



KLP

Annual Report 2020

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Group CEO's introduction



Group CEO Sverre Thornes

Emerging from the crisis stronger

2020 was an unusual year that we will not forget in a hurry. In three weeks, for example, we saw tens of billions of kroner wiped off the accounts. Hotels and shopping malls were closed, and KLP went from five offices to a thousand.

Now, around a year later, the pandemic is still raging and strict measures to reduce infection are part of everyday life. But with good news on the vaccine front, we can see the light at the end of the tunnel. And that means we can also look back and note that, in spite of everything, we delivered better results than we might have feared when the pandemic struck in March 2020.

We provide pensions to employees in the Norwegian local government and healthcare sector, who are also our owners. These are the people who look after us, in kindergartens, hospitals and nursing homes, and in the emergency services. At KLP, we feel a great responsibility to take care of those who take care of us when they need it.

That is why we increased our lending limits to municipalities by NOK 5 billion when the turbulence was at its height, so they had access to financing at a difficult time. We granted a 'mortgage holiday' to people who needed it, perhaps because their partner had been laid off. We also found a good solution, together with the authorities, to enable us to help tenants in our shopping malls through a difficult time with reduced rents, without endangering the valuable support they get from the state.

And despite the uncertain times, we can celebrate good results for the last year, with stable operations and good returns to our owners. KLP delivered a return on customers' funds of 4.2 per cent for the whole of last year. The book return ended at 4.8 per cent. Who would have thought that when the whole country locked down in March?

Fortunately, we had completed the big changes that arose out of all the municipal mergers before the pandemic hit us. We also had systems in place to deal with the new pension rules from the end of the year. This provides us with a basis for good guidance although it will be a good few years before it has any effect on pension payments.

As both public-sector occupational pensions and the pensions system itself are changing, we encourage public-sector workers to join the scheme before they retire. To facilitate access to information, we have a separate web page that we have called "My Page", with its own pension guide. There you can check what sort of pension you will get if you stay in work, if you want to retire early, or if you draw a pension while you are still working. There is also a lot of useful pension information on klp.no. We are pleased to see that a good 50,000 members are visiting these pages each month, and we aim to improve them still further to benefit both employers and employees.

Through last year and into this new year, we have continued to improve and renew our pension systems. This is a long-term project with the goal of automating many of our processes, so our customers can get immediate answers wherever possible. It will provide a better customer experience, and also more efficient operation. This will allow us to go on reducing costs for our customers.

Although the pandemic is at the front of our minds, we must not forget the challenges we face in limiting greenhouse gas emissions and global warming. Based on the UN Sustainable Development Goals, we have chosen the targets we can influence the most and which our owners think are most important. Limiting global warming is the area we are giving the most attention to. We are continuing to direct our investments towards renewables, not least by increasing investments in renewable energy by at least NOK 6 billion a year. Last year we actually increased these investments by NOK 8.8 billion.

Managing over NOK 800 billion on behalf of our owners carries a great responsibility. Because KLP wants to contribute to sustainable development, we have been part of the UN Global Compact initiative, with its ten principles for socially responsible business, since 2003. By signing up, we have undertaken to follow up on these principles. Together with the UN Sustainable Development Goals, the principles have a bearing on how we manage our own business and on the expectations we place on the companies we invest in. This pays off for us and we find that, together with other investors, we are able to influence companies in a positive direction, which is very pleasing. It gives us pride and motivation in our day-to-day work.

I hope that you find the annual report useful and that you will get to know KLP better. Best wishes,

Sverre Thornes
Group CEO

This is KLP

KLP is Norway's largest pension company and is owned by municipalities, companies and health enterprises with public-sector occupational pensions.

As a mutual insurance company, KLP provides services within pensions, banking, funds and insurance to customers in the public sector and their employees. KLP had a total assets of NOK 807 billion at the beginning of 2021.

KLP's core business

KLP's core business is pensions and life insurance. We aim to deliver the right pension at the right time. Most employers in the public sector are required by collective agreements to provide occupational pension schemes for their staff. KLP is the largest provider of public-sector occupational pensions to municipalities, county municipalities, health enterprises and companies affiliated to the public sector.

KLP is a profitable community

As we are owned by employers in the Norwegian local government and healthcare sectors, all of our wealth creation benefits them. When we make a profit, we either use it to boost our financial strength or we give it to our owners. In both cases, the result is that they have to pay less. We take as little as possible so they get as much as possible for schools and nursing homes, or other priority tasks that our owners are responsible for. The way in which KLP runs its business therefore has a direct impact on how our owners discharge their social obligations.

Our overall goal

KLP aims to be the preferred provider of public-sector occupational pensions. Being a customer-owned company gives us a closeness to our owners' everyday lives, which is the ideal basis for us to develop products and services that are especially well suited to their needs. Our goal is to create value for our owners and customers, and to be the best partner for the days ahead.

KLP and its subsidiaries

KLP is a mutual insurance company with five wholly owned subsidiaries organised as limited companies. The subsidiaries should contribute to increased growth and profitability by offering good prices for banking, asset management and insurance services to everyone who has a pension in KLP.



Organisation and management

The parent company Kommunal Landspensjonskasse gjensidig forsikringselskap (KLP) and its wholly-owned subsidiaries have a total of around 1,000 employees.

The company's Board of Directors is elected by the corporate assembly and made up of representatives from the owners, which comprise municipalities and county authorities, health enterprises and other companies. The public sector employees' organisations are represented in the governing bodies of the company.

Management

The senior Group management in the parent company Kommunal Landspensjonskasse (KLP) has broad background from the Norwegian business world. The Group management is organised according to business areas, where the Life Insurance, Asset Management, Non-Life Insurance, Property and Banking units are represented. In addition the Group management comprises the staff units: Finance/Economy, IT, Communications and Marketing and HR and Internal Services.

Sverre Thornes

Group Chief Executive Officer KLP

Sverre Thornes has a BA in Business Administration from the American College in Paris. He joined KLP in 1995 as a fixed income portfolio manager and headed KLP Asset Management from 2001 – 2006. He managed the Life Insurance Division of Kommunal Landspensjonskasse from 1. April 2006 to 3. January 2008. Since January 2008 he has been the CEO for the KLP Group.

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**Aage E. Schaanning**

Executive Vice President/Chief Financial Officer

Aage Schaanning has a MBA from the University of Colorado and is an Authorised Financial Analyst. He has previously worked with raising finance, balance sheet control and asset management with BNbank and Kreditkassen before starting at KLP in 2001 as Investment Director at KLP Kapitalforvaltning. He headed KLP Kapitalforvaltning from 2006-2008.



Marianne Sevaldsen

Executive Vice President for KLP's Liv division (Life Division)

Ms Marianne Sevaldsen is a lawyer. Her specialist fields are insurance law and corporate law. She is executive Vice President for KLP's Life Division from February 1. 2013. She was previously senior vice president in the Business Department at Sandnes Sparebank, a savings bank.

**Håvard Gulbrandsen**

Managing Director KLP Asset Management

Håvard Gulbrandsen has a MSc in Management Sciences from the University of Warwick (1988), Master in Finance & Investments (1989) and is authorised financial analyst from 1992. His previous experience includes portfolio manager - fixed income in Storebrand Asset Management and Director of investments in DnB Investor AS. He joined KLP from the position of Head of Asset Strategies Equities / Head of Core Corporate Governance in the Bank of Norway Investment Management. He is Managing Director of KLP Asset Management since September 1. 2009.



Tore Tenold

Managing Director KLP Skadeforsikring AS

Tore Tenold was educated at the police college, the university and the insurance academy. He was Managing Director of SpareBank 1 Skadeforsikring AS and has previously worked at Aktiv forsikring and Vesta forsikring. He joined KLP on 1 October 2012.

**Gunnar Gjørtz**

Managing Director KLP Eiendom AS

Gunnar Gjørtz has a business degree from Handelsakademiet in Oslo (now BI). His background includes experience as CFO in NetCom, Løvenskiold Vækerø and Hafslund. Gjørtz also spent four years in the UK and France with Suez-Lyonnaise des Eaux. He was CFO of the then listed Nora Eiendom when it was bought up by KLP in 1995 to form KLP Eiendom. Gjørtz rejoined KLP Eiendom as deputy managing director on August 1. 2010, and assumed the position of managing director on January 1. 2011.



Leif Magne Andersen

Managing Director KLP Banken AS

Leif Magne Andersen holds an Executive MBA in Strategic management from NHH, the Norwegian School of Economics. While working since 1997 for Postbanken and the DnB NOR system, Mr Andersen was Regional Director for the Personal Market Effort, among other things. Before that he worked as a head of department at Intenia and he has also worked for the Norwegian Defence Forces. Mr Andersen has been the Managing Director of KLP Banken AS since 1 December 2011.



Gro Myking

Executive Vice President Communication and Marketing

Gro Myking holds an MSc from NHH – the Norwegian School of Economics. Between 2007 and 2016 Ms Myking was Marketing Director of Posten Norge AS (the Norwegian postal service). She was previously Executive Vice-President Marketing at Hakon Gruppen/ICA Norge (a large Norwegian grocery retail group), and has run her own consultancy. She has served on the boards of several major Norwegian companies. Ms Myking joined KLP on 1 February 2016.

**Kirsten Grutle**

Executive Vice President HR and Internal Services

Kirsten Grutle was educated at the University of Bergen. She previously worked for Telenor, EDB Business Partner and Accenture. Ms Grutle joined KLP on 1 September 2011, having left Accenture Norge as Human Resources Director.



Rune Hørnes

Executive Vice President IT

Rune Hørnes holds an MSc from NHH – The Norwegian School of Economics. He has long and broad experience from working across business strategy, IT, organisational and work processes. Mr Hørnes has held the position of CIO at Storebrand, where he held various positions since 2005. Before commencing work at Storebrand, Mr Hørnes was Senior Manager at Accenture, working in banking and insurance. He joined KLP on 1 October 2016.



Group board of directors



From top left: Egil Johansen, Jenny Følling, Karianne Melleby, Cathrine M. Lofthus, Øivind Brevik, Odd Haldgeir Larsen, Freddy Larsen and Susanne Torp-Hansen.

Egil Johansen

Chair of the Board of Directors

Egil Johansen was elected as first permanent deputy member in 2011. In 2014 he was elected as a director and deputy chairman of the Board. He is the project manager/chief administrative officer in the new Tønsberg municipality. He was previously county chief administrative officer in Vestfold, and has also been chief administrative officer in Porsgrunn and Re. Johansen has also worked for the Ministry of Petroleum and Energy and the Aker group. Johansen has a degree in economics from the Norwegian School of Economics.

Jenny Følling

Deputy Chair

Jenny Følling is the county mayor of Sogn and Fjordane. She was previously deputy mayor of Sogn and Fjordane, Mayor of Gaulaer and has held several other positions in the local government sector. Følling trained as an agricultural consultant at Vestfold Agricultural School and has also studied regional and landscape planning at the colleges in Volda and Sogndal.

Karianne Melleby

Board member

Karianne Melleby is Director of Corporate Partnerships at StartupLab. She has held a number of managerial positions in Telenor and also has management experience from DnB. In both companies, digitalisation and change management have been key elements of her work. Melleby has a master's degree in business and economics from BI 2000, and also studied at the London Business School and the IMD Business School in Switzerland.

Cathrine M. Lofthus

Board member

Cathrine M. Lofthus is managing director of the regional healthcare enterprise Helse Sør-Øst RHF. She has previously held management positions at Aker University Hospital and later at Oslo University Hospital. Lofthus qualified in medicine from the University of Oslo and has a doctorate in endocrinology from the same institution. She also has qualifications in finance, administration and management and has worked in the healthcare sector as a clinician, researcher and manager.

Øivind Brevik
Board member

Øivind Brevik is managing director of Samfunnsbedriftene. He has previously held positions in the Norwegian Institute for Nature Research, the Norwegian Climate and Pollution Agency (at the Norwegian Environment Agency), the City of Oslo and Romerike Avfallsforedling (waste processing). Brevik has an MSc in ecology and environmental management from the Norwegian University of Science and Technology (NTNU).

Odd Haldgeir Larsen
Board member

Odd Haldgeir Larsen was elected as a member of the Board of KLP in May 2018. He is vice-chair of Fagforbundet (the Norwegian Union of Municipal and General Employees) and represents the employee organisation with the most members of KLP.

Freddy Larsen
Board member

Freddy Larsen was elected to the Board of KLP as an employee representative in May 2009. He has been an employee of KLP since 1986 and works as a business architect in the Business Analysis group at the Bergen office. Freddy Larsen has previous professional experience from the Alcohol and Drug Addiction Service and Technical Services in Askøy municipality from 1985-1986.

Susanne Torp-Hansen
Board member

Susanne Torp-Hansen was elected to the Board of KLP as an employee representative in May 2013. She has been employed at KLP since 1999 and works in the Training department within the Life division. She is the senior employee representative at KLP. Her education includes law studies at Oslo University and information and organisation studies at BI Norwegian Business School.

[You can read the report from the Board of Directors here](#)

KLP's history

The idea of a municipal pension fund was born a good 100 years ago. When KLP was established in 1949, it was the result of a long process that ended with municipalities joining forces to establish a joint pension scheme. This formed the basis for the customer-owned company that KLP is today.

[You can read more about KLP's history on our website](#)

Public-sector occupational pensions

Public-sector occupational pensions are the pension scheme for public sector workers and are paid for by the employer. In the public sector, the occupational pension is a complete package that has been created following negotiations between the parties in the labour market. This means that in addition to the old-age pension, it includes AFP (contractual pension) and disability and survivor's pensions. The old-age pension is paid for life from the date of retirement.

From 1 January 2020, public-sector occupational pensions have been split into two, so those born in 1963 and after accrue occupational pension entitlement for all years in work. That means that it pays to stay in work for longer. For those born in 1962 and earlier, the rule is that 30 years of accrual time in the public sector provide for 66 per cent of salary in total pension from the occupational pension and national insurance. Note, however, that those born in 1959-1962 receive a little less than 66 per cent in total pension if they retire at age 67 even if they have full entitlement.

There are separate rules for persons with a special age limit.

As public-sector occupational pensions and the pension system are changing, it is becoming increasingly important for public sector employees enter the scheme. There may be significant differences in knowledge, pension expectations and realities among employees. Employees will benefit greatly from entering the pension scheme well before they retire.

You can find a lot of useful information about public-sector occupational pensions at klp.no. For example, you can find articles about the old-age pension for your year-group. If you have a pension with KLP, you can also log in to the pension guide on MY Page at klp.no to see how much you may receive in pension from KLP, national insurance and other pension schemes.

Milestones in KLP 2020

January

KLP launches green car insurance

February

KLP and DNB join forces to invest billions in renewable energy

March

Coronavirus causes KLP to switch from three locations in Norway to 1,000 home offices

April

KLP invests in Swedish wind power

KLP passes 100,000 member-customers

May

KLP Banken extends eligibility for membership and increases its lending limit to municipalities by several billion kroner

KLP tackles dubious marketing of infant formula

June

KLP announces the winners of 'Best view in Oslo' for the high-rise project BG14B

July

KLP's CEO Sverre Thornes has discussions with the governor of the Central Bank of Brazil on the need to stop deforestation

September

KLP Bedriftspensjon sold to DNB

Vestland county council decides to move its pension scheme from KLP

KLP's chatbot 'public-sector occupational pensions for all' on My Page.

KLP launches four fund packages based on "More social responsibility" funds.

KLP, the Norwegian Nurses Organisation and the leadership consultancy AFF name the best young managers in the Norwegian local government and healthcare sector

November

For the tenth year in a row, KLP has the most satisfied business customers in non-life insurance, according to this year's EPSI survey. KLP also comes out top in claims processing.

December

The KLP funds report NOK 10 billion in net new subscriptions in 2020, double the amount for the previous year.

Pension assets makes a difference

Our main task is to provide our owners, the municipalities, the healthcare sector, and their employees, with secure pension savings. We aim to do this in a sustainable way, for their benefit and for the development of society.

KLP's owners are socially engaged, and through the KLP community they have for decades solved challenges that individual municipalities could not solve alone. The KLP community provides the municipalities and healthcare sector with economies of scale, efficiency and low costs. By virtue of its size and ownership power, the community has the opportunity to exert influence, contribute to the green transformation in Norway, and to solve major challenges facing our planet in the years ahead. We look after our owners' pension assets responsibly, through active use of our power as investors and with full transparency. That is the value of mutual ownership.

The social impact of KLP's corporate responsibility work

The UN Sustainable Development Goals are the framework for KLP's corporate responsibility work. We aim to be a leader in efforts to achieve those goals, and believe that we can contribute in particular to achieving the climate target, sustainable urban development and infrastructure, a more sustainable business sector, and health-promoting jobs.

How we plan to reach the climate target

Climate change is one of the biggest challenges that we face, and climate-related developments are seen as a significant risk to financial stability. Since 2010, KLP has reduced emissions from its own operations by 82 per cent, and the weighted carbon intensity for our investments has fallen by 55 per cent. KLP's portfolio has consistently lower carbon intensity than the benchmark indices we measure ourselves against. Much of the decline in emissions from operations from 2019 to 2020 comes as a result of the Covid-19 pandemic, but there has also been a positive trend in reducing emissions in recent years. We are pleased that emissions from KLP's asset management have been reduced over the past decade, but there is a long way still to go.

KLP's operations will be developed in line with the 1.5-degree target in the Paris Agreement. That means that emissions should be net zero in 2050. In 2021, to provide a basis for KLP's climate work over the next ten years, we will set climate goals for the company for 2025 and 2030.

The Paris Agreement is not just about cutting emissions, it is also about increasing climate funding to realize the green transformation, an area where KLP can make a particular contribution. KLP has built up a portfolio of climate-friendly investments over several years, and we will continue to do so. In 2020, we increased our climate-friendly investments by NOK 8.8 billion, well above the target of NOK 6 billion in new investments each year. In all, we have put

NOK 52.2 billion, or eight per cent of the pension assets, into climate-friendly investments. Of this, investments in renewable energy amount to NOK 32.7 billion, or five per cent of our total investments. For full details, see KLP Sustainability Accounts. An important part of the work to stop climate change is to restructure much of the world's energy production from fossil energy to renewable energy, in line with Goal number 7, "Clean energy for all". As a contribution to this, KLP invests heavily in renewable energy, both in the Nordic region and in the rest of the world.

In September, the consultancy PwC released a report assessing the way in which Norway's 100 largest companies are working and reporting on climate issues. KLP was placed in the category with the best overall rating and is one of four companies that can show cuts in emissions in line with the Paris Agreement.

We invest the pension assets in sustainable infrastructure and urban development

Like pensions, investments in infrastructure, social development and real estate are characterised by a long-term time horizon. The investments are important for social development throughout Norway, and closely related to our owners' commitment to develop and safeguard our society. This work is particularly relevant to Sustainable Development Goal 9, "Industry, innovation and infrastructure", Goal 11, "Sustainable cities and communities" and Goal 7, "Clean energy".

Investments in renewable energy in Norway

KLP aims to continue investing in the green transformation in Norway and is constantly looking for new investment opportunities.

Investments in renewable energy also face resistance in some quarters. In 2020, KLP invested in the Nord-Odal wind farm. This is the first time we have invested directly in a Norwegian renewable energy project. The investment has raised a lot of discussion and made many inquiries. We understand that, but the need for more renewable energy is important, and we believe that, overall, the project balances the necessary concerns for the environment and nature. It is also important to increase Norwegian renewable energy production to support increased electrification and increased demand from emission-free transport, and growth in new green industries.

Investments in renewable energy abroad

KLP invests heavily in climate-friendly infrastructure abroad. In 2020, a large solar power facility that KLP has invested in through the Copenhagen Infrastructure Partners fund was completed in Texas, USA. This will produce 246 MW a year, equivalent to the electricity needs of 34,000 Americans. KLP's investments have helped to complete 25 new renewable energy plants, which produce enough electricity to serve the needs of 7.6 million people.

If we are to meet the climate goals in the Paris Agreement, it is vital to develop more renewable energy capacity. That is especially true in developing countries, where coal is often the first alternative. In order to invest in developing countries, “blended finance” funding solution is often used.

“Blended finance” is an important climate solution

Some of KLP’s investments in renewable energy in developing countries are made through partnerships with public-sector enterprises and public capital. This form of funding is called “blended finance”. Here, development funds are used strategically to mobilize private capital for sustainable development in developing countries. KLP has been making such investments since 2012, and we see this way of investing as an important climate solution. Using blended finance, the pension money has been invested in renewable energy projects which include one of the world’s largest solar farms in Egypt, Mozambique’s first large-scale solar farm, and Africa’s largest wind farm in Kenya.

Going forward, we plan to increase our investments in renewable energy, both in existing funds and with new partners.

Investments in eco-friendly buildings

As a real estate manager, KLP wants to be in a position to contribute to sustainable urban development. For KLP’s real estate management operations, this means that we are working both to reduce greenhouse gas emissions, and on energy saving and reuse. We are committed to safeguarding the urban environment and the quality of life of those who work and live in and around our properties. One of KLP’s buildings, which has been refurbished on the principle that this brings greater environmental benefits than demolishing and rebuilding from scratch, is the “MAX building” outside Trondheim. KLP has converted this into Trøndelag’s first refurbished passive building. Although it is a refurbishment, it has been awarded BREEAM’s top rating of “outstanding”. There are only four other buildings in Norway with this rating.

We care about buildings with good environmental qualities. We define environmental buildings as buildings with energy class A or B. We also use environmental certification according to BREEAM NOR as an important tool for working on sustainability in the property portfolio and are constantly increasing the share of the property portfolio that is environmentally certified. Circular economy and reuse, in relation to our property business, are topics we will be working more on in the future.

Green loans to municipalities

In 2020 KLP gave a green loan to Møre og Romsdal county, to purchase electric ferries. Compared with ordinary loans, green loans have a reduced interest rate, and are given to municipalities, counties and enterprises with municipal affiliations. The requirement KLP makes is that the loan must have a clear positive environmental and climate effect. More and more of our owners have projects that meet this requirement, and it will be exciting to follow their development in the years ahead. In addition to green loans, municipalities can apply for support to document climate measures. These could include climate and environmental measures in municipal buildings and mapping the need for water and sewerage capacity in the future.

We invest for more sustainable business

Sustainability is essential to long-term value creation in business and society. There are many challenges to be addressed, and as a large investor we often use dialogue as a tool.

By entering into dialogue with the companies we have invested in, we encourage them to move towards sustainable operations. To clarify what we as an investor expect from the companies, we have established a document called “KLP’s expectations as an investor” in 2020. These say that the companies in which we invest the pension assets should have profitable business models that do not harm people and the environment but help achieve the world’s goals for a sustainable future. The purpose of the document is to describe how we expect the companies we invest in to work for responsible business and sustainable wealth creation.

Establishing dialogue with companies to bring about an improvement can be challenging. Over the past year, we have been discussing with companies in Brazil which are involved in destroying the rainforest and not safeguarding the rights of indigenous people. These discussions have been demanding. KLP understands that it is hard for these companies, especially when the relevant authorities are not pursuing any clear policy or setting any regulatory requirements that are enforced. But we cannot give up because of this. So far, KLP has had no feedback from companies to reassure us that the risk of severe deforestation will be reduced or that the rights of indigenous people will be safeguarded. Discussions with these companies will therefore continue in 2021. [Read more about this work here.](#)

Another example of dialogues is our follow-up of shipping companies we have invested in. We ask shipping companies for confirmation that, when they send ships for scrapping, this will be done in a proper and safe manner. Here it has been encouraging to see that several companies have improved their practice.

These two dialogues are examples of work we do which supports Sustainable Development Goals 14 “Life below water” and Goal 15 “Life on land”.

How do we conduct due diligence assessments of investments?

KLP is an investor which tracks predefined indices as a key element of its asset management. This gives us a huge financial advantage because the risk is being spread, and the pension assets gain access to wealth creation in the equity markets at low risk and low cost. In 2020, KLP also developed a new framework for risk management and due diligence assessment in our investments. The new framework helps us to avoid investments with a high risk of contributing to breaches of international norms, where the companies in question cannot ensure that they have policies and practices in place to reduce this risk. The framework consists of three elements as a basis for excluding companies: country risk, industry risk and corporate risk.

We will continue to implement the framework in practice in 2021. Efforts in Brazil to prevent the deforestation now taking place in the Amazon have been facilitated by this form of risk-based approach.

Investments in seed funds

KLP sees it as a social responsibility to contribute to new growth in Norwegian business across the country. That is why KLP invests some of the pension money in seed funds. These are funds that finance start-ups. The first investment partnership was established in 2018, in collaboration with SINTEF and its Venture V fund. The investments in this fund continued in 2020 too, together with new investments in other funds from other development environments. In this way, the pension assets help to invest in small start-ups growing out of the research and development world.

Over the next few years, we plan to invest NOK 1 billion in seed funds related to development organizations in several parts of the country.

A good working environment is socio-economically profitable

KLP has long been working actively with our owners to create a good working environment in the municipalities, counties and health enterprises. That is why KLP works with a number of customers every year in what we call the “KLP working environment network”. The network is a biennial forum where the participants receive both financial and professional support from KLP. Together we work on projects with customers on topics related to inclusive working life, full-time culture, equality and diversity, and prevention of violence and intimidation. The projects have a common goal; employees should be happy at work. Because when employees are happy at work, they perform better and the employer avoids high absence costs and extra effort to hire temporary workers. People on long-term sick leave also run a greater risk of becoming disabled. This is not socio-economically profitable. Sustainable Development Goal 3, “Good health and well-being” and Goal 8 “Decent work and economic growth” address this.

Sveio care center – the best in the world?

Sveio municipality was part of KLP's working environment network from 2018-2020, with a project at Sveio care centre. The challenge they brought to the table was that most employees at the care centre and in the home service worked part-time. Through the project to "Increase core staffing jobs" they worked to establish more permanent full-time positions, reducing the use of part-time and temporary workers. They used the temporary staff budget to increase the part-time percentages of the permanent employees, and no other funding were provided by the municipality. The care center saw that having a more stable staff also reduced sickness absence from seven to three per cent, while at the same time job satisfaction increased.

Having a full position is great, but I also think this is very good for the residents as they get a better service.

– Monika Hagland Føyen, nurse at Sveio Care Center

The municipalities' most important meeting place for climate discussions

For the second year in a row, KLP organized "KLP's Climate Conference for Municipalities". The aim was to provide the the most important meeting place for municipalities. With them we discussed the industries of the future, and one question we raised was "Is there such a thing as fair climate action?" You can find [recordings of the four live streams here \(in Norwegian only\)](#).

As a way of highlighting local success concerning taking climate action, KLP presented its Climate Prize for the municipalities during the broadcasts. Hamar municipality took third place for Norway's first circular economy industrial park. Second place went to Vestland county and their project to electrify taxi services in the county. The winning project chosen by the jury came from Hå municipality in Jæren. The municipality has launched a project which aims to use the manure from the many farms in the area to produce biogas. Cow dung is not in short supply in Norway's largest livestock farming municipality. It is a problem for the municipality to get rid of all the manure, so something had to be done. This will be an effective climate measure that addresses precisely this issue in one of the most important sectors in the municipality.

By using manure to make biogas, they can reduce the impact of livestock farming on nature. Hå municipality received NOK 250,000 for the winning entry.

I think that, if you are to establish a project like this, the important thing is to team up with the people who need the project, and with the people who have the power over the project: regulatory authorities and agricultural organizations.

– Mayor of Hå Municipality, Jonas Skrettingland

On www.klp.no you can see the films and stories we have made about the project in Hå municipality, and about the projects that came second and third in KLP's Climate Prize for the municipalities.

KLP has zero tolerance for financial crime

We have established Group guidelines to ensure proper procedures for managing the operational risks posed by financial crime in KLP's activities. As part of ongoing improvement and development in this area, we are working systematically and holistically with preventive and risk-reducing measures. This is split into three programs:

1) Measures against money laundering and financing of terrorism

KLP's companies subject a statutory reporting requirement are registered with and under the supervision of the Financial Supervisory Authority of Norway. KLP complies with national anti-money laundering and anti-terrorist financing measures, and decisions on sanctions and freezing of assets. We have assessed the risk of money laundering and financing of terrorism in our own activities as the basis for the risk-based approach we have chosen.

The key elements of the Norwegian rules on anti-money laundering and anti-terrorist financing are contained in the Money Laundering Act and regulations. These rules comply with the EU Money Laundering Directive.

2) Anti-corruption measures

KLP is a member of the UN Global Compact, which includes the principle concerning corruption; KLP has zero tolerance for all forms of corruption, and we have clear guidelines and effective measures in place to prevent this within the organization. Policies and measures do not only cover our own employees, but also partners, business associates, suppliers, agents, customers, investments and others who perform elected roles or assignments on KLP's behalf.

Through a comprehensive anti-corruption program, which constitutes the Group's overall effort to combat all forms of corruption, we will revise and improve KLP's policies and measures in 2021. The program will be adapted and will cover risk areas and elements relevant to the Group's activities and the jurisdictions in which the Group operates.

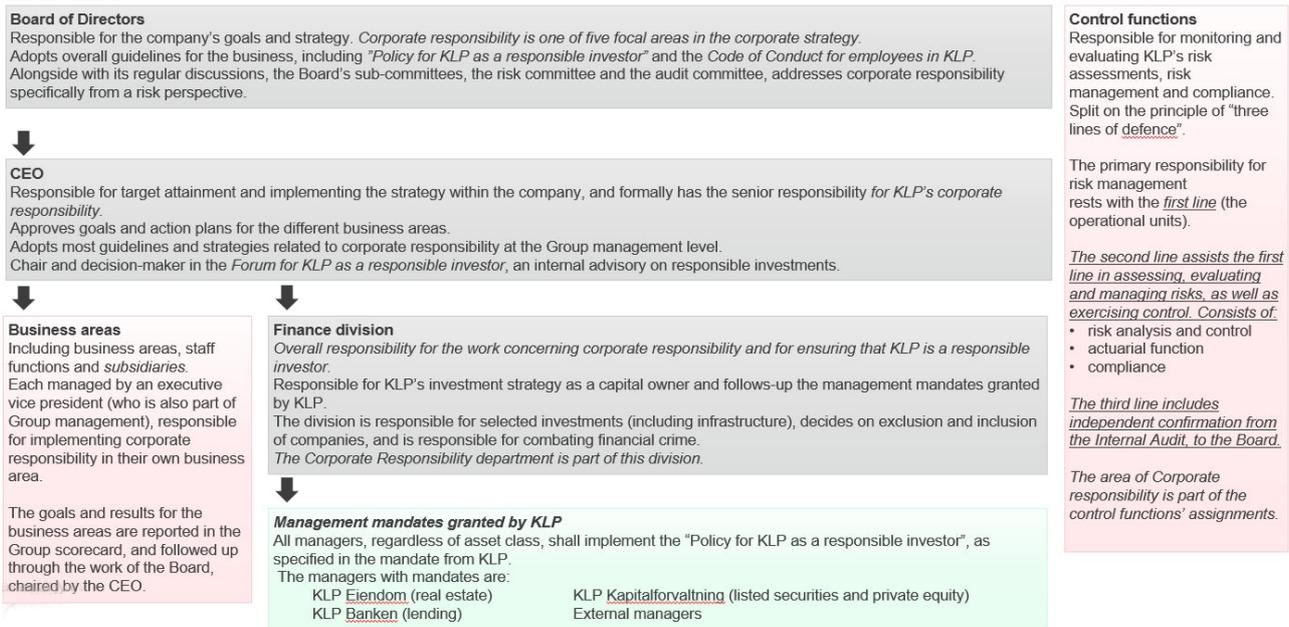
3) Measures against internal and external abuses

At KLP, we are committed to fighting abuse, which extends beyond corruption and money laundering to encompass all forms of financial crime. KLP provides financial support to the Norwegian Eco-Forum, which aims to combat economic crime, with a particular focus on cooperation between members and interdisciplinary skills development. Through industry partnerships, KLP are represented in committees within Finance Norway with the aim of strengthening efforts to prevent and detect economic crime.

In national threat assessments, the authorities have warned specifically against information theft, investment fraud, market manipulation, payment fraud and tax avoidance. KLP pays particular attention to these threats and has implemented risk-reducing measures.

Governance and corporate responsibility in KLP

Corporate responsibility is integrated into corporate governance at KLP and is a key part of the corporate strategy. All business areas and subsidiaries have a responsibility to implement this and develop their own measures and goals for corporate social responsibility in their own activities. The figure below shows how the management and control of corporate social responsibility is set up in KLP.



Case-study: The rainforest is still under threat

Despite a massive commitment from investors, companies, civil society and a united international community, the negative trend in deforestation continues in Brazil. Over the past year, KLP has had dialogue with companies it has invested in and with the Brazilian authorities, but so far without the desired effect.

In the summer of 2020, 29 international investors, including KLP, wrote a letter to the Brazilian authorities demanding a halt to deforestation in the Amazon rainforest. In the letter, the investors express deep concern over the increasing deforestation. This has resulted in several top-level digital meetings.

"It has been exciting to be part of an investor partnership striving to influence the authorities in Brazil. The initiative received great attention internationally, and we felt we were taken seriously by the Brazilian authorities," says Jeanett Bergan, head of responsible investments at KLP Asset Management.

Hope for a change of course

Will Brazil's government start to listen to demands for the protection of the Amazon rainforest? That is the big question. The investors' letter has at least provoked hectic activity in the Brazilian management and desire for dialogue with investors. Bergan hesitates to say whether the dialogue has been effective in bringing about a change in policy.

“If the dialogue can help reduce deforestation and safeguard the rights of indigenous peoples, it is important. It’s too early to say whether that will happen. It is a deliberate policy that is being pursued in the country right now, and investors alone will not be able to turn this around. But if the same pressure comes from many quarters, there is hope for a change of course. It will be important to follow developments further and to continue the dialogue,” she says.

The risk of deforestation through investments

The risk of contributing to deforestation is the same risk associated with all activities that interfere with nature. The rainforest is considered particularly valuable because of its rich biological and species diversity, as well as its size, and is therefore also of importance to the world's climate.. The conversion of valuable rainforest into pasture for cattle, and for soya and palm oil production, is an area that carries a severe risk of deforestation. During the year, KLP mapped the risk of deforestation from its investments. The highest risk in the portfolio is related to companies involved in palm oil and soya production and/or trading. There is also a significant indirect risk related to the financial sector and companies that finance the trading companies. Below is an overview of the companies in KLP’s portfolios that are associated with the highest deforestation risk. The analysis is based on data from TraceFinance.

Over the last few years KLP has followed up on several of the companies and will pursue this work and continue discussions with businesses in 2021.

“It is hard for companies to avoid complicity in severe deforestation when the relevant authorities are not pursuing any clear policy or setting any regulatory requirements that are actually enforced.” So far, KLP has had no feedback from companies to reassure us that the risk of severe deforestation will be reduced,” says Bergan.

TOP 5 PALM OIL PRODUCERS WITH THE HIGHEST DEFORESTATION RISK:

Golden Agri-Resources Ltd

Wilmar International Ltd

Kuala Lumpur Kepong Bhd.

First Resources Ltd

Cargill, Inc.

TOP 5 SOYA PRODUCERS WITH THE HIGHEST DEFORESTATION RISK:

Bunge Ltd

Cargill, Inc.

Archer-Daniels-Midland Co.

Mitsubishi Corp.

Toyota Tsusho Corp.

TOP 5 CATTLE FARMERS WITH THE HIGHEST DEFORESTATION RISK:

CITIC Ltd

BRF SA

Sodexo SA

Walmart, Inc.

Bell Food Group AG

TOP 5 FINANCE COMPANIES WITH THE HIGHEST INDIRECT DEFORESTATION RISK:

BlackRock, Inc.

Morgan Stanley

T. Rowe Price Group, Inc.

State Street Corp.

Mitsubishi UFJ Financial Group, Inc.

We are working to reduce climate risk

KLP has been working to understand climate risk, for more than ten years. We have done this through corporate dialogue and influence, by reducing investments in sectors with high CO2 emissions such as coal and oil sands, and by increasing climate-friendly investments, especially in renewable energy. These measures must be seen in the context of KLP's desire to have a positive impact on climate development, and thereby contribute to a general reduction in climate risk in the market.

The understanding of what climate risk is, and the kind of consequences it can have on society and financial values, has changed a lot in recent years. KLP's objectives for its work on climate risk are as follows:

1. Increase knowledge of climate risk within the company and with KLP's external stakeholders
2. Develop scenarios and climate risk data to assess significant risk factors and opportunities
3. Integrate climate risk into established investment and risk management processes in a more systematic way
4. Make an impact on companies KLP invests in to develop climate risk management and set climate targets in line with the Paris Agreement
5. Increase KLP's climate-friendly investments by NOK 6 billion per year.

Now that the physical effects of climate change are becoming more apparent and severe, there is also increased awareness in society of the need to do more to reduce emissions in line with the ambitions of the Paris Agreement. As well as being a consequence of physical climate change, climate risks can also be seen as a result of new policy instruments, technological progress, market developments, issues with access to resources and intangible changes in values and attitudes. All of these affect KLP and the expectations placed on the company. However there is not only financial risk in this, but also opportunities for the company.

Climate risk is challenging

The topic of climate risk is a challenging. It is difficult to say whether a risk will be high or low. That is why we are working to identify and assess several different outcomes to determine whether KLP's strategy can be considered robust in the face of climate change.

In order for us to analyse, manage and report climate risk as a financial risk, we have been working in a structured way since 2018 to strengthen our expertise in this area. Our strategy is to integrate climate risk into the asset management strategy and the processes for managing risk. This competence is being built up especially through the work of mapping and analysing climate risk within KLP, but also through cooperation with external actors.

Our climate risk reporting

KLP's climate risk reporting is structured according to the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD). KLP regards these recommendations as the market standard for climate risk reporting. The TCFD recommends reporting on how climate risk is integrated into corporate governance, risk management, strategy, and methods and objectives.

1. Climate risk in corporate governance

Every year, the Board of KLP carries out a strategic review. They then set out KLP's overall objectives and strategies. The Board also adopts group-wide strategies for asset management and corporate responsibility. Corporate responsibility is defined as one of the key areas of the corporate strategy, and climate and climate risk work have been identified as a top priority for KLP's work on corporate responsibility. Climate risk is also addressed and covered in Board-level discussions of Group risk. Climate-related issues are therefore discussed several times a year at Board level, and the Board is being informed on a regular basis of KLP's mapping and competence-raising work around climate risk, and how the company plans to work on climate risk in the years ahead.

At KLP, Group senior management carries out an annual review process in which it decides how the company should implement the strategy that has been set out by the Board of Directors. The goals for the work on climate risk in 2020 were to continue the work of developing climate risk expertise and integrating climate risk into relevant business processes.

Climate risk is an issue that is increasingly integrated into KLP's risk management and control functions. For the second year in a row, climate risk was part of KLP's ORSA report to the Financial Supervisory Authority of Norway in 2020. This includes reporting on results from climate risk analyses, from the property portfolio and from KLP's investments in listed shares and corporate bonds respectively. We are also working to prepare the organisation for changes in relevant regulations, such as the addition of climate risk assessments and processes to the Solvency II regulations.

2. Managing climate risk as a risk factor

According to KLP's risk management policy, all significant risk factors should be considered. We regard climate risk as a significant risk factor and therefore we are working on analyzing climate risk and incorporate it into the established risk management and investment processes. Climate risk is also part of the Financial Supervisory Authority of Norway's strategy, and subject to changes in key regulations which affect KLP.

Since 2018, we have been working to develop expertise by mapping climate risk. In this survey, KLP has focused especially on investments in property and listed shares and corporate bonds. This work continued in 2020.

In the property investments, we have carried out qualitative climate risk analyses where the focus has been on identifying the main risk factors and assessing how these could develop in different future climate scenarios. In 2019, KLP's property company conducted an analysis of its office building portfolio in Oslo. In 2020, the analysis was extended to include similar analyses of the office building portfolios in Trondheim, Sweden and Denmark, as well as updating the assessment for Oslo. The findings were presented in the ORSA report to the Board of Directors. This way of reporting allows the Board to engage in an ongoing learning process.

In 2019, we conducted a climate risk analysis of investments in listed shares and corporate bonds. In the analysis, we looked at possible mispricing of equities and bonds, and whether climate risk factors had been included in the cash flow analysis. We used recognized methods, but the analysis nevertheless showed weaknesses and uncertainties. This is what we did:

In 2020, we tried to update and rectify the analysis in three areas:

- We adjusted the holdings list of investments so that they take in to account that KLP no longer investing in coal and oilsands. The purpose of the adjustment was to see whether the analysis model would produce a different climate risk profile for KLP. The results showed a very small difference, but well within the margin of error for the analysis.
- We stress-tested KLP's holdings against multiple scenarios for carbon price paths, rather than using only one price path, as in the 2019 analysis. This follows from the requirements for climate risk analysis and reporting, which ask financial institutions to stress-test against different scenarios for carbon pricing and other variables. The findings showed that carbon price paths have a significant impact within the parameters of the analysis model.
- We tested the portfolio in two different risk models. The outcome was that the two risk models produced very different results for KLP's portfolio from 2017 to 2019. We believe there is little reason to believe that the climate risk profile has changed dramatically during this period. The findings therefore show that climate risk models still need to mature, as better data becomes available and understanding of the phenomenon improves.

Climate risk analyzes need to gradually improve if we are to use them as a basis for decision-making. Nevertheless, we are working to integrate climate risk into different parts of the organization in a more systematic way, based on the analyzes we carry out and the understanding of climate risk that we, and the industry as a whole, develop.

KLP will make regular assessments as to how climate risk can be integrated into risk management going forward. It will be especially important to ensure that knowledge of risk improves over time, that climate risk analyzes are sufficiently trustworthy, and that KLP has an adequate understanding of the uncertainty in the analysis.

As part of this, KLP is working with external agents such as investors, researchers and multilateral organisations to develop better data and knowledge about climate risk. An important cooperation in this area is KLP's involvement in the research project "Climate Futures". The project is managed by the Bjerknes Centre for Climate Research at the University of Bergen and, along with KLP, includes municipalities, county authorities, academic institutions and other actors from the world of business. The purpose of the project is to improve climate predictions in the short term. The project is supported by the Research Council of Norway and has been given the status of a Centre for Research-Driven Innovation.

3. Climate risk as part of the strategy

As a natural consequence of these strategic priorities, KLP has significant activity in the climate area. In 2020, we worked to identify and test a framework for setting climate targets. This framework links KLP's emissions from all investments to an emission path consistent with the 1.5-degree target from the intergovernmental Panel on Climate Change. We have also mapped the latest developments in methods and data for climate risk analyses, based partly on the international partnership between central banks which is working to centralize the knowledge of climate risk, the Network on Greening the Financial System.

As things stand, the most important strategic priority is to improve our climate risk analyses and increase our understanding of these internally.

Going forward, based on the analyses that have now been done, we will have to decide whether KLP's asset management strategy is effective in managing climate risk. For analyses of investments in listed equities and corporate bonds, the results suggest that the total risk exposure from these instruments is relatively low, and that KLP's broad investment portfolio produces good risk diversification. The analyses contain a large degree of uncertainty, which is why we believe that they do not yet provide sufficient assurance as to whether KLP's asset management strategy effectively addresses climate risk. Nevertheless, we assume that the asset management strategy, with its broad and diversified portfolios, could have a positive effect on KLP's climate risk exposure.

We will conduct new climate risk analyses in 2021, with the aim of further integrating climate risk into KLP's risk processes and asset management strategy.

4. Methods we use to measure climate risk

In "KLP Sustainability Accounts", under "Climate profile of the investments", we present measurements of emissions and carbon intensity in KLP's listed equity and corporate bond investments. These are reported according to the TCFD's recommendations.

We have based the indicators on scope 1 and 2 emissions, and on emissions in scope 1-3, in the companies KLP invests in. This data allows us to compare how well KLP's investments are doing against a representative benchmark index. For more on how these are calculated, see the notes in KLP Sustainability Accounts. The indicators are not necessarily the best measurement parameters for expressing climate risk.

In order to reduce emissions and try to counter climate change, it is essential to put good reporting in place. At the same time, we believe that companies' emissions reporting, currently provides a relatively narrow basis for assessing climate risk. Emissions data should therefore be viewed in conjunction with other indicators as part of a broader assessment of different types of climate risk. KLP currently reports on emission indicators based on the TCFD's recommendations, but in the future, we will also consider whether there are other and better ways to quantify and report climate risk.

Risk management and internal control in KLP

To ensure that KLP delivers secure and competitive financial and insurance services to its customers, and to safeguard the interests of the owners and the company's holdings, a system of risk management and internal control has been established.

The Board of Directors of KLP has adopted a policy for risk management and for operational risk and internal control. In KLP, good risk management and internal control are all about ensuring effective goal attainment. By identifying and analysing relevant risks, the company can take effective measures to manage and control risks that could hinder goal attainment. This is a continuous process, and part of all decisions on significant changes in the business.

Roles and responsibilities

The Board of Directors bears the overall responsibility for ensuring that KLP has established appropriate and effective processes for risk management and internal control. The Board determines the overall risk appetite and ensures that the management of significant risks is appropriately organised. This also means maintaining independent monitoring to ensure that the risks are handled in accordance with the overall risk appetite.

It is the responsibility of the Group CEO to ensure that the Board's policies for management and control are implemented in the business. KLP has a risk management committee which acts as an advisory body to the CEO on all matters relating to KLP's total risk exposure. The committee addresses the general willingness to take risks, the overall risk strategy and risk exposure, broken down into all the major risk factors in the parent company's business, including owner risk associated with the subsidiaries.

Control functions

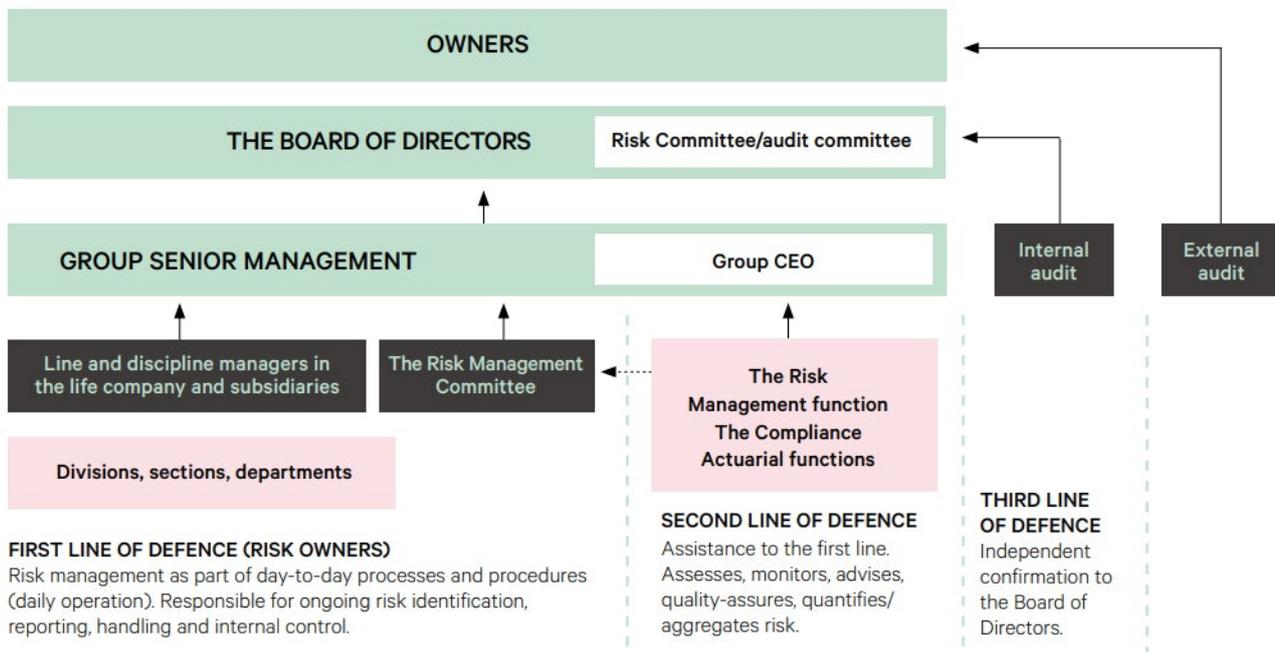
KLP's risk management function monitors the company's total risk and risk handling, and ensures that the risk management committee and the Board of Directors of KLP are always sufficiently informed of the Group's overall risk profile. The risk management function assesses whether the assumptions used in the company's risk calculations are reasonable, and assists the management in refining and implementing an overall framework for KLP's risk management, ensuring that this complies with external and internal requirements.

KLP's compliance function assists the management by ensuring that KLP does not incur any sanctions, financial losses or loss of reputation because of failure to comply with laws, regulations and standards ("compliance risk"). The compliance function assists the management in identifying, assessing and reporting on compliance risks and gives advice to management, the Board and the staff on compliance with the relevant rules for the business.

The actuarial function is responsible for coordinating the calculations of the technical provisions, and ensuring that methods, models and assumptions used in calculating technical provisions are appropriate. Best estimates should also be compared with KLP’s past experience. The data used in the calculations should be assessed in terms of adequacy and quality. The actuarial function should also comment on KLP’s re-insurance programme and contribute to the effective implementation of the risk management system.

The risk management, compliance and actuarial functions make their own independent assessments of the risk level in the company and the adequacy of established risk-reduction measures.

The company’s internal audit group carries out independent assessments of actuarial, financial and operational risks. After discussion with the Board of Directors and management, key risk areas are evaluated and tested with a view to satisfactory management and control. The internal auditors’ reports and recommendations are presented to, and followed up by, the management and the Board. Internal audit helps to give the Board and management confidence that the company has appropriate risk management, internal control and corporate governance. The internal auditors submit an overall report to the Board each year on KLP’s risk management, internal control and corporate governance.



Roles and responsibilities

Roles and responsibilities related to risk management and internal control in KLP can be summed up with a simple model of corporate governance providing three lines of defence. The primary responsibility for risk management lies in the first line, which is made up of managers and staff in

the business areas. The compliance, risk management and actuarial functions are defined as second-line functions in KLP. The second line monitors, assesses, advises on, aggregates and reports on the risk situation. The third line of defence includes independent confirmation from the internal auditors that the first and second lines of defence are working properly. In addition to the three internal lines of defence, the external auditors provide independent feedback to the company's owners.

Monitoring

KLP's managers, at all levels, constantly monitor the risks associated with their target area, provide for the creation and implementation of key controls and follow up on any unwanted incidents within their area. The second-line functions assist the managers, monitor the risk level in KLP's key risk areas, and focus especially on risk areas that are not being handled in line with the Board's risk appetite.

Organisation and implementation of financial reporting

KLP publishes four quarterly reports in addition to the annual report. KLP's quarterly and annual reports are drawn up by the group accounts department, which reports to the CFO. The work is divided in such a way that valuations of assets and liabilities are made outside the group accounts department. Before each set of accounts is presented, meetings are held between the group accounts department and central technical functions to identify risk factors, market issues etc. that could have a bearing on the accounts. Reconciliation and control procedures have been established to assure the quality of financial reporting.

KLP's business is required by law to be audited, and external auditors carry out a full audit of the annual accounts. The Board of Directors of KLP has appointed its own audit committee to prepare for the Board's discussion of the accounts, with the emphasis on monitoring the financial reporting process and the key principles and valuations underlying the accounts. The company's external auditors take part in the audit committee's discussion of the accounts. The audit committee assesses and monitors the independence of the auditors.

In addition to quarterly and annual accounts, monthly operational reports are produced with comparisons against budgets and analyses of developments.

Norwegian Code of Practice for Corporate Governance (NUES)

KLP's articles of association and the applicable legislation provide guidelines for the company's corporate governance, and define a clear division of roles between governing bodies and the managing director. The board of directors carries out an annual review of corporate governance in KLP.

KLP's basic values are described by way of the company's vision of being "the best partner for the days to come" and the core values Open, Clear, Responsible and Committed. These provide shared goals and direction for KLP's progress and strategic priorities. The vision expresses the goals and ambitions of the business. The vision is discussed in more detail in the annual report and on the company's website.

KLP aims to deliver secure and competitive financial and insurance services to the public sector, enterprises associated with the public sector and their employees.

The business idea defines which customers KLP exists to serve, and who its products and services are developed for. KLP aims to maintain a good balance between competitive prices for its customers and a satisfactory return for them as owners. These are qualities which help to ensure that KLP is perceived as the company's vision suggests.

1. Reporting on Corporate Governance

- No deviation from the code of practice.

In most areas, KLP follows the Code of Practice for Corporate Governance as described in the principles set out by the Norwegian Corporate Governance board (NUES). Differences from NUES generally arise where individual provisions do not fit KLP's mutual status.

It has also drawn up ethical guidelines which cover things like confidentiality, impartiality and benefits, and a procedure for warning of possible breaches of these. KLP also has guidelines for equality and diversity.

2. Business

- No deviation from the code of practice.

KLP's principal objective is to address the needs of its members within public sector occupational pensions. The objective is assessed by the board of directors in their annual review of the Group strategy. The market is updated on KLP's goals and strategies through the quarterly results presentations and reports published on the company's web pages. The articles of association can be found in full on the company's web pages.

Corporate responsibility is an important part of KLP's activities and basic values. KLP aims to contribute to a sustainable public sector and to integrate CSR into all of its business processes. One example of this is the way in which KLP integrates CSR into its capital management and strives to be one of the leading players in this area. KLP's work on CSR is based on the Group's affiliation to the UN Global Compact and the UN's Principles for Responsible Investment.

KLP reports every quarter on nonfinancial key indicators under the headings of society, environment, human capital and responsible investments.

3. Equity and dividends

- Deviation from the code of practice.

The board of KLP evaluates the company's capital requirements regularly, in the light of the company's objectives, strategy and risk profile. The board adopts an annual appropriation of profits which is designed to ensure that the company has sufficient financial strength. The company is a mutual company and, as such, does not deal in dividends but in appropriation of profits.

KLP's principal objective is to contribute to prudent management of its members' pension resources at the lowest possible cost. Dividend policy is not relevant because the customers own the mutual company. The articles of association state that the members are obliged to pay equity contributions in so far as this is necessary to provide KLP with satisfactory financial strength. KLP's financial strength, capital position and solvency are discussed in more detail in the annual report from the board of directors.

The provision in the Companies Act on mandates to the board of directors is not relevant to KLP. In KLP, it is the board which sets and announces the rates for equity contributions which are "necessary to provide KLP with satisfactory financial strength". For the Nurses' Pension Scheme, it is the board of the pension scheme which decides on the equity contributions and the Ministry of Labour and Social Affairs which approves them.

4. Equal treatment of shareholders and transactions with close associates

- Deviation from the code of practice.

Individual elements of the Code are not directly transferable to KLP as a mutual company, but we follow the general intent of the Code. The difference is mainly due to the fact that the company has no negotiable equity instruments.

5. Shares and negotiability

- Deviation from the code of practice.

This point is not relevant as KLP has no negotiable equity instruments.

6. General meeting

- Deviation from the code of practice.

KLP has chosen a solution where the general meeting consists of elected delegates and deputies. The company is divided into constituencies (election districts). The county administration together with the municipalities in that county each make up one constituency, apart from the municipality of Oslo which is part of the Akershus constituency. The four regional health enterprises and their subsidiaries each make up a constituency. The other members of the company (corporate members) make up a constituency. The number of delegates elected from the individual constituencies is related to the premium volume paid in from each constituency. The recommendation in the Code to arrange for voting by proxy is therefore irrelevant to KLP.

The notice calling the meeting and the support information on the resolutions to be considered, including the recommendations of the nomination committee, are sent to the elected delegates no later than 14 days before the meeting is to be held. The deadline is longer than the minimum required by the Limited Companies Act, which is one week. The practice within KLP, however, is that an early reminder of the scheduled date of the general meeting is sent out to the delegates at the beginning of the year, and it is also mentioned at electoral and owners' meetings.

The chair of the board of directors, the group CEO, the chair of the corporate assembly, the nomination committee and the auditors are entitled and required to be present at the ordinary general meeting.

KLP's general meeting is opened and chaired by the chair of the corporate assembly.

7. Nomination committee

- Deviation from the code of practice.

The rules for the nomination committee are set out in the company's articles of association. The corporate assembly chooses the members of the nomination committee, including the chair, and determines the fees to be paid to the members of the committee. This differs from the Code, which recommends that the general meeting should elect a nomination committee.

The composition of the nomination committee is in line with the Code. All the members are independent of the board of directors and executive personnel. The different groups of owners are represented on the committee. Appointments to all of the company's corporate bodies should be calculated to achieve a reasonable balance between the sexes.

Details of the nomination committee, its composition and tasks are given in the annual report and on the company's website.

The nomination committee proposes candidates for the corporate assembly to be elected by the general meeting, as well as the chair and deputy chair of the corporate assembly. It also proposes the members of the board of directors to be elected by the members of the corporate assembly who are elected by the general meeting. The nomination committee is also required to make recommendations on the remuneration of the members of the corporate assembly, the board of directors and the nomination committee. In this process, the nomination committee actively consults with the company's various owner groupings.

The members of the nomination committee are elected for a term of two years. They may be re-elected twice.

The nomination committee provides written justifications for its recommendations. The chair of the nomination committee also reports orally on these justifications to the bodies to which elections are being held.

8. Board, composition and independence

- No deviation from the code of practice.

The recommendation on broad representation from company members in the corporate assembly is implemented by the statutes. In the statutes, the members of the corporate assembly elected by the general meeting should reflect the company's interest groups, customer structure and social function.

Five board members with two deputies are elected by the corporate assembly which is elected by the general meeting. The composition of the board of directors is such that the board as a whole can address the interests of the members and the company, including the company's need for expertise, capacity and diversity. KLP believes that the articles of association

adequately addresses the provisions in the Code on independence of executive personnel, material business contacts and members of the company with equivalent influence to principal shareholders. Please refer to more detailed discussion in section 9 below.

The chair and vice-chair of the board of directors are elected by the corporate assembly.

The members of the board of directors are appointed for two years. There is no provision stating how long a board member may remain in office, but in recent years, the nomination committee has suggested that board members should not normally stay longer than eight years.

The board of directors is considered to be independent in terms of the Code. The external members of the board of directors are independent of executive personnel. No board members have any relationship to members of KLP who represent more than 10 per cent of the votes at the general meeting. All board members are independent of material business contacts.

9. The work of the Board of Directors

- No deviation from the code of practice.

The board has issued instructions for the board itself and the CEO. The Board instruction was last revised in December 2019, while the CEO instruction These were lastwas revised in December 201920.

The board of directors has three sub-committees: the remuneration committee, the risk committee and the audit committee. Each year, the board appoints at least three members and possibly a deputy to the sub-committees from among the members of the board, and appoints the chairs of the committees.

The board of directors evaluates its own work at least once a year. In this connection, the board is required to evaluate its own work and competence related to the company's risk management and internal control. The results of this evaluation are presented to the nomination committee, which uses them in its work.

Each year, the board is required to evaluate the work of the working committees as part of its self-assessment. The sub-committees also conduct an annual self-assessment.

The board held ten regular board meetings in 201920.

The recommendation concerning independent consideration of matters of a material character in which the chairman of the board has been personally involved is considered to be covered by the provision on impartiality in the instructions to the board of directors.

10. Risk management and internal control

- No deviation from the code of practice.

KLP has a well-established system of risk management and internal control adapted to the scope and nature of the company's activities. The system for risk management and internal control is described in a separate section of the annual report.

11. Remuneration of the Board of Directors

- No deviation from the code of practice.

The remuneration of the board of directors reflects the board's responsibility, expertise and time commitment and the complexity of the company's activities.

12. Remuneration of executive personnel

- No deviation from the code of practice.

KLP is not covered by the rules on the remuneration of executive personnel in exchange-listed companies. KLP also does not have exchange-listed equity instruments and does not grant share options or bonuses to its staff. As a finance company, the board of KLP adopts guidelines for the remuneration of all employees in the company, including special rules on salaries payable to executive personnel. The company's guidelines on the remuneration of executive personnel are put to the general meeting.

More information on remuneration of senior executives can be found in the annual report and at klp.no.

13. Information and communications

- No deviation from the code of practice.

The board of directors has established guidelines for the company's reporting of financial and other information, and the company's contact with memberowners other than through general meetings.

- All reporting is based on openness and consideration of the requirement for equal treatment of the players in the securities market and the rules on good exchange practice. The published documentation is accessible from the company's web pages.
- KLP has contact with members outside the general meeting, including electoral meetings, owners' meetings, resource group meetings etc.

14. Take-overs

- Deviation from the code of practice.

We differ here because this is not relevant to KLP as a mutual company.

15. Auditor

- No deviation from the code of practice.

The auditor is elected by the general meeting and conducts financial audits. KLP has appointed PwC as its auditor.

The auditor submits an audit report in connection with the annual accounts. The auditor also gives an independent opinion of non-financial accounts drawn up by KLP and included in KLP's annual report.

The auditor attends meetings of the audit committee, as well as the board meeting at which the annual accounts are discussed. The audit committee assesses the independence of the auditor each year.

The board of directors of KLP has established guidelines for the purchase of additional services etc. from auditors. The guidelines help to ensure that the auditor's independence is safeguarded.

The auditor attends the meeting of the corporate assembly and the general meeting where the annual accounts are discussed, and other meetings where necessary. In 2019, the board of directors had one meeting with the auditor without the administration present. The board's audit committee held three meetings with the auditor without the administration present.

The remuneration of the auditor is determined by the corporate assembly.

STATEMENT PURSUANT TO SECTION 3-3B, SECOND SENTENCE, OF THE ACCOUNTING ACT

The following is a summary of the matters the companies has to report on in accordance with Section 3-3b, second paragraph, of the Accounting Act. The points follow the numbering in the provision.

1. Principles of corporate governance in KLP have been prepared in line with Norwegian law, and based on the Norwegian Code of Practice for Corporate Governance, published by the Norwegian Corporate Governance Committee (NUES).

2. The recommendation from the Norwegian Corporate Governance Committee is available at www.nues.no.

3. Any deviation from the recommendation is commented on below each point in the notes above.

4. A description of the main elements of KLP's internal control and risk management systems related to the financial reporting process is given in section 10 above.

5. Statutes that relate to provisions of Chapter 5 of the Public Limited Liability Companies Act concerning the general meeting are discussed in section 6 above.

6. The composition of the corporate bodies, and a description of the main elements of current instructions and guidelines, follow in sections 6, 7, 8 and 9 above.

7. Statute provisions governing the appointment and replacement of directors are discussed in section 8 above.

8. Statute provisions and authorisations that empower the board to decide to buy back or issue Treasury shares are discussed in section 3 above.

Annual Report 2020

In 2020, Kommunal Landspensjonskasse gjensidig forsikringselskap (KLP) achieved a good returns result, which allows it to add the surplus to the customers' premium fund. In KLP, all wealth creation benefits the customers.

The value-adjusted return was 4.2 per cent, while book returns were 4.9 per cent. Book returns were thus 2,5 per cent higher than the 2.4 per cent that the company has promised to its customers. Including interest-bearing investments held to maturity, the value-adjusted return was 5.5 per cent.

With solid financial buffers and a solvency capital ratio of 286 per cent, KLP is well equipped to meet periods with challenging financial markets.

Covid-19 affected our lives and the financial markets in 2020. Nevertheless, KLP came through the year in good shape both financially and operationally.

KLP is strengthening its competitiveness by upgrading its IT systems by way of a change programme. The goal is efficient processes with the best customer-friendly solutions.

KLP has long been working systematically to reduce the climate footprint of its asset management and its own activities. The result is a portfolio which is developing in line with the goals of the Paris Agreement.

Kommunal Landspensjonskasse gjensidigsikringselskap (KLP) is the parent company of the KLP Group. KLP was established by and for the public sector to service this market's need for occupational pension schemes. Its head office is in Oslo.

The Group's income

The Group's total comprehensive income was NOK 1.0 (2.2) billion.²

In the course of 2020, the owners' equity in the Group increased by NOK 2.1 billion to NOK 39.4 billion. The increase in equity is partly due to owners' equity contributions of NOK 1.0 billion, while the remaining NOK 1 billion has been allocated from profit for the year.

The Group's total assets increased by NOK 44.4 billion to NOK 807.2 billion at the end of 2020.

Profit contributions from the various business areas (total comprehensive income after tax)
NOK millions:

2. Figures in brackets give values for the corresponding period in 2019.

	2020	2019
Public sector occupational pensions	1,021	2,251
Privat occupational pensions (sold in 2020)	-18	-10
Non-life insurance	170	166
Bank	130	83
Asset management	16	52
Other	0	-1
Eliminations	-286	-291
Totalt	1,034	2,249

The parent company's results

KLP is a mutual life insurance company which manages pension funds and insurance risks related to life expectancy, death and disability on behalf of its members.

KLP has guaranteed a minimum return on the management of the pension assets. This was 2.4 per cent in 2020. The return goes to our customers. This surplus is referred to in the table below as "Profit to customers".

The company's equity is at risk from deficits and negative risk results. KLP's profits for its members (our owners) are generated from the management of the company's Tier 1 and 2 capital, margins in the premium element to cover costs, and premiums reflecting the value of the return guarantee, with margin, on the pension assets.

As a customer-owned enterprise, KLP produces profits for its member businesses, which are both customers and owners of the company. All wealth creation benefits KLP's owner-customers.

As a mutual undertaking, it is important for KLP to operate efficiently and so keep prices down, so payments from members are kept as low as possible.

The results for the year were characterised by

- Solid returns from the equity market in the last half-year
- Good return on property investments
- Low interest rates in Norway and abroad
- Volume growth in the subsidiaries
- Sale of KLP Bedriftspensjon AS
- Buyback of subordinated loan

NOK millions	Profit to customers	Profit to the company	Total 2020
Returns result	12,350	260	12,610
Risk result		-398	-398
Interest guarantee premium		494	494
Administration result		171	171
Net income from corporate portfolio		762	762
Taxt		-204	-204
Other profit/loss elements		-63	-63
Total income	12,350	1,021	13,371

The total recognised income attributed to other profit/loss elements, before allocation between the pension customers and the company, was NOK 12.6 (10.6) billion in 2020.

Returns result

The financial income from managing the pension funds in the common portfolio amounts to NOK 24.2 (44.1) billion, corresponding to a return of 4.2 per cent. Over the year, the valuation reserves decreased from NOK 55.8 billion to NOK 55.1 billion. The returns result is thus NOK 12.6 (10.6) billion.

KLP aims to deliver long-term, competitive returns in the customer portfolios, and stable returns in the corporate portfolio. This is achieved by spreading funds across different investment types and geographical areas.

The investments in the common portfolio are distributed between the different categories of financial assets as shown in the table below:

	Allocation	Return	Allocation	Return
NOK millions	31.12.2020*	2020	31.12.2019*	2019
Equities	144.0	6.3 %	147.0	21.5 %
Short-term bonds	100.4	6.5 %	85.1	7.9 %
Liquidity/money markets	23.4	1.5 %	29.3	1.9 %
Long-term/HTM bonds	172.0	3.5 %	165.2	3.6 %
Lending	77.1	2.1 %	71.0	2.4 %
Property	79.2	6.8 %	70.7	6.7 %
Total	596.10		568.30	

*The figures presented in the table show net exposure, whereas the official figures from the statement of financial position are presented gross. Differences may therefore arise between the figures in this table and the financial statements.

Only loans and investments in liquidity/money markets failed to produce a return above the stated return guarantee of 2.4 per cent. Value-adjusted returns including securities held to maturity were 5.5 per cent, well above the guaranteed return.

Risk result

The risk result is an expression of how mortality and disability have developed in the insured population in relation to the assumptions used in the annual setting of premiums.

For the year, the disability result shows a surplus of NOK 646 million. Profit related to longevity risk increased by NOK 7 million to NOK 454 million, while profit related to death/survivors increased by NOK 63 million to NOK 101 million.

No extra disability provisions have been raised as a result of the coronavirus pandemic.

However, the positive risk result, together with the extraordinary risk result, is affected by changed mortality assumptions for 2018, 2019 and 2020 (from Statistics Norway) and a new disability tariff, used to finance the need for increased reserves arising from greater life expectancy among men, as well as a reduction in the base rate. The net risk result is therefore negative by NOK 395 million. The reason for the deficit is that the pension scheme for closed agreements did not have sufficient surplus to cover the reserve requirement. There was also a deficit from the group life schemes of NOK 3 million, making this year's risk result minus NOK 398 million.

Administration result

KLP achieved an administration profit of NOK 171 million in 2020, a reduction of NOK 76 million from the previous year. The decrease is mainly due to a reduced contribution from the administration reserve.

KLP has economies of scale as a result of its high market share in public-sector occupational pensions, and can thus continue to provide good service at competitive prices.

Net income from the corporate portfolio

The corporate portfolio, which is invested in bonds, property, shares in subsidiaries and other strategic equity investments, achieved a return of 3.1 (4.3) per cent in 2020. A good return on real estate investments is the main reason for the good ROI.

Chart: historical return on the corporate portfolio (last ten years)

Buybacks of subordinated loans and the sale of KLP Bedriftspensjon AS at below book value resulted in a one-off loss in 2020, but will significantly improve future results in the corporate portfolio.

Allocation of income

NOK millions	Profit to customers	Profit to the company	Total 2020
To supplementary reserves	8,238		8,238
To premium fund	4,111		4,111
To buffer reserve			
To risk equalisation fund		-136	-136
To owners' equity contributions		611	611
To other retained earnings		546	546
Total allocations 2020	12,350	1,021	13,371
Total allocations 2020	10,909	2,251	13,160

The customer result for the year was NOK 12.4 billion. This is allocated to the customers' premium fund and supplementary provisions. The Board of Directors is satisfied that the result allows us to strengthen supplementary reserves by more than NOK 8 billion, in addition to a transfer to the premium fund which will indirectly finance much more than the planned payment of equity contributions to KLP in 2021. Interest rates are still low compared to the interest rate guarantee, and increased supplementary provisions, plus high valuation reserves, ensure good long-term management of the pension assets.

The year's total comprehensive income of NOK 1,021 million is allocated as follows: NOK 611 million to equity contributions and NOK 546 million to other retained earnings, while NOK 136 million will be transferred from the risk equalisation fund.

The Board of KLP considers that the income statement and the statement of financial position for 2020 with notes, statements of cash flows and of changes in owners' equity, provide good information on the operation through the year and the financial position at the end of the year. The accounts have been drawn up on the assumption of a going concern and the Board confirms that the conditions for this are in place. The Board of Directors considers the risk to the company's business to be reasonable. The company financial statements for KLP are presented in accordance with the Norwegian Annual Accounts Regulation for life insurance companies. The consolidated financial statements have been presented in accordance with international accounting standards (IFRS/IAS), as approved for use within the EU/EEA.

The business areas

Pensions

Public-sector occupational pensions

Pension schemes within the public sector are offered and managed by the Group's parent company, KLP. Of the Group's total assets of NOK 807.2 billion, NOK 595.1 billion represent pension assets belonging to this customer group.

The competitive situation

The competition for the public-sector occupational pension market has changed. Life insurance companies that were in this market in the past have returned. Customers can choose to set up their own pension fund or go to private providers. After winning tendering procedures in 2019, KLP lost one procedure for municipalities and county authorities in 2020.

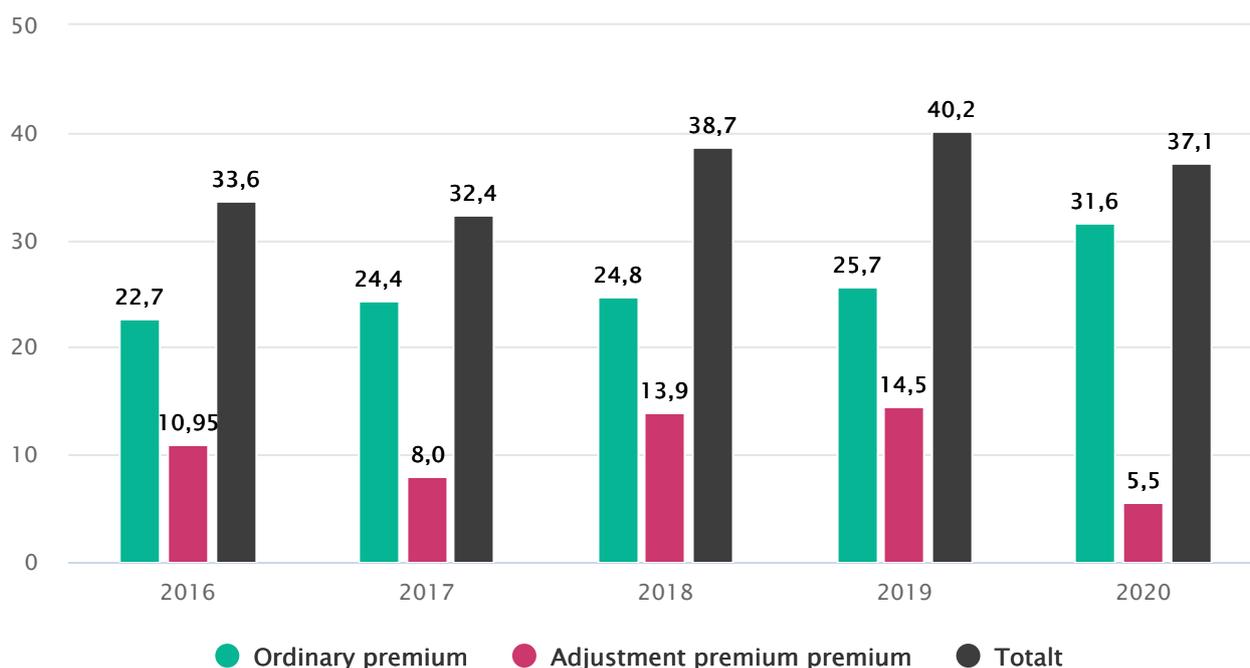
In the tendering procedure for Vestland county authority, KLP questioned the conduct of the award process. The company's arguments did not prevail, but it will take note of the experience in future award procedures.

Structural changes in the public sector, with public enterprises being incorporated into other public-sector entities, have brought a move from KLP to other pension funds. Among these enterprises, two umbrella organisations and ten companies chose to move their previously closed schemes for public-sector occupational pensions to another provider.

KLP saw a decrease in premium reserves of NOK 3.8 billion, or 0.8 per cent, in 2020.

Good solvency, strong results over time, low costs and high customer satisfaction have provided a basis for maintaining KLP's strong position in the market for public-sector occupational pensions.

Premium figures for pensions



Operations and management

2020 was an unusual year. The coronavirus pandemic brought big changes in our work, both out with customers and internally. Almost all operations and management tasks have been handled from outside the office since March 2020. Customer service, training and guidance, as well as meetings, were also dealt with via digital channels.

In 2020, 278,833 pensioners received pensions from KLP, and a significant increase in the number of pensioners is expected in the future. This is a result of growth in employment in the public sector, which will in turn lead to an increase in the year-groups taking their pensions in the future. Timeliness and quality in individual pension processing are among of KLP's most important tasks. Among other things, the company has initiated a large and demanding change programme. Through this change programme, KLP aims to upgrade IT systems and automate work processes to strengthen KLP's future competitiveness, through good and relevant service, market-leading pension guidance, and lower costs.

Private occupational pensions

KLP Bedriftspensjon AS was sold to DNB Livsforsikring AS. From the end of the year, public-sector occupational pension provision changed. This has reduced the strategic importance of KLP Bedriftspensjon to KLP, while the market for private occupational pensions is also changing.

The shares were transferred on 22nd of September 2020. During a transition period after the sale, KLP provided some services to the company to ensure a seamless transition for customers to a new owner. Some services are still being provided to the company through the first quarter of 2021. The sale of KLP Bedriftspensjon resulted in a loss compared to book values in the corporate portfolio. This is primarily related to future commitments that would have been charged to profits over time.

Non-life insurance

KLP Skadeforsikring had a good year in 2020. The main purpose of the non-life insurance business is to contribute to better non-life insurance products at low prices for owners and their members. The company is a major provider of insurance to this market, comprising companies with public-sector affiliation, and members of the Group's pension schemes. KLP Skadeforsikring is the market leader in the public-sector market, with a market share of 36.5 per cent.

