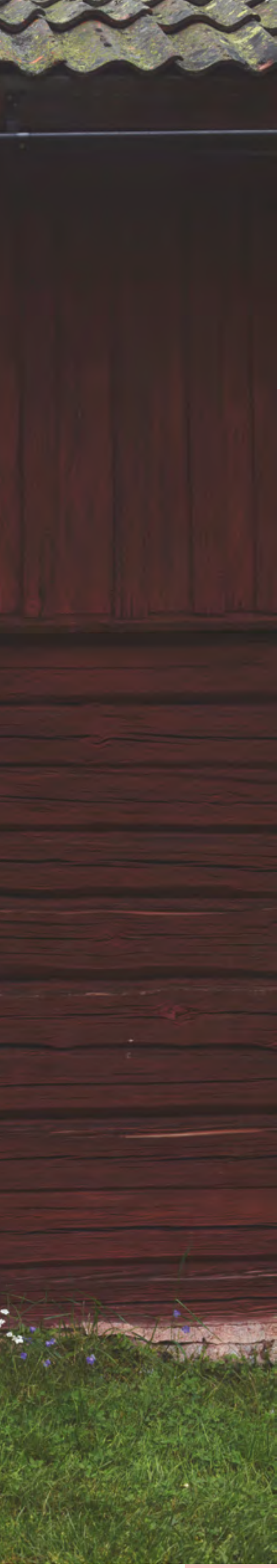
Annual Report 2016

KLP



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Robust results

Brexit and the election of Donald Trump as US president were events that put their stamp on 2016. Both had been considered totally improbable and have contributed to political and economic uncertainty. As far as KLP and our owners are concerned, it is particularly reassuring that we have built financial soundness that makes us well-equipped for uncertain times.

Since 2008, KLP has employed a major part of its profits to strengthen the Company's solvency, which has been an important factor in our ability to invest the way we have and in achieving the results we are now submitting. It is a great advantage for the Company to have owners who specifically prioritise long-term added value and predictability. This has meant that in a demanding market with low interest rates we have been able to take risks when investing. Patient owners are the reason why we are in a stronger position than ever to withstand fluctuations in the market. It is also the reason why we are able to supply our customers with a surplus three times the size of the expectations we generated. More than NOK 4 billion of the surplus for 2016 will be transferred to the customers' premium fund.

PENSIONS UNDERGOING CHANGE

KLP's most important task is to make itself deserving of remaining the preferred provider of pensions to the public sector and its associated enterprises. This means that we must continue further developing our asset management, make our work more efficient, and strengthen our services. Our main product, which is public sector occupational pension, is undergoing change, and KLP is contributing in this process of change by shedding light on the financial consequences of the changes under discussion, both for employers and employees. When the parties reach agreement, KLP will be well prepared to provide the new product.

PROFITABLE SUBSIDIARIES

In addition to the good returns on the pension funds we saw good growth and profitability for our subsidiaries, which was largely due to our owners and members using KLP's supplementary services within banking, non-life and fund products. It is particularly gratifying that more and more of our owners' employees choose to use our various services. We are now approaching a 5 per cent market share in banking and non-life for our members and believe that we still have great potential to reach more members through the advantages we are offering them.

SIMPLE, CLEAR AND RELEVANT

During 2016 we worked hard on providing better service. Among other things, this is about how we communicate with our members. Although part of our business is complicated, our aim is to ensure that communication coming from KLP is simple, clear and relevant. Members are to get the information they want, in a way that suits them. This work has already produced encouraging results, but we must continue the work in order to reach our goal of providing good experiences for our customers while at the

«Changed patterns of behaviour and our owners', customers' and members' expectations of good digital experiences mean that we have to further develop our products.»

same time reducing the need for following up our owners and ourselves.

OUR SOCIAL RESPONSIBILITY

There is considerable responsibility attached to managing assets as substantial as those we are dealing with. KLP wants to contribute to sustainable development globally and signed the UN Global Compact back in 2003. In that way KLP is committed to following ten principles relating, inter alia, to the protection of human rights, worker rights and the climate, while combatting corruption. Together with other investors, we are primarily trying to influence the companies we invest in to take into account the same principles. In some cases we decide not to invest in companies. We do not invest in companies that produce tobacco or certain kinds of weapon. We have also pulled out of coal-based companies while increasing our investments in renewable energy both in Norway and abroad.

We are open about who we exclude from our portfolios, and why we do so. We welcome others' assessments of what we are doing, whether they want to criticize us or do as we do. In that way we wish to contribute to a more sustainable development.

A BETTER WAY FORWARD FOR OUR CUSTOMERS

Rapid technological developments also create a need and room for new services at KLP. Changed patterns of behaviour and our owners', customers' and members' expectations of good digital experiences mean that we have to further develop our products. In our industry, banks are in the middle of digital transformation, while non-life insurance and pension are following suit. KLP is in the start-up phase of this work, but we have already seen encouraging results of robotisation. Our aim is to offer our customers the most relevant, simple and efficient digital services. In the course of 2017, our digital websites, among other things, will have a substantial boost.

We shall continue cooperating with our owners and customers to adapt our products and services to their needs. We know that a great deal is expected of us and that makes us even more motivated to continue our effort to be seen as the best partner in the days to come.

Sverre Thornes

GROUP CEO

Development over the last 5 years

NOK MILLIONS	2016	2015	2014	2013	2012
KLP GROUP					
Pre-tax income	2 449	5 138	1 189	1 157	997
Total assets	596 113	543 262	490 894	399 257	331 783
Owners' equity	27 823	23 665	17 558	15 268	13 630
Solvency II SCR ratio	198 %	-	-	-	-
Capital adequacy ratio	-	11,5 %	9,2 %	10,0 %	10,3 %
Number of employees	950	939	899	856	808
KOMMUNAL LANDSPENSJONSKASSE					
Pre-tax income	2 125	4 876	959	950	772
Premium income (without premium reserves transferred in)	33 605	29 541	32 280	24 928	27 477
Net transfers in/out of premium reserves and other funds	3 587	10 354	28 677	6 178	1 484
Income to customers	8 343	20 650	6 959	10 420	5 455
of which supplementary reserves	4 019	3 122	3 568	-	0
of which to Premium Fund	4 324	5 138	3 391	5 891	2 365
Insurance funds	452 375	412 363	378 602	312 127	275 860
Total assets	496 663	457 858	415 030	339 592	299 708
Owners' equity	27 785	23 609	17 454	15 089	13 472
Solvency capital	98 856	84 577	73 909	46 897	44 132
Solvency capital measured against insurance funds with interest guarantee	24,7 %	22,8 %	21,6 %	16,2 %	17,4 %
Solvency II SCR ratio	209 %	-	-	-	-
Capital adequacy ratio	-	12,0 %	9,5 %	10,3 %	10,6 %
Return on the common portfolio:					
- book return	4,4 %	3,6 %	4,3 %	6,4 %	5,0 %
- value-adjusted return	5,8 %	4,0 %	6,9 %	6,7 %	6,7 %
- value-adjusted return including surplus value on assets recognize at amortized cost	5,4 %	2,8 %	9,5 %	6,4 %	7,5 %
Return investment options portfolio	6,2 %	4,0 %	6,7 %	8,8 %	7,5 %
Insurance-related administration costs measured against average customer funds	0,28 %	0,25 %	0,23 %	0,28 %	0,32 %
Number of premium-paying members	446 895	435 363	418 133	367 967	316 298
Number of pensioners	262 877	247 300	230 241	197 837	182 562
Number of employees	528	533	524	502	477

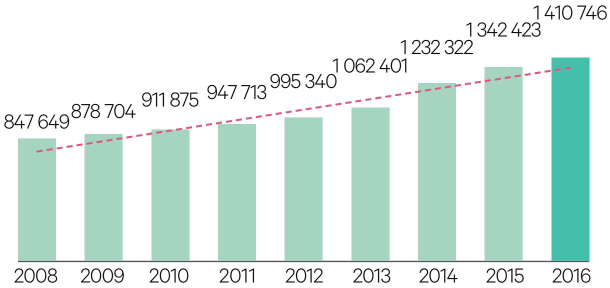
NOK MILLIONS	2016	2015	2014	2013	2012
KLP BEDRIFTSPENSJON AS					
Pre-tax income	-27	-24	-23	-22	-25
Premium income (without premium reserves transferred in)	389	336	261	188	126
Net inward/outward transfer of premium reserves	137	129	140	189	216
Income to customers	33	18	24	7	15
Total assets	3 571	2 943	2 270	1 792	1317
Solvency II SCR ratio	-32 %	-	-	-	-
Capital adequacy ratio	-	35,4 %	12,7 %	14,7 %	9,6 %
KLP SKADEFORSIKRING AS					
Pre-tax income	255	173	304	190	105
Annual premium (Gross premiums)	1 268	1 113	921	832	750
Combined ratio	98,7 %	98,8 %	98,1 %	103,7 %	107,8 %
Solvency II SCR ratio	261 %	-	-	-	-
Capital adequacy ratio	-	48,9 %	44,0 %	40,0 %	34,1 %
KLP BANKEN GROUP					
Pre-tax income	91	50	29	87	84
Deposits	8 688	7 426	6 251	4 407	2 946
Lending*	29 962	26 359	24 946	21 317	21 875
Capital adequacy ratio	19,0 %	17,6 %	16,9 %	19,6 %	20,1 %

* Incl. interest accrued but not due

NOK MILLIONS	2016	2015	2014	2013	2012
KLP KAPITALFORVALTNING					
Pre-tax income	18	46	56	33	21
Assets for management in total	441 943	398 471	370 840	287 077	252 037
Of which assets for management from external customers	54 003	44 797	36 130	28 171	21 153

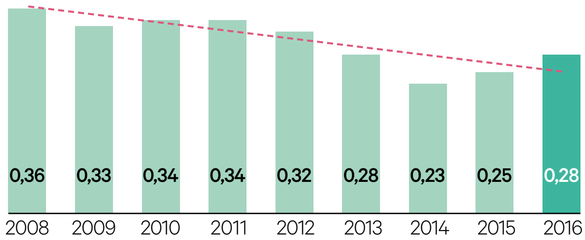
Growth and profitability

People with accruing public sector occupational



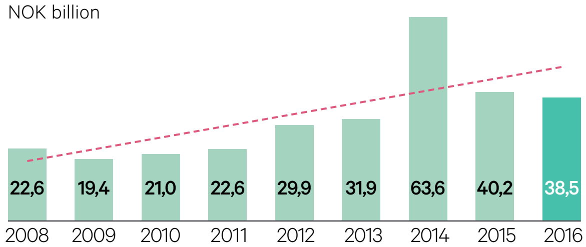
Cost ratio public sector occupational pension

Per cent



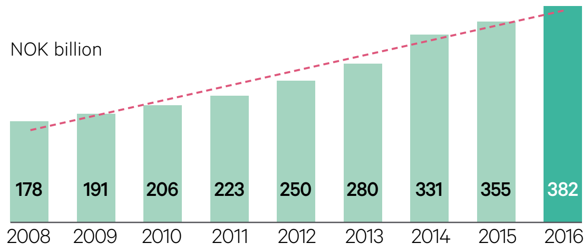
Net transfers in to life insurance

NOK billion



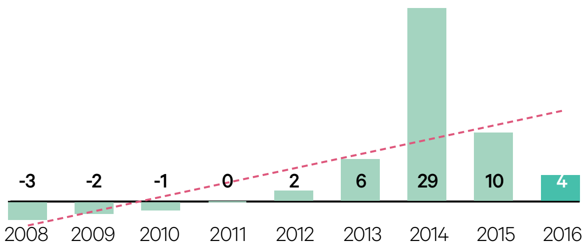
Accrued pension (premium reserve)

NOK billion



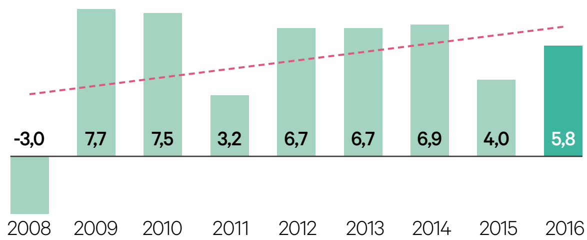
Net transfers in to life insurance

NOK billion



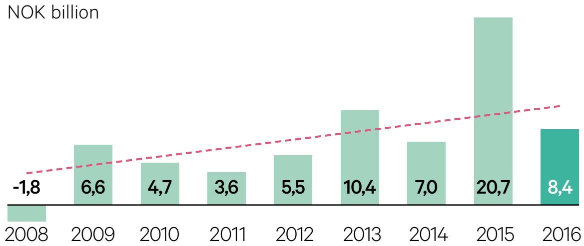
Value-adjusted returns on pension funds

Per cent



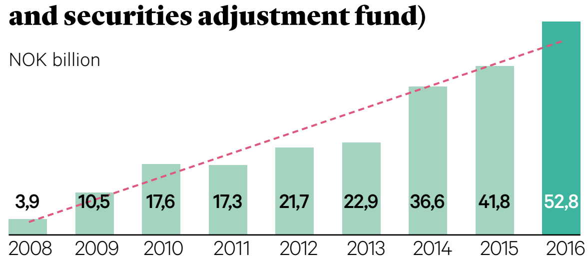
Profit/loss allocated to insurance customers

NOK billion



Customer buffers (supplementary reserve and securities adjustment fund)

NOK billion



How is the Norwegian 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.

3

Personal savings

In addition to National Insurance and occupational pension schemes there may also be savings, f.eks, e.g. in funds and individual pension contracts.

2

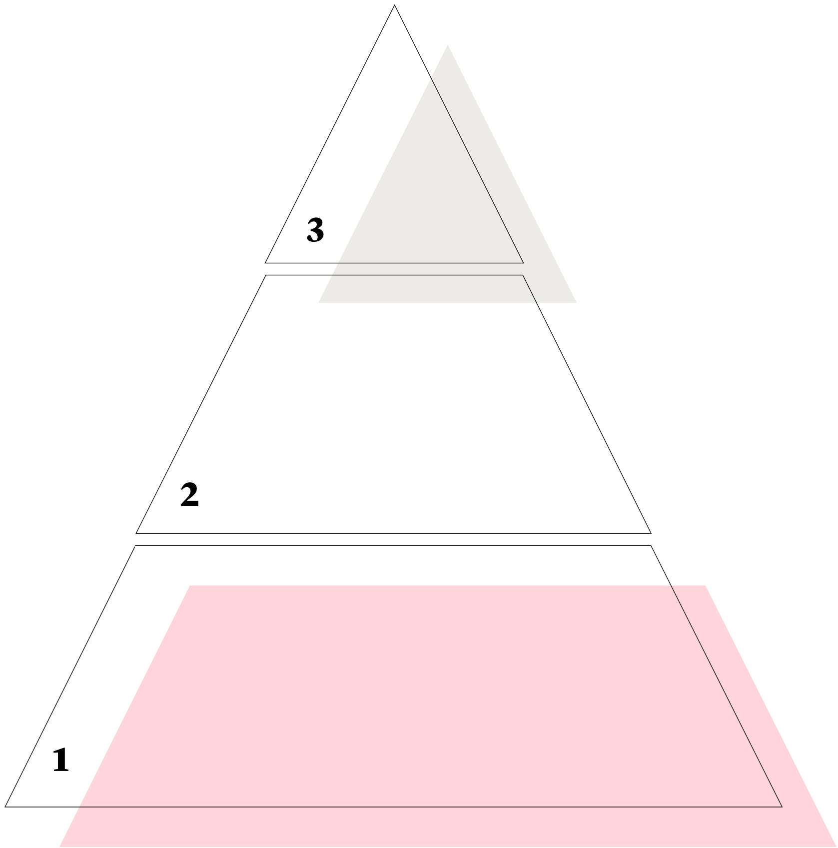
Occupational pension

It is your employer who enrolls you into an occupational pension scheme. The employer pays half the expenses for the pension scheme, but the employee also contributes. In other words, occupational pension is a form of pay that is saved up until you become a pensioner.

1

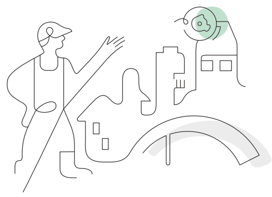
National insurance

If you are a resident of Norway, you are normally a member of the National Insurance Scheme. Anyone with an insurance period of at least three years is entitled to a National Insurance retirement pension.



What is KLP?

Today KLP is Norway's biggest and leading provider of public sector occupational pension. KLP has approximately 950 employees and manages close to NOK 600 billion for pensioners of today and tomorrow.



KLP is owned by customers on public sector occupational pension with the Company. The Company also provides pension fund services and defined contribution pension, and offers banking insurance and funds, with competitive membership prices for all the approximately 710,000 members that have their pensions with us. The fact that KLP is owned by its customers means that we will develop solutions that benefit owners and members. The owners are to perceive that KLP is a predictable partner that strengthens their economy. We achieve this through low costs, good returns, competitive prices and long-term work. KLP will also make our owners attractive employers by offering competitive products and services for their employees.

It started out by ensuring pensions

The forerunner to the Norwegian Association of Local and Regional Authorities (KS) founded KLP in 1949 to ensure pensions for municipal employees. The mutual ownership created security and new opportunities. Many of the solutions that were developed by the Company have later become the norm for public sector occupational pension. The capital accumulated was to be used for lending towards municipal investments. With this as a starting point, KLP became an important contributor to society.

The fact that the customers own KLP is of great significance: All added value shall accrue to the owners. The annual profits are assets that are either used to build buffers or to pay pensions. Profits are significant in terms of whether the owners have to cut other items in order to finance pensions. How KLP runs its business has direct bearing on how the owners resolve their social mission.

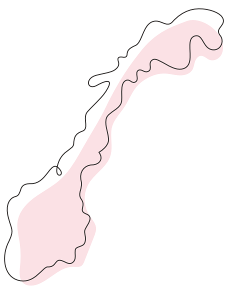
Social responsibility

At KLP, thinking about society, the environment and responsible investment is part of the daily routine. Responsible business practices are the key to sustainable development. We ensure this by:

- integrating social responsibility into all business processes
- long-term responsible management of pension assets;
- work on ethics, integrity and anti-corruption in meetings with customers, suppliers and others involved in the value chain;
- using ISO 26,000, the international standard for social responsibility, as a guide.

Responsible investments are at the centre of KLP's business and the management of pension assets. KLP's task is to ensure returns for future pensions. We are a responsible and active investor and owner who uses several instruments to influence companies to adopt long-term and sustainable development and value creation.

Even in the nineties The health enterprises (Helseforetakene) proved to be active owners of KLP. They were particularly concerned that KLP should not invest pension assets in business associated with tobacco. Today companies that contribute to serious or systematic breaches of international norms are excluded from KLP's portfolios. We also exclude companies producing arms that, when used in a normal fashion, breach fundamental humanitarian principles, and companies that get more than 30 per cent of their revenues from coal-based operations.



Regarding the future

When KLP was founded in 1949, the Company had 56 municipalities as its customers. Today, 419 out of 445 municipalities and county administrations, 24 pension funds, 2,500 enterprises within public sector occupational pension , 3 out of 4 regional healthcare enterprises, and 21 out of 30 healthcare enterprises are customers of KLP. Having such a position gives us great opportunities but also responsibility to be prepared for possible changes. Both changes in municipal structures and in specialist health care will likely impact on KLP. In addition there will probably be changes in the public sector occupational pension product. This requires KLP to follow the situation closely and be prepared for whatever changes there might be. Regardless of what will happen to public sector occupational pension, KLP will provide the product agreed between the parties in the best way possible.

Photo: Vidar Stenseth, IT.

KLP in figures

Number of customers (Public sector occupational pension)

	2016	2015	2014	2013	2012
Municipalities	403	402	387	330	317
County administrations	16	16	16	15	15
Health enterprises	24[1)]	29	25	25	25
Enterprises (OfTP)	2 500	2 500	2 500	2 500	2 500
Active employees (members)	447 000	435 000	418 000	368 000	316 000
Deferred entitlements [2)]	210 000	200 000	167 000	148 000	130 000
Pensions	263 000	241 000	231 000	198 000	183 000

[1)]Inkl. regional health enterprises [2)] Individuals previously employed for more than 3 years by employers with public sector occupational pension

Public sector occupational pension

	2016	2015	2014	2013	2012
Accrued pension rights (NOK billion)	382	355	331	280	250
Premium invoiced (NOK billion)	32,6	26,5	33,2	22,9	19,2
Pensions paid (NOK billion)	15,4	14,1	12,5	10,8	10,1
Operating expenses (NOK million)	1 140*	922	752	807	813
Number of employees with the life company	451	453	444	427	409

* IT impairment makes up NOK 165 million.

Private-sector occupational pensions

	2016	2015	2014
Agreements/contracts	460	386	299
Pension capital certificate	1 230	688	88

Banking

NOK BILLION	2016	2015	2014	2013	2012
New lending	16,3	14,3	11,8	10,3	6,8
Lending for own account	29,7	25,9	24,5	21,1	21,5
Lending managed for KLP	52,7	51,0	41,7	33,7	29,8
Number of active customers	42 400 (71% members)	39 759 (69% members)	33 104 (69% members)	27 287 (67% members)	22 665 (65% members)

Property

	2016	2015	2014	2013	2012
Property value (NOK billion)	59,2	56,9	45,7	40,8	33,4
Value-adjusted operating profit including property funds (per cent)	12,7	11,2	7,3	7,0	6,2
Economic occupancy ratio (per cent)	96,0	95,4	95,4	97,0	96,8

Asset management

NOK BILLION	2016	2015	2014	2013	2012
Total asset under management	440	399	371	287	252
Asset management customers external to the Group	54	45	36	28	21
Number of customers KLP Kapitalforvaltning	57 000	48 000	38 000	31 000	23 000

Non-life insurance

	2016	2015	2014	2013	2012
Number of customers in the public sector/corporate market					
Municipalities	337	318	315	287	292
County administrations	14	14	14	14	15
Health enterprises	29	29	31	44	44
Enterprises	3 168	2 885	2 864	2 682	2 610
Numbers of customers in the retail market	45 249	33 250	28 000	21 808	15 664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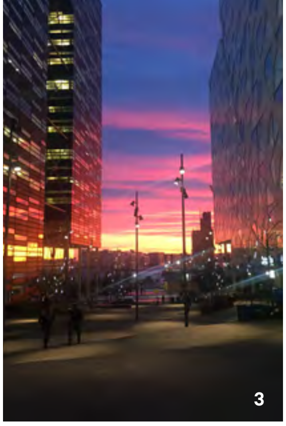
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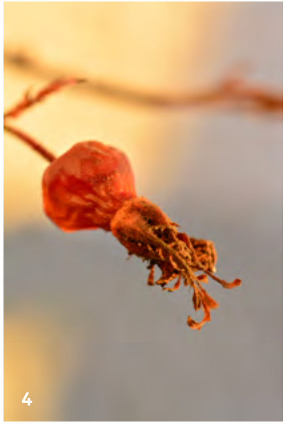
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KLP's annual report has illustrations from our annual in-house photo competition.

People and communities are KLP's basis. All people belong somewhere. We build society on community, on family and friends, on our local municipality and on the country we belong to.

KLP is owned by its customers. This makes us unique. That is why we take care of those we are there for. Our customers will get the best pension, banking and insurance schemes they can get. We are going to be best on returns and responsible management.

Because KLP takes care of what is worth taking care of, the topic for this year's photo competition was, naturally, "Worth taking care of".

Our employees provided 199 great contributions to the competition.

A big thanks to all contributors.


11


12


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14


15

1. Ingrid Eriksen, Life. **2.** Ingrid Eriksen, Life. **3.** Mona Henjesand, Life. **4.** Ingrid Eriksen, Life. **5.** Anne Therese Sande, Economy and Finance. **6.** Ingrid Eriksen, Life. **7.** Marianne Wright Pedersen, Non-life insurance. **8.** Marianne Wright Pedersen, Non-life insurance. **9.** Morten Larsen, Non-life insurance. **10.** Tove Kristin Skjelbostad, Property. **11.** Ingrid Eriksen, Life. **12.** Razvana Ali, Non-life insurance. **13.** Anne Therese Sande, Economy and Finance. **14.** Bendik Laukeland Knapstad, Communication and Marketing. **15.** Anne Therese Sande, Economy and Finance.

KLP's vision

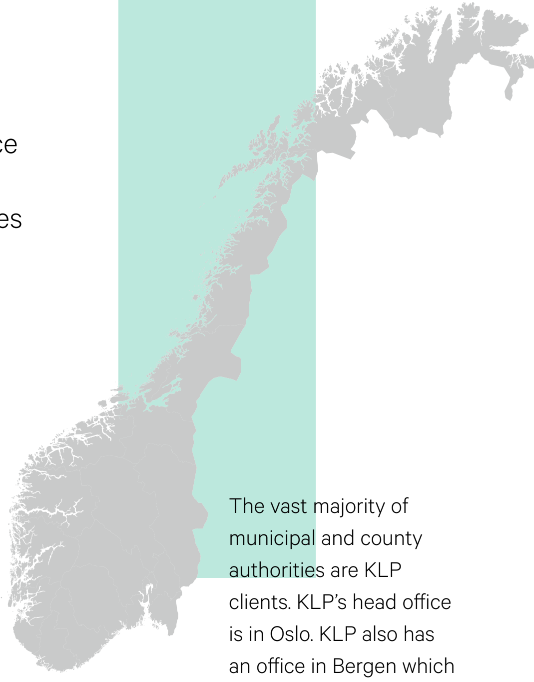
The best partner for the days to come

KLP's business

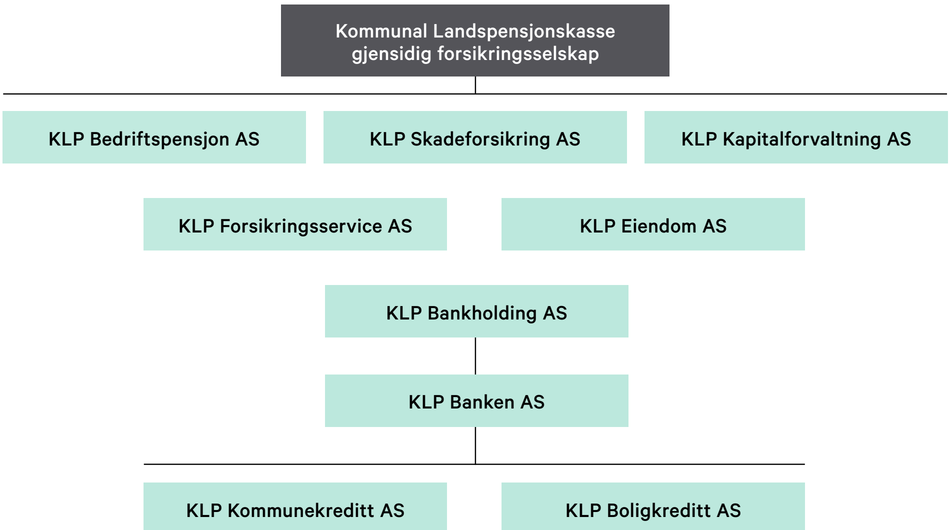
Kommunal Landspensjonskasse (KLP) is Norway's largest life insurance company. The Company provides pension, financial and insurance services to municipalities and county administrations, health enterprises and enterprises in both the public and private sectors and their employees.

In addition to its main product, public sector occupational pensions, the KLP Group also provides defined contribution and defined benefit pensions, pension fund services, and banking, non-life insurance and asset management products. KLP is also one of the Nordic region's ten largest property owners.

KLP has a membership focus that first and foremost targets the employees and pensioners of our owners. The aim is to offer its members competitive banking, insurance and investment products in order to strengthen the ability of its owners to attract and retain the desired workforce. The focus is also intended to contribute to increased profitability and growth in KLP's various business units and to ensure a good return on total owners' equity.



The vast majority of municipal and county authorities are KLP clients. KLP's head office is in Oslo. KLP also has an office in Bergen which looks after life insurance and pension services. The property company has offices in Oslo, Trondheim, Copenhagen and Stockholm. The bank has offices in Trondheim and Oslo.



MARKET LEADER – PUBLIC SECTOR OCCUPATIONAL PENSIONS

KLP has a strong position in the market for public sector occupational pensions. KLP's most important task is to maintain the Company's leading position as a provider of pensions to the public sector and enterprises associated with the public sector through competitive returns, low costs and a high level of service.

At the beginning of 2017, 419 municipalities and county administrations had their pension schemes with the Company, along with 24 out of 30 health enterprises and three out of four regional health enterprises. In addition, around 2,500 companies have their pension schemes with KLP. The Company's pension schemes cover 447,000 people in work and 263,000 pensioners. A further 210,000 members have pension entitlements with KLP deriving from previous employment.

Corporate market

KLP aims to provide a good, reliable, but nonetheless simple, defined contribution pension product to its customers. KLP aims to offer defined contribution pensions with the lowest management fees on the market.

Good reputation

KLP performed well in terms of its reputation in 2016, rising from 60 points to 65 points in the annual TNS reputation survey. This makes KLP one of the best-regarded finance companies among the population; only Skandiabanken has a higher standing. The positive development applies to both private sector and municipal employees. The report shows that a lot of people have a great trust in KLP, and KLP's reputation is improving in all sub-categories in the survey.

Successful focus on members

KLP also offers financial and insurance products and services to retail customers. The products are aimed at people employed in businesses that have KLP as their pension provider and pensioners receiving pensions from KLP. Over 57,000 members are now consumers of one or more of the KLP Group's retail products.

The products offered to members in the areas of banking, non-life insurance and investment funds are competitive in terms of both price and content, as shown by the growth in volume and number of customers. Finansportalen and other comparison sites rank KLP's member products as among the best. The inflow of new customers also shows that awareness of the benefits available to members is beginning to grow, which can largely be attributed to the marketing activities carried out.

Good individual treatment and service are characteristics of KLP's customer relations. This was confirmed once again by a customer satisfaction survey among KLP's customers (retail customers) in the autumn of 2016. The results are very positive, and both banking and insurance have a score of 76 or higher (of 100). This is very good, including in comparison with other financial institutions in Norway. Customers are particularly pleased with our level of service, response times and individual treatment.

Form of incorporation

KLP is the collective designation for the parent company, Kommunal Landspensjonskasse, a mutual life insurance company, and six wholly-owned subsidiaries that are organised as limited companies: KLP Banken AS, KLP Bedriftspensjon AS, KLP Eiendom AS, KLP Forsikringsservice AS, KLP Kapitalforvaltning AS and KLP Skadeforsikring AS.

The mutual corporate model helps to ensure that the interests of the customers are put first. The Company has no external investors who expect to be paid for making equity available to the business.

KLP's values

Open
Clear
Responsible
Committed

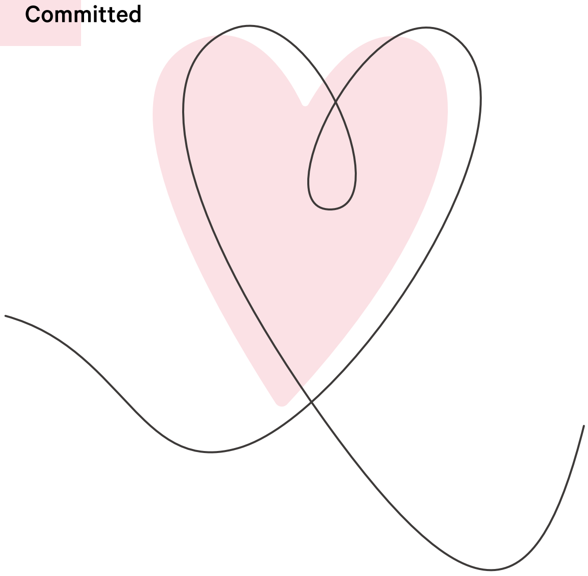


Photo: Nils Fredrik Wisløff-Høgestøl, Communication and Marketing.

KLP

Kommunal Landspensjonskasse, the parent company of the KLP Group, was established for customers with public sector occupational pension schemes in the Company and is owned by them.

Pensions and life insurance are the core business of the KLP Group. A large part of the public sector is obliged by collective bargaining agreements to have public sector occupational pensions for its employees. KLP is the largest and leading provider of public sector occupational pensions to municipalities, county administrations, health enterprises and enterprises associated with the public sector. KLP also offers defined contribution pensions through KLP Bedriftspensjon and pension fund services through KLP Forsikringsservice.

RESULTS FOR THE YEAR

KLP has maintained its position as the dominant provider of public sector occupational pensions in our defined market. In 2016 one municipal customer moved its pension scheme to KLP. Among enterprises associated with the public sector, there are several that choose pension schemes other than public sector occupational pensions. Through KLP Bedriftspensjon, we have succeeded in retaining a large share of customers that want defined contribution schemes.

As a result of growth in the public sector, the number of members of the pension scheme is growing. At the beginning of 2017 there were 920,000 members and pensioners in the scheme. This represents an increase of 40,000 compared with the previous year.

In 2016 KLP achieved a pre-tax profit of NOK 2,124.8 million. The after-tax profit was NOK 2,873.6 million. The Company obtained a good financial result with 5.8 per cent value-adjusted returns and book returns of 4.4 per cent in the collective portfolio.

FUTURE CHALLENGES AND GOALS

KLP aims to be the preferred provider of pensions to the public sector and to enterprises associated with the public sector. The main product on offer is public sector occupational pensions. If customers want other pension schemes, these are offered through our subsidiaries.

The most important challenge is to strive for continued competitiveness. In order to maintain our strong position, it is important to perform well in the areas of return, costs and service.

Pensions are changing. A new long-term model for retirement pensions is expected in public sector occupational pensions. KLP is preparing to implement a new model once this is in place.

Subsidiaries

KLP Bedriftspensjon AS

KLP Bedriftspensjon offers defined contribution occupational pensions, including management of pension capital certificates, to companies in the private and public sectors.

RESULTS FOR THE YEAR

KLP Bedriftspensjon is experiencing growth in the area of defined contribution pensions, especially in the area of pension capital certificates.
In the course of 2016 the company signed 1,230 new agreements with a combined value of NOK 100 million, an increase of more than 80 per cent. KLP Bedriftspensjon had a pre-tax loss of NOK -27.3 million in 2016. The after-tax loss amounted to NOK -27.6 million. The company's outlook for 2017 is good and it started the year with 500 pension capital certificates in January, each with an average value of NOK 66,000.

FUTURE CHALLENGES AND GOALS

Defined contribution pensions is expected to be profitable by the end of 2019 and, by the same time, have 30,000 members. On 31 December 2016, KLP Bedriftspensjon had 39,900 occupationally active and pensioner members with defined benefit pensions, defined contribution pensions, paid-up policies and pension capital.

KLP Bedriftspensjon offers defined contribution pensions to companies that are considering converting their pension scheme from public sector occupational pension. Hybrid schemes are also increasingly in demand. So far, KLP has chosen not to offer hybrid pensions.

KLP aims to be the preferred provider of defined contribution pensions to enterprises associated with the public sector.

KLP Forsikringsservice AS

KLP Forsikringsservice AS (KLP FS) offers a wide range of pension fund services through its own and the Group's specialist expertise in the area of public sector pension schemes.

RESULTS FOR THE YEAR

KLP FS is a leading provider of actuarial services for municipal pension funds and is the responsible actuary for nine of the 23 pension funds set up by municipalities and county administrations.

During the year KLP FS maintained its position as one of Norway's leading providers of actuarial services for municipal pension funds.

KLP Forsikringsservice ended up with a pre-tax profit of NOK 0.5 million. The after-tax profit was NOK 0.3 million.

FUTURE CHALLENGES AND GOALS

The choice of pension solution after a municipal merger is one of the subjects of negotiation in ongoing processes in municipalities that have decided to merge. KLP provides pension fund solutions to customers that choose this option.

KLP Forsikringsservice will remain a leading provider of actuarial services to pension funds and establish a strong position as a provider of integrated solutions for the operation of new and existing funds which are put out to tender.

KLP Banken Group

KLP Banken AS is a wholly owned subsidiary of KLP and is an online bank for retail customers with special terms for KLP's members and pensioners. KLP Banken AS also finances loans to municipalities, county administrations and companies providing public services. The Bank and its subsidiaries KLP Kommunekreditt AS and KLP Boligkreditt AS have their head office in Trondheim as well as premises in Oslo. The Group has around 60 employees.

The Bank manages loans totalling NOK 82.4 billion, of which NOK 52.7 billion is financed by KLP and NOK 29.7 billion is on the bank's own balance sheet. KLP Banken has 46,000 retail customers, of whom around 71 per cent are members of KLP. Loans to public sector borrowers include almost 2,000 companies and municipalities, of which more than 80 per cent are owners of KLP.

RESULTS FOR THE YEAR

In 2016 the banking business achieved a pre-tax profit of NOK 91.2 million, compared with NOK 49.6 million in 2015. The profit after tax was NOK 68.3 million, compared with NOK 40.5 million the year before.

FUTURE CHALLENGES AND GOALS

KLP Banken's primary target group in the retail market is members of KLP's pension schemes. A large part of Norway's population is in this group, and the opportunities to further develop KLP Banken within this segment are assessed as good. The presence of KLP Kommunekreditt AS in the market for public sector loans adds to competition and helps ensure that the public sector has access to long-term financing on good terms and conditions. KLP Kommunekreditt AS is the only credit institution in the country that issues bonds backed by a loan pool consisting of loans to the public sector.

In the retail market, KLP Banken has a target of 48,000 members by 2019, an increase of 6,600 over the next three years. By 2019, the target is total lending to the public sector of NOK 63 billion, an increase of NOK 5 billion in the next three years.

KLP Eiendom AS

KLP Eiendom AS is a wholly owned subsidiary of KLP and manages its own properties with a market value of NOK 59.2 billion. The company is one of Scandinavia's largest property managers, developers and operators. The 2.1 million square metre property portfolio consists of shopping centres, hotels and office buildings as well as sites and projects.

KLP Eiendom AS is KLP's tool for investing in the property market. KLP Eiendom AS currently has around 150 employees and has offices in Oslo, Trondheim, Stockholm and Copenhagen.

KLP Eiendom is active in Norway, Sweden, Denmark, Luxembourg and London. The properties are in good locations, are built to high standards and make efficient use of space.

RESULTS FOR THE YEAR

Direct property investments

In 2016, KLP Eiendom had income of NOK 2,988 million from directly owned property. At the end of the year, the direct property investments of the common portfolio amounted to 12.2 per cent of the financial assets in the portfolio. Property investment and property management are only carried out on behalf of companies within the Group and have thus primarily contributed to the return on invested capital for the life insurance customers. The value-adjusted, time-weighted operating return was 12.8 per cent in 2016 (12.8 per cent in the common portfolio). Disregarding foreign exchange contracts, property values were written up by NOK 2,393 million gross in 2016 (of which the write-up in the common portfolio accounted for NOK 2,079 million).

Indirect property investments – property funds

The value of KLP's investments in Norwegian and international property funds amounted to NOK 1,897 million at the end of 2016. The common portfolio's investments in property funds accounted for 0.4 per cent of the financial assets in the portfolio at the end of the year.

FUTURE CHALLENGES AND GOALS

With a large project portfolio, good properties and skilled staff, KLP Eiendom is well placed to meet any challenges, both in terms of its goals regarding the share of property in collective assets and the good management of the existing property portfolio. At the end of the year, direct and indirect property investments accounted for 12.6 per cent of financial assets in the portfolio.

KLP Kapitalforvaltning AS

KLP Kapitalforvaltning AS is a wholly owned subsidiary of KLP and manages assets totalling around NOK 440 billion for enterprises in KLP and external customers. The company is one of Norway's largest asset management companies and Norway's leading index-tracking manager.

Since 2002 the company has had a responsible investment strategy to contribute to long-term value creation and sustainable development. This means, among other things, that 162 companies are excluded from KLP's investments owing to guidelines for responsible investments. KLP Kapitalforvaltning AS has 68 employees.

The asset management business of KLP Kapitalforvaltning is organised into three areas, each with a different approach to its investment operations: index tracking, active management and private equity.

At the end of the year, KLP Kapitalforvaltning managed 42 funds, including four combination funds, ten fixed-income funds, one active mutual fund, two factor funds, 23 index-tracking mutual funds and two specialist funds.

RESULTS FOR THE YEAR

The asset management business achieved a profit of NOK 18 million in 2016.

Asset management on behalf of customers outside of the KLP Group grew by 20 per cent in the course of the year. NOK 54 billion was managed on behalf of external investors and retail customers at the end of 2016. There are a total of around 57,000 unit holders in the funds. Institutional customers are by far the largest group measured by total assets. Customers are served either directly or via cooperation partners.

FUTURE CHALLENGES AND GOALS

The market outlook for the company is assessed as good. Over time there will be growth in the KLP Group's total assets, the bulk of which is expected to be invested in products provided by KLP Kapitalforvaltning. Good stable results from index tracking and increased interest from external customers provide a basis for further growth in assets to be managed. Good asset management results from the company's added return strategies provide the opportunity for actively managed funds also being in demand among both internal and external customers.

KLP Kapitalforvaltning has a target for net new business of NOK 1.8 billion, including in the public sector, by 2018. Another target is to increase the number of retail customers in the KLP funds. It is our aim to reduce operating costs related to total assets.

KLP Skadeforsikring AS

KLP Skadeforsikring AS is a reliable provider of insurance to municipalities, county administrations, enterprises associated with the public sector and other selected groups. The company also offers insurance to the private market, with special advantages for private individuals who have pensions with KLP.

RESULTS FOR THE YEAR

For KLP Skadeforsikring it was a good insurance year and a good financial year in 2016, with a pre-tax profit of NOK 255 million (NOK 173 million the year before).

The company grew in all segments in 2016, and premium income rose by 13.5 per cent to NOK 1,267 million.

The claims result is satisfactory, in spite of a large fire loss in the fourth quarter with an estimated claim of NOK 50 million. Together, the ten largest claims for the year amount to provisions of NOK 169 million.

FUTURE CHALLENGES AND GOALS

The company is the market leader in the public sector and is aiming for further growth in this segment. The local government reform may be of significance for the company in the form of the structure and size of agreements. The reform will take time, and public procurement rules will govern processes when it comes to buying insurance.

The company is aiming to strengthen its market position in the corporate market and continue its efforts in several segments, such as hotels, retail and other service industries.

In the private market the company has a large potential in the target group, which is KLP's members and pensioners. KLP Skadeforsikring's goal is that a large proportion of members will choose the company as their insurance provider. The company is therefore continuing to work on developing system solutions to make their member benefits in KLP Skadeforsikring visible.

Owing to changes in customer behaviour, KLP Skadeforsikring is putting a lot of resources into developing good digital self-service solutions for all customer groups. The company is working in a targeted way on continuous improvement to make its procedures more efficient.

For the sixth year in a row, KLP Skadeforsikring AS had the highest customer satisfaction among Norwegian corporate customers in the EPSI survey 2016.

Balanced scorecard

KLP uses the "balanced scorecard" to measure performance in four dimensions: finance, customer, internal processes, and learning and growth. The balanced scorecard ensures that the Group's strategy is implemented, and that it is used by the organisation from department level upwards. The Group's business plan defines the central business targets which are operationalised and monitored via the scorecard.

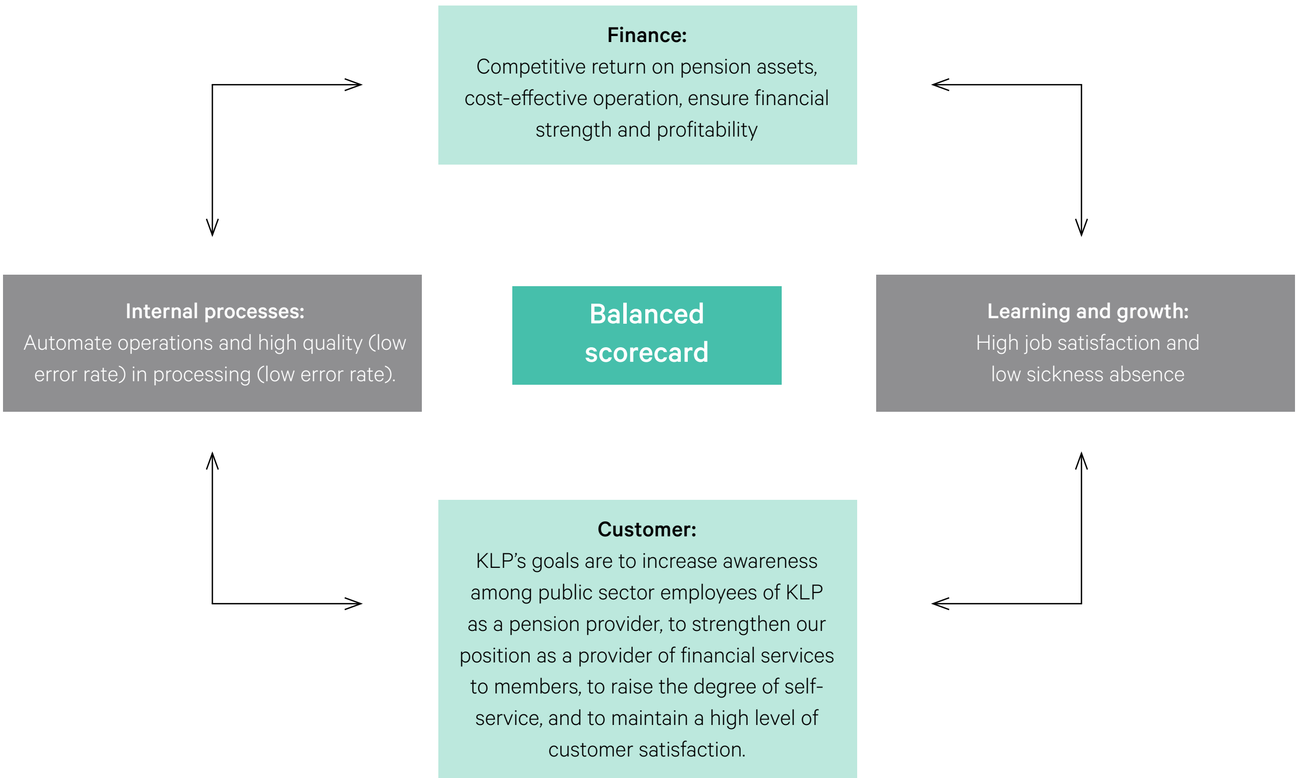
Significant deviations from targets result in a requirement to report a deviation analysis together with a description of the measures taken to improve performance. Reporting is carried out on a quarterly basis.

Financial perspective (weight 35 per cent)
KLP achieved a good return on pension assets as a result of a good utilisation of risk capacity and rising property and equity markets. The write-down of IT investments was the reason why the cost targets were missed, but increased income contributed to the fact that profitability targets were still achieved. The Group's solvency was strengthened and the solvency ratio exceeds internal targets by a good margin.

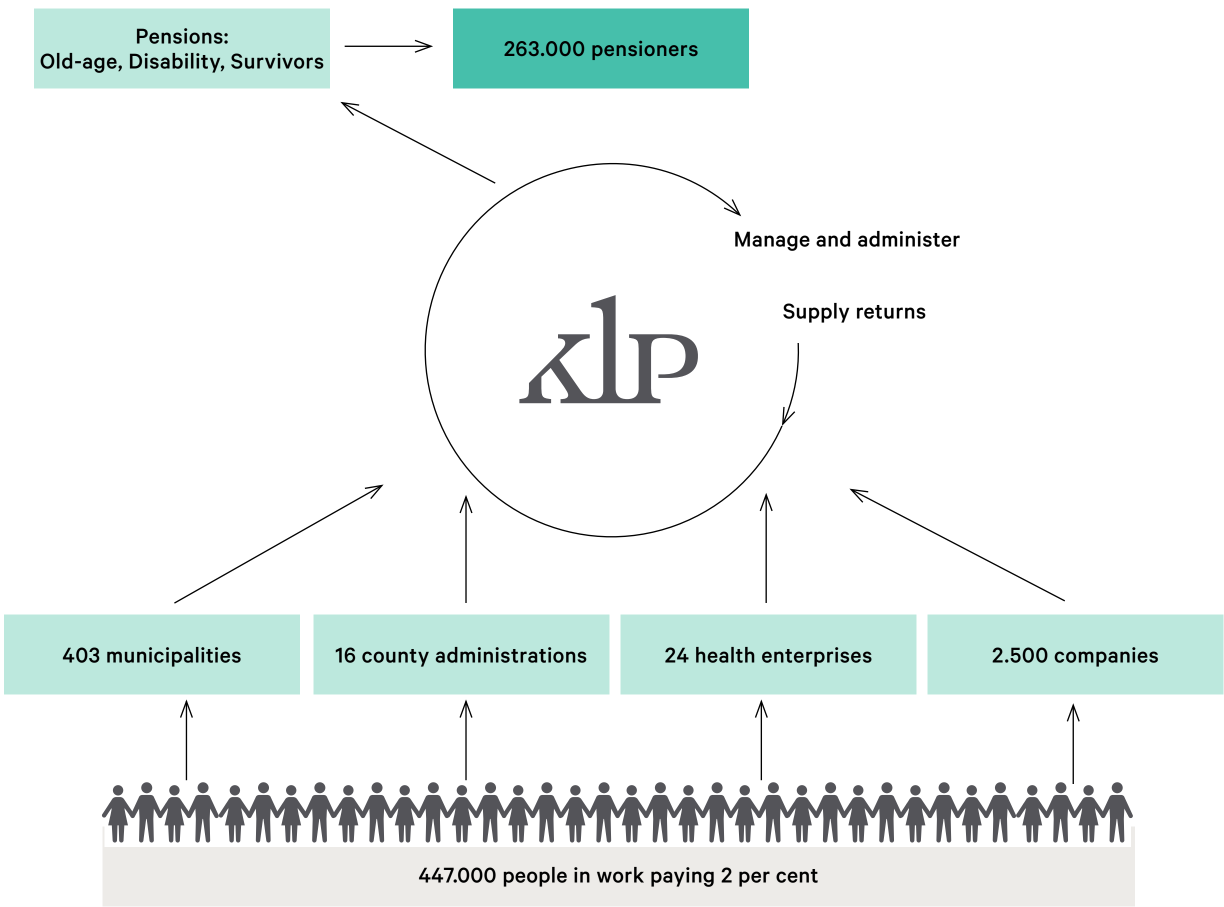
Customer perspective (weight 30 per cent)
Half of public sector employees are aware of KLP as a pension provider. This is somewhat below the target of 55 per cent. However, the number of members that make use of KLP's services in the retail market is in line with the target. Service targets in the form of response times for enquiries to the customer services centre, processing times for applications for pensions and loans, and timeliness in claims settlement are in line with the Group's ambitious targets in these areas. Customers use the self-service solutions offered to an extent that is on target.

Internal processes (weight 20 per cent)
There have been challenges in IT delivery in the areas of automation and simplification of processes within the core business of public sector occupational pensions. This led to lower target achievement than expected, but otherwise developments in internal processes yielded results in line with targets.

Learning and growth (weight 15 per cent)
At 4.5 per cent, sickness absence was above the target level, which is sickness absence of below 4 per cent. No employee survey was conducted in 2016, but all entities documented work on the results from the survey in the autumn of 2015.



Value chain for klps main product, public sector occupational pensions (OfTP)



PENSIONS MEAN SAVING: THE KLP VALUE CHAIN

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

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

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

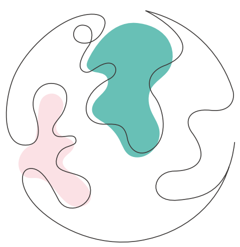
The savings assets (accumulated pension) are mainly invested in shares, property, bonds and loans.

KLP guarantees to add a minimum annual return to the pension savings. For 2016 this guarantee averaged 2.6 per cent. Returns in excess of this accrue to the insurance customers and are allocated either to supplementary reserves or to the premium fund. The premium fund assets may be used to pay future pension premiums.

If the return is lower than the guaranteed return, funds from supplementary reserves can be added at the end of the year. If this is not sufficient, the Company is liable from its owners' equity.

Social responsibility

"At KLP, thinking about society, the environment and responsible investment is part of the daily routine".



We shall provide secure pensions

KLP's social responsibility is to provide secure and competitive pensions in a responsible and sustainable manner. KLP's pensioners must not receive their pensions from returns based on child labour or international environmental crime. We must and we wish to manage and develop assets and values for future generations. In this work, KLP can make a difference.

As a mutual company, KLP's customers are also our owners. This generates a close dialogue which makes us aware of our responsibility. We aim to be the public sector's preferred pension provider. We aim to provide secure and competitive pensions and returns.

We are open about how we work, operate and invest. We are open because we want to hear other people's views. We want to be challenged, and we want to have a dialogue with our stakeholders. We care about what other people think. We believe that this will enable us to stretch ourselves even further.

One of the main themes in the area of social responsibility can be found in our pension business; the working environment and taking pride in our work. This is important for our customers' employees and profitable for our customers as employers. It is also important and profitable for KLP and for society. We have been working on this for a long time at KLP, and we aim to be the best partner for the days to come.

Sustainable property management

KLP is one of the country's largest property owners. With an active environmental policy, KLP contributes to reduce the impact on the environment and the climate, and promote new patterns of behaviour, products, services and technical solutions that can reduce the environmental impact and CO_2 emissions. KLP's goal is to build environmentally friendly buildings for the future, and to engage in sustainable property management. We are actively working on the environment in our property management. This is provided for in strategies, action plans and reporting.

"Responsible business practices are the key to sustainable development".

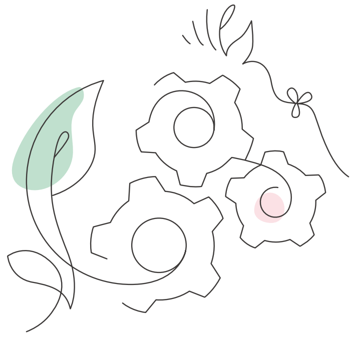
We shall manage responsibly

There are large sums of money to be managed now that KLP is a pension provider to 447.000 active employees (members) and 263.000 pensioners. KLP is one of the leading financial institutions in the area of responsible investment. We invest in a large number of companies worldwide and in all sectors. We are concerned about how we invest your pension assets. The tools that we have to persuade companies to operate responsibly and sustainably are active ownership, exclusion and investment for sustainable development. For example, KLP votes at general meetings, and we raise subjects such as the environment, anti-corruption and human rights with the companies in which we have invested.

Before we withdraw from a company because it is not operating responsibly, we perform a thorough analysis and provide a detailed justification and documentation. We work systematically to have excluded companies included in the investments again. The objective of the instrument to exclude companies, is to influence an improved business practice in the companies. Therefore it is very satisfying when KLP is again able to invest in companies that were previously excluded. In 2016 Adris Grupa d.d. and Total SA were brought back into our investment universe.

KLP already has direct investments in new renewable energy facilities and in the financial sector in developing countries. This is our portfolio of development investments where the aim is to contribute to sustainable development and to respond to the UN's sustainable development goals. At the same time, as with other investments, we aim to achieve good financial returns.

KLP also wants to be a long-term partner for local community development in Norway. As part of this work, we provide loans for municipal and other public sector investments. We are concerned with what these loans are used for. The aim is that the municipalities and enterprises that borrow from us should use the funds for something that is sustainable for the local community, both economically and environmentally. KLP also invests substantially in the Norwegian power sector, and we want to invest even more in future. We are working actively to reduce climate impact by, among other things, excluding coal companies, investing more in renewable energy and measuring our carbon footprint.



"We are concerned about how we invest the pension assets".

You can read more about our approach to social responsibility at klp.no/samfunnsansvar.

We shall communicate in a way that people understand

Pensions, insurance, investments and risk are not simple. Therefore, it is our responsibility to make them understandable to the people with whom we are in contact. Our customers, members and others must be able to understand what we say. Good communication is important. Our customers, members and others must feel that what we are saying is relevant, interesting and understandable.

In order to achieve this, we have been working on the communication project "Redd Kåre" (Save Kåre). Kåre is an imaginary person who is in contact with KLP. What does Kåre want to know? And how can we best get Kåre to understand our answers and our information? These are simple questions, that we would like to give proper, good and understandable answers to.

Photo: Vidar Stenseth, IT.

KLP's business concept

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

Management, Board of Directors and committees in KLP

Kommunal Landspensjonskasse gjensidige forsikrings-selskap (KLP) is owned by customers with public sector occupational pensions with the Company. The owners are municipalities, county administrations and health enterprises as well as companies associated with the public sector. KLP's Articles of Association and applicable legislation provide the framework for appropriate corporate governance and clear division of roles between the directing bodies and executive management. The Company has not issued any negotiable equity instruments, so KLP is not listed on the Oslo Børs (the Norwegian stock exchange) or other marketplaces. KLP has bonds listed on the London Stock Exchange – (KLP Banken has bonds listed on the Oslo Børs).

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

The Company's Board of Directors includes owner representatives, representatives of employees' trade unions, a member without links to either of these, and representatives of KLP's employees.

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

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

Group senior management

The Group's senior management consists of the Group Chief Executive Officer, Executive Vice President Life Insurance, Chief Financial Officer/Executive Vice President Finance, Executive Vice President Communication and Marketing, Executive Vice President IT, Executive Vice President HR, and the managing directors of KLP's subsidiaries, KLP Banken AS, KLP Eiendom AS and KLP Kapitalforvaltning AS. KLP Bedriftspensjon AS and KLP Forsikringsservice AS are represented by the Executive Vice President Life Insurance. See the presentation on page 25-26.

KLP is facing major changes in the way it works. New technology will make it possible to work more efficiently. We will need skills both to make use of new technology and to be open to new ways of working. To provide a shorter path to the Group senior management for matters of importance for the

Company's employees, HR Director Kirsten Grutle became part of the Group senior management in 2016.

The General Meeting

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

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

The General Meeting approves the annual report and financial statements of the Company and the Group, including the allocation of profits or losses. The tasks of the General Meeting also include electing 24 of the 45 members of the Corporate Assembly and approving the remuneration of the Corporate Assembly and auditor.

Corporate Assembly

The Corporate Assembly has 15 members elected by and from among the employees of KLP. 24 members are elected by the General Meeting and six members by employee organisations or their negotiating alliances. The task of the Corporate Assembly is to oversee the management of the Company by the Board of Directors and the CEO. Other tasks of the Corporate Assembly include electing five members to the Board of Directors as well as the Board's Chair and Deputy Chair.

KLP's Corporate Assembly was set up in 2016. This was done against the background of the new Financial Corporations Act, which entered into force on 1 January 2016, and in which the Supervisory Board was removed as a body and a new body, the Corporate Assembly, was introduced.

The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

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

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

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

Board of Directors: see presentation of members on page 58.

Remuneration Committee, Audit Committee and Risk Committee

The Board of Directors has three sub-committees, a Remuneration Committee, an Audit Committee and, from 1 January 2016, a Risk Committee. The committees do not make decisions on behalf of the Board, but present their assessments and 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 Financial Supervisory Authority of Norway gave permission for a joint remuneration committee in the KLP Group. On this basis the committee also functions as a remuneration committee for those boards of directors in the KLP Group that are required by law to have remuneration committees. The committee's responsibilities include ensuring the requirements in law and in the regulations on remuneration schemes in financial institutions, securities enterprises and mutual fund management companies are complied with in those companies in the KLP Group that are subject to these regulations. Members: Liv Kari Eskeland (Chair), Lars Vorland, Jan Helge Gulbrandsen and Susanne Torp-Hansen.

Audit Committee

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

Risk Committee

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

The committee also ensures that the Group has good systems for internal control and risk management, and that the second-line risk, compliance and actuarial functions work properly.

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

The Risk Committee assists the Board in preparing Board actions in other matters to do with risk management. Members: Egil Johansen (Chair), Freddy Larsen, Marit Torgersen and Ingjerd Blekeli Spiten.

Election Committee

As laid down in KLP's Articles of Association the Company is to have a Election Committee. The Election Committee recommends candidates for election to the following offices:

— The members of the Corporate Assembly to be elected by the General Meeting and the Chair and Deputy Chair of the Corporate Assembly.
— The members of the Board of Directors to be elected by the members of the Corporate Assembly elected by the General Meeting and the Chair and Deputy Chair of the Board of Directors.

The Corporate Assembly has adopted instructions for the work of the Election Committee.

Members: Nils A. Røhne (Chair), Steinar Marthinsen, Anita Eidsvold Grønli, Ole John Østenstad, Torhild Bransdal (deputy).

Business and risk management and control

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

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

In accordance with Solvency II, this year KLP will report on risk management and control in a separate public report, the Solvency and Financial Condition Report (SFCR).

Internal and external audit bodies

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 control processes. 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). The FSA checks that financial institutions are run responsibly and in accordance with legislation.

The KLP Group's external auditor is elected by the Corporate Assembly. 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.

In addition the board of directors' audit committee has meetings with the auditor without management being present.

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 trading in securities by employees on their own account. These regulations are of particular importance to employees of KLP Kapitalforvaltning AS and employees of KLP with particular insight into the investment business.

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 Hørnes

Executive Vice President IT

Rune Hørnes holds an MSc from NHH – The Norwegian School of Economics. He has long and broad experience from working across business strategy, IT, organisational and work processes. Mr Hørnes has held the position of CIO at Storebrand, where he held various positions since 2005. Before commencing work at Storebrand, Mr Hørnes was Senior Manager at Accenture, working in banking and insurance. He joined KLP on 1 October 2016.

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.

Aage E. Schaanning

Group Chief Financial Officer/ Executive Vice President Finance

Aage E. 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.

Gunnar Gjørtz

Managing Director KLP Eiendom AS

unnar 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.

Gro Myking

Executive Vice President Communication and Marketing

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

Tore Tenold

Managing Director KLP Skadeforsikring AS

Tore 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.

Håvard Gulbrandsen

Managing Director KLP Asset Management

Håvard Gulbrandsen has a MSc in Management Sciences from the University of Warwick (1988), Master in Finance & Investments (1989) and is authorised financial analyst from 1992. His previous experience includes portfolio manager - fixed income in Storebrand Asset Management and Director of investments in DnB Investor AS. He joined KLP from the position of Head of Asset Strategies Equities / Head of Core Corporate Governance in the Bank of Norway Investment Management. He is Managing Director of KLP Asset Management since 1 September 2009.

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.

