites funds
<b>10 LARGEST COUNTERPARTIES</b>				
Counterparty 1	14 317	12 155	15 032	11 995
Counterparty 2	13 605	11 215	14 514	11 891
Counterparty 3	9 332	9 007	10 578	7 482
Counterparty 4	8 095	8 296	8 586	6 660
Counterparty 5	7 689	6 734	7 828	6 377
Counterparty 6	6 844	6 061	7 706	5 830
Counterparty 7	6 764	5 549	6 377	5 548
Counterparty 8	6 461	4 698	5 878	4 928
Counterparty 9	6 061	4 403	5 548	4 698
Counterparty 10	5 549	4 361	4 698	4 506
<b>Total</b>	<b>84 718</b>	<b>72 480</b>	<b>86 745</b>	<b>69 916</b>

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	31.12.2022	31.12.2021
Premium reserves - ordinary tariff	521 773	486 276
Premium funds, buffer funds and pensioners' surplus funds	130 845	41 268
Supplementary reserves	0	48 812
Securities adjustment fund	0	77 194
Other provisions	0	1
<b>Technical provisions in life insurance</b>	<b>652 618</b>	<b>653 551</b>

## Note 16 Other current liabilities

NOK MILLIONS	31/12/2022	31/12/2021
Short-term payables trade in securities	1 699	3 645
Incurred not assessed taxes	727	560
Advance tax-deduction pension scheme	522	491
Accounts payable	240	226
Pre-called contribution to insurance	516	699
Other current liabilities	1 248	1 187
<b>Total other current liabilities</b>	<b>4 951</b>	<b>6 808</b>

## 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. Starting 30.09.2022 the risk equalization fund will also be considered tier 2 own funds. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 304 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 304 per cent.

	31.12.2022	31.12.2021
<b>Solvency II - SCR ratio</b>	<b>304%</b>	<b>287%</b>

NOK BILLIONS	31.12.2022	31.12.2021
<b>Simplified Solvency II Financial Position Statement</b>		
Assets, book value	713	710
Added values - hold-to-maturity portfolio/loans and receivables	-13	6
Added values - other lending	-2	0
Other added/lesser values	0	0
Deferred tax asset	0	0
<b>Total assets - solvency II</b>	<b>699</b>	<b>716</b>

NOK BILLIONS	31.12.2022	31.12.2021
<b>Simplified Solvency II Financial Position Statement</b>		
Best estimate	632	649
Risk margin	11	13
Hybrid Tier 1 securities/Subordinated loan capital	5	5
Other liabilities	8	12
Deferred tax liabilities	0	1
<b>Total liabilities - solvency II</b>	<b>656</b>	<b>679</b>
Excess of assets over liabilities	43	36
- Deferred tax asset	0	0
- Risk equalization fund (tier 2 own funds starting 30.09.2022)	-5	0
+ Hybrid Tier 1 securities	1	2
<b>Tier 1 basic own funds</b>	<b>39</b>	<b>38</b>
<b>Total eligible tier 1 own funds</b>	<b>39</b>	<b>38</b>
Subordinated loans	3	3
Risk equalization fund (tier 2 own funds starting 30.09.2022)	5	0
<b>Tier 2 basic own funds</b>	<b>8</b>	<b>3</b>
Ancillary own funds	13	12
<b>Tier 2 ancillary own funds</b>	<b>13</b>	<b>12</b>
Deduction for max. eligible tier 2 own funds	-14	-8
<b>Total eligible tier 2 own funds</b>	<b>7</b>	<b>7</b>
Deferred tax asset	0	0
<b>Total eligible tier 3 own funds</b>	<b>0</b>	<b>0</b>
<b>Solvency II total eligible own funds</b>	<b>46</b>	<b>45</b>
<b>Solvency capital requirement (SCR)</b>	<b>15</b>	<b>16</b>
<b>Solvency II- SCR ratio</b>	<b>304%</b>	<b>287%</b>

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

31.12.2022 NOK MILLIONS				Related amounts not presented net				
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	Adjusted for the unit holders' interest in consolidated securities funds
<b>ASSETS</b>								
Financial derivatives	6 820	0	6 820	-1 861	-3 879	-1 796	470	437
Repos	0	0	0	0	0	0	0	0
<b>Total</b>	<b>6 820</b>	<b>0</b>	<b>6 820</b>	<b>-1 861</b>	<b>-3 879</b>	<b>-1 796</b>	<b>470</b>	<b>437</b>
<b>LIABILITIES</b>								
Financial derivatives	3 158	0	3 158	-1 861	-63	-235	1 256	1 256
Repos	1 304	0	1 304	0	0	0	1 304	1 304
<b>Total</b>	<b>4 462</b>	<b>0</b>	<b>4 462</b>	<b>-1 861</b>	<b>-63</b>	<b>-235</b>	<b>2 560</b>	<b>2 560</b>

  

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
<b>ASSETS</b>								
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
<b>Total</b>	<b>4 453</b>	<b>0</b>	<b>4 453</b>	<b>-3 575</b>	<b>-1 753</b>	<b>-709</b>	<b>281</b>	<b>281</b>
<b>LIABILITIES</b>								
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
<b>Total</b>	<b>5 982</b>	<b>0</b>	<b>5 982</b>	<b>-2 375</b>	<b>-367</b>	<b>-669</b>	<b>2 605</b>	<b>1 342</b>

The purpose of the note is to show the potential effect of netting agreements at the KLP Group; what possibilities the KLP Group has to net bilateral agreements against other counterparties should the latter go bankrupt and the remaining amount if all such netting agreements are materialized. The note shows derivative positions and repo agreements in the financial position statement. Repos are a part of the line "Debt to credit institutions" in the balance sheet.

The consolidated figures include all entities the KLP Group is considered to have control over. In addition, the outer line shows which de facto net amount remains if all the Groups netting agreements are set off; which only includes subsidiaries and entities, where the Group carries the risk.

## Note 19 Pension obligations

NOK MILLIONS	31.12.2022	31.12.2021
Capitalized net liability 01.01.	870	934
Capitalized pension costs	215	192
Capitalized financial costs	19	20
Actuarial gains and losses	-132	-84
Premiums / contributions received	-157	-191
<b>Capitalized net liability 31.12.</b>	<b>815</b>	<b>870</b>

Assumptions	31.12.2022	31.12.2021
Discount rate	3.00%	1.90%
Salary growth	3.50%	2.75%
The National Insurance basic amount (G)	3.25%	2.50%
Pension increases	2.60%	1.73%
Social security contribution rate	14.10%	14.1%
Capital activity tax	5.00%	5.00%

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 132 million as of 31.12.2022. The change is recognized in other comprehensive income in the income statement.

