



**Q1 2022 Interim Report  
KLP Group, Sustainability  
and KLP**

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## Report for the first quarter of 2022

Weak market performance affects KLP's first quarter results

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

KLP – a customer-owned group

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

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

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

Kommunal Landspensjonskasse

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

## Results for the first quarter of 2022

### Investment result

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

### Risk result

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

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

## Administration result

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

## Total profit/loss

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

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

## Financial strength and capital-related matters

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

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

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

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

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

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

## Key figures

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

## Premium income

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

## Claims/benefits

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

## Management of the common portfolio

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

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

## Equities

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

## Short-term bonds and the money market

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

## Long-term bonds

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

## Property

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

## **Lending**

Lending in the common portfolio totals NOK 77.9 billion. This is split between NOK 65.8 billion in loans to the public sector, NOK 2.1 billion in loans with government guarantees and NOK 3.1 billion in secured mortgage loans, with the remaining NOK 6.9 billion made up of other secured loans. The lending portfolio is of high quality, with no losses on municipal loans and very modest provisions for losses on mortgage loans. Unrecognised decreases in value in the lending portfolio (fixed-interest loans) totalled NOK 615 million at 31 March. The return for the first quarter was 0.5 percent.

## **Returns on the corporate portfolio**

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

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

Business areas of the subsidiaries

## **Non-life insurance**

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

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

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

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



## Key figures for the Company

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

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

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

### Asset and fund management

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

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

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

### Bank

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

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

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

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

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

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

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

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

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

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

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

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

### **Corporate social responsibility**

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

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

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

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

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

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

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

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

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

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

**Oslo, 13 May 2022**

The Board of Kommunal Landspensjonskasse gjensidige forsikringselskap

**EGIL JOHANSEN**  
Chair

**JENNY FØLLING**  
Deputy Chair

**EGIL MATSEN**

**CECILIE DAAE**

**ODD HALDGEIR LARSEN**

**ØIVIND BREVIK**

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

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

# KLP Group

Q1 2022

## Income statement

KLP Group

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

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

## Financial position statement

KLP Group

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

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

## Changes in Owners' equity

KLP Group

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



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

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

## Statement of cash flow

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

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

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

## **Notes to the financial statement**

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

#### Accounting principles

The financial statements in this interim report show the Kommunal Landspensjonskasse (KLP) group financial statements and parent company financial statements for the period 01.01.2022 – 31.03.2022. The accounts have not been audited.

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

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

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

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

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

Other

### **Exclusion of Russian companies**

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

### **Norwegian Competition Authority investigating whether KLP has breached the Competition Act**

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

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

### Accounting estimates

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

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

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

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

## Note 2 Segment information

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

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

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

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

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



The KLP Group's business is divided into the five areas: public sector occupational pension/group life, non-life insurance, banking, asset management and other.

All business is directed towards customers in Norway.

## **PUBLIC SECTOR OCCUPATIONAL PENSION AND GROUP LIFE**

Kommunal Landspensjonskasse offers group public sector occupational pensions.

## **NON-LIFE INSURANCE**

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

## **BANKING**

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

## **ASSET MANAGEMENT**

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

## **OTHER**

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

### Note 3 Premium income for own account

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

### Note 4 Other income

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

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

### Note 5 Subordinated loans and perpetual hybrid tier 1 securities

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

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

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

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

## Note 6 Operating expenses

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

## Note 7 Other expenses

| NOK MILLIONS   | Q1<br>2022   | Q1<br>2021   | 01.01.2021<br>-31.12.2022 |
|--|--------------|--------------|---------------------------|
| Supplement contractual early retirement scheme (ERS) | - 335        | - 299        | - 1 265                   |
| Other expenses                                       | 2            | - 4          | - 27                      |
| <b>Total other expenses</b>                          | <b>- 333</b> | <b>- 303</b> | <b>- 1 292</b>            |

## Note 8 Investment property

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

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

## Note 9 Fair value of financial assets and liabilities

Fair value is to be a representative price based on what the equivalent asset or liabilities would be sold for under normal market terms and conditions. A financial instrument is considered as being listed in an active market if listed prices are easily and regularly accessible from a stock exchange, dealer, broker, commercial group, pricing service or

regulatory authority, and such prices represent actual transactions that occur regularly at arm's length. If the market for the security is not active, or the security is not listed on a stock exchange or similar, the Group uses valuation techniques to determine fair value. These are based on information on transactions recently carried out on business conditions, reference to the purchase and sale of similar instruments and pricing by means of externally obtained interest-rate curves and interest-rate differential curves. Estimates are based to the greatest possible extent on external observable market data, and to a small degree on company-specific information.