Kirsten Grutle

Executive Vice President HR and Internal Services

Kirsten Grutle was educated at the University of Bergen. She previously worked for Telenor, EDB Business Partner and Accenture. Ms Grutle joined KLP on 1 September 2011, having left Accenture Norge as Human Resources Director.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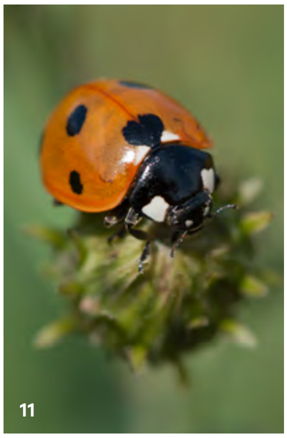
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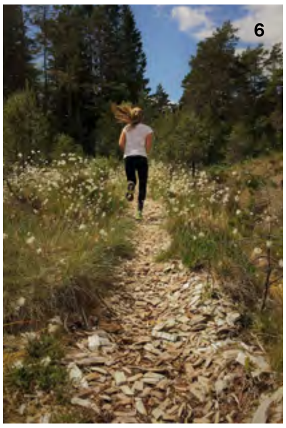
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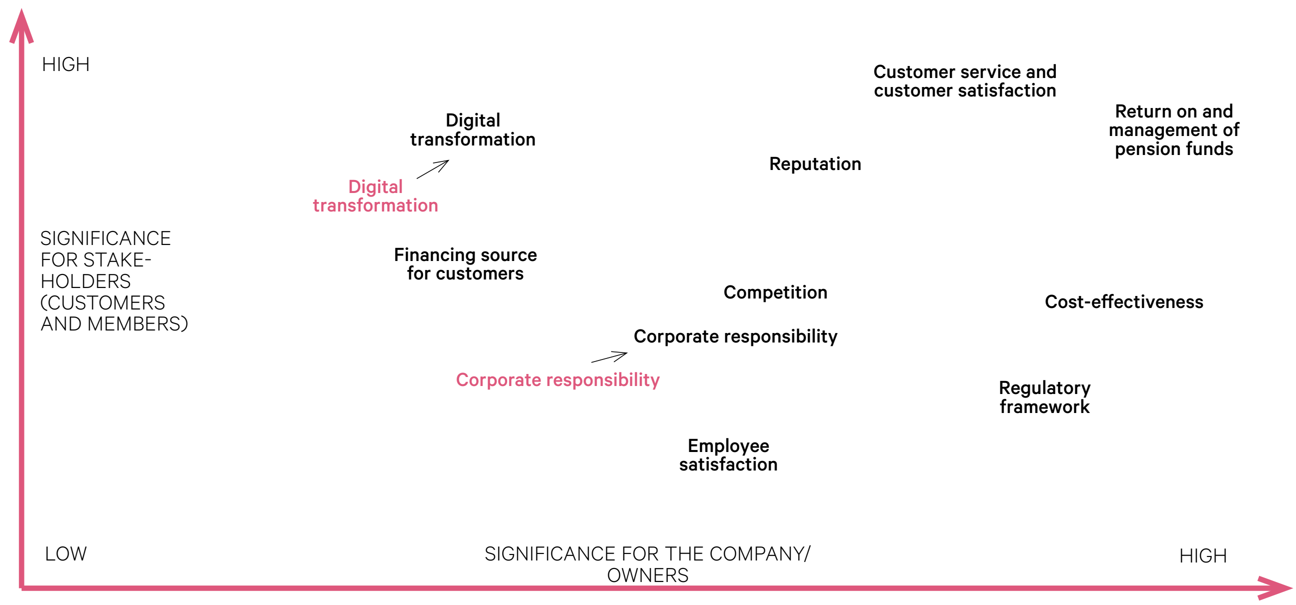
1. Vidar Stenseth, IT. **2.** Nils Fredrik Wisløff-Høgestøl, Communication and Marketing. **3.** Borghild Holtedahl, Life. **4.** Gordana Grøttjord. Banking. **5.** Karoline Baltzersen, Non-life insurance. **6.** Anders Eidsnes, Life. **7.** Anne Westad, HR. **8.** Anne Westad, HR. **9.** Nils Fredrik Wisløff-Høgestøl, Communication and Marketing. **10.** Nils Fredrik Wisløff-Høgestøl, Communication and Marketing. **11.** Øyvind Garsjø, Life. **12.** Renate Cecilie Abrahamsen, Life. **13.** Marianne Wright Pedersen, Non-life insurance. **14.** Elin Anne Pedersen, Life.

Materiality and vulnerability analysis

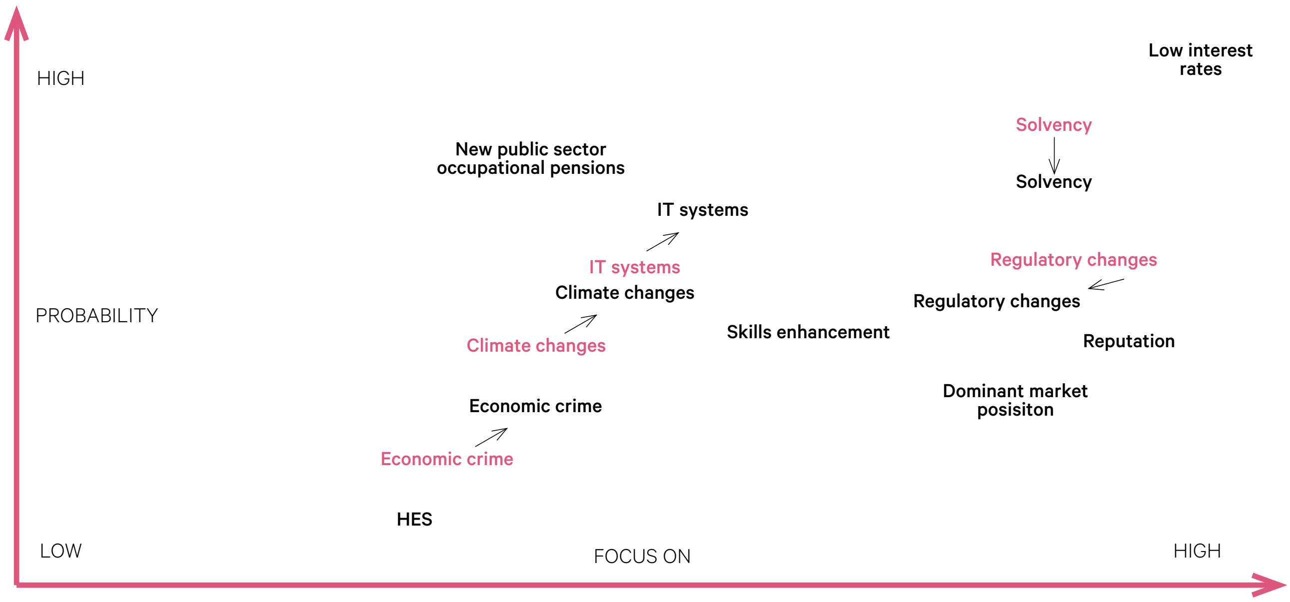
KLP does a review every year of topics that have a significant impact on the Company's customers and owners in a Materiality Analysis. These are important strategic topics that both the board of directors and the senior management work on through the year. The vulnerability map shows how certain risk topics impact on the Company. The arrows illustrate changes from the year before.

Significance



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

Vulnerability map



RISK	DESCRIPTION	MANAGEMENT
Low interest rates	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 aims to achieve stable good returns by maintaining an investment portfolio with moderate levels of risk. Solid buffers provide a good foundation for delivering guaranteed returns in the future, even at low interest rates.
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 posisiton	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.
New public sector occupational pensions	KLP's main product is public sector occupational pension. Changes in pension schemes for public sector employees will have an impact on the Company.	New public sector occupational pensions are being negotiated between employers and employee organisations. KLP is following developments closely.
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.
Skills enhancement	Technological developments and the changing needs of customers and markets will result in a reduced need for staff in some parts of our business and an increased need in others.	Through its skills strategy, KLP will develop its organisation in accordance with this and with the main objectives of KLP. The skills strategy shall give us control over what kind of skills KLP has, in both the short and the long term, and shall include a plan for how to fill the gap between the skills we have and the skills we need.

Photo: Anne Westad. HR.

The Employee Account

KLP is working purposefully on sickness absence and focusing on competency management and continuous improvement.

WORKING TOWARDS LESS SICKNESS ABSENCE

KLP's aim is to have less than 4 per cent sickness absence. Sickness absence in 2016 totalled 4.5 per cent as against 4.2 per cent in 2015. Long-term absence of more than 16 days was 2.7 per cent and short-term absence of less than 16 days was 1.9 per cent. There has been some increase in both short and long-term absence. However, KLP has less absence than the industry as such.

KLP is cooperating closely with the company health service and with NAV, the Norwegian Labour and Welfare Service, to prevent and follow up on sickness absence. The absence is analyzed on an ongoing basis and measures are prepared in cooperation with the managers
and the employee together.

STRATEGIC COMPETENCY MANAGEMENT

In 2016, KLP focused on strategic competency management, which means recognizing what the organisation needs in terms of competency so as to reach its short and long-term goals, and having a plan for how to remedy a lack of competency. This has been the topic of discussion at management gatherings and meetings. In 2017 the work is being followed up with concrete plans for each business area and associated measures.

ETHICAL GUIDELINES AND THE MEASURING OF COMPLIANCE

KLP's ethical guidelines and whistleblowing rules were brought up to date in 2016. A number of presentations and workshops related to this were carried out throughout the organisation, with particular focus on the changes and reflections on the content in general. New employees have ethics as part of the introduction programme.

In the fourth quarter 2016 we conducted a survey, «the Ethics Barometer», for the third time among all the employees. The main purpose of the survey was to bring out the knowledge of the ethical guidelines and how they are complied with, and a number of other internal rules and regulations that apply to the employees. Results, analyses and recommendations will be followed up in 2017.

MANAGER DEVELOPMENT – FROM WORD TO DEED

An important goal for KLP's manager development programme is to provide managers with attitudes, behaviour and competency so that they can implement changes and further develop employees, themselves, and KLP's business. The values and principles for good management at KLP are embedded and enhanced in the management model, and in 2016 we worked on relevant topics at management gatherings, in management groups, and individually. This cooperation will continue in 2017.

In 2017 we will continue the management programme for 24 managers as well as management gatherings and bespoke programmes for various management groups.

CONTINUOUS IMPROVEMENT WITH THE CUSTOMER AT CENTRE STAGE

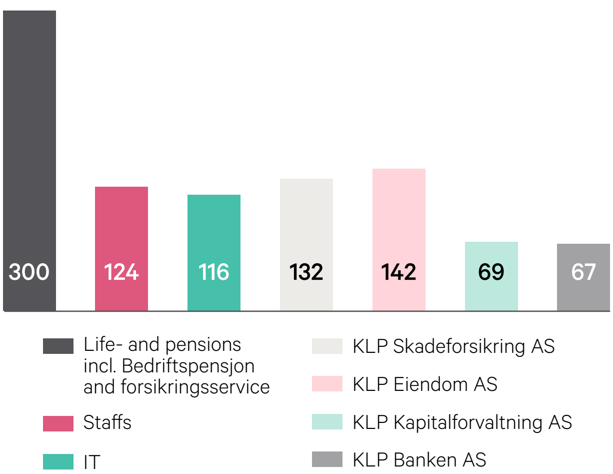
KLP will always deliver products and provide services to customer satisfaction. Every delivery is to be simple, effective and of high value to the customer. In 2016 we continued to carry out more improvement projects based on the Lean philosophy/methodology, where focusing on customers and their worth is key. By taking this approach we are experiencing very good results and will continue the work in 2017.

DIVERSITY AND EQUALITY

KLP wants to be an attractive workplace, where all employees are given equal opportunities, regardless of their age, gender, functional capacity, political standpoint, sexual orientation, gender identity, gender expression and ethnic background. In 2016 KLP organized the course " Rosa kompetanse" (Pink competency) under the auspices of FRI – The society for gender and sexual diversity. The idea was to give employees and managers good advice and perspectives on how to speak confidently about sexual orientation and sexual expression at the workplace.

In 2016 we carried out a project analyzing the equal pay situation at KLP. The result of that work, including proposed measures, was adopted by the Group Management and further work will be followed up by the Company's Equality and Diversity Committee in 2017.

Employees in the KLP Group



Employees in the KLP groups as at 31 December 2016

1. Liv Hokholt, Non-life insurance. **2.** Nils Fredrik Wisløff-Høgestøl, Communication and Marketing. **3.** Nils Fredrik Wisløff-Høgestøl, Communication and Marketing. **4.** Vidar Stenseth, IT. **5.** Anne Westad, HR. **6.** Liv Hokholt, Non-life insurance. **7.** Nils Fredrik Wisløff-Høgestøl, Communication and Marketing. **8.** Øyvind Garsjø, Life. **9.** Nils Fredrik Wisløff-Høgestøl, Communication and Marketing. **10.** Morten Larsen, Non-life insurance. **11.** Morten Larsen, Non-life insurance. **12.** Nils Fredrik Wisløff-Høgestøl, Communication and Marketing.

Risk management and internal control in KLP

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

A guideline for risk management and internal control has been adopted by the board of directors of KLP. Good risk management and internal control are intended to ensure that KLP can achieve its objectives by identifying and analysing relevant risks that could prevent it from reaching its goals, and by implementing effective measures to handle, control and report on the risks. Relevant risks and internal control measures should be assessed in all decisions on significant changes to the business.

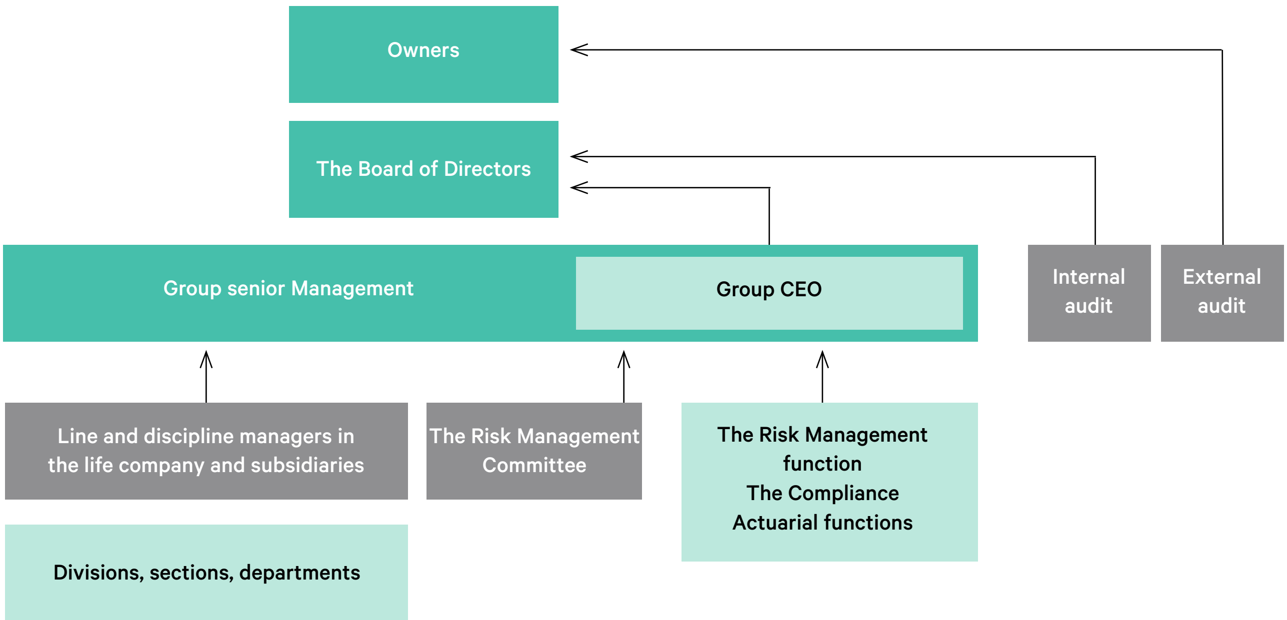
ROLES AND RESPONSIBILITIES

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

CONTROL FUNCTIONS

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

The company's internal audit group carries out independent assessments of actuarial, financial and operational risks. After discussion with the board of directors and the management, key risk areas are evaluated and tested with a view to satisfactory management and control. The internal auditors' reports and recommendations are presented to, and followed



First line of defence (risk owners)
Risk management as part of day-to-day processes and procedures (daily operation).
Responsible for ongoing risk identification, reporting, handling and internal control.

Second line of defence
Assistance to the first line.
Assesses, monitors, advises, quality-assures, quantifies/aggregates risk.

Third line of defence
Independent confirmation to the board of directors.

up by, the management and the board. Internal audit helps to give the board and top management confidence that the company has appropriate and effective processes in place for risk management, internal control and corporate governance. Internal audit submits an annual report to the board on KLP's system for risk management and internal control.

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

ROLES AND RESPONSIBILITIES

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

PROCESS

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

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

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

MONITORING

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

ORGANISATION AND IMPLEMENTATION OF FINANCIAL REPORTING

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

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

Norwegian Code of Practice for Corporate Governance (NUES)

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

KLP´s basic values are described by way of the company's vision of being "the best partner for the days to come" and the core values Open, Clear, Responsible and Committed. These provide shared goals and direction for KLP's progress and strategic priorities. The vision expresses the goals and ambitions of the business.

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

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

1. REPORTING ON CORPORATE GOVERNANCE
No deviation from the code of practice.

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

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

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

It has also drawn up ethical guidelines which cover things like confidentiality, impartiality and benefits, and a procedure for warning of possible breaches of these. KLP also has guidelines for equality and diversity.

2. BUSINESS
No deviation from the code of practice.

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

3. EQUITY AND DIVIDENDS
Deviation from the code of practice.

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

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

The board evaluates KLP's capital requirements on an ongoing basis, in the light of the company's objectives, strategy and risk profile. The board adopts an annual appropriation of profits which is designed to ensure that the company has sufficient financial strength. Any surplus that is not used to strengthen owners' equity shall be allocated to the customers' premium fund.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Deviation from the code of practice.

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

5. FREELY NEGOTIABLE SHARES

Deviation from the code of practice.

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

6. GENERAL MEETINGS

Deviation from the code of practice.

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

The notice calling the meeting and the support information on the resolutions to be considered, including the recommendations of the nomination committee, are sent to the elected delegates no later than 14 days before the meeting is to be held. This period is longer than the minimum requirement under the Companies Act, which is one week, but shorter than the recommendation that the notice calling the meeting and the support information should be made available on the company's website no later than 21 days prior to the date of the general meeting. The practice within KLP, however, is that an early reminder of the scheduled date of the general meeting is sent out to the delegates at the beginning of the year, and it is also mentioned at electoral and owners' meetings.

The point in the Code about making appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the company's corporate bodies is addressed by the meeting chairman first asking whether there are any proposals for other candidates and, if so, whether they can be dealt with together.

The chair of the board of directors, the group CEO, the chair of the Corporate Assembly, the nomination committee and the auditors are entitled and required to be present at the ordinary general meeting.

KLP's general meeting is opened and chaired by the chair of the Corporate Assembly.

7. NOMINATION COMMITTEE

Deviation from the code of practice.

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

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

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

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

The members of the nomination committee are elected for a term of two years. They may be re-elected twice.

The nomination committee provides written justifications for its recommendations The chair of the nomination committee also reports orally on these justifications to the bodies to which elections are being held.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS – COMPOSITION AND INDEPENDENCE

No deviation from the code of practice.

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

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

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

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

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

9. THE WORK OF THE BOARD OF DIRECTORS

No deviation from the code of practice.

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

The board has issued instructions for the board itself and the managing director. These were last revised in December 2016.

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

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

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

The board of directors held nine meetings in 2016.

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

10. RISK MANAGEMENT AND INTERNAL CONTROL

No deviation from the code of practice.

KLP has a well-established system of risk management and internal control adapted to the scope and nature of the Company's activities. The system for risk management and internal control is described in separate chapter. Internal control also includes the Company's basic values and guidelines on ethics and social responsibility. As of 2016, internal control related to the Company's ethical guidelines is included as a separate reporting item to the Board of Directors in connection with the Board's annual review of major risk areas and internal control.

11. REMUNERATION OF THE BOARD OF DIRECTORS

No deviation from the code of practice.

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

12. REMUNERATION OF EXECUTIVE PERSONNEL
No deviation from the code of practice.

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

KLP has no exchange-listed equity instruments and does not grant share options or bonuses to its staff.

The Company's guidelines on the remuneration of senior employees are presented to and adopted by the General Meeting.

More information on the remuneration of senior employees can be found in Note 30 to the annual report and on the Company's website (klp.no).

13. INFORMATION AND COMMUNICATIONS
No deviation from the code of practice.

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

14. TAKE-OVERS
Deviation from the code of practice.

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

15. AUDITOR
No deviation from the code of practice.

The external auditor is appointed by the Corporate Assembly and performs a financial audit. KLP has appointed PwC as its auditor.

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

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

KLP's Board of Directors has established guidelines on the purchase of additional services etc. from the auditor. The guidelines help to ensure that the independence of the auditor is maintained.

The auditor participates in the meeting of the Company Assembly at which the financial statements are discussed and in other meetings as required.

In 2016, the board of directors had one meeting with the external auditor without the administration present.

The Board's Audit Committee held three meetings with the auditor without the participation of the management.

The remuneration of the auditor is determined by the General meeting.

Statement in accordance with section 3-3b, second paragraph of the Norwegian Accounting Act

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

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

1. The principles for KLP's corporate governance have been prepared in accordance with Norwegian law, and they are based on the Norwegian Code of Practice for Corporate Governance published by the Norwegian Corporate Governance Board (NUES).

2. The Norwegian Corporate Governance Board's Code of Practice is available at www.nues.no.

3. Any deviations from the Code of Practice are commented on under each section in the statement above.

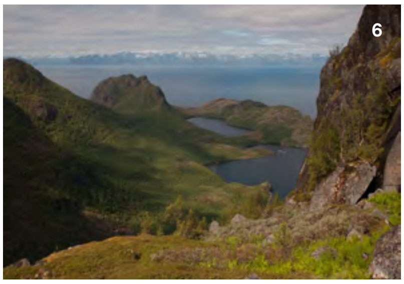
4. A description of the main elements of KLP's systems for internal control and risk management related to the financial reporting process is discussed in section 10 above.

5. Provisions in the Articles of Association that refer to the provisions in chapter 5 of the Norwegian Public Limited Companies Act with regard to the general meeting are discussed in section 6 above.

6. The composition of the governing bodies and a description of the main elements in the current rules of procedure and guidelines can be found in sections 6, 7, 8 and 9 above.

7. The provisions in the Articles of Association that regulate the appointment and replacement of board members are discussed in section 8 above.

8. Provisions in the Articles of Association and authorisations granting the board the authority to buy back or issue the Group's own shares are discussed in section 3 above.



1. Mona Henjesand, Training department. **2.** Vidar Stenseth, IT. **3.** Marianne Wright, Non-life insurance. **4.** Nils Fredrik Wisløff-Høgestøl, Communication and Marketing. **5.** Øyvind Garsjø, Agreement management. **6.** Øyvind Garsjø, Agreement management. **7.** Nils Fredrik Wisløff-Høgestøl, Communication and Marketing. **8.** Nils Fredrik Wisløff-Høgestøl, Communication and Marketing. **9.** Karoline Baltzersen, Non-life insurance. **10.** Øyvind Garsjø, Agreement management. **11.** Marianne Wright, Non-life insurance. **12.** Karoline Baltzersen, Non-life insurance. **13.** Anders Eidsnes, Invoice and payment. **14.** Nils Fredrik Wisløff-Høgestøl, Communication and Marketing. **15.** Vidar Stenseth, IT.


Photo: Razvana Ali. Non-life insurance

Annual Report

Annual Report 2016

Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP) in 2016 achieved good results providing customers with profits while at the same time consolidating the Company's financial strength.

The value-adjusted return amounted to 5.8 per cent. Book return was 4.4 per cent. This is well over 2.6 per cent, which is the return the Company promised its customers.

KLP's efforts for the customers' employees have produced good results and contributed to growth for the subsidiaries.

The Company's solvency is strong and the solvency ratio (SCR) was 209 per cent at year-end.

Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP) is the parent company in the KLP Group. KLP was set up by and for the public sector to comply with that market's need for occupational pension schemes. Its head office is in Oslo.

A good financial result with a 5.8 (4.0) per cent value-adjusted return and a book return of 4.4 (3.6) per cent in the collective portfolio leaves room to add surplus funds to the customers' premium fund, while strengthening the buffer capital. The 4.7 (4.7) per cent return on the corporate portfolio strengthened the Company's financial strength.

Profits for the insured customers amounted to NOK 8.3 (20.7) billion, of which NOK 4.0 billion has been used to strengthen the supplementary reserves, while NOK 4.3 billion was transferred to the customers' premium funds. The Company's profits make up NOK 2.9 (4.5) billion, of which NOK 0.5 billion was allocated to the risk equalisation fund and NOK 2.3 billion to other owners' equity.

The buffer capital in the form of supplementary reserves and securities reserves has increased by NOK 11.0 billion through 2016, totalling NOK 52.8 billion.

1) Figures in brackets are for 2015.

THE GROUP'S PROFITS

The Group's comprehensive income produced a surplus of NOK 2.9 (4.5) billion.

The Group's owners' equity increased by NOK 4.2 billion to NOK 27.8 billion in the course of 2016. In addition to the profit for the year of NOK 2.9 billion, NOK 1.3 billion was paid in in 2016 as owners' equity contribution.

The Group's combined total assets increased by NOK 52.9 billion to NOK 596.1 billion by the end of 2016. The increase was mainly due to growth in the pension customers' fund as a result of new pension benefits earned and good profits.

The profit contribution from the subsidiaries (before tax) in MNOK was as follows:

MNOK	2016	2015
KLP Banken Group	91	50
KLP Skadeforsikring	255	183
KLP Bedriftspensjon	-28	-24
KLP Kapitalforvaltning	18	46
KLP Forsikringsservice	0	0

THE PARENT COMPANY'S PROFITS

KLP is both the operative company for the Group's main business, which is public sector occupational pensions, and the Group spearhead that owns the operative subsidiaries within the area of the Group's other activities. The customers within the public sector occupational pension segment are the owners of the mutual company. This means that all value creation in the Group will benefit the customers in the public sector occupational pension segment, both directly by way of adding profits, and indirectly by strengthening the company's equity and solvency.

The profits for the year are characterised by the following:
— Good returns on equity and property investments
— Higher interest rates
— Satisfactory margins in insurances risk
— Write-down of IT-investments and sharpened activation practice
— Increased valuation reserves
— Good solvency
— Profitable growth in the subsidiaries

MNOK	Profit for customers	Profit for the Company	Total 2016
Returns	7 944	150	8 094
Risk result	394	390	784
Guaranteed interest premium		690	690
Administration result		-51	-51
Net income from corporate portfolio		945	945
Tax		773	773
Other comprehensive income		-24	-24
Total profit	**8 339**	**2 874**	**11 213**

The corporate portfolio, which is mainly made up of KLP's Tier 1 and Tier 2 capital invested in bonds, ownership of subsidiaries, and the Company's head office, obtained a 4.7 per cent return in 2016.

Total book profits assigned to other comprehensive income before allocation between pension customers and the Company, amounted to NOK 11.2 (25.2) billion in 2016.

Risk result

The risk result is an expression of how the development of mortality and disability in the insured population has been relative to expectations at the annual determination of the premium.

Risk developments were as expected. The risk result was NOK 784 million and was basically due to developments in mortality.

Administration result

The administration result shows a loss of NOK 50 million as against a profit of NOK 264 million in 2015. The fall is mainly due to non-recurring items related to write-downs of previous IT investments, but also stricter practice for activating IT development costs.

KLP enjoys the advantage of economies of scale as a result of its large market share of public sector occupational pensions, making it possible to maintain good service at competitive prices. The Company's clear ambition is to continue streamlining operations by automating and simplifying the processing of pensions in the coming years.

Returns

The financial income from customer assets was NOK 24.7 (15.5) billion, which equals a return of 5.8 per cent. Of this, NOK 6.9 billion is associated with unrealised appreciation of current financial assets, allocated to the securities adjustment fund. The remaining financial income of NOK 17.8 billion, 4.4 per cent, exceeded the guaranteed return of NOK 9.7 billion, or 2.6 per cent, by a generous margin.

Financial income from customer assets amounted to NOK 24.7 (15.5) billion, which is the equivalent of a 5.8 per cent return. Of this NOK 6.9 billion was associated with unrealised appreciation on current assets that was set aside for the securities adjustment fund. The remaining financial income of NOK 17.8 billion, which equals 4.4 per cent, exceeds the guaranteed return, representing NOK 9.7 billion or 2.6 per cent, by a good margin. Thus the returns result amounts to NOK 8.1 (2.1) billion.

Allocation of income

MNOK	Profit for customers	Profits for Company	Total 2016
To supplementary reserves	4 011		4 011
To premium fund	4 324		4 324
To buffer reserves	4		4
To risk equalisation fund		543	543
To owners' equity fund		2 331	2 331
Total allocations 2016	**8 339**	**2 874**	**11 213**
Total allocations 2015	20 650	4 519	25 169

Customer profits for the year ended at NOK 8.3 billion. This was applied to strengthening the customers' supplementary reserves by NOK 4.0 billion, whilst NOK 4.3 billion was transferred to the customers' premium fund.

The Company's profit for the year was NOK 2.9 billion, of which NOK 0.5 billion was allocated to the risk equalisation fund and NOK 2.3 billion to other retained earnings.

Solid buffers provide a basis for continuing to achieve good returns despite low interest rates. This allows for an investment policy with a long-term perspective aiming at stability and predictability. Therefore, the Board of Directors is pleased that customer profits this year allows for prioritising a further strengthening of the financial buffer capital by building supplementary reserves and securities reserves, while at the same time it has been possible to channel part of the profits to the customers via the premium fund.

The KLP Board of Directors reckons that the income statement and the balance sheet for 2016 with notes, the statement of cash flows and the statement of changes in equity provide good information on operations over the year and the Company's financial position at year-end. The financial statements were presented in accordance with the continued operation assumption and confirm such an assumption. The Board of Directors considers the risk related to the Company's business as justifiable. KLP's financial statements have been presented in accordance with the Annual Accounts Regulations for life insurance companies. The Group financial statements have been presented in accordance with IFRS/IAS, which is approved for use in the EU/EEA.

AREAS OF OPERATION

Pensions

Public sector occupational pensions

Pension schemes within the public sector are offered and administered by the Group parent company, KLP. Of the Group's total assets of NOK 596.1 billion, NOK 462.5 billion is pension assets belonging to this customer group.

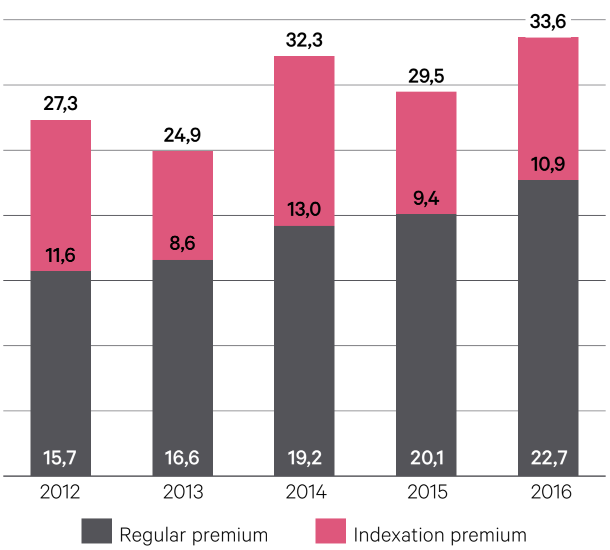
Competition

KLP is dominant in the public sector occupational pensions market, insured scheme. In recent years, other providers have withdrawn from this market and today competition is played out by customers being able to choose to set up their own pension fund or join an intercontinental pension fund outside of KLP. KLP offers administration of pension funds through its subsidiary KLP Forsikringsservice AS.

There is an ongoing reform of municipalities and regions in Norway, the objective being to merge them into fewer and larger units. This could mean that administration of pension schemes is put on the agenda, particularly in municipalities and regions where one of the parties has its own pension fund. This could mean that some choose to discontinue the pension fund in order to join an insured scheme with KLP, and that some leave the insured scheme with KLP and join a pension fund. It is still early days to predict the outcome, but for the moment the scope seems to be limited seen in relation to the balance sheet of KLP.

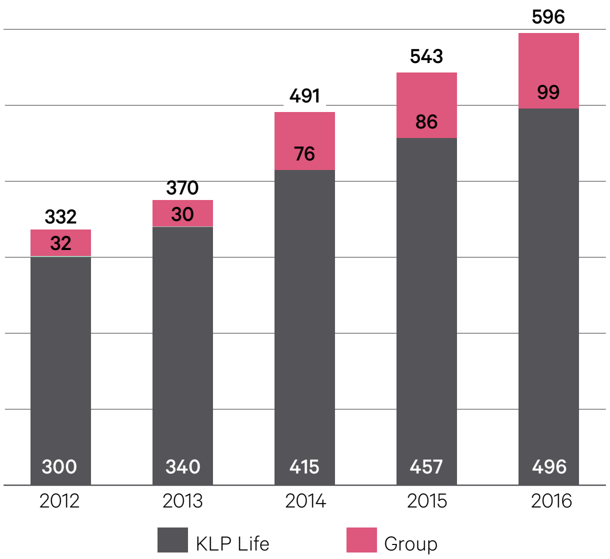
Premium income

NOK BILLION



Total assets

NOK BILLION



Investments in the collective portfolio are distributed between the different categories of financial assets as the table below shows:

NOK BILLIONS	Allocation 31.12.2016[1]	Return 2016	Allocation 31.12.2015	Return 2015
Shares	91.3	7.3 %	80.2	6.0 %
Short-term bonds	90.9	3.5 %	85.9	2.0 %
Liquidity/money market	40.2	1.7 %	33.0	0.9 %
Long-term/HTM bonds	121.9	4.3 %	111.5	4.5 %
Lending	52.7	2.4 %	51.0	2.7 %
Property	56.9	12.5 %	52.9	11.0 %
Total	**453.9**		**414.6**	

[1] The figures appearing in the table show net exposure, whereas the official balance sheet figures from the financial statements are presented gross. Therefore, there may be deviations between the figures in this table and the financial statements.

Good results and a high level of solvency over time and customer satisfaction, have helped strengthen KLP's position in the public sector occupational pensions market.

Operations and management

Continued organic growth in KLP's portfolio is expected as a result of growth in employment for the customers. This in turn will lead to an increase in the cohorts taking out pensions going forward.

Timeliness and quality in the processing of pensions are among KLP's most important tasks. A great deal of effort is being put into maintaining and improving KLP's good quality in the services it provides going forward, both through systems development and continuous improvement of work processes. It is therefore gratifying to establish that customer satisfaction surveys confirm that KLP's customers are satisfied.

KLP's objective is to consistently streamline operations and lower costs. The Company's aim is to get down to a cost ratio of 0.22 percent by the end of 2019. Due to extraordinary write-downs of existing IT systems and increased cost accrual within the same area, costs in 2016 were NOK 257 million. Write-downs and cost accrual led to an increased cost ratio in 2016 from 0,23 per cent to 0,30 per cent.

Altered market conditions make KLP have to think anew when it comes to who to compare itself with. Pension funds will be a natural part of that picture. There is considerable variation among municipal pension funds when it comes to sise, capitalisation, risk profile and investment options. This means that there is a fair amount of variation in the results of the various funds, and consequently it is difficult to find others that are easily comparable.

KLP's objective is to provide long-term, competitive returns on the customer portfolios, and stable returns on the corporate portfolio. They is going to be achieved by spreading the investments on different asset classes and geographical areas.

Private sector occupational pensions

KLP offers private sector occupational pensions, including management of pension capital certificates through the subsidiary KLP Bedriftspensjon AS. KLP Bedriftspensjon AS's primary market is enterprises associated with the public sector. The company also has customers in the private sector. The inflow of customers is good and the company is able to show good volume growth. Total assets increased by NOK 628 million through 2016 to NOK 3.6 billion.

KLP Bedriftspensjon AS concluded agreements with 386 new corporate customers on defined contribution pensions in 2016, 18 per cent of which accounted for inflows from other life insurance companies. There were 31 customers who moved from KLP Bedriftspensjon AS. During 2016 the company had an increase of as much as 180 per cent in inflows of pension capital certificates. A total of NOK 185 million has been transferred from other companies and the new premiums volume is NOK 80 million.

The private sector occupational pensions market is characterised by keen competition, particularly in the major companies/businesses segment. The company has improved its products in order to strengthen its competitive position in the market.

The company's comprehensive income was NOK minus 27.6 (- 23.7) million.

The company applied to the FSA (Financial Supervisory Authority of Norway) to spend seven years as from 1 January 2014 building up reserves to the new calculation base K2013. When recalculating to the new calculation base as at 1 January 2015, the total reserve requirement was NOK 92 million. KLP Bedriftspensjon must cover a minimum of 20 per cent of the total premium reserve requirement. As at 31 December 2016 KLP Bedriftspensjon had set aside the entire reserve requirement of NOK 92 million for building up reserves. This means that all contracts are fully reserved in accordance with the calculation base K2013 four years before the deadline.

Non-life insurance

KLP Skadeforsikring AS is a major provider of non-life insurance for municipalities and county administrations. The company also has a large number of enterprises associated with the public sector and other selected groups, in addition to a growing portfolio of retail market customers.

KLP Skadeforsikring AS achieved a pre-tax profit of NOK 255.4 (173) million for the year. Dissolved reserves associated with previous insurance years had a positive effect of NOK 118.8 million on the profit for the year. Financial returns for the year accounted for 6.1 per cent, which is considered to be good. It was particularly the market value adjustment of the company's property investments that made a positive contribution to the returns.

Five claims of more than NOK 10 million were reported, and the total claims provision was NOK 135.7. The general picture of the claims costs is nevertheless positive, and the company's total loss ratio was 75.9 per cent for the year. If one disregards reserve adjustments of claims incurred before 2016, the loss ratio was 86.2 per cent, of which the loss ratio for the Public sector/Corporate market was 89.8 per cent, and for the Retail market it was 79.2 per cent.

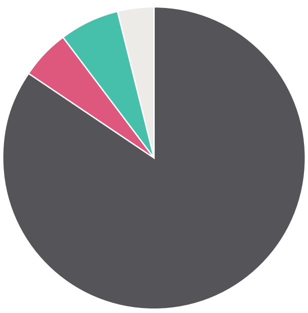
Banking

KLP's banking is carried out by the sub-group KLP Bankholding through the following companies: KLP Banken AS, KLP Kommunekreditt AS, and KLP Boligkreditt AS. The KLP Banken Group's objective is to finance and manage mortgages and loans extended to municipalities, county administrations and companies that carry out public tasks, as well as banking services for the private segment. The bank's objective is to offer good and user-friendly financial services at a low price, for the benefit of customers and their employees.
In addition, KLP Banken manages lending portfolios for KLP's collective portfolio

KLP Banken offers lending and deposit products that are adapted to the target group in the public sector and that are aimed at people associated with KLP's pension schemes. The Group's total lending management at the end of 2016 was NOK 82.4 billion. Of this, NOK 30.0 billion was financed by the banking group, the remaining part being financed by KLP. NOK 15.9 billion of the lending was for mortgages to private individuals, and NOK 66.5 billion was for public enterprises and companies. The bank's lending balance increased by NOK 3.6 billion in 2016.

The bank manages mortgages on its own balance sheet and through KLP Boligkreditt AS. In addition, housing loans/mortgages are managed for the parent company KLP. The mortgage portfolio developed well in 2016 as well, with an all-time high growth of NOK 1.8 billion.

Contractual Insurance Liabilities



Preium Reserve NOK 381 billion

Supplamentary Reserves NOK 24

Securities adjustment fund NOK 28 billion

Other provisions to insurance funds NOK 17 billion

Separate investment portfolio comes in addition
(NOK 2.2 billion)

The KLP Group's lending business for the public sector is run by KLP Banken AS. On the bank's own balance sheet loans to public sector borrowers are registered with it subsidiary KLP Kommunekreditt AS. KLP Banken also manages loans to the public sector on behalf of KLP. The total lending volume to the public sector increased by 3.7 billion in 2016, of which the NOK 1.7 billion increase is on its own balance sheet.

KLP Banken AS carried out a share capital increase of NOK 250 million in December. The bank's strong growth in lending combined with the authorities' increased capital requirement meant that the bank had to limit further lending growth on its own balance sheet towards the end of 2016. The core capital adequacy ratio for the applicable capital requirement including capital buffers represented 11.5 per cent, and the capital adequacy ratio was 15.0 per cent. In addition to this, the bank received a Pillar II supplement from the FSA of 2.1 per cent, which is to form part of the bank's capital target. The bank also wants a buffer of minimum 0.5 per cent in excess of the actual capital requirement for Pillar I and Pillar II risks of 0.5 per cent, which means that the bank's capital target is 17.6 per cent. At the end of 2016 the capital adequacy ratio was 19.0 per cent.

The KLP Banken Group's pre-tax profit and other comprehensive income amounted to NOK 91.2 million. The corresponding figure for 2015 was NOK 49.5 million. The return on the bank's equity capital was 6.1 per cent before tax.

Asset management

KLP Kapitalforvaltning AS is the Group's securities and fund management unit. In total, NOK 442 billion was managed by the end of 2016. The bulk of the assets are managed by KLP and its subsidiaries in the KLP Group. As from 2015, asset management accounted for an additional NOK 43 billion. Net inflows to KLP's securities fund from external investors and retail customers made up NOK 6 billion in 2016. All in all, KLP Kapitalforvaltning manages NOK 54 billion for customers outside of KLP. The management mandates are won in competition with both Norwegian and foreign managers.

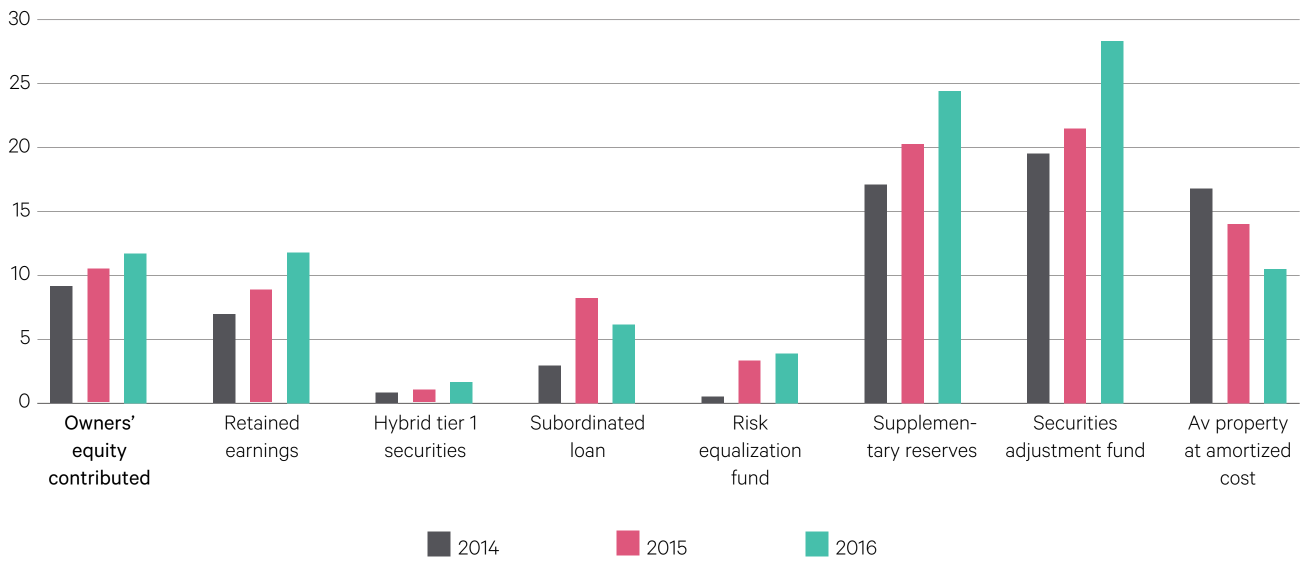
KLP Kapitalforvaltning AS achieved a pre-tax profit of NOK 18.2 million for 2016.

Property

All management and development of the KLP Group's own properties is carried out through the wholly-owned subsidiary KLP Eiendom AS, which is one of Scandinavia's largest property companies with operations in Norway, Sweden, Denmark, and the UK. The KLP Group's properties have good locations, high building standards and effectively utilise the space available. The property company attaches importance to energy saving and the environment, and has ISO 14001 environmental management certification in Norway, Sweden and Denmark.

Solvency capital

NOK BILLION



The property portfolio has grown substantially in recent years and makes up 12.5 per cent of group assets. The investments in property contributed with good returns.
The property market has had a positive development during 2016, which is reflected in the downward adjustment in the general returns requirement. At the same time rental prices at largely has had a positive development during the year – particularly in Stockholm.

Property management is only done on behalf of group companies and thus has primarily contributed to returns on invested capital for life insurance customers. Business return on property was 12.5 per cent in 2016.

Consulting and services

KLP Forsikringsservice AS offers insurance-related services to municipal and county administration pension funds. These services are based on expertise and systems developed for KLP's pension activity.
KLP Forsikringsservice has developed a new concept for the provision of a broad range of services for municipal pension funds. Based on this, offers will be made to pension funds that put pension fund services out to tender.

KLP Forsikringsservice is currently the responsible actuary for nine pension funds established by municipalities or county administrations, and one pension fund set up by an energy company.

FINANCIAL SOLIDITY AND CAPITAL MATTERS

KLP's strong growth combined with low interest rates and the introduction of stricter capital requirements under Solvency II in 2016 requires financial solidity.

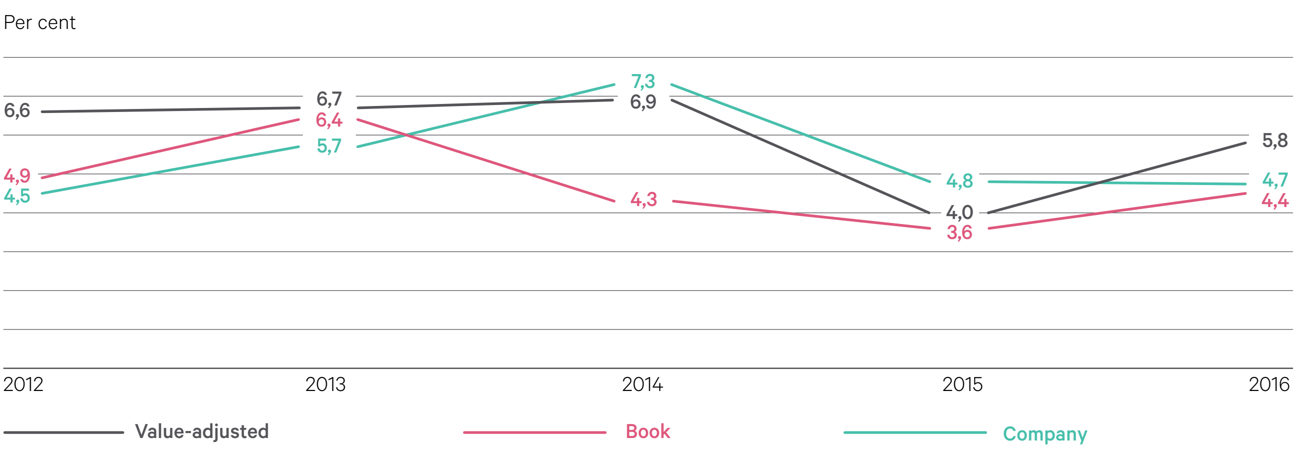
The FSA has approved that KLP's statutory right to call in capital in arrears and may be included as supplementary capital in an amount corresponding to 2.5 per cent of the Company's premium reserve, or NOK 9.6 billion by the end of 2016. This is included as capital in the solvency calculation under Capital Group 2. The calculation methodology is approved for four years to start with, up to and including 31 December 2019. The Company has more capital than that which can be used in the calculation, so when subordinated loans in the amount of 300 million Euros were redeemed in April 2016 it did not reduce in the solvency coverage (SCR).

KLP's perpetual subordinated loans and subordinated loans meet the regulatory capital requirements under Solvency II. One of the subordinated loans (9.5 million JPY) has the first redemption option in October 2017.

The Company's owners' equity was strengthened by NOK 2.9 billion brought in from the profits for the year, and by additional equity of NOK 1.3 billion having been called up.

KLP's financial solidity is assessed at A2 by Moody's Investor Service and at A- by Standard & Poor's. Both agencies have

Book and value adjusted return common portfolio



adjusted their outlooks upward from negative to neutral. KLP has ended its rating relationship with Fitch Ratings following an overall assessment of the costs related to external rating.

Solvency developments

At the start of 2016, KLP had solid buffers and solvency. KLP has fully built up its reserves in accordance with the K2013-tariff, which gives the Company plenty of room for manoeuvre for further solvency building.

In the course of 2016 the securities adjustment fund grew by NOK 6.9 billion to NOK 28.3 billion. Supplementary reserves increased by NOK 4.1 billion to NOK 24.4 billion. In total, the securities adjustment fund and supplementary reserves make up NOK 52.8 billion. This equals more than five years of guaranteed returns and helps to ensure stable results going forward, even with the current low interest rate environment.

Solvency II was introduced with effect from 1 January 2016 and the calculation of the solvency margin has changed completely in parallel to the capital adequacy and core capital adequacy requirements lapsing. On the Solvency II balance sheet assets and liabilities are included at fair value. For assets that have another valuation in the accounts, the value is adjusted so that it represents fair value on the Solvency II balance sheet. When it comes to KLP's insurance liabilities there are no observable market values. These are therefore calculated at best estimate based on actuarial criteria. In addition there is a risk margin that is to reflect a third party's capital costs in the event of that party taking over these liabilities.

The basic capital (capital group 1) appears on the Solvency II balance sheet. Supplementary capital (capital group 2) consists of subordinated loans, risk equalisation funds and non-paid-in supplementary capital. This is capital that can be included in capital group 2, which is limited upward to 50 per cent of the capital requirement (SCR).

Without the use of transitionary rules the Company's capital adequacy under Solvency II is 209 per cent. With the transitionary arrangement for technical provisions is used, capital adequacy is 304 per cent. The capital adequacy is thus well over the target figure KLP has defined as 150 per cent. The authorities require 100 per cent.

Risk

Controlling and managing risk is a prerequisite for good value creation and security for the pension assets. To identify, assess and manage the risk factors associated with both insurance and financial management is therefore a very important part of KLP's business. The risk scenario is monitored within the individual operating units and is assessed both by company and combined at Group level.

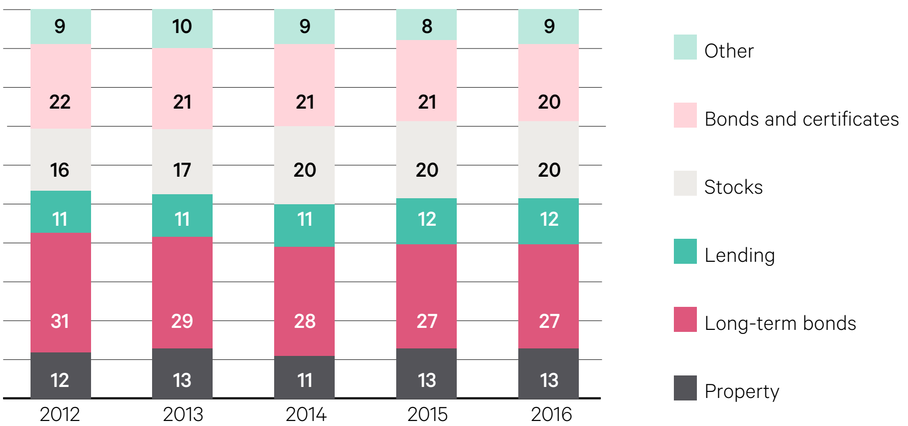
KLP conducts its Own Risk and Solvency Assessment (ORSA) annually. The Company's risk and solvency position is considered to be good on all counts. The control functions for risk management and actuarial functions are gathered in the Risk Management and Control section.

Insurance-related risk

KLP's main activity is public sector occupational pension.

Allocation common portfolio

ASSETS (% of financial assets)



What characterises this class of pension is predictability and, to a limited extent, single events which may materially impact on the results (profit/loss). As far as KLP is concerned, developments in disability frequency and longevity could impact the risk scenario.

As from 1 January 2014 all Norwegian life insurance companies and pension funds incorporated new criteria in respect of the longevity tariff K2013.The changes were aligned with observed mortality in the insured populations up to and including 2009, as well as expected increases in longevity going forward in accordance with SSB's extrapolations. KLP uses a somewhat stronger tariff than K2013 for the Pension scheme for nurses and the Pension scheme for hospital doctors, since the longevity of insureds in these schemes has been observed over a longer period of time than that of other groups. The margins in the criteria for longevity are perceived to continue being reassuring.

KLP introduced new disability tariffs with effect from 1 January 2015 in line with the experiences related to risk in recent years. As from that date, disability benefits in public sector occupational pensions were adapted to the new National Insurance disability benefit. The latter reduces the occupational pension scheme's disability benefits considerably, while at the same time National Security benefits for the disabled increase substantially. New disability tariffs reflect a lower disability frequency than before, which draws down premiums and premium reserves for a specific benefit.

Returns risk

KLP guarantees an annual minimum return on the management of the customers' pension assets associated with defined benefit pension schemes. In return for putting up such a guarantee KLP can demand an annual interest guarantee premium, determined by KLP's solvency, the investment risk KLP is taking, and developments in interest rates in general. The interest guarantee premium is priced anew every year, which helps limit the risk associated with the return guarantee. Thanks to the good solvency that has been built up it will be possible to keep the interest guarantee premium at a low level.

Financial risk

Every year KLP prepares a strategy for how to invest the pension assets. The investment strategy places emphasis on exploiting the Company's risk-bearing ability within a framework that indicates stability and a long-term perspective in the management of the assets. It defines frameworks for different financial risks such as credit risk, counterparty exposure, foreign exchange risk, the use of derivatives, and liquidity risk. A credit policy for the Group has been stipulated, and credit lines for total exposure to the individual counterparties are laid down by the Group's credit committee.

The financial risk is monitored on an ongoing basis to ensure that risk is adapted to risk capacity within the limits set by the investment policy. With the current low interest rates no greater risk will be taken than for the Company to be able to tolerate several years of weak returns without losing the ability to take financial risks.

The responsibility for operational risk management and asset allocation is held by a separate organisational unit, Strategic asset allocation. This unit governs KLP's management policy through mandates and ensures that the asset management is within the limits set by the Board of Directors. An independent control unit under the CRO (Chief Risk Officer) is responsible for supervising and reporting whether the management of the Company's assets is being carried out within set limits, applicable mandates and guidelines provided by the Board of Directors.

Liquidity risk

KLP has good liquidity with a substantial holding of liquid assets that can be realised at short notice. The net cash flows from operating activities contain premium payments to cover liabilities maturing several years into the future.

Operational risk

KLP's operational risk is associated with undesirable events resulting from failure in the internal work processes, mistakes made by staff, malpractices and crimes or external incidents. All processes in the entire value change are subject to various kinds of operational risk. KLP has established routines for identifying, monitoring and implementing whatever measures are required to reduce the risk of undesirable incidents occurring.

The Group executive management reviews substantial risks in the business, and these are delegated with ownership to a executive employee in the Group executive management. The Board of Directors annually processes risk assessments with documentation of established management and control measures as well as a total risk overview. Procedures have been established for independent checks and reports at different levels. Tasks and functions are distributed so that conflicts of interest are avoided and responsibilities are made clear.

Risk management and control

The primary responsibility for risk management lies in the first line, which is made up of managers and staff in the business areas. The compliance, risk management and compliance functions are defined as second-line functions in KLP. The second line monitors, assesses, advises on, aggregates and reports on the risk situation. The third line of defence includes independent confirmation from internal audit that the first and second lines of defence are working properly, and assures the board that the model is robust. The three lines of defence are supplemented by feedback from the external auditors to the company's owners on the quality of the company's risk management system as part of KLP's organisation of risk management and internal control. A further description of the Company's compliance with good governance is included in the Annual Report on page 36 (NUES).

Communication and marketing
In 2016 KLP intensified the work of positioning the Company as a different and responsible financial player. The year started off with a nationwide campaign based on KLP's history of why the Company came to be and who the Company is there for. KLP has launched a new visual profile to improve digital communication with its owners, customers and their employees. The Company also launched the campaign «KLP takes care of what is worth taking care of» ("KLP tar vare på det som er verdt å ta vare på"), where considerable attention was devoted to members and the important professional and vocational groups they represent in Norway. It was measured that this campaign impacted on the target groups' positive impression of KLP. In the course of 2016 there was considerable activity in KLP's customer communication project based on the importance of our dialogue with our customers being easy to grasp and understand. The work has yielded tangible results, with KLP having become a pioneering enterprise. In this connection KLP has also had a key role in Finance Norway's (organisation for the financial industry in Norway) plain-language project «Out of the fog».

Focus on technology and digitisation
Society and working life are increasingly influenced by digitisation and automation. People, processes, intelligent IT systems and physical environments are connected and able to interact in new ways. KLP will try out new solutions to exploit digital possibilities for better operations and customer functionalities. KLP wishes to develop services, content and functionality in all digital channels in line with Group policy. At the forefront with customers, the Company shall improve content and information to make a user-friendly and relevant impression on our customers and their employees when meeting with KLP. One element of this is robotisation, where all forms of automation technology, including those that carry out intellectual or physical tasks are considered. Our customers and KLP will get more effective solutions in their everyday lives.

At the end of 2016 KLP had recognised write-downs of NOK 174.2 million of previously capitalised IT systems. This relates to investments carried out between 2009 and 2015. It basically applies to purchases that no longer have value, associated with outdated functionality, changes of rules and technological developments. In addition, part of the development has not resulted in goodwill as assumed.

To improve security and functionality in current systems, and to adapt future needs to new solutions, the Company is now strengthening its resources within the area of IT.

Internal audit
The Company's independent internal audit carries out assessments of business-related, financial and operational risks. Following a dialogue with the Board of Directors and Management assessments are made and tests carried out of significant areas at risk with respect to satisfactory management and control. The outcome, and any recommendations for necessary measures to be implemented, will be submitted to the Board and Management, and followed up.

Social responsibility
KLP is a member of UN Global Compact. This means that KLP works for compliance with human rights and worker rights, and for a cleaner environment and less corruption. KLP has also signed the UN principles for responsible investment. By incorporating social responsibility into the KLP Group's overarching strategy and business plan implementation of these international obligations is secured. Detailed guidelines and related procedures within the areas of ethics, investments, the environment and procurement are examples of the implementation. KLP's work on social responsibility goes on in all the Group's business areas and is clearest to the outside world through our investments.

A large part of the work associated with the green shift - to be joining in on the world reaching the two-degree target – is taking place first and foremost through a desire to contribute to a transition from fossil fuels to renewable energy. To KLP this is part of the joint effort with the Government and Norwegian business and industry to attain the UN sustainability goals.

Since KLP ruled out investment in coal in 2014, more than 70 coal companies have been excluded from the investments, while at the same time NOK 850 million is earmarked for investment in renewable energy in developing countries. From a financial perspective the exclusion of coal has contributed to a positive deviation in returns. This means that the companies KLP have excluded have done worse in general than the market as such. This is reflected in the market development for coal.

KLP's decision to increase investment in new renewable energy in developing countries has been both exciting and demanding. Investing in solar energy has minimal impact on nature, has a relatively simple building process and only takes a short time from when the solar park is built until the project generates electricity and income.

The investments are made on commercial terms and conditions with high return requirements since the investments represent high risk. The political risk, the corruption risk and the risk of human rights breaches is higher in developing countries than in established markets. At the same time, the investments are not easily tradeable compared with listed shares and bonds. Although the risk is higher, in this case KLP is involved in investing in projects that bring new renewable energy to markets in which coal and fossil fuels are often the alternative. KLP is involved in providing access to pure energy that lifts people out of poverty while the projects create good workplaces for the local population.

KLP is often asked whether it would not be possible to withdraw all investments in oil and gas companies and only invest in renewable energy. However, fossil energy constitutes too big a part of the investment universe for that to happen.

Should a major investor like KLP withdraw completely from companies that get part of their revenues from fossil energy, the consequence would be that KLP would not be involved in investing in the work those same companies carry out in connection with renewable energy and the green shift. It is a matter of managing and developing values for future generations and those entitled to pensions in the future.

As far as KLP is concerned, social responsibility also means working with professional pride and work enjoyment with our customers and owners. Neither is it in the interests of KLP, our customers or society as such for people to be off sick or on their way to becoming disabled. One important element in contributing to lower absence is being happy at work. KLP spends time on this through various projects together with our customers and owners. Examples are training in loss prevention work, fire protection, and how to prevent occupational injuries.

There is currently a great need for more skilled workers in many different industries. This is an area where KLP wants to contribute. Starting with KLP's business and vocational environments the Company can offer apprenticeships within three areas: Office and administration, ICT Service, and building operations. The process of becoming an authorised apprentice enterprise and ensuring the training of internal coaches has started. After this there will be a selection process. KLP hopes to be able to offer apprenticeships as from the autumn of 2017.

KLP is one of the largest property managers in Scandinavia. Through an active commitment to the environment the Company will help reduce the impact on the environment and the climate. That is why the location of the Company's properties is not a coincidence, nor is the way in which the buildings are operated. The buildings are to be located close to public transport so that there are alternatives to using a car. By operating the buildings itself, KLP has energy consumption well under control. For renovation processes KLP chooses environmentally-friendly materials and handles waste in an environmentally sound manner.

