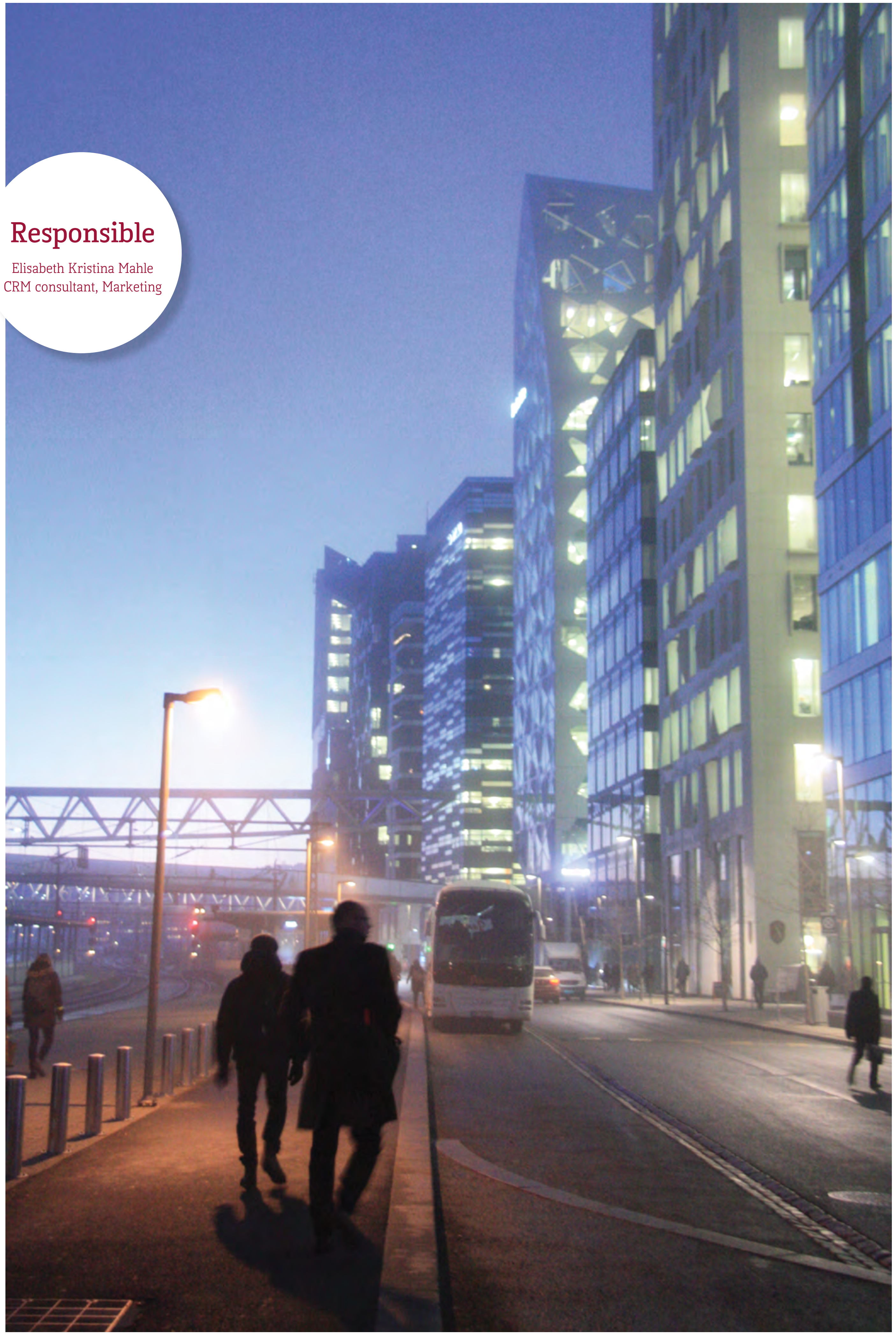
KLP
annual report 2014

In 2014 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.



Responsible

Elisabeth Kristina Mahle
CRM consultant, Marketing

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annual report 2014

Good results and inflow of customers

2014 was a historically good year for KLP: good returns, growth in all business areas and large inflow of new customers. At the same time we managed to hold down cost growth.

2014 was without doubt a challenging year with a historically low interest rate level. Therefore it is good to note that despite this KLP is delivering good results in every area. The value-adjusted and book returns for 2014 ended at 6.9 per cent and 4.3 per cent respectively. Shares, short-term bonds and property were the most important contributors to the good returns.

We live longer

At the end of 2014 the KLP Group had total assets of NOK 491 billion, whilst the life company ended at NOK 415 billion. The life company's assets are almost entirely assets accumulated for current and future pensions of KLP's owners' employees.

The expected longevity of the population is increasing. This means that pensions will be paid out over longer periods and entails a need to strengthen the premium reserve. KLP completed this strengthening of reserves during 2013, principally using returns surplus on the customer's pension funds. The Company is required to cover 20 per cent of this reserves increase, and the strong results in 2014 make it possible for KLP to transfer the entire remaining contribution of NOK 1.6 billion to its customers' supplementary reserves.

Solvency remains important

The good results also make it possible to strengthen the supplementary reserves by NOK 3.5 billion, whilst NOK 3.4 billion is being allocated to the customers' premium fund. KLP has thus strengthened its solvency through increased customer buffers and increased owners' equity, and we have provided our customers with a significant contribution to their premium fund.

KLP's financial strength provides security and opportunities in demanding times. This is reassuring since the Norwegian economy faces greater challenges than it has had for many years. A long-term low interest rate scenario is challenging for everyone conducting asset management, including KLP. At the end of 2014 we had solvency capital corresponding to 3.5 years' guaranteed interest rate. It is good to have that with us as we go forward.

Large inflow of customers

During 2014 the market for public sector occupational pensions was marked by the other providers of insured schemes withdrawing from the market. In total 58 local authorities and 203 public sector enterprises have transferred to KLP during 2014. The inflow means an increase of NOK 30 billion in the premium reserves and 156,000 additional KLP members with pension rights. A further 15 local authorities have transferred to KLP so far in 2015. KLP now has 418 of 446 municipalities and county administrations as public sector occupational pension customers.

The massive inflow has put great pressure on information systems and staff, but I am glad to be able to report that we have been well prepared and that the growth has not had negative consequences either for KLP's systems or the service to existing and new customers. Surveys show that the customers are satisfied with KLP and we shall continue to strive to increase our efficiency and ensure good service at low cost.

Out of coal, into renewable energy

Corporate responsibility is important to KLP. We demonstrate responsibility by being open about how we manage our assets. It is not a matter of indifference to our owners how their money is invested.

KLP has always been a major lender to Norwegian hydroelectric power and in recent years has also provided equity capital to power and grid companies.

In 2014 KLP took an important step: We increased our investments by NOK 500 million in increased capacity in renewable energy. At the same time we withdrew from companies that have a substantial part of their income from coal. So doing, KLP hopes to contribute to an absolutely necessary shift from fossil fuel to renewable energy in emerging markets. The decision started as a challenge from Eid Municipality and demonstrates exactly how important close dialogue and good partnership with our owners is.

«KLP's financial strength provides security and opportunities in demanding times. This is reassuring since the Norwegian economy faces greater challenges than it has had for many years. A long-term low interest rate scenario is challenging for everyone conducting asset management, including KLP.»

SVERRE THORNES GROUP CEO

KLP signed the UN Global Compact in 2003 and we continue to work to safeguard human rights, workers' rights, the environment and in the fight against corruption.

Development and improvement

The needs of our owners is always central in KLP. We shall endeavour to be perceived as our owners' best partner for the days to come. Our business aims to strengthen their finances, to ease their daily life and to strengthen them as employers. Therefore we work systematically to develop services and products that we perceive our owners and their employees need.

During 2014 we also started a language project that will embrace the entire organization. We look now with fresh eyes at how our members perceive information from KLP. This work will continue during the years to come and our aim is to become better at sending out a clear and understandable message.

Investing in members

KLP is not just a pension provider. We also offer banking, funds and insurance products with advantageous terms to our members. More and more people and organizations are discovering this and during 2014 more than 75,000 have started making use of their membership benefits. We want these benefits – on top of a good pension scheme – to strengthen our owners' work in recruiting and retaining competent employees. New this year is also that customers with defined contribution pensions with KLP Bedriftspensjon will benefit from KLP membership benefits.

For the days to come ...

Times change – so must we. There are many challenges to face in the years to come: Regulatory frameworks are changing; work is being carried out on local government reform; we have entered a long-term low interest rate scenario; and the pension schemes in the public and private sectors are undergoing change.

KLP has customers and owners that prioritize solvency and a long-term approach to asset management, and we work continually to keep our costs down through efficient operation. We shall be a stable and predictable partner – regardless. KLP's owners shall feel confident that, going forward, we shall provide good returns, low costs and good service.

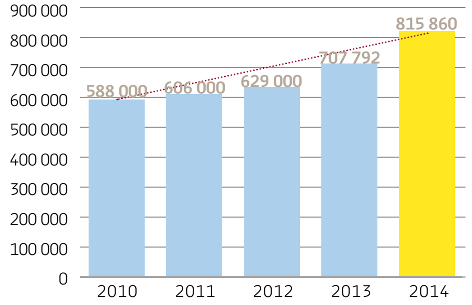
SVERRE THORNES
Group CEO

Open

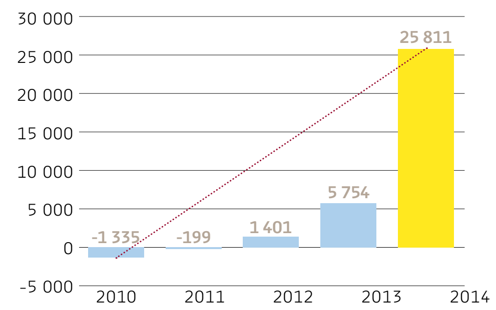
Ingrid Eriksen
Customer and Sales
Manager, Life

Growth and profitability in unsettled times

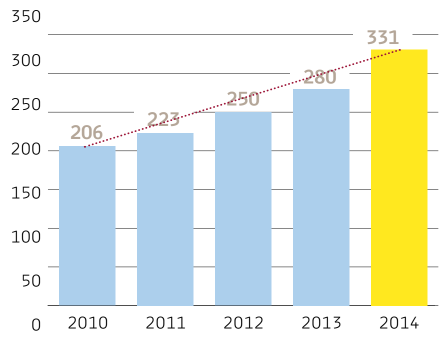
PEOPLE WITH ACCRUING PUBLIC SECTOR OCCUPATIONAL PENSIONS WITH KLP



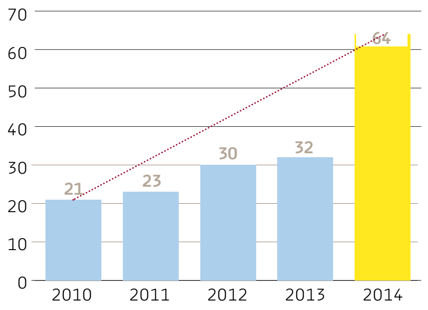
NET TRANSFERS IN TO LIFE INSURANCE NOK million



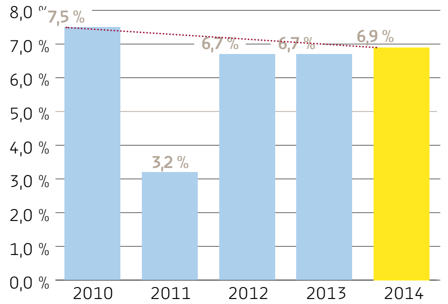
ACCRUED PENSION (PREMIUM RESERVE) NOK billion



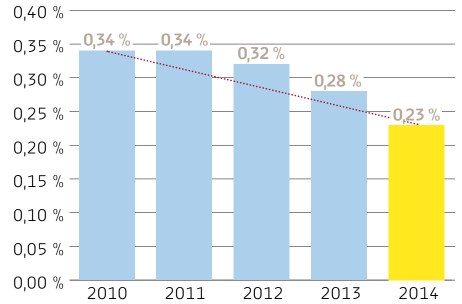
PREMIUM INCOME GROUP NOK billion



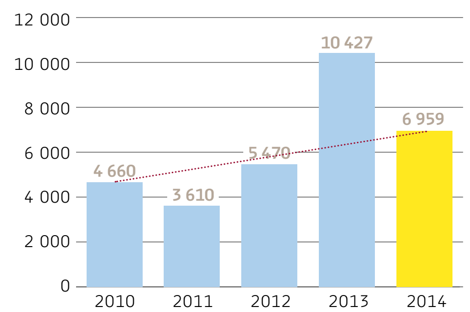
VALUE-ADJUSTED RETURNS ON PENSION FUNDS (COMMON PORTFOLIO PUBLIC SECTOR OCCUPATIONAL PENSIONS)



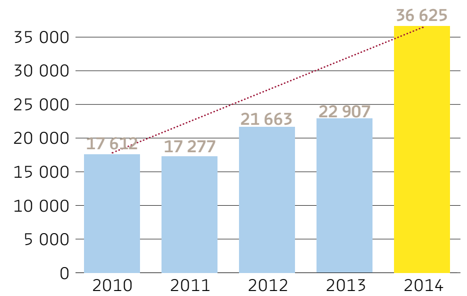
COST RATIO PUBLIC SECTOR OCCUPATIONAL PENSION



PROFIT/LOSS ALLOCATED TO INSURANCE CUSTOMERS
NOK million



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



Development over the last 5 years

NOK millions

KLP Group	2014	2013	2012	2011	2010
Pre-tax income	1 189	1 157	997	653	515
Total assets	490 894	399 257	331 783	291 784	271 736
Owners' equity	17 644	15 268	13 630	12 064	10 749
Capital adequacy ratio	9,2 %	10,0 %	10,3 %	10,9 %	11,5 %
Number of employees	899	856	808	775	762
Kommunal Landspensjonskasse	**2014**	**2013**	**2012**	**2011**	**2010**
Pre-tax income	959	950	772	705	563
Premium income (without premium reserves transferred in)	32 280	24 928	27 477	21 641	20 291
Net transfers in/out of premium reserves and other funds	28 677	6 178	1 484	-156	-1 339
Income to customers	6 959	10 420	5 455	3 594	4 651
of which supplementary reserves	3 568	-	-	2 143	2 070
of which to Premium Fund	3 391	5 891	2 365	1 451	2 581
Insurance funds	378 602	312 127	275 860	243 439	227 533
Total assets	415 030	339 592	299 708	261 746	244 194
Owners' equity	17 454	15 089	13 472	11 941	10 647
Solvency capital	73 909	46 897	44 132	36 190	33 338
Solvency capital measured against insurance funds with interest guarantee	21,6 %	16,2 %	17,4 %	16,0 %	15,9 %
Capital adequacy ratio	9,5 %	10,3 %	10,6 %	11,5 %	12,0 %
Solvency margin ratio	228,1 %	228,8 %	233,2 %	243,5 %	230,6 %
Return on the common portfolio:					
- book return	4,3 %	6,4 %	5,0 %	4,5 %	5,1 %
- value-adjusted return	6,9 %	6,7 %	6,7 %	3,2 %	7,5 %
- value-adjusted return including surplus value on assets recognize at amortized cost	9,5 %	6,4 %	7,5 %	3,9 %	7,4 %
Return investment options portfolio	6,7 %	8,8 %	7,5 %	2,2 %	8,6 %
Insurance-related administration costs measured against average customer funds	0,23 %	0,28 %	0,32 %	0,34 %	0,34 %
Number of premium-paying members	418 133	367 967	316 298	309 333	304 985
Number of pensioners	230 241	197 837	182 562	172 272	163 701
Number of employees	524	502	477	460	449
KLP Bedriftspensjon AS	**2014**	**2013**	**2012**	**2011**	**2010**
Pre-tax income	-25	-23	-25	-24	-17
Premium income (without premium reserves transferred in)	261	188	126	93	52
Net inward/outward transfer of premium reserves	140	189	216	182	89
Income to customers	24	7	15	16	10
Total assets	2 270	1 792	1 317	904	614
Capital adequacy ratio	12,7 %	14,7 %	9,6 %	13,9 %	19,6 %
KLP Skadeforsikring AS	**2014**	**2013**	**2012**	**2011**	**2010**
Pre-tax income	304	190	105	25	78
Annual premium	921	832	750	650	631
Combined ratio	98,1 %	103,7 %	107,8 %	118,1 %	121,9 %
Capital adequacy ratio	44,0 %	40,0 %	34,1 %	31,8 %	32,0 %
KLP Banken Group	**2014**	**2013**	**2012**	**2011**	**2010**
Pre-tax income	29	87	84	-62	36
Deposits	6 251	4 407	2 946	1 840	1026
Lending	24 946	21 317	21 875	28 416	26320
Capital adequacy ratio	16,9 %	19,6 %	20,1 %	14,4 %	14,2 %
KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS	**2014**	**2013**	**2012**	**2011**	**2010**
Pre-tax income	56	33	21	26	19
Assets for management in total	370 840	287 077	252 037	215 915	196 046
Of which assets for management from external customers	36 130	28 171	21 153	13 650	14 132

For the days to come

Veronica Norevik
Customer adviser,
Life insurance

Important events in 2014

Delighted winners of KLP's working environment prize

KLP awarded two prizes this year, each of NOK 150,000. Daad Gjerde from Follo Kvalifiseringssenter was acclaimed the winner of KLP's Working Environment Prize "Enthusiast of the year". The working environment project of the year was from Helse Bergen with the project «Terapeutisk møte med aggresjon» (therapeutic meeting with aggression - TERMA).

Good results

KLP can point to good results for 2013 with good returns, low costs and a major inflow of new customers. For the fifth consecutive year KLP has the best value-adjusted return of the companies competing in the public sector pensions market. The strong results enabled KLP to complete the longevity reserving for the new K2013 tariff in 2013.

KLP acquires a stake in Ringeriks-Kraft

KLP acquires 15 per cent of the shares in Ringeriks-Kraft AS (power and grid/networks) from Ringerike municipality. The contract will have a value of about NOK 135 million.

Combining nonlife insurance policies at KLP

KLP Skadeforsikring retains Rogaland County administration for property damage, and in addition new sales for occupational injury/accident and group life. Total value of the contract is NOK 10.5 million.

Lower base interest rate

The Ministry of Finance has decided to reduce guaranteed interest for life insurance policies from 2.5 to 2 per cent. This means higher pension premiums in the short term.

KLP acquires an increased stake in Hafslund

KLP has bought a further 2.7 per cent of the total share capital in Hafslund. The value of the share item is NOK 260 million, and KLP will thus be the third largest shareholder in the company.

Paleet reopens its doors

After 16 months of closed doors the Paleet Shopping Centre is reopening in a new guise.

25 stock-market-listed companies with emission targets

Companies see that a clear climate policy is an advantage to business and industry, and to measures that support low-carbon investments. This is shown by a new analysis conducted by CDP, an international interests organization for sustainable business. KLP is a Norwegian partner in the project.

Out of coal, into renewables

KLP has decided to increase its investments by NOK 500 million in increased capacity in renewable energy. At the same time KLP is withdrawing from companies that have a substantial part of their income from coal. Here the Company wants to contribute to a shift from fossil fuel to renewable energy.

Sør-Varanger receives the inspiration prize

Sør-Varanger Municipality was awarded the inspiration prize for good property management The municipality has invested proactively in taking good care of municipal buildings: this has led to fewer claims and money saved.

KLP's customers the most satisfied

KLP has the most satisfied customers in the corporate market for non-life insurance for the fourth consecutive year. This is shown by the year's new customer satisfaction survey from EPSI, in which 1 486 enterprises participated.

NTNU receives the «Ikke for enhver pris» (Not at any price/prize)

«NTNU (the Norwegian University of Science and Technology) has been impressive in its dedication and determination to make major changes over a short period», the jury finds about this year's winner. The prize is intended to promote ethical aspects of procurement in the public sector. KLP sponsors the prize, which is awarded in collaboration with IEH (Ethical Trading Initiative Norway) and Difi (the Norwegian Agency for Public Management and eGovernment). In 2014 an honours prize was awarded for «Ikke for enhver pris». It went to Aftenposten TV for the series «Sweatshop – dead cheap fashion».

31 new companies excluded

Four new companies are excluded from KLPs investments from December. In addition KLP is excluding 27 coal companies.

Strong customer growth

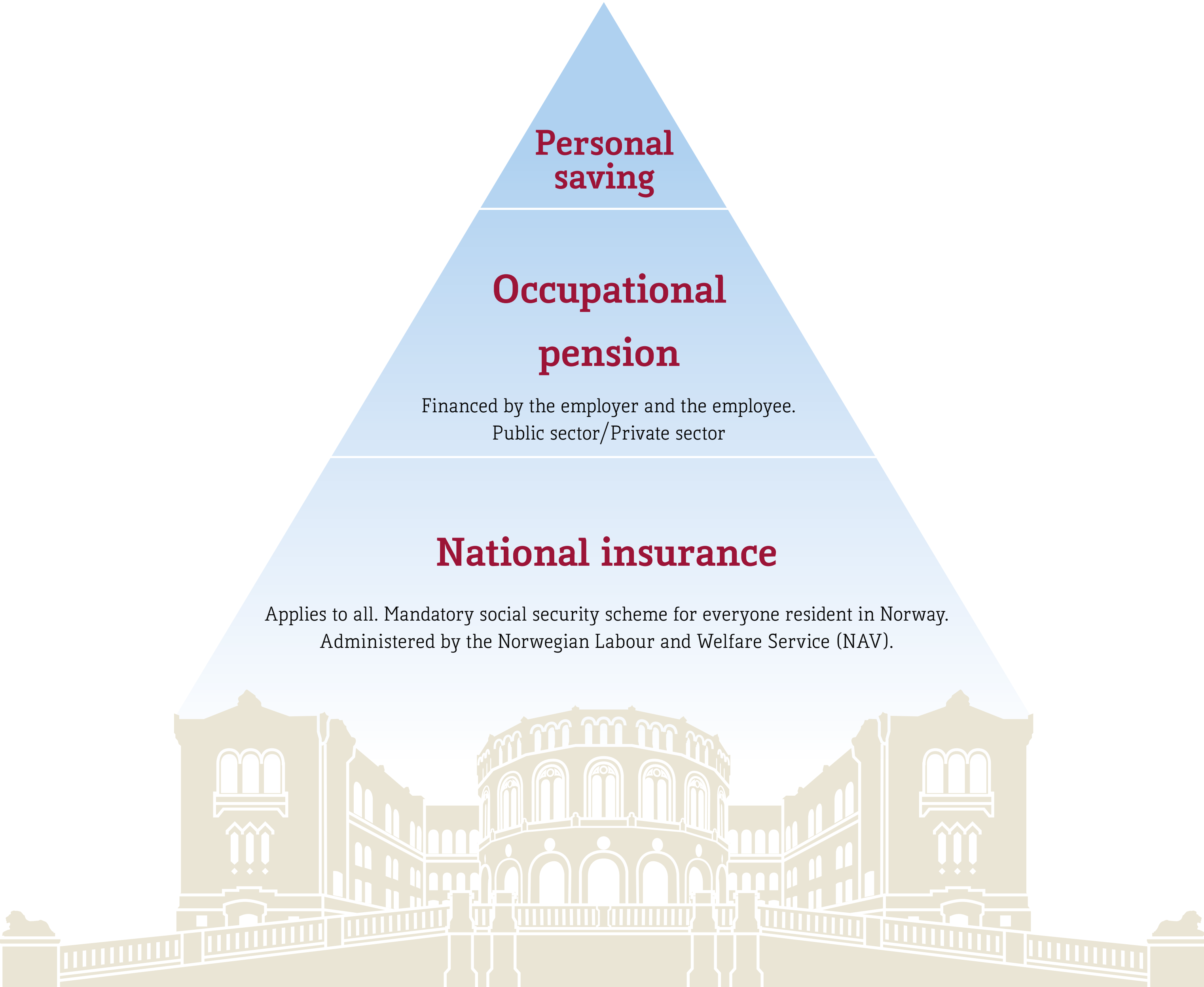
During 2014 the market for public sector occupational pensions was marked by the other providers of insured schemes withdrawing from the market. In total 58 local authorities and 203 public sector enterprises transferred to KLP during 2014.

The world's most environmentally friendly shopping centre

On 14 October the world's most environmentally friendly shopping centre opened at Fornebu. The Fornebu S became the only Norwegian building nominated for the international environmental prize BREEAM Awards in the Retail New Construction category. The centre was awarded the prize in 2015.

New record in pension payments

KLP set a new payment record in 2014. Gross pension payment of more than NOK 12.9 billion were made - that is NOK 1.3 billion more than the previous year.



The pension system

All Norwegians are entitled to retirement pension from the National Insurance Scheme. Occupational pensions are pension schemes established in association with employment. Collective bargaining agreements or statutes govern the pension benefits in the public sector. In the private sector there are major variations between occupational pension schemes.

In addition to National Insurance and occupational pension schemes there may also be savings.

History 1949–2014

1949 The Union of Norwegian Cities and the Norwegian Association of Rural Municipalities (forerunners to the Norwegian Association of Local and Regional Authorities - KS) resolve to establish Kommunal Landspensjonkasse. KLP was established as a «managed» pension scheme under Norsk Kollektiv Pensjonskasse.

1950 KLPs Harald Bastiansen develops an average premium system for hospital doctors.

1961 The Nurses' Scheme with average premiums is introduced. The Norwegian Act concerning Pension Scheme for Nurses came into force in 1962.

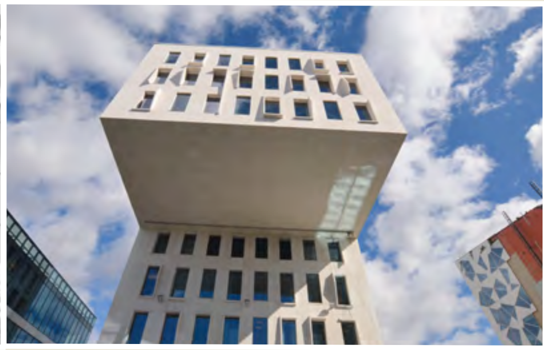
1967 The Norwegian parliament, the Storting, passed a resolution to introduce National Insurance.

1974 The Transfer Agreement, to which KLP contributes, secures pension rights in the event of a change of job within the public sector.

1974 KLP obtains its own licence as an insurance company and establishes a joint local authority pension scheme.

1986 KLP achieves breakthrough pensions to be indexed in line with the National Insurance Basic Amount («G»).

1988 Contractual early retirement (AFP) is introduced.



1990 KLP establishes scheme with equity capital contribution.

1995–1996 Competition over the local authority pension schemes becomes fiercer.

2003 The Banking Act Commission delivers reports on competition in local government occupational pension schemes, and gender and age neutrality in group pension schemes.

2004 KLP's premium system becomes part of the industry norm and is incorporated into the Norwegian Insurance Act.

2008 The Norwegian Insurance Act is amended. Differentiation is made between customer assets and corporate assets.

2011 Public sector occupational pension is adjusted to the changes in the Pension Reform.

2013 KLP's principal competitors in the market for public sector occupational pensions opt to withdraw.

2014 The Storting adopts new disability pension in the public sector from 1 January 2015.

KLP's business

KLP manages the pensions saving for employees and former employees of municipalities and enterprises, county administrations and health enterprises. In addition KLP provides safe and competitive financial and insurance services to the public sector and enterprises associated with the public sector and their employees.

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 780 employers' representatives have participated in various courses run by KLP during 2014
- KLP have had 335 participants on pensions finance courses; 155 participants on basic courses and 180 on special courses
- The Worth Knowing course for payroll and personnel employees is arranged every second year and will be held in 2015 However KLP ran the Worth Knowing course for new customers in 2014 and about 75 participated in these courses
- KLP have had 370 participants on enterprise courses
- KLP had about 8 700 individual conversations with employees on their own pension entitlements.
- In addition KLP has held about 500 information meetings all over the country with briefings about the pension scheme for members of the Company.
- During 2014 over 200 different HES events were conducted with 5 400 employees representing a total of 330 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

Defined Contribution Pension is an occupational pension set up by employers for their employees in accordance with the Norwegian Mandatory Occupational Pension Act.

Pension fund service

KLP offers bespoke pension fund solutions to municipalities, county administrations and enterprises with agreements on public sector occupational pension, both 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 and pupil travel insurance

Property, vehicle and third party insurance

Loans

Loans for public sector investments and infrastructure
- Loans to local government sector
- Loans to enterprises / organizations

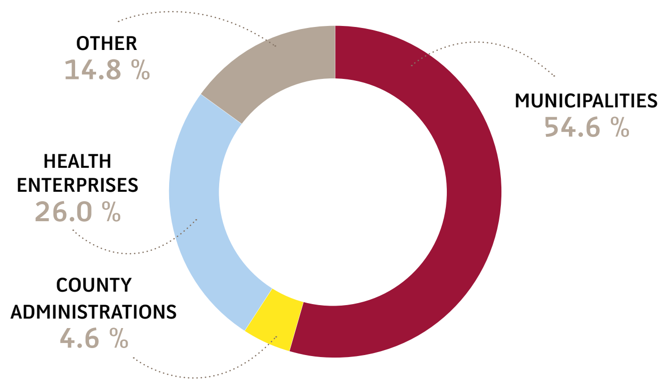
Funds

The KLP funds for institutional investors
- Equity funds
- Combination funds
- Fixed-income funds
- Special funds

Banking

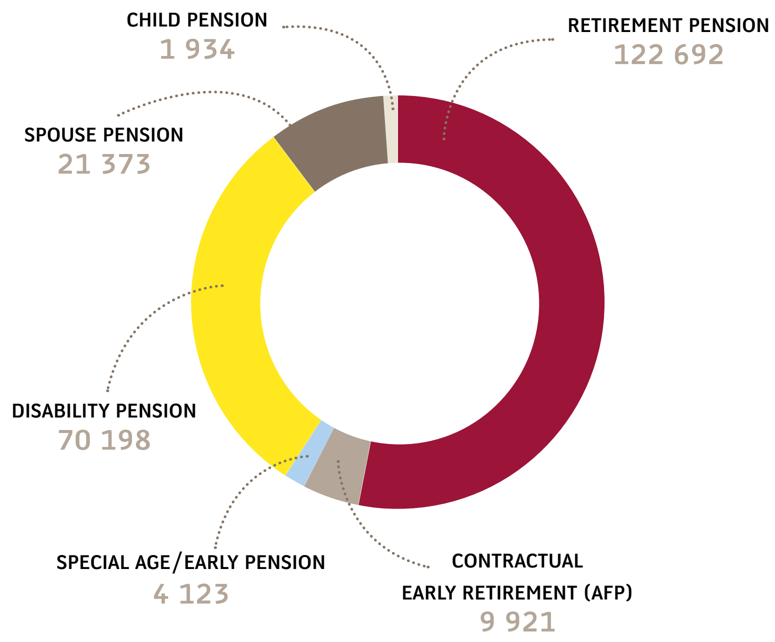
KLP Banken offers savings accounts for enterprises
Loans are offered to the public sector through KLP Kommunekreditt AS.

IN 2014 KLP'S PREMIUM INCOME FROM PUBLIC SECTOR OCCUPATIONAL PENSIONS TOTALLED NOK 33.2 BILLION
Distribution based on population as it was at 31 December 2014

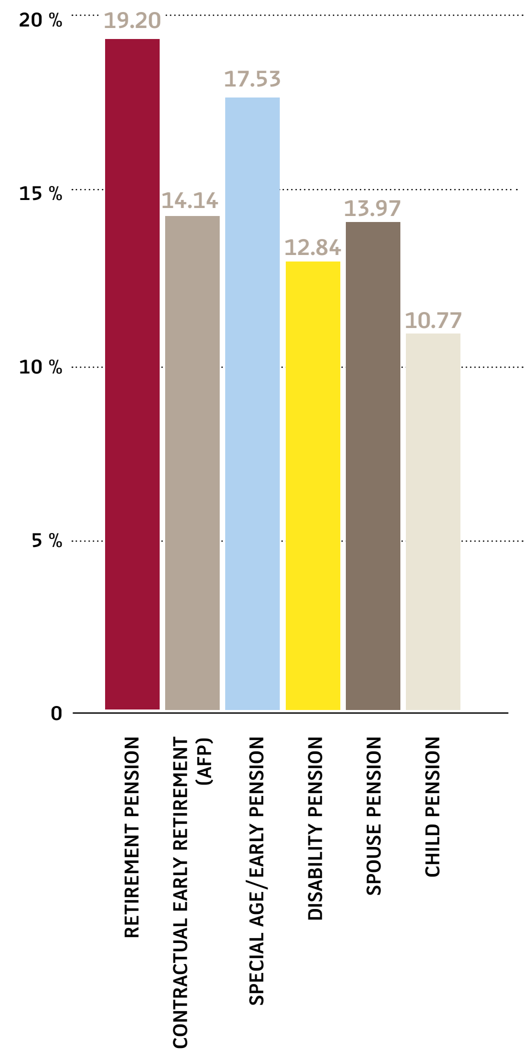


TOTAL NUMBER OF PENSIONERS
230 241

OCCUPATIONAL PENSIONS AS AT 31 DECEMBER 2014
Some receive multiple pensions. The figures show the number of pensions, not the number of pensioners.



NUMBER OF PENSIONS WITH PERCENTAGE INCREASE
shows change based on corresponding figures as at 31 December 2014.



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.

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 and 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 non-members of KLP.
- Equity funds
- Fixed-income funds
- Combination funds

Members who save in KLP Kombinasjonsfond M receive a membership benefit.

Membership benefits

With a KLP pension members and their closest family have financial security for the days to come. Members get employee prices when it comes to interest and charges.

Commited

John Bjørnersen
Consultant,
Asset Management

This is KLP

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

KLP's vision is to be the best partner for the days to come. This vision is the steering point for KLP's employees and should underpin its customers' perceptions of KLP as a predictable partner, strengthening their finances, simplifying their everyday life, helping to make them attractive employers and contributing to a more sustainable public sector. KLP's primary aim is to be Norway's leading provider of public sector occupational pensions. KLP's most important task is therefore to provide its customers with pensions with competitive returns over time, low costs and a high service level.

The Group structure

Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP) is a customer-owned company and parent company of a financial services group with wholly-owned subsidiaries organized as limited companies.

The principal product of the mutual company, KLP, is public sector occupational pension, and it is the customers for this product that own the Company. The mutual corporate model was selected because it is financially efficient as well as giving customers and owners influence over an important deliverable.

The subsidiaries were established to support KLP's core business and enable offerings of secure and competitive services to KLP's owners and their employees.

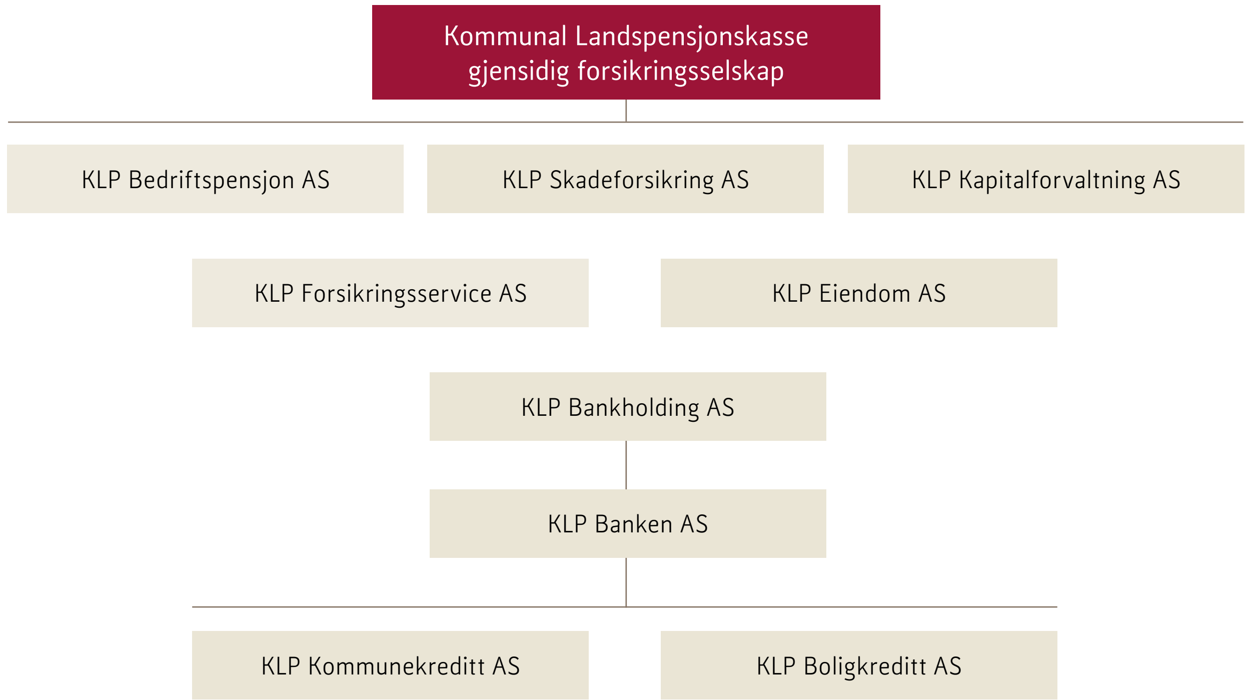
The Group had a total of 899 employees and total assets of NOK 491 billion at the end of 2014.

KLP delivers products and services in:

- Pensions and pension fund services
- Banking
- Insurance
- Funds and asset management

KLP · STOREBRAND · PENSJONSKASSER

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.



Subsidiaries

KLP Skadeforsikring AS offers non-life insurance services to the local government sector and enterprises associated with the public sector. At the end of 2014 the company had a customer relationship with 315 municipalities and 14 county administrations, 2864 enterprises and 31 customers associated with health enterprises. The company also offers insurance solutions to the retail market with special advantages for members of KLP and at the end of the year had 28,000 customers.

KLP Forsikringsservice AS has specialist expertise in public sector pension schemes and offers a full spectrum of pension fund services.

KLP Bedriftspensjon AS offers defined contribution occupational pensions, including management of pension capital certificates, both to private and to public sector organisations. The company's total assets amount to NOK 2270 million.

KLP Banken AS was launched in 2010, and is an online bank focused on mortgage lending and deposits. This provides the basis for efficient operation and low costs. The bank had over 33,000 active retail banking customers at year-end.

KLP Boligkreditt AS is a subsidiary of KLP Banken and was licensed as a housing credit enterprise in 2014. A proportion of the bank's retail loans have been transferred to the company. The business is principally financed by the issue of bonds with security in home mortgages.

KLP Kommunekreditt AS is also a subsidiary of KLP Banken. The company's aim is to be a key financial partner for the public sector. KLP Kommunekreditt finances a broad spectrum of local administrations' borrowing needs for example for schools, kindergartens, care homes and projects in local authority climate and energy plans. In addition KLP finances a portion of the local administrations' infrastructure.

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 (FSA of N) to manage securities funds and alternative investment funds, as well as to provide active management investment services and associated services. At the end of the year the company was managing about NOK 370 billion.

KLP Eiendom is one of Norway's largest property managers with 1,554,000 m² of premises and 372,000 m² of leasehold sites under management, as well as substantial projects under development. The property portfolio had a value of NOK 45.7 billion as at 31 December 2014. KLP Eiendom has operations in Norway, Sweden, Denmark, Luxembourg and London. The properties have good locations, a high standard of building and efficient space utilization. KLP Eiendom manages only the Group properties and does not offer property management services outside the Group.

KLPS VALUES

KLP's strategic prioritization

KLP's strategic platform is to endeavour to reinforce and develop the Company's existing product and services 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.

STRATEGIC PRIORITY AND PROGRESS

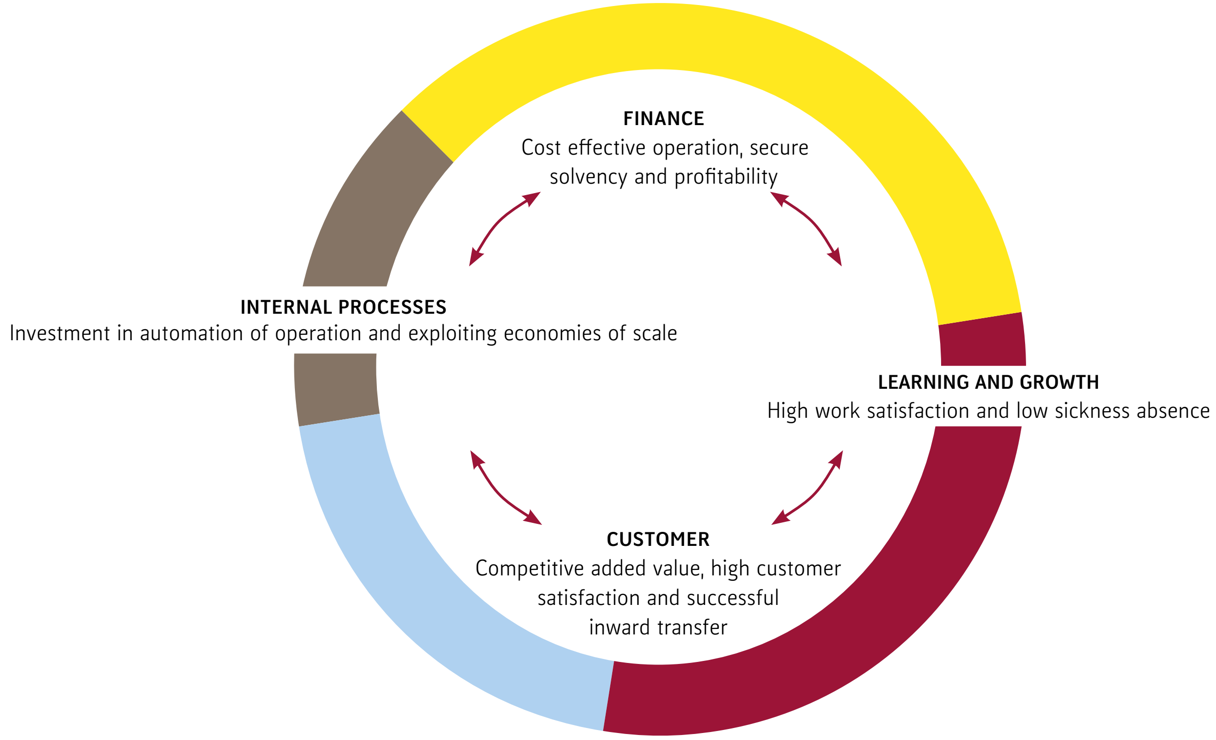
	RESULTS 2014	PRIORITIZATION 2015
KLP shall be the customers' preferred alternative in provision of public sector occupational pension	Received customers from competitors no longer wishing to provide insured scheme Delivered competitive bids for pension fund solutions	KLP is to strengthen its position in the public sector and contribute to increased growth and profitability
Competitive-return over time	Value-adjusted return in the common portfolio 2014 of 6.9 per cent Average value-adjusted return in the common portfolio last 5 years at 6.2 per cent	Return higher than 3.9 per cent Better return than our competitors
Lowest costs	0.23 per cent of premium reserve	Less than 0.22 per cent of the premium reserve by 2017
High service level	Customer satisfaction at 77*	Customer satisfaction over 75*

*Results for public sector occupational pension

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 is used by the organization from departmental level and upwards. The Group's business plan for the period 2015-2017 forms the basis for the key business targets for the Group.

Significant deviation from target achievement involves a requirement to report a deviation analysis with a description of what measures have been initiated to improve target achievement. Reporting is carried out quarterly.



The financial perspective (weight 35 per cent)
KLP achieved a good result in the financial perspective of 2014. Good management and rising securities markets combined with cost effective operation secured good earnings and the solvency target was achieved.

The customer perspective (weight 30 per cent)
The public sector occupational pension (OfTP) insured scheme is now a market without providers other than KLP. Successful inward transfer of new customers was very important for KLP during 2014. The transfer has gone as planned. KLP has high customer satisfaction amongst existing customers.

KLP achieved market return on its customer assets (OfTP) above target level.

Internal processes (weight 20 per cent)
KLP's business growth during 2014 was handled without corresponding growth in costs. Realization of the benefits of IT investments associated with the OfTP core activity were somewhat delayed, but otherwise the development of internal processes was in line with the targets.

Learning and growth (weight 15 per cent)
Sickness absence has been a little higher than target level. Participation in the annual employee survey was high and the results maintain a level indicating high job satisfaction.

Market leader - public sector occupational pension

At the start of 2015, 403 municipalities and county administrations had their pension schemes with the Company. Also 25 of the 26 health enterprises and the four regional health enterprises had one or more pension agreements with KLP, and about 2500 enterprises had their pension scheme with KLP. The Company's pension schemes covered more than 418,000 occupationally active individuals and 230,000 pensioners. In addition more than 167,000 members had a pension entitlement with KLP from previous employment. A further 15 local authorities transferred to KLP in 2015.

Good returns, low costs

Over a number of years KLP has had the industry's best returns and lowest costs. This has given KLP a strong position in the market for public sector occupational pension. The confidence this position provides is a potential KLP will exploit to develop its core business and strengthen other business activity.

New market situation

KLP's public sector occupational pension market situation has changed markedly during 2013 and 2014 with its competitors' decision to withdraw from the market for insured schemes. This means that the market for public sector occupational pension comprises three alternatives for the customers: KLP, intermunicipal pension funds or setting up their own pension funds

The corporate market

KLP will reinforce its work in the corporate market. In addition to ambitions to increase market share in the market for enterprises associated with the public sector, major potential has been revealed for further growth and profitability through determined effort and an expansion of the corporate market base.

Offering pension scheme solution

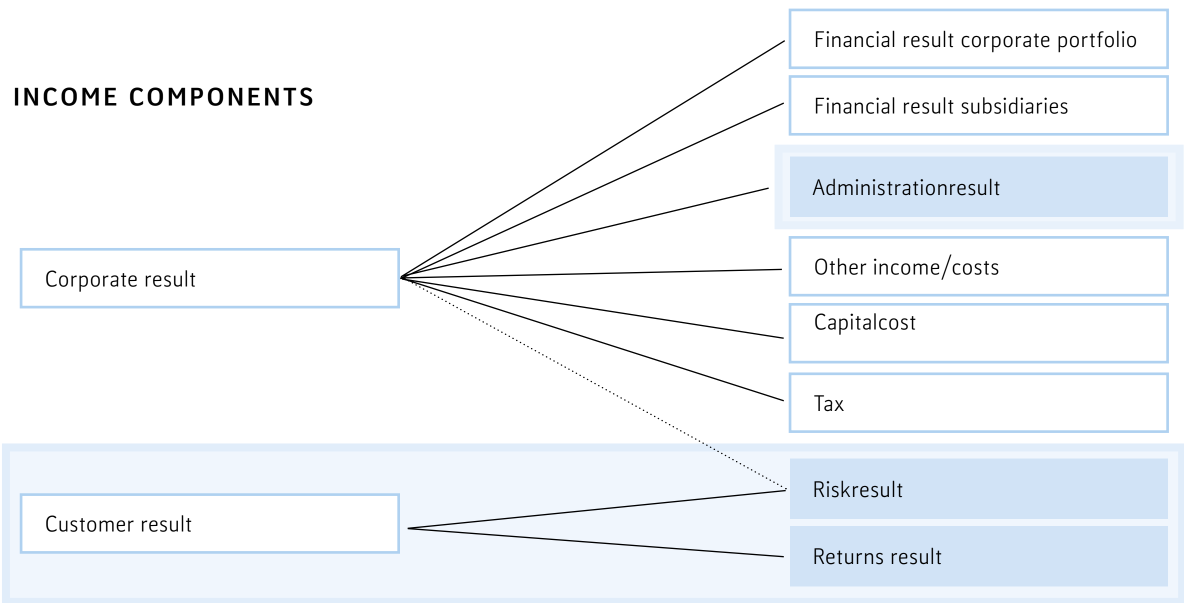
KLP can offer the necessary services to customers wishing to establish their own pension fund and can offer a full value pension fund solution to local authorities who have decided to establish such a solution for their employees.

Members campaign in progress

KLP offers finance and insurance products and services to the retail market. The products are aimed at employees and pensioners of customers and owners who have their pension management with KLP. The objective is to offer them attractive products and services so that it strengthens the owners' ability to retain and attract the desired workforce. At the same time the initiative should contribute to profitability and growth in KLP's various businesses. In recent years KLP has invested actively in offering customers and their employees insurance products and financial services that meet their needs. More than 76,000 retail customer relationships have been established over recent years. Of these, 39,000 have their pension arrangements with KLP. The banking, non-life insurance and funds products offered to members are competitive both in price and content. The ranking on Finansportalen (the Norwegian Consumer Council's finance portal) and in other comparisons shows that the member products are positioned well up amongst the best.

Good personal treatment and customer service are characteristic of KLP's customer effort. This was confirmed through measurement of customer satisfaction amongst KLP's retail customers in November 2014. The results are very positive and all business areas have a score of 74 or higher. That is high, including in comparison with other financial institutions in Norway. The retail customers are particularly pleased with the service, response time and personal treatment.

INCOME COMPONENTS

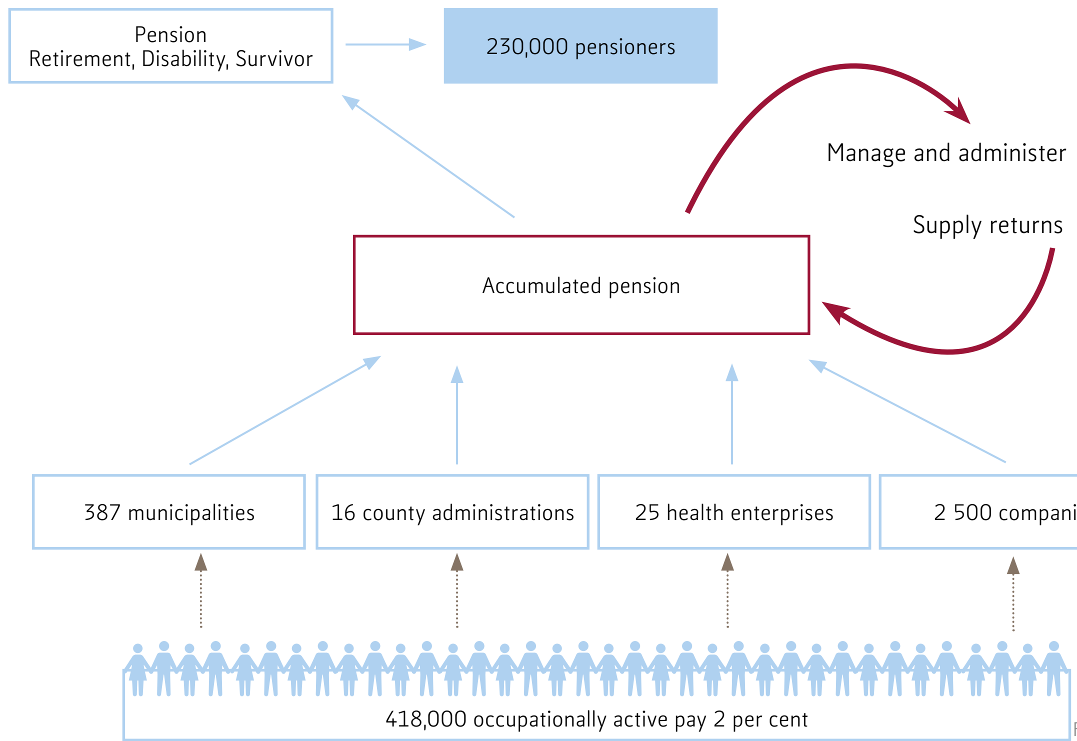


It pays to be a KLP owner

KLP's mutual corporate form brings a number of advantages. It is the public sector occupational pension customers that own the Company and subscribe the equity capital. This gives them good returns and a great deal of influence.

As owners of the mutual KLP, customers benefit from the profits being returned to the owners/customers. If KLP were an ordinary limited company, this surplus would go to the shareholders and not to the customers. Being a customer and owner of KLP as a mutual company is therefore profitable.

VALUE CHAIN KLP PRINCIPAL PRODUCT - PUBLIC SECTOR OCCUPATIONAL PENSION (OfTP)



Figures as at 31.12.14

Pensions are savings: The KLP value chain

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

The premium is largely covered by the employer. Occupationally active members 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 the occupationally active and pensioners.

The savings assets (accumulated pension) are principally invested in shares, property, bonds and lending.

KLP guarantees to add an average return of 3 per cent to the pension savings (interest guarantee or base interest). Returns in excess of this belong 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 premiums.

If the return is lower than 3 per cent, at the end of the year funds from supplementary reserves can be added. If this is inadequate the Company is liable from its owners' equity.

Future challenges and goals
Growth and profitability

The immediate years to come have great potential for growth and profitability in all of KLP's businesses. Because from 2014 KLP has been the only public sector occupational pension insured scheme provider, the past year has been characterized by very great growth and activity in the core business. Continued growth will also characterize the level of activity during 2015. The growth is challenging for the organization in terms of capacity, both in regard to human resources and technology, but also gives increased economies of scale and increased potential for investing in membership.

For the immediate years KLP has growth ambitions in all markets and business units. Increased business volume is to be met with cost-effective solutions and increased productivity requirements so that the benefits of scale are exploited and profitability is increased. Investment is therefore being made in automation and simplification of individual case processing.

Possible structural changes in the public sector

Fewer and larger municipalities are expected to emerge from the local government reform. The Government wants larger and more robust municipalities.

The Government has laid the ground for a broad and fundamental process in regard to local government reform both in the Storting (Parlament) and in the local administrations. The new municipal map will emerge through regional and local processes, in which the municipalities themselves can discuss which municipalities they wish to merge with.

The results of the local government reform and any consequences for KLP are uncertain and KLP is therefore monitoring the process closely.

New pension models

In accordance with the 2009 collective pay settlement, retirement pension in public sector occupational pensions (OfTP) has been continued as a gross scheme, securing 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 implemented in KLP's systems. For year groups after 1953 the regulations have not yet been clarified. In accordance with the 2009 collective agreement, public sector employees in the year groups after 1953 should also have a gross scheme as well as contractual early retirement (AFP) for the groups aged 62-66.

However there is pressure from several directions that younger year groups in the public sector must transfer to a net scheme based on total years' accumulation. The justification is that current public sector occupational pension does not provide good enough incentives to stay in work longer. Public sector employees having to stay at work after reaching age 67 to compensate for the longevity adjustment also contributes to pressure for more comprehensive changes. Another factor contributing to pressure on the current scheme is that the authorities want to ensure better mobility between public and private sectors. They want this to be achieved through more similar schemes in the private and public sectors.

Disability pension in public sector occupational pension was revised to a net scheme from 2015. The regulations have been approved in the Storting.

Private sector pensions

The regulations for a new private occupational pension product - the Occupational Pension Act - came into force with effect from 1 January 2014.

A process is underway between Virke - the Enterprise Federation of Norway - and Fagforbundet - the Norwegian Union of Municipal and General Employees - to produce a report on a new product variant within the framework of the new Occupational Pension Act as an alternative to defined benefit pension. Observations so far indicate that this is relevant for

DIFFERENT PENSION SCHEMES IN NORWAY

Defined benefit	Defined contribution	Hybrid
The pension is **defined-benefit-based** and the pension level is agreed in advance	The pension level is determined by total **contribution and return** when the pension is to be paid	Elements from both defined benefit scheme and defined contribution pension

WHAT IS COVERED UNDER THE VARIOUS PENSION SCHEMES?

Defined benefit	Defined contribution	Hybrid
• Retirement pension (66% OfTP) • Disability pension • Survivor pension • Transfer Agreement • Indexation adjustment • Lifelong payment • PS contractual early retirement (AFP)	• Retirement pension from 2% • Adjustment based on return • Payment 10/15 years • Private contractual early retirement (AFP)	Elements from both defined benefit scheme and defined contribution pension

a small group of organisations. KLP Bedriftspensjon will prioritize defined contribution pensions - and will at present not offer the hybrid-type product under the Occupational Pension Act. KLP is monitoring development of the market, including through close dialogue with the various parties to the collective pay negotiations.

The Norwegian Company Pension Scheme Act (defined benefits) remains in force. The Banking Law Commission is also working on a study of a supplementary defined-benefits-based retirement pension adapted to the new National Insurance scheme cast by the Norwegian Ministry of Finance. This work will continue into 2015.

KLP is represented on the Banking Law Commission's working party and monitors the study work closely, both with a view to product selection in KLP Bedriftspensjon, and for any strands that may have significance for public sector defined benefits pensions.

Owners' equity model and capital requirements

In recent years KLP has had good and stable generation of owners' equity that has been matched to KLP's underlying growth, capital management and risk management strategy. The objective has been to have sufficient financial strength for the Company to be able to opt to redeem subordinated loan if desirable.

There are two short-term factors that have now changed in regard to this long-term plan and that will require more own funds:

1. The desire to increase the investment risk somewhat to increase expected returns in a low interest rate regime (buying non-government bonds instead of government bonds)

2. Major inward transfer during 2013, 2014 and 2015.

Against this background KLP wishes to strengthen its own capital by taking up a subordinated loan with a time limited duration during 2015.

Regulatory framework

New European solvency regulations (Solvency II)

Calculation of solvency capital will be changed in the Solvency II regulations so that future capital flows will also have significance for valuation of the insurance liabilities and thus for solvency capital. It is expected that the capital requirement under Solvency II may be higher than the capital requirement resulting from the current regulations. It is therefore essential to endeavour to be ahead of the amendments to those regulations resulting from Solvency II and that will be prescribed in legislation and regulations during the year. KLP is on schedule for the introduction of Solvency II on 1 January 2016.

Corporate responsibility

For KLP corporate responsibility is about how the Company runs its business. Pensions, banking, insurance, saving and property lead the Company into close relationships with its members and involve a responsibility it is important that KLP manages well.

The Company's objective in corporate responsibility is both to contribute to a sustainable public sector and to integrate sustainable and responsible business operation into all business processes. Corporate responsibility is therefore of strategic significance for KLP, and the work is associated with four areas: responsibility in investments and products, responsible environmental solutions, sharing of knowledge and engagement locally.

Responsibility in investments and products

KLP aims to be among the leaders within responsible investment. During 2014 there has been very active publick debate concerning investments in coal companies. KLP has a major responsibility as the country's largest life insurance company. It is important to achieve good returns that secure future pensions. At the same time it is important to see how the long-term investments undertaken can contribute to sustainable development. KLP therefore decided to increase its investments by NOK 500 million in increased capacity in renewable energy, and at the same time to withdraw from companies with a significant part of their income from coal. Here KLP wants to contribute to a shift from fossil fuel to renewable energy. This work has begun. During 2014 KLP invested, through cooperation the Company has with the Norwegian Investment Fund for Developing Countries (Norfund), in a solar power plant in Rwanda, Africa's largest wind park in Kenya and a solar power plant in Honduras.

KLP wants to reduce the total environmental footprint for both its own business and our customers. At KLP Skadeforsikring AS there has been work to minimize the dispatch of paper. The environmental aspect is not only in the consumption of resources, but also in transport. The «miljøkunde» (environment customer) campaign has been a success with more than 75 per cent of local government and corporate customers wishing to be environment customers and now receiving all information from KLP in electronic form. This means a saving of 400,000 pages on end-of-year agreement renewals.

Responsible environmental solutions

In KLP's business it is the property company that has the greatest direct environmental impact. KLP Eiendom therefore has ambitious environmental targets and is environmentally certified i.a.w. ISO 14001. This means that continuous improvement and systematic work to reduce environmental loading is an integrated part of the management and quality system. The aim is that all new construction is to be at Energy Class A and to be BREEAM-NOR certified. For existing buildings that are to be totally renovated, Energy Class B is the target. The target figure for specific energy consumption for the company's in-house operated office buildings in 2017 is 180 kWh/m^2 (applies to Oslo and Trondheim). Energy and water consumption as well as quantity and degree of sorting of waste is monitored and reported quarterly. Actual energy reduction for the operation in Norway and

Denmark during 2014 was 3 GWh (for In-house-operated buildings), at the same time as the building stock increased by 100,000 m^2.

