

Q4 2024 Interim report

KLP Group and KLP

The KLP logo is rendered in a white, serif typeface. The letter 'K' is stylized with a tall, thin vertical stroke that extends above the top of the 'L'. The 'L' and 'P' are also stylized, with the 'P' having a distinctive loop at the top. The logo is positioned in the upper left quadrant of the page, overlaid on a blurred background of a meeting room.

KLP



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Kommunal Landspensjonskasse

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KLP Group

Report for the fourth quarter of 2024

A good quarter rounds off a year of strong results in all business areas:

- 9.0 per cent return on the pension assets in the common portfolio, and 1.8 per cent in the fourth quarter.
- NOK 37.7 billion transferred to the customers' premium fund.
- Customers' buffer fund increased by NOK 13.9 billion.
- Record results from the banking business.
- Increased profits from non-life insurance.
- Significant increase in assets under management in securities funds.
- The solvency margin for the Group is 298 per cent
- Good pensions expertise and new, modern system solutions position KLP well to handle pension cases effectively and to advise members on pension matters when new and complicated rules for public-sector occupational pensions come into effect in 2025.

KLP – a customer-owned group with a 75-year history

15 February 2024 marked 75 years since the directors of the Union of Norwegian Cities (Norges Byforbund) and the Norwegian Association of Rural Municipalities (Norges Herredsforbund) decided to establish a joint local government pension fund, KLP. The aim was to establish a pension scheme for small municipalities with few employees. KLP has gradually expanded its offering in response to its owners' wishes, and now provides services in the areas of non-life insurance, banking and asset management in addition to public-sector occupational pensions. We are now Norway's largest pension company.

At the end of the fourth quarter of 2024, the Group had total assets of NOK 1,147 billion.

Public-sector occupational pensions

NOK MILLIONS	Customers	Company	Total
Investment result	50 765	325	51 090
Risk result	790		790
Interest guarantee premium		14	14
Administration result		77	77
Net income from investments in the corporate portfolio and other income/expenses in non-technical accounts		1 752	1 752
Tax		-356	-356
Other profit/loss elements		329	329
Profit/loss after Q4 2024	51 555	2 142	53 697
Profit/loss after Q4 2023	29 819	-213	29 606

Investment result

KLP manages the pension capital that covers the entitlements that have been accrued. The pension capital is mainly managed in the common portfolio.

The pension money has to be paid out over many years, so part of this amount must be covered from the return on the pension capital (guaranteed return). KLP's return guarantee amounted to NOK 14.1 billion in 2024. Actual financial income amounted to NOK 65.6 billion, a return of 9.0 per cent, so the investment result was NOK 50.8 (29.2)¹ billion.

Per cent	31.12.2024	31.12.2023
Return on the common portfolio	9,0 %	6,4 %
Return incl. value changes in hold-to-maturity bonds and lending	8,7 %	6,8 %
<i>The returns figures apply to the common portfolio</i>		
Capital adequacy, Solvency II	298 %	285 %
Capital adequacy, Solvency II, with transitional measures	298 %	285 %

Management of the common portfolio

The assets in the common portfolio totalled NOK 803.4 (734.3) billion:

Assets	31.12.2024		31.12.2023	
	Proportion	Return	Proportion	Return
All figures in per cent				
Equities	35,1 %	19,2 %	31,6 %	16,1 %
Short-term bonds	26,5 %	3,6 %	28,6 %	3,2 %
Long-term/HTM bonds	12,9 %	4,7 %	13,3 %	-3,2 %
Lending	11,0 %	4,7 %	11,3 %	3,9 %
Property	10,8 %	4,1 %	11,5 %	5,8 %
Other financial assets	3,7 %	5,4 %	3,6 %	4,7 %

Shares and alternative investments

Total exposure in shares and alternative investments, including equity derivatives, was 35.1 per cent at the end of the fourth quarter. The total return on shares and alternative investments was 3.5 per cent in the quarter. The return on KLP's global exchange-listed equities was 3.7 per cent, while its Norwegian equity portfolio returned 1.8 per cent in the fourth quarter.

The currency hedging ratio for equities in developed markets and the most liquid currencies in emerging markets was between 40 and 60 per cent. In the fourth quarter, the Norwegian krone depreciated against the US dollar, among other currencies.

Short-term bonds and the money market

Short-term bonds accounted for 10.8 per cent and money-market instruments 3.7 per cent of the assets in the common portfolio at the end of the quarter. Long-term government rates in Norway and around the world rose in the fourth quarter. KLP's global government bond index achieved a currency-hedged return of

¹ Figures in brackets give values for the corresponding period in 2023.

minus 1.2 per cent in the quarter, while the return on the Norwegian government bond index was minus 1.7 per cent. Global credit margins decreased during the quarter. The quarterly return on KLP's global credit bond index was minus 1.8 per cent, while the return on the Norwegian bond index was minus 0.8 per cent. In total, short-term bonds achieved returns of minus 0.5 per cent in the fourth quarter. The money market return was 1.2 per cent for the quarter.

Long-term bonds

Investment in long-term bonds made up around 26.5 per cent of the common portfolio at the end of the quarter. Unrecognised decreases in value in the common portfolio amounted to NOK 10.5 billion at the end of the fourth quarter. The portfolio is well diversified and consists of securities issued by creditworthy borrowers. The return measured at amortised cost in this quarter was 0.9 per cent.

Property

Property investments, including Norwegian and international real estate funds, made up 12.9 per cent of the common portfolio.

Property investments in the common portfolio achieved a return of 2.2 per cent in the fourth quarter and 4.7 per cent in the year. The returns include currency hedging.

Lending

Lending in the common portfolio totals NOK 87.5 billion. This is split between NOK 77.9 billion in loans to the public sector, NOK 3.4 billion in secured mortgage loans and NOK 6.1 billion in loans outside Norway secured against mortgages or government guarantees. The lending portfolio is of high quality, with no losses on municipal loans and very modest provisions for losses on mortgage loans. Unrecognised decreases in value in the lending portfolio (fixed-interest loans) totalled NOK 1.1 billion at the end of the quarter. The return amounts to 1.2 per cent for the fourth quarter and 4.7 per cent for the whole of 2024.

Returns on the corporate portfolio

The corporate portfolio covers assets financed by owners' equity and subordinated loans/hybrid Tier 1 and Tier 2 securities.

The corporate portfolio is managed with a moderate-risk long-term investment horizon, with the objective of stable returns. Investments in the corporate portfolio achieved a return of 1.3 per cent in the fourth quarter, and 4.8 per cent for the whole of 2024.

Risk result

The risk result is an expression of how mortality and disability have developed in the insured population in relation to the assumptions used in the annual setting of premiums. The risk result came to NOK 370 (284) million in the fourth quarter. For the whole of 2024, the risk result is NOK 790 (648) million.

The risk result for longevity and death will generally see small fluctuations from year to year, and the mortality tables are still felt to provide ample margins. The risk result for disability will normally show larger fluctuations from year to year.

The risk result for longevity and death totals of NOK 64 (292) million in the fourth quarter and NOK 795 (928) million for the whole year. In 2024, as of 2023, mortality rates have been higher than normal. In the Pension Scheme for Hospital Doctors, the tariffs were changed (for lower mortality) from 31.12.2023, and a positive risk result for longevity and death may be observed for 2024.

The risk result for disability is NOK 306 (-8) million in the fourth quarter, and NOK -5 (-280) million for the year as a whole. We have seen increased provisions for disability in 2024 too. There are two factors that affected disability provisions in both 2023 and 2024. Firstly, the disability provisions rose after KLP contacted NAV to investigate whether there were people receiving a disability pension from NAV who had not applied for one from KLP even though they have accrued rights with us. Encouraging these people to apply for a disability pension from KLP has led to a backlog of cases, which has affected the disability payments and provisions this year. There will be an annual check against NAV to prevent such a backlog of disability cases in the future, and people qualifying for a disability pension will receive what they are entitled to as quickly as possible. Secondly, disability levels have been high both in KLP's insured population base and in society as a whole since the pandemic.

Administration result

The difference between the cost elements within premium income, withdrawals from management reserves and insurance-related operating expenses constitutes the administration result. This shows a surplus of NOK 77 (144) million for 2024. Insurance-related operating costs came to NOK 1,693 (1,512) million in 2024.

Financial strength and capital-related matters

KLP's total assets increased by NOK 76.8 billion in 2024 and amount to NOK 863.9 billion. The premium reserve increased by NOK 42.3 billion to NOK 615.8 billion in the same period.

The buffer fund amounts to NOK 123.2 billion after NOK 13.9 billion was allocated from this year's profit. The fund can be used to cover any shortfall in returns on the pension capital and constitutes a financial buffer.

The annual profit/loss to the company was NOK 2,142 (-213) million, and it is proposed to allocate this to equity (contributions and retained earnings).

Without applying transitional rules, the Company's solvency capital requirement (SCR) is 360 per cent. This is an increase of 9 percentage points in the quarter. Owners' equity contributions and positive interim results are the main reason for the increased solvency margin.

KLP's target is for capital adequacy to exceed 150 per cent. Solvency is well above this target and thus enables sound and stable management of customer funds in a multi-year perspective.

Premium income

Premium income excluding premium reserves received on transfers in amounted to NOK 60.9 (70.2) billion at the end of the fourth quarter. Of this, premiums related to the settlement of accrued pension rights amount to NOK 25.4 (40.1) billion.

Premium income totalled NOK 9.1 billion in the fourth quarter (10.3).

Claims/benefits

Pensions paid and other claims, excluding ceded premium reserves, amounted to NOK 27.8 (26.1) billion at the end of the fourth quarter. For the fourth quarter, the payments amounted to NOK 7.2 billion (6.8).

Other matters

The market situation for public-sector occupational pensions is stable. KLP places great emphasis on close consultation with its customers to further develop service concepts and online solutions with good pension guidance. Efforts have been made in recent years to renew and further develop our pension systems. All benefits now fall within the new system, which enhances the customer experience and provides valuable guidance to the individual employee, as well as immediate responses to most pension applications.

Storebrand has filed a complaint against Norway with the ESA, alleging that KLP is receiving unlawful state aid, and that Norwegian municipalities and health trusts have breached the rules on public procurement. The government has rejected both complaints. KLP has provided relevant information to shed light on the complaint cases when this has been requested. The complaints are still being processed by the ESA, and no formal action has been initiated on either of them. In both cases, as part of its information gathering, the ESA has made its preliminary assessments and asked for the government's comments on these.

Non-life insurance

Operating profit before tax was NOK 386 (273) million at the end of the fourth quarter of 2024. The fourth quarter produced a profit of NOK 190 (18) million. The growth in profit in the quarter is mainly due to good performance from insurance operations and good financial results. Operating costs were as expected.

Premium income increased by NOK 253 million, or 10.1 per cent, in 2024, and amounts to NOK 2,758 million. The retail market shows growth of NOK 137 million, or 13.6 per cent, while the public-sector and corporate market shows growth of NOK 116 million, or 7.8 per cent. The moderate growth in the public-sector and corporate market is due mainly to a decrease in customers in some high-risk segments.

The insurance result (premiums minus claims paid) for events occurring in 2024 was NOK 441 million, up NOK 91 million on 2023. The main reasons for the improved result are

that 2023 had a greater proportion of costs related to natural events, and that premium rates increased in 2024. Reinsurance costs were also slightly lower in 2024 than in 2023. Over the last few years, insurance segments with long settlement periods have grown, while property insurance in the public-sector and corporate markets in particular has poor profitability.

One large claim was reported during the quarter, estimated at NOK 24 million. In 2024, there were four major property claims totalling NOK 193 million. None of these claims affects the company's reinsurance programme. Reversal of previous years' claims is still positive, and this year NOK 109 million has so far been taken to income, equivalent to 4.6 per cent of the reserves at the beginning of the year.

Key figures

	31.12.2024	31.12.2023
Claims ratio	77 %	84 %
Reinsurance percentage	6 %	3 %
Cost ratio	13 %	14 %
Combined ratio	97 %	100 %

Net financial income at 31.12.2024 was NOK 379.8 (313.3) million, representing a return of 6.2 (5.5) per cent.

The solvency margin (SCR) increased from 238 per cent in the second quarter to 256 per cent at the end of the fourth quarter of 2024. The equivalent SCR at the end of 2023 was 227 percent.

Asset and fund management

KLP Kapitalforvaltning AS provides securities management in the KLP Group. It had a total of NOK 879 billion under management at the end of the fourth quarter, NOK 238 billion of it on behalf of external customers.

