## KLP annual report 2015



## Open, clear, responsible, commited

Geir Teigo, Operations manager, KLP Eiendom

## Annual report 2015

In 2015 KLP hosted an internal photo contest where the staff were to visualize one of KLP's values: Open, Clear, Responsible and Committed, or "For the days to come". Olav Storm, photographer, was head of the jury.

We present some of the contributions in this annual report.

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For the days to come Gisle Hunvik, Senior consultant, IT

## A steady course

2015 was another exciting year. KLP delivered good results in turbulent financial markets. We have kept costs down even as the breadth of our services grows. And we have committed ourselves to effective processes and good customer communication.

2015 was a nerve-wracking year for anyone with investments demand more of us as a company. At the same time, we need in the financial markets. This year was also proof that KLP is to adapt to new reforms and changing regulations. That is equipped to deal with the fluctuations even when things are why we have implemented processes to enable us to handle most unsettled. We delivered good results, and we are well customers and members more effectively without increasing prepared for the possibility of tough times. Value-adjusted and our costs. Throughout 2015, we worked systematically on book returns for 2015 closed at 4.0 and 3.6 per cent respecefficiency improvement projects right across the Group, and tively, and the Group had total assets of NOK 543 billion at the we are seeing great effects: in particular, we have signifiend of the year. cantly reduced perceived processing times for customers. We are also working hard on digitisation, to meet our customers' Low interest rates - a challenge expectations for beneficial self-service solutions and user-KLP manages around NOK 425 billion for existing and future friendliness.

pensioners. We have to ensure that our 900,000 pensioners and members get the pension they are entitled to. At the same time, we have to provide a guaranteed return to our owners.

Weak economic growth prospects and low interest rates create headaches for anyone managing money - and we are also seeing higher risk premiums on debt instruments, unsettled stock markets and lower raw material prices. Against this backdrop, it is important to have sufficient solvency to withstand future market fluctuations. That is why we have chosen to strengthen our financial buffers to be best prepared to face challenging markets.

#### It matters how the money is managed

Managing large pension funds also carries great responsibility. KLP aims to contribute to sustainable development all over the world, and signed the UN Global Compact as early as 2003. By doing so, KLP undertakes to observe the Compact's ten principles, covering human rights, labour, the environment and anti-corruption. In 2014 we made an important decision: we withdrew from companies that earn more than 50 percent of their income from coal. In the autumn of 2015, we lowered the limit to 30 percent. At the same time, we decided to invest half a billion kroner in renewable power generation in emerging economies, where there is a great need for energy. We are doing this by expanding our partnership with Norfund.

KLP has always been open about who is excluded from our portfolios, and why. We are open because we welcome other people's views on what we do, whether they criticise us or copy us. In this way we hope to contribute to a more sustainable development.

#### Effective processes and better customer service

KLP has had a significant influx of new customers for publicsector occupational pension in recent years. Since 2013, a total of 86 municipalities, one county administration and 375 enterprises have chosen us as their new provider. More and more members and an increasing number of pensioners

#### Better information

We aim to get better at writing in a language and style which are easier for most people to understand. We have involved all our staff in a language project to ensure that all communication that comes out of KLP is simple, clear, relevant and based around what our customers need to know. Good work has already brought promising results. We will continue our effort in this field.

#### A steady course

Nobody knows what the future holds, but many people would agree that the outlook is more uncertain than it has been for a long time. The financial markets reacts quick to negative news and creates strong volatility We do know, however, that KLP has a solid foundation for future growth. We will continue to build on this solidity and focus on smarter working, both to meet customers' needs for services from us and to keep costs down.

KLP aims to be a predictable partner, strengthening customers' finances, simplifying their everyday life, helping to make them attractive employers and contributing to a more sustainable public sector. That is why we are making systematic efforts to develop products and services that we find our owners and their employees need. This work has been going on for a long time and will continue in 2016. KLP's owners should feel confident that we will deliver competitive returns, low costs and good service in the future too. Our goal is un-

changing: we aim to be the best partner for the days to come, whatever they may bring.

SVERRE THORNES GROUP CEO



## Commited

Lene Inngjerdingen, Special Consultant, Contract Management and operation

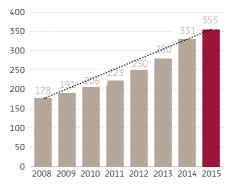
## Development over the last 5 years

KLP Group	2015	2014	2013	2012	2011
Pre-tax income	5 128	1 189	1 157	997	653
Total assets	543 262	490 894	399 257	331 783	291 784
Owners' equity	23 260	17 558	15 268	13 630	12 064
Capital adequacy ratio	11,5 %	9.2 %	10.0 %	10.3 %	10.9 %
Number of employees	939	899	856	808	775
Kommunal Landspensjonskasse	2015	2014	2013	2012	2011
Pre-tax income	4 858	959	950	772	705
Premium income (without premium reserves transferred in)	29 541	32 280	24 928	27 477	21 641
Net transfers in/out of premium reserves and other funds	10 182	28 677	6 178	1 484	-156
Income to customers	20 650	6 959	10 420	5 455	3 594
of which supplementary reserves	3 122	3 568	-	-	2 143
of which to Premium Fund	5 138	3 391	5 891	2 365	1 451
Insurance funds	412 363	378 602	312 127	275 860	243 439
Total assets	457 453	415 030	339 592	299 708	261 746
Owners' equity	23 204	17 454	15 089	13 472	11 941
Solvency capital	87 086	73 909	46 897	44 132	36 190
Solvency capital measured against insurance funds with	23,5 %	21.6 %	16.2 %	17.4 %	16.0 %
interest guarantee		9.5 %	10.2 %	10.6 %	11.5 %
Capital adequacy ratio	12,0 %				
Solvency margin ratio	279,5 %	228.1 %	228.8 %	233.2 %	243.5 %
Return on the common portfolio:	7 6 0/	( 7 0)	<i>c</i> ( 0)	5.0.0/	( = 0)
- book return	3.6 %	4.3 %	6.4 %	5.0 %	4.5 %
- value-adjusted return	4.0 %	6.9 %	6.7 %	6.7 %	3.2 %
<ul> <li>value-adjusted return including surplus value on assets recognize at amortized cost</li> </ul>	2.8 %	9.5 %	6.4 %	7.5 %	3.9 %
Return investment options portfolio	4.0 %	6.7 %	8.8 %	7.5 %	2.2 %
Insurance-related administration costs measured against	4.0 %	0.7 /0	0.0 /0	7.5 %	2.2 /0
average customer funds	0.25 %	0.23 %	0.28 %	0.32 %	0.34 %
Number of premium-paying members	435 363	418 133	367 967	316 298	309 333
Number of pensioners	240 821	230 241	197 837	182 562	172 272
Number of employees	533	524	502	477	460
KLP Bedriftspensjon AS	2015	2014	2013	2012	2011
Pre-tax income	-24	-23	-22	-25	-24
Premium income (without premium reserves transferred in)	336	261	188	126	93
Net inward/outward transfer of premium reserves	129	140	189	216	182
Income to customers	22	24	7	15	16
Total assets	2 943	2 270	1 792	1 317	904
Capital adequacy ratio	35.4 %	12.7 %	14.7 %	9.6 %	13.9 %
KLP Skadeforsikring AS	2015	2014	2013	2012	2011
Pre-tax income	173	304	190	105	25
Annual premium	1 113	921	832	750	650
Combined ratio	98.8 %	98.1 %	103.7 %	107.8 %	118.1 %
Capital adequacy ratio	48.9 %	44.0 %	40.0 %	34.1 %	31.8 %
	000	0011			
KLP Banken Group	2015	2014	2013	2012	2011
Pre-tax income	50	29	87	84	-62
Deposits	7 426	6 251	4 407	2 946	1 840
Lending	26 359	24 946	21 317	21 875	28 416
Capital adequacy ratio	17.6 %	16.9 %	19.6 %	20.1 %	14.4 %
KLP Kapitalforvaltning AS	2015	2014	2013	2012	2011
Pre-tax income	46	56	33	21	26
Assets for management in total	398 471	370 840	287 077	252 037	215 915
2					

## Growth and profitability

#### PEOPLE WITH ACCRUING PUBLIC SECTOR OCCUPATIONAL 1400 000 1200 000 995 340 1062 401 1064 400 1064 400

ACCRUED PENSION (PREMIUM RESERVE) NOK billion

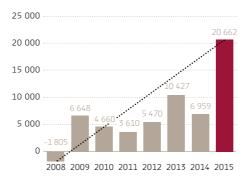


VALUE-ADJUSTED RETURNS ON PENSION FUNDS

(Common portfolio Public Sector Occupational Pensions) 8,0 % 7,7 % 7,5 % 7,0 % 6,7 % 6,7 % 6,9 % 6,0 % 5,0 % 4,0 % 3,0 % 2,0 % 1,0 % -1,0 % -2,0 % -3,0 %

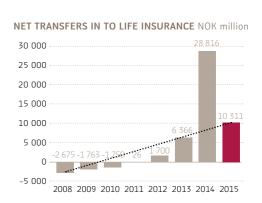
2008 2009 2010 2011 2012 2013 2014 2015

PROFIT/LOSS ALLOCATED TO INSURANCE CUSTOMERS NOK million

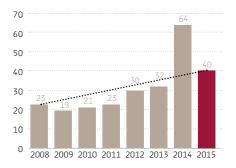




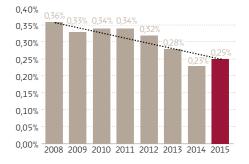
Open Dag Eidstuen, Senior consultant, IT



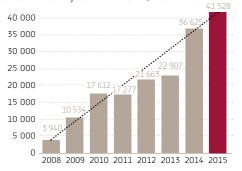
#### PREMIUM INCOME GROUP NOK billion



#### COST RATIO PUBLIC SECTOR OCCUPATIONAL PENSION



#### CUSTOMER BUFFERS (SUPPLEMENTARY RESERVE AND SECURITIES ADJUSTMENT FUND) NOK million



 $\bullet \bullet \bullet$ 

#### KLP'S VALUES

# open

## Important events in 2015

### JANUARY

Banking investment in East Africa

Together with a number of other Norwegian investors in NorFinance AS, KLP invests in Kenya's Equity Bank, thereby taking a large and important step into the East African banking market.

## KLP Skadeforsikring best for customer service

The Company is named "Best customer service centre" in the insurance category in TNS Gallup's large customer centre survey for 2014. The survey is based on

TNS Gallup's panel of 20,000 respondents.

### FEBRUARY Good 2014 results

KLP can point to good results for 2014, with good returns, low costs and a major inflow of new customers.

#### Collaboration with Norsk Folkehjelp

KLP enters into collaboration with Norsk Folkehjelp to help with knowledge-sharing and integration.

MARCH

#### Awarded international environmental prize

The Fornebu S shopping mall goes straight to the top in the Retail category in the face of stiff competition from major supermarkets in Germany, Poland, the UK and Sweden in the BREEAM awards. The shopping mall was also named "Building of the year" in Norway.

Local government conference in Trondheim KLP arranges local government conference with over 300 delegates.



#### Top of the world for climate work KLP is ranked number two in the world in the study of what capital owners are

doing to address climate challenges, run by the Asset Owners Disclosure Project.

#### MAY Solid quarter for KLP

KLP delivers solid returns in the first quarter, and has a major influx of pension customers.

#### JUNE

#### New companies excluded

Ten new companies are excluded from KLP's investments because of income from coal-based operations, breaches of ethical standards, corruption, tobacco production and serious damage to the environment.

#### NOK 3.4 billion to customers

KLP's customers with public-sector occupational pensions have NOK 3.4 billion paid back into their premium fund.

#### Investing in renewable energy



When KLP took the decision to sell its coal shares, half a billion kroner were earmarked for renewable energy in emerging economies. This money is being invested through KLP Norfund Investments (KNI).

JULY AUGUST

### Expected half-year results

KLP presents half-year results in line with expectations; the company has improved its financial position after a period of strong customer growth. Value-adjusted and book returns in the first half-year ended at 2.3 and 2.0 per cent respectively. Shares and property were the most important contributors to the good returns.

### SEPTEMBER OCTOBER

### New director for KLP

Gro Myking employed as new director for communication and markets in KLP from 1 February 2016. Myking comes from a position as marketing director at Posten Norge.



### NOVEMBER Good solvency despite weak

financial markets

Low interest rates and a fall in the share markets affect results for the third quarter. At the end f the third quarter, KLP has solvency capital of NOK 80.2 billion.

#### Kirketorget in Moss wins "Not at any price"

Moss municipality's ethical procurement can inspire other municipalities starting up beacon projects, says the jury of this year's winner. The beacon project in Moss was concerned with turning the church square into "the town's social space". The ethics prize is awarded by KLP for the seventh year in a row in collaboration with the Initiative for Ethical Trade and Difi.

#### Eight municipalities awarded special prize

The municipalities of Aurskog-Høland, Gjesdal, Karmøy, Skedsmo, Stokke, Tysvær, Ullensaker and Østre Toten were awarded the special prize for good public building and property management. The initiative for the prize comes from the Directorate for Building Quality, the Norwegian Association of Municipal Engineers and KLP Skadeforsikring AS.





#### Best for the fifth year in a row

The industry survey from EPSI shows that KLP has the most satisfied business customers for the fifth year in a row. KLP comes out best in both customer satisfaction and claims handling.

### Visible BREEAM certificate

The building owner KLP Eiendom and the Fornebu S shopping mall display the visible evidence of their BREEAM certification outside the building – a 12 metre diameter symbol carved in stone.

#### DECEMBER

#### More companies excluded

KLP excludes 20 more companies and includes four after its half-yearly review of the investment portfolios.

#### Purchase of hotel

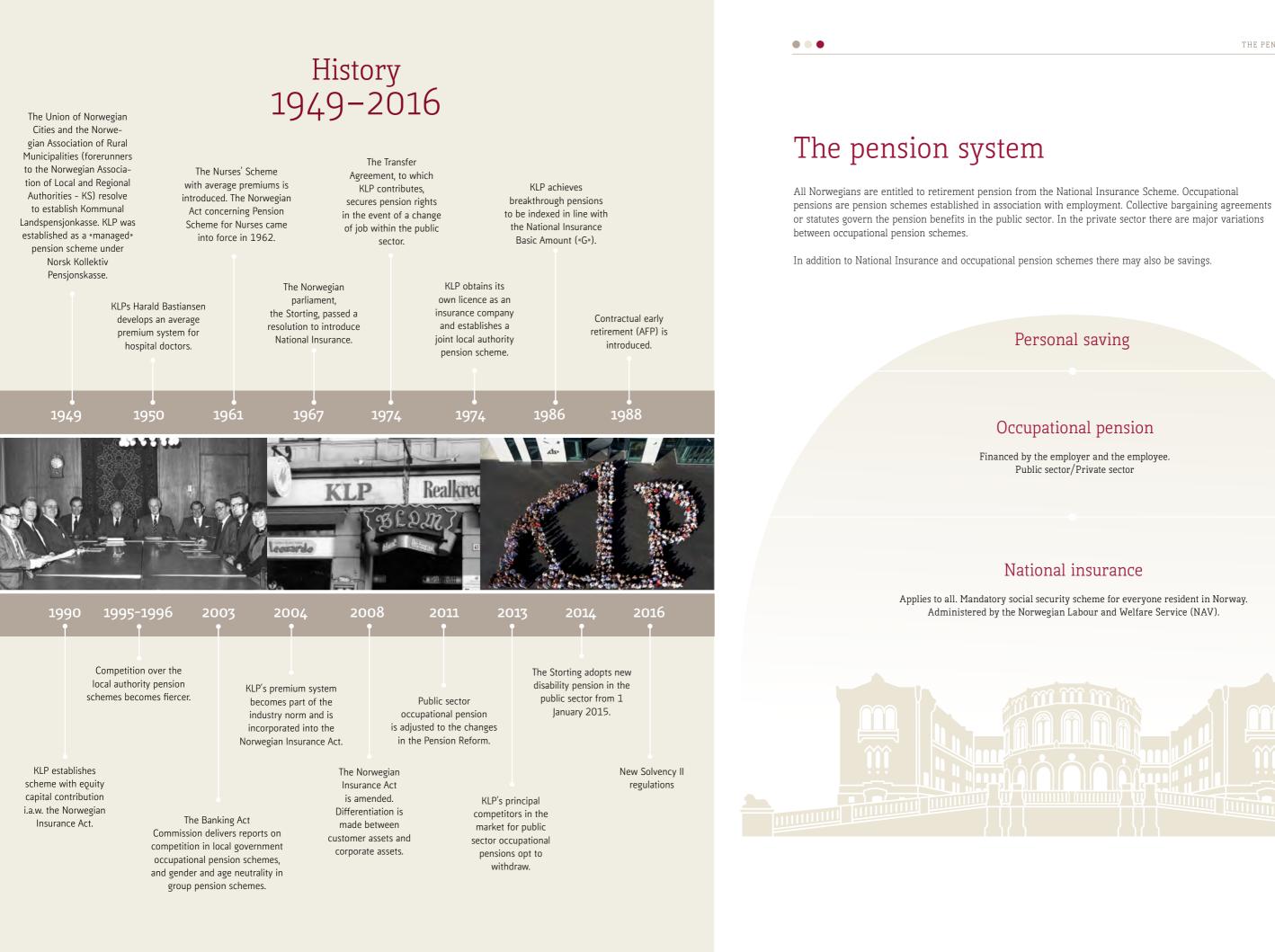
KLP Eiendom signs a contract to purchase the Stockholm Waterfront hotel and conference centre for SEK 1,750 million.

#### Nominated for culture prize

KLP nominated for the of "Cultural sponsor of the year" prize for its work with TV2s "Each time we meet".

#### Increase in pension payments

KLP sets new record for pension payments. Gross pension payments of more than NOK 14.7 billion were made – that is NOK 1.8 billion more than the previous year.



### Occupational pension

Public sector/Private sector

Administered by the Norwegian Labour and Welfare Service (NAV).

## What KLP offers

KLP manages the pensions saving for employees and former employees of municipalities and enterprises, county administrations and health enterprises. KLP also provides non-life insurance, banking services and investment products.

### PUBLIC SECTOR/CORPORATE EMPLOYERS

#### Pensions

Public sector occupational pension provides cover for contractual early retirement (AFP) and disability, survivor, and retirement pensions

#### The KLP pension schemes:

The Joint Scheme for

- Municipalities and enterprises
- County administrations
- Health enterprises
- The Nurses' Scheme
- The Doctors' Scheme
- The Scheme for Publicly Elected Representatives

### Advice, HES, analyses and courses

As part of the service for its pensions customers, KLP offers courses on relevant pension-related subjects both to employers and to their employees.

The course offering includes for example pensions and pension's finance, HES and provision of advice.

- About 1,650 employers' representatives have participated in various courses run by KLP during 2015
- KLP had 400 participants on pensions finance courses; 220 participants on basic courses and 180 on special courses
- The Worth Knowing course for payroll and personnel employees is arranged every second year. In 2015 850 participated in these courses
- KLP had 400 participants on enterprise courses
- KLP had about 9,300 individual conversations with employees on their own pension entitlements
- In addition KLP held about 500 information meetings all over the country in which we provided information about the pension scheme to our members
- During 2015 163 different HES events were conducted with 4,850 employees representing a total of 450 different customers.
- About 40 local government chief executives meet KLP's senior management each year to discuss courses and the direction of cooperation between the local authorities and KLP

#### Defined contribution pensions for the private sector KLP also offers defined-contribution pensions – an occunational pension scheme for enterprises that do not have

pational pension scheme for enterprises that do not have public-sector occupational pensions.

#### Pension fund service

KLP offers solutions for managing and operating dedicated pension funds for municipalities, county administrations and enterprises with agreements on public sector occupational pensions, either as a total solution or to supplement in-house management with services from KLP.

### Insurance

#### Staff insurance:

- Group life in accordance with the requirements of municipal/public sector collective salary and terms of employment agreements
- Continuation of insurance coverage
- Personal accident/Occupational injury insurance
- Business travel insurance and pupil travel insurance
- Property, motor and third-party insurance

#### Loans

Loans for public sector investments and infrastructure • Loans to local government sector

• Loans to enterprises/organizations

#### Funds

The KLP funds are Norway's largest index-tracking funds measured by volume under management. The funds are also among the most reasonable on the market.

In addition to index-tracking funds, KLP can offer active equity funds, combination funds, fixed-interest funds and special funds.Clear separation in the report between employers and individual members.

#### Banking

KLP Banken offers savings accounts for enterprises. Through KLP Kommunekreditt AS covered bonds with security in public sector loans are issued.

#### "Looked after" by KLP – our new communication and membership programme

"Looked after" is designed to strengthen the KLP brand and ensure that the company is the first choice for its members. "Looked after" is intended to differentiate KLP from its closest competitors in the retail market and reinforce the perception of one KLP.

The concept should provide for a good customer experience and give customers access to members' benefits. For KLP, "Looked after" is meant to support the membership campaign, help to increase sales and position the company clearly in a very competitive market.

### RETAIL CUSTOMERS /KLP MEMBERS:

Employees of employers with KLP public sector occupational pensions have one of Norway's best pension schemes. In addition they can receive membership benefits in banking, funds and insurance products.

#### Pensions

Public sector occupational pension is the pension scheme for those working in local government, health enterprises or companies associated with the public sector.

The majority of the costs of the pension scheme are paid by the employer. Most employees contribute 2 per cent of salary to the KLP pension contribution.

The defined-contribution pension is a pension scheme for people who work for enterprises that do not have public-sector occupational pensions.

#### Pension capital certificates

KLP also manages pension capital certificates.

#### Banking

The KLP Banken is an online bank without branches. The bank offers home mortgages and refinancing, saving and accounts with various cards. Members have staff prices on interest rates and lower charges.

#### Insurance

The main products offered are vehicle insurance, child insurance, buildings insurance and contents insurance. In addition to a main insurance policy, it is possible to add on a range of other policies.

#### Funds

KLP funds saving is available for all, including nonmembers of KLP. KLP Kapitalforvaltning is Norway's largest index-tracking manager in terms of volume under management. The KLP funds are also among the most reasonable on the market.

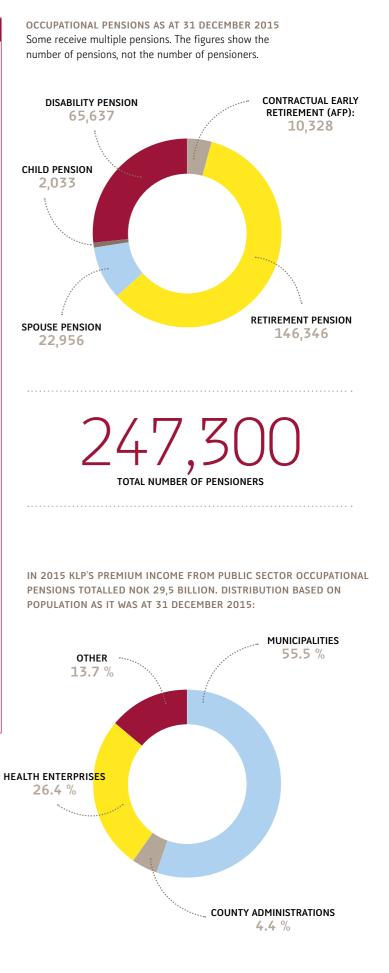
In addition to index-tracking funds, we can offer active equity funds, combination funds, and fixed-interest funds. Members who save in KLP combination funds pay even lower management fees than other customers.

#### CUSTOMERS WITH PENSION SCHEMES IN KLP AS OF 01.01.16:



2,500

29 out of 30 ENTERPRISES AND THE FOUR REGIONAL HEALTH ENTERPRISES



KLP'S BUSINESS CONCEPT KLP AIMS TO DELIVER SECURE AND COMPETITIVE FINANCIAL AND INSURANCE SERVICES TO THE PUBLIC SECTOR AND ENTERPRISES ASSOCIATED WITH THE PUBLIC SECTOR AND THEIR EMPLOYEES.



ALMOST ALL MUNICIPALITIES AND COUNTY ADMINISTRATIONS HAVE A CUSTOMER RELATIONSHIP WITH KLP. KLP'S HEAD OFFICE IS IN OSLO. KLP ALSO HAS AN OFFICE IN BERGEN WHICH TAKES CARE OF LIFE AND PENSIONS SERVICES AND CUSTOMER SERVICE. THE PROPERTY COMPANY HAS OFFICES IN OSLO, TRONDHEIM, COPENHAGEN AND STOCKHOLM. THE BANK HAS OFFICES IN TRONDHEIM AND OSLO.

## This is KLP

Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP) is Norway's largest life insurance company.

KLP's main objective is to be Norway's leading provider of pensions to the public sector. KLP's most important task is to pay the right pension at the right time, and to manage the pension assets for its policy holders in an effective and secure manner. The return on the pension capital should be competitive, maintaining good service and efficient operation while keeping costs down.

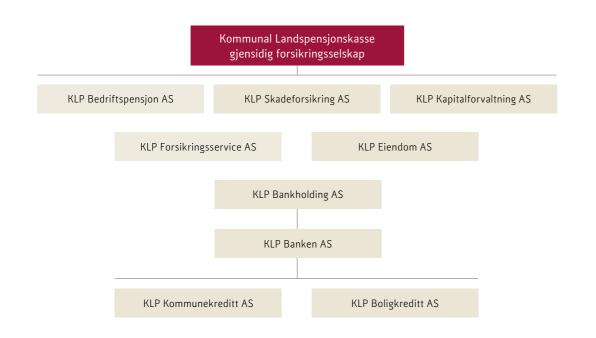
The company provides services to employers and employees in municipal and county administrations, health trusts and businesses in the public and private sectors.

Its main product is public-sector occupational pensions; these pension schemes are stipulated in collective agreements and by law. The Group is also a major provider of non-life insurance, banking services and investment products. KLP Eiendom is the third-largest property management company in the Nordic region.

#### Company structure

Customers with public sector occupational pensions in KLP own the company. The mutual company model is economically efficient and helps to ensure that all added value goes to these customers.

KLP has seven wholly-owned subsidiaries, which are organized as limited companies. The subsidiaries were created to support KLP's core business, and to offer secure and competitive services to KLP's owners and their employees.



At the end of 2015 the KLP Group employed more than 900 people, and managed total assets of NOK 540 billion.

KLP provides products and services within the following areas: • Pensions and pension fund services

- Banking
- Insurance
- · Investment funds and capital management

### SUBSIDIARIES

KLP SKADEFORSIKRING AS offers insurance solutions to the public sector and enterprises, and also to the consumer market, with particular benefits for KLP members. At the end of 2015 the company had 318 municipal and 14 county authorities on its client list, as well as 2,914 enterprises including 29 health trusts. The company had 33,250 customers in the retail market.

**KLP FORSIKRINGSSERVICE AS** has specialist expertise with regard to public sector pension schemes, and offers a full range of pension fund services.

KLP BEDRIFTSPENSJON AS offers defined-contribution occupational pensions, including the management of pension capital certificates, for public and private sector enterprises. The company manages total capital assets of NOK 2,943 million.

**KLP BANKEN AS** is an online bank, offering home mortgage lending and deposits. This provides the basis for efficient operations and low costs. At the start of the year the bank had over 36,700 active retail customers.

**KLP BOLIGKREDITT AS** is a subsidiary of KLP Banken, and was licensed as a mortgage lender in 2014. A proportion of the group's lending in the consumer market has been transferred to this company. The business is funded largely through the issue of mortgage-backed covered bonds.

**KLP KOMMUNEKREDITT AS** is also a subsidiary of KLP Banken. The company aims to be a key financing partner for the public sector. KLP Kommunekreditt finances a broad spectrum of local administrations' needs, from schools, kindergartens and



sheltered housing to projects related to the administrations' climate and energy plans, and some council-run infrastructure.

KLP KAPITALFORVALTNING AS manages investment funds on behalf of the KLP Group's insurance business and other clients through the KLP Funds. KLP Kapitalforvaltning AS holds a licence from the Financial Supervisory Authority of Norway to manage securities funds and alternative investment funds, and to provide active asset management and associated services. At the end of last year the company managed assets worth approx. NOK 398 billion.

**KLP EIENDOM** is one of Norway's largest property companies, with 1,780,000 m2 of floor space and 373,000 m<sup>2</sup> of leasehold land under management, along with several major property development projects. As at 31 December 2015, the properties were worth a total of NOK 55.4 billion. KLP Eiendom has operations in Norway, Sweden, Denmark, Luxembourg and the UK (London). Its properties have excellent locations, a high standard of construction and effective utilization of space. KLP Eiendom only manages the Group's own properties, and does not provide real estate services to external customers.

KLP PROVIDES PRODUCTS AND SERVICES WITHIN THE FOLLOWING AREAS:

- PENSIONS AND PENSION FUND SERVICES
- BANKING
- INSURANCE
- INVESTMENT FUNDS AND CAPITAL MANAGEMENT



#### Balanced scorecard

KLP uses the "balanced scorecard" to measure performance in the four dimensions: finance, customer, internal processes and learning and growth. The balanced scorecard should ensure that the KLP Group's strategy is implemented, and that it is used by the organisation from the corporate level down to the departmental level. The Group's business plan for the period 2016-2018 forms the basis for the key business targets for the Group.

Significant deviation from these targets triggers a deviation analysis, with a description of the measures initiated to improve target attainment. Reporting is carried out quarterly.

#### Market leader - public sector pension

KLP is the dominant provider of funded public-sector occupational pensions, after three years of exceptional growth following its competitors' decision to withdraw from the market for insured schemes.

At the start of 2016, 419 municipal and county authorities had pension schemes with the company. 29 of the 30 health enterprises and the four regional health enterprises have one or more pension agreements with KLP. Around 2,500 companies also have pension schemes with KLP. The company's pension schemes cover more than 440,000 people in work and 248,000 pensioners. 200,000 members also have a pension entitlement with KLP deriving from previous jobs.

#### Good returns and low costs

KLP has had good returns and low costs for many years. This has taken KLP to a strong position in the market for occupational pensions. The confidence that comes with this position is an opportunity KLP intends to exploit to develop the core business and expand its other business activities.

#### The corporate market

KLP increased its investment in the corporate market in 2015. Along with ambitions to increase market share in the market for enterprises associated with the public sector, major potential for further growth and profitability is being exploited by offering KLP's corporate products to the private sector too.

#### Good reputation

KLP experienced strong growth in reputation in 2015, improving from 46 to 53 points in the TNS annual reputation survey. This places KLP among the best-regarded finance companies in the country; only Skandiabanken rates higher.

Local government employees have improved their perception of KLP, which explains much of the development. The perception of KLP has improved in all aspects of reputation, but particularly with regard to financial soundness. The numbers who feel KLP is doing well financially rose from 28 to 39 per cent. As many as 76 per cent have great trust in KLP.

#### Successful focus on members

KLP also offers finance and insurance-related products and services to the retail market, mainly to members of KLP. The products are aimed at employees and pensioners of clients and owners whose pension schemes are managed by KLP. Almost 47,000 members are now customers in one or more business areas. Together with the other customers, the total is 67,500.

The products offered to members in the areas of banking, non-life insurance and investment funds are competitive both in terms of price and content, as shown by the growth in volumes and number of customers. Their ranking on Finansportalen and other market comparison sites shows that these membership products are well up among the best. The increase in new customers also shows that the benefits available to members are starting to become known, which can largely be attributed to a series of marketing campaigns.

Excellent personal treatment and service are characteristic of KLP's customer relations. This was confirmed through a customer satisfaction survey undertaken among private customers in the autumn of 2015. The results were extremely positive, with both Banking and Insurance achieving a score of 74 or more. This also compares very well with other financial institutions in Norway. Customers are particularly happy with our level of service, responsiveness and personal treatment.

Internal processes:

Investment in automation of operations and exploiting economies of scale

#### Customer:

To be the preferred pension provider to the public sector, strengthen our position as a provider of financial services to members, raise the degree of self-service, and maintain a high level of customer satisfaction.

#### The financial perspective (weight 30 per cent)

KLP achieved a good result from the financial perspective in The realisation of the benefits of IT investments associated with 2015. KLP delivered competitive management in the face of the OfTP core activity was somewhat delayed, but otherwise the unsettled securities markets in the last half-year. Financial development of internal processes was in line with the targets. returns, combined with cost-effective operation, safeguarded income and target attainment. Learning and growth (weight 15 per cent)

#### The customer perspective (weight 35 per cent)

KLP achieved its volume target in the pensions business and its target for sales of products to members. KLP has made it easier for customers to help themselves via digital channels. Increased self-service, together with good performance against service targets, have helped to maintain a high level of satisfaction among existing customers.

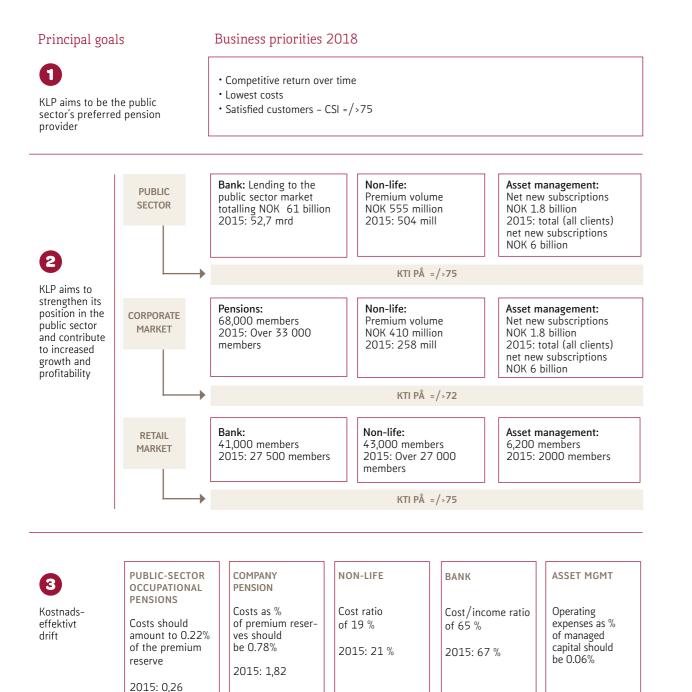
## Finance: Competitive value creation, cost-effective operation, secure solvency and profitability Learning and growth: High job satisfaction and low sickness absence

#### Internal processes (weight 20 per cent)

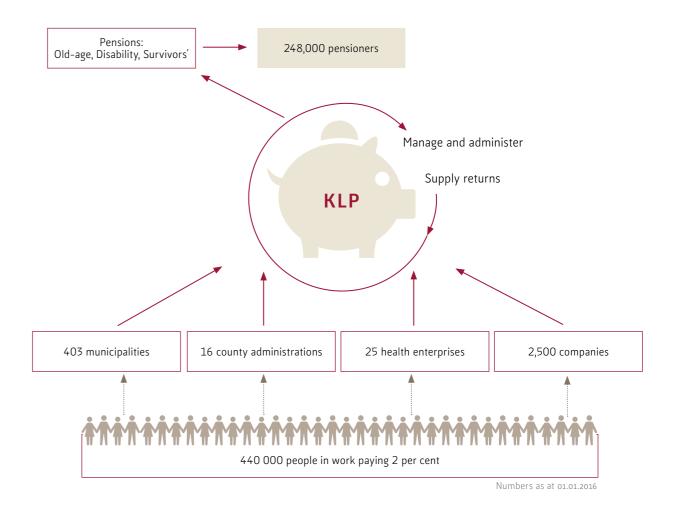
Sickness absence has been a little higher than the target level. Participation in the annual employee survey was high and the results maintain last year's level, indicating high job satisfaction.

### KLP's strategic priorities

KLP's strategic platform is there to reinforce and develop the Company's existing product and service portfolio. KLP's most important task is to maintain the Company's leading position as pension provider to the public sector, through competitive returns, low costs and good customer service.



#### VALUE CHAIN FOR KLPS MAIN PRODUCT, PUBLIC SECTOR OCCUPATIONAL PENSIONS (OFTP)



#### Pensions mean saving: the KLP value chain

The value chain in KLP's business model starts with customers paying premiums to the Company. KLP ensures that the right savings amounts are provisioned and provides secure and responsible management of the savings capital until it is time to pay it out.

The premium is largely covered by the employer. Members who are in work have two per cent of salary deducted by their employer as a contribution to the pension scheme.

The premium is in effect a saving for future pensions. After the annual salary and national insurance settlements, an adjustment premium is contributed to adjust pension entitlements upwards for those in work and pensioners.

- The savings assets (accumulated pension) are mainly invested in shares, property, bonds and loans.
- KLP guarantees to add a minimum annual return to the pension savings. For 2015 this guarantee averaged 2.9 per cent. Returns in excess of this accrue to the insurance customers and are allocated either to supplementary reserves or to the premium fund. The premium fund assets may be used to pay future pension premiums.
- If the return is lower than the guaranteed return, funds from supplementary reserves can be added at the end of the year. If this is not sufficient, the Company is liable from its owners' equity.

## How KLP adds value

KLP makes a difference by offering membership to employers in the public sector in Norway, in order to meet their pension obligations towards their staff. The employers are thus both customers and owners of KLP, which is a mutually-owned company.

This means that it does not have external investors demanding returns from the business, and all its earnings go to its customers through their co-ownership. There is therefore no conflict of interest between customers and owners, and the members have every opportunity to influence things. KLP also looks after the individuals who work for these employers by offering a wide range of banking and insurance services on particularly favourable members' terms.

#### **INPUT FACTORS**

<b>FINANCIAL AND</b>
OPERATIONAL

1

23.3

939 employees

### STRATEGIC

#### CULTURE AND VALUES

#### Good service

Provide good service and smart solutions which mean that members will recommend us.

#### Efficient operation

#### Further development

#### lob satisfaction



#### UNDERSTANDING AND PRICING RISK

The key to KLP's business is managing and pricing risk. Great efforts are made to monitor and understand the risk that members wish to insure with KLP, so KLP can price its products accordingly.

#### VALUE FOR MEMBERS

Ensure that capital is not tied up unnecessarily because of uncertainty in estimates. Help to cooperate with members to reduce unwanted, manageable risk and so reduce premium payments.

#### VALUE FOR SOCIETY

Encourage risk-reducing measures.



#### **RESPONSIBLE CAPITAL** MANAGEMENT

The business involves building up substantial funds which are invested prudently to cover future pensions and other commitments insured by KLP.

### AYING BENEFITS AND SERVING THE MEMBERS

The members have high expectations of service and ouality, while new regulations are making KLP's business more complex. Accurate and precise assessments are crucial to KLP's business.

The return on KLP's investments benefits its members through lower payments to KLP. Responsible management aims to minimise the risk of members' assets (in the form of equity in KLP) being lost. This gives confidence that KLP will meet its obligations in the future.

Benefits paid by KLP are of great financial importance to the individual insured, because in many cases they cover lost income. Help to look after members' finances even if the worst happens. Ensure that obligations and pension rights under the collective agreement for the public sector are discharged.

it a significant source of capital to finance projects in the public sector in Norway. KLP is also a major owner and operator of commercial buildings, and an active shareholder in various companies. KLP's management approach aims to be socially responsible in the sense that the business contributes to sound economic development.

KLP's investment activity makes Insurance settlements help to maintain and stabilise economic activity in society.



#### FUTURE CHALLENGES

#### Growth and profitability

As the dominant provider of funded public-sector occupational pensions, the most important consideration for the future is to deliver the best possible combination of returns, costs and service.

KLP's subsidiaries have ambitions to grow. This growth should contribute to increased volumes, strengthening the foundations for long-term profitability. It is a major challenge to balance the desire for growth and the need for profitability in the shorter term.

## Local government reform and possible structural changes in the public sector

The Government has initiated a process aimed at creating fewer municipalities. All the municipalities have been asked to consider mergers, and many processes have been set in motion. So far, few municipalities have decided to merge, but most of them are preparing to take action by the summer of 2016. An overall proposal to Parliament (the Storting) for a new local government structure is planned for the spring of 2017. When municipalities merge, the question of organising their pension schemes could arise for two reasons:

1. A new, larger municipality could be big enough for it to make sense to run its own pension fund.

2. A KLP municipality merges with one that has its own pension fund.

KLP closely follows the developments.

#### Organisation of the special health service

The Government platform includes a proposal to wind up the regional health enterprises. In the autumn of 2015 the Government appointed a committee to examine how State ownership of the special health service might be organised. The special health service is currently managed through four regional health enterprises. The committee is looking into alternative models and is scheduled to report back by 1 December 2016, and the Government aims to state its position to Parliament in the spring of 2017. One possibility is that the management of the health enterprises' pension assets and the new organisation could be evaluated and decided on together. As this represents potentially large and concurrent movements of business for KLP, the matter calls for close attention.

#### New pension models

In accordance with the 2009 collective pay settlement, retirement pensions in the public sector occupational pension scheme (OfTP) have been continued as a gross scheme, providing at least 66 per cent of final salary including national insurance after 30 year's accumulation (before longevity adjustment). The regulations for the year groups up to and including 1953 are known and have been implemented in KLP's systems, but the rules for year groups after 1953 have not been confirmed.

On 17 December 2015, the Ministry of Labour and Social Affairs (ASD) published a report on new pension schemes in the public sector. This report is intended as a basis for assessing further work to reach agreement between management and unions on new pension solutions for public-sector employees. The main purpose of the change is to introduce a pension scheme that gives greater incentives to remain in employment and contributes to better mobility in the labour market than the current scheme.

Disability pensions public sector occupational pension schemes were changed to a net system from 2015. The regulations have been approved in the Storting.

**Owners' equity and capital requirements under Solvency II** KLP has had good and stable generation of owners' equity that was matched to KLP's underlying growth, capital management and risk management strategy. In the last two years, the Company's capital situation has weakened as KLP has met the requirements of the Financial Supervisory Authority of Norway for the Company to make a number of provisions for increased longevity. In the same period, KLP has grown at an extraordinary rate, with the competitors dropping out of the market for public-sector occupational pension provision.

To strengthen its capital position, KLP took out a subordinated loan of NOK 5 billion in May 2015. This will enable the Company to pay back the other two subordinated loans in 2016 and 2017 respectively.

As things now stand, and with the calculations performed by KLP in connection with the new capital adequacy rules (Solvency II), KLP enters 2016 with a capital situation well above the minimum level stipulated by the authorities.

#### Social responsibility

KLP aims to contribute to a sustainable public sector and to integrate sustainability and responsibility into all its business processes. We find that our owners and other stakeholders are more and more concerned with this.

#### KLP's social responsibility work can be grouped into four areas:

- 1. Responsibility in investments and products
- 2. Environmental solutions
- 3. Sharing of knowledge
- 4. Local engagement

These are topics identified by employees, management and other stakeholders as areas of great importance.

#### Responsibility in investments and products

KLP aims to be among the leading financial institutions in the

area of responsible investment in Norway. The tools that KLP uses in this connection are active ownership, exclusion and investments in sustainable development.

Active ownership means that KLP votes at general meetings and raises issues such as the environment, anti-corruption and human rights with companies KLP has invested in. During 2015, KLP discussed social responsibility matters with 125 companies. As an index-tracking manager, KLP has invested in around 3,000 companies, and aims to push them in a sustainable direction on a broad front. Along with dialogue with individual companies, KLP is therefore promoting broad investor initiatives such as CDP (formerly known as the Carbon Disclosure Project), which are intended to persuade more companies to report on their greenhouse gas emissions and climate strategy.

KLP decided in 2014 to sell off its shares in coal companies, and the follow-up to this decision continued in 2015. The threshold for exclusion was reduced from companies with 50 per cent of their income from coal-based activities to 30 per cent. From autumn 2014 to the end of 2015, KLP sold shares in 42 coal companies with a value of approx. NOK 1.5 billion. The goal is to help to achieve the two-degree target. KLP monitors the carbon footprint from its shareholdings and we have seen that, by selling a relatively small proportion of the shares, the carbon footprint of the KLP funds has been reduced by 11– 25 per cent, depending on the market and portfolio.

The reason for excluding companies is to contribute to improved business practice in these companies. KLP is therefore delighted to be able to invest in companies that used to be excluded. In 2015 there were five such companies, including Power Asset Holdings and Turquoise Hill Resources, which underwent strategic changes to take their share of income from coal-based activities below 30 per cent; Cemex SAB de CV which is no longer involved in extracting non-renewable resources from the Occupied Zone on the West Bank; and Wesfarmers which no longer buys phosphates from the Western Sahara.

A further contribution to the two-degree target is to increase the production of renewable energy. KLP does this by investing in renewables projects in developing countries and through its partnership with Norfund. In 2015 the fourth solar power plant that KLP has invested in was completed and went into production: the 59 MW Agua Fria plant in Honduras. In all, the projects that KLP and Norfund have invested in have so far completed production capacity of 183 MW. Two further projects are in development.

#### **Environmental solutions**

In KLP's business, it is the property company that has the greatest direct impact on the environment. KLP Eiendom manages and operates almost two million m<sup>2</sup>, mainly within the office, shopping centre and hotel sectors. KLP places great stress on optimizing the operation of the buildings so as to provide both a good indoor climate and working environment for the users and the lowest possible energy consumption.

The aim is that all new construction should be at Energy Class A and be BREEAM-NOR certified. KLP Eiendom uses the environmental classification of buildings as a good framework for effective environmental solutions, and as a good way of communicating the quality of the buildings to the public. The Company has several eco-classified (BREEAM-certified) buildings in its portfolio, five in Norway and one in Sweden. In 2015 KLP also gained its first BREEAM in-use-certified building. As the name suggests, this is a certification of an existing building in use. For existing buildings that are to be totally renovated, Energy Class B is the target, and they should also be BREEAM-certified.

Energy and water consumption, and the quantity and degree of sorting of waste, are monitored and reported quarterly. The target average specific energy consumption for the company's in-house operated office buildings in 2017 is 180 kWh/m<sup>2</sup> per year. As of 2015, consumption stands at 200 kWh/m<sup>2</sup> per year. KLP has some buildings that have reduced their consumption by between 10 and 20 per cent after taking various measures. Examples of such actions are replacing technical systems or components, and better control facilities.

KLP aims to halve its CO2 emissions per employee by 2030 compared to 2010 emission levels. The status at the end of 2015 is is that we have reduced emissions by 31 percent. A large proportion of the emissions comes from energy consumption in KLP's offices. Here, KLP achieved a 5 per cent reduction from the previous year, better than the target of a 3.5 per cent reduction. The biggest source of emissions for KLP are flights taken by employees. There has been a striking, steady increase in flights in recent years, but we saw a levelling off in 2015. The target for 2016 is to reduce the number of trips by six per cent.

In 2015 KLP also managed to increase the amount of waste sorted at source in the Company's offices, and efforts to reduce paper mailings have continued. For example, 90 per cent of KLP Skadeforsikring's customers now receive all information in electronic form.

The whole group is Miljøfyrtårn-certified, except for KLP Eiendom which is ISO 140001-certified. The Group's premises in Trondheim and Oslo were re-certified under the Miljøfyrtårn scheme in 2015.

#### Sharing of knowledge

KLP has information and knowledge on the causes of claims and disability, and on effective preventive measures. Sharing this knowledge is an important part of KLP's social responsibility. KLP has HSE teams which can assist both pension and insurance customers with their HSE projects. KLP offers courses, information days and inspections covering a wide range of topics such as damage prevention in buildings, fire safety, working environment development, seniors policy and measures to increase the average leaving age.

KLP developed a course in personal finance for asylum seekers 🗄 account gives an overview of results in areas considered to be in 2015. The course is part of KLP's new collaboration with Norwegian People's Aid to make refugees better eouipped for a new life in Norwegian society. KLP employees have run 11 courses in personal finance across 6 asylum centres. Over 250 residents who have been granted residence permits and are improvement of its own reporting. waiting for accommodation have attended the course.

#### Local engagement

All projects that KLP provides knowledge to are locally based. Local engagement is also fostered through KLP's Community Volunteering Fund, which provides financial support to local projects implemented on a voluntary basis. In 2015, 23 voluntary projects out of a total of 107 applications from all over  $\vdots$  To ensure implementation, corporate responsibility is included Norway were given support.

#### **Openness and sustainability reporting**

The cornerstone of KLP's social responsibility work is the company's openness. More detailed descriptions of objectives, initiatives and results are available from klp.no/samfunnsansvar. This also contains details of companies that KLP has excluded, KLP's voting history and ownership.

KLP has wide-ranging reporting on its corporate responsibility in various parts of the annual report, including in the Directors' report. A separate presentation of a non-financial

the most significant for KLP's stakeholders its and own management and employees. The non-financial account is audited by KLP's external auditor. KLP follows the Integrated Reporting Framework and the Global Reporting Initiative for continuous

As well as urging exchange-listed companies to report on their greenhouse gas emissions and climate strategy to the Carbon Disclosure Project, the Company also reports for itself. Last year, KLP received the full score for its reporting, and with it a place on CDP's Nordic Disclosure Leadership Index 2015.

in governing documents through guidelines for ethics policy, policies for the environment and responsible investment etc. The Board of Directors and management have various matters associated with corporate responsibility on the agenda through the year and related subjects are included in assessments associated with the balanced scorecard, internal audit and risk analysis.

#### International standards

KLP signed the UN Global Compact in 2003. The UN Global Compact encompasses ten principles which the signatories undertake to work towards.

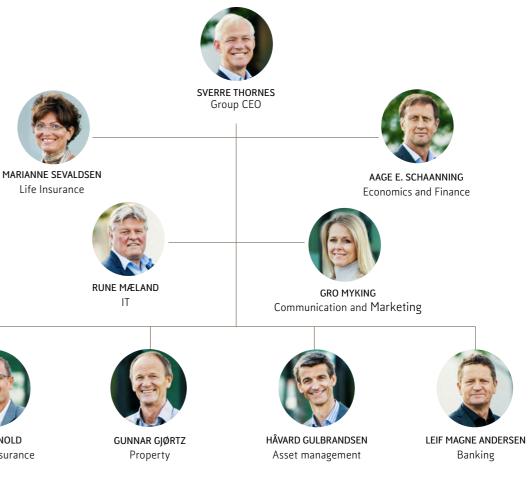
#### **KLP AIMS TO**

- **1** Support internationally recognised human rights in the areas in which the Company operates.
- **2** Ensure that the Company is not complicit in human rights abuses.
- 3 Uphold freedom of association and the right to collective bargaining
- Eliminate all forms of forced and compulsory labour. 4
- **5** Abolish child labour.
- 6 Eliminate discrimination in employment and occupations.
- **7** Support a precautionary approach to environmental challenges.
- 8 Take initiatives to promote environmental responsibility.
- Encourage the development and diffusion of environmentally friendly technologies 9
- **10** Work against all forms of corruption, including extortion and bribery.



#### THE UN'S PRINCIPLES FOR RESPONSIBLE INVESTMENT

- 1 We will incorporate ESG (environmental, social and corporate governance) issues into investment analysis and decision-making processes ..
- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **3** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **4** We will promote acceptance and implementation of the Principles within the investment industry.
- **5** We will work together to enhance our effectiveness in implementing the Principles.
- 6 We will each report on our activities and progress towards implementing the Principles.







TORE TENOLD Non-life insurance

#### CORPORATE GOVERNANCE

Kommunal Landspensjonskasse gjensidige forsikringsselskap (KLP) is owned by customers with public sector occupational pensions with the Company. The owners are municipalities, county administrations and health enterprises as well as companies associated with the public sector.

KLP's Articles of Association and applicable legislation provide the framework for appropriate corporate governance and clear division of roles between the directing bodies and executive management. The Company has not issued any negotiable equity instruments, so KLP is not listed on the Oslo Børs (the Norwegian stock exchange) or other marketplaces. KLP has bonds listed on the exchange in London - (KLP Banken has bonds listed on the Oslo Børs)

KLP has a broad ownership structure. Delegates to the General Meeting are appointed through election meetings in the relevant constituencies, to which all owners are invited. Voting rights are calculated on the basis of the individual member's share of the previous year's ordinary premium. The largest owner represents about 3 per cent of the votes. At the General Meeting each individual delegate has one vote.

The Company's Board of Directors includes owner representatives, representatives of employees' trade unions, a member cations, IT and Marketing.

without links to either of these, and representatives of KLP's employees.

KLP complies with the Norwegian Code of Practice for Corporate Governance (NUES) to the extent this is compatible with the mutual company model. The Norwegian Code of Practice for Corporate Governance gives expression to generally accepted principles for corporate governance. See Report from the Board of Directors/page 52 for KLP's response to the NUES recommendations.

The Board of Directors undertakes an annual review of the Company's corporate governance. A further aim is to contribute to good corporate governance in the companies in which KLP has holdings.

#### Group senior management

The senior management of the KLP Group comprises nine experienced individuals with a broad background from Norwegian business and the public sector. See presentation on page 30.

The Group senior management is organised according to business areas, where the Life Insurance, Banking, Non-Life Insurance, Asset Management and Property divisions are represented. The Group senior management also includes the divisional heads with responsibility for Economy and Finance, Communi-

#### The General Meeting

The General Meeting is the Company's highest authority and comprises elected representatives of the Company's owners. 171 delegates from a total of 23 constituencies were elected to the General Meeting for 2016.

18 of the constituencies are made up of the county administrations and the municipalities in each county. The four regional health enterprises and their subsidiaries each form one constituency. The companies together form one constituency. In each constituency an election meeting is held to elect delegates to the General Meeting.

The General Meeting approves the annual report and accounts for the Company and the Group, including the allocation of profits or provision for loss. The tasks of the General Meeting also include electing 24 of the 45 members of the Supervisory Board and approving the remuneration of the Supervisory Board.

#### The Supervisory Board

The Supervisory Board comprises 45 members. In addition to 24 members elected by the General Meeting, 6 representatives are nominated by the staff organisations in the local government sector. 15 representatives are elected from and by the staff in the Group.

In the main the Supervisory Board has the same responsibilities as a corporate assembly under the provisions of the Norwegian Public Limited Liability Companies Act.

The Supervisory Board members elected by the General Meeting elect five members with deputies to the Board of Directors, while the full Supervisory Board elects the Chair and Deputy Chair of the Board of Directors.

The Supervisory Board elects an election committee with four members and a deputy member.

#### The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

The Board of Directors is a collective body responsible for the interests of the Company and the owners. The Board monitors the Company's compliance with business regulations and licence requirements.

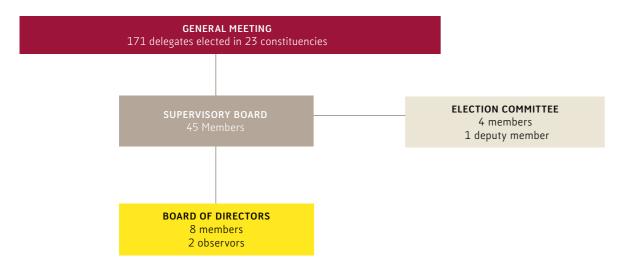
The Board provides for appropriate organisation of the business, determines plans and budgets, keeps abreast of the company's financial position and liabilities and ensures that the business, accounts and asset management are subject to satisfactory controls. The Board supervises the executive management and the Company's business generally.

: The Board of Directors comprises eight members who are elected for a term of two years in such a way that half are up for election each year. Five Board members with up to the same number of deputies are elected by the members of the Supervisory Board who are elected by the General Meeting. Two members are elected with deputies by and from the KLP employees. One member and a deputy are nominated by the employee organisation or negotiating alliance with most members in the pension schemes. Two observers are also nominated from those organisations that are second and third in terms of the number of members. The Group Chief Executive Officer is not a member of the Board of Directors.

Board of Directors: see presentation of members on page 70.

#### Audit Committee and Remuneration Committee

The Board of Directors has three sub-committees, a Remuneration Committee, an Audit Committee and, from 1 January 2016, a Risk Committee. The committees do not make decisions on



behalf of the Board, but present their assessments and recom- Election Committee mendations to the Board.

#### Remuneration Committee

The Remuneration Committee is a preparatory and advisory working committee for the Board's deliberations on remuneration ouestions. In 2011 the Financial Supervisory Authority of Norway gave permission for a joint remuneration committee in the KLP Group. On this basis the committee also functions as a remuneration committee for those boards of directors in the KLP Group that are required by law to have remuneration committees. The Committee's responsibilities include ensuring the requirements in law and in the regulations on remuneration schemes in financial institutions, securities enterprises and mutual fund management companies are complied with in those companies in the KLP Group that are subject to these regulations. Members: Liv Kari Eskeland (Chair), Marit Torgersen, Lars Vorland and Susanne Torp-Hansen.

#### Audit Committee

The Audit Committee is a preparatory and advisory working committee for the Board. The Committee was set up in accordance with the requirements for an audit committee under the Norwegian Act on Insurance Activity. The committee helps to ouality-assure the Board's work to do with financial reporting, audit, risk management and internal audit. Members: Egil Johansen (Chair), Freddy Larsen, Cathrine Klouman, Marit Torgersen (deputy)

#### **Risk Committee**

The Committee acts as a risk committee for the Board of Directors of KLP and its Group-level responsibilities. The principal tasks of the Risk Committee are to assist the Board in monitoring and managing the Company's overall risk and assessing whether the Company's management and control systems are suitable for the level of risk and the scope of the overall business of the Group.

The Committee also ensures that the Company has good systems for internal control and risk management, and that the second-line Risk, Compliance and Actuarial functions work properly.

The Committee also ensures that there is a satisfactory organisation with a clear organisation structure, and an appropriate division of responsibilities and tasks between executing and monitoring functions.

The Risk Committee assists the Board in preparing Board actions in other matters to do with risk management. Members: Egil Johansen (Chair), Freddy Larsen, Anita Krohn Traaseth, Marit Torgersen (deputy),

The Election Committee is constituted under the Articles of Association and recommends candidates for election to the following offices:

- The members of the Supervisory Board, to be elected by the General Meeting, and the Chair and Vice-Chair of the Supervisory Board.
- The members of the Board of Directors to be elected by the Supervisory Board members elected by the General Meeting, as well as its Chair and Vice-Chair.
- The Supervisory Board has adopted instructions for the work of the Election Committee.

Members: Nils A. Røhne (Chair), Trond Lesjø, Steinar Marthinsen. Anita Eidsvold Grønli, Christine Killie (deputy).

### Business and risk management and control

The KLP risk management system is under development in order to conform to the new European solvency regulations, Solvency II. The various functions are divided in accordance with the principle of three lines of defence. The primary responsibility for good risk management lies with the first line. the operational entities. The second line comprises the Risk Management function, the Actuarial function and the Compliance function. The third line is Internal Audit. A Risk Management Committee has also been established that functions as an advisory and reporting body for the Group CEO and the Risk Management function.

The Risk Management function is headed by the Risk Director; it is responsible for monitoring the risk management system and oversees the risks to which the business is or may be exposed. The unit is subordinate to the Economy and Finance division but has a direct reporting line to the Group CEO and the Board of Directors. On behalf of the Board of Directors and the Group senior management the Group's risk management function assesses, on an independent and objective basis, whether the risk management being conducted is appropriate and effective.

#### Internal and external audit bodies

The Board of Directors has laid down special Board directives and instructions for the Group Chief Executive Officer. The Group CEO's instructions govern implementation of the executive management of KLP. KLP's Group CEO is chair of the boards of directors of KLP Skadeforsikring AS; KLP Kapitalforvaltning AS; KLP Eiendom AS; KLP Bankholding AS; KLP Banken AS, and KLP Forsikringsservice AS.

KLP has ethical guidelines for employees and elected representatives. The Group CEO has laid down special regulations for trading in securities by employees on their own account. These regulations are of particular importance to employees of KLP Kapitalforvaltning AS and employees of KLP with particular insight into the investment business.

## AAGE E. SCHAANNING Group Chief Financial Officer/

Executive Vice President Finance Aage Schaanning has a MBA from the University of Colorado and is an Authorised Financial Analyst. He has previously worked in funding, asset/liability management and asset management at BN Bank and CBK. He started working at KLP in 2001 as Investment Director of KLP Kapitalforvaltning. Aage Schaaning headed KLP Kapitalforvaltning from 2006-2008.

#### SVERRE THORNES Group Chief Executive Officer KLP

Sverre Thornes has a BA in Business Administration from the American College in Paris. He has broad experience of insurance and asset management. He came directly from his position as KLP Executive Vice President, Life Insurance. Sverre Thornes joined KLP in 1995 and worked in asset management, which he headed during the period 2001-2006.

### MARIANNE SEVALDSEN

Executive Vice President Life Insurance Marianne Sevaldsen graduated in law from Oslo University. She has broad management experience from banking and finance, most recently from the position as Director Corporate Business at Sandnes Sparebank. She took up her position as Executive Vice President at KLP on 1 February 2013.



#### RUNE MÆLAND

Executive Vice President IT Rune Mæland graduated as an IT/EDP engineer from Bergen Ingeniørhøgskole (a university college of engineering). He has worked at KLP since 1981, first in system development, subsequently as Head of Systems and has led IT at KLP since 1993. Mæland has been an Executive Vice President at KLP since April 2008.

#### LEIF MAGNE ANDERSEN

Managing Director KLP Banken AS Leif Magne Andersen has an Executive MBA in Strategic Management from NHH. Andersen has worked in the Postbanken and DnB NOR system since 1997 where inter alia he was Regional Director for retail market investment. Before that he worked as head of department at Intentia and he also has background with Norwegian Defence. Since December 2011 Andersen has been Managing Director at KLP Banken.

#### TORE TENOLD

Managing Director KLP Skadeforsikring AS re Tenold graduated from the police college, university and the insurance academy. He has been Managing Director of Sparebank1 Skadeforsikring AS, and has previously worked at Aktiv Forsikring and Vesta Forsikring. He joined KLP on 1 October 2012.

#### GUNNAR GJØRTZ Managing Director KLP Eiendom AS

Gunnar Gjørtz graduated in Business Administration from Handelsa-kademiet i Oslo (now BI - the Norwegian School of Management). His background includes appointments as Finance Director at NetCom, Løvenskiold Vækerø and at Hafslund. From 1 August 2010 Gunnar Gjørtz was Deputy Managing Director of KLP Eiendom AS, and in January 2011 he took over as Managing Director of KLP Eiendom AS.

### HÅVARD GULBRANDSEN

Managing Director

KLP Kapitalforvaltning AS Håvard Gulbrandsen has a MSc in Management Sciences from the University of Warwick, Master in Finance & Investments 1989 and is an Authorised Financial Analyst. He has previously worked at Storebrand Kapitalforvaltning and DnB Investor AS and as Head of Asset Strategies Equities/Head of Core Corporate Governance at Norges Bank Investment Management. Håvard Gulbrandsen came to KLP in September 2009.

#### GRO MYKING

Executive Vice President Communication and Marketing Gro Myking holds an MSc from NHH - the Norwegian School of Economics. Between 2007 and 2016 Ms Myking was Marketing Director of Posten Norge AS (the Norwegian postal service). She was previously Executive Vice-President Marketing at Hakon Gruppen/ICA Norge (a large Norwegian grocery retail group), and has run her own consultancy. She has served on the boards of several major Norwegian companies. Ms Myking joined KLP on 1 February 2016.

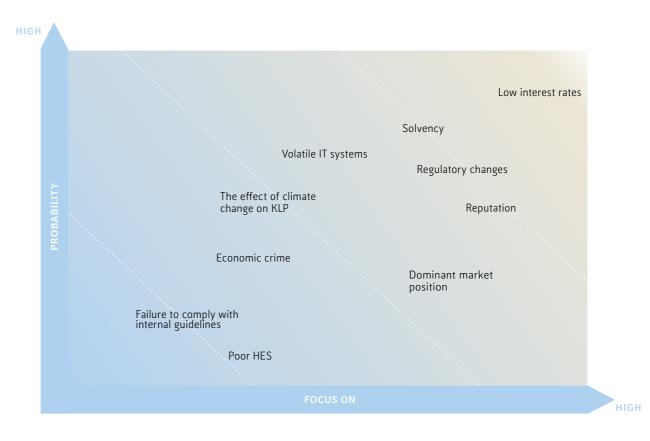
### Materiality and vulnerability analysis: Significance



SUBJECT	DESCRIPTION
Return on and management of pension funds	KLP manages large assets in pension funds. It is important that these are managed safely and securely so that our customers' future pensions are safeguarded. At the same time KLP endeavours to achieve good returns on the assets to reduce our customers' contributions.
Cost-effectiveness	KLP operates effectively and efficiently so that its costs are kept low. KLP's cost-effectiveness benefits its customers since the charges elements in the premiums can be kept at a low level.
Customer service and customer satisfaction	Good service and satisfied customers are important if KLP is to be the public sector's preferred pension provider. How satisfied our pension, insurance and banking customers are is measured regularly.
Reputation	KLP's product range comprises pensions and other financial services of importance for its customers' and members' finances. As a provider of such products, the confidence of our customers and of the market is essential. Good reputation is therefore crucial.
Regulatory framework	KLP's business is subject to comprehensive regulations that are constantly developing. KLP must at all times stay up-to-date and contribute to the development of the regulations in order best to safeguard customers and owners.
Corporate responsibility	KLP as an institution and the member groups addressed by the Company place much weight on corporate responsibility and sustainable development. KLP's operating and asset management are therefore designed so the business contributes to such development.
Digital customer communication	Digital customer communication is part of modern-day society. To serve its customer groups, it is important for KLP to be present on these platforms. This also provides for efficient operation and helps to keep costs down.
Financing source for customers	KLP is a significant provider of loans to its public sector customers. In addition, the individual member is offered home loans on advantageous terms. This is a good way for KLP to support its customers and their business.
Employee satisfaction	Motivated and satisfied employees are essential for good customer service, reputation and productivity. It is therefore important for the staff to enjoy their work.
Competition	KLP operates in an open market exposed to competition. Changes in the local government sector and the system of public-sector occupational pensions may change the competitive situation in the future.

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Materiality and vulnerability analysis: Vulnerability chart



RISK	DESCRIPTION
Low interest rates	KLP has provided a returns guarantee on its customers pension funds. With a low interest-rate level it is demaining to fulfil this guarantee.
Solvency	Solvency is essential to risk-taking, expected returns and stability in the contributions to KLP's pension schemes.
Dominant market posisiton	Currently KLP is alone in offering public sector occupa- tional pensions with insured schemes.
Climate changes	KLP's business could be impacted by changes in climate and the targets and measures global society sets for su tainable development.
IT systems	KLP's business is largely based on IT, both in customer communication and in internal processing. The IT syste contain sensitive and business-critical data.
Regulatory changes	The regulations are in constant change and generally there high levels of formal requirements of the industry. Addition ally, pensions are an area under development where adjus ments are expected in public sector occupational pensions the future.
Reputation	KLP delivers important services in pensions and other financial services. The confidence of its customers and market is essential to the Company.
Economic crime	As a manager of substantial financial investments, KLP be vulnerable to economic crime.
Interrnal guidelines compliance	Internal guidelines shall ensure consistent, efficient and secure processing.
HES	Among other things, KLP's insurance risk covers disabil If KLP helps to reduce the risk of disability, this will me lower costs for KLP's customers.

	MANAGEMENT
rs' and-	KLP aims to achieve stable good returns by maintaining an investment portfolio with moderate levels of risk. Solid buffers provide a good foundation for delivering guaranteed returns in the future, even at low interest rates.
nd	Planning of capital needs and tailoring risk-taking. The Company strengthens its solvency through for example building financial buffers when times are good.
9-	Exploit economies of scale by offering comprehensive service at a low price. Among other things, KLP has competition from pension funds.
ite Sus-	KLP is engaged in various national and international initiatives as a driver for solutions to the 2°C target. A range of measures, on the investment side for instance, has been initiated. KLP's measures are described in detail in the section entitled "Corporate responsibility".
r tems	There are emergency plans for operational interruption, catastrophe exercises, dialogue between business and IT on developmental matters, and updated security solutions.
re are on- ıst- ns in	Good dialogue with the parties to public sector occupational pensions, in which KLP is also a contributor in consultation matters. KLP has a broad network for capturing new changes and processes concerning regulations that affect the pension scheme.
d the	Strict ethical guidelines with procedures for audit, training and dilemma training, in addition to predictability and good business culture, all help to safeguard KLP's reputation.
P will	Strict security measures have been implemented within all business areas and IT platforms. Continuous monitoring of systems and activities is an important measure for avoiding economic crime.
nd	ISO certification, systems for directive documents, Internal Audit, compliance and good management should ensure compliance with the Company's rules and guidelines.
ility. ean	KLP's HES team assists customers with targeted preventive measures to reduce sickness absence and disability etc.



Open Anne Westad, HR specialist, HR

#### Asset management at KLP

The objective of KLP's long-term asset management strategy is to give customers and owners a competitive but also stable return on their pension savings. The Company focuses on building financial solvency to provide the necessary freedom to take calculated risks in its asset management.

#### The following principles are intended to support the goals of our asset management:

- LONG-TERM INVESTMENT APPROACH AND WIDE-RANGING PORTFOLIOS KLP's overall portfolio is wide-ranging and covers most asset classes, industries and regions. This gives a well-diversified portfolio, which is robust enough to withstand changing market conditions.
- HIGH PROPORTION OF STABLE ASSETS The portfolio of bonds held to maturity and the lending portfolio give stable and good ongoing yields to provide for a guaranteed annual return.
- CONTINUOUS RISK MANAGEMENT AND MONITORING KLP manages the risk in the common portfolio dynamically, which means that the Company regularly adjusts the portfolio risk in line with its risk-bearing capacity.
- HIGH DEGREE OF MARKET EXPOSURE (INDEX-TRACKING) AND INTERNAL ADMINISTRATION Most of KLP's asset management is index-tracking. Together with a high degree of internal administration, this provides for cost-effective management.
- RESPONSIBLE MANAGEMENT
- All investments are subject to guidelines for responsible investment, which are meant to contribute to good corporate governance and sustainable social development.

KLP's allocation will vary according to its capacity for risk, but the strategic principles behind the management will hold fast, and will be little affected by short-term changes in the markets or opinions on future market trends.

The investment strategy is based on the assumption that the financial markets generally work well. The Company believes that new publicly available information is quickly reflected in the prices of financial assets. KLP adapts to changes in the market, but we do not believe that we are better than The desired mix of investments is then operationalised by the market at identifying under- or over-priced asset classes, so we avoid taking tactical positions. Most of KLP's asset management is index-tracking, where the aim is to pick up long-term risk premiums.

The restrictions on risk mean that the Company has to safeguard its owners' equity and look for stable returns. The return must also be sufficient to maintain or even restore the Company's solvency. KLP's objective is to have a capacity for risk that allows us to maintain a certain level of risky assets, even after a year of heavy losses in asset management.

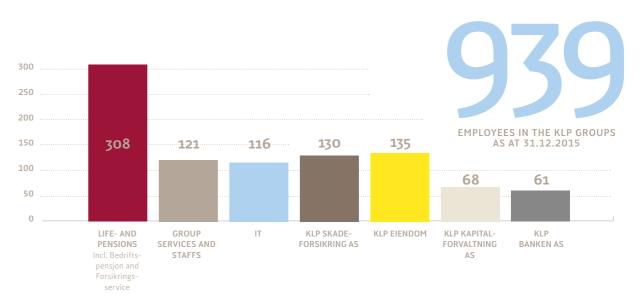
#### Organisation of asset management at KLP

- The Board of Directors of KLP defines the Company's willingness to take risks: how small the probability of impacting the Company's equity must be.
- With this as a guide, KLP compiles a portfolio at the asset class level, including a range of regions and a mixture of active and index-tracking management.
- giving mandates mainly to KLP's wholly-owned subsidiary KLP Kapitalforvaltning.



Commited

Hilde Furfjord, Legal adviser, Life



## Personnel figures 2015

KLP is taking proactive steps to reduce absence through sickness, and scores well in the working environment survey.

#### Decrease in sick leave from previous years

KLP has a target to bring sick leave of less than 4 percent. Absence through sickness in 2015 totalled 4.21%. This is a pleasing drop from 2014, when the figure was 4.71%. Of this, long-term absence (for more than 16 days) accounts for 2.26% and short-term absence (for up to 16 days) 1.61%. It is mainly long-term absence that has gone down, which is a positive trend because with long-term absence there is a greater chance of dropping out of employment. KLP is making concerted efforts together with the occupational health service and the Norwegian Labour and Welfare Administration (NAV) to monitor and prevent absence through sickness. Absence is constantly analysed and measures are drawn up in consultation with managers, staff and HR, and followed up systematically. KLP's partner for occupational health services offers medical and psychological services, physiotherapy and ergotherapy, as well as certain specialised areas aimed at preventing back complaints and keeping expectant mothers in work for as long as possible.

### High level of job satisfaction produces good results

In 2015 KLP again conducted a working environment survey, which measures a range of key parameters which are drivers for job satisfaction and loyalty. High job satisfaction contributes to productivity and profitability and creates a culture in which employees thrive and want to continue to contribute to value creation in the Group. The overall results have been solid and

At all times, KLP aims to deliver products and services that stable over time, and are higher than in many comparable comcustomers are satisfied with. Delivery should be simple and efpanies. This indicates an organisation with satisfied, committed ficient and give high value to the customers. KLP's costs remain and motivated staff who see KLP as a good and stable place to low, so most of the added value falls to our customers. This work. With such a robust base, we should have a good foundais a task that demands attention throughout the organisation. tion to withstand future changes. We continued to implement several improvement projects in 2015 applying the Lean methodology, in which customer focus Management development – from words to deeds and close involvement of staff are producing very good results. In recent years KLP has experienced considerable growth, These improvement projects will be pursued and expanded including expansion of the business and new start-ups. Our further in 2016.

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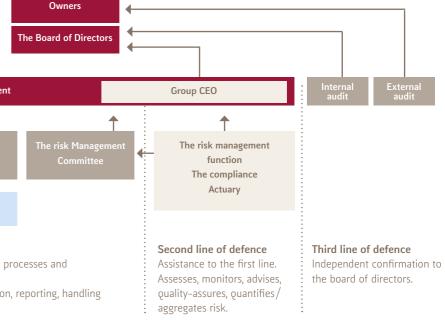


managers are facing increasing demands on performance and resource utilisation, and frequent changes. An important goal for management development at KLP is to produce managers with the attitudes, behaviour and skills to implement changes and to develop colleagues, themselves and KLP's business. Values and principles of good leadership at KLP have been drawn up reinforced in the management model, and during 2015 we have been ably assisted by AFF/NHH as we have addressed these issues at management gatherings, in management groups and individually. This collaboration will continue into 2016. The focus will be on programmes/activities to ensure that employees experience a high level of job satisfaction and autonomy in their work through involvement and responsibility.

In 2016, a new management programme for new managers will be launched, in addition to made-to-measure programmes for various groups of managers.

The staff survey provides annual feedback on the effects of management development over time. For example, we find that participants are scoring managers higher as "all-round managers", i.e. a good combination of professional competence and management.

#### Continuous customer-focused improvement



## Risk management and internal control

To ensure that KLP delivers secure and competitive financial and insurance services to its customers, and to safeguard the interests of the owners and the company's holdings, a system of risk management and internal control has been established. A guideline for risk management and internal control has been adopted by the board of directors of KLP.

ood risk management and internal control are : intended to ensure that KLP can achieve its objectives by identifying and analysing relevant risks that could prevent it from reaching its goals, and by implementing effective measures to handle, control and report on the risks. Relevant risks and internal control measures should be assessed in all decisions on significant changes to the business.

#### Roles and responsibilities

The board of directors bears the overall responsibility for ensuring that KLP has established appropriate and effective processes for risk management and internal control; this includes defining the general appetite for risk, and ensuring that the management of material risks is properly organised - in terms of operational follow-up and independent monitoring to confirm that risks are handled in line with the general level of acceptance. It is the responsibility of the Group CEO to ensure that the board's policies for management and control are operationalised and implemented in the business. KLP has a risk management committee which acts as an advisory body to the CEO on all matters relating to KLP's total risk exposure. The committee addresses the general willingness to take risks, the overall risk strategy and risk exposure, broken down into all the major risk factors in the parent company's business, including owner risk associated with the subsidiaries.

#### Control functions

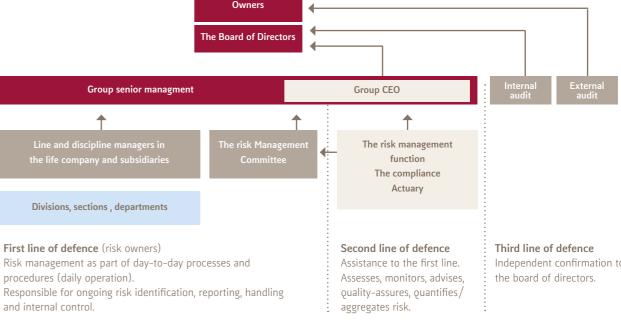
KLP's risk management function monitors the company's total risk and risk handling, and ensures that the risk management committee and the board of directors are always sufficiently informed of the Group's overall risk profile. The function assesses whether the assumptions used in the company's risk calculations are reasonable, and assists the management in enhancing and implementing an overall framework for KLP's risk management, ensuring that this complies with external and internal requirements. KLP's compliance function assists the management by ensuring that KLP does not incur any sanctions, financial losses or loss of reputation because laws, regulations and standards have not been followed ("compliance risk"). The compliance function assists the management in identifying, assessing and reporting on compliance risks and gives advice to management, the board and the staff on compliance with the relevant framework for the business. The actuarial function has control responsibility for checking that insurance-related risk is assumed in an appropriate and prudent way. The function is responsible for validating actuarial provisions, focussing on the assumptions used in the calculations and the models and methods applied. The risk management, compliance and actuarial functions make their own independent assessments of the risk level in the company and the adequacy of established risk-reduction measures.

The company's internal audit group carries out independent assessments of actuarial, financial and operational risks. After discussion with the board of directors and the management. key risk areas are evaluated and tested with a view to satisfactory management and control. The internal auditors' reports and recommendations are presented to, and followed up by, the management and the board. Internal audit helps to give the board and top management confidence that the company has appropriate and effective processes in place for risk management, internal control and corporate governance. Internal audit submits an annual report to the board on KLP's system for risk management and internal control.

KLP's external auditors provide an independent assessment of KLP's risk management and internal control to KLP's owners.

#### Roles and responsibilities

Roles and responsibilities related to risk management and internal control in KLP may be illustrated with a simple model of corporate governance: the 'Three Lines of Defence'. The primary responsibility for risk management lies in the first line, which is made up of managers and staff in the business areas. The compliance, risk management and compliance functions are defined as second-line functions in KLP. The second line monitors, assesses, advises on, aggregates and reports on the risk situation. The third line of defence includes independent confirmation from internal audit that the first and second lines of defence are working properly, and assures the board that the model is robust. The three lines of defence are supplemented by feedback from the external auditors to the company's owners on the quality of the company's risk management system as part of KLP's organisation of risk management and internal control.



#### Process

Based on the defined objectives for the business, material risks are analysed, assessed and documented. The identified risks are assessed in terms of the impact of possible events and the likelihood of these events occurring. Based on this assessment, the risks are prioritised in terms of materiality, and measures are established for ongoing handling and control of the risks (internal control). Measures for handling and controlling risks are carried out all the time through e.g. process organisation, guidelines and procedures, authorisations, job and work instructions, training and appropriate control mechanisms.

In the event of changes in external and internal conditions, products, processes and organisation, the risk profile is reviewed to assess whether it has been materially changed as a result.

There is a systematic annual review of all material risks in all business areas within KLP. The report from this annual review is discussed by the board, which ensures that internal controls are applied affectively and that identified risks are adeouately addressed. Where the review indicates that existing internal controls are not sufficient to assure an acceptable level of risk, plans are drawn up to establish new measures. The status of these new measures, and ongoing identification of new risks, are reported each quarter to the management.

#### Monitoring

KLP's managers, at all levels, should always have a proper overview of the specified goals, risks, key controls and possible unwanted events in their area, so they can adequately handle risks associated with the business on an ongoing basis. The second-line functions should have an overview of the risk level for KLP's key risk areas, and follow up risk areas that are not being handled in line with the board's appetite for risk. The risk management function should have an overview of the risk level for all of the key risk areas, and follow up risk areas that are not being handled in line with the board's appetite for risk.

#### Organisation and implementation of financial reporting

KLP publishes four quarterly reports in addition to the annual reports. KLP's quarterly and annual reports are drawn up by the group accounts department, which reports to the CFO. The work is divided in such a way that valuations of assets and liabilities are made outside the group accounts department. Before each set of accounts is presented, meetings are held between group accounts and central technical functions to identify risk factors, market issues etc. that could have a bearing on the accounts. Reconciliation and control procedures have been established to assure the quality of financial reporting. KLP's business is required by law to be audited, and external auditors carry out a full audit of the annual accounts. The board of directors of KLP has appointed its own audit committee to prepare for the board's handling of the accounts, with the emphasis on monitoring the financial reporting process and the key principles and valuations underlying the accounts. The company's external auditors take part in the audit committee's discussion of the accounts. The audit committee assesses and monitors the independence of the auditors.

In addition to quarterly and annual accounts, monthly operational reports are produced with comparisons against budgets and analyses of developments.

KLP awards an annual Health and Safety prize in a competition called "SMILE! You are at work". The competition has a strong HSE focus, and 2,600 employers took part.

## Pensions and life insurance

KLP is the largest and the leading provider of public sector occupational pension schemes to municipalities, county administrations, health enterprises and companies associated with the public sector. KLP also provides defined-contribution pension schemes through KLP Bedriftspensjon and pension fund services through KLP Forsikringsservice.

ension and life insurance are part of the parent company, Kommunal Landspensjonskasse, and constitute its core business. A large proportion of the public sector is required by collective agreements to have public-sector occupational pension schemes for the staff. The pension scheme may either be provided as an insured scheme with a life insurance company or administered in the organisation's own pension fund. Companies associated with the public sector can opt for private pension schemes in some cases. As mentioned above, KLP provides private occupational pension schemes and pension fund services through its subsidiaries

#### Strategic priorities

KLP's ambition is to be Norway's leading provider of pensions to the public sector. Being a leading provider carries obligations and entails significant social responsibility. The highest priority is to strive for good returns over time, with low costs and a high level; of service.

KLP aims to deliver effective solutions with good and relevant information through customer meetings, professional networks and courses. Customer service is based on permanent contact persons. Effective dialogue should help us to understand customers' needs and so contribute to a good customer experience.

One in six people in Norway has a relationship to KLP. The company has an important duty to inform and help people to understand what is covered by a pension in KLP. KLP is available for questions and information, both via digital channels and through the customer centre. Personal guidance is part of the service concept. Anyone who has a pension scheme in KLP also has access to KLP's other products and services within banking, fund management and non-life insurance at favourable prices.

ension and life insurance are part of the parent company, Kommunal Landspensjonskasse, and constitute its core business. A large proportion of the public sector is required by collective agreements to Public-sector occupational pensions are changing. In May 2015 the Ministry of Labour and Social Affairs started work on evaluating a new public-sector occupational pension scheme. KLP has important work to do to prepare for changes that may be coming.

#### HSE - A SOCIAL RESPONSIBILITY

A common approach can contribute to secure and more profitable pension provision for the future. Networks for sharing information, information days and customer briefings are the most effective approaches to take.

The HSE work has focused on working environment development, seniors policy and measures designed to increase the average age of retirement.

#### Results

MORE CUSTOMERS AND MEMBERS In the last three years, 86 municipalities, one county administration and 431 companies have switched to KLP.

At the end of 2015, a total of 418 municipalities and county administrations had their pension schemes in KLP, along with 2,500 companies and organisations. 26 of the 27 health enterprises and the four regional health enterprises also have one or more pension agreements with KLP. This gives almost 900,000 people a connection to KLP.

The volume of clients with KLP Bedriftspensjon increased steadily during 2015, with almost 350 new agreements signed with enterprises representing 7,400 people. There is an increasing tendency for enterprises that are not obliged to have public-sector occupational pension schemes to switch to a defined-contribution scheme.



In 2015 we managed to improve our ability to deliver to customers while also achieving high growth. There is increasing emphasis on improvement and simplification to provide a good customer experience.

MARIANNE SEVALDSEN EXECUTIVE VICE PRESIDENT LIFE INSURANCE

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THE PUBLIC SECTOR OCCUPATIONAL PENSION IS A GROSS SCHEME WHICH INVOLVES A GUARANTEE OF COMBINED RETIREMENT PENSION AT A MINIMUM 55 PER CENT OF THE PENSIONER'S FINAL SALARY UP TO 12 G (12 TIMES THE NATIONAL INSURANCE BASIC AMOUNT - G), WHERE THERE IS FULL ACCRUAL TIME OF 30 YEARS. THE PUBLIC SECTOR PENSION SCHEME ALSO COVERS SURVIVORS' PENSIONS. THE PUBLIC SECTOR CONTRACTUAL EARLY RETIREMENT PENSION (AFP) ALSO CONTINUES TO PROVIDE PENSION BENEFITS FROM AGE 62 TO 66. EMPLOYERS ARE RESPONSIBLE FOR SAVING FOR PENSIONS FOR THEIR STAFF, AND EMPLOYEES THEMSELVES CONTRIBUTE TWO PER CENT OF THEIR SALARY.

Many of KLP's customers who choose to convert remain customers with KLP, in this case through KLP Bedriftspensjon.

KLP Bedriftspensjon agreements with 33,221 members spread across defined-benefit pensions, defined-contribution pensions, paid-up policies, and pension capital certificates. The company's portfolio of private occupational pensions grew by NOK 73.0 million in premium volume and NOK 446.1 million in premium reserves during 2015.

There is competition in the marketplace of public sector occupational pension in the form of alternative establishment of pension funds. Many players are offering management of pension fund solutions. Three municipalities established their own pension funds in 2015. KLP is a provider in this market through KLP Forsikringsservice.

#### EFFECTIVE SERVICE AND BETTER PROVISION

Despite a significant increase in the number of members, there has been a fall in the number of queries. Concerted investment in simplified and effective customer communication has brought results.

Continuous improvement projects yielded good results in 2015. Processing times for pension applications and waiting times at the customer centre have been reduced. This contributes to more efficient processes and a better customer experience.

#### SATISFIED CUSTOMERS

KLP enjoys high customer satisfaction and scores an impressive 81 (on a scale from 0 to 100) among customers with publicsector occupational pensions. Personal treatment and service are especially highlighted.

#### Key figures (OfTP)

	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Number of customers					
Municipalities	402	387	330	317	314
County administrations	16	16	15	15	15
Health enterprises	29	25	25	25	25
Enterprises	2 500	2 500	2 500	2 500	2 500
Volume Life insurance					
Active employees (members)	435 000	418 000	368 000	316 000	309 000
Deferred entitlements*	200 000	167 000	148 000	130 000	125 000
Pensions	247 000	230 000	192 000	183 000	172 000
Total	882 000	816 000	708 000	629 000	606 000

\* Individuals previously employed for more than 3 years by employers with public sector occupational pension



Pensioners who have been granted a pension in KLP also express great satisfaction, and return a score of 84.

#### FINANCIAL RESULTS

KLP aims to deliver good long-term returns and keep costs down. Value-adjusted and reported returns ended 2015 at 3.6 and 4.0 per cent respectively. Shares, short-term bonds and property are the main contributors to the returns result. KLP is using its good results within public sector occupational pensions to increase supplementary provisions by NOK 3.1 billion, while NOK 5.1 billion is being transferred to the customers' premium fund. NOK 12.4 billion have been used to reduce the basic interest rate while NOK 4.5 billion have been transferred to owners' equity.

#### Goals and challenges

KLP's main objective is to be Norway's preferred provider of pensions to the public sector. Growth in public-sector occupational pensions is declining for KLP in terms of new customers, but we expect continued growth as a result of demographic changes.

A lot of things are changing: public-sector occupational pensions as a product, the number of pensioners, and customer expectations are all changing as technology opens up new possibilities, to name just a few. KLP is working systematically to develop and improve services to all our customers. Our biggest challenge is to provide for continued competitiveness. Within the corporate market, KLP intends to continue its efforts to be an attractive provider for anyone looking for a public-sector pension scheme.

KLP'S CONTRIBUTION TO LOSS PREVENTION IN THE PUBLIC SECTOR CONTINUES. IN 2016, SPECIAL PRIORITY IS BEING GIVEN TO WORK WITH MUNICIPAL RENTAL HOUSING.

## Non-life insurance

KLP Skadeforsikring AS is one of the leading providers of non-life and staff insurance aimed at municipalities, county administrations and enterprises. The company also offers insurance to the retail (personal insurance) market with special advantages for members of KLP.

LP Skadeforsikring AS is a wholly owned subsidiary of Kommunal Landspensjonskasse (KLP). The company's core business is to offer tailormade insurance to KLP's shareholders, which are municipalities, county administrations and health enterprises.

The position of KLP's owners as attractive employers is strengthened when they not only have a good pension scheme but can also offer their employees predictable banking and insurance conditions. Investment in the retail market is therefore directed at members of KLP's pension schemes.

The sales channels are direct sales, sales through brokers, and sales through agents. In the public-sector and corporate markets, 50 per cent of sales go through brokers. In the retail market, 28 per cent of sales go through brokers.

#### Strategic priorities

KLP Skadeforsikring has its sights set on a stronger market position in the corporate market, and is adapting to changes in public-sector structures. The company is developing more and more new insurance solutions for enterprises in the public sector, such as inter-municipal companies.

As part of the Group's overall efforts focused on the members of KLP, the company is increasing its efforts within the retail market. Among other things, this means that more staff will be deployed in sales work.

Changed customer behaviour means that KLP is investing a lot of resources in developing good digital self-service solutions, for public-sector, corporate and retail customers. The customers want this, and the investment enables the company to operate even more effectively. KLP Skadeforsikring has also focussed on Lean processes and continuous improvement to streamline its working processes.

KLP Skadeforsikring sets great store by loss-prevention work in consultation and coordination with customers and external centres of expertise. The company openly shares the knowledge gained about claim prevention and arranges information days for municipalities, county administrations and enterprises on subjects such as threats and violence, indoor climate, risk assessments, and problems with municipal rental housing.

#### Results achieved

It was a good insurance year and a good financial year for KLP Skadeforsikring. The company grew in all segments, and made a profit before tax of NOK 173 million in 2015.

In the public-sector market, KLP gained the most new customers for retail insurance in municipalities and county administrations. The investment in power companies had a very positive effect on sales results in the corporate market. Together, these two markets showed an increase in premium income of 21 per cent, to NOK 757 million.



For the fifth year in a row, the EPSI survey shows that we have the most satisfied corporate customers. The company is growing in all segments and delivering good results for 2015.

TORE TENOLD MANAGING DIRECTOR OF KIP SKADEFORSIKRING ASS

through 2015, with a 20 per cent increase in premium income to NOK 356 million. The marketing activities are hitting their mark and adding an increasing proportion of members to the customer base. Their share of membership is now 80 per cent. Of new customers in 2015, 87 per cent are members.

Despite a number of major property claims early in the year, claims results were satisfactory. Three heavy damages with losses of over NOK 20 million occurred in the first guarter of 2015. The company's net claim costs for these three damages were NOK 73.4 million. The occupational injury sector shows results which are much better than budgeted. This is due to a big improvement in the risk position in recent years.

Gross premium income NOK 1.112 million - an increase of 21 per cent from 2014

For the fifth consecutive year, KLP Skadeforsikring AS can point to the best customer satisfaction among Norwegian corporate customers in the annual EPSI survey (European Performance Satisfaction Index). In KLP's own customer satisfaction survey in the autumn of 2015, the company gained very good scores from public-sector, corporate and retail customers, with an increase from the previous year. In

January, KLP Skadeforsikring came out best in the insurance category in TNS Gallup's major customer centre survey for 2014.

#### Key figures KLP Skadeforsikring

	31.12.2015	31.12.2014	31.12. 2013	31.12. 2012	31.12.2011		
Number of customers in the public sector/corporate market:							
municipalities	318	315	287	292	281		
county administrations	14	14	14	15	15		
health enterprises	29	31	44	44	30		
enterprises	2 885	2 864	2 682	2 610	2 660		
Number of customers in the retail	market:						
retail market customers	33 250	28 000	21 808	15 664	12 103		
NOK million	2015	2014	2013	2012	2011		
Pre-tax income	172.8	304.2	189.9	105.6	25.2		



For the retail market, the positive trend in sales continued EKLP Skadeforsikring held 54 courses and information days on claim prevention in 2015, with a total of 2,500 participants. The company also carried out 73 inspections focusing on fire and intrusion protection in 21 municipalities, particularly in schools, hospitals and municipal rental housing.

> The company has long-standing partnerships with several public-sector bodies to run projects of benefit to society. "Pay attention before it burns" is meant to provide guidance to to relatives on what they can do to improve fire safety for old people living at home. With the project "Systematic HSE management in buildings", KLP is helping customers to look after municipal buildings.