Also for in-house operation KLP has an ambitious target to reduce the total CO^2 per employee by 5 per cent. A major part of KLP's climate account is energy consumption. KLP Eiendom, together with KLP's Environment Committee, has therefore carried out mapping of all departments drawing electrical current unnecessarily. This is done by examining our own office premises at night to find "energy thieves".

Sharing expertise

KLP possesses information about causes of injury/damage, causes of disability and what preventive measures work. Sharing this expertise is an important part of KLP's corporate responsibility. KLP has its own HES team who offer help for both planning and execution of customers' HES projects. A score of courses is also offered, both in claim prevention, risk mapping and safety management.

Local engagement

All the projects KLP supports with expertise have local roots. Local engagement is also expressed through KLP's Dugnadsfond (Community Volunteering Fund) which distributes financial support to local projects undertaken by community volunteers. The projects must promote health, the environment or humanitarian work. For example, Norwegian People's Aid, Kvænangen, has received support to buy rescue equipment such as first-aid bags and stretchers, Askøy Sports Club has received support to improve hiking/skiing paths from Eidet to Skrevarden in Askvoll Municipality and Project Baseline received (financial) support for a camera they can use to document the status of the seabed and report environmental problems.

To ensure implementation, corporate responsibility is included in governing documents through, inter alia, guidelines for ethics policy, policies for the environment and responsible investment. 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 and sustainability reporting

KLP signed the UN's Global Compact as early as in 2003 and is committed to working for human rights, workers' rights, the environment and against corruption.

The UN Global Compact comprises 10 principles that signatories undertake to work for.

KLP has also espoused investor initiatives such as the UN principles for responsible investments, CDP (an initiative to increase and improve corporations' reporting of CO2 emissions) and it uses international reporting frameworks such as the Integrated Reporting Framework and Global Reporting Initiative to improve its own reporting.

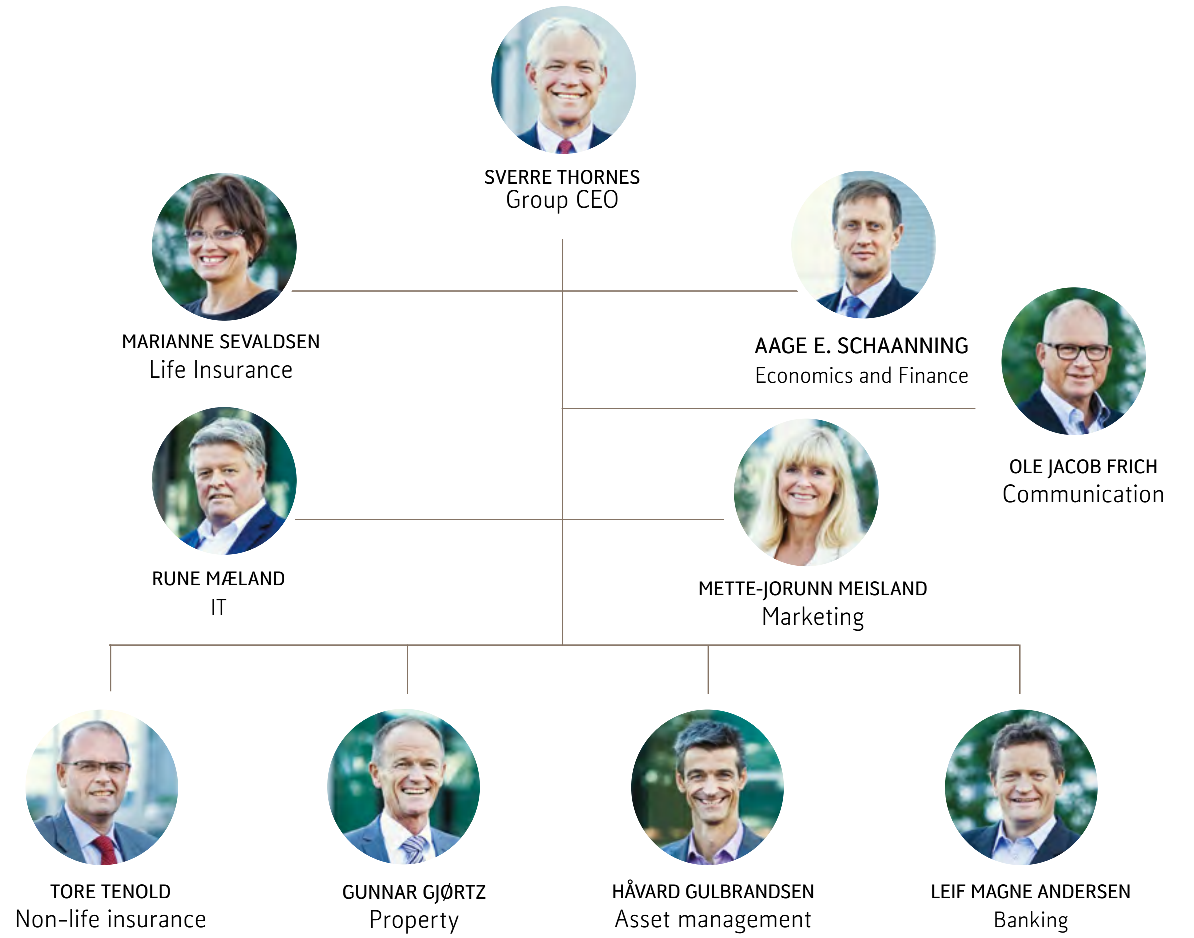
KLP has broad reporting on its corporate responsibility in various parts of the annual report, including in the Directors' report. A discrete presentation of a non-financial account gives an overview of results in areas considered the most significant for KLP's stakeholders and own management and employees. In the same way as the financial statements, the non-financial account is audited by KLP's external auditor.

More detailed descriptions of targets, measures and results are available on KLP's website, klp.no/samfunnsansvar (in Norwegian, but see also www.klp.no/english/corporate-responsibility).

KLP SUPPORT THE UN GLOBAL COMPACT'S TEN PRINCIPLES:

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labour;
5. The effective abolition of child labour; and
6. The elimination of discrimination in respect of employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.
10. Businesses should work against corruption in all its forms, including extortion and bribery.

THE GLOBAL COMPACT



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 negotiable owners' equity instruments and KLP is therefore not listed on Oslo Børs (the Norwegian stock exchange) or other marketplaces.
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 without links to the former, as well as representatives of KLP's employees.

KLP complies with the Norwegian Code of Practice for Corporate Governance to the extent this is compatible with the mutual form of incorporation. The Norwegian Code of Practice for Corporate Governance gives expression to generally accepted principles for corporate governance.

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

Group senior management

The KLP Group senior management comprises ten experienced individuals with a broad background from Norwegian business. See presentation on Page 32.

The Group senior management is organized according to business areas, where the Life Insurance, Banking, Non-Life Insurance, Asset Management and Property Departments are represented. In addition the Group senior management comprises the divisional heads with responsibility for Economy and Finance, Communications, IT and Marketing.

The General Meeting

The General Meeting is the Company's highest authority and comprises elected representatives of the Company's owners. 167 delegates from a total of 23 constituencies were elected to the General Meeting for 2014.

18 of the constituencies comprise county administrations and municipalities in each county. The four regional health enterprises and their subsidiaries each comprise a constituency. The enterprises together form one constituency. In each constituency an election meeting is held to elect delegates to the General Meeting. The tasks of the General Meeting include electing the Control Committee and 24 of the 45 members of the Supervisory Board. The General Meeting sets the remuneration of the Supervisory Board and Control Committee.

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 organizations 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 in accordance with 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, whereas 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 Company's and the owners' interests. The Board is to monitor the Company's compliance with business regulations and licence requirements.

The Board is to ensure appropriate organization of the business, determine plans and budgets, maintain its awareness of the company's financial position and liabilities and ensure that the business, accounts and asset management are subject to satisfactory controls. The Board is to supervise 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 as many 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 organization or negotiating alliance with most members in the pension schemes. In addition two observers are nominated from those organizations that are second and third in regard to the number of members. The Group Chief Executive Officer is not a member of the Board of Directors.

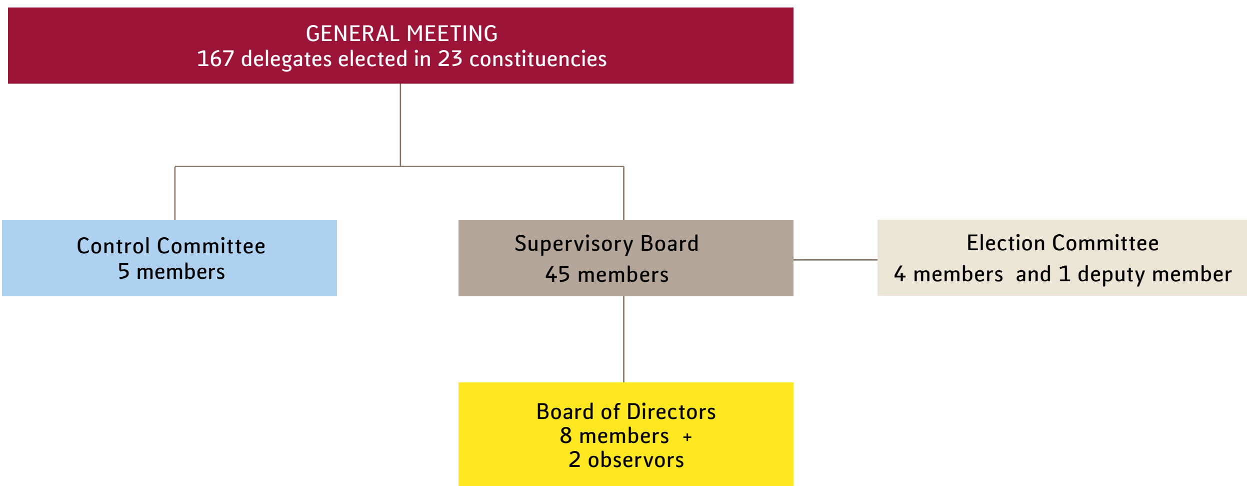
Board of Directors - see presentation of members on Page 68.

Audit Committee and Remuneration Committee

The Board has two working committees, a remuneration committee and an audit committee. The committees do not make decisions on behalf of the Board, but present their assessments and recommendations to the Board.

Remuneration committee

The Remuneration Committee is a preparatory and advisory working committee for the Board's deliberations on remuneration questions. In 2011 the FSA of N gave permission for a joint allowances/remuneration committee in the KLP Group. On this basis the committee also functions as allowances/remuneration committees for those boards of directors in the KLP Group that are statutorily required to have allowances/remuneration committees. The committee's responsibilities include responsibility for ensuring the requirements in law and in the regulations on allowances schemes in financial institutions, securities enterprises and mutual funds' asset 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, 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 pursuant to the Norwegian Act on Insurance Activity. The committee shall help to quality-assure the Board's work associated with financial reporting, audit, risk management and internal audit. Members: Egil Johansen (Chair), Freddy Larsen, Anita Krohn Traaseth, Marit Torgersen.

The Election Committee

The Election Committee is laid down in the Articles of Association and recommends candidates for election to the following offices:

- Those members of the Supervisory Board that are elected by the General Meeting as well as the Chair and Deputy 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 Deputy Chair.
- The Control Committee as well as its Chair and Deputy Chair.
- The Supervisory Board has adopted instructions for the work of the Election Committee.

Members: Nils A. Røhne (Chair), Trond Lesjø, Peder Olsen, 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 actuary function and the compliance function. The third line is Internal Audit. In addition a Risk Management Committee has 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 and is responsible for monitoring the risk management system and has overview of the risks to which the business is or may be exposed. The unit is subordinate to the Economy and Finance Division but has the right to report directly 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 conducted is appropriate and effective.

Internal and external audit bodies

The Control Committee supervises the Company's activities. The work is carried out in accordance with the Norwegian Insurance Activity Act, the Company's Articles of Association and instructions given by the Supervisory Board. Members: Ole Hetland (Chair), Dordi Flormælen (Deputy Chair), Bengt P. Johansen, Thorvald Hillestad, Berit Bore, Evy-Anni Evensen (deputy).

Group Internal Audit carries out independent assessments of whether the Company's most important risks are adequately handled and controlled. Internal Audit also evaluates the appropriateness and effectiveness of the Group's governance and audit processes. The risk of irregularities and control measures is included as part of the assessments in the internal audits. Internal Audit operates in accordance with instructions laid down by the Board of Directors and reports to the Board. In addition to the Company's internal control bodies, the Company is subject to the professional supervision of the Financial Supervisory Authority of Norway (FSA of N). The FSA of N checks that financial institutions are run responsibly and in accordance with legislation.

The KLP Group's external auditor is elected by the Supervisory Board. The Auditor participates in meetings of the Board of Directors where the annual financial statements are adopted. Annual meetings are held between external auditors and the Board of Directors without the presence of the Group CEO or other management.

Internal governance and control

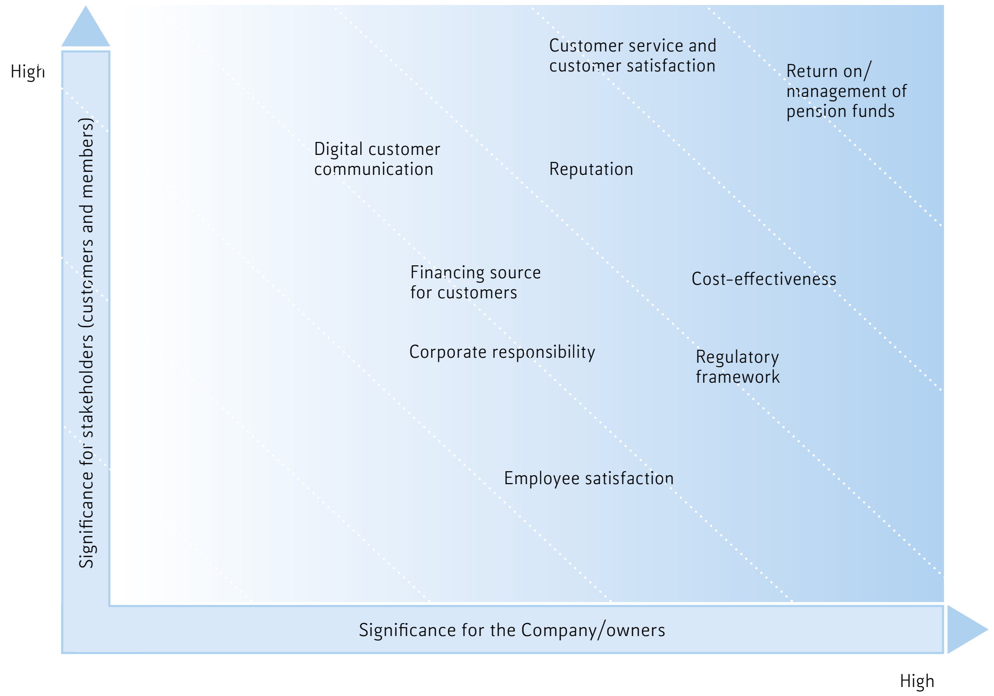
The Board of Directors has laid down special Board Directives and Instructions for the Group Chief Executive Officer. The Group CEO's instructions govern implementation of the executive management of KLP. KLP's Group CEO is chair of the boards of directors of KLP Skadeforsikring AS; KLP Kapitalforvaltning 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 employees' trading in securities for own account. These regulations are of particular importance to employees of KLP Kapitalforvaltning AS and employees of KLP with particular insight into the investment operation.

Balanced scorecard

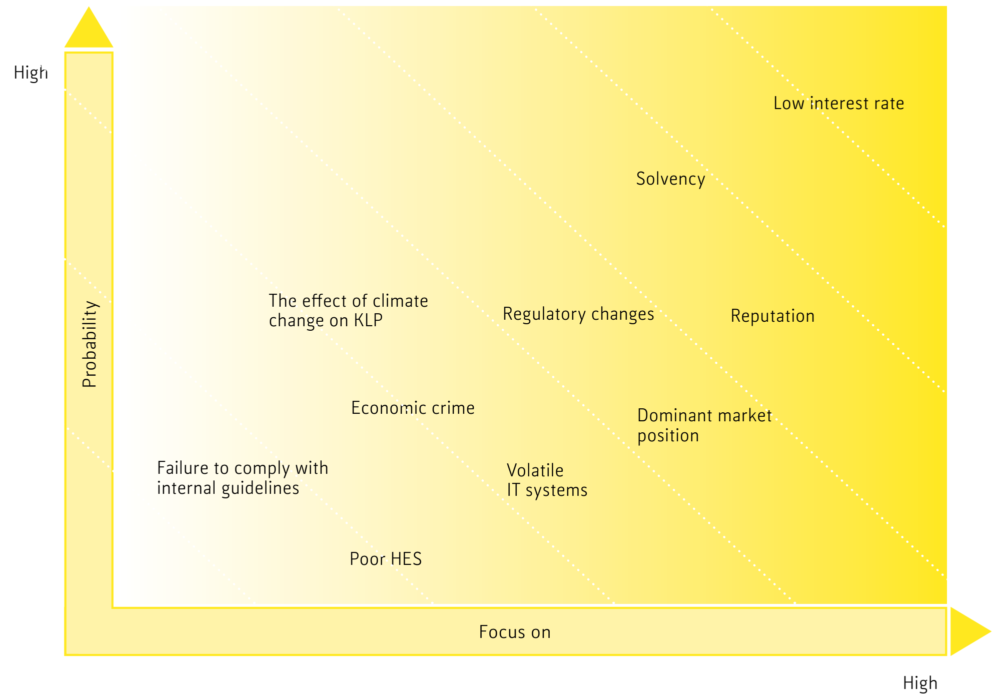
KLP uses the "balanced scorecard" as part of its strategic management. This is a tool to further develop KLP as a values-governed and vision-driven organization that is market and business oriented.

OPERATION 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, our customers' and the market's confidence is essential.
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	To serve its customer groups it is important for KLP to be present on electronic platforms. This provides 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.



VULNERABILITY CHART KLP

Risk	Description	Management
Low interest rate	KLP has provided a returns guarantee on its customers' pension funds. With a low interest-rate level it is demanding to fulfil this guarantee.	KLP endeavours to achieve good, stable returns by having a composition of investments with moderate risk. Solid buffers provide a good basis for delivering the returns guarantee in the years to come.
Solvency	Solvency is essential to risk-taking, expected returns and stability in the contributions to KLP's pension schemes.	Planning of capital needs and tailoring risk-taking. The Company strengthens its solvency through for example building financial buffers when times are good.
Dominant market position	Currently KLP is alone in offering public sector occupational pensions with insured schemes.	Exploit economies of scale by offering comprehensive service at a low price. Among other things, KLP has competition from pension funds.
Climate changes	KLP's business could be impacted by changes in climate and the targets and measures global society sets for sustainable development.	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»
IT systems	KLP's business is largely based on IT, both in customer communication and in internal processing. The IT systems contain sensitive and business-critical data.	There are emergency plans for operational interruption, catastrophe exercises, dialogue between business and IT on developmental matters, and updated security solutions.
Regulatory changes	The regulations are in constant change and generally there are high levels of formal requirements of the industry. Additionally, pensions are an area under development where adjustments are expected in public sector occupational pensions in the future.	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.
Reputation	KLP delivers important services in pensions and other financial services. The confidence of its customers and the market is essential to the Company.	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.
Economic crime	As a manager of substantial financial investments, KLP will be vulnerable to economic crime.	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.
Internal guidelines compliance	Internal guidelines shall ensure consistent, efficient and secure processing.	ISO certification, systems for directive documents, Internal Audit, compliance and good management should ensure compliance with the Company's rules and guidelines.
HES	Among other things, KLP's insurance risk covers disability. If KLP helps to reduce the risk of disability, this will mean lower costs for KLP's customers.	KLP's HES team assists customers with targeted preventive measures to reduce sickness absence and disability etc.

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.

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.

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.

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.

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.

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.

OLE JACOB FRICH
Executive Vice President Communications
Ole Jacob Frich was educated at Sagene Lærerhøgskole (teachers training college). He has broad business and social policy background including as Business Policy Director at Finance Norway (FNO), as State Secretary within the then Ministry of Health and Social Affairs and as Kommunalråd (a full-time municipal politician with executive powers) at Oslo Municipality. He has also worked as Communications Consultant at Geelmuyden.Kiese. Ole Jacob Frich has been an Executive Vice President at KLP since November 2000.

METTE-JORUNN MEISLAND
Executive Vice President Marketing
Mette-Jorunn Meisland's background is from the Norwegian School of Marketing (Norges Markedshøyskole - NMH) specializing in information and social contact, a masters programme from NHH in brand management, and a Masters in Management from BI Norwegian Business School. She came to KLP from SpareBank1, where she worked on brand-building right from the start-up of Sparebank1 Alliansen and up to 2006. She has previous experience from customer service and travel. Mette-Jorunn Meisland was appointed at KLP as Marketing Director for the Group in October 2006.

GUNNAR GJØRTZ
Managing Director KLP Eiendom AS
Gunnar Gjørtz graduated in Business Administration from Handelsakademiet 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.

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.

GROUP SENIOR MANAGEMENT PHOTO: NICOLAS TOURRENC

Open

Sigmund Dokken
Systems administrator,
IT

KLP's business concept:
KLP is to deliver safe and competitive financial and insurance services to the public sector, to enterprises associated with it and to their employees.

KLP pensions and life insurance

KLP is decidedly the largest and leading provider of public sector occupational pension schemes to municipalities, county administrations, health enterprises and companies associated with the public sector. Good schemes for defined contributions pensions are offered through its subsidiary, KLP Bedriftspensjon AS. Through its subsidiary, KLP Forsikringsservice AS, KLP offers pension fund services.

KLPs main task is, within the provisions of the Basic Collective Agreement (Hovedtariffavtalen), to provide pensions to its customers and their employees with competitive returns over time, low costs and a high service level. This means keeping its customers' costs as low as possible through good returns on the pension assets as well as keeping the administration and asset management costs down. Over a number of years KLP has had the industry's best returns and lowest costs. This benefits the customers, who are also the owners.

Public sector occupational pension

All local government administrations, health enterprises and many companies are obliged through collective wages and salary agreements to have a public sector occupational pension scheme for their employees, either as an insured scheme with a life company or managed in an in-house pension fund.

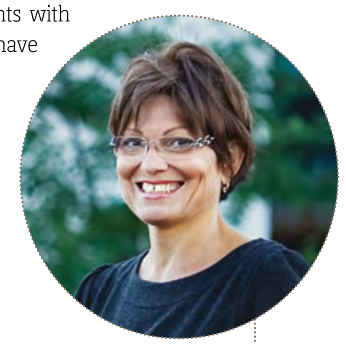
The public sector occupational pension is a gross scheme which involves a guarantee of combined retirement pension at a minimum 66 per cent of the pensioner's final salary up to 12 G (12 times the National Insurance basic amount - G), where there is full accumulation time of 30 years. The Pension Reform, which covers the entire national insurance and pension system in Norway, has also led to important changes in public sector occupational pensions, like the introduction of longevity adjustment and changed adjustment of retirement pension in payment. From 1 January 2015 another important change has been implemented in that disability pension has been converted to a net benefit. The public sector and scheme also covers survivor pension. In addition, public sector contractual early retirement pension (AFP) continues to provide pension benefits from the age of 62 to 66.

The employer has the responsibility to save for a pension for the employees. The employer must also cover some non-insurable benefits paid currently when the actual costs for the year are set. The employee makes a personal contribution of two per cent of salary.

Growth

Over the last two years KLP has become the only provider of insured schemes in the market for public sector occupational pensions. This led to a historic transfer to KLP during 2014 of local government authorities and enterprises that had had their pension schemes with other pension providers: 57 municipalities, 1 county administration and about 200 enterprises. In total this influx represented about 48,000 new active members, about 84,000 individuals with deferred entitlements and almost 25,000 pensioners: in total about 157,000 individuals with pension rights in KLP.

At the end of 2014 a total of 387 municipalities and 16 county administrations had KLP pension schemes, as well as 2500 enterprises and organizations. In addition 25 of the 26 health enterprises and the four regional health enterprises have one or more pension agreements with KLP. Most of the health enterprises have



«In 2014 we saw a large migration of new customers to the Company. The organisation has handled the high level of activity in a very satisfactory manner, and I hope new as well as existing customers feel that, overall, KLP takes good care of them.»

MARIANNE SEVALDSEN EXECUTIVE VICE PRESIDENT LIFE INSURANCE all their employees registered with KLP. In addition hospital doctors are covered by the KLP pension scheme for hospital doctors through a special collective agreement. The nurses have their pension scheme with KLP through the Norwegian Nurses Pension Scheme Act.

There is still competition in the market inasmuch as the customer can choose to establish an in-house pension fund and there are several providers offering pension fund services. So far there are few that have set up their own pension funds: during 2014 only three municipalities.

There is an increasing tendency for enterprises that are not obliged to have public sector occupational pension schemes to close these and choose a defined contribution scheme (conversion). Many of KLP's customers who choose conversion remain customers with KLP, and in that case through KLP Bedriftspensjon.

Customer relations

KLP endeavours to deliver effective solutions and a good basis for decision making for its customers. This involves close consultation, efficient procedures, rapid follow-up and high-quality services. All customers have identified contact persons and customers are offered budgeting help, courses and information associated with their pension schemes.

Great emphasis has been placed on welcoming new customers efficiently and well, and at the same time maintaining good service to existing customers. Surveys show that KLP has maintained a high level of customer satisfaction amongst both existing and new customers with a score of 77. Personal treatment and service is a particularly strong area, with a score of 78. KLP's ability securely to manage the pension assets also scores highly, with a score of 78 against 76 in 2013.

Members and pensioners

KLP offers help and information, including through provision of personal advice. In recent years public sector occupational pension members have also received offers of KLP's other products and services in banking, funds and non-life insurance.

The major transfer to KLP and otherwise general growth in the number of active members and pensioners has led to a sharp increase in the number of enquiries and pension cases.

KLP was established in 1949 as a specialist company for the local government sector. KLP was established by the local authorities to handle the requirement for pension schemes effectively and efficiently. Since 1949 KLP has been in major development, but public sector occupational pensions have remained the Company's main business area throughout.

KLP is a mutual company, owned and governed by its KLP public sector occupational pension customers. This ensures that public sector occupational pension will remain KLP's main business area in the future.

KLP has offered and managed pension solutions for the local government sector for 65 years.

HES:
KLP provided financial support for 42 different HES projects and 39 simple working environment measures to a total of NOK 6.5 million.

CUSTOMER RELATIONS
Number of customer meetings and events: 1 600

Number of enquiries: 174,000 telephone calls and 56,000 emails

Number of pension cases 125 000

Personal advisories conducted: 8 700

CSI surveys show that the pensioners are extremely pleased with the pension processing, with a score of 80 for the third year running. There is no significant difference between pensioners from customers transferred to KLP in 2014 and other pensioners.

Corporate responsibility - HES

For KLP, purposeful HES work is important. A joint investment in this area can contribute to a safe and more profitable pension community and it is concequentlya part of KLP's corporate responsibility.

A noticeable reduction in take-up of contractual early retirement (AFP) and disability pension in KLP in recent years may result from many factors, including the pension reform: but also the investment in HES work made by KLP together with its customers may have had a positive effect. The HES work has been focused on working environment development, seniors policy and measures designed to increase the average age of retirement.

KLPs main task has been to prioritise, plan and conduct HES activities at its customers' facilities. In order to reach out effectively to as many customers as possible, networking, arranged theme days and customer gatherings have been increasingly developed. During 2014 over 200 different HES events were conducted with 5400 employees representing a total of 330 different customers. Over 3500 workplaces participated in the competition «SMIL! Du er på jobb» (SMILE! You're at work), a competition aboutwhat makes people thrive and enjoy being at work. The competition has a major HES focus and has led to KLP's long-standing work environment prize being incorporated into «SMIL! Du er på jobb») ("Smile, you're at work») from 2015.

Financial results

KLP is able to show good results for 2014 when it comes to returns, low costs and a considerable transfers in of new customers. Value-adjusted and book returns in 2014 ended at 6.9 and 4.3 per cent respectively. Shares, short-term bonds and property are the main contributors to the returns result.

KLP uses its good results in public sector occupational pensions to strengthen supplementary returns by NOK 3.5 billion, whereas NOK 3.4 billion is transferred to the customers' premium fund.

418
municipalities and county authorities have their the pension schemes with KLP in 2015

The life insurance company's total assets increased from NOK 339.6 billion in 2013 to NOK 415 billion in 2014.

Group life

KLP is also a major player in the group life area amongst municipalities, county administrations, health enterprises and public sector enterprises. KLP caters for the insurance requirements in different collective agreement areas and about 134,000 insured distributed over about 1490 agreements had group life insurance at the end of 2014. Group life contributes to KLP' being able to be a total provider of collectively agreed pension and insurance products in the local government sector. From the start of 2015 these products are being offered through KLP's subsidiary, KLP Skadeforsikring AS.

KLP Bedriftspensjon AS

KLP offers defined-contribution-based occupational pensions and pension capital certificates through its subsidiary, KLP Bedriftspensjon AS. With this product, KLP is a competitive operator in the private sector occupational pension area as well. A large part of the operation associated with the private occupational pensions product is bought in from the parent company, KLP.

The volume of clients with KLP Bedriftspensjon increased steadily during 2014, with almost 300 new agreements signed with enterprises that represent 2800 new members. In total the Company has about 18,000 agreements, spread across the products: 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 2014.

KLP Forsikringsservice AS

KLP provides services for pension funds through its subsidiary, KLP Forsikringsservice AS (KLP FS). KLP FS has continued to maintained a strong position in provision of actuarial services to the local government pension funds in 2014 and continues to be the leading supplier in this area. 12 out of a total of 21 municipal and county administration pension funds in Norway use KLP FS as their service provider.

KLP FS offers the whole spectrum of pension funds services, and also a pension fund turnkey solution. Bids have been delivered for turnkey solutions to the three pension funds that have been out to tender in the last two years. Even though KLP FS was not selected, the provision concept and price level is considered competitive with a view to being able to provide future bids to pension funds.

For the days to come

We can thus point to substantial growth in the number of customers and new members of KLP, and additional new customers will come in the course of 2015. In any case, demographic trends indicate that there will be particular growth in the number of pensioners, almost a doubling towards 2020. There remain parts of the pension reform that will affect the content of the pension product. To meet this growth and changes in the regulations in the most effective way, KLP is working systematically to improve, expand and coordinate its service offering to employer-customers and their employees. This is to be achieved through more efficient processes and a focus on continuous improvement in dialogue with the customers.

KLP will contribute to increased growth and profitability, through long-term cooperation, and continually seek to fulfil the vision of being the best partner for the days to come.

Key figures (OfTP)

	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010
Number of customers					
Municipalities	**387**	330	317	314	315
County administrations	**16**	15	15	15	15
Health enterprises	**25**	25	25	25	25
Enterprises	**2 500**	2 500	2 500	2 500	2 500

At the end of 2013 more than 707,782 individuals had pension entitlements in KLP. The distribution is as follows:

	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010
Volume Life insurance					
Active employees (members)	**418 000**	368 000	316 000	309 000	305 000
Deferred entitlements*	**167 000**	148 000	130 000	125 000	119 000
Pensions	**230 000**	192 000	183 000	172 000	164 000
Total	**816 000**	708 000	629 000	606 000	588 000

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

Non-life insurance

Since the start of 1994, KLP Skadeforsikring has become one of the leading providers in non-life and personal insurance tailored to municipalities, county administrations, and businesses associated with the public sector. Since 2008 the company has also offered insurance solutions to the retail market with special advantages for members of KLP.

KLP Skadeforsikring AS is a wholly owned subsidiary of Kommunal Landspensjonskasse (KLP).

At the end of 2014 the company had 118 full-time employees and seven individuals under contract. In addition there are personnel resources associated with services bought from the parent company.

The insurance year 2014

The company's investment in the retail market is showing steadily good development in line with its ambitions. Premiums development also shows growth within the public sector.

The general claims picture is positive. Twelve major property claims with claim amounts exceeding NOK 5 million were reported in the course of 2014. These claims amounted to a total claim sum of NOK 99.7 million. During 2014 NOK 148 million was taken to income from previous years' reserves for both occupational injury and property.

The non-life company achieved a pre-tax profit of NOK 304.2 million in 2014.

Public sector and corporate

Within KLP's core market, Public Sector and Corporate, there is still strong competition and customer mobility. Premium growth for the year was NOK 46.9 million.

There has been a high level of tender competition activity in the public sector market and in the corporate market. On the corporate side, the resolution to invest effort in the power market is well on the way and the Company has succeeded in winning several of the autumn's tender competitions in this segment.

The Company had a very satisfactory financial result of 6.5 per cent, and continues to have good solvency.

The claim trend has been good. The five largest claims total NOK 55.3 million.

842

NOK million. Net premium income an increase of NOK 114 million/ 15.7 per cent over 2013

The retail market

Investment of effort in the retail market was initiated in 2008 two underpin KLP's core activity. Through a range of marketing measures, both of its own and by the Group, the company has achieved satisfactory growth again in 2014. Premium growth in 2014 was NOK 66.8 million.

The members proportion of the customer population is increasing and 78 per cent of new customers in 2014 are members. In the customer population as a whole the membership proportion is 74 per cent.

Loss prevention initiatives

KLP Skadeforsikring AS has major focus on loss prevention work in dialogue and coordinated with customers and external centres of expertise. The company openly shares expertise gained about claim prevention and arranges specialist days for municipalities, county administrations and enterprises on subjects such as:

- What can the individual school itself do to improve the internal climate?
- Practical risk assessment of own buildings
- Prevention and rectification of mould, rot and water damage.
- How to achieve reduction in the risk in municipal rental housing

During 2014, the company conducted 150 activities in which, in total, 2100 individuals participated. In addition the company has conducted about 100 technical inspections, first and foremost of schools and care homes, with the main focus on fire safety and break-in security.

In 2014 the company engaged in a long-term partnership with the Norwegian Fire Protection Association on the project «Bry deg før det brenner» (Pay attention before it burns). Work is being carried out on information measures designed to provide families of elderly people living at home with increased knowledge, guidance and awareness of what they can do to increase fire safety.

Systematic safety management in local government buildings is being taken forward as Systematic HES Management in Buildings. It is being expanded to cover all «formålsbygg» (a state-defined category of building and other property which, for example, for design, usage, cultural, geographical, economic or public administration/security reasons are not readily available to be used for other purposes - loosely equivalent to «special-purpose buildings»), municipal or private, in cooperation with the Norwegian Directorate for Civil Protection (DSB), the Norwegian Fire Protection Association and the Norwegian Building Authority.

Corporate responsibility

DetThe most important aspect in regard to corporate responsibility in KLP Skadeforsikring is to prevent claims, safeguard the environment and to have consistently ethical business practices.

KLP Skadeforsikring has been Eco-Lighthouse certified since 2008. Environment-related requirements are requiredon external partners in claim settlement, procurement and other services.

Over several years the company has developed electronic self-service solutions to reduce paper consumption. Today, 75 per cent of the company's Public Sektor/Corporate customers are electronic customers. The same is true of 90 per cent of the retail market customers.

For the days to come ...

For the fourth 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). The Company was also claimed the «best customer service centre» in the insurance category in TNS Gallup's large customer centre measurement during 2014. The CSI score from the retail market customers went up from 75 in 2013 to 77 in 2014.

Public procurement rules dictate that about every fourth local government authority will tender their non-life insurance contracts each year.

KLP Skadeforsikring AS sees this as an opportunity for further growth within its core market.

In the corporate market there are many planned activities directed at enterprises within the core market. In line with the Company's ambition to strengthen its market position and growth in the corporate market, effort will also be invested in an expanded corporate segment based on recycling of the company's existing product portfolio.

As part of the Group's overall efforts focused on the members of KLP, in 2015 the Company will further increase its efforts-within the retail market. There is generally great mobility within the customer population and thus lower renewal rates with the companies.

Customer behaviour is changing and, as a result of this, KLP Skadeforsikring AS has prioritized investing in digital channels. Both public sector customers and the retail market have access to online customer pages that are being developed and improved continuously.

KLP Skadeforsikring AS is a solid company with sound finances. Backed by customer surveys that show a very high degree of customer satisfaction, the prerequisites are in place again for further growth in 2015.

«In 2014 we achieved a historic, good operating result with good growth. It was particularly pleasing that we received very good feedback from our customers.»

TORE TENOLD MANAGING DIRECTOR KLP SKADEFORSIKRING AS

Key figures

	31.12.2014	31.12.2013	31.12. 2012	31.12. 2011	31.12. 2010
Number of customers in the public sector/corporate market:					
municipalities	**315**	287	292	281	294
county administrations	**14**	14	15	15	15
health enterprises	**31**	44	44	30	23
enterprises	**2 864**	2 682	2 610	2 660	2 587
Number of customers in the retail market:					
retail market customers	**28 000**	21 808	15 664	12 103	8 486

NOK million	**2014**	2013	2012	2011	2010
Pre-tax income	**304.2**	189.9	105.6	25.2	77.9

Asset and Fund 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 FSA of Norway to manage securities funds and alternative investment funds, as well as to provide the active management investment service and associated services.

At the end of the year the Company was managing more than NOK 370 billion for its parent company and external customers. This is an increase of NOK 84 billion over 2013. The majority of the assets managed are managed on behalf of Kommunal Landspensjonskasse and subsidiaries in the KLP Group.

In the management of the KLP funds we place major emphasis on having an effective organization of the business in order to be able to offer our customers the most cost-effective management products possible. Until now the securities management in the KLP Group has been conducted through two limited companies: KLP Fondsforvaltning and KLP Kapitalforvaltning.

The Norwegian Act on the Management of Alternative Investment Funds now makes it possible to merge the two companies and continue the business without significant changes. Such a merger will reduce a number of double processes and enable the employment of resources released further to develop the core business, which is management, risk management and customer relationships. KLP Fondsforvaltning AS will continue as the Company (whilst KLP Kapitalforvaltning AS will be dissolved), but at the same time KLP Fondsforvaltning AS is changing its name to KLP Kapitalforvaltning AS. This is being done because the name KLP Kapitalforvaltning AS is the most appropriate for the combined business of the merged company.

Asset 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 different approaches in 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 section for active management is tasked to manage specialized securities portfolios in which the aim is to select individual securities or industries with better development than the average in the market - and in this way to create added return. Traditional shares and bonds portfolios as well as 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.

Fund Management

At the end of the year KLP Kapitalforvaltning was managing 33 funds, comprising two combination funds, ten fixed-income funds, three active equity funds, sixteen index-tracking equity funds and two special funds.

Management on behalf of customers outside the KLP Group increased by 28 per cent during the year.

NOK 36 billion was being managed on behalf of external investors and retail customers at the end of 2014. In total the funds have about 38,000 unitholders. The institutional customers are by far the largest group measured in total assets. Our customers are served directly or via collaborative partners.

Responsible Investment

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 take account of 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. In addition KLP conducts a dialogue with companies and excludes companies that breach our ethical guidelines.

«KLP Kapitalforvaltning is one of Norway's largest asset management companies. Stable good results from the index-tracking management service and increased interest from external customers are providing the basis for further growth in assets under management.»

HÅVARD GULBRANDSEN MANAGING DIRECTOR KLP KAPITALFORVALTNING:

During 2014 the company has actively monitored 109 companies based on the responsible investment strategy established. At the end of 2014 a total of 99 companies were excluded from KLP's investments because of breaches in the guidelines for responsible investments. In December the company resolved to strengthen its climate work through the investments and resolved to increase investments in renewable energy, as well as to exclude coal companies from the investments. During the year one company was readmitted into our investment world.

KLP exercises its ownership by voting at general meetings. KLP's voting rights were exercised at 106 general meetings in Norway and at 2492 general meetings in foreign companies. This represents about 93 and 82 per cent respectively of the general meetings in which KLP has been entitled to vote in the course of the year. How we have voted and the grounds for this are published on the website.

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

Results

The asset management business achieved income of NOK 41.9 million in 2014.

For the days to come ...

The market outlook for the Company is assessed as good. In the course of time there will be substantial growth in the KLP Group's total assets, the main weight of which is expected to be invested in products provided by KLP Kapitalforvaltning.

Stable good results from the index-tracking management 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 returns strategies are increasing the probability that actively managed funds will also be in demand both by internal and external customers.

It is difficult to judge the development of the financial markets. The year 2014 closed with a halving of the oil price and a weakened krone. Globally the picture is more complex. The USA and the United Kingdom are starting to leave the downturn behind them, whereas many Eurozone countries are at a standstill. It is uncertain how this will mark developments in the capital markets going forward.

41.9

NOK million. Result 2014.

Key figures

NOK billion	2014	2013	2012	2011	2010
Total assets under management	371	287	252	216	196
Asset management customers external to the Group	36	28	21	14	14
Number of customers KLP Fondsforvaltning	38 000	31 000	23 000	13 900	5 700

Property

KLP Eiendom is one of Norway's largest property managers with 1,554,000 m^2 of premises and 372,000 m^2 of leasehold sites under management, as well as substantial projects under development. The property portfolio had a value of NOK 45.7 billion as at 31 December 2013.

KLP Eiendom Eiendom has operations in Norway, Sweden, Denmark, Luxembourg and London. The properties have good locations, a high standard of building and efficient space utilization.

All management and development of KLP's properties is carried out through the wholly owned subsidiary KLP Eiendom AS.

The price development on KLP's property investments has been satisfactory in recent years. The good rise in investment properties in 2012 and 2013 continued throughout 2014. Parts of the portfolio are located in other countries. This has involved a considerable write-up of property values measured in NOK and a moderate write-up when changes on exchange rate contracts are taken into account. Value-adjusted return on the business was 7.2 per cent in 2014 (6.8 per cent in the common portfolio). Without taking account of the foreign exchange contracts, the property values were written up gross by NOK 1 540 million in 2014 (of which the write-up in the common portfolio amounted to NOK 1 353 million).

The property values are set partly on the basis of valuations carried out by independent external valuators who have valued a representative portion of the portfolio and partly on internal models which take account of the outcomes of the external valuation process.

In 2014 KLP Eiendom had income of NOK 2 381 million. The common portfolio's direct property investments at the end of the year represented 11.0 per cent of financial assets in the portfolio.

KLP Eiendom carried out a number of property transactions in the course of the year. During 2014 the company acquired the following properties: Schweigaardsgate 21 (Oslo), Schweigaardsgate 23 (Oslo), Østre Rosten 8 (Trondheim) and certain sections of Tempeveien 22 (Trondheim). Net investments amounted to about NOK 2.0 billion in addition to investments in buildings already owned and development projects.

Property Funds

In addition to investments in the property operation managed by KLP Eiendom, the common portfolio invested in international property funds managed by well reputed managers. Value-adjusted returns on the investments amounted to about 19.2 per cent. The value of KLP's investments in such funds amounted to NOK 493 million at the end of 2014. The common portfolio's investments in property funds represented 0.1 per cent of financial assets in the portfolio at the end of the year.

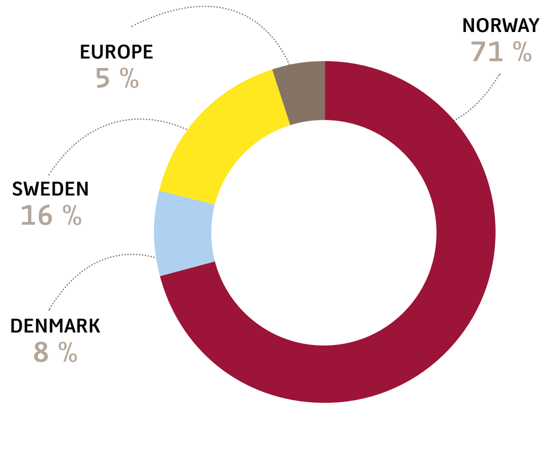
45,7

The value of the property stock was as at 31 December 2014.

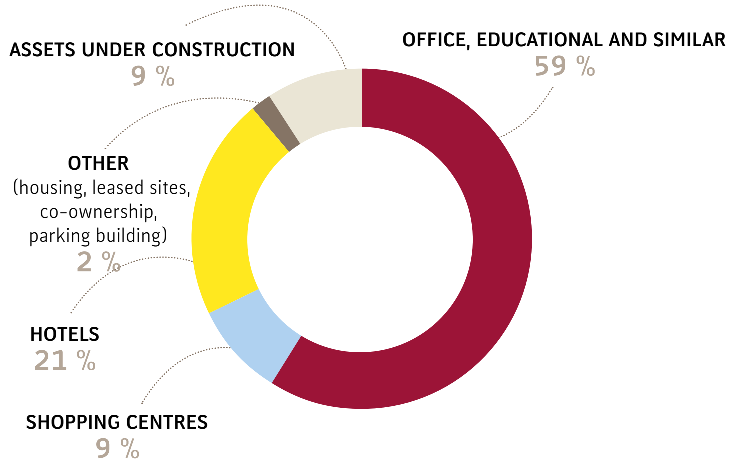
«The property business had an exciting year in 2014, which included the opening of Fornebu Senter and Paleet. The property market was characterized by major interest in property as an investment object, at the same time as falling return requirements and good rental levels contributed to a positive development in the value of the property portfolio. Combined with good direct returns, once again property was a good contributor to the common portfolio's return.»

GUNNAR GJØRTZ MANAGING DIRECTOR KLP EIENDOM

Geographic distribution by value as at 31 December 2014



Sector distribution by value as at 31 December 2014



Corporate Responsibility

KLP Eiendom takes a close interest in energy and the environment, and all operations in Norway, Sweden and Denmark are environmentally certified in accordance with ISO 14001. It is KLP Eiendom's aim to build environmentally friendly office buildings for the future. Using a proactive environmental policy, KLP Eiendom will contribute to reducing the burden on the environment and climate, as well as promoting new patterns of behaviour, products, services and technical solutions that can reduce the environmental burden and CO^2 emissions. Actual energy reduction for the operation in Norway and Denmark during 2014 was 3 GWh (for In-house-operated buildings), at the same time as the building stock increased. Similar measurements for the operation in Sweden will be conducted from 2015 onwards. The Fornebu S project was completed in 2014. The project has very high environmental ambitions and achieved the highest BREEAM classification. As the only shopping centre in the world, Fornebu S has the BREEAM Outstanding certificate as visible proof of the building's energy and environmental qualities. Current new projects also have major focus on the environment and are being certified under BREEAM-NOR.

Results

Property investments and management are carried out only on behalf of the companies within the Group and have thus primarily contributed to returns on invested capital for the life insurance customers. In total, the return on the business was 7.3 per cent in 2014. (7.0% in the common portfolio).

For the days to come ...

With a large project portfolio, good properties and competent staff, KLP Eiendom is well prepared to meet the challenges both in regard to growth ambitions and good administration of the existing property portfolio. The common portfolio's direct and indirect property investments at the end of the year represented 11.1 per cent of financial assets in the portfolio. The strategy is to increase this proportion.

Key figures

	31.12.2014	31.12.2013	31.12.2012	31.12. 2011	31.12. 2010
Property value (NOK billion)	**45.7**	40.8	33.4	29.8	27.1
Economic occupancy ratio (per cent)	**95.4**	97.0	96.8	95.1	93.6

	2014	2013	2012	2011	2010
Value-adjusted operating profit including property funds (per cent)	**7.3**	7.0	6.2	7.2	11.8

Banking and municipal lending

KLP Banken AS is an online bank focusing on home loans and deposits. The lending activity directed at the public sector is operated under the brand name KLP Kommunekreditt AS, the second largest provider of long-term loans for that sector in Norway.

KLP Banken was launched in the retail market in February 2010. KLP Banken, in its operation and marketing, 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. KLP Banken is an online bank with good and simple saving and lending offerings.

KLP Bankholding AS is wholly owned by KLP. KLP Banken AS is a wholly owned subsidiary and itself has two wholly owned subsidiaries, KLP Kommunekreditt AS and KLP Boligkreditt AS. KLP Boligkreditt was formed in 2014.

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

Retail market

Again during 2014 there have been several downward interest rate adjustments on deposits and home mortgages against the background of the generally falling interest rate level. Loan and deposit interest rates have been generally reduced at the same rate over the year, so that the margin between loans and deposits has been maintained on average. During the second half of 2014, KLP Boligkreditt AS issued covered bonds in a security pool comprising home loans for NOK 1.8 billion. This method of financing helps to reduce the bank's borrowing costs. In total the bank's margins have been improved during 2014.

Customer inflow has been maintained and both deposits and loan growth were higher than in any previous year. The growth in home loans was NOK 1.2 billion (10 per cent) and the growth in deposits from private individuals was almost NOK 1.4 billion (37 per cent). At the end of 2014, housing mortgage lending for own account was NOK 8.6 billion. Home loans managed on behalf of KLP amounted to NOK 4.1 billion. The Bank bought home loans for NOK 2.0 billion from KLP during the year.

The number of customers is still increasing steadily and the proportion of members was 69 per cent at the end of 2014. Customer growth during the year was 5800, of which 4100 were members. The bank had 33,100 active retail customers at the end of 2014. As well as deposits from retail customers, the bank also has a deposit product for local government administrations and enterprises which is utilized in the bank's financing. Deposits from retail customers amounted to NOK 5.1 billion at the end of 2014 and total deposits were NOK 6.2 billion.

The competition for bank customers has become fiercer in recent years. The bank must therefore maintain a high level of service, good terms, good self-service channels and efficient enquiry processing to be able to capture market share. These processes will be supported by well proven IT solutions. During 2014 the whole process handling solution in the banking system was upgraded. To improve internal processes and routines a LEAN project has also been carried out during 2014, which reduces response times and increases the quality of information provided in response to enquiries to the Customer Service Centre. Annual customer satisfaction index surveys (CSI) show that KLP Banken has a higher customer satisfaction rate than most other banks in Norway.

KLP Banken offers the following products:

- Current account
- Savings account for individuals and enterprises
- BSU (housing savings scheme for young people)
- Online banking, both for mobile telephones and tablets
- Debit cards
- Credit cards
- Ordinary home loans
- Flexilån (mortgage-secured flexible personal loan)
- Boliglån Ung (home loans for under 35s)
- Housing credit
- Loans for second homes
- Litt Extra (seniors' loan)

«The Bank will contribute by offering competitive, profitable and simple products directed at the owners and their employees. Banking services on favourable terms for KLP members are an important contribution in building up a sustainable market position for the Bank.»

LEIF MAGNE ANDERSEN MANAGING DIRECTOR KLP BANKEN AS

KLP's borrowers are thoroughly reliable and solvent. Housing loan default is very low at 0.4 per cent of all outstanding loans at the end of 2014. A loss provision of NOK 0.6 million has been recognized in 2014. The portfolio is secured through mortgages based on careful valuations, mainly within 60 per cent of loan value, and the mortgagees' ability 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 best possible terms based on loans financed by KLP Kommunekreditt AS or KLP. New public sector loans were disbursed for NOK 9.1 billion during 2014, divided into NOK 0.9 billion from KLP Kommunekreditt AS and NOK 8.2 billion financed by KLP. This is the highest total disbursement figure since KLP took over Kommunekreditt Norge four years ago and shows that KLP in total has a good market position. Lending for own account by KLP Kommunekreditt AS has been reduced from NOK 16.6 billion to NOK 15.9 billion, which is a lesser reduction than expected. 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 has increased from NOK 25.8 to NOK 32.4 billion. Public sector lending increased by NOK 5.9 billion over the year (14 per cent). This is higher than the market growth over the same period. 77 per cent of the lending volume was to KLP's owners.

The marketing of loans to municipalities, county administrations and other borrowers associated with the public sector is carried out under the brand name KLP Kommunekreditt regardless of which KLP company is actually the lender. The brand name "KLP Kommunekreditt" has a good position in the market for public sector lending. Its presence in the market contributes to competition and thus to the public sector having access to long-term financing at low cost.

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, two projects in the administrations' climate and energy plans. In addition KLP finances a portion of the local administrations' infrastructure. The future will continue to see major development tasks and investment needs in the public sector even though a degree of new uncertainty is associated with economic development with lower oil prices. However, we have seen before that in poor economic times the authorities stimulate growth in the public sector. KLP Kommunekreditt emphasizes a high level of competency in local authority financing and advice, cost effective operation and competitive financing.

The company, KLP Kommunekreditt AS, has an AAA rating from Moody's and AAA rating from Fitch for its lending programme for covered bonds. With this rating KLP Kommunekreditt has issued covered bonds in the Norwegian securities market and the outstanding loan amount at the end of the year was NOK 16.5 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 medium-sized municipalities. Larger municipalities increasingly also use the securities market.

Deposit for corporate customers is marketed by KLP Kommunekreditt and is used for financing the banking group's business. Deposit volume was NOK 1.2 billion at the end of 2014 and the growth during 2014 was NOK 0.5 billion (69 per cent).

KLP Kommunekreditt is maintaining good customer satisfaction amongst its local government customers. In particular the customers are giving good 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.

Corporate Responsibility

KLP Banken is an important partner for the local authorities in building their welfare services.

In 2014 the Bank debt financed projects all over Norway, such as roads and other infrastructure, schools, kindergartens, indoor swimming pools, sports facilities, sheltered housing, culture halls, harbour facilities, and church buildings.

Loans provided by KLP and KLP Kommunekreditt make up about ten per cent of the total market for local authority investments. KLP consequently invests pension assets in a way that secures long-term, high returns, while at the same time the municipalities' tasks are being resolved through the financing of roads, sports facilities and culture halls, for instance.

Results

In 2014 the banking business achieved pre-tax profit of NOK 28.7 million, against NOK 87.0 million in 2013. Profit after taxes was NOK 20.9 million against NOK 75.0 million the year before. The result for 2013 includes a discrete compensation sum of NOK 50.0 million as a result of a court settlement.

For The Days To Come ...

KLP Banken shall contribute to KLP's orientation towards members by offering products and services on competitors' terms and conditions. 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.

Technological solutions and digitalization should generally make the organization more customer-friendly, efficient and accessible for its customers. New technology is to be exploited commercially to facilitate offering customers' attractive products and to improve internal processes. This involves substantial investment costs, but over time will contribute to the achievement of the bank's growth and profitability targets.

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. The company, KLP Kommunekreditt AS, will maintain its low risk profile and establish new loans to produce satisfactory profitability over time.

Key figures

NOK Billion	**2014**	2013	2012	2011	2010
New lending *	**13.5**	10.3	6.8	5.5	5.4
Lending for own account*	**24.5**	21.1	21.5	28.4	26.3
Lending managed for KLP *	**41.7**	33.7	29.8	24.7	29.4

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

Number of active customers	**33 104 (69 % members)**	27 287 (67 % members)	22 665 (65 % members)	18 271 (63 % members)	12 965 (67 % members)

KLPs vision:

The best partner for the days to come.

Human Resources accouning

KLP are proactive in reducing absence due to sickness, and score high on working-environment survey.

Sickness absence increased over the previous year

KLP has a target of sickness absence of less than than 4 per cent. KLP did not achieve this in 2014 and the company has an increase from 3.87 per cent in 2013 to 4.71 per cent in 2014. Of this, long-term absence of more than 16 days represents 3.09 per cent and short-term absence of less than 16 days, 1.62 per cent. KLP is working closely with the occupational health service and the Norwegian Labour and Welfare Administration (NAV) determinedly to monitor and prevent sickness absence. Absence is analysed continuously and measures implemented in the event of changes in both short-term absence and longer absence. The measures are prepared in consultation with the managers, the staff and HR, and are monitored systematically. KLP's occupational health services partner offers medical and psychological services, physiotherapy, ergotherapy as well as certain special areas for the prevention of back complaints and to keep expectant mothers in work for as long as possible.

High work satisfaction produces good results

Again in 2014 KLP has conducted a working environment survey that measures a range of key parameters that are drivers for work satisfaction and loyalty. High work satisfaction contributes to productivity and profitability and creates a culture in which colleagues thrive and want to continue to contribute to value creation in the Group. KLP's results are very good and are at a higher level than in many comparable businesses. KLP embrace a perspective that improvements occur through continuous work and inclusive processes. All departments hold monitoring meetings/workshops to identify those areas where changes and adjustments will produce the greatest effect and to prepare concrete plans with harmonized measures that are to be followed closely through 2015 up to the next survey.

Management development - from words to action

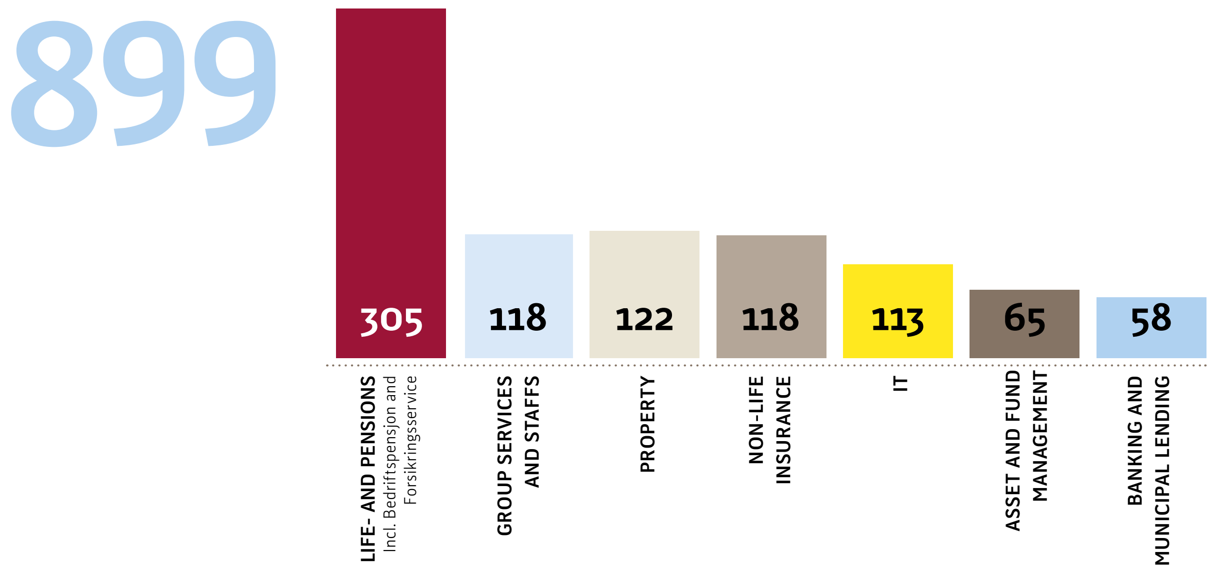
In recent years KLP has experienced considerable growth, including expansion of the business and new formation. Our managers are encountering increasing performance requirements, resource exploitation and frequent changes. An important goal for management development at KLP is to develop managers with positive attitudes and competence to implement changes as well as further to develop colleagues, themselves and KLP's business. Values and principles of good leadership at KLP have been drawn up in a newly established management model, and during 2014 we have worked on this at management gatherings, in management groups and individually. In future it will be important to continue this work to contribute to co-workers experiencing high work satisfaction and mastering their routines.

The employees'survey provides annual feedback on the effects of management development over time. We are seeing for example that participantsscore managers higheron «comprehensive managers», i.e. a good combination of professional competenceand management.

Continuous customer-focused improvement

At all times KLP shall deliver products and services with which its customers are satisfied. Delivery is to be characterized by efficiency and customer focus so that our administrative costs remain low and so that as much as possible of the value creation benefits our customers. This is a task that requires awareness throughout the organization and in which co-workers close to the customers must be involved. During 2014 we initiated several projects with the Lean-methodology, which will be continued and expanded during 2015.

EMPLOYEES IN THE KLP GROUP 31.12.2014



Commited

Ingrid Eriksen
Customer and Sales
Manager, Life

Annual report 2014

During 2014 Kommunal Landspensjonskasse Gjensidig forsikringsselskap (KLP) achieved the greatest growth in the history of the Company. 58 municipalities and county authorities as well as 202 enterprises transferred their pensions to KLP. Total net inward transfer amounted to NOK 28.7 billion.

1 January 2015 a further 15 local authorities transferred to KLP with a provisional transfer balance of NOK 10.1 billion. This represents a total of about 156,000 new individuals.

Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP) is the parent company in 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 strong financial result, with 6.9 per cent value-adjusted return and a book return of 4.3 per cent in the common portfolio, as well as a return of 7.3 per cent on the corporate portfolio, allows us to transfer the entire remaining contribution to strengthening of the reserves from the Company to the customer contracts, to build buffers, as well as to retrocede profits to the customers' premium fund.

The result for our insurance customers amounts to NOK 7.0 billion, of which NOK 3.5 billion is being used to strengthen the supplementary reserves, whilst NOK 3.4 million is being allocated to the customers' premium fund. The profit for the year to the Company was NOK 852 million after allocation of NOK 1,559 million to the customers' supplementary reserves. This represents the final part of the Company's share of the increase in longevity reserves that was completed in 2013. The Company's profit is allocated with NOK 358 million to the risk equalization fund and NOK 494 million to retained earnings.

The new customers moving to KLP had full reserves in accordance with the requirements of the mortality table for collective pension insurance (K2013), and brought with them NOK 1,242 million in supplementary reserves.

With this, the supplementary reserves have been strengthened by NOK 4.6 billion, which confirms that KLP has achieved our goal to resume the building of supplementary reserves during 2014. In total, buffer capital in the form of supplementary reserves and valuation reserves was increased by NOK 13.7 billion during 2014.

The Group's income

The Group's total comprehensive income was NOK 863 million, against NOK 869 million in 2013.

Over the year the owners' equity in the Group increased by NOK 2,377 million to NOK 17,644 million. In addition to the income for the year of NOK 863 million there were net receipts of NOK 1,514 million in owners' equity contributions during 2014.

The Group's total assets increased by NOK 91.6 billion to NOK 490.9 billion at the end of the 2014. 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.

The parent company's results

Kommunal Landspensjonskasse gjensidig forsikringsselskap has two roles: as the operational company within the Group's main business of public sector occupational pensions, and as the Group lead and owner of the operational subsidiaries within the Group's other activities.

The public sector occupational pension customers are the owners of the mutual Company. This means that all wealth creation within the Group benefits the public sector occupational pension customers. This happens both directly, by retrocession of surplus, and indirectly by strengthening the Company's owners' equity and solvency. The financial results for the year are characterized by:

- Good returns on the equity and property investments
- Falling interest-rate levels increased the value of the interest-earning investments, but reduced current return on new investments
- Increase in valuation reserves
- Strengthened disability tariff
- Cost-effective operation, where total administration costs again show a reduction from the previous year
- Good solvency

The corporate portfolio, primarily comprising KLP's eligible Tier 1 and Tier 2 capital, produced a return of 7.3 per cent during 2014.

The total recognized income ascribed to other comprehensive income, before allocation between the pension customers and the Company, was NOK 7,810 million in 2014 against NOK 11,260 million in 2013. The fall in the income recognized must be seen in the context of the increase in the securities adjustment fund.

NOK millions	Result to customers	Result to the Company	Total 2014
Returns result	5 051	8	5 059
Risk result	349	352	701
Interest guarantee premium		601	601
Administration result		345	345
Net income from corporate portfolio		1 213	1 213
Allocation from Company to customer contracts with increased reserves	1 559	- 1 559	
Tax		88	88
Other result elements		-195	-195
TOTAL INCOME	6 959	852	7 810
Allocation of income			
Supplementary and buffer reserves	3 568		3 568
To premium fund	3 391		3 391
To the risk equalization fund		358	358
To owners' equity fund		494	494
Total allocations 2014	6 959	852	7 810
Total allocations 2013	10 413	847	11 260

Risk result

The risk result is an expression of how mortality and disability have developed in the insurance population in relation to the assumptions used in the annual setting of premiums. The low inflow of new disability pensioners once again produced a solidly positive disability-risk result in 2014. Otherwise the risk result continued as expected. The risk result was NOK 701 million. Of this, NOK 352 million has been provisioned to the risk equalization fund while NOK 349 million has been credited to the customers' premium fund.

Administration result

The administration result shows a surplus of NOK 345 million against NOK 156 million in 2013. NOK 100 million of improvement over last year can be attributed to positive discrete effects for Pensions own employees.

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. This is an investment programme estimated at about NOK 200 million and that is expected to produce savings of 100 FTEs towards 2020.

Reurns result

2014 was a good year in the financial markets. KLP can therefore point to strong returns results. Financial income from the customer portfolios exceeded by a good margin the guaranteed interest of about 3 per cent. After NOK 9.1 billion was allocated to the securities adjustment fund against NOK 1.1 billion the previous year, book return was 4.3 per cent and the returns result was NOK 5.1 billion.

Allocation of income

KLP completed the increase in longevity reserves in accordance with the K2013 tariff within the 2013 reporting year, primarily through utilization of the returns surplus on the customer assets. Since the Company is required to cover at least 20 per cent of the increase in reserves, KLP has complied with this during 2014 by allocating the entire remaining proportion of NOK 1,559 million from the corporate result to the customers' supplementary reserves. Now that this has been done, the Company has regained freedom of action regarding future income allocation.

Good financial returns have helped the securities adjustment fund to show growth over the year of NOK 9,110 million, which provides a significant contribution to strengthening the Company's financial buffers, even taking into account that a proportion of the capital gains lie in the interest portfolios and may be of short-term. The returns results to customers amounted to NOK 5,051 million. After crediting NOK 349 million from the risk result and NOK 1,559 million from the corporate result, the result for customers was NOK 6,959 million. This has been applied to strengthening the customers' supplementary reserves by NOK 3,568 million, whilst NOK 3,391 million has been transferred to the customers' premium fund.

The Company's income for the year, when all income elements are included, amounts to NOK 852 million and is allocated with NOK 358 million to the risk equalization fund and NOK 494 million to retained earnings.

Solid buffers and freedom of action to build the desired buffers provide the basis for achieving good returns in the future as well, notwithstanding the low interest rate level. They make possible an investment strategy with a long-term perspective aimed at stability and predictability. The Board is satisfied that the income for the year allows for prioritization of the necessary strengthening of the financial buffer capital through building up supplementary reserves and valuation reserves, so that they now cover about 3.6 years' guaranteed interest. At the same time there has been the opportunity to ascribe income to the customers through the premium fund.

KLP's Board considers that the income statement and the statement of financial position for 2014 with notes, statements of cash flows and of changes in owners' equity, provide comprehensive 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 and the risk associated with the Company's activities is under satisfactory control. The Company financial statements for KLP are presented in accordance with the Norwegian Annual Accounts regulations for life insurance companies.

The Board of Directors considers the going concern assumption for the Company is well underpinned based on financial strength, market situation and future prospects.

The consolidated financial statements have been presented in accordance with the EU-approved international accounting standards (IFRS/IAS).

The business areas

Pensions

Public sector occupational pension

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 490.9 billion, NOK 389.9 billion represents pension funds belonging to this customer group.

The competitive situation

KLP's competitors have withdrawn from the market for public sector occupational pensions. This has resulted in 58 local authorities deciding to move their schemes to KLP in the course of 2014. A further 15 local authorities transferred their schemes to KLP with effect from 1 January 2015. Two local authorities remain as customers with one of our previous main competitors: they are weighing up pension fund solutions against KLP.

Very good solvency, good results over time, high customer satisfaction and competitive premiums have contributed to KLP's strong position in the market for public sector occupational pensions. Since 1974 KLP has practised premium averaging for its insurance schemes so that the premiums are gender and age neutral and not affected by the gender and age make-up of the individual local authority. Therefore customers wishing to move to the Company receive the same offer with the same premium level as the existing customers in the schemes. The interest guarantee (base interest) premium is however not covered by premium equalization, but is calculated individually on the basis of the individual policyholder's financial buffers - this applies both to existing and to new customers. In addition new customers are required to have full reserves as at 1 January 2014 in accordance with the new mortality table for collective pension insurance (K2013) .

The alternative for customers who do not want an insured scheme with KLP is to establish their own pension scheme. Through its subsidiary, KLP Forsikringsservice AS, KLP offers management of pension funds.

Operation and administration

To respond to the customers' wish to have the transfer process to KLP implemented quickly, the Board allowed extraordinarily, in accordance with the wishes of the parties to the collective wages and salary agreements, transfer both on 1 January and 1 July. During 2014, 58 local authorities and 199 enterprises moved to KLP with a total of NOK 30.2 billion in premium reserves. In total 150,000 new members were received. An influx of such proportions is challenging. Depending on the quality of the data received, the challenges are very broad as a result of such an influx. Through the process during 2013, KLP had gained experience and adapted systems and procedures. This, combined with a major effort by the transfer staff, meant the Company could complete a good and quality-assured transfer during 2014.

Even though the extraordinary growth resulting from inward transfer was completed in January 2015, the strong organic growth is expected to be maintained. During 2015 growth in the premium reserve was NOK 25.6 billion in addition to the effect of inward transfers. This is a result of the strong growth in employment in the local government sector during recent decades, which will in turn lead to an increase in the year-groups taking out pension in future. Precision and quality in individual pension processing is one of KLP's most important tasks and a substantial investment is being made, for example through systems development, to make case processing more efficient in a way that maintains and continues KLP's good quality of delivery into the future.

In order to achieve a better basis for evaluating our efforts it is important to assess key operating figures in comparison with those of competitors. The changed market conditions mean that KLP must also think anew when it comes to selecting comparators.

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

There is wide diversity amongst local government pension funds in size, capitalization 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 of the premium reserve by 2016. This level has been achieved in 2015, and the new target is to come down to 0.22 per cent by 2017. Continuous focus on low costs is important in regard both to maintaining competitiveness and efficient operation.

Good service and good customer relations are the bedrock of KLP's market position. In addition to 125,000 new pension files, during 2014 KLP received 174,000 customer enquiries by telephone; 56,000 by email; and 6,550 by letter. 8,700 customers received personal advice, a service that is included in KLP's total offering and is not priced separately.

Separate customer satisfaction surveys are conducted amongst KLP's customer groups.

Public Sector Corporate: our customers within our principal insurance products: local authorities, health enterprises and organisations, demonstrated a customer satisfaction index (CSI) between 81 (health enterprises) and 75 (organisations). It is particularly pleasing that new local government customers for public sector occupational pension showed a CSI of 80. This relates to customers who did not necessarily wish to change provider, but where previous providers no longer wished to provide the service. KLP Banken had a CSI of 65, against 66 the previous year, a result which remains below the Group's target of 75.

The Retail market: the groups where the KLP Group, through its subsidiaries, offers banking, saving and insurance services to its members in the public sector pension schemes. During the fourth quarter 2014 a customer satisfaction survey was carried out amongst these customers. KLP Fondsforvaltning AS as well as KLP Skadeforsikring AS was able to record a CSI of 77, whilst KLP Banken scored 74 and KLP Bedriftspensjon had a CSI of 75.

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

NOK billion	Allocation 31.12.2014 [1]	Return 2014 (per cent)	Allocation 31.12.2013
Shares	77.2	13.0	52.4
Short-term bonds	80.9	8.4	64.7
Liquidity/money market	33.1	2.4	31.3
Long-term/HTM bonds	104.5	4.7	89.0
Lending	41.1	3.2	33.8
Property	42.0	6.9	38.7
Total	378.8		309.9

[1] The figures presented in the table show net exposure, whereas the official figures from the statement of financial position are presented gross. Deviations may therefore arise between the figures in this table and the financial statements.

Group life

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 146,000 individuals were insured in the scheme. The group life product achieved a result of NOK 3.6 million in 2014, a reduction of NOK 13.5 million from 2013. From 2015 the group life product has been transferred to KLP Skadeforsikring AS, motivated by a wish for better and more efficient customer service, since the customers in this group are generally also customers of other non-life products.

Private occupational pensions

KLP offers private occupational pensions, including management of pension capital certificates, through KLP Bedriftspensjon AS. The company achieved good results for its pension customers in 2014. The business is in growth and can point to good customer inflow and increased total assets. KLP Bedriftspensjon AS concluded agreements with 207 new defined contribution pension customers during 2014, of which 13 per cent were transfers from other life insurance companies. There were 18 customers who transferred from KLP Bedriftspensjon AS.

Since 2013 the company has not bid for corporate pension schemes (i.e. with defined benefits).

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

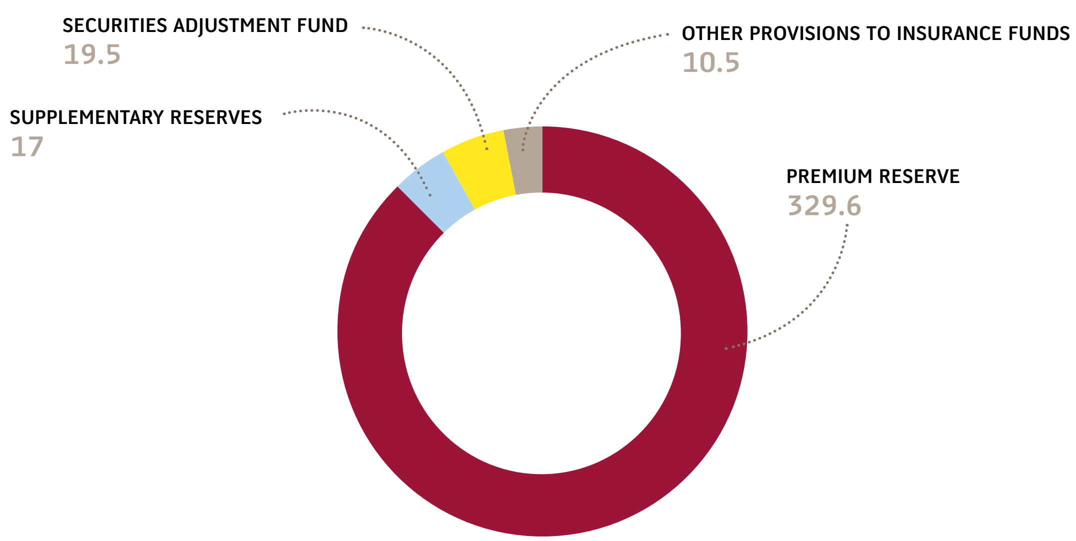
Result

The company achieved a result before tax and other comprehensive income items of NOK -24.7 million (- 22.9). The Group supplied NOK 25 million in equity capital during 2014 in line with its established strategy of increasing capital in the company during a growth phase.

Strengthening of reserves to the new calculation basis, mortality table for collective pension insurance (K2013)

KLP Bedriftspensjon has applied to The Financial Supervisory Authority of Norway to take seven years from 1 January 2014 to strengthen reserves to the new calculation basis, K2013. With recalculation to the new calculation basis, K2013, as at 1 January 2014 the total reserve requirement for reserve strengthening equated to NOK 90 million. NOK 55 million was provisioned for reserve strengthening as at 31 December 2014 (NOK 35 million as at 31 December 2013). KLP Bedriftspensjon AS must cover at least 20 per cent (NOK 18 million) of the

CONTRACTUAL INSURANCE LIABILITIES (NOK billion)
SEPARATE INVESTMENT PORTFOLIO COMES IN ADDITION (NOK 1.9 billion)



total reserve reinforcement requirement. NOK 4.0 million was provisioned from owners' equity on 31 December 2014 for increases in reserves.

Non-life insurance

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

Result

KLP Skadeforsikring AS had a result before tax and other comprehensive income of NOK 304.2 million for the year (189.9). Released reserves associated with previous insurance years had a positive impact on the result of NOK 148.1 million. The financial return was satisfactory at 6.5 per cent for the year.

The general claims costs picture is positive and the company's total claims ratio was 68.8 for the year. If the reserve adjustments of claims occurring before 2014 are ignored, the claims ratio was 86.4, of which the claims ratio for the Public Sector/Corporate market was 88.9 per cent and the Retail market 80.6 per cent.

Banking

KLP's banking business is carried out by the subsidiary group KLP Bankholding through the following companies: KLP Banken AS, KLP Kommunekreditt AS and KLP Boligkreditt AS. The KLP Banken Group's object is financing and management of housing mortgages and loans to municipalities, county administrations and companies carrying out public sector tasks.

In addition, KLP Banken manages substantial lending portfolios for the life company's common portfolio, and provides management of special lending portfolios on behalf of the parent company.

KLP Banken offers loan and deposit products tailored to the target group in the public sector and individuals associated with KLP's insurance schemes. At the end of 2014 the Group's total lending operation covers a total of NOK 67 billion. Of this, NOK 24.9 billion was financed by the banking group, the remainder by Kommunal Landspensjonskasse. The loans were divided between NOK 12.6 billion in housing mortgages to private individuals and NOK 54.3 billion in public sector loans.

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 Landspensjonskasse. The housing mortgage portfolio developed well again in 2014.

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, under the brand name "KLP Kommunekreditt". KLP Kommunekreditt AS is an important national operator within its area of activity. KLP Banken also manages loans to the public sector on behalf of Kommunal Landspensjonskasse.

Result

The KLP Banken Group result before tax and other comprehensive income was NOK 28.7 million. The corresponding figure for 2013 was NOK 87.0 million, which included NOK 50 million associated with a discrete income item resulting from a legal settlement.

Asset management

The KLP Board of Directors sets overarching targets for asset management, including target figures for risk acceptance, and monitors this activity throughout the year. The ongoing monitoring is delegated trough the Group CEO to key KLP staff who have the responsibility for the current asset allocation and risk management as well as reporting and monitoring. Within this framework, management mandates are provided for the individual subsidiaries that have the asset management executive function. The mandates give overarching targets for investment strategy, composition and risk-taking. KLP Kapitalforvaltning AS executes the Company's investments within the securities area. KLP Eiendom AS is responsible for investments in and management of the KLP Group's property stock. KLP Banken manages and administers direct lending from KLP's account.

Securities management

In the fourth quarter 2014 it was resolved to merge KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS. The recently enacted Norwegian Act concerning Management of Alternative Investment Funds allows the companies' investment services to be conducted through one company, providing potential business efficiencies through a merger. The Financial Supervisory Authority of Norway approved the merger on 19 December 2014 and the merger was executed formally on 12 January 2015. The merged company will continue operations under the name of KLP Kapitalforvaltning AS.

The merged companies represent the Group's asset management operation in securities and funds management. In total NOK 371 billion was under management at the end of 2014. The majority of the assets managed are managed on behalf of Kommunal Landspensjonskasse and subsidiaries in the KLP Group. Asset management increased by NOK 84 billion over 2013. Net new subscription in KLP's securities funds from investors external to the Group and retail customers amounted to NOK 3.8 billion in 2014. The management mandates are won in competition with both Norwegian and foreign management operations.

KLP Kapitalforvaltning AS achieved pre-tax profit for the year of NOK 38.9 million and KLP Fondsforvaltning AS achieved pre-tax profit for the year of NOK 17.4 million for 2014.

Property management

All management and development of KLP's properties is carried out through the wholly owned subsidiary KLP Eiendom AS. The company is one of Scandinavia's largest property operators and has operations in Norway, Sweden, Denmark, Luxembourg and the United Kingdom. The KLP Group's properties have good locations, a high standard of building and efficient space utilization. The property company attaches weight to energy-saving and the environment, and is environmentally accredited in accordance with ISO 14001 in Norway, Sweden and Denmark.

A milestone during the year was the opening of Fornebu S, a shopping centre built to the highest environmental standard.

Market trends

The property market had a positive development during 2014 that is reflected in a downward adjustment of the general returns requirement, particularly in the Oslo market. This development appears to have been maintained through the fourth quarter, but because of the obvious uncertainty about the development of the Norwegian economy resulting from the oil price fall during the fourth quarter, the Board has chosen not to adjust the general returns requirement in December, although certain individual assessments have been carried out.

Result

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 7.3 per cent in 2014.

Consultancy and services

The wholly owned subsidiary 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 Kapitalforvaltning offers consultancy and asset management services, which are also based on the expertise and the systems developed for KLP's own use.

KLP has developed a new concept for provision of a broad spectrum of services to local government pension funds. Based on this, KLP wishes to provide a good offering to local authorities choosing in-house pension solutions, adapted to their particular wishes and needs, both in asset management and servicing own members.

Financial strength and capital-related matters

KLP's strong growth, the low interest rate level, directed use of owners' equity to strengthen reserves, stricter regulatory capital requirements from 2016 on the introduction of Solvency II and planned repayment of subordinated loan in 2016 and 2017, all contribute to KLP's wish to strengthen its own funds (eligible Tier 1 and Tier 2 capital) through taking up subordinated loan. It is expected that the loan will be taken up in the course of the first half of 2015.

KLP has very satisfactory liquidity, with substantial holdings of liquid securities that can be realized at short notice. The cash flow statement shows that KLP had net disbursements on operational activities of NOK 1,276 million during 2014. If cash flows from investment and financing activities are included, net cash flows represent receipts of NOK 92 million. Net cash flows from operational activities contain premium receipts to cover liabilities falling due several years forward in time. Attention is also drawn to the cash flows statement in the annual financial statements.

KLP's financial strength is assessed at A+ by Fitch Ratings, A2 by Moody's Investor Service and A- by Standard & Poor's.

KLP's hybrid Tier 1 securities and subordinated loans are all perpetual and satisfy the transition arrangements to Solvency II. The interest reset date, which also gives KLP the opportunity to redeem the loans, is in 2016. Up to the interest reset date on the two subordinated loans, in 2016 and 2017 respectively, the Company will continuously assess market conditions and long-term needs for own funds (eligible Tier 1 and Tier 2 capital).

Solvency development

At the start of 2014 KLP had a solid buffer and solvency situation. KLP had achieved full reserving in accordance with the K2013 tariff when it came into force on 1 January 2014, which provided good room to manoeuvre for further strengthening of solvency throughout the year.

In the course of 2014 the securities adjustment fund increased by NOK 9,110 million to NOK 19,522 million. Supplementary reserves increased by NOK 4,608 billion to NOK 17,103 billion. In total the securities adjustment fund and supplementary reserves amounted to NOK 36,535 million, representing 10.7 per cent of technical reserves. The long-term objective is that the total of valuation reserves and supplementary reserves is to cover three years' guaranteed return. At the end of 2014 the degree of cover was 3.6 years.

New solvency requirements, Solvency II, will cover the overall risk picture for insurance business through both the investment risk and the insurance liabilities being measured dynamically. The new requirements emerging through this method will be stricter than today's capital adequacy regime. Provisional estimates show however that KLP fulfils the new requirements in a satisfactory manner, within a long-term goal of a solvency margin of more than 130 per cent.

KLP's solvency capital increased from NOK 46.5 billion to NOK 73.9 billion during 2014, and is established at a level that provides the necessary freedom of action to conduct competitive and sound asset management.

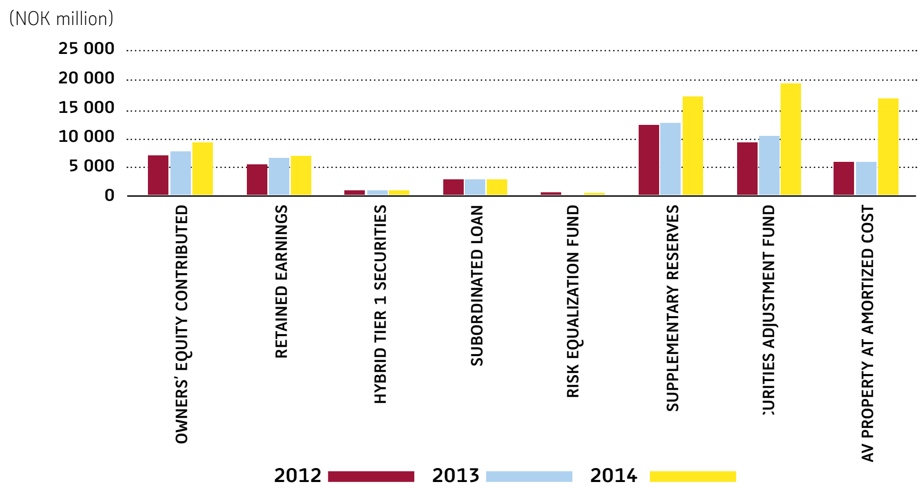
Total solvency capital amounted to 22.3 per cent of guaranteed interest customer funds at the end of 2014 against 16.2 per cent at the previous year's end.

At year-end the capital adequacy ratio was 9.5 per cent. Core capital adequacy was 8.1 per cent. Solvency margin adequacy (Solvency I) was 228.1 per cent.

The solvency measurements lie generally within the objectives KLP has and underline KLP's strong solvency. However it is our ambition over time to strengthen the core capital adequacy ratio. To a certain extent the extraordinary growth over the last couple of years has contributed to some key figures lying below the Company's long-term assumptions.

SOLVENCY CAPITAL

Figures in NOK billions	2014	2013
Own funds (eligible Tier 1 and Tier 2 capital) tied to capital adequacy requirement	16.7	13.6
Own funds (eligible Tier 1 and Tier 2 capital) in excess of capital adequacy requirement	3.2	4.1
Risk equalization fund	0.5	0.2
Supplementary reserves	17.1	12.5
Securities adjustment fund	19.5	10.4
Unrealized value financial assets at amortized cost	16.8	5.8
Total solvency capital	73.9	46.5



Risk

Monitoring and management of risk is a prerequisite 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 very important aspects of KLP's business. The risk picture is assessed both by company and combined at Group level and is monitored within the individual operational entities.

During 2014 KLP conducted its third in-house assessment of the Company's capital requirement such as is expected when the Solvency II regulations are introduced (Own Risk and Solvency Assessment - ORSA). The assessment is considered generally satisfactory, but work continues on the final form and scope of the report.

Insurance risk

KLP's principal activity is life and pension insurance. The industry is characterized by predictability and to a limited degree by individual events that may affect results significantly. For KLP the development within disability incidence and longevity could affect the risk. Expected increasing longevity brings longer retirement and creates requirements for increased premium reserves. With effect from 1 January 2014 all Norwegian life insurance companies incorporated new assumptions on longevity in line with observed mortality in the insurance base up to and including 2009, as well as the expected future increase in longevity in accordance with Statistics Norway's projections. From the same date, KLP increased the premium reserves to cover this entirely. 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 the premium reserves provided in the accounts.

The Pension Reform means changed regulations also for public sector occupational pension. Longevity adjustment and changed indexing was adopted in 2010, whilst changes in harmonization of retirement pension for those born in 1954 and later and new rules on disability pension have still not been laid down. The same applies to possible changes for survivor pensioners. New National Insurance invalidity benefit was approved by the Storting in December 2011 and came into force on 1 January 2015. From the same date new invalidity benefits in public sector occupational pensions will come into effect. The Norwegian Ministry of Labour and Social Affairs is expected to resume work on new rules for harmonization of retirement pension for those born in 1954 and later and a possible individual guarantee for those born after 1958. New rules on disability benefits in public sector occupational pensions were adopted by the Storting in March 2014. There is also to be an assessment of the future shape of the benefits to surviving spouses and children - both in National Insurance and in public sector occupational pensions.

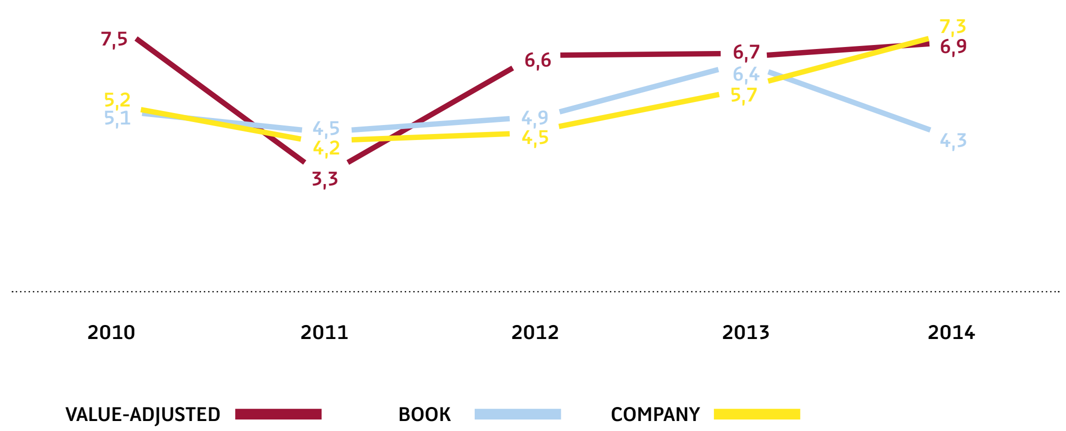
Returns risk

KLP guarantees an annual minimum return on management of its customers' pension assets linked to defined benefit schemes. For this guarantee, the customers must pay an annual interest guarantee premium. The interest guarantee premium is determined by KLP's solvency, the investment risk taken on by KLP and the development 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 returns 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.

BOOK AND VALUE ADJUSTED RETURN COMMON PORTFOLIO



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 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.

Market risk

Principally KLP invests in well diversified securities portfolios that are subject to deviation limits from relevant Norwegian and international indices for equities and fixed-income securities.

In addition, about 40 per cent of the investments are made as loans and investments recognized at amortized cost, where market value changes in market prices are not registered in the accounts.

The property investments are concentrated in centrally located up-to-date properties where there is assumed to be a relatively liquid market for sales.

KLP attaches importance to spreading risk, saleability and good quality in its investments. Total risk in the portfolio is managed dynamically inasmuch as the level of risk is continuously matched to the Company's ability to bear risk in the form of financial buffer capital.

Credit risk

KLP reviews credit risk limits in investments and counterparties annually. These limits are continuously monitored and quarterly assessments are made of the Company's counterparties.

Credit limits are, where relevant, template limits based on recognized ratings, or on internal credit analyses supplemented by any available "shadow ratings".

Liquidity risk

A substantial proportion of KLP's short-term portfolios is invested in very liquid securities, and in addition the liquidity is managed in accordance with a liquidity budget where prognoses are regularly assessed. The same also applies to the corporate portfolio where in addition the Company's working accounts are held.

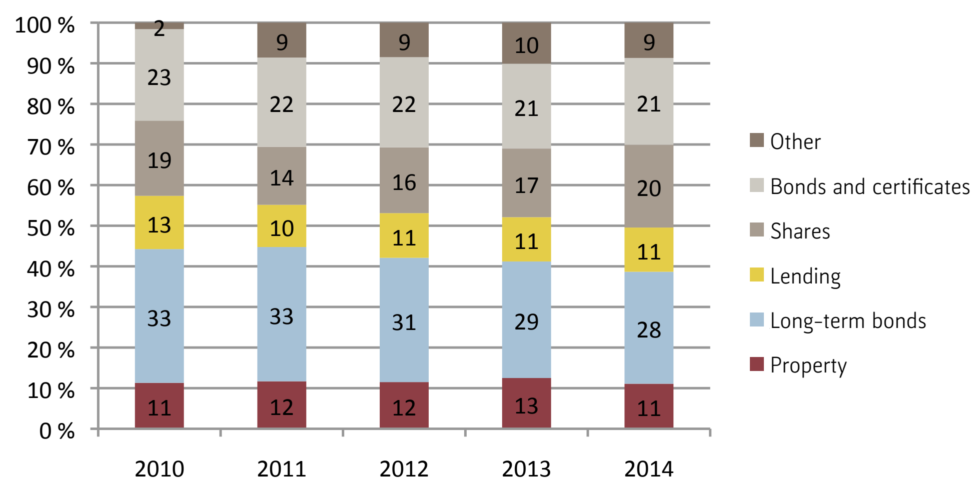
KLP assesses the liquidity risk as very low.

Operational risk

The Group's operational risks are associated with undesirable events as a result of failure in internal working 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.

The 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.

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



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 Section reports to the CEO and the section has both an advisory and an auditory function to ensure that substantial risks of inadequate compliance are managed effectively in KLP.

Internal audit

The Company's Internal Audit conducts independent assessments of insurance, 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

Corporate responsibility is important to KLP. This is realized through actions linked to the Group's business. KLP's most important stakeholders are in the public sector, and our vision is to be the best partner for the days to come. Therefore KLP's corporate responsibility strategy is to contribute to a sustainable public sector and to integrate corporate responsibility into all business processes. An important element in achieving the vision is to deliver on the triple bottom line. Accordingly, KLP reports on non-financial key indicators quarterly. KLP presents a supplementary non-financial statement in the annual report, providing important information on the Group's goals and results within society, the environment, human capital and responsible investments.

KLP has signed the UN Global Compact, and is accordingly committed to working for human rights, workers' rights, the environment and against corruption. Implementation of Global Compact's ten principles and strategic goals for KLP's corporate responsibility is achieved inter alia through directive documents with associated procedures, such as policies on/for ethics, the environment and responsible investments. KLP's ethics policy apply to all KLP employees and Board representatives. The Board of Directors reviews the guidelines at least every other year, most recently in 2013. KLP's ethics policy encompass subjects such as corporate hospitality, gifts, matters associated with tendering processes, information security, duty of confidentiality, impartiality, loyalty, social media, paid and unpaid appointments, sponsorship and commercial support, investment requirements, securities trading, supplier requirements and employees' rights. In addition the guidelines describe KLP's training, whistleblowing procedures and consequences in the event of breach of the guidelines.

Supplementary reporting in accordance with the Global Reporting Initiative (GRI) is accessible on KLP's website: english.klp.no/about-klp/corporate-responsibility. Through integrating corporate responsibility into the KLP Group's overarching strategy and business processes, implementation of the Global Compact and other internal guidelines and principles associated with corporate responsibility is assured.

KLP's work on corporate responsibility focuses on four areas: responsibility in investments and products, responsible environmental solutions, sharing of knowledge and engagement locally. These are areas pointed out by our own employees, senior management and certain external stakeholders as material for KLP.

Safeguarding the value of future pensions is an important task, but KLP's owners and customers are at the same time concerned that the management of the pension assets is conducted in a socially responsible way. There is also expectation and an engagement in society generally for the subject of responsible investment. KLP utilizes this opportunity to exercise corporate responsibility in its asset management.

KLP's policy for responsible investments were revised in 2014 and approved by the Board of Directors in November. The biggest change was to increase the investments in renewable energy and include a criterion for the withdrawal of coal companies. Coal companies is defined as coalmining companies and coal-fired electricity generating companies that have a high proportion of their income from coal. The limit will as a minimum exclude those who have 50 per cent or more of their income from coal-based business. As a result of this change the shares of 27 coal companies were sold.

The guidelines for responsible investment set out three tools that are used actively by KLP. These are: exclusion/sale of shares; dialogue/voting and active ownership; and investments for sustainable development. In 2014, 27 coal companies were excluded. In addition four companies were excluded because of serious and/or systematic breach of international ethical standards, whilst one company was readmitted. At the end of 2014 a total of 99 companies were excluded from KLP's investment world.

In addition KLP has used its voting rights at general meetings and voted on 93 per cent of the general meetings in Norway and 82 per cent of general meetings outside Norway.

To strengthen investments for sustainable development, KLP has entered into a new collaboration with Norfund (the Norwegian Investment Fund for Developing Countries) and three other investors in investing in financial institutions in developing countries. So far investments have been made in three institutions in different African countries. KLP has also continued collaboration with Norfund on investments in renewable energy in developing countries. Also here, three projects were financed during 2014 - a wind park in Kenya and solar parks in Rwanda and Honduras. KLP is also one of the owners and investors in the Norwegian Microfinance Initiative AS. This supports both the need for energy supplies and the work on climate challenges, and through channelling capital to the finance sector where this strengthening may be able to provide important growth promotion within the local societies.

Employees and health, environment and safety (HES)

KLP shall implement good and systematic health, environmental and safety work. The Company's employees are the most important input factor for KLP to achieve its targets: therefore the health, safety and well-being of the employees is important so that injuries and undesirable effects are avoided. In addition the aim is to facilitate a good psychosocial working environment characterized by job satisfaction. This is repaid by quality of work, better business profits, 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 for example:

- Implemented internal audit and a system review to ensure compliance with the Company's HES procedures
- Regularly given co-workers information and inspiration on health-promoting measures
- Conducted AMU (working environment committee) meetings where HES matters are discussed
- Included HES in management training
- Conducted mapping of the working environment and monitored results through involving
- Assessed HES deviations and ensured that those procedures relating to environmental perspectives in decisions and work processes are incorporated where they have been relevant
- Worked purposefully on facilitating for and following-up staff reported sick, as well as 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. These measures and related targets will be continued for 2015.

The working environment at KLP is perceived as good and during 2014 showed an overall score "High job satisfaction" in Ennova's employee survey, a result that is higher than the average for the finance industry. KLP had a reduction in sickness absence from 4.2 per cent in 2012 to 3.9 per cent in 2013, but at the end of 2014 had a higher sickness absence of 4.7 per cent. The target is to have sickness absence under 4.0 per cent for KLP as a whole. There was one work-related case of injury in 2014. The number leaving KLP is considered low: 33 left in 2014, the same as in 2013.

Employees

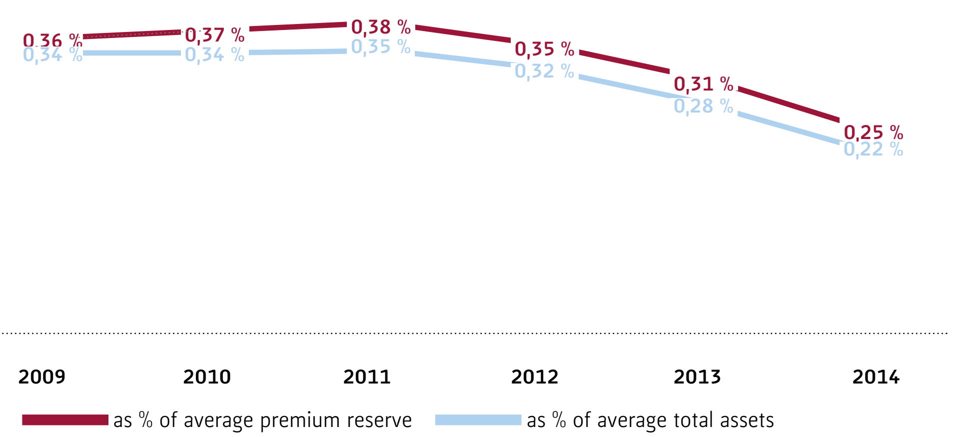
Equal opportunities and diversity

KLP's policy for equal opportunities and diversity were revised in 2013 and are based on equal worth and fairness. This means not only focus on gender equality, but also inclusion of people with reduced functional capability and other groups that have problems fitting into working life. KLP wishes to reflect the diversity in society in general, and the Company's guidelines for recruiting require that at least one person with another ethnic background and at least one person with reduced functional capability are to be shortlisted for interview provided they are qualified for the post. New employees go through an induction programme where they are familiarized with KLP's basic values, ethical guidelines and policy for equal opportunities and diversity.

In regard to inclusion of individuals with reduced working capability, KLP has established procedures for facilitating this for its own employees. In addition KLP has established collaboration with NAV Arbeidslivssenter (the Norwegian Labour and Welfare Administration's inclusive working life resource and competency centre), as well as the rehabilitation enterprise Funkweb, in order to offer internships to working under this scheme. In 2014 KLP had three people working under this scheme.

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

ADMINISTRATION COSTS



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. Management Levels 2 and 3 show increased proportions of women. Correspondingly KLP wishes the Group Board of Directors and the boards of directors of KLP's directly owned subsidiaries to have at least 40 per cent of each gender amongst the members nominated by the owners.

Remuneration principles

KLP's aim is to offer its co-workers good, market-matching salary and employment terms and conditions. The subsidiaries KLP Kapitalforvaltning and KLP Fondsforvaltning operate in markets where part of the salary is based on profits achieved and therefore offer salary that is in part dependent on performance to employees who have direct profit responsibility. In accordance with the regulations, payment of such pay is spread over several years and is partly linked to the development of value in selected mutual funds, since KLP as a mutual company does not have its own stock-market-listed equity instruments. Otherwise performance pay has not been introduced into the Group.

External environment

Impact on the external environment and climate results from our own activities as well as indirectly through our customers and collaborative partners/suppliers and investments in companies and property. KLP has ambitious targets on reducing its footprint, but also on contributing to development of new environmental solutions. Through its activity with new construction, KLP Eiendom AS has major opportunities to set high environmental requirements and contribute to the development of new and responsible environmental solutions. In 2014 Forenbu S opened: it is the first shopping centre in the world with the highest BREEAM environmental classification "Outstanding". KLP, including the subsidiaries with employees, is environmentally accredited.

KLP has both long-term and short-term environmental and climatic targets. Various measures to achieve the targets are being prepared and implemented by the Environment Committee. The Committee's mandate is to work to reduce KLP's environmental impact through applying the "precautionary principle", implementing environmental measures and promoting its own employees' commitment to the environment.

The most important measures related to in-house operation during 2014 were: review of the KLP Building (KLP-huset) to discover and rectify errors in energy-saving systems, and expand access to the videoconferencing equipment. KLP has four long-term principal goals associated with our environmental footprint: to halve KLP's CO^2 emission, a reduction of 50 per cent from the emission level in 2010 by 2030; to be paperless by 2030, a 75 per cent waste sorting ratio by 2020; and that 50 per cent of KLP's largest suppliers shall have an environmental management system by 2020.

KLP reports on certain environmental indicators quarterly, as well as an expanded set of indicators at the end of the year. In addition an externally verified climate accounting, CDP (Carbon Disclosure Reporting Initiative) report and an Eco-Lighthouse report are published for the Company.

Regulatory framework

The Pension Reform

Comprehensive changes in public sector occupational pensions are in progress in accordance with principles adopted in 2009/2010. The change processes are being directed by the Norwegian Ministry of Labour and Social Affairs.

The public sector pension schemes are anchored partly in law and partly in collective employment agreements between the employer and employee organisations.

Currently the situation is that the pension reform introduced changed regulations for retirement pension in public sector occupational pensions from 2011, but the rules provided cover only those born by the end of 1953 with regard to harmonization. In 2014 the Norwegian Ministry of Labour and Social Affairs was expected to resume work on harmonization rules for those born in 1954 and later. New rules on disability benefits were adopted by the Storting in March 2014 and will come into effect on 1 January 2015.

Financial Enterprises Act

The Norwegian Financial Enterprises Act will become the central legal source for regulation of financial enterprises and replaces the Financial Institutions Act and large parts of the Insurance Activity Act. In the draft act it is proposed that the prohibition against holdings in excess of 15 per cent in "non-insurance business" be maintained notwithstanding that The Financial Supervisory Authority of Norway recommended that it should be revoked. This is of primary significance for KLP's ability to participate in major infrastructure investments.

It is important for KLP to be able to retain the existing, approved structure in which the life company is the hierarchical top of the Group, even though the main rule in future will be a structure with a holding company at the top. It will be appropriate to change KLP's articles of association on some matters to adjust them to the new Act.

Solvency II

The solvency regulations for insurance, Solvency II, are now being introduced partially inasmuch as requirements have been set for organization and reporting applicable during 2014 and 2015. Full introduction including the capital requirements will be effective from 1 January 2016. The formal decisions that must be made in this context, both in Norway and internationally, are in the process of being made in the relevant bodies.

The new capital requirement, which is calculated on the basis both of insurance risk and market risk in addition to counterparty risk and operational risk, will be common throughout the EU/EEA area. It is however uncertain to what extent national authorities will allow use of schemes that reduce the capital requirement during a transition period.

The Financial Supervisory Authority of Norway is working on putting in place appropriate and well-adjusted Solvency II regulations in Norway. It is important that the necessary adjustments to the regulations with national interpretations is carried out within the timeframe that makes it possible for the industry to be able to finalize the comprehensive internal work in the individual companies well ahead of the regulations finally coming into effect.

As a step in the preparations, clarifications will be proposed in the Company's articles of association to ensure that the owners' equity contributed satisfies all requirements placed upon pure core capital in Solvency II.

Asset management

In a consultation minute from The Financial Supervisory Authority of Norway dated 11 December 2014 on implementation of Solvency II in Norwegian law, a broad and thorough report is provided on adaptation of the applicable regulations to Solvency II. Fundamental to The Financial Supervisory Authority of Norway's minute is that the qualitative requirements on risk management are met in the legislation, so that qualitative requirements in Chapter 2 of the Capital Management Regulations as well as in the Liquidity Regulations will be revoked. The same applies to the quantitative limitations in Chapter 3 of the Capital Management Regulations. KLP supports these assessments.

Other matters

Changes in KLP's Board of Directors

Arne Øren, Chair of the Board since 2008, has stepped down from the Board. Liv Kari Eskeland who was elected in 2012, has taken over the appointment as Chair.

The former Deputy Chair, Herlof Nilssen, stepped down from the Board: he has been a Board Member since 2002. Egil Johansen became a full Member of the Board in 2014 and was elected Deputy Chair. Trond Michael Andersen was elected to the Board in 2014 and has since withdrawn because of a change of appointment.

Owner relations

KLP prizes good, direct dialogue with its owners. This provides the Company's senior management with important input both in regard to strategic questions and improvements of day-to-day operation. During 2014 two rounds of meetings were arranged in the resource groups in which a total of 40 local authority chief executives gave valuable comment and input. 17 election meetings were also held before the general meeting.

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 owners' equity instruments and is therefore not listed on the stock exchange either. 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 taken the initiative to carry out a broad review of its work in relation to the rules on corporate governance and will work further on a broader study in accordance with NUES (the Norwegian Code of Practice for Corporate Governance).

The Board of Directors has established an Audit Committee and a Remuneration Committee, and undertakes an assessment of its own business and competency annually.

Within the mutual insurance company, Kommunal Landspensjonskasse, the Company's members undertake to pay owners' equity contributions to the extent necessary to provide KLP with satisfactory solvency. Such owners' equity contribution may only be repaid in connection with movement of a customer's business from KLP and occurs after an assessment of inter alia the Company's solvency. Repayment requires the prior agreement of the Company with the approval of The Financial Supervisory Authority of Norway.

Going forward

Over a two-year period KLP has received 87 new municipalities and county administrations, as well as 346 enterprise customers as owners and customers in public sector occupational pensions. This also means that the Company has received 156,000 new individuals who will receive or are receiving pensions from KLP. It is pleasing to receive much positive feedback on this process, both directly and through CSI surveys that showed customer satisfaction of 80 (CSI) amongst our new customers. This is particularly pleasing because many of the customers came because previous providers withdrew from the market and not because KLP was necessarily the preferred option in the first instance.

In the new market situation it is important to provide our customers and their employees with good service. This also means being able to support our customers as employers through offering their employees good insurance and banking services on advantageous members' terms. To achieve this, we place emphasis on further developing customer service both in pensions and products for the retail market. Good online self-service

solutions and better system support in handling enquiries are important elements in this context. KLP is experiencing continual growth in customer enquiries and it is expected that this development will continue. Given its size, KLP has the opportunity to meet this development in a cost-effective way through exploiting economies of scale.

Working determinedly on efficiency and cost-awareness is a prerequisite for success in competition going forward and in regard to the challenges the Company will be facing. The interim target for cost levels for 2014 was met and attention is now directed towards further improvements in the years to come.

Good and competitive financial returns are an important prerequisite for achieving the Group's principal aim, but our customers attach great weight to stability and predictability. This provides a clear course for KLP's asset management strategy.

The low level of interest rates and uncertainty in the national and international economy are challenging. The sharp fall in the price of oil ought normally to be positive for the world economy, but not for Norwegian oil and oil-related business. A weaker krone on the other hand is positive for Norwegian land-based export industry. The reduction in interest rates has a transitory positive effect, but in the long term is negative for KLP. Therefore the added value for fixed-income investments that arose because of the fall in interest rates will be shielded against realization for other purposes.

Good solvency and good risk management are essential factors. To ensure financial freedom of action KLP aims to strengthen the most important financial buffers, the securities adjustment fund and supplementary reserves, to maintain a level that covers three years' guaranteed interest as the insurance funds grow.

KLP, the customer-owned company, is approaching the future's challenges by keeping its main focus on its customers' wishes and needs. This approach underlies KLP having widened its business the scope of its business, among other things by developing favourable retail market services and financial products for its owners' employees. The marketing aim for the investment in retail market products is to obtain a 10 per cent market share for the active members by 2017, and of these, 20 per cent should be customers for two or more products.

National and international initiatives have been started to create improved regulation in insurance, principally with a view to providing greater security for policyholders and other stakeholders. It is KLP's objective to be at the forefront in its preparations for the changes that are coming, and at the same time to maintain an active dialogue with the industry and the authorities concerning the final formulation of the new regulations.

Norway stands before a major local government reform in which the aim is to create larger, more powerful entities over a period of about five years. KLP is monitoring this development closely and wishes to be a positive contributor in regard to our customers in this process, for instance by adapting products and organization to the new structure.

Strengthening reserves for the new longevity assumptions was a challenge. In the course of 2014 KLP has regained freedom of action to continue the building of financial buffers, which in turn increases the freedom of action in asset management.

Notwithstanding low interest rate levels, KLP's 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.

Oslo, 25 March 2015
The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

Liv Kari Eskeland,
Chair

Egil Johansen,
Deputy Chair

Marit Torgersen

Jan Helge Gulbrandsen

Anita Krohn Traaseth

Tom Tvedt
Deputy

Freddy Larsen
Elected by and from the employees

Susanne Torp-Hansen
Elected by and from the employees

Sverre Thornes
Group CEO

SUSANNE TORP-HANSEN
was elected as a 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.

INGJERD HOVDENAKK
is an observer on the Board. She is Head of Secretariat in UNIO (the Confederation of Unions for Professionals, Norway's second-largest confederation of professional employee unions).

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. Eskeland 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.

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.

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.

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.

TOM TVEDT
was elected deputy board member in 2014. He was previously Mayor of Randaberg Municipality for eight years and County Mayor of (the County of) Rogaland for four years. He is currently Group Leader of Rogaland County Council, representing the Norwegian Labour Party. He is Chair of Sparebankstiftelsen SR-Bank (the savings bank foundation SR-Bank), Chair of Coop Eiendom Rogaland (a cooperative property organisation for the County of Rogaland). He is currently serving on the Board of the Norwegian Olympic and Paralympic Committee.

THE BOARD OF DIRECTORS IN KLP Anita Krohn Traaseth, a Board Member, and Erik Kollerud, an observer, were not present when the photograph was taken. PHOTO: NICOLAS TOURRENC

Responsible

Marianne Wright Pedersen
Assistant to the Manager,
non-life insurance

Group Accounts

Income statement KLP Group

Note	NOK millions	2014	2013[1]
4,21	Premium income for own account	63 611	31 883
5	Net return on financial assets	12 185	12 349
5	Net interest income from banking	133	122
5	Realized and unrealized gains and losses on financial instruments	13 809	9 217
16	Net income from investment properties	4 054	2 490
33	Other income	871	696
	Return on financial instruments attributable to minority interests	-3 343	-4 605
	TOTAL NET INCOME	91 321	52 152
21	Claims for own account	-18 643	-12 503
21	Change in technical reserves	-51 848	-30 229
	Interest cost and value change subordinated loan and hybrid Tier 1 securities	-807	-390
32	Operating expenses	-1 167	-1 191
33	Other expenses	-800	-659
	TOTAL EXPENSES	-73 265	-44 972
	OPERATING PROFIT/LOSS	18 056	7 180
21	To/from securities adjustment fund – life insurance	-9 130	-1 148
21	To supplementary reserves and buffer allocation – life insurance	-3 415	8
21	Assets allocated to insurance customers - life insurance	-4 322	-4 883
	PRE-TAX INCOME	1 189	1 157
23	Cost of taxes[2]	-324	-208
	INCOME	865	949
28	Actuarial gains and losses on defined benefits pension schemes		
	- employee benefits	-218	-112
21	Adjustment of the insurance liabilities	698	-1 094
23	Tax on items that will not be reclassified against the comprehensive income statement	-129	0
	ITEMS THAT WILL NOT BE LATER RECLASSIFIED TO INCOME	350	-1 206
	Revaluation real property for use in own operation	195	24
16	Currency translation foreign subsidiaries	-678	1 101
23	Tax on items that will be reclassified to income later	130	0
	ITEMS THAT WILL BE RECLASSIFIED TO INCOME LATER WHEN PARTICULAR CONDITIONS ARE MET	-352	1 125
	TOTAL OTHER COMPREHENSIVE INCOME	-2	-80
	TOTAL COMPREHENSIVE INCOME	863	869

[1] As a result of implementation of IFRS 10, the comparison figures have been reworked. See detailed information in Note 2 Summary of the most important accounting principles.
[2] Cost of taxes includes the minority's share at NOK 114 million (76) so far this year.

Statement of financial position KLP Group

Note	NOK millions	31.12.2014	31.12.2013[1]	01.01.2013[1]
23	Deferred tax assets	88	0	0
25	Intangible assets	448	377	365
22	Tangible fixed assets	1 198	1 040	1 033
17	Investments in associated companies and joint ventures	248	35	6
7,16	Investment property	44 467	39 744	32 322
6,13	Debt instruments held to maturity	30 620	31 758	37 283
6,13	Debt instruments classified as loans and receivables	86 974	67 272	55 917
6,7,11,13,15	Lending to local government, enterprises & retail customers at fair value through profit/loss	2 269	2 121	2 254
6,13,15	Lending to local government, enterprises & retail customers at amortized cost	64 741	53 260	49 874
6,7,11,13	Debt instruments at fair value through profit or loss	152 489	122 398	112 959
6,7,13	Equity capital instruments at fair value through profit or loss	101 123	73 208	54 072
6,7,11,13,14	Financial derivatives	1 785	1 661	2 260
37	Receivables	1 345	2 909	2 013
8	Assets in defined-contribution-based life insurance	842	578	300
	Cash and bank deposits	2 257	2 896	3 350
	TOTAL ASSETS	490 894	399 257	354 008

Statement of financial position KLP Group

Note	NOK millions	31.12.2014	31.12.2013[1]	01.01.2013[1]
	OWNERS' EQUITY			
	Owners' equity contributed	9 173	7 659	6 891
36	Retained earnings	8 471	7 609	6 739
	TOTAL OWNERS' EQUITY	17 644	15 268	13 630
6,10,18,19,20	Hybrid Tier 1 securities	1 253	919	974
6,10,18,20	Subordinated loan capital	3 423	3 151	2 891
28	Pension obligations	755	623	469
21	Technical provisions - life insurance	379 912	313 227	276 798
21	Provisions in defined-contribution-based life insurance	842	578	300
21	Premiums, claims and contingency fund provisions - non-life insurance	2 555	2 623	2 626
6,10,11,20	Covered bonds issued	18 468	17 217	20 370
6,10,11,20	Debt to credit institutions	5 220	3 249	4 799
6,10,11,20	Liabilities to and deposits from customers	6 251	4 407	2 946
6,7,10,14	Financial derivatives	11 549	1 948	742
23	Deferred tax	170	98	52
34	Other current liabilities	5 885	7 200	6 257
	The minority's share of liabilities	36 968	28 750	21 154
	TOTAL LIABILITIES	473 250	383 989	340 378
	TOTAL EQUITY AND LIABILITIES	490 894	399 257	354 008
35	Contingent liabilities	13 256	8 539	4 460

[1] As a result of implementation of IFRS 10, the comparison figures have been reworked.
See detailed information in Note 2 Summary of the most important accounting principles.

Oslo, 25 March 2015
The Board of Directors of Kommunal Landspensjonskasse gjensidige forsikringsselskap

Liv Kari Eskeland
Chair

Egil Johansen
Deputy Chair

Marit Torgersen

Jan Helge Gulbrandsen

Anita Krohn Traaseth

Tom Tvedt
Deputy

Susanne Torp - Hansen
Elected by and from the employees

Freddy Larsen
Elected by and from the employees

Sverre Thornes
Group CEO

Statement of owner's equity KLP Group

2014 NOK millions	Owners' equity contributed	Retained earnings	Total owners' equity
Owners' equity 1 January 2014	7 659	7 609	15 268
Income		865	865
Items that will not be later reclassified to income		350	350
Items that will be reclassified to income later when particular conditions are met		-352	-352
Total other comprehensive income		-2	-2
Total comprehensive income		863	863
Owers`equity contribution received	1 514		1 514
Total transactions with the owners	1 514		1 514
Owners' equity 31 December 2014	9 173	8 471	17 644

2013 NOK millions	Owners' equity contributed	Retained earnings	Total owners' equity
Owners' equity 1 January 2013	6 891	6 739	13 630
Income		949	949
Items that will not be later reclassified to income		-1 206	-1 206
Items that will be reclassified to income later when particular conditions are met		1 125	1 125
Total other comprehensive income		-80	-80
Total comprehensive income		869	869
Owers`equity contribution received	768		768
Total transactions with the owners	768		768
Owners' equity 31 December 2013	7 659	7 609	15 268

Statement of cash flows KLP Group

NOK millions	2014	2013
Cash flow from operational activities		
Direct insurance premiums received	35 188	24 427
Reinsurance premiums paid	-54	-61
Direct insurance claims and benefits paid	-13 631	-11 725
Reinsurance settlement received for claims and insurance benefits	74	63
Payments received on transfer	30 376	7 316
Payments made on transfer	-4 369	-187
Payments to other suppliers for products and services	-1 153	-834
Payments to staff, pension schemes, employer's social security contribution etc.	-694	-699
Interest paid	-922	-857
Interest received	10 055	9 516
Dividend received	3 840	3 884
Tax and public charges paid	162	-234
Receipts to the property business	2 522	1 488
Net receipts/payments of loans to customers etc.	-8 736	-1 614
Receipts on the sale of shares	30 152	32 037
Payments on the purchase of shares	-51 839	-34 197
Receipts on the sale of bonds and certificates	51 903	43 349
Payments on the purchase of bonds and certificates	-82 048	-65 755
Payments on the purchase of property	-3 419	-5 425
Payments to investments in assets with investment option	-217	-215
Net cash flow from purchase/sale of other short-term securities	1 835	4 504
The minority's share of operational activities	-2 843	-2 210
Net cash flows from operating activities	-3 819	2 570
Cash flow from investment activities		
Receipts on the sale of tangible fixed assets	0	1
Payments on the purchase of tangible fixed assets etc.	-162	-89
Net cash flows from investment activities	-162	-88
Cash flows from financing activities		
Net receipts/disbursements on loans from credit institutions	1 829	-3 730
Receipts of owners' equity contributions	1 662	774
Payments on repayment of owners' equity contributions	-148	-6
Net cash flows from financing activities	3 342	-2 961
Effect of exchange rate changes on cash and cash equivalents	1	26
Net changes in cash and bank deposits	-638	-454
Holdings of cash and bank deposits at start of period	2 896	3 350
Holdings of cash and bank deposits at end of period	2 257	2 896

Notes KLP Group

Note 1 General information

Kommunal Landspensjonskasse gjensidige forsikringsselskap (the Company) and its subsidiaries (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 non-life 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 klp.no.

The Company has a subordinated loan listed on the London 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.

The consolidated financial statements have been prepared based on the historic cost principle, with the following exceptions:

- Investment property is valued at fair value
- Properties the Group itself uses have been revalued at fair value
- Financial assets and liabilities (including financial derivatives) are valued at fair value through profit or loss
- 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 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

The following new or changed IFRSs or IFRIC interpretations that have come into force for the 2014 annual financial statements have a significant effect on the Group financial statements:

- IFRS 10 «Consolidated Financial Statements» is based on current principles on using the control term as the deciding criterion in deciding whether a company is to be included in the consolidated financial statements of the parent company. The standard provides expanded guidance in determining whether control is present in those cases where this is difficult. Based on the new control term the Group's securities funds have to be consolidated in those instances where there is control in accordance with this standard. The effect of IFRS 10 for the Group is shown in Note 2.1.2.

- IFRS 11 «Joint arrangements». This standard is to be applied by all entities that are party to a joint arrangement. A joint arrangement is an arrangement of which two or more parties have joint control, i.e. the parties are bound by a contractual agreement and that the contractual agreement gives two or more of these parties shared control over the joint arrangement. The equity method is to be applied for investments in the joint arrangement.

- IFRS 12 «Disclosures of Interest in Other Entities» contains the disclosure requirements for financial interests in subsidiaries, joint ventures, associated companies, special-purpose entities (SPE), and other companies not included in the statement of financial position.

- IAS 32 Financial instruments clarifies when net presentation of financial assets and liabilities may be carried out. The entitlement to net accounting cannot be contingent on a future event. Netting must also be legally enforceable in all situations (ordinary operation, default, insolvency or bankruptcy) that the company and counterparties may encounter. The change also considers settlement mechanisms. The change did not have significant effect on the consolidated financial statements.