## Key figures – Accumulated

NOK MILLIONS	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
<b>KLP GROUP</b>								
Profit before tax	1 652	973	464	213	1 027	2 192	1 325	693
Total assets	901 636	913 434	917 593	902 911	901 270	872 465	870 548	813 514
Owners' equity	42 870	42 524	41 217	41 449	40 732	41 439	40 154	39 742
Solvency SCR ratio	304%	306%	304%	299%	287%	264%	257%	258%
Number of employees in the Group	1 093	1 095	1 081	1 060	1 048	1 032	1 017	1 021
<b>KOMMUNAL LANDSPENSJONSKASSE</b>								
Profit before tax	918	461	216	71	288	1 699	965	566
Premium income for own account	50 523	40 248	33 081	7 503	50 161	41 163	33 634	7 041
- of which inflow of premium reserve	386	386	386	376	0	0	0	0
Insurance customers' funds incl. acc. profit	28 517	22 453	16 367	10 642	30 438	24 690	19 100	13 754
- of which funds with guaranteed returns	4 659	4 658	4 658	4 875	8 346	8 346	8 346	8 419
Net investment common portfolio	660 366	671 095	660 834	662 500	659 281	644 160	626 280	603 076
Net investment choice portfolio	2 609	2 602	2 665	2 588	2 199	2 156	2 215	2 081
Insurance funds incl. earnings for the year	654 324	641 805	654 482	644 226	652 444	634 112	633 579	595 680
- of which funds with guaranteed interest	552 101	542 820	548 891	526 324	526 235	513 186	515 787	490 936
Solvency capital requirement (SCR)	46 267	46 307	44 901	44 809	45 190	44 536	43 473	41 580
Solvency SCR ratio	337%	341%	340%	332%	316%	289%	282%	287%
Riskprofit	558	963	550	105	589	625	293	191
Return profits	-20 006	-27 421	-20 374	-7 894	15 134	9 347	7 232	4 688
Administration profit	-17	56	-22	-9	35	159	61	41
Solvency capital	140 958	129 556	138 338	151 201	196 049	176 437	174 816	160 647
Value-adjusted return on common portfolio	-1,1 %	-2,6 %	-2,1 %	-2,3 %	8,4 %	5,6 %	4,4 %	1,5 %
Return on unit-linked portfolio	-2,5 %	-4,2 %	-3,5 %	-1,2 %	8,9 %	5,8 %	5,0 %	1,9 %
Return on corporate portfolio	2,8 %	1,4 %	0,9 %	0,6 %	3,4 %	2,5 %	1,7 %	0,8 %
<b>KLP SKADEFORSIKRING AS</b>								
Profit before tax	10	-50	3	-24	398	344	226	72
Gross premium due	2 201	1 627	1 061	516	1 939	1 436	941	460
Premium income for own account	2 105	1 554	1 012	492	1 865	1 381	904	442
Owners' equity	2 269	2 234	2 273	2 281	2 266	2 348	2 294	2 179
Claims ratio	80,8 %	80,3 %	73,4 %	79,6 %	76,4 %	73,6 %	74,5 %	72,8 %
Combined-ratio	95,4 %	94,5 %	88,7 %	95,1 %	92,1 %	85,1 %	90,3 %	89,2 %
Return on assets under management	-1,7 %	-2,5 %	-2,1 %	-0,9 %	5,0 %	3,4 %	2,6 %	0,6 %
Solvency capital requirement (SCR)	2 204	2 250	2 273	2 329	2 278	2 290	2 267	2 193
Solvency SCR ratio	204%	219%	225%	222%	224%	267%	252%	238%
Annual premium in force – retail market	954	933	918	893	871	847	829	807
Annual premium in force – public sector market	1 341	1 325	1 318	1 210	1 149	1 135	1 128	1 080
Net new subscriptions (accumulated within the year)	121	123	113	7	91	76	65	17



NOK MILLIONS	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
<b>KLP BANKEN GROUP</b>								
Profit/loss before tax	181	98	43	18	116	94	54	49
Net interest income	369	258	159	72	309	233	153	76
Other operating income	85	63	43	20	79	59	39	19
Operating expenses and depreciation	-247	-181	-123	-64	-239	-174	-119	-61
Net realized/unrealized changes in financial instruments to fair value	-26	-43	-36	-10	-33	-24	-19	15
Contributions	13 779	13 607	13 465	13 372	12 901	12 774	12 643	12 103
Housing mortgages granted	23 258	23 369	23 042	22 635	22 090	21 365	21 409	20 894
Loan(s) with public guarantee(s)	19 117	18 718	18 321	17 974	17 844	16 842	16 752	16 734
Defaulted loans	44	43	46	46	36	32	34	57
Borrowing on the issuance of securities	33 485	32 613	32 444	31 862	31 918	29 536	29 195	27 147
Total assets	50 511	49 370	48 704	47 954	47 482	44 980	45 216	43 200
Average total assets	48 996	48 426	48 030	47 718	45 085	43 834	43 952	42 944
Owners' equity	2 966	2 897	2 555	2 548	2 521	2 490	2 474	2 470
Net interest rate	0,75%	0,53%	0,33%	0,15%	0,68%	0,53%	0,35%	0,18%
Profit/loss from general operations before tax	0,90%	0,20%	0,09%	0,04%	0,26%	0,21%	0,12%	0,11%
Return on owners' equity before tax	7,16%	5,15%	3,37%	2,91%	4,78%	5,15%	4,47%	8,02%
Capital adequacy	20,7 %	19,7 %	17,7 %	18,1 %	18,7 %	18,6 %	18,4 %	19,3 %
Number of private customers	48 804	48 216	47 759	47 123	46 463	47 750	46 872	46 116
Of this members of KLP	32 988	32 681	32 226	31 973	31 587	32 615	31 664	32 183
<b>KLP KAPITALFORVALTNING AS</b>								
Profit/loss before tax	5	-19	-30	-21	56	53	25	21
Total assets under management	640 183	615 589	621 080	646 213	668 855	647 995	627 599	602 400
Assets managed for external customers	134 215	126 187	126 193	134 367	136 792	123 811	121 308	111 821

## KLP's sustainability accounts

Q4 2022

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

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

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

### Engaged and responsible owner

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

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

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

### Goals

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

	31.12.2022	31.12.2021	31.12.2020	31.12.2019	UN SDGs
Individual companies KLP has engaged in direct dialogue with on ESG issues	255	294	362	191	All SDGs
General meetings of Norwegian companies at which KLP has voted (number/percentage)	115 (95 %)	98 (85 %)	112 (97 %)	102 (97 %)	n/a
General meetings of foreign companies at which KLP has voted (number/percentage)	8 787 (99 %)	8 779 (98 %)	8 052 (96 %)	7 512 (97 %)	n/a
Companies excluded from investment	758	657	560	534	All SDGs

## Comments on performance in the fourth quarter

In the fourth quarter, KLP was in dialogue with 75 companies on topics related to ESG, including labor rights for migrant workers in Qatar. Throughout the year, KLP had dialogue with a total of 255 companies and achieved the goal of following up with 240 companies.

By the end of the year, KLP had voted at 99 per cent of the general meetings of foreign companies, and at 95 per cent of the general meetings of Norwegian companies. Voting is an important tool for KLP as a responsible investor, and we are pleased to have achieved the goal of voting at 95 per cent of general meetings.

In the fourth quarter, KLP excluded 26 companies for breaching KLP's exclusion criteria related to gambling, alcohol, weapons, coal, environmental destruction, corruption, human rights, and rights in war and conflict. At the end of the quarter, a total of 758 companies were excluded.

## Climate, environment and nature

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

## Climate goals and climate-friendly investments

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

Huge investments are needed if the world is to reach the Paris Agreement's climate targets and succeed in transitioning to a low-emission society. One important aspect of KLP's climate goals is to increase our climate-friendly investments. Climate-friendly investments are those which contribute directly to emission

reductions or otherwise contribute to the green transition in Norway or around the world. We distinguish between two different categories of climate-friendly investments:

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

## Goals

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

MILLION NOK	New in 4th quarter 2022	31.12.2022	31.12.2021	31.12.2020	UN SDGs
<b>Zero-emission investments</b>	<b>-1 314</b>	<b>37 579</b>	<b>32 340</b>	<b>32 687</b>	<b>-</b>
Renewable energy	-1 314	35 498	29 800	32 687	7. 9. 17.
<i>As a share of KLP's total investments</i>	-	5,0 %	4,2 %	5,0 %	7.
Renewable energy in Norway	-2 278	21 449	20 051	23 074	7.
Renewable energy internationally	1 165	12 515	8 581	6 698	7.
Renewable energy in developing countries	-201	1 534	1 168	932	7. 9. 17.
Sustainable forestry	-	2 081	1 880	-	13. 15.
<b>Transitional financing</b>	<b>2 120</b>	<b>24 069</b>	<b>19 612</b>	<b>23 569</b>	<b>-</b>
Green buildings in the property portfolio	-	10 670	10 367	13 273	9.
<i>As a share of the portfolio's market value</i>	-	11,5 %	12,0 %	16,0 %	-
Green lending	-1	2 753	2 541	2 087	6. 9. 11. 13.
Green bonds	1 826	9 095	5 813	1 881	-
Infrastructure	295	1 551	891	6 328	9.
<b>Total climate-friendly investments</b>	<b>806</b>	<b>61 648</b>	<b>51 952</b>	<b>56 257</b>	<b>-</b>
<i>As a share of KLP's total investments</i>	-	8,7 %	7,4 %	8,1 %	-
<b>Fossil energy</b>	<b>-</b>	<b>15 843</b>	<b>12 441</b>	<b>7 818</b>	<b>-</b>
<i>As a share of KLP's total investments</i>	-	2,2 %	1,8 %	1,2 %	-

## Comments on performance in the fourth quarter

KLP's climate-friendly investments increased by 806 NOK million in new investments in the fourth quarter. Throughout the year they increased by over 8.6 billion NOK in total. Climate-friendly investments are a focus area for KLP and a way for KLP to contribute to the green transition. Therefore, KLP has a goal of investing new 6 billion each year, which was achieved by a good margin. The market value of these investments has increased to over 61 billion NOK and constitutes 8.7 per cent of KLP's investments.