#### Future challenges and goals

The company is aiming at continued growth in all segments. In particular, resources have been deployed for further growth in the corporate and retail markets. In the retail market, the target is to bring the proportion of members to at least 80 per cent. Marketing measures in the parent company emphasise that it is KLP's members that the retail market efforts are aimed at.

KLP's contribution to loss prevention in the public sector continues. In 2016, special priority is being given to work with municipal rental housing. Networking courses on this topic are to be arranged in several places across the country.

KLP Skadeforsikring AS is a solid insurance partner with sound finances and high customer satisfaction. The company enters 2016 well equipped for its future growth ambitions.



### KLP Kapitalforvaltning's good results for 2015 reinforce our position as Norway's leading index-tracking manager. The Company is increasing its market share and more and more customers are choosing to invest in the KLP funds. HÅVARD GULBRANDSEN MANAGING DIRECTOR OF KLP KAPITALFORVALTNING

## Asset management

KLP Kapitalforvaltning AS manages assets on behalf of the insurance business in the KLP Group and other customers through the KLP funds. KLP Kapitalforvaltning AS is a fund management company with a licence from the Financial Supervisory Authority of Norway to manage securities funds and alternative investment funds, and to provide the active management investment service and associated services.

t the end of the year the Company was manag- i Strategic priorities ing around NOK 399 billion for its parent company and external customers. This is an increase of NOK 28 billion over 2014. The majority of the assets are managed on behalf of Kommunal Landspensjonskasse and subsidiaries in the KLP Group.

#### Management

KLP Kapitalforvaltning is one of Norway's largest asset management companies. The asset management operation in KLP Kapitalforvaltning is organised in three areas, each with a different approach to its investment operations: index-tracking management, active management and private equity.

Index-tracking management aims to provide cost-effective market exposure in the shares and bonds market. The aim is to provide a return as close as possible to that of the market. KLP has therefore developed methods and processes that make it possible to run index-tracking management at very low cost.

The active management section is tasked with managing specialised securities portfolios in which the aim is to select individual securities or industries with better development than the average in the market, and so create added returns. Traditional equity and bond portfolios and special funds are managed within this area.

In private equity, investments are made in funds with unlisted companies that are in a start-up phase or a restructuring process. The funds have a life of eight to ten years with an investment period of four to five years.

At the end of the year KLP Kapitalforvaltning was managing 35 funds, comprising two combination funds, ten fixed-income funds, one active equity fund, 20 index-tracking equity funds and two special funds.

KLP Kapitalforvaltning aims to be the preferred asset manager for the KLP Group. Expected growth in capital under management puts the Company in a good position to maintain competitively priced products with an established yield history. It is absolutely crucial to KLP and for its external success that our index-tracking products should be of very high quality. Along with our ambition to be the leading index-tracking manager in Norway, this means that KLP Kapitalforvaltning has the best quality products in terms of both content and scope.

In our management of the KLP funds we place great emphasis on an effective organisation of the business, in order to be able to offer our customers the most cost-effective management products possible. Until 2015, the securities management in the KLP Group was conducted through two limited companies: KLP Fondsforvaltning and KLP Kapitalforvaltning.

KLP is a responsible corporate citizen wishing to contribute to long-term value creation and sustainable development. Through its membership of the UN Global Compact, the Company has undertaken to support human rights, labour rights, the environment and anti-corruption measures throughout its business.

Since 2002 KLP has had a responsible investment strategy. Openness has always been fundamental to this strategy. Each half-year KLP announces which companies are excluded from the Company's investments and why. KLP also engages in dialogue with companies, exercises voting rights, and seeks to persuade companies to pursue responsible and sustainable value creation

During 2015 the company has actively monitored 125 companies based on the responsible investment strategy established. At the end of 2015 a total of 125 companies were excluded from KLP's investments because of breaches of the guidelines . Norway and at 2,448 general meetings of foreign companies. for responsible investments. In December 2014 the company This represents approx. 91 and 83 per cent respectively of the resolved to strengthen its climate work through its investments, general meetings in which KLP has been entitled to vote in the course of the year. How we have voted and the reasons for this and resolved to increase investments in renewable energy and to are published on the website. exclude coal companies from the investments. KLP and the KLP funds also take account of assets excluded by the Government Futures challenges and goals Pension Fund (Global) on the advice of the Council on Ethics. As a consequence of this, the limit on income from coal-based activi-The market outlook for the Company is assessed as good. Over ties was reduced from 50 to 30 per cent from December 2015. time there will be growth in the KLP Group's total assets, the

KLP has signed the UN's Principles for Responsible Investment. KLP is one of the leading investors when it comes to respecting the principles and is working actively to promote the initiative.

KLP is a Norwegian partner in the Carbon Disclosure Project (CDP). This is a project in which many of the world's largest institutional investors have come together to induce companies to report on their environmental impact.

It is difficult to judge the development of the financial markets. Results achieved The year 2015 closed with a near-halving of the oil price and The asset management business generated income of NOK a weakened krone. Globally the picture is more complex. The 31.2 million in 2015 USA and the United Kingdom are starting to leave the downturn behind them, whereas many Eurozone countries are only seeing Management on behalf of customers outside the KLP Group a small improvement. It is uncertain how this will affect develincreased by 25 per cent during the year. NOK 45 billion was opments in the capital markets going forward.

being managed on behalf of external investors and retail customers at the end of 2015. In total there are approx. 48,000 unit-holders in the funds. The institutional customers are by far the largest group measured by total assets.Our customers are served directly or via collaborative partners.

KLP exercises its ownership by voting at general meetings. KLP's voting rights were exercised at 97 general meetings in

#### Key figures KLP Kapitalforvaltning

NOK billion	2015	2014	2013	2012	2011
Total assets under management	399	371	287	252	216
Asset management customers external to the Group	45	36	28	21	14
Number of customers KLP Kapitalforvaltning	48 000	38 000	31 000	23 000	13 900



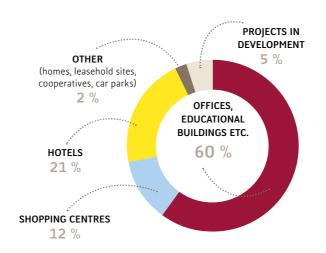
bulk of which is expected to be invested in products provided by KLP Kapitalforvaltning. Stable good results from the indextracking service and increased interest from external customers are providing the basis for further growth in assets under management. Good asset management results from the Company's added return strategies are making it likely that actively managed funds will also be in demand among both internal and external customers.

KLP Kapitalforvaltning has a business goal of NOK 1.8 billion in new subscriptions, including the public-sector market, by 2018. Another goal is to increase the number of retail customers in the KLP funds. We aim to reduce operating costs in relation to capital under management.

NOK MILLION, VALUE OF THE PROPERTY STOCK AS AT 31.12.2015

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#### Property value - breakdown by property category as at 31.12.2015



## Property

KLP Eiendom is one of Norway's largest property companies, with 1,780,000 m<sup>2</sup> of business premises and 373,000 m<sup>2</sup> of leasehold sites under management, along with major projects in development. As of 31 December 2015, the property stock was worth NOK 56.9 billion.

Denmark, Luxembourg and London. The properties are in good locations and built to a high standard with efficient use of space

All management and development of KLP's properties are handled through its wholly-owned subsidiary KLP Eiendom AS. KLP Eiendom manages property investments for the collective portfolio, the corporate portfolio, KLP Bedriftspensjon AS and KLP Skadeforsikring AS.

Returns on KLP's property investments have been satisfactory in recent years. The good pricing of investment properties over the last few years continued through 2015. Parts of the portfolio are located in other countries. This has brought a major increase in the value of properties measured in NOK, and a smaller increase when changes in foreign exchange contracts are taken into account.

The property values are established partly by valuations undertaken by independent external assessors who have valued a representative sample of the portfolio, and partly using internal

LP Eiendom has operations in Norway, Sweden, 🕴 KLP Eiendom carried out a number of real estate transactions in the course of the year. During the year, the company acouired and developed properties worth over NOK 7.5 billion.

> In addition to investments in the property business managed by KLP Eiendom, the collective portfolio has invested in Norwegian and international real estate funds administered by well-respected managers.

#### Strategice priorities

KLP Eiendom is KLP's instrument for making investments in property and real estate funds according to the overall allocation strategy in place at any given time. The business aims to add value through the right choice of investment objects, good management and active property development. A current strategic goal is for property to make up between 10 and 15 per cent of the collective assets.

KLP Eiendom focuses on energy and the environment, and the whole operation in Norway, Sweden and Denmark is environmentally certified under ISO 14001. KLP Eiendom aims to build environmentally friendly offices for the future. With an models based on experience from the external valuation process.



We have a very hectic 2015 behind us, and we are delighted that our organisation has delivered good results.

GUNNAR GJØRTZ CEO OF KLP EIENDOM AS

the impact on the environment and climate, and promote new behavioural patterns, products, services and technical solutions that reduce environmental impact and CO2 emissions.

#### Social responsibility

The true energy reduction for operations in Norway, Sweden and Denmark in 2015 was 5.8 GWh (for buildings run by the collective portfolio). KLP) compared to the equivalent portfolio in 2014. This is INDIRECT PROPERTY INVESTMENTS - REAL ESTATE FUNDS roughly equal to the energy consumed by 200-250 homes. We have a strong focus on optimising the operation of exist-The value of KLP's investments in Norwegian and internaing buildings to provide the best possible indoor climate and tional real estate funds totalled NOK 1,039 million at the end working environment while using as little energy as possiof 2015. Investments by the collective portfolio in real estate ble. New buildings are BREEAM-certified to provide for good funds accounted for 0.3 per cent of the financial assets in the overall energy and environmental quality. portfolio at the end of the year.

#### Results achieved

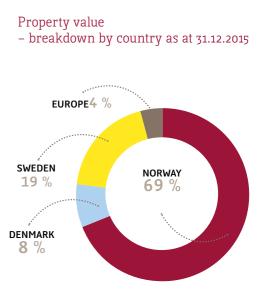
#### DIRECT PROPERTY INVESTMENTS

financial assets in the portfolio at the end of the year.

With a large project portfolio, good properties and competent staff, KLP Eiendom is well placed to meet the challenges that KLP Eiendom had earnings of NOK 2,749 million from directly-owned properties in 2015. Direct property investments it faces, both in achieving the target percentage of property by the collective portfolio accounted for 12.6 per cent of the in the collective portfolio and in continued good management of the existing property portfolio. Direct and indirect property investments by the collective portfolio accounted Property investment and management are undertaken only for 12.8 per cent of the financial assets in the portfolio at for companies within the Group, and have thus mainly con- the end of the year.

#### Key figures KLP Eiendom

	31.12.2015	31.12.2014	31.12.2013	31.12. 2012	31.12. 2011
Property value (NOK billion)	56.9	45.7	40.8	33.4	29.8
Economic occupancy ratio (per cent)	95.4	95.4	97.0	96.8	95.1
	2015	2014	2013	2012	2011
Value-adjusted operating profit including property funds (per cent)	11.2	7.3	7.0	6.2	7.2



tributed to the return on capital invested by life insurance customers. The value-adjusted time-weighted operational rate of return was 11.2 per cent in 2015 (11.0 per cent in the collective portfolio). Disregarding foreign exchange contracts, property values went up by NOK 3,748 million gross in 2015 (with NOK 3,479 million of this increase in

#### Futures challenges and goals

#### KLP BANKEN OFFERS THE FOLLOWING PRODUCTS:

CURRENT ACCOUNTS • SAVINGS ACCOUNTS FOR INDIVIDUALS AND ENTERPRISES • BSU (HOUSING SAVINGS SCHEME FOR YOUNG PEOPLE) ONLINE BANKING, ALSO FOR MOBILE PHONES AND TABLETS • DEBIT CARDS • CREDIT CARDS • ORDINARY HOME LOANS FLEXILÂN (MORTGAGES SECURED FLEXIBLE PERSONAL LOAN) • BOLIGLÂN UNG (HOME LOANS FOR UNDER 35S) HOUSING CREDIT • LOANS FOR SECOND HOMES • LITT EXTRA (SENIORS' LOANS



## Banking

The purpose of the KLP Banken is to finance mortgage loans to members of KLP's pension schemes, and loans to municipalities, county administrations and companies operating in the public sector.

Banken AS is a wholly owned subsidiary and itself has two wholly owned subsidiaries, KLP Kommunekreditt AS and KLP Boligkreditt AS. KLP Banken was launched in the retail market in 2010

The overall business of KLP Banken AS and its subsidiaries is divided into the retail market and public sector business areas. The business is nationwide and the companies' head office is in Trondheim.

KLP Banken is an online bank, focusing on home mortgage lending and deposits for private customers. Loans to the public sector are an important part of the business, and are financed both by pension assets in KLP and market financing through covered bonds issued by KLP Kommunekreditt AS. Altogether, KLP is the second-largest provider of long-term loans to the public sector in Norway.

In its operations and marketing, KLP Banken pays particular attention to the members of the pension schemes administered by KLP. This means they should find that KLP Banken offers this group the best terms on all its products.

#### Retail market

KLP Banken constantly aligns the interest on loans and deposits with interest rates and the competitive situation in the relevant target groups. Loan and deposit interest rates were generally reduced at the same rate in 2015, so that the margin between loans and deposits has been maintained and even slightly improved. In 2015, the bank's subsidiary KLP Boligkreditt AS issued covered bonds in a security pool comprising home loans for NOK 1.6 billion. Since it started up in 2014, the company has bought a share of the bank's mortgage loans, and had NOK 3.7 billion outstanding at the end <sup>1</sup>/<sub>2</sub> AAA from Fitch for its lending programme for covered bonds.

LP Bankholding AS is wholly owned by KLP. KLP 🕴 of 2015. This method of financing by issuing covered bonds helps to reduce the bank's borrowing costs.

> KLP's borrowers display a good ability and willingness to pay. Default on housing loans is very low, at 0.23 per cent of all outstanding loans at the end of 2015. A loss provision of NOK 1.34 million was recognised in 2015. The portfolio is secured through mortgages based on careful valuations, mainly within 60 per cent of loan value, and the mortgagees' ability and willingness to pay also forms part of the credit assessment.

#### Public sector market

The principal task for the public sector market (PSM) is to offer long-term financing of the public sector on the best possible terms, based on loans financed by KLP Kommunekreditt AS or KLP.

Loans to municipalities, county administrations and other borrowers associated with the public sector are marketed under the brand name KLP Kommunekreditt regardless of which KLP company is actually the lender. The "KLP Kommunekreditt" brand has a good position in the market for public sector lending. Its presence in the market contributes to competition and thereby to the public sector having access to long-term, lowcost financing.

KLP Kommunekreditt's aim is to be a key financial partner for the public sector. There has been strong growth in local government borrowing in recent years. KLP Kommunekreditt finances a broad spectrum of local administrations' needs, from schools, kindergartens and sheltered housing to projects related to the administrations' climate and energy plans. KLP also finances a portion of the local administrations' infrastructure.

KLP Kommunekreditt AS has an AAA rating from Moody's and

worth NOK 2.9 billion in the Norwegian securities market in 2015, and the lending volume at the end of the year was NOK 16.1 billion.

With large municipalities and larger loans, almost 50 per cent of the lending volume is for Eastern and Southern Norway. But if we look at debt in relation to the size of the municipalities, KLP is primarily a provider of financing to small and mediumsized municipalities. Larger municipalities are also increasingly using the securities market as funding ..

#### Strategice priorities

The greatest challenge to achieving stable long-term profitability for retail market investments is sufficient growth in the volume of home loans. This means that the bank needs to maintain the competitiveness of its loan products to attract new and young mortgage customers.

The bank must also maintain a high level of service, good terms on the core products, good self-service channels and efficient enquiry processing to be able to capture market share. These processes need to be supported by well proven IT solutions.

Technological solutions and digitalisation in general are intended to make the organisation more customer-friendly, efficient and accessible. New technology will be exploited commercially to offer customers attractive products and to **Results achieved** improve internal processes. This involves substantial investment costs, but over time will contribute to achieving the bank's growth and profitability targets.

KLP Boligkreditt AS is an important part of the bank group's financing structure through its ability to issue mortgage covered bonds on favourable terms. An even larger proportion of the bank's mortgage lending could potentially be financed through this company. This will help to reduce the bank's borrowing costs over time and provide flexibility to choose between different sources of financing for lending growth.

Deposits from individuals and companies account for an important part of the bank's financing. Bank deposits are the foundation for its operating licence, and are important as

### Good growth, profitability and good feedback from customers are grounds for continued optimism.

LEIF MAGNE ANDERSEN MD OF KLP BANKEN AS

With this rating, KLP Kommunekreditt issued covered bonds | part of the total offering to members and customers. Not all customers are in a position to borrow money, or wish to do so, and it is important for the bank to competitive savings products available. The bank's deposit growth was slightly lower last year than the previous year. At the same time, the costs of alternative financing have increased relative to deposits. We may therefore assume that competition for deposit customers will increase in the future, and that the bank will then have to offer deposit interest rates that are attractive to the market.

> For many years, Norwegian municipalities have been developing a good and extensive range of services to the population. Combined with increasing longevity and population growth, there is every reason to expect a continued need for high public sector investment. It is highly likely that demand for loans in the municipal sector and for projects with municipal guarantees and ownership will continue to grow in the years ahead, whatever the changes in local government structure or responsibilities.

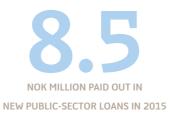
> KLP Kommunekreditt emphasises a high level of competence in local authority financing, cost-effective operation and competitive financing.

> The KLP Group, including KLP Banken AS, aims to contribute to sustainable investments and responsible business operations.

In 2015 the banking business achieved a pre-tax profit of NOK 49.6 million, against NOK 28.7 million in 2014. Profit after taxes was NOK 36.2 million, against NOK 20.9 million the year before.

As in the previous year, lending growth in 2015 was higher than in any earlier year. The growth in home loans was NOK 1.4 billion (11 per cent) and the growth in deposits from private individuals was almost NOK 1.0 billion (19 per cent). At the end of 2015, mortgage lending for own account totalled NOK 10.7 billion. Home loans managed on behalf of KLP amounted to NOK 3.4 billion, a reduction of 17 per cent. The Bank bought home loans for NOK 2.9 billion from KLP during the year.

Annual customer satisfaction surveys (CSI) show that KLP Banken has a higher customer satisfaction index than most other banks in Norway.



during 2015, made up of NOK 1.5 billion from KLP Kommunekreditt AS and NOK 7.0 billion financed by KLP. Lending for own account by KLP Kommunekreditt AS was reduced from NOK 15.9 billion to NOK 15.3 billion. Despite the reduced financial position in recent years, good returns on current loans have provided a decisive profit contribution to the Bank's surplus. The volume of public-sector loans managed for KLP increased from NOK 32.4 to NOK 37.4 billion. Public-sector lending increased by NOK 4.4 billion over the year (9 per cent). 84 per cent of the lending volume was to KLP's owners.

The number of customers in the retail market is still increasing steadily, and the proportion of members was 69 per cent at the end of 2015. Customer growth during the year was 6,600, of which 5,100 were members. The bank had 39,700 active retail customers at the end of 2015. Deposits from retail customers amounted to NOK 6.0 billion at the end of 2015 and total deposits were NOK 7.4 billion. As well as deposits from retail customers, the bank also has a deposit product for local government administrations and enterprises. Deposits for corporate customers are marketed by KLP Kommunekreditt and are used to finance the banking group's business. Deposit volume was NOK 1.4 billion at the end of 2015 and the growth during 2015 was NOK 0.2 billion (18 per cent).

Annual customer satisfaction surveys (CSI) show that KLP Banken has a higher customer satisfaction index than most in the next three years.

New public-sector loans were disbursed for NOK 8.5 billion i other banks in Norway. KLP Kommunekreditt is maintaining good customer satisfaction amongst its local government customers. In particular, customers give positive feedback on responsiveness, personal follow-up and service. They also provide very clear feedback that, from a competition standpoint, there is a need for KLP Kommunekreditt in the market for local government loans.

#### Futures challenges and goals

KLP Banken aims to contribute to KLP's orientation towards members by offering products and services on competitive terms. This is to underpin the perception that organisations that have chosen KLP as pension provider are attractive employers. Members of the pension schemes amount to more than half a million individuals, so the potential for further growth in this target group is considered substantial.

In the retail market, KLP Banken has a business goal of 41,000 members by 2018, a growth of 13,500 in the next three years.

Both through borrowed assets and pension assets managed on behalf of KLP, KLP Kommunekreditt AS will contribute to credit being accessible for public sector investment purposes. KLP Kommunekreditt AS will maintain its low risk profile and establish new loans to produce satisfactory profitability over time.

The business goal is to achieve total lending to the public sector market of NOK 61 billion by 2018, a growth of NOK 8 billion



### Commited Morten Larsen, District manager, KLP Skadeforsikring

#### Key figures KLP Banken

NOK billion	2015	2014	2013	2012	2011
New lending *	13.5	11.8	10.3	6.8	5.5
Lending for own account*	25.9	24.5	21.1	21.5	28.4
Lending managed for KLP *	51.0	41.7	33.7	29.8	24.7

\*Principal including interest accrued, premiums and discounts, overdrafts on deposits, losses on loans and effects of hedging activities etc.

Number of active customers	39 759	33 104	27 287	22 665	18 271
	(69 % members)	(69 % members)	(67 % members)	(65 % members)	(63 % members)

## Norwegian Code of Practice for Corporate Governance (NUES)

KLP's articles of association and the applicable legislation provide guidelines for the company's corporate governance, and define a clear division of roles between governing bodies and the managing director. The board of directors carries out an annual review of corporate governance in KLP.

LP's basic values are described by way of the company's vision of being "the best partner for the days to come" and the core values Open, Clear, Responsible and Committed. These provide shared goals and direction for KLP's progress and strategic priorities. The vision expresses the goals and ambitions of the business. The vision is discussed in more detail in the annual report and on the company's website.

KLP aims to deliver secure and competitive financial and insurance services to the public sector, enterprises associated with the public sector and their employees.

The business idea defines which customers KLP exists to serve, and who its products and services are developed for. KLP aims to maintain a good balance between competitive prices for its customers and a satisfactory return for its owners. These are qualities which help to ensure that KLP is perceived as the company's vision suggests.

#### 1. Reporting on corporate governance No deviation from the code of practice.

In most areas, KLP follows the Code of Practice for Corporate Governance as described in the principles set out by the Norwegian Corporate Governance Board (NUES). Differences from NUES generally arise where individual provisions do not fit KLP's mutual status.

Corporate social responsibility is an important part of KLP's activities and basic values. KLP aims to contribute to a sustainable public sector and to integrate CSR into all of its business processes. One example of this is the way in which KLP integrates CSR into its capital management and strives to be one of the leading players in this area. KLP's work on CSR is based on the Group's affiliation to the UN Global Compact and the UN's Principles for Responsible Investment.

KLP reports every quarter on non-financial key indicators under the headings of society, environment, human capital and responsible investments.

LP's basic values are described by way of the company's vision of being "the best partner for the days to come" and the core values Open, Clear, Responsible and Committed. These provide shared

#### 2. Business No deviation from the code of practice.

KLP's objective, as set out in its articles of association, is to safeguard the interests of its owners in compliance with the applicable legislation. KLP's principal objective is to address the needs of its members within public-sector occupational pensions, and this is assessed by the board of directors in their annual review of the strategy process. The articles of association are reproduced in full on the Group's website. The market is updated on KLP's goals and strategies through the quarterly results presentations and reports published on the company's web pages.

#### 3. Equity and dividends Deviation from the code of practice.

KLP is a mutual insurance company whose principal objective is to contribute to prudent management of its members' pension resources at the lowest possible cost. Dividend policy is not relevant in this context because the customers own the mutual company. The articles of association state that the members are obliged to pay equity contributions in so far as this is necessary to provide KLP with satisfactory financial strength. KLP's financial strength, capital position and solvency are discussed in more detail in the annual report from the board of directors.

The provision in the Companies Act on mandates to the board of directors is not relevant to KLP. In KLP, it is the board which invites and sets the rates for equity contributions which are "necessary to provide KLP with satisfactory financial strength". For the Nurses' Pension Scheme, it is the board of the pension scheme which decides on the equity contributions and the Ministry which approves them.

The board evaluates KLP's capital requirements on an ongoing basis, in the light of the company's objectives, strategy and risk profile. The board adopts an annual appropriation of profits which is designed to ensure that the company has sufficient financial strength. The company is a mutual company and, as such, does not deal in dividends but in appropriation of profits.

## 4. Equal treatment of shareholders and transactions with close associates

#### Deviation from the code of practice.

Individual elements of the Code are not directly transferable to KLP as a mutual company, but we follow the general intent of the Code. The difference is mainly due to the fact that the company has no negotiable equity instruments.

### 5. Freely negotiable shares

### Deviation from the code of practice.

This point is not relevant as KLP has no negotiable equity instruments.

### 6. General meetings

### Deviation from the code of practice.

KLP has chosen a solution where the general meeting consists of elected delegates and deputies. The company is divided into constituencies (election districts). The county administration together with the municipalities in that county each make up one constituency, apart from the municipality of Oslo which is part of the Akershus constituency. The four regional health enterprises and their subsidiaries each make up a constituency. The other members of the company (corporate members) make up a constituency. The number of delegates elected from the individual constituencies is related to the premium volume paid in from each constituency. The recommendation in the Code to arrange for voting by proxy is therefore irrelevant to KLP.

The notice calling the meeting and the support information on neration of the members of the supervisory board, the board the resolutions to be considered, including the recommendaof directors and the nomination committee. In this process, tions of the nomination committee, are sent to the elected delthe nomination committee actively consults with the comegates no later than 14 days before the meeting is to be held. pany's various owner groupings. This period is longer than the minimum requirement under the Companies Act, which is one week, but shorter than the The members of the nomination committee are elected for a recommendation that the notice calling the meeting and the term of two years. They may be re-elected twice. support information should be made available on the company's website no later than 21 days prior to the date of the The nomination committee provides written justifications for general meeting. The practice within KLP, however, is that an its recommendations The chair of the nomination committee also reports orally on these justifications to the bodies to which early reminder of the scheduled date of the general meeting is sent out to the delegates at the beginning of the year, and it is elections are being held. also mentioned at electoral and owners' meetings.

The point in the Code about making appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the company's corporate bodies is addressed by the meeting chairman first asking whether there are any proposals for other candidates and, if so, whether they can be dealt with together. The chair of the board of directors, the group CEO, the chair of the supervisory board, the nomination committee and the auditors are entitled and required to be present at the ordinary general meeting.

KLP's general meeting is opened and chaired by the chair of the supervisory board.

#### 7. Nomination committee

#### Deviation from the code of practice.

The rules for the nomination committee are set out in the company's articles of association. The supervisory board chooses the members of the nomination committee, including the chair, and determines the fees to be paid to the members of the committee. This differs from the Code, which recommends that the general meeting should elect a nomination committee.

The composition of the nomination committee is in line with the Code. All the members are independent of the board of directors and executive personnel. The different groups of owners are represented on the committee. Appointments to all of the company's corporate bodies should be calculated to achieve a reasonable balance between the sexes.

Details of the nomination committee, its composition and tasks are given in the annual report and on the company's website.

The nomination committee proposes candidates for membership of the supervisory board, to be elected by the general meeting, and the chair and vice-chair of the supervisory board. It also proposes the members of the board of directors to be elected by the members of of the supervisory board who are elected by the general meeting. The nomination committee is also required to make recommendations on the remuneration of the members of the supervisory board, the board of directors and the nomination committee. In this process, the nomination committee actively consults with the company's various owner groupings.

#### 8. Corporate assembly and board of directors: composition and independence No deviation from the code of practice.

The recommendation concerning a broad cross-section of the company's members on the supervisory board is addressed by the articles of association, which provide that the members of the supervisory board elected by the general meeting must be such that the supervisory board as a whole reflects the company's interest groups, customer structure and social function.

Five members of the board of directors are elected by the members of the supervisory board, who are in turn elected by the general meeting. The composition of the board of directors is such that the board as a whole can address the interests of the members and the company, and the company's need for expertise, capacity and diversity. It is felt that the provision adequately addresses the provisions in the Code on independence of executive personnel, material business contacts and members of the company with equivalent influence to principal shareholders. Please refer to more detailed discussion in section 9 below.

The chair and vice-chair of the board of directors are elected by the supervisory board.

The members of the board of directors are appointed for two years. There is no provision stating how long a board member may remain in office, but in recent years, the nomination committee has suggested that board members should not normally stay longer than eight years.

The board of directors is considered to be independent in terms of the Code. The external members of the board of directors are independent of executive personnel. No board members have any relationship to members of KLP who represent more than 10 per cent of the votes at the general meeting. All board members are independent of material business contacts.

#### 9. The work of the board of directors No deviation from the code of practice.

The board of directors produces an annual plan for its work, including objectives, strategy and action plan.

The board has issued instructions for the board itself and the managing director. These were last revised in December 2015.

The board of directors has three sub-committees: the remuneration committee, the risk committee and the audit committee. Each year, the board appoints at least three members and possibly a deputy to the sub-committees from among the members of the board, and appoints the chairs of the committees.

The board of directors evaluates its own work at least once a year. In this connection, the board is required to evaluate its own work and competence related to the company's risk management and internal control. The results of this evaluation are presented to the nomination committee, which uses them in its work

Each year, the board is required to evaluate the work of the working committees as part of its self-assessment. The subcommittees also conduct an annual self-assessment.

The board of directors held nine meetings in 2015.

The recommendation concerning independent consideration of matters of a material character in which the chairman of the board has been personally involved is considered to be covered by the provision on impartiality in the instructions to the board of directors.

#### 10. Risk management and internal control No deviation from the code of practice.

KLP has a well-established system of risk management and internal control adapted to the scope and nature of the company's activities. The system for risk management and internal control is described in page 38. Internal control also includes the company's basic values and guidelines on ethics and corporate social responsibility. From 2016, internal control related to the company's ethical guidelines will be included as a separate reporting item to the board of directors in connection with the board's annual review of the major risk areas and internal control.

#### 11. Remuneration of the board of directors No deviation from the code of practice.

The remuneration of the board of directors reflects the board's responsibility, expertise and time commitment and the complexity of the company's activities.

#### 12. Remuneration of executive personnel Deviation from the code of practice.

KLP is not covered by the rules on the remuneration of executive personnel in exchange-listed companies. As a finance company, the board of KLP adopts guidelines for the remuneration of all employees in the company, including special rules on salaries payable to executive personnel.

KLP has no exchange-listed equity instruments and does not grant share options or bonuses to its staff. The presentation and adoption of the company's guidelines on the remuneration of executive personnel at the general meeting are therefore irrelevant

#### 13. Information and communications No deviation from the code of practice.

The board of directors has established guidelines for the company's reporting of financial and other information, and the company's contact with member-owners other than through general meetings. KLP's financial calendar is published on the company's website. Financial information is published in quarterly and annual reports. The published documentation is accessible from the company's web pages. KLP also has contact with members outside the general meeting, including electoral meetings, owners' meetings, resource group meetings etc. All reporting is based on openness and consideration of the requirement for equal treatment of the players in the securities market and the rules on good exchange practice.

### 14. Take-overs

#### Deviation from the code of practice.

We differ here because this is not relevant to KLP as a mutual company.

#### 15. Auditor

#### No deviation from the code of practice.

External auditors are appointed by the supervisory board and conduct financial audits. PwC is KLP's appointed external auditor. All of the companies in the KLP Group are audited by PwC.

The external auditor submits an audit report in connection with the annual accounts, and a statement on simplified audit checks on the ouarterly accounts where these have been subjected to such a control. The external auditor also gives an independent opinion of non-financial accounts drawn up by KLP and included in KLP's annual report.

### STATEMENT IN ACCORDANCE WITH SECTION 3-3B, SECOND PARAGRAPH OF THE NORWEGIAN ACCOUNTING ACT

A summary of the matters that KLP is to report on in accordance with Section 3-3b, second paragraph of the Norwegian Accounting Act follow here. The points follow the numbering used in the provision.

The second paragraph number 1,2,3,5 and 6 is not valid for companies that doesn't issue equities(shares) or equity sertificates listed on a public stock exchange or a multilateral trade facility. For further information regarding see 'verdipapirhandelloven 2 § 2-3". KLP presents reference to Norwegian Code of Practice for Corporate Governance (NUES) for all points, although only point number 4,7 and 8 is required for the company:

- 1. The principles for KLP's corporate governance have been prepared in accordance with Norwegian law, and they are based on the Norwegian Code of Practice for Corporate Governance published by the Norwegian Corporate Governance Board (NUES).
- 2. The Norwegian Corporate Governance Board's Code of Practice is available at www.nues.no.
- 3. Any deviations from the Code of Practice are commented on under each section in the statement above.
- 4.. A description of the main elements of KLP's systems for internal control and risk management related to the financial reporting process is discussed in section 10 above.
- 5. Provisions in the Articles of Association that refer to the provisions in chapter 5 of the Norwegian Public Limited Companies Act with regard to the general meeting are discussed in section 6 above.
- 6. The composition of the governing bodies and a description of the main elements in the current rules of procedure and guidelines can be found in sections 6, 7, 8 and 9 above.
- 7. The provisions in the Articles of Association that regulate the appointment and replacement of board members are discussed in section 8 above
- 8. Provisions in the Articles of Association and authorisations granting the board the authority to buy back or issue the Group's own shares are discussed in section 3 above.

The external auditor attends all meetings of the audit committee, as well as the board meeting at which the annual accounts are discussed. The audit committee assesses the independence of the auditor each year.

In 2015, the board of directors of KLP established guidelines for the purchase of additional services etc. from the external auditors. The guidelines enter into force in January 2016, and are intended to help ensure that the independence of the external auditor is maintained.

The external auditor attends meetings of the control committee and the supervisory board at which the annual accounts are discussed, and as and when required.

In 2015, the board of directors had one meeting with the external auditor without the administration present.

The remuneration of the auditor is determined by the supervisory board.

## Annual report 2015

In 2015, Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP) achieved good results, allowing it to allocate profits to customers and strengthen the Company's capital adequacy.

The book return was 3.6 per cent (4.3 per cent)<sup>1</sup>, better than the guarantee return of 2.9 per cent.

After several years with a large influx of new customers, the Company has strengthened its position as Norway's leading provider of pensions to the public sector. The challenge for the future is to go on delivering competitive returns, maintaining the lowest possible costs and ensuring that our customers and their employees feel well looked after.

The Company has released disability reserves of NOK 19.6 billion. The money will be distributed to the customers' premium fund, and used to top up the risk equalization fund and reduce the average guaranteed rate of return.

ommunal Landspensjonskasse gjensidig forsikringsselskap (KLP) is the parent company of the KLP Group. KLP was established by and for the public sector to service this market's need for occupational pension schemes. Its head office is in Oslo.

A satisfactory financial result, with 4.0 per cent (6.9 per cent) value-adjusted return and a book return of 3.6 per cent (4.3 per cent) in the common portfolio, as well as a return of 4.8 per cent (7.3 per cent) on the corporate portfolio, allows the company to build buffers and to retrocede profits to the customers' premium fund.

The result for our insurance customers amounts to NOK 20.7 billion (7.3 bn), of which NOK 3.1 billion is being used to strengthen the supplementary reserves, whilst NOK 5.1 billion is being allocated to the customers' premium fund. NOK 12.5 billion will be used to reduce the average guaranteed rate of return. The net profit for the Company is NOK 4.5 billion (852 m). Of the Company's profit, NOK 2.8 billion is allocated to the risk equalization fund and NOK 1.7 billion to retained earnings.

The new customers moving to KLP in 2015 had full reserves in accordance with the requirements of the mortality table for collective pension insurance (K2013), and brought with them NOK 282 million in supplementary reserves.

With this, the supplementary reserves have been strengthened by NOK 3.2 billion. In total, buffer capital in the form of sup-

plementary reserves and valuation reserves increased by NOK 5.1 billion during 2015, to total over NOK 42 billion.

#### The Group's income

The Group's total comprehensive income was NOK 4.5 billion, against NOK 863 million in 2014.

Over the year the owners' equity in the Group increased by NOK 5.7 billion to NOK 23.3 billion. In addition to the income for the year of NOK 4.5 billion there were net receipts of NOK 1.2 billion in owners' equity contributions during 2015.

The Group's total assets under management increased by NOK 52.4 billion to NOK 543.3 billion at the end of the 2015. The increase is mainly the result of the growth in the pension customers' funds as a result of new pension accumulation, inward transfers and good results.

Profit contribution from subsidiaries (before tax) in NOK million

	2015	2014
KLP Bankholding	50	28
KLP Skadeforsikring	173	304
KLP Bedriftspensjon	-24	-23
KLP Kapitalforvaltning	46	56
KLP Forsikringsservice	0	1

NOK millions	Result to customers	Result to the Company	Total 2015
Returns result	3 373	79	3 452
Risk result I	250	248	498
Risk result II	17 076	2 567	19 644
Interest guarantee premium		826	826
Administration result		264	264
Net income from corporate portfolio		804	804
Allocation from Company to customer contracts with increased reserves	-50	50	-
Тах		-533	-533
Other result elements		195	195
Total income	20 650	4 500	25 150

#### Allocation of income

To supplementary reserves	3 121		3 121
To premium fund	5 138		5 138
To buffer reserve	2		2
To premium reserves	12 389	-	12 389
To risk equalisation fund		2 836	2 836
To owners' equity fund		1 664	1 644
Total allocations 2015	20 650	4 500	25 150
Total allocations 2014	6 959	852	7 810

#### The parent company's results

Kommunal Landspensjonskasse gjensidig forsikringsselskap is both the operational company within the Group's main businancing, new disability tariffs and special provisions in the Penness of public sector occupational pensions, and the Group lead sion scheme for nurses totalling NON 19.6 billion. and owner of the operational subsidiaries within the Group's other activities. The public sector occupational pension custom-Risk result ers are the owners of the mutual company. This means that The risk result is an expression of how mortality and disabilall wealth creation within the Group benefits the public secity have developed in the insured population in relation to the tor occupational pension customers. This happens both directly, assumptions used in the annual setting of premiums. by retrocession of surplus, and indirectly by strengthening the Company's owners' equity and solvency. The results for the year The alignment of disability payments in public-sector occupaare characterised by: tional pension schemes with new National Insurance disability

- · Good returns on the equity and property investments
- Minor changes in interest rates
- Increase in valuation reserves
- Strengthened disability tariff and released reserves
- · Cost-effective operation Good solvency

The corporate portfolio, mainly comprising KLP's eligible Tier 1 and Tier 2 capital invested in bonds, holdings in subsidiaries and the Company's head office, produced a return of 4.8 per cent during 2015.

The total recognised income attributed to other comprehensive The risk result attributable to the release of the premium reincome, before allocation between the pension customers and serve amounts to NOK 19.6 billion. Following approval from the Company, was NOK 25.2 billion in 2015, against NOK 7.8 the Financial Supervisory Authority of Norway, NOK 12.4 bil-

billion in 2014. A significant part of this income comes from reserves released in connection with changes in disability fi-

benefits entered into force on 1 January 2015. KLP changed its disability tariffs from the same date. The former change reduces disability payments from the occupational pension scheme, while National Insurance benefits increases considerably. New disability tariffs reflect a lower incidence of disability than before, bringing premiums and premium reserves down for a given benefit.

The low inflow of new disability pensioners once again produced a solidly positive disability-risk result in 2015. Otherwise the trend in risk continued as expected. The risk result was NOK 20.141 million.

lion of this amount will be used to recalculate the premium . The Company's income for the year amounts to NOK 4.5 bilreserve at a lower computed interest rate. This produces a 0.23 percentage point reduction in average interest, bringing the new rate down to around 2.6 per cent. The remainder of the released amount will be used to top up the risk eoualisation fund to a satisfactory level, and to provide for good retrocession to the customers' premium fund.

#### Administration result

The administration result shows a surplus of NOK 264 million, against NOK 345 million in 2014. KLP has economies of scale as a result of its high market share in public sector occupational pensions and can thus maintain good service at a very competitive price. The Company has a clear ambition to streamline its operation further by automating and simplifying pension case handling over the next five years.

#### Return result

2015 was a turbulent year in the financial markets, but KLP still produced good returns. Financial income from the customer portfolios exceeded the guaranteed interest of just under 2.9 per cent by a good margin. After NOK 2.0 billion was allocated to the securities adjustment fund, book return was 3.6 per cent and the return result was NOK 3.5 billion.

Together with released reserves and the reversal of NOK 50 million in contributions to strengthening the reserves, the result to customers was NOK 20.7 billion. This was used to strengthen customers' supplementary reserves by NOK 3.1 billion, while NOK 5.1 billion is being allocated to the customers' premium fund and NOK 12.4 billion to premium reserves.

lion, with NOK 2.8 billion allocated to the risk equalization fund and NOK 1.7 billion to retained earnings.

Solid buffers provide the basis for achieving good returns in the future, notwithstanding the low interest rate levels. They make possible an investment strategy with a longterm perspective aimed at stability and predictability. The Board is satisfied that the income for the year allows for prioritisation of further strengthening of the financial buffer capital through building up supplementary reserves and valuation reserves, so that they now cover over four years' guaranteed interest. At the same time there has been the opportunity to pass on some of the income to the customers through the premium fund.

KLP's Board considers the income statement and the statement of financial position for 2015 with notes, statements of cash flows and of changes in owners' equity, provides good information on the operation through the year and the financial position at the end of the year. The financial statements have been prepared in accordance with the going concern assumption. The Board considers the risk associated with the Company's activities to be acceptable. The Company financial statements for KLP are presented in accordance with the Norwegian Annual Accounts Regulation for life insurance companies. The consolidated financial statements have been presented in accordance with international accounting standards (IFRS/IAS), as approved for use within the EU/EEA.

#### THE BUSINESS AREAS Pensions

#### Public sector occupational pensions

Pension schemes within the public sector are offered and managed by the Group's parent company, KLP. Of the Group's total assets of NOK 543.3 billion. NOK 423.9 billion represents pension funds belonging to this customer group.

#### The competitive situation

KLP has a dominant position in the market for insurancebased public-sector occupational pensions. Other providers have withdrawn from this market and the competition now arises from the fact that customers can opt to establish their own pension fund or to join an intermunicipal pension fund outside. KLP offers management of pension funds through its subsidiary, KLP Forsikringsservice AS.

Good solvency, good results over time and high customer satisfaction have contributed to KLP's strong position in the market for public sector occupational pensions. Operation and administration

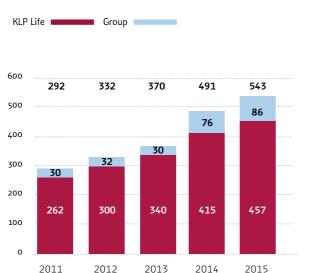
In the period 2013-2015, 86 municipalities, one county administration and 344 companies have transferred to KLP. The exceptional amount of work resulting from the transfer has been completed. Good cooperation within the organisation and collaboration with the ceding parties have been major success factors. Automation of data transfers has also simplified and streamlined the work. Following the move, 406 municipalities out of 428 are now customers of KLP, and the Company now serves almost 900,000 members and pensioners.

#### We can expect to see continuing sustained organic growth in KLPs premium volume as a result of increased employment in the public sector. This will in turn lead to an increase in the year-groups taking out pensions in the future.

PREMIUM INCOME (NOK billion)



#### TOTAL ASSETS (NOK billion)



The investments in the common portfolio are distributed between the various categories of financial assets as shown in the table below.

NOK billions	Allocation 31.12.2015 <sup>1)</sup>	Avkastning 2015	Allocation 31.12.2014	Return 2014
Shares	80,2	6,0 %	72,1	13,0%
Short-term bonds	85,9	2,0 %	81,1	8,4%
Liquidity/money markets	33,0	0,9 %	37,9	2,4%
Long-term/HTM bonds	111,5	4,5 %	104,5	4,7%
Lending	51,0	2,7 %	41,1	3,2%
Property	52,9	11,0 %	42,0	6,9%
Total	414,6		378,8	

<sup>1)</sup> The figures presented in the table show net exposure, whereas the official figures from the statement of financial position are presented gross. Differences may therefore arise between the figures in this table and the financial statements.

Precision and quality in individual pension processing is one of KLP's most important tasks. Substantial efforts have been made, through systems development and continuous improvement of work processes, to maintain and improve KLP's good delivery ouality in the future. It is therefore pleasing to see customer satisfaction surveys confirming that KLP's customers are happy.

The changed market conditions mean that KLP must rethink who to compare itself with. Pension funds will be a natural part of this picture. There is wide diversity amongst local government pension funds in terms of size, capitalisation by the owners, risk profile and investment options. This produces a relatively wide spectrum of results from the funds, depending on solvency and investment options.

KLP has a target to come down to a cost ratio of 0.25 per cent by 2016. For 2015 the Company had a cost ratio of 0.26 per cent, slightly above this target. The aim is to decrease further to 0.22 per cent during 2017.

When it comes to financial returns, KLP's goal of long-term, competitive returns still stands. This is measured in relation to returns achieved by other market operators with similar regulatory conditions for their asset management.

#### Private occupational pensions

KLP offers private occupational pensions, including the management of pension capital certificates, through its subsidiary KLP Bedriftspensjon AS. The primary market for KLP Bedriftspensjon AS is made up of enterprises operating in the public sector. The Company also has customers in the private sector. The customer inflow is good, and the Company can point to good volume growth. Total investments increased by NOK 673 million to NOK 2.9 billion during 2015.

KLP Bedriftspensjon AS concluded agreements with 286 new On contracts that will be fully covered before the end of the defined contribution pension customers during 2015, of which 26 per cent were transfers from other life insurance companies. There were 21 customers who transferred from KLP Bedriftspension AS. The Company also saw an increase in the inflow of pension capital certificates. In all. NOK 151 million was transferred from other companies, and the volume of new premiums is NOK 62 million.

The market for private occupational pensions is characterised by stiff competition, particularly in the segment for large enterprises/undertakings. The Company's products are competitive and growth in customer numbers is satisfactory.

The company achieved a result before tax and other comprehensive income items of NOK -24.2 million (-22.7). The Group supplied NOK 231 million in equity capital during 2015 in line with its established strategy of increasing capital in the company during a growth phase, and to meet the capital requirements arising from the introduction of the Solvency II rules. The Company expects to move into profit from 2017.

The Company has applied to the Financial Supervisory Authority of Norway to be allowed seven years from 1 January 2014 to increase its reserves to the new K2013 calculation framework. After conversion to the new basis for calculation as of 1 January 2015, the total reserve requirement was NOK 92 million. NOK 68 million was set aside to increase the reserves as of 31 December 2015. KLP Bedriftspensjon AS has to cover a minimum of 20 per cent (NOK 18 million) of the total upgrade requirement. As of 31 December 2015, NOK 10 million had been set aside for this from owners' equity.

seven-year upgrade period, KLP Bedriftspensjon's contribution from owners' equity will be allocated to contracts over a period of up to three years.

#### Non-life insurance

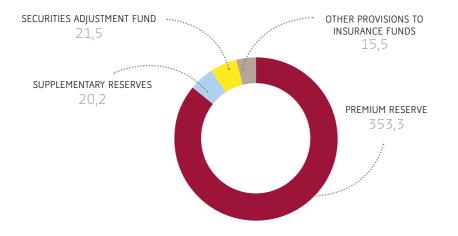
KLP Skadeforsikring AS is a significant provider of non-life insurance to municipalities and county administrations. The company also has a large number of customers within municipal enterprises and businesses in related sectors, in addition to a growing portfolio of retail market customers.

KLP Skadeforsikring AS had a result before tax of NOK 172.8 (304.2) million for the year. Released reserves associated with previous insurance years had a positive impact on the result to the tune of NOK 150.6 million. The 4.4 per cent financial return for the year is considered satisfactory. Market value adjustments to the Company's property assets had a particularly positive effect on this return.

The group life product is rooted in the collective agreements between the employees and employers of KLP's main customers. At the end of the year 137,000 individuals were insured in the scheme. The group life product had a claims ratio of 103.7 per cent is 2015. The group life product was transferred to KLP Skadeforsikring AS from 1 January 2015.

The general picture of claims costs is positive and the Company's total claims ratio was 77.7 per cent for the year. If the reserve adjustments of claims occurring before 2015 are ignored, the claims ratio was 92.2 per cent, of which the claims ratio for the Public Sector / Corporate market was 96.8 per cent and for the Retail market 82.2 per cent.





#### Bank

KLP's banking business is carried out by the subsidiary group All management and development of KLP's properties is carried KLP Bankholding through the following companies: KLP Bankout through the wholly owned subsidiary KLP Eiendom AS. The en AS, KLP Kommunekreditt AS and KLP Boligkreditt AS. The company is one of Scandinavia's largest property managers and KLP Banken Group's object is financing and management of has operations in Norway. Sweden, Denmark and the United housing mortgages and loans to municipalities, county adminis-Kingdom. The KLP Group's properties have good locations, a trations and companies carrying out public sector tasks, as well high standard of building and efficient space utilisation. The as financial products to the private sector. property company attaches weight to energy-saving and the environment, and is environmentally accredited in accordance KLP Banken also manages loan portfolios for KLPs common with ISO 14001 in Norway, Sweden and Denmark.

portfolio.

KLP Banken offers loan and deposit products tailored to the target group in the public sector and aimed at individuals affiliated to KLP's insurance schemes. At the end of 2015, the Group's total lending operation covered a total of NOK 76.9 billion. Of this. NOK 25.9 billion was financed by the banking group and the remainder by Kommunal Landspensjonskasse. The loans were divided between NOK 14.1 billion in housing mortgages to private individuals and NOK 62.9 billion in loans to publicsector enterprises.

#### Lending to the retail market

The bank manages housing mortgages for own account and through KLP Boligkreditt AS, in addition to managed housing mortgages for the parent company, Kommunal Landspensionskasse. The housing mortgage portfolio developed well again in 2015, with growth of NOK 1.4 billion.

#### Lending to the public sector

The KLP Group's business in lending to the public sector is run by KLP Banken AS, with its subsidiary KLP Kommunekreditt AS. KLP Banken also manages loans to the public sector on behalf of Kommunal Landspensjonskasse. Total lending volume increased in 2015 by NOK 9.4 billion.

The KLP Banken Group result before tax and other comprehensive income was NOK 49.6 million. The corresponding figure for 2014 was NOK 28 million.

#### Asset management

KLP Kapitalforvaltning AS represents the Group's asset manage-CAPITAL-RELATED MATTERS ment operation in securities and funds management. It had a total of NOK 398 billion under management at the end of 2015. The KLP's strong growth, low interest rates, stricter regulatory capital requirements from 2016 with the introduction of Solvency majority of the assets are managed on behalf of Kommunal Landspensjonskasse and subsidiaries in the KLP Group. Asset manage-II, and planned repayment of subordinated loans in 2016 and ment increased by NOK 28 billion over 2014. Net new subscrip-2017, have increased the need to strengthen KLP's solvency. tion in KLP's securities funds from investors external to the Group For this reason, the Company took out a subordinated loan of and retail customers amounted to NOK 6 billion in 2015. KLP EUR 600 million in June 2015. Kapitalforvaltning manages a total of NOK 45 billion for customers outside KLP. The management mandates are won in competi-KLP's financial strength is assessed at A+ by Fitch Ratings, A2 tion with both Norwegian and foreign management operations. by Moody's Investor Service and A- by Standard & Poor's.

KLP Kapitalforvaltning AS made a profit before tax of NOK 46.1 million in 2015.

#### Property

The property portfolio has grown substantially in recent years, and accounts for 12.6 per cent of the collective assets. Investments in property have contributed good returns.

#### Market trends

The property market had a positive development during 2015, which is reflected in a downward adjustment of the general return requirement. This trend seems to have been maintained through the fourth quarter. At the same time, there has been a fall in rents in recent quarters, which impacts on the value of the property portfolio.

Property management is carried out only on behalf of the companies within the Group and has thus primarily contributed to returns on invested capital for the life insurance customers. The return on property operations was 11 per cent in 2015.

#### Consultancy and services

KLP Forsikringsservice AS provides insurance-related services to the municipal and county administration pension funds. These services are based on the expertise and the systems developed for KLP's pension business. The Company is the largest provider of actuarial services to local government pension funds.

KLP has developed a new concept for the provision of a broad spectrum of services to local government pension funds. Based on this, KLP submits tenders to pension funds outsourcing their pension fund services. 10 municipalities and one enterprise are now users of the Company's actuarial services.

## FINANCIAL STRENGTH AND

KLP's hybrid Tier 1 securities and subordinated loans satisfy the regulatory arrangements for capital under Solvency II. One of the subordinated loans (for EUR 300 million) cannot be redeemed until April 2016 and, based on market expectations, it will be redeemed.

#### Solvency development

At the start of 2015 KLP had a solid buffer and solvency situation. KLP has achieved full reserving in accordance with the K2013 tariff, which provides good scope for further strengthening of solvency.

In the course of 2015 the securities adjustment fund increased by NOK 2.0 billion to NOK 21.5 billion. Supplementary reserves increased by NOK 3.2 billion to NOK 20.3 billion. In total the securities adjustment fund and supplementary reserves amounted to NOK 41.8 billion, representing 10.1 per cent of technical reserves. The long-term objective is that the total of valuation reserves and supplementary reserves should cover more than four times the annual guaranteed return. At the end of 2015 the degree of cover was 4.5 years.

Solvency II was introduced from 1 January 2016, and the calculation of the solvency margin has been completely changed, while requirements for capital adequacy and core capital ad-

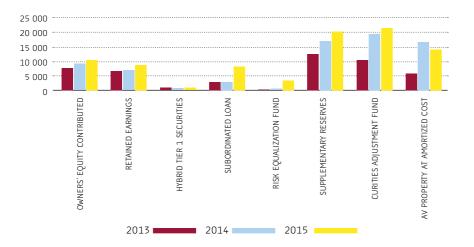
equacy have been dropped. The Solvency II balance includes assets and liabilities at fair value. For assets that are recognised at a different value in the accounts, the value is adjusted to represent true value in the Solvency II balance. For KLP's insurance obligations, there are no observable market values. These are therefore calculated using a best estimate based on actuarial assumptions. There is also a risk margin to reflect the capital costs that would be incurred by a third party in assuming these obligations.

Base capital (capital group 1) is taken from the Solvency II balance. Supplementary capital (capital group 2) comprises subordinated loans, the risk equalisation fund and non-aid-up supplementary capital. The Financial Supervisory Authority of Norway has agreed that KLP's recall rights established in its Articles of Association can be classified as supplementary capital in an amount equal to 2.5 per cent of the Company's premium reserve. This is capital that can be assigned to capital group 2 up to 50 per cent of the solvency capital requirement (SCR). Subordinated loans with a first rate adjustment in 2016 and 2017 can therefore be redeemed without affecting provision for the solvency margin.

#### SOLVENCY CAPITAL

Figures in NOK billions	2015	2014
Own funds (eligible Tier 1 and Tier 2 capital) tied to capital adequacy requirement	18.6	16.7
Own funds (eligible Tier 1 and Tier 2 capital) in excess of capital adequacy requirement	9.3	3.2
Risk equalisation fund	3.4	0.5
Supplementary reserves	20.2	17.1
Securities adjustment fund	21.5	19.5
Unrealized value of financial assets at amortized cost	14.0	16.8
Total solvency capital	87.0	73.9

#### SOLVENCY CAPITAL (NOK millions)



Without applying transitional rules, the Company's solvency margin according to Solvency II is 187 per cent. If we include the transitional rules for technical provisions, solvency margin provision is 274 per cent. Solvency margin provision is thus well over KLP's target of 130 per cent.

KLP's solvency capital increased from NOK 73.9 billion to NOK 87.0 billion during 2015, and is established at a level that provides the necessary freedom of action to conduct competitive and sound asset management.

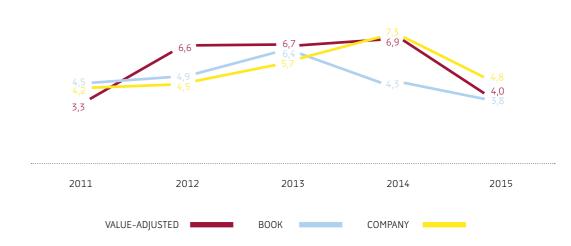
Total solvency capital amounted to 25.4 per cent of guaranteedinterest customer funds at the end of 2015, against 22.3 per cent at the previous year-end.

At year-end the capital adequacy ratio was 12.0 per cent and the core capital adequacy ratio was 8.5 per cent. The corresponding figures at the end of 2014 were 9.5 per cent and 8.1 per cent. Solvency margin provision (Solvency I) was 280 per cent, against 228 per cent at the end of 2014. The solvency targets lie well within the objectives KLP has and underline KLP's strong solvency.

#### Risk

Monitoring and management of risk is a prereouisite for good value creation and security for pension assets. Identification, assessment and management of the risk factors, both to insurance and to financial management, are therefore important aspects

KLP introduced new disability tariffs from 01.01.2015 in line of KLP's business. The risk picture is monitored within the indiwith actual risk experience from recent years. From the same vidual operational entities and is assessed both by company and date, disability payments in public-sector occupational pension combined at Group level. schemes were aligned with new National Insurance disability benefits. This last change reduces disability payments from the KLP carries out an annual 'own risk and solvency assessment' occupational pension scheme, while National Insurance ben-(ORSA). The review of the Company's risk and solvency is efits increase considerably. New disability tariffs reflect a lower



judged generally good in all areas. The control functions for risk management and actuarial functions are part of the Risk Management and Control section.

#### Insurance risk

KLP's principal activity is public-sector occupational pension provision. This industry is characterised by predictability and, to a limited degree, by individual events that may affect results significantly. For KLP the trend in the incidence of disability and in longevity could affect the risk.

With effect from 1 January 2014, all Norwegian life insurance companies and pension funds incorporated new assumptions on longevity: the K2013 tariff. The changes were in line with observed mortality rates in the insured population up to and including 2009, as well as the expected future increase in longevity based on Statistics Norway's projections. KLP uses a slightly higher tariff than K2013 for the pension scheme for nurses and the pension scheme for hospital doctors because the people insured in these schemes have longer observed life expectancy than other groups.

With an increasing number of occupationally active individuals in the higher age groups there is an increasing incidence of new disability pensioners. This is catered for through premium levels and the premium reserves provided in the accounts.



incidence of disability than before, bringing premiums and premium reserves down for a given benefit.

#### Return risk

KLP guarantees an annual minimum return on the management of its customers' pension assets linked to defined-benefit schemes. For this guarantee, KLP may charge an annual interest guarantee premium. The interest guarantee premium is determined by KLP's solvency, the investment risk taken on by KLP and changes in the general level of interest rates. The interest guarantee premium is priced anew each year, which helps to limit the risk associated with the return guarantee.

#### Financial risk

Each year KLP works out a strategy for how the pension assets are to be invested. The investment strategy emphasises exploitation of the Company's risk-bearing ability within a framework that dictates stability and the long-term view in asset management. Limits are defined for various financial risks such as credit risk, counterparty exposure, foreign exchange risk, use of derivatives and liquidity risk. A credit policy is also laid down for the Group, and credit limits for total exposure to individual counterparties are set by the Group's Credit Committee.

The financial risk is continuously monitored to ensure the risk is matched to the risk capability within the limits set in the investment strategy.

The responsibility for operational risk management and asset allocation lies with a special organisational unit. It directs KLP's management strategy through mandates and ensures that asset management is within limits set by the Board of Directors. An independent control unit headed by the CRO

(Chief Risk Officer) is responsible for monitoring and reporting whether the management of the Company's assets is being conducted within the limits set, applicable mandates and guidelines provided by the Board.

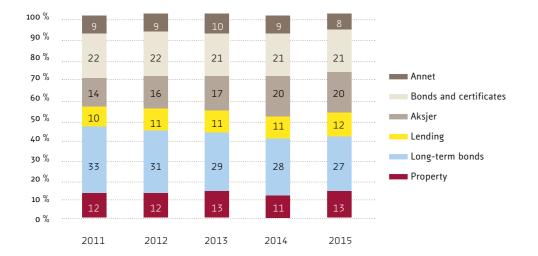
#### Liquidity risk

KLP has good liquidity, with substantial holdings of liquid securities that can be realised at short notice. Net cash flows from operating activities include premium payments to cover obligations that mature several years into the future.

#### Operational risk

The Group's operational risks are associated with undesirable events resulting from failures in internal work processes, employee error, dishonest acts and criminality or external events. All processes throughout the value chain are exposed to various types of operational risk. KLP has developed procedures for identifying, monitoring and taking necessary measures to reduce the risk of undesirable events. It is a daily management responsibility at all levels to identify and follow up those deviations that occur.

Group senior management carries out an annual examination of significant risks in the business and these are delegated with ownership to an operational manager in the Group Management Team. The Board of Directors annually reviews the risk assessments and documentation on management and control measures established together with a total risk overview. Procedures have been established for independent controls and reporting at various levels. Tasks and functions are distributed so that conflicts of interest are avoided and responsibilities made clear.



#### Compliance with statutes and regulations

The KLP Compliance Section supports management, the Board of Directors and the employees by ensuring compliance with relevant statutes, regulations, industry standards, internal guidelines and ethical standards. The head of the section reports to the Group CEO and the Board of Directors, and the section has both an advisory and monitoring function to ensure that substantial risks of inadequate compliance are managed effectively in KLP. A more detailed description of the Company's adherence to good corporate governance is given in the annual report, on page 52 (NUES).

#### Internal audit

The Company's independent Internal Audit group carries out assessments of actuarial, financial and operational risks. Following consultation with the Board and senior management, assessment and testing are conducted of areas that are significant and exposed to risk with a view to satisfactory management and control. The result, with any recommendations on necessary measures to be taken, is presented to senior management and the Board and is followed up.

#### Corporate responsibility

As the leading provider of public-sector occupational pensions, KLP's vision is to be the best partner for the days to come. This includes a desire to contribute to a sustainable public sector. Integrating social responsibility and sustainability into all of its business processes enables the Company to help its customers to promote sustainable social development through its pensions management, as well as acting responsibly in its own operations.

KLP has signed the UN Global Compact. This means that the Company undertakes to work for human rights, employee rights, the environment and anti-corruption. KLP has also signed the UN's Principles for Responsible Investment. By integrating corporate responsibility into the KLP Group's overarching strategy and business processes, implementation of these international commitments is assured. Among other things, implementation is achieved through guidelines and associated procedures, such as policies on ethics, responsible investments, the environment and procurement. The guidelines have been published on klp.no/corporate responsibility.

KLP reports every quarter on non-financial indicators and presents a supplementary non-financial statement in the annual report, covering the Group's results within society, the environment, human capital and responsible investments. Supplementary reporting in accordance with the Global Reporting Initiative (GRI) can be viewed on KLP's website.

KLP's work on social responsibility can be grouped into four areas: responsibility in investments and products, responsible environmental solutions, sharing of knowledge and local engagement.

#### ALLOCATION COMMON PORTFOLIO ASSETS (% av financial assets)

In relation to responsible investments, the exclusion of coal companies has been a major topic. From the decision to exclude coal companies in November 2014 to the end of 2015, KLP sold securities in the value of approx. NOK 1.5 billion in 42 companies. In 2015, the threshold for exclusion was reduced from companies with 50 per cent of their income from coal-based activities to 30 per cent. KLP has reported the carbon footprint for the relevant equity portfolios and has seen it significantly reduced.

In the course of 2015, KLP excluded 30 new companies, while five companies were included again as they now meet KLP's minimum requirement. The financial effect is measured each month, and has so far delivered in line with expected index returns.

Climate and CO2-intensive companies were an important element of KLP's active ownership in 2015. KLP is in discussions with other Nordic companies to put pressure on the automotive industry and the energy sector to reduce their impact on the climate. Another example of active ownership has to do with the handling of scrapped ships. KLP has contacted all the companies we invest in that can be linked to cutting up these vessels on the beaches of Bangladesh, India and Pakistan.

Together with Norfund, KLP has invested in three renewable energy projects in developing countries. These involve four solar power plants, one of which was completed in 2015. These investments are part of KLP's contribution to the two-degree target.

Sharing knowledge is an important part of KLP's social responsibility. KLP offers courses, information days and inspections covering a wide range of topics such as damage prevention in buildings, fire safety, working environment development and seniors policy.

KLP developed a course in personal finance for asylum seekers in 2015. The course is part of KLP's new collaboration with Norwegian People's Aid to make refugees better equipped for a new life in Norwegian society. KLP employees have run 11 courses in personal finance across 6 asylum centres. Over 250 residents who have been granted residence permits and are waiting for accommodation have attended the course.

KLP's Community Volunteering Fund supports local engagement. In 2015, 23 voluntary projects out of a total of 107 applications from all over Norway were given support contributing to local communities all over Norway.

## EMPLOYEES AND HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

The Company's employees are the most important input factor for KLP to achieve its targets, so the health, safety and wellbeing of the employees is important if injuries and undesirable effects are to be avoided. The aim is to facilitate a good psychosocial working environment characterised by job satisfaction. These are important prerequisites for good quality work, better results for the business, greater competitiveness, customer confidence and individual enthusiasm for work.

To achieve the goal of an attractive workplace, a good working environment and good working conditions KLP has::

- · implemented internal controls and a systems audit to ensure compliance with the Company's HSE procedures
- regularly given co-workers information and inspiration on health-promoting measures
- · conducted AMU (working environment committee) meetings where HSE work was discussed
- included HSE in management training
- · conducted mapping of the working environment and monitored results through involving
- · assessed HSE deviations and ensured that those procedures relating to environmental perspectives in decisions and work processes are incorporated where they have been relevant
- · worked on specific arrangements for and follow-up of staff reporting sick, and on a range of preventive measures

Results of the working environment survey, sickness absence, the number of accidents and the number of employees terminating are indicators of the effect of measures.

The working environment at KLP is perceived as good and during 2015 showed an overall score of "High job satisfaction" in Ennova's employee survey, a result that is higher than the average for the finance industry. KLP also reduced sickness absence from 4.7 per cent in 2014 to 4.2 per cent in

2015. The target is to have sickness absence under 4.0 per cent for KLP as a whole. The number leaving KLP is considered low and has decreased from 4.3 per cent in 2014 to 4 per cent in 2015.

#### Employees

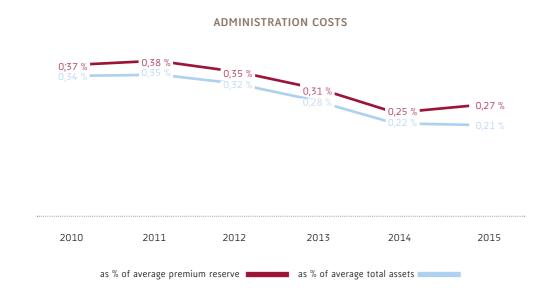
#### Equal opportunities and diversity

KLP's policies for eoual opportunities and diversity were revised in 2013 and are based on equal worth and fairness. This means not only a focus on gender equality, but also inclusion of people with reduced functional capability and other groups that have problems fitting into working life. KLP aims to reflect the diversity in society in general. New employees go through an induction programme where they are familiarised with KLP's core values, ethical guidelines and policy for equal opportunities and diversity.

In regard to the inclusion of individuals with reduced working capability, KLP focusses on arrangements for its own employees KLP has also established collaboration with NAV Arbeidslivssenter (the Norwegian Labour and Welfare Administration's inclusive working life resource and competency centre), in order to offer internships to persons working under this scheme. In 2015 KLP had two people working under this scheme.

Salary differences between women and men are assessed as part of each salary settlement to avoid unjustified differences.

The target is to have at least 40 per cent of each gender amongst the Group's managers. This target has been achieved at Management Level 3, but not at Levels 1 and 2. Similarly, KLP wants the Group Board of Directors and the boards of



directors of KLP's subsidiaries to have at least 40 per cent of each gender among the members nominated by the owners. New measures to improve a better equality will be implemented in 2016.

#### Remuneration principles

KLP's aim is to offer its co-workers good, market-matching salary and employment terms and conditions. The subsidiary KLP wound up its Control Committee with effect from 1 January 2016. The Risk Committee, which is a sub-committee of the KLP Kapitalforvaltning operates in markets where part of the salary is based on profits achieved and therefore offers sala-Board of Directors, was put in place from the same date. ries that are partly performance-based to employees who have direct profit responsibility. In accordance with the regulations, The currently approved corporate structure of KLP, with the payment of this remuneration is spread over several years life insurance company as the parent, will continue under the and is partly linked to the growth in value in selected mutual new Act. funds, because KLP as a mutual company does not have its own exchange-listed eouity instruments. Performance-related pay New public sector occupational pensions has not been introduced elsewhere in the Group. On 17 December 2015, the Ministry of Labour and Social Af-

#### External environment

KLP's impact on the external environment and climate results from our own activities as well as indirectly through our collaborative partners and suppliers and via investments in companies and property.

KLP has ambitious targets for reducing its footprint, and for contributing to development of new environmental solutions. KLP Eiendom sets strict environmental requirements for new buildings and work on existing buildings. The aim is to reduce the negative impact on the external environment as far as possible for existing buildings too, and this includes constant work to reduce energy consumption and choose materials and solutions that generate the least possible waste. KLP Eiendom uses the environmental classification of buildings as a good framework for effective environmental solutions, and as a good way of communicating the quality of the buildings to the public. The Company has several eco-classified (BREEAMcertified) buildings in its portfolio.

See the section on social responsibility for an account of climate work in the investments.

KLP has adopted environmental and climate targets for its The public sector pension schemes are anchored partly in law own operations, which are monitored each year by Group and partly in collective agreements between the employer and management. Measures to achieve the targets are being preemployee organisations. pared and implemented by the Environment Committee. The Solvency II most important results in 2015 were a 5 per cent reduction in energy consumption for the Group's own offices, more sorting The new solvency regulations for insurance. Solvency II. entered of waste at source, and a levelling off of CO2 emissions from into force on 1 January 2016. In Norway, they were implemented via the new Financial Enterprises Act and the associated flights. There has been a striking, steady increase in flights in recent years. Because of this, the Group's most important Solvency II Regulation. The new capital requirement, which is calculated on the basis of both insurance risk and market risk climate and environmental measure for 2016 is the target to reduce the number of flights taken by 6 per cent. in addition to counterparty and operational risk, will be common to the whole of the EU/EEA area. The capital requirement for many companies is higher than before. This is especially true The whole group is environmentally certified. The Group's premises in Trondheim and Oslo were re-certified under the of life insurance companies that have issued long-term guarantees. National authorities have some scope to allow transitional Miljøfyrtårn scheme in 2015.

### **REGULATORY FRAMEWORK** Financial Enterprises Act

The Financial Enterprises Act entered into force on 1 January 2016. Parts of the Act, such as the provisions on corporate bodies, have been provided with transitional rules, as they could reouire amendments to articles of association.

fairs (ASD) published a report on new pension schemes in the public sector. Pensions for those groups that have special age limits were not part of the remit. It was recommended that the ouestion of old-age and possible early retirement pensions for those unfit for work should be deferred until other matters were resolved. The Ministry assumes that future old-age pensions will be based on the 'mark-up model'. The Ministry believes that the new rules cannot enter into force before 2018, and that parts of the new regime will probably not take effect until a later date. The Ministry of Labour and Social Affairs is expected to launch further moves at the beginning of 2016.

Public sector occupational pensions face potentially large changes in content. The report welcomes increased competition in the market for public sector occupational pensions. It is pointed out that there will still be benefits of scale in the production of public sector occupational pensions, which could mean that it is not necessarily efficient from a socio-economic standpoint to have a large number of providers. When new accrual models are introduced, the vast majority of those affected will already have accruals in the current scheme tied to one provider. It may be practical for accruals in the new model to stay with the same provider. However, it has not been decided that this should be the case.

schemes and permanent schemes that reduce the capital requirement. Different countries have interpreted and used this option to a varying extent. For the coming years, the European Union has given notice of a further focus on harmonisation of the rules.

Pension funds are not subject to Solvency II. Pension funds are KLP's main competitors, so the rules for them, especially the capital requirements, are of great interest. A common European framework for pension funds seems to be some way off. The Financial Supervisory Authority of Norway has therefore proposed that the capital requirement for pension funds should be calculated on the same principle as Solvency II, only slightly simplified. If this is adopted, there will still be more or less equal competitive conditions in this area for life insurance companies and pension funds. It remains to be seen what the final framework for pension funds will look like

KLP and KLP's main product, public-sector occupational pensions, do relatively well under Solvency II. The Company has inserted a number of clarifications into its articles of association to ensure that the owners' equity contributed satisfies all requirements for capital group 1 (the highest quality). The FSA of N has also agreed that the Company's right to call in capital from its owners, already enshrined in the articles of association, can be classified as capital in group 2, in an amount up to 2.5 per cent of the Company's premium reserves. The calculation method has been approved for an initial period of four years, up to and including 31 December 2019.

#### Capital requirements for credit exposure to municipal and county administrations

The Ministry of Finance has sent a letter to the Financial Supervisory Authority of Norway concerning the capital requirements under the new Solvency II rules for insurance companies' investments in loans to and securities issued by Norwegian municipalities etc. The letter asks the FSA of N to draw up supplementary rules to help to provide an interim solution for these investments, as in the banking rules.

Under Solvency II, loans to the municipalities have been classed as "unrated", thus tying up a lot of owners' equity. In simple terms, this means that KLP has to keep 8 per cent of all lending to municipalities in equity and subordinated loan capita, where a bank could make do with 1.6 per cent. After further clarification, insurance will now have the same low capital requirement for such lending.

#### OTHER MATTERS

### Changes in KLP's Board of Directors

Lars Vorland, Managing Director of Helse Nord RHF was elected to the Board of Directors in 2015 after Trond Michael Andersen stepped down to take up a new position. Cathrine Klouman was also elected to the Board in 2015 to replace Anita Krohn Traaseth. She has since informed the election committee that she wishes to leave the Board in the spring of 2016 to take up a new position.

#### Owner relations

KLP prizes good dialogue with its owners. This provides the Company with important input to strategic questions and useful feedback on day-to-day operations. In 2015 KLP arranged owners' meetings around the country with a total of 160 owners present. The Company also attended directors' meetings in the health enterprises. Resource group meetings for local authority chief executives were also held with approx. 40 participants.

#### Corporate governance

KLP's Articles of Association and applicable legislation provide the framework for corporate governance, corporate management and clear division of roles between the governing bodies and executive management.

The KLP Board of Directors conducts an annual review of corporate governance in KLP, including in relation to the Norwegian Code of Practice for Corporate Governance, as applicable to KLP's mutual corporate form and the fact that the Company has not issued any equity instruments and is therefore not exchange-listed either. This is discussed in more detail in the section on NUES on page 52 of the annual report. Election procedures for the Supervisory Board and the Board of Directors are tailored to the direct form of ownership through important stakeholder groups having assured representation on the Supervisory Board, in accordance with the Company's Articles of Association.

The Board of Directors has established an Audit Committee a Remuneration Committee and a Risk Committee. The Board undertakes an annual assessment of its own business and competence.

#### The way forward

The Company's vision states that KLP should be a predictable partner, strengthening customers' finances, simplifying their everyday life, helping to make them attractive employers and contributing to a more sustainable public sector. The key to this work are the values: Open, Clear, Responsible and Committed, which all staff should reflect in their dealings with the Company's customers and colleagues.

KLP's main objective is to be Norway's leading provider of pensions to the public sector. KLP's most important task is therefore to provide pensions with a competitive rate of return over time, the lowest costs and a high level of service.

Delivering good returns over time is demanding in today's markets. Low interest rates and unstable securities markets reduce predictability when it comes to maintaining a good and stable return. To ensure financial freedom of action KLP has strengthened the most important financial buffers, the securities adjustment fund and supplementary reserves The Company is then better able to withstand market fluctuations, and is in a good position to maintain investments in risk classes that are expected to produce returns above the guaranteed interest rate in the long term. The asset management is set up so the Company can survive a poor year without greatly reducing its ability to take risks in the next year. The Company has also decided to increase the financial buffers from the equivalent of three years' guaranteed interest to a minimum of five years. The financial buffers have been increased by NOK 5.1 billion, while the profits in the corporate portfolio of NOK 5.0 billion were allocated to owners' eouity.

With a historically high influx of customers in recent years, KLP is now in a dominant position in the market for public sector occupational pensions, but there is still competition in the market with customers able to establish their own pension fund or to join an intermunicipal pension fund outside KLP. In this market situation it is important to provide our customers and their employees with good service. Reliable and user-friendly system solutions together with efficient case processing for our customers are a good basis for maintaining our position as the preferred provider of pension, non-life and banking products within the local government sector.

Further work to improve efficiency and cost-awareness is needed to compete with the local pension funds and to be well positioned for future products in public sector occupational pension provision. Costs measured against pension assets under management in 2015 show that we are well on the way to achieving this target. A focus on costs will continue to be crucial, and new targets have been set for the period from 2016 to 2018.

KLP intends to step up the work of digitalisation to increase competitiveness. A good overall customer experience is being

> Oslo, 30 March 2016 The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

Liv Kari Eskeland, Chair

Egil Johansen, Deputy Chair

Jan Helge Gulbrandsen

Cathrine Klouman

Susanne Torp-Hansen Elected by and from the employees

> Sverre Thornes Group CEO

developed on the basis of what provides the best customer value. Customers expect self-service solutions and seamless processes with user-friendly interfaces and short response times.

As a customer-owned company, KLP is tackling the challenges of the future by keeping its main focus on its customers' wishes and needs. In recent years, KLP has broadened the scope of its business, by developing attractive retail market services and products for its owners' employees, including the Company's new campaign "Ivaretatt" ("Looked after"). The marketing aim for the investment in retail market products is to reach 80,000 active members by 2018, of whom 20 per cent should be customers for two or more products.

Communication is an essential tool to strengthen relationships between KLP and its customers. The whole organisation has received training to arrive at a common understanding of what constitutes good communication and what is KLP's style and tone. Customers should feel that communication from KLP is simple, understandable, precise, relevant and interesting. The aim is for customers and their employees to gain the impression that: "KLP speaks clearly and simply in a language that I understand. I feel looked after".

Notwithstanding low interest rate levels and a turbulent share market. KLP has the financial strength required to give grounds for optimism about its ability to further develop the business in a way that will continue to create good value for customers, owners and their employees.

Marit Torgersen

Lars Vorland

Freddy Larsen Elected by and from the employees

### LARS VORLAND

Managing Director of Helse Nord RHF, a health enterprise under the Norwegian Regional Health Authority, was elected to the KLP Board of Directors in April 2015. Vorland has many years' experience as a medical doctor and was an attending physician ("avdelingsoverlege") at the University Hospital of North Norway for nearly twenty-five years. He was Divisional Director at the Norwegian Institute of Public Health (NIPH) before joining Helse Nord RHF as Managing Director in January 2004. Vorland has also been a researcher at the University of California, and is Professor of Medicine at the University of Tromsø, Norway.

### ERIK KOLLERUD

is an observer to the Board. He is Chair of YS Kommune (the Confederation of Vocational Unions) and President of Delta (an umbrella for 19 vocational and industrial organizations).

### LIV KARI ESKELAND

is the Chair of the Board of Directors She was elected to the Board of KLP in May 2012. Since 2007 she has been Mayor of Stord Municipality in Hordaland. Eske-land is also the county leader of Hordaland Conservative Party. Eskeland is an architect by profession and was Chief Executive of the architects company Link Signatur before she became mayor.



#### CATHRINE KLOUMAN

is CIO/IT Director at MøllerGruppen AS. She was elected to the KLP Board of Directors in April 2015. Ms Klouman is an economist and holds an Msc from the Norwegian School of Management (BI) followed by additional education at IMD and MIT. She has twenty-five years' experience from the IT industry and banking and financial services and has previously worked for i.a. IBM, Bank-Axept, Gjensidige NOR Sparebank, and DNB (Den Norske Bank).

### SUSANNE TORP-HANSEN

was elected as a  $\mathsf{KLP}$  employees' representative to the Board in May 2013. She has been employed at KLP since 1999 and works in the Training Department of the Life Division on training in pensions. She is also the senior employee representative at KLP. Her education includes law studies from Oslo University and Information and Organization specialization from BI.

### JAN HELGE GULBRANDSEN was nominated a member of the KLP Board in March

2010. He is a member of the Executive Committee of Fagforbundet (the Norwegian Union of Municipal and General Employees - NUMGE) and represents the employee organisation with the most members of KLP.

#### FREDDY LARSEN

was elected as a KLP employees' representative to the Board in May 2009. He has been employed at KLP since 1986 and works as a special consultant in IT-Life at KLP's Bergen office. Freddy Larsen has previous professional experience from the Alcohol and Drug Addiction Service and Technical Services at Askøy Municipality 1985-1986.

#### MARIT TORGERSEN

was elected a member of the Board in May 2011. She has previously worked a total of nine years in different positions in Norges Bank and is now Executive Vice President Group Functions at Eidsiva Energi. She graduated inter alia from the Nord-Trøndelag University College and holds a MSc, London School of Economics.



### EGIL JOHANSEN

Egil Johansen is the Deputy Chair of the Board of Directors.He is and attending deputy member. He was elected in May 2011. Johansen is County Chief Administrative Officer of Vestfold and was previously Chief Administrative Officer of Re Municipality and Porsgrunn Municipality. He graduated as an economist from the Norwegian School of Economics, NHH, and has had a number of board appointments in public sector and private enterprises.

 $\bullet \bullet \bullet$ 

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- 1. General i 2. Summary
- 3. Importan
- 4. Segment
- 5. Net incor 6. Fair value
- 7. Fair value
- 8. Assets in 9. Risk man
- 10. Liquidity
- 11. Interest r 12. Currency
- 13. Credit ris
- 14. Presentat
  - to net set
- 15. Mortgage 16. Investme
- 17. Investme
  - and joint
- 18. Subordina
- 19. Hedge ac 20. Borrowin
- 21. Technical
- 22. Tangible
- 23. Tax
- 24. Capital co 25. Intangible
- 26. Solvency
- 27. Return or
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# Income statement KLP Group

### Notes NOK millions

- 21 Premium income for own account
- 5 Net return on financial assets
- 5 Net interest income from banking
- 5 Realized and unrealized gains and losses on financial instrume
- 16 Net income from investment properties
- 33 Other income
  - Return on financial instruments attributable to minority interes TOTAL NET INCOME
- 21 Claims for own account
- 21 Change in technical reserves
- Interest cost and value change subordinated loan and hybrid T 32 Operating expenses
- 33 Other expenses
- TOTAL EXPENSES

### OPERATING PROFIT/LOSS

- 21 To/from securities adjustment fund life insurance
- 21 To supplementary reserves and buffer allocation life insurance
- 21 Assets allocated to insurance customers life insurance PRE-TAX INCOME
- 23 Cost of taxes<sup>1</sup> INCOME
- Actuarial gains and losses on defined benefits pension scheme
   employee benefits
- 21 Adjustment of the insurance liabilities
- 23 Tax on items that will not be reclassified against the comprehen ITEMS THAT WILL NOT BE RECLASSIFIED TO INCOME

Revaluation real property for use in own operation 16 Currency translation foreign subsidiaries

- 21 Adjustment of the insurance liabilites
- 23 Tax on items that will be reclassified to income later ITEMS THAT WILL BE RECLASSIFIED TO INCOME WHEN PARTICUM

### TOTAL OTHER COMPREHENSIVE INCOME

TOTAL COMPREHENSIVE INCOME

<sup>1</sup>Cost of taxes is included in the minority's share

	2015	2014
	40 236	63 611
	13 076	12 185
	187	133
ents	1 010	13 809
	4 816	4 054
	926	871
ests	-1 949	-3 343
	58 302	91 321
	-16 161	-18 643
	-11 751	-51 848
Tier 1 securities	-1 490	-807
	-1 429	-1 167
	-884	-800
	-31 715	-73 265
	26 588	18 056
	-1 951	-9 130
се	-3 073	-3 415
	-16 435	-4 322
	5 128	1 189
	9 120	1 109
	-935	-324
	4 193	865
es	195	-218
	-20	
ensive income statement	-20 -44	20 53
	132	-144
	172	-7+4
	172	195
	1 319	-678
	-1 319	678
	-43	-53
JLAR CONDITIONS ARE MET	129	142
	261	-2
		0.47
	4 454	863
	-164	-114

# Balance sheet KLP Group

Notes	NOK millions	31.12.2015	31.12.2014
23	Deferred tax assets	33	88
25	Intangible assets	526	448
22	Tangible fixed assets	1 346	1 198
17	Investments in associated companies and joint ventures	368	248
7,16	Investment property	56 436	44 467
6,13	Debt instruments held to maturity	35 318	30 620
6,13	Debt instruments classified as loans and receivables	94 987	86 974
6,7,13,15	Lending to local government, enterprises&retail customers at fair value through profit/loss	1845	2 269
6,13,15	Lending to local government, enterprises & retail customers at amortized cost	75 766	64 741
6,7,13	Debt instruments at fair value through profit or loss	152 493	152 489
6,7	Equity capital instruments at fair value through profit or loss	115 493	101 123
6,7,13,14	Financial derivatives	1 292	1 785
6	Receivables	3 751	1 345
6,8	Assets in defined-contribution-based life insurance	1 183	842
	Cash and bank deposits	2 424	2 257
	TOTAL ASSETS	543 262	490 894

### $\bullet \bullet \bullet$

# Balance sheet KLP Group

Notes	NOK millions	31.12.2015	31.12.2014
	OWNERS' EQUITY		
	Owners' equity contributed	10 422	9 173
36	Retained earnings	12 837	8 385
	TOTAL OWNERS' EQUITY	23 260	17 558
6,18,19,20	Hybrid Tier 1 securities	1 564	1 253
6,18,20	Subordinated loan capital	9 541	3 423
28	Pension obligations	634	755
21	Technical provisions - life insurance	413 799	379 912
6,21	Provisions in defined-contribution-based life insurance	1 183	842
21	Premiums, claims and contingency fund provisions - non-life insurance	2 682	2 555
6,20	Covered bonds issued	18 987	18 468
6,20	Debt to credit institutions	5 099	5 220
6,20	Liabilities to and deposits from customers	7 426	6 251
6,7,14	Financial derivatives	7 993	11 549
23	Deferred tax	700	170
34	Other current liabilities	4 255	5 971
	The minority's share of liabilities	46 140	36 968
	TOTAL LIABILITIES	520 002	473 336
	TOTAL EQUITY AND LIABILITIES	543 262	490 894
35	Contingent liabilities	14 346	13 256

Oslo, 30 March 2016 The Board of Directors of Kommunal Landspensjonskasse gjensidige forsikringsselskap

Liv Kari Eskeland Chair

Egil Johansen Deputy Chair

Jan Helge Gulbrandsen

Cathrine Klouman

Susanne Torp - Hansen Elected by and from the employees

Sverre Thornes Group CEO

Marit Torgersen

Lars Vorland

Freddy Larsen Elected by and from the employees

# Statement of owners' equity KLP Group

2015	Owners' equity	Retained	Total owners'
NOK millions	contributed	earnings	equity
Owners' equity 1 January 2015	9 173	8 385	17 558
		( 107	( 407
Income		4 193	4 193
Items that will not be later reclassified to income		170	170
		132	132 129
Items that will be reclassified to income later when particular conditions are met		129	
Total other comprehensive income		261	261
Total comprehensive income		4 454	4 454
Total comprehensive income		4 4 7 4	4 4 7 4
Owers'equity contribution received	1 249		1 249
Total transactions with the owners	1 249		1 249
	1217		1217
Owners' equity 31 December 2015	10 422	12 837	23 260
2014	Owners' equity	Retained	Total owners'
NOK millions	contributed	earnings	equity
			15 100
Owners' equity 1 January 2014 1)	7 659	7 523	15 182
le se una		0.6	0/5
Income		865	865
Items that will not be later reclassified to income		-144	-144
Items that will be reclassified to income later when particular conditions are met		142	142
Total other comprehensive income		-2	-2
		2	2
Total comprehensive income		863	863
		007	007
Owers'equity contribution received	1 514		1 514
Total transactions with the owners	1 514		1 514
Owners' equity 31 December 2014	9 173	8 385	17 558

<sup>1</sup>Owners' equity 1 January 2014 has been changed due to a reclassification of funds in the subsidiary KLP Skadeforsikring AS by NOK 86 millions.

# Statement of cash flows KLP Group

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NOK millions	2015	2014
Direct insurance premiums received	28 264	35 188
Reinsurance premiums paid	-55	-54
Direct insurance claims and benefits paid	-15 281	-13 631
Reinsurance settlement received for claims and insurance benefits	26	74
Payments received on transfer	9 599	30 376
Payments made on transfer	-167	-4 369
Payments to other suppliers for products and services	-1 200	-1 153
Payments to staff, pension schemes, employer's social security contribution etc.	-781	-694
Interest paid	-796	-922
Interest received	10 883	10 055
Dividend received	4 863	3 840
Tax and public charges paid	-516	162
Net receipts/payments of loans to customers etc.	-9 638	-8 736
Net receipts on customer deposits banking	1 175	0
Receipts on the sale of shares	35 038	30 152
Payments on the purchase of shares	-53 616	-51 839
Receipts on the sale of bonds and certificates	55 035	51 903
Payments on the purchase of bonds and certificates	-74 059	-82 048
Receipts on the sale of property	795	0
Payments on the purchase of property	-8 984	-3 419
Payments to investments in assets with investment option	-350	-217
Net cash flow from property business	2 858	2 522
Net cash flow from purchase/sale of other short-term securities	-1 256	1 835
Net cash flows from operating activities	-18 164	-976
Cash flow from investment activities		
Receipts on the sale of tangible fixed assets	7	0
Payments on the purchase of tangible fixed assets etc.	-169	-162
Net cash flows from investment activities	-162	-162
Cash flows from financing activities		
The minority's share of operational activities	11 738	-2 843
Receipts on subordinated loan capital	5 162	0
Net receipts/disbursements on loans from credit institutions	310	1 829
Receipts of owners' equity contributions	1 290	1 662
Payments on repayment of owners' equity contributions	-41	-148
Net cash flows from financing activities	18 461	499
Net changes in cash and bank deposits	134	-639
Effect of exchange rate changes on cash and cash equivalents	32	1
Holdings of cash and bank deposits at start of period	2 257	2 896
Holdings of cash and bank deposits at end of period	2 424	2 257

# Notes KLP Group

### Note 1 General information

Kommunal Landspensjonskasse gjensidige forsikringsselskap (the Company) and its subsidiaries (together the Group) provide pension, financial, banking and insurance services to municipalities and county administrations, health enterprises and to enterprises both in the public and private sectors.

The largest product area is group pensions insurance. Within pension insurance the Group offers local government occupational pensions, defined benefit pensions and defined contribution pensions. In addition the Group offers group life and nonlife insurance, banking services, fund and asset management.

Kommunal Landspensjonskasse (KLP) is a mutual insurance company registered and domiciled in Norway. The Company has its head office in Dronning Eufemias gate 10, Oslo.

The Group's annual financial statements may be accessed at www.klp.no.

The Group has subordinated loans listed on the London Stock Exchange and part of the groups issued covered bonds are listed on Oslo Stock Exchange.

### Note 2 Summary of the most important accounting principles

Below follows a description of the most important accounting principles used in the consolidated financial statements. These principles have been used consistently for all periods presented.

### **2.1. FUNDAMENTAL PRINCIPLES**

The consolidated financial statements for KLP have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU with certain supplements resulting from the Norwegian Accounting Act and the Regulations on annual accounts for insurance companies.

In preparing the annual financial statements management must make accounting estimates and discretionary evaluations. This will affect the value of the Group's assets and liabilities, income and expenses recognized in the financial statements. Actual figures may deviate from estimates used. Areas in which discretionary valuations and estimates have been used that are of material significance for the Group are described in Note 3.

All sums are presented in NOK millions without decimals unless otherwise stated.

The financial statements have been prepared in accordance with the going concern assumption.

### 2.1.1 Changes in accounting principles and disclosures

(a) New and changed standards adopted by the Group There are no changes in accounting principles in 2015 that have been of significance for the Groups' annual report.

(b) Standards, changes and interpretations of existing standards that have not come into effect and where the Group has not chosen advanced application.