- IAS 39 Financial instruments - Recognition and Measurement regarding counterparty change for derivatives and continuation of hedge accounting. The change deals with changes in law that introduce requirements for settlement centres for bilateral agreements. In accordance with IAS 39, change of counterparty to a settlement centre will lead to cessation of hedge accounting. The change means that hedge accounting will not cease when counterparty change in a hedge instrument meets specific criteria. The change did not have significant effect on the consolidated financial statements.

(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 required. 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 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 2017 reporting year, but advanced adoption is permitted. The Group 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

In connection with the adoption of IFRS 10 in the Group 1 January 2014, comparison figures have been adjusted. This means that certain lines are not directly comparable with the financial statements for 2013. In addition reclassifications have been carried out during 2014 that have involved change in comparison figures for 2013. The table below shows which accounting items on comparison figures have been affected, and with what effect:

NOK millions Changes in income 2013:	Original amount 2013	Change	Adjusted 2013
Net return on financial assets	9 886	2 464	12 349
Net value changes on financial instruments	6 916	2 302	9 217
Return on financial instruments attributable to minority interests	0	-4 605	-4 605
Total net income	51 992	160	52 152
Change in technical reserves	-30 324	96	-30 229
Total expenses	-45 068	96	-44 972
Operating profit/loss	6 924	256	7 180
To/from supplementary reserves and buffer reserves in life insurance	1	7	8
Assets allocated to insurance customers - life insurance	-5 884	1 001	-4 883
Pre-tax income	-107	1 264	1 157
Cost of taxes	-47	-161	-208
Result	-154	1 103	949
Adjustment of the insurance liabilities	10	-1 103	-1 094
Items that will not be later reclassified to income	-102	-1 103	-1 206
Total other comprehensive income	1 023	-1 103	-80

Changes financial position statement 2013:	Original amount 31.12.2013	Change	Adjusted 31.12.2013
Investments in associated companies and joint ventures	4	31	35
Debt instruments at fair value through profit or loss	112 215	10 182	122 398
Equity capital instruments at fair value through profit or loss	54 298	18 910	73 208
Financial derivatives	1 368	293	1 661
Receivables	2 826	99	2 924
Cash and bank deposits	2 896	-16	2 880
TOTAL ASSETS	369 757	29 500	399 257
Debt to credit institutions	3 248	1	3 249
Financial derivatives	1 666	282	1 948
Deferred tax	93	4	98
Other current liabilities	6 737	463	7 200
The minority's share of liabilities	0	28 750	28 750
TOTAL LIABILITIES	354 489	29 500	383 989
TOTAL EQUITY AND LIABILITIES	369 757	29 500	399 257

2.2 CONSOLIDATION PRINCIPLES

2.2.1 Subsidiaries

All entities in which the Group has decisive 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 are consolidated from the date on which the Group takes over control and they are omitted from consolidation when that control ceases.

The change to definition of control in IFRS 10 has meant that KLP now considers that control is present, involving obligation to consolidate, for a large proportion of KLP's investments in securities funds. KLP 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)

Mutual funds investments with consolidation obligation are now fully consolidated in the financial statements from 1 January 2014. The comparison figures shown in the income and financial position statement (31 December 2013) have been adjusted correspondingly so that the securities funds in which KLP had control on 1 January 2014 are also consolidated into the comparison figures. The minority interest is classified in the accounts as liability. The financial statement also shows a third financial position as at 1 January 2013, which shows consolidated accounts as at 1 January 2013 including the funds.

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.

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 ventures

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 ventures are recognized at cost of acquisition. The equity 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 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. The effect for the Group is shown in Note 2.1.2.

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. Exchange-rate 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, vehicles 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

For some fixed assets, where the impairment is expected to be highest at the start, reducing balance depreciation is used.

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 (10-year 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.

Properties classified as «assets under construction» are presented at cost price if fair value cannot be measured reliably. The property is measured at cost up until its fair value can either be measured in a reliable way or until the property is completed.

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

d) Financial liabilities at fair value through profit/loss
e) Other financial liabilities recognized at amortized cost

a and d) 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

e) 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 og måling 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".

b) 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 interest 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. In KLP, the customers (the members) are obliged to make owners' equity contributions on establishing the customer relationship (transferring in). In addition the members are charged annual contributions in accordance with the assessment of the need. The Board of Directors can further decide that the members shall make owners' equity contributions in other instances, if this is necessary to provide KLP with satisfactory solvency. The owners' equity contribution is set in proportion to the relative size of the customer measured in premium reserves, and is calculated separately for each joint arrangement.

The owners' equity contribution may be used to cover losses or deficits in current operation. Owners' equity contribution may be repaid in connection with movement of a customer's business from the Company and requires inter alia approval in advance from the Financial Supervisory Authority of Norway. A 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 equity contribution 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 to the extent they are suitable for any distribution or use of other retained earnings. The Norwegian Insurance Activity Act provisions apply for any use of the risk 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 interest-bearing financial instruments is and 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.

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 are netted to the extent there is

a legal entitlement to net the recognized amounts and there is an intention to settle them on a net basis or to realize the asset and settle the liability together.

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 The Financial Supervisory Authority of Norwayand 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 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 reserves are presented in the income statement in the line "To supplementary reserves - life insurance» as obligatory 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.

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 2012 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. From 1 January 2015 the maximum base interest rate is reduced to 2.0 per cent, so that all new accumulation from that date will be implemented at the base interest rate of 2.0 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 the corporate pension schemes (defined benefit pension schemes), some schemes have base interest rate of 4 per cent for accumulation before 1 January 2004. All defined benefit pension schemes have base interest rate of 3 per cent for new accumulation after 1 January 2004. From 1 January 2012 all new accumulation has been at 2.5 per cent. This will be reduced further to 2.0 per cent from 1 January 2015.

In 2014 the total average interest guarantee in the group pensions (public sector) segment amounted to 2.96 per cent and in the group pension (private) segment, 3.31 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 The Financial Supervisory Authority of Norway. 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 Company's actual expenses deviate from the premium tariff. The administration result is credited entirely to the Company.

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 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 COperating 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 for the period up to 2009. 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.

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 405,000 would, for the individual ages and genders, amount to:

Men			
Age	30 years	45 years	60 years
Amount	NOK 21,293	NOK 35,166	NOK 39,435

Kvinner			
Age	30 years	45 years	60 years
Amount	NOK 33,233	NOK 46,931	NOK 44,046

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 The Financial supervisory Authority of Norway. 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 2014, 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 market's return requirement for similar properties. For the Norwegian properties as at 31 December 2014, a discounting factor was used in the interval 7.23 - 9.35 per cent: for the Group's Swedish properties it was 6.45 - 8.00 per cent; and for the Danish properties, 7.00 -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 square metre
- Upgrading costs per square 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 quality-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 parameter	Change in value
Return requirement	+100 bps	-11 %
	-100 bps	+13 %
Market rent	+10 %	+9 %
	- 10 %	-9 %
Exit yield	+ 100 bps	-7 %
	- 100 bps	+10 %
Inflation	+ 50 bps	+6 %
	-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 2015 has been used as the basis for updated measurement of best-estimate accrued obligations and assets as at 31 December 2014.

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 2014 a discount rate of 2.3 per cent was used.

New mortality assumptions have been used in measuring accrued pension obligations (best estimate) as at 31 December 2014. The Group 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 discounted value of the original expected cash flows and the new expected cash flows. There will be uncertainty in calculating the new expected cash flows.

Note 4 Segment information

NOK millions	Group pensions pub. sect. & group life 2014	2013	Group pensions private 2014	2013	Non-life insurance 2014	2013	Banking 2014	2013
Premium income f.o.a. from external customers[1]	62 379	30 788	410	385	823	709	0	0
Premium income f.o.a. from other Group companies[1]	76	72	0	0	19	19	0	0
Net financial income from investments	25 204	19 801	139	119	240	226	118	166
Other income from external customers	1 224	992	2	0	1	2	10	8
Other income from other Group companies	0	0	0	0	0	0	58	58
Total income	88 882	51 654	551	505	1 083	955	186	232
Claims f.o.a.	-17 996	-11 886	-66	-49	-581	-567	0	0
Insurance provisions f.o.a.	-51 487	-29 907	-441	-412	-1	-4	0	0
Costs borrowing	-807	-390	0	0	0	0	0	0
Costs borrowing from other Group companies	0	0	0	0	0	0	0	0
Operating costs excluding depreciation	-692	-754	-42	-39	-193	-190	-155	-143
Depreciation	-79	-74	-1	-1	-4	-4	-3	-2
Other expenses	-799	-660	0	0	0	0	0	0
Total expenses	-71 859	-43 671	-550	-502	-779	-765	-158	-145
Operating profit/loss	17 023	7 982	1	3	304	190	28	87
Funds credited to insurance customers [2]	-16 064	-7 032	-23	-25	0	0	0	0
Pre-tax income	959	950	-23	-22	304	190	28	87
Cost of taxes	35	0	0	0	-64	-41	-7	-11
Income	994	950	-23	-22	240	152	21	75
Change in other comprehensive income	-143	-102	-2	-1	-16	-8	-4	-2
Total comprehensive income	852	847	-25	-23	223	141	16	73
Assets	415 030	339 592	2 270	1 792	3 945	3 753	29 758	26 011
Liabilities	397 576	324 504	2 167	1 689	2 814	2 779	28 469	24 717

NOK millions	Asset management 2014	2013	Other 2014	2013	Eliminations 2014	2013	Total 2014	2013
Premium income f.o.a. from external customers[1]	0	0	0	0	0	0	63 611	31 883
Premium income f.o.a. from other Group companies[1]	0	0	0	0	-95	-91	0	0
Net financial income from investments	6	4	0	0	4 474	3 864	30 181	24 179
Other income from external customers	0	0	8	9	-375	-315	871	696
Other income from other Group companies	419	330	0	0	-477	-388	0	0
Return on fin. instrum. attrib. to min. interests					-3 343	-4 605	-3 343	-4 605
Total income	424	333	8	9	186	3 069	91 321	52 152
Claims f.o.a.	0	0	0	0	0	0	-18 643	-12 503
Insurance provisions f.o.a.	0	0	0	0	0	0	-51 930	-30 324
Costs borrowing	0	0	0	0	0	0	-807	-390
Costs borrowing from other Group companies	0	0	0	0	0	0	0	0
Operating costs excluding depreciation	-366	-299	-7	-7	376	323	-1 079	-1 107
Depreciation	-2	-2	0	0	0	0	-89	-84
Other expenses	0	0	0	0	0	1	-800	-659
Total expenses	-368	-301	-7	-7	376	324	-73 347	-45 068
Operating profit/loss	56	33	1	1	562	3 394	17 974	7 084
Funds credited to insurance customers [2]	0	0	0	0	-698	1 130	-16 785	-5 927
Pre-tax income	56	33	1	1	-136	4 524	1 189	1 157
Cost of taxes	-14	-5	0	0	-273	-150	-324	-208
Income	42	27	0	1	-409	4 374	865	949
Change in other comprehensive income	0	0	0	0	164	32	-2	-80
Total comprehensive income	42	27	0	1	-245	4 406	863	869
Assets	355	297	11	12	39 524	27 800	490 894	399 257
Liabilities	172	133	3	3	42 050	30 164	473 250	383 989

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

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

Management has identified the business segments and internal reporting supports these. 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 companies KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS. The companies offer 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

NOK millions	2014	2013
Interest income bank deposits	157	162
Interest income derivatives	60	67
Interest income debt instruments fair value	3 557	4 707
Total interest income financial assets at fair value	3 774	4 936
Interest income fixed-income securities amortized cost	4 908	4 529
Interest income lending amortized cost	1 177	1 109
Total interest income financial assets at amortized cost	6 085	5 639
Dividend/interest shares and holdings/units	2 435	1 727
Oher income and expenses	-110	47
Total other current expenses and income	2 325	1 774
Net return on financial assets	12 185	12 349
Interest income lending fair value	286	379
Total interest income financial assets at fair value	286	379
Interest income lending amortized cost	472	364
Total interest income financial assets at amortized cost	472	364
Interest costs debt to credit institutions	-196	-20
Interest costs covered bonds	-315	-518
Interest costs debt to and deposits from customers	-153	-122
Oher income and expenses	38	39
Total other income and expenses banking	-626	-621
Net interest income banking [1]	133	122
Value changes shares and units	12 551	11 525
Value change derivatives	-9 452	-1 648
Value change debt instruments at fair value	12 084	-374
Value change lending fair value	-53	27
Value change borrowing fair value	-3	-1
Total value change financial instruments at fair value	15 126	9 528
Value change loans at amortized cost	593	13
Other unrealized values	226	-124
Total other unrealized values	819	-111
Net unrealized gain on financial instruments	15 945	9 417
Realized shares and holdings/units	5 127	4 198
Realized derivatives	-9 726	-5 051
Realized debt instruments at fair value	1 254	450
Total realized financial instruments at fair value	-3 345	-403
Realized bonds at amortized cost [2]	1 261	228
Realized loans at amortized cost	18	1
Total realized financial instruments at amortized cost	1 280	229
Other financial income and costs	-71	-25
Total other financial income	-71	-25
Net realized gain on financial instruments	-2 136	-200
Net value changes on financial instruments	13 809	9 217
Total net income from financial instruments	26 127	21 689

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.

[1] Net interest income banking is income and costs linked to banking activity.
[2] 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.

Note 6 Fair value of financial assets and liabilities

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.

Fair value of investments listed in an active market is based on the current bid price. 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. If the market for the security is not active, or the security is not listed on a stock market or similar, the Group uses valuation techniques to set fair value. These are based for example on information on recently completed transactions carried out on business terms and conditions, reference to trading in similar instruments and pricing using externally collected yield curves and yield spread curves. As far as possible the estimates are based on externally observable market data and rarely on company-specific information.

The different financial instruments are thus priced in the following way:

a) **Shares (listed)**
Liquid shares are generally valued on the basis of prices provided by an index provider. At the same time prices are compared between different sources to identify any errors. The following sources are used for shares:
Oslo Børs (the Oslo stock exchange)
Morgan Stanley Capital International (MSCI)
Reuters

Oslo Børs has first priority, followed by MSCI and finally Reuters.

b) **Shares (Unlisted)**
As far as possible the Group uses the industry recommendations of the Norwegian Mutual Fund Association (NMFA). Broadly this means the following:
The last traded price has the highest priority. If the last traded price lies outside the offer/bid spread in the market, price is adjusted accordingly. I.e. if the last traded price is below the offer price, price is adjusted up to the offer price. If it is above the bid price it is adjusted down to bid. If the price picture is considered outdated, the price is adjusted according to a market index. The Company has selected the Oslo Børs's Small Cap Index (OSESX) as an approach for unlisted shares.

For shares on which very little information is available, valuations are obtained from brokers to provide a basis for estimating an assumed market price.

c) **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 identify any errors. The following sources are used:
Barclays Capital Indices
Bloomberg
Reuters

Barclays Capital Indices have the first priority (they cover government and corporate bonds). After that Bloomberg is used ahead of Reuters based on Bloomberg's price source, Business Valuator Accredited in Litigation (BVAL). BVAL contains verified prices from Bloomberg.

d) **Norwegian fixed-income securities - government**
Bloomberg is used as the source for pricing Norwegian government bonds. It is Oslo Børs that provides the price (via Bloomberg). The prices are compared with the prices from Reuters to reveal any errors.

e) **Norwegian fixed-income securities - non-government**
Norwegian fixed-income securities except government securities are priced directly on prices from Nordic Bond Pricing. Those securities that are not included in Nordic Bond Pricing are priced theoretically. In theoretical pricing a zero-coupon curve is used as well as yield spread curves for the pricing. Reuters is used as the source for the zero-coupon curve from 0 to 10 years. From 12 years and over, Bloomberg is used as the source since Reuters does not provide prices over 10 years.
The yield spread curves are received from Nordic Bond Pricing. These are based on yield spread curves collected from several different market operators and converted to an average curve.

f) **Fixed-income securities issued by foreign enterprises, but denominated in NOK**
Fair value is calculated in accordance with the same principle as for Norwegian fixed income securities described above.

g) **Futures/FRA/IRF**
All Group futures contracts are traded on stock exchanges. Reuters is used as a price source. Prices are also obtained from another source to check the Reuters prices are correct.

h) **Options**
Bloomberg is used as the source for pricing stock market traded options.

i) **Interest rate swaps**
Interest rate swaps are valued on a model taking account of observable market data such as yield curves and relevant credit risk premiums.

j) **Loans secured by mortgage**
The principles for calculating fair value depend on whether the loans have fixed interest rates or not.

Fixed interest loans valued by discounting contractual cash flows by market interest rates including a relevant risk margin at the end of the reporting period.

Variable interest rate loans are considered virtually the same as book value since the contract terms are continuously changed in step with change in market interest rates.

k) **Lending to local authorities and enterprises with local government guarantee**
The receivables are valued using a valuation model that uses relevant credit risk premium adjustments obtained from the market. For lending to municipalities, county authorities and local government supported projects, observable yield curves and credit interest differential curves are used in a valuation model that discounts future cash flows. The credit

Note 6 Fair value of financial assets and liabilities, continued

risk premiums used in the model calculations are based on quotations from three different pricemakers. Assessment is made of the quality of the quotations by comparing them with each other and against previously received observations as well as other market information.

For guaranteed lending, fair value is calculated as a discounted cash flow based on the same yield curves as the direct loans, but the credit margin is initially based on the initial margin. Guarantees are traded bilaterally (OTC) and not through open marketplaces such as for example a stock market and are therefore not priced in the market. Initial margin agreed on the commencement date is the best estimate for market premiums on the same date. Creditworthiness does not change equally for the loan as for the guarantor or the borrower taken individually. The borrower is generally not credit-rated by credit-rating agencies or banks. The guarantor is either a local administration or bank (or both - triple default loan). Statistical analyses indicate that the credit margin on guaranteed loans fluctuates less than on non-guaranteed loans and bonds. Guaranteed loans are therefore not adjusted for credit risk premium before the guarantor has experienced a significant rating change since the initial margin was set. The Group's lending with both local government and bank guarantee is credit risk premium adjusted in relation to the initial margin only if both the guarantors have had their credit rating significantly changed since the date of payment.

l) **Investments with credit institutions**
Investments with credit institutions are short-term deposits. Fair value is calculated by discounting contracted cash flows by market interest rates including a relevant risk margin at the end of the reporting period.

m) **Debt to credit institutions**
These transactions are valued using a valuation model, including relevant credit spread adjustments obtained from the market.

n) **Receivables from credit institutions, lending to private individuals and customers' deposits**
All lending and deposits are without fixed interest rates. Fair value of these is considered virtually the same as book value since the contract terms are continuously changed in step with market interest rates.

o) **Subordinated loan capital**
For stock-market-listed loans where there is considered to be an active market the observable price is used as fair value. For other loans that are not part of an active market, fair value is set based on an internal valuation model based on observable data.

p) **Hybrid Tier 1 securities issued**
Fair value in this category is determined on the basis of internal valuation models based on external observable data.

q) **Covered bonds issued**
Fair value in this category is determined on the basis of internal valuation models based on external observable data.

r) **Private equity**
Investments in Private Equity are made through funds and the funds' fair value is to be based on reported market values, as a result of International Private Equity and Venture Capital Valuation Guidelines (IPEV Guidelines). These guidelines are set by the European Private Equity and Venture Capital Association (EVCA) and based on the principle of approximate market valuation of the companies.

The table below gives a more detailed specification of the content of the different classes of assets and financial derivatives.

	31.12.2014		31.12.2013	
NOK millions	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS HELD TO MATURITY - AT AMORTIZED COST				
Norwegian hold-to-maturity bonds	10 384	11 831	12 359	13 144
Foreign hold-to-maturity bonds	20 236	19 223	19 400	20 484
Total debt instruments held to maturity	30 620	31 054	31 758	33 628
DEBT INSTRUMENTS CLASSIFIED AS LOANS AND RECEIVABLES – AT AMORTIZED COST				
Norwegian bond loans	27 640	31 527	25 007	26 389
Foreign bond loans	59 307	69 685	42 237	44 485
Other receivables	27	27	29	29
Total debt instruments classified as loans and receivables	86 974	101 239	67 272	70 903
LENDING LOC. GOV., ENTERPR'S & RETAIL CUSTOMERS – AT FAIR VALUE VIA PROFIT/LOSS				
Loans to local government sector or enterprises with local government guarantee	2 269	2 269	2 121	2 121
Total loans to local government, enterprises and retail customers	2 269	2 269	2 121	2 121
LENDING TO LOC. GOV., ENTERPRISES & RETAIL CUSTOMERS – AT AMORTIZED COST				
Loans secured by mortgage	16 536	18 168	11 286	11 505
Loans to local government sector or enterprises with local government guarantee	48 205	48 602	41 975	42 519
Total loans to local government, enterprises and retail customers	64 741	66 770	53 260	54 024

	31.12.2014		31.12.2013	
NOK millions	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Norwegian bonds	51 342	51 342	43 752	43 752
Norwegian certificates	6 641	6 641	9 617	9 617
Foreign bonds	72 998	72 998	53 661	53 661
Investments with credit institutions	21 508	21 508	15 368	15 368
Total debt instruments	152 489	152 489	122 398	122 398
OWNERS' EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Shares	94 366	94 366	68 238	68 238
Equity funds	6 184	6 184	4 308	4 308
Property funds	493	493	658	658
Alternative investments	81	81	4	4
Total owners' equity instruments	101 123	101 123	73 208	73 208
FINANCIAL LIABILITIES RECOGNIZED AT AMORTIZED COST				
Hybrid Tier 1 securities	1 253	1 262	919	919
Subordinated loan capital	3 423	3 508	3 151	3 234
Debt to credit institutions	3 219	3 219	2 765	2 765
Covered bonds issued	18 468	18 468	17 217	17 217
Liabilities to and deposits from customers	6 251	6 251	4 407	4 407
Total financial liabilities	32 614	32 708	28 459	28 542
FINANCIAL LIABILITIES RECOGNIZED AT FAIR VALUE				
Debt to credit institutions	2 001	2 001	485	485
Total financial liabilities	2 001	2 001	485	485
Assets in defined-contribution-based life insurance	842	842	578	578

FINANCIAL DERIVATIVES RECOGNIZED AT FAIR VALUE	31.12.2014		31.12.2013	
NOK millions	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts	455	10 236	822	1 233
Interest rate swaps	591	1 313	667	650
Interest rate and currency swaps	312	0	52	65
Share options	427	0	120	0
Total financial derivatives	1 785	11 549	1 661	1 948

Note 7 Fair value hierarchy

31.12.2014 NOK millions	Level 1	Level 2	Level 3	Total
ASSETS RECOGNIZED AT FAIR VALUE				
Investment property	0	0	44 467	44 467
Sites	0	0	869	869
Buildings	0	0	43 598	43 598
Lending at fair value	0	2 269	0	2 269
Bonds and other fixed-income securities	83 231	47 722	0	130 953
Certificates	4 047	2 593	0	6 641
Bonds	67 012	45 129	0	112 140
Fixed-income funds	12 172	0	0	12 172
Loans and receivables	18 232	3 303	0	21 536
Shares and units	91 222	3 591	6 310	101 123
Shares	90 117	3 017	977	94 110
Equity funds	1 105	0	0	1 105
Property funds	0	493	0	493
Special funds	0	81	0	81
Private equity	0	0	5 334	5 334
Financial derivatives	0	1 785	0	1 785
Total assets recognized at fair value	192 685	58 670	50 778	302 133
LIABILITIES RECOGNIZED AT FAIR VALUE				
Financial derivatives liabilities	0	11 549	0	11 549
Debt to other credit institutions and other debt [1]	719	1 283	0	2 002
Total liabilities recognized at fair value	719	12 832	0	13 550

31.12.2013 NOK millions	Level 1	Level 2	Level 3	Total
ASSETS RECOGNIZED AT FAIR VALUE				
Investment property	0	0	39 744	39 744
Sites	0	0	932	932
Buildings	0	0	38 812	38 812
Lending at fair value	0	2 121	0	2 121
Bonds and other fixed-income securities	61 301	45 710	0	107 011
Certificates	3 985	5 600	0	9 585
Bonds	46 009	40 110	0	86 119
Fixed-income funds	11 307	0	0	11 307
Loans and receivables	9 840	5 547	0	15 387
Shares and units	67 605	918	4 685	73 208
Shares	66 683	256	689	67 627
Equity funds	923	0	79	1 001
Property funds	0	658	0	658
Special funds	0	4	0	4
Private equity	0	0	3 918	3 918
Financial derivatives	0	1 661	0	1 661
Other financial assets [1]	0	0	0	0
Total assets recognized at fair value	138 746	55 957	44 429	239 132
LIABILITIES RECOGNIZED AT FAIR VALUE				
Financial derivatives liabilities	0	1 948	0	1 948
Debt to other credit institutions and other debt [1]	485	0	0	485
Total liabilities recognized at fair value	485	1 948	0	2 433

[1] 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 3 219 million on 31 December 2014 and NOK 2 765 on 31 December 2013.

Changes in Level 3, Investment property	Book value 31.12.2014	Book value 31.12.2013
Opening balance 1 Jan	39 744	32 322
Net additions	3 339	6 013
Unrealized changes	1 385	1 409
Other changes	0	0
Closing balance 31 Dec	44 467	39 744
Realized gains/losses	0	0

Changes in level 3, securities	Book value 31.12.2014	Book value 31.12.2013
Opening balance 1 Jan	4 685	3 262
Sold	-674	-632
Bought	1 259	1 239
Unrealized changes	1 041	817
Closing balance 31 Dec	6 311	4 685
Realized gains/losses	182	30
Total Level 3 on 31 Dec	50 778	44 429

The tables "Changes in Level 3" show changes in Level 3 classified securities during the period stated.

Unrealized changes and Realized gains/losses are reflected in the line "Net income on financial instruments" in the Group income statement for non-listed shares and Private Equity. Unrealized changes and Realized gains/losses on investment property are reflected in the line "Net income from investment properties".

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

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

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

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

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 2 538 million as at 31 December 2014 and NOK 2 221 million as at 31 December 2013. In addition, 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 2013 and 31 December 2014, NOK 343 million was moved from Level 1 to Level 2, and NOK 884 million was moved from Level 2 to Level 1. It is the reclassified investments in Level 3 that reduce the level by NOK 244 million as at 31 December 2014 and NOK 31 million as at 31 December 2013. More specifically 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.

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 7 Fair value hierarchy, continued

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 842 million in financial assets measured at fair value. On 31 December 2014 the NOK 842 million were included with NOK 398 million in shares and units in Level 1 and NOK 444 million in debt instruments at fair value in Level 1.

As a result of the introduction of IFRS 10 from the start of the first quarter 2014, 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 31.12.2014	Average return per unit %	Average return per unit whole NOK	Fair value 31.12.2013
Units in equity funds						
KLP AKSJEGLOBAL INDEKS II	154 448	1 811.94	280	10.82 %	177	195
KLP AKSJENORGE INDEKS	66 007	1 785.51	118	4.42 %	76	82
Total units in equity funds	220 455		398			277
Units in fixed-income funds						
KLP OBLIGASJON 5 YRS	152 127	1 339.44	204	9.35 %	119	136
KLP OBLIGASJON GLOBAL I	183 616	1 121.06	206	8.66 %	89	134
Total units in fixed-income funds	335 742		410			269
Units in money market funds						
KLP PENGEMARKED	29 744	1 002.51	30	2.16 %	22	20
Total units in money market funds	29 744		30			20
Total units in securities funds			837			567
Bank deposits			5			11
Total assets in defined-contribution-based life insurance			842			578

Per cent	Q1	Q2	Q3	Q4
Returns per quarter	1.69 %	4.31 %	0.71 %	1.85 %

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 - up to 2009. 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 The Financial supervisory Authority of Norway 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 2 440, 1 802, 1 499, 1 403, 1 213, 1 083 and 1 006 respectively. The Group has 33 property risks with sums insured in the NOK 500 million - NOK 1000 million bracket.

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 666 million

Note 9 Risk management, continued

(of which NOK 5 million in group pension, private) 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 1 874 million (of which NOK 13 million in group pension, private).

An immediate 10 per cent reduction in mortality would, with current numbers, mean a negative effect of NOK 123 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 5 667 million (of which NOK 29 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 7.9 million
1 per cent change in claim payments	NOK 5.3 million
1 per cent change in claims reserves	NOK 17.8 million

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 8 539 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 The Financial supervisory Authority of Norway's Stress Test I, KLP has a buffer capital utilization of 101 per cent, somewhat higher than at the end of 2013 when the buffer capital utilization was 88 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 increase from 2013 is increased stress levels for shares. The most significant risk in the stress test is market risk which seen in isolation represented a loss potential of NOK 57 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:

Interest rate risk	NOK 6.1 billion
Equities risk	NOK 30.4 billion
Property risk	NOK 11.3 billion
Currency risk	NOK 2.3 billion
Spread risk	NOK 20.7 billion
Concentration risk	NOK 0 billion

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. 41 per cent of the Group's total credit exposure is invested with issuers with an AA- rating or better. 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 4.1 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. The book classes of securities are specified in detail in Note 6 Fair value of financial assets and liabilities.

Note 10 Liquidity risk

The sums in the table are non-discounted contractual cash flows.

2014 NOK millions	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan	0	167	3 506	0	0	3 673
Hybrid Tier 1 securities [1]	0	55	218	273	1 448	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	1 448	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

2013 NOK millions	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan [1]	0	154	3 385	0	0	3 539
Hybrid Tier 1 securities [1]	0	44	177	221	1 322	1 764
Liabilities to and deposits from customers	4 407	0	0	0	0	4 407
Covered bonds issued	33	1 355	15 867	818	0	18 074
Debt to credit institutions	490	1 110	1 797	0	0	3 396
Accounts payable	692	0	0	0	0	692
Contingent liabilities	8 539	0	0	0	0	8 539
Total	14 162	2 662	21 226	1 039	1 322	40 411
Financial derivatives						
Financial derivatives gross settlement						
Inflows	-18	-1 039	-8 100	-1 980	-1 339	-12 475
Outflows	52	1 115	8 376	2 065	1 466	13 075
Financial derivatives net settlement	310	324	602	94	0	1 330
Total financial derivatives	345	401	878	178	128	1 930

[1] 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.

Expected payment profile pension obligations

The table below shows expected disbursment profile based on expectations for the period.

2014 NOK millions									
Year	1 year	2-5 år	6-10 years	11-20 years	21-30 years	31-40 years	41-50 years	51-80 years	Total
Amount	13 629	53 505	83 884	201 769	218 886	192 817	127 348	65 623	957 461

2013 NOK millions									
Year	1 year	2-5 år	6-10 years	11-20 years	21-30 years	31-40 years	41-50 years	51-80 years	Total
Amount	12 726	53 078	82 382	193 471	201 170	165 316	97 177	50 076	855 395

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

31.12.2014 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	Total	Adjusted for the minority holding
ASSETS								
Equity fund units [1]	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	263	263	263
Contingent liabilities	0	0	0	0	0	25	25	25
Total assets	-680	-43	-1 195	-1 766	-1 524	590	-4 618	-4 313
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	279	-4 452	-4 209
Total after tax	-500	-21	-724	-1 122	-1 087	203	-3 250	-3 072

Note 11 Liquidity risk, continued

31.12.2013 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	Total	Adjusted for the minority holding
ASSETS								
Equity fund units [1]	0	0	0	0	0	7	7	3
Alternative investments	0	0	0	0	0	0	0	0
Financial derivatives classified as assets	2	11	-158	-130	-122	-42	-439	-447
Debt instruments classified as loans and receivables – at amortized cost	0	0	0	0	0	6	6	6
Bonds and other fixed-income securities	-36	-84	-898	-1 032	-767	205	-2 612	-776
Fixed-income fund units	-582	0	0	0	0	27	-556	-2 146
Special funds	-38	-38	4	-5	0	7	-70	-1
Loans and receivables	-1	-8	-4	0	0	92	79	79
Lending	0	0	0	0	0	147	147	147
Total assets	-656	-119	-1 055	-1 167	-889	449	-3 437	-3 135
LIABILITIES								
Deposits	0	0	0	0	0	-44	-44	-44
Liabilities created on issuance of securities	0	0	86	50	0	-154	-19	-19
Financial derivatives classified as liabilities	-16	8	176	86	2	71	326	249
Hybrid Tier 1 securities and subordinated loan capital	0	0	0	55	16	0	72	72
Debt to credit institutions	0	0	0	0	0	-6	-6	-6
Total liabilities	-16	8	262	191	18	-134	329	251
Total before tax	-672	-111	-793	-976	-871	315	-3 108	-2 884
Total after tax	-491	-81	-579	-713	-636	230	-2 269	-2 105

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.

[1] 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.
[2] Contingent liabilities in this context is accepted, not paid out lending.

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.

Seen overall, the interest rate risk is limited for the Group since a high proportion is invested in long-term bonds (securities classified as held to maturity or loans and receivables) and lending with fixed interest rate at amortized cost. For securities with the characteristics described, change in the market interest rate is not therefore reflected in the income statement.

Interest rate guarantee, which is the guaranteed return life companies with defined benefit schemes are obliged to give their customers, is sensitive to changes in market interest rate. The ability to fulfil this obligation is weakened gradually as the general interest rate level falls, since a substantial part of the return rests on the current incomes the life companies receive from debt instruments and lending. The Financial Supervisory Authority of Norway also has authority to change this base interest rate for new contracts, which releases the company of a small burden in the event of lasting low interest rate levels.

Note 12 Currency risk

31.12.2014 NOK millions/ foreign currency [1]	Financial position statement items excl. currency derivatives Assets	 Liabilities	Currency derivatives Assets	 Liabilities	Translation rate Currency/ NOK	Total Currency Assets	 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	510
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	1 619	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
Russian rubles	0	0	0	0	0.125	0	0	0	0
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	1 243	-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	10
Total short-term foreign exchange positions								19 540	6 982
Euro	315	-312	0	0	9.072	315	-312	27	27
Japanese yen	33 918	-26 110	0	0	0.063	33 917	-26 110	488	488
US dollar	995	-113	0	0	7.498	995	-113	6 614	6 614
Total long-term foreign exchange positions								7 129	7 129
Total pre-tax currency positions								26 669	14 111
Total currency positions after tax								19 468	10 301

Note 12 Currency risk, continued

31.12.2013 NOK millions/ foreign currency [1]	Financial position statement items excl. currency derivatives Assets	Liabilities	Currency derivatives Assets	Liabilities	Translation rate Currency/ NOK	Total Currency Assets	Liabilities	Net position in NOK	Net position in NOK without the minority's share
US dollar	19 015	-1 305	866	-15 290	6,067	19 881	-16 595	19 936	9 265
Australian dollar	525	0	166	-574	5,428	691	-574	634	249
Brazilian real	136	0	0	0	2,572	136	0	350	282
British pound	1 632	-5	129	-1 626	10,048	1 761	-1 630	1 316	248
Canadian dollar	1 451	-726	254	-822	5,710	1 705	-1 548	896	426
Chilean peso	4 623	0	0	0	0,012	4 623	0	53	43
Colombian peso	10 696	0	0	0	0,003	10 696	0	34	27
Danish krone	4 273	-53	44	-4 067	1,121	4 317	-4 120	221	152
Egyptian pound	10	0	0	0	0,873	10	0	8	7
Euro	4 860	-32	127	-4 670	8,360	4 987	-4 703	2 377	864
Philippines peso	212	0	0	0	0,137	212	0	29	23
Hong Kong dollar	1 843	0	182	-901	0,782	2 025	-901	879	599
Indian rupee	2 099	0	0	0	0,098	2 099	0	206	166
Indonesian rupiah	138 134	0	0	0	0,000	138 134	0	69	56
Icelandic krona	264	0	0	0	0,053	264	0	14	14
Israeli shekel	96	0	51	-124	1,748	148	-124	40	18
Japanese yen	119 855	0	18 307	-108 607	0,058	138 161	-108 607	1 706	571
Korean won	91 182	0	0	0	0,006	91 182	0	524	423
Malaysian ringgit	66	0	0	0	1,852	66	0	122	99
Moroccan dirham	0	0	0	0	0,743	0	0	0	0
Mexican peso	354	0	0	0	0,463	354	0	164	132
New Zealand dollar	5	0	1	-5	4,993	7	-5	9	3
Peruvian nuevo sol	0	0	0	0	2,169	0	0	1	1
Polish zloty	27	0	0	0	2,011	27	0	55	44
Russian rubles	0	0	0	0	0,185	0	0	0	0
Singapore dollar	100	0	48	-121	4,805	148	-121	128	48
Swiss franc	377	0	68	-338	6,822	445	-338	728	250
Swedish krone	10 381	-60	172	-9 602	0,945	10 553	-9 662	841	653
South African rand	483	0	0	0	0,579	483	0	280	232
Taiwan new dollar	1 872	0	0	0	0,204	1 872	0	381	308
Thai baht	435	0	0	0	0,185	435	0	80	65
Czech koruna	26	0	0	0	0,305	26	0	8	6
Turkish lira	18	0	0	0	2,824	18	0	50	40
Hungarian forint	291	0	0	0	0,028	291	0	8	7
Total short-term foreign exchange positions								32 146	15 322
Euro	315	-312	0	0	8,360	315	-312	29	29
Japanese yen	32 611	-24 236	0	0	0,058	32 611	-24 236	483	483
US dollar	110	-107	0	0	6,067	110	-107	19	19
Total long-term foreign exchange positions								532	532
Total foreign exchange positions before and after tax								32 678	15 853

[1] 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. Other sums are in local currency.

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.

The table shows a hedging ratio for foreign currency at 115 and 117 per cent for 2014 and 2013 respectively.

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 201 million. For 2013 the effect on the result of a 1 per cent change in the foreign exchange rates would have been NOK 326 million.

The amounts presented in the table are consolidated figures in accordance with IFRS 10 with the exception of the outer column which shows the foreign exchange risk which includes only that which is actually in the KLP Group's ownership.

Note 13 Credit risk

31.12.2014 NOK millions	Investment grade AAA to BBB	Lower rating	Public sector guaran-tee	Banking and finance	Mortgage[1] ‹ 80%	Mortgage[1] › 80%	Other	Total	Tototal adjusted for the minority holding
Debt instruments held to maturity at amortized cost	25 973	0	81	1 380	0	0	3 185	30 620	30 620
Debt instruments classified as loans and receivables at amortized cost	65 097	0	524	3 783	0	0	17 570	86 974	86 974
Debt instruments at fair value - fixed-income securities	78 877	96	3 098	25 502	0	0	11 207	118 780	110 194
Fixed-income funds short-term	0	0	0	0	0	0	12 172	12 172	12 172
Loans and receivables	18 447	0	0	3 090	0	0	0	21 536	20 579
Financial derivatives classified as assets	1 785	0	0	0	0	0	0	1 785	1 730
Lending	0	0	49 708	0	11 165	1 505	4 632	67 010	67 010
Total	190 179	96	53 411	33 755	11 165	1 505	48 766	338 878	329 279

Specification of investment grade	AAA	AA	A	BBB	Total Invest-ment grade
Debt instruments held to maturity at amortized cost	13 457	1 988	9 723	806	25 973
Debt instruments classified as loans and receivables at amortized cost	16 803	15 601	29 821	2 872	65 097
Debt instruments at fair value - fixed-income securities	21 836	21 495	24 574	10 972	78 877
Fixed-income funds short-term	0	0	0	0	0
Loans and receivables	0	6 244	12 202	0	18 447
Financial derivatives classified as assets	0	177	1 608	0	1 785
Lending	0	0	0	0	0
Total	52 096	45 504	77 929	14 650	190 179

31.12.2013 NOK millions	Investment grade AAA to BBB	Lower rating	Public sector guaran-tee	Banking and finance	Mortgage[1] ‹ 80%	Mortgage[1] › 80%	Other	Total	Tototal adjusted for the minority holding
Debt instruments held to maturity at amortized cost	26 884	0	81	50	0	0	4 743	31 758	31 758
Debt instruments classified as loans and receivables at amortized cost	48 414	0	219	901	0	0	17 738	67 272	67 244
Debt instruments at fair value - fixed-income securities	57 471	640	2 035	14 904	0	0	20 655	95 704	88 144
Fixed-income funds short-term	0	0	0	0	0	0	11 307	11 307	11 307
Loans and receivables	12 415	0	0	2 972	0	0	0	15 386	15 174
Financial derivatives classified as assets	1 661	0	0	0	0	0	0	1 661	1 578
Lending	0	0	39 824	0	9 193	2 294	4 071	55 381	55 381
Total	146 844	640	42 160	18 827	9 193	2 294	58 514	278 471	270 586

Specification of investment grade	AAA	AA	A	BBB	Total Invest-ment grade
Debt instruments held to maturity at amortized cost	19 014	2 255	4 809	806	26 884
Debt instruments classified as loans and receivables at amortized cost	17 779	11 950	15 637	3 048	48 414
Debt instruments at fair value - fixed-income securities	17 522	15 216	17 488	7 245	57 471
Fixed-income funds short-term	0	0	0	0	0
Loans and receivables	0	1 550	10 865	0	12 415
Financial derivatives classified as assets	0	104	1 557	0	1 661
Lending	0	0	0	0	0
Total	54 314	31 076	50 356	11 099	146 844

[1] 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, although this does not entail concentration risk in the ordinary sense since the counterparty risk is minimal. 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 48.7 billion on 31 December 2014. 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).

As a result of the implementation of IFRS 10, the consolidated financial statements are to show entities over which 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	31.12.2014		31.12.2013	
NOK millions	Consolidated	Adjusted for the minority holding	Consolidated	Adjusted for the minority holding
Counterparty 1	11 623	11 583	11 615	11 031
Counterparty 2	9 745	9 441	9 425	9 384
Counterparty 3	6 749	6 749	8 523	8 523
Counterparty 4	5 490	5 490	4 925	4 904
Counterparty 5	5 420	4 773	4 785	4 698
Counterparty 6	4 748	4 704	3 798	3 399
Counterparty 7	3 563	3 438	3 414	3 297
Counterparty 8	3 226	3 195	3 318	3 294
Counterparty 9	3 164	3 164	2 968	2 968
Counterparty 10	3 137	2 994	2 815	2 815
Total	56 866	55 531	55 586	54 313

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	2014	2013
Premium receivables	628	1 298
Write-downs of premium receivables	0	-3
Total	628	1 295

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

31.12.2014				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	3 047
Repos	1 283	0	1 283	0	0	1 283	1 283
Total	12 832	0	12 832	-1 093	-6 893	4 846	4 330

31.12.2013				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	1 661	0	1 661	-964	-478	219	224
Total	1 661	0	1 661	-964	-478	219	224
LIABILITIES							
Financial derivatives	1 948	0	1 948	-899	-714	335	312
Total	1 948	0	1 948	-899	-714	335	312

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.

As a result of the introduction of IFRS 10, 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 [1]	Private organizations and enterprises [2]	Employees, pensioners and similar	Total 31.12.2014	Total 31.12.2013
Akershus	2 185	342	221	2 209	4 958	5 033
Aust-Agder	585	4	15	160	763	461
Buskerud	4 444	2 599	301	704	8 049	6 576
Finnmark	1 386	205	1	166	1 758	1 591
Hedmark	2 493	54	88	440	3 075	2 784
Hordaland	1 923	677	462	1 017	4 079	2 274
Møre og Romsdal	3 033	695	322	558	4 609	4 314
Nordland	2 379	289	151	440	3 259	3 228
Nord-Trøndelag	1 008	18	31	140	1 197	1 103
Oppland	1 370	142	30	293	1 835	1 741
Oslo	0	508	353	1 885	2 746	2 697
Rogaland	3 204	175	25	1 016	4 421	4 053
Sogn og Fjordane	1 926	74	72	160	2 233	2 282
Sør-Trøndelag	4 683	151	817	642	6 293	4 554
Telemark	644	105	559	229	1 537	1 537
Troms	1 831	98	182	468	2 578	2 621
Vest-Agder	690	92	16	220	1 018	966
Vestfold	2 233	251	61	796	3 341	3 291
Østfold	1 877	206	49	1 088	3 220	2 899
Svalbard and Jan Mayen	58	26	0	0	84	6
International	0	0	5 209	0	5 209	844
Not allocated	0	0	0	0	59	3
Accrued interest	206	34	42	27	309	287
Value adjustment	0	0	0	0	379	181
Total	38 158	6 746	9 008	12 660	67 010	55 381

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.

[1] This category covers local authority business operations, as well as enterprises owned by central and local government
[2] This category primarily covers private enterprises with limited liability and not-for-profit organizations.

Measurement method lending		
Loans to local government, enterprises & retail customers at fair value through profit/loss	2 269	2 121
Loans to local government, enterprises and retail customers (amortized cost)	64 741	53 260
Total lending	67 010	55 381

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 12.6 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	2014	2013
Individual write-downs on loans at amortized cost		
Number of loans	8	11
Total principal before write-downs	5.03	1.67
Write-downs	1.26	1.45
Total principal after write-downs	3.58	0.22
Individual write-downs		
Write-down on individual loans 01.01.	1.46	1.23
Known losses for the period where individual write-down has been carried out previously	-0.84	-0.02
Write-down on individual loans for the period	1.14	0.29
Reversal of write-down on individual loans for the period	-0.50	-0.03
Write-down on individual loans	1.26	1.46

Overdue, not written down

NOK millions	2014 Remaining debt	2013 Remaining debt
Overdue		
30-90 days	37	86
over 90 days	51	30
Total overdue loans	87	116

The numbers are absolute figures, the amounts are given in NOK million. Defaulted loans are loans measured at amortized cost.

Note 16 Investment properties

NOK millions	2014	2013
Net rental income	2 058	1 862
Adjustment of previous years' income [1]	0	320
Net financial income/costs	16	19
Net realized gains/losses	0	-18
Change in fair value	1 981	307
Net income from investment properties	4 054	2 490
Currency translation foreign subsidiaries, taken to other comprehensive income	-678	1 101
Net income from investment properties currency translation	3 377	3 592

NOK millions	2014	2013
Book value 01.01.	39 744	32 322
Additions through purchase	2 037	5 426
Reductions through reclassification	-3	0
Additions through capitalizations	1 305	587
Net write-up/down resulting from change in fair value including currency translation	1 385	1 409
Book value 31.12.	44 467	39 744

[1] In 2013 it was discovered that parts of the deferred tax liability in the property group have been carried forward as liability items, whereas KLP and the KLP Group value deferred tax at nil. Thus the financial position statement has contained a liability item that should have been reclassified. This was corrected during the fourth quarter. The effect on comprehensive income in total is nil (increased income from property ascribed to the insurance customers), whereas in the financial position statement it has been reclassified from a liability to life insurance technical reserves.

Note 17 Investments in associated companies and joint ventures

NOK millions	Office and business address	Holding %	OE on first acquisition	Acquisition cost	Book value 31.12.13	Additions/ disposals	Value adjustment	Profit/ loss share[1]	Equity transaction	Book value 31.12.14
Norfinance AS	Støperigata 2 0250 OSLO	20 %	92.3	102.5	0.0	102.5	10.4	0.0	0.0	112.9
Norsk Pensjon AS [1]	Hansteens gate 2 0253 Oslo	25 %	20.0	5.0	4.0	0.0	0.0	0.0	0.0	4.0
Fylkeshuset, Molde AS [2]	Fylkeshuset, Julsundvn. 9, 6400 Molde	48 %	0.1	0.0	0.0					0.0
KLP Norfund Investments AS	Støperigata 2 0250 OSLO	50 %	0.1	101.7	31.3	70.4	26.5	0.0	2.8	131.0
Total shares in associated companies				209.3	35.4	172.9	37.0	0.0	2.8	248.0

All shares have equal voting proportions.

Financial information on associated companies

NOK millions	Assets	Liabilities	Income	Profit/loss
2014				
Norfinance AS	569.2	59.9	5.6	6.8
Norsk Pensjon AS	17.3	0.9	9.0	0.1
Fylkeshuset, Molde AS	166.1	164.0	23.9	2.0
KLP Norfund Investments AS	218.4	8.2	0.0	-1.9
2013				
Norsk Pensjon AS	17.1	0.7	10.3	0.3
Fylkeshuset, Molde AS	168.8	168.8	22.1	0.0
KLP Norfund Investments AS	71.9	1.1	0.0	-0.9

Note 18 Subordinated loan capital and hybrid Tier 1 securities

2014 NOK millions	Loan amount currency	Loan amount NOK	Book value 31.12.2014	Due date
Borrowings [1]				
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	

2013 NOK millions	Loan amount currency	Loan amount NOK	Book value 31.12.2013	Due date
Borrowings [1]				
October 1997	JPY 9 500	554	552	Perpetual
April 2006	EUR 300	2 372	2 599	Perpetual
Total subordinated loan capital		2 926	3 151	
April 2004	JPY 15 000	984	919	Perpetual
Total hybrid Tier 1 securities		984	919	
Total subordinated loan capital and hybrid Tier 1 securities		3 911	4 070	

JPY 9 500: The interest on the loan is fixed at 4.0 per cent p.a. The loan is perpetual but KLP has the right to redeem the loan after 20 years. After 30 October 2017 the interest will be the higher of fixed 4.75 per cent p.a. and 6 mnth JPY-interest plus 2.05 per cent p.a. The financial hedging comprises two bonds of JPY 4.5 billion and JPY 5 billion from Telia FRN and United Utilities respectively. This balancing transaction is shown combined in the table below. KLP has not invoked accounting hedging for the financial hedging associated with this borrowing.

EUR 300: The interest on the loan is fixed at 5.25 per cent p.a. until 11 April 2016 after which it changes to a variable rate set at 2.27 per cent above three months' EURIBOR. The loan is perpetual but KLP has the right to redeem it at par on 11 April 2016 The loan is currency hedged by a similar investment in EUR-denominated bonds as shown in the table below. KLP has not invoked hedge accounting for the financial hedging associated with this borrowing.

JPY 15 000: The interest on the loan is fixed USD-interest of 5.07 per cent p.a. The loan is perpetual but KLP has the right to redeem the loan on 28 April 2034. If KLP does not exercise its redemption right in 2034, the loan will switch to variable interest. The credit margin then increases by 1 percentage point to 6-month JPY LIBOR-interest + a margin of 3.30 per cent p.a. To hedge the interest and exchange risk associated with the loan a combined interest rate and currency swap (CIRCUS) has been agreed in which KLP pays3-month NIBOR-interest + a margin of 2.65 per cent p.a. and receives USD-interest of 5.07 per cent p.a. This hedging arrangement is shown in Group Note 19.

2014 NOK millions	Nominal currency	Acquisition cost NOK	OIF interest	Unrealized currency	Book value 31.12.2014	Due date
Bonds [1]	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	

2013 NOK millions	Nominal currency	Acquisition cost NOK	OIF interest	Unrealized currency	Book value 31.12.2013	Due date
Bonds	JPY 9 500	635	1	-87	550	2017
Bonds	EUR 304	2 411	42	136	2 589	2015/2016
Total hedging transactions		3 046	44	49	3 139	

[1] Interest costs on the two subordinated loans were 165 million (156 million) and 49 million (45 million) for the hybrid Tier 1 securities in 2014. Figures in brackets are 2013 figures.

Note 19 Hedge accounting

31.12.2014 NOK millions	Nominal value	Changed value in hedged risk	Book value 31.12.2014
KOMMUNAL LANDSPENSJONSKASSE			
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		100 %	
Hedge effectiveness through the year		100 %	
KLP BANKHOLDING KONSERN			
Hedged object			
Hedged object 1: Lending public sector market fixed interest in NOK	5 643	427	6 070
Hedged object 2: Loans to retail customers fixed interest in NOK	340	25	365
Hedged object 3: Bond loans fixed interest in NOK	2 292	-135	2 157
Hedging instrument			
Hedging instrument 1: Interest rate swap loans to public sector market fixed interest in NOK	5 633	-382	5 251
Hedging instrument 2: Interest rate swap loans to retail customers fixed int. rate NOK	365	-25	340
Hedging instrument 3: Interest rate swap bond loans in NOK	2 092	135	2 227
Hedge relationship 1:			
Hedge effectiveness as at 31.12.2014		89 %	
Hedge effectiveness through the year		89 %	
Hedge relationship 2:			
Hedge effectiveness as at 31.12.2014		99 %	
Hedge effectiveness through the year		99 %	
Hedge relationship 3:			
Hedge effectiveness as at 31.12.2014		100 %	
Hedge effectiveness through the year		100 %	

31.12.2013 NOK millions	Nominal value	Changed value in hedged risk	Book value 31.12.2013
KOMMUNAL LANDSPENSJONSKASSE			
Hedged object			
Hybrid Tier 1 securities	-984	65	-919
Hedging instrument			
Combined interest rate and currency swap (CIRCUS)	984	-65	-65
Hedge effectiveness as at 31.12.2013		100 %	
Hedge effectiveness through the year		100 %	
KLP BANKHOLDING KONSERN			
Hedged object			
Hedged object 1: Lending public sector market fixed interest in NOK	5 922	225	6 147
Hedged object 2: Loans to retail customers fixed interest in NOK	438	15	453
Hedged object 3: Bond loans fixed interest in NOK	4 750	-124	4 626
Hedging instrument			
Hedging instrument 1: Interest rate swap loans to public sector market fixed interest in NOK	5 907	-204	5 702
Hedging instrument 2: Interest rate swap loans to retail customers fixed int. rate NOK	510	-15	495
Hedging instrument 3: Interest rate swap bond loans in NOK	4 750	104	4 854
Hedge relationship 1:			
Hedge effectiveness as at 31.12.2013		91 %	
Hedge effectiveness through the year		91 %	
Hedge relationship 2:			
Hedge effectiveness as at 31.12.2013		100 %	
Hedge effectiveness through the year		100 %	
Hedge relationship 3:			
Hedge effectiveness as at 31.12.2013		84 %	
Hedge effectiveness through the year		84 %	

The note shows the financial instruments in the Group subject to hedge accounting, with associated hedging instruments. As at 31 December 2014 the Group has two hedge relationships: one in Kommunal Landspensjonskasse and one in KLP Banken AS. The hedge effectiveness stands very close to 100 per cent on both hedge relationships as at 31 December 2014, 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	Recognized value 31.12.2014	Recognized value 31.12.2013
PERPETUAL SUBORDINATED LOAN CAPITAL						
Kommunal Landspensjonskasse	2 372	EUR	Fixed [1]	Perpetual	2 825	2 599
Kommunal Landspensjonskasse	554	JPY	Fixed [2]	Perpetual	599	552
Total subordinated loan capital	2 926				3 423	3 151
HYBRID TIER 1 SECURITIES						
Kommunal Landspensjonskasse	984	JPY	Fixed [3]	Perpetual	1 253	919
Total hybrid Tier 1 securities	984				1 253	919
Liabilities created on issuance of securities						
COVERED BONDS						
KLP Kommunekreditt AS	0	NOK	Variable	2014	0	1 001
KLP Kommunekreditt AS	0	SEK	Variable	2015	0	474
KLP Kommunekreditt AS	1 300	NOK	Variable	2015	1 301	4 304
KLP Kommunekreditt AS	542	NOK	Fixed	2015	554	2 555
KLP Kommunekreditt AS	3 360	NOK	Variable	2016	3 370	3 009
KLP Kommunekreditt AS	1 000	NOK	Fixed	2017	1 014	1 015
KLP Kommunekreditt AS	4 000	NOK	Variable	2017	4 011	3 009
KLP Kommunekreditt AS	3 500	NOK	Variable	2018	3 506	1 003
KLP Kommunekreditt AS	2 000	NOK	Variable	2019	2 001	0
KLP Kommunekreditt AS	750	NOK	Fixed	2020	752	752
KLP Boligkreditt AS	600	NOK	Variable	2017	603	0
KLP Boligkreditt AS	600	NOK	Variable	2019	601	0
KLP Boligkreditt AS	600	NOK	Variable	2021	602	0
Value adjustment					154	95
Total covered bonds	18 252				18 468	17 217
DEBT TO CREDIT INSTITUTIONS						
KLP Banken AS	300	NOK	Variable	2014	0	1 052
KLP Banken AS	600	NOK	Variable	2015	603	609
KLP Banken AS	800	NOK	Variable	2016	803	602
KLP Banken AS	300	NOK	Fixed	2017	308	301
KLP Banken AS	500	NOK	Variable	2017	501	0
KLP Banken AS	200	NOK	Fixed	2018	203	202
KLP Banken AS	500	NOK	Variable	2018	503	0
KLP Banken AS	300	NOK	Variable	2019	300	0
KLP Banken AS	3	NOK	Variable	2015	3	0
KLP Alfa Global Rente	1 282	NOK	Fixed	2015	1 282	0
Kommunal Landspensjonskasse	0	NOK/EUR/USD	Variable	2014	0	483
Kommunal Landspensjonskasse	715	NOK/EUR/USD	Variable	2015	715	0
Total debt to credit institutions	5 501				5 221	3 249
LIABILITIES TO AND DEPOSITS FROM CUSTOMERS [4]						
Retail	5 062	NOK			5 062	3 700
Business	1 189	NOK			1 189	707
Tot liab. to and deposits from customers	6 251				6 251	4 407
Total financial liabilities	33 913				34 615	28 942

The note shows financial liabilities the Group had at the end of the reporting period of which the majority are financing of the KLP Banken Group. The companies stated are the issuers of the financial liability described. Deposits belong under KLP Banken AS.

[1] The loan has an interest change date in 2016: KLP is also entitled to repay the loan on this date.
[2] The loan has an interest change date in 2017: KLP is also entitled to repay the loan on this date.
[3] The loan has an interest change date in 2034: KLP is also entitled to repay the loan on this date.
[4] There is no contractual maturity date on deposits.