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

## FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

### **This category includes:**

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

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

## FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

### **This category includes:**

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

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

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

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

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

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

- Barclays Capital Indices
- Bloomberg

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

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

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

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

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

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

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

#### **e) Receivables on credit institutions**

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

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

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

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

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

- EQUITY INSTRUMENTS

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

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

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

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

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

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

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

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

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

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

### **j) Private Equity**

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

## DERIVATIVES

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

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

## **l) Options**

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

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

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

## **n) FX-swaps**

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

- DEBT TO CREDIT INSTITUTIONS

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

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

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

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

## Note 10 Borrowing

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

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

| NOK MILLIONS  | Nominal in NOK | Currency | Interest | Due date | Book value<br>31.03.2022 | Book value<br>31.03.2021 | Book value<br>31.12.2021 |
|---|----------------|----------|----------|----------|--------------------------|--------------------------|--------------------------|
| <b>LIABILITIES AND DEPOSITS FROM CUSTOMERS <sup>3</sup></b> |                |          |          |          |                          |                          |                          |
| Retail  | 11 572         | NOK      | -        | -        | 11 572                   | 10 521                   | 11 212                   |
| Business  | 1 762          | NOK      | -        | -        | 1 762                    | 1 554                    | 1 650                    |
| Foreign   | 38             | NOK      | -        | -        | 38                       | 28                       | 39                       |
| <b>Liabilities to and deposits from customers</b>           | <b>13 372</b>  | -        | -        | -        | <b>13 372</b>            | <b>12 103</b>            | <b>12 901</b>            |
| <b>Total financial liabilities</b>                          | <b>60 624</b>  | -        | -        | -        | <b>61 710</b>            | <b>50 135</b>            | <b>52 719</b>            |

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

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

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

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

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

## Note 11 **Fair value hierarchy**

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

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

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

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



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

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

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

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

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

### Level 1:

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

## **Level 2:**

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

## **Level 3:**

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

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

No sensitivity analysis has been carried out on securities included in Level 3. A sensitivity analysis for investment property is available in the annual report. A change in the variables of the pricing is considered of little significance. On a general basis, a 5 percent change in the pricing would produce a change of NOK 6 588 million as of 31.03.2022.

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

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

## Note 12 **Liquidity risk**

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

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

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

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

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

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

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

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

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

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

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

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

## Note 13 Interest rate risk

| 31.03.2022<br>NOK MILLIONS   |                |                            |                        |                          |               |   |               |   |
|--|----------------|----------------------------|------------------------|--------------------------|---------------|---|---------------|---|
|  | Up to 3 months | From 3 months to 12 months | From 1 year to 5 years | From 5 years to 10 years | Over 10 years | Changes in cash flow 01.01.2022 -31.03.2022 | Total         | Adjusted for the unit holders' interests in consolidated securities funds |
| <b>ASSETS</b>  |                |                            |                        |                          |               |   |               |   |
| Financial derivatives classified as assets                               | 17             | -8                         | 39                     | 133                      | -142          | 10  | 48            | 37  |
| Debt instruments classified as loans and receivables – at amortised cost | 0              | 0                          | 0                      | 0                        | 0             | 0   | 0             | 3   |
| Bonds and other fixed-return securities                                  | -44            | -52                        | -1 047                 | -1 453                   | -1 698        | 71  | -4 223        | -3 296  |
| Fixed income fund holdings   | -1122          | 0                          | 0                      | 0                        | 0             | 0   | -1122         | -1122   |
| Lending and receivables  | -1             | 0                          | 0                      | 0                        | 0             | 74  | 74            | 119   |
| Lending  | 0              | 0                          | 0                      | 0                        | 0             | 206   | 206           | 206   |
| Cash and bank deposits   | 0              | 0                          | 0                      | 0                        | 0             | 7   | 7             | 7   |
| Contingent liabilities <sup>1</sup>                                      | 0              | 0                          | 0                      | 0                        | 0             | 11  | 11            | 11  |
| <b>Total assets</b>  | <b>-1 150</b>  | <b>-60</b>                 | <b>-1 007</b>          | <b>-1 320</b>            | <b>-1 840</b> | <b>380</b>                                  | <b>-4 998</b> | <b>-4 036</b>   |
| <b>LIABILITIES</b>   |                |                            |                        |                          |               |   |               |   |
| Deposit  | 0              | 0                          | 0                      | 0                        | 0             | -34   | -34           | -34   |
| Liabilities created on issue of securities                               | 0              | 0                          | 0                      | 0                        | 0             | -80   | -80           | -80   |
| Financial derivatives classified as liabilities                          | 2              | 2                          | -23                    | 1                        | 0             | -1  | -18           | -17   |
| Hybrid capital, subordinated loans                                       | 0              | 0                          | 0                      | 38                       | 70            | 0   | 108           | 108   |
| Debt to credit institutions  | 0              | 0                          | 0                      | 0                        | 0             | -29   | -29           | -29   |
| <b>Total liabilities</b>   | <b>2</b>       | <b>2</b>                   | <b>-23</b>             | <b>39</b>                | <b>70</b>     | <b>-144</b>                                 | <b>-54</b>    | <b>-53</b>  |
| <b>Total before tax</b>  | <b>-1148</b>   | <b>-59</b>                 | <b>-1 030</b>          | <b>-1 281</b>            | <b>-1 770</b> | <b>236</b>                                  | <b>-5 053</b> | <b>-4 089</b>   |
| <b>Total after tax</b>   | <b>-861</b>    | <b>-44</b>                 | <b>-773</b>            | <b>-961</b>              | <b>-1 328</b> | <b>177</b>                                  | <b>-3 789</b> | <b>-3 067</b>   |