The profit before tax was NOK 220.0 (165.6) million. The insurance result (premiums minus claims paid) for events occurring in 2020 was NOK 276 million, up from NOK 108 million in 2019. The improvement in profits is due to a general price adjustment and the fact that the company was not exposed to the same number of large claims as the year before. In 2020, three claims over NOK 25 million were recorded, with estimated costs of NOK 107 million, one of which is a 'natural peril'.

The company is seeing a larger number of medium-sized claims, especially within municipal property insurance. Claims in the range between NOK 5 and 25 million accounted for a total payout of NOK 190 (164) million.

Covid-19 had a greater effect on the company's operations than on the insurance results. In particular, travel insurance claims increased. In the initial periods, the number of claims made was five to six times higher than normal. The increase related to cancelled trips, evacuation and repatriation. In all, 6,800 claims were filed in the year with a total value of NOK 29 million, compared to 4,500 claims and NOK 23 million in 2019. Because of generally reduced travel in 2020, the tourism industry had a better claims result than in a normal year.

The effect of Covid-19 on the motor insurance segments is also thought to have been positive, and these sectors had lower claims costs than in a normal year. The reason for the improvement is believed to be reduced mobility and less holiday activity.

The authorities added Covid-19 to the list of recognised occupational illnesses in April 2020. The company is the market leader in employer's liability insurance for public-sector employees, and is therefore particularly exposed from this addition. There is currently considerable uncertainty as to the effect this will have on the underlying insurance risk.

The landslide in Gjerdrum affected the company in the same way as other insurance companies in Norway. The landslide is defined as a 'natural peril', and the Norwegian Natural Perils Pool has provisionally estimated the total damage at NOK 900 million. The company's financial liability is therefore based on its market share within domestic property insurance. There are further costs related to other types of claim arising from the landslide. The total cost to the company is estimated at NOK 47 million, of which the reinsurance programme will cover NOK 15 million.

The company's total claims ratio fell in 2020 to 83.0 per cent overall. If we disregard reserve adjustments to claims occurring before 2020, the claims ratio was 90.1 per cent: 99.3 per cent for the public sector/corporate market and 78.6 per cent for the retail market.

Payments for previously reported claims decreased by NOK 117 million for all sectors combined, corresponding to 6.4 per cent of the provisions at the beginning of 2020. The settlements are largely related to occupational injury products. Reserves are slightly reduced within property insurance, mainly because of pay-outs on older claims.

The financial markets were highly volatile through the first half of 2020, but showed a steady rise through the second half of the year. The return on investments for the year was very satisfactory. The total return on assets managed was 5 (6.7) per cent. The equity portfolio had a total return of 10.2 per cent. Fixed-income investments in the short and long-term portfolios produced returns of 4.8 and 3.2 per cent respectively. The Company has two real estate investments, in which its stake in a shopping centre was written down, while the office buildings were written up. The net effect was a write-up of NOK 6 million. The portfolio yielded an annual return of 5.2 per cent.

The cost/income ratio for own account was reduced to 17.6 (20.9) per cent in 2020. This was slightly lower than the target level, and is on par with the market in general.

The company meets all regulatory requirements by a good margin. The solvency margin (SCR) at the end of 2020 was 237 (240) per cent. The company has defined a long-term target for its solvency margin of at least 200 percent.

Bank

KLP's banking activities enjoyed good volume growth and delivered a good result in 2020. KLP's banking business is carried out by the KLP Banken subsidiary group, which comprises KLP Banken AS, KLP Kommunekreditt AS and KLP Boligkreditt AS. KLP Bankholding merged into KLP Banken AS with effect from 1 January 2020, and KLP Banken AS is now the parent company of the banking group. Through its banking business, KLP offers mortgages and other banking services to municipal and county authorities and companies working for the public sector.

KLP Banken is intended to be a direct bank for customers seeking a long-term and predictable partner. This is how the bank aims to be the preferred bank for retail customers who are members of KLP's pension schemes and find the bank's services and values attractive.

The Bank aims to provide products and services on competitive terms, to help companies that have chosen KLP as their pension provider to be viewed as attractive employers.

KLP Banken's presence in the market for loans to the public sector encourages competition and benefits the target group of municipal and county authorities and enterprises related to the public sector by providing access to favourable long-term financing. The bank provides guidance to customers in financing and municipal finances. The bank also manages lending for KLP's common portfolio.

The banking group's total lending under management at the end of 2020 was NOK 115.2 billion. Total managed lending volume increased by NOK 9.4 billion in 2020. Of the outstanding loans, NOK 38.2 billion was financed by the banking group and the remainder by KLP. The lending was split between NOK 23.7 billion in mortgages to private individuals and NOK 91.5 billion in loans to public-sector enterprises.

The banking group manages mortgages on its own account in KLP Banken AS and in KLP Boligkreditt AS. It also manages mortgages for KLP. In 2020, the bank paid out NOK 9.2 (7.9) billion in new mortgages. In line with the owners' wishes, it is pleasing that many young employees in the municipalities have mortgages from KLP Banken AS. The mortgage portfolios taken together had a growth of NOK 2.0 (2.1) billion in 2020.

KLP Banken AS offers credit cards to retail customers. At the end of 2020, drawn credit amounted to NOK 49.2 (63.1) million, across 9,200 (8,500) card users. The introduction of the debt register and the coronavirus pandemic have both contributed to a general reduction in consumer debt.

Through 2020, total deposit volumes from retail customers increased from NOK 9.9 billion to NOK 10.5 billion. The growth in deposits is slightly lower than the year before. This is believed to be related to the low interest rates through 2020. The number of active deposit customers in the retail market is over 42,000, of whom 70 (73) per cent are members of the pension schemes.

KLP Banken AS also offers deposit products to municipalities and businesses. At the end of 2020, deposits from this group came to NOK 1.3 (1.6) billion, which is 11 (18) per cent of total deposits. The bank's total deposits increased from NOK 11.5 billion to NOK 11.8 billion in 2020.

The KLP Group's lending to the public sector is managed by KLP Banken AS. On the banking operation's own account, loans to public borrowers are registered in the subsidiary KLP Kommunekreditt AS. KLP Banken AS also enters into loan agreements for the public sector on behalf of KLP. Total loans to public-sector borrowers stood at NOK 81.6 (73.4) billion at the end of

2020, an annual growth of NOK 8.2 (5.7) billion. Of this, lending for own account amounted to NOK 17.6 (16.5) billion. New loans amounting to NOK 15.3 (12.2) billion were paid out in 2020 to the public sector by companies within the KLP Group.

The banking group's current capital requirement, including capital buffers, is a 12.5 per cent tier 1 capital ratio and 16.0 per cent capital adequacy. We also maintain a buffer of at least 0.5 per cent of the actual capital requirement for Pillar 1 and Pillar 2 risks, so the bank's capital target is 16.5 per cent. At the end of 2020, capital adequacy was 19.5 (19.1) per cent.

The KLP Banken Group's result before tax and other comprehensive income was 136.8 (102.3) million. Of this, NOK 101.5 (75.6) million came from the retail market and NOK 35.2 (26.7) million from the public sector. The return on the bank's equity was 6.1 (4.8) per cent before tax.

Asset management

KLP is pleased with developments in KLP Kapitalforvaltning AS. KLP Kapitalforvaltning AS is the Group's asset management operation within securities and fund management. It had a total of NOK 596 billion under management at the end of 2020. The majority of the assets are managed on behalf of KLP and the subsidiaries in the KLP Group. KLP Kapitalforvaltning AS also offers fund products to members and other external investors.

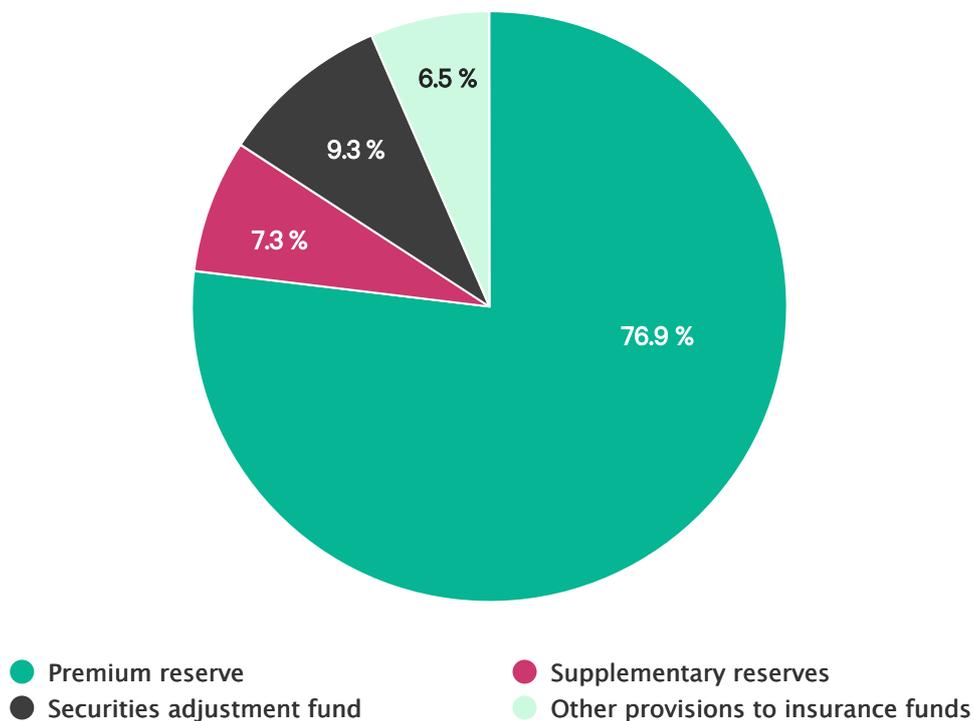
Asset management increased by NOK 32 billion in 2020. Net new subscriptions to KLP's securities funds from investors external to the Group and retail customers amounted to NOK 10.4 billion. KLP Kapitalforvaltning AS manages a total of NOK 103 billion for customers outside KLP.

During 2020, four new fund packages were established, so the company was managing 55 securities funds at the end of 2020. The new funds are Nordic Swan certified, which means that they have to satisfy strict requirements with respect to corporate social responsibility. The Swan-certified funds sold well in 2020 and returns were consistently better than for the index funds. KLP Kapitalforvaltning AS is the asset management company with the most Nordic Swan certified funds in the Nordic region.

KLP Kapitalforvaltning AS made a profit before tax of NOK 30.9 (44.3) million in 2020.

Insurance obligations

Contractual



Property

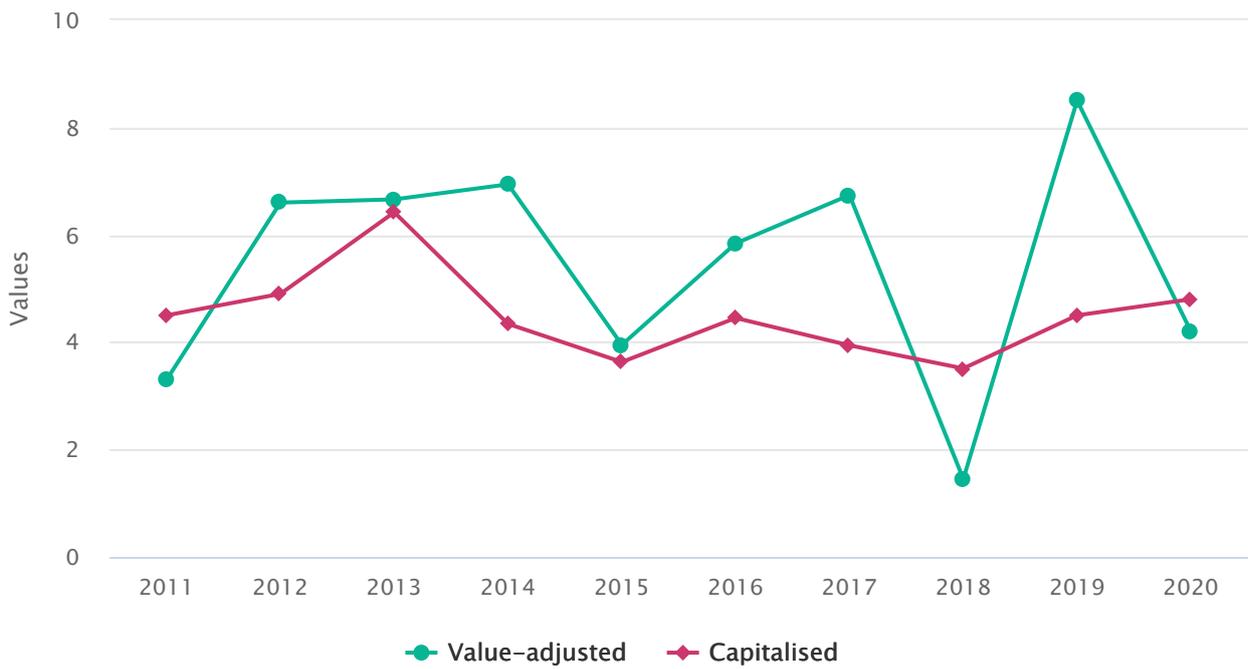
KLP Eiendom AS is maintaining a positive growth in property management for KLP. All management and development of the KLP Group's own properties is carried out through the wholly owned subsidiary KLP Eiendom AS. The company is one of Scandinavia's largest property players, and has operations in Norway, Sweden, Denmark, Luxembourg and the United Kingdom. The KLP Group's properties have good locations, a high standard of building, and efficient space utilisation. The property company prizes energy-saving and the environment, and is environmentally certified in accordance with ISO 14001 in Norway, Sweden and Denmark.

The property portfolio has grown substantially in recent years, and accounts for 13.3 per cent of the collective assets. Investments in property have contributed good returns.

With the coronavirus pandemic, the 2020 property year was challenging for hotels and city centre trade. This has weakened the results from these business areas. The office rental market has been largely stable, and with falling return requirements for attractive office buildings, this segment has shown a positive growth in value.

Property management is carried out only on behalf of the companies within the Group and has thus primarily contributed to returns on invested capital for the life insurance customers. Operating profit from property, including shares in external real estate funds, for the common portfolio of public-sector occupational pensions was 6.8 per cent.

Common portfolio



Company portfolio



Consultancy and services

KLP Forsikringservice AS provides insurance-related services to municipal and county council pension funds, including services such as actuarial officers. These services are based on the expertise and systems developed for KLP's pension business.

KLP Forsikringservice AS has an agreement for a wide range of services including member and pension administration.

Financial strength and capital-related matters

Under the Norwegian Financial Institutions Act, KLP is subject to the Solvency II regulations. Under these rules, a capital requirement is calculated from the total risk exposure the company has within insurance risk, market risk, operational risk, departure risk etc. Buffer capital in the form of the securities adjustment fund, supplementary provisions and risk equalisation fund reduces the capital requirement. Any remaining capital requirements must be covered by the solvency capital. Solvency is the difference between the fair value of the company's assets and liabilities. For assets that are recognised at a different value in the accounts, the value is adjusted to represent fair value in the Solvency II balance sheet. For KLP's insurance obligations, there are no observable market values. These are therefore calculated using a best estimate based on actuarial assumptions. There is also a risk margin to reflect the capital costs that would be incurred by a third party in assuming the obligations.

The buffer capital was eventually strengthened through the year despite a significant correction in the stock market in the period after Covid-19 was declared to be a pandemic. The securities adjustment fund decreased by NOK 0.6 billion to NOK 55.1 (55.8) billion. Supplementary reserves increased by NOK 7.2 billion to NOK 43.5 (36.2) billion.

The risk capacity was maintained at a level that indicates that expected returns can be kept above the annual interest guarantee in the solvency calculation.

The solvency capital was increased by NOK 1.0 billion with the payment of the planned and advertised annual owners' equity contributions. Of the profit for the year, NOK 611 million goes to owners' equity contributions and NOK 546 million to other retained earnings. The risk equalisation fund within the equity was reduced by NOK 136 million to NOK 5,404 million.

KLP's mutual status and creditworthy owners provide assurance that the company can meet its future obligations. This is reflected in Solvency II regulations, where this can be counted as solvency capital under more detailed rules. The Financial Supervisory Authority of Norway has agreed that KLP's recall rights established in its Articles of Association can be classified as supplementary capital in an amount equal to 2.5 per cent of the company's premium reserve. Today's approval applies up to 31.12.2023.

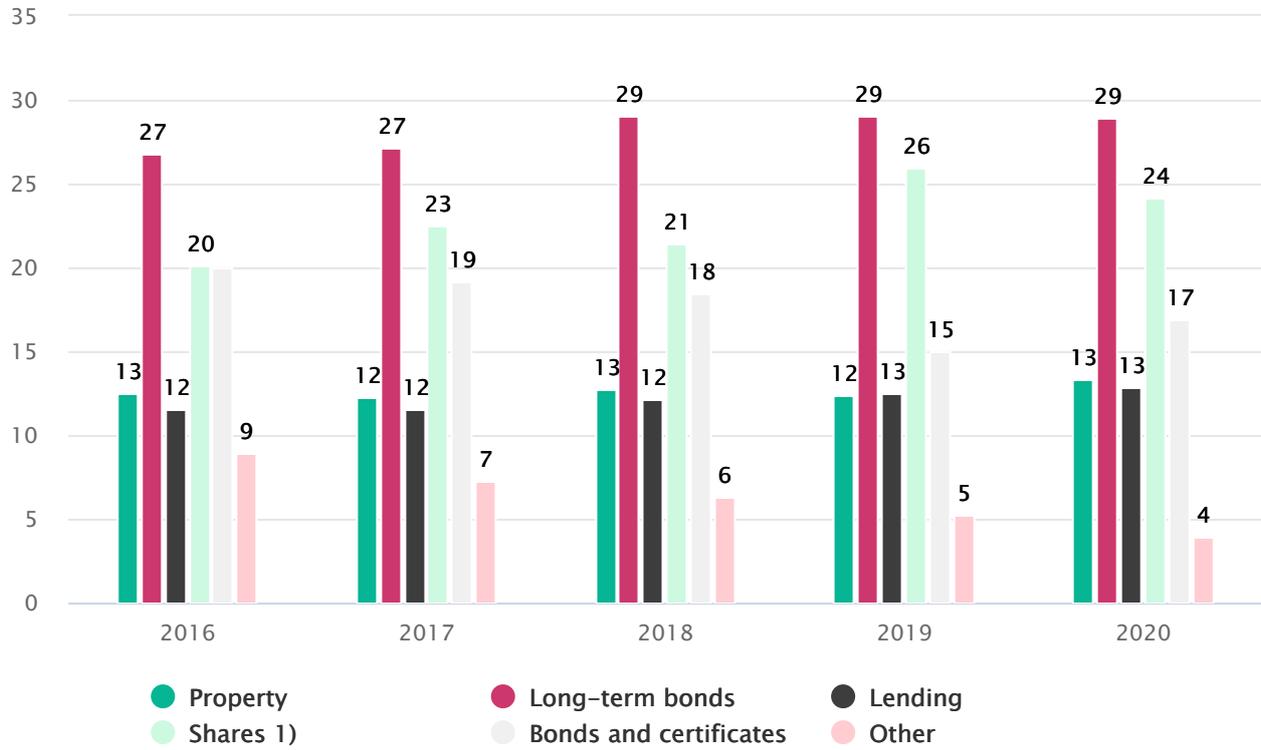
As the capital is not paid-up, it ranks as Group 2 or supplementary capital. Solvency II divides the solvency capital into three levels according to loss-absorption capacity, where Group 1 is the best and typically consists of paid-up capital that is free from restrictions in terms of covering any loss in the enterprise. Capital in Tier 2 may not exceed 50 per cent of the capital requirement. As KLP's premium reserve grew throughout the year, the supplementary capital increased by NOK 0.7 billion to NOK 11.5 billion. The company thus has more capital than can be used in the calculation, as 50 per cent of the capital requirement amounts to NOK 7.3 billion.

The solvency requirement for KLP was slightly up in 2020 at NOK 15.2 (14.6) billion. The eligible solvency capital increased by NOK 7.2 billion to NOK 43.3 billion. This is because the value of the assets increased by more than the liabilities. KLP's financial strength thus improved throughout the year. Without applying transitional rules, the company's capital adequacy is 286 (263) per cent. Taking account of the transitional arrangement for technical provisions, capital adequacy is 362 (319) per cent. Capital adequacy is thus well above the internal target of 150 per cent and the regulatory requirement of 100 per cent. For the Group, the solvency margin is 264 (253) per cent.

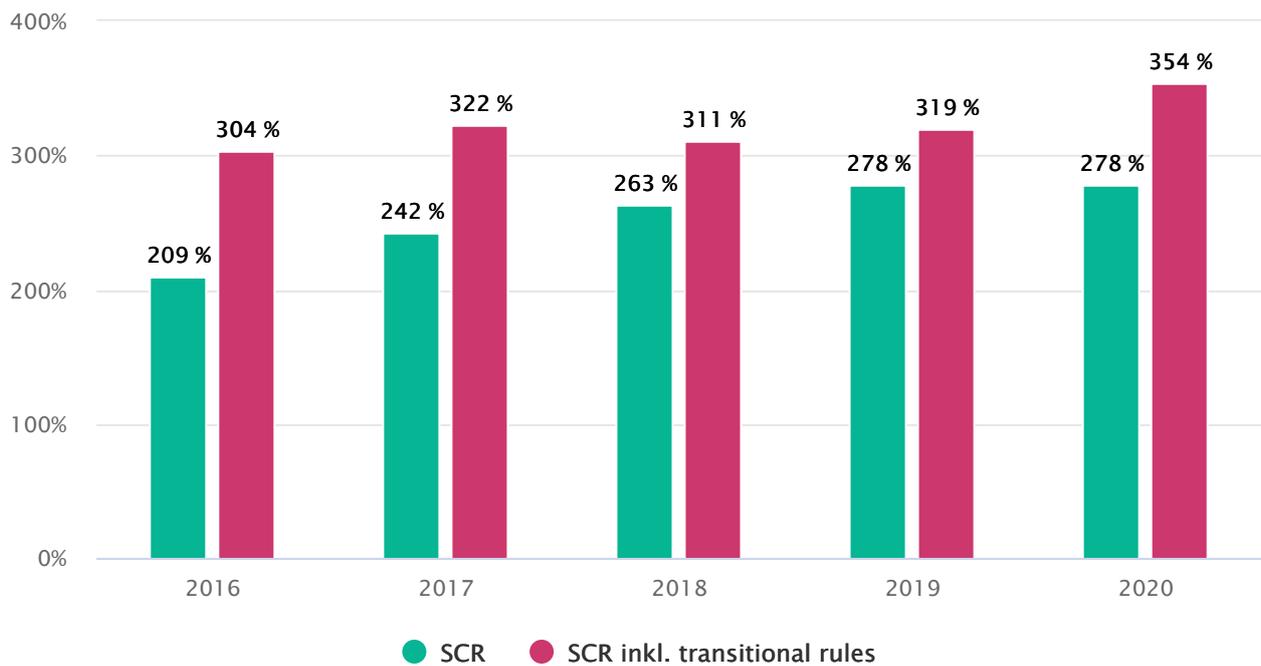
KLP's financial strength is rated at A2 by Moody's Investor Service and A- by Standard & Poor's, both with supplementary information on expected stable ratings for KLP.

Common portfolio in KLP solvency II

Assets (% of financial assets)



Solvency II



Risk

Monitoring and management of risk is a prerequisite for good wealth creation and security for pension assets. Identification, assessment and management of the risk factors, both to insurance and to financial management, are therefore key aspects of KLP's business. The risk profile is monitored within the individual operational entities and is assessed both by company and combined at Group level.

KLP carries out an annual 'Own Risk and Solvency Assessment' (ORSA). The self-assessment conducted in 2020 concluded that the company's risk management and solvency were consistently good in all areas. The control functions for risk management and actuarial functions are part of the Risk Management and Control section.

Underwriting risk

KLP's principal activity is public-sector occupational pension provision. This industry is characterised by predictability and, to a limited degree, by individual events that may affect results significantly. Developments in the incidence of disability and life expectancy affect the risk profile.

KLP uses the K2013 mortality assumptions (tariffs). These were in line with observed mortality rates in the insured population up to and including 2009, as well as the expected future increase in longevity based on Statistics Norway's projections. In recent years, Statistics Norway has updated its expectations for life expectancy. From 2021 onwards, KLP is strengthening its assumptions about longevity for men. Otherwise, the K2013 tables will be used.

KLP uses even stronger assumptions on longevity in the pension scheme for nurses and the pension scheme for hospital doctors because the people insured in these schemes have greater observed longevity than other groups. The margins in the longevity assumptions are considered to be satisfactory.

As of 01.01.2020 the premium reserve was set aside for all members born in 1954 and after, calculated according to the new harmonisation rules adopted in 2018. Reserves were also recalculated in connection with changes to the rules for public-sector occupational pensions from 01.01.2020. In total, the changes entail a 5 per cent release (NOK 23.2 billion) from the premium reserve. There are differences between the schemes resulting from the recalculations. These funds were allocated as part of the end-of-year close.

From 01.01.2020, new disability tariffs were introduced, in line with updated risk history. Further updates to history mean that the assumptions are changing again from 01.01.2021.

In the field of non-life insurance, the pricing of insurance risks is based on historical claims information, the risk of major claims and reinsurance costs. The company has a large proportion of long-tail business, a factor which, together with a large proportion of business exposed to large claims, contributes to a higher insurance risk than the market generally. This is reflected in a high solvency capital requirement. In order to mitigate this risk, further growth is sought within the retail market and the small-and medium-sized business market. Over time, this will have a stabilising effect on risk and results.

The reinsurance programme limits the company's own expense per claim event.

Return risk

KLP guarantees an annual minimum return on the management of its customers' pension assets linked to defined-benefit schemes. For this guarantee, KLP will charge an annual interest guarantee premium. The interest guarantee premium is priced on the basis of KLP's solvency, the investment risk that KLP takes, the general trend in interest rates, and any margin. The interest guarantee premium is priced anew each year, which helps to limit the risk associated with the return guarantee. With the good financial strength built up in KLP, the interest guarantee premium can still be kept low even if interest rates are low compared to the annual return guarantee.

Financial risk

Each year KLP works out a strategy for how the pension assets are to be invested. The investment strategy emphasises exploitation of the company's risk-bearing ability within a framework that dictates stability and the long-term view in asset management. Limits are defined for various financial risks such as credit risk, counterparty exposure, foreign exchange risk, use of derivatives and liquidity risk. A credit policy is also laid down for the Group, and credit limits for total exposure to individual counterparties are set by the Group's Credit Committee.

The financial risk is continuously monitored to ensure the risk is matched to the risk capability within the limits set in the investment strategy. With low interest rates, the priority is to maintain the company's ability to bear financial risk over time.

The responsibility for operational risk management and asset allocation lies with a separate organisational unit under the Finance division. This unit directs KLP's management strategy through mandates and ensures that asset management is within limits set by the Board of Directors. An independent control unit, the Risk Management and Control unit, headed by the CRO (Chief Risk Officer) is responsible for monitoring and reporting whether the management of the company's assets is being conducted within the limits set, applicable mandates and guidelines provided by the Board.

Liquidity risk

KLP has good liquidity, with substantial holdings of liquid securities that can be realised at short notice. Quarterly, advance premium collection with 30-day payment terms ensures regular replenishment of liquidity throughout the year. The premium payments are intended to cover commitments that only fall due several years into the future. The true liquidity position thus amounts to more than the balance on the current account, which is the definition of cash and cash equivalents in the cash flow statement.

Operational risk

KLP's operational risks are associated with undesirable events resulting from failures in internal working processes, employee error, dishonest acts and criminality or external events. All processes throughout the value chain are exposed to various types of operational risk. KLP has developed procedures for identifying, monitoring and taking necessary measures to reduce the risk of undesirable events. It is a general management responsibility at all levels to identify and follow up those deviations that occur.

Group senior management carries out an annual examination of significant operational risks in the business and these are delegated with ownership to an operational manager in the Group senior management team. The Board of Directors annually reviews the risk assessments and documentation on management and control measures established together with a total risk overview. Procedures have been established for independent controls and reporting at various levels. Tasks and functions are distributed so that conflicts of interest are avoided and responsibilities made clear.

Internal audit

The company's independent Internal Audit function carries out assessments of actuarial, financial and operational risks. Following consultation with the Board and Group senior management, assessment and testing are conducted in areas that are material and exposed to risk in the interests of satisfactory management and control. The result, with any recommendations on necessary measures to be taken, is presented to Group senior management and the Board and is followed up. This is further described in KLP's annual report in the section on 'Risk management and internal control'.

Compliance with statutes and regulations

The Compliance function in KLP assists Group senior management, the Board and employees in ensuring compliance with regulations and ethical standards. The head of the function reports to the CEO and its reports are discussed by the Board. The function takes a preventive approach

through advice, implementation and culture-building, and carries out control activities to maintain a good compliance culture. A more detailed description of the company's adherence to good corporate governance is given in the annual report, in the section on NUES and in the description of risk management and internal control in KLP.

Adjustments related to new and changed regulations

KLP is constantly working on the necessary adaptations following regulatory changes related to products, solvency and corporate governance. Here KLP has good and established processes within the respective areas. In recent years, the company has also focused on the increasing demand for changes to privacy policies and regulation related to financial crime, including anti-money laundering and sanctions regulations. This work has included technical adjustments, development of appropriate operational procedures, training activities and some organisational changes.

Within the privacy area, this has meant not only ensuring built-in privacy in established solutions, but also building a culture of including privacy impact assessments in all development and decision-making processes. This will be an ongoing task in the future too. In the autumn of 2020, analyses related to the transfer of personal data to countries outside the EU received particular attention as a result of the 'Schrems II' judgment from July 2020. This EU judgment invalidated the EU-US Privacy Shield Agreement, which covered transfers of personal data from the EU to the USA, and also has implications for transfers to non-EU countries other than the USA.

There have been efforts to ensure good and effective operational procedures for compliance with anti-money laundering and sanctions regulations in recent years. These received a lot of attention in 2020 also, and better and better operational solutions are being established. The organisation concerned with following up on anti-money laundering efforts has been strengthened with the establishment of a new role with overall responsibility for financial crime in the Group. KLP's core activities generally carry a low risk of money laundering. However, the Group also covers operations where transactions, customer relationships and other factors may involve a higher risk. This topic will therefore be high on the agenda in the future.

Efforts to establish good mechanisms to ensure compliance with both the data protection regulations and regulation related to work against economic crime will take a particularly high priority in 2021.

Communication and markets

KLP's positioning in 2020 aimed to safeguard and develop its position as the best provider of public-sector occupational pensions and to show us as a leading player in corporate social responsibility. KLP started the new decade with a major social responsibility campaign which told

how the company works with responsible investments to push for social improvement, and also continued its efforts to broaden awareness of public-sector occupational pensions. The 21st KLP Local Government Conference, with 300 delegates meeting in Trondheim, was a great success.

When the coronavirus pandemic struck Norway in March, communication plans were reworked and in April the company had a new, situation-based communication strategy in place. However, this communication remained true to the long-term goal for the brand - to promote and support those who were now on the front line in the crisis - Norwegian local government and healthcare workers.

In the wake of the lockdown in March, the company embarked on a major effort to digitise customer communications. Conferences, courses, seminars and large strategic meetings had to take a new form, both design-wise and technically. Webinars were produced and given to both members and owners as early as March/April. KLP's Climate Conference in autumn 2020 took the form of four live broadcasts from the new Deichman library in Oslo.

When the coronavirus pandemic struck, KLP prioritised meeting its owners' and customers' need for information about adjustments to the regulations, including how much a person can work while receiving a public-sector occupational pension. Through 2020, KLP also provided frequent information to customers and owners to reassure them during a tough period, including newsletters, webinars and a dedicated coronavirus web page on klp.no. The coronavirus pandemic led to a sharp increase in internal communication. In close cooperation with contingency management, frequent information was provided to employees in the form of intranet case-studies, videos and webinars about the coronavirus.

KLP's work on simplifying language and communication to customers has produced good results on all criteria the company uses to measure this. KLP evaluated 201 texts in 2020, from different business areas and on multiple channels. Each evaluation was followed up with tailored writing workshops or other measures.

For the second year in a row, KLP's annual report for 2019 won gold in the 2020 Farmand prizes, in the class for non-listed companies. KLP maintained a high profile in the media as a pension expert and as a leading corporate social responsibility company.

For KLP's digital customer interfaces, the company focused on measures to increase usability on all platforms. Based on insight and analysis, KLP worked systematically to make it even easier to navigate and complete user actions. KLP has introduced chat and chatbots to make it easier for members to get in touch with the company and get even quicker responses to their queries.

KLP has very satisfied customers. For public-sector occupational pensions, KLP is now at an all-time high for customer satisfaction among both public-sector and corporate customers. All business areas with one exception reached their customer satisfaction target in 2020. Customers

are particularly pleased with the service and expertise of KLP. For the corporate non-life insurance market, KLP is at the top of EPSI's customer satisfaction barometer for the tenth year in a row.

Results from the customer satisfaction survey in the retail market are above the targets in the group strategy in two out of three business areas and otherwise show stable customer satisfaction.

Focus on technology and digitalization

KLP's main task is to maintain the company's leading position as a provider of pensions to the public sector and enterprises affiliated to it, through competitive returns, low costs and high service levels. KLP now faces a number of business opportunities and challenges:

- A desire for continued streamlining of the business to further reduce the costs to customers.
- The need for good advisory services for members and employers in response to increasing overall complexity and wider choice.
- Increased competition, as well as increased awareness and knowledge about pensions and savings in the population could change the market situation in the longer term.
- New technological opportunities mean that we can use our strong position to create further value-added services for our customers and members.

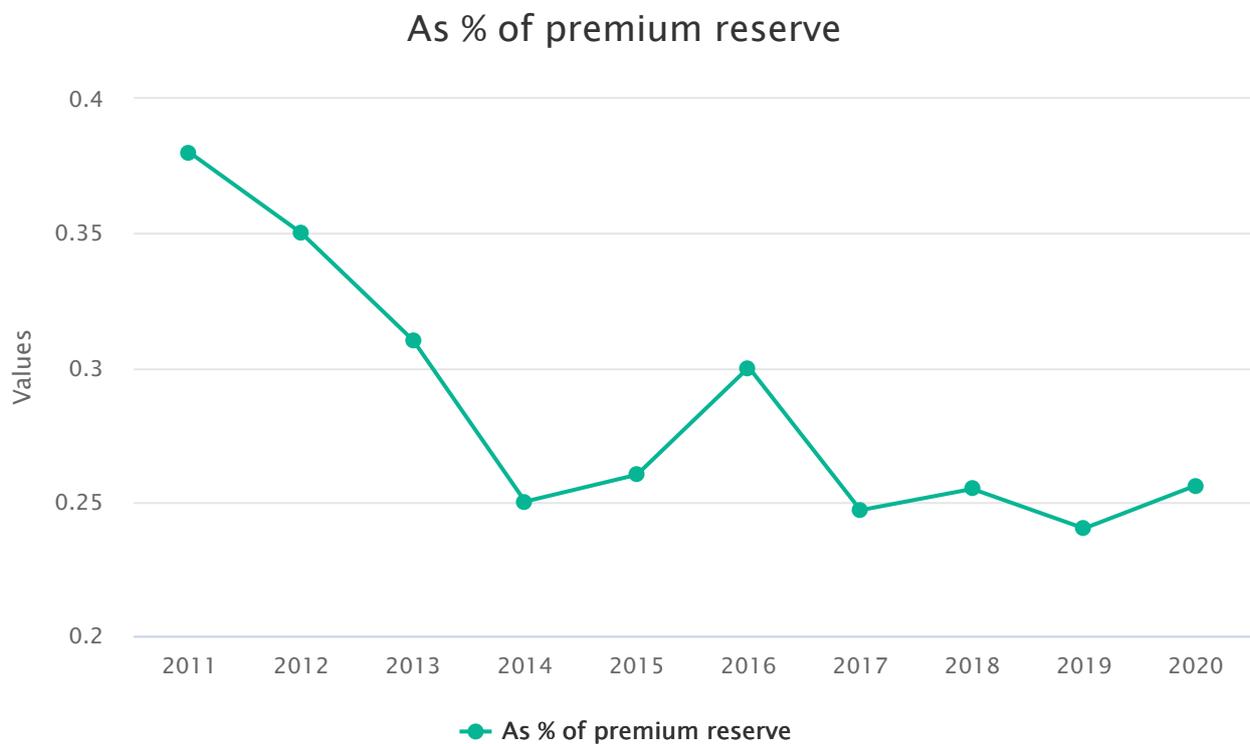
These strategic goals call for aggressive business and technological development. KLP's IT function will help to speed up the pace of digitisation, in order to be at the forefront of development. KLP uses both new and existing technology to streamline the business and to provide good digital services for employers and members.

KLP will leverage its unique insights into public-sector occupational pensions to develop value-added services through greater efficiency and automation. KLP has therefore launched one of the most comprehensive digitisation initiatives in the industry. Digital services for customers and members should ensure that the company is perceived as the best player within public-sector occupational pensions. Major priorities will be increased automation and self-service through the creation of a new pension platform, as well as new cloud-based solutions for a digital customer interface and a data warehouses, among other things. Work is well under way.

KLP's IT department has solid expertise in the pension area and the systems that KLP uses today. However, in order to succeed, significant changes must be made in technology, processes and organisation. The technology boost now being implemented requires significantly more implementation capacity than KLP has internally. Strategic partnerships with external players are an essential means of ensuring that we attain sufficient speed in the extensive development work to be carried out.

Administration costs

Percent



Corporate social responsibility

KLP's main task is to deliver secure and competitive pensions, both today and in the future – in a responsible and sustainable way. Who knows what the world will look like in 2070, when today's fresh graduates now just entering employment are set to retire?

Corporate social responsibility means taking responsibility for how KLP affects the world and the society we live in. But it is also about having a good understanding of the risks posed by the world's sustainability challenges to KLP. The UN Sustainable Development Goals summarise the most important challenges facing the world. The sustainability goals therefore provide the framework for KLP's work on corporate social responsibility.

KLP's ambition is to be a leader in corporate social responsibility and to integrate this into all parts of the business, which we have also committed to through the UN Global Compact, the UN Principles of Responsible Investment (PRI) and the UN Principles for Sustainable Banking (PRB).

KLP therefore aims to contribute to positive social development and faster progress towards a sustainable society. Achieving the climate target is one of the priority areas in our corporate social responsibility strategy, and KLP has been working particularly on issues related to climate change recently.

Integrating corporate social responsibility into all of our activities

The EU has produced an action plan for sustainable finance which aims to promote sustainable investments. An important part of the action plan is the EU taxonomy. This is a classification system that will be used to assess whether something is “green” or not. This is an important contribution from the EU to reducing greenwashing and grey areas in determining what is sustainable and what is not, and will have a huge impact on KLP going forward. KLP is required to report in accordance with the EU taxonomy from December 2021.

In September 2020, the consultancy PwC released a report assessing the way in which Norway’s 100 largest companies are working and reporting on climate issues. From a review of publicly available material and reporting, each company is placed in a category based on an overall assessment. KLP was placed in the category with the best overall rating and is one of four companies that can show cuts in emissions in line with the Paris Agreement. We are working systematically to reduce the climate footprint of our property management, lending and investments in other companies.

In 2020, the Board of Directors adopted a new criterion for exclusion as an instrument for KLP as a responsible investor. This criterion states that the company will make due diligence assessments of the investments and may decide to exclude companies on this basis if there is an unacceptable risk of them contributing to a breach of the KLP funds’ policies based on a combination of country, industry and company risk.

Increasing investments that promote sustainable development and support our financial goals

Climate change is one of the biggest challenges that we face, and climate-related developments pose a potential risk to financial stability. That is why climate is a topic KLP chooses to place high on the agenda. Of the various sustainable development goals, Goal number 13, “Climate action”, is the one that KLP considers most important to attain. One thing KLP needs to do to achieve this goal is to make climate-friendly investments. One of KLP’s goals is to maintain an investment portfolio in line with the ambitions of the Paris Agreement, and the company is actively working to understand the climate risks that affect pension capital and how the company can exert a positive influence.

KLP also aims to increase climate-friendly investments by at least NOK 6 billion each year. This is an important part of KLP's investment portfolio and investments that contribute to a genuine move towards a sustainable society. In 2020, KLP increased climate-friendly investments by NOK 8.8 billion, thereby surpassing its target by a good margin. The company has a significantly lower carbon footprint than our benchmark indices, which means that KLP finances only a small share of the world's emissions.

Investments in climate-friendly infrastructure projects which set KLP apart from other pension providers. KLP uses the leverage it gains from having over NOK 807 billion under management to contribute to faster progress towards a sustainable society, by directing investments at sustainable businesses and solutions. In total, KLP has invested NOK 51.4 billion (8 per cent of KLP's total investments) in climate-friendly investments in Norway and abroad. KLP has a firm desire to continue investing in the green transformation in Norway and is constantly looking for new investment opportunities.

Pushing companies and industries towards sustainable operations

In early 2020, KLP published the document "KLP's expectations as an investor". This sums up KLP's expectations of the companies we invest in; they should have profitable business models that are not harmful to people or the environment, and that contribute towards the achievement of globally adopted goals for a sustainable future. The document is a basis for discussions on responsible and sustainable wealth creation that KLP has with many companies. In 2020, KLP held meetings with and monitored several companies in relation to workers' rights, equality, taxes, and human rights violations in China.

KLP made determined efforts in 2020 to increase the number of company dialogues. One discussion that attracted attention was when KLP, along with several other investors, protested in the summer against increasing deforestation in Brazil through a joint open letter to the Brazilian authorities. The letter expressed concern about the depletion of the rainforest and the serious negative developments in the country concerning the environment and human rights. The letter grabbed the attention of the Brazilian authorities. A conference call was then held between the governor of the Central Bank of Brazil and KLP's CEO. KLP also attended meetings with the vice president and members of the government and members of congress in Brazil.

Another dialogue KLP has taken an active part in is the promotion of infant formula. According to Save the Children, some countries engage in dubious marketing of formula milk. In many cases, the practice is harmful to health and potentially fatal to the children, because the powder is often mixed with dirty water. Infant formula is produced, marketed and sold by several companies that KLP has invested in. KLP therefore takes the issue seriously, and is following this up with the companies and other relevant players. The right of children to good health is an important and concrete issue under Sustainability Goals 2, "Zero hunger" and 3, "Good health". Through our dialogue, with companies such as Nestlé, Danone, Abbot, Kraft and RB, KLP hopes to contribute to positive changes and to raise awareness of the issue.

Developing products and services that contribute to improvements in society

KLP Banken issued green loans for a total of NOK 1.15 billion in 2020. Altogether, this gave a market share of just over 56 per cent for green loans to municipalities, county municipalities and companies with public-sector affiliation. One of the largest loans went to new hybrid ferries in Møre og Romsdal county municipality. Since the loan programme was established in April 2019, KLP Banken has lent almost NOK 2.1 billion to sustainable projects in the municipalities.

In 2020, KLP Skadeforsikring continued its work on claim prevention with customers, with a particular focus on the challenges associated with fires in municipal rental properties. There has been a lot of attention on waste management in public buildings, and the measures that need to be taken to ensure full compensation in the event of a fire. One area that still concerns the attention of the municipalities is the possibility of preventing fires in municipal rental properties.

Through KLP's working environment network, several municipalities have fostered effective steps towards a health-promoting working environment and lower sickness absence, despite Covid-19. In 2020, KLP launched a sick leave calculator for the municipalities, a tool which enables them to see the benefits of efforts to promote health and reduce absence through sickness. The calculator allows the individual authority to get a better overview of the economic potential of reducing sickness absence.

Health-promoting workplaces are also high on the agenda in health enterprises, with a broad focus on cooperation to achieve this. In collaboration with the Centre for Senior Policy, NSF, Spekter, Fagforbundet and Unio, KLP will participate in a research project to build up knowledge about how to keep important professional groups within healthcare in employment for as long as possible. KLP is also working with students from various universities to develop the "Dialogskaper", a digital tool for tackling and talking about the working environment in their own workplaces.

KLP's Local Government Conference was held the week before the Norway locked down in March. The Local Government Climate Conference took the form of four interactive live broadcasts in the autumn. The aim remained the same; to provide the principal forum for climate work in the Norwegian local government sector each autumn. Many people watched the broadcasts live or in recordings, and the positive response suggests that KLP's conference broadcasts will focus on climate in 2021 also. During the broadcasts this autumn, KLP presented its climate prize to the municipalities for the second year. This year's prize went to Hå municipality in Jæren, for its project to produce biogas from cow dung. Second place went to Vestland county municipality and their project to electrify taxi services in the county. Hamar municipality took third place for Norway's first circular economy industrial park.

In 2020, KLP joined Skift - the climate initiative for Norwegian business. This is a network of Norwegian companies which aims to drive efforts to reach the country's climate targets by 2030, in order to ensure competitiveness and also to accelerate the green transformation.

The past year was naturally marked by the coronavirus pandemic, and KLP was no exception. For the company, operations have generally gone on as normal, even though all employees worked from home for much of the year.

In order to ease the situation for customers, emergency loans have been offered to municipalities, and our shopping centre tenants have had their rents reduced.

Employees and health, safety and the environment (HSE)

Employees

The company's employees are the most important input factor for KLP to achieve its targets, so the health, safety and well-being of the employees is important if injuries and undesirable effects are to be avoided. The aim is to facilitate a good physical and psychosocial working environment characterised by job satisfaction. These are important prerequisites for good quality work, better results for the business, greater competitiveness, customer confidence and individual enthusiasm for work. No serious occupational accidents were reported in 2020.

KLP has a target to keep sickness absence below 4.0 per cent. Absence through sickness in 2020 totalled 3.24 per cent, which means that we have reached the target for the second year in a row. Like many other businesses, KLP has also seen lower levels of sickness absence during the coronavirus pandemic. A lot of the work and discussions within KLP have been about how to prevent illness and ill-health as a result of working from home. A number of measures have been taken to contribute to the best possible physical and psycho-social working environment in people's home offices. There has also been a focus on providing managers with the expertise and support to take good care of their employees through these unusual times.

3.8 per cent of the employees left KLP in 2020.

The employee survey for 2020 shows that KLP still scores high on job satisfaction and commitment. Webinars have been given for managers and employees to raise awareness of what is needed to create a good working environment at a time when we are working from home.

Equal opportunities and diversity

KLP wants to be an attractive workplace where all employees feel that they are respected for who they are, regardless of gender, ethnicity, religion, beliefs, disability, sexual orientation, gender identity, gender expression, age and other vital attributes.

KLP collaborates with FRI (the National Association for Lesbians, Gays, Bisexuals and Transgender People) to run the course on 'Pink Competence'. The aim is to give staff and managers good advice and ideas on how to talk confidently about sexual orientation and gender expression in the workplace. KLP aims to be an inclusive workplace where people can be themselves. KLP is also a member of the Network for LGBT people (the collective term for lesbian/gay/bisexual/transgender persons) in the workplace, which consists of employers who wish to engage with this issue related to working life.

The induction programme for new employees takes them through KLP's core values, ethical guidelines and policy for equal opportunities and diversity.

KLP aims to have a gender balance in the company, and is making special efforts to achieve this in executive posts and more responsible positions. The goal is to have at least 40 percent of each gender among managers. On average at all management levels, this goal has been achieved in 2020, but have different distributions at the different management levels. KLP aims to work systematically to achieve a gender balance and has initiated several measures in this area. These initiatives are related to recruiting and capturing female candidates in recruitment processes, the digital job fair #Osskvinner, internship programmes, salary processes with a continued strong focus on equal pay, management development, changing employee attitudes and identifying and developing talented individuals.

Remuneration policies

KLP's aim is to offer its employees good, market-matching salary and employment terms and conditions. The subsidiary KLP Kapitalforvaltning AS operates in markets where part of the salary is based on profits achieved and therefore offers salaries that are partly performance-based to employees who have direct responsibility for profits. In accordance with the regulations, payment of this remuneration is spread over several years and is partly linked to the growth in value in selected securities funds, because KLP as a mutual company does not have its own exchange-listed equity instruments. There is no performance-based pay anywhere else in the Group.

External environment

KLP's impact on the external environment and climate comes directly from its own activities, indirectly through partners and suppliers, and through investments in companies and property. KLP has ambitious goals to reduce this footprint. As regards the company's own operations, KLP's overall goal is to halve greenhouse gas emissions from 2010 levels by 2030. KLP is well placed to meet this reduction target. This is described in more detail in the Sustainability Report.

Regulatory framework

Changes in the pension market – public-sector occupational pensions

The Government and the social partners agreed on a new pension scheme in March 2018, to take effect from 1 January 2020. The aim of a new old-age pension model is that it should give better support during working life and provide for greater mobility between the public and private sectors.

The public-sector pension schemes are anchored partly in law and partly in collective agreements between the employer and employee organisations.

New rules on retirement pensions for members with special age limits are still pending. This also applies to the AFP system, which is changing in 2025 from an early retirement scheme to a lifetime pension benefit, following the pattern from the private sector.

Other matters

Changes in KLP's Board of Directors

There have been no changes to the Board. The former Deputy Governor of Norges Bank, Egil Matsen, joined the Board as a substitute director in 2020.

Owner relations

KLP prizes good dialogue with its owners. This provides the company with important input to strategic questions and useful feedback on day-to-day operations. As before, KLP arranged owner meetings around the country in 2020 too. The company also attended directors' meetings in the health enterprises. Semi-annual resource group meetings were also held for councillors/municipal directors. Resource group meetings for local authority chief executives were also held.

Corporate governance

KLP's articles of association and applicable legislation provide guidelines for corporate governance and management, and define a clear division of roles between governing bodies and executive management. The Board of Directors of KLP carries out an annual review of corporate governance (NUES). As KLP has not issued any equity instruments and so is not exchange-traded, there will be some differences from the Norwegian Code of Practice for Corporate Governance (NUES) as set out in a separate section of the annual report. Election procedures for

the corporate assembly are tailored to the direct form of ownership with important stakeholder groups having assured representation on the corporate assembly, in accordance with the company's Articles of Association.

The Board of Directors has established an Audit Committee, a Remuneration Committee and a Risk Committee. The Board undertakes an annual assessment of its own business and competence.

The way forward

The company's vision is for KLP to be the best partner for the days to come. This is a picture of how the company wants owners and customers to see KLP strengthening their finances, simplifying their everyday lives, helping to make customers attractive employers and contributing to a more sustainable public sector. The key to this work are the values: Open, Clear, Responsible and Committed, which all staff should reflect in their dealings with the company's customers and colleagues.

KLP aims to be a pension provider which differentiates itself from other companies operating in the same markets. KLP's mutual status provides the best starting point for ensuring that any value added will benefit the member businesses. When the company runs at a profit, this is used to lower premiums or boost financial strength, or passed on to member companies in the form of lower costs. The result is reduced payments to KLP. This leaves more money for schools and hospitals, or other priority tasks that our member companies are responsible for. The way in which KLP runs its business therefore has a direct impact on how they discharge their social obligations. In short: "All wealth creation should accrue to the customers. KLP's job is to deliver the best possible services at the lowest possible price."

KLP's main goal is to be Norway's leading provider of pensions to the public sector. KLP aims to deliver secure and competitive pension, financial and insurance services to the public sector, enterprises associated with it, and their employees. KLP's most important task is therefore to provide pensions with a competitive rate of return over time, the lowest costs and a high level of service. The company's pension experts have over 10,000 individual pension discussions each year and the customer service desk takes more than 200,000 phone calls.

Managing large assets on behalf of the community carries an obligation. KLP's management of savings is very important to the company's customers and owners, but also indirectly to many more people in Norway and abroad. By making capital available, KLP enables companies to grow and create new products and jobs. With this comes increased social responsibility. KLP is fortunate to have committed owners who provide clear direction for how KLP should use the capital responsibly in its investments. Corporate social responsibility is on the agenda for the company every day and in every part of the business.

KLP is a knowledge company with more than 1,000 employees. KLP can and should become more visible as a pension expert so the company's broad expertise can also benefit others. Pensions have been an increasingly important topic in the media and in the general public debate in recent years. As an expert in this area, KLP will work actively to improve access to knowledge and expertise on pensions and savings. KLP aims to be perceived as a credible and skilled pension adviser – the company's goal is to be the best.

Major structural changes in the local government sector and changes in our main product, public-sector occupational pensions, each place demands on KLP's strategic readiness and ability to get better and more efficient. Risk assessments and monitoring are carried out in order to identify the impact that this could have on KLP's operations, and measures to address this development.

KLP is currently developing new and more efficient technological solutions and adapting its skills to stay competitive. The company is striving bring costs down still further. A good overall customer experience is being developed on the basis of what provides the best customer value. Customers expect self-service solutions and seamless processes with user-friendly interfaces and short response times.

The world is facing major sustainability issues at the local and global level. KLP is part of this picture, and these challenges involve both risks and opportunities. KLP will actively use the powers of influence that the company has, as Norway's largest life insurance company, in the work for a more sustainable environment. The desire to make a difference in social responsibility and sustainability is central to KLP's daily operations. An active engagement with society, the environment and responsible investments should contribute to a good development in a long-term perspective. Social responsibility is integrated into all business processes through e.g. responsible management of pension assets, work on ethics and high environmental standards in buildings that KLP owns. KLP has socially engaged owners who want the company to both ensure a good predictable return and also to lead the industry in social responsibility. Above all, the owners want KLP to contribute to achieving the UN Sustainable Development Goals.

With good financial strength, KLP is well positioned to further develop the business in a way that will continue to create good long-term values for customers, owners and their employees.

Oslo, 18 March 2021

The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

EGIL JOHANSEN
Chair

JENNY FØLLING
Deputy Chair

CATHRINE M. LOFTHUS

KARIANNE MELLEBY

ODD HALDGEIR LARSEN

ØIVIND BREVIK

SUSANNE TORP-HANSEN
Elected by and from the employees

FREDDY LARSEN
Elected by and from the employees

SVERRE THORNES
Group CEO

Income statement

KLP GROUP

NOTE	NOK MILLIONS	2020	2019
21	Premium income for own account	38 955	42 716
5	Current return on financial assets	14 793	16 301
5	Net interest income banking	329	294
5	Net value changes on financial instruments	15 331	42 247
16	Net income from investment properties	5 080	4 314
33	Other income	1 136	762
	Total net income	75 625	106 634
21	Claims for own account	-29 780	-21 616
21	Change in technical provisions	-19 000	-29 954
	Net costs subordinated loan and hybrid Tier 1 securities	-478	-372
32	Operating expenses	-1 888	-1 892
37	Sale of business	-183	0
33	Other expenses	-1 258	-1 145
	Unit holder's value change in consolidated securities funds	-11 074	-14 736
	Total expenses	-63 662	-69 715
	Operating profit/loss	11 963	36 919
21	To/from securities adjustment fund – life insurance	245	-22 277
21	To supplementary reserves – life insurance	-7 749	-8 052
21	Assets allocated to insurance customers - life insurance	-2 803	-3 398
	Pre-tax income	1 657	3 193
23	Cost of taxes ¹	-860	-1 201
	Income	797	1 992
28	Actuarial loss and profit on post employment benefit obligations	-88	151
21	Adjustments of the insurance obligations	12	-16
23	Tax on items that will not be reclassified to profit or loss	19	-34
	Items that will not be reclassified to profit or loss	-57	101
	Revaluation real property for use in own operation	392	209
16	Currency translation foreign subsidiaries	1 778	-353
21	Adjustments of the insurance obligations	-1 778	353
23	Tax on items that will be reclassified to profit or loss	-98	-52
	Items that will be reclassified to income particular specific conditions are met	294	157
	Total other comprehensive income	238	258
	Total comprehensive income	1 034	2 249
	¹ Unit holders share of taxes in consolidated securities fund	-255	-236

Financial position statement

KLP GROUP

NOTE	NOK MILLIONS	31.12.2020	31.12.2019
23	Deferred tax assets	61	62
25	Other intangible assets	684	460
22	Tangible fixed assets	2 557	2 072
17	Investments in associated companies and joint venture	4 240	3 062
7,16	Investment property	81 485	74 545
6,13	Debt instruments held to maturity	28 986	29 701
6,13	Debt instruments classified as loans and receivables	154 180	150 580
6,7,13,15	Lending local government, enterprises & retail customers at fair value through profit / loss	589	602
6,13,15	Lending local government, enterprises and retail customers	115 071	105 727
6,7,13	Debt instruments at fair value through profit or loss	193 814	170 810
6,7	Equity capital instruments at fair value through profit/loss	204 982	206 949
6,7,13,14	Financial derivatives	11 561	7 582
6	Receivables	6 179	2 484
6,8	Assets in defined contribution-based life insurance	0	4 906
13	Cash and bank deposits	2 772	3 194
	TOTAL ASSETS	807 161	762 737
	Owners' equity contributed	18 194	16 540
36	Retained earnings	21 222	20 799
	TOTAL OWNERS' EQUITY	39 416	37 339
6,18,19,20,38	Hybrid Tier 1 securities	1 764	1 738
6,18,20,38	Subordinated loan capital	3 135	6 012
28	Pension obligations	934	790
21	Technical provisions - life insurance	595 068	567 883
6,21	Provisions in life insurance with investment option	0	4 906
21	Premiums, claims and contingency fund provisions - non-life insurance	2 729	2 604
6,20,38	Covered bonds issued	24 997	24 415
6,20,38	Debt to credit institutions	14 216	8 199
6,20	Liabilities to and deposits from customers	11 781	11 487
6,7,14	Financial derivatives	789	856
23	Deferred tax	1 425	1 247
34	Other current liabilities	6 859	6 298
	Unit holders' s interest in consolidated securites funds	104 050	88 963
	TOTAL LIABILITIES	767 745	725 398
	TOTAL EQUITY AND LIABILITIES	807 161	762 737
35	Contingent liabilities	27 659	23 344

Oslo, 18 March 2021

The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

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Group CEO

Changes in Owners' equity

KLP GROUP

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

2019 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 1 January 2019	14 554	19 303	33 857
Income	754	1 238	1 992
Items that will not be reclassified to income	-	101	101
Items that will be reclassified to income later when particular conditions are met	-	157	157
Total other comprehensive income	-	258	258
Total comprehensive income	754	1 496	2 249
Owners' equity contribution received (net)	1 232	-	1 232
Total transactions with the owners	1 232	-	1 232
Owners' equity 31 December 2019	16 540	20 799	37 339

Statement of cash flows

KLP GROUP

NOK MILLIONS	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Direct insurance premiums received	32 046	38 467
Reinsurance premiums paid	-71	-56
Direct insurance claims and benefits paid	-21 508	-20 585
Reinsurance settlement received for claims and insurance benefits	0	42
Payments received on transfer	2 850	499
Payments made on transfer	-7 593	-399
Payments to other suppliers for products and services	-2 377	-1 804
Payments to staff, pension schemes, employer's social security contribution etc.	-1 056	-1 123
Interest paid	-1 083	-1 529
Interest received	11 867	12 195
Dividend received	5 829	6 048
Tax and public charges paid	-600	-533
Payments from property operations	3 611	3 604
Net receipts/payments of loans to customers etc.	-8 200	-9 659
Net receipts on customer deposits banking	295	825
Receipts on the sale of shares	118 389	62 788
Payments on the purchase of shares	-105 267	-72 988
Receipts on the sale of bonds and certificates	56 999	81 697
Payments on the purchase of bonds and certificates	-79 275	-84 318
Receipts on the sale of property	83	284
Payments on the purchase of property	-3 167	-6 403
Payments to investments in assets with investment option	0	-905
Net cash flow from purchase/sale of other short-term securities	-5 046	-8 308
Net cash flows from operating activities	-3 272	-2 162
CASH FLOW FROM INVESTMENT ACTIVITIES		
Payments on the purchase of tangible fixed assets etc.	-332	-301
Net cash flows from investment activities	-332	-301
CASH FLOW FROM FINANCING ACTIVITIES		
The minority's share of operational activities	3 341	-329
Payments on subordinated loan capital	-3 737	0
Receipts on loans from credit institutions	12 720	9 000
Disbursements on loans from credit institutions	-10 206	-7 224
Receipts of owners' equity contributions	1 285	1 241
Payments on repayment of owners' equity contributions	-241	-9
Net cash flows from financing activities	3 162	2 679
Net changes in cash and bank deposits	-443	216
Effect of exchange rate changes on cash and cash equivalents	21	-31
Holdings of cash and bank deposits at start of period	3 194	3 009
Holdings of cash and bank deposits at end of period	2 772	3 194

Notes



Notes

Note 1 **General information**

Kommunal Landspensjonskasse gjensidig forsikringselskap (the Company) and its subsidiaries (together the Group) provide pension, financial, banking and insurance services to private individuals, municipalities and county administrations, health enterprises and to enterprises both in the public and private sectors.

The largest product area is group pensions insurance. Within pension insurance the Group offers local government occupational pensions, defined benefit pensions and defined contribution pensions. In addition the Group offers group life and non-life insurance, banking services, fund and asset management.

Kommunal Landspensjonskasse (KLP) is a mutual insurance company registered and domiciled in Norway. The Company has its head office in Dronning Eufemias gate 10, Oslo.

The Group's annual financial statements may be accessed at www.klp.no.

The Group has subordinated loans listed on the London Stock Exchange and part of the Groups' issued covered bonds are listed on Oslo Stock Exchange.

Note 2 **Summary of the most important accounting principles**

Below follows a description of the most important accounting principles used in the consolidated financial statements. These principles have been used consistently for all periods presented.

2.1 FUNDAMENTAL PRINCIPLES

The consolidated financial statements for KLP have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU with certain supplements resulting from the Norwegian Accounting Act and the Regulations on annual accounts for insurance companies.

The annual financial statements have been prepared based on the principle of historic cost, with the following exceptions:

- Investment properties valued at fair value through profit and loss
- Investment property for own use is revalued to fair value
- Financial assets and liabilities (including derivatives) are value at fair value through profit and loss
- Financial assets and liabilities are valued in accordance with the rules on fair value hedging

In preparing the annual financial statements management must make accounting estimates and discretionary evaluations. This will affect the value of the Group's assets and liabilities, income and expenses recognized in the financial statements. Actual figures may deviate from estimates used. Areas in which discretionary valuations and estimates have been used that are of material significance for the Group are described in Note 3.

All sums are presented in NOK millions without decimals unless otherwise stated.

The financial statements have been prepared in accordance with the going concern assumption.

2.1.1 Changes in accounting principles and disclosures

a) New and changed standards adopted by the Company/Group in 2020:

Changes have been made to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies with regard to accounting estimates and errors, to ensure that materiality is defined consistently in standards and policies. The changes clarify when information is considered material and further guidance is included in IAS 1 concerning immaterial information. In particular, the changes clarify:

- that the concept of obscuring material information relates to situations in which the effect corresponds to the information having been omitted or misleading and that the entity must consider materiality in relation to the accounts as a whole, and
- the primary users of general-purpose financial statements, at whom the financial statements should be aimed, by defining these users as current and potential investors, lenders and other creditors who need to use general-purpose financial statements as supporting documentation for large parts of the financial information they require.

The IASB has published a revised conceptual framework that will be used to set standards with immediate effect. Key changes include:

- greater emphasis on the responsibilities of management with regard to the objectives of financial reporting
- reintroducing the idea of caution as a subset of neutrality
- defining a reporting entity, which may be a legal entity or part of an entity
- updating the definitions of assets and liabilities
- removing the probability threshold for recognition and adding guidance on exclusions
- providing more guidance on various measurement bases and
- emphasising that the statement of profit or loss is the key measure of performance and that revenue and costs in other comprehensive income (“OCI”) should be recycled when this strengthens relevance or provides a more credible reflection. No changes will be made to any of the current accounting standards.

IBOR reform/reference rate reform – changes to IFRS 7 and IFRS 9:

The IBOR reform affects a number of agreements that set interest rates according to a benchmark index. The changes to the regulations provide some easing arising from the benchmark interest rate reform. The easing relates to hedging accounting and means that the reform generally results in hedging accounts not being closed. Any ineffective hedging must still be recognised in profit and loss.

IFRS 9 Financial instruments, became operative from the 1st of January 2018 and covers classification, measurement and recognition of financial assets and liabilities, introduces new rules for hedge accounting, with a new impairment model for financial assets. Financial assets are classified into three categories:

- Amortized cost
- Fair value with value changes through profit or loss
- Fair value with value changes through other comprehensive income

The measurement category is decided on initial recognition. Classification depends on the company's/group's business model for managing its financial instruments and the characteristics of the individual instrument's cash flows. The provisions in IFRS 4 Insurance Contracts give companies/groups with insurance-dominated operations two alternative temporary exceptions from the new requirements in IFRS 9.

The exceptions arise out of concerns that IFRS 9 comes into force before the new standard on *insurance Contracts, IFRS 17*.

1) Companies/groups with insurance-dominated operations are allowed, but not obliged, to apply the current rules for financial instruments (IAS 39) when drawing up IFRS accounts for the financial years 2018, 2019 and 2020. To be regarded as an insurance-dominated undertaking, the requirement is that the insurance liability must constitute at least 90% of the total liabilities, or at least 80% on condition that the undertaking is not involved in significant activities that are not related to insurance. To calculate whether the condition is met, figures for 31.12.2016 should be used.

For the KLP Group, 93.9% of the business is considered to be related to insurance, so the criterion for applying temporary exceptions is fulfilled. This is shown in the table below:

NOK MILLION	
INSURANCE RELATED LIABILITIES	
Hybrid Tier 1 securities	1 650
Subordinated loan capital	6 220
Pension obligations	712
Technical provisions- life insurance	453 943
Provisions in life insurance with investment options	1 674
Premiums, claims and contingency fund provisions - non life insurance	2 245
Financial derivatives	5 871
Deferred tax	403
Other current liabilities	4 823
Unit holder's interest in consolidated securities fund	55 916
Total insurance related liabilities	533 456
Total liabilities	568 290
Share of insurance related liabilities	93.9%

The KLP Group will make use of this temporary exception and will therefore not implement IFRS 9 before 01.01.2021 or later.

1) Groups with insurance activities which wish to implement IFRS 9 may elect to reclassify items between profit and loss and other income and expenses (other comprehensive income) in accordance with the rules under IFRS 4 for the financial years 2018, 2019 and 2020. The method allows differences in valuation between IAS 39 and IFRS 9 to be eliminated on selected financial assets.

The Group has not chosen to make use of this temporary exception.

In June 2020, amendments to IFRS 4 extending the temporary exemption to apply IFRS 9 were published. IFRS 9 will be introduced for all life and non-life activities on 01.01.2023.

Otherwise, there are no other IFRSs or IFRIC interpretations not yet in force that are expected to have a significant impact on the financial statements.

b) Standards, changes and interpretations of existing standards that have not come into effect and where the Group has not chosen advanced application.

A limited change was made in IAS 1 Presentation of Financial Statements, specifying that debt must be classified as short-term or long-term debt based on the rights that exist at the end of the reporting period. The classification is unaffected by expectations for the entity or events after the balance sheet date (e.g. breach of borrowing terms). The changes also specify what IAS 1 means when it refers to the “settlement” of a commitment. It also specifies that breach of

borrowing terms once the period has ended must be taken into account, even though no measurement is performed at this time. The changes may affect the classification of debt, particularly for entities that previously considered management's intentions in determining the classification, as well as for certain debt items that can be converted to equity. The change must be applied retroactively in accordance with the main rule of IAS 8 Accounting Policies and will enter into force from 1 January 2023.

The new standard for insurance contracts, IFRS 17, was published by the IASB in 2017, but has not yet been approved by the EU. The standard will replace the current standard for insurance contracts, IFRS 4, and will be implemented from 1st of January 2023. The definition of what constitutes an insurance contract has not changed, although some clarifications have been made limiting what is considered to be a qualifying contract that is to be treated in accordance with IFRS 17. Unlike IFRS 4, IFRS 17 also contains rules on how insurance contracts are to be valued and presented. The standard describes a valuation model where the insurance liability is based on the expected present value of future cash flows, plus a risk margin and a profit margin. There are also simplified models available that can be used under certain conditions. The present value can be calculated by identifying the expected cash flows of the contract at a market rate. The risk margin must reflect non-financial risk that makes the insurer indifferent to entering into the contract. Any positive profit margin is capitalised and recognised through ordinary profit and loss as the entity is released from insurance risk. A negative profit margin (loss) is recognised in profit and loss immediately.

The standard assumes that insurance contracts that have approximately equal risk and are managed collectively as a portfolio are grouped according to whether they are profitable, loss-making or profitable with a risk of becoming loss-making. The maximum permitted difference in the issuance of the contracts included in a group is 12 months.

The general rating method is modified for certain contracts issued by life insurance companies where policyholders share the return from underlying assets. In this model, the company's share of changes in value in underlying items will be included in the profit margin.

A simplified premium allocation can be selected for the liabilities for the remaining coverage of short-term contracts, which are often issued by non-life companies.

The general rating method is modified for certain contracts issued by life insurance companies where policyholders share the return from underlying assets. In this model, the company's share of changes in value in underlying items will be included in the profit margin.

The standard requires retrospective application but allows certain simplifications where full retrospective application is practically impossible. There will be a high threshold for the use of simplifications.

In June 2020, an updated version of the standard was introduced, where the matter of significance for the group is that the mandatory implementation date has been changed to 01.01.2023.

The Group has started an extensive implementation project of IFRS 17. A preliminary survey of the Group's insurance contracts has been carried out with a view to whether they are within the standard or not, which valuation model the various qualifying contracts belong to and how they should be grouped. The conclusions are working hypotheses that are being further worked on. It is thus not clear how the standard will affect the company's equity if it is implemented in the company accounts. It is nevertheless clear that it is considered that the new rules will affect the financial accounts and key figures for companies that issue insurance contracts or investment contracts with returns that are discretionary.

2.2 CONSOLIDATION PRINCIPLES

2.2.1 Subsidiaries

All entities in which the Group has decisive influence/control are considered subsidiaries. Control is normally achieved through ownership of more than half of the voting capital. The effect of potential voting rights that can be exercised or converted at the end of the reporting period is included in the assessment of control. Subsidiaries are consolidated from the date on which the Group takes over control and they are omitted from consolidation when that control ceases.

In accordance with the changed definition of control in IFRS 10, a large portion of KLP's investments in securities fund are consolidated in the Group's financial statements. KLP/Group has laid wait upon the following factors in assessing whether there is an obligation to consolidate:

- The Group takes the initiative for the securities fund and defines investment strategy, management fees etc. for the securities fund's byelaws
- The Group undertakes the management within the operating scope of the securities fund's byelaws
- The Group receives all management fees in the fund
- The Group exploits synergies by undertaking management itself (except for certain "funds of funds")
- The Group has substantial ownership interest in the fund (usually more than 20 per cent)

Applying definition in IFRS 10 makes discretionary evaluations necessary. In the Group's financial statements, such funds are 100 per cent consolidated in the balance-sheet where non-controlling ownership interests (minority shares in the Securities Fund) are included in the accounting item 'Unit holders' interest in consolidated securities funds. The minority's share of the mutual funds are in the financial statement classified as liabilities.

Purchase of subsidiaries is recognized in accordance with the purchase method. Acquisition cost is set at the same as fair value of assets provided by way of consideration for the purchase, equity instruments issued and liabilities assumed on transfer of control. The identifiable assets and liabilities of the acquired company are valued at fair value. If cost of acquisition exceeds fair value of identifiable net assets in the subsidiary, the excess is capitalized as goodwill. If the cost of acquisition is lower, the difference is taken to profit/loss on the date of acquisition.

Intercompany Group transactions and accounts between Group companies are eliminated. Where Group companies present accounts in accordance with principles other than those of the Group, these are converted to correspond to the Group's accounting principles before they are consolidated. The Group's accounts are presented in NOK and those of subsidiaries in foreign currency are translated to NOK at the exchange rate prevailing at the end of the reporting period. On consolidation of income statement items in foreign currency, average foreign exchange rates are used.

2.2.2 Associated companies.

Associated companies are entities in which the Group has substantial influence without having control. If the Group is invested direct or indirect through a holding of 20 per cent or more, it is assumed that the Group has substantial influence unless stated otherwise. The following factors may be used to determine if the Group has substantial influence:

- Representation in the board or similar organs in the invested company
- Participation in processes for determine principles, in ex. decisions regarding dividends
- Material transactions between the Group and the invested company
- Mutual exchange of key personnel, or
- Deliverance of important technical information

On the date of acquisition investments in associated companies are taken to account at cost of acquisition. The equity capital method is used for accounting in subsequent periods. This means that the Group's share of profit or loss in associated companies is taken to profit/loss and is added to the capitalized value together with owners' equity changes not taken to profit/loss. The Group does not take a share of the loss to profit/loss if this involves the capitalized value of the investment becoming negative unless the Group has assumed liabilities on behalf of the associated company.

Where necessary accounting principles in associated companies are changed to achieve harmonization with the Group's accounting principles.

2.2.3 Joint arrangements

Joint arrangements are investments in which the Group has joint control with another company. "Joint control" is the contractually agreed sharing of control of a joint arrangement, which exists only when decisions about the relevant activities require unanimity between the parties sharing control.

According to IFRS 11, investments in joint arrangements are to be classified either as joint operating arrangements or joint ventures, depending on the contractual rights and obligations of each individual investor. The Group has considered its joint arrangements and reached the conclusion that they are joint ventures.

On the date of acquisition investments in joint arrangements are recognized at cost of acquisition. The equity capital method is used for accounting in subsequent periods. This means that the Group's share of profit or loss in joint arrangements is taken to profit/loss and is added to the capitalized value together with owners' equity changes not taken to profit/loss. The Group does not take a share of the loss to profit/loss if this involves the capitalized value of the investment becoming negative unless the Group has assumed liabilities on behalf of the joint arrangement.

Where necessary accounting principles in associated companies and joint ventures are changed to achieve harmonization with the Group's accounting principles.

2.2.4 Structured units

Some funds have been consolidated in the Group's financial statement because they are considered to meet the definition of IFRS 10. These funds are in total owned by parent company KLP.

2.3 BUSINESS SEGMENTS

The Group's business segments have been defined in relation to business areas where risk and returns are differentiated from each other. The Group's business segments are grouped into public sector occupational pension and group life, enterprise (defined benefit) and defined contribution pension, non-life insurance, banking, asset management and other business. The segments are described in detail in Note 4.

2.4 TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCY

2.4.1 Functional currency and presentational currency

The consolidated financial statements are presented in NOK, which is the functional currency of the parent company.

2.4.2 Transactions and financial position statement items

Transactions in foreign currency have been translated to NOK by using the exchange rate on the date of the transaction. Exchange-rate gains and losses on transactions in foreign currency are recognized through profit or loss. This also applies to translation of money items (assets and liabilities) at the end of the reporting period.

Translation differences on monetary items are included as part of the gain and loss on valuation at fair value. Translation differences associated with non-monetary items, such as shares at fair value through profit and loss, are included as an element of value change taken to profit/loss.

2.4.3 Group companies

Entities that are consolidated and have functional currency other than the presentation currency are treated as follows:

- The financial position is translated at the exchange rate at the end of the reporting period
- The statement of income is translated at average exchange rate (if the average does not in general provide a reasonable estimate against use of the transaction rate, the transaction rate is used)
- Translation differences are taken to other comprehensive income.

2.5 TANGIBLE FIXED ASSETS

In the main, the Group's tangible fixed assets comprise office machinery, inventory, art and real estate used by the Group in its business.

Real estate used by the Group is revalued at fair value based on periodic valuations carried out by the Group, with deductions for depreciation. Valuation review is carried out regularly. The principles for valuation of properties are the same for investment property and are described in detail in connection with the principles for accounting treatment of investment property.

Other tangible fixed assets are recognized at cost of acquisition including costs that can be attributed directly to the fixed asset, with deduction for write-downs.

Subsequent costs relating to fixed assets are capitalized as part of the fixed asset if it is likely that the expenditure will contribute to future financial benefit for the Group and the cost can be measured reliably. Repair and maintenance are recognized through profit or loss during the period in which the expenses are incurred.

Depreciation is by straight-line so the acquisition cost of fixed assets or their reassessed value is depreciated to residual value over expected life, which is:

Buildings: 50 years

Office machinery: 3 - 5 years

Vehicles: 5 year

Inventory: 3 - 5 years

Buildings are divided into components if substantial parts have significantly different lifetimes. Each component is depreciated in accordance with that component's life.