The value of KLP's investments in fossil energy has increased since the previous quarter. This is largely due to the fact that the market value of these investments has increased, and not new investments. As a share of KLP's investments, there is no change.

## KLP's property portfolio and own operations

KLP has a responsibility to reduce the impact we have on climate, nature, and the environment. Therefore, we work to reduce the footprint from our own operations and offices. As one of the largest real estate companies in the Nordic region, KLP also aims to help create meeting places where people thrive and can realize their potential. We are concerned with reducing the environmental footprint of the real estate industry and have a long-term perspective on our properties. This is why we are working to improve in order to reduce energy consumption and handle waste in a better way.

### Goals

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

	31.12.2022	31.12.2021	31.12.2020	UN SDGs
Number of flights	3 505	864	1 302	12.13.
Greenhouse gas emissions from flights (tonnes CO <sub>2</sub> e)	245	52	150	12.13.
Energy consumption at KLP's own offices (kWh per m <sup>2</sup> )	125	97	97	9. 13.
Energy consumption in KLP's property portfolio (kWh per m <sup>2</sup> )	155	161	167	9.

### Comments on performance in the fourth quarter

After several years of pandemic, society has finally returned to a normal situation, which is also shown by the figures for flights and energy consumption. KLP sticks to reducing unnecessary flights, but the removal of restrictions on business travel has led to a large increase in the number of flights compared to the last two years. At the same time, it seems that the pandemic has changed our travel habits, and compared to the fourth quarter of 2019, the number of flights is 46 percent lower. KLP has introduced hybrid offices, and although some employees work from home, there is a large increase in employees in the offices. This also results in increased energy consumption in the office premises.

Similarly, the energy consumption in KLP's property portfolio may also be affected by the reopening and that there is increased activity in the premises. This has led to increased energy consumption. The ongoing energy crisis and high electricity prices have a direct impact through increased operating costs, and KLP Eiendom has contacted all tenants about possible measures to reduce energy consumption. The response from the tenants has been positive, and adjustments have already been made to several properties in consultation with the tenants. Before major measures are implemented, the KLP house will be used as a test project to test the implementation and effect of various measures, and how it affects the working environment.

## Innovation and social development

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

## Lending to municipalities and county municipalities

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

### Goals

To increase lending to purposes of this type.

MILLION NOK	New in 4th quarter 2022	31.12.2022	31.12.2021	31.12.2020	UN SDGs
<b>Lending in total</b>	<b>707</b>	<b>87 027</b>	<b>84 016</b>	<b>81 442</b>	
Lending for roads and transport		9 067	9 700	8 887	9.
Lending for publicly owned real property		4 407	4 129	4 862	9.
Lending to the public sector and associated entities		70 734	66 470	64 581	9.
Lending for water and sewage services, and waste management		2 818	3 717	3 112	9.
<b>Green lending</b>	<b>-1,4</b>	<b>2 753</b>	<b>2 575</b>	<b>277</b>	9.

### Comments on performance in the fourth quarter

KLP's lending to municipalities and county municipalities increased by a net 707 million NOK in the fourth quarter. New green loans were issued for close to 25 million NOK, but green lending was reduced by a net 1.4 billion NOK. The new green loans went, among other things, to investment in water and sewerage in Hol municipality and implementation of energy efficiency measures in Saltdal municipality.

## Seed capital investments

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

### Goals

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

MILLION NOK	New in 4th quarter 2022	31.12.2022	31.12.2021	31.12.2020	UN SDGs
Seed capital investments in Norway	47	492	310	125	8.

### Comments on performance in the fourth quarter

In the fourth quarter, KLP's seed investments increased by NOK 47 million. These are increased investments in several of the 13 funds we have already invested in, but KLP has also committed us to investments in two new seed funds.

## Banking and finance in developing companies

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

### Goals

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

MILLION NOK	New in 4th quarter 2022	31.12.2022	31.12.2021	31.12.2020	UN SDGs
Banking and finance in developing countries	-2	1 000	886	665	1. 5. 8. 9. 11. 17

### Comments on performance in the fourth quarter

The decrease in KLP's investments in banking and finance in developing countries in the fourth quarter is due to a repayment from one of the NMI funds in which KLP is invested.

## KLP as a workplace and employer

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

### Goals

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

	31.12.2022	31.12.2021	31.12.2020	UN SDGs
Employees at KLP	1 093	1 048	1 018	1 007
Total sickness absence	4,5 %	3,3 %	3,2 %	3,9 %

### Comments on performance in the fourth quarter

At the end of 2022, total sickness absence for the whole year was 4.5 per cent, while in the fourth quarter it was 5.3 per cent. This is an increase from the previous quarter and higher than the fourth quarter of the previous two years. During the pandemic, infection control restrictions led to a reduced incidence of other diseases and resulted in low sickness absence. The increase in sickness absence in the 4th quarter may be related to the increased corona infection before Christmas, and a high incidence of other diseases such as seasonal flu and communicable diseases.

## Equality and diversity

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

1. Set internal targets for gender balance at management levels and in specialist functions
2. Annually publish the status and progress towards the goals in the sustainability report
3. Have one member in the group management with dedicated responsibility for following up the work on gender balance and inclusion
4. Have an ambition that progress towards the goals should be reflected in remuneration to managers who particularly contribute to achieving the goals

### Goal setting

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

	31.12.2022	31.12.2021	31.12.2020	UN SDGs
Gender balance in management positions and senior professional positions (women / men)	33 / 67 %	30 / 70 %	-	n/a
New employments in management positions and senior professional positions (women / men)	60 / 40 %	-	-	3.

### Comments on performance in the fourth quarter

In 2022, there were 20 people (12 women and 8 men) who started in management positions or senior professional positions with salaries above 1 million. These were recruited for two new positions (two women) and 18 replacements for employees who left (8 women and 10 men).

## UN Sustainable Development Goals which KLP contributes to

### Goal 1, *No poverty*

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

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

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



### **Goal 5, Gender equality**

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

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

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

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

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

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

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

- Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
- Target 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

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

- Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
- Target 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
- Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
- Target 9.a: Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States

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

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

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

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

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

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

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

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

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

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

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

## **Notes and definitions**

### **Engaged and responsible owner**

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

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

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

## **Climate, environment and nature**

### Climate-friendly investments

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

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

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

### Zero-emission investments

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

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

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

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

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

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

### Transitional investments

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

*Green buildings*. It is the market value of green buildings in KLP's property portfolio and the total square metreage that are reported. Green buildings are defined as buildings rated as Energy Class A. This is in accordance with the proposed requirements in the EU Taxonomy. Previously, the definition has also

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

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

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

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

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

KLP's property portfolio and own operations

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

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

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

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

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

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

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

## **Innovation and social development**

### Lending

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

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

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

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

### Seed capital investments

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

### Banking and finance in developing countries

*Investments in banking and finance in developing countries* are KLP's investments in the Nordic Microfinance Initiative (NMI) and Nor Finance. NorFinance is an investment company that KLP owns in partnership with Norfund. The investments are made as part of KLP's impact investment portfolio, which is

one of the tools set out in the *Guidelines for KLP as a Responsible Investor*. The purpose is to achieve both a financial return and benefits society.

