



**Q2 2022 Interim report
KLP Group, sustainability
and KLP**

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KLP Group

Q2 2022

Report for the second quarter of 2022

Sluggish financial markets influenced KLP's first half results

- After the first half of 2022, the return was minus 2.1 per cent.
- Higher interest rates and a weak equity market have had a negative impact on the half-year results for KLP and its subsidiaries.
- The upturn in activity in hotels and shopping centres is contributing to a strong return on KLP's property holdings.
- Financial buffers still good, and excellent solvency capital ratio of 340 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 Forsikringsservice and KLP Eiendom.

At the end of the second quarter of 2022, the Group had total assets of NOK 917.6 billion, an increase of NOK 16.3 billion in the year to date.

The Group's total comprehensive income was NOK 291 (994¹) million 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 727.6 billion, NOK 654.5 billion is linked to insurance obligations within public-sector occupational pensions.

Results for the second 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 -20.4 (7.2) billion in the second quarter. The return on the common portfolio was minus 2.1 per cent in 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 445 million in the second quarter and NOK 550 million for the year to date.

Administration result

The Company's administration result shows a deficit of NOK 22 (61) million so far this year, of which NOK 13 million fell in the second quarter. Insurance-related operating costs came to NOK 748 (625) million so far this year.

Total profit/loss

Total profit/loss to the Company stands at NOK 283 (984) million so far this year. The customer result is NOK -19.7 (7.2) billion for the year to date.

NOK millions	Customers	Company	Total
Investment result	-20 272	-103	-20 375
Risk result	550		550
Interest guarantee premium		132	132
Administration result		-22	-22
Net income from investments in the corporate portfolio and other income/ expenses in non-technical accounts		209	209
Tax		19	19
Other profit/loss elements		48	48
Profit/loss after Q2 2022	-19 721	283	-19 439
Profit/loss after Q2 2022	7 240	984	8 224

Financial strength and capital-related matters

KLP's total assets have increased by NOK 20.9 billion in the year to date, including NOK 17.1 billion in the second quarter, and amount to NOK 727.6 billion. The premium reserve increased by NOK 21.9 billion to NOK 508.1 billion in the same period.

The buffer fund has decreased by NOK 21.2 billion in the year to date, ending on NOK 105.0 billion after the second quarter.

Without applying transitional rules, the Company's solvency capital requirement is 340 per cent. Taking account of the transitional arrangement for technical provisions, capital adequacy was 340 per cent.

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

Key figures

Per cent	Per 30.06.2022	Per 30.06.2021
Return on common portfolio	-2,1	4,4
Return incl. value changes in hold-to-maturity bonds and lending	-4,8	3,7
Capital adequacy, Solvency II	340	282
Capital adequacy, Solvency II, with transitional measures	340	243

Premium income

Premium income excluding premium reserves received on transfers in amounts to NOK 32.7 (33.6) billion at the end of the second quarter.

Claims/benefits

Pensions paid and other claims, excluding ceded premium reserves, amounted to NOK 11.7 (10.8) billion at the end of the second quarter.

Management of the common portfolio

The assets in the common portfolio totalled NOK 660.8 (626.3) billion and were invested as shown below:

Assets	Per 30.06.2022		Per 30.06.2021	
All figures in per cent	Proportion	Return	Proportion	Return
Equities	28,9 %	-10,0 %	28,1 %	12,8 %
Bonds	12,6 %	-8,3 %	15,6 %	-1,0 %
Long-term/HTM bonds	29,2 %	1,7 %	28,3 %	1,8 %
Lending	12,3 %	1,0 %	12,3 %	0,8 %
Property	15,4 %	7,8 %	13,3 %	4,2 %
Other financial assets	1,6 %	0,1 %	2,4 %	0,5 %

Equities

Total exposure in shares and alternative investments, including equity derivatives, was 28.9 per cent at the end of the second quarter. The total return on shares and alternative investments was minus 6.8 per cent in the second quarter. KLP's global shares produced a return of minus 10.6 per cent in the first half-year, while the Norwegian equity portfolio had a return of minus 7.7 per cent in the same period.

Short-term bonds and the money market

Short-term bonds accounted for 12.6 per cent and money-market instruments 1.6 per cent of the assets in the common portfolio as at 30 June. Norwegian, European and US government interest rates all rose during the second quarter. KLP's global government bond index achieved a currency-hedged return of minus 4.7 per cent in the quarter, while the return on the Norwegian government bond index was minus 1.5 per cent. Increased global credit margins through the quarter brought a return of minus 7.1 per cent on KLP's global credit bond index. Short-term bonds produced a total return of minus 4.0 per cent in the second quarter. The money market return was 0.0 per cent for the quarter.

Held-to-maturity bonds

Investment in long-term bonds and bonds held to maturity made up 29.2 per cent of the common portfolio at 30 June. Unrecognised decreases in value in the portfolio rose in the first quarter and amounted to NOK 12.3 billion at the end of the second quarter. The portfolio is well diversified and consists of securities issued by creditworthy borrowers. The return measured at amortised cost in the second quarter was 0.8 per cent.

Property

Property investments, including Norwegian and international property funds, made up 15.4 per cent of the common portfolio. Property values in the common portfolio were adjusted upwards by NOK 5.6 billion in the second quarter. The sharp increase is partly due to high levels of activity in shopping centres and hotels after two years of pandemic, while rental prices for offices are also holding up well. Property investments in the common portfolio achieved a return of 7.8 per cent in the second quarter.

Lending

Lending in the common portfolio totals NOK 78.5 billion. This is split between NOK 66.7 billion in loans to the public sector, NOK 1.5 billion in loans with government guarantees and NOK 3.1 billion in secured mortgage loans, with the remaining NOK 7.2 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 1.4 billion at 30 June. The return in the year to date is 1.0 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 0.9 per cent in the year to date.

Business areas of the subsidiaries

Non-life insurance

The first half of 2022 produced a pre-tax operating profit of NOK 3.0 (225.9) million. After a negative first quarter, net income improved slightly and the result for the second quarter was NOK 27.3 (154.3) million. The profit development is mainly due to a good insurance result. Operating expenses were lower than expected and the Company has continued to reverse previous years' reserves. The financial return is weak and negative as a result of the turbulence in financial markets in general.

Premium volume stood at NOK 2.237 billion at the end of the second quarter, an increase of NOK 213 million from the position at 31.12.2021. Premiums due have increased by 16.4 per cent, or NOK 234 million, compared with the same time in 2021. There is solid growth in all segments.

The insurance result was NOK 332 (289) million. One major claim was reported during the second quarter. Reversal of previous years' claims is still positive, and this year NOK 96 million has so far been taken to income, equivalent to 5.0 per cent of the reserves at the beginning of the year.

Key figures for the Company

	At 30.06 2022	At 30.06 2021	Whole of 2021
Claims ratio	73,4	74,5	76,4
Cost ratio	15,3	15,8	15,8
Total cost ratio	88,7	90,3	92,1

Customer satisfaction surveys collected by KLP in the second quarter also show high and improved satisfaction in all customer segments.

Net financial income in the second quarter was NOK -112.2 (28.7) million, equivalent to minus 2.1 (2.6) per cent. Returns for the second quarter in isolation were NOK -63.8 (99.2) million, or minus 1.1 (1.9) per cent. So far this year, the equity portfolio has returned minus 14.1 (13.8) per cent. As of the first half-year, the Company's investments in interest-bearing funds had a return of minus 5.8 (minus 0.1) per cent, while fixed income bonds returned 1.7 (1.6) per cent in the same period. The return on real estate investments was 9.5 per cent, after a write-up of NOK 52.5 million. The second quarter in isolation saw a return of minus 10.5 per cent on equities, minus 3.1 per cent on interest-bearing investments, and plus 0.9 per cent on long-term bonds.

The Company's financial position is good, with a solvency capital requirement (SCR) of 225 per cent at the end of the second quarter of 2022, compared to 224 per cent at the end of 2021 and 222 per cent after the first quarter of 2022.

Asset and fund management

KLP Kapitalforvaltning provides securities management in the KLP Group. It had a total of NOK 621 billion under management at the end of the second 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 3.9 billion in the first half. External customers had positive net new subscriptions of NOK 7.2 billion in the first half.

The Company achieved a result before tax of NOK -29.8 million in the first half.

Bank

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

As of 30 June, the KLP Banken Group had loans to customers totalling NOK 41.4 (38.2) billion. The split between the retail market and the public sector was NOK 23.1 (21.4) billion and 18.3 (16.8) billion respectively.

KLP Banken manages NOK 3.1 (3.1) billion in mortgage loans and NOK 73.1 (72.8) 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 1.0 (0.8) billion so far this year. New loans paid out also increased compared to last year.

The KLP Banken Group had a pre-tax operating profit of NOK 42.5 (54.3) million at the end of the first half. The change is mainly due to a fall in the value of liquidity investments. Operating revenues as a whole have been strengthened in the period. Broken down by area, profits were NOK 21.8 (46.3) million in the retail market and NOK 20.7 (8.0) million in the public-sector market. After tax and estimate deviations, the Group's total profit as at 30 June was NOK 62.9 (74.1) million.

Corporate social responsibility

In April, the latest working group report from the UN Intergovernmental Panel on Climate Change (IPCC) showed once again the seriousness of the world situation. The report states that it is not impossible to limit global warming to 1.5 degrees, but that we have very little time. The emissions peak must be reached by 2025, and the world must take forceful action as soon as possible. The report focuses on measures for emission reduction and climate solutions.

Together with Climate Futures at the Bjerknes Centre, KLP also organized "The Little Big Day of Emissions". Over two days, a summary of the latest news in climate research was given, focusing on what is happening in the business sector and the growing net zero movement among financial operators and companies.

KLP supports the 1.5 degree target set out in the Paris Agreement and has adopted a net zero target for all investments by 2050. The combined strength of investors with net-zero ambitions has great potential, but there is a great need for standardisation. To contribute to this, KLP has become a member of the Partnership for Carbon Accounting Financials (PCAF), a global partnership with more than 270 financial institutions working for more harmonised measurement and reporting of greenhouse gas emissions in investment and lending portfolios. Membership of PCAF provides access to better climate data and to cooperation with other members. The collaboration can contribute to full transparency about actual emissions, better measurement methods and standardisation in the financial sector. This is crucial if the finance industry is to have a real impact on climate change.

Future prospects and events after the end of the quarter

Rising inflation and higher interest rates are affecting the economy all over the world. This has resulted in considerable movements in financial markets. KLP has solid financial buffers which safeguard customers' savings in periods of negative market movements.