· IFRS 9 Financial instruments governs classification, measurement and recognition of financial assets and financial liabilities as well as hedge accounting. The complete version of IFRS 9 was published in July 2014. It replaces those parts of IAS 39 governing corresponding questions. In accordance with IFRS 9 financial assets are to be classified in three categories: fair value of over other comprehensive income; fair value through profit or loss; and amortized cost. The measurement category is decided on first recognition of the asset. Classification depends on the entity's business model for managing its financial instruments and the characteristics of the individual instrument's cash flows. Basically, the equity instruments are measured at fair value through profit or loss. The enterprise may choose to present the value changes over other comprehensive income, but the choice is binding and, on later sale, gain/ loss cannot be reclassified through profit or loss. Impairment resulting from credit risk is now to be recognized based on expected loss instead of the current model where losses must have been incurred. For financial liabilities the standard generally continues the requirements in IAS 39. The greatest change is that in instances in which the fair value option is adopted for a financial liability, changes in fair value resulting from change in the entity's own credit risk are recognized in other comprehensive income. IFRS 9 simplifies the requirements for hedge accounting through the hedging effect's closer linkage to the management's risk management and provides greater scope for discretion. Hedging documentation continues to be reouired. The standard comes into effect for the 2018 reporting year, but advanced adoption is permitted. The Group has yet to fully assess the effect of IFRS 9. It is expected that IFRS 9 will be approved by the EU/EEA in the course of the first quarter 2016.

• IFRS 15 Revenue from Contracts with Customers deals with revenue recognition. The standard calls for analysis of the customer contract, identifying the individual performance obligations. A performance obligation may be a good or service. Income is recognized when a customer achieves control over a good or service, and thus has the opportunity to decide on the use of and may receive the advantages from the good or the service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and associated interpretations. The standard comes into effect for the 2018 reporting year, but advanced adoption is permitted. The Group still has yet to fully assess the effect of IFRS 15..

Otherwise there are no other IFRSs or IFRIC interpretations not yet in force that are expected to have a significant impact on the financial statements.

2.1.2 Changes in financial statements in comparison with previous periods There were reclassifications in 2015 with the effect that comparison figures have been adjusted. The changes are shown in the table below.

### NOK millions

### Adjustment of the insurance liabilities

Tax on items that will not be reclassified against the comprehensive Items that will not be later reclassified to income

### Adjustment of the insurance liabilities

Tax on items that will not be reclassified against the comprehensive Items that will be reclassified to income later when particular condit

### Retained earnings

Total owners' equity

Other current liabilities Total liabilities

### 2.2 CONSOLIDATION PRINCIPLES 2 2 1 Subsidiaries

All entities in which the Group has decisive influence/control are considered subsidiaries. Control is normally achieved through ownership of more than half of the voting capital. The effect of potential voting rights that can be exercised or converted at the end of the reporting period is included in the assessment of control. Subsidiaries are consolidated from the date on which the Group takes over control and they are omitted from consolidation when that control ceases.

In accordance with the changed definition of control in IFRS 10, a large portion of KLP's investements in securities fund are consolidated in the Groups financial statements. KLP/Group has laid wait upon the following factors in assessing whether there is an obligation to consolidate:

- The Group takes the initiative for the securities fund and defines investment strategy, management fees etc. for the securities fund's byelaws
- The Group undertakes the management within the operating scope of the securities fund's byelaws
- The Group receives all management fees in the fund
- The Group exploits synergies is by undertaking management itself (except for certain "funds of funds")
- · The Group has substantial ownership interest in the fund (usually more than 20 per cent)

Applying definintion in IFS 10 makes discretionary evaluations necessary. The minority's share of the mutual funds are in the financial statement classified as liabilities because of the ability to redemption.

Purchase of subsidiaries is recognized in accordance with the purchase method. Acquisition cost is set at the same as fair value of assets provided by way of consideration for the purchase, equity instruments issued and liabilities assumed on transfer of control. The identifiable assets and liabilities of the acquired company are valued at fair value. If cost of acquisition exceeds fair value of identifiable net assets in the subsidiary, the excess is capitalized as goodwill. If the cost of acquisition is lower, the

	Original amount 2014	Change	Adjusted 2014
	698	-678	20
income	-129	182	53
	350	-494	-144
	0	678	678
income	130	-183	-53
tions are met	-352	494	142
	8 471	-86	8 385
	8 471	-86	8 385
	5 885	86	5 971
	5 885	86	5 971

difference is taken to profit/loss on the date of acquisition. Internal Group transactions and accounts between Group companies are eliminated. Where Group companies present accounts in accordance with principles other than those of the Group, these are converted to correspond to the Group's accounting principles before they are consolidated. The Group's accounts are presented in NOK and those of subsidiaries in foreign currency are translated to NOK at the exchange rate prevailing at the end of the reporting period. On consolidation of income statement items in foreign currency, average foreign exchange rates are used.

### 2.2.2 Associated companies

Associated companies are entities in which the Group has substantial influence without having control. Normally substantial influence is reached through a holding of 20 - 50 per cent of voting capital. In addition to owning at least 20 per cent of the voting capital the Group has substantial influence through board representation or in some other way in all companies defined as associated companies.

On the date of acquisition investments in associated companies are taken to account at cost of acquisition. The equity capital method is used for accounting in subsequent periods. This means that the Group's share of profit or loss in associated companies is taken to profit/loss and is added to the capitalized value together with owners' equity changes not taken to profit/loss. The Group does not take a share of the loss to profit/loss if this involves the capitalized value of the investment becoming negative unless the Group has assumed liabilities on behalf of the associated company.

Where necessary accounting principles in associated companies are changed to achieve harmonization with the Group's accounting principles.

### 2.2.3 Joint arrangements

Joint arrangements are investments in which the Group has joint control with another company. "Joint control" is the contractually agreed sharing of control of a joint arrangement, which exists only when decisions about the relevant activities require unanimity between the parties sharing control.

In accordance with IFRS 11, investments in joint arrangements shall be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor. KLP has assessed its joint arrangements and concluded that they are joint ventures.

On the date of acquisition investments in joint arrangements are recognized at cost of acquisition. The equity capital method is used for accounting in subsequent periods. This means that the Group's share of profit or loss in joint arrangements is taken to profit/loss and is added to the capitalized value together with owners' equity changes not taken to profit/loss. The Group does not take a share of the loss to profit/loss if this involves the capitalized value of the investment becoming negative unless the Group has assumed liabilities on behalf of the joint arrangement.

Where necessary accounting principles in associated companies and joint ventures are changed to achieve harmonization with the Group's accounting principles.

### 2.2.4 Structured units

Some funds have been consolidated in the Group's financial statement because they are consider to meet the definition of IFRS 10. These funds are in total owned by parent company KLP.

#### 2.3 BUSINESS SEGMENTS

The Group's business segments have been defined in relation to business areas where risk and returns are differentiated from each other. The Group's business segments are grouped into public sector occupational pension and group life, enterprise occupational pension, non-life insurance, banking, asset management and other business. The segments are described in detail in Note 4.

### 2.4 TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCY

**2.4.1 Functional currency and presentational currency** The consolidated financial statements are presented in NOK, which is the functional currency of the parent company.

### 2.4.2 Transactions and financial position statement items

Transactions in foreign currency have been translated to NOK by using the exchange rate on the date of the transaction. Exchangerate gains and losses on transactions in foreign currency are recognized through profit or loss. This also applies to translation of money items (assets and liabilities) at the end of the reporting period.

Translation differences on monetary items are included as part of the gain and loss on valuation at fair value. Translation differences associated with non-monetary items, such as shares at fair value through profit and loss, are included as an element of value change taken to profit/loss.

### 2.4.3 Group companies

Entities that are consolidated and have functional currency other than the presentation currency are treated as follows:

- The financial position is translated at the exchange rate at the end of the reporting period
- The statement of income is translated at average exchange rate (if the average does not in general provide a reasonable estimate against use of the transaction rate, the transaction rate is used)
- Translation differences are taken to other comprehensive income.

### 2.5 TANGIBLE FIXED ASSETS

In the main, the Group's tangible fixed assets comprise office machinery, inventory, art and real estate used by the Group in its business. Real estate used by the Group is revalued at fair value based on periodic valuations carried out by the Group, with deductions for depreciation. Valuation review is carried out regularly. The principles for valuation of properties are the same for investment property and are described in detail in connection with the principles for accounting treatment of investment property. Other tangible fixed assets are recognized at cost of acquisition including costs that can be attributed directly to the fixed asset, with deduction for write-downs.

Subsequent costs relating to fixed assets are capitalized as part of the fixed asset if it is likely that the expenditure will contribute to future financial benefit for the Group and the cost can be measured reliably. Repair and maintenance are recognized through profit or loss during the period in which the expenses are incurred.

Increase in capitalized value as a result of valuation of property used in-house is taken through other comprehensive income to owners' equity as a change in the revaluation fund. A reduction of the property's fair value is recognized through other comprehensive income against the property's share of the revaluation fund. Any further reduction is recognized through profit or loss through ordinary income.

Depreciation is by straight-line so the acquisition cost of fixed assets or their reassessed value is depreciated to residual value over expected life, which is:

Buildings:	50 years
Office machinery:	3–5 years
Vehicles:	5 years
Inventory:	3–5 years

Buildings are divided into components if substantial parts have significantly different lifetimes. Each component is depreciated in accordance with that component's life.

The utilisable life of tangible fixed assets is assessed annually. Where there are indications of impairment in excess of residual value, the recoverable sum is calculated. If the recoverable sum is lower than the residual value, write-down is carried out to the recoverable sum.

### 2.6 INVESTMENT PROPERTY

Real estate not used by the Group is classified as investment property. If a property is partially used by the Group and partially leased to external tenants, the part that is leased to external tenants is classified as investment property if it can be subdivided out.

Investment property comprises buildings and sites, and is valued at fair value at the end of the reporting period. The Group uses a valuation model to estimate market value.

The valuation method is based on discounting of the property's expected net cash flow by the market's return requirements.

In the first instance, the market rent at currently applicable terms is used in calculating net cash flow whereas for periods after the expiry of contracts an estimated market rent is used. In addition an income deduction is taken into account for expected vacancy, expected maintenance/improvement costs and normal operating costs. The expected cash is discounted by a return requirement that is determined on the basis of the risk-free interest rate (10year Norwegian Government Bond interest rate) adjusted by a supplement for estimated 20-year risk-free interest rate. The estimate on the 20-year interest rate corresponds to the slope of the swap curve between 10 and 20 years. The risk-free interest is then accorded a general property risk to find the return requirement for prime properties. Finally a risk premium is added that is determined on the basis of the willingness of the investors in the property market to accept risk taking account of matters specific to the property such as for example geography, property type, contracts, tenants and technical state of the property.

A set selection of the Group property stock, the pilot portfolio, is valued quarterly by external, independent and qualified valuers. In the event of significant deviation from our own valuation of fair value the differences are analysed and the valuation model's parameters are adjusted if this proves necessary.

Changes in fair value are taken to profit/loss in the line "Net income from investment properties".

If an investment property is occupied by the Group, the property is reclassified as a tangible fixed asset. Fair value on the date of reclassification provides the cost price for the reclassified property.

If a property the Group has used is leased externally, the property is reclassified as investment property. Any difference between book value and fair value on the date of reclassification is taken to owners' equity as a revaluation.

Account is taken of deferred tax on value adjustments for investment property.

### 2.7 INTANGIBLE ASSETS

The Group's intangible assets mainly comprise capitalized IT systems. Directly attributable costs capitalized on the purchase of a new IT system comprise those paid to the system supplier, as well as external consultancy support and internally accrued costs of having the system installed and readied for use.

On further development of IT systems both external and internal costs are capitalized in accordance with the above. System changes regarded as maintenance are taken to expenses as they occur.

Once an IT system is operational the capitalized costs are depreciated by straight line over the expected life. In the event of subsequent capitalization because of further development this is depreciated over the originally set life unless the expenditure increases the total expected life of the system.

If there are indications that the book value of a capitalized IT system is higher than the recoverable sum an impairment test is carried out. If the book value is higher than the recoverable sum (present value on continued use/ownership), the asset is written down to the recoverable sum.

### 2.8 FINANCIAL INSTRUMENTS

2.8.1 Classification

Financial instruments are classified on first recognition in one of the following categories:

### Financial assets

- a) Financial assets at fair value through profit or loss
- b) Lending and receivables recognized at amortized cost
- c) Investments held to maturity recognized at amortized cost

### **Financial liabilities**

- a) Financial liabilities at fair value through profit/loss
- d) Other financial liabilities recognized at amortized cost
- a) Financial assets and liabilities at fair value through profit or loss Within this category it may be mandatory or chosen to recognize attribution at fair value with value changes through profit or loss.
- Financial assets held for trading are assets acquired primarily with a view to providing a profit from short-term price fluctuations. The Group's derivatives are included in this category unless they are included as an element of accounting hedging in accordance with the rules on hedge accounting.
- Financial instruments and liabilities opted to be recognized at fair value with value changes through profit or loss are classified in this category if the financial instruments are either managed as a group, and where their earnings are assessed and reported to management on the basis of fair value, or if the classification eliminates or reduces accounting inconsistencies in measurement.

The financial assets include shares and units/holdings, securities funds units, bonds, certificates and lending whilst the financial liabilities cover debt to credit institutions and derivatives.

### b) Lending and receivables recognized at amortized cost

Lending and receivables are financial assets, with the exception of derivatives, with set or determinable payments, and that are not traded in an active market or that the Group intends to sell in the short term or has classified at fair value through income. Lending and receivables at amortized cost comprise:

- Loans and receivables linked to investment business
- Other loans and receivables including receivables from policyholders

Loans and receivables in the investment business include debt instruments classified as loans and receivables i.e. bonds that are not priced in an active market as well as lending to local authorities, enterprises and retail customers.

### c) Financial assets held to maturity

Financial assets held to maturity comprise financial assets that are not derivatives and that have set or determinable payments and a defined date of maturity and that the Group has the intention and the ability to hold to maturity with the exception of:

- Those the enterprise classifies on first recognition at fair value through profit or loss
- · Those that meet the definition of loans and receivables.

The category includes bonds recognized at amortized cost

### d) Other financial liabilities recognized at amortized cost

The category covers subordinated loans, covered bonds issued and debt to as well as deposits from customers.

### 2.8.2 Recognition and measurement

Purchases and sales of financial instruments are recognized at fair value on the trading date, i.e. when the Group has committed itself to buy or sell that financial instrument. Direct costs of purchase are included in acquisition cost except for purchase costs associated with financial instruments at fair value through profit or loss. For these instruments purchase costs are taken to expenses directly. Recognition of financial assets ceases when the Group is no longer entitled to receive the cash flow from the asset or the Group has transferred all risk and entitlements associated with its ownership. Recognition of financial liabilities ceases when the underlying obligation in the contract has been met, been cancelled or expired.

### a) Value measurement at fair value

The principles for calculating fair value related to the various instruments are shown in Note 6.

### b) Value measurement at amortized cost

Financial instruments not measured at fair value are measured at amortized cost using the effective interest rate method. The internal rate of return is set through discounting contractual cash flows over expected duration. The cash flows include setting-up charges and direct transaction costs as well as any residual value on expiry of the expected duration. Amortized cost is the present value of these cash flows discounted by the internal rate of return.

#### c) Write-down of financial assets valued at amortized cost

In assessing whether there is impairment in value of a financial asset, weight is attached to whether the issuer/debtor has significant financial difficulties and whether there is breach of contract, including default. An assessment is made of whether it is probable the debtor will be bankrupted, whether there is an active market for the asset because of financial difficulties, or whether measurable reduction is being seen in expected cash flow from a group of financial assets. The assessment is based exclusively on historical data: future events are not considered, regardless of the degree of probability.

If there is objective proof of impairment, write-down is carried out. The write-down is calculated by comparing the new, anticipated cash flows with the original cash flows discounted by the original effective interest rate (assets with fixed interest) or by the effective interest rate at the time of measurement (assets with variable interest). The write-down reduces the asset's capitalized value and is included in the statement of income under "Current returns from financial assets".

Loss assessment and loss write-down is carried out quarterly on individual loans. Loans with unpaid repayments older than 90 days or credits with overdrafts older than 90 days are examined at the end of the reporting period. In addition continuous assessment is carried out of other lending engagements where there is objective proof of impairment.

Lending is also assessed by group. If there is objective proof of impairment in a group of loans, write-down is carried out.

# 2.8.3 Presentation in the financial position statement and income statement

a) Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss are recognized in the financial position statement either as "Lending local government, enterprises & retail customers at fair value through profit/loss", "Debt instruments at fair value through profit or loss" or "Equity instruments at fair value through profit or loss". Interest income and share dividend are included in the line "Net return on financial assets". For the banking business, interest income is included in the line "Net interest income banking". Other value changes are included in the line "Net return on financial assets".

#### a) Loans and receivables at amortized cost

Loans and receivables at amortized cost are presented in the financial position statement either as "Debt instruments classified as loans and receivables", "Loans to local authorities, enterprises and retail customers", "Receivables" or "Cash and bank deposits". Interest income is included in the line "Net return on financial assets". For the banking business, interest income is included in the line "Net return on financial customers' income banking". Value changes that can be linked to objective indications of impairment as well as foreign exchange changes are included in the line "Net return on financial assets".

### c) Financial assets held to maturity

Financial assets held to maturity comprise bonds noted in an active market and are presented in the financial position statement as "Debt instruments held to maturity". Interest income in accordance with the effective interest rate method is included in the line "Net return on financial assets". Value changes that can be linked to objective indications of impairment as well as unrealized foreign exchange changes are included in the line "Net return on financial assets".

### d) Liabilities to and deposits from customers

Liabilities to and deposits from customers are recognized at fair value in the financial position statement when the deposit has been recorded as transferred to the customer's account. In subsequent periods, liability to and deposits from customers with variable interest rates are accounted for at amortized cost in accordance with the effective interest rate method. The costs of interest are included in the line "Net interest income banking".

### e) Subordinated loan issued

Subordinated loan is taken to account at fair value on subscription. On subsequent measurement subordinated loan is recognized at amortized cost using the effective interest rate method. The method is used to allocate the interest costs over a relevant period and is posted over income in the line "Interest costs and value change subordinated loan and hybrid Tier 1 securities". Subordinated loan in foreign currency is translated to NOK at the end of the reporting period. Value change as a result of the foreign exchange change is posted through income and included in the line "Interest costs and value change subordinated loan and hybrid Tier 1 securities".

### f) Hybrid Tier 1 securities issued

Hybrid Tier 1 securities are recognized at nominal on date of issue and valued subsequently at amortized cost. For hybrid Tier 1 securities hedged against exchange and interest rate changes (fair value hedging), book value is adjusted on value change in hedged risk. The value change is posted through income in the line "Net costs subordinated loan and hybrid Tier 1 securities".

### g) Covered bonds issued

In the first instance covered bonds issued are recognized at fair value, i.e. nominal adjusted for any premium/discount on issue. On subsequent valuation the bonds are valued at

amortized cost by the effective interest method. The costs of interest are included in the line "Net interest income banking" in the income statement.

Bonds issued with fixed interest are recognized in accordance with the rules on fair value hedging inasmuch as they are hedged against change in interest rate level.

### h) Loans to credit institutions

Liabilities to credit institutions are capitalized at market value on take-up. On subsequent measurement fair value is used when this eliminates or reduces accounting inconsistency. The interest costs are included in the line "Net interest income banking" whereas other value changes are included in the line "Net value change on financial instruments" in the income statement.

### i) Derivates and hedging

Financial derivatives are capitalized at fair value at the time they are contracted. On subsequent measurement the derivatives are recognized at fair value and are presented as an asset if the value is positive and a liability if the value is negative. Recognition of associated gains and losses depends on whether the derivative has been identified as an accounting hedge instrument and in which type of accounting hedge the derivative is included.

For derivatives not included in accounting hedge relationships, gains and losses are recognized through profit or loss as they arise in the line for "Net value change on financial instruments". These are included in the category "Financial assets at fair value through profit or loss".

In three cases the Group has used accounting hedging (hedge accounting). In one case the hedge accounting is used on hedging of hybrid Tier 1 securities issued (the hedging object) against value changes resulting from changes in interest rates and exchange rates (fair value hedging). The hedging instrument is a combined interest rate and currency swap (CIRCUS). The hedge relationship is documented and the effectiveness of the hedging is measured continuously. In the second instance it is fair value hedging of fixed interest borrowing that is hedged against interest rate risk. The hedge relationship is documented and the effectiveness of the hedging is measured continuously. The third instance is fair value hedging of fixed interest lending. The hedge relationship is documented and its effectiveness is measured continuously.

Change in fair value of the hedging instrument is included in the income statement at the line for "Net value change on financial instruments". Value changes in the hedging object that can be attributed to the hedge risk are booked as a correction of the hedging object's capitalized value and included in the income statement at the line for "Net costs subordinated loan and hybrid Tier 1 securities" and "Net interest income banking". In those instances in which a security has inbuilt derivatives that are not separated out, the value of the derivative will be included in the security's value as a whole. Value change in the KLP Group will be reported on the income statement line "Net value change on financial instruments".

### 2.9 NETTING

Financial assets and financial liabilities are only netted to the extent there is a legal entitlement to net asset against liability, and that it is the intention to carry out netting, as well as the maturity date of the asset corresponding with the date the liability is due payment.

### 2.10 CASH AND CASH EQUIVALENTS

Cash and bank deposits are defined as receivables from credit institutions without termination date. The amount does not include receivables from credit institutions that are linked to purchase and sale of securities in the management of the securities portfolios.

### 2.11 THE GROUP'S OWNERS' EQUITY

The Group owners' equity is divided into two main elements:

### 2.11.1 Owners' equity contributed

The Group's parent company is a mutual company owned by its customers. This means that customers participating in KLP's "fellesordninger" (Joint Pensions – schemes for public sector occupational pensions) pay an owners' equity contribution on registration. The owners' equity contribution is set in proportion to the relative size of the customer measured in premium reserves.

The owners' equity contribution may be used to cover losses or deficits in current operation. It may only be repaid in connection with transfer of a customer's business from the Company after approval in advance from the Financial Supervisory Authority of Norway. (FSA of N) The member's share of the actual combined owners' equity contribution at the termination date calculated proportionately to the member's share of the Company's total premium reserves is subject to possible repayment.

Distribution of returns on owners' equity contributions depends on the Company's results.

The owners' equity contribution may not be traded.

### 2.11.2 Retained earnings

The Group's retained earnings comprise the risk equalization fund, the natural perils fund, the revaluation fund and other retained earnings.

Ordinary company law rules apply for any distribution or use of retained earnings.

The Norwegian Insurance Activity Act provisions apply for any use of the riks equalization fund and the natural perils fund

### 2.12 RECOGNITION OF INCOME

Income on sale of goods is valued at fair value of the consideration, net after deductions for VAT and any discounts. Sales internal to the Group are eliminated.

### 2.12.1 Premium income

Premium income is taken to income by the amount falling due during the accounting year. Accrual of premiums earned is dealt with through provisions against unearned premiums. Reserves transferred in for the year are recognized through the income statement and included in the premium income. The share of the period's gross premium income accruing to reinsurers in connection with reinsurance is shown as a deduction from gross premium income.

### 2.12.2 Interest income/expenses

Interest income and interest expenses associated with all interestbearing financial instruments is and valued at amortized cost are taken to income using the effective interest rate method. Settingup fees for lending are included in the amortization and taken to income over the loan's expected duration.

Interest income for fixed-income financial investments measured at fair value is classified as "Net return on financial assets". For the banking business the interest income is included in the line "Net interest income banking", whereas other value changes are classified as "Net value change on financial instruments".

### 2.12.3 Rental income and other income

Income from leasing of real estate is taken to income by straight line accrual over the duration of the lease. The income is included in the line "Net income from investment properties". Fees for asset management are taken to income in proportion to the management carried out for the period up to the end of the reporting period. The income is included in the line "Other income". Other services are taken to income by straight line over the contract period.

### 2.13 TAX

The Group conducts taxable business. Tax is calculated in accordance with the rules in the Norwegian Tax Act. Differences between accounting and tax valuations of assets and liabilities that will reverse at a later date provide the basis for calculating deferred tax assets or deferred tax liabilities in the financial statements. Deferred tax assets and deferred tax liabilities are netted inasmuch as they are assessed during the same period.

The Group's parent company has a large deficit to be carried forward that can be used to set off any taxable profit in its Norwegian subsidiaries using Group contributions with taxable effect.

In presenting the consolidated financial statements, capitalization and of Norwegian deferred tax is considered at Group level. Deferred tax and tax assets are calculated as differences between the accounting and taxation value of assets and liabilities. Deferred tax asset are capitalized to the extent it can be shown probable that the companies in the Group will have sufficient taxable profit to exploit the tax asset. In assessing the probability, emphasis is placed on historic earnings and expected future taxable income.

For foreign subsidiaries, tax payable and deferred tax/deferred tax assets are taken to account in accordance with local tax rules. The tax cannot be set off against the parent company's deficit to be carried forward using Group contributions with tax effect. In the consolidated financial statements' financial position statement this tax is shown at the line for "Deferred tax". In the income statement the tax cost is shown as "Cost of taxes".

The cost of taxes is further specified in Note 23.

### 2.14 INSURANCE CONTRACTS

In accordance with IFRS 4 significant insurance risk must be associated with the contract for it to be able to be defined as an insurance contract. The insurance products the Group offers satisfy the requirement for significant insurance risk and are recognized in accordance with IFRS 4. In accordance with IFRS 4, the insurance contracts are valued as a whole as an insurance contract even though this contains a financial element.

Adequacy testing has been carried out to check that the level of

the liabilities on the insurance contracts recognized in the accounts is proportionate to the insurance customers' contractual entitlements. The Group's reserves satisfy the requirements of this test and IFRS 4 therefore imposes no further requirements for reserves. The Group has therefore used applicable Norwegian regulations to account for insurance contracts.

### 2.14.1 Sectors

The Group offers products to its customers in the following sectors: a) Group pension (public sector and private)

- b) Group life
- c) Non-life insurance
- a) Group pensions (public sector) comprise mainly defined benefits local government schemes covering retirement pension, survivor pension, disability pension and premium suspension while unfit for work.

The group pension schemes are based on straight line accumulation. This means that the individual's accumulated benefits always amount to the proportionate part of the benefits to which they would be entitled in the event of continued service up to pensionable age. The proportionate part is the result of the ratio between the period of service the individual has already accumulated and the total period of service the individual would achieve by continued service to pensionable age, although the latter figure may not exceed 40 years in calculating the proportionate part. The schemes are based on the final salary principle. Adjustment of current pensions in line with adjustment in Norwegian National Insurance as well as adjustment of deferred entitlements in line with the National Insurance basic sum ("grunnbeløpet" or "G") is part of the pension scheme's defined benefits. The benefits of the schemes are coordinated with National Insurance in accordance with prevailing rules and guarantee a defined gross level of pension.

The indexation of current pensions and accumulated pension entitlements is financed entirely by a special indexation premium. Gross guarantees etc. are financed through discrete premiums at the start of and possibly on later changes to the pension.

The net premium reserve in the pension schemes is set as a net single payment premium for the accumulated age, disability and survivors' pensions. In addition administration reserves are set aside for the purposes designated by the FSA of N and based on the Group's actual costs for these purposes. Additionally provision for insured events that have occurred but not yet been settled, including a waiting period provision for disability risks, is included in the pension schemes' premium reserve. That part of the occurred, not yet settled insurance events that would have been paid out had the claim been finally processed, is separated out in a discrete claims reserve.

In addition to the guaranteed future gross benefits scheme described above, group benefits-based defined benefit pensions (net scheme) and defined contribution pensions are offered.

Defined contribution pension is a pension savings scheme in which the customer pays contribution according to an agreed contribution plan to the members' future retirement pension. The defined contribution pension scheme has an associated risk-benefit that, as at 31 December 2015 12 comprised contributions relief and disability pension without paid-up policy accumulation, both with a 12-month waiting period. For these a waiting period provision (IBNR/RBNS) is made of 12 months' risk premium. For contracts where at the end of the year there was premium due for less than 12 months, IBNR/RBNS provision is made only for the risk premium due. On the same principle provision is made for (up to) 12 months' administration reserve premium as administration reserve, to cover administration of the expected disability benefits the IBNR/RBNS is to cover.

Provisions in life insurance with investment option comprise the customers' deposited savings capital supplemented by returns made.

b) Group life is mainly concentrated on local government group life and teacher group life covering only mortality/whole of life risk. Other cover exists for a small number of customers. In addition there is debt group life that covers whole life risk and for a large number of existing customers also covers disability risk.

The technical insurance provisions in group life insurance are based on risk theory methods. The claims reserve includes provisions for the expected payments on insured events that have occurred but are not yet settled regardless of whether or not these have been reported.

c) In non-life insurance the following products are offered:

### Occupational Injury, Personal Accident and Accident

Insurance contracts cover the customers' employees for occupational injury within the scope of the Occupational Injury Act and the Basic Collective Agreement for the Civil Service. In addition, insurance contracts are taken out covering employees for accidents during leisure time. Insurance contracts are also taken out covering school pupils during school time.

#### Fire-Combined

Insurance contracts covering damage to customers' property and any loss incurred by the customer in the event of damage to or loss of the property. The risk for the Company is reduced through taking reinsurance contracts covering compensation in excess of a certain amount per claim.

#### Motor Vehicle

Insurance contracts covering damage occurring through use of the customers' motor vehicles. The risk for the Company is reduced through taking reinsurance contracts covering compensation in excess of a certain amount per claim.

### Third-party liability

Insurance contracts that cover damage incurred by third parties as a result of the customers' activities. The cover applies both for property claims and personal injuries.

### Travel

Insurance contracts that cover customers for injury and loss arising during travel

The Group is at all times to have technical reserves fully covering the technical liability and other risk emanating from the insurance

business. The Group's reserves are in any event at all times to satisfy the minimum requirements for reserves pursuant to the regulations or from decisions and rules laid down pursuant to the "Regulations concerning technical provisions and risk statistics in non-life insurance" of 10 May 1991, No. 301, and "Supplementary regulations concerning technical provisions and risk statistics in non-life insurance" of 18 November 1992, No. 1242.

### 2.14.2 Provisions in insurance funds

The Group's most important insurance funds are described below:

### a) Premium reserve

The premium reserve represents the actuarial cash value of pension entitlements accumulated on the date of calculation. The premium reserve also includes administration reserve in accordance with KLP's calculation base, as well as provisions for incurred, not yet settled insurance claims, including waiting period provisions for disability risk. That part of the occurred, not yet settled insurance events that would have been paid out had the claim been finally processed, is separated out in a discrete claims reserve.

#### b) Supplementary reserves

Supplementary premium reserve represents the actuarial cash value of pension entitlements accumulated on the date of calculation. The premium reserve also includes administration reserve in accordance with KLP's calculation base, as well as provisions for incurred, not yet settled insurance claims, including waiting period provisions for disability risk. That part of the occurred, not yet settled insurance events that would have been paid out had the claim been finally processed, is separated out in a discrete claims reserve.

#### c) Premium fund

The premium fund contains premiums paid in advance and any surplus assets allocated to the individual customer's premium fund accounts. Premium fund assets may be used to cover future premiums.

### d) Claims reserves

Claims reserves comprise provision for incurred not yet reported claims, as well as insurance settlements on which processing has not been completed (IBNR and RBNS). Claims reserves shall contain only assets that would have been paid out during the reporting period had the claim event been finally processed. Change in claims reserves is recognized through the income statement as an element of the claims costs.

### e) Securities adjustment fund

The securities adjustment fund is defined in Norwegian insurance legislation and is associated with the common portfolio in life insurance.

The securities adjustment fund comprises net unrealized gains associated with short-term financial assets. If net valuation reserves are negative, the securities adjustment fund is set at zero. Changes in the securities adjustment fund are taken through profit or loss.

Unrealized securities valuation reserves associated with short-term financial assets in foreign currency that can be ascribed to foreign exchange rate changes are not allocated to the securities adjustment fund if the investment is hedged against exchange rate changes. Foreign exchange rate changes linked to the hedging instrument are thus not allocated to the securities adjustment fund either but are taken directly to profit or loss.

### 2.14.3 Base interest rate

The Group's defined benefit insurance contracts in the group pension sector contain a returns guarantee (base interest rate). The returns guarantee must be met annually.

From 1 January 2015 all new accumulation was carried out at the base interest rate of 2.0 per cent. In the period 1 January 2012 to 31 December 2014 the accumulations were 2.5 percent. Accumulation before this was split between 3.0 per cent and 3.4 per cent for most of the contracts. A small proportion of the contracts have some accumulation at 2.75 per cent and 4.0 per cent.

Previous accumulation at the base interest rate of 3.0 per cent is primarily associated with the Pension Scheme for Nurses, the Pension Scheme for Hospital Doctors and the Pension Scheme for Publicly Elected Representatives. However a small proportion of customers also has previous accumulation at 3.0 per cent in other risk groups.

In 2015 the total average interest guarantee in the group pensions (public sector) segment amounted to 2.85 per cent and in the group pension (private) segment, 3.07 per cent.

### 2.14.4 Mortality and disability

Different assumptions are used for public sector and private group pension for disability risk. Both sets of assumptions have been developed at KLP based on its own population. For the other risk elements the assumptions from the K2013 calculation base are used with contingency margins in accordance with the minimum standard set by the FSA of N. For the Pension Scheme for Nurses and the Joint Pension Scheme for Hospital Doctors a somewhat stronger basis is used.

### 2.15 RESULT ELEMENTS - LIFE INSURANCE 2.15.1 Returns result

Returns result of varieties on insurance contracts with returns guarantee. Returns result comprises actual return achieved less guaranteed return (base interest rate). A positive returns result is credited to the customer, whereas a negative returns result must be covered from the customers' supplementary reserves and/or from owners' equity. The Company invoices a special premium element (interest guarantee premium) to guarantee the interest guarantee. This premium element is included in the Group's/Company's results.

No returns guarantee is given in defined-contribution-based life insurance and the financial return is ascribed to the customer regardless of return achieved.

### 2.15.2 Risk result

The risk result is an expression of the development of mortality and disability in the insured population during the period as a ratio of that assumed in the Company's premium tariff. A positive risk result is reallocated to the customers but it is permissible to retain up to half of a risk profit in a risk equalization fund as part of owners' equity. The risk equalization fund may only be used to cover later deficits in the risk result and may amount to a maximum of 150 per cent of risk premium for the year.

Any negative risk result must be covered by the risk equalization fund or owners' equity.

### 2.15.3 Administration result

The administration result is a result of how the Group's actual expenses deviate from the premium tariff. The administration result is credited entirely to the Group.

### 2.15.4 Paid-up policies

For free-standing policies (paid-up policies) there is profit sharing so that at least 80 per cent of the return achieved on the assets managed accrues to the customers and a maximum of 20 per cent accrues to the Company.

### 2.16 SURPLUS FUNDS SET ASIDE TO CUSTOMERS

Surplus assets credited to the customer contracts are set aside in the customers' premium fund and included as part of the insurance liabilities at the end of the reporting period.

### 2.17 PENSION OBLIGATIONS - OWN EMPLOYEES

The Group's pension obligations are partially insurance-covered through KLP's public sector occupational pensions through membership of the joint pension scheme for municipalities and enterprises («Fellesordningen»). Pension liability beyond these schemes is covered through operation. Pension costs are treated in accordance with IAS 19. The Group has a defined benefits based pension scheme for its employees

The accounting liability for defined benefit schemes is the present value of the obligation on the reporting date, with deduction for fair value of the pension assets. The gross obligation is calculated using the straight-line method. The gross obligation is discounted to present value using the interest rates on Norwegian high-quality bonds. Gains and losses arising on recalculation of the obligation as a result of known deviation and changes in actuarial assumptions are charged to owners' equity via other comprehensive income during the period in which they arise. The effect of changes in the scheme's benefits is taken to profit/loss immediately.

Presentation of the pension costs in the income statement is in accordance with IAS 1. This standard allows the option of classifying the net interest element either as an operating cost or as a financial cost. The option the company adopts must be followed consistently for later periods. The Company has presented the pension cost and interest element under the accounting line "Operating expenses". The estimate deviation has been classified under "Items that will not be reclassified to income" in the accounting line "Actuarial gains and losses on defined benefits pension schemes".

The joint pension scheme (Fellesordningen) is a multi-enterprise scheme, i.e. the technical insurance risk is spread between all of the local authorities and enterprises participating in the scheme. The financial and actuarial assumptions underlying the calculation of net pensions liabilities are thus based on assumptions that are representative of the whole group.

### Note 3 Important accounting estimates and valuations

The Group prepares estimates and assumptions on future circumstances. These are continuously evaluated and are based on historic data and expectations concerning probable future events considered on the basis of data available at the time of presentation of the financial statements.

It must be expected that the estimates will deviate from the final outcome and the areas where there is significant risk of substantial change in capitalized values in future periods are discussed below.

### 3.1 INSURANCE CONTRACTS

In calculating technical provisions in group pension insurance, assumptions on disability risk are based on KLP's disability data historical. For the other risk elements, including longevity risk, the assumptions from the K2013 calculation base are used with the contingency margins set by the Financial Supervisory Authority of Norway (FSA of N).

In public sector occupational pensions average premium is invoiced for the different pension schemes so that the technical net premium is equalized between the customers included in the scheme. Had this not been done the annual net premium for KLP retirement, disability and survivor pension based on a salary of NOK 418,000 would, for the various individual ages and genders, amount to: Mon

i icii			
Age	30 years	45 years	60 years
Amount	NOK 17 859	NOK 30 137	NOK 37 619
Women			
Age	30 years	45 years	60 years
Amount	NOK 22 572	NOK 35 909	NOK 40 486

In calculating technical provisions in the group life sector and public sector occupational pensions, provisions are made for claims incurred but not finally settled. The provisions are set using statistical models. The models take account of experience based on reported changes in the insurance population.

In calculating technical provisions in the non-life insurance industry individual claim provisions are made for all reported but not settled claims (RBNS). The provisions are continuously adjusted as claims are processed. All open claims should have a special assessment at least once a year. Provision for claims incurred but not yet reported to the Company (IBNR) is made using statistical models. The models take account of the historic reporting pattern in the different risk groups.

In non-life insurance, measurements and adjustments are also made of the total claim provisions (RBNS+IBNR) so the total level of provision is measured against changes in risk elements such as claim frequency, major claim occurrence, population mix and population size. The claims provisions are assessed at the expectation level, i.e. they contain no contingency margins. Claim provision is not discounted, i.e. financial income from the provision assets up to date of pay-out is not taken into account. This represents a contingency margin in relation to future claim payments.

The claims reserve is also supplemented with a provision for future indirect claims handling expenses (also referred to as unallocated loss adjustment expenses - ULAE). This is estimated based on the magnitude of RBNS and IBNR.

Non-life insurance contingency reserves should cover extraordinary fluctuations. The minimum requirement corresponds to a level that will cover fluctuations in claims results with 99 per cent probability.

The minimum requirement for provisions in non-life insurance is calculated with models provided in the Regulations concerning technical provisions laid down by the FSA of N. The actual provisions exceed the minimum requirements. The sensitivity overview is specified in detail in Note 9.

### **3.2 INVESTMENT PROPERTIES**

Buildings and other real estate are valued at fair value as defined in IFRS 13. Fair value means the amount for which buildings and other real estate can be sold in an arm's-length transaction between well-informed, voluntary parties. There is not considered to be an active market for trading the Group's investment properties.

As at 31 December 2015, buildings and real estate were valued using the Group's internal valuation model. The model is based on discounting of an estimated 20-year cash flow and the discounting rate used corresponds to the normal market's return requirement for similar properties. For the Norwegian properties as at 31 December 2015, a discounting factor was used in the interval 6.63 -9.25 per cent: for the Group's Swedish properties it was 6.05 – 7.90 per cent; and for the Danish properties, 6.75 -7.69 per cent.

The following main components are included in future cash flows: • Currently applicable terms and conditions, contract expiry and assumed market rent

- · Vacant areas with assumed market rent
- Parking income, parking area and number of places
- Estimated annual inflation
- · Annual rent adjustment as a percentage of inflation
- General vacancy
- Normal annual operating costs
- Normal annual communal costs per souare metre
- Upgrading costs per souare metre on new lease
- Any further upgrading costs (year and amount)
- Number of months vacancy on each contract expiry
- Assumed final value Year 20
- Nominal return requirement

As part of the valuation, yield assessments are also carried out for the individual property and for the total portfolio. In addition to valuation using KLP Eiendom's value assessment model, external valuations are obtained for a selection of the properties. These are used to determine own calculation parameters and to ouality-assure the internal valuations.

Minor changes in the return requirement will have relatively heavy impact on property values and it is also assumed that major changes in the "Assumed market rent" will also affect the accounting figures the most.

The sensitivity analysis below shows how the value of one of the Group's centrally located office properties in Oslo changes with certain changes in key parameters in the Group's valuation model. The analysis shows change in value (given as percentage change) for a given change in a parameter on the assumption that all other parameters stay unchanged. In reality there are interdependencies between several variables, so that a change in one parameter will be accompanied by change in one or more other parameters. The sensitivity figures given do not capture such relationships with other variables and are shown only for illustrative purposes. The effects of changes in parameters will vary somewhat from property to property.

	Change in parameters	Change in value
Doturn requirement	+100 bps	-12 %
Return requirement	-100 bps	+14 %
Market rent	+10 %	+10 %
Market rent	- 10 %	-9 %
Evit viold	+ 100 bps	-8 %
Exit yield	- 100 bps	+12 %
Inflation	+ 50 bps	+7 %
IIIIIdliUII	-50 bps	-6 %

In the analysis above the return requirement means the interest rate used in discounting future cash flows in the model. Market rent is understood as expected rent in the event of renegotiation of existing contracts or on change of tenant. Exit yield means the yield that is used to calculate the final value in the valuation model's final analysis period (Year 20).

#### 3.3 PENSION OBLIGATIONS - OWN EMPLOYEES

The present value of the Group's net pensions liability in regard to its employees depends on a range of economic and demographic assumptions. The Group complies with the "Guidance for determining pension assumptions" published by the Norwegian Accounting Standards Board (NASB). Updated guidance published on 6 January 2016 has been used as the basis for updated measurement of best-estimate accrued obligations and assets as at 31 December 2015.

In accounting for pension schemes in accordance with IAS 19 and Norwegian Accounting Standard (NAS) 6 a range of actuarial assumptions must be specified. This specification involves significant elements of judgement and practical approaches. Weight has been placed on the assumptions being mutually consistent. Those parameters that are of the greatest significance for net pension liabilities are the discount rate, the assumption of future salary growth, the assumption of future adjustment of the National Insurance basic amount (G adjustment), pension adjustments, assumptions on future longevity and future likely take-up of the contractual early retirement scheme (AFP).

The Group uses the option given by the "Guidance for determining pension assumptions" to use the interest rate for covered bonds (OMF) as the discount rate based on the belief that a liquid market exists for covered bonds of long duration. In this evaluation, account is taken of market volume; bid/ask spread; price reliability; trading volume and frequency; and issuance volume. As at 31 December 2015 a discount rate of 2.7 per cent was used.

New mortality assumptions have been used in measuring accrued pension obligations (best estimate) as at 31 December 2015. The Company has used the K2013BE mortality table based on Finance Norway's analyses of mortality in life insurance populations in Norway and Statistics Norway's extrapolations.

Future take-up of contractual early retirement scheme (AFP) has been assumed at 45 per cent, i.e. 45 per cent will take AFP on reaching the age of 62.

### **3.4 FAIR VALUE OF FINANCIAL ASSETS**

Financial assets classified as assets for which changes in fair value are taken to profit/loss are largely assets traded in a market, so that the market value can be determined with a great deal of certainty. For listed securities with little trading, assessment is made as to whether the observable price can be taken as realistic.

If it is concluded that the observable market price is not representative of the fair value of the asset or the security is not traded on a listed market, the market price is estimated. The estimate is based on the market circumstances prevailing at the end of the reporting period. Unlisted fixed-income securities are priced on the basis of a yield curve with a risk supplement that represents the market's pricing of the issuer's industry-specific risk. External prices for a significant proportion of these unlisted securities are collected regularly to test our own valuation models. The pricing methods and the accounts figures are discussed in more detail in Note 6.

### **3.5 LOSSES ON FINANCIAL ASSETS**

Financial assets not measured at fair value are assessed for impairment at the end of the reporting period. The Group's lending portfolio is valued individually for loans on which default has been observed. If there is an objective event at the end of the reporting period that has influence on future cash flows, the loan is written down. In addition, lending with uniform risk profile is valued quarterly by group. This is described in more detail in Note 2.

Historically, the Group's lending portfolio has shown insignificant losses. The reason for this is that there is very good security in mortgages for loans to the private market and that other lending is mostly to the public sector or enterprises with public sector guarantees. The Group has insignificant loss provisions, so any future losses will have a direct effect on profit or loss.

When it comes to the Group's portfolio of long-term bonds, including long-term bonds held to maturity, the need for write-down is assessed individually each quarter. The portfolio comprises securities the issuer of which has a high rating by a recognized rating agency. If the issuer's rating changes for the worse, write-down is carried out only if the rating level changes for the worse by a substantial degree and/or in addition factors are observed that are considered to be an objective event that influences future cash flows from the investment. The write-down requirement is calculated as the difference in value of the original expected cash flows and the new expected cash flows. There will be uncertainty in calculating the new expected cash flows.

## $\bullet$ $\bullet$

### Note 4 Segment information

NOK millions	Group p pub. sect. 8 2015			pensions vate 2014	Non-life 2015	insurance 2014	Ban 2015	king 2014
Premium income f.o.a. from external customers 1	38 736	62 379	486	410	1 015	823	0	0
Premium income f.o.a. from other Group companies	53	76	0	0	20	19	0	0
Net financial income from investments	17 572	25 204	80	139	173	240	152	118
Other income from external customers	1 157	1 224	2	2	1	1	10	10
Other income from other Group companies	0	0	0	0	0	0	58	58
Total income	57 518	88 882	567	551	1 209	1083	220	186
Claims f.o.a.	-15 277	-17 996	-84	-66	-801	-581	0	0
Insurance provisions f.o.a.	-11 285	-51 405	-452	-441	-14	-1	0	0
Costs borrowing	-1 490	-807	0	0	0	0	0	0
Operating costs excluding depreciation	-875	-692	-43	-42	-219	-193	-167	-155
Depreciation	-80	-79	-1	-1	-3	-4	-3	-3
Other expenses	-884	-799	0	0	0	0	0	0
Total expenses	-29 890	-71 777	-580	-550	-1037	-779	-170	-158
Operating profit/loss	27 627	17 105	-13	1	173	304	50	28
Funds credited to insurance customers <sup>2</sup>	-22 789	-16 146	-9	-23	0	0	0	0
Pre-tax income	4 838	959	-22	-23	173	304	50	28
Cost of taxes	-533	35	0	0	-54	-64	-15	-7
Income	4 305	994	-22	-23	119	240	34	21
Change in other comprehensive income	195	-143	1	-2	26	-16	7	-4
Total comprehensive income	4 500	852	-22	-25	145	223	41	16
Assets	457 453	415 030	2 943	2 270	4 128	3 945	31 290	29 589
Liabilities	434 249	397 576	2 632	2 167	2 861	2 824	29 776	28 499

<sup>1</sup> Premium income covers premiums earned for own account including savings premium and transferred premium reserves from other companies <sup>2</sup> Funds transferred to the insurance customers include transfers to the premium fund, provisions to the securities adjustment fund, provisions to supplementary reserves and other provisions of surplus funds to the insurance customers.

### Note 4 Segment information, continued

	Asset man	agement	0	ther	Elimi	nations	To	tal
NOK millions	2015	2014	2015	2014	2015	2014	2015	2014
Premium income f.o.a. from external customers <sup>1</sup>	0	0	0	0	0	0	40 236	63 611
Premium income f.o.a. from other Group companies	0	0	0	0	-73	-95	0	0
Net financial income from investments	4	6	0	0	1 108	4 474	19 088	30 181
Other income from external customers	0	0	8	8	-252	-375	926	871
Other income from other Group companies	303	419	0	0	-361	-477	0	0
Return on fin. instrum. attrib. to min. interests					-1 949	-3 343	-1949	-3 343
Total income	307	424	8	8	-1 527	186	58 302	91 321
Claims f.o.a.	0	0	0	0	0	0	-16 161	-18 643
Insurance provisions f.o.a.	0	0	0	0	0	0	-11 751	-51 848
Costs borrowing	0	0	0	0	0	0	-1 490	-807
Operating costs excluding depreciation	-253	-366	-8	-7	231	376	-1 334	-1079
Depreciation	-8	-2	0	0	0	0	-96	-89
Other expenses	0	0	0	0	0	0	-884	-800
Total expenses	-261	-368	-8	-7	231	376	-31 715	-73 265
Operating profit/loss	46	56	0	1	-1 295	562	26 588	18 056
Funds credited to insurance customers <sup>2</sup>	0	0	0	0	1 339	-698	-21 459	-16 867
Pre-tax income	46	56	0	1	43	-136	5 128	1 189
Cost of taxes	-15	-14	0	0	-405	-273	-1022	-324
Income	31	42	0	0	-361	-409	4 106	865
Change in other comprehensive income	0	0	0	0	119	164	348	-2
Total comprehensive income	31	42	0	0	-242	-245	4 454	863
Assets	394	360	11	11	47 043	39 689	543 262	490 894
Liabilities	185	176	3	4	50 295	42 005	520 002	473 250

<sup>1</sup> Premium income covers premiums earned for own account including savings premium and transferred premium reserves from other companies <sup>2</sup> Funds transferred to the insurance customers include transfers to the premium fund, provisions to the securities adjustment fund, provisions to supplementary reserves and other provisions of surplus funds to the insurance customers.

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

Public sector occupational pension and group life Kommunal Landspensjonskasse offers group public sector occupational pensions.

Enterprise (defined benefit) and defined contribution pension

KLP Bedriftspensjon AS offers products to enterprises within both the public and private sectors.

#### Non-life insurance

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

#### Banking

KLP's banking business embraces the companies KLP Bankholding AS and its wholly-owned subsidiaries: KLP Banken AS, KLP Kommunekreditt AS and KLP Boligkreditt AS. The banking business covers services such as deposits and lending to the retail market, 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 funds both to retail customers and to institutional customers. The securities management has a socially responsible profile.

#### Other

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

# Note 5 Net income from financial instruments

Note 5 Net income from financial inst
NOK millions
Interest income bank deposits Interest income derivatives Interest income debt instruments fair value
Total interest income financial assets at fair value
Interest income fixed-income securities amortized cost Interest income lending amortized cost
Total interest income financial assets at amortized cost
Dividend/interest shares and holdings/units Oher income and expenses
Total other current expenses and income
Net return on financial assets
Interest income lending fair value
Total interest income financial assets at fair value
Interest income lending amortized cost
Total interest income financial assets at amortized cost
Interest costs debt to credit institutions Interest costs covered bonds Interest costs debt to and deposits from customers Oher income and expenses
Total other income and expenses banking
Net interest income hanking 1

### Net interest income banking 1

Value changes shares and units Value change derivatives Value change debt instruments at fair value Value change lending fair value Value change borrowing fair value Total value change financial instruments at fair value

Value change loans at amortized cost Other unrealized values Total other unrealized values

### Net unrealized gain on financial instruments

Realized shares and holdings/units Realized derivatives Realized debt instruments at fair value Total realized financial instruments at fair value

Realized bonds at amortized cost <sup>2</sup> Realized loans at amortized cost Total realized financial instruments at amortized cost

Other financial income and costs Total other financial income

Net realized gain on financial instruments

Net value changes on financial instruments

### Total net income from financial instruments

The note specifies net income from financial instruments. Value changes resulting from change in credit risk are not included in this table because of system limitations.

<sup>1</sup> Net interest income banking is income and costs linked to banking activity. <sup>2</sup> Realized values on bonds at amortized cost come from realized gain/loss on foreign exchange. Securities denominated in foreign currency are hedged, resulting in minimal net effect of exchange rate changes (reflected in value change/realized derivatives). See Notes 9 and 12 for more information.

2015	2014
113	157
50	60
3 600	3 557
3 763	3 774
5 273	4 908
1 192	1 177
6 465	6 085
2 000	2.475
2 890 -42	2 435 -110
2 848	2 325
13 076	12 185
225	286
225	286
520	(72)
520 520	472 472
520	472
-134	-196
-268	-315
-150	-153
-7 -559	38 -626
-777	-020
187	133
1 527	12 551
3 235	-9 452
2 087	12 084
26	-53
-2	-3
6 872	15 126
833	593
-74	226
759	819
7 631	15 945
1001	1) )+)
9 575	5 127
-22 216	-9 726
3 827 -8 814	1 254 -3 345
-0 014	-5 545
2 010	1 261
231	18
2 241	1 280
-47	-71
-47	-71
-6 621	-2 136
1 010	13 809
14 273	26 127

### Note 6 Fair value of financial assets and obligations –Group

Fair value is to be a representative price based on what the The following sources are used: equivalent asset or obligation 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, KLP 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/ financial position statement classification, accounts classification, and type of instrument. It is for this last category that information is provided about how fair value is derived.

### - FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST This category includes:

- Investments held to maturity
- Bonds classified as loans and receivables
- Other loans and receivables
- Subordinated loan capital (obligation)
- Other debt issued (obligation)

Financial instruments not measured at fair value area re 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 d) Fixed-income securities issued by foreign enterprises but are measured at amortised cost.

### - FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

- This category includes:
- Eouity instruments
- Debt instruments at fair value
- Derivatives (assets and obligations)
- Debt to credit institutions (obligation)

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

- INVESTMENTS HELD TO MATURITY

- BONDS CLASSIFIED AS LOANS AND RECEIVABLES
- DEBT INSTRUMENTS MEASURED AT FAIR VALUE
- a) Foreign fixed-income securities

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

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

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

c) Norwegian fixed-income securities - other than government ones Norwegian fixed-income securities except government are mainly priced directly on prices from Nordic Bond Pricing. Securities that are not covered by Nordic Bond Pricing are priced theoretically. The theoretical price is based on the assumed present value on the sale of the position. A zero-coupon curve is used for discounting. The zero-coupon curve is adjusted upwards by means of a credit spread, which is to take account of the risk the bond entails. The credit spread is calculated on the basis of a spread curve taking account of the duration of the bond.

Nordic Bond Pricing is the main source of spread curves. They provide company-specific curves and curves for Norwegian savings banks, municipalities and energy. Savings banks have various spread curves based on total assets.

In addition to Nordic Bond Pricing, Norwegian banks distribute spreads for a selection of issuers. Spread curves can be used based on data from the four sources. Such spread curves are generally to be based on an equal-weighted average from the four banks.

# denominated in NOK

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

e) Receivables on credit institutions

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

### - OTHER LOANS AND RECEIVABLES/LOANS TO MUNICIPALITIES. COMPANIES AND PERSONAL CUSTOMERS

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. Observable interest-rate curves and credit interest-rate differential curves are used for loans to municipalities, county administrations and municipality-supported projects in a valuation model discounting future cash flows. The credit premiums used in the model calculations are based on ouotations from three different price providers. An assessment of the quality of the quotations is made by comparing them against each other and against the previous observation received as well as other market information.

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 basically based on the initial margin. Guarantees are traded bilaterally and not across open marketplaces such as a stock exchange (OTC) for instance and are therefore not priced in the market. The initial margin agreed on the entry date is the best estimate for the market premium on that same date. The credit standing does not change as much for the loan as for the guarantor or the borrower individually. Usually the borrower's credit standing is not assessed by credit rating agencies or banks. The guarantor is either a municipality or a bank (or both - triple default loan). Statistical analyses indicate that the credit margin for guaranteed loans is less volatile than that of non-guaranteed loans and bonds. The credit premium for guaranteed loans is consequently not adjusted until the guarantor has experienced a significant change in the rating since the initial margin was determined. The credit premium for KLP's loans with both municipal and bank guarantees is adjusted relative to the initial margin only if both guarantors have had their credit ratings changed significantly since the disbursement date.

### 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 fixedrate 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) Reuters
- The following sources are used for foreign shares: Morgan Stanley Capital International (MSCI) (primary source) Reuters Bloomberg

### i) Shares (unlisted)

As far as possible, KLP uses the Norwegian Mutual Funds Association's industry recommendations.

This basically means the following:

The last price traded has key priority. If the last price traded is outside of the bid/offer price in the market, the price is adjusted accordingly. This means that if the last price traded is below the offer price, the price is adjusted upward to the offer price. If it is above the bid price, it is adjusted downward to the bid price. If the price picture is considered to be outdated, the price is adjusted in accordance with a market index. The Company has chosen the Oslo Stock Exchange as its small cap index (OSESX) as an approach for unlisted shares.

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

### i) Private Eouity

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 KLP.

### - DERIVATIVES

### k) Futures/FRA/IRF

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

### I) 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-swans

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 basisadjusted swap curves are used for pricing purposes.

### - DEBT TO CREDIT INSTITUTIONS

 o) Placements with credit institutions 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.

### - 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.

o) 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.

## Note 6 Fair value of financial assets and liabilities –Group, continued

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

	31.12	2.2015	31 12	.2014
NOK millions	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS HELD TO MATURITY - AT AMORTIZED COST	40.000	44.070	10.70/	44.074
Norwegian hold-to-maturity bonds	10 922	11 838	10 384	11 831
Foreign hold-to-maturity bonds	23 897	25 492	20 236	22 331
Norwegian certificates	499 35 318	499 37 830	0 30 620	0 34 162
Total debt instruments held to maturity	010 22	2/ 020	20 620	04 10Z
DEBT INSTRUMENTS CLASSIFIED AS LOANS AND RECEIVABLES - AT AMORTIZED COST				
Norwegian bonds	30 091	32 967	27 640	31 527
Foreign bonds	64 873	70 172	59 307	66 576
Other receivables	23	23	27	27
Total debt instruments classified as loans and receivables	94 987	103 162	86 974	98 130
LENDING LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS				
Loans to local government sector or enterprises with local government guarantee	1845	1845	2 269	2 269
Total loans to local government, enterprises & retail customers	1845	1845	2 269	2 269
LENDING TO LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS - AT AMORTIZED COST				
Loans secured by mortgage	14 136	14 172	12 787	12 808
Loans to local government sector or enterprises with local government guarantee	51 458	52 303	46 765	48 103
Loans abroad secured by mortage and local government guarantee	10 172	10 133	5 189	5 228
Total loans to local government, enterprises & retail customers	75 766	76 608	64 741	66 139
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Norwegian bonds	48 258	48 258	51 342	51 342
Norwegian certificates	9 877	9 877	6 641	6 641
Foreign bonds	76 939	76 939	72 998	72 998
Investments with credit institutions	17 419	17 419	21 508	21 508
Total debt instruments at fair value through profit/loss	152 493	152 493	152 489	152 489
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Shares	107 102	107 102	94 366	94 366
Equity funds	7 703	7 703	6 184	6 184
Property funds	370	370	493	493
Alternative investments	318	318	81	81 101 123
Total equity capital instruments at fair value	115 493	115 493	101 123	101 122

	31.12	.2015	31.12	.2014
NOK millions	Book value	Fair value	Book value	Fair value
RECEIVABLES				
Receivables related to direct business	1 004	1 004	1013	1013
Receivables related to reinsurance agreements	74	74	19	19
Reinsurance share of gross claims reserve	10	10	10	10
Other receivables	2 662	2 662	303	303
Total other loans and receivables including receivables from policyholders	3 751	3 751	1 345	1 345
FINANCIAL LIABILITIES - AT AMORTIZED COST				
Hybrid Tier 1 securities	1 564	1 588	1 253	1 262
, Subordinated loan capital	9 541	9 506	3 423	3 508
Debt to credit institutions	2 915	2 915	3 219	3 219
Covered bonds issued	18 987	18 987	18 468	18 468
Liabilities and deposits from customers	7 426	7 426	6 251	6 251
Total financial liabilities	40 433	40 421	32 614	32 708
FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS				
Debt to credit institutions	2 184	2 184	2 001	2 001
Total financial liabilities	2 184	2 184	2 001	2 001
Assets in life insurance with investment option	1 183	1 183	842	842
Provisions in life insurance with investment option	1 183	1 183	842	842
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS	31.12	.2015	31.12	2.2014
NOK millions	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts	177	6 378	455	10 236
Interest rate swaps	496	1 615	591	1 313
Interest rate and currency swaps	614	0	312	0
Share options	6	0	427	0
Total financial derivatives	1 292	7 993	1 785	11 549

## Note 7 Fair value hierarchy

31.12.2015 NOK millions	Level 1	l evel 2	Level 3	Tota
	20101 2	2010.2	2010. 9	
ASSETS RECOGNIZED AT FAIR VALUE	0	0	56 436	56 436
nvestment property Sites	0	0	872	872
Property funds	0	0	773	773
Buildings	0	0	54 791	54 79:
Lending at fair value	0	1 845	0	1 845
Bonds and other fixed-income securities	44 703	90 360	0	135 064
Certificates	6 974	2 903	0	9 87
Bonds	25 506	87 458	0	112 964
Fixed-income funds	12 224	0 + 50	0	12 224
Loans and receivables	16 407	1 022	0	17 429
Shares and units	103 716	3 768	8 009	115 493
Shares	102 582	3 080	1 4 3 9	107 102
Equity funds	1 1 1 3 3	000 כ	76	1 209
Property funds	0	370	0	37(
Special funds	0	318	0	318
Private equity	0	0	6 494	6 4 94
Financial derivatives	0	1 292	0 + ) 4	1 292
	0	1292	0	1272
Total assets recognized at fair value	164 827	98 288	64 445	327 560
IABILITIES RECOGNIZED AT FAIR VALUE				
inancial derivatives liabilities	0	7 993	0	7 99
Debt to other credit institutions and other debt <sup>1</sup>	751	1 434	0	2 184
fotal liabilities recognized at fair value	751	9 427	0	10 178
31.12.2014 NOK millions	Level 1	Level 2	Level 3	Tota
	LEVELT	LEVEI Z	Lever	1014
ASSETS RECOGNIZED AT FAIR VALUE	0	0		11.16
nvestment property	0	0	44 467	44 46
Sites	0	0	869	869
Buildings	0	0	43 598	43 598 2 269
ending at fair value Bonds and other fixed-income securities	0 83 231	2 269 47 722	0 0	130 95
Certificates	4 047	2 593	0	6 64
Bonds	67 012	45 129	0	0 04. 112 14(
Fixed-income funds	12 172	45 129	0	112 140
Loans and receivables	18 232	3 303	0	21 536
Shares and units	91 222	3 503 3 591	6 310	101 123
Shares	91 222 90 117	3 017	977	94 110
	1 105	0	0	1 10
Equity funds Property funds	0	493	0	493
		495	0	49:
Special funds	0 0	0	5 334	
Private equity Financial derivatives	0	1 785	0	5 334 1 785
		50 (50		
Total assets recognized at fair value	192 685	58 670	50 778	302 133
IABILITIES RECOGNIZED AT FAIR VALUE				
IABILITIES RECOGNIZED AT FAIR VALUE	0	11 549	0	11 549
	0 719	11 549 1 283 12 832	0 0	11 549 2 001 13 550

<sup>1</sup> The line Debt to credit institutions in the financial position statement includes liabilities measured at fair value and amortized cost. This line is therefore not reconcilable against the financial position statement. The liabilities measured at amortized cost amounted to NOK 2 915 million on 31 December 2015 and NOK 3 219 million on 31 December 2014.

	Book value 31.12.2015	Book v 31.12.2
Opening balance 1 Jan	44 467	39
Net additions	3 618	3
Unrealized changes	8 317	1
Other changes	34	
Closing balance 31 Dec	56 436	44
Realized gains/losses	0	
Changes in level 3, securities	Book value	Book
	31.12.2015	31.12.2
Opening balance 1 Jan	6 310	4
Sold	-1 460	-
Bought	2 270	1
Unrealized changes	889	1
Closing balance 31 Dec	8 009	6
Realized gains/losses	182	
Total Level 3 on 31 Dec	64 445	50
ine "Net income from investment properties". The tables "Changes in Level 3" show changes in Level 3 classified se	curities during the period stated	
The tables changes in Level 3 show changes in Level 3 classified se	Lunnes during the period stated.	
Fair value shall be a representative price based on what a corres market terms and conditions. Highest quality in regard to fair v instrument is considered as noted in an active market if noted price	value is based on listed prices in an active man ces are simply and regularly available from a stock	
	nority, and these prices represent actual and reg	
broker, industry grouping, price setting service or regulatory auth transactions at arm's length.		ularly oc
transactions at arm's length. Level 1: Instruments in this level obtain fair value from listed prices in has access to at the reporting date. Examples of instruments	n an active market for identical assets or liabilities t s at Level 1 are stock market listed securities	ularly occ
transactions at arm's length. Level 1: Instruments in this level obtain fair value from listed prices in	n an active market for identical assets or liabilities t s at Level 1 are stock market listed securities market data. This includes prices based on identical ng frequency and is therefore not considered to be tr rice-leading indicators that can be confirmed from ma	ularly occu hat the ent instrument raded in an
<ul> <li>transactions at arm's length.</li> <li>Level 1: Instruments in this level obtain fair value from listed prices in has access to at the reporting date. Examples of instruments</li> <li>Level 2: Instruments in this level obtain fair value from observable r where the instrument does not maintain a high enough tradir market, as well as prices based on corresponding assets and prices based on corresponding assets as a prices based on corresponding assets and prices bassets and pr</li></ul>	n an active market for identical assets or liabilities t is at Level 1 are stock market listed securities market data. This includes prices based on identical ng frequency and is therefore not considered to be tr rice-leading indicators that can be confirmed from ma es priced on the basis of interest rate paths. or are traded in markets considered to be inactive fair value may deviate if the instrument were to be	hat the ent instrumen raded in an arket inforn

No sensitivity analysis has been carried out on securities included in Level 3 except for property in someother note. A change in the variables of the pricing is considered of little significance. On a general basis, a change in the pricing of 5% will produce a change in the value of the financial assets at Level 3 of NOK 3 222 million as at 31 December 2015 and NOK 2 538 million as at 31 December 2014.

Investment property has been added into this Note, since there are expanded requirements for disclosure concerning fair value which must now also include KLP Group investment property measured at fair value. All investment property is included in Level 3. Attention is drawn to Note 3 in regard to sensitivity analysis of investment property.

Between 31 December 2015 and 31 December 2015, NOK 230 million was moved from Level 1 to Level 2, and NOK 109 million was moved from Level 2 to Level 1. During the period NOK 41 728 million of interest bearing securities was moved from level 1 to level 2. Changes in levels regarding shares are due to changes in liquidity, based on rules associated with trading days and quantities traded. For interest bearing securities the change in level are due to higher internal requirements for level 1 classification. In level 3 there has been a reclassification in 2015 which amount to NOK 773 million.

### Note 7 Fair value hierarchy, continued

The general principles concerning level allocation depend largely on 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 differentiation regarding trading days and trading quantities that differentiates listed securities that are not included in an active market. The values at the end of the reporting period provide the startpoint for any movement between the levels.

Valuation regarding items in the various levels are described in Note 6 with the exception of investment property, which is described in Note 3.

Note 6 provides information on fair value of assets and liabilities measured at amortized cost. The level-based distribution of these items will be as follows: assets classified as hold to maturity will be included in Level 1; lending; and loans and receivables will be included in Level 2. Liabilities, measured at amortized cost, will be distributed as follows: subordinated loan capital distributed at Levels 1 and Level 2, the hybrid Tier 1 securities will be distributed at Level 2, debt to credit institutions will be distributed to Level 1. For information concerning pricing of these interest-bearing securities see Note 6.

The investment option portfolio is not included in the table. The investment option portfolio has NOK 1 183 million in financial assets measured at fair value. On 31 December 2015 the NOK 1 183 million were included with NOK 583 million in shares and units in Level 1 and NOK 590 million in debt instruments at fair value in Level 1.

A fully consolidated financial position statement has been adopted in accordance with the new rules on consolidation of entities where there is control.

### Note 8 Assets in defined-contribution-based life insurance

NOK millions	Number units	Rate	Fair value 31.12.2015	Average return per unit %	Average return per unit whole NOK	Fair value 31.12.2014
Units in equity funds						
KLP Aksjeglobal Indeks II	219 687	1 852,3	407	2,23 %	40	280
KLP Aksjenorge Indeks	93 141	1 887,4	176	5,71 %	102	118
Total units in equity funds	312 828		583			398
Units in fixed-income funds						
KLP Obligasjon 5 yrs	210 934	1 289,9	272	0,59 %	8	204
KLP Obligasjon Global I	247 351	1 134,6	281	1,21 %	14	206
Total units in fixed-income funds	458 285		553			410
Units in money market funds						
KLP Pengemarked	37 925	995,3	38	1,32 %	13	30
Total units in money market funds	37 925		38			30
Total units in securities funds			1 173			837
Pank denesite			9			5
Bank deposits Total assets in defined-contribution-based life	incurance		1 183			842
Iotal assets in defined-contribution-based life	Insurance		1 102			ŏ4Z
Per cent			Q1	Q2	Q3	Q4
Returns per quarter			3,09 %	-0,85 %	-3,44 %	3,77 %

The return on the holdings is the value change of the sum deposited and takes account of transactions during the period. This is termed money-weighted return. The return on the fund is the total return for the fund, also known as time-weighted return.

If there are no transactions during the period, the return on the holding and the fund is the same.

### Note 9 Risk management

Through its activity the Group is exposed both to insurance risk and financial risk. The aim of the overarching risk management for the Group is that the financial risk is managed in such a way that the Group is able at all times to meet the liabilities the insurance contracts impose on the business. The Board of Directors sets the overarching risk strategies that are put into practice at the senior management level.

Risk strategy is implemented and monitored by the line organization, with periodic reporting. Any breaches in risk lines and limits are reported as they occur, with a description of measures taken to regularize the situation. Units outside the line organization monitor that the risk-taking is carried out within the authorisations the line has.

#### 9.1 INSURANCE RISK

Insurance risk comprises the risk that a future, defined event occurs for which the Group has undertaken to pay out financial consideration. The larger the portfolio, the more stable and predictable the insurance result will be.

The Group's insurance business is divided into the following sectors: group pension public sector; group pension private; and non-life insurance. As described in Note 2, the weightiest risks in group pension are disability risk and longevity risk, whereas risk of death/whole life is somewhat less weighty. Group life primarily covers whole life, whereas debt group life covers the whole life and, for a large proportion of existing customers, disability risk. Guidelines have been prepared for non-life insurance for regarding the kind of risks the Company accepts in its portfolio. Basically it accepts risks from customers who are within the Group's primary target groups in non-life insurance provided the scope of the insurance lies within the standard products the Group offers.

In non-life insurance, insurance risk is generally managed through provisions for future expected claims under existing contracts, pricing of the risk element in insurance premium, and through reinsurance contracts. In addition more specific measures have been taken according to the insurance cover offered.

Insurance risk in the group pension public sector/private and group life sectors is generally managed through close monitoring of the risk incidence and if appropriate subsequent change in the tariffs. The Group is safeguarded against extreme events through catastrophe reinsurance.

### 9.1.1 Insurance provisions

Insurance provisions are set at the level of expectation, with a supplement of contingency margins depending on sector. In addition provisions are made to the contingency fund in non-life insurance and the risk equalization fund in group pension in order to meet unexpected fluctuations in claims incidence.

For disability risk in the group pension sector, assumptions used are based on KLP's disability data. For the other risk elements in group pension the assumptions from the K2013 calculation base are used with contingency margins in accordance with the minimum standard set by the FSA of N in 2013. In the Pension Scheme for Nurses and the Pension Scheme for Hospital Doctors the same formulae and the same parameters are used otherwise, but with a strengthened contingency margin because of significantly longer lifetimes in these schemes.

### 9.1.2 Setting the premium

Development in the Group's insurance risk is continuously monitored. Risk result and future expectations of development in insured risk are based on observations and/or theoretic risk models that create the basis for pricing of the risk element in the premium. The premiums are set annually, except for premiums in the non-life insurance sector. Here the premium is assessed continuously, but premiums that are invoiced customers apply for one year at a time.

In the sector for group pension, public sector the Group has a large population which provides a high degree of predictability and stability in its tariffs. Normally they will therefore stay the same for several years at a time. In non-life insurance, premium is differentiated based on the individual customer's risk.

### 9.1.3 Reinsurance and reinsurance programmes

a) Group pension public sector/private and group life insurance The way the insurance contracts are set, current risk is generally within the limits of the Group's risk-bearing ability. The need for reinsurance is therefore limited.

The Group has taken out a catastrophe reinsurance contract for group pension public sector. The agreement covers up to NOK 300 million in excess of the Company's NOK 50 million for own account for events that lead to more than 10 people dying or becoming disabled. When it comes to group pension, private, this contract covers up to NOK 20 million in excess of the Company's NOK 5 million for own account for events that lead to more than 3 people dying or becoming disabled. The contracts do not cover events that result from epidemics, war and terrorism.

### b) Non-life insurance

The reinsurance contracts cover all claims over a certain sum per event/accident. Guidelines have been set to minimise counterparty risk in the reinsurance contracts in non-life insurance. A maximum limit is set for the individual reinsurer and a minimum level is defined for the reinsurers' credit ratings.

### 9.1.4 Concentration risk in non-life insurance

There is a continuous assessment of the concentration risk. This risk is primarily associated with property risks. The portfolio of insured properties is characterized generally by a good geographic spread, but with greater concentration in the Oslo region. The risks are combined where this is appropriate. Therefore there is no significant accumulation between these risks. The Group has seven property risks with sums insured that are higher than NOK 1 billion at MNOK 2 391, 1 948, 1 734, 1 638, 1 605, 1 597, 1 335, 1 330, 1 239, 1 207, 1 197, 1 190, 1 099, 1 051, 1 031, 1 020 or 1 015 respectively. The Group has 84 property risks with sums insured in the NOK 500 million - NOK 1000 million bracket of a total of 37,3 billion.

### 9.1.5 Sensitivity calculations

# 9.1.5.1 Sensitivity calculations in group public sector and private pensions

The effect of an immediate 20 per cent increase in the incidence of disability would, with current numbers, be NOK 424 million (of which NOK 6 million in group pension, private) on the risk result for the year. The effect on the premium reserve of a correspond-

### Note 9 Risk management, continued.

ing permanent change in the incidence of disability would be an increase of NOK 849 million (of which NOK 15 million in group pension, private).

An immediate 10 per cent reduction in mortality would, with current numbers, mean a negative effect of NOK 293 million (NOK 1 million in group pension, private) on the risk result for the year. The effect on the premium reserve of a corresponding permanent change in mortality would be an increase of NOK 6 666 million (of which NOK 31 million in group pension, private).

The Group's large numbers within group public sector pensions help to stabilize the insurance risk and the claim estimates. Deviations are related primarily to non-insurable magnitudes that do not affect the result.

### 9.1.5.2 Sensitivity calculations in non-life insurance

The effect on results in non-life insurance both before and after tax through:

1 per cent change in the costs	NOK 2.2 million
1 per cent change in premium level	NOK 10.4 million
1 per cent change in claim payments	NOK 8.1 million
1 per cent change in claims reserves	NOK 17.9 million

The effect will be the same before and after reinsurance.

### 9.2 FINANCIAL RISK

The Group's financial goal is to achieve a competitive and stable return, at the same time as solvency satisfies external and internal requirements. The Group has a long-term investment strategy in which risk-taking is at all times matched to the Group's ability to bear risk. The focus in asset management is cost effectiveness, a long-term perspective and broadly diversified portfolios with the goal of achieving competitive and stable returns for our customers and owners over time.

The Group's financial risk comprises liquidity risk, market risk and credit risk.

### 9.2.1 Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient liquidity to cover short-term debt, uncalled residual liabilities that may fall due and current operations without substantial extra costs arising in the form of price falls on assets that have to be realized. The liquidity strategy contains various requirements and limits in order to comply with the desired liquidity risk profile. In addition division of responsibilities and contingency planning are covered. The liquidity strategy is operated at the senior management level and the liquidity is managed internally in accordance with mandates.

Uncalled residual liability of NOK 13 346 million comprises committed, not paid in sums against private equity and approved loans that have not been paid out. The total is specified in detail in Note 35 Conditional obligations. The agreements govern solvency requirements among other things, so that the drawing can be approved for payment.

#### 9.2.2 Market risk

Market risk is the risk of losses resulting from changes in market prices of various assets such as shares, bonds, property and other securities, and currency. The market risk depends on how large an exposure there is to the various assets and on the volatility in the market prices. Developments in the Norwegian and international securities markets generally have major significance for the Group's results.

Risk of a fall in the value of various assets is the biggest financial risk in the short term. Of the risk in regard to assets, equity exposure is the largest financial risk factor, but also the market risk associated with credit (spread) and property has a significant loss potential. The Group's interest rate risk associated with a prolonged low interest rate level is however limited. With the current formulation of the rules, technical provisions are not affected by changes in market interest rates. On the liabilities' future transition to market value, annual pricing of the interest rate guarantee will mean that the customers twill bear the risk of the interest rate level being lower than the base interest rate. Since the Group mainly provides pension schemes to the public sector, the Group will price the interest rate guarantee right up until the insured dies, which means the interest rate risk arising from the insurance obligations is limited.

The Group exchange-rate hedges the majority of international exposure. Financial hedging of currency exposure is done through derivatives. As a rule, all of the Group's fixed-income investments and property investments in foreign currency are hedged back to NOK. When it comes to equity investments in foreign currency, the objective is a 90 per cent hedging ratio with permitted fluctuations of between 80 and 100 per cent.

All equity and interest rate exposures are included in a risk measurement system that enables simulation and monitoring of equity and interest rate risk across the portfolios. Active risk is managed through specifying a benchmark and a set correlation with the index for each portfolio.

The Group manages equity risk dynamically through the equity holding being continuously adjusted to financial buffers. The effect of this type of hedging measure reduces the probability of the returns being lower than the set minimum level. The strategy helps to ensure that as a minimum the Group achieves a predetermined income target. The income target is set in the light of the target-setting on solvency at the end of the period, so the Group should continue to have risk capacity moving forward. The strategy means the Group can potentially increase its exposure to equities or other assets with anticipated high risk progressively as solvency is strengthened. When solvency is weakened this means that the Group will reduce its market risk. This helps to reduce the load on the Group's solvency capital during downturns and thus also to protect owners' equity. In addition the Group has a high proportion of long-term bonds (hold-to-maturity bonds) and fixed-interest lending that contribute to stability in returns and reduce the risk of low returns in low interest-rate scenarios.

In the Group's management, derivatives are principally used for risk reduction as well as for cost effective and time effective implementation of value-hedging or adjustments in the investment portfolio. In many cases it will be both cheaper and quicker to implement risk changes using derivatives than through trading in underlying instruments. An example could be short-term adjustments of equity exposure in global markets.

### Sensitivity analysis - market risk

The different companies in the Group conduct their own stress tests in line with applicable requirements and regulations. No aggregated stress test is carried out for the Group, but the stress test carried out for the parent company, KLP, can be viewed as a stress test for the whole Group. The background is that KLP bears the risk for the different subsidiaries as equity investments in the corporate portfolio.

In accordance with the FSA of N's Stress Test I, KLP has a buffer capital utilization of 96 per cent, somewhat lower than at the end of 2014 when the buffer capital utilization was 101 per cent. The purpose of the stress test is to illustrate how various scenarios can impact on KLP's ability to meet statutory solvency and security requirements. A significant reason for the decrease from 2014 is increased buffer capital. The most significant risk in the stress test is market risk which seen in isolation represented a loss potential of NOK 60 billion. Concentration risk does not affect the loss potential significantly as a result of broadly diversified portfolios. Gross contribution to the loss potential from the various risks classes is distributed as follows:

	NOK billions
Interest rate risk	5,2
Equities risk	31,1
Property risk	14,1
Currency risk	3,3
Spread risk	20,1
Concentration risk	0

The total of the risk potential linked in isolation to each risk type does not add up to the total loss potential for market risk. This is because in calculating total loss potential the correlation between the different types of risk is taken into account.

### 9.2.3 Credit risk

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

The Group has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. 34 per cent of the Group's total credit exposure is invested with issuers with an AA- rating or better. If lending to local Governments without rating are considered to have an AA- rating or better, the number increases to 50 per cent. The Group has a separate international government bonds portfolio and the element of government bonds is also substantial in the Norwegian bonds portfolio.

The Group has a lending portfolio of high quality, with limited credit risk and historically very low losses. In the main the Group provides loans secured on housing with a loan-to-value ratio of less than 80 per cent, loans to local authorities and loans with local authority guarantees. Lending secured through mortgages on housing amounts to NOK 7.4 billion. The value of the mortgages represents a greater value than the lending since a large part of the mortgages were established earlier in time and the price rise in housing in recent years has been substantial.

9.3 TOTAL MAXIMUM EXPOSURE TO CREDIT RISK FOR THE GROUP

The Group's total maximum exposure to credit risk comprises book values of financial assets and liabilities (see note 13 for more information about credit risk). The book classes of securities are specified in detail in Note 6 Fair value of financial assets and liabilities.

### Note 10 Liquidity risk

## The table below specify the company's financial obligations ranked by maturity. The sums in the table are non-discounted contractual cash flows.

The sums in the table are non-discounted cont	ractual cash flow	s.				
2015 NOK millions	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan	0	3 309	1 708	6 995	0	12 012
Hybrid Tier 1 securities <sup>1</sup>	0	64	258	322	1641	2 285
Liabilities to and deposits from customers	7 426	0	0	0	0	7 426
Covered bonds issued	0	2 445	16 115	1 233	0	19 793
Debt to credit institutions	5 987	860	2 154	0	0	9 001
Accounts payable	736	0	0	0	0	736
Contingent liabilities	14 346	0	0	0	0	14 346
Total	28 495	6 679	20 234	8 550	1641	65 599
Financial derivatives						
Financial derivatives gross settlement						
Inflows	-295	-1 012	-3 098	-1 715	-1 654	-7 775
Outflows	311	1071	3 228	1651	1 372	7 634
Financial derivatives net settlement	2 928	2 969	1655	220	0	7 772
Total financial derivatives	2 945	3 027	1 785	156	-282	7 631
2014	Within	1-12	1-5	5-10	Over 10	
NOK millions	1 month	months	years	years	years	Total
Subordinated loan	0	167	3 506	0	0	3 673
Hybrid Tier 1 securities <sup>1</sup>	0	55	218	273	1448	1 994
Liabilities to and deposits from customers	6 251	0	0	0	0	6 251
Covered bonds issued	0	2 190	15 789	1 474	0	19 453
Debt to credit institutions	8 294	680	2 747	0	0	11 721
Accounts payable	670	0	0	0	0	670
Contingent liabilities	13 256	0	0	0	0	13 256
Total	28 470	3 091	22 260	1 747	1448	57 017
Financial derivatives						
Financial derivatives gross settlement						
Inflows	-34 660	-19 809	-3 640	-1 869	-1 462	-61 440
Outflows	36 077	20 515	3 822	1 876	1 417	63 708
Financial derivatives net settlement	4 782	2 581	1 596	192	0	9 152
Total financial derivatives	6 200	3 288	1 779	199	-45	11 420

<sup>1</sup> The loans are perpetual. Estimated cash streams are up to expected maturity at the interest adjustment date.

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

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

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

The biggest obligations in the Group are those related to insurance, essentially applying to pension obligations. These obligations are fully founded and the liquidity management is handled in the same way as other obligations. Please see the table below, which shows the expected payment profile based on the assumptions for the period.

• •	, ,	le pension ob	5		
The table be	low shows ex	kpected disbu	rsment profile	based on expe	cta
2015 NOK millio	ons				
Year	1 year	2-5 år	6-10 years	11-20 years	2
Amount	14 937	59 583	101 207	254 120	
2014 NOK millio	ons				

Year	1 year	2-5 år	6-10 years	11-20 years	21
Amount	13 695	54 538	93 692	236 302	4

The payment profile for insurance liabilities is based on non-discounted values and applies to life insurance and non-life insurance.

Insurance liabilities related to the life insurance businesses are discounted in the financial statements and show the present value at the end of the reporting period. The claims reserves are not discounted in the non-life insurance financial statements.

### Note 11 Interest rate risk

71 12 2015

31.12.2015						Change in		Adjusted
	Up to 3	From 3 to 12	From 1 to 5	From 5 to 10	Over 10	Change in cash flows 01.01.2015-		Adjusted for the minority
NOK millions	months	months	years	years	years	31.12.2015	Total	holding
ASSETS								
Equity fund units <sup>1</sup>	0	0	0	0	0	0	0	0
Financial derivatives classified as assets	36	11	-116	-164	-294	-57	-585	-546
Debt instruments classified as loans and receivables – at amortized cost	0	0	0	0	0	6	6	6
Bonds and other fixed-income securities	-39	-85	-1 141	-1741	-1 300	253	-4 053	-3 618
Fixed-income fund units	-730	0	0	0	0	0	-730	-730
Special funds	0	0	0	0	0	0	0	0
Loans and receivables	0	-2	0	0	0	158	156	144
Lending	0	0	0	0	0	423	423	423
Contingent liabilities <sup>2</sup>	0	0	0	0	0	51	51	51
Total assets	-733	-76	-1 257	-1 905	-1 594	835	-4 730	-4 269
LIABILITIES	0	0	0	0	0	-74	-74	-74
Deposits Liabilities created on issuance of securities	0	1	59	0	0	-224	-165	-74 -165
Financial derivatives classified as liabilities	-7	18	132	254	2	-224	463	447
Hybrid Tier 1 securities and subordinated loan capital	-/	0	0	79	58	04	137	137
Debt to credit institutions	0	0	0	0	0	-7	-7	-7
Total liabilities	-7	18	191	333	60	-241	354	, 337
	,	10	171		00	211	771	221
Total before tax	-740	-58	-1067	-1 572	-1 534	594	-4 376	-3 932
Total after tax	-540	-42	-779	-1 148	-1 119	434	-3 195	-2 870

<sup>1</sup> Equity fund units cover that part of the fund that is not shares, but that comprises assets covered by interest rate risk: surplus liquidity in the form of bank accounts and derivatives used for hedging purposes.
 <sup>2</sup> Contingent liabilities in this context is accepted, not paid out lending.

tations for the period.

 21-30 years
 31-40 years
 41-50 years
 51-80 years
 Total

 290
 997
 262
 195
 178
 655
 128
 261
 1
 289
 955

 21-30 years
 31-40 years
 41-50 years
 51-80 years
 Total

 273 043
 247 248
 168 669
 120 716
 1 207 904

### Note 11 Interest rate risk, continued

31.12.2014						Change in		Adjusted
NOK millions	Up to 3 months	From 3 to 12 months	From 1 to 5 years	From 5 to 10 years	Over 10 years	Change in cash flows 01.01.2014- 31.12.2014	Total	Adjusted for the minority holding
ASSETS								
Equity fund units <sup>1</sup>	0	0	0	0	0	14	14	9
Financial derivatives classified as assets	21	10	-100	-95	-226	-79	-469	-404
Debt instruments classified as loans and receivables – at amortized cost	0	0	0	0	0	6	6	6
Bonds and other fixed-income securities	-40	-77	-1 095	-1 669	-1 298	241	-3 937	-1 207
Fixed-income fund units	-639	0	0	0	0	28	-611	-3 092
Special funds	-20	28	0	-3	0	9	14	8
Loans and receivables	-2	-4	0	0	0	84	78	78
Lending	0	0	0	0	0	479	479	479
Contingent liabilities <sup>2</sup>	0	0	0	0	0	25	25	25
Total assets	-680	-43	-1 195	-1766	-1 524	806	-4 402	-4 097
LIABILITIES								
Deposits	0	0	0	0	0	-62	-62	-62
Liabilities created on issuance of securities	0	4	42	47	0	-215	-122	-122
Financial derivatives classified as liabilities	-5	11	161	110	2	75	355	293
Hybrid Tier 1 securities and subordinated loan capital	0	0	0	72	33	0	105	105
Debt to credit institutions	0	0	0	0	0	-6	-6	-6
Total liabilities	-5	15	203	229	35	-208	269	208
Total before tax	-685	-28	-992	-1 537	-1 488	598	-4 133	-3 890
Total after tax	-500	-21	-724	-1 122	-1 087	436	-3 017	-2 839

<sup>1</sup> Equity fund units cover that part of the fund that is not shares, but that comprises assets covered by interest rate risk: surplus liquidity in the form of bank accounts and derivatives used for hedging purposes.

<sup>2</sup> Contingent liabilities in this context is accepted, not paid out lending.

The note shows the effect on income of an increase in market interest rate of 1 per cent, for fair value risk and variable interest rate risk.

Change in fair value (fair value risk) is shown in the five first columns, sorted in accordance with maturity of the securities, and is calculated on the change in fair value of fixed-income instruments had the interest rate been 1 per cent higher at the end of the period. The column "Change in cash flows" (variable interest rate risk) shows the change in cash flows had the interest rate been 1 per cent higher throughout the year reported on. The total of these reflects the total impact on profits that the scenario of one per cent higher interest rate would have had on the Group during the period being reported on.

Fair value risk applies to fixed interest rate securities where the market value of the security fluctuates conversely to the market interest rate. Variable interest rate risk applies to securities at variable interest rates, where the market value remains stable, but where change in the market interest rate is reflected in changed current incomes.

Fixed-income securities with the following characteristics and classifications, are covered by this Note; securities at fair value through profit or loss (variable and fixed interest rate terms), investments held to maturity (only those with variable interest rate terms) and loans and receivables (only those with variable interest rate terms). The Group has no fixed-income securities classified as available for sale.

Fixed rate assets, recognized at amortized cost, do not cause any effects in the income statement when the market rate changes. The same goes for issued debt with a fixed rate, measured at amortized cost.

Insurance contracts with a guaranteed return does not change the accounting value when interest rates change. Changes in interest rate has no impact on the guaranteed return, but will have an impact on the achieved returns to cover the return guarantee. This is because insurance funds partly invests in debt instruments whose cash flows contribute to cover the customers return guarantee.

### Note 12 Currency risk

31.12.2015 NOK millions/ foreign currency <sup>1</sup>		position items excl. derivatives Liabilities	Currency Assets	derivatives Liabilities	Translation rate Currency/ NOK	Total Cu Assets	irrency Liabilities	Net	Net position in NOK without the minority's share
US dollar	10 918	-610	122	-8 943	8.851	11 040	-9 553	13 170	3 947
Australian dollar	10 918 517	010-	122	-6 949 -450	6.440	532	-450	525	151
Brazilian real	180	0	0	0	2.237	180	0	403	327
British pound	1 4 4 2	0	18	-1 327	13.046	1 4 6 0	-1 327	1 730	510
Canadian dollar	781	0	21	-695	6.372	802	-695	680	262
Chilean peso	6 826	0	0	0	0.012	6 826	0	85	69
Colombian peso	10 804	0	0	0	0.003	10 804	0	30	
Danish krone	4 417	-53	8	-3 995	1.288	4 425	-4 048	485	16
Egyptian pound	12	0	0	0	1.130	12	0	14	11
UAE dirham - AED	25	0	0	0	2.410	25	0	61	49
Euro	3 311	-2	136	-3 130	9.615	3 447	-3 131	3 0 3 8	926
Philippines peso	540	0	0	0	0.188	540	0	102	82
Hong Kong dollar	2 211	-30	24	-592	1.142	2 235	-621	1 843	1 380
Indian rupee	4 341	0	0	0	0.134	4 341	0	581	471
Indonesian rupiah	274 363	0	0	0	0.001	274 363	0	176	143
Israeli shekel	226	0	0	-190	2.275	226	-190	82	42
lapanese ven	101 341	-690	1 591	-80 173	0.074	102 932	-80 863	1 624	399
Korean won	141 200	0	0	0	0.008	141 200	0	1 066	865
Malaysian ringgit	107	0	0	0	2.062	107	0	221	179
Mexican peso	562	0	0	0	0.512	562	0	288	234
New Zealand dollar	6	0	0	-4	6.060	6	-4	10	
Peruvian nuevo sol	0	0	0	0	2.595	0	0	1	
Polish zloty	42	0	0	0	2.241	42	0	95	77
, Qatari rial - QAR	31	0	0	0	2.430	31	0	75	61
Singapore dollar	111	0	19	-110	6.239	130	-110	127	55
Swiss franc	417	0	3	-314	8.843	421	-314	944	270
Swedish krone	12 751	-1	110	-12 026	1.050	12 862	-12 027	876	58
South African rand	856	0	0	0	0.571	856	0	489	397
Taiwan new dollar	3 214	0	0	0	0.269	3 214	0	866	703
Thai baht	579	0	0	0	0.246	579	0	142	116
Czech koruna	39	0	0	0	0.356	39	0	14	11
Turkish lira	32	0	0	0	3.032	32	0	97	79
Hungarian forint	639	0	0	0	0.030	639	0	19	16
Total short-term foreign	n exchange p	ositions						29 960	11 934
US dollar	1 012	-109	0	-874	8.851	1 012	-983	260	260
British pound	0	0	0	10	13.046	0	-10	-128	
Danish krone	307	0	0	0	1.288	307	0	395	
Euro	906	-926	0	-27	9.615	906	-953	-449	
Japanese yen	33 843	-27 778	0	0	0.074	33 843	-27 778	446	446
Total long-term foreign	exchange po	sitions						524	524
Total pre-tax currency p	positions							30 483	12 458
Total currency position	a ofter tou							22 257	0.007
Total currency positions	s after tax							22 253	9 094

<sup>1</sup> The table shows total financial position statement items for each individual currency, divided between short and long-term positions. The net position shows the actual currency risk the KLP Group had at the end of the period in NOK. The net position exclued the minority share shows the real currency risk the Group has at the end of the period, because the column is directly related to actual ownership and risk in the Group. Other sums are in local currency. The table shows a hedging ratio for foreign currency at 86 and 87 per cent for 2015 and 2014 respectively.