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

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

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



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

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

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

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

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

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

## Note 14 Credit risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

## Note 15 **Technical provisions in life insurance**

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

## Note 16 **Other current liabilities**

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

## Note 17 **SCR ratio**

The Solvency II balance sheet includes assets and liabilities at fair value. For assets that have a different value in the accounts change in balance value are added. There are no observable market values for KLP’s insurance liabilities, which are thus calculated by way of a best estimate based on actuarial assumptions. In addition there is a risk margin that is to reflect a third party’s capital costs by taking over these liabilities.

Tier 1 capital appears from the Solvency II balance sheet and Hybrid Tier 1 securities. Tier 2 capital consist of subordinated loans and ancillary own funds. The Financial Supervisory Authority of Norway has accepted that KLP’s right to call in further member contribution if necessary, which is laid down in the Company’s articles of association, can be counted as

ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 299 per cent, which is well over the Company's target of at least 150 per cent. With the transitional measure on technical provisions the SCR ratio is 299 per cent.

|                                | 31.03.2022   | 31.03.2021   | 31.12.2021   |
|--------------------------------|--------------|--------------|--------------|
| Solvency II - SCR ratio        | 299 %        | 258 %        | 287 %        |
| <b>Solvency II - SCR ratio</b> | <b>299 %</b> | <b>258 %</b> | <b>287 %</b> |

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

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

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

| 31.03.2022<br>NOK MILLIONS | Gross<br>financial<br>assets/<br>liabilities | Gross<br>assets/<br>liabilities<br>presented net | Book<br>value | Related amounts not<br>presented net |                     |                           |              | Net<br>amount | Adjusted for<br>the unit holders'<br>interest in<br>consolidated<br>securities funds |
|----------------------------|--|--|---------------|--------------------------------------|---------------------|---------------------------|--------------|---------------|--|
|                            |  |  |               | Financial<br>instruments             | Security<br>in cash | Security in<br>securities |              |               |  |
| <b>ASSETS</b>              |  |  |               |                                      |                     |                           |              |               |  |
| Financial derivatives      | 6 578  | 0  | 6 578         | -676                                 | -9 936              | -1 713                    | 155          | 155           |  |
| Repos                      | 0  | 0  | 0             | 0                                    | 0                   | 0                         | 0            | 0             |  |
| <b>Total</b>               | <b>6 578</b>                                 | <b>0</b>   | <b>6 578</b>  | <b>-676</b>                          | <b>-9 936</b>       | <b>-1 713</b>             | <b>155</b>   | <b>155</b>    |  |
| <b>LIABILITIES</b>         |  |  |               |                                      |                     |                           |              |               |  |
| Financial derivatives      | 1 409  | 0  | 1 409         | -676                                 | -21                 | 0                         | 733          | 733           |  |
| Repos                      | 1 337  | 0  | 1 337         | 0                                    | 0                   | 0                         | 1 337        | 1 337         |  |
| <b>Total</b>               | <b>2 746</b>                                 | <b>0</b>   | <b>2 746</b>  | <b>-676</b>                          | <b>-21</b>          | <b>0</b>                  | <b>2 070</b> | <b>2 070</b>  |  |

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

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

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

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

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

## Note 19 **Pension obligations**

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

| Assumptions                             | 31.03.2022 | 31.03.2021 | 31.12.2021 |
|---|------------|------------|------------|
| Discount rate                           | 2,70 %     | 2,00 %     | 1,90 %     |
| Salary growth                           | 2,75 %     | 2,25 %     | 2,75 %     |
| The National Insurance basic amount (G) | 2,50 %     | 2,00 %     | 2,50 %     |
| Pension increases                       | 1,75 %     | 1,24 %     | 1,75 %     |
| Social security contribution rate       | 14,10 %    | 14,10 %    | 14,10 %    |
| Capital activity tax                    | 5,00 %     | 5,00 %     | 5,00 %     |

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 426 million as of 31.03.2022. The change is recognized in other comprehensive income in the income statement.