The utilizable life of tangible fixed assets is assessed annually. Where there are indications of impairment in excess of residual value, the recoverable sum is calculated. If the recoverable sum is lower than the residual value, write-down is carried out to the recoverable sum.

2.6 INVESTMENT PROPERTY

Real estate not used by the Group is classified as investment property. If a property is partially used by the Group and partially leased to external tenants, the part that is leased to external tenants is classified as investment property if it can be subdivided out.

Investment property comprises buildings and sites, and is valued at fair value at the end of the reporting period. The Group uses a valuation model to estimate market value. The valuation method is based on discounting of the property's expected net cash flow by the market's return requirements.

In the first instance, the market rent at currently applicable terms is used in calculating net cash flow whereas for periods after the expiry of contracts an estimated market rent is used. In addition an income deduction is taken into account for expected vacancy, expected maintenance/improvement costs and normal operating costs.

The expected cash is discounted by a return requirement that is determined on the basis of the risk-free interest rate (10-year Norwegian Government Bond interest rate) adjusted by a supplement for estimated 20-year risk-free interest rate. The estimate on the 20-year interest rate corresponds to the slope of the swap curve between 10 and 20 years. The risk-free interest

is then accorded a general property risk to find the return requirement for prime properties. Finally a risk premium is added that is determined on the basis of the willingness of the investors in the property market to accept risk taking account of matters specific to the property such as for example geography, property type, contracts, tenants and technical state of the property.

A set selection of the Group property stock, the pilot portfolio, is valued quarterly by external, independent and qualified valuers. In the event of significant deviation from our own valuation of fair value the differences are analysed and the valuation model's parameters are adjusted if this proves necessary.

Changes in fair value are taken to profit/loss in the line "Net income from investment properties".

If an investment property is occupied by the Group, the property is reclassified as a tangible fixed asset. Fair value on the date of reclassification provides the cost price for the reclassified property.

If a property the Group has used is leased externally, the property is reclassified as investment property. Any difference between book value and fair value on the date of reclassification is taken to owners' equity as a revaluation.

2.7 INTANGIBLE ASSETS

The Group's intangible assets mainly comprise capitalized IT systems. Directly attributable costs capitalized on the purchase of a new IT system comprise those paid to the system supplier, as well as external consultancy support and internally accrued costs of having the system installed and readied for use.

On further development of IT systems both external and internal costs are capitalized in accordance with the above. System changes regarded as maintenance are taken to expenses as they occur.

Once an IT system is operational the capitalized costs are depreciated by straight line over the expected life. In the event of subsequent capitalization because of further development this is depreciated over the originally set life unless the expenditure increases the total expected life of the system.

If there are indications that the book value of a capitalized IT system is higher than the recoverable sum an impairment test is carried out. If the book value is higher than the recoverable sum (present value on continued use/ownership), the asset is written down to the recoverable sum.

2.8 FINANCIAL INSTRUMENTS

2.8.1 Classification

Financial instruments are classified on first recognition in one of the following categories:

Financial assets

- a) Financial assets at fair value through profit or loss
- b) Lending and receivables recognized at amortized cost
- c) Investments held to maturity recognized at amortized cost

Financial liabilities

- a) Financial liabilities at fair value through profit/loss.
- b) Other financial liabilities recognized at amortized cost

a) Financial assets and liabilities at fair value through profit or loss

Within this category it may be mandatory or chosen to recognize attribution at fair value with value changes through profit or loss.

- Financial assets held for trading are assets acquired primarily with a view to providing a profit from short-term price fluctuations. The Group's derivatives are included in this category unless they are included as an element of accounting hedging in accordance with the rules on hedge accounting.
- Financial instruments and liabilities opted to be recognized at fair value with value changes through profit or loss are classified in this category if the financial instruments are either managed as a group, and where their earnings are assessed and reported to management on the basis of fair value, or if the classification eliminates or reduces accounting inconsistencies in measurement.

The financial assets include shares and units/holdings, bonds, certificates and lending whilst the financial liabilities cover debt to credit institutions and derivatives.

b) Lending and receivables recognized at amortized cost

Lending and receivables are financial assets, with the exception of derivatives, with set or determinable payments, and that are not traded in an active market, with the exception of:

- Those which it is the Group's intention to sell on a short-term basis or which it has earmarked at fair value via the income statement (profit/loss)
- Those which the Group has earmarked as available for sale
- Those from which the holder will probably not be able to recover its whole original investment, other than weakened creditworthiness, and which are to be classified as available for sale.

Lending and receivables at amortized cost comprise:

- Loans and receivables linked to investment business
- Other loans and receivables including receivables from policyholders.

Loans and receivables in the investment business include debt instruments classified as loans and receivables i.e. bonds that are not priced in an active market as well as lending to local authorities, enterprises and retail customers.

c) Financial assets held to maturity at amortized cost

Financial assets held to maturity comprise financial assets that are not derivatives and that have set or determinable payments and a defined date of maturity and that the Group has the intention and the ability to hold to maturity with the exception of:

- Those the enterprise classifies on first recognition at fair value through profit or loss
- Those that the enterprise has earmarked as being available for sale
- Those that meet the definition of loans and receivables.

The category includes bonds recognized at amortized cost.

d) Other financial liabilities recognized at amortized cost

The category covers subordinated loans, covered bonds issued and debt to as well as deposits from customers.

2.8.2 Recognition and measurement

Purchases and sales of financial instruments are recognized at fair value on the trading date, i.e. when the Group has committed itself to buy or sell that financial instrument. Direct costs of purchase are included in acquisition cost except for purchase costs associated with financial instruments at fair value through profit or loss. For these instruments, purchase costs are taken to expenses directly. Recognition of financial assets ceases when the Group is no longer entitled to receive the cash flow from the asset or the Group has transferred all risk and entitlements associated with its ownership. Recognition of financial liabilities ceases when the underlying obligation in the contract has been met, been cancelled or expired.

a) Value measurement at fair value

The principles for calculating fair value related to the various instruments are shown in Note 6.

b) Value measurement at amortized cost

Financial instruments not measured at fair value are measured at amortized cost using the effective interest rate method. The internal rate of return is set through discounting contractual cash flows over expected duration. The cash flows include setting-up charges and direct transaction costs as well as any residual value on expiry of the expected duration. Amortized cost is the present value of these cash flows discounted by the internal rate of return.

c) Write-down of financial assets valued at amortized cost

In assessing whether there is impairment in value of a financial asset, weight is attached to whether the issuer/debtor has significant financial difficulties and whether there is breach of contract, including default. An assessment is made of whether it is probable the debtor will be bankrupted, whether there is an active market for the asset because of financial difficulties, or whether measurable reduction is being seen in expected cash flow from a group of financial assets. The assessment is based exclusively on historical data: future events are not considered, regardless of the degree of probability.

If there is objective proof of impairment, write-down is carried out. The write-down is calculated by comparing the new, anticipated cash flows with the original cash flows discounted by the original effective interest rate (assets with fixed interest) or by the effective interest rate at the time of measurement (assets with variable interest). The write-down reduces the asset's capitalized value and is included in the statement of income under "Current returns from financial assets".

Loss assessment and loss write-down is carried out quarterly on individual loans. Loans with unpaid repayments older than 90 days or credits with overdrafts older than 90 days are examined at the end of the reporting period. In addition continuous assessment is carried out of other lending engagements where there is objective proof of impairment.

Lending is also assessed by group. If there is objective proof of impairment in a group of loans, write-down is carried out.

2.8.3 Presentation in the financial position statement and income statement

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are recognized in the financial position statement either as "Lending local government, enterprises & retail customers at fair value through profit/loss", "Debt instruments at fair value through profit or loss" or "Equity instruments at fair value through profit or loss". Interest income and share dividend are included in the line "Net return on financial assets". For the banking business, interest income is included in the line "Net interest income banking". Other value changes are included in the line "Net return on financial assets"

b) Loans and receivables at amortized cost

Loans and receivables at amortized cost are presented in the financial position statement either as "Debt instruments classified as loans and receivables", "Loans to local authorities, enterprises and retail customers", "Receivables" or "Cash and bank deposits". Interest income is included in the line "Net return on financial assets". For the banking business, interest income is included in the line "Net interest income banking". Value changes that can be linked to objective indications of impairment as well as foreign exchange changes are included in the line "Net return on financial assets".

c) Financial assets held to maturity

Financial assets held to maturity comprise bonds noted in an active market and are presented in the financial position statement as "Debt instruments held to maturity". Interest income in accordance with the effective interest rate method is included in the line "Net return on financial assets". Value changes that can be linked to objective indications of impairment as well as unrealized foreign exchange changes are included in the line "Net return on financial assets".

d) Liabilities to and deposits from customers

Liabilities to and deposits from customers are recognized at fair value in the financial position statement when the deposit has been recorded as transferred to the customer's account. In subsequent periods, liability to and deposits from customers with variable interest rates are accounted for at amortized cost in accordance with the effective interest rate method. The costs of interest are included in the line "Net interest income banking"

e) Subordinated loan issued

Subordinated loan is taken to account at fair value on subscription. On subsequent measurement subordinated loan is recognized at amortized cost using the effective interest rate method. The method is used to allocate the interest costs over a relevant period and is posted over income in the line "Interest costs and value change subordinated loan and hybrid Tier 1 securities". Subordinated loan in foreign currency is translated to NOK at the end of the reporting period. Value change as a result of the foreign exchange change is posted through income and included in the line "Interest costs and value change subordinated loan and hybrid Tier 1 securities".

f) Hybrid Tier 1 securities issued

Hybrid Tier 1 securities are recognized at nominal on date of issue and valued subsequently at amortized cost. For hybrid Tier 1 securities hedged against exchange and interest rate changes (fair value hedging), book value is adjusted on value change in hedged risk. The value change is posted through income in the line "Net costs subordinated loan and hybrid Tier 1 securities".

g) Covered bonds issued

In the first instance covered bonds issued are recognized at fair value, i.e. nominal adjusted for any premium/discount on issue. On subsequent valuation the bonds are valued at amortized cost by the effective interest method. The costs of interest are included in the line "Net interest income banking" in the income statement.

Bonds issued with fixed interest are recognized in accordance with the rules on fair value hedging inasmuch as they are hedged against change in interest rate level.

h) Liabilities to credit institutions

Liabilities to credit institutions are capitalized at market value on take-up. On subsequent measurement fair value is used when this eliminates or reduces accounting inconsistency. The interest costs are included in the line "Net interest income banking" whereas other value changes are included in the line "Net value change on financial instruments" in the income statement.

In 2020, Bank of Norway issued extraordinary F-loans to banks on the basis of the financial negative consequences of the pandemic. The Group's banking business has taken advantage of F-loans from Bank of Norway in 2020. These loans have a fixed term and shall not be repaid before the due date of the loan. In the financial accounts, the loans are recognised on the line "debt to credit institutions".

i) Unit holders' interest in consolidated securites funds

Minority unit holders in the consolidated securities fund may ask to redeem their holdings, and as a result, the minority share of the funds is classified as a debt on the accounting line "Unit holders' interest in consolidated securities funds". The minority portion of value changes in securities funds is posted through profit and loss and included in the line "Change of value for unit holders in consolidated securities funds".

j) Derivatives and hedging

Financial derivatives are capitalized at fair value at the time they are contracted. On subsequent measurement the derivatives are recognized at fair value and are presented as an asset if the value is positive and a liability if the value is negative. Recognition of associated gains and losses depends on whether the derivative has been identified as an accounting hedge instrument and in which type of accounting hedge the derivative is included.

For derivatives not included in accounting hedge relationships, gains and losses are recognized through profit or loss as they arise in the line for "Net value change on financial instruments". These are included in the category "Financial assets at fair value through profit or loss".

In two cases the Group has used accounting hedging (hedge accounting). In one case the hedge accounting is used on hedging of hybrid Tier 1 securities issued (the hedging object) against value changes resulting from changes in interest rates and exchange rates (fair value hedging). The hedging instrument is a combined interest rate and currency swap (CIRCUS). The hedge relationship is documented and the effectiveness of the hedging is measured continuously. In the second instance is fair value hedging of fixed interest lending. The hedge relationship is documented and its effectiveness is measured continuously.

Change in fair value of the hedging instrument is included in the income statement at the line for "Net value change on financial instruments". Value changes in the hedging object that can be attributed to the hedge risk are booked as a correction of the hedging object's capitalized value and included in the income statement at the line for "Net costs subordinated loan and hybrid Tier 1 securities" and "Net interest income banking". In those instances in which a security has inbuilt derivatives that are not separated out, the value of the derivative will be included in the security's value as a whole.

2.9 NETTING

Financial assets and financial liabilities are only netted to the extent there is a legal entitlement to net asset against liability, and that it is the intention to carry out netting, as well as the maturity date of the asset corresponding with the date the liability is due payment.

2.10 CASH AND CASH EQUIVALENTS

Cash and bank deposits are defined as receivables from credit institutions without termination date. The amount does not include receivables from credit institutions that are linked to purchase and sale of securities in the management of the securities portfolios.

2.11 THE GROUP'S OWNERS' EQUITY

The Group owners' equity is divided into two main elements:

2.11.1 Owners' equity contributed

The Group's parent company is a mutual company owned by its customers. This means that customers participating in KLP's "Fellesordninger" (Joint Pensions - schemes for public sector occupational pensions) pay an owners' equity contribution on registration. The owners' equity contribution is set in proportion to the relative size of the customer measured in premium reserves.

The owners' equity contribution may be used to cover losses or deficits in current operation. It may only be repaid in connection with transfer of a customer's business from the Company after approval by the board of directors and in advance from the Financial Supervisory Authority of Norway. The member's share of the actual combined owners' equity contribution at the termination date calculated proportionately to the member's share of the Company's total premium reserves is subject to possible repayment.

Distribution of returns on owners' equity contributions depends on the Company's results.

The owners' equity contribution may not be traded.

2.11.2 Retained earnings

The Group's retained earnings comprise the risk equalization fund, the natural perils fund, the revaluation fund and other retained earnings.

Ordinary company law rules apply for any distribution or use of retained earnings. Use of the risk equalization fund must be according the rules of The insurance act.

2.12 RECOGNITION OF INCOME

2.12.1 Premium income

Premium income is taken to income by the amount falling due during the accounting year. Accrual of premiums earned is dealt with through provisions against unearned premiums. Reserves transferred in for the year are recognized through the income statement and included in the premium income. The share of the period's gross premium income accruing to reinsurers in connection with reinsurance is shown as a deduction from gross premium income.

2.12.2 Interest income/expenses

Interest income and interest expenses associated with all interest-bearing financial instruments is and valued at amortized cost are taken to income using the effective interest rate method. Setting-up fees for lending are included in the amortization and taken to income over the loan's expected duration.

Interest income for fixed-income financial investments measured at fair value is classified as "Net return on financial assets". For the banking business the interest income is included in the line "Net interest income banking", whereas other value changes are classified as "Net value change on financial instruments".

2.12.3 Rental income and other income

Income from leasing of real estate is taken to income by straight line accrual over the duration of the lease. The income is included in the line "Net income from investment properties". Fees for asset management are taken to income in proportion to the management carried out for the period up to the end of the reporting period. The income is included in the line "Other income". Other services are taken to income by straight line over the contract period.

2.13 TAX

The Group conducts taxable business.

For the life insurance business, the taxation of income and expenses related to assets in the common portfolio and the investment option portfolio shall be made in accordance with accounting legislation. It will therefore be the technical result, as presented in accounting figures

at year end, that will be the basis to taxation. No permanent or temporary differences for tax purposes for the customers portfolio will occur. The non-technical result is mainly related to management of the corporate portfolio and follows ordinary tax rules.

According to the new tax rules of 2018, deductions will no longer be made for provisions for the natural disaster fund and guarantee scheme for the non-life insurance segment. These funds are subject to transitional rules, so that the total provisions for these funds at the end of the 2017 can be deposited in a separate account, where the account is first taxed on the liquidation of the non-life insurance business. In addition, the differences between the provisions for 2017 versus 2018 is deposited in a separate account. The account will be recognized as income on a straight-line basis by 10% each year.

For other business in the Group, there have been no changes in the tax rules.

Differences between accounting and tax valuations of assets and liabilities that will reverse at a later date provide the basis for calculating deferred tax assets or deferred tax liabilities in the financial statements. Deferred tax assets and deferred tax liabilities are netted inasmuch as they are assessed during the same period.

In presenting the consolidated financial statements, capitalization and of deferred tax is considered at Group level. Deferred tax and tax assets are calculated as differences between the accounting and taxation value of assets and liabilities. Deferred tax asset is capitalized to the extent it can be shown probable that the companies in the Group will have sufficient taxable profit to exploit the tax asset. In assessing the probability, emphasis is placed on historic earnings and expected future taxable income.

For foreign subsidiaries, tax payable and deferred tax/deferred tax assets are taken to account in accordance with local tax rules. The tax cannot be set off against the parent company's deficit to be carried forward using Group contributions with tax effect. In the consolidated financial statements' financial position statement this tax is shown at the lines for "Deferred tax" and "Deffered tax assets". In the income statement the tax cost is shown as "Cost of taxes".

The Group includes some companies covered and some not covered by financial tax. In reporting deferred tax/tax assets in the consolidated financial statements, we therefore use the corporation tax rate applicable to the individual company within the Group.

The cost of taxes is further specified in Note 23.

2.14 INSURANCE CONTRACTS

In accordance with IFRS 4 significant insurance risk must be associated with the contract for it to be able to be defined as an insurance contract. The insurance products the Group offers satisfy the requirement for significant insurance risk and are recognized in accordance with IFRS 4. In accordance with IFRS 4, the insurance contracts are valued as a whole as an insurance contract even though this contains a financial element.

Adequacy testing has been carried out to check that the level of the liabilities on the insurance contracts recognized in the accounts is proportionate to the insurance customers' contractual entitlements. The Group's reserves satisfy the requirements of this test and IFRS 4 therefore imposes no further requirements for reserves. The Group has therefore used applicable Norwegian regulations to account for insurance contracts.

2.14.1 Sectors

The Group offers products to its customers in the following sectors:

- a) Group pension
- b) Group life
- c) Non-life insurance

a) Public group pensions predominantly comprise public service pension schemes that include retirement pensions, survivor pensions, disability pensions and a waiver of premiums during periods of incapacity for work.

From 1 January 2020, all future retirement pension accruals for members born in 1963 or later will take place through a premium scheme in which each year of work results in pension contributions in a similar manner to the national insurance scheme. For these age groups, flexible rules are also introduced from the same date concerning the withdrawal of the retirement pension and the right to combine work with pension payments without income reductions. Pensions accrued through the premium scheme are adjusted prior to the withdrawal of the pension in line with the changes to the basic pension. This is also in line with the regulations set down for the national insurance scheme. The premium scheme is also a performance-based pension scheme and premiums and provisions will be taken on the basis of an unchanged basis of calculation.

For the age groups born before 1963, the gross scheme based on linear earnings will be continued. This means that the individual's earned benefits at all times constitute the proportionate part of the benefits he or she will be entitled to through continued service until retirement age. The proportionate portion is shown as the ratio between the person's service

period that he or she has already earned and the total period of service he or she will obtain on continued service until retirement age, however, so that the latter size cannot exceed 40 years when calculating the proportionate portion. The schemes are based on the final pay principle. Adjustment of current pensions in line with the National Insurance Scheme and the regulation of defined rights in line with the basic amount are part of the defined benefit plan's defined benefit plan.

The scheme's benefits are determined in accordance with current public occupational pension rules, which include, among other things, coordination with the National Insurance benefits for the old age pension to ensure a defined gross pension level.

The indexation of current pensions and accumulated pension entitlements is financed entirely by a special indexation premium. Some public sector peculiarities are not prefunded and are financed through single premiums at start-up and possibly through subsequent changes to the pension (guaranteed gross premium).

The net premium reserve in the pension schemes is set as a net single payment premium for the accumulated age, disability and survivors' pensions. In addition, an administration reserve has been set aside based on the Group's actual costs involved in the payment of pensions.

The premium reserve also comprises allocations to insured events that have occurred but are not yet settled, including a qualifying-period provision for disability risks.

(b) Group life is mainly concentrated on local government group life and teacher group life covering only mortality/whole of life risk. Other cover exists for a small number of customers. In addition there is debt group life that covers whole life risk and for a large number of existing customers also covers disability risk.

The technical insurance provisions in group life insurance are based on risk theory methods. The claims reserve includes provisions for the expected payments on insured events that have occurred but are not yet settled regardless of whether or not these have been reported.

c) In non-life insurance the following products are offered:

Occupational Injury, Personal Accident and Accident

Insurance contracts cover the customers' employees for occupational injury within the scope of the Occupational Injury Act and the Basic Collective Agreement for the Civil Service. In addition, insurance contracts are taken out covering employees for accidents during leisure time.

Accident

Insurance contracts covering the customer for accidents in spare time and for school pupils during school time.

Fire-Combined

Insurance contracts covering damage to customers' property and any loss incurred by the customer in the event of damage to or loss of the property. The product also includes mandatory natural disaster cover. The risk for the Company is reduced through taking reinsurance contracts covering compensation in excess of a certain amount per claim.

Motor Vehicle

Insurance contracts covering damage occurring through use of the customers' motor vehicles. The risk for the Company is reduced through taking reinsurance contracts covering compensation in excess of a certain amount per claim.

Third-party liability

Insurance contracts that cover damage incurred by third parties as a result of the customers' activities. The cover applies both for property claims and personal injuries.

Travel

Insurance contracts that cover customers for injury and loss arising during travel.

Child insurance

Insurance contracts that cover expenses related to accidents or serious illness and loss of income (disability pension).

Group life

Insurance contracts that cover the customer in the event of death and disability.

The risk for the Group is reduced by taking out reinsurance contracts covering payments in excess of a set amount per claim in all of the sectors mentioned above except for group life. The Group is at all times to have technical reserves fully covering the technical liability and other risk emanating from the insurance business. In all cases and at all times, the Group's reserves are to meet the minimum requirement for reserves under regulation or law.

2.14.2 Provisions in insurance funds

The Group's most important insurance funds are described below:

a) Premium reserve

The premium reserve represents the actuarial cash value of pension entitlements accumulated on the date of calculation. The premium reserve also includes administration reserve in accordance with the Group's calculation base, as well as provisions for incurred, not yet settled insurance claims, including waiting period provisions for disability risk.

b) Supplementary reserves

Supplementary reserves are presented in the income statement in the line "To supplementary reserves - life insurance" as obligatory reserves. Supplementary reserves are allocated to the customers conditionally and may be used to cover any shortfall in returns. Any negative return cannot be covered from supplementary reserves.

c) Premium fund

The premium fund contains premiums paid in advance and any surplus assets allocated to the individual customer's premium fund accounts. Premium fund assets may be used to cover future premiums.

d) Securities adjustment fund

The securities adjustment fund is defined in Norwegian insurance legislation and is associated with the common portfolio in life insurance.

The securities adjustment fund comprises net unrealized gains associated with short-term financial assets. If net valuation reserves are negative, the securities adjustment fund is set at zero. Changes in the securities adjustment fund are taken through profit or loss.

Unrealized securities valuation reserves associated with short-term financial assets in foreign currency that can be ascribed to foreign exchange rate changes are not allocated to the securities adjustment fund if the investment is hedged against exchange rate changes. Foreign exchange rate changes linked to the hedging instrument are thus not allocated to the securities adjustment fund either but are taken directly to profit or loss.

2.14.3 Base interest rate (returns guarantee)

For public service pension schemes, all new accruals will take place using the basic interest rate of 2.0 percent. Accruals prior to 1 January 2012 were made using a basic interest rate of 3.0 percent. The total average performance guarantee in the public group pension sector amounted to 2.36 percent at the end of 2020.

2.14.4 Mortality and disability

The price tariffs for disability are determined based experience in the Groups own population.

The price tariffs for mortality are equal to the calculation base K2013 with safety margins in accordance with the minimum standard laid down by the Financial Supervisory Authority of Norway. When it comes to the Pension Scheme for Nurses and the Joint Scheme for hospital doctors, a somewhat stronger basis is used.

2.15 RESULT ELEMENTS - LIFE INSURANCE

2.15.1 Returns result

Returns result of varieties on insurance contracts with returns guarantee. Returns result comprises actual return achieved less guaranteed return (base interest rate). A positive returns result is credited to the customer, whereas a negative returns result must be covered from the customers' supplementary reserves and/or from owners' equity. The Company invoices a special premium element (interest guarantee premium) to guarantee the interest guarantee. This premium element is included in the Group's/Company's results.

2.15.2 Risk result

The risk result is an expression of the difference between mortality and disability in the insured population during the period in question relative to what is assumed in the Company's price tariff. A positive risk result is returned to the customers, but it is possible to withhold up to half of a

positive risk result in risk equalization funds. The risk equalization fund may only be used to cover subsequent risk result losses and may amount to a maximum of 150 per cent of risk premium for the year.

Any negative risk result must be covered by the risk equalization fund or owners' equity.

2.15.3 Administration result

The administration result is a result of how the Company's actual expenses deviate from the premium tariff. The administration result is credited entirely to the Company.

2.16 SURPLUS FUNDS SET ASIDE TO CUSTOMERS

Surplus assets credited to the customer contracts are set aside in the customers' premium fund and included as part of the insurance liabilities at the end of the reporting period.

2.17 PENSION OBLIGATIONS - OWN EMPLOYEES

The Group's pension obligations are partially insurance-covered through KLP's public sector occupational pensions through membership of the joint pension scheme for municipalities and enterprises ("Fellesordningen"). Pension liability beyond these schemes is covered through operation. Pension costs are treated in accordance with IAS 19. The Company has a defined benefits based pension scheme for its employees.

The accounting liability for defined benefit schemes is the present value of the obligation on the reporting date, with deduction for fair value of the pension assets. The gross obligation is calculated using the straight-line method. The gross obligation is discounted to present value using the interest rates on Norwegian high-quality bonds. Gains and losses arising on recalculation of the obligation as a result of known deviation and changes in actuarial assumptions are charged to owners' equity via other comprehensive income during the period in which they arise. The effect of changes in the scheme's benefits is taken to profit/loss immediately.

Presentation of the pension costs in the income statement is in accordance with IAS 1. This standard allows the option of classifying the net interest element either as an operating cost or as a financial cost. The option the Group adopts must be followed consistently for later periods. The Group has presented the pension cost under the accounting line "Operating expenses " and interest element under the accounting line "Current return on financial assets". The estimate deviation has been classified under "Items that will not be reclassified to income" in the accounting line "Actuarial gains and losses on defined benefits pension schemes".

The joint pension scheme “Fellesordningen” is a multi-enterprise scheme, i.e. the technical insurance risk is spread between all of the local authorities and enterprises participating in the scheme. The financial and actuarial assumptions underlying the calculation of net pensions liabilities are thus based on assumptions that are representative of the whole group.

Note 3 **Important accounting estimates and valuations**

The Group prepares estimates and assumptions on future circumstances. These are continuously evaluated and are based on historic data and expectations concerning probable future events considered on the basis of data available at the time of presentation of the financial statements.

It must be expected that the estimates will deviate from the final outcome and the areas where there is significant risk of substantial change in capitalized values in future periods are discussed below.

3.1 INSURANCE CONTRACTS

The biggest insurance risk in the Group is the risk of incorrect estimation of life expectancy. In determining the premium tariffs, the Group uses its own analyses of its policy-holders and analyses of the entire Norwegian population. Uncertainty over future life expectancy, which is based on estimates far ahead in time, provides a similar risk of a charge against equity capital because of the need for higher provisions, to cover payment over a longer period of time.

There will also be insurance risk linked to disability, but this risk is considerably lower. Uncertainty in calculating probabilities of disability may, as with increased longevity, result in decreased profit for owners, but here there is more scope for adjusting premiums, given that disability pensions have a shorter time horizon for the payments.

Insurance risks linked to mortality are considerably lower and must be seen in relation to insurance risks related to longevity. Increased mortality will result in a negative risk result for the risk of death, but will be counterbalanced by a positive risk result for longevity. The insurance benefits for spouse and child pensions, which make up the risk result for death, are also considerably lower than the benefits for old-age pensions (longevity risk).

Calculations of insurance provisions in the collective pension insurance sector are based on assumptions of disability risk based on KLP's experience from its own insured population. For the other risk elements, including longevity risk, the assumptions from the K2013 calculation base are used with the contingency margins set by the Financial Supervisory Authority of Norway (FSA of N).

In calculating technical provisions in the group life sector and public sector occupational pensions, provisions are made for claims incurred but not finally settled. The provisions are set using statistical models. The models take account of experience based on reported changes in the insurance population.

There has not been made any extra ordinary provisions in connections with Covid -19, but the development, especially related to disability, is been closely monitored.

In calculating technical provisions in the non-life insurance industry individual claim provisions are made for all reported but not settled claims (RBNS). The provisions are continuously adjusted as claims are processed. All open claims should have a special assessment at least once a year. Provision for claims incurred but not yet reported to the Company (IBNR) is made using statistical models. The models take account of the historic reporting pattern in the different risk groups.

In non-life insurance, measurements and adjustments are also made of the total claim provisions (RBNS+IBNR) so the total level of provision is measured against changes in risk elements such as claim frequency, major claim occurrence, population mix and population size. The claims provisions are assessed at the expectation level, i.e. they contain no contingency margins. Claim provision is not discounted.

The claims reserve includes a provision for future indirect claims-handling expenses (also referred to as unallocated loss adjustment expenses - ULAE). This is estimated based on the magnitude of RBNS and IBNR.

In addition, no extraordinary provisions have been made relating to Covid-19. There is increased uncertainty associated with the pandemic, especially in the occupational injury sector. Going forward, the situation will be closely monitored, and the level of premiums and provisions will be assessed on an ongoing basis.

The sensitivity overview is specified in detail in Note 9.

3.2 INVESTMENT PROPERTIES

Buildings and other real estate are valued at fair value as defined in IFRS 13. Fair value means the amount for which buildings and other real estate can be sold in an arm's-length transaction between well-informed, voluntary parties. There is not considered to be an active market for trading the Group's investment properties.

As at 31 December 2020 buildings and real estate were valued using the Group's internal valuation model. The model is based on discounting of an estimated 20-year cash flow and the discounting rate used corresponds to the normal market's return requirement for similar

properties. For the Norwegian properties as at 31 December 2020, a discounting factor was used in the interval 5.20 – 8.60 per cent, for the Group's Swedish properties it was 5.45 – 7.49 per cent, and for the Danish properties, 5.70 -8.24 per cent.

The following main components are included in future cash flows:

- Currently applicable terms and conditions, contract expiry and assumed market rent
- Vacant areas with assumed market rent
- Parking income, parking area and number of places
- Estimated annual inflation
- Annual rent adjustment as a percentage of inflation
- General vacancy
- Normal annual operating costs
- Normal annual communal costs per square metre
- Upgrading costs per square metre on new lease
- Any further upgrading costs (year and amount)
- Number of months vacancy on each contract expiry
- Assumed final value Year 20
- Nominal return requirement

As part of the valuation, yield assessments are also carried out for the individual property and for the total portfolio. In addition to valuation using KLP Eiendom's value assessment model, external valuations are obtained for a selection of the properties. These are used to determine own calculation parameters and to quality-assure the internal valuations.

Minor changes in the return requirement will have relatively heavy impact on property values and it is also assumed that major changes in the "Assumed market rent" will also affect the accounting figures the most.

The sensitivity analysis below shows how the value of one of the Group's centrally located office properties in Oslo changes with certain changes in key parameters in the Group's valuation model. The analysis shows change in value (given as percentage change) for a given change in a parameter on the assumption that all other parameters stay unchanged. In reality there are interdependencies between several variables, so that a change in one parameter will be accompanied by change in one or more other parameters. The sensitivity figures given do not capture such relationships with other variables and are shown only for illustrative purposes. The effects of changes in parameters will vary somewhat from property to property.

SENSITIVITY ANALYSIS

	Change in parameter	Change in value
Return requirement	+100 bps	-13 %
Return requirement	-100 bps	16 %
Market rent	+10 %	8 %
Market rent	-10 %	-8 %
Exit yield	+100 bps	-13 %
Exit yield	-100 bps	23 %
Inflation	+50 bps	7 %
Inflation	-50 bps	-7 %

In the analysis above the return requirement means the interest rate used in discounting future cash flows in the model. Market rent is understood as expected rent in the event of renegotiation of existing contracts or on change of tenant. Exit yield means the yield that is used to calculate the final value in the valuation model's final analysis period (Year 20).

The Covid 19 pandemic has created great uncertainty in the commercial property market. The uncertainties have been represented, among other things, by access to foreign capital, falling interest rates, changed borrowing and lending costs for banks, access to equity, altered investor behaviour etc. In addition, the pandemic has brought with it great uncertainty in the rental market, changes in the liquidity of tenants, short-term payment capacity, space requirements etc. Many of these factors have pulled in opposite directions, and the immediate effect has been that the risk premium has been an outgoing trend for several of the property categories in such a way that the falling interest rate situation has not become visible in valuations and actual completed transactions.

It is difficult to draw conclusions about the market in general terms due to an insufficient empirical basis, and it is the Group's view that some property categories in retail and shopping centres are in a historically demanding situation in terms of real cash flow in the short and medium term. It is emphasised that the valuations that have been made are perceived to be at a high level of uncertainty.

3.3 FAIR VALUE OF FINANCIAL ASSETS

The majority of the Group's assets recognised at fair value through profit and loss are assets traded on an active market, so the market value can be determined with a high degree of confidence.

In the case of the Group's pricing of unlisted securities, there will be uncertainty in this regard. This is especially true of securities which are priced on the basis of non-observable assumptions. Different valuation techniques are used to determine the fair value of these investments. Unlisted

fixed-income securities are priced on the basis of a yield curve with a risk supplement that represents the market's pricing of the issuer's industry-specific risk. External prices for a significant proportion of these unlisted securities are collected regularly to test our own valuation models. The pricing methods and the accounts figures are discussed in more detail in Note 6.

3.4 LOSSES ON FINANCIAL ASSETS

Financial assets not measured at fair value are assessed for impairment at the end of the reporting period. The Group's lending portfolio is valued individually for loans on which default has been observed. If there is an objective event at the end of the reporting period that has influence on future cash flows, the loan is written down. In addition, lending with uniform risk profile is valued quarterly by group. This is described in more detail in Note 2.

When it comes to the Group's portfolio of long-term bonds, including long-term bonds held to maturity, the need for write-down is assessed individually each quarter. The write-down requirements are calculated as the difference in value of the original expected cash flows and the new expected cash flows. There will be uncertainty in calculating the new expected cash flows. Following the outbreak of Covid-19 and strong measures to limit the spread of the virus, the economic activity in the bond market has slowed down. This has led to a number of downgrades of companies. Despite this, no factors or events have been found that would indicate impairment due to a predominant risk of loss in the company's portfolio of long-term bonds.

Note 4 Segment information

NOK MILLIONS	Group pensions pub. sect. & group life		Group pensions private		Non-life insurance		Banking		Asset management		Other		Eliminations		Total	
	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019
Premium income for own account from external customers ¹	37 008	40 128	313	1 135	1 634	1 453	0	0	0	0	0	0	0	0	38 955	42 716
Premium income from other Group companies	94	106	0	0	24	22	0	0	0	0	0	0	-117	-129	0	0
Net financial income from investments	25 351	46 037	-604	715	229	297	304	260	6	6	12	11	10 247	15 841	35 533	63 156
Other income from external customers	1 103	725	2	6	2	1	18	19	0	0	0	0	0	0	1 136	762
Other income from other Group companies	326	239	0	0	0	0	59	59	547	523	0	0	-932	-821	0	0
Total income	63 881	87 235	-288	1 855	1 889	1 774	381	338	554	529	12	11	9 197	14 891	75 625	106 634
Claims for own account	-28 360	-20 157	-45	-202	-1 375	-1 256	0	0	0	0	0	0	0	0	-29 780	-21 616
Insurance provisions for own account	-19 329	-28 312	331	-1 563	-2	-79	0	0	0	0	0	0	0	0	-19 000	-29 954
Costs borrowing	-478	-372	0	0	0	0	0	0	0	0	0	0	0	0	-478	-372
Operating costs excluding depreciation	-1 030	-965	-19	-67	-287	-268	-233	-226	-517	-479	-12	-12	341	325	-1 756	-1 693
Depreciation	-74	-92	0	-3	-5	-5	-4	-5	-6	-5	0	0	-42	-89	-132	-199
Change in value of assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss on sale of business	0	0	0	0	0	0	0	0	0	0	0	0	-183	0	-183	0
Other expenses	-1 377	-1 247	0	-5	0	0	-7	-7	0	0	0	0	125	113	-1 258	-1 145
Return to financial instruments attributable to minority interests															-11 074	-14 736
Total expenses	-50 649	-51 145	267	-1 841	-1 668	-1 609	-244	-237	-523	-484	-12	-12	-10 833	-14 387	-63 661	-69 715

NOK MILLIONS	Group pensions pub. sect. & group life		Group pensions private		Non-life insurance		Banking		Asset management		Other		Eliminations		Total	
	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019
Operating profit/loss	13 233	36 091	-21	15	220	166	137	101	31	44	0	-1	-1 636	505	11 963	36 919
Funds credited to insurance customers ²	-11 944	-33 454	8	-27	0	0	0	0	0	0	0	0	1 630	-246	-10 306	-33 727
Pre-tax income	1 289	2 637	-13	-13	220	166	137	101	31	44	0	-1	-6	259	1 657	3 193
Cost of taxes	-204	-499	0	0	-40	-14	-3	-27	-5	-9	0	0	-608	-652	-860	-1 201
Income	1 085	2 138	-13	-13	180	151	133	74	26	35	0	-1	-614	-393	796	1 992
Change in other comprehensive income	-63	113	-4	2	-10	14	-4	9	-9	17	0	0	328	101	238	258
Total comprehensive income	1 021	2 251	-17	-10	170	166	130	83	16	52	0	-1	-286	-291	1 034	2 249
Assets	652 277	621 518	sold	7 259	5 270	4 907	42 694	39 703	583	520	7	8	106 330	88 822	807 161	762 737
Liabilities	612 894	584 200	sold	6 668	3 160	2 966	40 267	37 478	248	202	3	3	111 173	93 881	767 745	725 398

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

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

The KLP Group's business is divided into the six areas, public sector occupational pension/group life, enterprise (defined benefit) and defined contribution pension, non-life insurance, banking, asset management and other. All business is directed towards customers in Norway.

PUBLIC SECTOR OCCUPATIONAL PENSION AND GROUP LIFE

Kommunal Landspensjonskasse offers group public sector occupational pensions.

ENTERPRISE (DEFINED BENEFIT) AND DEFINED CONTRIBUTION PENSION

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

NON-LIFE INSURANCE

KLP Skadeforsikring AS offers property and personal injury products to employers within the public and private sectors. In addition a broad specter of standard insurance products is offered to the the retail market.

BANKING

KLP's banking business embraces the companies KLP Banken AS and its wholly-owned subsidiaries: KLP Kommunekreditt AS and KLP Boligkreditt AS. The banking business covers services such as deposits and lending to the retail market, credit cards, as well as lending with public sector guarantee.

ASSET MANAGEMENT

Asset management is offered from the company KLP Kapitalforvaltning AS. The company offer a broad selection of securities mutual funds both to retail customers and to institutional customers. The securities management has a socially responsible profile.

OTHER

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

Note 5 Net income from financial instruments

NOK MILLIONS	2020	2019
Interest income bank deposits	-1	122
Interest income derivatives	327	607
Interest income debt instruments fair value	3 036	3 504
Total interest income financial assets at fair value	3 362	4 233
Interest income fixed-income securities amortized cost	6 184	6 075
Interest income lending amortized cost	1 633	1 611
Total interest income financial assets at amortized cost	7 816	7 686
Dividend/interest shares and holdings/units	3 968	5 277
Other income and expenses	-353	-895
Total other current expenses and income	3 615	4 382
Net return on financial assets	14 793	16 301
Interest income lending fair value	230	294
Total interest income financial assets at fair value	230	294
Interest income lending amortized cost	538	601
Total interest income financial assets at amortized cost	538	601
Interest costs debt to credit institutions	-67	-75
Interest costs covered bonds	-282	-414
Interest costs debt to and deposits from customers	-109	-147
Other income and expenses	19	35
Total other income and expenses banking	-439	-601
Net interest income banking ¹	329	294
Value changes shares and units	-5 213	27 577
Value change derivatives	4 859	11 546
Value change debt instruments at fair value	1 840	2 635
Value change lending fair value	-27	24
Value change borrowing fair value	0	0
Total value change financial instruments at fair value	1 458	41 780
Value change loans at amortized cost	451	111
Other unrealized values	428	-66
Total other unrealized values	879	45
Net unrealized gain on financial instruments	2 337	41 825
Realized shares and holdings/units	17 853	8 422
Realized derivatives	-6 788	-13 133
Realized debt instruments at fair value	1 893	5 075
Total realized financial instruments at fair value	12 958	365

NOK MILLIONS	2020	2019
Realized bonds at amortized cost ²	106	121
Realized loans at amortized cost	1	0
Total realized financial instruments at amortized cost	106	122
Other financial income and costs	-70	-64
Total other financial income	-70	-64
Net realized gain on financial instruments	12 994	422
Net value changes on financial instruments	15 331	42 247
Total net income from financial instruments	30 454	58 842

¹ Net interest income banking is income and costs linked to banking activity.

² Realized values on bonds at amortized cost come from realized gain/loss on foreign exchange. Securities denominated in foreign currency are hedged, resulting in minimal net effect of exchange rate changes (reflected in value change/realized derivatives). See Notes 9 and 12 for more information.

The note specifies net income from financial instruments.

Value changes resulting from change in credit risk are not included in this table because of system limitations.

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

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

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

FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

This category includes:

- Investments held to maturity
- Bonds classified as loans and receivables
- Other loans and receivables
- Liabilities to and deposits from customers
- Subordinated loan capital (liabilities)
- Other debt issued (liabilities)

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

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

This category includes:

- Equity instruments
- Debt instruments at fair value
- Derivatives (assets and liabilities)
- Debt to credit institutions (liabilities)

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

- INVESTMENTS HELD TO MATURITY
- BONDS CLASSIFIED AS LOANS AND RECEIVABLES
- DEBT INSTRUMENTS MEASURED AT FAIR VALUE

a) Foreign fixed-income securities

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

The following sources are used:

- Barclays Capital Indices
- Bloomberg

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

b) Norwegian fixed-income securities – government

Bloomberg is used as the source for pricing Norwegian Government Bonds. It is Oslo Børs, the Oslo Stock Exchange, that provides the price (via Bloomberg). Prices are compared with prices from Reuters in order to uncover any errors.

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

Norwegian fixed-income securities except government are mainly priced directly on prices from Nordic Bond Pricing. Securities that are not covered by Nordic Bond Pricing are priced theoretically. The theoretical price is based on the assumed present value on the sale of the position. A zero-coupon curve is used for discounting. The zero-coupon curve is adjusted upwards by means of a credit spread, which is to take account of the risk the bond entails. The credit spread is calculated on the basis of a spread curve taking account of the duration of the bond. Nordic Bond Pricing is the main source of spread curves. They provide company-specific curves and curves for Norwegian savings banks, municipalities and energy. Savings banks have various spread curves based on total assets.

For companies where Nordic Bond Pricing do not deliver spread curves, the Group use spread curves from three Norwegian banks. When spread curves are available from more than one of these banks, an equal-weighted average is used. If a bond lacks an appropriate spread curve, spread from a comparable bond from the same issuer is used.

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

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

e) Receivables on credit institutions

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

f) Loans to municipalities and enterprises with municipal guarantee

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

g) Loans secured by mortgage

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

- EQUITY INSTRUMENTS

h) Shares (listed)

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

The following sources are used for Norwegian shares:

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

The following sources are used for foreign shares:

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

i) Shares (unlisted)

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

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

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

j) Private Equity

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

DERIVATIVES

k) Futures/FRA/IRF

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

l) Options

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

m) Interest-rate swaps

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

n) FX-swaps

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

- DEBT TO CREDIT INSTITUTIONS

o) Placements with credit institutions and deposits

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

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

p) Fair value of subordinated loans

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

q) Fair value of subordinated bond/perpetual bond issued

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

r) Covered bonds issued

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

s) Deposits from customers

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

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

NOK MILLIONS	31.12.2020		31.12.2019	
	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS HELD TO MATURITY - AT AMORTIZED COST				
Norwegian hold-to-maturity bonds	5 130	5 786	5 215	5 698
Foreign hold-to-maturity bonds	23 856	26 163	24 487	25 935
Total debt instruments held to maturity	28 986	31 950	29 701	31 633
DEBT INSTRUMENTS CLASSIFIED AS LOANS AND RECEIVABLES- AT AMORTIZED COST				
Norwegian bonds	51 396	54 805	49 807	51 469
Foreign bonds	102 738	111 115	100 736	104 886
Other receivables	47	47	37	37
Total debt instruments classified as loans and receivables	154 181	165 967	150 580	156 392
LENDING LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS				
Loans to local government sector or enterprises with local government guarantee	589	589	602	602
Total loans to local government, enterprises & retail customers	589	589	602	602
LENDING TO LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS - AT AMORTIZED COST				
Loans secured by mortgage	23 763	23 816	21 755	21 758
Loans to local government sector or enterprises with local government guarantee	81 335	82 668	73 141	73 401
Loans abroad secured by mortgage and local government guarantee	9 923	9 923	10 766	10 794
Loans creditcard	50	50	65	65
Total loans to local government, enterprises & retail customers	115 071	116 458	105 727	106 018
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Norwegian bonds	51 841	51 841	54 801	54 801
Norwegian certificates	6 094	6 094	6 295	6 295
Foreign bonds	92 025	92 025	85 004	85 004
Foreign certificates	549	549	50	50
Investments with credit institutions	43 305	43 305	24 660	24 660
Total debt instruments	193 814	193 814	170 810	170 810
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Shares	185 112	185 112	190 350	190 350
Equity funds	18 488	18 488	14 562	14 562
Property funds	1 382	1 382	32	32
Alternative investments	0	0	2 005	2 005
Total equity capital instruments	204 982	204 982	206 949	206 949
RECEIVABLES				

NOK MILLIONS	31.12.2020		31.12.2019	
	Book value	Fair value	Book value	Fair value
Receivables related to direct business	1 433	1 433	1 141	1 141
Receivables related to reinsurance agreements	176	176	153	153
Reinsurance share of gross claims reserve	0	0	0	0
Receivables related to securites	3 111	3 111	614	614
Prepaid rent related to real estate activities	212	212	212	212
Other receivables	1 246	1 246	364	364
Total other loans and receivables including receivables from policyholders	6 179	6 179	2 484	2 484
FINANCIAL LIABILITIES - AT AMORTIZED COST				
Hybrid Tier 1 securities	1 764	1 592	1 738	1 672
Subordinated loan capital	3 135	3 561	6 012	6 928
Debt to credit institutions	3 304	3 304	1 407	1 407
Covered bonds issued	24 997	25 105	24 415	24 546
Liabilities and deposits from customers	11 781	11 781	11 487	11 487
Total financial liabilities	44 980	45 342	45 059	46 039
FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS				
Debt to credit institutions	10 913	10 913	6 791	6 791
Total financial liabilities	10 913	10 913	6 791	6 791
Assets in life insurance with investment option	0	0	4 906	4 906
Provisions in life insurance with investment option	0	0	4 906	4 906

NOK MILLIONS	31.12.2020		31.12.2019	
	Assets	Liabilities	Assets	Liabilities
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS				
Forward exchange contracts	9 140	384	5 572	647
Interest rate swaps	1 144	405	1 038	99
Interest rate and currency swaps	1 058	0	973	111
Share option	219	0	0	0
Total financial derivatives	11 561	789	7 582	856

Note 7 Fair value hierarchy

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

31.12.2019 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Investment property	0	0	74 545	74 545
<i>Land/plots</i>	0	0	933	933
<i>Real estate fund</i>	0	0	3 154	3 154
<i>Buildings</i>	0	0	70 458	70 458
Lending at fair value	0	602	0	602
Bonds and other fixed-income securities	40 167	105 973	0	146 140
<i>Certificates</i>	3 344	3 002	0	6 345
<i>Bonds</i>	21 924	102 971	0	124 896
<i>Fixed-income funds</i>	14 899	0	0	14 899
Loans and receivables	22 946	1 724	0	24 670
Shares and units	186 785	5 503	14 660	206 949
<i>Shares</i>	184 673	3 466	2 211	190 350
<i>Equity funds</i>	2 112	0	54	2 166
<i>Property funds</i>	0	32	0	32
<i>Special funds</i>	0	2 005	0	2 005
<i>Private Equity</i>	0	0	12 396	12 396
Financial derivatives	0	7 582	0	7 582
Total assets at fair value	249 898	121 385	89 206	460 489
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	856	0	856
Debt to credit institutions ¹	6 791	0	0	6 791
Total financial liabilities at fair value	6 791	856	0	7 647

¹ The line «Debt to credit institutions» includes liabilities measured at fair value and amortized cost. This line is therefore not reconcilable against the Balance sheet. The liabilities measured at amortized cost amounted to NOK 3 304 million per 31.12.2020 and 1 407 million per 31.12.2019.

Changes in Level 3, Investment Property	Book value 31.12.2020	Book value 31.12.2019
Opening balance 1 January	74 545	67 570
Sold	-83	-291
Bought	3 166	6 167
Unrealised changes	3 956	1 060
Other changes	-99	39
Closing balance 31.12.	81 485	74 545
Realised gains/losses	0	42

Changes in Level 3, Shares	Book value 31.12.2020	Book value 31.12.2019
Opening balance 1 January	2 211	2 542
Sold	-91	-1 455
Bought	487	780
Unrealised changes	97	343
Closing balance 31.12.	2 704	2 211
Realised gains/losses	8	321

Changes in Level 3, Equity funds	Book value 31.12.2020	Book value 31.12.2019
Opening balance 1 January	54	61
Sold	0	-9
Bought	0	0
Unrealised changes	1	2
Closing balance 31.12.	55	54
Realised gains/losses	0	0

Changes in Level 3, Private Equity	Book value 31.12.2020	Book value 31.12.2019
Opening balance 1 January	12 396	10 383
Sold	-1 675	-2 358
Bought	8 341	2 882
Unrealised changes	1 600	1 489
Closing balance 31.12.	20 662	12 396
Realised gains/losses	636	878
Closing balance 31.12.	104 905	89 206

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

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

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

Level 1:

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

Level 2:

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

Level 3:

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

No sensitivity analysis has been carried out on securities included in Level 3. A sensitivity analysis for investment property can be found in note 3. 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 5 245 million as of 31.12.2020 and NOK 4 460 million as of 31.12.2019. Everything related to investment property is included in Level 3.

During the period from 01.01.2020 to 31.12.2020, a net movement of NOK 568 millions in stocks has been moved from Level 1 to Level 2 and NOK 819 millions from Level 2 to Level 1. This is due to changes in liquidity, based on the guidelines above. There have been no other movements between the different levels in 2020.

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.

Valuations related to items in the various levels are described in Note 6, investment property is described in note 3.

Fair value of assets and liabilities measured at amortized cost are given in note 6. The level placements for these debt instruments are as follows: assets classified as held to maturity would be level 1 and loan and receivables would be level 2. Liabilities measured at amortized cost, subordinated loan would be level 1 and hybrid tier 1 capital would be level 2 and debt to credit institutions would be level 1. Information on pricing of these liabilities can be found in note 6.

Note 8 **Assets in defined-contribution-based life insurance**

The business that has offered defined contribution-based life insurance was sold in 2020, the note specification below therefore only shows 2019 information.

NOK MILLIONS	Organization number	Number units	Rate	Fair value 31.12.2019	Average return per unit %	Average return per unit whole NOK
UNITS IN EQUITY FUNDS						
KLP AksjeGlobal Indeks II	987570199	31 422	2 763.88	87	26.47%	578
KLP AksjeNorge Indeks	988425958	289	2878.56	1	16.52%	408
KLP Aksje Fremvoksende Markeder indeks I	996715426	4 611	2 190.04	10	20.90%	379
KLP Framtid	918126767	2 329 728	1 373.26	3 199	23.38%	260
KLP AksjeNorden Mer Samfunnsansvar	923251642	3 574	1 072.38	4	10.40%	101
KLP AksjeGlobal Mer Samfunnsansvar	920672183	10 900	1 266.84	14	6.34%	76
KLP AksjeGlobal Mer Samfunnsansvar II	923251626	21 941	1 078.19	24	8.87%	88
Baillie Gifford Worldwide Glob Alpha Fund NOK Acc		156 437	189.54	30	32.03%	46
Quoniam FS SICAV GlobEq MinRisk KLP I		60 268	1 125.35	68	21.38%	198
Total units in equity funds		2 619 169		3 436		
UNITS IN FIXED-INCOME FUNDS						
KLP Obligasjon 5 år	979518315	435	1 280.23	1	2.05%	26
KLP Obligasjon Global I	989753746	640	1 206.46	1	10.98%	122
KLP Kredittobligasjon	993511757	6 086	1 053.06	6	2.43%	26
KLP Obligasjon 3 år	979518323	0	1 026.21	0	-0,24 %	-3

NOK MILLIONS	Organization number	Number units	Rate	Fair value 31.12.2019	Average return per unit %	Average return per unit whole NOK
KLP Obligasjon 1 år Mer Samfunnsansvar	923251669	343	997.93	0	0.33%	3
KLP Obligasjon Global mer Samfunnsansvar	923251685	163	1 003.45	0	-0.28%	-3
KLP Nåtid	918126740	1 362 457	1 008.89	1 375	4.15%	41
Quoniam FS SICAV GlobCredit MinRisk KLP I		3 507	1 051.69	4	5.72%	57
Total units in fixed-income funds		1 373 630		1 387		
UNITS IN MONEY MARKET FUNDS						
KLP Pengemarked	979518218	76 783	1 000.10	77	1.64%	16
Total units in money market funds		76 783		77		
Total units in securities funds				4 899		
Bank deposits				4		
Other assets				3		
Total assets in defined-contribution-based life insurance				4 906		

PER CENT	1. quarter	2. quarter	3. quarter	4. quarter
Returns per quarter	7.35%	2.01%	2.81%	3.73%

The return on the holdings is the value change of the sum deposited and takes account of transactions during the period. This is termed money-weighted return. The return on the fund is the total return for the fund, also known as time-weighted return.

If there are no transactions during the period, the return on the holding and the fund is the same.

Note 9 **Risk management**

Through its activity, the Group is exposed to both insurance risk and financial risk. The aim of the overarching risk management for the Group is that the financial risk is managed in such a way that the Group is able at all times to meet the liabilities the insurance contracts impose on the business. The Board of Directors sets the overarching risk strategies that are put into practice at the senior management level.

Risk strategy is implemented and monitored by the line organization, with periodic reporting. Any breaches in risk lines and limits are reported as they occur, with a description of measures taken to regularize the situation. Units outside the line organization monitor that the risk-taking is carried out within the authorisations the line has.

9.1 INSURANCE RISK

An insurance contract according to IFRS 4 is defined as "A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder". The uncertainty at the portfolio level is additionally affected by factors such as changes in law and court decisions. Insurance results will be more stable and predictable the more contracts there are in the portfolio.

The Group's insurance business is divided into the following sectors: group pension public sector and non-life insurance. As described in Note 2, the weightiest risks in group pension are disability risk and longevity risk, whereas risk of death/whole life is somewhat less weighty. Guidelines have been prepared for non-life insurance for regarding the kind of risks the Company accepts in its portfolio. Basically, it accepts risks from customers who are within the Group's primary target groups in non-life insurance provided the scope of the insurance lies within the standard products the Group offers. The total insurance risk will also be less diversified where the portfolio has geographical dispersion and is spread over different insurance products.

In non-life insurance, insurance risk is generally managed through provisions for future expected claims under existing contracts, pricing of the risk element in insurance premium, and through reinsurance contracts. In addition, more specific measures have been taken according to the insurance cover offered.

Insurance risk is generally managed through close monitoring of the risk incidence and if appropriate subsequent change in the tariffs.

9.1.1 Insurance provisions

The insurance provisions are set at the right level of expectation, with addition of safety margins. In group pension public sector, the Group can add up to a half year's risk result to the risk equalization fund. This fund can be used to meet unexpected fluctuations in risk results.

For disability risks in the collective pension sector, assumptions are used based on the group's disability experience. For other risk elements in the collective pension sector, the assumptions from the calculation basis K2013 are used, with safety margins, according to the minimum standard set by the Financial Supervisory Authority of Norway in 2013. For men, the Group uses its own life expectancy assumptions that assume a greater life expectancy improvement than K2013. In the Pension Scheme for Nurses, the same formulas and parameters are used but with an enhanced safety margin due to significantly longer life spans in these schemes. For the Pension Scheme for Hospital Doctors, K2013 is used with an enhanced safety margin for both genders.

We are currently in a special situation related to corona. At present, there is no excess mortality in the population as a result of the pandemic. If the pandemic should lead to lasting increased mortality, this will give higher risk results. At the same time, there are factors related to the pandemic situation that could affect withdrawals of disability pensions in 2021 and the next few years, such as:

- Layoffs and recessions
- Home office (physically and mentally)
- Extra work in health enterprises
- Lack of capacity of health workers in general
- After-effects of disease

9.1.2 Setting the premium

Development in the Group's insurance risk is continuously monitored. Risk result and future expectations of development in insured risk are based on observations and prognoses set by the SSB (Statistic Central Bureau). These create the basis for pricing of the risk element in the premium.

In the sector for group pension, public sector the Group has a large population, which provides a high degree of predictability and stability in its tariffs. Normally they will therefore stay the same for several years at a time.

In the non-life insurance business, guidelines have been drawn up for the types of risk that the Company accepts in its portfolio. Risks are generally accepted from customers from within the Company's primary target groups, provided that the scope of the cover falls within the standard products the Company offers. Premiums are differentiated based on the individual customer's risk. In borderline cases, special decision procedures are followed before the risk can be taken on.

9.1.3 Reinsurance and reinsurance program

a) Group pension public sector

The way the insurance contracts have been established, the current risk is generally within the framework of the Group's risk-bearing capacity. Collective Pension Public only has products without the possibility to choose the scope of the insurance cover for the individual insured. Based on this limitation, the size of the company and resulting great risk-bearing ability, the overall assessment is that the need to have reinsurance in KLP is small. There is no reinsurance cover for collective pensions in KLP today.

b) Non-life insurance

The company reduces its underwriting risk, including concentration risk, by reinsurance cover that limits the company's retention per claim. Guidelines have been set to minimise counterparty risk in the reinsurance contracts in non-life insurance. A maximum limit is set for the individual reinsurer and a minimum level is defined for the reinsurers' credit ratings.

9.1.4 Sensitivity calculations

9.1.4.1 Sensitivity calculations in group public sector pensions

The effect of an immediate 20 per cent increase in the incidence of disability would, with current numbers be NOK 345 million on the risk result for the year. The effect on the premium reserve of a corresponding permanent change in the incidence of disability would be an increase of NOK 703 million.

An immediate 10 per cent reduction in mortality would, with current numbers, mean a negative effect of NOK 228 million on the risk result for the year. The effect on the premium reserve of a corresponding permanent change in mortality would be an increase of NOK 10.070 million.

The Group's large numbers within group public sector pensions help to stabilize the insurance risk and the claim estimates. Deviations are related primarily to non-insurable magnitudes that do not affect the result.

9.1.4.2 Sensitivity calculations in non-life insurance

The table below shows the profit/loss effect of a 1 per cent change in costs, premium levels, claim payments and claims reserve:

SENSITIVITY CALCULATIONS IN NON-LIFE	
1 per cent change in expenses	NOK 4.0 million
1 per cent change in premium level	NOK 17.3 million
1 per cent change in claims payment	NOK 12.3 million
1 per cent change in claims reserves	NOK 18.5 million

9.2 FINANCIAL RISK

The Group's financial goal is to achieve a competitive and stable return, at the same time as solvency satisfies external and internal requirements. The Group has a long-term investment strategy in which risk-taking is at all times matched to the Group's ability to bear risk. The focus in asset management is cost effectiveness, a long-term perspective and broadly diversified portfolios with the goal of achieving competitive and stable returns for our customers and owners over time.

The Group's financial risk comprises liquidity risk, market risk and credit risk.

9.2.1 Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient liquidity to cover short-term debt, uncalled residual liabilities that may fall due and current operations without substantial extra costs arising in the form of price falls on assets that have to be realized. The liquidity strategy contains various requirements and limits in order to comply with the desired liquidity risk profile. In addition division of responsibilities and contingency planning are covered. The liquidity strategy is operated at the senior management level and the liquidity is managed internally in accordance with mandates.

Uncalled residual liability of NOK 27.659 million comprises mainly committed, not paid in sums against private equity and approved loans that have not been paid out. The total is specified in detail in Note 35 Contingent liabilities. The agreements govern solvency requirements among other things, so that the drawing can be approved for payment.

9.2.2 Market risk

Market risk is the risk of losses resulting from changes in market prices of various assets such as shares, bonds, property and other securities. The market risk depends on how large an exposure there is to the various assets and on the volatility in the market prices. Developments in the Norwegian and international securities markets generally have major significance for the Group's results.

Risk of a fall in the value of various assets is the biggest financial risk in the short term. Of the risk concerning assets, equity exposure is the largest financial risk factor, but also the market risk associated with interest, credit (spread) and property has a significant loss potential. The Group's interest rate risk associated with a prolonged low interest rate level is however limited. With the current formulation of the rules, technical provisions are not affected by changes in market interest rates. On the liabilities' future transition to market value, annual pricing of the interest rate guarantee will mean that the customers will bear the risk of the interest rate level being lower than the base interest rate. Since the Group mainly provides pension schemes to the public sector, the Group will price the interest rate guarantee right up until the insured dies, which means the interest rate risk arising from the insurance obligations is limited.

The Group exchange rate hedges the majority of international exposure. Financial hedging of currency exposure is done through derivatives. As a rule, all of the Group's fixed-income investments and property investments in foreign currency are hedged back to NOK. For equity investments in foreign currencies, the hedging ratio in 2020, except for the currency turmoil in March, was about 60 per cent with permissible fluctuations between 50 and 70 per cent.

All equity and interest rate exposures are included in a risk measurement system that enables simulation and monitoring of equity and interest rate risk across the portfolios. Active risk is managed through specifying a benchmark with the index for each portfolio.

To reduce the risk of negative results from asset management, the Group uses CPPI rules for customer portfolios for daily monitoring the market risk. This strategy helps to ensure that the risk is adjusted to the Group's risk capacity. The CPPI rules gives a return profile, which fits the overall target to protect owners' equity and preserve the risk capacity over time. In addition, the Group has a high proportion of long-term (hold-to-maturity) bonds and fixed-interest lending that contributes to stability in returns.

Derivatives are principally used for risk reduction for cost and time-effective implementation of changes in risk and for currency hedging.

Through the life company, the equity risk is by far the largest market risk in the Group. As measured by stress tests, this is in excess of 50 per cent. The rest of the market risk is spread equally between property risk, interest rate and credit risk. The fact that large parts of the

interest rate and credit exposure are posted at amortised cost changes the relative picture of market risk. Equity and property risk then make up more than 80 per cent of the total market risk.

Sensitivity analysis - market risk

In connection with the parent company's (KLP) own risk and solvency assessment (ORSA), several scenario analyzes and forecasts for capital adequacy have also been carried out this year. Analysis shows that KLP will be well capitalized through the whole forecast period (2025). In scenarios with negative market development it is presumed that KLP according to internal rules will reduce the allocation in shares in the common portfolio. These scenarios also show how the ancillary own funds (Group 2) will contribute in situations with low reserves so that the capital adequacy not will be reduces below the target ratio of 150 per cent.

Calculation of solvency margin (SCR ratio)

The European rules for calculation of solvency margin, SCR ratio, main target is to protect and ensure the interest of the insurance customers. The Group performs quarterly calculations of the SCR ratio.

According to the standard method of calculation in Solvency II, the Group has a solvency capital coverage of 264 per cent, which is slightly higher than at the end of 2019 when it stood at 253 per cent. The solvency capital coverage is well above the Group's target of 150 per cent. The regulatory minimum requirement is 100 per cent.

Several sensitivity analyses linked to solvency capital coverage have been carried out. The solvency capital is calculated to increase by 10 percentage per 50 basis points interest rate increase, and to be reduced by 10 percentage per 50 basis points interest rate decrease. This may be considered low, at least compared to private occupational pensions, and is mainly due to the fact that public-sector occupation pensions avoid the problem of paid-up policies. A 25 per cent fall in the stock market reduces capital adequacy by something under 50 percentage points when the rules are taken into account. This is a significant drop, but the level of capital adequacy will still be above the level at which action has to be considered.

Previous estimates have shown that, with the safety margins in the Company's tariffs and with the current level in the risk equalisation fund, solvency capital coverage is not very sensitive to changes in longevity and disability risk.

9.2.3 Credit- and concentration risk

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.

The Group has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. 400 per cent of the Group's total credit exposure is invested with issuers with an AA- rating or better. The Group has a separate international government bonds portfolio and the element of government bonds is also substantial in the Norwegian bonds portfolio.

The Group has a lending portfolio of high quality, with limited credit risk and historically very low losses. In the main, the Group provides loans secured on housing with a loan-to-value ratio of less than 80 per cent, loans to local authorities and loans with local authority guarantees. Lending secured through mortgages on housing amounts to NOK 21.1 billion. The value of the mortgages represents a greater value than the lending since a large part of the mortgages were established earlier in time and the price rise in housing in recent years has been substantial.

The Group has limited concentration risk. Because no exposures exceed the threshold values defined in the Solvency II regulations, the Group has no capital requirements for concentration risk under the standard method. The way in which the fixed interest and equity portfolios are managed will generally help to limit concentration risk through extensive use of index management. The Group sets explicit limits for lending which restrict concentration on specific individuals and groups. Sector concentration is monitored via monthly and quarterly reporting.

Although the Group's investments are well diversified, there is a clear preponderance of investments in Norway. This is a deliberate and a natural consequence of dealing mainly with public-sector occupational pensions.

9.3 TOTAL MAXIMUM EXPOSURE TO CREDIT RISK FOR THE GROUP

The Group's total maximum exposure to credit risk comprises book values of financial assets and liabilities (see note 13 for more information regarding the Group's credit risk). The book classes of securities are specified in detail in Note 6 Fair value of financial assets and liabilities.

Note 10 **Liquidity risk**

The table in this note specifies the Company's financial liabilities classified according to maturity structure. The amounts in the table are non-discounted contractual cash flows.

2020 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Hybrid tier 1 securities ¹	0	62	249	312	1 452	2 075
Subordinated loans ²	0	131	592	687	5 073	6 484
Covered bonds issued	18	1 423	26 618	587	0	28 646
Debt to credit institutions	1 351	2 410	610	0	0	4 370
Liabilities to and deposits from customers	11 781	0	0	0	0	11 781
Accounts payable	123	0	0	0	0	123
Contingent liabilities	27 659	0	0	0	0	27 659
Total	40 931	4 025	28 070	1 587	6 525	81 139
Financial derivatives						
Financial derivatives gross settlement						
<i>Inflows</i>	0	0	0	0	0	0
<i>Outflows</i>	0	0	0	0	0	0
Financial derivatives net settlement	2 396	2 381	116	-266	-294	4 333
Total	2 396	2 381	116	-266	-294	4 333

¹ In regards to the loans that are perpetual, estimated cash streams are up to expected maturity at the interest adjustment date.

² The cash flows in this category may deviate from previous reports due to changes in maturity date in the calculation.

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

2019 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Hybrid tier 1 securities ¹	0	64	256	320	1 490	2 130
Subordinated loans	0	252	1 006	6 170	0	7 427
Covered bonds issued	0	1 413	23 802	601	0	25 816
Debt to credit institutions	51	626	842	0	0	1 519
Liabilities to and deposits from customers	11 487	0	0	0	0	11 487
Accounts payable	7	0	0	0	0	7
Contingent liabilities	23 344	0	0	0	0	23 344
Total	34 889	2 354	25 906	7 091	1 490	71 730
Financial derivatives						
Financial derivatives gross settlement						
<i>Inflows</i>	0	0	0	0	0	0
<i>Outflows</i>	0	0	0	0	0	0
Financial derivatives net settlement	2 260	2 277	69	-142	-306	4 159
Total financial derivatives	2 260	2 277	69	-142	-306	4 159

¹ In regards to the loans that are perpetual, estimated cash streams are up to expected maturity at the interest adjustment date.

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 14 million, payables to credit institutions maturing within one month are reduced with NOK 1 million and derivatives maturing between 1 to 12 months are reduced with NOK 1 million. Total amount of the financial liabilities for the Group are after these adjustments NOK 75 873 million.

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

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 AS has the day-to-day responsibility and reports on 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 for the Group annually. The liquidity strategy includes parameters, responsibilities, risk measurement and an emergency plan for liquidity management.

The biggest obligations in the Group are those related to insurance, essentially applying to pension obligations. These obligations are fully founded and the liquidity management is handled in the same way as other obligations. Please see the table below, which shows the expected payment profile based on the assumptions for the period.

EXPECTED PAYMENT PROFILE PENSION OBLIGATIONS

The table below shows expected disbursement profile based on expectations for the period.

2020 NOK MILLIONS									
Year	1 year	2-5 years	6-10 years	11-20 years	21-30 years	31-40 years	41-50 years	51-80 years	Total
Amount	20 772	83 831	128 955	299 545	308 771	270 816	192 522	167 168	1 472 379

2019 NOK MILLIONS									
Year	1 year	2-5 years	6-10 years	11-20 years	21-30 years	31-40 years	41-50 years	51-80 years	Total
Amount	18 000	75 067	120 564	305 890	348 500	322 419	222 170	165 967	1 578 577

The payment profile for insurance liabilities is based on non-discounted values and applies to life insurance and non-life insurance. Insurance liabilities related to the life insurance businesses are discounted in the financial statements and show the present value at the end of the reporting period. The claims reserves are not discounted in the non-life insurance financial statements.

Note 11 Interest rate risk

31.12.2020 NOK MILLIONS	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow 01.01.2020 -31.12.2020	Total	Adjusted for the unit holders' interests in consolidated securities funds
ASSETS								
Financial derivatives classified as assets	12	-4	-86	-59	-245	-22	-405	-353
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	6	6	0
Bonds and other fixed-return securities	-44	-48	-1 153	-1 914	-2 460	320	-5 299	-4 336
Fixed income fund holdings	-1 329	0	0	0	0	0	-1 329	-1 329
Lending and receivables	0	-1	0	0	0	273	272	218
Lending	0	0	0	0	0	797	797	797
Cash and bank deposits	0	0	0	0	0	28	28	28
Contingent liabilities ¹	0	0	0	0	0	52	52	52
Total assets	-1 362	-53	-1 239	-1 974	-2 705	1 453	-5 879	-4 925
LIABILITIES								
Deposit	0	0	0	0	0	-120	-120	-120
Liabilities created on issue of securities	0	0	0	0	0	-288	-288	-288
Financial derivatives classified as liabilities	6	11	84	53	0	18	171	167
Hybrid capital, subordinated loans	0	0	0	51	93	0	143	143
Debt to credit institutions	0	0	0	0	0	-72	-72	-72
Total liabilities	6	11	84	103	93	-461	-165	-169
Total before tax	-1 356	-42	-1 155	-1 870	-2 612	992	-6 043	-5 094
Total after tax	-1 017	-32	-866	-1 403	-1 959	744	-4 533	-3 820

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

31.12.2019 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 01.01.2019 -31.12.2019	Total	Adjusted for the unit holders' interests in consolidated securities funds
ASSETS								
Financial derivatives classified as assets	-2	-4	-32	-52	-272	-12	-374	-350
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	0	0	0
Bonds and other fixed-return securities	-45	-46	-1 185	-1 671	-1 986	310	-4 623	-3 950
Fixed income fund holdings	-1 034	0	0	0	0	0	-1 034	-1 034
Lending and receivables	-1	-2	0	0	0	109	107	81
Lending	0	0	0	0	0	723	723	723
Cash and bank deposits	0	0	0	0	0	32	32	32
Contingent liabilities ¹	0	0	0	0	0	93	93	93
Total assets	-1 082	-52	-1 216	-1 723	-2 258	1 254	-5 077	-4 406
LIABILITIES								
Deposit	0	0	0	0	0	-115	-115	-115
Liabilities created on issue of securities	0	0	0	0	0	-258	-258	-258
Financial derivatives classified as liabilities	2	2	47	-15	0	9	45	42
Hybrid capital, subordinated loans	0	0	0	53	93	0	147	147
Debt to credit institutions	0	0	0	0	0	-20	-20	-20
Total liabilities	2	2	47	38	93	-384	-201	-205
Total before tax	-1 079	-50	-1 169	-1 685	-2 164	870	-5 278	-4 610
Total after tax	-810	-38	-877	-1 263	-1 623	653	-3 958	-3 458

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

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

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

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

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

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

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

Note 12 **Currency risk**

31.12.2020	Fin.l pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position	Net position in NOK adjusted for the minorities share
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK	
US dollar	16 359	-64	7 449	-18 364	8.562	23 807	-18 427	46 063	25 858
Euro	5 473	-911	2 290	-5 889	10.476	7 763	-6 800	10 088	6 463
Japanese yen	173 569	-259	79 087	-193 125	0.083	252 656	-193 385	4 915	2 700
British Pound	1 510	0	1 217	-2 430	11.704	2 727	-2 430	3 470	2 134
Swedish krone	19 659	0	17 020	-33 644	1.043	36 679	-33 644	3 164	776
Hong Kong dollar	3 569	0	1 103	-2 448	1.104	4 672	-2 448	2 456	1 156
Danish kroner	9 973	-62	7 753	-16 050	1.407	17 726	-16 112	2 271	818
Canadian dollar	997	0	382	-1 045	6.721	1 379	-1 045	2 245	1 398
Swiss franc	484	0	159	-431	9.686	644	-431	2 062	1 020
Australian dollar	562	0	433	-792	6.607	995	-792	1 342	791
Korean won	215 563	0	0	-67 610	0.008	215 563	-67 610	1 166	484
Indian rupi	9 432	0	0	0	0.117	9 432	0	1 105	646
Taiwan new dollar	5 553	0	0	-1 957	0.305	5 553	-1 957	1 096	454
South African rand	1 123	0	0	0	0.583	1 123	0	654	362
Chinese Yuan	474	0	0	0	1.309	474	0	621	405
Brazilian real	354	0	0	0	1.648	354	0	584	330
Other currencies								2 751	1 845
Total short-term foreign currency positions								86 055	47 639

31.12.2020	Fin.I pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position	Net position in NOK adjusted for the minorities share
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK	
US dollar	3 080	-92	0	-2 815	8.562	3 080	-2 906	1 488	1 488
Japanese yen	16 254	-11 779	0	0	0.083	16 254	-11 779	371	371
British Pound	189	0	3	-184	11.704	192	-184	98	98
Danish kroner	12	0	0	0	1.407	12	0	16	16
Euro	904	-301	2	-604	10.476	906	-905	16	16
Swedish krone	1 674	0	0	-1 664	1.043	1 674	-1 664	11	11
Korean won	487	0	0	0	0.008	487	0	4	4
Australian dollar	8	0	89	-97	6.607	97	-97	1	1
Swiss franc	0	0	0	0	9.686	0	0	0	0
Canadian dollar	0	0	0	0	6.721	0	0	0	0
Total long-term foreign currency positions								2 004	2 004
Total pre-tax currency positions								88 059	49 644
Total currency positions after tax								66 045	37 233

31.12.2019	Fin. pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position	Net position in NOK adjusted for the minorities share
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK	
US dollar	15 341	-54	7 688	-18 548	8.787	23 029	-18 602	38 899	23 193
Euro	4 839	-699	1 913	-5 117	9.864	6 752	-5 816	9 228	6 224
Japanese yen	170 425	-385	76 546	-186 820	0.081	246 971	-187 205	4 833	3 143
British Pound	1 662	0	1 111	-2 444	11.641	2 773	-2 444	3 832	2 526
Canadian dollar	1 236	0	516	-1 326	6.776	1 752	-1 326	2 884	2 218
Swedish krone	18 676	0	16 108	-31 844	0.939	34 784	-31 844	2 760	981
Hong Kong dollar	3 756	0	1 513	-3 295	1.128	5 269	-3 295	2 227	1 236
Swiss franc	517	0	174	-479	9.075	691	-479	1 925	1 084
Danish kroner	9 269	-17	10 796	-18 653	1.320	20 065	-18 670	1 841	927
Australian dollar	665	0	368	-813	6.177	1 033	-813	1 364	948
Indian rupi	10 105	0	0	0	0.123	10 105	0	1 244	901
Taiwan new dollar	6 160	0	0	-2 530	0.293	6 160	-2 530	1 064	609
Brazilian real	483	0	0	0	2.184	483	0	1 055	756
Korean won	231 596	0	0	-93 550	0.008	231 596	-93 550	1 049	587
South African rand	1 301	0	0	0	0.628	1 301	0	817	568
Chinese Yuan	452	0	0	0	1.262	452	0	570	436
Other currencies	0	0	0	0		0	0	3 053	2 330
Total short-term foreign currency positions								78 645	48 665
US dollar	2 677	-91	0	-2 483	8.787	2 677	-2 574	911	911
Japanese yen	16 282	-11 587	0	-37	0.081	16 282	-11 624	377	377
British Pound	192	0	0	-187	11.641	192	-187	52	52
Swedish krone	1 641	-60	46	-1 590	0.939	1 687	-1 650	35	35
Danish kroner	19	0	0	-4	1.320	19	-4	20	20

31.12.2019	Fin. pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position	Net position in NOK adjusted for the minorities share
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK	
Australian dollar	3	0	0	-3	6.177	3	-3	1	1
Korean won	27	0	0	0	0.008	27	0	0	0
Swiss franc	0	0	0	0	9.075	0	0	0	0
Canadian dollar	0	0	0	0	6.776	0	0	0	0
Euro	866	-615	0	-260	9.864	866	-875	-87	-87
Total long-term foreign currency positions								1 308	1 308
Total pre-tax currency positions								79 953	49 973
Total currency positions after tax								59 965	37 480

¹ The table shows total financial position statement items for each individual currency, divided between short and long-term positions. The net position shows the actual currency risk the KLP Group had at the end of the period in NOK. The net position excluded the minority share shows the real currency risk the Group has at the end of the period, because the column is directly related to actual ownership and risk in the Group. Other sums are in local currency. The table shows a hedging ratio for foreign currency at 82 and 83 per cent for 2020 and 2019 respectively.