Oslo, 24 August 2022

The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

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Income statement

KLP Group

NOTE	NOK MILLIONS	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021- 31.12.2021
3	Premium income for own account	26 094	27 051	34 075	34 520	52 001
	Current return on financial assets	5 242	3 957	9 062	7 586	14 813
	Net interest income banking	87	77	160	153	309
	Net value changes on financial instruments	-33 603	17 985	-50 731	27 602	48 365
8	Net income from investment properties	5 782	2 667	7 043	3 503	8 543
4	Other income	529	360	897	763	1 547
	Total net income	4 132	52 098	505	74 127	125 577
	Claims for own account	-6 076	-5 677	-17 113	-19 754	-31 855
	Change in technical provisions	-10 309	-24 962	-1 528	-20 226	-31 253
	Net costs subordinated loan and hybrid Tier 1 securities	-294	-113	-134	117	103
6	Operating expenses	-628	-552	-1 255	-1 064	-2 278
7	Other expenses	-343	-325	-676	-628	-1 292
	Unit holder's value change in consolidated securites funds	12 039	-7 193	19 276	-11 320	-19 802
	Total expenses	-5 611	-38 823	-1 429	-52 876	-86 377
	Operating profit/loss	-1 479	13 274	-924	21 251	39 200
	To/from securities adjustment fund – life insurance	0	-11 194	0	-12 401	-21 646
	To supplementary reserves – life insurance	1 038	611	1 879	611	-5 420
	Assets allocated to insurance customers - life insurance	692	-2 059	-491	-8 136	-11 107
	Pre-tax income	252	632	464	1 325	1 027
	Cost of taxes ¹	-199	-254	-362	-500	-748
	Income	53	378	102	825	279

NOTE	NOK MILLIONS	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021- 31.12.2021
19	Actuarial loss and profit on post employment benefit obligations	-361	0	65	185	84
	Adjustments of the insurance obligations	40	0	-7	-21	-16
	Tax on items that will not be reclassified to profit or loss	57	0	-10	-30	-12
	Items that will not be reclassified to profit or loss	-263	0	48	135	56
	Revaluation real property for use in own operation	146	21	189	47	206
8	Currency translation foreign properites	1 257	587	312	-689	-1 314
	Adjustments of the insurance obligations	-1 257	-587	-312	689	1 314
	Tax on items that will be reclassified to profit or loss	-37	-5	-47	-12	-52
	Items that will be reclassified to income particular specific conditions are met	110	15	142	35	155
	Total other comprehensive income	-154	15	189	170	211
	Total comprehensive income	-101	394	291	994	490
	¹ Unit holders share of taxes in consolidated securities fund	-103	-95	-183	-149	-296

Financial position statement

KLP Group

NOTE	NOK MILLIONS	30.06.2022	30.06.2021	31.12.2021
	Deferred tax assets	57	45	52
	Other intangible assets	926	781	797
	Tangible fixed assets	2 888	2 595	2 714
	Investments in associated companies and joint venture	5 594	4 933	4 934
8,11	Investment property	95 851	83 969	89 535
9,14	Debt instruments held to maturity	25 962	27 862	25 985
9,14	Debt instruments classified as loans and receivables	170 671	156 974	164 484
9,11,14	Lending local government, enterprises & retail customers at fair value through profit / loss	28	515	79
9,14	Lending local government, enterprises and retail customers	120 141	114 360	118 024
9,11,14	Debt instruments at fair value through profit or loss	170 920	185 353	188 172
9,11	Equity capital instruments at fair value through profit/loss	275 423	255 593	294 476
9,11,14	Financial derivatives	1 560	1 390	3 253
9	Receivables	43 800	32 557	5 377
14	Cash and bank deposits	3 773	3 622	3 388
TOTAL ASSETS		917 593	870 548	901 270
	Owners' equity contributed	19 701	17 937	19 831
	Retained earnings	21 517	22 217	20 901
TOTAL OWNERS' EQUITY		41 217	40 154	40 732
9,10	Hybrid Tier 1 securities	1 550	1 635	1 604
9,10	Subordinated loan capital	3 026	2 989	3 000
19	Pension obligations	860	794	870
15	Technical provisions - life insurance	652 592	633 773	653 551
	Premiums, claims and contingency fund provisions - non-life insurance	3 592	3 371	3 023
9,10	Covered bonds issued	31 441	28 315	31 015
9,10	Debt to credit institutions	5 916	5 427	4 199
9,10	Liabilities to and deposits from customers	13 465	12 643	12 901
9,11	Financial derivatives	9 998	5 412	4 740
	Deferred tax	1 451	1 612	1 387
16	Other current liabilities	25 829	12 495	6 808
	Unit holders`s interest in consolidated securites funds	126 656	121 931	137 440
TOTAL LIABILITIES		876 375	830 394	860 538
TOTAL EQUITY AND LIABILITIES		917 593	870 548	901 270
	Contingent liabilities	30 117	28 984	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		102	102
Items that will not be reclassified to income		48	48
Items that will be reclassified to income later when particular conditions are met		142	142
Total other comprehensive income		189	189
Total comprehensive income	0	291	291
Owners' equity contribution received (net)	- 130		- 130
Total transactions with the owners	- 130		- 130
Owners' equity 30 June 2022	19 701	21 516	41 217

2021 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 1 January 2021	18 194	21 222	39 416
Income		825	825
Items that will not be reclassified to income		135	135
Items that will be reclassified to income later when particular conditions are met		35	35
Total other comprehensive income		170	170
Total comprehensive income	0	994	994
Owners' equity contribution received (net)	- 257		- 257
Total transactions with the owners	- 257		- 257
Owners' equity 30 June 2021	17 937	22 217	40 154

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 -30.06.2022	01.01.2022 -31.03.2022	01.01.2021 -31.12.2021	01.01.2021 -30.09.2021	01.01.2021 -30.06.2021
Net cash flow from operational activities	40 710	-1 917	-24 289	-17 000	-21 644
Net cash flow from investment activities ¹	-173	-82	-278	-218	-146
Net cash flow from financing activities ²	-40 153	1 583	25 182	17 496	22 640
Net changes in cash and bank deposits	385	-417	616	278	850
Holdings of cash and bank deposits at start of period	3 388	3 388	2 772	2 772	2 772
Holdings of cash and bank deposits at end of period	3 773	2 971	3 388	3 050	3 622

¹ Payments on the purchase of tangible fixed assets.

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

Notes to the financial statement

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 – 30.06.2022. 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.

The Group has changed its guiding assumptions for calculating pension liabilities. The changes from the year end are presented in the table below:

Assumptions	31.12.2021	30.06.2022	Change
Discount rate	1,90 %	3,20 %	1,30 %
Salary growth	2,75 %	3,50 %	0,75 %
The National Insurance basic amount (G)	2,50 %	3,25 %	0,75 %
Pension increases	1,75 %	2,48 %	0,73 %
Social security contribution rate	14,10 %	14,10 %	0,00 %
Capital activity tax	5,00 %	5,00 %	0,00 %

In total, these changes result in a NOK 65 million decrease in pension liabilities for the Group.

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

Note 2 Segment information

NOK MILLIONS	Group pensions pub. sect. & group life			Non-life insurance			Banking			Asset management		
	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Premium income for own account from external customers ¹	33 081	33 634	50 161	1 012	904	1 865	0	0	0	0	0	0
Net financial income from investments	-13 629	26 397	50 228	-111	128	259	125	135	277	-3	3	2
Other income	914	993	1 999	1	1	2	42	38	78	310	299	608
Total income	20 367	61 024	102 388	903	1 032	2 125	167	173	355	306	302	610
Claims for own account	-16 367	-19 100	-30 438	-746	-654	-1 417	0	0	0	0	0	0
Insurance provisions for own account	-1 531	-20 222	-31 246	3	-4	-7	0	0	0	0	0	0
Costs borrowing	-134	117	103	0	0	0	0	0	0	0	0	0
Operating costs excluding depreciation	-671	-554	-1 147	-154	-145	-298	-121	-114	-229	-333	-274	-548
Depreciation	-38	-45	-162	-3	-3	-5	-1	-3	-5	-3	-3	-6
Other expenses	-741	-695	-1 425	0	0	0	-3	-2	-5	0	0	0
Return to financial instruments attributable to minority interests												
Total expenses	-19 481	-40 498	-64 315	-900	-806	-1 728	-125	-119	-239	-336	-277	-554

NOK MILLIONS	Group pensions pub. sect. & group life			Non-life insurance			Banking			Asset management		
	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Operating profit/loss	886	20 526	38 074	3	226	398	42	54	116	-30	25	56
Funds credited to insurance customers ²	-670	-19 561	-37 786	0	0	0	0	0	0	0	0	0
Pre-tax income	216	965	288	3	226	398	42	54	116	-30	25	56
Cost of taxes	19	-115	125	-3	-61	30	18	12	-21	7	-6	-13
Income	235	849	413	0	165	428	61	66	95	-22	18	43
Change in other comprehensive income	48	135	56	7	19	-91	2	8	26	6	14	2
Total comprehensive income	283	984	469	7	184	337	63	74	121	-17	33	45
Assets	727 598	692 854	706 748	6 246	6 067	5 976	48 704	45 216	47 482	605	598	636
Liabilities	686 445	652 745	666 070	3 973	3 773	3 710	46 149	42 742	44 961	243	231	256

NOK MILLIONS	Other			Eliminations			Total		
	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Premium income for own account from external customers 1	0	0	0	-19	-17	-25	34 075	34 520	52 001
Net financial income from investments	0	0	0	-20 849	12 182	21 263	-34 466	38 844	72 029
Other income	7	6	12	-377	-574	-1 151	897	763	1 547
Total income	7	6	12	-21 244	11 590	20 086	505	74 127	125 577
Claims for own account	0	0	0	0	0	0	-17 113	-19 754	-31 855
Insurance provisions for own account	0	0	0	0	0	0	-1 528	-20 226	-31 253
Costs borrowing	0	0	0	0	0	0	-134	117	103
Operating costs excluding depreciation	-6	-5	-10	77	81	182	-1 207	-1 012	-2 050
Depreciation	0	0	0	-4	0	-50	-48	-53	-228
Other expenses	0	0	0	68	69	138	-676	-628	-1 292
Return to financial instruments attributable to minority interests				19 276	-11 320	-19 802	19 276	-11 320	-19 802
Total expenses	-6	-5	-10	19 418	-11 171	-19 531	-1 429	-52 876	-86 377

NOK MILLIONS	Other			Eliminations			Total		
	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Operating profit/loss	1	1	2	-1 827	419	555	-924	21 251	39 200
Funds credited to insurance customers ²	0	0	0	2 058	-365	-388	1 388	-19 927	-38 173
Pre-tax income	1	1	2	231	54	167	464	1 325	1 027
Cost of taxes	0	0	0	-404	-329	-869	-362	-500	-748
Income	1	1	1	-172	-275	-702	102	825	279
Change in other comprehensive income	0	0	0	127	-6	218	189	169	211
Total comprehensive income	1	1	2	-46	-281	-484	291	994	490
Assets	10	8	9	134 429	125 805	140 419	917 593	870 548	901 270
Liabilities	3	3	3	139 563	130 900	145 537	876 375	830 394	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 offer a broad selection of securities mutual funds both to retail customers and to institutional customers. The securities management has a socially responsible profile.

OTHER

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

Note 3 Premium income for own account

NOK MILLIONS	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Contribution service pension	26 109	27 069	33 738	34 557	52 075
Reinsurance premiums ceded	-24	-18	-48	-37	-75
Transfer of premium reserves from others	9	0	386	0	0
Total premium income	26 094	27 051	34 075	34 520	52 001

Note 4 Other income

NOK MILLIONS	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Supplement contractual early retirement scheme (ERS)	332	308	663	607	1 265
Other income ¹	197	53	234	156	282
Total other income	529	360	897	763	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	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
SUBORDINATED LOANS					
Interest costs ¹	-36	-34	-64	-61	-124
Value changes	-176	-51	-88	80	132
Net costs subordinated loans	-213	-84	-152	19	8
PERPETUAL HYBRID TIER 1 SECURITIES					
Interest costs	-20	-16	-36	-31	-64
Value changes	-61	-14	54	129	159
Net costs perpetual hybrid tier 1 securities	-81	-29	19	98	96
Net costs subordinated loan and hybrid Tier 1 securities	-294	-113	-134	117	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	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Personnel costs	360	316	712	631	1 248
Depreciation and writedowns	31	39	71	77	228
Other operating expenses	237	197	472	356	802
Total operating expenses	628	552	1 255	1 064	2 278

Note 7 Other expenses

NOK MILLIONS	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Supplement contractual early retirement scheme (ERS)	328	308	663	607	1 265
Other expenses	15	18	13	21	27
Total other expenses	343	325	676	628	1 292

Note 8 Investment property

NOK MILLIONS	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Net rental income	756	755	1 546	1 511	3 040
Net value adjustment	5 026	1 912	5 497	1 992	5 444
Realised gains	0	0	0	0	59
Net income from investment properties	5 782	2 667	7 043	3 503	8 543
Currency translate foreign subsidiaries (taken to other comprehensive income)	1 257	587	312	-689	-1 314
Net income from investment properties included currency translate	7 039	3 254	7 355	2 814	7 229