Net new subscriptions to the KLP funds were NOK 3.1 billion in the fourth quarter. External customers had positive net new subscriptions of NOK 4.2 billion in the same period. Net new subscriptions to the KLP securities funds for the whole of 2024 amounted to NOK 15.7 billion, with a net gain of NOK 20 billion from customers external to the Group in the course of the year.

KLP Kapitalforvaltning made a profit before tax of NOK 102.8 million in 2024.

Bank

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

The KLP Banken Group had a pre-tax operating profit of NOK 70.7 (82.3) million at the end of the fourth quarter. The KLP Banken Group's operating profit before tax for 2024 was NOK 325.4 (285.4) million, which is the highest in the Bank's history. The change is mainly related to increased net interest income.

Broken down by area, profits were NOK 251.7 (199.4) million in the retail market and NOK 73.7 (86.0) million in the public-sector market.

Persistent high interest rates through 2024 contributed to increased earnings on the part of the Bank's lending which is financed with equity. Average lending margins in the retail market have also increased slightly from last year. The Bank's operating income, in the form of net interest income, was NOK 520.2 (464.7) million at the end of the fourth quarter.

At the end of the quarter, the income statement includes a net loss on changes in the value of financial instruments of NOK 7.0 (gain of 2.5) million. The main reason for the fall from last year is that changes in value on liquid investments produced lower income.

Operating expenses and depreciation amounted to NOK -282.7 (-270.1) million as of the fourth quarter.

Losses and loss provisions in the retail market taken to profit/loss total NOK -1.0 (-0.9) million in 2024. The high interest rates have not so far resulted in a significant increase in mortgage losses, but could lead to a reduction in borrowers' ability to repay their loans in the longer term. Nor have we experienced any losses related to public-sector lending in 2024.

KLP Banken manages lending on its own account and loans financed by KLP totalling NOK 130 (125) billion. On its own balance sheet, the KLP Banken Group had loans to customers totalling NOK 42.8 (42.9) billion at 31 December 2024. Mortgage loans in the retail market and public-sector loans totalled NOK 24.1 (23.9) billion and 18.7 (19.0) billion respectively.

The KLP Banken Group manages NOK 3.4 (2.8) billion in mortgage loans and NOK 84.1 (79.3) billion in loans to public-sector borrowers and other businesses on behalf of KLP. The Bank's mortgage products are aimed at the target group of members of the KLP pension schemes. Total net mortgage growth in 2024 was NOK 945 (432) million.

Lending volume to the public-sector market on KLP Banken's balance sheet decreased by NOK 0.3 (0.2) billion in 2024. Loans to public-sector borrowers managed on behalf of KLP increased by NOK 3.4 (3.3) billion. New payments of public-sector loans in 2024 amount to NOK 12.0 (8.1) billion for KLP and KLP Banken together.

The KLP Banken Group's external financing consists of deposits and bonds. At the time of reporting, deposits from individuals and businesses amounted to NOK 15.8 (14.4) billion. This represents a growth in deposits of NOK 1.7 billion, or 12.4 per cent. Fixed-rate deposits in the retail market were launched in April and made an important contribution to this growth. This is a result of the Bank's commitment to attractive deposit products and resulted in a growth in retail customers of 10 per cent in 2024.

Group

KLP is a mutual insurance company which produces consolidated financial statements in accordance with IFRS Accounting Standards[®]. These accounting rules reflect the fact that, as a mutual insurance company where all value creation in KLP accrues to policyholders and is posted as a liability to them. The liability to policyholders is made up of the discounted value of future insurance payments, the risk adjustment for non-financial risk, and a remainder (“residual value”) which is any additional capital beyond what we expect to pay out in agreed benefits on the insurance contracts. The Group therefore has no profits or equity. However, some technical equity may still arise if assets or liabilities have been measured at anything other than fair value in the balance sheet, as the liability to policyholders is based on the fair value of net assets. The equity will then represent the difference between book value and fair value, and the change in the measurement difference will be posted as a net gain/loss. Changes in measurement differences amounted to NOK -710 million in the fourth quarter and NOK -163 million in 2024. Equity totals NOK -3,303 million, representing unrecognised increases in the value of the Group’s assets.

The Group achieved net investment income of NOK 10.9 billion (27,181 million) in the fourth quarter, and NOK 66,598 (NOK 47,480) million so far this year. This is sufficient to fund the growth in the best estimate of the liabilities and the change in risk adjustment and also to increase the residual value as shown in the table below.

Change in Q4 2024	30.09.2024	Change taken to profit/loss	Cash flows posted directly to the balance sheet	31.12.2024
Best estimate of insurance liability	414 886	-230	-166	414 490
Risk adjustment	32 338	-3 035	-	29 303
Residual value	381 490	14 330	-	395 820
Total insurance liability	828 714	11 065	-166	839 613

Change in 2024	01.01.2024	Change taken to profit/loss	Cash flows posted directly to the balance sheet	31.12.2024
Best estimate of insurance liability	381 006	25 258	8 226	414 490
Risk adjustment	29 196	107 000	-	29 303
Residual value	355 979	39 841	-	395 820
Total insurance liability	766 181	65 206	8 226	839 613

Sustainability

Climate-friendly investments

KLP is the first company in Norway to have had its climate estimates approved according to the SBTi²'s new standard for financial institutions. The approval from the SBTi provides direction and credibility in our efforts to reduce greenhouse gas emissions and support a sustainable transition.

² Science based targets initiative: Global organisation which develops standards and helps companies and financial institutions to validate their emission reduction targets in line with the Paris Agreement.

The goal is net zero emissions by 2050, with interim targets for 2030, 2035 and 2040. By 2030, 55 per cent of investments and loans should have SBTi-validated climate targets, and greenhouse gas emissions from the property portfolio should be reduced by 37 per cent per square metre. Direct emissions from operations will be halved, and from 2024 onwards, we have used 100 percent renewable electricity. An important measure to achieve KLP's climate goal of net zero emissions is to increase climate-friendly investments. We will therefore invest NOK 30 billion a year in companies with ambitious climate change plans, and continue to increase climate-friendly investments by another NOK 6 billion.

Climate-friendly investments are investments that contribute directly to emission reductions, or otherwise contribute to the green transition. KLP's climate-friendly investments have accumulated over time, and accounted for 12.3 per cent of its financial assets at the end of the fourth quarter. In the fourth quarter alone, these investments increased by around NOK 4 billion. This increase is mainly due to investments in a number of mutual funds which invest in renewable energy around the world, and green bonds in Norway.

NOK MILLIONS	Q4/2024	31.12.2024	31.12.2023
	Amount invested	Fair value	
Zero-emission investments	2 351	53 785	39 035
<i>As a share of KLP's investments</i>	0,0 %	6,3 %	5,0 %
Renewable energy	2 351	50 945	36 438
<i>As a share of KLP's investments</i>	0,0 %	6,0 %	4,7 %
of which: renewable energy in Norway	742	28 095	19 543
of which: renewable energy abroad	1 304	19 821	15 325
of which: renewable energy in developing countries	305	3 028	1 569
Sustainable forests	0	2 840	2 597
Transitional financing	1 715	51 721	45 134
<i>As a share of KLP's investments</i>	0,0 %	6,1 %	5,8 %
Green buildings in the property portfolio	0	26 396	25 420
Green buildings via mutual funds and bonds	13	2 533	2 509
Green loans	1 100	13 855	9 703
Green bonds	360	4 642	3 737
Sustainable infrastructure	242	4 295	3 764
Total climate-friendly investments	4 066	105 506	84 169
<i>As a share of KLP's investments</i>	0,0 %	12,3 %	10,8 %
Fossil energy	0	13 385	16 872
<i>As a share of KLP's investments</i>	0 %	1,6 %	2,2 %

Active ownership

In the fourth quarter, KLP has been active in giving talks and participating in panel discussions on the topics of human rights in war and conflict situations and the related due diligence assessments, climate change, labour rights and biodiversity. It is important for us to be visible and participate in various forums where these topics are discussed, because this helps to promote our point of view and raise awareness of important sustainability topics.

KLP has initiated 85 company dialogues with ESG as a theme in this quarter (total 255 this year). We have focused most strongly on gender balance on boards, and on human and labour rights. The dialogues are part of our efforts to promote greater representation of women on boards, and to reduce the risk of our portfolio companies contributing to violations of human and labour rights. Dialogue is a tool which is time-consuming and takes time to produce results. In 2024, we saw that dialogues we held in previous years

were a factor in Volkswagen selling its business in the Xinjiang region, for example. This is a region known for a high risk of forced labour.

KLP voted at 8,254 general meetings in 2024, 1,003 of them in the fourth quarter. The results from voting can be seen over time. Since we voted against the boards of over 60 companies in 2023 because of climate and natural risks, four companies (including Amazon and Kraft Heinz) have improved their deforestation policies, 13 companies (including Stellantis and Honda) have improved their climate change plans, and several Norwegian companies (including Protector Forsikring and Tomra Systems) have improved their remuneration reports.

Changes in the Board of Directors

Egil Matsen stepped down from the Board in the third quarter. At the corporate assembly on 14 November, Torkild Sindre Varran was elected as a new Board member.

Future prospects

KLP is preparing for the introduction of new rules for public-sector occupational pensions in 2025, which provide increased flexibility and incentives for working longer. As manpower shortages are a major challenge for KLP's customers, the company will continue its work on guidance and digital solutions to support members in their pension choices and show the value of remaining at work for longer.

Increased digitisation and collaboration between pension providers ensures more efficient processes and better data quality. KLP invests in new technologies, including artificial intelligence and cloud-based solutions, to improve services, increase security and reduce costs.

Financial stability is a priority, and solid buffers provide for good management of the pension assets. KLP will also continue its work on sustainable investments and further development of financial services for the public sector, for the benefit of customers and members.

Oslo, 14 February 2025

The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

Tine Sundtoft
Chair

Terje Rootwelt
Deputy Chair

Odd Haldgeir Larsen

Kjerstin Fyllingen

Torkild Sinner Varran

Eli Arnstad

Vibeke Heldal

Elected by and from among the
employees

Erling Bendiksen

Elected by and from among the
employees

Sverre Thornes

CEO

Document signed electronically

Income statement

KLP Group

NOTE	NOK MILLIONS	Q4 2024	Q4 2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023
3, 5	Insurance service result	453	- 999	- 1 620	- 2 277
	Net income from investments measured at fair value with changes in profit and loss	15 818	37 571	99 618	76 494
4	Fair value adjustment investment properties and rental income	2 239	-90	5 011	-2 547
	Net income from associated companies and joint ventures	71	253	-38	504
	Interest income, effective interest method	620	613	2 481	2 117
	Interest expenses, effective interest method	-570	-528	-2 187	-1 803
	Unit holder's value change in consolidated securites funds	-7 312	-10 638	-38 287	-27 286
	Total net income	10 867	27 181	66 598	47 480
	Policyholder's share of changes in fair value of underlying items	-11 527	-25 595	-63 663	-44 179
	Other insurance related financial cost	3	-44	-84	-42
5	Net insurance related financial cost	-11 524	-25 639	-63 747	-44 221
	Net insurance services and financial result	-203	544	1 231	982
6	Net costs subordinated loan and hybrid Tier 1 securities	-1	-57	-451	-463
	Operating expenses	-218	-209	-808	-773
	Other Income and -expenses	1	30	-34	0
	Pre-tax income	-421	307	-61	-254
	Cost of taxes	-359	0	-1 634	-1 031
	Income	-780	307	-1 695	-1 285
12	Change in actuarial assumptions own employees	224	-496	442	-146
	Tax on items that will not be reclassified to profit or loss	-38	77	-72	22
	Items that will not be reclassified to profit or loss	186	-419	370	-125
	Fair value adjustment of properties for own use	23	-56	49	-308
4	Translation difference foreign exchange	-133	566	1 124	2 139
	Tax on items that will be reclassified to profit or loss	-6	14	-12	77
	Items that will be reclassified to profit or loss	-115	524	1 161	1 908
	Total other comprehensive income	71	105	1 531	1 784
	Total comprehensive income	-710	412	-163	499