The Group currency-hedges the majority of investments made in foreign currency. Financial hedging of currency exposure is done through derivatives. In principle all of the Group's fixed-income investments and property investments in foreign currency are hedged back to NOK with the objective of 100 per cent hedging.

As of 31 December 2020, the hedging ratio for equities in developed markets and the most liquid currencies in emerging markets was 60 percent with possible fluctuations between 50-70 percent. Other currencies, i.e., less liquid currencies in developed markets and currencies in emerging markets with the exception of the most liquid currencies, are not currency hedged. The reason for this is that these currencies do not have a large enough market and / or liquidity that it is appropriate to hedge currency. This reduction in the hedging of shares, as well as unsecured foreign equity funds, increases the net positions in foreign currencies.

If all currency positions were to change by 1 per cent at the same time and in the same direction this would affect the pre-tax result by NOK 880 million. For 2019 the effect on the pre-tax result of a 1 per cent change in the foreign exchange rates would have been NOK 800 million.

Note 13 **Credit risk**

31.12.2020 NOK MILLIONS	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Bank and finance	¹ Mortgage < 80%	Mortgage > 80%	Other	Total	Adjusted for the unit holders' in consolidated securities funds
Debt instruments held to maturity at amortized cost	27 554	35	0	0	0	0	1 397	28 986	28 986
Debt instruments classified as loans and receivables at amortized cost	130 769	0	377	0	0	0	23 034	154 180	154 180
Debt instruments at fair value - fixed-return securities	109 855	1 690	4 208	8 592	0	0	12 745	137 089	117 540
Fixed-income funds	0	0	0	0	0	0	24 889	24 889	24 889
Loans and receivables	31 536	0	0	300	0	0	0	31 836	25 170
Financial derivatives classified as assets	11 561	0	0	0	0	0	0	11 561	9 108
Cash and bank deposits	2 703	0	0	69	0	0	0	2 772	2 772
Lending	0	0	88 746	0	21 108	2 972	2 834	115 660	115 660
Total	313 979	1 725	93 331	8 960	21 108	2 972	64 899	506 973	478 305

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

31.12.2019 NOK MILLIONS	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Bank and finance	¹ Mortgage < 80%	Mortgage > 80%	Other	Total	Adjusted for the unit holders' in consolidated securities funds
Debt instruments held to maturity at amortized cost	28 238	36	31	0	0	0	1 396	29 701	29 701
Debt instruments classified as loans and receivables at amortized cost	125 936	0	1 000	927	0	0	22 717	150 580	150 580
Debt instruments at fair value - fixed-return securities	102 713	964	4 675	12 483	0	0	11 777	132 612	117 725
Fixed-income funds ²	0	0	0	0	0	0	14 899	14 899	14 899
Loans and receivables	24 103	0	0	566	0	0	1	24 670	20 023
Financial derivatives classified as assets	7 582	0	0	0	0	0	0	7 582	6 238
Cash and bank deposits	3 125	0	0	69	0	0	0	3 194	3 194
Lending	-	0	72 567	0	19 314	2 457	11 992	106 329	106 329
Total	291 696	1 000	78 274	14 045	19 314	2 457	62 782	469 568	448 690

NOK MILLIONS	AAA	AA	A	BBB	Total Investment grade
SPECIFICATION OF INVESTMENT GRADE					
Debt instruments held to maturity at amortized cost	11 813	4 086	9 757	2 582	28 238
Debt instruments classified as loans and receivables at amortized cost	25 002	19 920	57 825	23 188	125 936
Debt instruments at fair value - fixed-return securities	34 698	9 183	29 160	29 672	102 713
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	12 064	11 358	681	24 103
Financial derivatives classified as assets	0	2 175	5 382	25	7 582
Cash and bank deposits	0	1 979	1 146	0	3 125
Lending	0	0	0	0	0
Total	71 513	49 407	114 629	56 147	291 696

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

² In the column "other", we have included an additional investment that is exposed to credit risk but is not reconcilable against the line "Debt instruments at fair value through profit or loss" in the balance sheet. The value of the investment was NOK 1 371 million per 31.12.2019.

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

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

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

The Group can be said to have a high concentration of debt instruments directed at the Norwegian public sector.

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: this amounted to NOK 65 billion per 31.12.2020. 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.

The calculation of changes in fair value as a result of changes in credit risk is based on bonds / bond funds that are valued at fair value and that are included in the portfolio at the reporting date. As of 31 December 2020, the change is estimated at NOK 809 million at a 100% ownership interest in funds. If real ownership interest in funds is taken into account, the estimated change will be NOK 669 million.

NOK MILLIONS		31.12.2020		31.12.2019	
	Consolidated	Adjusted for the unit holders' in consolidated securities funds	Consolidated	Adjusted for the unit holders' in consolidated securities funds	
10 LARGEST COUNTERPARTIES					
Counterparty 1	15 388	14 159	13 956	13 026	
Counterparty 2	13 120	9 013	11 144	8 896	
Counterparty 3	12 585	8 160	9 463	7 948	
Counterparty 4	8 744	8 034	7 471	7 295	
Counterparty 5	7 409	7 208	7 376	7 138	
Counterparty 6	6 155	5 622	7 318	6 535	
Counterparty 7	5 857	5 604	6 535	6 107	
Counterparty 8	5 622	4 710	6 198	6 076	
Counterparty 9	4 768	4 698	4 698	4 698	
Counterparty 10	4 747	3 915	4 309	4 189	
Total	84 395	71 123	78 468	71 910	

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).

PREMIUM RECEIVABLES AND RECEIVABLES IN CONNECTION WITH REINSURANCE

NOK MILLIONS	2020	2019
Premium receivables	1 067	820
Write-downs of premium receivables	1	0
Total	1 067	820

KLP's premium receivables are primarily in regard to the public sector and the credit risk is considered low. In addition the main group pension/public sector industry is linked to the "Transfer agreement for the public sector". This transfer agreement has a security scheme intended to help to secure pension rights accrued with employers who cease to exist or do not pay premiums when due in accordance with detailed rules. The Group may thus apply for cover for unpaid demands in this industry from the security arrangement if the demand falls within the security arrangement's regulations.

CHANGE IN FAIR VALUE AS A RESULT OF CHANGE IN CREDIT RISK

NOK MILLIONS	100% ownership in funds	Adjusted to real ownership in funds
Change in fair value as a result of change in credit risk	809	669

This is not an accurate calculation, but our best estimate. Actual change in fair value depends on both changes in risk-free interest rates and credit spreads. This estimate is an attempt to isolate the change in fair value due to the fact that the credit spread on the bonds has changed during the year. The estimate is calculated by looking at the change in credit spread for each individual bond throughout the year and the bond's cash flow weights remaining maturity (duration) for the bond at the time of reporting. There are many reasons why the credit spread changes, like for example that the credit spread becomes lower when the bond matures, that an issuer is considered more or less risky or that the market demands a higher or lower risk premium for credit bonds in general. If the change in fair value is positive (negative), it indicates that the duration- and value-weighted credit spread has decreased (increased).

The calculation is based on owned assets per 31.12.20, and is made for bonds and index bonds that are valued at fair value. Government funds and government portfolios have been removed from the calculation basis.

Note 14 Presentation of assets and liabilities that are subject to net settlement

31.12.2020 NOK MILLIONS				Related amounts not presented net			Adjusted for the unit holders' in consolidated securities funds	
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	
ASSETS								
Financial derivatives	11 561	0	11 561	-771	-9 516	0	1 570	1 276
Repos	1 759	0	1 759	-914	0	0	845	845
Total	13 320	0	13 320	-1 685	-9 516	0	2 415	2 121
LIABILITIES								
Financial derivatives	789	0	789	-771	-72	0	18	18
Repos	914	0	914	0	0	0	914	0
Total	1 702	0	1 702	-771	-72	0	932	18

31.12.2019 NOK MILLIONS				Related amounts not presented net				Adjusted for the unit holders' in consolidated securities funds
	Gross financial assets/ liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	
ASSETS								
Financial derivatives	7 582	0	7 582	-846	-6 114	-353	281	237
Repos	0	0	0	0	0	0	0	0
Total	7 582	0	7 582	-846	-6 114	-353	281	237
LIABILITIES								
Financial derivatives	856	0	856	-846	-23	0	10	10
Repos	0	0	0	0	0	0	0	0
Total	856	0	856	-846	-23	0	10	10

The purpose of the note is to show the potential effect of netting agreements at the KLP Group; what possibilities the KLP Group has to net bilateral agreements against other counterparties should the latter go bankrupt and the remaining amount if all such netting agreements are materialized.

The note shows derivative positions and repo agreements in the financial position statement. Repos are a part of the line "Debt to credit institutions" in the balance sheet.

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

Note 15 **Mortgage loans and other lending**

NOK MILLIONS	Local government administration	State and local authority owned enterprises ¹	Private organizations and enterprises	Employees, pensioners and similar	Total 31.12.2020	Total 31.12.2019
Agder	4 068	192	6	715	4 981	3 926
Innlandet	7 996	197	216	1 487	9 896	8 959
Møre og Romsdal	5 267	182	183	862	6 494	5 702
Nordland	6 376	708	52	928	8 063	7 241
Oslo	24	0	1 613	2 537	4 174	4 036
Rogaland	4 020	173	104	1 803	6 101	5 144
Svalbard	105	0	0	1	107	8 133
Troms og Finnmark	5 132	867	330	1 224	7 552	6 570
Trøndelag	9 484	295	240	1 395	11 414	1 333
Vestfold og Telemark	4 511	247	163	2 024	6 944	7 031
Vestland	8 437	1 051	184	2 349	12 020	11 139
Viken	17 896	1 060	262	8 318	27 536	25 903
Foreign	0	0	9 923	61	9 984	10 766
Not allocated	0	0	0	49	49	74
Accrued interests	231	8	20	16	275	355
Value adjustment					71	15
Total	73 548	4 980	13 294	23 767	115 660	106 329

¹ This category covers local authority business operations, as well as enterprises owned by central and local government

The Group has a lending portfolio of high quality, with limited credit risk and historically very low losses. In the main the Group provides loans secured on housing with a loan-to-value ratio of less than 80 per cent, loans to local authorities and loans with government (central/local) guarantees. Lending secured through mortgages on housing amounts to about NOK 23.8 billion. The sector diversification of Group lending is very small, since a very high proportion of the loans are provided for the public sector. However the concentration risk this suggests can hardly be perceived as a real risk since the loans are covered by government (central/local) guarantee, representing an extremely low counterparty risk.

In the financial position statement the two lending-related lines must be taken into account to find amounts corresponding to those in the note.

NOK MILLIONS	2020	2019
INDIVIDUAL WRITE-DOWNS ON LOANS AT AMORTIZED COST		
Number of loans ¹	5	3
Total principal before write-downs	2.5	4.4
Write-downs	1.5	1.5
Total principal after write-downs	1.0	2.3
INDIVIDUAL WRITE-DOWNS		
Write-down on individual loans 01.01.	2.1	1.3
Known losses for the period where individual write-down has been carried out previously	1.1	-0.1
Write-down on individual loans for the period	0.8	2.2
Reversal of write-down on individual loans for the period	0.3	-1.3
Write-down on individual loans 31.12.	4.3	2.1
GROUP WRITE-DOWNS		
Write-down on group of loans 01.01.	4.9	4.4
Write-down on group of loans for the period	0.6	0.5
Write-down on group of loans 31.12.	5.5	4.9

NOK MILLIONS	2020 Remaining debt	2019 Remaining debt
LOANS OVERDUE, NOT WRITTEN DOWN		
Overdue		
30-90 days	27	86
over 90 days	55	95
Total overdue loans	82	181

¹The numbers are absolute figures, the amounts are given in NOK million. Defaulted loans are loans measured at amortized cost. All write-downs are in regard to housing mortgage lending.

Note 16 **Investment property**

NOK MILLIONS	2020	2019
Net rental income	2 890	2 854
Net finance income	3	5
Net value adjustment	2 177	1 413
Realised gains	9	42
Net income from investment properties	5 080	4 314
Currency translate foreign subsidiaries (taken to other comprehensive income)	1 778	-353
Net income from investment properties included currency translate	6 858	3 961

NOK MILLIONS	2020	2019
Investment property 01.01.	74 545	67 570
Addition through purchase	2 043	5 139
Addition through activation	1 127	1 067
Reductions through sale	- 83	- 291
Additions through reclassification	- 102	0
Net write-up/down resulting from change in fair value including currency translation	3 956	1 060
Investment property 31.12.	81 485	74 545

Note 17 Investments in associated companies and joint ventures

NOK MILLIONS	Office and business address	Organization number	Holding %	Owners equity on first acquisition	Acquisition cost	Book value 31.12.2019	Additions/ disposals	Value adjustment	Profit / loss share	Equity transactions	Dividend	Book value 31.12.2020
Norfinance AS	Fridtjof Nansens plass 4 0160 Oslo	912764729	46.5%	92.30	443.49	538.10	12.37	0.00	-44.37	0.00	-4.65	501.45
Norsk Pensjon AS	Hansteens gate 2 0253 Oslo	890050212	25.0%	5.00	2.50	1.77	0.00	0.00	0.00	0.00	0.00	1.77
Fylkeshuset AS	Fylkeshuset, 6404 Molde	930591114	48.0%	0.05	0.05	0.05	0.00	0.00	0.00	0.00	0.00	0.05
KLP Norfund Investments IS	Fridtjof Nansens plass 4 0160 Oslo	999548636	49.0%	0.05	613.51	614.97	50.91	0.00	44.71	0.00	0.00	710.59
Tensio AS	Kjøpmannsgata 7A 7500 Stjørdal	922828172	20.0%	1 652.60	1 502.60	1246.08	-150.00	0.00	63.46	0.00	-57.20	1 102.33
Odal Vindkraftverk AS	Pausvegen 6 1927 Rånåsfoss	924824905	41.5%	329.75	278.53	0.00	278.53	0.00	-1.67	0.00	0.00	276.86
Runde Holdco AS	Vestre Strømkaien 7 5008 Bergen	923101284	20.6%	400.00	400.00	0.00	400.00	0.00	-1.43	0.00	0.00	398.57

NOK MILLIONS	Office and business address	Organization number	Holding %	Owners equity on first aquisition	Aquisition cost	Book value 31.12.2019	Additions/ disposals	Value adjustment	Profit / loss share	Equity transactions	Dividend	Book value 31.12.2020
Neas AS	Industriveien 1 6517 Kristiansund N	960684737	33.3%	356.50	356.50	0.00	356.50	0.00	-41.58	0.00	0.00	314.92
Copenhagen Infrastructure III GP APS	Nørregade 21 1165 København K., Danmark		33.3%	0.02	0.02	0.02	0.00	0.00	0.00	0.00	0.00	0.02
Stena Renewable AB	Rosenlundsg.3 Box 7123 402 33 Göteborg		30.0%	600.17	784.43	660.75	126.52	0.00	71.47	0.00	0.00	858.74
Skaftåsen Bidco AB	BOX 16285 103 25 Stockholm		23.2%	85.70	85.70	0.00	85.70	0.00	-11.16	0.00	0.00	74.54
Total in associated companies and joint ventures					4 381.62	3 061.74	1 160.54	0.00	79.42	0.00	-61.85	4 239.85

All shares have equal voting proportions.

KLP Norfund Investment IS is a joint venture, while the remaining companies are associated companies.

Note 18 **Subordinated loan capital and hybrid Tier 1 securities**

2020 NOK MILLIONS	Loan amount currency ²	Loan amount NOK	Book value 31.12.2020	Due date
BORROWINGS ¹				
June 2015:	EUR 294	2 530	3 135	2045
Total subordinated loan capital		2 530	3 135	
April 2004:	JPY 15 000	984	1 764	Perpetual
Total hybrid tier 1 securites		984	1 764	
Total subordinated loan capital and hybrid Tier 1 securities		3 513	4 898	

2019 NOK MILLIONS	Loan amount currency ²	Loan amount NOK	Book value 31.12.2019	Due date
BORROWINGS ¹				
June 2015:	EUR 600	5 163	6 012	2045
Total subordinated loan capital		5 163	6 012	
April 2004:	JPY 15 000	984	1 738	Perpetual
Total hybrid tier 1 securites		984	1 738	
Total subordinated loan capital and hybrid Tier 1 securities		6 146	7 750	

2020 NOK MILLIONS	Nominal currency ²	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2020	Due date
Bonds ³	EUR 292	2 524	16	524	3 065	2025
Total hedging transactions		2 524	16	524	3 065	

2019 NOK MILLIONS	Nominal currency ²	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2019	Due date
Bonds	EUR 596	5 152	31	700	5 883	2025
Total hedging transactions		5 152	31	700	5 883	

¹ Interest costs on the two subordinated loans were NOK 555 million (NOK 254 million) and NOK 67 million (NOK 64 million) for the hybrid tier 1 securities in 2020. Figures in brackets are 2019 figures.

² Amount in local currency (millions)

³ Currency hedging has been adjusted down in 2020 after KLP repurchased parts of its subordinated loan.

EUR 294:

The interest on the loan is fixed at 4.25 per cent p.a. The loans was issued the 10th of June 2015 and is due in 2045. The loan can be redeemed by KLP after 10 years, and at every interest payment date that follows. The loan is currency hedged with EUR denominated bonds as shown in the table below. This arrangement is not subject to hedge accounting. In 2020, KLP bought back EUR 306 million of the original subordinated loan capital of EUR 600 million.

JPY 15 000:

The interest on the loan is fixed USD interest of 5.07 per cent p.a. The loan is perpetual but the Group has the right to redeem the loan on 28 April 2034. If KLP does not exercise its redemption right in 2034, the loan will switch to variable interest. The credit margin then increases by 1 percentage point to 6-month JPY LIBOR-interest + a margin of 3.30 per cent p.a. To hedge the interest and exchange risk associated with the loan a combined interest rate and currency swap has been agreed in which KLP pays 3-month NIBOR-interest + a margin of 2.65 per cent p.a. and receives USD-interest of 5.07 per cent p.a. This hedging arrangement is shown in Note 19.

Note 19 **Hedge accounting**

31.12.2020 NOK MILLIONS	Nominal value	Changed value in hedged risk	Book value 31.12.2020
KOMMUNAL LANDSPENSJONSKASSE			
HEDGED OBJECT			
Hybrid tier 1 securities	-984	-780	-1 764
HEDGING INSTRUMENT			
Combined interest rate and currency swap (CIRCUS)	984	779	779
Hedge effectiveness as at 31.12.2020		100 %	
Hedge effectiveness through the year		100 %	
KLP BANKHOLDING GROUP			
HEDGED OBJECT			
Loans to retail customers fixed interest in NOK	73	-1	72
HEDGING INSTRUMENT			
Interest rate swap loans to retail customers fixed int. rate NOK	109	1	1
Hedge effectiveness as at 31.12.2020		182 %	
Hedge effectiveness through the year		182 %	

31.12.2019 NOK MILLIONS	Nominal value	Changed value in hedged risk	Book value 31.12.2019
KOMMUNAL LANDSPENSJONSKASSE			
HEDGED OBJECT			
Hybrid tier 1 securities	-984	-755	-1 738
HEDGING INSTRUMENT			
Combined interest rate and currency swap (CIRCUS)	984	754	754
Hedge effectiveness as at 31.12.2019		100 %	
Hedge effectiveness through the year		100 %	
KLP BANKHOLDING GROUP			
HEDGED OBJECT			
Loans to retail customers fixed interest in NOK	98	3	101
HEDGING INSTRUMENT			
Interest rate swap loans to retail customers fixed int. rate NOK	117	-3	-3
Hedge effectiveness as at 31.12.2019		99 %	
Hedge effectiveness through the year		99 %	

The note shows the financial instruments in the Group subject to hedge accounting, with associated hedging instruments. As at 31 December 2020 the Group has three hedge relationships: one in Kommunal Landspensjonskasse and two in KLP Banken Group. The hedge effectiveness stands at 100 and 182 per cent on the hedge relationships as at 31 December 2020, which means relatively small effects on everything subject to hedge accounting in the Group.

Hybrid Tier 1 securities in foreign currency with fixed interest

The hybrid Tier 1 securities loan is hedged against changes in interest rates and exchange rates through purchase of a combined interest rate and currency swap (CIRCUS). The hedging is brought to account in accordance with the rules on fair value hedging. In practice the hedging involves a swap of currency terms (JPY 15 billion against NOK 0.984 billion) and interest terms (fixed interest at 5.07 per cent against NIBOR +2.6475 per cent) on the borrowing and the combined interest and currency swap respectively. The hedge effectiveness is measured by looking at the change in fair value of the hedged object and the hedging instrument.

The hedge effectiveness is valued retrospectively each month and is then considered effective if the change in fair value between hedged object and hedging instrument lies within the bracket 80 per cent to 125 per cent.

Lending with fixed interest

The hedging of lending is done with an interest rate swap in which the Group pays variable and receives fixed. The hedging is brought to book in accordance with the rules on fair value hedging and the purpose of this hedging is to hedge the interest-rate risk on the lending. The hedged object and the hedging instrument are struck on the same terms and conditions. The hedge effectiveness is measured by comparing accumulated value change on the hedging instrument to accumulated value change on the hedged object.

The hedge effectiveness is assessed retrospectively each month and is then considered effective if the change in fair value between hedging object and hedging instrument lies within the bracket 80 per cent to 125 per cent.

Other hedging relationships

Other hedging relationships in this context involves KLP Banken AS Group and have a effectiveness of 100%. For more details - see note 7 and 9 in KLP Banken AS Group's annual report for 2020.

General

Fair value hedging means that the hedged value development of the hedged object is recognized through profit or loss. Correspondingly the value change on the hedging instrument is recognized in profit/loss. See Note 2 for a detailed description of the hedge accounting in the accounts.

Note 20 **Borrowing**

NOK MILLIONS	Nominal in NOK	Nominal in NOK after repurchase ¹	Currency	Interest	Due date	Book value 31.12.2020	Book value 31.12.2019
FIXED - TERM SUBORDINATED LOAN							
Kommunal Landspensjonskasse	5 163	2 530	EUR	Fixed ²	2045	3 135	6 012
Total subordinated loan capital	5 163	2 530	-	-		3 135	6 012
HYBRID TIER 1 SECURITIES							
Kommunal Landspensjonskasse	984		JPY	Fixed ³	2034	1 764	1 738
Total hybrid Tier 1 securities	984		-	-		1 764	1 738
COVERED BONDS							
KLP Kommunekreditt AS		0	NOK	Floating	2020	0	225
KLP Kommunekreditt AS		0	NOK	Fixed	2020	0	681
KLP Kommunekreditt AS		260	NOK	Floating	2021	260	4 020
KLP Kommunekreditt AS		0	NOK	Fixed	2021	8	602
KLP Kommunekreditt AS		5 000	NOK	Floating	2022	5 004	5 012
KLP Kommunekreditt AS		5 000	NOK	Floating	2023	5 006	5 016
KLP Kommunekreditt AS		2 500	NOK	Floating	2024	2 502	1 303
KLP Kommunekreditt AS		2 054	NOK	Floating	2025	2 053	0
KLP Kommunekreditt AS		500	NOK	Fixed	2027	508	508
KLP Boligkreditt AS		0	NOK	Floating	2020	0	517
KLP Boligkreditt AS		584	NOK	Floating	2021	585	2 509
KLP Boligkreditt AS		2 500	NOK	Floating	2022	2 500	0
KLP Boligkreditt AS		2 500	NOK	Floating	2023	2 501	2 002
KLP Boligkreditt AS		2 500	NOK	Floating	2024	2 500	2 001
KLP Boligkreditt AS		1 500	NOK	Floating	2025	1 497	0
Total covered bonds		24 898	-	-		24 997	24 415

NOK MILLIONS	Nominal in NOK	Nominal in NOK after repurchase ¹	Currency	Interest	Due date	Book value 31.12.2020	Book value 31.12.2019
DEBT TO CREDIT INSTITUTIONS							
KLP Banken AS		0	NOK	Floating	2020	0	302
KLP Banken AS		0	NOK	Fixed	2020	0	302
KLP Banken AS		2 700	NOK	Floating	2021	2 704	200
KLP Banken AS		300	NOK	Floating	2022	300	301
KLP Banken AS		300	NOK	Floating	2024	300	301
KLP Funds		0	NOK/EUR/USD	Floating	2020	0	2 801
KLP Funds		4 140	NOK/EUR/USD	Floating	2021	4 140	0
KLP Funds		914	NOK/EUR/USD	Fixed	2021	914	0
Kommunal Landspensjonskasse		0	NOK/EUR/USD	Floating	2020	0	3 990
Kommunal Landspensjonskasse		5 859	NOK/EUR/USD	Floating	2021	5 859	0
Total liabilities to credit institutions		14 213	-	-		14 216	8 199
LIABILITIES AND DEPOSITS FROM CUSTOMERS ⁴							
Retail		10 311	NOK			10 311	9 861
Business		1 441	NOK			1 441	1 589
Foreign		30	NOK			30	36
Liabilities to and deposits from customers		11 781	-	-		11 781	11 487
Total financial liabilities		57 038	-	-		55 893	51 850

¹ In 2020, KLP bought back EUR 306 million of the original subordinated loan capital of EUR 600 million.

² The loan has an interest change date in 2025.

³ The loan has an interest change date in 2034.

⁴ There is no contractual maturity date on deposits.

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

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

Note 21 **Technical matters**

Insurance liabilities distributed by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans	Group annuity and pension insurance, including group annuity and pension insurance for association members	Accident insurance and other non-life sectors	Group life	Total 31.12.2020	Total 31.12.2019	Change 2020
Premium reserve and pension capital	457 533	0	0	0	457 533	467 864	-10 331
Supplementary reserves	43 460	0	0	0	43 460	36 319	7 141
Securities adjustment fund	55 487	0	0	0	55 487	55 707	-220
Premium fund	38 588	0	0	0	38 588	12 899	25 689
Other technical provisions for the non-life insurance operation	0	0	2 600	129	2 729	2 604	125
Total insurance liabilities 31.12.2020	595 068	0	2 600	129	597 797	575 393	22 404
Total insurance liabilities 31.12.2019	566 140	6 649	2 485	119		575 393	

Insurance liabilities per subsegment

Subsegment of group pension insurance for municipalities, including institutions with similar pension plans

NOK MILLIONS	Occupational pension schemes without investment options	Occupational pensions schemes with investment options	Total 31.12.2020	Total 31.12.2019	Change 2020
Premium reserve and pension capital	456 037	1 478	457 514	461 390	-3 875
Supplementary reserves	43 325	135	43 460	36 209	7 251
Securities adjustment fund	55 487	0	55 487	55 688	-201
Premium fund	38 124	464	38 588	12 854	25 735
Total insurance liabilities 31.12.2020	592 973	2 077	595 050	566 140	28 910
Total insurance liabilities 31.12.2019	563 442	2 698		566 140	

Sub-sectors in group annuity and pension insurance, including group annuity and pension insurance for association members

NOK MILLIONS	Company pension schemes without investment options	Paid-up policies without investment options	Defined contribution pension schemes with investment options	Pension capital certificates with investment options	Total 31.12.2020	Total 31.12.2019	Change 2020
Premium reserve and pension capital	0	0	0	0	0	6 474	-6 474
Supplementary reserves	0	0	0	0	0	110	-110
Securities adjustment fund	0	0	0	0	0	19	-19
Premium fund	0	0	0	0	0	46	-46
Total insurance liabilities 31.12.2020	0	0	0	0	0	6 649	-6 649
Total insurance liabilities 31.12.2019	690	1 053	2 745	2 161			

Sector sold in 2020.

Insurance liabilities in main sector accident insurance and other non-life sectors, and group life - main sectors without subsegments

NOK MILLIONS	Accident insurance and other non-life sectors	Group life	Total 31.12.2020	Total 31.12.2019	Change 2020
Premium reserve	505	27	531	486	45
Claims reserve	2 095	102	2 198	2 118	80
Total technical provisions for the non-life insurance operation 31.12.2020	2 600	129	2 729	2 604	125
Total technical provisions for the non-life insurance operation as at 31.12.2019	2 485	119		2 604	

Changes to insurance liabilities during the period in question for coverage of the undertaking's liabilities under contracts with contractual obligations

NOK MILLIONS	Premium reserve	Supplementary reserves	Securities adjustment fund	Premium fund	Technical provisions for the non-life insurance operation	Total 2020	Total 2019
Insurance liabilities 01.01	460 909	36 180	55 707	12 390	2 604	567 789	509 189
Changes in insurance liabilities taken to income	0	0	0	0	0	0	0
Net reserves taken to profit/loss	19 807	-490	-201	701	125	19 942	51 042
Surplus on returns result	0	8 209	0	4 111	0	12 320	9 881
Risk result assigned to insurance contracts	0	0	0	0	0	0	517
Release of premium reserves related to new public pension	-23 096	0	0	23 140	0	44	0
Total changes taken to profit/loss	-3 289	7 719	-201	27 952	125	32 306	61 440
Adjustment of the insurance liabilities	0	0	0	0	0	0	336
Termination of KLP Bedriftspensjon AS	-1 582	-110	-19	-31	0	-1 743	0
Changes in insurance liabilities not taken to profit/loss							
Transfer between funds/allocated to premium payment	-1	-8	0	-2 670	0	-2 678	-3 093
Receipts/payments on transfer	0	-455	0	483	0	27	-12
Total changes not taken to profit/loss	-1 583	-573	-19	-2 218	0	-4 393	-3 104
Total changes in insurance liabilities	-4 872	7 146	-220	25 734	125	27 913	58 672
Insurance liabilities 31.12	456 037	43 325	55 487	38 124	2 729	595 702	567 862

Changes to insurance liabilities during the period in question for coverage of the undertaking's liabilities related to the value of a particular portfolio of investment options

NOK MILLIONS	Premium reserve	Supplementary reserves		Premium fund		Total 2020	Total 2019
Insurance liabilities 01.01	6 955	140	0	509	0	7 604	5 815
Changes in insurance liabilities taken to income	0	0	0	0	0	0	0
Net reserves taken to profit/loss	0	0	0	0	0	0	1 718
Surplus on returns result	0	30	0	0	0	30	120
Risk result assigned to insurance contracts	-107	0	0	63	0	-44	3
Other assignment of surplus	0	0	0	0	0	0	0
Total changes taken to profit/loss	-586	30	0	70	0	-487	1 841
Adjustment of the insurance liabilities	0	0	0	0	0	0	3
Termination of KLP Bedriftspensjon AS	-4 892	0	0	-14	0	-4 906	0
Changes in insurance liabilities not taken to profit/loss	0	0	0	0	0	0	0
Transfer between funds/allocated to premium payment	0	0	0	-87	0	-87	-57
Receipts/payments on transfers	0	-34	0	-13	0	-48	3
Total changes not taken to profit/loss	-4 892	-34	0	-115	0	-5 041	-54
Total changes in insurance liabilities	-5 478	-5	0	-46	0	-5 528	1 789
Insurance liabilities 31.12	1 478	135	0	464	0	2 077	7 604

Changes to insurance liabilities during the period in question for coverage of the undertaking's liabilities related to the value of a particular portfolio of investment options continued

NOK MILLIONS	Technical provisions for the non-life insurance operation		Total 2020	Total 2019
	Accident insurance and other non-life sectors	Group life		
Insurance liabilities 01.01	2 485	119	2 604	2 341
Changes in insurance liabilities taken to income	0	0	0	0
Net reserves taken to profit/loss	115	10	125	263
Surplus on returns result	0	0	0	0
Risk result assigned to insurance contracts	0	0	0	0
Other assignment of surplus	0	0	0	0
Total changes taken to profit/loss	115	10	125	263
Changes in insurance liabilities not taken to profit/loss	0	0	0	0
Transfer between funds/allocated to premium payment	0	0	0	0
Receipts/payments on transfers	0	0	0	0
Total changes not taken to profit/loss	0	0	0	0
Total changes in insurance liabilities	115	10	125	263
Insurance liabilities 31.12	2 600	129	2 729	2 604

Amendments have been made to the occupational pension scheme for employees in the public sector through amendments to the Government Pension Fund Act, the Coordination Act and certain other acts. For the municipal tariff area, the legislative amendments have been incorporated in a new central general special agreement (SGS) 2020 Pension schemes. A new public service pension came into force on 1 January 2020. From the same time, a new industry agreement on calculated national insurance in public service pensions adopted by Finans Norge applies.

The rules on new public service pensions basically affect old-age pension earnings for employees in the public sector from 1 January 2020. For employees born in 1963 or later, old-age pension earnings according to the regulations applicable before 1 January 2020 (gross scheme) will cease. These have received a deferred pension right from the gross scheme from 1 January 2020, and they will further after this date earn old-age pension in public service pension according to a new model.

The changes in force from 1 January 2020 have meant that the deduction for benefits from the National Insurance Scheme will deviate from what has previously been used as a basis in the calculation basis for the pension scheme. For some parts of KLP's portfolio, this has led to a need for a net strengthening of the premium reserve of NOK 1 059 million. The increase in reserves is taken into account in the premium reserve, which is accounted for in the annual accounts for 2020. A premium income has also been accrued to finance the increase in the premium reserve. For the majority of KLP's stock, however, this entails the release of premium reserves that are

added to the premium fund. This amounts to NOK 23 203 million, and the transfer has taken place as a profit and loss account between a change in premium reserve and a change in premium fund in the annual accounts for 2020.

Technical accounts by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group annuity and pension insurance, including group annuity and pension insurance for association members		Accident insurance and other non-life sectors	
	2020	2019	2020	2019	2020	2019
Premium income	37 099	40 231	313	1 135	1 463	1 307
Net income from investments	24 243	44 288	-603	700	0	0
Other insurance-related income	1 192	1 118	4	9	2	2
Claims	-28 357	-20 154	-45	-202	-1 173	-1 124
Change insurance liabilities	-27 160	-58 925	340	-1 573	0	0
Funds assigned to insurance contracts	-4 111	-2 841	-2	-17	0	0
Insurance-related operating expenses	-1 171	-1 128	-19	-70	-259	-243
Other insurance-related costs	-1 206	-1 119	-3	-8	0	0
Technical result	530	1 470	-14	-27	34	-56

Technical accounts by main sectors continued

NOK MILLIONS	Group life		Total	
	2020	2019	2020	2019
Premium income	197	171	39 073	42 845
Net income from investments	1	1	23 641	44 989
Other insurance-related income	0	0	1 198	1 129
Claims	-209	-215	-29 783	-21 695
Change insurance liabilities	0	0	-26 820	-60 498
Funds assigned to insurance contracts	0	0	-4 113	-2 858
Insurance-related operating expenses	-34	-31	-1 482	-1 472
Other insurance-related costs	0	0	-1 209	-1 127
Technical result	-45	-74	504	1 313

Technical accounts by sub-sectors - main sector accident insurance and other non-life sectors and main sector group life and has no sub-sectors
Subsegments of group pension insurance for municipalities, including institutions with similar pension plans

NOK MILLIONS	Occupational pension schemes without investment options		Occupational pension schemes with investment options		Total	
	2020	2019	2020	2019	2020	2019
Premium income	37 525	40 033	-426	198	37 099	40 231
Net income from investments	24 169	44 050	74	238	24 243	44 288
Other insurance-related income	1 190	1 113	2	5	1 192	1 118
Claims	-28 276	-20 059	-81	-96	-28 357	-20 154
Change insurance liabilities	-27 647	-58 692	487	-233	-27 160	-58 926
Funds assigned to insurance contracts	-4 111	-2 752	0	-89	-4 111	-2 841
Insurance-related operating expenses	-1 165	-1 123	-5	-5	-1 171	-1 128
Other insurance-related costs	-1 204	-1 113	-2	-6	-1 206	-1 119
Technical result	482	1 457	48	12	530	1 470

Sub-sectors in group annuity and pension insurance, including group annuity and pension insurance for association members

NOK MILLIONS	Company pension schemes without investment options		Risk coverage		Paid-up policies without investment options	
	2020	2019	2020	2019	2020	2019
Premium income	11	48	13	50	3	0
Net income from investments	1	23	0	5	2	42
Other insurance-related income	4	9	0	0	0	0
Claims	-7	-24	-3	-10	-10	-41
Change insurance liabilities	-4	-36	-12	-27	6	10
Funds assigned to insurance contracts	-2	-5	0	-2	0	-10
Insurance-related operating expenses	-2	-6	0	-3	-3	-12
Other insurance-related costs	-3	-8	0	0	0	0
Technical result	-2	1	-2	15	-2	-10

Sub-sectors in group annuity and pension insurance, including group annuity and pension insurance for association members continued

NOK MILLIONS	Defined contribution pension schemes with investment options		Pension capital certificates with investment options		Total	
	2020	2019	2020	2019	2020	2019
Premium income	178	688	108	348	313	1 135
Net income from investments	-338	352	-268	279	-603	700
Other insurance-related income	0	0	0	0	4	9
Claims	-2	-69	-23	-58	-45	-202
Change insurance liabilities	196	-952	155	-568	340	-1 573
Funds assigned to insurance contracts	0	0	0	0	-2	-17
Insurance-related operating expenses	-11	-39	-3	-12	-19	-70
Other insurance-related costs	0	0	0	0	-3	-8
Technical result	23	-20	-31	-12	-14	-28

Result analysis by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans	Group annuity and pension insurance, including group annuity and pension insurance for association members	Accident insurance and other non-life sectors	Group life	Total 2020	Total 2019
Returns result to customers						
Returns result	12 350	2	0	0	12 352	10 405
Risk result excluding profit element - customer share	0	0	0	0	0	519
Total result to insurance customers	12 350	2	0	0	12 352	10 925
	0	0	0	0	0	0
Increased reserves because of greater longevity	0	0	0	0	0	0
Transferred to supplementary reserves	8 238	0	0	0	8 238	8 067
Allocated to the customers' premium fund	4 112	2	0	0	4 114	2 858
Total result allocated to customers	12 350	2	0	0	12 352	10 925
	0	0	0	0	0	0
Result to insurance providers	0	0	0	0	0	0
Share of returns result	260	0	0	0	260	232
Risk result excluding profit element	-395	-6	0	0	-401	520
Administration result	171	-10	0	0	161	209
Consideration for interest guarantee and profit element	494	3	0	0	497	482
Other	0	-5	34	-45	-17	-113
Rebooking from equity	0	0	0	0	0	0
Result to insurance provider	530	-18	34	-45	501	1 330

Result analysis by sub segments - main sector accident insurance and other non-life sectors and main sector group life and has no sub-sectors

Subsegments of group pension insurance for municipalities, including institutions with similar pension plans

NOK MILLIONS	Defined contribution pension schemes with investment options	Pension capital certificates with investment options	Total 2020	Total 2019
Returns result to customers				
Returns result	12 320	30	12 350	10 393
Risk result excluding profit element - customer share	0	0	0	516
Total result to insurance customers	12 320	30	12 350	10 909
Increased reserves because of greater longevity				
Increased reserves because of greater longevity	0	0	0	0
Transferred to/from supplementary reserves	8 208	30	8 238	8 068
Allocated to the customers' premium fund	4 112	0	4 112	2 841
Total result allocated to customers	12 320	30	12 350	10 909
Result to insurance providers				
Share of returns result	260	0	260	231
Risk result excluding profit element	-395	0	-395	516
Administration result	170	1	171	248
Consideration for interest guarantee and profit element	491	4	494	476
Other	-44	44	0	0
Rebooking from equity	0	0	0	0
Result to insurance provider	482	48	530	1 470

Claims by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group annuity and pension insurance, including group annuity and pension insurance for association members		Accident insurance and other non-life sectors	
	2020	2019	2020	2019	2020	2019
Claims paid in accordance with insurance agreements	-20 701	-19 863	-45	-202	-1 173	-1 124
Claims paid in under repurchase	0	0	0	0	0	0
Total	-20 701	-19 863	-45	-202	-1 173	-1 124

Claims by main sectors continued

NOK MILLIONS	Group life		Total	
	2020	2019	2020	2019
Claims paid in accordance with insurance agreements	-209	-215	-22 086	-21 206
Claims paid in under repurchase	0	0	0	0
Total	-209	-215	-22 086	-21 206

Transfer by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group annuity and pension insurance, including group annuity and pension insurance for association members		Group life	
	2020	2019	2020	2019	2020	2019
Funds transferred in						
Premium reserve	2 850	11	329	496	0	0
Funds received taken through profit or loss	2 850	11	329	496	0	0
Premium fund	561	3	1	4	0	0
Supplementary reserves to fund	0	0	0	0	0	0
Total funds received	3 411	14	330	499	0	0
Number of contracts	10	1	20	80	0	0
Funds transferred out	0	0	0	0	0	0
Premium reserve	6 408	258	177	110	0	0
Strengthening reserves	490	15	0	0	0	0
Supplementary reserves	758	18	0	0	0	0
Funds paid out taken through profit or loss	7 656	292	177	110	0	0
Premium fund	78	15	2	1	0	0
Total funds paid out	7 734	306	179	111	0	0
Number of contracts	53	33	58	48	0	0

New subscription

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2020	2019	2020	2019	2020	2019
New subscription	25	25	0	0	25	25
Number of contracts	45	46	0	0	45	46

Note 22 Tangible fixed assets

NOK MILLIONS	2020				2019			
	Property for own use	Vehicles	Machines/ inventory	2020	Property for own use	Vehicles	Machines/ inventory	2019
Book value 01.01.	1 990	2	81	2 072	1 818	1	81	1 900
Acquisition cost 01.01.	1 100	14	331	1 445	1 100	13	319	1 432
Accum. depreciation prev. years	-272	-12	-251	-534	-234	-12	-240	-485
Accum. value adjustm. prev. years	1 161	0	0	1 161	952	0	0	952
Acquisition	126	2	24	151	0	1	17	18
Assets held for disposal	0	0	-5	-5	0	0	-6	-6
Value adjustments	392	0	0	392	209	0	0	209
Depreciation	-42	-1	-12	-55	-37	0	-11	-49
Currency impact	0	0	1	1	0	0	0	0
Acquisition cost 31.12.	1 226	16	350	1 591	1 100	14	331	1 445
Accumulated depreciation 31.12.	-313	-13	-263	-589	-272	-12	-251	-534
Accumulated value adjustment 31.12.	1 554	0	0	1 554	1 161	0	0	1 161
Book value 31.12.	2 466	3	88	2 557	1 990	2	81	2 072
Economic life	50 years	5 years	3 - 5 years		50 years	5 years	3 - 5 years	
Depreciation method	Straight-line	Balance/ Straight-line	Balance/ Straight-line		Straight-line	Balance/ Straight-line	Balance/ Straight-line	

Note 23 Tax

NOK MILLIONS	2020	2019
Pre-tax income	1 657	3 193
Other comprehensive income excl. tax	317	344
DIFFERENCES BETWEEN ACCOUNTING AND TAX INCOME		
Unit holders value change in consolidated securities funds	11 074	14 736
Reversal of value reduction, financial assets	1 536	328
Reversal of value increase financial assets	-656	-18 502
Accounting loss on realization of shares and other securities	9 674	2 918
Book gain on realization of shares and other securities	-22 882	-11 259
Tax gain on realization of shares and other securities	1	-81
Refunding of 3% tax-free income i.a.w. the exemption method	32	47
Share of taxable income in partnerships	25	26
Liquidation of security reserve	54	54
Other permanent differences	-1 044	-1 541
Correction of carryforward deficit that can not be compensated	323	2 470
Correction of pay-as-you-earn tax	4 389	11 645
Correction of errors in previous years	0	-3
Change in differences affecting relationship between book and taxable income	-2 665	-1 254
Taxable income	1 834	3 120
Taxable income, basic for payable tax	1 834	3 120
Deficit carryforward allowable from previous years	-7 850	-5 379
Change for the year in carryforward deficit	-323	-2 470
Total carryforward deficit and allowance 31.12.	-8 172	-7 850
RECONCILIATION OF BASIS OF DEFERRED TAX		
TAX-INCREASING TEMPORARY DIFFERENCES:		
Gains and losses account	2	2
Buildings and other real estate	5 139	5 662
Risk equilization fund	4 154	4 156
Natural disaster fund	164	164
Guarantee scheme	49	49
Reinsurance	3	4
Security reserve	378	432
Securities	2 322	1 703
Securing loans	10	18
Shares in partnerships	262	252
Lending to customers and credit enterprises	57	11
Claims provisions	52	60
80% of technical result	673	842
Total tax-increasing temporary differences	13 265	13 353

NOK MILLIONS	2020	2019
TAX-REDUCING TEMPORARY DIFFERENCES:		
Fixed assets	-1	-2
Long-term receivables	-1 272	-1 389
Financial instruments	-55	-29
Pension obligation	-234	-210
Other liabilities	-45	-37
Securities	0	0
Adjusted for 20% of transition regulation 01.01.2018	-255	-316
Hedging	-26	-3
Other differences	0	0
Total tax-reducing temporary differences	-1 889	-1 988
Net temporary differences	11 376	11 365
Difference not included in the basis for deferred taxes ¹	-4 370	-4 370
Transition regulation 01.01.2018	1 152	1 438
Other differences that are not included in the calculation of deferred tax	-4 584	-3 933
Carryforward deficit	-8 172	-7 850
Basis for deferred tax and tax assets	-4 598	-3 350
25% deferred tax assets	-1 149	-837
Write-down of deferred tax assets	2 514	2 023
Net deferred tax and tax assets	1 364	1 185
BOOK DEFERRED TAX/ -TAX ASSETS		
- Of which deferred capitalized tax assets	61	65
- Of which capitalized referred tax assets exempt from equalisation	1 425	1 083
Change in deferred tax assets taken to profit/loss	-1	-3
Change in deferred tax taken to profit/loss	-178	-164
Tax payable taken to profit/loss	-459	-780
Withholding tax taken to profit/loss	-302	-340
Cost of taxes	-939	-1 287
TAX TAKEN TO PROFIT/LOSS		
Cost of taxes	-860	-1 201
Tax on items that will not be reclassified against the comprehensive income statement	19	-34
Tax on items that will be reclassified to income later	-98	-52
Total tax taken to profit/loss	-939	-1 287

According to the new rules deductions will no longer be made for provisions for risk equalization fund, natural disaster fund and guarantee scheme. These funds are subject to transitional rules, so that the total provisions for these funds at the end of the 2017 income year can be deposited in a separate account, where the account is first taxed on the liquidation of the non-life insurance business.

The group presents the accounts during continued operations, and assumes that the present value of the liability will be 0.

KLP is in dialogue with the tax authorities regarding the consequences of the transitional rule introduction in connection with the new tax rules for life insurance companies that entered into force on January 1, 2018. the outcome of the dialogue is uncertain, but this may involve a significant deviation from the accounting tax expense in 2018.

Note 24 **Transferred assets with restrictions**

Transferred assets that are still capitalized

All assets transferred are recognised in the financial position statement if the Group is still exposed to changes in the fair value of the asset. This applies to repurchase agreements and agreements concerning securities lending.

Repurchase agreements are a form of borrowing with collateral, whereby the Group sells securities with an agreement to repurchase those securities at a predetermined price. Cash received is recognised as a deposit (debt). Securities transferred in connection with the repurchase agreement are not deducted in the financial position statement.

Agreements regarding securities lending are transactions whereby the group lends securities to a counterparty and receives a commission for it.

Since both repurchase agreements and securities lending result in the securities being returned to the Group, the risk of value changes rests with the Group. However, the securities are not available to the Group while being transferred.

The securities still reported in the financial position statement, and related debt, are assessed at fair value.

NOK MILLIONS	31.12.2020	31.12.2019
REPURCHASE AGREEMENTS		
Certificates and bonds	939	0
SECURITIES LENDING		
Shares	9 817	8 548
Total assets transferred that are still capitalised	10 756	8 548

LIABILITIES RELATED TO THE ASSETS

NOK MILLIONS	31.12.2020	31.12.2019
REPURCHASE AGREEMENTS		
Paid in by credit institutions	914	0
SECURITIES LENDING		
Paid in by credit institutions	416	646
Certificates and bonds	3 649	3 714
Shares	6 377	4 798
Total liabilities	11 356	9 157

All the assets in the table above are subject to resale or collateral with the counterparty.

ASSETS TRANSFERRED THAT ARE NOT DEDUCTED, AND RELATED LIABILITIES

The Group receives collateral under reverse repurchase agreements and agreements related to securities borrowing, which it is permitted to sell or pledge under the agreement.

Transactions are carried out in accordance with standard agreements employed by the parties in the financial market. The agreements normally require additional collateral if the values fall below a predetermined level.

According to the agreements, the recipient of the collateral has the unlimited right to sell or pledge the collateral in return for providing corresponding collateral on the date of settlement.

SECURITIES RECEIVED THAT ARE PERMITTED TO BE SOLD OR PLEDGED

NOK MILLIONS	31.12.2020	31.12.2019
REVERSE REPURCHASE AGREEMENTS		
Certificates and bonds	1 755	0
<i>Of which sold or pledged</i>	1 755	0
SECURITIES BORROWING		
Shares	413	592
<i>Of which sold or pledged</i>	413	592
Total assets transferred and still capitalised	2 168	592

Adjusted for the unit holders' interests in consolidated securites funds, meaning that only the KLP Group de facto ownership and risks are taken into account; assets are reduced by NOK 5 457 million and liabilities associated to the assets are reduced by NOK 4 673 million as of 31.12.2020.

Note 25 **Intangible assets**

NOK MILLIONS	IT-systems	Other	2020	IT-systems	Other	2019
Book value 01.01.	444	18	460	256	18	274
Acquisition cost 01.01.	1 697	25	1 722	1 407	25	1 432
Total additions	317	0	317	290	0	290
of which internally developed	2	0	2	3	0	3
of which bought	315	0	315	287	0	287
Disposals	-11	0	-11	0	0	0
Acquisition cost 31.12.	2 002	25	2 028	1 697	25	1 722
Accumulated depreciation and write-downs prev.years	-1 252	-8	-1 262	-1 150	-8	-1 158
Ordinary depreciation for the year	-79	-2	-81	-74	-2	-76
Impairment	0	0	0	-28	0	-28
Accumulated depreciation and write-downs 31.12.	-1 334	-10	-1 343	-1 252	-10	-1 262
Book value 31.12.	669	16	684	444	16	460

Depreciation period

3 to 20 years

3 to 10 years

1) At the end of 2019 there were identified several IT-systems where the book value exceeded the estimated recoverable amount. Estimated recoverable amount is calculated by estimating future earnings with book value. Essentially, some of the investments have no longer value. There are several reasons for this. Among other things, linking it to the outdated functionality due to rule changes and/or technological developments. In addition, parts of the system development have not achieved the desired streamlining degree. This resulted in the following assessment:

NOK MILLIONS	2020	2019
Book value before impairment	0	53
Recoverable amount	0	25
Impairment	0	28

The impairment is included in "Operating costs" in the financial statement.

Note 26 **SCR ratio**

The Solvency II balance sheet includes assets and liabilities at fair value. For assets that have a different value in the accounts change in balance value are added. There are no observable market values for KLP's insurance liabilities, which are thus calculated by way of a best estimate based on actuarial assumptions. In addition there is a risk margin that is to reflect a third party's capital costs by taking over these liabilities.

Tier 1 capital appears from the Solvency II balance sheet and Hybrid Tier 1 securities. Tier 2 capital consist of subordinated loans and ancillary own funds. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 264 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 335 per cent.

	31.12.2020	31.12.2019
Solvency II - SCR ratio	264 %	253 %

NOK BILLIONS	31.12.2020	31.12.2019
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT		
Assets, book value	655	631
Added values - hold-to-maturity portfolio/loans and receivables	15	7
Added values - other lending	1	0
Other added/lesser values	0	0
Deferred tax asset	0	0
Total assets - solvency II	671	638

NOK BILLIONS	31.12.2020	31.12.2019
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT		
Best estimate	598	569
Risk margin	14	14
Hybrid Tier 1 securities/Subordinated loan capital	5	8
Other liabilities ¹	18	15
Deferred tax liabilities	1	1
Total liabilities - solvency II	637	607
Excess of assets over liabilities	34	31
- Deferred tax asset	0	0
+ Hybrid Tier 1 securities	2	2
Tier 1 basic own funds	35	33
Total eligible tier 1 own funds	35	33
Subordinated loans	4	6
Tier 2 basic own funds	4	6
Ancillary own funds	11	12
Tier 2 ancillary own funds	11	12
Deduction for max. eligible tier 2 own funds	-7	-10
Total eligible tier 2 own funds	8	7
Deferred tax asset	0	0
Total eligible tier 3 own funds	0	0
Solvency II total eligible own funds	43	40
Solvency capital requirement (SCR)	16	16
Solvency II- SCR ratio	264 %	253 %

Note 27 **Return on capital for life insurance companies**

Collective public pension

Per cent	2020	2019	2018	2017	2016
Total of common portfolio					
Return I - Book ¹	4.8	4.5	3.5	3.9	4.4
Return II - Value-adjusted ²	4.2	8.5	1.5	6.7	5.8
Sub-portfolios of the common portfolio					
Balanced portfolio 1					
Return I - Book ¹	4.9	4.5	3.5	3.9	4.5
Return II - Value-adjusted ²	4.2	8.6	1.4	6.7	5.8
Balanced portfolio 2					
Return I - Book ¹	4.7	4.4	3.5	4.0	4.4
Return II - Value-adjusted ²	4.2	8.5	1.5	6.8	5.8
Moderate portfolio					
Return I - Book ¹	N/A	1.3	3.8	3.1	4.2
Return II - Value-adjusted ²	N/A	4.1	1.7	6.0	5.5
Investment option portfolio					
	4.2	9.9	0.6	7.5	6.2
Corporate portfolio					
	3.1	4.3	4.2	4.0	4.7

Collective private pension

Per cent	2020	2019	2018	2017	2016
The company within the group which offered these services (KLP Bedriftspensjon AS) has been sold in 2020.					
Total of common portfolio					
Return I - Book ¹	N/A	3.4	4.5	8.3	5.3
Return II - Value-adjusted ²	N/A	4.1	3.0	5.6	5.7
Investment option portfolio	N/A	16.8	-3.8	11.9	7.0
Sub-portfolios of the investment option portfolio³					
Return II - Value-adjusted ²					
Profil 90 ⁴	N/A	21.6	-4.3	17.1	9.8
Profil 70 ⁴	N/A	17.6	-3.2	14.0	8.5
Profil 50 ⁴	N/A	13.7	-2.6	11.0	7.1
Profil 30 ⁴	N/A	9.9	-1.6	7.8	5.6
KLP Optimal Livsfase ⁵	N/A	23.7	-5.5	17.5	N/A
KLP Nåtid	N/A	4.2	0.5	N/A	N/A
KLP Kort Horisont	N/A	7.5	-0.5	N/A	N/A
KLP Lang Horisont	N/A	15.2	-3.1	N/A	N/A
KLP Framtid	N/A	23.4	-5.4	N/A	N/A
Profil KLP Pengemerket	N/A	1.8	1.3	1.5	1.8
Corporate portfolio	N/A	3.0	1.1	2.3	2.4

¹ Return I = Book return

² Return II = Value-adjusted return. This is the book return +/-unrealized value changes charged to the securities adjustment fund

³ A representative selection of portfolios

⁴ Sub-portfolio's proportion of equities in per cent

⁵ Return for portfolio with 100 % equity

Note 28 Pensions obligations, own employees

The majority of the pension obligation is covered through KLP's joint pension scheme for local authorities and enterprises ("Fellesordningen").

The Group also offers a pension scheme in addition to "Fellesordningen". This obligation is covered through operation.

"Fellesordningen" is a defined-benefits-based pension scheme that satisfies the requirements for mandatory occupational pensions (obligatorisk tjenestepensjon or OTP). The Group has a contractual early retirement (AFP) scheme.

The accounting treatment of pension obligations is described in more detail in Note 2.

NOK MILLIONS	Joint scheme	Via operation	2020	Joint scheme	Via operation	2019
PENSION COST						
Present value of accumulation for the year	126	10	136	131	11	142
Administration cost	3	0	3	3	0	3
Planchanges	0	0	0	11	0	11
Social security contributions - Pension costs	18	0	18	20	0	20
Corporate activity tax - Pension costs	6	1	7	6	2	8
Pension costs incl. social security, corporate activity tax and administration cost taken to income	152	11	164	172	12	184
NET FINANCIAL COSTS						
Interest cost	49	5	55	54	6	60
Interest income	-37	0	-37	-38	0	-38
Management costs	2	0	2	2	0	2
Net interest cost	14	5	19	18	6	24
Social security contributions - net interest cost	2	1	3	3	1	3
Corporate activity tax - net interest cost	1	0	1	1	0	1
Net interest cost including social security contributions and corporate activity tax	17	6	23	21	7	28
ESTIMATE DEVIATIONS PENSIONS						
Actuarial gains (losses)	49	25	74	-122	-6	-127
Social security contributions	7	4	10	-17	-1	-18
Corporate activity tax	2	1	3	-5	0	-6
Actuarial gains (losses) including social security contributions and corporate activity tax	58	30	88	-144	-7	-151
Total pension costs including interest costs and estimate deviation	227	47	274	49	13	61

NOK MILLIONS	Joint scheme	Via operation	2020	Joint scheme	Via operation	2019
PENSION OBLIGASTIONS						
Gross accrued pension obligations	2 391	257	2 648	2 052	225	2 277
Pension assets	1 860	0	1 860	1 611	0	1 611
Net liability before social security costs	530	257	788	441	225	666
Social security contributions	70	33	103	57	29	87
Corporate activity tax	28	15	43	24	13	37
Gross accrued obligations incl. social security costs and corporate activity tax	2 489	305	2 794	2 075	267	2 342
Net liability incl. social security costs and corporate activity tax	628	305	934	523	267	790

NOK MILLIONS	Joint scheme	Via operation	2020	Joint scheme	Via operation	2019
RECONCILIATION PENSION OBLIGASTIONS						
Capitalized net liability/(assets) 01.01.	523	267	712	619	261	880
Pension costs taken to profit/loss	152	11	153	172	13	185
Financial costs taken to profit/loss	17	6	24	21	7	28
Actuarial gains and losses included social security contributions and corporate activity tax	58	30	30	-144	-7	-151
Social security contributions paid in premiums/supplement	-13	-1	-15	-23	-2	-25
Capital activity tax contribution paid in premiums/supplement	-4	0	-4	-5	0	-6
Premium/supplement paid-in including admin	-96	-6	-103	-116	-5	-122
Business sold in 2020	-9	-2	797	0	0	0
Capitalized net liability/(assets) 31.12. this year	628	305	1 595	523	267	790

NOK MILLIONS	Joint scheme	Via operation	2020	Joint scheme	Via operation	2019
CHANGE IN PENSION OBLIGASTIONS						
Gross pension assets 01.01. before planchanges	2 135	267	2 401	2 043	261	2 043
Planchanges	0	0	0	13	0	13
Gross pension assets 01.01. after plan changes	2 135	267	2 401	2 056	261	2 317
Present value of accumulation for the year	125	10	135	131	11	142
Interest cost	49	5	54	54	6	60
Actuarial losses (gains) gross pension obligation	228	30	257	-83	-7	-90
Social security contributions - pension costs	18	1	19	19	2	20
Social security contributions - net interest cost	2	1	3	3	1	3
Social security contributions paid in premiums/supplement	-13	-1	-14	-17	-1	-18
Corporate activity tax - pension costs	6	0	6	6	0	6
Corporate activity tax - net interest cost	1	0	1	1	0	1
Corporate activity tax paid in premiums/supplement	-4	0	-4	-5	0	-6
Payments	-30	-6	-36	-29	-6	-36
Business sold in 2020	-27	-2	-28	0	0	0
Gross pension obligation 31.12.	2 489	305	2 794	2 135	267	2 401

NOK MILLIONS	Joint scheme	Via operation	2020	Joint scheme	Via operation	2019
CHANGE IN PENSIONS ASSETS						
Pension assets 01.01	1 611	0	1 611	1 425	0	1 425
Interest income	37	0	37	38	0	38
Actuarial (loss) gain on pension assets	174	0	174	61	0	61
Administration cost	-3	0	-3	-3	0	-3
Financing cost	-2	0	-2	-2	0	-2
Premium/supplement paid-in including admin	95	6	102	122	6	128
Payments	-30	-6	-36	-30	-6	-36
Business sold in 2020	-22	0	-22	0	0	0
Pension assets 31.12	1 860	0	1 860	1 611	0	1 611

Pension scheme's over-/under-financing

NOK MILLIONS	Joint scheme	Via operation	2020	Joint scheme	Via operation	2019
PENSION SCHEME'S OVER-/UNDER-FINANCING						
Present value of the defined benefits pension obligation	2 489	305	2 794	2 135	267	2 401
Fair value of the pension assets	1 860	0	1 860	1 611	0	1 611
Net pensions liability	628	305	934	523	267	790

	31.12.2020	31.12.2019
FINANCIAL ASSUMPTIONS (COMMON TO ALL PENSION SCHEMES)		
Discount rate	1.70 %	2.30 %
Salary growth	2.25 %	2.25 %
The National Insurance basic amount (G)	2.00 %	2.00 %
Pension increases	1.24 %	1.24 %
Social security contribution	14.10 %	14.10 %
Corporate activity tax	5.00 %	5.00 %

The assumptions as at 31 December 2019 have been applied to measurement of the cost of pension for 2020, whilst for calculation of the pension obligation on 31 December 2020, the assumptions and membership numbers as at 31 December 2020 have been applied. The assumptions are based on the market situation as at 31 December 2020 and are in accordance with the recommendations of the Norwegian Accounting Standards Board (NASB).

ACTUARIAL ASSUMPTIONS

KLP's joint pension scheme for local authorities and enterprises ("Fellesordningen").

An important part of the basis of pension costs and pension obligations is how mortality and disability develop amongst the members of the pension scheme.

KLP has used the K2013BE mortality table based on Finance Norway's analyses of mortality in life insurance populations in Norway and Statistics Norway's extrapolations. KLP uses own disability table for actuarial assumptions related to disability, a table based on changes in disability figures in KLPs customer base.

Withdrawal of contractual early retirement (AFP) (per cent in relation to remaining employees): The costs of AFP depend on how many in each year-group take AFP. On reaching 62 years there are 42.5 per cent who retire with an AFP pension. It is only those who are employed and working right up to retirement who are entitled to AFP. This is taken into account in the calculation of the AFP obligation.

Voluntary termination for "Fellesordning" (in %)

Age (in years)	<24	24-29	30-39	40-49	50-55	>55
Turnover	25%	15%	7.5%	5%	3%	0 %

PENSIONS VIA OPERATIONS

AFP/early retirement is not relevant to this scheme. In regard to mortality the same variant of K2013BE has been used as for “Fellesordningen”.

Number	Joint scheme	Via operation	2020	Joint scheme	Via operation	2019
MEMBERSHIP STATUS						
Number active	1 023	51	1 074	1 013	52	1 065
Number deferred (previous employees with deferred entitlements)	821	32	853	805	33	838
Number of pensioners	289	56	345	278	53	331

	2020	2019
Composition of the pension assets:		
Property	13.3 %	12.4 %
Lending	12.9 %	12.5 %
Shares	24.2 %	25.9 %
Long-term/HTM bonds	28.9 %	29.1 %
Short-term bonds	16.9 %	15.0 %
Liquidity/money market	3.9 %	5.2 %
Total	100.0 %	100.0 %

The pension funds are based on KLP's financial funds in the common portfolio. The table shows percentage placing of the pension funds administered by KLP at the end of the year. Value-adjusted return on the assets was 4.23 per cent in 2020 and 8.55 per cent in 2019.

Expected payment into benefits plans after cessation of employment for the period 1 January 2019 – 31 December 2021 is NOK 174.5 million.

Sensitivity analysis as at 31 December 2020		
The discount rate is reduced by 0.5 %		Increase
Gross pension obligation		10.6 %
Accumulation for the year		16.7 %
Salary growth increases by 0.25%		Increase
Gross pension obligation		1.1 %
Accumulation for the year		2.2 %
Mortality is strengthened by 10 %		Increase
Gross pension obligation		2.5 %
Accumulation for the year		1.9 %

The sensitivity analysis above is based on all other assumptions being unchanged. In practice that is an unlikely scenario and changes in some assumptions are correlated. The calculation of gross pension obligation and accumulation for the year in the sensitivity analysis has been done using the same method as in calculating gross pension obligation in the financial position statement.

The duration in the Joint scheme is estimated at 17.8 years.

Note 29 **Number of employees**

	2020	2019
Number of permanent employees 31.12.	1 018	1 007
Number of temporary employees 31.12.	34	49
Total number of employees 31.12.	1 052	1 056
Number of full time equivalents permanent employees	997	989
Number of full time equivalents temporary employees	32	32
Total number of full time equivalents	1 029	1 021

Note 30 **Salary and obligations towards senior management etc.**

The KLP Board of Directors has laid down principles and guidelines for remuneration that apply for the entire Group and set up a remuneration committee as a subcommittee of the Board. The committee reports on and carries out checks that the remuneration schemes in the Group are in line with the Board's principles and guidelines.

Senior employees are defined as the senior management team of the Kommunal Landspensjonskasse Group. This comprises the Group Chief Executive Officer, the KLP Group executive vice presidents and managing directors of certain subsidiaries.

Senior employees who were members of the Group senior management before 1 May 2013, are pensionable at the age of 65, but may choose to change this to aged 70. None of those senior management have chosen to avail themselves of the opportunity to change the retirement age as of 31.12.2020. Persons who were appointed to Group senior management as of 1 May 2013, are pensionable at the age of 70.

All employees of the KLP Group in Norway are registered in KLP's pension scheme for municipalities and companies. The employees earn pension rights in this scheme for salaries up to 12G.

Employees in the KLP Group with salaries above 12 G and for employees with lower retirement age than 67 years, also earn pension benefits for salaries above 12G. Full retirement pension in this additional cover amounts to 66% of salary above 12G, and is achieved after at least 30 years of earnings in the scheme. Employees with a special agreement for a lower pension age than 67 years are ensured an old-age pension corresponding to 66% of all pensionable salary up to 67 years. This add-on was closed May 2, 2013 and does not apply to employees who started after that date. Nor does the scheme apply to employees who were employed at this time in KLP, but who only receive salary above 12G after this date.

The Group CEO has severance pay corresponding to one year's salary including supplementary benefits in the event of termination of employment. There are no obligations to provide the Chairman of the Board special consideration or other benefits on termination or change of the appointment. KLP pays directors' liability insurance for members of its Board of Directors.

The KLP Group offers loans for various purposes. There are separate loan terms for employees, and no senior executives have terms that deviate from this. Loans to external members of the Board of Directors and external members of the Corporate Assembly are only granted under ordinary loan terms.

Fees to Board members are determined by the Corporate Assembly. Fees to deputies and observers are not stated.

All benefits are shown without the addition of social security contributions and capital activity tax. For Board members elected by and among the employees stated that only about compensation and loans that can be linked to their directorship.

Attention is drawn otherwise to the description of the main principles on determination of remuneration in the KLP Group that may be found at klp.no

2020

NOK THOUSANDS	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2020	Paymentsplan ¹
SENIOR EMPLOYEES						
Sverre Thornes, <i>Group CEO</i>	4 240	291	1 433	11 120	1.00	A45
Marianne Sevaldsen	2 848	209	1 120	4 187	1.00	A43
Aage E. Schaanning	3 659	209	1 222	5 179	1.00	HC
Gro Myking	2 619	204	470	6 088	1.00	A30
Rune Hørnes	2 692	165	384	-	-	-
Kirsten Grutle	726	44	519	-	-	-
Mona Refsdal	1 061	122	329	2 632	1.00	HC/A42
Tore Tenold	3 087	181	1 032	961	1.00	HC
Håvard Gulbrandsen	3 331	222	1 055	5 680	1.00	HC
Gunnar Gjørtz	3 285	173	1 171	497	1.00	HC
Leif Magne Andersen	2 207	197	775	3 947	1.00	A44

NOK THOUSANDS	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2020	Paymentsplan ¹
THE BOARD OF DIRECTORS ²⁾						
Egil Johansen, <i>Chair</i> (12 of 12)	391					
Jenny Følling (12 of 12)	288					
Odd Haldgeir Larsen (12 of 12)	233			2 072	1.70	A35
Karianne Melleby (12 of 12)	313					
Øyvind Brevik (12 of 12)	289					
Cathrine M. Lofthus (11 of 12)	289					
Susanne Torp-Hansen, <i>elected by and from the employees</i> (12 of 12)	233					
Freddy Larsen, <i>elected by and from the employees</i> (12 of 12)	289					
CORPORATE ASSEMBLY						
Total Corporate Assembly, including employee representatives	725			40 777		
EMPLOYEES						
Loan to employees in the Group at subsidized interest rate				1 832 779		
Loan to employees in the Group at ordinary terms and conditions				59 960		

1) A=Annuity loan, last payment, HC = Housing Credit

2) The numbers in brackets represents the number of meetings attended by the total number of meetings held during the period in which the person has been on the board.

2019

NOK THOUSANDS	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2019	Paymentsplan ¹
SENIOR EMPLOYEES						
Sverre Thornes, <i>Group CEO</i>	4 155	221	1 530	11 550	2.00	A45
Marianne Sevaldsen	2 802	173	1 178	4 343	2.00	A43
Aage E. Schaanning	3 599	168	1 282	5 397	2.00	HC
Gro Myking	2 383	159	330	-	-	-
Rune Hørnes	2 610	159	395	-	-	-
Kirsten Grutle	1 769	157	536	-	-	-
Mona Refsdal	1 030	113	333	2 755	2.00	HC/A44
Tore Tenold	3 041	162	1 070	1 595	2.00	HC
Håvard Gulbrandsen	3 281	183	1 126	5 173	2.00	HC
Gunnar Gjørtz	3 232	168	1 218	1 500	2.00	HC
Leif Magne Andersen	2 170	168	792	4 097	2.00	A44
THE BOARD OF DIRECTORS ²⁾						
Egil Johansen, <i>Chair</i> (10 of 10)	377					
Lars Vorland (2 of 4)	137					
Marit Torgersen (4 of 4)	148					
Jenny Følling (9 of 10)	294					
Odd Haldgeir Larsen (9 of 10)	233			2 107	2.95	A38

NOK THOUSANDS	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2019	Paymentsplan ¹
Karianne Melleby (10 of 10)	291					
Øyvind Brevik (6 of 6)	142					
Cathrine M. Lofthus (6 of 6)	142					
Susanne Torp-Hansen, <i>elected by and from the employees</i> (9 of 10)	241					
Freddy Larsen, <i>elected by and from the employees</i> (10 of 10)	279					
CORPORATE ASSEMBLY						
Total Corporate Assembly, including employee representatives	587			30 930		
EMPLOYEES						
Loan to employees in the Group at subsidized interest rate				1 536 566		
Loan to employees in the Group at ordinary terms and conditions				57 817		

1) A=Annuity loan, last payment, HC = Housing Credit

2) The numbers in brackets represents the number of meetings attended by the total number of meetings held during the period in which the person has been on the board.

NOK THOUSANDS	2020	2019
The period costs related to lending terms and conditions for employees.	14 583	8 858

Note 31 Auditor`s fee

NOK MILLIONS	2020	2019
Ordinary audit	7.8	7.0
Certification services	0.6	0.6
Tax advisory services	1.3	0.7
Non-audit services	0.4	1.1
Total auditor's fee	10.0	9.4

The sums above include VAT.

Note 32 Operating expenses

NOK MILLIONS	2020	2019
Personnel costs	1 037	1 057
Depreciation and writedowns	132	149
Other operating expenses	719	685
Total operating expenses	1 888	1 892

Note 33 Other income and -expenses

NOK MILLIONS	2020	2019
Supplement contractual early retirement scheme (ERS)	1 189	1 115
Other income ¹	-52	-353
Total other income	1 136	762

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

NOK MILLIONS	2020	2019
Supplement contractual early retirement scheme (ERS)	1 189	1 115
Other expenses	70	31
Total other expenses	1 258	1 145

Note 34 **Other current liabilities**

NOK MILLIONS	31.12.2020	31.12.2019
Short-term payables trade in securities	3 029	2 644
Incurring not assessed taxes	1 489	1 181
Advance tax-deduction pension scheme	447	432
Accounts payable	270	184
Pre-called contribution to insurance	576	867
Other current liabilities	1 049	990
Total other current liabilities	6 859	6 298

Note 35 **Contingent liabilities**

NOK MILLIONS	31.12.2020	31.12.2019
KLP guarantee liability	2	2
Committed, not subscribed investment in private equity and property funds	22 365	14 007
Approved, not paid out KLP Group loan pledge	5 292	9 335
Total contingent liabilities	27 659	23 344

Note 36 **Retained earnings**

NOK MILLIONS	Revaluation fund	Risk equalization fund	Nat.per.pool fund	Other retained earnings	Retained earnings
Capitalized value 01.01.2019	1 024	4 797	42	13 441	19 304
Income		750	37	451	1 238
<i>Other comprehensive income:</i>					
Items that will not be later reclassified to income				101	101
Items that will be reclassified to income later when particular conditions are met	209			-52	157
Capitalized value 31.12.2019	1 233	5 547	79	13 941	20 799
Income		-136	-13	334	186
Change related to sale of business		-7		7	0
<i>Other comprehensive income:</i>					
Items that will not be later reclassified to income				-57	-57
Items that will be reclassified to income later when particular conditions are met	392			-98	294
Capitalized value 31.12.2020	1 625	5 404	66	14 127	21 222

Note 37 **Sale of business**

In the third quarter, the KLP Group sold the business that offered defined contribution and company pensions (including management of pension capital certificates and paid-up policies) to companies in the private and public sectors.

An agreement was signed between KLP and DnB Livsforsikring AS (DnB) on June 22, 2020 on the sale of all shares in KLP Bedriftspensjon AS from KLP to DnB. The sales was completed in the third quarter, but with accounting effect from 1 April. The sale has been approved by the Financial Supervisory Authority of Norway.

