



Interim report

Q1 2021 – KLP AND KLP GROUP

Table of Contents

KLP Group	4
Report for the first quarter of 2021	4
Income statement	13
Financial position statement	14
Changes in Owners' equity	15
Statement of cash flows	16
Notes to the financial statements	16
Note 1 Accounting principles –and estimates	16
Note 2 Segment information	17
Note 3 Premium income for own account	22
Note 4 Other income	22
Note 5 Subordinated loans and perpetual hybrid tier 1 securities	22
Note 6 Operating expenses	23
Note 7 Other expenses	23
Note 8 Investment property	23
Note 9 Fair value of financial assets and liabilities	23
Note 10 Borrowing	33
Note 11 Fair value hierarchy	35
Note 12 Liquidity risk	39
Note 13 Interest rate risk	43
Note 14 Credit risk	47
Note 15 Technical provisions in life insurance	55
Note 16 Other current liabilities	55
Note 17 SCR ratio	55
Note 18 Presentation of assets and liabilities that are subject to net settlement	58
Note 19 Pension obligations	61
Key figures - Accumulated	62
KLP Sustainability Accounts	66
Integrating corporate responsibility into all our operations	66
Employee statistics	66
Climate and environment	67
Increasing investments that promote sustainable development and support our financial goals	69
Increase climate-friendly investments	69
Finance in developing countries	73
Seed investments	76
Engaging companies and industries for a more sustainable operation	78
Engaged and responsible owner	78
Developing products and services that contribute to positive development in society	80
Lending business	80

KLP	83
Income statement.....	83
Statement of financial position	84
Changes in Owners' equity	86
Statement of cash flows.....	87
Notes to the financial statements.....	87
Note 1 Accounting principles- and estimates	87
Note 2 Value-adjustment investment property.....	89
Note 3 Premium income.....	89
Note 4 Claims.....	89
Note 5 Insurance-related operating expenses	89
Note 6 Fair value of financial assets and liabilities	89
Note 7 Fair value hierarchy	102
Note 8 Presentation of assets and liabilities that are subject to net settlement	110
Note 9 Liabilities.....	113
Note 10 SCR ratio	113
Note 11 Leases.....	116
Note 12 Pension obligations.....	116
Note 13 Administration costs and other costs associated with the corporate portfolio ..	117
Note 14 Premium reserve.....	117
Contact information	117

KLP Group

Q1 2021

Report for the first quarter of 2021

Solid rise in the stock market boosted KLP's first quarter results

- The value-adjusted return after the first quarter of 2021 was 1.5 per cent, while the book return ended at 1.4 per cent.
- Good profit contribution from the subsidiaries.

KLP – a customer-owned group

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

At the end of the first quarter of 2021, the Group had total assets of NOK 813.5 billion, an increase of NOK 6.4 billion in the first quarter.

The Group's total comprehensive income was NOK 601 (-270) million in the first quarter.

Kommunal Landspensjonskasse

Pension schemes within the public sector are offered and administered by the Group's parent company, Kommunal Landspensjonskasse. Out of KLP's total assets of NOK 650.6 billion, NOK 595.7 billion is linked to insurance obligations within public-sector occupational pensions.

Results for the first quarter of 2021

Returns result

KLP achieved a returns result (returns in excess of the average guaranteed rate of return) of NOK 4.7 (-0.1) billion in the first quarter. The value-adjusted return on the common portfolio was 1.5 per cent, while the book return was 1.4 per cent.

Risk result

The risk events in the stock are within expectations throughout the year and will vary from quarter to quarter. The result was NOK 191 million in the first quarter.

Administration result

The Company's administration result shows a surplus of NOK 41 (39) million in the first quarter. Insurance-related operating costs came to NOK 299 (293) million in the first quarter.

Total profit/loss

Total profit/loss to the Company stands at NOK 595 (-271) million for the first quarter. The customer result is NOK 4.7 (0.1) billion for the year.

NOK millions	Customers	Company	Total
Returns result	4 613	75	4 688
Risk result	95	95	191
Interest guarantee premium		126	126
Administration result		41	41
Other income from technical accounts		6	6
Net income from investments in the corporate portfolio and other income/expenses in non-technical accounts		222	222
Tax		-105	-105
Other profit/loss elements		135	135
Profit after Q1 2021	4 708	595	5 304
Profit after Q1 2020	100	-271	-171

Financial strength and capital-related matters

KLP's total assets were reduced by NOK 1.7 billion in the first quarter and now amount to NOK 650.6 billion. The premium reserve decreased by NOK 4.8 billion to NOK 452.7 billion in the same period.

The securities adjustment fund increased by NOK 1.4 billion to NOK 56.6 billion after the first quarter.

Without applying transitional rules, the Company's solvency capital requirement (SCR) is 287 per cent. Taking account of the transitional arrangement for technical provisions, capital adequacy was 343 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	At 31.03.2021	At 31.03.2020
Book returns	1,4	0,6
Value-adjusted returns	1,5	-3,7
Value-adjusted incl. added value in hold-to-maturity bonds and lending	0,8	-3,4
<i>The returns figures apply to the common portfolio</i>		
Capital adequacy, Solvency II		234
Capital adequacy, Solvency II, with transitional measures		285

Premium income

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

Claims/benefits

Pensions paid and other claims, excluding ceded premium reserves, amounted to NOK 5.3 (5.1) billion for the first quarter.

Management of the common portfolio

The assets in the common portfolio totalled NOK 603.1 (570.6) billion and were invested as shown below:

Assets	At 31.03.2021		At 31.03.2020	
	Proportion	Return	Proportion	Return
All figures in per cent				
Equities	25,8 %	5,0 %	19,2 %	-15,6 %
Short-term bonds	16,2 %	-2,4 %	16,2 %	-1,1 %
Long-term/HTM bonds	29,0 %	0,9 %	30,4 %	1,0 %
Lending	12,7 %	0,4 %	13,7 %	0,6 %
Property	13,2 %	0,9 %	13,6 %	0,9 %
Other financial assets	3,1 %	0,3 %	6,9 %	-0,3 %

Equities

Total exposure in shares and alternative investments, including equity derivatives, was 25.8 per cent at the end of the first quarter. The total return on shares and alternative investments was 5.0 per cent in the quarter. The return on KLP's global equities was 5.7 per cent, while KLP's Norwegian equity portfolio returned 9.2 per cent in the quarter.

Short-term bonds and the money market

Short-term bonds accounted for 16.2 per cent and money-market instruments 3.1 per cent of the assets in the common portfolio at the end of the first quarter. Norwegian, European and US government interest rates all rose during the quarter. KLP's global government bond index achieved a currency-hedged return of minus 2.8 per cent in the quarter, while the return on the Norwegian government bond index was minus 1.6 per cent. Global credit margins were approximately 5 basis points lower at 31 March compared to the beginning of the year. The quarterly return for KLP's global credit bond index was minus 3.3 per cent. In total, short-term bonds achieved returns of minus 2.4 per cent in the first quarter. The money market return was 0.3 per cent for the quarter.

Long-term bonds

Investment in long-term bonds and bonds held to maturity made up 29.0 per cent of the common portfolio at 31.03.2021. Unrecognised added values in the common portfolio amounted to NOK 9.7 billion at 31.03.2021. The portfolio is well diversified and consists of securities issued by creditworthy borrowers. The return measured at amortised cost in the first quarter was 0.9 per cent.

Property

Property investments, including Norwegian and international real estate funds, made up 13.2 per cent of the common portfolio. Property values in the common portfolio were adjusted upwards by NOK 12 million in the quarter. Property investments in the common portfolio achieved a return of 0.9 per cent in the first quarter.

Lending

Lending in the common portfolio totals NOK 75.3 billion. This is split between NOK 62.8 billion in loans to the public sector, NOK 1.7 billion in loans with government guarantees and NOK 3.2 billion in secured mortgage loans, with the remaining NOK 7.6 billion used for other purposes. The lending portfolio is of high quality, with no losses on municipal loans and very modest provisions for losses on mortgage loans. Unrecognised added values in the lending portfolio (fixed-interest loans) totalled NOK 821 million at 31.01.2021. The return for the first quarter was 0.4 percent.

Returns on the corporate portfolio

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

The corporate portfolio is managed with a moderate-risk long-term investment horizon, with the object of stable returns. Investments in the corporate portfolio achieved a return of 0.8 per cent in the first quarter.

Market conditions for pensions

In 2020 other private-sector operators entered the market for insured solutions in public-sector occupational pensions. One county municipality and several closed agreements moved away from KLP at the beginning of 2021. The total volume of the outflow was NOK 8.4 billion. There were no moves to KLP at the start of 2021.

Other matters

Since 13 March 2020, employees of KLP and its subsidiaries have been working partly from home. Operationally, this has worked well and no particular issues affecting normal operations have been reported.

It is too early to say how Covid-19 and the pandemic situation will affect the drawing of disability pensions in KLP's membership base over time. Historical figures up to 2019 indicate that we have margins built into the calculation basis for disability. Because of the uncertainty surrounding disability going forward, most of these margins will be retained until further notice.

Business areas of the subsidiaries

Non-life insurance

The first quarter of 2021 produced a pre-tax operating profit of NOK 71.6 (-126.1) million. The main reason for the big improvement is that the financial markets were in a slight trough in the first quarter of 2020, while this year's returns are roughly as expected. So far this year, insurance profits are better than expected, mainly due to fewer major claims.

Following contract awards in the fourth quarter of 2020, the Company had good premium growth in the first quarter, and the premium volume was NOK 1,887 (1,697) million at the end of the first quarter of 2021. Product profitability remains weak in some areas, but the Company noted, as it did last year, that premiums were increasing. Premiums due increased by 9.7 per cent, or NOK 158 million, compared with the same time in 2020. For the public-sector and corporate markets, premiums increased by 9.0 per cent, while the corresponding increase for the retail market was 12.3 per cent.

No claims for more than NOK 10 million have been reported in the first quarter. Four claims have been reported in the range between NOK 3 and 10 million. These claims total NOK 22 million.

Reversal of previous years' claims is still positive, and this year NOK 33 million has so far been taken to income, equivalent to 1.8 per cent of the reserves at the beginning of the year.

Key figures for the Company

	At 31.03 2021	At 31.03 2020	Whole of 2020
Claims ratio	72,8	86,8	83
Cost ratio	16,4	18,9	17,6
Total cost ratio	89,2	105,7	100,6

Net financial income in the first quarter of 2021 was NOK 30 (-104) million, equivalent to 0.6 (-2.3) per cent. The equity portfolio had steady positive growth in the quarter with a return of 6.1 per cent, while the company's investments in interest-bearing funds returned minus 1.2 per cent, largely because of increased interest rates. The Company's long-term bonds had a yield of 0.8 per cent. The return on property investments was 1.2 per cent.

Because of this positive result, the solvency margin (SCR) increased from 237 per cent at the end of 2020 to 238 per cent at the end of the first quarter of 2021.

Asset and fund management

KLP Kapitalforvaltning provides securities management in the KLP Group. It had a total of NOK 602 billion under management at the end of the first quarter, of which NOK 112 billion came from 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 10 billion in the first quarter. Of this, external customers had net new subscriptions of NOK 4.4 billion.

The Company achieved a result before tax of NOK 20.7 million in the first quarter.

Bank

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

As of 31 March, the KLP Banken Group had loans to customers totalling NOK 37.6 (36.0) billion. The split between the retail market and the public sector was NOK 20.9 (19.2) billion and 16.7 (16.8) billion respectively.

KLP Banken manages NOK 3.2 (3.4) billion in mortgage loans and NOK 72.6 (71.2) billion in loans to public-sector borrowers and other businesses.

So far this year, the retail market in KLP Banken has seen slightly weaker growth in mortgages, which increased by NOK 0.3 billion compared to NOK 0.8 billion last year. Total new payments are at the same level as last year, so redemptions have increased. The Bank's mortgage products are aimed at the target group of members of the KLP pension schemes, and young borrowers in particular account for a large part of the growth.

Lending volume to the public-sector market on KLP Banken's balance sheet fell in the first quarter by NOK 0.9 (0.2) billion. Loans to public-sector borrowers managed on behalf of KLP increased by NOK 1.1 (0.7) billion in the same period. Managed loans to foreign debtors in other currencies decreased by NOK 2.4 billion so far this year to NOK 7.5 billion.

The Bank's lending margins were relatively stable through the first quarter despite low interest rates and increasing competition in both lending areas. The Bank's operating income, in the form of net interest income, was NOK 78.7 (78.5) million at the end of the first quarter.

KLP Banken's liquidity is invested in other banks and in interest-bearing securities. The portfolio of interest-bearing securities amounts to NOK 3.3 (5.9) billion.

The Bank's net gain/loss on financial instruments mainly includes the effects of changes in the value of its securities holdings and loan buybacks. In all, financial instruments generated total revenues of NOK 14.5 (-12.7) million in the quarter. The change is largely due to a substantial reduction in the Bank's own holdings of issued bonds provided as a guarantee for F-loans from Norges Bank in 2021. The realisation of this holding at a changed market value affects the income statement.

Norges Bank's extended F-loan scheme is expected to be discontinued in 2021, and KLP Banken's outstanding debt in the scheme fell in the first quarter to NOK 1.3 billion. The borrowing is secured by deposits of securities for a corresponding amount.

The KLP Banken Group's external financing consists mainly of deposits and bonds. Deposit growth in the quarter was NOK 0.3 (0.5) billion. On the reporting date, deposits from individuals and companies amounted to NOK 12.1 (12.0) billion and debt from securities issues came to NOK 27.1 (28.1) billion. The securities debt is mainly covered bonds issued by KLP Kommunekreditt AS and KLP Boligkreditt AS.

In the first quarter, losses and loss provisions in the retail market amounted to NOK -0.5 (-2.3) million. This is mainly a loss on credit cards. This means that, in total, previous loss provisions on credit cards and mortgages have been reversed. The Bank can therefore state that the pandemic has so far resulted in smaller losses on loans than feared. In the credit card business, outstanding volume has also declined.

The KLP Banken Group had a pre-tax operating profit of NOK 48.6 (21.6) million at the end of the first quarter. Broken down by area, profits were NOK 41.8 (16.4) million in the retail market and NOK 6.8 (5.2) million in the public-sector market.

Corporate social responsibility

KLP aims to contribute to the best possible development of local communities and the future of Norwegian business. The “KLP Pressure Tank” is a rapid development process for qualifying and developing business ideas and investment opportunities at an early stage. The first KLP Pressure Tank was launched in Bodø in March in collaboration with CoFounder and focuses on digitalisation. The goal is to find and further develop local North Norwegian companies, which can apply digital solutions to increase resource utilisation and efficiency and generate new business in the area.

