



Q3 2022 Interim report
KLP Group, Sustainability,
KLP

Table of Contents

KLP Group.....	4
Report for the third quarter of 2022	4
Income statement	12
Financial position statement	13
Changes in Owners' equity	14
Statement of cash flow	15
Notes to the financial statement	15
Note 1 Accounting principles –and estimates	15
Note 2 Segment information.....	16
Note 3 Premium income for own account	19
Note 4 Other income	19
Note 5 Subordinated loans and perpetual hybrid tier 1 securities	19
Note 6 Operating expenses	20
Note 7 Other expenses.....	20
Note 8 Investment property.....	20
Note 9 Fair value of financial assets and liabilities	20
Note 10 Borrowing	28
Note 11 Fair value hierarchy	30
Note 12 Liquidity risk	33
Note 13 Interest rate risk.....	36
Note 14 Credit risk	40
Note 15 Technical provisions in life insurance	48
Note 16 Other current liabilities	48
Note 17 SCR ratio	48
Note 18 Presentation of assets and liabilities that are subject to settlement.....	50
Note 19 Pension obligations.....	52
Key figures – Accumulated.....	53
KLP's sustainability accounts.....	55
Engaged and responsible owner	55
Climate, environment and nature	56
Climate goals and climate-friendly investments	57
KLP's property portfolio and own operations.....	58
Innovation and social development	59
Lending to municipalities and county municipalities	60
Seed capital investments	60
Banking and finance in developing companies	61
KLP as a workplace and employer	61
UN Sustainable Development Goals which KLP contributes to	62
Notes and definitions	65
Engaged and responsible owner	65
Climate, environment and nature	65

Innovation and social development	69
KLP as a workplace and employer	69
Kommunal Landspensjonskasse	70
Income statement	70
Statement of financial position	71
Changes in owners' equity	73
Statement of cash flows	74
Notes to the financial statement	74
Note 1 Accounting principles- and estimates	74
Note 2 Value-adjustment investment property.....	76
Note 3 Premium income	76
Note 4 Claims	76
Note 5 Insurance-related operating expenses	76
Note 6 Fair value of financial assets and liabilities.....	76
Note 7 Fair value hierarchy	81
Note 8 Presentation of assets and liabilities that are subject to net settlement.....	89
Note 9 Liabilities.....	92
Note 10 SCR ratio.....	92
Note 11 Leases	94
Note 12 Pension obligations.....	94
Contact information	94

KLP Group

Q3 2022

Report for the third quarter of 2022

Good financial strength despite weak performance from equities and bonds so far this year

- After the third quarter of 2022, the return was minus 2.6 per cent.
- Higher interest rates and a sluggish equity market have had a negative impact on the results for KLP and its subsidiaries.
- Good risk result of NOK 963 million so far this year
- The Company has strong financial buffers, and capital adequacy is excellent at 341 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 third quarter of 2022, the Group had total assets of NOK 913.4 billion, an increase of NOK 12.2 billion so far this year.

The Group's total comprehensive income was NOK 486 (1,245) million¹ in the year to date.

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 720.8 billion, NOK 641.8 billion is linked to insurance obligations within public-sector occupational pensions.

Results for the third 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 -27.3 (9.3) billion in the year to date. The return on the common portfolio was minus 2.6 per cent for the year to date.

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

Risk result

The risk events in the stock have been within expectations throughout the year and will vary from quarter to quarter. Net income was NOK 413 million in the third quarter and NOK 963 million for the year to date.

Administration result

The Company's administration result shows a surplus of NOK 56 (159) million so far this year, of which NOK 78 million fell in the third quarter. Insurance-related operating costs came to NOK 1.1 (0.9) billion so far this year.

Total profit/loss

Total profit/loss to the Company stands at NOK 473 (1,229) million for the year to date. The customer result is NOK -26.3 (9.5) billion for the year to date.

NOK millions	Customers	Company	Total
Investment result	-27 291	-130	-27 421
Risk result	963		963
Interest guarantee premium		199	199
Administration result		56	56
Net income from investments in the corporate portfolio and other income/expenses in non-technical accounts		336	336
Tax		-42	-42
Other profit/loss elements		55	55
Profit/loss after Q3 2022	-26 327	473	-25 854
Profit/loss after Q3 2022	9 464	1 229	10 693

Financial strength and capital-related matters

KLP's total assets have increased by NOK 14.0 billion in the year to date, but decreased by NOK 6.8 billion in the third quarter, and now amount to NOK 720.8 billion. The premium reserve increased by NOK 25.4 billion to NOK 511.7 billion at 30 September.

The buffer fund has decreased by NOK 28.2 billion in the year to date, ending on NOK 98.0 billion after the third quarter. KLP has solid financial buffers which allow it to achieve good long-term returns.

Without applying transitional rules, the Company's capital adequacy is 341 per cent. KLP's target is a capital adequacy of at least 150 per cent without the application of transitional rules. Capital adequacy is well over this target and reflects the Company's good financial strength.

Key figures

Per cent	Per 30.09.2022	Per 30.09.2021
Return on common portfolio	-2,6	5,6
Return incl. value changes in hold-to-maturity bonds and lending	-5,9	4,4
Capital adequacy, Solvency II	341	289
Capital adequacy, Solvency II, with transitional measures	341	326

Premium income

Premium income excluding premium reserves received on transfers in amounts to NOK 40.2 (41.2) billion at the end of the third quarter.

Claims/benefits

Pensions paid and other claims, excluding ceded premium reserves, amounted to NOK 17.8 (16.3) billion at the end of the third quarter.

Management of the common portfolio

The assets in the common portfolio totalled NOK 671.1 (644.2) billion and were invested as shown below:

Assets	Per 30.09.2022		Per 30.09.2021	
	Proportion	Return	Proportion	Return
All figures in per cent				
Equities	29,1 %	-11,9 %	27,9 %	15,2 %
Bonds	12,3 %	-10,9 %	14,5 %	-0,9 %
Long-term/HTM bonds	29,1 %	2,5 %	28,3 %	2,6 %
Lending	12,2 %	1,7 %	12,2 %	1,2 %
Property	15,1 %	8,8 %	13,0 %	6,0 %
Other financial assets	2,1 %	0,5 %	4,1 %	0,7 %

Equities

Total exposure in shares and alternative investments, including equity derivatives, was 29.1 per cent at the end of the third quarter. The total return on shares and alternative investments was minus 2.2 per cent in the third quarter. KLP's global shares produced a return of minus 3.2 per cent in the quarter, while the Norwegian equity portfolio had a return of minus 5.9 per cent in the same period.

Short-term bonds and the money market

Short-term bonds accounted for 12.3 per cent and money-market instruments 2.1 per cent of the assets in the common portfolio as at 30 September. Norwegian, European and US government interest rates all rose during the third quarter. KLP's global government bond index achieved a currency-hedged return of minus 4.1 per cent in the quarter, while the return on the Norwegian government bond index was minus 0.2 per cent. Increased global credit margins brought a quarterly return of minus 5.2 per cent on KLP's global credit bond index. Short-term bonds produced a total return of minus 2.7 per cent in the third quarter. The money market return was 0.4 per cent for the quarter.

Held-to-maturity bonds

Investment in long-term bonds and bonds held to maturity made up 29.1 per cent of the common portfolio at 30 September. Unrecognised decreases in value in the portfolio rose in the first quarter and amounted to NOK 13.9 billion at the end of the third quarter. The portfolio is well diversified and consists of securities issued by creditworthy borrowers. The return measured at amortised cost was 0.8 per cent in the third quarter and 2.5 per cent for the year to date.

Property

Property investments, including Norwegian and international property funds, accounted for 15.3 per cent of the common portfolio. Property values in the common portfolio were adjusted upwards by NOK 0.2 billion in the third quarter. The total write-up so far this year is NOK 5.8 billion, partly due to the fact that shopping centres and hotels are seeing a high level of activity after two years of pandemic and that rental prices for offices remain good. Property investments in the common portfolio achieved a return of 0.9 per cent in the third quarter.

Lending

Lending in the common portfolio totals NOK 79.0 billion. This is split between NOK 67.1 billion in loans to the public sector, NOK 1.5 billion in loans with government guarantees and NOK 3.0 billion in secured mortgage loans, with the remaining NOK 7.4 billion made up of other secured loans. The lending portfolio is of high quality, with no losses on municipal loans and very modest provisions for losses on mortgage loans. Unrecognised decreases in value in the lending portfolio (fixed-interest loans) totalled NOK 1.7 billion after the third quarter. The return in the year to date is 1.7 per cent.

Returns on the corporate portfolio

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

The corporate portfolio is managed with a moderate-risk long-term investment horizon, with the objective of stable returns. Investments in the corporate portfolio achieved a return of 0.5 per cent in the third quarter, and 1.4 per cent for the year to date.

Business areas of the subsidiaries

Non-life insurance

The third quarter of 2022 produced a pre-tax operating profit of NOK -49.8 (343.9) million. Profit performance in the third quarter was negative, mainly due to weak financial results and one large claim. Operating costs are lower than expected and the Company has continued to reverse previous years' reserves, although the reserves were increased in the third quarter to cover delayed effects of Covid-19. For the third quarter in isolation, the profit was NOK 52.8 (118.0) million.

Premium volume stood at NOK 2,258 million at the end of the third quarter, an increase of NOK 234 million from the position at 31.12.2021. Premiums due have increased by 15.2 per cent, or NOK 256 million, compared with the same time in 2021. There is solid growth in all segments.

The insurance result was NOK 413 (446) million at 30 September. One large claim was raised in the third quarter, which is also the largest in the Company's history. Reversal of previous years' claims is still positive, and this year NOK 100 (101) million has so far been taken to income, equivalent to 5.2 (5.5) per cent of the reserves at the beginning of the year.

	Per 30.09 2022	Per 30.09 2021	Whole of 2021
Claims ratio	80,3	73,6	76,4
Cost ratio	14,2	14,8	15,8
Total cost ratio	94,5	88,4	92,1

We face major challenges in the waste management segment and the Company is preparing several measures in connection with the main renewal strategy. Waste disposal is an important social responsibility for the municipalities, which KLP Skadeforsikring has a duty to support by providing the necessary insurance. Despite longstanding efforts to prevent fires, there is still a level of insurance risk that could be unacceptable in the long term. The Company has initiated discussions with key stakeholders in this area, and will continue this dialogue in the future.

Net financial income at 30 September was NOK -138.1 (173.9) million, representing a return of minus 2.5 (3.4) per cent. Returns for the third quarter in isolation were NOK -25.1 (45.2) million, or minus 0.4 (0.9) per cent. So far this year, the equity portfolio has returned minus 16.2 (15.8) per cent. At the end of the quarter, the Company's investments in interest-bearing funds had a return of minus 7.6 (0.0) per cent, while fixed income bonds returned 2.5 (2.5) per cent in the same period. The return on real estate investments was 10.1 (6.7) per cent, after a write-up of NOK 53.9 million. The third quarter in isolation saw a return of minus 2.4 per cent on equities, minus 1.9 per cent on interest-bearing investments, and plus 0.8 per cent on long-term bonds.

The Company's financial position is good, with a solvency capital requirement (SCR) of 219 per cent at the end of the third quarter, compared to 224 per cent at the end of 2021 and 225 per cent after the second quarter of this year.

Asset and fund management

KLP Kapitalforvaltning provides securities management in the KLP Group. It had a total of NOK 616 billion under management at the end of the third quarter, of which NOK 126 billion was for external customers. The majority of the assets are managed on behalf of KLP and its subsidiaries.

Net new subscriptions to the KLP funds were NOK 2 billion in the first three quarters of the year. External customers had positive net new subscriptions of NOK 9 billion in the same period.

KLP Kapitalforvaltning achieved pre-tax income of NOK 11.2 million in the third quarter and NOK -18.6 million for the year to date.

Bank

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

The KLP Banken Group's total lending as of 30 September amounted to NOK 42.1 (38.2) billion. The split between the retail market and the public sector was NOK 23.4 (21.4) billion and 18.7 (16.8) billion respectively.

KLP Banken manages NOK 3.0 (3.0) billion in mortgage loans and NOK 73.5 (74.6) 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. KLP Banken has had a mortgage growth of NOK 1.3 (0.7) billion so far this year. Disbursements of new loans show a slightly lower volume than at the same time last year, but the proportion of redemptions has also decreased.

The KLP Banken Group had a pre-tax operating profit of NOK 97.5 (93.8) million at the end of the third quarter. Operating revenues as a whole have strengthened so far this year compared with last year, but a decline in the value of liquidity investments has had a greater impact on this year's accounts than last year. Broken down by area, profits were NOK 57.9 (76.9) million in the retail market and NOK 39.6 (16.9) million in the public-sector market. After tax and estimate deviations, the Group's total profit at the end of the third quarter was NOK 105.2 (89.9) million.

Corporate social responsibility

In the third quarter, climate-friendly investments increased by more than NOK 2.6 billion. At the end of the quarter, the value of KLP's climate-friendly investments was almost NOK 59.6 billion.

The transition of energy production towards renewables is essential to reduce greenhouse gas emissions and to reach the 1.5 degree target in the Paris Agreement. In August, PwC launched its updated Climate Index, which shows that KLP, together with nine other Norwegian companies, can demonstrate emission cuts in line with the Paris Agreement and good climate reporting.

In September, KLP decided to exclude two US refugee reception companies for violations of human rights and workers' rights at their centres. The violations include unacceptable living conditions, lack of health care for inmates with life-threatening illnesses, working conditions akin to slavery, and sexual assault.