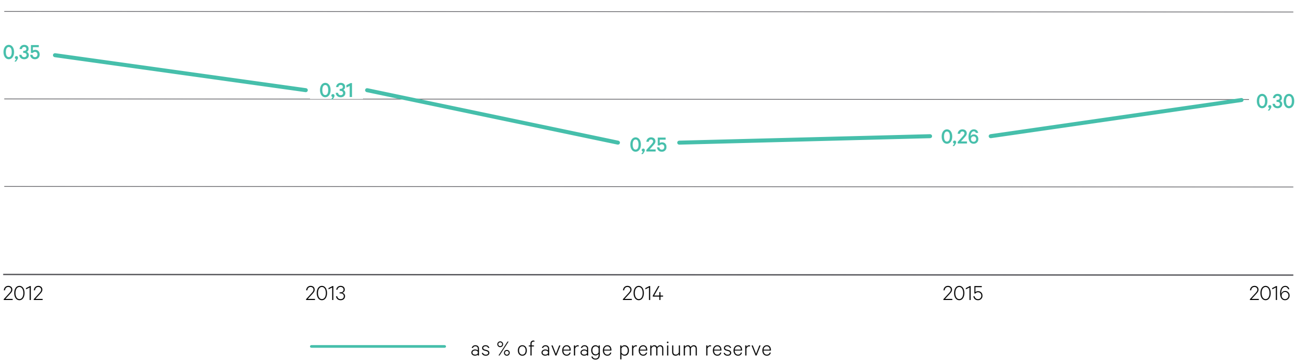
EMPLOYEES AND HEALTH, SAFETY AND ENVIRONMENT (HSE)

Employees

The contribution provided by the Company's employees is the most important input for KLP to reach its goals. Therefore, the employees' health, safety and wellbeing are important so as to avoid injuries and adverse impacts. Our goal is to bring about a good physical and psychosocial working environment characterised by work enjoyment. In summary, these are important conditions for good quality of work, better results for the business, improved competitiveness, trust on the part of our customers, and work enjoyment on the part of each individual. No serious occupational injuries were reported in 2016.

Administration costs

PER CENT



KLP has set a target of getting sickness absence down to below 4.0 per cent. Sickness absence increased somewhat from 4.2 per cent in 2015 to 4.5 per cent in 2016. Short term sickness absence went from 1.73 per cent to 1.86 per cent while long term sickness absence went from 2.47 per cent to 2.67 per cent from 2015 to 2016. However, sickness absence at KLP is lower compared to the financial industry. The Company have considerable focus on working purposefully to facilitate matters for those on sick leave, and for following them up.

The number of people who leave KLP is considered to be low and staff turnover stood at 4.7 per cent in 2016.

Equality and diversity

KLP wants to be an attractive workplace where all employees and qualified candidates are given equal opportunities regardless of age, gender, functionality, political standpoint, sexual orientation, gender identity, gender expression, and ethnic background.

KLP has chosen to partner with the Association for gender and sexual diversity to conduct the course named «Pink expertise». The objective is to give employees and managers good advice and perspectives on how to speak comfortably about sexual orientation and sexual expression at the workplace. KLP is to be an inclusive workplace where everyone can be themselves.

In the introduction programme new employees go through KLP's core values, ethical guidelines and its policy for equality and diversity.

KLP focuses on making adjustments for its own employees with reduced capacity for work. KLP, together with NAV – the Norwegian Labour and Welfare Service, also offers apprenticeships to people outside of KLP who need to try out their capacity for work.

In 2016 KLP participated in the Red Cross trainee programme for immigrant women and offered internships so as to help provide important experience of Norwegian working life, thus making it easier for them to get a permanent job.

KLP has carried out analyses and on that basis has recommended measures to increase women's salary as a proportion of men's salary. The objective of these measures is mainly to get a better gender balance in all kinds of positions, particularly to get more women managers and specialists in various fields. Specific targets have been set in relation to the share of each gender at the various levels of management, in specialist positions and in leadership development programmes. The aim is to have at least 40 per cent of each gender among the managers, and today KLP is below target only in the two highest leader categories. The object of this is to get women's pay up to 95 per cent of men's pay by 2020. Other measures are linked to recruitment, improving attitudes among employees and managers, and identifying and developing talents.

Remuneration policy

KLP's objective is to offer its employees good salaries and working conditions adapted to the market. KLP Kapitalforvaltning, a subsidiary, operates in markets where part of the salary is based on performance, and employees who have direct responsibility for the results are therefore offered salaries that are partly performance-based. In line with the regulatory framework payment of such salaries is distributed over several years and is partly associated with developments in the value of selected mutual funds, since KLP as a mutual company does not have its own listed equity instruments. There is no performance pay elsewhere in the Group.

The external environment

KLP's impact on the external environment and the climate comes from its own activity, indirectly via its partners and providers, as well as via investments in companies and property.

KLP's ambitious goal is to reduce the footprint and help develop new environmental solutions. That is why KLP have set environmental and climate goals for our own operations which is followed up by the Group executive management each year. Measures for achieving the targets are prepared and implemented by the environmental committee. One of KLP's overarching environmental goals is to halve greenhouse gas emissions by 2030, starting with the emissions in 2010. The main focus in 2016 was on air travel, and in 2016 KLP reduced the number of flights by 9 per cent compared to 2014, the benchmark year. Greenhouse gas emissions from the Group's air travel reduced by 15.4 per cent from 2015 to 2016. This is a solid contribution to the overarching environmental target, and UN sustainability goal number 13.

KLP Eiendom has obtained ISO 14001 certification and imposes strict environmental standards when erecting new buildings and when working on existing buildings. The goal is to reduce the negative impact on the external environment as far as possible, including when it comes to existing buildings. This is done i.a. by working continuously to reduce energy consumption and choosing materials and solutions that generate as little waste as possible. In connection with this work, in 2016 KLP Eiendom joined the immediate measures of Grønn Byggallianse (the Green Building Alliance) and Norsk Eiendom (Norwegian Property) for forward-leaning building owners. The road map gives KLP Eiendom, as manager of commercial buildings, recommendations on the choices they should make in the short and the long term in order to contribute to a sustainable society in 2050.

KLP Eiendom employs environmental classification of buildings as a framework for achieving good environmental solutions and as a tool for communicating the qualities of the buildings to the world outside. KLP has several environmentally classified (BREEAM classified) buildings in our portfolio. KLP Eiendom got its first BREEAM In-Use-certified building in 2016. Work is underway to BREEAM In-Use certify KLP's head office in Oslo in 2017

The entire KLP Group has environmental certification. The Group's premises in Bergen were recertified as Eco-Lighthouses in 2016.

FRAMEWORK CONDITIONS

The Norwegian Financial Undertakings Act

The Norwegian Financial Undertakings Act (Finansforetaksloven) came into force on 1 January 2016. In parts of the Act, such as under the provisions for corporate bodies, there are transitional rules, since these might require amendments to the statutes.

KLP discontinued the Control Committee with effect from 1 January 2016. The Risk Committee, which is a sub-committees under the Board of Directors, was established as from the same date.

The applicable KLP Group structure, which is approved, and of which the life company is the parent company, continues under the new legislation.

Changes in the retail market – public sector occupational pensions

In 2015 the Norwegian Ministry of Labour and Social Affairs conducted a process together with the social partners with a view to starting negotiations on a new long-term model for retirement pension under public sector occupational pension. The Ministry laid down the following conditions for a future model: pension accrued for all the years, lifelong pension, guaranteed regulation of entitlements accrued and pensions in payment, and gender and age-neutral premiums. Transitional rules and constitutional protection of accrued entitlements are other key issues. The investigation resulted in a report, which was submitted in December 2015. In the autumn of 2016 the work was resumed for the purpose of describing elements that were not fully described in the 2015 report.

The objective of the new model for retirement pension is that it should underpin the work line and facilitate smoother mobility between the public and private sectors. KLP contributes to this work with assessments and calculations of the consequences of the various options and prepares solutions for the changes that may come. KLP also takes action to be organised in order to implement the new model whenever it is in place.

The public sector occupational pension schemes are partly rooted in law and partly in collective agreements between the social partners.

The municipal and regional reform

The present government has initiated a process with a view to getting a more expedient municipal structure with fewer municipalities. All municipalities have been asked to consider mergers. At the beginning of 2017 eleven municipalities had decided to merge and had it approved. The municipalities' and county governors' input into the new municipal structure shows varied support for the Government's goal of fewer municipalities in this parliamentary term. An overall proposition to the Norwegian Parliament concerning a new municipal structure is expected to be submitted by the Government in the spring of 2017.

When it comes to merging municipalities the question of reorganising the pension scheme could become relevant for KLP if a KLP municipality is merged with a municipality that has its own pension fund. However, in view of the current low interest rates, it will be demanding to recapitalise both a new and an existing pension fund. Developments in the municipal sector are being followed closely.

The Government started the work on a regional reform in the winter of 2016 and aims to reduce the number of counties to ten regions. This reform will have the same questions on organising the pension scheme as the municipal reform.

Solvency II

The new solvency regulations for insurance, Solvency II, were applicable in 2016 through the new Financial Undertakings Act and its related Solvency II regulations. The new capital requirement that is being calculated on the basis of both insurance risk and market risk in addition to counterparty risk and operational risk, is common to the whole EU/EEA area. The capital requirement is generally higher than before. This particularly applies to life companies that have given long-term guarantees. The FSA allows certain transitional schemes and permanent schemes that reduce the capital requirement. Various countries have interpreted and used this room for manoeuvre to varying degrees. The European side focuses on harmonisation of how the rules are practised, and changes to the rules must therefore be expected in the years to come.

The situation around KLP's capital is well within the requirement set out in Solvency II. Retained earnings and owners' equity satisfies all the requirements applicable to capital in Capital Group 1 (the highest quality). Even without the use of transitional schemes KLP meets the capital requirements and its own targets for capital adequacy by a good margin.

Capital requirements for pension funds

In the autumn of 2016 the Norwegian Ministry of Finance submitted a recommendation for consultation for new capital requirements for pension funds. Pension funds are not subject to Solvency II, but the recommendation means that the pension funds are being subjected to a simplified version of the new capital requirements for insurance undertakings (the Solvency II requirements). The FSA suggests that new capital requirements for pension funds be introduced with effect from 1 January 2018, but with a transitional phase until 1 January 2032. The recommendation implies capital requirements roughly on the same level for pension funds as for insurance companies, and thus safeguards the consideration for equal competition conditions.

OTHER MATTERS

Changes to KLP's Board of Directors

In 2016 Ingjerd Blekeli Spiten was elected to the Board of Directors, replacing Cathrine Klouman, who wished to retire from the Board due to a change of position.

Owner relations

KLP places emphasis on having a good dialogue with its owners. This gives the Company important impulses with regard to strategic issues and useful feedback on a day-to-day basis. In 2016 KLP organised elections/owner meetings around the country with a total of 230 owners present. The Company also took part in executive management meetings in the health enterprises. Two rounds of resource group meetings for chief municipal executives (rådmenn) were also carried out, with about 40 participants.

Corporate governance

KLP's statutes and applicable legislation provide guidance for corporate governance and a clear division of roles between governing bodies and day to day management. The KLP Board of Directors carries out an annual review of corporate governance at KLP to the extent that it suits KLP's mutual company form and the fact that the Company has not issued equity instruments and consequently is not listed either. This is further specified in the chapter on NUES, the Norwegian Committee for Corporate Governance, on page 6-10 in the Annual Report. Election procedures related to the Corporate Assembly and the Board are adapted through the Company's statutes to the direct form of ownership while at the same time important interest groups are ensured representation in the Corporate Assembly.

The Board has set up an audit committee, compensation committee and risk committee. The Board carries out an annual evaluation of its own activities and skills.

Going forward

The Company's vision remains unchanged in that KLP is to be a predictable partner that strengthens the customers' finances, eases their everyday, helps to make them attractive employers and contributes to a more sustainable public sector. The values Open, Clear, Responsible and Committed take central stage in this work, and all employees must abide by the above values in relation to the Company's customers and colleagues.

KLP's principal target is to be Norway's leading provider of pensions to the public sector. KLP's most important task is therefore to provide pensions to their customers with competitive returns over time, at the lowest costs and with a high level of service.

In addition to structural changes in the municipal sector and possibly a new structure of specialist healthcare services, the principal product, public sector occupational pension, is undergoing change. These shifts separately place demands on KLP's strategic readiness and its capacity for continuous improvement and change. Work is continuously going on with risk assessment and surveillance to uncover the consequences this could have for KLP's business, and measures to meet the development.

Delivering good returns over time is a demanding task in today's markets. Low interest rates and unstable securities markets reduce predictability in terms of retaining stable, good returns. To ensure financial freedom of manoeuvre KLP has strengthened the securities adjustment fund and the supplementary reserves. In that way the Company is better equipped to sustain market fluctuations and is in a good position to maintain investments in risk classes, which, in the longer term, are expected to provide returns over and above the guaranteed interest rate. The asset management is organised in such a way that a poor year can be sustained without the capacity to take a risk if the subsequent year is reduced too much. Financial buffers are strengthened by NOK 11.0 billion, whereas the NOK 2.9 billion profit in the corporate portfolio is added to owners' equity. At the same time, the Company has increased the target figure for solvency ratio to at least 150 per cent under the Solvency II regulations.

KLP's strong position in the market for public sector occupational pensions represents a big responsibility, but at the same time it gives the Company an opportunity to further develop its core activity and to strengthen its other business activities in the KLP Group. KLP will best secure the future by single-mindedly going after the public sector, operations associated with the public sector and its employees.

With a historically high inflow of customers in recent years, KLP is now the dominant player in the market for public sector occupational pensions. There is still competition in the market, and customers can choose to set up their own pension funds, or join an inter-municipal pension fund outside of KLP. In such a market situation, serving our customers and their employees well is important. Good and user-friendly system solutions coupled with efficient case management in relation to customers is a good starting point for remaining the preferred provider of pensions, non-life and banking products in the municipal area. Experience and feedback show that good follow-up of the individual customer is greatly appreciated.

Further work on rationalisation and cost consciousness is necessary when competing with the municipal pension funds and for being well positioned for the products of the future within the area of public sector occupational pension. Cost measured against managed pension assets since 2016 show that the goal has by large been achieved.

KLP will improve the work on digitisation to achieve increased competitiveness. Good and holistic customer experience is developed on the basis of what provides the best customer value. Customers expect self-service solutions and seamless processes with a high level of user-friendliness and a short response time.

As a customer-owned company, KLP will face future challenges by bringing the customers' desires and needs in centre. In recent years KLP has expanded its business breadth, i.a.by developing favourable retail market services and offers to its owners' employees through its new campaign "Ivaretatt" and other things. The market target for the focus on retail market products, is 80,000 members by 2019, and among them 20 per cent shall be customers of two or more products. At year-end 2016, more than 57,000 members are customers, and 19.4 per cent of these have several customer relationships.

Communication is an important means of strengthening the relations between KLP and its customers. The whole organisation has conducted training to give a joint understanding of what is good communication and what is KLP's style and tone. The customers are to see that communication with KLP is simple, easily understood, to the point, relevant, and interesting. The idea is that customers and their employees are to be left with the impression that "KLP speaks clearly and simply in a language I understand. I feel taken care of."

Social responsibility is key in KLP's day-to-day operations. A proactive relationship with society, the environment and responsible investments is to contribute to a sustainable development in a long-term perspective. Social responsibility is integrated in all business processes through such things as responsible management of pension assets, work on ethics and anti-corruption in contact with customers and providers, and high environmental standards in buildings that KLP owns.

Despite persistently low interest rates and uncertainty associated with property and the stock markets KLP has strengthened its solvency, which gives grounds for optimism when it comes to further developing the business in a way that will continue to create good value for the customers, the owners and their employees alike.

Oslo, 22 March 2017
The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

Liv Kari Eskeland
Chair

Egil Johansen
Deputy chair

Marit Torgersen

Jan Helge Gulbrandsen

Ingjerd Cecilie Hafsteen Blekeli Spiten

Lars Harry Vorland

Susanne Torp-Hansen
Elected by and from among the employees

Freddy Larsen
Elected by and from among the employees

Sverre Thornes
Group CEO

From the left: Lars Vorland, Egil Johansen (Deputy Chair), Ingjerd Blekeli Spiten, Dag Bjørnar Jonsrud, Liv Kari Eskeland (Chair), Marit Torgersen, Ingjerd Hovedenakk, Jan Helge Gulbrandsen, Susanne Torp-Hansen, Freddy Larsen.

Liv Kari Eskeland

Chair of the Board

Ms Liv Kari Eskeland was elected deputy chair of the KLP Board of Directors in May 2012 and has been Chair of the Board since 2014. Ms Eskeland was the leader of Høyre, the Norwegian Conservative Party, in the County of Hordaland between 2009 and 2016. During that period she was also on the Central Executive of Høyre and was the Mayor of Stord between 2007 and 2015. She is an architect by profession and, among other things, she works for Statoil (the Norwegian State Oil Company), and Unitech Reseach and Design Center. She holds a number of board and political appointments, i.a. within health care and fish farming.

Egil Johansen

Deputy Chair

Egil Johansen is County Chief Executive, Vestfold County Administration and has previous experience as Chief Executive in both Porsgrunn and Re municipalities. He has also worked in the Ministry of Petroleum and Energy and in the Aker group. Johansen has a Master of Science degree in business from Norges Handelshøyskole.

Marit Torgersen

Marit Torgersen is Executive Vice President, Group Functions at Eidsiva Energi. Previously she worked as Assistant Director IT at Norges Bank in Oslo. She has a Master in Information Systems and Organisational Change from the London School of Economics. She also graduated in information technology from the University College of Engineering in Trondheim and is a cand. mag. graduate in economics, administration and electronic data processing from the university college system.

Ingjerd Blekeli Spiten

Ingjerd Blekeli Spiten was elected to the board of directors of KLP in April 2016. She has acquired broad experience from the digitalisation of major operations: from 2011 – 2015 she was Divisional Director of eBusiness at DNB (Norwegian Bank) and from 2007 she headed up DNB's mobile and had various areas of responsibility. In 2015/2016 Ms Spiten was Deputy Managing Director of Microsoft Norge. She is currently working as an independent consultant and mentor for various start-up companies associated with Startuplab. She has held several board appointments at i.a. Banke Axept AS, Doorstep AS, and Budstikkka media ASA. She is a business graduate from BI Norwegian Business School.

Lars Vorland

Lars Vorland, Managing Director of Helse Nord RHF, a health enterprise under the Norwegian Regional Health Authority, was elected to the KLP Board of Directors in April 2015. Mr Vorland gained a degree in medicine ("cand.med.") in 1975, a science degree ("cand.real") in 1982, became a Master of Public Health in 1989 and an MD ("dr.med.") in 1999. Vorland has many years' experience as a medical doctor and was an attending physician at the University Hospital of North Norway for nearly twenty-five years. He was Divisional Director at the Norwegian Institute of Public Health (NIPH) before joining Helse Nord RHF as Managing Director in January 2004. Vorland has also been a researcher at the University of California, and is Professor of Medicine at the University of Tromsø, Norway.

Jan Helge Gulbrandsen

Jan Helge Gulbrandsen was elected to the Board of Directors of KLP March 2010. He is AU-member of Fagforbundet, a trade union, and represents the employee organisation with most members in KLP pension schemes.

Freddy Larsen

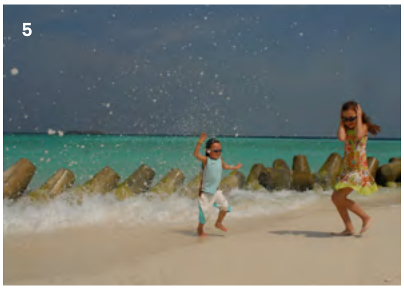
Freddy Larsen was elected to the Board as a KLP employee representative in May 2009. He has been an employee of KLP since 1986 and works as a business architect at Business Analysis at our Bergen office. He has previous experience from his work in the Alcohol and Drug Addiction Service (Uteseksjonen) and in the Technical Service of the Municipality of Askøy from 1985 to 1986.

Susanne Torp-Hansen

Susanne Torp-Hansen was elected to the KLP Board of Directors in May 2013 as employee representative. She has been in KLP's employ since 1999 and works in the Training Department (Opplæringsavdelingen) in the Life Division. She is the main employee representative at KLP. Her education is made up of legal subjects from the University of Oslo and PR, information and organisation theory from BI Norwegian Business School.

Tom Tvedt

Tom Tvedt is president of the Norwegian Confederation of Sports and Olympic and Paralympic Committee. He was mayor of Randaberg from 1999 to 2007 and county mayor of Rogaland from 2007 to 2011. He has extensive experience within the private, municipal and county administration sector. He was elected to the county council in Rogaland for the period 2015-2019. He was not present when the photograph was taken.



1. Øyvind Garsjø. Life. **2.** Marianne Wright. Non-life insurance. **3.** Marianne Wright. Non-life insurance. **4.** Elin Anne Pedersen, Life. **5.** Morten Larsen, Non-life insurance. **6.** Gisle Hunvik, Asset management. **7.** Nils Fredrik Wisløff-Høgestøl. Communication and Marketing. **8.** Morten Larsen. Non-life insurance. **9.** Anne Westad, HR. **10.** Anne Westad, HR. **11.** Morten Larsen. Non-life insurance. **12.** Anne Westad, HR. **13.** Nils Fredrik Wisløff-Høgestøl. Communication and Marketing. **14.** Nils Fredrik Wisløff-Høgestøl. Communication and Marketing.

Photo: Razvana Ali. Non-life insurance

Annual report

KLP GROUP

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KLP GROUP

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Income statement

KLP GROUP

NOTE	NOK MILLIONS	2016	2015
21	Premium income for own account	38 497	40 236
5	Current return on financial assets	13 489	13 076
5	Net interest income banking	196	187
5	Net value changes on financial instruments	10 476	1 010
16	Net income from investment properties	6 726	4 816
33	Other income	945	926
	Total net income	**70 330**	**60 251**
21	Claims for own account	-17 370	-16 161
21	Change in technical provisions	-27 973	-11 740
	Net costs subordinated loan and hybrid Tier 1 securities	382	-1 490
32	Operating expenses	-1 756	-1 429
33	Other expenses	-957	-884
	Unit holder's value change in consolidated securites funds	-3 061	-1 949
	Total expenses	**-50 736**	**-33 653**
	Operating profit/loss	**19 594**	**26 598**
21	To (+) / from (-) securities adjustment fund – life insurance	-6 876	-1 951
21	To (+) / from (-) supplementary reserves – life insurance	-4 026	-3 073
21	Assets allocated to insurance customers - life insurance	-6 244	-16 435
	Pre-tax income	**2 449**	**5 138**
23	Cost of taxes [1]	359	-927
	Income	**2 808**	**4 211**
28	Actuarial loss and profit on post employment benefit obligations		
	- employee benefits	-32	195
21	Adjustments of the insurance obligations	0	-20
23	Tax on items that will not be reclassified to profit or loss	8	-44
	Items that will not be reclassified to profit or loss	**-24**	**132**
	Revaluation real property for use in own operation	95	172
16	Currency translation foreign subsidiaries	-1 625	1 319
21	Adjustments of the insurance obligations	1 625	-1 319
23	Tax on items that will be reclassified to profit or loss	-24	-43
	Items that will be reclassified to income when particular specific conditions are met	**72**	**129**
	Total other comprehensive income	**47**	**261**
	Total comprehensive income	**2 855**	**4 472**
	[1] Cost of taxes related to the unit holders in consolidated securities funds.	-172	-164

Statement of financial position

KLP GROUP

NOTE	NOK MILLIONS	31.12.2016	31.12.2015
23	Deferred tax assets	372	33
25	Other intangible assets	324	526
22	Tangible fixed assets	1 604	1 346
17	Investments in associated companies and joint venture	532	368
7,16	Investment property	59 497	56 436
6,13	Debt instruments held to maturity	32 791	35 318
6,13	Debt instruments classified as loans and receivables	106 720	94 987
6,7,13,15	Lending local government, enterprises & retail customers at fair value through profit / loss	1 381	1 845
6,13,15	Lending local government, enterprises and retail customers	81 541	75 766
6,7,13	Debt instruments at fair value through profit or loss	171 021	152 493
6,7	Equity capital instruments at fair value through profit/loss	130 700	115 493
6,7,13,14	Financial derivatives	1 815	1 292
6	Receivables	3 173	3 751
6,8	Assets in defined contribution-based life insurance	1 674	1 183
	Cash and bank deposits	2 968	2 424
	TOTAL ASSETS	**596 113**	**543 262**

Statement of financial position

KLP GROUP

NOTE	NOK MILLIONS	31.12.2016	31.12.2015
	Owners' equity contributed	11 726	10 422
36	Retained earnings	16 097	13 242
	TOTAL OWNERS' EQUITY	**27 823**	**23 665**
6,18,19,20	Hybrid Tier 1 securities	1 650	1 564
6,18,20	Subordinated loan capital	6 220	9 541
28	Pension obligations	712	634
21	Technical provisions - life insurance	453 943	413 799
6,21	Provisions in life insurance with investment option	1 674	1 183
21	Premiums, claims and contingency fund provisions - non-life insurance	2 245	2 142
6,20	Covered bonds issued	21 095	18 987
6,20	Debt to credit institutions	5 050	5 099
6,20	Liabilities to and deposits from customers	8 688	7 426
6,7,14	Financial derivatives	5 871	7 993
23	Deferred tax	403	835
34	Other current liabilities	4 823	4 255
	Unit holders`s interest in consolidated securites funds	55 916	46 140
	TOTAL LIABILITIES	**568 290**	**519 597**
	TOTAL EQUITY AND LIABILITIES	**596 113**	**543 262**
35	Contingent liabilities	14 196	14 346

Oslo, 22 March 2017
The Board of Directors of the KLP Group

Liv Kari Eskeland
Chair

Egil Johansen
Deputy Chair

Marit Torgersen

Jan Helge Gulbrandsen

Ingjerd Cecilie Hafsteen Blekeli Spiten

Lars Harry Vorland

Susanne Torp-Hansen
Elected by and among the employees

Freddy Larsen
Elected by and among the employees

Sverre Thornes
The KLP Group CEO

Changes in Owners' equity

KLP GROUP

2016 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 31 December 2015	10 422	13 242	23 665
Income		**2 808**	**2 808**
Items that will not be reclassified to income		-24	-24
Items that will be reclassified to income when particular conditions are met		72	72
Total other comprehensive income		**47**	**47**
Total comprehensive income		**2 855**	**2 855**
Owners' equity contribution received	1 303		1 303
Total transactions with the owners	**1 303**		**1 303**
Owners' equity 31 December 2016	**11 726**	**16 097**	**27 823**

2015 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 31 December 2014[1]	9 173	8 385	17 558
Change in principle, dissolution of the contingency reserve in non-life insurance		387	387
Owners' equity 1 January 2015	**9 173**	**8 772**	**17 945**
Income		**4 211**	**4 211**
Items that will not be reclassified to income		132	132
Items that will be reclassified to income when particular conditions are met		129	129
Total other comprehensive income		**261**	**261**
Total comprehensive income		**4 472**	**4 472**
Owners' equity contribution received	1 249		1 249
Total transactions with the owners	**1 249**		**1 249**
Owners' equity 31 December 2015	**10 422**	**13 242**	**23 665**

[1] Owners equity 31 December 2014 has been changed due to a reclassification of funds in non-life insurance by NOK 86 millions.

Statement of cash flows

KLP GROUP

NOK MILLIONS	2016	2015
Cashflow from operating activites		
Direct insurance premiums received	32 052	28 264
Reinsurance premiums paid	-49	-55
Direct insurance claims and benefits paid	-16 468	-15 281
Reinsurance settlement received for claims and insurance benefits	-36	26
Payments received on transfer	1 774	9 599
Payments made on transfer	-171	-167
Payments to other suppliers for products and services	-1 350	-1 200
Payments to staff, pension schemes, employer's social security contribution etc.	-825	-781
Interest paid	-949	-796
Interest received	10 534	10 883
Dividend received	6 824	4 863
Tax and public charges paid	-721	-516
Net cash flow from property business	3 345	2 858
Net receipts/payments of loans to customers etc.	-6 294	-9 638
Net receipts on customer deposits banking	1 263	1 175
Receipts on the sale of shares	25 521	35 038
Payments on the purchase of shares	-43 808	-53 616
Receipts on the sale of bonds and certificates	103 780	55 035
Payments on the purchase of bonds and certificates	-133 790	-74 059
Receipts on the sale of property	2 052	795
Payments on the purchase of property	-2 983	-8 984
Payments to investments in assets with investment option	-316	-350
Net cash flow from purchase/sale of other short-term securities	2 650	-1 256
Net cash flows from operating activities	**-17 964**	**-18 164**
Cash flow from investment activities		
Receipts on the sale of tangible fixed assets	0	7
Payments on the purchase of tangible fixed assets etc.	-94	-169
Net cash flows from investment activities	**-94**	**-162**

Statement of cash flows

KLP GROUP

NOK MILLIONS	2016	2015
Cash flows from financing activities		
Net investment by unit holders in consolidated securites funds	18 564	11 738
Receipts on subordinated loan capital	-2 860	5 162
Net receipts/disbursements on loans from credit institutions	1 618	310
Receipts of owners' equity contributions	1 306	1 290
Payments on repayment of owners' equity contributions	-3	-41
Net cash flows from financing activities	**18 625**	**18 461**
Net changes in cash and bank deposits	**567**	**134**
Effect of exchange rate changes on cash and cash equivalents	-23	32
Holdings of cash and bank deposits at start of period	2 424	2 257
Holdings of cash and bank deposits at end of period	**2 968**	**2 424**

Notes to the Accounts

KLP GROUP

NOTE 1 General information

Kommunal Landspensjonskasse gjensidige forsikringsselskap (the Company) and its subsidiaries (together the Group) provide pension, financial, banking and insurance services to private individuals, 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 www.klp.no.

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

NOTE 2 Summary of the most important accounting principles

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

2.1 FUNDAMENTAL PRINCIPLES

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

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

- Investment properties valued at fair value through profit and loss
- Investment property for own use is revalued to fair value
- Financial assets and liabilities(including derviatives) are value at fair value through profit and 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:

There are no changes in accounting principles in 2016 that have been of significance for the Groups' annual report.

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

· IFRS 9 *Financial Instruments* governs the classification, measurement and recognition of financial assets and financial liabilities, introduces new rules on hedge accounting and a new impairment model for financial assets. IFRS 9 replaces the classification and measurement models in IAS 39 with a single model which in principle only has two categories: amortized cost and fair value.

The standard will take effect as from 2018, but with the possibility of deferring implementation until 2021 if the main part of the activity is associated with insurance. This is evident in the amendments to the rules in IFRS 4 Insurance contracts, which were published on 12 September 2016. These also allow for activity that meets the criterion of deferral, alternatively can implement IFRS 9 from 2018, but recognise the volatility that arises following implementation in the comprehensive income instead of in the ordinary income (overlay approach). The Group's insurance activity meets the requirement set for being able to choose deferred implementation of IFRS 9/use overlay approach. The Group has not completed the work of considering the consequences of the various implementation models and the time of implementation between which one can choose, and will provide further information when this has been sufficiently looked into and decided on.

The classification of loans will be dependent on the entity's business model for the management of its financial assets and the characteristics of the cash flows of the financial assets. A debt instrument is measured at amortized cost if: a) the business model is to hold the financial asset to collect the contractual cash flows, and b) the instrument's contractual cash flows exclusively represent the payment of principal and interest.

A debt instrument is measured though other comprehensive income if: a) the business model is both to hold the financial asset to collect the contractual cash flows and sell it, and b) the instrument's contractual cash flows exclusively represent the payment of principal and interest.

All other debt and equity instruments, including investments in complex instruments, must be recognized at fair value through profit or loss. There is an exception for investments in equity instruments that are not held for trading. For such investments, the value changes are recognized through other comprehensive income, without subsequent recycling to profit or loss.

For financial liabilities that the entity has chosen to measure at fair value, the share of the value change that is due to a change in the entity's own credit risk must be recognized in other comprehensive income and not in profit or loss.
The new rules for hedge accounting mean that the recognition of hedging better reflects general practice for risk management in the companies. As a general rule, it will be easier to use hedge accounting in future. The new standard also introduces extended disclosure requirements and changes in the rules on the presentation of hedging.

Other significant changes in classification and measurement include:

— a third measurement category (fair value through other comprehensive income) for certain financial assets that are debt instruments.
— a new impairment model for losses on loans and receivables based on expected credit losses.

The model is based on three stages, depending on the change in credit quality. How the impairment loss is to be measured is laid down for each individual stage and the model uses the effective interest method. A simplified approximation is permitted for financial assets that do not have a significant financing component (e.g. trade receivables). On initial recognition, expected losses are included for the first 12 months (or credit losses over the whole lifetime for trade receivables), unless the assets have to be written down.

The Group has launched a project aimed at establishing a new loss provisioning model that complies with the rules in IFRS 9. In connection with this, since the autumn of 2016, the Group has started using a new risk classification system which, among other things, will be used to provide input for the model. Transfer between risk classes will form the basis for migration between the levels in the impairment model. In addition, the bank will work on developing models for probability of default (PD), loss given default (LGD) and exposure at default. An increase in loss provisions is expected as a result of the introduction of the new model, but work has not yet progressed far enough to be able to put a figure on the increase. The new rules for the classification of financial assets and debt are not expected to have significant consequences for the Group because the classification at fair value and amortized cost can largely be continued. The Group's hedge accounting is not expected to be affected by the changeover to the new standard.

· IFRS 15 *Revenue from Contracts with Customers* deals with revenue recognition. The standard calls for a division of the customer contract into the individual performance obligations. A performance obligation may be a good or service. Income is recognized when a customer obtains control over a good or service, and thus has the ability to direct the use of and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and associated interpretations.
The Group will begin applying the standard as of 2018. The changeover to IFRS 15 is not expected to have a significant impact on the Group's accounts.

· IFRS 16 *Leases* will result in almost all leases being reported on the financial position statement, as the difference between operating and financial leases has been removed. Under the new standard, the right to use a leased item is an asset and the obligation to pay rent is a liability that must be reported on the financial position statement. The exceptions are short-term leases of low value. The accounting treatment for lessors will not be significantly changed. The Group will begin applying the standard as of 2019. The changeover to IFRS 16 is not expected to have a significant impact on the Group's accounts, as the Group does not have any significant leases, owing to the fact that only small assets are leased.

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

As a result of the amendments made to the Insurance Activity Act with effect from 1 January 2016, the Group has dissolved the book contingency reserves and changed the comparative figures. The changes are shown in the table below:

NOK MILLIONS	Original amount 2015	Change	Adjusted amount 2015
INCOME STATEMENT			
Change in insurance reserves	11 751	10	11 740
Tax expence	935	8	927
Income	4 454	18	4 472
NOK MILLIONS	Original amount 31.12.2015	Change	Adjusted amount 31.12.2015
FINANCIAL POSITION STATEMENT			
Retained earnings	12 837	405	13 242
Premium- and claim provisions-non-life insurance	2 682	-540	2 142
Deffered tax/deffered tax asset	700	135	835

2.2 CONSOLIDATION PRINCIPLES

2.2.1 Subsidiaries

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

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

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

Applying definition in IFRS 10 makes discretionary evaluations necessary. The minority's share of the mutual funds are in the financial statement classified as liabilities.

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 arrangements

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

According to IFRS 11, investments in joint arrangements are to be classified either as joint operating arrangements or joint ventures, depending on the contractual rights and obligations of each individual investor. The Group has considered its joint arrangements and reached the conclusion that they are joint ventures.

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

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

2.2.4 Structured units

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

In the Group's financial statement such fund are 100 % consolidated. In the funds, the assets at fair value through profit or loss and realised and unrealised profit/loss are recognized in "Total Net Income". The minority interest of the funds are classified as debt in the financial statement. The minority share of net income are recognized in "Return on financial instruments attributable to minority interest" in the financial statement.

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, art and real estate used by the Group in its business.

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

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

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

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

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

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

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

2.6 INVESTMENT PROPERTY

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

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

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

In the first instance, the market rent at currently applicable terms is used in calculating net cash flow whereas for periods after the expiry of contracts an estimated market rent is used. In addition an income deduction is taken into account for expected vacancy, expected maintenance/improvement costs and normal operating costs.

The expected cash is discounted by a return requirement that is determined on the basis of the risk-free interest rate (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. Account is taken of deferred tax on value adjustments for investment property.

2.7 INTANGIBLE ASSETS

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

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

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

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

2.8 FINANCIAL INSTRUMENTS

2.8.1 Classification

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

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

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

a) Financial assets and liabilities at fair value through profit or loss
Within this category it may be mandatory or chosen to recognize attribution at fair value with value changes through profit or loss.

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

The financial assets include shares and units/holdings, 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, with the exception of:
— Those which it is the Group's intention to sell on a short-term basis or which it has earmarked at fair value via the income statement (profit/loss)
— Those which the Group has earmarked as available for sale
— Those from which the holder will probably not be able to recover its whole original investment, other than weakened creditworthiness, and which are to be classified as available for sale

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 the enterprise has earmarked as being available for sale
— Those that meet the definition of loans and receivables

The category includes bonds recognized at amortized cost.

d) Other financial liabilities recognized at amortized cost
The category covers subordinated loans, covered bonds issued and debt to as well as deposits from customers.

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

a) Value measurement at fair value
The principles for calculating fair value related to the various instruments are shown in Note 6.

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

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

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

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

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

2.8.3 Presentation in the financial position statement and income statement

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

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) 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 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 two 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 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.

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

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

2.11 THE GROUP'S OWNERS' EQUITY
The Group owners' equity is divided into two main elements:

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

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

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

The owners' equity contribution may not be traded.

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

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

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 liabilities are netted inasmuch as they are assessed during the same period.

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

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

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

The cost of taxes is further specified in Note 23.

2.14 INSURANCE CONTRACTS

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

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

2.14.1 Sectors

The Group offers products to its customers in the following sectors:
a) Group pension (public sector and private)
b) Group life
c) Non-life insurance

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

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

The indexation of current pensions and accumulated pension entitlements is financed entirely by a special indexation premium. Some public sector peculiarities are not prefunded and are financed through single premiums at start-up and possibly through subsequent changes to the pension (guaranteed gross premium).

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, an administration reserve has been set aside based on the Group's actual costs involved in the payment of pensions.

The premium reserve also comprises allocations to insured events that have occurred but are not yet settled, including a qualifying-period provision for disability risks.

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 scheme where the customer pays a contribution in accordance with an agreed contribution plan for the members' future retirement pensions. The defined contribution pension scheme has a related risk benefit which as at 31 December 2016 consisted of contribution exemption and disability pension without open policy earnings, both with a qualifying period of 12 months. For the risk benefits, there is a qualifying period provision (IBNR/RBNS) with a 12-month risk premium.

Provision for life insurance with investment options is made up of the customers' savings paid-in and added returns.

(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 accidents in spare time and for 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 product also includes mandatory natural disaster cover. 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.

Child insurance
Insurance contracts that cover expenses related to accidents or serious illness and loss of income (disability pension).

Group life
Insurance contracts that cover the customer in the event of death and disability.

The Group is at all times to have technical reserves fully covering the technical liability and other risk emanating from the insurance business. In all cases and at all times, the Group's reserves are to meet the minimum requirement for reserves under regulation or law.

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.

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

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

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

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

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

In 2016, the total average interest guarantee in the group pensions (public sector) segment amounted to 2, 58 per cent and in the group pension (private) segment, 3.00 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. The price tariffs for mortality are equal to the calculation base K2013 with safety margins in accordance with the minimum standard laid down by the Financial Supervisory Authority of Norway. When it comes to the Pension Scheme for Nurses and the Joint 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 difference between mortality and disability in the insured population during the period in question relative to what is assumed in the Company's price tariff. A positive risk result is returned to the customers, but it is possible to withhold up to half of a positive risk result in risk equalization funds. The risk equalization fund may only be used to cover subsequent risk result losses 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 "Operating expenses ". The estimate deviation has been classified under "Items that will not be reclassified to income" in the accounting line "Actuarial gains and losses on defined benefits pension schemes".

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

NOTE 3 Important accounting estimates and valuations

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

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

3.1 INSURANCE CONTRACTS

In calculating technical provisions in group pension insurance, assumptions on disability risk are based on KLP's disability data for the period 2009 - 2013. For the other risk elements, including longevity risk, the assumptions from the K2013 calculation base are used with the contingency margins set by the Financial Supervisory Authority of Norway (FSA of N).

In public sector occupational pensions average premium is invoiced for the different pension schemes so that the technical net premium is equalized between the customers included in the scheme. The annual net premium for KLP retirement, disability and survivor pension based on a salary of NOK 430,000 would, for the various individual ages and genders, amount to:

Men:

Age	30 years	45 years	60 years
Amount	NOK 20,307	NOK 34,751	NOK 39,866

Women:

Age	30 years	45 years	60 years
Amount	NOK 29,070	NOK 44,839	NOK 44,573

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

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

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

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

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

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

The sensitivity overview is specified in detail in Note 9.

3.2 INVESTMENT PROPERTIES

Buildings and other real estate are valued at fair value as defined in 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 2016 buildings and real estate were valued using the Group's internal valuation model. The model is based on discounting of an estimated 20-year cash flow and the discounting rate used corresponds to the normal market's return requirement for similar properties. For the Norwegian properties as at 31 December 2016, a discounting factor was used in the interval 6.37 – 9.15 per cent: for the Group's Swedish properties it was 5,80 – 7.15 per cent; and for the Danish properties, 6.75 -7.69 per cent

The following main components are included in future cash flows:

— Currently applicable terms and conditions, contract expiry and assumed market rent
— Vacant areas with assumed market rent
— Parking income, parking area and number of places
— Estimated annual inflation
— Annual rent adjustment as a percentage of inflation
— General vacancy
— Normal annual operating costs
— Normal annual communal costs per 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 parameters	Change in value
Return requirement	+ 100 bps	- 12 %
	- 100 bps	+ 14 %
Market rent	+ 10 %	+7 %
	-10 %	-7 %
Exit yield	+ 100 bps	-10 %
	-100 bps	+ 16 %
Inflation	+ 50 bps	+ 7 %
	- 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 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 and 7.

3.4 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.

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

NOTE 4 Segment information

NOK MILLIONS	Group pensions pub. sect. & group life		Group pensions private		Non-life insurance		Banking	
	2016	2015	2016	2015	2016	2015	2016	2015
Premium income for own account from external customers [1]	36 773	38 736	574	486	1 150	1 015	0	0
Premium income for own account from other Group companies	81	53	0	0	0	20	0	0
Net financial income from investments	24 994	17 572	192	78	253	173	205	152
Other income from external customers	938	919	3	2	1	1	10	10
Other income from other Group companies	338	263	0	0	0	0	57	58
Total income	**63 124**	**57 542**	**769**	**566**	**1 404**	**1 209**	**272**	**220**
Claims for own account	-16 387	-15 283	-112	-84	-871	-801	0	0
Insurance provisions f.o.a.	-27 373	-11 266	-599	-452	-2	-3	0	0
Costs borrowing	382	-1 490	0	0	0	0	0	0
Operating costs excluding depreciation	-911	-875	-52	-43	-269	-219	-176	-167
Depreciation	-261	-80	-2	-1	-6	-3	-4	-3
Other expenses	-960	-884	0	0	0	0	-1	-1
Unit holders` value change in consolidated securities funds								
Total expenses	**-45 510**	**-29 877**	**-764**	**-580**	**-1 148**	**-1 026**	**-181**	**-171**
Operating profit/loss	**17 613**	**27 665**	**5**	**-15**	**255**	**183**	**91**	**49**
Funds credited to insurance customers [2]	-15 488	-22 789	-33	-9	0	0	0	0
Pre-tax income	**2 125**	**4 876**	**-28**	**-24**	**255**	**183**	**91**	**49**
Cost of taxes	781	-533	0	0	-52	-46	-22	-15
Income	**2 906**	**4 343**	**-28**	**-24**	**203**	**137**	**69**	**33**
Change in other comprehensive income	-33	175	0	0	- 2	26	- 1	7
Total comprehensive income	**2 874**	**4 519**	**-28**	**-24**	**201**	**164**	**68**	**40**
Assets	496 663	457 858	3 571	2 943	4 489	4 128	34 388	31 299
Liabilities	468 878	434 249	3 263	2 632	2 773	2 455	32 533	29 787

[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.

NOTE 4 Segment information - continued

NOK MILLIONS	Asset management		Other		Eliminations		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Premium income for own account from external customers [1]	0	0	0	0	0	0	38 497	40 236
Premium income for own account from other Group companies	0	0	0	0	-81	-73	0	0
Net financial income from investments	4	4	0	0	5 240	1 110	30 888	19 089
Other income from external customers	0	0	8	8	-14	-14	945	926
Other income from other Group companies	299	303	0	0	-694	-624	0	0
Total income	**303**	**307**	**8**	**8**	**4 450**	**399**	**70 330**	**60 251**
Claims for own account	0	0	0	0	0	6	-17 370	-16 161
Insurance provisions f.o.a.	0	0	0	0	0	-19	-27 973	-11 740
Costs borrowing	0	0	0	0	0	0	382	-1 490
Operating costs excluding depreciation	-280	-253	-7	-8	244	231	-1 451	-1 334
Depreciation	-6	-8	0	0	-26	0	-305	-95
Other expenses	0	0	0	0	5	1	-957	-884
Unit holders` value change in consolidated securities funds					-3 061	-1 949	-3 061	-1 949
Total expenses	**-285**	**-261**	**-7**	**-8**	**-2 839**	**-1 730**	**-50 736**	**-33 653**
Operating profit/loss	**18**	**46**	**0**	**0**	**1 612**	**-1 330**	**19 594**	**26 598**
Funds credited to insurance customers [2]	0	0	0	0	-1 625	1 338	-17 146	-21 460
Pre-tax income	**18**	**46**	**0**	**0**	**-13**	**8**	**2 449**	**5 138**
Cost of taxes	-4	-19	0	0	-360	-400	344	-1 014
Income	**15**	**27**	**0**	**0**	**-373**	**-392**	**2 792**	**4 124**
Change in other comprehensive income	-2	18	0	0	101	121	63	347
Total comprehensive income	**12**	**44**	**0**	**0**	**-272**	**-271**	**2 855**	**4 472**
Assets	414	394	12	11	56 576	77 927	596 113	543 262
Liabilities	192	185	3	3	60 648	80 072	568 290	519 597

[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.

NOTE 4 Segment information - continued

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 specter of standard insurance products is offered to the the retail market.

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

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

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

NOTE 5 Net income from financial instruments

NOK MILLIONS	2016	2015
Interest income bank deposits	55	113
Interest income derivatives	63	50
Interest income debt instruments fair value	3 400	3 600
Total interest income financial assets at fair value	**3 519**	**3 763**
Interest income fixed-income securities amortized cost	5 299	5 273
Interest income lending amortized cost	1 186	1 192
Total interest income financial assets at amortized cost	**6 485**	**6 465**
Dividend/interest shares and holdings/units	3 506	2 890
Oher income and expenses	-21	-42
Total other current expenses and income	**3 486**	**2 848**
Net return on financial assets	**13 489**	**13 076**
Interest income lending fair value	225	225
Total interest income financial assets at fair value	**225**	**225**
Interest income lending amortized cost	474	520
Total interest income financial assets at amortized cost	**474**	**520**

NOTE 5 Net income from financial instruments - continued

NOK MILLIONS	2016	2015
Interest costs debt to credit institutions	-120	-134
Interest costs covered bonds	-272	-268
Interest costs debt to and deposits from customers	-118	-150
Oher income and expenses	7	-7
Total other income and expenses banking	**-503**	**-559**
Net interest income banking [1]	**196**	**187**
Value changes shares and units	1 992	1 527
Value change derivatives	2 644	3 235
Value change debt instruments at fair value	-3 313	2 087
Value change lending fair value	52	26
Value change borrowing fair value	0	-2
Total value change financial instruments at fair value	**1 375**	**6 872**
Value change loans at amortized cost	-1 110	833
Other unrealized values	-135	-74
Total other unrealized values	**-1 245**	**759**
Net unrealized gain on financial instruments	**130**	**7 631**
Realized shares and holdings/units	2 746	9 575
Realized derivatives	6 861	-22 216
Realized debt instruments at fair value	1 047	3 827
Total realized financial instruments at fair value	**10 654**	**-8 814**
Realized bonds at amortized cost [2]	-370	2 010
Realized loans at amortized cost	118	231
Total realized financial instruments at amortized cost	**-251**	**2 241**
Other financial income and costs	-57	-47
Total other financial income	**-57**	**-47**
Net realized gain on financial instruments	**10 346**	**-6 621**
Net value changes on financial instruments	**10 476**	**1 010**
Total net income from financial instruments	**24 161**	**14 273**

[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.

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.

NOTE 6 Fair value of financial assets and liabilites

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

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

FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

This category includes:

- Investements held to maturity
- Other loans and receivables
- Subordinated loan capital (liabilities)
- Other debt issued (liabilities)

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

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

This category includes:

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

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

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

a) Foreign fixed-income securities

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

- Barclays Capital Indicies
- Bloomberg
- Reuters

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

b) Norwegian fixed-income securities – government

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

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

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

NOTE 6 Fair value of financial assets and liabilites – continued

d) Fixed-income securities issued by foreign enterprises but denominated in NOK
Fair value is calculated on the same general principles as those applying for Norwegian fixed-income securities described above.

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

OTHER LOANS AND RECEIVABLES/LOANS TO MUNICIPALITIES, COMPANIES AND PERSONAL CUSTOMERS

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

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

– EQUITY INSTRUMENTS

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

The following sources are used for Norwegian shares:
- Oslo Børs (primary source)
- Morgan Stanley Capital International (MSCI) / Reuters
- Bloomberg

The following sources are used for foreign shares:
- Morgan Stanley Capital International (MSCI) (primary source)
- Reuters
- Bloomberg

i) Shares (unlisted)
As far as possible, KLP uses the Norwegian Mutual Funds Association's industry recommendations. This basically means the following:

The last price traded has key priority. If the last price traded is outside of the bid/offer price in the market, the price is adjusted accordingly. This means that if the last price traded is below the offer price, the price is adjusted upward to the offer price. If it is above the bid price, it is adjusted downward to the bid price. If the price picture is considered to be outdated, the price is adjusted in accordance with a market index. The Group has chosen the Oslo Stock Exchange as its small cap index (OSESX) as an approach for unlisted shares.

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

j) Private Equity
Investment in Private Equity goes through funds. The funds' fair value is to be based on reported market values that follow from the International Private Equity and Venture Capital Valuation Guidelines ('IPEV Guidelines). These guidelines are established by the European Venture Capital Association (EVCA) and are based on the principle of approximate market assessment of the companies. Fair value is calculated on the basis of the funds' reported market value adjusted for payments in and out during the period between the fund's last reported market value and the period being reported on for KLP.

– DERIVATIVES

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

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

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

n) FX-swaps
FX-swaps with a one-year maturity or less are priced on curves that are built up from FX swap-points obtained from

NOTE 6 Fair value of financial assets and liabilites – continued

Reuters. The market is not considered particularly liquid for FX-swaps with a maturity of more than one year and basis-adjusted swap curves are used for pricing purposes.

– DEBT TO CREDIT INSTITUTIONS

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

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

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

q) Fair value of subordinated bond/perpetual bond issued
Fair value in this category is determined on the basis of internal valuation models based on external observable data.

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

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

NOTE 6 Fair value of financial assets and liabilites – continued

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

NOK MILLIONS	31.12.2016		31.12.2015	
	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS HELD TO MATURITY - AT AMORTIZED COST				
Norwegian hold-to-maturity bonds	8 339	9 248	10 922	11 838
Foreign hold-to-maturity bonds	24 452	25 771	23 897	25 492
Norwegian certificates	0	0	499	499
Total debt instruments held to maturity	**32 791**	**35 019**	**35 318**	**37 830**
DEBT INSTRUMENTS CLASSIFIED AS LOANS AND RECEIVABLES– AT AMORTIZED COST				
Norwegian bonds	33 018	35 785	30 091	32 967
Foreign bonds	72 879	77 806	64 873	70 172
Norwegian certificates	790	787	0	0
Other receivables	33	33	23	23
Total debt instruments classified as loans and receivables	**106 720**	**114 411**	**94 987**	**103 162**
LENDING LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS				
Loans to local government sector or enterprises with local government guarantee	1 381	1 381	1 845	1 845
Total loans to local government, enterprises & retail customers	**1 381**	**1 381**	**1 845**	**1 845**
LENDING TO LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS – AT AMORTIZED COST				
Loans secured by mortgage	15 953	15 969	14 136	14 172
Loans to local government sector or enterprises with local government guarantee	56 484	57 135	51 458	52 303
Loans abroad secured by mortage and local government guarantee	9 105	9 143	10 172	10 133
Total loans to local government, enterprises and retail costomers	**81 541**	**82 247**	**75 766**	**76 608**
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Norwegian bonds	58 661	58 661	48 258	48 258
Norwegian certificates	12 519	12 519	9 877	9 877
Foreign bonds	82 933	82 933	76 939	76 939
Foreign certificates	161	161	0	0
Investments with credit institutions	16 747	16 747	17 419	17 419
Total debt instruments at fair value through profit/loss	**171 021**	**171 021**	**152 493**	**152 493**
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Shares	121 236	121 236	107 102	107 102
Equity funds	8 688	8 688	7 703	7 703
Property funds	287	287	370	370
Alternative investments	489	489	318	318
Total equity capital instruments at fair value	**130 700**	**130 700**	**115 493**	**115 493**

NOTE 6 Fair value of financial assets and liabilites – continued

NOK MILLIONS	31.12.2016		31.12.2015	
	Book value	Fair value	Book value	Fair value
RECEIVABLES				
Receivables related to direct business	1 019	1 019	1 004	1 004
Receivables related to reinsurance agreements	119	119	74	74
Reinsurance share of gross claims reserve	1	1	10	10
Receivables related to securites	1 763	1 763	2 445	2 445
Other receivables	272	272	217	217
Total other loans and receivables including receivables from policyholders	**3 173**	**3 173**	**3 751**	**3 751**
FINANCIAL LIABILITIES				
Hybrid Tier 1 securities	1 650	1 650	1 564	1 588
Subordinated loan capital	6 220	6 554	9 541	9 506
Debt to credit institutions	2 356	2 356	2 915	2 915
Covered bonds issued	21 095	21 095	18 987	18 987
Liabilities and deposits from customers	8 688	8 688	7 426	7 426
Total financial liabilities	**40 010**	**40 344**	**40 433**	**40 421**
FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS				
Debt to credit institutions	2 694	2 694	2 184	2 184
Total financial liabilities	**2 694**	**2 694**	**2 184**	**2 184**
Assets in life insurance with investment option	**1 674**	**1 674**	**1 183**	**1 183**
Provisions in life insurance with investment option	**1 674**	**1 674**	**1 183**	**1 183**

NOK MILLIONS	31.12.2016		31.12.2015	
	Assets	Liabilities	Assets	Liabilities
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS				
Forward exchange contracts	795	4 534	177	6 378
Interest rate swaps	375	1 338	496	1 615
Interest rate and currency swaps	645	0	614	0
Share options	0	0	6	0
Total financial derivatives	**1 815**	**5 871**	**1 292**	**7 993**

NOTE 7 Fair value hierarchy

31.12.2016 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Investment property	0	0	59 497	59 497
Land/plots	0	0	982	982
Real estate fund	0	0	1 831	1 831
Buildings	0	0	56 684	56 684
Lending at fair value	0	1 381	0	1 381
Bonds and other fixed-income securities	45 368	108 901	0	154 269
Certificates	7 377	5 303	0	12 680
Bonds	25 058	103 598	0	128 656
Fixed-income funds	12 933	0	0	12 933
Loans and receivables	15 071	1 681	0	16 752
Shares and units	117 815	4 312	8 573	130 700
Shares	116 264	3 536	1 436	121 236
Equity funds	1 552	0	84	1 636
Property funds	0	287	0	287
Special funds	0	489	0	489
Private Equity	0	0	7 052	7 052
Financial derivatives	0	1 815	0	1 815
Total assets at fair value	**178 254**	**118 090**	**68 069**	**364 414**
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	5 871	0	5 871
Debt to credit institutions [1]	1 648	1 064	0	2 712
Total financial liabilities at fair value	**1 648**	**6 936**	**0**	**8 584**

[1]The line "Debt to credit institutions" includes liabilities measured at fair value and amortized cost. This line is therefore not reconcilable against the Balance sheet. The liabilities measured at amortized cost amounted to NOK 2 338 million per 31.12.2016 and NOK 2 915 million per 31.12.2015.

31.12.2015 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Investment property	0	0	56 436	56 436
Land/plots	0	0	872	872
Real estate fund	0	0	773	773
Buildings	0	0	54 791	54 791
Lending at fair value	0	1 845	0	1 845
Bonds and other fixed-income securities	44 703	90 360	0	135 064
Certificates	6 974	2 903	0	9 877
Bonds	25 506	87 458	0	112 964
Fixed-income funds	12 224	0	0	12 224

NOTE 7 Fair value hierarchy - continued

31.12.2015 NOK MILLIONS	Level 1	Level 2	Level 3	Total
Loans and receivables	16 407	1 022	0	17 429
Shares and units	103 716	3 768	8 009	115 493
Shares	102 582	3 080	1 439	107 102
Equity funds	1 133	0	76	1 209
Property funds	0	370	0	370
Special funds	0	318	0	318
Private Equity	0	0	6 494	6 494
Financial derivatives	0	1 292	0	1 292
Total assets at fair value	**164 827**	**98 288**	**64 445**	**327 560**
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	7 993	0	7 993
Debt to credit institutions [1]	751	1 434	0	2 184
Total financial liabilities at fair value	**751**	**9 427**	**0**	**10 177**

[1]The line "Debt to credit institutions" includes liabilities measured at fair value and amortized cost. This line is therefore not reconcilable against the Balance sheet. The liabilities measured at amortized cost amounted to NOK 2 338 million per 31.12.2016 and NOK 2 915 million per 31.12.2015.

CHANGES IN LEVEL 3, INVESTMENT PROPERTY	Book value 31.12.2016	Book value 31.12.2015
Opening balance 1 January	56 436	44 467
Sold	724	3 618
Bought	2 364	8 317
Unrealised changes	-28	34
Closing balance 31.12.	**59 497**	**56 436**
Realised gains/losses	0	0

CHANGES IN LEVEL 3, FINANCIAL ASSETS	Book value 31.12.2016	Book value 31.12.2015
Opening balance 1 January	8 009	6 310
Net aquisition cost	-1 288	-1 460
Unrealised changes	2 034	2 270
Other changes	-182	889
Closing balance 31.12.	**8 573**	**8 009**
Realised gains/losses	377	182
Closing balance 31.12.	**68 069**	**64 445**

NOTE 7 Fair value hierarchy - continued

Unrealised changes and realized gains / losses are reflected on the line "Net value changes on financial instruments" in the consolidated income statement for unlisted shares and private equity investments. Unrealised changes and realized gains / losses for investment prperty are reflected on the line "Net income from investment properties".

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

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

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

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

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

Valuations related to items in the various levels are described in Note 6 and for investment property, note 3.

The fair value of assets and liabilities measured at amortized cost are stated in note 5. Level based classification of these items will be as follows; assets classified as held to maturity are included in level 1, lending and loans and receivables are included in level 2. Liabilities, measured at amortized cost, will be categorized as follows: subordinated loans are included in both level 1 and 2, hybrid tier 1 securities are inlcuded in level 2 and debt to credit institutions are included in level 1.

Information regarding pricing of these interest bearing instruments are available in note 6 for the Group.

No sensitivity analysis has been carried out on securities included in Level 3. A sensitivity analysis for investment property is available in the annual report. A change in the variables of the pricing is considered of little significance. On a general basis, a 5 percent change in the pricing would produce a change of NOK 3 403 million as of 31.12.2016 and NOK 3 222 million as of 31.12.2015. Investment property comes under this Note since there are more extensive requirements for information regarding fair value that now also apply to investment property valued at fair value in the Group. Everything related to investment property is included in Level 3.

The investment option portfolio is not included in the table. The investment option portfolio has NOK 1 674 millions in financial assets valued at fair value at Level 1. Per 31.12.2016 the NOK 1 674 millions are included with NOK 893 millions in shares and units in Level 1, NOK 769 millions in debt instruments at fair value in Level 1 and the remaining are included in loans and receivables in level 1.

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

In 2016 NOK 667 millions in stocks has been moved from Level 1 to Level 2 and NOK 1 268 millions from Level 2 to Level 1. This is due to changes in liquidity. For debt instruments there has been moved NOK 481 million from level 2 to level 1. Lack of available information in the system on certain securities in previous periods are the cause of this change.

In 2016, NOK 168 million has been moved into level 3 in the period.

NOTE 8 Assets in defined-contribution-based life insurance

NOK MILLIONS	Organization number	Number units	Rate	Fair value 31.12.2016	Average return per unit %	Average return per unit whole NOK	Fair value 31.12.2015
UNITS IN EQUITY FUNDS							
KLP Aksjeglobal Indeks II	987570199	299 458	2 020.0	605	2.23 %	40	407
KLP Aksjenorge Indeks	988425958	130 183	2 113.8	275	5.71 %	102	176
KLP Framtid	918126767	12 841	1 006.0	13			0
Total units in equity funds		**442 482**		**893**			**583**
UNITS IN FIXED-INCOME FUNDS							
KLP Obligasjon 5 år	979518315	270 626	1 286.1	348	0.59 %	8	272
KLP Obligasjon Global I	989753746	312 940	1 188.0	372	1.21 %	14	281
KLP Nåtid	918126740	258	1 002.7	0			0
Total units in fixed-income funds		**583 824**		**720**			**553**
UNITS IN MONEY MARKET FUNDS							
KLP Pengemarked	979518218	49 298	999.5	49	1.32 %	13	38
Total units in money market funds		**49 298**		**49**			**38**
Total units in securities funds				**1 662**			**1 173**
Bank deposits				9			9
Other assets				2			0
Total assets in defined-contribution-based life insurance				**1 674**			**1 183**

PER CENT	Q1	Q2	Q3	Q4
Returns per quarter	-0.03 %	1.96 %	2.54 %	2.63 %

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 to both 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 risk equalization fund in group pension in order to meet unexpected fluctuations in claims incidence.

For disability risk in the group pension sector, assumptions used are based on KLP's disability data. For the other risk elements in group pension the assumptions from the K2013 calculation base are used with contingency margins in accordance with the minimum standard set by the FSA of N in 2013. In the Pension Scheme for Nurses and the Pension Scheme for Hospital Doctors the same formulae and the same parameters are used otherwise, but with a strengthened contingency margin because of significantly longer lifetimes in these schemes.