### Note 12 Currency risk, continued

31.12.2014 NOK millions/ foreign currency <sup>1</sup>	Financial statement i currency d Assets	tems excl.	Currency d Assets	lerivatives Liabilities	Translation rate Currency/ NOK	Total Cu Assets	irrency Liabilities	Net position in NOK	Net position in NOK without the minority's share
US dollar	11 551	-582	877	-11 255	7.498	12 427	-11 837	4 430	-2 759
Australian dollar	534	0	90	-541	6.136	624	-541	508	203
Brazilian real	218	0	0	0	2.821	218	0	615	
British pound	1 206	0	84	-1 202	11.691	1 290	-1 203	1 019	278
Canadian dollar	833	0	150	-869	6.473	983	-870	731	. 312
Chilean peso	7 926	0	0	0	0.012	7 926	0	98	81
Colombian peso	17 784	0	0	0	0.003	17 784	0	56	47
Danish krone	3 993	0	371	-3 919	1.218	4 364	-3 919	543	466
Egyptian pound	17	0	0	0	1.049	17	0	18	15
UAE dirham - AED	22	0	0	0	2.041	22	0	44	. 37
Euro	3 644	-58	261	-3 498	9.072	3 905	-3 556	3 172	2 015
Philippines peso	513	0	0	0	0.168	513	0	86	71
Hong Kong dollar	2 238	0	217	-780	0.967	2 454	-780	1619	1 257
Indian rupee	3 761	0	0	0	0.119	3 761	0	447	370
Indonesian rupiah	298 608	0	0	0	0.001	298 608	0	181	. 150
Israeli shekel	123	0	21	-122	1.927	145	-122	44	20
Japanese yen	93 464	0	16 398	-94 658	0.063	109 862	-94 658	951	. 143
Korean won	144 379	0	0	0	0.007	144 379	0	985	816
Malaysian ringgit	114	0	0	0	2.144	114	0	245	203
Mexican peso	629	0	0	0	0.509	629	0	320	265
New Zealand dollar	5	0	1	-5	5.860	6	-5	8	2
Peruvian nuevo sol	0	0	0	0	2.519	0	0	1	. 1
Polish zloty	52	0	0	0	2.111	52	0	110	91
Qatari rial - QAR	31	0	0	0	2.059	31	0	65	53
Singapore dollar	105	0	16	-101	5.658	120	-101	111	. 46
Swiss franc	348	0	90	-366	7.545	438	-366	547	175
Swedish krone	9 855	-1	1243	-10 267	0.958	11 098	-10 268	795	620
South African rand	912	0	0	0	0.648	912	0	591	. 498
Taiwan new dollar	3 694	0	0	0	0.237	3 694	0	876	727
Thai baht	751	0	0	0	0.228	751	0	171	. 142
Czech koruna	45	0	0	0	0.327	45	0	15	12
Turkish lira	39	0	0	0	3.207	39	0	125	103
Hungarian forint	440	0	0	0	0.029	440	0	13	
Total short-term foreign	exchange po	ositions						19 540	6 982
US dollar	995	-113	0	0	7.498	995	-113	6 614	6 6 1 4
Euro	315	-312	0	0	9.072	315	-312	27	
Japanese yen	33 917	-26 110	0	0	0.063	33 917	-26 110	488	
Total long-term foreign								7 129	
Total pre-tax currency p	ositions							26 669	14 111
	after tax								

<sup>1</sup> The table shows total financial position statement items for each individual currency, divided between short and long-term positions. The net position shows the actual currency risk the KLP Group had at the end of the period in NOK. The net position exclued the minority share shows the real currency risk the Group has at the end of the period, because the column is directly related to actual ownership and risk in the Group. Other sums are in local currency. The table shows a hedging ratio for foreign currency at 86 and 87 per cent for 2015 and 2014 respectively.

The Group currency-hedges the majority of investments made in foreign currency. Financial hedging of currency exposure is done through derivatives. In principle all of the Group's fixed-income investments and property investments in foreign currency are hedged back to NOK with the objective of 100 per cent hedging. For equity investments in foreign currency the general objective is a 90 per cent hedging ratio with permitted fluctuations between 80 and 100 per cent. The exception is cases in which certain currencies do not have a large enough market and/or liquidity to initiate effective hedging.

Were all currency positions to change by 1 per cent at the same time and in the same direction this would affect the result by NOK 305 million. For 2014 the effect on the result of a 1 per cent change in the foreign exchange rates would have been NOK 267 million.

## Note 13 Credit risk

	Investment grade	Lower	Public sector guaran-	Banking and	Mortgage	Mortgage			Tototal adjusted for the minority
NOK millions	AAA to BBB		tee		< 80 % <sup>1</sup>		Other	Total	holding
Debt instruments held to									
maturity at amortized cost	32 117	0	31	5	0	0	3 165	35 318	35 243
Debt instruments classified as loans and receivables at amortized cost	76 046	0	522	253	0	0	18 165	94 987	94 987
Debt instruments at fair value – fixed-income securities	98 801	553	4 527	10 265	0	0	8 694	122 840	113 182
Fixed-income funds short-term	0	0	0	0	0	0	12 224	12 224	
Loans and receivables	16 922	0	0	507	0	0	0	17 429	16 576
Financial derivatives classified as assets	1 292	0	0	0	0	0	0	1 292	1 263
Lending	0	0	54 022	0	12 154		9 504	77 611	
Total	225 179	553	59 102	11 030	12 154	1 932	51 752	361 702	351 085
									Total Invest-
Specification of investment grade					AAA	AA	А	BBB	ment grade
Debt instruments held to maturity at amor	tized cost				18 157	2 558	7 691	3 711	32 117
Debt instruments classified as loans and re	ceivables at an	nortized o	cost		22 492	16 959	32 460	4 136	76 046
Debt instruments at fair value - fixed-inco	me securities				42 436	14 153	28 244	13 969	98 801
Loans and receivables					0	2 608	14 096	219	16 922
Financial derivatives classified as assets					0	174	1 118	0	1 292
Lending					0	0	0	0	0
Total					83 085	36 451	83 609	22 035	225 179
31.12.2014	Investment		Public sector	Banking					Tototal adjusted for
NOK millions	grade	Lowor							
	AAA to BBB	Lower rating	guaran- tee	and finance	Mortgage < 80 % <sup>1</sup>	Mortgage < 80 % <sup>1</sup>	Other	Total	the minority holding
Debt instruments held to				and finance	Mortgage < 80 % <sup>1</sup>	Mortgage < 80 % <sup>1</sup>	Other	Total	
Debt instruments held to maturity at amortized cost				and finance 1 380	Mortgage < 80 % <sup>1</sup>	< 80 % 1	Other 3 185	Total 30 620	holding
Debt instruments held to	AAA to BBB	rating	tee	finance	< 80 % 1	< <b>80</b> <sup>-</sup> % <sup>-1</sup>			holding 30 620
Debt instruments held to maturity at amortized cost Debt instruments classified as loans and	AAĀ to BBB	rating 0	tee 81	finance 1 380	< 80 <sup>-</sup> % <sup>-1</sup>	< <b>80</b> % <sup>1</sup> 0 0	3 185 17 570	30 620	holding 30 620 86 974
Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value	AAA to BBB 25 973 65 097	rating 0 0	tee 81 524	finance 1 380 3 783	< <b>80</b> <sup>-</sup> % <sup>-1</sup> 0	< 80 % <sup>1</sup> 0 0	3 185 17 570	30 620 86 974	holding 30 620 86 974 110 194
Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities	AAA to BBB 25 973 65 097 78 877	rating 0 0 96	tee 81 524 3 098	finance 1 380 3 783 25 502	< 80 <sup>°</sup> % <sup>°</sup> 1 0 0	< 80 % <sup>1</sup> 0 0	3 185 17 570 11 207	30 620 86 974 118 780	holding 30 620 86 974 110 194 12 172
Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term	AAA to BBB 25 973 65 097 78 877 0	rating 0 0 96 0	tee 81 524 3 098 0	finance 1 380 3 783 25 502 0	< 80 % <sup>1</sup> 0 0 0	< 80 % <sup>-1</sup> 0 0 0 0 0 0	3 185 17 570 11 207 12 172	30 620 86 974 118 780 12 172	holding 30 620 86 974 110 194 12 172 20 579
Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables	AAA to BBB 25 973 65 097 78 877 0 18 447	rating 0 0 96 0 0	tee 81 524 3 098 0 0	finance 1 380 3 783 25 502 0 3 090	< 80 % <sup>1</sup> 0 0 0 0 0 0	< 80 % <sup>-1</sup> 0 0 0 0 0 0 0 0	3 185 17 570 11 207 12 172 0 0	30 620 86 974 118 780 12 172 21 536	holding 30 620 86 974 110 194 12 172 20 579 1 730
Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets	AAA to BBB 25 973 65 097 78 877 0 18 447 1 785	rating 0 96 0 0 0	tee 81 524 3 098 0 0 0 0	finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>1</sup> 0 0 0 0 0 0 0 0 0	< 80 % <sup>-1</sup> 0 0 0 0 0 0 1 505	3 185 17 570 11 207 12 172 0 0 4 632	30 620 86 974 118 780 12 172 21 536 1 785	30 620 86 974 110 194 12 172 20 579 1 730 67 010
Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending	AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0	rating 0 96 0 0 0 0 0	tee 81 524 3 098 0 0 0 49 708	finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>1</sup> 0 0 0 0 0 0 11 165	< 80 % <sup>-1</sup> 0 0 0 0 0 0 1 505	3 185 17 570 11 207 12 172 0 0 4 632	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878	holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279
Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending	AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0	rating 0 96 0 0 0 0 0	tee 81 524 3 098 0 0 0 49 708	finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>1</sup> 0 0 0 0 0 0 11 165	< 80 % <sup>-1</sup> 0 0 0 0 0 0 1 505	3 185 17 570 11 207 12 172 0 0 4 632	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878	holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279
Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending Total Specification of investment grade	AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0 190 179	rating 0 96 0 0 0 0 0	tee 81 524 3 098 0 0 0 49 708	finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>1</sup> 0 0 0 0 0 0 11 165 11 165	< 80 % <sup>-1</sup> 0 0 0 0 0 0 1 505 1 505	3 185 17 570 11 207 12 172 0 0 4 632 48 766	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878	holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279 Total Invest- ment grade
Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending Total	AAĀ to BBB 25 973 65 097 78 877 0 18 447 1 785 0 190 179	rating 0 96 0 0 0 0 96	tee 81 524 3 098 0 0 0 0 49 708 53 411	finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>1</sup> 0 0 0 0 0 11 165 11 165	< 80 % <sup>-1</sup> 0 0 0 0 0 0 1 505 1 505 AA 1 988	3 185 17 570 11 207 12 172 0 0 4 632 48 766 A	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878 BBB	holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279 Total Invest- ment grade 25 973
Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending Total <b>Specification of investment grade</b> Debt instruments held to maturity at amor	AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0 190 179 tized cost	rating 0 96 0 0 0 0 96	tee 81 524 3 098 0 0 0 0 49 708 53 411	finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % 1 0 0 0 0 0 11 165 11 165 AAA 13 457	< 80 % <sup>1</sup> 0 0 0 0 0 0 1 505 1 505 1 505 AA 1 988 15 601	3 185 17 570 11 207 12 172 0 0 4 632 48 766 A 9 723 29 821	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878 BBB 806	holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279 Total Invest- ment grade 25 973 65 097
Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending Total Specification of investment grade Debt instruments held to maturity at amor Debt instruments classified as loans and receivables	AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0 190 179 tized cost	rating 0 96 0 0 0 0 96	tee 81 524 3 098 0 0 0 0 49 708 53 411	finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>1</sup> 0 0 0 0 0 0 11 165 11 165 11 165 AAA 13 457 16 803	< 80 % <sup>1</sup> 0 0 0 0 0 0 1 505 1 505 1 505 AA 1 988 15 601	3 185 17 570 11 207 12 172 0 0 4 632 48 766 A 9 723 29 821	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878 BBB 806 2 872	holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279 Total Invest- ment grade 25 973 65 097 78 877
Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending Total <b>Specification of investment grade</b> Debt instruments held to maturity at amor Debt instruments classified as loans and re Debt instruments at fair value - fixed-incom	AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0 190 179 tized cost	rating 0 96 0 0 0 0 96	tee 81 524 3 098 0 0 0 0 49 708 53 411	finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % 1 0 0 0 0 0 0 0 11 165 11 165 11 165 13 457 16 803 21 836	< 80 % <sup>1</sup> 0 0 0 0 0 0 0 1 505 1 505 1 505 AA 1 988 15 601 21 495	3 185 17 570 11 207 12 172 0 0 4 632 48 766 A 9 723 29 821 24 574	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878 BBB 806 2 872 10 972	holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279 Total Invest-
Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending Total <b>Specification of investment grade</b> Debt instruments held to maturity at amor Debt instruments classified as loans and re Debt instruments at fair value - fixed-incom Loans and receivables	AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0 190 179 tized cost	rating 0 96 0 0 0 0 96	tee 81 524 3 098 0 0 0 0 49 708 53 411	finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>1</sup> 0 0 0 0 0 0 11 165 11 165 11 165 AAA 13 457 16 803 21 836 0	< 80 % <sup>-1</sup> 0 0 0 0 0 0 0 0 0 0 0 1 505 1 505 1 505 AA 4A 1 988 15 601 21 495 6 244 177 0	3 185 17 570 11 207 12 172 0 0 4 632 48 766 A 9 723 29 821 24 574 12 202 1 608 0	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878 BBB 806 2 872 10 972 0	holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279 Total Invest- ment grade 25 973 65 097 78 877 18 447

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31.12.2015	Investment		Public sector	Banking					Tototal adjusted for
	grade	Lower	guaran-	and	Mortgage	Mortgage			the minority
NOK millions	AAA to BBB	rating	tee	finance	< 80 % <sup>1</sup>	< 80 % 1	Other	Total	holding
Dala instance and half to									
Debt instruments held to maturity at amortized cost	32 117	0	31	5	0	0	3 165	35 318	35 243
Debt instruments classified as loans and									
receivables at amortized cost	76 046	0	522	253	0	0	18 165	94 987	94 987
Debt instruments at fair value – fixed-income securities	98 801	553	4 527	10 265	0	0	8 69/	122 840	113 182
Fixed-income funds short-term	0	0	4 527 0	0 205	0	0	12 224	122 840	
Loans and receivables	16 922	0	0	507	0	0	+222+ 0	17 429	
Financial derivatives classified as assets	1 292	0	0	0	0	0	0	1 292	
Lending	0	0	54 022	0	12 154	1 932	9 504	77 611	
Total	225 179	553	59 102	11 030	12 154	1 932	51 752	361 702	351 085
								DDD	Total Invest-
Specification of investment grade					AAA	AA	A	RBR	ment grade
Debt instruments held to maturity at amor	tized cost				18 157	2 558	7 691	3 711	32 117
Debt instruments classified as loans and re		nortized o	cost		22 492	16 959	32 460	4 136	76 046
Debt instruments at fair value - fixed-inco	me securities				42 436	14 153	28 244	13 969	98 801
Loans and receivables					0	2 608	14 096	219	16 922
Financial derivatives classified as assets					0	174	1 118	0	1 292
Lending Total					0 83 085	0 36 451	0 83 609	0 22 035	0 225 179
IOIAI					02 002	20 421	02 009	22 000	225 1/9
31.12.2014			Public						Tototal
31.12.2014	Investment		Public sector	Banking					Tototal adjusted for
	grade	Lower	sector guaran-	and	Mortgage	Mortgage	Other	Total	adjusted for the minority
NOK millions		Lower rating	sector	and	Mortgage < 80 % <sup>1</sup>	Mortgage < 80 % <sup>1</sup>	Other	Total	adjusted for
NOK millions Debt instruments held to	grade AAA to BBB	rating	sector guaran- tee	and finance	< 80 % 1	< 80 % 1			adjusted for the minority holding
NOK millions Debt instruments held to maturity at amortized cost	grade		sector guaran-	and	Mortgage < 80 % <sup>1</sup> 0	Mortgage < 80 % <sup>1</sup>	Other 3 185	Total 30 620	adjusted for the minority
NOK millions Debt instruments held to	grade AAA to BBB	rating	sector guaran- tee	and finance	< 80 % 1	< 80 % 1			adjusted for the minority holding 30 620
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value	grade AAA to BBB 25 973 65 097	rating 0 0	sector guaran- tee 81 524	and finance 1 380 3 783	< <b>80</b> <sup>°</sup> % <sup>°</sup> 1 0 0	< <b>80</b> <sup>°</sup> % <sup>-1</sup> 0 0	3 185 17 570	30 620 86 974	adjusted for the minority holding 30 620 86 974
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities	grade AAA to BBB 25 973 65 097 78 877	rating 0 0 96	sector guaran- tee 81 524 3 098	and finance 1 380 3 783 25 502	< 80 % <sup>1</sup> 0 0	< <b>80</b> <sup>°</sup> % <sup>-1</sup> 0 0	3 185 17 570 11 207	30 620 86 974 118 780	adjusted for the minority holding 30 620 86 974 110 194
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term	grade AAA to BBB 25 973 65 097 78 877 0	rating 0 0 96 0	sector guaran- tee 81 524 3 098 0	and finance 1 380 3 783 25 502 0	< 80 % <sup>-1</sup> 0 0 0 0	< 80 <sup>°</sup> % <sup>-1</sup> 0 0 0 0	3 185 17 570 11 207 12 172	30 620 86 974 118 780 12 172	adjusted for the minority holding 30 620 86 974 110 194 12 172
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables	grade AAA to BBB 25 973 65 097 78 877 0 18 447	rating 0 0 96 0 0	sector guaran- tee 81 524 3 098 0 0	and finance 1 380 3 783 25 502 0 3 090	< 80 % <sup>-1</sup> 0 0 0 0 0 0	< 80 % <sup>1</sup> 0 0 0 0 0 0 0	3 185 17 570 11 207 12 172 0	30 620 86 974 118 780 12 172 21 536	adjusted for the minority holding 30 620 86 974 110 194 12 172 20 579
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets	grade AAA to BBB 25 973 65 097 78 877 0 18 447 1 785	rating 0 96 0 0 0	sector guaran- tee 81 524 3 098 0 0 0 0	and finance 1 380 3 783 25 502 0 3 090 0	< 80 % <sup>-1</sup> 0 0 0 0 0 0 0 0 0	< 80 % <sup>1</sup> 0 0 0 0 0 0 0 0	3 185 17 570 11 207 12 172 0 0	30 620 86 974 118 780 12 172 21 536 1 785	adjusted for the minority holding 30 620 86 974 110 194 12 172 20 579 1 730
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending	grade AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0	rating 0 96 0 0 0 0 0	sector guaran- tee 81 524 3 098 0 0 0 0 49 708	and finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>-1</sup> 0 0 0 0 0 0 11 165	< 80 % <sup>1</sup> 0 0 0 0 0 0 1 505	3 185 17 570 11 207 12 172 0 0 4 632	30 620 86 974 118 780 12 172 21 536 1 785 67 010	adjusted for the minority holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets	grade AAA to BBB 25 973 65 097 78 877 0 18 447 1 785	rating 0 96 0 0 0	sector guaran- tee 81 524 3 098 0 0 0 0	and finance 1 380 3 783 25 502 0 3 090 0	< 80 % <sup>-1</sup> 0 0 0 0 0 0 0 0 0	< 80 % <sup>1</sup> 0 0 0 0 0 0 0 0	3 185 17 570 11 207 12 172 0 0 4 632	30 620 86 974 118 780 12 172 21 536 1 785	adjusted for the minority holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending	grade AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0	rating 0 96 0 0 0 0 0	sector guaran- tee 81 524 3 098 0 0 0 0 49 708	and finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>-1</sup> 0 0 0 0 0 0 11 165	< 80 % <sup>1</sup> 0 0 0 0 0 0 1 505	3 185 17 570 11 207 12 172 0 0 4 632	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878	adjusted for the minority holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279 Total Invest-
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending	grade AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0	rating 0 96 0 0 0 0 0	sector guaran- tee 81 524 3 098 0 0 0 0 49 708	and finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>-1</sup> 0 0 0 0 0 0 11 165	< 80 % <sup>1</sup> 0 0 0 0 0 0 1 505	3 185 17 570 11 207 12 172 0 0 4 632	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878	adjusted for the minority holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending Total Specification of investment grade	grade AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0 190 179	rating 0 96 0 0 0 0 0	sector guaran- tee 81 524 3 098 0 0 0 0 49 708	and finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>-1</sup> 0 0 0 0 0 11 165 11 165	< 80 % <sup>1</sup> 0 0 0 0 0 0 1 505 1 505	3 185 17 570 11 207 12 172 0 0 4 632 48 766 A	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878 BBB	adjusted for the minority holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279 Total Invest- ment grade
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending Total Specification of investment grade Debt instruments held to maturity at amore	grade AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0 190 179	rating 0 96 0 0 0 0 96	sector guaran- tee 81 524 3 098 0 0 0 0 49 708 53 411	and finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>-1</sup> 0 0 0 0 0 11 165 11 165 AAA 13 457	< 80 % <sup>1</sup> 0 0 0 0 0 0 1 505 1 505 1 505 AA 1 988	3 185 17 570 11 207 12 172 0 0 4 632 48 766 A 9 723	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878 BBB 806	adjusted for the minority holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279 Total Invest- ment grade 25 973
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending Total  Specification of investment grade Debt instruments held to maturity at amor Debt instruments classified as loans and receivables	grade AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0 190 179 tized cost ceivables at an	rating 0 96 0 0 0 0 96	sector guaran- tee 81 524 3 098 0 0 0 0 49 708 53 411	and finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>-1</sup> 0 0 0 0 0 0 11 165 11 165 AAA 13 457 16 803	< 80 % <sup>1</sup> 0 0 0 0 0 0 1 505 1 505 1 505 AA 1 988 15 601	3 185 17 570 11 207 12 172 0 0 4 632 48 766 A 9 723 29 821	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878 BBB 806 2 872	adjusted for the minority holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279 Total Invest- ment grade 25 973 65 097
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending Total  Specification of investment grade Debt instruments held to maturity at amor Debt instruments at fair value - fixed-incom	grade AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0 190 179 tized cost ceivables at an	rating 0 96 0 0 0 0 96	sector guaran- tee 81 524 3 098 0 0 0 0 49 708 53 411	and finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>-1</sup> 0 0 0 0 0 0 11 165 11 165 11 165 AAA 13 457 16 803 21 836	< 80 % <sup>1</sup> 0 0 0 0 0 0 0 1 505 1 505 1 505 AA 1 988 15 601 21 495	3 185 17 570 11 207 12 172 0 0 4 632 48 766 A 9 723 29 821 24 574	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878 BBB 806 2 872 10 972	adjusted for the minority holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279 Total Invest- ment grade 25 973 65 097 78 877
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending Total  Specification of investment grade Debt instruments held to maturity at amort Debt instruments at fair value - fixed-incom Debt instruments at fair value - fixed-incom Debt instruments held to maturity at amort Debt instruments at fair value - fixed-incom Deb	grade AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0 190 179 tized cost ceivables at an	rating 0 96 0 0 0 0 96	sector guaran- tee 81 524 3 098 0 0 0 0 49 708 53 411	and finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>-1</sup> 0 0 0 0 0 0 11 165 11 165 11 165 AAA 13 457 16 803 21 836 0	< 80 % <sup>1</sup> 0 0 0 0 0 0 1 505 1 505 1 505 AA 1 988 15 601 21 495 6 244	3 185 17 570 11 207 12 172 0 0 4 632 48 766 A 9 723 29 821 24 574 12 202	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878 BBB 806 2 872 10 972 0	adjusted for the minority holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279 Total Invest- ment grade 25 973 65 097 78 877 18 447
NOK millions         Debt instruments held to         maturity at amortized cost         Debt instruments classified as loans and         receivables at amortized cost         Debt instruments at fair value         - fixed-income securities         Fixed-income funds short-term         Loans and receivables         Financial derivatives classified as assets         Lending         Total         Debt instruments held to maturity at amort         Debt instruments classified as loans and receivables         Financial derivatives classified as loans and receivables         Financial derivatives classified as loans and receivables         Fination of investment grade         Debt instruments held to maturity at amort Debt instruments at fair value – fixed-incord Loans and receivables         Financial derivatives classified as assets	grade AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0 190 179 tized cost ceivables at an	rating 0 96 0 0 0 0 96	sector guaran- tee 81 524 3 098 0 0 0 0 49 708 53 411	and finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>-1</sup> 0 0 0 0 0 0 0 0 11 165 11 165 11 165 AAA 13 457 16 803 21 836 0 0	< 80 % <sup>1</sup> 0 0 0 0 0 0 0 0 0 1 505 1 505 1 505 AA 1 988 15 601 21 495 6 244 177	3 185 17 570 11 207 12 172 0 0 4 632 48 766 A 9 723 29 821 24 574 12 202 1 608	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878 BBB 806 2 872 10 972 0 0	adjusted for the minority holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279 Total Invest- ment grade 25 973 65 097 78 877 18 447 1 785
NOK millions Debt instruments held to maturity at amortized cost Debt instruments classified as loans and receivables at amortized cost Debt instruments at fair value - fixed-income securities Fixed-income funds short-term Loans and receivables Financial derivatives classified as assets Lending Total  Specification of investment grade Debt instruments held to maturity at amort Debt instruments at fair value - fixed-incom Debt instruments at fair value - fixed-incom Debt instruments held to maturity at amort Debt instruments at fair value - fixed-incom Deb	grade AAA to BBB 25 973 65 097 78 877 0 18 447 1 785 0 190 179 tized cost ceivables at an	rating 0 96 0 0 0 0 96	sector guaran- tee 81 524 3 098 0 0 0 0 49 708 53 411	and finance 1 380 3 783 25 502 0 3 090 0 0 0	< 80 % <sup>-1</sup> 0 0 0 0 0 0 11 165 11 165 11 165 AAA 13 457 16 803 21 836 0	< 80 % <sup>1</sup> 0 0 0 0 0 0 1 505 1 505 1 505 AA 1 988 15 601 21 495 6 244	3 185 17 570 11 207 12 172 0 0 4 632 48 766 A 9 723 29 821 24 574 12 202 1 608 0	30 620 86 974 118 780 12 172 21 536 1 785 67 010 338 878 BBB 806 2 872 10 972 0	adjusted for the minority holding 30 620 86 974 110 194 12 172 20 579 1 730 67 010 329 279 Total Invest- ment grade 25 973 65 097 78 877 18 447

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

### Note 13 Credit risk, continued

Credit risk means the risk that a counterparty may not be able to meet its obligations to the KLP Group. In this table the credit risk is measured using rating agenciesstimates of the level of creditworthiness of the various issuers of fixed-income securities. Assets that are not rated are placed in other categories that describe credit risk, for example sector and guarantees.

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

The Group has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. The Group has a high concentration of debt instruments directed at the Norwegian public sector.

Only ratings from Standard and Poor's have been used in the note grouping. KLP Group also uses ratings from Moody's Investor Services and Fitch Ratings and all three are considered equal as a basis for investments in fixed-income securities. The table shows exposure against the rating categories that S&P uses, where AAA is linked to securities with the highest creditworthiness. That which is classified as «Other» is mainly securities issued by power companies and other corporate bonds: this amounted to NOK 51.8 billion on 31 December 2015. KLP The KLP Group has strict guidelines for investments in fixed-income securities, which also apply to investments falling into the "Other" category.

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

The consolidated financial statements shows entities where the KLP Group is considered to have control. This gives the impression of a higher risk than there actually is, since risk that the Group does not bear is shown in the financial statements. In the outer column are shown only companies and actual funds ownership the Group had at the end of the period.

10 largest counterparties	31.12	.2015	31.12	.2014
NOK millions	Consolidated	Adjusted for the minority holding	Consolidated	Adjusted for the minority holding
Counterparty 1	14 247	13 712	11 623	11 583
Counterparty 2	10 180	9 602	9 745	9 4 4 1
Counterparty 3	9 091	9 091	6 749	6 749
Counterparty 4	6 247	6 247	5 490	5 490
Counterparty 5	6 118	5 816	5 420	4 773
Counterparty 6	5 907	4 347	4 748	4 704
Counterparty 7	4 566	3 526	3 563	3 4 3 8
Counterparty 8	3 419	3 327	3 226	3 195
Counterparty 9	3 378	3 283	3 164	3 164
Counterparty 10	3 325	3 247	3 137	2 994
Total	66 478	62 199	56 866	55 531

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

### Premium receivables and receivables in connection with reinsurance

NOK millions	2015	2014
Premium receivables	518	628
Write-downs of premium receivables	-1	0
Total	518	628

KLP's premium receivables are primarily in regard to the public sector and the credit risk is considered low. In addition the main group pension/public sector industry is linked to the "Transfer agreement for the public sector". This transfer agreement has a security scheme intended to help to secure pension rights accrued with employers who cease to exist or do not pay premiums when due in accordance with detailed rules. The Group may thus apply for cover for unpaid demands in this industry from the security arrangement if the demand falls within the security arrangement's regulations.

### Note 14 Presentation of assets and liabilities subject to net settlement

31.12.2015				Related amounts	that are not	presented net	Net Amount
NOK millions	Gross financial assets/liabilities	Gross assets /liabilities presented net	Book value	Financial instruments	Security in cash	Net amount	adjusted for the minority holding
ASSETS							
Financial derivatives	1 292	0	1 292	-649	-647	58	58
Repos	0	0	0	0	0	0	0
Total	1 292	0	1 292	-649	-647	58	58
LIABILITIES							
Financial derivatives	7 993	0	7 993	-649	-4 447	2 909	2 563
Repos	1 4 3 4	0	1434	0	0	1 434	1 4 3 4
Total	9 427	0	9 427	-649	-4 447	4 343	3 997

31.12.2014				Related amounts	that are not	presented net	Net Amount
NOK millions	Gross financial assets/liabilities	Gross assets /liabilities presented net	Book value	Financial instruments	Security in cash	Net amount	adjusted for the minority holding
ASSETS							
Financial derivatives	1 785	0	1 785	-1 093	-602	144	53
Repos	0	0	0	0	0	0	0
Total	1 785	0	1 785	-1 093	-602	144	53
LIABILITIES							
Financial derivatives	11 549	0	11 549	-1 093	-6 893	3 563	3 077
Repos	1 283	0	1 283	0	0	1 283	1 283
Total	12 832	0	12 832	-1 093	-6 893	4 846	4 360

The purpose of this Note is to show the potential effect of netting agreements in KLP Group; the options the KLP Group has to set off bilateral agreements with other counterparties if the latter should be bankrupted; and the sum remaining if all such netting agreements are materialized. The note shows the derivative positions in the financial position statement.

The consolidated figures include all entities over which the KLP Group is considered to have control. In addition the outer line shows the actual net amount remaining if the Group nets the agreements, something that may include Group companies of ordinary type.

### Note 15 Mortgage loans and other lending

NOK millions	Local government administration	State and local authority owned enterprises <sup>1</sup>	Private organizations and enterprises	Employees, pensioners and similar	Total 31.12.2015	Total 31.12.2014
Akershus	1 808	303	224	2 399	4 733	4 958
Aust-Agder	1047	18	4	164	1 234	763
Buskerud	4 594	3 116	359	816	8 885	8 049
Finnmark	1 202	166	1	207	1 575	1 758
Hedmark	2 598	452	81	478	3 608	3 075
Hordaland	2 797	993	387	1 140	5 317	4 079
Møre og Romsdal	3 528	662	180	577	4 947	4 609
Nordland	2 634	309	40	546	3 529	3 259
Nord-Trøndelag	1 516	876	2	179	2 573	1 197
Oppland	1 698	131	9	347	2 184	1835
Oslo	22	421	404	1 865	2 712	2 746
Rogaland	2 839	163	17	1 206	4 225	4 421
Sogn og Fjordane	1665	23	99	175	1 963	2 2 3 3
Sør-Trøndelag	4 403	75	51	719	5 248	6 293
Telemark	960	118	598	250	1 926	1 537
Troms	2 001	112	160	577	2 850	2 578
Vest-Agder	1 214	77	9	232	1 532	1018
Vestfold	3 126	195	60	880	4 261	3 341
Østfold	1 919	192	39	1 308	3 459	3 220
Svalbard og Jan Mayen	45	23	0	0	69	84
International	0	0	10 172	0	10 172	5 209
Not allocated	0	0	0	0	43	59
Accrued interest	198	30	13	21	261	309
Value adjustment					306	379
Total	41 813	8 455	12 908	14 086	77 611	67 010

<sup>1</sup> This category covers local authority business operations, as well as enterprises owned by central and local government

This table distributes the KLP Group lending by county and sector. Sector is based on the sector codes from Statistics Norway, which are in fact new for the year.

### Measurement method lending

Loans to local government, enterprises & retail customers at fair value through profit/loss	1845	2 269
Loans to local government, enterprises and retail customers (amortized cost)	75 766	64 741
Total lending	77 611	67 010

The Group has a lending portfolio of high quality, with limited credit risk and historically very low losses. In the main the Group provides loans secured on housing with a loan-to-value ratio of less than 80 per cent, loans to local authorities and loans with government (central/local) guarantees. Lending secured through mortgages on housing amounts to about NOK 14.1 billion. The sector diversification of Group lending is very small, since a very high proportion of the loans are provided for the public sector. However the concentration risk this suggests can hardly be perceived as a real risk since the loans are covered by government (central/local) guarantee, representing an extremely low counterparty risk.

In the financial position statement the two lending-related lines must be taken into account to find amounts corresponding to those in the note.

NOK millions	2015	2014

# Individual write-downs on loans at amortized cost Number of loans $\ensuremath{^1}$

Total principal before write-downs
Write-downs
Total principal after write-downs
Individual write-downs
Write-down on individual loans 01.01.
Known losses for the period where individual write-down has been ca
Write-down on individual loans for the period
Reversal of write-down on individual loans for the period
Write-down on individual loans

NOK millions
Overdue, not written down
30-90 days
over 90 days
Total overdue loans

<sup>1</sup> The numbers are absolute figures.

### Note 16 Investment properties

### NOK millions

Net rental income Net financial income/costs Net realized gains/losses Change in fair value Net income from investment properties Currency translation foreign subsidiaries, taken to other comprehension Net income from investment properties currency translation

### NOK millions

Book value 01.01. Additions through purchase Reductions through reclassification Additions through capitalizations Net write-up/down resulting from change in fair value including curre Book value 31.12.

	9	8
	4.55	5.03
	2.47	1.26
	2.08	3.58
	1.26	1.46
carried out previously	-0.28	-0.84
	2.26	1.14
	-0.77	-0.50
	2.47	1.26

2015 Remaining debt	2014 Remaining debt
55	37
33	51
88	87

	2015	2014
	2 407	2 018
	12	16
	98	0
	2 299	2 021
	4 816	4 054
sive income	1 319	-678
	6 135	3 377
	2015	2014
	44 467	39 744
	7 961	2 078
	-1 489	-3
	1 879	1 305
rency translation	3 618	1 343
	56 436	44 467

### Note 17 Investments in associated companies and joint ventures

NOK millions	Office and business address	Holding %	OE on first acquisition	Acquisition cost	Book value 31.12.14	Additions/ disposals	Value adjustment	Profit/ loss share	Equity transaction	Book value 31.12.15
Norfinance AS	Støperigata 2 0250 Oslo	18 %	92.3	102.5	113	0.0	24.4	0.0	0.0	137
Norsk Pensjon AS	Hansteens gate 2 0253 Oslo	25 %	20.0	5.0	4	0.0	0.0	0.1	0.0	4
Fylkeshuset AS, Molde	Fylkeshuset, 6400 Molde	48 %	0.1	0.0	0	0.0	0.0	0.0	0.0	0
KLP Norfund Investments AS	Støperigata 2 0250 Oslo	50 %	0.1	183.8	131	74.6	20.6	0.0	0.0	226
Total shares in ass	ociated companies			291.3	248	74.6	45.0	0.1	0.0	368

All shares have equal voting proportions.

### 

## Note 18 Subordinated loan capital and hybrid Tier 1 securities

2015 NOK millions	Loan amount currency <sup>3</sup>	Loan amount NOK	Book value 31.12.2015	Due date
Borrowings <sup>1</sup>				
October 1997	JPY 9 500	554	705	Perpetual
April 2006	, EUR 300	2 372	2 997	Perpetual
June 2015	EUR 600	5 163	5 839	2045
Total subordinated loan capital		8 089	9 541	
April 2004	JPY 15 000	984	1 564	Perpetual
Total hybrid Tier 1 securities		984	1 564	
Total subordinated loan capital and hybrid	Tier 1 securities	9 072	11 105	
2014	Loan amount	Loan amount	Bokført verdi	D. Lite
NOK millions	currency <sup>3</sup>	NOK	31.12.2014	Due date
Borrowings <sup>1</sup>				
October 1997	JPY 9 500	554	599	Perpetual
April 2006	EUR 300	2 372	2 825	Perpetual
Total subordinated loan capital		2 926	3 423	
April 2004	JPY 15 000	984	1 253	Perpetual
Total hybrid Tier 1 securities		984	1 253	
Total subordinated loan capital and hybrid	Tier 1 securities	3 911	4 676	

2014 NOK millions			Loan amo currenc	-
Borrowings <sup>1</sup> October 1997 April 2006			JPY 95 EUR 3	00 00
Total subordinated loa	n capital			
April 2004			JPY 15 0	00
Total hybrid Tier 1 sec	urities			
Total subordinated loa	n capital and hybri	d Tier 1 se	ecurities	
JPY 9 500:	The interest on the loan after 20 year: JPY-interest plus 2 from Telia FRN and Group has not invo	s. After 30 2.05 per ce d United U	October 2 ent p.a. The tilities resp	2017 the i financial pectively. 1
EUR 300:	The interest on th set at 2.27 per ce it at par on 11 Ap shown in the table this borrowing.	nt above t ril 2016 T	hree mon he loan is	ths' EURIE currency
EUR 600:	The interest on th 2045. The loan ca The loan is curren subject to hedge a	an be rede cy hedged	emed by 1 I with EUR	he Group
JPY 15 000:	The interest on the to redeem the loar switch to variable i margin of 3.30 pe and currency swap per cent p.a. and r	n on 28 Ap interest. Th r cent p.a. o (CIRCUS)	oril 2034. I ne credit m To hedge t has been	f The Grou argin ther he interes agreed in
2015 NOK millions		Nominal currency <sup>3</sup>	3	Acquisiti cost NC
Bonds Bonds Bonds		JPY 9 50 EUR 30 EUR 59	)4	63 2 52 5 15

2015 NOK millions	Nominal currency <sup>3</sup>	Acquisition cost NOK	OIF interest <sup>2</sup>	Unrealized currency	Book value 31.12.2015	Due date
Bonds Bonds Bonds Total hedging transactions	JPY 9 500 EUR 304 EUR 596	635 2 523 5 152 8 310	2 34 31 66	64 398 534 995	701 2 954 5 716 9 371	2017 2015/2016 2025
2014 Millioner kroner	Nominal currency <sup>3</sup>	Acquisition cost NOK	OIF interest	Urealisert valuta	Book value 31.12.2014	Due date
Bonds Bonds Total hedging transactions	JPY 9 500 EUR 300	635 2 411 3 046	2 46 48	-41 348 307	596 2 805 3 401	2017 2015/2016

<sup>1</sup>Interest costs on the two subordinated loans were 311 million (165 million) and 61 million (49 million) for the hybrid Tier 1 securities

in 2015. Figures in brackets are 2014 figures.

<sup>2</sup> OIF interest is earned not overdue interest.

<sup>3</sup> Amount in local currency (millions)

p.a. The loan is perpetual but The Group has the right to redeem the e interest will be the higher of fixed 4.75 per cent p.a. and 6 mnth al hedging comprises two bonds of JPY 4.5 billion and JPY 5 billion This balancing transaction is shown combined in the table below. The the financial hedging associated with this borrowing.

ent p.a. until 11 April 2016 after which it changes to a variable rate IBOR. The loan is perpetual but The Group has the right to redeem y hedged by a similar investment in EUR-denominated bonds as nvoked hedge accounting for the financial hedging associated with

ent p.a. The loans was issued the 10th of June 2015 and is due in up after 10 years, and at every interest payment date that follows. nated bonds as shown in the table below. This arrangement is not

5.07 per cent p.a. The loan is perpetual but The Group has the right oup does not exercise its redemption right in 2034, the loan will en increases by 1 percentage point to 6-month JPY LIBOR-interest + a est and exchange risk associated with the loan a combined interest rate in which The Group pays3-month NIBOR-interest + a margin of 2.65 per cent p.a. This hedging arrangement is shown in Group Note 19.

### Note 19 Hedge accounting

31.12.2015 NOK millions	Nominal value	Changed value in hedged risk	Book value 31.12.2015
KOMMUNAL LANDSPENSJONSKASSE Hedged object			
Hybrid Tier 1 securities	-984	-581	-1 564
Hedging instrument Combined interest rate and currency swap (CIRCUS)	984	580	580
Hedge effectiveness as at 31.12.2015 Hedge effectiveness through the year		100 % 100 %	
KLP BANKHOLDING GROUP Hedged object			
Hedged object: Loans to retail customers fixed interest in NOK	368	20	388
Hedging instrument Hedging instrument: Interest rate swap loans to retail customers fixed int. rate NOK	355	-20	335
Hedge effectiveness as at 31.12.2015 Hedge effectiveness through the year		100 % 100 %	
71 10 2017	Nominal	Changed value	Deelevelue

31.12.2014 NOK millions	Nominal value	Changed value in hedged risk	Book value 31.12.2014
KOMMUNAL LANDSPENSJONSKASSE <b>Hedged object</b> Hybrid Tier 1 securities	-984	-269	-1 253
Hedging instrument Combined interest rate and currency swap (CIRCUS)	984	268	268
Hedge effectiveness as at 31.12.2014 Hedge effectiveness through the year		100 % 100 %	
KLP BANKHOLDING GROUP Hedged object Hedged object 1: Lending public sector market fixed interest in NOK Hedged object 2: Loans to retail customers fixed interest in NOK Hedged object 3: Bond loans fixed interest in NOK	5 643 340 2 292	427 25 -135	6 070 365 2 157
Hedging instrument Hedging instrument 1: Interest rate swap loans to public sector market fixed interest in NOK Hedging instrument 2: Interest rate swap loans to retail customers fixed int. rate NOK Hedging instrument 3: Interest rate swap bond loans in NOK	5 633 365 2 092	-382 -25 135	5 251 340 2 227
Hedge relationship 1: Hedge effectiveness as at 31.12.2014 Hedge effectiveness through the year		89 % 89 %	
Hedge relationship 2: Hedge effectiveness as at 31.12.2014 Hedge effectiveness through the year		99 % 99 %	
Hedge relationship 3: Hedge effectiveness as at 31.12.2014 Hedge effectiveness through the year		100 % 100 %	

The note shows the financial instruments in the Group subject to hedge accounting, with associated hedging instruments. As at 31 December 2015 the Group has three hedge relationships: two in Kommunal Landspensjonskasse and one in KLP Bankholding Konsern. The hedge effectiveness stands very close to 100 per cent on both hedge relationships as at 31 December 2015, which means minimal effect on results for everything subject to hedge accounting in the Group.

#### Hybrid Tier 1 securities in foreign currency with fixed interest

The hybrid Tier 1 securities loan is hedged against changes in interest rates and exchange rates through purchase of a combined interest rate and currency swap (CIRCUS). The hedging is brought to account in accordance with the rules on fair value hedging. In practice the hedging involves a swap of currency terms (JPY 15 billion against NOK 0.984 billion) and interest terms (fixed interest at 5.07 per cent against NIBOR +2.6475 per cent) on the borrowing and the combined interest and currency swap respectively. The hedge effectiveness is measured by looking at the change in fair value of the hedged object and the hedging instrument.

The hedge effectiveness is valued retrospectively each month and is then considered effective if the change in fair value between hedged object and hedging instrument lies within the bracket 80 per cent to 125 per cent.

#### Lending with fixed interest

The hedging of lending is done with an interest rate swap in which the Group pays variable and receives fixed. The hedging is brought to book in accordance with the rules on fair value hedging and the purpose of this hedging is to hedge the interest-rate risk on the lending. The hedged object and the hedging instrument are struck on the same terms and conditions. The hedge effectiveness is measured by comparing accumulated value change on the hedging instrument to accumulated value change on the hedged object.

The hedge effectiveness is assessed retrospectively each month and is then considered effective if the change in fair value between hedging object and hedging instrument lies within the bracket 80 per cent to 125 per cent.

#### Covered bonds (CB) with fixed interest

The hedging instrument is an interest rate swap where the Group pays variable interest and receives fixed interest. The hedgig is brought to book in accordance with the rules on fair value hedging and the purpose of this hedging is to hedge the interest-rate risk on the borrowing. The hedged object and the hedging instrument are struck on the same terms and conditions. Principal, interest, duration and interst dates are identical. The hedging effectiveness is measured by comparing accumulated value change on the hedging instrument to accumulated value change on the hedged object.

The hedging effect is valued retrospectively each month and is then considered effective if the change in fair value between hedging object and hedging instruments lies within the bracket 80 per cent to 125 per cent.

### General

Fair value hedging means that the hedged value development of the hedged object is recognized through profit or loss. Correspondingly the value change on the hedging instrument is recognized in profit/loss.

See also Note 2 for a detailed description of the hedge accounting in the accounts.

## Note 20 Borrowing

NOK millions	Nominal in NOK	Currency	Interest	Due date	Book value 31.12.2015	Book value 31.12.2014
PERPETUAL SUBORDINATED LOAN CAPITAL						
Kommunal Landspensjonskasse	2 372	EUR	Fixed 1	Perpetual	2 995	2 825
Kommunal Landspensjonskasse	554	JPY	Fixed <sup>2</sup>	Perpetual	704	599
SUBORDINATED LOAN OF LIMITED DURATION	551	J' '	TIXCU	reipetuur	701	222
Kommunal Landspensjonskasse	5 163	EUR	Fixed <sup>3</sup>	2045	5841	0
Total subordinated loan capital	8 089	LOIN	TIXCU	2015	9 541	3 423
	0 000				7 7 11	5125
HYBRID TIER 1 SECURITIES						
Kommunal Landspensjonskasse	984	JPY	Fixed <sup>4</sup>	2034	1 564	1 253
Total hybrid Tier 1 securities	984	,			1 564	1 253
COVERED BONDS						
KLP Kommunekreditt AS	0	NOK	Variable	2015	0	1 301
KLP Kommunekreditt AS	0	NOK	Fixed	2015	0	554
KLP Kommunekreditt AS	2 170	NOK	Variable	2016	2 174	3 370
KLP Kommunekreditt AS	635	NOK	Fixed	2017	644	1014
KLP Kommunekreditt AS	4 000	NOK	Variable	2017	4 008	4 011
KLP Kommunekreditt AS	4 000	NOK	Variable	2018	4 005	3 506
KLP Kommunekreditt AS	4 500	NOK	Variable	2019	4 505	2 001
KLP Kommunekreditt AS	750	NOK	Fixed	2020	752	752
KLP Boligkreditt AS	600	NOK	Variable	2017	602	603
KLP Boligkreditt AS	600	NOK	Variable	2019	600	601
KLP Boligkreditt AS	450	NOK	Variable	2020	452	0
KLP Boligkreditt AS	1 200	NOK	Variable	2021	1 203	602
Other					42	154
Total covered bonds	18 905				18 987	18 468
DEBT TO CREDIT INSTITUTIONS	_					
KLP Banken AS	0	NOK	Variable	2015	0	603
KLP Banken AS	800	NOK	Variable	2016	802	803
KLP Banken AS	300	NOK	Fixed	2017	308	308
KLP Banken AS	500	NOK	Variable	2017	500	501
KLP Banken AS	200	NOK	Fixed	2018	202	203
KLP Banken AS	500	NOK	Variable	2018	502	503
KLP Banken AS	600	NOK	Variable	2019	600	300
KLP Banken AS	3	NOK	Variable	2016	3	0
KLP Alfa Global Rente	0	NOK	Fixed	2015	0	1 282
KLP Alfa Global Rente	1 433	NOK	Fixed	2016	1 433	0
Kommunal Landspensjonskasse	0	NOK/EUR/USD	Variable	2015	0	718
Kommunal Landspensjonskasse	700	NOK/EUR/USD	Variable	2016	700	0
Other KLP-fund	49	NOK/EUR/USD	Variable	2016	49	0
Total debt to credit institutions	5 084				5 099	5 220
	DC 5					
LIABILITIES TO AND DEPOSITS FROM CUSTOME		NOV			( 070	E OCO
Retail	6 030	NOK			6 0 3 0	5 062
Business	1 397	NOK			1 397	1 189
Tot liab. to and deposits from customers	7 426				7 426	6 251
Total financial liabilities	(0/00				12(17	Z/ (1E
Total financial liabilities	40 488				42 617	34 615

<sup>1</sup> The loan has an interest change date in 2016: KLP is also entitled to repay the loan on this date. <sup>2</sup> The loan has an interest change date in 2017: KLP is also entitled to repay the loan on this date.

<sup>3</sup> The loan has an interest change date in 2025: KLP is also entitled to repay the loan on this date.

<sup>4</sup> The loan has an interest change date in 2034: KLP is also entitled to repay the loan on this date.

<sup>5</sup> There is no contractual maturity date on deposits.

The companies stated are the issuers of the financial liability described. Deposits belong to KLP Banken AS.

## Note 21 Technical matters

The tables in this note specifies technical matters by sector. As a consecuence some of the numbers in the note are not directly reconcilable to the lines in the financial statement.

### Premiums, claims and change in technical reserves by sector

remuns, claims and change in teermear reserves by sector						
	for own	m income n account		own account	Change in t reserves income all	before ocations
NOK millions	2015	2014	2015	2014	2015	2014
Life insurance Group pension - public sector	38 733	62 246	15 195	17 893	11 285	51 480
Group pensions - private	486	410	84	66	452	441
Non-life insurance	527	525		777	2	-
Business-related insurances	527	525	440	363	-2	-5
Personal/retail insurances	329	261	243	197	9	8
Natural perils insurances	41	38	75	19	0	0
Group life	123	132	129	105	4	6
Total	40 236	63 611	16 161	18 643	11 747	51 930
Insurance liabilities by sector						

NOK millions

Group pension - defined benefit Group pension - defined contribution Non-life insurance Group life Total technical provisions

### Insurance liabilities in life insurance by sector

insulance nabilities in me insulance by see							
NOK millions	Group pension - Defined benefits with annual returns guarantee	Defined	Defined	Defined	Total 31.12.2015	Total 31.12.2014	Change 2015
Premium reserve Supplementary reserves Securities adjustment fund Premium fund, the pensioners'	353 222 20 170 21 472	1 684 114	1 293 38 57	1 175	357 374 20 322 21 529	333 249 17 134 19 578	24 124 3 188 1 951
surplus fund and deposit fund Claims reserve Buffer reserves	15 284 172 0	191 47	18 30	8	15 501 202 47	10 487 203 49	5 014 -1 -2
Total insurance liabilities in life insurance 31.12.2015 Total insurance liabilities in life insurance 31.12.2014	410 320 376 627	2 036 1 921	1 436 1 310	1 183 842	414 974 380 700	380 700	34 275

### Technical provisions in non-life insurance by sector

NOK millions	Business- related insurances	Personal/ retail insurances	Natural perils and other pool schemes		Total 31.12.2014	Change 2015
Premium provision	78	185	9	272	246	26
The Financial Supervisory Authority of Norway's minimum requirements	78	185	9	272	246	26
Claims reserve	1 622	152	59	1 834	1 779	55
The Financial Supervisory Authority of Norway's minimum requirements	1 300	137	59	1 496	1 417	79
Contingency reserve	453	82	1	536	530	7
The Financial Supervisory Authority of Norway's minimum requirements	193	57	1	251	245	7
Total technical provisions non-life insurance 31.12.2015	2 153	420	69	2 642	2 555	87
Total technical provisions non-life insurance 31.12.2014	2 133	361	61	2 555		

Total 31.12.2015	Total 31.12.2014	Change 2015
413 792 1 183	379 858 842	33 934 341
2 642	2 555	87
78	0	78
417 695	383 255	34 440

## Note 21 Technical matters, continued

### Technical provisions in Group life

NOK millions	Total 31.12.2015	Total 31.12.2014	Change 2015
Premium provision	10	9	1
The Financial Supervisory Authority of Norway's minimum requirements	10	9	1
Claims reserve	67	45	22
The Financial Supervisory Authority of Norway's minimum requirements	67	45	22
Contingency reserve	1	0	1
The Financial Supervisory Authority of Norway's minimum requirements	1	0	1
Total technical provisions Group life 31.12.2015	78	54	24

### Changes in insurance liabilities - life insurance

NOK millions	Premium reserve	Supple- mentary reserves	Securities adjustment fund	Premium and deposits funds	Buffer reserves	Claims reserves	To 2015	tal 2014
Opening balance	333 249	17 134	19 578	10 487	49	203	380 700	313 746
Changes in insurance liabilities taken to inc	ome							
Net reserves taken to profit/loss	11 722	9	1 951	247	0	-1	13 928	61049
Surplus on returns result	16	3 060	0	-1 137	4		1943	5 773
Risk result assigned to insurance contracts	12 389			4 938			17 328	349
Other assignment of surplus		0	0	0	0		0	1 559
Total changes taken to profit/loss	24 127	3 069	1 951	4 048	4	-1	33 198	68 730
Changes in extended result Changes in insurance liabilities not taken to	profit/loss			-1 339			-1 339	-698
Transfers between funds/allocation to	prom/ 1000							
premium payment	-3	0		-1 333			-1 336	-3 950
To/from funds on transfer settlement	0	119		961	-6	0	1074	2 872
Total changes not taken to income	-3	119		-373	-6	0	-262	-1078
Total changes in insurance liabilities	24 124	3 189	1 951	5 014	-2	-1	34 275	66 954
Total insurance liabilities 31.12.2015	357 374	20 322	21 529	15 501	47	202	414 974	380 700
Total insurance liabilities 31.12.2014	333 249	17 134	19 578	10 487	49	203	380 700	

### Results analysis

	Group pension -	Group pensions -	S	um
NOK millions	public sector		2015	2014
Returns result	3 423	13	3 4 3 6	5 045
Risk result excluding profit element - customer share	19 893	0	19 893	355
Other income elements			0	1 560
Total result to insurance customers	23 316	13	23 329	7 314
Increased reserves because of greater longevity		5	5	23
Transferred to supplementary reserves	3 122	8	3 130	3 568
Allocated to the customers' premium fund	5 138		5 138	3 369
Allocation from risk equalization fund to strengthening reserves	12 389		12 389	
Total result allocated to customers	20 650	13	20 662	6 959
Result to insurance providers				
Share of returns result	80	1	80	9
Risk result excluding profit element	2 817	-2	2 817	349
Administration result	264	-28	237	315
Consideration for interest guarantee and profit element	826	7	834	606
Return on owners' equity contribution ascribed to insurance customers		-3	-3	-1 560
Allocation from risk equalization fund ascribed to insurance customers	50		50	0
Result to insurance provider (technical result in life insurance)	4 037	-25	4 014	-281

### Transfers and new business - life insurance

	•				ons - private	
					ontribution	
2015	2014	2015	2014	2015	2014	
9 247	30 174	4	90	146	59	
9 247	30 175	4	90	146	59	
970	1 931	0	1	5	3	
126	1 235	0	2	0	0	
10 344	33 341	4	94	151	62	
151	256	0	1	75	29	
135	4 139	2	1	19	8	
7	152	0	0	0	0	
5	72	0	0	0	0	
147	4 364	2	1	19	8	
14	300	0	0	0	0	
162	4 664	2	2	19	8	
3	8	0	0	21	19	
	Define 2015 9 247 9 247 970 126 10 344 151 135 7 5 147 14 14 162	9 247 30 174 9 247 30 175 970 1 931 126 1 235 10 344 33 341 151 256 135 4 139 7 152 5 72 147 4 364 14 300 162 4 664	Defined benefits         Defined 2015           2015         2014         2015           9 247         30 174         4           9 247         30 175         4           970         1 931         0           126         1 235         0           10 344         33 341         4           151         256         0           7         152         0           5         72         0           147         4 364         2           162         4 664         2	Defined benefits         Defined benefits           2015         2014         2015         2014           9         247         30         174         4         90           9         247         30         175         4         90           9         247         30         175         4         90           970         1         931         0         1           126         1         235         0         2           10         344         33         341         4         94           151         256         0         1         1           7         152         0         0         0           5         72         0         0         0           147         4         364         2         1           14         300         0         0         0           162         4         664         2         2	Defined benefits         Defined benefits         Defined c           2015         2014         2015         2014         2015           9 247         30 174         4         90         146           9 247         30 175         4         90         146           970         1 931         0         1         5           126         1 235         0         2         0           10 344         33 341         4         94         151           151         256         0         1         75           135         4 139         2         1         19           7         152         0         0         0           5         72         0         0         0           147         4 364         2         1         19           14         300         0         0         0           162         4 664         2         2         19	

#### Group pension - public sector Defined benefits NOK millions 2015 2014 2 Premium volume 6 26 15 Number of contracts

## Note 22 Tangible fixed assets

		201	5			201	4	
NOK millions	Property for own use	Vehicles	Machines/ inventory	2015	Property for own use	Vehicles	Machines, inventory	
Book value 01.01.	1 121	1	76	1 198	960	1	78	1040
Acquisition cost 01.01	914	12	263	1 188	900	12	251	1 163
Accum. depreciation prev. years	-121	-11	-187	-319	-101	-10	-173	-284
Accum. value adjustm. prev. years	329	0	0	329	161	0	0	161
Acquisition	0	0	14	14	13	0	15	28
Assets held for disposal	0	0	-3	-4	0	0	-3	-3
Value adjustments	172	0	0	172	168	0	0	168
Depreciation	-23	0	-11	-35	-20	0	-14	-35
Acquisition cost 31.12.	914	12	273	1 198	914	12	263	1 188
Accumulated depreciation 31.12.	-144	-11	-199	-354	-121	-11	-187	-319
Accumulated value adjustment 31.12.	501	0	0	501	329	0	0	329
Book value 31.12.	1 271	1	74	1346	1 121	1	76	1 198
Economic life Depreciation method	50 years Straight-line	5 years Balance/	3-5 years Balance/					

Straight-line Balance/ Balance/ Straight-line Straight-line

(	Group pens	sions - privat	te		
Defined b	enefits	ontribution	Group	life	
2015	2014	2015	2014	2015	2014
0	0	62	45	5	17
0	0	211	178	70	80

## Note 23 Tax

NOK millions	2015	2014
Pre-tax income	5 128	1 189
Other comprehensive income excl. tax	348	-2
Differences between accounting and tax income:		
Reversal of value reduction, financial assets	2 221	6 488
Reversal of value increase financial assets	-10 881	-16 751
Refunding of value increase properties	-3 748	-1 518
-		
Accounting loss on realization of shares and other securities	2 100	-76
Book gain on realization of shares and other securities	-11 504	-3 476
Tax gain on realization of shares and other securities	4 982	4 122
Tax loss on realization of shares and other securities	-3	0
Refunding of 3% tax-free income i.a.w. the exemption method	19	24
Share of taxable income in partnerships	23	271
Share of accounting income in partnerships	-26	-13
Other permanent differences	-1 143	-459
Change in differences affecting relationship between book and taxable income	-2 238	-100
Taxable income	-14 723	-10 300
Surplus/deficit for the year is transferred to carryforward deficit	-14 723	-10 300
	11725	10 900
Deficit carryforward allowable from previous years	-32 502	-22 202
Change for the year in carryforward deficit	-14 723	-10 300
Total carryforward deficit and allowance as at 31.12.	-47 225	-32 502
Reconciliation of basis for deferred tax		
Tax-increasing temporary differences:		
Fixed assets	0	8
Buildings and other real estate	16 210	11 630
Securities	25 853	16 387
Shares in partnerships	126	63
Lending to customers and credit enterprises	81	105
Other differences		
Total tax-increasing temporary differences	190 42 460	216 28 408
Total tax-increasing temporary differences	42 400	20 400
Tax-reducing temporary differences:		
Gains and losses account	5	0
Long-term receivables	-1 773	-655
Pension obligation	-636	-755
Borrowing	-35	-45
Other liabilities	-29	-25
Securities	-10	0
Other differences	-192	-129
Total tax-reducing temporary differences	-2 670	-1 610
Net temporary differences	39 790	26 798
Carryforward deficit	-47 225	-32 502
Basis for deferred tax assets	-7 435	-5 704
25% / 27% deferred tax assets	-1 859	-1 540
Corrected error earlier years	0	80
Write-down of deferred tax assets	1 192	1 378
Net deffered tax	-667	-82
Of which deferred capitalized tay access	77	0.0
- Of which deferred capitalized tax assets	33	88
- Of which capitalized referred tax assets extempt from equalisation	-700	-170
Change in deferred tax assets taken to profit/loss	-55	88
Change in deferred tax taken to profit/loss	-530	-73
Tax payable taken to profit/loss	-233	-221
Withholding tax taken to profit/loss	-208	-117
To much tax earlier year	3	0
Cost of taxes	-1 022	-323

NOK millions				2015		203
Tax taken to profit/loss						
Cost of taxes				-935		-3
Tax on items that will not be reclassified against the comprel	hensive income	e statemen	t	-44		
Tax on items that will be reclassified to income later				-43		-
Total tax taken to profit/loss				-1 022		-3
Note 24 Capital control and capital adeq	uacv					
NOK millions	J		31.12.2015		2	1.1
Our and a suite as a tributed			10 ( 22			0
Owners' equity contributed			10 422 12 837			9 8
Retained earnings Total owners' equity			23 260			0 17
			25 200			1/
Hybrid Tier 1 securities			984			
Intangible assets			-523			
Deferred tax assets			-33			
Risk equalization fund			-3 364			
Unrealized price changes in the corporate portfolio			-428			
Reinsurance reserve			0			
Deductions for investments in other financial institutions			0			
Other equity			-108			
Revaluation fund and ajustment of eguity and subordinated Core capital	ioan capitai		-229 19 559			16
						ΤC
Perpetual own funds			8 233			2
Deduction own funds in other financial institutions			0			
Supplementary capital			8 233			2
Net own funds (eligible Tier 1 and Tier 2 capital)			27 792			19
			21172			17
		31.12.201	5	:	31.12.201	4
	Non-			Non-		
Assets and off-financial position statement items by risk weighting <sup>1</sup>	weighted amounts		Weighted amounts	weighted amounts		We an
Fixed-income securities	66 857	0 %	0	59 184	0 %	
Covered bonds	28 662	10 %	2 866	27 479	10 %	
Fixed-income securities, lending,						
bank deposits and fixed-income funds	138 469	20 %	27 694	125 290	20 %	2
Housing mortgage lending	12 309	35 %	4 308	11 247	35 %	-
Fixed-income funds	53 514	50 %	26 757	54 299	50 %	2
Shares, equity funds and fixed-income securities Private equity	184 138 8 336	100 % 150 %	184 138 12 504	161 823 7 242	100 % 150 %	16 1
Proportion investment option <sup>2</sup>	8 556 1 182	120 /0	12 504 157	842	120 %	T
Total weighted assets in the financial position statement	1 102		258 425	042		23
יסומי שכוצוווכע מססבוס ווו נווכ ווומווכומו מסטונוטוו סנמנפווופוונ			200 420			20
Derivatives and contingent liabilities	141 515		7 548	129 585		
Deduction own funds in other financial institutions			0			
Deduction unrealized gains on financial investments			-24 372			-2
Risk-weighted calculation base			241 600			21
Capital adequacy ratio			11,5 %			

<sup>1</sup> The description given of each of the rates is given based on those assets that form the major part of the basis for weighting. <sup>2</sup> The investment option units are the assets that are included in the investment option portfolio and are weighted 1/5 of ordinary weighting.

### Note 24 Capital control and capital adequacy, continued

The parent company of the Group is a mutually owned life insurance company whose principal aim is to do its utmost to administer, within the business's ability to bear risk, the capital the members have placed in the Company either as owners (owners' equity) or as pension customers (pension funds).

Life insurance companies are subject to special regulations that set requirements for capital management and that provide investment limitations in the management of the pension customers' funds. The Group's strategy for management of its pension customers' funds is formulated within the scope allowed by the regulations. The investment areas (asset classes) in which the capital is to be placed are defined. The different asset classes have different characteristics and risk profiles and the proportion invested in the different asset classes is continuously adjusted on the basis of the business's ability to bear, and appetite for, risk. This is monitored and reported on a daily basis.

The Group's financial goal is to achieve a competitive and stable return, at the same time as solvency satisfies external and internal requirements. Besides financial diversification of its customers' assets, the Company has a long-term investment strategy in which risktaking is continuously matched to the Company's ability to bear risk. That risk-bearing ability is based on the risk being correlated with the Company's financial buffers and its ability to tolerate unexpected negative movements.

For more information concerning capital and risk management attention is drawn to Note 9.

The Group also conducts other business for which there are regulatory requirements for asset management. This is primarily applies to non-life insurance and banking activity. These activities are conducted through wholly-owned subsidiaries and must comply with regulatory solvency requirements at the company level.

In the same way as life insurance, the non-life insurance activity is subject to special regulations that stipulate requirements for capital management. In the same way as for life insurance different investment areas (asset classes) in which the capital is invested are defined. The proportion invested in the different asset classes is matched to the defined risk-bearing capability and risk appetite of the business.

The banking activity is conducted within a clearly defined target group for placement of lending to achieve the desired level of security and guarantees for the investments.

The activities must together meet the capital adequacy and core capital adequacy requirements set by the authorities at the consolidated level. The capital adequacy rules are based on the probability of a financial institution or a securities enterprise not being able to meet its payment liabilities increasing with its proportion of debt. The main components comprise net own funds (eligible Tier 1 and Tier 2 capital) seen in relation to a financial position statement adjusted for estimated counterparty risk.

Below is the capital adequacy ratio of the parent company, the subsidiaries and the subordinate group covered by the capital adequacy requirement. The requirement is actually calculated in somewhat different ways depending on which sector the companies are grouped under, but the overall methodology is similar.

Kommunal Landspensjonskasse	12,0 %
KLP Bank group	17,3 %
KLP Skadeforsikring AS	48,9 %
KLP Bedriftspensjon AS	35,4 %
KLP Kapitalforvaltning AS	26,0 %

Note 26 also contains information on the solvency margin ratio of the companies covered by this (insurance companies). The grouping in the Note is Livsforsikring (Kommunal Landspensjonskasse and KLP Bedriftspensjon AS) and Skadeforsikring (KLP Skadeforsikring AS).

The capital adequacy is an obligatory reporting requirement that is reported quarterly at company level and at the consolidated level.

### Core capital

Contributed owners' equity and retained earnings form the most significant element of the core capital. Generally it may be said that other items that for accounting purposes are included as owners' equity but that have limited loss absorption are deducted from core capital (see above for details). Hybrid Tier 1 securities are included as core capital to a maximum of 15 per cent of other core capital. Any surplus counts as supplementary capital. Intangible assets are deducted from core capital. Unrealized price changes in the corporate portfolio are deducted when the income from the Company is included.

### Supplementary capital

Subordinated loans in foreign currency are valued at the lower of the exchange rate on the calculation date and the exchange rate on the date taken up, apart from the subordinated loan in Japanese yen (JPY).For this, instead of the date taken up, the exchange rate as at 29 October 2001 is used, the date of the application to The Financial Supervisory Authority of Norway to use a different exchange-rate. The hybrid Tier 1 securities loan is also subject to the lower value principle.

The deduction of own funds in other financial institutions is divided 50/50 between core capital and supplementary capital in accordance with Section 7 of the Norwegian Regulations on calculation of own funds.

The authorities' minimum requirement for capital adequacy is set at 8 per cent for insurance companies.

As of 01.01.2016, Solvency II replaces the capital adequacy and solvency margin requirement. See note 26 for more information.

### Note 25 Intangible assets

NOK millions	IT systems	Other	2015	IT systems	Other	2014
Book value 01.01.	361	16	377	361	16	377
Acquisition cost 01.01.	1064	16	1 080	909	16	924
Total additions	161	0	161	150	0	150
of which internally developed	30	0	30	38	0	38
of which bought	130	0	130	112	0	112
Disposals	0	0	0	0	0	0
Acquisition cost 31.12.	1 225	16	1241	1 058	16	1074
Accumulated depreciation and write-downs prev. years	-626	0	-626	-547	0	-547
Ordinary depreciation for the year	-77	0	-77	-78	0	-78
Impairment <sup>1</sup>	-12	0	-12	0	0	0
Accumulated depreciation and write-downs 31.12.	-715	0	-715	-626	0	-626
Book value 31.12.	510	16	526	433	16	448

Depreciation period

<sup>1</sup> The Group performs periodical assessments of the intagible assests. By the end of 2015 the Group identified three IT systems where the book value exessed the estimated sum of recoverable. The estimated sum of recoverable is calculated by etstimating future earnings to book value. This resulted in the following asessment:

### NOK million

Book value before impairment Recoverable amount Impairment

The impariment is included in «Operating costs» in the financial statement.

3 to 10 years

3 to 10 years

31.12.2015	31.12.2014
23	0
12	0
12	0

### Note 26 Solvency margin

NOK millions	2015	2014	2013	2012	2011
Solvency margin requirement					
Life insurance	13 647	12 674	10 700	9 682	8 747
Non-life insurance	201	174	159	140	127
Combined solvency margin requirement	13 848	12 848	10 859	9 822	8 874
Solvency capital					
Own funds (eligible Tier 1 and 2 capital)	27 792	19 894	17 982	16 019	14 780
Other solvency margin capital life insurance	11 845	8 841	6 349	6 408	6 390
Other solvency margin capital non-life insurance	436	439	433	441	372
Deduction from the solvency capital	-1 701	0	0	0	0
Combined solvency capital	38 373	29 173	24 764	22 867	21 541
Solvency margin ratio	277.1 %	227.1 %	228.1 %	232.8 %	242.7 %

The solvency margin requirement for life insurance companies Kommunal Landspensjonskasse and KLP Bedriftspensjon AS is calculated i.a.w. the Regulations of 19 May 1995 No. 481 on calculation of solvency margin requirement and solvency margin capital for Norwegian life insurance companies Chapter 2. The solvency margin requirement for KLP Skadeforsikring AS is calculated i.a.w. the Regulations of 19 May 1995 No. 482 on calculation of solvency margin requirement and solvency margin capital for Norwegian non-life insurance companies and reinsurance companies Chapter 2.

Solvency II is being introduced from 1 January 2016 and the calculation of the solvency margin is being changed completely whilst the requirement for capital adequacy and core capital adequacy no longer applies. The Solvency II balance sheet includes assets and liabilities at fair value, and consequently added values are added to assets that have a lower value in the accounts. There are no observable market values for KLP Group's insurance liabilites, 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 cost by taking over these liabilites.

Tier 1 capital is shown in the Solvency II balance sheet and Hybrid Tier 1 securities. Tier 2 capital consist of subordinated loans, risk equalisation funds and ancillary own funds. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further premium if necessary, which is laid down in the Group's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Group's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR. Subordinated loans with first interest rate changes in 2016 and 2017 may therefore b redeemed without impacting the SCR ratio.

Without the use of the transitional measure on technical provisions the Group's SCR ratio is 181 per cent, which is well over the Group's target of at least 130 per cent. With the transitional measure provisions on technical provisions the SCR ratio is 266 per cent.

### Simplified Solvency II balance sheet

NOK billions	31.12.15	
		Best estimate
Assets, book value	462	Risk margin
Added values - hold-to-maturity portfolio/loans and receivables	s 11	Deferred tax liabilities
Added values - other lending	1	Hybrid Tier 1 securities/Subordinated loan capita
Other added/lesser values	0	Risk equalisation fund
		Other liabilities
Total assets	474	Total liabilities
		Hybrid Tier 1 securities
		Tier 1 basic own funds
		Subordinated loans
		Risk equalisation fund
		Tier 2 basic own funds
		Ancillary own funds
		Tier 2 ancillary own funds
		Deduction for max. eligible tier 2 own funds
		Total eligble tier 2 own funds

	0
Hybrid Tier 1 securities/Subordinated loan capital	11
Risk equalisation fund	3
Other liabilities	11
Total liabilities	455
Hybrid Tier 1 securities	2
Tier 1 basic own funds	20
Subordinated loans	10
Risk equalisation fund	4
Tier 2 basic own funds	13
Ancillary own funds	9
Tier 2 ancillary own funds	9
Deduction for max. eligible tier 2 own funds	-14
Total eligble tier 2 own funds	8
-	
Solvency II total eligble own funds	27
	45
Solvency capital requirement (SCR)	15
Minimum capital requirement (MCR)	4
Solvency II SCR ratio	181 %
	101 /0

## Note 27 Return on capital for life insurance companies

Per cent	2015
Total of common portfolio	
Return I – Book	3.6
Return II - Value-adjusted <sup>2</sup>	4.0
Sub-portfolios of the common portfolio	
Balanced portfolio 1	
Return I – Book 1	3.6
Return II - Value-adjusted <sup>2</sup>	4.0
Balanced portfolio 2	
Return I – Book <sup>1</sup>	3.7
Return II - Value-adjusted <sup>2</sup>	3.9
Moderate portfolio Return I – Book <sup>1</sup>	3.6
Return II – Value-adjusted <sup>2</sup>	3.7
nvestment option portfolio	4.0
Corporate portfolio	4.7
KLP Bedriftspensjon AS	
Per cent	2015
Total of common portfolio	
Return I – Book <sup>1</sup>	4.8
Return II - Value-adjusted <sup>2</sup>	4.7
Sub-portfolios of the common portfolio	
Balanced portfolio 1	
Return I – Book 1	4.8
Return II - Value-adjusted <sup>2</sup>	4.7
Moderate portfolio Return I – Book <sup>1</sup>	( 0
Return II – Value-adjusted <sup>2</sup>	4.9 4.8
	4.0
nvestment option portfolio	2.1
Sub-portfolios of the investment option portfo	lio
Return II - Value-adjusted <sup>2</sup>	
Profile 90 <sup>3</sup>	3.4
Profile 70 <sup>3</sup>	3.0
Profile 60 <sup>3</sup> Profile 50 <sup>3</sup>	2.7 2.4
Profile 40 <sup>3</sup>	2.4
Profile 30 <sup>3</sup>	2.1
Profile 20 <sup>3</sup>	1.6
Profile 10 <sup>3</sup>	1.4

<sup>2</sup> Return II = Value-adjusted return. This is the book return +/-unrealized value changes charged to the securities adjustment fund. <sup>3</sup> The sub-portfolio's proportion of equities in per cent.

2014	2013	2012	2011
4.3	6.4	5.0	4.5
6.9	6.7	6.7	3.2
4.2	6.0	5.0	4.5
7.0	6.3	6.7	3.2
4.7	7.3	5.0	4.5
6.9	7.5	6.7	3.3
4.5	5.2	Not applicable	Not applicable
6.5	5.4	Not applicable	Not applicable
6.7	8.8	7.5	2.2
7.3	5.7	4.5	4.2
2014	2013	2012	2011
4.6	4.0	5.2	6.3
6.1	6.2	6.7	3.7
4.6	3.9	5.3	6.3
6.1	6.1	6.8	3.8
4.4	4.1	4.8	5.5
6.1	6.4	6.3	2.8
8.8	13.5	12.0	0.2
8.9	24.8	15.2	-6.0
8.9	19.4	13.8	-3.0
9.1	16.9	13.1	-1.4
9.2	14.4	12.4	0.3
9.3	11.9	11.7	2.0
8.4	9.3	10.4	2.8
8.2	7.3	9.2	4.3
7.3	4.8	7.9	5.2
3.6	3.1	6.4	4.8

## Note 28 Pensions obligations, own employees

Premium/supplement paid-in including admin

Capitalized net liability/(assets) 31.12.

The majority of the pension obligation is covered through KLP's joint pension scheme for local authorities and enterprises ("Fellesordningen") The Group also offers a pension scheme in addition to Fellesordningen. This obligation is covered through operation. Fellesordningen is a defined-benefits-based pension scheme that satisfies the requirements for mandatory occupational pensions ('obligatorisk tjenestepension', or OTP). The Group has a contractual early retirement (AFP) scheme.

The accounting treatment of pension obligations is described in more detail in Notes 2 and 3.

NOK millions	Joint scheme	Via operation	2015	Joint scheme	Via operation	2014
Pension costs						
Present value of accumulation for the year	109.3	11.7	121.0	90.1	10.4	100.5
Administration cost	2.8	0.0	2.8	2.6	0.0	2.6
Social security contributions - Pension costs	15.8	1.7	17.5	13.1	1.5	23.7
Plan change taken to income	0.0	0.0	0.0	-113.6	-10.3	-123.9
Pension costs incl. social security and administration costs taken to income	127.9	13.4	141.2	-7.8	1.6	-6.2
Net financial costs						
Interest cost	35.0	4.0	39.0	48.6	5.8	54.3
Interest income	-21.9	0.0	-21.9	-34.6	0.0	-34.6
Management costs	2.9	0.0	2.9	2.5	0.0	2.5
Net interest cost	16.0	4.0	20.0	16.5	5.8	22.3
Social security contributions - net interest cost	2.3	0.6	2.8	2.3	0.8	3.1
Net interest cost including social security contributions	18.2	4.6	22.8	18.8	6.6	25.4
Estimate deviation pensions						
Actuarial gains (losses)	-154.4	-16.6	-171.0	172.0	19.3	191.3
Social security contributions	-21.8	-2.3	-24.1	24.3	2.7	27.0
Actuarial gains (losses) including social security contributions	-176.2	-18.9	-195.1	196.3	22.0	218.3
Total pension costs including interest						
costs and estimate deviation	-30.1	-1.0	-31.1	207.3	30.2	237.5
NOK millions	Joint	Via operation	2015	Joint	Via operation	2014
	scheme	operation	2015	scheme	орегаціон	2014
Pension obligations						
Gross accrued pension obligations	1 407.4	160.1	1 567.5	1 422.5	165.6	1 588.1
Pension assets	1 012.2	0.0	1 012.2	926.8	0.0	926.8
Net liability before SSC	395.2	160.1	555.3	495.7	165.6	661.3
Social security contributions	55.7	22.6	78.3	69.9	23.3	93.2
Gross accrued obligations incl. social security costs	1 463.1	182.7	1 645.8	1 492.4	188.9	1 681.4
Net liability incl. social security costs	450.9	182.7	633.6	565.6	188.9	754.6
NOK millions	Joint scheme	Via operation	2015	Joint scheme	Via operation	2014
	Jeneme	operation	2017	Jeneme	operation	2014
Reconciliation pension obligation		465.5				
Capitalized net liability/(assets) 01.01.	565.6	188.9	754.6	456.7	166.2	623.0
Pension costs taken to profit/loss	127.9	13.4	141.2	-7.8	1.6	-6.2
Financial costs taken to profit/loss	18.2	4.6	22.8	18.8	6.6	25.4
Actuarial gains and losses incl. social security contributions	-176.2	-18.9	-195.1	196.3	22.0	218.3
Social security contributions paid in premiums/supplement	-10.5	-0.6	-11.1	-12.2	-0.9	-13.1

-74.2

450.9

-4.6

182.7

-78.8

633.6

-86.2

565.6

-6.5

188.9

-92.8

754.6

 $\bullet \bullet \bullet$ 

NOK millions	Joint scheme	Via operation	2015	Joint scheme	Via operation	2014
Change in pension obligations						
Gross pension assets 01.01. before plan change	1 492.4	188.9	1 681.4	1 289.3	166.2	1 455.5
Plan change	0.0	0.0	0.0	-113.6	-10.3	-123.9
Gross pension obligations after plan change	1 360.1	171.1	1 531.2	1 175.7	156.0	1 331.7
Present value of accumulation for the year	109.3	11.7	121.0	90.1	10.4	100.5
Interest cost	35.0	4.0	39.0	48.6	5.8	54.3
Actuarial losses (gains) gross pension obligation	-161.4	-18.9	-180.3	193.2	22.0	215.2
Social security contributions - pension costs	15.8	1.7	17.5	13.1	1.5	14.5
Social security contributions - net interest cost	2.3	0.6	2.8	2.3	0.8	3.1
Social security contributions paid in premiums/supplement	-10.5	-0.6	-11.1	-12.2	-0.9	-13.1
Payments	-19.8	-4.6	-24.4	-18.4	-6.5	-25.0
Gross pension obligation 31.12.	1 463.1	182.7	1 645.8	1 492.4	188.9	1 681.4
, 5						
	Joint	Via		Joint	Via	
NOK millions	scheme	operation	2015	scheme	operation	2014
Change in pension assets						
Pension assets 01.01	926.8	0.0	926.8	832.6	0.0	832.6
Interest income	21.9	0.0	21.9	34.6	0.0	34.6
Actuarial (loss) gain on pension assets	14.8	0.0	14.8	-3.0	0.0	-3.0
Administration cost	-2.8	0.0	-2.8	-2.6	0.0	-2.6
Financing cost	-2.9	0.0	-2.9	-2.5	0.0	-2.5
Premium/supplement paid-in including admin	74.2	4.6	78.8	86.2	6.5	92.8
Payments	-19.1	-4.5	-23.5	-18.4	-6.5	-25.0
Pension assets 31.12	1 012.2	0.0	1 012.2	926.8	0.0	926.8
	Joint	Via		Joint	Via	
NOK millions	scheme	operation	2015	scheme	operation	2014
Pension scheme's over-/under-financing						
Present value of the defined benefits pension obligation	1 463.1	182.7	1 645.8	1 492.4	188.9	1 681.4
Fair value of the pension assets	1 012.2	0.0	1 012.2	926.8	0.0	926.8
Net pensions liability	450.9	182.7	633.6	565.6	188.9	754.6
			31.12.2015	5	31	.12.2014
Financial accumptions (common to all noncion actions)						
Financial assumptions (common to all pension schemes)			2 70 0/			2 70 %
Discount rate			2.70 %			2.30 %
Salary growth			2.50 %			2.75 %

Salary growth The National Insurance basic amount (G) Pension increases Social security contribution

The assumptions as at 31 December 2014 have been applied to measurement of the cost of pension for 2015, whilst for calculation of the pension obligation on 31 December 2015, the assumptions and membership numbers as at 31 December 2015 have been applied. The assumptions are based on the market situation as at 31 December 2015 and are in accordance with the recommendations of the Norwegian Accounting Standards Board (NASB).

### Actuarial assumptions

KLP's joint pension scheme for local authorities and enterprises («Fellesordningen»): An important part of the basis of pension costs and pension obligations is how mortality and disability develop amongst the members of the pension scheme.

KLP has used the K2013BE mortality table based on Finance Norway's analyses of mortality in life insurance populations in Norway and Statistics Norway's extrapolations. KLP uses its own disability table for actuarial assumptions related to disability, a table based on changes in disability figures in KLPs customer base.

Withdrawal of contractual early retirement (AFP) for 2015 (per cent in relation to remaining employees): The costs of AFP depend on how many in each year-group take AFP. On reaching 62 years there are 45 per cent who retire with an AFP pension. It is only those who are employed and working right up to retirement who are entitled to AFP. This is taken into account in the calculation of the AFP obligation.

Voluntary termination for Fellesordning during 2015 (in %)

Age (in years)	< 20	20-23	24-29	30-39	40-50
Turnover	20 %	15 %	10 %	7.5 %	5 %

2.70 %	2.50 %
2.50 %	2.75 %
2.25 %	2.50 %
1.48 %	1.73 %
14.10 %	14.10 %

0 51-55 >55 2% 0%

### Note 28 Pensions obligations, own employees, continued

#### Pensions via operations

AFP/early retirement is not relevant to this scheme. In regard to mortality the same variant of K2013BE has been used as for "Fellesordningen".

Number	Joint scheme	Via operation	2015	Joint scheme	Via operation	2014
Membership status						
Number active	893	72	965	870	77	947
Number deferred (previous employees with deferred entitlements)	611	21	632	573	26	599
Number of pensioners	191	39	230	167	35	202
Per cent			2014			2013
Composition of the pension assets:						
Property			12.8 %			11.1 %
Lending			12.3 %			10.9 %
Shares			19.8 %			20.4 %
Long-term/HTM bonds			26.9 %			27.6 %
Short-term bonds			20.6 %			21.4 %
Liquidity/money market			7.6 %			8.7 %
Total			100.0 %			100.0 %

The pension funds are based on KLP's financial funds in the common portfolio. The table shows percentage placing of the pension funds administered by KLP at the end of the year. Value-adjusted return on the assets was 3.6 per cent in 2015 and 6.9 per cent in 2014.

Expected payment into benefits plans after cessation of employment for the period 1 January 2016 - 31 December 2016 is NOK 14.3 million.

### Sensitivity analysis as at 31 December 31.12.2015

The discount rate is reduced by 0.5%	Increase
Gross pension obligation	9.9 %
Accumulation for the year	13.5 %
Salary growth increases by 0.25%	Increase
Gross pension obligation	1.3 %
Accumulation for the year	3.1 %
Mortality is strengthened by 10%	Increase
Gross pension obligation	2.5 %
Accumulation for the year	1.9 %

The sensitivity analysis above is based on all other assumptions being unchanged. In practice that is an unlikely scenario and changes in some assumptions are correlated. The calculation of gross pension obligation and accumulation for the year in the sensitivity analysis has been done using the same method as in calculating gross pension obligation in the financial position statement.

The duration in the joint scheme is estimated at 17.1 years.

### Note 29 Salary and obligations to senior management

The KLP Board of Directors has laid down principles and guidelines for remuneration that apply for the entire Group and set up a remuneration committee as a subcommittee of the Board. The committee reports on and carries out checks that the remuneration schemes in the Group are in line with the Board's principles and guidelines.

Senior employees are defined as the senior management team of the Kommunal Landspensjonskasse Group. This comprises the Group Chief Executive Officer. the KLP Group executive vice presidents and managing directors of certain subsidiaries.

All members of the Group senior management are pensionable at the age of 65. but may choose to change this to age 70. None of those in senior management as at 31 December 2015 have opted to change their pension age to 70.

The Group CEO has severance pay corresponding to one year's salary including supplementary benefits in the event of termination of employment. There are no obligations to provide the Chairman of the Board special consideration or other benefits on termination or change of the appointment. KLP pays directors' liability insurance for members of its Board of Directors.

One of the senior employees had an agreement on performance pay (bonus) in addition to salary. The scheme was terminated with effect from 1 July 2013 and none of the senior employees have such an arrangement any more. Bonus earned up until the date of termination is preserved and has a payment period stretching over three years. Bonus payments reported are in regard to bonus paid during 2015 that was earned in previous years and was due for payment during 2015.

All employees in the Group may take up loans with KLP on lending terms and conditions for staff. No senior employee has terms and conditions that deviate from this. Loans to external members of the Board of Directors. the Control Committee and the Supervisory Board are only made on general lending terms and conditions.

Directors fees are set by the Supervisory Board. KLP shares a joint Supervisory Board with its subsidiary. KLP Skadeforsikring AS.

KLP has a joint Control Committee with subsidiaries in the Group required to have a Control Committee.

All benefits are shown without the addition of social security contributions.

Attention is drawn otherwise to the description of the main principles on determination of remuneration in the KLP Group that may be found at www.klp.no.

2015 NOK thousands	Salary. fees etc.	Bonus	Other benefits	Annual pension accumulation	Loan	Interest as at 31.12.2015	Payments repayment plan <sup>1)</sup>
Senior employees							
Sverre Thornes. Group CEO	3 694	-	167	1 509	10 017	2,25	A45
Ole Jacob Frich <sup>5</sup>	1 097	-	99	311	1 1 3 0		A31
Marianne Sevaldsen	2 520	-	158	1 192	4 439		A43
Aage E. Schaanning	3 264	-	150	1 301	3 127	2,25-2,45	A22/A23
Rune Mæland	1616	-	153	413	2 011		A34/A43
Mette-Jorunn Meisland <sup>2</sup>	795	-	90	256	5 925	2,25-2,45	A38
Tore Tenold	2 752	-	144	1 103	2 018		Flexi-loan
Håvard Gulbrandsen	2 974	835	165	1 114	3 074	2,90-3,15	A40/Flexi-loan
Gunnar Gjørtz	2 894	-	152	1 1 3 1	2 299		Flexi-loan
Leif Magne Andersen	1968	-	154	734	4 737	2,25-2,45	A42/A44
The Board of Directors <sup>4</sup>							
Liv Kari Eskeland, Chair (9 out of 9)	317	-	-	-	-	-	-
Egil Johansen (7 out of 9)	269	-	-	-	-	-	-
Lars Vorland (4 out of 6)	88	-	-	-	-	-	-
Jan Helge Gulbrandsen (7 out of 9)	173	-	-	-	-	-	-
Marit Torgersen (9 out of 9)	217	-	-	-	-	-	-
Anita Krohn Traaseth (0 out of 3) <sup>2</sup>	0	-	-	-	-	-	-
Cathrine Klouman (5 out of 6)	88	-	-	-	-	-	-
Susanne Torp-Hansen,							
elected by and from the employees (9 out of 9)	188	-	-	-	-	-	-
Freddy Larsen, elected by and from	215						
the employees (8 out of 9)	215	-	-	-	-	-	-
Control Committee							
Ole Hetland. Chair	98	-	-	-	-	-	-
Bengt P. Johansen	83	-	-	-	-	-	-
Berit Bore	86						
Dordi E. Flormælen	83	-	-	-	-	-	-
Thorvald Hillestad	83	-	-	-	-	-	-
Supervisory Board							
Total Supervisory Board. incl. staff representatives	653	-	-	-	42 602	-	-
Employees							
Total loans to Group employees	-	-	-	-	1 419 838	-	-

### Note 29 Salary and obligations to senior management, continued

NOK thousands Senior employees Sverre Thornes. Group CEO	etc.	Bonus		pension	pension		as at	repayment
1 /		Donus	benefits	accumulation	benefits <sup>3)</sup>	Loan	31.12.2014	plan <sup>1)</sup>
Sverre Thornes. Group CEO								
	3 569	-	164	1 257	-1 133	7 211	2,70-3,15	A41
Ole Jacob Frich	1489	-	150	412	-259	7 823	2,90-3,15	A43
Marianne Sevaldsen	2 466	-	153	1 040	-140	4 4 3 9	2,90	A43
Aage E. Schaanning	3 190	-	149	1 085	-1 048	3 426	2,70-3,15	A22/A31
Rune Mæland	1 583	-	146	357	-660	2 081	2,70-2,90	A34/A43
Toril B. Ressem <sup>2</sup>	1684	-	137	538	-	4 4 9 4	2,90	A30/A42
Mette-Jorunn Meisland	1 348	-	149	452	-433	5 987	2,90-3,15	A38
Tore Tenold	2 628	-	138	1 020	-107	2 397	2,90	Housing credit
Håvard Gulbrandsen	2 875	981	149	985	-551	3 151	2,90-3,15	A40/Housing credit
Gunnar Gjørtz	2 826	-	149	955	-150	4 002	2,90	Housing credit
Leif Magne Andersen	1 927	-	149	667	-64	4 886	2,90-3,15	A42/A44
The Board of Directors								
Liv Kari Eskeland. Chair	283	-	-	-	-	-	-	-
Arne Øren <sup>2</sup>	158	-	-	-	-	-	-	-
Egil Johansen	214	-	-	-	-	-	-	-
Herlof Nilssen <sup>2)</sup>	107	-	-	-	-	-	-	-
Anita Krohn Traaseth	208	-	-	-	-	-	-	-
Jan Helge Gulbrandsen	168	-	-	-	-	-	-	-
Marit Torgersen	182	-	-	-	-	-	-	-
Trond Michael Andersen <sup>2</sup>	85	-	-	-	-	-	-	-
Susanne Torp-Hansen, elected by and from the employees	168	-	-	-	-	-	-	-
Freddy Larsen. elected by and from the employees	208	-	-	-	-	-	-	-
Control Committee								
Ole Hetland. Chair	97	-	-	-	-	-	-	-
Bengt P. Johansen	80	-	-	-	-	-	-	-
Dordi E. Flormælen	80							
Mathilde Irene Skiri <sup>2</sup>	39	-	-	-	-	-	-	-
Berit Bore	41	-	-	-	-	-	-	-
Thorvald Hillestad	80							
Supervisory Board								
Total Supervisory Board.								
incl. staff representatives	816	-	-	-	-	47 363	-	-
Employees								
Total loans to Group employees	-	-	-	-	-	1 007 691	-	-

<sup>1</sup> S = Serial Ioan, A= Annuity Ioan, last payment.