Financial position statement

KLP Group

NOTE	NOK MILLIONS	31.12.2024	31.12.2023
	Deferred tax assets	40	48
	Intangible assets	1 551	1 379
	Tangible fixed assets	2 312	2 277
	Investments in associated companies and joint venture	6 820	6 620
4, 9	Investment property	98 889	92 322
5	Reinsurance contract assets	510	728
7, 9	Equities and fund units	477 165	354 757
7, 9	Fixed income securitites at fair value through profit or loss	419 077	410 807
7	Fixed income securitites at amortized costs	2 334	2 254
7, 9	Lending customers at fair value through profit or loss	87 092	81 141
7	Lending customers at amortized costs	42 836	42 856
7, 9	Financial derivatives	1 469	15 587
7	Receivables	3 534	2 433
	Cash and bank deposits	3 762	3 509
	TOTAL ASSETS	1 147 389	1 016 719
7, 8	Hybrid Tier 1 securities	1 429	1 434
7, 8	Subordinated loan capital	3 560	3 327
12	Pension obligations	543	913
5	Insurance obligations	839 613	766 181
7, 8	Covered bonds issued	31 529	30 504
7, 8	Debt to credit institutions	1 395	13 041
7, 8	Liabilities to and deposits from customers	15 801	14 060
7	Financial derivatives	11 304	3 249
	Deferred tax liabilities	1 213	1 187
13	Other current liabilities	5 427	6 034
	Equity	-3 303	-3 140
	Unit holders `s interest in consolidated securites funds	238 879	179 929
	TOTAL EQUITY AND LIABILITIES	1 147 389	1 016 719

Changes in owners' equity

KLP Group

NOK MILLIONS	2024	2023
Owners' equity 31 December	- 3 140	8 396
Change of principle 01.01., IFRS 9	0	-12 035
Owners' equity 1 January	- 3 140	-3 639
Income	- 1 695	-1 284
Other comprehensive income	1 531	1 784
Total comprehensive income	- 163	499
Owners' equity 31 December	- 3 303	-3 140

Statement of cashflow

KLP Group

NOK MILLIONS	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023
Net cash flow from operational activities	-14 348	-19 182
Net cash flow from investment activities ¹	-400	-470
Net cash flow from financing activities ²	15 000	19 840
Net changes in cash and bank deposits	252	188
Holdings of cash and bank deposits at start of period	3 509	3 321
Holdings of cash and bank deposits at end of period	3 762	3 509

¹ Payments on the purchase of tangible fixed assets.

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

Notes to the financial statement

KLP Group

Note 1 **Accounting principles – and estimates**

Accounting principles

The financial statements in this interim report show the Kommunal Landspensjonskasse (KLP) group financial statements financial statements for the period 01.01.2024 – 31.12.2024. The accounts have not been audited.

The consolidated financial statements for KLP have been prepared in accordance with IFRS® accounting standards, as approved by the EU, with additions set out in the Norwegian Regulations on annual accounts for insurance companies. The part of the interim report that relates to the Group financial statements has been prepared in accordance with IAS 34 Interim financial Reporting.

All amounts are presented in NOK millions without decimals unless indicated otherwise.

No other changes have been made to the accounting principles that affect the interim financial statements as of 31.12.2024. Refer to the Group's annual report for 2023 for a more detailed description of accounting principles.

The interim financial statements do not contain all the information required for complete annual financial statements, and this interim report should be read in conjunction with the annual financial statements for 2023. The annual report can be retrieved from www.klp.no.

Changes in IFRS® Accounting Standards

A new accounting standard for presentation and disclosures in financial statements, IFRS 18, has been published by the IASB in April 2024. This new standard will replace IAS 1 Presentation of Financial Statements. If endorsed by the EU, the standard will be effective for annual reporting periods beginning on or after 1 January 2027. IFRS 18 is not expected to have a significant impact on the group's financial reporting. KLP does not plan to early implement the standard.

Accounting estimates

In preparing the interim financial statements, we have exercised discretion and used estimates and assumptions that affect the accounting figures. Actual figures may differ from the estimates used.

The measurement of insurance contracts under IFRS 17 uses a number of new parameters that are fraught with considerable uncertainty. The most important for the various business areas are:

Life insurance activities

- All cash flows arising from the insurance contracts that are within the contract limit are included in the measurement of the insurance contract. Future cash flows are calculated using assumptions of future annual wage growth/adjustment derived from a projection of the NAM (Norwegian Aggregate Model). The model produces a macro projection of key economic variables year by year based on the economic situation at the measurement date.
- The cash flow calculations use best estimates of mortality and disability.
- The cash flows are discounted with an interest rate curve that takes account of the time value of money and any financial risk that is not included in the estimated cash flows. The interest rate curve is based on the EIOPA interest rate curve with an illiquidity mark-up.
- The risk adjustment for non-financial risk is based on the risk appetite in the life insurance business and a 98 % confidence level and amounts to 8.4 % of the insurance liability in 2024.

Non-life insurance activities

- The claims provisions are estimated from the company's historical payment patterns.
- The claims provisions are discounted with an interest rate curve that takes account of the time value of money and any financial risk that is not included in the estimated payments. The interest rate curve is based on the EIOPA interest rate curve with an illiquidity mark-up.

Insurance income under IFRS 17 corresponds to pro-rata premiums earned, adjusted for seasonal variations.

- Seasonal variations are estimated from the historical variation in the company's history of claims received through the year.

The risk adjustment is derived from the company's risk appetite. The risk adjustment represents an addition to technical provisions so there is a 75 % probability that they will be sufficient to cover all insurance obligations. The risk adjustment for non-financial risk is based on the risk appetite in the non-life insurance business and a 75 % confidence level and amounts to 4.1 % of the net insurance liability in 2024.

Note 2 Segment information

NOK MILLIONS	Group pensions pub. sect. & group life		Non-life insurance		Banking		Asset management		Other and eliminations		Total	
	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023
Result from insurance services	0	0	88	-9	0	0	0	0	-1 708	-2 268	-1 620	-2 277
Premium income for own account	60 883	70 326	0	0	0	0	0	0	-60 883	-70 326	0	0
Net financial income from investments	65 570	42 712	380	313	514	468	29	23	38 393	31 250	104 885	74 766
Claims for own account	-30 200	-28 261	0	0	0	0	0	0	30 200	28 261	0	0
Insurance provisions for own account	-94 146	-84 315	0	0	0	0	0	0	94 146	84 315	0	0
Policyholder's share of changes in fair value of underlying items	0	0	0	0	0	0	0	0	-63 663	-44 179	-63 663	-44 179
Other insurance related financial cost	0	0	-84	-42	0	0	0	0	0	0	-84	-42
Unit holder's value change in consolidated security funds	0	0	0	0	0	0	0	0	-38 287	-27 286	-38 287	-27 286
Net insurance services and financial result	2 107	462	384	263	514	468	29	23	-1 803	-232	1 231	982
Net financial income from investments in companys portfolio	2 143	1 282	0	0	0	0	0	0	-2 143	-1 282	0	0
Net costs subordinated loan and hybrid Tier 1 securities	-382	-443	0	0	0	0	0	0	-69	-20	-451	-463
Operating expenses	-1 693	-1 512	0	0	-280	-268	-520	-528	1 686	1 536	-808	-773
Other income and expenses	-6	192	2	10	92	85	593	560	-714	-848	-34	0
Pre-tax income	2 169	-20	386	273	325	285	103	55	-2 324	-286	-61	-253
Cost of taxes	-356	-82	-61	-37	-10	-19	-24	-12	-1 182	-881	-1 634	-1 031
Income	1 812	-101	325	235	315	267	79	42	-3 507	-1 167	-1 695	-1 285
Total other comprehensive income	329	-111	36	-10	17	-10	31	-14	1 118	1 929	1 531	1 784
Total comprehensive income	2 142	-213	361	225	332	257	110	29	-2 389	762	-163	499
Lending	106 343	103 989	0	0	44 033	44 434	0	0	-20 449	-24 426	129 927	123 997
Other assets	757 603	683 178	6 712	6 559	7 770	4 494	775	682	244 603	197 809	1 017 462	892 722
Total assets	863 946	787 167	6 712	6 559	51 803	48 928	775	682	224 154	173 373	1 147 389	1 016 719
Insurance liabilities	803 036	725 781	3 294	3 392	0	0	0	0	33 283	37 009	839 613	766 181
Other liabilities	13 675	17 541	464	573	48 364	45 754	282	260	248 295	189 549	311 080	253 678
Total liabilities	816 712	743 322	3 757	3 965	48 364	45 754	282	260	281 578	226 556	1 150 693	1 019 859

The KLP Group's business is divided into the five areas: Group pensions public sector & group life, non-life insurance, banking, asset management and other. All business is directed towards customers in Norway.

PUBLIC SECTOR OCCUPATIONAL PENSION AND GROUP LIFE

Kommunal Landspensjonskasse offers group public sector occupational pensions. This segment is followed up according to NGAAP, which deviates from the IFRS Accounting Standards used in the group. Adjustments have therefore been entered in the elimination column to make the total reconcilable to the consolidated accounts.

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 retail market.

BANKING

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

ASSET MANAGEMENT

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

OTHER

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

Note 3 Insurance service result

NOK MILLIONS	Q4 2024	Q4 2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023
Insurance income	1 565	144	2 788	1 780
Insurance service expenses	-1 105	-1 159	-4 230	-3 986
Reinsurance income (+)/ cost (-)	-7	17	-178	-71
Insurance service result	453	-999	-1 620	-2 277

Note 4 Investment property

NOK MILLIONS	Q4 2024	Q4 2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023
Net rental income	1 069	1 011	4 314	3 873
Net value adjustment	1 170	-1 102	697	-6 420
Net income from investment properties	2 239	-90	5 011	-2 547
Translation difference foreign exchange (taken to other comprehensive income)	-133	566	1 124	2 139
Net income from investment properties translation difference foreign exchange	2 107	476	6 135	-407

NOK MILLIONS	31.12.2024	31.12.2023
Investment property 01.01.	92 322	93 992
Value adjustment, including translation difference foreign exchange	1 821	- 4 280
Net additions	4 749	2 653
Reclassified property for own use	- 5	0
Other changes	2	- 42
Book value	98 889	92 322

Note 5 Technical provisions

NOK MILLIONS	2024	2023
Life insurance contracts	836 319	762 789
Non-life insurance contracts	3 294	3 392
Insurance obligations	839 613	766 181

NOK MILLIONS	Estimates of present value of future cash flows	Risk adjustment for non financial risk	Residual value	Total
Life insurance contracts 1 January 2024	377 742	29 068	355 979	762 789
Changes that relate to current services				
Change in risk adjustment for non-financial risk for risk expired	0	1 782	0	1 782
Experience adjustment not related to future service	-73	0	0	-73
Insurance service result	-73	1 782	0	1 708
Change in risk adjustment for non-financial risk at the start of the period	0	-924	924	0
Accrued interest	16 492	1 386	-17 878	0
Released cash flows	-4 983	0	0	-4 983
Changes in estimates related to future service	3 076	258	-3 335	0
Change due to changes in discount curve	-28 425	-2 388	30 813	0
Result added to policyholders	39 330	0	29 316	68 645
Insurance related financial cost	25 490	-1 668	39 841	63 663
Premium	38 869	0	0	38 869
Claims and other insurance service expenses (incl. Investment components)	-30 710	0	0	-30 710
Total cash flows	8 159	0	0	8 159
Life insurance contracts 31 December 2024	411 318	29 181	395 820	836 319

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non financial risk		
Non-life insurance contracts 1 January 2024	2 944	128	320	3 392
Insurance income	0	0	-2 758	-2 758
Claims	2 098	84	0	2 182
Expenses	535	7	0	541
Other movements related to current service	0	-45	0	-45
Changes that relate to past service	-136	-51	0	0
Insurance service expenses	2 497	-5	0	2 492
Insurance service result	2 497	-5	-2 758	-266
Insurance related financial cost	103	-1	0	101
Premium	0	0	2 777	2 777
Claims and other insurance service expenses	-2 741	0	0	-2 741
Total cash flows	-2 741	0	2 777	36
Other changes	5	0	26	32
Non-life insurance contracts 31 December 2024	2 808	121	364	3 294

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non financial risk		
Reinsurance contracts assets 1 January 2024	699	39	-10	728
Premium paid - reinsurance	0	0	-136	-136
Reinsurance expenses -related to past service	-23	-19	0	-42
Insurance service expenses	-23	-19	0	-42
Insurance service result	-23	-19	-136	-178
Insurance related financial cost	19	-1	0	17
Premium	-342	0	143	-199
Total cash flows	-342	0	143	-199
Other changes	141	0	0	141
Reinsurance contracts assets 31 December 2024	494	18	-3	510

NOK MILLIONS	Life insurance contracts	Non-life insurance contracts	Reinsurance	Total
Specification of profit or loss items per product group 01.01.-31.12.2024				
Insurance service result	-1 708	266	-178	-1 620
Net insurance related financial cost	-63 663	-101	17	-63 747