NOK MILLIONS	30.06.2022	30.06.2021	31.12.2021
Investment property 01.01.	89 535	81 485	81 485
Value adjustment, including currency translation	5 809	1 303	4 130
Net additions	518	1 198	3 913
Other changes	- 11	- 17	7
Investment property 30.06/31.12	95 851	83 969	89 535

Note 9 Fair value of financial assets and liabilities

Fair value is to be a representative price based on what the equivalent asset or liabilities would be sold for under normal market terms and conditions. A financial instrument is considered as being listed in an active market if listed prices are easily and regularly

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

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

FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

This category includes:

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

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

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

This category includes:

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

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

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

a) Foreign fixed-income securities

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

The following sources are used:

- Barclays Capital Indices
- Bloomberg

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

b) Norwegian fixed-income securities – government

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

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

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

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

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

e) Receivables on credit institutions

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

f) Loans to municipalities and enterprises with municipal guarantee

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

g) Loans secured by mortgage

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

- EQUITY INSTRUMENTS

h) Shares (listed)

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

The following sources are used for Norwegian shares:

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

The following sources are used for foreign shares:

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

- Bloomberg

i) Shares (unlisted)

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

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

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

j) Private Equity

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

DERIVATIVES

k) Futures/FRA/IRF

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

l) Options

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

m) Interest-rate swaps

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

n) FX-swaps

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

- DEBT TO CREDIT INSTITUTIONS

o) Placements with credit institutions and deposits

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

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

p) Fair value of subordinated loans

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

q) Fair value of subordinated bond/perpetual bond issued

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

r) Covered bonds issued

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

s) Deposits from customers

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

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

NOK MILLIONS	30.06.2022		30.06.2021		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	4 074	4 064	5 122	5 655	4 071	4 477
Foreign hold-to-maturity bonds	21 888	21 635	22 740	24 556	21 915	23 289
Total debt instruments held to maturity	25 962	25 699	27 862	30 211	25 985	27 766
DEBT INSTRUMENTS CLASSIFIED AS LOANS AND RECEIVABLES- AT AMORTIZED COST						
Norwegian bonds	59 110	54 946	53 321	54 405	53 339	54 373
Foreign bonds	111 531	104 007	103 609	111 340	111 136	115 067
Other receivables	30	30	44	44	9	9
Total debt instruments classified as loans and receivables	170 671	158 983	156 974	165 790	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	28	28	515	515	79	79
Total loans to local government, enterprises & retail customers	28	28	515	515	79	79
LENDING TO LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS - AT AMORTIZED COST						
Loans secured by mortgage	26 079	25 978	24 503	24 524	25 081	25 085
Loans to local government sector or enterprises with local government guarantee	88 067	86 684	81 514	82 337	86 486	86 641
Loans abroad secured by mortgage and local government guarantee	5 950	5 950	8 298	8 298	6 413	6 413
Loans creditcard	45	45	45	45	44	44
Total loans to local government, enterprises & retail customers	120 141	118 656	114 360	115 204	118 024	118 183
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Norwegian bonds	55 204	55 204	50 856	50 856	56 354	56 354
Norwegian certificates	4 591	4 591	7 586	7 586	7 805	7 805
Foreign bonds	77 440	77 440	91 843	91 843	87 026	87 026
Foreign certificates	417	417	550	550	405	405
Investments with credit institutions	33 267	33 267	34 518	34 518	36 582	36 582
Total debt instruments	170 920	170 920	185 353	185 353	188 172	188 172

NOK MILLIONS	30.06.2022		30.06.2021		31.12.2021	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Shares	233 482	233 482	230 370	230 370	260 001	260 001
Equity funds	35 557	35 557	23 115	23 115	30 328	30 328
Property funds	6 385	6 385	2 108	2 108	4 147	4 147
Total equity capital instruments	275 423	275 423	255 593	255 593	294 476	294 476
RECEIVABLES						
Receivables related to direct business	20 145	20 145	22 068	22 068	1 725	1 725
Receivables related to reinsurance agreements	270	270	286	286	304	304
Reinsurance share of gross claims reserve	49	49	37	37	0	0
Receivables related to securites	22 579	22 579	9 472	9 472	2 727	2 727
Prepaid rent related to real estate activities	211	211	305	305	245	245
Other receivables	546	546	388	388	374	374
Total other loans and receivables including receivables from policyholders	43 800	43 800	32 557	32 557	5 377	5 377
FINANCIAL LIABILITIES - AT AMORTIZED COST						
Hybrid Tier 1 securities	1 550	1 345	1 635	1 585	1 604	1 586
Subordinated loan capital	3 026	3 314	2 989	3 351	3 000	3 310
Debt to credit institutions	1 003	1 003	1 582	1 582	897	897
Covered bonds issued	31 441	30 928	28 315	28 454	31 015	30 591
Liabilities and deposits from customers	13 465	13 465	12 643	12 643	12 901	12 901
Total financial liabilities	50 484	50 055	47 162	47 616	49 417	49 284
FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS						
Debt to credit institutions	4 914	4 914	3 845	3 845	3 302	3 302
Total financial liabilities	4 914	4 914	3 845	3 845	3 302	3 302

NOK MILLIONS	30.06.2022		30.06.2021		31.12.2021	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS						
Forward exchange contracts	596	7 016	97	4 387	2 019	3 077
Interest rate swaps	377	1 011	114	1 024	223	1 664
Interest rate and currency swaps	587	1 971	956	0	732	0
Share option	0	0	223	1	279	0
Total financial derivatives	1 560	9 998	1 390	5 412	3 253	4 740

Note 10 **Borrowing**

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 30.06.2022	Book value 30.06.2021	Book value 31.12.2021
FIXED - TERM SUBORDINATED LOAN							
Kommunal Landspensjonskasse	2 530	EUR	Fixed ¹	2045	3 026	2 989	3 000
Total subordinated loan capital	2 530	-	-	-	3 026	2 989	3 000
HYBRID TIER 1 SECURITIES							
Kommunal Landspensjonskasse	984	JPY	Fixed ²	2034	1 550	1 635	1 604
Total hybrid Tier 1 securities	984	-	-	-	1 550	1 635	1 604
COVERED BONDS							
KLP Kommunekreditt AS	0	NOK	Floating	2021	0	0	0
KLP Kommunekreditt AS	0	NOK	Fixed	2021	0	492	0
KLP Kommunekreditt AS	3 695	NOK	Floating	2022	0	2 011	1 999
KLP Kommunekreditt AS	5 000	NOK	Floating	2023	3 704	5 005	5 009
KLP Kommunekreditt AS	5 000	NOK	Floating	2024	5 009	5 003	5 006
KLP Kommunekreditt AS	5 000	NOK	Floating	2025	5 004	4 001	5 003
KLP Kommunekreditt AS	500	NOK	Floating	2026	5 015	0	1 002

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 30.06.2022	Book value 30.06.2021	Book value 31.12.2021
KLP Kommunekreditt AS	0	NOK	Fixed	2027	502	502	508
KLP Boligkreditt AS	0	NOK	Floating	2021	0	302	0
KLP Boligkreditt AS	0	NOK	Floating	2022	0	1 903	1 904
KLP Boligkreditt AS	1 600	NOK	Floating	2023	1 601	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	3 100	NOK	Floating	2026	3 107	1 500	2 504
KLP Boligkreditt AS	2 500	NOK	Floating	2027	2 505	0	501
Other					-7	94	78
Total covered bonds	31 395	-	-	-	31 441	28 315	31 015
DEBT TO CREDIT INSTITUTIONS							
KLP Banken AS	0	NOK	Floating	2021	0	880	0
KLP Banken AS	250	NOK	Floating	2022	250	300	300
KLP Banken AS	300	NOK	Floating	2023	301	100	300
KLP Banken AS	450	NOK	Floating	2024	451	300	300
KLP Fond	0	NOK/EUR/USD	Floating	2021	0	171	0
KLP Fond	0	NOK/EUR/USD	Fixed	2021	0	1 967	0
KLP Fond	205	NOK/EUR/USD	Floating	2022	205	0	385
KLP Fond	1 283	NOK/EUR/USD	Fixed	2022	1 283	0	1 241
Kommunal Landspensjonskasse	0	NOK/EUR/USD	Floating	2021	0	1 692	0
Kommunal Landspensjonskasse	2 048	NOK/EUR/USD	Floating	2022	2 048	0	1 651
Kommunal Landspensjonskasse	1 300	NOK/EUR/USD	Fixed	2022	1 300	0	0
Other					78	16	21
Total liabilities to credit institutions	5 836	-	-	-	5 916	5 427	4 199

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 30.06.2022	Book value 30.06.2021	Book value 31.12.2021
LIABILITIES AND DEPOSITS FROM CUSTOMERS ³							
Retail	11 753	NOK			11 753	11 102	11 212
Business	1 685	NOK			1 685	1 509	1 650
Foreign	27	NOK			27	32	39
Liabilities to and deposits from customers	13 465	-	-	-	13 465	12 643	12 901
Total financial liabilities	54 209	-	-	-	55 398	51 007	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.

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

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

Note 11 **Fair value hierarchy**

30.06.2022 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	94 868	94 868
Investment property	0	0	95 851	95 851
Lending at fair value	0	28	0	28
<i>Certificates</i>	867	4 141	0	5 008
<i>Bonds</i>	23 306	94 655	0	117 961
<i>Fixed-income funds</i>	14 710	8 110	7 750	30 570
Bonds and other fixed-income securities	38 883	106 906	7 750	153 538
Loans and receivables	16 096	1 286	0	17 381
<i>Shares</i>	225 307	5 032	3 143	233 482
<i>Equity funds</i>	2 151	0	51	2 202
<i>Property funds</i>	0	2 269	4 115	6 385
<i>Special funds</i>	0	0	0	0
<i>Private Equity</i>	0	0	33 355	33 355
Shares and units	227 458	7 302	40 663	275 423
Financial derivatives	0	1 560	0	1 560
Total assets at fair value	282 437	117 081	144 264	543 781
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	9 998	0	9 998
Debt to credit institutions ¹	2 331	2 583	0	4 914
Total financial liabilities at fair value	2 331	12 581	0	14 912

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 1 003 million per 30.06.2022.

30.06.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
<i>Land/plots</i>	0	0	980	980
<i>Buildings</i>	0	0	82 988	82 988
Investment property	0	0	83 969	83 969
Lending at fair value	0	515	0	515
<i>Certificates</i>	5 591	2 545	0	8 136
<i>Bonds</i>	22 519	103 068	0	125 586
<i>Fixed-income funds</i>	17 150	7 210	5 637	29 997
Bonds and other fixed-income securities	45 260	112 823	5 637	163 719
Loans and receivables	20 273	1 360	0	21 633
<i>Shares</i>	223 007	4 613	2 751	230 370
<i>Equity funds</i>	2 483	0	49	2 532
<i>Property funds</i>	0	1 117	990	2 108
<i>Special funds</i>	0	0	0	
<i>Private Equity</i>	0	0	20 582	20 582
Shares and units	225 490	5 731	24 372	255 593
Financial derivatives	0	1 390	0	1 390
Total assets at fair value	291 023	121 819	113 977	526 820
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	5 412	0	5 412
Debt to credit institutions ¹	1 967	1 877	0	3 845
Total financial liabilities at fair value	1 967	7 289	0	9 256

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 30.06.2022	Book value 30.06.2021	Book value 31.12.2021
Opening balance 1 January	89 535	81 485	81 485
Sold	0	-169	-723
Bought	518	1 367	4 636
Unrealised changes	5 809	1 303	4 130
Other changes	-11	-17	7
Closing balance 30.06./31.12.	95 851	83 969	89 535
Realised gains/losses	0	0	59

Changes in Level 3, Financial Assets	Book value 30.06.2022	Book value 30.06.2021	Book value 31.12.2021
Opening balance 1 January	40 122	23 420	23 420
Sold	-2 478	-1 746	-4 627
Bought	6 095	5 036	13 867
Unrealised changes	4 674	3 299	7 463
Closing balance 30.06./31.12.	48 413	30 009	40 122
Realised gains/losses	950	870	2 242
Closing balance 30.06.	144 263	113 977	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 tables "Changes in level 3" shows changes in level 3 classified instruments in the period indicated.