## Key figures – Accumulated

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

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

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

# KLP's sustainability accounts

Q1 2022

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

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

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

## Engaged and responsible owner

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

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

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

## Goals

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

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

## Comments on performance in the first quarter

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

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

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

## Climate, environment and nature

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

## Climate goals and climate-friendly investments

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

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

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

### Goals

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

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

## Comments on performance in the first quarter

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

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

## KLP's property portfolio and own operations

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

concerned with reducing the environmental footprint of the real estate industry and have a long-term perspective on our properties. That is why we are working to improve ourselves in order to reduce energy consumption and handle waste in a better way.

## Goals

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

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

## Comments on performance in the first quarter

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

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

## Innovation and social development

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



## Lending to municipalities and county municipalities

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

### Goals

To increase lending to purposes of this type.

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

### Comments on performance in the first quarter

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

## Seed capital investments

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

### Goals

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

| MILLION NOK                        | New in Q1 2022 | 31.03.2022 | 31.03.2021 | 31.03.2020 | UN SDGs |
|------------------------------------|----------------|------------|------------|------------|---------|
| Seed capital investments in Norway | 33             | 340        | 151        | 7          | 8.      |

Comments on performance in the first quarter

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

## Banking and finance in developing companies

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

### Goals

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

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

Comments on performance in the first quarter

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

## KLP as a workplace and employer

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

## Goals

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

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

Comments on performance in the first quarter

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

## UN Sustainable Development Goals which KLP contributes to

### Goal 1, *No poverty*

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

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

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

### Goal 5, *Gender equality*

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

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

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

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

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

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

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

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

- Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human

well-being, with a focus on affordable and equitable access for all

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

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

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

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

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

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

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

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

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

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

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

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

## **Notes and definitions**

### **Engaged and responsible owner**

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

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

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

## **Climate, environment and nature**

Climate-friendly investments

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

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

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

### **Zero-emission investments**

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

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

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

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

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

*Zero-emission ferries* are loans to Fjord1 for electric ferries.

## **Transitional investments**

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

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

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

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

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

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

KLP's property portfolio and own operations

*Energy consumption* is the average 12-month, climate-adjusted specific energy consumption in buildings managed by KLP itself. These are properties that KLP owns, has responsibility for operating and maintaining, and where it is in a position to implement and measure the impact of environmental initiatives. KLP has such buildings in Oslo, Trondheim, Copenhagen, and Stockholm. All of these have energy surveillance systems, where energy and water consumption are registered and monitored. In most of the



buildings, tenants' energy consumption is also included, so that we have an overview of the total energy consumption for the buildings. Buildings' energy consumption is temperature adjusted to allow the effect of energy saving initiatives to be measured.

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

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

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

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

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

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

## **Innovation and social development**

### Lending

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

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

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

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

### Seed capital investments

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

### Banking and finance in developing countries

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

### KLP as a workplace and employer

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

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

# Kommunal Landspensjonskasse

Q1 2022

## Income statement

Kommunal Landspensjonskasse

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

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

# Statement of financial position

Kommunal Landspensjonskasse

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

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

## Changes in Owners' equity

### Kommunal Landspensjonskasse

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

| 2021<br>NOK MILLIONS   | Owners' equity<br>contributed | Retained<br>earnings      |                            | Total owners'<br>equity |
|--|-------------------------------|---------------------------|----------------------------|-------------------------|
|  |                               | Risk equalization<br>fund | Other retained<br>earnings |                         |
| <b>Own funds 1 January 2021</b>  | <b>18 194</b>                 | <b>5 404</b>              | <b>15 784</b>              | <b>39 382</b>           |
| Income before other income and expenses  |                               | 170                       | 290                        | 461                     |
| Actuarial gains and losses on defined benefits pension schemes                         |                               |                           | 118                        | 118                     |
| Proportion of other comprehensive income on application of the equity method           |                               |                           | 66                         | 66                      |
| Adjustment of the insurance liabilities  |                               |                           | -21                        | -21                     |
| Tax on other income and expenses that will not be reclassified to profit or loss       |                               |                           | -30                        | -30                     |
| <b>Total other income and expenses that will not be reclassified to profit or loss</b> |                               |                           | <b>135</b>                 | <b>135</b>              |
| <b>Total comprehensive income (unallocated)</b>  |                               | <b>170</b>                | <b>425</b>                 | <b>595</b>              |
| Owners equity contribution received  | -275                          |                           |                            | -275                    |
| <b>Total transactions with owners</b>  | <b>-275</b>                   |                           |                            | <b>-275</b>             |
| <b>Own funds 31 March 2021</b>   | <b>17 919</b>                 | <b>5 575</b>              | <b>16 209</b>              | <b>39 703</b>           |