9.1.2 Setting the premium

Development in the Group's insurance risk is continuously monitored. Risk result and future expectations of development in insured risk are based on observations and/or theoretic risk models that create the basis for pricing of the risk element in the premium. The premiums are set annually, except for premiums in the non-life insurance sector. Here the premium is assessed continuously, but premiums that are invoiced customers apply for one year at a time.

In the sector for group pension, public sector the Group has a large population, which provides a high degree of predictability and stability in its tariffs. Normally they will therefore stay the same for several years at a time. In non-life insurance, premium is differentiated based on the individual customer's risk.

9.1.3 Reinsurance and reinsurance programmes

a) Group pension public sector/private and group life insurance

The way the insurance contracts are set, current risk is generally within the limits of the Group's risk-bearing ability. The need for reinsurance is therefore limited.

The Group has taken out a catastrophe reinsurance contract for group pension public sector. The agreement covers up to NOK 300 million in excess of the Company's NOK 50 million for own account for events that lead to more than 10 people dying or becoming disabled. When it comes to group pension, private, this contract covers up to NOK 20 million in excess of the Company's NOK 5 million for own account for events that lead to more than three 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. The Group reduces including concentration risk through reinsurance cover that limits the Group's own account per claim. To reduce credit risk against reinsurers, only reinsurance companies with satisfactory credit ratings are used. Each individual reinsurance contract is also divided between several independent reinsurers.

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 184 million (of which NOK 7 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 2,072 million (of which NOK 16 million in group pension, private).

An immediate 10 per cent reduction in mortality would, with current numbers, mean a negative effect of NOK 320 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 7,372 million (of which NOK 31 million in group pension, private).

The Group's large numbers within group public sector pensions help to stabilize the insurance risk and the claim estimates. Deviations are related primarily to non-insurable magnitudes that do not affect the result.

9.1.5.2 Sensitivity calculations in non-life insurance

The effect on results in non-life insurance before tax through:

1 per cent change in the costs	NOK 2.6 million
1 per cent change in premium level	NOK 12.1 million
1 per cent change in claim payments	NOK 8.8 million
1 per cent change in claims reserves	NOK 17.8 million

The effect on the result would be the same before and after reinsurance.

9.2 FINANCIAL RISK

The Group's financial goal is to achieve a competitive and stable return, at the same time as solvency satisfies external and internal requirements. The Group has a long-term investment strategy in which risk-taking is at all times matched to the Group's ability to bear risk. The focus in asset management is cost effectiveness, a long-term perspective and broadly diversified portfolios with the goal of achieving competitive and stable returns for our customers and owners over time.

The Group's financial risk comprises liquidity risk, market risk and credit risk.

9.2.1 Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient liquidity to cover short-term debt, uncalled residual liabilities that may fall due and current operations without substantial extra costs arising in the form of price falls on assets that have to be realized. The liquidity strategy contains various requirements and limits in order to comply with the desired liquidity risk profile. In addition division of responsibilities and contingency planning are covered. The liquidity strategy is operated at the senior management level and the liquidity is managed internally in accordance with mandates.

Uncalled residual liability of NOK 14,196 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. 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 concerning assets, equity exposure is the largest financial risk factor, but also the market risk associated with interest, 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 will 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 105 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 with the index for each portfolio.

To reduce the risk of negative results from asset management, the Group uses CPPI rules for customer portfolios for daily monitoring the market risk. This strategy helps to ensure that the risk is adjusted to the Group's risk capacity. The CPPI rules gives a return profile, which fits the overall target to protect owners' equity and preserve the risk capacity over time. In addition, the Group has a high proportion of long-term (hold-to-maturity) bonds and fixed-interest lending that contributes to stability in returns.

In KLP's asset management, derivatives are principally used for risk reduction for cost and time-effective implementation of changes in risk and for currency hedging.

In connection with KLP's own risk and solvency assessment (ORSA), several scenario analyses were carried out. The scenario analyses were carried out in two parts. First, a reverse stress test was performed to find out how large a loss could be tolerated before the capital adequacy fell to the regulatory minimum requirement.

In the reverse stress tests, the calculations show that an overall loss of NOK 30 -13824 would reduce the capital adequacy to below 100%. For the sake of simplicity, the losses in this case are divided between shares and property, and everything else is kept unchanged. This is such a large loss that the probability of it is so small that it is difficult to quantify using the models that are currently available to KLP. The probability of a loss of NOK 20 billion corresponds roughly to the requirements of Solvency II – a one in two hundred years event. This would result in a capital adequacy ratio of 137%.

In addition, calculations were made based on various economic scenarios: an inflation shock, an oil price shock and a simulation of what happened during the financial crisis in 2008. The scenario which results in the largest loss, the inflation shock, would result in a loss of almost NOK 28 billion and a capital adequacy ratio of 123%. The return under this scenario and a comparison with the return in 2008 are shown in the table below.

Asset class	Return	Return 2008
Money market	3.0%	6.6%
Lending	3.9%	5.9%
Long-term	4.3%	5.4%
Norwegian bonds	-12.2%	10.2%
Global government bonds	-23.5%	12.0%
Global corporate bonds	-17.7%	2.2%
Property	-15.0%	1.3%
Global shares	-25.0%	-4.7%
Norwegian shares	-33.6%	-54.1%

Calculation of solvency margin (SCR ratio)

The new European rules for calculation of solvency margin, SCR ratio, main target is to protect and ensure the interest of the insurance customers. Solvency II was introduced from 1 January 2016, and the Group performs quarterly calculations of the SCR ratio.

At the end of 2016 about 20 per cent of KLP's assets were placed in equities (measured by exposure) and 13 per cent placed in property. Other assets were placed in fixed-income current and fixed assets, including lending.

The SCR ratio in 2016 was 198 per cent, which is higher than by the end of 2015 when the ratio was 181 percent. The ratio is well over the Group's target of at least 130 per cent in 2016, and the Group has increased this target to 150 per cent for 2017. The minimum target set by the authorities is 100 per cent.

The Company's' total eligible tier 1 capital is 31,3 NOK billion. The solvency capital requirement, as described in note 10, is NOK 15 billion. The market risk of the total solvency capital requirement is NOK 4,3 billion when diversification between the different asset allocations is considered/adjusted. The SCR ratio in 2016 was 209 per cent.

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. 36 per cent of the Group's total credit exposure is invested with issuers with an AA- rating or better. Taken into account, the exposure to local municipals and assume AA- rating or better, the credit exposure increases to 53 per cent. The Group has a separate international government bonds portfolio and the element of government bonds is also substantial in the Norwegian bonds portfolio.

The Group has a lending portfolio of high quality, with limited credit risk and historically very low losses. In the main, the Group provides loans secured on housing with a loan-to-value ratio of less than 80 per cent, loans to local authorities and loans with local authority guarantees. Lending secured through mortgages on housing amounts to NOK 12.7 billion. The value of the mortgages represents a greater value than the lending since a large part of the mortgages were established earlier in time and the price rise in housing in recent years has been substantial.

9.3 TOTAL MAXIMUM EXPOSURE TO CREDIT RISK FOR THE GROUP

The Group's total maximum exposure to credit risk comprises book values of financial assets and liabilities (see note 13 for more information regarding the Group's credit risk). The book classes of securities are specified in detail in Note 6 Fair value of financial assets and liabilities.

NOTE 10 Liquidity risk

The table below specifies the Company's financial liabilities classified according to maturity structure. The amounts in the table are non-discounted contractual cash flows.

31.12.2016 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Hybrid tier 1 securities [1]	0	63	251	313	1 567	2 194
Subordinated loans	0	961	926	6 373	0	8 260
Covered bonds issued	0	1 263	20 819	0	0	22 082
Debt to credit institutions	4 823	783	1 631	0	0	7 237
Liabilities to and deposits from customers	8 688	0	0	0	0	8 688
Accounts payable	676	0	0	0	0	676
Contingent liabilities	14 196	0	0	0	0	14 196
Total	**28 383**	**3 070**	**23 627**	**6 687**	**1 567**	**63 334**
Financial derivatives						
Financial derivatives gross settlement						
Inflows	0	0	0	0	0	0
Outflows	0	0	0	0	0	0
Financial derivatives net settlement	4 518	1 939	1 105	10	-252	7 320
Total financial derivatives	**4 518**	**1 939**	**1 105**	**10**	**-252**	**7 320**

31.12.2015 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Hybrid tier 1 securities [1]	0	64	258	322	1 641	2 285
Subordinated loans	0	3 309	1 708	6 995	0	12 012
Covered bonds issued	0	2 445	16 115	1 233	0	19 793
Debt to credit institutions	5 987	860	2 154	0	0	9 001
Liabilities to and deposits from customers	7 426	0	0	0	0	7 426
Accounts payable	736	0	0	0	0	736
Contingent liabilities	14 346	0	0	0	0	14 346
Total	**28 495**	**6 679**	**20 234**	**8 550**	**1 641**	**65 599**
Financial derivatives						
Financial derivatives gross settlement						
Inflows	-295	-1 012	-3 098	-1 715	-1 654	-7 775
Outflows	311	1 071	3 228	1 651	1 372	7 634
Financial derivatives net settlement	2 928	2 969	1 655	220	0	7 772
Total financial derivatives	**2 945**	**3 027**	**1 785**	**156**	**-282**	**7 631**

[1] In regards to the loans that 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.

NOTE 10 Liquidity risk - continued

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

2016 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	**16 184**	**66 684**	**106 985**	**268 794**	**309 977**	**284 108**	**196 594**	**143 099**	**1 392 425**

2015 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	**14 937**	**59 583**	**101 207**	**254 120**	**290 997**	**262 195**	**178 655**	**128 261**	**1 289 955**

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

31.12.2016 NOK MILLIONS	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Change in cash flows 01.01.2016-31.12.2016	Total	Adjusted for the unit holders' interests in consolidated securites funds
ASSETS								
Financial derivatives classified as assets	6	5	7	-48	-237	-45	-313	-302
Debt instruments classified as loans and receivables – at amortized cost	0	0	0	0	0	7	7	7
Bonds and other fixed-income securities	-53	-89	-1 269	-1 942	-1 592	307	-4 639	-4 030
Fixed-income fund units	-811	0	0	0	0	0	-811	-811
Loans and receivables	0	-3	0	0	0	158	155	135
Lending	0	0	0	0	0	474	474	474
Cash and deposits	0	0	0	0	0	17	17	17
Contingent liabilities [1]	0	0	0	0	0	69	69	69
Total assets	**-859**	**-87**	**-1 263**	**-1 990**	**-1 829**	**987**	**-5 041**	**-4 441**
LIABILITIES								
Deposits	0	0	0	0	0	-87	-87	-87
Liabilities created on issuance of securities	0	3	63	0	0	-235	-169	-169
Financial derivatives classified as liabilities	-5	4	92	105	2	55	253	253
Hybrid Tier 1 securities and subordinated loan capital	0	0	0	69	81	0	150	150
Debt to credit institutions	0	0	0	0	0	-30	-30	-30
Total liabilities	**-5**	**6**	**155**	**174**	**83**	**-297**	**116**	**117**
Total before tax	**-864**	**-80**	**-1 108**	**-1 816**	**-1 746**	**690**	**-4 925**	**-4 324**
Total after tax	**-648**	**-60**	**-831**	**-1 362**	**-1 310**	**517**	**-3 694**	**-3 243**

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

NOTE 11 Interest rate risk - continued

31.12.2015 NOK MILLIONS	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Change in cash flows 01.01.2015-31.12.2015	Total	Adjusted for the unit holders' interests in con-solidated securites funds
ASSETS								
Financial derivatives classified as assets	36	11	-116	-164	-294	-57	-585	-546
Debt instruments classified as loans and receivables – at amortized cost	0	0	0	0	0	6	6	6
Bonds and other fixed-income securities	-39	-85	-1 141	-1 741	-1 300	253	-4 053	-3 618
Fixed-income fund units	-730	0	0	0	0	0	-730	-730
Loans and receivables	0	-2	0	0	0	158	156	144
Lending	0	0	0	0	0	423	423	423
Cash and deposits	0	0	0	0	0	25	25	25
Contingent liabilities [1]	0	0	0	0	0	51	51	51
Total assets	**-733**	**-76**	**-1 257**	**-1 905**	**-1 594**	**860**	**-4 705**	**-4 244**
LIABILITIES								
Deposits	0	0	0	0	0	-74	-74	-74
Liabilities created on issuance of securities	0	1	59	0	0	-224	-165	-165
Financial derivatives classified as liabilities	-7	18	132	254	2	64	463	447
Hybrid Tier 1 securities and subordinated loan capital	0	0	0	79	58	0	137	137
Debt to credit institutions	0	0	0	0	0	-7	-7	-7
Total liabilities	**-7**	**18**	**191**	**333**	**60**	**-241**	**354**	**337**
Total before tax	**-740**	**-58**	**-1 067**	**-1 572**	**-1 534**	**619**	**-4 351**	**-3 906**
Total after tax	**-540**	**-42**	**-779**	**-1 148**	**-1 119**	**452**	**-3 176**	**-2 852**

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

The note shows the effect on income of an increase in market interest rate of 1 per cent, for fair value risk and variable interest rate risk.

Change in fair value (fair value risk) is shown in the five first columns, sorted in accordance with maturity of the securities, and is calculated on the change in fair value of fixed-income instruments had the interest rate been 1 per cent higher at the end of the period. The column "Change in cash flows" (variable interest rate risk) shows the change in cash flows had the interest rate been 1 per cent higher throughout the year reported on.

The total of these reflects the total impact on profits that the scenario of one per cent higher interest rate would have had on the Group during the period being reported on. Fair value risk applies to fixed interest rate securities where the market value of the security fluctuates conversely to the market interest rate. Variable interest rate risk applies to securities at variable interest rates, where the market value remains stable, but where change in the market interest rate is reflected in changed current incomes.

Fixed-income securities with the following characteristics and classifications, are covered by this Note; securities at fair value through profit or loss (variable and fixed interest rate terms), investments held to maturity (only those with variable interest rate terms) and loans and receivables (only those with variable interest rate terms). The Group has no fixed-income securities classified as available for sale.

Fixed rate assets, recognized at amortized cost, do not cause any effects in the income statement when the market rate changes. The same goes for issued debt with a fixed rate, measured at amortized cost.

Insurance contracts with a guaranteed return does not change the accounting value when interest rates change. Changes in interest rate has no impact on the guaranteed return, but will have an impact on the achieved returns to cover the return guarantee. This is because insurance funds partly invests in debt instruments whose cash flows contribute to cover the customers return guarantee.

NOTE 12 Currency risk

31.12.2016	Fin. pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position	Net position in NOK adjusted for the unit holders's interests in consolidated securities funds
NOK MILLION/ FOREIGN CURRENCY [1]	Assets	Liabilities	Assets	Liabilities	Currency/ NOK	Assets	Liabilities	NOK	
US dollar	12 575	-665	9 287	-19 443	8,608	21 862	-20 108	15 101	5 185
Euro	3 857	-224	2 641	-5 958	9,079	6 498	-6 183	2 865	993
Swedish krone	14 302	0	6 254	-18 125	0,948	20 557	-18 125	2 304	1 232
Hong Kong dollar	2 310	-27	924	-1 562	1,110	3 234	-1 590	1 825	1 295
Japanese yen	107 453	-300	106 649	-190 814	0,074	214 101	-191 114	1 696	445
British pound	1 573	0	1 186	-2 604	10,636	2 759	-2 604	1 639	798
Korean won	157 493	0	0	0	0,007	157 493	0	1 122	865
Taiwan new dollar	3 728	0	0	0	0,267	3 728	0	996	767
Canadian dollar	957	0	687	-1 510	6,419	1 644	-1 510	857	381
Australian dollar	654	0	691	-1 214	6,233	1 345	-1 214	817	405
Swiss franc	380	0	376	-672	8,469	755	-672	708	245
Danish krone	4 781	-61	3 113	-7 266	1,221	7 894	-7 327	692	133
Indian rupi	4 981	0	0	0	0,127	4 981	0	632	487
South African rand	927	0	0	0	0,629	927	0	583	450
Brazilian real	211	0	0	0	2,645	211	0	558	430
Other currencies								1 614	1 190
Total short-term foreign currency positions								**34 010**	**15 300**
Danish krone	534	0	1	-1	1,221	535	-1	652	652
Japanese yen	41 608	-29 499	0	-6 505	0,074	41 608	-36 005	414	414
US dollar	1 669	-103	0	-1 550	8,608	1 670	-1 654	139	139
Bristish pund	26	0	0	-50	10,636	26	-50	-254	-254
Euro	601	-615	120	-154	9,079	721	-769	-437	-437
Total long-term foreign currency positions								**514**	**514**
Total pre-tax currency positions								**34 524**	**15 814**
Total currency positions after tax								**25 893**	**11 860**

[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. The net position exclued the minority share shows the real currency risk the Group has at the end of the period, because the column is directly related to actual ownership and risk in the Group. Other sums are in local currency. The table shows a hedging ratio for foreign currency at 91 and 86 per cent for 2016 and 2015 respectively.

NOTE 12 Currency risk - continued

31.12.2015	Fin. pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position	Net position in NOK adjusted for the unit holder's interests in consolidated securities funds
NOK MILLION/ FOREIGN CURRENCY [1]	Assets	Liabilities	Assets	Liabilities	Currency/ NOK	Assets	Liabili-ties	NOK	
US dollar	10 918	-610	122	-8 943	8,851	11 040	-9 553	13 170	3 947
Euro	3 311	-2	136	-3 130	9,615	3 447	-3 131	3 038	926
Hong Kong dollar	2 211	-30	24	-592	1,142	2 235	-621	1 843	1 380
British Pound	1 442	0	18	-1 327	13,046	1 460	-1 327	1 730	510
Japanese yen	101 341	-690	1 591	-80 173	0,074	102 932	-80 863	1 624	399
Korean won	141 200	0	0	0	0,008	141 200	0	1 066	865
Swiss franc	417	0	3	-314	8,843	421	-314	944	270
Swedish krone	12 751	-1	110	-12 026	1,050	12 862	-12 027	876	58
Taiwan new dollar	3 214	0	0	0	0,269	3 214	0	866	703
Canadian dollar	781	0	21	-695	6,372	802	-695	680	262
Indian rupi	4 341	0	0	0	0,134	4 341	0	581	471
Australian dollar	517	0	15	-450	6,440	532	-450	525	151
Other currencies								3 017	1 993
Total short-term foreign currency positions								**29 960**	**11 934**
US dollar	1 012	-109	0	-874	8,851	1 012	-983	260	260
British pound	0	0	0	-10	13,046	0	-10	-128	-128
Danish krone	307	0	0	0	1,288	307	0	395	395
Euro	906	-926	0	-27	9,615	906	-953	-449	-449
Japanese yen	33 843	-27 778	0	0	0,074	33 843	-27 778	446	446
Total long-term foreign currency positions								**524**	**524**
Total pre-tax currency positions								**30 483**	**30 483**
Total currency positions after tax								**22 253**	**22 253**

[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. The net position exclued the minority share shows the real currency risk the Group has at the end of the period, because the column is directly related to actual ownership and risk in the Group. Other sums are in local currency. The table shows a hedging ratio for foreign currency at 91 and 86 per cent for 2016 and 2015 respectively.

The Group currency-hedges the majority of investments made in foreign currency. Financial hedging of currency exposure is done through derivatives. In principle all of the Group's fixed-income investments and property investments in foreign currency are hedged back to NOK with the objective of 100 per cent hedging. For equity investments in foreign currency the general objective is a 90 per cent hedging ratio with permitted fluctuations between 80 and 100 per cent. The exception is cases in which certain currencies do not have a large enough market and/or liquidity to initiate effective hedging.

Were all currency positions to change by 1 per cent at the same time and in the same direction this would affect the result by NOK 345 million. For 2015 the effect on the result of a 1 per cent change in the foreign exchange rates would have been NOK 335 million.

NOTE 13 Credit risk

31.12.2016 NOK MILLIONS	Investment grade AAA til BBB	Lower rating	Public sector guarantee	Bank og finance	[1] Mortgage < 80%	[1] Mortgage >80%	Other	Total	Total adjusted for the unit holders' interests in consolidated securities funds
Debt instruments held to maturity at amortized cost	29 599	0	31	0	0	0	3 161	32 791	32 791
Debt instruments classified as loans and receivables at amortized cost	85 774	0	1 346	0	0	0	19 600	106 720	106 689
Debt instruments at fair value - fixed-return securities	113 346	83	8 379	7 805	0	0	11 722	141 335	128 293
Fixed-income funds	0	0	0	0	0	0	12 933	12 933	12 933
Loans and receivables	16 529	0	0	223	0	0	0	16 752	14 814
Financial derivatives classified as assets	1 815	0	0	0	0	0	0	1 815	1 759
Cash and bank deposits	2 968	0	0	0	0	0	0	2 968	2 146
Lending	0	0	58 384	0	14 637	1 266	8 636	82 922	82 922
Total	**250 032**	**83**	**68 140**	**8 028**	**14 637**	**1 266**	**56 052**	**398 237**	**382 347**

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

SPECIFICATION OF INVESTMENT GRADE	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	13 620	4 095	7 650	4 234	29 599
Debt instruments classified as loans and receivables at amortized cost	22 029	20 310	38 717	4 718	85 774
Debt instruments at fair value - fixed-return securities	45 355	14 559	35 458	17 975	113 346
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	2 350	13 970	210	16 529
Financial derivatives classified as assets	0	236	1 579	0	1 815
Cash and bank deposits	0	440	2 528	0	2 968
Lending	0	0	0	0	0
Total	**81 003**	**41 989**	**99 902**	**27 137**	**250 032**

NOTE 13 Credit risk – continued

31.12.2015 NOK MILLIONS	Investment grade AAA til BBB	Lower rating	Public sector guarantee	Bank og finance	[1] Mortgage < 80%	[1] Mortgage >80%	Other	Total	Total adjusted for the unit holders' interests in consolidated securities funds
Debt instruments held to maturity at amortized cost	32 117	0	31	5	0	0	3 165	35 318	35 318
Debt instruments classified as loans and receivables at amortized cost	76 046	0	522	253	0	0	18 165	94 987	94 987
Debt instruments at fair value - fixed-return securities	98 801	553	4 527	10 265	0	0	8 694	122 840	113 182
Fixed-income funds	0	0	0	0	0	0	12 224	12 224	12 224
Loans and receivables	16 922	0	0	507	0	0	0	17 429	16 576
Financial derivatives classified as assets	1 292	0	0	0	0	0	0	1 292	1 263
Cash and bank deposits	2 424	0	0	0	0	0	0	2 424	2 424
Lending	0	0	54 022	0	12 154	1 932	9 504	77 611	77 611
Total	**227 603**	**553**	**59 102**	**11 030**	**12 154**	**1 932**	**51 752**	**364 126**	**353 585**

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

SPECIFICATION OF INVESTMENT GRADE	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	18 157	2 558	7 691	3 711	32 117
Debt instruments classified as loans and receivables at amortized cost	22 492	16 959	32 460	4 136	76 046
Debt instruments at fair value - fixed-return securities	42 436	14 153	28 244	13 969	98 801
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	2 608	14 096	219	16 922
Financial derivatives classified as assets	0	174	1 118	0	1 292
Cash and bank deposits	0	32	2 392	0	2 424
Lending	0	0	0	0	0
Total	**83 085**	**36 483**	**86 001**	**22 035**	**227 603**

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

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

The Group has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. The Group can be said to have a high concentration of debt instruments directed at the Norwegian public sector.

The rating above are gathered from Standard & Poor's , Moody's and Fitch . The rating is converted to S & P 's rating table , where AAA is linked to securities with the highest creditworthiness . Lowest rating of the three is used. All three rating agencies are equal as the basis for investments in fixed income securities. Other is mainly securities issued by power companies and other corporate bonds: this amounted

NOTE 13 Credit risk - continued

to NOK 56 billion per 31.12.2016. KLP Group has strict guidelines for investments in fixed-income securities, which also apply to investments falling into the Other category.

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

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

NOK MILLIONS	31.12.2016		31.12.2015	
	Consolidated	Adjusted for the minority holding	Consolidated	Adjusted for the minority holding
10 LARGEST COUNTERPARTIES				
Counterparty 1	16 787	16 359	14 247	13 712
Counterparty 2	10 871	10 189	10 180	9 602
Counterparty 3	8 551	8 551	9 091	9 091
Counterparty 4	6 865	6 343	6 247	6 247
Counterparty 5	6 678	5 454	6 118	5 816
Counterparty 6	5 428	5 334	5 907	4 347
Counterparty 7	5 010	4 951	4 566	3 526
Counterparty 8	4 698	4 698	3 419	3 327
Counterparty 9	3 601	3 235	3 378	3 283
Counterparty 10	3 566	3 205	3 325	3 247
Total	**72 056**	**68 319**	**66 478**	**62 199**

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

Premium receivables and receivables in connection with reinsurance

NOK MILLIONS	2016	2015
Premium receivables	486	518
Write-downs of premium receivables	0	-1
Total	**486**	**518**

The Groups 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 that are subject to net settlement

31.12.2016 NOK MILLIONS				Related amounts not presented net			Total adjusted for unit holders' interests in consolidated securites funds
	Gross financial assets/ liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Net amount	
ASSETS							
Financial derivatives	1 815	0	1 815	-1 125	-836	23	23
Repos	0	0	0	0	0	0	0
Total	**1 815**	**0**	**1 815**	**-1 125**	**-836**	**23**	**23**
LIABILITIES							
Financial derivatives	5 871	0	5 871	-1 125	-3 611	1 197	975
Repos	1 065	0	1 065	0	0	1 065	1 065
Total	**6 936**	**0**	**6 936**	**-1 125**	**-3 611**	**2 262**	**2 039**

31.12.2015 NOK MILLIONS				Related amounts not presented net			Total adjusted for unit holders' interests in consolidated securites funds
	Gross financial assets/ liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Net amount	
ASSETS							
Financial derivatives	1 292	0	1 292	-649	-647	58	58
Repos	0	0	0	0	0	0	0
Total	**1 292**	**0**	**1 292**	**-649**	**-647**	**58**	**58**
LIABILITIES							
Financial derivatives	7 993	0	7 993	-649	-4 447	2 909	2 563
Repos	1 434	0	1 434	0	0	1 434	1 434
Total	**9 427**	**0**	**9 427**	**-649**	**-4 447**	**4 343**	**3 997**

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

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

NOTE 15 Mortgage loans and other lending

NOK MILLIONS	Local government administration	State and local authority owned enterprises [1]	Private organizations and enterprises	Employees, pensioners and similar	Total 31.12.2016	Total 31.12.2015
Akershus	2 174	249	191	2 640	5 255	4 733
Aust-Agder	1 284	18	4	182	1 489	1 234
Buskerud	4 522	3 784	786	943	10 034	8 885
Finnmark	1 160	206	1	256	1 623	1 575
Hedmark	2 995	450	79	559	4 083	3 608
Hordaland	2 813	2 088	399	1 300	6 599	5 317
Møre og Romsdal	4 344	615	199	629	5 787	4 947
Nordland	2 929	361	389	668	4 347	3 529
Nord-Trøndelag	1 727	119	10	190	2 045	2 573
Oppland	1 898	124	8	405	2 435	2 184
Oslo	34	398	614	1 955	3 002	2 712
Rogaland	2 408	105	27	1 413	3 952	4 225
Sogn og Fjordane	1 995	10	131	191	2 326	1 963
Sør-Trøndelag	4 382	14	65	771	5 232	5 248
Telemark	995	104	616	278	1 993	1 926
Troms	2 022	68	167	676	2 932	2 850
Vest-Agder	1 521	34	8	301	1 864	1 532
Vestfold	3 379	154	58	968	4 560	4 261
Østfold	1 958	192	26	1 559	3 735	3 459
Svalbard and Jan Mayen	60	0	0	0	60	69
Foreign	0	0	9 105	0	9 105	10 172
Not allocated	0	0	0	0	0	43
Accrued interests	192	25	53	18	288	261
Value adjustment					177	306
Total	**44 792**	**9 118**	**12 933**	**15 903**	**82 922**	**77 611**

[1] This category covers local authority business operations, as well as enterprises owned by central and local government

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 15.9 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.

NOTE 15 Mortgage loans and other lending - continued

NOK MILLIONS	2016	2015
Individual write-downs on loans at amortized cost		
Number of loans [1]	10	9
Total principal before write-downs	4.2	4.6
Write-downs	2.0	2.5
Total principal after write-downs	**2.1**	**2.1**
Individual write-downs		
Write-down on individual loans 01.01.	2.5	1.3
Known losses for the period where individual write-down has been carried out previously	-0.5	-0.3
Write-down on individual loans for the period	0.8	2.3
Reversal of write-down on individual loans for the period	-0.7	-0.8
Write-down on individual loans 31.12.	**2.0**	**2.5**
Group write-downs		
Write-down on group of loans 01.01.	0.0	0.0
Write-down on group of loans for the period	0.8	0.0
Write-down on group of loans 31.12.	**0.8**	**0.0**

NOK MILLIONS	2016 Remaining debt	2015 Remaining debt
LOANS OVERDUE, NOT WRITTEN DOWN		
30-90 days	44	55
over 90 days	25	33
Total overdue loans	**69**	**88**

[1] 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.

NOTE 16 Investement properties

NOK MILLIONS	2016	2015
Net rental income	2 638	2 407
Net financial income/costs	17	12
Net realized gains/losses	82	98
Change in fair value	3 989	2 299
Net income from investment properties	**6 726**	**4 816**
Currency translation foreign subsidiaries, taken to other comprehensive income	-1 625	1 319
Net income from investment properties currency translation	**5 101**	**6 135**

NOK MILLIONS	2016	2015
Book value 01.01.	56 436	44 467
Addition through purchase	2 278	7 961
Reductions through reclassification	0	-1 489
Additions through reclassification	499	1 879
Reductions through sale	-2 081	0
Net write-up/down resulting from change in fair value including currency translation	2 364	3 618
Book value 31.12.	**59 497**	**56 436**

NOTE 17 Investments in associated companies and joint ventures

NOK MILLIONS	Organization number	Holding %	Owners equity on first aquisition	Aquisition cost	Book value 31.12.2015	Additions/ disposals	Value adjust-ment	Profit/ loss share	Book value 31.12.2016
Norfinance AS Støperigata 2 0250 OSLO	912764729	18 %	92.3	102.5	137.4	127.1	5.4 [1]	0.0	269.8
Norsk Pensjon AS Hansteens gate 2 0253 Oslo	890050212	25 %	20.0	5.0	4.1	0.0	0.0	-0.1	4.0
Fylkeshuset AS, Molde Fylkeshuset 6404 Molde	930591114	48 %	0.1	0.0	0.0	0.0	0.0	0.0	0.0
KLP Norfund Investments AS Støperigata 2 0250 OSLO	999548636	50 %	0.1	183.8	226.1	23.6	7.9	0.0	257.7
Total in associated companies and joint ventures				**291.3**	**367.6**	**150.7**	**13.3**	**-0.1**	**531.6**

[1] Included dividend with NOK 5,8 millions.

All shares have equal voting proportions.

NOTE 18 Subordinated loan capital and hybrid Tier 1 securities

2016 NOK MILLIONS	Loan amount currency [2]	Loan amount NOK	Book value 31.12.2016	Due date
BORROWINGS [1]				
October 1997	JPY 9 500	554	706	Perpetual
June 2015	EUR 600	5 163	5 514	2 045
Total subordinated loan capital		5 717	6 220	
April 2004	JPY 15 000	984	1 650	Perpetual
Total hybrid tier 1 securities		984	1 650	
Total subordinated loan capital and hybrid Tier 1 securities		**6 700**	**7 870**	

2015 NOK MILLIONS	Loan amount currency [2]	Loan amount NOK	Book value 31.12.2015	Due date
BORROWINGS [1]				
October 1997	JPY 9 500	554	705	Perpetual
April 2006	EUR 300	2 372	2 997	Perpetual
June 2015	EUR 600	5 163	5 839	2 045
Total subordinated loan capital		8 089	9 541	
April 2004	JPY 15 000	984	1 564	Perpetual
Total hybrid tier 1 securities		984	1 564	
Total subordinated loan capital and hybrid Tier 1 securities		**9 072**	**11 105**	

[1] Interest costs on the two subordinated loans were NOK 303 million (NOK 313 million) and NOK 61 million (NOK 61 million) for the hybrid Tier 1 securities in 2016. Figures in brackets are 2015 figures.
[2] Amount in local currency (millions)

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. The Group has not invoked accounting hedging for the financial hedging associated with this borrowing.

EUR 600:
The interest on the loan is fixed at 4.25 per cent p.a. The loans was issued the 10th of June 2015 and is due in 2045. The loan can be redeemed by KLP after 10 years, and at every interest payment date that follows. The loan is currency hedged with EUR denominated bonds as shown in the table below. This arrangement is not subject to hedge accounting.

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.

NOTE 18 Subordinated loan capital and hybrid Tier 1 securities – continued

2016 NOK MILLIONS	Nominal currency [2]	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2016	Due date
Bonds	JPY 9 500	635	2	66	703	2017
Bonds	EUR 596	5 152	29	221	5 402	2025
Total hedging transactions		**5 787**	**31**	**287**	**6 105**	

2015 NOK MILLIONS	Nominal currency [2]	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2015	Due date
Bonds	JPY 9 500	635	2	64	701	2017
Bonds	EUR 304	2 523	34	398	2 954	2015/2016
Bonds	EUR 596	5 152	31	534	5 716	2025
Total hedging transactions		**8 310**	**66**	**995**	**9 371**	

[1] Interest costs on the two subordinated loans were NOK 303 million (NOK 313 million) and NOK 61 million (NOK 61 million) for the hybrid Tier 1 securities in 2016. Figures in brackets are 2015 figures.
[2] Amount in local currency (millions)

A subordinated loan of EUR 300 million was redeemed in April 2016.

NOTE 19 Hedge accounting

31.12.2016 HEDGE ACCOUNTING	Nominal value	Changed value in hedged risk	Book value 31.12.2016
KOMMUNAL LANDSPENSJONSKASSE			
HEDGED OBJECT			
Hybrid tier 1 securities	-984	-667	-1 650
HEDGING INSTRUMENT			
Combined interest rate and currency swap (CIRCUS)	984	629	629
Hedge effectiveness as at 31.12.2016		96 %	
Hedge effectiveness through the year		96 %	
KLP BANKHOLDING GROUP			
HEDGED OBJECT			
Loans to retail customers fixed interest in NOK	213	12	225
HEDGING INSTRUMENT			
Interest rate swap loans to retail customers fixed int. rate NOK	179	-12	166
Hedge effectiveness as at 31.12.2016		101 %	
Hedge effectiveness through the year		101 %	

NOTE 19 Hedge accounting - continued

31.12.2015 NOK MILLIONS	Nominal value	Changed value in hedged risk	Book value 31.12.2015
KOMMUNAL LANDSPENSJONSKASSE			
HEDGED OBJECT			
Hybrid tier 1 securities	-984	-581	-1 564
HEDGING INSTRUMENT			
Combined interest rate and currency swap (CIRCUS)	984	580	580
Hedge effectiveness as at 31.12.2015		100 %	
Hedge effectiveness through the year		100 %	
KLP BANKHOLDING GROUP			
HEDGED OBJECT			
Loans to retail customers fixed interest in NOK	368	20	388
HEDGING INSTRUMENT			
Interest rate swap loans to retail customers fixed int. rate NOK	355	-20	335
Hedge effectiveness as at 31.12.2015		100 %	
Hedge effectiveness through the year		100 %	

The note shows the financial instruments in the Group subject to hedge accounting, with associated hedging instruments. As at 31 December 2016 the Group has two hedge relationships: one in Kommunal Landspensjonskasse and one in KLP Bankholding Konsern. The hedge effectiveness stands at 96 and 101 per cent on the hedge relationships as at 31 December 2016, which means relatively small effects on 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.

General

Fair value hedging means that the hedged value development of the hedged object is recognized through profit or loss. Correspondingly the value change on the hedging instrument is recognized in profit/loss. See also Note 2 for a detailed description of the hedge accounting in the accounts.

NOTE 20 Borrowing

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.12.2016	Book value 31.12.2015
PERPETUAL SUBORDINATED LOAN CAPITAL						
Kommunal Landspensjonskasse	0	EUR	Fixed	Perpetual	0	2 995
Kommunal Landspensjonskasse	554	JPY	Fixed [1]	Perpetual	706	704
FIXED - TERM SUBORDINATED LOAN						
Kommunal Landspensjonskasse	5 163	EUR	Fixed [2]	2045	5 514	5 841
Total subordinated loan capital	**5 717**				**6 220**	**9 541**
HYBRID TIER 1 SECURITIES						
Kommunal Landspensjonskasse	984	JPY	Fixed [3]	2034	1 650	1 564
Total hybrid Tier 1 securities	**984**				**1 650**	**1 564**
COVERED BONDS						
KLP Kommunekreditt AS	0	NOK	Floating	2016	0	2 174
KLP Kommunekreditt AS	315	NOK	Fixed	2017	319	644
KLP Kommunekreditt AS	595	NOK	Floating	2017	596	4 008
KLP Kommunekreditt AS	3 970	NOK	Floating	2018	3 975	4 005
KLP Kommunekreditt AS	4 500	NOK	Floating	2019	4 506	4 505
KLP Kommunekreditt AS	2 500	NOK	Floating	2020	2 510	0
KLP Kommunekreditt AS	750	NOK	Fixed	2020	752	752
KLP Kommunekreditt AS	4 000	NOK	Floating	2021	4 014	0
KLP Kommunekreditt AS	600	NOK	Fixed	2021	602	0
KLP Boligkreditt AS	43	NOK	Floating	2017	43	602
KLP Boligkreditt AS	600	NOK	Floating	2019	600	600
KLP Boligkreditt AS	2 000	NOK	Floating	2020	2 007	452
KLP Boligkreditt AS	1 100	NOK	Floating	2021	1 103	1 203
Other					67	42
Total covered bonds	**20 973**				**21 095**	**18 987**

NOTE 20 Borrowing - continued

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.12.2016	Book value 31.12.2015
DEBT TO CREDIT INSTITUTIONS						
KLP Banken AS	0	NOK	Floating	2016	0	802
KLP Banken AS	300	NOK	Fixed	2017	308	308
KLP Banken AS	443	NOK	Floating	2017	443	500
KLP Banken AS	200	NOK	Fixed	2018	202	202
KLP Banken AS	500	NOK	Floating	2018	502	502
KLP Banken AS	900	NOK	Floating	2019	902	600
KLP Funds	0	NOK	Fixed	2016	0	1 433
KLP Funds	1 064	NOK	Fixed	2017	1 064	0
KLP Funds	0	NOK/EUR/USD	Floating	2016	0	49
KLP Funds	744	NOK/EUR/USD	Floating	2017	744	0
Kommunal Landspensjonskasse	0	NOK/EUR/USD	Floating	2016	0	700
Kommunal Landspensjonskasse	885	NOK/EUR/USD	Floating	2017	885	0
KLP Banken AS	0	NOK/EUR/USD	Floating	2016	0	3
KLP Banken AS	1	NOK/EUR/USD	Floating	2017	1	0
Other					-1	0
Total liabilities to credit institutions	**5 037**				**5 050**	**5 099**
LIABILITIES AND DEPOSITS FROM CUSTOMERS [4]						
Retail	6 938	NOK			6 938	6 030
Business	1 729	NOK			1 729	1 397
Foreign	21	NOK			21	0
Liabilities to and deposits from customers	**8 688**				**8 688**	**7 426**
Total financial liabilities	**41 398**				**42 704**	**42 617**

[1] The loan has an interest change date in 2017.
[2] The loan has an interest change date in 2025.
[3] The loan has an interest change date in 2034.
[4] There is no contractual maturity date on deposits.

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

Deposits belongs to KLP Banken AS.

NOTE 21 Technical matters

The tables in this note specifies technical matters by sector. As a consecuence some of the numbers in the note are not directly reconcilable to the lines in the financial statement.

Insurance liabilities distributed by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans	Group annuity and pension insurance, including group annuity and pension insurance for association members	Accident insurance and other non-life sectors	Group life	Total 31.12.2016	Total 31.12.2015	Change 2016
Premium reserve and pensjonskapital	382 414	3 092			385 506	357 576	27 930
Supplementary reserves	24 424	48			24 472	20 322	4 150
Securities adjustment fund	28 337	67			28 404	21 529	6 876
Premium fund	17 189	35			17 224	15 548	1 676
Other technical provisions for the non-life insurance operation			2 191	64	2 255	2 150	105
Total insurance liabilities 31.12.2016	**452 364**	**3 241**	**2 191**	**64**	**457 861**	**417 124**	**40 736**
Total insurance liabilities 31.12.2015	412 355	2 619	2 072	78	417 124		

Insurance liabilities per subsegment

Subsegment of group pension insurance for municipalities, including institutions with similar pension plans

NOK MILLIONS	Occupational pension schemes without investment options	Occupational pensions schemes with investment options	Total 31.12.2016	Total 31.12.2015	Change 2016
Premium reserve and pensjonskapital	380 648	1 766	382 414	355 077	27 336
Supplementary reserves	24 292	133	24 424	20 284	4 140
Securities adjustment fund	28 337		28 337	21 472	6 865
Premium fund	16 906	283	17 189	15 522	1 667
Total insurance liabilities 31.12.2016	**450 183**	**2 181**	**452 364**	**412 355**	**40 009**
Total insurance liabilities 31.12.2015	410 319	2 036	412 355		

Sub-sectors in group annuity and pension insurance, including group annuity and pension insurance for association members

NOK MILLIONS	Company pension schemes without investment options	Paid-up policies without investment options	Defined contribution pension schemes with investment options	Pension capital certificates with investment options	Total 31.12.2016	Total 31.12.2015	Change 2016
Premium reserve and pensjonskapital	676	750	1 178	487	3 092	2 498	594
Supplementary reserves	29	18	0	0	48	38	10
Securities adjustment fund	39	28	0	0	67	57	10
Premium fund	24	2	8	0	35	26	9
Total insurance liabilities 31.12.2016	**768**	**799**	**1 187**	**487**	**3 241**	**2 619**	**622**
Total insurance liabilities 31.12.2015	1 028	408	891	283	2 610		

NOTE 21 Technical matters - continued

Insurance liabilites in accident insurance and other non-life sectors and group life (both mainsectors without subsegments)

NOK MILLIONS	Accident insurance and other non-life sectors	Group life	Total 31.12.2016	Total 31.12.2015	Change 2016
Premium reserve	327	15	343	293	50
Claims reserve	1 864	48	1 912	1 857	55
Claims reserve	**2 191**	**64**	**2 255**	**2 150**	**105**
Total technical provisions for the non-life insurance operation as at 31 December 2015	2 072	78	2 150		

Changes to insurance liabilities during the period in question for coverage of the undertaking's liabilities under contracts with contractual obligations

NOK MILLIONS	Premium reserve	Supple-mentary reserves	Securities adjustment fund	Premium fund	Technical provisions for the non-life insurance operation	Total 2016	Total 2015
Insurance liabilities 01.01	354 724	20 208	21 529	15 303	2 143	413 906	380 546
Changes in insurance liabilities taken to income							
Net reserves taken to profit/loss	27 373	-4	6 876	283	102	34 629	13 712
Surplus on returns result	4	3 994	0	2 256	0	6 254	4 548
Risk result assigned to insurance contracts	12	0	0	392	0	404	17 258
Other assignment of surplus	8	13	0	9	0	31	0
Total changes taken to profit/loss	**27 397**	**4 003**	**6 876**	**2 941**	**102**	**41 319**	**35 518**
Adjustment of the insurance liabilities	0	0	0	1 617	0	1 617	1 352
Changes in insurance liabilities not taken to profit/loss							
Transfers between funds/allocated to premium payment	-1	-3	0	-3 214	0	-3 218	-1 333
Receipts/payments on transfer	-36	132	0	286	0	381	505
Total changes not taken to profit/loss	**-37**	**128**	**0**	**-2 928**	**0**	**-2 836**	**-828**
Total changes in insurance liabilities	**27 361**	**4 131**	**6 876**	**1 630**	**-3**	**39 994**	**33 338**
Insurance liabilities 31.12	**382 085**	**24 339**	**28 404**	**16 932**	**2 244**	**454 005**	**413 884**

NOTE 21 Technical matters - continued

Changes to insurance liabilities during the period in question for coverage of the undertaking's liabilities related to the value of a particular portfolio of investment options

NOK MILLIONS	Premium reserve	Supplementary reserves	Premium fund	Total 2016	Total 2015
Insurance liabilities 01.01	2 859	114	245	3 218	2 762
Changes in insurance liabilities taken to income					
Net reserves taken to profit/loss	577	0	8	585	326
Surplus on returns result	0	19	44	63	37
Risk result assigned to insurance contracts	0	0	2	2	84
Other assignment of surplus	0	0	0	0	0
Total changes taken to profit/loss	**577**	**19**	**54**	**649**	**446**
Adjustment of the insurance liabilities	0	0	8	8	-7
Changes in insurance liabilities not taken to profit/loss					
Transfers between funds/allocated to premium payment	-5	0	-35	-39	17
Receipts/payments on transfer	0	0	19	19	-1
Total changes not taken to profit/loss	**-4**	**0**	**-16**	**-20**	**16**
Total changes in insurance liabilities	**573**	**19**	**46**	**637**	**456**
Insurance liabilities 31.12	**3 431**	**133**	**291**	**3 855**	**3 218**

Technical accounts by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group annuity and pension insurance, including group annuity and pension insurance for association members		Accident insurance and other non-life sectors	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Premium income	36 851	38 785	574	486	1 020	920
Net income from investments	24 715	15 505	184	79	0	0
Other insurance-related income	933	888	3	2	2	2
Claims	-16 378	-15 281	-112	-79	-734	-684
Change insurance liabilities	-38 542	-16 537	-622	-466	0	0
Funds assigned to insurance contracts	-4 319	-17 508	-9	-2	0	0
Insurance-related operating expenses	-1 138	-923	-53	-45	-241	-201
Other insurance-related costs	-934	-874	-1	-1	-11	-1
Technical result	**1 188**	**4 055**	**-35**	**-25**	**37**	**36**

NOTE 21 Technical matters - continued

Technical accounts by main sectors continued

NOK MILLIONS	Group life		Total	
	2016	2015	2016	2015
Premium income	134	119	38 579	40 309
Net income from investments	0	0	24 900	15 584
Other insurance-related income	0	0	938	893
Claims	-149	-125	-17 372	-16 170
Change insurance liabilities	0	0	-39 164	-17 003
Funds assigned to insurance contracts	0	0	-4 328	-17 509
Insurance-related operating expenses	-24	-17	-1 455	-1 185
Other insurance-related costs	0	0	-945	-876
Technical result	**-38**	**-23**	**1 152**	**4 043**

Technical accounts by sub-sectors - main sector accident insurance and other non-life sectors and main sector group llife and has no sub-sectors.

Subsegments of group pension insurance for municipalities, including institutions with similar pension plans

NOK MILLIONS	Occupational pension schemes without investment options		Occupational pension schemes with investment options		Total	
	2016	2015	2016	2015	2016	2015
Premium income	36 717	38 676	134	109	36 851	38 785
Net income common portfolio	24 588	15 428	0	0	24 588	15 428
Net income investment option portfolio	0	0	127	77	127	77
Other insurance-related income	929	884	4	4	933	888
Claims	-16 294	-15 213	-84	-68	-16 378	-15 281
Change insurance liabilities - contractual	-38 434	-16 528	0	0	-38 434	-16 528
Change insurance liabilities - investment option	0	0	-108	-9	-108	-9
Funds assigned to insurance contracts	-4 265	-17 421	-54	-87	-4 319	-17 508
Insurance-related operating expenses	-1 133	-918	-5	-4	-1 138	-923
Other insurance-related costs	-930	-870	-4	-4	-934	-874
Technical result	**1 178**	**4 037**	**9**	**17**	**1 188**	**4 055**

NOTE 21 Technical matters - continued

Subsegments of group annuity and pension insurance, including group annuity and pension insurance for association members

NOK MILLIONS	Company pension schemes without investment options		Paid-up policies without investment options		Defined contribution pension schemes with investment options	
	2016	2015	2016	2015	2016	2015
Premium income	123	127	0	0	352	295
Net income common portfolio	47	64	37	18	0	0
Net income investment option portfolio	0	0	0	0	73	11
Other insurance-related income	3	2	0	0	0	0
Claims	-43	-59	-21	-13	0	0
Change insurance liabilities - contractual	-108	-118	-19	-2	0	0
Change insurance liabilities - investment option	0	0	0	0	-417	-300
Funds assigned to insurance contracts	-7	-2	-2	0	0	0
Insurance-related operating expenses	-11	-17	-8	-4	-24	-21
Other insurance-related costs	-1	-1	0	0	0	0
Technical result	**5**	**-3**	**-14**	**-1**	**-16**	**-15**

Subsegments of group annuity and pension insurance, including group annuity and pension insurance for association members continued

NOK MILLIONS	Pension capital certificates with investment options		Total	
	2016	2015	2016	2015
Premium income	99	63	574	486
Netto inntekter investeringer	27	5	184	98
Net income common portfolio	27	5	111	87
Net income investment option portfolio	0	0	73	11
Other insurance-related income	0	0	3	2
Claims	-48	-25	-112	-97
Change insurance liabilities	-78	-43	-622	-463
Change insurance liabilities - contractual	0	0	-127	-120
Change insurance liabilities - investment option	-78	-43	-495	-343
Funds assigned to insurance contracts	0	0	-9	-2
Insurance-related operating expenses	-10	-7	-53	-49
Other insurance-related costs	0	0	-1	-1
Technical result	**-10**	**-7**	**-35**	**-26**

NOTE 21 Technical matters - continued

Result analysis by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans	Group annuity and pension insurance, including group annuity and pension insurance for association members	Accident insurance and other non-life sectors	Group life	Total 2016	Total 2015
Returns result	8 096	17			8 114	3 436
Risk result excluding profit element - customer share	394	4			398	19 893
Total result to insurance customers	**8 490**	**22**			**8 512**	**23 329**
Increased reserves because of greater longevity		7			7	5
Transferred to supplementary reserves	4 019	13			4 033	3 130
Allocated to the customers' premium fund	4 324				4 324	5 138
Provision for the customers' premium reserves (reduces base rate)	0				0	12 389
Total result allocated to customers	**8 343**	**21**			**8 364**	**20 662**
Result to insurance providers						
Share of returns result	150	0			151	96
Risk result excluding profit element	394	2			396	2 817
Administration result	-49	-32			-81	237
Consideration for interest guarantee and profit element	690	7			698	834
Other	0	0	37	-38	-1	13
Building up reserves from equity		-12			-12	-3
Reversed contribution to building up reserves	0				0	50
Result to insurance provider	**1 188**	**-35**	**37**	**-38**	**1 152**	**4 043**

Claims by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group annuity and pension insurance, including group annuity and pension insurance for association members		Ulykkesforsikring og andre skadebransjer	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Claims paid in accordance with insurance agreements	-16 254	-15 134	-68	-64	-734	-684
Claims paid iunder repurchase	0	0	0	0	-45	-74
Total	**-16 254**	**-15 134**	**-68**	**-64**	**-779**	**-758**

Claims by main sectors continued

NOK MILLIONS	Group life		Total	
	2016	**2015**	**2016**	**2015**
Claims paid in accordance with insurance agreements	-149	-125	-17 204	-16 008
Claims paid iunder repurchase	0	0	-45	-74
Total	**-149**	**-125**	**-17 250**	**-16 081**

NOTE 21 Technical matters - continued

Transfer by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group annuity and pension insurance, including group annuity and pension insurance for association members		Group life	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
FUNDS TRANSFERRED IN						
Premium reserve	**3 250**	**9 247**	**185**	**150**		
Funds received taken through profit or loss	3 250	9 247	185	150	0	0
Premium fund	287	970	0	5		
Supplementary reserves to fund	176	126	0	0		
Total funds received	**3 713**	**10 344**	**185**	**155**	**0**	**0**
Number of contracts	50	151	69	75	0	0
FUNDS TRANSFERRED OUT						
Premium reserve	**110**	**135**	**48**	**21**		
Strengthening reserves	7	7	0	0		
Supplementary reserves	4	5	0	0		
Funds paid out taken through profit or loss	**121**	**147**	**48**	**21**	**0**	**0**
Premiefond	2	14	2	0		
Total funds paid out	**123**	**162**	**50**	**21**	**0**	**0**
Number of contracts	3	3	31	21	0	0

New subscription

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group annuity and pension insurance, including group annuity and pension insurance for association members		Group life	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
New subscription	32	6	80	62	8	5
Number of contracts	6	26	314	211	753	70

NOTE 22 Tangible fixed assets

NOK MILLIONS	2016				2015			
	Property for own use	Vehicles	Machines/ inventory	Total 2016	Property for own use	Vehicles	Machines/ inventory	Total 2015
Book value 01.01.	1 271	1	74	1 346	1 121	1	76	1 198
Acquisition cost 01.01.	914	12	273	1 198	914	12	263	1 188
Accum. Depreciation prev. years	-144	-11	-199	-354	-121	-11	-187	-319
Accum. Value adjustm. prev. years	501	0	0	501	329	0	0	329
Acquisition	168	1	24	192	0	0	14	14
Assets held for disposal	0	0	-6	-6	0	0	-3	-4
Value adjustements	112	0	0	112	172	0	0	172
Depreciation	-26	0	-14	-40	-23	0	-11	-35
Acquisition cost 31.12.	1 082	12	291	1 385	914	12	273	1 198
Accumulated depriciation 31.12.	-171	-11	-212	-394	-144	-11	-199	-354
Accumulated value adjustment 31.12.	614	0	0	614	501	0	0	501
Book value 31.12.	**1 525**	**1**	**79**	**1 604**	**1 271**	**1**	**74**	**1 346**
Economic life	50 years	5 years	3-5 years					
Depreciation method	Straight-line	Balance/ Straight-line	Balance/ Straight-line					

NOTE 23 Tax

NOK MILLIONS	2016	2015
Pre-tax income	2 449	5 138
Other comprehensive income excl. tax	63	348
Differences between accounting and tax income:		
Reversal of value reduction, financial assets	5 510	999
Reversal of value increase financial assets	-6 423	-10 875
Refunding of value increase properties	-2 364	-3 748
Accounting loss on realization of shares and other securities	2 040	2 100
Book gain on realization of shares and other securities	-7 978	-11 504
Tax gain on realization of shares and other securities	5 086	4 982
Tax loss on realization of shares and other securities	-14	-3
Refunding of 3% tax-free income i.a.w. the exemption method	21	19
Share of taxable income in partnerships	28	559
Share of accounting income in partnerships	-27	-26
Other permanent differences	-1 133	-1 143
Change in differences affecting relationship between book and taxable income	-4 038	-2 238
Taxable income	**-6 780**	**-15 391**
Surplus/deficit for the year is transferred to carryforward deficit	**-6 780**	**-15 391**

NOTE 23 Tax – continued

NOK MILLIONS	2016	2015
Deficit carryforward allowable from previous years	-47 225	-32 502
Change for the year in carryforward deficit	-6 780	-14 723
Total carryforward deficit and allowance as at 31.12.	**-54 005**	**-47 225**
RECONCILIATION OF BASIS FOR DEFERRED TAX		
Tax-increasing temporary differences:		
Fixed assets	1	1
Buildings and other real estate	18 550	16 210
Securities	30 901	26 349
Shares in partnerships	191	126
Security reserve	540	540
Lending to customers and credit enterprises	46	81
Other differences	208	190
Total tax-increasing temporary differences	**50 437**	**43 496**
Tax-reducing temporary differences:		
Gains and losses account	4	5
Long-term receivables	-964	-1 773
Financial instruments	0	0
Accounts receivable	-1	-1
Pension obligation	-712	-636
Borrowing	-21	-35
Other liabilities	-63	-29
Securities	0	-10
Other differences	-1	-192
Total tax-reducing temporary differences	**-1 757**	**-2 671**
Net temporary differences	48 680	40 826
Carryforward deficit	-54 005	-47 225
Basis for deferred tax assets	**-5 325**	**-6 400**
25% deferred tax assets	-1 331	-1 600
Write-down of deferred tax assets	1 300	798
Net deffered tax	**-31**	**-802**

NOTE 23 Tax – continued

NOK MILLIONS	2016	2015
Booked value of deferred tax assets/ - tax		
- Of which deferred capitalized tax assets	372	33
- Of which capitalized referred tax assets extempt from equalisation	403	835
Change in deferred tax assets taken to profit/loss	339	-55
Change in deferred tax taken to profit/loss	432	-522
Tax payable taken to profit/loss	-225	-233
Withholding tax taken to profit/loss	-196	-208
To much tax earlier year	-7	3
Cost of taxes	**344**	**-1 014**
Tax taken to profit/loss		
Cost of taxes	359	-927
Tax on items that will not be reclassified against the comprehensive income statement	8	-44
Tax on items that will be reclassified to income later	-24	-43
Total tax taken to profit/loss	**344**	**-1 014**

NOTE 24 Transferred assets with restrictions

Transferred assets that are still capitalised
All assets transferred are recognised in the financial position statement if the Group is still exposed to changes in the fair value of the asset. This applies to repurchase agreements and agreements concerning securities lending. Repurchase agreements are a form of borrowing with collateral, whereby the Group sells securities with an agreement to repurchase those securities at a predetermined price. Cash received is recognised as a deposit (debt). Securities transferred in connection with the repurchase agreement are not deducted in the financial position statement.

Agreements regarding securities lending are transactions whereby the group lends securities to a counterparty and receives a commission for it.

Since both repurchase agreements and secturies lending result in the securities being returned to the Group, the risk of value changes rests with the Group. However. the securities are not available to the Group while being transferred.

The securities still reported in the financial position statement, and related debt, are assessed at fair value.

NOK MILLIONS	31.12.2016	31.12.2015
Repurchase agreements		
Certificates and bonds	1 088	1 441
Securities lending		
Shares	3 576	1 043
Total assets transferred that are still capitalised	**4 664**	**2 483**

NOTE 24 Transferred assets with restrictions - continued

Liabilities related to the assets

NOK MILLIONS	31.12.2016	31.12.2015
Repurchase agreements		
Paid in by credit institutions	1 064	1 433
Securities lending		
Paid in by credit institutions	637	
Certificates and bonds	3 113	1 108
Total liabilities	**4 814**	**2 542**

All the assets in the table above are subject to resale or collateral with the counterparty.

Assets transferred that are not deducted, and related liabilities

The Group receives collateral under reverse repurchase agreements and agreements related to securities borrowing, which it is permitted to sell or pledge under the agreement.

Transactions are carried out in accordance with standard agreements employed by the parties in the financial market. The agreements normally require additional collateral if the values fall below a predetermined level. According the agreements, the recipient of the collateral has the unlimited right to sell or pledge the collateral in return for providing corresponding collateral on the date of settlement.

Securities received that are permitted to be sold or pledged

NOK MILLIONS	31.12.2016	31.12.2015
Reverse repurchase agreements		
Certificates and bonds		
Of which sold or pledged		
Securities borrowing		
Shares	483	312
Of which sold or pledged	483	312
Total assets transferred and still capitalised	**483**	**312**

NOTE 25 Intangible assets

NOK MILLIONS	IT-systems	Other	2016	IT-systems	Other	2015
Book value 01.01.	510	16	526	433	16	448
Acquisition cost 01.01.	1 225	16	1 241	1 064	16	1 080
Total additions	77	0	77	161	0	161
of which internally developed	14	0	14	30	0	30
of which bought	63	0	63	130	0	130
Disposals	0	0	0	0	0	0
Acquisition cost 31.12.	1 302	16	1 313	1 225	16	1 241
Accumulated depreciation and write-dows prev.years	-715	0	-715	-626	0	-626
Ordinary depreciation for the year	-92	0	-92	-77	0	-77
Impairment[1]	-186	0	-186	-12	0	-12
Accumulated depreciation and write-dows 31.12.	-993	0	-983	-715	0	-715
Book value 31.12.	**309**	**16**	**324**	**510**	**16**	**526**
Depreciation period			3 to 10 years			3 to 10 years

[1] At the end of 2016 there were identified several IT-systems where the book value exceeded the estimated recoverable amount. Estimated recoverable amount is calculated by estimating future earnings with book value. Essentially, some of the investments have no longer value. There are several reasons for this. Among other things, linking it to the outdated functionality due to rule changes and/or technological developments. In addition, parts of the system development have not achieved the desired streamlining degree. This resulted in the following assessment:

NOK MILLIONS	31.12.2016	31.12.2015
Book value before impairment	313	23
Recoverable amount	127	12
Impairment	**186**	**12**

The impairment is included in “Operating costs” in the financial statement.

NOTE 26 Solvency II - SCR ratio

Solvency II is being introduced from 1 January 2016 and the calcuation of the solvency margin is being changed completely whilst the previous requirement for capital adequacy and core capital adequacy no longer applies. The Solvency II balance sheet includes assets and liabilities at fair value. For assets that have a different value in the accounts change in balance value are added. There are no observable market values for KLP's insurance liabilities, which are thus calculated by way of a best estimate based on actuarial assumptions. In addition there is a risk margin that is to reflect a third party's capital costs by taking over these liabilities.

Tier 1 capital appears from the Solvency II balance sheet and Hybrid Tier 1 securities. Tier 2 capital consist of subordinated loans, risk equalisation funds and ancillary own funds. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve.

Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR. Subordinated loans with first interest rate changes in 2017 may therefore be redeemed without impacting the SCR ratio.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 198 per cent, which is well over the Company's target of at least 150 per cent. With the transitional measure on technical provisions the SCR ratio is 289 per cent.