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

Level 1:

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

Level 2:

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

Level 3:

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

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

No sensitivity analysis has been carried out on securities included in Level 3. A sensitivity analysis for investment property is available in the annual report. A change in the variables of the pricing is considered of little significance. On a general basis, a 5 percent change in the pricing would produce a change of NOK 7 213 million as of 30.06.2022.

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 2nd quarter, NOK 566 million in stocks moved from Level 1 to Level 2, NOK 26 million moved from Level 1 to Level 3, NOK 785 million moved from level 2 to level 1 and NOK 9 million moved from level 3 to level 1. This is due to changes in liquidity.

Note 12 Liquidity risk

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

30.06.2022 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan ¹	0	129	597	678	4 731	6 135
Perpetual hybrid Tier 1 securities ¹	0	108	288	360	1 187	1 942
Debt to and deposits from customers (without defined maturity)	13 465	0	0	0	0	13 465
Covered bonds issued	0	5 329	27 603	0	0	32 932
Payables to credit institutions	2 932	1 543	758	0	0	5 233
Financial derivatives	5 497	7 884	658	766	669	15 474
Accounts payable	49	0	0	0	0	49
Contingent liabilities (without defined maturity)	30 117	0	0	0	0	30 117
Total	52 060	14 993	29 904	1 804	6 586	105 347

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 464 million, derivatives maturing between 1 to 12 months are reduced with NOK 1 232 million and derivatives maturing between 1 to 5 years are reduced with NOK 12 million. In addition, payables to credit institutions maturing within one month are reduced with NOK 1 396 million. Total amount of the financial liabilities for the Group are after these adjustments NOK 102 266 million.

30.06.2021 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan ¹	0	128	583	670	4 808	6 189
Perpetual hybrid Tier 1 securities ¹	0	94	251	313	1 309	1 967
Debt to and deposits from customers (without defined maturity)	12 643	0	0	0	0	12 643
Covered bonds issued	0	3 482	21 924	2 059	0	27 465
Payables to credit institutions	2 804	735	707	0	0	4 246
Financial derivatives	1 615	5 642	-12	60	-102	7 203
Accounts payable	0	0	0	0	0	0
Contingent liabilities (without defined maturity)	28 984	0	0	0	0	28 984
Total	46 045	10 080	23 453	3 102	6 015	88 696

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 97 million, payables to credit institutions maturing within one month are reduced with NOK 740 million and derivatives maturing between 1 to 12 months are reduced with NOK 1 016 million. Total amount of the financial liabilities for the Group are after these adjustments NOK 86 844 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

30.06.2022 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 -30.06.2022	Total	Adjusted for the unit holders' interests in consolidated securities funds
ASSETS								
Financial derivatives classified as assets	17	-1	42	120	-147	17	49	37
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	0	0	7
Bonds and other fixed-return securities	-42	-62	-1 024	-1 343	-1 397	57	-3 812	-2 865
Fixed income fund holdings	-1 009	0	0	0	0	0	-1 009	-1 009
Lending and receivables	-1	0	0	0	0	36	36	98
Lending	0	0	0	0	0	429	429	429
Cash and bank deposits	0	0	0	0	0	19	19	19
Contingent liabilities ¹	0	0	0	0	0	24	24	24
Total assets	-1 034	-63	-982	-1 223	-1 544	582	-4 266	-3 261
LIABILITIES								
Deposit	0	0	0	0	0	-69	-69	-69
Liabilities created on issue of securities	0	0	0	0	0	-162	-162	-162
Financial derivatives classified as liabilities	4	-15	34	1	0	-1	23	22
Hybrid capital, subordinated loans	0	0	0	39	70	0	109	109
Debt to credit institutions	0	0	0	0	0	-31	-31	-31
Total liabilities	4	-15	34	40	70	-263	-130	-131
Total before tax	-1 030	-79	-948	-1 183	-1 474	319	-4 396	-3 392
Total after tax	-772	-59	-711	-887	-1 105	239	-3 297	-2 544

30.06.2021 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 -30.06.2021	Total	Adjusted for the unit holders' interests in consolidated securities funds
ASSETS								
Financial derivatives classified as assets	21	-2	21	40	-156	3	-72	-72
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	10	10	10
Bonds and other fixed-return securities	-47	-44	-1 176	-1 792	-2 242	145	-5 155	-5 148
Fixed income fund holdings	-1 262	0	0	0	0	0	-1 262	-1 262
Lending and receivables	0	-1	0	0	0	119	118	118
Lending	0	0	0	0	0	397	397	397
Cash and bank deposits	0	0	0	0	0	0	0	0
Contingent liabilities ¹	0	0	0	0	0	25	25	25
Total assets	-1 288	-46	-1 154	-1 752	-2 397	699	-5 940	-5 933
LIABILITIES								
Deposit	0	0	0	0	0	-64	-64	-64
Liabilities created on issue of securities	0	0	0	0	0	-150	-150	-150
Financial derivatives classified as liabilities	17	7	33	34	0	8	100	100
Hybrid capital, subordinated loans	0	0	0	46	80	0	126	126
Debt to credit institutions	0	0	0	0	0	-35	-35	-35
Total liabilities	17	7	33	80	80	-241	-23	-23
Total before tax	-1 272	-39	-1 121	-1 672	-2 317	458	-5 963	-5 956
Total after tax	-954	-29	-841	-1 254	-1 738	344	-4 472	-4 467

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 that insurance funds partly invested in debt instruments whose cash flows should help to meet the guaranteed return.

Note 14 Credit risk

30.06.2022 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	24 574	20	10	0	0	0	1 357	25 962	25 962
Debt instruments classified as loans and receivables at amortized cost	153 996	20	533	1 695	0	0	14 427	170 671	170 671
Debt instruments at fair value - fixed-return securities	108 937	2 395	5 348	3 689	0	0	10 709	131 078	108 955
Fixed-income funds	0	0	0	0	0	0	22 460	22 460	22 460
Loans and receivables	16 864	0	0	518	0	0	0	17 381	12 504
Financial derivatives classified as assets	1 560	0	0	0	0	0	0	1 560	589
Cash and bank deposits	3 700	0	0	72	0	0	0	3 773	3 773
Lending	0	0	90 110	0	25 289	1 238	3 533	120 169	120 169
Total	309 631	2 435	96 001	5 974	25 289	1 238	52 486	493 053	465 082

SPECIFICATION OF INVESTMENT GRADE NOK MILLIONS	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	11 380	2 856	6 532	3 806	24 574
Debt instruments classified as loans and receivables at amortized cost	23 848	22 497	61 286	46 364	153 996
Debt instruments at fair value - fixed-return securities	30 915	13 751	32 489	31 783	108 937
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	4 002	11 923	938	16 864
Financial derivatives classified as assets	0	249	1 311	0	1 560
Cash and bank deposits	0	2 974	726	0	3 700
Lending	0	0	0	0	0
Total	66 143	46 330	114 267	82 891	309 631

30.06.2021 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	26 461	43	0	0	0	0	1 357	27 862	27 862
Debt instruments classified as loans and receivables at amortized cost	135 796	0	372	0	0	0	20 806	156 974	156 974
Debt instruments at fair value - fixed-return securities	116 168	1 623	4 368	4 280	0	0	14 492	140 933	120 747
Fixed-income funds	0	0	0	0	0	0	22 786	22 786	22 786
Loans and receivables	20 439	0	0	1 195	0	0	0	21 634	17 455
Financial derivatives classified as assets	1 390	0	0	0	0	0	0	1 390	1 379
Cash and bank deposits	3 553	0	0	69	0	0	0	3 622	3 622
Lending	0	0	86 969	0	22 134	2 692	3 080	114 875	114 875
Total	303 808	1 667	91 709	5 545	22 134	2 692	62 523	490 077	465 702

SPECIFICATION OF INVESTMENT GRADE NOK MILLIONS	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	12 789	2 770	7 092	3 811	26 461
Debt instruments classified as loans and receivables at amortized cost	19 168	21 795	57 543	37 290	135 796
Debt instruments at fair value - fixed-return securities	29 462	14 340	32 412	39 954	116 168
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	8 136	11 652	652	20 439
Financial derivatives classified as assets	0	121	1 230	39	1 390
Cash and bank deposits	0	2 461	1 091	0	3 553
Lending	0	0	0	0	0
Total	61 419	49 622	111 021	81 745	303 808

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

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

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

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

The rating above are gathered from Standard & Poor's, Moody's, Fitch, Scope Ratings and Nordic Credit Rating. The rating is converted to S&P's rating table, where AAA is linked to securities with the highest creditworthiness. The lowest rating of the five is used and all five rating agencies are equal as the basis for investments in fixed income securities.

"Other" is mainly securities issued by power companies and other corporate bonds. KLP Group has strict guidelines for investments in fixed-income securities, which also apply to investments falling into the "Other" category.

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

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

NOK MILLIONS	30.06.2022		30.06.2021		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	15 363	12 166	12 829	11 278	15 032	11 995
Counterparty 2	9 063	8 829	9 865	8 253	14 514	11 891
Counterparty 3	8 938	7 025	9 391	7 203	10 578	7 482
Counterparty 4	7 122	6 384	7 419	6 990	8 586	6 660
Counterparty 5	7 025	6 379	5 700	5 700	7 828	6 377
Counterparty 6	6 478	5 541	4 885	4 703	7 706	5 830
Counterparty 7	5 541	5 051	4 703	4 689	6 377	5 548
Counterparty 8	5 406	4 703	4 652	4 614	5 878	4 928
Counterparty 9	5 162	4 442	4 463	4 447	5 548	4 698
Counterparty 10	4 991	4 277	4 240	4 118	4 698	4 506
Total	75 089	64 798	68 147	61 994	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	30.06.2022	30.06.2021	31.12.2021
Premium reserves - ordinary tariff	506 266	477 976	486 276
Premium funds, buffer funds and pensioners’ surplus funds	145 775	38 091	41 268
Supplementary reserves	0	42 842	48 812
Securities adjustment fund	0	67 903	77 194
Other provisions	0	0	1
Profit/loss allocated to insurance contracts	550	6 960	0
Technical provisions in life insurance	652 592	633 773	653 551

Note 16 **Other current liabilities**

NOK MILLIONS	30.06.2022	30.06.2021	31.12.2021
Short-term payables trade in securities	23 380	10 066	3 645
Incurred not assessed taxes	55	474	560
Advance tax-deduction pension scheme	843	760	491
Accounts payable	263	305	226
Pre-called contribution to insurance	99	107	699
Other current liabilities	1 188	782	1 187
Total other current liabilities	25 829	12 495	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. The Financial Supervisory Authority of Norway has accepted that KLP’s right to call in further member contribution if necessary, which is laid down in the Company’s articles of association, can be counted as

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

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 304 per cent, which is well over the Company's target of at least 150 per cent. With the transitional measure on technical provisions the SCR ratio is 304 per cent.