<sup>2</sup> The individual has stepped down from the appointment during the year.

<sup>3</sup> Plan change pension benefits shows the effect of longevity adjustment for the year groups from 1954 adopted in 2008, as well as changes in the disability pension regulations adopted in 2014. Both these plan changes were incorporated in the calculation of the pension obligation in 2014.

<sup>4</sup>Numbers in brackets represent the number of attended meeting of the total.

<sup>5</sup> Passed away in August 2015.

## Note 30 Number of employees

### Total permanent employees in the Group 31.12. Average number of employees in the Group

### Note 31 Auditor's fee

### NOK millions

Ordinary audit Certification services Tax advisory services Non-audit services Total auditor's fee

The sums above include VAT.

### Note 32 Operating expenses

### NOK millions

Personnel costs Depreciation and impairments Other operating expenses Total operating expenses

<sup>1</sup> In 2014 a plan change in the Goups pension obligations was incorporated. The effect was a NOK 124 million reduction in the pension liability.

### Note 33 Other income and expenses

### NOK millions

### Other income

Contribution service pension/AFP Other income Total other income

### Other expenses

Payments service pension/AFP Other costs Total other expenses

### Note 34 Other current liabilities

### NOK millions

Current liabilities securities trade Advanced tax deduction pension scheme Accounts payable Liabilities to insurance customers Other current liabilities Total other current liabilities

2015	2014
939 898	899 861

2015	2014
8.1	8.4
0.8	0.4
0.8	1.2
4.0	1.2
13.6	11.2

2015	2014
862	605
118	109
449	454
1 429	1 167

2015	2014
868	775
58	95
926	871
868	775
16	25
884	800

31.12.2015	31.12.2014
168	207
329	287
681	670
106	96
2 972	4 711
4 255	5 971

## Note 35 Conditional liabilities

NOK millions	31.12.2015	31.12.2014
KLP guarantee liability	2	2
Committed, not subscribed investm. in priv. equity and property funds	8 673	6 416
Approved, not paid out KLP Group loan pledge	5 670	6 838
Total contingent liabilities	14 346	13 256

## Note 36 Retained earnings

NOK millions	Revaluation fund	Risk equalization fund	Nat. Per. pool fund	Other retained earnings	Retained earnings
Capitalized value 01.01.2014 <sup>1</sup>	229	170	154	6 969	7 522
Income		357	24	484	865
Other comprehensive income: Items that will not be later reclassified to income Items that will be reclassified to income later				-144	-144
when particular conditions are met	195			-53	142
Capitalized value 31.12.2014	424	527	178	7 256	8 385
Income		2 836	-33	1 387	4 193
Other comprehensive income: Items that will not be later reclassified to income Items that will be reclassified to income later				132	132
when particular conditions are met	172			-43	129
Capitalized value 31.12.2015	597	3 364	146	8 731	12 837

<sup>1</sup> Owners' equity 1 January 2014 has been changed due to a reclassification of funds in the subsidiary KLP Skadeforsikring AS by NOK 86 millions.

Non-financial Note 1 Acc Note 2 Resp Note 3 Inve Note 4 Tax Note 5 Emp Note 6 Sick Note 7 Pers Note 8 Sala Note 9 Env

Auditor's state

# Non-financial accounts

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## Non-financial accounts at year-end 31.december 2015

Not	2	2015	2014	2013	2012	2011	Change	e Target
	Perpendikle investment							
2	Responsible investment	124	00	69	64	64		n/2
-	number of companies excluded from the investment portfolio number of companies reinstated in the investment portfolio	4	99 1	69	1	04	<b></b>	n/a n/a
2		4 97	106	4 95	113	130	•	n/a 107 (90 %)
2	number of general meetings of Norwegian companies at which KLP has voted number of general meetings of foreign companies at which KLP has voted	2 448	2 492	2 259	2 099	1 662	•	2 957 (75 %)
2 2	number of general meetings of foreign companies at which KLP has voted number of companies KLP has monitored	2 440 176	2 492 109	2 259 41	2 099	1 662 96	•	2 957 (75 %) 280
Z	number of companies REF has monitored	1/0	109	41	140	90	<b></b>	200
	Investments for sustainable development (NOK millions)							
3	market value for investments in renewable energy in Norway	20 189	19 876	18 865			<b></b>	n/a
3	market value for investments in renewable energy in developing countries	226	131	36			<b></b>	n/a
3	market value for investments in banking and finance in developing countries	229	201	8	0	9	•	n/a
	Tax and income per country (NOK millions)							
4	tax to Norway	-684	-72	-198	0	103	•	n/a
4	tax to Sweden	35	1	12	-10	-10	<b></b>	n/a
4	tax to Denmark	-84	-61	-54	0	36	•	n/a
4	tax - worldwide (outside Nordic region)	-125	-77	33	0	0	•	n/a
4	income in Norway	57 567	90 635	51 691	47 729	31 605	•	n/a
4	income in Sweden	415	383	274	216	155	<b></b>	n/a
4	income in Denmark	208	189	173	136	85	<b></b>	n/a
4	income in Europe (outside Nordic region)	112	115	14			•	n/a
4	accounting income before taxes in Norway	3 541	704	828	1 131	609	•	n/a
4	accounting income before taxes in Sweden	1 088	257	255	-166	90	<b></b>	n/a
4	accounting income before taxes in Denmark	331	136	-8	36	-46	<b></b>	n/a
4	accounting income before taxes in Europe (outside Nordic region)	-221	-232	-126			<b></b>	n/a
4	net purchases/sales and investments in Norway for the year	5 316	3 268	2 059	2 056	-194	<b></b>	n/a
4	net purchases/sales and investments in Sweden for the year	1 836	60	1 576	1 283	933	<b></b>	n/a
4	net purchases/sales and investments in Denmark for the year	411	8	3	399	1 358	<b></b>	n/a
4	net purchases/sales and investments in Europe (outside Nordic region) for the year	0	0	2 336			-	n/a
	Employees							
5	number of employees in Norway	921	884	841	799	770	•	n/a
5	number of employees in Sweden	11	8	8	1	1	•	n/a
5	number of employees in Denmark	7	7	7	8	4	-	n/a
5	percentage women	48	48	48	48	49	<b></b>	n/a
5	percentage men	52	52	52	52	51	•	n/a
5	percentage staff turnover	4,0	4,0	3,9	3,1	4,5	-	n/a
5	total temporary employees	37	29	36	18	19	<b></b>	n/a
5	percentage part-time women	15	16	16	18	16	•	n/a
5	percentage part-time men	1,2	1,7	1,8	1,7	2,0	•	n/a
5	women as percentage at Management Level 1	13	20	27	18	27	•	30 %
5	women as percentage at Management Level 2	33	35	35	30	31	•	40 %
5	women as percentage at Management Level 3	48	47	45	47	42	<b></b>	45 %
5	women as percentage on Board of Directors	50	50	50	43	43	-	40 %
6	reported sickness absence short-term (%)	1,7	1,6	1,0	1,1	1,9	<b></b>	n/a
6	reported sickness absence long-term (%)	2,5	3,1	2,9	3,1	2,7	•	n/a
6	reported sickness absence total (%)	4,2	4,7	3,9	4,2	4,6	•	<4 %
6	reported sickness absence women (%)	5,6	6,0	5,8	6,0		•	n/a
6	reported sickness absence men (%)	2,8	3,1	2,2	2,2		•	n/a
	reported absence sick children women (%)	52	57	63	63		•	n/a
7	reported absence sick children men (%)	48	43	37	37	0	•	n/a
/	number of personal injuries	1	1	1	0	0	-	n/a

#### 

Note
------

Salary and allowances (NOK thousands)	
---------------------------------------	--

- 8 total salary to employees
- 8 average salary women
- 8 average salary men
- 8 women salary as percentage of men
- 8 women salary as percentage of men at Management Level 1
- 8 women salary as percentage of men at Management Level 2
- 8 women salary as percentage of men at Management Level 3

### Environment

- 9 energy consumption kWh/m² in KLP Eiendom's in-house-operated buildings in Oslo
- $9\,$  energy consumption kWh/m² in KLP Eiendom's in-house-operated buildings in Trondheim
- 9 energy consumption kWh/m<sup>2</sup> in KLP Eiendom's in-house-operated buildings in Copenhagen
- 9 energy consumption kwh/m<sup>2</sup> in KLP's offices in KLP Huset (the KLP Building)
- 9 energy consumption  $kwh/m^2$  in KLP's offices in Bergen
- 9 energy consumption kwh/m<sup>2</sup> in KLP's offices in Trondheim
- 9 percentage waste source sorting from in-house-operated buildings in Oslo
- 9 percentage waste source sorting from in-house-operated buildings in Trondheim
- 9 percentage waste source sorting from in-house-operated buildings in Copenhagen
- 9 percentage waste source sorting from KLP's own offices in Norway
- 9 Total flights (return trips)
- 9 Total flights per FTE (return trips)

## Notes Non-financial accounts

### Note 1 Accounting principles

Materiality assessment: The selection of indicators for the annual report represents the triple bottom line: how KLP impacts on environmental, social and economic aspects. KLP's stakeholders are owners, customers, members, own employees and others in society concerned with corporate responsibility and responsible investment. KLP aspires to openness in its work: guidelines, resolutions, measures and results are accessible on the Company's website and in a blog on corporate responsibility. The blog ensures that stakeholders have the opportunity to respond and comment on what they are concerned about. When KLP gives presentations on corporate responsibility and responsible investment this is also a great opportunity to enter into dialogue with and to gather input from the stakeholders.

Finance: Socially responsible investment (SRI) is a key element of KLP's business as a manager of pension assets. One of KLP's most important tasks is to secure returns on future pensions, but how these returns are created is not irrelevant. KLP aims to be a responsible financial investor and owner and therefore actively uses a number of methods to influence companies towards long-term and sustainable value creation. KLP's gui-

Target	Change	2011	2012	2013	2014	2015
n/a	<b></b>		547 218		638 922	683 285
n/a	<b></b>	550	570	593	609	621
n/a	<b></b>	711	727	743	758	768
n/a	<b></b>	77,3	78,4	79,8	80,3	80,9
n/a	<b></b>		64,3	72,4	79,0	92,4
n/a	•		91,1	87,7	91,9	87,6
n/a	•		92,2	92,3	96,3	91,6
190 (2017)		100	100	10	162	195
180 (2017)	<b></b>	196	182	158	102	192
180 (2017)	•	157	162	154	151	180
180 (2017)	•	154	153	140	131	128
n/a	•	174	160	147	146	140
/		1/7	1/0	150	110	101
n/a	•	147	142	152	119	101
n/a	•		217	218	202	200
60	•	53	53	56	56	55
50		41	43	42	57	54
0	•	41	40	42	57	94
50	•			30	38	39
80	•		53	64	72	68
n/a	•	2840	3195	3355	3588	3623
3,65	•	3,6	4,0	3,9	4,0	3,9

delines for responsible investment have been adopted by the Board of Directors, and define methods and targets for responsible investment. The tools are exclusion, active ownership and investment for sustainable development. Reporting on this area is therefore significant. Tax and turnover per country are also included in the report, to set a good example. As an owner, KLP is concerned with openness and is an advocate of country-by-country reporting.

Social: KLP reports on equal opportunities, sickness absence and staff turnover.

Environment: KLP impacts on the environment mainly through its property business. Energy consumption and waste are parameters where KLP has defined reduction targets, and where reduction has major effect on the environment relative to other indicators. The environmental impact of KLP as an office-based operation in Norway is limited. Again, it is energy consumption that stands out as a relevant factor to report on, not least because it can be converted into a financial value. KLP also reports on flights, as travel accounts for the bulk of the greenhouse gas emissions from its operations.

The content of the non-financial accounts is therefore designed to cover Section 3-3c of the Norwegian Accounting Act and Norwegian Accounting Standard No. 16. In selecting the individual indicators, an assessment has been made as to whether they satisfy the Global Reporting Initiative (GRI) and Communication on Progress (COP) from the UN Global Compact. Comprehensive reporting on corporate social responsibility is available at www.klp.no/samfunnsansvar (in Norwegian; but see also http://english.klp.no/about-klp/ corporate-responsibility).

The assessment of what constitute material reporting variables is based on what is considered most important to KLP's operations and its stakeholders.

### Note 2 Responsible Investment

The number of exclusions shows the total number of companies KLP has excluded from its investment world as of the end of the year, based on breaches of KLP's guidelines for responsible investment. The number of companies reinstated refers to those whose exclusion was reversed in the course of the year.

The number of general meetings at which KLP has voted is also shown. The target is defined as a percentage of general meetings where KLP has voting rights. The major change from 2011 to 2012 is due to an expansion of the investment area to include emerging markets. An overview of the companies to which the figures refer and how KLP has voted at the general meetings of the various companies is published at www.klp. no/samfunnsansvar (in Norwegian; but see also http://english. klp.no/about-klp/corporate-responsibility).

The number of companies KLP has followed up refers to portfolio companies KLP has contacted directly during the year in regard to social, environmental or governance issues. KLP's follow-up varies in scope, focus and timescale. This is a form of exercising ownership in which KLP engages in dialogue with companies to clarify how they handle social responsibility issues, and also communicates its expectations.

# Note 3 Investments for sustainable development

Ref Note 1 is "Investments for sustainable development", one of the tools in KLP's Guidelines for Responsible Investments. As part of this, KLP has invested in two sectors in developing countries: renewable energy and finance. KLP also has substantial investments in renewable energy production in Norway. These figures reflect the market value of these investments.

Renewable energy in Norway is defined as KLP's investments in Norwegian energy companies with significant hydro-electric production.

Renewable energy in developing countries refers to KLP's direct investments in renewable energy projects in developing countries run by KLP in partnership with the Norwegian Investment Fund for Developing Countries (Norfund). Together with Norfund, KLP has established a joint investment company called KLP Norfund Investments AS.

Investments in banking and finance in developing countries are defined as KLP's investments in the Norwegian Microfinance Ini-

tiative (NMI) and NorFinance AS. NorFinance invests in the financial sector in developing countries and is an investment company in which KLP is a joint investor with others, including Norfund.

The investments are based on commercial risk and return assessments, but also emphasise positive returns on social and environmental parameters.

KLP has committed a total of NOK  $\ 1$  billion to KLP Norfund Investments and NorFinance.

### Note 4 Tax and income per country

Tax and income by country is broken down across the countries in which KLP operates entities with a controlling influence. This means that tax and income from investments in foreign securities are reported within the country breakdown as Norwegian unless KLP has controlling influence over the investment so that there is a Group relationship. The amount includes KLP's withholding tax in funds investments from the start of 2013.

Tax comprises the recognised cost of taxes in the various countries. This will differ from tax paid. Tax in the form of indirect tax is not included in the figures reported.

Comparative figures from before 2013 have not been obtained.

### Note 5 Employees

Number of employees including employees on leave of absence and employees who work part-time.

KLP has employees in Norway, Sweden and Denmark. Percentage turnover shows the number of people who have left KLP.

The number of people who have changed employer internally within KLP (different legal entities under KLP as parent company) is not included in the definition of staff turnover.

The number of women as a percentage is reported at Management Levels 1 to 3, where Management Level 1 represents Group senior management including the Managing Director. Management Level 2 represents the managers who report directly to a Group Vice President. Management Level 3 represents the executives who report to managers at Level 2.

### Note 6 Sickness absence

The figures show self-reported sickness absence. Short-term sickness absence is of 1-3 days, long-term absence is of 4 days or more.

### Note 7 Personal injuries

The figures show self-reported personal injuries and injuries reported as actual and possible occupational injuries to KLP Skadeforsikring AS, the insurance company for KLP.

### Note 8 Salary and allowances

The reported figures for salary and benefits for employees

does not include benefits in kind. Fees paid to external are not included. Information relating to pay and remuneration relates only to Norway.

Salary and allowances for KLP's senior Group management and Board members/Directors are described in Note 29 to the consolidated financial statements. KLP Kapitalforvaltning has bonus schemes for employees, other KLP employees do not have bonus or option agreements.

Average salary by gender is calculated on contractual salary based on full-time employment and is not corrected for the proportion of part-time working. Percentage salary for women compared to men by Management Level was not reported before 2012. Figures for previous years are therefore not available.

Management Level 1 is Group senior management including the Managing Director.

Management Level 2 is the managers who report directly to an Executive Vice President.

Management Level 3 represents the executives who report to managers at Level 2.

### Note 9 Environment

Energy consumption in  $kWh/m^2$  for KLP's in-house operated buildings has been temperature-corrected in order to measure the effect of energy-saving measures implemented. Temperature-corrected means that energy consumption for heating is adjusted to a normal year (1961-1990: www.met.no – the Norwegian Meteorological Institute).

"In-house operated buildings" means those properties KLP owns and for which KLP has the responsibility for operation and maintenance, and where KLP has the opportunity to implement environmental measures and measure their effects. These are buildings in Oslo, Trondheim and Copenhagen. All these buildings have energy monitoring systems in which energy and water consumption is recorded and monitored. The figures for 2015 in Oslo and Trondheim only include buildings where the tenants' energy consumption is also known. The figures for Copenhagen do not include consumption by tenants.

The energy consumption in KLP's own office premises has not been temperature-corrected but shows actual usage. The energy consumption has been obtained from our energy monitoring system (Optima Energi). The system updates figures constantly whenever they are made available by energy suppliers. This causes occasional minor discrepancies between reported energy consumption in these non-financial accounts and quarterly reported energy consumption. We have chosen to use the best available figures, even though they differ slightly from the quarterly reports. Energy efficiency measures and temperature fluctuations may be contributory factors to a reduction in energy consumption. Energy consumption in the KLP Building (KLP Huset) applies to the period after occupation in May 2010. Figures were not collected for KLP's own offices in Trondheim before 2012.

A review was carried out in 2016 to quality-assure the area calculation in KLP's own offices in Norway. Some discrepancies were found, which have been changed retrospectively in this report. This has a direct effect on energy consumption per m<sup>2</sup>. Note that, here too, the figures have been updated retrospectively, so the basis for comparison is unchanged.

The company has a large portfolio of buildings, which also changes over time. The individual buildings can also change their consumption patterns over shorter or longer periods, e.g. in connection with changes of tenant. There are various reasons why it may sometimes be impossible to obtain correct figures, such a meter faults and figures reported too late by our sub-contractors. This is taken into account in that the reports only include the buildings which are operated by KLP itself and have comparable operating conditions going back 12 months from the reporting date. That means, however, that the buildings that KLP reports on vary slightly from year to year, but we believe that this will nevertheless pick up the correct trends in the company's property portfolio.

The degree of waste sorting shows the proportion of waste sorted at source. An important environmental factor is to minimise unsorted waste. A greater proportion of sorted waste can be recycled, so it has a less harmful impact on the environment than waste which is not sorted and is either dumped in landfill or used to produce energy. This year, KLP is reporting the total percentage of sorted waste for the company's offices in Norway. This is based on the target of 80% total sorted waste in our own office in Norway by 2020.

KLP's biggest carbon footprint comes from travel by the Group. It has therefore been resolved that the number of flights should be reduced by 6% in 2016 from 2014 levels. This year we are therefore reporting the total number of flights and the number of flights per employee.

In connection with the reporting for 2015, adjustments were made to the heated area for many of the buildings in Oslo. This was to bring the areas into line with the heated area stated in the Energy Certificates for the buildings. It produced an increase in specific energy (per m<sup>2</sup>) for these buildings, as most of the heated areas were over-stated.



To: Board of Directors in Kommunal Landspensjonskasse Gjensidige Forsikringsselskap

# Independent statement regarding verification of Non-financial Accounts for 2015

#### Scope of engagement

The management in KLP engaged us to prepare an independent assurance report of the Non-Financial Accounts for 2015. The management is responsible for the selection of the information, collection of data and presentation of the Non-financial Accounts.

### Tasks and Responsibility of the Auditor

Based on our work, our task is to issue an independent statement on the Non-financial Accounts.

We have performed our controls and issue our statement in accordance with ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information. Within the scope of this standard, we have planned and carried out procedures to obtain limited assurance that the Non-financial Accounts are free of material misstatement, and that the Non-financial Accounts are prepared in accordance with the criteria.

Our work includes the following activities:

- Interviews with representatives responsible for the different areas in the Non-financial Accounts and evaluation of processes
- · Assessment of routines and internal control related to reporting of Non-financial Accounts
- Collection and review of documentation supporting the data presented in the Non-financial Accounts
- Evaluation of completeness and accuracy of the reported figures

We consider that our work provides an appropriate basis to conclude with a limited level of assurance on the Non-financial Accounts.

### Conclusion

Based on our work, nothing has come to our attention giving us reason to believe that the information in the Non-financial Accounts includes material misstatements, nor that the Non-financial Accounts does not comply with the criteria.

Oslo, March 30<sup>th</sup> 2016 **PricewaterhouseCoopers AS** 

Eli Moe-Helgesen State authorized public accountant (This translation from Norwegian has been made for information purposes only)

PricewaterhouseCoopers AS, org.no.: NO 987 009 713 MVA, www.pwc.no Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

# Acco KLP

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- 5. Fair value
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- 8. Liquidity
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- enterpris 15. Shares ar
- 16. Securitie
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## Income statement for Kommunal Landspensjonskasse gjensidig forsikringsselskap

Notes	NOK millions	2015	2014
	Premiums due, gross	29 543	32 283
	Reinsurance premiums ceded	-2	-3
	Transfer of premium reserve from other insurance companies/pension funds	9 247	
19	Total premium income for own account	38 789	62 454
		F 0.70	7 100
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	5 832	3 192
	Interest income and dividends etc on financial assets Value changes on investments	8 469 7 082	8 257 8 358
	Gains and losses realized on investments	-5 955	3 630
4	Total net income from investments in the common portfolio	15 428	
•		19 120	22.20
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	28	17
	Interest income and dividends etc on financial assets	41	36
	Value changes on investments	24	21
	Gains and losses realized on investments	-17	46
4	Total net income from investments in the investment option portfolio	77	120
77	Other insurance related income	000	055
55	Other insurance-related income	888	855
	Claims paid	-15 139	-13 629
	Changes in claims reserves	10	-4
	Transfer of premium reserve, supplementary reserves and securities adjustment fund to	10	·
	other insurance companies/pension funds		-4 364
19	Total claims	-15 277	-17 996
	Change in promium records	11 ZOC	-51 364
	Change in premium reserve Change in supplementary reserves		-3 360
	Change in securities adjustment fund		-9 110
	Change in premium and deposits fund	-243	-229
	Transfer of supplementary reserves and securities adjustment fund from other insurance companies/pension fu		
19	Total changes in insurance liabilities taken to profit/loss - contractual liabilities		-64 067
	Change in premium reserve	21	-39
	Change in premium and deposits fund	-3	-3
10	Change in other provisions	-27	-50
19	Total changes in insurance liabilities taken to profit/loss – individual investment option portfolio	-9	-92
	Surplus on returns result	-182	-3 064
	Risk result assigned to insurance contracts	-17 326	-349
19	Total funds assigned to insurance contracts – contractual liabilities	-17 508	-3 414
	Administration costs	-181	-158
25	Sales costs	-118	-98
	Insurance-related administration costs	-624	-496
	Total insurance-related operating expenses	-922	-752
77	Other insurance related secto	07/	707
33	Other insurance-related costs	-874	-797
19	Technical result	4 054	-253
1)		+ 0 ) +	277

## Income statement for Kommunal Landspensjonskasse gjensidig forsikringsselskap

otes	NOK millions	2015	201
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	515	63
	Interest income and dividends etc on financial assets	650	60
17	Net income from investment properties	41	
	Value changes on investments	-866	-10
	Gains and losses realized on investments	874	30
4	Total net income from investments in the corporate portfolio	1 213	144
	Other income	13	1
	Administration costs	-11	-
	Other expenses	-411	-24
	Total administration costs and other costs associated with the corporate portfolio	-422	-25
	Non-technical profit/loss	804	1 21
	Income before tax	4 858	95
27	Tay	-489	2
	Income before other profit/loss components	4 369	99
		124	-14
	Actuarial gains and losses on defined benefits pension schemes - employee benefits Tax on items that will not be reclassified against the comprehensive income statement	-31	-14
	Items that will not be later reclassified to income	-31	-10
	Proportion of other comprehensive income on application of the equity method	71	-7
	Adjustment of the insurance liabilities	-20	2
27	Tax on items that will be reclassified to income later	-13	-
	Items that will be reclassified to income later when particular conditions are met	39	-3
	Comprehensive income	132	-14
	TOTAL COMPREHENSIVE INCOME	4 500	85
	Allocations and transfers		
	Transferred to other retained earnings	-1 664	-49
	Transferred to/from the risk equalization fund	-2 836	-35
	Total profit/loss allocation and transfer	-4 500	-85

## Balance sheet

for Kommunal Landspensjonskasse gjensidig forsikringsselskap

Notes	NOK millions	31.12.2015	31.12.2014
	ASSETS		
	Assets in the corporate portfolio		
10		454	391
10	Intangible assets	404	160
	Investments in the corporate portfolio		
6,17	Investment properties	893	890
14	Shares and holdings in property subsidiaries	1673	1 471
	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	3 333	2 694
	Total subsidiaries, associated enterprises and jointly controlled entities	5 006	4 165
511	Investments held to maturity	10 013	3 937
	Bonds classified as loans and receivables	6 2 9 1	5 756
5,11	Total financial assets valued at amortized cost	16 304	9 694
5615	Shares and units	415	329
	Bonds and other fixed-return securities	7 476	7 206
	Loans and receivables	925	626
	Financial derivatives	614	312
	Other financial assets	29	16
5,6	Total financial assets valued at fair value	9 458	8 489
	Tabel investments in the same anti- same fails	71 (()	23 238
	Total investments in the corporate portfolio	31 662	25 258
	Receivables related to direct business	518	628
31	Intra-Group receivables	121	224
	Other receivables	120	41
	Total receivables	759	894
	Plant and equipment	39	45
	Bank deposits	654	434
27	Deferred tax assets	0	88
	Total other assets	693	567
	Total assets in the corporate portfolio	33 568	25 090
		טטר רר	25050

 $\bullet \bullet \bullet$ 

## Balance sheet for Kommunal Landspensjonskasse gjensidig forsikringsselskap

### ASSETS IN THE CUSTOMER PORTEOLIOS

	ASSETS IN THE CUSTOMER PORTFOLIOS		
	Investments in the common portfolio		
14	Shares and holdings in property subsidiaries	53 386	42 396
14	Shares and holdings in associated enterprises and jointly controlled entities	364	244
14	Total subsidiaries, associated enterprises and jointly controlled entities	53 750	42 640
5 1 1	Investments held to maturity	24 758	26 058
	Bonds classified as loans and receivables	86 621	79 360
	Other lending and receivables	51 209	41 976
	Total financial assets valued at amortized cost	162 588	147 393
E ( 1 E		27.70/	24.274
	Shares	23 394	24 236
	Equity fund units	56 516	49 673
	Alternative investments	2 380	1 875
	Bonds and other fixed-return securities	108 383	105 076
	Loans and receivables	12 071	15 780
	Financial derivatives	492	1 208
	Other financial assets	2 262	101
5,6	Total financial assets valued at fair value	205 497	197 949
	Total investments in the common portfolio	421 835	387 982
	Investments in the investment option portfolio		
14	Shares and holdings in property subsidiaries	264	257
5,11	Investments held to maturity	136	139
5,11	Bonds classified as loans and receivables	543	515
5,11	Total financial assets valued at amortized cost	678	654
5615	Equity fund units	446	400
	Alternative investments	14	13
	Bonds and other fixed-return securities	599	599
	Loans and receivables	47	28
	Financial derivatives	1	7
	Other financial assets	1	0
	Total financial assets valued at fair value	1 108	1 047
	Total investments in the investment option portfolio	2 050	1 958
	Totalt assets in the customer portfolios	423 885	389 940
	TOTALT ASSETS	457 453	415 030
		+)/+))	

## Balance sheet

for Kommunal Landspensjonskasse gjensidig forsikringsselskap

NULES	NOK millions	31.12.2015	31.12.2014
	OWNERS' EQUITY AND LIABILITIES		
	Other owners' equity contributed	10 422	9 173
	Total paid-up equity	10 422	9 173
	Risk equalization fund	3 364	528
	Other retained earnings	9 418	7 754
	Total retained earnings	12 781	8 281
21	Perpetual subordinated loan capital	3 702	3 423
21	Other subordinated loan capital	5 839	0
20,21	Hybrid Tier 1 securities	1 564	1 253
5,21	Total subordinated loan capital etc.	11 105	4 676
	Premium reserve	353 221	329 601
	Supplementary reserves	20 170	17 013
16	Securities adjustment fund	21 472	19 522
	Claims reserve	179	223
	Premium fund, deposits fund and pensioners' surplus fund	15 284	10 322
19	Total insurance liabilities in life insurance – contractual liabilities	410 327	376 681
	Premium reserve	1 684	1639
	Supplementary reserves	114	91
	Premium fund, deposits fund and pensioners' surplus fund	238	191
19	Total insurance liabilities in life insurance – special investment portfolio	2 036	1 921
26	Pension obligations	423	503
27	Deferred tax liabilities	446	0
	Total provision for liabilities	869	503
	Liabilities related to direct insurance	2 210	4 066
5,6	Liabilities to credit institutions	700	715
5,6,12	Financial derivatives related to the corporate portfolio	2	10
5,6,12	Financial derivatives related to the common portfolio	6 404	8 363
5,6,12	Financial derivatives related to the investment option portfolio	16	27
32	Other liabilities	462	457
	Total liabilities	9 793	13 638
	Other accrued costs and pre-paid income	120	157
	Total accrued costs and pre-paid income	120	157
	TOTAL EQUITY AND LIABILITIES	457 453	415 030
	OFF-BALANCE-SHEET ITEMS		

## Statement of changes in owners' equity

NOK millions	Owners' equity contributed equ	Risk alization fund	Retained earnings	Total owners' equity
Owners' equity 1 January 2015	9 173	528	7 754	17 454
Owners equity I January 2015	51/5	520	//54	1/ 404
Income before other profit/loss components		2 836	1 532	4 369
Other comprehensive income			132	132
Total comprehensive income		2 836	1664	4 500
Net receipts of equity contributions	1 249			1 249
Total transactions with the owners	1 249			1 249
Owners' equity 31 December 2015	10 422	3 364	9 418	23 204
2014	Owners' equity	Risk	Retained	Total
NOK millions	contributed equ			1.
	contributed equ	alization fund	earnings	owners' equit
Owners' equity 1 January 2014	7 659	alization fund	earnings 7 260	owners' equit 15 089
Owners' equity 1 January 2014		170	7 260	15 089
Owners' equity 1 January 2014 Income before other profit/loss components			5	
		170	7 260	15 089 994
Owners' equity 1 January 2014 Income before other profit/loss components Other comprehensive income Total comprehensive income		170 358	7 260 637 -143	15 089 994 -143
Owners' equity 1 January 2014 Income before other profit/loss components Other comprehensive income	7 659	170 358	7 260 637 -143	15 089 994 -143 852

Oslo, 30 March 2016 The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

Liv Kari Eskeland, Chair

Egil Johansen, Deputy Chair

Marit Torgersen

Jan Helge Gulbrandsen

Cathrine Klouman

Lars Vorland

Susanne Torp-Hansen Elected by and from the employees

Freddy Larsen Elected by and from the employees

Sverre Thornes Group CEO

### Statement of cash flows

NOK millions	2015	2014
Cash flow from operational activities		
Direct insurance premiums received	26 829	34 010
Reinsurance premiums paid	-2	-3
Direct insurance claims and benefits paid	-14 458	-12 953
Payments received on transfer	9 450	30 225
Payments made on transfer	-146	-4 360
Payments to other suppliers for products and services	-767	-591
Payments to staff, pension schemes, employer's social security contribution etc.	-427	-408
Interest paid	-204	-210
Interest received	7 855	7 294
Dividend received	2 733	2 280
Tax and public charges paid	-8	-8
Receipts to the property business	37	63
Net receipts/payments of loans to customers etc.	-8 023	-7 006
Receipts on the sale of shares	5 776	40 251
Payments on the purchase of shares	-15 251	-61 096
Receipts on the sale of bonds and certificates	40 652	40 935
Payments on the purchase of bonds and certificates	-58 826	-71 558
Payments on the purchase of property	0	30
Net cash flow from purchase/sale of other short-term securities	-1 281	1 828
Net cash flows from operating activities	-6 062	-1 276
Cash flow from investment activities		
Receipts on the sale of tangible fixed assets	7	0
Payments on the purchase of tangible fixed assets etc.	-137	-145
Net cash flows from investment activities	-130	-145
	-100	-1+7
Cash flows from financing activities		
Receipts on issued subordinated loan capital	5 162	0
Receipts of owners' equity contributions	1 290	1 662
Payments on repayment of owners' equity contributions	-41	-148
Net cash flows from financing activities	6 412	1 514
Net changes in cash and bank deposits	219	92
Holdings of cash and bank deposits at start of period	434	342

### Notes to the Accounts $\operatorname{KLP}$

#### Note 1 General information

Kommunal Landspensjonskasse gjensidige forsikringsselskap ((Kommunal Landspensjonskasse mutual insurance company - the Company) provides pension and insurance services to municipalities and county administrations, health enterprises and to enterprises both in the public and private sector.

The largest product area is group pensions insurance. Within pension insurance, the Company offers local government occupational pensions.

Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP) is a mutual insurance company registered and domiciled in Norway. The Company has its head office in Dronning Eufemiasgate 10, Oslo.

### Note 2 Summary of the most important accounting principles

Below follows a description of the most important accounting principles that have been used in the Company accounts.

#### 2.1 FUNDAMENTAL PRINCIPLES

The annual financial statements are presented in accordance with Regulation No. 1241 of 16 December 1998: "Regulations for annual accounts etc. for insurance companies" (Annual Accounts Regulations). This means that the Company's annual financial statements have been prepared in accordance with international accounting standards (EU-approved IFRS/IAS) with those additions resulting from the Norwegian Annual Accounts Regulations.

The Company has used Regulation No. 57 of 21 January 2008 "Regulations on simplified application of international accounting standards" for presentation of Group contributions. This means that the Group contribution taken to account is presented as a net receivable/liability even though the Group contributions had not been approved at the date of the statement of financial position.

The annual financial statements have been prepared based on the principle of historic cost, with the following exceptions:

• Ownership interest in subsidiaries and associated companies valued in accordance with the owners' equity method

• Financial assets and liabilities are valued in accordance with the rules on fair value hedging.

In preparing the annual financial statements management must make accounting estimates and discretionary evaluations. This will affect the value of the Company's assets and liabilities, income and expenses recognized in the financial statements. Actual figures may deviate from estimates used. Areas in which discretionary valuations and estimates of material significance for the Company have been shown are described in Note 3.

All sums are presented in NOK millions without decimals unless otherwise stated.

- The Company has subordinated loans listed on the London Stock Exchange.
- The annual financial statements for Kommunal Landspensjonskasse gjensidig forsikringsselskap are available on the Company's website, www.klp.no.
- The Company's annual financial statements for 2015 were adopted by the Company's Board of Directors on 30 March 2016.

- The financial statements have been prepared in accordance with the going concern assumption.
- 2.1.1 Changes in accounting principles and disclosures(a) New and changed standards adopted by the CompanyThere are no changes in accounting principles in 2015 that have been of significance for the Companys' annual report.
- (b) Standards, changes and interpretations of existing standards that have not come into effect and where the Company has not chosen advanced application
  - · IFRS 9 Financial instruments governs classification, measurement and recognition of financial assets and financial liabilities as well as hedge accounting. The complete version of IFRS 9 was published in July 2014. It replaces those parts of IAS 39 governing corresponding questions. In accordance with IFRS 9 financial assets are to be classified in three categories: fair value of over other comprehensive income; fair value through profit or loss; and amortized cost. The measurement category is decided on first recognition of the asset. Classification depends on the entity's business model for managing its financial instruments and the characteristics of the individual instrument's cash flows. Basically, the equity instruments are measured at fair value through profit or loss. The enterprise may choose to present the value changes over other comprehensive income, but the choice is binding and, on later sale, gain/loss cannot be reclassified through profit or loss. Impairment resulting from credit risk is now to be recognized based on expected loss instead of the current model where losses must have been incurred. For financial liabilities the standard generally continues the requirements in IAS 39. The greatest change is that in instances in which the fair value option is adopted for a financial liability, changes in fair value resulting from change in the entity's own credit risk are recognized in other comprehensive income. IFRS 9 simplifies the requirements for hedge accounting through the hedging effect's closer linkage to the manage-

ment's risk management and provides greater scope for discretion. Hedging documentation continues to be required. The standard comes into effect for the 2018 reporting year, but advanced adoption is permitted. The Company has yet to fully assess the effect of IFRS 9. It is expected that IFRS 9 will be approved by the EU/EEA in the course of the second quarter 2015.

• IFRS 15 Revenue from Contracts with Customers deals with revenue recognition. The standard calls for analysis of the customer contract, identifying the individual performance obligations. A performance obligation may be a good or service. Income is recognized when a customer achieves control over a good or service, and thus has the opportunity to decide on the use of and may receive the advantages from the good or the service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and associated interpretations. The standard comes into effect for the 2018 reporting year, but advanced adoption is permitted. The Company still has yet to fully assess the effect of IFRS 15.

Otherwise there are no other IFRSs or IFRIC interpretations not yet in force that are expected to have a significant impact on the financial statements.

#### 2.1.2 Changes in financial statements in comparison with previous periods

There were reclassifications in 2015 with the effect that comparison figures have been adjusted. The changes are shown in the table below:

NOK millions	Original amount 2014	Change	Adjusted 2014
Income from investments in subsidiaries, associated enterprises and jointly controlled entities	3 146	-45	3 192
Total net income from investments in the common portfolio	23 391	45	23 436
Surplus on returns result	-3 019	-45	-3 064
Total funds assigned to insurance contracts - contractual liabilities	-3 368	-45	-3 414

## 2.2 SUBSIDIARIES AND ASSOCIATED COMPANIES 2.2.1 Subsidiaries

All entities in which the Company has deciding influence/control are considered subsidiaries. Deciding influence is normally achieved through ownership of more than half of the voting capital. The effect of potential voting rights that can be exercised or converted at the end of the reporting period is included in the assessment of control. Subsidiaries have been consolidated in accordance with the equity capital method. This means that the Company's share of profit or loss in subsidiaries is taken to profit/ loss and is added to the financial position statement value together with owners' equity changes not taken to profit/loss. The Company does not take a share of the loss to profit/loss if this involves the financial position statement value of the investment becoming negative unless the Company has assumed liabilities on behalf of the subsidiary.

Purchase of subsidiaries is recognized in accordance with the purchase method . Acquisition cost is set at the same as fair value of assets provided by way of consideration for the purchase, equity instruments issued and liabilities assumed on transfer of control. The identifiable assets and liabilities of the acquired company are valued at fair value. If cost of acquisition exceeds fair value of identifiable net assets in the subsidiary, the excess is capitalized as goodwill. If the cost of acquisition is lower, the difference is taken to profit/loss on the date of acquisition.

The Company's financial statements are presented in NOK and those of subsidiaries in foreign currency are converted to NOK at the exchange rate at the end of the reporting period.

#### 2.2.2 Associated companies

Associated companies are entities in which the Company has substantial influence without having control. Normally substantial influence is reached through a holding of between 20 per cent and 50 per cent of voting capital. In addition to owning at least 20 per cent of the voting capital the Company has substantial influence through Board representation or in some other way in all companies defined as associated with the Company.

On the date of acquisition investments in associated companies are recognized at cost of acquisition. The equity capital method is used for accounting in subsequent periods. This means that the Company's share of profit or loss in associated companies is taken to profit/loss and is added to the financial position statement value together with owners' equity changes not taken to profit/ loss. The Company does not take a share of the loss to profit/ loss if this involves the financial position statement value of the investment becoming negative unless the Company has assumed liabilities on behalf of the associated company.

Where necessary accounting principles in associated companies are changed to achieve harmonization with the Company's accounting principles.

#### 2.2.3 Jointly controlled venture

Joint arrangements are investments in which the Company has joint control with another company. "Joint control" is the contractually agreed sharing of control of a joint arrangement, which exists only when decisions about the relevant activities require unanimity between the parties sharing control.

In accordance with IFRS 11, investments in joint arrangements shall be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor. KLP has assessed its joint arrangements and concluded that they are joint ventures.

On the date of acquisition investments in joint ventures are recognized at cost of acquisition. The equity capital method is used for accounting in subsequent periods. This means that the Group's share of profit or loss in joint ventures is taken to profit/loss and is added to the capitalized value together with owners' equity changes not taken to profit/loss. The Company does not take a share of the loss to profit/loss if this involves the financial position statement value of the investment becoming negative unless the Company has assumed liabilities on behalf of the subsidiary.

Where necessary accounting principles in associated companies and joint ventures are changed to achieve harmonization with the Company's accounting principles.

#### 2.3 TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCY 2.3.1 Functional currency and presentational currency

The Company's financial statements are presented in NOK, which is the functional currency of the Company.

#### 2.3.2 Transactions and financial position statement items

Transactions in foreign currency have been translated to NOK using the conversion rate on the date of the transaction. Currency gains and losses on transactions in foreign currency are taken through profit or loss. This also applies to translation of money items (assets and liabilities) at the end of the reporting period.

The currency effect on non-monetary items (both assets and liabilities) is included as a part of the assessment of fair value. The currency difference on non-monetary items, such as shares at fair value through profit or loss, is taken to income as a part of the total profit or loss.

#### 2.4 TANGIBLE FIXED ASSETS

The Company's tangible fixed assets mainly comprise office machines, inventory and art. The fixed assets are presented in the balance sheet as "Plant and equipment".

Tangible fixed assets are recognized at cost of acquisition including costs that can be attributed directly to the fixed asset, with deduction for depreciation.

Subsequent costs relating to fixed assets are capitalized as part of the fixed asset if it is likely that the expenditure will contribute to future financial benefit for the Company and the cost can be measured reliably. Repair and maintenance are recognized through profit or loss during the period in which the expenses are incurred.

Depreciation is mainly calculated by the straight-line method so the acquisition cost of tangible fixed assets is depreciated to residual value over expected usable life (3-5 years). Art is not subject for depreciation.

The utilizable life of tangible fixed assets is assessed annually. Where there are indications of impairment in excess of residual value, the recoverable sum is calculated. If the recoverable sum is lower than the residual value, write-down is carried out to the recoverable sum.

Gains and losses on disposals comprise the sale price less the book value at the time of sale. Gains and losses on disposals are recognized through profit or loss.

#### 2.5 INVESTMENT PROPERTY

Real estate not used by the Company is classified as investment property if the properties are directly owned by the Company. The properties owned through a limited company or general partnership are classified as shares and holdings in property subsidiaries.

Investment property comprises buildings and sites, and is valued at fair value at the end of the reporting period. The Company uses a valuation model to estimate market value.

The valuation method is based on discounting of the property's expected net cash flow by the market's return requirements.

In the first instance, the market rent at currently applicable terms is used in calculating net cash flow whereas for periods after the expiry of contracts an estimated market rent is used. In addition an income deduction is taken into account based on expected vacancy, expected maintenance/improvement costs and normal operating costs.

The expected cash flow is discounted by a return requirement that is determined on the basis of the risk-free interest rate (10year Norwegian Government Bond interest rate) adjusted by a supplement for estimate on a 20-year risk-free interest rate. The estimate on the 20-year interest rate corresponds to the slope of the swap curve between 10 and 20 years. The risk-free interest is then accorded a general property risk to find the return requirement for prime properties. Finally a risk premium is added that is determined on the basis of the willingness of the investors in the property market to accept risk taking account of matters specific to the property such as for example geography, property type, contracts, tenants and technical state of the property.

A set selection of the Company property stock is valued quarterly by external, independent and qualified valuers. In the event of significant deviation from our own valuation of fair value the differences are analysed and the valuation model's parameters are adjusted if this proves necessary.

Changes in fair value are taken to profit/loss.

If an investment property is occupied by the Company, the property is reclassified as a tangible fixed asset. Fair value on the date of reclassification provides the cost price for the reclassified property.

If a property the Company has used is leased externally, the property is reclassified as investment property.

#### 2.6 INTANGIBLE ASSETS

The Company's intangible assets comprise capitalized IT systems. On the purchase of a new IT system, directly attributable costs paid out to the system supplier are capitalized, as well as external consultancy support and internally accrued costs to have the system installed and readied for use.

On further development of IT systems both external and internal costs are capitalized in accordance with the above. System changes regarded as maintenance are taken to expenses as they occur.

When an IT system is operational the capitalized costs are depreciated by straight line over the expected life (3 - 10 years). In the event of subsequent capitalization because of further development this is depreciated over the originally set life unless the expenditure increases the total expected life of the system.

If there are indications that the book value of a capitalized IT system is higher than the recoverable sum an impairment test is carried out. If the book value is higher than the recoverable sum (present value of continued use/ownership), the asset is written down to the recoverable sum.

#### **2.7 FINANCIAL INSTRUMENTS**

#### 2.7.1. Classification

Financial instruments are classified on first recognition in one of the following categories:

#### Financial assets

a) Financial assets at fair value through profit or loss b) Loans and receivables recognized at amortized cost

c) Hold-to-maturity investments recognized at amortized cost

#### Financial liabilities

d) Other financial liabilities at amortized coste) Other financial liabilities at fair value through profit or loss

#### a) Financial assets at fair value through profit or loss

Within this category it may be mandatory or chosen to recognize attribution at fair value with value changes through profit or loss.

- Financial assets held for trading are assets acquired primarily with a view to providing a profit from short-term price fluctuations. The Company's derivatives are included in this category unless they form part of hedging.
- Financial assets and liabilities opted taken to book at fair value with value changes through income. Financial instruments are classified in this category if either they are managed as a group, and where their earnings are assessed and reported to management on the basis of fair value or if the classification eliminates or reduces accounting inconsistencies in measurement.

The group includes shares and holdings, units in equity funds, alternative investments, bonds, certificates and units in fixed-income funds.

#### b) Loans and receivables recognized at amortized cost

Loans and receivables, with the exception of derivatives, are financial assets with set or determinable payments, and that are not traded in an active market or that the Company intends to sell in the short-term or has earmarked at fair value through profit or loss. Loans and receivables at amortized cost comprise:

- · Loans and receivables linked to investment business.
- Other loans and receivables including receivables from policyholders.

Loans and receivables in the investment business include debt instruments classified as loans and receivables i.e. bonds that are not priced in an active market as well as lending to local authorities, enterprises and retail customers.

#### c) Financial assets held to maturity

Financial assets held to maturity comprise financial assets listed in an active market, that are not derivatives, and that have set or determinable payments and a defined date of maturity and that the Company has the intention and the ability to hold to maturity with the exception of:

- Those the enterprise classifies on first recognition at fair value through profit or loss.
- · Those that meet the definition of loans and receivables.

The category includes bonds recognized at amortized cost.

#### d) Other financial liabilities recognized at amortized cost

The category includes hybrid Tier 1 securities and subordinated loan capital.

 d) Other financial liabilities recognized at amortized cost The category includes debt to credit institutions and derivatives.

#### 2.7.2 Recognition and measurement

Purchases and sales of financial instruments are taken to account at fair value on the trading date, i.e. when the Company has committed itself to buy or sell that financial asset. Direct costs of purchase are included in acquisition cost except for purchase costs associated with financial instruments at fair value through profit or loss. For these instruments purchase costs are taken to expenses directly. Financial assets cease to be recognized when the Company is no longer entitled to receive the cash flow from the asset or the Company has transferred all risk and entitlements associated with its ownership. Recognition of financial liabilities ceases when the underlying obligation in the contract has been met, cancelled or expired.

#### a) Value measurement at fair value

The principles for calculating fair value related to the various instruments are shown in Note 5.

#### b) Value measurement at amortized cost

Financial instruments not measured at fair value are measured at amortized cost using the effective interest rate method. The internal rate of return is set through discounting contractual cash flows over expected duration. The cash flows include setting-up charges and direct transaction costs as well as any residual value on expiry of the expected duration. Amortized cost is the present value of these cash flows discounted by the internal rate of return.

#### c) Write-down of financial assets valued at amortized cost

In assessing whether there is impairment in value of a financial asset, weight is attached to whether the issuer/debtor has significant financial difficulties and whether there is breach of contract, including default. An assessment is made of whether it is probable the debtor will be bankrupted, whether there is an active market for the asset because of financial difficulties, or whether measurable reduction is being seen in expected cash flow from a group of financial assets. The assessment is based exclusively on historical data: future events are not considered, regardless of the degree of probability.

If there is objective proof of impairment, write-down is carried out. The write-down is calculated by comparing the new, anticipated cash flows with the original cash flows discounted by the original effective interest rate (assets with fixed interest) or by the effective interest rate at the time of measurement (assets with variable interest). The write-down reduces the asset's financial position statement value and is recognized in the income statement under "Value change on investments". Loss assessment and loss write-down is carried out quarterly on individual loans. Loans with unpaid repayments older than 90 days or credits with overdrafts older than 90 days are examined at the end of the reporting period. In addition continuous assessment is carried out of other lending engagements where there is objective proof of impairment.

Lending is also assessed by group. If there is objective proof of impairment in a group of loans, write-down is carried out.

## 2.7.3 Presentation in the financial position statement and income statement

#### a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are presented in the financial position statement either as "Shares", "Equity fund units", "Bonds and other securities with fixed returns", "Loans and receivables", "Financial derivaties" or "Other financial assets". Interest income and share dividend are included in the line "Interest income and dividend etc. on financial assets". Other value changes are included in the line "Value changes on investments".

#### b) Loans and receivables at amortized cost

Loans and receivables at amortized cost are presented in the financial position statement either as "Bonds classified as loans and receivables" or "Other loans and receivables". Interest income is included in the line "Interest income and dividend etc. on financial assets ". Value changes that can be linked to objective indications of impairment as well as foreign exchange changes are included in the line "Value changes on financial instruments".

#### c) Financial assets held to maturity

Financial assets held to maturity comprise bonds and are presented in the financial position statement as "Investments held to maturity". Interest income in accordance with the effective interest rate method is included in the line "Interest income/dividend on financial assets". Value changes that can be linked to objective indications of impairment as well as unrealized foreign exchange changes are included in the line "Value changes on investments".

#### d) Subordinated loan

Subordinated loan is taken to account at fair value on subscription adjusted for purchase costs. On subsequent measurement subordinated loan is recognized at amortized cost using the effective interest rate method. The method is used to apportion the interest costs over a relevant period and is posted through profit or loss in the line "Other costs". Subordinated loan in foreign currency is translated to NOK at the end of the reporting period. Value change resulting from currency change is posted through profit or loss and included in the line "Value change on investments".

#### e) Hybrid Tier 1 securities issued

Hybrid Tier 1 securities are recognized at nominal on date of issue and valued subsequently at amortized cost. For hybrid Tier 1 securities hedged against currency and interest rate changes (fair value hedging), book value is adjusted on value change in hedged risk. The value change is taken through profit or loss in the line "Value change on investments".

#### f) Derivatives and hedging

Financial derivatives are capitalized at fair value at the time they are contracted. On subsequent measurement the derivatives are recognized at fair value and are presented as an asset if the value is positive and a liability if the value is negative. Recognition of associated gains and losses depends on whether the derivative has been identified as an accounting hedge instrument and in which type of accounting hedge the derivative is included.

For derivatives not included in accounting hedge relationship, gains and losses are taken to profit or loss as they arise on the line for "Value change on investments". These are included in the category "Financial assets at fair value through profit or loss". Interest income and costs are included in the line "Interest income and dividend etc. on financial assets".

The Company has in one case used accounting hedging (hedge accounting). Hedge accounting is used on hedging of perpetual hybrid Tier 1 securities issued (the hedging object) against value changes resulting from changes in interest rates and exchange rates (fair value hedging). The hedging instrument is a combined interest rate and currency swap (CIRCUS). The hedge relationship is documented and the effectiveness of the hedging is measured continuously.

Change in fair value of the hedging instrument is included in the income statement at the line for "Value change in investments". Value changes on the hedging object that can be attributed to the hedged risk are booked as a correction of the hedging object's capitalized value and included in the income statement at the line for "Value change on investments". In those instances in which a security has embedded derivatives that are not separated out, the value of the derivative will be included in the security's value as a whole. The value change will be reported on the income statement line "Value change on investments".

#### 2.8 NETTING

Financial assets and financial liabilities are only netted to the extent there is an unconditional legal entitlement to net obligation against debt, an intention to net as well as the maturity date of the asset corresponding to the date the debt falls due.

#### 2.9 CASH AND CASH EQUIVALENTS

Cash holdings and bank deposits associated with daily operations are shown as cash and bank deposits. These are included in the financial position statement at the line for "Cash, bank". Bank deposits associated with the asset management business are defined as financial assets and included in the financial position statement in the line for "Loans and receivables". Bank deposits related to the asset management business are not defined as cash in the statement of cash flows. The statement of cash flows has been prepared in accordance with the direct method.

#### 2.10 OWNERS' EQUITY

Owners' equity in the Company is divided into three main elements:

#### 2.10.1 Owners' equity contributed

Kommunal Landspensjonskasse is a mutual company owned by its customers. This means that customers participating in KLP's

"fellesordninger" (Joint Pensions – schemes for public sector occupational pensions) pay an owners' equity contribution on registration. The owners' equity contribution is set in proportion to the relative size of the customer measured in premium reserves.

The owners' equity contribution may be used to cover losses or deficits in current operation. It may only be repaid in connection with transfer of a customer's business from the Company after approval in advance from the Financial Supervisory Authority of Norway (FSA of N). The customer's (the owner's) share of the actual combined owners' equity contribution at the termination date calculated proportionately to the customer's (the owner's) share of the Company's total premium reserves is subject to possible repayment.

Distribution of returns on owners' equity contributions depends on the Company's results. Normally members are credited annually with book returns on the owners' equity contribution. Costs associated with external financing through subordinated loans and hybrid Tier 1 securities are deducted in the calculation.

Annual assessment is undertaken of the need to call up owners' equity contributions from the members. The contribution is set in proportion to the premium reserves within a defined level, and it is calculated individually for the individual Joint Pension scheme.

The owners' equity contribution may not be traded.

#### 2.10.2 Retained earnings

The company's retained earnings comprise mainly an equity capital fund. The equity capital fund arose through a transfer from the contingency fund and the special fund in connection with the annual accounts for 1989. Ordinary company law rules apply for any allocation or use of the equity capital fund.

#### 2.10.3 Risk equalization fund

The purpose of the risk equalization fund is to cover any losses through personal risk in the insurance business or to strengthen the insurance technical reserves. In life and pensions insurance it is permissible to set aside up to 50 per cent of risk profit to the risk equalization fund limited upwards to 150 per cent of annual risk premium.

#### 2.11 RECOGNITION OF INCOME IN THE FINANCIAL STATEMENTS

Income on sale of goods is valued at fair value of the consideration, net after deductions for VAT and any discounts.

#### 2.11.1 Premium income

Premium income is taken to income by the amount falling due during the accounting year. Accrual of earned premium is dealt with through provisions against unearned premiums. Reserves transferred in are also recognized through profit or loss and included in the premium income.

#### 2.11.2 Interest income and costs

Interest income and interest expenses associated with all interest-bearing financial instruments valued at amortized cost are taken to income using the effective interest rate method. Setting-up fees for lending are included in the amortization and taken to income over the loan's expected duration. For interest-bearing financial investments measured at fair value, interest income is classified as "Interest income and dividends etc on financial assets", whereas other value changes are classified as "Value changes on investments".

#### 2.11.3 Rental income and other income

Income from leasing of real estate is taken to income by straight line accrual over the duration of the lease. The income is included in the line "Net operating income on property".

#### 2.12 TAX

The Company conducts taxable business.

The Company has a deficit to be carried forward that can be used to set off any taxable profit. On presentation of the Company financial statements capitalization of deferred tax is considered. Deferred tax and tax assets are calculated as differences between the accounting and taxation value of assets and liabilities. The Company is parent company in a tax Group and deferred taxes are capitalized to the extent it can be shown probable that the companies in the Group will have sufficient taxable profit to exploit the deferred tax. In assessing the probability, emphasis is placed on historic earnings and expected future taxable income.

Wealth tax is calculated on net taxable wealth. Tax assessment values are used to calculate taxable wealth.

The cost of taxes is specified in Note 27.

#### 2.13 SURPLUS FUNDS SET ASIDE TO CUSTOMERS

Surplus assets credited to the customer contracts are set aside in the customers' premium fund or supplementary reserves and included as part of the insurance liabilities at the end of the reporting period.

#### 2.14 INSURANCE CONTRACTS

In accordance with IFRS 4 significant insurance risk must be associated with the contract for it to be able to be defined as an insurance contract. The insurance products the Company offers satisfy the requirement for significant insurance risk and are taken to account in accordance with the Regulations for Annual Accounts etc. for Insurance Companies and IFRS 4. In accordance with IFRS 4, the insurance contracts are valued as a whole as an insurance contract even though this contains a financial element.

Adequacy testing has been carried out to check that the level of the liabilities on the insurance contracts recognized in the financial statements is proportionate to the insurance customers' contractual entitlements. The Company's provisions satisfy the requirements of this test and IFRS 4 therefore imposes no further requirements for reserves. The Company has therefore used applicable Norwegian regulations to account for insurance contracts.

#### 2.15 INSURANCE SECTORS

The Company offers products to its customers in the following sectors:

#### 2.15.1 Group pension - public sector

Group pensions comprise mainly defined benefits local government schemes covering retirement pension, survivor pension, disability pension and premium suspension while unfit to work. The group pension schemes are based on straight line accumulation. This means that the individual's accumulated benefits always amount to the proportionate part of the benefits to which they would be entitled in the event of continued service up to pensionable age. The proportionate part is the result of the ratio between the period of service the individual has already accumulated and the total period of service the individual would achieve by continued service to pensionable age, although the latter figure may not exceed 40 years in calculating the proportionate part. The schemes are based on the final salary principle. Adjustment of current pensions in line with adjustment in Norwegian National Insurance as well as adjustment of deferred entitlements in line with the National Insurance basic sum ("grunnbeløpet" or "G") is part of the pension scheme's defined benefits. The benefits of the schemes are coordinated with National Insurance in accordance with prevailing rules and guarantee a defined gross level of pension.

The indexation of current pensions and accumulated pension entitlements is financed entirely by a separate indexation premium. Gross guarantees etc. are financed through discrete premiums at the start of and possibly on later changes to the pension.

The net premium reserve in the pension schemes is set as a net single payment premium for the accumulated age, disability and survivors' pensions. In addition administration reserves are set aside for the purposes to cover costs related to payments of future pensions. Additionally provision for insured events that have occurred but not yet been settled, including a waiting period provision for disability risks, is included in the pension schemes' premium reserve. That part of the occurred, not yet settled insurance events that would have been paid out had the claim been finally processed, is separated out in a discrete claims reserve.

#### 2.15.2 Group life

Group life business was transferred to KLP Skadeforsikring AS from 1 January 2015. Existing individual risk policies derived from group life will remain in KLP. New individual risk policies from group life will also be issued by KLP, until the non-life company establishes solutions to handle this on its own behalf.

Collective risk insurance linked to loans was wound up in 2014. After the closure, a large number of individual risk policies were issued. These will remain in KLP

## 2.16 PROVISIONS IN INSURANCE FUNDS 2.16.1 Premium reserve

The premium reserve represents the actuarial cash value of pension entitlements accumulated on the date of calculation. The premium reserve also includes administration reserve in accordance with KLP's calculation base, as well as provisions for incurred, not yet settled insurance claims, including waiting period provisions for disability risk. That part of the occurred, not yet settled insurance events that would have been paid out had the claim been finally processed, is separated out in a discrete claims reserve.

#### 2.16.2 Supplementary reserves

Supplementary reserves are allocated to the customers conditionally and may be used to cover any shortfall in returns. Any negative return cannot be covered from supplementary reserves.

#### 2.16.3 Premium fund

The premium fund contains premiums paid in advance and any surplus assets allocated to the individual customer's premium fund accounts. Premium fund assets may be used to cover future premiums.

#### 2.16.4 Claims reserve

Claims reserves relate to and incorporate provision for unsettled insurance events linked to group life insurance and public sector occupational pension. Change in claims reserves is recognized through the income statement as an element of the claims costs. The claims reserve contains that part of the occurred, not yet settled insurance events that would have been paid out how the claim being fully processed.

#### 2.16.5 Securities adjustment fund

The securities adjustment fund is defined in Norwegian insurance legislation.

The securities adjustment fund comprises net unrealized gains associated with short-term financial assets in the common portfolio. If net valuation reserves are negative, the securities adjustment fund is set at zero. Changes in the securities adjustment fund are taken through profit or loss.

Unrealized securities valuation reserves associated with shortterm financial assets in foreign currency that can be ascribed to foreign exchange rate changes are not allocated to the securities adjustment fund if the investment is hedged against exchange rate changes. Foreign exchange rate changes linked to the hedging instrument are thus not allocated to the securities adjustment fund either but are taken directly to profit or loss.

#### 2.16.6 Guaranteed ("base") interest

The Company's insurance contracts in group pension contain a returns guarantee (base interest). The returns guarantee is to be met annually, but for customers who have chosen a five-year returns guarantee, this customer's own risk extends to the end of the five-year period.

#### For other contracts the following applies:

From 1 January 2015 all new accumulation was carried out at the base interest rate of 2.0 per cent. In the period 1 January 2012 – 31 December 2014 all new accumulation was carried out at the base interest rate of 2.5 per cent Accumulation before this was split between 3.0 per cent and 3.4 per cent for most of the contracts. A small proportion of the contracts have some accumulation at 2.75 per cent and 4.0 per cent.

Previous accumulation at the base interest rate of 3.0 per cent is primarily associated with the Pension Scheme for Nurses, the Joint Pension Scheme for Hospital Doctors and the Pension Scheme for Publicly Elected Representatives. However a small proportion of customers also has previous accumulation at 3.0 per cent in other risk groups.

At the end of 2015, total average base interest in the group pensions sector amounted to 2.85 per cent. After some of the year end result of 2015 is used to reduce the base interest rate, the rate for 2016 will in average be 2,64 per cent.

#### 2.16.7 Mortality and disability

For disability risk, assumptions based on KLP's disability data for the period 2005 - 2007 are used. For the other risk elements the assumptions from the K2013 calculation base are used with contingency margins in accordance with the minimum standard set by the FSA of N. For the Pension Scheme for Nurses and the Pension Scheme for Hospital Doctors a somewhat stronger basis is used.

#### 2.17 RESULT FLEMENTS 2.17.1 Returns result

Administratively a clear division has been introduced between the customers' accumulated funds and the insurance company's. i.e. the owners' funds. This is shown in the reporting, defined respectively as investments in the common and investment option portfolios for customer assets and investments in the corporate portfolio. The common portfolio may be further divided into sub-portfolios with different investment profiles. The returns result thus comprises the return on the customer portfolio less the base interest rate. A positive returns result is credited to the customer, whereas a negative returns result must be covered from the customers' supplementary reserves and/or from owners' equity. The company invoices a special premium element (interest guarantee premium) to guarantee the interest guarantee. This premium element is included in the Company's income.

#### 2.17.2 Risk result

The risk result is an expression of the development of mortality and disability in the insured population during the period as a ratio of that assumed in the Company's premium tariff. A positive risk result is reallocated to the customers but it is permissible to retain up to half of a risk profit in a risk equalization fund as part of owners' equity. The risk equalization fund may only be used to strengthen the insurance provisions and may amount to a maximum of 150 per cent of risk premium for the year.

Any negative risk result must be covered by the risk equalization fund or owners' equity in the Company.

#### 2.17.3 Administration result

The administration result is a result of how the Company's actual expenses deviate from the premium tariff. The administration result is credited entirely to the Company's owners' equity.

#### 2.17.4 Return on the corporate portfolio

Returns on assets in the corporate portfolio accrue to the Company's owners' equity.

#### 2.18 TRANSFER

Transfers in/out of KLP's group pension schemes are carried out in accordance with the schemes' rules as at the year's end. Transfer transactions are recognized in the subsequent year. Premium reserves received in connection with transfers are shown on the line "Transfer of premium reserve from others" in the

income statement and form part of the premium income. Transferred premium reserves, valuation reserves and supplementary reserves in connection with transfers from the Company are shown as a claim cost in the income statement. The amount is shown in the line "Transfer of premium reserve, supplementary reserves and securities adjustment fund to other insurance companies/pension funds".

#### 2.19 PENSION OBLIGATIONS OWN EMPLOYEES

The Group's pension obligations are partially insurance-covered through KLP's public sector occupational pensions through membership of the joint pension scheme for municipalities and enterprises ("Fellesordningen"). Pension liability beyond these schemes is covered through operation. Pension costs are treated in accordance with IAS 19. The Company has a defined benefits based pension scheme for its employees

The accounting liability for defined benefit schemes is the present value of the obligation on the reporting date, with deduction for fair value of the pension assets. The gross obligation is calculated using the straight-line method. The gross obligation is discounted to present value using the interest rates on Norwegian high-quality bonds. Gains and losses arising on recalculation of the obligation as a result of known deviation and changes in actuarial assumptions are charged to owners' equity via other comprehensive income during the period in which they arise. The effect of changes in the scheme's benefits is taken to profit/ loss immediately.

Presentation of the pension costs in the income statement is in accordance with IAS 1. This standard allows the option of classifying the net interest element either as an operating cost or as a financial cost. The option the company adopts must be followed consistently for later periods. The Company has presented the pension cost and interest element under the accounting line "Operating expenses". The estimate deviation has been classified under "Items that will not be later reclassified to income later" in the accounting line "Actuarial gains and losses on defined benefits pension schemes".

The joint pension scheme (Fellesordningen) is a multi-enterprise scheme, i.e. the technical insurance risk is spread between all of the local authorities and enterprises participating in the scheme. The financial and actuarial assumptions underlying the calculation of net pensions liabilities are thus based on assumptions that are representative of the whole group.

#### 2.20 CONSOLIDATED FINANCIAL STATEMENTS

KLP reports the group financial statements in accordance with the international accounting standards IFRS/IAS. The consolidated financial statements are shown for themselves in a separate presentation and a full set of notes has been prepared for the Group including description of accounting principles used.

### Note 3 Important accounting estimates and valuations

The Company prepares estimates and assumptions on future circumstances. These are continuously evaluated and are based on historic data and expectations concerning probable future events considered on the basis of data available at the time of presentation of the financial statements.

It must be expected that the estimates will deviate from the final outcome and the areas where there is significant risk of substantial changes in capitalized values in future periods are discussed below.

#### 3.1 INSURANCE CONTRACTS

In calculating technical provisions in the public sector group pension sector, assumptions on disability risk are based on KLP's disability data for the period 2009 - 2013. For the other risk elements, including longevity risk, the assumptions from the K2013 calculation base are used with the contingency margins set by the FSA of N.

KLP invoices average premium for the different pension schemes so that the technical net premium is proportionate between the customers included in the scheme. Had this not been done the annual net premium for KLP retirement, disability and survivor pension based on a salary of NOK 405,000 would, for the various individual ages and genders, amount to:

Men			
Age	30 years	45 years	60 years
Amount	NOK 17 859	NOK 30 137	NOK 37 619
Women			
Age	30 years	45 years	60 years
Amount	NOK 22 572	NOK 35 909	NOK 40 486

In calculating technical provisions in the public sector occupational pensions, provisions are made for claims incurred but not finally settled. The provisions are set using statistical models.

#### **3.2 INVESTMENT PROPERTIES**

Buildings and other real estate are valued at fair value as this is defined in IAS 40. Fair value means the amount for which buildings and other real estate can be sold in an arm's-length transaction between well-informed, voluntary parties. There is not considered to be an active market for trading the KLP's investment properties.

As at 31 December 2015, buildings and real estate were valued using the Group's internal valuation model. The model is based on discounting of estimated 20-year cash flow and the discounting rate used corresponds to the normal market's return requirement for similar properties. For the Norwegian properties as at 31 December 2015, a discounting factor was used in the interval 6.63 - 9.25 per cent: for the Group's Swedish properties it was 6.05 - 7.90 per cent; and for the Danish properties, 6.75 -7.69 per cent

The following main components are included in future cash flows: • Currently applicable terms and conditions, contract expiry

- and estimated market rent
- · Vacant areas with estimated market rent
- Parking income, parking area and number of places
- Estimated annual inflation

- Annual rent adjustment as a percentage of inflation
- General vacancy
- Normal annual operating costs
- Normal annual communal costs per square metre
- Upgrading costs per souare metre on new lease
- Any further upgrading costs (year and amount)
- Number of months vacancy on each contract expiry
- Estimated final value Year 20
- Nominal return requirement

As a part of the valuation, yield assessments are also carried out for the individual property and for the total portfolio. In addition to valuation using KLP Eiendom's value assessment model, external valuations are obtained for a selection of the properties. These are used to determine own calculation parameters and to quality-assure the internal valuations.

Minor changes in the return requirement will have relatively large impact in property values and in addition it is assumed that substantial changes in "Assumed market rent" will also affect the accounting figures substantially.

The sensitivity analysis below shows how the value of one of the Group's centrally located office properties in Oslo changes with certain changes in key parameters in the Group's valuation model. The analysis shows change in value (given as percentage change) for a given change in a parameter on the assumption that all other parameters stay unchanged. In reality it may well be that there are interdependencies between several variables, so that a change in one parameter will be accompanied by change in one or more other parameters. The sensitivity figures given do not capture such relationships with other variables and are shown only for illustrative purposes. The effects of changes in parameters will vary somewhat from property to property.

	Change in	Change in
	parameters	value
	+100 bps	-12 %
Return requirement	-100 bps	+14 %
	+ 10 %	+10 %
Market rent	- 10 %	-9 %
	+ 100 bps	-8 %
Exit yield	-100 bps	+12 %
	+50 bps	+7 %
Inflation	-50 bps	-6 %

In the analysis above the return requirement means the interest rate used in discounting future cash flows in the model. Market rent is understood as expected rent in the event of renegotiation of existing contracts or on change of tenant. Exit yield means the yield that is used to calculate the final value in the valuation model's final analysis period (Year 20).

#### **3.3 PENSION OBLIGATIONS - OWN EMPLOYEES**

The present value of the Company's net pensions liability in regard to its employees depends on a range of economic and demographic assumptions. The Company complies with the "Guidance for determining pension assumptions" published by the Norwegian Accounting Standards Board (NASB). Updated guidance published on 6 January 2016 has been used as the basis for updated measurement of best-estimate accrued obligations and assets as at 31 December 2015.

In accounting for pension schemes in accordance with IAS 19 and Norwegian Accounting Standard (NAS) 6 a range of actuarial assumptions must be specified. This specification involves significant elements of judgement and practical approaches. Weight has been placed on the assumptions being mutually consistent. Those parameters that are of the greatest significance for net pension liabilities are the discount rate, assumptions on future salary growth, assumptions on future adjustment of the National Insurance basic amount (G adjustment), pension adjustments, assumptions on future longevity and future likely take-up of the contractual early retirement scheme (AFP).

The Company uses the option given by the "Guidance for determining pension assumptions" to use the interest rate for covered bonds (OMF) as the discount rate based on the belief that a liquid market exists for covered bonds of long duration. In this evaluation, account is taken of market volume; bid/ask spread; price reliability; trading volume and frequency; and issuance volume. As at 31 December 2015 a discount rate of 2.7 per cent has been used.

New mortality assumptions have been used in measuring accrued pension obligations (best estimate) as at 31 December 2014. The Company has used the K2013BE mortality table based on Finance Norway's analyses of mortality in life insurance populations in Norway and Statistics Norway's extrapolations.

Future take-up of contractual early retirement scheme (AFP) has been assumed at 45 per cent, i.e. 45 per cent will take AFP on reaching the age of 62.

#### **3.4 FAIR VALUE ON FINANCIAL ASSETS**

Financial assets classified as assets for which changes in fair value are taken to profit/loss are generally assets traded in a market, so the market value can be determined with a great deal of certainty. For listed securities with little turnover, assessment is made whether the observable price can be taken as realistic.

If it is concluded the observable market price is not representative of the fair value of the asset or the security is not traded on a listed market, the market value is estimated. The estimate is based on the market circumstances prevailing at the end of the reporting period. Unlisted fixed-income securities are priced on the basis of a yield curve with a risk supplement that represents the market's pricing of the issuer's industry-specific risk. External prices for a significant proportion of these unlisted securities are collected regularly to test our own valuation models.

The pricing methods and the accounts figures are discussed in more detail in Note 5.

#### **3.5 FAIR VALUE OF FINANCIAL LIABILITIES**

The method of calculating fair value using a valuation model is to calculate the expected cash flows based on the terms of each individual contract and then to discount these values to a present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable markets or by modelling the cash flows based on relevant models for market pricing. These models use observable market prices and rates as a basis, including for example yield curves for the majority of the asset's or liability's duration and ontion volatilities

The pricing methods and the accounts figures are discussed in more detail in Note 5.

#### 3.6 LOSSES ON FINANCIAL ASSETS

Financial assets not measured at market value are assessed for impairment at the end of the reporting period. The Company's lending portfolio is valued individually for loans on which default has been observed. If there is an objective event at the end of the reporting period that has influence on future cash flow, the loan is written down. In addition, lending with uniform risk profile is valued quarterly by group. This is described in more detail under Note 2.

The Company's lending portfolio has historically shown insignificant losses. The reason for this is that there is very good security in mortgages for loans to the retail market and that other lending is virtually all to the public sector or enterprises with public sector guarantees. The Company has insignificant loss provisions, so any future losses will have a direct effect on the income statement.

For the Company's portfolio of long-term bonds, including longterm bonds held to maturity, the need for write-down is assessed individually each quarter. The portfolio comprises securities the issuer of which has a high rating from a recognized rating bureau. If the issuer's credit rating changes for the worse, write-down is carried out only if the rating level changes for the worse by a substantial degree and/or in addition factors are observed that are considered to be an objective event that influences future cash flows from the investment. The write-down requirement is calculated as the difference between value of the originally expected cash flows and newly expected cash flows. There will be uncertainty in calculating the new expected cash flows.

#### 3.7 CAPITALIZED SOFTWARE

If impairment is suspected a write-down test is carried out to check whether the book value of capitalized software is present. In this context the recoverable sum is estimated. There are uncertainties associated with estimating cash flows and discounting factors in connection with calculating a recoverable sum.

### Note 4 Net income from financial instruments

#### 2015 NOK millions

Write-up/-down shares and units Profit/loss subsidiaries Profit/loss associated enterprises and jointly controlled entities Total income from investments in subsidiaries, associated enterprises and joint ventures

Interest banking Interest financial derivatives Interest bonds and other fixed-income securities Total interest income financial instruments at fair value

Interest bonds amortized cost Interest lending Total interest income financial instruments at amortized cost

Dividend/interest shares and units Other income and expenses Total net interest income and dividend etc. on financial assets

Value adjustment property Rental income property Total net income from investment property

Value changes shares and units Value change bonds and other fixed-income securities Value change financial derivatives Value change loans and receivables Total value change financial instruments at fair value

Value change lending Total value change financial instruments at amortized cost

Value change other Total value changes on investments

#### Realized shares and units

Realized bonds and other fixed-income securities Realized financial derivatives Realized loans and receivables Total realized financial instruments at fair value

Realized bonds at amortized cost Realized loans at amortized cost 1 Total realized financial instruments at amortized cost

Other financial costs and income Total realized gains and losses on investments

Total net income from investments

<sup>1</sup> Realized values on bonds at amortized cost come from realized added/reduced values on foreign exchange.

Corporate	Common	Investment	Total
portfolio	portfolio	option portfolio	
195	3 486	17	3 698
320	2 301	11	2 632
0	45	0	45
515	5 832	28	6 375
9	126	0	135
39	27	0	66
159	1633	10	1 803
207	1787	11	2 004
393	4 795	30	5 218
0	1 244	0	1 244
393	6 039	30	6 462
50	689	0	739
-1	-45		-46
650	8 469	41	9 160
0	0	0	0
41	0	0	41
41	0	0	41
88	4 528	16	4 632
-71	124	0	53
309	1 602	9	1 920
-77	-5	0	-82
249	6 249	24	6 523
0	833	0	833
0	833	0	833
-1 115	0	0	-1 115
-866	7 082	24	6 241
0	4 596	23	4 619
-18	1 155	0	1 137
-19	-13 497	-42	-13 558
81	356	3	440
44	-7 389	-17	-7 362
830	1 180	0	2 010
0	231	0	231
830	1 410	0	2 241
0	24	0	24
874	-5 955	-17	-5 098
1 213	15 428	77	16 718

#### Note 4 Net income from financial instruments, continued

2014 NOK millions	Corporate portfolio	Common portfolio	Investment option portfolio	Total
Write-up/-down shares and units	194	1 324	7	1 525
Profit/loss subsidiaries	443	1831	10	2 284
Profit/loss associated enterprises and jointly controlled entities	0	37	0	37
Total income from investments in subsidiaries,				
associated enterprises and joint ventures	637	3 192	17	3 846
Interest banking	8	183	1	192
Interest financial derivatives	22	45	0	66
Interest bonds and other fixed-income securities	155	1 850	7	2 012
Total interest income financial instruments at fair value	185	2 078	8	2 270
Interest bonds amortized cost	370	4 422	29	4 821
Interest lending	0	1 165	0	1 165
Total interest income financial instruments at amortized cost	370	5 587	29	5 986
Dividend/interest shares and units	53	668	0	721
Other income and expenses	-2	-76	0	-79
Total net interest income and dividend etc. on financial assets	606	8 257	36	8 899
Value adjustment property	-36	0	0	-36
Rental income property	37	0	0	37
Total net income from investment property	0	0	0	0
Value changes shares and units	142	10 619	39	10 800
Value change bonds and other fixed-income securities	-300	3 322	0	3 022
Value change financial derivatives	317	-6 296	-18	-5 997
Value change loans and receivables	-6	120	0	115
Total value change financial instruments at fair value	154	7 765	21	7 940
	0	F07	0	F07
Value change lending	0	593	0	593
Total value change financial instruments at amortized cost	0	593	0	593
Value change other	-259	0	0	-259
Total value changes on investments	-106	8 358	21	8 273
Realized shares and units	0	6 289	57	6 346
Realized bonds and other fixed-income securities	-12	117	0	105
Realized financial derivatives	-10	-3 792	-12	-3 814
Realized loans and receivables	26	41	1	68
Total realized financial instruments at fair value	3	2 655	46	2 705
Realized bonds at amortized cost <sup>1</sup>	305	956	0	1 261
Realized loans at amortized cost <sup>1</sup>	0	18	0	1201
Total realized financial instruments at amortized cost	305	975	0	1 280
			_	
Other financial costs and income	0	0	0	0
Total realized gains and losses on investments	308	3 630	46	3 984
Total net income from investments	1 446	23 436	120	25 003

<sup>1</sup> Realized values on bonds at amortized cost come from realized added/reduced values on foreign exchange.

### Note 5 Fair value of financial assets and liabilities

Fair value is to be a representative price based on what the corresponding asset or liability would be sold for on normal market terms and conditions. A financial instrument is considered as listed in an active market if listed prices are simply and regularly available from a stock exchange, dealer, broker, industrial group, pricing service or regulatory authority and these prices represent actual and regular transactions at arm's length. If the market involving the security is not active or the security is not quoted on a stock exchange or similar, KLP will use valuation techniques to determine the fair value. Among other things these are based on information regarding recent transactions on commercial terms, reference to sales of similar instruments and pricing by means of yield curves and interest-rate differential curves obtained externally. As far as possible the estimates are based on externally observable market data and rarely on company-specific information.

In the case of this note, financial instruments are divided into three categories: balance sheet/financial position statement classification, accounts classification and type of instrument. It is the last category – type of instrument – that provides information on how fair value is derived.

#### FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

- This category includes:
- Investments held to maturity
- Bonds classified as loans and receivables
- Other loans and receivables
- Subordinated loan capital (liability)

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

### FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

- This category includes:
- Equity instruments
- Debt instruments at fair value
- Derivatives (assets and liabilities)
- Debt to credit institutions (liability)

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

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

 a) Foreign fixed-income securities
 Foreign fixed-income securities are generally priced on the basis of prices obtained from an index provider. At the same time, prices are compared between several different sources to spot any errors. The following sources are used::

- Barclays Capital Indicies
- Bloomberg
- Reuters

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. Reuters has last priority.

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

  other than government ones

  Norwegian fixed-income securities except government are mainly priced directly on prices from Nordic Bond Pricing. Securities that are not covered by Nordic Bond Pricing, are priced theoretically. The theoretical price is based on the assumed present value on the sale of the position. A zero-coupon curve is used for disco-unting. The zero-coupon curve is adjusted upwards by means of a credit spread, which is to take account of the risk the bond entails. The credit spread is calculated on the basis of a spread curve taking account of the duration of the bond.

Nordic Bond Pricing is the main source of spread curves. They provide company-specific curves and curves for Norwegian savings banks, municipalities and energy. Savings banks have various spread curves based on total assets.

In addition to Nordic Bond Pricing, Norwegian banks distribute spreads for a number of issuers. Spread curves can be used based on data from the four sources. Such spread curves are generally to be based on an equal-weighted average from the four banks.

 d) Fixed-income securities issued by foreign enterprises but denominated in NOK
 Fair value is calculated on the same general principles as those applying for Norwegian fixed-income securities described above.

#### OTHER LOANS AND RECEIVABLES

e) 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. Observable interest-rate curves and credit interest-rate differential curves are used for loans to municipalities, county administrations and municipality-supported projects in a valuation model discounting future cash flows. The credit premiums used in the model calculations are based on quotations from three different price providers. An assessment of the quality of the quotations is made by comparing them against each other and against the previous observation received as well as other market information.

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 basically based on the initial margin. Guarantees are traded bilaterally and not across open marketplaces such as a stock exchange (OTC) for instance and are therefore not priced in the market. The initial margin agreed on the entry

#### Note 5 Fair value of financial assets and liabilities, continued

date is the best estimate for the market premium on that same i) Private Equity date. The credit standing does not change as much for the loan as for the guarantor or the borrower individually. Usually the borrower's credit standing is not assessed by credit rating agencies or banks. The guarantor is either a municipality or a bank (or both - triple default loan). Statistical analyses indicate that the credit margin for guaranteed loans is less volatile than that of non-guaranteed loans and bonds. The credit premium for guaranteed loans is consequently not adjusted until the guarantor has experienced a significant change in the rating since the initial margin was determined. The credit premium for KLP's loans with both municipal and bank guarantees is adjusted relative to the initial margin only if both guarantors have had their credit ratings changed significantly since the disbursement date.

#### f) 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.

#### - EOUITY INSTRUMENTS

#### g) 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) Reuters

The following sources are used for foreign shares: Morgan Stanley Capital International (MSCI) (primary source) Reuters Bloomberg

#### h) Shares (unlisted)

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

The last price traded has key priority. If the last price traded is outside of the bid/offer price in the market, the price is adjusted accordingly. This means that if the last price traded is below the offer price, the price is adjusted upward to the offer price. If it is above the bid price, it is adjusted downward to the bid price. If the price picture is considered to be outdated, the price is adjusted in accordance with a market index. The Company has chosen the Oslo Stock Exchange as its small cap index (OSESX) as an approach for unlisted shares.

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

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 KLP.

#### - DERIVATIVES i) Futures/FRA/IRF

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

#### k) Options

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

#### 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.

#### m) 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

n) Placements with credit institutions Placements with credit institutions are made as short-term denosits. Fair value is calculated by discounting contractual cash flows

by market rate including a relevant risk margin on the reporting date.

#### - SUBORDINATED LOAN CAPITAL

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.

p) 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.