Future prospects and events after the end of the quarter

The war in Ukraine, the energy crisis, increased international tensions, inflation on the rise with rising interest rates - all have resulted in some large movements in financial markets. KLP has solid financial buffers which safeguard customers' pension capital in periods of negative market movements. High interest rates are good for the management of pension capital in the period ahead.

Oslo, 4 November 2022

The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

TINE SUNDTOFT
Chair

INGUNN TROSHOLMEN
Deputy Chair

EGIL MATSEN

CECILIE DAAE

ODD HALDGEIR LARSEN

ØIVIND BREVIK

VIBEKE HELDAL
Elected by and from among the
employees

ERLING BENDIKSEN
Elected by and from among
the employees

Income statement

KLP Group

NOTE	NOK MILLIONS	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
3	Premium income for own account	8 089	8 003	42 164	42 523	52 001
	Current return on financial assets	4 464	3 588	13 526	11 173	14 813
	Net interest income banking	100	80	259	233	309
	Net value changes on financial instruments	-10 036	2 576	-60 767	30 178	48 365
8	Net income from investment properties	1 115	1 367	8 158	4 870	8 543
4	Other income	420	439	1 317	1 202	1 547
	Total net income	4 152	16 051	4 657	90 179	125 577
	Claims for own account	-6 575	-5 932	-23 688	-25 686	-31 855
	Change in technical provisions	3 459	-4 674	1 931	-24 899	-31 253
	Net costs subordinated loan and hybrid Tier 1 securities	-236	-41	-370	76	103
6	Operating expenses	-529	-446	-1 783	-1 510	-2 278
7	Other expenses	-351	-328	-1 028	-957	-1 292
	Unit holder's value change in consolidated security funds	329	-677	19 605	-11 998	-19 802
	Total expenses	-3 903	-12 097	-5 333	-64 974	-86 377
	Operating profit/loss	248	3 954	-676	25 205	39 200
	To/from securities adjustment fund – life insurance	0	-622	0	-13 023	-21 646
	To supplementary reserves – life insurance	356	0	2 235	611	-5 420
	Assets allocated to insurance customers - life insurance	-95	-2 465	-586	-10 602	-11 107
	Pre-tax income	509	867	973	2 192	1 027
	Cost of taxes ¹	-303	-356	-665	-856	-748
	Income	206	510	308	1 335	279
19	Actuarial loss and profit on post employment benefit obligations	9	-451	74	-266	84
	Adjustments of the insurance obligations	-1	51	-8	30	-16
	Tax on items that will not be reclassified to profit or loss	-1	72	-12	42	-12
	Items that will not be reclassified to profit or loss	7	-328	55	-194	56
	Revaluation real property for use in own operation	-24	91	165	138	206
8	Currency translation foreign properites	397	-95	709	-784	-1 314
	Adjustments of the insurance obligations	-397	95	-709	784	1 314
	Tax on items that will be reclassified to profit or loss	6	-23	-41	-34	-52
	Items that will be reclassified to income particular specific conditions are met	-18	68	124	103	155
	Total other comprehensive income	-11	-260	178	-90	211
	Total comprehensive income	195	250	486	1 245	490
	¹ Unit holders share of taxes in consolidated security funds	-105	-72	-288	-220	-296

Financial position statement

KLP Group

NOTE	NOK MILLIONS	30.09.2022	30.09.2021	31.12.2021
	Deferred tax assets	54	43	52
	Other intangible assets	979	825	797
	Tangible fixed assets	2 859	2 672	2 714
	Investments in associated companies and joint venture	5 784	4 900	4 934
8,11	Investment property	96 889	84 367	89 535
9,14	Debt instruments held to maturity	26 736	28 806	25 985
9,14	Debt instruments classified as loans and receivables	173 277	159 944	164 484
9,11,14	Lending local government, enterprises & retail customers at fair value through profit / loss	0	481	79
9,14	Lending local government, enterprises and retail customers	121 519	115 720	118 024
9,11,14	Debt instruments at fair value through profit or loss	180 765	193 054	188 172
9,11	Equity capital instruments at fair value through profit/loss	278 379	264 899	294 476
9,11,14	Financial derivatives	1 613	4 163	3 253
9	Receivables	21 080	9 542	5 377
14	Cash and bank deposits	3 500	3 050	3 388
	TOTAL ASSETS	913 434	872 465	901 270
	Owners' equity contributed	20 812	18 971	19 831
	Retained earnings	21 711	22 467	20 901
	TOTAL OWNERS' EQUITY	42 524	41 439	40 732
9,10	Hybrid Tier 1 securities	1 650	1 670	1 604
9,10	Subordinated loan capital	3 162	2 995	3 000
19	Pension obligations	841	1 194	870
15	Technical provisions - life insurance	639 653	634 052	653 551
	Premiums, claims and contingency fund provisions - non-life insurance	3 926	3 281	3 023
9,10	Covered bonds issued	31 445	28 633	31 015
9,10	Debt to credit institutions	3 670	5 774	4 199
9,10	Liabilities to and deposits from customers	13 607	12 774	12 901
9,11	Financial derivatives	21 989	2 455	4 740
	Deferred tax	1 525	1 712	1 387
16	Other current liabilities	22 668	12 203	6 808
	Unit holders` s interest in consolidated securites funds	126 774	124 285	137 440
	TOTAL LIABILITIES	870 910	831 027	860 538
	TOTAL EQUITY AND LIABILITIES	913 434	872 465	901 270
	Contingent liabilities	34 188	29 869	28 754

Changes in Owners' equity

KLP Group

2022 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 31 December 2021	19 831	20 901	40 732
Change recognized directly in equity		324	324
Owners' equity 1 January 2022	19 831	21 225	41 056
Income		308	308
Items that will not be reclassified to income		55	55
Items that will be reclassified to income later when particular conditions are met		124	124
Total other comprehensive income		178	178
Total comprehensive income	0	486	486
Owners' equity contribution received (net)	982		982
Total transactions with the owners	982		982
Owners' equity 30 September 2022	20 812	21 711	42 524

2021 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 1 January 2021	18 194	21 222	39 416
Income		1 335	1 335
Items that will not be reclassified to income		- 194	- 194
Items that will be reclassified to income later when particular conditions are met		103	103
Total other comprehensive income		- 90	- 90
Total comprehensive income	0	1 245	1 245
Owners' equity contribution received (net)	777		777
Total transactions with the owners	777		777
Owners' equity 30 September 2021	18 971	22 467	41 439

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

Statement of cash flow

NOK MILLIONS	01.01.2022 -30.09.2022	01.01.2022 -30.06.2022	01.01.2022 -31.03.2022	01.01.2021 -31.12.2021	01.01.2021 -30.09.2021
Net cash flow from operational activities	42 855	40 710	-1 917	-24 289	-17 000
Net cash flow from investment activities ¹	-250	-173	-82	-278	-218
Net cash flow from financing activities ²	-42 493	-40 153	1 583	25 182	17 496
Net changes in cash and bank deposits	113	385	-417	616	278
Holdings of cash and bank deposits at start of period	3 388	3 388	3 388	2 772	2 772
Holdings of cash and bank deposits at end of period	3 500	3 773	2 971	3 388	3 050

¹ Payments on the purchase of tangible fixed assets.

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

Notes to the financial statement

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 – 30.09.2022. The accounts have not been audited.

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

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

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

Accounting estimates

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

Note 2 Segment information

NOK MILLIONS	Group pensions pub. sect. & group life			Non-life insurance			Banking			Asset management		
	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
Premium income for own account from external customers ¹	40 633	41 163	50 161	1 554	1 381	1 865	0	0	0	0	0	0
Net financial income from investments	-17 254	33 267	50 228	-134	174	259	218	211	277	-6	2	2
Other income	1 334	1 592	1 999	1	1	2	62	58	78	451	452	608
Total income	24 714	76 022	102 388	1 422	1 556	2 125	280	269	355	445	454	610
Claims for own account	-22 453	-24 690	-30 438	-1 235	-996	-1 417	0	0	0	0	0	0
Insurance provisions for own account	1 943	-24 893	-31 246	-12	-6	-7	0	0	0	0	0	0
Costs borrowing	-370	76	103	0	0	0	0	0	0	0	0	0
Operating costs excluding depreciation	-940	-779	-1 147	-220	-206	-298	-176	-167	-229	-459	-397	-548
Depreciation	-60	-66	-162	-4	-4	-5	-2	-4	-5	-5	-4	-6
Other expenses	-1 125	-1 056	-1 425	0	0	0	-5	-4	-5	0	0	0
Unit holder's value change in consolidated security funds												
Total expenses	-23 004	-51 409	-64 315	-1 471	-1 212	-1 728	-183	-175	-239	-464	-401	-554
Operating profit/loss	1 710	24 614	38 074	-50	344	398	97	94	116	-19	53	56
Funds credited to insurance customers ²	-1 249	-22 914	-37 786	0	0	0	0	0	0	0	0	0
Pre-tax income	461	1 699	288	-50	344	398	97	94	116	-19	53	56
Cost of taxes	-42	-276	125	12	-86	-68	5	5	0	5	-13	-13
Income	419	1 423	413	-37	258	329	103	99	116	-14	40	43
Change in other comprehensive income	55	-194	56	6	-20	8	3	-9	5	6	-21	2
Total comprehensive income	473	1 229	469	-32	237	337	105	90	121	-8	19	45
Assets	720 771	694 522	706 748	6 459	6 081	5 976	49 369	44 980	47 482	594	623	636
Liabilities	678 314	653 133	666 070	4 225	3 733	3 710	46 472	42 491	44 961	223	269	256

NOK MILLIONS	Other			Eliminations			Total		
	01.01.2022	01.01.2021	01.01.2021	01.01.2022	01.01.2021	01.01.2021	01.01.2022	01.01.2021	01.01.2021
	-30.09.2022	-30.09.2021	-31.12.2021	-30.09.2022	-30.09.2021	-31.12.2021	-30.09.2022	-30.09.2021	-31.12.2021
Premium income for own account from external customers ¹	0	0	0	-23	-21	-25	42 164	42 523	52 001
Net financial income from investments	0	0	0	-21 648	12 800	21 263	-38 824	46 454	72 029
Other income	9	8	12	-541	-910	-1 151	1 317	1 202	1 547
Total income	9	8	12	-22 212	11 868	20 086	4 657	90 179	125 577
Claims for own account	0	0	0	0	0	0	-23 688	-25 686	-31 855
Insurance provisions for own account	0	0	0	0	0	0	1 931	-24 899	-31 253
Costs borrowing	0	0	0	0	0	0	-370	76	103
Operating costs excluding depreciation	-8	-7	-10	95	126	182	-1 707	-1 432	-2 050
Depreciation	0	0	0	-6	0	-50	-76	-78	-228
Other expenses	0	0	0	102	103	138	-1 028	-957	-1 292
Unit holder's value change in consolidated security funds				19 605	-11 998	-19 802	19 605	-11 998	-19 802
Total expenses	-8	-7	-10	19 797	-11 769	-19 531	-5 333	-64 974	-86 377
Operating profit/loss	1	1	2	-2 415	100	555	-676	25 205	39 200
Funds credited to insurance customers ²	0	0	0	2 898	-99	-388	1 649	-23 014	-38 173
Pre-tax income	1	1	2	482	1	167	973	2 191	1 027
Cost of taxes	0	0	0	-645	-485	-791	-665	-856	-748
Income	1	1	1	-163	-485	-624	308	1 335	279
Change in other comprehensive income	0	0	0	109	154	140	178	-90	211
Total comprehensive income	1	0	2	-54	-331	-484	486	1 245	490
Assets	9	8	9	136 231	126 251	140 419	913 434	872 465	901 270
Liabilities	2	3	3	141 674	131 397	145 537	870 910	831 027	860 538

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

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

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

All business is directed towards customers in Norway.

PUBLIC SECTOR OCCUPATIONAL PENSION AND GROUP LIFE

Kommunal Landspensjonskasse offers group public sector occupational pensions.