The UN Principles for Sustainable Banking were launched in September 2019. KLP Banken signed up to these at their launch, thereby undertaking to carry out an analysis of the impact of its operations on people and the planet. Targets are set where it has the greatest effect and promotes the implementation of the Goals. This analysis is now complete and shows that the Bank has an important social role in offering loans to municipalities throughout Norway and to all income groups.

KLP actively follows up on companies, and so far this year has focused especially on companies with operations in occupied Palestinian territories and in Myanmar. KLP has also monitored Amazon with regard to workers' rights, Facebook on tax reporting and human rights and Total on its environmental impact and damage to biodiversity. As a result of our long-standing and systematic efforts to use our vote at general meetings, KLP is identified in ‘The Future in Our Hands’ as by far the best financial player when it comes to actually following up our principles and policies on climate and rights.

KLP also came out very well in the Sustainable Brand Index survey for 2021, which ranks brands each year according to how Norwegian consumers perceive them in terms of sustainability and environmental and social responsibility. For 2021, Norwegian consumers ranked KLP as the most sustainable brand in the ‘Insurance and pensions’ category.

KLP wants a faster green transition. That is why we support a higher carbon price, and have signed a petition for business launched by Skift and ZERO in the wake of the Government's white paper on climate. KLP has also signed a similar global petition supporting a higher carbon price.

Future prospects and events after the end of the quarter

Society is moving towards a cautious opening-up after a long period marked by strict infection control measures in connection with Covid-19. Social distancing is still a fact of life in Norway, and working from home will also be part of KLP's operations as long as the authorities recommend it. It is important for KLP to be aware of how this could affect people within KLP, for good or ill.

The global economy is also affected by the pandemic, and is expected to produce good growth as more and more people are vaccinated. The financial markets have largely priced this into their expectations, so they could quickly react negatively to bad news related to the pandemic. KLP has high a high level of preparedness and good financial strength to enable it to handle such fluctuations.

Oslo, 11 May 2021

The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

Egil Johansen
Chair

Jenny Følling
Deputy Chair

Cathrine M. Lofthus Medhus

Karianne Melleby

Odd Haldgeir Larsen

Øivind Brevik

Susanne Torp-Hansen
Elected by and from among
the employees

Freddy Larsen
Elected by and from among
the employees

Income statement

KLP GROUP

NOTE	NOK MILLIONS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
3	Premium income for own account	7 469	10 296	39 049
	Current return on financial assets	3 629	4 106	14 793
	Net interest income banking	79	79	329
	Net value changes on financial instruments	9 617	-40 750	15 331
8	Net income from investment properties	836	727	5 080
4	Other income	403	455	1 136
	Total net income	22 033	-25 088	75 719
	Claims for own account	-14 077	-11 869	-29 780
	Change in technical provisions	4 737	101	-19 000
	Net costs subordinated loan and hybrid Tier 1 securities	230	-1 662	-478
6	Operating expenses	-515	-516	-1 982
	Sale of business	0	0	-183
7	Other expenses	-303	-300	-1 258
	Unit holder's value change in consolidated securities funds	-4 128	11 996	-11 074
	Total expenses	-14 056	-2 250	-63 755
	Operating profit/loss	7 977	-27 338	11 963
	To/from securities adjustment fund – life insurance	-1 207	24 570	245
	To supplementary reserves – life insurance	0	0	-7 749
	Assets allocated to insurance customers - life insurance	-6 077	2 919	-2 803
	Pre-tax income	693	151	1 657
	Cost of taxes ¹	-246	-173	-860
	Income	446	-22	797
19	Actuarial loss and profit on post employment benefit obligations	185	-348	-88
	Adjustments of the insurance obligations	-21	0	12
	Tax on items that will not be reclassified to profit or loss	-30	87	19
	Items that will not be reclassified to profit or loss	135	-261	-57
	Revaluation real property for use in own operation	26	17	392
8	Currency translation foreign subsidiaries	-1 276	3 031	1 778
	Adjustments of the insurance obligations	1 276	-3 031	-1 778
	Tax on items that will be reclassified to profit or loss	-7	-4	-98
	Items that will be reclassified to income particular specific conditions are met	20	13	294
	Total other comprehensive income	154	-248	238
	Total comprehensive income	601	-270	1 034
	¹ Unit holders share of taxes in consolidated securities fund	-54	-76	-255

Financial position statement

KLP GROUP

NOTE	NOK MILLIONS	31.03.2021	31.03.2020	31.12.2020
	Deferred tax assets	49	67	61
	Other intangible assets	731	512	684
	Tangible fixed assets	2 561	2 079	2 557
	Investments in associated companies and joint venture	4 592	3 474	4 240
8,11	Investment property	80 412	78 418	81 485
9,14	Debt instruments held to maturity	28 397	33 316	28 986
9,14	Debt instruments classified as loans and receivables	155 674	153 741	154 180
9,11,14	Lending local government, enterprises & retail customers at fair value through profit / loss	537	684	589
9,14	Lending local government, enterprises and retail customers	113 070	110 413	115 071
9,11,14	Debt instruments at fair value through profit or loss	182 846	200 110	193 814
9,11	Equity capital instruments at fair value through profit/loss	227 487	160 986	204 982
9,11,14	Financial derivatives	5 077	3 870	11 561
9	Receivables	6 859	8 973	6 179
9	Assets in defined contribution-based life insurance	0	4 551	0
14	Cash and bank deposits	5 221	3 711	2 772
	TOTAL ASSETS	813 514	764 904	807 161
	Owners' equity contributed	17 919	16 307	18 194
	Retained earnings	21 823	20 529	21 222
	TOTAL OWNERS' EQUITY	39 742	36 836	39 416
9,10	Hybrid Tier 1 securities	1 637	2 302	1 764
9,10	Subordinated loan capital	3 032	7 110	3 135
19	Pension obligations	772	1 155	934
15	Technical provisions - life insurance	595 798	543 567	595 068
9,15	Provisions in life insurance with investment option	0	4 551	0
	Premiums, claims and contingency fund provisions - non-life insurance	3 316	3 125	2 729
9,10	Covered bonds issued	26 345	27 171	24 997
9,10	Debt to credit institutions	7 018	5 027	14 216
9,10	Liabilities to and deposits from customers	12 103	12 034	11 781
9,11	Financial derivatives	1 416	26 215	789
	Deferred tax	1 572	1 289	1 425
16	Other current liabilities	8 387	14 449	6 859
	Unit holders `s interest in consolidated securites funds	112 376	80 071	104 050
	TOTAL LIABILITIES	773 772	728 067	767 745
	TOTAL EQUITY AND LIABILITIES	813 514	764 904	807 161
	Contingent liabilities	26 601	24 313	27 659

Changes in Owners' equity

KLP GROUP

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

2020 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 1 January 2020	16 540	20 799	37 339
Income		- 22	- 22
Items that will not be reclassified to income	-	- 261	- 261
Items that will be reclassified to income later when particular conditions are met	-	13	13
Total other comprehensive income		- 248	- 248
Total comprehensive income		- 270	- 270
Owners' equity contribution received (net)	- 232	-	- 232
Total transactions with the owners	- 232		- 232
Owners' equity 31 March 2020	16 307	20 529	36 836

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

Statement of cash flows

KLP GROUP

NOK MILLIONS	01.01.2021 -31.03.2021	01.01.2020 -31.12.2020	01.01.2020 -30.09.2020	01.01.2020 -30.06.2020	01.01.2020 -31.03.2020
Net cash flow from operational activities	-13 285	13 405	2 399	8 608	30 036
Net cash flow from investment activities ¹	-71	-331	-231	-157	-72
Net cash flow from financing activities ²	15 805	-13 495	-2 658	-8 384	-29 447
Net changes in cash and bank deposits	2 449	-422	-490	67	517
Holdings of cash and bank deposits at start of period	2 772	3 194	3 194	3 194	3 194
Holdings of cash and bank deposits at end of period	5 221	2 772	2 703	3 261	3 711

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 statements

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 1 January 2021 – 31 March 2021. 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 2020. The annual financial statements are available at KLP's website klp.no.

ACCOUNTING ESTIMATES

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

Note 2 Segment information

NOK MILLIONS	Group pensions pub. sect. & group life			Group pensions private			Non-life insurance				Banking		
	01.01.2021 -31.03.2021	01.01.2020 -31.03.2020	01.01.2020 -31.12.2020	01.01.2021 -31.03.2021	01.01.2020 -31.03.2020	01.01.2020 -31.12.2020	01.01.2021 -31.03.2021	01.01.2020 -31.03.2020	01.01.2020 -31.12.2020	01.01.2021 -31.03.2021	01.01.2020 -31.03.2020	01.01.2020 -31.12.2020	
Premium income for own account from external customers ¹	7 041	9 589	37 102	sold	313	313	442	398	1 658	0	0	0	
Net financial income from investments	8 726	-19 826	25 351	sold	-604	-604	27	-106	229	93	63	304	
Other income	517	374	1 429	sold	2	2	0	0	2	19	19	77	
Total income	16 284	-9 864	63 881	-	-288	-288	469	292	1 889	112	82	381	
Claims for own account	-13 754	-11 478	-28 360	sold	-45	-45	-323	-347	-1 375	0	0	0	
Insurance provisions for own account	4 736	-231	-19 329	sold	331	331	1	2	-2	0	0	0	
Costs borrowing	230	-1 662	-478	sold	0	0	0	0	0	0	0	0	
Operating costs excluding depreciation	-255	-257	-1 030	sold	-19	-19	-75	-72	-287	-61	-60	-233	
Depreciation	-23	-18	-74	sold	0	0	-1	-1	-5	-1	-1	-4	
Sale of business	0	0	0	sold	0	0	0	0	0	0	0	0	
Other expenses	-336	-327	-1 377	sold	0	0	0	0	0	-1	-2	-7	
Return to financial instruments attributable to minority interests													
Total expenses	-9 402	-13 971	-50 649	-	267	267	-398	-419	-1 668	-64	-63	-244	

NOK MILLIONS	Group pensions pub. sect. & group life			Group pensions private			Non-life insurance			Banking		
	01.01.2021 -31.03.2021	01.01.2020 -31.03.2020	01.01.2020 -31.12.2020	01.01.2021 -31.03.2021	01.01.2020 -31.03.2020	01.01.2020 -31.12.2020	01.01.2021 -31.03.2021	01.01.2020 -31.03.2020	01.01.2020 -31.12.2020	01.01.2021 -31.03.2021	01.01.2020 -31.03.2020	01.01.2020 -31.12.2020
Operating profit/loss	6 883	-23 835	13 233	-	-21	-21	72	-126	220	49	20	137
Funds credited to insurance customers ²	-6 317	23 866	-11 944	sold	8	8	0	0	0	0	0	0
Pre-tax income	566	31	1 289		-14	-14	72	-126	220	49	20	137
Cost of taxes	-105	46	-204	sold	0	0	-23	40	-40	13	26	-3
Income	461	77	1 085	-	-14	-14	49	-86	180	62	46	133
Change in other comprehensive income	135	-348	-63	sold	-4	-4	19	-35	-10	8	-12	-4
Total comprehensive income	595	-271	1 021	-	-18	-18	68	-121	170	70	34	130
Assets	650 623	618 801	652 277	sold	6 984	sold	5 917	5 306	5 270	43 200	44 258	42 694
Liabilities	610 921	581 986	612 894	sold	6 410	sold	3 806	3 486	3 160	40 731	41 926	40 267

NOK MILLIONS	Asset management			Other			Eliminations			Total		
	01.01.2021	01.01.2020	01.01.2020	01.01.2021	01.01.2020	01.01.2020	01.01.2021	01.01.2020	01.01.2020	01.01.2021	01.01.2020	01.01.2020
	-31.03.2021	-31.03.2020	-31.12.2020	-31.03.2021	-31.03.2020	-31.12.2020	-31.03.2021	-31.03.2020	-31.12.2020	-31.03.2021	-31.03.2020	-31.12.2020
Premium income for own account from external customers ¹	0	0	0	0	0	0	-13	-4	-24	7 469	10 296	39 049
Net financial income from investments	2	-8	6	0	0	0	5 312	-15 358	10 247	14 161	-35 838	35 533
Other income	154	135	547	2	3	12	-290	-78	-932	403	455	1 136
Total income	155	127	554	2	3	12	5 009	-15 441	9 291	22 033	-25 088	75 719
Claims for own account	0	0	0	0	0	0	0	0	0	-14 077	-11 869	-29 780
Insurance provisions for own account	0	0	0	0	0	0	0	0	0	4 737	101	-19 000
Costs borrowing	0	0	0	0	0	0	0	0	0	230	-1 662	-478
Operating costs excluding depreciation	-133	-126	-517	-2	-3	-12	38	43	205	-489	-494	-1 892
Depreciation	-1	-1	-6	0	0	0	0	0	0	-27	-22	-90
Sale of business	0	0	0	0	0	0	0	0	-183	0	0	-183
Other expenses	0	0	0	0	0	0	34	28	125	-303	-300	-1 258
Return to financial instruments attributable to minority interests							-4 128	11 996	-11 074	-4 128	11 996	-11 074
Total expenses	-135	-127	-523	-2	-3	-12	-4 056	12 066	-10 927	-14 056	-2 250	-63 755

NOK MILLIONS	Asset management			Other			Eliminations			Total		
	01.01.2021	01.01.2020	01.01.2020	01.01.2021	01.01.2020	01.01.2020	01.01.2021	01.01.2020	01.01.2020	01.01.2021	01.01.2020	01.01.2020
	-31.03.2021	-31.03.2020	-31.12.2020	-31.03.2021	-31.03.2020	-31.12.2020	-31.03.2021	-31.03.2020	-31.12.2020	-31.03.2021	-31.03.2020	-31.12.2020
Operating profit/loss	21	0	31	0	0	0	953	-3 375	-1 636	7 977	-27 338	11 963
Funds credited to insurance customers ²	0	0	0	0	0	0	-967	3 616	1 630	-7 284	27 489	-10 306
Pre-tax income	21	0	31	0	0	0	-14	241	-6	693	151	1 657
Cost of taxes	-10	9	-5	0	0	0	-122	-295	-608	-246	-173	-860
Income	11	8	26	0	0	0	-136	-54	-614	446	-22	797
Change in other comprehensive income	19	-34	-9	0	-1	0	-26	186	328	154	-248	238
Total comprehensive income	30	-26	16	0	-1	0	-162	132	-286	601	-270	1 034
Assets	587	528	583	7	8	7	113 179	89 020	106 330	813 514	764 904	807 161
Liabilities	223	236	248	3	4	3	118 089	94 019	111 173	773 772	728 067	767 745

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

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

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

PUBLIC SECTOR OCCUPATIONAL PENSION AND GROUP LIFE

Kommunal Landspensjonskasse offers group public sector occupational pensions.