	30.06.2022	30.06.2021	31.12.2021
Solvency II - SCR ratio	304 %	257 %	287 %

NOK BILLIONS	30.06.2022	30.06.2021	31.12.2021
Simplified Solvency II Financial Position Statement			
Assets, book value	731	696	710
Added values - hold-to-maturity portfolio/loans and receivables	-12	11	6
Added values - other lending	-1	1	0
Other added/lesser values	0	0	0
Deferred tax asset	0	0	0
Total assets - solvency II	717	708	716

NOK BILLIONS	30.06.2022	30.06.2021	31.12.2021
Simplified Solvency II Financial Position Statement			
Best estimate	632	634	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	680	673	679
Excess of assets over liabilities	37	34	36
- Deferred tax asset	0	0	0
+ Hybrid Tier 1 securities	2	2	2
Tier 1 basic own funds	38	35	38
Total eligible tier 1 own funds	38	35	38
Subordinated loans	3	3	3
Tier 2 basic own funds	3	3	12
Ancillary own funds	13	12	12
Tier 2 ancillary own funds	13	12	-8
Deduction for max. eligible tier 2 own funds	-9	-7	7
Total eligible tier 2 own funds	7	8	0
Deferred tax asset	0	0	0
Total eligible tier 3 own funds	0	0	0
Solvency II total eligible own funds	45	43	45
Solvency capital requirement (SCR)	15	17	16
Solvency II- SCR ratio	304 %	257 %	287 %

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

30.06.2022 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	1 560	0	1 560	-902	-831	-1 255	63	63
Repos	0	0	0	0	0	0	0	0
Total	1 560	0	1 560	-902	-831	-1 255	63	63
LIABILITIES								
Financial derivatives	9 998	0	9 998	-902	-1 317	-7 366	1 818	1 825
Repos	2 583	0	2 583	0	0	0	2 583	2 583
Total	12 582	0	12 582	-902	-1 317	-7 366	4 401	4 408

30.06.2021 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	1 390	0	1 390	-608	-900	-435	73	73
Repos	0	0	0	0	0	0	0	0
Total	1 390	0	1 390	-608	-900	-435	73	73
LIABILITIES								
Financial derivatives	5 412	0	5 412	-608	-835	-3 360	656	540
Repos	1 968	0	1 968	0	0	0	1 968	1 968
Total	7 379	0	7 379	-608	-835	-3 360	2 623	2 508

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

Note 19 **Pension obligations**

NOK MILLIONS	30.06.2022	30.06.2021	31.12.2021
Capitalized net liability 01.01.	870	934	934
Capitalized pension costs	103	98	192
Capitalized financial costs	10	10	20
Actuarial gains and losses	-65	-185	-84
Premiums / contributions received	-57	-64	-191
Capitalized net liability 30.06./31.12.	860	794	870

Assumptions	30.06.2022	30.06.2021	31.12.2021
Discount rate	3.20%	2.00%	1.90%
Salary growth	3.50%	2.25%	2.75%
The National Insurance basic amount (G)	3.25%	2.00%	2.50%
Pension increases	2.48%	1.24%	1.75%
Social security contribution rate	14.10%	14.10%	14.10%
Capital activity tax	5.00%	5.00%	5.00%

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 65 million as of 30.06.2022. The change is recognized in other comprehensive income in the income statement.

Key figures – Accumulated

NOK MILLIONS	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2021
KLP GROUP								
Profit before tax	464	213	1 027	2 192	1 325	693	1 657	1 682
Total assets	917 593	902 911	901 270	872 465	870 548	813 514	807 161	789 981
Owners' equity	41 217	41 449	40 732	41 439	40 154	39 742	39 416	39 243
Solvency SCR ratio	304 %	299 %	287 %	264 %	257 %	258 %	261 %	244 %
Number of employees in the Group	1 081	1 060	1 048	1 032	1 017	1 021	1 018	1 016
KOMMUNAL LANDSPENSJONSKASSE								
Profit before tax	216	71	288	1 699	965	566	1 289	1 303
Premium income for own account	33 081	7 503	50 161	41 163	33 634	7 041	37 102	29 081
- of which inflow of premium reserve	386	376	0	0	0	0	2 850	2 846
Insurance customers' funds incl. acc. profit	16 367	10 642	30 438	24 690	19 100	13 754	28 360	23 013
- of which funds with guaranteed returns	4 658	4 875	8 346	8 346	8 346	8 419	7 656	7 667
Net investment common portfolio	660 834	662 500	659 281	644 160	626 280	603 076	604 782	582 108
Net investment choice portfolio	2 665	2 588	2 199	2 156	2 215	2 081	2 044	2 012
Insurance funds incl. earnings for the year	654 482	644 226	652 444	634 112	633 579	595 680	594 718	575 915
- of which funds with guaranteed interest	548 891	526 324	526 235	513 186	515 787	490 936	496 121	485 605
Solvency capital requirement (SCR)	44 901	44 809	45 190	44 536	43 473	41 580	42 742	42 507
Solvency SCR ratio	340 %	332 %	316 %	289 %	282 %	287 %	282 %	264 %
Riskprofit	550	105	589	625	293	191	-398	706
Return profits	-20 374	-7 894	15 134	9 347	7 232	4 688	12 350	6 831

NOK MILLIONS	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2021
Administration profit	-22	-9	35	159	61	41	171	187
Solvency capital	117 722	151 201	196 049	176 437	174 816	160 647	172 863	141 563
Value-adjusted return on common portfolio	-2,1 %	-2,3 %	8,4 %	5,6 %	4,4 %	1,5 %	4,2 %	1,4 %
Return on unit-linked portfolio	-3,5 %	-1,2 %	8,9 %	5,8 %	5,0 %	1,9 %	4,2 %	0,4 %
Return on corporate portfolio	0,9 %	0,6 %	3,4 %	2,5 %	1,7 %	0,8 %	3,1 %	1,3 %
KLP SKADEFORSIKRING AS								
Profit before tax	3,0	-24,3	397,7	343,9	225,9	71,6	220,0	97,2
Gross premium due	1 060,7	516,4	1 939,3	1 436,2	940,6	460,1	1 728,4	1 280,4
Premium income for own account	1 012,5	492,4	1 864,6	1 380,9	903,6	441,7	1 657,6	1 227,8
Owners' equity	2 273,0	2 280,9	2 265,8	2 348,3	2 294,4	2 178,7	2 110,9	1 990,7
Claims ratio	73,4 %	79,6 %	76,4 %	73,6 %	74,5 %	72,8 %	83,1 %	83,1 %
Combined-ratio	88,7 %	95,1 %	92,1 %	85,1 %	90,3 %	89,2 %	100,7 %	100,7 %
Return on assets under management	-2,1 %	-0,9 %	5,0 %	3,4 %	2,6 %	0,6 %	5,0 %	2,3 %
Solvency capital requirement (SCR)	2 273	2 329	2 278	2 290	2 267	2 193	2 132	2 006
Solvency SCR ratio	225 %	222 %	224 %	267 %	252 %	238 %	239 %	246 %
Annual premium in force – retail market	918,1	892,8	871,4	846,7	828,9	806,8	786,0	759,8
Annual premium in force – public sector market	1 318,4	1 210,0	1 148,8	1 135,0	1 128,0	1 080,4	1 016,4	1 009,9
Net new subscriptions (accumulated within the year)	113,2	7,2	91,2	75,9	65,0	17,0	87,6	74,8
KLP BANKEN GROUP								
Profit/loss before tax	42,5	18,3	116,1	93,8	54,3	48,6	136,8	101,7
Net interest income	159,0	72,1	308,6	232,8	152,8	75,7	317,3	229,3
Other operating income	42,7	20,3	78,9	58,6	38,6	19,0	77,7	58,6
Operating expenses and depreciation	-123,3	-64,0	-238,5	-174,2	-118,6	-60,6	-232,1	-164,5
Net realized/unrealized changes in financial instruments to fair value	-35,9	-10,1	-32,9	-23,5	-18,6	14,5	-26,1	-21,7
Contributions	13 465	13 372	12 901	12 774	12 643	12 103	11 781	11 993
Housing mortgages granted	23 042	22 635	22 090	21 365	21 409	20 894	20 570	20 610

NOK MILLIONS	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2021
Loan(s) with public guarantee(s)	18 321	17 974	17 844	16 842	16 752	16 734	17 654	16 933
Defaulted loans	46	46	36	32	34	57	54	48
Borrowing on the issuance of securities	32 444	31 862	31 918	29 536	29 195	27 147	25 800	26 203
Total assets	48 704	47 954	47 482	44 980	45 216	43 200	42 688	43 438
Average total assets	48 030	47 718	45 085	43 834	43 952	42 944	41 188	41 568
Owners' equity	2 555	2 548	2 521	2 490	2 474	2 470	2 427	2 389
Net interest rate	0,33 %	0,15 %	0,68 %	0,53 %	0,35 %	0,18 %	0,80 %	0,57 %
Profit/loss from general operations before tax	0,09 %	0,04 %	0,26 %	0,21 %	0,12 %	0,11 %	0,33 %	0,24 %
Return on owners' equity before tax	3,37 %	2,91 %	4,78 %	5,15 %	4,47 %	8,02 %	6,16 %	6,11 %
Capital adequacy	17,7 %	18,1 %	18,7 %	18,6 %	18,4 %	19,3 %	19,5 %	18,7 %
Number of private customers	47 759	47 123	46 463	47 750	46 872	46 116	45 406	44 842
Of this members of KLP	32 226	31 973	31 587	32 615	31 664	32 183	32 048	31 869
KLP KAPITALFORVALTNING AS								
Profit/loss before tax	-29,8	-21,5	56,0	53,0	24,6	20,7	30,9	25,6
Total assets under management	621 080	646 213	668 855	647 995	627 599	602 400	596 254	579 129
Assets managed for external customers	126 193	134 367	136 792	123 811	121 308	111 821	103 378	100 106

KLP's sustainability accounts

Q2 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.

	30.06.2022	30.06.2021	30.06.2020	UN SDGs
Individual companies KLP has engaged in direct dialogue with on ESG issues	107	599	543	All SDGs
General meetings of Norwegian companies at which KLP has voted (number/percentage)	94 (94%)	57 (87 %)	79 (99 %)	n/a
General meetings of foreign companies at which KLP has voted (number/percentage)	6 638 (100%)	5 521 (99 %)	4 989 (96 %)	n/a
Companies excluded from investment	736	108	198	All SDGs

Comments on performance in the second quarter

In the second quarter, KLP was in dialogue with 58 companies on topics related to ESG, including human rights in conflict areas, indigenous rights in mining, employee rights in supply chains to meat producers, salmon producers on risks related to climate and biodiversity, deforestation in Brazil and election committees on board composition. Through the first half of the year, KLP was in dialogue with a total of 107 companies.

At the end of the second quarter, KLP had voted at 100 per cent of the general meetings of foreign companies, and at 94 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 second quarter, KLP excluded 26 companies for violations of KLP's exclusion criteria concerning gambling, coal and weapons. 30 companies were also re-included since they no longer violate KLP's guidelines as a responsible investor. At the end of the quarter, 736 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 2nd quarter 2022	30.06.2022	30.06.2021	30.06.2020	UN SDGs
Zero-emission investments	1 957	35 482	35 901	31 598	
Renewable energy	2 856	33 430	33 664	31 598	7. 9. 17.
<i>As a share of KLP's total investments</i>		4.7 %	5.0 %	5.0 %	7.
<i>Renewable energy in Norway</i>	1 974	21 820	24 248	23 038	7.
<i>Renewable energy internationally</i>	745	10 201	6 438	5 121	7.
<i>Renewable energy in developing countries</i>	137	1 409	1 053	868	7. 9. 17.
Sustainable forestry	14	2 051	1 533	-	13. 15.
Zero-emission ferries	- 914	-	704	-	9. 11. 13.
Transitional financing	868	21 227	13 336	9 499	-
Green buildings in the property portfolio	-	11 122	7 144	6 576	9.
<i>As a share of the portfolio's market value</i>		11.7 %	9.0 %	9.0 %	n/a
Green bonds	826	6 427	3 935	1 661	n/a
Green lending	43	2 574	2 258	1 262	6. 9. 11. 13.
Infrastructure	-	1 104	-	-	9.
Total climate-friendly investments	2 825	56 709	49 237	41 097	-
<i>As a share of KLP's total investments</i>		8.0 %	7.6 %	6.7 %	n/a
Fossil energy	-	14 552	8 554	8 053	-
<i>As a share of KLP's total investments</i>		2.1 %	1.3 %	1.0 %	n/a

Comments on performance in the second quarter

KLP increased our climate-friendly investments by new NOK 2.8 billion in the second quarter, to a total of NOK 56.7 billion. A large proportion of the new investments were in renewable energy, including the sustainable infrastructure fund Quinbrook who specialises in the green transition. The fund invests in technology such as renewable energy and battery storage. Through our investment partnership with Norfund, KLP also invested in CrossBoundary Energy, the leading developer and supplier of renewable energy in Africa. In 2018, KLP issued a loan to Fjord1 for the purchase of electric ferries. These loans were repaid before summer, leading to a reduction in climate-friendly investments.