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

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

*Sickness absence* is self-certified or medically certified sickness absence among permanent employees.

*Short-term sickness absence* is defined as absence of 1–3 days. *Long-term sickness absence* is defined as absence of 4 days or more.

# Kommunal Landspensjonskasse

Q4 2022

## Income statement

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	Q4 2022	Q4 2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021
3	Premium income	9 889	8 998	50 523	50 161
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	-2 303	2 757	6 441	6 736
	Interest income and dividends etc. on financial assets	2 935	3 086	10 824	12 587
	Value changes on investments	9 411	7 965	-27 220	17 896
	Gains and losses realized on investments	-32	2 984	2 385	12 550
	<b>Net income from investments in the common portfolio</b>	<b>10 011</b>	<b>16 792</b>	<b>-7 570</b>	<b>49 770</b>
	Net income from investments in the investment option portfolio	47	63	-58	181
	Other insurance-related income	346	331	1 358	1 274
4	Claims	-6 064	-5 748	-28 517	-30 438
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-11 158	-21 204	-9 146	-59 440
	Changes in insurance liabilities taken to profit/loss - individual investment option portfolio	-30	-100	-384	-177
	Funds assigned to insurance contracts - contractual liabilities	-2 280	79	-3 243	-9 415
5	Insurance-related operating expenses	-430	-481	-1 487	-1 372
	Other insurance-related costs	-348	-333	-1 368	-1 286
	<b>Technical profit/loss</b>	<b>-17</b>	<b>-1 603</b>	<b>107</b>	<b>-742</b>
	Net income from investments in the corporate portfolio	532	258	1 066	1 292
	Other income	8	-1	16	10
	Administration costs and other costs associated with the corporate portfolio	-66	-66	-271	-272
	<b>Non-technical profit/loss</b>	<b>474</b>	<b>191</b>	<b>811</b>	<b>1 030</b>
	<b>Profit/loss pre-tax</b>	<b>457</b>	<b>-1 411</b>	<b>918</b>	<b>288</b>
	Tax	-73	401	-115	125
	<b>Income before other income and expenses</b>	<b>384</b>	<b>-1 010</b>	<b>803</b>	<b>413</b>
12	Actuarial gains and losses on defined benefits pension schemes	19	217	66	48
	Proportion of other comprehensive income on application of the equity method	38	133	66	36
	Adjustment of the insurance liabilities	-13	-46	-21	-16
	Tax on other income and expenses that will not be reclassified to profit or loss	-5	-54	-17	-12
	<b>Total other income and expenses that will not be reclassified to profit or loss</b>	<b>40</b>	<b>250</b>	<b>94</b>	<b>56</b>
	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>424</b>	<b>-760</b>	<b>897</b>	<b>469</b>
<b>ALLOCATIONS AND TRANSFERS, PRELIMINARY 2022 / FINAL 2021:</b>					
	Transferred to owners' equity contribution			-576	-811
	Transferred to the risk equalization fund			142	1 034
	Transferred to other retained earnings			-464	-692
	<b>Total allocations and transfers</b>			<b>-897</b>	<b>-469</b>



## Statement of financial position

### Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	31.12.2022	31.12.2021
<b>ASSETS</b>			
<b>ASSETS IN THE CORPORATE PORTFOLIO</b>			
	Intangible assets	978	727
7	Investment properties	1 399	1 004
	Shares and holdings in property subsidiaries	3 483	3 507
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	5 641	5 177
6	Financial assets valued at amortized cost	20 132	19 456
6,7	Financial assets valued at fair value	12 489	12 221
	Receivables	1 350	1 407
11	Right-of-use assets	865	973
	Other assets	956	796
	<b>Total assets in the corporate portfolio</b>	<b>47 292</b>	<b>45 268</b>
<b>ASSETS IN THE CUSTOMER PORTFOLIOS</b>			
	Shares and holdings in property subsidiaries	74 979	70 206
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	5 495	4 958
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	11 858	12 524
6	Financial assets valued at amortized cost	267 451	259 608
6,7	Financial assets valued at fair value	300 584	311 984
	<b>Total investment in the common portfolio</b>	<b>660 366</b>	<b>659 281</b>
	Shares and holdings in property subsidiaries	301	256
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	61	63
6	Financial assets at amortized costs	943	753
6,7	Financial assets at fair value	1 305	1 126
	<b>Total investments in the investment option portfolio</b>	<b>2 609</b>	<b>2 199</b>
	<b>Total assets in the customer portfolios</b>	<b>662 976</b>	<b>661 480</b>
	<b>TOTAL ASSETS</b>	<b>710 268</b>	<b>706 748</b>

NOTE	NOK MILLIONS	31.12.2022	31.12.2021
<b>OWNERS' EQUITY AND LIABILITIES</b>			
	Owners' equity contributed	21 388	19 831
	Retained earnings	21 411	20 847
	<b>Total owners' equity</b>	<b>42 799</b>	<b>40 678</b>
6	Subordinated loan capital etc.	4 575	4 604
	Premium reserve etc.	516 525	484 728
	Supplementary reserves	0	48 626
	Security adjustment fund	0	77 397
	Buffer fund	102 162	0
	Premium funds, defined contribution funds, pension regulation funds etc.	33 024	40 769
	<b>Total insurance liabilities - contractual liabilities</b>	<b>651 711</b>	<b>651 520</b>
	Pension capital etc.	2 005	1 549
	Supplementary reserves	0	186
	Buffer fund	61	0
	Premium funds, defined contribution funds, pension regulation funds etc.	547	499
	<b>Total insurance liabilities - special investment portfolio</b>	<b>2 613</b>	<b>2 234</b>
12	Pension obligations	524	553
	Current tax liabilities	467	259
	Deferred tax liabilities	316	444
11	Lease liabilities	920	1 012
9	Liabilities	5 985	5 261
	Accrued costs and prepaid income	357	182
	<b>TOTAL OWNERS' EQUITY AND LIABILITIES</b>	<b>710 268</b>	<b>706 748</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
	Contingent liabilities	28 767	26 074

## Changes in owners' equity

### Kommunal Landspensjonskasse

2022 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
<b>Own funds 31 December 2021</b>	<b>19 831</b>	<b>4 370</b>	<b>16 476</b>	<b>40 678</b>
Change recognized directly in equity		415	-172	243
<b>Own funds 1 January 2022</b>	<b>19 831</b>	<b>4 786</b>	<b>16 304</b>	<b>40 921</b>
Income before other income and expenses		-142	369	803
Actuarial gains and losses on defined benefits pension schemes			66	66
Proportion of other comprehensive income on application of the equity method			66	66
Adjustment of the insurance liabilities			-21	-21
Tax on other income and expenses that will not be reclassified to profit or loss			-17	-17
<b>Total other income and expenses that will not be reclassified to profit or loss</b>			<b>94</b>	<b>94</b>
<b>Total comprehensive income</b>		<b>-142</b>	<b>464</b>	<b>897</b>
Owners equity contribution received	982			982
<b>Total transactions with owners</b>	<b>982</b>			<b>982</b>
<b>Own funds 31 December 2022</b>	<b>21 388</b>	<b>4 643</b>	<b>16 768</b>	<b>42 799</b>

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

## Statement of cash flows

### Kommunal Landspensjonskasse

NOK MILLIONS	01.01.2022 -31.12.2022	01.01.2022 -30.09.2022	01.01.2022 -30.06.2022	01.01.2022 -31.03.2022	01.01.2021 -31.12.2021
Net cashflow from operational activities	-374	-527	809	337	-346
Net cashflow from investment activities <sup>1</sup>	-329	-237	-162	-78	-275
Net cashflow from financing activities <sup>2</sup>	866	895	-187	-28	716
<b>Net changes in cash and bank deposits</b>	<b>163</b>	<b>131</b>	<b>460</b>	<b>231</b>	<b>95</b>
Holdings of cash and bank deposits at start of period	755	755	755	755	659
<b>Holdings of cash and bank deposits at end of period</b>	<b>918</b>	<b>885</b>	<b>1 215</b>	<b>985</b>	<b>755</b>

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

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

## Notes to the financial statement

### Kommunal Landspensjonskasse

## Note 1 Accounting principles and -estimates

### Accounting principles

The financial statements in this interim report show the interim accounts for Kommunal Landspensjonskasse (KLP), for the period 01.01.2022 – 31.12.2022. The accounts have not been audited.