ENTERPRISE (DEFINED BENEFIT) AND DEFINED CONTRIBUTION PENSION

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

NON-LIFE INSURANCE

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

BANKING

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

ASSET MANAGEMENT

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

OTHER

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

Note 3 Premium income for own account

NOK MILLIONS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
Contribution service pension	7 488	7 677	36 270
Reinsurance premiums ceded	-18	-18	-71
Transfer of premium reserves from others	0	2 636	2 850
Total premium income	7 469	10 296	39 049

Note 4 Other income

NOK MILLIONS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
Supplement contractual early retirement scheme (ERS)	299	294	1 189
Other income ¹	103	160	-52
Total other income	403	455	1 136

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

Note 5 Subordinated loans and perpetual hybrid tier 1 securities

NOK MILLIONS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
SUBORDINATED LOANS			
Interest costs ¹	-27	-103	-555
Value changes	130	-995	169
Net costs subordinated loans	103	-1 097	-386
PERPETUAL HYBRID TIER 1 SECURITIES			
Interest costs	-16	-19	-67
Value changes	142	-545	-25
Net costs perpetual hybrid tier 1 securities	127	-564	-92
Net costs subordinated loan and hybrid Tier 1 securities	230	-1 662	-478

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	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
Personnel costs	284	292	1 131
Depreciation and writedowns	39	32	132
Other operating expenses	193	192	719
Total operating expenses	515	516	1 982

Note 7 **Other expenses**

NOK MILLIONS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
Supplement contractual early retirement scheme (ERS)	299	294	1 189
Other expenses	4	6	70
Total other expenses	303	300	1 258

Note 8 **Investment property**

NOK MILLIONS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
Net rental income	756	683	2 893
Net value adjustment	80	44	2 177
Realised gains	0	0	9
Net income from investment properties	836	727	5 080
Currency translate foreign subsidiaries (taken to other comprehensive income)	-1 276	3 031	1 778
Net income from investment properties included currency translate	- 439	3 758	6 858

NOK MILLIONS	31.03.2021	31.03.2020	31.12.2020
Investment property 01.01.	81 485	74 545	74 545
Value adjustment, including currency translation	- 1 196	3 075	3 956
Net additions	138	810	3 083
Reclassified property for own use	0	0	- 102
Other changes	- 15	- 12	2
Investment property	80 412	78 418	81 485

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

- Debt to credit institutions

- Other loans and receivables

- Subordinated loan capital (liabilities)

- Other debt issued (liabilities)

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

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

This category includes:

- Equity instruments

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

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

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

a) Foreign fixed-income securities

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

The following sources are used:

- Barclays Capital Indices
- Bloomberg

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

b) Norwegian fixed-income securities – government

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

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

Norwegian fixed-income securities except government are mainly priced directly on prices from Nordic Bond Pricing. Securities that are not covered by Nordic Bond Pricing are priced theoretically. The theoretical price is based on the assumed present value on the sale of the

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

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

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

e) Receivables on credit institutions

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

f) Loans to municipalities and enterprises with municipal guarantee

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

g) Loans secured by mortgage

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

- EQUITY INSTRUMENTS

h) Shares (listed)

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

The following sources are used for Norwegian shares:

Oslo Børs/Oslo Stock Exchange (primary source)

Morgan Stanley Capital International (MSCI)

Bloomberg

The following sources are used for foreign shares:

Morgan Stanley Capital International (MSCI) (primary source)

Bloomberg

i) Shares (unlisted)

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

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

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

j) Private Equity

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

DERIVATIVES

k) Futures/FRA/IRF

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

l) Options

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

m) Interest-rate swaps

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

n) FX-swaps

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

- DEBT TO CREDIT INSTITUTIONS

o) Placements with credit institutions and deposits

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

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

p) Fair value of subordinated loans

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

q) Fair value of subordinated bond/perpetual bond issued

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

r) Covered bonds issued

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

s) Deposits from customers

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

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

NOK MILLIONS	31.03.2021		31.03.2020		31.12.2020	
	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	5 071	5 596	5 180	5 698	5 130	5 786
Foreign hold-to-maturity bonds	23 326	25 113	28 136	25 935	23 856	26 163
Total debt instruments held to maturity	28 397	30 709	33 316	31 633	28 986	31 950
DEBT INSTRUMENTS CLASSIFIED AS LOANS AND RECEIVABLES- AT AMORTIZED COST						
Norwegian bonds	53 651	55 803	50 290	51 469	51 396	54 735
Foreign bonds	101 977	108 159	103 360	104 886	102 738	111 115
Other receivables	46	46	92	92	47	47
Total debt instruments classified as loans and receivables	155 674	164 007	153 741	156 447	154 180	165 897
LENDING LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS						
Loans to local government sector or enterprises with local government guarantee	537	537	684	684	589	589
Total loans to local government, enterprises & retail customers	537	537	684	684	589	589
LENDING TO LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS – AT AMORTIZED COST						
Loans secured by mortgage	24 115	24 137	22 557	22 593	23 763	23 816
Loans to local government sector or enterprises with local government guarantee	81 568	82 448	74 572	75 754	81 335	82 668
Loans abroad secured by mortgage and local government guarantee	7 340	7 340	13 224	13 277	9 923	9 923
Loans creditcard	47	47	60	60	50	50
Total loans to local government, enterprises & retail customers	113 070	113 972	110 413	111 684	115 071	116 458

NOK MILLIONS	31.03.2021		31.03.2020		31.12.2020	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Norwegian bonds	50 635	50 635	57 405	57 405	51 841	51 841
Norwegian certificates	8 066	8 066	7 600	7 600	6 094	6 094
Foreign bonds	90 377	90 377	94 783	94 783	92 025	92 025
Foreign certificates	737	737	50	50	549	549
Investments with credit institutions	33 031	33 031	40 272	40 272	43 305	43 305
Total debt instruments	182 846	182 846	200 110	200 110	193 814	193 814
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Shares	206 483	206 483	141 507	141 507	185 112	185 112
Equity funds	19 358	19 358	16 550	16 550	18 488	18 488
Property funds	1 646	1 646	38	38	1 382	1 382
Alternative investments	0	0	2 892	2 892	0	0
Total equity capital instruments	227 487	227 487	160 986	160 986	204 982	204 982
RECEIVABLES						
Receivables related to direct business	1 914	1 914	1 761	1 761	1 433	1 433
Receivables related to reinsurance agreements	174	174	155	155	176	176
Reinsurance share of gross claims reserve	55	55	52	52	0	0
Receivables related to securites	3 104	3 104	6 327	6 327	3 111	3 111
Prepaid rent related to real estate activites	212	212	212	212	212	212
Other receivables	1 400	1 400	464	464	1 246	1 246
Total other loans and receivables including receivables from policyholders	6 859	6 859	8 973	8 973	6 179	6 179

NOK MILLIONS	31.03.2021		31.03.2020		31.12.2020	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
FINANCIAL LIABILITIES - AT AMORTIZED COST						
Hybrid Tier 1 securities	1 637	1 576	2 302	1 529	1 764	1 592
Subordinated loan capital	3 032	3 411	7 110	7 116	3 135	3 561
Debt to credit institutions	2 106	2 106	2 425	2 425	3 304	3 304
Covered bonds issued	26 345	26 503	27 171	27 150	24 997	25 105
Liabilities and deposits from customers	12 103	12 103	12 034	12 034	11 781	11 781
Total financial liabilities	45 222	45 699	51 042	50 254	44 980	45 342
FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS						
Debt to credit institutions	4 913	4 913	2 602	2 602	10 913	10 913
Total financial liabilities	4 913	4 913	2 602	2 602	10 913	10 913
Assets in life insurance with investment option	0	0	4 551	4 551	0	0
Provisions in life insurance with investment option	0	0	4 551	4 551	0	0

NOK millions	31.03.2021		31.03.2020		31.12.2020	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS						
Forward exchange contracts	3 563	809	1 611	22 036	9 140	384
Interest rate swaps	237	607	960	4 179	1 144	405
Interest rate and currency swaps	1 091	0	1 298	0	1 058	0
Share option	187	0	0	0	219	0
Total financial derivatives	5 077	1 416	3 870	26 215	11 561	789

Note 10 **Borrowing**

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.03.2021	Book value 31.03.2020	Book value 31.12.2020
FIXED - TERM SUBORDINATED LOAN							
Kommunal Landspensjonskasse	2 530	EUR	Fixed ¹	2045	3 032	7 110	3 135
Total subordinated loan capital	2 530	-	-	-	3 032	7 110	3 135
HYBRID TIER 1 SECURITIES							
Kommunal Landspensjonskasse	984	JPY	Fixed ²	2034	1 637	2 302	1 764
Total hybrid Tier 1 securities	984	-	-	-	1 637	2 302	1 764
COVERED BONDS							
KLP Kommunekreditt AS	0	NOK	Floating	2020	0	225	0
KLP Kommunekreditt AS	0	NOK	Fixed	2020	0	689	0
KLP Kommunekreditt AS	260	NOK	Floating	2021	261	3 518	260
KLP Kommunekreditt AS	600	NOK	Fixed	2021	605	605	8
KLP Kommunekreditt AS	4 935	NOK	Floating	2022	4 939	5 011	5 004
KLP Kommunekreditt AS	5 000	NOK	Floating	2023	5 006	5 015	5 006
KLP Kommunekreditt AS	2 500	NOK	Floating	2024	2 502	2 506	2 502
KLP Kommunekreditt AS	2 604	NOK	Floating	2025	2 604	0	2 053
KLP Kommunekreditt AS	500	NOK	Fixed	2027	511	511	508
KLP Boligkreditt AS	0	NOK	Floating	2020	0	352	0
KLP Boligkreditt AS	566	NOK	Floating	2021	567	2 175	585
KLP Boligkreditt AS	2 500	NOK	Floating	2022	2 501	1 501	2 500
KLP Boligkreditt AS	2 500	NOK	Floating	2023	2 501	2 503	2 501
KLP Boligkreditt AS	2 500	NOK	Floating	2024	2 500	2 501	2 500
KLP Boligkreditt AS	1 800	NOK	Floating	2025	1 798	0	1 497
Total covered bonds	26 265	-	-	-	26 345	27 171	24 997

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.03.2021	Book value 31.03.2020	Book value 31.12.2020
DEBT TO CREDIT INSTITUTIONS							
KLP Banken AS	0	NOK	Floating	2020	0	841	0
KLP Banken AS	0	NOK	Fixed	2020	0	80	0
KLP Banken AS	1 500	NOK	Floating	2021	1 503	900	2 704
KLP Banken AS	300	NOK	Floating	2022	300	301	300
KLP Banken AS	300	NOK	Floating	2024	300	301	300
KLP Fond	0	NOK/EUR/USD	Floating	2020	0	803	0
KLP Fond	0	NOK/EUR/USD	Fixed	2020	0	415	0
KLP Fond	602	NOK/EUR/USD	Floating	2021	602	0	4 140
KLP Fond	979	NOK/EUR/USD	Fixed	2021	979	0	914
Kommunal Landspensjonskasse	0	NOK/EUR/USD	Floating	2020	0	1 384	0
Kommunal Landspensjonskasse	3 318	NOK/EUR/USD	Floating	2021	3 318	0	5 859
Total liabilities to credit institutions	6 999	-	-	-	7 018	5 027	14 216
LIABILITIES AND DEPOSITS FROM CUSTOMERS ³							
Retail	10 521	NOK			10 521	10 347	10 311
Business	1 554	NOK			1 554	1 655	1 441
Foreign	28	NOK			28	32	30
Liabilities to and deposits from customers	12 103	-	-	-	12 103	12 034	11 781
Total financial liabilities	48 880	-	-	-	50 135	53 645	55 893

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

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

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 2 106 million per 31.03.2021.

31.03.2020 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
<i>Land/plots</i>	0	0	944	944
<i>Real estate fund</i>	0	0	3 131	3 131
<i>Buildings</i>	0	0	74 344	74 344
Investment property	0	0	78 418	78 418
Lending at fair value	0	684	0	684
<i>Certificates</i>	4 044	3 606	0	7 650
<i>Bonds</i>	23 973	112 914	0	136 887
<i>Fixed-income funds</i>	15 300	0	0	15 300
Bonds and other fixed-income securities	43 316	116 520	0	159 837
Loans and receivables	38 153	2 120	0	40 273
<i>Shares</i>	137 641	1 661	2 204	141 507
<i>Equity funds</i>	1 917	0	52	1 969
<i>Property funds</i>	0	38	0	38
<i>Special funds</i>	0	2 892	0	2 892
<i>Private Equity</i>	0	0	14 580	14 580
Shares and units	139 559	4 591	16 836	160 986
Financial derivatives	0	3 870	0	3 870
Total assets at fair value	221 028	127 785	95 255	444 067
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	26 215	0	26 215
Debt to credit institutions ¹	2 188	415	0	2 602
Total financial liabilities at fair value	2 188	26 630	0	28 817

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

Changes in Level 3, Investment Property	Book value 31.03.2021	Book value 31.03.2020	Book value 31.12.2020
Opening balance 1 January	81 485	74 545	74 545
Sold	0	0	-83
Bought	138	810	3 166
Unrealised changes	-1 196	3 075	3 956
Other changes	-15	-12	-99
Closing balance 31.03./31.12.	80 412	78 418	81 485
Realised gains/losses	0	0	0

Changes in Level 3, Financial Assets	Book value 31.03.2021	Book value 31.03.2020	Book value 31.12.2020
Opening balance 1 January	23 420	14 660	14 660
Sold	-870	-232	-1 765
Bought	2 014	1 094	8 828
Unrealised changes	512	1 313	1 697
Closing balance 31.03./31.12.	25 076	16 836	23 420
Realised gains/losses	562	161	644
Closing balance 31.03./31.12.	105 489	95 255	104 905

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 5 274 million as of 31.03.2021.

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 this quarter, NOK 137 million in stocks moved from Level 1 to Level 2, NOK 29 million moved from Level 1 to Level 3, NOK 1 021 million moved from level 2 to level 1, NOK 6 million moved from level 2 to level 3 and NOK 92 million moved from level 3 to level 2. This is due to changes in liquidity. In addition, NOK 400 million in fixed-income securities moved from level 2 to level 1.