	31.12.2016	31.12.2015
SOLVENCY II SCR RATIO	198 %	181 %

NOK BILLIONS SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT	31.12.2016	31.12.2015
Book value of assets comprised by Solvency II	502	462
Added values - hold-to-maturity portfolio/loans and receivables	10	11
Added values - other lending	1	1
Value adjustment reinsurance assets	0	
Intangibles	0	
Deferred tax asset	0	0
Total assets - solvency II	**513**	**474**

NOK BILLIONS	31.12.2016	31.12.2015
Best estimate	456	417
Risk margin	13	13
Hybrid Tier 1 securities/Subordinated loan capital	8	11
Other liabilities	9	11
Deferred tax liabilities	0	0
Total liabilities - solvency II	**486**	**452**
Excess of assets over liabilities	27	23
- Deferred tax asset	-1	0
- Risk equalisation fund	-4	-4
+ Hybrid Tier 1 securities	2	2
Tier 1 basic own funds	**24**	**20**
Total eligible tier 1 own funds	**24**	**20**

NOTE 26 Solvency II - SCR ratio - continued

NOK BILLIONS	31.12.2016	31.12.2015
Subordinated loans	7	10
Risk equalisation fund	4	4
Tier 2 basic own funds	**11**	**13**
Ancillary own funds	10	9
Tier 2 ancillary own funds	**10**	**9**
Deduction for max. eligible tier 2 own funds	-12	-14
Total eligible tier 2 own funds	**8**	**8**
Deferred tax asset	0	0
Total eligible tier 3 own funds	**0**	**0**
Solvency II total eligible own funds	**31**	**27**
Solvency capital requirement (SCR)	**16**	**15**
Minimum capital requirement (MCR)	**6**	**4**
Solvency II SCR ratio	**198 %**	**181 %**

NOTE 27 Return on capital for life insurance companies

KOMMUNAL LANDSPENSJONSKASSE PER CENT	2016	2015	2014	2013	2012
TOTAL OF COMMON PORTFOLIO					
Return I - Book [1]	4,4	3,6	4,3	6,4	5,0
Return II - Value-adjusted [2]	5,8	4,0	6,9	6,7	6,7
SUB-PORTFOLIOS OF THE COMMON PORTFOLIO					
Balanced portfolio 1					
Return I - Book [1]	4,5	3,6	4,2	6,0	5,0
Return II - Value-adjusted [2]	5,8	4,0	7,0	6,3	6,7
Balanced portfolio 2					
Return I - Book [1]	4,4	3,7	4,7	7,3	5,0
Return II - Value-adjusted [2]	5,8	3,9	6,9	7,5	6,7
Moderate portfolio					
Return I - Book [1]	4,2	3,6	4,5	5,2	N/A
Return II - Value-adjusted	5,5	3,7	6,5	5,4	N/A
INVESTMENT OPTION PORTFOLIO	6,2	4,0	6,7	8,8	7,5
CORPORATE PORTFOLIO	4,7	4,7	7,3	5,7	4,5

NOTE 27 Return on capital for life insurance companies - continued

KLP BEDRIFTSPENSJON AS PER CENT	2016	2015	2014	2013	2012
TOTAL OF COMMON PORTFOLIO					
Return I - Book [1]	5.3	4.8	4.6	4.0	5.2
Return II - Value-adjusted [2]	5.7	4.7	6.1	6.2	6.7
SUB-PORTFOLIOS OF THE COMMON PORTFOLIO					
Balanced portfolio					
Return I - Book [1]	5.2	4.8	4.6	3.9	5.3
Return II - Value-adjusted [2]	5.7	4.7	6.1	6.1	6.8
Moderate portfolio					
Return I - Book [1]	5.4	4.9	4.4	4.1	4.8
Return II - Value-adjusted [2]	5.8	4.8	6.1	6.4	6.3
INVESTMENT OPTION PORTFOLIO	7.0	2.1	8.8	13.5	12.0
SUB-PORTFOLIOS OF THE INVESTMENT OPTION PORTFOLIO					
Return II - Value-adjusted [2]					
Profil 90 [3]	9.8	3.4	8.9	24.8	15.2
Profil 70 [3]	8.5	3.0	8.9	19.4	13.8
Profil 60 [3]	7.8	2.7	9.1	16.9	13.1
Profil 50 [3]	7.1	2.4	9.2	14.4	12.4
Profil 40 [3]	6.4	2.1	9.3	11.9	11.7
Profil 30 [3]	5.6	2.0	8.4	9.3	10.4
Profil 20 [3]	4.6	1.6	8.2	7.3	9.2
Profil 10 [3]	3.8	1.4	7.3	4.8	7.9
CORPORATE PORTFOLIO	2.4	0.9	3.6	3.1	6.4

[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 Group also offers a pension scheme in addition to Fellesordningen. This obligation is covered through operation. Fellesordningen is a defined-benefits-based pension scheme that satisfies the requirements for mandatory occupational pensions ('obligatorisk tjenestepension', or OTP). The Group has a contractual early retirement (AFP) scheme..

The accounting treatment of pension obligations is described in more detail in Notes 2.

NOK MILLIONS	Joint scheme	Via operation	2016	Joint scheme	Via operation	2015
PENSION COSTS						
Present value of accumulation for the year	105.4	10.1	115.5	109.3	11.7	121.0
Administration cost	2.9	0.0	2.9	2.8	0.0	2.8
Social security contributions - Pension costs	15.3	1.4	16.7	15.8	1.7	17.5
Pension costs incl. social security and administration cost taken to income	**123.6**	**11.5**	**135.1**	**127.9**	**13.4**	**141.2**
NET FINANCIAL COSTS						
Interest cost	40.0	4.5	44.5	35.0	4.0	39.0
Interest income	-28.2	0.0	-28.2	-21.9	0.0	-21.9
Management costs	2.5	0.0	2.5	2.9	0.0	2.9
Net interest cost	14.9	4.5	19.4	16.0	4.0	20.0
Social security contributions - net interest cost	2.1	0.6	2.7	2.3	0.6	2.8
Net interest cost including social security contributions	**17.0**	**5.2**	**22.1**	**18.2**	**4.6**	**22.8**
ESTIMATE DEVIATION PENSIONS						
Actuarial gains (losses)	-9.0	14.0	4.9	-154.4	-16.6	-171.0
Social security contributions	-1.3	2.0	0.7	-21.8	-2.3	-24.1
Financial tax	18.7	8.2	26.8	0.0	0.0	0.0
Actuarial gains (losses) including social security contributions and financial tax	**8.4**	**24.1**	**32.5**	**-176.2**	**-18.9**	**-195.1**
Total pension costs including interest costs and estimate deviation	**148.9**	**40.8**	**189.7**	**-30.1**	**-1.0**	**-31.1**
PENSION OBLIGATIONS						
Gross accrued pension obligations	1 573.7	183.0	1 756.7	1 407.4	160.1	1 567.5
Pension assets	1 156.4	0.0	1 156.4	1 012.2	0.0	1 012.2
Net liability before social security costs	417.3	183.0	600.3	395.2	160.1	555.3
Social security contributions	54.9	24.0	78.9	55.7	22.6	78.3
Financial tax	22.6	10.0	12.7	0.0	0.0	0.0
Gross accrued obligations incl. social security costs and financial tax	1 651.2	217.0	1 868.2	1 463.1	182.7	1 645.8
Net liability incl. social security costs and financial tax	**494.8**	**217.0**	**711.8**	**450.9**	**182.7**	**633.6**
RECONCILIATION PENSION OBLIGATION						
Capitalized net liability/(assets) 01.01.	450.9	182.7	633.6	565.6	188.9	754.6
Pension costs taken to profit/loss	123.6	11.5	135.1	127.9	13.4	141.2
Financial costs taken to profit/loss	17.0	5.2	22.1	18.2	4.6	22.8
Actuarial gains and losses included social security contributions and financial tax	8.4	24.1	32.5	-176.2	-18.9	-195.1
Social security contributions paid in premiums/supplement	-13.0	-0.8	-13.8	-10.5	-0.6	-11.1
Premium/supplement paid-in including admin	-92.0	-5.7	-97.7	-74.2	-4.6	-78.8
Capitalized net liability/(assets) 31.12. this year	**494.8**	**217.0**	**711.8**	**450.9**	**182.7**	**633.6**

NOTE 28 Pensions obligations, own employees - continued

NOK MILLIONS	Joint scheme	Via operation	2016	Joint scheme	Via operation	2015
CHANGE IN PENSION OBLIGATIONS						
Gross pension assets 01.01.	1 463.1	182.7	1 645.8	1 360.1	171.1	1 531.2
Present value of accumulation for the year	105.4	10.1	115.5	109.3	11.7	121.0
Interest cost	40.6	4.5	45.1	35.0	4.0	39.0
Actuarial losses (gains) gross pension obligation	59.5	24.1	83.6	-161.4	-18.9	-180.3
Social security contributions - pension costs	15.3	1.4	16.7	15.8	1.7	17.5
Social security contributions - net interest cost	2.1	0.6	2.7	2.3	0.6	2.8
Social security contributions paid in premiums/supplement	-13.0	-0.8	-13.8	-10.5	-0.6	-11.1
Payments	-21.8	-5.7	-27.4	-19.8	-4.6	-24.4
Gross pension obligation 31.12.	**1 651.2**	**217.0**	**1 868.2**	**1 463.1**	**182.7**	**1 645.8**
CHANGE IN PENSION ASSETS						
Pension assets 01.01	1 012.2	0.0	1 012.2	926.8	0.0	926.8
Interest income	28.2	0.0	28.2	21.9	0.0	21.9
Actuarial (loss) gain on pension assets	51.2	0.0	51.2	14.8	0.0	14.8
Administration cost	-2.9	0.0	-2.9	-2.8	0.0	-2.8
Financing cost	-2.5	0.0	-2.5	-2.9	0.0	-2.9
Premium/supplement paid-in including admin	92.0	5.7	97.7	74.2	4.6	78.8
Payments	-20.7	-5.5	-26.2	-19.1	-4.5	-23.5
Pension assets 31.12	**1 156.4**	**0.0**	**1 156.4**	**1 012.2**	**0.0**	**1 012.2**
PENSION SCHEME'S OVER-/UNDER-FINANCING						
Present value of the defined benefits pension obligation	1 651.2	217.0	1 868.2	1 463.1	182.7	1 645.8
Fair value of the pension assets	1 156.4	0.0	1 156.4	1 012.2	0.0	1 012.2
Net pensions liability	**494.8**	**217.0**	**711.8**	**450.9**	**182.7**	**633.6**

PER CENT	31.12.2016	31.12.2015
FINANCIAL ASSUMPTIONS (COMMON TO ALL PENSION SCHEMES)		
Discount rate	2.60 %	2.70 %
Salary growth	2.50 %	2.50 %
The National Insurance basic amount (G)	2.25 %	2.25 %
Pension increases	1.48 %	1.48 %
Social security contribution	14.10 %	14.10 %
Financial tax	5.00 %	5.00 %[1]

[1] It is calculated 5% financial tax on the part of the obligation pr. 31.12.2015 unpaid in 2016.

The assumptions as at 31 December 2015 have been applied to measurement of the cost of pension for 2016, whilst for calculation of the pension obligation on 31 December 2016, the assumptions and membership numbers as at 31 December 2016 have been applied. The assumptions are based on the market situation as at 31 December 2016 and are in accordance with the recommendations of the Norwegian Accounting Standards Board (NASB).

NOTE 28 Pensions obligations, own employees - continued

ACTUARIAL ASSUMPTIONS

KLP's joint pension scheme for local authorities and enterprises ("Fellesordningen"):
An important part of the basis of pension costs and pension obligations is how mortality and disability develop amongst the members of the pension scheme.

KLP has used the K2013BE mortality table based on Finance Norway's analyses of mortality in life insurance populations in Norway and Statistics Norway's extrapolations. KLP uses own disability table for actuarial assumptions related to disability, a table based on changes in disability figures in KLPs customer base.

Withdrawal of contractual early retirement (AFP) (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 42.5 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" (in %)

Age (in years)	<24	24-29	30-39	40-49	50-55	>55
Turnover	25 %	15 %	7.5 %	5 %	3 %	0 %

PENSIONS VIA OPERATIONS

AFP/ Early retirement is not relevant to this scheme. In regard to mortality the same variant of K2013BE has been used as for «Fellesordningen»

NUMBER	Joint scheme	Via operation	2016	Joint scheme	Via operation	2015
MEMBERSHIP STATUS						
Number active	945	67	1 012	893	72	965
Number deferred (previous employees with deferred entitlements)	630	35	665	611	21	632
Number of pensioners	201	43	244	191	39	230

PER CENT	2016	2015
COMPOSITION OF THE PENSION ASSETS:		
Property	12.5 %	12.8 %
Lending	11.6 %	12.3 %
Shares	20.1 %	19.8 %
Long-term/HTM bonds	26.8 %	26.9 %
Short-term bonds	20.0 %	20.6 %
Liquidity/money market	8.9 %	7.6 %
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 5.9 per cent in 2016 and 3.6 per cent in 2015.

Expected payment into benefits plans after cessation of employment for the period 1 January 2017 – 31 December 2017 is NOK 147.4 million.

NOTE 28 Pensions obligations, own employees - continued

Sensitivity analysis as at 31 December 2016	
The discount rate is reduced by 0.5 %	Increase
Gross pension obligation	9.9 %
Accumulation for the year	13.9 %
Salary growth increases by 0.25%	Increase
Gross pension obligation	1.2 %
Accumulation for the year	3.1 %
Mortality is strengthened by 10 %	Increase
Gross pension obligation	2.5 %
Accumulation for the year	1.9 %

The sensitivity analysis above is based on all other assumptions being unchanged. In practice that is an unlikely scenario and changes in some assumptions are correlated. The calculation of gross pension obligation and accumulation for the year in the sensitivity analysis has been done using the same method as in calculating gross pension obligation in the financial position statement.

The duration in the Joint scheme is estimated at 17.1 years.

NOTE 29 Number of employees

	2016	2015
Total permanent employees in the Group 31.12.	950	939
Average number of employees in the Group	909	898

NOTE 30 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 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.

Senior employees who were members of the Group senior management before 1 May 2013, are pensionable at the age of 65, but may choose to canage this to aged 70. None of those senior management have chosen to avail themselves of the opportunity to change the retirement age as of 31.12.2016. Persons who were appointed to Group senior management as of 1 May 2013, are pensionable at the age of 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 form 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 2016 that was earned in previous years and was due for payment during 2016.

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/external members of the Corporate Assembly are only made on general lending terms and conditions.

Fees to Board members are determined by the Corporate Assembly.

All benefits are shown without the addition of social security contributions. For Board members elected by and among the employees stated that only about compensation and loans that can be linked to their directorship.

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.

Note 30 Salary and obligations towards senior management etc. - continued

2016 NOK THOUSANDS	Salary, fees etc.	Bonus	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2016	Payments plan[1]
SENIOR EMPLOYEES							
Sverre Thornes, Group CEO	3 807	-	206	1 413	11 840	1.95-2.35	A46
Marianne Sevaldsen	2 593	-	165	1 084	4 439	1.95	A43
Aage E. Schaanning	3 338	-	164	1 193	5 680	1.95	Flexiloan
Gro Myking	1 566	-	140	434	-	-	-
Rune Mæland [2]	1 242	-	117	296	1 933	1.95	A34/A43
Rune Hørnes [4]	672	-	328	84	-	-	-
Kirsten Grutle [5]	177	-	14	40	4 258	1.95-2.20	A46
Tore Tenold	2 826	-	149	906	2 812	1.95	Flexiloan
Håvard Gulbrandsen	3 042	462	172	1 010	4 560	1.95-2.20	Flexiloan
Gunnar Gjørtz	2 965	-	160	1 115	3 797	1.95	Flexiloan
Leif Magne Andersen	2 018	-	159	665	4 572	1.95-2.25	A42/A44
THE BOARD OF DIRECTORS [3]							
Liv Kari Eskeland, Chair (9 of 9)	335						
Egil Johansen (9 of 9)	289						
Lars Vorland (8 of 9)	201						
Jan Helge Gulbrandsen (8 of 9)	179						
Marit Torgersen (8 of 9)	230						
Cathrine Klouman (4 of 4) [2]	131						
Ingjerd Blekli Spiten (5 of 5)	120						
Susanne Torp-Hansen, elected by and from the employees (8 of 9)	201						
Freddy Larsen, elected by and from (8 of 9)	229						
CORPORATE ASSAMBLY							
Total Corporate Assembly, including employee representatives	841				34 337		
EMPLOYEES							
Loan to employees in the Group at subsidiezed interest rate					997 110		
Loan to employees in the Group at ordinary terms and conditions					468 925		

[1] S= Serial loan, A=Annuity loand, last peyment.
[2] The individual has stepped down from the appointment during the year.
[3] The numbers in ( ) represents how many meetings of the total the person has attended to.
[4] The emplyee was employed by KLP 1. October 2016.
[5] Went into the group management as of 1. December 2016, and benefits are caclulated from that date.

Note 30 Salary and obligations towards senior management etc. - continued

2015 NOK THOUSANDS	Salary, fees etc.	Bonus	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2015	Payments plan[1]
SENIOR EMPLOYEES							
Sverre Thornes, Group CEO	3 694	-	167	1 509	10 017	2.25	A45
Ole Jacob Frich [4]	1 097	-	99	311	1 130	2.45	A31
Marianne Sevaldsen	2 520	-	158	1 192	4 439	2.25	A43
Aage E. Schaanning	3 264	-	150	1 301	3 127	2.25-2.45	A22/A23
Rune Mæland	1 616	-	153	413	2 011	2.25	A34/A43
Mette-Jorunn Meisland [2]	795	-	90	256	5 925	2.25-2.45	A38
Tore Tenold	2 752	-	144	1 103	2 018	2.25	Flexiloan
Håvard Gulbrandsen	2 974	835	165	1 114	3 074	2.90-3.15	A40/Flexiloan
Gunnar Gjørtz	2 894	-	152	1 131	2 299	2.25	Flexiloan
Leif Magne Andersen	1 968	-	154	734	4 737	2.25-2.45	A42/A44
THE BOARD OF DIRECTORS[3]							
Liv Kari Eskeland, Chair (9 of 9)	317						
Egil Johansen (7 of 9)	269						
Lars Vorland (4 of 6)	88						
Jan Helge Gulbrandsen (7 of 9)	173						
Marit Torgersen (9 of 9)	217						
Anita Krohn Traaseth (0 of 3)[2]	0						
Cathrine Klouman (5 of 6)	88						
Susanne Torp-Hansen, elected by and from the employees (9 of 9)	188						
Freddy Larsen, elected by and from the employees (8 of 9)	215						
CONTROL COMMITTEE							
Ole Hetland, Chair	98						
Bengt P. Johansen	83						
Berit Bore	86						
Dordi E. Flormælen	83						
Thorvald Hillestad	83						
SUPERVISORY BOARD							
Total Supervisory Board, incl. Staff representatives	653				42 602		
EMPLOYEES							
Loan to employees in the Group at subsidiezed interest rate					946 936		
Loan to employees in the Group at ordinary terms and conditions					434 088		

[1] S= Serial loan, A=Annuity loand, last peyment.
[2] The individual has stepped down from the appointment during the year.
[3] The numbers in ( ) represents how many meetings of the total the person has attended to.
[4] Passed away in August 2015.

NOTE 31 Auditor´s fee

NOK MILLIONS	2016	2015
Ordinary audit	7.3	8.1
Certification services	0.5	0.8
Tax advisory services	1.3	0.8
Non-audit services	2.4	4.0
Total auditor's fee	**11.5**	**13.6**

The sums above include VAT.

NOTE 32 Operating expenses

NOK MILLIONS	2016	2015
Personnel costs	882	862
Depreciation [1]	319	118
Other operating expenses	556	449
Other operating expenses	**1 756**	**1 429**

[1] The increase in depreciation and amortization in 2016 is due to write downs of previously capitalized investements.

NOTE 33 Other income and expenses

NOK MILLIONS	2016	2015
Contribution service pension/AFP	927	868
Other income	19	58
Total other income	**945**	**926**

NOK MILLIONS	2016	2015
OTHER EXPENSES		
Payments service pension/AFP	929	868
Other costs	28	16
Total other expenses	**957**	**884**

NOTE 34 Other current liabilities

NOK MILLIONS	31.12.2016	31.12.2015
Short-term payables trade in securities	2 636	480
Incurred not assesses taxes	202	236
Advance tax-deduction pension scheme	382	329
Accounts payable	676	681
Pre-called contribution to insurance	131	106
Other current liabilities	795	2 424
Total other current liabilities	**4 823**	**4 255**

NOTE 35 Contingent liabilities

NOK MILLIONS	31.12.2016	31.12.2015
KLP guarantee liability	2	2
Committed, not subscribed investment in private equity and property funds	7 004	8 673
Approved, not paid out KLP Group loan pledge	7 190	5 670
Total contingent liabilities	**14 196**	**14 346**

NOTE 36 Retained earnings

NOK MILLIONS	Revaluation fund	Risk equilization fund	Nat. per. pool fund	Other reatined earnings	Retained earnings
Capitalized value 31.12.2014[1]	424	527	178	7 256	8 385
Change in principle, dissolution of the contingency reserve in non-life insurance				387	387
Capitalized value 01.01.2015	**424**	**527**	**178**	**7 642**	**8 772**
Income		2 836	-33	1 405	4 209
OTHER COMPREHENSIVE INCOME:					
Items that will not be later reclassified to income				132	132
Items that will be reclassified to income later when particular conditions are met	172			-43	129
Capitalized value 31.12.2015	**597**	**3 364**	**146**	**9 136**	**13 242**
Income				2 808	2 808
OTHER COMPREHENSIVE INCOME:					
Items that will not be later reclassified to income				-24	-24
Items that will be reclassified to income later when particular conditions are met				72	72
Capitalized value 31.12.2016	**597**	**3 364**	**146**	**11 991**	**16 097**

[1]Owners´ equity 1 January 2014 has been changed due to a reclassification of funds in the subsidiary KLP Skadeforsikring AS by NOK 86 millions.

Photo: Anne Therese Sande. Economy and Finance

Non-financial Accounts

Non-financial Accounts

AT YEAR-END 31 DECEMBER 2016

NOTE		2016	2015	2014	2013	2012	Target 2016	Target 2017
	RESPONSIBLE INVESTMENT							
2	Number of companies excluded from the investment portfolio	162	124	99	69	64	n/a	n/a
2	Number of companies reinstated in the investment portfolio	1	4	1	4	1	n/a	n/a
2	Number of general meetings of Norwegian companies at which KLP voted (proportion)	111 (96%)	97 (91%)	105 (93%)	95 (95%)	113 (92%)	90 %	90 %
2	Number of general meetings of foreign companies at which KLP voted (proportion)	2627 (90%)	2445 (83%)	2439 (82%)	2259 (76%)	2099 (75%)	75 %	75 %
2	Number of companies KLP monitored	214	176	109	41	143	200	240

NOTE	NOK MILLIONS	2016	2015	2014	2013	2012	Target 2016	Target 2017
	INVESTMENTS FOR SUSTAINABLE DEVELOPMENT (NOK MILLIONS)							
3	Market value of investments in renewable energy in Norway	22 468	20 189	19 876	18 865		n/a	n/a
3	Market value of investments in renewable energy in developing countries	258	226	131	36		n/a	n/a
3	Market value of investments in banking and finance in developing countries	410	229	201	8	0	n/a	n/a
3	Market value of investments in European infrastructure funds	652					n/a	n/a

NOTE	NOK MILLIONS	2016	2015	2014	2013	2012	Target 2016	Target 2017
	TAX AND INCOME PER COUNTRY (NOK MILLIONS)							
4	Tax expense in Norway	560	-684	-72	-198	0	n/a	n/a
4	Tax expense in Sweden	-12	35	1	12	-10	n/a	n/a
4	Tax expense in Denmark	-9	-84	-61	-54	0	n/a	n/a
4	Tax expense in worldwide (outside Norway)	1	-125	-77	33	0	n/a	n/a
4	Income in Norway	66 474	57 567	90 635	51 691	47 729	n/a	n/a
4	Income in Sweden	469	415	383	274	216	n/a	n/a
4	Income in Denmark	229	208	189	173	136	n/a	n/a
4	Income in Europe (outside Nordic region)	97	112	115	14		n/a	n/a
4	Accounting income before taxes in Norway	665	3 541	704	828	1 131	n/a	n/a
4	Accounting income before taxes in Sweden	1 745	1 088	257	255	-166	n/a	n/a
4	Accounting income before taxes in Denmark	153	331	136	-8	36	n/a	n/a
4	Accounting income before taxes in Europe (outside Nordic region)	-115	-221	-232	-126		n/a	n/a
4	Net purchases/sales and investments for the year in Norway	1 163	5 316	3 268	2 059	2 056	n/a	n/a
4	Net purchases/sales and investments for the year in Sweden	-1 348	1 836	60	1 576	1 283	n/a	n/a
4	Net purchases/sales and investments for the year in Denmark	50	411	8	3	399	n/a	n/a
4	Net purchases/sales and investments for the year in Europe (outside Nordic region)	0	0	0	2 336		n/a	n/a

Non-financial Accounts

AT YEAR-END 31 DECEMBER 2016

NOTE		2016	2015	2014	2013	2012	Target 2016	Target 2017
	EMPLOYEES							
5	Number of employees in Norway	935	921	884	841	799	n/a	n/a
5	Number of employees in Sweden	6	11	8	8	1	n/a	n/a
5	Number of employees in Denmark	9	7	7	7	8	n/a	n/a
5	Percentage women	47	48	48	48	48	n/a	n/a
5	Percentage men	53	52	52	52	52	n/a	n/a
5	Percentage staff turnover	4.7	4.0	4.0	3.9	3.1	n/a	n/a
5	Number of temporary employees	38	37	29	36	18	n/a	n/a
5	Percentage part-time women	14	15	16	16	18	n/a	n/a
5	Percentage part-time men	2.4	1.2	1.7	1.8	1.7	n/a	n/a
5	Percentage of women at Management Level 1	30	13	20	27	18	30 %	>30%
5	Percentage of women at Management Level 2	35	33	35	35	30	40 %	>40%
5	Percentage of women at Management Level 3	48	48	47	45	47	45 %	>45%
5	Percentage of women on the Board of Directors	50	50	50	50	43	>40%	>40%
6	Reported sickness absence short-term (%)	1.9	1.7	1.6	1.0	1.1	n/a	n/a
6	Reported sickness absence long-term (%)	2.7	2.5	3.1	2.9	3.1	n/a	n/a
6	Reported sickness absence total (%)	4.5	4.2	4.7	3.9	4.2	<4%	<4%
6	Reported sickness absence women (%)	6.7	5.6	6.0	5.8	6.0	n/a	n/a
6	Reported sickness absence men (%)	2.7	2.8	3.1	2.2	2.2	n/a	n/a
	Reported absence sick children women (%)	51	52	57	63	63	n/a	n/a
	Reported absence sick children men (%)	49	48	43	37	37	n/a	n/a
7	Reported number of personal injuries	0	1	1	1	0	n/a	n/a

NOTE	NOK THOUSANDS	2016	2015	2014	2013	2012	Target 2016	Target 2017
	SALARY AND REMUNERATION							
8	Total salary to employees	718 199	683 285	638 922	594 874	547 218	n/a	n/a
8	Average salary women	641	621	609	593	570	n/a	n/a
8	Average salary men	781	768	758	743	727	n/a	n/a
8	Women's salary as a percentage of men's	82.1	80.9	80.3	79.8	78.4	n/a	n/a
8	Women's salary as a percentage of men's at Management Level 1	67.7	92.4	79.0	72.4	64.3	n/a	n/a
8	Women's salary as a percentage of men's at Management Level 2	88.3	87.6	91.9	87.7	91.1	n/a	n/a
8	Women's salary as a percentage of men's at Management Level 3	91.2	91.6	96.3	92.3	92.2	n/a	n/a

Non-financial Accounts

AT YEAR-END 31 DECEMBER 2016

NOTE		2016	2015	2014	2013	2012	Target 2016	Target 2017
	ENVIRONMENT							
9	Energy consumption kWh/m² in KLP Eiendom's in-house-operated buildings in Oslo	195	195	162	158	182	180	180
9	Energy consumption kWh/m² in KLP Eiendom's in-house-operated buildings in Trondheim	216	180	151	154	162	180	180
9	Energy consumption kWh/m² in KLP Eiendom's in-house-operated buildings in Copenhagen	134	128	131	140	153	180	180
9	Energy consumption kWh/m² in KLP Eiendom's in-house-operated buildings in Stockholm	121					180	180
9	Energy consumption kWh/m² in KLP Eiendom's in-house-operated buildings in total	188					180	180
10	Energy consumption kWh/m² in KLP's offices in KLP Huset (the KLP Building)	151	140	146	147	160	n/a	n/a
10	Energy consumption kWh/m² in KLP's offices in Bergen	102	101	119	152	142	n/a	n/a
10	Energy consumption kWh/m² in KLP's offices in Trondheim	214	200	202	218	217	n/a	n/a
10	Energy consumption kWh/m² in KLP's offices in total	147	137	145	151	160	n/a	n/a
9	Percentage waste separation at source from in-house-operated buildings in Oslo	56	55	56	56	53	60	60
9	Percentage waste separation at source from in-house-operated buildings in Trondheim	52	54	57	42	43	50	50
9	Percentage waste separation at source from in-house-operated buildings in Copenhagen	40	39	38	30		50	50
9	Percentage waste separation at source from KLP's own offices in Norway	61	68	72	64	53	75	75
10	Total number of flights (return trips)	3 294	3 623	3 588	3 355	3 195	3 427	3 130
10	Total number of flights per FTE (return trips)	3.5	3.9	4.0	3.9	4.0	3.65	3.30
10	Greenhouse gas emissions from KLP's own operations (tonnes of CO_2 equivalent)	821	951	1 063	930	999	913	788

Non-financial Accounts

NOTES

NOTE 1 Accounting principles

Materiality assessment:
The selection of indicators for the annual report is based on the triple bottom line: how KLP impacts on environmental, social and economic aspects.

KLP's stakeholders are its owners, customers, members and own employees and society in general. KLP aspires to openness in its work. This applies to everything from formal guidelines and resolutions to measures and results that are available on the Company's website or in the blog on corporate social responsibility. The blog ensures that stakeholders have the opportunity to respond and comment on what they are concerned about. In the fora in which KLP participates and gives presentations or talks on social responsibility and responsible investment, we also have a great opportunity to enter into dialogue with and gather input from our stakeholders.

The triple bottom line:

Economy:

Responsible investment is a key element of KLP's business and of our role as a manager of pension assets. As such, KLP's task is to secure returns for future pensions. However, how those returns are generated is not irrelevant. KLP aims to be a responsible financial investor and owner and therefore actively uses a number of tools 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 tools and targets for responsible investment. The tools are exclusion, active ownership and investment for sustainable development. Therefore, reporting on this area is important. Tax and turnover per country is included in the report. As an owner, KLP is concerned with openness and is an advocate of, among other things, country-by-country reporting.

Environment:

KLP does not invest in companies that obtain 30% or more of their income from coal production or other coal-based activity. We do this to reduce the environmental impact of KLP's management of pension assets.

KLPs environmental impact originates mainly from the property business, which is operated by KLPs subsidiary KLP Eiendom. It is therefore the aim of KLP Eiendom to build environmentally friendly, future-proof buildings, and to pursue sustainable property management. The parameters by which this is measured and managed concern energy consumption, waste, transport, and consumption of materials. In addition, KLP's investments in financial instruments have a major environmental impact.

Energy consumption and waste are KPIs (key performance indicators) for which KLP has defined reduction targets, including in KLP's own office premises, and reductions in these have a large impact on the environment relative to other indicators. As an office-based business in Norway, the environmental impact of KLP is limited. Again, it is energy consumption that stands out as a relevant factor to report on, not least because it can be converted into a financial value.

KLP also reports on flights, because travel accounts for the bulk of the greenhouse gas emissions from its operations.

Social:

KLP reports on equal opportunities, sickness absence and staff turnover. It is important to us that our employees should have equal opportunities regardless of gender, ethnicity and sexual orientation. We also want our employees to look forward to going to work and to have a good and stimulating working environment. We believe this will be reflected in figures for sickness absence and staff turnover.

The content of the non-financial accounts is designed to cover Section 3-3c of the Norwegian Accounting Act and Norwegian Accounting Standard No. 16. In selecting the individual indicators, an assessment has been made as to whether they satisfy the Global Reporting Initiative (GRI) and the Communication on Progress (COP) to the UN Global Compact. Comprehensive reporting on corporate social responsibility is available (in Norwegian) at klp.no/samfunnsansvar (see also http://english.klp.no/about-klp/corporate-responsibility). The assessment of what are material reporting variables is based on what is considered most important to KLP's operations and its stakeholders.

NOTE 2 Responsible investment

The number of exclusions refers to the total number of companies excluded by KLP from its investment universe as at the end of the year owing to breaches of KLP's guidelines for responsible investment. The number of companies reinstated refers to those whose exclusion was reversed in the course of the year.

In 2016 the method of calculating the total number of companies excluded was tightened. Only companies that can be directly linked to the grounds for exclusion are included in the total number of excluded companies. For example, the exclusion of a company would previously also lead to the exclusion of the excluded company's financing company. Now the financing company is no longer included in the calculation. As a result of this change, the number of exclusions and inclusions of companies in 2016 will not match the change in the total number of excluded companies between 2015 and 2016. Under the new method of counting excluded companies, the number as at 31 December 2015 would have been 123, i.e. the figure without the financing companies.

In addition, the accounts show the number of general meetings at which KLP voted. The target is defined as a percentage of the general meetings at which KLP has voting rights. KLP's target is to vote at at least 75 per cent of the general meetings internationally, and at least 90 per cent of the general meetings in Norway. In 2016 we voted at 90 per cent of the general meetings internationally and 96 per cent of the general meetings in Norway. An overview of the companies to which the figures relate, and how KLP voted is available (in Norwegian) at klp.no/samfunnsansvar (see also http://english.klp.no/about-klp/corporate-responsibility).

The number of companies that KLP has monitored as part of the exercise of its ownership refers to portfolio companies with which KLP has been in direct contact in the course of the year. The monitoring concerns social, environmental and corporate governance matters. The follow-up and dialogue vary in scope and duration, but help to clarify how the companies are dealing with social responsibility challenges and to communicate KLP's expectations. The target for 2016 of monitoring 200 companies was achieved. For 2017, the target is to monitor 240 companies.

NOTE 3 Investments for sustainable development

"Investments for sustainable development" are one of the tools in KLP's guidelines for responsible investment. As part of this, KLP has invested in two sectors in developing countries: *renewable energy and investments in banking and finance*. KLP also has substantial investments in renewable energy production in Norway. The figures report the market value of these investments.

Renewable energy in Norway is defined as KLP's investments in Norwegian energy companies. Renewable energy in developing countries refers to KLP's direct investments in renewable energy projects in developing countries made by KLP in partnership with the Norwegian Investment Fund for Developing Countries (Norfund). Together with Norfund, KLP has established a joint investment company called KLP Norfund Investments AS.

Investments in banking and finance in developing countries are defined as KLP's investments in the Norwegian Microfinance Initiative (NMI) and NorFinance AS. NorFinance invests in the financial sector in developing countries and is an investment company in which KLP is a joint investor with others, including Norfund.

The investments are based on commercial risk and return assessments, but also emphasise the effect on social and environmental parameters.

As at 31 December 2016, KLP had allocated a total of NOK 1.18 billion to KLP Norfund Investments and NorFinance.

NOTE 4 Tax and income per country

Tax and income by country is divided into the countries in which KLP's activities involve a controlling influence. This means that tax and income from investments in foreign securities are reported within the country breakdown as Norwegian, unless KLP has a controlling influence over the investment so that there is a Group relationship. From the start of 2013, the amount includes KLP's withholding tax in fund investments.

Tax expense comprises the recognised tax expense in the various countries. This will differ from tax paid. Tax in the form of indirect taxes is not included in the figures reported. Comparative figures from before 2013 have not been provided.

NOTE 5 Employees

Definitions of management and employee levels:
— Management Level 1 is everyone in the Group senior management.
— Management Level 2 is the managers that report directly to an executive vice president.
— Management Level 3 is the managers that report to managers at Level 2.
— Employees

The number of employees includes employees on leave of absence and employees who work part-time.

KLP has employees in Norway, Sweden and Denmark. The percentage staff turnover refers to 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 the parent company) is not included in the staff turnover figure.

The percentage of women is reported at Management Levels 1 to 3, where Management Level 1 is everyone in the Group senior management. Management Level 2 is the managers that report directly to an executive vice president. Management Level 3 is the managers that report to managers at Level 2.

With regard to the target of 40 per cent of each gender in total in the number of managers, we achieved the following development between 2015 and 2016:

Management Level	% women as at 31.12.15	% women as at 31.12.2016
3	48.4%	48.4 %
2	33.3%	34.6 %
1	12.5%	30.0%

NOTE 6 Sickness absence

The figures show self-reported and doctor-certified sickness absence. Short-term absence is 1 to 3 days; long-term absence is 4 or more days. KLP's objective is to have sickness absence of less than 4 per cent. KLP cooperates closely both with the company health service and with the Norwegian Labour and Welfare Service (NAV) to prevent and follow up sickness absence. Absence is analysed continuously, and measures are drawn up in cooperation with HR, managers and employees.

NOTE 7 Personal injuries

The figures show self-reported personal injuries and injuries reported as actual and possible occupational injuries. Everything is reported to KLP Skadeforsikring AS as the insurance company for KLP.

NOTE 8 Salary and remuneration

Information on salaries only concerns Norway.

Salary and remuneration for KLP's Group senior management and Board representatives is discussed in Note 30 to the Group financial statements. The subsidiary KLP Kapitalforvaltning has bonus schemes for some employees. Other employees in the KLP Group do not have bonus or option agreements.

Average salary by gender is calculated on the basis of contractual salary for full-time employment and is not corrected for the proportion of part-time working.

It has been decided to implement concrete measures to increase women's salary as a proportion of men's salary, and a target has been set that women's salary as a proportion of men's salary shall be 90 per cent by 2018 and 95 per cent in 2020.

NOTE 9 Environmental impact of KLP Eiendoms in-house operated buildings

The energy consumption in kWh per square metre (specific energy) per year for the buildings that KLP Eiendom operates itself is temperature-corrected in order to be able to measure the effect of energy saving measures that have been implemented. (Temperature-corrected: energy consumption for heating is adjusted to a normal year (1961-1990: met.no – the Norwegian Meteorological Institute. All buildings operated by KLP Eiendom are also owned by KLP. This means that our responsibility covers both operation and maintenance. This model enables KLP to implement and measure the effect of environmental measures. All these buildings have energy monitoring systems in which energy and water consumption are recorded and monitored. The figures only include buildings where the tenants' energy consumption is known, giving us oversight of the total energy consumption in the buildings. The buildings that KLP operate in this way are located in Oslo, Trondheim, Copenhagen and Stockholm. The figures for Stockholm are uncertain because, owing to a lack of staff, we have not been able to complete all quality assurance of connections to our energy monitoring system.

We reduced our energy consumption in 2016 (when looking at comparable buildings) compared to 2015. However, we have not reduced it enough to meet our targets of 3.5, 5, 3 and 3 per cent average reductions in Oslo, Trondheim, Copenhagen and Stockholm respectively. Total consumption has increased because we have more buildings in the portfolio and because we continuously incorporate more of the tenants' own energy consumption in our energy monitoring.

In Trondheim there has been a substantial increase in specific energy. This is largely due to the fact that we have bought buildings with very high consumption which have been included in the annual reporting. In Copenhagen the figures were previously not temperature-corrected, but as from 2016 this function is also in place for our buildings in Denmark.

The Company has a large portfolio of buildings, and the portfolio, its use, and reported figures linked to the environment and energy keep changing. Factors that affect the portfolio and the reporting linked to it include the purchase and sale of properties, usage patterns over short or long periods of time, and difficulties in gathering correct figures. This means that the buildings on which KLP is reporting vary somewhat from year to year. Nonetheless, it is our assessment that this will outline the trends in the Company's real-estate portfolio.

The reporting only includes the buildings which KLP operates itself and which have comparable operating conditions stretching back 12 months from the reporting date.

We record and monitor waste volumes for all of our buildings continuously using the IT system Optima Waste. The exception is the buildings in Stockholm, because there the waste is not weighed on collection. The degree of waste separation at source shows how large a proportion of the waste is sorted. Sorted waste can be recycled to a greater extent and therefore has a smaller negative environmental impact than waste which is not sorted and which is either sent to landfill or used for energy recovery. We have not reached our targets of 60, 60 and 50 per cent sorting in Oslo, Trondheim and Copenhagen respectively. It is proving difficult to achieve our sorting targets because we have little scope to influence sorting by our tenants. We are striving for the best possible arrangements and are in continuous dialogue with our tenants to establish constantly improving procedures.

NOTE 10 Environmental impact of our own office activities

KLP has set ambitious targets for reducing emissions and aims to reduce greenhouse gas emissions by 50 per cent by 2030, as compared with the emissions in 2010. In order to monitor progress towards the target, it is essential to monitor annual developments. KLP therefore reports the greenhouse gas emissions from its own office activities. In order to achieve the target of a 50 per cent reduction by 2030, KLP must reduce its emissions by 4 per cent each year. In 2016 we achieved a reduction of 13.5 per cent.

The greenhouse gas emissions from our own office activities are taken from KLP's climate account, which was prepared by the analytical company CO2focus. The information used in a climate account stems from both external and internal sources and is converted to tonnes of CO_2 equivalents. The analysis is based on the international standard "A Corporate Accounting and Reporting Standard", developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). This is the most popular method in the world for measuring emissions of greenhouse gases. ISO 14064-I is based on this. The emission figure includes all energy consumption, transport, waste and other operation of KLP's internal activities in Oslo, Trondheim and Bergen. Energy consumption in KLP's in-house operated properties not used by KLP itself as office premises is not included. Greenhouse gas emissions from companies in which KLP has invested are also not included. You can read more about this (in Norwegian) at klp.no/samfunnsansvar (see also http://english.klp.no/about-klp/corporate-responsibility).

KLP's largest source of greenhouse gas emissions in own office activities is staff business travel. In the light of this, the number of flights is reported, as well as the number of flights per employee. The figures are provided by Egencia, the travel agency used by KLP. In 2016, the number of flights was reduced by 9 per cent compared with the previous year, and by 8.5 per cent compared with 2014. This was well within the target of a 6% reduction in 2016. Flights will continue to be a focus area for our environmental work in the years to come. The target for 2017 has not yet been set, but is estimated at 5%.

Energy consumption in KLP's own office premises is also an important source of greenhouse gas emissions for KLP. The consumption is not temperature-corrected, but shows the actual consumption. The energy consumption has been taken from our online energy monitoring system (Optima Energy). As from 2016, all of KLP's office premises are included in KLP Eiendom's property portfolio. Not all of the buildings are operated by KLP Eiendom. In time KLP Eiendom will establish a combined target that includes all of the buildings. Therefore, KLP no longer sets separate targets for energy consumption for its own offices, because the scope for influencing it is small.

This year KLP is reporting a combined waste separation at source figure for its own office premises in Norway. The Group's target is an 80 per cent sorting level by 2020. In spite of the fact that a number of measures have been taken to increase the level of sorting, things have been going in the wrong direction in recent years; down by almost 10 per cent. Among other things, environmental stations have been installed in KLP's regional office in Bergen and KLP's head office in Bjørvika, Oslo. These were installed in the third quarter of 2016, and it is therefore difficult to measure the effect as yet. The figures for the quantities of waste are provided to KLP by various suppliers, and there is therefore some uncertainty attached to the figures.

pwc

To: Board of Directors in Kommunal Landspensjonskasse Gjensidige Forsikringsselskap

Independent statement regarding verification of Non-financial statements for 2016

We have examined that Kommunal Landspensjonskasse Gjensidige Forsikringsselskap has developed non-financial statements per 22.03.2017. The criteria applied in the assessment of the subject matter is complete, accurate and timely information.

Tasks and Responsibility of Management
Management is responsible for the non-financial statements, and that it is prepared in accordance with the criteria. This responsibility includes designing, implementing and maintaining an internal control that maintains non-financial statements. Management is also responsible for the selection and collection of information presented.

Our independence and quality control
We are independent of the company in accordance with applicable laws and regulations and the Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our independent statement, and we have fulfilled our ethical obligations in accordance with these requirements and IESBA Code. We use ISQC 1 [NORWEGIAN] - Quality control for firms that perform auditing and simplified confirmations of financial statements, and other assurance and related services and maintains a comprehensive quality control system including documented policies and procedures of the ethical standards, professional standards and applicable legal and regulatory claim.

Tasks and Responsibility of Auditor
Our responsibility is to express an opinion on the subject matter based on our control.

We have performed controls and will issue our statement in accordance with the Standard on Assurance Engagements ISAE 3000: “Assurance engagements other than audits or review of historical financial information".

Our work involves performing procedures to obtain evidence that the subject matter is prepared in accordance with the criteria. The procedures selected depend on our judgement, including assessments of the risks that the subject matter contains information which is of material misstatement, whether due to fraud or error. When conducting these risk assessments, we consider internal control relevant to the preparation of the subject matter. Therefore, we design audit procedures that are appropriate to the circumstances, but will not to express an opinion on the effectiveness of internal control. Our control also includes an assessment of whether the applied criteria are appropriate and an assessment of the overall presentation of the subject matter.

Tasks and Responsibility of the Auditor
Based on our work, our task is to issue an independent statement on the Non-financial Accounts.

Our work includes the following activities:

- Interviews with representatives responsible for the different areas in the Non-financial statements and evaluation of processes
- Assessment of routines and internal control related to reporting of Non-financial statements

- Collection and review of documentation supporting the data presented in the Non-financial statements
- Evaluation of completeness and accuracy of the reported figures

In our opinion, sufficient evidence has been obtained, and we consider that our work provides an appropriate basis to conclude with a limited level of assurance on the Non-financial statements.

Conclusion
Based on our work, nothing has come to our attention giving us reason to believe that the information in the Non-financial statements includes material misstatements. In our opinion, the non-financial statements, in all material, is prepared in accordance with the criteria.

Oslo, March 22th 2017
PricewaterhouseCoopers AS

Eli Moe-Helgesen (unsigned)
State authorized public accountant

(This translation from Norwegian has been made for information purposes only)

Photo: Tove Kristin Skjelbostad. Accounting.

Accounts

KOMMUNAL LANDSPENSJONSKASSE

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Income statement

KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE FORSIKRINGSSELSKAP

NOTES	NOK MILLIONS	2016	2015
	Premiums due, gross	33 606	29 543
	Reinsurance premiums ceded	-1	-2
	Transfer of premium reserve and pension capital etc. from other insurance companies/pension funds	3 250	9 247
19	**Total premium income for own account**	**36 854**	**38 789**
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	4 616	5 832
	Interest income and dividends etc on financial assets	8 432	8 469
	Value changes on investments	6 014	7 082
	Gains and losses realized on investments	5 528	-5 955
4	**Total net income from investments in the common portfolio**	**24 588**	**15 428**
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	23	28
	Interest income and dividends etc on financial assets	41	41
	Value changes on investments	45	24
	Gains and losses realized on investments	18	-17
4	**Total net income from investments in the investment option portfolio**	**127**	**77**
33	**Other insurance-related income**	**933**	**888**
	Claims paid, gross	-16 263	-15 139
	Transfer of premiuim reserve and pension capital etc. to other insurance companies /pension funds	-124	-147
19	**Total claims**	**-16 387**	**-15 287**
	Change in premium reserve etc., gross	-27 291	-11 296
	Change in supplementary reserves	-3 987	-3 030
	Change in securities adjustment fund	-6 865	-1 950
	Changes in premium funds, defined contribution funds, and pension regulation funds etc.	-287	-243
	Transfer of supplementary reserves from other insurance companies/pension funds	-3	-9
19	**Total changes in insurance liabilities taken to profit/loss - contractual liabilities**	**-38 434**	**-16 528**
	Changes in pension capital etc.	-82	21
	Changes in premium funds, defined contribution funds and pension regulation funds etc.	-4	-3
	Change in other provisions	-23	-27
19	**Total changes in insurance liabilities taken to profit/loss – individual investment option portfolio**	**-108**	**-9**
	Surplus on returns result	-3 925	-182
	Risk result assigned to insurance contracts	-394	-17 326
19	**Total funds assigned to insurance contracts - contractual liabilities**	**-4 319**	**-17 508**

Income statement

KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE FORSIKRINGSSELSKAP

NOTES	NOK MILLIONS	2016	2015
	Administration costs	-179	-181
24	Sales costs	-124	-118
	Insurance-related administration costs (incl. commission for reinsurance received)	-837	-624
	Total insurance-related operating expenses	**-1 140**	**-922**
33	**Other insurance-related costs**	**-934**	**-874**
19	**Technical result**	**1 180**	**4 054**
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	529	533
	Interest income and dividends etc. on financial assets	605	650
17	Net operating income from property	181	41
	Value changes on investments	901	-866
	Gains and losses realized on investments	-862	874
4	**Total net income from investments in the corporate portfolio**	**1 354**	**1 232**
	Other income	**7**	**13**
	Administration costs	-13	-11
	Other expenses	-403	-411
	Total administration costs and other costs associated with the corporate portfolio	**-416**	**-422**
	Non-technical profit/loss	**945**	**822**
	Income before tax	**2 125**	**4 876**
26	Tax	773	-489
	Income before other profit/loss components	**2 898**	**4 387**
	Actuarial gains and losses on defined benefits pension schemes - employee benefits	-27	124
	Proportion of other comprehensive income on application of the equity method	-5	71
	Adjustment of the insurance liabilities	0	-20
26	Tax on other comprehesive income	8	-44
	Total other comprehensive income	**-24**	**132**
	Total comprehensive income	**2 874**	**4 519**
	Allocations and transfers		
	Transferred to other retained earnings	-2 331	-1 682
	Transferred to/from the risk equalization fund	-543	-2 836
	Total profit/loss allocation and transfer	**-2 874**	**-4 519**

Balance sheet

KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE FORSIKRINGSSELSKAP

NOTES	NOK MILLIONS	31.12.2016	31.12.2015
	ASSETS IN THE CORPORATE PORTFOLIO		
18	**Other intangible assets**	**253**	**454**
	Investments in the corporate portfolio		
6,17	**Investment properties**	**1 003**	**893**
14	Shares and holdings in property subsidiaries	1 779	1 673
14	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	4 125	3 738
14	**Total subsidiaries, associated enterprises and jointly controlled entities**	**5 904**	**5 411**
5,11	Investments held to maturity	6 460	10 013
5,11	Loans and receivables	7 349	6 291
5,11	**Total financial assets valued at amortized cost**	**13 808**	**16 304**
5,6,15	Shares and units	434	415
5,6,11	Bonds and other fixed-return securities	8 934	7 476
5,6,11	Loans and receivables	1 025	925
5,6,11	Financial derivatives	645	614
5,6	Other financial assets	14	29
5,6	**Total financial assets valued at fair value**	**11 052**	**9 458**
	Total investments in the corporate portfolio	**31 767**	**32 067**
	Receivables related to direct business	486	537
30	Intra-Group receivables	292	121
	Other receivables	123	101
	Total receivables	**902**	**759**
	Plant and equipment	46	39
	Bank deposits	887	654
26	Deferred tax assets	336	0
	Total other assets	**1 269**	**693**
	Total assets in the corporate portfolio	**34 190**	**33 973**

Balance sheet

KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE FORSIKRINGSSELSKAP

NOTES	NOK MILLIONS	31.12.2016	31.12.2015
	ASSETS IN THE CUSTOMER PORTFOLIOS		
	Investments in the common portfolio		
14	Shares and holdings in property subsidiaries	55 076	53 386
14	Shares and holdings in associated enterprises and jointly controlled entities	528	364
14	**Total subsidiaries, associated enterprises and jointly controlled entities**	**55 604**	**53 750**
5,11	Investments held to maturity	25 928	24 758
5,11	Loans and receivables	149 660	137 830
5,11	**Total financial assets valued at amortized cost**	**175 588**	**162 588**
5,6,15	Shares and units	93 531	82 290
5,6,11	Bonds and other fixed-return securities	123 574	108 383
5,6,11	Loans and receivables	9 654	12 071
5,6,11	Financial derivatives	937	492
5,6	Other financial assets	1 400	2 262
5,6	**Total financial assets valued at fair value**	**229 097**	**205 497**
	Total investments in the common portfolio	**460 289**	**421 835**
	Investments in the investment option portfolio		
14	Shares and holdings in property subsidiaries	272	264
14	**Total subsidiaries, associated enterprises and jointly controlled entities**	**272**	**264**
5,11	Investments held to maturity	120	136
5,11	Loans and receivables	618	543
5,11	**Total financial assets valued at amortized cost**	**738**	**678**
5,6,15	Shares and units	519	459
5,6,11	Bonds and other fixed-return securities	620	599
5,6,11	Loans and receivables	34	47
5,6,11	Financial derivatives	2	1
5,6	Other financial assets	0	1
5,6	**Total financial assets valued at fair value**	**1 174**	**1 108**
	Total investments in the investment option portfolio	**2 184**	**2 050**
	Totalt assets in the customer portfolios	**462 473**	**423 885**
	Totalt assets	**496 663**	**457 858**

Balance sheet

KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE FORSIKRINGSSELSKAP

NOTES	NOK MILLIONS	31.12.2016	31.12.2015
	OWNERS' EQUITY AND LIABILITIES		
	Other owners' equity contributed	11 726	10 422
	Total paid-up equity	**11 726**	**10 422**
	Risk equalization fund	3 907	3 364
	Other retained earnings	12 153	9 822
	Total retained earnings	**16 060**	**13 186**
21	Perpetual subordinated loan capital	706	3 702
21	Other subordinated loan capital	5 514	5 839
20,21	Hybrid Tier 1 securities	1 650	1 564
5,21	**Total subordinated loan capital etc.**	**7 870**	**11 105**
	Premium reserve etc.	380 658	353 401
	Supplementary reserves	24 292	20 170
16	Securities adjustment fund	28 337	21 472
	Premium funds, defined contribution funds, pension regulation funds etc.	16 907	15 284
19	**Total insurance liabilities - contractual liabilities**	**450 194**	**410 327**
	Pension capital etc.	1 766	1 684
	Supplementary reserves	133	114
	Premium funds, defined contribution funds, pension regulation funds etc.	283	238
19	**Total insurance liabilities - special investment portfolio**	**2 181**	**2 036**

Balance sheet

KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE FORSIKRINGSSELSKAP

NOTES	NOK MILLIONS	31.12.2016	31.12.2015
25	Pension obligations	474	423
26	Deferred tax liabilities	0	446
	Total provision for liabilities	**474**	**869**
	Liabilities related to direct insurance	537	2 210
5,6	Liabilities to credit institutions	885	700
5,6,12	Financial derivatives	4 074	6 421
31	Other liabilities	2 506	462
	Total liabilities	**8 001**	**9 793**
	Other accrued costs and pre-paid income	157	120
	Total accrued costs and pre-paid income	**157**	**120**
	TOTAL EQUITY AND LIABILITIES	**496 663**	**457 858**
	OFF-BALANCE-SHEET ITEMS		
34	Contingent liabilities	13 319	13 721

Oslo, 22 March 2017
The Board of Directors of Kommunal Landspensjonskasse gjensidige forsikringsselskap

Liv Kari Eskeland
Chair

Egil Johansen
Deputy Chair

Marit Torgersen

Jan Helge Gulbrandsen

Ingjerd Cecilie Hafsteen Blekeli Spiten

Lars Harry Vorland

Susanne Torp-Hansen
Elected by and from the employees

Freddy Larsen
Elected by and from the employees

Sverre Thornes
Group CEO

Changes in Owners' equity

KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE FORSIKRINGSSELSKAP

2016 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 1 January 2016	10 422	3 364	9 822	23 609
Income before other profit/loss components		543	2 355	2 898
Actuarial gains and losses on defined benefits pension schemes - employee benefits			-27	-27
Proportion of other comprehensive income on application of the equity method			-5	-5
Adjustment of the insurance liabilities			0	0
Tax on other comprehesive income			8	8
Total other comprehensive income			**-24**	**-24**
Total comprehensive income		**543**	**2 331**	**2 874**
Owners equity contribution recieved	1 303			1 303
Total transactions with owners	**1 303**			**1 303**
Own funds 31 December 2016	**11 726**	**3 907**	**12 153**	**27 785**

2015 NOK MILLIONS	Owners' equity contributed	Retained earnings		Total owners' equity
		Risk equalization fund	Other retained earnings	
Own funds 31 December 2014	9 173	528	7 754	17 454
Change in principle, dissolution of the contingency reserve in KLP Skadeforsikring AS			387	387
Own funds 1 January 2015	**9 173**	**528**	**8 140**	**17 841**
Income before other profit/loss components		2 836	1 551	4 387
Actuarial gains and losses on defined benefits pension schemes - employee benefits			124	124
Proportion of other comprehensive income on application of the equity method			71	71
Adjustment of the insurance liabilities			-20	-20
Tax on other comprehesive income			-44	-44
Total other comprehensive income			**132**	**132**
Total comprehensive income		**2 836**	**1 682**	**4 519**
Owners equity contribution recieved	1 249			1 249
Total transactions with owners	**1 249**			**1 249**
Own funds 31 December 2015	**10 422**	**3 364**	**9 822**	**23 609**

Statement of cash flows

KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE FORSIKRINGSSELSKAP

NOK MILLIONS	2016	2015
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Direct insurance premiums received	30 464	26 829
Reinsurance premiums paid	-1	-2
Direct insurance claims and benefits paid	-15 606	-14 458
Payments received on transfer	1 589	9 450
Payments made on transfer	-122	-146
Payments to other suppliers for products and services	-844	-767
Payments to staff, pension schemes, employer's social security contribution etc.	-445	-427
Interest paid	-428	-204
Interest received	7 704	7 855
Dividend and group contribution received	4 150	2 733
Tax and public charges paid	-11	-8
Receipts to the property business	71	37
Net receipts/payments of loans to customers etc.	-2 465	-8 023
Receipts on the sale of shares	5 629	5 776
Payments on the purchase of shares	-7 610	-15 251
Receipts on the sale of bonds and certificates	85 323	40 652
Payments on the purchase of bonds and certificates	-108 207	-58 826
Net cash flow from purchase/sale of other short-term securities	2 667	-1 281
Net cash flows from operating activities	**1 857**	**-6 062**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Receipts on the sale of tangible fixed assets etc.	0	7
Payments on the purchase of tangible fixed assets etc.	-66	-137
Net cash flows from investment activities	**-66**	**-130**
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts on issued subordinated loan capital	0	5 162
Payments on repayments of subordinated loan capital	-2 860	0
Receipts of owners' equity contributions	1 306	1 290
Payments on repayment of owners' equity contributions	-3	-41
Net cash flows from financing activities	**-1 557**	**6 412**
Net changes in cash and bank deposits	233	219
Holdings of cash and bank deposits at start of period	654	434
Holdings of cash and bank deposits at end of period	**887**	**654**

Notes to the Accounts

KOMMUNAL LANDSPENSJONSKASSE GJENSIDIGE FORSIKRINGSSELSKAP

NOTE 1 General information

Kommunal Landspensjonskasse gjensidige forsikringsselskap (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 subordinated loans listed on the London Stock Exchange.

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

The Company's annual financial statements for 2016 were adopted by the Company's Board of Directors on 22 March 2017.

NOTE 2 Summary of the most important accounting principles

For a description of accounting policies, except for conditions mentioned below, reference is made to note 2 for the Group.

2.1 FUNDAMENTAL PRINCIPLES

The annual financial statements are presented in accordance with Regulation No. 1824 of 18 December 2015: "Regulations for annual accounts 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 properties valued at fair value through profit and loss.
- Financial assets and liabilities(including derviatives) are value at fair value through profit and 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 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 Company
No IFRS/IFRC standards, changes or interpretations that came into effect during 2016 have been adopted that have had significant effect on the Company's accounts.

(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 the classification, measurement and recognition of financial assets and financial liabilities, introduces new rules on hedge accounting and a new impairment model for financial assets. IFRS 9 replaces the classification and measurement models in IAS 39 with a single model which in principle only has two categories: amortized cost and fair value.

The standard will take effect as from 2018, but with the possibility of deferring implementation until 2021 if the main part of the activity is associated with insurance. This is evident in the amendments to the rules in IFRS 4 Insurance contracts, which were published on 12 September 2016. These also allow for activity that meets the criterion of deferral, alternatively can implement IFRS 9 from 2018, but recognise the volatility that arises following implementation in the comprehensive income instead of in the ordinary income (overlay approach). The Company's insurance activity meets the requirement set for being able to choose deferred implementation of IFRS 9/use overlay approach. The Company has not completed the work of considering the consequences of the various implementation models and the time of implementation between which one can choose, and will provide further information when this has been sufficiently looked into and decided on.

The classification of loans will be dependent on the entity's business model for the management of its financial assets and the characteristics of the cash flows of the financial assets. A debt instrument is measured at amortized cost if: a) the business model is to hold the financial asset to collect the contractual cash flows, and b) the instrument's contractual cash flows exclusively represent the payment of principal and interest.

A debt instrument is measured though other comprehensive income if: a) the business model is both to hold the financial asset to collect the contractual cash flows and sell it, and b) the instrument's contractual cash flows exclusively represent the payment of principal and interest.

All other debt and equity instruments, including investments in complex instruments, must be recognized at fair value through profit or loss. There is an exception for investments in equity instruments that are not held for trading. For such investments, the value changes are recognized through other comprehensive income, without subsequent recycling to profit or loss.

For financial liabilities that the entity has chosen to measure at fair value, the share of the value change that is due to a change in the entity's own credit risk must be recognized in other comprehensive income and not in profit or loss.

The new rules for hedge accounting mean that the recognition of hedging better reflects general practice for risk management in the companies. As a general rule, it will be easier to use hedge accounting in future. The new standard also introduces extended disclosure requirements and changes in the rules on the presentation of hedging.

Other significant changes in classification and measurement include:

— a third measurement category (fair value through other comprehensive income) for certain financial assets that are debt instruments.
— a new impairment model for losses on loans and receivables based on expected credit losses.

The model is based on three stages, depending on the change in credit quality. How the impairment loss is to be measured is laid down for each individual stage and the model uses the effective interest method. A simplified approximation is permitted for financial assets that do not have a significant financing component (e.g. trade receivables). On initial recognition, expected losses are included for the first 12 months (or credit losses over the whole lifetime for trade receivables), unless the assets have to be written down.