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



## Statement of cash flows

Kommunal Landspensjonskasse

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

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

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

## Notes to the financial statement

Kommunal Landspensjonskasse

### Note 20 **Accounting principles- and estimates**

#### **Accounting principles**

The financial statements in this interim report show the interim accounts for Kommunal Landspensjonskasse (KLP), for the period 01.01.2022 – 31.03.2022. The accounts have not been audited.

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

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

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

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

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

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

Other

### **Exclusion of Russian companies**

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

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

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

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

### **Accounting estimates**

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

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

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

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

## Note 21 Value-adjustment investment property

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

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

## Note 22 Premium income

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

## Note 23 Claims

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

## Note 24 Insurance-related operating expenses

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

### 1. Fair value of financial assets and liabilities

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

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

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

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



| 31.03.2022<br>NOK MILLIONS                      | Corporate portfolio |              | Common portfolio |              | Investment option portfolio |            | Total        |              |
|---|---------------------|--------------|------------------|--------------|-----------------------------|------------|--------------|--------------|
|   | Book value          | Fair value   | Book value       | Fair value   | Book value                  | Fair value | Book value   | Fair value   |
| SUBORDINATED LOAN CAPITAL                       |                     |              |                  |              |                             |            |              |              |
| Subordinated loan capital                       | 2 939               | 3 116        | 0                | 0            | 0                           | 0          | 2 939        | 3 116        |
| Hybrid Tier 1 securities                        | 1 505               | 1 586        | 0                | 0            | 0                           | 0          | 1 505        | 1 586        |
| <b>Total subordinated loan capital etc.</b>     | <b>4 444</b>        | <b>4 701</b> | <b>0</b>         | <b>0</b>     | <b>0</b>                    | <b>0</b>   | <b>4 444</b> | <b>4 701</b> |
| LIABILITIES TO CREDIT INSTITUTIONS              |                     |              |                  |              |                             |            |              |              |
| Norwegian call money <sup>1</sup>               | 0                   | 0            | 2 527            | 2 527        | 2                           | 2          | 2 530        | 2 530        |
| Foreign call money <sup>1</sup>                 | 697                 | 697          | 4 617            | 4 617        | 17                          | 17         | 5 330        | 5 330        |
| <b>Total liabilities to credit institutions</b> | <b>697</b>          | <b>697</b>   | <b>7 144</b>     | <b>7 144</b> | <b>19</b>                   | <b>19</b>  | <b>7 860</b> | <b>7 860</b> |

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

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

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

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

| 31.03.2021<br>NOK MILLIONS                      | Corporate portfolio |              | Common portfolio |              | Investment option portfolio |            | Total        |              |
|---|---------------------|--------------|------------------|--------------|-----------------------------|------------|--------------|--------------|
|   | Book value          | Fair value   | Book value       | Fair value   | Book value                  | Fair value | Book value   | Fair value   |
| SUBORDINATED LOAN CAPITAL                       |                     |              |                  |              |                             |            |              |              |
| Subordinated loan capital                       | 3 032               | 3 412        | 0                | 0            | 0                           | 0          | 3 032        | 3 412        |
| Hybrid Tier 1 securities                        | 1 637               | 1 592        | 0                | 0            | 0                           | 0          | 1 637        | 1 592        |
| <b>Total subordinated loan capital etc.</b>     | <b>4 668</b>        | <b>5 003</b> | <b>0</b>         | <b>0</b>     | <b>0</b>                    | <b>0</b>   | <b>4 668</b> | <b>5 003</b> |
| LIABILITIES TO CREDIT INSTITUTIONS              |                     |              |                  |              |                             |            |              |              |
| Norwegian call money <sup>1</sup>               | 0                   | 0            | 655              | 655          | 3                           | 3          | 657          | 657          |
| Foreign call money <sup>1</sup>                 | 885                 | 885          | 1 759            | 1 759        | 16                          | 16         | 2 660        | 2 660        |
| <b>Total liabilities to credit institutions</b> | <b>885</b>          | <b>885</b>   | <b>2 414</b>     | <b>2 414</b> | <b>19</b>                   | <b>19</b>  | <b>3 318</b> | <b>3 318</b> |