Note 21 Technical matters

Premiums, claims and change in technical reserves by sector

NOK millions	Premium income for own account 2014	Premium income for own account 2013	Claims for own account 2014	Claims for own account 2013	Change in technical reserves before income allocations 2014	Change in technical reserves before income allocations 2013
Life insurance						
Group pension - public sector	62 246	30 653	17 893	11 785	51 480	29 912
Group pensions - private	410	385	66	49	441	412
Group life	132	135	105	101	6	-4
Non-life insurance						
Business-related insurances	525	483	363	357	-5	-4
Personal/retail insurances	261	193	197	129	8	8
Natural perils insurances	38	33	19	79	0	
Total	63 611	31 883	18 643	12 503	51 930	30 324

Insurance liabilities by sector

NOK millions	Total 31.12.2014	Total 31.12.2013	Change 2014
Group pension - defined benefit	379 912	313 227	66 685
Group pension - defined contribution	842	578	264
Non-life insurance	2 555	2 623	-67
Total technical provisions	383 309	316 427	66 882

Insurance liabilities in life insurance by sector

NOK millions	Group pension - public sector: Defined benefits with annual returns guarantee	Group pension - public sector: Defined benefits with multi-year returns guarantee	Group pensions - private: Defined benefits with annual returns guarantee	Group pensions - private: Defined benefits with multi-year returns guarantee	Group life	Total 31.12.2014	Total 31.12.2013	Change 2014
Premium reserve	329 592	1 639	1 186	833	9	333 259	281 413	51 846
Supplementary reserves	17 013	91	30			17 134	12 524	4 610
Securities adjustment fund	19 522		56			19 578	10 447	9 130
Premium fund, the pensioners' surplus fund and deposit fund	10 322	142	14	9		10 487	9 178	1 309
Claims reserve	178		25		45	248	235	13
Buffer reserves	0	49				49	7	42
Total insurance liabilities in life insurance 31.12.2014	376 627	1 921	1 310	842	54	380 754	313 804	66 949
Total insurance liabilities in life insurance 31.12.2013	310 255	1 813	1 100	578	58	313 804		

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	Total 31.12.2013	Change 2014
Premium provision	81	156	9	246	219	28
The Financial Supervisory Authority of Norway's minimum requirements	81	156	9	246	219	28
Claims reserve	1 597	131	51	1 779	1 877	-98
The Financial Supervisory Authority of Norway's minimum requirements	1 256	111	51	1 417	1 520	-103
Contingency reserve	455	74	1	530	527	3
The Financial Supervisory Authority of Norway's minimum requirements	195	49	1	245	242	3
Total technical provisions non-life insurance 31.12.2014	2 133	361	61	2 555	2 623	-67
Total technical provisions non-life insurance 31.12.2013	2 241	290	92	2 623		

Note 21 Technical matters, continued

Changes in insurance liabilities - life insurance

NOK millions	Premium reserve	Supplementary reserves	Securities adjustment fund	Premium and deposits funds	Buffer reserves	Claims reserves	Total 2014	Total 2013
Opening balance	281 413	12 524	10 447	9 178	7	235	313 804	277 098
Changes in insurance liabilities taken to income								
Net reserves taken to profit/loss	51 824	-153	9 130	231	0	13	61 045	31 594
Surplus on returns result	23	1 983	0	3 742	26		5 773	5 866
Risk result assigned to insurance contracts				349			349	33
Other assignment of surplus		1 542	0	0	16		1 559	0
Total changes taken to profit/loss	51 848	3 373	9 130	4 322	42	13	68 726	37 492
Changes in extended result				-698			-698	
Changes in insurance liabilities not taken to profit/loss								
Transfers between funds/allocation to premium payment	-1	0		-3 948			-3 950	-788
To/from funds on transfer settlement	0	1 237		1 635			2 872	4
Total changes not taken to income	-1	1 237		-2 314	0		-1 078	-785
Total changes in insurance liabilities	51 846	4 610	9 130	1 309	42	13	66 949	36 707
Total insurance liabilities 31.12.2014	333 259	17 134	19 578	10 487	49	248	380 754	313 804
Total insurance liabilities 31.12.2013	281 413	12 524	10 447	9 178	7	235	313 804	

Results analysis

NOK millions	Group pension - public sector	Group pension - private	Group life	Total 2014	Total 2013
Returns result	5 028	17	0	5 045	9 859
Risk result excluding profit element - customer share	349	5		355	184
Other income elements	1 559	2		1 560	385
Total result to insurance customers	6 936	24	0	6 959	10 427
Increased reserves because of greater longevity	0	23		23	4 536
Transferred to supplementary reserves	3 568	0		3 568	0
Allocated to the customers' premium fund	3 368	1		3 369	5 891
Total result allocated to customers	6 936	24	0	6 959	10 427
Result to insurance providers					
Share of returns result	8	1		9	32
Risk result excluding profit element	349	0	2	351	53
Administration result	346	-31	-1	314	123
Consideration for interest guarantee and profit element	601	5		606	341
Return on owners' equity contribution ascribed to insurance customers	-1 559	-2		-1 560	0
Allocation from risk equalization fund ascribed to insurance customers	0			0	-385
Result to insurance provider (technical result in life insurance)	-254	-27	1	-280	165

Transfers and new business - life insurance

NOK millions	Group pension - public sector, Defined benefits 2014	Group pension - public sector, Defined benefits 2013	Group pensions - private, Defined benefits 2014	Group pensions - private, Defined benefits 2013	Group pensions - private, Defined contribution 2014	Group pensions - private, Defined contribution 2013
Funds transferred in						
Premium reserve	30 174	5 932	90	65	59	132
Funds received taken through profit or loss	30 174	5 932	90	67	59	132
Premium fund	1 931	0	1	0	3	4
Supplementary reserves to funds	1 235		2	1	0	0
Total funds received	33 341	5 932	94	67	62	136
Number of contracts	256	20	1	3	29	142
Funds transferred out						
Premium reserve	4 139	167	1	1	8	8
Supplementary reserves	152	8	0	0	0	0
Valuation reserves	72	3	0	0	0	0
Funds paid out taken through profit or loss	4 364	178	1	1	8	8
Premium fund	300	1	0	0	0	0
Total funds paid out	4 664	179	2	2	8	8
Number of contracts	8	9	0	0	19	19

New business

NOK millions	Group pension - public sector, Defined benefits 2014	Group pension - public sector, Defined benefits 2013	Group pensions - private, Defined benefits 2014	Group pensions - private, Defined benefits 2013	Group pensions - private, Defined contribution 2014	Group pensions - private, Defined contribution 2013	Group life 2014	Group life 2013
Premium volume	2	27	0	0	45	16	17	9
Number of contracts	15	24	0	2	178	297	80	107

Note 22 Tangible fixed assets

NOK millions	2014 Property for own use	2014 Vehicles	2014 Machines/inventory	2014	2013 Property for own use	2013 Vehicles	2013 Machines/inventory	2013
Book value 01.01.	960	1	78	1 040	949	2	82	1 033
Acquisition cost 01.01	900	12	251	1 163	894	12	241	1 147
Accum. depreciation prev. years	-101	-10	-173	-284	-82	-10	-159	-251
Accum. value adjustm. prev. years	161	0	0	161	137	0	0	137
Acquisition	13	0	15	28	7	0	12	19
Assets held for disposal	0	0	-3	-3	0	-1	-3	-3
Purchase in conn.w. business acquisit.	0	0	0	0	0	0	0	0
Value adjustments	168	0	0	168	24	0	0	24
Loss on fall in value	0	0	0	0	0	0	0	0
Depreciation	-20	0	-14	-35	-19	-1	-14	-33
Reclassified to investment property	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0
Acquisition cost 31.12.	914	12	263	1 188	900	12	251	1 163
Accumulated depreciation 31.12.	-121	-11	-187	-319	-101	-10	-173	-284
Accumulated value adjustment 31.12.	329	0	0	329	161	0	0	161
Book value 31.12.	1 121	1	76	1 198	960	1	78	1 040
Economic life	50 år	5 år	3-5 år		50 år	5 år	3-5 år	
Depreciation method	Straight-line	Balance/ Straight-line	Balance/ Straight-line		Straight-line	Balance/ Straight-line	Balance/ Straight-line	

Note 23 Tax

NOK millions	2014	2013
Pre-tax income	1 189	949
Other comprehensive income	-2	-80
Differences between accounting and tax income:		
Reversal of value reduction, financial assets	6 488	3 854
Reversal of value increase financial assets	-16 751	-12 030
Refunding of value increase properties	-1 518	-1 414
Accounting loss on realization of shares and other securities	-76	-4
Book gain on realization of shares and other securities	-3 476	-3 491
Tax gain on realization of shares and other securities	4 122	3 697
Refunding of 3% tax-free income i.a.w. the exemption method	24	18
Share of taxable income in partnerships	21	235
Share of accounting income in partnerships	-13	0
Other permanent differences	389	102
Change in differences affecting relationship between book and taxable income	-100	1 228
Taxable income	-9 702	-6 937
Surplus/deficit for the year is transferred to carryforward deficit	-9 702	-6 937
Deficit carryforward allowable from previous years	-22 202	-15 266
Corrected error earlier years	-378	0
Change for the year in carryforward deficit	-9 702	-6 937
Total carryforward deficit and allowance as at 31.12	-32 281	-22 202

Reconciliation of basis for deferred tax		
Tax-increasing temporary differences:		
Fixed assets	8	26
Buildings and other real estate	11 630	9 366
Securities	16 457	7 088
Shares in partnerships	63	36
Lending to customers and credit enterprises	105	52
Other differences	216	192
Total tax-increasing temporary differences	28 477	16 759
Tax-reducing temporary differences:		
Gains and losses account	0	0
Long-term receivables	-655	-160
Fixed assets	0	0
Pension obligation	-755	-623
Borrowing	-45	-42
Other liabilities	-25	-39
Unused allowance share dividend	-129	0
Total tax-reducing temporary differences	-1 610	-865
Net temporary differences	26 868	15 894
Carryforward deficit	-32 281	-22 202
Basis for deferred tax assets	-5 414	-6 308
27% deferred tax assets	-1 462	-1 703
Write-down of deferred tax assets	1 380	1 606
Net deffered tax assets	-82	-98
- Of which deferred capitalized tax assets	88	0
- Of which capitalized deferred tax assets extempt from equalisation	-170	-98
Change in deferred tax assets taken to profit/loss	88	0
Change in deferred tax taken to profit/loss	-73	-50
Tax payable taken to profit/loss	-221	-87
Withholding tax taken to profit/loss	-117	-71
Cost of taxes	-323	-208

Note 24 Capital control and capital adequacy

NOK millions	31.12.2014	31.12.2013
Owners' equity contributed	9 173	7 659
Retained earnings	8 471	7 609
Total owners' equity	17 644	15 268
Hybrid Tier 1 securities	938	866
Intangible assets	-448	-377
Deferred tax assets	-88	0
Risk equalization fund	-528	-170
Unrealized price changes in the corporate portfolio	-120	-65
Reinsurance reserve	0	0
Deductions for investments in other financial institutions	0	0
Retained earnings	-280	-256
Surplus fund	0	0
Adjustment of owners' equity and own funds at Group level	-190	-203
Core capital	16 928	15 062
Perpetual own funds	2 966	2 920
Deduction own funds in other financial institutions	0	0
Supplementary capital	2 966	2 920
Net own funds (eligible Tier 1 and Tier 2 capital)	19 894	17 982

	31.12.2014			31.12.2013		
Assets and off-financial position statement items by risk weighting[1]	Non-weighted amounts		Weighted amounts	Non-weighted amounts		Weighted amounts
Fixed-income securities	59 184	0 %	0	51 998	0 %	0
Covered bonds	27 479	10 %	2 748	27 407	10 %	2 741
Fixed-income securities, lending, bank deposits and fixed-income funds	125 290	20 %	25 058	107 529	20 %	21 506
Housing mortgage lending	11 247	35 %	3 937	9 189	35 %	3 216
Fixed-income funds	54 299	50 %	27 149	31 984	50 %	15 992
Shares, equity funds and fixed-income securities	161 823	100 %	161 823	134 862	100 %	134 862
Private equity	7 242	150 %	10 863	5 055	150 %	7 582
Proportion investment option [2]	842		110	578		76
Total weighted assets in the financial position statement			231 687			185 974
Derivatives and contingent liabilities	129 585		5 769	90 682		4 307
Deduction own funds in other financial institutions			0			0
Deduction unrealized gains on financial investments			-20 205			-10 553
Risk-weighted calculation base			217 251			179 728
Capital adequacy ratio			9.2 %			10.0 %
Core capital adequacy			7.8 %			8.4 %

[1] The description given of each of the rates is given based on those assets that form the major part of the basis for weighting.
[2] The investment option units are those of the assets of KLP Bedriftspensjon 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 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 concerning capital and risk management attention is drawn to Note 9 Risk management.

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	9.5%
KLP Bank group	16.7%
KLP Skadeforsikring AS	44.0%
KLP Bedriftspensjon AS	12.7%
KLP Kapitalforvaltning AS	23.9%

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 for other financial institutions.

Note 25 Intangible assets

NOK millions	IT systems	Other	2014	IT systems	Other	2013
Book value 01.01.	361	16	377	349	16	365
Acquisition cost 01.01.	909	16	924	822	16	838
Total additions	150	0	150	86	0	86
of which internally developed	*38*	*0*	*38*	*23*	*0*	*23*
of which bought	*112*	*0*	*112*	*63*	*0*	*63*
Acquisition cost 31.12.	1 058	16	1 074	909	16	924
Accumulated depreciation and write-downs prev. years	-547	0	-547	-473	0	-473
Ordinary depreciation for the year	-78	0	-78	-74	0	-74
Accumulated depreciation and write-downs 31.12.	-626	0	-626	-547	0	-547
Book value 31.12.	433	16	448	361	16	377
Depreciation period			3 to 10 years			3 to 10 years

Note 26 Solvency margin

NOK millions	2014	2013	2012	2011	2010
Solvency margin requirement					
Life insurance	12 674	10 700	9 682	8 747	8 201
Non-life insurance	174	159	140	127	127
Combined solvency margin requirement	12 848	10 859	9 822	8 874	8 328
Solvency capital					
Own funds (eligible Tier 1 and 2 capital)	19 894	17 982	16 019	14 780	13 556
Other solvency margin capital life insurance	8 841	6 349	6 408	6 390	5 224
Other solvency margin capital non-life insurance	439	433	441	372	355
Combined solvency capital	29 173	24 764	22 867	21 541	19 134
Solvency margin ratio	227.1 %	228.1 %	232.8 %	242.7 %	229.7 %

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.

Note 27 Return on capital for life insurance companies

Kommunal Landspensjonskasse

Per cent	2014	2013	2012	2011	2010
Total of common portfolio					
Return I - Book [1]	4.3	6.4	5.0	4.5	5.1
Return II - Value-adjusted [2]	6.9	6.7	6.7	3.2	7.5
Sub-portfolios of the common portfolio					
Balanced portfolio 1					
Return I - Book [1]	4.2	6.0	5.0	4.5	5.1
Return II - Value-adjusted [2]	7.0	6.3	6.7	3.2	7.5
Balanced portfolio 2					
Return I - Book [1]	4.7	7.3	5.0	4.5	5.1
Return II - Value-adjusted [2]	6.9	7.5	6.7	3.3	7.5
Moderate portfolio					
Return I - Book [1]	4.5	*5.2*	*Not applicable*	*Not applicable*	*Not applicable*
Return II - Value-adjusted [2]	6.5	*5.4*	*Not applicable*	*Not applicable*	*Not applicable*
Proactive portfolio					
Return I - Book [1]	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	5.4
Return II - Value-adjusted [2]	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	7.9
Investment option portfolio	6.7	8.8	7.5	2.2	8.6
Corporate portfolio	7.3	5.7	4.5	4.2	5.2

Since 2010 no assets have been managed in the Proactive sub-portfolio. The investment option portfolio was established on 1 January 2009 for KLP pension customers with multi-annual interest rate guarantee and separate investment portfolio.

KLP Bedriftspensjon AS

Per cent	2014	2013	2012	2011	2010
Total of common portfolio					
Return I - Book [1]	4.6	4.0	5.2	6.3	6.0
Return II - Value-adjusted [2]	6.1	6.2	6.7	3.7	8.3
Sub-portfolios of the common portfolio					
Balanced portfolio					
Return I - Book [1]	4.6	3.9	5.3	6.3	6.0
Return II - Value-adjusted [2]	6.1	6.1	6.8	3.8	8.3
Moderate portfolio					
Return I - Book [1]	4.4	4.1	4.8	5.5	5.6
Return II - Value-adjusted [2]	6.1	6.4	6.3	2.8	7.6
Investment option portfolio	8.8	13.5	12.0	0.2	9.3
Sub-portfolios of the investment option portfolio					
Return II - Value-adjusted [2]					
Profile 90[3]	8.9	24.8	15.2	-6.0	12.1
Profile 70[3]	8.9	19.4	13.8	-3.0	11.1
Profile 60[3]	9.1	16.9	13.1	-1.4	10.5
Profile 50[3]	9.2	14.4	12.4	0.3	9.9
Profile 40[3]	9.3	11.9	11.7	2.0	9.2
Profile 30[3]	8.4	9.3	10.4	2.8	8.5
Profile 20[3]	8.2	7.3	9.2	4.3	7.0
Profile 10[3]	7.3	4.8	7.9	5.2	6.2
Corporate portfolio	3.6	3.1	6.4	4.8	5.0

[1] Return I = Book return.
[2] Return II = Value-adjusted return. This is the book return +/-unrealized value changes charged to the securities adjustment fund.
[3] The sub-portfolio's proportion of equities in per cent.

Note 28 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 tjenestepensjon', 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	2014	Joint scheme	Via operation	2013
Pension costs						
Present value of accumulation for the year	90.1	10.4	100.5	84.0	8.4	92.4
Administration cost	2.6	0.0	2.6	2.2	0.0	2.2
Social security contributions - Pension costs	13.1	1.5	23.7	12.2	1.2	21.8
Plan change taken to income	-113.6	-10.3	-123.9	0.0	0.0	0.0
Pension costs incl. social security and administration costs taken to income	-7.8	1.6	-6.2	98.4	9.6	108.0
Net financial costs						
Interest cost	48.6	5.8	54.3	42.3	5.0	47.3
Interest income	-34.6	0.0	-34.6	-29.1	0.0	-29.1
Management costs	2.5	0.0	2.5	1.6	0.0	1.6
Net interest cost	16.5	5.8	22.3	14.8	5.0	19.8
Social security contributions - net interest cost	2.3	0.8	3.1	2.1	0.7	2.8
Net interest cost including social security contributions	18.8	6.6	25.4	16.9	5.7	22.6
Estimate deviation pensions						
Actuarial gains (losses)	172.0	19.3	191.3	81.2	16.9	98.1
Social security contributions	24.3	2.7	27.0	11.4	2.4	13.8
Actuarial gains (losses) including social security contributions	196.3	22.0	218.3	92.6	19.3	111.9
Total pension costs including interest costs and estimate deviation	207.3	30.2	237.5	134.3	22.2	156.4

NOK millions	Joint scheme	Via operation	2014	Joint scheme	Via operation	2013
Pension obligations						
Gross accrued pension obligations	1 422.5	165.6	1 588.1	1 232.9	145.7	1 378.6
Pension assets	926.8	0.0	926.8	832.6	0.0	832.6
Net liability before SSC	495.7	165.6	661.3	400.3	145.7	546.0
Social security contributions	69.9	23.3	93.2	56.4	20.5	77.0
Gross accrued obligations incl. social security costs	1 492.4	188.9	1 681.4	1 289.3	166.2	1 455.5
Net liability incl. social security costs	565.6	188.9	754.6	456.7	166.2	623.0

NOK millions	Joint scheme	Via operation	2014	Joint scheme	Via operation	2013
Reconciliation pension obligation						
Capitalized net liability/(assets) 01.01.	456.7	166.2	623.0	328.5	140.6	469.1
Pension costs taken to profit/loss	-7.8	1.6	-6.2	98.4	9.6	108.0
Financial costs taken to profit/loss	18.8	6.6	25.4	16.9	5.7	22.6
Actuarial gains and losses incl. social security contributions	196.3	22.0	218.3	92.6	19.3	111.9
Social security contributions paid in premiums/supplement	-12.2	-0.9	-13.1	-9.8	-1.1	-10.9
Premium/supplement paid-in including admin	-86.2	-6.5	-92.8	-69.8	-7.8	-77.6
Capitalized net liability/(assets) 31.12.	565.6	188.9	754.6	456.7	166.2	623.0

Note 28 Pensions obligations, own employees, continued

Plan change
In 2009 it was decided to introduce longevity adjustment in public sector occupational pension and the contractual early retirement (AFP) scheme in the public sector. At the same time the rules on accumulation of national insurance pension were changed. The consequence for harmonization of public sector occupational pensions with pensions accumulated through national insurance was not determined. It has therefore not being possible to provide a good estimate of consequences of these changes in estimating the pension obligation the Company has to its employees, and it has been excluded from the calculation of the obligation. In autumn 2013 an industry standard was adopted for calculation of the longevity adjustment, which has meant that in 2014 it became possible to estimate the consequence of this even though the harmonization rules are yet to be determined. Based on this, the longevity adjustments have been taken into account in the obligation as at 31 December 2014. The longevity adjustment has been incorporated as a plan change.

New disability pension rules were adopted during 2014 and these are now incorporated into the tariff agreement. This change has been incorporated as a plan change in the obligation as at 31 December 2014. This produces a reduced pension obligation, since National Insurance will comprehensively cover a greater part of the disability pension benefits.

NOK millions	Joint scheme	Via operation	2014	Joint scheme	Via operation	2013
Plan changes during the period						
Plan changes during the period	-100	-9	-109	0	0	0
SSC on plan changes	-14	-1	-15	0	0	0
Plan changes during the period taken to profit/loss	114	10	124	0	0	0

NOK millions	Joint scheme	Via operation	2014	Joint scheme	Via operation	2013
Change in pension obligations						
Gross pension assets 01.01. before plan change	1 289.3	166.2	1 455.5	1 049.8	140.6	1 190.3
Plan change	-113.6	-10.3	-123.9	0.0	0.0	0.0
Gross pension obligations after plan change	1 175.7	156.0	1 331.7	1 049.8	140.6	1 190.3
Present value of accumulation for the year	90.1	10.4	100.5	84.0	8.4	92.4
Interest cost	48.6	5.8	54.3	42.3	5.0	47.3
Actuarial losses (gains) gross pension obligation	193.2	22.0	215.2	125.9	19.3	145.1
Social security contributions - pension costs	13.1	1.5	14.5	12.2	1.2	13.3
Social security contributions - net interest cost	2.3	0.8	3.1	2.1	0.7	2.8
Social security contributions paid in premiums/supplement	-12.2	-0.9	-13.1	-9.8	-1.1	-10.9
Payments	-18.4	-6.5	-25.0	-17.1	-7.8	-24.8
Gross pension obligation 31.12.	1 492.4	188.9	1 681.4	1 289.3	166.2	1 455.5

NOK millions	Joint scheme	Via operation	2014	Joint scheme	Via operation	2013
Change in pension assets						
Pension assets 01.01	832.6	0.0	832.6	721.2	0.0	721.2
Interest income	34.6	0.0	34.6	29.1	0.0	29.1
Actuarial (loss) gain on pension assets	-3.0	0.0	-3.0	33.3	0.0	33.3
Administration cost	-2.6	0.0	-2.6	-2.2	0.0	-2.2
Financing cost	-2.5	0.0	-2.5	-1.6	0.0	-1.6
Premium/supplement paid-in including admin	86.2	6.5	92.8	69.8	7.8	77.6
Payments	-18.4	-6.5	-25.0	-17.1	-7.8	-24.8
Pension assets 31.12	926.8	0.0	926.8	832.6	0.0	832.6

NOK millions	Joint scheme	Via operation	2014	Joint scheme	Via operation	2013
Pension scheme's over-/under-financing						
Present value of the defined benefits pension obligation	1 492.4	188.9	1 681.4	1 289.3	166.2	1 455.5
Fair value of the pension assets	926.8	0.0	926.8	832.6	0.0	832.6
Net pensions liability	565.6	188.9	754.6	456.7	166.2	623.0

NOK millions	31.12.2014	31.12.2013
Financial assumptions (common to all pension schemes)		
Discount rate	2.30 %	4.00 %
Salary growth	2.75 %	3.75 %
The National Insurance basic amount (G)	2.50 %	3.50 %
Pension increases	1.73 %	2.72 %

The assumptions as at 31 December 2013 have been applied to measurement of the cost of pension for 2014, whilst for calculation of the pension obligation on 31 December 2014, the assumptions and membership numbers as at 31 December 2014 have been applied. The assumptions are based on the market situation as at 31 December 2014 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.

Withdrawal of contractual early retirement (AFP) for 2014 (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 2014 (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 «Fellesordning».

Number	Joint scheme	Via operation	2014	Joint scheme	Via operation	2013
Membership status						
Number active	870	77	947	816	78	894
Number deferred (previous employees with deferred entitlements)	573	26	599	552	25	577
Number of pensioners	167	35	202	159	32	191

Per cent	2014	2013
Composition of the pension assets:		
Property	11.1 %	12.3 %
Lending	10.9 %	10.9 %
Shares	20.4 %	16.9 %
Long-term/HTM bonds	27.6 %	28.8 %
Short-term bonds	21.4 %	20.9 %
Liquidity/money market	8.7 %	10.1 %
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 6.9 per cent in 2014 and 6.7 per cent in 2013.

Expected payment into benefits plans after cessation of employment for the period 1 January 2014 – 31 December 2014 is NOK 112.5 million.

Sensitivity analysis as at 31 December 2014

The discount rate is reduced by 0.5%	Increase
Gross pension obligation	10.5 %
Accumulation for the year	14.3 %

Salary growth increases by 0.25%	Increase
Gross pension obligation	1.4 %
Accumulation for the year	3.3 %

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 16.8

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 2014 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 2014 that was earned in previous years and was due for payment during 2014.

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.

2014 NOK thousands	Salary. fees etc.	Bonus	Other benefits	Annual pension accumulation	Plan change pension benefits[3]	Loan	Interest as at 31.12.2014	Payments repayment plan[1]
Senior employees								
Sverre Thornes. Group CEO	3 569	-	164	1 257	-1 133	7 211	2.70-3.15	A41
Ole Jacob Frich	1 489	-	150	412	-259	7 823	2.90-3.15	A43
Marianne Sevaldsen	2 466	-	153	1 040	-140	4 439	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[2]	1 684	-	137	538	-	4 494	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[2]	158	-	-	-	-	-	-	-
Egil Johansen	214	-	-	-	-	-	-	-
Herlof Nilssen[2]	107	-	-	-	-	-	-	-
Anita Krohn Traaseth	208	-	-	-	-	-	-	-
Jan Helge Gulbrandsen	168	-	-	-	-	-	-	-
Marit Torgersen	182	-	-	-	-	-	-	-
Trond Michael Andersen[2]	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[2]	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	-	-

2013 NOK thousands	Salary. fees etc.	Bonus	Other benefits	Annual pension accumulation	Plan change pension benefits[3]	Loan	Interest as at 31.12.2013	Payments repayment plan[1]
Senior employees								
Sverre Thornes, Group CEO	3 433	-	162	1 055	-	7 410	2.70-3.80	A2041
Ole Jacob Frich	1 419	-	150	370	-	8 330	3.15-4.10	A2043
Marianne Sevaldsen	2 154	-	135	741	-	4 470	3.15	A2043
Aage E. Schaanning	3 072	-	149	915	-	3 723	2.70-3.80	A2031/S2022
Rune Mæland	1 526	-	134	299	-	2 150	2.70-3.15	A2034/A2043
Toril B. Ressem[2]	1 649	-	151	568	-	7 374	2.95-3.80	S/A2039/A2042
Mette-Jorunn Meisland	1 275	-	146	381	-	6 041	2.95-3.65	A2038
Tore Tenold	2 594	-	141	784	-	2 794	3.15	Housing credit
Håvard Gulbrandsen	2 334	1 161	146	499	-	3 203	3.15-3.80	A2040/Housing credit
Gunnar Gjørtz	2 720	-	146	823	-	3 299	3.15	Housing credit
Leif Magne Andersen	1 874	-	146	590	-	4 667	3.15-3.80	A2024/A2042
The Board of Directors								
Arne Øren, Chair	283	-	-	-	-	-	-	-
Finn Jebsen[2]	99	-	-	-	-	-	-	-
Herlof Nilssen	161	-	-	-	-	438	3.75	A2025
Anita Krohn Traaseth	82	-	-	-	-	-	-	-
Jan Helge Gulbrandsen	161	-	-	-	-	-	-	-
Marit Torgersen	161	-	-	-	-	-	-	-
Liv Kari Eskeland	161	-	-	-	-	-	-	-
Siv Holland, elected by and from the employees[2]	79	-	-	-	-	-	-	-
Susanne Torp-Hansen, elected by and from the employees	82	-	-	-	-	-	-	-
Freddy Larsen, elected by and from the employees	161	-	-	-	-	-	-	-
Control Committee								
Ole Hetland, Chair	93	-	-	-	-	-	-	-
Jan Rune Fagermoen[2]	38	-	-	-	-	-	-	-
Bengt P. Johansen	77	-	-	-	-	-	-	-
Mathilde Irene Skiri	39	-	-	-	-	-	-	-
Dordi E. Flormælen	77	-	-	-	-	-	-	-
Thorvald Hillestad	68							
Supervisory Board								
Total Supervisory Board, incl. staff representatives	459	-	-	-	-	25 155	-	-
Employees								
Total loans to Group employees	-	-	-	-	-	1 218 702	-	-

[1] S = Serial loan, A= Annuity loan, last payment.
[2] The individual has stepped down from the appointment during the year.
[3] 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.

Note 30 Number of employees

	2014	2013
Total permanent employees in the Group 31.12.	899	856
Average number of employees in the Group	861	832

Note 31 Auditor's fee

NOK millions	2014	2013
Ordinary audit	8.4	7.1
Certification services	0.4	0.3
Tax advisory services	1.2	0.5
Non-audit services	0.7	2.1
Total auditor's fee	10.7	10.1

The sums above include VAT.

Note 32 Operating costs

NOK millions	2014	2013
Personnel costs	736	726
Depreciation	109	103
Other operating expenses	322	362
Total operating expenses	1 167	1 191

Note 33 Other income and expenses

NOK millions	2014	2013
Other income		
Contribution service pension/AFP	775	651
Other income	95	45
Total other income	871	696
Other expenses		
Other costs related to financial assets and liabilities	24	7
Payments service pension/AFP	775	650
Other costs	0	2
Total other expenses	800	659

The increase in other income in 2014 is explained by the inward transfer of new members
Other income is included: here interest has been received on transfer which increased during 2014

Note 34 Other current liabilities

NOK millions	31.12.2014	31.12.2013
Accounts payable	670	692
Current liabilities securities trade	207	3 978
Liabilities to insurance customers [1]	96	67
Social security contributions, VAT and tax deductions owing	287	241
Salary and holiday pay due	109	99
Other current liabilities [2]	4 516	2 123
Total other current liabilities	5 885	7 200

[1] Liabilities to insurance customers involves liability the Group has to customers; the sum mainly reflects return of pensions, the supplement scheme and the security scheme.
[2] Includes transfer assets received for 2015 of NOK 1576 million

Note 35 Conditional liabilities

NOK millions	31.12.2014	31.12.2013
KLP guarantee liability	2	2
Committed, not subscribed investm. in priv. equity and property funds	6 416	4 610
Approved, not paid out KLP Group loan pledge	6 838	3 928
Total contingent liabilities	13 256	8 539

Note 36 Retained earnings

NOK millions	Revaluation fund	Risk equalization fund	Nat. Per. pool fund	Other retained earnings	Retained earnings
Capitalized value 31.12.2012	205	490	201	5 843	6 739
Income		-320	0	1 270	949
Change for the year - natural perils fund			-46		
Other comprehensive income:					
Items that will not be later reclassified to income				-1 206	-1 206
Items that will be reclassified to income later when particular conditions are met	24			1 101	1 125
Capitalized value 31.12.2013	229	170	154	7 008	7 609
Income		357	0	507	864
Change for the year - natural perils fund			237		
Other comprehensive income:					
Items that will not be later reclassified to income				350	350
Items that will be reclassified to income later when particular conditions are met	195			-547	-352
Capitalized value 31.12.2014	424	527	391	7 318	8 471

Note 37 Receivables

NOK millions	31.12.2014	31.12.2013
Receivables related to direct business	1 013	2 366
Receivables related to reinsurance agreements	19	100
Reinsurance share of unearned gross premium	0	17
Reinsurance share of gross claims reserve	10	11
Other receivables	303	415
Total other loans and receivables including receivables from policyholders	1 345	2 909

Non-financial accounts

Non-financial accounts at year-end 31 december 2014

Note		2014	2013	2012	2011	2010	2009
2	**Responsible investments**						
	number of excluded companies from the investment portfolio	99	69	64	64	59	47
	number of companies reinstated in the investment portfolio	1	4	1	1	3	10
	number of general meetings in Norwegian companies in which KLP has voted	106	95	113	130	127	123
	number of general meetings in foreign companies in which KLP has voted	2 492	2 259	2 099	1 662	1 533	1 558
	number of companies KLP has monitored	109	41	143	96	25	
3	**Investments for sustainable development (NOK millions)**						
	market value for investments in renewable energy in Norway	19 876	18 865				
	market value for investments in renewable energy in developing countries	131	36				
	market value for investments in banking and finance in developing countries	201	8	0	9	11	14
4	**Tax and income per country (NOK millions)**						
	tax to Norway	-71	-198	0	103		
	tax to Sweden	1	12	-10	-10		
	tax to Denmark	-61	-54	0	36		
	tax - worldwide (outside Nordic region)	-78	33	0	0		
	income in Norway	90 635	51 691	47 729	31 605		
	income in Sweden	383	274	216	155		
	income in Denmark	189	173	136	85		
	income In Europe (outside Nordic Region)	115	14				
	accounting income before taxes in Norway	703	828	1 131	609		
	accounting income before taxes in Sweden	257	255	-166	90		
	accounting income before taxes in Denmark	136	-8	36	-46		
	accounting income before taxes in Europe (outside Nordic region)	-232	-126				
	net purchases/sales and investments in Norway for the year	3 268	2 059	2 056	-194		
	net purchases/sales and investments in Sweden for the year	60	1 576	1 283	933		
	net purchases/sales and investments in Denmark for the year	8	3	399	1 358		
	net purchases/sales and investments in Europe (outside Nordic region) for the year	0	2 336				
	Employees						
5	number of employees in Norway	884	841	799	770	754	732
5	number of employees in Sweden	8	8	1	1	0	9
5	number of employees in Denmark	7	7	8	4	8	1
5	percentage women	48	48	48	49	49	48
5	percentage men	52	52	52	51	51	52
5	percentage staff turnover	4,0	3,9	3,1	4,5	3,5	2,5
5	total temporary employees	29	36	18	19	13	16
5	percentage part-time women	16	16	18	16	19	20
5	percentage part-time men	1,7	1,8	1,7	2,0	1,8	1,2
5	women as percentage at Management Level 1	20	27	18	27	20	20
5	women as percentage at Management Level 2	35	35	30	31	24	18
5	women as percentage at Management Level 3	47	45	47	42	49	50
5	women as percentage on Board of directors	50	50	43	43	38	50
6	reported sickness absence short-term (%)	1,6	1,0	1,1	1,9	1,0	1,9
6	reported sickness absence long-term (%)	3,1	2,9	3,1	2,7	2,7	2,3
6	reported sickness absence total (%)	4,7	3,9	4,2	4,6	3,7	4,2
6	reported sickness absence women (%)	6,0	5,8	6,0			
6	reported sickness absence men (%)	3,1	2,2	2,2			
	reported absence sick children percentage women (%)	57	63	63			
	reported absence sick children percentage men (%)	43	37	37			
7	number of personal injuries	1	1	0	0	0	0

Note		2014	2013	2012	2011	2010	2009
8	**Salary and other personnel costs (NOK 1000)**						
	total salary to employees	638 922	594 874	547 218	521 467	498 267	411 675
	average salary women	609	593	570	550	523	493
	average salary men	758	743	727	711	671	619
	women salery as percentage of men	80,3	79,8	78,4	77,3	78,0	80,0
	women salery as percentage of men at Management Level 1	79,0	72,4	64,3			
	women salery as percentage of men at Management Level 2	91,9	87,7	91,1			
	women salery as percentage of men at Management Level 3	96,3	92,3	92,2			
9	**Environment**						
	energy consumption kWh/m2 in KLP Eiendom's in-house-operated buildings in Oslo	162	158	182	196	207	221
	energy consumption kWh/m2 in KLP Eiendom's in-house-operated buildings in Trondheim	151	154	162	157	217	230
	energy consumption kWh/m2 in KLP Eiendom's in-house-operated buildings in Copenhagen	131	140	153	154	167	186
	energy consumption kwh/m2 in KLP's offices in KLP Huset (the KLP Building)	173	174	190	174	126	
	energy consumption kwh/m2 in KLP's offices in Bergen	119	152	142	147	172	
	energy consumption kwh/m2 in KLP's offices in Trondheim	191	207	206			
	percentage waste source sorting from in-house-operated buildings in Oslo	56	56	53	53	51	50
	percent. waste source sorting from in-house-operated-buildings in Trondheim	57	42	43	41	36	31
	percent. waste source sorting from in-house-operated-buildings in Copenhagen	38	30				

Noter Non-financial accounts

Note 1 Accounting principles

Materiality assessment:
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 operation: resolutions, measures and results are accessible on the Company's website and in blog concerning corporate responsibility. This tools 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 without significance . KLP wants 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 guidelines 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. In addition tax and turnover per country are included in the report.

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. This is both because KLP can affect energy consumption directly and because energy consumption is described as inextricably linked to sustainable development. The environmental impact of KLP as an office-based operation in Norway is limited. Again, it is energy that stands out as a relevant factor upon which to report, also because it can be converted into a financial value.

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 of 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 in Norwegian at www.klp.no/samfunnsansvar (but see also http://english.klp.no/about-klp/corporate-responsibility).

Note 2 Responsible Investment

The figures show the number of companies KLP has excluded from its investment world, and reinstated, based on breach of KLP's guidelines for responsible investment. In addition the number of general meetings at which KLP has voted is shown. The indicator shows both percentage of total number of general meetings and actual number. The major change from 2011 to 2012 is du 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 companies' respective general meetings is published at www.klp.no/samfunnsansvar (in Norwegian, but see also http://english.klp.no/about-klp/corporate-responsibility).

The number of portfolio companies KLP has been contacted directly during the stated period in regard to social, environmental or governance challenges linked to the company's operation. This is a form of exercising ownership in which KLP engages in dialogue with companies to clarify how they handle such challenges, communicates our expectations, and invites improvement.

Note 3 Investments for sustainable development

Ref Note 1 is one of the tools in KLP's Guidelines for Responsible Investments, «active investment for sustainable development». Given KLP's investment model, which emphasises index-tracking management, KLP seeks partners to put this mandate into operation. KLP has an ongoing partnership with the Norwegian Microfinance Initiative (NMI) and the Norwegian Investment Fund for Developing Countries (Norfund).

Together with the government development fund, Norfund, KLP has established a joint investment company named KLP Norfund Investments AS. In total KLP and Norfund have committed NOK 1 billion over a five-year period to renewable energy projects (solar, wind and water). KLP is a joint investor in NorFinance AS, which invests in financial institutions in developing countries The investments are based on commercial risk and return assessments, but also emphasise positive returns on social and environmental parameters. The investments are made subject to stringent requirements on environmental and social factors. NMI is investing directly and indirectly in micro-finance institutions through equity, loans or the provision of guarantees. NMI shall operate on a commercial basis and provide an attractive return in the form of both development effects and traditional financial returns. NMI was started in 2008 and is a unique amalgamation between government and private operators that, through micro-financing, will help to strengthen poor peoples' financial position in developing countries.

Note 4 Tax and income per country

Tax and income by country is divided between the countries in which KLP operates entities with controlling influence. This means that tax and income from investments in foreign securities are reported within the country distribution 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 recognized cost of taxes in the various countries. This will deviate from tax paid. Tax in the form of indirect tax is not included in the figures reported.

Comparison 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 excecutive 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 as the insurance company for KLP.

Note 8 Salary and allowances

Total salary to employees corresponds to Code 11A of the salary and deductions statement. It therefore refers to total actual salary taken to expenses, less fees to external entities, and does not include benefits in kind. Information concerning salary 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. 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 Managing Director.

Management Level 2 is the managers who report directly to an Executive Vice President.

Note 9 Environment

Energy consumption kWh/m2 for KLP's in-house-operated buildings in Oslo and Trondheim has been temperature-corrected in order to be able to measure the effect of energy-saving measures implemented. Temperature-corrected means that energy consumption for heating is adjusted to a normal year (1961-1990s: 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 the company have the opportunity to implement environmental measures and measure the effects. All these buildings have energy monitoring systems in which energy and water consumption is recorded and monitored. In Oslo, not all electricity consumption by tenants is included in the metering. In Trondheim the majority of tenants' electricity consumption is included in the metering.

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 the «EOS log» (energy monitoring system) and must be considered to be an estimate because of the number of, and in some cases uncertain, data sources. The same applies to the figures for energy consumption in KLP's own offices in Bergen. Energy efficiency measures and temperature fluctuations may be contributory factors to the reduction in the energy consumption. Energy consumption in the KLP Building (KLP Huset) applies for the period after occupation on 25 May 2010. Figures were not collected for KLP's own offices in Trondheim before 2012.

An important environmental factor is to minimize unsorted waste. Sorted waste can be recycled and therefore has a less harmful impact on the environment. Source sorting ratio shows the percentage of waste sorted and thus recycled. The figures are obtained from the environmental monitoring system log, but are based on estimates from waste suppliers. Source sorting ratio for KLP's own office in Bergen and for KLP Banken in Trondheim is not included since this does not represent a significant part of KLP's impact on the environment.

To: Board of Directors in Kommunal Landspensjonskasse Gjensidige Forsikringsselskap

Independent statement regarding verification of Non-financial Accounts for 2014

Scope of engagement
The management in KLP engaged us to prepare an independent assurance report of the Non-Financial Accounts for 2014. 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 25th 2015
PricewaterhouseCoopers AS

Eli Moe-Helgesen
State authorized public accountant

PricewaterhouseCoopers AS,
org.no.: NO 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Accounts and notes KLP

Income statement for Kommunal Landspensjonskasse gjensidig forsikringsselskap

Notes	NOK millions	2014	2013
	Premiums due, gross	32 283	24 931
	Reinsurance premiums ceded	-3	-3
	Transfer of premium reserve from other insurance companies/pension funds	30 175	5 932
19	Total premium income for own account	62 454	30 860
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	3 146	3 395
	Interest income and dividends etc on financial assets.	8 257	9 116
	Value changes on investments	8 358	2 187
	Gains and losses realized on investments	3 630	4 077
4	Total net income from investments in the common portfolio	23 391	18 775
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	17	22
	Interest income and dividends etc on financial assets.	36	37
	Value changes on investments	21	82
	Gains and losses realized on investments	46	-2
4	Total net income from investments in the investment option portfolio	120	138
33	Other insurance-related income	855	682
	Claims paid	-13 629	-11 701
	Changes in claims reserves	-4	-7
	Transfer of premium reserve, supplementary reserves and securities adjustment fund to other insurance companies/pension funds	-4 364	-178
19	Total claims	-17 996	-11 886
	Change in premium reserve	-51 364	-29 631
	Change in supplementary reserves	-3 360	11
	Change in securities adjustment fund	-9 110	-1 124
	Change in premium and deposits fund	-229	-101
	Transfer of supplementary reserves and securities adjustment fund from other insurance companies/pension funds	-5	-2
19	Total changes in insurance liabilities taken to profit/loss - contractual liabilities	-64 067	-30 848
	Change in premium reserve	-39	-180
	Change in premium and deposits fund	-3	-1
	Change in other provisions	-50	0
19	Total changes in insurance liabilities taken to profit/loss – individual investment option portfolio	-92	-181
	Surplus on returns result	-3 019	-5 851
	Risk result assigned to insurance contracts	-349	-33
19	Total funds assigned to insurance contracts - contractual liabilities	-3 368	-5 884
	Administration costs	-158	-165
25	Sales costs	-98	-108
	Insurance-related administration costs	-496	-534
	Total insurance-related operating expenses	-752	-807
33	Other insurance-related costs	-797	-656
19	Technical result	-253	191

Income statement for Kommunal Landspensjonskasse gjensidig forsikringsselskap

Notes	NOK millions	2014	2013
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	637	366
	Interest income and dividends etc on financial assets.	606	535
17	Net income from investment properties	0	19
	Value changes on investments	-106	-232
	Gains and losses realized on investments	308	291
4	Total net income from investments in the corporate portfolio	1 446	979
	Other income	16	17
	Administration costs	-9	-10
	Other expenses	-240	-228
	Total administration costs and other costs associated with the corporate portfolio	-250	-238
	Non-technical profit/loss	1 212	759
	Income before tax	959	950
27	Tax	35	0
	Income before other profit/loss components	994	950
	Actuarial gains and losses on defined benefits pension schemes - employee benefits	-147	-79
27	Tax on items that will not be reclassified against the comprehensive income statement	40	0
	Items that will not be later reclassified to income	-107	-79
	Proportion of other comprehensive income on application of the equity method	-71	-33
	Adjustment of the insurance liabilities	23	10
27	Tax on items that will be reclassified to income later	13	0
	Items that will be reclassified to income later when particular conditions are met	-35	-23
	TOTAL COMPREHENSIVE INCOME	852	847
	Allocations and transfers		
	Transferred to other retained earnings	-494	-1 167
	Transferred to/from the risk equalization fund	-358	320
	Total profit/loss allocation and transfer	-852	-847

Statement of financial position
for Kommunal Landspensjonskasse gjensidig forsikringsselskap

Notes	NOK millions	31.12.2014	31.12.2013
	ASSETS		
	Assets in the corporate portfolio		
18	Intangible assets	391	321
	Investments in the corporate portfolio		
17	Investment properties	890	947
6,14	Shares and holdings in property subsidiaries	1 471	1 393
14	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	2 694	2 517
14	Total subsidiaries, associated enterprises and jointly controlled entities	4 165	3 910
5,11	Investments held to maturity	3 937	3 738
5,11	Bonds classified as loans and receivables	5 756	5 204
5,11	Total financial assets valued at amortized cost	9 694	8 942
5,6,15	Shares and units	329	262
5,6,11	Bonds and other fixed-return securities	7 206	4 721
5,6,11	Loans and receivables	626	368
5,6,11	Financial derivatives	312	50
5,6	Other financial assets	16	16
5,6	Total financial assets valued at fair value	8 489	5 416
	Total investments in the corporate portfolio	23 238	19 215
	Receivables related to direct business	628	1 443
31	Intra-Group receivables	224	142
	Other receivables	41	127
	Total receivables	894	1 712
	Plant and equipment	45	48
	Bank deposits	434	342
27	Deferred tax assets	88	0
	Total other assets	567	390
	Total assets in the corporate portfolio	25 090	21 638
	ASSETS IN THE CUSTOMER PORTFOLIOS		
	Investments in the common portfolio		
14	Shares and holdings in property subsidiaries	42 396	38 383
14	Shares and holdings in associated enterprises and jointly controlled entities	244	31
	Total subsidiaries, associated enterprises and jointly controlled entities	42 640	38 414
5,11	Investments held to maturity	26 058	27 212
5,11	Bonds classified as loans and receivables	79 360	60 358
5,11	Other lending and receivables	41 976	33 988
5,11	Total financial assets valued at amortized cost	147 393	121 557
5,6,15	Shares	24 236	16 812
5,6,15	Equity fund units	49 673	35 346
5,6,15	Alternative investments	1 875	1 761
5,6,11	Bonds and other fixed-return securities	105 076	89 088
5,6,11	Loans and receivables	15 780	11 827
5,6,11	Financial derivatives	1 208	1 105
5	Other financial assets	101	301
5,6	Total financial assets valued at fair value	197 949	156 239
	Total investments in the common portfolio	387 982	316 210
	Investments in the investment option portfolio		
14	Shares and holdings in property subsidiaries	257	236
5,11	Financial assets valued at amortized cost	654	597
5,6	Financial assets valued at fair value	1 047	912
	Total investments in the investment option portfolio	1 958	1 745
	Total assets in the customer portfolios	389 940	317 955
	TOTAL ASSETS	415 030	339 592

Statement of financial position
for Kommunal Landspensjonskasse gjensidig forsikringsselskap

Notes	NOK millions	31.12.2014	31.12.2013
	OWNERS' EQUITY AND LIABILITIES		
	Other owners' equity contributed	9 173	7 659
	Total paid-up equity	9 173	7 659
	Risk equalization fund	528	170
	Other retained earnings	7 754	7 260
	Total retained earnings	8 281	7 429
21	Perpetual subordinated loan capital	3 423	3 151
20,21	Hybrid Tier 1 securities	1 253	919
5,21	Total subordinated loan capital etc.	4 676	4 070
	Premium reserve	329 601	278 240
	Supplementary reserves	17 013	12 412
16	Securities adjustment fund	19 522	10 412
	Claims reserve	223	219
	Premium fund, deposits fund and pensioners' surplus fund	10 322	9 031
19	Total insurance liabilities in life insurance - contractual liabilities	376 681	310 314
	Premium reserve	1 639	1 600
	Supplementary reserves	91	83
	Premium fund, deposits fund and pensioners' surplus fund	191	130
19	Total insurance liabilities in life insurance - special investment portfolio	1 921	1 813
26	Pension obligations	503	425
	Total provision for liabilities	503	425
	Liabilities related to direct insurance	4 066	1 703
5,6	Liabilities to credit institutions	715	483
5,6,12	Financial derivatives related to the corporate portfolio	10	65
5,6,12	Financial derivatives related to the common portfolio	8 363	1 330
5,6,12	Financial derivatives related to the investment option portfolio	27	5
32	Other liabilities	457	4 235
	Total liabilities	13 638	7 822
	Other accrued costs and pre-paid income	157	59
	Total accrued costs and pre-paid income	157	59
	TOTAL EQUITY AND LIABILITIES	415 030	339 592
	OFF-BALANCE-SHEET ITEMS		
34	Contingent liabilities	12 748	8 086

Oslo, 25 March 2015
The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

Liv Kari Eskeland
Chair

Egil Johansen
Deputy Chair

Marit Torgersen

Jan Helge Gulbrandsen

Anita Krohn Traaseth

Tom Tvedt

Susanne Torp - Hansen
Elected by and from the employees

Freddy Larsen
Elected by and from the employees

Sverre Thornes
Group CEO

Statement of changes in owners' equity

2014 NOK millions	Owners' equity contributed	Risk equalization fund	Retained earnings	Total owners' equity
Owners' equity 1 January 2014	7 659	170	7 260	15 089
Income		358	637	994
Other comprehensive income			-143	-143
Total comprehensive income		358	494	852
Net receipts of equity contributions	1 514			1 514
Total transactions with the owners	1 514			1 514
Owners' equity 31 December 2014	9 173	528	7 754	17 454

2013 NOK millions	Owners' equity contributed	Risk equalization fund	Retained earnings	Total owners' equity
Owners' equity 1 January 2013	6 891	490	6 092	13 473
Income		-320	1 270	950
Other comprehensive income			-102	-102
Total comprehensive income		-320	1 168	847
Net receipts of equity contributions	768			768
Total transactions with the owners	768			768
Owners' equity 31 December 2013	7 659	170	7 260	15 089

Statement of cash flows

NOK millions	2014	2013
Cash flow from operational activities		
Direct insurance premiums received	34 010	23 422
Reinsurance premiums paid	-3	-3
Direct insurance claims and benefits paid	-12 953	-11 105
Payments received on transfer	30 225	7 118
Payments made on transfer	-4 360	-177
Payments to other suppliers for products and services	-591	-536
Payments to staff, pension schemes, employer's social security contribution etc.	-408	-400
Interest paid	-210	-183
Interest received	7 294	7 088
Dividend received	2 280	2 938
Tax and public charges paid	-8	-5
Receipts to the property business	63	16
Net receipts/payments of loans to customers etc.	-7 006	-3 460
Receipts on the sale of shares	40 251	36 701
Payments on the purchase of shares	-61 096	-45 514
Receipts on the sale of bonds and certificates	40 935	35 429
Payments on the purchase of bonds and certificates	-71 558	-56 524
Payments on the purchase of property	30	20
Net cash flow from purchase/sale of other short-term securities	1 828	4 484
Net cash flows from operating activities	-1 276	-689
Cash flow from investment activities		
Receipts on the sale of tangible fixed assets	0	0
Payments on the purchase of tangible fixed assets etc.	-145	-85
Net cash flows from investment activities	-145	-85
Cash flows from financing activities		
Receipts of owners' equity contributions	1 662	773
Payments on repayment of owners' equity contributions	-148	-5
Net cash flows from financing activities	1 514	768
Net changes in cash and bank deposits	92	-6
Holdings of cash and bank deposits at start of period	342	348
Holdings of cash and bank deposits at end of period	434	342

Notes to the Accounts 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 (KLP) is a mutual insurance company registered and domiciled in Norway. The Company has its head office in Dronning Eufemiasgate 10, Oslo.

The Company has a subordinated loan listed on the London Stock Exchange.

The annual financial statements for Kommunal Landspensjonskasse gjensidig forsikringsselskap are available on the Company's website, klp.no.

The Company's annual financial statements for 2014 were adopted by the Company's Board of Directors on 25 March 2015.

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:

- Investment property valued at fair value.
- Financial assets and liabilities (including financial derivatives) are valued at fair value through profit or loss.
- 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 amounts 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

The following new or changed IFRSs or IFRIC interpretations that have come into force for the 2014 annual financial statements have a significant effect on the Company financial statements:

- IFRS 11 «Joint arrangements». This standard is to be applied by all entities that are party to a joint arrangement. A joint arrangement is an arrangement of which two or more parties have joint control, i.e. the parties are bound by a contractual agreement and that the contractual agreement gives two or more of these parties shared control over the joint arrangement. The equity method is to be applied for investments in the joint arrangement.

- IFRS 12 «Disclosures of Interest in Other Entities» contains the disclosure requirements for financial interests in subsidiaries, joint ventures, associated companies, special-purpose entities (SPE), and other companies not included in the statement of financial position.

- IAS 32 Financial instruments clarifies when net presentation of financial assets and liabilities may be carried out. The entitlement to net accounting cannot be contingent on a future event. Netting must also be legally enforceable in all situations (ordinary operation, default, insolvency or bankruptcy) that the Company and counterparties may encounter. The change also considers settlement mechanisms. The change did not have significant effect on the annual financial statements.

- IAS 39 Financial instruments - Recognition and Measurement regarding counterparty change for derivatives and continuation of hedge accounting. The change deals with changes in law that introduce requirements for settlement centres for bilateral agreements. In accordance with IAS 39, change of counterparty to a settlement centre will lead to cessation of hedge accounting. The change means that hedge accounting will not cease when counterparty change in a hedge instrument meets specific criteria. The change did not have significant effect on the annual financial statements.

(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 entity 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 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 2017 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 2014 that meant that comparison figures were changed. The changes are shown in the table below:

NOK millions	Original amount 2013	Change	Adjusted 2013
Bank deposits	358	-16	342
Total other assets	406	-16	390
Shares and holdings in associated entities and jointly controlled entities	0	31	31
Total subsidiaries, associated entities and jointly controlled entities	38 383	31	38 414
Shares	16 843	-31	16 812
Loans and receivables	11 811	16	11 827
Total financial assets valued at fair value	156 254	-15	156 239
Total investments in the common portfolio	316 194	16	316 210

2.2 SUBSIDIARIES, ASSOCIATED ENTITIES AND JOINTLY CONTROLLED ENTITIES

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 were consolidated in accordance with the equity 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.

Acquisition of subsidiaries is recognized in accordance with the acquisition 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 entities

Associated entities 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 entities are taken to account 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 entity.

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

2.2.3 Jointly controlled entities

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 jointly controlled entities.

On the date of acquisition investments in jointly controlled entities 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 jointly controlled entities 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 jointly controlled entity.

Where necessary accounting principles in jointly controlled entities 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 vehicles.

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 calculated by the straight-line method so the acquisition cost of tangible fixed assets is depreciated to residual value over expected usable life.

For some fixed assets, where the impairment is expected to be highest at the start, reducing balance depreciation is used.

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 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 (10-year 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 valuators. 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.

Properties classified as "assets under construction" are presented at cost price if fair value cannot be measured reliably. The property is measured at cost up until its fair value can either be measured in a reliable way or until the property is completed. In setting fair value, the returns requirement in 2014 is corrected as a result of technical model changes (removed obsolescence in final value).

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 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 profit or loss. 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.

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**
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" or "Loans and receivables". 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 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 inbuilt derivatives that are not separated out, the value of the derivative will be included in the security's value as a whole.

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. In KLP, the customers (the members) are obliged to make owners' equity contributions on establishing the customer relationship (transferring in). In addition the members are charged annual contributions in accordance with the assessment of the need. The Board of Directors can further decide that the members shall make owners' equity contributions in other instances, if this is necessary to provide KLP with satisfactory solvency. 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. Owners' equity contribution may be repaid in connection with movement of a customer's business from the Company and requires inter alia approval in advance from the Financial Supervisory Authority of Norway. A 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.

2.10.2 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 to the extent they are suitable for any distribution or use of other retained earnings. The Norwegian Insurance Activity Act provisions apply for any use of the risk equalization 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/dividend 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 large 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 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 designated by the The Financial Supervisory Authority of Norway 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.

2.15.2 Group life

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.

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 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.

2.16.6 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 2012 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 2013, total average base interest in the group pensions sector amounted to 2.99 per cent. At the end of 2014, total average base interest in the group pensions sector amounted to 2.94 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 The Financial Supervisory Authority of Norway. For the Pension Scheme for Nurses and the Pension Scheme for Hospital Doctors a somewhat stronger basis is used.

2.17 RESULT ELEMENTS

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. The Company generally allocates part of the returns on the corporate portfolio to the customers' premium fund.

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 valuation reserves to others".

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 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.

2.20 CONSOLIDATED FINANCIAL STATEMENTS

KLP reports the consolidated 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 up to 2009. 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.

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 21,293	NOK 35,166	NOK 39,435
Women			
Age	30 years	45 years	60 years
Amount	NOK 33,233	NOK 46,931	NOK 44,046

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. Models take account of experience based on reported changes in the insurance population.

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 Group's investment properties.

As at 31 December 2014, 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 market's return requirement for similar properties. For the Norwegian properties as at 31 December 2014, a discounting factor was used in the interval 7.23 - 9.35 per cent: for the Group's Swedish properties it was 6.45 - 8.00 per cent; and for the Danish properties, 7.00 -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 square 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 parameters	Change in value
Return requirement	+100 bps	-11 %
	-100 bps	+13 %
Market rent	+ 10 %	+9 %
	- 10 %	-9 %
Exit yield	+ 100 bps	-7 %
	-100 bps	+10 %
Inflation	+50 bps	+6 %
	-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 2015 has been used as the basis for updated measurement of best-estimate accrued obligations and assets as at 31 December 2013.

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 2014 a discount rate of 2.3 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 option 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 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 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

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	1 785	10	2 238
Profit/loss associated enterprises and jointly controlled entities	0	37	0	37
Total income from investments in subsidiaries, associated enterprises and joint ventures	637	3 146	17	3 800
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/dividend on financial instruments	606	8 257	36	8 899
Value adjustment property	-37	0	0	-37
Rental income property	37	0	0	37
Total net operating income from 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
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 [1]	305	956	0	1 261
Realized loans at amortized cost [1]	0	18	0	18
Total realized financial instruments at amortized cost	305	975	0	1 280
Total realized gains and losses on investments	308	3 630	46	3 984
Total net income from investments	1 446	23 391	120	24 957

2013 NOK millions	Corporate portfolio	Common portfolio	Investment option portfolio	Total
Write-up/-down shares and units	6	1 426	9	1 441
Profit/loss subsidiaries	362	1 969	13	2 344
Profit/loss associated enterprises	-2	0	0	-2
Total income from investments in subsidiaries, associated enterprises and joint ventures	366	3 395	22	3 783
Interest banking	8	219	0	227
Interest financial derivatives	15	52	0	67
Interest bonds and other fixed-income securities	136	3 151	8	3 295
Total interest income financial instruments at fair value	158	3 422	9	3 589
Interest bonds amortized cost	345	4 048	28	4 421
Interest lending	0	1 087	0	1 087
Total interest income financial instruments at amortized cost	345	5 135	28	5 508
Dividend/interest shares and units	33	660	0	692
Other income and expenses	-1	-101	0	-102
Total net interest income/dividend on financial instruments	535	9 116	37	9 687
Rental income property	19	0	0	19
Total net operating income from property	19	0	0	19
Value changes shares and units	71	3 103	84	3 258
Value change bonds and other fixed-income securities	25	69	0	93
Value change financial derivatives	-77	-997	-2	-1 077
Value change loans and receivables	-6	-2	0	-8
Total value change financial instruments at fair value	12	2 173	82	2 267
Value change lending	0	13	0	13
Total value change financial instruments at amortized cost	0	13	0	13
Value change other	-244	0	0	-244
Total value changes on investments	-232	2 187	82	2 037
Realized shares and units	0	6 299	4	6 303
Realized bonds and other fixed-income securities	9	577	0	586
Realized financial derivatives	-6	-2 757	-7	-2 770
Realized loans and receivables	14	3	1	18
Total realized financial instruments at fair value	18	4 121	-2	4 137
Realized bonds at amortized cost [1]	273	-45	0	228
Realized loans at amortized cost [1]	0	1	0	1
Total realized financial instruments at amortized cost	273	-45	0	229
Other financial costs and income	0	0	0	0
Total realized gains and losses on investments	291	4 077	-2	4 366
Total net income from investments	979	18 775	138	19 892

The purpose of this note is to provide a specification of the lines in the income statement. Value changes resulting from change in credit risk are not included in this table because of system limitations.