NOK MILLIONS	Estimates of present value of future cash flows	Risk adjustment for non financial risk	Residual value	Total
Life insurance contracts 1 January 2023	322 226	27 304	337 305	686 834
Changes that relate to current services				
Change in risk adjustment for non-financial risk for risk expired	0	2 321	0	2 321
Experience adjustment not related to future service	-53	0	0	-53
Insurance service result	-53	2 321	0	2 268
Change in risk adjustment for non-financial risk at the start of the period	0	-2 257	2 257	0
Accrued interest	12 553	1 089	-13 643	0
Released cash flows	-15 978	0	0	-15 978
Changes in estimates related to future service	-2 558	-222	2 780	0
Change due to changes in discount curve	9 599	833	-10 432	0
Result added to policyholders' residual value	22 526	0	37 631	60 158
Insurance related financial cost	26 143	-557	18 594	44 179
Premium	57 921	0	0	57 921
Claims and other insurance service expenses (incl. Investment components)	-28 494	0	0	-28 494
Total cash flows	29 426	0	0	29 426
Other changes	0	0	81	81
Life insurance contracts 31 December 2023	377 742	29 068	355 979	762 789

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non financial risk		
Non-life insurance contracts 1 January 2023	2 790	115	276	3 181
Insurance income	0	0	-2 505	-2 505
Claims	2 043	83	0	2 126
Expenses	510	6	0	516
Other movements related to current service	0	-40	0	-40
Changes that relate to past service	-118	-41	0	-158
Insurance service expenses	2 435	9	0	2 444
Insurance service result	2 435	9	-2 505	-62
Insurance related financial cost	62	5	0	66
Premium	0	0	2 551	2 551
Claims and other insurance service expenses	-2 334	0	0	-2 334
Total cash flows	-1 983	0	2 551	568
Other changes	-8	0	-2	-10
Non-life insurance contracts 31 December	2 944	128	320	3 392

NOK MILLIONS	Liability for incurred claims (LIC)		Liabilities for remaining coverage	Total
	Estimates of present value of future cash flows	Risk adjustment for non financial risk		
Reinsurance contracts assets 1 January 2023	705	30	0	736
Premium paid - reinsurance	0	0	-164	-164
Recoveries of incurred claims and other insurance service expenses	137	8	0	145
Reinsurance expenses -related to past service	-44	-8	0	-52
Insurance service expenses	93	0	0	93
Insurance service result	93	0	-164	-71
Insurance related financial cost	16	9	0	25
Premium	-108	0	154	45
Total cash flows	-108	0	154	45
Other changes	-7	0	0	-7
Reinsurance contracts assets 31 December 2023	699	39	-10	728

NOK MILLIONS	Life insurance contracts	Non-life insurance contracts	Reinsurance	Total
Specification of profit or loss items per product group 01.01. - 31.12.2023				
Insurance service result	-2 268	62	-71	-2 277
Insurance related financial cost	-44 179	-66	25	-44 221

IMPORTANT ASSUMPTIONS

Discount curve for IFRS 17

Expected cash flows from the insurance contracts will mature at various times in the future. The future cash flows are therefore discounted to the value on the balance sheet date with an interest rate curve that is determined on the balance sheet date. The discount curve for IFRS 17 is generally determined according to the same principles as the curve EIOPA calculates for Solvency II purposes. The main difference is that EIOPA's estimate for volatility adjustment is replaced with an estimate for the illiquidity spread in the bond market, and this is calibrated to the illiquidity degree of the KLP's obligation. Selected values of discounting curves for IFRS 17 are listed below:

Year	31.12.2024	31.12.2023
1	4,8 %	4,8 %
2	4,7 %	4,7 %
3	4,6 %	4,4 %
4	4,6 %	4,2 %
5	4,5 %	4,1 %
10	4,4 %	4,0 %
15	4,3 %	4,0 %
25	4,1 %	3,9 %
50	3,8 %	3,7 %
75	3,7 %	3,7 %
100	3,7 %	3,6 %

Salary growth curve

Future cash flows within the contract boundary are calculated with assumptions about annual future salary growth/regulation as stated in the table below. The salary growth curve is projected by the NAM model (Norwegian aggregate model), which makes a macro projection of key economic figures (salary growth, inflation, etc.) year by year.

Year	31.12.2024	31.12.2023
1	4,6 %	5,3 %
5	4,3 %	4,9 %
10	3,7 %	3,7 %
15	3,3 %	3,2 %
25	3,5 %	3,3 %
50	3,5 %	3,5 %
80	3,5 %	3,5 %

SENSITIVITY IFRS 17

The table below shows the consequence for the group's residual value of a change in the standard assumptions used in the best estimate. Sensitivity related to costs is also included in the overview. The residual value consists of the part of the insurance liability that is not included in the best estimate or the risk adjustment.

NOK MILLIONER	Change	31.12.2024	31.12.2023
Reduced mortality	-5 %	-4 674	-4 519
Increased mortality	5 %	4 477	4 329
Increased disability	5 %	-414	-401
Reduced disability	-5 %	418	404
Increased costs	5 %	-1 347	-1 303
Reduced costs	-5 %	1 348	1 303
Increased yield curve	*)	35 002	33 594
Reduced yield curve	**)	-40 015	-42 074

All changes to assumptions are in % change of the standard assumption applied as of 31/12/2024 (31/12/2023).

*) Increased interest rate curve by 50 basis points for the liquid part of the discount rate curve, 1:10 years. Then extrapolated to an estimate for long-term interest based on the sum of long-term real GDP growth and Norges Bank's inflation target.

***) Reduced by 50 basis points for the liquid part of the discount rate curve, 1:10 years. Then extrapolated to an estimate for long-term interest based on the sum of long-term real GDP growth and Norges Bank's inflation target.

Note 6 Subordinated loans and perpetual hybrid tier 1 securities

NOK MILLIONS	Q4 2024	Q4 2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023
SUBORDINATED LOANS				
Interest costs	-37	-35	-146	-153
Value changes	18	-21	-229	-229
Net costs subordinated loans	-19	-56	-375	-382
PERPETUAL HYBRID TIER 1 SECURITIES				
Interest costs	-22	-17	-80	-75
Value changes	41	16	5	-6
Net costs perpetual hybrid tier 1 securities	18	-1	-75	-81
Net costs subordinated loan and hybrid Tier 1 securities	-1	-57	-451	-463

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 7 **Fair value of financial assets and liabilities**

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

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:

- Fixed-income securities and other debt instruments measured at amortised cost
- Lending to local government, enterprises & retail customers measured at amortised cost
- Liabilities to and deposits from customers
- 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
- Fixed-income securities and other debt instruments measured at fair value
- Lending local government, enterprises & retail customers at fair value through profit/loss
- Derivatives (assets and liabilities)
- Debt to credit institutions (liabilities)
- Subordinated loan capital (liabilities)

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

FIXED-INCOME SECURITIES AND OTHER 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:

- Bloomberg Barclays Indices
- Bloomberg

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

b) Norwegian fixed-income securities – government

Nordic Bond Pricing is used as the primary source for pricing Norwegian Government Bonds.

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

Norwegian fixed-income securities – other than government ones Norwegian fixed-income securities (denominated in NOK) are generally priced based on rates from Nordic Bond Pricing. Securities not covered by Nordic Bond Pricing are priced theoretically. The theoretical price should be based on the discounted value of the security's future cash flows. Discounting is performed using a swap curve adjusted for credit

spread and liquidity spread. The credit spread should, to the extent possible, be based on a comparable bond from the same issuer. The liquidity spread is determined at the discretion of the evaluator.

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

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

e) Receivables on credit institutions

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

f) Loans to municipalities and enterprises with municipal guarantee

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

g) Loans secured by mortgage

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

EQUITY INSTRUMENTS

h) Shares (listed)

Liquid shares are generally valued on the basis of prices from an index provider. 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:

This means that the last traded price is used as long as it is considered representative. If the price information is deemed outdated, a derived valuation is performed in relation to a relevant proxy (such as a stock index or one or more companies). If this is not possible, a discretionary assessment is made, which may be based on fundamental analysis, broker evaluations, or risk and liquidity adjustments to the price.

j) Private Equity

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

DERIVATIVES

k) Futures/FRA/IRF

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

l) Options

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

m) Interest-rate swaps

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

n) FX-swaps

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

DEBT TO CREDIT INSTITUTIONS

o) Placements with credit institutions and deposits

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

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

p) Fair value of subordinated loans

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

q) Fair value of subordinated bond/perpetual bond issued

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

r) Covered bonds issued

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

s) Deposits from customers

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

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

NOK MILLIONS	31.12.2024		31.12.2023	
	Book value	Fair value	Book value	Fair value
FIXED-INCOME SECURITIES AND OTHER DEBT INSTRUMENTS AT AMORTIZED COST				
Norwegian bonds	1 102	1 052	1 017	935
Foreign bonds	1 232	1 166	1 237	1 108
Fixed-income securities and other debt instruments at amortized cost	2 334	2 219	2 254	2 043
LENDING LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS				
Loans secured by mortgage	3 197	3 197	2 569	2 569
Loans to local government sector or enterprises with local government guarantee	76 844	76 844	72 705	72 705
Loans abroad secured by mortgage and local government guarantee	6 311	6 311	5 245	5 245
Other lending	740	740	622	622
Total loans to local government, enterprises & retail customers at fair value	87 092	87 092	81 141	81 141
LENDING TO LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS – AT AMORTIZED COST				
Loans to and receivables from customers	42 836	42 851	42 856	42 850
Total loans to local government, enterprises & retail customers at amortized cost	42 836	42 851	42 856	42 850
FIXED-INCOME SECURITIES AND OTHER DEBT INSTRUMENTS AT FAIR VALUE				
Norwegian bonds	137 843	137 843	133 716	133 716
Norwegian certificates	12 361	12 361	8 189	8 189
Foreign bonds	215 443	215 443	209 125	209 125
Foreign certificates	0	0	898	898
Investments with credit institutions	53 431	53 431	58 880	58 880
Fixed income securities and other debt instruments at fair value	419 077	419 077	410 807	410 807
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Shares	410 894	410 894	302 882	302 882
Equity funds	53 887	53 887	44 885	44 885
Property funds	8 040	8 040	6 990	6 990
Total equity capital instruments at fair value	477 165	477 165	354 757	354 757
RECEIVABLES				
Receivables related to direct business	1 383	1 383	750	750
Receivables related to reinsurance agreements	0	0	0	0
Reinsurance share of gross claims reserve	0	0	0	0
Receivables related to securites	1 797	1 797	1 309	1 309
Prepaid rent related to real estate activities	348	348	148	148
Other receivables	7	7	225	225
Total other loans and receivables including receivables from policyholders	3 534	3 534	2 433	2 433
FINANCIAL LIABILITIES				
Debt to credit institutions	1 395	1 395	13 041	13 041
Covered bonds issued	31 529	31 596	30 504	30 526
Liabilities and deposits from customers	15 801	15 801	14 060	14 060
Hybrid Tier 1 securities	1 429	1 429	1 434	1 434
Subordinated loan capital	3 560	3 560	3 327	3 327
Total financial liabilities	53 713	53 781	62 366	62 389

NOK MILLIONS	31.12.2024		31.12.2023	
	Assets	Liabilities	Assets	Liabilities
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS				
Forward exchange contracts	781	7 070	13 525	1 152
Interest rate swaps	243	4 235	1 383	2 096
Interest rate and currency swaps	445	0	679	0
Total financial derivatives	1 469	11 304	15 587	3 249

Note 8 Borrowing

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.12.2024	Book value 31.12.2023
FIXED - TERM SUBORDINATED LOAN						
Kommunal Landspensjonskasse	2 530	EUR	Fixed ¹	2045	3 560	3 327
Total subordinated loan capital	2 530				3 560	3 327
HYBRID TIER 1 SECURITIES						
Kommunal Landspensjonskasse	984	JPY	Fixed ²	2034	1 429	1 434
Total hybrid Tier 1 securities	984				1 429	1 434
COVERED BONDS						
KLP Kommunekreditt AS	0	NOK	Floating	2024	0	1 562
KLP Kommunekreditt AS	1 886	NOK	Floating	2025	1 892	5 015
KLP Kommunekreditt AS	5 000	NOK	Floating	2026	5 053	5 053
KLP Kommunekreditt AS	1 000	NOK	Fixed	2027	1 012	1 012
KLP Kommunekreditt AS	6 000	NOK	Floating	2027	6 050	6 052
KLP Kommunekreditt AS	6 250	NOK	Floating	2028	6 306	0
KLP Kommunekreditt AS	700	NOK	Fixed	2029	706	706
KLP Boligkreditt AS	2 500	NOK	Floating	2025	2 501	1 555
KLP Boligkreditt AS	4 500	NOK	Floating	2026	4 535	2 501
KLP Boligkreditt AS	2 500	NOK	Floating	2027	2 516	4 536
KLP Boligkreditt AS	1 000	NOK	Floating	2028	1 003	2 516
Other					-45	-4
Total covered bonds	31 336				31 529	30 504
DEBT TO CREDIT INSTITUTIONS						
KLP Banken AS	0	NOK	Floating	2024	0	453
KLP Banken AS	300	NOK	Floating	2025	301	301
KLP Banken AS	150	NOK	Floating	2026	151	151
KLP Banken AS	350	NOK	Floating	2027	353	0
KLP Fond	0	NOK/EUR/USD	Floating	2023	0	4 218
KLP Fond	0	NOK/EUR/USD	Fixed	2023	0	1 111
KLP Fond	0	NOK/EUR/USD	Floating	2024	30	0
Kommunal Landspensjonskasse	0	NOK/EUR/USD	Floating	2023	0	6 727
Kommunal Landspensjonskasse	0	NOK/EUR/USD	Floating	2024	512	0
Other					47	80
Total liabilities to credit institutions	800				1 395	13 041
LIABILITIES AND DEPOSITS FROM CUSTOMERS ³						
KLP Banken AS	15 801	NOK			15 801	14 060
Liabilities to and deposits from customers	15 801				15 801	14 060
Total financial liabilities	51 450				53 713	62 366

¹ The loan has an interest change date in 2025.