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

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

**ASSETS – AT FAIR VALUE**

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

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



| 31.12.2021<br>NOK MILLIONS                      | Corporate portfolio |              | Common portfolio |            | Investment option portfolio |            | Total        |              |
|---|---------------------|--------------|------------------|------------|-----------------------------|------------|--------------|--------------|
|   | Book value          | Fair value   | Book value       | Fair value | Book value                  | Fair value | Book value   | Fair value   |
| SUBORDINATED LOAN CAPITAL                       |                     |              |                  |            |                             |            |              |              |
| Subordinated loan capital                       | 3 000               | 3 310        | 0                | 0          | 0                           | 0          | 3 000        | 3 310        |
| Hybrid Tier 1 securities                        | 1 604               | 1 586        | 0                | 0          | 0                           | 0          | 1 604        | 1 586        |
| <b>Total subordinated loan capital etc.</b>     | <b>4 604</b>        | <b>4 895</b> | <b>0</b>         | <b>0</b>   | <b>0</b>                    | <b>0</b>   | <b>4 604</b> | <b>4 895</b> |
| LIABILITIES TO CREDIT INSTITUTIONS              |                     |              |                  |            |                             |            |              |              |
| Norwegian call money <sup>1</sup>               | 0                   | 0            | 85               | 85         | 3                           | 3          | 87           | 87           |
| Foreign call money <sup>1</sup>                 | 734                 | 734          | 818              | 818        | 12                          | 12         | 1 564        | 1 564        |
| <b>Total liabilities to credit institutions</b> | <b>734</b>          | <b>734</b>   | <b>902</b>       | <b>902</b> | <b>15</b>                   | <b>15</b>  | <b>1 651</b> | <b>1 651</b> |

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

## Note 25 Fair value hierarchy

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

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

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

| 31.03.2021<br>NOK MILLIONS                         | Level 1        | Level 2       | Level 3       | Total          |
|--|----------------|---------------|---------------|----------------|
| <b>Loans and receivables</b>                       | <b>11 752</b>  | <b>315</b>    | <b>0</b>      | <b>12 067</b>  |
| <i>Shares</i>                                      | 32 831         | 249           | 2 588         | 35 668         |
| <i>Equity funds</i>                                | 83 767         | 0             | 49            | 83 817         |
| <i>Property funds</i>                              | 0              | 1 095         | 3 174         | 4 269          |
| <i>Special funds</i>                               | 0              | 1 846         | 0             | 1 846          |
| <i>Private Equity</i>                              | 0              | 0             | 16 970        | 16 970         |
| <b>Shares and units</b>                            | <b>116 598</b> | <b>3 190</b>  | <b>22 781</b> | <b>142 569</b> |
| <b>Financial derivatives</b>                       | <b>0</b>       | <b>3 067</b>  | <b>0</b>      | <b>3 067</b>   |
| <b>Other financial assets</b>                      | <b>0</b>       | <b>1 232</b>  | <b>0</b>      | <b>1 232</b>   |
| <b>Total common portfolio</b>                      | <b>201 515</b> | <b>45 186</b> | <b>27 601</b> | <b>274 303</b> |
| <b>INVESTMENT OPTION PORTFOLIO</b>                 |                |               |               |                |
| <i>Fixed-income funds</i>                          | 323            | 7             | 0             | 330            |
| <b>Fixed-income securities</b>                     | <b>323</b>     | <b>7</b>      | <b>0</b>      | <b>330</b>     |
| <b>Loans and receivables</b>                       | <b>84</b>      | <b>0</b>      | <b>0</b>      | <b>84</b>      |
| <i>Equity funds</i>                                | 619            | 0             | 0             | 619            |
| <i>Special funds</i>                               | 0              | 8             | 0             | 8              |
| <b>Shares and units</b>                            | <b>619</b>     | <b>8</b>      | <b>0</b>      | <b>627</b>     |
| <b>Financial derivatives</b>                       | <b>0</b>       | <b>11</b>     | <b>0</b>      | <b>11</b>      |
| <b>Other financial assets</b>                      | <b>0</b>       | <b>0</b>      | <b>0</b>      | <b>1</b>       |
| <b>Total investment option portfolio</b>           | <b>1 026</b>   | <b>27</b>     | <b>0</b>      | <b>1 054</b>   |
| <b>Total financial assets valued at fair value</b> | <b>206 069</b> | <b>54 020</b> | <b>27 608</b> | <b>287 699</b> |
| <b>CORPORATE PORTFOLIO</b>                         |                |               |               |                |
| Investment property                                | 0              | 0             | 991           | 991            |
| <b>Total investment property</b>                   | <b>0</b>       | <b>0</b>      | <b>991</b>    | <b>991</b>     |
| <b>FINANCIAL LIABILITIES BOOKED AT FAIR VALUE</b>  |                |               |               |                |
| <b>CORPORATE PORTFOLIO</b>                         |                |               |               |                |
| Financial derivatives                              | 0              | 0             | 0             | 0              |
| Debt to credit institutions                        | 885            | 0             | 0             | 885            |
| <b>Total corporate portfolio</b>                   | <b>885</b>     | <b>0</b>      | <b>0</b>      | <b>885</b>     |
| <b>COMMON PORTFOLIO</b>                            |                |               |               |                |
| Financial derivatives                              | 0              | 648           | 0             | 648            |
| Debt to credit institutions                        | 2 414          | 0             | 0             | 2 414          |
| <b>Total common portfolio</b>                      | <b>2 414</b>   | <b>648</b>    | <b>0</b>      | <b>3 062</b>   |
| <b>INVESTMENT OPTION PORTFOLIO</b>                 |                |               |               |                |
| Financial derivatives                              | 0              | 1             | 0             | 1              |
| Debt to credit institutions                        | 19             | 0             | 0             | 19             |
| <b>Total investment option portfolio</b>           | <b>19</b>      | <b>1</b>      | <b>0</b>      | <b>20</b>      |
| <b>Total financial liabilities at fair value</b>   | <b>3 318</b>   | <b>650</b>    | <b>0</b>      | <b>3 968</b>   |