[1] 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 shall be a representative price based on what a corresponding asset or liability would have been traded for on normal market terms and conditions. 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. If the market for the security is not active, or the security is not listed on a stock market or similar, KLP uses valuation techniques to set fair value. These are based for example on information on recently completed transactions carried out on business terms and conditions, reference to trading in similar instruments and pricing using externally collected yield curves and yield spread curves. As far as possible the estimates are based on externally observable market data and rarely on company-specific information.

The different financial instruments are thus priced in the following way:

a) Shares (listed)
Liquid shares are generally valued on the basis of prices provided by an index provider. At the same time prices are compared between different sources to identify any errors. The following sources are used for shares:
- Oslo Børs (the Oslo stock exchange)
- Morgan Stanley Capital International (MSCI)
- Reuters

Oslo Børs has first priority, followed by MSCI and finally Reuters.

b) Shares (unlisted)
As far as possible KLP uses the industry recommendations of the Norwegian Mutual Fund Association (NMFA). Broadly this means the following:
The last traded price has the highest priority. If the last traded price lies outside the offer/bid spread in the market, price is adjusted accordingly. I.e. if the last traded price is below the offer price, price is adjusted up to the offer price. If it is above the bid price it is adjusted down to bid. If the price picture is considered outdated, the price is adjusted according to a market index. The Company has selected the Oslo Børs's Small Cap Index (OSESX) as an approach for unlisted shares.

For shares on which very little information is available, valuations are obtained from brokers to provide a basis for estimating an assumed market price.

c) 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 identify any errors. The following sources are used:
- Barclays Capital Indices
- Bloomberg
- Reuters

Barclays Capital Indices have the first priority (they cover government and corporate bonds). After that Bloomberg is used ahead of Reuters based on Bloomberg's price source, Business Valuator Accredited in Litigation (BVAL). BVAL contains verified prices from Bloomberg. The final priority is Reuters.

d) Norwegian fixed-income securities - government
Bloomberg is used as the source for pricing Norwegian government bonds. It is Oslo Børs that provides the price (via Bloomberg). The prices are compared with the prices from Reuters to reveal any errors.

e) Norwegian fixed-income securities - non-government
Norwegian fixed-income securities except government securities are priced directly on prices from Nordic Bond Pricing. Those securities that are not included in Nordic Bond Pricing are priced theoretically. In theoretical pricing a zero-coupon curve is used as well as yield spread curves for the pricing. Reuters is used as the source for the zero-coupon curve from 0 to 10 years. From 12 years and over, Bloomberg is used as the source since Reuters does not provide prices over 10 years.

The yield spread curves are received from Nordic Bond Pricing. These are based on yield spread curves collected from several different market operators and converted to an average curve.

f) Fixed-income securities issued by foreign enterprises, but denominated in NOK
Fair value is calculated in accordance with the same principle as for Norwegian fixed-income securities described above.

g) Futures/FRA/IRF
All KLP futures contracts are traded on stock exchanges. Reuters is used as a price source. Prices are also obtained from another source to check the Reuters prices are correct.

h) Options
Bloomberg is used as the source for pricing stock market traded options.

i) Interest rate swaps
Interest rate swaps are valued on a model taking account of observable market data such as yield curves and relevant credit risk premiums.

j) Loans secured by mortgage
The principles for calculating fair value depend on whether the loans have fixed interest rates or not.

Fair value of fixed interest loans is calculated by discounting contracted cash flows by market interest rates including a relevant risk margin at the end of the reporting period.

Fair value of lending without fixed interest rates is considered virtually the same as book value since the contract terms are continuously changed in step with market interest rates.

k) Lending to local authorities and enterprises with local government guarantee
The receivables are valued using a valuation model that uses relevant credit risk premium adjustments obtained from the market. For lending to municipalities, county authorities and local government supported projects, observable yield curves and credit interest differential curves are used in a valuation model that discounts future cash flows. The credit risk premiums used in the model calculations are based on quotations from three different pricemakers. Assessment is made of the quality of the quotations by comparing them with each other and against previously received observations as well as other market information.

For guaranteed lending, fair value is calculated as a discounted cash flow based on the same yield curves as the direct loans, but the credit margin is initially based on the initial margin. Guarantees are traded bilaterally and not through open marketplaces such as for example a stock market (OTC) and are therefore not priced in the market. Initial margin agreed on the commencement date is the best estimate for market premiums on the same date. Creditworthiness does not change equally for the loan as for the guarantor or the borrower taken individually. The borrower is generally not credit-rated by credit-rating agencies or banks. The guarantor is either a local administration or bank (or both - triple default loan). Statistical analyses indicate that the credit margin on guaranteed loans fluctuates less than on non-guaranteed loans and bonds. Guaranteed loans are therefore not adjusted for credit risk premium before the guarantor has experienced a significant rating change since the initial margin was set. The Group's lending with both local government and bank guarantee is credit-premium adjusted in relation to the initial margin only if both the guarantors have had their credit rating significantly changed since the date of payment.

l) Investments with credit institutions
Investments with credit institutions are short-term deposits. Fair value is calculated by discounting contracted cash flows by market interest rates including a relevant risk margin at the end of the reporting period.

m) Fair value of subordinated loans
For stock-market-listed loans where there is considered to be an active market the observable price is used as fair value. For other loans that are not part of an active market, fair value is set based on an internal valuation model based on observable data.

n) Fair value of hybrid Tier 1 securities issued
Fair value in this category is determined on the basis of internal valuation models based on external observable data.

o) Private Equity
Investments in Private Equity are made through funds and the funds' fair value is to be based on reported market values, as a result of International Private Equity and Venture Capital Valuation Guidelines (IPEV Guidelines). These guidelines are set by the European Private Equity and Venture Capital Association (EVCA) and based on the principle of approximate market valuation of the companies.

Note 5 Fair value of financial assets and liabilities, continued

31.12.2014	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
NOK millions	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
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	3 230	16 549	15 401	87	100	19 765	18 731
Accrued not due interest	55	55	256	256	2	2	312	312
Total investments held to maturity	3 937	4 163	26 058	26 196	139	158	30 134	30 517
BONDS								
Norwegian bond loans	1 495	1 686	24 620	28 217	138	161	26 253	30 064
Accrued not due interest	40	40	682	682	3	3	725	725
Foreign bond loans	4 133	4 586	52 951	62 748	365	413	57 449	67 747
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	92 755	515	585	85 631	99 739
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	37 695	38 643	0	0	37 695	38 643
Accrued not due interest	0	0	205	205	0	0	205	205
Total other loans and receivables	0	0	41 976	42 938	0	0	41 976	42 938
Total financial assets at amortized cost	9 694	10 563	147 393	161 889	654	743	157 741	173 194
ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS								
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 and units	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	1 807
Foreign alternative investments	0	0	81	81	0	0	81	81
Total alternative investments	0	0	1 875	1 875	13	13	1 888	1 888

31.12.2014	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
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	4 636	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	1 765	41 640	41 640	599	599	44 004	44 004
Foreign fixed-income funds	0	0	12 172	12 172	0	0	12 172	12 172
Norwegian certificates	557	557	3 910	3 910	0	0	4 467	4 467
Accrued not due interest	5	5	12	12	0	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	1	727	727
Share options	0	0	424	424	3	3	427	427
Forward exchange contracts	0	0	370	370	3	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	1 047	1 047	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	27	7 652	7 652
Total financial derivatives classified as liabilities	10	10	8 363	8 363	27	27	8 400	8 400
SUBORDINATED LOAN CAPITAL								
Perpetual subordinated loan capital	3 423	3 508	0	0	0	0	3 423	3 508
Hybrid Tier 1 securities	1 253	1 262	0	0	0	0	1 253	1 262
Total subordinated loan capital etc.	4 676	4 770	0	0	0	0	4 676	4 770
DEBT TO CREDIT INSTITUTIONS								
Foreign call money	186	186	527	527	2	2	715	715
Total debt to credit institutions	186	186	527	527	2	2	715	715

Note 5 Fair value of financial assets and liabilities, continued

31.12.2013	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
NOK millions	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS RECOGNIZED AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	731	787	10 822	11 520	69	73	11 622	12 381
Accrued not due interest	23	23	253	253	1	1	277	277
Foreign hold-to-maturity bonds	2 933	3 054	15 828	16 772	84	90	18 845	19 915
Accrued not due interest	51	51	308	308	2	2	360	360
Total investments held to maturity	3 738	3 915	27 212	28 853	156	166	31 105	32 934
BONDS								
Norwegian bond loans	1 323	1 322	22 183	23 826	129	137	23 635	25 284
Accrued not due interest	36	36	602	602	3	3	641	641
Foreign bond loans	3 762	3 904	36 772	37 640	302	318	40 836	41 862
Accrued not due interest	83	83	801	801	7	7	891	891
Total bonds classified as loans and receivables	5 204	5 345	60 358	62 869	441	464	66 002	68 678
OTHER LOANS AND RECEIVABLES								
Secured loan	0	0	7 830	7 838	0	0	7 830	7 838
Lending with public sector guarantee	0	0	25 986	26 285	0	0	25 986	26 285
Accrued not due interest	0	0	172	172	0	0	172	172
Total other loans and receivables	0	0	33 988	34 294	0	0	33 988	34 294
Total financial assets at amortized cost	8 942	9 260	121 557	126 016	597	630	131 095	135 906
ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS								
EQUITY INSTRUMENTS								
Norwegian shares	262	262	3 783	3 783	0	0	4 044	4 044
Foreign shares	0	0	13 029	13 029	0	0	13 029	13 029
Total shares and units	262	262	16 812	16 812	0	0	17 073	17 073
Property funds	0	0	658	658	0	0	658	658
Norwegian equity funds	0	0	30 756	30 756	444	444	31 200	31 200
Foreign equity funds	0	0	3 932	3 932	0	0	3 932	3 932
Total equity fund units	0	0	35 346	35 346	444	444	35 790	35 790
Norwegian alternative investments	0	0	1 757	1 757	13	13	1 770	1 770
Foreign alternative investments	0	0	4	4	0	0	4	4
Total alternative investments	0	0	1 761	1 761	13	13	1 774	1 774

31.12.2013	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
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	3 137	3 137	25 775	25 775	0	0	28 912	28 912
Foreign bonds	163	163	12 616	12 616	0	0	12 779	12 779
Accrued not due interest	33	33	434	434	0	0	467	467
Norwegian fixed-income funds	732	732	30 880	30 880	433	433	32 045	32 045
Foreign fixed-income funds	0	0	11 307	11 307	0	0	11 307	11 307
Norwegian certificates	650	650	8 031	8 031	0	0	8 681	8 681
Accrued not due interest	6	6	46	46	0	0	51	51
Total bonds and other fixed-income securities	4 721	4 721	89 088	89 088	433	433	94 242	94 242
Norwegian loans and receivables	247	247	9 360	9 360	11	11	9 618	9 618
Foreign loans and receivables	121	121	2 467	2 467	8	8	2 595	2 595
Total loans and receivables	368	368	11 827	11 827	19	19	12 214	12 214
DERIVATIVES								
Interest rate swaps	49	49	475	475	0	0	524	524
Share options	0	0	119	119	1	1	120	120
Forward exchange contracts	0	0	511	511	2	2	514	514
Total financial derivatives classified as assets	50	50	1 105	1 105	3	3	1 158	1 158
Other financial assets	16	16	301	301	0	0	317	317
Total financial assets recognized at fair value	5 416	5 416	156 239	156 239	912	912	162 567	162 567
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	323	323	0	0	323	323
Interest rate and currency swaps	65	65	309	309	1	1	375	375
Forward exchange contracts	0	0	697	697	4	4	701	701
Total financial derivatives classified as liabilities	65	65	1 330	1 330	5	5	1 400	1 400
SUBORDINATED LOAN CAPITAL								
Perpetual subordinated loan capital	3 151	3 234	0	0	0	0	3 151	3 234
Hybrid Tier 1 securities	919	919	0	0	0	0	919	919
Total subordinated loan capital etc.	4 070	4 153	0	0	0	0	4 070	4 153
DEBT TO CREDIT INSTITUTIONS								
Foreign call money	6	6	477	477	0	0	483	483
Total debt to credit institutions	6	6	477	477	0	0	483	483

Note 6 Fair value hierarchy

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	64	4 816	0	4 880
Fixed-income funds	1 765	0	0	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	74 181	30 895	0	105 076
Certificates	2 314	1 608	0	3 922
Bonds	18 055	29 287	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	22 546	975	958	24 479
Equity funds	43 603	0	0	43 603
Property funds	0	493	0	493
Special funds	0	1 875	0	1 875
Private equity	0	0	5 334	5 334
Financial derivatives	0	1 208	0	1 208
Other financial assets	0	101	0	101
Total common portfolio	153 130	38 528	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	156 370	44 818	6 298	207 485
Investment property and shares in investment subsidiaries				
Corporate portfolio	0	0	2 361	2 361
Common portfolio	0	0	42 396	42 396
Investment option portfolio	0	0	257	257
Total investment property	0	0	45 013	45 013
LIABILITIES RECOGNIZED AT FAIR VALUE				
Corporate portfolio				
Financial derivatives	0	10	0	10
Debt to credit institutions	186	0	0	186
Total corporate portfolio	186	10	0	196
Common portfolio				
Financial derivatives	0	8 363	0	8 363
Debt 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
Debt 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

31.12.2013 NOK millions	Level 1	Level 2	Level 3	Total
ASSETS RECOGNIZED AT FAIR VALUE				
Corporate portfolio				
Bonds and other fixed-income securities	766	3 954	0	4 721
Certificates	0	656	0	656
Bonds	35	3 298	0	3 333
Fixed-income funds	732	0	0	732
Loans and receivables	292	76	0	368
Shares and units	0	254	8	262
Shares	0	254	8	262
Equity funds	0	0	0	0
Property funds	0	0	0	0
Special funds	0	0	0	0
Private equity	0	0	0	0
Financial derivatives	0	50	0	50
Other financial assets	0	16	0	16
Total corporate portfolio	1 058	4 350	8	5 416
Common portfolio				
Bonds and other fixed-income securities	58 004	31 083	0	89 088
Certificates	3 715	4 361	0	8 076
Bonds	12 102	26 722	0	38 825
Fixed-income funds	42 187	0	0	42 187
Loans and receivables	6 572	5 239	0	11 827
Shares and units	46 493	3 110	4 316	53 919
Shares	15 471	691	681	16 843
Equity funds	31 022	0	0	31 022
Property funds	0	658	0	658
Special funds	0	1 761	0	1 761
Private equity	0	0	3 635	3 635
Financial derivatives	0	1 105	0	1 105
Other financial assets	0	301	0	301
Total common portfolio	111 070	40 838	4 316	156 239
Investment option portfolio				
Bonds and other fixed-income securities	433	0	0	433
Certificates	0	0	0	0
Bonds	0	0	0	0
Fixed-income funds	433	0	0	433
Loans and receivables	19	0	0	19
Shares and units	444	13	0	457
Shares	0	0	0	0
Equity funds	444	0	0	444
Property funds	0	0	0	0
Special funds	0	13	0	13
Private equity	0	0	0	0
Financial derivatives	0	3	0	3
Other financial assets	0	0	0	0
Total investment option portfolio	896	16	0	912
Total financial assets valued at fair value	113 024	45 204	4 323	162 567
Investment property and shares in investment subsidiaries				
Corporate portfolio	0	0	2 340	2 340
Common portfolio	0	0	38 383	38 383
Investment option portfolio	0	0	236	236
Total investment property	0	0	40 958	40 958

Note 6 Fair value hierarchy, continued

31.12.2013 NOK millions	Level 1	Level 2	Level 3	Total
LIABILITIES RECOGNIZED AT FAIR VALUE				
Corporate portfolio				
Financial derivatives	0	65	0	65
Debt to credit institutions	6	0	0	6
Total corporate portfolio	6	65	0	71
Common portfolio				
Financial derivatives	0	1 330	0	1 330
Debt to credit institutions	477	0	0	477
Total common portfolio	477	1 330	0	1 807
Investment option portfolio				
Financial derivatives	0	5	0	5
Debt to credit institutions	0	0	0	0
Total investment option portfolio	0	5	0	5
Total financial liabilities at fair value	483	1 400	0	1 883

Changes in Level 3 shares, unlisted Corporate portfolio	Book value 31.12.2014	Book value 31.12.2013
Opening balance 1 Jan	8	6
Sold	0	0
Bought	0	0
Unrealized changes	-2	2
Closing balance 31 Dec	6	8
Realized gains/losses	0	0

Changes in Level 3 shares, unlisted Common portfolio	Book value 31.12.2014	Book value 31.12.2013
Opening balance 1 Jan	681	353
Sold	0	0
Bought	136	342
Unrealized changes	141	-13
Closing balance 31 Dec	958	681
Realized gains/losses	0	0

Changes in Level 3, Private Equity Common portfolio	Book value 31.12.2014	Book value 31.12.2013
Opening balance 1 Jan	3 635	2 812
Sold	-674	-598
Bought	1 123	857
Unrealized changes	1 250	563
Closing balance 31 Dec	5 334	3 635
Realized gains/losses	182	13

Changes in Level 3, Investment property Corporate portfolio	Book value 31.12.2014	Book value 31.12.2013
Opening balance 1 Jan	2 340	2 325
Sold	-65	-61
Bought	4	7
Unrealized changes	82	69
Closing balance 31 Dec	2 361	2 340
Realized gains/losses	0	-18

Changes in Level 3, Investment property Common portfolio	Book value 31.12.2014	Book value 31.12.2013
Opening balance 1 Jan	38 383	30 439
Sold	0	0
Bought	1 790	5 019
Other	-909	0
Unrealized changes	3 132	2 924
Closing balance 31 Dec	42 396	38 383
Realized gains/losses	0	0

Changes in Level 3, Investment property Investment option portfolio	Book value 31.12.2014	Book value 31.12.2013
Opening balance 1 Jan	236	186
Sold	0	0
Bought	10	31
Other	-6	0
Unrealized changes	17	19
Closing balance 31 Dec	257	236
Realized gains/losses	0	0
Total Level 3	51 311	45 282

Unrealized changes are reflected in the line "Value changes in investments» in the result of the various portfolios.

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, investment property and shares and units in property subsidiaries (here referred to generically as 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.

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 6.

No sensitivity analysis has been carried out on securities included in Level 3. Attention is drawn to the annual report in regard to sensitivity analysis of investment property. 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 NOK 2578 million as at 31 December 2014 on the securities at Level 3. In addition, investment property has been added into this Note, since there are expanded requirements for disclosure concerning fair value which must now also include KLP investment property measured at fair value. All investment property is included in Level 3.

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 31 December 2013 to 31 December 2014 NOK 60 million was moved from Level 1 to Level 2, and NOK 212 million from Level 2 to Level 1. All changes in level applied to shares and change in liquidity, based on rules associated with trading days and quantities traded. In level 3 there has been a reclassification in 2014 which amount to NOK 244 million. The amount was moved within the common portfolio; from the line "Shares" to the line "Shares and holdings in associated enterprises and jointly controlled entities". The same reclassification was done in 2013 and amounted to NOK 31 million.

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 up to 2009. 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 Financial Supervisory Authority of Norway 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 661 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 1861 million. An immediate 10 per cent reduction in mortality would, with current numbers, mean a negative effect of NOK 122 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 5638 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.

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 short-term 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 12 746 million comprise of committed, not paid in amounts 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 an associated enterprise. The total is specified in detail in Note 34 Contingent liabilities.

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 (risk) 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 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
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 2014 about 20 per cent of KLP's assets were placed in equities (measured by exposure) and 11 per cent placed in property. Other assets were placed in fixed-income current and fixed assets, including lending.

In accordance with The Financial Supervisory Authority of Norway's Stress Test I the Company has a buffer capital utilization of 101 per cent: in 2013 the buffer capital utilisation was 88 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 increase from 2013 is increased stress levels for shares. The most significant risk in the stress test is market risk which seen in isolation represented a loss potential of NOK 57 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:

Interest rate risk	NOK	6.1 billion
Equities risk	NOK	30.4 billion
Property risk	NOK	11.3 billion
Currency risk	NOK	2.3 billion
Spread risk	NOK	20.7 billion
Concentration risk	NOK	0 billion

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.

7.2.3 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.

KLP has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. In the portfolio of hold-to-maturity and loans and receivables 32 per cent are rated AAA. KLP has a separate international government bonds portfolio that represented about 17 per cent of the portfolio of short-term bonds at the end of the year. In addition there is a substantial proportion of Norwegian bonds in the short-term bonds portfolio.

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 4.1 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.

2014 NOK millions	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Sum
Subordinated loan [1]	0	167	3 506	0	0	3 673
Hybrid Tier 1 securities [1]	0	55	218	273	1 448	1 994
Accounts payable	18	0	0	0	0	18
Liabilities to credit institutions	6 890	0	0	0	0	6 890
Contingent liabilities	12 748	0	0	0	0	12 748
Total	19 656	221	3 725	273	1 448	25 323
Financial derivatives						
Financial derivatives gross settlement						
Inflows	0	-55	-218	-273	-1 448	-1 994
Outflows	11	33	176	220	1 400	1 839
Financial derivatives net settlement	4 207	2 564	1 537	129	0	8 436
Total financial derivatives	4 218	2 542	1 494	75	-47	8 282
Total 2014	23 874	2 763	5 218	348	1 400	33 605

2013 NOK millions	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Sum
Subordinated loan [1]	0	154	3 385	0	0	3 539
Hybrid Tier 1 securities [1]	0	44	177	221	1 322	1 764
Accounts payable	10	0	0	0	0	10
Liabilities to credit institutions	483	0	0	0	0	483
Contingent liabilities	8 086	0	0	0	0	8 086
Total	8 578	198	3 562	221	1 322	13 882
Financial derivatives						
Financial derivatives gross settlement						
Inflows	0	-44	-177	-221	-1 322	-1 764
Outflows	11	33	177	221	1 448	1 891
Financial derivatives net settlement	309	317	585	87	0	1 299
Total financial derivatives	320	306	586	88	126	1 426
Total 2013	8 899	504	4 148	309	1 448	15 307

The risk that KLP would not have adequate liquidity to cover current liabilities and current operations is very small since a major part of the Company's assets is liquid. 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.

The table above shows financial liabilities KLP has grouped by interest payments and repayment of principal, based on the date payment is due.

Expected payment profile pension obligations

2014 NOK millions									
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	13 104	52 571	83 260	200 838	218 061	192 089	126 891	65 389	952 202

2013 NOK millions									
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	12 210	52 156	81 803	192 710	200 519	164 738	96 814	49 890	850 840

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.
[1] The loans are perpetual. The cash streams are estimated up to expected maturity by interest adjustment date.

Note 9 Interest rate risk

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[1]	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
Debt instruments held to maturity at amortized cost	0	0	0	0	0	0	0
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	192	192
Contingent liabilities[2]	0	0	0	0	0	20	20
Total assets	-3 047	-45	-424	-618	-586	501	-4 219
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
Loans and receivables - call money	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	505	-4 036
Total after taxes	-2 222	-31	-264	-394	-404	368	-2 946

Note 9 Interest rate risk, continued.

2013 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[1]	0	0	0	0	0	3	3
Alternative investments	-6	0	0	0	0	5	-1
Financial derivatives classified as assets	-3	7	-64	-91	-97	-42	-289
Debt instruments classified as loans and receivables – at amortized cost	0	0	0	0	0	6	6
Bonds and other fixed-income securities	-29	-63	-302	-307	-266	173	-795
Fixed-income fund units	-2 119	0	0	0	0	21	-2 099
Loans and receivables	-1	-8	-4	0	0	91	79
Lending	0	0	0	0	0	194	194
Contingent liabilities[2]	0	0	0	0	0	29	29
Total assets	-2 159	-64	-370	-398	-363	481	-2 873
Liabilities							
Financial derivatives classified as liabilities	-1	0	59	-15	0	10	54
Hybrid Tier 1 securities, subordinated loan	0	0	0	55	16	0	72
Loans and receivables - call money	0	0	0	0	0	-6	-6
Total liabilities	-1	0	59	40	16	4	119
Total before and after taxes	-2 159	-64	-311	-358	-347	485	-2 754

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 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.

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 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.

[1] 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.
[2] Contingent liabilities in this context are accepted, not paid out lending.

Note 10 Foreign exchange risk

31.12.2014 NOK million/ foreign currency[1]	Fin.l pos. statement items excl. currency derivatives Assets	 Liabilities	Currency derivatives Assets	 Liabilities	Translation rate Currency/NOK	Total Assets	 Liabilities	Net 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	1 013	0	49	-1 038	11,69	1 062	-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
Israeli shekel	99	0	18	-107	1,93	117	-107	20
Japanese 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
Russian rubles	0	0	0	0	0,12	0	0	0
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 foreign currency positions								6 944
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
US dollar	995	-113	0	0	7,50	995	-113	6 614
Total long-term foreign currency positions								7 129
Total pre-tax currency positions								14 073
Total currency positions after tax								10 273

Note 10 Foreign exchange risk, continued

31.12.2013 NOK million/ foreign currency[1]	Fin.l pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position
	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	
US dollar	13 654	-1 305	865	-11 689	6,07	14 518	-12 993	9 252
Australian dollar	360	0	166	-480	5,43	526	-480	249
Brazilian real	109	0	0	0	2,57	109	0	281
British pound	1 227	-5	128	-1 325	10,05	1 355	-1 330	250
Canadian dollar	1 234	-726	253	-686	5,71	1 487	-1 412	427
Chilean peso	3 722	0	0	0	0,01	3 722	0	43
Colombian peso	8 612	0	0	0	0,00	8 612	0	27
Danish krone	4 127	-53	44	-3 990	1,12	4 170	-4 043	143
Egyptian pound	8	0	0	0	0,87	8	0	7
Euro	3 889	-32	122	-3 738	8,36	4 011	-3 770	2 014
Philippines peso	171	0	0	0	0,14	171	0	23
Hong Kong dollar	1 223	0	182	-641	0,78	1 405	-641	598
Indian rupee	1 690	0	0	0	0,10	1 690	0	166
Indonesian rupiah	111 221	0	0	0	0,00	111 221	0	55
Icelandic krona	252	0	0	0	0,05	252	0	13
Israeli shekel	66	0	51	-107	1,75	117	-107	18
Japanese yen	73 124	0	18 289	-81 502	0,06	91 413	-81 502	572
Korean won	73 417	0	0	0	0,01	73 417	0	422
Malaysian ringgit	53	0	0	0	1,85	53	0	98
Moroccan dirham	0	0	0	0	0,74	0	0	0
Mexican peso	285	0	0	0	0,46	285	0	132
New Zealand dollar	3	0	1	-3	4,99	4	-3	3
Peruvian nuevo sol	0	0	0	0	2,17	0	0	1
Polish zloty	22	0	0	0	2,01	22	0	44
Russian rubles	0	0	0	0	0,18	0	0	0
Singapore dollar	61	0	48	-99	4,81	109	-99	48
Swiss franc	201	0	66	-230	6,82	267	-230	251
Swedish krone	9 896	-60	172	-9 343	0,94	10 068	-9 403	628
South African rand	399	0	0	0	0,58	399	0	231
Taiwan new dollar	1 508	0	0	0	0,20	1 508	0	307
Thai baht	350	0	0	0	0,18	350	0	65
Czech koruna	21	0	0	0	0,31	21	0	6
Turkish lira	14	0	0	0	2,82	14	0	40
Hungarian forint	234	0	0	0	0,03	234	0	7
Total short-term foreign currency positions								16 421
Euro	315	-312	0	0	8,36	315	-312	29
Japanese yen	32 611	-24 236	0	0	0,06	32 611	-24 236	483
US dollar	110	-107	0	0	6,07	110	-107	19
Total long-term foreign currency positions								532
Total foreign currency positions before and after tax								16 953

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 141 million. For 2013 the corresponding effect on income was NOK 170 million.

[1] The table shows total financial position statement items for each individual currency, divided between short and long-term postions. 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 2014 and 2013 of 109 per cent and 111 per cent respectively.

Note 11 Credit risk

31.12.2014 NOK millions	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Banking and finance	[1] Mortgage ‹ 80%	[1] Mortgage › 80%	Other	Total
Debt instruments held to maturity at amortized cost	25 652	0	50	1 273	0	0	3 159	30 134
Debt instruments classified as loans and receivables at amortized cost	64 242	0	458	3 774	0	0	17 157	85 631
Debt instruments at fair value - fixed-income securities	26 462	86	2 587	17 548	0	0	10 022	56 706
Fixed-income funds short-term	32 825	0	5 558	0	0	0	18 758	57 141
Loans and receivables	13 423	0	0	3 011	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	164 130	86	41 874	25 606	3 786	307	53 759	289 548

Specification of investment grade	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	13 355	1 931	9 561	806	25 652
Debt instruments classified as loans and receivables at amortized cost	16 610	15 443	29 317	2 872	64 242
Debt instruments at fair value - fixed-income securities	10 446	11 257	3 705	1 054	26 462
Fixed-income funds short-term	0	0	32 825	0	32 825
Loans and receivables	0	2 031	11 391	0	13 423
Financial derivatives classified as assets	0	63	1 464	0	1 527
Lending	0	0	0	0	0
Total	40 410	30 726	88 263	4 732	164 130

31.12.2014 NOK millions	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Banking and finance	[1] Mortgage ‹ 80%	[1] Mortgage › 80%	Other	Total
Debt instruments held to maturity at amortized cost	26 495	0	50	1 296	0	0	3 264	31 105
Debt instruments classified as l oans and receivables at amortized cost	47 624	0	164	3 295	0	0	14 920	66 002
Debt instruments at fair value - fixed-income securities	21 401	640	1 896	15 312	0	0	11 641	50 890
Fixed-income funds short-term	23 274	0	4 280	0	0	0	16 723	44 278
Loans and receivables	9 299	0	0	2 915	0	0	0	12 214
Financial derivatives classified as assets	1 158	0	0	0	0	0	0	1 158
Lending	0	0	22 899	0	5 614	1 400	4 075	33 988
Total	129 250	640	29 289	22 818	5 614	1 400	50 623	239 634

Specification of investment grade	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	18 818	2 198	4 673	806	26 495
Debt instruments classified as loans and receivables at amortized cost	17 423	11 875	15 278	3 048	47 624
Debt instruments at fair value - fixed-income securities	10 458	7 321	3 448	173	21 401
Fixed-income funds short-term	0	0	23 274	0	23 274
Loans and receivables	0	1 091	8 208	0	9 299
Financial derivatives classified as assets	0	1	1 157	0	1 158
Lending	0	0	0	0	0
Total	46 699	22 487	56 038	4 027	129 250

[1] 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.

Note 11 Credit risk, continued

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 53.7 billion on 31 December 2014. 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	31.12.2014	31.12.2013
Counterparty 1	8 644	8 637
Counterparty 2	6 749	8 523
Counterparty 3	5 490	4 420
Counterparty 4	4 349	4 249
Counterparty 5	3 164	3 634
Counterparty 6	3 043	3 061
Counterparty 7	2 968	2 968
Counterparty 8	2 920	2 734
Counterparty 9	2 734	2 623
Counterparty 10	2 623	2 602
Total	42 686	43 452

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	2014	2013
Premium receivables	628	1 298
Write-downs of premium receivables	0	-3
Total	628	1 295

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 12 Presentation of assets and liabilities subject to net settlement

31.12.14 NOK millions	Gross financial assets/liabilities	Gross assets/ liabilities presented net	Book value	Related amounts that are not presented net Financial instruments	Security in cash	Net amount
ASSETS						
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	7	0	7	-3	-2	2
Total	1 527	0	1 527	-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
PORTFOLIO-DISTRIBUTED LIABILITIES						
Total liabilities common portfolio	8 363	0	8 363	-730	-6 859	790
Total liabilities corporate portfolio	10	0	10	0	-9	0
Total liabilities investment option portfolio	27	0	27	-3	-20	4
Total	8 400	0	8 400	-733	-6 888	794

31.12.14 NOK millions	Gross financial assets/liabilities	Gross assets/ liabilities presented net	Book value	Related amounts that are not presented net Financial instruments	Security in cash	Net amount
ASSETS						
Financial derivatives	1 158	0	1 158	-460	-475	222
Total	1 158	0	1 158	-460	-475	222
PORTFOLIO-DISTRIBUTED ASSETS						
Total assets common portfolio	1 105	0	1 105	-466	-475	164
Total assets corporate portfolio	50	0	50	7	0	57
Total assets investment option	3	0	3	-1	0	2
Total	1 158	0	1 158	-460	-475	222
LIABILITIES						
Financial derivatives	1 400	0	1 400	-533	-861	7
Total	1 400	0	1 400	-533	-861	7
PORTFOLIO-DISTRIBUTED LIABILITIES						
Total liabilities common portfolio	1 330	0	1 330	-466	-857	7
Total liabilities corporate portfolio	65	0	65	-65	0	0
Total liabilities investment option portfolio	5	0	5	-1	-3	0
Total	1 400	0	1 400	-533	-861	7

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	State and local authority owned enterprises[1]	Private organizations and enterprises[2]	Employees, pensioners and similar	Total 31.12.2014	Total 31.12.2013
Akershus	1 341	342	174	761	2 618	3 390
Oslo	0	508	353	598	1 459	304
Østfold	1 115	150	49	295	1 609	4 643
Nordland	1 326	37	45	159	1 567	814
Vestfold	1 367	198	61	265	1 891	1 439
Buskerud	3 164	2 488	269	194	6 115	1 801
Nord-Trøndelag	625	18	31	46	721	2 434
Vest-Agder	314	41	16	64	436	1 553
Sør-Trøndelag	3 190	91	809	216	4 306	694
Rogaland	1 949	48	25	261	2 284	984
Møre og Romsdal	1 814	153	225	251	2 443	1 890
Hedmark	1 311	54	88	141	1 595	2 155
Sogn og Fjordane	816	51	72	56	995	1 095
Oppland	871	97	30	92	1 089	2 711
Aust-Agder	494	4	3	67	568	1 394
Troms	1 201	97	123	157	1 578	1 766
Telemark	574	96	559	62	1 291	354
Hordaland	1 793	677	461	338	3 269	1 941
Svalbard	11	16	0	0	28	1 589
Finnmark	512	178	1	43	734	18
International	0	0	5 189	0	5 189	845
Not allocated	5	0	0	2	7	2
Accrued interest	124	28	20	13	185	171
Total	23 917	5 371	8 604	4 084	41 976	33 988

This table distributes KLP lending by county and sector. Sector is based on the sector codes from Statistics Norway.

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 over NOK 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.

NOK millions	2014	2013
Individual write-downs on loans at amortized cost		
Number of loans	6	11
Total principal before write-downs	0.71	1.66
Write-downs	0.68	1.45
Total principal after write-downs	0.03	0.21
Individual write-downs		
Write-down on individual loans 01.01.	1.45	1.22
Known losses for the period where individual write-down has been carried out previously	-0.83	-0.02
Write-down on individual loans for the period	0.10	0.29
Reversal of write-down on individual loans for the period	-0.03	-0.03
Write-down on individual loans	0.68	1.45

Loans overdue, not written down NOK millions	2014 Remaining debt	2013 Remaining debt
Overdue		
30-90 days	13.4	60.6
over 90 days	24.5	20.6
Total overdue loans	37.9	81.2

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.

[1] This category covers local authority business operations, as well as enterprises owned by central and local government
[2] This category primarily covers private enterprises with limited liability and not-for-profit organizations

Note 14 Shares and holdings in subsidiaries, associated enterprises and jointly controlled entities

NOK millions	Office and business address	Holding %	OE on first acquisition	Acquisition cost	Book value 31.12.13	Additions/ disposals	Value adjustment	Profit/ loss share	Equity transaction	Dividend	Book value 31.12.14
Shares in the corporate portfolio property subsidiaries											
KLP Huset AS	Dronning Eufemiasgate 10 0103 Oslo	100 %	0.0	0.1	1 393.0	0.0	194.3	75.9	-192.5	0.0	1 470.9
Total shares and units in property subsidiaries in the corporate portfolio				0.1	1 393.0	0.0	194.3	75.9	-192.5	0.0	1 470.9
Shares in the corporate portfolio Subsidiaries (excl. property)											
KLP Skadeforsikring AS	Dronning Eufemiasgate 10 0103 Oslo	100 %	58.7	78.7	990.3	0.0	0.0	304.2	-138.0	0.0	1 156.5
KLP Bedriftspensjon AS	Dronning Eufemiasgate 10 0103 Oslo	100 %	50.0	50.0	102.9	0.0	0.0	-22.7	23.0	0.0	103.1
KLP Fondsforvaltning AS	Dronning Eufemiasgate 10 0103 Oslo	100 %	6.6	14.0	25.0	0.0	0.0	17.4	-6.1	0.0	36.3
KLP Forsikringsservice AS	Dronning Eufemiasgate 10 0103 Oslo	100 %	0.1	0.1	8.1	0.0	0.0	0.9	-1.5	0.0	7.5
KLP Bankholding AS	Dronning Eufemiasgate 10 0103 Oslo	100 %	15.1	15.1	1 273.7	0.0	0.0	28.3	-31.3	0.0	1 270.7
KLP Kapitalforvaltning AS	Dronning Eufemiasgate 10 0103 Oslo	100 %	50.0	50.0	113.3	0.0	0.0	38.9	-36.2	0.0	116.0
Total shares and units in subsidiaries (excl. property) in the corporate portfolio				207.9	2 513.3	0.0	0.0	367.0	-190.2	0.0	2 690.1
Associated enterprises in the corporate portfolio											
Norsk Pensjon AS	Hansteens gate 2 0253 Oslo	25 %	20.0	5.0	4.0	0.0	0.0	0.0	0.0	0.0	4.0
Fylkeshuset, Molde AS	Fylkeshuset, Julsundvn. 9, 6400 Molde	48 %	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total shares and units in associated enterprises in the corporate portfolio				5.0	4.0	0.0	0.0	0.0	0.0	0.0	4.0
Total shares and units in other subsidiaries, associated enterprises and jointly controlled entities in the corporate portfolio				212.9	2 517.4	0.0	0.0	367.0	-190.2	0.0	2 694.1
Total subsidiaries, associated enterprises and jointly controlled entities				213.0	3 910.4	0.0	194.3	442.9	-382.6	0.0	4 165.0
Property subsidiaries											
Shares in the common and investment option portfolios											
KLP Eiendom AS	Dronning Eufemiasgate 10 0103 Oslo	100 %	0.1	0.1	38 618.6	0.0	1 330.8	1 817.9	885.0	0.0	42 652.3
Total shares and units in property subsidiaries in the common and investment option portfolios				0.1	38 618.6	0.0	1 330.8	1 817.9	885.0	0.0	42 652.3
Jointly controlled entities in the common portfolio											
KLP Norfund Investments AS	Støperigata 2 0250 OSLO	50 %	0.1	101.7	31.3	70.4	26.5	0.0	2.8	0.0	131.0
Total shares and units in jointly controlled entities in the common portfolio				101.7	31.3	70.4	26.5	0.0	2.8	0.0	131.0
Associated enterprises in the common portfolio											
Norfinance AS	Støperigata 2 0250 OSLO	20,2 %	92.3	102.5	0.0	102.5	10.4	0.0	0.0	0.0	112.9
Total shares and units in associated enterprises in the common portfolio				102.5	0.0	102.5	10.4	0.0	0.0	0.0	112.9
Total shares and units in associated enterprises and jointly controlled entities in the common portfolio				204.2	31.3	172.9	37.0	0.0	2.8	0.0	243.9

All shares and other holdings have equal voting proportions.

Note 15 Shares and equity fund units

NOK millions	Number	Market value
NORWAY		
NORDIC TRUSTEE AS	11 175	2
SILVER PENSJONSFORSIKRING AS	556 444	4
TOTAL, UNSPECIFIED		6
KONGSBERG AUTOMOTIVE HOLDING ASA	6 628 535	38
SCHIBSTED ASA	103 248	49
XXL ASA	249 487	18
TOTAL, CONSUMABLES		105
AUSTEVOLL SEAFOOD ASA	197 501	9
LEROY SEAFOOD GROUP ASA	104 123	28
MARINE HARVEST ASA	1 114 293	115
ORKLA ASA	1 875 586	96
SALMAR ASA	200 000	26
TOTAL, CONSUMER GOODS		273
2VK INVEST AS	2 690 000	0
AKER SOLUTIONS ASA	243 522	10
AWILCO LNG ASA	334 500	3
BONHEUR ASA	79 717	6
DET NORSKE OLJESELSKAP ASA	1 573 682	63
DOF ASA	280 884	4
DOLPHIN GROUP ASA	1 433 008	4
EIDESVIK OFFSHORE ASA	382 836	9
FARSTAD SHIPPING ASA	64 988	3
GANGER ROLF ASA	396 774	28
NORTH ENERGY ASA	1 000 000	3
ODFJELL DRILLING LTD	300 000	4
PANORO ENERGY ASA	7 750 000	12
PETROLEUM GEO-SERVICES ASA	1 183 524	50
SOLSTAD OFFSHORE ASA	155 645	12
STATOIL ASA	3 570 104	468
TGS NOPEC GEOPHYSICAL CO ASA	35 756	6
TRONDER ENERGI AS	3 300 000	510
TUSSA KRAFT AS	454	298
TOTAL, ENERGY		1 495
AKER ASA	198 141	33
DNB ASA	3 176 734	352
GJENSIDIGE FORSIKRING ASA	16 740	2
NMI AS	9 780	10
OLAV THON EIENDOMSSELSKAP ASA	113 710	14
OSLO BORS VPS HOLDING ASA	4 300 200	323
STOREBRAND ASA	750 000	22
TOTAL, FINANCIAL		755
BIONOR PHARMA ASA	1 145 427	3
PCI BIOTECH HOLDING ASA	305 000	4
PHOTOCURE ASA	940 000	26
REDCORD AS	7 100	0
WEIFA ASA	21 049 131	16
TOTAL, HEALTHCARE		48
KONGSBERG GRUPPEN ASA	50 000	6
MASTER MARINE AS	2 596 133	0
NORWEGIAN AIR SHUTTLE ASA	319 816	88
ODFJELL SE	283 135	8
RENONORDEN ASA	300 000	14
TOMRA SYSTEMS ASA	25 292	1
VEIDEKKE ASA	134 200	10
WILH WILHELMSEN HOLDING ASA	197 906	34
WILH WILHELMSEN HOLDING ASA	13 570	2
TOTAL, INDUSTRY		164

NOK millions	Number	Market value
BOUVET ASA	302 569	22
EVRY ASA	3 200 000	51
HIGH DENSITY DEVICES AS	23 984	0
HIGH DENSITY DEVICES AS RIGHT	4 715 250	0
NORDIC SEMICONDUCTOR ASA	2 268 297	106
OPERA SOFTWARE ASA	458 428	43
Q FREE ASA	2 189 120	22
REC SOLAR ASA	165 283	17
TOTAL, IT		262
AURORA LPG HOLDING ASA	322 168	17
MAGSEIS AS	366 010	8
NORSK HYDRO ASA	6 035 263	256
YARA INTERNATIONAL ASA	730 582	244
TOTAL, RAW MATERIALS		525
TELENOR ASA	2 098 945	318
TOTAL, TELECOM		318
HAFSLUND ASA	5 201 416	263
HAFSLUND ASA	2 848 125	142
RINGERIKS-KRAFT AS	150	144
TOTAL DISTRIBUTION		549
NORWAY		4 499
FOREIGN		
NORVESTOR HOLDING AS / CRAYON	5 200 000	62
TOTAL, UNSPECIFIED		62
21ST CENTURY FOX B	34 492	10
ABC-MART INC	2 200	1
ACCOR SA	13 466	5
ADIDAS AG	16 427	9
ADVANCE AUTO PARTS INC	5 700	7
AISIN SEIKI CO LTD	15 000	4
ALTICE SA	6 808	4
AMAZON.COM INC	30 862	72
ASICS CORP	11 600	2
AUTOLIV INC	7 300	6
AUTONATION	6 700	3
AUTOZONE INC	2 600	12
AXEL SPRINGER AG	2 859	1
BORGWARNER INC	17 900	7
BRIDGESTONE CORP	51 100	13
BRITISH SKY BROADCASTING GROUP PLC	81 069	9
BURBERRY GROUP PLC	34 404	7
CABLEVISION SYSTEMS CORP	15 100	2
CANADIAN TIRE CORPORATION LTD	5 900	5
CARMAX INC	17 200	9
CARNIVAL CORP	30 238	10
CARNIVAL PLC	15 378	5
CARPHONE WAREHOUSE GROUP PLC	76 804	4
CASIO COMPUTER CO LTD	16 100	2
CBS CORP	38 277	16
CHARTER COMMUNICATIONS INC	6 000	7
CHIPOTLE MEXICAN GRILL INC	2 400	12
CHRISTIAN DIOR SA	2 560	3
COACH INC	21 600	6
COMCAST CORP	168 772	73
COMCAST CORP	33 648	15
COMPAGNIE FINANCIERE RICHEMONT SA	40 986	27
COMPAGNIE GENERALE DES ETABLISSE-MENTS MICHELIN SCA	14 643	10

NOK millions	Number	Market value
COMPASS GROUP PLC	131 717	17
CONTINENTAL AG	8 637	14
CROWN LTD	27 117	2
D.R. HORTON, INC.	24 600	5
DAIHATSU MOTOR CO LTD	17 700	2
DAIMLER AG	75 601	47
DARDEN RESTAURANTS INC	10 900	5
DELPHI AUTOMOTIVE PLC	23 500	13
DENSO CORP	38 200	13
DENTSU INC	17 000	5
DICK'S SPORTING GOODS INC	7 600	3
DIRECTV	37 414	24
DISCOVERY COMMUNICATIONS INC	11 600	3
DISCOVERY COMMUNICATIONS INC	21 900	6
DISH NETWORK CORP	17 400	10
DOLLAR GENERAL CORP	23 800	13
DOLLAR TREE INC	16 100	8
DOLLARAMA INC.	9 800	4
DON QUIJOTE CO LTD	4 400	2
ELECTROLUX AB	20 455	4
EUTELSAT COMMUNICATIONS SA	12 098	3
EXPEDIA INC	8 050	5
FAMILY DOLLAR STORES INC	8 700	5
FAST RETAILING CO LTD	4 200	12
FIAT CHRYSLER AUTOMOBILES NV	68 756	6
FLIGHT CENTRE LTD	5 663	1
FOOT LOCKER INC	8 600	4
FORD MOTOR CO	284 013	33
FOSSIL INC	4 200	3
FUJI HEAVY INDUSTRIES LTD	46 100	12
GALAXY ENTERTAINMENT GROUP LTD	183 000	8
GAMESTOP CORP	9 800	2
GAP INC	18 701	6
GARMIN LTD	9 900	4
GENERAL MOTORS CO	100 800	26
GENTING SINGAPORE PLC	512 000	3
GENUINE PARTS CO	11 975	10
GILDAN ACTIVEWEAR INC	9 700	4
GKN PLC	128 879	5
H&M HENNES&MAURITZ AB	74 548	23
H&R BLOCK INC	22 894	6
HAKUHODO DY HOLDINGS INC	19 500	1
HANESBRANDS INC	6 700	6
HARLEY-DAVIDSON INC	17 044	8
HARVEY NORMAN HOLDINGS LTD	46 477	1
HASBRO INC	8 900	4
HERMES INTERNATIONAL	1 468	4
HIKARI TSUSHIN	1 400	1
HILTON WORLDWIDE HOLDINGS IN	27 100	5
HOME DEPOT INC	105 707	83
HONDA MOTOR CO LTD	128 000	28
HUGO BOSS AG	2 652	2
HUSQVARNA AB	33 815	2
IIDA GROUP HOLDINGS CO LTD	10 500	1
INDITEX S.A.	85 650	18
INTERCONTINENTAL HOTELS GROUP PLC	18 539	6
INTERPUBLIC GROUP OF COMPANIES INC	33 100	5
ISETAN MITSUKOSHI HOLDINGS LTD	29 700	3
ISUZU MOTORS LTD	46 600	4
ITV PLC	298 653	8
J.FRONT RETAILING CO LTD	22 000	2
JARDEN CORP	10 900	4
JARDINE CYCLE&CARRIAGE LTD	10 000	2

NOK millions	Number	Market value
JCDECAUX SA	4 789	1
JOHNSON CONTROLS INC	52 300	19
KABEL DEUTSCHLAND HOLDING AG	1 852	2
KINGFISHER PLC	185 964	7
KOHL'S CORP	16 294	7
KOITO MANUFACTURING CO LTD	6 800	2
L BRANDS INC	19 455	13
LAGARDERE SCA	9 329	2
LAS VEGAS SANDS CORP	31 900	14
LEGGETT&PLATT INC	10 800	3
LENNAR CORP	13 600	5
LI&FUNG LTD	458 920	3
LIBERTY GLOBAL INC	19 435	7
LIBERTY GLOBAL INC	49 932	18
LIBERTY INTERACTIVE CORP	35 559	8
LIBERTY MEDIA CORP	8 300	2
LIBERTY MEDIA CORP - C	16 600	4
LKQ CORP	25 200	5
LOWE'S COMPANIES INC	77 470	40
LULULEMON ATHLETICA INC	8 700	4
LUXOTTICA GROUP SPA	13 207	5
LVMH MOET HENNESSY LOUIS VUITTON SA	18 372	22
MACY'S INC	27 756	14
MAGNA INTERNATIONAL INC	16 644	14
MARKS AND SPENCER GROUP PLC	128 380	7
MARRIOTT INTERNATIONAL INC	18 298	11
MARUI GROUP CO LTD	18 700	1
MATTEL INC	26 576	6
MAZDA MOTOR CORP	42 400	8
MCDONALD'S CORP	77 071	54
MCDONALD'S HOLDINGS CO(JAPAN) LTD	4 500	1
MGM CHINA HOLDINGS LTD	79 600	2
MGM RESORTS INTERNATIONAL	30 800	5
MICHAEL KORS HOLDINGS LTD	16 100	9
MITSUBISHI MOTORS CORP	50 200	3
MOHAWK INDUSTRIES INC	5 200	6
NAMCO BANDAI HOLDINGS INC	14 900	2
NETFLIX INC	4 500	12
NEWELL RUBBERMAID INC	21 518	6
NEWS CORP - CLASS A	33 045	4
NEXT PLC	12 043	10
NGK SPARK PLUG CO LTD	15 000	3
NHK SPRING CO LTD	10 300	1
NIKE INC	54 200	39
NIKON CORP	25 200	3
NISSAN MOTOR CO LTD	195 200	13
NITORI HOLDINGS CO LTD	5 400	2
NOK CORP	9 000	2
NOKIAN RENKAAT OYJ	9 672	2
NORDSTROM INC	11 100	7
OMNICOM GROUP INC	19 753	11
O'REILLY AUTOMOTIVE INC	8 100	12
ORIENTAL LAND CO LTD	3 900	7
PANASONIC CORP	173 300	15
PANDORA A/S	9 053	6
PEARSON PLC	64 365	9
PERSIMMON PLC	23 339	4
PETSMART INC	7 400	5
PEUGEOT SA	32 771	3
PIRELLI&C SPA	20 819	2
POLARIS INDUSTRIES INC	4 900	6
PORSCHE AUTOMOBIL HOLDING SE	12 023	7
PPR SA	5 947	9
PRICELINE COM INC	4 100	35

Note 15 Shares and equity fund units, continued

NOK millions	Number	Market value
PROSIEBENSAT 1 MEDIA AG	17 180	5
PUBLICIS GROUPE SA	14 631	8
PULTEGROUP INC	28 900	5
PVH CORP	6 800	7
RAKUTEN INC	62 500	7
RALPH LAUREN CORP	4 700	7
REA GROUP LTD	5 461	1
REED ELSEVIER NV	54 919	10
REED ELSEVIER PLC	89 684	12
RENAULT SA	15 093	8
RESTAURANT BRANDS INTERN	9 148	3
RINNAI CORP	3 200	2
ROSS STORES INC	16 600	12
ROYAL CARIBBEAN CRUISES LTD	13 100	8
ROYAL CARIBBEAN CRUISES LTD	222 864	137
RTL GROUP	3 315	2
SANDS CHINA LTD	190 000	7
SANKYO CO LTD	4 300	1
SANRIO CO LTD	4 100	1
SCRIPPS NETWORKS INTERACTIVE INC	6 200	3
SEGA SAMMY HOLDINGS INC	16 200	2
SEKISUI CHEMICAL CO LTD	35 900	3
SEKISUI HOUSE LTD	43 600	4
SES SA	23 857	6
SHANGRI-LA ASIA LTD	106 000	1
SHARP CORP	127 800	2
SHAW COMMUNICATIONS INC	30 779	6
SHIMAMURA CO LTD	1 500	1
SHIMANO INC	6 200	6
SIGNET JEWELERS LTD	4 900	5
SINGAPORE PRESS HOLDINGS LTD	135 550	3
SIRIUS XM RADIO INC	200 400	5
SJM HOLDINGS LTD	163 000	2
SKY DEUTSCHLAND AG	39 675	2
SODEXO SA	7 403	5
SONY CORP	82 300	13
SPORTS DIRECT INTERNATIONAL	23 182	2
STANLEY ELECTRIC CO LTD	12 400	2
STAPLES INC	50 535	7
STARBUCKS CORP	58 978	36
STARWOOD HOTELS & RESORTS WORLDWIDE INC	14 999	9
SUMITOMO ELECTRIC INDUSTRIES LTD	59 200	6
SUMITOMO RUBBER INDUSTRIES LTD	13 200	1
SUZUKI MOTOR CORP	28 600	7
TABCORP HOLDINGS LTD	64 927	2
TAKASHIMAYA CO LTD	18 000	1
TARGET CORP	47 300	27
TATTS GROUP LTD	107 744	2
TECHTRONIC INDUSTRIES CO	118 000	3
TELENET GROUP HOLDING NV	3 821	2
TESLA MOTORS INC	6 800	11
THE SWATCH GROUP SA	2 421	8
THE SWATCH GROUP SA	3 731	2
THOMSON REUTERS CORP	28 420	9
TIFFANY & CO	10 200	8
TIME WARNER CABLE INC	21 990	25
TIME WARNER INC	67 154	43
TJX COMPANIES INC	54 378	28
TOHO CO LTD	8 100	1
TOLL BROTHERS INC	14 000	4
TOYODA GOSEI CO LTD	6 200	1
TOYOTA INDUSTRIES CORP	12 800	5
TOYOTA MOTOR CORP	214 700	101

NOK millions	Number	Market value
TRACTOR SUPPLY CO	10 800	6
TRIPADVISOR INC	9 200	5
TRW AUTOMOTIVE HOLDINGS CORP	8 700	7
TUI AG-NEW	17 667	2
TWENTY-FIRST CENTURY FOX	109 280	31
ULTA SALON COSMETICS AND FRAGRANCE INC	5 100	5
UNDER ARMOUR INC	13 000	7
URBAN OUTFITTERS INC	8 400	2
USS CO LTD	15 900	2
VALEO SA	5 927	6
VF CORP	27 100	15
VIACOM INC	29 177	16
VOLKSWAGEN AG	12 763	21
VOLKSWAGEN AG	2 470	4
WALT DISNEY CO	128 043	90
WHIRLPOOL CORP	6 140	9
WHITBREAD PLC	14 249	8
WILLIAM HILL PLC	67 621	3
WOLTERS KLUWER NV	23 704	5
WPP PLC	103 448	16
WYNDHAM WORLDWIDE CORP	9 800	6
WYNN MACAU LTD	130 200	3
WYNN RESORTS LTD	6 400	7
YAMADA DENKI CO LTD	70 500	2
YAMAHA CORP	12 700	1
YAMAHA MOTOR CO LTD	20 000	3
YOKOHAMA RUBBER CO LTD	16 000	1
YUE YUEN INDUSTRIAL (HOLDINGS) LTD	53 500	1
YUM! BRANDS INC	34 532	19
TOTAL, CONSUMABLES		2 540
AEON CO LTD	66 600	5
AJINOMOTO CO INC	58 000	8
ALIMENTATION COUCHE-TARD INC	43 800	14
ANHEUSER BUSCH INBEV SA	77 037	65
ARCHER DANIELS MIDLAND CO	66 115	26
ARYZTA AG	8 934	5
ASAHI GROUP HOLDINGS LTD	39 600	9
ASSOCIATED BRITISH FOODS PLC	36 492	13
AVON PRODUCTS INC	36 290	3
BAKKAFROST P/F	172 446	29
BARRY CALLEBAUT AG	239	2
BEIERSDORF AG	7 915	5
BROWN-FORMAN CORP	12 537	8
BUNGE LTD	14 900	10
CALBEE INC	8 300	2
CAMPBELL SOUP CO	20 948	7
CARLSBERG A/S	10 957	6
CARREFOUR SA	65 583	15
CASINO GUICHARD PERRACHON SA	5 937	4
CHOCOLADEFABRIKEN LINDT & SPRUENGLI AG	10	4
CHOCOLADEFABRIKEN LINDT & SPRUENGLI AG	96	4
CHURCH & DWIGHT CO INC	10 500	6
COCA-COLA AMATIL LTD	57 044	3
COCA-COLA ENTERPRISES INC	23 900	8
COCA-COLA HBC AG-CDI	21 811	3
COCA-COLA HBC-AG	17 871	3
COLGATE-PALMOLIVE CO	71 700	37
CONAGRA FOODS INC	43 439	12
CONSTELLATION BRANDS INC	17 300	13
COSTCO WHOLESALE CORP	45 969	49
CVS CAREMARK CORP	121 590	88
DANONE SA	59 351	29

NOK millions	Number	Market value
DIAGEO PLC	257 339	56
DISTRIBUIDORA INTERNACIONAL DE ALIMENTACION SA	63 506	3
DR PEPPER SNAPPLE GROUP INC	19 958	11
EMPIRE COMPANY LTD	6 200	4
ENERGIZER HOLDINGS INC	5 200	5
ESTEE LAUDER COMPANIES INC	18 300	10
ETABLISSEMENTEN FR. COLRUYT NV	7 123	2
ETABLISSEMENTS DELHAIZE FRERES ET CIE LE LION SA	10 786	6
FAMILYMART CO LTD	5 700	2
GENERAL MILLS INC	62 760	25
GEORGE WESTON LTD	5 900	4
GOLDEN AGRI-RESOURCES LTD	780 000	2
GREEN MOUNTAIN COFFEE ROASTERS INC	12 500	12
HEINEKEN HOLDING NV	10 326	5
HEINEKEN NV	23 601	13
HENKEL AG & CO KGAA	13 989	11
HENKEL AG & CO KGAA	9 179	7
HERBALIFE LTD	5 400	2
HERSHEY CO	15 700	12
HORMEL FOODS CORP	15 800	6
J SAINSBURY PLC	944	0
J. M. SMUCKER CO	10 400	8
JERONIMO MARTINS SGPS SA	29 361	2
KAO CORP	40 500	12
KELLOGG CO	27 700	14
KERRY GROUP PLC	16 206	8
KIKKOMAN CORP	14 000	3
KIMBERLY-CLARK CORP	29 363	25
KIRIN HOLDINGS CO LTD	84 000	8
KONINKLIJKE AHOLD NV	93 897	13
KRAFT FOODS GROUP INC	60 796	29
KROGER CO	48 731	23
LAWSON INC	7 300	3
LOBLAW COMPANIES LTD	23 897	10
L'OREAL SA	19 737	25
MCCORMICK & COMPANY INC	12 000	7
MEAD JOHNSON NUTRITION CO	20 731	16
MEIJI HOLDINGS CO LTD	6 600	5
METCASH LIMITED	94 980	1
METRO AG	18 419	4
METRO INC	9 000	5
MOLSON COORS BREWING CO	15 600	9
MONDELEZ INTERNATIONAL INC	172 689	47
MONSTER BEVERAGE CORP	14 600	12
NESTLE SA	330 323	182
NIPPON MEAT PACKERS INC	19 200	3
NISSHIN SEIFUN GROUP INC	20 105	1
NISSIN FOODS HOLDINGS CO LTD	5 900	2
PEPSICO INC	154 331	109
PERNOD RICARD SA	21 750	18
PROCTER & GAMBLE CO	212 624	145
RECKITT BENCKISER GROUP PLC	51 027	31
REMY COINTREAU SA	2 869	1
SABMILLER PLC	99 064	39
SAFEWAY INC	24 154	6
SAPUTO INC	26 100	6
SEVEN & I HOLDINGS CO LTD	79 140	22
SHISEIDO CO LTD	30 100	3
SUNTORY BEVERAGE & FOOD LTD	15 100	4
SVENSKA CELLULOSA AB SCA	46 139	7
SYSCO CORP	61 652	18
TATE & LYLE PLC	52 322	4