² The loan has an interest change date in 2034.

³ There is no contractual maturity date on deposits.

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

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

Note 9 Fair value hierarchy

NOK MILLIONS	Level 1	Level 2	Level 3	31.12.2024	31.12.2023
ASSETS BOOKED AT FAIR VALUE					
Land/plots	0	0	1 283	1 283	1 283
Buildings	0	0	97 606	97 606	91 040
Investment property	0	0	98 889	98 889	92 322
Lending at fair value	0	87 092	0	87 092	81 141
Certificates	2 948	9 413	0	12 361	9 086
Bonds	23 439	329 835	0	353 274	342 850
Fixed-income funds	0	9 503	17 279	26 782	25 632
Loans and receivables	25 977	684	0	26 661	33 238
Bonds and other fixed-income securities	52 363	349 435	17 279	419 077	410 807
Shares	398 263	6 572	6 059	410 894	302 882
Equity funds	2 915	0	37	2 952	2 415
Property funds	0	2 635	5 405	8 040	6 990
Special funds	0	2 536	1 809	4 345	0
Private Equity	0	0	50 936	50 936	42 470
Shares and units	401 178	11 743	64 245	477 165	354 757
Financial derivatives	0	1 469	0	1 469	15 587
Total assets at fair value	453 541	449 738	180 412	1 083 691	954 613
LIABILITIES BOOKED AT FAIR VALUE					
Financial derivatives	0	11 304	0	11 304	3 249
Debt to credit institutions ¹	589	0	1	590	12 137
Subordinated loan capital	0	3 560	0	3 560	3 327
Hybrid Tier 1 securities	0	1 429	0	1 429	1 434
Total financial liabilities at fair value	589	16 293	1	16 884	20 146

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 804 million per 31.12.2024.

Changes in level 3, financial assets and investment property	Financial assets	Investment property	Total
Opening balance 1 January	67 055	92 322	159 377
Sold	-5 990	177	-5 813
Bought	13 298	4 572	17 870
Unrealised changes	7 159	1 821	8 980
Other changes	0	-4	-4
Closing balance	81 522	98 889	180 410
Realised gains/losses	2 215	0	2 215

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

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

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

arm's length.

Level 1:

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

Level 2:

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

Level 3:

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

Valuations related to items in the various levels are described in Note 7. For description of the pricing of investment property, please see the last published 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 9 021 million as of 31.12.2024.

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

During the 4th quarter, NOK 470 million in stocks moved from Level 1 to Level 2, and NOK 38 million moved from level 1 to level 3. In addition 1 458 million in stocks moved from level 2 to level 1, and 4 million from level 3 to level 1. The movements are due to changes in liquidity.

Note 10 Presentation of assets and liabilities that are subject to net settlement

31.12.2024 NOK MILLIONS		Related amounts not presented net				
	Gross financial assets/liabilities	Financial instruments	Security in cash	Security in securities	Net amount	Adjusted for the unit holders' interest in consolidated securities funds
ASSETS						
Financial derivatives	1 469	-1 431	-483	-2 483	37	37
Repos	6 896	0	0	0	6 896	6 896
Total	8 365	-1 431	-483	-2 483	6 934	6 934
LIABILITIES						
Financial derivatives	11 304	-1 431	-1 673	-6 420	3 267	3 288
Repos	0	0	0	0	0	0
Total	11 304	-1 431	-1 673	-6 420	3 267	3 288

31.12.2023 NOK MILLIONS		Related amounts not presented net				
	Gross financial assets/liabilities	Financial instruments	Security in cash	Security in securities	Net amount	Adjusted for the unit holders' interest in consolidated securities funds
ASSETS						
Financial derivatives	15 587	-1 376	-10 882	-7 399	214	209
Repos	6 172	-1 113	0	0	5 058	5 058
Total	21 759	-2 489	-10 882	-7 399	5 272	5 267
LIABILITIES						
Financial derivatives	3 249	-1 376	-25	-6	1 866	1 885
Repos	1 111	0	0	0	1 111	0
Total	4 360	-1 376	-25	-6	2 977	1 885

The purpose of the note is to show the potential effect of netting agreements at the KLP Group; what possibilities the KLP Group has to net bilateral agreements against other counterparties should the latter go bankrupt and the remaining amount if all such netting agreements are materialized. The note shows derivative positions and repo agreements in the financial position statement. Repos are a part of the line "Debt to credit institutions" in the balance sheet.

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

Note 11 Solvency ratio

The Solvency II balance sheet includes assets and liabilities at fair value. 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 own funds appear from the Solvency II balance sheet and hybrid tier 1 securities. In the calculation of eligible own funds hybrid tier 1 securities are limited to a maximum of 20 per cent of total eligible tier 1 own funds. Any excess exposure is eligible as tier 2 own funds. Tier 2 own funds otherwise consist of subordinated debt, the risk equalization fund, the natural perils fund 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. Any net deferred tax asset will be considered tier 3 own funds.

In the calculation of eligible own funds to cover the solvency capital requirement, eligible tier 1 own funds shall be at least 50 per cent of the solvency capital requirement, eligible tier 3 own funds shall be less than 15 per cent of the solvency capital requirement, and the sum of eligible tier 2 and tier 3 own funds shall not exceed 50 per cent of the solvency capital requirement before capital requirement contributions from other financial sectors (KLP Banken and KLP Kapitalforvaltning). In the calculation of eligible own funds to cover the minimum consolidated group capital requirement, eligible tier 1 own funds shall be at least 80 per cent of the minimum requirement, and eligible tier 2 own funds shall not exceed 20 per cent of the minimum requirement. Own funds from other financial sectors (KLP Banken and KLP Kapitalforvaltning), tier 3 own funds and ancillary own funds are not eligible to cover the minimum requirement.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 298 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 298 per cent.

NOK MILLIONS	31.12.2024	31.12.2023
ELIGIBLE OWN FUNDS		
Assets	853 499	779 311
Liabilities	805 290	734 864
Excess of assets over liabilities	48 209	44 447
- Risk equalization fund	-4 188	-3 864
+ Hybrid tier 1 securities	1 429	1 434
Adjustment for other financial sector own funds	-98	-25
Tier 1 basic own funds	45 352	41 992
Sum tier 1 own funds	45 352	41 992
Subordinated debt	3 514	3 280
Risk equalization fund and natural perils fund	4 188	3 864
Tier 2 basic own funds	7 702	7 144
Ancillary own funds	15 396	14 339
Tier 2 ancillary own funds	15 396	14 339
Sum tier 2 own funds	23 098	21 483
Deferred tax asset	0	0
Tier 3 basic own funds	0	0
Sum tier 3 own funds	0	0
Eligible own funds to cover the solvency capital requirement - tier 1	45 352	41 992
Eligible own funds to cover the solvency capital requirement - tier 2	7 405	7 269
Eligible own funds to cover the solvency capital requirement - tier 3	0	0
A Eligible own funds to cover the solvency capital requirement	52 757	49 261
Eligible own funds to cover the minimum requirement - tier 1	41 518	38 420
Eligible own funds to cover the minimum requirement - tier 2	839	935
B Eligible own funds to cover the minimum consolidated group capital requirement	42 357	39 355
CAPITAL REQUIREMENT		
Market risk	176 801	141 163
Counterparty risk	3 058	3 549
Life risk	139 577	112 930
Non-life risk	695	666
Health risk	471	436
Diversification	-68 191	-55 716
Operational risk	3 576	3 291
Loss absorbing capacity of technical provisions	-239 464	-190 317
Loss absorbing capacity deferred tax	-1 713	-1 581
Capital requirement for other financial sectors	2 921	2 878
C Solvency capital requirement	17 731	17 299
Minimum capital requirement, KLP	3 675	4 191
Minimum capital requirement, KLP Skadeforsikring	522	484
D Minimum consolidated group capital requirement	4 196	4 675
SOLVENCY RATIO		
SCR ratio (A/C)	298 %	285 %
MCR ratio (B/D)	1009 %	842 %

1 Numbers per 31.12.2023 are changed to reflect a new capital requirement for the bank, taking effect by year-end 2023 for KLP group.

Note 12 Pension obligations

NOK MILLIONS	31.12.2024	31.12.2023
Capitalized net liability 01.01.	913	815
Capitalized pension costs	234	197
Capitalized financial costs	34	28
Actuarial gains and losses	-442	146
Premiums / contributions received	-195	-274
Capitalized net liability	543	913

Assumptions	31.12.2024	31.12.2023
Discount rate	3.90%	3.10%
Salary growth	4.00%	3.50%
The National Insurance basic amount (G)	3.75%	3.25%
Pension increases	3.00%	2.80%
Social security contribution rate	14.10%	14.10%
Capital activity tax	5.00%	5.00%

The effect of changes in pension assumptions reduces the pension liability for employees with NOK 442 million as of 31.12.2024. The change is recognized in other comprehensive income in the income statement.

Note 13 Other current liabilities

NOK MILLIONS	31.12.2024	31.12.2023
Short-term payables trade in securities	2 019	3 357
Incurring not assessed taxes	1 206	572
Accounts payable	274	301
Public fees	829	691
Other current liabilities	1 100	1 112
Total other current liabilities	5 427	6 034