A loss in connection with the sale of the business of NOK 183 million was recognized in the fourth quarter result. This appears on the accounting line «Loss on sale of business».

The loss is calculated on the basis of the lowest value of net assets for the business and the fair value of net assets for the business less selling expenses.

The business had 3 091 corporate clients in its defined contributions and company pension scheme at the end of the first quarter of 2020, which compassed a total of 69 232 active members and owners of pension capital certificates and paid-up policies.

Total assets stand at NOK 6 984 million, of which insurance liabilities amount to NOK 6 372 million.

Income sheet items from the business Collective private pension are shown below.

NOK MILLIONS	Operating profit
Premium income for own account	313
Current return on financial assets	22
Net value changes on financial instruments	-626
Net income from investment properties	1
Other income	2
Total net income	-288
Claims for own account	-45
Change in technical provisions	331
Operating expenses	-19
Loss on sale of business	-183
Total expenses	84
Operating profit/loss	-205
To/from securities adjustment fund – life insurance	10
Assets allocated to insurance customers - life insurance	-2
Pre-tax income	-197
Cost of taxes	0
Income	-197
Actuarial loss and profit on post employment benefit obligations	-4
Total other comprehensive income	-4
Total comprehensive income	-201

Note 38 **Change in liabilities from financing activities**

NOK MILLIONS	31.12.2019	Cash flow from financing activities	Cash flow from operating activities	Non-cash changes	31.12.2020
Subordinated loan capital	6 012	-2 641	0	-237	3 135
Hybrid Tier 1 securities	1 738	0	0	25	1 764
Debt to credit institutions	8 199	2 514	4 121	-618	14 216
Covered bonds issued	24 415	0	582	0	24 997
	40 364	-127	4 704	-829	44 112

Note 39 **Change in fair value IFRS 9**

31.12.2020 NOK MILLIONS	Financial assets at amortized cost ¹ Passed SPPI
Fair value 31.12.2019	188 026
Bought	11 424
Sold	-3 242
Held to maturity	-4 666
Change in fair value	6 375
Fair value 31.12.2020	197 917

¹ Investments held to maturity and bonds classified as loans and receivables

31.12.2020 NOK MILLIONS	Financial assets valued at fair value ²
Fair value 31.12.2019	289 829
Bought	149 001
Sold	-173 297
Change in fair value	27 272
Fair value 31.12.2020	292 805

² Financial assets for companies that have performed the SPPI test: group public pension and non-life insurance.

31.12.2020 NOK MILLIONS	Other loans and receivables at amortized cost Passed SPPI	Other loans and receivables at amortized cost Not passed SPPI	Other loans and receivables at amortized cost Total
Fair value 31.12.2019	106 018	306	106 324
Bought	36 787	1 092	37 879
Sold	-29 610	0	-29 610
Change in fair value	3 263	-5	3 258
Fair value 31.12.2020	116 458	1 393	117 851

In accordance with the notes requirements, the entity has conducted an SPPI test on the portfolio at amortized cost. The preliminary assessment is that all investments except one loan passes the test. Also refers to note 6 Fair value of financial assets and liabilities and note 13 Credit risk.

KLP Sustainability Accounts

ANNUAL REPORT 2020

Integrating corporate responsibility into all our operations

STRATEGIC OBJECTIVE

Employee statistics

KLP's employees are a key resource, and KLP wants to be an organization with committed employees who are able to utilize their own expertise and technological opportunities. KLP works systematically to achieve a wage balance.

UN SUSTAINABLE DEVELOPMENT GOALS

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

- Goal 8, *Decent work and economic growth*, including 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; and target 8.8: Protect labour rights and promote safe and secure working environments for all workers.
- Goal 10, *Reduced inequalities*, including 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

Targets not defined or relevant.

	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Employees of KLP	1 018	1 007	990	961	n/a	n/a
Part-time employees of KLP	5,4 %	6,8 %	6,9 %	7,6 %	n/a	n/a
Temporary employees	34	35	26	30	n/a	n/a
Turnover among employees	3,1 %	6,8 %	7,1 %	6,0 %	n/a	n/a
Total pay to employees (NOK thousands)	852 297	818 805	785 965	743 833	n/a	n/a
Average salary, women (NOK thousands)	726	718	685	660	8.	8.5
Average salary, men (NOK thousands)	868	859	836	808	8.	8.5
Age distribution among employees (share under 30 / 30-50 / over 50)	4 / 53 / 43 %	New	New	New	10.	10.2

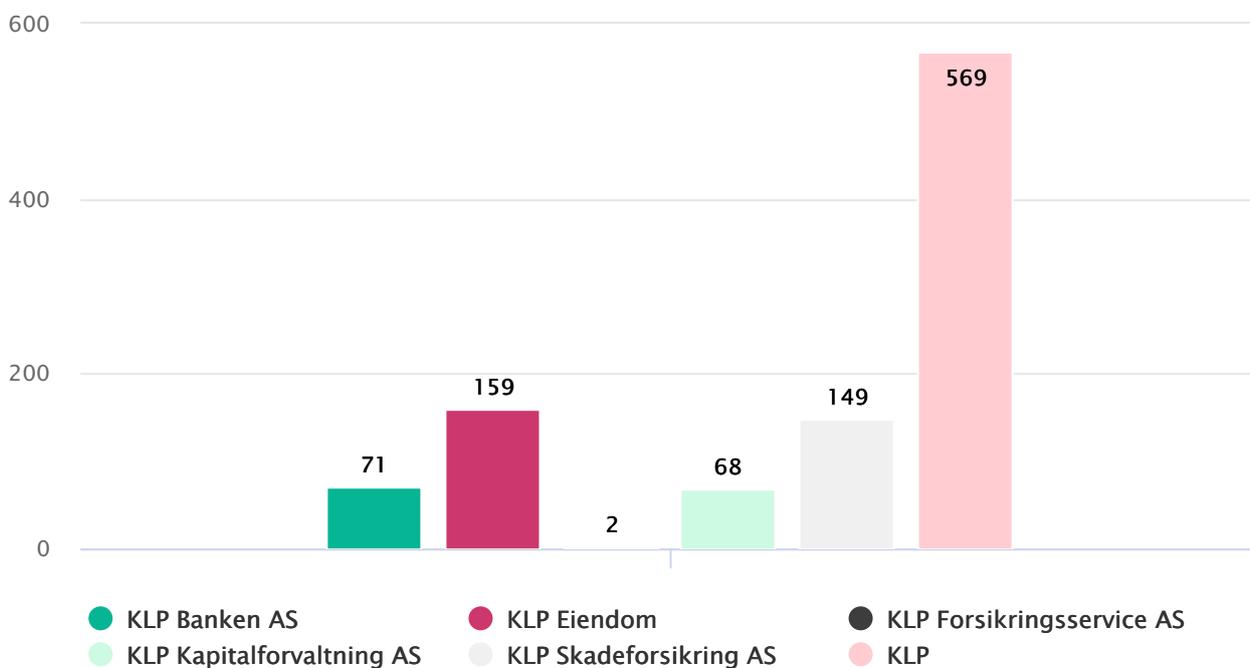
The number of employees refers to permanent employees in Norway, Sweden and Denmark, and includes employees on leave of absence and employees working part-time.

Turnover is the share of people who have left KLP. People who have changed jobs internally within the KLP Group are not included.

Total pay to employees refers to total actual salary taken to expenses, minus fees to external entities. Benefits in kind are not included. Information concerning salary relates only to Norway.

Average salary by gender is calculated from contractual salary based on full-time employment and is not adjusted for the proportion working part-time. The reason women's average pay is lower than men's is that the proportion of men in highly-paid positions is higher. KLP does not have any salary differences between the sexes in similar positions.

Number of employees in the KLP group



Health and sickness absence

It is important that our employees have a good working environment. KLP's employees, and their collective skills, are a key resource for KLP. KLP is constantly striving to reduce employees' sickness absence.

UN SUSTAINABLE DEVELOPMENT GOALS

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

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

TARGET

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

Results in 2020

In 2020, total sickness absence was 3.2 per cent, which is significantly lower than previous years and the target of 4 per cent. Long-term sickness absence was 2.3 per cent; it has remained stable for the last three years. The low sickness absence in 2020 is due to a decrease in short-term absence. Short-term absence fell from 1.6 per cent in 2019 to 0.9 per cent in 2020, and it is natural to assume that the Covid-19 pandemic had a bearing on this. A focus on hand hygiene and infection prevention and strict infection control measures have helped reduce the incidence of other illnesses such as colds and the flu, and increased flexibility when working from home may have helped reduce short-term absence. There has also been a focus on how to maintain a good working environment for KLP's employees when working from home. KLP has taken several measures to facilitate a good working environment, including one-off support payments to employees for the purchase of equipment.

	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Short-term sickness absence	0,9 %	1,6 %	1,8 %	1,6 %	3.	n/a
Long-term sickness absence	2,3 %	2,3 %	2,4 %	2,9 %	3.	n/a
Total sickness absence	3,2 %	3,9 %	4,2 %	4,6 %	3.	n/a
Gender breakdown of sickness absence (women/men)	4,2 / 2,4 %	6,7 / 2,0 %	5,4 / 3,2 %	6,5 / 3,7 %	3.	n/a
Number of personal injuries	0	2	1	0	8.	8.8

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

Personal injuries are self-reported injuries to employees and claims for actual and possible occupational injuries to KLP's non-life insurance company.

Diversity and equality

KLP is constantly working to integrate diversity and equality across the business and has targets and actions in place in several areas. KLP wants to be an attractive workplace where all employees feel respected for who they are, regardless of gender, ethnicity, religion, beliefs, disability, sexual orientation, gender identity, gender expression, age and other essential attributes.

UN SUSTAINABLE DEVELOPMENT GOALS

The figures show how KLP contributes towards several of the UN Sustainable Development Goals:

- Goal 5, *Gender equality*, and especially target 5.1: End all forms of discrimination against all women and girls everywhere; target 5.4: Promote shared responsibility within the household and the family; and target 5.5: Ensure women's full and effective participation and equal opportunities for leadership.
- Goal 8, *Decent work and economic growth*, and especially target 8.5: By 2030, achieve equal pay for work of equal value.
- Goal 10, *Reduced inequalities*, and especially 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

- Gender balance in executive positions and senior professional positions
- Work systematically to achieve a wage balance
- To be a facilitating workplace for workers with disabilities
- Ensure that all employees feel respected for who they are, regardless of gender, religion, beliefs, disability, sexual orientation, gender identity, gender expression, age and other essential attributes
- Raise the average retirement age

Results in 2020

Across all levels of management, the gender balance in 2020 was within the target of 40 per cent of each gender. The gender balance varies across the different management levels, where management level 3 saw an increase in the proportion of women and management level 2 had a small decrease, while the gender balance at management level 1 remained stable from 2019. In senior professional positions (non-executive positions outside the table), where the target is 30 per cent women, there was an increase in the proportion of women in 2020.

In 2020, women earned 83.6 per cent of men's salaries in KLP, which is a small increase from the previous year (83.5 per cent). Women's share of men's pay is mainly influenced by the gender distribution in executive positions and senior professional positions.

Because of the Covid-19 pandemic, it was not practically possible to be a facilitating workplace in 2020. Throughout the year, KLP has carried out several activities to ensure that employees feel respected for who they are, and the employee survey shows high scores in this area.

The average age on leaving the company decreased in 2020, and more people have opted to retire earlier with contractual early retirement pension (AFP) and retirement pension.

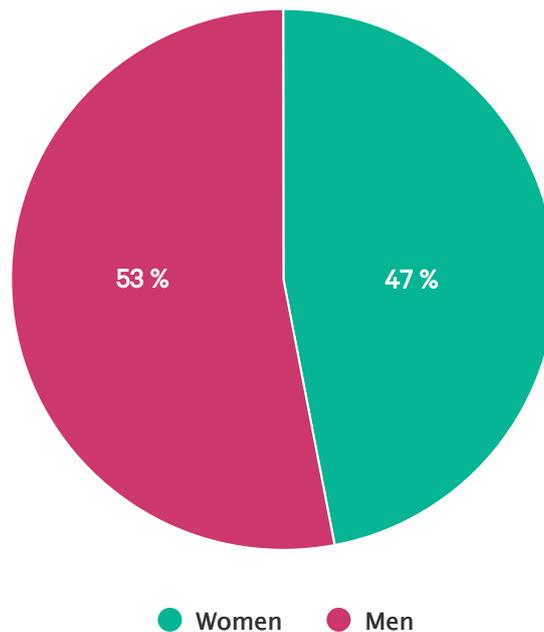
	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Gender distribution among employees (women/men)	47 / 53 %	47 / 53 %	47 / 53 %	47 / 53 %	5.	5.5
Gender distribution management level 1 (women/men)	30 / 70 %	30 / 70 %	30 / 70 %	30 / 70 %	5.	5.5
Gender distribution management level 2 (women/men)	39 / 61 %	43 / 57 %	40 / 60 %	43 / 57 %	5.	5.5
Gender distribution management level 3 (women/men)	45 / 55 %	42 / 58 %	43 / 57 %	43 / 57 %	5.	5.5
Gender distribution, all management levels total (women/men)	40 / 60 %	41 / 59 %	42 / 58 %	42/58 %	5.	5.5
Gender distribution on the Board (women/men)	50 / 50 %	50 / 50 %	50 / 50 %	50 / 50 %	5.	5.5
Gender distribution in the highest paid positions (non-management positions above earnings-table)	28 / 72 %	23 / 77 %	20 / 80 %	16 / 84 %	5.	5.5
Women's earnings in relation to men's (all employees at KLP)	84 %	84 %	82 %	82 %	5. 8.	5.1, 5.5, 8.5
Women's earnings in relation to men's at management level 1	77 %	76 %	69 %	69 %	5. 8.	5.1, 5.5, 8.5
Women's earnings in relation to men's at management level 2	86 %	84 %	84 %	84 %	5. 8.	5.1, 5.5, 8.5
Women's earnings in relation to men's at management level 3	91 %	90 %	89 %	89 %	5. 8.	5.1, 5.5, 8.5
Women's earnings in relation to men's in the highest paid positions (non-management positions above earnings-table)	95 %	91 %	93 %	90 %	5. 8.	5.1, 5.5, 8.5
Women's earnings in relation to men's, remaining employees (not including any management levels or highest paid positions)	95 %	95 %	93 %	94 %	5. 8.	5.1, 5.5, 8.5
CEO's salary in relation to the median salary in the group	6,00	New	New	New	n/a	n/a
Gender distribution, absence for sick children (women/men)	47 / 53 %	51 / 49 %	50 / 50 %	51 / 49 %	5.	5.1, 5.4
Gender distribution, parental leave taken (women/men)	65 / 35%	67 / 33 %	73 / 27 %	64 / 36 %	5.	5.1, 5.4
Proportion of female employees working part-time	9 %	11 %	12 %	18 %	5. 8.	5.1, 8.5
Proportion of male employees working part-time	2 %	3 %	3 %	5 %	5. 8.	5.1, 8.5
Average retirement age, occupational and old-age pensions (years)	64,6	65,2	66,6	66,9	n/a	n/a

KLP defines managers at three different levels. Management level 1 is the Group management, including the CEO. Management level 2 includes the managers who report directly to an executive vice president (member of Group management). Management level 3 are the managers who report to level 2 managers.

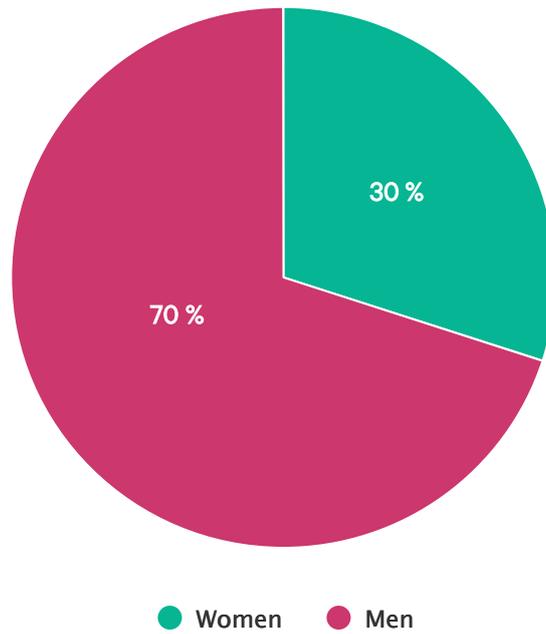
Women's earnings relative to men's is defined in the same way as average salary by gender and is calculated from contractual salaries based on full-time employment, not adjusted for the proportion working part-time. The reason women's average pay is lower than men's is that the proportion of men in highly-paid positions is higher. KLP does not have any salary differences between the sexes in similar positions.

The CEO's salary is contractual fixed salary, not including benefits in kind. The median salary is defined as the median salary in the KLP Group for permanent and temporary employees in Norway, and includes management level 1.

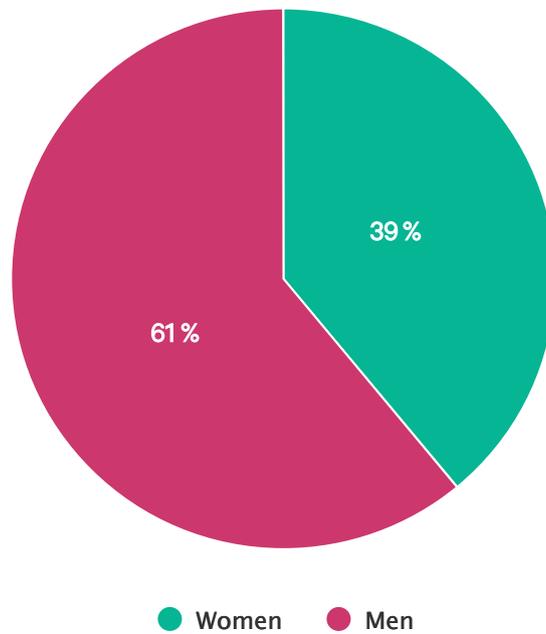
Gender distribution among employees



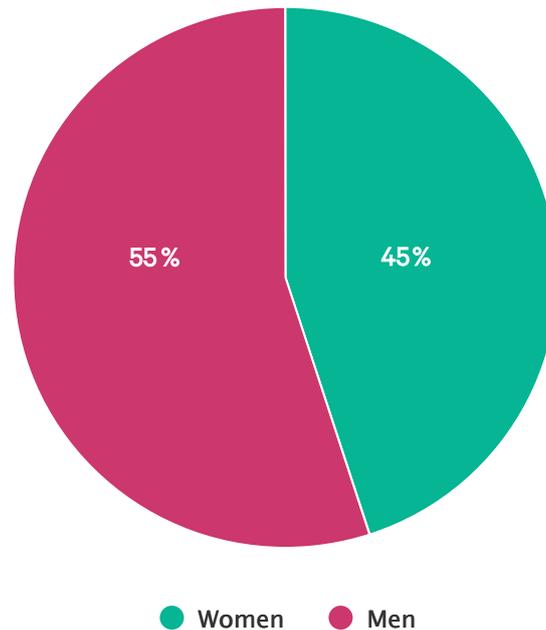
Gender distribution among employees at management level 1



Gender distribution among employees at management level 2



Gender distribution among employees at management level 3



Increase knowledge of pensions

KLP aims to be the pension company which takes the best care of its customers. This requires us to help increase knowledge about pensions so our customers and members can make good choices for the days ahead. One way we will do this is by providing good guidance to individuals and disseminating information about pensions in the media.

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators show how KLP contributes towards Goal 8, *Decent work and economic growth*.

TARGET

Help increase knowledge of pensions among our customers and members.

Results in 2020

Personal consultations were affected by the Covid-19 pandemic. In the first half of 2020, it was to a large extent impossible to be physically present to provide individual consultations, and there was little demand from our customers for a digital alternative. Many employees contacted us via telephone instead during this period, and because ad-hoc consultations are not recorded in the same way, the number of consultations may have been under-reported. After the summer, physical consultations were replaced with digital alternatives.

The "Good to know" courses were also affected by the pandemic. There were no refresher courses for municipalities or the health sector, which led to a decrease in the number of participants. For the corporate segment, refresher courses were held digitally, with 800 participants on 8 courses/sessions.

	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Number of personal consultations related to pensions	6 195	9 220	9 972	9 776	8.	n/a
Participants in the 'Good to know' course on pensions	800	955	177	1 101	8.	n/a
Media stories about pensions with spokespersons from KLP	57	57	53	77	8.	n/a

Personal consultations on pensions are meetings KLP has with our customers' employers and employees on various issues related to pensions.

The "Good to know" course on pensions is a course KLP runs for our customers. KLP runs the courses every two years, with "refresher courses" in the intervening year. The topics covered by the course are employees' pension rights, reporting to KLP, training in KLP's online solutions, and the future of public-sector occupational pensions. The courses are an important part of efforts to increase KLP customers' knowledge of pensions.

Media stories about pensions with a spokesperson from KLP are based on media analyses prepared by Retriever. The figure shows the number of media stories concerning pensions and life insurance where KLP is mentioned, and where the story includes a representative from KLP.

Climate and environment

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

UN SUSTAINABLE DEVELOPMENT GOALS

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

- Target 6.4: Substantially increase water-use efficiency across all sectors.
- Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.
- Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation.
- Target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and environmentally sound technologies.
- Target 11.6: By 2030, reduce the adverse environmental impact of cities, paying special attention to air quality and waste management.
- Goal 12, *Responsible consumption and production*, and especially target 12.5: By 2030, substantially reduce waste generation.
- Goal 13: *Climate action*

TARGET

- Halve greenhouse gas emissions from our own operations by 2030, based on emissions in 2010.

- Reduce energy consumption in the property portfolio to 180 kWh per square metre.
- On average, the proportion of waste sorted at source should be more than 65 per cent and not be below 50 per cent in any property in the property portfolio.

Results in 2020

The ongoing Covid-19 pandemic had a big impact on the way we worked in 2020. Following the national lockdown in March, KLP introduced a home office scheme for all employees and tight restrictions on business travel. This led to a drastic decrease in the number of flights and in the activity levels in KLP's own offices. The decline in air travel, energy consumption and waste, and increased waste sorting, can therefore mainly be attributed to the pandemic. These activities are expected to increase again as society transitions back to more normal conditions.

Because of the reduced level of activity, the pandemic has also led to a sharp reduction in emissions from KLP's own operations. Emissions have decreased by 72 per cent since 2019, and by 82 per cent compared to 2010. Although the pandemic is likely to cause some lasting changes to our habits and ways of working (in terms of business trips and meetings, for example), emissions are expected to increase again in 2021. However, the trend in recent years suggests that KLP is well on track to meet its 2030 target.

The infection control measures during the pandemic have also affected activity in KLP's property portfolio, which includes office buildings, shopping malls and hotels. This has also resulted in reduced energy consumption and waste volume. The energy consumption in the property portfolio has been reduced from 190 to 167 kWh per square metre, so the target of 180 kWh per square metre has been achieved. The target of a 65 per cent sorting rate for waste in the property portfolio has not been achieved, but good progress has been made, reaching 62 per cent. One of the reasons for this is that the amount of waste was less in 2020.

	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Activity data from KLP's own operations						
Number of flights (total / per work-year)	1 302 / 1,3	6 483 / 6,6	6 661 / 6,8	3 107 / 3,3	12.13.	n/a
Energy consumption in KLP's own offices (kWh per m2)	94	113	129	130	9.13.	9.4
Quantity of waste in KLP's own offices (tonnes / kg per work-year)	101 / 0,10	132 / 0,13	132 / 0,14	128 / 0,14	11.12.	11.6, 12.5
Recycling rate at source in KLP's own offices	56 %	61 %	64 %	68 %	11.12.	11.6, 12.5
Proportion of environmentally certified suppliers	61 %	-	-	-		
Activity data from KLP's property portfolio						
Energy consumption in KLP's property portfolio (kWh per m2)	167	190	200	191	9.	9.4
Quantity of waste in KLP's property portfolio (tonnes)	4 296	5 553	5 760	5 826	11.12.	11.6, 12.5
Recycling rate at source in KLP's property portfolio	62 %	55 %	54 %	55 %	11.12.	11.6, 12.5
Water consumption in KLP's property portfolio (millions of litres)	258	436	442	453	6.	6.4
Renewable energy production in KLP's property portfolio (MWh)	619	403	195	187	7.9.	7.2, 9.4
Greenhouse gas emissions						
Greenhouse gas emissions from KLP's own operations (tonnes CO2e)	280	989	1 073	1 014	12.13.	n/a
Scope 1 (tonnes)	2	5	7	6	12.13.	n/a
Scope 2 (tonnes)	81	99	123	142	12.13.	n/a
Scope 3 (tonnes)	197	885	943	866	12.13.	n/a
- Flights (tonnes / tonnes per work-year)	154 / 0,15	810 / 0,82	865 / 0,89	791 / 0,84	12.13.	n/a
- Business travel by car (tonnes / tonnes per work-year)	20 / 0,02	48 / 0,05	53 / 0,05	52 / 0,05	12.13.	n/a
- Waste (tonnes / tonnes per work-year)	23 / 0,02	27 / 0,03	26 / 0,03	23 / 0,02	12.13.	n/a

	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Greenhouse gas emissions from KLP's property portfolio (tonnes CO2e)	7 866	9 402	10 560	10 210	12. 13.	n/a
Scope 1 (tonnes)	1	71	114	101	12. 13.	n/a
Scope 2 (tonnes)	6 965	8 024	9 054	8 660	12. 13.	n/a
Scope 3 (tonnes)	901	1 308	1 392	1 449	12. 13.	n/a
Total greenhouse gas emissions from KLP's property portfolio per kvm	0,008	0,009	0,011	0,010		
Greenhouse gas emissions from KLP's securities investments (tonnes CO2e)	5 648 610	-	-	-	12. 13.	n/a
Scope 1-2	1 506 364	-	-	-	12. 13.	n/a
Scope 3	4 142 246	-	-	-	12. 13.	n/a
Total greenhouse gas emissions for KLP	5 656 756	10 391	11 633	11 224	12. 13.	n/a
Scope 1	2	5	7	6	12. 13.	n/a
Scope 2	81	99	123	142	12. 13.	n/a
Scope 3 (property and securities investments)	5 656 673	10 287	11 504	11 076	12. 13.	n/a

Activity data from KLP's own operations

Flights

The number of flights is based on figures from our travel agency, and it is the number of individual stretches that is reported. A stretch means a single flight, and a round-trip journey may consist of several stretches. KLP switched travel agencies after the third quarter of 2020, but the same methodology has been used to calculate flights in the fourth quarter.

Because of the pandemic, many trips were cancelled or not completed. This has been adjusted for, and the number shows flights actually completed and travelled.

Energy consumption

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

Waste

The amount of waste in KLP's own office premises includes Oslo, Bergen and Trondheim. The waste scale at KLP's office in Oslo was out of order for much of 2020. Therefore, the amount of waste is based on the volumes of waste in previous years and adjusted for the general decrease in waste in KLP's property portfolio as a result of the pandemic.

The degree of waste sorting shows the proportion of waste sorted at source. A greater proportion of sorted waste can be recycled, so it has a less harmful impact on the environment than waste which is not sorted and is either dumped in landfill or used to produce energy.

Share of environmentally certified suppliers

The reported figure gives the share of purchases from large Norwegian suppliers to KLP which are environmentally certified under the 'Eco-Lighthouse' scheme ("Miljøfyrtårn") or ISO 14001. Large suppliers are defined as suppliers where KLP's purchases amount to NOK 1 million or more during the financial year.

The reporting covers external suppliers who provide goods or services directly to KLP's financial operations. Suppliers from within the KLP Group and suppliers to the property company or the non-life insurance company are not included.

KLP had a total of 82 suppliers with turnover above NOK 1 million in 2020. Of these, 26 were environmentally certified. This means that 32 per cent of the suppliers were certified. Purchases from the environmentally certified suppliers accounted for 61 per cent of total purchases from suppliers over NOK 1 million.

Activity data from KLP's property portfolio

Energy consumption

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

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

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

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

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

Waste

The quantity of waste in KLP's property portfolio includes KLP-operated buildings, except for the buildings in Stockholm where the waste is not weighed on collection.

The degree of waste sorting shows the proportion of waste sorted at source. A greater proportion of sorted waste can be recycled, so it has a less harmful impact on the environment than waste which is not sorted and is either dumped in landfill or used to produce energy.

Water consumption

It is actual water consumption in millions of litres in KLP-operated buildings that is reported.

Renewable energy production in KLP's property portfolio

The number reported is total kWh of renewable energy produced locally at KLP's properties.

Greenhouse gas emissions

Greenhouse gas emissions from KLP's own operations

The GHG emissions inventory for KLP's own operations is prepared by an external consultant. The emissions are converted into tonnes of CO₂ equivalents in line with the standard from the Greenhouse Gas Protocol Initiative. Greenhouse gas emissions include emissions from the use of diesel cars (scope 1), energy consumption (scope 2), and flights, business travel by car, and waste from KLP's own office premises (scope 3). When calculating greenhouse gas emissions from air travel, we differentiate between short, medium and long-haul and by cabin class. We also include an RF factor ("radiative forcing") in the calculation.

In 2020, computer equipment and monitors were purchased to enable employees to work from home. These are products which produce significant emissions. As KLP currently does not include procurement in our scope 3 emissions, emissions from these products are not included in the GHG emissions inventory. However, KLP is working to include procurement in the GHG emissions inventory in the long term.

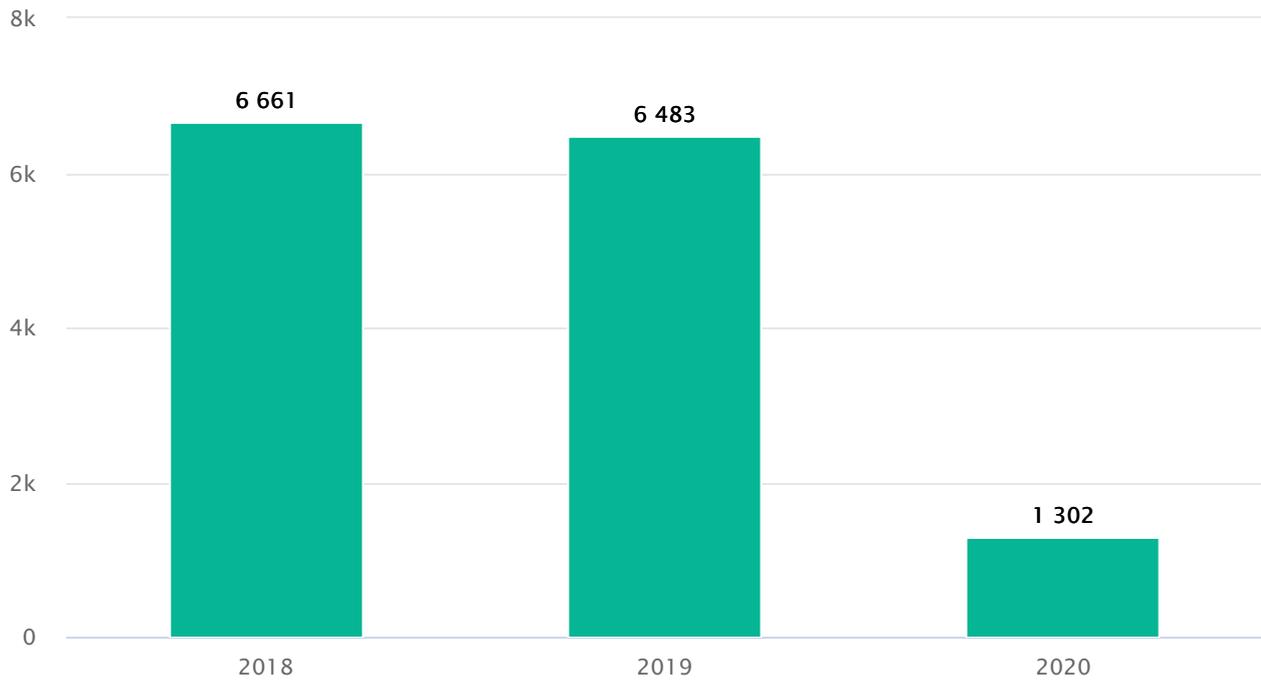
Greenhouse gas emissions from KLP's property portfolio

The GHG emissions inventory for KLP's property portfolio is prepared by an external consultant. The calculation includes KLP-operated buildings. The emissions are converted into tonnes of CO₂ equivalents in line with the standard from the Greenhouse Gas Protocol Initiative. Greenhouse gas emissions include energy consumption, waste and general operation of the properties. Greenhouse gas emissions from KLP's property portfolio are included in scope 3 within KLP's overall greenhouse gas emissions.

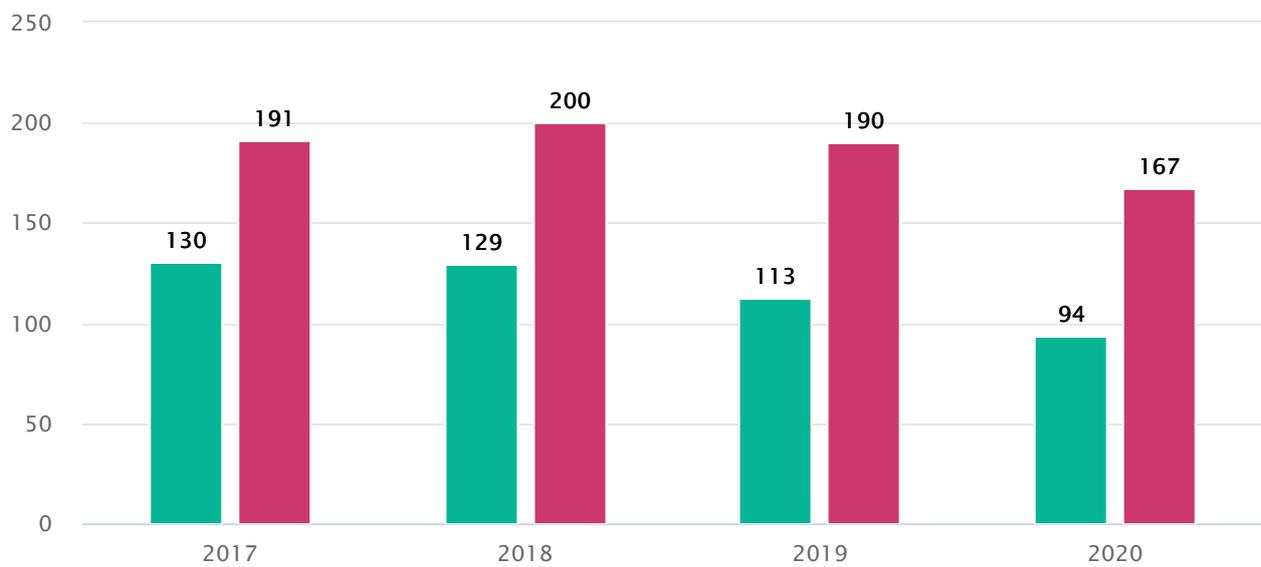
Greenhouse gas emissions from KLP's securities investments

Emissions from KLP's securities investments are calculated using figures from our data provider. It is KLP-owned emissions that are reported. This means that KLP-owned emissions are allocated from the company's total emissions according to KLP's stake in the company based on KLP's equity and bond holdings and the value of the company. Greenhouse gas emissions from KLP's securities investments are included in scope 3 within KLP's total greenhouse gas emissions.

Flights stretches in the KLP group

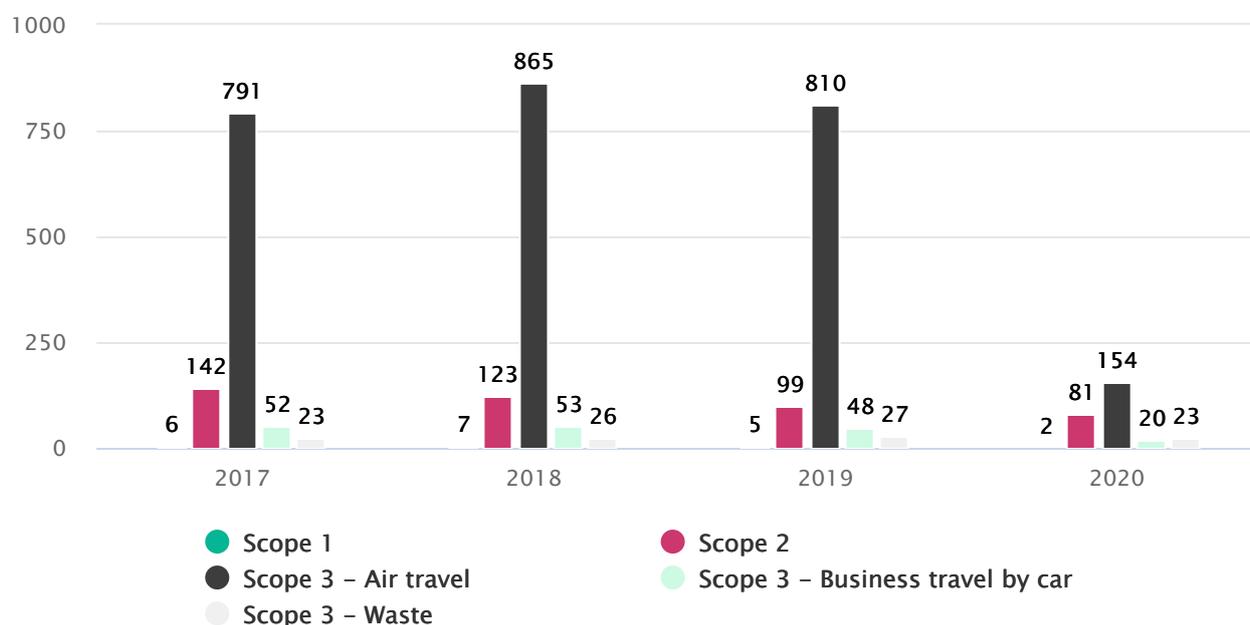


Energy consumption



- Energy consumption in KLP's own offices (kWh per m2)
- Energy consumption in KLP's property portfolio (kWh per m2)

Greenhouse gas emissions from KLP's own operations (tonnesCO₂e)



Responsible business operations

KLP aims to operate in a responsible manner to ensure that our customers receive the pensions and services they are entitled to. It is important to us that our owners and their employees are satisfied, and therefore we are transparent about when we receive complaints.

UN SUSTAINABLE DEVELOPMENT GOALS

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

- Goal 8, *Decent work and economic growth*
- Goals 10, *Reduced inequalities*
- Goal 16, *Peace, justice and strong institutions*, and especially target 16.6: Develop effective, accountable and transparent institutions at all levels.

TARGET

Targets not defined or relevant.

	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Fees and fines from authorities due to non-compliance with laws and regulations	0	-	-	-	16.	16.6
Concerns received via external whistleblowing channel	0	-	-	-	16.	n/a
KLP						
Complaints received via KLP's contact points	1 018	-	-	-	8. 10.	n/a
Cases processed in the National Insurance Court (number / number where the customer has been upheld)	45 / 0	-	-	-	8. 10.	n/a
KLP Banken						
Complaints received via KLP's contact points (number / number where the customer has been upheld)	3 / 0	-	-	-	8.	n/a
Cases processed in the Norwegian Financial Services Complaints Board (number / number where the customer has been upheld)	0 / -	-	-	-	8.	n/a
KLP Kapitalforvaltning						
Complaints received via KLP's contact points (number / number where the customer has been upheld)	20 / 17	-	-	-	8.	n/a
Cases processed in the Norwegian Financial Services Complaints Board (number / number where the customer has been upheld)	0 / -	-	-	-	8.	n/a
KLP Skadeforsikring						
Complaints received via KLP's contact points (number / number where the customer has been upheld)	164 / 18	-	-	-	8.	n/a
Cases processed in the Norwegian Financial Services Complaints Board (number / number where the customer has been upheld)	36 / 6	-	-	-	8.	n/a

The indicators in this table are new in 2020, and KLP has not reported these figures before. Historical figures have therefore been replaced by -.

Official fees and fines

This indicator shows the amount paid in fees and fines from authorities due to non-compliance with laws and regulations. This includes fees from the Financial Supervisory Authority of Norway (“Finanstilsynet”), the Norwegian Data Protection Authority (“Datatilsynet”), the Labour Inspection Authority (“Arbeidstilsynet”) and the Norwegian Competition Authority (“Konkurransetilsynet”), fines from prosecuting authorities and fines imposed by the courts. In 2020, KLP did not incur any such fees or fines.

Concerns via external whistleblowing channel

KLP has an external whistleblowing channel where people also anonymously can report concerns. The reported figure is the number of actual concerns received via this channel. KLP received no such concerns in 2020.

Complaints via KLP contact points

Most complaints to KLP come via our own contact points, such as the contact form on klp.no, email, phone-calls and conversations with customer service staff in the different parts of the business. The number of complaints reported is the number reported to the Financial Supervisory Authority of Norway and considered to be actual complaints.

For KLP Skadeforsikring, KLP Banken and KLP Kapitalforvaltning we also report the number of complaints where customers have had all or part of their complaint upheld after KLP reconsidered the matter. It has not been possible to obtain equivalent figures for complaints to KLP related to pensions, because of limitations in the system. We will attempt to report the number of cases where the complaint was upheld for next years reporting.

Cases in the National Insurance Court

The indicator shows the number of cases processed in the National Insurance Court (“Trygderetten”) in 2020 and the number of cases where the customer was fully or partially upheld. The processing time in the National Insurance Court is 8 to 10 months, so the figure includes cases that were submitted to the Court in both 2019 and 2020.

Cases before the Financial Services Complaints Board

If one of our customers has submitted a complaint to KLP and is not satisfied with the response or the follow-up, the complaint can be referred to the Norwegian Financial Services Complaints Board (“Finansklagenemnda”). The indicator shows the number of cases processed in the

Financial Services Complaints Board in the year and the number of cases where the customer was fully or partially upheld where KLP Banken, KLP Kapitalforvaltning or KLP Skadeforsikring were the counterparty.

Tax and income per country

A responsible business is open about its tax practices. KLP therefore reports on tax where we operate on a country-by-country basis.

UN SUSTAINABLE DEVELOPMENT GOALS

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

- Target 10.4: Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality
- Goal 16, *Peace, justice and strong institutions*, especially target 16.4: By 2030, significantly reduce illicit financial and arms flows; and 16.5: Substantially reduce corruption and bribery in all their forms.

TARGET

Targets not defined or relevant.

	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Norway						
Employees (work-years)	997	985	973	944	16.	16.4, 16.6
New investments in property (MNOK)	2 406	1 989	983	404	16.	16.4, 16.6
Income (MNOK)	75 625	105 705	46805	69571	16.	16.4, 16.6
Accounting income before taxes (MNOK)	1 657	2 477	1719	1458	16.	16.4, 16.6
Actual income tax payable for the financial year (MNOK)	0	0	0	0	16.	16.4, 16.6
Sweden						
Employees (work-years)	11	10	8	8	16.	16.4, 16.6
New investments in property (MNOK)	78	15	7	2	16.	16.4, 16.6
Income (MNOK)	404	450	437	448	16.	16.4, 16.6
Accounting income before taxes (MNOK)	38	290	883	916	16.	16.4, 16.6
Actual income tax payable for the financial year (MNOK)	30	10,6	0	0	16.	16.4, 16.6
Denmark						
Employees (work-years)	13	12	9	9	16.	16.4, 16.6
New investments in property (MNOK)	682	3 617	1115	28	16.	16.4, 16.6
Income (MNOK)	442	313	255	232	16.	16.4, 16.6
Accounting income before taxes (MNOK)	245	321	250	101	16.	16.4, 16.6
Actual income tax payable for the financial year (MNOK)	31	19,5	2	1,8	16.	16.4, 16.6
Rest of Europe						
Employees (work-years)	0	0	0	0	16.	16.4, 16.6
New investments in property (MNOK)	0	308	0	-81	16.	16.4, 16.6
Income (MNOK)	36	166	263	79	16.	16.4, 16.6
Accounting income before taxes (MNOK)	-451	105	-12	-2	16.	16.4, 16.6
Actual income tax payable for the financial year (MNOK)	0	0,1	0	0,1	16.	16.4, 16.6

KLP reports tax and income broken down across the countries in which KLP operates entities with a controlling influence. This means that tax and income from investments in foreign securities are reported as Norwegian in the country breakdown, unless KLP has a controlling influence over the investment such that there is a group relationship. The amount includes KLP's withholding tax on fund investments. In practice, KLP's business activities abroad are concerned with investments in property.

For new investments, it is net new investments for the year is reported, not the balance.

Tax here refers to income tax. Taxes in the form of indirect tax are not included in the reported figures.

Transparency about investments

As the pension company for Norwegian municipalities and the health sector, KLP is transparent about the way we invest the pension assets that we manage. KLP has investments in more than 8,000 companies around the world, divided into different sectors and regions, and in government bonds issued by different countries. You can read more here:

- KLP's investments in shares and equity funds in Norway and abroad and broken down by sector (See note 15 in KLP Annual Accounts)
- [KLP's investments in equities and bonds, by sector and region](#)
- [KLP's investments in government bonds, by country](#)

Increasing investments that promote sustainable development and support our financial goals

STRATEGIC OBJECTIVE

Increase climate-friendly investments

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

UN SUSTAINABLE DEVELOPMENT GOALS

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

- Goal 7, *Affordable and clean energy*, including target 7.1: By 2030, ensure universal access to

reliable and modern energy services; target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix; and target 7.a: By 2030, enhance international cooperation to facilitate access to clean energy research and technology.

- Goal 9, *Industry, innovation and infrastructure*, especially target 9.a: Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support; and 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies.
- Target 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
- Target 17.3: Mobilize additional financial resources for developing countries from multiple sources.

TARGET

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

Results in 2020

In 2020, climate-friendly investments increased by NOK 8.77 billion. This includes investments in renewable energy in Norway and abroad, buildings with environmental qualities, and green loans to municipalities and county councils.

MILLION NOK	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Renewable energy in Norway	23 074	23 258	23 013	22 282	7.	7.2
Renewable energy internationally	6 698	3 127	1 644	1 088	7.	7.2, 7.a
Renewable energy in developing countries	932	725	483	381	7. 9. 17.	7.1, 7.2, 7.a, 9.a, 17.3
Buildings with environmental qualities in the property portfolio	13 273	14 197	11 985	10 115	9.	9.4
Green bonds	1 881	890	792	735	n/a	n/a
Other climate-friendly investments	6 328	295	124	n/a	7. 9. 15. 17.	15.2
Total	52 186	42 493	38 040	34 601	7. 9. 15. 17	7.1, 7.2, 7.a, 9.a, 9.4, 15.2, 17.3
As a share of KLP's total investments	8 %	7 %	7 %	6 %	n/a	n/a
Renewable energy (market value)	32 687	29 748	27 727	23 751	7.	7.1, 7.2
Renewable energy (as a share of KLP's total investments)	5 %	5 %	5 %	4 %	7.	7.1, 7.2
Fossil energy (market value)	7 818	10 823	10 443	11 215	n/a	n/a
Fossil energy (as a share of KLP's total investments)	1 %	2 %	2 %	2 %	n/a	n/a
Buildings with environmental qualities in the property portfolio (m2)	309 342	319 957	283 980	236 678	9.	9.4
Buildings with environmental qualities in the property portfolio (as a share of the portfolio)	17 %	18 %	16 %	14 %	n/a	n/a
Buildings with environmental qualities in the property portfolio (market value)	13 273	14 197	11 985	10 115	9.	9.4
Buildings with environmental qualities in the property portfolio (as a share of the portfolio)	16 %	19 %	18 %	16 %	n/a	n/a

It is the market value of the investments in NOK millions that is reported.

The forthcoming EU taxonomy received a lot of attention in 2020. The taxonomy is a classification system that will be used to define sustainable economic activity. It will therefore have a major impact on KLP and how we classify our investments. The full regulations were expected at the start of 2021 but have been postponed. To prepare for the taxonomy, KLP has studied the draft regulations and tried to assess our investments against the criteria. Due to a lack of data, the assessments mainly relate to direct investments in renewable energy and power and lending to projects in renewable energy, water and sewerage, transport and real estate. When the final EU regulations are in place, KLP will reassess our definition and will continue to do so regularly in connection with our reporting. This will require more and better data on our investments.

Renewable energy in Norway

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

Renewable energy internationally

Renewable energy internationally covers investments in renewable energy projects. These are both equity investments and project financing. The investments are made either through external fund managers specialising in energy or through other partners.

Renewable energy in developing countries

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

Buildings with environmental qualities

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

Green bonds

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

Other climate-friendly investments

Climate-friendly investments that do not fall into one of the main categories above are placed here. This includes loans for electric ferries and investments in a fund that invests in FSC-certified forest properties. This year, the figures also include publicly traded energy companies outside Norway which generate electricity mainly from renewable sources, and green loans to municipalities, county councils and enterprises with a municipal affiliation. The loan must have a clear positive environmental and climate effect and satisfy certain criteria, and the project must relate to water, sewerage and waste disposal, transport or new construction and refurbishment of buildings. Green loans and international energy companies have not been included in the category "Other climate-friendly investments" in previous years, so the figure is not directly comparable to historical figures.

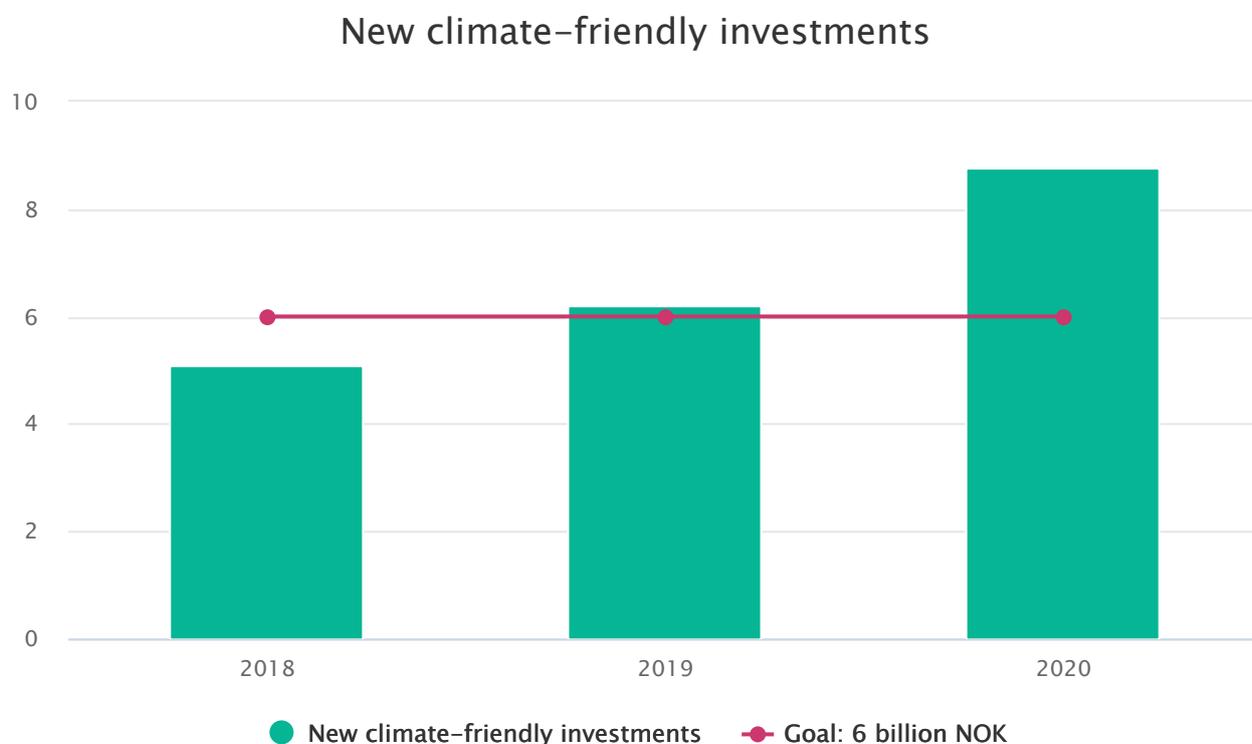
Share of KLP's total investments

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

Investments in publicly traded companies that KLP invests in through our index-tracking or global bond portfolios are excluded from this definition of climate-friendly investments, with the exception of green bonds and a few international energy companies.

Fossil energy

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



Climate profile of the investments

To raise awareness of the climate impact of investments and highlight developments over time, KLP measures and reports the climate profile of the investments. By reporting various indicators, KLP hopes to provide a good overall view of the impact of the investments on carbon emissions and carbon risk.

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators show how KLP supports UN Sustainable Development Goal 13, *Climate action*.

TARGET

Targets not defined or relevant. KLP does not use the climate profile as a control parameter or as a basis for decision-making, but the indicators allow us to extract information and monitor developments in the portfolios over time.

AGAINST WEIGHTED REFERENCE INDEX IN BRACKETS	Scope 1 og 2	Scope 1, 2 og 3	UN Sustainable Development Goals	SDG targets
Weighted average carbon intensity (tCO ₂ e per mUSD)	115 (188)	493 (717)	13.	n/a
Carbon intensity (tCO ₂ e per mUSD revenue)	171 (204)	641 (712)	13.	n/a
Carbon footprint (tCO ₂ e per mUSD invested)	68 (85)	256 (297)	13.	n/a
Greenhouse gas emissions (tonnes CO ₂ e)	1 506 364	5 648 610	13.	n/a

KLP reports according to the recommendations from TCFD and reports on the four recommended indicators for carbon measurement of investments. The definition of the indicators varies across different sources, and even varies within the EU regulations. For 2020, KLP has chosen to adopt best practice from the various regulations, and has therefore made extensive changes to the method we use to calculate the climate profile of our investments:

1. The climate indicators include both listed shares and corporate bonds, where KLP previously only included shares.
2. To calculate carbon intensity, carbon footprint and carbon emissions, we use "enterprise value", which includes a company's stock value and debt. In previous years, we used the market value of a company, which includes only shares. KLP does not have access to historical data on enterprise value, so it has not been possible to calculate the indicators for previous years with the new method.
3. The climate indicators are calculated for scope 1 and 2 and for scope 1, 2 and 3.
4. Following TCFD's definition, the calculations are made in US dollars.

KLP obtains data on emissions, revenues and enterprise value from our data provider and calculates the indicators internally. Because of delays in reporting from companies KLP is invested in, company data from 2019 has been used to calculate the climate indicators for KLP for 2020.

Similar calculations have also been made for a weighted reference index. This number shows how the figures might look if the funds were invested in a broad market index.

Data is not available for all investments. KLP therefore calculates the coverage for the indicators, i.e. the proportion of listed shares and corporate bonds for which the necessary data is available. The coverage for the various indicators is shown in the table below:

Indicator	Coverage
Weighted average carbon intensity	56,1 %
Carbon intensity	44,2 %
Greenhouse gas emissions	44,2 %
Carbon footprint	44,2 %

Weighted average carbon intensity

Weighted average carbon intensity shows the exposure of the portfolios to carbon-intensive companies. The indicator is calculated as tonnes of CO₂ equivalents per million dollars the company has in revenue, weighted for that company's share in the portfolio.

Greenhouse gas emissions

It is KLP's owned emissions that are reported. This means that KLP-owned emissions are allocated from the company's total emissions based on KLP's stake in the company and its enterprise value. The portfolio's total investments in the company are divided by the company's total value (value of shares and debt) to derive the ownership interest.

Carbon intensity

The carbon intensity shows the carbon efficiency of investments. The indicator is calculated as tonnes of owned CO₂ equivalents per million dollars the company has in revenue, i.e. the quantity of emissions owned by the portfolio in relation to income owned by the portfolio. The portfolio's total investments in the company are divided by the company's total value (value of shares and debt) to derive the ownership interest.

Carbon footprint

The carbon footprint shows the quantity of emissions owned relative to the size of the portfolio, i.e. how large a carbon footprint the portfolio has, taking account of its size. The indicator is calculated as tonnes of owned CO₂ equivalents divided by the market value of the portfolio. The portfolio's total investments in the company are divided by the company's total value (value of shares and debt) to derive the ownership interest.

New renewable energy capacity

More renewable energy, especially in developing countries, is essential to achieve the climate goals and to ensure that the future energy system is sustainable. Increased access to energy has a number of positive effects on social development and growth and is one of the keys to sustainable development in developing countries.

UN SUSTAINABLE DEVELOPMENT GOALS

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

- Goal 7, *Affordable and clean energy*, including target 7.1: By 2030, ensure universal access to reliable and modern energy services; and target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.
- Goal 13, *Climate action*
- Goal 15, *Life on land*

TARGET

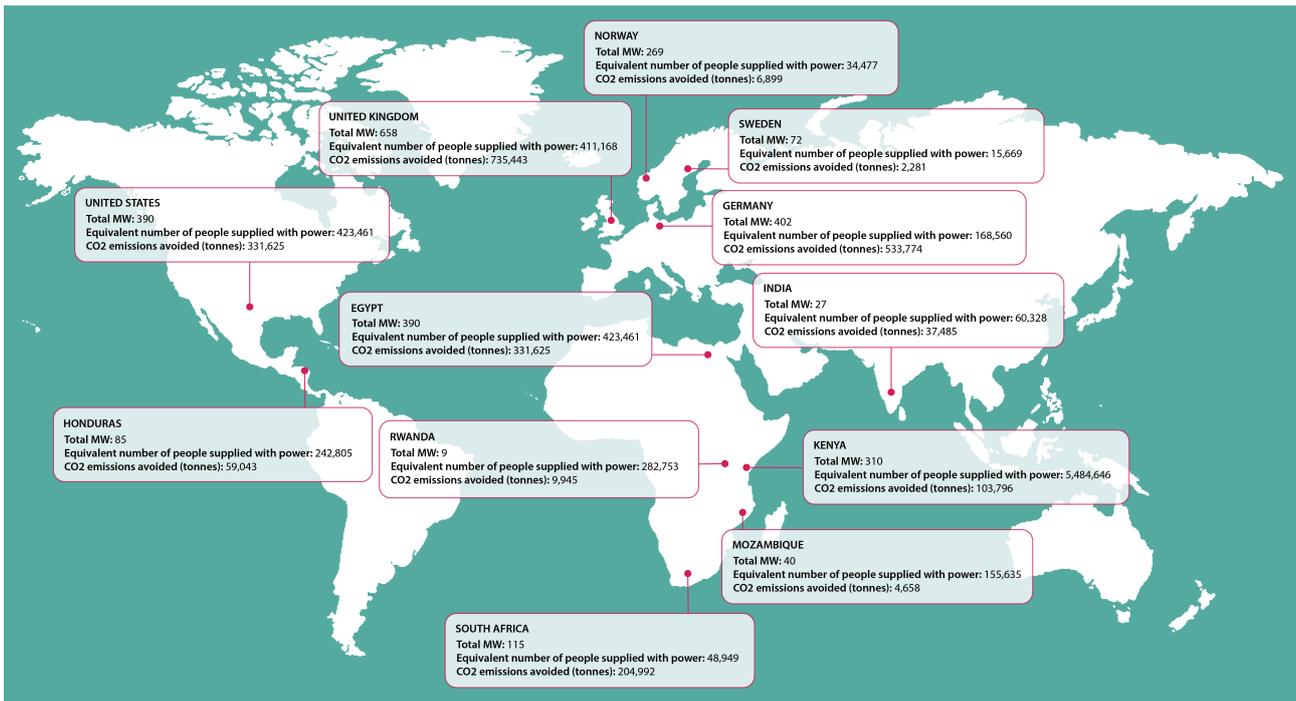
Continuous increase in the number of projects and installed capacity.

Results in 2020

In 2020, KLP contributed to the construction of one project totalling 246 MW.

Because of delays in reporting from the investments to KLP, not all projects completed in 2019 were included in the annual report for 2019. The increase from 2020 to 2019 therefore includes both projects completed in 2020 and some projects completed in 2019.

	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Number of completed renewable energy projects	25	14	8	5	7.	7.1, 7.2
New renewable energy capacity brought to the market (MW)	3 604	1 918	945	574	7.	7.1, 7.2
The number of residents' energy needs covered by the new capacity	7 571 445	6 989 649	6 255 616	642 830	7.	7.1, 7.2
CO2 emissions avoided as a result of the new capacity (tonnes)	3 467 678	1 987 160	949 036	780 786	7. 13. 15	7.1, 7.2



The projects included are KLP’s investments dedicated to the construction of new renewable energy capacity. This includes direct investment in projects and companies, fund investments and loans for projects.

Number of completed projects

The number of completed projects, and their total installed capacity, is cumulative since the start of the investments. The figures refer to the projects as a whole; KLP’s stake is not taken into account.

Number of resident’s energy needs covered by the new capacity

The renewable energy projects that KLP has invested in produce electricity equivalent to the needs of a given number of residents in the countries where the generation facilities are in operation. The calculation is based on the average capacity of the respective technologies obtained from the Intergovernmental Panel on Climate Change, and the average electricity consumption per capita in the country in question taken from the World Bank’s statistics database. The figures for Rwanda are based on data from worlddata.org and the CIA Factbook.

CO2 emissions avoided as a result of the new capacity

The emissions theoretically avoided if the same amount of electricity had been generated by the country's average electricity generation. The figures are taken from the International Energy Agency (IEA). For Rwanda, the figures are based on reporting by the authorities to the UN Convention on Climate Change, reconciled against the *African Carbon Forum*. This gives a conservative estimate of the reduction in CO2 emissions.

Finance in developing countries

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

UN SUSTAINABLE DEVELOPMENT GOALS

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

- Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, appropriate technology and financial services, including microfinance.
- Target 5.a: Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources.
- Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services; and target 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
- Target 9.3: Increase access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit.
- Target 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
- Target 17.3: Mobilize additional financial resources for developing countries from multiple sources.

TARGET

Increase this type of investment and thus contribute to economic growth and better living conditions in developing countries.

Results in 2020

KLP's investments in banking and finance in developing countries decreased in 2020. This is mainly due to a decrease in the market value of the investments.

	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Banking and finance in developing countries (MNOK)	665	713	570	530	1. 5. 8. 9. 11. 17	1.4, 5.a, 8.3, 8.10, 9.3, 11.1, 17.3
Borrowers in developing countries through the Nordic Microfinance Initiative (figures in millions)	9,8	8,9	8,1	6,6	1. 5. 8. 9. 11.	1.4, 5.a, 8.3, 8.10, 9.3, 11.1

Investments in banking and finance

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

Borrowers in developing countries

Borrowers in developing countries through the Nordic Microfinance Initiative (NMI) are active borrowers through the microfinance institutions that the NMI has invested in. The number represents the microfinance institutions as a whole; NMI's stake in any given microfinance institution is not taken into account. Of the 9.8 million borrowers, 94 per cent are women, and 81 per cent of borrowers live in rural areas.

Seed investments

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

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators support e.g. UN Sustainability Goal 8, *Decent work and economic growth*, particularly target 8.3: Support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

TARGET

Increase this type of investment and thus contribute to innovation.

Results in 2020

In 2020, KLP invested in five new Norwegian seed investment funds, and the market value of these investments increased to NOK 125 million.

MILLION NOK	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Seed investments in Norway	125	8	4	-	8.	8.3

It is the market value of investments made that is reported. In 2018, KLP established a portfolio of investments in seed investment funds related to research environments in Norway. At the end of 2020, KLP had invested in 10 different funds.

Engaging companies and industries for a more sustainable operation

STRATEGIC OBJECTIVE

Engaged and responsible owner

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

UN SUSTAINABLE DEVELOPMENT GOALS

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

- Target 3.a: Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries.
- Goal 5, *Gender equality*
- Goal 7, *Affordable and clean energy*
- Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour.
- Target 12.6: Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
- Goal 14, *Life below water*
- Goal 15, *Life on land*
- Target 16.2: End abuse, exploitation, trafficking and all forms of violence against and torture of children; target 16.4: By 2030, significantly reduce illicit financial and arms flows; and target 16.5: Substantially reduce corruption and bribery in all their forms.

TARGET

- KLP aims to vote at 95 per cent of the general meetings both in Norway and abroad.
- KLP aimed to follow up 240 companies in 2019.

Results in 2020

KLP has voted at 97 per cent of the general meetings of Norwegian companies and at 96 per cent of the general meetings of foreign companies. We have therefore achieved our targets by a good margin.

In 2020, KLP switched service providers to one that does not offer dialogue as a service. Follow-up of companies has therefore only been through direct dialogue between KLP and companies. A total of 362 companies were followed up on topics related to ESG. This is a marked increase from last year, which is due both to improved internal procedures for following up on company discussions, and the fact that the pandemic has reduced meetings and travel and so made more time available for dialogue.

	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Companies excluded from investments	560	534	189	174	All SDGs	3.a, 8.7, 12.6, 16.2, 16.4, 16.5
Share of companies excluded from the MSCI World Index	6,3 %	7,9 %	ny	ny	n/a	n/a
Share of companies excluded from the Bloomberg Barclays Global Corporates Index	9,4 %	9,5 %	ny	ny	n/a	n/a
Companies re-included in the investments	4	13	2	5	All SDGs	3.a, 8.7, 12.6, 16.2, 16.4, 16.5
General meetings of Norwegian companies at which KLP has voted (number / percentage)	112 (97 %)	102 (97 %)	106 (98 %)	115 (97 %)	n/a	n/a
General meetings of foreign companies at which KLP has voted (number / percentage)	8 052 (96 %)	7 512 (97 %)	6 408 (97 %)	2 617 (91 %)	n/a	n/a
General meeting items where KLP has voted against management recommendations	16 %	18 %	18 %	11 %	n/a	n/a
Unique companies KLP has had direct dialogue with on ESG topics	362	191	103	192	All SDGs	3.a, 8.7, 12.6, 16.2, 16.4, 16.5,

Excluded companies

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

The percentage excluded from the index shows how much of the index KLP does not invest in because of exclusions, measured by the market value of the companies.

The number of re-included companies relates companies where the exclusion was reversed during the year.

General meetings

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

Dialogue with companies

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

Developing products and services that contribute to positive development in society

STRATEGIC OBJECTIVE

Health promotion and injury prevention

KLP aims to develop products and services linked to our core business which respond to some of the sustainability challenges our customers and owners have, and that benefit society as a whole.

UN SUSTAINABLE DEVELOPMENT GOALS

The figures show how KLP contributes to several of the UN Sustainable Development Goals:

- Goal 3, *Good health and well-being*
- Goal 11, *Sustainable cities and communities*, and especially target 11.5: By 2030, significantly reduce the number of deaths and the number of people affected by disasters, including water-related disasters.
- Goal 13, *Climate action*

TARGET

- Run 50 courses on injury prevention.
- Support 28 projects on health-promoting workplaces.

Results in 2020

The execution of injury prevention courses and projects was affected by the Covid-19 pandemic, and in general was replaced by digital activities. A total of 12 webinars were organized on various issues related to municipal housing and waste management, with a total of 820 participants from municipalities all over the country.

In 2020, KLP supported 37 projects on health-promoting workplaces. There were 13 new projects included in the network, focusing on inclusive workplaces, full-time culture, reduction of sickness absence and culture in municipal mergers.

	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Ongoing projects on health promoting workplaces with customers	37	37	25	12	3.	n/a
Completed courses on health promoting workplaces	93	103	145	100	3.	n/a
Completed courses on injury prevention	12	20	81	45	11. 13.	11.5
Participants at courses on injury prevention	820	738	2 812	1 600	11. 13.	11.5

Injury prevention courses

Courses on injury prevention are courses where KLP Skadeforsikring provides training in fire safety. KLP Skadeforsikring has worked with the Norwegian Association of Fire Officers on the design and implementation of the courses. KLP Skadeforsikring also works with KLP's HSE training department, so the courses may also include training on HSE risk assessment, for example. The courses help to prevent injuries.

Courses and projects on health-promoting workplaces

Projects on health-promoting workplaces are part of KLP's working environment network, where municipalities, county councils and health enterprises can apply with specific projects related to the working environment and health and safety. The projects run for three years and become part of the network where they receive professional and financial support and can share experiences with other projects. It is the number of ongoing projects in the year that is reported.

KLP also organises courses on health-promoting workplaces with our customers. These are courses on various topics related to health-promoting workplaces, such as preventing personal injury and violence and threats in the workplace.

Lending business

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

UN SUSTAINABLE DEVELOPMENT GOALS

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

TARGET

Increase lending for this purpose.

Results in 2020

In 2020, KLP's loans to municipalities and county councils increased by NOK 8.2 billion net, and green loans worth NOK 1.15 billion were granted.

MILLION NOK	2020	2019	2018	2017	UN Sustainable Development Goals	SDG targets
Loans for roads and transport	8 887	8 812	8 543	9 411	9.	9.1
Loans for public property	4 862	4 987	4 798	4 060	9.	9.1
Loans to public sector and businesses	64 581	56 434	51 425	45 087	9.	9.1
Lending to water, sewage and waste disposal	3 112	2 638	2 005	2 076	9.	9.1
Of which are green loans	2 028	New	New	New	9.	9.1

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

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



To the Board of Directors in Kommunal Landspensjonskasse Gjensidige Forsikringsselskap

Report on Kommunal Landspensjonskasse Gjensidige Forsikringsselskap's sustainability reporting

We have undertaken a limited assurance engagement of Kommunal Landspensjonskasse Gjensidige Forsikringsselskap's (KLP) sustainability reporting per 01 January – 31 December 2020.

KLP's sustainability reporting comprises key performance indicators for sustainability that KLP measure and control. Key performance indicators for sustainability are available and included in KLP's annual report 2020, specifically in the chapter Sustainability Accounts. KLP has prepared the key performance indicators and explained the basis for their preparation in the notes to the tables containing the key performance indicators (criteria). We have examined the basis for the measurements and checked the calculations of the measurements.

Tasks and responsibilities of management

Management is responsible for KLP's sustainability reporting and that the key performance indicators are prepared according to the definitions included in the notes and text in the Sustainability Accounts. Their responsibility includes developing, implementing and maintaining internal controls that ensure the reporting of the key performance indicators for sustainability.

Our independence and quality control

We are independent of the company in accordance with applicable laws and regulations and the Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our independent statement, and we have fulfilled our ethical obligations in accordance with these requirements and IESBA Code. We use ISQC 1 - Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and maintains a comprehensive quality control system including documented policies and procedures of the ethical standards, professional standards and applicable legal and regulatory claim.

The Auditors responsibilities

Our responsibility is to express a limited assurance conclusion on KLP's sustainability reporting based on the procedures we have performed and the evidence we have obtained. We have performed our work and will issue our statement in accordance with the Standard on Assurance Engagements ISAE 3000: "Assurance engagements other than audits or review of historical financial information".

Our work involves performing procedures to obtain evidence that KLP's key performance indicators are prepared according to the criteria for reporting and measurements that are explained in the notes accompanying the tables containing the key performance indicators. The procedures selected depend on our judgement, including assessments of the risks that the sustainability reporting as a whole is free from material misstatement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the subject matter. Therefore, we design procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our control also includes an assessment of whether the applied criteria are appropriate and an assessment of the overall presentation of the subject matter.

Our controls include meetings with representatives from KLP that are responsible for the key areas covered by the sustainability reporting, including asset management, property management, banking,



HR, compliance, and corporate responsibility to evaluate internal controls and procedures related to reporting key performance indicators for sustainability; collecting and reviewing relevant information that supports the presentation of key performance indicators; evaluating the completeness and accuracy of the key performance indicators; and controlling the calculations of key performance indicators based on an assessment of the risk that the key performance indicators contain information that is incorrect.

In our opinion, sufficient evidence has been obtained and we consider that our work provides an appropriate basis to form our conclusion.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that

KLP's sustainability reporting contains material misstatements;

KLP's key performance indicators for sustainability are not developed, measured and reported, in all material aspects, in accordance with the definitions and explanations presented in the notes accompanying the tables containing key performance indicators for sustainability.