NOK millions	Number	Market value
TESCO PLC	852 801	19
THE CLOROX CO	10 105	8
THE COCA-COLA CO	404 300	128
TOYO SUISAN KAISHA LTD	8 900	2
TREASURY WINE ESTATES LTD	62 788	2
TYSON FOODS INC	31 300	9
UNICHARM CORP	29 200	5
UNILEVER NV	303 328	90
WALGREEN CO	95 423	54
WHOLE FOODS MARKET INC	37 900	14
WILMAR INTERNATIONAL LTD	209 400	4
WM MORRISON SUPERMARKETS P L C	220 636	5
WOOLWORTHS LTD	132 271	25
YAKULT HONSHA CO LTD	9 600	4
YAMAZAKI BAKING CO LTD	10 000	1
TOTAL, CONSUMER GOODS		1 954
ALTAGAS LTD	11 681	3
AMEC PLC	29 110	3
ANADARKO PETROLEUM CORP	45 430	28
ANTERO RESOURCES CORP	5 100	2
APACHE CORP	34 304	16
ARC RESOURCES LTD	28 574	5
ATLANTICA TENDER DRILLING LT	679 427	5
AVANCE GAS HOLDING LTD	10 891	1
BAKER HUGHES INC	38 981	16
BAYTEX ENERGY CORP	17 566	2
BG GROUP PLC	305 940	31
BP PLC	1 652 442	79
BW LPG LTD	337 494	18
BW OFFSHORE LTD	4 722 841	35
CABOT OIL & GAS CORP	37 400	8
CALIFORNIA RESOURCES CORP	31 200	1
CALTEX AUSTRALIA LTD	13 954	3
CAMECO CORP	37 400	5
CAMERON INTERNATIONAL CORP	18 200	7
CANADIAN NATURAL RESOURCES LTD	97 980	23
CANADIAN OIL SANDS LTD	48 900	3
CENOVUS ENERGY INC	67 936	11
CHENIERE ENERGY INC	20 300	11
CHESAPEAKE ENERGY CORP	47 800	7
CIMAREX ENERGY CO	7 800	6
COBALT INTERNATIONAL ENERGY INC	27 400	2
CONCHO RESOURCES INC	10 100	8
CONOCOPHILLIPS	110 300	57
CONTINENTAL RESOURCES INC	9 000	3
CORE LABORATORIES NV	4 300	4
CRESCENT POINT ENERGY CORP	40 570	7
DEEP SEA SUPPLY PLC	1 008 200	5
DELEK GROUP LTD	379	1
DENBURY RESOURCES INC	34 900	2
DEVON ENERGY CORP	34 844	16
DIAMOND OFFSHORE DRILLING INC	7 200	2
ENBRIDGE INC	75 938	29
ENCANA CORP	66 455	7
ENERGEN CORP	6 900	3
ENERPLUS CORP	19 317	1
ENI SPA	228 183	30
ENSCO PLC	21 000	5
EOG RESOURCES INC	49 100	34
EQT CORP	13 600	8
EXXON MOBIL CORP	382 546	265
FMC TECHNOLOGIES INC	21 100	7
GALP ENERGIA SGPS SA	37 654	3

Note 15 Shares and equity fund units, continued

NOK millions	Number	Market value
HALLIBURTON CO	76 300	22
HELMERICH & PAYNE INC	10 500	5
HESS CORP	24 800	14
HOEGH LNG HOLDINGS LTD	281 510	23
HOLLYFRONTIER CORP	18 000	5
HUSKY ENERGY INC	30 833	5
IDEMITSU KOSAN CO LTD	10 200	1
IMPERIAL OIL LTD	26 566	9
INDEPENDENT TANKERS CORPORATION LTD	1 539 877	0
INGRAIN INC	1 417 424	69
INPEX CORP	78 700	7
INTER PIPELINE LTD	29 019	7
JX HOLDINGS INC	201 405	6
KEYERA CORP	7 562	4
KINDER MORGAN INC	150 741	48
KONINKLIJKE VOPAK NV	5 938	2
LUNDIN PETROLEUM AB	21 177	2
MARATHON OIL CORP	60 500	13
MARATHON PETROLEUM CORP	25 400	17
MEG ENERGY CORP	16 000	2
MURPHY OIL CORP	15 100	6
NABORS INDUSTRIES LTD	28 084	3
NATIONAL OILWELL VARCO INC	38 563	19
NESTE OIL OYJ	12 200	2
NOBLE CORP	24 106	3
NOBLE ENERGY INC	32 400	12
OCCIDENTAL PETROLEUM CORP	69 900	42
OCEANEERING INTERNATIONAL INC	10 300	5
OMV AG	14 014	3
ONEOK INC	18 700	7
ORIGIN ENERGY LTD	98 993	7
PACIFIC RUBIALES ENERGY CORP	33 500	2
PEMBINA PIPELINE CORP	29 481	8
PENGROWTH ENERGY CORP	729	0
PENN WEST PETROLEUM LTD	50 209	1
PETROFAC LTD	25 335	2
PEYTO EXPLORATION & DEV CORP	13 100	3
PHILLIPS 66	50 150	27
PIONEER NATURAL RESOURCES CO	12 800	14
PROSAFE SE	344 700	8
QEP RESOURCES INC	17 100	3
RANGE RESOURCES CORP	15 000	6
READ WELL SERVICES HOLDING (A-AKSJE) AS	903 273	87
READ WELL SERVICES HOLDING (B-AKSJE) AS	201 212	19
REPSOL SA	90 837	13
ROYAL DUTCH SHELL PLC	270 998	71
ROYAL DUTCH SHELL PLC	300 316	76
SAIPEM SPA	25 196	2
SANTOS LTD	95 748	5
SCHLUMBERGER NV	116 326	74
SEADRILL LTD	292 222	25
SHOWA SHELL SEKIYU KK	21 100	2
SIEM OFFSHORE INC	994 584	4
SOUTHWESTERN ENERGY CO	31 700	6
SPECTRA ENERGY CORP	60 200	16
SUBSEA 7 SA	992 483	76
SUNCOR ENERGY INC	131 447	31
SUPERIOR ENERGY SERVICES INC	15 200	2
TALISMAN ENERGY INC	103 400	6
TECHNIP	8 998	4
TENARIS SA	42 356	5
TESORO CORP	11 500	6
TONENGENERAL SEKIYU KK	27 000	2
TOURMALINE OIL CORP	15 200	4

NOK millions	Number	Market value
TRANSCANADA CORP	63 497	23
TRANSOCEAN LTD	32 487	5
TULLOW OIL PLC	81 663	4
VALERO ENERGY CORP	47 382	18
VERMILION ENERGY INC	10 416	4
WEATHERFORD INTERNATIONAL LTD	69 384	6
WHITING PETROLEUM CORP	11 500	3
WILLIAMS COMPANIES INC	63 643	21
WOODSIDE PETROLEUM LTD	66 512	15
WORLEYPARSONS LTD	19 842	1
TOTAL, ENERGY		1 907
3I GROUP PLC	73 218	4
ABERDEEN ASSET MANAGEMENT PLC	68 068	3
ACE LTD	26 400	23
ACOM CO LTD	40 400	1
ADMIRAL GROUP PLC	16 639	3
AEGON NV	143 221	8
AEON FINANCIAL SERVICE CO LTD	9 400	1
AEON MALL CO LTD	9 520	1
AFFILIATED MANAGERS GROUP INC	4 400	7
AFLAC INC	35 615	16
AGEAS SA	17 230	5
AIA GROUP LTD	945 660	39
ALLEGHANY CORP	1 400	5
ALLIANZ SE	35 843	45
ALLSTATE CORP	34 007	18
ALLY FINANCIAL INC	28 600	5
AMERICAN CAPITAL AGENCY CORP	27 700	5
AMERICAN EXPRESS CO	73 952	52
AMERICAN INTERNATIONAL GROUP INC	112 078	47
AMERICAN REALTY CAPITAL PROP	76 600	5
AMERICAN TOWER CORP	31 100	23
AMERIPRISE FINANCIAL INC	14 670	15
AMP LTD	232 235	8
ANNALY CAPITAL MANAGEMENT INC	74 400	6
AON PLC	21 646	15
AOZORA BANK LTD	90 000	2
ARCH CAPITAL GROUP LTD	11 200	5
ASCENDAS REAL ESTATE INVESTMENT TRUST	173 000	2
ASSICURAZIONI GENERALI SPA	91 682	14
ASSURANT INC	6 300	3
ASX LTD	15 201	3
AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD	223 542	44
AVALONBAY COMMUNITIES INC	10 304	13
AVIVA PLC	231 439	13
AXA SA	142 611	25
AXIS CAPITAL HOLDINGS LTD	8 900	3
BALOISE HOLDING AG	3 976	4
BANCA MONTE DEI PASCHI DI SIENA SPA	374 368	2
BANCO BILBAO VIZCAYA ARGENTARIA S.A.	466 101	33
BANCO DE SABADELL SA	267 843	5
BANCO ESPIRITO SANTO SA	190 970	0
BANCO POPOLARE SC	26 890	2
BANCO POPULAR ESPANOL SA	140 251	5
BANCO SANTANDER SA	900 498	57
BANK HAPOALIM BM	87 290	3
BANK IRELAND	899 558	3
BANK LEUMI LE ISRAEL BM	114 160	3
BANK OF AMERICA CORP	825 647	111
BANK OF EAST ASIA LTD	106 716	3
BANK OF IRELAND	1 260 376	4

NOK millions	Number	Market value
BANK OF KYOTO LTD	26 000	2
BANK OF MONTREAL	50 721	27
BANK OF NEW YORK MELLON CORP	88 813	27
BANK OF NOVA SCOTIA	95 578	41
BANK OF QUEENSLAND LTD	32 052	2
BANK OF YOKOHAMA LTD	99 000	4
BANKIA SA	352 851	4
BANKINTER	33 689	2
BARCLAYS PLC	1 289 415	37
BB&T CORP	56 500	16
BCP BANCO COMERCIAL	3 176 784	2
BENDIGO AND ADELAIDE BANK LTD	34 262	3
BERKSHIRE HATHAWAY INC	90 260	102
BLACKROCK INC	10 400	28
BNP PARIBAS SA	83 172	37
BOC HONG KONG (HOLDINGS) LTD	290 700	7
BOSTON PROPERTIES INC	12 000	12
BRITISH LAND COMPANY PLC THE	75 842	7
BROOKFIELD ASSET MANAGEMENT INC	43 586	16
CAIXABANK SA	163 084	6
CAMDEN PROPERTY TRUST	6 700	4
CANADIAN IMPERIAL BANK OF COMMERCE	31 208	20
CAPITACOMMERCIAL TRUST	185 000	2
CAPITAL ONE FINANCIAL CORP	44 116	27
CAPITALAND LIMITED	207 000	4
CAPITAMALL TRUST	210 000	2
CBRE GROUP INC	23 500	6
CFS RETAIL PROPERTY TRUST	178 553	2
CHARLES SCHWAB CORP	92 130	21
CHEUNG KONG (HOLDINGS) LTD	108 900	14
CHIBA BANK LTD	57 000	3
CHUBB CORP	18 892	15
CHUGOKU BANK LTD	12 000	1
CI FINANCIAL CORP	19 600	4
CINCINNATI FINANCIAL CORP	13 000	5
CIT GROUP INC	14 600	5
CITIGROUP INC	238 019	97
CITY DEVELOPMENTS LTD	34 000	2
CME GROUP INC	25 020	17
CNP ASSURANCES SA	15 464	2
COMERICA INC	15 300	5
COMMERZBANK AG	75 984	8
COMMONWEALTH BANK OF AUSTRALIA	127 302	67
CORIO NV	5 993	2
CREDIT AGRICOLE SA	80 916	8
CREDIT SAISON CO LTD	10 600	1
CREDIT SUISSE GROUP AG	119 882	23
CROWN CASTLE INTERNATIONAL CORP	26 200	15
DAI-ICHI LIFE INSURANCE CO LTD	84 700	10
DAITO TRUST CONSTRUCTION CO LTD	5 700	5
DAIWA HOUSE INDUSTRY CO LTD	46 700	7
DAIWA SECURITIES GROUP INC	130 900	8
DANSKE BANK A/S	51 476	10
DBS GROUP HOLDINGS LTD	135 400	16
DELTA LLOYD NV	15 651	3
DEUTSCHE ANNINGTON IMMOBILIE	14 460	4
DEUTSCHE BANK AG	108 298	25
DEUTSCHE BOERSE AG	15 154	8
DEUTSCHE WOHNEN AG-BR	24 049	4
DEXUS PROPERTY GROUP	77 142	3
DIGITAL REALTY TRUST INC	10 600	5
DIRECT LINE INSURANCE GROUP	113 658	4
DISCOVER FINANCIAL SERVICES	36 300	18
DUKE REALTY CORP	29 000	4

NOK millions	Number	Market value
EATON VANCE CORP	10 600	3
EQUITY RESIDENTIAL	26 999	15
ERSTE GROUP BANK AG	21 151	4
ESSEX PROPERTY TRUST INC	5 000	8
EURAZEO SA	3 439	2
EVEREST RE GROUP LTD	3 600	5
EXOR SPA	8 244	3
FAIRFAX FINANCIAL HLDGS	1 632	6
FEDERAL REALTY INVESTMENT TRUST	5 300	5
FEDERATION CENTRES LTD	119 490	2
FIDELITY NATIONAL FINANCIAL INC	19 600	5
FIFTH THIRD BANCORP	65 505	10
FIRST CAPITAL REALTY INC	7 000	1
FIRST PACIFIC CO LTD	234 000	2
FIRST REPUBLIC BANK	10 900	4
FONCIERE DES REGIONS SA	2 593	2
FONDIARIA - SAI ORD	75 358	2
FRANKLIN RESOURCES INC	31 900	13
FUKUOKA FINANCIAL GROUP INC	60 000	2
GECINA SA	2 074	2
GENERAL GROWTH PROPERTIES INC	41 598	9
GENWORTH FINANCIAL A	42 700	3
GLOBAL LOGISTIC PROPERTIES LTD	247 000	3
GOLDMAN SACHS GROUP INC	31 167	45
GOODMAN GROUP PTY LTD	137 046	5
GREAT-WEST LIFECO INC	25 248	5
GROUPE BRUXELLES LAMBERT SA	6 335	4
GUNMA BANK LTD	26 000	1
H&R REAL ESTATE INVESTMENT TRUST	11 156	2
HACHIJUNI BANK LTD	30 000	1
HAMMERSON PLC	61 367	4
HANG LUNG PROPERTIES LTD	181 500	4
HANG SENG BANK LTD	60 000	7
HANNOVER RUECK SE	5 047	3
HARGREAVES LANSDOWN PLC	20 415	2
HCP INC	36 000	12
HEALTH CARE REIT INC	25 400	14
HENDERSON LAND DEVELOPMENT CO LTD	85 123	4
HIROSHIMA BANK LTD	35 000	1
HOKUHOKU FINANCIAL GROUP	92 000	1
HONG KONG EXCHANGES AND CLEARING LTD	87 091	14
HOST HOTELS & RESORTS INC	59 396	11
HSBC HOLDINGS PLC	1 503 557	107
HUDSON CITY BANCORP INC	39 800	3
HULIC CO LTD	19 100	1
HUNTINGTON BANCSHARES INC	42 400	3
HYSAN DEVELOPMENT CO LTD	61 000	2
ICADE SA	3 033	2
ICAP PLC	47 401	3
IGM FINANCIAL INC	9 000	3
IMMOFINANZ AG	90 543	2
INDUSTRIAL ALLIANCE INS	8 335	2
INDUSTRIVARDEN AB	13 470	2
ING GROEP NV	302 893	30
ING US INC	12 000	4
INSURANCE AUSTRALIA GROUP LTD	183 858	7
INTACT FINANCIAL CORP	11 100	6
INTERCONTINENTALEXCHANGE GROUP	8 939	15
INTESA SANPAOLO SPA	913 783	20
INTESA SANPAOLO SPA	80 269	2
INTU PROPERTIES PLC	75 446	3
INVESCO LTD	33 858	10
INVESTEC PLC	48 404	3
INVESTMENT KINNEVIK AB	18 483	5

Note 15 Shares and equity fund units, continued

NOK millions	Number	Market value
INVESTOR AB	35 764	10
IRON MOUNTAIN INC	12 708	4
IYO BANK LTD	19 000	2
JAPAN EXCHANGE GROUP	20 500	4
JAPAN PRIME REALTY INVESTMENT CORP	57	1
JAPAN REAL ESTATE INVESTMENT CORP	98	4
JAPAN RETAIL FUND INVESTMENT CORP	193	3
JPMORGAN CHASE & CO	295 286	139
JULIUS BAER GRUPPE AG	17 573	6
KBC GROUPE SA	19 662	8
KEPPEL LAND LTD	66 000	1
KERRY PROPERTIES LTD	48 000	1
KEYCORP	68 700	7
KIMCO REALTY CORP	32 300	6
KLEPIERRE SA	8 348	3
LAND SECURITIES GROUP PLC	62 057	8
LEGAL & GENERAL GROUP PLC	466 224	14
LEGG MASON INC	8 000	3
LEND LEASE CORPORATION LTD	45 096	4
LEUCADIA NATIONAL CORP	25 900	4
LIBERTY PROPERTY TRUST	12 300	3
LINCOLN NATIONAL CORP	20 482	9
LINK REAL ESTATE INVESTMENT TRUST	181 580	9
LLOYDS BANKING GROUP PLC	4 483 279	40
LOEWS CORP	26 900	8
LONDON STOCK EXCHANGE GROUP PLC	17 207	4
M&T BANK CORP	9 300	9
MACERICH CO	11 000	7
MACQUARIE GROUP LTD	23 265	8
MANULIFE FINANCIAL CORP	145 860	21
MAPFRE SA	70 142	2
MARSH & MCLENNAN COMPANIES INC	42 781	18
MCGRAW-HILL COMPANIES INC	21 304	14
MEDIOBANCA BANCA DI CREDITO FINANZIARIO SPA	51 889	3
METLIFE INC	75 071	30
MIRVAC GROUP	290 295	3
MITSUBISHI ESTATE CO LTD	98 379	16
MITSUBISHI UFJ FINANCIAL GROUP INC	1 001 198	42
MITSUBISHI UFJ LEASE & FINANCE CO LTD	37 700	1
MITSUI FUDOSAN CO LTD	73 800	15
MIZRAHI TEFAHOT BANK LTD	10 489	1
MIZUHO FINANCIAL GROUP INC	1 811 917	23
MOODYS CORP	14 882	11
MORGAN STANLEY	115 618	34
MS&AD INSURANCE GROUP HOLDINGS INC	39 820	7
MUENCHENER RUECKVERSICH.	13 579	20
NASDAQ OMX GROUP INC	9 300	3
NATIONAL AUSTRALIA BANK LTD	192 121	39
NATIONAL BANK OF CANADA	25 792	8
NATIXIS SA	80 383	4
NAVIENT CORP	32 900	5
NEW WORLD DEVELOPMENT CO LTD	408 288	4
NEW YORK COMMUNITY BANCORP INC	36 900	4
NIPPON BUILDING FUND INC	111	4
NIPPON PROLOGIS REIT INC	111	2
NKSJ HOLDINGS INC	26 100	5
NOMURA HOLDINGS INC	285 100	12
NOMURA REAL ESTATE HOLDINGS INC	11 500	1
NORDEA BANK AB	238 495	21
NORTHERN TRUST CORP	17 523	9
NTT URBAN DEVELOPMENT CO	9 600	1
OLD MUTUAL PLC	385 179	9
ONEX CORP	7 600	3

NOK millions	Number	Market value
ORIX CORP	103 900	10
OVERSEA-CHINESE BANKING CORPORATION LTD	228 250	14
PARGESA HOLDING SA	2 771	2
PARTNERRE LTD	3 400	3
PARTNERS GROUP HOLDING AG	1 453	3
PEOPLE'S UNITED FINANCIAL INC	27 600	3
PLUM CREEK TIMBER COMPANY INC	14 800	5
PNC FINANCIAL SERVICES GROUP INC	42 430	29
POWER CORPORATION OF CANADA	29 098	6
POWER FINANCIAL CORP	20 800	5
PRINCIPAL FINANCIAL GROUP INC	23 100	9
PROGRESSIVE CORP	44 048	9
PROLOGIS INC	39 296	13
PRUDENTIAL FINANCIAL INC	36 005	24
PRUDENTIAL PLC	201 510	35
PUBLIC STORAGE	11 500	16
QBE INSURANCE GROUP LTD	105 367	7
RAIFFEISEN BANK INTERNATIONAL AG	9 818	1
RAYMOND JAMES FINANCIAL INC	10 740	5
RAYONIER INC	10 600	2
REALOGY HOLDINGS CORP	12 200	4
REALTY INCOME CORP	17 500	6
REGENCY CENTERS CORP	7 700	4
REGIONS FINANCIAL CORP	108 241	9
RENAISSANCERE HOLDINGS LTD	3 200	2
RESOLUTION LTD	106 354	5
RESONA HOLDINGS INC	173 342	7
RIOCAN REAL ESTATE INVESTMENT TRUST	12 696	2
ROYAL BANK OF CANADA	113 142	59
ROYAL BANK OF SCOTLAND GROUP PLC	198 529	9
RSA INSURANCE GROUP PLC	76 927	4
SAMPO OYJ	35 101	12
SBI HOLDINGS INC	14 070	1
SCHRODERS PLC	10 701	3
SCOR SE	11 409	3
SEGRO PLC	63 890	3
SEI INVESTMENTS CO	12 100	4
SEVEN BANK LTD	49 800	2
SHINSEI BANK LTD	138 000	2
SHIZUOKA BANK LTD	42 000	3
SIMON PROPERTY GROUP INC	24 436	33
SINGAPORE EXCHANGE LTD	60 000	3
SINO LAND CO LTD	266 330	3
SKANDINAVISKA ENSKILDA BANKEN AB	119 269	11
SL GREEN REALTY CORP	7 500	7
SOCIETE GENERALE	56 900	18
SONY FINANCIAL HOLDINGS INC	15 400	2
STANDARD CHARTERED PLC	193 949	22
STANDARD LIFE PLC	187 766	9
STATE STREET CORP	33 243	20
STOCKLAND CORP LTD	183 865	5
SUMITOMO MITSUI FINANCIAL GROUP INC	99 971	27
SUMITOMO MITSUI TRUST HOLDINGS INC	260 769	8
SUMITOMO REALTY & DEVELOPMENT CO LTD	28 500	7
SUN HUNG KAI PROPERTIES LTD	128 164	15
SUN HUNG KAI PROPERTIES LTD RIGHTS ISSUE	9 086	0
SUN LIFE FINANCIAL INC	48 065	13
SUNCORP GROUP LTD	101 021	9
SUNTRUST BANKS INC	41 648	13
SURUGA BANK LTD	13 300	2
SVENSKA HANDELSBANKEN AB	39 191	14
SWEDBANK AB	71 106	13

NOK millions	Number	Market value
SWIRE PACIFIC LTD	49 600	5
SWIRE PROPERTIES LTD	87 200	2
SWISS LIFE HOLDING AG	2 519	4
SWISS PRIME SITE AG	4 558	3
SWISS RE AG	27 652	17
T&D HOLDINGS INC	48 500	4
T. ROWE PRICE GROUP INC	20 700	13
TD AMERITRADE HOLDING CORP	21 500	6
THE GPT GROUP	141 858	4
THE HARTFORD FINANCIAL SERVICES GROUP INC	35 137	11
THE JOYO BANK LTD	47 000	2
THE WHARF (HOLDINGS) LTD	119 000	6
TOKIO MARINE HOLDINGS INC	54 379	13
TOKYO TATEMONO CO	30 000	2
TOKYU FUDOSAN HOLDINGS CORP	42 900	2
TORCHMARK CORP	10 100	4
TORONTO-DOMINION BANK	144 582	52
TRAVELERS COMPANIES INC	26 599	21
TRYG A/S	1 633	1
U.S. BANCORP	141 496	48
UBS AG	286 742	37
UDR INC	21 000	5
UNIBAIL-RODAMCO SE	7 697	15
UNICREDIT SPA	345 283	17
UNIONE DI BANCHE ITALIANE SCPA	71 700	4
UNITED OVERSEAS BANK LTD	101 623	14
UNITED URBAN INVESTMENT CORP	186	2
UNUM GROUP	19 766	5
UOL GROUP LTD	47 000	2
VENTAS INC	23 100	12
VIENNA INSURANCE GROUP	2 553	1
VORNADO REALTY TRUST	13 280	12
W. R. BERKLEY CORP	9 600	4
WELLS FARGO & CO	389 371	160
WENDEL SA	2 698	2
WESTFIELD GROUP	155 008	9
WESTFIELD RETAIL TRUST	418 051	9
WESTPAC BANKING CORP	244 115	49
WEYERHAEUSER CO	41 459	11
WHEELOCK AND CO LTD	81 000	3
WILLIS GROUP HOLDINGS PLC	12 400	4
XL GROUP PLC	20 800	5
YAMAGUCHI FINANCIAL GROUP INC	15 000	1
ZURICH INSURANCE GROUP AG	11 734	28
TOTAL, FINANCIAL		4 060
ABBOTT LABORATORIES	118 094	40
ABBVIE INC	124 994	61
ACTAVIS PLC	20 740	40
ACTELION LTD	8 065	7
AETNA INC	27 858	19
AGILENT TECHNOLOGIES INC	26 121	8
ALEXION PHARMACEUTICALS INC	15 500	22
ALFRESA HOLDINGS CORP	16 400	1
ALLERGAN INC	23 300	37
AMERISOURCEBERGEN CORP	17 600	12
AMGEN INC	59 665	71
ANTHEM INC	21 572	20
ASTELLAS PHARMA INC	168 520	18
ASTRAZENECA PLC	99 135	53
BAXTER INTERNATIONAL INC	42 560	23
BAYER AG	60 626	62
BECTON DICKINSON AND CO	15 091	16

NOK millions	Number	Market value
BIOGEN IDEC INC	18 569	47
BIOMARIN PHARMACEUTICAL INC	11 600	8
BOSTON SCIENTIFIC CORP	104 076	10
BRISTOL-MYERS SQUIBB CO	130 153	58
C R BARD INC	5 900	7
CARDINAL HEALTH INC	26 470	16
CAREFUSION CORP	15 935	7
CATAMARAN CORP	17 300	7
CELESIO AG	3 942	1
CELGENE CORP	62 800	53
CERNER CORP	24 100	12
CHUGAI PHARMACEUTICAL CO LTD	18 700	3
CIGNA CORP	20 750	16
COCHLEAR LTD	4 776	2
COLOPLAST A/S	8 723	6
COOPER COS INC/THE	2 500	3
COVIDIEN PLC	35 450	27
CSL LTD	37 264	20
DAIICHI SANKYO CO LTD	50 075	5
DAINIPPON SUMITOMO PHARMA CO LTD	11 200	1
DAVITA HEALTHCARE PARTNERS INC	13 500	8
DENTSPLY INTERNATIONAL INC	12 000	5
EDWARDS LIFESCIENCES CORP	8 300	8
EISAI CO LTD	19 800	6
ELEKTA AB	30 849	2
ELI LILLY AND CO	78 963	41
ENDO INTERNATIONAL PLC	11 400	6
ESSILOR INTERNATIONAL SA	16 045	13
EXPRESS SCRIPTS HOLDING CO	58 517	37
FRESENIUS MEDICAL CARE AG & CO KGAA	17 041	10
FRESENIUS SE & CO KGAA	29 718	12
GETINGE AB	17 311	3
GILEAD SCIENCES INC	118 700	84
GLAXOSMITHKLINE PLC	380 774	61
GRIFOLS SA	11 591	3
HCA HOLDINGS INC	23 800	13
HENRY SCHEIN INC	6 700	7
HISAMITSU PHARMACEUTICAL CO INC	5 700	1
HOLOGIC INC	19 200	4
HOSPIRA INC	13 200	6
HUMANA INC	12 100	13
ILLUMINA INC	10 900	15
INCYTE CORP	10 300	6
INDIVIOR PLC	51 027	1
INTUITIVE SURGICAL INC	2 800	11
JAZZ PHARMACEUTICALS PLC	4 000	5
JOHNSON & JOHNSON	221 401	174
KYOWA HAKKO KIRIN CO LTD	19 000	1
LABORATORY CORPORATION OF AMERICA HOLDINGS	6 600	5
LONZA GROUP AG	4 123	3
M3 INC	15 100	2
MALLINCKRODT PLC	8 919	7
MCKESSON CORP	18 169	28
MEDIPAL HOLDINGS CORP	8 200	1
MEDIVATION INC	4 800	4
MEDTRONIC INC	76 887	42
MERCK & CO INC	226 529	96
MERCK KGAA	10 148	7
METTLER-TOLEDO INTERNATIONAL	2 453	6
MIRACA HOLDINGS INC	3 900	1
MITSUBISHI TANABE PHARMA CORP	16 300	2
MYLAN INC	29 400	12
NOVARTIS AG	180 611	126

Note 15 Shares and equity fund units, continued

NOK millions	Number	Market value
NOVO NORDISK A/S	157 580	50
OLYMPUS CORP	18 800	5
OMNICARE INC	7 700	4
ONO PHARMACEUTICAL CO LTD	6 200	4
ORION OYJ	9 199	2
OTSUKA HOLDINGS CO LTD	30 700	7
PATTERSON COMPANIES INC	6 500	2
PERRIGO CO PLC	10 464	13
PFIZER INC	497 828	116
PHARMACYCLICS INC	5 366	5
QIAGEN NV	19 836	3
QUEST DIAGNOSTICS INC	12 148	6
QUINTILES TRANSNATIONAL HOLD	5 000	2
RAMSAY HEALTH CARE LTD	10 994	4
REGENERON PHARMACEUTICALS INC	6 200	19
RESMED INC	11 900	5
ROCHE HOLDING AG	54 700	111
ROCHE HOLDING INHABER	847	2
RYMAN HEALTHCARE LTD	35 577	2
SALIX PHARMACEUTICALS LTD	3 400	3
SANOFI SA	86 880	60
SANTEN PHARMACEUTICAL CO LTD	6 200	3
SHIONOGI & CO LTD	22 500	4
SHIRE PLC	46 291	25
SMITH & NEPHEW PLC	70 112	10
SONIC HEALTHCARE LTD	32 057	4
SONOVA HOLDING AG	4 219	5
ST. JUDE MEDICAL INC	22 354	11
STRYKER CORP	26 790	19
SUZUKEN CO LTD	6 900	1
SYSMEX CORP	12 100	4
TAISHO PHARMACEUTICAL HOLDINGS CO LTD	2 600	1
TAKEDA PHARMACEUTICAL CO LTD	62 000	19
TERUMO CORP	23 900	4
TEVA PHARMACEUTICAL INDUSTRIES LTD	67 281	29
THERMO FISHER SCIENTIFIC INC	31 400	29
UCB S.A.	9 927	6
UNITEDHEALTH GROUP INC	76 308	58
UNIVERSAL HEALTH SERVICES-B	7 583	6
VALEANT PHARMACEUTICALS INTERNA-TIONAL INC	25 000	27
VARIAN MEDICAL SYSTEMS INC	8 000	5
VERTEX PHARMACEUTICALS INC	18 700	17
WATERS CORP	6 553	6
WILLIAM DEMANT HOLDING A/S	1 768	1
ZIMMER HOLDINGS INC	13 259	11
ZOETIS INC	39 400	13
TOTAL, HEALTH		2 460
3M CO	57 656	71
AB VOLVO	143 664	12
ABB LTD	205 872	33
ABERTIS INFRAESTRUCTURAS SA	31 740	5
ACS ACTIVIDADES DE CONSTRUCCION Y SERVICIOS SA	16 402	4
ADECCO SA	13 358	7
ADT CORP	14 975	4
AEROPORTS DE PARIS SA	2 485	2
AGCO CORP	8 100	3
AGGREKO PLC	21 645	4
ALFA LAVAL AB	29 452	4
ALS LTD	37 690	1
AMADA CO LTD	31 300	2
AMERICAN AIRLINES GROUP INC	14 100	6

NOK millions	Number	Market value
AMETEK INC	23 050	9
ANA HOLDINGS INC	87 000	2
ANDRITZ AG	7 641	3
AP MOELLER - MAERSK A/S	577	9
AP MOELLER - MAERSK A/S	298	4
ASAHI GLASS CO LTD	99 800	4
ASCIANO LTD	81 638	3
ASHTEAD GROUP PLC	38 943	5
ASSA ABLOY AB	31 278	12
ATLANTIA SPA	32 419	6
ATLAS COPCO AB	62 867	13
ATLAS COPCO AB-B SHS	36 532	7
AUCKLAND INTERNATIONAL AIRPORT LTD	79 713	2
AURIZON HOLDINGS LTD	167 815	5
B/E AEROSPACE INC	9 760	4
BABCOCK INTERNATIONAL GROUP PLC	18 382	2
BAE SYSTEMS	295 481	16
BOLLORE	46 800	2
BOMBARDIER INC	142 200	4
BOUYGUES SA	15 718	4
BRAMBLES LTD	122 761	8
BRENNTAG AG	14 464	6
BUNZL PLC	31 299	6
BUREAU VERITAS SA	19 312	3
C.H. ROBINSON WORLDWIDE INC	11 600	7
CAE INC	26 300	3
CANADIAN NATIONAL RAILWAY CO	64 312	33
CANADIAN PACIFIC RAILWAY LTD	13 546	20
CAPITA PLC	51 905	7
CATERPILLAR INC	55 828	38
CATHAY PACIFIC AIRWAYS LTD	81 000	1
CENTRAL JAPAN RAILWAY CO	11 300	13
CHICAGO BRIDGE & IRON CO NV	9 038	3
CHIYODA CORP	17 000	1
CIE DE SAINT-GOBAIN SA	42 539	14
CINTAS CORP	7 800	5
CNH INDUSTRIAL NV	92 991	6
COBHAM PLC	101 566	4
COMFORTDELGRO CORPORATION LTD	169 000	2
CSX CORP	78 526	21
CUMMINS INC	16 400	18
DAI NIPPON PRINTING CO LTD	47 000	3
DAIKIN INDUSTRIES LTD	22 000	11
DANAHER CORP	58 996	38
DEERE & CO	31 834	21
DELTA AIR LINES INC	16 500	6
DEUTSCHE LUFTHANSA AG	19 532	2
DEUTSCHE POST AG	75 985	19
DOVER CORP	15 577	8
DSV A/S	13 780	3
DUN & BRADSTREET CORP	2 900	3
EAST JAPAN RAILWAY CO	26 302	15
EASYJET PLC	12 644	2
EATON CORPORATION PLC	44 516	23
EDENRED SA	17 187	4
EMERSON ELECTRIC CO	65 298	30
EQUIFAX INC	9 600	6
EXPEDITORS INTERNATIONAL OF WASHING-TON INC	15 300	5
EXPERIAN PLC	77 788	10
FANUC CORP	17 900	22
FASTENAL CO	26 400	9
FEDEX CORP	21 171	28
FERROVIAL SA	39 002	6

NOK millions	Number	Market value
FINNING INTERNATIONAL INC	18 000	3
FLOWSERVE CORP	13 700	6
FLUOR CORP	14 700	7
FRAPORT FRANKFURT AIRPORT SERVICES WORLDWIDE AG	2 555	1
FUJI ELECTRIC CO LTD	46 000	1
G4S PLC	117 458	4
GEA GROUP AKTIENGESELLSCHAFT	17 120	6
GEBERIT AG	3 539	9
GENERAL ELECTRIC CO	939 344	178
GOLDEN OCEAN GROUP LTD	961 916	5
GROUPE EUROTUNNEL SA	40 170	4
HANKYU HANSHIN HOLDINGS INC	93 000	4
HERTZ GLOBAL HOLDINGS INC	35 200	7
HINO MOTORS LTD	25 500	3
HITACHI CONSTRUCTION MACHINERY CO LTD	9 200	1
HUTCHISON PORT HOLDINGS TRUST	476 000	2
HUTCHISON WHAMPOA LTD	199 400	17
IHI CORP	130 000	5
IHS INC	5 300	5
ILLINOIS TOOL WORKS INC	35 250	25
IMI PLC	23 961	4
INGERSOLL-RAND PLC	25 049	12
INTERNATIONAL CONSOLIDATED AIRLINES GROUP SA	85 375	5
INTERTEK GROUP PLC	11 882	3
ITOCHU CORP	141 000	11
J B HUNT TRANSPORT SERVICES INC	7 900	5
JAPAN AIRLINES CO LTD	9 300	2
JGC CORP	20 700	3
JOY GLOBAL INC	10 500	4
JTEKT CORP	21 100	3
KAJIMA CORP	73 000	2
KAMIGUMI CO LTD	16 000	1
KANSAS CITY SOUTHERN	8 700	8
KAWASAKI HEAVY INDUSTRIES LTD	140 000	5
KEIKYU CORP	39 000	2
KEIO CORP	48 000	3
KEISEI ELECTRIC RAILWAY CO LTD	21 000	2
KEPPEL CORPORATION LTD	136 160	7
KINTETSU CORP	135 900	3
KLX INC	4 880	2
KOMATSU LTD	87 400	15
KONE OYJ	29 288	10
KONINKLIJKE BOSKALIS WESTMINSTER NV	8 057	3
KONINKLIJKE PHILIPS ELECTRONICS NV	89 563	20
KUBOTA CORP	105 100	12
KUEHNE UND NAGEL INTERNATIONAL AG	4 240	4
KURITA WATER INDUSTRIES LTD	11 200	2
LEGRAND SA	24 790	10
LEIGHTON HOLDINGS LTD	10 754	1
LIXIL GROUP CORP	26 200	4
MABUCHI MOTOR CO LTD	4 200	1
MAKITA CORP	10 900	4
MAN SE	3 547	3
MANPOWERGROUP INC	6 700	3
MARUBENI CORP	154 600	7
MASCO CORP	35 201	7
MEGGITT PLC	80 217	5
MELROSE INDUSTRIES PLC	105 562	3
METSO OYJ	10 557	2
MITSUBISHI CORP	129 200	18
MITSUBISHI ELECTRIC CORP	181 200	16
MITSUBISHI HEAVY INDUSTRIES LTD	284 100	12

NOK millions	Number	Market value
MITSUBISHI LOGISTICS CORP	9 000	1
MITSUI & CO LTD	159 800	16
MITSUI O.S.K. LINES LTD	91 000	2
MTR CORP LTD	111 766	3
NABTESCO CORP	10 900	2
NAGOYA RAILROAD CO LTD	72 000	2
NGK INSULATORS LTD	25 000	4
NIDEC CORP	20 400	10
NIELSEN HOLDINGS NV	23 900	8
NIPPON EXPRESS CO LTD	64 000	2
NIPPON YUSEN KK	137 000	3
NOBLE GROUP LTD	431 097	3
NORFOLK SOUTHERN CORP	24 346	20
NSK LTD	44 000	4
NWS HOLDINGS LTD	166 841	2
OBAYASHI CORP	64 000	3
OCI NV	7 378	2
ODAKYU ELECTRIC RAILWAY CO LTD	52 000	3
OSRAM LICHT AG	8 523	3
PACCAR INC	33 186	17
PALL CORP	10 300	8
PARK24 CO LTD	7 000	1
PARKER HANNIFIN CORP	13 889	13
PENTAIR LTD	18 033	9
PRECISION CASTPARTS CORP	13 400	24
PRYSMIAN SPA	20 079	3
QANTAS AIRWAYS LTD	70 645	1
QUANTA SERVICES INC	20 900	4
RANDSTAD HOLDING NV	10 497	4
REPUBLIC SERVICES INC	22 300	7
REXEL SA	27 317	4
ROBERT HALF INTERNATIONAL INC	11 700	5
ROCKWELL AUTOMATION INC	12 900	11
ROCKWELL COLLINS INC	11 385	7
ROLLS-ROYCE HOLDINGS PLC	176 605	18
ROPER INDUSTRIES INC	9 400	11
ROYAL MAIL PLC	54 403	3
RYANAIR HOLDINGS PLC	12 351	1
SANDVIK AB	99 821	7
SCHINDLER HOLDING LTD	4 140	4
SCHINDLER HOLDING LTD	1 833	2
SCHNEIDER ELECTRIC SA	49 171	27
SECOM CO LTD	16 500	7
SECURITAS AB	26 470	2
SEEK LTD	28 855	3
SEIBU HOLDINGS INC	13 000	2
SEMBCORP INDUSTRIES LTD	97 000	2
SEMBCORP MARINE LTD	86 000	2
SENSATA TECHNOLOGIES HOLDING NV	14 900	6
SGS SA	430	7
SHIMIZU CORP	58 000	3
SIEMENS AG	68 959	59
SINGAPORE AIRLINES LTD	45 800	3
SKANSKA AB	35 575	6
SKF INC	37 088	6
SMC CORP	5 200	10
SMITHS GROUP PLC	36 712	5
SNAP-ON INC	4 400	5
SNC LAVALIN GROUP INC	14 300	4
SOCIETE B I C SA	2 097	2
SOUTHWEST AIRLINES CO	13 400	4
SPX CORP	3 400	2
STANLEY BLACK & DECKER INC	13 854	10
STERICYCLE INC	6 700	7

Note 15 Shares and equity fund units, continued

NOK millions	Number	Market value
STOLT NIELSEN LTD	256 721	32
SULZER AG	2 605	2
SUMITOMO CORP	105 400	8
SUMITOMO HEAVY INDUSTRIES LTD	51 000	2
SYDNEY AIRPORT	89 993	3
TAISEI CORP	96 000	4
THALES SA	8 714	4
THK CO LTD	12 300	2
TNT EXPRESS NV	37 034	2
TOBU RAILWAY CO LTD	87 000	3
TOKYU CORP	92 200	4
TOLL HOLDINGS LTD	62 610	2
TOPPAN PRINTING CO LTD	49 700	2
TOSHIBA CORP	376 700	12
TOTO LTD	28 000	2
TOWERS WATSON & CO-CL A	5 480	5
TOYOTA TSUSHO CORP	20 900	4
TRANSDIGM GROUP INC	4 700	7
TRANSURBAN GROUP	142 201	7
TRAVIS PERKINS PLC	22 595	5
TYCO INTERNATIONAL LTD	34 850	11
UNION PACIFIC CORP	70 444	63
UNITED CONTINENTAL HOLDINGS INC	7 900	4
UNITED PARCEL SERVICE INC	55 424	46
UNITED RENTALS INC	9 000	7
UNITED TECHNOLOGIES CORP	81 400	70
VALLOUREC SA	9 847	2
VERISK ANALYTICS INC	11 700	6
VESTAS WIND SYSTEMS	20 978	6
VINCI SA	45 795	19
W.W. GRAINGER INC	5 800	11
WABTEC CORP	7 500	5
WARTSILA OYJ ABP	13 849	5
WASTE MANAGEMENT INC	34 758	13
WEIR GROUP PLC	20 995	5
WEST JAPAN RAILWAY CO	13 500	5
WOLSELEY PLC	24 954	11
XYLEM INC	18 210	5
YAMATO HOLDINGS CO LTD	27 700	4
YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD	189 000	1
ZARDOYA OTIS SA	17 137	1
ZODIAC AEROSPACE SA	17 212	4
TOTAL, INDUSTRY		2 165
ACCENTURE PLC	49 600	33
ACTIVISION BLIZZARD INC	39 400	6
ADOBE SYSTEMS INC	37 104	20
ADVANTEST CORP	13 000	1
AKAMAI TECHNOLOGIES INC	14 000	7
ALCATEL LUCENT	220 959	6
ALLIANCE DATA SYSTEMS CORP	4 700	10
ALTERA CORP	24 300	7
AMADEUS IT HOLDING SA	34 096	10
AMPHENOL CORP	24 700	10
ANALOG DEVICES INC	24 715	10
ANSYS INC	7 100	4
APPLE INC	470 120	389
APPLIED MATERIALS INC	95 685	18
ARM HOLDINGS PLC	110 279	13
ARROW ELECTRONICS INC	8 400	4
ASETEK A/S	357 704	6
ASM PACIFIC TECHNOLOGY LTD	21 800	2
ASML HOLDING NV	28 071	23
ATOS SE	6 998	4

NOK millions	Number	Market value
AUTODESK INC	17 800	8
AUTOMATIC DATA PROCESSING INC	37 716	24
AVAGO TECHNOLOGIES LTD	19 800	15
AVNET INC	11 500	4
BROADCOM CORP	42 519	14
BROTHER INDUSTRIES LTD	17 800	2
CA INC	26 224	6
CANON INC	89 050	21
CAP GEMINI SA	11 240	6
CGI GROUP INC	17 500	5
CISCO SYSTEMS INC	402 225	84
CITIZEN HOLDINGS CO LTD	22 100	1
CITRIX SYSTEMS INC	12 900	6
COGNIZANT TECHNOLOGY SOLUTIONS CORP	47 700	19
COMPUTER SCIENCES CORP	11 367	5
COMPUTERSHARE LTD	35 791	3
CONSTELLATION SOFTWARE INC	800	2
CORNING INC	101 372	17
CREE INC	10 100	2
DASSAULT SYSTEMES SA	10 039	5
EBAY INC	87 720	37
ELECTRONIC ARTS INC	24 498	9
EMC CORP	159 300	36
EQUINIX INC	4 151	7
ERICSSON	238 952	22
F5 NETWORKS INC	5 800	6
FACEBOOK INC	154 950	91
FIDELITY NATIONAL INFORMATION SERVICES INC	22 400	10
FIREEYE INC	5 700	1
FISERV INC	19 522	10
FLEETCOR TECHNOLOGIES INC	6 020	7
FLEXTRONICS INTERNATIONAL LTD	50 900	4
FLIR SYSTEMS INC	12 800	3
FUJIFILM HOLDINGS CORP	36 400	8
FUJITSU LTD	146 200	6
GEMALTO	5 394	3
GEMALTO (NL)	826	1
GOOGLE INC-CL A	22 200	88
GOOGLE INC-CL C	22 600	89
GUNGHO ONLINE ENTERTAINMENT	36 200	1
HAMAMATSU PHOTONICS KK	5 300	2
HARRIS CORP	8 900	5
HEWLETT-PACKARD CO	146 965	44
HEXAGON AB	20 039	5
HIROSE ELECTRIC CO LTD	2 500	2
HITACHI HIGH-TECHNOLOGIES CORP	5 200	1
HITACHI LTD	380 000	21
HOYA CORP	33 400	9
IBIDEN CO LTD	11 400	1
INFINEON TECHNOLOGIES AG	88 544	7
INTEL CORP	388 714	106
INTERNATIONAL BUSINESS MACHINES CORP	74 402	89
INTUIT INC	21 156	15
ITOCHU TECHNO-SOLUTIONS CORP	2 000	1
JAPAN DISPLAY INC	31 100	1
JUNIPER NETWORKS INC	31 900	5
KAKAKU.COM INC	10 139	1
KEYENCE CORP	3 575	12
KLA-TENCOR CORP	12 988	7
KONAMI CORP	8 300	1
KONICA MINOLTA INC	34 600	3
KYOCERA CORP	25 200	9
LAM RESEARCH CORP	12 700	8

NOK millions	Number	Market value
LINEAR TECHNOLOGY CORP	18 687	6
LINKEDIN CORP	8 400	14
MARVELL TECHNOLOGY GROUP LTD	29 800	3
MASTERCARD INC	78 700	51
MAXIM INTEGRATED PRODUCTS INC	23 700	6
MICROCHIP TECHNOLOGY INC	15 700	5
MICRON TECHNOLOGY INC	84 100	22
MICROSOFT CORP	614 636	214
MOTOROLA SOLUTIONS INC	17 680	9
MURATA MANUFACTURING CO LTD	15 900	13
NEC CORP	204 400	4
NETAPP INC	25 039	8
NETSUITE INC	2 561	2
NEXON CO LTD	10 600	1
NICE SYSTEMS LTD	4 209	2
NINTENDO CO LTD	8 300	7
NIPPON ELECTRIC GLASS CO LTD	39 000	1
NOKIA OYJ	294 049	18
NOMURA RESEARCH INSTITUTE LTD	9 700	2
NTT DATA CORP	10 800	3
NUANCE COMMUNICATIONS INC	21 500	2
NVIDIA CORP	42 550	6
OMRON CORP	16 900	6
OPENTEXT CORP	9 600	4
ORACLE CORP	279 875	94
ORACLE CORP JAPAN	3 900	1
OTSUKA CORP	3 900	1
PALO ALTO NETWORKS INC	4 100	4
PAYCHEX INC	25 665	9
QUALCOMM INC	131 610	73
RACKSPACE HOSTING INC	10 500	4
RED HAT INC	14 800	8
RESEARCH IN MOTION LTD	43 000	4
RICOH CO LTD	55 600	4
ROHM CO LTD	7 600	3
SALESFORCE.COM INC	46 200	21
SANDISK CORP	17 600	13
SAP AG	72 345	38
SEAGATE TECHNOLOGY PLC	25 700	13
SEIKO EPSON CORPORATION	10 900	3
SERVICENOW	10 646	5
SHIMADZU CORP	16 000	1
SKYWORKS SOLUTIONS INC	13 300	7
STMICROELECTRONICS NV	53 348	3
SYMANTEC CORP	54 200	10
SYNOPSYS INC	13 200	4
TDK CORP	9 700	4
TE CONNECTIVITY LTD	32 150	15
TERADATA CORP	12 200	4
TEXAS INSTRUMENTS INC	83 785	34
THE SAGE GROUP PLC	85 182	5
TOKYO ELECTRON LTD	13 500	8
TOTAL SYSTEM SERVICES INC	14 601	4
TREND MICRO INC	7 400	2
TRIMBLE NAVIGATION LTD	21 600	4
TWITTER INC	30 300	8
UNITED INTERNET AG	9 412	3
VANTIV A	12 095	3
VERISIGN INC	9 300	4
VISA INC	38 800	76
VIZRT LTD	1 471 416	52
VMWARE INC	7 200	4
WESTERN DIGITAL CORP	17 500	15

NOK millions	Number	Market value
WESTERN UNION CO	41 594	6
WORKDAY INC-CLASS A	7 489	5
XEROX CORP	86 063	9
XILINX INC	21 073	7
YAHOO	74 200	28
YAHOO JAPAN CORP	122 500	3
YASKAWA ELECTRIC CORP	16 600	2
YOKOGAWA ELECTRIC CORP	20 000	2
TOTAL, IT		2 665
AGNICO EAGLE MINES LTD	19 553	4
AIR LIQUIDE SA	29 905	28
AIR PRODUCTS AND CHEMICALS INC	18 500	20
AIR WATER INC	12 000	1
AIRGAS INC	6 200	5
AKZO NOBEL NV	21 057	11
ALBEMARLE CORP	7 600	3
ALCOA INC	102 050	12
ALUMINA LTD	212 250	2
AMCOR LTD	104 724	9
ANGLO AMERICAN PLC	121 207	17
ANTOFAGASTA PLC	37 511	3
ARCELORMITTAL SA	86 720	7
ARKEMA SA	6 668	3
ASAHI KASEI CORP	109 200	8
ASHLAND INC	6 800	6
AVERY DENNISON CORP	8 111	3
BALL CORP	11 400	6
BASF SE	72 704	46
BHP BILLITON LTD	278 731	50
BHP BILLITON PLC	183 299	30
BOLIDEN AB	25 973	3
BORAL LTD	75 133	2
CELANESE CORP	13 500	6
CF INDUSTRIES HOLDINGS INC	4 300	9
CRH PLC	64 165	12
CRODA INTERNATIONAL PLC	12 619	4
CROWN HOLDINGS INC	12 800	5
DAICEL CORP	23 000	2
DOW CHEMICAL CO	103 656	35
E. I. DU PONT DE NEMOURS AND CO	79 400	44
EASTMAN CHEMICAL CO	12 900	7
ECOLAB INC	23 400	18
ELDORADO GOLD CORP	70 100	3
EMS CHEMIE HOLDING AG	782	2
FIRST QUANTUM MINERALS LTD	52 146	6
FLETCHER BUILDING LTD	57 386	3
FMC CORP	11 570	5
FORTESCUE METALS GROUP LTD	144 698	2
FRANCO-NEVADA CORP	14 224	5
FRESNILLO PLC	21 029	2
FUCHS PETROLUB AG -PREF	6 596	2
GIVAUDAN SA	801	11
GLENCORE INTERNATIONAL PLC	921 386	32
GOLDCORP INC	70 509	10
HEIDELBERGCEMENT AG	12 231	7
HITACHI CHEMICAL CO LTD	8 600	1
HITACHI METALS LTD	20 000	3
HOLCIM LTD	19 871	11
ICL ISRAEL CHEMICALS LTD	40 032	2
ILUKA RESOURCES LTD	38 914	1
IMERYS SA	3 565	2

Note 15 Shares and equity fund units, continued

NOK millions	Number	Market value
INTERNATIONAL FLAVORS & FRAGRANCES INC	6 900	5
INTERNATIONAL PAPER CO	35 250	14
ISRAEL CORPORATION LTD	183	1
JAMES HARDIE INDUSTRIES PLC	41 208	3
JFE HOLDINGS INC	42 700	7
JOHNSON MATTHEY PLC	17 784	7
JSR CORP	14 800	2
K+S AG	16 164	3
KANEKA CORP	20 000	1
KANSAI PAINT CO LTD	19 000	2
KINROSS GOLD CORP	108 600	2
KOBE STEEL LTD	283 000	4
KONINKLIJKE DSM NV	14 958	7
KURARAY CO LTD	32 000	3
LAFARGE SA	16 211	9
LANXESS AG	7 476	3
LINDE AG	16 119	23
LYONDELLBASELL INDUSTRIES NV	37 800	22
MARTIN MARIETTA MATERIALS INC	4 900	4
MARUICHI STEEL TUBE LTD	3 400	1
MEADWESTVACO CORP	14 600	5
METHANEX CORP	8 918	3
MITSUBISHI CHEMICAL HOLDINGS CORP	117 650	4
MITSUBISHI GAS CHEMICAL CO INC	30 000	1
MITSUBISHI MATERIALS CORP	97 000	2
MITSUI CHEMICALS INC	83 100	2
MONSANTO CO	45 500	41
MOSAIC CO	28 100	10
NEW GOLD INC	48 500	2
NEWCREST MINING LTD	66 523	4
NEWMONT MINING CORP	43 257	6
NIPPON PAINT CO LTD	12 254	3
NIPPON STEEL & SUMITOMO METAL CORP	659 725	12
NITTO DENKO CORP	13 600	6
NOVOZYMES A/S	20 773	7
NUCOR CORP	27 664	10
OJI HOLDINGS CORP	62 800	2
ORICA LTD	32 349	4
OWENS-ILLINOIS INC	15 400	3
OXANE MATERIALS	2 200 000	9
PPG INDUSTRIES INC	11 926	21
PRAXAIR INC	25 382	25
RANDGOLD RESOURCES LTD	8 143	4
REXAM PLC	66 964	4
ROCK-TENN CO	12 200	6
SEALED AIR CORP	17 500	6
SHERWIN-WILLIAMS CO	7 200	14
SHIN-ETSU CHEMICAL CO LTD	35 600	18
SIGMA-ALDRICH CORP	10 344	11
SIKA AG	187	4
SILVER WHEATON CORP	31 115	5
SOLVAY SA	5 146	5
STORA ENSO OYJ	51 227	3
SUMITOMO CHEMICAL CO LTD	138 100	4
SUMITOMO METAL MINING CO LTD	45 700	5
SYMRISE AG	8 284	4
SYNGENTA AG	8 066	19
TAIHEIYO CEMENT CORP	109 000	3
TAIYO NIPPON SANSO CORP	13 000	1
TECK RESOURCES LTD	48 626	5
TEIJIN LTD	75 000	2
THYSSENKRUPP AG	39 293	8

NOK millions	Number	Market value
TORAY INDUSTRIES INC	127 100	8
TOYO SEIKAN GROUP HOLDINGS LTD	15 600	1
UMICORE SA	8 855	3
UPM-KYMMENE CORPORATION	46 184	6
VOESTALPINE AG	10 418	3
VULCAN MATERIALS CO	12 085	6
WESTLAKE CHEMICAL CORP	4 400	2
YAMANA GOLD INC	82 700	2
YAMATO KOGYO CO LTD	3 100	1
TOTAL, RAW MATERIALS		996
AT&T INC	407 233	103
BCE INC	21 780	8
BELGACOM SA	12 731	3
BEZEQ THE ISRAELI TELECOMUNICATION CORP LTD	170 035	2
BT GROUP PLC	639 136	30
CENTURYLINK INC	44 818	13
DEUTSCHE TELEKOM AG	249 287	30
ELISA OYJ	12 337	3
FRANCE TELECOM SA	145 590	19
FRONTIER COMMUNICATIONS CORP	86 865	4
HKT TRUST	207 880	2
ILIAD SA	2 180	4
INMARSAT PLC	31 880	3
KDDI CORP	45 800	22
KONINKLIJKE KPN NV	251 469	6
LEVEL 3 COMMUNICATIONS INC	20 300	8
MILLICOM INTERNATIONAL CELLULAR SA	5 535	3
NIPPON TELEGRAPH AND TELEPHONE CORP	29 458	11
NTT DOCOMO INC	120 000	13
PCCW LTD	293 049	1
ROGERS COMMUNICATIONS INC	28 378	8
SBA COMMUNICATIONS CORP	10 100	8
SINGAPORE TELECOMMUNICATIONS LTD	625 680	14
SOFTBANK CORP	75 400	34
SPRINT CORP	66 113	2
STARHUB LTD	50 000	1
SWISSCOM AG	1 830	7
TDC A/S	67 963	4
TELE2 AB	26 702	2
TELECOM CORPORATION OF NEW ZEALAND LTD	138 953	3
TELECOM ITALIA SPA	473 159	3
TELECOM ITALIA SPA	793 284	6
TELEFONICA DEUTSCHLAND HOLDI	46 986	2
TELEFONICA SA	330 792	36
TELIASONERA AB	186 993	9
TELSTRA CORP LTD	341 950	13
TELUS CORP	15 874	4
T-MOBILE US INC	20 100	4
TPG TELECOM LTD	23 916	1
VERIZON COMMUNICATIONS INC	325 428	114
VIVENDI SA	95 295	18
VODAFONE GROUP PLC	2 080 724	54
WINDSTREAM CORP	52 600	3
TOTAL, TELECOM		639
AGL ENERGY LTD	61 179	5
AGL ENERGY LTD	39 889	3
ALLIANT ENERGY CORP	9 400	5
AMERICAN WATER WORKS COMPANY INC	14 300	6
APA GROUP	70 984	3