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

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

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

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

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

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

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

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

**LEVEL 1:**

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

**LEVEL 2:**

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

**LEVEL 3:**

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

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

The fair value of assets and liabilities measured at amortized cost are stated in note 6. Level based classification of these items will be as follows; assets classified as held to maturity are included in level 1, lending and loans and receivables are included in level 2. Liabilities, measured at amortized cost, will be categorized as follows: subordinated loans are included in both level 1 and 2, hybrid tier 1 securities are included in level 2 and debt to credit institutions are included in level 1. Information regarding pricing of these interest bearing instruments are available in note 9 for the Group.

No sensitivity analysis has been carried out on securities included in Level 3. A change in the variables of the pricing is considered of little significance on the securities. A sensitivity analysis for investment property is available in the annual report. On a general basis, a 5 percent change in the pricing would produce a change of NOK 2 311 million as of 31.03.2022 on the assets in level 3.



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

During the 1st quarter, NOK 69 million was moved from Level 1 to Level 2 and NOK 247 million was moved from level 2 to level 1. The amounts are related to equity instruments and the movements are due to change in liquidity. There were no other movements between the different levels in KLP.

Note 26 **Presentation of assets and liabilities that are subject to net settlement**

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

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

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

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

## Note 27 **Liabilities**

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

## Note 28 **SCR ratio**

The Solvency II balance sheet includes assets and liabilities at fair value. For assets that have a different value in the accounts change in balance value are added. There are no observable market values for KLP's insurance liabilities, which are thus calculated by way of a best estimate based on actuarial assumptions. In addition there is a risk margin that is to reflect a third party's capital costs by taking over these liabilities.

Tier 1 capital appears from the Solvency II balance sheet and Hybrid Tier 1 securities. Tier 2 capital consist of subordinated loans and ancillary own funds. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR.

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

|                              | 31.03.2022   | 31.03.2021   | 31.12.2021   |
|------------------------------|--------------|--------------|--------------|
| <b>SOLVENCY II-SCR RATIO</b> | <b>332 %</b> | <b>287 %</b> | <b>316 %</b> |

| NOK BILLIONS | 31.03.2022 | 31.03.2021 | 31.12.2021 |
|--------------|------------|------------|------------|
|--------------|------------|------------|------------|

#### SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT

|   |            |            |            |
|---|------------|------------|------------|
| Assets, book value  | 710        | 650        | 706        |
| Added values - hold-to-maturity portfolio/loans and receivables | -5         | 11         | 7          |
| Added values - other lending                                    | 0          | 0          | 0          |
| Other added/lesser values                                       | 0          | 0          | 0          |
| Deferred tax asset  | 0          | 0          | 0          |
| <b>Total assets - solvency II</b>                               | <b>705</b> | <b>661</b> | <b>713</b> |

| NOK BILLIONS | 31.03.2022 | 31.03.2021 | 31.12.2021 |
|--------------|------------|------------|------------|
|--------------|------------|------------|------------|

#### SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT

|  |            |            |            |
|--|------------|------------|------------|
| Best estimate                                      | 627        | 595        | 647        |
| Risk margin  | 12         | 13         | 13         |
| Hybrid Tier 1 securities/Subordinated loan capital | 5          | 5          | 5          |
| Other liabilities                                  | 25         | 15         | 11         |
| Deferred tax liabilities                           | 0          | 1          | 1          |
| <b>Total liabilities - solvency II</b>             | <b>668</b> | <b>629</b> | <b>676</b> |
| Excess of assets over liabilities                  | 37         | 33         | 36         |
| - Deferred tax asset                               | 0          | 0          | 0          |
| + Hybrid Tier 1 securities                         | 2          | 2          | 2          |
| <b>Tier 1 basic own funds</b>                      | <b>38</b>  | <b>34</b>  | <b>38</b>  |
| <b>Total eligible tier 1 own funds</b>             | <b>38</b>  | <b>34</b>  | <b>38</b>  |
| Subordinated loans                                 | 3          | 3          | 3          |
| <b>Tier 2 basic own funds</b>                      | <b>3</b>   | <b>3</b>   | <b>3</b>   |
| Ancillary own funds                                | 12         | 11         | 12         |
| <b>Tier 2 ancillary own funds</b>                  | <b>12</b>  | <b>11</b>  | <b>12</b>  |
| Deduction for max. eligible tier 2 own funds       | -8         | -7         | -8         |
| <b>Total eligible tier 2 own funds</b>             | <b>7</b>   | <b>7</b>   | <b>7</b>   |
| Deferred tax asset                                 | 0          | 0          | 0          |
| <b>Total eligible tier 3 own funds</b>             | <b>0</b>   | <b>0</b>   | <b>0</b>   |
| <b>Solvency II total eligible own funds</b>        | <b>45</b>  | <b>42</b>  | <b>45</b>  |
| Market risk  | 7          | 7          | 7          |
| Diversification market risk                        | -2         | -2         | -2         |
| Counterparty risk                                  | 0          | 0          | 0          |
| Life risk  | 13         | 13         | 13         |
| Diversification life risk                          | -2         | -3         | -2         |

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

## Note 29 Leases

| NOK MILLIONS               | 31.03.2022      | 31.03.2021   | 31.12.2021 |
|----------------------------|-----------------|--------------|------------|
| <b>RIGHT-OF-USE ASSETS</b> | <b>Property</b> |              |            |
| Opening balance 01.01.     | 973             | 1 081        | 1 081      |
| Depreciation               | -27             | -27          | -108       |
| <b>Closing balance</b>     | <b>946</b>      | <b>1 054</b> | <b>973</b> |

| NOK MILLIONS             | 31.03.2022      | 31.03.2021   | 31.12.2021   |
|--------------------------|-----------------|--------------|--------------|
| <b>LEASE LIABILITIES</b> | <b>Property</b> |              |              |
| Opening balance 01.01.   | 1 012           | 1 099        | 1 099        |
| Repayments               | -23             | -22          | -88          |
| <b>Closing balance</b>   | <b>989</b>      | <b>1 078</b> | <b>1 012</b> |

| NOK MILLIONS                              | Q1<br>2022      | Q1<br>2021 | 01.01.2021<br>-31.12.2021 |
|---|-----------------|------------|---------------------------|
|   | <b>Property</b> |            |                           |
| Interest expense lease liabilities        | 6               | 6          | 26                        |
| <b>Interest expense lease liabilities</b> | <b>6</b>        | <b>6</b>   | <b>26</b>                 |

## Note 30 Pension obligations

| NOK MILLIONS                                     | 31.03.2022 | 31.03.2021 | 31.12.2021 |
|--|------------|------------|------------|
| Capitalized net liability 01.01.                 | 553        | 594        | 594        |
| Capitalized pension costs                        | 31         | 28         | 110        |
| Capitalized financial costs                      | 3          | 3          | 12         |
| Actuarial gains and losses                       | -270       | -118       | -48        |
| Premiums / contributions received                | -17        | -16        | -116       |
| <b>Capitalized net liability 31.03. / 31.12.</b> | <b>301</b> | <b>491</b> | <b>553</b> |
| ASSUMPTIONS                                      | 31.03.2022 | 31.03.2021 | 31.12.2021 |
| Discount rate                                    | 2,70 %     | 2,00 %     | 1,90 %     |
| Salary growth                                    | 2,75 %     | 2,25 %     | 2,75 %     |
| The National Insurance basic amount (G)          | 2,50 %     | 2,00 %     | 2,50 %     |
| Pension increases                                | 1,75 %     | 1,24 %     | 1,75 %     |
| Social security contribution rate                | 14,10 %    | 14,10 %    | 14,10 %    |
| Capital activity tax                             | 5,00 %     | 5,00 %     | 5,00 %     |

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 270 million as of 31.03.2022. The change is recognized in "Total other income and expenses that will not be reclassified to profit or loss".