NON-LIFE INSURANCE

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

BANKING

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

ASSET MANAGEMENT

Asset management is offered from the company KLP Kapitalforvaltning AS. The company offers a broad selection of mutual funds both to retail customers and to institutional customers. The security 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	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
Contribution service pension	8 114	8 021	41 851	42 578	52 075
Reinsurance premiums ceded	-25	-18	-73	-55	-75
Transfer of premium reserves from others	0	0	386	0	0
Total premium income	8 089	8 003	42 164	42 523	52 001

Note 4 Other income

NOK MILLIONS	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
Supplement contractual early retirement scheme (ERS)	346	327	1 009	934	1 265
Other income ¹	74	112	308	268	282
Total other income	420	439	1 317	1 202	1 547

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

Note 5 Subordinated loans and perpetual hybrid tier 1 securities

NOK MILLIONS	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
SUBORDINATED LOANS					
Interest costs ¹	-35	-32	-99	-93	-124
Value changes	-102	26	-190	106	132
Net costs subordinated loans	-136	-6	-289	13	8
PERPETUAL HYBRID TIER 1 SECURITIES					
Interest costs	-20	-16	-56	-47	-64
Value changes	-79	-19	-25	110	159
Net costs perpetual hybrid tier 1 securities	-100	-35	-81	63	96
Net costs subordinated loan and hybrid Tier 1 securities	-236	-41	-370	76	103

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

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

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

Note 6 **Operating expenses**

NOK MILLIONS	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
Personnel costs	289	253	1 001	885	1 248
Depreciation and writedowns	40	38	111	115	228
Other operating expenses	200	155	672	511	802
Total operating expenses	529	446	1 783	1 510	2 278

Note 7 **Other expenses**

NOK MILLIONS	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
Supplement contractual early retirement scheme (ERS)	346	327	1 009	934	1 265
Other expenses	6	1	19	23	27
Total other expenses	351	328	1 028	957	1 292

Note 8 **Investment property**

NOK MILLIONS	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
Net rental income	661	744	2 207	2 255	3 040
Net value adjustment	454	622	5 951	2 615	5 444
Realised gains	0	0	0	0	59
Net income from investment properties	1 115	1 367	8 158	4 870	8 543
Currency translate foreign subsidiaries (taken to other comprehensive income)	397	-95	709	-784	-1 314
Net income from investment properties included currency translate	1 513	1 272	8 867	4 086	7 229

NOK MILLIONS	30.09.2022	30.09.2021	31.12.2021
Investment property 01.01.	89 535	81 485	81 485
Value adjustment, including currency translation	6 660	1 831	4 130
Net additions	719	1 111	3 913
Other changes	- 25	- 60	7
Investment property 30.09/31.12	96 889	84 367	89 535

Note 9 **Fair value of financial assets and liabilities**

Fair value is to be a representative price based on what the equivalent assets or liabilities would be sold for under normal market terms and conditions. A financial instrument is considered as being listed in an active market if listed prices are easily and regularly accessible from a stock exchange, dealer, broker, commercial group, pricing service or regulatory authority, and such prices represent actual transactions that occur regularly at arm's length. If the market for the security is not active, or the security is not listed on a stock exchange or similar, the Group uses valuation techniques to determine fair value. These are based on information on transactions recently carried out on business

conditions, reference to the purchase and sale of similar instruments and pricing by means of externally obtained interest-rate curves and interest-rate differential curves. Estimates are based to the greatest possible extent on external observable market data, and to a small degree on company-specific information.

This note contains information on the three different categories of financial instruments: balance sheet classification, accounts classification and type of instrument. For the latter information is also provided on how fair value is derived.

FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

This category includes:

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

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

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

This category includes:

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

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

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

a) Foreign fixed-income securities

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

The following sources are used:

- Barclays Capital Indices
- Bloomberg

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

b) Norwegian fixed-income securities – government

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

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

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

e) Receivables on credit institutions

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

f) Loans to municipalities and enterprises with municipal guarantee

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

g) Loans secured by mortgage

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

- EQUITY INSTRUMENTS

h) Shares (listed)

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

The following sources are used for Norwegian shares:

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

The following sources are used for foreign shares:

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

i) Shares (unlisted)

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

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

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

j) Private Equity

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

DERIVATIVES

k) Futures/FRA/IRF

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

l) Options

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

m) Interest-rate swaps

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

n) FX-swaps

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

- DEBT TO CREDIT INSTITUTIONS

o) Placements with credit institutions and deposits

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

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

p) Fair value of subordinated loans

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

q) Fair value of subordinated bond/perpetual bond issued

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

r) Covered bonds issued

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

s) Deposits from customers

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

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

NOK MILLIONS	30.09.2022		30.09.2021		31.12.2021	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS HELD TO MATURITY - AT AMORTIZED COST						
Norwegian hold-to-maturity bonds	4 065	4 019	5 625	6 078	4 071	4 477
Foreign hold-to-maturity bonds	22 671	21 842	23 181	24 820	21 915	23 289
Total debt instruments held to maturity	26 736	25 861	28 806	30 898	25 985	27 766
DEBT INSTRUMENTS CLASSIFIED AS LOANS AND RECEIVABLES- AT AMORTIZED COST						
Norwegian bonds	60 675	56 289	51 822	53 420	53 339	54 373
Foreign bonds	112 579	104 595	108 078	112 944	111 136	115 067
Other receivables	24	24	44	44	9	9
Total debt instruments classified as loans and receivables	173 278	160 908	159 944	166 407	164 484	169 448
LENDING LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS						
Loans to local government sector or enterprises with local government guarantee	0	0	481	481	79	79
Total loans to local government, enterprises & retail customers	0	0	481	481	79	79
LENDING TO LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS - AT AMORTIZED COST						
Loans secured by mortgage	26 277	26 168	24 411	24 425	25 081	25 085
Loans to local government sector or enterprises with local government guarantee	89 025	87 361	83 226	83 713	86 486	86 673
Loans abroad secured by mortgage and local government guarantee	6 172	6 172	8 037	8 037	6 413	6 413
Loans creditcard	46	46	46	46	44	44
Total loans to local government, enterprises & retail customers	121 519	119 747	115 720	116 221	118 024	118 215
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Norwegian bonds	57 010	57 010	55 591	55 591	56 354	56 354
Norwegian certificates	8 793	8 793	9 626	9 626	7 805	7 805
Foreign bonds	77 254	77 254	90 953	90 953	87 026	87 026
Foreign certificates	430	430	953	953	405	405
Investments with credit institutions	37 278	37 278	35 930	35 930	36 582	36 582
Total debt instruments	180 765	180 765	193 054	193 054	188 172	188 172
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Shares	233 630	233 630	236 549	236 549	260 001	260 001
Equity funds	38 054	38 054	26 214	26 214	30 328	30 328
Property funds	6 695	6 695	2 137	2 137	4 147	4 147
Total equity capital instruments	278 379	278 379	264 899	264 899	294 476	294 476
RECEIVABLES						

NOK MILLIONS	30.09.2022		30.09.2021		31.12.2021	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Receivables related to direct business	1 706	1 706	1 635	1 635	1 725	1 725
Receivables related to reinsurance agreements	704	704	407	407	304	304
Reinsurance share of gross claims reserve	24	24	18	18	0	0
Receivables related to securites	17 907	17 907	6 605	6 605	2 727	2 727
Prepaid rent related to real estate activites	130	130	245	245	245	245
Other receivables	609	609	631	631	374	374
Total other loans and receivables including receivables from policyholders	21 080	21 080	9 542	9 542	5 377	5 377

FINANCIAL LIABILITIES - AT AMORTIZED COST

Hybrid Tier 1 securities	1 650	1 393	1 670	1 639	1 604	1 586
Subordinated loan capital	3 162	3 059	2 995	3 353	3 000	3 310
Debt to credit institutions	1 168	1 168	902	902	897	897
Covered bonds issued	31 445	30 819	28 633	27 762	31 015	30 591
Liabilities and deposits from customers	13 607	13 607	12 774	12 774	12 901	12 901
Total financial liabilities	51 032	50 046	46 974	46 430	49 417	49 284

FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS

Debt to credit institutions	2 502	2 502	4 871	4 871	3 302	3 302
Total financial liabilities	2 502	2 502	4 871	4 871	3 302	3 302

NOK MILLIONS	30.09.2022		30.09.2021		31.12.2021	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS						
Forward exchange contracts	294	16 818	2 807	1 189	2 019	3 077
Interest rate swaps	450	2 576	407	1 266	223	1 664
Interest rate and currency swaps	751	2 593	806	0	732	0
Share option	118	2	143	0	279	0
Total financial derivatives	1 612	21 989	4 163	2 455	3 253	4 740

Note 10 Borrowing

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 30.09.2022	Book value 30.09.2021	Book value 31.12.2021
FIXED - TERM SUBORDINATED LOAN							
Kommunal Landspensjonskasse	2 530	EUR	Fixed ¹	2045	3 162	2 995	3 000
Total subordinated loan capital	2 530	-	-	-	3 162	2 995	3 000
HYBRID TIER 1 SECURITIES							
Kommunal Landspensjonskasse	984	JPY	Fixed ²	2034	1 650	1 670	1 604
Total hybrid Tier 1 securities	984	-	-	-	1 650	1 670	1 604
COVERED BONDS							
KLP Kommunekreditt AS	0	NOK	Fixed	2021	0	469	0
KLP Kommunekreditt AS	0	NOK	Floating	2022	0	2 010	1 999
KLP Kommunekreditt AS	3 273	NOK	Floating	2023	3 285	5 005	5 009
KLP Kommunekreditt AS	5 000	NOK	Floating	2024	5 015	5 004	5 006
KLP Kommunekreditt AS	5 000	NOK	Floating	2025	5 008	4 002	5 003
KLP Kommunekreditt AS	5 000	NOK	Floating	2026	5 022	0	1 002
KLP Kommunekreditt AS	500	NOK	Fixed	2027	505	505	508
KLP Boligkreditt AS	0	NOK	Floating	2021	0	302	0
KLP Boligkreditt AS	0	NOK	Floating	2022	0	1 904	1 904
KLP Boligkreditt AS	1 600	NOK	Floating	2023	1 602	2 501	2 501
KLP Boligkreditt AS	2 500	NOK	Floating	2024	2 501	2 500	2 500
KLP Boligkreditt AS	2 500	NOK	Floating	2025	2 500	2 500	2 500
KLP Boligkreditt AS	3 500	NOK	Floating	2026	3 514	1 852	2 504
KLP Boligkreditt AS	2 500	NOK	Floating	2027	2 508	0	501
Other					-17	80	78
Total covered bonds	31 373	-	-	-	31 445	28 633	31 015
DEBT TO CREDIT INSTITUTIONS							
KLP Banken AS	114	NOK	Floating	2022	114	300	300
KLP Banken AS	300	NOK	Floating	2023	301	300	300
KLP Banken AS	450	NOK	Floating	2024	452	300	300
KLP Banken AS	300	NOK	Floating	2025	301	0	0
KLP Fond	0	NOK	Floating	2021	0	632	0
KLP Fond	0	NOK	Fixed	2021	0	1 956	0
KLP Fond	274	NOK	Floating	2022	274	0	385
KLP Fond	1 256	NOK	Fixed	2022	1 256	0	1 241

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 30.09.2022	Book value 30.09.2021	Book value 31.12.2021
Kommunal Landspensjonskasse	0	NOK	Floating	2021	0	2 262	0
Kommunal Landspensjonskasse	881	NOK	Floating	2022	881	0	1 651
Kommunal Landspensjonskasse	0	NOK	Fixed	2022	0	0	0
Other		NOK	Floating		91	23	21
Total liabilities to credit institutions	3 575	-	-	-	3 670	5 774	4 199
LIABILITIES AND DEPOSITS FROM CUSTOMERS ³							
Retail	11 786	NOK	-	-	11 786	11 274	11 212
Business	1 786	NOK	-	-	1 786	1 465	1 650
Foreign	35	NOK	-	-	35	35	39
Liabilities to and deposits from customers	13 607	-	-	-	13 607	12 774	12 901
Total financial liabilities	52 068	-	-	-	53 534	51 845	52 719

¹ The loan has an interest change date in 2025.

² The loan has an interest change date in 2034.

³ There is no contractual maturity date on deposits.

This note shows the financial liabilities that the Group had at the end of the reporting period; where the majority is funding for KLP Bank Group. The companies listed above are the issuers of the financial debt. Deposits belongs to KLP Banken AS.

Note 11 Fair value hierarchy

30.09.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
<i>Land/plots</i>	0	0	1 081	1 081
<i>Buildings</i>	0	0	95 808	95 808
Investment property	0	0	96 889	96 889
Lending at fair value	0	0	0	0
<i>Certificates</i>	2 104	7 118	0	9 223
<i>Bonds</i>	22 139	98 149	0	120 288
<i>Fixed-income funds</i>	13 995	7 541	9 573	31 109
Bonds and other fixed-income securities	38 239	112 808	9 573	160 620
Loans and receivables	19 009	1 135	0	20 144
<i>Shares</i>	224 270	5 210	3 361	232 841
<i>Equity funds</i>	2 092	0	56	2 148
<i>Property funds</i>	0	2 324	4 371	6 695
<i>Special funds</i>	0	0	0	0
<i>Private Equity</i>	0	0	36 694	36 694
Shares and units	226 363	7 534	44 483	278 379
Financial derivatives	0	1 613	0	1 613
Total assets at fair value	283 610	123 090	150 945	557 646
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	21 989	0	21 989
Debt to credit institutions ¹	1 246	1 256	0	2 502
Total financial liabilities at fair value	1 246	23 245	0	24 491

¹ The line «Debt to credit institutions» includes liabilities measured at fair value and amortized cost. This line is therefore not reconcilable against the Balance sheet. The liabilities measured at amortized cost amounted to NOK 1 168 million per 30.09.2022.