71 12 2015	<b>c</b>		6		1		-	
31.12.2015	Corporate			n portfolio	Investment of	•		tal Fain
NOK millions	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
		10.00	. and c				10,00	
ASSETS RECOGNIZED AT AMORTIZED COST	-							
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	840	915	9 477	10 298	65	68	10 382	11 281
Accrued not due interest	24	24	211	211	1	1	236	236
Foreign hold-to-maturity bonds	9 074	9 076	14 347	15 919	69	79	23 490	25 074
Accrued not due interest	75	75	223	223	1	1	299	299
Norwegian certificates	0	0	499	499	0	0	499	499
Total investments held to maturity	10 013	10 089	24 758	27 151	136	149	34 907	37 389
PONDO								
BONDS	1 00/	2.070		20.71/	150	1(0	20 702	71 - 17
Norwegian bond loans	1 894 44	2 030 44	26 655 709	29 314 709	152 3	169 3	28 702 756	31 513 756
Accrued not due interest Foreign bond loans	4 275	4 5 9 3	709 58 107	62 994	5 379	5 415	62 761	68 002
Accrued not due interest	4 27 5	4 JJJ 78	1 150	1 150	8	8	1 236	1 2 3 6
Total bonds classified as	70	70	1170	1170	0	0	1270	1270
loans and receivables	6 291	6 745	86 621	94 167	543	595	93 455	101 507
OTHER LOANS AND RECEIVABLES								
Secured loan	0	0	3 389	3 415	0	0	3 389	3 415
Lending with public sector guarantee	0	0	37 471	38 065	0	0	37 471	38 065
Loans abroad secured by mortage and								
local government guarantee	0	0	10 132	10 094	0	0	10 132	10 094
Accrued not due interest	0	0	217	217	0	0	217	217
Total other loans and receivables	0	0	51 209	51 791	0	0	51 209	51 791
<b>T</b> . 10 11 1	44.704	44.074		477 400	(70	7.4	470 574	100 (07
Total financial assets at amortized cost	16 304	16 834	162 588	173 109	678	744	179 571	190 687
ASSETS AT FAIR VALUE THROUGH PROFIT (	JR LUSS							
EQUITY INSTRUMENTS								
Norwegian shares	415	415	5 094	5 094	0	0	5 509	5 509
Foreign shares	0	0	18 300	18 300	0	0	18 300	18 300
Total shares	415	415	23 394	23 394	0	0	23 808	23 808
					-	-		
Property funds	0	0	1040	1040	0	0	1040	1040
Norwegian equity funds	0	0	48 175	48 175	446	446	48 620	48 620
Foreign equity funds	0	0	7 301	7 301	0	0	7 301	7 301
Total equity fund units	0	0	56 516	56 516	446	446	56 962	56 962
Norwegian alternative investments	0	0	2 062	2 062	14	14	2 076	2 076
Foreign alternative investments	0	0	318	318	0	0	318	318
Total alternative investments	0	0	2 380	2 380	14	14	2 394	2 394

31.12.2015	Corporate	e portfolio	Common	n portfolio	Investment op	otion portfolio	То	tal
	Book	Fair	Book	Fair	Book	Fair	Book	Fair
NOK millions	value	value	value	value	value	value	value	value
ASSETS RECOGNIZED AT AMORTIZED COS	Т							
NVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	840	915	9 477	10 298	65	68	10 382	11 281
Accrued not due interest	24	24	211	211	1	1	236	236
Foreign hold-to-maturity bonds	9 074	9 076	14 347	15 919	69	79	23 490	25 074
Accrued not due interest	75	75	223	223	1	1	299	299
Norwegian certificates	0	0	499	499	0	0	499	499
Total investments held to maturity	10 013	10 089	24 758	27 151	136	149	34 907	37 389
BONDS								
Norwegian bond loans	1894	2 0 3 0	26 655	29 314	152	169	28 702	31 513
Accrued not due interest	44	44	709	709	3	3	756	756
Foreign bond loans	4 275	4 593	58 107	62 994	379	415	62 761	68 002
Accrued not due interest	78	78	1 150	1 150	8	8	1 236	1 236
Total bonds classified as								
oans and receivables	6 291	6 745	86 621	94 167	543	595	93 455	101 507
OTHER LOANS AND RECEIVABLES								
Secured Ioan	0	0	3 389	3 415	0	0	3 389	3 415
ending with public sector guarantee	0	0	37 471	38 065	0	0	37 471	38 065
Loans abroad secured by mortage and								
ocal government guarantee	0	0	10 132	10 094	0	0	10 132	10 094
Accrued not due interest	0	0	217	217	0	0	217	217
Total other loans and receivables	0	0	51 209	51 791	0	0	51 209	51 791
	Ū	0	22.00	22/22	0	Ŭ	12 207	
Total financial assets at amortized cost	16 304	16 834	162 588	173 109	678	744	179 571	190 687
	10 20 .	10 07 .	102 200	1, 2 102	0,0			10000
ASSETS AT FAIR VALUE THROUGH PROFIT								
EQUITY INSTRUMENTS								
Norwegian shares	415	415	5 094	5 094	0	0	5 509	5 509
Foreign shares	0	0	18 300	18 300	0	0	18 300	18 300
Total shares	415	415	23 394	23 394	0	0	23 808	23 808
	417	417	27 774	27 794	0	U	2000	2000
Property funds	0	0	1040	1040	0	0	1 040	1 040
Property funds Norwegian equity funds	0	0	48 175	48 175	0 446	0 446	48 620	48 620
• • •								
Foreign equity funds	0	0	7 301	7 301	0	0	7 301	7 301
Fotal equity fund units	0	0	56 516	56 516	446	446	56 962	56 962
	~	~	2.042	2.042		1 /	2 074	2 07 (
Norwegian alternative investments	0	0	2 062	2 062	14	14	2 076	2 076
oreign alternative investments	0	0	318	318	0	0	318	318
Total alternative investments	0	0	2 380	2 380	14	14	2 394	2 394

## Note 5 Fair value of financial assets and liabilities, continued

31.12.2015	Corporate	portfolio	Common	portfolio	Investment o	ption portfolio	To	tal
NOK millions	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	4 189	4 189	24 982	24 982	0	0	29 172	29 17
Foreign bonds	641	641	24 962	24 562		0	21 785	21 78
Accrued not due interest	31	31	413	413		0	444	44
Norwegian fixed-income funds	2 141	2 141	43 236	43 236		599	45 976	45 97
Foreign fixed-income funds	0	0	12 224	12 224		0	12 224	12 22
Norwegian certificates	470	470	6 374	6 374	0	0	6 844	6 84
Accrued not due interest	4	4	9	9	0	0	14	1
Total bonds and other fixed-income securi- ties	7 476	7 476	108 383	108 383	599	599	116 458	116 45
Norwegian loans and receivables	597	597	6 148	6 148		20	6 765	6 76
Foreign loans and receivables	327	327	5 923	5 923		20	6 277	6 27
Total loans and receivables	925	925	12 071	12 071		47	13 042	13 04
DERIVATIVES								
Interest rate swaps	614	614	350	350	0	0	964	96
Share options	0	0	6	6	0	0	6	
Forward exchange contracts	0	0	136	136		1	137	13
Total financial derivatives classified as asset	s 614	614	492	492	1	1	1 107	1 10
Other financial assets	29	29	2 262	2 262	1	1	2 292	2 2 2
Total financial assets recognized at fair valu	e 9458	9 458	205 497	205 497	1 108	1 108	216 063	216 06
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	1 1 3 4	1 134	0	0	1 134	113
Forward exchange contracts	2	2	5 270	5 270	16	16	5 287	5 28
Total financial derivatives classified as liabili	ities 2	2	6 404	6 404	16	16	6 421	642
SUBORDINATED LOAN CAPITAL Perpetual subordinated loan capital	9 541	9 506	0	0	0	0	9 541	9 50
Hybrid Tier 1 securities	9 541 1 564	9 506 1 588	0	0		0	9 541 1 564	1 58
Total subordinated loan capital etc.		11 094	0	0		0	11 105	11 09
LIABILITIES TO CREDIT INSTITUTIONS	~	0	0	~	0	0	~	
Norwegian call money <sup>1</sup>	0	0 572	0	0 127		0	0	
Foreign call money Total liabilities to credit institutions	572 573	572 573	127 127	127 127		0	699 700	69
	5/5	5/5	127	127	U	0	/00	70

 $^{\rm 1}{\rm Call}$  money is collateral for paid/received margin related to derivatives

	•		

31.12.2014	Corporate	e portfolio	Common	portfolio	Investment opt	tion portfolio	To	tal
NOK millions	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
	, and a	Turuc		, and a	Fundo	10100	Turuc	, and a
ASSETS RECOGNIZED AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	730	855	9 054	10 339	50	56	9 834	11 250
Accrued not due interest	23	23	200	200	1	1	223	223
Foreign hold-to-maturity bonds	3 130	3 2 3 0	16 549	18 510	87	100	19 765	21 839
Accrued not due interest	55	55	256	256	2	2	312	312
Total investments held to maturity	3 937	4 163	26 058	29 304	139	158	30 134	33 625
BONDS								
Norwegian bond loans	1 495	1686	24 620	28 217	138	161	26 253	30 064
Accrued not due interest	40	40	682	682	3	3	725	72
Foreign bond loans	4 133	4 586	52 951	59 640	365	413	57 449	64 639
Accrued not due interest	88	88	1 108	1 108	8	8	1 203	1 203
Total bonds classified as loans and receivables	5 756	6 400	79 360	89 646	515	585	85 631	96 633
OTHER LOANS AND RECEIVABLES								
Secured loan	0	0	4 076	4 090	0	0	4 076	4 090
Lending with public sector guarantee	0	0	32 526	33 474	0	0	32 526	33 474
Loans abroad secured by mortage and								
local government guarantee	0	0	5 169	5 208	0	0	5 169	5 208
Accrued not due interest	0	0	205	205	0	0	205	205
Total other loans and receivables	0	0	41 976	42 977	0	0	41 976	42 977
Total financial assets at amortized cost	9 694	10 563	147 393	161 928	654	743	157 741	173 233
ASSETS AT FAIR VALUE THROUGH PROFIT OR	1000							
ASSETS AT FAIR VALUE THROUGH PROFIL OR	1033							
EQUITY INSTRUMENTS								
Norwegian shares	329	329	4 630	4 630	0	0	4 959	4 959
Foreign shares	0	0	19 605	19 605	0	0	19 605	19 605
Total shares	329	329	24 236	24 236	0	0	24 564	24 564
Property funds	0	0	493	493	0	0	493	493
Norwegian equity funds	0	0	43 422	43 422	400	400	43 822	43 822
Foreign equity funds	0	0	5 758	5 758	0	0	5 758	5 758
Total equity fund units	0	0	49 673	49 673	400	400	50 073	50 073
Norwegian alternative investments	0	0	1 794	1 794	13	13	1 807	1 80
Foreign alternative investments	0	0	1/94 81	1/94	13	0	1 807	81
Total alternative investments	0	0	1 875	1 875	13	13	1 888	1 888
	0	0	10/2	10/2	1)	1)	T 000	1 000

### Note 5 Fair value of financial assets and liabilities, continued

31.12.2014	Corporate	e portfolio	Common	portfolio	Investment of	ption portfolio	То	tal
NOK millions	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
	Value	Value	Value	Value	Value	Value	Value	Value
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	4 636	4 636	28 626	28 626	0	0	33 262	33 262
Foreign bonds	203	203	18 232	18 232	0	0	18 434	18 434
Accrued not due interest	41	41	484	484	0	0	525	525
Norwegian fixed-income funds	1 765	1765	41 640	41 640		599	44 004	44 004
Foreign fixed-income funds	0	0	12 172	12 172		0	12 172	12 172
Norwegian certificates	557	557	3 910	3 910		0	4 467	4 467
Accrued not due interest	5	5	12	12	-	0	17	17
Total bonds and other fixed-income securities	7 206	7 206	105 076	105 076	599	599	112 882	112 882
Norwegian loans and receivables	461	461	8 120	8 120	11	11	8 593	8 593
Foreign loans and receivables	165	165	7 660	7 660	17	17	7 842	7 842
Total loans and receivables	626	626	15 780	15 780	28	28	16 434	16 434
DERIVATIVES								
Interest rate swaps	312	312	415	415		1	727	727
Share options	0	0	424	424		3	427	427
Forward exchange contracts	0	0	370	370		3	373	373
Total financial derivatives classified as assets	312	312	1 208	1 208	7	7	1 527	1 527
Other financial assets	16	16	101	101	0	0	117	117
Total financial assets recognized at fair value	8 489	8 489	197 949	197 949	1047	1047	207 485	207 485
LIABILITIES								
DERIVATIVES Interest rate swaps	0	0	748	748	0	0	748	748
Forward exchange contracts	10	10	7 615	7 615		27	7 652	7 652
Total financial derivatives classified as liabilities		10	8 363	8 363		27	8 400	8 400
SUBORDINATED LOAN CAPITAL								
Perpetual subordinated loan capital	3 423	3 508	0	0		0	3 423	3 508
Hybrid Tier 1 securities	1 253	1 262	0	0		0	1 253	1 262
Total subordinated loan capital etc.	4 676	4 770	0	0	0	0	4 676	4 770
LIABILITIES TO CREDIT INSTITUTIONS								
Foreign call money $^{1}$	186	186	527	527	2	2	715	715
Total liabilities to credit institutions	186	186	527	527		2	715	715
					_	_		

 $^{1}$  Call money is collateral for paid/received margin related to derivatives

### Note 6 Fair value hierarchy

31.12.2015 NOK millions
ASSETS RECOGNIZED AT FAIR VALUE CORPORATE PORTFOLIO
Bonds and other fixed-income securities
Certificates Bonds Fixed-income funds
Loans and receivables Shares and units Shares
Financial derivatives Other financial assets
Total corporate portfolio
COMMON PORTFOLIO
Bonds and other fixed-income securities Certificates Bonds
Fixed-income funds
Loans and receivables Shares and units
Shares Equity funds Property funds Special funds Private equity
Financial derivatives Other financial assets
Total common portfolio
INVESTMENT OPTION PORTFOLIO Bonds and other fixed-income securities
Fixed-income funds
Loans and receivables
Shares and units Equity funds
Special funds
Financial derivatives
Other financial assets
Total investment option portfolio
Total financial assets valued at fair value
CORPORATE PORTFOLIO
Investment property
Total investment property
LIABILITIES RECOGNIZED AT FAIR VALUE

CORPORATE PORTFOLIO Financial derivatives Liabilities to credit institutions Total corporate portfolio

COMMON PORTFOLIO Financial derivatives Liabilities to credit institutions Total common portfolio

INVESTMENT OPTION PORTFOLIO Financial derivatives Liabilities to credit institutions Total investment option portfolio

Total financial liabilities at fair value

Level 1	Level 2	Level 3	Total
2 623	4 853	0	7 476
0	474	0	474
483	4 378	0	4 861
2 141	0 (2	0	2 141
896	29	0	925
0 0	370	45	415
0		45	
	370		415
0	614	0	614
0	29	0	29
3 519	5 895	45	9 458
		47	7470
78 014	30 369	0	108 383
5 331	1 053	0	6 384
17 223	29 317	0	46 539
55 460	0	0	55 460
11 161	910	0	12 071
69 960	3 722	8 608	82 290
21 053	972	1 369	23 394
48 906	0	76	48 982
000 04	370	670	1 040
0	2 380	070	2 380
0	2 500	6 494	6 494
0	492	0 4 9 4	492
0	2 262	0	2 262
150 17/	77 755	0 ( 0 0	205 / 07
159 134	37 755	8 608	205 497
599	0	0	599
599 599	0	0	599 599
599	0	0	599
599 47	0 0	0 0	599 47
599 47 446	0 0 14	0 0 0	599 47 459
599 47 446 446	0 0 14 0	0 0 0 0	599 47 459 446
599 47 446 446 0	0 0 14 0 14	0 0 0 0	599 47 459 446 14
599 47 446 446 0 0	0 0 14 0 14 1	0 0 0 0 0	599 47 459 446 14 1
599 47 446 446 0	0 0 14 0 14	0 0 0 0	599 47 459 446 14
599 47 446 446 0 0 0	0 0 14 0 14 1 1	0 0 0 0 0 0	599 47 459 446 14 1 1
599 47 446 446 0 0	0 0 14 0 14 1	0 0 0 0 0	599 47 459 446 14 1
599 47 446 446 0 0 0 0 1 092	0 0 14 0 14 1 1 1		599 47 459 446 14 1 1 1 1 108
599 47 446 446 0 0 0	0 0 14 0 14 1 1	0 0 0 0 0 0	599 47 459 446 14 1 1
599 47 446 446 0 0 0 0 1 092	0 0 14 0 14 1 1 1		599 47 459 446 14 1 1 1 1 108
599 47 446 0 0 0 1 092 163 745	0 0 14 0 14 1 1 1 16 43 666	0 0 0 0 0 0 0 0 0 8 653	599 47 459 446 14 1 1 1 1 108 216 063
599 47 446 0 0 0 1 092 163 745	0 0 14 0 14 1 1 16 43 666	0 0 0 0 0 0 0 0 0 8 653 893	599 47 459 446 14 1 1 1 1 108 216 063 893
599 47 446 0 0 0 1 092 163 745	0 0 14 0 14 1 1 1 16 43 666	0 0 0 0 0 0 0 0 0 8 653	599 47 459 446 14 1 1 1 1 108 216 063
599 47 446 0 0 0 1 092 163 745	0 0 14 0 14 1 1 16 43 666	0 0 0 0 0 0 0 0 0 8 653 893	599 47 459 446 14 1 1 1 1 108 216 063 893
599 47 446 0 0 0 1 092 163 745	0 0 14 0 14 1 1 16 43 666	0 0 0 0 0 0 0 0 0 8 653 893	599 47 459 446 14 1 1 1 1 108 216 063 893
599 47 446 0 0 0 0 1 092 163 745 0 0	0 0 14 0 14 1 1 16 43 666 0 0	0 0 0 0 0 0 0 0 0 0 8 653 893 893	599 47 459 446 14 1 1 1 1 108 216 063 893 893
599 47 446 00 00 1092 163745 0 0	0 0 14 0 14 1 1 16 43 666 0 0 0	0 0 0 0 0 0 0 0 0 0 0 0 8 653 893 893	599 47 459 446 14 1 1 1 1 1 108 216 063 893 893 893
599 47 446 00 00 1092 163745 0 0 00 573	0 0 14 0 14 1 1 16 43 666 0 0 0	0 0 0 0 0 0 0 0 0 0 8 653 893 893	599 47 459 446 14 1 1 1 1 1 108 216 063 893 893 893
599 47 446 00 00 1092 163745 0 0	0 0 14 0 14 1 1 16 43 666 0 0 0	0 0 0 0 0 0 0 0 0 0 0 0 8 653 893 893	599 47 459 446 14 1 1 1 1 1 108 216 063 893 893 893
599 47 446 00 00 1092 163745 0 0 00 573	0 0 14 0 14 1 1 16 43 666 0 0 0	0 0 0 0 0 0 0 0 0 0 0 8 653 893 893 893	599 47 459 446 14 1 1 1 1 1 108 216 063 893 893 893
599 47 446 00 00 1092 163745 0 0 0 573 573	0 0 14 0 14 1 1 16 43 666 0 0 0 0 2 2 0 2	0 0 0 0 0 0 0 0 0 0 8 653 893 893 893 0 0 0 0	599 47 459 446 14 1 1 1 1 1 216 063 893 893 893 893
599 47 446 00 0 0 1092 163 745 0 0 0 573 573	0 0 14 0 14 1 1 16 43 666 0 0 0 0 2 2 0 2 2	0 0 0 0 0 0 0 0 0 8 653 893 893 893 0 0 0 0	599 47 459 446 14 1 1 1 1 1 216 063 893 893 893 893 893 893 893
599 47 446 00 00 1092 163745 0 0 0 573 573 573	0 0 14 0 14 1 1 16 43 666 0 0 0 0 2 2 0 2 2 0 2 2 0 2 2 0 2	0 0 0 0 0 0 0 0 0 8 653 893 893 893 0 0 0 0 0 0	599 47 459 446 14 1 1 1 1 216 063 893 893 893 893 893 893 575
599 47 446 00 0 0 1092 163 745 0 0 0 573 573	0 0 14 0 14 1 1 16 43 666 0 0 0 0 2 2 0 2 2	0 0 0 0 0 0 0 0 0 8 653 893 893 893 0 0 0 0	599 47 459 446 14 1 1 1 1 1 216 063 893 893 893 893 893 893 893
599 47 446 00 00 1092 163745 0 0 0 573 573 573	0 0 14 0 14 1 1 16 43 666 0 0 0 0 2 2 0 2 2 0 2 2 0 2 2 0 2	0 0 0 0 0 0 0 0 0 8 653 893 893 893 0 0 0 0 0 0	599 47 459 446 14 1 1 1 1 216 063 893 893 893 893 893 893 575
599 47 446 00 00 1092 163 745 0 0 573 573 573 0 127 127	0 0 14 0 14 1 1 16 43 666 0 0 0 0 2 2 0 2 0 2 2 0 2 2 0 2 2 0 2	0 0 0 0 0 0 0 0 8 653 893 893 893 0 0 0 0 0 0 0 0 0 0 0 0	599 47 459 446 14 1 1 1 1 108 216 063 893 893 893 893 893 893 575 575 6 404 127 6 531
599 47 446 00 00 1092 163 745 0 0 573 573 573 0 127 127	0 0 14 0 14 1 1 16 43 666 0 0 0 0 2 2 0 2 0 2 2 0 2 16	0 0 0 0 0 0 0 0 8 653 893 893 893 893 0 0 0 0 0 0 0 0 0 0 0	599 47 459 446 14 1 1 1 1 216 063 893 893 893 893 893 893 893 893 893 89
599 47 446 00 00 1092 163 745 0 0 573 573 573 0 127 127	0 0 14 0 14 1 1 16 43 666 0 0 0 0 2 2 0 2 0 2 0 2 0 2 0 2 16 0 0 5 404 0 6 404 0 6 404	0 0 0 0 0 0 0 0 0 8 653 893 893 893 893 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	599 47 459 446 14 1 1 1 1 216 063 893 893 893 893 893 893 893 893 893 89
599 47 446 00 00 1092 163 745 0 0 573 573 573 0 127 127	0 0 14 0 14 1 1 16 43 666 0 0 0 0 2 2 0 2 0 2 2 0 2 16	0 0 0 0 0 0 0 0 8 653 893 893 893 893 0 0 0 0 0 0 0 0 0 0 0	599 47 459 446 14 1 1 1 1 216 063 893 893 893 893 893 893 893 893 893 89
599 47 446 00 00 1092 163 745 0 0 573 573 573 0 127 127	0 0 14 0 14 1 1 16 43 666 0 0 0 0 2 0 2 0 2 0 2 0 2 0 2 0 0 2 16 0 0 14 16 0	0 0 0 0 0 0 0 0 0 8 653 893 893 893 893 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	599 47 459 446 14 1 1 1 1 216 063 893 893 893 893 893 893 893 893 893 89

### Note 6 Fair value hierarchy, continued

31.12.2014				
NOK millions	Level 1	Level 2	Level 3	Total
ASSETS RECOGNIZED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Bonds and other fixed-income securities	1 829	5 378	0	7 206
Certificates	0	562	0	562
Bonds Fixed-income funds	64 1 765	4 816 0	0	4 880 1 765
Loans and receivables	384	242	0	626
Shares and units	0	323	6	329
Shares	0	323	6	329
Financial derivatives	0	312	0	312
Other financial assets	0	16	0	16
Total corporate portfolio	2 213	6 270	6	8 489
COMMON PORTFOLIO				
Bonds and other fixed-income securities	70 443	34 633	0	105 076
Certificates	2 314	1 608	0	3 922
Bonds	14 317	33 025	0	47 342
Fixed-income funds	53 812	0	0	53 812
Loans and receivables	12 800	2 980	0	15 780
Shares and units	66 149	3 343	6 292	75 784
Shares	22 047	975	1 213	24 236
Equity funds	44 102	0	70	44 172
Property funds	0	493	0	493
Special funds Private equity	0	1 875 0	5 008	1 875 5 008
Financial derivatives	0	1 208	000	1 208
Other financial assets	0	101	0	101
Total common portfolio	149 392	42 265	6 292	197 949
INVESTMENT OPTION PORTFOLIO				
Bonds and other fixed-income securities	599	0	0	599
Fixed-income funds	599	0	0	599
Loans and receivables	28	0	0	28
Shares and units	400	13	0	413
Equity funds	400	0	0	400
Special funds	0	13	0	13
Financial derivatives	0	7	0	7
Total investment option portfolio	1 027	20	0	1 047
Total financial assets valued at fair value	152 632	48 556	6 298	207 485
CORPORATE PORTFOLIO				
Investment property	0	0	890	890
Total investment property	0	0	890	890
LIABILITIES RECOGNIZED AT FAIR VALUE CORPORATE PORTFOLIO				
Financial derivatives	0	10	0	10
Liabilities to credit institutions	186	0	0	186
Total corporate portfolio	186	10	0	196
COMMON PORTFOLIO				
Financial derivatives	0	8 363	0	8 363
Liabilities to credit institutions	527	0	0	527
Total common portfolio	527	8 363	0	8 890
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	27	0	27
Liabilities to credit institutions	2	0	0	2
Total investment option portfolio	2	27	0	29
Total financial liabilities at fair value	715	8 400	0	9 115

The amounts in the level distribution can in turn be found in the financial position statement under the various portfolios' allocation of financial instruments at fair value and investment property. Unrealized changes are reflected in the line "Value changes in investments" in the common portfolio result. The substantial change in Level 3 results from the investment property being included in the Note.

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 to be listed in an active market if the listed price is simply and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length.

Book val 31.12.202	
	6 8
	0 0
	0 0
3	39 -2
4	¥5 6
	0 0
Book val	
31.12.203	
1 22	
-26	
61	
-19	
1 30	
-2	24 0
Book val	
31.12.203	
	70 105
	-8 -61
	0 0
	13 26
	76 70
	0 40
Book val	
31.12.202	
5 00	
-1 18	
2 28	
105	
7 16	
18	
Book val	
31.12.203	
89	947
	0 -2
	0 4
	3 -59
89	
	0 0
9 54	46 7 188

### Note 6 Fair value hierarchy, continued

- Level 1: Instruments in this level obtain fair value from listed prices in an active market for identical assets or liabilities to which the entity has access at the reporting date. Examples of instruments in Level 1 are stock market listed securities.
- Level 2: Instruments at this level are not considered to have an active market. Fair value is obtained from observable market data: this mainly includes prices based on identical instruments, but where the instrument does not have a high enough trading frequency, as well as prices based on corresponding assets and price leading indicators that can be confirmed from market information. Example instruments at Level 2 are fixed-income securities priced on the basis of interest rate paths.For more information concerning pricing of Level 2 instruments see Note 5 for the different classes found in this level.
- 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 by Level 3 in KLP are unlisted shares and private equity investments.For more information concerning pricing of Level 3 instruments see Note 5 for the different classes found in this level.

Valuation regarding items in the various levels are described in Note 5 with the exception of investment property, which is described in Note 3.

Note 5 provides information on fair value of assets and liabilities measured at amortized cost. The level-based distribution of these items will be as follows: assets classified as hold to maturity will be included in Level 1; lending; and loans and receivables will be included in Level 2. Liabilities, measured at amortized cost, will be distributed as follows: subordinated loan capital distributed at Levels 1 and Level 2, the hybrid Tier 1 securities will be distributed at Level 2, debt to credit institutions will be distributed at Levels 1. For information concerning pricing of these interest-bearing securities see Note 5.

For level 3 securities there has not been done a sensitivity analysis. For sensitivity analysis on investment property see note 3. A change in the pricing variables is not considered significant. On a general basis, a change in the pricing of 5% will change the total value of the level 3 securities with NOK 477 million.

In regard to movement of securities between the levels, limitations have been set on the number of trading days and sharetrading quantities to differentiate between Level 1 and Level 2. The general principles concerning level allocation depend largely on 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 differentiation regarding trading days and trading quantities that differentiates listed securities that are not included in an active market. The values at the end of the reporting period provide the startpoint for any movement between the levels.

During the period 1st of January 2015 to 31st of December 2015 NOK 91 million in shares was moved from Level 1 to Level 2, and NOK 73 million in shares from Level 2 to Level 1. During the same period NOK 3 688 million in interest bearing securities was moved from level 1 to level 2. Changes in level applied to shares are due to change in liquidity, based on rules associated with trading days and quantities traded. Changes in level regarding interest bearing securities are due to higher internal requirements for level 1 classification. In level 3 there has been a reclassification in 2015 which amount to NOK 670 million, this was previously in level 2.

#### Note 7 Risk management

Through its activity, KLP is exposed to both insurance risk and financial risk. For the Company overall risk management aims to handle financial risk in such a way that the Company can at all times meet the liabilities the insurance contracts place on the business. The Board of Directors sets the overarching risk strategies that are put into practice at the senior management level.

Risk strategy is implemented and monitored by the line organization, with periodic reporting. Any breaches in risk lines and limits are reported as they occur, with a description of measures taken to regularize the situation. Entities outside the line organization monitor that the risk-taking is carried out within the authorizations the line has.

#### 7.1 INSURANCE RISK

Insurance risk comprises the risk that a future, defined event occurs for which the Company has undertaken to pay out financial consideration. The larger the portfolio, the more stable and predictable the insurance result will be.

The Company's insurance business is in the group pension sector. As described in Note 2, the weightiest risks in group pension are disability risk and longevity risk, whereas mortality/whole life risk is somewhat less weighty.

Insurance risk in the group pension sector is generally managed through close monitoring of the risk incidence and if appropriate subsequent change in the tariffs. The Company is safeguarded against extreme events through catastrophe reinsurance.

#### 7.1.1 Insurance provisions

Insurance provisions are set at the level of expectation, with a supplement of contingency margins. In addition provisions are made in a risk equalization fund within group pensions to meet unexpected fluctuations in claim incidence.

For disability risk in the group pension sector, assumptions used are based on the Company's disability data from 2009 - 2013. For the other risk elements in group pension the assumptions from the K2013 calculation base are used with contingency margins in accordance with the minimum standard set by the FSA of N in 2013. In the Pension Scheme for Nurses and the Pension Scheme for Hospital Doctors the same formulae and the same parameters are used otherwise, but with a strengthened contingency margin because of significantly longer lifetime in these schemes.

#### 7.1.2 Premium setting

Development in the Company's insurance risk is continuously monitored. Risk result and future expectations of development in insured risk based on observations and/or theoretic risk models create the basis for pricing of the risk element in the premium. The premiums are set annually. The group insurance sector has a high degree of predictability and stability in its premiums. Normally they will therefore stay the same for several years at a time.

#### 7.1.3 Reinsurance and reinsurance programme

The way the insurance contracts are set, current risk is generally within the limits of the Company's risk-bearing ability. The need for reinsurance is therefore limited.

KLP has taken out a catastrophe insurance agreement. The agreement covers up to NOK 300 million in excess of the Company's NOK 50 million for own account for events that lead to more than 10 people dying or becoming disabled. The agreement does not cover events resulting from epidemics, war and terrorism.

#### 7.1.4 Sensitivity calculations in group pension

The effect of an immediate 20 per cent increase in the incidence of disability would, with current numbers, involve a negative effect of NOK 418 million on the risk result for the year. The effect on the premium reserve of a corresponding permanent change in the incidence of disability would be an increase of NOK 834 million.

An immediate 10 per cent reduction in mortality would, with current numbers, mean a negative effect of NOK 292 million on the risk result for the year. The effect on the premium reserve of a corresponding permanent change in mortality would be an increase of NOK 6,635 million. The Company's large numbers within group public sector pensions help to stabilize the insurance risk and the claim estimates. Deviations are related primarily to non-insurable magnitudes that do not affect the result.

#### 7.2 FINANCIAL RISK

The Company's financial goal is to achieve a competitive and stable return, at the same time as the Company's solvency satisfies external and internal requirements. The Company has a long-term investment strategy in which risk-taking is at all times matched to the Company's ability to bear risk. The focus in asset management is cost effectiveness, a long-term perspective and broadly diversified portfolios with the goal of achieving competitive and stable returns for our customers and owners over time.

KLP's financial risk comprises liquidity risk, market risk and credit risk.

#### 7.2.1 Liquidity risk

Liquidity risk is the risk that the Company does not have adequate liquidity to cover short-term debt/residual liabilities not called in and current operations without substantial extra costs arising in the form of price falls on assets that have to be realized. The liquidity strategy contains various requirements and limits in order to comply with the desired liquidity risk profile. In addition division of responsibilities and contingency planning are covered. The liquidity strategy is operated at the senior management level and the liquidity is managed internally in accordance with mandates.

The need for liquidity in KLP is first and foremost associated with payments to pensioners and meeting current operating costs. Liquidity is also required for providing security in connection with currency and derivative trades, as well as in changes in asset allocation. The KLP liquidity need is primarily satisfied by contractual receipts. At all times the Company has a liquidity holding sufficient to meet current costs, including pension payments. In the event of liquidity needs beyond the current liquidity holdings, liquidity can normally be released through the sale of liquid financial assets.

KLP's aims to have liquidity buffers corresponding to 3 months' liquidity needs. This is measured through: Liquidity buffer = Liquid assets/short-term liquidity requirement

Liquid assets are defined as liquidity holdings and expected receipts (to the liquidity portfolio) for the next three months, whilst shortterm liquidity requirements are defined as liabilities falling due within three months and other unknown requirements for liquidity within three months.

Not-called-in residual obligations of NOK 13,721 million comprise committed, not paid in sums against private equity property funds and approved lending that has not been paid out. In addition, KLP has given a NOK 2 million guarantee to a associated enterprise. The total is specified in detail in Note 34 Contingent liabilities.

#### Note 7 Risk management, continued

#### 7.2.2 Market risk

Market risk is the risk of losses as a result of changes in market prices of various assets such as shares, bonds, property and other securities, and currency. The market risk depends on how large an exposure there is to the various assets and on the volatility in the market prices. Developments in the Norwegian and international securities markets generally have major significance for KLP's results.

Risk of a fall in the value of various assets is the biggest financial risk in the short term. Of the risk in regard to assets, equity exposure is the largest financial risk factor, but also the market risk associated with credit (spread) and property has a significant loss potential. KLP's interest rate risk associated with a prolonged low interest rate level is however limited. With the current formulation of the rules, technical provisions are not affected by changes in market interest rates. On the future transition to market value for the liabilities, annual pricing of the interest guarantee will mean the customers bear the risk of the interest rate level being lower than the basic interest rate. Since KLP provides pension schemes exclusively to the public sector, KLP will price the return guarantee right up until the insured dies, which means the return guarantee arising from the insurance obligations is limited.

KLP exchange-rate hedges the majority of international exposure. Financial hedging of currency exposure is done through derivatives. In principle all of KLP's fixed-income investments and property investments in foreign currency are hedged back to NOK. For equity investments in foreign currency the objective is a 90 per cent hedging ratio with permitted fluctuations between 80 and 100 per cent.

All equity and interest rate exposures are included in a risk measurement system that enables simulation and monitoring of equity and interest rate risk across the portfolios. Active risk is managed through specifying a benchmark and a set correlation relative to the index for each portfolio.

KLP manages equity risk dynamically through the equity holding being continuously adjusted to the Company's financial buffers. This type of hedging measure reduces the probability of the returns being lower than the set minimum level. The strategy helps to ensure that as a minimum KLP achieves a predetermined income target. The income target is set in the light of the target-setting on solvency at the end of the period, so the Company should continue to have risk capacity going forward. The strategy means KLP can potentially increase its exposure to equities or other assets with anticipated high risk progressively as solvency is strengthened. When solvency is weakened this means KLP will reduce its market risk. This helps to reduce the load on KLP's solvency capital during downturns and thus also to protect owners' equity. In addition KLP has a high proportion of long-term (hold-to-maturity) bonds and fixed-interest lending that contributes to stability in returns and reduces the risk of low returns in low interest rate scenarios.

In KLP's asset management, derivatives are principally used for risk reduction as well as for cost and time-effective implementation of value hedging or adjustments in the investment portfolio. In many cases it will be both cheaper and ouicker to implement risk changes using derivatives than through trading in underlying instruments. An example could be short-term adjustments of equity exposure in global markets.

#### Sensitivity analysis - market risk

KLP's market risk is continuously assessed using stress tests and statistical analysis tools. KLP has developed - and continually works on further development of - models for measurement and monitoring of risk. KLP has made estimates in accordance with an estimating study for effects of the new solvency regulations on insurance (Solvency II).

At the end of 2015 about 20 per cent of KLP's assets were placed in equities (measured by exposure) and 13 per cent placed in property. Other assets were placed in fixed-income current and fixed assets, including lending.

In accordance with the FSA of N's Stress Test I the Company has a buffer capital utilization of 96 per cent: in 2014 the buffer capital utilisation was 101 per cent. The purpose of the stress test is to illustrate how various scenarios can impact on KLP's ability to meet statutory solvency and security requirements. A significant reason for the decrease from 2014 is reduced buffer capital. The most significant risk in the stress test is market risk which seen in isolation represented a loss potential of NOK 60 billion. Concentration risk does not affect the loss potential significantly as a result of broadly diversified portfolios. Gross contribution to the loss potential from the various risks classes is distributed as follows:

	NOK billion
Interest rate risk	5.2
Equities risk	31.1
Property risk	14.1
Currency risk	3.3
Spread risk	20.1
Concentration risk	0

The total of the risk potential linked in isolation to each risk type does not add up to the total loss potential for market risk. This is because in calculating total loss potential the correlation between the different types of risk is taken into account.

#### 723 Credit risk

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

KLP has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. Of the total credit exposure, 37 per cent are rated AA- or higher. If lending to municipal with assumed rating of AA, the total it 48 per cent. KLP has a separate international government bonds portfolio that represented about 19 per cent of the portfolio of short-term bonds at the end of the year.

KLP has a lending portfolio of high quality, with limited credit risk and historically very low losses. In the main KLP provides loans secured on housing with a mortgage level of less than 80 per cent, loans to local authorities and loans with local authority guarantees. Lending secured through mortgages on housing amounts to about NOK 3.4 billion. The value of the mortgages represents a greater value than the lending since a large part of the mortgages were established earlier in time and the price rise in housing in recent years has been substantial.

#### 7.3 TOTAL MAXIMUM EXPOSURE TO CREDIT RISK

The Company's total maximum exposure to credit risk comprises book values. The book classes of securities are specified in detail in Note 5 Fair value of financial assets.

#### 

### Note 8 Liquidity risk

The table below specifies the Company's financial liabilities classified according to maturity structure. The amounts in the table are non-discounted contractual cash flows.

2015	Within	1-12	1-5	5-10	Over 10	
NOK millions	1 month	months	years	years	years	Total
Subordinated loan 1	0	3 309	1 708	6 995	0	12 012
Hybrid Tier 1 securities <sup>1</sup>	0	64	258	322	1 641	2 285
Accounts payable	9	0	0	0	0	9
Liabilities to credit institutions	4 4 4 3	0	0	0	0	4 4 4 3
Contingent liabilities	13 721	0	0	0	0	13 721
Total	18 173	3 374	1 966	7 317	1641	32 470
Financial derivatives						
Financial derivatives gross settlement	_					
Inflows	0	-64	-258	-322	-1 641	-2 285
Outflows	11	33	176	219	1 356	1 795
Financial derivatives net settlement	2 176	2 514	1 544	206	0	6 440
Total financial derivatives	2 187	2 483	1461	103	-284	5 950
Total 2015	20 360	5 856	3 427	7 420	1 356	38 420
2014	Within	1-12	1-5	5-10	Over 10	
2014 NOK millions	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
NOK millions	1 month	months	years	years	years	
NOK millions Subordinated loan <sup>1</sup>	1 month 0	months 167	years 3 506	years 0	years 0	3 673
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup>	1 month 0 0	167 55	years 3 506 218	years 0 273	years 0 1 448	3 673 1 994
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable	1 month 0 0 18	months 167 55 0	years 3 506 218 0	years 0 273 0	years 0 1 448 0	3 673 1 994 18
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions	1 month 0 0 18 6 890	months 167 55 0 0	years 3 506 218 0 0	years 0 273 0 0	years 0 1 448	3 673 1 994 18 6 890
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities	1 month 0 18 6 890 12 748	months 167 55 0 0 0 0	years 3 506 218 0 0 0	years 0 273 0 0 0 0	years 0 1 448 0 0 0	3 673 1 994 18 6 890 12 748
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions	1 month 0 0 18 6 890	months 167 55 0 0	years 3 506 218 0 0	years 0 273 0 0	years 0 1 448 0 0	3 673 1 994 18 6 890
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities Total	1 month 0 18 6 890 12 748	months 167 55 0 0 0 0	years 3 506 218 0 0 0	years 0 273 0 0 0 0	years 0 1 448 0 0 0	3 673 1 994 18 6 890 12 748
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities Total Financial derivatives	1 month 0 18 6 890 12 748	months 167 55 0 0 0 0	years 3 506 218 0 0 0	years 0 273 0 0 0 0	years 0 1 448 0 0 0	3 673 1 994 18 6 890 12 748
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities Total	1 month 0 0 18 6 890 12 748 19 656	months 167 55 0 0 0 0	years 3 506 218 0 0 0	years 0 273 0 0 0 273	years 0 1 448 0 0 0	3 673 1 994 18 6 890 12 748
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities Total Financial derivatives Financial derivatives gross settlement Inflows	1 month 0 0 18 6 890 12 748 19 656	-55	years 3 506 218 0 0 0 3 725 -218	years 0 273 0 0 0 273 -273	years 0 1 448 0 0 0 1 448 -1 448	3 673 1 994 18 6 890 12 748 25 323
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities Total Financial derivatives Financial derivatives gross settlement	1 month 0 0 18 6 890 12 748 19 656 0 11	months 167 55 0 0 0 0 221	years 3 506 218 0 0 0 0 3 725	years 0 273 0 0 0 273 -273 220	years 0 1 448 0 0 0 0 1 448	3 673 1 994 18 6 890 12 748 25 323 -1 994 1 839
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities Total Financial derivatives Financial derivatives gross settlement Inflows Outflows Financial derivatives net settlement	1 month 0 0 18 6 890 12 748 19 656 0 11 4 207	-55 33 2 564	years 3 506 218 0 0 0 3 725 -218 176 1 537	years 0 273 0 0 0 273 -273	years 0 1 448 0 0 0 1 448 -1 448 1 400 0	3 673 1 994 18 6 890 12 748 25 323 -1 994 1 839 8 436
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities Total Financial derivatives Financial derivatives gross settlement Inflows Outflows	1 month 0 0 18 6 890 12 748 19 656 0 11	-55 33	years 3 506 218 0 0 0 3 725 -218 176	years 0 273 0 0 0 273 -273 -273 220 129	years 0 1 448 0 0 0 1 448 -1 448 1 400	3 673 1 994 18 6 890 12 748 25 323 -1 994 1 839
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities Total Financial derivatives Financial derivatives gross settlement Inflows Outflows Financial derivatives net settlement	1 month 0 0 18 6 890 12 748 19 656 0 11 4 207	-55 33 2 564	years 3 506 218 0 0 0 3 725 -218 176 1 537	years 0 273 0 0 0 273 -273 -273 220 129	years 0 1 448 0 0 0 1 448 -1 448 1 400 0	3 673 1 994 18 6 890 12 748 25 323 -1 994 1 839 8 436

2015	Within	1-12	1-5	5-10	Over 10	
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Accounts payable	9	0	0	0	0	9
Liabilities to credit institutions	4 4 4 3	0	0	0	0	4 443
Contingent liabilities	13 721	0	0	0	0	13 721
Total	18 173	3 374	1966	7 317	1641	32 470
Financial derivatives						
Financial derivatives gross settlement						
Inflows	0	-64	-258	-322	-1 641	-2 285
Outflows	11	33	176	219	1 356	1 795
Financial derivatives net settlement	2 176	2 514	1 544	206	0	6 440
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Total 2015	20 360	5 856	3 427	7 420	1 356	38 420
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2014 NOK millions	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
NOK millions	1 month	months	years	years	years	
NOK millions Subordinated loan <sup>1</sup>	1 month O	months 167	years 3 506	years 0	years 0	3 673
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup>	1 month 0 0	167 55	years 3 506 218	years 0 273	years 0 1 448	3 673 1 994
NOK millions Subordinated Ioan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable	1 month 0 0 18	months 167 55 0	years 3 506 218 0	years 0	years 0	3 673 1 994 18
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions	1 month 0 0	167 55	years 3 506 218	years 0 273 0	years 0 1 448 0	3 673 1 994
NOK millions Subordinated Ioan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable	1 month 0 0 18 6 890	months 167 55 0 0	years 3 506 218 0 0	years 0 273 0 0	years 0 1 448 0 0	3 673 1 994 18 6 890
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities	1 month 0 18 6 890 12 748	months 167 55 0 0 0 0	years 3 506 218 0 0 0	years 0 273 0 0 0	years 0 1 448 0 0 0	3 673 1 994 18 6 890 12 748
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities	1 month 0 18 6 890 12 748	months 167 55 0 0 0 0	years 3 506 218 0 0 0	years 0 273 0 0 0	years 0 1 448 0 0 0	3 673 1 994 18 6 890 12 748
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities Total	1 month 0 18 6 890 12 748	months 167 55 0 0 0 0	years 3 506 218 0 0 0	years 0 273 0 0 0	years 0 1 448 0 0 0	3 673 1 994 18 6 890 12 748
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities Total Financial derivatives	1 month 0 18 6 890 12 748	months 167 55 0 0 0 0	years 3 506 218 0 0 0	years 0 273 0 0 0	years 0 1 448 0 0 0	3 673 1 994 18 6 890 12 748
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities Total Financial derivatives Financial derivatives gross settlement Inflows Outflows	1 month 0 0 18 6 890 12 748 19 656 0 11	-55 33	years 3 506 218 0 0 0 0 3 725	years 0 273 0 0 0 273	years 0 1 448 0 0 0 1 448	3 673 1 994 18 6 890 12 748 25 323
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities Total Financial derivatives Financial derivatives gross settlement Inflows Outflows Financial derivatives net settlement	1 month 0 0 18 6 890 12 748 19 656 0 11 4 207	-55 33 2 564	years 3 506 218 0 0 0 3 725 -218 176 1 537	years 0 273 0 0 0 273 -273 -273 220 129	years 0 1 448 0 0 0 1 448 -1 448 1 400 0	3 673 1 994 18 6 890 12 748 25 323 -1 994 1 839 8 436
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities Total Financial derivatives Financial derivatives gross settlement Inflows Outflows	1 month 0 0 18 6 890 12 748 19 656 0 11	-55 33	years 3 506 218 0 0 0 3 725 -218 176	years 0 273 0 0 0 273 -273 220	years 0 1 448 0 0 0 1 448 -1 448 1 400	3 673 1 994 18 6 890 12 748 25 323 -1 994 1 839
NOK millions         Subordinated loan 1         Hybrid Tier 1 securities 1         Accounts payable         Liabilities to credit institutions         Contingent liabilities         Total         Financial derivatives         Financial derivatives gross settlement         Inflows         Outflows         Financial derivatives net settlement         Total financial derivatives	1 month 0 0 18 6 890 12 748 19 656 0 11 4 207 4 218	months 167 55 0 0 0 221 -55 33 2 564 2 542	years 3 506 218 0 0 0 3 725 -218 176 1 537 1 494	years 0 273 0 0 0 0 273 -273 220 129 75	years 0 1 448 0 0 0 1 448 -1 448 1 400 0 -47	3 673 1 994 18 6 890 12 748 25 323 -1 994 1 839 8 436 8 282
NOK millions Subordinated loan <sup>1</sup> Hybrid Tier 1 securities <sup>1</sup> Accounts payable Liabilities to credit institutions Contingent liabilities Total Financial derivatives Financial derivatives gross settlement Inflows Outflows Financial derivatives net settlement	1 month 0 0 18 6 890 12 748 19 656 0 11 4 207	-55 33 2 564	years 3 506 218 0 0 0 3 725 -218 176 1 537	years 0 273 0 0 0 273 -273 -273 220 129	years 0 1 448 0 0 0 1 448 -1 448 1 400 0	3 673 1 994 18 6 890 12 748 25 323 -1 994 1 839 8 436

<sup>1</sup> The cash streams are estimated up to expected maturity by interest adjustment date.

The table above shows financial liabilities KLP has grouped by interest payments and repayment of principal, based on the date payment is due.

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

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

### Note 8 Liquidity risk, continued

#### Expected payment profile pension obligations

2015 NOK millio	ons								
Year	1 year	2-5 years	6-10 years	11-20 years	21-30 years	31-40 years	41-50 years	51-80 years	Total
Amount	14 349	58 592	100 527	253 053	289 998	261 305	178 096	127 974	1 283 894
2014 NOK mill	ions								
Year	1 year	2-5 years	6-10 years	11-20 years	21-30 years	31-40 years	41-50 years	51-80 years	Total
Amount	13 171	53 604	93 068	235 371	272 218	246 520	168 211	120 482	1 202 645

The payment profile shows anticipated payment dates for KLP's future pension obligations and is based on non-discounted values. The insurance liabilities in the accounts are discounted and show the present value at the end of the reporting period.

### Note 9 Interest rate risk

2015 NOK millions	Up to 3 mnths	3 mnths to 12 mnths	1 yr to 5 yrs	5 yrs to 10 yrs	Over 10 yrs	Change in cash flows	Total
Assets							
Equity fund units <sup>1</sup>	0	0	0	0	0	10	10
Alternative investments	-3	0	0	0	0	18	15
Financial derivatives classified as assets	6	9	-29	-123	-147	-44	-329
Debt instruments classified as loans and receivables –							
at amortized cost	0	0	0	0	0	6	6
Bonds and other fixed-income securities	-30	-51	-349	-578	-488	200	-1 296
Fixed-income fund units	-2 986	0	0	0	0	27	-2 960
Loans and receivables	0	-1	0	0	0	109	107
Lending	0	0	0	0	0	217	217
Contingent liabilities <sup>2</sup>	0	0	0	0	0	45	45
Total assets	-3 013	-44	-378	-701	-636	588	-4 183
Liabilities							
Financial derivatives classified as liabilities	2	9	45	13	0	8	77
Hybrid Tier 1 securities, subordinated loan	0	0	0	79	58	0	137
Liability to credit institution	0	0	0	0	0	-7	-7
Total liabilities	2	9	45	92	58	1	207
Total before taxes	-3 011	-35	-333	-609	-577	589	-3 976
Total after taxes	-2 198	-25	-243	-445	-421	430	-2 902

<sup>1</sup> Equity fund units covers that part of the fund that is not shares, but that comprises assets covered by interest rate risk: surplus liquidity in the form of bank accounts and derivatives used for hedging purposes.

<sup>2</sup> Contingent liabilities in this context are accepted, not paid out lending.

2014 NOK millions	Up to 3 mnths	3 mnths to 12 mnths	1 yr to 5 yrs	5 yrs to 10 yrs	Over 10 yrs	Change in cash flows	Total
Assets							
Equity fund units <sup>1</sup>	1	0	0	0	0	8	10
Alternative investments	-1	0	0	0	0	9	8
Financial derivatives classified as assets	15	8	-56	-115	-127	-43	-318
Debt instruments classified as loans and receivables -							
at amortized cost	0	0	0	0	0	6	6
Bonds and other fixed-income securities	-31	-50	-368	-502	-459	211	-1 199
Fixed-income fund units	-3 029	0	0	0	0	20	-3 009
Loans and receivables	-2	-4	0	0	0	78	72
Lending	0	0	0	0	0	294	294
Contingent liabilities <sup>2</sup>	0	0	0	0	0	1	1
Total assets	-3 047	-45	-424	-618	-586	585	-4 136
Liabilities							
Financial derivatives classified as liabilities	3	2	63	7	0	9	84
Hybrid Tier 1 securities, subordinated loan	0	0	0	72	33	0	105
Liability to credit institution	0	0	0	0	0	-6	-6
Total liabilities	3	2	63	78	33	4	183
Total before taxes	-3 044	-43	-361	-539	-553	588	-3 953
Total after taxes	-2 222	-31	-264	-394	-404	429	-2 885

<sup>1</sup> Equity fund units covers that part of the fund that is not shares, but that comprises assets covered by interest rate risk: surplus liquidity in the form of bank accounts and derivatives used for hedging purposes.
 <sup>2</sup> Contingent liabilities in this context are accepted, not paid out lending.

The note shows the effect on income of an increase in market interest rate of 1 per cent, for fair value risk and variable interest rate risk.

Change in fair value (fair value risk) is shown in the five first columns and is calculated on the change in fair value of interest-bearing instruments if the interest rate had been 1 per cent higher at the end of the period. The column «Change in cash flows» (variable interest rate risk) shows the change in cash flows had the interest rate been 1 per cent higher throughout the year being reported on. The total of these reflects the total impact on profits that the scenario of one per cent higher interest rate would have had on the Company during the period being reported on.

Fair value risk applies to fixed interest rate securities where the market value of the security fluctuates conversely to the market interest rate. Variable interest rate risk applies to securities at variable interest rates, where the market value remains stable, but where change in the market interest rate is reflected in changed current incomes.

The following fixed-income securities are covered by this Note; securities at fair value through profit or loss (variable and fixed interest rate terms), investments held to maturity (only those with variable interest rate terms) and loans and receivables (only those with variable interest rate terms). The Company has no fixed-income securities classified as available for sale.

Fixed rate assets, recognized at amortized cost, do not cause any effects in the income statement when the market rate changes. The same goes for issued debt with a fixed rate, measured at amortized cost.

Insurance contracts with a guaranteed return does not change the accounting value when interest rates change. Changes in interest rate has no impact on the guaranteed return, but will have an impact on the achieved returns to cover the return guarantee. This is because insurance funds partly invests in debt instruments whose cash flows contribute to cover the customers return guarantee.

### Note 10 Currency risk

31.12.2015 NOK million/		tement items zy derivatives	Currency	derivatives	Translation rate	То	tal	Net-
foreign currency <sup>1</sup>	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	position
US dollar	8 367	-610	103	-7 414	8,85	8 470	-8 024	3 95
Australian dollar	406	0	13	-396	6,44	419	-396	150
Brazilian real	146	0	0	0	2,24	146	0	327
British pound	1 217	0	17	-1 195	13,05	1 2 3 4	-1 195	509
Canadian dollar	623	0	18	-600	6,37	641	-600	260
Chilean peso	5 530	0	0	0	0,01	5 5 3 0	0	69
Colombian peso	8 751	0	0	0	0,00	8 751	0	24
Danish krone	3 950	-53	7	-3 896	1,29	3 958	-3 950	10
Egyptian pound	10	0	0	0	1,13	10	0	11
UAE dirham – AED	20	0	0	0	2,41	20	0	49
Euro	2 680	-8	125	-2 706	9,62	2 804	-2 715	860
Philippines peso	438	0	0	0	0,19	438	0	82
Hong Kong dollar	1674	-30	18	-457	1,14	1 692	-486	1 372
Indian rupee	3 516	0	0	0	0,13	3 516	0	470
Indonesian rupiah	222 243	0	0	0	0,00	222 243	0	143
Israeli shekel	194	0	0	-175	2,27	194	-175	42
Japanese yen	68 497	-690	1069	-63 441	0,07	69 567	-64 131	400
Korean won	114 377	0	0	0	0,01	114 377	0	863
Malaysian ringgit	87	0	0	0	2,06	87	0	179
Mexican peso	455	0	0	0	0,51	455	0	23
New Zealand dollar	3	0	0	-3	6,06	3	-3	
Peruvian nuevo sol	0	0	0	0	2,59	0	0	-
Polish zloty	34	0	0	0	2,24	34	0	7
Qatari rial	25	0	0	0	2,43	25	0	6
Singapore dollar	90	0	19	-100	6,24	109	-100	5
Swiss franc	265	0	2	-237	8,84	267	-237	270
Swedish krone	11 779	-1	100	-11 834	1,05	11 879	-11 834	47
South African rand	694	0	0	<sup>4</sup> ر0 ۲۲-	0,57	694	+(011- 0	396
Taiwan new dollar	2 604	0	0	0	0,27	2 604	0	702
Thai baht	2 004 469	0	0	0	0,27	2 004 469	0	115
Czech koruna	32	0	0	0	0,25	32	0	11.
Turkish lira	26	0	0	0	3,03	26	0	79
	20 517	0	0	0	0,03	20 517	0	10
Hungarian forint Total short-term foreigi			0	0	0,05	517	U	11 844
	, , , ,							
US dollar	1 012	-109	0	-874	8,85	1 012	-983	260
British pound	0	0	0	-10	13,05	0	-10	-128
Danish krone	307	0	0	0	1,29	307	0	39
Euro	906	-926	0	-27	9,62	906	-953	-449
Japanese yen	33 843	-27 778	0	0	0,07	33 843	-27 778	446
Total long-term foreign	currency positi	ons						524
Total pre-tax currency	positions							12 367

<sup>1</sup> The table shows total financial position statement items for each individual currency, divided between short and long-term positions. The net position shows the actual foreign exchange risk KLP had at the end of the period in NOK. Other sums are in local currency. The table shows a hedging ratio for foreign currency in 2015 and 2014 of 93 per cent and 91 per cent respectively.

31.12.2014		atement items	Currency	derivatives	Translation	То	tal	Net-
NOK million/ foreign currency <sup>1</sup>	Assets	cy derivatives Liabilities	Assets	Liabilities	rate Currency/NOK	Assets	Liabilities	position
US dollar	8 993	-582	688	-9 469	7,50	9 682	-10 050	-2 763
Australian dollar	433	0	79	-479	6,14	512	-479	202
Brazilian real	181	0	0	0	2,82	181	0	509
British pound	1013	0	49	-1 038	11,69	1062	-1 038	278
Canadian dollar	671	0	133	-756	6,47	805	-757	310
Chilean peso	6 559	0	0	0	0,01	6 559	0	81
Colombian peso	14 716	0	0	0	0,00	14 716	0	46
Danish krone	3 870	0	345	-3 836	1,22	4 215	-3 836	462
Egyptian pound	14	0	0	0	1,05	14	0	15
UAE dirham - AED	18	0	0	0	2,04	18	0	37
Euro	3 134	-58	196	-3 050	9,07	3 330	-3 108	2 010
Philippines peso	425	0	0	0	0,17	425	0	71
Hong Kong dollar	1 735	0	183	-619	0,97	1 918	-619	1 255
Indian rupee	3 112	0	0	0	0,12	3 112	0	370
Indonesian rupiah	247 090	0	0	0	0,00	247 090	0	149
İsraeli shekel	99	0	18	-107	1,93	117	-107	20
apanese yen	65 644	0	13 302	-76 664	0,06	78 946	-76 664	143
Korean won	119 470	0	0	0	0,01	119 470	0	815
Malaysian ringgit	95	0	0	0	2,14	95	0	203
Mexican peso	520	0	0	0	0,51	520	0	265
New Zealand dollar	3	0	1	-4	5,86	4	-4	2
Peruvian nuevo sol	0	0	0	0	2,52	0	0	1
Polish zloty	43	0	0	0	2,11	43	0	91
Qatari rial	26	0	0	0	2,06	26	0	53
Singapore dollar	82	0	13	-87	5,66	95	-87	45
Swiss franc	238	0	65	-279	7,55	302	-279	175
Swedish krone	9 511	-1	1 182	-10 055	0,96	10 694	-10 056	610
South African rand	767	0	0	0	0,65	767	0	497
Taiwan new dollar	3 057	0	0	0	0,24	3 057	0	725
Thai baht	621	0	0	0	0,23	621	0	142
Czech koruna	37	0	0	0	0,33	37	0	12
Turkish lira	32	0	0	0	3,21	32	0	103
Hungarian forint	364	0	0	0	0,03	364	0	10
Total short-term foreig	n currency posi	tions						6 944
US dollar	995	-113	0	0	7,50	995	-113	6 614
Euro	315	-312	0	0	9,07	315	-312	27
Japanese yen	33 917	-26 110	0	0	0,06	33 917	-26 110	488
Total long-term foreign			č		0100		110	7 129
Total pre-tax currency	positions							14 073
Total currency positions	s after tax							10 273

<sup>1</sup> The table shows total financial position statement items for each individual currency, divided between short and long-term positions.

KLP exchange-rate hedges the majority of international exposure. Financial hedging of currency exposure is done through derivatives. In principle all of the Group's fixed-income investments and property investments in foreign currency are hedged back to NOK with the objective of 100 per cent hedging. For equity investments in foreign currency the general objective is a 90 per cent hedging ratio with permitted fluctuations between 80 and 100 per cent. The exceptions are cases in which certain currencies do not have a large enough market and/or liquidity to initiate effective hedging. The degree of hedging for foreign currency is calculated by taking the proportionate share of total assets in foreign currency against total liabilities in foreign currency at end of period.

If all currency positions change by 1 per cent at the same time and in the same direction this would affect the result by NOK 123 million. For 2014 the corresponding effect on income was NOK 141 million.

### Note 11 Credit risk

31.12.2015	Investment		Public	Banking	M	M		
NOK millions	grade AAA to BBB	Lower rating	sector guarantee	and finance	Mortgage < 80% <sup>1</sup>	> 80% <sup>1</sup>	Other	Total
Debt instruments held to								
maturity at amortized cost Debt instruments classified as	31 747	0	0	0	0	0	3 160	34 907
loans and receivables at amortized cost Debt instruments at fair value	75 003	0	456	253	0	0	17 743	93 455
<ul> <li>fixed-income securities</li> </ul>	40 817	553	2 724	6 507	0	0	7 657	58 258
Fixed-income funds short-term	34 755	0	5 666	0	0	0	17 779	58 200
Loans and receivables	12 618	0	0	424	0	0	0	13 042
Financial derivatives classified as assets	1 107	0	0	0	0	0	0	1 107
Lending	0	0	38 385	0	3 311	85	9 428	51 209
Total	196 047	553	47 231	7 185	3 311	85	55 767	310 178
								Total Invest-
Specification of investment grade			AAA	AA	A	ł	BBB	ment grade
Debt instruments held to								
maturity at amortized cost Debt instruments classified as		17	984	2 483	7 634	÷	3 645	31 747
loans and receivables at amortized cost Debt instruments at fair value		22	2 320	16 725	31 857	7	4 101	75 003
<ul> <li>fixed-income securities</li> </ul>		27	645	5 130	7 178	3	863	40 817
Fixed-income funds short-term			0	0	34 755	5	0	34 755
Loans and receivables			0	1 611	10 788	-	219	12 618
Financial derivatives classified as assets			0	88	1 019		0	1 107
Lending			0	0	07.070	•	0	0
Total		67	<sup>7</sup> 949	26 038	93 232	2	8 828	196 047

31.12.2014 NOK millions	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Banking and finance	Mortgage < 80% <sup>1</sup>	Mortgage	Other	Total
Debt instruments held to maturity at amortized cost	26 925	0	50	0	0	0	3 159	30 134
Debt instruments classified as I oans and receivables at amortized cost	68 577	0	458	253	0	0	16 342	85 631
Debt instruments at fair value - fixed-income securities	34 298	849	2 587	8 943	0	0	10 029	56 706
Fixed-income funds short-term	32 825	0	5 558	0	0	0	17 793	56 176
Loans and receivables	16 201	0	0	233	0	0	0	16 434
Financial derivatives classified as assets	1 527	0	0	0	0	0	0	1 527
Lending	0	0	33 221	0	3 786	307	4 663	41 976
Total	180 352	849	41 874	9 4 2 9	3 786	307	51 987	288 584

Specification of investment grade	AAA	AA	A	BBB	Total Invest- ment grade
Debt instruments held to maturity at amortized cost Debt instruments classified as	14 860	1 138	7 462	3 463	26 925
loans and receivables at amortized cost Debt instruments at fair value	23 568	13 358	28 117	3 533	68 577
- fixed-income securities	20 639	5 174	7 513	971	34 298
Fixed-income funds short-term	0	0	32 825	0	32 825
Loans and receivables	0	2 031	12 996	1 174	16 201
Financial derivatives classified as assets	0	60	1 034	432	1 527
Lending	0	0	0	0	0
Total	59 067	21 762	89 949	9 573	180 352

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

Credit risk means the risk that a counterparty may not be able to meet its obligations to KLP. In this table the credit risk is measured using rating agencies' estimates of the level of credit worthiness of the various issuers of fixed-income securities. Assets that are not rated are placed in other categories that describe credit risk, for example sector and guarantees.

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

KLP has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. KLP has a high concentration of debt instruments directed at the Norwegian public sector.

Only ratings from Standard and Poor's have been used in the note grouping. KLP also uses ratings from Moody's Investor Services and Fitch Ratings and all three are considered equal as a basis for investments in fixed-income securities. The table shows exposure against the rating categories that S&P uses, where AAA is linked to securities with the highest creditworthiness. That which is classified as "Other" is mainly securities issued by power companies and other corporate bonds: this amounted to NOK 55.8 billion on 31 December 2015. KLP has strict guidelines for investments in fixed-income securities, which also apply to investments falling into the «Other» category.

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

10 largest counterparties NOK millions	31.12.2015	31.12.2014
	51.12.2015	51.12.2014
Counterparty 1	9 091	8 644
Counterparty 2	7 568	6 749
Counterparty 3	6 375	5 490
Counterparty 4	6 247	4 349
Counterparty 5	5 332	3 164
Counterparty 6	3 510	3 043
Counterparty 7	3 292	2 968
Counterparty 8	3 283	2 920
Counterparty 9	3 055	2 734
Counterparty 10	3 043	2 623
Total	50 797	42 686

The table above shows the ten largest counterparties to which KLP has exposure. The amounts stated are book value. The majority of the ten largest counterparties are either finance institutions or counterparties covered by a public sector guarantee (central or local government guarantee).

Premium receivables and receivables in connection with reinsurance NOK millions Premium receivables Write-downs of premium receivables

Total

KLP's premium receivables are primarily in regard to the public sector and the credit risk is considered low. In addition the main group pension/public sector industry is linked to the "Transfer agreement for the public sector". This transfer agreement has a security scheme intended to help to secure pension rights accrued with employers who cease to exist or do not pay premiums when due in accorance with detailed rules. The Company may thus apply for cover for unpaid demands in this industry from the security arrangement if the demand falls within the security arrangement' s regulations.

2015	2014	
518	628	
-1	0	
518	628	

### Note 12 Presentation of assets and liabilities subject to net settlement

31.12.2015	Gross financial	Constants /		Related amount	ts that are not	presented net
NOK millions	assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Security in cash	Net amount
ASSETS						
Financial derivatives	1 107	0	1 107	-368	-700	43
Total	1 107	0	1 107	-368	-700	43
PORTFOLIO-DISTRIBUTED ASSETS						
Total assets common portfolio	492	0	492	-367	-127	1
Total assets corporate portfolio	614	0	614	0	-573	42
Total assets investment option portfolio	1	0	1	-1	0	0
Total	1 107	0	1 107	-368	-700	43
LIABILITIES						
Financial derivatives	6 421	0	6 421	-368	-4 442	1 628
Total	6 421	0	6 421	-368	-4 442	1 628
PORTFOLIO-DISTRIBUTED LIABILITIES						
Total liabilities common portfolio	6 404	0	6 404	-367	-4 432	1 620
Total liabilities corporate portfolio	2	0	2	0	0	2
Total liabilities investment option portfolio	o 16	0	16	-1	-9	6
Total	6 421	0	6 421	-368	-4 442	1 628

NOK millionsassets / liabilitiesliabilities presented netBook valueFinancial instrumentsSecurity in cashNet amountASSETSFinancial derivatives1 52701 527-733-715291Total1 52701 527-733-715291PORTFOLIO-DISTRIBUTED ASSETSTotal assets common portfolio1 20801 208-730-527164Total assets corporate portfolio31203120-186125Total assets investment option portfolio707-3-22IABILITIESI52708 4008 400-733-6 888794PORTEOLIO-DISTRIBUTED LIABILITIES8 40008 400-733-6 888794	31.12.2014	Gross financial	Gross assets/		Related amount	ts that are not	presented net
Financial derivatives       1 527       0       1 527       -733       -715       291         Total       1 527       0       1 527       -733       -715       291         PORTFOLIO-DISTRIBUTED ASSETS         Total assets common portfolio       1 208       0       1 208       -730       -527       164         Total assets corporate portfolio       312       0       312       0       -186       125         Total assets investment option portfolio       7       0       7       -3       -2       2         Total       1527       0       1527       -733       -715       291         LIABILITIES       I       1       527       0       1       527       -6       88       794         Total       8       400       0       8       400       -733       -6       888       794	NOK millions	,				,	
Total       1 527       0       1 527       -733       -715       291         PORTFOLIO-DISTRIBUTED ASSETS         Total assets common portfolio       1 208       0       1 208       -730       -527       164         Total assets corporate portfolio       312       0       312       0       -186       125         Total assets investment option portfolio       7       0       7       -3       -2       2         Total       1527       0       1527       -733       -715       291         LIABILITIES       I       1       527       0       8 400       -733       -6 888       794         Total       8 400       0       8 400       -733       -6 888       794	ASSETS						
PORTFOLIO-DISTRIBUTED ASSETS         Total assets common portfolio       1 208       0       1 208       -730       -527       164         Total assets corporate portfolio       312       0       312       0       -186       125         Total assets investment option portfolio       7       0       7       -3       -2       2         Total assets investment option portfolio       7       0       1527       -733       -715       291         LIABILITIES       E       E       E       E       E       E       1527       -6 888       794         Total       8 400       0       8 400       -733       -6 888       794	Financial derivatives	1 527	0	1 527	-733	-715	291
Total assets common portfolio       1 208       0       1 208       -730       -527       164         Total assets corporate portfolio       312       0       312       0       -186       125         Total assets investment option portfolio       7       0       7       -3       -2       2         Total       1 527       0       1 527       -733       -715       291         LIABILITIES       Einancial derivatives       8 400       0       8 400       -733       -6 888       794         Total       8 400       0       8 400       -733       -6 888       794	Total	1 527	0	1 527	-733	-715	291
Total assets common portfolio       1 208       0       1 208       -730       -527       164         Total assets corporate portfolio       312       0       312       0       -186       125         Total assets investment option portfolio       7       0       7       -3       -2       2         Total       1 527       0       1 527       -733       -715       291         LIABILITIES       Einancial derivatives       8 400       0       8 400       -733       -6 888       794         Total       8 400       0       8 400       -733       -6 888       794							
Total assets corporate portfolio       312       0       312       0       -186       125         Total assets investment option portfolio       7       0       7       -3       -2       2         Total       1527       0       1527       -733       -715       291         LIABILITIES       Enancial derivatives       8 400       0       8 400       -733       -6 888       794         Total       8 400       0       8 400       -733       -6 888       794	PORTFOLIO-DISTRIBUTED ASSETS						
Total assets investment option portfolio       7       0       7       -3       -2       2         Total       1527       0       1527       -733       -715       291         LIABILITIES       Financial derivatives       8 400       0       8 400       -733       -6 888       794         Total       8 400       0       8 400       -733       -6 888       794	Total assets common portfolio	1 208	0	1 208	-730	-527	164
Total       1 527       0       1 527       -733       -715       291         LIABILITIES       Image: Second Sec	Total assets corporate portfolio	312	0	312	0	-186	125
LIABILITIES         Financial derivatives       8 400       0       8 400       -733       -6 888       794         Total       8 400       0       8 400       -733       -6 888       794	Total assets investment option portfolio	7	0	7	-3	-2	2
Financial derivatives         8 400         0         8 400         -733         -6 888         794           Total         8 400         0         8 400         -733         -6 888         794	Total	1 527	0	1 527	-733	-715	291
Financial derivatives         8 400         0         8 400         -733         -6 888         794           Total         8 400         0         8 400         -733         -6 888         794							
Total         8 400         0         8 400         -733         -6 888         794	LIABILITIES						
	Financial derivatives	8 400	0	8 400	-733	-6 888	794
	Total	8 400	0	8 400	-733	-6 888	794
PORTEOLIO-DISTRIBUTED LIABILITIES							
	PORTFOLIO-DISTRIBUTED LIABILITIES						
Total liabilities common portfolio         8 363         0         8 363         -730         -6 859         790	Total liabilities common portfolio	8 363	0	8 363	-730	-6 859	790
Total liabilities corporate portfolio100100-90	Total liabilities corporate portfolio	10	0	10	0	-9	0
Total liabilities investment option portfolio 27 0 27 -3 -20 4	Total liabilities investment option portfoli	io 27	0	27	-3	-20	4
Total 8 400 0 8 400 -733 -6 888 794	Total	8 400	0	8 400	-733	-6 888	794

The purpose of this Note is to show the potential effect of netting agreements in KLP; the options KLP has to set off bilateral agreements with other counterparties if the latter should be bankrupted; and the sum remaining if all such netting agreements are materialized. The note shows the derivative positions in the financial position statement as well as an additional table with corresponding information sorted by the Company's different portfolios. All counterparties with negative net amount is set to nil; cash collateral is adjusted accordingly.

### Note 13 Mortgage loans and other lending

NOK millions	Local government administration		Private organizations and enterprises	Employees, pensioners and similar	Total 31.12.2015	Total 31.12.2014
Akershus	1 175	303	181	686	2 345	2 618
Aust-Agder	662	8	4	46	720	568
Buskerud	3 812	3 040	327	161	7 340	6 115
Finnmark	580	135	1	50	765	734
Hedmark	1 388	452	76	95	2 011	1 595
Hordaland	2 327	880	386	281	3 873	3 269
Møre og Romsdal	2 311	128	180	193	2 812	2 443
Nordland	1 518	34	40	120	1 713	1 567
Nord-Trøndelag	1 008	825	2	44	1 880	721
Oppland	1 174	88	9	83	1 354	1 089
Oslo	22	421	404	458	1 305	1 459
Rogaland	1 871	46	17	254	2 188	2 284
Sogn og Fjordane	958	15	93	44	1 110	995
Svalbard	11	15	0	0	26	28
Sør-Trøndelag	3 053	46	41	171	3 311	4 306
Telemark	893	118	556	52	1 620	1 291
Troms	1 394	111	101	132	1 738	1 578
Vest-Agder	896	41	9	58	1 004	436
Vestfold	1 731	155	60	210	2 156	1 891
Østfold	1 157	141	39	248	1 586	1 609
Foreign	0	0	10 172	0	10 172	5 189
Not allocated	0	0	0	3	3	7
Accrued interest	132	25	12	8	177	185
Total	28 073	7 027	12 711	3 398	51 209	41 976

<sup>1</sup> This category covers local authority business operations, as well as enterprises owned by central and local government

KLP has a lending portfolio of high-quality, with limited credit risk and historically very low losses. In the main KLP provides loans secured on housing with a loan-to-value ratio less than 80 per cent, loans to local authorities and loans with government (central/local) guarantees. Lending secured through mortgages on housing amounts to NOK 3.4 billion. The sector diversification of KLP lending is very small, since a very high proportion of the loans are to the public sector. The concentration risk this suggests is however hardly realistic since the loans are covered by public sector guarantee, which involves an extremely low counterparty risk.

NOV	·II.	
NOK	millions	

Individual write-downs on loans at amortized cost Number of loans
Total principal before write-downs Write-downs
Total principal after write-downs
Individual write-downs

Write-down on individual loans 01.01.

Known losses for the period where individual write-down has been carried Write-down on individual loans for the period

Reversal of write-down on individual loans for the period

Write-down on individual loans

#### NOK millions

Loans overdue, not written down 30-90 days over 90 days Total overdue loans

The numbers are absolute figures, the amounts are given in NOK million. Defaulted loans are loans measured at amortized cost. All write-downs are in regard to housing mortgage lending.

	2015	2014
	6	6
	1.35	0.71
	1.14	0.68
	0.21	0.03
	0.68	1.45
l out previously	0.00	-0.83
	0.67	0.10
	-0.21	-0.03
	1.14	0.68
	2015 Remaining debt	2014 Remaining debt
	12	13
	3	24
	15	38

### Note 14 Shares and holdings in subsidiaries, associated enterprises and jointly controlled entities

	Office and business address	Holding %	OE on first acquisition	Acquisition cost		Additions/ disposals	Value adjustment	Profit/ loss share	Equity transaction	Book value 31.12.15
Shares in the corporate p	ortfolio property subsidiari	es								
KLP Huset AS	Dronning Eufemiasgate 10 0191 Oslo		0.0	0.1	1 470.9	0.0	194.6	75.5	-67.9	1 673.1
Total shares and units in pr	roperty subsidiaries in the c	orporate	portfolio	0.1	1 470.9	0.0	194.6	75.5	-67.9	1 673.1
Shares in the corporate po Subsidiaries (excl. propert										
KLP Skadeforsikring AS	Dronning Eufemiasgate 10 0191 Oslo	100 %	58.7	78.7	1 151.5	0.0	0.0	172.8	-27.1	1 297.2
KLP Bedriftspensjon AS	Dronning Eufemiasgate 10 0191 Oslo	100 %	50.0	50.0	103.1	0.0	0.0	-24.2	231.4	310.4
KLP Fondsforvaltning AS (KLP Kapitalforvaltning AS after merger) <sup>1</sup>	Dronning Eufemiasgate 10 0191 Oslo	100 %	6.6	14.0	41.3	116.0	0.0	46.1	-17.4	186.0
KLP Forsikringsservice AS	Dronning Eufemiasgate 10 0191 Oslo	100 %	0.1	0.1	7.5	0.0	0.0	0.2	0.2	7.9
KLP Bankholding AS	Dronning Eufemiasgate 10 0191 Oslo	100 %	15.1	15.1	1 270.7	0.0	0.0	49.4	206.9	1 527.0
KLP Kapitalforvaltning AS <sup>1</sup>	Dronning Eufemiasgate 10 0191 Oslo	100 %	50.0	50.0	116.0	-116.0	0.0	0.0	0.0	0.0
Total shares and units in sub	osidiaries (excl. property) in t	he corpor	ate portfolio	207.9	2 690.1	0.0	0.0	244.3	394.1	3 328.6
<sup>)</sup> KLP Kapitalforvaltning AS	merged with KLP Fondsfor	valtning A	\S the 10th o	f January 20	15. The new	company	was named	KLP Kapita	Iforvaltning A	S
Associated enterprises in t		25.0/	20.0	5.0	( )	0.0	0.0	0.1	0.0	( 1
Norsk Pensjon AS	Hansteens gate 2 0253 Oslo	25 %	20.0	5.0	4.0	0.0	0.0	0.1	0.0	4.1
Fylkeshuset AS, Molde	Fylkeshuset 6404 Molde	48 %	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total shares and units in as	ssociated enterprises in the	corporate	e portfolio	5.0	4.0	0.0	0.0	0.1	0.0	4.1
	ther subsidiaries, associated trolled entities in the corpo		folio	212.9	2 694.1	0.0	0.0	244.4	394.1	3 332.7
Total subsidiaries, associate	ed enterprises and jointly co	ontrolled	entities	213.0	4 165.0	0.0	194.6	319.9	326.2	5 005.8
Property subsidiaries Shares in the common and KLP Eiendom AS	d investment option portfo Dronning Eufemiasgate 10 0191 Oslo		0.1	0.1	42 652.3	0.0	3 503.0	2 312.3	5 182.7	53 650.2
Total shares and units in pr common and investment of	roperty subsidiaries in the			0.1	42 652.3	0.0	3 503.0	2 312.3	5 182.7	53 650.2
jointly controlled entities	in the common portfolio									
KLP Norfund Investments A		50 %	0.1	183.8	131.0	74.6	20.6	0.0	0.0	226.1
Total shares and units in jo	intly controlled entities in t	he comm	on portfolio	183.8	131.0	74.6	20.6	0.0	0.0	226.1
Associated enterprises in a Norfinance AS	<b>the common portfolio</b> Støperigata 2 0250 OSLO	18.3 %	92.3	102.5	112.9	0.0	24.4	0.0	0.0	137.4
Total shares and units in as	ssociated enterprises in the	common	portfolio	102.5	112.9	0.0	24.4	0.0	0.0	137.4
Total shares and units in as jointly controlled entities in				286.3	243.9	74.6	45.0	0.0	0.0	363.5

All shares and other holdings have equal voting proportions.

## Note 15 Shares and equity fund units

C	5	
NOK millions	Number	Market value
NORWAY		
HIDDN SECURITY AS	23 98	4 0
NORDIC TRUSTEE HOLDING ASA	11 17	5 45
SILVER PENSJONSFORSIKRING AS	556 44	4 0
TOTAL, UNSPECIFIED		45
EUROPRIS ASA	1 017 44	4 44
KONGSBERG AUTOMOTIVE HOLDING AS	A 10 898 21	1 68
SCHIBSTED ASA	88 24	8 26
SCHIBSTED ASA-B SHS	244 04	
XXL ASA	587 18	
TOTAL, CONSUMABLES		266
AUSTEVOLL SEAFOOD ASA	272 50	1 15
LEROY SEAFOOD GROUP ASA	126 65	
MARINE HARVEST ASA	1 404 29	
ORKLA ASA	1 963 10	
SALMAR ASA	193 79	
TOTAL, CONSUMER GOODS	20070	392
2VK INVEST AS	2 690 00	0 C
AKER SOLUTIONS ASA	129 56	8 4
AWILCO LNG ASA	254 50	0 1
BONHEUR ASA	79 71	7 4
DET NORSKE OLJESELSKAP ASA	1 703 57	4 94
DNO INTERNATIONAL ASA	1 473 16	
DOF ASA	280 88	
EIDESVIK OFFSHORE ASA	382 83	
GANGER ROLF ASA	396 77	
NORTH ENERGY ASA	3 008 32	
ODFJELL DRILLING LTD PANORO ENERGY ASA	300 00 7 458 29	
PETROLEUM GEO-SERVICES ASA	1 764 06	
SOLSTAD OFFSHORE ASA	155 64	
STATOIL ASA	3 454 13	
TGS NOPEC GEOPHYSICAL CO ASA	35 75	
TOTAL, ENERGY		645
AKER ASA	267 09	3 44
DNB ASA	3 224 95	3 354
GJENSIDIGE FORSIKRING ASA	12 48	
NMI AS	11 698 40	
OLAV THON EIENDOMSSELSKAP ASA	118 71	
OSLO BORS VPS HOLDING ASA	4 300 20	
STOREBRAND ASA TOTAL, FINANCIAL	2 793 20	1 98 897
TOTAL, FINANCIAL		057
NORDIC NANOVECTOR ASA	168 57	1 2
PCI BIOTECH HOLDING ASA	628 85	
PHOTOCURE ASA	950 00	
REDCORD AS	7 10	
TARGOVAX AS	270 00	) 4
VISTIN PHARMA AS	145 150	) 3
WEIFA ASA	16 128 26	6 15
WEIFA ASA	1 040 00	
TOTAL, HEALTHCARE		68
MASTER MARINE AS	2 596 13	
NORWEGIAN AIR SHUTTLE ASA	304 81	
ODFJELL SE	283 13	
RENONORDEN ASA	569 50	
WILH WILHELMSEN HOLDING ASA	197 90	
WILH WILHELMSEN HOLDING ASA	13 57	
TOTAL, INDUSTRY		154

		1 . 1
NOK millions	Number Ma	arket value
BOUVET ASA	221 718	21
NORDIC SEMICONDUCTOR ASA	2 424 920	105
OPERA SOFTWARE ASA	665 445	34
Q FREE ASA	3 200 000	31
TOTAL, IT		190
	(05 700	_
MAGSEIS AS	495 780	7
NORSK HYDRO ASA	7 172 676	238
YARA INTERNATIONAL ASA TOTAL, RAW MATERIALS	739 026	283 528
TOTAL, NAW PIATERIALS		520
TELENOR ASA	2 159 896	320
TOTAL, TELECOM		320
HAFSLUND ASA	5 327 265	313
HAFSLUND ASA	3 953 122	231
RINGERIKS-KRAFT AS	150	140
SCATEC SOLAR ASA	150 000	6
TRONDER ENERGI AS	1 153 846	611
TRONDER ENERGI NETT AS	900 000	101
TUSSA KRAFT AS	454	251
TOTAL DISTRIBUTION		1653
		5 4 5 0
NORWAY		5 158
FOREIGN		
NORVESTOR HOLDING AS / CRAYON	5 200 000	73
TOTAL, UNSPECIFIED	200 000	73
		12
21ST CENTURY FOX B	28 492	7
ABC-MART INC	2 200	1
ACCOR SA	13 511	5
ADIDAS AG	13 905	12
ADVANCE AUTO PARTS INC	4 700	6
AISIN SEIKI CO LTD	12 600	5
ALTICE NV – B –W/I	5 933	1
ALTICE SA	17 799	2
AMAZON.COM INC	25 179	151
AUTOZONE INC	1 955	13
AXEL SPRINGER AG	2 859	1
BARRATT DEVELOPMENTS BAYERISCHE MOTOREN WERKE AG	65 931 22 006	5 21
BAYERISCHE MOTOREN WERKE AG	3 485	21
BED BATH & BEYOND INC	11 147	5
BENESSE HOLDINGS INC	4 800	1
BEST BUY CO INC	20 384	5
BORGWARNER INC	14 300	5
BRIDGESTONE CORP	40 400	12
BRITISH SKY BROADCASTING GROUP PLC	68 623	10
BURBERRY GROUP PLC	29 812	5
CABLEVISION SYSTEMS CORP	12 900	4
CANADIAN TIRE CORPORATION LTD	4 900	4
CARMAX INC	13 300	6
CARNIVAL CORP	25 403	12
CARNIVAL PLC	12 239	6
CARPHONE WAREHOUSE GROUP PLC	62 951	4
CASIO COMPUTER CO LTD CBS CORP	11 200 27 129	2 11
CHARTER COMMUNICATIONS INC	27 129 5 053	11 8
CHARTER COMMONICATIONS INC CHIPOTLE MEXICAN GRILL INC	2 000	8 8
CHRISTIAN DIOR SA	2 000 3 623	5
COACH INC	18 300	5
COMCAST CORP	157 258	79
COMPAGNIE FINANCIERE RICHEMONT SA	33 316	21
COMPAGNIE GENERALE DES ETABLISSE-		
MENTS MICHELIN SCA	12 344	10

NOK millions	Number	Market value	NOK millions	Number N	1arket value
COMPASS GROUP PLC	104 358	16	KOHL'S CORP	13 194	6
CONTINENTAL AG	7 311	16	KOITO MANUFACTURING CO LTD	6 800	3
CROWN LTD	27 117	2	L BRANDS INC	15 516	13
D.R. HORTON, INC.	20 600	6	LAGARDERE SCA	9 329	2
DAIHATSU MOTOR CO LTD	9 200	1	LAS VEGAS SANDS CORP	24 101	9
DAIMLER AG	61 344	46	LEAR CORP	5 100	6
DARDEN RESTAURANTS INC	6 800	4		8 800	3
DELPHI AUTOMOTIVE PLC	18 009	4	LEGGETT & PLATT INC		5
		14	LENNAR CORP	11 600	
DENSO CORP	30 200	7		340 920	2
	13 700		LIBERTY GLOBAL INC	16 235	6
DICK'S SPORTING GOODS INC	5 700	2	LIBERTY GLOBAL INC	40 232	15
DISCOVERY COMMUNICATIONS INC	9 300	2	LIBERTY INTERACTIVE CORP	28 859	7
DISCOVERY COMMUNICATIONS INC	18 900	4	LIBERTY MEDIA CORP	6 000	2
DISH NETWORK CORP	14 800	7	LIBERTY MEDIA CORP – C	13 500	5
OOLLAR GENERAL CORP	18 662	12	LKQ CORP	20 200	5
DOLLAR TREE INC	13 551	9	LOWE'S COMPANIES INC	58 599	39
OOLLARAMA INC.	8 200	4	LULULEMON ATHLETICA INC	7 300	3
DON QUIJOTE CO LTD	8 800	3	LUXOTTICA GROUP SPA	11 207	7
ELECTROLUX AB	16 302	4	LVMH MOET HENNESSY LOUIS VUITTON SA	18 194	25
EUTELSAT COMMUNICATIONS SA	12 529	3	MACY'S INC	21 656	7
EXPEDIA INC	6 850	8	MAGNA INTERNATIONAL INC	27 288	10
FAST RETAILING CO LTD	3 500	11	MARKS AND SPENCER GROUP PLC	109 466	6
FIAT CHRYSLER AUTOMOBILES NV	59 779	7	MARRIOTT INTERNATIONAL INC	13 231	8
LIGHT CENTRE LTD	1 856	0	MARUI GROUP CO LTD	13 400	2
OOT LOCKER INC	8 067	5	MATTEL INC	22 176	5
FORD MOTOR CO	233 608	29	MAZDA MOTOR CORP	36 800	7
UII HEAVY INDUSTRIES LTD	36 600	14	MCDONALD'S CORP	59 649	62
GALAXY ENTERTAINMENT GROUP LTD	150 000	4	MCDONALD'S HOLDINGS CO(JAPAN) LTD	4 500	1
GAMESTOP CORP	6 600	2	MELCO CROWN ENTERTAINME-ADR	6 000	1
GANNETT CO	13 700	3	MERLIN ENTERTAINME	44 455	3
GAP INC	16 001	3	MGM CHINA HOLDINGS LTD	79 600	1
GARMIN LTD	7 500	2		26 100	5
		27	MGM RESORTS INTERNATIONAL		4
GENERAL MOTORS CO	90 289		MICHAEL KORS HOLDINGS LTD	12 600	4
	421 300	2	MITSUBISHI MOTORS CORP	40 000	
GENUINE PARTS CO	9 875	8	MOHAWK INDUSTRIES INC	4 000	7
GILDAN ACTIVEWEAR INC	15 100	4	NAMCO BANDAI HOLDINGS INC	10 700	2
SKN PLC	106 829	4	NETFLIX INC	25 296	26
1&M HENNES&MAURITZ AB	63 102	20	NEWELL RUBBERMAID INC	17 018	7
1&R BLOCK INC	14 935	4	NEWS CORP – CLASS A	24 545	3
HAKUHODO DY HOLDINGS INC	13 200	1	NEXT PLC	9 652	9
IANESBRANDS INC	26 000	7	NGK SPARK PLUG CO LTD	11 300	3
HARLEY-DAVIDSON INC	13 244	5	NHK SPRING CO LTD	10 300	1
HARMAN INTERNATIONAL IND	4 200	4	NIKE INC	85 872	48
IARVEY NORMAN HOLDINGS LTD	46 477	1	NIKON CORP	25 200	3
HASBRO INC	7 400	4	NISSAN MOTOR CO LTD	155 400	15
HERMES INTERNATIONAL	1 754	5	NITORI HOLDINGS CO LTD	4 700	4
HIKARI TSUSHIN	1 400	1	NOK CORP	6 600	1
ILTON WORLDWIDE HOLDINGS IN	31 400	6	NOKIAN RENKAAT OYJ	6 369	2
IOME DEPOT INC	81 328	95	NORDSTROM INC	9 500	4
ONDA MOTOR CO LTD	103 200	30	NORWEGIAN CRUISE LINE HOLDIN	9 000	5
IUGO BOSS AG	4 348	3	NUMERICABLE GROUP	5 765	2
	33 815	2		15 016	10
IUSQVARNA AB		2			10
IDA GROUP HOLDINGS CO LTD	10 500		O'REILLY AUTOMOTIVE INC	6 206	
NDITEX S.A.	69 482	21	ORIENTAL LAND CO LTD	12 700	7
NTERCONTINENTAL HOTELS GROUP PL		5	PANASONIC CORP	137 400	13
NTERPUBLIC GROUP OF COMPANIES IN		6	PANDORA A/S	7 175	8
SETAN MITSUKOSHI HOLDINGS LTD	23 200	3	PEARSON PLC	54 518	5
SUZU MOTORS LTD	39 500	4	PERSIMMON PLC	19 578	5
TV PLC	248 691	9	PEUGEOT SA	30 564	5
FRONT RETAILING CO LTD	14 700	2	POLARIS INDUSTRIES INC	4 200	3
ARDEN CORP	12 600	6	PORSCHE AUTOMOBIL HOLDING SE	9 967	5
JARDINE CYCLE & CARRIAGE LTD	8 888	2	PPR SA	5 035	8
JCDECAUX SA	4 481	2	PRICELINE COM INC	3 211	36
	42 200	15	PROSIEBENSAT 1 MEDIA AG	14 542	7
JOHNSON CONTROLS INC	42 200				
JOHNSON CONTROLS INC KABEL DEUTSCHLAND HOLDING AG	42 200 1 401	2		12 493	7
			PUBLICIS GROUPE SA PULTEGROUP INC	12 493 17 566	7 3

NOK millions	Number	Market value
PVH CORP	5 500	4
RAKUTEN INC	60 400	6
RALPH LAUREN CORP	4 000	4
REA GROUP LTD	3 640	1
REED ELSEVIER NV	67 081	10
REED ELSEVIER PLC	75 113	12
RENAULT SA	12 775	11
RESTAURANT BRANDS INTERN	12 548	4
RINNAI CORP ROSS STORES INC	1 900 25 627	2 12
ROYAL CARIBBEAN CRUISES	10 608	12
ROYAL CARIBDEAN CROISES	154 966	10
RTL GROUP	2 367	2
SANDS CHINA LTD	160 800	5
SANKYO CO LTD	4 300	1
SANRIO CO LTD	4 100	1
SCRIPPS NETWORKS INTERACTIVE INC	4 500	2
SEGA SAMMY HOLDINGS INC	10 400	1
SEKISUI CHEMICAL CO LTD	24 900	3
SEKISUI HOUSE LTD	37 700	6
SES SA	20 526	5
SHANGRI-LA ASIA LTD	106 000	1
SHAW COMMUNICATIONS INC	26 587	4
SHIMAMURA CO LTD	1 500	2
SHIMANO INC	4 800	7
SIGNET JEWELERS LTD	4 800	5
SINGAPORE PRESS HOLDINGS LTD	95 550	2
SIRIUS XM RADIO INC	158 300	6
SJM HOLDINGS LTD	163 000	1
SODEXO SA	6 266	5
SONY CORP SPORTS DIRECT INTERNATIONAL	78 600 15 314	17 1
SPORTS DIRECT INTERNATIONAL STANLEY ELECTRIC CO LTD	8 400	1 2
STAPLES INC	42 535	4
STARBUCKS CORP	94 001	50
STARWOOD HOTELS & RESORTS	21001	50
WORLDWIDE INC	11 099	7
SUMITOMO ELECTRIC INDUSTRIES LTD	48 200	6
SUMITOMO RUBBER INDUSTRIES LTD	13 200	2
SUZUKI MOTOR CORP	24 900	7
TABCORP HOLDINGS LTD	41 810	1
TAKASHIMAYA CO LTD	14 000	1
TARGET CORP	37 811	24
TATTS GROUP LTD TAYLOR WIMPEY	107 744	3
	209 265	6 3
TECHTRONIC INDUSTRIES CO TELENET GROUP HOLDING NV	87 000 3 821	2
TESLA MOTORS INC	6 300	-
THE GOODYEAR TIRE & RUBBER CO	17 800	5
SWATCH GROUP INH	2 0 3 4	6
SWATCH GROUP NAM	3 7 3 1	2
THOMSON REUTERS CORP	22 420	7
TIFFANY & CO	8 300	6
TIME WARNER CABLE INC	17 838	29
TIME WARNER INC	51 654	30
TJX COMPANIES INC	42 711	27
TOHO CO LTD	8 100	
TOLL BROTHERS INC	11 000	
TOYODA GOSEI CO LTD	6 200	
	10 800	5
	173 200	95
TRACTOR SUPPLY CO TRIPADVISOR INC	8 700 7 800	7 6
TUI AG-DI	30 018	5
TWENTY-FIRST CENTURY FOX	77 327	19