Note 12 Liquidity risk

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

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

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

31.03.2020 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan ¹	0	588	8 089	0	0	8 676
Perpetual hybrid Tier 1 securities ¹	0	153	306	382	1 714	2 555
Debt to and deposits from customers (without defined maturity)	12 034	0	0	0	0	12 034
Covered bonds issued	0	1 182	26 479	598	0	28 259
Payables to credit institutions	6 024	945	1 535	0	0	8 504
Financial derivatives	18 839	17 519	254	426	-243	36 795
Accounts payable	39	0	0	0	0	39
Contingent liabilities (without defined maturity)	24 313	0	0	0	0	24 313
Total	61 249	20 387	36 663	1 406	1 471	121 176

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 3 271 million, payables to credit institutions maturing within one month are reduced with NOK 3 521 million and derivatives maturing between 1 to 12 months are reduced with NOK 1 271 million. Total amount of the financial liabilities for the Group are after these adjustments NOK 113 113 million.

31.12.2020 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan ¹	0	131	592	687	5 073	6 484
Perpetual hybrid Tier 1 securities ¹	0	62	249	312	1 452	2 075
Debt to and deposits from customers (without defined maturity)	11 781	0	0	0	0	11 781
Covered bonds issued	18	1 423	26 618	587	0	28 646
Payables to credit institutions	1 351	2 410	610	0	0	4 370
Financial derivatives	2 396	2 381	116	-266	-294	4 333
Accounts payable	123	0	0	0	0	123
Contingent liabilities (without defined maturity)	27 659	0	0	0	0	27 659
Total	43 328	6 407	28 186	1 320	6 231	85 472

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

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

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

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

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

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

Note 13 Interest rate risk

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

31.03.2020 NOK MILLIONS									
	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow 01.03.2020 -31.03.2020	Total	Adjusted for the unit holders' interests in consolidated securities funds	
ASSETS									
Financial derivatives classified as assets	27	-6	-1	-120	-229	-5	-335	-378	
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	0	0	0	
Bonds and other fixed-return securities	-48	-53	-1 267	-1 852	-2 298	77	-5 441	-4 702	
Fixed income fund holdings	-1 127	0	0	0	0	0	-1 127	-1 127	
Lending and receivables	0	-2	0	0	0	79	76	58	
Lending	0	0	0	0	0	187	187	187	
Cash and bank deposits	0	0	0	0	0	9	9	9	
Contingent liabilities ¹	0	0	0	0	0	21	21	21	
Total assets	-1 149	-61	-1 268	-1 972	-2 527	368	-6 609	-5 932	
LIABILITIES									
Deposit	0	0	0	0	0	-30	-30	-30	
Liabilities created on issue of securities	0	0	0	0	0	-70	-70	-70	
Financial derivatives classified as liabilities	15	-4	89	93	0	2	195	192	
Hybrid capital, subordinated loans	0	0	0	70	136	0	205	205	
Debt to credit institutions	0	0	0	0	0	-6	-6	-6	
Total liabilities	15	-4	89	163	136	-104	294	291	
Total before tax	-1 134	-65	-1 179	-1 809	-2 391	263	-6 316	-5 641	
Total after tax	-851	-49	-884	-1 357	-1 794	197	-4 737	-4 231	

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

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

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

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

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

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

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

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

Note 14 Credit risk

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

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

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.

31.03.2020
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	31 884	64	30	0	0	0	1 338	33 316	33 316
Debt instruments classified as loans and receivables at amortized cost	134 143	0	997	21	0	0	18 580	153 741	153 741
Debt instruments at fair value - fixed-return securities ²	118 867	1 087	5 299	10 747	0	0	9 922	145 923	131 008
Fixed-income funds	0	0	0	0	0	0	15 300	15 300	15 300
Loans and receivables	38 503	0	0	1 770	0	0	0	40 273	27 356
Financial derivatives classified as assets	3 870	0	0	0	0	0	0	3 870	3 300
Cash and bank deposits	3 602	0	0	109	0	0	0	3 711	3 711
Lending	0	0	73 817	0	19 699	2 869	14 712	111 097	111 097
Total	330 868	1 151	80 144	12 647	19 699	2 869	59 853	507 230	478 829

SPECIFICATION OF INVESTMENT GRADE NOK MILLIONS	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	13 191	4 669	11 005	3 019	31 884
Debt instruments classified as loans and receivables at amortized cost	24 598	20 351	58 931	30 262	134 143
Debt instruments at fair value - fixed-return securities	38 101	12 987	33 104	34 675	118 867
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	15 903	20 169	2 431	38 503
Financial derivatives classified as assets	0	933	2 937	0	3 870
Cash and bank deposits	0	2 496	1 106	0	3 602
Lending	0	0	0	0	0
Total	75 891	57 339	127 252	70 386	330 868

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

² In the column "other", we have included an additional investment that is exposed to credit risk but is not reconcilable against the line "Debt instruments at fair value through profit or loss" in the balance sheet. The value of the investment was NOK 1 386 million per 31.03.2020

31.12.2020
NOK MILLIONS

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

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

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.

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: this amounted to NOK 63 billion per 31.03.2021. KLP Group has strict guidelines for investments in fixed-income securities, which also apply to investments falling into the «Other» category.

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

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

NOK MILLIONS	31.03.2021		31.03.2020		31.12.2020	
	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	13 865	12 370	15 904	11 462	15 388	14 159
Counterparty 2	12 195	11 279	11 918	10 774	13 120	9 013
Counterparty 3	10 059	7 545	10 789	10 064	12 585	8 160
Counterparty 4	7 449	7 208	10 774	8 777	8 744	8 034
Counterparty 5	5 744	5 497	9 074	7 796	7 409	7 208
Counterparty 6	5 497	5 478	7 357	7 185	6 155	5 622
Counterparty 7	4 752	4 752	5 492	5 437	5 857	5 604
Counterparty 8	4 692	4 658	4 914	4 947	5 622	4 710
Counterparty 9	4 030	3 923	4 752	4 752	4 768	4 698
Counterparty 10	3 934	3 920	4 340	4 191	4 747	3 915
Total	72 215	66 630	85 312	75 385	84 395	71 123

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

Note 15 **Technical provisions in life insurance**

NOK MILLIONS	31.03.2021	31.03.2020	31.12.2020
Premium reserves - ordinary tariff	452 739	463 817	457 514
Premium funds, buffer funds and pensioners' surplus funds	38 197	12 106	38 588
Supplementary reserves	43 461	36 321	43 460
Securities adjustment fund	56 693	31 154	55 487
Other provisions	0	68	18
Profit/loss allocated to insurance contracts	4 708	102	0
Technical provisions in life insurance	595 798	543 567	595 068

NOK MILLIONS	31.03.2021	31.03.2020	31.12.2020
Premium reserves	0	4 536	0
Deposit funds	0	16	0
Provisions in life insurance with investment options	0	4 551	0

Note 16 **Other current liabilities**

NOK MILLIONS	31.03.2021	31.12.2020
Short-term payables trade in securities	3 899	3 029
Incurred not assessed taxes	1 414	1 489
Advance tax-deduction pension scheme	392	447
Accounts payable	314	270
Pre-called contribution to insurance	850	576
Other current liabilities	1 519	1 049
Total other current liabilities	8 387	6 859

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 258 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 312 per cent.

	31.03.2021	31.03.2020	31.12.2020
Solvency II - SCR ratio	258 %	214 %	261 %

NOK BILLIONS	31.03.2021	31.03.2020	31.12.2020
Simplified Solvency II Financial Position Statement			
Assets, book value	653	628	655
Added values - hold-to-maturity portfolio/loans and receivables	10	8	15
Added values - other lending	1	1	1
Other added/lesser values	0	0	0
Deferred tax asset	0	0	0
Total assets - solvency II	664	638	671

NOK BILLIONS	31.03.2021	31.03.2020	31.12.2020
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT			
Best estimate	597	547	598
Risk margin	13	16	14
Hybrid Tier 1 securities/Subordinated loan capital	5	10	5
Other liabilities ¹	16	36	18
Deferred tax liabilities	1	1	1
Total liabilities - solvency II	632	610	637
Excess of assets over liabilities	32	28	34
- Deferred tax asset	0	0	0
+ Hybrid Tier 1 securities	2	2	2
Tier 1 basic own funds	34	30	35
Total eligible tier 1 own funds	34	30	35
Subordinated loans	3	8	4
Tier 2 basic own funds	3	8	4
Ancillary own funds	12	12	11
Tier 2 ancillary own funds	12	12	11
Deduction for max. eligible tier 2 own funds	-7	-11	-7
Total eligible tier 2 own funds	7	8	8
Deferred tax asset	0	0	0
Total eligible tier 3 own funds	0	0	0
Solvency II total eligible own funds	41	38	43
Solvency capital requirement (SCR)	16	18	16
Solvency II- SCR ratio	258 %	214 %	261 %

Financial calculation of Solvency II-SCR ratio as of 31.12.2020 gives a Solvency II-SCR ratio of 261%. This is a reduction of 3% compared to previously reported.

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

31.03.2021 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	5 077	0	5 077	-1 405	-3 458	-557	422	430
Repos	0	0	0	0	0	0	0	0
Total	5 077	0	5 077	-1 405	-3 458	-557	422	430
LIABILITIES								
Financial derivatives	1 416	0	1 416	-1 405	-69	-131	11	11
Repos	979	0	979	0	0	0	979	979
Total	2 395	0	2 395	-1 405	-69	-131	990	990

31.03.2020 NOK MILLIONS				Related amounts not presented net				
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	Adjusted for the unit holders' interest in consolidated securities funds
ASSETS								
Financial derivatives	3 870	0	3 870	-2 580	-1 458	0	0	0
Repos	0	0	0	0	0	0	0	0
Total	3 870	0	3 870	-2 580	-1 458	0	0	0
LIABILITIES								
Financial derivatives	26 215	0	26 215	-2 580	-5 432	-19 593	1 635	1 726
Repos	415	0	415	0	0	0	415	415
Total	26 630	0	26 630	-2 580	-5 432	-19 593	2 050	2 141

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

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

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

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

Note 19 Pension obligations

NOK MILLIONS	31.03.2021	31.03.2020	31.12.2020
Capitalized net liability 01.01.	934	790	790
Capitalized pension costs	47	41	164
Capitalized financial costs	5	6	23
Actuarial gains and losses	-185	348	88
Premiums / contributions received	-29	-29	-120
Business sold in 2020	0	0	-11
Capitalized net liability 31.03./31.12.	772	1 155	934

ASSUMPTIONS	31.03.2021	31.03.2020	31.12.2020
Discount rate	2.00 %	1.70 %	1.70 %
Salary growth	2.25 %	2.25 %	2.25 %
The National Insurance basic amount (G)	2.00 %	2.00 %	2.00 %
Pension increases	1.24 %	1.24 %	1.24 %
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 185 million as of 31.03.2021. The change is recognized in other comprehensive income in the income statement.

Key figures - Accumulated

NOK MILLIONS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
KLP GROUP								
Profit before tax	693	1 657	1 682	713	151	3 193	2 518	1 678
Total assets	813 514	807 161	789 981	785 598	764 904	3 194	744 567	736 852
Owners' equity	39 742	39 416	39 243	37 245	36 836	37 339	36 781	34 893
Solvency SCR ratio	258 %	261 %	244 %	230 %	214 %	253 %	248 %	239 %
Number of employees in the Group	1 021	1 018	1 016	1 010	1 008	1 007	1 001	998
KOMMUNAL LANDSPENSJONSKASSE								
Profit before tax	566	1 289	1 303	523	31	2 637	2 149	1 457
Premium income for own account	7 041	37 102	29 081	17 124	9 589	40 234	32 157	21 834
- of which inflow of premium reserve	0	2 850	2 846	2 865	2 503	11	0	0
Insurance customers' funds incl. acc. profit	13 754	28 360	23 013	17 809	11 478	20 157	15 077	10 028
- of which funds with guaranteed returns	8 419	7 656	7 667	7 655	6 377	292	288	288
Net investment common portfolio	603 076	604 782	582 108	574 890	570 649	574 953	551 696	541 802
Net investment choice portfolio	2 081	2 044	2 012	1 966	2 082	2 662	2 592	2 589
Insurance funds incl. earnings for the year	595 680	594 718	575 915	595 680	542 408	566 230	554 350	542 589
- of which funds with guaranteed interest	490 936	496 121	485 605	490 936	474 366	482 260	466 523	461 642
Solvency capital requirement (SCR)	41 580	42 742	42 507	41 148	38 960	40 530	38 238	36 410
Solvency SCR ratio	287 %	282 %	264 %	252 %	234 %	278 %	274 %	264 %
Riskprofit	191	-398	706	300	200	1 031	940	536
Return profits	4 688	12 350	6 831	3 417	-149	10 624	4 720	4 338
Administration profit	41	171	187	64	39	186	192	80

NOK MILLIONS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Solvency capital	160 647	172 863	141 563	143 139	123 211	150 617	139 677	132 050
Book return on common portfolio	1,4 %	4,8 %	3,2 %	1,9 %	0,6 %	4,5 %	2,7 %	2,0 %
Value-adjusted return on common portfolio	1,5 %	4,2 %	1,4 %	-0,5 %	-3,7 %	8,5 %	6,6 %	4,8 %
Return on unit-linked portfolio	1,9 %	4,2 %	0,4 %	-1,8 %	-5,7 %	9,9 %	7,4 %	5,4 %
Return on corporate portfolio	0,8 %	3,1 %	1,3 %	0,4 %	-0,1 %	4,3 %	3,4 %	2,6 %
KLP SKADEFORSIKRING AS								
Profit before tax	71,6	220,0	97,2	18,2	-126,1	165,6	140,5	138,4
Gross premium due	460,1	1 728,4	1 280,4	840,4	415,4	1 529,8	1 131,1	741,2
Premium income for own account	441,7	1 657,6	1 227,8	804,6	397,9	1 475,7	1 090,9	714,4
Owners' equity	2 178,7	2 110,9	1 990,7	1 924,0	1 819,9	1 940,5	1 875,9	1 874,2
Claims ratio	72,8 %	83,1 %	83,1 %	83,3 %	86,8 %	90,5 %	90,8 %	85,7 %
Combined-ratio	89,2 %	100,7 %	100,7 %	101,9 %	105,7 %	109,0 %	108,6 %	104,8 %
Return on assets under management	0,6 %	5,0 %	2,3 %	0,8 %	-2,3 %	6,7 %	5,3 %	3,9 %
Solvency capital requirement (SCR)	2 193	2 132	2 006	1 934	1 815	1 958	1 882	1 854
Solvency SCR ratio	238 %	239 %	246 %	234 %	213 %	240 %	246 %	248 %
Annual premium in force – retail market	806,8	786,0	759,8	734,6	709,3	683,9	651,1	630,5
Annual premium in force – public sector market	1 080,4	1 016,4	1 009,9	999,7	987,5	925,1	910,6	901,3
Net new subscriptions (accumulated within the year)	17,0	87,6	74,8	51,5	24,8	145,3	93,4	72,4
KLP BEDRIFTSPENSJON AS¹								
Profit before tax	sold	sold	sold	sold	-13,7	-12,6	-8,6	-10,7
Premium income for own account	sold	sold	sold	sold	313,5	1134,8	869,8	624,7
- of which premium reserve added	sold	sold	sold	sold	133,2	495,7	394,6	309,6
Insurance customers' funds including accumulated profit	sold	sold	sold	sold	6 342	6 649	6 264	5 985
- of which funds with guaranteed returns	sold	sold	sold	sold	1 595	1 538	1 550	1 551
Returns profit	sold	sold	sold	sold	2,1	13,4	8,4	5,7
Risk result	sold	sold	sold	sold	6,3	7,66	0,8	-2