Oslo, 18 March 2021

PricewaterhouseCoopers AS

Eli Moe-Helgesen
State authorized public accountant

(This translation from Norwegian has been made for information purposes only)

Kommunal Landspensjonskasse

Annual statement

Income statement

KOMMUNAL LANDSPENSJONSKASSE

NOTES	NOK MILLIONS	2020	2019
	Premiums due, gross	34 252	40 224
	Reinsurance premiums ceded	0	-1
	Transfer of premium reserve and pension capital etc. from other insurance companies/pension funds	2 850	11
19	Total premium income for own account	37 102	40 234
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	6 009	2 876
	Interest income and dividends etc on financial assets	11 224	10 444
	Value changes on investments	1 240	28 591
	Gains and losses realized on investments	5 698	2 140
4	Total net income from investments in the common portfolio	24 170	44 051
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	25	16
	Interest income and dividends etc on financial assets	42	44
	Value changes on investments	-152	200
	Gains and losses realized on investments	158	-22
4	Total net income from investments in the investment option portfolio	74	238
33	Other insurance-related income	1 192	1 118
	Claims paid, gross	-20 704	-19 866
	Transfer of premium reserve and pension capital etc. to other insurance companies /pension funds	-7 656	-292
19	Total claims	-28 360	-20 157
	Change in premium reserve etc., gross	3 288	-28 190
	Change in supplementary reserves	-7 719	-7 949
	Change in securities adjustment fund	623	-22 322
	Changes in premium funds, defined contribution funds, and pension regulation funds etc.	-23 841	-232
19	Total changes in insurance liabilities taken to profit/loss - contractual liabilities	-27 649	-58 692
	Changes in pension capital etc.	586	-122
	Changes in premium funds, defined contribution funds and pension regulation funds etc.	-70	-6
	Change in other provisions	-30	-104
19	Total changes in insurance liabilities taken to profit/loss - individual investment option portfolio	487	-232
	Surplus on returns result	-4 111	-2 325
	Risk result assigned to insurance contracts	0	-516

NOTES	NOK MILLIONS	2020	2019
19	Total funds assigned to insurance contracts - contractual liabilities	-4 111	-2 841
	Administration costs	-213	-198
24	Sales costs	-141	-143
	Insurance-related administration costs (incl. commission for reinsurance received)	-818	-789
	Total insurance-related operating expenses	-1 172	-1 129
33	Other insurance-related costs	-1 206	-1 119
19	Technical result	526	1 470
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	783	519
	Interest income and dividends etc. on financial assets	745	725
17	Net operating income from property	85	67
	Value changes on investments	325	-197
	Gains and losses realized on investments	-482	411
4	Total net income from investments in the corporate portfolio	1 457	1 525
	Other income	18	16
	Administration costs	-16	-15
	Other expenses	-696	-359
	Total administration costs and other costs associated with the corporate portfolio	-712	-374
	Non-technical profit/loss	762	1 167
	Income before tax	1 289	2 637
26	Tax	-204	-499
	Income before other income and expenses	1 085	2 138
25	Actuarial gains and losses on defined benefits pension schemes	-49	89
	Proportion of other comprehensive income on application of the equity method	-39	62
	Adjustment of the insurance liabilities	12	-16
26	Tax on other income and expenses that will not be reclassified to profit and loss	12	-22
	Total other income and expenses that will not be reclassified to profit and loss	-63	113
	TOTAL COMPREHENSIVE INCOME	1 021	2 251
	ALLOCATIONS AND TRANSFERS		
	Transferred to owners' equity contribution	-611	-754
	Transferred to/from the risk equalization fund	136	-746
	Transferred to other retained earnings	-546	-750
	Total allocations and transfers	-1 021	-2 251

Balance sheet

KOMMUNAL LANDSPENSJONSKASSE

NOTES	NOK MILLIONS	31.12.2020	31.12.2019
ASSETS IN THE CORPORATE PORTFOLIO			
18	Other intangible assets	602	358
INVESTMENTS IN THE CORPORATE PORTFOLIO			
6,17	Investment properties	1 017	955
14	Shares and holdings in property subsidiaries	3 380	3 005
14	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	4 910	5 084
14	Total subsidiaries, associated enterprises and jointly controlled entities	8 290	8 089
5,11	Investments held to maturity	7 149	6 880
5,11	Loans and receivables	11 863	11 617
5,11	Total financial assets valued at amortized cost	19 012	18 497
5,6,15	Shares and units	7	5
5,6,11	Fixed income securities	10 226	11 744
5,6,11	Loans and receivables	1 700	1 701
5,6,11	Financial derivatives	884	747
5,6	Total financial assets valued at fair value	12 816	14 198
Total investments in the corporate portfolio		41 136	41 738
Receivables related to direct business		1 731	485
30	Intra-Group receivables	81	68
Other receivables		109	107
Total receivables		1 922	660
Plant and equipment		47	42
Bank deposits		659	900
35	Right-of-use assets	1 081	204
Contingent assets		3	0
Total other assets		1 791	1 146
Total assets in the corporate portfolio		45 450	43 902
ASSETS IN THE CUSTOMER PORTFOLIOS			
INVESTMENTS IN THE COMMON PORTFOLIO			
14	Shares and holdings in property subsidiaries	61 742	53 910
14	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	4 254	3 079
Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities		13 263	14 051
Total subsidiaries, associated enterprises and jointly controlled entities		79 259	71 040
5,11	Investments held to maturity	21 763	22 637
5,11	Loans and receivables	227 050	214 463
5,11	Total financial assets valued at amortized cost	248 813	237 100
5,6,15	Shares and units	129 128	142 817

NOTES	NOK MILLIONS	31.12.2020	31.12.2019
5,6,11	Fixed income securities	118 119	105 208
5,6,11	Loans and receivables	20 977	14 124
5,6,11	Financial derivatives	5 943	3 971
5,6	Other financial assets	2 543	693
5,6	Total financial assets valued at fair value	276 710	266 813
	Total investments in the common portfolio	604 782	574 953
	INVESTMENTS IN THE INVESTMENT OPTION PORTFOLIO		
14	Shares and holdings in property subsidiaries	223	266
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	66	69
	Total subsidiaries, associated enterprises and jointly controlled entities	290	336
5,11	Investments held to maturity	50	64
5,11	Loans and receivables	671	834
5,11	Total financial assets valued at amortized cost	720	898
5,6,15	Shares and units	588	820
5,6,11	Fixed income securities	337	505
5,6,11	Loans and receivables	93	87
5,6,11	Financial derivatives	16	15
5,6	Total financial assets valued at fair value	1 034	1 428
	Total investments in the investment option portfolio	2 044	2 662
	Total assets in the customer portfolios	606 826	577 615
	TOTALT ASSETS	652 277	621 518

NOTES	NOK MILLIONS	31.12.2020	31.12.2019
	OWNERS' EQUITY AND LIABILITIES		
	Other owners' equity contributed	18 194	16 540
	Total owners' equity contributed	18 194	16 540
	Risk equalization fund	5 404	5 540
	Other retained earnings	15 784	15 238
	Total retained earnings	21 188	20 778
21	Other subordinated loan capital	3 135	6 012
20,21	Hybrid Tier 1 securities	1 764	1 738
5,21	Total subordinated loan capital etc.	4 898	7 750
	Premium reserve etc.	456 055	459 343
	Supplementary reserves	43 325	36 070
16	Securities adjustment fund	55 137	55 761
	Premium funds, defined contribution funds, pension regulation funds etc.	38 124	12 359
19	Total insurance liabilities - contractual liabilities	592 642	563 532
	Pension capital etc.	1 478	2 064

NOTES	NOK MILLIONS	31.12.2020	31.12.2019
	Supplementary reserves	135	140
	Premium funds, defined contribution funds, pension regulation funds etc.	464	495
19	Total insurance liabilities - special investment portfolio	2 077	2 698
25	Pension obligations etc.	594	508
26	Current tax liabilities	1 155	948
26	Deferred tax liabilities	614	546
	Total provision for liabilities	2 363	2 002
	Liabilities related to direct insurance	576	867
5,6	Liabilities to credit institutions	5 859	3 990
5,6,12	Financial derivatives	327	599
35	Lease liabilities	1 099	210
31	Other liabilities	2 743	2 332
	Total liabilities	10 605	7 999
	Other accrued costs and pre-paid income	309	219
	Total accrued costs and pre-paid income	309	219
	TOTAL EQUITY AND LIABILITIES	652 277	621 518
	OFF-BALANCE-SHEET ITEMS		
34	Contingent liabilities	26 011	21 227

Oslo, 18 March 2021

The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

EGIL JOHANSEN
Chair

JENNY FØLLING
Deputy Chair

CATHRINE M. LOFTHUS

KARIANNE MELLEBY

ODD HALDGEIR LARSEN

ØIVIND BREVIK

SUSANNE TORP-HANSEN
Elected by and from the employees

FREDDY LARSEN
Elected by and from the employees

SVERRE THORNES
Group CEO

Changes in Owners' equity

KOMMUNAL LANDSPENSJONSKASSE

2020 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 1 January 2020	16 540	5 540	15 238	37 318
Income before other income and expenses	611	-136	609	1 085
Actuarial gains and losses on defined benefits pension schemes			-49	-49
Proportion of other comprehensive income on application of the equity method			-39	-39
Adjustment of the insurance liabilities			12	12
Tax on other income and expenses that will not be reclassified to profit or loss			12	12
Total other income and expenses that will not be reclassified to profit or loss			-63	-63
Total comprehensive income	611	-136	546	1 021
Owners equity contribution received	1 043			1 043
Total transactions with owners	1 043			1 043
Own funds 31 December 2020	18 194	5 404	15 784	39 382

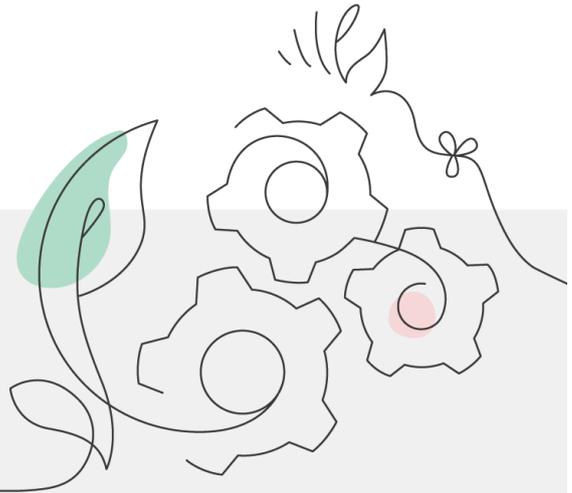
2019 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 1 January 2019	14 554	4 793	14 488	33 835
Income before other income and expenses	754	746	638	2 138
Actuarial gains and losses on defined benefits pension schemes			89	89
Proportion of other comprehensive income on application of the equity method			62	62
Adjustment of the insurance liabilities			-16	-16
Tax on other income and expenses that will not be reclassified to profit or loss			-22	-22
Total other income and expenses that will not be reclassified to profit or loss			113	113
Total comprehensive income	754	746	750	2 251
Owners equity contribution received	1 232			1 232
Total transactions with owners	1 232			1 232
Own funds 31 December 2019	16 540	5 540	15 238	37 318

Statement of cash flows

KOMMUNAL LANDSPENSJONSKASSE

NOK MILLIONS	2020	2019
CASH FLOWS FROM OPERATIONAL ACTIVITIES		
Direct insurance premiums received	30 258	36 278
Reinsurance premiums paid	0	-1
Direct insurance claims and benefits paid	-20 276	-19 339
Payments received on transfer	2 850	3
Payments made on transfer	-7 593	-289
Payments to other suppliers for products and services	-1 227	-638
Payments to staff, pension schemes, employer's social security contribution etc.	-613	-629
Interest paid	-534	-888
Interest received	9 289	9 114
Dividend and group contribution received	3 089	3 712
Tax and public charges paid	-39	-19
Receipts to the property business	23	36
Net receipts/payments of loans to customers etc.	-4 798	-8 122
Receipts on the sale of shares	50 381	31 638
Payments on the purchase of shares	-34 942	-42 518
Net cash flow from receivables on subsidiaries	750	750
Receipts on the sale of bonds and certificates	52 198	58 309
Payments on the purchase of bonds and certificates	-70 894	-59 997
Net cash flow from purchase/sale of other short-term securities	-5 039	-8 298
Net cash flows from operating activities	2 885	-899
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Payments on the purchase of tangible fixed assets etc.	-324	-280
Net cash flows from investment activities	-324	-280
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on repayments of subordinated loan capital	-3 737	0
Receipts of owners' equity contributions	1 285	1 241
Payments on repayment of owners' equity contributions	-241	-9
Payments lease liabilities	-108	-107
Net cash flows from financing activities	-2 802	1 125
Net changes in cash and bank deposits	-241	-54
Holdings of cash and bank deposits at start of period	900	954
Holdings of cash and bank deposits at end of period	659	900

Notes



Notes

Note 1 **General information**

Kommunal Landspensjonskasse gjensidig forsikringselskap (the Company) provides pension and insurance services to municipalities and county administrations, health enterprises in the public sector.

The largest product area is group pensions insurance. Within pension insurance, the Company offers local government occupational pensions.

Kommunal Landspensjonskasse (KLP) is a mutual insurance company registered and domiciled in Norway. The Company has its head office in Dronning Eufemiasgate 10, Oslo.

The Company has subordinated loans listed on the London Stock Exchange.

The annual financial statements for Kommunal Landspensjonskasse gjensidig forsikringselskap are available at klp.no.

The Company's annual financial statements for 2020 were adopted by the Company's Board of Directors on the 18th of March 2021.

Note 2 **Summary of the most important accounting principles**

For a description of accounting principles, with the exception of matters mentioned below, see note 2 for the Group.

2.1 FUNDAMENTAL PRINCIPLES

The annual financial statements are presented in accordance with Regulation No. 1824 of 18 December 2015: "Regulations for annual accounts for insurance companies" (Annual Accounts Regulations). This means that the Company's annual financial statements have been prepared in accordance with international accounting standards (EU-approved IFRS/IAS) with those additions resulting from the Norwegian Annual Accounts Regulations.

The annual financial statements have been prepared based on the principle of historic cost, with the following exceptions:

- Investment properties valued at fair value through profit and loss.
- Financial assets and liabilities (including derivatives) are valued at fair value through profit and loss.
- Ownership interest in subsidiaries and associated companies valued in accordance with the owners' equity method.
- Financial assets and liabilities are valued in accordance with the rules on fair value hedging.

In preparing the annual financial statements management must make accounting estimates and discretionary evaluations. This will affect the value of the Company's assets and liabilities, income and expenses recognized in the financial statements. Actual figures may deviate from estimates used. Areas in which discretionary valuations and estimates of material significance for the Company have been shown are described in Note 3.

All sums are presented in NOK millions without decimals unless otherwise stated.

The financial statements have been prepared in accordance with the going concern assumption.

2.1.1 Changes in accounting principles and disclosures

(a) New and changed standards adopted by the Company Changes have been made to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies with regard to accounting estimates and errors, to ensure that materiality is defined consistently in standards and policies. The changes clarify when information is considered material and further guidance is included in IAS 1 concerning immaterial information. In particular, the changes clarify:

- that the concept of obscuring material information relates to situations in which the effect corresponds to the information having been omitted or misleading and that the entity must consider materiality in relation to the accounts as a whole, and
- the primary users of general-purpose financial statements, at whom the financial statements should be aimed, by defining these users as current and potential investors, lenders and other creditors who need to use general-purpose financial statements as supporting documentation for large parts of the financial information they require.

The IASB has published a revised conceptual framework that will be used to set standards with immediate effect. Key changes include:

- greater emphasis on the responsibilities of management with regard to the objectives of financial reporting
- reintroducing the idea of caution as a subset of neutrality
- defining a reporting entity, which may be a legal entity or part of an entity
- updating the definitions of assets and liabilities

(b) Standards, changes and interpretations of existing standards that have not come into effect and where the Group has not chosen advanced application.

There are changes to standards and interpretations that will have an effect on financial statements beginning after 1 January 2020 which have not been applied to these financial statements. Details of the most important of these that KLP has chosen not to apply early are provided below.

A limited change was made in IAS 1 Presentation of Financial Statements, specifying that debt must be classified as short-term or long-term debt based on the rights that exist at the end of the reporting period. The classification is unaffected by expectations for the entity or events after the balance sheet date (e.g. breach of borrowing terms). The changes also specify what IAS 1 means when it refers to the 'settlement' of a commitment. It also specifies that breach of borrowing terms once the period has ended must be taken into account, even though no measurement is performed at this time. The changes may affect the classification of debt, particularly for entities that previously considered management's intentions in determining the

classification, as well as for certain debt items that can be converted to equity. The change must be applied retroactively in accordance with the main rule of IAS 8 Accounting Policies and will enter into force from 1 January 2023.

Based on the amended regulations to the Annual Accounting Regulations for life insurance companies of 20 December 2018, Norwegian life insurance companies were not allowed to implement the international accounting standard for financial instruments, IFRS 9. As a result, KLP uses IAS 39 for the recognition and rating of financial instruments.

In June 2020, changes to IFRS 4 on the extension of the temporary exemption to apply IFRS 9 were published. IFRS 9 will be introduced for all life insurance companies on 1 January 2023.

The new standard for insurance contracts, IFRS 17, was published by the IASB in 2017, but has not yet been approved by the EU. The standard will replace the current standard for insurance contracts, IFRS 4, and will be implemented from 1st of January 2023. The definition of what constitutes an insurance contract has not changed, although some clarifications have been made limiting what is considered to be a qualifying contract that is to be treated in accordance with IFRS 17. Unlike IFRS 4, IFRS 17 also contains rules on how insurance contracts are to be valued and presented. The standard describes a valuation model where the insurance liability is based on the expected present value of future cash flows, plus a risk margin and a profit margin. There are also simplified models available that can be used under certain conditions. The present value can be calculated by identifying the expected cash flows of the contract at a market rate. The risk margin must reflect non-financial risk that makes the insurer indifferent to entering into the contract. Any positive profit margin is capitalised and recognised through ordinary profit and loss as the entity is released from insurance risk. A negative profit margin (loss) is recognised in profit and loss immediately.

The standard assumes that insurance contracts that have approximately equal risk and are managed collectively as a portfolio are grouped according to whether they are profitable, loss-making or profitable with a risk of becoming loss-making. The maximum permitted difference in the issuance of the contracts included in a group is 12 months.

The standard requires retrospective application but allows certain simplifications where full retrospective application is practically impossible. There will be a high threshold for the use of simplifications.

In June 2020, an updated version of the standard was introduced, where what is important for KLP is that the mandatory implementation date has been changed to the 1st of January. There is still uncertainty about when the EU will approve the standard for use within the EU/EEA. It is also unclear whether the standard will be permitted to be used, compulsory or prohibited from implementation in the company accounts of life assurance companies in Norway.

Since the company is part of an IFRS reporting group, KLP's insurance contracts will nevertheless have to be valued in accordance with IFRS 17, although it is unclear whether it will be allowed / required in the company accounts. The company therefore participates in the Group's implementation project of IFRS 17 and takes into account that the standard is also introduced in the company accounts. A preliminary survey of the company's insurance contracts has been carried out with a view to whether they are within the standard or not, which valuation model the various qualifying contracts belong to and how they should be grouped. The conclusions are working hypotheses that are being further worked on. It is thus not clear how the standard will affect the company's equity if it is implemented in the company accounts.

Otherwise there are no other IFRSs or IFRIC interpretations not yet in force that are expected to have a significant impact on the financial statements.

2.1.2 Changes in financial statements in comparison with previous periods

No changes have been made to the financial statements compared to previous periods.

2.2 RIGHT-OF-USE ASSETS/LEASE LIABILITIES

On entering into a contract, the Company assesses whether the contract constitutes a lease. A contract contains a lease if it transfers control over the use of an identified asset for a period in exchange for a consideration. At the date of implementation, the Company recognizes a right-of-use asset and a lease liability, and these are presented on separate lines in the accounts.

The lease liability is measured on initial recognition at the present value of lease payments not yet paid at the reporting date. The discount rate used is the Company/Group's marginal loan rate. Subsequent measurements measure the lease liability at amortized cost by the effective interest method. The lease liability is re-measured when there is a change in future lease payments arising from a change in an index or if the Company changes its decision whether to exercise extension or termination options. When the lease liability is re-measured in this way, a corresponding adjustment is made to the recognized value of the right of use or is taken to profit/loss if the recognized value of the right of use is reduced to zero.

On initial recognition, the right of use is measured at acquisition cost, i.e. the lease liability (present value of the lease payments) plus advance lease payments and any direct acquisition costs. In subsequent periods, the right of use is measured using an acquisition model.

The interest costs related to the lease liability is shown under the account "Other expenses" in the financial statement.

2.3 SUBSIDIARIES

All entities in which the Company has deciding influence/control are considered subsidiaries. Deciding influence is normally achieved through ownership of more than half of the voting capital. The effect of potential voting rights that can be exercised or converted at the end of the reporting period is included in the assessment of control. Subsidiaries have been consolidated in accordance with the equity capital method. This means that the Company's share of profit or loss in subsidiaries is taken to profit/loss and is added to the financial position statement value together with owners' equity changes not taken to profit/loss. The Company does not take a share of the loss to profit/loss if this involves the financial position statement value of the investment becoming negative unless the Company has assumed liabilities on behalf of the subsidiary.

Purchase of subsidiaries is recognized in accordance with the purchase method. Acquisition cost is set at the same as fair value of assets provided by way of consideration for the purchase, equity instruments issued and liabilities assumed on transfer of control. The identifiable assets and liabilities of the acquired company are valued at fair value. If cost of acquisition exceeds fair value of identifiable net assets in the subsidiary, the excess is capitalized as goodwill. If the cost of acquisition is lower, the difference is taken to profit/loss on the date of acquisition.

The Company's financial statements are presented in NOK and those of subsidiaries in foreign currency are converted to NOK at the exchange rate at the end of the reporting period.

2.4 CONSOLIDATED FINANCIAL STATEMENTS

KLP reports the group financial statements in accordance with the international accounting standards IFRS/IAS. The consolidated financial statements are shown for themselves in a separate presentation and a full set of notes has been prepared for the Group including description of accounting principles used.

Note 3 **Important accounting estimates and valuations**

The Company prepares estimates and assumptions on future circumstances. These are continuously evaluated and are based on historic data and expectations concerning probable future events considered on the basis of data available at the time of presentation of the financial statements.

It must be expected that the estimates will deviate from the final outcome and the areas where there is significant risk of substantial changes in capitalized values in future periods are discussed below.

3.1 INSURANCE CONTRACTS

The largest insurance risk for KLP is the risk of incorrect estimation of life expectancy. In determining the premium tariffs, KLP uses its own analyses of its policy-holders and analyses of the entire Norwegian population. Uncertainty over future life expectancy, which is based on estimates far ahead in time, provides a similar risk of a charge against equity capital because of the need for higher provisions, to cover payment over a longer period of time.

There will also be insurance risk linked to disability, but this risk is considerably lower. Uncertainty in calculating probabilities of disability may, as with increased longevity, result in decreased profit for owners, but here there is more scope for adjusting premiums, given that disability pensions have a shorter time horizon for the payments.

Insurance risks linked to mortality are considerably lower and must be seen in relation to insurance risks related to longevity. Increased mortality will result in a negative risk result for the risk of death, but will be counterbalanced by a positive risk result for longevity. The insurance benefits for spouse and child pensions, which make up the risk result for death, are also considerably lower than the benefits for old-age pensions (longevity risk).

In calculating technical provisions in the public sector group pension sector, assumptions on disability risk are based on KLP's disability data for the period 2015- 2019. For the other risk elements, including longevity risk, the assumptions from the K2013 calculation base are used with the contingency margins set by the FSA of N. For men, KLP uses its own life expectancy assumptions, which assume a stronger life expectancy improvement than K2013. Disability- and morality- risks are checked towards the tariffs every year to intercept changes in the risk picture.

In calculating technical provisions in the public sector occupational pensions, provisions are made for claims incurred but not finally settled. The provisions are set using statistical models.

For sensitivity analysis regarding insurance contracts, see note 7 section 7.1.4.

We are currently in a special situation related to corona. At present, there is no excess mortality in the population as a result of the pandemic. If the pandemic should lead to lasting increased mortality, this will give higher risk results. At the same time, there are factors related to the pandemic situation that could affect withdrawals of disability pensions in 2021 and the next few years, such as:

- Layoffs and recessions
- Home office (physically and mentally)
- Extra work in health enterprises
- Lack of capacity of health workers in general
- After-effects of disease

No extraordinary provisions have been made in the accounts regarding the pandemic but the development, especially regarding disability, is being closely monitored.

3.2 FAIR VALUE OF FINANCIAL ASSETS

The majority of the KLP's assets recognised at fair value through profit and loss are assets traded on an active market, so the market value can be determined with a high degree of confidence.

In the case of the Group's pricing of unlisted securities, there will be uncertainty in this regard. This is especially true of securities which are priced on the basis of non-observable assumptions. Different valuation techniques are used to determine the fair value of these investments. Unlisted fixed-income securities are priced on the basis of a yield curve with a risk supplement that represents the market's pricing of the issuer's industry-specific risk. External prices for a significant proportion of these unlisted securities are collected regularly to test our own valuation models.

The pricing methods and accounting figures are discussed in more detail in notes 5 and 6.

3.3 LOSS ON FINANCIAL ASSETS

For financial assets that are not rated at fair value, an assessment is made on the balance sheet date whether objective indications exist as to whether a financial asset or a group of financial assets has declined in value. A certain degree of discretion is assigned to this assessment, as well as factors related to credit, market and liquidity risk.

For the company's portfolio of long-term bonds, including long-term bonds held to maturity, impairment is assessed on an individual basis each quarter. Impairment is calculated as the value of the originally expected cash flow and the new expected cash flow. There will be uncertainty attached to the calculation of a new expected cash flow. Following the outbreak of Covid19 and strong measures to limit the spread of the virus, the economic activity in the bond market has slowed down. This has led to a number of downgrades of companies. Despite this, no factors or events have been found that would indicate impairment due to a predominant risk of loss in the company's portfolio of long-term bonds.

3.4 SHARES AND HOLDINGS IN PROPERTY SUBSIDIARIES

The underlying values in shares and holdings in property subsidiaries are related to investments in property. See the Groups note 3 section 3.2 for more information of principles for valuation and sensitivity regarding property.

Note 4 Net income from financial instruments

2020 NOK MILLIONS	Corporate portfolio	Common portfolio	Investment option portfolio	Total
Write-up/-down shares and units	352	3 658	15	4 026
Profit/loss subsidiaries	431	2 500	10	2 940
Profit/loss associated enterprises and jointly controlled entities	0	-148	0	-148
Total income from investments in subsidiaries, associated enterprises and joint ventures	783	6 009	25	6 818
Interest banking	4	22	0	26
Interest financial derivatives	32	243	0	274
Interest bonds and other fixed-income securities	244	2 857	14	3 116
Total interest income financial instruments at fair value	280	3 122	14	3 416
Interest bonds amortized cost	462	5 899	27	6 388
Interest lending	0	1 654	0	1 654
Total interest income financial instruments at amortized cost	462	7 553	27	8 042
Dividend/interest shares and units	0	761	0	761
Other income and expenses	3	-213	1	-209
Total net interest income and dividend etc. on financial assets	745	11 224	42	12 010
Value adjustment property	44	0	0	44
Rental income property	41	0	0	41
Total net income from investment property	85	0	0	85
Value changes shares and units	-14	-2 218	-151	-2 383
Value change bonds and other fixed-income securities	45	224	0	269
Value change financial derivatives	134	2 766	0	2 900
Value change loans and receivables	16	18	-1	33
Total value change financial instruments at fair value	182	790	-152	820
Value change lending	0	450	0	450
Total value change financial instruments at amortized cost	0	450	0	450
Value change on subordinated loans and hybrid funds	144	0	0	144
Total value changes on investments	325	1 240	-152	1 413

2020 NOK MILLIONS	Corporate portfolio	Common portfolio	Investment option portfolio	Total
Realized shares and units	0	10 386	167	10 553
Realized bonds and other fixed-income securities	56	1 776	20	1 851
Realized financial derivatives	50	-6 040	-28	-6 018
Realized loans and receivables	-24	-139	-2	-165
Total realized financial instruments at fair value	82	5 982	157	6 221
Realized bonds at amortized cost ¹	365	-260	1	106
Realized loans at amortized cost ¹	0	0	0	0
Total realized financial instruments at amortized cost	365	-260	1	106
Other financial costs and income	-928	-25	0	-953
Total realized gains and losses on investments	-482	5 698	158	5 374
Total net income from investments	1 457	24 170	74	25 700

¹ Realized values on bonds at amortized cost come from realized added/reduced values on foreign exchange.

2019 NOK MILLIONS	Corporate portfolio	Common portfolio	Investment option portfolio	Total
Write-up/-down shares and units	178	929	5	1 111
Profit/loss subsidiaries	341	2 303	11	2 655
Profit/loss associated enterprises and jointly controlled entities	0	-356	0	-356
Total income from investments in subsidiaries, associated enterprises and joint ventures	519	2 876	16	3 410
Interest banking	11	91	0	102
Interest financial derivatives	22	439	0	462
Interest bonds and other fixed-income securities	220	1 948	10	2 178
Total interest income financial instruments at fair value	253	2 479	10	2 742
Interest bonds amortized cost	458	5 577	33	6 068
Interest lending	0	1 627	0	1 627
Total interest income financial instruments at amortized cost	458	7 204	33	7 695
Dividend/interest shares and units	14	1 355	0	1 369
Other income and expenses	0	-593	1	-592
Total net interest income and dividend etc. on financial assets	725	10 444	44	11 214
Value adjustment property	32	0	0	32
Rental income property	35	0	0	35
Total net income from investment property	67	0	0	67
Value changes shares and units	-222	22 847	176	22 801
Value change bonds and other fixed-income securities	12	-287	0	-274
Value change financial derivatives	99	5 904	24	6 026
Value change loans and receivables	-31	15	0	-16
Total value change financial instruments at fair value	-142	28 479	200	28 537

2019 NOK MILLIONS	Corporate portfolio	Common portfolio	Investment option portfolio	Total
Value change lending	0	112	0	112
Total value change financial instruments at amortized cost	0	112	0	112
Value change on subordinated loans and hybrid funds	-55	0	0	-55
Total value changes on investments	-197	28 591	200	28 593
Realized shares and units	403	4 582	5	4 990
Realized bonds and other fixed-income securities	-11	3 694	5	3 688
Realized financial derivatives	0	-6 360	-31	-6 390
Realized loans and receivables	31	73	0	103
Total realized financial instruments at fair value	423	1 989	-21	2 391
Realized bonds at amortized cost ¹	-12	133	0	121
Realized loans at amortized cost ¹	0	0	0	0
Total realized financial instruments at amortized cost	-12	133	0	121
Other financial costs and income	0	17	0	17
Total realized gains and losses on investments	411	2 140	-22	2 529
Total net income from investments	1 525	44 051	238	45 814

¹ Realized values on bonds at amortized cost come from realized added/reduced values on foreign exchange.

Note 5 **Fair value of financial assets and liabilities**

For information regarding pricing of financial assets and liabilities see note 6 Fair value of financial assets and liabilities in the consolidated financial statement.

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

ASSETS – AT FAIR VALUE

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

31.12.2020 NOK MILLION	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Accrued not due interest	2	2	5	5	0	0	7	7
Fixed income securities	10 226	10 226	118 119	118 119	337	337	128 681	128 681
Norwegian loans and receivables	570	570	15 446	15 446	27	27	16 043	16 043
Foreign loans and receivables	1 129	1 129	5 530	5 530	67	67	6 726	6 726
Total loans and receivables	1 700	1 700	20 977	20 977	93	93	22 770	22 770
DERIVATIVES								
Interest rate swaps	775	775	1 018	1 018	0	0	1 792	1 792
Share options	0	0	219	219	0	0	219	219
Forward exchange contracts	109	109	4 706	4 706	16	16	4 831	4 831
Total financial derivatives classified as assets	884	884	5 943	5 943	16	16	6 843	6 843
OTHER FINANCIAL ASSETS								
Other financial assets	0	0	2 543	2 543	0	0	2 543	2 543
Total financial assets valued at fair value	12 816	12 816	276 710	276 710	1 034	1 034	290 560	290 560
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	0	0	0	0	0	0
Forward exchange contracts	0	0	326	326	1	1	327	327
Total financial derivatives classified as liabilities	0	0	326	326	1	1	327	327

31.12.2020 NOK MILLION	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 135	3 561	0	0	0	0	3 135	3 561
Hybrid Tier 1 securities	1 764	1 592	0	0	0	0	1 764	1 592
Total subordinated loan capital etc.	4 898	5 152	0	0	0	0	4 898	5 152
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	2 504	2 504	3	3	2 507	2 507
Foreign call money ¹	923	923	2 412	2 412	17	17	3 352	3 352
Total liabilities to credit institutions	923	923	4 917	4 917	19	19	5 859	5 859

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

31.12.2019 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	535	612	4 442	4 845	15	15	4 993	5 472
Accrued not due interest	19	19	101	101	0	0	120	120
Foreign hold-to-maturity bonds	6 286	6 569	17 859	19 018	48	53	24 192	25 640
Accrued not due interest	41	41	235	235	1	1	276	276
Total investments held to maturity	6 880	7 240	22 637	24 199	64	70	29 581	31 508
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	4 151	4 217	43 343	44 884	219	229	47 714	49 330
Accrued not due interest	59	59	745	745	4	4	808	808
Foreign bonds	7 308	7 504	97 383	101 128	601	623	105 292	109 256
Accrued not due interest	98	98	1 601	1 601	11	11	1 709	1 709
Total bonds classified as loans and receivables	11 617	11 878	143 072	148 357	834	867	155 523	161 102
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	3 391	3 393	0	0	3 391	3 393
Lending with public sector guarantee	0	0	56 964	57 170	0	0	56 964	57 170
Loans abroad secured by mortgage and local government guarantee	0	0	10 699	10 727	0	0	10 699	10 727
Accrued not due interest	0	0	337	337	0	0	337	337
Total other loans and receivables	0	0	71 391	71 627	0	0	71 391	71 627
Total financial assets at amortized cost	18 497	19 118	237 100	244 183	898	937	256 495	264 238

ASSETS – AT FAIR VALUE

31.12.2019 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	5	5	7 138	7 138	0	0	7 144	7 144
Foreign shares	0	0	33 178	33 178	0	0	33 178	33 178
Total shares	5	5	40 317	40 317	0	0	40 322	40 322
Property funds	0	0	2 524	2 524	0	0	2 524	2 524
Norwegian equity funds	0	0	81 512	81 512	804	804	82 316	82 316
Foreign equity funds	0	0	13 719	13 719	0	0	13 719	13 719
Total equity fund units	0	0	97 755	97 755	804	804	98 559	98 559
Norwegian alternative investments	0	0	2 740	2 740	17	17	2 757	2 757
Foreign alternative investments	0	0	2 005	2 005	0	0	2 005	2 005
Total alternative investments	0	0	4 746	4 746	17	17	4 762	4 762
Total shares and units	5	5	142 817	142 817	820	820	143 643	143 643
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	7 912	7 912	27 892	27 892	0	0	35 804	35 804
Foreign bonds	228	228	17 256	17 256	0	0	17 484	17 484
Accrued not due interest	42	42	325	325	0	0	367	367
Norwegian fixed-income funds	2 859	2 859	41 292	41 292	505	505	44 656	44 656
Foreign fixed-income funds	0	0	14 895	14 895	0	0	14 895	14 895
Norwegian certificates	700	700	3 542	3 542	0	0	4 241	4 241

31.12.2019 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Accrued not due interest	3	3	6	6	0	0	9	9
Fixed income securities	11 744	11 744	105 208	105 208	505	505	117 456	117 456
Norwegian loans and receivables	1 482	1 482	9 485	9 485	47	47	11 014	11 014
Foreign loans and receivables	219	219	4 639	4 639	40	40	4 899	4 899
Total loans and receivables	1 701	1 701	14 124	14 124	87	87	15 913	15 913
DERIVATIVES								
Interest rate swaps	747	747	886	886	0	0	1 633	1 633
Forward exchange contracts	0	0	3 084	3 084	15	15	3 100	3 100
Total financial derivatives classified as assets	747	747	3 971	3 971	15	15	4 733	4 733
OTHER FINANCIAL ASSETS								
Other financial assets	0	0	693	693	0	0	693	693
Total financial assets valued at fair value	14 198	14 198	266 813	266 813	1 428	1 428	282 438	282 438
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	0	0	0	0	0	0
Forward exchange contracts	0	0	597	597	2	2	599	599
Total financial derivatives classified as liabilities	0	0	598	598	2	2	599	599

31.12.2019 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	6 012	6 928	0	0	0	0	6 012	6 928
Hybrid Tier 1 securities	1 738	1 672	0	0	0	0	1 738	1 672
Total subordinated loan capital etc.	7 750	8 599	0	0	0	0	7 750	8 599
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	1 397	1 397	3	3	1 400	1 400
Foreign call money ¹	762	762	1 822	1 822	7	7	2 591	2 591
Total liabilities to credit institutions	762	762	3 219	3 219	9	9	3 990	3 990

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

Note 6 Fair value hierarchy

31.12.2020 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Fixed-income securities	2 632	7 594	0	10 226
<i>Certificates</i>	0	533	0	533
<i>Bonds</i>	0	7 061	0	7 061
<i>Fixed-income funds</i>	2 632	0	0	2 632
Loans and receivables	1 464	236	0	1 700
Shares and units	0	0	7	7
<i>Shares</i>	0	0	7	7
Financial derivatives	0	884	0	884
Other financial assets	0	0	0	0
Total corporate portfolio	4 096	8 713	7	12 816
COMMON PORTFOLIO				
Fixed-income securities	69 047	44 822	4 250	118 119
<i>Certificates</i>	549	2 260	0	2 809
<i>Bonds</i>	16 038	34 028	0	50 066
<i>Fixed-income funds</i>	52 460	8 534	4 250	65 243
Loans and receivables	20 662	315	0	20 977
Shares and units	104 274	3 193	21 662	129 128
<i>Shares</i>	30 258	326	2 545	33 129
<i>Equity funds</i>	74 016	0	55	74 070
<i>Property funds</i>	0	1 157	2 874	4 031
<i>Special funds</i>	0	1 710	0	1 710
<i>Private Equity</i>	0	0	16 188	16 188
Financial derivatives	0	5 943	0	5 943
Other financial assets	0	2 543	0	2 543
Total common portfolio	193 983	56 816	25 911	276 710
INVESTMENT OPTION PORTFOLIO				
Fixed-income securities	330	7	0	337
<i>Fixed-income funds</i>	330	7	0	337
Loans and receivables	93	0	0	93
Shares and units	580	8	0	588
<i>Equity funds</i>	580	0	0	580
<i>Special funds</i>	0	8	0	8
Financial derivatives	0	16	0	16
Other financial assets	0	0	0	0
Total investment option portfolio	1 004	30	0	1 034

31.12.2020 NOK MILLIONS	Level 1	Level 2	Level 3	Total
Total financial assets valued at fair value	199 083	65 559	25 918	290 560
CORPORATE PORTFOLIO				
Investment property	0	0	1 017	1 017
Total investment property	0	0	1 017	1 017
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	923	0	0	923
Total corporate portfolio	923	0	0	923
COMMON PORTFOLIO				
Financial derivatives	0	326	0	326
Debt to credit institutions	4 917	0	0	4 917
Total common portfolio	4 917	326	0	5 242
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	1	0	1
Debt to credit institutions	19	0	0	19
Total investment option portfolio	19	1	0	21
Total financial liabilities at fair value	5 859	327	0	6 186

31.12.2019 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Fixed-income securities	2 905	8 839	0	11 744
<i>Certificates</i>	<i>0</i>	<i>703</i>	<i>0</i>	<i>703</i>
<i>Bonds</i>	<i>46</i>	<i>8 136</i>	<i>0</i>	<i>8 182</i>
<i>Fixed-income funds</i>	<i>2 859</i>	<i>0</i>	<i>0</i>	<i>2 859</i>
Loans and receivables	575	1 126	0	1 701
Shares and units	0	0	5	5
<i>Shares</i>	<i>0</i>	<i>0</i>	<i>5</i>	<i>5</i>
Financial derivatives	0	747	0	747
Other financial assets	0	0	0	0
Total corporate portfolio	3 480	10 713	5	14 198
COMMON PORTFOLIO				
Fixed-income securities	73 777	31 431	0	105 208
<i>Certificates</i>	<i>1 927</i>	<i>1 621</i>	<i>0</i>	<i>3 548</i>
<i>Bonds</i>	<i>15 662</i>	<i>29 810</i>	<i>0</i>	<i>45 472</i>
<i>Fixed-income funds</i>	<i>56 188</i>	<i>0</i>	<i>0</i>	<i>56 188</i>

31.12.2019 NOK MILLIONS	Level 1	Level 2	Level 3	Total
Loans and receivables	13 709	416	0	14 124
Shares and units	120 300	5 406	17 111	142 817
<i>Shares</i>	37 518	629	2 170	40 317
<i>Equity funds</i>	82 781	0	54	82 835
<i>Property funds</i>	0	32	2 492	2 524
<i>Special funds</i>	0	4 746	0	4 746
<i>Private Equity</i>	0	0	12 396	12 396
Financial derivatives	0	3 971	0	3 971
Other financial assets	0	693	0	693
Total common portfolio	207 785	41 917	17 111	266 813
INVESTMENT OPTION PORTFOLIO				
Fixed-income securities	505	0	0	505
<i>Fixed-income funds</i>	505	0	0	505
Loans and receivables	87	0	0	87
Shares and units	804	17	0	820
<i>Equity funds</i>	804	0	0	804
<i>Special funds</i>	0	17	0	17
Financial derivatives	0	15	0	15
Other financial assets	0	0	0	0
Total investment option portfolio	1 396	32	0	1 428
Total financial assets valued at fair value	212 661	52 662	17 116	282 438
CORPORATE PORTFOLIO				
Investment property	0	0	955	955
Total investment property	0	0	955	955
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	762	0	0	762
Total corporate portfolio	762	0	0	762
COMMON PORTFOLIO				
Financial derivatives	0	598	0	598
Debt to credit institutions	3 219	0	0	3 219
Total common portfolio	3 219	598	0	3 817
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	2	0	2
Debt to credit institutions	9	0	0	9
Total investment option portfolio	9	2	0	11
Total financial liabilities at fair value	3 990	599	0	4 590

CHANGES IN LEVEL 3 SHARES, UNLISTED CORPORATE PORTFOLIO	Book value 31.12.2020	Book value 31.12.2019
Opening balance 01.01.	5	4
Sold	0	0
Bought	0	2
Unrealised changes	1	-1
Closing balance 31.12.	7	5
Realised gains/losses	0	0

CHANGES IN LEVEL 3 SHARES, UNLISTED COMMON PORTFOLIO	Book value 31.12.2020	Book value 31.12.2019
Opening balance 01.01.	2 170	2 481
Sold	-23	-1 419
Bought	377	764
Unrealised changes	22	343
Closing balance 31.12.	2 545	2 170
Realised gains/losses	0	318

CHANGES IN LEVEL 3 EQUITY FUNDS, UNLISTED COMMON PORTFOLIO	Book value 31.12.2020	Book value 31.12.2019
Opening balance 01.01.	52	61
Sold	0	-9
Bought	0	0
Unrealised changes	3	2
Closing balance 31.12.	55	54
Realised gains/losses	0	0

CHANGES IN LEVEL 3, PRIVATE EQUITY AND PROPERTY FUNDS COMMON PORTFOLIO	Book value 31.12.2020	Book value 31.12.2019
Opening balance 01.01.	14 888	12 664
Sold	-1 740	-2 400
Bought	8 341	2 882
Unrealised changes	302	1 742
Closing balance 31.12.	23 312	14 888
Realised gains/losses	636	878

CHANGES IN LEVEL 3, INVESTMENT PROPERTY CORPORATE PORTFOLIO	Book value 31.12.2020	Book value 31.12.2019
Opening balance 01.01.	955	924
Sold	0	0
Bought	0	0
Unrealised changes	85	67
Other	-23	-36
Closing balance 31.12.	1 017	955
Realised gains/losses	0	0
Total Level 3	26 935	18 071

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

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

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

Level 1:

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

Level 2:

Instruments at this level obtain fair value from observable market data. This includes prices based on identical instruments, but where the instrument does not maintain a high enough trading frequency and is therefore not considered to be traded in an active market, as well as prices based on corresponding assets and price-leading indicators that can be confirmed from market information. Example instruments at Level 2 are fixed income securities priced on the basis of interest rate paths. For more information regarding the pricing of level 2 instruments, see note 6 for the group.

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. For more information regarding the pricing of level 3 instruments, see note 6 for the group.

Valuations related to items in the various levels are described in note 6 for the Group. For description of the pricing of investment property, see note 3 for the group.

The fair value of assets and liabilities measured at amortized cost are stated in note 5. 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 6 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 1 347 million as of 31.12.2020 on the assets in level 3.

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

During 2020, NOK 18 million have been moved from Level 1 to Level 2 and NOK 44 million have been moved from Level 2 to Level 1. The amounts are related to equity instruments and are due to change in liquidity. There has been no other movements between the different levels in KLP.

Note 7 **Risk Management**

Through its activity, KLP is exposed to both insurance risk and financial risk. For the Company overall risk management aims to handle financial risk in such a way that the Company can at all times meet the liabilities the insurance contracts place on the business. The Board of Directors sets the overarching risk strategies that are put into practice at the senior management level.

Risk strategy is implemented and monitored by the line organization, with periodic reporting. Any breaches in risk lines and limits are reported as they occur, with a description of measures taken to regularize the situation. Entities outside the line organization monitor that the risk-taking is carried out within the authorizations the line has.

7.1 INSURANCE RISK

An insurance contract is according to IFRS 4 defined as "A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder". The uncertainty at the portfolio level is additionally affected by factors such as changes in law and court decisions. Insurance results will be more stable and predictable the more contracts there are in the portfolio.

The Company's insurance business is in the group pension sector. As described in Note 3, the weightiest risks in group pension are disability risk and longevity risk, whereas mortality/whole life risk is somewhat less weighty.

Insurance risk in the group pension sector is generally managed through close monitoring of the risk incidence and if appropriate subsequent change in the tariffs.

7.1.1 Insurance provisions

The insurance provisions are set at the right level of expectation, with the addition of safety margins. KLP can add up to half a year's positive risk results to a risk equalisation fund. This fund can be used to meet unexpected fluctuations in risk results.

For disability risks in the collective pension sector, assumptions are used based on the company's disability experience in the period 2015 - 2019. For other risk elements in the collective pension sector, the assumptions from the calculation basis K2013 are used, with safety margins, according to the minimum standard set by the Financial Supervisory Authority of Norway in 2013. For men, KLP uses its own life expectancy assumptions that assume a greater life expectancy improvement than K2013. In the Pension Scheme for Nurses, the same formulas and parameters are used but with an enhanced safety margin due to significantly longer life spans in these schemes. For the Pension Scheme for Hospital Doctors, K2013 is used with an enhanced safety margin for both genders.

We are currently in a special situation related to corona. At present, there is no excess mortality in the population as a result of the pandemic. If the pandemic should lead to lasting increased mortality, this will give higher risk results. At the same time, there are factors related to the pandemic situation that could affect withdrawals of disability pensions in 2021 and the next few years, such as:

- Layoffs and recessions
- Home office (physically and mentally)
- Extra work in health enterprises
- Lack of capacity of health workers in general
- After-effects of disease

7.1.2 Premium determination

The development of the company's insurance risk is monitored on an ongoing basis. Risk results and future expectations for the development of insured risks are based on observations from the holdings and forecasts from Statistics Norway. These form the basis for the pricing of the risk element of the premium. Premiums are determined annually.

7.1.3 Reinsurance and reinsurance programs

KLP currently only has collective products without the possibility to choose the scope of the insurance cover for the individual insured. Based on this limitation, the size of the company and resulting large risk-bearing ability, the overall assessment is that the need to have reinsurance in KLP is small. KLP currently has no reinsurance agreements.

7.1.4 Sensitivity calculations in group pension

The effect of an immediate 20 per cent increase in the incidence of disability would, with current numbers, involve a negative effect of NOK 345 million on the risk result for the year. The effect on the premium reserve of a corresponding permanent change in the incidence of disability would be an increase of NOK 703 million.

An immediate 10 per cent reduction in mortality would, with current numbers, mean a negative effect of NOK 228 million on the risk result for the year. The effect on the premium reserve of a corresponding permanent change in mortality would be an increase of NOK 10,070 million.

The Company's large numbers within group public sector pensions help to stabilize the insurance risk and the claim estimates. Deviations are related primarily to non-insurable magnitudes that do not affect the result.

7.2 FINANCIAL RISK

The Company's financial goal is to achieve a competitive and stable return, at the same time as the Company's solvency satisfies external and internal requirements. The Company has a long-term investment strategy in which risk-taking is at all times matched to the Company's ability to bear risk. The focus in asset management is cost effectiveness, a long-term perspective and broadly diversified portfolios with the goal of achieving competitive and stable returns for our customers and owners over time.

KLP's financial risk comprises liquidity risk, market risk and credit risk.

7.2.1 Liquidity risk

Liquidity risk is the risk that the Company does not have adequate liquidity to cover short-term debt/residual liabilities not called in and current operations without substantial extra costs arising in the form of price falls on assets that have to be realized. The liquidity strategy contains various requirements and limits in order to comply with the desired liquidity risk profile. In addition division of responsibilities and contingency planning are covered. The liquidity strategy is operated at the senior management level and the liquidity is managed internally in accordance with mandates.

The need for liquidity in KLP is first and foremost associated with payments to pensioners and meeting current operating costs. Liquidity is also required for providing security in connection with currency and derivative trades. The KLP liquidity need is primarily satisfied by contractual receipts from customers. At all times the Company has a liquidity holding sufficient to meet current costs, including pension payments. In the event of liquidity needs beyond the current liquidity holdings, liquidity can normally be released through the sale of liquid financial assets.

KLP's aims to have liquidity buffers corresponding to 3 months' liquidity needs. This is measured through the following ratio:

Liquid assets/short-term liquidity requirement

Liquid assets are defined as liquidity holdings and expected receipts (to the liquidity portfolio) for the next three months, whilst short-term liquidity requirements are defined as liabilities falling due within three months and other unknown requirements for liquidity within three months.

Not-called-in residual obligations of NOK 26,009 million comprise committed, not paid in sums against private equity and property funds and approved lending that has not been paid out. In addition, KLP has given a NOK 2 million guarantee to a associated enterprise. The total is specified in detail in Note 34 Contingent liabilities.

7.2.2 Market risk

Market risk is the risk of losses as a result of changes in market prices of various assets such as shares, bonds, property and other securities. The market risk depends on how large an exposure there is to the various assets and on the volatility in the market prices. Developments in the Norwegian and international securities markets generally have major significance for KLP's results.

Risk of a fall in the value of various assets is the biggest financial risk in the short term. Of the risk in regard to assets, equity exposure is the largest financial risk factor, but also the market risk associated with interest, credit (spread) and property has a significant loss potential. KLP's interest rate risk associated with a prolonged low interest rate level is however limited. With the current formulation of the rules, technical provisions are not affected by changes in market interest rates. On the future transition to market value for the liabilities, annual pricing of the interest guarantee will mean the customers bear the risk of the interest rate level being lower than the basic interest rate. Since KLP provides pension schemes exclusively to the public sector, KLP will price the return guarantee right up until the insured dies, which means the return guarantee arising from the insurance obligations is limited.

KLP exchange-rate hedges the majority of international exposure. Financial hedging of currency exposure is done through derivatives. In principle all of KLP's fixed-income investments and property investments in foreign currency are hedged back to NOK. For equity investments in foreign currency the hedge ratio in 2020 has been between 50-70 per cent.

All equity and interest rate exposures are included in a risk measurement system that enables simulation and monitoring of equity and interest rate risk across the portfolios. Active risk is managed through defined benchmarks relative to the index for each portfolio.

To reduce the risk of negative results from asset management the Company uses CPPI rules for customer portfolios for daily monitoring the market risk. This strategy helps to ensure that the risk is adjusted to the Company's risk capacity. The CPPI rules gives a return profile which fits the overall target to protect owners' equity and preserve the risk capacity over time. In addition KLP has a high proportion of long-term (hold-to-maturity) bonds and fixed-interest lending that contributes to stability in returns.

In KLP's asset management, derivatives are principally used for risk reduction for cost and time-effective implementation of changes in risk and for currency hedging.

Calculation of solvency margin (SCR ratio)

The European rules for calculation of solvency margin, SCR ratio, main target is to protect and ensure the interest of the insurance customers. KLP performs quarterly calculations of the SCR ratio.

At the end of 2020 about 24 per cent of KLP's assets were placed in equities (measured by exposure) and 13 per cent placed in property. Other assets were placed in fixed-income current and fixed assets, including lending.

According to the standard calculation method, KLP has a SCR ratio of 286 per cent, which is 8 per cent higher than the end of 2019. The ratio is well over the Company's target of at least 150 percent. The minimum target set by the authorities is 100 per cent.

The Company's total eligible tier 1 capital is 43 billion. The solvency capital requirement, as described in note 32, is NOK 15.0 billion. The SCR ratio in 2020 was 286 per cent.

Several sensitivity analyses linked to solvency capital coverage have been carried out. Interest rate sensitivity is calculated at 10 percentage points in capital coverage per 50 basis points interest rate increase and 10 percentage points in capital coverage per 50 basis points interest rate decrease. This may be considered low, at least compared to private occupational pensions, and is mainly due to the fact that public-sector occupation pensions avoid the problem of paid-up policies. A 25 per cent fall in the stock market reduces capital adequacy by something over 50 percentage points when the rules are taken into account. This is a significant drop, but the level of capital adequacy will still be above the level at which action has to be considered.

Previous calculations has shown that with the reserve margins within the Company's tariffs and by the level of today's risk equalization fund, the solvency capital is marginal influenced by changes in longevity risk and mortality/whole life risk.

7.2.3 Credit- and concentration risk

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.

KLP has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. Of the total credit exposure, 43 per cent are rated AA- or higher. KLP has a separate international government bonds portfolio that represented about 18 per cent of the portfolio of short-term bonds at the end of the year.

KLP has a lending portfolio of high quality, with limited credit risk and historically very low losses. In the main KLP provides loans secured on housing with a mortgage level of less than 80 per cent, loans to local authorities and loans with local authority guarantees. Lending secured through mortgages on housing amounts to about NOK 3.3 billion. The value of the mortgages represents a greater value than the lending since a large part of the mortgages were established earlier in time and the price rise in housing in recent years has been substantial.

KLP has limited concentration risk. Because no exposures exceed the threshold values defined in the Solvency II regulations, KLP has no capital requirements for concentration risk under the standard method. The way in which the fixed interest and equity portfolios are managed will generally help to limit concentration risk through extensive use of index management. KLP sets explicit limits for lending which restrict concentration on specific individuals and groups. Sector concentration is monitored via monthly and quarterly reporting.

Although the KLP's investments are well diversified, there is a clear preponderance of investments in Norway. This is a deliberate and a natural consequence of dealing mainly with public-sector occupational pensions.

7.3 TOTAL MAXIMUM EXPOSURE TO CREDIT RISK

The Company's total maximum exposure to credit risk comprises book values. The book classes of securities are specified in detail in Note 5 Fair value of financial assets and liabilities.

Note 8 **Liquidity risk**

The table below specifies the Company's financial liabilities classified according to maturity structure. The amounts in the table are non-discounted contractual cash flows.

2020 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loans ¹	0	131	592	687	5 073	6 484
Hybrid tier 1 securities ²	0	62	249	312	1 452	2 075
Accounts payable	4	0	0	0	0	4
Liabilities to credit institutions	65	0	0	0	0	65
Contingent liabilities	26 011	0	0	0	0	26 011
Total	26 079	193	842	999	6 525	34 638
FINANCIAL DERIVATIVES						
Financial derivatives gross settlement						
<i>Inflows</i>	0	0	0	0	0	0
<i>Outflows</i>	0	0	0	0	0	0
Financial derivatives net settlement	2 342	2 342	-53	-71	-295	4 265
Total financial derivatives	2 342	2 342	-53	-71	-295	4 265
Total	28 420	2 535	789	928	6 230	38 903

¹ The cash flows in this category may deviate from previous reports due to changes in maturity date in the calculation.

² In regards to the loans that are perpetual, estimated cash streams are up to expected maturity at the interest adjustment date.

2019 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loans	0	252	1 006	6 170	0	7 427
Hybrid tier 1 securities ²	0	64	256	320	1 490	2 130
Accounts payable	6	0	0	0	0	6
Liabilities to credit institutions	18	0	0	0	0	18
Contingent liabilities	21 227	0	0	0	0	21 227
Total	21 251	316	1 262	6 490	1 490	30 808
FINANCIAL DERIVATIVES						
Financial derivatives gross settlement						
<i>Inflows</i>	0	0	0	0	0	0
<i>Outflows</i>	0	0	0	0	0	0
Financial derivatives net settlement	2 214	2 246	35	-143	-306	4 046
Total financial derivatives	2 214	2 246	35	-143	-306	4 046
Total	23 465	2 562	1 297	6 347	1 184	34 854

² In regards to the loans that are perpetual, estimated cash streams are up to expected maturity at the interest adjustment date.

The table above shows financial liabilities KLP has grouped by interest payments and repayment of principal, based on the date payment is due.

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

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

EXPECTED PAYMENT PROFILE PENSION OBLIGATIONS

2020 NOK MILLIONS									
Year	1 year	2-5 years	6-10 years	11-20 years	21-30 years	31-40 years	41-50 years	51-80 years	Total
Amount	19 987	83 031	128 718	299 427	308 752	270 813	192 520	167 167	1 470 415

2019 NOK MILLIONS									
Year	1 year	2-5 years	6-10 years	11-20 years	21-30 years	31-40 years	41-50 years	51-80 years	Total
Amount	17 303	74 347	120 319	305 757	348 473	320 602	222 169	165 966	1 574 936

The payment profile shows anticipated payment dates for KLP's future pension obligations and is based on non-discounted values.

The insurance liabilities in the accounts are discounted and show the present value at the end of the reporting period.

Note 9 Interest rate risk

2020 NOK MILLIONS	Up to 3 months	3 months to 12 months	1 year to 5 years	5 years to 10 years	Over 10 years	Change in cash flows	Total
ASSETS							
Equity fund units ¹	0	0	0	0	0	10	10
Alternative investments	-7	0	0	0	0	14	6
Financial derivatives classified as assets	9	0	8	-66	-180	-8	-236
Debt instruments classified as loans and receivables – at amortized cost	0	0	0	0	0	6	6
Bonds and other fixed-income securities	-27	-28	-561	-716	-843	206	-1 970
Fixed-income fund units	-3 709	0	0	0	0	35	-3 674
Loans and receivables	0	-1	0	0	0	167	166
Cash and deposit	0	0	0	0	0	2	2
Lending	0	0	0	0	0	453	453
Contingent liabilities ²	0	0	0	0	0	35	35
Total assets	-3 734	-29	-553	-783	-1 023	920	-5 201
LIABILITIES							
Financial derivatives classified as liabilities	7	1	0	-1	0	-8	-1
Hybrid Tier 1 securities, subordinated loans	0	0	0	51	93	0	143
Liabilities to credit institutions	0	0	0	0	0	-53	-53
Total liabilities	7	1	0	50	93	-61	90
Total before taxes	-3 727	-27	-553	-733	-930	859	-5 111
Total after taxes	-2 795	-21	-414	-550	-698	644	-3 833

¹ Equity fund units covers that part of the fund that is not shares, but that comprises assets covered by interest rate risk: surplus liquidity in the form of bank accounts and derivatives used for hedging purposes.

² Contingent liabilities in this context are accepted, not paid out lending.

2019 NOK MILLIONS	Up to 3 months	3 months to 12 months	1 year to 5 years	5 years to 10 years	Over 10 years	Change in cash flows	Total
ASSETS							
Equity fund units ¹	1	0	0	0	0	10	11
Alternative investments	-8	0	0	0	0	8	0
Financial derivatives classified as assets	-5	2	5	-70	-185	-12	-266
Debt instruments classified as loans and receivables – at amortized cost	0	0	0	0	0	0	0
Bonds and other fixed-income securities	-32	-27	-458	-504	-791	238	-1 575
Fixed-income fund units	-3 425	0	0	0	0	26	-3 399
Loans and receivables	-1	-1	0	0	0	78	76
Cash and deposit	0	0	0	0	0	9	9
Lending	0	0	0	0	0	400	400
Contingent liabilities ²	0	0	0	0	0	72	72
Total assets	-3 470	-27	-454	-574	-976	828	-4 673
LIABILITIES							
Financial derivatives classified as liabilities	0	0	3	0	0	-2	1
Hybrid Tier 1 securities, subordinated loans	0	0	0	53	93	0	147
Liabilities to credit institutions	0	0	0	0	0	-29	-29
Total liabilities	0	0	3	53	93	-31	119
Total before taxes	-3 470	-27	-451	-520	-883	797	-4 554
Total after taxes	-2 602	-20	-338	-390	-662	598	-3 415

¹ Equity fund units covers that part of the fund that is not shares, but that comprises assets covered by interest rate risk: surplus liquidity in the form of bank accounts and derivatives used for hedging purposes.

² Contingent liabilities in this context are accepted, not paid out lending.

The note shows the effect on income of an increase in market interest rate of 1 per cent, for fair value risk and variable interest rate risk.

Change in fair value (fair value risk) is shown in the five first columns and is calculated on the change in fair value of interest-bearing instruments if the interest rate had been 1 per cent higher at the end of the period. The column «Change in cash flows» (variable interest rate risk) shows the change in cash flows had the interest rate been 1 per cent higher throughout the year being reported on. The total of these reflects the total impact on profits that the scenario of one per cent higher interest rate would have had on the Company during the period being reported on. Fair value risk applies to fixed interest rate securities where the market value of the security fluctuates conversely to the market interest rate. Variable interest rate risk applies to securities at variable interest rates, where the market value remains stable, but where change in the market interest rate is reflected in changed current incomes.

The following fixed-income securities are covered by this Note; securities at fair value through profit or loss (variable and fixed interest rate terms), investments held to maturity (only those with variable interest rate terms) and loans and receivables (only those with variable interest rate terms). The Company has no fixed-income securities classified as available for sale. Fixed rate assets, recognized at amortized cost, do not cause any effects in the income statement when the market rate changes. The same goes for issued debt with a fixed rate, measured at amortized cost.

Insurance contracts with a guaranteed return does not change the accounting value when interest rates change. Changes in interest rate has no impact on the guaranteed return, but will have an impact on the achieved returns to cover the return guarantee. This is because insurance funds partly invests in debt instruments whose cash flows contribute to cover the customers return guarantee.

Note 10 Currency risk

31.12.2020	Fin.l pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK
US dollar	10 354	-64	7 374	-14 658	8,56	17 728	-14 722	25 734
Euro	4 251	-693	2 266	-5 209	10,48	6 517	-5 902	6 445
Japanese yen	113 644	-257	78 124	-159 132	0,08	191 768	-159 390	2 685
British Pound	1 196	0	1 213	-2 227	11,70	2 409	-2 227	2 126
Canadian dollar	674	0	377	-844	6,72	1 051	-844	1 391
Hong Kong dollar	2 115	0	1 100	-2 171	1,10	3 215	-2 171	1 154
Swiss franc	251	0	148	-295	9,69	400	-295	1 014
Danish kroner	8 727	-62	7 748	-15 833	1,41	16 475	-15 894	817
Australian dollar	372	0	431	-683	6,61	803	-683	788
Swedish krone	17 007	0	16 990	-33 255	1,04	33 997	-33 255	774
Indian rupi	5 508	0	0	0	0,12	5 508	0	645
Other currencies								3 877
Total short-term foreign currency positions								47 449
US dollar	3 080	-92	0	-2 815	8,56	3 080	-2 906	1 488
Japanese yen	16 254	-11 779	0	0	0,08	16 254	-11 779	371
British Pound	189	0	3	-184	11,70	192	-184	98
Danish kroner	12	0	0	0	1,41	12	0	16
Euro	904	-301	2	-604	10,48	906	-905	16

31.12.2020	Fin.l pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK
Swedish krone	1 674	0	0	-1 664	1,04	1 674	-1 664	11
Korean won	487	0	0	0	0,01	487	0	4
Australian dollar	8	0	89	-97	6,61	97	-97	1
Swiss franc	0	0	0	0	9,69	0	0	0
Canadian dollar	0	0	0	0	6,72	0	0	0
Total long-term foreign currency positions								2 004
Total pre-tax currency positions								49 453
Total currency positions after tax								37 090

¹ The table shows total financial position statement items for each individual currency, divided between short and long-term positions. The net position shows the currency risk in NOK at the end of the period while other figures are shown in their local currency. The hedge efficiency of currency is 87 per cent and 87 per cent for 2020 and 2019. "Other currencies" include short-term net positions of less than NOK 500 million.

31.12.2019	Fin.l pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK
US dollar	10 435	-54	7 645	-15 463	8,79	18 080	-15 517	22 527
Euro	3 698	-536	1 902	-4 452	9,86	5 600	-4 988	6 036
Japanese yen	116 421	-385	76 266	-154 845	0,08	192 687	-155 230	3 029
British Pound	1 329	0	1 102	-2 223	11,64	2 431	-2 223	2 423
Canadian dollar	948	0	508	-1 136	6,78	1 455	-1 136	2 166
Hong Kong dollar	2 546	0	1 504	-3 011	1,13	4 050	-3 011	1 173
Swiss franc	283	0	169	-339	9,07	452	-339	1 027
Swedish krone	16 397	0	16 105	-31 481	0,94	32 502	-31 481	959
Danish kroner	8 396	-17	10 795	-18 482	1,32	19 191	-18 499	914
Australian dollar	481	0	366	-700	6,18	847	-700	912
Indian rupi	7 135	0	0	0	0,12	7 135	0	878
Brazilian real	337	0	0	0	2,18	337	0	737
Taiwan new dollar	4 505	0	0	-2 530	0,29	4 505	-2 530	579
Korean won	166 781	0	0	-93 550	0,01	166 781	-93 550	556
South African rand	882	0	0	0	0,63	882	0	554
Other currencies								2 707
Total short-term foreign currency positions								47 177
US dollar	2 677	-91	0	-2 483	8,79	2 677	-2 574	911
Japanese yen	16 282	-11 587	0	-37	0,08	16 282	-11 624	377
British Pound	192	0	0	-187	11,64	192	-187	52
Swedish krone	1 641	-60	46	-1 590	0,94	1 687	-1 650	35
Danish kroner	19	0	0	-4	1,32	19	-4	20

31.12.2019	Fin.l pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK
Australian dollar	3	0	0	-3	6,18	3	-3	1
Korean won	27	0	0	0	0,01	27	0	0
Swiss franc	0	0	0	0	9,07	0	0	0
Canadian dollar	0	0	0	0	6,78	0	0	0
Euro	866	-615	0	-260	9,86	866	-875	-87
Total long-term foreign currency positions								1 308
Total pre-tax currency positions								48 485
Total currency positions after tax								36 364

¹ The table shows total financial position statement items for each individual currency, divided between short and long-term positions. The net position shows the currency risk in NOK at the end of the period while other figures are shown in their local currency. The hedge efficiency of currency is 87 per cent and 87 per cent for 2020 and 2019. "Other currencies" include short-term net positions of less than NOK 500 million.

KLP currency-hedges the majority of investments made in foreign currency. Financial hedging of currency exposure is done through derivatives. In principle all of the KLP's fixed-income investments and property investments in foreign currency are hedged back to NOK with the objective of 100 per cent hedging. At 31 December 2020, the hedging ratio for equities in developed markets and the most liquid currencies in emerging markets was 60 per cent with possible fluctuations between 50-70 percent. Other currencies, ie, less liquid currencies in developed markets and currencies in emerging markets with the exception of the most liquid currencies, are not currency hedged. The reason for this is that these currencies do not have a large enough market and / or liquidity that it is appropriate to hedge currency. This reduction in the hedging of shares, as well as unsecured foreign equity funds, increases the net positions in foreign currencies.

If all currency positions change by 1 per cent at the same time and in the same direction this would affect the pre-tax result by NOK 495 million. For 2019 the corresponding effect on income was NOK 485 million.

Note 11 Credit risk

31.12.2020 NOK MILLIONS	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Banking and finance	¹ Mortgage < 80%	¹ Mortgage > 80%	Other	Total
Debt instruments held to maturity at amortized cost	27 530	35	0	0	0	0	1 397	28 962
Debt instruments classified as loans and receivables at amortized cost	138 894	194	377	0	0	0	22 694	162 159
Debt instruments at fair value - fixed-return securities	45 269	773	2 080	4 787	0	0	7 561	60 469
Fixed-income funds short-term	0	0	1 272	0	0	0	66 941	68 212
Loans and receivables	22 589	0	0	181	0	0	0	22 770
Financial derivatives classified as assets	6 843	0	0	0	0	0	0	6 843
Cash and deposits	659	0	0	0	0	0	0	659
Lending	0	0	71 387		2 989	205	2 842	77 424
Total	241 784	1 003	75 116	4 968	2 989	205	101 434	427 499

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

SPECIFICATION OF INVESTMENT GRADE	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	12 018	4 049	9 063	2 400	27 530
Debt instruments classified as loans and receivables at amortized cost	22 421	19 902	63 725	32 846	138 894
Debt instruments at fair value - fixed-return securities	23 634	5 006	11 618	5 011	45 269
Fixed-income funds short-term	0	0	0	0	0
Loans and receivables	0	14 701	7 467	421	22 589
Financial derivatives classified as assets	0	2 389	4 454	0	6 843
Cash and deposits	0	659	0	0	659
Lending	0	0	0	0	0
Total	58 073	46 706	96 327	40 678	241 784

31.12.2019 NOK MILLIONS	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Banking and finance	¹ Mortgage < 80%	¹ Mortgage > 80%	Other	Total
Debt instruments held to maturity at amortized cost	28 149	36	0	0	0	0	1 396	29 581
Debt instruments classified as loans and receivables at amortized cost	131 504	65	856	876	0	0	22 222	155 523
Debt instruments at fair value - fixed-return securities	37 128	21	2 567	8 699	0	0	9 491	57 905
Fixed-income funds short-term ²	0	0	6 927	0	0	0	53 995	60 922
Loans and receivables	15 834	0	0	79	0	0	0	15 913
Financial derivatives classified as assets	4 733	0	0	0	0	0	0	4 733
Cash and deposits	900	0	0	0	0	0	0	900
Lending	0	0	56 002		3 091	305	11 993	71 391
Total	218 248	123	66 351	9 654	3 091	305	99 098	396 869

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

² In the column "other", we have included an additional investment that is exposed to credit risk but is not reconcilable against the line "fixed-income securities" in the balance sheet. The value of the investment is NOK 1 371 million per 31.12.2019

SPECIFICATION OF INVESTMENT GRADE	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	11 742	4 068	9 757	2 582	28 149
Debt instruments classified as loans and receivables at amortized cost	24 584	19 989	60 241	26 689	131 504
Debt instruments at fair value - fixed-return securities	22 293	4 871	7 701	2 263	37 128
Fixed-income funds short-term	0	0	0	0	0
Loans and receivables	0	5 783	10 048	3	15 834
Financial derivatives classified as assets	0	1 261	3 473	0	4 733
Cash and deposits	0	0	900	0	900
Lending	0	0	0	0	0
Total	58 618	35 973	92 119	31 537	218 248

Credit risk means the risk that a counterparty may not be able to meet its obligations to KLP. In this table the credit risk is measured using rating agencies' estimates of the level of credit worthiness of the various issuers of fixed-income securities. Assets that are not rated are placed in other categories that describe credit risk, for example sector and guarantees.

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

KLP has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. KLP has a high concentration of debt instruments directed at the Norwegian public sector.

Only ratings from Standard and Poor's have been used in the note grouping. KLP also uses ratings from Moody's Investor Services, Fitch Ratings, Scope Rating and Nordic Credit Rating and all five are considered equal as a basis for investments in fixed-income securities. The table shows exposure against the rating categories that S&P uses, where AAA is linked to securities with the highest creditworthiness. That which is classified as "Other" is mainly securities issued by power companies and other corporate bonds: this amounted to NOK 101 billion on 31 December 2020. KLP 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).

NOK MILLIONS	31.12.2020	31.12.2019
TEN LARGEST COUNTERPARTIES		
Counterparty 1	13 421	10 340
Counterparty 2	7 073	6 745
Counterparty 3	6 902	6 535
Counterparty 4	6 147	5 841
Counterparty 5	6 052	5 575
Counterparty 6	5 622	5 359
Counterparty 7	4 836	4 739
Counterparty 8	4 698	4 698
Counterparty 9	4 391	3 598
Counterparty 10	3 846	3 526
Total	62 988	56 957

The table above shows the ten largest counterparties to which KLP has exposure. The amounts stated are book value. The majority of the ten largest counterparties are either finance institutions or counterparties covered by a public sector guarantee (central or local government guarantee).

PREMIUM RECEIVABLES AND RECEIVABLES IN CONNECTION WITH REINSURANCE

NOK MILLIONS	31.12.2020	31.12.2019
Premium receivables	1 731	485
Write-downs of premium receivables	1	0
Total	1 732	485

KLP's premium receivables are primarily in regard to the public sector and the credit risk is considered low. In addition the main group pension/public sector industry is linked to the "Transfer agreement for the public sector". This transfer agreement has a security scheme intended to help to secure pension rights accrued with employers who cease to exist or do not pay premiums when due in accordance with detailed rules. The Company may thus apply for cover for unpaid demands in this industry from the security arrangement if the demand falls within the security arrangement's regulations.

CHANGE IN FAIR VALUE AS A RESULT OF CHANGE IN CREDIT RISK

NOK MILLIONS	31.12.2020
Change in fair value as a result of change in credit risk	254
Change in fair value as a result of change in credit risk	254

This is not an accurate calculation, but our best estimate. Actual change in fair value depends on both changes in risk-free interest rates and credit spreads. This estimate is an attempt to isolate the change in fair value due to the fact that the credit spread on the bonds has changed during the year. The estimate is calculated by looking at the change in credit spread for each individual bond throughout the year and the bond's cash flow weights remaining maturity (duration) for the bond at the time of reporting. There are many reasons why the credit spread changes, like for example that the credit spread becomes lower when the bond matures, that an issuer is considered more or less risky or that the market demands a higher or lower risk premium for credit bonds in general. If the change in fair value is positive (negative), it indicates that the duration- and value-weighted credit spread has decreased (increased).

The calculation is based on owned assets per 31.12.20, and is made for bonds and index bonds that are valued at fair value. Government funds and government portfolios have been removed from the calculation basis and fund units are not decomposed.

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

31.12.2020 NOK MILLIONS	Related amounts not presented net						
	Gross financial assets/ liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount
ASSETS							
Financial derivatives	6 843	0	6 843	-326	-5 795	0	1 089
Total	6 843	0	6 843	-326	-5 795	0	1 089
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	5 943	0	5 943	-326	-4 860	0	970
Total assets – corporate portfolio	884	0	884	0	-923	0	106
Total assets – investment option portfolio	16	0	16	0	-12	0	12
Total	6 843	0	6 843	-326	-5 795	0	1 089
LIABILITIES							
Financial derivatives	327	0	327	-326	-3	0	0
Total	327	0	327	-326	-3	0	0
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	326	0	326	-326	0	0	0
Total liabilities – corporate portfolio	0	0	0	0	0	0	0
Total liabilities – investment option portfolio	1	0	1	0	-3	0	0
Total	327	0	327	-326	-3	0	0

31.12.2019 NOK MILLIONS				Related amounts not presented net			
	Gross financial assets/ liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount
ASSETS							
Financial derivatives	4 733	0	4 733	-598	-3 981	0	169
Total	4 733	0	4 733	-598	-3 981	0	169
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	3 971	0	3 971	-597	-3 219	0	154
Total assets – corporate portfolio	747	0	747	0	-762	0	0
Total assets – investment option portfolio	15	0	15	-1	0	0	14
Total	4 733	0	4 733	-598	-3 981	0	169
LIABILITIES							
Financial derivatives	599	0	599	-598	-11	0	0
Total	599	0	599	-598	-11	0	0
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	598	0	598	-597	-3	0	0
Total liabilities – corporate portfolio	0	0	0	0	0	0	0
Total liabilities – investment option portfolio	2	0	2	-1	-8	0	0
Total	599	0	599	-598	-11	0	0

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

Note 13 **Mortgage loans and other lending**

NOK MILLIONS	Local government administration	State and local authority owned enterprises ¹	Employees, pensioners and similar	Private organizations and enterprises	Total 31.12.2020	Total 31.12.2019
Agder	3 230	171	6	90	3 497	2 821
Innlandet	6 102	160	173	181	6 616	5 893
Møre og Romsdal	4 644	76	175	142	5 038	4 200
Nordland	4 597	135	48	137	4 917	4 458
Oslo	24	0	1 613	300	1 936	2 011
Rogaland	2 497	163	97	240	2 997	2 683
Svalbard	86	0	0	1	86	6 506
Troms og Finnmark	3 953	638	266	196	5 053	3 810
Trøndelag	7 081	200	192	211	7 684	227
Vestfold og Telemark	3 008	245	128	266	3 647	3 992
Vestland	7 388	1 005	184	331	8 908	7 344
Viken	14 699	921	185	1 083	16 887	16 404
Foreign	0	0	9 923	0	9 923	10 766
Not allocated	0	0	0	12	12	6
Accrued interest	194	6	18	3	222	270
Total	57 500	3 721	13 009	3 194	77 424	71 391

¹ This category covers local authority business operations, as well as enterprises owned by central and local government

KLP has a lending portfolio of high-quality, with limited credit risk and historically very low losses. In the main KLP provides loans secured on housing with a loan-to-value ratio less than 80 per cent, loans to local authorities and loans with government (central/local) guarantees. Lending secured through mortgages on housing amounts to NOK 3.2 billion. The sector diversification of KLP lending is very small, since a very high proportion of the loans are to the public sector. The concentration risk this suggests is however hardly realistic since the loans are covered by public sector guarantee, which involves an extremely low counterparty risk.

In addition, KLP have a NOK 13 billion intra-group loan that is included in “Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities”.

NOK MILLIONS	2020	2019
INDIVIDUAL WRITE-DOWNS ON LOANS AT AMORTIZED COST		
Number of loans	1	1
Total principal before write-downs	0.50	0.77
Write-downs	0.50	0.32
Total principal after write-downs	0.00	0.45
INDIVIDUAL WRITE-DOWNS		
Write-down on individual loans 01.01.	0.30	0.29
Known losses for the period where individual write-down has been carried out previously	0.00	0.00
Write-down on individual loans for the period	0.20	0.03
Reversal of write-down on individual loans for the period	0.00	0.00
Write-down on individual loans	0.00	0.32
GROUP WRITE-DOWNS		
Write-down on group of loans 01.01.	0.10	0.05
Write-down on group of loans for the period	0.00	0.02
Write-down on group of loans 31.12.	0.10	0.07

LOANS OVERDUE

NOK MILLIONS	2020 Remaining debt	2019 Remaining debt
LOANS OVERDUE		
30-90 days	7	8
over 90 days	6	10
Total overdue loans	13	18

The numbers are absolute figures, the amounts are given in NOK million. Defaulted loans are loans measured at amortized cost. All write-downs are in regard to housing mortgage lending.