30.09.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
<i>Land/plots</i>	0	0	973	973
<i>Buildings</i>	0	0	83 395	83 395
Investment property	0	0	84 368	84 368
Lending at fair value	0	481	0	481
<i>Certificates</i>	3 349	7 230	0	10 579
<i>Bonds</i>	21 642	107 697	0	129 339
<i>Fixed-income funds</i>	17 202	7 258	5 923	30 382
Bonds and other fixed-income securities	42 193	122 185	5 923	170 301
Loans and receivables	21 372	1 381	0	22 753
<i>Shares</i>	230 315	3 415	2 818	236 549
<i>Equity funds</i>	2 325	0	49	2 374
<i>Property funds</i>	0	1 125	1 012	2 137
<i>Special funds</i>	0	0	0	
<i>Private Equity</i>	0	0	23 839	23 839
Shares and units	232 640	4 541	27 718	264 899
Financial derivatives	0	4 163	0	4 163
Total assets at fair value	296 205	132 751	118 009	546 964
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	2 455	0	2 455
Debt to credit institutions ¹	2 915	1 956	0	4 871
Total financial liabilities at fair value	2 915	4 411	0	7 326

31.12.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
<i>Land/plots</i>	0	0	983	983
<i>Buildings</i>	0	0	88 552	88 552
Investment property	0	0	89 535	89 535
Lending at fair value	0	79	0	79
<i>Certificates</i>	2 046	6 164	0	8 210
<i>Bonds</i>	24 164	102 021	0	126 186
<i>Fixed-income funds</i>	17 199	7 431	6 227	30 858
Bonds and other fixed-income securities	43 410	115 616	6 227	165 253
Loans and receivables	21 472	1 447	0	22 919
<i>Shares</i>	246 170	10 962	2 869	260 001
<i>Equity funds</i>	2 316	0	50	2 366
<i>Property funds</i>	0	1 133	3 013	4 147
<i>Special funds</i>	0	0	0	0
<i>Private Equity</i>	0	0	27 962	27 962
Shares and units	248 486	12 096	33 895	294 476
Financial derivatives	0	3 253	0	3 253
Total assets at fair value	313 367	132 491	129 657	575 515
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	4 740	0	4 740
Debt to credit institutions ¹	2 061	1 241	0	3 302
Total financial liabilities at fair value	2 061	5 981	0	8 042

Changes in Level 3, Investment Property	Book value 30.09.2022	Book value 30.09.2021	Book value 31.12.2021
Opening balance 1 January	89 535	81 485	81 485
Sold	0	-476	-723
Bought	719	1 587	4 636
Unrealised changes	6 660	1 831	4 130
Other changes	-25	-60	7
Closing balance 30.09./31.12.	96 889	84 367	89 535
Realised gains/losses	0	0	59

Changes in Level 3, Financial Assets	Book value 30.09.2022	Book value 30.09.2021	Book value 31.12.2021
Opening balance 1 January	40 122	23 420	23 420
Sold	-4 241	-3 050	-4 627
Bought	11 106	7 605	13 867
Unrealised changes	7 069	5 665	7 463
Closing balance 30.09./31.12.	54 056	33 641	40 122
Realised gains/losses	1 718	1 561	2 242
Closing balance 30.09.	150 945	118 009	129 657

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

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

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

Level 1:

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

Level 2:

Instruments at this level obtain fair value from observable market data. This includes prices based on identical instruments, but where the instrument does not maintain a high enough trading frequency and is corresponding therefore not considered to be traded in an active

market, as well as prices based on assets and price-leading indicators that can be confirmed from market information. Example instruments at Level 2 are fixed income securities priced on the basis of interest rate paths.

Level 3:

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

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

No sensitivity analysis has been carried out on securities included in Level 3. A sensitivity analysis for investment property is available in the annual report. A change in the variables of the pricing is considered of little significance. On a general basis, a 5 percent change in the pricing would produce a change of NOK 7 547 million as of 30.09.2022.

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 3rd quarter, NOK 1 188 million in stocks moved from Level 1 to Level 2, NOK 307 million moved from Level 1 to Level 3, NOK 1 308 million moved from level 2 to level 1 and NOK 2 million moved from level 2 to level 3 This is due to changes in liquidity.

Note 12 **Liquidity risk**

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

30.09.2022 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan ¹	0	133	617	701	4 890	6 341
Perpetual hybrid Tier 1 securities ¹	0	119	317	397	1 235	2 068
Debt to and deposits from customers (without defined maturity)	13 607	0	0	0	0	13 607
Covered bonds issued	0	5 616	28 018	0	0	33 635
Payables to credit institutions	1 102	447	778	0	0	2 327
Financial derivatives	5 818	17 952	1 398	864	1 248	27 281
Accounts payable	21	0	0	0	0	21
Contingent liabilities (without defined maturity)	34 188	0	0	0	0	34 188
Total	54 736	24 268	31 129	1 962	7 373	119 468

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 34 million and derivatives maturing between 1 to 12 months are reduced with NOK 1 million. In addition, payables to credit institutions maturing within one month are reduced with NOK 1 million. Total amount of the financial liabilities for the Group are after these adjustments NOK 119 432 million.

30.09.2021 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan ¹	0	126	578	664	4 767	6 135
Perpetual hybrid Tier 1 securities ¹	0	95	254	318	1 322	1 989
Debt to and deposits from customers (without defined maturity)	12 774	0	0	0	0	12 774
Covered bonds issued	462	4 227	23 893	577	0	29 159
Payables to credit institutions	2 308	9	907	0	0	3 224
Financial derivatives	1 444	2 137	234	263	142	4 220
Accounts payable	61	0	0	0	0	61
Contingent liabilities (without defined maturity)	29 869	0	0	0	0	29 869
Total	46 918	6 595	25 867	1 821	6 231	87 431

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 113 million, payables to credit institutions maturing within one month are reduced with NOK 32 million and derivatives maturing between 1 to 12 months are reduced with NOK 167 million. Total amount of the financial liabilities for the Group are after these adjustments NOK 87 120 million.

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

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.

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

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

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

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

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

Note 13 Interest rate risk

30.09.2022 NOK MILLIONS								
	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow 01.01.2022 -30.09.2022	Total	Adjusted for the unit holders' interests in consolidated securities funds
ASSETS								
Financial derivatives classified as assets	38	-8	53	135	-113	16	122	91
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	10	10	10
Bonds and other fixed-return securities	-42	-70	-1 051	-1 353	-1 247	212	-3 552	-2 698
Fixed income fund holdings	-935	0	0	0	0	0	-935	-935
Lending and receivables	0	0	0	0	0	151	151	156
Lending	0	0	0	0	0	661	661	661
Cash and bank deposits	0	0	0	0	0	26	26	26
Contingent liabilities ¹	0	0	0	0	0	30	30	30
Total assets	-939	-78	-998	-1 217	-1 361	1 106	-3 487	-2 659
LIABILITIES								
Deposit	0	0	0	0	0	-105	-105	-105
Liabilities created on issue of securities	0	0	0	0	0	-245	-245	-245
Financial derivatives classified as liabilities	15	8	-20	1	0	-7	-3	-6
Hybrid capital, subordinated loans	0	0	0	39	76	0	115	115
Debt to credit institutions	0	0	0	0	0	-37	-37	-37
Total liabilities	15	8	-20	40	76	-394	-276	-279
Total before tax	-924	-70	-1 018	-1 178	-1 285	712	-3 763	-2 937
Total after tax	-693	-53	-764	-883	-963	534	-2 822	-2 203

30.09.2021 NOK MILLIONS								
	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow 01.01.2021 -30.09.2021	Total	Adjusted for the unit holders' interests in consolidated securities funds
ASSETS								
Financial derivatives classified as assets	19	-8	20	49	-181	2	-98	-90
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	13	13	13
Bonds and other fixed-return securities	-50	-59	-1 113	-1 653	-2 104	220	-4 759	-3 781
Fixed income fund holdings	-1 230	0	0	0	0	0	-1 230	-1 230
Lending and receivables	-1	0	0	0	0	177	177	149
Lending	0	0	0	0	0	603	603	603
Cash and bank deposits	0	0	0	0	0	23	23	23
Contingent liabilities ¹	0	0	0	0	0	31	31	31
Total assets	-1 262	-66	-1 093	-1 604	-2 285	1 069	-5 241	-4 282
LIABILITIES								
Deposit	0	0	0	0	0	-97	-97	-97
Liabilities created on issue of securities	0	0	0	0	0	-221	-221	-221
Financial derivatives classified as liabilities	1	0	29	1	0	12	43	43
Hybrid capital, subordinated loans	0	0	0	44	83	0	127	127
Debt to credit institutions	0	0	0	0	0	-41	-41	-41
Total liabilities	1	0	29	45	83	-347	-189	-189
Total before tax	-1 261	-66	-1 065	-1 558	-2 202	723	-5 430	-4 471
Total after tax	-945	-50	-799	-1 169	-1 652	542	-4 072	-3 353

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

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

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

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

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

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

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

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

Note 14 Credit risk

30.09.2022 NOK MILLIONS									
	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Bank and finance	Mortgage < 80% ¹	Mortgage > 80% ¹	Other	Total	Adjusted for the unit holders' interest in consolidated securites funds
Debt instruments held to maturity at amortized cost	25 359	0	0	0	0	0	1 377	26 736	26 736
Debt instruments classified as loans and receivables at amortized cost	157 158	22	547	938	0	0	14 611	173 277	173 277
Debt instruments at fair value - fixed-return securities	114 560	2 478	6 877	3 452	0	0	9 686	137 052	113 265
Fixed-income funds	0	0	0	0	0	0	23 568	23 568	23 568
Loans and receivables	19 381	0	0	1 150	0	0	0	20 145	15 031
Financial derivatives classified as assets	1 613	0	0	0	0	0	0	1 613	1 492
Cash and bank deposits	3 428	0	0	73	0	0	0	3 500	3 500
Lending	0	0	92 607	0	25 217	1 627	2 067	121 519	121 519
Total	321 498	2 500	100 032	5 612	25 217	1 627	51 309	507 409	478 387

SPECIFICATION OF INVESTMENT GRADE NOK MILLIONS	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	11 642	2 982	6 836	3 899	25 359
Debt instruments classified as loans and receivables at amortized cost	25 799	21 894	62 052	47 413	157 158
Debt instruments at fair value - fixed-return securities	31 278	14 012	34 570	34 700	114 560
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	6 946	12 313	121	19 381
Financial derivatives classified as assets	0	229	1 376	8	1 613
Cash and bank deposits	0	2 786	642	0	3 428
Lending	0	0	0	0	0
Total	68 719	48 849	117 789	86 140	321 498

30.09.2021 NOK MILLIONS									
	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Bank and finance	Mortgage < 80% ¹	Mortgage > 80% ¹	Other	Total	Adjusted for the unit holders' interest in consolidated securites funds
Debt instruments held to maturity at amortized cost	27 394	35	0	0	0	0	1 377	28 806	28 806
Debt instruments classified as loans and receivables at amortized cost	138 501	0	375	1 679	0	0	19 389	159 944	159 944
Debt instruments at fair value - fixed-return securities	119 916	1 592	5 682	4 238	0	0	15 749	147 176	126 786
Fixed-income funds	0	0	0	0	0	0	23 124	23 124	23 124
Loans and receivables	21 784	0	0	969	0	0	0	22 753	19 492
Financial derivatives classified as assets	4 163	0	0	0	0	0	0	4 163	3 631
Cash and bank deposits	2 982	0	0	67	0	0	0	3 050	3 050
Lending	0	0	88 177	0	22 311	2 452	3 261	116 201	116 201
Total	314 739	1 628	94 233	6 953	22 311	2 452	62 901	505 217	481 034

SPECIFICATION OF INVESTMENT GRADE NOK MILLIONS	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	12 768	2 776	7 498	4 352	27 394
Debt instruments classified as loans and receivables at amortized cost	19 152	23 572	58 933	36 843	138 501
Debt instruments at fair value - fixed-return securities	31 894	15 097	36 487	36 438	119 916
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	10 161	11 238	385	21 784
Financial derivatives classified as assets	0	991	3 164	8	4 163
Cash and bank deposits	0	2 563	419	0	2 982
Lending	0	0	0	0	0
Total	63 814	55 160	117 739	78 026	314 739

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

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

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

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

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

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

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

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

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

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

NOK MILLIONS	30.09.2022		30.09.2021		31.12.2021	
	Consolidated	Adjusted for the unit holders' in consolidated securites funds	Consolidated	Adjusted for the unit holders' in consolidated securites funds	Consolidated	Adjusted for the unit holders' in consolidated securites funds
10 LARGEST COUNTERPARTIES						
Counterparty 1	15 764	12 324	13 542	12 053	15 032	11 995
Counterparty 2	9 136	8 883	11 601	10 218	14 514	11 891
Counterparty 3	7 680	7 680	9 353	7 248	10 578	7 482
Counterparty 4	7 537	6 627	7 465	6 785	8 586	6 660
Counterparty 5	7 200	6 195	5 781	5 781	7 828	6 377
Counterparty 6	6 757	5 537	5 536	5 536	7 706	5 830
Counterparty 7	6 004	5 147	5 106	5 067	6 377	5 548
Counterparty 8	5 696	4 672	4 835	4 672	5 878	4 928
Counterparty 9	5 537	4 418	4 672	4 620	5 548	4 698
Counterparty 10	4 672	4 235	4 546	4 423	4 698	4 506
Total	75 982	65 718	72 437	66 402	86 745	69 916

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

Note 15 **Technical provisions in life insurance**

NOK MILLIONS	30.09.2022	30.09.2021	31.12.2021
Premium reserves - ordinary tariff	511 958	482 647	486 276
Premium funds, buffer funds and pensioners' surplus funds	127 012	30 818	41 268
Supplementary reserves	0	42 842	48 812
Securities adjustment fund	0	68 559	77 194
Other provisions	0	1	1
Profit/loss allocated to insurance contracts	684	9 185	0
Technical provisions in life insurance	639 653	634 052	653 551

Note 16 **Other current liabilities**

NOK MILLIONS	30.09.2022	30.09.2021	31.12.2021
Short-term payables trade in securities	18 989	8 901	3 645
Incurred not assessed taxes	250	567	560
Advance tax-deduction pension scheme	478	430	491
Accounts payable	164	316	226
Pre-called contribution to insurance	1 761	98	699
Other current liabilities	1 027	1 891	1 187
Total other current liabilities	22 668	12 203	6 808

Note 17 **SCR ratio**

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

Tier 1 capital appears from the Solvency II balance sheet and Hybrid Tier 1 securities. Tier 2 capital consist of subordinated loans and ancillary own funds. Starting 30.09.2022 the risk equalization fund will also be considered tier 2 own funds. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 306 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 306 per cent.