NOK MILLIONS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Administration losses	sold	sold	sold	sold	-9,6	-38,1	-26,8	-19,2
Solvency capital requirement (SCR)	sold	sold	sold	sold	171	323	202	204
Solvency SCR ratio	sold	sold	sold	sold	81 %	204 %	123 %	124 %
Solvency capital	sold	sold	sold	sold	758,2	763,9	692,5	676,3
Book capital return on common portfolio	sold	sold	sold	sold	0,8 %	3,4 %	2,4 %	1,6 %
Value-adjusted capital return on common portfolio	sold	sold	sold	sold	0,2 %	4,1 %	2,9 %	2,0 %
Return on defined unit-linked contribution pensions	sold	sold	sold	sold	-11,9 %	16,8 %	12,6 %	9,5 %
Return on corporate portfolio	sold	sold	sold	sold	0,1 %	3,0 %	2,5 %	1,8 %
KLP BANKEN GROUP								
Profit/loss before tax	48,6	136,8	101,7	39,9	21,6	102,3	77,3	50,6
Net interest income	78,7	328,6	237,7	141,6	78,5	292,9	209,4	138,1
Other operating income	19,0	77,7	58,6	39,0	19,4	78,1	58,4	38,5
Operating expenses and depreciation	-63,6	-243,4	-172,9	-124,6	-63,6	-238,5	-167,8	-114,4
Net realized/unrealized changes in financial instruments to fair value	14,5	-26,1	-21,7	-16,1	-19,4	-30,2	-22,7	-11,6
Contributions	12 103	11 781	11 993	12 245	12 034	11 487	11 649	11 465
Housing mortgages granted	20 894	20 570	20 610	20 121	19 143	18 387	17 746	17 351
Loan(s) with public guarantee(s)	16 734	17 654	16 933	17 357	16 823	16 547	16 524	16 293
Defaulted loans	57	54	48	77	97	86	69	60
Borrowing on the issuance of securities	27 147	25 800	26 203	25 993	25 899	25 822	25 528	24 858
Total assets	43 200	42 688	43 438	43 850	42 002	39 699	39 611	38 861
Average total assets	42 944	41 188	41 568	41 775	40 850	38 394	38 350	37 975
Owners' equity	2 470	2 427	2 389	2 339	2 322	2 221	2 195	2 174
Net interest rate	0,18 %	0,80 %	0,57 %	0,34 %	0,19 %	0,76 %	0,55 %	0,36 %

NOK MILLIONS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Profit/loss from general operations before tax	0,11 %	0,33 %	0,24 %	0,10 %	0,04 %	0,27 %	0,20 %	0,13 %
Return on owners' equity before tax	8,02 %	6,16 %	6,11 %	3,59 %	2,69 %	4,78 %	4,82 %	4,73 %
Capital adequacy	19,3 %	19,5 %	18,7 %	18,4 %	18,8 %	19,1 %	19,0 %	19,6 %
Number of private customers	46 116	45 406	44 842	44 213	43 712	42 785	69 147	66 879
Of this members of KLP	32 183	32 048	31 869	32 533	32 135	31 361	49 814	48 135
KLP KAPITALFORVALTNING AS								
Profit/loss before tax	20,7	30,9	25,6	-1,9	-0,3	44,3	45,2	19,2
Total assets under management	602 400	596 254	579 129	563 238	524 877	563 567	544 395	530 531
Assets managed for external customers	111 821	103 378	100 106	87 968	74 598	83 405	77 736	71 301

¹ The business has been sold with accounting effect as of April 1, 2020.

KLP Sustainability Accounts

Q1 2021

Integrating corporate responsibility into all our operations

STRATEGIC OBJECTIVE

Employee statistics

KLP's employees are a key resource, and KLP wants to be an organization with committed employees who are able to utilize their own expertise and technological opportunities. It is important that our employees have a good working environment, and KLP is constantly striving to reduce employees' sickness absence.

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators show how KLP supports several of the UN Sustainable Development Goals:

- Goal 3, *Good health and well-being*.
- Goal 8, *Decent work and economic growth*, and especially target 8.8; Protect labour rights and promote safe and secure working environments for all workers.

TARGET

KLP's target is to keep sickness absence below 4 per cent.

Results

The total sickness absence was 3.5 per cent in the first quarter. This is within the target of below 4 per cent. It is still natural to assume that the ongoing pandemic has affected this. A focus on hand hygiene and infection prevention and strict infection control measures have helped reduce the incidence of other illnesses such as colds and the flu. Increased flexibility when working from home may also have helped reduce short-term absence.

	31.03.2021	31.03.2020	31.03.2019	UN Sustainable Development Goals
Employees of KLP	1 021	1 008	993	n/a
Total sickness absence	3,5 %	4,4 %	4,7 %	3.

DEFINITION

The number of employees refers to permanent employees in Norway, Sweden and Denmark, and includes employees on leave of absence and employees working part-time.

Sickness absence is self-certified and doctor-certified sickness absence. Short-term sickness absence is defined as 1-3 days; long-term absence is 4 days or more.

Climate and environment

KLP is working to reduce the environmental impact of its own operations and supports the goal of limiting global warming to 1.5 degree. KLP aims to align its own business and investments with the goals in the Paris Agreement.

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators show how KLP supports several of the UN Sustainable Development Goals:

- Goal 9, *Industry, innovation and infrastructure*, and especially target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and environmentally sound technologies.
- Target 11.6: By 2030, reduce the adverse environmental impact of cities, paying special attention to air quality and waste management.
- Goal 13: *Climate action*

TARGET

- Halve greenhouse gas emissions from our own operations by 2030, based on emissions in 2010.
- Reduce energy consumption in the property portfolio to 180 kWh per square metre.

Result

Following the national lockdown in March, KLP introduced a home office scheme for all employees and tight restrictions on business travel. Due to ongoing infection control measures, KLP has continued with these measures. This has resulted in a drastic decrease in the number of flights and activity level in KLP's own office premises.

The infection control measures during the pandemic have also affected the activity in KLP's property portfolio, which, among other things, has resulted in reduced energy consumption.

	31.03.2021	31.03.2020	31.03.2019	UN Sustainable Development Goals
Number of flights	6	1 405	1 653	12.13.
Greenhouse gas emissions from flights (tonnes CO ₂ e)	0,4	170	180	12.13.
Energy consumption in KLP's own offices (kWh per m ²)	97	124	163	9.13.
Energy consumption in KLP's property portfolio (kWh per m ²)	167	179	198	9.

DEFINITION

Flights and emissions

The number of flights is based on figures from our travel agency, and it is the number of individual stretches that is reported. A stretch means a single flight, and a round-trip journey may consist of several stretches.

Greenhouse gas emissions from flights is also based on numbers from our travel agency. They differentiate between short-, medium- and long-haul flights when calculating emissions.

Energy consumption in KLP's own offices

Energy consumption is a major source of KLP's greenhouse gas emissions. The energy consumption in KLP's own office premises is not temperature-adjusted but shows actual usage. 'Own office premises' are the offices where the KLP Group's employees work.

KLP changed to a new energy and environment monitoring system for all properties in our portfolio in the first quarter. As it has taken time to implement the system it has not been possible to export comparable energy numbers from the first quarter. The development in energy usage at individual properties suggest there has been little change from the previous quarter. We therefore report the numbers from the fourth quarter of 2020.

Energy consumption in KLP's property portfolio

The reported figures are the 12-month average climate-adjusted specific energy use for KLP-operated buildings.

'KLP-operated buildings' are the properties which KLP owns, operates and maintains, where KLP is able to implement environmental measures and measure their effects. These are buildings in Oslo, Trondheim, Copenhagen and Stockholm. All of these buildings have energy monitoring systems in which energy and water consumption is recorded and monitored. In the vast majority of buildings, the tenants' energy consumption is also included, so we have an overview of total energy consumption for the buildings.

Energy consumption in kWh per m² per year for KLP-operated buildings has been temperature-adjusted in order to measure the effect of the energy-saving measures.

KLP changed to a new energy and environment monitoring system for all properties in our portfolio in the first quarter. As it has taken time to implement the system it has not been possible to export comparable energy numbers from the first quarter. The development in energy usage at individual properties suggest there has been little change from the previous quarter. We therefore report the numbers from the fourth quarter of 2020.

The company has a large portfolio of buildings, which also changes over time. The individual buildings can also change their consumption patterns over shorter or longer periods, e.g. in connection with changes of tenant.

There may be various reasons why it is sometimes impossible to obtain correct figures, such as faults in meters or figures reported late by our sub-contractors. Hence, the reporting will only include KLP-operated buildings where operating conditions are consistent going back 12 months from the reporting date. In effect, the buildings included in the reporting might vary slightly from year to year. Nevertheless, we believe this will reflect the correct trends in the company's property portfolio.

Increasing investments that promote sustainable development and support our financial goals

STRATEGIC OBJECTIVE

Increase climate-friendly investments

KLP's investments promote many different aspects of sustainable development, but given KLP's focus on climate change, we are particularly committed to climate-friendly investments. KLP wants to steer its capital in a climate-friendly direction by setting specific targets for selected investments.

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators show how KLP supports several of the UN Sustainable Development Goals:

- Goal 7, *Affordable and clean energy*, including target 7.1: By 2030, ensure universal access to reliable and modern energy services; target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix; and target 7.a: By 2030, enhance international cooperation to facilitate access to clean energy research and technology.
- Goal 9, *Industry, innovation and infrastructure*, especially target 9.a: Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support; and 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies.
- Target 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
- Target 17.3: Mobilize additional financial resources for developing countries from multiple sources.

TARGET

Increase KLP's climate-friendly investments by NOK 6 billion per year.

Results

In the first quarter, KLP invested NOK 651 million in climate friendly investments, among other things in renewable energy.

MILLION NOK	2021	2020	31.03.2021	31.03.2020	31.03.2019	UN Sustainable Development Goals
Change 1st quarter						
Renewable energy in Norway	-828	-1 223	22 246	22 035	22 671	7.
Renewable energy internationally	-1 161	1 625	5 537	4 752	1 753	7.
Renewable energy in developing countries	106	90	1 038	815	514	7. 9. 17.
Buildings with environmental qualities in the property portfolio	-49	506	13 224	14 703	11 905	9.
Green bonds	486	527	2 367	1 417	827	n/a
Other climate-friendly investments	-117	120	6 211	415	137	7. 9. 15. 17.
Total	-1 562	1 644	50 624	44 137	37 807	7. 9. 15. 17
As a share of KLP's total investments	0 %	0 %	8 %	7 %	7 %	n/a
Renewable energy (market value)	-1 913	500	30 775	30 248	27 946	7.
Renewable energy (as a share of KLP's total investments)	0 %	0 %	5 %	5 %	5 %	7.
Fossil energy (market value)	736	-2 770	8 554	8 053	11 159	n/a
Fossil energy (as a share of KLP's total investments)	0 %	-1 %	1 %	1 %	2 %	n/a
Buildings with environmental qualities in the property portfolio (market value)	-49	506	13 224	14 703	11 905	9.
Buildings with environmental qualities in the property portfolio (as a share of the portfolio)	1 %	0 %	17 %	19 %	18 %	n/a

DEFINITION

It is the market value of investments, and the change in market value, in million NOK that is reported.

Renewable energy in Norway

Renewable energy in Norway means equity and bond investments in Norwegian energy generation and distribution companies. The energy companies are classified as electricity producers from hydro-electric or wind power or bio-fuels. The figure also includes lending to companies and projects in Norway in the power sector, which was not included before. The figure is therefore not directly comparable to previous years.

Renewable energy internationally

Renewable energy internationally covers investments in renewable energy projects. These are both equity investments and project financing. The investments are made either through external fund managers specialising in energy or through other partners.

Renewable energy in developing countries

Renewable energy in developing countries covers investments in new renewable energy projects. The investments are made partly as direct investments in cooperation with Norfund, and partly as fund investments through the fund manager Climate Investor One. The investments are part of KLP's portfolio of development investments, which is one of the measures in the *Guidelines for KLP as a responsible investor*. The aim is to achieve both financial returns and benefits to society. The investments are based on commercial risk and return assessments, but also emphasise the effect on social and environmental parameters.

Buildings with environmental qualities

It is the market value of buildings with environmental qualities in KLP's property portfolio that is reported. Buildings with environmental qualities are defined as buildings with energy class A or B. This is following the proposed classification criteria in the EU taxonomy. In the past, the definition also included buildings that are BREEAM certified with a minimum rating of very good, that produce their own energy through solar panels, or that have won a Norwegian property prize where environment is an important measurement parameter. The updated definition is therefore stricter and includes fewer buildings. The figures from previous years have not been updated to conform to the new definition, so the figures are not directly comparable.

Green bonds

The market value includes bonds that are classified as green and not already included in KLP's investments in renewable energy in Norway as described above.

Other climate-friendly investments

Climate-friendly investments that do not fall into one of the main categories above are placed here. This includes loans for electric ferries and investments in a fund that invests in FSC-certified forest properties. The figures also include publicly traded energy companies outside Norway which generate electricity mainly from renewable sources, and green loans to municipalities, county councils and enterprises with a municipal affiliation. The loan must have a clear positive environmental and climate effect and satisfy certain criteria, and the project must relate to water, sewerage and waste disposal, transport or new construction and refurbishment of buildings. Green loans and international energy companies have not been included in the category "Other climate-friendly investments" in previous years, so the figure is not directly comparable to historical figures.