Key figures – Accumulated

NOK MILLIONS	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
KLP GROUP								
Total assets	1 147 389	1 128 114	1 079 281	1 065 541	1 016 721	972 345	956 311	948 185
Equity	-3 303	-2 594	-2 556	-3 090	-3 140	-3 555	-3 684	-3 687
Solvency SCR ratio	298 %	289 %	283 %	288 %	285 %	332 %	297 %	282 %
Number of employees in the Group	1 169	1 168	1 168	1 153	1 133	1 120	1 099	1 091
KOMMUNAL LANDSPENSJONSKASSE								
Profit before tax	2 169	1 663	926	183	-20	1 136	774	539
Premium income for own account	60 883	51 795	37 257	7 842	70 326	60 032	51 102	7 663
- of which inflow of premium reserve	1	1	1	0	92	91	91	91
Insurance customers' funds incl. acc. profit	30 200	23 024	16 132	9 265	28 261	21 501	14 840	8 331
- of which funds with guaranteed returns	2 423	2 423	2 419	2 456	2 139	2 125	2 121	2 125
Net investment common portfolio	803 441	790 200	761 757	751 512	734 337	718 214	701 944	690 902
Net investment choice portfolio	3 135	3 063	3 064	2 953	2 830	2 730	2 833	2 683
Insurance funds incl. earnings for the year	803 036	788 668	778 458	745 385	725 781	704 815	715 239	668 235
- of which funds with guaranteed interest	679 801	638 919	642 860	617 219	616 315	586 941	592 053	552 840
Solvency capital requirement (SCR)	52 973	52 772	50 482	49 575	49 517	49 918	47 624	46 768
Solvency SCR ratio	360 %	351 %	344 %	351 %	346 %	368 %	329 %	316 %
Riskprofit	790	420	81	82	648	364	270	71
Return profits	51 090	40 471	26 553	18 729	29 466	15 822	21 243	13 232
Administration profit	77	129	65	-8	144	176	62	54
Solvency capital	162 859	193 589	167 161	155 824	164 487	147 893	151 993	151 550
Value-adjusted return on common portfolio	9,0 %	7,0 %	4,6 %	3,0 %	6,4 %	3,9 %	4,2 %	2,5 %
Return on unit-linked portfolio	10,8 %	8,6 %	5,8 %	4,0 %	8,3 %	4,8 %	5,6 %	3,4 %
Return on corporate portfolio	4,8 %	3,4 %	1,9 %	0,5 %	3,0 %	2,1 %	1,5 %	0,9 %
KLP SKADEFORSIKRING AS								
Profit before tax	386	196	64	-118	273	255	189	99
Insurance income	2 758	2 053	1 365	707	2 505	1 863	1 230	630
Owners' equity	2 955	2 760	2 669	2 523	2 594	2 589	2 543	2 446
Claims ratio, gross	77,3 %	79,2 %	81,4 %	98,2 %	83,5 %	78,9 %	82,6 %	93,9 %
Net reinsurance ratio	6,4 %	8,3 %	9,7 %	15,0 %	2,8 %	4,7 %	5,0 %	-2,2 %
Claims ratio, net of reinsurance	83,8 %	87,6 %	91,2 %	113,1 %	86,3 %	83,6 %	87,6 %	91,7 %
Cost ratio	13,0 %	13,6 %	13,6 %	14,6 %	14,0 %	13,0 %	13,9 %	13,9 %
Combined ratio	96,8 %	101,1 %	104,8 %	127,7 %	100,4 %	96,6 %	101,5 %	105,6 %
Return on assets under management	6,2 %	5,0 %	2,9 %	1,7 %	5,5 %	3,3 %	3,6 %	2,7 %
Solvency capital requirement (SCR)	2 969	2 785	2 598	2 487	2 446	2 514	2 377	2 309
Solvency SCR ratio	256 %	238 %	223 %	210 %	227 %	246 %	222 %	215 %
Annual premium in force – retail market	1 620	1 178	1 149	1 107	1 068	1 042	1 013	982
Annual premium in force – public sector market	1 222	1 613	1 601	1 624	1 517	1 533	1 521	1 474
Net new subscriptions (accumulated within the year)	20	-14	-38	-3	72	61	43	20
KLP BANKEN GROUP								
Profit/loss before tax	325	255	167	75	285	203	122	53
Net interest income	520	386	255	127	465	340	221	110
Other operating income	96	71	46	22	89	67	44	21
Operating expenses and depreciation	-284	-208	-140	-81	-271	-201	-134	-71
Net realized/unrealized changes in financial instruments to fair value	-7	6	6	7	3	-3	-9	-7
Contributions	15 800	15 685	15 628	14 158	14 061	14 351	14 524	14 136
Housing mortgages granted	21 148	24 222	24 494	24 102	23 855	23 754	23 481	23 333
Loan(s) with public guarantee(s)	18 688	18 006	18 311	18 735	19 001	19 371	19 449	19 384
Defaulted loans	64	58	54	53	44	52	43	46

NOK MILLIONS	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Borrowing on the issuance of securities	32 335	32 543	30 767	31 253	31 408	31 616	31 661	31 999
Total assets	51 803	51 931	49 973	48 857	48 928	49 403	49 557	49 373
Average total assets	50 365	50 429	49 450	48 892	49 719	49 957	50 034	49 942
Owners' equity	3 439	3 359	3 280	3 189	3 174	3 132	3 072	3 008
Net interest rate	1,03 %	0,76 %	0,51 %	0,26 %	0,93 %	0,68 %	0,44 %	0,22 %
Profit/loss from general operations before tax	0,65 %	0,51 %	0,34 %	0,15 %	0,57 %	0,41 %	0,24 %	0,11 %
Return on owners' equity before tax	10,25 %	10,70 %	10,52 %	9,47 %	9,62 %	9,13 %	8,19 %	7,16 %
Capital adequacy	22,7 %	20,6 %	20,8 %	21,2 %	21,7 %	20,2 %	20,3 %	20,5 %
Number of private customers	57 679	56 601	55 670	54 058	52 488	51 340	50 231	49 697
Of this members of KLP	37 955	37 430	36 986	36 139	35 390	34 802	34 307	33 512
KLP KAPITALFORVALTNING AS								
Profit/loss before tax	103	81	53	12	55	42	4	11
Total assets under management	878 867	859 290	818 496	797 875	760 484	715 698	687 956	670 937
Assets managed for external customers	238 104	226 091	214 053	202 680	179 219	162 321	163 444	151 269

Kommunal Landspensjonskasse

Q4 2024

Income statement

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	Q4 2024	Q4 2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023
2	Premium income	9 088	10 294	60 883	70 326
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	1 953	936	5 426	241
	Interest income and dividends etc. on financial assets	4 134	3 308	17 264	14 507
3	Value changes on investments	5 284	11 539	36 593	32 140
	Gains and losses realized on investments	3 042	1 357	5 983	-4 388
	Net income from investments in the common portfolio	14 413	17 140	65 265	42 500
3	Net income from investments in the investment option portfolio	61	90	304	212
	Other insurance-related income	383	365	1 473	1 415
4	Claims	-7 176	-6 761	-30 200	-28 261
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-18 876	-17 305	-56 412	-63 368
	Changes in insurance liabilities taken to profit/loss - individual investment option portfolio	-60	4	-197	-315
	Funds assigned to insurance contracts - contractual liabilities	3 073	-4 665	-37 537	-20 632
5	Insurance-related operating expenses	-506	-419	-1 693	-1 512
	Other insurance-related costs	-380	-360	-1 471	-1 408
	Technical profit/loss	19	-1 617	416	-1 043
3, 6	Net income from investments in the corporate portfolio	541	521	1 989	1 282
	Other income	23	16	73	48
	Administration costs and other costs associated with the corporate portfolio	-77	-75	-309	-306
	Non-technical profit/loss	487	462	1 753	1 024
	Profit/loss pre-tax	506	-1 155	2 169	-20
	Tax	-41	182	-356	-82
	Income before other income and expenses	465	-973	1 812	-101
7	Change in actuarial assumptions own employees	153	-307	288	-88
	Proportion of other comprehensive income on application of the equity method	71	-189	155	-59
	Adjustment of the insurance liabilities	-17	52	-41	13
	Tax on other income and expenses that will not be reclassified to profit or loss	-38	77	-72	22
	Total other income and expenses that will not be reclassified to profit or loss	169	-367	329	-111
	TOTAL COMPREHENSIVE INCOME	634	-1 340	2 142	-213
	ALLOCATIONS AND TRANSFERS, PRELIMINARY 2024 / FINAL 2023:				
	Transferred to owners' equity contribution			-1 050	-428
	Transferred to the risk equalization fund			-325	969
	Transferred to other retained earnings			-766	-329
	Total allocations and transfers			-2 142	213

Statement of financial position

Kommunal Landspensjonskasse

NOTE	NOK MILLIONS	31.12.2024	31.12.2023
	ASSETS		
	ASSETS IN THE CORPORATE PORTFOLIO		
	Intangible assets	1 497	1 326
8	Buildings and other real estate	1 322	1 301
	Shares and holdings in property subsidiaries	3 069	3 068
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	6 898	6 200
9	Financial assets valued at amortized cost	21 625	21 256
8, 9	Financial assets valued at fair value	15 275	13 423
	Receivables	5 573	1 486
10	Right-of-use assets	648	756
	Other assets	1 463	1 182
	Total assets in the corporate portfolio	57 370	49 999
	ASSETS IN THE CUSTOMER PORTFOLIOS		
	Shares and holdings in property subsidiaries	81 308	73 742
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	6 873	6 662
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	10 380	11 137
9	Financial assets valued at amortized cost	297 388	288 086
8, 9	Financial assets valued at fair value	4 074 492	354 711
	Total investment in the common portfolio	803 441	734 337
	Shares and holdings in property subsidiaries	327	296
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	55	58
9	Financial assets at amortized costs	1 024	989
8, 9	Financial assets at fair value	1 728	1 488
	Total investments in the investment option portfolio	3 135	2 830
	Total assets in the customer portfolios	806 576	737 168
	TOTAL ASSETS	863 946	787 167

NOTE	NOK MILLIONS	31.12.2024	31.12.2023
	OWNERS' EQUITY AND LIABILITIES		
	Owners' equity contributed	25 277	22 978
	Retained earnings	21 958	20 866
	Total owners' equity	47 234	43 845
9	Subordinated loan capital etc.	4 954	4 795
	Premium reserve etc.	613 543	571 399
	Buffer fund	122 976	109 281
	Premium funds, defined contribution funds, pension regulation funds etc.	63 370	42 251
	Total insurance liabilities - contractual liabilities	799 889	722 931
	Pension capital etc.	2 290	2 173
	Buffer fund	260	185
	Premium funds, defined contribution funds, pension regulation funds etc.	597	491
	Total insurance liabilities - special investment portfolio	3 147	2 850
7	Pension obligations	328	572
	Current tax liabilities	676	107
	Deferred tax liabilities	459	503
10	Lease liabilities	721	822
11	Liabilities	6 167	10 508
	Accrued costs and prepaid income	369	234
	TOTAL OWNERS' EQUITY AND LIABILITIES	863 946	787 167

Changes in owners' equity

Kommunal Landspensjonskasse

2024 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 1 January 2024	22 978	3 674	17 193	43 845
Income before other income and expenses	1 050	325	437	1 812
Total other income and expenses that will not be reclassified to profit or loss			329	329
Total comprehensive income	1 050	325	766	2 142
Owners equity contribution received	1 248			1 248
Total transactions with owners	1 248			1 248
Own funds 31 December 2024	25 277	3 999	17 959	47 234

2023 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 31 December 2022	21 388	4 643	16 768	42 799
Change recognized directly in equity ¹			96	96
Own funds 1 January 2023	21 388	4 643	16 864	42 896
Income before other income and expenses	428	-969	440	-101
Total other income and expenses that will not be reclassified to profit or loss			-111	-111
Total comprehensive income	428	-969	329	-213
Owners equity contribution received	1 162			1 162
Total transactions with owners	1 162			1 162
Own funds 31 December 2023	22 978	3 674	17 193	43 845

¹ Implementation effects due to changes in IFRS Accounting Standards

Statement of cash flows

Kommunal Landspensjonskasse

NOK MILLIONS	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023
Net cashflow from operational activities	-436	-341
Net cashflow from investment activities ¹	-390	-468
Net cashflow from financing activities ²	1 114	1 032
Net changes in cash and bank deposits	288	223
Holdings of cash and bank deposits at start of period	1 141	918
Holdings of cash and bank deposits at end of period	1 430	1 141

¹ Payments on the purchase of tangible fixed assets.

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

Notes to the financial statement

Kommunal Landspensjonskasse

Note 1 Accounting principles and -estimates

Accounting principles

The financial statements in this interim report show the interim accounts for Kommunal Landspensjonskasse (KLP), for the period 01.01.2024 – 31.12.2024. The accounts have not been audited.

The interim financial statements have been prepared in accordance with the Regulations of 18 December 2015 No 1824 relating to annual financial statements for life insurance companies (the Financial Reporting Regulations) and IAS 34 Interim Reporting. The interim financial statements have been prepared on the same principles as the annual financial statements for 2023, unless stated otherwise.

The interim financial statements do not contain all the information required for complete annual financial statements, and this interim report should be read in conjunction with the annual financial statements for 2023. The company's annual report is available from klp.no.

Accounting estimates

In preparing the interim financial statements, management has exercised discretion and used estimates and assumptions that affect the accounting figures. Actual figures may deviate from estimates used. Reference is made to note 3 "Important accounting estimates and valuations" in the annual report for 2023 for a description of accounting items where there is a significant risk of material changes in balance sheet values in future periods.

Note 2 Premium income

NOK MILLIONS	Q4 2024	Q4 2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023
Gross premiums due	9 088	10 293	60 882	70 234
Transfer of premium reserves from others	0	0	1	92
Total premium income	9 088	10 294	60 883	70 326

Note 3 **Loss provisions on fixed-income securities and loans measured at amortised cost**

The note shows provisions for losses on fixed-income securities measured at amortised cost as well as loans and receivables measured at amortised cost. During the fourth quarter of 2024, no changes have been made to the models used to calculate the expected loss. The total net loss provisions as of 31.12.24 increased by NOK 3,7 million compared to 01.01.24.