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 2.0 to 2.1 per cent.

KLP's property portfolio and own operations

KLP has a responsibility to reduce the impact we have on climate, nature and the environment. Therefore, we work to reduce the footprint from our own operations and offices. As one of the largest real estate companies in the Nordic region, KLP also aims to

help create meeting places where people thrive and can realize their potential. We are concerned with reducing the environmental footprint of the real estate industry and have a long-term perspective on our properties. That is why we are working to improve ourselves in order to reduce energy consumption and handle waste in a better way.

Goals

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

	30.06.2022	30.06.2021	30.06.2020	UN SDGs
Number of flights	1 465	71	1 519	12.13.
Greenhouse gas emissions from flights (tonnes CO ₂ e)	95	4	182	12.13.
Energy consumption at KLP's own offices (kWh per m ²)	133	75	75	9. 13.
Energy consumption in KLP's property portfolio (kWh per m ²)	152	142	175	9.

Comments on performance in the second quarter

The reopening of society is reflected in the number of flights and energy consumption. The removal of restrictions on business travel has resulted in a big increase in the number of flights compared with the two last years. KLP continues to focus on reducing unnecessary flights, and the number of flights is still lower than before the pandemic. 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.

Innovation and social development

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

Lending to municipalities and county municipalities

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

Goals

To increase lending to purposes of this type.

MILLION NOK	New in 2nd quarter 2022	30.06.2022	30.06.2021	30.06.2020	UN SDGs
Lending in total	1 209	85 484	81 630	79 456	
Lending for roads and transport		9 141	2 526	1 745	9.
Lending for publicly owned real property		4 358	3 985	5 377	9.
Lending to the public sector and associated entities		69 437	71 514	69 477	9.
Lending for water and sewage services, and waste management		2 548	3 605	2 857	9.
Green lending	43	2 574	2 258	-	9.

Comments on performance in the second quarter

KLP's lending to municipalities and county municipalities increased by net NOK 1.2 billion in the second quarter. There were issued new green loans totalling NOK 60 million, and green lending increased by net NOK 42.7 million. The new green loans went to Hias IKS, Givas IKS and ReMidt IKS.

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 2nd quarter 2022	30.06.2022	30.06.2021	30.06.2020	UN SDGs
Seed capital investments in Norway	32	378	207	10	8.

Comments on performance in the second quarter

KLP's seed investments increased by NOK 32 million in the second 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 2nd quarter 2022	30.06.2022	30.06.2021	30.06.2020	UN SDGs
Banking and finance in developing countries	24	1 025	708	736	1. 5. 8. 9. 11. 17

Comments on performance in the second quarter

In the second quarter, KLP increased our investments in two of the Nordic Microfinance Initiative-funds, with the result that investments in banking and finance in developing countries increased by NOK 23 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.

	30.06.2022	30.06.2021	30.06.2020	UN SDGs
Employees at KLP	1 081	1 022	1 010	n/a
Total sickness absence	4.6 %	3.2 %	3.7 %	3.

Comments on performance in the second quarter

In the first half of the year, the total sickness absence was 4.6 per cent. This is slightly lower than last quarter, but higher than the second quarter in the two previous years. During the pandemic, infection control measures reduced the incidence of other illnesses, resulting in lower sickness absence. Some of the increase may be related to the fact that more people have had covid-19 and influenza.

UN Sustainable Development Goals which KLP contributes to

Goal 1, *No poverty*

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

Goal 3, *Good health and well-being*

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

Goal 5, *Gender equality*

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

Goal 6, *Clean water and sanitation for all*

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

Goal 7, *Affordable and clean energy*

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

Goal 8, *Decent work and economic growth*

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

Goal 9, *Industry, innovation and infrastructure*

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

Goal 10, *Reduced inequalities*

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

Goal 11, *Sustainable cities and communities*

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

Goal 12, *Responsible consumption and production*

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

Goal 13: *Climate action*

Goal 15, *Life on land*

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

Goal 17, *Partnership for the goals*

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

Notes and definitions

Engaged and responsible owner

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

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

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

Climate, environment and nature

Climate-friendly investments

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

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

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

Zero-emission investments

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

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

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

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

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

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

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, county 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

Q2 2022

Income statement

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
3	Premium income	25 578	26 593	33 081	33 634	50 161
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	7 007	3 171	7 192	2 821	6 736
	Interest income and dividends etc. on financial assets	2 786	3 139	5 227	7 566	12 587
	Value changes on investments	-18 159	6 921	-26 522	5 435	17 896
	Gains and losses realized on investments	-377	4 135	440	10 437	12 550
	Net income from investments in the common portfolio	-8 744	17 366	-13 664	26 259	49 770
	Net income from investments in the investment option portfolio	-62	64	-86	102	181
	Other insurance-related income	333	308	664	614	1 274
4	Claims	-5 725	-5 346	-16 367	-19 100	-30 438
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-10 598	-35 596	-1 269	-32 492	-59 440
	Changes in insurance liabilities taken to profit/loss - individual investment option portfolio	376	-74	-381	-72	-177
	Funds assigned to insurance contracts - contractual liabilities	0	0	0	0	-9 415
	Unallocated profit to insurance contracts	-446	-2 532	-550	-7 220	0
5	Insurance-related operating expenses	-380	-326	-748	-625	-1 372
	Other insurance-related costs	-343	-325	-674	-625	-1 286

NOTE	NOK MILLIONS	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
	Technical profit/loss	-11	133	7	477	-742
	Net income from investments in the corporate portfolio	229	348	340	620	1 292
	Other income	0	0	2	9	10
	Administration costs and other costs associated with the corporate portfolio	-73	-81	-133	-141	-272
	Non-technical profit/loss	156	266	209	488	1 030
	Profit/loss pre-tax	145	399	216	965	288
	Tax	13	-10	19	-115	125
	Income before other income and expenses	158	389	235	849	413
12	Actuarial gains and losses on defined benefits pension schemes	-229	0	41	118	48
	Proportion of other comprehensive income on application of the equity method	-132	0	24	66	36
	Adjustment of the insurance liabilities	40	0	-7	-21	-16
	Tax on other income and expenses that will not be reclassified to profit or loss	57	0	-10	-30	-12
	Total other income and expenses that will not be reclassified to profit or loss	-263	0	48	135	56
	TOTAL COMPREHENSIVE INCOME	-105	389	283	984	469

Statement of financial position

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	30.06.2022	30.06.2021	31.12.2021
ASSETS				
ASSETS IN THE CORPORATE PORTFOLIO				
	Intangible assets	851	710	727
7	Investment properties	1 005	1 002	1 004
	Shares and holdings in property subsidiaries	3 737	3 371	3 507
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	5 203	5 201	5 177
6	Financial assets valued at amortized cost	19 987	19 107	19 456
6,7	Financial assets valued at fair value	11 776	11 514	12 221
	Receivables	19 366	21 401	1 407
11	Right-of-use assets	919	1 027	973
	Other assets	1 255	1 026	796
Total assets in the corporate portfolio		64 099	64 359	45 268
ASSETS IN THE CUSTOMER PORTFOLIOS				
	Shares and holdings in property subsidiaries	76 569	64 664	70 206
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	5 626	4 955	4 958
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	12 159	12 887	12 524
6	Financial assets valued at amortized cost	265 442	250 342	259 608
6,7	Financial assets valued at fair value	301 037	293 432	311 984
Total investment in the common portfolio		660 834	626 280	659 281
	Shares and holdings in property subsidiaries	311	235	256
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	63	66	63
6	Financial assets at amortized costs	943	743	753
6,7	Financial assets at fair value	1 347	1 171	1 126
Total investments in the investment option portfolio		2 665	2 215	2 199
Total assets in the customer portfolios		663 499	628 495	661 480
TOTAL ASSETS		727 598	692 854	706 748

NOTE	NOK MILLIONS	30.06.2022	30.06.2021	31.12.2021
OWNERS' EQUITY AND LIABILITIES				
	Owners' equity contributed	19 701	17 937	19 831
	Retained earnings	21 453	22 172	20 847
	Total owners' equity	41 154	40 109	40 678
6	Subordinated loan capital etc.	4 576	4 623	4 604
	Premium reserve etc.	506 138	476 152	484 728
	Supplementary reserves	0	42 715	48 626
	Securities adjustment fund	0	67 709	77 397
	Buffer fund	104 970	0	0
	Premium funds, defined contribution funds, pension regulation funds etc.	40 167	37 610	40 769
	Unallocated profit to customers	547	7 160	0
	Total insurance liabilities - contractual liabilities	651 822	631 346	651 520
	Pension capital etc.	1 994	1 545	1 549
	Supplementary reserves	0	127	186
	Buffer fund	70	0	0
	Premium funds, defined contribution funds, pension regulation funds etc.	591	481	499
	Unallocated profit to customers	4	80	0
	Total insurance liabilities - special investment portfolio	2 659	2 233	2 234
12	Pension obligations	545	505	553
	Current tax liabilities	46	207	259
	Deferred tax liabilities	431	794	444
11	Lease liabilities	966	1 056	1 012
9	Liabilities	25 278	11 870	5 261
	Accrued costs and prepaid income	121	112	182
	TOTAL OWNERS' EQUITY AND LIABILITIES	727 598	692 854	706 748
OFF-BALANCE SHEET ITEMS				
	Contingent liabilities	26 832	26 263	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		-103	338	235
Actuarial gains and losses on defined benefits pension schemes			41	41
Proportion of other comprehensive income on application of the equity method			24	24
Adjustment of the insurance liabilities			-7	-7
Tax on other income and expenses that will not be reclassified to profit or loss			-10	-10
Total other income and expenses that will not be reclassified to profit or loss			48	48
Total comprehensive income (unallocated)		-103	386	283
Owners equity contribution recieved ¹	-130			-130
Total transactions with owners	-130			-130
Own funds 30 June 2022	19 701	4 821	16 632	41 154

¹ During the second quarter, NOK 1 119 million of ordinary equity capital contributions were called in to be paid in during the third quarter.

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		285	564	849
Actuarial gains and losses on defined benefits pension schemes			118	118
Proportion of other comprehensive income on application of the equity method			66	66
Adjustment of the insurance liabilities			-21	-21
Tax on other income and expenses that will not be reclassified to profit or loss			-30	-30
Total other income and expenses that will not be reclassified to profit or loss			135	135
Total comprehensive income (unallocated)		285	699	984
Owners equity contribution recieved ²	-257			-257
Total transactions with owners	-257			-257
Own funds 30 June 2021	17 937	5 689	16 483	40 109

² During the second quarter, NOK 1 053 million of ordinary equity capital contributions were called in to be paid in during the third quarter.

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 recieved	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 -30.06.2022	01.01.2022 -31.03.2022	01.01.2021 -31.12.2021	01.01.2021 -30.09.2021	01.01.2021 -30.06.2021
Net cashflow from operational activities	809	337	-346	-424	778
Net cashflow from investment activities ¹	-162	-78	-275	-211	-142
Net cashflow from financing activities ²	-187	-28	716	695	-312
Net changes in cash and bank deposits	460	231	95	61	323
Holdings of cash and bank deposits at start of period	755	755	659	659	659
Holdings of cash and bank deposits at end of period	1 215	985	755	720	983

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 – 30.06.2022. 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.