Share of KLP's total investments

The share represents the investment as a percentage of KLP's total investments.

Investments in publicly traded companies that KLP invests in through our index-tracking or global bond portfolios are excluded from this definition of climate-friendly investments, with the exception of green bonds and a few international energy companies.

Fossil energy

The figure is the market value of KLP's investments in companies classified as oil and gas companies, including exploration, production and refineries. Transport and oil industry service companies are not included.

Finance in developing countries

Underdeveloped financial institutions and lack of access to financial services such as savings, loans and insurance for the population are hindering efforts to reduce poverty in developing countries. Through our investments in finance in developing countries, KLP aims to contribute to economic growth and better living conditions.

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators show how KLP supports several of the UN Sustainable Development Goals:

- Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, appropriate technology and financial services, including microfinance.
- Target 5.a: Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources.

- Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services; and target 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
- Target 9.3: Increase access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit.
- Target 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
- Target 17.3: Mobilize additional financial resources for developing countries from multiple sources.

TARGET

Increase this type of investment and thus contribute to economic growth and better living conditions in developing countries.

Results

The decrease in investments in banking and finance in developing countries is mainly due to a decrease in the market value.

MILLION NOK	2021	2020	31.03.2021	31.03.2020	31.03.2019	UN Sustainable Development Goals
Change 1st quarter						
Banking and finance in developing countries	-6	126	659	839	605	1. 5. 8. 9. 11. 17

DEFINITION

Investments in banking and finance in developing countries are KLP's investments in the Norwegian Microfinance Initiative (NMI) and NorFinance. NorFinance is an investment company that KLP owns together with Norfund, among others. The investments are made as part of KLP's development investment portfolio, which is one of the instruments in the *Guidelines for KLP as a responsible investor*. The aim is to achieve both financial returns and benefits to society.

Seed investments

KLP wants to ensure that good ideas can be pursued locally and create jobs in Norway. By investing in innovation, KLP aims to contribute to local wealth creation and the green transformation in Norway.

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators support e.g. UN Sustainability Goal 8, *Decent work and economic growth*, particularly target 8.3: Support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

TARGET

Increase this type of investment and thus contribute to innovation.

Results

KLP's seed investments increased by NOK 26 million, mainly due to an increase in the market value.

MILLION NOK	2021	2020	31.03.2021	31.03.2020	31.03.2019	UN Sustainable Development Goals
Change 1st quarter						
Seed investments in Norway	26	-1	151	7	5	8.

DEFINITION

It is the market value of investments made that is reported. In 2018, KLP established a portfolio of investments in seed investment funds related to research environments in Norway. At the end of 2020, KLP had invested in 10 different funds.

Engaging companies and industries for a more sustainable operation

STRATEGIC OBJECTIVE

Engaged and responsible owner

KLP is an engaged and responsible owner which seeks to influence individual companies, industries and markets.

UN SUSTAINABLE DEVELOPMENT GOALS

As a responsible investor and owner, KLP has discussions with companies on many topics related to the UN Sustainable Development Goals. KLP's exclusion criteria are also consistent with the SDGs. The indicators show how KLP supports several of the SDGs:

- Target 3.a: Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries.
- Goal 5, *Gender equality*
- Goal 7, *Affordable and clean energy*
- Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour.
- Target 12.6: Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
- Goal 14, *Life below water*
- Goal 15, *Life on land*
- Target 16.2: End abuse, exploitation, trafficking and all forms of violence against and torture of children; target 16.4: By 2030, significantly reduce illicit financial and arms flows; and target 16.5: Substantially reduce corruption and bribery in all their forms.

TARGET

- KLP aims to vote at 95 per cent of general meetings both in Norway and abroad.
- KLP aims to follow up 40 companies in the first quarter, and 240 companies during the year.

Result

The resource situation for KLP's department for responsible investments changed in the first quarter, with fewer resources available.

KLP voted at 97 per cent of the general meetings of foreign companies, and thus achieved the target. For Norwegian companies, KLP voted at only 71 per cent of the general meetings. In some instances, the general meetings are registered too late in the proxy voting system for KLP to vote. This may partly explain the decline.

In 2020, KLP changed service provider to one that does not offer dialogue as a service. Follow-up of companies is therefore only through direct dialogue between KLP and the company. So far this year, 47 companies have been followed up on topics related to ESG, which is somewhat below the target. This is both due to the resource situation, but also because KLP has prioritized certain issues and topics, such as investments in Myanmar.

	31.03.2021	31.03.2020	31.03.2019	UN Sustainable Development Goals
Companies excluded from investments	589	534	192	All SDGs
General meetings of Norwegian companies at which KLP has voted (number / percentage)	5 (71 %)	10 (100 %)	8 (89 %)	n/a
General meetings of foreign companies at which KLP has voted (number / percentage)	641 (97 %)	965 (96 %)	841 (96 %)	n/a
Unique companies KLP has had direct dialogue with on ESG topics	47	102	31	All SDGs

DEFINITION

Excluded companies

The number of exclusions refers to the total number of companies KLP had excluded from investments because of breaches of the *Guidelines for KLP as a responsible investor* at the end of the year.

General meetings

KLP uses services from ISS to vote at general meetings of companies in which we have investments. At general meetings of Norwegian companies (domiciled or listed in Norway), KLP votes manually through ISS. At general meetings of foreign companies, KLP uses proxy voting through ISS.

Dialogue with companies

The number of unique companies KLP has engaged with refers to companies that KLP has been in direct dialogue with during the year on social, environmental or governance issues. KLP may have several dialogues with a company during the year related to various topics. KLP's follow-up varies in scope, subject-matter and time frame. This is a way of exercising ownership in which KLP engages in a dialogue with companies to clarify how they handle corporate social responsibility issues and to communicate KLP's expectations as an investor and owner.

Developing products and services that contribute to positive development in society

STRATEGIC OBJECTIVE

Lending business

KLP's lending business is largely aimed at Norwegian municipalities, county councils and enterprises with a municipal affiliation. The loans are used for purposes that help to reduce national greenhouse gas emissions, and benefit society as a whole.

UN SUSTAINABLE DEVELOPMENT GOALS

The indicators support UN Sustainable Development Goal 9, *Industry, innovation and infrastructure*, and in particular target 9.1; Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure.

TARGET

Increase lending for this purpose.

Results

New loans to municipalities and county councils were NOK 182.5 billion net in the first quarter.

MILLION NOK	2021	2020	31.03.2021	31.03.2020	31.03.2019	UN Sustainable Development Goals
Change 1st quarter						
Loans for roads and transport	-6 323	511	2 564	9 323	8 641	9.
Loans for public property	-902	24	3 960	5 011	4 771	9.
Loans to public sector and businesses	7 122	629	71 703	57 063	51 940	9.
Lending to water, sewage and waste disposal	296	220	3 408	2 858	2 049	9.
Of which are green loans	0	-	2 028	New	New	9.

DEFINITION

Loans for public property are loans for e.g. school buildings, town halls and other municipal buildings. Lending to the public sector and businesses covers the financing of various types of investment by municipalities and county councils, such as kindergartens, nursing homes, schools etc.

Green loans can be given to municipalities, county councils and enterprises with a municipal affiliation. The loan must have a clearly positive environmental and climate effect and satisfy different criteria according to the type of project. The criteria are based on the Green Bond Principles, the Climate Bond Initiative Taxonomy and the Nordic Public Sector Issuers Position Paper on Green Bonds Impact Reporting. The criteria are regularly revised as needed.

Income statement

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
3	Premium income	7 041	9 589	37 102
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	-350	3 870	6 009
	Interest income and dividends etc. on financial assets	4 427	2 682	11 224
	Value changes on investments	-1 486	-36 959	1 240
	Gains and losses realized on investments	6 302	9 202	5 698
	Net income from investments in the common portfolio	8 893	-21 205	24 170
	Net income from investments in the investment option portfolio	39	-130	74
	Other insurance-related income	306	295	1 192
4	Claims	-13 754	-11 478	-28 360
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	3 104	23 221	-27 649
	Changes in insurance liabilities taken to profit/loss - individual investment option portfolio	3	514	487
	Funds assigned to insurance contracts - contractual liabilities	0	0	-4 111
	Unallocated profit to insurance contracts	-4 688	-100	0
5	Insurance-related operating expenses	-299	-293	-1 172
	Other insurance-related costs	-300	-296	-1 206
	Technical profit/loss	344	117	526
	Net income from investments in the corporate portfolio	272	44	1 457
	Other income	9	4	18
13	Administration costs and other costs associated with the corporate portfolio	-59	-134	-712
	Non-technical profit/loss	222	-86	762
	Profit/loss pre-tax	566	31	1 289
	Tax	-105	-9	-204
	Income before other income and expenses	461	21	1 085
12	Actuarial gains and losses on defined benefits pension schemes	118	-222	-49
	Proportion of other comprehensive income on application of the equity method	66	-125	-39
	Adjustment of the insurance liabilities	-21	0	12
	Tax on other income and expenses that will not be reclassified to profit or loss	-30	56	12
	Total other income and expenses that will not be reclassified to profit or loss	135	-292	-63
	TOTAL COMPREHENSIVE INCOME	595	-271	1 021

Statement of financial position

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	31.03.2021	31.03.2020	31.12.2020
ASSETS				
ASSETS IN THE CORPORATE PORTFOLIO				
	Intangible assets	657	414	602
7	Investment properties	991	965	1 017
	Shares and holdings in property subsidiaries	3 368	3 012	3 380
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	5 077	5 025	4 910
6	Financial assets valued at amortized cost	19 132	19 677	19 012
6,7	Financial assets valued at fair value	12 341	14 826	12 816
	Receivables	2 241	994	1 922
11	Right-of-use assets	1 054	179	1 081
	Other assets	605	977	710
Total assets in the corporate portfolio		45 466	46 070	45 450
ASSETS IN THE CUSTOMER PORTFOLIOS				
	Shares and holdings in property subsidiaries	62 220	57 622	61 742
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	4 614	3 494	4 254
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	13 078	13 862	13 263
6	Financial assets valued at amortized cost	248 861	246 488	248 813
6,7	Financial assets valued at fair value	274 303	249 183	276 710
Total investment in the common portfolio		603 076	570 649	604 782
	Shares and holdings in property subsidiaries	225	283	223
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	66	69	66
6	Financial assets at amortized costs	736	715	720
6,7	Financial assets at fair value	1 054	1 014	1 034
Total investments in the investment option portfolio		2 081	2 082	2 044
Total assets in the customer portfolios		605 157	572 731	606 826
TOTAL ASSETS		650 623	618 801	652 277

NOTE	NOK MILLIONS	31.03.2021	31.03.2020	31.12.2020
OWNERS' EQUITY AND LIABILITIES				
	Owners' equity contributed	17 919	16 307	18 194
	Retained earnings	21 784	20 507	21 188
	Total owners' equity	39 703	36 815	39 382
6	Subordinated loan capital etc.	4 668	9 412	4 898
14	Premium reserve etc.	451 266	460 090	456 055
	Supplementary reserves	43 326	36 091	43 325
	Securities adjustment fund	56 575	31 731	55 137
	Premium funds, defined contribution funds, pension regulation funds etc.	37 731	12 245	38 124
	Unallocated profit to customers	4 680	99	0
	Total insurance liabilities - contractual liabilities	593 578	540 256	592 642
14	Pension capital etc.	1 473	1 547	1 478
	Supplementary reserves	135	119	135
	Premium funds, defined contribution funds, pension regulation funds etc.	466	484	464
	Unallocated profit to customers	28	1	0
	Total insurance liabilities - special investment portfolio	2 102	2 152	2 077
12	Pension obligations	491	741	594
	Current tax liabilities	1 151	945	1 155
	Deferred tax liabilities	745	499	614
11	Lease liabilities	1 078	185	1 099
9	Liabilities	6 828	27 611	9 506
	Accrued costs and prepaid income	280	186	309
	TOTAL OWNERS' EQUITY AND LIABILITIES	650 623	618 801	652 277
OFF-BALANCE SHEET ITEMS				
	Contingent liabilities	24 208	22 078	26 011

Changes in Owners' equity

Kommunal Landspensjonskasse

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		170	290	461
Actuarial gains and losses on defined benefits pension schemes			118	118
Proportion of other comprehensive income on application of the equity method			66	66
Adjustment of the insurance liabilities			-21	-21
Tax on other income and expenses that will not be reclassified to profit or loss			-30	-30
Total other income and expenses that will not be reclassified to profit or loss			135	135
Total comprehensive income (unallocated)		170	425	595
Owners equity contribution received	-275			-275
Total transactions with owners	-275			-275
Own funds 31 March 2021	17 919	5 575	16 209	39 703

2020 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 1 January 2020	16 540	5 540	15 238	37 318
Income before other income and expenses		130	-108	21
Actuarial gains and losses on defined benefits pension schemes			-222	-222
Proportion of other comprehensive income on application of the equity method			-125	-125
Adjustment of the insurance liabilities			0	0
Tax on other income and expenses that will not be reclassified to profit or loss			56	56
Total other income and expenses that will not be reclassified to profit or loss			-292	-292
Total comprehensive income (unallocated)		130	-400	-271
Owners equity contribution received	-232			-232
Total transactions with owners	-232			-232
Own funds 31 March 2020	16 307	5 670	14 838	36 815

2020 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 1 January 2020	16 540	5 540	15 238	37 318
Income before other income and expenses	611	-136	609	1 085
Actuarial gains and losses on defined benefits pension schemes			-49	-49
Proportion of other comprehensive income on application of the equity method			-39	-39
Adjustment of the insurance liabilities			12	12
Tax on other income and expenses that will not be reclassified to profit or loss			12	12
Total other income and expenses that will not be reclassified to profit or loss			-63	-63
Total comprehensive income	611	-136	546	1 021
Owners equity contribution received	1 043			1 043
Total transactions with owners	1 043			1 043
Own funds 31 December 2020	18 194	5 404	15 784	39 382

Statement of cash flows

Kommunal Landspensjonskasse

NOK MILLIONS	01.01.2021	01.01.2020	01.01.2020	01.01.2020	01.01.2020
	-31.03.2021	-31.12.2020	-30.09.2020	-30.06.2020	-31.03.2020
Net cashflow from operational activities	271	2 885	3 159	394	367
Net cashflow from investment activities ¹	-69	-324	-227	-153	-72
Net cashflow from financing activities ²	-302	-2 802	-2 827	-261	-259
Net changes in cash and bank deposits	-100	-241	105	-21	37
Holdings of cash and bank deposits at start of period	659	900	900	900	900
Holdings of cash and bank deposits at end of period	560	659	1 005	879	937

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 statements

Note 1 **Accounting principles- and estimates**

ACCOUNTING PRINCIPLES

The financial statements in this interim report are the financial statements for Kommunal Landspensjonskasse (KLP) for the period 1 January – 31 March 2021. The accounts have not been audited.