Expected credit loss (ECL) fixed-income securities measured at amortised cost

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	31.12.2024	31.12.2023
	stage 1	stage 2	stage 3	Total stage 1-3	Total stage 1-3
Opening balance ECL 01.01.	24 474	3 264	0	27 738	33 832
Transfer to stage 1 during Q4	0	0	0	0	0
Transfer to stage 2 during Q4	0	0	0	0	0
Transfer to stage 3 during Q4	0	0	0	0	0
Net changes	2 084	-482	0	1 602	-3 803
New losses	520	0	0	520	4 497
Write-offs	-664	-382	0	-1 046	-6 788
Closing balance ECL 31.12.	26 414	2 400	0	28 814	27 738
Change (01.01. - 31.12.)	1 940	-864	0	1 077	-6 094

Expected credit loss (ECL) loans and receivables at amortised cost- all segments

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	31.12.2024	31.12.2023
	stage 1	stage 2	stage 3	Total stage 1-3	Total stage 1-3
Opening balance ECL 01.01.	4 325	10 009	175 732	190 065	5 289
Transfer to stage 1 during Q4	1	-1	0	0	0
Transfer to stage 2 during Q4	0	0	0	0	0
Transfer to stage 3 during Q4	0	0	0	0	0
Net changes	-514	-9 905	13 393	2 974	184 303
New losses	178	0	0	178	653
Write-offs	-177	0	-386	-563	-180
Closing balance ECL 31.12.	3 814	103	188 738	192 655	190 065
Change (01.01. - 31.12.)	-511	-9 906	13 007	2 590	184 776

Book value fixed-income securities measured at amortised cost

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	31.12.2024	31.12.2023
	stage 1	stage 2	stage 3	Total stage 1-3	Total stage 1-3
Opening balance 01.01.	220 181 807	6 751 897	1 458 606	228 392 310	215 135 762
Transfer to stage 1 during Q4	0	0	0	0	0
Transfer to stage 2 during Q4	0	0	0	0	0
Transfer to stage 3 during Q4	0	0	0	0	0
Net changes	10 581 163	-656 460	-1 458 606	8 466 097	11 240 660
New fixed-income securities	2 502 635	0	0	2 502 635	16 777 244
Write-offs	-6 001 022	-750 382	0	-6 751 404	-14 761 356
Fixed-income securities at amortised cost 31.12.	227 264 583	5 345 055	0	232 609 638	228 392 310
Book value ECL	-26 414	-2 400	0	-28 814	-27 738
Book value fixed-income securities at amortised cost 31.12.	227 238 169	5 342 655	0	232 580 824	228 364 572

Book value loans and receivables at amortised cost- all segments

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	31.12.2024	31.12.2023
	stage 1	stage 2	stage 3	Total stage 1-3	Total stage 1-3
Opening balance 01.01.	81 067 106	466 828	622 592	82 156 525	78 253 630
Transfer to stage 1 during Q4	33 005	-33 005	0	0	0
Transfer to stage 2 during Q4	0	0	0	0	0
Transfer to stage 3 during Q4	0	0	0	0	0
Net changes	-3 117 570	-347 425	496 897	-2 968 098	-2 201 927
New loans	13 364 999	0	0	13 364 999	12 133 524
Write-offs	-4 898 280	-4 936	-1 118	-4 904 333	-6 028 701
Loans and receivables measured at amortised cost 31.12.	86 449 259	81 462	1 118 371	87 649 093	82 156 525
Book value ECL	-3 814	-103	-188 738	-192 655	-190 065
Book value loans and receivables measured at amortised cost 31.12.	86 445 446	81 359	929 633	87 456 438	81 966 460

Book value loans and receivables – all segments excluded from the balance sheet

NOK THOUSANDS	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	31.12.2024	31.12.2023
	stage 1	stage 2	stage 3	Total stage 1-3	Total stage 1-3
Opening balance 01.01.	61 813	2 783	0	64 596	71 818
Transfer to stage 1 during Q4	683	-683	0	0	0
Transfer to stage 2 during Q4	0	0	0	0	0
Transfer to stage 3 during Q4	0	0	0	0	0
Net changes	-1 393	0	0	-1 393	-4 347
New loans	0	0	0	0	0
Write-offs	-21 851	0	0	-21 851	-2 875
Book value loans and receivables - excluded from the balance sheet 31.12.	39 251	2 100	0	41 351	64 596

Note 4 Claims

NOK MILLIONS	Q4 2024	Q4 2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023
Claims paid	7 176	6 747	27 777	26 122
Transfers of premium reserves to others	0	14	2 423	2 139
Total claims	7 176	6 761	30 200	28 261

Note 5 Insurance-related operating expenses

NOK MILLIONS	Q4 2024	Q4 2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023
Personnel costs	263	263	925	882
Depreciation	131	57	334	224
Other operating expenses	113	99	434	406
Total insurance-related operating expenses	506	419	1 693	1 512

Note 6 Value-adjustment investment property

The portfolio of investment properties, including investment properties owned via subsidiaries, has been valued as at 31. December 2024.

NOK MILLIONS	Q4 2024	Q4 2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023
Value adjustment incl. foreign exchange	982	-466	1 638	-4 422
Foreign exchange effect on hedging	249	-332	-894	-1 969
Net value adjustment incl. exchange hedging	1 231	-798	745	-6 391

Note 7 Pension obligations

NOK MILLIONS	31.12.2024	31.12.2023
Capitalized net liability 01.01.	572	524
Capitalized pension costs	135	120
Capitalized financial costs	21	19
Actuarial gains and losses	-288	88
Premiums / contributions received	-112	-179
Capitalized net liability	328	572

ASSUMPTIONS	31.12.2024	31.12.2023
Discount rate	3.90 %	3.10 %
Salary growth	4.00 %	3.50 %
The National Insurance basic amount (G)	3.75 %	3.25 %
Pension increases	3.00 %	2.80 %
Social security contribution rate	14.10 %	14.10 %
Capital activity tax	5.00 %	5.00 %

The effect of changes in pension assumptions reduce the pension liability for employees with NOK 288 million as of 31.12.2024. The change is recognized in "Total other income and expenses that will not be reclassified to profit or loss".

Note 8 Fair value hierarchy

31.12.2024 NOK MILLIONS	Level 1	Level 2	Level 3	31.12.2024	31.12.2023
FINANCIAL ASSETS BOOKED AT FAIR VALUE					
CORPORATE PORTFOLIO					
<i>Certificates</i>	0	786	0	786	440
<i>Bonds</i>	0	8 646	0	8 646	7 975
<i>Fixed-income funds</i>	2 980	0	0	2 980	3 344
Fixed-income securities	2 980	9 432	0	12 412	11 760
Loans and receivables	2 197	230	0	2 427	1 132
<i>Shares</i>	0	0	4	4	4
Shares and units	0	0	4	4	4
Financial derivatives	0	432	0	432	527
Other financial assets	0	0	0	0	1
Total corporate portfolio	5 177	10 094	4	15 275	13 423
COMMON PORTFOLIO					
<i>Certificates</i>	2 710	1 959	0	4 669	3 196
<i>Bonds</i>	19 532	30 255	0	49 787	49 202
<i>Fixed-income funds</i>	23 554	11 102	17 279	51 935	51 854
Fixed-income securities	45 797	43 315	17 279	106 390	104 252
Loans and receivables	15 467	957	0	16 424	20 788
<i>Shares</i>	97 681	2 124	5 879	105 683	74 248
<i>Funds units</i>	109 417	6 800	10 706	126 924	102 349
<i>Private Equity</i>	0	0	50 936	50 936	42 470
Shares and units	207 098	8 924	67 521	283 543	219 067
Financial derivatives	0	758	0	758	9 814
Other financial assets	0	377	0	377	790
Total common portfolio	268 363	54 330	84 799	407 492	354 711
INVESTMENT OPTION PORTFOLIO					
<i>Fixed-income funds</i>	302	9	0	311	257
Fixed-income securities	302	9	0	311	257
Loans and receivables	36	0	0	36	102
<i>Shares</i>	0	0	0	0	0
<i>Funds units</i>	1 322	15	42	1 379	1 104
Shares and units	1 322	15	42	1 379	1 104
Financial derivatives	0	3	0	3	24
Total investment option portfolio	1 659	27	42	1 728	1 488
Total financial assets valued at fair value	275 199	64 451	84 845	424 496	369 622
CORPORATE PORTFOLIO					
Buildings and other real estate	0	0	1 322	1 322	1 301
Total buildings and other real estate	0	0	1 322	1 322	1 301
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE					
CORPORATE PORTFOLIO					
Financial derivatives	0	25	0	25	0
Debt to credit institutions	510	0	0	510	578
Total corporate portfolio	510	25	0	536	578
COMMON PORTFOLIO					
Financial derivatives	0	4 497	0	4 497	1 137
Debt to credit institutions	2	0	0	2	6 126
Total common portfolio	2	4 497	0	4 499	7 263

31.12.2024 NOK MILLIONS	Level 1	Level 2	Level 3	31.12.2024	31.12.2023
INVESTMENT OPTION PORTFOLIO					
Financial derivatives	0	17	0	17	1
Debt to credit institutions	0	0	0	0	23
Total investment option portfolio	0	17	0	17	25
Total financial liabilities at fair value	512	4 540	0	5 052	7 866

Changes in Level 3 financial instruments and real estate NOK MILLIONS	Corporate portfolio		Common portfolio				Investment option portfolio
	Shares	Buildings and other real estate	Shares	Fund units	Private equity	Fixed-income funds	Fund units
Opening balance 01.01.	4	1 301	3 403	9 732	42 470	14 521	43
Sold	0	0	-38	-388	-3 960	-1 735	-2
Bought	0	21	2 638	768	7 007	3 097	0
Unrealised changes	0	0	-124	594	5 419	1 395	2
Closing balance 31.12	4	1 322	5 879	10 706	50 936	17 279	42
Realised gains/losses	0	0	-2	16	2 031	167	0

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 "buildings and other real estate". Unrealised changes are reflected in the line «Value changes on investments» in the different portfolios in the income statement.

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

Level 1:

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

Level 2:

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

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 7 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 9. 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 7 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 4 308 million as of 31.12.2024 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. For shares there is a further distinction between trading days and amount of trading which separates out listed securities that do not form part of an active market. The values at the end of the reporting period provide the basis for any movement between the levels.

During the 4th quarter, NOK 12 million moved from Level 1 to Level 2 and NOK 779 million moved from level 2 to level 1. The amounts are related to equity instruments and the movements are due to change in liquidity. There were no other movements between the different levels in KLP.

Note 9 Fair value of financial assets and liabilities

For information regarding pricing of financial assets and liabilities see note 7 Fair value of financial assets and liabilities in the consolidated financial statement.