KLP has changed its guiding assumptions for calculating pension liabilities. The changes from the year end are presented in the table below:

	31.12.2021	30.06.2022	Change
Discount rate	1.90 %	3.20 %	1.30 %
Salary growth	2.75 %	3.50 %	0.75 %
National Insurance basic amount (G)	2.50 %	3.25 %	0.75 %
Pension increases	1.75 %	2.48 %	0.73 %
Social security contributions	14.10 %	14.10 %	0.00 %
Capital activity tax	5.00 %	5.00 %	0.00 %

In total, these changes result in a NOK 41 million decrease in pension liabilities for the company.

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

Note 2 **Value-adjustment investment property**

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

NOK MILLIONS	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Value adjustment incl. foreign exchange	6 363	2 473	5 918	1 291	3 984
Foreign exchange effect on hedging	-1 186	-517	-162	698	1 382
Net value adjustment incl. exchange hedging	5 177	1 956	5 756	1 990	5 366

Note 3 **Premium income**

NOK MILLIONS	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Gross premiums due	25 569	26 593	32 695	33 634	50 161
Transfer of premium reserves from others	9	0	386	0	0
Total premium income	25 578	26 593	33 081	33 634	50 161

Note 4 **Claims**

NOK MILLIONS	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Claims paid	5 943	5 418	11 709	10 753	22 092
Transfers of premium reserves to others	-218	-73	4 658	8 346	8 346
Total claims	5 725	5 346	16 367	19 100	30 438

Note 5 **Insurance-related operating expenses**

NOK MILLIONS	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
Personnel costs	215	185	428	373	735
Depreciation	41	49	92	99	270
Other operating expenses	124	91	229	153	366
Total insurance-related operating expenses	380	326	748	625	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.

30.06.2022 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	492	500	3 448	3 467	2	2	3 942	3 969
Accrued not due interest	9	9	87	87	0	0	96	96
Foreign hold-to-maturity bonds	6 368	6 235	15 235	15 141	38	39	21 642	21 414
Accrued not due interest	18	18	202	202	1	1	220	220
Total investments held to maturity	6 887	6 762	18 972	18 896	41	41	25 899	25 699
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	5 030	4 697	54 586	50 956	297	276	59 912	55 930
Accrued not due interest	70	70	807	807	5	5	881	881
Foreign bonds	7 839	7 381	110 566	103 403	591	554	118 996	111 338
Accrued not due interest	162	162	1 708	1 708	10	10	1 880	1 880
Total bonds classified as loans and receivables	13 100	12 309	167 666	156 874	903	846	181 668	170 029
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	3 133	3 033	0	0	3 133	3 033
Lending with public sector guarantee	0	0	69 431	68 136	0	0	69 431	68 136
Loans abroad secured by mortgage and local government guarantee	0	0	5 941	5 941	0	0	5 941	5 941
Accrued not due interest	0	0	298	298	0	0	298	298
Total other loans and receivables	0	0	78 804	77 407	0	0	78 804	77 407
Total financial assets at amortized cost	19 987	19 071	265 442	253 178	943	887	286 372	273 135
ASSETS – AT FAIR VALUE								

30.06.2022 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
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	6	6	10 132	10 132	0	0	10 138	10 138
Foreign shares	0	0	41 039	41 039	0	0	41 039	41 039
Total shares	6	6	51 171	51 171	0	0	51 177	51 177
Property funds	0	0	9 245	9 245	49	49	9 294	9 294
Norwegian equity funds	0	0	82 146	82 146	838	838	82 983	82 983
Foreign equity funds	0	0	34 237	34 237	0	0	34 237	34 237
Total equity fund units	0	0	125 628	125 628	887	887	126 515	126 515
Norwegian alternative investments	0	0	1 920	1 920	11	11	1 931	1 931
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	1 920	1 920	11	11	1 931	1 931
Total shares and units	6	6	178 719	178 719	898	898	179 622	179 622
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	6 336	6 336	26 845	26 845	0	0	33 181	33 181
Foreign bonds	314	314	17 702	17 702	0	0	18 016	18 016
Accrued not due interest	27	27	293	293	0	0	320	320
Norwegian fixed-income funds	2 667	2 667	20 765	20 765	302	302	23 735	23 735
Foreign fixed-income funds	0	0	30 570	30 570	0	0	30 570	30 570
Accrued not due interest	1	1	65	65	1	1	67	67
Norwegian certificates	354	354	2 060	2 060	0	0	2 415	2 415
Foreign certificates	0	0	417	417	0	0	417	417

30.06.2022 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
Accrued not due interest	1	1	5	5	0	0	6	6
Fixed income securities	9 702	9 702	98 722	98 722	304	304	108 727	108 727
Norwegian loans and receivables	974	974	1 714	1 714	98	98	2 786	2 786
Foreign loans and receivables	532	532	6 411	6 411	46	46	6 989	6 989
Total loans and receivables	1 506	1 506	8 125	8 125	144	144	9 775	9 775
DERIVATIVES								
Interest rate swaps	559	559	17	17	0	0	577	577
Share options	0	0	0	0	0	0	0	0
Forward exchange contracts	0	0	481	481	1	1	482	482
Total financial derivatives classified as assets	559	559	498	498	1	1	1 059	1 059
OTHER FINANCIAL ASSETS								
Other financial assets	3	3	14 974	14 974	1	1	14 977	14 977
Total financial assets valued at fair value	11 776	11 776	301 037	301 037	1 347	1 347	314 160	314 160
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	880	880	0	0	880	880
Forward exchange contracts	83	83	4 602	4 602	27	27	4 712	4 712
Total financial derivatives classified as liabilities	83	83	5 482	5 482	27	27	5 592	5 592

30.06.2022 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
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 026	3 314	0	0	0	0	3 026	3 314
Hybrid Tier 1 securities	1 550	1 345	0	0	0	0	1 550	1 345
Total subordinated loan capital etc.	4 576	4 659	0	0	0	0	4 576	4 659
LIABILITIES TO CREDIT INSTITUTIONS								
Repos	0	0	1 300	1 300	0	0	1 300	1 300
Norwegian call money ¹	0	0	1 296	1 296	3	3	1 299	1 299
Foreign call money ¹	672	672	60	60	17	17	749	749
Total liabilities to credit institutions	672	672	2 656	2 656	20	20	3 348	3 348

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

30.06.2021 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

30.06.2021 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
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	540	626	4 445	4 890	11	11	4 996	5 527
Accrued not due interest	10	10	107	107	0	0	117	117
Foreign hold-to-maturity bonds	6 291	6 586	16 164	17 681	38	43	22 493	24 309
Accrued not due interest	18	18	214	214	1	1	233	233
Total investments held to maturity	6 859	7 239	20 930	22 892	50	55	27 838	30 186
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	4 605	4 755	48 465	49 297	205	214	53 275	54 265
Accrued not due interest	65	65	732	732	4	4	801	801
Foreign bonds	7 424	7 819	101 922	109 379	476	502	109 821	117 700
Accrued not due interest	155	155	1 587	1 587	8	8	1 750	1 750
Total bonds classified as loans and receivables	12 248	12 793	152 706	160 995	693	729	165 648	174 517
OTHER LOANS AND RECEIVABLES								
Secured loan	0	0	3 086	3 105	0	0	3 086	3 105
Lending with public sector guarantee	0	0	65 089	65 849	0	0	65 089	65 849
Loans abroad secured by mortgage and local government guarantee	0	0	8 246	8 246	0	0	8 246	8 246
Accrued not due interest	0	0	285	285	0	0	285	285
Total other loans and receivables	0	0	76 706	77 485	0	0	76 706	77 485
Total financial assets at amortized cost	19 107	20 032	250 342	261 372	743	784	270 192	282 187

ASSETS – AT FAIR VALUE

30.06.2021 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	7	7	8 512	8 512	0	0	8 518	8 518
Foreign shares	0	0	32 654	32 654	0	0	32 654	32 654
Total shares	7	7	41 166	41 166	0	0	41 172	41 172
Property funds	0	0	4 730	4 730	0	0	4 730	4 730
Norwegian equity funds	0	0	90 720	90 720	711	711	91 430	91 430
Foreign equity funds	0	0	22 096	22 096	0	0	22 096	22 096
Total equity fund units	0	0	117 546	117 546	711	711	118 256	118 256
Norwegian alternative investments	0	0	1 865	1 865	9	9	1 874	1 874
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	1 866	1 866	9	9	1 874	1 874
Total shares and units	7	7	160 577	160 577	719	719	161 303	161 303
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	5 812	5 812	27 316	27 316	0	0	33 128	33 128
Foreign bonds	434	434	18 633	18 633	0	0	19 066	19 066
Accrued not due interest	18	18	271	271	0	0	289	289
Norwegian fixed-income funds	2 665	2 665	30 276	30 276	316	316	33 257	33 257
Foreign fixed-income funds	0	0	29 997	29 997	0	0	29 997	29 997
Accrued not due interest	148	148	2 864	2 864	19	19	3 031	3 031
Norwegian certificates	100	100	4 200	4 200	0	0	4 300	4 300
Foreign certificates	0	0	550	550	0	0	550	550

30.06.2021 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Accrued not due interest	0	0	2	2	0	0	2	2
Fixed income securities	9 177	9 177	114 109	114 109	335	335	123 621	123 621
Norwegian loans and receivables	985	985	6 305	6 305	48	48	7 337	7 337
Foreign loans and receivables	699	699	6 675	6 675	70	70	7 444	7 444
Total loans and receivables	1 684	1 684	12 980	12 980	117	117	14 781	14 781
DERIVATIVES								
Interest rate swaps	646	646	10	10	0	0	656	656
Share options	0	0	223	223	0	0	223	223
Forward exchange contracts	0	0	76	76	0	0	77	77
Total financial derivatives classified as assets	646	646	310	310	0	0	956	956
OTHER FINANCIAL ASSETS								
Other financial assets	1	1	5 456	5 456	0	0	5 457	5 457
Total financial assets valued at fair value	11 514	11 514	293 432	293 432	1 171	1 171	306 118	306 118
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	477	477	0	0	477	477
Forward exchange contracts	1	1	2 543	2 543	11	11	2 555	2 555
Total financial derivatives classified as liabilities	1	1	3 020	3 020	11	11	3 032	3 032

30.06.2021 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	2 989	3 351	0	0	0	0	2 989	3 351
Hybrid Tier 1 securities	1 635	1 585	0	0	0	0	1 635	1 585
Total subordinated loan capital etc.	4 623	4 937	0	0	0	0	4 623	4 937
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	527	527	3	3	529	529
Foreign call money ¹	898	898	247	247	17	17	1 162	1 162
Total liabilities to credit institutions	898	898	774	774	19	19	1 692	1 692

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

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

ASSETS – AT FAIR VALUE

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

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

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

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

Note 7 Fair value hierarchy

30.06.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	356	0	356
<i>Bonds</i>	48	6 630	0	6 678
<i>Fixed-income funds</i>	2 669	0	0	2 669
Fixed-income securities	2 716	6 986	0	9 702
Loans and receivables	722	784	0	1 506
<i>Shares</i>	0	0	6	6
Shares and units	0	0	6	6
Financial derivatives	0	559	0	559
Other financial assets	0	3	0	3
Total corporate portfolio	3 438	8 332	6	11 776
COMMON PORTFOLIO				
<i>Certificates</i>	867	1 616	0	2 483
<i>Bonds</i>	20 085	24 755	0	44 840
<i>Fixed-income funds</i>	34 128	9 522	7 750	51 399
Fixed-income securities	55 079	35 893	7 750	98 722
Loans and receivables	7 805	319	0	8 125
<i>Shares</i>	47 051	1 170	2 950	51 171
<i>Equity funds</i>	82 977	0	51	83 028
<i>Property funds</i>	0	2 269	6 976	9 245
<i>Special funds</i>	0	1 920	0	1 920
<i>Private Equity</i>	0	0	33 355	33 355
Shares and units	130 029	5 359	43 331	178 719
Financial derivatives	0	498	0	498
Other financial assets	0	14 974	0	14 974
Total common portfolio	192 913	57 044	51 080	301 037
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	295	8	0	304
Fixed-income securities	295	8	0	304
Loans and receivables	144	0	0	144
<i>Equity funds</i>	838	0	0	838
<i>Property funds</i>	0	0	49	49