The interim financial statements are presented in accordance with Regulations no. 1824 of 18 December 2015: The Regulations governing the annual financial statements for life insurance companies (the Financial Reporting Regulations) and IAS 34 Interim Financial Reporting. The interim financial statements have been prepared in accordance with the same principles as the annual financial statements for 2020 unless stated otherwise.

The interim financial statements do not contain all the information required of complete annual financial statements, and the interim financial statement should be read in the context of the annual financial statements for 2020. The annual financial statements are available at KLP's website klp.no

ACCOUNTING ESTIMATES

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

Note 2 Value-adjustment investment property

The portfolio of investment properties, including investment properties owned via subsidiaries, has been valued as at 31. March 2021.

NOK MILLIONS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
Value adjustment incl. foreign exchange	-1 182	3 082	4 033
Foreign exchange effect on hedging	1 215	-3 094	-1 500
Net value adjustment incl. exchange hedging	34	-12	2 533

Note 3 Premium income

NOK MILLIONS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
Gross premiums due	7 041	7 086	34 252
Transfer of premium reserves from others	0	2 503	2 850
Total premium income	7 041	9 589	37 102

Note 4 Claims

NOK MILLIONS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
Claims paid	5 335	5 101	20 704
Transfers of premium reserves to others	8 419	6 377	7 656
Total claims	13 754	11 478	28 360

Note 5 Insurance-related operating expenses

NOK MILLIONS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
Personnel costs	187	176	691
Depreciation	49	43	179
Other operating expenses	62	74	302
Total insurance-related operating expenses	299	293	1 172

Note 6 Fair value of financial assets and liabilities

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

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

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

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

31.03.2021 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	3 032	3 411	0	0	0	0	3 032	3 411
Hybrid Tier 1 securities	1 637	1 576	0	0	0	0	1 637	1 576
Total subordinated loan capital etc.	4 668	4 987	0	0	0	0	4 668	4 987
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	655	655	3	3	657	657
Foreign call money ¹	885	885	1 759	1 759	16	16	2 660	2 660
Total liabilities to credit institutions	885	885	2 414	2 414	19	19	3 318	3 318

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

31.03.2020 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	555	635	4 446	4 954	11	12	5 012	5 601
Accrued not due interest	6	6	62	62	0	0	68	68
Foreign hold-to-maturity bonds	7 251	7 523	20 463	21 788	38	44	27 752	29 355
Accrued not due interest	55	55	310	310	1	1	366	366
Total investments held to maturity	7 867	8 219	25 281	27 114	50	56	33 198	35 390
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	4 223	4 349	43 727	46 096	177	187	48 126	50 631
Accrued not due interest	72	72	738	738	4	4	814	814
Foreign bonds	7 378	7 599	100 025	103 439	476	492	107 880	111 530
Accrued not due interest	137	137	1 595	1 595	8	8	1 741	1 741
Total bonds classified as loans and receivables	11 810	12 157	146 086	151 868	665	691	158 561	164 716
OTHER LOANS AND RECEIVABLES								
Secured loan	0	0	3 424	3 458	0	0	3 424	3 458
Lending with public sector guarantee	0	0	58 147	59 023	0	0	58 147	59 023
Loans abroad secured by mortgage and local government guarantee	0	0	13 135	13 188	0	0	13 135	13 188
Accrued not due interest	0	0	416	416	0	0	416	416
Total other loans and receivables	0	0	75 122	76 085	0	0	75 122	76 085
Total financial assets at amortized cost	19 677	20 376	246 488	255 067	715	747	266 880	276 190

ASSETS – AT FAIR VALUE

31.03.2020 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	5	5	5 227	5 227	0	0	5 232	5 232
Foreign shares	0	0	21 948	21 948	0	0	21 948	21 948
Total shares	5	5	27 174	27 174	0	0	27 179	27 179
Property funds	0	0	2 511	2 511	0	0	2 511	2 511
Norwegian equity funds	0	0	61 213	61 213	441	441	61 654	61 654
Foreign equity funds	0	0	15 638	15 638	0	0	15 638	15 638
Total equity fund units	0	0	79 362	79 362	441	441	79 804	79 804
Norwegian alternative investments	0	0	2 813	2 813	13	13	2 826	2 826
Foreign alternative investments	0	0	2 892	2 892	0	0	2 892	2 892
Total alternative investments	0	0	5 704	5 704	13	13	5 717	5 717
Total shares and units	5	5	112 241	112 241	455	455	112 701	112 701
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	7 755	7 755	32 376	32 376	0	0	40 132	40 132
Foreign bonds	258	258	21 629	21 629	0	0	21 887	21 887
Accrued not due interest	39	39	358	358	0	0	398	398
Norwegian fixed-income funds	2 796	2 796	34 689	34 689	387	387	37 871	37 871
Foreign fixed-income funds	0	0	15 295	15 295	0	0	15 295	15 295
Accrued not due interest	22	22	20	20	2	2	44	44
Norwegian certificates	661	661	4 841	4 841	0	0	5 501	5 501

31.03.2020 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	5	5	9	9	0	0	15	15
Fixed income securities	11 536	11 536	109 218	109 218	389	389	121 143	121 143
Norwegian loans and receivables	1 511	1 511	14 189	14 189	93	93	15 793	15 793
Foreign loans and receivables	303	303	6 069	6 069	53	53	6 424	6 424
Total loans and receivables	1 814	1 814	20 258	20 258	145	145	22 217	22 217
DERIVATIVES								
Interest rate swaps	1 311	1 311	808	808	0	0	2 119	2 119
Forward exchange contracts	0	0	938	938	16	16	955	955
Total financial derivatives classified as assets	1 311	1 311	1 747	1 747	16	16	3 074	3 074
OTHER FINANCIAL ASSETS								
Other financial assets	160	160	5 719	5 719	8	8	5 888	5 888
Total financial assets valued at fair value	14 826	14 826	249 183	249 183	1 014	1 014	265 023	265 023
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	2 500	2 500	0	0	2 500	2 500
Forward exchange contracts	1	1	13 650	13 650	65	65	13 715	13 715
Total financial derivatives classified as liabilities	1	1	16 150	16 150	65	65	16 215	16 215

31.03.2020 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	7 110	7 116	0	0	0	0	7 110	7 116
Hybrid Tier 1 securities	2 302	1 529	0	0	0	0	2 302	1 529
Total subordinated loan capital etc.	9 412	8 645	0	0	0	0	9 412	8 645
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	48	48	3	3	51	51
Foreign call money ¹	1 303	1 303	23	23	8	8	1 333	1 333
Total liabilities to credit institutions	1 303	1 303	71	71	11	11	1 384	1 384

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

31.12.2020 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	543	644	4 445	5 000	11	11	5 000	5 655
Accrued not due interest	19	19	101	101	0	0	120	120
Foreign hold-to-maturity bonds	6 547	6 923	16 993	18 918	38	44	23 578	25 884
Accrued not due interest	41	41	223	223	1	1	264	264
Total investments held to maturity	7 149	7 626	21 763	24 242	50	56	28 962	31 924
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	4 337	4 567	46 054	49 088	191	204	50 582	53 860
Accrued not due interest	60	60	725	725	3	3	788	788
Foreign bonds	7 366	7 880	101 144	109 202	468	503	108 979	117 585
Accrued not due interest	100	100	1 702	1 702	8	8	1 810	1 810
Total bonds classified as loans and receivables	11 863	12 607	149 626	160 718	671	719	162 159	174 043
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	3 191	3 243	0	0	3 191	3 243
Lending with public sector guarantee	0	0	64 088	65 304	0	0	64 088	65 304
Loans abroad secured by mortgage and local government guarantee	0	0	9 864	9 864	0	0	9 864	9 864
Accrued not due interest	0	0	280	280	0	0	280	280
Total other loans and receivables	0	0	77 424	78 691	0	0	77 424	78 691
Total financial assets at amortized cost	19 012	20 233	248 813	263 650	720	775	268 546	284 658

ASSETS – AT FAIR VALUE

31.12.2020 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	7	7	6 581	6 581	0	0	6 588	6 588
Foreign shares	0	0	26 548	26 548	0	0	26 548	26 548
Total shares	7	7	33 129	33 129	0	0	33 136	33 136
Property funds	0	0	4 031	4 031	0	0	4 031	4 031
Norwegian equity funds	0	0	72 440	72 440	580	580	73 021	73 021
Foreign equity funds	0	0	17 818	17 818	0	0	17 818	17 818
Total equity fund units	0	0	94 290	94 290	580	580	94 870	94 870
Norwegian alternative investments	0	0	1 709	1 709	8	8	1 717	1 717
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	1 710	1 710	8	8	1 718	1 718
Total shares and units	7	7	129 128	129 128	588	588	129 724	129 724
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	6 604	6 604	30 995	30 995	0	0	37 600	37 600
Foreign bonds	429	429	18 703	18 703	0	0	19 131	19 131
Accrued not due interest	28	28	368	368	0	0	396	396
Norwegian fixed-income funds	2 632	2 632	36 415	36 415	337	337	39 384	39 384
Foreign fixed-income funds	0	0	28 828	28 828	0	0	28 828	28 828
Norwegian certificates	530	530	2 255	2 255	0	0	2 785	2 785
Foreign certificates	0	0	549	549	0	0	549	549

31.12.2020 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Accrued not due interest	2	2	5	5	0	0	7	7
Fixed income securities	10 226	10 226	118 119	118 119	337	337	128 681	128 681
Norwegian loans and receivables	570	570	15 446	15 446	27	27	16 043	16 043
Foreign loans and receivables	1 129	1 129	5 530	5 530	67	67	6 726	6 726
Total loans and receivables	1 700	1 700	20 977	20 977	93	93	22 770	22 770
DERIVATIVES								
Interest rate swaps	775	775	1 018	1 018	0	0	1 792	1 792
Share options	0	0	219	219	0	0	219	219
Forward exchange contracts	109	109	4 706	4 706	16	16	4 831	4 831
Total financial derivatives classified as assets	884	884	5 943	5 943	16	16	6 843	6 843
OTHER FINANCIAL ASSETS								
Other financial assets	0	0	2 543	2 543	0	0	2 543	2 543
Total financial assets valued at fair value	12 816	12 816	276 710	276 710	1 034	1 034	290 560	290 560
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	0	0	0	0	0	0
Forward exchange contracts	0	0	326	326	1	1	327	327
Total financial derivatives classified as liabilities	0	0	326	326	1	1	327	327

31.12.2020 NOK 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	3 135	3 561	0	0	0	0	3 135	3 561
Hybrid Tier 1 securities	1 764	1 592	0	0	0	0	1 764	1 592
Total subordinated loan capital etc.	4 898	5 152	0	0	0	0	4 898	5 152
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	2 504	2 504	3	3	2 507	2 507
Foreign call money ¹	923	923	2 412	2 412	17	17	3 352	3 352
Total liabilities to credit institutions	923	923	4 917	4 917	19	19	5 859	5 859

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

Note 7 Fair value hierarchy

31.03.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	352	0	352
<i>Bonds</i>	0	6 781	0	6 781
<i>Fixed-income funds</i>	2 777	0	0	2 777
Fixed-income securities	2 777	7 133	0	9 910
Loans and receivables	750	928	0	1 678
<i>Shares</i>	0	0	7	7
Shares and units	0	0	7	7
Financial derivatives	0	742	0	742
Other financial assets	0	5	0	5
Total corporate portfolio	3 527	8 807	7	12 341
COMMON PORTFOLIO				
<i>Certificates</i>	2 590	2 611	0	5 201
<i>Bonds</i>	20 801	26 061	0	46 863
<i>Fixed-income funds</i>	49 775	8 710	4 820	63 305
Fixed-income securities	73 166	37 382	4 820	115 368
Loans and receivables	11 752	315	0	12 067
<i>Shares</i>	32 831	249	2 588	35 668
<i>Equity funds</i>	83 767	0	49	83 817
<i>Property funds</i>	0	1 095	3 174	4 269
<i>Special funds</i>	0	1 846	0	1 846
<i>Private Equity</i>	0	0	16 970	16 970
Shares and units	116 598	3 190	22 781	142 569
Financial derivatives	0	3 067	0	3 067
Other financial assets	0	1 232	0	1 232
Total common portfolio	201 515	45 186	27 601	274 303
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	323	7	0	330
Fixed-income securities	323	7	0	330
Loans and receivables	84	0	0	84
<i>Equity funds</i>	619	0	0	619
<i>Special funds</i>	0	8	0	8
Shares and units	619	8	0	627
Financial derivatives	0	11	0	11
Other financial assets	0	0	0	1
Total investment option portfolio	1 026	27	0	1 054
Total financial assets valued at fair value	206 069	54 020	27 608	287 699

31.03.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
CORPORATE PORTFOLIO				
Investment property	0	0	991	991
Total investment property	0	0	991	991
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	885	0	0	885
Total corporate portfolio	885	0	0	885
COMMON PORTFOLIO				
Financial derivatives	0	648	0	648
Debt to credit institutions	2 414	0	0	2 414
Total common portfolio	2 414	648	0	3 062
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	1	0	1
Debt to credit institutions	19	0	0	19
Total investment option portfolio	19	1	0	20
Total financial liabilities at fair value	3 318	650	0	3 968

31.03.2020 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	666	0	666
<i>Bonds</i>	22	8 031	0	8 053
<i>Fixed-income funds</i>	2 817	0	0	2 817
Fixed-income securities	2 839	8 697	0	11 536
Loans and receivables	345	1 469	0	1 814
<i>Shares</i>	0	0	5	5
Shares and units	0	0	5	5
Financial derivatives	0	1 311	0	1 311
Other financial assets	0	160	0	160
Total corporate portfolio	3 184	11 637	5	14 826
COMMON PORTFOLIO				
<i>Certificates</i>	2 789	2 061	0	4 850
<i>Bonds</i>	22 220	32 144	0	54 364
<i>Fixed-income funds</i>	50 004	0	0	50 004
Fixed-income securities	75 013	34 205	0	109 218
Loans and receivables	19 839	418	0	20 258
<i>Shares</i>	24 700	308	2 166	27 174