· IFRS 15 Revenue from Contracts with Customers deals with revenue recognition. The standard calls for a division of the customer contract into the individual performance obligations. A performance obligation may be a good or service. Income is recognized when a customer obtains control over a good or service, and thus has the ability to direct the use of and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and associated interpretations. The Company will begin applying the standard as of 2018. The changeover to IFRS 15 is not expected to have a significant impact on the Company's accounts.

· IFRS 16 Leases will result in almost all leases being reported on the financial position statement, as the difference between operating and financial leases has been removed. Under the new standard, the right to use a leased item is an asset and the obligation to pay rent is a liability that must be reported on the financial position statement. The exceptions are short-term leases of low value. The accounting treatment for lessors will not be significantly changed. The Company will begin applying the standard as of 2019. The changeover to IFRS 16 is not expected to have a significant impact on the Company's accounts, as the Company does not have any significant leases, owing to the fact that only small assets are leased.

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 2016 with the effect that comparison figures have been adjusted. The changes are shown in the table below:

NOK MILLIONS	Original amount 2015	Change	Adjusted amount 2015
INCOME STATEMENT			
Changes in claims reserves	10	-10	0
Change in premium reserve etc., gross	-11 306	10	-11 296
Income from investments in subsidiaries, associated enterprises and jointly controlled entities	515	18	533

NOK MILLIONS	Original amount 31.12.2015	Change	Adjusted amount 31.12.2015
STATEMENT OF FINANCIAL POSITION			
Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities	3 333	405	3 738
Other retained earnings	9 418	405	9 822

2.2 SUBSIDIARIES

All entities in which the Company has deciding influence/control are considered subsidiaries. Deciding influence is normally achieved through ownership of more than half of the voting capital. The effect of potential voting rights that can be exercised or converted at the end of the reporting period is included in the assessment of control. Subsidiaries have been consolidated in accordance with the equity capital method. This means that the Company's share of profit or loss in subsidiaries is taken to profit/loss and is added to the financial position statement value together with owners' equity changes not taken to profit/loss. The Company does not take a share of the loss to profit/loss if this involves the financial position statement value of the investment becoming negative unless the Company has assumed liabilities on behalf of the subsidiary.

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

The Company's financial statements are presented in NOK and those of subsidiaries in foreign currency are converted to NOK at the exchange rate at the end of the reporting period.

2.3 CONSOLIDATED FINANCIAL STATEMENTS

KLP reports the group financial statements in accordance with the international accounting standards IFRS/IAS. The consolidated financial statements are shown for themselves in a separate presentation and a full set of notes has been prepared for the Group including description of accounting principles used.

NOTE 3 Important accounting estimates and valuations

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

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

3.1 INSURANCE CONTRACTS

In calculating technical provisions in the public sector group pension sector, assumptions on disability risk are based on KLP's disability data for the period 2009 - 2013. For the other risk elements, including longevity risk, the assumptions from the K2013 calculation base are used with the contingency margins set by the FSA of N.

KLP invoices average premium for the different pension schemes so that the technical net premium is proportionate between the customers included in the scheme. Had this not been done the annual net premium for KLP retirement, disability and survivor pension based on a salary of NOK 430,000 would, for the various individual ages and genders, amount to:

Men:

Age	30 years	45 years	60 years
Amount	NOK 20,304	NOK 34,751	NOK 39,866

Women:

Age	30 years	45 years	60 years
Amount	NOK 29,070	NOK 44,839	NOK 44,573

In calculating technical provisions in the public sector occupational pensions, provisions are made for claims incurred but not finally settled. The provisions are set using statistical models.

For sensitivity analysis regarding insurance contracts, se note 7 section 7.14.

3.2 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 and 6.

3.3 SHARES AND HOLDINGS IN PROPERTY SUBSIDIARIES

The underlying values in shares and holdings in property subsidiaries are related to investments in property. See the Groups note 3 section 3.2 for more information of principles for valuation and sensitivity regarding property.

NOTE 4 Net income from financial instruments

2016 NOK MILLIONS	Corporate portfolio	Common portfolio	Investment option portfolio	Total
Write-up/-down shares and units	115	2 098	10	2 223
Profit/loss subsidiaries	414	2 503	12	2 930
Profit/loss associated enterprises and jointly controlled entities	0	14	0	14
Total income from investments in subsidiaries, associated enterprises and joint ventures	**529**	**4 616**	**23**	**5 167**
Interest banking	9	59	0	68
Interest financial derivatives	45	37	0	82
Interest bonds and other fixed-income securities	154	1 481	10	1 645
Total interest income financial instruments at fair value	208	1 576	10	1 794
Interest bonds amortized cost	366	4 882	30	5 279
Interest lending	0	1 213	0	1 213
Total interest income financial instruments at amortized cost	366	6 095	30	6 492
Dividend/interest shares and units	34	788	0	821
Other income and expenses	-2	-27	0	-29
Total net interest income and dividend etc. on financial assets	**605**	**8 432**	**41**	**9 078**
Value adjustment property	120	0	0	120
Rental income property	61	0	0	61
Total net income from investment property	**181**	**0**	**0**	**181**
Value changes shares and units	49	6 573	45	6 667
Value change bonds and other fixed-income securities	36	-1 462	0	-1 426
Value change financial derivatives	32	2 102	0	2 134
Value change loans and receivables	38	-90	0	-52
Total value change financial instruments at fair value	154	7 124	45	7 323
Value change lending	0	-1 110	0	-1 110
Total value change financial instruments at amortized cost	0	-1 110	0	-1 110
Value change on subordinated loans and hybrid funds	746	0	0	746
Total value changes on investments	**901**	**6 014**	**45**	**6 960**

NOTE 4 Net income from financial instruments – continued

2016 NOK MILLIONS	Corporate portfolio	Common portfolio	Investment option portfolio	Total
Realized shares and units	0	1 251	1	1 251
Realized bonds and other fixed-income securities	-27	445	0	419
Realized financial derivatives	2	3 599	19	3 620
Realized loans and receivables	-35	136	-1	99
Total realized financial instruments at fair value	-61	5 431	18	5 388
Realized bonds at amortized cost [1]	-343	-27	0	-370
Realized loans at amortized cost [1]	0	118	0	118
Total realized financial instruments at amortized cost	-343	91	0	-252
Other financial costs and income	-459	5	0	-453
Total realized gains and losses on investments	**-862**	**5 528**	**18**	**4 683**
Total net income from investments	**1 354**	**24 588**	**127**	**26 069**

[1] Realized values on bonds at amortized cost come from realized added/reduced values on foreign exchange.

2015 NOK MILLIONS	Corporate portfolio	Common portfolio	Investment option portfolio	Total
Write-up/-down shares and units	213	3 486	17	3 698
Profit/loss subsidiaries	320	2 301	11	2 632
Profit/loss associated enterprises and jointly controlled entities	0	45	0	45
Total income from investments in subsidiaries, associated enterprises and joint ventures	**533**	**5 832**	**28**	**6 375**
Interest banking	9	126	0	135
Interest financial derivatives	39	27	0	66
Interest bonds and other fixed-income securities	159	1 633	10	1 803
Total interest income financial instruments at fair value	207	1 787	11	2 004
Interest bonds amortized cost	393	4 795	30	5 218
Interest lending	0	1 244	0	1 244
Total interest income financial instruments at amortized cost	393	6 039	30	6 462
Dividend/interest shares and units	50	689	0	739
Other income and expenses	-1	-45	0	-46
Total net interest income and dividend etc. on financial assets	**650**	**8 469**	**41**	**9 160**
Value adjustment property	0	0	0	0
Rental income property	41	0	0	41
Total net income from investment property	**41**	**0**	**0**	**41**

NOTE 4 Net income from financial instruments – continued

2015 NOK MILLIONS	Corporate portfolio	Common portfolio	Investment option portfolio	Total
Value changes shares and units	88	4 528	16	4 632
Value change bonds and other fixed-income securities	-71	124	0	53
Value change financial derivatives	309	1 602	9	1 920
Value change loans and receivables	-77	-5	0	-82
Total value change financial instruments at fair value	249	6 249	24	6 523
Value change lending	0	833	0	833
Total value change financial instruments at amortized cost	0	833	0	833
Value change on subordinated loans and hybrid funds	-1 115	0	0	-1 115
Total value changes on investments	**-866**	**7 082**	**24**	**6 241**
Realized shares and units	0	4 596	23	4 619
Realized bonds and other fixed-income securities	-18	1 155	0	1 137
Realized financial derivatives	-19	-13 497	-42	-13 558
Realized loans and receivables	81	356	3	440
Total realized financial instruments at fair value	44	-7 389	-17	-7 362
Realized bonds at amortized cost [1]	830	1 180	0	2 010
Realized loans at amortized cost [1]	0	231	0	231
Total realized financial instruments at amortized cost	830	1 410	0	2 241
Other financial costs and income	0	24	0	24
Total realized gains and losses on investments	**874**	**-5 955**	**-17**	**-5 098**
Total net income from investments	**1 232**	**15 428**	**77**	**16 718**

[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

For information regarding pricing of financial assets and liabilities see note 6 Fair value of financial assets and liabilities in the consolidated financial statements.

31.12.2016 NOK MILLIONS	Corporate portofolio		Common portofolio		Investment option portofolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS – AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	557	642	7 388	8 108	41	43	7 986	8 793
Accrued not due interest	17	17	177	177	1	1	194	194
Foreign hold-to-maturity bonds	5 847	6 069	18 109	19 203	77	85	24 033	25 357
Accrued not due interest	39	39	253	253	1	1	294	294
Total investments held to maturity	**6 460**	**6 767**	**25 928**	**27 741**	**120**	**130**	**32 507**	**34 638**
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	2 241	2 380	28 956	31 501	167	185	31 364	34 066
Accrued not due interest	45	45	724	724	4	4	773	773
Foreign bonds	4 979	5 265	65 064	69 677	439	471	70 482	75 413
Accrued not due interest	83	83	1 190	1 190	8	8	1 282	1 282
Norwegian certificates	0	0	787	787	0	0	787	787
Accrued not due interest	0	0	3	3	0	0	3	3
Total bonds classified as loans and receivables	**7 349**	**7 774**	**96 724**	**103 882**	**618**	**667**	**104 691**	**112 323**
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	3 196	3 207	0	0	3 196	3 207
Lending with public sector guarantee	0	0	40 462	40 934	0	0	40 462	40 934
Loans abroad secured by mortage and local government guarantee	0	0	9 068	9 106	0	0	9 068	9 106
Accrued not due interest	0	0	210	210	0	0	210	210
Total other loans and receivables	**0**	**0**	**52 936**	**53 457**	**0**	**0**	**52 936**	**53 457**
Total financial assets at amortized cost	**13 808**	**14 540**	**175 588**	**185 080**	**738**	**798**	**190 134**	**200 418**
ASSETS – AT FAIR VALUE THROUGH PROFIT OR LOSS								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	434	434	6 019	6 019	0	0	6 453	6 453
Foreign shares	0	0	20 893	20 893	0	0	20 893	20 893
Total shares	**434**	**434**	**26 912**	**26 912**	**0**	**0**	**27 346**	**27 346**
Property funds	0	0	1 897	1 897	0	0	1 897	1 897
Norwegian equity funds	0	0	53 525	53 525	504	504	54 029	54 029
Foreign equity funds	0	0	8 197	8 197	0	0	8 197	8 197
Total equity fund units	**0**	**0**	**63 620**	**63 620**	**504**	**504**	**64 123**	**64 123**
Norwegian alternative investments	0	0	2 511	2 511	15	15	2 526	2 526
Foreign alternative investments	0	0	489	489	0	0	489	489
Total alternative investments	**0**	**0**	**3 000**	**3 000**	**15**	**15**	**3 015**	**3 015**
Total shares an units	**434**	**434**	**93 531**	**93 531**	**519**	**519**	**94 484**	**94 484**

NOTE 5 Fair value of financial assets and liabilities – continued

31.12.2016 NOK MILLIONS	Corporate portofolio		Common portofolio		Investment option portofolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	5 850	5 850	33 146	33 146	0	0	38 997	38 997
Foreign bonds	165	165	20 559	20 559	0	0	20 724	20 724
Accrued not due interest	36	36	397	397	0	0	432	432
Norwegian fixed-income funds	2 189	2 189	46 715	46 715	620	620	49 524	49 524
Foreign fixed-income funds	0	0	12 933	12 933	0	0	12 933	12 933
Norwegian certificates	689	689	9 650	9 650	0	0	10 338	10 338
Foreign certificates	0	0	161	161	0	0	161	161
Accrued not due interest	4	4	14	14	0	0	18	18
Total bonds and other fixed-income securities	**8 934**	**8 934**	**123 574**	**123 574**	**620**	**620**	**133 128**	**133 128**
Norwegian loans and receivables	640	640	4 280	4 280	11	11	4 931	4 931
Foreign loans and receivables	385	385	5 374	5 374	23	23	5 783	5 783
Total loans and receivables	**1 025**	**1 025**	**9 654**	**9 654**	**34**	**34**	**10 713**	**10 713**
DERIVATIVES								
Interest rate swaps	645	645	225	225	0	0	870	870
Forward exchange contracts	0	0	712	712	2	2	714	714
Total financial derivatives classified as assets	**645**	**645**	**937**	**937**	**2**	**2**	**1 584**	**1 584**
Other financial assets	**14**	**14**	**1 400**	**1 400**	**0**	**0**	**1 415**	**1 415**
Total financial assets valued at fair value	**11 052**	**11 052**	**229 097**	**229 097**	**1 174**	**1 174**	**241 323**	**241 323**
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	998	998	0	0	998	998
Forward exchange contracts	0	0	3 061	3 061	14	14	3 075	3 075
Total financial derivatives classified as liabilities	**0**	**0**	**4 059**	**4 059**	**14**	**14**	**4 074**	**4 074**
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	6 220	6 554	0	0	0	0	6 220	6 554
Hybrid Tier 1 securities	1 650	1 283	0	0	0	0	1 650	1 283
Total subordinated loan capital etc.	**7 870**	**7 837**	**0**	**0**	**0**	**0**	**7 870**	**7 837**
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money [1]	0	0	0	0	0	0	0	0
Foreign call money [1]	716	716	168	168	1	1	885	885
Total liabilities to credit institutions	**716**	**716**	**168**	**168**	**1**	**1**	**885**	**885**

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

NOTE 5 Fair value of financial assets and liabilities – continued

31.12.2015 NOK MILLIONS	Corporate portofolio		Common portofolio		Investment option portofolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS – AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	840	915	9 477	10 298	65	68	10 382	11 281
Accrued not due interest	24	24	211	211	1	1	236	236
Foreign hold-to-maturity bonds	9 074	9 076	14 347	15 919	69	79	23 490	25 074
Accrued not due interest	75	75	223	223	1	1	299	299
Norwegian certificates	0	0	499	499	0	0	499	499
Total investments held to maturity	**10 013**	**10 089**	**24 758**	**27 151**	**136**	**149**	**34 907**	**37 389**
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	1 894	2 030	26 655	29 314	152	169	28 702	31 513
Accrued not due interest	44	44	709	709	3	3	756	756
Foreign bonds	4 275	4 593	58 107	62 994	379	415	62 761	68 002
Accrued not due interest	78	78	1 150	1 150	8	8	1 236	1 236
Total bonds classified as loans and receivables	**6 291**	**6 745**	**86 621**	**94 167**	**543**	**595**	**93 455**	**101 507**
OTHER LOANS AND RECEIVABLES								
Secured loan	0	0	3 389	3 415	0	0	3 389	3 415
Lending with public sector guarantee	0	0	37 471	38 065	0	0	37 471	38 065
Loans abroad secured by mortage and local government guarantee	0	0	10 132	10 094	0	0	10 132	10 094
Accrued not due interest	0	0	217	217	0	0	217	217
Total other loans and receivables	**0**	**0**	**51 209**	**51 791**	**0**	**0**	**51 209**	**51 791**
Total financial assets at amortized cost	**16 304**	**16 834**	**162 588**	**173 109**	**678**	**744**	**179 571**	**190 687**
ASSETS – AT FAIR VALUE THROUGH PROFIT OR LOSS								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	415	415	5 094	5 094	0	0	5 509	5 509
Foreign shares	0	0	18 300	18 300	0	0	18 300	18 300
Total shares	**415**	**415**	**23 394**	**23 394**	**0**	**0**	**23 808**	**23 808**
Property funds	0	0	1 040	1 040	0	0	1 040	1 040
Norwegian equity funds	0	0	48 175	48 175	446	446	48 620	48 620
Foreign equity funds	0	0	7 301	7 301	0	0	7 301	7 301
Total equity fund units	**0**	**0**	**56 516**	**56 516**	**446**	**446**	**56 962**	**56 962**
Norwegian alternative investments	0	0	2 062	2 062	14	14	2 076	2 076
Foreign alternative investments	0	0	318	318	0	0	318	318
Total alternative investments	**0**	**0**	**2 380**	**2 380**	**14**	**14**	**2 394**	**2 394**
Total shares and units	**415**	**415**	**82 290**	**82 290**	**459**	**459**	**83 164**	**83 164**

NOTE 5 Fair value of financial assets and liabilities – continued

31.12.2015 NOK MILLIONS	Corporate portofolio		Common portofolio		Investment option portofolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS								
Norwegian bonds	4 189	4 189	24 982	24 982	0	0	29 172	29 172
Foreign bonds	641	641	21 143	21 143	0	0	21 785	21 785
Accrued not due interest	31	31	413	413	0	0	444	444
Norwegian fixed-income funds	2 141	2 141	43 236	43 236	599	599	45 976	45 976
Foreign fixed-income funds	0	0	12 224	12 224	0	0	12 224	12 224
Norwegian certificates	470	470	6 374	6 374	0	0	6 844	6 844
Accrued not due interest	4	4	9	9	0	0	14	14
Total bonds and other fixed-income securities	**7 476**	**7 476**	**108 383**	**108 383**	**599**	**599**	**116 458**	**116 458**
Norwegian loans and receivables	597	597	6 148	6 148	20	20	6 765	6 765
Foreign loans and receivables	327	327	5 923	5 923	27	27	6 277	6 277
Total loans and receivables	**925**	**925**	**12 071**	**12 071**	**47**	**47**	**13 042**	**13 042**
DERIVATIVES								
Interest rate swaps	614	614	350	350	0	0	964	964
Share options	0	0	6	6	0	0	6	6
Forward exchange contracts	0	0	136	136	1	1	137	137
Total financial derivatives classified as assets	**614**	**614**	**492**	**492**	**1**	**1**	**1 107**	**1 107**
Other financial assets	**29**	**29**	**2 262**	**2 262**	**1**	**1**	**2 292**	**2 292**
Total financial assets valued at fair value	**9 458**	**9 458**	**205 497**	**205 497**	**1 108**	**1 108**	**216 063**	**216 063**
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	1 134	1 134	0	0	1 134	1 134
Forward exchange contracts	2	2	5 270	5 270	16	16	5 287	5 287
Total financial derivatives classified as liabilities	**2**	**2**	**6 404**	**6 404**	**16**	**16**	**6 421**	**6 421**
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	9 541	9 506	0	0	0	0	9 541	9 506
Hybrid Tier 1 securities	1 564	1 588	0	0	0	0	1 564	1 588
Total subordinated loan capital etc.	**11 105**	**11 094**	**0**	**0**	**0**	**0**	**11 105**	**11 094**
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money [1]	0	0	0	0	0	0	0	0
Foreign call money [1]	572	572	127	127	0	0	699	699
Total liabilitis to credit institutions	**573**	**573**	**127**	**127**	**0**	**0**	**700**	**700**

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

NOTE 6 Fair value hierarchy

31.12.2016 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Bonds and other fixed-income securities	2 242	6 692	0	8 934
Certificates	0	693	0	693
Bonds	53	5 998	0	6 051
Fixed-income funds	2 189	0	0	2 189
Loans and receivables	463	563	0	1 025
Shares and units	0	387	47	434
Shares	0	387	47	434
Financial derivatives	0	645	0	645
Other financial assets	0	14	0	14
Total corporate portfolio	**2 705**	**8 300**	**47**	**11 052**
COMMON PORTFOLIO				
Bonds and other fixed-income securities	82 018	41 557	0	123 574
Certificates	5 989	3 836	0	9 825
Bonds	16 380	37 721	0	54 101
Fixed-income funds	59 648	0	0	59 648
Loans and receivables	8 646	1 008	0	9 654
Shares and units	78 755	4 655	10 121	93 531
Shares	24 169	1 368	1 375	26 912
Equity funds	54 586	0	84	54 671
Property funds	0	287	1 610	1 897
Special funds	0	3 000	0	3 000
Private Equity	0	0	7 052	7 052
Financial derivatives	0	937	0	937
Other financial assets	0	1 400	0	1 400
Total common portfolio	**169 419**	**49 557**	**10 121**	**229 097**

NOTE 6 Fair value hierarchy – continued

31.12.2016 NOK MILLIONS	Level 1	Level 2	Level 3	Total
INVESTMENT OPTION PORTFOLIO				
Bonds and other fixed-income securities	620	0	0	620
Fixed-income funds	620	0	0	620
Loans and receivables	34	0	0	34
Shares and units	504	15	0	519
Equity funds	504	0	0	504
Special funds	0	15	0	15
Financial derivatives	0	2	0	2
Other financial assets	0	0	0	0
Total investment option portfolio	**1 157**	**17**	**0**	**1 174**
Total financial assets valued at fair value	**173 280**	**57 875**	**10 168**	**241 323**
CORPORATE PORTFOLIO				
Investment property	0	0	1 003	1 003
Total investment property	**0**	**0**	**1 003**	**1 003**
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	716	0	0	716
Total corporate portfolio	**716**	**0**	**0**	**716**
COMMON PORTFOLIO				
Financial derivatives	0	4 059	0	4 059
Debt to credit institutions	168	0	0	168
Total common portfolio	**168**	**4 059**	**0**	**4 227**
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	14	0	14
Debt to credit institutions	1	0	0	1
Total investment option portfolio	**1**	**14**	**0**	**15**
Total financial liabilities at fair value	**885**	**4 073**	**0**	**4 958**

NOTE 6 Fair value hierarchy – continued

31.12.2015 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Bonds and other fixed-income securities	2 623	4 853	0	7 476
Certificates	0	474	0	474
Bonds	483	4 378	0	4 861
Fixed-income funds	2 141	0	0	2 141
Loans and receivables	896	29	0	925
Shares and units	0	370	45	415
Shares	0	370	45	415
Financial derivatives	0	614	0	614
Other financial assets	0	29	0	29
Total corporate portfolio	**3 519**	**5 895**	**45**	**9 458**
COMMON PORTFOLIO				
Bonds and other fixed-income securities	78 014	30 369	0	108 383
Certificates	5 331	1 053	0	6 384
Bonds	17 223	29 317	0	46 539
Fixed-income funds	55 460	0	0	55 460
Loans and receivables	11 161	910	0	12 071
Shares and units	69 960	3 722	8 608	82 290
Shares	21 053	972	1 369	23 394
Equity funds	48 906	0	76	48 982
Property funds	0	370	670	1 040
Special funds	0	2 380	0	2 380
Private Equity	0	0	6 494	6 494
Financial derivatives	0	492	0	492
Other financial assets	0	2 262	0	2 262
Total common portfolio	**159 134**	**37 755**	**8 608**	**205 497**

NOTE 6 Fair value hierarchy – continued

31.12.2015 NOK MILLIONS	Level 1	Level 2	Level 3	Total
INVESTMENT OPTION PORTFOLIO				
Bonds and other fixed-income securities	599	0	0	599
Fixed-income funds	599	0	0	599
Loans and receivables	47	0	0	47
Shares and units	446	14	0	459
Equity funds	446	0	0	446
Special funds	0	14	0	14
Financial derivatives	0	1	0	1
Other financial assets	0	1	0	1
Total investment option portfolio	**1 092**	**16**	**0**	**1 108**
Total financial assets valued at fair value	**163 745**	**43 666**	**8 653**	**216 063**
CORPORATE PORTFOLIO				
Investment property	0	0	893	893
Total investment property	**0**	**0**	**893**	**893**
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	2	0	2
Debt to credit institutions	573	0	0	573
Total corporate portfolio	**573**	**2**	**0**	**574**
COMMON PORTFOLIO				
Financial derivatives	0	6 404	0	6 404
Debt to credit institutions	127	0	0	127
Total common portfolio	**127**	**6 404**	**0**	**6 531**
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	16	0	16
Debt to credit institutions	0	0	0	0
Total investment option portfolio	**0**	**16**	**0**	**16**
Total financial liabilities at fair value	**700**	**6 421**	**0**	**7 121**

NOTE 6 Fair value hierarchy – continued

CHANGES IN LEVEL 3 SHARES, UNLISTED CORPORATE PORTFOLIO	Book value 31.12.2016	Book value 31.12.2015
Opening balance 01.01.	45	6
Sold	0	0
Bought	0	0
Unrealised changes	2	39
Closing balance 31.12.	**47**	**45**
Realised gains/losses	0	0

CHANGES IN LEVEL 3 SHARES, UNLISTED COMMON PORTFOLIO	Book value 31.12.2016	Book value 31.12.2015
Opening balance 01.01.	1 369	1 213
Sold	-51	-264
Bought	65	619
Unrealised changes	-7	-199
Closing balance 31.12.	**1 375**	**1 369**
Realised gains/losses	12	-24

CHANGES IN LEVEL 3 EQUITY FUNDS, UNLISTED COMMON PORTFOLIO	Book value 31.12.2016	Book value 31.12.2015
Opening balance 01.01.	76	70
Sold	0	-8
Bought	0	0
Unrealised changes	9	13
Closing balance 31.12.	**84**	**76**
Realised gains/losses	0	0

CHANGES IN LEVEL 3, PRIVATE EQUITY AND PROPERTY FUNDS COMMON PORTFOLIO	Book value 31.12.2016	Book value 31.12.2015
Opening balance 01.01.	7 164	5 008
Sold	-1 108	-1 188
Bought	2 739	2 285
Unrealised changes	-133	1 059
Closing balance 31.12.	**8 661**	**7 164**
Realised gains/losses	326	182

CHANGES IN LEVEL 3, INVESTMENT PROPERTY CORPORATE PORTFOLIO	Book value 31.12.2016	Book value 31.12.2015
Opening balance 01.01.	893	890
Sold	0	0
Bought	0	0
Unrealised changes	161	3
Other	-52	0
Closing balance 31.12.	**1 003**	**893**
Realised gains/losses	52	0
Total Level 3	**11 171**	**9 546**

NOTE 6 Fair value hierarchy – continued

The amounts in the level distribution can in turn be found in the financial position statement under various portfolios' allocation of financial in struments at fair value and investment property. Unrealized changes are reflected in the line "Value changes on investments" in the different portfolios in the income statement.

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

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

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

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

Valuations related to items in the various levels are described in note 6 for the Group. For description of the pricing of investment property please see note 3.

The fair value of assets and liabilities measured at amortized cost are stated in note 5. Level based classification of these items will be as follows; assets classified as held to maturity are included in level 1, lending and loans and receivables are included in level 2. Liabilities, measured at amortized cost, will be categorized as follows: subordinated loans are included in both level 1 and 2, hybrid tier 1 securities are inlcuded in level 2 and debt to credit institutions are included in level 1. Information regarding pricing of these interest bearing instruments are available in note 6 for the Group.

No sensitivity analysis has been carried out on securities included in Level 3. A change in the variables of the pricing is considered of little significance on the securities. A sensitivity analysis for investment property is available in note 3 On a general basis, a 5 percent change in the pricing would produce a change of NOK 559 million as of 31.12.2016.

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

In 2016 NOK 115 million has been moved from Level 1 to Level 2 and NOK 173 million has been moved from Level 2 to Level 1; these amounts are related to equity instruments and are due to change in liquidity. NOK 481 million in interest bearing securities has been moved from level 2 to level 1. The reason behind the change is the lack of certain selection criterions in previous periods.

There has been moved NOK 52 million into level 3, this is due to equity instruments no longer being quoted.

NOTE 7 Risk management

Through its activity, KLP is exposed to both insurance risk and financial risk. For the Company overall risk management aims to handle financial risk in such a way that the Company can at all times meet the liabilities the insurance contracts place on the business. The Board of Directors sets the overarching risk strategies that are put into practice at the senior management level.

Risk strategy is implemented and monitored by the line organization, with periodic reporting. Any breaches in risk lines and limits are reported as they occur, with a description of measures taken to regularize the situation. Entities outside the line organization monitor that the risk-taking is carried out within the authorizations the line has.

7.1 INSURANCE RISK

Insurance risk comprises the risk that a future, defined event occurs for which the Company has undertaken to pay out financial consideration. The larger the portfolio, the more stable and predictable the insurance result will be.

The Company's insurance business is in the group pension sector. As described in Note 2, the weightiest risks in group pension are disability risk and longevity risk, whereas mortality/whole life risk is somewhat less weighty.

Insurance risk in the group pension sector is generally managed through close monitoring of the risk incidence and if appropriate subsequent change in the tariffs. The Company is safeguarded against extreme events through catastrophe reinsurance.

7.1.1 Insurance provisions

Insurance provisions are set at the level of expectation, with a supplement of contingency margins. In addition provisions are made in a risk equalization fund within group pensions to meet unexpected fluctuations in claim incidence.

For disability risk in the group pension sector, assumptions used are based on the Company's disability data from 2009 - 2013. For the other risk elements in group pension the assumptions from the K2013 calculation base are used with contingency margins in accordance with the minimum standard set by the FSA of N in 2013. In the Pension Scheme for Nurses and the Pension Scheme for Hospital Doctors the same formulae and the same parameters are used otherwise, but with a strengthened contingency margin because of significantly longer lifetime in these schemes.

7.1.2 Premium setting

Development in the Company's insurance risk is continuously monitored. Risk result and future expectations of development in insured risk based on observations and/ or theoretic risk models create the basis for pricing of the risk element in the premium. The premiums are set annually. The group insurance sector has a high degree of predictability and stability in its premiums. Normally they will therefore stay the same for several years at a time.

7.1.3 Reinsurance and reinsurance programme

The way the insurance contracts are set, current risk is generally within the limits of the Company's risk-bearing ability. The need for reinsurance is therefore limited.

KLP has taken out a catastrophe insurance agreement. The agreement covers up to NOK 300 million in excess of the Company's NOK 50 million for own account for events that lead to more than 10 people dying or becoming disabled. The agreement does not cover events resulting from epidemics, war and terrorism.

7.1.4 Sensitivity calculations in group pension

The effect of an immediate 20 per cent increase in the incidence of disability would, with current numbers, involve a negative effect of NOK 184 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 2,072 million.

An immediate 10 per cent reduction in mortality would, with current numbers, mean a negative effect of NOK 292 million on the risk result for the year. The effect on the premium reserve of a corresponding permanent change in mortality would be an increase of NOK 7,372 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

NOTE 7 Risk management

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. The KLP liquidity need is primarily satisfied by contractual receipts from customers. 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 the following ratio:

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 13,319 million comprise committed, not paid in sums against private equity property funds and approved lending that has not been paid out. In addition, KLP has given a NOK 2 million guarantee to a associated enterprise.The total is specified in detail in Note 34 Contingent liabilities.

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. 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 interest, credit (spread) and property has a significant loss potential. KLP's interest rate risk associated with a prolonged low interest rate level is however limited. With the current formulation of the rules, technical provisions are not affected by changes in market interest rates. On the future transition to market value for the liabilities, annual pricing of the interest guarantee will mean the customers bear the risk of the interest rate level being lower than the basic interest rate. Since KLP provides pension schemes exclusively to the public sector, KLP will price the return guarantee right up until the insured dies, which means the return guarantee arising from the insurance obligations is limited.

KLP exchange-rate hedges the majority of international exposure. Financial hedging of currency exposure is done through derivatives. In principle all of KLP's fixed-income investments and property investments in foreign currency are hedged back to NOK. For equity investments in foreign currency the objective for 2016 has been a 90 per cent hedging ratio with permitted fluctuations between 80 and 105 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 defined benchmarks relative to the index for each portfolio.

To reduce the risk of negative results from asset management the Company uses CPPI rules for customer portfolios for daily monitoring the market risk. This strategy helps to ensure that the risk is adjusted to the Company's risk capacity. The CPPI rules gives a return profilewich fits the overall target to protect owners' equity and preserve the risk capacity over time.In addition KLP has a high proportion of long-term (hold-to-maturity) bonds and fixed-interest lending that contributes to stability in returns.

In KLP's asset management, derivatives are principally used for risk reduction for cost and time-effective implementation of changes in risk and for currency hedging.

7.2.3 Calculation of solvency margin (SCR ratio)

The new European rules for calculation of solvency margin, SCR ratio, main target is to protect and ensure the interest of the insurance customers. Solvency II was introduced from 1 January 2016, and KLP performs quarterly calculations of the SCR ratio.

At the end of 2016 about 20 per cent of KLP's assets were placed in equities (measured by exposure) and 13 per cent placed in property. Other assets were placed in fixed-income current and fixed assets, including lending.

The SCR ratio in 2016 was 209 per cent, which is higher than by the end of 2015 when the ratio was 187 percent. The ratio is well over the Company's target of at least 130 percent in 2016, and the Company has increased this target to 150 per cent for 2017. The minimum target set by the authorities is 100 per cent.

NOTE 7 Risk management

The Company's' total eligible tier 1 capital is 31,3 NOK billion. The solvency capital requirement, as described in note 32, is NOK 15 billion. The market risk of the total solvency capital requirement is NOK 4,3 billion when diversification between the diffent asset allocations is considered/adjusted. The SCR ratio in 2016 was 209 per cent.

7.2.4 Credit risk

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

KLP has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. Of the total credit exposure, 38 per cent are rated AA- or higher. If lending to municipal with assumed rating of AA, the total it 52 per cent.. KLP has a separate international government bonds portfolio that represented about 18 per cent of the portfolio of short-term bonds at the end of the year.

KLP has a lending portfolio of high quality, with limited credit risk and historically very low losses. In the main KLP provides loans secured on housing with a mortgage level of less than 80 per cent, loans to local authorities and loans with local authority guarantees. Lending secured through mortgages on housing amounts to about NOK 3.2 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 and liabilities.

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.

31.12.2016 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loans [1]	0	961	926	6 373	0	8 260
Hybrid Tier 1 securities [1]	0	63	251	313	1 567	2 194
Accounts payable	2	0	0	0	0	2
Liabilities to credit institutions	3 413	0	0	0	0	3 413
Contingent liabilities	13 319	0	0	0	0	13 319
Total	**16 734**	**1 023**	**1 177**	**6 687**	**1 567**	**27 187**
Financial derivatives						
Financial deriviatives gross settlement						
Inflows	0	0	0	0	0	0
Outflows	0	0	0	0	0	0
Financial derivatives net settlement	3 476	1 469	848	-74	-254	5 465
Total financial derivatives	**3 476**	**1 469**	**848**	**-74**	**-254**	**5 465**
Total 2016	**20 210**	**2 493**	**2 024**	**6 613**	**1 313**	**32 652**

31.12.2015 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loans [1]	0	3 309	1 708	6 995	0	12 012
Hybrid Tier 1 securities [1]	0	64	258	322	1 641	2 285
Accounts payable	9	0	0	0	0	9
Liabilities to credit institutions	4 443	0	0	0	0	4 443
Contingent liabilities	13 721	0	0	0	0	13 721
Total	**18 173**	**3 374**	**1 966**	**7 317**	**1 641**	**32 470**
Financial derivatives						
Financial derivatives gross settlement						
Inflows	0	-64	-258	-322	-1 641	-2 285
Outflows	11	33	176	219	1 356	1 795
Financial derivatives net settlement	2 176	2 514	1 544	206	0	6 440
Total financial derivatives	**2 187**	**2 483**	**1 461**	**103**	**-284**	**5 950**
Total 2015	**20 360**	**5 856**	**3 427**	**7 420**	**1 356**	**38 420**

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

NOTE 8 Liquidity risk - continued

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

The risk that KLP would not have 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.

Expected payment profile pension obligations

2016 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	**15 486**	**65 596**	**106 217**	**267 468**	**308 694**	**282 967**	**195 877**	**142 732**	**1 385 036**

2015 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	**14 349**	**58 592**	**100 527**	**253 053**	**289 998**	**261 305**	**178 096**	**127 974**	**1 283 894**

The payment profile shows anticipated payment dates for KLP's future pension obligations and is based on non-discounted values.

The insurance liabilities in the accounts are discounted and show the present value at the end of the reporting period.

NOTE 9 Interest rate risk

31.12.2016 NOK MILLIONS	Up to 3 months	3 months to 12 months	1 year to 5 years	5 years to 10 years	Over 10 years	Change in cash flows	Total
ASSETS							
Equity fund units [1]	0	0	0	0	0	10	10
Alternative investments	-1	0	0	0	0	26	25
Financial derivatives classified as assets	1	-7	6	-102	-183	-45	-330
Debt instruments classified as loans and receivables – as amortized cost	0	0	0	0	0	7	7
Bonds and other fixed-income securities	-41	-63	-435	-516	-521	242	-1 335
Fixed-income fund units	-3 360	0	0	0	0	35	-3 325
Loans and receivables	0	-3	0	0	0	95	91
Cash and deposit	0	0	0	0	0	7	7
Lending	0	0	0	0	0	254	254
Contingent liabilities [2]	0	0	0	0	0	60	60
Total assets	**-3 402**	**-73**	**-429**	**-618**	**-704**	**684**	**-4 542**
LIABILITIES							
Financial derivatives classified as liabilities	2	10	14	3	0	8	37
Hybrid Tier 1 securities, subordinated loans	0	0	0	69	81	0	150
Liabilities to credit institutions	0	0	0	0	0	-19	-19
Total liabilities	**2**	**10**	**14**	**72**	**81**	**-11**	**168**
Total before taxes	**-3 400**	**-62**	**-415**	**-546**	**-623**	**673**	**-4 374**
Total after taxes	**-2 550**	**-47**	**-312**	**-409**	**-467**	**505**	**-3 280**

[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 9 Interest rate risk - continued

31.12.2015 NOK MILLIONS	Up to 3 months	3 months to 12 months	1 year to 5 years	5 years to 10 years	Over 10 years	Change in cash flows	Total
ASSETS							
Equity fund units [1]	0	0	0	0	0	10	10
Alternative investments	-3	0	0	0	0	18	15
Financial derivatives classified as assets	6	9	-29	-123	-147	-44	-329
Debt instruments classified as loans and receivables – as amortized cost	0	0	0	0	0	6	6
Bonds and other fixed-income securities	-30	-51	-349	-578	-488	200	-1 296
Fixed-income fund units	-2 986	0	0	0	0	27	-2 960
Loans and receivables	0	-1	0	0	0	109	107
Lending	0	0	0	0	0	217	217
Contingent liabilities [2]	0	0	0	0	0	45	45
Total assets	**-3 013**	**-44**	**-378**	**-701**	**-636**	**588**	**-4 183**
LIABILITIES							
Financial derivatives classified as liabilities	2	9	45	13	0	8	77
Hybrid Tier 1 securities, subordinated loans	0	0	0	79	58	0	137
Liabilities to credit institutions	0	0	0	0	0	-7	-7
Total liabilities	**2**	**9**	**45**	**92**	**58**	**1**	**207**
Total before taxes	**-3 011**	**-35**	**-333**	**-609**	**-577**	**589**	**-3 976**
Total after taxes	**-2 198**	**-25**	**-243**	**-445**	**-421**	**430**	**-2 902**

[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.

The note shows the effect on income of an increase in market interest rate of 1 per cent, for fair value risk and variable interest rate risk.

Change in fair value (fair value risk) is shown in the five first columns and is calculated on the change in fair value of interest-bearing instruments if the interest rate had been 1 per cent higher at the end of the period. The column "Change in cash flows" (variable interest rate risk) shows the change in cash flows had the interest rate been 1 per cent higher throughout the year being reported on. The total of these reflects the total impact on profits that the scenario of one per cent higher interest rate would have had on the Company during the period being reported on.

Fair value risk applies to fixed interest rate securities where the market value of the security fluctuates conversely to the market interest rate. Variable interest rate risk applies to securities at variable interest rates, where the market value remains stable, but where change in the market interest rate is reflected in changed current incomes.

The following fixed-income securities are covered by this Note; securities at fair value through profit or loss (variable and fixed interest rate terms), investments held to maturity (only those with variable interest rate terms) and loans and receivables (only those with variable interest rate terms). The Company has no fixed-income securities classified as available for sale.

Fixed rate assets, recognized at amortized cost, do not cause any effects in the income statement when the market rate changes. The same goes for issued debt with a fixed rate, measured at amortized cost.

Insurance contracts with a guaranteed return does not change the accounting value when interest rates change. Changes in interest rate has no impact on the guaranteed return, but will have an impact on the achieved returns to cover the return guarantee. This is because insurance funds partly invests in debt instruments whose cash flows contribute to cover the customers return guarantee.

NOTE 10 Currency risk

31.12.2016	Fin.l pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position
NOK MILLION/ FOREIGN CURRENCY [1]	Assets	Liabilities	Assets	Liabilities	Currency/ NOK	Assets	Liabilities	NOK
US dollar	9 286	-665	9 271	-17 291	8,61	18 557	-17 956	5 170
Hong Kong dollar	1 663	-27	912	-1 384	1,11	2 575	-1 412	1 292
Swedish kroner	12 905	0	6 254	-17 870	0,95	19 159	-17 870	1 221
Euro	3 043	-183	2 638	-5 389	9,08	5 680	-5 572	984
Korean won	121 164	0	0	0	0,01	121 164	0	864
British Pund	1 306	0	1 180	-2 411	10,64	2 486	-2 411	796
Taiwan new dollar	2 868	0	0	0	0,27	2 868	0	766
Other currencies								4 913
Total short-term foreign currency positions								**15 240**
Danish kroner	534	0	1	-1	1,22	535	-1	652
Japanese yen	41 608	-29 499	0	-6 505	0,07	41 608	-36 005	414
US dollar	1 669	-103	0	-1 550	8,61	1 670	-1 654	139
British Pund	26	0	0	-50	10,64	26	-50	-254
Euro	601	-615	120	-154	9,08	721	-769	-437
Total long-term foreign currency positions								**514**
Total pre-tax currency positions								**15 754**
Total currency positions after tax								**11 815**

[1] The table shows total financial position statement items for each individual currency, divided between short and long-term positions. KLP exchange-rate hedges the majority of international exposure. The hedge efficiency of currency is 95 per cent and 93 per cent for 2016 and 2015.

NOTE 10 Currency risk - continued

31.12.2015	Fin.l pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position
NOK MILLION/ FOREIGN CURRENCY [1]	Assets	Liabilities	Assets	Liabilities	Currency/ NOK	Assets	Liabilities	NOK
US dollar	8 367	-610	103	-7 414	8,85	8 470	-8 024	3 951
Hong Kong dollar	1 674	-30	18	-457	1,14	1 692	-486	1 377
Korean won	114 377	0	0	0	0,01	114 377	0	863
Euro	2 680	-8	125	-2 706	9,62	2 804	-2 715	860
Taiwan new dollar	2 604	0	0	0	0,27	2 604	0	702
British Pound	1 217	0	17	-1 195	13,05	1 234	-1 195	509
Other currencies								3 580
Total short-term foreign currency positions								**11 844**
US dollar	1 012	-109	0	-874	8,85	1 012	-983	260
British pound	0	0	0	-10	13,05	0	-10	-128
Danish krone	307	0	0	0	1,29	307	0	395
Euro	906	-926	0	-27	9,62	906	-953	-449
Japanese yen	33 843	-27 778	0	0	0,07	33 843	-27 778	446
Total long-term foreign currency positions								**524**
Total pre-tax currency positions								**12 367**
Total currency positions after tax								**9 028**

[1] The table shows total financial position statement items for each individual currency, divided between short and long-term positions. KLP exchange-rate hedges the majority of international exposure. The hedge efficiency of currency is 95 per cent and 93 per cent for 2016 and 2015.

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 158 million. For 2015 the corresponding effect on income was NOK 124 million.

NOTE 11 Credit risk

31.12.2016 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	29 346	0	0	0	0	0	3 161	32 507
Debt instruments classified as loans and receivables at amortized cost	84 334	0	1 244	0	0	0	19 112	104 691
Debt instruments at fair value - fixed income securities	47 744	83	7 049	5 443	0	0	10 350	70 670
Fixed-income funds short-term	37 868	0	5 928	0	0	0	19 897	63 693
Loans and receivables	10 490	0	0	223	0	0	0	10 713
Financial derivatives classified as assets	1 584	0	0	0	0	0	0	1 584
Cash and deposits	887	0	0	0	0	0	0	887
Lending	0	0	41 114	0	2 717	484	8 621	52 936
Total	**212 254**	**83**	**55 336**	**5 666**	**2 717**	**484**	**61 141**	**337 681**

SPECIFICATION OF INVESTMENT GRADE	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	13 447	4 021	7 650	4 229	29 346
Debt instruments classified as loans and receivables at amortized cost	21 772	20 031	37 855	4 677	84 334
Debt instruments at fair value - fixed income securities	30 724	5 779	9 961	1 279	47 744
Fixed-income funds short-term	0	0	37 868	0	37 868
Loans and receivables	0	611	9 670	210	10 490
Financial derivatives classified as assets	0	153	1 431	0	1 584
Cash and deposits	0	0	887	0	887
Lending	0	0	0	0	0
Total	**65 943**	**30 595**	**105 321**	**10 394**	**212 254**

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

NOTE 11 Credit risk – continued

31.12.2015 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	31 747	0	0	0	0	0	3 160	34 907
Debt instruments classified as loans and receivables at amortized cost	75 003	0	456	253	0	0	17 743	93 455
Debt instruments at fair value - fixed income securities	40 817	553	2 724	6 507	0	0	7 657	58 258
Fixed-income funds short-term	34 755	0	5 666	0	0	0	17 779	58 200
Loans and receivables	12 618	0	0	424	0	0	0	13 042
Financial derivatives classified as assets	1 107	0	0	0	0	0	0	1 107
Lending	0	0	38 385	0	3 311	85	9 428	51 209
Total	**196 047**	**553**	**47 231**	**7 185**	**3 311**	**85**	**55 767**	**310 178**

SPECIFICATION OF INVESTMENT GRADE	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	17 984	2 483	7 634	3 645	31 747
Debt instruments classified as loans and receivables at amortized cost	22 320	16 725	31 857	4 101	75 003
Debt instruments at fair value - fixed income securities	27 645	5 130	7 178	863	40 817
Fixed-income funds short-term	0	0	34 755	0	34 755
Loans and receivables	0	1 611	10 788	219	12 618
Financial derivatives classified as assets	0	88	1 019	0	1 107
Lending	0	0	0	0	0
Total	**67 949**	**26 038**	**93 232**	**8 828**	**196 047**

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

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 61.1 billion on 31 December 2016. 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).

NOTE 11 Credit risk - continued

NOK MILLIONS	31.12.2016	31.12.2015
TEN LARGEST COUNTERPARTIES		
Counterparty 1	8 921	9 091
Counterparty 2	8 551	7 568
Counterparty 3	6 769	6 375
Counterparty 4	4 904	6 247
Counterparty 5	4 698	5 332
Counterparty 6	4 510	3 510
Counterparty 7	4 487	3 292
Counterparty 8	3 456	3 283
Counterparty 9	3 043	3 055
Counterparty 10	3 041	3 043
Total	**52 381**	**50 797**

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	2016	2015
Premium receivables	486	518
Write-downs of premium receivables	0	-1
Total	**486**	**518**

KLP's premium receivables are primarily in regard to the public sector and the credit risk is considered low. In addition the main group pension/public sector industry is linked to the "Transfer agreement for the public sector". This transfer agreement has a security scheme intended to help to secure pension rights accrued with employers who cease to exist or do not pay premiums when due in accorance with detailed rules. The Company may thus apply for cover for unpaid demands in this industry from the security arrangement if the demand falls within the security arrangement' s regulations.

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

31.12.2016 NOK MILLIONS				Related amounts not presented net		
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Net amount
ASSETS						
Financial derivatives	1 584	0	1 584	-864	-792	22
Total	**1 584**	**0**	**1 584**	**-864**	**-792**	**22**
PORTFOLIO ALLOCATION OF ASSETS						
Total assets – common portfolio	937	0	937	-862	-76	0
Total assets – corporate portfolio	645	0	645	0	-716	22
Total assets – investment option portfolio	2	0	2	-2	0	0
Total	**1 584**	**0**	**1 584**	**-864**	**-792**	**22**
LIABILITIES						
Financial derivatives	4 074	0	4 074	-864	-3 320	17
Total	**4 074**	**0**	**4 074**	**-864**	**-3 320**	**17**
PORTFOLIO ALLOCATION OF LIABILITIES						
Total liabilities – common portfolio	4 059	0	4 059	-862	-3 308	15
Total liabilities – corporate portfolio	0	0	0	0	0	0
Total liabilities – investment option portfolio	14	0	14	-2	-12	1
Total	**4 074**	**0**	**4 074**	**-864**	**-3 320**	**17**

31.12.2015 NOK MILLIONS				Related amounts not presented net		
	Gross financial assets/liabilities	Gross assets/liabilities presented net	Book value	Financial instruments	Security in cash	Net amount
ASSETS						
Financial derivatives	1 107	0	1 107	-368	-700	43
Total	**1 107**	**0**	**1 107**	**-368**	**-700**	**43**
PORTFOLIO ALLOCATION OF ASSETS						
Total assets – common portfolio	492	0	492	-367	-127	1
Total assets – corporate portfolio	614	0	614	0	-573	42
Total assets – investment option portfolio	1	0	1	-1	0	0
Total	**1 107**	**0**	**1 107**	**-368**	**-700**	**43**
LIABILITIES						
Financial derivatives	6 421	0	6 421	-368	-4 442	1 628
Total	**6 421**	**0**	**6 421**	**-368**	**-4 442**	**1 628**
PORTFOLIO ALLOCATION OF LIABILITIES						
Total liabilities – common portfolio	6 404	0	6 404	-367	-4 432	1 620
Total liabilities – corporate portfolio	2	0	2	0	0	2
Total liabilities – investment option portfolio	16	0	16	-1	-9	6
Total	**6 421**	**0**	**6 421**	**-368**	**-4 442**	**1 628**

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

NOTE 13 Mortgage loans and other lending

NOK MILLIONS	Local government administration	State and local authority owned enterprises [1]	Private organizations and enterprises	Employees, pensioners and similar	Total 31.12.2016	Total 31.12.2015
Akershus	1 073	249	160	612	2 094	2 345
Aust-Agder	848	2	2	37	890	720
Buskerud	4 022	3 716	756	152	8 646	7 340
Finnmark	566	126	1	39	731	765
Hedmark	1 365	445	75	85	1 970	2 011
Hordaland	1 877	1 759	397	273	4 306	3 873
Møre og Romsdal	3 159	117	199	168	3 643	2 812
Nordland	1 611	31	39	125	1 806	1 713
Nord-Trøndelag	776	39	11	31	857	1 880
Oppland	1 141	83	8	89	1 320	1 354
Oslo	34	398	614	412	1 459	1 305
Rogaland	1 982	89	27	252	2 350	2 188
Sogn og Fjordane	1 272	3	89	45	1 409	1 110
Svalbard	22	0	0	0	22	26
Sør-Trøndelag	3 336	34	39	154	3 562	3 311
Telemark	719	89	576	55	1 439	1 620
Troms	1 418	67	110	135	1 730	1 738
Vest-Agder	918	37	10	66	1 030	1 004
Vestfold	1 945	184	58	197	2 384	2 156
Østfold	1 559	158	26	269	2 013	1 586
Foreign	0	0	9 068	0	9 068	10 172
Not allocated	0	0	0	0	0	3
Accrued interest	132	20	51	6	209	177
Total	**29 776**	**7 646**	**12 313**	**3 201**	**52 936**	**51 209**

[1] This category covers local authority business operations, as well as enterprises owned by central and local government

In this table lending is broken down by county or sector. Sectors are based on Statistics Norway's sector codes.

KLP has a lending portfolio of high-quality, with limited credit risk and historically very low losses. In the main KLP provides loans secured on housing with a loan-to-value ratio less than 80 per cent, loans to local authorities and loans with government (central/local) guarantees. Lending secured through mortgages on housing amounts to NOK 3.2 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.

NOTE 13 Mortgage loans and other lending

NOK MILLIONS	2016	2015
INDIVIDUAL WRITE-DOWNS ON LOANS AT AMORTIZED COST		
Number of loans	5	6
Total principal before write-downs	1,03	1,35
Write-downs	0,50	1,14
Total principal after write-downs	**0,53**	**0,21**
INDIVIDUAL WRITE-DOWNS		
Write-down on individual loans 01.01.	1,14	0,68
Known losses for the period where individual write-down has been carried out previously	-0,27	0,00
Write-down on individual loans for the period	0,31	0,67
Reversal of write-down on individual loans for the period	-0,69	-0,21
Write-down on individual loans	**0,50**	**1,14**
GROUP WRITE-DOWNS		
Write-down on group of loans 01.01.	0,00	0,00
Write-down on group of loans for the period	0,08	0,00
Write-down on group of loans 31.12.	**0,08**	**0,00**

Loans overdue, not written down

NOK MILLIONS	2016 Remaining debt	2015 Remaining debt
OVERDUE		
30-90 days	14	12
over 90 days	6	3
Total overdue loans	**20**	**15**

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.

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

NOK MILLIONS	Organi-zation number	Hold-ing %	OE on first ac-quisition	Acqui-sition cost	Book value 31.12.15	Addi-tions/ disposals	Value adjust-ment	Profit/ loss share	Equity trans-action[1]	Divi-dend	Book value 31.12.16
SHARES IN THE CORPORATE PORTFOLIO PROPERTY SUBSIDIARIES											
KLP Huset AS Dronning Eufemiasgate 10 0191 Oslo	889828382	100 %	0.0	0.1	1 673.1	0.0	114.8	76.3	-85.1	0.0	1 779.0
Total shares and units in property subsidiaries in the corporate portfolio			**0.0**	**0.1**	**1 673.1**	**0.0**	**114.8**	**76.3**	**-85.1**	**0.0**	**1 779.0**
SHARES IN THE CORPORATE PORTFOLIO											
SUBSIDIARIES (EXCL. PROPERTY)											
KLP Skadeforsikring AS Dronning Eufemiasgate 10 0191 Oslo	970896856	100 %	58.7	78.7	1 702.1	0.0	0.0	255.4	-187.6	0.0	1 769.9
KLP Bedriftspensjon AS Dronning Eufemiasgate 10 0191 Oslo	990329389	100 %	50.0	50.0	310.4	0.0	0.0	-27.3	24.7	0.0	307.8
KLP Kapitalforvaltning AS Dronning Eufemiasgate 10 0191 Oslo	968437666	100 %	6.6	14.0	186.0	0.0	0.0	18.2	-15.9	0.0	188.3
KLP Forsikringsservice AS Dronning Eufemiasgate 10 0191 Oslo	967696676	100 %	0.1	0.1	7.9	0.0	0.0	0.5	-0.6	0.0	7.8
KLP Bankholding AS Dronning Eufemiasgate 10 0191 Oslo	993749532	100 %	15.1	15.1	1 527.0	0.0	0.0	90.8	229.7	0.0	1 847.5
Total shares and units in subsidiaries (excl. property) in the corporate portfolio			**130.4**	**157.9**	**3 733.5**	**0.0**	**0.0**	**337.6**	**50.3**	**0.0**	**4 121.3**
ASSOCIATED ENTERPRISES IN THE CORPORATE PORTFOLIO											
Norsk Pensjon AS Hansteens gate 2 0253 Oslo	890050212	25 %	20.0	5.0	4.1	0.0	0.0	-0.1	0.0	0.0	4.0
Fylkeshuset AS, Molde Fylkeshuset 6404 Molde	930591114	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			**20.1**	**5.0**	**4.1**	**0.0**	**0.0**	**-0.1**	**0.0**	**0.0**	**4.0**
Total shares and units in other subsidiaries, associated enterprises and jointly controlled entities in the corporate portfolio			**150.5**	**162.9**	**3 737.6**	**0.0**	**0.0**	**337.5**	**50.3**	**0.0**	**4 125.3**
Total subsidiaries, associated enterprises and jointly controlled entities			**150.5**	**163.0**	**5 410.7**	**0.0**	**114.8**	**413.8**	**-34.9**	**0.0**	**5 904.3**

[1] The column equity transaction include group contribution

NOTE 14 Shares and holdings in subsidiaries, associated enterprises and jointly controlled entities - continued

NOK MILLIONS	Organi-zation number	Hold-ing %	OE on first ac-quisition	Acqui-sition cost	Book value 31.12.15	Addi-tions/ disposals	Value adjust-ment	Profit/ loss share	Equity transac-tion[1]	Divi-dend	Book value 31.12.16
PROPERTY SUBSIDIARIES											
SHARES IN THE COMMON AND INVESTMENT OPTION PORTFOLIOS											
KLP Eiendom AS Dronning Eufemiasgate 10 0191 Oslo	988394750	100 %	0.1	0.1	53 650.2	0.0	2 108.2	2 515.7	-2 925.5	0.0	55 348.6
Total shares and units in property subsidiaries in the common and investment option portfolios			**0.1**	**0.1**	**53 650.2**	**0.0**	**2 108.2**	**2 515.7**	**-2 925.5**	**0.0**	**55 348.6**
JOINTLY CONTROLLED ENTITIES IN THE COMMON PORTFOLIO											
KLP Norfund Investments AS Støperigata 2 0250 OSLO	999548636	50 %	0.1	183.8	226.1	23.6	7.9	0.0	0.0	0.0	257.7
Total shares and units in jointly controlled entities in the common portfolio			**0.1**	**183.8**	**226.1**	**23.6**	**7.9**	**0.0**	**0.0**	**0.0**	**257.7**
Associated enterprises in the common portfolio											
Norfinance AS Støperigata 2 0250 OSLO	912764729	18.3 %	92.3	102.5	137.4	127.1	11.1	0.0	0.0	-5.8	269.8
Total shares and units in associated enterprises in the common portfolio			**92.3**	**102.5**	**137.4**	**127.1**	**11.1**	**0.0**	**0.0**	**-5.8**	**269.8**
Total shares and units in associated enterprises and jointly controlled entities in the common portfolio			**92.4**	**286.3**	**363.5**	**150.7**	**19.00**	**0.0**	**0.0**	**-5.8**	**527.5**

[1] The column equity transaction include group contribution

All shares and other holdings have equal voting proportions.