NOK millions         Number         Market value           ULTA SALON COSMETICS AND FRAGRANCE INC         4         100         7           UNDER ARMOUR INC         11         800         8           USS CO LTD         15         900         2           VALEO SA         5         110         7           VF CORP         22         100         12           VALEO SA         5         110         7           VF CORP         22         100         12           VVENDI SA         76         440         15           VOLKSWAGEN STAMM         2394         3           WALT DISNEYCO         101         554         94           WHIRLPOOL CORP         5         140         7           WHIRBRAD PLC         11         847         7           WILLIAM HILL PLC         56         344         3           WOTHER SILWER NV         20         019         6           WYN DHAM WORLDWIDE CORP         7 500         5         101           WYN MACAU LTD         125         300         2           WYN MACAU CORP         12         700         3           YAMAHA DORP CO LTD         46			
NC         4 100         7           UNDER ARMOUR INC         11 800         8           USS CO LID         15 900         22           VALEO SA         5 110         7           VF CORP         22 100         12           VIACOM INC         22 177         8           VVENDI SA         76 440         15           VOLKSWAGEN VORZUG         10 805         14           VOLKSWAGEN STAMM         2 394         3           WALT DISNEY CO         101 554         94           WILLIAM HILL PLC         56 344         3           WOLTERS KLUWER NV         20 019         6           WPP PLC         82 037         17           WYNDHAM WORLDWIDE CORP         7 500         5           WYNN RESORTS LID         5 400         3           YAMADA DENKI CO LID         15 400         3           YOKOHAMA RUBBER CO LTD         8 500         1           YAMAHA MOTOR CO LID         15 400         10           YOKOHAMA RUBBER CO LTD         8 500         1           YUE YUEN INDUSTRIAL (HOLDINGS) LID         3 500         2           YUE YUEN INDUSTRIAL (HOLDINGS) LID         3 300         9           ASAHI G	NOK millions	Number	Market value
UNDER ARMOUR INC         11 800         8           USS CO ITD         15 900         2           VALEO SA         5 110         7           VF CORP         22 100         122           VIACO MINC         22 177         8           VIVENDI SA         76 440         15           VOLKSWAGEN VORZUG         10 805         144           VOLKSWAGEN VORZUG         10 1554         94           WHIRLPOOL CORP         5 140         7           WHITBREAD PLC         11 847         7           WILLIAM HILL PLC         56 344         3           VOUTERS KLUWER NV         20 019         6           WPP PLC         82 037         17           WYNN MACAU LTD         123 400         1           YMANA DENKI CO LTD         38 500         1           YAMAHA MOTOR CO LTD         15 400         3           YOKOHAMA RUBBER CO LTD         8 000         1           YUE VIEN INDUSTRIAL (HOLDINGS) LTD         53 500         2           YUM BRANDS INC         26 782         17           TOTAL, CONSUMABLES         2 549         1           ANHEUSER BUSCH INBEV SA         6 7845         75           AGHIG DANNEL			_
USS CO LTD         15 900         2           VALEO SA         5 110         7           VF CORP         22 100         12           VIACOM INC         22 177         8           VIVENDI SA         76 440         15           VOLKSWAGEN VORZUG         10 805         14           VOLKSWAGEN STAMM         2 394         3           WALT DISNEY CO         101 554         94           WHITBREAD PLC         11 847         7           WILLAM HILL PLC         56 344         3           WOLTERS KLUWER NV         20 019         6           WYNN MACAU LTD         123 400         1           YMANDAM WORLDWIDE CORP         7 500         5           YMANDA MORTO CO LTD         3 8500         1           YAMADA DENKI CO LTD         3 5500         2           YUMAHA MOTOR CO LTD         15 400         3           YOKOHAMA RUBBER CO LTD         8 000         1           YUE YUEN INDUSTRIAL (HOLDINGS) LTD         53 500         2           YUM BRANDS INC         26 782         17           TOTAL CONSUMABLES         2549         4           ACON CO LTD         4 6100         6           AJINMOTO CO IN			
VALEO SA         5 110         7           VF CORP         22 100         12           VIACOM INC         22 177         8           VVENDI SA         76 440         15           VOLKSWAGEN VORZUG         10 805         14           VOLKSWAGEN STAMM         2 394         3           WALT DISNEY CO         101 554         94           WILLIAM HILL PLC         56 344         3           WOLTERS KLUWER NV         20 019         6           WPP PLC         82 037         17           WYNN MACAU LID         123 400         1           WYNN MACAU LID         54 00         3           YMAAHA MOROR CO LID         15 400         3           YAMAHA MOTOR CO LID         15 400         3           YOKOHAMA RUBBER CO LID         8 000         1           YUE VIEN INDUSTRIAL (HOLDINGS) LID         25 500         2           YUM BRANDS INC         26 782         17           ACINC OL ID         46 100         6           AJINOMOTO CO INC         49 000         10           ALIMENTATION COUCHE-TARD INC         30 917         12           ANHELS MIDLAND CO         50 321         16           MYZTA A			
VF CORP         22 100         12           VIACOM INC         22 177         8           VIVENDI SA         76 440         15           VOLKSWAGEN VORZUG         10 805         14           VOLKSWAGEN STAMM         2 394         3           WAIT DISINEY CO         101 1554         94           WIRLPOL CORP         5 140         7           WHITBREAD PLC         11 847         7           WILLAM HILL PLC         56 344         3           WOLTERS KLUWER NV         20 019         6           WPP PLC         82 037         177           WYNN NESOFTS ITD         5 400         3           YAMAAD DENKI CO ITD         38 500         1           YAMAHA CORP         12 700         3           YAMAHA CORP         12 700         3           YAMAHA RUBBER CO ITD         8000         1           YUE YUEN INDUSTRIAL (HOLDINGS) ITD         53 500         2           YUM BRANDS INC         26 782         77           TOTAL CONSUMABLES         2549           AEON CO ITD         46 100         6           AJINOMOTO CO INC         49 000         10           AIMENTATION COUCHE-TARD INC         30 917			
VIACOM INC         22 177         8           VIVEND SA         76 440         15           VOLKSWAGEN STAMM         2 394         33           WALT DISNEY CO         101 554         94           WHIRPOOL CORP         5 140         7           WHIBREAD PLC         11 847         7           WILLAM HIL PLC         56 344         33           WOTERS KLUWER NV         20 019         6           WPP PLC         82 037         17           WYNN MACAU LTD         123 400         1           WYNN MACAU LTD         54 00         3           YAMADA DENKI CO LTD         38 500         1           YMAHA MOTOR CO LTD         15 400         3           YOKOHAMA RUBBER CO LTD         8 000         10           YUE YUEN INDUSTRIAL (HOLDINGS) LTD         23 500         2           YUM: BRANDS INC         26 782         17           TOTAL, CONSUMABLES         2549         10           ALINENTATION COUCHE-TARD INC         30 917         12           ANHEUSER BUSCH INBEV SA         67 845         755           ARCHER DANIELS MIDLAND CO         50 321         16           ANYZTA AG         6 919         3         354 </td <td></td> <td></td> <td>-</td>			-
VIVENDI SA         76 440         15           VOLKSWAGEN VORZUG         10 805         14           VOLKSWAGEN VORZUG         10 805         14           VOLKSWAGEN STAMM         2 394         3           WALT DISNEY CO         101 554         94           WHIRLPOOL CORP         5 140         7           WHITBEAD PLC         11 847         7           WILLIAM HILL PLC         56 344         3           WOLTERS KLUWER NV         20 019         6           WPP PLC         82 037         17           WYNDHAACAU LTD         123 400         1           WYNN RESORTS LTD         5 400         3           YAMADA DENKI CO LTD         15 400         3           YAMAHA MOTOR CO LTD         15 400         3           YAMAHA MOTOR CO LTD         8 000         1           YUE YUEN INDUSTRIAL (HOLDINGS) LTD         53 500         2           YUM BRANDS INC         26 782         17           TOTAL CONSUMABLES         2549         75           ARCHER DANIELS MIDLAND CO         50 321         16           AINENTATION COUCHE-TARD INC         30 917         122           ANCHESE BUSCH INREV SA         67 845         75			
VOLKSWAGEN STAMM         2 394         3           WAIT DISNEY CO         101 554         94           WHIRDOOL CORP         5 140         7           WILLIAM HILL PLC         18 47         7           WILLIAM HILL PLC         56 344         3           WOLTERS KUWER NV         20 019         6           WPP PLC         82 037         17           WYNN MACAU LTD         123 400         1           WYNN MACAU LTD         123 400         1           WYNN RESORTS LTD         5 400         3           YAMADA DENKI CO LTD         15 400         3           YAMAHA CORP         12 700         3           YOKOHAMA RUBBER CO LTD         8 000         1           YUE YUEN INDUSTRIAL (HOLDINGS) LTD         55 500         2           YUM BRANDS INC         26 782         17           TOTAL, CONSUMABLES         2 549         1           ACON CO LTD         46 100         6           AJINOMOTO CO INC         49 000         10           ALIMENTATION COUCHE-TARD INC         30 917         12           ANHEUSER BUSCH INBEV SA         67 8455         75           ARCHER DANIELS MIDLAND CO         50 321         16 </td <td></td> <td></td> <td></td>			
WALT DISNEY CO         101 554         94           WHIRPOOL CORP         5 140         7           WHIRBEAD PLC         11 847         7           WILLIAM HILL PLC         56 344         3           WOLTERS KLUWER NV         20 019         6           WPN PLC         82 037         17           WYNDHAM WORLDWIDE CORP         7 500         5           WYNN MEACU ITD         123 400         1           WYNN MACAU ITD         123 500         1           YAMADA DENKI CO ITD         38 500         1           YAMAHA MORD CO ITD         15 400         3           YOKOHAMA RUBBER CO ITD         8 000         1           YUE NINDUSTRIAL (HOLDINGS) ITD         53 500         2           YUM! BRANDS INC         26 782         7           TOTAL, CONSUMABLES         2 549         2           AEON CO ITD         46 100         6           AJINOMOTO CO INC         49 000         10           AJINOMOTO CO INC         45 017         23           ARCHER DANIELS MIDLAND CO         50 321         6           ARYIZTA AG         6 919         3         300           ASAHI GROUP HOLDINGS ITD         33 300         9 <td>VOLKSWAGEN VORZUG</td> <td>10 805</td> <td>14</td>	VOLKSWAGEN VORZUG	10 805	14
WHIRLPOOL CORP         5 140         7           WHIRLPOL         11 847         7           WILLIAM HILL PLC         56 344         3           WOLTERS KLUWER NV         20 019         6           WPP PLC         82 037         17           WYNDHAM WORLDWIDE CORP         7 500         5           WYNN MACAU LTD         123 400         1           YAMADA DENKI CO LTD         38 500         1           YAMAHA CORP         12 700         3           YAMAHA MOTOR CO LTD         15 400         3           YOKOHAMA RUBBER CO LTD         8000         1           YUE YUEN INDUSTRIAL (HOLDINGS) LTD         53 500         2           YUMI BRANDS INC         26 782         17           TOTAL, CONSUMABLES         25 549         2           ACON CO LTD         46 100         6           AJINOMOTO CO INC         49 000         10           ALIMENTATION COUCHE-TARD INC         30 917         12           ANHEUSER BUSCH INBEV SA         67 845         75           ASHI GROUP HOLDINGS LTD         33 300         9           ASSOCIATED BRITISH FOODS PLC         30 664         13           BARKAFROST P/F         172 446 <t< td=""><td>VOLKSWAGEN STAMM</td><td>2 394</td><td>3</td></t<>	VOLKSWAGEN STAMM	2 394	3
WHITBREAD PLC         11 847         7           WILLIAM HILL PLC         56 344         3           WOLTERS KLUWER NV         20 019         6           WPP PLC         82 037         17           WYNNHAM WORLDWIDE CORP         7 500         5           WYNN MACAU LTD         123 400         1           WYNN RESORTS LTD         5 400         3           YAMADA DENKI CO LTD         18 500         1           YAMAHA CORP         12 700         3           YAMAHA CORP         12 500         3           YOKOHAMA RUBBER CO LTD         8 000         1           YUE YUEN INDUSTRIAL (HOLDINGS) LTD         53 500         2           YUM BRANDS INC         26 782         17           TOTAL, CONSUMABLES         2 549         7           ACON CO LTD         46 100         6           AJINOMOTO CO INC         49 000         10           ALIMENTATION COUCHE-TARD INC         30 917         12           ANHEUSER BUSCH INBEV SA         67 845         75           ARCHER DANIELS MIDLAND CO         50 321         16           ARYZTA AG         6 919         3< 300	WALT DISNEY CO	101 554	94
WILLIAM HILL PLC         56 344         3           WOLTERS KLUWER NV         20 019         6           WPP PLC         82 037         17           WYNDHAM WORLDWIDE CORP         7 500         5           WYNN MACAU LTD         1.23 400         1           WYNN RESORTS LTD         5 400         3           YAMADA DENNI CO LTD         136 500         1           YAMAHA MOROR CO LTD         15 400         3           YOKOHAMA RUBBER CO LTD         8 000         1           YUE VIEN INDUSTRIAL (HOLDINGS) LTD         53 500         2           YUM! BRANDS INC         26 782         17           TOTAL, CONSUMABLES         2549           ACON CO LTD         46 100         6           AJINOMOTO CO INC         49 000         10           ALIMENTATION COUCHE-TARD INC         30 917         12           ANHEUSER BUSCH INBEV SA         67 845         75           ARCHER DANIELS MIDLAND CO         50 321         16           ARYZTA AG         6 919         3           SASOCIATED BRITISH FOODS PLC         30 664         13           BAKKAFROST P/F         172 446         45           BARKY CALLEBAUT AG         182         2	WHIRLPOOL CORP	5 140	7
WOLTERS KLUWER NV         20 019         6           WPP PLC         82 037         17           WYNN MACAU LTD         123 400         1           WYNN MACAU LTD         123 400         1           YAMADA DENKI CO LTD         38 500         1           YAMAHA CORP         12 700         3           YAMAHA CORP         12 700         3           YAMAHA CORP         12 700         3           YAMAHA MOTOR CO LTD         15 400         3           YOKOHAMA RUBBER CO LTD         8000         1           YUE YUEN INDUSTRIAL (HOLDINGS) LTD         53 500         2           YUM! BRANDS INC         26 782         17           TOTAL, CONSUMABLES         2 549         2           ACON CO LTD         46 100         6           AJINOMOTO CO INC         49 000         10           ALIMENTATION COUCHE-TARD INC         30 917         12           ANCHER DANIELS MIDLAND CO         50 321         16           ARCHER DANIELS MIDLAND CO         50 321	WHITBREAD PLC		
WPP PLC         82 037         17           WYNDHAM WORLDWIDE CORP         7 500         5           WYNN MACAU LTD         123 400         1           WYNN RESORTS LTD         5 400         3           YAMADA DENKI CO LTD         38 500         1           YAMADA DENKI CO LTD         15 400         3           YOKOHAMA RUBBER CO LTD         8 000         1           YUE YUEN INDUSTRIAL (HOLDINGS) LTD         5 3 500         2           YUM! BRANDS INC         26 782         17           TOTAL, CONSUMABLES         2 549         0           ACON CO LTD         46 100         6           AJINOMOTO CO INC         49 000         00           ALIMENTATION COUCHE-TARD INC         30 917         122           ANHEUSER BUSCH INBEV SA         67 845         75           ARCHER DANIELS MIDLAND CO         50 21         16           ARIYZTA AG         6 919         3           ASAHI GROUP HOLDINGS LTD         33 300         9           ASSCALAFED BRITISH FOODS PLC         30 664         13           BARKY CALLEBAUT AG         182         2           BELERSDORF AG         6 699         5           BOWN-FORMAN CORP         346 <td></td> <td></td> <td></td>			
WYNDHAM WORLDWIDE CORP         7 500         5           WYNN MACAU LTD         123 400         1           WYNN RESORTS LTD         5 400         3           YAMAD DENKI CO LTD         38 500         1           YAMAH CORP         12 700         3           YAMAH CORP         12 700         3           YAMAH CORP         12 700         3           YOKOHAMA RUBBER CO LTD         8 000         1           YUE YUEN INDUSTRIAL (HOLDINGS) LTD         53 500         2           YUM! BRANDS INC         2 549         2           AEON CO LTD         46 100         6           AJIMONTOT CO INC         49 000         10           ALIMENTATION COUCHE-TARD INC         30 917         12           ANHEUSER BUSCH INBEV SA         67 845         75           ARCHER DANIELS MIDLAND CO         50 321         16           ARYZTA AG         6 919         3           ASAHI GROUP HOLDINGS LTD         33 300         9           ASSOCIATED BRITISH FOODS PLC         30 664         13           BAKKAFROST P/F         172 446         45           BARNY CALLEBAUT AG         182         2           BEIENSDORF AG         6 699         5<			
WYNN MACAU LTD         123 400         1           WYNN RESORTS LTD         5 400         3           YAMADA DENKI CO LTD         38 500         1           YAMAHA CORP         12 700         3           YAMAHA MOTOR CO LTD         15 400         3           YOKOHAMA RUBBER CO LTD         8 000         1           YUE YUEN INDUSTRIAL (HOLDINGS) LTD         53 500         2           YUM! BRANDS INC         26 782         17           TOTAL, CONSUMABLES         2 549           ACON CO LTD         46 100         6           AJINOMOTO CO INC         49 000         10           ALIMENTATION COUCHE-TARD INC         30 917         122           ANHEUSER BUSCH INBEV SA         67 845         75           ARCHER DANIELS MIDLAND CO         50 321         16           ARYIZTA AG         6 919         3           ASAHI GROUP HOLDINGS LTD         33 300         9           ASSOCIATED BRITISH FOODS PLC         30 664         13           BARKY CALLEBAUT AG         182         2           BELERSDORF AG         6 699         5           BOWN-FORMAN CORP         9 346         8           BUNGE LTD         12 500         8     <			
WYNN RESORTS LTD         5 400         3           YAMADA DENKI CO LTD         38 500         1           YAMAHA CORP         12 700         3           YAMAHA CORP         12 700         3           YAMAHA CORP         12 700         3           YAMAHA MOBBER CO LTD         15 400         3           YUE YUEN INDUSTRIAL (HOLDINGS) LTD         53 500         2           YUM! BRANDS INC         26 782         17           TOTAL, CONSUMABLES         2 549         2           AEON CO LTD         46 100         6           AJINOMOTO CO INC         49 000         10           ALIMENTATION COUCHE-TARD INC         30 917         122           ANHEUSER BUSCH INBEV SA         67 845         75           ARCHER DANIELS MIDLAND CO         50 321         16           ARYZTA AG         6 919         3           ASAHI GROUP HOLDINGS LTD         33 300         9           ASSOCIATED BRITISH FOODS PLC         30 664         13           BARKARROST P/F         172 446         45           BARKY CALLEBAUT AG         182         2           BEIERSDORF AG         699         5           BROWN-FORMAN CORP         9 346         8			
YMADA DENKI CO LTD         38 500         1           YAMAHA CORP         12 700         3           YAMAHA MOTOR CO LTD         15 400         3           YOKOHAMA RUBBER CO LTD         8 000         1           YUE YUEN INDUSTRIAL (HOLDINGS) LTD         53 500         2           YUM' BRANDS INC         26 782         17           TOTAL, CONSUMABLES         2 549           AEON CO LTD         46 100         6           AJINOMOTO CO INC         49 000         10           ALIMENTATION COUCHE-TARD INC         30 917         12           ANHEUSER BUSCH INBEV SA         67 845         75           ARCHER DANIELS MIDLAND CO         50 321         16           ARYZTA AG         6 919         3           ASAHI GROUP HOLDINGS LTD         33 300         9           ASSOCIATED BRITISH FOODS PLC         30 664         13           BAKKAROST P/F         172 446         45           BARRY CALLEBAUT AG         182         2           BEIERSDORF AG         6 699         5           BROWN-FORMAN CORP         9 346         8           BUNGE LTD         12 500         8           CALBEE INC         5 400         2			
YAMAHA CORP       12 700       3         YAMAHA MOTOR CO LTD       15 400       3         YOKOHAMA RUBBER CO LTD       8 000       1         YUE YUEN INDUSTRIAL (HOLDINGS) LTD       53 500       2         YUM! BRANDS INC       26 782       17         TOTAL, CONSUMABLES       2 549         AEON CO LTD       46 100       6         AJINOMOTO CO INC       49 000       10         ALIMENTATION COUCHE-TARD INC       30 917       12         ANHEUSER BUSCH INBEV SA       67 845       75         ARCHER DANIELS MIDLAND CO       50 321       16         ARYZTA AG       6 919       3         ASAHI GROUP HOLDINGS LTD       33 300       9         ASSCIATED BRITISH FOODS PLC       30 664       13         BAKKAFROST P/F       172 246       45         BARY CALLEBAUT AG       182       2         BEIERSDORF AG       6 699       5         BOWN-FORMAN CORP       9 346       8         BUNGE LTD       12 500       8         CALBEE INC       5 400       2         CAMPBELL SOUP CO       15 948       7         CARREFOUR SA       4 730       2         LINDT & SPRUENGLI			
YMAHA MOTOR CO LTD       15 400       3         YOKOHAMA RUBBER CO LTD       8 000       1         YUE YUEN INDUSTRIAL (HOLDINGS) LTD       55 500       2         YUM! BRANDS INC       26 782       17         TOTAL, CONSUMABLES       2 549         AEON CO LTD       46 100       6         AJINOMOTO CO INC       49 000       10         ALIMENTATION COUCHE-TARD INC       30 917       12         ANHEUSER BUSCH INBEV SA       67 845       75         ARCHER DANIELS MIDLAND CO       50 321       16         ARYZTA AG       6 919       3         ASAHI GROUP HOLDINGS LTD       33 300       9         ASSOCIATED BRITISH FOODS PLC       30 664       13         BAKKAFROST P/F       172 446       45         BARRY CALLEBAUT AG       182       2         BEIERSDORF AG       6 699       5         BROWN-FORMAN CORP       9 346       8         BUNGE LTD       12 500       8         CALBEE INC       5 400       2         CAMPBELL SOUP CO       15 948       7         CARSERG A/S       9 090       7         CARSERG A/S       9 090       7         CARREFOUR SA			
YUE YUEN INDUSTRIAL (HOLDINGS) LTD       53 500       2         YUM! BRANDS INC       26 782       17         TOTAL, CONSUMABLES       2 549         AEON CO LTD       46 100       6         AJINOMOTO CO INC       49 000       10         ALIMENTATION COUCHE-TARD INC       30 917       12         ANHEUSER BUSCH INBEV SA       67 845       75         ARCHER DANIELS MIDLAND CO       50 321       16         ARYZTA AG       6 919       3         ASAHI GROUP HOLDINGS LTD       33 300       9         ASSOCIATED BRITISH FOODS PLC       30 664       13         BAKKAFROST P/F       172 246       45         BARRY CALLEBAUT AG       182       2         BEIERSDORF AG       6 699       5         BROWN-FORMAN CORP       9 346       8         BUNGE LTD       12 500       8         CALBBERG A/S       9 090       7         CARLSBERG A/S       9 090       7         CARLSDERG A/S       9 090       7         CARLSDERG A/S       9 090       7         CARLEPOUR SA       41 093       11         CASINO GUICHARD PERRACHON SA       4 730       2         LINDT AND SPRU			-
YUM! BRANDS INC         26 782         17           TOTAL, CONSUMABLES         2 549           AEON CO LTD         46 100         6           AJINOMOTO CO INC         49 000         10           ALIMENTATION COUCHE-TARD INC         30 917         12           ANHEUSER BUSCH INBEV SA         67 845         75           ARCHER DANIELS MIDLAND CO         50 321         16           ARYZTA AG         6 919         3           ASAHI GROUP HOLDINGS LTD         33 300         9           ASSOCIATED BRITISH FOODS PLC         30 664         13           BAKKAFROST P/F         172 446         45           BARKY CALLEBAUT AG         182         2           BEIERSDORF AG         6 699         5           BROWN-FORMAN CORP         9 346         8           BUNGE LTD         12 500         8           CALBEE INC         5 400         2           CAMPBELL SOUP CO         15 948         7           CARLSBERG A/S         9 090         7           CARREFOUR SA         4 1093         11           CASINO GUICHARD PERRACHON SA         4 730         2           LINDT AND SPRUENGLI PART         79         4			
TOTAL, CONSUMABLES         2 549           AEON CO LITD         46 100         6           AJINOMOTO CO INC         49 000         10           ALIMENTATION COUCHE-TARD INC         30 917         12           ANHEUSER BUSCH INBEV SA         67 845         75           ARCHER DANIELS MIDLAND CO         50 321         16           ARYZTA AG         6 919         3           ASAHI GROUP HOLDINGS LTD         33 300         9           ASSOCIATED BRITISH FOODS PLC         30 664         13           BAKKAFROST P/F         172 446         45           BARRY CALLEBAUT AG         182         2           BEIERSDORF AG         6 699         5           BROWN-FORMAN CORP         9 346         8           BUNGE LTD         12 500         8           CALBEE INC         5 400         2           CAMPBELL SOUP CO         15 948         7           CARLSBERG A/S         9 090         7           CARREFOUR SA         41 093         11           CASINO GUICHARD PERRACHON SA         4 730         2           LINDT & SPRUENGLI PART         79         4           CHURCH & DWIGHT CO INC         8 400         6	YUE YUEN INDUSTRIAL (HOLDINGS) LTD	53 500	2
AEON CO LTD         46 100         6           AJINOMOTO CO INC         49 000         10           ALIMENTATION COUCHE-TARD INC         30 917         12           ANHEUSER BUSCH INBEV SA         67 845         75           ARCHER DANIELS MIDLAND CO         50 321         16           ARYZTA AG         6 919         3           ASAHI GROUP HOLDINGS LTD         33 300         9           ASSOCIATED BRITISH FOODS PLC         30 664         13           BAKKAFROST P/F         172 446         45           BARY CALLEBAUT AG         182         2           BEIERSDORF AG         6 699         5           BROWN-FORMAN CORP         9 346         8           BUNGE LTD         12 500         8           CALBEE INC         5 400         2           CAMPBELL SOUP CO         15 948         7           CARLSBERG A/S         9 090         7           CARREFOUR SA         41 093         11           CASINO GUICHARD PERRACHON SA         4 730         2           LINDT AND SPRUENGLI NAMEN         9         6           LINDT AND SPRUENGLI NAMEN         9         6           LINDT AND SPRUENGLI PART         79         4	YUM! BRANDS INC	26 782	17
AJINOMOTO CO INC       49 000       10         ALIMENTATION COUCHE-TARD INC       30 917       12         ANHEUSER BUSCH INBEV SA       67 845       75         ARCHER DANIELS MIDLAND CO       50 321       16         ARYZTA AG       6 919       3         ASAHI GROUP HOLDINGS LTD       33 300       9         ASSOCIATED BRITISH FOODS PLC       30 664       13         BAKKAFROST P/F       172 446       45         BARRY CALLEBAUT AG       182       2         BEIERSDORF AG       6 699       5         BROWN-FORMAN CORP       9 346       8         BUNGE LTD       12 500       8         CALBEE INC       5 400       2         CAREFOUR SA       41 093       11         CASINO GUICHARD PERRACHON SA       47 730       2         LINDT AND SPRUENGLI NAMEN       9       6         LINDT AND SPRUENGLI NAMEN       9       6         COCA-COLA AMATIL LTD       42 188       3         COCA-COLA AMATIL LTD       42 188       3         COCA-COLA HBC AG-CDI       16 546       3         COLACOLA HBC AG-CDI       16 546       3         CONAGRA FOODS INC       36 639       14     <	TOTAL, CONSUMABLES		2 549
AJINOMOTO CO INC       49 000       10         ALIMENTATION COUCHE-TARD INC       30 917       12         ANHEUSER BUSCH INBEV SA       67 845       75         ARCHER DANIELS MIDLAND CO       50 321       16         ARYZTA AG       6 919       3         ASAHI GROUP HOLDINGS LTD       33 300       9         ASSOCIATED BRITISH FOODS PLC       30 664       13         BAKKAFROST P/F       172 446       45         BARRY CALLEBAUT AG       182       2         BEIERSDORF AG       6 699       5         BROWN-FORMAN CORP       9 346       8         BUNGE LTD       12 500       8         CALBEE INC       5 400       2         CAREFOUR SA       41 093       11         CASINO GUICHARD PERRACHON SA       4 730       2         LINDT AND SPRUENGLI NAMEN       9       6         LINDT AND SPRUENGLI NAMEN       9       6         COCA-COLA AMATIL LTD       42 188       3         COCA-COLA AMATIL LTD       42 188       3         COCA-COLA HBC AG-CDI       16 546       3         COLACOLA HBC AG-CDI       16 546       3         CONAGRA FOODS INC       36 639       14 </td <td></td> <td></td> <td></td>			
ALIMENTATION COUCHE-TARD INC         30 917         12           ANHEUSER BUSCH INBEV SA         67 845         75           ARCHER DANIELS MIDLAND CO         50 321         16           ARYZTA AG         6 919         3           ASAHI GROUP HOLDINGS LTD         33 300         9           ASSOCIATED BRITISH FOODS PLC         30 664         13           BAKKAFROST P/F         172 446         45           BARRY CALLEBAUT AG         182         2           BEIERSDORF AG         6 699         5           BROWN-FORMAN CORP         9 346         8           BUNGE LTD         12 500         8           CALBEE INC         5 400         2           CAMPBELL SOUP CO         15 948         7           CAREFOUR SA         41 093         11           CASINO GUICHARD PERRACHON SA         4 730         2           LINDT AND SPRUENGLI NAMEN         9         6           LINDT & SPRUENGLI PART         79         4           CHURCH & DWIGHT CO INC         8 400         6           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG-CDI         16 546	AEON CO LTD	46 100	6
ANHEUSER BUSCH INBEV SA         67 845         75           ARCHER DANIELS MIDLAND CO         50 321         16           ARYZTA AG         6 919         3           ASAHI GROUP HOLDINGS LTD         33 300         9           ASSOCIATED BRITISH FOODS PLC         30 664         13           BAKKAFROST P/F         172 446         45           BARRY CALLEBAUT AG         182         2           BEIERSDORF AG         6 699         5           BROWN-FORMAN CORP         9 346         8           BUNGE LTD         12 500         8           CALBEE INC         5 400         2           CAMPBELL SOUP CO         15 948         7           CARLSBERG A/S         9 090         7           CARREFOUR SA         41 093         11           CASINO GUICHARD PERRACHON SA         4 730         2           INDT AND SPRUENGLI PART         79         4         6           COCA-COLA AMATIL LTD         42 188         3         3           COCA-COLA HBC AG-CDI         16 546         3         3           COCA-COLA HBC AG-CDI         16 546         3         3           COCA-COLA HBC AG-CDI         16 546         3         3			
ARCHER DANIELS MIDLAND CO       50 321       16         ARYZTA AG       6 919       3         ASAHI GROUP HOLDINGS LTD       33 300       9         ASSOCIATED BRITISH FOODS PLC       30 664       13         BAKKAFROST P/F       172 446       45         BARRY CALLEBAUT AG       182       2         BEIERSDORF AG       6 699       5         BROWN-FORMAN CORP       9 346       8         BUNGE LTD       12 500       8         CALBEE INC       5 400       2         CAMPBELL SOUP CO       15 948       7         CARLSBERG A/S       9 090       7         CARREFOUR SA       41 093       11         CASINO GUICHARD PERRACHON SA       4 730       2         LINDT AND SPRUENGLI NAMEN       9       6         LINDT AND SPRUENGLI NAMEN       9       6         COCA-COLA AMATIL LTD       42 188       3         COCA-COLA AMATIL LTD       42 188       3         COCA-COLA HBE CAG-CDI       16 546       3         COCA-COLA HBC AG-CDI       16 546       3         COCA-COLA HBC AG-CDI       16 546       3         COLACOLA HBC AG-CDI       16 546       3			
ARYZTA AG       6 919       3         ASAHI GROUP HOLDINGS LTD       33 300       9         ASSOCIATED BRITISH FOODS PLC       30 664       13         BAKKAFROST P/F       172 446       45         BARRY CALLEBAUT AG       182       2         BEIERSDORF AG       6 699       5         BROWN-FORMAN CORP       9 346       8         BUNGE LTD       12 500       8         CALBEE INC       5 400       2         CAMPBELL SOUP CO       15 948       7         CARLSBERG A/S       9 090       7         CARREFOUR SA       41 093       11         CASINO GUICHARD PERRACHON SA       4 730       2         LINDT AND SPRUENGLI NAMEN       9       6         LINDT & SPRUENGLI PART       79       4         CHURCH & DWIGHT CO INC       8 400       6         COCA-COLA HMATIL LTD       42 188       3         COCA-COLA HBC AG-CDI       16 546       3         COCA-COLA HBC AG-CDI       16 546       3         COCA-COLA HBC AG       17 871       3         COLAGATE-PALMOLIVE CO       54 159       32         CONAGRA FOODS INC       36 639       14         CONSTE			
ASAHI GROUP HOLDINGS LTD       33 300       9         ASSOCIATED BRITISH FOODS PLC       30 664       13         BAKKAFROST P/F       172 446       45         BARRY CALLEBAUT AG       182       2         BEIERSDORF AG       6 699       5         BROWN-FORMAN CORP       9 346       8         BUNGE LTD       12 500       8         CALBEE INC       5 400       2         CAREFOUR SA       41 093       11         CASINO GUICHARD PERRACHON SA       4 730       2         LINDT AND SPRUENGLI NAMEN       9       6         LINDT & SPRUENGLI PART       79       4         CHURCH & DWIGHT CO INC       8 400       6         COCA-COLA AMATIL LTD       42 188       3         COCA-COLA AMATIL LTD       42 188       3         COCA-COLA HBC AG-CDI       16 546       3         COCA-COLA HBC AG-CDI       16 546       3         COCA-COLA HBC AG       17 871       3         COLGATE-PALMOLIVE CO       54 159       32         CONAGRA FOODS INC       36 639       14         CONSTELLATION BRANDS INC       14 600       18         COSTCO WHOLESALE CORP       32 406       46 </td <td></td> <td></td> <td></td>			
ASSOCIATED BRITISH FOODS PLC         30 664         13           BAKKAFROST P/F         172 446         45           BARRY CALLEBAUT AG         182         2           BEIERSDORF AG         6 699         5           BROWN-FORMAN CORP         9 346         8           BUNGE LTD         12 500         8           CALBEE INC         5 400         2           CAMPBELL SOUP CO         15 948         7           CARLSBERG A/S         9 090         7           CARREFOUR SA         41 093         11           CASINO GUICHARD PERRACHON SA         4 730         2           LINDT AND SPRUENGLI NAMEN         9         6           LINDT & SPRUENGLI PART         79         4           CHURCH & DWIGHT CO INC         8 400         6           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG         17 871         3           COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18			
BAKKAFROST P/F         172 446         45           BARRY CALLEBAUT AG         182         2           BEIERSDORF AG         6 699         5           BROWN-FORMAN CORP         9 346         8           BUNGE LTD         12 500         8           CALBEE INC         5 400         2           CAMPBELL SOUP CO         15 948         7           CARLSBERG A/S         9 090         7           CARREFOUR SA         41 093         11           CASINO GUICHARD PERRACHON SA         4 730         2           LINDT AND SPRUENGLI NAMEN         9         6           LINDT & SPRUENGLI PART         79         4           CHURCH & DWIGHT CO INC         8 400         6           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG         17 871         3           COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18			
BARRY CALLEBAUT AG         182         2           BEIERSDORF AG         6 699         5           BROWN-FORMAN CORP         9 346         8           BUNGE LTD         12 500         8           CALBEE INC         5 400         2           CAMPBELL SOUP CO         15 948         7           CARLSBERG A/S         9 090         7           CARREFOUR SA         41 093         11           CASINO GUICHARD PERRACHON SA         4 730         2           LINDT AND SPRUENGLI NAMEN         9         6           LINDT & SPRUENGLI PART         79         4           CHURCH & DWIGHT CO INC         8 400         6           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG-CDI         16 546         3           COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         21 22 35         51			
BEIERSDORF AG         6 6 699         5           BROWN-FORMAN CORP         9 346         8           BUNGE LTD         12 500         8           CALBEE INC         5 400         2           CAMPBELL SOUP CO         15 948         7           CARLSBERG A/S         9 090         7           CARREFOUR SA         41 093         11           CASINO GUICHARD PERRACHON SA         4 730         2           LINDT AND SPRUENGLI NAMEN         9         6           LINDT & SPRUENGLI PART         79         4           CHURCH & DWIGHT CO INC         8 400         6           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG-CDI         16 546         3           COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         466           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30			
BUNGE LTD         12 500         8           CALBEE INC         5 400         2           CAMPBELL SOUP CO         15 948         7           CARLSBERG A/S         9 090         7           CARREFOUR SA         41 093         11           CASINO GUICHARD PERRACHON SA         4 730         2           LINDT AND SPRUENGLI NAMEN         9         6           LINDT & SPRUENGLI PART         79         4           CHURCH & DWIGHT CO INC         8 400         6           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA HBC AG-CDI         16 546         3           COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30<			
CALBEE INC       5 400       2         CAMPBELL SOUP CO       15 948       7         CARLSBERG A/S       9 090       7         CARREFOUR SA       41 093       11         CASINO GUICHARD PERRACHON SA       4 730       2         LINDT AND SPRUENGLI NAMEN       9       6         LINDT & SPRUENGLI PART       79       4         CHURCH & DWIGHT CO INC       8 400       6         COCA-COLA AMATIL LTD       42 188       3         COCA-COLA AMATIL LTD       42 188       3         COCA-COLA HBC AG-CDI       16 546       3         COLGATE-PALMOLIVE CO       54 159       32         CONAGRA FOODS INC       36 639       14         CONSTELLATION BRANDS INC       14 600       18         COSTCO WHOLESALE CORP       32 406       46         CVS CAREMARK CORP       82 177       71         DANONE SA       49 872       30 </td <td>BROWN-FORMAN CORP</td> <td>9 346</td> <td>8</td>	BROWN-FORMAN CORP	9 346	8
CAMPBELL SOUP CO         15 948         7           CARLSBERG A/S         9 090         7           CARREFOUR SA         41 093         11           CASINO GUICHARD PERRACHON SA         4 730         2           LINDT AND SPRUENGLI NAMEN         9         6           LINDT & SPRUENGLI PART         79         4           CHURCH & DWIGHT CO INC         8 400         6           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG-CDI         16 546         3           COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30           DIAGEO PLC         212 235         51           DISTRIBUIDORA INTERNACIONAL DE ALI-         47 801         3           MENTACION SA         47 80	BUNGE LTD	12 500	8
CARLSBERG A/S         9 090         7           CARREFOUR SA         41 093         11           CASINO GUICHARD PERRACHON SA         4 7 30         2           LINDT AND SPRUENGLI NAMEN         9         6           LINDT AND SPRUENGLI PART         79         4           CHURCH & DWIGHT CO INC         8 400         6           COCA-COLA AMATIL LID         42 188         3           COCA-COLA AMATIL LID         42 188         3           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG         17 871         3           COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30           DIAGEO PLC         212 235         51           DISTRIBUIDORA INTERNACIONAL DE ALI-         1         47 801         3           DR PEPPER SNA	CALBEE INC	5 400	2
CARREFOUR SA41 09311CASINO GUICHARD PERRACHON SA4 7302LINDT AND SPRUENGLI NAMEN96LINDT & SPRUENGLI PART794CHURCH & DWIGHT CO INC8 4006COCA-COLA AMATIL LTD42 1883COCA-COLA ENTERPRISES INC18 7008COCA-COLA HBC AG-CDI16 5463COCA-COLA HBC-AG17 8713COLGATE-PALMOLIVE CO54 15932CONAGRA FOODS INC36 63914COSTCO WHOLESALE CORP32 406466CVS CAREMARK CORP82 17771DANONE SA49 87230DIAGEO PLC212 23551DISTRIBUIDORA INTERNACIONAL DE ALI-47 8013MENTACION SA47 8013DR PEPPER SNAPPLE GROUP INC15 55513EMPIRE COMPANY LTD12 9002ENERGIZER HOLDINGS INC4 0003ESTEE LAUDER COMPANIES INC14 12811	CAMPBELL SOUP CO	15 948	7
CASINO GUICHARD PERRACHON SA4 7302LINDT AND SPRUENGLI NAMEN96LINDT & SPRUENGLI PART794CHURCH & DWIGHT CO INC8 4006COCA-COLA AMATIL LTD42 1883COCA-COLA ENTERPRISES INC18 7008COCA-COLA HBC AG-CDI16 5463COCA-COLA HBC-AG17 8713COLGATE-PALMOLIVE CO54 15932CONAGRA FOODS INC36 63914CONSTELLATION BRANDS INC14 60018COSTCO WHOLESALE CORP32 406466CVS CAREMARK CORP82 17771DANONE SA49 87230DIAGEO PLC212 23551DISTRIBUIDORA INTERNACIONAL DE ALI-47 8013MENTACION SA47 8013DR PEPPER SNAPPLE GROUP INC15 55513EMPIRE COMPANY LTD12 9002ENERGIZER HOLDINGS INC4 0003ESTEE LAUDER COMPANIES INC14 12811	CARLSBERG A/S	9 090	7
LINDT AND SPRUENGLI NAMEN         9         6           LINDT & SPRUENGLI PART         79         4           CHURCH & DWIGHT CO INC         8 400         6           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA ENTERPRISES INC         18 700         8           COCA-COLA ENTERPRISES INC         18 700         8           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG         17 871         3           COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30           DIAGEO PLC         212 235         51           DISTRIBUIDORA INTERNACIONAL DE ALI-         1         1           MENTACION SA         47 801         3           DR PEPPER SNAPPLE GROUP INC         15 555         13           EMPIRE COMPANY LTD         12 900         2           ENERGIZER HOLDINGS INC         4 000         3           ESTEE LAUDER COMPANIES			
LINDT & SPRUENGLI PART         79         4           CHURCH & DWIGHT CO INC         8 400         6           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA ENTERPRISES INC         18 700         8           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG         17 871         3           COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30           DIAGEO PLC         212 235         51           DISTRIBUIDORA INTERNACIONAL DE ALI-         1         47 801         3           MENTACION SA         47 801         3         3           DR PEPPER SNAPPLE GROUP INC         15 555         13           EMPIRE COMPANY LTD         12 900         2           ENERGIZER HOLDINGS INC         4 000         3         5           ESTEE LAUDER COMPANIES INC         14 128 <t< td=""><td></td><td></td><td></td></t<>			
CHURCH & DWIGHT CO INC         8 400         6           COCA-COLA AMATIL LTD         42 188         3           COCA-COLA ENTERPRISES INC         18 700         8           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC AG         17 871         3           COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30           DIAGEO PLC         212 235         51           DISTRIBUIDORA INTERNACIONAL DE ALI-         T         7           MENTACION SA         47 801         3           DR PEPPER SNAPPLE GROUP INC         15 555         13           EMPIRE COMPANY LTD         12 900         2           ENERGIZER HOLDINGS INC         4 000         3           ESTEE LAUDER COMPANIES INC         14 128         11			
COCA-COLA AMATIL LTD         42 188         3           COCA-COLA ENTERPRISES INC         18 700         8           COCA-COLA ENTERPRISES INC         18 700         8           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC-AG         17 871         3           COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30           DIAGEO PLC         212 235         51           DISTRIBUIDORA INTERNACIONAL DE ALI-         1         47 801         3           R PEPPER SNAPPLE GROUP INC         15 555         13         51           EMPIRE COMPANY LTD         12 900         2         2           ENERGIZER HOLDINGS INC         4 000         3         51			
COCA-COLA ENTERPRISES INC         18 700         8           COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC-AG         17 871         3           COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30           DIAGEO PLC         212 235         51           DISTRIBUIDORA INTERNACIONAL DE ALI-         71         73           MENTACION SA         47 801         3           DR PEPPER SNAPPLE GROUP INC         15 555         13           EMPIRE COMPANY LTD         12 900         2           ENERGIZER HOLDINGS INC         4 000         3           ESTEE LAUDER COMPANIES INC         14 128         11			
COCA-COLA HBC AG-CDI         16 546         3           COCA-COLA HBC-AG         17 871         3           COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30           DIAGEO PLC         212 235         51           DISTRIBUIDORA INTERNACIONAL DE ALI-         71         73           MENTACION SA         47 801         3           DR PEPPER SNAPPLE GROUP INC         15 555         13           EMPIRE COMPANY LTD         12 900         2           ENERGIZER HOLDINGS INC         4 000         3           ESTEE LAUDER COMPANIES INC         14 128         11			
COCA-COLA HBC-AG         17 871         3           COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30           DIAGEO PLC         212 235         51           DISTRIBUIDORA INTERNACIONAL DE ALI-         71           MENTACION SA         47 801         3           DR PEPPER SNAPPLE GROUP INC         15 555         13           EMPIRE COMPANY LTD         12 900         2           ENERGIZER HOLDINGS INC         4 000         3           ESTEE LAUDER COMPANIES INC         14 128         11			
COLGATE-PALMOLIVE CO         54 159         32           CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30           DIAGEO PLC         212 235         51           DISTRIBUIDORA INTERNACIONAL DE ALI-         71         71           MENTACION SA         47 801         3           DR PEPPER SNAPPLE GROUP INC         15 555         13           EMPIRE COMPANY LTD         12 900         2           ENERGIZER HOLDINGS INC         4 000         3           ESTEE LAUDER COMPANIES INC         14 128         11			
CONAGRA FOODS INC         36 639         14           CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30           DIAGEO PLC         212 235         51           DISTRIBUIDORA INTERNACIONAL DE ALI-         7         3           MENTACION SA         47 801         3           DR PEPPER SNAPPLE GROUP INC         15 555         13           EMPIRE COMPANY LTD         12 900         2           ENERGIZER HOLDINGS INC         4 000         3           ESTEE LAUDER COMPANIES INC         14 128         11			
CONSTELLATION BRANDS INC         14 600         18           COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30           DIAGEO PLC         212 235         51           DISTRIBUIDORA INTERNACIONAL DE ALI-         71         30           MENTACION SA         47 801         3           DR PEPPER SNAPPLE GROUP INC         15 555         13           EMPIRE COMPANY LTD         12 900         2           ENERGIZER HOLDINGS INC         4 000         3           ESTEE LAUDER COMPANIES INC         14 128         11			
COSTCO WHOLESALE CORP         32 406         46           CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30           DIAGEO PLC         212 235         51           DISTRIBUIDORA INTERNACIONAL DE ALI-         71         3           MENTACION SA         47 801         3           DR PEPPER SNAPPLE GROUP INC         15 555         13           EMPIRE COMPANY LTD         12 900         2           ENERGIZER HOLDINGS INC         4 000         3           ESTEE LAUDER COMPANIES INC         14 128         11			
CVS CAREMARK CORP         82 177         71           DANONE SA         49 872         30           DIAGEO PLC         212 235         51           DISTRIBUIDORA INTERNACIONAL DE ALI- MENTACION SA         47 801         3           DR PEPPER SNAPPLE GROUP INC         15 555         13           EMPIRE COMPANY LTD         12 900         2           ENERGIZER HOLDINGS INC         4 000         3           ESTEE LAUDER COMPANIES INC         14 128         11			
DIAGEO PLC212 23551DISTRIBUIDORA INTERNACIONAL DE ALI- MENTACION SA47 8013DR PEPPER SNAPPLE GROUP INC15 55513EMPIRE COMPANY LTD12 9002ENERGIZER HOLDINGS INC4 0003ESTEE LAUDER COMPANIES INC14 12811	CVS CAREMARK CORP		
DISTRIBUIDORA INTERNACIONAL DE ALI- MENTACION SA47 8013DR PEPPER SNAPPLE GROUP INC15 55513EMPIRE COMPANY LTD12 9002ENERGIZER HOLDINGS INC4 0003ESTEE LAUDER COMPANIES INC14 12811	DANONE SA	49 872	30
MENTACION SA         47 801         3           DR PEPPER SNAPPLE GROUP INC         15 555         13           EMPIRE COMPANY LTD         12 900         2           ENERGIZER HOLDINGS INC         4 000         3           ESTEE LAUDER COMPANIES INC         14 128         11	DIAGEO PLC	212 235	51
DR PEPPER SNAPPLE GROUP INC         15 555         13           EMPIRE COMPANY LTD         12 900         2           ENERGIZER HOLDINGS INC         4 000         3           ESTEE LAUDER COMPANIES INC         14 128         11			
EMPIRE COMPANY LTD12 9002ENERGIZER HOLDINGS INC4 0003ESTEE LAUDER COMPANIES INC14 12811			
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NOK millions	Number	Market value	NOK millions	Number Ma	arket value
ETABLISSEMENTS DELHAIZE FRERES ET CIE			WESFARMERS	80 000	21
LE LION SA	8 415	5 7		368 500	21
FAMILYMART CO LTD	4 300		WH GROUP LTD		
	50 230		WHITEWAVE FOODS CO	13 700	5
GENERAL MILLS INC			WHOLE FOODS MARKET INC	25 321	8
GEORGE WESTON LTD	3 900		WILMAR INTERNATIONAL LTD	168 800	3
GOLDEN AGRI-RESOURCES LTD	492 400		WM MORRISON SUPERMARKETS P L C	185 139	4
GREEN MOUNTAIN COFFEE ROASTERS INC	10 000		WOOLWORTHS LTD	93 394	15
HEINEKEN HOLDING NV	8 677		YAKULT HONSHA CO LTD	7 600	3
HEINEKEN NV	19 831		YAMAZAKI BAKING CO LTD	10 000	2
HENKEL AG & CO KGAA	10 636		TOTAL, CONSUMER GOODS		1 933
HENKEL AG & CO KGAA	6 582				
HERSHEY CO	13 100		ALTAGAS LTD	9 637	2
HORMEL FOODS CORP	12 500	) 9	AMEC PLC	26 839	2
ICA GRUPPEN AB	6 302	2	ANADARKO PETROLEUM CORP	37 330	16
J SAINSBURY PLC	113 260	4	ANTERO RESOURCES CORP	5 100	1
J. M. SMUCKER CO	8 800	10	APACHE CORP	28 404	11
JEAN COUTU GROUP INC-CLASS A	3 700	0	ARC RESOURCES LTD	24 970	
JERONIMO MARTINS SGPS SA	20 713		ATLANTICA TENDER DRILLING LT	4 709 536	10
KAO CORP	31 500		AVANCE GAS HOLDING LTD	4 709 556 30 162	3
KELLOGG CO	23 000				
KERRY GROUP PLC	13 619		BAKER HUGHES INC	31 681	13
KIKKOMAN CORP	13 000		BAYTEX ENERGY CORP	19 954	1
KIMBERLY-CLARK CORP			BG GROUP PLC	392 599	50
	22 823		BP PLC	1 327 400	61
	70 800		BW LPG LTD	552 919	40
KONINKLIJKE AHOLD NV	61 523		BW OFFSHORE LTD	2 536 223	7
KRAFT HEINZ CO/THE	51 296		CABOT OIL & GAS CORP	30 900	5
KROGER CO	68 676		CALTEX AUSTRALIA LTD	19 661	5
LAWSON INC	4 500		CAMECO CORP	29 400	3
LOBLAW COMPANIES LTD	16 737		CAMERON INTERNATIONAL CORP	14 000	8
L'OREAL SA	16 413	25	CANADIAN NATURAL RESOURCES LTD	82 280	16
MCCORMICK & COMPANY INC	9 221	. 7	CANADIAN OIL SANDS LTD	31 100	2
MEAD JOHNSON NUTRITION CO	17 431	. 12	CENOVUS ENERGY INC	62 130	7
MEIJI HOLDINGS CO LTD	10 400	8	CHENIERE ENERGY INC	17 000	6
METRO AG	14 240	4	CHESAPEAKE ENERGY CORP	47 100	2
METRO INC	16 707	4	CIMAREX ENERGY CO	6 800	5
MOLSON COORS BREWING CO	13 200		COLUMBIA PIPELINE GROUP	20 200	4
MONDELEZ INTERNATIONAL INC	135 949		CONCHO RESOURCES INC	8 900	7
MONSTER BEVERAGE CORP	12 300				7 37
NESTLE SA	269 011		CONOCOPHILLIPS	88 887	
NIPPON MEAT PACKERS INC	15 200		CONTINENTAL RESOURCES INC	6 500	1
NISSHIN SEIFUN GROUP INC	20 105		CORE LABORATORIES NV	2 661	3
NISSIN FOODS HOLDINGS CO LTD	20 105 5 900		CRESCENT POINT ENERGY CORP	32 726	3
			DEEP SEA SUPPLY PLC	1 008 200	2
	123 941		DELEK GROUP LTD	379	1
PERNOD RICARD SA	18 276		DEVON ENERGY CORP	29 244	8
PROCTER & GAMBLE CO	171 835		ENBRIDGE INC	63 187	18
RECKITT BENCKISER GROUP PLC	40 525		ENCANA CORP	59 446	3
REMY COINTREAU SA	2 869		ENERGEN CORP	5 400	2
RITE AID CORP	75 300		ENERPLUS CORP	19 317	1
SABMILLER PLC	81 750	43	ENI SPA	187 668	25
SAPUTO INC	21 200	4	ENSCO PLC	16 800	2
SEVEN & I HOLDINGS CO LTD	55 640	23	EOG RESOURCES INC	40 500	25
SHISEIDO CO LTD	23 900	4	EQT CORP	11 500	5
SUNTORY BEVERAGE & FOOD LTD	11 500	4	EXXON MOBIL CORP	302 963	209
SVENSKA CELLULOSA AB SCA	37 913		FMC TECHNOLOGIES INC	17 800	5
SYSCO CORP	43 867		GALP ENERGIA SGPS SA	26 803	3
TATE & LYLE PLC	44 060		HALLIBURTON CO	62 500	19
TESCO PLC	599 979				
THE CLOROX CO	7 918		HELMERICH & PAYNE INC	8 100	4
THE COCA-COLA CO	348 666		HESS CORP	19 400	8
			HOEGH LNG HOLDINGS LTD	228 318	21
TOYO SUISAN KAISHA LTD	6 300		HOLLYFRONTIER CORP	13 400	5
TREASURY WINE ESTATES LTD	71 159		HUSKY ENERGY INC	25 783	2
TYSON FOODS INC	26 200		IDEMITSU KOSAN CO LTD	6 200	1
UNICHARM CORP	24 800		IMPERIAL OIL LTD	22 066	6
	103 171	. 40	INDEPENDENT TANKERS CORPORATION LTD	1 539 877	0
UNILEVER NV					
UNILEVER NV UNILEVER PLC	81 724	31	INGRAIN INC	1 461 393	47

NOK millions	Number Ma	arket value
INTER PIPELINE LTD	25 322	4
JX HOLDINGS INC	176 505	7
KEYERA CORP	12 639	3
KINDER MORGAN INC	136 541	18
KONINKLIJKE VOPAK NV	5 938	2
LUNDIN PETROLEUM AB	14 040	2
MARATHON OIL CORP	50 900	6
MARATHON PETROLEUM CORP	39 900	18
MEG ENERGY CORP	12 100	1
MURPHY OIL CORP	12 000	2
NATIONAL OILWELL VARCO INC	28 663	8
NESTE OIL OY	8 652	2
NOBLE ENERGY INC	32 300	9
OCCIDENTAL PETROLEUM CORP	55 184	33
OCEANEERING INTERNATIONAL INC	7 200	2
OLEANEERING INTERNATIONAL INC	90 000	4
		4
OMV AG	10 350	-
ONEOK INC	15 600	3
ORIGIN ENERGY LTD	131 061	4
PARAMOUNT RESOURCES LTD -A	5 100	0
PEMBINA PIPELINE CORP	25 465	5
PENGROWTH ENERGY CORP	9	0
PETROFAC LTD	17 959	2
PEYTO EXPLORATION & DEV CORP	10 300	2
PHILLIPS 66	38 869	28
PIONEER NATURAL RESOURCES CO	11 200	12
PRAIRIESKY ROYALTY LTD	11 500	2
RANGE RESOURCES CORP	12 400	3
READ WELL SERVICES HOLDING		-
(A-AKSIE) AS	903 273	96
READ WELL SERVICES HOLDING		
(B-AKSJE) AS	201 212	21
REPSOL SA	80 012	8
ROYAL DUTCH SHELL B	408 005	82
ROYAL DUTCH SHELL PLC-A SHS	7 820	2
SAIPEM SPA	18 325	1
SANTOS LTD	116 024	3
		-
SCHLUMBERGER NV	91 946	57
SHOWA SHELL SEKIYU KK	14 300	1
SOUTHWESTERN ENERGY CO	26 600	2
SPECTRA ENERGY CORP	50 600	11
SUBSEA 7 SA	965 000	61
SUNCOR ENERGY INC	106 547	24
TECHNIP	7 237	3
TENARIS SA	34 366	4
TESORO CORP	8 591	8
TONENGENERAL SEKIYU KK	17 000	1
TOURMALINE OIL CORP	11 300	2
TRANSCANADA CORP	53 497	15
TRANSOCEAN LTD	25 669	3
VALERO ENERGY CORP	36 035	23
VERESEN INC	26 230	1
	8 077	2
WEATHERFORD INTERNATIONAL LTD	54 984	4
WHITING PETROLEUM CORP	14 200	1
WILLIAMS COMPANIES INC	52 143	12
WOODSIDE PETROLEUM LTD	55 901	10
WORLEYPARSONS LTD	19 842	1
TOTAL, ENERGY		1 404
3I GROUP PLC	61 397	4
ABERDEEN ASSET MANAGEMENT PLC	68 068	3
ACOM CO LTD	18 600	1
ADMIRAL GROUP PLC	12 955	3
AEGON NV	117 785	6
AEON FINANCIAL SERVICE CO LTD	5 500	1
	2 200	-

		M 1 . 1
NOK millions	Number	Market value
AEON MALL CO LTD	9 520	
AFFILIATED MANAGERS GROUP INC	3 500	
AFLAC INC	26 572	
AGEAS SA	14 188	
AIA GROUP LTD	763 060	
ALLEGHANY CORP	1 100	
ALLIANZ SE	29 112	
ALLSTATE CORP	25 109	
ALLY FINANCIAL INC	28 800 22 800	
AMERICAN CAPITAL AGENCY CORP AMERICAN EXPRESS CO		-
AMERICAN EXPRESS CO AMERICAN INTERNATIONAL GROUP INC	57 074 81 947	
AMERICAN REALTY CAPITAL PROP	60 200	
AMERICAN TOWER CORP	26 808	
AMERIPRISE FINANCIAL INC	11 570	
AMP LTD	201 366	
ANNALY CAPITAL MANAGEMENT INC	63 000	
AON PLC	17 573	
AOZORA BANK LTD	64 000	
ARCH CAPITAL GROUP LTD	8 000	
ARTHUR   GALLAGHER & CO	10 900	4
ASCENDÁS REAL ESTATE INVESTMENT		
TRUST	116 000	2
ASCENDAS REAL ESTATE INVESTMENT		
TRUST RIGHTS ISSUE	4 349	
ASSICURAZIONI GENERALI SPA	77 606	
ASSURANT INC	4 400	
ASX LTD	12 385	3
AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD	182 028	33
AVALONBAY COMMUNITIES INC	8 235	
AVIVA PLC	265 968	
AXA SA	124 687	
AXIS CAPITAL HOLDINGS LTD	7 200	
AZRIELI GROUP	2 982	
BALOISE HOLDING AG	3 147	
BANCA MONTE DEI PASCHI DI SIENA SPA	161 292	2
BANCO BILBAO VIZCAYA ARGENTARIA S.A.	415 465	27
BANCO DE SABADELL SA	311 374	5
BANCO ESPIRITO SANTO SA	190 970	0
BANCO POPOLARE SC	23 283	3
BANCO POPULAR ESPANOL SA	111 368	3
BANCO SANTANDER SA	920 355	40
BANK HAPOALIM BM	67 159	3
BANK IRELAND	899 558	
BANK LEUMI LE ISRAEL BM	88 887	
BANK OF AMERICA CORP	661 110	
BANK OF EAST ASIA LTD	73 716	
BANK OF KYOTO LTD	26 000	
BANK OF MONTREAL	41 821	
BANK OF NEW YORK MELLON CORP	70 081	
BANK OF NOVA SCOTIA	76 770	
BANK OF QUEENSLAND LTD	26 760	
BANK OF YOKOHAMA LTD BANKIA SA	74 000 277 163	
BANKINTER	39 786	
BARCLAYS PLC	1 062 641	
BB&T CORP	48 707	
BCP BANCO COMERCIAL	3 156 107	
BENDIGO AND ADELAIDE BANK LTD	35 324	
BERKSHIRE HATHAWAY INC	75 051	
BLACKROCK INC	7 708	
BNP PARIBAS SA	69 034	
BOC HONG KONG (HOLDINGS) LTD	235 700	
BOSTON PROPERTIES INC	9 383	
BRITISH LAND COMPANY PLC THE	65 791	7
BRIXMOR PROPERTY GROUP INC	10 600	2

NOK millions	Number Mar	ket value	NOK millions	Number	Market value
BROOKFIELD ASSET MANAGEMENT INC CAIXABANK SA	56 529 179 089	16 6	Fondiaria - Sai ord Four corners property trust	75 358 2 266	
CAMDEN PROPERTY TRUST	5 500	4	FRANKLIN RESOURCES INC	24 304	
CANADIAN IMPERIAL BANK OF COMMERCE	24 943	14	FUKUOKA FINANCIAL GROUP INC	42 000	
CAPITACOMMERCIAL TRUST	107 800	1	GECINA SA	2 074	
CAPITAL ONE FINANCIAL CORP	34 288	22	GENERAL GROWTH PROPERTIES INC	38 098	
CAPITALAND LIMITED	156 900	3	GLOBAL LOGISTIC PROPERTIES LTD	187 300	3
CAPITAMALL TRUST	145 500	2	GOLDMAN SACHS GROUP INC	24 674	39
CBRE GROUP INC	19 900	6	GOODMAN GROUP PTY LTD	118 971	5
CHALLENGER FINANCIAL SVC	38 000	2	GREAT-WEST LIFECO INC	19 848	4
CHARLES SCHWAB CORP	76 430	22	GROUPE BRUXELLES LAMBERT SA	5 146	4
CHEUNG KONG PROPERTY HOLDING	179 417	10	GUNMA BANK LTD	26 000	
CHIBA BANK LTD	45 000	3	H&R REAL ESTATE INVESTMENT TRUST	11 364	
CHUBB CORP	14 116	17	HACHIJUNI BANK LTD	30 000	
CHUBB LTD	20 320	21	HAMMERSON PLC	52 305	
CHUGOKU BANK LTD	12 000	1	HANG LUNG PROPERTIES LTD	140 500	
CI FINANCIAL CORP	15 500	3	HANG SENG BANK LTD	50 800	
	10 400	5	HANNOVER RUECK SE	3 965	
CIT GROUP INC CITIGROUP INC	12 000	4 87	HARGREAVES LANSDOWN PLC	15 860	
CITIZENS FINANCIAL GROUP	190 626 22 200	87 5	HCP INC HENDERSON LAND DEVELOPMENT CO LTD	30 600 74 928	
CITY DEVELOPMENTS LTD	22 200	5	HIROSHIMA BANK LTD	74 928	
CME GROUP INC	20 720	17	HOKUHOKU FINANCIAL GROUP	92 000	
CNP ASSURANCES SA	11 687	1	HONG KONG EXCHANGES AND	J2 000	2
COMERICA INC	11 400	4	CLEARING LTD	73 791	17
COMMERZBANK AG	67 947	6	HONGKONG LAND (USD)	39 000	2
COMMONWEALTH BANK OF AUSTRALIA	107 564	59	HOST HOTELS & RESORTS INC	48 796	7
CREDIT AGRICOLE SA	67 676	7	HSBC HOLDINGS PLC	1 238 932	87
CREDIT SAISON CO LTD	10 600	2	HULIC CO LTD	14 200	
CREDIT SUISSE GROUP AG	117 086	22	HUNTINGTON BANCSHARES INC	53 800	
CROWN CASTLE INTERNATIONAL CORP	21 013	16	HYSAN DEVELOPMENT CO LTD	46 000	
DAI-ICHI LIFE INSURANCE CO LTD	65 800	10	ICADE SA	1 776	
DAITO TRUST CONSTRUCTION CO LTD	4 800	5	ICAP PLC	33 166	
AIWA HOUSE INDUSTRY CO LTD	39 900	10		7 300	
AIWA SECURITIES GROUP INC	109 900	6		5 375	
ANSKE BANK A/S	46 925	11		10 187	
IBS GROUP HOLDINGS LTD	115 400	12	ING GROEP NV ING US INC	252 088 15 500	
	16 284	1	ING US INC INSURANCE AUSTRALIA GROUP LTD	155 631	
DEUTSCHE ANNINGTON IMMOBILIE	30 983	9	INTACT FINANCIAL CORP	8 700	
EUTSCHE BANK AG	89 563	19 10	INTERCONTINENTALEXCHANGE GROUP	7 139	
DEUTSCHE BOERSE AG DEUTSCHE WOHNEN AG-BR	12 827 22 360	6	INTESA SANPAOLO ORD	825 459	
DEXUS PROPERTY GROUP	57 766	3	INTESA SANPAOLO RNC	51 787	
DIGITAL REALTY TRUST INC	9 000	6	INTU PROPERTIES PLC	57 049	
DIRECT LINE INSURANCE GROUP	87 441	5	INVESCO LTD	28 558	
DISCOVER FINANCIAL SERVICES	26 644	13	INVESTEC PLC	39 906	
DUKE REALTY CORP	22 600	4	INVESTMENT KINNEVIK AB	15 645	4
*TRADE FINANCIAL CORP	20 000	5	INVESTOR AB	30 273	10
ATON VANCE CORP	8 500	2	IRON MOUNTAIN INC	12 708	
LEMENT FINANCIAL CORP	25 100	3	IYO BANK LTD	19 000	
QUINIX INC	3 852	10	JAPAN EXCHANGE GROUP	35 400	
QUITY RESIDENTIAL	22 901	17	JAPAN POST BANK CO LTD	25 500	
RSTE GROUP BANK AG	17 516	5	JAPAN POST HOLDINGS CO LTD	27 900	
ESSEX PROPERTY TRUST INC	4 300	9	JAPAN PRIME REALTY INVESTMENT CORP	57	
EURAZEO SA	2 242	1	JAPAN REAL ESTATE INVESTMENT CORP	75	
VEREST RE GROUP LTD	3 000	5	JAPAN RETAIL FUND INVESTMENT CORP	145	
EXOR SPA	6 300	3	JONES LANG LASALLE INC	2 900	
XTRA SPACE STORAGE INC	7 300	6	JPMORGAN CHASE & CO	234 215	
AIRFAX FINANCIAL HLDGS	1 432	6	JULIUS BAER GRUPPE AG	15 398	
EDERAL REALTY INVESTMENT TRUST	4 600	6	KBC GROUPE SA	16 660	
EDERATION CENTRES LTD	233 070	4	KERRY PROPERTIES LTD	48 000	
	16 700	5	KEYCORP KIMCO REALTY CORP	54 400 27 400	
FIFTH THIRD BANCORP	51 705	9	KLEPIERRE SA	12 138	
FIRST CAPITAL REALTY INC	7 000	1	LAND SECURITIES GROUP PLC	51 383	
FIRST PACIFIC CO LTD	166 000	1 6	LEGAL & GENERAL GROUP PLC	394 943	
FIRST REPUBLIC BANK	9 600			JJ7 J7J	14
FONCIERE DES REGIONS SA	1 989	2			

NOK millions

LOEWS CORP

M&T BANK CORP

MACQUARIE GROUP LTD

MANULIFE FINANCIAL CORP

MACERICH CO

MAPFRE SA

ARIO SPA

METLIFE INC

MIRVAC GROUP

MOODYS CORP

NATIXIS SA

NAVIENT CORP

MORGAN STANLEY

MARKEL CORP

LEND LEASE CORPORATION LTD

LINK REAL ESTATE INVESTMENT TRUST

LONDON STOCK EXCHANGE GROUP PLC

MARSH & MCLENNAN COMPANIES INC

MEDIOBANCA BANCA DI CREDITO FINANZI-

MITSUBISHI UFJ FINANCIAL GROUP INC

MITSUBISHI UFJ LEASE & FINANCE CO LTD

MS&AD INSURANCE GROUP HOLDINGS INC

MCGRAW-HILL COMPANIES INC

MEDIBANK PRIVATE LTD

MITSUBISHI ESTATE CO LTD

MITSUI FUDOSAN CO LTD

MIZRAHI TEFAHOT BANK LTD

MIZUHO FINANCIAL GROUP INC

MUENCHENER RUECKVERSICH. NASDAQ OMX GROUP INC

NATIONAL AUSTRALIA BANK LTD

NEW WORLD DEVELOPMENT CO LTD

NEW YORK COMMUNITY BANCORP INC

NOMURA REAL ESTATE HOLDINGS INC

NTT URBAN DEVELOPMENT CO

OVERSEA-CHINESE BANKING CORPORATION LTD

PARTNERS GROUP HOLDING AG

PEOPLE'S UNITED FINANCIAL INC

PLATINUM ASSET MANAGEMENT

PLUM CREEK TIMBER COMPANY INC

POWER CORPORATION OF CANADA

PRINCIPAL FINANCIAL GROUP INC

POWER FINANCIAL CORP

PROGRESSIVE CORP PROLOGIS INC

PROVIDENT FINANCIAL

PRUDENTIAL FINANCIAL INC

PNC FINANCIAL SERVICES GROUP INC

PARGESA HOLDING SA

PARTNERRE LTD

NATIONAL BANK OF CANADA

NIPPON BUILDING FUND INC

NIPPON PROLOGIS REIT INC

NOMURA HOLDINGS INC

NKSJ HOLDINGS INC

NORDEA BANK AB NORTHERN TRUST CORP

OLD MUTUAL PLC

ONEX CORP

ORIX CORP

NN GROUP NV

LEUCADIA NATIONAL CORP

LIBERTY PROPERTY TRUST

LINCOLN NATIONAL CORP

LLOYDS BANKING GROUP PLC

Number Market value

2

3

3

2

7

8

34

7

7 10

6

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20

6 000

35 605

21 200

9 000

16 682

143 580

19 300

20 620

9 116 8 500

19 401

70 142

32 854

17 139

40 060

59 798

217 965

79 379

807 698

37 700

58 800

10 489

11 076

92 787

33 420

10 875

7 500

165 643

21 492

60 903

26 300

323 288

30 800

21 300

13 344

6 700

224 200

201 879

13 350

9 600

5 400

81 000

199 004

2 771

3 000

1 096

22 400

16 900

11 900

32 528

24 698

16 100

19 500

35 852

33 996

9 285

28 302

327 396

87

111

1 491 717

176 403

900

124 346

3 616 325

NOK millions	Number	Market value
PRUDENTIAL PLC	162 837	33
PUBLIC STORAGE	9 500	
QBE INSURANCE GROUP LTD	90 718	7
RAIFFEISEN BANK INTERNATIONAL AG	9 818	1
RAYMOND JAMES FINANCIAL INC	8 340	
REALOGY HOLDINGS CORP	10 000	
REALTY INCOME CORP	15 000	
REGENCY CENTERS CORP REGIONS FINANCIAL CORP	6 200 87 341	
REGIONS FINANCIAL CORP RENAISSANCERE HOLDINGS LTD	2 900	
RESONA HOLDINGS INC	141 442	
RIOCAN REAL ESTATE INVESTMENT TRUST	8 276	1
ROYAL BANK OF CANADA	94 042	44
ROYAL BANK OF SCOTLAND GROUP PLC	176 402	7
RSA INSURANCE GROUP PLC	64 641	
SAMPO OYJ	29 711	
SBI HOLDINGS INC SCHRODERS PLC	14 070 8 983	
SCOR SE	9 6 7 9	
SEGRO PLC	52 379	-
SEI INVESTMENTS CO	9 800	
SEVEN BANK LTD	29 100	1
SHINSEI BANK LTD	109 000	2
SHIZUOKA BANK LTD	34 000	3
SIGNATURE BANK	3 300	
SIMON PROPERTY GROUP INC	19 596	
SINGAPORE EXCHANGE LTD SINO LAND CO LTD	48 400 216 330	
SKANDINAVISKA ENSKILDA BANKEN AB	100 958	-
SL GREEN REALTY CORP	6 500	
SOCIETE GENERALE	48 165	
SONY FINANCIAL HOLDINGS INC	9 900	2
ST JAMES'S PLACE PLC	32 674	4
STANDARD CHARTERED PLC	252 819	
STANDARD LIFE PLC	130 171	
STATE STREET CORP STOCKLAND CORP LTD	26 543 155 511	
SUMITOMO MITSUI FINANCIAL GROUP INC	80 371	
SUMITOMO MITSUI TRUST HOLDINGS INC	220 769	
SUMITOMO REALTY & DEVELOPMENT CO LTD	22 500	
SUN HUNG KAI PROPERTIES LTD	113 164	12
SUN HUNG KAI PROPERTIES LTD		
RIGHTS ISSUE	9 086	
SUN LIFE FINANCIAL INC SUNCORP GROUP LTD	37 516 82 825	
SUNTEC REIT	184 100	
SUNTRUST BANKS INC	33 248	
SURUGA BANK LTD	13 300	
SVENSKA HANDELSBANKEN-A SHS	99 523	12
SWEDBANK AB	60 189	12
SWIRE PACIFIC LTD	40 600	
SWIRE PROPERTIES LTD	87 200	
SWISS LIFE HOLDING AG SWISS PRIME SITE AG	2 132 4 186	
SWISS RE AG	23 406	
SYNCHRONY FINANCIAL	49 910	
T&D HOLDINGS INC	38 100	
T. ROWE PRICE GROUP INC	15 923	10
TD AMERITRADE HOLDING CORP	18 100	6
THE GPT GROUP	112 905	3
THE HARTFORD FINANCIAL SERVICES	JE 711	10
GROUP INC THE JOYO BANK LTD	25 711 47 000	
THE WHARF (HOLDINGS) LTD	93 000	
TOKIO MARINE HOLDINGS INC	44 479	-
ΤΟΚΥΟ ΤΑΤΕΜΟΝΟ CO	15 000	
TOKYU FUDOSAN HOLDINGS CORP	30 400	2

NOK millions	Number Ma	irket value	NOK millions	Number M	arket val
ORCHMARK CORP	8 400	4	DAINIPPON SUMITOMO PHARMA CO LTD	11 200	:
RONTO-DOMINION BANK	117 396	41	DAVITA HEALTHCARE PARTNERS INC	11 500	-
RAVELERS COMPANIES INC	19 710	20	DENTSPLY INTERNATIONAL INC	9 300	l
RYG A/S	8 165	1	EDWARDS LIFESCIENCES CORP	13 800	10
.S. BANCORP	111 532	42	EISAI CO LTD	16 800	10
BS AG	232 917	40	ELI LILLY AND CO	63 188	4
DR INC	17 000	6	ENDO INTERNATIONAL PLC	13 500	
NIBAIL-RODAMCO SE	6 517	15	ENVISION HEALTHCARE HOLDINGS	12 200	
INICREDIT SPA	317 989	16	ESSILOR INTERNATIONAL SA	13 631	1
NIONE DI BANCHE ITALIANE SCPA	59 933	4	EXPRESS SCRIPTS HOLDING CO	42 797	3
INITED OVERSEAS BANK LTD	85 823	11	FRESENIUS MEDICAL CARE AG & CO KGAA	14 476	1
INITED URBAN INVESTMENT CORP	186	2	FRESENIUS SE & CO KGAA	25 212	1
INUM GROUP	16 666	5	GALENICA AG-REG	300	
OL GROUP LTD	34 000	1	GETINGE AB	14 370	
ENTAS INC	20 111	10	GILEAD SCIENCES INC	92 950	8
ORNADO REALTY TRUST	10 239	9	GLAXOSMITHKLINE PLC	308 225	5
I. R. BERKLEY CORP	6 500	3	GRIFOLS SA	9 390	-
/ELLS FARGO & CO	308 862	149	HCA HOLDINGS INC	21 600	1
VELLTOWER INC	21 515	13	HEALTHSCOPE LTD	87 330	1
IENDEL SA	2 0 0 1	2	HENRY SCHEIN INC	5 300	
ENDEL SA	131 210	2	HISAMITSU PHARMACEUTICAL CO INC	2 600	
ESTFIELD RETAIL TRUST	353 868	10	HOLOGIC INC	2 800 15 800	
ESTFIELD RETAIL TROST	203 384	44	HOLOGIC INC HOYA CORP	15 800 25 800	
/EYERHAEUSER CO	31 624	8			1
	65 000	° 2	HUMANA INC	9 300	
				9 300	1
	10 300	4	IMS HEALTH HOLDINGS INC	10 500	-
L GROUP PLC	21 200	7	INCYTE CORP	10 300	1
AMAGUCHI FINANCIAL GROUP INC	15 000	2	INTUITIVE SURGICAL INC	2 400	1
URICH INSURANCE GROUP AG	9 947	23	IONIS PHARMACEUTICALS INC	8 000	
OTAL, FINANCIAL		3 794	JAZZ PHARMACEUTICALS PLC	4 100	
			JOHNSON & JOHNSON	175 379	15
BBOTT LABORATORIES	94 396	38	KYOWA HAKKO KIRIN CO LTD	13 000	
BBVIE INC	104 836	55	LABORATORY CORPORATION OF AMERICA	< < coo	
CTELION LTD	6 606	8	HOLDINGS	6 600	
ETNA INC	21 776	21	LONZA GROUP AG	3 436	
GILENT TECHNOLOGIES INC	22 221	8	M3 INC	11 100	
LEXION PHARMACEUTICALS INC	14 500	24	MALLINCKRODT PLC	7 619	
LFRESA HOLDINGS CORP	10 700	2	MCKESSON CORP	14 529	2
LKERMES PLC	9 300	7	MEDIPAL HOLDINGS CORP	8 200	
LLERGAN PLC	24 984	69	MEDIVATION INC	10 200	
LNYLAM PHARMACEUTICALS INC	4 900	4	MEDNAX INC	6 100	
MERISOURCEBERGEN CORP	12 884	12	MEDTRONIC INC	89 704	E
MGEN INC	48 023	69	MERCK & CO INC	178 390	8
NTHEM INC	16 496	20	MERCK KGAA	8 522	
STELLAS PHARMA INC	137 620	18	METTLER-TOLEDO INTERNATIONAL	1 853	
STRAZENECA PLC	80 041	48	MIRACA HOLDINGS INC	3 900	
AXALTA INC	33 299	10	MITSUBISHI TANABE PHARMA CORP	16 300	
AXTER INTERNATIONAL INC	33 317	11	MYLAN INC	25 609	1
AYER AG	52 374	58	NOVARTIS AG	144 114	11
ECTON DICKINSON AND CO	13 237	18	NOVO NORDISK A/S	126 366	6
IOGEN IDEC INC	14 894	40	OLYMPUS CORP	16 400	
IOGEN IDEC INC	14 894	40 10	ONO PHARMACEUTICAL CO LTD	5 100	
		10	ORION OY	7 047	
	83 027		OTSUKA HOLDINGS CO LTD	25 100	
RISTOL-MYERS SQUIBB CO	105 610	64	PATTERSON COMPANIES INC	6 500	
	4 800	8	PERRIGO CO PLC	9 364	1
ARDINAL HEALTH INC	20 733	16	PFIZER INC	390 605	11
ELGENE CORP	50 068	53			11
ENTENE CORP	7 300	4		13 809	
ERNER CORP	20 500	11	QUEST DIAGNOSTICS INC	9 548	
HUGAI PHARMACEUTICAL CO LTD	14 600	5	QUINTILES TRANSNATIONAL HOLD	5 000	
IGNA CORP	16 308	21	RAMSAY HEALTH CARE LTD	9 226	-
OCHLEAR LTD	3 412	2	REGENERON PHARMACEUTICALS INC	4 817	2
OLOPLAST A/S	7 272	5	RESMED INC	9 200	
OOPER COS INC/THE	3 200	4	ROCHE HOLDING AG	44 496	10
SL LTD	29 058	20	RYMAN HEALTHCARE LTD	25 579	
			SANOFI SA	75 233	5

NOK millions	Number M	arket value
SANTEN PHARMACEUTICAL CO LTD	23 100	3
SHIONOGI & CO LTD	19 700	8
SHIRE PLC	37 734	23
SMITH & NEPHEW PLC	59 526	9
SONIC HEALTHCARE LTD	26 015	3
SONOVA HOLDING AG	3 572	4
	18 654	10
ST. JUDE MEDICAL INC		
STRYKER CORP	20 999	17
SUZUKEN CO LTD	4 150	1
SYSMEX CORP	9 700	6
TAISHO PHARMACEUTICAL HOLDINGS CO		
LTD	2 600	2
TAKEDA PHARMACEUTICAL CO LTD	49 100	22
TERUMO CORP	20 200	6
TEVA PHARMACEUTICAL INDUSTRIES LTD	56 239	33
THERMO FISHER SCIENTIFIC INC	25 150	32
UCB S.A.	8 403	7
UNITED THERAPEUTICS CORP	3 100	4
UNITEDHEALTH GROUP INC	60 393	63
UNIVERSAL HEALTH SERVICES-B	5 783	6
VALEANT PHARMACEUTICALS INTERNA-		
TIONAL INC	20 115	18
VARIAN MEDICAL SYSTEMS INC	6 200	4
VERTEX PHARMACEUTICALS INC	15 272	17
	5 353	17
WATERS CORP		-
WILLIAM DEMANT HOLDING A/S	1 768	1
ZIMMER HOLDINGS INC	11 259	10
ZOETIS INC	29 378	12
TOTAL, HEALTH		2 457
3M CO	49 033	65
AB VOLVO	121 555	10
ABB LTD	174 189	28
ABERTIS INFRAESTRUCTURAS SA	29 756	4
ACS ACTIVIDADES DE CONSTRUCCION Y		
SERVICIOS SA	14 222	4
ACUITY BRANDS INC	3 600	7
ADECCO SA	11 307	7
ADT CORP	11 375	3
AENA SA	4 411	4
AERCAP HOLDINGS NV	5 700	2
AEROPORTS DE PARIS SA	1 656	2
AGCO CORP	6 300	3
AGGREKO PLC	16 688	2
ALFA LAVAL AB	22 219	4
AMADA CO LTD	31 300	3
AMERCO	500	2
AMERICAN AIRLINES GROUP INC	11 600	4
AMETEK INC	19 050	9
ANA HOLDINGS INC	87 000	2
ANDRITZ AG	6 238	3
AP MOLLER MAERSK B	474	5
AP MOLLER MAERSK A	245	3
		4
ASAHI GLASS CO LTD	74 800	
ASAHI GLASS CO LTD ASCIANO LTD	74 800 40 154	2
ASAHI GLASS CO LTD ASCIANO LTD ASHTEAD GROUP PLC	74 800 40 154 39 871	2 6
ASAHI GLASS CO LTD ASCIANO LTD ASHTEAD GROUP PLC	74 800 40 154	2
ASAHI GLASS CO LTD ASCIANO LTD ASHTEAD GROUP PLC ASSA ABLOY AB-B	74 800 40 154 39 871	2 6
ASAHI GLASS CO LTD ASCIANO LTD ASHTEAD GROUP PLC ASSA ABLOY AB-B ATLANTIA SPA	74 800 40 154 39 871 79 395 27 442	2 6 15 6
ASAHI GLASS CO LTD ASCIANO LTD ASHTEAD GROUP PLC ASSA ABLOY AB-B ATLANTIA SPA ATLAS COPCO AB	74 800 40 154 39 871 79 395 27 442 53 192	2 6 15 6 12
ASAHI GLASS CO LTD ASCIANO LTD ASHTEAD GROUP PLC ASSA ABLOY AB-B ATLANTIA SPA ATLAS COPCO AB ATLAS COPCO AB-B SHS	74 800 40 154 39 871 79 395 27 442 53 192 30 910	2 6 15 6 12 6
ASAHI GLASS CO LTD ASCIANO LTD ASHTEAD GROUP PLC ASSA ABLOY AB-B ATLANTIA SPA ATLAS COPCO AB ATLAS COPCO AB-B SHS AUCKLAND INTERNATIONAL AIRPORT LTD	74 800 40 154 39 871 79 395 27 442 53 192 30 910 51 274	2 6 15 6 12 6 2
ASAHI GLASS CO LTD ASCIANO LTD ASHTEAD GROUP PLC ASSA ABLOY AB-B ATLANTIA SPA ATLAS COPCO AB ATLAS COPCO AB-B SHS AUCKLAND INTERNATIONAL AIRPORT LTD	74 800 40 154 39 871 79 395 27 442 53 192 30 910	2 6 15 6 12 6 2 4
ASAHI GLASS CO LTD ASCIANO LTD ASHTEAD GROUP PLC ASSA ABLOY AB-B ATLANTIA SPA ATLAS COPCO AB ATLAS COPCO AB-B SHS AUCKLAND INTERNATIONAL AIRPORT LTD	74 800 40 154 39 871 79 395 27 442 53 192 30 910 51 274	2 6 15 6 12 6 2
ASAHI GLASS CO LTD ASCIANO LTD ASHTEAD GROUP PLC ASSA ABLOY AB-B ATLANTIA SPA ATLAS COPCO AB ATLAS COPCO AB-B SHS AUCKLAND INTERNATIONAL AIRPORT LTD AURIZON HOLDINGS LTD	74 800 40 154 39 871 79 395 27 442 53 192 30 910 51 274 139 065	2 6 15 6 12 6 2 4
ASAHI GLASS CO LTD ASCIANO LTD ASHTEAD GROUP PLC ASSA ABLOY AB-B ATLANTIA SPA ATLAS COPCO AB ATLAS COPCO AB-B SHS AUCKLAND INTERNATIONAL AIRPORT LTD AURIZON HOLDINGS LTD B/E AEROSPACE INC BABCOCK INTERNATIONAL GROUP PLC	74 800 40 154 39 871 79 395 27 442 53 192 30 910 51 274 139 065 7 860 18 382	2 6 15 6 2 4 3 2
ASAHI GLASS CO LTD ASCIANO LTD ASHTEAD GROUP PLC ASSA ABLOY AB-B ATLANTIA SPA ATLAS COPCO AB ATLAS COPCO AB-B SHS AUCKLAND INTERNATIONAL AIRPORT LTD AURIZON HOLDINGS LTD B/E AEROSPACE INC	74 800 40 154 39 871 79 395 27 442 53 192 30 910 51 274 139 065 7 860	2 6 15 6 12 6 2 4 3

NOK millions	Number	Market value
BRAMBLES LTD	98 761	7
BRENNTAG AG	11 952	6
BUNZL PLC	26 827	7
BUREAU VERITAS SA	16 372	
C.H. ROBINSON WORLDWIDE INC	9 700	-
	17 956	
CANADIAN NATIONAL RAILWAY CO CANADIAN PACIFIC RAILWAY LTD	50 416 9 540	
CAPITA PLC	42 558	
CATERPILLAR INC	45 628	
CATHAY PACIFIC AIRWAYS LTD	81 000	1
CENTRAL JAPAN RAILWAY CO	9 100	14
CHICAGO BRIDGE & IRON CO NV	7 138	
CIE DE SAINT-GOBAIN SA	37 833	
	5 497 21 z 91 z	
CK HUTCHISON HOLDINGS LTD CNH INDUSTRIAL NV	213 917 75 088	
COBHAM PLC	87 868	
COMFORTDELGRO CORPORATION LTD	129 900	
CSX CORP	63 726	15
CUMMINS INC	13 700	11
DAI NIPPON PRINTING CO LTD	37 000	
DAIKIN INDUSTRIES LTD	18 600	
DANAHER CORP	48 596	
DEERE & CO DELTA AIR LINES INC	24 734 11 670	
DEUTSCHE LUFTHANSA AG	14 944	-
DEUTSCHE POST AG	64 399	
DOVER CORP	12 277	7
DSV A/S	11 209	4
DUN & BRADSTREET CORP	2 100	2
EAST JAPAN RAILWAY CO	21 202	
EASYJET PLC	10 357	
EATON CORPORATION PLC EDENRED SA	37 016 13 419	
EMERSON ELECTRIC CO	50 639	
EQUIFAX INC	7 700	
EXPEDITORS INTERNATIONAL OF WASHING-		
TON INC	12 300	
EXPERIAN PLC	65 764	
FANUC CORP FASTENAL CO	15 500 21 800	
FEDEX CORP	16 783	
FERROVIAL SA	35 747	
FINNING INTERNATIONAL INC	14 800	2
FLOWSERVE CORP	10 700	4
FORTUNE BRANDS HOME & SECURITY	12 800	6
FRAPORT FRANKFURT AIRPORT SERVICES WORLDWIDE AG	2 555	1
FUI ELECTRIC CO LTD	46 000	
G4S PLC	92 996	
GEA GROUP AKTIENGESELLSCHAFT	13 644	5
GEBERIT AG	2 994	9
GENERAL ELECTRIC CO	740 724	
GOLDEN OCEAN GROUP LTD	232 253	
GROUPE EUROTUNNEL SA	30 847	
HANKYU HANSHIN HOLDINGS INC HERTZ GLOBAL HOLDINGS INC	76 000 25 000	
HINO MOTORS LTD	18 700	
HITACHI CONSTRUCTION MACHINERY CO	10,00	-
LTD	9 200	1
HOSHIZAKI ELECTRIC CO LTD	3 000	
HUTCHISON PORT HOLDINGS TRUST	325 300	
	104 000 4 500	
IHS INC ILLINOIS TOOL WORKS INC	4 500 26 150	
IMI PLC	20 190	
	>20	-

Number Market value 4 800

4 500

16 828

11 300

20 599

17 822

17 212

39 529

32 900

31 391

11 800

187 033

4 000 18 360

19 604

29 747

18 722

20 715

6 000

361 178 76 040

93 811

5 900

12 100

22 587 5 725

500

15 100

29 434

16 309

9 100

34 747 17 800

22 024

68 950

10 287

8 900

9 300

14 000

4 400 322 111

22 100

10 200

37 854

3 800

27 865

1 200

75 348 8 498

68 874

19 160

121 901

202 266 4 800

133 750

17 281

1 093 595

9

4 5 5

14

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7 10

5 4

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2 4

1 971

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6 10

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12

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5 336

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22

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3 18

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6

19

8

4 3

5

3

77

1

7

20

1

2 4

12

6

17 12

28

17

4

9

124

NOK millions	Number Ma	rket value	NOK millions	Number Mar	ket value	NOK millions
INGERSOLL-RAND PLC	20 849	10	PRYSMIAN SPA	14 089	3	W.W. GRAINGER INC
INTERNATIONAL CONSOLIDATED AIRLINES	20 0 1 9	10	QANTAS AIRWAYS LTD	34 266	1	WABCO HOLDINGS INC
GROUP SA	53 396	4	QUANTA SERVICES INC	16 100	3	WABTEC CORP
INTERTEK GROUP PLC	10 295	4	RANDSTAD HOLDING NV	8 300	5	WARTSILA OYI ABP
ISS A/S	11 010	4	RECRUIT HOLDINGS CO LTD	8 000	2	WARTSID COT THE
ITOCHU CORP	125 100	13		14 595	6	WEIR GROUP PLC
B HUNT TRANSPORT SERVICES INC	6 100	4	REPUBLIC SERVICES INC			
JAPAN AIRLINES CO LTD	6 700	2	REXEL SA	21 841	3	WEST JAPAN RAILWAY CO
JAPAN AIRPORT TERMINAL	3 300	1	ROBERT HALF INTERNATIONAL INC	9 100	4	WOLSELEY PLC
,	13 700	2	ROCKWELL AUTOMATION INC	10 700	10	XYLEM INC
JGC CORP	16 000	2	ROCKWELL COLLINS INC	10 185	8	YAMATO HOLDINGS CO LTD
			ROLLS-ROYCE HOLDINGS PLC	147 196	11	YANGZIJIANG SHIPBUILDING
KAJIMA CORP	68 000	4	ROPER INDUSTRIES INC	7 900	13	(HOLDINGS) LTD
KAMIGUMI CO LTD	16 000	1	ROYAL MAIL PLC	54 403	3	ZARDOYA OTIS SA
KANSAS CITY SOUTHERN	7 300	5	RYANAIR HOLDINGS PLC	12 042	2	ZODIAC AEROSPACE SA
KAWASAKI HEAVY INDUSTRIES LTD	110 000	4	SANDVIK AB	84 459	7	TOTAL, INDUSTRY
KEIHAN ELECTRIC RAILWAY CO	33 000	2	SCHINDLER PART	3 534	5	
KEIKYU CORP	28 000	2	SCHINDLER NAMEN	1 833	3	ACCENTURE PLC
KEIO CORP	33 000	3	SCHNEIDER ELECTRIC SA	43 987	22	ACTIVISION BLIZZARD INC
KEISEI ELECTRIC RAILWAY CO LTD	21 000	2	SECOM CO LTD	14 000	8	ADOBE SYSTEMS INC
KEPPEL CORPORATION LTD	115 160	5	SECURITAS AB	19 442	3	AKAMAI TECHNOLOGIES INC
KINTETSU CORP	106 900	4	SEEK LTD	23 372	2	ALCATEL LUCENT
KOMATSU LTD	74 000	11	SEIBU HOLDINGS INC	7 500	1	ALLIANCE DATA SYSTEMS CORP
KONE OY	27 557	10	SEMBCORP INDUSTRIES LTD	59 800	1	ALPHABET INC-CL A
KONINKLIJKE BOSKALIS WESTMINSTER NV	6 372	2	SEMBCORP MARINE LTD	86 000	1	ALPHABET INC-CL C
KONINKLIJKE PHILIPS ELECTRONICS NV	74 049	17	SENSATA TECHNOLOGIES HOLDING NV	12 900	5	AMADEUS IT HOLDING SA
KUBOTA CORP	89 100	12				AMPHENOL CORP
KUEHNE UND NAGEL INTERNATIONAL AG	3 589	4	SGS SA	364	6	ANALOG DEVICES INC
KURITA WATER INDUSTRIES LTD	10 100	2	SHIMIZU CORP	46 000	3	ANSYS INC
LEGRAND SA	20 975	11	SIEMENS AG	62 807	54	APPLE INC
	7 171	1	SINGAPORE AIRLINES LTD	33 000	2	
LEIGHTON HOLDINGS LTD			SKANSKA AB	30 101	5	APPLIED MATERIALS INC
LIXIL GROUP CORP	21 100	4	SKF INC	31 433	5	ARM HOLDINGS PLC
MABUCHI MOTOR CO LTD	4 200	2	SMC CORP	4 300	10	ARROW ELECTRONICS INC
MAKITA CORP	9 400	5	SMITHS GROUP PLC	31 270	4	ASETEK A/S
MAN SE	2 585	2	SNAP-ON INC	4 700	7	ASM PACIFIC TECHNOLOGY LTD
MANPOWERGROUP INC	5 400	4	SNC LAVALIN GROUP INC	11 100	3	ASML HOLDING NV
MARUBENI CORP	133 300	6	SOCIETE B I C SA	2 097	3	ATOS SE
MASCO CORP	27 701	7	SOHGO SECURITY SERVICES CO	4 000	2	AUTO TRADER GROUP PLC
MEGGITT PLC	63 016	3	SOUTHWEST AIRLINES CO	10 900	4	AUTODESK INC
MELROSE INDUSTRIES PLC	70 873	3	STANLEY BLACK & DECKER INC	12 454	12	AUTOMATIC DATA PROCESSING INC
METSO OYJ	10 557	2	STERICYCLE INC	5 500	6	AVAGO TECHNOLOGIES LTD
MINEBEA CO	24 000	2	STOLT NIELSEN LTD	276 721	29	AVNET INC
MITSUBISHI CORP	109 300	16	SUMITOMO CORP	89 200	8	BROADCOM CORP
MITSUBISHI ELECTRIC CORP	153 200	14	SUMITOMO HEAVY INDUSTRIES LTD	51 000	2	BROTHER INDUSTRIES LTD
MITSUBISHI HEAVY INDUSTRIES LTD	240 100	9	SYDNEY AIRPORT	68 874	3	CA INC
MITSUBISHI LOGISTICS CORP	9 000	1	TAISEI CORP	81 000	5	CANON INC
MITSUI & CO LTD	135 200	14	THALES SA	8 714	6	CAP GEMINI SA
MITSUI O.S.K. LINES LTD	60 000	1				CDK GLOBAL INC
MTR CORP LTD	94 342	4	THK CO LTD	8 900	1	CDW CORP/DE
NABTESCO CORP	10 900	2	TNT EXPRESS NV	37 188	3	CGI GROUP INC
	49 000		TOBU RAILWAY CO LTD	64 000	3	
NAGOYA RAILROAD CO LTD		2	TOKYU CORP	73 200	5	CHECK POINT SOFTWARE TECH
NGK INSULATORS LTD	21 000	4	TOPPAN PRINTING CO LTD	35 700	3	CISCO SYSTEMS INC
NIDEC CORP	17 200	11	TOSHIBA CORP	318 700	6	CITIZEN HOLDINGS CO LTD
NIELSEN HOLDINGS PLC	21 162	9	TOTO LTD	12 000	4	CITRIX SYSTEMS INC
NIPPON EXPRESS CO LTD	52 000	2	TOWERS WATSON & CO-CL A	4 580	5	COGNIZANT TECHNOLOGY SOLUTIONS CORP
NIPPON YUSEN KK	103 000	2	TOYOTA TSUSHO CORP	16 000	3	COLOPL INC
NORFOLK SOUTHERN CORP	19 646	15	TRANSDIGM GROUP INC	4 200	8	COMPUTERSHARE LTD
NSK LTD	36 900	4	TRANSURBAN GROUP	134 309	9	CONSTELLATION SOFTWARE INC
NWS HOLDINGS LTD	128 841	2	TRAVIS PERKINS PLC	19 708	5	CORNING INC
OBAYASHI CORP	51 000	4	TYCO INTERNATIONAL LTD	27 950	8	DASSAULT SYSTEMES SA
	39 000	4	UNION PACIFIC CORP	54 955	38	EBAY INC
ODAKYU ELECTRIC RAILWAY CO LTD				6 500	3	ELECTRONIC ARTS INC
ODAKYU ELECTRIC RAILWAY CO LTD OSRAM LICHT AG	6 796	3				
OSRAM LICHT AG						EMC CORP
OSRAM LICHT AG PACCAR INC	28 086	12	UNITED PARCEL SERVICE INC	44 236	38	EMC CORP FRICSSON
OSRAM LICHT AG PACCAR INC PARK24 CO LTD	28 086 7 000	12 2	UNITED PARCEL SERVICE INC UNITED RENTALS INC	44 236 7 000	38 4	ERICSSON
OSRAM LICHT AG PACCAR INC PARK24 CO LTD PARKER HANNIFIN CORP	28 086 7 000 10 689	12 2 9	UNITED PARCEL SERVICE INC UNITED RENTALS INC UNITED TECHNOLOGIES CORP	44 236 7 000 64 700	38 4 55	ERICSSON F5 NETWORKS INC
OSRAM LICHT AG PACCAR INC PARK24 CO LTD PARKER HANNIFIN CORP PENTAIR LTD	28 086 7 000 10 689 14 433	12 2 9 6	UNITED PARCEL SERVICE INC UNITED RENTALS INC UNITED TECHNOLOGIES CORP VERISK ANALYTICS INC	44 236 7 000 64 700 10 500	38 4 55 7	ERICSSON F5 NETWORKS INC FACEBOOK INC
OSRAM LICHT AG PACCAR INC PARK24 CO LTD PARKER HANNIFIN CORP	28 086 7 000 10 689	12 2 9	UNITED PARCEL SERVICE INC UNITED RENTALS INC UNITED TECHNOLOGIES CORP	44 236 7 000 64 700	38 4 55	ERICSSON F5 NETWORKS INC