Note 14 Shares and holdings in subsidiaries, associated enterprises and jointly controlled entities

NOK MILLIONS	Organization number	Holding %	OE on first acquisition	Acquisition cost	Book value 31.12.19	Additions/ disposals	Value adjustment	Profit/ loss share	Equity transaction ¹	Dividend	Book value 31.12.20
SHARES IN THE CORPORATE PORTFOLIO PROPERTY SUBSIDIARIES											
KLP Huset AS											
Dronning Eufemiasgate 10	889828382	100.0 %	0.00	0.10	2 176.10	0.00	343.22	70.02	-53.87	0.00	2 535.48
0191 Oslo											
KLP Zander Kaaes gt. 7 AS											
Abels gate 9	999659527	100.0 %	0.00	790.22	828.52	0.00	9.21	35.26	-27.98	0.00	845.02
7030 Trondheim											
Total shares and units in property subsidiaries in the corporate portfolio			0.00	790.32	3 004.63	0.00	352.44	105.28	-81.85	0.00	3 380.50
SHARES IN THE CORPORATE PORTFOLIO SUBSIDIARIES (EXCL. PROPERTY)											
KLP Skadeforsikring AS											
Dronning Eufemiasgate 10	970896856	100.0 %	58.67	78.67	1 940.52	0.00	0.00	170.36	0.00	0.00	2 110.88
0191 Oslo											
KLP Bedriftspensjon AS											
Dronning Eufemiasgate 10	990329389	100.0 %	50.00	50.00	591.11	-591.11	0.00	0.00	0.00	0.00	0.00
0191 Oslo											
KLP Kapitalforvaltning AS											
Dronning Eufemiasgate 10	968437666	100.0 %	6.55	14.00	318.07	0.00	0.00	23.48	-6.99	0.00	334.57
0191 Oslo											

NOK MILLIONS	Organization number	Holding %	OE on first acquisition	Acquisition cost	Book value 31.12.19	Additions/ disposals	Value adjustment	Profit/ loss share	Equity transaction ¹	Dividend	Book value 31.12.20
KLP Forsikringservice AS											
Dronning Eufemiasgate 10	967696676	100.0 %	0.05	0.10	4.72	0.00	0.00	-0.17	-0.16	0.00	4.38
0191 Oslo											
KLP Bankholding AS											
Dronning Eufemiasgate 10	993749532	100.0 %	15.10	15.10	2 228.01	0.00	0.00	129.85	100.00	0.00	2 457.86
0191 Oslo											
Total shares and units in subsidiaries (excl. property) in the corporate portfolio			130.37	157.87	5 082.42	-591.11	0.00	323.52	92.85	0.00	4 907.68
ASSOCIATED ENTERPRISES IN THE CORPORATE PORTFOLIO											
Norsk Pensjon AS											
Hansteens gate 2	890050212	25.0 %	5.00	2.50	1.77	0.00	0.00	0.00	0.00	0.00	1.77
0253 Oslo											
Fylkeshuset AS											
Fylkeshuset	930591114	48.0 %	0.05	0.05	0.05	0.00	0.00	0.00	0.00	0.00	0.05
6404 Molde											
Total shares and units in associated enterprises in the corporate portfolio			5.05	2.55	1.82	0.00	0.00	0.00	0.00	0.00	1.82
Total shares and units in other subsidiaries, associated enterprises and jointly controlled entities in the corporate portfolio			135.42	160.41	5 084.24	-591.11	0.00	323.52	92.85	0.00	4 909.50
Total subsidiaries, associated enterprises and jointly controlled entities			135.42	950.74	8 088.87	-591.11	352.44	428.80	11.00	0.00	8 290.00
PROPERTY SUBSIDIARIES											
SHARES IN THE COMMON AND INVESTMENT OPTION PORTFOLIOS											
KLP Eiendom AS											
Dronning Eufemiasgate 10	988394750	100.0 %	0.10	0.14	54 176.29	0.00	3 511.40	2 519.91	1 757.81	0.00	61 965.40

NOK MILLIONS	Organization number	Holding %	OE on first acquisition	Acquisition cost	Book value 31.12.19	Additions/ disposals	Value adjustment	Profit/ loss share	Equity transaction ¹	Dividend	Book value 31.12.20
0191 Oslo											
Total shares and units in property subsidiaries in the common and investment option portfolios			0.10	0.14	54 176.29	0.00	3 511.40	2 519.91	1 757.81	0.00	61 965.40
SUBSIDIARIES IN THE COMMON PORTFOLIO											
Copenhagen Infrastructure Partners III GP APS											
Nørregade 21		100.0 %	0.06	13.51	5.54	5.69	0.00	2.81	0.00	0.00	14.04
1165 København K. Denmark											
Copenhagen Infrastructure Partners II GP APS											
Nørregade 21		100.0 %	8.88	16.30	14.01	1.80	0.00	-13.60	0.00	0.00	2.21
1165 København K. Denmark											
Total shares and units in subsidiaries in the common portfolio			8.94	29.81	19.55	7.49	0.00	-10.79	0.00	0.00	16.25
JOINTLY CONTROLLED ENTITIES IN THE COMMON PORTFOLIO											
KLP Norfund Investments IS											
Fridtjof Nansens plass 4	999548636	49.0 %	0.05	613.51	614.97	50.91	0.00	44.71	0.00	0.00	710.59
0160 OSLO											
Total shares and units in jointly controlled entities in the common portfolio			0.05	613.51	614.97	50.91	0.00	44.71	0.00	0.00	710.59
ASSOCIATED ENTERPRISES IN THE COMMON PORTFOLIO											
Norfinance AS											
Fridtjof Nansens plass 4	912764729	46.5 %	92.30	443.49	538.10	12.37	0.00	-44.37	0.00	-4.65	501.45
0160 OSLO											

NOK MILLIONS	Organization number	Holding %	OE on first acquisition	Acquisition cost	Book value 31.12.19	Additions/ disposals	Value adjustment	Profit/ loss share	Equity transaction ¹	Dividend	Book value 31.12.20
Tensio AS											
Kjøpmannsgata 7A	922828172	20.0 %	1 652.60	1 502.60	1 246.08	-150.00	0.00	63.46	0.00	-57.20	1 102.33
7500 STJØRDAL											
Neas AS											
Industriveien 1	960684737	33.3 %	356.50	356.50	0.00	356.50	0.00	-41.58	0.00	0.00	314.92
6517 Kristiansund N											
Runde Holdco AS											
Vestre Strømkaien 7	923101284	20.6 %	400.00	400.00	0.00	400.00	0.00	-1.43	0.00	0.00	398.57
5008 Bergen											
Odal Vindkraftverk AS											
Pausvegen 6	924824905	41.5 %	329.75	278.53	0.00	278.53	0.00	-1.67	0.00	0.00	276.86
1927 Rånåsfoss											
Copenhagen Infrastructure III GP APS											
Nørregade 21		33.3 %	0.02	0.02	0.02	0.00	0.00	0.00	0.00	0.00	0.02
1165 København K.											
Denmark											

NOK MILLIONS	Organization number	Holding %	OE on first acquisition	Acquisition cost	Book value 31.12.19	Additions/ disposals	Value adjustment	Profit/ loss share	Equity transaction ¹	Dividend	Book value 31.12.20
Stena Renewable AB											
Rosenlundsg.3 Box 7123		30.0 %	600.17	784.43	660.75	126.52	0.00	71.47	0.00	0.00	858.74
402 33 Göteborg											
Sweden											
Skaftåsen Bidco AB											
BOX 16285		23.2 %	85.70	85.70	0.00	85.70	0.00	-11.16	0.00	0.00	74.54
103 25 Stockholm											
Sweden											
Total shares and units in associated enterprises in the common portfolio			3 517.04	3 851.27	2 444.95	1 109.63	0.00	34.72	0.00	-61.85	3 527.45
Total shares and units in other subsidiaries, associated enterprises and jointly controlled entities in the common portfolio			3 526.03	4 494.59	3 079.47	1 168.03	0.00	68.63	0.00	-61.85	4 254.28

¹ The column equity transaction include group contribution

All shares and other holdings have equal voting proportions.

Note 15 **Shares and equity fund units**

Norwegian shares and equity fund units are disclosed with business registered number.

Market value is stated in millions of kroner. This means that if the market value is lower than NOK 0.5 million, it will be reported as 0.

NOK MILLIONS	Organisation number	Volume	Market value
NORWAY			
NMI GP IV AS	922100209	1 331 815	13
NORDIC CREDIT RATING AS	911721287	29 970	5
SOLGAARDEN SA	965585850	137	2
TOPCO AS (OSLOFJORD VARME)		180	242
TOTAL, UNSPECIFIED			261
EUROPRIAS ASA		478 686	24
KONGSBERG AUTOMOTIVE ASA		1 034 451	0
SATS ASA		171 766	4
XXL ASA		403 399	8
TOTAL, CONSUMER DISCRETIONARY			37
GRIEG SEAFOOD ASA	946598038	132 605	11
KALERA AS		958 123	31
LEROY SEAFOOD GROUP ASA		859 512	52
MARINE HARVEST	964118191	1 373 349	262
ORKLA	910747711	2 343 290	204
SALMAR ASA		162 993	82
TOTAL, CONSUMER STAPLES			643
2VK INVEST AS	986977376	2 690 000	2
AKER BP ASA	989795848	311 441	67
AKER SOLUTIONS HOLDING ASA	913748174	431 778	7
DNO ASA	921526121	1 689 532	12
EQUINOR ASA	923609016	3 391 901	492
PETROLEUM GEO-SERVICES	916235291	1 117 790	6
READ WELL SERVICES HOLDING (a-aksje) AS	995280221	113 939	0
READ WELL SERVICES HOLDING (b-aksje) AS	995280221	990 546	3
TGS NOPEC GEOPHYSICAL CO ASA		337 455	45
TOTAL, ENERGY			633
ABG SUNDAL COLLIER HOLDING ASA		1 082 638	7
AKER ASA-A SHARES	886581432	75 040	42
AXACTOR	921896328	374 641	4
B2 HOLDING ASA	992249986	946 717	7
DNB ASA		2 761 084	463
GJENSIDIGE FORSIKRING ASA	995568217	569 322	109

NOK MILLIONS	Organisation number	Volume	Market value
NORDIC MICROFINANCE INITIATIVE	917763399	6 124 367	12
NORWEGIAN FINANCE HOLDING AS		431 162	32
NORWEGIAN MICROFINANCE INITIATIVE	917763399	8 118 127	14
SPAREBANK 1 SR BANK ASA	937895321	529 006	48
STOREBRAND ASA	916300484	1 347 766	87
TOTAL, FINANCIAL			824
BERGENBIO ASA		137 141	4
MEDI-STIM		35 673	9
NORDIC NANOVECTOR ASA		181 396	3
PCI BIOTECH HOLDING ASA		107 579	3
PHOTOCURE		69 166	7
REDCORD AS	960304977	7 100	0
TOTAL, HEALTHCARE			27
AF GRUPPEN ASA		212 349	37
AMERICAN SHIPPING COMPANY AS		96 180	3
HIDDN SOLUTIONS ASA		2 195	0
BONHEUR ASA	830357432	62 621	15
FJORD1 ASA	983472583	40 372	2
HEXAGON COMPOSITES ASA	938992185	339 957	19
HEXAGON PURUS HOLDING AS		473	0
KONGSBERG GRUPPEN ASA	943753709	258 319	45
MPC CONTAINER SHIPS AS		171 046	1
NEL ASA		3 824 817	111
NORWEGIAN AIR SHUTTLE AS	965920358	4 721	0
OTOVO AS - A SHARES		238 806	36
OTOVO AS - PREF SHARES		42 000	6
TOMRA SYSTEMS ASA	927124238	319 397	135
VEIDEKKE ASA	917103801	293 238	32
WALLENUS WILHELMSSEN LOGISTI	995216604	304 779	7
TOTAL, INDUSTRY			450
ATEA ASA		238 104	29
BOUVET ASA		26 630	19
CRAYON GROUP HOLDING AS	997602234	99 355	12
IDEX ASA		2 072 697	6
KITRON ASA		517 038	9
NORDIC SEMICONDUCTOR ASA		509 682	70
Q-FREE ASA	935487242	4 350 635	24
TOTAL, IT			170
ELKEM ASA	911382008	755 158	21
NORSK HYDRO ASA	914778271	4 273 504	170
YARA INTERNATIONAL	986228608	515 461	184

NOK MILLIONS	Organisation number	Volume	Market value
TOTAL, RAW MATERIALS			375
ENTRA ASA	999296432	499 197	97
OLAV THON EIENDO	914594685	76 943	14
TOTAL, PROPERTY			111
Adevinta ASA	921796226	698 865	101
SCHIBSTED	933739384	6 774	2
SCHIBSTED ASA-B SHS	933739384	556 074	178
TELENOR		2 093 643	305
TOTAL, TELECOM			586
FJORDKRAFT HOLDING ASA		250 000	21
ISTAD AS		13 000	135
LOFOTKRAFT AS	986347801	10 290	135
RINGERIKS-KRAFT AS	976957628	150	218
SCATEC SOLAR ASA	990918546	301 101	103
TRONDERENERGI AS	980417824	1 652 744	1 199
TUSSA KRAFT AS		454	565
TOTAL, DISTRIBUTION			2 376
TOTAL NORWAY			6 493
FOREIGN			
BGP HOLDINGS		1 374 296	0
TOPICUS.COM INC		2 417	0
ABC-MART INC		2 200	1
ACCOR		9 185	3
ADIDAS		13 801	43
ADVANCE AUTO PARTS		4 200	6
AISIN SEIKI CO		12 600	3
AMAZON.COM		26 179	730
DELPHI AUTOMOTIVE PLC		15 009	17
ARAMARK		20 000	7
AUTOLIV INC		5 700	4
AUTOZONE		1 455	15
NAMCO BANDAI HOLDINGS		12 900	10
BARRATT DEVELOPMENTS		60 722	5
BMW STAMM		25 902	20
BMW VORZUG		3 485	2
BERKELEY GROUP HOLDINGS		7 056	4
BEST BUY CO		14 184	12
PRICELINE.COM		2 511	48
BORGWARNER INC		14 300	5
BRIDGESTONE CORP		33 800	9
BURBERRY GROUP		22 754	5

NOK MILLIONS	Organisation number	Volume	Market value
BURLINGTON STORES INC		3 800	9
CANADIAN TIRE CORP A		4 900	5
CARMAX		10 100	8
CARNIVAL CORP		103	0
CARNIVAL PLC(P AND O PRINCES		43 357	7
CARVANA CO		3 700	8
COMPASS GROUP		129 059	21
CONTINENTAL		8 526	11
DAIMLERCHRYSLER		64 387	39
DARDEN RESTAURANTS		7 300	7
DELIVERY HERO AG		10 135	13
DENSO CORP		30 300	15
DOLLAR GENERAL CORP		15 862	29
DOLLAR TREE INC		15 251	14
DOLLARAMA INC		16 900	6
DOMINO'S PIZZA INC		2 270	7
D.R. HORTON		23 900	14
EBAY		46 474	20
ELECTROLUX B		16 302	3
ESSILOR INTERNATIONAL		20 233	27
ETSY INC		8 200	12
EXPEDIA		7 350	8
FAST RETAILING CO		3 700	28
FAURECIA		7 344	3
FERRARI NV		9 433	19
FIAT CHRYSLER AUTOMOBILES NV		71 467	11
FORD MOTOR CO		226 908	17
GARMIN		8 200	8
GENERAL MOTORS CO		79 089	28
GENUINE PARTS CO		8 575	7
GILDAN ACTIVEWEAR		15 100	4
HASBRO		8 800	7
HELLOFRESH SE		10 417	7
HENNES & MAURITZ B		60 218	11
HERMES INTERNATIONAL		2 501	23
HIKARI TSUSHIN INC		1 900	4
HILTON WORLDWIDE HOLDINGS IN		17 233	16
HOME DEPOT		66 728	152
HONDA MOTOR CO		105 600	25
HUSQVARNA B		33 815	4
IIDA GROUP HOLDINGS CO LTD		10 500	2

NOK MILLIONS	Organisation number	Volume	Market value
INDITEX		86 144	23
INTERCONTINENTAL HOTELS		11 150	6
ISUZU MOTORS		39 500	3
JD SPORTS FASHION PLC		32 829	3
TAKEAWAY.COM NV		10 497	10
PPR		5 859	36
KINGFISHER		151 621	5
KOITO MFG		6 800	4
LEAR CORP		2 900	4
LENNAR CORP-A		19 100	12
LKQ CORP		16 100	5
LOWE'S COS		47 199	65
LULULEMON ATHLETICA INC		6 900	21
MAGNA INTERNATIONAL A		17 488	11
MARRIOTT INT'L A		16 710	19
MARUI GROUP CO LTD		13 400	2
MAZDA MOTOR CORP		49 700	3
MCDONALD'S CORP		45 049	83
MCDONALD'S HOLDINGS CO JAPAN		4 500	2
MERCADOLIBRE INC		2 600	37
MERCARI INC		5 400	2
MICHELIN		12 663	14
MOHAWK INDUSTRIES		2 900	3
MONCLER SPA		17 546	9
NEWELL RUBBERMAID		17 518	3
NEXT		8 177	7
NGK SPARK PLUG CO		11 300	2
NIKE B		76 272	92
NISSAN MOTOR CO		137 400	6
NITORI CO		4 800	9
NVR INC		230	8
OCADO GROUP PLC		36 462	10
O'REILLY AUTOMOTIVE INC		4 606	18
ORIENTAL LAND CO		12 300	17
DON QUIJOTE CO LTD		23 400	5
PANASONIC CORP		148 200	15
PANDORA A/S		7 688	7
PELTON INTERACTIVE INC-A		13 400	17
PERSIMMON PLC		26 919	9
PEUGEOT SA		39 423	9
POOL CORP		2 700	9

NOK MILLIONS	Organisation number	Volume	Market value
PORSCHE AUTOMOBIL HOLDING SE		9 503	6
PROSUS NV		36 750	34
PULTE GROUP INC		15 866	6
PUMA		6 869	7
RAKUTEN		42 900	4
RENAULT		14 782	6
RESTAURANT BRANDS INTERN		17 448	9
RINNAI CORP		1 900	2
ROSS STORES		22 227	23
ROYAL CARIBBEAN CRUISES		8 908	6
RYOHIN KEIKAKU CO LTD		23 000	4
SEB SA		1 800	3
SEKISUI CHEMICAL CO		16 300	3
SEKISUI HOUSE		37 200	6
SHARP CORP		6 700	1
SHIMAMURA CO		1 500	1
SHIMANO		4 400	9
SODEXHO ALLIANCE		5 606	4
SONY CORP		82 100	70
STANLEY ELECTRIC CO		8 400	2
STARBUCKS CORP		72 601	66
FUJI HEAVY INDUSTRIES		38 000	6
SUMITOMO ELECTRIC IND		41 800	5
SUZUKI MOTOR CORP		23 100	9
SWATCH GROUP INH		2 000	5
SWATCH GROUP NAM		3 670	2
TARGET CORP		31 211	47
TAYLOR WIMPEY		205 409	4
TESLA MOTORS INC		44 500	269
TIFFANY & CO		6 600	7
TJX COS		74 422	44
TOYODA GOSEI CO		6 200	2
TOYOTA INDUSTRIES CORP		8 400	6
TOYOTA MOTOR CORP		135 991	90
TRACTOR SUPPLY COMPANY		8 500	10
ULTA BEAUTY INC		3 700	9
USS CO		15 900	3
VAIL RESORTS INC		2 500	6
VALEO SA		18 960	6
VF CORP		21 600	16
VOLKSWAGEN STAMM		1 778	3

NOK MILLIONS	Organisation number	Volume	Market value
VOLKSWAGEN VORZUG		14 642	23
WAYFAIR INC- CLASS A		5 000	10
WESFARMERS		72 221	24
WHIRLPOOL CORP		3 240	5
WHITBREAD		17 391	6
YAMADA DENKI CO		38 500	2
YAMAHA CORP		7 500	4
YAMAHA MOTOR CO		28 600	5
YUM BRANDS		17 882	17
ZALANDO SE		10 677	10
START TODAY CO LTD		4 100	1
TOTAL, CONSUMER DISCRETIONARY			3 214
A2 MILK CO LTD		47 347	4
AEON CO		45 500	13
AJINOMOTO CO		33 000	6
ALIMENTATION COUCHE-T. B		59 934	17
ARCHER-DANIELS-MIDLAND		37 221	16
ASSOCIATED BRITISH FOODS		28 099	7
BARRY CALLEBAUT AG-REG		169	3
BEIERSDORF		9 419	9
BUNGE		10 000	6
CALBEE INC		5 400	1
CAMPBELL SOUP CO (US)		12 448	5
CARREFOUR		52 708	8
LINDT & SPRUENGLI PART		90	8
LINDT AND SPRUENGLI NAMEN		9	8
CHURCH & DWIGHT CO INC		18 000	13
CLOROX CO		8 418	15
COCA-COLA WEST COMPANY LIMITED		14 000	2
COCA-COLA CO		279 666	131
COCA-COLA EUROPEAN PARTNERS		20 100	9
COCA-COLA HBC AG-CDI		14 949	4
COLES GROUP LTD		92 176	11
COLGATE-PALMOLIVE		57 159	42
COLRUYT		5 739	3
CONAGRA FOODS INC		27 239	8
COSMOS PHARMACEUTICAL CORP		800	1
COSTCO WHOLESALE CORP		30 306	98
DANONE		52 947	30
EMPIRE CO LTD 'A'		12 900	3
ESSITY AKTIEBOLAG-B		50 010	14

NOK MILLIONS	Organisation number	Volume	Market value
ESTEE LAUDER COS A		15 628	36
GENERAL MILLS		42 430	21
HENKEL AG & CO KGAA		8 701	7
HENKEL AG & CO KGAA		14 105	14
HERSHEY CO (THE)		10 000	13
HORMEL FOODS CORP		18 800	8
ICA GRUPPEN AB		4 791	2
ITO EN		4 400	2
JDE PEET'S NV		7 375	3
JERONIMO MARTINS SGPS		20 713	3
J.M.SMUCKER		7 200	7
KAO CORP		37 000	24
KELLOGG CO		15 100	8
KERRY GROUP A		13 102	16
KESKO B		22 053	5
DR PEPPER SNAPPLE GROUP-W/I		25 200	7
KIKKOMAN CORP		11 200	7
KIMBERLY-CLARK CORP		24 023	28
KOBAYASHI PHARMACEUTICAL CO		3 600	4
KOBE BUSSAN CO LTD		10 200	3
AHOLD (KON.)		94 377	23
KOSE CORP		2 300	3
KRAFT HEINZ CO/THE		43 296	13
KROGER CO		50 476	14
LAMB WESTON HOLDINGS INC		10 300	7
LAWSON		1 900	1
LION CORP		17 000	4
LOBLAW COMPANIES LTD		12 537	5
LOREAL		21 533	70
MCCORMICK & CO NV		18 642	15
MEIJI HOLDINGS CO LTD		7 600	5
METRO A		17 407	7
KRAFT FOODS A		101 049	51
MONSTER BEVERAGE CORP		27 987	22
NESTLE		247 188	250
NIPPON MEAT PACKERS		7 600	3
NISSHIN SEIFUN GROUP		20 105	3
NISSIN FOODS HOLDINGS CO LTD		5 900	4
BAKKAFROST P/F		162 065	99
PEPSICO		95 841	122
PIGEON CORP		10 100	4

NOK MILLIONS	Organisation number	Volume	Market value
POLA ORBIS HOLDINGS INC		6 000	1
PROCTER & GAMBLE CO		171 535	204
RECKITT BENCKISER GROUP PLC		60 828	47
SAINSBURY (J)		174 012	5
SAPUTO		12 466	3
SEVEN AND I HOLDINGS CO		57 540	17
SHISEIDO CO		30 100	18
SUNDRUG CO LTD		4 400	2
SUNTORY BEVERAGE & FOOD LTD		7 200	2
SYSCO CORP		33 167	21
TESCO		839 727	23
TOYO SUISAN KAISHA		5 800	2
TSURUHA HOLDINGS INC		2 400	3
TYSON FOODS A		16 600	9
UNI-CHARM CORP		33 000	13
UNILEVER PLC		236 316	121
WALGREEN CO		53 232	18
WAL-MART STORES INC		97 700	121
WELCIA HOLDINGS CO LTD		3 800	1
WESTON (GEORGE)		3 799	2
WH GROUP LTD		816 000	6
WILMAR INTERNATIONAL		144 900	4
MORRISON WM SUPERMARKETS		245 621	5
WOOLWORTHS LTD		96 959	25
YAKULT HONSHA CO		8 300	4
YAMAZAKI BAKING CO		10 000	1
TOTAL, CONSUMER STAPLES			2 114
CALTEX AUSTRALIA		19 661	4
ATLANTICA TENDER DRILLING LT		4 548 536	3
AVANCE GAS HOLDING LTD		137 822	6
BAKER HUGHES A GE CO		49 481	9
BP		1 222 384	36
BW LPG LTD		220 090	13
BW OFFSHORE LTD		262 022	10
CABOT OIL & GAS CORP		28 300	4
CAMECO CORP		29 400	3
CHENIERE ENERGY INC		15 700	8
CHEVRON CORP		141 500	102
CONCHO RESOURCES INC		13 700	7
CONOCOPHILLIPS		81 887	28
JX HOLDINGS INC		225 155	7

NOK MILLIONS	Organisation number	Volume	Market value
ENI		142 124	13
EOG RESOURCES		42 000	18
EXXON MOBIL CORP		316 263	112
FRONTLINE LTD		247 740	13
GALP ENERGIA SGPS SA-B SHRS		22 889	2
HALLIBURTON CO		59 900	10
HESS		19 000	9
IDEMITSU KOSAN CO		8 863	2
INDEPENDENT TANKERS CORP LTD		1 539 877	0
INPEX CORPORATION		55 800	3
INTER PIPELINE LTD		39 156	3
KEYERA CORP		11 522	2
KINDER MORGAN INC		152 141	18
LUNDIN PETROLEUM		14 040	3
NESTE OIL		23 195	14
OCCIDENTAL PETROLEUM		58 784	9
OCCIDENTAL PETROLEUM-CW27		7 348	0
OIL SEARCH		149 935	4
OMV AG		10 350	4
ONEOK INC		32 100	11
PARKLAND FUEL CORP		12 358	3
PEMBINA PIPELINE CORP		40 909	8
PIONEER NATURAL RES.		11 800	11
REPSOL YPF		100 055	9
REPSOL SA-RTS		100 055	0
ROYAL DUTCH SHELL PLC-A SHS		9 251	1
ROYAL DUTCH SHELL B		483 384	71
SANTOS		114 065	5
SCHLUMBERGER		101 346	19
SUBSEA 7 SA		686 392	60
TRANSCANADA CORP		69 732	24
TENARIS SA		34 366	2
TOTAL		148 154	55
VALERO ENERGY CORP		29 735	14
VOPAK		5 938	3
WILLIAMS COS		86 743	15
WOODSIDE PETROLEUM		65 384	10
TOTAL, ENERGY			799
3I GROUP PLC		57 675	8
ABN AMRO GROUP NV-CVA		10 836	1
ACOM CO		18 600	1

NOK MILLIONS	Organisation number	Volume	Market value
ADMIRAL GROUP PLC		12 955	4
AEGON		150 990	5
AFLAC		41 944	16
AGEAS		14 188	6
AGNC INVESTMENT CORP		27 400	4
AIA GROUP LTD		729 460	77
ALLEGHANY CORP		700	4
ALLIANZ		25 158	53
ALLSTATE CORP		19 309	18
ALLY FINANCIAL INC		29 600	9
AMERICAN EXPRESS		41 874	43
AMERICAN FINANCIAL GROUP INC		5 000	4
AMERICAN INT'L GROUP		50 747	16
AMERIPRISE FINANCIAL		7 870	13
AMP LTD		229 635	2
AMUNDI SA		2 236	2
ANNALY CAPITAL MANAGEMENT IN		76 200	6
AON PLC-CLASS A		14 073	25
APOLLO GLOBAL MANAGEMENT INC		10 100	4
ARCH CAPITAL GROUP		24 400	8
ARTHUR J GALLAGHER & CO		11 300	12
ASSICURAZIONI GENERALI		68 251	10
ASSURANT		4 400	5
ASX		10 616	5
ATHENE HOLDING LTD-CLASS A		10 100	4
ANZ BANKING GROUP		170 943	26
AVIVA		255 036	10
AXA SA		116 563	24
BALOISE-HOLDING AG		2 727	4
BANCO BILBAO VIZCAYA ARGENTA		382 399	16
BANCO ESPIRITO SANTO		190 970	0
BSCH BCO SANTANDER CENTR		1 045 740	28
BANK HAPOALIM BM		51 556	3
BANK LEUMI LE-ISRAEL		87 201	4
BANK OF AMERICA CORP		469 510	122
BANK EAST ASIA		77 706	1
BANK KYOTO		5 200	2
BANK MONTREAL		38 552	25
BANK NEW YORK MELLON		49 281	18
BANK NOVA SCOTIA		73 501	34
BANQUE CANTONALE VAUDOIS-REG		2 090	2

NOK MILLIONS	Organisation number	Volume	Market value
BARCLAYS		986 421	17
BERKSHIRE HATHAWAY B		82 651	164
BLACKROCK INC		9 108	56
BLACKSTONE GROUP INC/THE-A		39 500	22
BNP PARIBAS		67 833	31
BOC HONG KONG HOLDINGS		223 200	6
BROOKFIELD ASSET MAN A		80 443	28
BROWN & BROWN INC		12 200	5
CAIXABANK		200 711	4
CANADIAN IMPERIAL BANK		26 308	19
CAPITAL ONE FINANCIAL		28 088	24
CARLYLE GROUP INC/THE		8 600	2
CBOE HOLDINGS INC		6 500	5
CHIBA BANK		45 000	2
ACE		27 316	36
CI FINANCIAL INCOME FUND		15 500	2
CINCINNATI FINL CORP		9 300	7
CITIGROUP		124 526	66
CITIZENS FINANCIAL GROUP		25 000	8
CHICAGO MERCANTILE EXCH		21 620	34
CNP ASSURANCES		11 687	2
COMMERZBANK		87 323	5
COMMONWEALTH BANK		106 756	58
BANK YOKOHAMA		74 000	2
CREDIT AGRICOLE		61 911	7
CREDIT SUISSE		142 911	16
DAI-ICHI LIFE INSURANCE		59 900	8
DAIWA SECURITIES GROUP		109 000	4
DANSKE BANK		33 048	5
DBS GROUP HOLDINGS		105 169	17
DEUTSCHE BANK NAMEN		102 058	10
DEUTSCHE BOERSE AG		11 063	16
DIRECT LINE INSURANCE GROUP		87 441	3
DISCOVER FINANCIAL SERVICES		17 844	14
EQT AB		16 198	4
AXA EQUITABLE HOLDINGS INC		22 200	5
ERIE INDEMNITY COMPANY-CL A		1 900	4
ERSTE GROUP BANK AG		16 658	4
EURAZEO		2 723	2
EVEREST RE GROUP		2 900	6
EXOR NV		6 673	5

NOK MILLIONS	Organisation number	Volume	Market value
FACTSET RESEARCH SYSTEMS INC		2 600	7
FAIRFAX FINANCIAL HLDGS		1 632	5
FIDELITY NAT'L FINANCIAL		14 100	5
FIFTH THIRD BANCORP		42 005	10
FINECOBANK SPA		37 469	5
FIRST REPUBLIC BANK/CA		11 200	14
FRANKLIN RESOURCES		18 104	4
FUKUOKA FINANCIAL GROUP		8 400	1
TORCHMARK CORP		5 300	4
GOLDMAN SACHS GROUP		19 174	43
GREAT WEST LIFECO		19 848	4
GROUPE BRUXELLES LAMBERT		7 202	6
GROUPE BRUXELLES LAMBERT SA		2 577	2
HANG SENG BANK		46 700	7
HANNOVER RUECKVERSICH.		3 517	5
HARGREAVES LANSDOWN PLC		20 856	4
HARTFORD FINANCIAL SVCS		21 811	9
HONG KONG EXCH.&CLEARING		72 181	34
HSBC HOLDINGS (GB)		1 191 511	53
HUNTINGTON BANCSHARES INC		56 000	6
IA FINANCIAL CORP INC		8 676	3
IGM FINANCIAL		7 300	2
INDUSTRIVARDEN A		9 161	3
INDUSTRIVARDEN C		10 187	3
ING GROEP		223 133	18
INSURANCE AUSTRALIA GRP.		162 917	5
INTACT FINANCIAL CORP		7 800	8
INTERCONTINENTAL		33 595	33
INTESA SANPAOLO ORD		1 003 793	20
INVESCO LTD		28 858	4
INVESTOR B		25 316	16
ISRAEL DISCOUNT BANK-A		85 200	3
JAPAN EXCHANGE GROUP INC		32 500	7
JAPAN POST BANK CO LTD		25 500	2
JAPAN POST HOLDINGS CO LTD		95 000	6
JAPAN POST INSURANCE CO LTD		19 000	3
JPMORGAN CHASE & CO		180 215	196
JULIUS BAER GROUP LTD		12 701	6
KBC GROUPE		14 306	9
KEYCORP		60 600	9
Kinnevik AB ser. B		9 499	4

NOK MILLIONS	Organisation number	Volume	Market value
KKR & CO INC -A		27 700	10
LEGAL & GENERAL GROUP		385 800	12
LINCOLN NATIONAL CORP		9 082	4
LLOYDS BANKING GROUP PLC		4 224 078	18
LOEWS CORP		16 900	7
LONDON STOCK EXCHANGE		18 512	20
LUNDBERGFÖRETAGEN AB, L E SER. B		2 470	1
M & T BANK CORP		7 416	8
M&G PLC		189 065	4
MACQUARIE BANK		19 848	18
MAGELLAN FINANCIAL GROUP LTD		9 041	3
MANULIFE FINANCIAL CORP		115 114	18
MARKEL CORP		850	8
MARKETAXESS HOLDINGS INC		2 200	11
MARSH AND MCLENNAN COS		30 454	31
MEDIBANK PRIVATE LTD		176 403	3
MEDIOBANCA		40 060	3
METLIFE		45 598	18
MITSUBISHI UFJ FIN GRP		741 798	28
MITSUBISHI UFJ LEASE FIN		37 700	2
MIZRAHI TEFAHOT BANK LTD		10 489	2
MIZUHO FINANCIAL GROUP		140 941	15
MOODYS CORP		10 276	26
MORGAN STANLEY		80 687	47
MS&AD INSURANCE GROUP HOLDINGS		26 120	7
MSCI INC		4 900	19
MUENCHENER RUECKVERSICH.		8 524	22
NASDAQ OMX GROUP/THE		7 100	8
NATIONAL AUSTRALIA BANK		205 544	31
NATIONAL BANK OF CANADA		20 192	10
NATIXIS		60 903	2
ROYAL BANK OF SCOTLAND		251 441	5
NN GROUP NV		16 215	6
NOMURA HOLDINGS		200 100	9
NORDEA BANK ABP		209 007	15
NORTHERN TRUST CORP		10 950	9
ONEX CORPORATION		5 400	3
ORIX CORP		82 900	11
OCBC BANK		191 514	12
PARTNERS GROUP HOLDING AG		1 005	10
PHOENIX GROUP HOLDINGS PLC		28 601	2

NOK MILLIONS	Organisation number	Volume	Market value
PNC FINL SERVICES GROUP		26 428	34
POSTE ITALIANE SPA		30 561	3
POWER CORP OF CANADA		32 083	6
PRINCIPAL FINANCIAL GRP		15 400	7
PROGRESSIVE CORP		35 252	30
PRUDENTIAL FINANCIAL		22 802	15
PRUDENTIAL		153 992	24
QBE INSURANCE GROUP		97 333	5
RAIFFEISEN BANK INTERNATIONAL		9 818	2
RAYMOND JAMES FINANCIAL INC		6 640	5
REGIONS FINANCIAL (NEW)		51 541	7
REINSURANCE GROUP OF AMERICA		3 900	4
RENAISSANCERE HOLDINGS		2 800	4
RESONA HOLDINGS		109 642	3
ROYAL BANK OF CANADA		86 642	61
RSA INSURANCE GROUP PLC		64 641	5
S&P GLOBAL INC		14 739	41
SAMPO OYJ-A SHS		29 669	11
SBI HOLDINGS		14 070	3
SCHRODERS		8 983	4
SCHWAB (CHARLES) CORP		84 368	38
SCOR		9 679	3
SEI INVESTMENTS COMPANY		9 500	5
SHINSEI BANK		10 900	1
SHIZUOKA BANK		34 000	2
SINGAPORE EXCHANGE		48 400	3
SKAND.ENSKILDA BANKEN A		91 358	8
SOCIETE GENERALE		42 455	8
SOFINA		1 044	3
NKSJ HOLDINGS INC		20 700	7
ST JAMES'S PLACE PLC		24 619	3
STANDARD CHARTERED		171 176	9
STANDARD LIFE		132 111	4
STATE STREET CORP		22 643	14
SUMITOMO MITSUI FINL GRP		78 571	21
SUMITOMO MITSUI TRUST HOLDINGS		19 776	5
SUN LIFE FINANCIAL		33 327	13
SUNCORP GROUP LTD		68 134	4
SVB FINANCIAL GROUP		3 700	12
SVENSKA HANDELSBANKEN-A SHS		104 094	9
SWEDBANK		48 935	7

NOK MILLIONS	Organisation number	Volume	Market value
SWISS LIFE HOLDING		1 843	7
SWISS RE LTD		18 994	15
SYNCHRONY FINANCIAL		35 110	10
PRICE (T. ROWE) GROUP		13 223	17
T&D HOLDINGS		38 100	4
TMX GROUP LTD		3 400	3
TOKIO MARINE HOLDINGS INC		37 679	17
TOKYO CENTURY CORP		3 200	2
TORONTO-DOMINION BANK		110 687	53
TRADEWEB MARKETS INC-CLASS A		4 700	3
TRAVELERS COS		15 310	18
BB&T CORP		80 902	33
TRYG A/S		8 165	2
UBS NAMEN		232 725	28
UNICREDIT SPA		108 679	9
UNITED OVERSEAS BANK		69 623	10
US BANCORP		79 532	32
ING US INC		7 100	4
WELLS FARGO & CO		242 962	63
WENDEL		2 001	2
WESTPAC BANKING		218 590	28
WILLIS GROUP HOLDINGS PLC		8 168	15
BERKLEY (W.R.) CORP		8 450	5
ZURICH FINL SERVICES		9 022	33
TOTAL, FINANCIAL			3 365
10X GENOMICS INC-CLASS A		4 200	5
ABBOTT LABORATORIES		107 000	100
ABBVIE INC		106 636	98
ABIOMED INC		3 000	8
AGILENT TECHNOLOGIES		17 021	17
ALCON INC		25 574	15
ALEXION PHARMACEUTICALS INC		14 000	19
ALFRESA HOLDINGS		10 700	2
ALIGN TECHNOLOGY INC		4 700	21
ALNYLAM PHARMACEUTICALS INC		6 300	7
AMBU A/S-B		10 544	4
AMERISOURCEBERGEN		8 184	7
AMGEN		35 923	71
AMPLIFON SPA		7 430	3
ANTHEM INC		15 296	42
ARGENX SE		2 470	6

NOK MILLIONS	Organisation number	Volume	Market value
ASAHI INTECC CO LTD		16 200	5
ASTELLAS PHARMA		111 820	15
ASTRAZENECA		78 997	68
AVANTOR INC		25 900	6
VALEANT PHARMACEUTICALS INTERN		12 215	2
BAXTER INTERNATIONAL		29 317	20
BAYER		59 246	30
BECTON DICKINSON		16 481	35
BIOGEN IDEC		10 894	23
BIOMARIN PHARMACEUTICAL INC		11 200	8
BIOMERIEUX		2 486	3
BIO-RAD LABORATORIES-A		1 500	7
BOSTON SCIENTIFIC CORP		84 227	26
BRISTOL-MYERS SQUIBB CO		134 378	71
CARDINAL HEALTH		17 633	8
CARL ZEISS MEDITEC AG - BR		2 900	3
CATALENT INC		9 200	8
CENTENE CORP		35 320	18
CERNER CORP		19 200	13
CHUGAI PHARMACEUTICAL CO		44 400	20
CIGNA CORP		22 508	40
COCHLEAR		3 558	4
COLOPLAST B		7 354	10
COOPER COS INC/THE		3 000	9
CSL LIMITED		27 371	51
CVS/CAREMARK		78 677	46
DAIICHI SANKYO CO		101 925	30
DANAHER CORP		37 823	72
DAVITA		6 200	6
WILLIAM DEMANT HOLDING		8 840	3
DENTSPLY SIRONA INC		12 900	6
DEXCOM INC		5 700	18
DIASORIN SPA		1 527	3
EDWARDS LIFESCIENCES CORP		37 800	30
EISAI CO		15 900	10
ELANCO ANIMAL HEALTH INC		21 263	6
LILLY (ELI) AND CO		52 223	75
EUROFINS SCIENTIFIC		7 000	5
EXACT SCIENCES CORP		7 100	8
FISHER & PAYKEL HEALTHCARE C		31 220	6
FRESENIUS MED. CARE ST		12 448	9

NOK MILLIONS	Organisation number	Volume	Market value
FRESENIUS SE & CO KGAA		27 910	11
GALAPAGOS NV		3 275	3
GENMAB		3 570	12
GILEAD SCIENCES		76 450	38
GLAXOSMITHKLINE		304 562	48
GN STORE NORD A/S		7 789	5
GRIFOLS SA - B		30 000	5
HCA HOLDINGS INC		16 200	23
HENRY SCHEIN INC		7 000	4
HIKMA PHARMACEUTICALS PLC		8 869	3
HISAMITSU PHARMACEUTICAL		1 000	1
HOLOGIC INC		16 500	10
HORIZON PHARMA PLC		12 900	8
HOYA CORP		22 500	27
HUMANA		8 000	28
IDEXX LABORATORIES INC		4 900	21
ILLUMINA INC		8 900	28
INCYTE CORP		11 700	9
INSULET CORP		3 200	7
INTUITIVE SURGICAL		7 000	49
IONIS PHARMACEUTICALS INC		9 600	5
IPSEN		2 500	2
QUINTILES TRANSNATIONAL HOLD		11 032	17
JAZZ PHARMACEUTICALS PLC		4 100	6
JOHNSON & JOHNSON		159 179	214
PHILIPS ELECTRS (KON.)		55 267	25
KYOWA HAKKO KIRIN CO LTD		12 700	3
LABORATORY CORP OF AMER		7 300	13
LONZA GROUP		4 367	24
H LUNDBECK A/S		5 000	1
M3 INC		26 700	22
MASIMO CORP		3 000	7
MCKESSON CORP		9 782	15
MEDIPAL HOLDINGS CORP		14 300	2
MEDTRONIC		80 804	81
MERCK AND CO		153 190	107
MERCK KGAA STAMM		7 097	10
METTLER-TOLEDO INTERNATIONAL		1 353	13
MODERNA INC		16 700	15
MOLINA HEALTHCARE INC		3 800	7
NEUROCRINE BIOSCIENCES INC		4 000	3

NOK MILLIONS	Organisation number	Volume	Market value
NIPPON SHINYAKU CO LTD		3 700	2
NMC HEALTH PLC		7 700	0
NOVARTIS		132 567	107
NOVO NORDISK A/S-B		106 541	64
NOVOCURE LTD		5 100	8
OLYMPUS CORP		72 700	14
ONO PHARMACEUTICAL CO		18 200	5
ORION-YHTYMAE B		7 047	3
ORPEA		3 387	4
OTSUKA HOLDINGS CO LTD		23 400	9
PEPTIDREAM INC		6 800	3
PERKINELMER INC		7 900	10
PERRIGO CO PLC		9 364	4
PFIZER		333 405	105
PPD INC		8 800	3
QIAGEN N.V.		11 519	5
QUEST DIAGNOSTICS		8 948	9
RAMSAY HEALTH CARE LTD		6 957	3
RECORDATI SPA		3 846	2
REGENERON PHARMACEUTICALS		6 017	25
RESMED INC		8 100	15
ROCHE HOLDING GENUSS		42 140	126
ROYALTY PHARMA PLC- CL A		7 200	3
RYMAN HEALTHCARE LTD		25 579	2
SANOFI		68 083	56
SANTEN PHARMACEUTICAL CO		23 100	3
SAREPTA THERAPEUTICS INC		3 300	5
SARTORIUS AG-VORZUG		2 600	9
SARTORIUS STEDIM BIOTECH		1 381	4
SEATTLE GENETICS INC		6 900	10
SHIONOGI & CO		14 900	7
SIEMENS HEALTHINEERS AG		7 421	3
SMITH & NEPHEW		56 040	10
SONIC HEALTHCARE		25 041	5
SONOVA HOLDING		3 389	8
STERIS PLC		4 600	7
STRAUMANN HOLDING		626	6
STRYKER CORP		20 399	43
DAINIPPON SUMITOMO PHARM		11 200	1
SUZUKEN CO		4 150	1
SYSMEX CORP		9 300	10

NOK MILLIONS	Organisation number	Volume	Market value
TAISHO PHARMACEUTICAL CO		2 600	1
TAKEDA PHARMACEUTICAL		98 084	31
TELADOC INC		4 200	7
TELEFLEX INC		3 000	11
TERUMO CORP		39 600	14
TEVA PHARMACEUTICAL-SP ADR		60 964	5
THERMO FISHER SCIENTIFIC		24 250	97
UCB (GROUPE)		8 462	7
UNITEDHEALTH GROUP		57 793	173
UNIVERSAL HEALTH SERVICES-B		5 783	7
VARIAN MEDICAL SYSTEMS		5 500	8
VEEVA SYSTEMS INC-CLASS A		8 300	19
VERTEX PHARMACEUTICALS		15 572	31
VIATRIS INC		77 377	12
GALENICA AG-REG		3 180	4
WATERS CORP		3 853	8
WEST PHARMACEUTICAL SERVICES		3 900	9
ZIMMER HOLDINGS		11 659	15
ZOETIS INC		28 778	41
TOTAL, HEALTHCARE			3 415
3M CO		41 033	61
AP MOLLER MAERSK A		624	11
AP MOLLER MAERSK B		38	1
ABB LTD		129 144	31
ACS ACTIV. CONST. Y SVCS		24 773	7
ADECCO		8 554	5
ADP		1 372	2
AENA SA		3 776	6
ASAHI GLASS CO		8 060	2
AIR CANADA		11 500	2
ALFA LAVAL		13 055	3
ALLEGION PLC		5 900	6
ALSTOM		19 223	9
AMADA CO		31 300	3
AMERCO		200	1
AMETEK INC		16 650	17
ALL NIPPON AIRWAYS CO		8 700	2
ASHTED GROUP PLC		35 424	14
ASSA ABLOY AB-B		71 960	15
ATLANTIA		27 131	4
ATLAS COPCO A		45 542	20

NOK MILLIONS	Organisation number	Volume	Market value
ATLAS COPCO AB-B SHS		26 751	10
AUCKLAND INT'L AIRPORT		37 023	2
QR NATIONAL LTD		139 065	4
BOUYGUES ORD		14 824	5
BRAMBLES		90 763	6
BRENNTAG AG		13 243	9
BUNZL		24 080	7
BUREAU VERITAS SA		19 575	4
CH ROBINSON WORLDWIDE		10 400	8
CAE		18 324	4
CANADIAN NAT'L RAILWAY		50 616	47
CP RAILWAY		10 540	31
CARRIER GLOBAL CORP		58 874	19
CATERPILLAR		37 328	58
CENTRAL JAPAN RAILWAY CO		8 200	10
CINTAS CORP		5 897	18
CK HUTCHISON HOLDINGS LTD		156 917	9
CNH INDUSTRIAL NV		66 564	7
SAINT-GOBAIN		34 776	14
COPART INC		14 900	16
COSTAR GROUP INC		2 600	21
CSX CORP		53 126	41
CUMMINS		10 900	21
DAI NIPPON PRINTING CO		18 500	3
DAIFUKU CO LTD		6 900	7
DAIKIN INDUSTRIES		15 300	29
DASSAULT AVIATION SA		172	2
DCC PLC		4 486	3
DEERE & CO		20 334	47
DELTA AIR LINES		12 370	4
LUFTHANSA		15 302	2
DEUTSCHE POST		67 969	29
DOVER CORP		11 077	12
DSV DE SAMMENSLUT VOGN		14 068	20
EAST JAPAN RAILWAY CO		17 002	10
EATON CORP		29 116	30
EIFFAGE		3 807	3
EMERSON ELECTRIC CO		42 239	29
EPIROC AB-A		37 443	6
EPIROC AB-B		35 802	5
EQUIFAX		8 500	14

NOK MILLIONS	Organisation number	Volume	Market value
EXPEDITORS INTL WASH.		12 400	10
EXPERIAN PLC		62 559	20
FANUC CORP		11 900	25
FASTENAL CO		42 600	18
FEDEX CORP		17 383	39
FERGUSON PLC		13 032	14
FERROVIAL SA		37 206	9
FORTIVE CORP		21 098	13
FORTUNE BRANDS HOME & SECURI		9 900	7
FUJI ELECTRIC CO LTD		9 200	3
GEA GROUP		7 628	2
GEBERIT		2 702	15
GENERAC HOLDINGS INC		4 100	8
GENERAL DYNAMICS CORP		17 300	22
GENERAL ELECTRIC CO		615 824	57
GROUPE EUROTUNNEL SA - REGR		24 997	4
GFL ENVIRONMENTAL INC-SUB VT		10 600	3
GOLDEN OCEAN GROUP LTD		216 386	9
HANKYU HANSHIN HLDG		11 400	3
HARMONIC DRIVE SYSTEMS INC		3 700	3
HEICO CORP		3 300	4
HEICO CORP-CLASS A		5 500	6
HINO MOTORS		18 700	1
HITACHI CONSTR. MACHINE.		9 200	2
HOCHTIEF		1 382	1
HOSHIZAKI ELECTRIC CO LTD		2 500	2
ARCONIC INC		30 550	7
HUNT (J.B.) TRANSPORT		6 700	8
IDEX CORP		5 500	9
IHS MARKIT LTD		25 704	20
ILLINOIS TOOL WORKS		21 750	38
GARDNER DENVER HOLDINGS INC		23 868	9
INTERTEK GROUP		11 310	7
ITOCHU CORP		81 800	20
JAPAN AIRLINES CO LTD		6 700	1
JAPAN AIRPORT TERMINAL		3 300	2
JOHNSON CONTROLS INTERNATION		55 315	22
KAJIMA CORP		16 400	2
KANSAS CITY SOUTHERN		7 400	13
KEIHAN ELECTRIC RAILWAY CO		6 600	3
KEIKYU CORP		14 000	2

NOK MILLIONS	Organisation number	Volume	Market value
KEIO CORP		6 600	4
KEISEI ELECTRIC RAILWAY		6 600	2
KEPPEL CORP LTD		72 760	3
KINGSPAN GROUP PLC		9 362	6
KINTETSU CORP		10 490	4
KION GROUP AG		7 362	5
KNIGHT-SWIFT TRANSPORTATION		11 800	4
KNORR-BREMSE AG		3 500	4
KOMATSU		60 400	14
KONE B		24 439	17
KUBOTA CORP		65 800	12
KUEHNE & NAGEL INT'L		3 152	6
KURITA WATER INDUSTRIES		10 100	3
KYUSHU RAILWAY COMPANY		10 000	2
HARRIS CORP		15 950	26
INVESTMENT AB LATOUR-B SHS		11 251	2
LEGRAND		18 921	14
LENNOX INTERNATIONAL INC		2 500	6
JS GROUP CORP		21 100	4
MAKITA CORP		10 800	5
MARUBENI CORP		105 600	6
MASCO CORP		16 401	8
MELROSE INDUSTRIES PLC		356 264	7
MINEBEA CO		15 400	3
MISUMI GROUP INC		14 300	4
mitsubishi corp		83 300	18
MITSUBISHI ELECTRIC CORP		106 800	14
MITSUBISHI HEAVY IND		16 009	4
MIURA CO LTD		5 800	3
MONOTARO CO LTD		4 800	2
MTR CORP		91 547	4
MTU AERO ENGINES AG		3 135	7
NABTESCO CORP		10 900	4
NAGOYA RAILROAD CO LTD		9 299	2
NGK INSULATORS		21 000	3
NIBE INDUSTRIER AB-B SHS		21 889	6
NIDEC CORP		26 800	29
NIHON M&A CENTER INC		10 100	6
NIPPON EXPRESS CO		5 200	3
NIPPON YUSEN K.K		10 300	2
NORDSON CORP		4 100	7

NOK MILLIONS	Organisation number	Volume	Market value
NORFOLK SOUTHERN CORP		17 746	36
NSK		36 900	3
OBUYASHI CORP		51 000	4
ODAKYU ELECTRIC RAILWAY		20 900	6
OLD DOMINION FREIGHT LINE		6 900	12
OTIS WORLDWIDE CORP		29 437	17
OWENS CORNING		6 000	4
PACCAR		23 286	17
PARKER HANNIFIN CORP		9 389	22
PENTAIR		8 533	4
PERSOL HOLDINGS CO LTD		18 500	3
PRYSMIAN SPA		11 873	4
QANTAS AIRWAYS LTD		66 687	2
RANDSTAD HOLDING		5 593	3
RATIONAL AG		326	3
UNITED TECHNOLOGIES CORP		106 036	65
RECRUIT HOLDINGS CO LTD		84 700	30
REED ELSEVIER (GB)		135 855	29
RENTOKIL INITIAL PLC		130 908	8
REPUBLIC SERVICES		16 495	14
RITCHIE BROS. AUCTIONEER		8 200	5
ROBERT HALF INT'L		7 100	4
ROCKWELL AUTOMATION		8 500	18
ROCKWOOL INTL A/S-B SHS		1 000	3
ROLLINS INC		15 900	5
ROLLS-ROYCE GROUP		479 093	6
ROPER INDUSTRIES		7 300	27
SANDVIK		85 884	18
SCHINDLER NAMEN		1 057	2
SCHINDLER PART		3 174	7
SCHNEIDER ELECTRIC		38 744	48
SECOM CO		13 700	11
SECURITAS B		8 837	1
SEIBU HOLDINGS INC		3 600	0
SENSATA TECHNOLOGIES HOLDING		12 400	6
SG HOLDINGS CO LTD		14 200	3
SGS		403	10
SHIMIZU CORP		46 000	3
SIEMENS		53 608	66
SIEMENS ENERGY AG		26 804	8
GAMESA CORP TECNOLOGICA		20 000	7

NOK MILLIONS	Organisation number	Volume	Market value
SINGAPORE AIRLINES		82 500	2
SINGAPORE TECH ENGR.		66 600	2
SKANSKA B		30 101	7
SKF B		31 433	7
SMC CORP		3 300	17
SMITH (A.O.) CORP		9 300	4
SMITHS GROUP		26 703	5
SNAP-ON INC		3 900	6
SOHGO SECURITY SERVICES CO		4 000	2
SOUTHWEST AIRLINES CO		8 200	3
SPIRAX-SARCO ENGINEERING PLC		4 376	6
STANLEY BLACK & DECKER INC		10 854	17
STOLT-NIELSEN LTD		54 079	6
SUMITOMO CORP		73 900	8
SUNRUN INC		7 900	5
SYDNEY AIRPORT		33 502	1
TAISEI CORP		10 300	3
TECHTRONIC INDUSTRIES CO		83 500	10
TELEDYNE TECHNOLOGIES INC		2 800	9
TELEPERFORMANCE		3 919	11
THALES		6 952	5
THK CO		8 900	2
THOMSON REUTERS CORP		15 117	11
TOBU RAILWAY CO		12 800	3
TOKYU CORP		36 600	4
TOPPAN PRINTING CO		17 850	2
TOROMONT INDUSTRIES LTD		4 200	3
TOSHIBA CORP		27 370	7
TOTO		5 400	3
TOYOTA TSUSHO		11 800	4
INGERSOLL-RAND PLC		16 849	21
TRANSDIGM GROUP INC		3 600	19
TRANSUNION		13 300	11
TRANSURBAN GROUP		162 476	15
UBER TECHNOLOGIES INC		67 900	30
UNION PACIFIC CORP		47 255	84
UNITED PARCEL SERVICE B		49 636	71
UNITED RENTALS INC		5 500	11
VERISK ANALYTICS INC-CLASS A		10 900	19
VESTAS WIND SYSTEMS		12 081	24
VINCI		36 623	31

NOK MILLIONS	Organisation number	Volume	Market value
VOLVO B		110 318	22
WABTEC CORP		13 814	9
WARTSILA B		24 626	2
WASTE CONNECTIONS INC		18 600	16
WASTE MANAGEMENT		30 358	31
WEST JAPAN RAILWAY CO		10 300	5
WOLTERS KLUWER		17 777	13
WSP GLOBAL INC		6 400	5
GRAINGER (WW)		3 300	12
XINYI GLASS HOLDINGS LTD		134 000	3
XPO LOGISTICS INC		5 600	6
XYLEM INC		13 810	12
YAMATO HOLDINGS CO		23 200	5
YASKAWA ELECTRIC CORP		16 600	7
TOTAL, INDUSTRY			2 798
ACCENTURE PLC		38 229	85
ADOBE SYSTEMS		29 291	125
ADVANCED MICRO DEVICES		70 000	55
ADVANTEST CORP		9 300	6
ADYEN NV		1 107	22
AFTERPAY TOUCH GROUP LTD		12 983	10
AKAMAI TECHNOLOGIES		8 600	8
AMADEUS IT HOLDING SA-A SHS		24 792	15
AMPHENOL CORP		17 122	19
ANALOG DEVICES		22 202	28
ANSYS INC		4 700	15
APPLE		1 030 812	1 170
APPLIED MATERIALS		55 740	41
ARISTA NETWORKS INC		2 700	7
ARROW ELECTRONICS		5 900	5
ASETEK A/S		67 895	7
ASM PACIFIC TECHNOLOGY		3 700	0
ASML HLDG		25 603	107
ATOS ORIGIN		7 598	6
AUTODESK		13 200	35
AUTOMATIC DATA PROCESS		26 134	39
AVALARA INC		4 600	6
AVEVA GROUP PLC		9 946	4
AZBIL CORP		6 500	3
BECHTLE AG		1 000	2
BLACK KNIGHT INC		7 600	6

NOK MILLIONS	Organisation number	Volume	Market value
RESEARCH IN MOTION		34 500	2
BOOZ ALLEN HAMILTON HOLDINGS		8 700	6
BROADCOM LTD		23 851	89
BROADRIDGE FINANCIAL SOLUTIO		6 900	9
BROTHER INDUSTRIES		17 800	3
CADENCE DESIGN SYS INC		18 000	21
CANON INC		56 250	9
CAP GEMINI SA		8 514	11
CDW CORP/DE		8 200	9
CERIDIAN HCM HOLDING INC		9 200	8
CGI GROUP A		14 100	10
CHECK POINT SOFTWARE TECH		7 100	8
CISCO SYSTEMS		255 511	98
CITRIX SYSTEMS		7 800	9
CLOUDFLARE INC - CLASS A		8 500	6
COGNEX CORP		12 000	8
COGNIZANT TECH SOLUTIONS		32 454	23
COMPUTERSHARE		27 865	3
CONSTELLATION SOFTWARE INC		1 300	14
CORNING		44 048	14
COUPA SOFTWARE INC		4 100	12
CROWDSTRIKE HOLDINGS INC - A		8 200	15
CYBERARK SOFTWARE LTD/ISRAEL		2 700	4
DASSAULT SYSTEMES		7 663	13
DATADOG INC - CLASS A		72 234	61
DELL TECHNOLOGIES INC-CL V		14 800	9
DISCO CORP		2 000	6
DOCUSIGN INC		10 400	20
DROPBOX INC-CLASS A		13 900	3
DYNATRACE INC		8 100	3
EDENRED		15 433	8
ENPHASE ENERGY INC		6 400	10
EPAM SYSTEMS INC		3 500	11
ERICSSON (LM) B		173 145	18
F5 NETWORKS		2 700	4
FAIR ISAAC CORP		1 800	8
FIDELITY NAT'L INFO SVCS		36 981	45
FISERV		34 877	34
FLEETCOR TECHNOLOGIES INC		4 920	11
FORTINET INC		8 300	11
FUJI FILM HOLDINGS CO		22 900	10

NOK MILLIONS	Organisation number	Volume	Market value
FUJITSU		11 720	14
GARTNER INC		5 500	8
GLOBAL PAYMENTS INC		18 046	33
GMO PAYMENT GATEWAY INC		3 000	3
GODADDY INC - CLASS A		10 000	7
GUIDEWIRE SOFTWARE INC		3 900	4
HALMA PLC		18 580	5
HAMAMATSU PHOTONICS KK		10 600	5
HEWLETT PACKARD ENTERPRIS		70 965	7
HEXAGON AB SER. B		15 050	12
HIROSE ELECTRIC CO		1 984	3
HITACHI		56 800	19
HP INC		86 565	18
HUBSPOT INC		2 300	8
IBIDEN CO		6 300	3
INFINEON TECHNOLOGIES		81 955	27
INTEL CORP		255 355	109
INTL BUSINESS MACHINES CORP		53 436	58
INTUIT		15 718	51
IPG PHOTONICS CORP		1 500	3
ITOCHU TECHNO-SOLUTIONS		7 000	2
JACK HENRY & ASSOCIATES INC		4 900	7
JUNIPER NETWORKS		23 500	5
KEYENCE CORP		11 000	53
KEYSIGHT TECHNOLOGIES IN		11 500	13
KLA TENCOR CORP		8 800	20
KYOCERA CORP		19 800	10
LAM RESEARCH CORP		8 750	35
LASERTEC CORP		4 400	4
SAIC INC		7 400	7
LOGITECH NAMEN		10 233	9
MARVELL TECHNOLOGY GROUP		37 400	15
MASTERCARD A		53 907	164
MAXIM INTEGRATED PRODUCTS		17 200	13
MICROCHIP TECHNOLOGY		15 100	18
MICRON TECHNOLOGY		66 700	43
MICROSOFT CORP		433 519	825
MONGODB INC		2 800	9
MONOLITHIC POWER SYSTEMS INC		2 900	9
MOTOROLA SOLUTIONS INC		10 063	15
MURATA MANUFACTURING CO		33 800	26

NOK MILLIONS	Organisation number	Volume	Market value
NEC CORP		15 140	7
NEMETSCHEK SE		3 775	2
NETWORK APPLIANCE		14 039	8
NEXI SPA		23 409	4
NICE SYSTEMS LTD		3 841	9
NOKIA CORP		377 496	12
NOMURA RESEARCH INST		24 321	7
SYMANTEC CORP		35 800	6
NTT DATA CORP		33 300	4
NVIDIA		37 709	169
NXP SEMICONDUCTORS NV		16 512	22
OBIC CO		3 800	7
OKTA INC		6 900	15
OMRON CORP		11 700	9
ON SEMICONDUCTOR CORP		31 700	9
OPEN TEXT CORP		16 600	6
ORACLE CORP		118 598	66
ORACLE CORP JAPAN		2 300	3
OTSUKA CORP		7 800	4
PALO ALTO NETWORKS INC		5 900	18
PAYCHEX		18 457	15
PAYCOM SOFTWARE INC		3 100	12
PAYPAL HOLDINGS INC		69 020	138
PTC INC		5 500	6
QORVO INC		7 100	10
QUALCOMM		68 900	90
NEC ELECTRONICS CORP		70 200	6
RICOH CO		44 900	3
RINGCENTRAL INC-CLASS A		4 300	14
ROHM CO		4 000	3
SAGE GROUP (THE)		75 587	5
SALESFORCE.COM		53 915	103
SAP STAMM		62 393	70
SCSK CORP		3 600	2
SEAGATE TECHNOLOGY		15 219	8
SEIKO EPSON CORPORATION		18 100	2
SERVICENOW INC		11 446	54
SHIMADZU CORP		16 000	5
SHOPIFY INC - CLASS A		6 600	64
SKYWORKS SOLUTIONS INC		9 928	13
SLACK TECHNOLOGIES INC- CL A		29 100	11

NOK MILLIONS	Organisation number	Volume	Market value
SNOWFLAKE INC-CLASS A		1 700	4
SOLAREGE TECHNOLOGIES INC		3 200	9
SPLUNK INC		10 000	15
SQUARE INC - A		23 600	44
SS&C TECHNOLOGIES HOLDINGS		12 700	8
STMICROELECTRONICS NV		41 184	13
SUMCO		6 900	1
SYNOPSYS		8 400	19
TDK CORP		7 300	9
TE CONNECTIVITY LTD		18 350	19
TEAMVIEWER AG		8 303	4
TEMENOS GROUP AG-REG		4 500	5
TERADYNE INC		10 100	10
TEXAS INSTRUMENTS		56 605	80
TIETOEVRY OYJ		17 365	5
TIS INC		12 900	2
TOKYO ELECTRON		9 300	30
TRADE DESK INC/THE -CLASS A		2 500	17
TREND MICRO		6 100	3
TRIMBLE NAVIGATION LTD		14 600	8
TWILIO INC - A		8 300	24
TYLER TECHNOLOGIES INC		2 100	8
VENTURE CORP LTD		20 300	3
VERISIGN		5 900	11
VISA INC-CLASS A SHARES		102 790	192
VMWARE INC-CLASS A		4 200	5
VONTIER CORP		8 439	2
WESTERN DIGITAL		19 194	9
WESTERN UNION		24 794	5
WISETECH GLOBAL LTD		17 765	4
WIX.COM LTD		3 900	8
WORKDAY INC-CLASS A		9 789	20
WORLDLINE SA		13 604	11
XERO LTD		6 024	6
XILINX		15 173	18
YOKOGAWA ELECTRIC CORP		14 000	2
ZEBRA TECHNOLOGIES CORP-CL A		3 400	11
ZENDESK INC		6 600	8
ZOOM VIDEO COMMUNICATIONS-A		10 700	31
ZSCALER INC		3 500	6
TOTAL, IT			5 909

NOK MILLIONS	Organisation number	Volume	Market value
AGNICO-EAGLE MINES		14 168	9
AIR LIQUIDE		34 848	49
AIR PRODUCTS & CHEMICALS		14 000	33
AIR WATER INC		12 000	2
AKZO NOBEL		13 175	12
ALBEMARLE CORP		6 900	9
AMCOR PLC-CDI		127 636	13
ANTOFAGASTA		31 496	5
ARCELOR-MITTAL A		39 445	8
ARKEMA		3 442	3
ASAHI KASEI CORP		97 300	9
AVERY DENNISON CORP		4 511	6
AXALTA COATING SYSTEMS LTD		17 700	4
B2GOLD CORP		72 000	3
BALL CORP		21 490	17
BASF		67 664	46
BLUESCOPE STEEL		39 521	5
BOLIDEN		20 847	6
CCL INDUSTRIES INC - CL B		7 900	3
CELANESE CORP		7 700	9
CF INDUSTRIES HOLDINGS INC		16 500	5
CHRISTIAN HANSEN HOLDING A/S		6 464	6
CLARIANT AG-REG		9 417	2
CORTEVA INC		47 653	16
COVESTRO AG		10 147	5
CRH		56 171	20
CRODA INTERNATIONAL PLC		8 325	6
CROWN HOLDINGS INC		10 200	9
DOW INC		49 253	23
DOWDUPONT INC		46 653	28
EASTMAN CHEMICAL CO		8 800	8
ECOLAB		16 523	31
EMS-CHEMIE HOLDING AG-REG		435	4
EVOLUTION MINING LTD		124 354	4
EVONIK INDUSTRIES AG		14 811	4
EVRAZ PLC		37 000	2
FIRST QUANTUM MINERALS		52 636	8
FMC CORP		8 570	8
FORTESCUE METALS GROUP		129 511	20
FRANCO-NEVADA CORP		11 728	13
FRESNILLO PLC		20 405	3

NOK MILLIONS	Organisation number	Volume	Market value
FUCHS PETROLUB AG -PREF		4 529	2
GIVAUDAN		680	25
HITACHI METALS		7 500	1
ISRAEL CHEMICALS LTD		40 032	2
INT'L PAPER CO		23 753	10
INT'L FLAVORS FRAGRANCES		6 522	6
JAMES HARDIE INDUSTRIES SE		36 093	9
JFE HOLDINGS		34 000	3
JOHNSON MATTHEY		9 684	3
JSR CORP		14 800	4
KANSAI PAINT CO		19 000	5
KINROSS GOLD CORP		55 400	3
KIRKLAND LAKE GOLD LTD		15 300	5
KONINKLIJKE DSM		12 985	19
KURARAY CO		22 800	2
HOLCIM		34 265	16
LANXESS AG		7 476	5
LINDE PLC		34 191	77
LUNDIN MINING CORP		60 200	5
LYONDELLBASELL INDU-CL A		17 332	14
MARTIN MARIETTA MATRLS		4 500	11
mitsubishi chemical hldg		92 350	5
MITSUBISHI GAS CHEMICAL		20 100	4
MITSUI CHEMICALS		19 120	5
MONDI PLC		36 433	7
MOSAIC CO (THE)		28 800	6
NEWCREST MINING		62 458	11
NEWMONT MINING HLDG		52 257	27
NIPPON PAINT CO LTD		10 954	10
TAIYO NIPPON SANSO CORP		13 000	2
NIPPON STEEL CORP		66 072	7
NISSAN CHEMICAL IND		7 100	4
NITTO DENKO CORP		14 800	11
NORTHERN STAR RESOURCES LTD		60 013	5
NOVOZYMES B		15 512	8
NUCOR CORP		19 364	9
NUTRIEN LTD		32 400	13
OJI PAPER CO		61 300	3
ORICA		27 493	3
PACKAGING CORP OF AMERICA		5 400	6
PAN AMERICAN SILVER CORP		13 900	4

NOK MILLIONS	Organisation number	Volume	Market value
PPG INDUSTRIES		14 452	18
RIO TINTO PLC		115 704	74
RPM INTERNATIONAL INC		8 700	7
SEALED AIR CORP		6 800	3
SHERWIN-WILLIAMS CO		5 300	33
SHIN-ETSU CHEMICAL CO		28 400	42
SIKA INHABER		9 912	23
SMURFIT KAPPA GROUP PLC		14 213	6
SOLVAY		3 685	4
SSR MINING INC		16 400	3
STEEL DYNAMICS INC		12 100	4
STORA ENSO R		31 394	5
SUMITOMO CHEMICAL CO		107 900	4
SUMITOMO METAL MINING CO		21 050	8
SVENSKA CELLULOSA AB SCA-B		44 763	7
SYMRISE AG		9 422	11
TAIHEIYO CEMENT CORP		7 700	2
TECK RESOURCES LTD-CLS B		40 400	6
TEIJIN		11 299	2
TORAY INDUSTRIES		106 400	5
TOSOH CORP		20 000	3
UMICORE		12 949	5
UPM-KYMMENE		35 352	11
VOESTALPINE		7 772	2
VULCAN MATERIALS CO		8 085	10
WESTROCK CO		19 144	7
SILVER WHEATON CORP		26 424	9
YAMANA GOLD		67 500	3
TOTAL, RAW MATERIALS			1 168
AEON MALL CO		9 520	1
ALEXANDRIA REAL ESTATE EQUIT		7 050	11
AMERICAN TOWER CORP A		27 108	52
AROUNDTOWN SA		69 255	4
AROUNDTOWN SA - CASH OPT		69 255	0
ASCENDAS REAL ESTATE INV		131 342	3
AVALONBAY COMMUNITIES		8 335	11
AZRIELI GROUP		2 982	2
BOSTON PROPERTIES		8 383	7
BRITISH LAND CO		68 884	4
CAMDEN PROPERTY TRUST		6 000	5
CAN APARTMENT PROP REAL ESTA		2 381	1

NOK MILLIONS	Organisation number	Volume	Market value
CAPITAMALL TRUST		236 000	3
CAPITALAND		156 900	3
CBRE GROUP INC		17 900	10
CITY DEVELOPMENTS		23 700	1
CHEUNG KONG PROPERTY HOLDING		145 417	6
FONCIERE DES REGIONS		1 913	2
CROWN CASTLE INT'L CORP		26 913	37
DAITO TRUST CONSTRUCTION		4 800	4
DAIWA HOUSE IND CO		36 700	9
DAIWA HOUSE RESIDENTIAL INV		80	2
DEUTSCHE WOHNEN AG-BR		18 489	8
DEXUS PROPERTY GROUP		58 209	4
DIGITAL REALTY TRUST INC		16 100	19
DUKE REALTY CORP		20 300	7
EQUINIX INC		5 252	32
EQUITY LIFESTYLE PROPERTIES		11 100	6
EQUITY RESIDENTIAL		23 401	12
ESR CAYMAN LTD		93 200	3
ESSEX PROPERTY TRUST INC		3 800	8
EXTRA SPACE STORAGE INC		7 800	8
FASTIGHETS AB BALDER-B SHRS		5 656	3
FIRSTSERVICE CORP		2 200	3
GECINA		1 870	2
GLP J-REIT		237	3
GOODMAN GROUP		110 133	14
GPT GROUP		96 946	3
HANG LUNG PROPERTIES		140 500	3
HEALTH CARE PPTY INVEST		28 400	7
HENDERSON LAND DEV.		109 700	4
HONGKONG LAND HOLDINGS LTD		85 800	3
HOST HOTELS AND RESORTS		42 496	5
SHOEI CO LTD/CHIYODA-KU		14 200	1
INVITATION HOMES INC		30 600	8
IRON MOUNTAIN		17 908	5
JAPAN REAL ESTATE INV		75	4
JAPAN RETAIL FUND INVT		96	1
KLEPIERRE		16 648	3
LAND SECURITIES GROUP		40 819	3
LEG IMMOBILIEN AG		4 464	6
LEND LEASE GROUP		36 373	3
LINK REIT		118 753	9

NOK MILLIONS	Organisation number	Volume	Market value
MAPLETREE COMMERCIAL TRUST		188 400	3
MAPLETREE LOGISTICS TRUST		184 133	2
MEDICAL PROPERTIES TRUST INC		27 000	5
MID-AMERICA APARTMENT COMM		5 900	6
MIRVAC GROUP		183 744	3
MITSUBISHI ESTATE CO		81 779	11
MITSUI FUDOSAN CO		58 300	10
NEW WORLD DEVELOPMENT		78 741	3
NIPPON BUILDING FUND		74	4
NIPPON PROLOGIS REIT INC		111	3
NOMURA REAL ESTATE HLD		6 700	1
NOMURA REAL ESTATE MASTER FU		320	4
OMEGA HEALTHCARE INVESTORS		16 600	5
ORIX JREIT INC		127	2
PACIFIC CENTURY PREMIUM DEVE		31 649	0
PROLOGIS INC		44 986	38
PUBLIC STORAGE		9 600	19
REALTY INCOME CORP		20 600	11
REGENCY CENTERS CORP		10 000	4
RIOCAN REIT		8 396	1
SBA COMMUNICATIONS CORP-CL A		6 854	17
WESTFIELD RETAIL TRUST		377 045	7
SEGRO		61 984	7
SIMON PROPERTY GROUP		18 396	13
SINO LAND		228 030	3
STOCKLAND		165 127	5
SUMITOMO REALTY & DEV CO		18 400	5
SUN COMMUNITIES INC		6 000	8
SUN HUNG KAI PROPERTIES		102 164	11
SUNTEC REIT		184 100	2
SWIRE PACIFIC A		40 600	2
SWIRE PROPERTIES LTD		87 200	2
SWISS PRIME SITE-REG		4 709	4
TOKYU LAND CORP		30 400	1
UDR INC		17 900	6
UNIBAIL GROUP STAPLED		8 018	5
UNITED URBAN INVESTMENT CORP		186	2
UNITED OVERSEAS LAND		34 787	2
VENTAS		23 411	10
AMERICAN REALTY CAPITAL PROP		13 240	4
CENTRO RETAIL AUSTRALIA		233 070	2

NOK MILLIONS	Organisation number	Volume	Market value
DEUTSCHE ANNINGTON IMMOBILIE		33 404	21
VORNADO REALTY TRUST		12 539	4
WELLTOWER INC		25 415	14
WEYERHAEUSER CO		46 964	13
WHARF REAL ESTATE INVESTMENT		129 000	6
WP CAREY INC		10 200	6
TOTAL, PROPERTY			696
ACTIVISION BLIZZARD INC		46 400	37
ALPHABET INC-CL A		18 060	271
ALPHABET INC-CL C		18 304	274
ALTICE NV - A		56 724	3
ALTICE USA INC- A		12 700	4
AT&T		438 411	108
AUTO TRADER GROUP PLC		47 582	3
BCE INC		8 280	3
BOLLORE		57 936	2
BT GROUP		504 626	8
CABLE ONE INC		300	6
CAPCOM CO LTD		10 800	6
CELLNEX TELECOM SAU		16 673	9
CENTURYLINK INC		53 916	4
CHARTER COMMUNICATIONS INC-A		9 012	51
COMCAST CORP A (NEW)		273 916	123
CYBERAGENT INC		7 500	4
DENTSU		7 800	2
DEUTSCHE TELEKOM		201 001	31
DISCOVERY COMMUNICATIONS-A		9 300	2
DISCOVERY COMMUNICATIONS-C		18 862	4
DISH NETWORK CORP		9 901	3
ELECTRONIC ARTS		17 260	21
ELISA OYJ		8 631	4
FACEBOOK INC-A		144 550	338
FOX CORP - CLASS A - W/I		19 800	5
FOX CORP- CLASS B - W/I		5 800	1
HAKUHODO DY HOLDINGS		13 200	2
HKT TRUST AND HKT LTD		196 880	2
IAC/INTERACTIVECORP		5 200	8
ILIAD		468	1
INFORMA PLC		60 341	4
INFRASTRUTTURE WIRELESS ITAL		16 896	2
INTERPUBLIC GROUP OF COS		27 400	6