31.03.2020 NOK MILLIONS	Level 1	Level 2	Level 3	Total
<i>Equity funds</i>	62 219	0	52	62 271
<i>Property funds</i>	0	38	2 473	2 511
<i>Special funds</i>	0	5 704	0	5 704
<i>Private Equity</i>	0	0	14 580	14 580
Shares and units	86 919	6 050	19 272	112 241
Financial derivatives	0	1 747	0	1 747
Other financial assets	0	5 719	0	5 719
Total common portfolio	181 771	48 140	19 272	249 183
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	389	0	0	389
Fixed-income securities	389	0	0	389
Loans and receivables	145	0	0	145
<i>Equity funds</i>	441	0	0	441
<i>Special funds</i>	0	13	0	13
Shares and units	441	13	0	455
Financial derivatives	0	16	0	16
Other financial assets	0	8	0	8
Total investment option portfolio	976	38	0	1 014
Total financial assets valued at fair value	185 931	59 815	19 277	265 022
CORPORATE PORTFOLIO				
Investment property	0	0	965	965
Total investment property	0	0	965	965
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	1	0	1
Debt to credit institutions	1 303	0	0	1 303
Total corporate portfolio	1 303	1	0	1 303
COMMON PORTFOLIO				
Financial derivatives	0	16 150	0	16 150
Debt to credit institutions	71	0	0	71
Total common portfolio	71	16 150	0	16 221
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	65	0	65
Debt to credit institutions	11	0	0	11
Total investment option portfolio	11	65	0	76
Total financial liabilities at fair value	1 384	16 215	0	17 599

31.12.2020 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	533	0	533
<i>Bonds</i>	0	7 061	0	7 061
<i>Fixed-income funds</i>	2 632	0	0	2 632
Fixed-income securities	2 632	7 594	0	10 226
Loans and receivables	1 464	236	0	1 700
<i>Shares</i>	0	0	7	7
Shares and units	0	0	7	7
Financial derivatives	0	884	0	884
Other financial assets	0	0	0	0
Total corporate portfolio	4 096	8 713	7	12 816
COMMON PORTFOLIO				
<i>Certificates</i>	549	2 260	0	2 809
<i>Bonds</i>	16 038	34 028	0	50 066
<i>Fixed-income funds</i>	52 460	8 534	4 250	65 243
Fixed-income securities	69 047	44 822	4 250	118 119
Loans and receivables	20 662	315	0	20 977
<i>Shares</i>	30 258	326	2 545	33 129
<i>Equity funds</i>	74 016	0	55	74 070
<i>Property funds</i>	0	1 157	2 874	4 031
<i>Special funds</i>	0	1 710	0	1 710
<i>Private Equity</i>	0	0	16 188	16 188
Shares and units	104 274	3 193	21 662	129 128
Financial derivatives	0	5 943	0	5 943
Other financial assets	0	2 543	0	2 543
Total common portfolio	193 983	56 816	25 911	276 710
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	330	7	0	337
Fixed-income securities	330	7	0	337
Loans and receivables	93	0	0	93
<i>Equity funds</i>	580	0	0	580
<i>Special funds</i>	0	8	0	8
Shares and units	580	8	0	588
Financial derivatives	0	16	0	16
Other financial assets	0	0	0	0
Total investment option portfolio	1 004	30	0	1 034
Total financial assets valued at fair value	199 083	65 559	25 918	290 560

31.12.2020 NOK MILLIONS	Level 1	Level 2	Level 3	Total
CORPORATE PORTFOLIO				
Investment property	0	0	1 017	1 017
Total investment property	0	0	1 017	1 017
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	923	0	0	923
Total corporate portfolio	923	0	0	923
COMMON PORTFOLIO				
Financial derivatives	0	326	0	326
Debt to credit institutions	4 917	0	0	4 917
Total common portfolio	4 917	326	0	5 242
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	1	0	1
Debt to credit institutions	19	0	0	19
Total investment option portfolio	19	1	0	21
Total financial liabilities at fair value	5 859	327	0	6 186

Changes in Level 3 shares, unlisted CORPORATE PORTFOLIO	Book value 31.03.2021	Book value 31.03.2020	Book value 31.12.2020
Opening balance 01.01.	7	5	5
Sold	0	0	0
Bought	0	0	0
Unrealised changes	0	0	1
Closing balance 31.03./31.12.	7	5	7
Realised gains/losses	0	0	0

Changes in Level 3 shares, unlisted COMMON PORTFOLIO	Book value 31.03.2021	Book value 31.03.2020	Book value 31.12.2020
Opening balance 01.01.	2 545	2 170	2 170
Sold	0	0	-23
Bought	0	1	377
Unrealised changes	43	-5	22
Closing balance 31.03./31.12.	2 588	2 166	2 545
Realised gains/losses	0	0	0

Changes in Level 3 equity funds, unlisted COMMON PORTFOLIO	Book value 31.03.2021	Book value 31.03.2020	Book value 31.12.2020
Opening balance 01.01.	55	52	52
Sold	0	0	0
Bought	0	0	0
Unrealised changes	-5	0	3
Closing balance 31.03./31.12.	49	52	55
Realised gains/losses	0	0	0

Changes in Level 3, private equity and property funds COMMON PORTFOLIO	Book value 31.03.2021	Book value 31.03.2020	Book value 31.12.2020
Opening balance 01.01.	23 312	14 888	14 888
Sold	-786	-250	-1 740
Bought	1 979	1 093	8 341
Unrealised changes	460	1 323	302
Closing balance 31.03./31.12.	24 964	17 054	23 312
Realised gains/losses	562	161	636

Changes in Level 3, investment property CORPORATE PORTFOLIO	Book value 31.03.2021	Book value 31.03.2020	Book value 31.12.2020
Opening balance 01.01.	1 017	955	955
Sold	0	0	0
Bought	0	0	0
Unrealised changes	9	10	85
Other	-35	0	-23
Closing balance 31.03./31.12.	991	965	1 017
Realised gains/losses	0	0	0
Total level 3	28 600	20 242	26 935

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 1 430 million as of 31.03.2021 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.

In this quarter, NOK 10 million was moved from Level 1 to Level 2 and NOK 62 million was moved from level 2 to level 1. The amounts are related to equity instruments and are due to change in liquidity. In addition, NOK 200 million of fixed-income securities was also moved from level 2 to level 1. There were no other movements between the different levels in KLP.

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

31.03.2021 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	3 819	0	3 819	-643	-2 927	0	392
Total	3 819	0	3 819	-643	-2 927	0	392
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	3 067	0	3 067	-642	-2 175	0	320
Total assets – corporate portfolio	742	0	742	0	-741	0	64
Total assets – investment option portfolio	11	0	11	-1	-11	0	8
Total	3 819	0	3 819	-643	-2 927	0	392
LIABILITIES							
Financial derivatives	650	0	650	-643	-17	0	0
Total	650	0	650	-643	-17	0	0
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	648	0	648	-642	-14	0	0
Total liabilities – corporate portfolio	0	0	0	0	0	0	0
Total liabilities – investment option portfolio	1	0	1	-1	-3	0	0
Total	650	0	650	-643	-17	0	0

31.03.2020 NOK MILLIONS					Related amounts not presented net		
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount
ASSETS							
Financial derivatives	3 074	0	3 074	-1 748	-1 310	-33	17
Total	3 074	0	3 074	-1 748	-1 310	-33	17
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	1 747	0	1 747	-1 738	-6	-33	4
Total assets – corporate portfolio	1 311	0	1 311	0	-1 303	0	8
Total assets – investment option portfolio	16	0	16	-10	-1	0	6
Total	3 074	0	3 074	-1 748	-1 310	-33	17
LIABILITIES							
Financial derivatives	16 215	0	16 215	-1 748	-1 632	-3 142	9 695
Total	16 215	0	16 215	-1 748	-1 632	-3 142	9 695
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	16 150	0	16 150	-1 738	-1 624	-3 142	9 646
Total liabilities – corporate portfolio	1	0	1	0	0	0	1
Total liabilities – investment option portfolio	65	0	65	-10	-7	0	48
Total	16 215	0	16 215	-1 748	-1 632	-3 142	9 695

31.12.2020 NOK MILLIONS					Related amounts not presented net		
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount
ASSETS							
Financial derivatives	6 843	0	6 843	-326	-5 795	0	1 089
Total	6 843	0	6 843	-326	-5 795	0	1 089
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	5 943	0	5 943	-326	-4 860	0	970
Total assets – corporate portfolio	884	0	884	0	-923	0	106
Total assets – investment option portfolio	16	0	16	0	-12	0	12
Total	6 843	0	6 843	-326	-5 795	0	1 089
LIABILITIES							
Financial derivatives	327	0	327	-326	-3	0	0
Total	327	0	327	-326	-3	0	0
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	326	0	326	-326	0	0	0
Total liabilities – corporate portfolio	0	0	0	0	0	0	0
Total liabilities – investment option portfolio	1	0	1	0	-3	0	0
Total	327	0	327	-326	-3	0	0

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

Note 9 **Liabilities**

NOK MILLIONS	31.03.2021	31.03.2020	31.12.2020
Short-term liabilities securities	1 503	8 207	2 258
Advance tax-deduction pension scheme	392	390	447
Accounts payable	-17	-8	4
Derivatives	650	16 215	327
Debt to credit institutions	3 318	1 384	5 859
Liabilities related to direct insurance	850	1 294	576
Other liabilities	132	129	34
Total liabilities	6 828	27 611	9 506

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 287 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 343 per cent.

	31.03.2021	31.03.2020	31.12.2020
SOLVENCY II-SCR RATIO ¹	287 %	234 %	282 %

NOK BILLIONS	31.03.2021	31.03.2020	31.12.2020
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT			
Assets, book value	650	618	652
Added values - hold-to-maturity portfolio/loans and receivables	11	10	16
Added values - other lending	0	0	0
Other added/lesser values	0	0	0
Deferred tax asset	0	0	0
Total assets - solvency II	661	628	668

NOK BILLIONS	31.03.2021	31.03.2020	31.12.2020
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT			
Best estimate	595	538	596
Risk margin	13	16	14
Hybrid Tier 1 securities/Subordinated loan capital	5	10	5
Other liabilities ¹	15	35	18
Deferred tax liabilities	1	1	1
Total liabilities - solvency II	629	600	634
Excess of assets over liabilities	33	28	33
- Deferred tax asset	0	0	0
+ Hybrid Tier 1 securities	2	2	2
Tier 1 basic own funds	34	31	36
Total eligible tier 1 own funds	34	31	36
Subordinated loans	3	7	4
Tier 2 basic own funds	3	7	4
Ancillary own funds	11	12	11
Tier 2 ancillary own funds	11	12	11
Deduction for max. eligible tier 2 own funds	-7	-11	-7
Total eligible tier 2 own funds	7	8	8
Deferred tax asset	0	0	0
Total eligible tier 3 own funds	0	0	0
Solvency II total eligible own funds	42	39	43
Market risk	7	9	7
Diversification market risk	-2	-3	-2
Counterparty risk	0	0	0
Life risk	13	16	14
Diversification life risk	-3	-4	-3
Diversification general	-3	-3	-3

NOK BILLIONS	31.03.2021	31.03.2020	31.12.2020
Operational risk	3	2	3
Loss absorbing ability deferred tax	-1	-1	-1
Solvency capital requirement (SCR)	14	17	15
Linear minimum capital requirement (MCR_linear)	6	9	8
Minimum	4	4	4
Maximum	7	7	7
Minimum capital requirement (MCR)	6	7	7
Solvency I -SCR ratio ¹	287 %	234 %	282 %

¹ Final calculation of Solvency II-SCR ratio as of 31.12.2020 gives a Solvency II-SCR ratio of 282 %. This is a reduction of 4 % compared to previously reported.

Note 11 Leases

NOK MILLIONS	31.03.2021	31.03.2020	31.12.2020
RIGHT-OF-USE ASSETS	Property		
Opening balance 01.01.	1 081	204	204
Addition	0	0	981
Depreciation	-27	-25	-104
Closing balance 31.03. / 31.12.	1 054	179	1 081

NOK MILLIONS	31.03.2021	31.03.2020	31.12.2020
LEASE LIABILITIES	Property		
Opening balance 01.01.	1 099	210	210
Addition	0	0	981
Repayments	-22	-25	-92
Closing balance 31.03. / 31.12.	1 078	185	1 099

NOK MILLIONS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
	Property		
Interest expense lease liabilities	6	2	17
Interest expense lease liabilities	6	2	17

Note 12 Pension obligations

NOK MILLIONS	31.03.2021	31.03.2020	31.12.2020
Capitalized net liability 01.01.	594	508	508
Capitalized pension costs	28	24	95
Capitalized financial costs	3	4	15
Actuarial gains and losses	-118	222	49
Premiums / contributions received	-16	-15	-71
Capitalized net liability 31.03. / 31.12.	491	741	594

ASSUMPTIONS	31.03.2021	31.03.2020	31.12.2020
Discount rate	2.00 %	1.70 %	1.70 %
Salary growth	2.25 %	2.25 %	2.25 %
The National Insurance basic amount (G)	2.00 %	2.00 %	2.00 %
Pension increases	1.24 %	1.24 %	1.24 %
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 118 million as of 31.03.2021. The change is recognized in "Total other income and expenses that will not be reclassified to profit or loss".

Note 13 Administration costs and other costs associated with the corporate portfolio

NOK MILLIONS	Q1 2021	Q1 2020	01.01.2020 -31.12.2020
Interest expense subordinated loan	28	97	212
Discount subordinated loan	-1	6	343
Interest expense Hybrid Tier 1 securities	16	19	67
Other costs associated with the corporate portfolio	16	12	91
Administration costs and other costs associated with the corporate portfolio	59	134	712

Note 14 Premium reserve

NOK MILLIONS	31.03.2021	31.03.2020	31.12.2020
Premium reserve etc. 01.01.	456 055	459 343	459 343
Net freed up reserves due to changes in the public sector occupational pension as of January 1st, 2020	0	0	-22 081
Other changes ¹	-4 789	747	18 794
Premium reserve etc. 31.03. / 31.12.	451 266	460 090	456 055

¹ Other changes as of 31.03.2021 are negative due to the transfer of premium reserves to others.

NOK MILLIONS	31.03.2021	31.03.2020	31.12.2020
Pension capital etc. 01.01.	1 478	2 064	2 064
Net freed up reserves due to changes in the public sector occupational pension as of January 1st, 2020	0	0	-63
Other changes ²	-5	-516	-523
Pension capital etc. 31.03. / 31.12.	1 473	1 547	1 478

² Other changes in 2020 are negative due to the reallocation from the investment option portfolio to the common portfolio.

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