NOK millions	Number	Market value
FIREEYE INC	5 700	1
FISERV INC	14 744	12
FLEETCOR TECHNOLOGIES INC	5 220	7
FLEXTRONICS INTERNATIONAL LTD	39 100	
FLIR SYSTEMS INC	10 200	
	9 400	
FUJIFILM HOLDINGS CORP	28 300 124 200	
FUJITSU LTD GARTNER INC	124 200 5 800	
GEMALTO (NL)	5 086	-
GLOBAL PAYMENTS INC	8 400	5
GUNGHO ONLINE ENTERTAINMENT	36 200	1
HAMAMATSU PHOTONICS KK	10 600	3
HARRIS CORP	8 300	
HEWLETT PACKARD ENTERPRIS	118 465	
HEXAGON AB HIROSE ELECTRIC CO LTD	17 033 1 890	
HITACHI HIGH-TECHNOLOGIES CORP	5 200	
HITACHI LTD	304 000	
HP INC	118 465	12
INFINEON TECHNOLOGIES AG	74 049	10
INGENICO GROUP	3 205	4
INTEL CORP	301 155	
INTERNATIONAL BUSINESS MACHINES CORP	58 936	
	16 418	
ITOCHU TECHNO-SOLUTIONS CORP JUNIPER NETWORKS INC	4 000 23 500	
KAKAKU.COM INC	10 139	-
KEYENCE CORP	2 975	-
KLA-TENCOR CORP	9 303	6
KONAMI CORP	5 600	1
KONICA MINOLTA INC	29 000	
KYOCERA CORP	21 300	
	10 200 15 887	
LINEAR TECHNOLOGY CORP LINKEDIN CORP	15 887	
MARVELL TECHNOLOGY GROUP LTD	29 800	
MASTERCARD INC	63 207	
MAXIM INTEGRATED PRODUCTS INC	18 800	6
MEMC ELECTRONIC MATRLS	16 100	
MICROCHIP TECHNOLOGY INC	13 600	-
MICRON TECHNOLOGY INC	71 600	
MICROSOFT CORP MIXI INC	481 219 2 900	
MOBILEYE NV	5 300	
MOTOROLA SOLUTIONS INC	9 963	
MURATA MANUFACTURING CO LTD	12 900	17
NEC CORP	172 400	
NETAPP INC	19 839	
NETSUITE INC	2 561	
NEXON CO LTD NICE SYSTEMS LTD	10 600 4 209	
NINTENDO CO LTD	6 500	
NIPPON ELECTRIC GLASS CO LTD	23 000	
NOKIA OYJ	244 459	16
NOMURA RESEARCH INSTITUTE LTD	7 370	3
NTT DATA CORP	8 300	
NUANCE COMMUNICATIONS INC	16 100	
	32 909	
NXP SEMICONDUCTORS NV OBIC CO	9 513 4 000	
OMRON CORP	13 300	
OPENTEXT CORP	7 500	
ORACLE CORP	219 698	
ORACLE CORP JAPAN	2 300	1
OTSUKA CORP	3 900	2

NOK millions	Number M	arket value	NOK millions	Number Ma	rket value	NOP
PALO ALTO NETWORKS INC	4 600	7	AVERY DENNISON CORP	6 611	4	NEW
PAYCHEX INC	19 857	9	AXALTA COATING SYSTEMS LTD	9 200	2	NEW
PAYPAL HOLDINGS INC	70 620	23	BALL CORP	9 600	6	NIPF
QORVO INC	9 900	4	BASF SE	65 604	45	NIPF
QUALCOMM INC	99 511	44	BHP BILLITON LTD	229 401	26	NITT
RED HAT INC	12 000	9	BHP BILLITON PLC	150 859	15	NOV
RESEARCH IN MOTION LTD	34 500	3	BOLIDEN AB	19 263	3	NUC
RICOH CO LTD	44 900	4	BORAL LTD	49 950	2	OCI
ROHM CO LTD	5 900	3	CCL INDUSTRIES INC - CL B	1 800	3	OJI F
SABRE CORP	11 400	3	CELANESE CORP	10 900	6	ORIC
SALESFORCE.COM INC	39 800	28	CF INDUSTRIES HOLDINGS INC	16 500	6	PACI
SANDISK CORP	13 600	9	CHRISTIAN HANSEN HOLDING A/S	6 300	4	PPG
SAP AG	62 590	44	CRH PLC	59 778	15	PRA
SEAGATE TECHNOLOGY PLC	17 719	6	CRODA INTERNATIONAL PLC	10 130	4	RAN
SEIKO EPSON CORPORATION	18 100	2	CROWN HOLDINGS INC	10 200	5	REX
SERVICENOW	9 746	7	DAICEL CORP	23 000	3	SEA
SHIMADZU CORP	16 000	2	DOW CHEMICAL CO	78 512	36	SHE
SKYWORKS SOLUTIONS INC	11 528	8	E. I. DU PONT DE NEMOURS AND CO	63 168	37	SHIM
SPLUNK INC	8 400	4	EASTMAN CHEMICAL CO	10 500	6	SIKA
STMICROELECTRONICS NV	38 631	2	ECOLAB INC	18 223	18	SILV
SYMANTEC CORP	45 400	8	ELDORADO GOLD CORP	57 200	1	SOL
SYNOPSYS INC	10 800	4	EMS CHEMIE HOLDING AG	524	2	SOU
TDK CORP	8 200	5	EVONIK INDUSTRIES AG	7 829	2	STO
TE CONNECTIVITY LTD	26 950	15	FIRST QUANTUM MINERALS LTD	52 546	2	SUM
TERADATA CORP	9 000	2	FLETCHER BUILDING LTD	44 136	2	SUM
TEXAS INSTRUMENTS INC	65 005	32	FMC CORP	9 670	3	SYM
THE SAGE GROUP PLC	74 848	6	FORTESCUE METALS GROUP LTD	103 582	1	SYN
TOKYO ELECTRON LTD	11 700	6	FRANCO-NEVADA CORP	11 124	4	TAIH
TOTAL SYSTEM SERVICES INC	9 583	4	FRESNILLO PLC	14 386	1	TAIY
TREND MICRO INC	7 500	3	FUCHS PETROLUB AG -PREF	4 529	2	TECI
TRIMBLE NAVIGATION LTD	17 100	3	GIVAUDAN SA	677	11	TEIJI
TWITTER INC	31 900	7	GOLDCORP INC	59 509	6	THY
UNITED INTERNET AG	7 491	4	HITACHI CHEMICAL CO LTD	8 600	1	TOR
VANTIV A	9 795	4	HITACHI METALS LTD	12 400	1	TOY
VERISIGN INC	6 400	5	HOLCIM LTD	30 832	14	UMI
	123 590	85 3	ICL ISRAEL CHEMICALS LTD	40 032	1	UPM
VMWARE INC WESTERN DIGITAL CORP	5 500 15 200	8	ILUKA RESOURCES LTD	23 005 2 657	1 2	VOE VUL
WESTERN DIGITAL CORP	34 694	5	IMERYS SA INTERNATIONAL FLAVORS &	2 657	Z	WES
WORKDAY INC-CLASS A	7 389	5	FRAGRANCES INC	5 900	6	WES
XEROX CORP	67 463	6	INTERNATIONAL PAPER CO	26 853	9	WES
XILINX INC	16 573	7	ISRAEL CORPORATION LTD	183	0	YAM
YAHOO	56 172	17	JAMES HARDIE INDUSTRIES PLC	33 520	4	ТОТ
YAHOO JAPAN CORP	94 600	3	JFE HOLDINGS INC	37 100	5	101
YASKAWA ELECTRIC CORP	16 600	2	JOHNSON MATTHEY PLC	15 137	5	AT&
YOKOGAWA ELECTRIC CORP	14 000	2	JSR CORP	14 800	2	BCE
ZILLOW GROUP INC - A	3 800	1	K+S AG	14 038	3	BEL
ZILLOW GROUP INC - C	7 600	2	KANEKA CORP	20 000	2	BEZ
TOTAL, IT	,	2 604	KANSAI PAINT CO LTD	19 000	3	COR
			KINROSS GOLD CORP	68 300	1	BT G
AGNICO EAGLE MINES LTD	14 866	3	KOBE STEEL LTD	212 000	2	CEN
AIR LIQUIDE SA	24 566	24	KONINKLIJKE DSM NV	13 472	6	DEU
AIR PRODUCTS AND CHEMICALS INC	14 500	17	KURARAY CO LTD	22 800	2	ELIS
AIR WATER INC	12 000	2	LANXESS AG	7 476	3	FRA
AIRGAS INC	4 356	5	LINDE AG	13 259	17	FRO
AKZO NOBEL NV	18 098	11	LYONDELLBASELL INDUSTRIES NV	27 532	21	HKT
ALBEMARLE CORP	7 800	4	MARTIN MARIETTA MATERIALS INC	4 200	5	ILIAD
ALCOA INC	96 150	8	MARUICHI STEEL TUBE LTD	3 400	1	INM
ALUMINA LTD	223 416	2	METHANEX CORP	6 718	2	KDD
AMCOR LTD	79 596	7	MITSUBISHI CHEMICAL HOLDINGS CORP	99 850	6	KON
ANGLO AMERICAN PLC	102 438	4	MITSUBISHI GAS CHEMICAL CO INC	30 000	1	LEVE
ANTOFAGASTA PLC	31 496	2	MITSUBISHI MATERIALS CORP	69 000	2	MILL
ARCELORMITTAL SA	74 288	3	MITSUI CHEMICALS INC	55 100	2	NIPF
ARKEMA SA	4 799	3	MONDI PLC	27 489	5	NTT
ASAHI KASEI CORP	90 200	5	MONSANTO CO	32 668	28	PCC
	4 600	4	MOSAIC CO	20 900	5	ROG

		M 1			
NOK millions		Market value	NOK millions		Market valu
NEWCREST MINING LTD	55 042		SBA COMMUNICATIONS CORP	7 654	
NEWMONT MINING CORP	37 457		SINGAPORE TELECOMMUNICATIONS LTD	492 480	
NIPPON PAINT CO LTD	12 254		SOFTBANK CORP	60 700	
NIPPON STEEL & SUMITOMO METAL CORP	55 772		SPRINT CORP	41 013	
	12 000		STARHUB LTD	50 000	
NOVOZYMES A/S	16 666 23 364		SWISSCOM AG TDC A/S	1 658 53 462	
NUCOR CORP OCI NV	25 564		TELE2 AB	20 607	
OJI HOLDINGS CORP	52 800		TELEZ AD	20 607	Z
ORICA LTD	25 763		NEW ZEALAND LTD	109 332	2
PACKAGING CORP OF AMERICA	6 700		TELECOM ITALIA SPA	1 037 968	
PPG INDUSTRIES INC	19 352	-	TELEFONICA DEUTSCHLAND HOLDI	37 149	-
PRAXAIR INC	19 552		TELEFONICA SA	298 235	
	6 2 3 9		TELIASONERA AB	172 674	
RANDGOLD RESOURCES LTD	52 566		TELSTRA CORP LTD	284 394	-
REXAM PLC			TELUS CORP	12 974	
SEALED AIR CORP	15 400		T-MOBILE US INC	17 800	-
SHERWIN-WILLIAMS CO	5 700		TPG TELECOM LTD	14 779	
SHIN-ETSU CHEMICAL CO LTD	28 900		VERIZON COMMUNICATIONS INC	257 498	
SIKA AG	158		VODAFONE GROUP PLC	257 498 1 681 367	
SILVER WHEATON CORP	30 924	-	TOTAL, TELECOM	T 00T 207	607
SOLVAY SA	5 4 3 6				607
SOUTH32 LTD	299 903			7 800	4
STORA ENSO OYJ	40 155		AGL RESOURCES INC AMERICAN WATER WORKS COMPANY INC	7 800 12 200	
SUMITOMO CHEMICAL CO LTD	110 100				
SUMITOMO METAL MINING CO LTD	37 700		APA GROUP	69 463	
SYMRISE AG	9 045		ATCO LTD -CLASS I	5 700	
SYNGENTA AG	6 6 3 9		AUSNET SERVICES	147 889	
TAIHEIYO CEMENT CORP	76 000		CALPINE CORP	22 900	-
TAIYO NIPPON SANSO CORP	13 000		CANADIAN UTILITIES LTD	7 521	
TECK RESOURCES LTD	36 026		CENTERPOINT ENERGY INC	27 100	
TEIJIN LTD	75 000			336 194	10
THYSSENKRUPP AG	28 016		CHEUNG KONG INFRASTRUCTURE HOLD- INGS LTD	39 000	3
TORAY INDUSTRIES INC	102 100		CHUBU ELECTRIC POWER CO INC	43 600	
TOYO SEIKAN GROUP HOLDINGS LTD	10 000		CHUGOKU ELECTRIC POWER CO INC	45 600	
UMICORE SA	6 979		CMS ENERGY CORP	17 800	
UPM-KYMMENE CORPORATION	39 146		CONSOLIDATED EDISON INC	18 700	
VOESTALPINE AG	7 772		CONSOLIDATED EDISON INC	31 141	
VULCAN MATERIALS CO	9 485		DOMINION RESOURCES INC	38 254	
WEST FRASER TIMBER CO LTD	4 400		DOMINION RESOURCES INC DTE ENERGY CO	56 254 11 963	
WESTLAKE CHEMICAL CORP	2 800		DUET GROUP		
WESTROCK CO	19 144	8		153 000	
YAMANA GOLD INC	79 900	1	E.ON SE	135 381	
TOTAL, RAW MATERIALS		800	EDISON INTERNATIONAL	20 189	
			EDP ENERGIAS DE PORTUGAL SA	156 230	
AT&T INC	389 569	119	ELECTRICITE DE FRANCE SA	15 625	
BCE INC	9 380		ENAGAS SA	14 009	
BELGACOM SA	9 645	3		20 878	
BEZEQ THE ISRAELI TELECOMUNICATION			ENEL GREEN POWER SPA	101 082	
CORP LTD	131 689		ENEL SPA	477 152	
BT GROUP PLC	530 129		ENTERGY CORP	12 114	
CENTURYLINK INC	33 773		EXELON CORP	54 363	
DEUTSCHE TELEKOM AG	206 952		FORTIS INC	18 844	
ELISA OYJ	8 942		FORTUM OYJ	30 052	
FRANCE TELECOM SA	130 772		GAS NATURAL SDG SA	23 186	
FRONTIER COMMUNICATIONS CORP	78 865		GDF SUEZ SA	98 858	
HKT TRUST	154 880		HK ELECTRIC INVESTMENTS -SS	175 000	
ILIAD SA	1 692		IBERDROLA SA	359 213	
INMARSAT PLC	31 880	5	KANSAI ELECTRIC POWER CO INC	47 600	
KDDI CORP	109 600	25	KYUSHU ELECTRIC POWER CO INC	28 300	
KONINKLIJKE KPN NV	211 388	7	MERIDIAN ENER-PARTLY PAID SH	98 843	
LEVEL 3 COMMUNICATIONS INC	19 500	9	MIGHTY RIVER POWER	55 114	
MILLICOM INTERNATIONAL CELLULAR SA	4 162	2	NATIONAL GRID PLC	240 815	
NIPPON TELEGRAPH AND TELEPHONE CORP	47 116	17	NEXTERA ENERGY INC	29 450	
NTT DOCOMO INC	93 200	17	NORTHEAST UTILITIES	21 422	10
PCCW LTD	293 049		OGE ENERGY CORP	13 200	3
ROGERS COMMUNICATIONS INC	23 278	7	OSAKA GAS CO LTD	127 000	4

	2	
NOK millions	Number	Market value
PEPCO HOLDINGS INC	16 700	4
PG&E CORP	32 273	15
POWER ASSETS HOLDINGS LTD	88 000	7
PPL CORP	42 024	13
PUBLIC SERVICE ENTERPRISE GROUP INC	31 515	11
RED ELECTRICA CORPORACION SA	7 322	5
RWE AG	31 538	4
SCANA CORP	9 100	5
SEMPRA ENERGY	14 808	12
SEVERN TRENT PLC	16 188	5
SNAM SPA SSE PLC	139 366 66 823	6 13
SUEZ ENVIRONNEMENT COMPANY SA	18 589	3
TERNA RETE ELETTRICA NAZIONALE SPA	99 595	5
THE HONG KONG AND CHINA GAS CO LTD	469 602	8
TOHO GAS CO LTD	20 000	1
TOHOKU ELECTRIC POWER CO INC	30 600	3
TOKYO GAS CO LTD	157 100	7
UNITED UTILITIES GROUP PLC	46 135	6
VEOLIA ENVIRONNEMENT SA	29 516	6
XCEL ENERGY INC	34 200	11
TOTAL DISTRIBUTION		460
FOREIGN		18 651
		07.000
TOTAL SHARES		23 808
		2.0/0
TOTAL, ENERGY TOTAL, FINANCIAL		2 049 4 691
TOTAL, FINANCIAL TOTAL, CONSUMABLES		2 814
TOTAL DISTRIBUTION		2 113
TOTAL, HEALTHCARE		2 525
TOTAL, INDUSTRY		2 125
TOTAL, IT		2 794
TOTAL, CONSUMER GOODS		2 325
TOTAL, RAW MATERIALS		1 328
TOTAL, TELECOM		927
TOTAL, UNSPECIFIED		117
TOTAL SHARES		23 808
	75 000 000	
21 CENTRALE PARTNERS IV, FCPR	35 000 000	258
ABERDEEN INDIRECT PARTNERS EUROPA ABERDEEN INDIRECT PROPERTY	351 827	134
PARTNERS ASIA	630 851	139
ABINGWORTH BIOVENTURES V CO-INVEST	070 071	
GROWTH EQ. FUND	8 000 000	24
ALTOR 2003 FUND	2 000 000	4
ALTOR IV AB	7 000 000	8
ASTORG V FCPR	50 000 000	341
AUCTUS IV GMBH & CO. KG	21 125 000	22
CAPMAN BUYOUT FUND VIII	10 000 000	18
CEVIAN CAPITAL II LP EUR CLASS C	250 000	349
CONSILIUM PRIVATE EQUITY FUND III	20 000 000	23
CONTANGO VENTURES II IS/AS COPENHAGEN INFRASTRUCTURE	27 950 000 1 500 000 000	10
PARTNERS II K/S	1 900 000 000	389
CUBERA SECONDARY (GP) KS	7 231 661	
CUBERA SECONDARY KS	72 316 606	1
CUBILITY AS	1	0
DANSKE PE PARTNERS V	8 770 936	36
DANSKE PE PARTNERS V - NEW	6 229 064	29
DANSKE PRIVATE EQUITY PARTNERS IV K/S	20 000 000	138
EGERIA PRIVATE EQUITY FUND IV	30 000 000	93
ENDLESS FUND IV A LP	7 500 000	16
ENERGY VENTURES II B IS	31 213 670	32

NOK millions		Market value
ENERGY VENTURES II KS	50 000 000	
ENERGY VENTURES III LP ENERGY VENTURES IV LP	75 000 000 30 000 000	
EUROPRISE SUB-FUND A	356	
FORBION CAPITAL FUND I	550	20
CO-INVESTMENT FUND I	7 000 000	67
FORBION CAPITAL FUND I		
CO-INVESTMENT FUND II	5 300 000	
FORBION CAPITAL FUND II CV FORBION CAPITAL III C.V	15 000 000	
FORBION CAPITAL III C.V FORBION CF II CO-INVEST I C.V.	20 000 000 7 000 000	
FRANCE SPECIAL SITUATIONS FUND II	30 000 000	
FSN CAPITAL II L.P.	13 000 000	
FSN CAPITAL IV L.P.	232 000 000	141
GERMAN EQUITY PARTNERS IV	15 000 000	54
HERKULES PRIVATE EQUITY III	120 000 000	42
HGCAPITAL 6	45 000 000	
HGCAPITAL MERCURY A	16 000 000	
HITECVISION ASSET SOLUTIONS	35 000 000	
HITECVISION PRIVATE EQUITY IV	13 000 000 35 000 000	
HITECVISION PRIVATE EQUITY V LP HITECVISION VI LP	70 000 000	
HITECVISION VI LP	70 000 000	
INDEX VENTURES GROWTH II, L.P.	20 000 000	
INDEX VENTURES GROWTH III (JERSEY) L.P	21 000 000	
INDEX VENTURES VI (JERSEY) LP	10 000 000	129
INDEX VENTURES VII	13 000 000	98
INNKAP 4 PARTNERS L.P.	5 000 000	29
JPMORGAN EUROPEAN PROPERTY FUND	1 248	66
KLP AKSJE FREMVOKSENDE MARKEDER INDEKS I	3 914 423	5 627
KLP AKSJE FREMVOKSENDE MARKEDER	25.000	75
	25 000 25 000	
KLP AKSJE VERDEN INDEKS KLP AKSJEASIA INDEKS I	450 523	
KLP AKSJEASIA INDEKS II	237 469	
KLP AKSJEEUROPA INDEKS I	1 250 024	
KLP AKSJEEUROPA INDEKS III	200 000	
KLP AKSJEEUROPA INDEKS IV	50 000	49
KLP AKSJEGLOBAL INDEKS I	1 880 151	4 813
KLP AKSJEGLOBAL INDEKS II	27 216	
KLP AKSJEGLOBAL LAVBETA I	13 136 848	
KLP AKSJEGLOBAL LAVBETA II	105 024	
KLP AKSJENORDEN INDEKS KLP AKSJENORGE	214 735	803 4 869
KLP AKSJENORGE INDEKS	2 256 534	
KLP AKSJEUSA INDEKS II	469 765	
KLP AKSJEUSA INDEKS USD		3 054
KLP KOMBINASJONFOND M	25 000	35
KLP KOMBINASJONSFOND	25 000	35
LIVINGBRIDGE ENTERPRISE 2 LP	13 000 000	
MB EQUITY FUND V	27 020 547	
NAUTA TECH INVEST 2	500 000	
NAUTA TECH INVEST 3	1 980 000	
NAZCA CAPITAL III, FCR	22 500 000	
NEOMED INNOVATION IV L.P.	5 000 000	
NMI FRONTIER FUND KS NMI GLOBAL FUND KS	17 975 000 24 880 000	
NORTHZONE V K/S	5 000 000	
NORTHZONE VI L.P.	5 000 000	
NORTHZONE VII LP	12 000 000	
NORVESTOR IV L.P.	10 000 000	
	17 000 000	
NORVESTOR V		136
NORVESTOR VI	156 000 000	170
NORVESTOR VI NORVESTOR VII	156 000 000 116 000 000	
NORVESTOR VI		0

NOK millions	Number	Market value	NOK millions		Number	Market value
PARAGON FUND II GMBH & CO. KG	20 000 000	13	TRITON FUND	111	30 000 00	0 161
PARETO EIENDOMSFELLESSKAP II AS	654 041	. 7	VEP SPECIAL S	SITUATIONS FUND II C.V.	9 000 00	0 0
PARETO EIENDOMSFELLESSKAP II IS	1 980 000 000	663	VERDANE CAP	PITAL V B K/S	34 697 49	7 2
PARTNERS GROUP SECONDARY 2008	40 000 000	242	VERDANE CAP	PITAL VI K/S	50 000 00	0 9
PERUSA PARTNERS FUND 2, L.P.	18 000 000	52	VERDANE CAP	PITAL VII K/S	140 000 00	0 195
PRIVEQ INVESTMENT FUND IV L.P.	225 000 000	246	XENON PRIVA	te equity vi	11 500 00	0 18
PRIVEQ INVESTMENTS V (A) AB	282 000 000	0	TOTAL EQUITY	' FUNDS		56 962
PROA IBERIAN BUYOUT FUND II	33 000 000	55				
QUADRIGA CAPITAL PRIVATE			ALTERNATIVE	INVESTMENTS IN SHARE	S	
EQUITY FUND IV	25 000 000		KLP ALFA GLO	BAL ENERGI	912 86	7 903
SOFINNOVA CAPITAL VII	10 000 000		KLP ALFA GLO	BAL RENTE	1 184 93	2 1 173
SOFINNOVA CAPITAL VIII	12 000 000	11	LEIMDÖRFER	REAL ESTATE CAPITAL	550 000 00	0 316
SPECIAL SITUATIONS VENTURE	1/ 500 000	36	SECTOR SPES	IT 1 A USD	14 16	6 2
PARTNERS III LP SSGA EMERGING MARKETS SRI	14 500 000	56	TOTAL ALTERN	ATIVE INVESTMENTS		2 394
ENHANCED EQUITY FUND	10 038 566	784				
SUN HUNG KAI PROPERTIES LTD	10 000 000	, , , , ,	TOTAL INVEST	MENTS		83 164
RIGHTS ISSUE	9 086	0				
TDR CAPITAL III 'B' L.P	30 000 000	116				
SHARES AND UNITS DISTRIBUTION BY	PORTFOLIO		Common portfolio	Investment option portfolio	Corporate portfolio	Total
SHARES			21 747	0	0	21 747
LONG TERM SHARES			1 647	0	415	2 062
EQUITY FUND UNITS			56 516	446	0	56 962
ALTERNATIVE INVESTMENTS			2 380	14	0	2 394
TOTAL					-	
TOTAL			82 290	459	415	83 164
PERCENTAGE UNITS STOCK MARKET LIS	STED					
SHARES NORWAY			76.5 %			
SHARES FOREIGN			99.0 %			
EQUITY FUND UNITS			0 %			
ALTERNATIVE INVESTMENTS			0 %			
			0 /0			

### Note 16 Securities adjustment fund

NOK millions	Acquisition cost 31.12.2015	Fair value 31.12.2015	Valuation reserves 31.12.2015	Valuation reserves 31.12.2014
Valuation reserves shares Valuation reserves share derivatives	63 941 0	78 096 -25	14 155 -25	11 379 112
Valuation reserves fixed interest investments	113 811	120 897	7 086	7 795
Valuation reserves interest rate derivatives Variation margin daily settlement futures	0	211	211 45	250 -14
Total valuation reserves on short term financial assets			21 472	19 522
Securities adjustment fund			21 472	19 522

The securities adjustment fund comprises positive unrealized gains on the the short-term financial assets linked to the common portfolio.

If net valuation reserves are negative, the securities adjustment fund is set at zero. Changes in the securities adjustment fund are taken through profit or loss. Unrealized securities valuation reserves associated with short-term financial assets in foreign currency that can be ascribed to foreign exchange rate changes are not allocated to the securities adjustment fund if the investment is hedged against exchange rate changes. Foreign exchange rate changes linked to the hedging instrument are thus not allocated to the securities adjustment fund either but are taken directly to profit or loss.

### Note 17 Investment properties

NOK millions	2015	2014
Rental income	42	38
Operating expenses	-2	-2
Value adjustment	0	-36
Net financial income	0	0
Net income from investment properties	41	0
NOK millions	2015	2014
Book value 01.01	200	0/7
	890	947
Profit for the year	41	0
Transfers to KLP	-38	-63
Disposals/Acquisitions	0	6
Book value 31.12	893	890

### Note 18 Intangible assets

NOK millions	2015	2014
	2017	2011
Book value 01.01.	391	321
Acquisition cost 01.01.	940	802
Total additions	133	138
of which internally developed	30	36
of which bought	103	102
Disposals	0	0
Acquisition cost 31.12.1)	1 073	940
Accumulated depreciation and write-downs previous years	-548	-480
Ordinary depreciation for the year	-64	-68
Write-downs <sup>2)</sup>	-7	0
Accumulated depreciation and write-downs 31.12.	-619	-548
Book value 31.12.	454	391
	7. 40	7. 10
Depreciation period	3 to 10 years	3 to 10 years

 $^{\mbox{\tiny 1)}}$  KLP's intangible assets comprise purchased or in-house developed software.

<sup>2)</sup> Periodically KLP evaluate and assess the intangiable assets in order to identify the need to write down. As of 31.12.2015 one software system was identified with a higher book value than assumed recoverable value. Assumed recoverable value is calculated by estimating future earnings with book value. This resulted in the following assessment:

NOK millions	2015	2014
		2021
Book value before write-downs	7	0
Recoverable value	0	0
Write-downs	7	0

The write-downs are included as a part of insurance related administration costs in the income statement.

### Note 19 Technical matters

#### Insurance liabilities distributed by sector

NOK millions	Group pension - public sector	Group life	31.12. 2015	31.12. 2014	Change 2015	Change 2014
Premium reserve	354 905	0	354 905	331 240	23 665	51 400
Supplementary reserves	20 284		20 284	17 103	3 181	4 608
Securities adjustment fund	21 472		21 472	19 522	1 950	9 110
Premium fund	15 475		15 475	10 464	5 011	1 311
Claims reserves	172	7	179	223	-43	4
Buffer reserves	47		47	49	-2	42
Total insurance liabilities	412 355	8	412 363	378 602	33 761	66 475

#### Changes in life insurance technical liabilities

		Supple-	Securities					
NOK millions	Premium reserve	mentary reserves	adjustment fund	Premium fund	Buffer reserves	Claims reserves	Total 2015	Total 2014
Insurance liabilities 01.01	331 240	17 103	19 522	10 464	49	223	378 602	312 127
Net reserves taken to profit/loss	11 285	2	1 950	246		-10	13 473	60 596
Surplus on returns result		3 060		182	4		3 246	5 074
Risk result assigned to insurance contracts	12 389			4 937			17 326	349
Other assignment of surplus							0	1 559
Total changes taken to profit/loss	23 675	3 062	1 950	5 365	4	-10	34 045	67 577
Transfers between funds/allocated to premium pa	vmont			-1 309			-1 309	-3 968
	•	110			(	77		
Receipts/payments on transfer	-9	119		956	-6	-33	1 026	2 866
Total changes not taken to profit/loss	-9	119	0	-354	-6	-33	-283	-1 102
Total changes in insurance liabilities	23 665	3 181	1 950	5 011	-2	-43	33 761	66 475
Insurance liabilities 31.12	354 905	20 284	21 472	15 475	47	179	412 363	378 602

#### Group pension, public sector, with annual return guarantee and group life

NOK millions	Premium reserve	Supple- mentary reserves	Securities adjustment fund	Premium fund	Buffer reserves	Claims reserves	Total 2015	Total 2014
Insurance liabilities 01.01	329 601	17 013	19 522	10 322		223	376 681	310 314
Net reserves taken to profit/loss	11 306	2	1 950	243		-10	13 491	60 554
Surplus on returns result		3 037		178			3 215	5 004
Risk result assigned to insurance contracts	12 323			4 919			17 242	348
Other assignment of surplus							0	1 542
Total changes taken to profit/loss	23 630	3 039	1 950	5 340	0	-10	33 948	67 448
Transfers between funds/allocated to premium pay	ment -9	119		-1 334 956		-33	-1 334	-3947
Receipts/payments on transfer	-		0		0		1 0 3 2	2 866
Total changes not taken to profit/loss	-9	119	0	-378	0	-33	-302	-1 081
Total changes in insurance liabilities	23 620	3 158	1 950	4 962		-43	33 646	66 367
Insurance liabilities 31.12	353 221	20 170	21 472	15 284	0	179	410 327	376 681

NOK millions	Premium reserve	Supple- mentary reserves	Securities adjustment fund	Premium fund	Buffer reserves	Claims reserves	Total 2015	Total 2014
Insurance liabilities 01.01	329 601	17 013	19 522	10 322		223	376 681	310 314
Net reserves taken to profit/loss	11 306	2	1 950	243		-10	13 491	60 554
Surplus on returns result		3 037		178			3 215	5 004
Risk result assigned to insurance contracts	12 323			4 919			17 242	348
Other assignment of surplus							0	1 542
Total changes taken to profit/loss	23 630	3 039	1 950	5 340	0	-10	33 948	67 448
Transfers between funds/allocated to premium page				-1 334			-1 334	-3 947
Receipts/payments on transfer	-9	119		956		-33	1032	2 866
Total changes not taken to profit/loss	-9	119	0	-378	0	-33	-302	-1 081
Total changes in insurance liabilities	23 620	3 158	1 950	4 962		-43	33 646	66 367
Insurance liabilities 31.12	353 221	20 170	21 472	15 284	0	179	410 327	376 681

#### Group pension, public sector, with multi-year return guarantee

NOK millions	Premium reserve	Supple- mentary reserves	Premium fund	Buffer reserves	Total 2015	Total 2014
Insurance liabilities 01.01	1 639	91	142	49	1 921	1 813
Net reserves taken to profit/loss	-21		3		-18	42
Surplus on returns result		23	3	4	30	69
Risk result assigned to insurance contracts	66		18		84	2
Other assignment of surplus					0	16
Total changes taken to profit/loss	45	23	24	4	96	129
Transfers between funds/allocated to premium pa Receipts/payments on transfer	ayment		25	-6	25 -6	-22 0
Total changes not taken to profit/loss	0	0	25	-6	19	-22
Total changes in insurance liabilities	45	23	49	-2	115	108
Insurance liabilities 31.12	1 684	114	191	47	2 036	1 921

### Note 19 Technical matters, continued

#### Life insurance income statement Technical accounts

		Group pension - public sector		Group life		Total	
NOK millions	2015	2014	2015	2014	2015	2014	
Premium income	38 785	62 323	4	132	38 789	62 454	
Net income common portfolio	15 428	23 385	0	5	15 428	23 391	
Net income investment option portfolio	77	120			77	120	
Other insurance-related income	888	855			888	855	
Life insurance claims	-15 271	-17 873	-5	-123	-15 277	-17 996	
Change insurance liabilities - contractual	-16 538	-64 061	0	-6	-16 538	-64 067	
Change insurance liabilities - investment option	-9	-92			-9	-92	
Funds assigned to insurance contracts	-17 508	-3 368			-17 508	-3 368	
Insurance-related operating expenses	-923	-745	0	-6	-922	-752	
Other insurance-related costs	-874	-797			-874	-797	
Technical result	4 055	-254	-1	1	4 054	-253	

#### Result analysis

	Group pension - public sector							
	Def.benefit pension w/ann. return guarante		Def.benefit pension w/multi-ann. return guarante		Group life		Tot	tal
NOK millions	2015	2014	2015	2014	2015	2014	2015	2014
Net financial income (incl. items from other income and costs) Net misc. interest income Change securities adjustment fund	15 428 34 -1 950	23 385 58 -9 110	77	120	0	5	15 505 34 -1 950	58 -9 110
Share of securities adjustment fund paid out on transfer Guaranteed interest assigned to contracts	-5 -10 110	-72 -9 294	-50	-51	0	-5	-5 -10 161	-72 -9 350
Returns result	3 396	4 967	-30	-51	0	-5	3 4 2 3	5 036
To / from supplementary and buffer reserves	51	-1 975	-1	-34	-	-	50	-2 009
Returns result after supplementary provisions	3 447	2 992	25	36	0	0	3 472	3 027
Risk result	20 042	695	101	3	-1	2	20 142	701
Administration premiums and contribution from administration reserve Insurance-related operating expenses Administration result	1 180 -917 263	1 085 -741 344	6 -4 1	6 -4 2	0 0 0	5 -6 -1	1 186 -922 264	1 096 -752 345
Consideration for interest guarantee	824	600	2	2			826	601
Total result elements before allocation to customers	24 576	4 631	130	42	-2	1	24 704	4 674
Returns result allocated to supplementary and buffer reserves Returns result & risk result alloc. to premium fund	-3 097 -5 117	0 -3 331	-26 -21	0 -37			-3 122 -5 138	0 -3 368
Allocation of equity to supplementary and buffer reserves	0	-1 542	0	-16			-	-1 559
Risk result allocated to base interest rate	-12 323	0	-66	0	2	1	-12 389	0
Technical result	4 039	-243	17	-11	-2	1	4 054	-253
Non-technical result Pre-tax income							804 4 858	1 212 959
Cost of taxes Other income components Result to corporate equity							-489 132 4 500	35 -143 852

Transfer and new subscription Group pension - Public sector NOK millions

#### Funds transferred in

Premium reserve Strengthening reserves Funds received taken through profit or loss Premium fund Supplementary reserves to fund Total funds received Number of contracts

#### Funds transferred out

Premium reserve Strengthening reserves Supplementary reserves Valuation reserves Funds paid out taken through profit or loss Premium fund Total funds paid out Number of contracts

#### NOK millions

New business Group pension – public sector Group life

Group pension - public sector Group life

2015	2014
9 247	30 174
0	0
9 247	30 175
970	1 931
126	1 235
10 344	33 341
151	256
135	4 139
0	0
7	152
5	72
147	4 364
14	300
162	4 664
3	8
Prer 2015	nium volume 2014
~	2
6 0	2 17
Numbe 2015	r of contracts 2014
26	15
0	80

### Note 20 Hedge accounting

31.12.2015 NOK millions	Nominal value	Changed value in hedged risk	Book value
Hedged object Hybrid Tier 1 securities	-984	-581	-1 564
Hedging instrument Combined interest rate and currency swap (CIRCUS)	984	580	580
Hedge effectiveness as at 31.12.2015 Hedge effectiveness through the year		100 % 100 %	
31.12.2014 NOK millions	Nominal value	Changed value in hedged risk	Book value
Hedged object Hybrid Tier 1 securities	-984	-269	-1 253
Hedging instrument Combined interest rate and currency swap (CIRCUS)	984	268	268
Hedge effectiveness as at 31.12.2014 Hedge effectiveness through the year		100 % 100 %	

The hybrid Tier 1 securities loan is hedged against changes in interest rates and exchange rates through purchase of a combined interest rate and currency swap (CIRCUS). The hedging is recognized in accordance with the rules on fair value hedging. This means that the hedging is carried out by an external party, that a formal earmarking and documentation of the hedge relationship is entered into, as well is that it is expected to be very effective and that this is continuously reviewed, as well as that the recognition decided is carried out as described below. In practice the hedging involves a swap of currency terms (JPY 15 billion JPY against NOK 0.984 billion) and interest terms (fixed interest at 5.07 per cent against NIBOR +2.6475 per cent) on the borrowing and the combined interest and currency swap respectively. The hedge effectiveness is measured by looking at the change in fair value of the hedged object and the hedging instrument. The hedge effectiveness equals 100 per cent.

The hedge effectiveness is valued retrospectively each month and is then considered effective if the change in fair value between hedged object and hedging instrument lies within the bracket 80 per cent to 125 per cent.

Fair value hedging means that the hedged value development of the hedged object is recognized through profit or loss. Correspondingly the value change on the hedging instrument is recognized through profit or loss. The aim of the hedging arrangement above is to hedge the hedged object with a hedging instrument in which the hedging instrument's terms give negative correlation in relation to the hedged object: this significantly reduces or eliminates the effect on income. If the hedging ratio is 100 per cent the net effect on income of the hedged object and the hedging instrument will be 0.

KLP uses hedging widely but the majority of instances are ordinary financial hedging. The above item is the only one in which hedge accounting is used. The aim of financial hedging is the same, i.e. to reduce or eliminate the effect on income the hedged part of the hedge relationship represents.

Since the value change on the hedged object and the hedging instrument is approximately 100 per cent negatively correlated to the hybrid Tier 1 securities, the profit/loss effect will be approximately nil. See also Note 2 for a detailed description of the hedge accounting in the accounts.

### Note 21 Subordinated loan capital and hybrid Tier 1 securities

NOK million	ns	Loan amount currency <sup>2</sup>	Loan amount NOK	Book value 31.12.2015	Due dat
Borrowing	$5^1$				
October 19	197	JPY 9 500	554	705	Perpetua
April 2006		EUR 300	2 372	2 997	Perpetua
June 2015		EUR 600	5 163	5 839	204
Total subor	dinated loan capital		8 089	9 541	
April 2004		JPY 15 000	984	1 564	Perpetu
Total hybrid	1 Tier 1 securities		984	1 564	
Total subord	linated loan capital and hybrid Tier 1	securities	9 072	11 105	
2014		Loan amount	Loan amount	Book value	
NOK million	ns	currency <sup>2</sup>	NOK	31.12.2014	Due dat
Borrowing					-
Oktober 19		JPY 9 500	554	599	Perpetu
April 2006		EUR 300	2 372	2 825	Perpetu
Total subor	dinated loan capital		2 926	3 423	
April 2004		JPY 15 000	984	1 253	Perpetu
Total hybrid	1 Tier 1 securities		984	1 253	
Total subord	linated loan capital and hybrid Tier 1	securities	3 911	4 676	
	1 securities in 2015. Figures in be local currency (millions)	rackets are 2014 figures.			
	The interest on the loan is fixed 20 years. After 30 October 201 2.05 per cent p.a. The financial H United Utilities respectively. Thi accounting hedging for the finan	7 the interest will be the hig nedging comprises two bond s balancing transaction is sl	her of fixed 4.75 per s of JPY 4.5 billion an nown combined in th	cent p.a. and 6 mnth d JPY 5 billion from 1	JPY-interest Telia FRN and
PY 9 500 :	20 years. After 30 October 201 2.05 per cent p.a. The financial H United Utilities respectively. Thi	7 the interest will be the high nedging comprises two bond s balancing transaction is sh icial hedging associated with at 5.25 per cent p.a. until 11 hs' EURIBOR. The loan is per ed by a similar investment in	her of fixed 4.75 per of s of JPY 4.5 billion an nown combined in the this borrowing. L April 2016 after whi petual but KLP has th EUR-denominated bu	cent p.a. and 6 mnth d JPY 5 billion from 1 e table below. KLP h ch it changes to a va e right to redeem it onds as shown in the	JPY-interest Telia FRN and as not invoke ariable rate se at par on 11
PY 9 500 : EUR 300 : EUR 600 :	20 years. After 30 October 2012 2.05 per cent p.a. The financial H United Utilities respectively. Thi accounting hedging for the finan The interest on the loan is fixed 2.27 per cent above three mont 2016 The loan is currency hedge	7 the interest will be the high nedging comprises two bond is balancing transaction is sh icial hedging associated with at 5.25 per cent p.a. until 11 hs' EURIBOR. The loan is per ed by a similar investment in ng for the financial hedging a at 4.25 per cent p.a. The loan er 10 years, and at every inte	her of fixed 4.75 per of s of JPY 4.5 billion an nown combined in the this borrowing. L April 2016 after whi petual but KLP has th EUR-denominated be associated with this be s was issued the 10th erest payment date tha	cent p.a. and 6 mnth d JPY 5 billion from 1 e table below. KLP h ch it changes to a va e right to redeem it onds as shown in the prrowing. of June 2015 and is it follows. The loan is	JPY-interest Telia FRN and as not invoke ariable rate se at par on 11 to table below due in 2045 currency hee

2015 NOK millions	Nominal currency <sup>2</sup>	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2015	Due date
Bonds	JPY 9 500	635	2	64	701	2017
Bonds	EUR 304	2 523	34	398	2 954	2015/2016
Bonds	EUR 596	5 152	31	534	5 716	2025
Total hedging transactions		8 310	66	995	9 371	

2014 NOK millions	Nominal currency <sup>2</sup>	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2014	Due date
Bonds	JPY 9 500	635	2	-41	596	2017
Bonds	EUR 304	2 411	46	348	2 805	2015/2016
Total hedging transactions		3 046	48	307	3 401	

<sup>2</sup> Amount in local currency (millions)

### Note 22 Capital control and capital adequacy

NOK millions	31.12.2015	31.12.2014
Owners' equity contributed	10 422	9 173
Retained earnings	12 781	8 281
Total owners' equity	23 204	17 454
Hybrid Tier 1 securities	984	938
Deferred tax assets	0	-88
Other intangible assets	-454	-391
Risk equalization fund	-3 364	-528
Unrealized price changes in the corporate portfolio	-428	-120
Retained earnings	-280	-280
Core capital	19 661	16 985
Perpetual subordinated loan capital	8 233	2 966
Supplementary capital	8 233	2 966
Net own funds (eligible Tier 1 and Tier 2 capital)	27 894	19 951

#### Assets and off-financial position statement items by risk weighting <sup>1</sup>

bacta and on mancial position statement items by tak weightin	'5					
NOK millions	Non-weig amou	2	Weighted amount	Non-weig amour		Weighted amount
Fixed-income securities	67 055	0 %	0	58 564	0 %	0
Covered bonds	25 913	10 %	2 591	24 078	10 %	2 408
Fixed-income securities, lending, bank deposits and fixed-income funds	116 133	20 %	23 227	104 444	20 %	20 889
Housing mortgage lending	3 311	35 %	1 159	3 786	35 %	1 325
Fixed-income funds	52 578	50 %	26 289	53 394	50 %	26 697
Shares, equity funds and fixed-income securities	183 582	100 %	183 582	161 580	100 %	161 580
Private equity	8 336	150 %	12 504	7 242	150 %	10 863
Total weighted assets in the financial position statement			249 352			223 761
Derivatives and contingent liabilities	119 012		7 413	118 738		5 644
Deduction unrealized gains on financial investments	117012		-24 302	110790		-20 138
Risk-weighted calculation base			232 463			209 267
Capital adequacy ratio			12,0 %			9,5 %
Core capital adequacy			8,5 %			8,1 %

<sup>1</sup> The description given of each of the rates is given based on those assets that form the majority of the basis for weighting.

Kommunal Landspensjonskasse is a mutually owned life insurance company whose principal aim is to administer the capital the members have placed in the Company, either as owners (owners' equity) or as pension customers (pension funds), as well as possible within the business's ability to bear risk.

Life insurance companies are subject to special regulations that set requirements for capital management and that provide investment limitations in the management of the pension customers' funds. The Company's strategy for management of its pension customers' funds is formulated within the scope allowed by the regulations. The investment areas (asset classes) in which the capital is to be placed are defined. The different asset classes have different characteristics and risk profiles and the proportion invested in the different asset classes is continuously adjusted on the basis of the business's ability to bear, and appetite for, risk. This is monitored and reported on a daily basis.

KLP's financial goal is to achieve a competitive and stable return, at the same time as solvency satisfies external and internal requirements. Besides fundamental diversification of its customers' assets, the Company has a long-term investment strategy in which risk-taking is continuously matched to the Company's ability to bear risk. That risk-bearing ability is based on the risk being correlated with the Company's financial buffers and its ability to tolerate unexpected negative movements.

For more information on this topic see note 7.

The Company must at all times meet the capital adequacy and core capital adequacy requirements set by the authorities. The capital adequacy rules are based on the probability of a financial institution or a securities enterprise not being able to meet its payment liabilities increasing with its proportion of debt. The main components comprise net own funds (eligible Tier 1 and Tier 2 capital) seen in relation to a financial position statement adjusted for estimated counterparty risk.

Capital adequacy ratio is reported quarterly.

#### Core capital

Contributed owners' equity and retained earnings form the most significant element of the core capital. Generally it may be said that other items that for accounting purposes are included as owners' equity but that have limited loss absorption are deducted from core capital (see above for details). Hybrid Tier 1 securities are included as core capital to a maximum of 15 per cent of other core capital. Any surplus counts as supplementary capital. Intangible assets are deducted from core capital. Unrealized price changes in the corporate portfolio are deducted when the income from the Company is included.

#### Supplementary capital

Subordinated loans in foreign currency are valued at the lower of the exchange rate on the calculation date and the exchange rate on the date of issue, apart from the subordinated loan in Japanese yen (JPY). For this, instead of the date of issue, the exchange rate as at 29 October 2001 is used, the date of the application to The Financial Supervisory Authority of Norway to use a different exchange-rate. The hybrid Tier 1 securities loan is also subject to the lower value principle.

The deduction of own funds (eligible Tier 1 and Tier 2 capital) in other financial institutions is divided 50/50 between core capital and supplementary capital in accordance with Section 7 of the Regulations on calculation of own funds.

The authorities' minimum requirement for capital adequacy is set at 8 per cent for insurance companies.

As of 01.01.2016, Solvency II replaces the capital adequacy and solvency margin requirement. See note 23 for more information.

### Note 23 Solvency margin

NOK millions	2015	2014	2013	2012	2011
Solvency margin requirement	13 576	12 613	10 649	9 641	8 718
Own funds (eligible Tier 1 and 2 capital)	27 894	19 951	18 038	16 087	14 857
Proportion of risk equalization fund	1 682	264	85	245	215
50 per cent of supplementary reserves	10 142	8 560	6 248	6 146	6 160
Deduction from the solvency capital	-1 769	0	0	0	0
Total solvency capital	37 950	28 775	24 371	22 478	21 232
Solvency margin ratio	279,5 %	228.1 %	228.8 %	233.2 %	243.5 %

The solvency margin requirement is calculated i.a.w. Regulations of 19 May 1995 No. 481 on calculation of solvency margin requirements and solvency margin capital for Norwegian life-insurance companies Chapter 2.

Solvency II is being introduced from 1 January 2016 and the calcuation of the solvency margin is being changed completely whilst the previous requirement for capital adequacy and core capital adequacy no longer applies. The Solvency II balance sheet includes assets and liabilities at fair value. For assets that have a different value in the accounts change in balance value are added. There are no observable market values for KLP's insurance liabilities, which are thus calculated by way of a best estimate based on actuarial assumptions. In addition there is a risk margin that is to reflect a third party's capital costs by taking over these liabilities.

Tier 1 capital appears from the Solvency II balance sheet and Hybrid Tier 1 securities. Tier 2 capital consist of subordinated loans, risk equalisation funds and ancillary own funds. The Financial Supervisory Authority of Norway has accepted that

NOK billions Simplified Solvency II balance sheet	31.12.2015
Assets, book value Added values – hold-to-maturity	457
portfolio/loans and receivables	10
Added values - other lending	1
Other added/lesser values	0
Total assets	468

KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve.

Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR. Subordinated loans with first interest rate changes in 2016 and 2017 may therefore be redeemed without impacting the SCR ratio.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 187 per cent, which is well over the Company's target of at least 130 per cent. With the transitional measure on technical provisions the SCR ratio is 274 per cent.

5		31.12.2015
7 D 1 D	Best estimate Risk margin Deferred tax liabilities Hybrid Tier 1 securities/Subordinated loan capital Risk equalisation fund Other liabilities	413 12 0 11 3 10
8	Total liabilities	450
	Hybrid Tier 1 securities	2
	Tier 1 basic own funds	20
	Subordinated loans Risk equalisation fund	10 3
	Tier 2 basic own funds	13
	Ancillary own funds	9
	Tier 2 ancillary own funds	9
	Deduction for max. eligible tier 2 own funds	-15
	Total eligible tier 2 own funds	7
	Solvency II total eligible own funds	27
	Solvency capital requirement (SCR) Minimum capital requirement (MCR)	14 4
	Solvency II SCR ratio	187 %

### Note 24 Return on capital

Customer p	ortfolios
Per cent	
Total of co Return I Return II Return III	ommon portfolio
Total - inv	estment option portfolio
Return II =	Book return Value-adjusted return This is the book return +/- unrealized value changes chan Value-adjusted returns including value changes on assets These value changes are not included in the accounting in

#### tfolio's sub partfolias have had the following The

The common portfolio's sub	portfolio:	s have had	the follow	ing returns	:					
	20	15	20	14	20	13	20	12	20	11
Per cent	Return I	Return II	Return I	Return II	Return I	Return II	Return I	Return II	Return I	Return II
Balanced portfolio 1	3.6	4.0	4.2	7.0	6.0	6.3	5.0	6.7	4.5	3.2
Balanced portfolio 2 Moderate portfolio	3.7 3.6	3.9 3.7	4.7 4.5	6.9 6.5	7.3 5.2	7.5 5.4	5.0	6.7 /A	4.5 N	3.3 /A
·	2.0	5.7	4.7	0.9	2.2	2.4	IN,	//		///
Corporate portfolio										
Per cent					201	.5 20	)14 2	2013	2012	2011
Return on financial investm	nents in the	e corporate	portfolio		4.	.7	7.3	5.7	4.5	4.2

### Со

For the corporate portfolio there is no difference in return I and II since no special provisions are made for any unrealized added value

#### Note 25 Sales costs

NOK millions	2015	2014
Personnel costs	76.2	59.3
Commission	0.0	0.2
Other costs	41.8	38.9
Total sales costs	118.0	98.4

2015	2014	2013	2012	2011	
7.6	/ 7	( )	ГO		
3.6	4.3	6.4	5.0	4.5	
4.0	6.9	6.7	6.7	3.2	
2.8	9.5	6.4	7.5	3.9	
4.0	6.7	8.8	7.5	2.2	

arged to the securities adjustment fund s are recognized at amortized cost income for the year

### Note 26 Pensions obligations, own employees

The majority of the pension obligation is covered through KLP's joint pension scheme for local authorities and enterprises ("Fellesordningen"). The Company also offers a pension scheme in addition to Fellesordningen. This obligation is covered through operation. Fellesordningen is a defined-benefits-based pension scheme that satisfies the requirements for mandatory occupational pensions ("obligatorisk tjenestepension", or OTP). The Company has a contractual early retirement (AFP) scheme.

The accounting treatment of pension obligations is described in more detail in Notes 2 and 3.

NOK millions	Joint scheme	Via operation	2015	Joint scheme	Via operation	2014
Pension costs		•			•	
Present value of accumulation for the year	65.0	6.2	71.2	53.0	5.5	58.5
Administration cost	1.6	0.0	1.6	1.6	0.0	1.6
Social security contributions - Pension costs	9.4	0.9	10.3	7.7	0.8	8.5
Plan change taken to profit/loss	0.0	0.0	0.0	-77.7	-6.2	-83.9
Pension costs taken to profit/loss incl. social security and admin.	76.0	7.1	83.1	-15.5	0.1	-15.3
Net financial costs						
Interest cost	23.4	2.7	26.1	32.8	3.8	36.7
Interest income	-14.8	0.0	-14.8	-23.5	0.0	-23.5
Management costs	1.8	0.0	1.8	1.4	0.0	1.4
Net interest cost	10.5	2.7	13.1	10.7	3.8	14.6
Social security contributions - net interest cost	1.5	0.4	1.8	1.5	0.5	2.1
Net interest cost including social security contributions	11.9	3.0	15.0	12.3	4.4	16.6
Estimate deviation pensions	07 (	11.0	100 (	11/1	1/7	1007
Actuarial gains (losses) Social security contributions	-97.4	-11.2	-108.6	114.4	14.3	128.7
Actuarial gains (losses) including social security contributions	-13.7 -111.2	-1.6 -12.7	-15.3 -123.9	16.1 130.5	2.0 16.3	18.1 146.9
Actuarial gains (105565) including social security contributions	-111.2	-12.7	-120.9	150.5	10.5	140.9
Total pension costs including interest costs and estimate deviation	-23.2	-2.6	-25.8	127.3	20.8	148.1
	Joint	Via		Joint	Via	
NOK millions	scheme	operation	2015	scheme	operation	2014
Pension obligations						
Gross accrued pension obligations	946.3	105.5	1 051.9	960.7	111.7	1 072.4
Pension assets	681.1	0.0	681.1	631.2	0.0	631.2
Net liability before social security costs	265.2	105.5	370.7	329.5	111.7	441.1
Social security contributions	37.4	14.9	52.3	46.5	15.7	62.2
Gross accrued obligations incl. social security costs	983.7	120.4	1 104.1	1 007.1	127.4	1 134.6
Net liability incl. social security costs	302.6	120.4	423.0	375.9	127.4	503.3
NOK millions	Joint scheme	Via operation	2015	Joint scheme	Via operation	2014
Reconciliation pension obligation	50	- pointion	2017	20	-polation	2014
Capitalized net liability/(assets) 01.01.	375.9	127.4	503.3	314.0	111.5	425.5
	- ,	/				

Reconciliation pension obligation						
Capitalized net liability/(assets) 01.01.	375.9	127.4	503.3	314.0	111.5	425.5
Pension costs taken to profit/loss	76.0	7.1	83.1	-15.5	0.1	-15.3
Financial costs taken to profit/loss	11.9	3.0	15.0	12.3	4.4	16.6
Actuarial gains and losses incl. social security contributions	-111.2	-12.7	-123.9	130.5	16.3	146.9
Social security contributions paid in premiums/supplement	-6.2	-0.5	-6.7	-8.1	-0.6	-8.7
Premium/supplement paid-in including admin	-43.9	-3.9	-47.8	-57.3	-4.3	-61.6
Capitalized net liability/(assets) 31.12. this year	302.6	120.4	423.0	375.9	127.4	503.3

NOK millions	Joint scheme	Via operation	2015	Joint scheme	Via operation	2014
Change in pension obligations						
Gross pension assets 01.01. before plan change	1 007.1	127.4	1 134.6	882.3	111.5	993.8
Plan change	0.0	0.0	0.0	-77.7	-6.2	-83.9
Gross pension obligations after plan change	1 007.1	127.4	1 134.6	804.6	105.4	909.9
Present value of accumulation for the year	65.0	6.2	71.2	53.0	5.5	58.5
Interest cost	23.4	2.7	26.1	32.8	3.8	36.7
Actuarial losses (gains) gross pension obligation	-101.8	-12.7	-114.5	130.6	16.3	146.9
Social security contributions - pension costs	9.4	0.9	10.3	7.7	0.8	8.5
Social security contributions - net interest cost	1.5	0.4	1.8	1.5	0.5	2.1
Social security contributions paid in premiums/supplement	-6.2	-0.5	-6.7	-8.1	-0.6	-8.7
Payments	-14.7	-3.9	-18.6	-15.0	-4.3	-19.3
Gross pension obligation 31.12.	983.7	120.4	1 104.1	1 007.1	127.4	1 134.6
	loint	Via		loint	Via	
NOK millions	scheme	operation	2015	scheme	operation	2014
Change in pension assets						
Pension assets 01.01	631.2	0.0	631.2	568.3	0.0	568.3
Interest income	14.8	0.0	14.8	23.5	0.0	23.5
Actuarial (loss) gain on pension assets	9.4	0.0	9.4	0.1	0.0	0.1
Administration cost	-1.6	0.0	-1.6	-1.6	0.0	-1.6
Financing cost	-1.8	0.0	-1.8	-1.4	0.0	-1.4
Premium/supplement paid-in including admin	43.9	3.9	47.8	57.3	4.3	61.6
Payments	-14.7	-3.9	-18.6	-15.0	-4.3	-19.3
Pension assets 31.12	681.1	0.0	681.1	631.2	0.0	631.2
	loint	Via		loint	Via	
NOK millions	scheme	operation	2015	scheme	operation	2014
Pension scheme's over-/under-financing						
Present value of the defined benefits pension obligation	983.7	120.4	1 104.1	1 007.1	127.4	1 134.6
Fair value of the pension assets	681.1	0.0	681.1	631.2	0.0	631.2
Net pensions liability	302.6	120.4	423.0	375.9	127.4	503.3
			_			
NOK millions			5	1.12.2015	31.	12.2014
Financial assumptions (common to all pension schemes)						
Discount rate				2,70 %		2,30 %
Salary growth				2,50 %		2,75 %
The National Insurance basic amount (G)				2,25 %		2,50 %
Pension increases				1,48 %		1,73 %
Social security contribution				14,10 %		14,10 %

The assumptions as at 31 December 2014 have been applied to measurement of the cost of pension for 2015, whilst for calculation of the pension obligation on 31 December 2015, the assumptions and membership numbers as at 31 December 2015 have been applied. The assumptions are based on the market situation as at 31 December 2015 and are in accordance with the recommendations of the Norwegian Accounting Standards Board (NASB).

#### 

#### Note 26 Pensions obligations, own employees, continued

#### Actuarial assumptions

KLP's joint pension scheme for local authorities and enterprises ("Fellesordningen"):

An important part of the basis of pension costs and pension obligations is how mortality and disability develop amongst the members of the pension scheme.

KLP has used the K2013BE mortality table based on Finance Norway's analyses of mortality in life insurance populations in Norway and Statistics Norway's extrapolations. KLP uses own disability table for actuarial assumptions related to disability, a table based on changes in disability figures in KLPs customer base.

Withdrawal of contractual early retirement (AFP) for 2015 (per cent in relation to remaining employees):

The costs of AFP depend on how many in each year-group take AFP. On reaching 62 years there are 45 per cent who retire with an AFP pension. It is only those who are employed and working right up to retirement who are entitled to AFP. This is taken into account in the calculation of the AFP obligation.

Voluntary termination for "Fellesordning" during 2015 (in %)

,							
Age (in years)	<20	20-23	24-29	30-39	40-50	51-55	>55
Turnover	20 %	15 %	10 %	7,5 %	5 %	2 %	0 %

Pensions via operations

AFP/early retirement is not relevant to this scheme. In regard to mortality the same variant of K2013BE has been used as for "Fellesordningen".

Number	Joint scheme	Via operation	2015	Joint scheme	Via operation	2014
Membership status						
Number active	527	35	562	519	36	555
Number deferred (previous employees with deferred entitlements)	346	17	363	335	22	357
Number of pensioners	145	36	181	130	31	161
Per cent			2015			2014
Composition of the pension assets:						
Property			12.8 %			11.1 %
Lending			12.3 %			10.9 %
Shares			19.8 %			20.4 %
Long-term/HTM bonds			26.9 %			27.6 %
Short-term bonds			20.6 %			21.4 %
Liquidity/money market			7.6 %			8.7 %
Total			100.0 %			100.0 %

The pension funds are based on KLP's financial funds in the common portfolio. The table shows percentage placing of the pension funds administered by KLP at the end of the year. Value-adjusted return on the assets was 3.6 per cent in 2015 and 6.9 per cent in 2014.

Expected payment into benefits plans after cessation of employment for the period 1 January 2016 – 31 December 2016 is NOK 14,3 million.

Sensitivity analysis as at 31 December 2015	
The discount rate is reduced by 0.5 %	Increase
Gross pension obligation	9.9 %
Accumulation for the year	13.5 %
Salary growth increases by 0.25%	Increase
Gross pension obligation	1.3 %
Accumulation for the year	3.1 %
Mortality is strengthened by 10 %	Increase
Gross pension obligation	2.5 %
Accumulation for the year	1.9 %

The sensitivity analysis above is based on all other assumptions being unchanged. In practice that is an unlikely scenario and changes in some assumptions are correlated. The calculation of gross pension obligation and accumulation for the year in the sensitivity analysis has been done using the same method as in calculating gross pension obligation in the financial position statement.

The duration in the Joint scheme is estimated at 17,1 years.

#### Note 27 Tax

#### NOK millions

Accounting income before tax

Items of other comprehensive income before tax

Differences between accounting and tax income: Reversal of value reduction, financial assets Reversal of value increase, financial assets Book gain on realization of shares and other securities Tax gain on realization of shares and other securities Other permanent differences Share of taxable income in partnerships Change in differences affecting relationship between book and taxabl Taxable income Group contribution received with tax effect Surplus/deficit for the year is transferred to carryforward deficit

Deficit carryforward allowable from previous years Change for the year in carryforward deficit Total carryforward deficit and allowance as at 31.12.

Reconciliation of basis for deferred tax

Tax-increasing temporary differences: Fixed assets Securities Total tax-increasing temporary differences

#### Tax-reducing temporary differences:

Long-term liabilities Profit and loss account Finacial instruments Pension obligation Total tax-reducing temporary differences

Net temporary differences Carryforward deficit Basis for deferred tax / deferred tax assets 25 % / 27 % deferred tax / deferred tax assets Corrected error earlier years Deferred tax / deferred tax assets in the balance sheet

#### Change in deffered tax taken to profit/loss

Summary of tax expense for the year Change in deferred tax taken to profit/loss Tax payable taken to profit/loss Total tax taken to profit/loss

#### Tax taken to profit/loss

Тах

Tax on items that will not be classified against the coprehensive incor Tax on items that will not be reclassified to income later Total tax taken to profit/loss

#### Reconciliation of cost of taxes against ordinary profit before tax NOK millions

Accounting income before tax Expected tax in accordance with nominal rate (27 %) Tax effect of: Permanent differences (27 %) Changes in differences that are not included in the basis for defer Error earlier years (27 %) Changes in deferred tax caused by changing tax rate Total tax taken to profit/loss Effective tax rate

	2015	2014
	4 858	959
	175	-195
	2 165	6 487
	-16 857	-18 550
	-4 798	-4 108
	4 982	4 120
	-1 145	-461
	0	250
le income	-1 788	233
	-12 409	-11 264
	2 533	1 839
	-9 876	-9 425
	-26 325	-16 900
	-9 876	-9 425
	-36 201	-26 325
	0	0
	0	8
	40 182 40 183	26 856 26 864
	40 100	20 004
	1 777	
	-1 773	-655
	5	0
	-8 -423	0 -503
	-425	-505
	37 984 -36 201	25 705 -26 325
	1 783	-620
	446	-167
	0	80
	-446	88
	-533	88
	-533	88
	0	0
	-533	88
	-489	35
me statement	-31	40
	-13	13
	-533	88
	2015	
	5 0 3 3	
	-1 359	
	FF	
rrad tay	-55 766	
rred tax	766 80	
	80 36	
	-533	
	-555 11 %	
	TT \0	

#### Note 27 Tax, continued

NOK millions	2015	2014
Wealth tax		
Taxable value assets	420 888	364 971
Taxable value liabilites	-433 105	-397 042
Net wealth	-12 218	-32 071
Base amount wealth tax	0	0

#### Note 28 Salary and obligations towards senior management etc.

The KLP Board of Directors has laid down principles and guidelines for remuneration that apply for the entire Group and set up a remuneration committee as a subcommittee of the Board. The committee reports on and carries out checks that the remuneration schemes in the Group are in line with the Board's principles and guidelines.

Senior employees are defined as the Group CEO and Executive Vice Presidents employed in the parent company KLP and forming part of the Group senior management .

All members of the senior employees group are pensionable at the age of 65, but may choose to change this to aged 70. None of those in senior management as at 31 December 2015 have opted to change their pension age to 70.

The Group CEO has severance pay corresponding to one year's salary including supplementary benefits in the event of termination of employment. There are no obligations to provide the Chairman of the Board special consideration or other benefits on termination or change of the appointment. None of the senior employees has performance pay or bonus schemes. KLP pays directors' liability insurance for members of its Board of Directors.

All employees in the Group may take up loans with KLP on lending terms and conditions for staff. No senior employee has terms and conditions that deviate from this. Loans to external members of the Board of Directors, the Control Committee and the Supervisory Board are only made on general lending terms and conditions.

Directors fees are set by the Supervisory Board. The Company shares a joint Supervisory Board with its subsidiary, KLP Skadeforsikring AS.

KLP has a joint Control Committee with subsidiaries in the Group required to have a Control Committee.

All benefits are shown without the addition of social security contributions. For board members who are elected by and among the employees, only renumeration and loans directly linked to their board membership, are stated in the note.

Attention is drawn otherwise to the description of the main principles on determination of remuneration in the KLP Group that may be found at www.klp.no.

#### Paid from the Company

· · · · · · · · · · · · · · · · · · ·							
2015 NOK thousands	Salary,	Other benefits	Annual pension accumulation	Plan change pension benefits <sup>3</sup>	Loan	Interest rate as at 31.12.2015	Payments plan <sup>1</sup>
Non mousailus	ices elt.	Denenits	accumulation	Deficitio	LUan	J1.12.201J	pian
Senior employees							
Sverre Thornes, Group CEO	3 694	167	1 509	-	-	-	-
Ole Jacob Frich <sup>₅</sup>	1 097	99	311	-	1 1 3 0	2.45	A31
Marianne Sevaldsen	2 520	158	1 192	-	-	-	-
Aage E. Schaanning	3 264	150	1 301	-	2 315	2.25	A23
Rune Mæland	1 616	153	413	-	1469	2.25	A34
Mette-Jorunn Meisland <sup>2</sup>	795	90	256	-	5 925	2.25-2.45	A38
The Board of Directors <sup>4</sup>							
Liv Kari Eskeland, Chair (9 out of 9)	317	-	-	-	-	-	-
Egil Johansen (7 out of 9)	269	-	-	-	-	-	-
Lars Vorland (4 out of 6)	88	-	-	-	-	-	-
Jan Helge Gulbrandsen (7 out of 9)	173	-	-	-	-	-	-
Marit Torgersen (9 out of 9)	217	-	-	-	-	-	-
Anita Krohn Traaseth (O out of 3) <sup>2</sup>	0	-	-	-	-	-	-
Cathrine Klouman (5 out of 6)	88	-	-	-	-	-	-
Susanne Torp-Hansen, elected by and from the employees (9 out of 9)	188	-	_	_	-	-	-
Freddy Larsen, elected by and from the employees (8 out of 9)	215	-	-	-	-	-	-

the employees (8 out of 9)

<sup>1</sup> S= Serial loan, A= Annuity loan, last payment.

<sup>2</sup> The individual has stepped down from the appointment during the year.

<sup>3</sup> Plan change pension benefits shows the effect of longevity adjustment for the year groups from 1954 adopted in 2008, as well as changes in the disability pension regulations adopted in 2014. Both these plan changes were incorporated in the calculation of the pension obligation in 2014.

<sup>4</sup> Figures in parentheses represent the number of meetings attended by the total number of meetings.

<sup>5</sup> Passed away in august 2015

2015	Salary,	Other	pension	Plan change pension		Interest rate as at	Payment
IOK thousands	tees etc.	benefits	accumulation	benefits <sup>3</sup>	Loan	31.12.2015	plan1)
Control Committee							
Dle Hetland, Chair	78	-	-	-	-	-	-
Bengt P. Johansen	65	-	-	-	-	-	-
Berit Bore	65	-	-	-	-		-
Dordi E. Flormælen	65	-	-	-	-	-	-
horvald Hillestad	65	-	-	-	-		-
Supervisory Board otal Supervisory Board, incl. staff representatives	541	-	-	-	14 611	-	_
mployees							
otal loans to employees of KLP	-	-	-	-	306 974	-	-
id from another company in the same group 2015	Salary,	Other	Annual pension	Plan change pension		Interest rate as at	Paymen
IOK thousands			accumulation		Loan	31.12.2015	plan <sup>1</sup>
Senior employees							
Sverre Thornes, Group CEO	_	_	_	-	10 017	2.25	A45
Die Jacob Frich 5	_	_	_	_	10 01/	2.20	-
Marianne Sevaldsen		-	_	_	4 4 3 9	2.25	A43
Aage E. Schaanning			_	_	812	2.25	A22
Rune Mæland				_	542	2.45	A43
Mette-Jorunn Meisland <sup>2</sup>	-	-	-	-	- 542	- 2.25	-
The Board of Directors <sup>4</sup>							
Liv Kari Eskeland, Chair (9 out of 9)	_	_	_	_		_	_
	-				-		
Egil Johansen (7 out of 9) Lars Vorland (4 out of 6)	-	-	-	-	-	-	-
	-			-	-		-
an Helge Gulbrandsen (7 out of 9)	-	-	-	-	-	-	-
Marit Torgersen (9 out of 9)	-		-	-	-	-	-
Anita Krohn Traaseth (O out of 3) $^{2}$	-	-	-	-	-	-	-
Cathrine Klouman (5 out of 6)	-	-	-	-	-	-	-
Susanne Torp-Hansen, elected by and from the employees (9 out of 9)	-	-	-	-	-	-	-
Freddy Larsen, elected by and from the employees (8 out of 9)	-	-	-	-	-	-	-
Control Committee							
De Hetland, Chair	20	-	-	-	-	-	-
Bengt P. Johansen	18	-	-	-	-	-	-
Berit Bore	22	-	-	-	-	-	-
Oordi E. Flormælen	18	-	-	-	-	-	-
horvald Hillestad	18	-	-	-	-	-	-
Supervisory Board otal Supervisory Board, incl. staff representatives	39	-	-	-	14 200	-	-
Supervisory Board Total Supervisory Board, incl. staff representatives Employees	39	-	-	-	14 200	-	-

<sup>1</sup>S= Serial Ioan, A= Annuity Ioan, last payment.

<sup>2</sup> The individual has stepped down from the appointment during the year. <sup>3</sup> Plan change pension benefits shows the effect of longevity adjustment for the year groups from 1954 adopted in 2008, as well as changes in the disability pension regulations adopted in 2014. Both these plan changes were incorporated in the calculation of the pension obligation in 2014.

<sup>4</sup> Figures in parentheses represent the number of meetings attended by the total number of meetings. <sup>5</sup> Passed away in august 2015

Note 28 Salary and obligations towards senior management etc., continued

#### Paid from the Company

2014 NOK thousands	Salary, fees etc.	Other benefits	Annual pension accumulation	Plan change pension benefits <sup>3)</sup>	Loan	Interest rate as at 31.12.2014	Payments plan <sup>1</sup>
Senior employees							
Sverre Thornes, Group CEO	3 569	164	1 257	-1 133	7 211	2.70-3.15	A41
Ole Jacob Frich	1489	150	412	-259	7 823	2.90-3.15	A43
Marianne Sevaldsen	2 466	153	1040	-140	-	-	-
Aage E. Schaanning	3 190	149	1 085	-1048	2 483	2.70-3.15	A31
Rune Mæland	1 583	146	357	-660	1 526	2.70	A34
Toril B. Ressem <sup>2</sup>	1684	137	538	-	2 579	2.90	A30
Mette-Jorunn Meisland	1 348	149	452	-433	5 987	2.90-3.15	A38
The Board of Directors							
Liv Kari Eskeland, Chair	283	-	-	-	-	-	-
Arne Øren <sup>2</sup>	158	-	-	-	-	-	-
Egil Johansen, Deputy Chair	214	-	-	-	-	-	-
Herlof Nilssen <sup>2</sup>	107	-	-	-	-	-	-
Anita Krohn Traaseth	208	-	-	-	-	-	-
Jan Helge Gulbrandsen	168	-	-	-	-	-	-
Marit Torgersen	182	-	-	-	-	-	-
Trond Michael Andersen <sup>2</sup>	85	-	-	-	-	-	-
Susanne Torp-Hansen, elected by and from the employees	168	-	-	-	-	-	-
Freddy Larsen, elected by and from the employees	208	-	-	-	-	-	-
Control Committee							
Ole Hetland, Chair	75	-	-	-	-	-	-
Bengt P. Johansen	63	-	-	-	-	-	-
Dordi E. Flormælen	63	-	-	-	-	-	-
Irene Mathilde Skiri <sup>2</sup>	31	-	-	-	-	-	-
Berit Bore	32	-	-	-	-	-	-
Thorvald Hillestad	63	-	-	-	-	-	-
Supervisory Board Total Supervisory Board, incl. staff representatives	740	-	-	-	28 400	-	-
<b>Employees</b> Total loans to employees of KLP	-	-	_	_	336 469	-	_

<sup>1</sup> S= Serial Ioan, A= Annuity Ioan, last payment.

 <sup>2</sup> The individual has stepped down from the appointment during the year.
 <sup>3</sup> Plan change pension benefits shows the effect of longevity adjustment for the year groups from 1954 adopted in 2008, as well as changes in the disability pension regulations adopted in 2014. Both these plan changes were incorporated in the calculation of the pension obligation in 2014.

<sup>4</sup> Figures in parentheses represent the number of meetings attended by the total number of meetings.

#### Paid from another company in the same group

2014 NOK thousands	Salary, fees etc.	Other benefits	Annual pension accumulation	Plan change pension benefits <sup>3</sup>	Loan	Interest rate as at 31.12.2014	Payments plan 1
Senior employees							
Sverre Thornes, Group CEO	-	-	-	-	-	-	-
Ole Jacob Frich	-	-	-	-	-	-	-
Marianne Sevaldsen	-	-	-	-	4 4 3 9	2.90	A43
Aage E. Schaanning	-	-	-	-	942	3.15	A22
Rune Mæland	-	-	-	-	555	2.90	A43
Toril B. Ressem <sup>2</sup>	-	-	-	-	1 915	2.90	A42
Mette-Jorunn Meisland	-	-	-	-	-	-	-
The Board of Directors							
Liv Kari Eskeland, Chair	-	-	-	-	-	-	-
Arne Øren <sup>2</sup>	-	-	-	-	-	-	-
Egil Johansen, Deputy Chair					-	-	-
Herlof Nilssen <sup>2</sup>	-	-	-	-			-
Anita Krohn Traaseth	-	-	-	-	-	-	-
an Helge Gulbrandsen	-	-	-	-	-	-	-
Marit Torgersen					-	-	-
Trond Michael Andersen <sup>2</sup>					-	-	-
Susanne Torp-Hansen, elected by and from							
the employees	-	-	-	-	-	-	-
Freddy Larsen, elected by and from the employees	-	-	-	-			
Control Committee							
Ole Hetland, Chair	22	-	-	-	-	-	-
Bengt P. Johansen	18	-	-	-	-	-	-
Dordi E. Flormælen	18	-	-	-	-	-	-
Irene Mathilde Skiri <sup>2</sup>	9	-	-	-	-	-	-
Berit Bore	9	-	-	-	-	-	-
Thorvald Hillestad	18	-	-	-	-	-	-
Supervisory Board							
Total Supervisory Board, incl. staff representative	s 76	-	-	-	18 963	-	-
Employees							
Total loans to employees of KLP				-	240 855		_

<sup>1</sup> S= Serial Ioan, A= Annuity Ioan, last payment.

 <sup>2</sup> The individual has stepped down from the appointment during the year.
 <sup>3</sup> Plan change pension benefits shows the effect of longevity adjustment for the year groups from 1954 adopted in 2008, as well as changes in the disability pension regulations adopted in 2014. Both these plan changes were incorporated in the calculation of the pension obligation in 2014.

<sup>4</sup> Figures in parentheses represent the number of meetings attended by the total number of meetings.

### Note 29 Number of employees

NOK millions	2015	2014
Number of permanent employees 31.12.	533	524
Number of full time equivalents	519	511

### Note 30 Auditor's fee

NOK millions	2015	2014
Ordinary audit	2.2	2.5
Certification services	0.5	0.0
Non-audit services	0.7	0.6
Total auditor's fee	3.4	3.1

The amounts above include VAT.

### Note 31 Transactions with related parties

All transactions with related parties are carried out on market terms and conditions. The exception is administrative services used across the Group. Costs for administrative services are allocated at actual cost in accordance with actual usage.

NOK millions	2015	2014
Income statement items		
	101	0.2
Purchase of asset management services from KLP Kapitalforvaltning AS	-101	-82
Purchase of asset management services from KLP Banken AS	-58	-58
Lease of office premises from KLP Huset AS	-50	-48
Sale of pension insurance/group life to subsidiaries	53	76
Net repayment administrative services	220	213
Total	64	101
NOK millions	31.12.2015	31.12.2014
Financial position statement items <sup>1</sup>		
Net outstanding accounts to:		
KLP Skadeforsikring AS	47	129
KIP Bodriftsponsion AS	z	5

KLP Bedriftspensjon AS	3	5
KLP Forsikringsservice AS	1	1
KLP Kapitalforvaltning AS <sup>2</sup>	-31	23
KLP Fondsforvaltning AS <sup>2</sup>	0	7
KLP Eiendom AS	31	6
KLP Bank Group	8	53
Total intercompany	121	224
KLP Huset AS, classified in the accounts as "Shares and holdings in property subsidiaries" (corporate portfolio)	85	113
KLP Eiendom AS, classified in the accounts as "Shares and holdings in property subsidiaries" (common portfolio)	2 307	1 541
KLP Eiendom AS, classified in the accounts as "Shares and holdings in property subsidiaries" (investment option portfolio)	13	9
KLP Skadeforsikring AS, classified in the accounts as «Other liabilities»	0	-20
Total intercompany receivables	2 527	1 867

<sup>1</sup> Net internal outstanding accounts include Group contribution items at the various companies.

<sup>2</sup> KLP Fondsforvaltning AS merged with KLP Kapitalforvaltning AS in 2015.

### Note 32 Other liabilities

NOK millions
Accounts payable
. ,
VAT and tax deductions due
Intra-Group receivables Group companies
Non-settled securities trade
Total other liabilities

### Note 33 Other insurance-related income and costs

NOK millions
--------------

#### Other insurance-related income

Contribution service pension/contractual early retirement (AFP) Miscellaneous interest income Other Total other insurance-related income

Other insurance-related costs Payments service pension/AFP Other interest costs Total other insurance-related costs

### Note 34 Contingent liabilities

#### NOK millions

Guarantee liability Committed, not subscribed investment in private equity and property Approved, not paid out KLP loan pledge Total off balance sheet items

31.12.2015	31.12.2014
9	18
355	313
0	20
98	106
462	457

2015	2014
868	775
14	79
7	0
888	855
868	775
6	22
874	797

	31.12.2015	31.12.2014
	2	2
y funds	8 673	6 416
	5 045	6 330
	13 721	12 748



To the General Meeting of Kommunal Landspensjonskasse gjensidig forsikringsselskap

#### Independent auditor's report

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Kommunal Landspensjonskasse gjensidig forsikringsselskap, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2015, and the income statement, statement of changes in equity and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2015, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers AS, Postboks 748 Sentrum, NO-0106 Oslo T: 02316, org. no.: 987 009 713 MVA, www.pwc.no Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent auditor's report - 2015 - Kommunal Landspensjonskasse gjensidig forsikringsselskap, page 2

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Kommunal Landspensjonskasse gjensidig forsikringsselskap as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

*Opinion on the financial statements of the group* 

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group Kommunal Landspensjonskasse gjensidig forsikringsselskap as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

#### **Report on Other Legal and Regulatory Requirements**

Opinion on the Board of Directors' report and the statement on Corporate Social Responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and in the statement on Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

**Opinion on Registration and Documentation** 

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 30 March 2016 PricewaterhouseCoopers AS

Erik Andersen State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

### ACTUARY'S STATEMENT – KOMMUNAL LANDSPENSJONSKASSE

With reference to the financial statements presented for 2015, it is confirmed that the technical provisions have been calculated in accordance with the applicable technical assumptions and thus are in accordance with the regulatory requirements.

In addition, the proposed allocations to the premium fund, supplementary reserves and risk equalisation fund are in accordance with the Norwegian Act on Insurance Activity. The allocation of the released disability reserves are in accordance with law and approval by the Financial Supervisory Authority of Norway.

For all schemes except the Pension Scheme for Nurses and the Pension Scheme for Hospital Doctors, the K2013 tariff is used, i.e. the formulae and associated parameters that are explicitly stated in the Financial Supervisory Authority of Norway's letter of 8 March 2013 to all life insurance companies and pension funds. Because of observed lower mortality of the insured in the Pension Scheme for Nurses and the Pension Scheme for Hospital Doctors, a tariff with lower mortality is applied.

KLP implemented new disability tariffs from 1 January 2015, in line with reductions in observed disability rates over a long period. Also for disability, there are special tariffs for the Pension Scheme for Nurses and the Pension Scheme for Hospital Doctors.

Oslo, 30 March 2016

Roar Engen Chief Actuary



Clear Morten Larsen, District manager, KLP Skadeforsikring



## Commited

Ingrid Eriksen, Customer and Sales Manager, Life

# Board of Directors in KLP

#### KLP Board of Directors

Liv Kari Eskeland (Chair of the Board of Directors) Egil Johansen (deputy chair) Cathrine Klouman Lars Vorland Marit Torgersen Jan H. Gulbrandsen Freddy Larsen (employees' representative) Susanne Torp-Hansen (employees' representative) Tom Tvedt (1st deputy – regularly attending) Hilde Rolanden (2nd deputy) Mette Nord (deputy for Gulbrandsen) Gunnar Erik Børjesson (deputy employees' representative) Aina Iren Slettedal Eide (deputy employees' representative) Ingjerd Hovdenakk (observer) Erik Kollerud (observer) Dag Bjørnar Jonsrud (deputy observer) Erik Orskaug (deputy observer)

#### **Board of Directors of subsidiaries**

#### **KLP Bankholding AS**

Sverre Thornes (Chair) Aage E. Schaanning (deputy chair) Aina Slettedal Eide Eva Margrethe Salvesen Kjell Fosse Christin Kleppe (employees' representative) Espen Trandum (employees' representative) Henrik Stenvik (employees' representative) Terje Granvold (employees' representative) Managing Director: Leif Magne Andersen

#### KLP Banken AS

Sverre Thornes (Chair) Aage E. Schaanning (deputy chair) Aina Slettedal Eide Eva Margrethe Salvesen Kjell Fosse Christin Kleppe (employees' representative) Espen Trandum (employees' representative) Henrik Stenvik (deputy employees' representative) Terje Granvold (deputy employees' representative) Managing Director: Leif Magne Andersen

#### **KLP Bedriftspensjon AS**

Marianne Sevaldsen (Chair) Rune Mæland Gro Myking Alexander Berg Larsen Stig Even Jacobsen Harald Ramon Hagen Managing Director: Torun Wahl

#### KLP Boligkreditt AS

Sverre Thornes (Chair) Aage E. Schaanning (deputy chair) Eva Margrethe Salvesen Marit Barosen Managing Director: Christopher Steen

#### **KLP Eiendom AS**

Sverre Thornes (Chair) Aage E. Schaanning Ida Louise Skaurum Mo Marit Jakobsen Leganger Arvid Grundekjøn Einar Kvien Ruth Hege Falch Havdal (deputy for Einar Kvien) Managing Director: Gunnar Gjørtz

#### KLP Forsikringsservice AS

Sverre Thornes (Chair) Marianne Sevaldsen (deputy chair) Helge Rudi Cathrine Hellandsvik Bjørn Eknes Managing Director: Roar Engen

#### KLP Kapitalforvaltning AS

Sverre Thornes (Chair) Hilde Seem Anne Kristine Garpestad Hans Jørgen Gade Kjetil Houg Anette Hjertø Per Christian Standerholen (deputy) Gunnar Børjesson (deputy) Ingvild Dingstad (deputy) Per Rustad Ørvik (deputy) Managing Director: Håvard Gulbrandsen

#### KLP Kommunekreditt AS

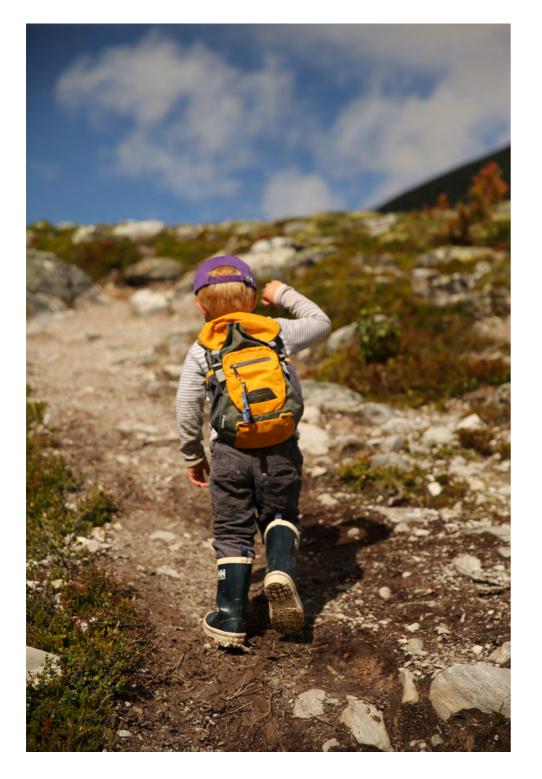
Sverre Thornes (Chair) Aage E. Schaanning (deputy chair) Eva M Salvesen Toril Lahnstein Managing Director: Christopher Steen

#### KLP Skadeforsikring AS

Sverre Thornes (Chair) Jan-Hugo Sørensen Marianne Sevaldsen Lene Elisabeth Bjerkan Inger Østensjø Mette Selvaag (deputy) Steinar Haukeland (employees' representative) Mona Wittenberg (employees' representative) Eskild Tangerud (deputy employees' representative) Marianne Overein (deputy employees' representative) Managing Director: Tore Tenold

#### **KLP-Huset AS**

Eskild Rolstad (styreleder) Hans Vidar Sund Camilla Qinghuayu Henriksen



### Commited John Bjørnersen, Consultant, Asset Management

## Elected representatives

#### KLPs Supervisory board 2014 - 2016 members Elected by the General meeting

Anne Biering Arne Sandbu Astrid A. Byrknes Atle Brynestad Christine Killie Erik Arne Hansen Gerd Lisbeth Nauf Hilde Christiansen Katrine Lereggen Kjell Fosse Maiken Messel Mette Qvortrup Mildrid Søbstad Nils A. Røhne Ole Haabeth Ole John Østenstad Per Karlsen Siri Hovde Sveinung Aune Tor Egil Bakken Torhild Bransdal Unni Skaar Vibeke Stjern Øystein Beyer

Helse Sør-Øst RHF Nord-Fron kommune Lindås kommune Helse Sør-Øst RHF Troms fylkeskommune Helse Nord RHF Sandefjord lufthavn Torp AS Helse Vest RHF Skaun kommune Stjørdal kommune Aust-Agder fylkeskommune Østfold Energi AS Vefsn kommune Stange kommune Østfold flykeskommune Førde kommune Helse Vest RHF Aurskog-Høland kommune Helse Midt-Norge RHF Larvik kirkelige fellesråd Vennesla kommune Sarpsborg kommune Åfjord kommune Porsgrunn kommune

#### Deputy members:

Anita Eidsvold Grønli Oddmar Blekkerud Heidi Magnussen Mari Botterud Kari Ask Anne Torill Balto Bjørn Tømmerdal Bersvend Salbu Knut Langeland MortenSandbakken

Nedre Romerike brannvesen IKS Roger Gjennestad Gjennestad Helse Sør-Øst Sykehuset Vestfold Nes kommune St. Olav Hospital HF Øyer kommune Sigdal kommune Karasjok kommune Ålesund kommune Tynset kommune Helse Nord RHF Fjellregionen Interkommunale Avfallsselskap AS Gamvik kommune

Nominated by the employee organisations Erik Orskaug UNIO Roger Haga Heimli Fagforbundet Britt Silseth Fagforbundet Lizzi Thorkildsen Delta Ole Jakob Knudsen Naturviterne Stein Guldbrandsen Fagforbundet

#### Deputy members:

Inga Manndal

Even Nilsen Svein Kristiansen Anne Bondevik

Fagforbundet Fagforbundet Fagforbundet

#### Staff elected representatives

Anders Eidsnes Anne Beate Lien Erik Falk Erling Bendiksen Gry Løvlund Hanne Bratlie Håvard Sande Jøran Østom Jørn Trygve Kärnä Kari Bakken Magnus Haldorsen Morten Eidsnes Torkell Dobbe Trine Bjelland Ottosen Vidar Stenseth

#### Deputy members:

Odd Steinsrud Lisbeth Arnesen Ruth-Hege F. Havdal Henrik Haakestad Lervold Svein Thalberg Arne Henriksen

KLP Bergen KLP Bergen KLP Oslo KLP Oslo KLP Oslo KLP Oslo KLP Eiendom Trondheim KLP Oslo KLP Skadeforsikring KLP Oslo KLP Skadeforsikring KLP Bergen KLP Skadeforsikring KLP Oslo KLP Oslo

KLP Skadeforsikring KLP Bergen KLP Eiendom Trondheim KLP Oslo KLP Oslo KLP Oslo

#### The Election committee

Nils A. Røhne (Chair) Trond Lesjø Steinar Marthinsen Anita Eidsvold Grønli Christine Killie (deputy)



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