NOK millions	Number	Market value
ATCO LTD -CLASS I	5 700	2
AUSNET SERVICES	147 889	1
CALPINE CORP	27 200	5
CANADIAN UTILITIES LTD	10 382	3
CENTERPOINT ENERGY INC	32 500	6
CENTRICA PLC	399 656	13
CHEUNG KONG INFRASTRUCTURE HOLDINGS LTD	53 000	3
CHUBU ELECTRIC POWER CO INC	53 500	5
CHUGOKU ELECTRIC POWER CO INC	25 200	2
CMS ENERGY CORP	22 700	6
CONSOLIDATED EDISON INC	23 318	12
CONTACT ENERGY LTD	31 141	1
DOMINION RESOURCES INC	46 402	27
DTE ENERGY CO	14 063	9
DUKE ENERGY CORP	56 304	35
E.ON SE	159 346	21
EDISON INTERNATIONAL	24 600	12
EDP ENERGIAS DE PORTUGAL SA	184 415	5
ELECTRIC POWER DEVELOPMENT CO LTD	9 940	3
ELECTRICITE DE FRANCE SA	19 255	4
ENAGAS SA	16 159	4
ENEL GREEN POWER SPA	148 634	2
ENEL SPA	524 173	18
ENTERGY CORP	14 314	9
EXELON CORP	68 408	19
FIRSTENERGY CORP	33 519	10
FORTIS INC	18 600	5
FORTUM OYJ	35 372	6
GAS NATURAL SDG SA	27 891	5
GDF SUEZ SA	115 284	20
IBERDROLA SA	420 751	21
INTEGRYS ENERGY GROUP INC	6 800	4
KANSAI ELECTRIC POWER CO INC	59 800	4
KYUSHU ELECTRIC POWER CO INC	36 200	3
MDU RESOURCES GROUP INC	15 200	3
NATIONAL GRID PLC	300 306	32
NEXTERA ENERGY INC	34 750	28
NISOURCE INC	25 100	8
NORTHEAST UTILITIES	25 222	10
NRG ENERGY INC	26 600	5
OGE ENERGY CORP	16 900	4
OSAKA GAS CO LTD	149 000	4
PEPCO HOLDINGS INC	21 200	4
PG&E CORP	37 573	15
PINNACLE WEST CAPITAL CORP	9 300	5
PPL CORP	52 906	14
PUBLIC SERVICE ENTERPRISE GROUP INC	40 302	13
RED ELECTRICA CORPORACION SA	8 618	6
RWE AG	57 785	10
SCANA CORP	11 300	5
SEMPRA ENERGY	18 593	16
SEVERN TRENT PLC	20 294	5
SHIKOKU ELECTRIC POWER CO INC	12 600	1
SNAM SPA	161 574	6
SOUTHERN CO	71 307	26
SSE PLC	77 644	15
SUEZ ENVIRONNEMENT COMPANY SA	24 671	3
TERNA RETE ELETTRICA NAZIONALE SPA	120 047	4
THE HONG KONG AND CHINA GAS CO LTD	502 002	9
TOHO GAS CO LTD	35 000	1
TOHOKU ELECTRIC POWER CO INC	38 400	3
TOKYO GAS CO LTD	185 100	8

NOK millions	Number	Market value
UNITED UTILITIES GROUP PLC	54 301	6
VEOLIA ENVIRONNEMENT SA	33 583	4
WISCONSIN ENERGY CORP	18 000	7
XCEL ENERGY INC	40 200	11
TOTAL DISTRIBUTION		617
FOREIGN		20 065
TOTAL SHARES		24 564
TOTAL, ENERGY		3 402
TOTAL, FINANCIAL		4 814
TOTAL, CONSUMABLES		2 645
TOTAL DISTRIBUTION		1 166
TOTAL, HEALTHCARE		2 507
TOTAL, INDUSTRY		2 328
TOTAL, IT		2 927
TOTAL, CONSUMER GOODS		2 227
TOTAL, RAW MATERIALS		1 521
TOTAL, TELECOM		957
TOTAL, UNSPECIFIED		68
TOTAL SHARES		24 564
21 CENTRALE PARTNERS IV, FCPR	35 000 000	262
ABERDEEN INDIRECT PARTNERS EUROPA	366 147	145
ABERDEEN INDIRECT PROPERTY PARTNERS ASIA	650 232	222
ABINGWORTH BIOVENTURES V CO-INVEST GROWTH EQ. FUND	8 000 000	36
ALLIANCE VENTURE INTERNAL PARTNERSHIP	17 175 000	0
ALTOR 2003 FUND	2 000 000	4
ALTOR IV AB	7 000 000	0
ASTORG V FCPR	50 000 000	342
AUCTUS IV GMBH & CO. KG	20 000 000	0
CAPMAN BUYOUT FUND VIII	10 000 000	36
CEVIAN CAPITAL II LP EUR CLASS C	250 000	343
CONSILIUM PRIVATE EQUITY FUND III	20 000 000	0
CONTAGO VENTURES II IS/AS	27 950 000	12
CUBERA SECONDARY (GP) KS	7 231 661	0
CUBERA SECONDARY KS	72 316 606	4
CUBILITY AS	1	2
DANSKE PRIVATE EQUITY PARTNERS IV K/S	20 000 000	131
DANSKE PRIVATE EQUITY PARTNERS V	8 770 936	25
DANSKE PRIVATE EQUITY PARTNERS V - NEW	6 229 064	8
EGERIA PRIVATE EQUITY FUND IV	30 000 000	53
ENERGY VENTURES II B IS	31 213 670	38
ENERGY VENTURES II KS	50 000 000	19
ENERGY VENTURES III LP	75 000 000	57
ENERGY VENTURES IV LP	30 000 000	140
EUROPRISE SUB-FUND A	1 366	54
FORBION CAPITAL FUND I CO-INVESTMENT FUND I	7 000 000	55
FORBION CAPITAL FUND I CO-INVESTMENT FUND II	5 300 000	50
FORBION CAPITAL FUND II CV	15 000 000	127
FORBION CAPITAL III C.V	12 000 000	1
FRANCE SPECIAL SITUATIONS FUND II	30 000 000	5
FSN CAPITAL II L.P.	13 000 000	45
FSN CAPITAL IV L.P.	232 000 000	48
GERMAN EQUITY PARTNERS IV	15 000 000	51
HERKULES PRIVATE EQUITY III	120 000 000	83
HGCAPITAL 6	45 000 000	419
HGCAPITAL MERCURY A	16 000 000	60

Note 15 Shares and equity fund units, continued

NOK millions	Number	Market value
HIGH DENSITY DEVICES AS RIGHT	4 715 250	0
HITECVISION ASSET SOLUTIONS	35 000 000	255
HITECVISION PRIVATE EQUITY IV	13 000 000	61
HITECVISION PRIVATE EQUITY V LP	35 000 000	219
HITECVISION VI LP	70 000 000	350
HITECVISION VII LP	70 000 000	16
INDEX VENTURES GROWTH II, L.P.	20 000 000	170
INDEX VENTURES VI (JERSEY) LP	10 000 000	82
INDEX VENTURES VII	13 000 000	30
INNKAP 4 PARTNERS L.P.	5 000 000	22
JPMORGAN EUROPEAN PROPERTY FUND	1 747	71
KLP AKSJE FREMVOKSENDE MARKEDER INDEKS I	3 914 423	5 595
KLP AKSJE FREMVOKSENDE MARKEDER INDEKS II	25 000	35
KLP AKSJE VERDEN INDEKS	25 000	50
KLP AKSJEASIA INDEKS I	50 400	62
KLP AKSJEASIA INDEKS II	748 506	748
KLP AKSJEEUROPA INDEKS I	1 411 614	1 880
KLP AKSJEEUROPA INDEKS II	0	0
KLP AKSJEGLOBAL INDEKS I	1 929 544	4 230
KLP AKSJEGLOBAL INDEKS II	126 206	229
KLP AKSJEGLOBAL LAVBETA I	12 750 883	17 299
KLP AKSJEGLOBAL LAVBETA II	105 024	119
KLP AKSJENORDEN INDEKS	214 735	659
KLP AKSJENORGE	1 011 431	4 615
KLP AKSJENORGE INDEKS	2 256 534	4 029
KLP AKSJEUSA INDEKS II	469 765	755
KLP AKSJEUSA INDEKS USD	192 309	3 023
KLP KOMBINASJONFOND M	25 000	34
KLP KOMBINASJONSFOND	25 000	34
MORGAN STANLEY EUROZONE OFFICE FUND CLASS C2	1 824	1
NAUTA TECH INVEST 2	500 000	9
NAUTA TECH INVEST 3	1 980 000	13
NAZCA CAPITAL III, FCR	22 500 000	154
NEOMED INNOVATION IV L.P.	5 000 000	19
NMI FRONTIER FUND KS	17 975 000	22
NMI GLOBAL FUND KS	33 160 000	46
NORTHZONE V K/S	5 000 000	97
NORTHZONE VI L.P.	5 000 000	65
NORTHZONE VII LP	12 000 000	19
NORVESTOR IV L.P.	10 000 000	44
NORVESTOR V	17 000 000	94
NORVESTOR VI	156 000 000	85
NORWEGIAN MICROFINANCE INITIATIVE FUND III KS	20 520 000	10
PARAGON FUND II GMBH & CO. KG	20 000 000	0
PARTNERS GROUP SECONDARY 2008	40 000 000	262
PERUSA PARTNERS FUND 2, L.P.	18 000 000	55
PRIVEQ INVESTMENT FUND IV L.P.	225 000 000	150
PROA IBERIAN BUYOUT FUND II	30 000 000	3
QUADRIGA CAPITAL PRIVATE EQUITY FUND IV	25 000 000	82
SOFINNOVA CAPITAL VII	10 000 000	43
SPECIAL SITUATIONS VENTURE PARTNERS III LP	14 500 000	45
SSGA EMERGING MARKETS SRI ENHANCED EQUITY FUND	10 020 731	762
SUN HUNG KAI PROPERTIES LTD RIGHTS ISSUE	9 086	0
TDR CAPITAL III 'B' L.P	30 000 000	51
TRITON FUND III	30 000 000	173
VERDANE CAPITAL V B K/S	34 697 497	14
VERDANE CAPITAL VI K/S	50 000 000	17
VERDANE CAPITAL VII K/S	140 000 000	177
XENON PRIVATE EQUITY VI	11 500 000	8
TOTAL EQUITY FUNDS		50 073
ALTERNATIVE INVESTMENTS IN SHARES		
KLP ALFA GLOBAL RENTE	973 101	965
KLP ALFA GLOBAL ENERGI	912 867	843
LEIMDÖRFER REAL ESTATE CAPITAL	500 000 000	77
SECTOR SPESIT 1 A USD	14 166	5
TOTAL ALTERNATIVE INVESTMENTS		1 888
TOTAL INVESTMENTS		76 525

SHARES AND UNITS DISTRIBUTION BY PORTFOLIO	Common portfolio	Investment option portfolio	Corporate portfolio	Total
SHARES	22 878	0	0	22 878
LONG TERM SHARES	1 357	0	329	1 686
EQUITY FUND UNITS	49 673	400	0	50 073
ALTERNATIVE INVESTMENTS	1 875	13	0	1 888
TOTAL	75 784	413	329	76 525

PERCENTAGE UNITS STOCK MARKET LISTED	
SHARES NORWAY	77,9 %
SHARES FOREIGN	99,0 %
EQUITY FUND UNITS	0 %
ALTERNATIVE INVESTMENTS	0 %

Note 16 Securities adjustment fund

NOK millions	Acquisition cost 31.12.2014	Fair value 31.12.2014	Valuation reserves 31.12.2014	Valuation reserves 31.12.2013
Valuation reserves shares	61 765	73 143	11 379	6 950
Valuation reserves share derivatives	0	112	112	55
Valuation reserves fixed interest investments	111 929	119 724	7 795	3 419
Valuation reserves interest rate derivatives	0	250	250	126
Variation margin daily settlement futures	0	0	-14	-138
Total valuation reserves on short term financial assets			19 522	10 412
Base for allocation to the securities adjustment fund			19 522	10 412
Securities adjustment fund			19 522	10 412

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	2014	2013
Rental income	38	38
Operating expenses	-2	-2
Loss on disposals	0	-18
Value adjustmnt.	-36	0
Net financial income	0	1
Net income from investment properties	0	19

NOK millions	2014	2013
Book value 01.01	947	965
Profit for the year	0	19
Transfers to KLP	-63	-16
Disposals/Acquisitions	6	-20
Book value 31.12	890	947

Note 18 Intangible assets

NOK millions	2014	2013
Book value 01.01.	321	303
Acquisition cost 01.01.	802	720
Total additions	138	82
of which internally developed	36	23
of which bought	102	59
Disposals	0	0
Acquisition cost 31.12.[1]	940	802
Accumulated depreciation and write-downs previous years	-480	-416
Ordinary depreciation for the year	-68	-64
Write-downs [2]	0	0
Accumulated depreciation and write-downs 31.12.	-548	-480
Book value 31.12.	391	321
Depreciation period	3 to 10 years	3 to 10 years

[1] KLP's intangible assets comprise purchased or in-house developed software.
[2] At the end of 2014 no IT systems were identified with a book value in excess of the estimated sum recoverable.

Note 19 Technical matters

Insurance liabilities distributed by sector

NOK millions	Group pension – public sector	Group life	31.12. 2014	31.12. 2013	Change 2014	Change 2013
Premium reserve	331 231	9	331 240	279 840	51 400	29 811
Supplementary reserves	17 103		17 103	12 495	4 608	120
Securities adjustment fund	19 522		19 522	10 412	9 110	1 124
Premium fund	10 464		10 464	9 153	1 311	5 205
Claims reserves	178	45	223	219	4	7
Buffer reserves	49		49	7	42	0
Total insurance liabilities	378 547	54	378 602	312 127	66 475	36 267

Changes in life insurance technical liabilities

NOK million	Premium reserve	Supple-mentary reserves	Securities adjustment fund	Premium fund	Buffer reserves	Claims reserves	Total 2014	Total 2013
Insurance liabilities 01.01	279 840	12 495	10 412	9 153	7	219	312 127	275 860
Net reserves taken to profit/loss	51 403	-152	9 110	232		4	60 596	31 036
Surplus on returns result		1 983		3 042	26		5 051	5 858
Risk result assigned to insurance contracts				349			349	33
Other assignment of surplus		1 542		0	16		1 559	0
Total changes taken to profit/loss	51 403	3 373	9 110	3 622	42	4	67 554	36 927
Transfers between funds/allocated to premium payment				-3 942			-3 945	-1 085
Receipts/payments on transfer		1 235		1 631			2 866	425
Total changes not taken to profit/loss	-3	1 235	0	-2 312	0	0	-1 079	-660
Total changes in insurance liabilities	51 400	4 609	9 110	1 311	42	4	66 475	36 267
Insurance liabilities 31.12	331 240	17 103	19 522	10 464	49	223	378 602	312 127

Group pension, public sector, with annual return guarantee and group life

NOK million	Premium reserve	Supple-mentary reserves	Securities adjustment fund	Premium fund	Buffer reserves	Claims reserves	Total 2014	Total 2013
Insurance liabilities 01.01	278 240	12 412	10 412	9 031		219	310 314	274 311
Net reserves taken to profit/loss	51 364	-152	9 110	229		4	60 554	30 855
Surplus on returns result		1 975		3 006			4 981	5 776
Risk result assigned to insurance contracts				348			348	33
Other assignment of surplus		1 542		0			1 542	0
Total changes taken to profit/loss	51 364	3 365	9 110	3 582	0	4	67 425	36 663
Transfers between funds/allocated to premium payment	-2			-3 921			-3 924	-1 087
Receipts/payments on transfer		1 235		1 631			2 866	425
Total changes not taken to profit/loss	-2	1 235	0	-2 291	0	0	-1 058	-661
Total changes in insurance liabilities	51 361	4 601	9 110	1 292		4	66 367	36 002
Insurance liabilities 31.12	329 601	17 013	19 522	10 322	0	223	376 681	310 314

Group pension, public sector, with multi-year return guarantee

NOK million	Premium reserve	Supple-mentary reserves	Premium fund	Buffer reserves	Total 2014	Total 2013
Insurance liabilities 01.01	1 600	83	122	7	1 813	1 548
Net reserves taken to profit/loss	39		3		42	181
Surplus on returns result		8	36	26	69	83
Risk result assigned to insurance contracts			2		2	0
Other assignment of surplus			0	16	16	0
Total changes taken to profit/loss	39	8	40	42	129	264
Transfers between funds/allocated to premium payment	-1		-21		-22	1
Receipts/payments on transfer					0	0
Total changes not taken to profit/loss	-1	0	-21	0	-22	1
Total changes in insurance liabilities	38	8	19	42	108	265
Insurance liabilities 31.12	1 639	91	142	49	1 921	1 813

Life insurance income statement
Technical accounts

	Group pension - public sector		Group life		Total	
NOK millions	2014	2013	2014	2013	2014	2013
Premium income	62 323	30 725	132	135	62 454	30 860
Net income common portfolio	23 385	18 769	5	5	23 391	18 775
Net income investment option portfolio	120	138			120	138
Other insurance-related income	855	682			855	682
Life insurance claims	-17 873	-11 766	-123	-120	-17 996	-11 886
Change insurance liabilities - contractual	-64 061	-30 853	-6	4	-64 067	-30 848
Change insurance liabilities - investment option	-92	-181			-92	-181
Funds assigned to insurance contracts	-3 368	-5 884			-3 368	-5 884
Insurance-related operating expenses	-745	-803	-6	-5	-752	-807
Other insurance-related costs	-797	-656			-797	-656
Technical result	-254	172	1	19	-253	191

Results analysis

	Group pension - public sector							
	Def.benefit pension w/ann. return guarante		Def.benefit pension w/multi-ann. return guarante		Group life		Total	
NOK millions	2014	2013	2014	2013	2014	2013	2014	2013
Net financial income (incl. items from other income and costs)	23 385	18 769	120	138	5	5	23 511	18 912
Net misc. interest income	58	26					58	26
Change securities adjustment fund	-9 110	-1 124					-9 110	-1 124
Share of securities adjustment fund paid out on transfer	-72	-3					-72	-3
Guaranteed interest assigned to contracts	-9 294	-7 875	-51	-46	-5	-5	-9 350	-7 926
Returns result	4 967	9 794	69	91	0	0	5 036	9 885
To / from supplementary and buffer reserves	-1 975	0	-34	0			-2 009	0
Returns result after supplementary provisions	2 992	9 794	36	91	0	0	3 027	9 885
Risk result	695	215	3	1	2	18	701	235
Administration premiums and contribution from administration reserve	1 085	951	6	6	5	6	1 096	963
Insurance-related operating expenses	-741	-797	-4	-5	-6	-5	-752	-807
Administration result	344	154	2	1	-1	1	345	155
Consideration for interest guarantee	599	335	2	1			601	336
Total result elements before allocation to customers	4 630	10 498	43	94	1	19	4 674	10 612
Returns result & risk result alloc. to strengthening reserves	0	-4 135	0	-10			0	-4 145
Returns result & risk result alloc. to premium fund	-3 331	-5 808	-37	-83			-3 368	-5 891
Allocation equity contribution to supplemetary and buffer reserves	-1 542	0	-16				-1 559	0
Allocation from risk equalization fund to strengthening reserves	0	-385	0	0			0	-385
Technical result	-243	170	-11	2	1	19	-253	191
Non-technical result							1 212	759
Pre-tax income							959	950
Cost of taxes							88	0
Other income components							-195	-102
Result to corporate equity							852	847

Note 19 Technical matters, continued

Transfer and new subscription
Group pension - Public sector

NOK millions	2014	2013
Funds transferred in		
Premium reserve	30 174	5 599
Strengthening reserves	0	333
Funds received taken through profit or loss	30 175	5 932
Premium fund	1 931	297
Supplementary reserves to fund	1 235	128
Total funds received	33 341	6 357
Number of contracts	256	20
Funds transferred out		
Premium reserve	4 139	163
Strengthening reserves	0	4
Supplementary reserves	152	8
Valuation reserves	72	3
Funds paid out taken through profit or loss	4 364	178
Premium fund	300	1
Total funds paid out	4 664	179
Number of contracts	8	9

New business

	Premium volume	
NOK millions	2014	2013
Group pension - public sector	2	27
Group life	17	9
	Number of contracts	
Group pension - public sector	15	24
Group life	80	107

Note 20 Hedge accounting

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		100 %	
Hedge effectiveness through the year		100 %	

31.12.2013 NOK millions	Nominal value	Changed value in hedged risk	Book value
Hedged object			
Hybrid Tier 1 securities	-984	65	-919
Hedging instrument			
Combined interest rate and currency swap (CIRCUS)	984	-65	-65
Hedge effectiveness as at 31.12.2013		100 %	
Hedge effectiveness through the year		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

2014 NOK millions	Loan amount currency	Loan amount NOK	Book value 31.12.2014	Due date
Borrowings[1]				
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	

2013 NOK millions	Loan amount currency	Loan amount NOK	Book value 31.12.2013	Due date
Borrowings[1]				
Oktober 1997	JPY 9 500	554	552	Perpetual
April 2006	EUR 300	2 372	2 599	Perpetual
Total subordinated loan capital		2 926	3 151	
April 2004	JPY 15 000	984	919	Perpetual
Total hybrid Tier 1 securities		984	919	
Total subordinated loan capital and hybrid Tier 1 securities		3 911	4 070	

JPY 9 500 : The interest on the loan is fixed at 4.0 per cent p.a. The loan is perpetual but KLP has the right to redeem the loan after 20 years. After 30 October 2017 the interest will be the higher of fixed 4.75 per cent p.a. and 6 mnth JPY-interest plus 2.05 per cent p.a. The financial hedging comprises two bonds of JPY 4.5 billion and JPY 5 billion from Telia FRN and United Utilities respectively. This balancing transaction is shown combined in the table below. KLP has not invoked accounting hedging for the financial hedging associated with this borrowing.

EUR 300: The interest on the loan is fixed at 5.25 per cent p.a. until 11 April 2016 after which it changes to a variable rate set at 2.27 per cent above three months' EURIBOR. The loan is perpetual but KLP has the right to redeem it at par on 11 April 2016 The loan is currency hedged by a similar investment in EUR-denominated bonds as shown in the table below. KLP has not invoked hedge accounting for the financial hedging associated with this borrowing.

JPY 15 000: The interest on the loan is fixed USD-interest of 5.07 per cent p.a. The loan is perpetual but KLP has the right to redeem the loan on 28 April 2034. If KLP does not exercise its redemption right in 2034, the loan will switch to variable interest. The credit margin then increases by 1 percentage point to 6-month JPY LIBOR-interest + a margin of 3.30 per cent p.a. To hedge the interest and exchange risk associated with the loan a combined interest rate and currency swap has been agreed in which KLP pays 3-month NIBOR-interest + a margin of 2.65 per cent p.a. and receives USD-interest of 5.07 per cent p.a. This hedging arrangement is shown in Note 20.

2014 NOK millions	Nominal currency	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	

2013 NOK millions	Nominal currency	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2013	Due date
Bonds	JPY 9 500	635	1	-87	550	2017
Bonds	EUR 304	2 411	42	136	2 589	2015/2016
Total hedging transactions		3 046	44	49	3 139	

[1] Interest costs on the two subordinated loans were 165 million (156 million) and 49 million (45 million) for the hybrid Tier 1 securities in 2014. Figures in brackets are 2013 figures.

Note 22 Capital control and capital adequacy

NOK millions	31.12.2014	31.12.2013
Owners' equity contributed	9 173	7 659
Retained earnings	8 281	7 429
Total owners' equity	17 454	15 089
Hybrid Tier 1 securities	938	866
Deferred tax assets	-88	
Other intangible assets	-391	-321
Risk equalization fund	-528	-170
Unrealized price changes in the corporate portfolio	-120	-65
Deductions for investments in other financial institutions	0	0
Retained earnings	-280	-280
Surplus fund	0	0
Core capital	16 985	15 118
Perpetual subordinated loan capital	2 966	2 920
Deduction own funds (eligible Tier 1 and Tier 2 capital) in other financial institutions	0	0
Supplementary capital	2 966	2 920
Net own funds (eligible Tier 1 and Tier 2 capital)	19 951	18 038

Assets and off-financial position statement items by risk weighting [1]

NOK millions	Non-weighted amount		Weighted amount	Non-weighted amount		Weighted amount
Fixed-income securities	58 564	0 %	0	51 253	0 %	0
Covered bonds	24 078	10 %	2 408	24 266	10 %	2 427
Fixed-income securities, lending, bank deposits and fixed-income funds	104 444	20 %	20 889	84 453	20 %	16 891
Housing mortgage lending	3 786	35 %	1 325	5 614	35 %	1 965
Fixed-income funds	53 394	50 %	26 697	31 304	50 %	15 652
Shares, equity funds and fixed-income securities	161 580	100 %	161 580	136 236	100 %	136 236
Private equity	7 242	150 %	10 863	5 055	150 %	7 582
Total weighted assets in the financial position statement			223 761			180 752
Derivatives and contingent liabilities	118 738		5 644	70 464		4 171
Deduction own funds (eligible Tier 1 and Tier 2 capital) in other financial institutions			0			0
Deduction unrealized gains on financial investments			-20 138			-10 506
Risk-weighted calculation base			209 267			174 416
Capital adequacy ratio			9.5 %			10.3 %
Core capital adequacy			8.1 %			8.7 %

[1] 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.

Note 22 Capital control and capital adequacy, continued

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 7 Risk management.

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 for other financial institutions.

Note 23 Solvency margin

NOK millions	2014	2013	2012	2011	2010
Solvency margin requirement	12 613	10 649	9 641	8 718	8 172
Own funds (eligible Tier 1 and 2 capital)	19 951	18 038	16 087	14 857	13 632
Proportion of risk equalization fund	264	85	245	215	132
50 per cent of supplementary reserves	8 560	6 248	6 146	6 160	5 081
Total solvency capital	28 775	24 371	22 478	21 232	18 845
Solvency margin ratio	228.1 %	228.8 %	233.2 %	243.5 %	230.6 %

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.

Note 24 Return on capital

Customer portfolios

Per cent	2014	2013	2012	2011	2010
Total of common portfolio					
Return I	4.3	6.4	5.0	4.5	5.1
Return II	6.9	6.7	6.7	3.2	7.5
Return III	9.5	6.4	7.5	3.9	7.4
Total - investment option portfolio	6.7	8.8	7.5	2.2	8.6

Return I = Book return
Return II = Value-adjusted return
This is the book return +/- unrealized value changes charged to the securities adjustment fund
Return III = Value-adjusted returns including value changes on assets are recognized at amortized cost
These value changes are not included in the accounting income for the year

The common portfolio's sub-portfolios have had the following returns:

	2014		2013		2012		2011		2010	
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	4.2	7.0	6.0	6.3	5.0	6.7	4.5	3.2	5.1	7.5
Balanced portfolio 2	4.7	6.9	7.3	7.5	5.0	6.7	4.5	3.3	5.1	7.5
Moderate portfolio	4.5	6.5	5.2	5.4	Not applicable		Not applicable		Not applicable	
Proactive portfolio	Not applicable		Not applicable		Not applicable		Not applicable		5.4	7.9

Corporate portfolio

Per cent	2014	2013	2012	2011	2010
Return on financial investments in the corporate portfolio	7.3	5.7	4.5	4.2	5.2

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	2014	2013
Personnel costs	59.3	63.8
Commission	0.2	0.3
Other costs	38.9	44.2
Total sales costs	98.4	108.3

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	2014	Joint scheme	Via operation	2013
Pension costs						
Present value of accumulation for the year	53.0	5.5	58.5	48.9	4.6	53.5
Administration cost	1.6	0.0	1.6	1.3	0.0	1.3
Social security contributions - Pension costs	7.7	0.8	8.5	7.1	0.6	7.7
Plan change taken to profit/loss	-77.7	-6.2	-83.9	0.0	0.0	0.0
Pension costs taken to profit/loss incl. social security and admin.	-15.5	0.1	-15.3	57.3	5.2	62.5
Net financial costs						
Interest cost	32.8	3.8	36.7	28.8	3.3	32.1
Interest income	-23.5	0.0	-23.5	-19.9	0.0	-19.9
Management costs	1.4	0.0	1.4	1.0	0.0	1.0
Net interest cost	10.7	3.8	14.6	9.9	3.3	13.2
Social security contributions - net interest cost	1.5	0.5	2.1	1.4	0.5	1.9
Net interest cost including social security contributions	12.3	4.4	16.6	11.3	3.8	15.1
Estimate deviation pensions						
Actuarial gains (losses)	114.4	14.3	128.7	57.5	11.5	69.1
Social security contributions	16.1	2.0	18.1	8.1	1.6	9.7
Actuarial gains (losses) including social security contributions	130.5	16.3	146.9	65.7	13.1	78.8
Total pension costs including interest costs and estimate deviation	127.3	20.8	148.1	134.3	22.2	156.4

NOK millions	Joint scheme	Via operation	2014	Joint scheme	Via operation	2013
Pension obligations						
Gross accrued pension obligations	960.7	111.7	1 072.4	843.5	97.8	941.3
Pension assets	631.2	0.0	631.2	568.3	0.0	568.3
Net liability before social security costs	329.5	111.7	441.1	275.2	97.8	372.9
Social security contributions	46.5	15.7	62.2	38.8	13.8	52.6
Gross accrued obligations incl. social security costs	1 007.1	127.4	1 134.6	882.3	111.5	993.8
Net liability incl. social security costs	375.9	127.4	503.3	314.0	111.5	425.5

NOK millions	Joint scheme	Via operation	2014	Joint scheme	Via operation	2013
Reconciliation pension obligation						
Capitalized net liability/(assets) 01.01.	314.0	111.5	425.5	228.3	94.7	323.0
Pension costs taken to profit/loss	-15.5	0.1	-15.3	57.3	5.2	62.5
Financial costs taken to profit/loss	12.3	4.4	16.6	11.3	3.8	15.1
Actuarial gains and losses incl. social security contributions	130.5	16.3	146.9	65.7	13.1	78.8
Social security contributions paid in premiums/supplement	-8.1	-0.6	-8.7	-6.0	-0.7	-6.7
Premium/supplement paid-in including admin	-57.3	-4.3	-61.6	-42.6	-4.6	-47.3
Capitalized net liability/(assets) 31.12. this year	375.9	127.4	503.3	314.0	111.5	425.5

Plan change
In 2009 it was decided to introduce longevity adjustment in public sector occupational pension and the contractual early retirement (AFP) scheme in the public sector. At the same time the rules on accumulation of national insurance pension were changed. The consequence for harmonization of public sector occupational pensions with pensions accumulated through national insurance was not determined. It has therefore not being possible to provide a good estimate of consequences of these changes in estimating the pension obligation the Company has to its employees, and it has been excluded from the calculation of the obligation.

In autumn 2013 an industry standard was adopted for calculation of the longevity adjustment, which has meant that in 2014 it became possible to estimate the consequence of this even though the harmonization rules are yet to be determined. Based on this, the longevity adjustments have been taken into account in the obligation as at 31 December 2014. The longevity adjustment has been incorporated as a plan change.

New disability pension rules were adopted during 2014 and these are now incorporated into the tariff agreement. This change has been incorporated as a plan change in the obligation as at 31 December 2014. This produces a reduced pension obligation, since National Insurance will comprehensively cover a greater part of the disability pension benefits.

NOK millions	Joint scheme	Via operation	2014	Joint scheme	Via operation	2013
Plan changes during the period						
Plan changes during the period	-68	-5	-74	0	0	0
Social security costs on plan changes	-10	-1	-10	0	0	0
Plan changes during the period taken to profit/loss	78	6	84	0	0	0

NOK millions	Joint scheme	Via operation	2014	Joint scheme	Via operation	2013
Change in pension obligations						
Gross pension assets 01.01. before plan change	882.3	111.5	993.8	724.4	94.7	819.1
Plan change	-77.7	-6.2	-83.9	0.0	0.0	0.0
Gross pension obligations after plan change	804.6	105.4	909.9	724.4	94.7	819.1
Present value of accumulation for the year	53.0	5.5	58.5	48.9	4.6	53.5
Interest cost	32.8	3.8	36.7	28.8	3.3	32.1
Actuarial losses (gains) gross pension obligation	130.6	16.3	146.9	91.7	13.1	104.8
Social security contributions - pension costs	7.7	0.8	8.5	7.1	0.6	7.7
Social security contributions - net interest cost	1.5	0.5	2.1	1.4	0.5	1.9
Social security contributions paid in premiums/supplement	-8.1	-0.6	-8.7	-6.0	-0.7	-6.7
Payments	-15.0	-4.3	-19.3	-14.0	-4.6	-18.6
Curtailment/settlement	0.0	0.0	0.0	0.0	0.0	0.0
Takeovers/acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Gross pension obligation 31.12.	1 007.1	127.4	1 134.6	882.3	111.5	993.8

NOK millions	Joint scheme	Via operation	2014	Joint scheme	Via operation	2013
Change in pension assets						
Pension assets 01.01	568.3	0.0	568.3	496.1	0.0	496.1
Interest income	23.5	0.0	23.5	19.9	0.0	19.9
Actuarial (loss) gain on pension assets	0.1	0.0	0.1	26.0	0.0	26.0
Administration cost	-1.6	0.0	-1.6	-1.3	0.0	-1.3
Financing cost	-1.4	0.0	-1.4	-1.0	0.0	-1.0
Premium/supplement paid-in including admin	57.3	4.3	61.6	42.6	4.6	47.3
Curtailment/settlement	0.0	0.0	0.0	0.0	0.0	0.0
Payments	-15.0	-4.3	-19.3	-14.0	-4.6	-18.6
Pension assets 31.12	631.2	0.0	631.2	568.3	0.0	568.3

NOK millions	Joint scheme	Via operation	2014	Joint scheme	Via operation	2013
Pension scheme's over-/under-financing						
Present value of the defined benefits pension obligation	1 007.1	127.4	1 134.6	882.3	111.5	993.8
Fair value of the pension assets	631.2	0.0	631.2	568.3	0.0	568.3
Net pensions liability	375.9	127.4	503.3	314.0	111.5	425.5

NOK millions	31.12.2014	31.12.2013
Financial assumptions (common to all pension schemes)		
Discount rate	2.30 %	4.00 %
Salary growth	2.75 %	3.75 %
The National Insurance basic amount (G)	2.50 %	3.50 %
Pension increases	1.73 %	2.72 %
Social security contribution	14.10 %	14.10 %

The assumptions as at 31 December 2013 have been applied to measurement of the cost of pension for 2014, whilst for calculation of the pension obligation on 31 December 2014, the assumptions and membership numbers as at 31 December 2014 have been applied. The assumptions are based on the market situation as at 31 December 2014 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.

Withdrawal of contractual early retirement (AFP) for 2014 (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 2014 (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".

	Joint scheme	Via operation	2014	Joint scheme	Via operation	2013
Membership status						
Number active	519	36	555	485	36	521
Number deferred (previous employees with deferred entitlements)	335	22	357	335	22	357
Number of pensioners	130	31	161	124	29	153

Per cent	2014	2013
Composition of the pension assets:		
Property	11.1 %	12.3 %
Lending	10.9 %	10.9 %
Shares	20.4 %	16.9 %
Long-term/HTM bonds	27.6 %	28.8 %
Short-term bonds	21.4 %	20.9 %
Liquidity/money market	8.7 %	10.1 %
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 6.9 per cent in 2014 and 6.7 per cent in 2013.

Expected payment into benefits plans after cessation of employment for the period 1 January 2014 – 31 December 2014 is NOK 70.6 million.

Sensitivity analysis as at 31 December 2014

The discount rate is reduced by 0.5%	Increase
Gross pension obligation	10.5 %
Accumulation for the year	14.3 %

Salary growth increases by 0.25%	Increase
Gross pension obligation	1.4 %
Accumulation for the year	3.3 %

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 16.8.

Note 27 Tax

NOK millions	2014	2013
Accounting income before tax	959	950
Items of other comprehensive income before tax	-195	-102
Differences between accounting and tax income:		
Reversal of value reduction, financial assets	6 487	4 045
Reversal of value increase financial assets	-18 550	-10 007
Book gain on realization of shares and other securities	-4 108	-4 365
Tax gain on realization of shares and other securities	4 120	3 694
Share of taxable income in partnerships	0	210
Other permanent differences	388	106
Change in differences affecting relationship between book and taxable income	233	399
Taxable income	-10 666	-5 070
Group contribution received with tax effect	1 845	2 713
Surplus/deficit for the year is transferred to carryforward deficit	-8 821	-2 356
Deficit carryforward allowable from previous years	-16 900	-14 544
Corrected error earlier years	-378	0
Change for the year in carryforward deficit	-8 821	-2 356
Total carryforward deficit and allowance as at 31.12	-26 098	-16 900
Reconciliation of basis for deferred tax		
Tax-increasing temporary differences:		
Fixed assets	8	26
Securities	26 925	16 133
Total tax-increasing temporary differences	26 933	16 159
Tax-reducing temporary differences:		
Long-term liabilities	-655	-160
Profit and loss account	0	0
Pension obligation	-503	-425
Total tax-reducing temporary differences	-1 159	-586
Net temporary differences	25 774	15 573
Carryforward deficit	-26 098	-16 900
Basis for deferred tax assets	-324	-1 327
27% deferred tax assets	88	358
Write-down of deferred tax assets		-358
Capitalized deferred tax assets	88	0
Change in deferred tax taken to profit/loss	88	0
Summary of tax expense for the year		
Change in deferred tax taken to profit/loss	88	0
Tax payable taken to profit/loss	0	0
Total tax taken to profit/loss	88	0

Deferred tax asset are classified as other assets in the financial position statement

Reconciliation of cost of taxes against ordinary profit before tax		
Accounting income before tax	764	847
Expected tax in accordance with nominal rate (27 %)	-206	-229
Tax effect of:		
Permanent differences and change in temporary differences	2 588	865
Carryforward deficit previous year	4 563	3 927
Accumulated temporary differences	-6 959	-4 205
Error earlier years	102	0
Write-down of deferred tax assets	0	-358
Tax taken to profit/loss	88	0
Effective tax rate	0 %	0 %
Wealth tax		
Taxable value assets	357 604	293 899
Taxable value liabilities	-397 042	-324 054
Net wealth	-39 438	-30 155
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 2014 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.

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.

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

2014 NOK thousands	Salary, fees etc.	Other benefits	Annual pension accumulation	Plan change pension benefits[3]	Loan	Interest rate as at 31.12.2014	Payments plan[1]
Senior employees							
Sverre Thornes, Group CEO	3 569	164	1 257	-1 133	7 211	2,70-3,15	A41
Ole Jacob Frich	1 489	150	412	-259	7 823	2,90-3,15	A43
Marianne Sevaldsen	2 466	153	1 040	-140	-	-	-
Aage E. Schaanning	3 190	149	1 085	-1 048	2 483	2,70-3,15	A31
Rune Mæland	1 583	146	357	-660	1 526	2,70	A34
Toril B. Ressem[2]	1 684	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[2]	158	-	-	-	-	-	-
Egil Johansen, Deputy Chair	214	-	-	-	-	-	-
Herlof Nilssen[2]	107	-	-	-			
Anita Krohn Traaseth	208	-	-	-	-	-	-
Jan Helge Gulbrandsen	168	-	-	-	-	-	-
Marit Torgersen	182	-	-	-	-	-	-
Trond Michael Andersen[2]	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[2]	31	-	-	-	-	-	-
Berit Bore	32	-	-	-	-	-	-
Thorvald Hillestad	63	-	-	-	-	-	-
Supervisory Board							
Total Supervisory Board, incl. staff representatives	740	-	-	-	28 400	-	-
Employees							
Total loans to employees of KLP	-	-	-	-	336 469	-	-

Paid from another company in the same group

2014 NOK thousands	Salary, fees etc.	Other benefits	Annual pension accumulation	Plan change pension benefits[3]	Loan	Interest rate as at 31.12.2014	Payments plan[1]
Senior employees							
Sverre Thornes, Group CEO	-	-	-	-	-	-	-
Ole Jacob Frich	-	-	-	-	-	-	-
Marianne Sevaldsen	-	-	-	-	4 439	2,90	A43
Aage E. Schaanning	-	-	-	-	942	3,15	A22
Rune Mæland	-	-	-	-	555	2,90	A43
Toril B. Ressem[2]	-	-	-	-	1 915	2,90	A42
Mette-Jorunn Meisland	-	-	-	-	-	-	-
The Board of Directors							
Liv Kari Eskeland, Chair	-	-	-	-	-	-	-
Arne Øren[2]	-	-	-	-	-	-	-
Egil Johansen, Deputy Chair					-	-	-
Herlof Nilssen[2]	-	-	-	-			-
Anita Krohn Traaseth	-	-	-	-	-	-	-
Jan Helge Gulbrandsen	-	-	-	-	-	-	-
Marit Torgersen					-	-	-
Trond Michael Andersen[2]					-	-	-
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[2]	9	-	-	-	-	-	-
Berit Bore	9	-	-	-	-	-	-
Thorvald Hillestad	18	-	-	-	-	-	-
Supervisory Board							
Total Supervisory Board, incl. staff representatives	76	-	-	-	18 963	-	-
Employees							
Total loans to employees of KLP	-	-	-	-	240 855	-	-

Note 28 Salary and obligations towards senior management etc., continued

Paid from the Company

2013 NOK thousands	Salary, fees etc.	Other benefits	Annual pension accumulation	Plan change pension benefits[3]	Loan	Interest rate as at 31.12.2013	Payments plan[1]
Senior employees							
Sverre Thornes, Group CEO	3 433	162	1 055	-	7 410	2,70-3,80	-
Ole Jacob Frich	1 419	150	370	-	8 330	3,15-4,10	-
Marianne Sevaldsen	2 154	135	741	-	-	-	A43
Aage E. Schaanning	3 072	149	915	-	2 650	2,70-2,95	A22
Rune Mæland	1 526	134	299	-	1 583	2,70	A43
Toril B. Ressem	1 649	151	568	-	5 459	2,95-3,80	A42
Mette-Jorunn Meisland	1 275	146	381	-	6 041	2,95-3,65	-
The Board of Directors							
Arne Øren, Chair	283	-	-	-	-	-	-
Finn Jebsen [2]	99	-	-	-	-	-	-
Herlof Nilssen	161	-	-	-	438	3,75	-
Anita Krohn Traaseth	82	-	-	-	-	-	-
Jan Helge Gulbrandsen	161	-	-	-	-	-	-
Marit Torgersen	161	-	-	-	-	-	-
Liv Kari Eskeland, Deputy Chair	161	-	-	-	-	-	-
Siv Holland, elected by and from the employees [2]	79	-	-	-	-	-	-
Susanne Tor-Hansen, elected by and from the employees	82	-	-	-	-	-	-
Freddy Larsen, elected by and from the employees	161						
Control Committee							
Ole Hetland, Chair	73	-	-	-	-	-	-
Jan Rune Fagermoen [2]	30	-	-	-	-	-	-
Bengt P. Johansen	60	-	-	-	-	-	-
Mathilde Irene Skiri	31	-	-	-	-	-	-
Dordi E. Flormælen	60	-	-	-	-	-	-
Thorvald Hillestad	53	-	-	-	-	-	-
Supervisory Board							
Total Supervisory Board, incl. staff representatives	410	-	-	-	25 155	-	-
Employees							
Total loans to employees of KLP	-	-	-	-	485 759	-	-

Paid from another company in the same group

2014 NOK thousands	Salary, fees etc.	Other benefits	Annual pension accumulation	Plan change pension benefits[3]	Loan	Interest rate as at 31.12.2013	Payments plan[1]
Senior employees							
Sverre Thornes, Group CEO	-	-	-	-	-	-	-
Ole Jacob Frich	-	-	-	-	-	-	-
Marianne Sevaldsen	-	-	-	-	4 470	3,15	A43
Aage E. Schaanning	-	-	-	-	1 072	3,80	S22
Rune Mæland	-	-	-	-	567	3,15	A43
Toril B. Ressem	-	-	-	-	1 915	3,15	A42
Mette-Jorunn Meisland	-	-	-	-	-	-	-
The Board of Directors							
Arne Øren, Chair	-	-	-	-	-	-	-
Finn Jebsen [2]	-	-	-	-	-	-	-
Herlof Nilssen	-	-	-	-	-	-	-
Anita Krohn Traaseth	-	-	-	-	-	-	-
Jan Helge Gulbrandsen	-	-	-	-	-	-	-
Marit Torgersen	-	-	-	-	-	-	-
Liv Kari Eskeland, Deputy Chair	-	-	-	-	-	-	-
Siv Holland, elected by and from the employees [2]	-	-	-	-	-	-	-
Susanne Tor-Hansen, elected by and from the employees	-	-	-	-	-	-	-
Freddy Larsen, elected by and from the employees	-	-	-		-	-	-
Control Committee							
Ole Hetland, Chair	20	-	-	-	-	-	-
Jan Rune Fagermoen [2]	8	-	-	-	-	-	-
Bengt P. Johansen	17	-	-	-	-	-	-
Mathilde Irene Skiri	9	-	-	-	-	-	-
Dordi E. Flormælen	17	-	-	-	-	-	-
Thorvald Hillestad	14	-	-	-	-	-	-
Supervisory Board							
Total Supervisory Board, incl. staff representatives	49	-	-	-	-	-	-
Employees							
Total loans to employees of KLP	-	-	-	-	257 200	-	-

[1] S= Serial loan, A= Annuity loan, last payment.
[2] The individual has stepped down from the appointment during the year.
[3] 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.

Note 29 Number of employees

NOK millions	2014	2013
Number of permanent employees 31.12.	524	502
Number of full time equivalents	511	490

Note 30 Auditor's fee

NOK millions	2014	2013
Ordinary audit	2,5	2,2
Certification services	0,0	0,0
Tax advisory services	0,0	0,0
Non-audit services	0,6	0,3
Total auditor's fee	3,1	2,5

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	2014	2013
Income statement items		
Purchase of asset management services from KLP Kapitalforvaltning AS	-82	-83
Purchase of asset management services from KLP Banken AS	-58	-58
Lease of office premises from KLP Huset AS	-48	-46
Sale of pension insurance/group life to subsidiaries	76	72
Interest income from loans to subsidiaries	0	0
Net repayment administrative services	213	212
Total	101	97

NOK millions	31.12.2014	31.12.2013
Financial position statement items [1]		
Net outstanding accounts to:		
KLP Skadeforsikring AS	129	51
KLP Bedriftspensjon AS	5	3
KLP Forsikringsservice AS	1	2
KLP Kapitalforvaltning AS	23	12
KLP Fondsforvaltning AS	7	7
KLP Eiendom AS	6	17
KLP Bank konsern	53	50
Total	224	142
KLP Huset AS, classified in the accounts as "Shares and holdings in property subsidiaries" (corporate portfolio)	113	192
KLP Eiendom AS, classified as "Shares and holdings in property subsidiaries" (common portfolio)	1 541	2 367
KLP Skadeforsikring AS, classified in the accounts as «Other liabilities»	-20	0
Total	1 858	2 702

[1] Net internal outstanding accounts include Group contribution items at the various companies.

Note 32 Other liabilities

NOK millions	31.12.2014	31.12.2013
Accounts payable	18	10
VAT and tax deductions due	313	266
Intra-Group receivables Group companies	20	0
Non-settled securities trade	106	3 960
Total other liabilities	457	4 235

Note 33 Other insurance-related income and costs

NOK millions	2014	2013
Other insurance-related income		
Contribution service pension/contractual early retirement (AFP)	775	651
Miscellaneous interest income	79	31
Total other insurance-related income	855	682
Other insurance-related costs		
Payments service pension/AFP	775	651
Other interest costs	22	5
Total other insurance-related costs	797	656

Note 34 Contingent liabilities

NOK millions	31.12.2014	31.12.2013
Guarantee liability	2	2
Committed, not subscribed investment in private equity and property funds	6 416	4 610
Approved, not paid out KLP loan pledge	6 330	3 474
Total off balance sheet items	12 748	8 086

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 2014, 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 2014, 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

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 2014, 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 present fairly, in all material respects, the financial position of the group Kommunal Landspensjonskasse gjensidig forsikringsselskap as at 31 December 2014, 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, 25 March 2015
PricewaterhouseCoopers AS

Magne Sem
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 2014 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 and supplementary reserves are in accordance with the Norwegian Act on Insurance Activity.

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 calculation base with lower mortality is used.

As regards disability, the calculation base applicable on 31 December 2014 has been in use since 2010. There are special tariffs for disability for the Pension Scheme for Nurses and the Pension Scheme for Hospital Doctors.

Oslo, 25 March 2015

Roar Engen
Chief Actuary

To the Supervisory Board and General Meeting of
Kommunal Landspensjonskasse gjensidig forsikringsselskap

THE CONTROL COMMITTEE'S STATEMENT 2014

In accordance with Section 9 of its instructions the Control Committee has reviewed the proposed annual report and annual financial statements for Kommunal Landspensjonskasse, Company and Group, presented by the Board of Directors. The annual financial statements comprise the statement of income, the statement of financial position, the statement of change in owners' equity, the statement of cash flows, and notes. In addition the actuary's declaration and the audit report have been presented and reviewed.

The Control Committee recommends the Supervisory Board and the General Meeting that the Company's and the Group's annual financial statements and annual report for 2014 be adopted in accordance with the Board's proposal.

Oslo, 27 March 2015

Ole Hetland
(Chair)

Bengt P. Johansen

Dordi Flormælen
(Deputy Chair)

Berit Bore

Evy-Anni Evensen

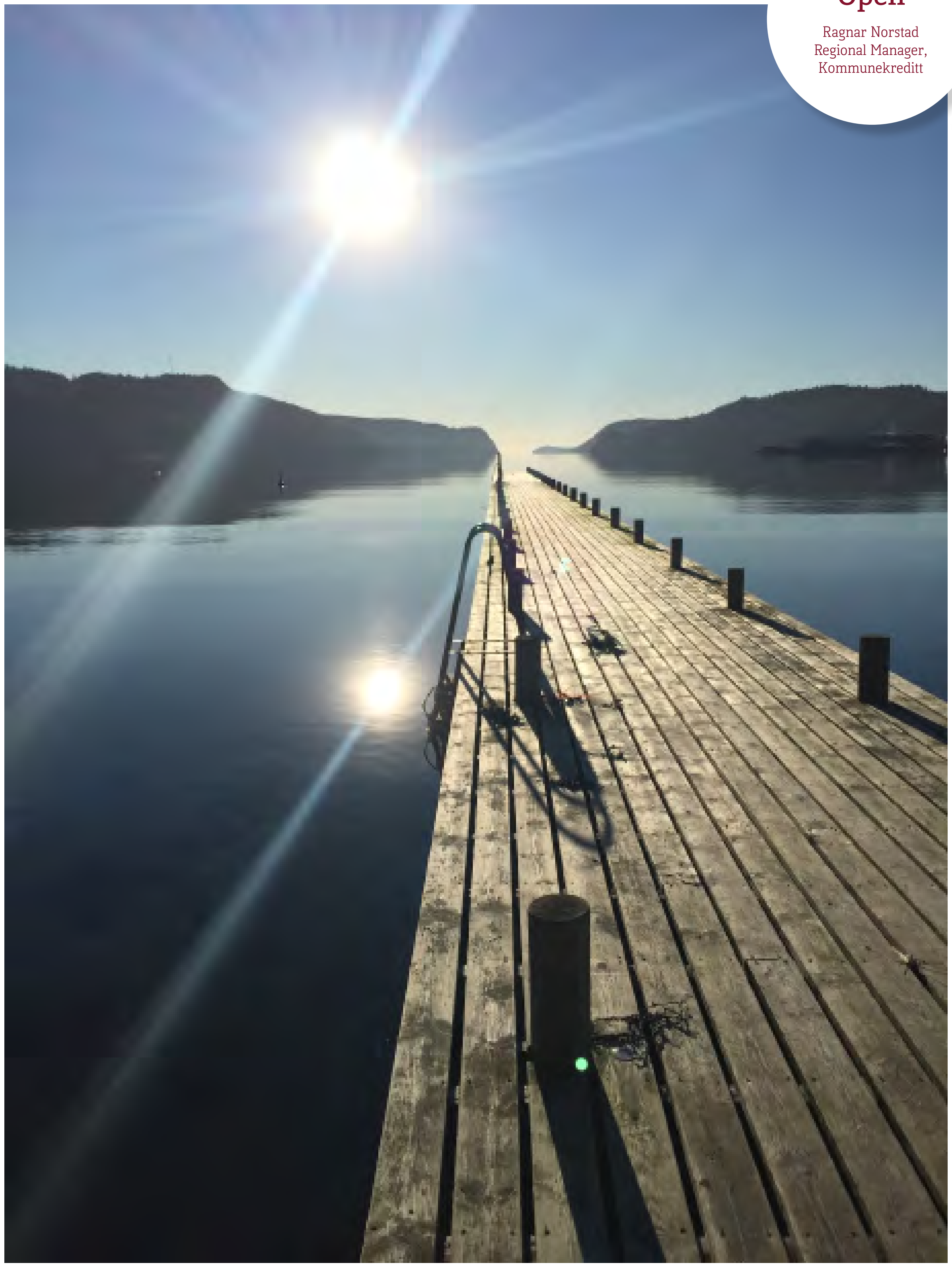
To the General Meeting of
Kommunal Landspensjonskasse

The Supervisory Board of Kommunal Landspensjonskasse has reviewed the Board of Directors' draft annual report and financial statements for Kommunal Landspensjonskasse gjensidig forsikringsselskap, Company and Group. The annual financial statements comprise the statement of income, the statement of financial position, the statement of change in owners' equity, the statement of cash flows, the notes, the actuary's declaration, the audit report and the Control Committee's statement.

The Supervisory Board recommends the General Meeting that the Company's and the Group's annual financial statements and annual report for 2014 be adopted in accordance with the Board's recommendation.

Oslo, 14 April 2015

Nils A. Røhne
Supervisory Board Chair



Open

Ragnar Norstad
Regional Manager,
Kommunekreditt

Open

Morten Larsen
District Manager,
Skadeforsikring

Open

Ole Jørgen Gangsøy
Consultant, Life insurance

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 Bedriftspensjon AS
Marianne Sevaldsen (Chair)
Stig Even Jakobsen,
Alexander Berg-Larsen,
Rune Mæland,
Cathrine Hellandsvik,
Harald Ramon Hagen (employees' representative)
Managing Director: Torun Wahl

KLP Eiendom AS
Sverre Thornes (chair)
Aage E. Schaanning,
Ida Louise Skaurum Mo,
Svein Sivertsen,
Marit Jacobsen Leganger,
Einar Kvien (employees' representative),
Ruth Hege Havdal (deputy employees' representative)
Managing Director: Gunnar Gjørtz

KLP Kapitalforvaltning AS
Sverre Thornes (chair)
Hilde Seem,
Anne Kristine Garpestad,
Kjetil Houg (elected by unit holders),
Hans Jørgen Gade (elected by unit holders),
Per Rustad Ørvik (employees' representative),
Kjetil Botten Skogly (deputy),
Per Christian Standerholen (deputy),
Ingvild Dingstad (deputy – elected by unit holders),
Anette Hjertø (deputy employees' representative)
Managing Director: Håvard Gulbrandsen

KLP Forsikringsservice AS
Sverre Thornes (Chair)
Roar Engen,
Helge Rudi,
Cathrine Hellandsvik,
Bjørn Eknes
Managing Director: Roar Engen

KLP Skadeforsikring AS
Sverre Thornes (chair)
Marianne Sevaldsen,
Inger Østensjø,
Jan Hugo Sørensen,
Lene E. Bjerkan,
Mette Selvaag (deputy),
Steinar Haukeland (employees' representative),
Bengt Kristian Hansen (deputy employees' representative),
Managing Director: Tore Tenold

KLP Bankholding AS and KLP Banken AS
Sverre Thornes (Chair)
Aage E. Schaanning (deputy chair),
Mette-Jorunn Meisland,
Eva M. Salvesen,
Jan Otto Langmoen,
Christin Kleppe (employees' representative),
Anita Engenes (deputy employees' representative)
Managing Director: Leif Magne Andersen

KLP Kommunekreditt AS
Sverre Thornes (Chair)
Aage E. Schaanning (deputy chair),
Eva M Salvesen,
Toril Lahnstein
Managing Director: Arnulf Arnøy

KLP Boligkreditt AS
Sverre Thornes (Chair)
Aage E. Schaanning,
Eva M Salvesen,
Marit Barosen
Managing Director: Christopher Steen

KLP-Huset AS
Eskil Rolstad (Chair)
Hans Vidar Sund,
Tina Kristine Korsrud

Elected representatives

KLP Supervisory board 2014 - 2016 members Elected by the General meeting

Anne Biering	Helse Sør-Øst RHF
Arne Sandbu	Nord-Fron kommune
Astrid A. Byrknes	Lindås kommune
Atle Brynestad	Helse Sør-Øst RHF
Christine Killie	Troms fylkeskommune
Erik Arne Hansen	Helse Nord RHF
Gerd Lisbeth Nauf	Sandefjord lufthavn Torp AS
Hilde Christiansen	Helse Vest RHF
Katrine Lereggen	Skaun kommune
Kjell Fosse	Stjørdal kommune
Maiken Messel	Aust-Agder fylkeskommune
Mette Qvortrup	Østfold Energi AS
Mildrid Søbstad	Vefsn kommune
Nils A. Røhne	Stange kommune
Ole Haabeth	Østfold flykeskommune
Ole John Østenstad	Førde kommune
Per Karlsen	Helse Vest RHF
Siri Hovde	Aurskog-Høland kommune
Sveinung Aune	Helse Midt-Norge RHF
Tor Egil Bakken	Larvik kirkelige fellesråd
Torhild Bransdal	Vennesla kommune
Unni Skaar	Sarpsborg kommune
Vibeke Stjern	Åfjord kommune
Øystein Beyer	Porsgrunn kommune

Deputy members:

Anita Eidsvold Grønli	Nedre Romerike brannvesen IKS
Roger Gjennestad	Helse Sør-Øst Sykehuset Vestfold
Oddmar Blekkerud	Nes kommune
Heidi Magnussen	St. Olav Hospital HF
Mari Botterud	Øyer kommune
Kari Ask	Sigdal kommune
Anne Torill Balto	Karasjok kommune
Bjørn Tømmerdal	Ålesund kommune
Bersvend Salbu	Tynset kommune
Knut Langeland	Helse Nord RHF
Morten Sandbakken	Fjellregionen Interkommunale Avfallsselskap AS
Inga Manndal	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:

Even Nilsen	Fagforbundet
Svein Kristiansen	Fagforbundet
Anne Bondevik	Fagforbundet

Staff elected representatives

Anders Eidsnes	KLP Bergen
Anne Beate Lien	KLP Bergen
Erik Falk	KLP Oslo
Erling Bendiksen	KLP Oslo
Gry Løvlund	KLP Oslo
Hanne Bratlie	KLP Oslo
Håvard Sande	KLP Eiendom Trondheim
Jøran Østom	KLP Oslo
Jørn Trygve Kärnä	KLP Skadeforsikring
Kari Bakken	KLP Oslo
Magnus Haldorsen	KLP Skadeforsikring
Morten Eidsnes	KLP Bergen
Torkell Dobbe	KLP Skadeforsikring
Trine Bjelland Ottosen	KLP Oslo
Vidar Stenseth	KLP Oslo

Deputy members:

Odd Steinsrud	KLP Skadeforsikring
Lisbeth Arnesen	KLP Bergen
Ruth-Hege F. Havdal	KLP Eiendom Trondheim
Henrik Haakestad Lervold	KLP Oslo
Svein Thalberg	KLP Oslo
Arne Henriksen	KLP Oslo

The Election committee

Nils A. Røhne (Chair)
Trond Lesjø
Peder Olsen
Anita Eidsvold Grønli
Christine Killie (deputy)

Supervisory board KLP Banken/ KLP Bankholding 2015 - 2016 members Members elected by the General meeting

Jan Davidsen	tidligere Fagforbundet
Eva Lian	KS
Lillian Nærem	Hurdal kommune
Hege Sørlie	Meløy kommune
Rita Ottervik	Trondheim kommune
Arve Varden	Høyanger kommune
Egon Bjune	Vipark AS
Heidi Nilsen	Helse Møre og Romsdal HF
Berit Bore	Helse Vest RHF
Arne Sandbu	Nord-Fron kommune
Arne Sigurd Mossige	Stavanger kirkelige fellesråd

Deputy members :

Ørjan Sandvik	Vestre Viken HF
Aud Norunn Strand	Modum kommune
Solveig Abrahamsen	Seljord kommune
Øystein Sivertsen	KS Troms
Anne Rudi	Rollag kommune
Rune Arnøy	Narvik Havn KF

Employee-elected representatives

Oddvar Engelsåstrø
Henrik Stenvik
Monica W. Ekelund
Terje Granvold

Deputy members:

Gordana Grøttjord-Forberg
Ragnar Norstad

Control committee

Ole Hetland (Chair)
Dordi Flormælen (Deputy Chair)
Bengt P. Johansen
Thorvald Hillestad
Berit Bore
Evy-Anni Evensen (deputy)

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