	30.09.2022	30.09.2021	31.12.2021
Solvency II - SCR ratio	306 %	264 %	287 %

NOK BILLIONS	30.09.2022	30.09.2021	31.12.2021
Simplified Solvency II Financial Position Statement			
Assets, book value	724	697	710
Added values - hold-to-maturity portfolio/loans and receivables	-16	8	6
Added values - other lending	-2	0	0
Other added/lesser values	0	0	0
Deferred tax asset	0	0	0
Total assets - solvency II	707	706	716

NOK BILLIONS	30.09.2022	30.09.2021	31.12.2021
Simplified Solvency II Financial Position Statement			
Best estimate	616	631	649
Risk margin	11	14	13
Hybrid Tier 1 securities/Subordinated loan capital	5	5	5
Other liabilities	32	20	12
Deferred tax liabilities	0	1	1
Total liabilities - solvency II	664	671	679
Excess of assets over liabilities	43	35	36
- Deferred tax asset	0	0	0
Risk equalization fund (tier 2 own funds starting 30.09.2022)	-5	0	0
+ Hybrid Tier 1 securities	2	2	2
Tier 1 basic own funds	39	36	38
Total eligible tier 1 own funds	39	36	38
Subordinated loans	3	3	3
Risk equalization fund (tier 2 own funds starting 30.09.2022)	5	0	0
Tier 2 basic own funds	8	3	3
Ancillary own funds	13	12	12
Tier 2 ancillary own funds	13	12	12
Deduction for max. eligible tier 2 own funds	-14	-7	-8
Total eligible tier 2 own funds	7	8	7
Deferred tax asset	0	0	0
Total eligible tier 3 own funds	0	0	0
Solvency II total eligible own funds	46	44	45
Solvency capital requirement (SCR)	15	17	16
Solvency II- SCR ratio	306 %	264 %	287 %

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

30.09.2022 NOK MILLIONS				Related amounts not presented net				
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	Adjusted for the unit holders' interest in consolidated securities funds
ASSETS								
Financial derivatives	1 613	0	1 613	-615	-1 008	-1 094	273	273
Repos	500	0	500	-500	0	0	0	0
Total	2 113	0	2 113	-1 115	-1 008	-1 094	273	273
LIABILITIES								
Financial derivatives	21 989	0	21 989	-615	-2 362	-13 930	5 197	4 740
Repos	1 257	0	1 257	0	0	0	1 257	757
Total	23 246	0	23 246	-615	-2 362	-13 930	6 453	5 497

30.09.2021 NOK MILLIONS				Related amounts not presented net				
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	Adjusted for the unit holders' interest in consolidated securities funds
ASSETS								
Financial derivatives	4 163	0	4 163	-1 536	-2 496	-871	290	252
Repos	1 518	0	1 518	-500	0	0	1 018	1 018
Total	5 681	0	5 681	-2 036	-2 496	-871	1 308	1 270
LIABILITIES								
Financial derivatives	2 455	0	2 455	-1 536	-139	-15	919	919
Repos	1 954	0	1 954	0	0	0	1 954	1 453
Total	4 409	0	4 409	-1 536	-139	-15	2 873	2 372

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

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

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

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

Note 19 **Pension obligations**

NOK MILLIONS	30.09.2022	30.09.2021	31.12.2021
Capitalized net liability 01.01.	870	934	934
Capitalized pension costs	153	137	192
Capitalized financial costs	15	26	20
Actuarial gains and losses	-74	266	-84
Premiums / contributions received	-123	-169	-191
Capitalized net liability 30.09./31.12.	841	1 194	870

Assumptions	30.09.2022	30.09.2021	31.12.2021
Discount rate	3,20 %	1,90 %	1,90 %
Salary growth	3,75 %	2,50 %	2,75 %
The National Insurance basic amount (G)	3,50 %	2,25 %	2,50 %
Pension increases	2,75 %	1,50 %	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 74 million as of 30.09.2022. The change is recognized in other comprehensive income in the income statement.

Key figures – Accumulated

NOK MILLIONS	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
KLP GROUP								
Profit before tax	973	464	213	1 027	2 192	1 325	693	1 657
Total assets	913 434	917 593	902 911	901 270	872 465	870 548	813 514	807 161
Owners' equity	42 524	41 217	41 449	40 732	41 439	40 154	39 742	39 416
Solvency SCR ratio	306 %	304 %	299 %	287 %	264 %	257 %	258 %	261 %
Number of employees in the Group	1 095	1 081	1 060	1 048	1 032	1 017	1 021	1 018
KOMMUNAL LANDSPENSJONSKASSE								
Profit before tax	461	216	71	288	1 699	965	566	1 289
Premium income for own account	40 248	33 081	7 503	50 161	41 163	33 634	7 041	37 102
- of which inflow of premium reserve	386	386	376	0	0	0	0	2 850
Insurance customers' funds incl. acc. profit	22 453	16 367	10 642	30 438	24 690	19 100	13 754	28 360
- of which funds with guaranteed returns	4 658	4 658	4 875	8 346	8 346	8 346	8 419	7 656
Net investment common portfolio	671 095	660 834	662 500	659 281	644 160	626 280	603 076	604 782
Net investment choice portfolio	2 602	2 665	2 588	2 199	2 156	2 215	2 081	2 044
Insurance funds incl. earnings for the year	641 805	654 482	644 226	652 444	634 112	633 579	595 680	594 718
- of which funds with guaranteed interest	542 820	548 891	526 324	526 235	513 186	515 787	490 936	496 121
Solvency capital requirement (SCR)	46 307	44 901	44 809	45 190	44 536	43 473	41 580	42 742
Solvency SCR ratio	341 %	340 %	332 %	316 %	289 %	282 %	287 %	282 %
Riskprofit	963	550	105	589	625	293	191	-398
Return profits	-27 421	-20 374	-7 894	15 134	9 347	7 232	4 688	12 350
Administration profit	56	-22	-9	35	159	61	41	171
Solvency capital	129 556	138 338	151 201	196 049	176 437	174 816	160 647	172 863
Value-adjusted return on common portfolio	-2,6 %	-2,1 %	-2,3 %	8,4 %	5,6 %	4,4 %	1,5 %	4,2 %
Return on unit-linked portfolio	-4,2 %	-3,5 %	-1,2 %	8,9 %	5,8 %	5,0 %	1,9 %	4,2 %
Return on corporate portfolio	1,4 %	0,9 %	0,6 %	3,4 %	2,5 %	1,7 %	0,8 %	3,1 %
KLP SKADEFORSIKRING AS								
Profit before tax	-49,8	3,0	-24,3	397,7	343,9	225,9	71,6	220,0
Gross premium due	1 626,5	1 060,7	516,4	1 939,3	1 436,2	940,6	460,1	1 728,4
Premium income for own account	1 553,6	1 012,5	492,4	1 864,6	1 380,9	903,6	441,7	1 657,6
Owners' equity	2 234,2	2 273,0	2 280,9	2 265,8	2 348,3	2 294,4	2 178,7	2 110,9
Claims ratio	80,3 %	73,4 %	79,6 %	76,4 %	73,6 %	74,5 %	72,8 %	83,1 %
Combined-ratio	94,5 %	88,7 %	95,1 %	92,1 %	85,1 %	90,3 %	89,2 %	100,7 %
Return on assets under management	-2,5 %	-2,1 %	-0,9 %	5,0 %	3,4 %	2,6 %	0,6 %	5,0 %

NOK MILLIONS	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Solvency capital requirement (SCR)	2 250	2 273	2 329	2 278	2 290	2 267	2 193	2 132
Solvency SCR ratio	219 %	225 %	222 %	224 %	267 %	252 %	238 %	239 %
Annual premium in force – retail market	932,7	918,1	892,8	871,4	846,7	828,9	806,8	786,0
Annual premium in force – public sector market	1 325,1	1 318,4	1 210,0	1 148,8	1 135,0	1 128,0	1 080,4	1 016,4
Net new subscriptions (accumulated within the year)	122,5	113,2	7,2	91,2	75,9	65,0	17,0	87,6
KLP BANKEN GROUP								
Profit/loss before tax	97,5	42,5	18,3	116,1	93,8	54,3	48,6	136,8
Net interest income	258,2	159,0	72,1	308,6	232,8	152,8	75,7	317,3
Other operating income	62,8	42,7	20,3	78,9	58,6	38,6	19,0	77,7
Operating expenses and depreciation	-180,7	-123,3	-64,0	-238,5	-174,2	-118,6	-60,6	-232,1
Net realized/unrealized changes in financial instruments to fair value	-42,8	-35,9	-10,1	-32,9	-23,5	-18,6	14,5	-26,1
Contributions	13 607	13 465	13 372	12 901	12 774	12 643	12 103	11 781
Housing mortgages granted	23 369	23 042	22 635	22 090	21 365	21 409	20 894	20 570
Loan(s) with public guarantee(s)	18 718	18 321	17 974	17 844	16 842	16 752	16 734	17 654
Defaulted loans	43	46	46	36	32	34	57	54
Borrowing on the issuance of securities	32 613	32 444	31 862	31 918	29 536	29 195	27 147	25 800
Total assets	49 370	48 704	47 954	47 482	44 980	45 216	43 200	42 688
Average total assets	48 426	48 030	47 718	45 085	43 834	43 952	42 944	41 188
Owners' equity	2 897	2 555	2 548	2 521	2 490	2 474	2 470	2 427
Net interest rate	0,53 %	0,33 %	0,15 %	0,68 %	0,53 %	0,35 %	0,18 %	0,80 %
Profit/loss from general operations before tax	0,20 %	0,09 %	0,04 %	0,26 %	0,21 %	0,12 %	0,11 %	0,33 %
Return on owners' equity before tax	5,15 %	3,37 %	2,91 %	4,78 %	5,15 %	4,47 %	8,02 %	6,16 %
Capital adequacy	19,7 %	17,7 %	18,1 %	18,7 %	18,6 %	18,4 %	19,3 %	19,5 %
Number of private customers	48 216	47 759	47 123	46 463	47 750	46 872	46 116	45 406
Of this members of KLP	32 681	32 226	31 973	31 587	32 615	31 664	32 183	32 048
KLP KAPITALFORVALTNING AS								
Profit/loss before tax	-18,6	-29,8	-21,5	56,0	53,0	24,6	20,7	30,9
Total assets under management	615 589	621 080	646 213	668 855	647 995	627 599	602 400	596 254
Assets managed for external customers	126 187	126 193	134 367	136 792	123 811	121 308	111 821	103 378

KLP's sustainability accounts

Q3 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.

	30.09.2022	30.09.2021	30.09.2020	UN SDGs
Individual companies KLP has engaged in direct dialogue with on ESG issues	188	157	298	All SDGs
General meetings of Norwegian companies at which KLP has voted (number/percentage)	103 (93 %)	61 (86 %)	96 (99 %)	n/a
General meetings of foreign companies at which KLP has voted (number/percentage)	7 611 (99 %)	6 531 (99 %)	6 966 (96 %)	n/a
Companies excluded from investment	693	638	577	All SDGs

Comments on performance in the third quarter

In the third quarter, KLP was in dialogue with 81 companies on topics related to ESG, including worker's rights for migrant workers in Qatar, human rights in areas of conflict and at refugee camps, transportation of Russian oil in light of sanctions, shipwrecking, anti-corruption matters and tax practices. Through the first three quarters of the year, KLP was in dialogue with a total of 188 companies.

At the end of the third quarter, KLP had voted at 99 per cent of the general meetings of foreign companies, and at 93 per cent of the general meetings of Norwegian companies. This is somewhat below the target for Norwegian companies, but the target applies to an overall assessment of the voting season.

In the third quarter, KLP excluded 24 companies for violations of KLP's exclusion criteria concerning alcohol, human rights, gambling, coal, and environmental criteria. 54 companies were also re-included since they no longer violate KLP's guidelines as a responsible investor. At the end of the quarter, 693 companies were excluded.

Climate, environment and nature

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

Climate goals and climate-friendly investments

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

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

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

Goals

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

MILLION NOK	New in 3rd quarter 2022	30.09.2022	30.09.2021	30.09.2020	UN SDGs
Zero-emission investments	1 569	37 197	34 048	30 570	-
Renewable energy	1 586	35 094	32 518	30 005	7. 9. 17.
<i>As a share of KLP's total investments</i>	-	4,9 %	4,7 %	4,8 %	7.
<i>Renewable energy in Norway</i>	123	21 762	24 185	23 984	7.
<i>Renewable energy internationally</i>	1 358	11 770	7 185	5 139	7.
<i>Renewable energy in developing countries</i>	105	1 562	1 148	882	7. 9. 17.
Sustainable forestry	-18	2 103	1 530	565	13. 15.
Transitional financing	1 057	22 379	16 529	10 034	-
Green buildings in the property portfolio	-	11 220	8 131	6 531	9.
<i>As a share of the portfolio's market value</i>	-	11,7 %	9,7 %	8,5 %	-
Green bonds	893	7 247	5 969	1 828	-
Green lending	180	2 755	2 429	1 675	6. 9. 11. 13.
Infrastructure	-17	1 158	-	-	9.
Total climate-friendly investments	2 626	59 765	50 577	40 604	-
<i>As a share of KLP's total investments</i>	-	8,3 %	7,3 %	6,5 %	-
Fossil energy	n/a	15 739	9 885	7 722	-
<i>As a share of KLP's total investments</i>	-	2,2 %	1,4 %	1,2 %	-

Comments on performance in the third quarter

KLP increased our climate-friendly investments by new NOK 2.6 billion in the third quarter, to a total of NOK 59.7 billion. Through our climate-friendly investments, KLP aims to contribute towards the necessary transition. So far in 2022, KLP has invested over NOK 7,6 billion in climate-friendly investments, and is thus pleased to surpass the goal of NOK6 billion annually with one quarter left of the year.