31.12.2024 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								
FIXED-INCOME SECURITIES								
Norwegian bonds	5 759	6 175	70 443	66 437	387	366	76 589	72 978
Foreign bonds	15 866	14 642	139 489	132 998	637	605	155 992	148 245
Total fixed-income securities	21 625	20 818	209 932	199 435	1 024	971	232 581	221 223
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	3 439	3 344	0	0	3 439	3 344
Lending with public sector guarantee	0	0	77 914	76 835	0	0	77 914	76 835
Loans abroad secured by mortgage and local government guarantee	0	0	6 104	6 163	0	0	6 104	6 163
Total other loans and receivables	0	0	87 456	86 341	0	0	87 456	86 341
Total financial assets at amortized cost	21 625	20 818	297 388	285 776	1 024	971	320 037	307 565

31.12.2024 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 FAIR VALUE								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	4	4	16 838	16 838	0	0	16 842	16 842
Foreign shares	0	0	88 845	88 845	0	0	88 845	88 845
Total shares	4	4	105 683	105 683	0	0	105 687	105 687
Property funds	0	0	11 496	11 496	42	42	11 538	11 538
Norwegian equity funds	0	0	108 630	108 630	1 322	1 322	109 952	109 952
Foreign equity funds	0	0	56 104	56 104	0	0	56 104	56 104
Total equity fund units	0	0	176 230	176 230	1 364	1 364	177 594	177 594
Norwegian alternative investments	0	0	1 630	1 630	15	15	1 644	1 644
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	1 630	1 630	15	15	1 644	1 644
Total shares and units	4	4	283 543	283 543	1 379	1 379	284 926	284 926
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	8 005	8 005	29 906	29 906	0	0	37 911	37 911
Foreign bonds	641	641	19 881	19 881	0	0	20 522	20 522
Norwegian fixed-income funds	2 980	2 980	25 153	25 153	311	311	28 445	28 445
Foreign fixed-income funds	0	0	26 782	26 782	0	0	26 782	26 782
Norwegian certificates	786	786	4 669	4 669	0	0	5 455	5 455
Foreign certificates	0	0	0	0	0	0	0	0
Fixed income securities	12 412	12 412	106 390	106 390	311	311	119 114	119 114
Norwegian loans and receivables	756	756	11 391	11 391	24	24	12 172	12 172
Foreign loans and receivables	1 670	1 670	5 033	5 033	12	12	6 715	6 715
Total loans and receivables	2 427	2 427	16 424	16 424	36	36	18 887	18 887
DERIVATIVES								
Interest rate swaps	432	432	108	108	0	0	541	541
Forward exchange contracts	0	0	650	650	3	3	652	652
Total financial derivatives classified as assets	432	432	758	758	3	3	1 193	1 193
OTHER FINANCIAL ASSETS								
Other financial assets	0	0	377	377	0	0	377	377
Total financial assets valued at fair value	15 275	15 275	407 492	407 492	1 728	1 728	424 496	424 496
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	481	481	0	0	481	481
Forward exchange contracts	25	25	4 016	4 016	17	17	4 059	4 059
Total financial derivatives classified as liabilities	25	25	4 497	4 497	17	17	4 540	4 540
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 525	3 560	0	0	0	0	3 525	3 560
Hybrid Tier 1 securities	1 429	1 429	0	0	0	0	1 429	1 429
Total subordinated loan capital etc.	4 954	4 989	0	0	0	0	4 954	4 989
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	0	0	0	0	0	0
Foreign call money ¹	510	510	2	2	0	0	512	512
Total liabilities to credit institutions	510	510	2	2	0	0	512	512

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

31.12.2023 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								
FIXED-INCOME SECURITIES								
Norwegian bonds	5 810	5 559	66 375	64 318	337	321	72 521	70 198
Foreign bonds	15 447	14 829	139 745	133 814	652	620	155 844	149 263
Total fixed-income securities	21 256	20 388	206 120	198 132	989	941	228 365	219 461
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	2 788	2 694	0	0	2 788	2 694
Lending with public sector guarantee	0	0	74 119	72 754	0	0	74 119	72 754
Loans abroad secured by mortgage and local government guarantee	0	0	5 059	5 108	0	0	5 059	5 108
Total other loans and receivables	0	0	81 966	80 556	0	0	81 966	80 556
Total financial assets at amortized cost	21 256	20 388	288 086	278 688	989	941	310 331	300 017
ASSETS – AT FAIR VALUE								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	4	4	12 271	12 271	0	0	12 275	12 275
Foreign shares	0	0	61 977	61 977	0	0	61 977	61 977
Total shares	4	4	74 248	74 248	0	0	74 252	74 252
Property funds	0	0	10 156	10 156	43	43	10 198	10 198
Norwegian equity funds	0	0	89 369	89 369	1 048	1 048	90 417	90 417
Foreign equity funds	0	0	42 797	42 797	0	0	42 797	42 797
Total equity fund units	0	0	142 322	142 322	1 090	1 090	143 412	143 412
Norwegian alternative investments	0	0	2 497	2 497	14	14	2 511	2 511
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	2 497	2 497	14	14	2 511	2 511
Total shares and units	4	4	219 067	219 067	1 104	1 104	220 175	220 175
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	7 118	7 118	29 814	29 814	0	0	36 932	36 932
Foreign bonds	857	857	19 388	19 388	0	0	20 245	20 245
Norwegian fixed-income funds	3 344	3 344	26 222	26 222	257	257	29 824	29 824
Foreign fixed-income funds	0	0	25 632	25 632	0	0	25 632	25 632
Norwegian certificates	440	440	2 298	2 298	0	0	2 738	2 738
Foreign certificates	0	0	898	898	0	0	898	898
Fixed income securities	11 760	11 760	104 252	104 252	257	257	116 269	116 269
Norwegian loans and receivables	414	414	14 977	14 977	25	25	15 417	15 417
Foreign loans and receivables	718	718	5 811	5 811	77	77	6 606	6 606
Total loans and receivables	1 132	1 132	20 788	20 788	102	102	22 023	22 023
DERIVATIVES								
Interest rate swaps	437	437	963	963	0	0	1 400	1 400
Share options	0	0	0	0	0	0	0	0
Forward exchange contracts	89	89	8 851	8 851	24	24	8 964	8 964
Total financial derivatives classified as assets	527	527	9 814	9 814	24	24	10 365	10 365
OTHER FINANCIAL ASSETS								
Other financial assets	1	1	790	790	0	0	791	791
Total financial assets valued at fair value	13 423	13 423	354 711	354 711	1 488	1 488	369 622	369 622
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	57	57	0	0	57	57
Forward exchange contracts	0	0	1 081	1 081	1	1	1 082	1 082
Total financial derivatives classified as liabilities	0	0	1 137	1 137	1	1	1 139	1 139

31.12.2023 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	3 361	3 327	0	0	0	0	3 361	3 327
Hybrid Tier 1 securities	1 434	1 434	0	0	0	0	1 434	1 434
Total subordinated loan capital etc.	4 795	4 761	0	0	0	0	4 795	4 761
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	1 277	1 277	0	0	1 277	1 277
Foreign call money ¹	578	578	4 849	4 849	23	23	5 450	5 450
Total liabilities to credit institutions	578	578	6 126	6 126	23	23	6 727	6 727

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

Note 10 Leases

NOK MILLIONS	31.12.2024	31.12.2023
RIGHT-OF-USE ASSETS	Property	
Opening balance 01.01.	756	865
Depreciation	-108	-108
Deduction	0	-2
Closing balance	648	756

NOK MILLIONS	31.12.2024	31.12.2023
LEASE LIABILITIES	Property	
Opening balance 01.01.	822	920
Repayments	-101	-96
Deduction	0	-2
Closing balance	721	822

NOK MILLIONS	Q4 2024	Q4 2023	01.01.2024 -31.12.2024	01.01.2023 -31.12.2023
	Property			
Interest expense lease liabilities	5	5	19	21
Interest expense lease liabilities	5	5	19	21

Note 11 Liabilities

NOK MILLIONS	31.12.2024	31.12.2023
Short-term liability securities	388	729
Advance tax-deduction pension scheme	603	577
Accounts payable	33	23
Derivatives	4 540	1 139
Debt to credit institutions	512	6 727
Liabilities related to direct insurance	53	1 279
Other liabilities	37	35
Total liabilities	6 167	10 508

Note 12 Presentation of assets and liabilities that are subject to net settlement

31.12.2024 NOK MILLIONS	Gross financial assets/ liabilities	Financial instruments	Related amounts not presented net		Net amount
			Security in cash	Security in securities	
ASSETS					
Financial derivatives	1 193	-760	-512	0	0
Total	1 193	-760	-512	0	0
PORTFOLIO ALLOCATION OF ASSETS					
Total assets – common portfolio	758	-758	-2	0	0
Total assets – corporate portfolio	432	0	-510	0	0
Total assets – investment option portfolio	3	-2	0	0	0
Total	1 193	-760	-512	0	0
LIABILITIES					
Financial derivatives	4 540	-760	-86	-4 673	46
Total	4 540	-760	-86	-4 673	46
PORTFOLIO ALLOCATION OF LIABILITIES					
Total liabilities – common portfolio	4 497	-758	-82	-4 673	10
Total liabilities – corporate portfolio	25	0	0	0	25
Total liabilities – investment option portfolio	17	-2	-4	0	11
Total	4 540	-760	-86	-4 673	46

31.12.2023 NOK MILLIONS	Gross financial assets/ liabilities	Financial instruments	Related amounts not presented net		Net amount
			Security in cash	Security in securities	
ASSETS					
Financial derivatives	10 365	-1 077	-6 716	-2 755	149
Total	10 365	-1 077	-6 716	-2 755	149
PORTFOLIO ALLOCATION OF ASSETS					
Total assets – common portfolio	9 814	-1 076	-6 114	-2 755	100
Total assets – corporate portfolio	527	0	-578	0	32
Total assets – investment option portfolio	24	-1	-23	0	17
Total	10 365	-1 077	-6 716	-2 755	149
LIABILITIES					
Financial derivatives	1 139	-1 077	-62	-5	0
Total	1 139	-1 077	-62	-5	0
PORTFOLIO ALLOCATION OF LIABILITIES					
Total liabilities – common portfolio	1 137	-1 076	-62	-5	0
Total liabilities – corporate portfolio	0	0	0	0	0
Total liabilities – investment option portfolio	1	-1	0	0	0
Total	1 139	-1 077	-62	-5	0

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

Note 13 **Solvency ratio**

The Solvency II balance sheet includes assets and liabilities at fair value. 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 own funds appear from the Solvency II balance sheet and hybrid tier 1 securities. In the calculation of eligible own funds hybrid tier 1 securities are limited to a maximum of 20 per cent of total eligible tier 1 own funds. Any excess exposure is eligible as tier 2 own funds. Tier 2 own funds otherwise consist of subordinated debt, the risk equalization fund 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. Any net deferred tax asset will be considered tier 3 own funds.

In the calculation of eligible own funds to cover the solvency capital requirement, eligible tier 1 own funds shall be at least 50 per cent of the solvency capital requirement, eligible tier 3 own funds shall be less than 15 per cent of the solvency capital requirement, and the sum of eligible tier 2 and tier 3 own funds shall not exceed 50 per cent of the solvency capital requirement. In the calculation of eligible own funds to cover the minimum capital requirement, eligible tier 1 own funds shall be at least 80 per cent of the minimum capital requirement, and eligible tier 2 own funds shall not exceed 20 per cent of the minimum capital requirement. Tier 3 own funds and ancillary own funds are not eligible to cover the minimum capital requirement.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 360 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 360 per cent.

NOK MILLIONS	31.12.2024	31.12.2023
ELIGIBLE OWN FUNDS		
Assets	849 976	775 527
Liabilities	-801 782	-730 932
Excess of assets over liabilities	48 194	44 595
- Risk equalization fund	-3 999	-3 674
+ Hybrid tier 1 securities	1 429	1 434
Tier 1 basic own funds	45 624	42 355
Sum tier 1 own funds	45 624	42 355
Subordinated debt	3 514	3 280
Risk equalization fund	3 999	3 674
Tier 2 basic own funds	7 513	6 954
Ancillary own funds	15 396	14 339
Tier 2 ancillary own funds	15 396	14 339
Sum tier 2 own funds	22 909	21 293
Deferred tax asset	0	0
Tier 3 basic own funds	0	0
Sum tier 3 own funds	0	0
Eligible own funds to cover the solvency capital requirement - tier 1	45 624	42 355
Eligible own funds to cover the solvency capital requirement - tier 2	7 349	7 162
Eligible own funds to cover the solvency capital requirement - tier 3	0	0
A Eligible own funds to cover the solvency capital requirement	52 973	49 517
Eligible own funds to cover the minimum capital requirement - tier 1	45 624	42 355
Eligible own funds to cover the minimum capital requirement - tier 2	735	838
B Eligible own funds to cover the minimum capital requirement	46 359	43 193
CAPITAL REQUIREMENT		
Market risk	177 479	141 784
Counterparty risk	2 853	3 331
Life risk	139 577	112 930
Diversification	-67 269	-54 828
Operational risk	3 499	3 212
Loss absorbing capacity of technical provisions	-239 992	-190 778
Loss absorbing capacity deferred tax	-1 447	-1 327
C Solvency capital requirement	14 698	14 323
Absolute floor of the minimum capital requirement	48	47
Linear minimum capital requirement	2 287	4 191
Lower boundary (25 % of the solvency capital requirement)	3 675	3 581
Upper boundary (45 % of the solvency capital requirement)	6 614	6 446
D Minimum capital requirement	3 675	4 191
SOLVENCY RATIO		
SCR ratio (A/C)	360 %	346 %
MCR ratio (B/D)	1262 %	1031 %

Contact information

KLP

Kommunal Landspensjonskasse gjensidig forsikringsselskap
Pb. 400 Sentrum, 0103 Oslo
Org. nr.: 938 708 606

Visitors address

Dronning Eufemias gate 10, Oslo

klp.no

Tlf: +47 55 54 85 00

klp.no/kontakt