The interim financial statements have been prepared in accordance with the Regulations of 18 December 2015 No 1824 relating to annual financial statements for life insurance companies (the Financial Reporting Regulations) and IAS 34 Interim Reporting. The interim financial statements have been prepared on the same principles as the annual financial statements for 2021, unless stated otherwise.

The interim financial statements do not contain all the information required of complete annual financial statements, and this interim report should be read in conjunction with the annual financial statements for 2021. The company's annual report is available from [klp.no](https://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.

## Note 2 Value-adjustment investment property

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

NOK MILLIONS	Q4 2022	Q4 2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021
Value adjustment incl. foreign exchange	-3 315	2 202	3 417	3 984
Foreign exchange effect on hedging	1 045	443	134	1 382
<b>Net value adjustment incl. exchange hedging</b>	<b>-2 270</b>	<b>2 645</b>	<b>3 550</b>	<b>5 366</b>

## Note 3 Premium income

NOK MILLIONS	Q4 2022	Q4 2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021
Gross premiums due	9 889	8 998	50 137	50 161
Transfer of premium reserves from others	0	0	386	0
<b>Total premium income</b>	<b>9 889</b>	<b>8 998</b>	<b>50 523</b>	<b>50 161</b>

## Note 4 Claims

NOK MILLIONS	Q4 2022	Q4 2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021
Claims paid	6 063	5 748	23 858	22 092
Transfers of premium reserves to others	0	0	4 659	8 346
<b>Total claims</b>	<b>6 064</b>	<b>5 748</b>	<b>28 517</b>	<b>30 438</b>

## Note 5 Insurance-related operating expenses

NOK MILLIONS	Q4 2022	Q4 2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021
Personnel costs	239	217	843	735
Depreciation	48	123	189	270
Other operating expenses	142	141	454	366
<b>Total insurance-related operating expenses</b>	<b>430</b>	<b>481</b>	<b>1 487</b>	<b>1 372</b>

## 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.

31.12.2022 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
<b>ASSETS – AT AMORTIZED COST</b>								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	494	500	2 559	2 573	2	2	3 055	3 075
Accrued not due interest	19	19	95	95	0	0	114	114
Foreign hold-to-maturity bonds	6 479	6 133	14 273	13 949	38	39	20 790	20 121
Accrued not due interest	39	39	202	202	1	1	241	241
<b>Total investments held to maturity</b>	<b>7 030</b>	<b>6 691</b>	<b>17 129</b>	<b>16 820</b>	<b>41</b>	<b>41</b>	<b>24 200</b>	<b>23 552</b>
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	5 138	4 836	55 584	52 806	302	283	61 024	57 925
Accrued not due interest	70	70	769	769	4	4	844	844
Foreign bonds	7 789	7 303	113 271	105 231	586	545	121 645	113 079
Accrued not due interest	105	105	1 716	1 716	9	9	1 830	1 830
<b>Total bonds classified as loans and receivables</b>	<b>13 102</b>	<b>12 314</b>	<b>171 339</b>	<b>160 522</b>	<b>902</b>	<b>842</b>	<b>185 343</b>	<b>173 678</b>
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	2 935	2 836	0	0	2 935	2 836
Lending with public sector guarantee	0	0	70 213	68 807	0	0	70 213	68 807
Loans abroad secured by mortgage and local government guarantee	0	0	5 332	5 332	0	0	5 332	5 332
Other loans	0	0	115	115	0	0	115	115
Accrued not due interest	0	0	389	389	0	0	389	389
<b>Total other loans and receivables</b>	<b>0</b>	<b>0</b>	<b>78 982</b>	<b>77 478</b>	<b>0</b>	<b>0</b>	<b>78 982</b>	<b>77 478</b>
<b>Total financial assets at amortized cost</b>	<b>20 132</b>	<b>19 005</b>	<b>267 451</b>	<b>254 820</b>	<b>943</b>	<b>883</b>	<b>288 525</b>	<b>274 708</b>
<b>ASSETS – AT FAIR VALUE</b>								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	6	6	10 961	10 961	0	0	10 968	10 968
Foreign shares	0	0	41 622	41 622	0	0	41 622	41 622
<b>Total shares</b>	<b>6</b>	<b>6</b>	<b>52 584</b>	<b>52 584</b>	<b>0</b>	<b>0</b>	<b>52 590</b>	<b>52 590</b>
Property funds	0	0	9 248	9 248	47	47	9 296	9 296
Norwegian equity funds	0	0	80 234	80 234	862	862	81 096	81 096
Foreign equity funds	0	0	36 087	36 087	0	0	36 087	36 087
<b>Total equity fund units</b>	<b>0</b>	<b>0</b>	<b>125 570</b>	<b>125 570</b>	<b>909</b>	<b>909</b>	<b>126 479</b>	<b>126 479</b>
Norwegian alternative investments	0	0	2 191	2 191	12	12	2 203	2 203
Foreign alternative investments	0	0	0	0	0	0	0	0
<b>Total alternative investments</b>	<b>0</b>	<b>0</b>	<b>2 191</b>	<b>2 191</b>	<b>12</b>	<b>12</b>	<b>2 203</b>	<b>2 203</b>
<b>Total shares and units</b>	<b>6</b>	<b>6</b>	<b>180 344</b>	<b>180 344</b>	<b>922</b>	<b>922</b>	<b>181 272</b>	<b>181 272</b>
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	7 144	7 144	27 753	27 753	0	0	34 898	34 898
Foreign bonds	223	223	28 552	28 552	0	0	28 775	28 775
Accrued not due interest	47	47	520	520	0	0	568	568
Norwegian fixed-income funds	3 194	3 194	21 271	21 271	273	273	24 738	24 738
Foreign fixed-income funds	0	0	17 964	17 964	0	0	17 964	17 964
Accrued not due interest	0	0	0	0	0	0	0	0
Norwegian certificates	315	315	2 499	2 499	0	0	2 814	2 814
Foreign certificates	0	0	420	420	0	0	420	420
Accrued not due interest	4	4	12	12	0	0	15	15
<b>Fixed income securities</b>	<b>10 926</b>	<b>10 926</b>	<b>98 992</b>	<b>98 992</b>	<b>273</b>	<b>273</b>	<b>110 191</b>	<b>110 191</b>
Norwegian loans and receivables	630	630	10 531	10 531	32	32	11 193	11 193
Foreign loans and receivables	471	471	6 059	6 059	66	66	6 596	6 596
<b>Total loans and receivables</b>	<b>1 101</b>	<b>1 101</b>	<b>16 590</b>	<b>16 590</b>	<b>98</b>	<b>98</b>	<b>17 789</b>	<b>17 789</b>