Renewable energy makes out more than half of the new investments in the third quarter. Among others, KLP invested in a fund from Fred Olsen Renewables, focusing on energy from wind. Combined with existing projects in Norway and in Sweden are future projects in Sweden and Great Britain. Together with Norfund, KLP made an investment agreement for a solar power plant in India, one of the first investments from the new state owned climate fund. KLP also made green loan grants for construction projects totalling NOK 180 million during this period.

The value of KLP's investments in fossil energy has increased since last quarter. This is largely due to the fact that the market value of these investments has increased, and not new investments. As a share of KLP's investments, the increase is relatively small, and has increased from 2.1 to 2.2 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. This is why we are working to improve in order to reduce energy consumption and handle waste in a better way.

Goals

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

	30.09.2022	30.09.2021	30.09.2020	UN SDGs
Number of flights	2 271	295	1 551	12.13.
Greenhouse gas emissions from flights (tonnes CO2e)	151	17	178	12.13.
Energy consumption at KLP's own offices (kWh per m2)	131	78	70	9. 13.
Energy consumption in KLP's property portfolio (kWh per m2)	150	171	171	9.

Comments on performance in the third quarter

The reopening of society is reflected both in the number of flights and energy consumption. KLP continues to focus on reducing unnecessary flights, but the removal of restrictions on business travel has resulted in a big increase in the number of flights compared with the two last years. The number of flights is still lower than before the pandemic, so travelling habits also seem to have changed: the number of flights is down 53 % from 2019. KLP has introduced a hybrid office scheme, and although some employees work from home, there is a large increase in employees in the offices. This leads to higher energy consumption at the offices.

Similarly, the energy consumption in KLP's property portfolio has been affected by the reopening and increased activity at the properties. This has resulted in increased energy consumption. This and the ongoing energy crisis is directly reflected in higher maintenance costs. As such, KLP Eiendom has reached out to tenants to discuss energy saving measures. The response has been positive, and multiple measures have already been set in action at different locations. Before implementing larger measures, KLP's own office building in Oslo will be used to test the implementation and effect of different measures, and whether it also has an effect on the working environment.

Innovation and social development

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

Lending to municipalities and county municipalities

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

Goals

To increase lending to purposes of this type.

MILLION NOK	New in 3rd quarter 2022	30.09.2022	30.09.2021	30.09.2020	UN SDGs
Lending in total	834	86 318	83 322	79 417	
Lending for roads and transport		9 121	2 604	9 372	9.
Lending for publicly owned real property		4 091	4 333	4 875	9.
Lending to the public sector and associated entities		70 413	72 734	62 180	9.
Lending for water and sewage services, and waste management		2 694	3 651	2 990	9.
Green lending	180	2 755	2 293	277	9.

Comments on performance in the third quarter

KLP's lending to municipalities and county municipalities increased by net NOK 834 million in the third quarter. There were issued new green loans totalling close to NOK 200 million, and green lending increased by net around NOK 180 million. The new green loans financed a new, climate-friendly fire station in Eidskog municipality, and went to partial financing of new schools and gymnasiums in Rana municipality.

Seed capital investments

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

Goals

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

MILLION NOK	New in 3rd quarter 2022	30.09.2022	30.09.2021	30.09.2020	UN SDGs
Seed capital investments in Norway	10	413	253	11	8.

Comments on performance in the third quarter

KLP's seed investments increased by NOK 10 million in the third quarter. KLP did not invest in any new seed funds, but increased our investments in several of the 13 funds we are already invested in.

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 3rd quarter 2022	30.09.2022	30.09.2021	30.09.2020	UN SDGs
Banking and finance in developing countries	8	1 115	831	721	1. 5. 8. 9. 11. 17

Comments on performance in the third quarter

In the third quarter, KLP increased our investments Norfinance, as well as investments in banking and finance in developing countries increased by NOK 8 million.

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.

	30.09.2022	30.09.2021	30.09.2020	UN SDGs
Employees at KLP	1 095	1 032	1 016	n/a
Total sickness absence	4,3 %	3,0 %	3,3 %	3.

Comments on performance in the third quarter

In the third quarter of 2022, the total sickness absence was 3,67 percent. This is slightly lower than last quarter, but higher than the third quarter in the two previous years. During the pandemic, infection control measures reduced the incidence of other illnesses, resulting in lower sickness absence. The fall in absence this quarter may be connected to lower coronavirus infection rates. So far this year, the total absence due to sickness is 4,3 percent.

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*

Goal 9, *Industry, innovation and infrastructure*

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

Goal 10, *Reduced inequalities*

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

Goal 11, *Sustainable cities and communities*

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

Goal 12, *Responsible consumption and production*

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

Goal 13: Climate action

Goal 15, Life on land

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

Goal 17, Partnership for the goals

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

Notes and definitions

Engaged and responsible owner

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

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

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

Climate, environment and nature

Climate-friendly investments

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

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

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

Zero-emission investments

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

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

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

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

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

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

Transitional investments

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

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

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

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

Infrastructure includes investments in funds for sustainable infrastructure in Europe.

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

KLP's property portfolio and own operations

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

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

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

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

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

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

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

Innovation and social development

Lending

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

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

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

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

Seed capital investments

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

Banking and finance in developing countries

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

KLP as a workplace and employer

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

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

Kommunal Landspensjonskasse

Q3 2022

Income statement

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
3	Premium income	7 552	7 529	40 633	41 163	50 161
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	1 552	1 157	8 743	3 979	6 736
	Interest income and dividends etc. on financial assets	2 663	1 936	7 889	9 501	12 587
	Value changes on investments	-10 109	4 496	-36 631	9 931	17 896
	Gains and losses realized on investments	1 978	-870	2 418	9 567	12 550
	Net income from investments in the common portfolio	-3 917	6 719	-17 581	32 978	49 770
	Net income from investments in the investment option portfolio	-19	16	-104	118	181
	Other insurance-related income	348	328	1 012	942	1 274
4	Claims	-6 086	-5 590	-22 453	-24 690	-30 438
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	3 281	-5 745	2 012	-38 236	-59 440
	Changes in insurance liabilities taken to profit/loss - individual investment option portfolio	26	-5	-355	-77	-177
	Funds assigned to insurance contracts - contractual liabilities	0	0	0	0	-9 415
	Unallocated profit to insurance contracts	-413	-2 275	-963	-9 494	0
5	Insurance-related operating expenses	-309	-266	-1 057	-891	-1 372
	Other insurance-related costs	-346	-327	-1 020	-952	-1 286
	Technical profit/loss	118	384	124	861	-742
	Net income from investments in the corporate portfolio	194	413	534	1 033	1 292
	Other income	5	2	8	11	10
	Administration costs and other costs associated with the corporate portfolio	-72	-65	-206	-206	-272
	Non-technical profit/loss	127	350	336	838	1 030
	Profit/loss pre-tax	244	735	461	1 699	288
	Tax	-61	-161	-42	-276	125
	Income before other income and expenses	184	574	419	1 423	413
12	Actuarial gains and losses on defined benefits pension schemes	6	-287	47	-169	48
	Proportion of other comprehensive income on application of the equity method	3	-163	28	-97	36
	Adjustment of the insurance liabilities	-1	51	-8	30	-16
	Tax on other income and expenses that will not be reclassified to profit or loss	-1	72	-12	42	-12
	Total other income and expenses that will not be reclassified to profit or loss	7	-328	55	-194	56
	TOTAL COMPREHENSIVE INCOME	191	245	473	1 229	469

Statement of financial position

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	30.09.2022	30.09.2021	31.12.2021
ASSETS				
ASSETS IN THE CORPORATE PORTFOLIO				
	Intangible assets	906	758	727
7	Investment properties	1 103	994	1 004
	Shares and holdings in property subsidiaries	3 697	3 438	3 507
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	5 516	5 256	5 177
6	Financial assets valued at amortized cost	20 099	19 351	19 456
6,7	Financial assets valued at fair value	12 794	15 572	12 221
	Receivables	1 143	1 076	1 407
11	Right-of-use assets	892	1 000	973
	Other assets	924	762	796
Total assets in the corporate portfolio		47 074	48 207	45 268
ASSETS IN THE CUSTOMER PORTFOLIOS				
	Shares and holdings in property subsidiaries	77 991	64 952	70 206
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	5 817	4 923	4 958
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	11 994	12 699	12 524
6	Financial assets valued at amortized cost	269 246	257 935	259 608
6,7	Financial assets valued at fair value	306 047	303 651	311 984
Total investment in the common portfolio		671 095	644 160	659 281
	Shares and holdings in property subsidiaries	318	236	256
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	63	66	63
6	Financial assets at amortized costs	941	747	753
6,7	Financial assets at fair value	1 279	1 107	1 126
Total investments in the investment option portfolio		2 602	2 156	2 199
Total assets in the customer portfolios		673 697	646 316	661 480
TOTAL ASSETS		720 771	694 522	706 748

NOTE	NOK MILLIONS	30.09.2022	30.09.2021	31.12.2021
OWNERS' EQUITY AND LIABILITIES				
	Owners' equity contributed	20 812	18 971	19 831
	Retained earnings	21 644	22 418	20 847
	Total owners' equity	42 456	41 389	40 678
6	Subordinated loan capital etc.	4 812	4 664	4 604
	Premium reserve etc.	509 679	480 820	484 728
	Supplementary reserves	0	42 715	48 626
	Security adjustment fund	0	68 620	77 397
	Buffer fund	97 985	0	0
	Premium funds, defined contribution funds, pension regulation funds etc.	30 599	30 405	40 769
	Unallocated profit to customers	957	9 379	0
	Total insurance liabilities - contractual liabilities	639 219	631 940	651 520
	Pension capital etc.	2 000	1 548	1 549
	Supplementary reserves	0	127	186
	Buffer fund	37	0	0
	Premium funds, defined contribution funds, pension regulation funds etc.	543	413	499
	Unallocated profit to customers	6	85	0
	Total insurance liabilities - special investment portfolio	2 585	2 173	2 234
12	Pension obligations	529	755	553
	Current tax liabilities	46	210	259
	Deferred tax liabilities	493	879	444
11	Lease liabilities	943	1 034	1 012
9	Liabilities	29 605	11 404	5 261
	Accrued costs and prepaid income	81	73	182
	TOTAL OWNERS' EQUITY AND LIABILITIES	720 771	694 522	706 748
OFF-BALANCE SHEET ITEMS				
	Contingent liabilities	31 384	27 161	26 074

Changes in owners' equity

Kommunal Landspensjonskasse

2022 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 31 December 2021	19 831	4 370	16 476	40 678
Change recognized directly in equity		554	-229	324
Own funds 1 January 2022	19 831	4 924	16 247	41 002
Income before other income and expenses		-130	549	419
Actuarial gains and losses on defined benefits pension schemes			47	47
Proportion of other comprehensive income on application of the equity method			28	28
Adjustment of the insurance liabilities			-8	-8
Tax on other income and expenses that will not be reclassified to profit or loss			-12	-12
Total other income and expenses that will not be reclassified to profit or loss			55	55
Total comprehensive income (unallocated)		-130	604	473
Owners equity contribution received	982			982
Total transactions with owners	982			982
Own funds 30 September 2022	20 812	4 794	16 850	42 456

2021 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 1 January 2021	18 194	5 404	15 784	39 382
Income before other income and expenses		508	915	1 423
Actuarial gains and losses on defined benefits pension schemes			-169	-169
Proportion of other comprehensive income on application of the equity method			-97	-97
Adjustment of the insurance liabilities			30	30
Tax on other income and expenses that will not be reclassified to profit or loss			42	42
Total other income and expenses that will not be reclassified to profit or loss			-194	-194
Total comprehensive income (unallocated)		508	721	1 229
Owners equity contribution received	777			777
Total transactions with owners	777			777
Own funds 30 September 2021	18 971	5 913	16 505	41 389

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

Statement of cash flows

Kommunal Landspensjonskasse

NOK MILLIONS	01.01.2022	01.01.2022	01.01.2022	01.01.2021	01.01.2021
	-30.09.2022	-30.06.2022	-31.03.2022	-31.12.2021	-30.09.2021
Net cashflow from operational activities	-527	809	337	-346	-424
Net cashflow from investment activities ¹	-237	-162	-78	-275	-211
Net cashflow from financing activities ²	895	-187	-28	716	695
Net changes in cash and bank deposits	131	460	231	95	61
Holdings of cash and bank deposits at start of period	755	755	755	659	659
Holdings of cash and bank deposits at end of period	885	1 215	985	755	720

¹ Payments on the purchase of tangible fixed assets.

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

Notes to the financial statement

Kommunal Landspensjonskasse

Note 1 Accounting principles- and estimates

Accounting principles

The financial statements in this interim report show the interim accounts for Kommunal Landspensjonskasse (KLP), for the period 01.01.2022 – 30.09.2022. The accounts have not been audited.

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

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

Accounting estimates

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

Note 2 Value-adjustment investment property

The portfolio of investment properties, including investment properties owned via subsidiaries, has been valued at 30 September 2022.