30.06.2022 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<i>Special funds</i>	0	11	0	11
Shares and units	838	11	49	898
Financial derivatives	0	1	0	1
Other financial assets	0	1	0	1
Total investment option portfolio	1 277	21	49	1 347
Total financial assets valued at fair value	197 628	65 396	51 136	314 160
CORPORATE PORTFOLIO				
Investment property	0	0	1 005	1 005
Total investment property	0	0	1 005	1 005
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	83	0	83
Debt to credit institutions	672	0	0	672
Total corporate portfolio	672	83	0	755
COMMON PORTFOLIO				
Financial derivatives	0	5 482	0	5 482
Debt to credit institutions	2 656	0	0	2 656
Total common portfolio	2 656	5 482	0	8 139
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	27	0	27
Debt to credit institutions	20	0	0	20
Total investment option portfolio	20	27	0	47
Total financial liabilities at fair value	3 348	5 593	0	8 941

30.06.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	100	0	100
<i>Bonds</i>	0	6 264	0	6 264
<i>Fixed-income funds</i>	2 813	0	0	2 813
Fixed-income securities	2 813	6 364	0	9 177
Loans and receivables	820	864	0	1 684
<i>Shares</i>	0	0	7	7
Shares and units	0	0	7	7
Financial derivatives	0	646	0	646
Other financial assets	0	1	0	1
Total corporate portfolio	3 633	7 874	7	11 514

30.06.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
COMMON PORTFOLIO				
<i>Certificates</i>	2 973	1 779	0	4 752
<i>Bonds</i>	20 558	25 662	0	46 220
<i>Fixed-income funds</i>	48 857	8 643	5 637	63 137
Fixed-income securities	72 388	36 084	5 637	114 109
Loans and receivables	12 664	316	0	12 980
<i>Shares</i>	38 176	327	2 662	41 166
<i>Equity funds</i>	92 184	0	49	92 233
<i>Property funds</i>	0	1 117	3 613	4 730
<i>Special funds</i>	0	1 866	0	1 866
<i>Private Equity</i>	0	0	20 582	20 582
Shares and units	130 360	3 310	26 906	160 577
Financial derivatives	0	310	0	310
Other financial assets	0	5 456	0	5 456
Total common portfolio	215 413	45 477	32 543	293 432
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	328	7	0	335
Fixed-income securities	328	7	0	335
Loans and receivables	117	0	0	117
<i>Equity funds</i>	711	0	0	711
<i>Special funds</i>	0	9	0	9
Shares and units	711	9	0	719
Financial derivatives	0	0	0	0
Other financial assets	0	0	0	0
Total investment option portfolio	1 156	16	0	1 171
Total financial assets valued at fair value	220 202	53 366	32 550	306 118
CORPORATE PORTFOLIO				
Investment property	0	0	1 002	1 002
Total investment property	0	0	1 002	1 002
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	1	0	1
Debt to credit institutions	898	0	0	898
Total corporate portfolio	898	1	0	900

30.06.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
COMMON PORTFOLIO				
Financial derivatives	0	3 020	0	3 020
Debt to credit institutions	774	0	0	774
Total common portfolio	774	3 020	0	3 795
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	11	0	11
Debt to credit institutions	19	0	0	19
Total investment option portfolio	19	11	0	30
Total financial liabilities at fair value	1 692	3 032	0	4 724

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

31.12.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	292	7	0	298
Fixed-income securities	292	7	0	298
Loans and receivables	74	0	0	74
<i>Equity funds</i>	740	0	0	740
<i>Special funds</i>	0	9	0	9
Shares and units	740	9	0	749
Financial derivatives	0	6	0	6
Other financial assets	0	0	0	0
Total investment option portfolio	1 105	21	0	1 126
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 30.06.2022	Book value 30.06.2021	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 30.06./31.12.	6	7	8
Realised gains/losses	0	0	0
Changes in Level 3 shares, unlisted COMMON PORTFOLIO	Book value 30.06.2022	Book value 30.06.2021	Book value 31.12.2021
Opening balance 01.01.	2 721	2 545	2 545
Sold	-20	0	0
Bought	1	4	15
Unrealised changes	247	113	161
Closing balance 30.06./31.12.	2 950	2 662	2 721
Realised gains/losses	-13	0	0
Changes in Level 3 equity funds, unlisted COMMON PORTFOLIO	Book value 30.06.2022	Book value 30.06.2021	Book value 31.12.2021
Opening balance 01.01.	50	55	55
Sold	0	0	0
Bought	0	0	0
Unrealised changes	0	-6	-5
Closing balance 30.06./31.12.	50	49	50
Realised gains/losses	0	0	0
Changes in Level 3, private equity, fixed- income funds and property funds COMMON PORTFOLIO	Book value 30.06.2022	Book value 30.06.2021	Book value 31.12.2021
Opening balance 01.01.	40 127	23 312	23 312
Sold	-2 480	-1 646	-4 551
Bought	6 012	4 976	13 793
Unrealised changes	4 420	3 190	7 574
Closing balance 30.06./31.12.	48 080	29 832	40 127
Realised gains/losses	955	870	2 236
Changes in Level 3, property funds INVESTMENT OPTION PORTFOLIO	Book value 30.06.2022	Book value 30.06.2021	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 30.06./31.12.	49	0	0
Realised gains/losses	0	0	0

Changes in Level 3, investment property CORPORATE PORTFOLIO	Book value 30.06.2022	Book value 30.06.2021	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	20	20	40
Other	-20	-35	-53
Closing balance 30.06./31.12.	1 005	1 002	1 004
Realised gains/losses	0	0	0
Total level 3	52 140	33 552	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 simply and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length.

LEVEL 1:

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

LEVEL 2:

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

LEVEL 3:

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

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

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

No sensitivity analysis has been carried out on securities included in Level 3. A change in the variables of the pricing is considered of little significance on the securities. A sensitivity analysis for investment property is available in the annual report. On a general basis, a 5 percent change in the pricing would produce a change of NOK 2 607 million as of 30.06.2022 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 2nd quarter, NOK 240 million was moved from Level 1 to Level 2 and NOK 59 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

30.06.2022 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	1 059	0	1 059	-475	-741	-18	0
Total	1 059	0	1 059	-475	-741	-18	0
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	498	0	498	-474	-54	-18	0
Total assets – corporate portfolio	559	0	559	0	-672	0	0
Total assets – investment option portfolio	1	0	1	-1	-15	0	0
Total	1 059	0	1 059	-475	-741	-18	0
LIABILITIES							
Financial derivatives	5 592	0	5 592	-475	-158	-6 205	139
Total	5 592	0	5 592	-475	-158	-6 205	139
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	5 482	0	5 482	-474	-155	-6 205	31
Total liabilities – corporate portfolio	83	0	83	0	0	0	83
Total liabilities – investment option portfolio	27	0	27	-1	-2	0	25
Total	5 592	0	5 592	-475	-158	-6 205	139

30.06.2021 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	956	0	956	-87	-820	0	241
Total	956	0	956	-87	-820	0	241
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	310	0	310	-87	-130	0	223
Total assets – corporate portfolio	646	0	646	0	-678	0	18
Total assets – investment option portfolio	0	0	0	0	-12	0	0
Total	956	0	956	-87	-820	0	241
LIABILITIES							
Financial derivatives	3 032	0	3 032	-87	-111	-2 462	391
Total	3 032	0	3 032	-87	-111	-2 462	391
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	3 020	0	3 020	-87	-108	-2 462	381
Total liabilities – corporate portfolio	1	0	1	0	0	0	1
Total liabilities – investment option portfolio	11	0	11	0	-3	0	8
Total	3 032	0	3 032	-87	-111	-2 462	391

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	30.06.2022	30.06.2021	31.12.2021
Short-term liabilities securities	15 377	6 213	367
Advance tax-deduction pension scheme	843	760	491
Accounts payable	-7	44	10
Derivatives	5 592	3 032	2 014
Debt to credit institutions	3 348	1 692	1 651
Liabilities related to direct insurance	99	107	699
Other liabilities	26	21	30
Total liabilities	25 278	11 870	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. 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 340 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 340 per cent.

	30.06.2022	30.06.2021	31.12.2021
SOLVENCY II-SCR RATIO	340 %	282 %	316 %
NOK BILLIONS	30.06.2022	30.06.2021	31.12.2021
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT			
Assets, book value	727	692	706
Added values - hold-to-maturity portfolio/loans and receivables	-13	12	7
Added values - other lending	0	0	0
Other added/lesser values	0	0	0
Deferred tax asset	0	0	0
Total assets - solvency II	714	704	713
NOK BILLIONS	30.06.2022	30.06.2021	31.12.2021
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT			
Best estimate	630	631	647
Risk margin	11	14	13
Hybrid Tier 1 securities/Subordinated loan capital	5	5	5
Other liabilities	32	19	11
Deferred tax liabilities	0	1	1
Total liabilities - solvency II	677	670	676
Excess of assets over liabilities	37	34	36
- Deferred tax asset	0	0	0
+ Hybrid Tier 1 securities	2	2	2
Tier 1 basic own funds	38	36	38
Total eligible tier 1 own funds	38	36	38
Subordinated loans	3	3	3
Tier 2 basic own funds	3	3	3
Ancillary own funds	13	12	12
Tier 2 ancillary own funds	13	12	12
Deduction for max. eligible tier 2 own funds	-9	-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	45	43	45
Market risk	7	7	7
Diversification market risk	-2	-2	-2
Counterparty risk	0	0	0
Life risk	12	14	13
Diversification life risk	-2	-3	-2

	30.06.2022	30.06.2021	31.12.2021
Diversification general	-3	-3	-3
Operational risk	3	3	3
Loss absorbing ability deferred tax	-2	-1	-2
Solvency capital requirement (SCR)	13	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 I -SCR ratio	340 %	282 %	316 %

Note 11 Leases

NOK MILLIONS			30.06.2022	30.06.2021	31.12.2021
RIGHT-OF-USE ASSETS			Property		
Opening balance 01.01.			973	1 081	1 081
Depreciation			-54	-54	-108
Closing balance			919	1 027	973

NOK MILLIONS			30.06.2022	30.06.2021	31.12.2021
LEASE LIABILITIES			Property		
Opening balance 01.01.			1 012	1 099	1 099
Repayments			-46	-43	-88
Closing balance			966	1 056	1 012

NOK MILLIONS	Q2 2022	Q2 2021	01.01.2022 -30.06.2022	01.01.2021 -30.06.2021	01.01.2021 -31.12.2021
			Property		
Interest expense lease liabilities	6	6	12	13	26
Interest expense lease liabilities	6	6	12	13	26

Note 12 Pension obligations

NOK MILLIONS	30.06.2022	30.06.2021	31.12.2021
Capitalized net liability 01.01.	553	594	594
Capitalized pension costs	62	55	110
Capitalized financial costs	7	6	12
Actuarial gains and losses	-41	-118	-48
Premiums / contributions received	-36	-33	-116
Capitalized net liability 30.06. / 31.12.	545	505	553
ASSUMPTIONS	30.06.2022	30.06.2021	31.12.2021
Discount rate	3.20 %	2.00 %	1.90 %
Salary growth	3.50 %	2.25 %	2.75 %
The National Insurance basic amount (G)	3.25 %	2.00 %	2.50 %
Pension increases	2.48 %	1.24 %	1.75 %
Social security contribution rate	14.10 %	14.10 %	14.10 %
Capital activity tax	5.00 %	5.00 %	5.00 %

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 41 million as of 30.06.2022. The change is recognized in "Total other income and expenses that will not be reclassified to profit or loss".