NOK MILLIONS	Organisation number	Volume	Market value
KAKAKU.COM INC		10 139	2
KDDI		106 500	27
KPN (KON.)		175 496	5
LIBERTY BROADBAND-A		1 700	2
LIBERTY BROADBAND-C		6 000	8
LIBERTY GLOBAL C		24 332	5
LIBERTY GLOBAL A		15 535	3
LIBERTY MEDIA CORP-LIBERTY-C		9 000	3
LIBERTY SIRIUSXM GROUP		6 000	2
LIBERTY MEDIA COR-SIRIUSXM C		8 878	3
LIVE NATION ENTERTAINMENT IN		7 800	5
MATCH GROUP INC		16 081	21
NETFLIX INC		26 496	123
NEWS CORP - CLASS A		24 545	4
NEXON CO LTD		25 700	7
NINTENDO CO		6 800	37
NTT CORP		76 232	17
OMNICOM GROUP		13 116	7
FRANCE TELECOM		112 233	11
PCCW		293 049	2
PEARSON		54 518	4
PINTEREST INC- CLASS A		24 000	14
PROXIMUS		9 645	2
PUBLICIS GROUPE		18 267	8
QUEBECOR INC -CL B		13 100	3
REA GROUP LTD		3 640	4
ROGERS COMMUNICATIONS B		19 778	8
ROKU INC		5 300	15
SCOUT24 AG		6 304	4
SEEK LTD		23 372	4
SES A-FDR		30 445	2
SHAW COMMUNICATIONS B		22 588	3
SINGAPORE TELECOM		519 680	8
SIRIUS XM RADIO INC		95 000	5
SNAP INC - A		48 400	21
SOFTBANK CORP		168 200	18
SOFTBANK CORP		94 500	63
TELECOM CORP NEW ZEALAND		109 332	3
SQUARE ENIX HOLDINGS CO LTD		6 500	3
SWISSCOM		1 414	7
TAKE-TWO INTERACTIVE SOFTWARE		7 500	13

NOK MILLIONS	Organisation number	Volume	Market value
TELE2 B		25 427	3
TELECOM ITALIA ORD		824 953	3
TELECOM ITALIA RNC		394 837	2
TELEFONICA DEUTSCHLAND HOLDI		37 149	1
TELEFONICA		295 961	10
TELIASONERA		131 909	5
TELSTRA CORP		222 981	4
TELUS CORP		25 948	4
T-MOBILE US INC		32 454	37
TOHO CO		8 100	3
TPG TELECOM LTD		16 167	1
TWITTER INC		42 000	19
UBISOFT ENTERTAINMENT		6 266	5
UNITED INTERNET		7 491	3
VERIZON COMMUNICATIONS		248 198	125
CBS CORP B		33 933	11
VIVENDI		45 571	13
VODAFONE GROUP		1 614 305	23
DISNEY (WALT)		108 554	168
WPP PLC		67 348	6
YAHOO JAPAN CORP		145 500	8
ZILLOW GROUP INC - A		2 700	3
ZILLOW GROUP INC - C		7 600	8
TOTAL, TELECOM & MEDIA			2 325
ALGONQUIN POWER & UTILITIES		68 685	10
ALTAGAS LTD		33 357	4
AMERICAN WATER WORKS CO INC		23 200	30
APA GROUP		139 696	9
DONG ENERGY A/S		14 741	26
ATCO LTD -CLASS I		8 000	2
ATMOS ENERGY CORP		17 000	14
AUSNET SERVICES		277 704	3
BROOKFIELD RENEWABLE COR-A		16 800	8
CANADIAN UTILITIES A		14 031	3
CENTERPOINT ENERGY		72 100	13
CK INFRASTRUCTURE HOLDINGS L		74 500	3
CONSOLIDATED EDISON		45 810	28
E. ON		182 525	17
EDF		51 228	7
EDISON INTERNATIONAL		51 589	28
ELIA SYSTEM OPERATOR SA/NV		2 621	3

NOK MILLIONS	Organisation number	Volume	Market value
ENAGAS		22 997	4
GDF SUEZ		148 349	19
AQUA AMERICA INC		28 900	12
NORTHEAST UTILITIES		46 722	35
EXELON CORP		126 263	46
FORTUM OYJ		37 481	8
HONGKONG CHINA GAS		1 262 816	16
HYDRO ONE LTD		50 400	10
IBERDROLA		506 850	62
MERCURY NZ LTD		107 826	4
MERIDIAN ENER-PARTLY PAID SH		141 879	6
NATIONAL GRID		286 586	29
GAS NATURAL SDG		17 525	3
NEXTERA ENERGY INC		257 200	170
NORTHLAND POWER INC		25 600	8
OSAKA GAS CO		47 600	8
PG&E CORP		153 900	16
HONGKONG ELECTRIC HLDGS		150 500	7
PUBLIC SV ENTERPRISE CO		66 615	33
RED ELECTRICA CORPORACION SA		35 205	6
SEMPRA ENERGY		37 008	40
SEVERN TRENT		19 989	5
SNAM SPA		167 094	8
SSE PLC		81 181	14
SUEZ ENVIRONNEMENT SA		32 639	6
TERNA		140 063	9
TOHO GAS CO		11 300	6
TOKYO GAS CO		47 920	9
UGI CORP		29 200	9
UNITED UTILITIES GROUP PLC		47 249	5
VEOLIA ENVIRONNEMENT		45 332	9
VERBUND OESTERR ELEK A		6 692	5
TOTAL, DISTRIBUTION			839
TOTAL FOREIGN			26 643
TOTAL SHARES			33 136
TOTAL PROPERTY			807
TOTAL ENERGY			1 432
TOTAL FINANCIAL			4 189
TOTAL CONSUMER DISCRETIONARY			3 251
TOTAL DISTRIBUTION			3 215

NOK MILLIONS	Organisation number	Volume	Market value
TOTAL HEALTHCARE			3 441
TOTAL INDUSTRY			3 248
TOTAL IT			6 079
TOTAL CONSUMER STAPLES			2 757
TOTAL RAY MATERIALS			1 543
TOTAL TELECOM			2 912
TOTAL UNSPECIFIED			261
TOTAL SHARES			33 136
EQUITY FUNDS			
ABERDEEN INDIRECT PARTNERS EUROPA		29 586	5
ABERDEEN INDIRECT PROPERTY PARTNERS ASIA		222 903	0
JPMORGAN EUROPEAN PROPERTY FUND		157	5
KLP AKSJE FREMVOKSENDE MARKEDER FLERFAKTOR	920 672 159	1 775 228	2 083
KLP AKSJE FREMVOKSENDE MARKEDER INDEKS I	996 715 426	2 282 747	5 798
KLP AKSJEASIA INDEKS I	990 122 571	222 770	483
KLP AKSJEASIA INDEKS II	990 140 847	131 851	182
KLP AKSJEASIA INDEKS III	916 909 381	200 000	319
KLP AKSJEASIA INDEKS IV	816 909 422	42 311	61
KLP AKSJEEUROPA INDEKS I	990 122 555	795 305	1 671
KLP AKSJEGLOBAL FLERFAKTOR I	912 651 037	8 020 135	17 867
KLP AKSJEGLOBAL INDEKS I	987 570 113	3 331 450	14 690
KLP AKSJEGLOBAL MER SAMFUNNSANSVAR	920 672 183	467 737	698
KLP AKSJEGLOBAL MER SAMFUNNSANSVAR II	923 251 626	14 102	17
KLP AKSJEGLOBAL SMALL CAP FLERFAKTOR	920 672 094	2 224 120	2 680
KLP AKSJEGLOBAL SMALL CAP INDEKS I	919 174 501	1 741 000	2 353
KLP AKSJEGLOBAL SMALL CAP INDEKS II	919 175 451	3 557 433	4 793
KLP AKSJENORDEN INDEKS	980 854 043	34 550	215
KLP AKSJENORDEN MER SAMFUNNSANSVAR	923 251 642	488 113	657
KLP AKSJENORGE	880 854 062	718 976	5 594
KLP AKSJENORGE INDEKS	988 425 958	1 768 511	5 327
KLP AKSJENORGE INDEKS II	992 966 092	332 132	863
KLP AKSJEUSA INDEKS II	990 140 790	27 450	81
KLP AKSJEUSA INDEKS III	917 232 164	967 724	1 894
KLP AKSJEUSA INDEKS IV	817 232 582	210 896	363
KLP AKSJEUSA INDEKS USD	986 332 650	96 059	3 472
KLP FRAMTID MER SAMFUNNSANSVAR	925 057 436	33 000	35
KLP LANG HORIZONT MER SAMFUNNSANSVAR	925 057 517	150 000	157
LaSalle Encore Plus		115 236 821	1 148

NOK MILLIONS	Organisation number	Volume	Market value
NMI FRONTIER FUND KS		8 975 000	36
NMI GLOBAL FUND KS		3 853 750	19
PARETO EIENDOMSFELLESKAP II AS		1 880 485	26
SSGA EMERGING MARKETS SRI ENHANCED EQUITY FUND		16 862 167	2 245
TOTAL EQUITY FUNDS			75 835
PRIVATE EQUITY			
21 CENTRALE PARTNERS IV		35 000 000	109
ABINGWORTH BIOVENTURES V		8 000 000	14
ABRIS CEE MID-MARKET FUND III L.P.		30 000 000	198
Accel Leaders III		35 000 000	0
ADVENT GLOBAL TECHNOLOGY I		25 000 000	92
ALLIANCE VENTURE DELTA		18 028 012	1
ALLIANCE VENTURE DELTA SIDE CAR		72 112 048	3
ALTOR 2003 FUND		2 000 000	0
ALTOR FUND IV		7 000 000	61
ALTOR FUND V (NO.2) AB		25 000 000	9
ASTORG V		45 000 000	249
ASTORG VI		50 000 000	445
ASTORG VII		16 950 000	56
AUCTUS IV		21 125 000	104
AVEDON CAPITAL IV		45 000 000	0
AXA RESIDENTIAL EUROPE		100 000 000	224
CAPMAN BUYOUT VIII		9 840 500	4
CHEQUERS CAPITAL XVII		10 000 000	26
CIO CONSTRUCTION EQUITY FUND(CLIMATE INVESTOR)		50 000 000	222
COFOUNDER AS		3 500 028	4
COFOUNDER II AS		106 499 972	44
CONSILIUM PRIVATE EQUITY FUND III		20 000 000	185
CONTANGO VENTURES II		27 950 000	10
COOPERATIVE H2 EQUITY PARTNERS FUND V U.A.		15 000 000	200
Creandum Select Fund I		14 000 000	0
CREANDUM V		11 000 000	40
DEUTSCHE PRIVATE EQUITY IV		50 000 000	0
EGERIA PRIVATE EQUITY FUND IV		30 000 000	238
EGERIA PRIVATE EQUITY FUND V SCSP		20 000 000	15
ENDLESS FUND IV A LP		7 500 000	67
ENERGY VENTURES II B IS		31 213 670	1
ENERGY VENTURES II KS		50 000 000	1
ENERGY VENTURES III LP		75 000 000	21
ENERGY VENTURES IV LP		30 000 000	77
FORBION CAPITAL FUND I CO-INVESTMENT FUND I		7 000 000	51

NOK MILLIONS	Organisation number	Volume	Market value
FORBION CAPITAL FUND I CO-INVESTMENT FUND II		5 300 000	61
FORBION CAPITAL FUND II		15 000 000	131
FORBION CAPITAL FUND II CO-INVEST I C.V.		7 000 000	4
FORBION CAPITAL FUND III		20 000 000	262
FORBION CAPITAL FUND IV		10 000 000	66
FORBION V		10 000 000	0
FRANCE SPECIAL SITUATIONS FUND II		30 000 000	235
FSN CAPITAL II		13 000 000	0
FSN CAPITAL IV		232 000 000	102
GENSTAR CAPITAL PARTNERS IX		30 000 000	115
GERMAN EQUITY PARTNERS IV		15 000 000	59
HADEAN CAPITAL I		5 000 000	20
HERKULES PRIVATE EQUITY III		120 000 000	0
HGCAPITAL 6		43 127 840	40
HgCapital Genesis IX		20 000 000	0
HGCAPITAL MERCURY		14 783 081	113
HGCAPITAL MERCURY III		5 000 000	0
HGCAPITAL SATURN II		35 000 000	22
HITECVISION ASSET SOLUTIONS		35 000 000	92
HITECVISION IV LP		13 000 000	28
HITECVISION V LP		35 000 000	94
HITECVISION VI LP		70 000 000	531
HITECVISION VII LP		70 000 000	505
IDEKAPITAL 2 AS		120 000 000	5
INDEX VENTURES GROWTH II		20 000 000	184
INDEX VENTURES GROWTH III		21 000 000	482
INDEX VENTURES GROWTH IV		29 000 000	242
INDEX VENTURES GROWTH V		30 000 000	43
INDEX VENTURES IX		18 000 000	138
INDEX VENTURES VI		10 000 000	619
INDEX VENTURES VII		13 000 000	275
INDEX VENTURES VIII		16 000 000	181
INDEX VENTURES X		20 000 000	57
INNAP 4 PARTNERS L.P.		5 000 000	15
INSIGHT PARTNERS XI		30 000 000	138
LITORINA FUND V		300 000 000	79
LIVINGBRIDGE 6 LP		25 000 000	257
LIVINGBRIDGE ENTERPRISE 2 LP		13 000 000	119
LIVINGBRIDGE ENTERPRISE 3 LP		15 000 000	22
LIVINGBRIDGE VII		4 000 000	0
MB EQUITY FUND V		35 000 000	215

NOK MILLIONS	Organisation number	Volume	Market value
MEDICXI GROWTH I LP		12 000 000	73
MEDICXI III		14 000 000	15
MIURA FUND III		30 000 000	71
MONTEFIORE CO-INVESTMENT V		15 000 000	2
MONTEFIORE INVESTMENT V		25 000 000	18
NAUTA TECH INVEST 2		500 000	0
NAUTA TECH INVEST 3		1 980 000	15
NAZCA CAPITAL III		22 500 000	47
NORTHZONE CONVICTION I		15 000 000	105
NORTHZONE IX		12 000 000	57
NORTHZONE V		5 000 000	0
NORTHZONE VI		5 000 000	22
NORTHZONE VII		12 000 000	52
NORTHZONE VIII		12 000 000	168
NORVESTOR IV		10 000 000	0
NORVESTOR V		17 000 000	21
NORVESTOR VI		156 000 000	89
NORVESTOR VII		116 000 000	145
NORWEGIAN MICROFINANCE INITIATIVE FUND III KS	993 147 044	79 925 084	70
NORWEGIAN MICROFINANCE INITIATIVE FUND IV KS	993 147 044	120 793 848	46
PARAGON FUND II		20 000 000	227
Pareto Eiendomsfelleskap II IS		1 980 000 000	2 623
PARTNERS GROUP SECONDARY 2008		40 000 000	33
PERUSA PARTNERS FUND 2		18 000 000	57
PLATINUM EQUITY SMALL CAP FUND		5 000 000	15
PLATINUM FUND V		50 000 000	58
PRIVEQ INVESTMENT FUND IV		225 000 000	52
PRIVEQ INVESTMENTS V		282 000 000	231
PROA CAPITAL IBERIAN FUND II		33 000 000	376
PROA CAPITAL IBERIAN FUND III		20 000 000	53
PROLOGIS EUROPEAN LOGISTIC FUNDS		100 000 000	0
QUADRIGA CAPITAL PRIVATE EQUITY FUND IV		25 000 000	183
Saga IV EUR-B KS		20 000 000	74
Saga V EUR-B KS		8 770 936	37
Saga V New EUR-B KS		6 229 064	47
Sarsia Seed Fond II AS		58 700 000	18
SINTEF VENTURE V		75 000 000	15
SK CATALYST I		10 000 000	18
SKAGERAK MATURO V		31 181 818	5
SNO TRUE NORTH		15 000 000	11
SOFINNOVA CAPITAL VII		10 000 000	81

NOK MILLIONS	Organisation number	Volume	Market value
SOFINNOVA CAPITAL VIII		12 000 000	104
SPECIAL SITUATIONS VENTURE PARTNERS III		14 500 000	16
SUMMA EQUITY FUND II		170 000 000	79
SVB Capital Partners IV		17 500 000	116
SVB Sprout Endurance Partner		25 000 000	188
SVB Strategic Investor Fund X		25 000 000	23
SVB STRATEGIC INVESTORS FUND IX L.P		10 000 000	48
SVB STRATEGIC INVESTORS FUND VIII L.P		10 000 000	121
Synova Capital Fund IV LP		15 000 000	10
TDR CAPITAL III B		30 000 000	363
TENZING PRIVATE EQUITY FUND I LP		15 000 000	96
Tenzing Private Equity Fund II		31 300 000	0
THOMA BRAVO DISCOVERY III		15 000 000	0
THOMA BRAVO XIII		30 000 000	225
THOMA BRAVO XIV		50 000 000	0
TRITON FUND III		30 000 000	113
VENDIS CAPITAL III		30 000 000	50
VEP SPECIAL SITUATIONS FUND 2		9 000 000	56
VEP SPECIAL SITUATIONS FUND 3		12 000 000	54
VERDANE CAPITAL VI KS		50 000 000	13
VERDANE CAPITAL VII KS		140 000 000	1
WATERLAND PRIVATE EQUITY FUND VII		50 000 000	198
WATERLAND PRIVATE EQUITY FUND VIII		65 000 000	0
WYNNCHURCH CAPITAL PARTNERS V		30 000 000	29
XENON Private Equity VI		11 500 000	79
TOTAL PRIVATE EQUITY			15 532
ALTERNATIVE INVESTMENTS IN SHARES			
KLP ALFA GLOBAL ENERGI	996 415 406	1 158 951	1 717
TOTAL ALTERNATIVE INVESTMENTS IN SHARES			1 717
INFRASTRUCTURE FUNDS			
COPENHAGEN INFRASTRUCTURE NEW MARKETS FUND I K/S		100 000 000	34
COPENHAGEN INFRASTRUCTURE II US AIV NON-QFPF K/S		331 802 972	520
COPENHAGEN INFRASTRUCTURE PARTNERS II K/S (non-US)		1 157 752 526	989
COPENHAGEN INFRASTRUCTURE PARTNERS III K/S		1 549 593 390	1 643
NEXTPower III LP		70 000 000	317
TOTAL INFRASTRUCTURE FUNDS			3 504
TOTAL INVESTMENTS			129 723

SHARES AND UNITS DISTRIBUTION BY PORTFOLIO	Common portfolio	Investment option portfolio	Corporate portfolio	Total
SHARES	30 635	0	0	30 635
LONG TERM SHARES	2 494	0	7	2 501
EQUITY FUND UNITS	75 254	580	0	75 835
PRIVATE EQUITY	15 532	0	0	15 532
ALTERNATIVE INVESTMENTS	1 710	7	0	1 717
INFRASTRUCTURE FUNDS	3 504	0	0	3 504
TOTAL	129 128	588	7	129 723

PERCENTAGE UNITS STOCK MARKET LISTED	
SHARES NORWAY	56.9 %
SHARES FOREIGN	100 %
EQUITY FUND UNITS	0.0 %
ALTERNATIVE INVESTMENTS	0.0 %

Note 16 **Securities adjustment fund**

NOK MILLIONS	Acquisition cost 31.12.2020	Fair value 31.12.2020	Valuation reserves 31.12.2020	Valuation reserves 31.12.2019
Valuation reserves shares	77 835	120 944	43 109	45 991
Valuation reserves share derivatives	0	2 523	57	0
Valuation reserves fixed interest investments	21 385	33 261	11 877	9 743
Valuation reserves interest rate derivatives	0	999	34	28
Variation margin daily settlement futures			61	-1
Total valuation reserves on short term financial assets			55 137	55 761
Securities adjustment fund			55 137	55 761

The securities adjustment fund comprises positive unrealized gains on the the short-term financial assets linked to the common portfolio.

If net valuation reserves are negative, the securities adjustment fund is set at zero. Changes in the securities adjustment fund are taken through profit or loss. Unrealized securities valuation reserves associated with short-term financial assets in foreign currency that can be ascribed to foreign exchange rate changes are not allocated to the securities adjustment fund if the investment is hedged against exchange rate changes. Foreign exchange rate changes linked to the hedging instrument are thus not allocated to the securities adjustment fund either but are taken directly to profit or loss.

Note 17 **Investment properties**

NOK MILLIONS	2020	2019
Rental income	42	38
Operating expenses	-2	-3
Value adjustment	44	32
Net financial income	0	0
Net income from investment properties	85	67

NOK MILLIONS	2020	2019
Book value 01.01	955	924
Profit for the year	85	67
Transfers to KLP	-23	-37
Book value 31.12	1 017	955

Fair value on properties per. 31.12.2020 are NOK 977 millions.

Note 18 **Intangible assets**

NOK MILLIONS	2020	2019
Book value 01.01.	358	173
Acquisition cost 01.01.	1 439	1 170
Total additions	310	269
<i>of which internally developed</i>	3	3
<i>of which bought</i>	306	266
Disposals	0	0
Acquisition cost 31.12. ¹	1 748	1 439
Accumulated depreciation and write-dows prev.years	-1 081	-996
Ordinary depreciation for the year	-66	-56
Impairment ²	0	-28
Accumulated depreciation and write-dows 31.12.	-1 146	-1 081
Book value 31.12.	602	358
Depreciation period	1 to 20 years	1 to 20 years

¹ Intangible assets contains IT-systems

² At the end of 2019 there were identified several IT-systems where the book value exceeded the estimated recoverable amount. Estimated recoverable amount is calculated by estimating future earnings with book value. Essentially, some of the investments have no longer value. There are several reasons for this. Among other things, linking it to the outdated functionality due to rule changes and/or technological developments. This resulted in the following assessment:

NOK MILLIONS	2020	2019
Book value before impairment	0	53
Recoverable amount	0	25
Impairment	0	28

The write-downs are included as a part of insurance related administration costs in the income statement.

Note 19 **Technical matters**

Insurance liabilities distributed by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans	Group life	31.12.2020	31.12.2019	Change 2020	Change 2019
Premium reserve	457 514	18	457 533	461 406	-3 874	28 312
Supplementary reserves	43 460		43 460	36 209	7 251	7 903
Securities adjustment fund	55 137		55 137	55 761	-623	22 322
Premium fund	38 588		38 588	12 854	25 734	93
Total insurance liabilities	594 700	18	594 718	566 230	28 488	58 630

Insurance liabilities per subsegment of group pension insurance for municipalities, including institutions with similar pension plans - group life insurance does not have any subsegments

NOK MILLIONS	Occupational pension schemes without investment options	Occupational pensions schemes with investment options	31.12.2020	31.12.2019	Change 2020	Change 2019
Premium reserve	456 036	1 478	457 514	461 390	-3 876	28 311
Supplementary reserves	43 325	135	43 460	36 209	7 251	7 903
Securities adjustment fund	55 137		55 137	55 761	-623	22 322
Premium fund	38 124	464	38 588	12 854	25 734	93
Total insurance liabilities	592 623	2 077	594 700	566 214	28 486	58 629

Changes to insurance liabilities during the period in question for coverage of the undertaking's liabilities under contracts with contractual obligations

NOK MILLIONS	Premium reserve	Supplementary reserves	Securities adjustment fund	Premium fund	Total 2020	Total 2019
Insurance liabilities 01.01	459 343	36 070	55 761	12 359	563 532	505 182
Net reserves taken to profit/loss	19 809	-490	-623	701	19 396	50 727
Surplus on returns result	0	8 209	0	4 111	12 320	10 203
Risk result assigned to insurance contracts	0	0	0	0	0	513
Release of premium reserves related to new public pension	-23 096	0	0	23 140	44	0
Total changes taken to profit/loss	-3 287	7 719	-623	27 952	31 760	61 443
Transfers between funds/allocated to premium payment	-1	-8	0	-2 670	-2 678	-3 081
Receipts/payments on transfer	0	-455	0	470	14	-12
Total changes not taken to profit/loss	-1	-463	0	-2 187	-2 650	-3 093
Total changes in insurance liabilities	-3 288	7 256	-623	25 766	29 110	58 350
Insurance liabilities 31.12	456 055	43 325	55 137	38 124	592 642	563 532

Changes to insurance liabilities during the period in question for coverage of the undertaking's liabilities related to the value of a particular portfolio of investment options

NOK MILLIONS	Premium reserve	Supplementary reserves	Premium fund	Total 2020	Total 2019
Insurance liabilities 01.01	2 064	140	495	2 698	2 419
Net reserves taken to profit/loss	-479	0	7	-472	198
Surplus on returns result	0	30	0	30	122
Risk result assigned to insurance contracts	0	0	0	0	3
Other assignment of surplus	-107	0	63	-44	0
Total changes taken to profit/loss	-586	30	70	-487	322
Transfers between funds/allocated to premium payment	0	0	-87	-87	-44
Receipts/payments on transfer	0	-34	-13	-48	1
Total changes not taken to profit/loss	0	-34	-101	-135	-43
Total changes in insurance liabilities	-586	-5	-31	-622	279
Insurance liabilities 31.12	1 478	135	464	2 077	2 698

Amendments have been made to the occupational pension scheme for employees in the public sector through amendments to the Government Pension Fund Act, the Coordination Act and certain other acts. For the municipal tariff area, the legislative amendments have been incorporated in a new central general special agreement (SGS) 2020 Pension schemes. A new public service pension came into force on 1 January 2020. From the same time, a new industry agreement on calculated national insurance in public service pensions adopted by Finans Norge applies.

The rules on new public service pensions basically affect old-age pension earnings for employees in the public sector from 1 January 2020. For employees born in 1963 or later, old-age pension earnings according to the regulations applicable before 1 January 2020 (gross scheme) will cease. These have received a deferred pension right from the gross scheme from 1 January 2020, and they will further after this date earn old-age pension in public service pension according to a new model.

The changes in force from 1 January 2020 have meant that the deduction for benefits from the National Insurance Scheme will deviate from what has previously been used as a basis in the calculation basis for the pension scheme. For some parts of KLP's portfolio, this has led to a need for a net strengthening of the premium reserve of NOK 1 059 million. The increase in reserves is taken into account in the premium reserve, which is accounted for in the annual accounts for 2020. A premium income has also been accrued to finance the increase in the premium reserve. For the majority of KLP's stock, however, this entails the release of premium reserves that are added to the premium fund. This amounts to NOK 23 203 million, and the transfer has taken place as a profit and loss account between a change in premium reserve and a change in premium fund in the annual accounts for 2020.

Technical accounts by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2020	2019	2020	2019	2020	2019
Premium income	37 099	40 231	2	3	37 102	40 234
Net income common portfolio	24 169	44 050	1	1	24 170	44 051
Net income investment option portfolio	74	238			74	238
Other insurance-related income	1 192	1 118			1 192	1 118
Life insurance claims	-28 357	-20 154	-4	-3	-28 360	-20 157
Change insurance liabilities - contractual	-27 647	-58 692	-2	0	-27 649	-58 692
Change insurance liabilities - investment option	487	-232			487	-232
Funds assigned to insurance contracts	-4 111	-2 841			-4 111	-2 841
Insurance-related operating expenses	-1 171	-1 128	-1	-1	-1 172	-1 129
Other insurance-related costs	-1 206	-1 119			-1 206	-1 119
Technical result	530	1 470	-3	-1	526	1 470

Technical accounts by sub-sectors - main sector group life has no sub-sectors.

Subsegments of group pension insurance for municipalities, including institutions with similar pension plans

NOK MILLIONS	Occupational pension schemes without investment options		Occupational pension schemes with investment options		Total	
	2020	2019	2020	2019	2020	2019
Premium income	37 525	40 033	-426	198	37 099	40 231
Net income common portfolio	24 169	44 050			24 169	44 050
Net income investment option portfolio			74	238	74	238
Other insurance-related income	1 190	1 113	2	5	1 192	1 118
Life insurance claims	-28 276	-20 059	-81	-96	-28 357	-20 154
Change insurance liabilities - contractual	-27 647	-58 692			-27 647	-58 692
Change insurance liabilities - investment option			487	-232	487	-232
Funds assigned to insurance contracts	-4 111	-2 752	0	-89	-4 111	-2 841
Insurance-related operating expenses	-1 165	-1 123	-5	-5	-1 171	-1 128
Other insurance-related costs	-1 204	-1 113	-2	-6	-1 206	-1 119
Technical result	482	1 457	48	12	530	1 470

Result analysis by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2020	2019	2020	2019	2020	2019
Returns result after supplementary provisions	12 610	10 623	0	0	12 610	10 623
Risk result	-395	1 031	-2	0	-398	1 031
Administration result	172	248	-1	-1	171	248
Consideration for interest guarantee	494	476	0	0	494	476
Total result elements before allocation to customers	12 881	12 379	-3	-1	12 877	12 379
Returns result allocated to supplementary reserves	-8 238	-8 068	0	0	-8 238	-8 068
Returns result and risk result alloc. to premium fund	-4 111	-2 841	0	0	-4 111	-2 841
Rebooking from equity	0	0	0	0	0	0
Return to premium reserve	0	0	0	0	0	0
Technical result	530	1 470	-3	-1	526	1 470

Result analysis by sub-sectors - main sector group life has no sub-sectors

Subsegments of group pension insurance for municipalities, including institutions with similar pension plans

NOK MILLIONS	Occupational pension schemes without investment options		Occupational pension schemes with investment options		Total	
	2020	2019	2020	2019	2020	2019
Returns result after supplementary provisions	12 580	10 432	30	191	12 610	10 623
Risk result	-395	1 026	0	6	-395	1 031
Administration result	170	246	1	1	171	248
Consideration for interest guarantee	491	472	4	4	494	476
Balancing of released premium reserves related to new public pension	-44	0	44	0	0	0
Total result elements before allocation to customers	12 802	12 176	78	202	12 880	12 379
Returns result allocated to supplementary reserves	-8 208	-7 964	-30	-122	-8 238	-8 068
Returns result and risk result alloc. to premium fund	-4 111	-2 755	0	-86	-4 111	-2 841
Rebooking from equity	0	0	0	0	0	0
Return to premium reserve	0	0	0	0	0	0
Technical result	482	1 457	48	12	530	1 470

Claims by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2020	2019	2020	2019	2020	2019
Claims paid in accordance with insurance agreements	-20 701	-19 863	-4	-3	-20 704	-19 866
Total	-20 701	-19 863	-4	-3	-20 704	-19 866

TRANSFER AND NEW SUBSCRIPTION

Transfer by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2020	2019	2020	2019	2020	2019
FUNDS TRANSFERRED IN						
Premium reserve	2 850	11	0	0	2 850	11
Strengthening reserves	0	0	0	0	0	0
Funds received taken through profit or loss	2 850	11	0	0	2 850	11
Premium fund	561	3	0	0	561	3
Supplementary reserves to fund	0	0	0	0	0	0
Total funds received	3 411	14	0	0	3 411	14
Number of contracts	10	1	0	0	10	1
FUNDS TRANSFERRED OUT						
Premium reserve	6 408	258	0	0	6 408	258
Supplementary reserves	490	15	0	0	490	15
Valuation reserves	758	18	0	0	758	18
Funds paid out taken through profit or loss	7 656	292	0	0	7 656	292
Premium fund	78	15	0	0	78	15
Total funds paid out	7 734	306	0	0	7 734	306
Number of contracts	53	33	0	0	53	33

New subscription by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2020	2019	2020	2019	2020	2019
New subscription	25	25	0	0	25	25
Number of contracts	45	46	0	0	45	46

Note 20 **Hedge accounting**

31.12.2020 NOK MILLIONS	Nominal value	Changed value in hedged risk	Book value
HEDGED OBJECT			
Hybrid tier 1 securities	-984	-780	-1 764
HEDGING INSTRUMENT			
Combined interest rate and currency swap (CIRCUS)	984	779	779
Hedge effectiveness as at 31.12.2020		100 %	
Hedge effectiveness through the year		100 %	

31.12.2019 NOK MILLIONS	Nominal value	Changed value in hedged risk	Book value
HEDGED OBJECT			
Hybrid tier 1 securities	-984	-755	-1 738
HEDGING INSTRUMENT			
Combined interest rate and currency swap (CIRCUS)	984	754	754
Hedge effectiveness as at 31.12.2019		100 %	
Hedge effectiveness through the year		100 %	

The hybrid Tier 1 securities loan is hedged against changes in interest rates and exchange rates through purchase of a combined interest rate and currency swap (CIRCUS). The hedging is recognized in accordance with the rules on fair value hedging. This means that the hedging is carried out by an external party, that a formal earmarking and documentation of the hedge relationship is entered into, as well is that it is expected to be very effective and that this is continuously reviewed, as well as that the recognition decided is carried out as described below. In practice the hedging involves a swap of currency terms (JPY 15 billion JPY against NOK 0.984 billion) and interest terms (fixed interest at 5.07 per cent against NIBOR +2.65 per cent) on the borrowing and the combined interest and currency swap respectively. The hedge effectiveness is measured by looking at the change in fair value of the hedged object and the hedging instrument. The hedge effectiveness equals 100 per cent.

The hedge effectiveness is valued retrospectively each month and is then considered effective if the change in fair value between hedged object and hedging instrument lies within the bracket 80 per cent to 125 per cent.

Fair value hedging means that the hedged value development of the hedged object is recognized through profit or loss. Correspondingly the value change on the hedging instrument is recognized through profit or loss. The aim of the hedging arrangement above is to hedge the hedged object with a hedging instrument in which the hedging instrument's terms give negative

correlation in relation to the hedged object: this significantly reduces or eliminates the effect on income. If the hedging ratio is 100 per cent the net effect on income of the hedged object and the hedging instrument will be 0.

KLP uses hedging widely but the majority of instances are ordinary financial hedging. The above item is the only one in which hedge accounting is used. The aim of financial hedging is the same, i.e. to reduce or eliminate the effect on income the hedged part of the hedge relationship represents.

Since the value change on the hedged object and the hedging instrument has a high negative correlation, the profit/loss effect will be relatively low. See also Note 2 for the Group for a detailed description of the hedge accounting in the accounts.

Note 21 Subordinated loan capital and hybrid Tier 1 securities

2020 NOK MILLIONS	Loan amount currency ²	Loan amount NOK	Book value 31.12.2020	Due date
BORROWINGS ¹				
June 2015:	EUR 294	2 530	3 135	2045
Total subordinated loan capital		2 530	3 135	
April 2004:	JPY 15 000	984	1 764	Perpetual
Total hybrid tier 1 securities		984	1 764	
Total subordinated loan capital and hybrid Tier 1 securities		3 513	4 898	

2019 NOK MILLIONS	Loan amount currency ²	Loan amount NOK	Book value 31.12.2019	Due date
BORROWINGS ¹				
June 2015:	EUR 600	5 163	6 012	2045
Total subordinated loan capital		5 163	6 012	
April 2004:	JPY 15 000	984	1 738	Perpetual
Total hybrid tier 1 securities		984	1 738	
Total subordinated loan capital and hybrid Tier 1 securities		6 146	7 750	

¹ Interest costs on the two subordinated loans were NOK 555 million (NOK 254 million) and NOK 67 million (NOK 64 million) for the hybrid tier 1 securities in 2020. Figures in brackets are 2019 figures. ² Amount in local currency (millions).

EUR 294:

The interest on the loan is fixed at 4.25 per cent p.a. The loans was issued the 10th of June 2015 and is due in 2045. The loan can be redeemed by KLP after 10 years, and at every interest payment date that follows. The loan is currency hedged with EUR denominated bonds as shown in the table below. This arrangement is not subject to hedge accounting. In 2020, KLP bought back EUR 306 million of the original subordinated loan capital of EUR 600 million.

JPY 15 000:

The interest on the loan is fixed USD interest of 5.07 per cent p.a. The loan is perpetual but the Group has the right to redeem the loan on 28 April 2034. If KLP does not exercise its redemption right in 2034, the loan will switch to variable interest. The credit margin then increases by 1 percentage point to 6-month JPY LIBOR-interest + a margin of 3.30 per cent p.a. To hedge the interest and exchange risk associated with the loan a combined interest rate and currency swap has been agreed in which KLP pays 3-month NIBOR-interest + a margin of 2.65 per cent p.a. and receives USD-interest of 5.07 per cent p.a. This hedging arrangement is shown in Note 20.

2020 NOK MILLIONS	Nominal currency ²	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2020	Due date
Bonds ³	EUR 292	2 524	16	524	3 065	2025
Total hedging transactions		2 524	16	524	3 065	

2019 NOK MILLIONS	Nominal currency ²	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2019	Due date
Bonds	EUR 596	5 152	31	700	5 883	2025
Total hedging transactions		5 152	31	700	5 883	

¹ Interest costs on the two subordinated loans were NOK 555 million (NOK 254 million) and NOK 67 million (NOK 64 million) for the hybrid tier 1 securities in 2020. Figures in brackets are 2019 figures.

² Amount in local currency (millions)

³ The currency hedge has been adjusted down in 2020 after KLP repurchased parts of its subordinated loan.

Note 22 **Transferred assets with restrictions**

TRANSFERRED ASSETS THAT ARE NOT DEDUCTED, AND RELATED LIABILITIES

All assets transferred are recognised in the financial position statement if KLP is still exposed to changes in the fair value of the assets. This applies to repurchase agreements and agreements concerning securities lending. Repurchase agreements are a form of borrowing with collateral whereby KLP sells securities with an agreement to repurchase those securities at a predetermined price. Cash received is recognised as a deposit (debt). Securities transferred in connection with repurchase agreements are not deducted in the financial position statement.

Agreements concerning securities lending are transactions whereby KLP lends securities to a counterparty and receives a commission for it. Since both repurchase agreements and securities lending result in the securities being returned to KLP, the risk of value changes rests with KLP. However, the securities are not available to KLP while being transferred. The securities still reported in the financial position statement, and related debt, are assessed at fair value.

ASSETS TRANSFERRED THAT ARE STILL CAPITALISED

NOK MILLIONS	31.12.2020	31.12.2019
REPURCHASE AGREEMENTS		
Certificates and bonds	0	0
SECURITIES LENDING		
Shares	1 947	1 773
Total assets transferred that are still capitalised	1 947	1 773

LIABILITIES RELATED TO THE ASSETS

NOK MILLIONS	31.12.2020	31.12.2019
REPURCHASE AGREEMENTS		
Paid-in by credit institutions	0	0
SECURITIES LENDING		
Paid-in by credit institutions	0	0
Certificates and bonds	1 547	1 363
Shares	546	505
Total liabilities	2 094	1 868

All the assets in the table above are subject to resale or collateral with the counterparty.

ASSETS TRANSFERRED THAT ARE NOT DEDUCTED, AND RELATED LIABILITIES

KLP receives collateral under reverse repurchase agreements and agreements concerning securities borrowing, which it is permitted to sell or pledge under the agreements. The transactions are carried out in accordance with standard agreements employed by the parties in the financial market.

In general, the agreements require additional security to be put up if the value of the securities fall below a predetermined level. According to the agreements, the recipient of the collateral has the unlimited right to sell or pledge the collateral in return for providing corresponding collateral on the date of settlement.

SECURITIES RECEIVED THAT ARE PERMITTED TO BE SOLD OR PLEDGED

NOK MILLIONS	31.12.2020	31.12.2019
REVERSE REPURCHASE AGREEMENTS		
Certificates and bonds	1 755	0
<i>Of which sold or pledged</i>	1 755	0
SECURITIES BORROWING		
Shares	0	0
<i>Of which sold or pledged</i>	0	0
Total assets transferred and still capitalised	1 755	0

Note 23 **Return on capital**

PER CENT	2020	2019	2018	2017	2016
CUSTOMER PORTFOLIOS					
TOTAL OF COMMON PORTFOLIO					
Return I	4.9	4.5	3.5	3.9	4.4
Return II	4.2	8.5	1.5	6.7	5.8
Return III	5.5	8.8	0.5	6.7	5.4
TOTAL - INVESTMENT OPTION PORTFOLIO	4.2	9.9	0.6	7.5	6.2

Return I = Book return

Return II = Value-adjusted return. This is the book return +/- unrealized value changes charged to the securities adjustment fund

Return III = Value-adjusted returns including value changes on assets are recognized at amortized cost. These value changes are not included in the accounting income for the year

PER CENT	2020		2019		2018		2017		2016	
	Return I	Return II								

THE COMMON PORTFOLIO'S SUB-PORTFOLIOS HAVE HAD THE FOLLOWING RETURNS:

Balanced portfolio 1	4.9	4.2	4.5	8.6	3.5	1.4	3.9	6.7	4.5	5.8
Balanced portfolio 2	4.7	4.2	4.4	8.5	3.5	1.5	4.0	6.8	4.4	5.8
Moderate portfolio ¹	NA	NA	NA	NA	3.8	1.7	3.1	6.0	4.2	5.5

¹ LKM was discontinued 30.06.2019. LKM was incorporated in LKB1 from 01.07.2019.

PER CENT	2020	2019	2018	2017	2016
CORPORATE PORTFOLIO					
Return on financial investments in the corporate portfolio	3.1	4.3	4.2	4.0	4.7

For the corporate portfolio there is no difference in return I and II since no special provisions are made for any unrealized added value.

Note 24 **Sales costs**

NOK MILLIONS	2020	2019
Personnel costs	81	81
Commission	0	0
Other costs	60	61
Total sales costs	141	143

Note 25 **Pensions obligations, own employees**

The majority of the pension obligation is covered through KLP's joint pension scheme for local authorities and enterprises ("Fellesordningen").

The Company also offers a pension scheme in addition to Fellesordningen. This obligation is covered through operation. Fellesordningen is a defined-benefits-based pension scheme that satisfies the requirements for mandatory occupational pensions ("obligatorisk tjenestepension", or OTP). The Company has a contractual early retirement (AFP) scheme.

The accounting treatment of pension obligations is described in more detail in Note 2 for the Group.

NOK MILLIONS	Joint scheme	Via operation	2020	Joint scheme	Via operation	2019
PENSION COSTS						
Present value of accumulation for the year	73	5	78	74	6	80
Administration cost	2	0	2	2	0	2
Planchanges	0	0	0	6	0	6
Social security contributions - pension costs	10	1	11	12	1	12
Capital activity tax - pension tax	4	0	4	4	0	4
Pension costs taken to profit/loss incl. social security, capital activity tax and admin.	89	6	95	98	7	105
NET FINANCIAL COSTS						
Interest cost	32	3	35	35	4	38
Interest income	-24	0	-24	-25	0	-25
Management costs	1	0	1	1	0	1
Net interest cost	9	3	12	11	4	15
Social security contributions - net interest cost	1	0	2	2	1	2
Capital activity tax - net interest cost	0	0	1	1	0	1
Net interest cost including social security contributions and capital activity tax	11	4	15	13	4	18
ESTIMATE DEVIATION PENSIONS						
Actuarial gains (losses)	25	16	41	-71	-3	-74
Social security contributions	3	2	6	-10	0	-10
Capital activity tax	1	1	2	-4	0	-4
Actuarial gains (losses) including social security contributions and capital activity tax	29	19	49	-85	-4	-89
Total pension costs including interest costs and estimate deviation	129	29	158	26	8	34

NOK MILLIONS	Joint scheme	Via operation	2020	Joint scheme	Via operation	2019
PENSION OBLIGATIONS						
Gross accrued pension obligations	1 530	161	1 691	1 310	141	1 451
Pension assets	1 192	0	1 192	1 025	0	1 025
Net liability before social security costs and capital activity tax	338	161	499	285	141	426
Social security contributions	48	23	70	40	20	60
Capital activity tax	17	8	25	14	7	21
Gross accrued obligations incl. social security costs and capital activity tax	1 595	191	1 786	1 365	168	1 533
Net liability incl. social security costs and capital activity tax	403	191	594	340	168	508

NOK MILLIONS	Joint scheme	Via operation	2020	Joint scheme	Via operation	2019
RECONCILIATION PENSION OBLIGATIONS						
Capitalized net liability/(assets) 01.01.	340	168	508	399	166	565
Pension costs taken to profit/loss	89	6	95	98	7	105
Financial costs taken to profit/loss	11	4	15	13	4	18
Actuarial gains and losses included social security contributions and capital activity tax	29	19	49	-85	-4	-89
Social security contributions paid in premiums/supplement	-7	-1	-8	-10	-1	-11
Capital activity tax paid in premiums/supplement	-3	0	-3	-4	0	-4
Premium/supplement paid-in including admin	-55	-5	-60	-72	-5	-77
Capitalized net liability/(assets) 31.12. this year	403	191	594	340	168	508

NOK MILLIONS	Joint scheme	Via operation	2020	Joint scheme	Via operation	2019
CHANGE IN PENSION OBLIGATIONS						
Gross pension assets 01.01. before planchanges	1 365	168	1 533	1 323	166	1 488
Planchanges	0	0	0	7	0	7
Gross pension assets 01.01. after planchanges	1 365	168	1 533	1 330	166	1 496
Present value of accumulation for the year	73	5	78	74	6	80
Interest cost	32	3	35	35	4	38
Actuarial losses (gains) gross pension obligation	143	19	162	-55	-4	-58
Social security contributions - pension costs	10	1	11	11	1	12
Social security contributions - net interest cost	1	0	2	2	1	2
Social security contributions paid in premiums/supplement	-7	-1	-8	-10	-1	-11
Capital activity tax - pension costs	4	0	4	4	0	4
Capital activity tax - net interest cost	0	0	1	1	0	1
Capital activity tax paid in premiums/supplement	-3	0	-3	-4	0	-4
Payments	-22	-5	-27	-22	-5	-27
Gross pension obligation 31.12.	1 595	191	1 786	1 365	168	1 533

NOK MILLIONS	Joint scheme	Via operation	2020	Joint scheme	Via operation	2019
CHANGE IN PENSION ASSETS						
Pension assets 01.01	1 025	0	1 025	923	0	923
Interest income	24	0	24	25	0	25
Actuarial (loss) gain on pension assets	113	0	113	30	0	30
Administration cost	-2	0	-2	-2	0	-2
Financing cost	-1	0	-1	-1	0	-1
Premium/supplement paid-in including admin	55	5	60	72	5	77
Payments	-22	-5	-27	-22	-5	-27
Pension assets 31.12	1 192	0	1 192	1 025	0	1 025

NOK MILLIONS	Joint scheme	Via operation	2020	Joint scheme	Via operation	2019
PENSIONS SCHEME'S OVER-/UNDER-FINANCING						
Present value of the defined benefits pension obligation	1 595	191	1 786	1 365	168	1 533
Fair value of the pension assets	1 192	0	1 192	1 025	0	1 025
Net pensions liability	403	191	594	340	168	508

PER CENT	31.12.2020	31.12.2019
FINANCIAL ASSUMPTIONS (COMMON TO ALL PENSION SCHEMES)		
Discount rate	1.70 %	2.30 %
Salary growth	2.25 %	2.25 %
The National Insurance basic amount (G)	2.00 %	2.00 %
Pension increases	1.24 %	1.24 %
Social security contribution	14.10 %	14.10 %
Capital activity tax	5.00 %	5.00 %

The assumptions as at 31 December 2019 have been applied to measurement of the cost of pension for 2020, whilst for calculation of the pension obligation on 31 December 2020, the assumptions and membership numbers as at 31 December 2019 have been applied.

The assumptions are based on the market situation as at 31 December 2020 and are in accordance with the recommendations of the Norwegian Accounting Standards Board (NASB).

ACTUARIAL ASSUMPTIONS

KLP's JOINT PENSION SCHEME FOR LOCAL AUTHORITIES AND ENTERPRISES ("FELLESORDNINGEN):

An important part of the basis of pension costs and pension obligations is how mortality and disability develop amongst the members of the pension scheme.

KLP has used the K2013BE mortality table based on Finance Norway's analyses of mortality in life insurance populations in Norway and Statistics Norway's extrapolations.

KLP uses own disability table for actuarial assumptions related to disability, a table based on changes in disability figures in KLPs customer base.

Withdrawal of contractual early retirement (AFP) (per cent in relation to remaining employees):

The costs of AFP depend on how many in each year-group take AFP. On reaching 62 years there are 42.5 per cent who retire with an AFP pension.

It is only those who are employed and working right up to retirement who are entitled to AFP. This is taken into account in the calculation of the AFP obligation.

VOLUNTARY TERMINATION FOR "FELLESORDNINGEN" (IN %)						
Age (in years)	<24	24-29	30-39	40-49	50-55	>55
Turnover	25%	15%	7.5%	5%	3%	0 %

PENSIONS VIA OPERATIONS

AFP/early retirement is not relevant to this scheme. In regard to mortality the same variant of K2013BE has been used as for “Fellesordningen”.

NUMBER	Joint scheme	Via operation	2020	Joint scheme	Via operation	2019
MEMBERSHIP STATUS						
Number active	586	25	611	578	25	603
Number deferred (previous employees with deferred entitlements)	447	11	458	441	12	453
Number of pensioners	219	49	268	206	48	254

	2020	2019
COMPOSITION OF THE PENSION ASSETS:		
Property	13.3 %	12.4 %
Lending	12.9 %	12.5 %
Shares	24.2 %	25.9 %
Long-term/HTM bonds	28.9 %	29.1 %
Short-term bonds	16.9 %	15.0 %
Liquidity/money market	3.9 %	5.2 %
Total	100.0 %	100.0 %

The pension funds are based on KLP's financial funds in the common portfolio. The table shows percentage placing of the pension funds administered by KLP at the end of the year. Value-adjusted return on the assets was 4.23 per cent in 2020 and 8.55 per cent in 2019.

Expected payment into benefits plans after cessation of employment for the period 1 January 2021 – 31 December 2021 is NOK 105 million.

SENSITIVITY ANALYSIS AS AT 31 DECEMBER 2020		
The discount rate is reduced by 0.5 %		Increase
Gross pension obligation		10.6 %
Accumulation for the year		16.7 %
Salary growth increases by 0.25%		Increase
Gross pension obligation		1.1 %
Accumulation for the year		2.2 %
Mortality is strengthened by 10 %		Increase
Gross pension obligation		2.5 %
Accumulation for the year		1.9 %

The sensitivity analysis above is based on all other assumptions being unchanged. In practice that is an unlikely scenario and changes in some assumptions are correlated. The calculation of gross pension obligation and accumulation for the year in the sensitivity analysis has been done using the same method as in calculating gross pension obligation in the financial position statement.

The duration in the Joint scheme is estimated at 17.8 years.

Note 26 Tax

NOK MILLIONS	2020	2019
Accounting income before tax	1 289	2 637
Items of other comprehensive income before tax	-76	135
DIFFERENCES BETWEEN ACCOUNTING AND TAX INCOME		
Reversal of value reduction, financial assets	16	327
Reversal of value increase, financial assets	-1 307	-736
Book gain on realization of shares and other securities	183	-403
Tax gain on realization of shares and other securities	0	-82
Other permanent differences	0	-13
Change in differences affecting relationship between book and taxable income	282	-68
Taxable income	388	1 796
Group contribution received with tax effect	419	271
Surplus/deficit for the year is transferred to carryforward deficit	807	2 068
RECONCILIATION OF BASIS FOR DEFERRED TAX		
TAX-INCREASING TEMPORARY DIFFERENCES		
Gains and losses account	2	2
Risk equilization fund	4 154	4 154
Financial instruments	2 131	1 579
Technical result (2018)	673	842
Total tax-increasing temporary differences	6 961	6 576
Difference not included in the basis for deferred taxes	-4 154	-4 154
Total tax-increasing temporary differences	2 807	2 422
TAX-REDUCING TEMPORARY DIFFERENCES		
Long-term liabilities	-1 272	-1 389
Adjusted for 20% of transition regulation 01.01.2018	-230	-288
Total tax-reducing temporary differences	-1 503	-1 677
Net temporary differences	1 304	745
Transition regulation 01.01.2018	1 152	1 439
Basis for deferred tax assets	2 456	2 185
25% deferred tax assets	614	546
Deferred tax in the balance sheet	-614	-546
Capitalized liability for tax settlement	-1 155	-948
Tax on group contributions directly charged to the balance sheet	-105	-72
Change in deferred tax taken to profit/loss	-68	-65

NOK MILLIONS	2020	2019
SUMMARY OF TAC EXPENCE FOR THE YEAR		
Change in deferred tax taken to profit/loss	-68	-65
Tax payable of wealth	-27	-11
Tax payable taken to profit/loss	-97	-445
Total tax taken to profit/loss	-192	-521
TAX TAKEN TO PROFIT/LOSS		
Tax	-204	-499
Tax on other comprehensive income	12	-22
Total tax taken to profit/loss	-192	-521
RECONCILIATION OF COST OF TAXES AGAINST ORDINARY PROFIT BEFORE TAX		
Accounting income before tax	1 213	2 772
Expected tax in accordance with nominal rate (25%)	-303	-693
Tax effect of:		
Permanent differences	139	179
Total tax taken to profit/loss	-165	-514
Effective tax rate	14 %	19 %
WEALTH TAX		
Taxable value assets	548 426	527 102
Taxable value liabilities	-538 369	-523 256
Net wealth	10 057	3 846
Base amount wealth tax	10 057	3 846
Wealth tax (0,15%)	15	6

KLP is in dialogue with the tax authorities regarding the consequences of the transitional rule introduction in connection with the new tax rules for life insurance companies that entered into force on January 1, 2018. The outcome of the dialogue is uncertain, but this may involve a significant deviation from the accounting tax expense in 2018.

Note 27 **Salary and obligations towards senior management etc.**

The KLP Board of Directors has laid down principles and guidelines for remuneration that apply for the entire Group and set up a remuneration committee as a subcommittee of the Board. The committee reports on and carries out checks that the remuneration schemes in the Group are in line with the Board's principles and guidelines.

Senior employees are defined as the Group CEO and Executive Vice Presidents employed in the parent company KLP and forming part of the Group senior management.

Senior employees who were members of the Group senior management before 1 May 2013, are pensionable at the age of 65, but may choose to change this to aged 70. None of those senior management have chosen to avail themselves of the opportunity to change the retirement age as of 31.12.2020. Persons who were appointed to Group senior management as of 1 May 2013, are pensionable at the age of 70.

All employees of the KLP Group in Norway are registered in KLP's pension scheme for municipalities and companies. The employees earn pension rights in this scheme for salaries up to 12G.

Employees in the KLP Group with salaries above 12 G and for employees with lower retirement age than 67 years, also earn pension benefits for salaries above 12G. Full retirement pension in this additional cover amounts to 66 % of salary above 12G, and is achieved after at least 30 years of earnings in the scheme. Employees with a special agreement for a lower pension age than 67 years are ensured an old-age pension corresponding to 66 % of all pensionable salary up to 67 years. This add-on was closed May 2, 2013 and does not apply to employees who started after that date. Nor does the scheme apply to employees who were employed at this time in KLP, but who only receive salary above 12G after this date.

The Group CEO has severance pay corresponding to one year's salary including supplementary benefits in the event of termination of employment. There are no obligations to provide the Chairman of the Board special consideration or other benefits on termination or change of the appointment. KLP pays directors' liability insurance for members of its Board of Directors.

The KLP Group offers loans for various purposes. There are separate loan terms for employees, and no senior executives have terms that deviate from this. Loans to external members of the Board of Directors and external members of the Corporate Assembly are only granted under ordinary loan terms.

Fees to Board members are determined by the Corporate Assembly. Fees to deputies and observers are not stated.

All benefits are shown without the addition of social security contributions and capital activity tax.

For Board members elected by and among the employees stated that only about compensation and loans that can be linked to their directorship.

Attention is drawn otherwise to the description of the main principles on determination of remuneration in the KLP Group that may be found at klp.no.

2020 NOK THOUSANDS	Paid from the Company						Paid from another company in the same group					
	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2020	Payment plan ¹	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2020	Payment plan ¹
SENIOR EMPLOYEES												
Sverre Thornes, <i>Group CEO</i>	4 240	291	1 433	-	-	-	-	-	-	11 120	1.0	A45
Marianne Sevaldsen	2 848	209	1 120	-	-	-	-	-	-	4 187	1.0	A43
Aage E. Schaanning	3 659	209	1 222	-	-	-	-	-	-	5 179	1.0	HC
Rune Hørnes	2 692	165	384	-	-	-	-	-	-	-	-	-
Gro Myking	2 619	204	470	-	-	-	-	-	-	6 088	1.0	A30
Kirsten Grutle	726	44	519	-	-	-	-	-	-	-	-	-
Mona Refsdal	1 061	122	329	-	-	-	-	-	-	2 632	1.0	HC/A42
THE BOARD OF DIRECTORS ²												
Egil Johansen, <i>Chair</i> (12 of 12)	391	-	-	-	-	-	-	-	-	-	-	-
Jenny Følling (12 of 12)	288	-	-	-	-	-	-	-	-	-	-	-
Odd Haldgeir Larsen (12 of 12)	233	-	-	-	-	-	-	-	-	2 072	1.7	A35
Karianne Melleby (12 of 12)	313	-	-	-	-	-	-	-	-	-	-	-
Øyvind Brevik (12 of 12)	289	-	-	-	-	-	-	-	-	-	-	-
Cathrine M. Lofthus (11 of 12)	289	-	-	-	-	-	-	-	-	-	-	-
Susanne Torp-Hansen, <i>elected by and from the employees</i> (12 of 12)	233	-	-	-	-	-	-	-	-	-	-	-
Freddy Larsen, <i>elected by and from the employees</i> (12 of 12)	289	-	-	-	-	-	-	-	-	-	-	-
CORPORATE ASSEMBLY												
Total Corporate Assembly, including employee representatives	725	-	-	4 502	-	-	-	-	-	36 275	-	-
EMPLOYEES												
Loans to employees of KLP to subsidized interest rate	-	-	-	91 473	-	-	-	-	-	994 954	-	-

2020 NOK THOUSANDS	Paid from the Company						Paid from another company in the same group					
	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2020	Payment plan ¹	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2020	Payment plan ¹
Loans to employees of KLP to ordinary terms and conditions	-	-	-	4 411	-	-	-	-	-	29 381	-	-

2019 NOK THOUSANDS	Paid from the Company						Paid from another company in the same group					
	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2019	Payment plan ¹	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2019	Payment plan ¹

SENIOR EMPLOYEES

Sverre Thornes, <i>Group CEO</i>	4 155	221	1 530	-	-	-	-	-	-	11 550	2.0	A45
Marianne Sevaldsen	2 802	173	1 178	-	-	-	-	-	-	4 343	2.0	A43
Aage E. Schaanning	3 599	168	1 282	-	-	-	-	-	-	5 397	2.0	HC
Rune Hørnes	2 610	159	395	-	-	-	-	-	-	-	-	-
Gro Myking	2 383	159	330	-	-	-	-	-	-	-	-	-
Kirsten Grutle	1 769	157	536	-	-	-	-	-	-	-	-	-
Mona Refsdal	1 030	113	333	-	-	-	-	-	-	2 755	2.0	HC/A44

THE BOARD OF DIRECTORS ²

Egil Johansen, <i>Chair</i> (10 of 10)	377	-	-	-	-	-	-	-	-	-	-	-
Lars Vorland (2 of 4)	137	-	-	-	-	-	-	-	-	-	-	-
Marit Torgersen (4 of 4)	148	-	-	-	-	-	-	-	-	-	-	-
Jenny Følling (9 of 10)	294	-	-	-	-	-	-	-	-	-	-	-
Odd Haldgeir Larsen (9 of 10)	233	-	-	-	-	-	-	-	-	2 107	2.95	A38

2019 NOK THOUSANDS	Paid from the Company						Paid from another company in the same group					
	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2019	Payment plan ¹	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2019	Payment plan ¹
Karianne Melleby (10 of 10)	291	-	-	-	-	-	-	-	-	-	-	-
Øyvind Brevik (6 of 6)	142	-	-	-	-	-	-	-	-	-	-	-
Cathrine M. Lofthus (6 of 6)	142	-	-	-	-	-	-	-	-	-	-	-
Susanne Torp-Hansen, <i>elected by and from the employees</i> (9 of 10)	241	-	-	-	-	-	-	-	-	-	-	-
Freddy Larsen, <i>elected by and from the employees</i> (10 of 10)	279	-	-	-	-	-	-	-	-	-	-	-
CORPORATE ASSEMBLY												
Total Corporate Assembly, including employee representatives	587	-	-	2 697	-	-	-	-	-	28 233	-	-
EMPLOYEES												
Loans to employees of KLP to subsidized interest rate	-	-	-	117 016	-	-	-	-	-	779 309	-	-
Loans to employees of KLP to ordinary terms and conditions	-	-	-	10 228	-	-	-	-	-	17 515	-	-

¹ A=Annuity loan, last payment, HC = Housing Credit

² The numbers in brackets represents the number of meetings attended by the total number of meetings held during the period in which the person has been on the board.

NOK THOUSANDS	2020	2019
The period costs related to lending terms and conditions for employees.	9 513	5 947

Note 28 **Number of employees**

	2020	2019
Number of permanent employees 31.12.	569	563
Number of temporary employees 31.12.	15	25
Total number of employees 31.12.	584	588
Number of full time equivalents permanent employees	555	552
Number of full time equivalents temporary employees	14	13
Total number of full time equivalents	569	565

Note 29 **Auditor's fee**

NOK MILLIONS	2020	2019
Ordinary audit	2.1	2.0
Certification services	0.2	0.2
Tax advisory services	0.1	0.1
Non-audit services	0.0	0.0
Total auditor's fee	2.5	2.3

The audit fee is expensed according to received invoice. The amounts above include VAT.

Note 30 **Transactions with related parties**

All transactions with related parties are carried out on market terms and conditions. The exception is administrative services used across the Group. Costs for administrative services are allocated at actual cost in accordance with actual usage. All related parties are 100 percent owned subsidiaries.

NOK MILLIONS	2020	2019
INCOME STATEMENT ITEMS		
Purchase of asset management services from KLP Kapitalforvaltning AS	-114	-112
Purchase of asset management services from KLP Banken AS	-59	-59
Lease of office premises from KLP Huset AS	27	22
Sale of pension insurance/group life to subsidiaries	94	106
Net repayment administrative services	364	360
Total	310	319

NOK MILLIONS	31.12.2020	31.12.2019
BALANCE SHEET ITEMS ¹		
Net outstanding accounts to:		
KLP Skadeforsikring AS	63	31
KLP Bedriftspensjon AS	0	5
KLP Forsikringsservice AS	1	0
KLP Kapitalforvaltning AS	20	4
KLP Eiendom AS	-30	1
KLP Bank konsern	27	27
Total intercompany	81	68
KLP Huset AS, classified in the accounts as "Shares and holdings in property subsidiaries" (corporate portfolio)	164	138
KLP Eiendom AS, classified in the accounts as "Shares and holdings in property subsidiaries" (common portfolio)	6 950	4 314
KLP Eiendom AS, classified in the accounts as "Shares and holdings in property subsidiaries" (investment option portfolio)	33	23
Total intercompany receivables	7 228	4 543

¹ Net internal outstanding accounts include Group contribution items at the various companies.

Note 31 **Other liabilities**

NOK MILLIONS	31.12.2020	31.12.2019
Accounts payable	4	6
VAT and tax deductions due	478	457
Non-settled securities trade	2 261	1 870
Total other liabilities	2 743	2 332

Note 32 **SCR ratio**

The Solvency II balance sheet includes assets and liabilities at fair value. For assets that have a different value in the accounts change in balance value are added. There are no observable market values for KLP's insurance liabilities, which are thus calculated by way of a best estimate based on actuarial assumptions. In addition there is a risk margin that is to reflect a third party's capital costs by taking over these liabilities.

Tier 1 capital appears from the Solvency II balance sheet and Hybrid Tier 1 securities. Tier 2 capital consist of subordinated loans and ancillary own funds. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 286 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 362 per cent.

	31.12.2020	31.12.2019
SOLVENCY II - SCR RATIO	286 %	278 %

NOK BILLIONS	31.12.2020	31.12.2019
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT		
Assets, book value	652	621
Added values - hold-to-maturity portfolio/loans and receivables	16	8
Added values - other lending	0	0
Other added/lesser values	0	0
Deferred tax asset	0	0
Total assets - solvency II	668	629

NOK BILLIONS	31.12.2020	31.12.2019
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT		
Best estimate	596	560
Risk margin	14	13
Hybrid Tier 1 securities/Subordinated loan capital	5	8
Other liabilities ¹	18	15
Deferred tax liabilities	1	1
Total liabilities - solvency II	634	597
Excess of assets over liabilities	34	32
- Deferred tax asset	0	0
+ Hybrid Tier 1 securities	2	2
Tier 1 basic own funds	36	33
Total eligible tier 1 own funds	36	33
Subordinated loans	4	7
Tier 2 basic own funds	4	7
Ancillary own funds	11	12
Tier 2 ancillary own funds	11	12
Deduction for max. eligible tier 2 own funds	-7	-12
Total eligible tier 2 own funds	8	7
Deferred tax asset	0	0
Total eligible tier 3 own funds	0	0
Solvency II total eligible own funds	43	41
Market risk	7	6
Diversification market risk	-2	-2
Counterparty risk	0	0
Life risk	14	14
Diversification life risk	-3	-3
Diversification general	-3	-3
Operational risk	3	3
Loss absorbing ability deferred tax	-1	-1
Solvency capital requirement (SCR)	15	15
Linear minimum capital requirement (MCR_linear)	8	7
Minimum	4	4
Maximum	7	7
Minimum capital requirement (MCR)	7	7
Solvency II- SCR ratio	286 %	278 %

Note 33 Other insurance-related income and costs

NOK MILLIONS	2020	2019
OTHER INSURANCE-RELATED INCOME		
Contribution service pension/contractual early retirement (AFP)	1 189	1 115
Miscellaneous interest income	3	3
Total other insurance-related income	1 192	1 118
OTHER INSURANCE-RELATED COSTS		
Payments service pension/contractual early retirement (AFP)	1 189	1 115
Other interest costs	17	4
Total other insurance-related costs	1 206	1 119

Note 34 Contingent liabilities

NOK MILLIONS	31.12.2020	31.12.2019
Guarantee liability	2	2
Committed, not subscribed investment in private equity and property funds	22 365	14 007
Approved, not paid out KLP loan pledge	3 643	7 219
Total contingent liabilities	26 011	21 227

Note 35 Leases

NOK MILLIONS	31.12.2020	31.12.2019
RIGHT-OF-USE ASSETS	Property	
Opening balance 01.01.	204	305
Addition	981	0
Depreciation	-104	-101
Closing balance 31.12.	1 081	204

NOK MILLIONS	31.12.2020	31.12.2019
LEASE LIABILITIES	Property	
Opening balance 01.01.	210	305
Addition	981	0
Repayments	-92	-96
Closing balance 31.12.	1 099	210

NOK MILLIONS	01.01.2020 -31.12.2020	01.01.2019 -31.12.2019
Property		
Interest expense lease liabilities	17	8
Interest expense lease liabilities	17	8

Note 36 **Change in liabilities from financing activities**

NOK MILLIONS	31.12.2019	Cash flow from financing activities	Non-cash changes ¹	31.12.2020
Other subordinated loan capital	6 012	-2 641	-237	3 135
Hybrid Tier 1 securities	1 738	0	25	1 764
Total liabilities from financing activities	7 750	-2 641	-211	4 898

¹ Non-cash flow changes are mainly unrealized currency

Note 37 **Change in fair value IFRS 9**

31.12.2020 NOK MILLIONS	Financial assets at amortized cost ¹ Passed SPPI
Fair value 31.12.2019	192 611
Bought	12 157
Sold	-1 557
Redemption at maturity	-4 663
Change in fair value	7 419
Fair value 31.12.2020	205 967

¹ Investments held to maturity and bonds classified as loans and receivables

31.12.2020 NOK MILLIONS	Financial assets valued at fair value
Fair value 31.12.2019	282 438
Bought	148 626
Sold	-167 630
Change in fair value	27 125
Fair value 31.12.2020	290 560

31.12.2020 NOK MILLIONS	Other loans and receivables at amortized cost Passed SPPI	Other loans and receivables at amortized cost Not passed SPPI	Other loans and receivables at amortized cost Total
Fair value 31.12.2019	71 321	306	71 627
New loans	16 788	1 092	17 880
Repayment on-/ redemption of loans	-13 013	0	-13 013
Change in fair value	2 202	-5	2 197
Fair value 31.12.2020	77 298	1 393	78 691

In accordance with the notes requirements, the entity has conducted an SPPI test on the portfolio at amortized cost. Based on the preliminary assessment all investments except two loans passes the test. Also refers to note 5 Fair value of financial assets and liabilities and note 11 Credit risk.

Note 38 **Sale of subsidiary**

Kommunal Landspensjonskasse gjensidig forsikringselskap (KLP) has sold the shares of the wholly owned subsidiary KLP Bedriftspensjon AS. The sale was completed in the third quarter, but with accounting effect from 1 April 2020.

The subsidiary that has been sold, offers defined contribution and occupational pensions, including the management of pension capital certificates and paid-up policies, for public and private sector enterprises. The company was established in 2006 and has had an office in Oslo with 9 employees. KLP Bedriftspensjon AS had 3.091 corporate clients in its defined contribution and company pension scheme at 31 March 2020, which encompasses a total of 69.232 active members and owners of pension capital certificates and paid-up policies. Total assets amounted NOK 6.984 million, of which insurance liabilities amount to NOK 6.372 million. Pre-tax profit by 31 March 2020 amounted to NOK -13.7 million.

The book value of shares in the subsidiary that has been sold is NOK 573 million as of 31 March 2020. A loss in connection with the sale of NOK 183.4 million has been recognized in KLP's income statement, under the line "Net income from investments in the corporate portfolio". The loss is calculated based on the fair value of the assets adjusted for selling expenses



To the General Meeting of Kommunal Landspensjonskasse gjensidig forsikringsselskap

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kommunal Landspensjonskasse gjensidig forsikringsselskap, which comprise:

- The financial statements of the parent company Kommunal Landspensjonskasse gjensidig forsikringsselskap (the Company), which comprise the balance sheet as at 31 December 2020, the income statement, changes in owners' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Kommunal Landspensjonskasse gjensidig forsikringsselskap and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement, changes in owners' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Group's business activities has in general been unchanged compared to the previous year. There has not been any regulatory changes, transactions or other events with material impact on the 2020 financial statements. Therefore, the key audit matters relevant for our audit have been the same in 2020 as for the prior year audit.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Valuation of investment properties</i></p> <p>We have focused on this area because it represents a substantial part of the assets on the balance sheet and the lack of a liquid market for investment properties. Valuation of investment properties is performed using an internal valuation model that involves estimated future cash flows discounted to present value. The valuation model involves the use of management judgement when determining the expected future market rent, rehabilitation cost and discount rate.</p> <p>The accuracy of the calculation also depends on internal information about the properties, e.g. space, expiration of existing lease contract and lease amounts.</p> <p>Refer to note 3.2, 7 and 16 in the consolidated financial statements for a further description of the valuation of investment properties.</p>	<p>We have evaluated and tested the design and operating effectiveness of the group's internal controls over valuation of investment properties. In particular, we assessed whether management had established controls that ensured evaluation of expected future market rents, rehabilitation cost and discount rates against both external valuations and market data and between properties in the portfolio. We challenged management's judgement by evaluating management's explanations for significant deviations between the assumptions applied and the external valuations and market data. We found the valuation model used by management was reasonable and in accordance with market practice.</p> <p>In order to conclude on the accuracy of the calculations, we tested important internal assumptions on a sample basis against lease contracts and other documentation without identifying significant deviations. We confirmed that the model calculation was appropriately reflecting the valuation model and assumptions selected.</p> <p>We tested that all investment properties had been subject to valuation by comparing the list of properties in the valuation model against the list of properties booked in the accounting system. We compared the output from the valuation model against the external valuations for a selection of the properties. Management explained significant deviations and we challenged the basis for their view of why the deviations did not warrant a change in book values.</p> <p>We also assessed and came to the conclusion that the information about investment properties were sufficient and adequate.</p>



Calculation of technical provisions – life insurance

We have focused on the calculation of the 'technical provisions – life insurance' because it is a significant estimate in the financial statements requiring a complex assessment of future events. An inherent risk exists related to whether the technical provisions are sufficient to cover the future claim payments to the policy holders.

The calculation of the technical provisions will largely depend on the data quality in the insurance system and the use of assumptions in line with regulatory requirements and relevant industry standards.

As described in note 21 in the consolidated financial statements, amendments have been made to the occupational pension scheme for employees in the public sector and the Coordination Act from 1 January 2020. The new rules have affected the old-age pension earnings and technical provisions. We have focused on how the new rules have affected the technical provisions.

Refer also to note 2.14, 3.1 and 9.1 in the consolidated financial statements for a further description of the calculation of technical provisions – life insurance.

We have evaluated and tested the design and operating effectiveness of the established internal controls over data quality in the insurance system that forms the basis for the calculation of the technical provisions within life insurance, including general IT controls. In particular, we assessed whether management had established controls that ensured complete and accurate policy data, including controls around data gathering, data processing and sub ledger interfaces. We have evaluated and tested the design and operating effectiveness of the established internal controls over quality assurance of assumptions and calculation methodology applied. We concluded that we could rely on these controls for the purposes of our audit.

We have reviewed the actuary's recalculation of the premium reserves, which the actuary has compared against the premium reserve calculated by the insurance system. Furthermore, we have reviewed the group's roll forward of technical provisions within life insurance and compared the result of this roll forward against the technical provisions calculated by the insurance system. The recalculations do not show a significant deviation against the technical provisions calculated by the insurance systems. We have assessed the methodology and tested the significant assumptions applied.

In our view, the calculation of technical provisions in life insurance was subject to controls with appropriate design and operating effectiveness. The assumptions in the calculations were applied consistently and in accordance with regulatory requirements and industry standards.

Furthermore, we have reviewed KLP's calculation of the changes in the pension earnings in accordance with the amendments made to the occupational pension scheme for employees in the public sector and assessed whether these pension earnings were calculated in accordance with the new rules. Our own recalculations did not show any significant deviations from the group's calculations. These recalculations were performed using our own actuaries.

We also considered and found that the information regarding the insurance liabilities in notes to the financial statements is sufficient and adequate.



Valuation of derivatives and financial assets measured at fair value through profit or loss

We have focused on this area because it represents a substantial part of the assets on the balance sheet and because the fair value in certain instances will have to be estimated using valuation models that apply judgement.

The majority of the financial assets measured at fair value through profit or loss are traded in an active market. For these assets, we have focused on KLP's guidelines and processes to ensure an accurate basis for the valuation.

For derivatives and financial assets for which fair value is determined based on models and certain assumptions are unobservable, we have focused on assessing the assumptions underlying the valuation.

Refer to note 3.3, 6 and 7 in the consolidated financial statements for a description of the valuation of financial assets measured at fair value through profit or loss.

We have assessed that KLP's guidelines for valuation of financial instruments are in accordance with commonly recognized principles and current regulations.

We have evaluated and tested the design and operating effectiveness of the established internal controls over valuation of derivatives and financial assets measured at fair value through profit or loss, including general IT controls. For derivatives and financial assets traded in liquid markets, this included controls that ensure accurate and complete registration of the basis for the pricing and controls that ensure that the prices that are transferred to the systems from the pricing sources agree with the sources and that the correct price is applied to the correct derivative or financial asset.

For derivatives and financial assets for which the valuation is based on models and certain assumptions that are not directly observable, we have tested the controls management has established to ensure that an independent valuation is obtained. We have also performed an independent assessment of the valuation for a sample of financial instruments where the assumptions are not directly observable. Where relevant, we have assessed the reliability of the sources used. We concluded that we could rely on these controls for the purposes of our audit.

We also assessed and found that the information in the notes regarding the Group's valuation principles and fair value determination were sufficient and adequate.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 18 March 2021



PricewaterhouseCoopers AS

Erik Andersen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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