31.12.2022 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
DERIVATIVES								
Interest rate swaps	455	455	657	657	0	0	1 113	1 113
Share options	0	0	135	135	0	0	135	135
Forward exchange contracts	0	0	3 372	3 372	9	9	3 381	3 381
<b>Total financial derivatives classified as assets</b>	<b>455</b>	<b>455</b>	<b>4 164</b>	<b>4 164</b>	<b>9</b>	<b>9</b>	<b>4 628</b>	<b>4 628</b>
OTHER FINANCIAL ASSETS								
<b>Other financial assets</b>	<b>0</b>	<b>0</b>	<b>493</b>	<b>493</b>	<b>4</b>	<b>4</b>	<b>498</b>	<b>498</b>
<b>Total financial assets valued at fair value</b>	<b>12 489</b>	<b>12 489</b>	<b>300 584</b>	<b>300 584</b>	<b>1 305</b>	<b>1 305</b>	<b>314 378</b>	<b>314 378</b>
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	118	118	0	0	118	118
Forward exchange contracts	60	60	1 203	1 203	6	6	1 269	1 269
<b>Total financial derivatives classified as liabilities</b>	<b>60</b>	<b>60</b>	<b>1 321</b>	<b>1 321</b>	<b>6</b>	<b>6</b>	<b>1 387</b>	<b>1 387</b>
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 147	3 093	0	0	0	0	3 147	3 093
Hybrid Tier 1 securities	1 428	1 428	0	0	0	0	1 428	1 428
<b>Total subordinated loan capital etc.</b>	<b>4 575</b>	<b>4 521</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4 575</b>	<b>4 521</b>
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money <sup>1</sup>	0	0	636	636	3	3	639	639
Foreign call money <sup>1</sup>	512	512	1 494	1 494	33	33	2 039	2 039
<b>Total liabilities to credit institutions</b>	<b>512</b>	<b>512</b>	<b>2 130</b>	<b>2 130</b>	<b>36</b>	<b>36</b>	<b>2 678</b>	<b>2 678</b>

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

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
<b>Total investments held to maturity</b>	<b>6 735</b>	<b>7 019</b>	<b>19 185</b>	<b>20 677</b>	<b>41</b>	<b>45</b>	<b>25 961</b>	<b>27 741</b>
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
<b>Total bonds classified as loans and receivables</b>	<b>12 722</b>	<b>12 988</b>	<b>162 250</b>	<b>166 639</b>	<b>713</b>	<b>732</b>	<b>175 684</b>	<b>180 359</b>
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
<b>Total other loans and receivables</b>	<b>0</b>	<b>0</b>	<b>78 172</b>	<b>78 319</b>	<b>0</b>	<b>0</b>	<b>78 172</b>	<b>78 319</b>
<b>Total financial assets at amortized cost</b>	<b>19 456</b>	<b>20 007</b>	<b>259 608</b>	<b>265 636</b>	<b>753</b>	<b>776</b>	<b>279 817</b>	<b>286 420</b>
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
<b>Total shares</b>	<b>8</b>	<b>8</b>	<b>53 342</b>	<b>53 342</b>	<b>0</b>	<b>0</b>	<b>53 350</b>	<b>53 350</b>
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
<b>Total equity fund units</b>	<b>0</b>	<b>0</b>	<b>132 453</b>	<b>132 453</b>	<b>740</b>	<b>740</b>	<b>133 193</b>	<b>133 193</b>
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
<b>Total alternative investments</b>	<b>0</b>	<b>0</b>	<b>1 884</b>	<b>1 884</b>	<b>9</b>	<b>9</b>	<b>1 892</b>	<b>1 892</b>
<b>Total shares and units</b>	<b>8</b>	<b>8</b>	<b>187 679</b>	<b>187 679</b>	<b>749</b>	<b>749</b>	<b>188 435</b>	<b>188 435</b>
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
Accrued not due interest	1	1	3	3	0	0	4	4
<b>Fixed income securities</b>	<b>10 280</b>	<b>10 280</b>	<b>109 357</b>	<b>109 357</b>	<b>298</b>	<b>298</b>	<b>119 935</b>	<b>119 935</b>
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
<b>Total loans and receivables</b>	<b>1 287</b>	<b>1 287</b>	<b>12 393</b>	<b>12 393</b>	<b>74</b>	<b>74</b>	<b>13 753</b>	<b>13 753</b>
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
<b>Total financial derivatives classified as assets</b>	<b>646</b>	<b>646</b>	<b>1 862</b>	<b>1 862</b>	<b>6</b>	<b>6</b>	<b>2 513</b>	<b>2 513</b>
OTHER FINANCIAL ASSETS								
<b>Other financial assets</b>	<b>0</b>	<b>0</b>	<b>695</b>	<b>695</b>	<b>0</b>	<b>0</b>	<b>695</b>	<b>695</b>
<b>Total financial assets valued at fair value</b>	<b>12 221</b>	<b>12 221</b>	<b>311 984</b>	<b>311 984</b>	<b>1 126</b>	<b>1 126</b>	<b>325 331</b>	<b>325 331</b>
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
<b>Total financial derivatives classified as liabilities</b>	<b>0</b>	<b>0</b>	<b>2 010</b>	<b>2 010</b>	<b>4</b>	<b>4</b>	<b>2 014</b>	<b>2 014</b>
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
<b>Total subordinated loan capital etc.</b>	<b>4 604</b>	<b>4 895</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4 604</b>	<b>4 895</b>
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money <sup>1</sup>	0	0	85	85	3	3	87	87
Foreign call money <sup>1</sup>	734	734	818	818	12	12	1 564	1 564
<b>Total liabilities to credit institutions</b>	<b>734</b>	<b>734</b>	<b>902</b>	<b>902</b>	<b>15</b>	<b>15</b>	<b>1 651</b>	<b>1 651</b>

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



## Note 7 Fair value hierarchy

31.12.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<b>FINANCIAL ASSETS BOOKED AT FAIR VALUE</b>				
<b>CORPORATE PORTFOLIO</b>				
<i>Certificates</i>	0	318	0	318
<i>Bonds</i>	47	7 367	0	7 414
<i>Fixed-income funds</i>	3 194	0	0	3 194
<b>Fixed-income securities</b>	<b>3 241</b>	<b>7 685</b>	<b>0</b>	<b>10 926</b>
<b>Loans and receivables</b>	<b>612</b>	<b>489</b>	<b>0</b>	<b>1 101</b>
<i>Shares</i>	0	0	6	6
<b>Shares and units</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>
<b>Financial derivatives</b>	<b>0</b>	<b>455</b>	<b>0</b>	<b>455</b>
<b>Other financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total corporate portfolio</b>	<b>3 854</b>	<b>8 630</b>	<b>6</b>	<b>12 489</b>
<b>COMMON PORTFOLIO</b>				
<i>Certificates</i>	1 853	1 079	0	2 931
<i>Bonds</i>	18 254	38 572	0	56 826
<i>Fixed-income funds</i>	19 831	9 569	9 835	39 234
<b>Fixed-income securities</b>	<b>39 938</b>	<b>49 219</b>	<b>9 835</b>	<b>98 992</b>
<b>Loans and receivables</b>	<b>16 397</b>	<b>193</b>	<b>0</b>	<b>16 590</b>
<i>Shares</i>	47 713	1 609	3 262	52 584
<i>Equity funds</i>	80 476	0	60	80 536
<i>Property funds</i>	0	2 165	7 083	9 248
<i>Special funds</i>	0	2 191	0	2 191
<i>Private Equity</i>	0	0	35 785	35 785
<b>Shares and units</b>	<b>128 189</b>	<b>5 966</b>	<b>46 189</b>	<b>180 344</b>
<b>Financial derivatives</b>	<b>0</b>	<b>4 164</b>	<b>0</b>	<b>4 164</b>
<b>Other financial assets</b>	<b>0</b>	<b>493</b>	<b>0</b>	<b>493</b>
<b>Total common portfolio</b>	<b>184 523</b>	<b>60 036</b>	<b>56 024</b>	<b>300 584</b>
<b>INVESTMENT OPTION PORTFOLIO</b>				
<i>Fixed-income funds</i>	265	8	0	273
<b>Fixed-income securities</b>	<b>265</b>	<b>8</b>	<b>0</b>	<b>273</b>
<b>Loans and receivables</b>	<b>98</b>	<b>0</b>	<b>0</b>	<b>98</b>
<i>Equity funds</i>	862	0	0	862
<i>Property funds</i>	0	0	47	47
<i>Special funds</i>	0	12	0	12
<b>Shares and units</b>	<b>862</b>	<b>12</b>	<b>47</b>	<b>922</b>
<b>Financial derivatives</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>9</b>
<b>Other financial assets</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>4</b>
<b>Total investment option portfolio</b>	<b>1 225</b>	<b>34</b>	<b>47</b>	<b>1 305</b>
<b>Total financial assets valued at fair value</b>	<b>189 602</b>	<b>68 699</b>	<b>56 078</b>	<b>314 378</b>
<b>CORPORATE PORTFOLIO</b>				
Investment property	0	0	1 399	1 399
<b>Total investment property</b>	<b>0</b>	<b>0</b>	<b>1 399</b>	<b>1 399</b>
<b>FINANCIAL LIABILITIES BOOKED AT FAIR VALUE</b>				
<b>CORPORATE PORTFOLIO</b>				
Financial derivatives	0	60	0	60
Debt to credit institutions	512	0	0	512
<b>Total corporate portfolio</b>	<b>512</b>	<b>60</b>	<b>0</b>	<b>572</b>
<b>COMMON PORTFOLIO</b>				
Financial derivatives	0	1 321	0	1 321
Debt to credit institutions	2 130	0	0	2 130
<b>Total common portfolio</b>	<b>2 130</b>	<b>1 321</b>	<b>0</b>	<b>3 452</b>