NOTE 15 Shares and equity fund units

NOK MILLIONS	Business registered number	Volume	Market value
NORWAY			
HIDDN SECURITY AS	980 447 146	23 984	0
NORDIC TRUSTEE AS	911 721 287	11 175	47
SILVER PENSJONSFORSIKRING AS	886 951 442	556 444	0
TOTAL, UNSPECIFIED			**47**
EUROPRIS ASA	997 639 588	1 601 423	59
KONGSBERG AUTO	942 593 821	10 898 211	62
SCHIBSTED	933 739 384	68 666	14
SCHIBSTED ASA-B SHS	933 739 384	283 630	52
XXL ASA	995 306 158	653 387	64
TOTAL, CONSUMABLES			**250**
ARCUS ASA	987 470 569	500 000	22
AUSTEVOLL SEA	929 975 200	272 501	23
LEROY SEAFOOD	975 350 940	131 152	63
MARINE HARVEST	964 118 191	1 762 059	274
ORKLA	910 747 711	1 549 541	121
SALMAR ASA	960 514 718	96 484	25
TOTAL, CONSUMER GOODS			**528**
2VK INVEST AS	986 977 376	2 690 000	1
AKER BP ASA	989 795 848	1 060 398	164
AKER SOLUTIONS HOLDING ASA	913 748 174	1 041 604	43
AWILCO LNG AS	996 564 894	254 500	2
BONHEUR ASA	830 357 432	404 040	29
EIDESVIK	986 942 785	382 836	2
OCEAN YIELD ASA	991 844 562	218 190	14
ODFJELL DRILLING LTD	987 692 855	300 000	5
PANORO ENERGY ASA	994 051 067	1 847 585	12
PETRO GEO SVCS	916 235 291	2 364 062	69
SOLSTAD OFFSHORE	945 883 294	165 578	2
STATOIL ASA	923 609 016	3 640 789	577
TOTAL, ENERGY			**920**
AKER	886 581 432	278 110	89
DNB ASA	981 276 957	3 174 953	406
GJENSIDIGE FORSIKRING ASA	995 568 217	12 485	2
NORDIC MICROFINANCE INITIATIVE	993 147 044	6 124 367	8
NORWEGIAN FINANCE HOLDING AS	991 281 924	5 594	0
NORWEGIAN MICROFINANCE INITIATIVE	917 763 399	8 118 127	11
OSLO BORS VPS HOLDING ASA	983 268 617	4 300 200	387
STOREBRAND ASA	916 300 484	2 928 314	134
TOTAL, FINANCIAL			**1 038**

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Business registered number	Volume	Market value
NORDIC NANOVECTOR ASA	994 297 422	130 000	13
PHOTOCURE	967 598 593	838 272	35
REDCORD AS	960 304 977	7 100	0
TARGOVAX AS	996 162 095	803 333	9
WEIFA ASA	983 733 506	810 059	20
TOTAL, HEALTHCARE			**77**
MASTER MARINE AS	879 342 732	2 596 133	0
NORWEGIAN AIR SHUTTLE ASA	965 920 358	310 860	89
ODFJELL ASA	930 192 503	283 135	8
RENONORDEN ASA	982 123 801	281 750	1
WILH. WILHELMSEN HOLDING ASA	995 277 905	197 906	39
WILH. WILHELMSEN HOLDING ASA-B AKSJE	995 277 905	13 570	3
TOTAL, INDUSTRY			**140**
BOUVET ASA	974 442 167	31 371	4
IDEX ASA	976 846 923	1 200 000	8
LINK MOBILITY GROUP ASA	984 066 910	67 240	9
NEXT BIOMETRICS GROUP AS	982 904 420	27 686	4
NORDIC SEMICOND	966 011 726	2 808 039	98
OPERA SOFTWARE	974 529 459	721 192	27
Q-FREE ASA	935 487 242	4 049 851	32
THIN FILM ELECTRONICS ASA	889 186 232	1 500 000	5
TOTAL, IT			**188**
MAGSEIS AS	994 547 852	623 780	8
NORSK HYDRO ASA	914 778 271	6 182 262	255
YARA INTERNATIONAL	986 228 608	899 026	306
TOTAL, RAW MATERIALS			**569**
OLAV THON EIENDO	914 594 685	118 710	19
TOTAL, PROPERTY			**19**
TELENOR	982 463 718	2 249 896	290
TOTAL, TELECOM			**290**
HAFSLUND ASA	912 230 252	4 042 483	384
HAFSLUND ASA B-AKSJER	912 230 252	5 327 265	502
RINGERIKS-KRAFT AS	976 957 628	150	148
TRONDER ENERGI AS	980 417 824	1 153 846	652
TRONDER ENERGI NETT AS	978 631 029	900 000	95
TUSSA KRAFT AS	916 929 641	454	366
TOTAL, DISTRIBUTION			**2 146**
TOTAL NORWAY			**6 213**

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
FOREIGN		
ADIENT PLC	6 651	3
BGP HOLDINGS	1 374 296	0
BRIO GOLD INC	4 993	0
BROOKFIELD BUSINESS PART	1 260	0
ECN CAPITAL CORP	25 100	1
EXOR NV	6 300	2
FOUR CORNERS PROPERTY TRUST	830	0
LIBERTY BRAVES GROUP-A	600	0
LIBERTY BRAVES GROUP-C	2 268	0
LIBERTY MEDIA GROUP-A	1 500	0
LIBERTY MEDIA GROUP-C	3 375	1
NEX GROUP PLC	18 952	1
NORVESTOR HOLDING AS / CRAYON	5 200 000	39
VERSUM MATERIALS INC	8 600	2
TOTAL, UNSPECIFIED		**50**
21ST CENTURY FOX B	28 492	7
ABC-MART INC	2 200	1
ACCOR	13 675	4
ADIDAS	14 034	19
ADVANCE AUTO PARTS	4 700	7
AISIN SEIKI CO	12 600	5
ALTICE NV - A	23 644	4
ALTICE NV - B -W/I	5 933	1
AMAZON.COM	29 279	189
AUTOZONE	2 255	15
AXEL SPRINGER AG	2 859	1
BARRATT DEVELOPMENTS	65 931	3
BMW VORZUG	3 485	2
BMW STAMM	24 578	20
BED BATH & BEYOND	11 147	4
BENESSE HOLDINGS INC	4 800	1
BERKELEY GROUP HOLDINGS	8 306	2
BEST BUY CO	20 384	7
BORGWARNER INC	14 300	5
BRIDGESTONE CORP	46 100	14
BRITISH SKY BROADCASTING	70 713	7
BURBERRY GROUP	29 812	5
CANADIAN TIRE CORP A	4 900	4
CARMAX	13 300	7
CARNIVAL CORP	29 603	13

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
CARNIVAL PLC(P AND O PRINCES	12 239	5
CARPHONE WAREHOUSE GROUP PLC	62 951	2
CASIO COMPUTER CO	11 200	1
CBS CORP B	31 129	17
CHARTER COMMUNICATIONS INC-A	15 412	38
CHIPOTLE MEXICAN GRILL INC	2 000	6
DIOR (CHRISTIAN)	3 623	7
COACH	18 300	6
COMCAST CORP A (NEW)	176 458	105
RICHEMONT (FIN) UNIT A	39 807	23
MICHELIN	13 182	13
COMPASS GROUP	116 300	19
CONTINENTAL	8 508	14
CROWN LTD	27 117	2
D.R. HORTON	27 600	6
DAIMLERCHRYSLER	69 082	44
DARDEN RESTAURANTS	10 700	7
DELPHI AUTOMOTIVE PLC	21 009	12
DENSO CORP	35 700	13
DENTSU	18 300	7
DICK'S SPORTING GOODS INC	5 700	3
DISCOVERY COMMUNICATIONS-C	18 900	4
DISCOVERY COMMUNICATIONS-A	9 300	2
DISH NETWORK CORP	14 800	7
DOLLAR GENERAL CORP	21 262	14
DOLLAR TREE INC	16 251	11
DOLLARAMA INC	8 200	5
DOMINO'S PIZZA ENTERPRISES L	4 300	2
DOMINO'S PIZZA INC	3 470	5
DON QUIJOTE CO LTD	8 800	3
DUFRY AG-REG	3 976	4
ELECTROLUX B	16 302	3
EUTELSAT COMMUNICATIONS	12 529	2
EXPEDIA	8 750	9
FAST RETAILING CO	4 200	13
FERRARI NV	10 934	5
FIAT CHRYSLER AUTOMOBILES NV	59 779	5
FLIGHT CENTRE LTD	1 856	0
FOOT LOCKER INC	11 667	7
FORD MOTOR CO	266 508	28
FUJI HEAVY INDUSTRIES	43 000	15

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
GALAXY ENTERTAINMENT GRP	150 000	6
GANNETT CO	13 700	3
GAP	16 001	3
GARMIN	7 500	3
GENERAL MOTORS CO	103 789	31
GENTING SINGAPORE PLC	421 300	2
GENUINE PARTS CO	9 875	8
GILDAN ACTIVEWEAR	15 100	3
GKN PLC	106 829	4
HENNES & MAURITZ B	66 717	16
BLOCK (H&R)	14 935	3
HAKUHODO DY HOLDINGS	13 200	1
HANESBRANDS INC	26 000	5
HARLEY-DAVIDSON	13 244	7
HARMAN INTERNATIONAL IND	4 200	4
HARVEY NORMAN HOLDINGS	46 477	1
HASBRO	7 400	5
HERMES INTERNATIONAL	1 754	6
HIKARI TSUSHIN INC	1 400	1
HILTON WORLDWIDE HOLDINGS IN	41 800	10
HOME DEPOT	90 728	105
HONDA MOTOR CO	120 200	30
HUGO BOSS-PFD	4 348	2
HUSQVARNA B	33 815	2
IIDA GROUP HOLDINGS CO LTD	10 500	2
ILG INC	4 783	1
INDITEX	81 288	24
INTERCONTINENTAL HOTELS	13 077	5
INTERPUBLIC GROUP OF COS	27 400	6
ISETAN CO	23 200	2
ISUZU MOTORS	39 500	4
ITV	248 691	5
J FRONT RETAILING CO LTD	14 700	2
JARDINE CYCLE & CARRIAGE	8 888	2
JC DECAUX INTERNATIONAL	4 481	1
KABEL DEUTSCHLAND HOLDING AG	1 401	1
KINGFISHER	151 621	6
KOHLS CORP	13 194	6
KOITO MFG	6 800	3
LIMITED BRANDS	18 116	10
LAGARDERE	9 329	2

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
LAS VEGAS SANDS CORP	32 601	15
LEAR CORP	5 100	6
LEGGETT & PLATT	8 800	4
LENNAR CORP-A	11 600	4
LI & FUNG LTD	340 920	1
LIBERTY GLOBAL C	47 432	12
LIBERTY GLOBAL A	15 535	4
LIBERTY GLOBAL PLC LILAC - C	4 993	1
LIBERTY INTERACTIVE A	28 859	5
LIBERTY LILAC GROUP-A	2 025	0
LIBERTY SIRIUS GROUP-C	13 500	4
LIBERTY SIRIUSXM GROUP	6 000	2
LINAMAR CORP	3 100	1
LKQ CORP	20 200	5
LOWE'S COS	64 799	40
LULULEMON ATHLETICA INC	7 300	4
LUXOTTICA GROUP	11 207	5
LVMH	20 819	34
MACY'S	21 656	7
MAGNA INTERNATIONAL A	27 288	10
MARKS & SPENCER GROUP	136 770	5
MARRIOTT INT'L A	25 710	18
MARUI GROUP CO LTD	13 400	2
MATTEL	22 176	5
MAZDA MOTOR CORP	49 700	7
MCDONALD'S CORP	63 949	67
MCDONALD'S HOLDINGS CO JAPAN	4 500	1
MELCO CROWN ENTERTAINME-ADR	20 900	3
MERLIN ENTERTAINME	44 455	2
MGM CHINA HOLDINGS LTD	79 600	1
MGM RESORTS INTERNATIONAL	35 600	9
MICHAEL KORS HOLDINGS LTD	12 600	5
MITSUBISHI MOTORS CORP	40 000	2
MOHAWK INDUSTRIES	5 200	9
NAMCO BANDAI HOLDINGS	18 300	4
NETFLIX INC	32 396	35
NEWELL RUBBERMAID	32 518	12
NEWS CORP - CLASS A	24 545	2
NEXT	12 128	6
NGK SPARK PLUG CO	11 300	2
NIKE B	95 372	42

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
NIKON CORP	25 200	3
NISSAN MOTOR CO	178 500	15
NITORI CO	6 700	7
NOK CORP	6 600	1
NOKIAN RENKAAT	6 369	2
NORDSTROM	9 500	4
NORWEGIAN CRUISE LINE HOLDIN	13 100	5
OMNICOM GROUP	17 616	13
O'REILLY AUTOMOTIVE INC	7 006	17
ORIENTAL LAND CO	16 000	8
PADDY POWER BETFAIR PLC	6 662	6
PANASONIC CORP	161 000	14
PANDORA A/S	7 688	9
PEARSON	54 518	5
PERSIMMON PLC	19 578	4
PEUGEOT SA	30 564	4
POLARIS INDUSTRIES INC	4 200	3
PORSCHE AUTOMOBIL HOLDING SE	9 967	5
PPR	5 476	11
PRICELINE.COM	3 611	46
PROSIEBEN SAT.1 MEDIA AG-PFD	14 542	5
PUBLICIS GROUPE	15 711	9
PULTE GROUP INC	17 566	3
PVH CORP	5 500	4
RAKUTEN	77 900	7
RALPH LAUREN CORP	4 000	3
RCS MEDIAGROUP ORD	4 049	0
REA GROUP LTD	3 640	1
RENAULT	14 226	11
RESTAURANT BRANDS INTERN	17 948	7
RINNAI CORP	1 900	1
ROSS STORES	29 427	17
ROYAL CARIBBEAN CRUISES	13 308	9
RTL GROUP	2 367	1
RYOHIN KEIKAKU CO LTD	2 300	4
SANDS CHINA LTD	160 800	6
SANKYO CO (6417)	4 300	1
SCHAEFFLER AG	10 720	1
SCRIPPS NETWORKS INTER-CL A	4 500	3
SEB SA	1 800	2
SEGA SAMMY HOLDINGS	10 400	1

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
SEKISUI CHEMICAL CO	24 900	3
SEKISUI HOUSE	51 600	7
SES A-FDR	30 445	6
SHANGRI-LA ASIA	106 000	1
SHAW COMMUNICATIONS B	27 561	5
SHIMAMURA CO	1 500	2
SHIMANO	6 200	8
SIGNET JEWELERS LTD	4 800	4
SINGAPORE PRESS HLDG	95 550	2
SIRIUS XM RADIO INC	158 300	6
SJM HOLDINGS LTD	163 000	1
SODEXHO ALLIANCE	6 266	6
SONY CORP	93 700	23
STANLEY ELECTRIC CO	8 400	2
STAPLES	42 535	3
STARBUCKS CORP	108 601	52
START TODAY CO LTD	12 300	2
SUMITOMO ELECTRIC IND	64 700	8
SUMITOMO RUBBER IND	13 200	2
SUZUKI MOTOR CORP	26 400	8
TABCORP HOLDINGS	41 810	1
TAKASHIMAYA CO	14 000	1
TARGET CORP	39 911	25
TATTS GROUP LTD	107 744	3
TAYLOR WIMPEY	209 265	3
TECHTRONIC INDUSTRIES CO	87 000	3
TELENET GROUP HOLDING NV	3 821	2
TESLA MOTORS INC	8 500	16
GOODYEAR TIRE & RUBBER	17 800	5
SWATCH GROUP NAM	3 731	2
SWATCH GROUP INH	2 034	5
TIFFANY & CO	8 300	6
TIME WARNER	56 954	47
TJX COS	48 111	31
TOHO CO	8 100	2
TOLL BROTHERS	11 000	3
TOYODA GOSEI CO	6 200	1
TOYOTA INDUSTRIES CORP	10 800	4
TOYOTA MOTOR CORP	194 991	99
TRACTOR SUPPLY COMPANY	8 700	6
TRIPADVISOR INC	7 800	3

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
TUI AG-DI	30 018	4
TWENTY-FIRST CENTURY FOX	84 727	20
ULTA SALON COSMETICS & FRAGR	4 100	9
UNDER ARMOUR INC-CLASS A	11 800	3
UNDER ARMOUR INC-CLASS C	11 883	3
USS CO	15 900	2
VALEO SA	16 974	8
VF CORP	24 700	11
VIACOM B (NEW)	27 177	8
VIVENDI	78 442	13
VOLKSWAGEN STAMM	94	0
VOLKSWAGEN VORZUG	15 929	19
DISNEY (WALT)	112 454	101
WHIRLPOOL CORP	5 140	8
WHITBREAD	11 847	5
WILLIAM HILL PLC	56 344	2
WPP PLC	88 759	17
WYNDHAM WORLDWIDE CORP	7 500	5
WYNN MACAU LTD	123 400	2
WYNN RESORTS	5 400	4
YAMADA DENKI CO	38 500	2
YAMAHA CORP	12 700	3
YAMAHA MOTOR CO	27 400	5
YOKOHAMA RUBBER CO LTD	8 000	1
YUE YUEN INDUSTRIAL	53 500	2
YUM BRANDS	29 382	16
ZALANDO SE	5 000	2
TOTAL, CONSUMABLES		**2 587**
AEON CO	60 200	7
AJINOMOTO CO	56 100	10
ALIMENTATION COUCHE-T. B	35 717	14
ANHEUSER-BUSCH INBEV SA/NV	75 080	68
ARCHER-DANIELS-MIDLAND	56 121	22
ARYZTA AG	6 919	3
ASAHI GROUP HOLDINGS LTD	40 100	11
ASSOCIATED BRITISH FOODS	34 480	10
BAKKAFROST P/F	158 446	54
BARRY CALLEBAUT AG-REG	182	2
BEIERSDORF	6 699	5
BROWN-FORMAN CORP B	23 292	9
BUNGE	12 500	8

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
CALBEE INC	5 400	1
CAMPBELL SOUP CO (US)	20 348	11
CARLSBERG B	11 385	8
CARREFOUR	49 990	10
CASINO ORD	4 730	2
LINDT & SPRUENGLI PART	121	5
LINDT AND SPRUENGLI NAMEN	9	5
CHURCH & DWIGHT CO INC	16 800	6
COCA-COLA AMATIL	73 196	5
COCA-COLA EUROPEAN PARTNERS	18 700	5
COCA-COLA HBC AG-CDI	16 546	3
COLGATE-PALMOLIVE	60 659	34
CONAGRA FOODS INC	41 339	14
CONSTELLATION BRANDS A	17 300	23
COSTCO WHOLESALE CORP	38 206	53
CVS/CAREMARK	94 277	64
DANONE	56 876	31
DIAGEO	246 775	55
DISTRIBUIDORA INTERNACIONAL	47 801	2
DR PEPPER SNAPPLE GROUP-W/I	18 055	14
EMPIRE CO LTD 'A'	12 900	1
ENERGIZER HOLDINGS	4 000	3
ESTEE LAUDER COS A	16 428	11
COLRUYT	5 739	2
FAMILYMART CO	7 900	5
GENERAL MILLS	58 230	31
WESTON (GEORGE)	3 900	3
GOLDEN AGRI-RESOURCES LTD	492 400	1
HEINEKEN HOLDING	11 642	7
HEINEKEN NV	21 710	14
HENKEL AG & CO KGAA	12 553	13
HENKEL AG & CO KGAA	8 646	8
HERSHEY CO (THE)	15 200	14
HORMEL FOODS CORP	31 300	9
ICA GRUPPEN AB	6 302	2
INGREDION INC	7 100	8
SAINSBURY (J)	174 012	5
J.M.SMUCKER	12 200	13
JEAN COUTU GROUP INC-CLASS A	3 700	0
JERONIMO MARTINS SGPS	20 713	3
KAO CORP	35 500	14

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
KELLOGG CO	25 100	16
KERRY GROUP A	16 118	10
KIKKOMAN CORP	13 000	4
KIMBERLY-CLARK CORP	26 423	26
KIRIN HOLDINGS CO	84 600	12
AHOLD (KON.)	113 909	21
KOSE CORP	2 000	1
KRAFT HEINZ CO/THE	59 596	45
KROGER CO	75 476	22
LAMB WESTON HOLDINGS INC	13 779	4
LAWSON	4 500	3
LION CORP	17 000	2
LOBLAW COMPANIES LTD	20 737	9
LOREAL	18 910	30
MCCORMICK & CO NV	11 521	9
MEAD JOHNSON NUTRITION CO-A	17 431	11
MEIJI HOLDINGS CO LTD	10 400	7
METRO STAMM	14 240	4
METRO A	23 307	6
MOLSON COORS BREWING B	17 800	15
KRAFT FOODS A	149 949	57
MONSTER BEVERAGE CORP	41 487	16
NESTLE	308 522	191
NIPPON MEAT PACKERS	15 200	4
NISSHIN SEIFUN GROUP	20 105	3
NISSIN FOODS HOLDINGS CO LTD	5 900	3
PEPSICO	141 641	128
PERNOD RICARD	21 775	20
POLA ORBIS HOLDINGS INC	1 500	1
PROCTER & GAMBLE CO	184 635	134
RECKITT BENCKISER GROUP PLC	45 343	33
REMY COINTREAU	2 936	2
RITE AID CORP	104 900	7
SAPUTO	28 200	9
SEVEN AND I HOLDINGS CO	66 240	22
SHISEIDO CO	32 800	7
SPECTRUM BRANDS HOLDINGS INC	1 800	2
SUNDRUG CO LTD	2 200	1
SUNTORY BEVERAGE & FOOD LTD	11 500	4
SCA SV CELLULOSA B	44 938	11
SYSCO CORP	48 467	23

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
TATE & LYLE PLC	44 060	3
TESCO	685 111	15
CLOROX CO	9 618	10
COCA-COLA CO	402 966	144
TOYO SUISAN KAISHA	11 700	4
TREASURY WINE ESTATES LTD	71 159	5
TSURUHA HOLDINGS INC	4 400	4
TYSON FOODS A	29 000	15
UNI-CHARM CORP	33 900	6
UNILEVER NV CERT	120 213	43
UNILEVER PLC	91 796	32
WALGREEN CO	79 832	57
WESFARMERS	99 724	26
WH GROUP LTD	648 000	4
WHITEWAVE FOODS CO	18 100	9
WHOLE FOODS MARKET	25 321	7
WILMAR INTERNATIONAL	168 800	4
MORRISON WM SUPERMARKETS	165 755	4
WOOLWORTHS LTD	107 903	16
YAKULT HONSHA CO	7 600	3
YAMAZAKI BAKING CO	10 000	2
TOTAL, CONSUMER GOODS		**2 088**
ALTAGAS LTD	10 118	2
ANADARKO PETROLEUM CORP	45 830	28
ANTERO RESOURCES CORP	14 400	3
APACHE CORP	32 504	18
ARC RESOURCES LTD	25 659	4
ATLANTICA TENDER DRILLING LT	4 709 536	8
BAKER HUGHES	36 581	20
BP	1 504 530	82
BW LPG LTD	705 839	26
BW OFFSHORE LIMITED	97 937	3
CABOT OIL & GAS CORP	40 300	8
CALIFORNIA RESOURCES CORP	517	0
CALTEX AUSTRALIA	19 661	4
CAMECO CORP	29 400	3
CANADIAN NAT RESOURCES	86 780	24
CENOVUS ENERGY INC	62 130	8
CHENIERE ENERGY INC	17 000	6
CIMAREX ENERGY CO	6 800	8
CONCHO RESOURCES INC	11 000	13

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
CONOCOPHILLIPS	101 387	44
CONTINENTAL RESOURCES INC/OK	6 500	3
CORE LABORATORIES N.V.	4 361	5
CRESCENT POINT ENERGY TRUST	47 426	6
DEEP SEA SUPPLY PLC	1 008 200	1
DEVON ENERGY CORP	36 644	14
DIAMONDBACK ENERGY INC	2 400	2
ENBRIDGE	75 890	28
ENCANA CORP	86 809	9
ENI	197 822	28
EOG RESOURCES	45 700	40
EQT CORPORATION	15 000	8
EXXON MOBIL CORP	330 863	257
GALP ENERGIA SGPS SA-B SHRS	43 411	6
HALLIBURTON CO	67 600	31
HELMERICH AND PAYNE	8 100	5
HESS	23 200	12
HOEGH LNG HOLDINGS LTD	335 489	32
HOLLY CORP	13 400	4
HUSKY ENERGY	26 336	3
IDEMITSU KOSAN CO	6 200	1
IMPERIAL OIL	22 066	7
INDEPENDENT TANKERS CORP LTD	1 539 877	0
INGRAIN INC	687 091	22
INPEX CORPORATION	67 800	6
INTER PIPELINE LTD	25 440	5
JX HOLDINGS INC	214 605	8
KEYERA CORP	12 805	3
KINDER MORGAN INC	158 841	28
VOPAK	5 938	2
LUNDIN PETROLEUM	14 040	3
MARATHON OIL CORP	69 100	10
MARATHON PETROLEUM CORP-W/I	41 100	18
MURPHY OIL CORP	12 000	3
NATIONAL OILWELL VARCO	28 663	9
NESTE OIL	8 652	3
NEWFIELD EXPLORATION CO	17 700	6
NOBLE ENERGY	32 300	11
OCCIDENTAL PETROLEUM	62 684	38
OIL SEARCH	133 276	6
OMV AG	10 350	3

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
ONEOK INC	15 600	8
ORIGIN ENERGY	131 061	5
PARSLEY ENERGY INC-CLASS A	10 000	3
PEMBINA PIPELINE CORP	34 438	9
PETROFAC LTD	17 959	2
PEYTO EXPLORATION & DEV CORP	10 300	2
PHILLIPS 66	36 169	27
PIONEER NATURAL RES.	12 600	20
PLAINS GP HOLDINGS LP-CL A	6 308	2
PRAIRIESKY ROYALTY LTD	13 235	3
RANGE RESOURCES CORP	12 400	4
READ WELL SERVICES HOLDING (a-aksje) AS	113 939	3
READ WELL SERVICES HOLDING (b-aksje) AS	990 546	22
REPSOL YPF	85 792	10
ROYAL DUTCH SHELL B	594 632	149
ROYAL DUTCH SHELL PLC-A SHS	33 820	8
SAIPEM ORD	421 475	2
SANTOS	116 024	3
SCHLUMBERGER	112 246	81
SEVEN GENERATIONS ENERGY - A	22 600	5
SHOWA SHELL SEKIYU K.K	14 300	1
SNAM SPA	182 638	6
SPECTRA ENERGY	56 000	20
SUBSEA 7 SA	1 298 236	142
SUNCOR ENERGY	137 655	39
TARGA RESOURCES CORP	11 600	6
TECHNIP	7 523	5
TECHNIPFMC PLC	17 800	5
TENARIS SA	34 366	5
TESORO CORP	8 591	6
TONENGENERAL SEKIYU	17 000	2
TOTAL	180 675	80
TOURMALINE OIL CORP	21 200	5
TRANSCANADA CORP	64 331	25
VALERO ENERGY CORP	39 535	23
VERESEN INC	31 090	3
VERMILION ENERGY INC	8 493	3
WEATHERFORD INT'L	83 484	4
WILLIAMS COS	59 943	16
WOODSIDE PETROLEUM	64 437	13
TOTAL, ENERGY		**1 771**

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
3I GROUP PLC	61 397	5
ABERDEEN ASSET MGMT	68 068	2
ABN AMRO GROUP NV-CVA	15 570	3
ACOM CO	18 600	1
ADMIRAL GROUP PLC	12 955	3
AEGON	126 055	6
AEON CREDIT SERVICE CO	5 500	1
AFFILIATED MANAGERS GROUP	3 500	4
AFLAC	29 772	18
AGEAS	14 188	5
AGNC INVESTMENT CORP	22 800	4
AIA GROUP LTD	886 660	43
ALLEGHANY CORP	1 100	6
ALLIANZ	33 777	48
ALLSTATE CORP	28 509	18
ALLY FINANCIAL INC	28 800	5
AMERICAN EXPRESS	57 674	37
AMERICAN INT'L GROUP	76 847	43
AMERIPRISE FINANCIAL	11 570	11
AMP LTD	229 635	7
ANNALY CAPITAL MANAGEMENT IN	85 000	7
AON CORP	19 673	19
AOZORA BANK	64 000	2
ARCH CAPITAL GROUP	8 000	6
ARTHUR J GALLAGHER & CO	10 900	5
ASHIKAGA HOLDINGS CO LTD	54 990	2
ASSICURAZIONI GENERALI	80 691	10
ASSURANT	4 400	4
ASX	12 385	4
ANZ BANKING GROUP	214 034	41
AVIVA	293 541	15
AXA SA	141 843	31
AXIS CAPITAL HOLDINGS	7 200	4
BALOISE-HOLDING AG	3 147	3
BANCO BILBAO VIZCAYA ARGENTA	467 234	27
BANCO DE SABADELL SA	442 411	5
BANCO ESPIRITO SANTO	190 970	0
BANCO POPULAR ESPANOL	218 200	2
BSCH BCO SANTANDER CENTR	1 055 966	47
BANK HAPOALIM BM	67 159	3
BANK IRELAND	1 718 540	4

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
BANK LEUMI LE-ISRAEL	88 887	3
BANK OF AMERICA CORP	749 110	143
BANK EAST ASIA	73 716	2
BANK KYOTO	26 000	2
BANK MONTREAL	45 352	28
BANK NEW YORK MELLON	80 881	33
BANK NOVA SCOTIA	91 001	44
BANK OF QUEENSLAND LTD	27 767	2
BANKIA SAU	277 163	2
BANKINTER	39 786	3
BARCLAYS	1 192 813	28
BB&T CORP	61 207	25
BENDIGO AND ADELAIDE BANK LTD	36 651	3
BERKSHIRE HATHAWAY B	86 951	122
BLACKROCK INC	9 008	30
BNP PARIBAS	78 064	43
BOC HONG KONG HOLDINGS	305 700	9
BROOKFIELD ASSET MAN A	63 029	18
CAIXABANK	221 191	6
CANADIAN IMPERIAL BANK	28 083	20
CAPITAL ONE FINANCIAL	37 288	28
CHALLENGER FINANCIAL SVC	38 000	3
SCHWAB (CHARLES) CORP	84 830	29
CHIBA BANK	45 000	2
ACE	33 016	38
CHUGOKU BANK	12 000	1
CI FINANCIAL INCOME FUND	15 500	3
CINCINNATI FINL CORP	10 400	7
CIT GROUP INC	12 000	4
CITIGROUP	214 026	109
CITIZENS FINANCIAL GROUP	42 800	13
CHICAGO MERCANTILE EXCH	24 720	25
CNP ASSURANCES	11 687	2
COMERICA	11 400	7
COMMERZBANK	67 947	4
COMMONWEALTH BANK	125 086	64
BANK YOKOHAMA	74 000	3
CREDIT AGRICOLE	72 894	8
CREDIT SAISON CO	10 600	2
CREDIT SUISSE	129 184	16
DAI-ICHI LIFE INSURANCE	82 900	12

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
DAIWA SECURITIES GROUP	109 900	6
DANSKE BANK	52 104	14
DBS GROUP HOLDINGS	138 448	14
DEUTSCHE BANK NAMEN	93 400	15
DEUTSCHE BOERSE AG-TENDER	14 704	10
DIRECT LINE INSURANCE GROUP	87 441	3
DISCOVER FINANCIAL SERVICES	30 844	19
E*TRADE FINANCIAL CORP	20 000	6
EATON VANCE CORP	8 500	3
ELEMENT FINANCIAL CORP	25 100	2
ERSTE GROUP BANK AG	25 712	6
EURAZEO	2 354	1
EVEREST RE GROUP	3 000	6
FAIRFAX FINANCIAL HLDGS	1 832	8
FIDELITY NAT'L FINANCIAL	16 700	5
FIFTH THIRD BANCORP	51 705	12
FIRST PACIFIC CO	166 000	1
FIRST REPUBLIC BANK/CA	9 600	8
FONDIARIA - SAI ORD	75 358	1
FRANKLIN RESOURCES	30 204	10
FUKUOKA FINANCIAL GROUP	42 000	2
GOLDMAN SACHS GROUP	27 774	57
GREAT WEST LIFECO	19 848	4
GROUPE BRUXELLES LAMBERT	5 146	4
HACHIJUNI BANK	30 000	1
HANG SENG BANK	50 800	8
HANNOVER RUECKVERSICH.	3 965	4
HARGREAVES LANSDOWN PLC	15 860	2
HIROSHIMA BANK	35 000	1
HONG KONG EXCH.&CLEARING	83 993	17
HSBC HOLDINGS (GB)	1 447 820	101
HUNTINGTON BANCSHARES INC	79 100	9
IGM FINANCIAL	7 300	2
INDUSTRIAL ALLIANCE INSURANC	5 443	2
INDUSTRIVARDEN C	10 187	2
ING GROEP	275 840	33
ING US INC	15 500	5
INSURANCE AUSTRALIA GRP.	155 631	6
INTACT FINANCIAL CORP	8 700	5
INTERCONTINENTAL	44 695	22
INTESA SANPAOLO RNC	51 787	1

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
INTESA SANPAOLO ORD	923 859	20
INVESCO LTD	28 858	8
INVESTEC PLC	39 906	2
KINNEVIK B	15 645	3
INVESTOR B	32 764	11
JAPAN EXCHANGE GROUP INC	35 400	4
JAPAN POST BANK CO LTD	25 500	3
JAPAN POST HOLDINGS CO LTD	27 900	3
JPMORGAN CHASE & CO	263 415	196
JULIUS BAER GROUP LTD	15 398	6
KBC GROUPE	16 660	9
KEYCORP	79 000	12
KYUSHU FINANCIAL GROUP	20 000	1
LEGAL & GENERAL GROUP	444 529	12
LEUCADIA NATIONAL CORP	21 200	4
LINCOLN NATIONAL CORP	16 682	10
LLOYDS BANKING GROUP PLC	4 684 798	31
LOEWS CORP	19 300	8
LONDON STOCK EXCHANGE	20 620	6
LUNDBERGFORETAGEN AB, L E SER. B	3 800	2
M & T BANK CORP	11 016	15
MACQUARIE BANK	24 103	13
MANULIFE FINANCIAL CORP	139 646	21
MAPFRE	70 142	2
MARKEL CORP	900	7
MARSH AND MCLENNAN COS	36 354	21
MEDIBANK PRIVATE LTD	176 403	3
MEDIOBANCA	40 060	3
METLIFE	69 698	32
MITSUBISHI UFJ FIN GRP	911 898	48
MITSUBISHI UFJ LEASE FIN	37 700	2
MIZRAHI TEFAHOT BANK LTD	10 489	1
MIZUHO FINANCIAL GROUP	1 808 417	28
MOODYS CORP	13 376	11
MORGAN STANLEY	107 487	39
MS&AD INSURANCE GROUP HOLDINGS	39 920	11
MSCI INC	6 200	4
MUENCHENER RUECKVERSICH.	11 482	19
NASDAQ OMX GROUP/THE	7 500	4
NATIONAL AUSTRALIA BANK	199 535	38
NATIONAL BANK OF CANADA	21 492	8

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
NATIXIS	60 903	3
NAVIENT CORP	26 300	4
NEW YORK COMMUN. BANCORP	30 800	4
NKSJ HOLDINGS INC	28 800	8
NN GROUP NV	21 399	6
NOMURA HOLDINGS	270 600	14
NORDEA BANK	219 573	21
NORTHERN TRUST CORP	16 550	13
OLD MUTUAL (GB)	400 507	9
ONEX CORPORATION	5 400	3
ORIX CORP	95 500	13
OCBC BANK	226 623	12
PARGESA HOLDING INH	2 771	2
PARTNERS GROUP HOLDING AG	1 096	4
PEOPLES UNITED FINANCIAL	22 400	4
PNC FINL SERVICES GROUP	37 428	38
POSTE ITALIANE SPA	30 561	2
POWER CORP OF CANADA	24 698	5
POWER FINANCIAL CORP	16 100	3
PRINCIPAL FINANCIAL GRP	19 500	10
PROGRESSIVE CORP	42 352	13
PROVIDENT FINANCIAL	9 285	3
PRUDENTIAL FINANCIAL	31 202	28
PRUDENTIAL	189 065	33
QBE INSURANCE GROUP	95 252	7
RAIFFEISEN BANK INTERNATIONAL	9 818	2
RAYMOND JAMES FINANCIAL INC	8 340	5
REGIONS FINANCIAL (NEW)	87 341	11
REINSURANCE GROUP OF AMERICA	4 000	4
RENAISSANCERE HOLDINGS	2 900	3
RESONA HOLDINGS	141 442	6
ROYAL BANK OF CANADA	108 542	63
ROYAL BANK OF SCOTLAND	283 296	7
RSA INSURANCE GROUP PLC	64 641	4
S&P GLOBAL INC	19 339	18
SAMPO OYJ-A SHS	32 557	13
SBI HOLDINGS	14 070	2
SCHRODERS	8 983	3
SCOR	9 679	3
SEI INVESTMENTS COMPANY	9 800	4
SEVEN BANK LTD	29 100	1

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
SHINSEI BANK	109 000	2
SHIZUOKA BANK	34 000	2
SIGNATURE BANK	3 300	4
SINGAPORE EXCHANGE	48 400	2
SKAND.ENSKILDA BANKEN A	100 958	9
SOCIETE GENERALE	56 549	24
SONY FINANCIAL HOLDINGS	9 900	1
ST JAMES'S PLACE PLC	32 674	4
STANDARD CHARTERED	230 494	16
STANDARD LIFE	130 171	5
STATE STREET CORP	30 243	20
SUMITOMO MITSUI FINL GRP	97 971	32
SUMITOMO MITSUI TRUST HOLDINGS	23 876	7
SUN LIFE FINANCIAL	44 898	15
SUNCORP GROUP LTD	108 212	9
SUNTRUST BANKS	37 448	18
SURUGA BANK	13 300	3
SVENSKA HANDELSBANKEN-A SHS	110 671	13
SWEDBANK	66 989	14
SWISS LIFE HOLDING	2 132	5
SWISS RE LTD	23 783	19
SYNCHRONY FINANCIAL	57 410	18
T&D HOLDINGS	38 100	4
PRICE (T. ROWE) GROUP	18 923	12
TD AMERITRADE HOLDING CO	18 100	7
HARTFORD FINANCIAL SVCS	30 711	13
THOMSON REUTERS CORP	22 420	8
TOKIO MARINE HOLDINGS INC	51 279	18
TORCHMARK CORP	8 400	5
TORONTO-DOMINION BANK	136 917	58
TP ICAP PLC	15 487	1
TRAVELERS COS	21 310	22
TRYG A/S	8 165	1
US BANCORP	123 332	55
UBS NAMEN	259 898	35
UNICREDIT SPA	349 808	9
UNITED OVERSEAS BANK	95 723	12
UNUM GROUP	16 666	6
BERKLEY (W.R.) CORP	6 500	4
WELLS FARGO & CO	351 762	167
WENDEL	2 001	2

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
WESTPAC BANKING	244 630	50
WILLIS GROUP HOLDINGS PLC	10 368	11
XL GROUP PLC	18 900	6
YAMAGUCHI FINANCIAL GROUP IN	15 000	1
ZURICH FINL SERVICES	11 155	26
TOTAL, FINANCIAL		**3 761**
ABBOTT LABORATORIES	106 496	35
ABBVIE INC	117 936	64
ACTELION LTD-REG	6 811	13
AETNA	25 876	28
AGILENT TECHNOLOGIES	25 821	10
ALEXION PHARMACEUTICALS INC	16 400	17
ALFRESA HOLDINGS	10 700	2
ALIGN TECHNOLOGY INC	5 400	4
ALKERMES PLC	9 300	4
ALLERGAN PLC	28 884	52
AMERISOURCEBERGEN	12 884	9
AMGEN	54 823	69
ANTHEM INC	19 896	25
ASTELLAS PHARMA	156 220	19
ASTRAZENECA	92 879	44
BAXTER INTERNATIONAL	38 417	15
BAYER	60 310	54
BECTON DICKINSON	15 937	23
BIOGEN IDEC	16 294	40
BIOMARIN PHARMACEUTICAL INC	13 100	9
BOSTON SCIENTIFIC CORP	94 127	18
BRISTOL-MYERS SQUIBB CO	121 710	61
BARD (C.R.)	5 800	11
CARDINAL HEALTH	23 333	14
CELGENE CORP	57 368	57
CENTENE CORP	10 900	5
CERNER CORP	21 200	9
CHUGAI PHARMACEUTICAL CO	14 600	4
CIGNA CORP	19 508	22
COCHLEAR	3 412	3
COLOPLAST B	10 388	6
COOPER COS INC/THE	3 200	5
CSL LIMITED	34 716	22
CYBERDYNE INC	5 300	1
DAIICHI SANKYO CO	49 775	9

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
DAINIPPON SUMITOMO PHARM	11 200	2
DANAHER CORP	46 496	31
DAVITA	11 500	6
DENTSPLY SIRONA INC	15 500	8
DEXCOM INC	6 700	3
EDWARDS LIFESCIENCES CORP	15 900	13
EISAI CO	17 400	9
LILLY (ELI) AND CO	73 288	46
ENDO INTERNATIONAL PLC	13 500	2
ENVISION HEALTHCARE CORP	4 075	2
ESSILOR INTERNATIONAL	15 726	15
EUROFINS SCIENTIFIC	700	3
EXPRESS SCRIPTS	46 597	28
FRESENIUS MED. CARE ST	16 097	12
FRESENIUS SE & CO KGAA	31 249	21
GALENICA AG-REG	318	3
GENMAB	4 838	7
GETINGE B	14 370	2
GILEAD SCIENCES	100 350	62
GLAXOSMITHKLINE	355 281	59
GRIFOLS SA	18 780	3
HCA HOLDINGS INC	23 500	15
HEALTHSCOPE LTD	87 330	1
HENRY SCHEIN INC	5 300	7
HIKMA PHARMACEUTICALS PLC	10 475	2
HISAMITSU PHARMACEUTICAL	6 900	3
HOLOGIC INC	15 800	5
HOYA CORP	31 300	11
HUMANA	10 600	19
IDEXX LABORATORIES INC	6 100	6
ILLUMINA INC	10 800	12
INCYTE CORP	13 300	11
INTUITIVE SURGICAL	2 800	15
JAZZ PHARMACEUTICALS PLC	4 100	4
JOHNSON & JOHNSON	200 579	199
KYOWA HAKKO KIRIN CO LTD	13 000	2
LABORATORY CORP OF AMER	8 300	9
LONZA GROUP	3 436	5
M3 INC	18 000	4
MALLINCKRODT PLC	7 619	3
MCKESSON CORP	15 829	19

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
MEDICLINIC INTERNATIONAL PLC	23 585	2
MEDIPAL HOLDINGS CORP	8 200	1
MEDNAX INC	6 100	4
MEDTRONIC	102 204	63
MERCK AND CO	201 890	102
MERCK KGAA STAMM	8 522	8
METTLER-TOLEDO INTERNATIONAL	1 853	7
MIRACA HOLDINGS INC	3 900	2
MITSUBISHI TANABE PHARMA CORP	16 300	3
MYLAN INC	36 009	12
NOVARTIS	162 858	102
NOVO NORDISK A/S-B	141 958	44
OLYMPUS CORP	21 900	7
ONO PHARMACEUTICAL CO	30 200	6
ORION-YHTYMAE B	7 047	3
OTSUKA HOLDINGS CO LTD	30 800	12
PATTERSON COS	6 500	2
PERRIGO CO PLC	9 364	7
PFIZER	442 305	124
QIAGEN N.V.	13 809	3
QUEST DIAGNOSTICS	9 548	8
QUINTILES TRANSNATIONAL HOLD	12 032	8
RAMSAY HEALTH CARE LTD	9 226	4
REGENERON PHARMACEUTICALS	5 917	19
RESMED INC	9 200	5
ROCHE HOLDING GENUSS	51 238	101
RYMAN HEALTHCARE LTD	25 579	1
SANOFI	85 186	59
SANTEN PHARMACEUTICAL CO	23 100	2
SEATTLE GENETICS INC	7 600	3
SHIONOGI & CO	22 800	9
SHIRE PLC	40 584	20
SHIRE PLC-ADR	7 246	11
SMITH & NEPHEW	60 810	8
SONIC HEALTHCARE	26 455	4
SONOVA HOLDING	3 572	4
ST JUDE MEDICAL	22 054	15
STRYKER CORP	24 999	26
SUZUKEN CO	4 150	1
SYSMEX CORP	12 900	6
TAISHO PHARMACEUTICAL CO	2 600	2

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
TAKEDA PHARMACEUTICAL	58 100	21
TELEFLEX INC	3 200	4
TERUMO CORP	26 200	8
TEVA PHARMACEUTICAL-SP ADR	68 664	21
THERMO FISHER SCIENTIFIC	28 450	35
UCB (GROUPE)	8 403	5
UNITED THERAPEUTICS CORP	3 100	4
UNITEDHEALTH GROUP	69 293	95
UNIVERSAL HEALTH SERVICES-B	5 783	5
VALEANT PHARMACEUTICALS INTERN	20 115	3
VARIAN MEDICAL SYSTEMS	6 200	5
VERTEX PHARMACEUTICALS	17 972	11
WATERS CORP	5 353	6
WILLIAM DEMANT HOLDING	8 840	1
ZIMMER HOLDINGS	15 559	14
ZOETIS INC	33 878	16
TOTAL, HEALTHCARE		**2 552**
3M CO	54 333	84
VOLVO B	140 647	14
ABB LTD	173 894	32
ABERTIS INFRAESTRUCTURAS	52 870	6
ACS ACTIV. CONST. Y SVCS	14 596	4
ACUITY BRANDS INC	3 600	7
ADECCO	11 307	6
AENA SA	4 411	5
AERCAP HOLDINGS NV	14 900	5
ADP	1 656	2
AGCO CORP	6 300	3
ALCOA	32 050	5
ALFA LAVAL	22 219	3
AMADA CO	31 300	3
AMERCO	500	2
AMERICAN AIRLINES GROUP INC	11 600	5
AMETEK INC	19 050	8
ALL NIPPON AIRWAYS CO	87 000	2
ANDRITZ	6 238	3
AP MOLLER MAERSK B	474	7
AP MOLLER MAERSK A	245	3
ASAHI GLASS CO	110 800	6
ASHTEAD GROUP PLC	39 871	7
ASSA ABLOY AB-B	90 132	14

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
ATLANTIA	27 442	6
ATLAS COPCO A	61 846	16
ATLAS COPCO AB-B SHS	35 802	8
AUCKLAND INT'L AIRPORT	51 274	2
QR NATIONAL LTD	139 065	4
B/E AEROSPACE INC	7 860	4
BABCOCK INTL GROUP PLC	18 382	2
BOLLORE	56 100	2
BOLLORE-NEW	377	0
BOMBARDIER B	123 000	2
BOUYGUES ORD	15 947	5
BRAMBLES	123 462	9
BRENNTAG AG	13 243	6
BUNZL	34 891	8
BUREAU VERITAS SA	16 372	3
CH ROBINSON WORLDWIDE	9 700	6
CAE	18 121	2
CANADIAN NAT'L RAILWAY	57 416	33
CP RAILWAY	11 140	14
CAPITA PLC	42 558	2
CATERPILLAR	52 728	42
CATHAY PACIFIC AIRWAYS	81 000	1
CENTRAL JAPAN RAILWAY CO	10 300	15
SAINT-GOBAIN	42 632	17
CINTAS CORP	5 497	5
CK HUTCHISON HOLDINGS LTD	245 417	24
CNH INDUSTRIAL NV	84 935	6
COBHAM	131 802	2
COMFORTDELGRO	129 900	2
CSX CORP	69 826	22
CUMMINS	15 100	18
DAI NIPPON PRINTING CO	37 000	3
DAIKIN INDUSTRIES	21 300	17
DASSAULT AVIATION SA	170	2
DCC PLC	8 653	6
DEERE & CO	27 034	24
DELTA AIR LINES	11 670	5
LUFTHANSA	14 944	2
DEUTSCHE POST	72 110	20
DOVER CORP	12 277	8
DSV DE SAMMENSLUT VOGN	11 115	4

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
DUN AND BRADSTREET CORP	2 100	2
EAST JAPAN RAILWAY CO	25 802	19
EASYJET PLC	10 357	1
EATON CORP	39 716	23
EDENRED	13 734	2
EIFFAGE	6 930	4
EMERSON ELECTRIC CO	59 239	28
EQUIFAX	9 500	10
EXPEDITORS INTL WASH.	12 300	6
EXPERIAN PLC	74 085	12
FANUC CORP	17 000	25
FASTENAL CO	27 700	11
FEDEX CORP	18 083	29
FERROVIAL SA	47 508	7
FINNING INT'L	14 800	2
FLOWSERVE CORP	10 700	4
FORTIVE CORP	26 898	12
FORTUNE BRANDS HOME & SECURI	12 800	6
FRAPORT	2 555	1
FUJI ELECTRIC CO LTD	46 000	2
G4S	92 996	2
GEA GROUP	18 409	6
GEBERIT	3 571	12
GENERAL ELECTRIC CO	811 224	221
GOLDEN OCEAN GROUP LTD	292 683	12
GROUPE EUROTUNNEL SA - REGR	30 847	3
HANKYU HANSHIN HLDG	15 200	4
HINO MOTORS	18 700	2
HITACHI CONSTR. MACHINE.	9 200	2
HOCHTIEF	1 382	2
HOSHIZAKI ELECTRIC CO LTD	5 600	4
HUTCHISON PORT HOLDINGS TR-U	325 300	1
IHI CORP	104 000	2
IHS MARKIT LTD	26 204	8
ILLINOIS TOOL WORKS	29 650	31
IMI	21 926	2
INGERSOLL-RAND PLC	24 249	16
INTL CONSOLIDATED AIRLINES	53 396	2
INTERTEK GROUP	10 295	4
ISS A/S	11 010	3
ITOCHU CORP	141 700	16

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
HUNT (J.B.) TRANSPORT	6 100	5
JAPAN AIRLINES CO LTD	6 700	2
JAPAN AIRPORT TERMINAL	3 300	1
JARDINE MATHESON (USD)	21 700	10
JGC CORP	13 700	2
JOHNSON CONTROLS INTERNATION	66 515	24
JTEKT CORP	16 000	2
KAJIMA CORP	68 000	4
KAMIGUMI CO	16 000	1
KANSAS CITY SOUTHERN	7 300	5
KAWASAKI HEAVY IND	110 000	3
KEIHAN ELECTRIC RAILWAY CO	33 000	2
KEIKYU CORP	28 000	3
KEIO CORP	33 000	2
KEISEI ELECTRIC RAILWAY	19 500	4
KEPPEL CORP LTD	115 160	4
KINTETSU CORP	161 900	5
KOMATSU	87 000	17
KONE B	32 143	12
BOSKALIS WESTMINSTER CT	6 683	2
PHILIPS ELECTRS (KON.)	84 577	22
KUBOTA CORP	103 800	13
KUEHNE & NAGEL INT'L	3 589	4
KURITA WATER INDUSTRIES	10 100	2
LEGRAND	24 870	12
LEIGHTON HOLDINGS LTD	7 171	2
JS GROUP CORP	21 100	4
MABUCHI MOTOR CO	4 200	2
MACQUARIE INFRASTRUCTURE COR	5 000	4
MAKITA CORP	9 400	5
MAN STAMM	2 585	2
MANPOWERGROUP	5 400	4
MARUBENI CORP	133 300	7
MASCO CORP	27 701	8
MEGGITT PLC	63 016	3
METSO OYJ	10 557	3
MIDDLEBY CORP	4 000	4
MINEBEA CO	24 000	2
MISUMI GROUP INC	21 000	3
MITSUBISHI CORP	135 100	25
MITSUBISHI ELECTRIC CORP	169 200	20

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
MITSUBISHI HEAVY IND	295 100	12
MITSUBISHI LOGISTICS	9 000	1
MITSUI & CO	150 200	18
MITSUI OSK LINES	60 000	1
MTR CORP	94 342	4
NABTESCO CORP	10 900	2
NAGOYA RAILROAD CO LTD	92 000	4
NGK INSULATORS	21 000	4
NIDEC CORP	20 400	15
NIELSEN HOLDINGS PLC	25 262	9
NIPPON EXPRESS CO	52 000	2
NIPPON YUSEN K.K	103 000	2
NORFOLK SOUTHERN CORP	21 546	20
NSK	36 900	4
NWS HOLDINGS	132 381	2
OBAYASHI CORP	51 000	4
ODAKYU ELECTRIC RAILWAY	31 500	5
OSRAM LICHT AG	6 796	3
PACCAR	31 886	18
PARK24 CO LTD	7 000	2
PARKER HANNIFIN CORP	12 589	15
PENTAIR	14 433	7
PRYSMIAN SPA	14 089	3
QANTAS AIRWAYS	34 266	1
RANDSTAD HOLDING	8 300	4
RECRUIT HOLDINGS CO LTD	8 000	3
REED ELSEVIER (NL)	73 221	11
REED ELSEVIER (GB)	82 867	13
REPUBLIC SERVICES	19 295	9
REXEL SA	21 841	3
ROBERT HALF INT'L	9 100	4
ROCKWELL AUTOMATION	10 700	12
ROCKWELL COLLINS	12 685	10
ROLLS-ROYCE GROUP	165 836	12
ROPER INDUSTRIES	9 200	14
ROYAL MAIL PLC	54 403	3
RYANAIR HOLDINGS	12 042	2
SANDVIK	97 694	10
SATS LTD	48 300	1
SCHINDLER NAMEN	1 833	3
SCHINDLER PART	3 534	5

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
SCHNEIDER ELECTRIC	50 834	30
SECOM CO	15 900	10
SECURITAS B	19 442	3
SEEK LTD	23 372	2
SEIBU HOLDINGS INC	21 300	3
SEMBCORP INDUSTRIES	59 800	1
SENSATA TECHNOLOGIES HOLDING	12 900	4
SGS	364	6
SHIMIZU CORP	46 000	4
SIEMENS	68 289	72
SINGAPORE AIRLINES	33 000	2
SKANSKA B	30 101	6
SKF B	31 433	5
SMC CORP	5 200	11
SMITH (A.O.) CORP	14 600	6
SMITHS GROUP	31 270	5
SNAP-ON INC	4 700	7
SNC-LAVALIN GROUP	11 100	4
BIC	2 097	2
SOHGO SECURITY SERVICES CO	4 000	1
SOUTHWEST AIRLINES CO	10 900	5
STANLEY BLACK & DECKER INC	13 954	14
STERICYCLE INC	5 500	4
STOLT NIELSEN	276 721	29
SUMITOMO CORP	110 400	11
SUMITOMO HEAVY IND	51 000	3
SYDNEY AIRPORT	68 874	3
TAISEI CORP	112 000	7
THALES	8 714	7
THK CO	8 900	2
TOBU RAILWAY CO	64 000	3
TOKYU CORP	73 200	5
TOPPAN PRINTING CO	35 700	3
TOSHIBA CORP	391 700	8
TOTO	12 000	4
TOYOTA TSUSHO	16 000	4
TRANSDIGM GROUP INC	5 000	11
TRANSURBAN GROUP	162 164	10
TRAVIS PERKINS PLC	19 708	3
UNION PACIFIC CORP	60 155	54
UAL CORP	6 500	4

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
UNITED PARCEL SERVICE B	51 336	51
UNITED RENTALS INC	7 000	6
UNITED TECHNOLOGIES CORP	72 500	68
VERISK ANALYTICS INC-CLASS A	10 500	7
VESTAS WIND SYSTEMS	20 949	12
VINCI	45 162	26
GRAINGER (WW)	4 800	10
WABCO HOLDINGS INC	4 500	4
WABTEC CORP	7 500	5
WARTSILA B	11 681	5
WASTE CONNECTIONS INC	12 800	9
WASTE CONNECTIONS INC	3 370	2
WASTE MANAGEMENT	32 058	20
WEST JAPAN RAILWAY CO	14 200	8
WOLSELEY	24 595	13
WOLTERS KLUWER	20 019	6
XYLEM INC	14 410	6
YAMATO HOLDINGS CO	23 200	4
YANGZIJIANG SHIPBUILDING	189 000	1
ZARDOYA OTIS	18 534	1
ZODIAC AEROSPACE	17 212	3
TOTAL, INDUSTRY		**2 363**
ACCENTURE PLC	45 829	46
ACTIVISION BLIZZARD INC	43 100	13
ADOBE SYSTEMS	36 491	32
AKAMAI TECHNOLOGIES	11 800	7
ALLIANCE DATA SYSTEMS	4 000	8
ALPHABET INC-CL A	21 460	146
ALPHABET INC-CL C	22 504	150
ALPS ELECTRIC CO LTD	10 000	2
AMADEUS IT HOLDING SA-A SHS	30 164	12
AMPHENOL CORP	22 422	13
ANALOG DEVICES	23 515	15
ANSYS INC	6 000	5
APPLE	391 378	390
APPLIED MATERIALS	86 140	24
ARROW ELECTRONICS	5 900	4
ASETEK A/S	740 000	40
ASM PACIFIC TECHNOLOGY	12 100	1
ASML HLDG	26 863	26
ATOS ORIGIN	5 725	5

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
AUTO TRADER GROUP PLC	87 140	4
AUTODESK	15 100	10
AUTOMATIC DATA PROCESS	34 234	30
AVNET	9 100	4
BROADCOM LTD	29 151	44
BROADRIDGE FINANCIAL SOLUTIO	7 800	4
BROTHER INDUSTRIES	17 800	3
CA INC	22 024	6
CADENCE DESIGN SYS INC	19 500	4
CANON INC	76 450	19
CAP GEMINI SA	12 670	9
CDK GLOBAL INC	8 900	5
CDW CORP/DE	9 300	4
CGI GROUP A	14 000	6
CHECK POINT SOFTWARE TECH	9 400	7
CISCO SYSTEMS	366 811	95
CITRIX SYSTEMS	10 200	8
COGNIZANT TECH SOLUTIONS	45 854	22
COMPUTER SCIENCES CORP	10 000	5
COMPUTERSHARE	27 865	2
CONSTELLATION SOFTWARE INC	1 200	5
CORNING	85 748	18
COSTAR GROUP INC	2 000	3
DASSAULT SYSTEMES	8 498	6
DELL TECHNOLOGIES INC-CL V	15 400	7
DENA CO LTD	7 800	1
EBAY	77 474	20
ELECTRONIC ARTS	22 360	15
ERICSSON (LM) B	238 320	12
F5 NETWORKS	4 800	6
FACEBOOK INC-A	168 650	167
FIDELITY NAT'L INFO SVCS	23 781	15
FIRST DATA CORP- CLASS A	20 800	3
FISERV	17 044	16
FLEETCOR TECHNOLOGIES INC	6 720	8
FLEXTRONICS INT'L	39 100	5
FLIR SYSTEMS INC	10 200	3
FORTINET INC	9 400	2
FUJI FILM HOLDINGS CO	33 800	11
FUJITSU	124 200	6
GARTNER INC	5 800	5

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
GEMALTO (NL)	5 086	3
GLOBAL PAYMENTS INC	11 500	7
HAMAMATSU PHOTONICS KK	10 600	2
HARRIS CORP	8 300	7
HEWLETT PACKARD ENTERPRIS	128 065	26
HEXAGON AB SER. B	17 033	5
HIROSE ELECTRIC CO	1 890	2
HITACHI HIGH-TECH	5 200	2
HITACHI	349 000	16
HP INC	133 165	17
INFINEON TECHNOLOGIES	87 990	13
INGENICO GROUP	3 244	2
INTEL CORP	344 355	108
INTL BUSINESS MACHINES CORP	66 536	95
INTUIT	18 618	18
JUNIPER NETWORKS	23 500	6
KAKAKU.COM INC	10 139	1
KEYENCE CORP	3 275	19
KLA TENCOR CORP	10 000	7
KONAMI 100 YEN1K	5 600	2
KONICA MINOLTA HOLDINGS	29 000	2
KYOCERA CORP	21 800	9
LAM RESEARCH CORP	10 650	10
LINE CORP	2 800	1
LINEAR TECHNOLOGY CORP	15 887	9
MARVELL TECHNOLOGY GROUP	29 800	4
MASTERCARD A	71 607	64
MAXIM INTEGRATED PRODUCTS	18 800	6
MERCADOLIBRE INC	2 400	3
MICROCHIP TECHNOLOGY	17 500	10
MICRON TECHNOLOGY	71 600	14
MICROSOFT CORP	536 219	287
MIXI INC	2 900	1
MOBILEYE NV	12 800	4
MOTOROLA SOLUTIONS INC	9 963	7
MURATA MANUFACTURING CO	14 600	17
NEC CORP	172 400	4
NETWORK APPLIANCE	19 839	6
NEXON CO LTD	10 600	1
NICE SYSTEMS LTD	4 209	2
NINTENDO CO	8 800	16

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
NIPPON ELECTRIC GLASS CO	23 000	1
NOKIA CORP	409 615	17
NOMURA RESEARCH INST	8 107	2
NTT DATA CORP	8 300	3
NUANCE COMMUNICATIONS INC	16 100	2
NVIDIA	38 709	36
NXP SEMICONDUCTORS NV	21 412	18
OBIC CO	4 000	2
OMRON CORP	13 300	4
OPEN TEXT CORP	7 500	4
ORACLE CORP	228 798	76
ORACLE CORP JAPAN	2 300	1
OTSUKA CORP	3 900	2
PALO ALTO NETWORKS INC	6 800	7
PAYCHEX	23 957	13
PAYPAL HOLDINGS INC	80 020	27
QORVO INC	9 900	4
QUALCOMM	105 911	59
RED HAT INC	12 000	7
RESEARCH IN MOTION	34 500	2
RICOH CO	44 900	3
ROHM CO	5 900	3
SABRE CORP	11 400	2
SALESFORCE.COM	46 900	28
SAP STAMM	71 834	54
SEAGATE TECHNOLOGY	23 919	8
SEIKO EPSON CORPORATION	18 100	3
SERVICENOW INC	12 746	8
SHIMADZU CORP	16 000	2
SKYWORKS SOLUTIONS INC	14 428	9
SPLUNK INC	8 400	4
STMICROELECTRONICS NV	38 631	4
SYMANTEC CORP	42 700	9
SYNOPSYS	10 800	5
TDK CORP	8 200	5
TE CONNECTIVITY LTD	27 150	16
TEXAS INSTRUMENTS	72 405	45
SAGE GROUP (THE)	75 587	5
TOKYO ELECTRON	11 800	10
TOTAL SYSTEM SERVICES	13 883	6
TREND MICRO	7 500	2

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
TRIMBLE NAVIGATION LTD	17 100	4
TWITTER INC	44 200	6
UNITED INTERNET	7 491	3
VANTIV INC - CL A	9 795	5
VERISIGN	6 400	4
VISA INC-CLASS A SHARES	138 890	93
VMWARE INC-CLASS A	5 500	4
WESTERN DIGITAL	22 594	13
WESTERN UNION	34 694	6
WORKDAY INC-CLASS A	7 389	4
WORLDPAY GROUP PLC	127 202	4
XEROX CORP	67 463	5
XILINX	16 573	9
YAHOO	67 572	22
YAHOO JAPAN CORP	94 600	3
YASKAWA ELECTRIC CORP	16 600	2
YOKOGAWA ELECTRIC CORP	14 000	2
ZILLOW GROUP INC - C	7 600	2
TOTAL, IT		**3 111**
AGNICO-EAGLE MINES	19 756	7
AIR LIQUIDE	31 006	30
AIR PRODUCTS & CHEMICALS	17 200	21
AIR WATER INC	12 000	2
AKZO NOBEL	20 740	11
ALBEMARLE CORP	7 800	6
ALCOA CORP	10 683	3
ALUMINA	223 416	3
AMCOR	98 654	9
ANGLO AMERICAN (GB)	122 519	15
ANTOFAGASTA	31 496	2
ARCELOR-MITTAL A	165 155	11
ARKEMA	4 799	4
ASAHI KASEI CORP	90 200	7
ASHLAND GLOBAL HOLDINGS INC	4 600	4
AVERY DENNISON CORP	6 611	4
AXALTA COATING SYSTEMS LTD	17 700	4
BALL CORP	12 195	8
BASF	74 528	60
BHP BILLITON LTD	256 576	40
BHP BILLITON PLC	179 635	25
BOLIDEN	19 263	4

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
BORAL	72 450	2
CCL INDUSTRIES INC - CL B	1 800	3
CELANESE CORP	10 900	7
CF INDUSTRIES HOLDINGS INC	16 500	4
CHRISTIAN HANSEN HOLDING A/S	9 856	5
COVESTRO AG	4 602	3
CRH	64 303	19
CRODA INTERNATIONAL PLC	9 780	3
CROWN HOLDINGS INC	10 200	5
DAICEL CHEMICAL IND	23 000	2
DOW CHEMICAL CO	80 612	40
DU PONT (E.I) DE NEMOURS	69 068	44
EASTMAN CHEMICAL CO	10 500	7
ECOLAB	22 123	22
ELDORADO GOLD CORP	57 200	2
EMS-CHEMIE HOLDING AG-REG	524	2
EVONIK INDUSTRIES AG	14 811	4
FIRST QUANTUM MINERALS	52 571	5
FLETCHER BUILDING	44 136	3
FMC CORP	9 670	5
FORTESCUE METALS GROUP	103 582	4
FRANCO-NEVADA CORP	14 613	8
FRESNILLO PLC	14 386	2
FRUTAROM	2 500	1
FUCHS PETROLUB AG -PREF	4 529	2
GIVAUDAN	744	12
GOLDCORP	71 100	8
HITACHI CHEMICAL CO	8 600	2
HITACHI METALS	12 400	1
HOLCIM	35 623	16
ISRAEL CHEMICALS LTD	40 032	1
IMERYS	2 657	2
INGEVITY CORP	3 190	2
INT'L FLAVORS FRAGRANCES	5 900	6
INT'L PAPER CO	32 053	15
JAMES HARDIE INDUSTRIES SE	33 520	5
JFE HOLDINGS	37 100	5
JOHNSON MATTHEY	14 296	5
JSR CORP	14 800	2
K AND S	14 038	3
KANEKA CORP	20 000	1