NOK MILLIONS	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
Value adjustment incl. foreign exchange	813	491	6 732	1 782	3 984
Foreign exchange effect on hedging	-749	240	-912	939	1 382
Net value adjustment incl. exchange hedging	64	731	5 820	2 721	5 366

Note 3 Premium income

NOK MILLIONS	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
Gross premiums due	7 552	7 529	40 248	41 163	50 161
Transfer of premium reserves from others	0	0	386	0	0
Total premium income	7 552	7 529	40 633	41 163	50 161

Note 4 Claims

NOK MILLIONS	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
Claims paid	6 085	5 590	17 794	16 344	22 092
Transfers of premium reserves to others	1	0	4 658	8 346	8 346
Total claims	6 086	5 590	22 453	24 690	30 438

Note 5 Insurance-related operating expenses

NOK MILLIONS	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
Personnel costs	177	146	604	518	735
Depreciation	49	48	141	147	270
Other operating expenses	84	72	312	225	366
Total insurance-related operating expenses	309	266	1 057	891	1 372

Note 6 Fair value of financial assets and liabilities

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

30.09.2022 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS – AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	496	493	3 448	3 407	2	2	3 946	3 902
Accrued not due interest	14	14	95	95	0	0	108	108
Foreign hold-to-maturity bonds	6 572	6 270	15 853	15 326	38	38	22 463	21 634
Accrued not due interest	23	23	171	171	0	0	194	194
Total investments held to maturity	7 104	6 799	19 567	18 999	40	40	26 711	25 838
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	5 048	4 636	55 992	51 595	302	277	61 343	56 508
Accrued not due interest	76	76	865	865	4	4	945	945
Foreign bonds	7 789	7 245	111 824	102 928	586	541	120 199	110 715
Accrued not due interest	82	82	1 567	1 567	8	8	1 658	1 658
Total bonds classified as loans and receivables	12 995	12 039	170 248	156 955	901	831	184 144	169 825
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	3 016	2 908	0	0	3 016	2 908
Lending with public sector guarantee	0	0	69 884	68 213	0	0	69 884	68 213
Loans abroad secured by mortgage and local government guarantee	0	0	6 147	6 147	0	0	6 147	6 147
Accrued not due interest	0	0	383	383	0	0	383	383
Total other loans and receivables	0	0	79 431	77 652	0	0	79 431	77 652
Total financial assets at amortized cost	20 099	18 838	269 246	253 606	941	871	290 286	273 315
ASSETS – AT FAIR VALUE								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	6	6	9 816	9 816	0	0	9 822	9 822
Foreign shares	0	0	42 182	42 182	0	0	42 182	42 182
Total shares	6	6	51 998	51 998	0	0	52 004	52 004
Property funds	0	0	9 526	9 526	49	49	9 575	9 575
Norwegian equity funds	0	0	80 486	80 486	863	863	81 349	81 349
Foreign equity funds	0	0	36 885	36 885	0	0	36 885	36 885
Total equity fund units	0	0	126 897	126 897	911	911	127 809	127 809
Norwegian alternative investments	0	0	2 004	2 004	11	11	2 016	2 016
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	2 004	2 004	11	11	2 016	2 016
Total shares and units	6	6	180 899	180 899	923	923	181 828	181 828
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	6 798	6 798	27 139	27 139	0	0	33 937	33 937
Foreign bonds	322	322	17 741	17 741	0	0	18 063	18 063
Accrued not due interest	36	36	335	335	0	0	371	371
Norwegian fixed-income funds	3 136	3 136	20 697	20 697	266	266	24 099	24 099
Foreign fixed-income funds	0	0	31 109	31 109	0	0	31 109	31 109
Accrued not due interest	6	6	74	74	1	1	81	81
Norwegian certificates	532	532	4 694	4 694	0	0	5 226	5 226
Foreign certificates	0	0	430	430	0	0	430	430
Accrued not due interest	3	3	14	14	0	0	17	17
Fixed income securities	10 833	10 833	102 233	102 233	268	268	113 334	113 334
Norwegian loans and receivables	865	865	5 404	5 404	41	41	6 310	6 310
Foreign loans and receivables	431	431	5 617	5 617	47	47	6 096	6 096
Total loans and receivables	1 297	1 297	11 021	11 021	88	88	12 406	12 406

30.09.2022 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
DERIVATIVES								
Interest rate swaps	657	657	2	2	0	0	660	660
Share options	0	0	118	118	0	0	118	118
Forward exchange contracts	0	0	204	204	0	0	204	204
Total financial derivatives classified as assets	657	657	325	325	0	0	982	982
OTHER FINANCIAL ASSETS								
Other financial assets	0	0	11 569	11 569	0	0	11 570	11 570
Total financial assets valued at fair value	12 794	12 794	306 047	306 047	1 279	1 279	320 120	320 120
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	2 423	2 423	0	0	2 423	2 423
Forward exchange contracts	182	182	10 860	10 860	45	45	11 087	11 087
Total financial derivatives classified as liabilities	182	182	13 283	13 283	45	45	13 510	13 510
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 162	3 059	0	0	0	0	3 162	3 059
Hybrid Tier 1 securities	1 650	1 393	0	0	0	0	1 650	1 393
Total subordinated loan capital etc.	4 812	4 452	0	0	0	0	4 812	4 452
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	4	4	3	3	6	6
Foreign call money ¹	702	702	155	155	17	17	875	875
Total liabilities to credit institutions	702	702	159	159	20	20	881	881

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

30.09.2021 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS – AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	639	715	4 793	5 170	25	25	5 457	5 910
Accrued not due interest	15	15	122	122	0	0	138	138
Foreign hold-to-maturity bonds	6 261	6 529	16 646	18 012	48	52	22 955	24 593
Accrued not due interest	22	22	190	190	0	0	212	212
Total investments held to maturity	6 937	7 281	21 752	23 495	74	78	28 762	30 853
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	4 605	4 698	48 018	49 421	188	194	52 811	54 313
Accrued not due interest	65	65	768	768	3	3	836	836
Foreign bonds	7 664	7 944	107 853	112 487	476	495	115 993	120 927
Accrued not due interest	80	80	1 555	1 555	7	7	1 641	1 641
Total bonds classified as loans and receivables	12 414	12 787	158 194	164 231	673	699	171 281	177 717
OTHER LOANS AND RECEIVABLES								
Secured loan	0	0	3 039	3 053	0	0	3 039	3 053
Lending with public sector guarantee	0	0	66 667	67 104	0	0	66 667	67 104
Loans abroad secured by mortgage and local government guarantee	0	0	7 978	7 978	0	0	7 978	7 978
Accrued not due interest	0	0	304	304	0	0	304	304
Total other loans and receivables	0	0	77 989	78 439	0	0	77 989	78 439

30.09.2021 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Total financial assets at amortized cost	19 351	20 068	257 935	266 164	747	777	278 033	287 009
ASSETS – AT FAIR VALUE								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	7	7	8 742	8 742	0	0	8 749	8 749
Foreign shares	0	0	38 215	38 215	0	0	38 215	38 215
Total shares	7	7	46 958	46 958	0	0	46 965	46 965
Property funds	0	0	4 916	4 916	0	0	4 916	4 916
Norwegian equity funds	0	0	89 390	89 390	714	714	90 104	90 104
Foreign equity funds	0	0	25 056	25 056	0	0	25 056	25 056
Total equity fund units	0	0	119 362	119 362	714	714	120 077	120 077
Norwegian alternative investments	0	0	1 862	1 862	9	9	1 870	1 870
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	1 862	1 862	9	9	1 870	1 870
Total shares and units	7	7	168 182	168 182	723	723	168 911	168 911
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	6 307	6 307	29 979	29 979	0	0	36 286	36 286
Foreign bonds	693	693	18 652	18 652	0	0	19 345	19 345
Accrued not due interest	25	25	280	280	0	0	304	304
Norwegian fixed-income funds	2 852	2 852	27 027	27 027	271	271	30 151	30 151
Foreign fixed-income funds	0	0	30 382	30 382	0	0	30 382	30 382
Accrued not due interest	133	133	2 127	2 127	14	14	2 274	2 274
Norwegian certificates	340	340	7 148	7 148	0	0	7 488	7 488
Foreign certificates	0	0	953	953	0	0	953	953
Accrued not due interest	0	0	3	3	0	0	4	4
Fixed income securities	10 351	10 351	116 552	116 552	285	285	127 188	127 188
Norwegian loans and receivables	938	938	9 860	9 860	24	24	10 822	10 822
Foreign loans and receivables	575	575	5 486	5 486	68	68	6 129	6 129
Total loans and receivables	1 513	1 513	15 346	15 346	92	92	16 951	16 951
DERIVATIVES								
Interest rate swaps	681	681	256	256	0	0	937	937
Share options	0	0	143	143	0	0	143	143
Forward exchange contracts	0	0	1 976	1 976	7	7	1 982	1 982
Total financial derivatives classified as assets	681	681	2 374	2 374	7	7	3 062	3 062
OTHER FINANCIAL ASSETS								
Other financial assets	3 020	3 020	1 197	1 197	0	0	4 217	4 217
Total financial assets valued at fair value	15 572	15 572	303 651	303 651	1 107	1 107	320 329	320 329
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	52	52	0	0	52	52
Forward exchange contracts	6	6	765	765	2	2	773	773
Total financial derivatives classified as liabilities	6	6	817	817	2	2	825	825
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	2 995	3 353	0	0	0	0	2 995	3 353
Hybrid Tier 1 securities	1 670	1 639	0	0	0	0	1 670	1 639
Total subordinated loan capital etc.	4 664	4 992	0	0	0	0	4 664	4 992

30.09.2021 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	165	165	3	3	168	168
Foreign call money ¹	814	814	1 268	1 268	12	12	2 095	2 095
Total liabilities to credit institutions	814	814	1 433	1 433	15	15	2 262	2 262

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

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

ASSETS – AT FAIR VALUE

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

31.12.2021 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Foreign fixed-income funds	0	0	30 858	30 858	0	0	30 858	30 858
Accrued not due interest	0	0	0	0	0	0	0	0
Norwegian certificates	475	475	3 986	3 986	0	0	4 461	4 461
Foreign certificates	0	0	405	405	0	0	405	405
Accrued not due interest	1	1	3	3	0	0	4	4
Fixed income securities	10 280	10 280	109 357	109 357	298	298	119 935	119 935
Norwegian loans and receivables	1 033	1 033	7 428	7 428	18	18	8 479	8 479
Foreign loans and receivables	254	254	4 964	4 964	56	56	5 274	5 274
Total loans and receivables	1 287	1 287	12 393	12 393	74	74	13 753	13 753
DERIVATIVES								
Interest rate swaps	615	615	103	103	0	0	718	718
Share options	0	0	279	279	0	0	279	279
Forward exchange contracts	31	31	1 479	1 479	6	6	1 516	1 516
Total financial derivatives classified as assets	646	646	1 862	1 862	6	6	2 513	2 513
OTHER FINANCIAL ASSETS								
Other financial assets	0	0	695	695	0	0	695	695
Total financial assets valued at fair value	12 221	12 221	311 984	311 984	1 126	1 126	325 331	325 331
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	364	364	0	0	364	364
Forward exchange contracts	0	0	1 646	1 646	4	4	1 650	1 650
Total financial derivatives classified as liabilities	0	0	2 010	2 010	4	4	2 014	2 014
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 000	3 310	0	0	0	0	3 000	3 310
Hybrid Tier 1 securities	1 604	1 586	0	0	0	0	1 604	1 586
Total subordinated loan capital etc.	4 604	4 895	0	0	0	0	4 604	4 895
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	85	85	3	3	87	87
Foreign call money ¹	734	734	818	818	12	12	1 564	1 564
Total liabilities to credit institutions	734	734	902	902	15	15	1 651	1 651

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

Note 7 Fair value hierarchy

30.09.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				

30.09.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	535	0	535
<i>Bonds</i>	46	7 110	0	7 156
<i>Fixed-income funds</i>	3 142	0	0	3 142
Fixed-income securities	3 189	7 645	0	10 833
Loans and receivables	504	793	0	1 297
<i>Shares</i>	0	0	6	6
Shares and units	0	0	6	6
Financial derivatives	0	657	0	657
Other financial assets	0	0	0	0
Total corporate portfolio	3 692	9 095	6	12 794
COMMON PORTFOLIO				
<i>Certificates</i>	2 104	3 034	0	5 139
<i>Bonds</i>	18 731	26 484	0	45 215
<i>Fixed-income funds</i>	33 318	8 988	9 573	51 879
Fixed-income securities	54 154	38 506	9 573	102 233
Loans and receivables	10 829	192	0	11 021
<i>Shares</i>	47 668	1 383	2 947	51 998
<i>Equity funds</i>	80 621	0	56	80 677
<i>Property funds</i>	0	2 324	7 202	9 526
<i>Special funds</i>	0	2 004	0	2 004
<i>Private Equity</i>	0	0	36 694	36 694
Shares and units	128 289	5 711	46 900	180 899
Financial derivatives	0	325	0	325
Other financial assets	0	11 569	0	11 569
Total common portfolio	193 272	56 303	56 473	306 047
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	259	8	0	268
Fixed-income securities	259	8	0	268
Loans and receivables	88	0	0	88
<i>Equity funds</i>	863	0	0	863
<i>Property funds</i>	0	0	49	49
<i>Special funds</i>	0	11	0	11
Shares and units	863	11	49	923
Financial derivatives	0	0	0	0
Other financial assets	0	0	0	0
Total investment option portfolio	1 210	20	49	1 279
Total financial assets valued at fair value	198 174	65 418	56 528	320 120
CORPORATE PORTFOLIO				
Investment property	0	0	1 103	1 103
Total investment property	0	0	1 103	1 103
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	182	0	182
Debt to credit institutions	702	0	0	702
Total corporate portfolio	702	182	0	884
COMMON PORTFOLIO				
Financial derivatives	0	13 283	0	13 283
Debt to credit institutions	159	0	0	159
Total common portfolio	159	13 283	0	13 442