31.12.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<b>INVESTMENT OPTION PORTFOLIO</b>				
Financial derivatives	0	6	0	6
Debt to credit institutions	36	0	0	36
<b>Total investment option portfolio</b>	<b>36</b>	<b>6</b>	<b>0</b>	<b>42</b>
<b>Total financial liabilities at fair value</b>	<b>2 678</b>	<b>1 387</b>	<b>0</b>	<b>4 066</b>

31.12.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<b>FINANCIAL ASSETS BOOKED AT FAIR VALUE</b>				
<b>CORPORATE PORTFOLIO</b>				
<i>Certificates</i>	0	475	0	475
<i>Bonds</i>	29	6 793	0	6 822
<i>Fixed-income funds</i>	2 983	0	0	2 983
<b>Fixed-income securities</b>	<b>3 012</b>	<b>7 269</b>	<b>0</b>	<b>10 280</b>
<b>Loans and receivables</b>	<b>338</b>	<b>949</b>	<b>0</b>	<b>1 287</b>
<i>Shares</i>	0	0	8	8
<b>Shares and units</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>8</b>
<b>Financial derivatives</b>	<b>0</b>	<b>646</b>	<b>0</b>	<b>646</b>
<b>Other financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total corporate portfolio</b>	<b>3 350</b>	<b>8 864</b>	<b>8</b>	<b>12 221</b>
<b>COMMON PORTFOLIO</b>				
<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
<b>Fixed-income securities</b>	<b>65 833</b>	<b>37 296</b>	<b>6 227</b>	<b>109 357</b>
<b>Loans and receivables</b>	<b>12 076</b>	<b>317</b>	<b>0</b>	<b>12 393</b>
<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
<b>Shares and units</b>	<b>147 064</b>	<b>3 944</b>	<b>36 671</b>	<b>187 679</b>
<b>Financial derivatives</b>	<b>0</b>	<b>1 862</b>	<b>0</b>	<b>1 862</b>
<b>Other financial assets</b>	<b>0</b>	<b>695</b>	<b>0</b>	<b>695</b>
<b>Total common portfolio</b>	<b>224 972</b>	<b>44 114</b>	<b>42 899</b>	<b>311 984</b>
<b>INVESTMENT OPTION PORTFOLIO</b>				
<i>Fixed-income funds</i>	292	7	0	298
<b>Fixed-income securities</b>	<b>292</b>	<b>7</b>	<b>0</b>	<b>298</b>
<b>Loans and receivables</b>	<b>74</b>	<b>0</b>	<b>0</b>	<b>74</b>
<i>Equity funds</i>	740	0	0	740
<i>Special funds</i>	0	9	0	9
<b>Shares and units</b>	<b>740</b>	<b>9</b>	<b>0</b>	<b>749</b>
<b>Financial derivatives</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>6</b>
<b>Other financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total investment option portfolio</b>	<b>1 105</b>	<b>21</b>	<b>0</b>	<b>1 126</b>
<b>Total financial assets valued at fair value</b>	<b>229 427</b>	<b>52 998</b>	<b>42 906</b>	<b>325 331</b>

<b>CORPORATE PORTFOLIO</b>				
Investment property	0	0	1 004	1 004
<b>Total investment property</b>	<b>0</b>	<b>0</b>	<b>1 004</b>	<b>1 004</b>

<b>FINANCIAL LIABILITIES BOOKED AT FAIR VALUE</b>				
<b>CORPORATE PORTFOLIO</b>				
Financial derivatives	0	0	0	0
Debt to credit institutions	734	0	0	734
<b>Total corporate portfolio</b>	<b>734</b>	<b>0</b>	<b>0</b>	<b>734</b>

31.12.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<b>COMMON PORTFOLIO</b>				
Financial derivatives	0	2 010	0	2 010
Debt to credit institutions	902	0	0	902
<b>Total common portfolio</b>	<b>902</b>	<b>2 010</b>	<b>0</b>	<b>2 912</b>
<b>INVESTMENT OPTION PORTFOLIO</b>				
Financial derivatives	0	4	0	4
Debt to credit institutions	15	0	0	15
<b>Total investment option portfolio</b>	<b>15</b>	<b>4</b>	<b>0</b>	<b>19</b>
<b>Total financial liabilities at fair value</b>	<b>1 651</b>	<b>2 014</b>	<b>0</b>	<b>3 665</b>

Changes in Level 3 shares, unlisted CORPORATE PORTFOLIO	Book value 31.12.2022	Book value 31.12.2021
Opening balance 01.01.	8	7
Sold	0	0
Bought	0	0
Unrealised changes	-2	1
<b>Closing balance 31.12.</b>	<b>6</b>	<b>8</b>
Realised gains/losses	0	0

  

Changes in Level 3 shares, unlisted COMMON PORTFOLIO	Book value 31.12.2022	Book value 31.12.2021
Opening balance 01.01.	2 721	2 545
Sold	-53	0
Bought	432	15
Unrealised changes	162	161
<b>Closing balance 31.12.</b>	<b>3 262</b>	<b>2 721</b>
Realised gains/losses	-6	0

  

Changes in Level 3 equity funds, unlisted COMMON PORTFOLIO	Book value 31.12.2022	Book value 31.12.2021
Opening balance 01.01.	50	55
Sold	0	0
Bought	0	0
Unrealised changes	9	-5
<b>Closing balance 31.12.</b>	<b>59</b>	<b>50</b>
Realised gains/losses	0	0

  

Changes in Level 3, private equity and property funds COMMON PORTFOLIO	Book value 31.12.2022	Book value 31.12.2021
Opening balance 01.01.	40 127	23 312
Sold	-5 753	-4 551
Bought	14 036	13 793
Unrealised changes	4 292	7 574
<b>Closing balance 31.12.</b>	<b>52 703</b>	<b>40 127</b>
Realised gains/losses	2 313	2 236

  

Changes in Level 3, property funds INVESTMENT OPTION PORTFOLIO	Book value 31.12.2022	Book value 31.12.2021
Opening balance 01.01.	0	0
Sold	-2	0
Bought	50	0
Unrealised changes	-1	0
<b>Closing balance 31.12.</b>	<b>48</b>	<b>0</b>
Realised gains/losses	0	0

  

Changes in Level 3, investment property CORPORATE PORTFOLIO	Book value 31.12.2022	Book value 31.12.2021
Opening balance 01.01.	1 004	1 017
Sold	0	0
Bought	0	0
Unrealised changes	435	40
Other	-40	-53
<b>Closing balance 31.12.</b>	<b>1 399</b>	<b>1 004</b>
Realised gains/losses	0	0
<b>Total level 3</b>	<b>57 476</b>	<b>43 911</b>

Unrealised changes are reflected in the line «Value changes on investments» in the different portfolios in the income statement.

The amounts in the level distribution can in turn be found in the financial position statement under various portfolios' allocation of financial instruments at fair value and investment property.

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for on normal market terms and conditions. Highest quality in regard to fair value is based on listed prices in an active market. A financial instrument is considered as noted in an active market if noted prices are easily and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length.

**LEVEL 1:** Instruments at this level obtain fair value from listed prices in an active market for identical assets or liabilities that the entity has access to at the reporting date. Examples of instruments at Level 1 are stock market listed securities.

**LEVEL 2:** Instruments at this level obtain fair value from observable market data. This includes prices based on identical instruments, but where the instrument does not maintain a high enough trading frequency and is therefore not considered to be traded in an active market, as well as prices based on corresponding assets and price-leading indicators that can be confirmed from market information. Example instruments at Level 2 are fixed income securities priced on the basis of interest rate paths.

**LEVEL 3:** Instruments at Level 3 contain no observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded. The instruments covered at Level 3 in the company include unlisted shares and Private Equity.

Valuations related to items in the various levels are described in note 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 2 874 million as of 31.12.2022 on the assets in level 3.

With regard to transferring securities between the levels, a limit is set for the number of trading days and the amount of trading for shares by separating Level 1 and Level 2. The general principles related to the

distribution between levels basically concern whether the asset or liability is listed or not and whether the listing can be stated to be in an active market. For shares there is a further distinction between trading days and amount of trading which separates out listed securities that do not form part of an active market. The values at the end of the reporting period provide the basis for any movement between the levels.

During the 4th quarter, NOK 15 million was moved from Level 1 to Level 2 and NOK 102 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

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

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
<b>ASSETS</b>							
Financial derivatives	2 513	0	2 513	-1 485	-1 640	-79	310
<b>Total</b>	<b>2 513</b>	<b>0</b>	<b>2 513</b>	<b>-1 485</b>	<b>-1 640</b>	<b>-79</b>	<b>310</b>
<b>PORTFOLIO ALLOCATION OF ASSETS</b>							
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
<b>Total</b>	<b>2 513</b>	<b>0</b>	<b>2 513</b>	<b>-1 485</b>	<b>-1 640</b>	<b>-79</b>	<b>310</b>
<b>LIABILITIES</b>							
Financial derivatives	2 014	0	2 014	-1 485	-21	-330	222
<b>Total</b>	<b>2 014</b>	<b>0</b>	<b>2 014</b>	<b>-1 485</b>	<b>-21</b>	<b>-330</b>	<b>222</b>
<b>PORTFOLIO ALLOCATION OF LIABILITIES</b>							
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
<b>Total</b>	<b>2 014</b>	<b>0</b>	<b>2 014</b>	<b>-1 485</b>	<b>-21</b>	<b>-330</b>	<b>222</b>



The purpose of this note is to show the potential effect of netting agreements at KLP; what possibilities KLP has to net bilateral agreements against other counterparties should the latter go bankrupt and the remaining amount if all such netting agreements are materialized. The note shows derivative positions in the financial position statement, and one additional table with information on the different portfolios in the company.

## Note 9 **Liabilities**

NOK MILLIONS	31.12.2022	31.12.2021
Short-term liability securities	852	367
Advance tax-deduction pension scheme	522	491
Accounts payable	18	10
Derivatives	1 387	2 014
Debt to credit institutions	2 678	1 651
Liabilities related to direct insurance	492	699
Other liabilities	36	30
<b>Total liabilities</b>	<b>5 985</b>	<b>5 261</b>

## 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. Starting 30.09.2022 the risk equalization fund will also be considered tier 2 own funds. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 percent of SCR.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 337 percent, which is well over the Company's target of at least 150 percent. With the transitional measure on technical provisions the SCR ratio is 337 percent.

	31.12.2022	31.12.2021
<b>SOLVENCY II-SCR RATIO</b>	<b>337 %</b>	<b>316 %</b>

NOK BILLIONS	31.12.2022	31.12.2021
<b>SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT</b>		
Assets, book value	709	706
Added values - hold-to-maturity portfolio/loans and receivables	-12	7
Added values - other lending	-2	0
Other added/lesser values	0	0
Deferred tax asset	0	0
<b>Total assets - solvency II</b>	<b>695</b>	<b>713</b>

NOK BILLIONS	31.12.2022	31.12.2021
<b>SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT</b>		
Best estimate	629	647
Risk margin	11	13
Hybrid Tier 1 securities/Subordinated loan capital	5	5
Other liabilities	8	11
Deferred tax liabilities	0	1
<b>Total liabilities - solvency II</b>	<b>653</b>	<b>676</b>
Excess of assets over liabilities	43	36
- Deferred tax asset	0	0
- Risk equalization fund (tier 2 own funds starting 30.09.2022)	-5	0
+ Hybrid Tier 1 securities	1	2
<b>Tier 1 basic own funds</b>	<b>39</b>	<b>38</b>
<b>Total eligible tier 1 own funds</b>	<b>39</b>	<b>38</b>
Subordinated loans	3	3
Risk equalization fund (tier 2 own funds starting 30.09.2022)	5	0
<b>Tier 2 basic own funds</b>	<b>8</b>	<b>3</b>
Ancillary own funds	13	12
<b>Tier 2 ancillary own funds</b>	<b>13</b>	<b>12</b>
Deduction for max. eligible tier 2 own funds	-14	-8
<b>Total eligible tier 2 own funds</b>	<b>7</b>	<b>7</b>
Deferred tax asset	0	0
<b>Total eligible tier 3 own funds</b>	<b>0</b>	<b>0</b>
<b>Solvency II total eligible own funds</b>	<b>46</b>	<b>45</b>
Market risk	7	7
Diversification market risk	-2	-2
Counterparty risk	0	0
Life risk	13	13
Diversification life risk	-2	-2
Diversification general	-3	-3
Operational risk	3	3
Loss absorbing ability deferred tax	-2	-2
<b>Solvency capital requirement (SCR)</b>	<b>14</b>	<b>14</b>
Linear minimum capital requirement (MCR_linear)	5	5
Minimum	3	4
Maximum	6	6
<b>Minimum capital requirement (MCR)</b>	<b>5</b>	<b>5</b>
<b>Solvency II -SCR ratio</b>	<b>337 %</b>	<b>316 %</b>

## Note 11 Leases

NOK MILLIONS	31.12.2022	31.12.2021
<b>RIGHT-OF-USE ASSETS</b>	<b>Property</b>	
Opening balance 01.01.	973	1 081
Depreciation	-108	-108
<b>Closing balance</b>	<b>865</b>	<b>973</b>

NOK MILLIONS	31.12.2022	31.12.2021
<b>LEASE LIABILITIES</b>	<b>Property</b>	
Opening balance 01.01.	1 012	1 099
Repayments	-92	-88
<b>Closing balance</b>	<b>920</b>	<b>1 012</b>

NOK MILLIONS	Q4 2022	Q4 2021	01.01.2022 -31.12.2022	01.01.2021 -31.12.2021
	<b>Property</b>			
Interest expense lease liabilities	6	6	24	26
<b>Interest expense lease liabilities</b>	<b>6</b>	<b>6</b>	<b>24</b>	<b>26</b>

## Note 12 Pension obligations

NOK MILLIONS	31.12.2022	31.12.2021
Capitalized net liability 01.01.	553	594
Capitalized pension costs	124	110
Capitalized financial costs	13	12
Actuarial gains and losses	-66	-48
Premiums / contributions received	-101	-116
<b>Capitalized net liability 31.12.</b>	<b>524</b>	<b>553</b>
<b>ASSUMPTIONS</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Discount rate	3.00 %	1.90 %
Salary growth	3.50 %	2.75 %
The National Insurance basic amount (G)	3.25 %	2.50 %
Pension increases	2.60 %	1.73 %
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 66 million as of 31.12.2022. The change is recognized in "Total other income and expenses that will not be reclassified to profit or loss".