30.09.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	45	0	45
Debt to credit institutions	20	0	0	20
Total investment option portfolio	20	45	0	65
Total financial liabilities at fair value	881	13 510	0	14 391

30.09.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	340	0	340
<i>Bonds</i>	0	7 025	0	7 025
<i>Fixed-income funds</i>	2 986	0	0	2 986
Fixed-income securities	2 986	7 365	0	10 351
Loans and receivables	629	884	0	1 513
<i>Shares</i>	0	0	7	7
Shares and units	0	0	7	7
Financial derivatives	0	681	0	681
Other financial assets	0	3 020	0	3 020
Total corporate portfolio	3 615	11 950	7	15 572
COMMON PORTFOLIO				
<i>Certificates</i>	2 825	5 280	0	8 105
<i>Bonds</i>	21 558	27 352	0	48 910
<i>Fixed-income funds</i>	44 927	8 687	5 923	59 537
Fixed-income securities	69 310	41 319	5 923	116 552
Loans and receivables	15 029	317	0	15 346
<i>Shares</i>	43 887	375	2 696	46 958
<i>Equity funds</i>	90 558	0	49	90 607
<i>Property funds</i>	0	1 125	3 791	4 916
<i>Special funds</i>	0	1 862	0	1 862
<i>Private Equity</i>	0	0	23 839	23 839
Shares and units	134 445	3 362	30 375	168 182
Financial derivatives	0	2 374	0	2 374
Other financial assets	0	1 197	0	1 197
Total common portfolio	218 784	48 569	36 297	303 651
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	278	7	0	285
Fixed-income securities	278	7	0	285
Loans and receivables	92	0	0	92
<i>Equity funds</i>	714	0	0	714
<i>Special funds</i>	0	9	0	9
Shares and units	714	9	0	723
Financial derivatives	0	7	0	7
Other financial assets	0	0	0	0
Total investment option portfolio	1 085	22	0	1 107
Total financial assets valued at fair value	223 484	60 542	36 304	320 329
CORPORATE PORTFOLIO				
Investment property	0	0	994	994
Total investment property	0	0	994	994
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				

30.09.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
CORPORATE PORTFOLIO				
Financial derivatives	0	6	0	6
Debt to credit institutions	814	0	0	814
Total corporate portfolio	814	6	0	820
COMMON PORTFOLIO				
Financial derivatives	0	817	0	817
Debt to credit institutions	1 433	0	0	1 433
Total common portfolio	1 433	817	0	2 249
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	2	0	2
Debt to credit institutions	15	0	0	15
Total investment option portfolio	15	2	0	17
Total financial liabilities at fair value	2 262	825	0	3 087

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

31.12.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<i>Special funds</i>	0	9	0	9
Shares and units	740	9	0	749
Financial derivatives	0	6	0	6
Other financial assets	0	0	0	0
Total investment option portfolio	1 105	21	0	1 126
Total financial assets valued at fair value	229 427	52 998	42 906	325 331
CORPORATE PORTFOLIO				
Investment property	0	0	1 004	1 004
Total investment property	0	0	1 004	1 004
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	734	0	0	734
Total corporate portfolio	734	0	0	734
COMMON PORTFOLIO				
Financial derivatives	0	2 010	0	2 010
Debt to credit institutions	902	0	0	902
Total common portfolio	902	2 010	0	2 912
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	4	0	4
Debt to credit institutions	15	0	0	15
Total investment option portfolio	15	4	0	19
Total financial liabilities at fair value	1 651	2 014	0	3 665

Changes in Level 3 shares, unlisted CORPORATE PORTFOLIO	Book value 30.09.2022	Book value 30.09.2021	Book value 31.12.2021
Opening balance 01.01.	8	7	7
Sold	0	0	0
Bought	0	0	0
Unrealised changes	-2	0	1
Closing balance 30.09./31.12.	6	7	8
Realised gains/losses	0	0	0

Changes in Level 3 shares, unlisted COMMON PORTFOLIO	Book value 30.09.2022	Book value 30.09.2021	Book value 31.12.2021
Opening balance 01.01.	2 721	2 545	2 545
Sold	-20	0	0
Bought	33	0	15
Unrealised changes	213	151	161
Closing balance 30.09./31.12.	2 947	2 696	2 721
Realised gains/losses	-13	0	0

Changes in Level 3 equity funds, unlisted COMMON PORTFOLIO	Book value 30.09.2022	Book value 30.09.2021	Book value 31.12.2021
Opening balance 01.01.	50	55	55
Sold	0	0	0
Bought	0	0	0
Unrealised changes	5	-6	-5
Closing balance 30.09./31.12.	55	49	50
Realised gains/losses	0	0	0

Changes in Level 3, private equity, fixed- income funds and property funds COMMON PORTFOLIO	Book value 30.09.2022	Book value 30.09.2021	Book value 31.12.2021
Opening balance 01.01.	40 127	23 312	23 312
Sold	-4 258	-2 984	-4 551
Bought	10 733	7 604	13 793
Unrealised changes	6 867	5 622	7 574
Closing balance 30.09./31.12.	53 470	33 553	40 127
Realised gains/losses	1 726	1 556	2 236

Changes in Level 3, property funds INVESTMENT OPTION PORTFOLIO	Book value 30.09.2022	Book value 30.09.2021	Book value 31.12.2021
Opening balance 01.01.	0	0	0
Sold	-1	0	0
Bought	50	0	0
Unrealised changes	0	0	0
Closing balance 30.09./31.12.	49	0	0
Realised gains/losses	0	0	0

Changes in Level 3, investment property CORPORATE PORTFOLIO	Book value 30.09.2022	Book value 30.09.2021	Book value 31.12.2021
Opening balance 01.01.	1 004	1 017	1 017
Sold	0	0	0
Bought	0	0	0
Unrealised changes	138	30	40
Other	-40	-53	-53
Closing balance 30.09./31.12.	1 103	994	1 004
Realised gains/losses	0	0	0
Total level 3	57 630	37 298	43 911

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

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

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

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

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

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

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

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

No sensitivity analysis has been carried out on securities included in Level 3. A change in the variables of the pricing is considered of little significance on the securities. A sensitivity analysis for investment property is available in the annual report. On a general basis, a 5 percent change in the pricing would produce a change of NOK 2 882 million as of 30.09.2022 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 3rd quarter, NOK 238 million was moved from Level 1 to Level 2, NOK 34 million was moved from level 1 to level 3 and NOK 44 million was moved from level 2 to level 1. The amounts are related to equity instruments and the movements are due to change in liquidity. There were no other movements between the different levels in KLP.

Note 8 Presentation of assets and liabilities that are subject to net settlement

30.09.2022 NOK MILLIONS					Related amounts not presented net		
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount
ASSETS							
Financial derivatives	982	0	982	-207	-867	0	163
Total	982	0	982	-207	-867	0	163
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	325	0	325	-207	-149	0	118
Total assets – corporate portfolio	657	0	657	0	-702	0	45
Total assets – investment option portfolio	0	0	0	0	-16	0	0
Total	982	0	982	-207	-867	0	163
LIABILITIES							
Financial derivatives	13 510	0	13 510	-207	-162	-11 148	2 153
Total	13 510	0	13 510	-207	-162	-11 148	2 153
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	13 283	0	13 283	-207	-160	-11 148	1 927
Total liabilities – corporate portfolio	182	0	182	0	0	0	182
Total liabilities – investment option portfolio	45	0	45	0	-2	0	44
Total	13 510	0	13 510	-207	-162	-11 148	2 153

30.09.2021 NOK MILLIONS	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Related amounts not presented net		Net amount
					Security in cash	Security in securities	
ASSETS							
Financial derivatives	3 062	0	3 062	-801	-2 096	-201	260
Total	3 062	0	3 062	-801	-2 096	-201	260
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	2 374	0	2 374	-800	-1 401	-201	253
Total assets – corporate portfolio	681	0	681	0	-689	0	0
Total assets – investment option portfolio	7	0	7	0	-5	0	6
Total	3 062	0	3 062	-801	-2 096	-201	260
LIABILITIES							
Financial derivatives	825	0	825	-801	-56	-93	8
Total	825	0	825	-801	-56	-93	8
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	817	0	817	-800	-51	-93	0
Total liabilities – corporate portfolio	6	0	6	0	0	0	6
Total liabilities – investment option portfolio	2	0	2	0	-4	0	2
Total	825	0	825	-801	-56	-93	8

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

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

Note 9 **Liabilities**

NOK MILLIONS	30.09.2022	30.09.2021	31.12.2021
Short-term liability securities	12 962	6 719	367
Advance tax-deduction pension scheme	478	430	491
Accounts payable	8	41	10
Derivatives	13 510	825	2 014
Debt to credit institutions	881	2 262	1 651
Liabilities related to direct insurance	1 740	1 109	699
Other liabilities	26	18	30
Total liabilities	29 605	11 404	5 261

Note 10 **SCR ratio**

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

Tier 1 capital appears from the Solvency II balance sheet and Hybrid Tier 1 securities. Tier 2 capital consist of subordinated loans and ancillary own funds. Starting 30.09.2022 the risk equalization fund will also be considered tier 2 own funds. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 341 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 341 per cent.

	30.09.2022	30.09.2021	31.12.2021
SOLVENCY II-SCR RATIO	341 %	289 %	316 %

NOK BILLIONS	30.09.2022	30.09.2021	31.12.2021
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT			
Assets, book value	720	694	706
Added values - hold-to-maturity portfolio/loans and receivables	-15	9	7
Added values - other lending	-2	0	0
Other added/lesser values	0	0	0
Deferred tax asset	0	0	0
Total assets - solvency II	703	703	713

NOK BILLIONS	30.09.2022	30.09.2021	31.12.2021
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT			
Best estimate	613	629	647
Risk margin	11	14	13
Hybrid Tier 1 securities/Subordinated loan capital	5	5	5
Other liabilities	31	19	11
Deferred tax liabilities	0	1	1
Total liabilities - solvency II	660	668	676
Excess of assets over liabilities	43	35	36
- Deferred tax asset	0	0	0
- Risk equalization fund (tier 2 own funds starting 30.09.2022)	-5	0	0
+ Hybrid Tier 1 securities	2	2	2
Tier 1 basic own funds	40	37	38
Total eligible tier 1 own funds	40	37	38
Subordinated loans	3	3	3
Risk equalization fund (tier 2 own funds starting 30.09.2022)	5	0	0
Tier 2 basic own funds	8	3	3
Ancillary own funds	13	12	12
Tier 2 ancillary own funds	13	12	12
Deduction for max. eligible tier 2 own funds	-14	-8	-8
Total eligible tier 2 own funds	7	8	7
Deferred tax asset	0	0	0
Total eligible tier 3 own funds	0	0	0
Solvency II total eligible own funds	46	45	45
Market risk	7	7	7
Diversification market risk	-3	-2	-2
Counterparty risk	0	0	0
Life risk	12	14	13
Diversification life risk	-2	-3	-2
Diversification general	-3	-3	-3
Operational risk	3	3	3
Loss absorbing ability deferred tax	-2	-1	-2
Solvency capital requirement (SCR)	14	15	14
Linear minimum capital requirement (MCR_linear)	4	7	5
Minimum	3	4	4
Maximum	6	7	6
Minimum capital requirement (MCR)	4	7	5
Solvency II-SCR ratio	341 %	289 %	316 %

Note 11 Leases

NOK MILLIONS			30.09.2022	30.09.2021	31.12.2021
RIGHT-OF-USE ASSETS			Property		
Opening balance 01.01.			973	1 081	1 081
Depreciation			-81	-81	-108
Closing balance			892	1 000	973
NOK MILLIONS			30.09.2022	30.09.2021	31.12.2021
LEASE LIABILITIES			Property		
Opening balance 01.01.			1 012	1 099	1 099
Repayments			-69	-65	-88
Closing balance			943	1 034	1 012
NOK MILLIONS	Q3 2022	Q3 2021	01.01.2022 -30.09.2022	01.01.2021 -30.09.2021	01.01.2021 -31.12.2021
			Property		
Interest expense lease liabilities	6	6	18	19	26
Interest expense lease liabilities	6	6	18	19	26

Note 12 Pension obligations

NOK MILLIONS	30.09.2022	30.09.2021	31.12.2021
Capitalized net liability 01.01.	553	594	594
Capitalized pension costs	93	83	110
Capitalized financial costs	10	10	12
Actuarial gains and losses	-47	169	-48
Premiums / contributions received	-80	-101	-116
Capitalized net liability 30.09. / 31.12.	529	755	553
ASSUMPTIONS	30.09.2022	30.09.2021	31.12.2021
Discount rate	3.20 %	1.90 %	1.90 %
Salary growth	3.75 %	2.50 %	2.75 %
The National Insurance basic amount (G)	3.50 %	2.25 %	2.50 %
Pension increases	2.75 %	1.50 %	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 47 million as of 30.09.2022. The change is recognized in "Total other income and expenses that will not be reclassified to profit or loss".

Contact information

KLP

Kommunal Landspensjonskasse gjensidig forsikringsselskap

Pb. 400 Sentrum, 0103 Oslo

Org.nr.: 938 708 606

Visitors address

Dronning Eufemias gate 10, Oslo

klp.no

Tlf: +47 55 54 85 00

klp.no/kontakt