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
KANSAI PAINT CO	19 000	3
KINROSS GOLD CORP	119 300	3
KOBE STEEL	47 200	4
KONINKLIJKE DSM	13 591	7
KURARAY CO	22 800	3
LANXESS AG	7 476	4
LINDE	15 757	22
LYONDELLBASELL INDU-CL A	30 032	22
MARTIN MARIETTA MATRLS	5 500	10
MARUICHI STEEL TUBE	3 400	1
METHANEX CORP	6 718	3
MITSUBISHI CHEMICAL HLDG	99 850	6
MITSUBISHI GAS CHEMICAL	31 000	5
MITSUBISHI MATERIALS	15 500	4
MITSUI CHEMICALS	55 100	2
MONDI PLC	27 489	5
MONSANTO CO	34 568	31
MOSAIC CO (THE)	28 800	7
NEWCREST MINING	68 630	9
NEWMONT MINING HLDG	43 957	13
NIPPON PAINT CO LTD	12 254	3
NIPPON STEEL CORP	68 072	13
NISSAN CHEMICAL IND	8 000	2
NITTO DENKO CORP	12 000	8
NOVOZYMES B	16 666	5
NUCOR CORP	23 364	12
OJI PAPER CO	52 800	2
ORICA	25 763	3
PACKAGING CORP OF AMERICA	6 700	5
PPG INDUSTRIES	21 052	17
PRAXAIR	23 526	24
RANDGOLD RESOURCES LTD	8 494	6
SEALED AIR CORP	15 400	6
SHERWIN-WILLIAMS CO	6 200	14
SHIN-ETSU CHEMICAL CO	32 100	21
SIKA INHABER	158	7
SILVER WHEATON CORP	40 008	7
SOLVAY	5 436	5
SOUTH32 LTD	479 722	8
STORA ENSO R	40 155	4
SUMITOMO CHEMICAL CO	110 100	5

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
SUMITOMO METAL MINING CO	37 700	4
SYMRISE AG	9 045	5
SYNGENTA	7 512	26
TAIHEIYO CEMENT CORP	76 000	2
TAIYO NIPPON SANSO CORP	13 000	1
TECK RESOURCES LTD-CLS B	54 426	9
TEIJIN	26 999	5
THYSSEN KRUPP	28 016	6
TORAY INDUSTRIES	128 100	9
TOYO SEIKAN KAISHA	10 000	2
IVANHOE MINES	70 000	2
UMICORE	6 979	3
UPM-KYMMENE	39 146	8
VALSPAR CORP/THE	5 000	4
VOESTALPINE	7 772	3
VULCAN MATERIALS CO	11 585	12
WEST FRASER TIMBER CO LTD	4 400	1
WESTROCK CO	19 144	8
WR GRACE & CO	5 000	3
YAMANA GOLD	79 900	2
TOTAL, RAW MATERIALS		**1 023**
AEON MALL CO	9 520	1
ALEXANDRIA REAL ESTATE EQUIT	5 150	5
AMERICAN REALTY CAPITAL PROP	60 200	4
AMERICAN TOWER CORP A	31 008	28
ASCENDAS REAL ESTATE INV	120 349	2
AVALONBAY COMMUNITIES	9 435	14
AZRIELI GROUP	2 982	1
BOSTON PROPERTIES	11 083	12
BRITISH LAND CO	68 884	5
BRIXMOR PROPERTY GROUP INC	19 400	4
CAMDEN PROPERTY TRUST	5 500	4
CAPITACOMMERCIAL TRUST	107 800	1
CAPITALAND	156 900	3
CAPITAMALL TRUST	145 500	2
CBRE GROUP INC	19 900	5
CHEUNG KONG PROPERTY HOLDING	213 417	11
CITY DEVELOPMENTS	23 700	1
CROWN CASTLE INT'L CORP	23 513	18
DAITO TRUST CONSTRUCTION	4 800	6
DAIWA HOUSE IND CO	40 500	10

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
DEUTSCHE ANNINGTON IMMOBILIE	37 174	10
DEUTSCHE WOHNEN AG-BR	22 360	6
DEXUS PROPERTY GROUP	57 766	3
DIGITAL REALTY TRUST INC	11 500	10
DUKE REALTY CORP	22 600	5
EQUINIX INC	4 852	15
EQUITY RESIDENTIAL	26 001	14
ESSEX PROPERTY TRUST INC	4 300	9
EXTRA SPACE STORAGE INC	10 300	7
FEDERAL REALTY INV TRUST	4 600	6
CENTRO RETAIL AUSTRALIA	233 070	4
FIRST CAPITAL REALTY INC	7 000	1
FONCIERE DES REGIONS	1 989	1
GECINA	3 602	4
GENERAL GROWTH PROPERTIES	43 798	9
GLOBAL LOGISTIC PROPERTIES L	187 300	2
GOODMAN GROUP	118 971	5
H&R REAL ESTATE INV-REIT UTS	11 485	2
HAMMERSON	52 305	3
HANG LUNG GROUP	59 900	2
HANG LUNG PROPERTIES	140 500	3
HEALTH CARE PPTY INVEST	31 800	8
HENDERSON LAND DEV.	82 420	4
HONGKONG LAND HOLDINGS LTD	85 800	5
HOST HOTELS AND RESORTS	48 796	8
SHOEI CO LTD/CHIYODA-KU	14 200	1
HYSAN DEVELOPMENT	46 000	2
ICADE	1 776	1
CAPITAL SHOPPING CENTRES GROUP	57 789	2
IRON MOUNTAIN	18 808	5
JAPAN PRIME REALTY INVT	57	2
JAPAN REAL ESTATE INV	111	5
JAPAN RETAIL FUND INVT	237	4
JONES LANG LASALLE INC	2 900	3
KERRY PROPERTIES	48 000	1
KIMCO REALTY CORP	27 400	6
KLEPIERRE	16 648	6
LAND SECURITIES GROUP	51 383	6
LEND LEASE GROUP	36 373	3
LIBERTY PROPERTY TRUST	9 000	3
LINK REIT	180 580	10

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
MACERICH CO	8 500	5
MID-AMERICA APARTMENT COMM	4 800	4
MIRVAC GROUP	217 965	3
MITSUBISHI ESTATE CO	90 379	16
MITSUI FUDOSAN CO	67 800	14
NATIONAL RETAIL PROPERTIES	10 500	4
NEW WORLD DEVELOPMENT	509 964	5
NIPPON BUILDING FUND	125	6
NIPPON PROLOGIS REIT INC	111	2
NOMURA REAL ESTATE HLD	6 700	1
NOMURA REAL ESTATE MASTER FU	346	4
PROLOGIS INC	37 496	17
PUBLIC STORAGE	10 300	20
QUALITY CARE PROPERTIES	6 360	1
REALTY INCOME CORP	18 400	9
REGENCY CENTERS CORP	6 200	4
RIOCAN REIT	8 396	1
SEGRO	53 469	3
SIMON PROPERTY GROUP	22 596	35
SINO LAND	216 330	3
SL GREEN REALTY CORP	6 500	6
STOCKLAND	160 207	5
SUMITOMO REALTY & DEV CO	22 500	5
SUN HUNG KAI PROPERTIES	132 164	14
SUNTEC REIT	184 100	2
SWIRE PACIFIC A	40 600	3
SWIRE PROPERTIES LTD	87 200	2
SWISS PRIME SITE-REG	4 186	3
GPT GROUP	112 905	4
WHARF HOLDINGS	93 000	5
TOKYO TATEMONO CO	15 000	2
TOKYU LAND CORP	30 400	2
UDR INC	17 000	5
UNIBAIL-RODAMCO	6 956	14
UNITED URBAN INVESTMENT CORP	186	2
UNITED OVERSEAS LAND	34 000	1
VENTAS	23 511	13
VORNADO REALTY TRUST	12 539	11
WELLTOWER INC	24 615	14
WESTFIELD GROUP	131 210	8
WESTFIELD RETAIL TRUST	394 445	11

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
WEYERHAEUSER CO	57 564	15
WHEELOCK AND CO. LTD.	65 000	3
TOTAL, PROPERTY		**649**
AT&T	448 969	164
BCE INC	9 380	3
BEZEQ ISRAELI TELECOM CORP	131 689	2
BT GROUP	610 781	24
CENTURYLINK INC	40 473	8
DEUTSCHE TELEKOM	232 506	34
ELISA OYJ	8 942	2
FRANCE TELECOM	144 787	19
FRONTIER COMMUNICATIONS CORP	78 865	2
HKT TRUST AND HKT LTD	154 880	2
ILIAD	1 692	3
INMARSAT PLC	28 765	2
KDDI	133 800	29
KPN (KON.)	282 723	7
LEVEL 3 COMMUNICATIONS	24 600	12
MILLICOM INTERNATIONAL CELLULAR SA	4 162	2
NTT CORP	52 116	19
NTT DOCOMO INC	105 700	21
PCCW	293 049	1
PROXIMUS	9 645	2
ROGERS COMMUNICATIONS B	28 978	10
SBA COMMUNICATIONS CORP-CL A	9 754	9
SFR GROUP SA	5 765	1
SINGAPORE TELECOM	569 080	12
SOFTBANK CORP	69 000	40
SPRINT NEXTEL CORPORATION	41 013	3
STARHUB	50 000	1
SWISSCOM	2 156	8
TDC A/S	53 462	2
TELE2 B	23 182	2
TELECOM CORP NEW ZEALAND	109 332	2
TELECOM ITALIA RNC	394 837	2
TELECOM ITALIA ORD	824 953	6
TELEFONICA DEUTSCHLAND HOLDI	37 149	1
TELEFONICA	343 746	28
TELIASONERA	172 674	6
TELSTRA CORP	330 461	10
TELUS CORP VTG	12 974	4

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
T-MOBILE US INC	22 900	11
TPG TELECOM LTD	14 779	1
VERIZON COMMUNICATIONS	297 298	137
VOCUS COMMUNICATIONS LTD	32 572	1
VODAFONE GROUP	1 946 192	41
ZAYO GROUP HOLDINGS INC	9 100	3
TOTAL, TELECOM		**701**
AMERICAN WATER WORKS CO INC	12 200	8
APA GROUP	69 463	4
ATCO LTD -CLASS I	5 700	2
ATMOS ENERGY CORP	6 600	4
AUSNET SERVICES	152 439	1
CALPINE CORP	22 900	2
CANADIAN UTILITIES A	7 731	2
CENTERPOINT ENERGY	27 100	6
CENTRICA PLC	405 188	10
CHEUNG KONG INFRASTRUCT.	63 000	4
CHUBU ELECTRIC POWER CO	43 600	5
CMS ENERGY CORP	18 700	7
CONSOLIDATED EDISON	21 110	13
CONTACT ENERGY	90 768	3
DOMINION RESOURCES	47 054	31
DONG ENERGY A/S	8 400	3
DUET GROUP	153 000	3
E. ON	148 822	9
EDISON INTERNATIONAL	23 189	14
EDP ENERGIAS DE PORTUGAL	156 230	4
ENAGAS	14 009	3
ENDESA SA	20 878	4
ENEL	546 748	21
ENTERGY CORP	12 114	8
EXELON CORP	66 363	20
FORTIS	19 397	5
FORTUM OYJ	30 052	4
GAS NATURAL SDG	23 186	4
GDF SUEZ	117 425	13
HYDRO ONE LTD	18 300	3
IBERDROLA	389 971	22
KANSAI ELECTRIC POWER CO	47 600	4
KYUSHU ELECTRIC POWER CO	28 300	3
MERIDIAN ENER-PARTLY PAID SH	98 843	2

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
MIGHTY RIVER POWER	55 114	1
NATIONAL GRID	272 835	28
NEXTERA ENERGY INC	33 650	35
NISOURCE INC	21 300	4
NORTHEAST UTILITIES	24 022	11
OSAKA GAS CO	127 000	4
PG&E CORP	38 573	20
HONGKONG ELECTRIC HLDGS	111 500	8
PPL CORP	47 824	14
PUBLIC SV ENTERPRISE CO	36 215	14
RED ELECTRICA CORPORACION SA	29 288	5
RWE STAMM	36 299	4
RWE VORZUG	42 500	3
SCANA CORP	9 100	6
SEMPRA ENERGY	16 908	15
SEVERN TRENT	16 188	4
SSE PLC	76 893	13
SUEZ ENVIRONNEMENT SA	18 589	2
TERNA	99 595	4
HONGKONG CHINA GAS	516 562	8
TOHO GAS CO	20 000	1
TOHOKU ELECTRIC POWER CO	30 600	3
TOKYO GAS CO	145 100	6
UGI CORP	11 600	5
UNITED UTILITIES GROUP PLC	46 135	4
VEOLIA ENVIRONNEMENT	29 516	4
TOTAL, DISTRIBUTION		**475**
TOTAL FOREIGN		**21 132**
TOTAL SHARES		**27 346**
TOTAL PROPERTY		668
TOTAL ENERGY		2 691
TOTAL FINANCIAL		4 799
TOTAL CONSUMABLES		2 837
TOTAL DISTRIBUTION		2 622
TOTAL HEALTHCARE		2 629
TOTAL INDUSTRY		2 503
TOTAL IT		3 299
TOTAL CONSUMER GOODS		2 616
TOTAL RAY MATERIALS		1 592
TOTAL TELECOM		991
TOTAL UNSPECIFIED		97
TOTAL SHARES		**27 346**

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Business registered number	Volume	Market value
EQUITY FUNDS			
21 CENTRALE PARTNERS IV, FCPR		35 000 000	252
ABERDEEN INDIRECT PARTNERS EUROPA		344 365	102
ABERDEEN INDIRECT PROPERTY PARTNERS ASIA		631 088	110
ABINGWORTH BIOVENTURES V CO-INVEST GROWTH EQ. FUND		8 000 000	19
ABRIS CEE MID-MARKET FUND III L.P.		30 000 000	-4
ALTOR 2003 FUND		2 000 000	0
ALTOR IV AB		7 000 000	15
ASTORG V FCPR		50 000 000	406
ASTORG VI		50 000 000	77
AUCTUS IV GMBH & CO. KG		21 125 000	51
CAPMAN BUYOUT FUND VIII		10 000 000	21
CEVIAN CAPITAL II LP EUR CLASS C		83 755	129
CONSILIUM PRIVATE EQUITY FUND III		20 000 000	84
CONTANGO VENTURES II IS/AS	990 908 737	27 950 000	9
COOPERATIVE H2 EQUITY PARTNERS FUND V U.A.		15 000 000	0
DANSKE PE PARTNERS V		8 770 936	36
DANSKE PE PARTNERS V - NEW		6 229 064	44
DANSKE PRIVATE EQUITY PARTNERS IV K/S		20 000 000	123
EGERIA PRIVATE EQUITY FUND IV		30 000 000	131
ENDLESS FUND IV A LP		7 500 000	26
ENERGY VENTURES II B IS		31 213 670	12
ENERGY VENTURES II KS	988 015 105	50 000 000	6
ENERGY VENTURES III LP		75 000 000	27
ENERGY VENTURES IV LP		30 000 000	121
EUROPRISE SUB-FUND A		263	21
FORBION CAPITAL FUND I CO-INVESTMENT FUND I		7 000 000	30
FORBION CAPITAL FUND I CO-INVESTMENT FUND II		5 300 000	45
FORBION CAPITAL FUND II CV		15 000 000	220
FORBION CAPITAL III C.V		20 000 000	55
FORBION CF II CO-INVEST I C.V.		7 000 000	29
FRANCE SPECIAL SITUATIONS FUND II		30 000 000	66
FSN CAPITAL II L.P.		13 000 000	18
FSN CAPITAL IV L.P.		232 000 000	189
GERMAN EQUITY PARTNERS IV		15 000 000	94
HERKULES PRIVATE EQUITY III		120 000 000	33
HGCAPITAL 6		45 000 000	417
HGCAPITAL MERCURY A		16 000 000	146
HITECVISION ASSET SOLUTIONS		35 000 000	229
HITECVISION PRIVATE EQUITY IV		13 000 000	24

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Business registered number	Volume	Market value
HITECVISION PRIVATE EQUITY V LP		35 000 000	127
HITECVISION VI LP		70 000 000	346
HITECVISION VII LP		70 000 000	227
INDEX VENTURES GROWTH II, L.P.		20 000 000	191
INDEX VENTURES GROWTH III (JERSEY) L.P		21 000 000	69
INDEX VENTURES VI (JERSEY) LP		10 000 000	144
INDEX VENTURES VII		13 000 000	113
INDEX VENTURES VIII (JERSEY), L.P		16 000 000	20
INNKAP 4 PARTNERS L.P.		5 000 000	26
JPMORGAN EUROPEAN PROPERTY FUND		1 013	54
KLP AKSJE FREMVOKSENDE MARKEDER INDEKS I	996 715 426	3 904 610	6 017
KLP AKSJE FREMVOKSENDE MARKEDER INDEKS II	996 716 678	25 000	38
KLP AKSJE VERDEN INDEKS	996 716 716	25 000	60
KLP AKSJEASIA INDEKS I	990 122 571	299 584	451
KLP AKSJEASIA INDEKS II	990 140 847	180 265	193
KLP AKSJEASIA INDEKS III	916 909 381	200 000	222
KLP AKSJEASIA INDEKS IV	816 909 422	50 000	56
KLP AKSJEEUROPA INDEKS I	990 122 555	1 218 847	1 804
KLP AKSJEEUROPA INDEKS II	890 139 752	0	0
KLP AKSJEEUROPA INDEKS III	815 846 052	200 000	191
KLP AKSJEEUROPA INDEKS IV	915 845 967	50 000	53
KLP AKSJEGLOBAL INDEKS I	987 570 113	2 477 137	6 602
KLP AKSJEGLOBAL INDEKS II		41 010	83
KLP AKSJEGLOBAL INDEKS V	917 767 238	299 700	328
KLP AKSJEGLOBAL LAVBETA I	912 651 037	13 317 772	21 999
KLP AKSJEGLOBAL LAVBETA II	912 651 096	89 545	116
KLP AKSJENORDEN INDEKS	980 854 043	214 735	776
KLP AKSJENORGE	880 854 062	967 709	5 477
KLP AKSJENORGE INDEKS	988 425 958	2 237 598	4 730
KLP AKSJEUSA INDEKS II	990 140 790	163 666	293
KLP AKSJEUSA INDEKS III	917 232 164	1 218 565	1 327
KLP AKSJEUSA INDEKS IV	817 232 582	500 000	524
KLP AKSJEUSA INDEKS USD	986 332 650	96 059	1 924
KLP FRAMTID	918 126 767	200 000	201
KLP KOMBINASJONFOND M	996 599 965	25 000	37
KLP KOMBINASJONSFOND	996 599 892	25 000	37
LIVINGBRIDGE 6 LP		25 000 000	16
LIVINGBRIDGE ENTERPRISE 2 LP		13 000 000	30
MB EQUITY FUND V		29 075 342	0
MEDICXI GROWTH I LP		10 000 000	3
NAUTA TECH INVEST 2		500 000	5

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Business registered number	Volume	Market value
NAUTA TECH INVEST 3		1 980 000	15
NAZCA CAPITAL III, FCR		22 500 000	113
NEOMED INNOVATION IV L.P.		5 000 000	1
NMI FRONTIER FUND KS	993 246 743	17 975 000	35
NMI GLOBAL FUND KS	993 246 735	24 880 000	49
NORTHZONE V K/S		5 000 000	51
NORTHZONE VI L.P.		5 000 000	28
NORTHZONE VII LP	913 585 763	12 000 000	78
NORTHZONE VIII L.P.		12 000 000	10
NORVESTOR IV L.P.		10 000 000	13
NORVESTOR V		17 000 000	60
NORVESTOR VI		156 000 000	120
NORVESTOR VII	816 106 362	116 000 000	24
NORWEGIAN MICROFINANCE INITIATIVE FUND III KS		79 925 084	47
PARAGON FUND II GMBH & CO. KG		20 000 000	36
Pareto Eiendomsfellesskap II IS		1 980 000 000	1 594
PARETO EIENDOMSFELLESSKAP II AS	914 428 378	1 494 784	16
PARTNERS GROUP SECONDARY 2008		40 000 000	110
PERUSA PARTNERS FUND 2, L.P.		18 000 000	21
PRIVEQ INVESTMENT FUND IV L.P.		225 000 000	131
PRIVEQ INVESTMENTS V (A) AB		282 000 000	64
PROA IBERIAN BUYOUT FUND II		33 000 000	190
QUADRIGA CAPITAL PRIVATE EQUITY FUND IV		25 000 000	173
SOFINNOVA CAPITAL VII		10 000 000	75
SOFINNOVA CAPITAL VIII		12 000 000	19
SPECIAL SITUATIONS VENTURE PARTNERS III LP		14 500 000	67
SSGA EMERGING MARKETS SRI ENHANCED EQUITY FUND		16 747 752	1 422
STRATEGIC INVESTORS FUND VIII L.P..		10 000 000	2
TDR CAPITAL III 'B' L.P		30 000 000	192
TRITON FUND III		30 000 000	152
VEP SPECIAL SITUATIONS FUND II C.V.		9 000 000	22
VERDANE CAPITAL V B K/S		34 697 497	1
VERDANE CAPITAL VI K/S		50 000 000	7
VERDANE CAPITAL VII K/S		140 000 000	175
XENON PRIVATE EQUITY VI		11 500 000	28
TOTAL EQUITY FUNDS			**63 471**
ALTERNATIVE INVESTMENTS IN SHARES			
KLP ALFA GLOBAL ENERGI	996 415 406	1 158 951	1 290
KLP ALFA GLOBAL RENTE	998 577 098	1 228 198	1 236
Leimdoerfer Real Estate Capital		550 000 000	487

NOTE 15 Shares and equity fund units - continued

NOK MILLIONS	Volume	Market value
SECTOR SPESIT 1 A USD	14 166	2
TOTAL ALTERNATIVE INVESTMENTS IN SHARES		**3 015**
INFRASTRUCTURE FUNDS		
COPENHAGEN INFRASTRUCTURE II US AIV NON-QFPF K/S	16 883 711	18
COPENHAGEN INFRASTRUCTURE PARTNERS II K/S	1 483 116 289	634
TOTAL INFRASTRUCTURE FUNDS		**652**
TOTAL INVESTMENTS		**94 484**

SHARES AND UNITS DISTRIBUTION BY PORTFOLIO	Common portfolio	Investment option portfolio	Corporate portfolio	Total
SHARES	24 766	0	0	24 766
LONG TERM SHARES	2 146	0	434	2 580
EQUITY FUND UNITS	62 967	504	0	63 471
ALTERNATIVE INVESTMENTS	3 000	15	0	3 015
INFRASTRUCTURE FUNDS	652	0	0	652
TOTAL	**93 531**	**519**	**434**	**94 484**

PERCENTAGE UNITS STOCK MARKET LISTED	
SHARES NORWAY	74.5 %
SHARES FOREIGN	99.7 %
EQUITY FUND UNITS	0.0 %
ALTERNATIVE INVESTMENTS	0.0 %

Norwegian shares and equity fund units are disclosed with business registered number.

NOTE 16 Securities adjustment fund

31.12.2016 NOK MILLIONS	Acquisition cost 31.12.2016	Fair value 31.12.2016	Valuation reserves 31.12.2016	Valuation reserves 31.12.2015
Valuation reserves shares	68 453	87 211	18 758	14 155
Valuation reserves share derivatives	0	-348	0	-25
Valuation reserves fixed interest investments	123 282	132 725	9 443	7 086
Valuation reserves interest rate derivatives	0	-2 822	135	211
Variation margin daily settlement futures			1	45
Total valuation reserves on short term financial assets			28 337	21 472
Securities adjustment fund			**28 337**	**21 472**

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	2016	2015
Rental income	43	42
Operating expenses	-2	-2
Gain on sale	20	0
Value adjustment	120	0
Net financial income	0	0
Net income from investment properties	**181**	**41**

NOK MILLIONS	2016	2015
Book value 01.01	893	890
Profit for the year	181	41
Transfers to KLP	-72	-38
Book value 31.12	**1 003**	**893**

NOTE 18 Intangible assets

NOK MILLIONS	2016	2015
Book value 01.01.	453	391
Acquisition cost 01.01.	1 073	940
Total additions	49	133
of which internally developed	14	30
of which bought	36	103
Disposals	0	0
Acquisition cost 31.12. [1]	1 122	1 073
Accumulated depreciation and write-dows prev.years	-619	-548
Ordinary depreciation for the year	-77	-64
Impairment [2]	-174	-7
Accumulated depreciation and write-dows 31.12.	-869	-619
Book value 31.12.	**253**	**454**
Depreciation period	3 to 10 years	3 to 10 years

[1] Intangible assets contains IT-systems3 to 10 years

[2] At the end of 2016 there were identified several IT-systems where the book value exceeded the estimated recoverable amount. Estimated recoverable amount is calculated by estimating future earnings with book value. Essentially, some of the investments have no longer value. There are several reasons for this. Among other things, linking it to the outdated functionality due to rule changes and/or technological developments. In addition, parts of the system development have not achieved the desired streamlining degree. This resulted in the following:

NOK MILLIONS	2016	2015
Book value before impairment	174	7
Recoverable amount	0	0
Impairment	**174**	**7**

The write-downs are included as a part of insurance related administration costs in the income statement.

NOTE 19 Technical matters

Insurance liabilities distributed by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans	Group life	31.12.2016	31.12.2015	Change 2016	Change 2015
Premium reserve	382 414	11	382 424	355 085	27 340	23 622
Supplementary reserves	24 424		24 424	20 284	4 140	3 181
Securities adjustment fund	28 337		28 337	21 472	6 865	1 950
Premium fund	17 189		17 189	15 522	1 668	5 009
Total insurance liabilities	**452 365**	**11**	**452 375**	**412 363**	**40 012**	**33 761**

Insurance liabilities per subsegment of group pension insurance for municipalities, including institutions with similar pension plans - group life insurance does not have any subsegments

NOK MILLIONS	Occupational pension schemes without investment options	Occupational pensions schemes with investment options	31.12.2016	31.12.2015	Change 2016	Change 2015
Premium reserve	380 648	1 766	382 414	355 077	27 336	23 614
Supplementary reserves	24 292	133	24 424	20 284	4 140	3 181
Securities adjustment fund	28 337		28 337	21 472	6 865	1 950
Premium fund	16 907	283	17 189	15 522	1 668	5 009
Total insurance liabilities	**450 183**	**2 181**	**452 365**	**412 355**	**40 009**	**33 753**

Changes to insurance liabilities during the period in question for coverage of the undertaking's liabilities under contracts with contractual obligations

NOK MILLIONS	Premium reserve	Supplementary reserves	Securities adjustment fund	Premium fund	Total 2016	Total 2015
Insurance liabilities 01.01	353 401	20 170	21 472	15 284	410 327	376 681
Net reserves taken to profit/loss	27 294	-4	6 865	283	34 439	13 491
Surplus on returns result	0	3 994	0	3 873	7 867	3 235
Risk result assigned to insurance contracts 1	0	0	0	392	392	17 242
Other assignment of surplus	0	0	0	0	0	0
Total changes taken to profit/loss	**27 294**	**3 990**	**6 865**	**4 549**	**42 698**	**33 968**
Adjustment of the insurance liabilities						
Transfers between funds/allocated to premium payment	0	0	0	-3 212	-3 212	-1 334
Receipts/payments on transfer	-36	132	0	285	380	1 031
Total changes not taken to profit/loss	**-36**	**132**	**0**	**-2 927**	**-2 832**	**-303**
Total changes in insurance liabilities	27 257	4 121	6 865	1 622	39 866	33 645
Insurance liabilities 31.12	**380 658**	**24 292**	**28 337**	**16 906**	**450 193**	**410 328**

NOTE 19 Technical matters - continued

Changes to insurance liabilities during the period in question for coverage of the undertaking's liabilities related to the value of a particular portfolio of investment options

NOK MILLIONS	Premium reserve	Supplementary reserves	Premium fund	Total 2016	Total 2015
Insurance liabilities 01.01	1 684	114	238	2 036	1 921
Net reserves taken to profit/loss	82		8	90	-18
Surplus on returns result		19	52	71	30
Risk result assigned to insurance contracts 1			2	2	84
Other assignment of surplus			0	0	0
Total changes taken to profit/loss	**82**	**19**	**62**	**162**	**96**
Adjustment of the insurance liabilities					-20
Transfers between funds/allocated to premium payment			-17	-17	25
Receipts/payments on transfer	0			0	-6
Total changes not taken to profit/loss	**0**	**0**	**-17**	**-16**	**19**
Total changes in insurance liabilities	82	19	45	146	115
Insurance liabilities 31.12	**1 766**	**133**	**283**	**2 181**	**2 036**

Technical accounts by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Premium income	36 851	38 785	4	4	36 854	38 789
Net income common portfolio	24 588	15 428	0	0	24 588	15 428
Net income investment option portfolio	127	77			127	77
Other insurance-related income	933	888			933	888
Life insurance claims	-16 378	-15 281	-9	-5	-16 387	-15 287
Change insurance liabilities - contractual	-38 434	-16 528	0	0	-38 434	-16 528
Change insurance liabilities - investment option	-108	-9			-108	-9
Funds assigned to insurance contracts	-4 319	-17 508			-4 319	-17 508
Insurance-related operating expenses	-1 138	-923	-3	0	-1 140	-922
Other insurance-related costs	-934	-874			-934	-874
Technical result	**1 188**	**4 055**	**-8**	**-1**	**1 180**	**4 054**

NOTE 19 Technical matters - continued

Technical accounts by sub-sectors - main sector group life has no sub-sectors.
Subsegments of group pension insurance for municipalities, including institutions with similar pension plans.

NOK MILLIONS	Occupational pension schemes without investment options		Occupational pension schemes with investment options		Total	
	2016	2015	2016	2015	2016	2015
Premium income	36 717	38 676	134	109	36 851	38 785
Net income common portfolio	24 588	15 428			24 588	15 428
Net income investment option portfolio			127	77	127	77
Other insurance-related income	929	884	4	4	933	888
Life insurance claims	-16 294	-15 213	-84	-68	-16 378	-15 281
Change insurance liabilities - contractual	-38 434	-16 528			-38 434	-16 528
Change insurance liabilities - investment option			-108	-9	-108	-9
Funds assigned to insurance contracts	-4 265	-17 421	-54	-87	-4 319	-17 508
Insurance-related operating expenses	-1 133	-918	-5	-4	-1 138	-923
Other insurance-related costs	-930	-870	-4	-4	-934	-874
Technical result	**1 178**	**4 037**	**9**	**17**	**1 188**	**4 055**

Result analysis by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2016	2015	2016	2015	2016	2015
Returns result	8 096	3 423	0	0	8 096	3 423
To / from supplementary and buffer reserves	4	50	0	0	4	50
Returns result after supplementary provisions	**8 101**	**3 472**	**0**	**0**	**8 101**	**3 472**
Risk result	**788**	**20 143**	**-5**	**-1**	**783**	**20 142**
Administration result	**-49**	**264**	**-2**	**-1**	**-51**	**263**
Consideration for interest guarantee	690	826			690	826
Total result elements before allocation to customers	**9 530**	**24 706**	**-8**	**-2**	**9 523**	**24 704**
Returns result allocated to supplementary resreves	-4 019	-3 122			-4 019	-3 122
Returns result & risk result alloc. to premium fund	-4 324	-5 138			-4 324	-5 138
Risk result allocated to base interest rate	0	-12 389			0	-12 389
Technical result	**1 188**	**4 055**	**-8**	**-2**	**1 180**	**4 054**

Result analysis by sub-sectors - main sector group life has no sub-sectors
Subsegments of group pension insurance for municipalities, including institutions with similar pension plans

NOK MILLIONS	Occupational pension schemes without investment options		Occupational pension schemes with investment options		Total	
	2016	2015	2016	2015	2016	2015
Returns result	8 021	3 396	75	27	8 096	3 423
To / from supplementary and buffer reserves	4	51	0	-1	4	50
Returns result after supplementary provisions	**8 026**	**3 447**	**75**	**25**	**8 101**	**3 472**
Risk result	**785**	**20 042**	**3**	**101**	**788**	**20 143**
Administration result	**-49**	**263**	**1**	**1**	**-49**	**264**
Consideration for interest guarantee	683	824	7	2	690	826
Total result elements before allocation to customers	**9 445**	**24 576**	**86**	**130**	**9 530**	**24 706**
Returns result allocated to supplementary resreves	-4 001	-3 097	-19	-26	-4 019	-3 122
Returns result & risk result alloc. to premium fund	-4 265	-5 117	-58	-21	-4 324	-5 138
Risk result allocated to base interest rate	0	-12 323	0	-66	0	-12 389
Technical result	**1 178**	**4 039**	**9**	**17**	**1 188**	**4 056**

Claims by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2016	2015	2016	2015	2016	2015
Claims paid in accordance with insurance agreements	-16 254	-15 134	-9	-5	-16 263	-15 139
Claims paid iunder repurchase	0	0	0	0	0	0
Total	**-16 254**	**-15 134**	**-9**	**-5**	**-16 263**	**-15 139**

NOTE 19 Technical matters - continued

Transfer and new subscription

Transfer by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2016	2015	2016	2015	2016	2015
FUNDS TRANSFERRED IN						
Premium reserve	3 250	9 247	0	0	3 250	9 247
Strengthening reserves	0	0	0	0	0	0
Funds received taken through profit or loss	**3 250**	**9 247**	**0**	**0**	**3 250**	**9 247**
Premium fund	287	970	0	0	287	970
Supplementary reserves to fund	176	298	0	0	176	298
Total funds received	**3 713**	**10 516**	**0**	**0**	**3 713**	**10 516**
Number of contracts	50	151	0	0	50	151
FUNDS TRANSFERRED OUT						
Premium reserve	110	135	0	0	110	135
Strengthening reserves	3	0	0	0	3	0
Supplementary reserves	7	7	0	0	7	7
Valuation reserves	4	5	0	0	4	5
Funds paid out taken through profit or loss	**124**	**147**	**0**	**0**	**124**	**147**
Premiefond	2	14	0	0	2	14
Total funds paid out	**126**	**162**	**0**	**0**	**126**	**162**
Number of contracts	3	3	0	0	3	3

New subscription by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2016	2015	2016	2015	2016	2015
New subscription	32	6	0	0	0	0
Number of contracts	6	26	0	0	0	0

NOTE 20 Hedge accounting

31.12.2016 NOK MILLIONS	Nominal value	Changed value in hedged risk	Book value
HEDGED OBJECT			
Hybrid tier 1 securities	-984	-667	-1 650
HEDGING INSTRUMENT			
Combined interest rate and currency swap (CIRCUS)	984	629	629
Hedge effectiveness as at 31.12.2016		96 %	
Hedge effectiveness thorugh the year		96 %	

31.12.2015 NOK MILLIONS	Nominal value	Changed value in hedged risk	Book value
HEDGED OBJECT			
Hybrid tier 1 securities	-984	-581	-1 564
HEDGING INSTRUMENT			
Combined interest rate and currency swap (CIRCUS)	984	580	580
Hedge effectiveness as at 31.12.2016		100 %	
Hedge effectiveness thorugh 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 +2.65 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 96 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 has a high negative correlation, the profit/loss effect will be relatively low. 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

2016 NOK MILLIONS	Loan amount currency ²	Loan amount NOK	Book value 31.12.2016	Due date
BORROWINGS ¹				
October 1997	JPY 9 500	554	706	Perpetual
June 2015	EUR 600	5 163	5 514	2 045
Total subordinated loan capital		5 717	6 220	
April 2004	JPY 15 000	984	1 650	Perpetual
Total hybrid tier 1 securities		984	1 650	
Total subordinated loan capital and hybrid Tier 1 securities		**6 700**	**7 870**	

2015 NOK MILLIONS	Loan amount currency ²	Loan amount NOK	Book value 31.12.2015	Due date
BORROWINGS ¹				
October 1997	JPY 9 500	554	705	Perpetual
April 2006	EUR 300	2 372	2 997	Perpetual
June 2015	EUR 600	5 163	5 839	2 045
Total subordinated loan capital		8 089	9 541	
April 2004	JPY 15 000	984	1 564	Perpetual
Total hybrid tier 1 securities		984	1 564	
Total subordinated loan capital and hybrid Tier 1 securities		**9 072**	**11 105**	

¹ Interest costs on the two (three) subordinated loans were NOK 303 million (NOK 313 million) and NOK 61 million (NOK 61 million) for the hybrid Tier 1 securities in 2016. Figures in brackets are 2015 figures.
² Amount in local currency (millions)

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.

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.

EUR 600:
The interest on the loan is fixed at 4.25 per cent p.a. The loans was issued the 10th of June 2015 and is due in 2045. The loan can be redeemed by KLP after 10 years, and at every interest payment date that follows. The loan is currency hedged with EUR denominated bonds as shown in the table below. This arrangement is not subject to hedge accounting.

NOTE 21 Subordinated loan capital and hybrid Tier 1 securities – continued

2016 NOK MILLIONS	Nominal currency [2]	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2016	Due date
Bonds	JPY 9 500	635	2	66	703	2017
Bonds	EUR 596	5 152	29	221	5 402	2025
Total hedging transactions		**5 787**	**31**	**287**	**6 105**	

2015 NOK MILLIONS	Nominal currency [2]	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2015	Due date
Bonds	JPY 9 500	635	2	64	701	2017
Bonds	EUR 304	2 523	34	398	2 954	2015/2016
Bonds	EUR 596	5 152	31	534	5 716	2025
Total hedging transactions		**8 310**	**66**	**995**	**9 371**	

A subordinated loan of EUR 300 million was redeemed in April 2016.

[2] Amount in local currency (millions)

NOTE 22 Transferred assets with restrictions

Transferred assets that are not deducted, and related liabilities

All assets transferred are recognised in the financial position statement if KLP is still exposed to changes in the fair value of the assets.This applies to repurchase agreements and agreements concerning securities lending.

Repurchase agreements are a form of borrowing with collateral whereby KLP sells securities with an agreement to repurchase those securities at a predetermined price. Cash received is recognised as a deposit (debt). Securities transferred in connection with repurchase agreements are not deducted in the financial position statement.

Agreements concerning securities lending are transactions whereby KLP lendins securities to a counterparty and receives a commision for it.

Since both repurchase agreements and securities lending result in the securities being returned to KLP, the risk of value changes rests with KLP. However, the securities are not available to KLP while being transferred.

The securities still reported in the financial position statement, and related debt, are assessed at fair value.

Assets transferred that are still capitalised

NOK MILLIONS	31.12.2016	31.12.2015
REPURCHASE AGREEMENTS		
Certificates and bonds	0	0
SECURITIES LENDING		
Shares	1 358	1 043
Total assets transferred that are still capitalised	**1 358**	**1 043**

NOTE 22 Transferred assets with restrictions – continued

Liabilities related to the assets

NOK MILLIONS	31.12.2016	31.12.2015
REPURCHASE AGREEMENTS		
Paid-in by credit institutions	0	0
SECURITIES LENDING		
Paid-in by credit institutions	0	0
Certificates and bonds	1 421	1 108
Total liabilities	**1 421**	**1 108**

All the assets in the table above are subject to resale or collateral with the counterpary.

Assets transferred that are not deducted, and related liabilities

KLP receives collateral under reverse repurchase agreements and agreements concerning securities borrowing, which it is permitted to sell or pledge under the agreements. The transactions are carried out in accordance with standard agreements employed by the parties in the financial market. In general, the agreements require additional security to be put up if the value of the securities fall below a predetermined level. According to the agreements, the recipient of the collateral has the unlimited right to sell or pledge the collateral in return for providing corresponding collateral on the date of settlement.

Securities recieved that are permitted to be sold or pledged

NOK MILLIONS	31.12.2016	31.12.2015
REVERSE REPURCHASE AGREEMENTS		
Certificates and bonds	0	0
Of which sold or pledged	0	0
SECURITIES BORROWING		
Shares	0	0
Of which sold or pledged	0	0
Total assets transferred and still capitalised	**0**	**0**

NOTE 23 Return on capital

PER CENT	2016	2015	2014	2013	2012
CUSTOMER PORTFOLIOS					
TOTAL OF COMMON PORTFOLIO					
Return I	4.4	3.6	4.3	6.4	5.0
Return II	5.8	4.0	6.9	6.7	6.7
Return III	5.4	2.8	9.5	6.4	7.5
TOTAL - INVESTMENT OPTION PORTFOLIO	6.2	4.0	6.7	8.8	7.5

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:

PER CENT	2016		2015		2014		2013		2012	
	Return I	Return II	Return I	Return II	Return I	Return II	Return I	Return II	Return I	Return II
Balanced portfolio 1	4.5	5.8	3.6	4.0	4.2	7.0	6.0	6.3	5.0	6.7
Balanced portfolio 2	4.4	5.8	3.7	3.9	4.7	6.9	7.3	7.5	5.0	6.7
Moderate portfolio	4.2	5.5	3.6	3.7	4.5	6.5	5.2	5.4	N/A	N/A

PER CENT	2016	2015	2014	2013	2012
CORPORATE PORTFOLIO					
Return on financial investments in the corporate portfolio	4.7	4.7	7.3	5.7	4.5

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 24 Sales costs

NOK MILLIONS	2016	2015
Personnel costs	69	76
Commission	0	0
Other costs	55	42
Total sales costs	**124**	**118**

NOTE 25 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 Note 2.

NOK MILLIONS	Joint scheme	Via operation	2016	Joint scheme	Via operation	2015
Pension costs						
Present value of accumulation for the year	60.6	5.3	65.9	65.0	6.2	71.2
Administration cost	1.7	0.0	1.7	1.6	0.0	1.6
Social security contributions - Pension costs	8.8	0.7	9.5	9.4	0.9	10.3
Pension costs taken to profit/loss incl. social security and admin.	**71.1**	**6.0**	**77.1**	**76.0**	**7.1**	**83.1**
NET FINANCIAL COSTS						
Interest cost	27.0	2.9	29.9	23.4	2.7	26.1
Interest income	-18.8	0.0	-18.8	-14.8	0.0	-14.8
Management costs	1.6	0.0	1.6	1.8	0.0	1.8
Net interest cost	9.7	2.9	12.6	10.5	2.7	13.1
Social security contributions - net interest cost	1.4	0.4	1.8	1.5	0.4	1.8
Net interest cost including social security contributions	**11.1**	**3.3**	**14.4**	**11.9**	**3.0**	**15.0**
ESTIMATE DEVIATION PENSIONS						
Actuarial gains (losses)	-4.8	11.3	6.4	-97.4	-11.2	-108.6
Social security contributions	-0.7	1.6	0.9	-13.7	-1.6	-15.3
Financial tax	13.9	6.0	19.9	0.0	0.0	0.0
Actuarial gains (losses) including social security contributions	**8.4**	**18.8**	**27.2**	**-111.2**	**-12.7**	**-123.9**
Total pension costs including interest costs and estimate deviation	**90.5**	**28.2**	**118.7**	**-23.2**	**-2.6**	**-25.8**
PENSION OBLIGATIONS						
Gross accrued pension obligations	1 044.0	120.0	1 164.0	946.3	105.5	1 051.9
Pension assets	765.7	0.0	765.7	681.1	0.0	681.1
Net liability before social security costs	278.3	120.0	398.3	265.2	105.5	370.7
Social security contributions	39.2	16.9	56.2	37.4	14.9	52.3
Financial tax	13.9	6.0	19.9	0.0	0.0	0.0
Gross accrued obligations incl. social security costs	1 097.2	142.9	1 240.1	983.7	120.4	1 104.1
Net liability incl. social security costs	**331.4**	**142.9**	**474.3**	**302.6**	**120.4**	**423.0**
RECONCILIATION PENSION OBLIGATION						
Capitalized net liability/(assets) 01.01.	302.6	120.4	423.0	375.9	127.4	503.3
Pension costs taken to profit/loss	71.1	6.0	77.1	76.0	7.1	83.1
Financial costs taken to profit/loss	11.1	3.3	14.4	11.9	3.0	15.0
Actuarial gains and losses included social security contributions and financial tax	8.4	18.8	27.2	-111.2	-12.7	-123.9
Social security contributions paid in premiums/supplement	-7.6	-0.7	-8.3	-6.2	-0.5	-6.7
Premium/supplement paid-in including admin	-54.1	-5.0	-59.1	-43.9	-3.9	-47.8
Capitalized net liability/(assets) 31.12. this year	**331.4**	**142.9**	**474.3**	**302.6**	**120.4**	**423.0**

NOTE 25 Pensions obligations, own employees - continued

NOK MILLIONS	Joint scheme	Via operation	2016	Joint scheme	Via operation	2015
CHANGE IN PENSION OBLIGATIONS						
Gross pension assets 01.01.	983.7	120.4	1 104.1	1 007.1	127.4	1 134.6
Present value of accumulation for the year	60.6	5.3	65.9	65.0	6.2	71.2
Interest cost	27.0	2.9	29.9	23.4	2.7	26.1
Actuarial losses (gains) gross pension obligation	40.1	18.8	58.9	-101.8	-12.7	-114.5
Social security contributions - pension costs	8.8	0.7	9.5	9.4	0.9	10.3
Social security contributions - net interest cost	1.4	0.4	1.8	1.5	0.4	1.8
Social security contributions paid in premiums/supplement	-7.6	-0.7	-8.3	-6.2	-0.5	-6.7
Payments	-16.8	-5.0	-21.8	-14.7	-3.9	-18.6
Gross pension obligation 31.12.	**1 097.2**	**142.9**	**1 240.1**	**983.7**	**120.4**	**1 104.1**
CHANGE IN PENSION ASSETS						
Pension assets 01.01	681.1	0.0	681.1	631.2	0.0	631.2
Interest income	18.8	0.0	18.8	14.8	0.0	14.8
Actuarial (loss) gain on pension assets	31.7	0.0	31.7	9.4	0.0	9.4
Administration cost	-1.7	0.0	-1.7	-1.6	0.0	-1.6
Financing cost	-1.6	0.0	-1.6	-1.8	0.0	-1.8
Premium/supplement paid-in including admin	54.1	5.0	59.1	43.9	3.9	47.8
Payments	-16.8	-5.0	-21.8	-14.7	-3.9	-18.6
Pension assets 31.12.	**765.7**	**0.0**	**765.7**	**681.1**	**0.0**	**681.1**
PENSION SCHEME'S OVER-/UNDER-FINANCING						
Present value of the defined benefits pension obligation	1 097.2	142.9	1 240.1	983.7	120.4	1 104.1
Fair value of the pension assets	765.7	0.0	765.7	681.1	0.0	681.1
Net pensions liability	**331.4**	**142.9**	**474.3**	**302.6**	**120.4**	**423.0**

PER CENT	31.12.2016	31.12.2015
FINANCIAL ASSUMPTIONS (COMMON TO ALL PENSION SCHEMES)		
Discount rate	2.60 %	2.70 %
Salary growth	2.50 %	2.50 %
The National Insurance basic amount (G)	2.25 %	2.25 %
Pension increases	1.48 %	1.48 %
Social security contribution	14.10 %	14.10 %
Financial tax	5.00 %	5.00 %[1]

[1] It is calculated 5% financial tax on the part of the obligation pr. 31.12.2015 unpaid in 2016

The assumptions as at 31 December 2015 have been applied to measurement of the cost of pension for 2016, whilst for calculation of the pension obligation on 31 December 2016, the assumptions and membership numbers as at 31 December 2016 have been applied. The assumptions are based on the market situation as at 31 December 2016 and are in accordance with the recommendations of the Norwegian Accounting Standards Board (NASB).

Note 25 Pensions obligations, own employees - continued

ACTUARIAL ASSUMPTIONS

KLP's joint pension scheme for local authorities and enterprises ("Fellesordningen"):
An important part of the basis of pension costs and pension obligations is how mortality and disability develop amongst the members of the pension scheme.

KLP has used the K2013BE mortality table based on Finance Norway's analyses of mortality in life insurance populations in Norway and Statistics Norway's extrapolations. KLP uses own disability table for actuarial assumptions related to disability, a table based on changes in disability figures in KLPs customer base.

Withdrawal of contractual early retirement (AFP) (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 42.5 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" (IN %)

Age (in years)	<24	24-29	30-39	40-50	50-55	>55
Turnover	25 %	15 %	7,5 %	5 %	3 %	0 %

PENSIONS VIA OPERATIONS

AFP/early retirement is not relevant to this scheme. In regard to mortality the same variant of K2013BE has been used as for "Fellesordningen".

NUMBER	Joint scheme	Via operation	2016	Joint scheme	Via operation	2015
MEMBERSHIP STATUS						
Number active	550	30	580	527	35	562
Number deferred (previous employees with deferred entitlements)	361	18	379	346	17	363
Number of pensioners	153	39	192	145	36	181

	2016	2015
COMPOSITION OF THE PENSION ASSETS:		
Property	12.5 %	12.8 %
Lending	11.6 %	12.3 %
Shares	20.1 %	19.8 %
Long-term/HTM bonds	26.8 %	26.9 %
Short-term bonds	20.0 %	20.6 %
Liquidity/money market	8.9 %	7.6 %
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 5.8 per cent in 2016 and 3.6 per cent in 2015.

Expected payment into benefits plans after cessation of employment for the period 1 January 2017 – 31 December 2017 is NOK 89.5 million.

Note 25 Pensions obligations, own employees - continued

Sensitivity analysis as at 31 December 2016	
The discount rate is reduced by 0.5 %	Increase
Gross pension obligation	9.9 %
Accumulation for the year	13.9 %
Salary growth increases by 0.25%	Increase
Gross pension obligation	1.2 %
Accumulation for the year	3.1 %
Mortality is strengthened by 10 %	Increase
Gross pension obligation	2.5 %
Accumulation for the year	1.9 %

The sensitivity analysis above is based on all other assumptions being unchanged. In practice that is an unlikely scenario and changes in some assumptions are correlated. The calculation of gross pension obligation and accumulation for the year in the sensitivity analysis has been done using the same method as in calculating gross pension obligation in the financial position statement.

The duration in the Joint scheme is estimated at 17.1 years.

NOTE 26 Tax

NOK MILLIONS	2016	2015
Accounting income before tax	2 125	4 876
Items of other comprehensive income before tax	-33	175
Differences between accounting and tax income:		
Reversal of value reduction, financial assets	5 121	943
Reversal of value increase, financial assets	-16 188	-16 851
Book gain on realization of shares and other securities	-4 750	-4 798
Tax gain on realization of shares and other securities	5 086	4 982
Other permanent differences	-1 134	-1 145
Share of taxable income in partnerships	0	537
Change in differences affecting relationship between book and taxable income	-1 293	-1 788
Taxable income	**-11 067**	**-13 069**
Group contribution received with tax effect	707	2 530
Surplus/deficit for the year is transferred to carryforward deficit	**-10 360**	**-10 539**
Deficit carryforward allowable from previous years	-36 864	-26 325
Change for the year in carryforward deficit	-10 360	-10 539
Total carryforward deficit and allowance as at 31.12.	**-47 224**	**-36 864**
RECONCILIATION OF BASIS FOR DEFERRED TAX		
Tax-increasing temporary differences:		
Fixed assets	1	1
Securities	47 313	40 678
Total tax-increasing temporary differences	**47 314**	**40 679**

NOTE 26 Tax – continued

NOK MILLIONS	2016	2015
Tax-reducing temporary differences:		
Long-term liabilities	-964	-1 773
Accounts receivable	-1	-1
Profit and loss account	4	5
Finacial instruments	-2	-8
Pension obligation	-474	-423
Total tax-reducing temporary differences	**-1 437**	**-2 200**
Net temporary differences	45 878	38 479
Carryforward deficit	-47 224	-36 864
Basis for deferred tax assets	**-1 346**	**1 615**
25% deferred tax assets	-336	404
Corrected error earlier years	0	42
Deferred tax assets in the balance sheet	**336**	**-446**
Change in deffered tax taken to profit/loss	**781**	**-533**
SUMMARY OF TAX EXPENSE FOR THE YEAR		
Change in deferred tax taken to profit/loss	781	-533
Tax payable taken to profit/loss	0	0
Total tax taken to profit/loss	**781**	**-533**
TAX TAKEN TO PROFIT/LOSS		
Tax	773	-489
Tax on other comprehensive income	8	-44
Total tax taken to profit/loss	**781**	**-533**
RECONCILIATION OF COST OF TAXES AGAINST ORDINARY PROFIT BEFORE TAX		
Accounting income before tax	2 092	5 052
Expected tax in accordance with nominal rate (25%)	-523	-1 364
Tax effect of:		
Permanent differences	1 127	-51
Change in temporary differences	136	766
Error earlier years	42	80
Changes in deferred tax because of change in tax rate	0	36
Total tax taken to profit/loss	**781**	**-533**
Effective tax rate	-37 %	11 %
WEALTH TAX		
Taxable value assets	468 116	436 223
Taxable value liabilites	-472 149	-436 472
Net wealth	**-4 033**	**-248**
Base amount wealth tax	0	0

NOTE 27 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.

Senior employees who were members of the Group senior management before 1 May 2013, are pensionable at the age of 65, but may choose to canage this to aged 70. None of those senior management have chosen to avail themselves of the opportunity to change the retirement age as of 31.12.2016. Persons who were appointed to Group senior management as of 1 May 2013, are pensionable at the age of 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 and external members of the Corporate Assembly are only made on general lending terms and conditions.

Fees to Board members are determined by the Corporate Assembly.

All benefits are shown without the addition of social security contributions.
For Board members elected by and among the employees stated that only about compensation and loans that can be linked to their directorship.

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.

2016 NOK THOUSANDS	Paid from the Company						Paid from another comany in the same group					
	Salary, fees etc.	Other benefits	Aunnual pension accumulation	Loan	Interest rate as at 31.12.2016	Payment plan [1]	Salary, fees etc.	Other benefits	Aunnual pension accumulation	Loan	Interest rate as at 31.12.2016	Payment plan [1]
SENIOR EMPLOYEES												
Sverre Thornes, Group CEO	3 807	206	1 413	-	-	-	-	-	-	11 840	1.95-2.35	A46
Marianne Sevaldsen	2 593	165	1 084	-	-	-	-	-	-	4 439	1.95	A43
Aage E. Schaanning	3 338	164	1 193	-	-	-	-	-	-	5 680	1.95	Flexi-loan
Rune Mæland [2]	1 242	117	296	1 406	1.95	A34	-	-	-	527	1.95	A43
Rune Hørnes [5]	672	328	84	-	-	-	-	-	-	-	-	-
Gro Myking [4]	1 566	140	434	-	-	-	-	-	-	-	-	-
Kirsten Grutle	177	14	40	-	-	-	-	-	-	4 258	1.95-2.20	A46
THE BOARD OF DIRECTORS[3]												
Liv Kari Eskeland, Chair (9 of 9)	335	-	-	-	-	-	-	-	-	-	-	-
Egil Johansen (9 of 9)	289	-	-	-	-	-	-	-	-	-	-	-
Lars Vorland (8 of 9)	201	-	-	-	-	-	-	-	-	-	-	-
Jan Helge Gulbrandsen (8 of 9)	179	-	-	-	-	-	-	-	-	-	-	-
Marit Torgersen (8 of 9)	230	-	-	-	-	-	-	-	-	-	-	-
Cathrine Klouman (4 of 4)[2]	131	-	-	-	-	-	-	-	-	-	-	-
Ingjerd Blekli Spiten (5 of 5)	120											
Susanne Torp-Hansen, elected by and from the employees (8 of 9)	201	-	-	-	-	-	-	-	-	-	-	-
Freddy Larsen, elected by and from the employees (8 of 9)	229	-	-	-	-	-	-	-	-	-	-	-

Note 27 Salary and obligations towards senior management etc. - continued

2016 NOK THOUSANDS	Paid from the Company						Paid from another comany in the same group					
	Salary, fees etc.	Other benefits	Aunnual pension accumulation	Loan	Interest rate as at 31.12.2016	Payment plan [1]	Salary, fees etc.	Other benefits	Aunnual pension accumulation	Loan	Interest rate as at 31.12.2016	Payment plan [1]
CORPORATE ASSEMBLY												
Total CorporateAssembly, including employee representatives	841	-	-	7 474	-	-	-	-	-	26 863	-	-
EMPLOYEES												
Loans to employees of KLP to subsidized interest rate				205 189	-	-	-	-	-	308 591	-	-
Loans to employees of KLP to ordinary terms and conditions				44 216	-	-	-	-	-	197 564	-	-

[1] S= Serial loan, A=Annuity loand, last peyment.
[2] The individual has stepped down from the appointment during the year.
[3] The numbers in ( ) represents how many meetings of the total the person has attended to.
[4] Went into the group management as of 1 December 2016, and benefits are calculated from that date.
[5] The employee was employed by KLP 1 October 2016, and benefits are calculated from that date.

2015 NOK THOUSANDS	Paid from the Company						Paid from another comany in the same group					
	Salary, fees etc.	Other benefits	Aunnual pension accumulation	Loan	Interest rate as at 31.12.2015	Payment plan [1]	Salary, fees etc.	Other benefits	Aunnual pension accumulation	Loan	Interest rate as at 31.12.2015	Payment plan [1]
SENIOR EMPLOYEES												
Sverre Thornes, Group CEO	3 694	167	1 509	-	-	-	-	-	-	10 017	2.25	A45
Ole Jacob Frich[6]	1 097	99	311	1 130	2.45	A31	-	-	-	-	-	-
Marianne Sevaldsen	2 520	158	1 192	-	-	-	-	-	-	4 439	2.25	A43
Aage E. Schaanning	3 264	150	1 301	2 315	2.25	A23	-	-	-	812	2.45	A22
Rune Mæland	1 616	153	413	1 469	2.25	A34	-	-	-	542	2.25	A43
Mette-Jorunn Meisland[2]	795	90	256	5 925	2.25-2.45	A38	-	-	-	-	-	-
THE BOARD OF DIRECTORS[3]												
Liv Kari Eskeland, Chair (9 of 9)	317	-	-	-	-	-	-	-	-	-	-	-
Egil Johansen (7 of 9)	269	-	-	-	-	-	-	-	-	-	-	-
Lars Vorland (4 of 6)	88	-	-	-	-	-	-	-	-	-	-	-
Jan Helge Gulbrandsen (7 of 9)	173	-	-	-	-	-	-	-	-	-	-	-
Marit Torgersen (9 of 9)	217	-	-	-	-	-	-	-	-	-	-	-
Anita Krohn Traaseth (0 of 3)[2]	0	-	-	-	-	-	-	-	-	-	-	-
Cathrine Klouman (5 of 6)	88	-	-	-	-	-	-	-	-	-	-	-
Susanne Torp-Hansen, elected by and from the employees (9 of 9)	188	-	-	-	-	-	-	-	-	-	-	-
Freddy Larsen, elected by and from the employees (8 of 9)	215	-	-	-	-	-	-	-	-	-	-	-
CONTROL COMMITTEE												
Ole Hetland, Chair	78	-	-	-	-	-	20	-	-	-	-	-
Bengt P. Johansen	65	-	-	-	-	-	18	-	-	-	-	-
Berit Bore	65	-	-	-	-	-	22	-	-	-	-	-
Dordi E. Flormælen	65	-	-	-	-	-	18	-	-	-	-	-
Thorvald Hillestad	65	-	-	-	-	-	18	-	-	-	-	-

Note 27 Salary and obligations towards senior management etc. - continued

2015 NOK THOUSANDS	Paid from the Company						Paid from another comany in the same group					
	Salary, fees etc.	Other benefits	Aunnual pension accumulation	Loan	Interest rate as at 31.12.2015	Payment plan [1]	Salary, fees etc.	Other benefits	Aunnual pension accumulation	Loan	Interest rate as at 31.12.2015	Payment plan [1]
SUPERVISORY BOARD												
Total Supervisory Board, incl. Staff representatives	541	-	-	14 611	-	-	39	-	-	14 200	-	-
EMPLOYEES												
Loans to employees of KLP to subsidized interest rate				250 398	-	-	-	-	-	282 482	-	-
Loans to employees of KLP to ordinary terms and conditions				56 577	-	-	-	-	-	171 260	-	-

[1] S= Serial loan, A=Annuity loand, last peyment.
[2] The individual has stepped down from the appointment during the year.
[3] The numbers in ( ) represents how many meetings of the total the person has attended to.
[6] Passed away in August 2015.

NOTE 28 Number of employees

	2016	2015
Number of permanent employees 31.12.	528	533
Number of full time equivalents	534	519

NOTE 29 Auditor's fee

NOK MILLIONS	2016	2015
Ordinary audit	1.7	2.2
Certification services	0.0	0.5
Tax advisory services	0.7	0.0
Non-audit services	1.9	0.7
Total auditor's fee	**4.3**	**3.4**

The audit fee is expensed according to received invoice. The amounts above include VAT.

NOTE 30 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. All related parties are 100 percent owned subsidiaries.

NOK MILLIONS	2016	2015
INCOME STATEMENT ITEMS		
Purchase of asset management services from KLP Kapitalforvaltning AS	-101	-101
Purchase of asset management services from KLP Banken AS	-57	-58
Lease of office premises from KLP Huset AS	-52	-50
Sale of pension insurance/group life to subsidiaries	67	53
Net repayment administrative services	283	220
Total	**140**	**64**

NOK MILLIONS	31.12.2016	31.12.2015
BALANCE SHEET ITEMS [1]		
Net outstanding accounts to:		
KLP Skadeforsikring AS	208	47
KLP Bedriftspensjon AS	11	3
KLP Forsikringsservice AS	1	1
KLP Kapitalforvaltning AS	12	31
KLP Eiendom AS	26	31
KLP Bank konsern	34	8
Total intercompany	**292**	**121**
KLP Huset AS, classified in the accounts as “Shares and holdings in property subsidiaries” (corporate portfolio)	96	85
KLP Eiendom AS, classified in the accounts as “Shares and holdings in property subsidiaries” (common portfolio)	2 381	2 307
KLP Eiendom AS, classified in the accounts as “Shares and holdings in property subsidiaries” (investment option portfolio)	14	13
Total intercompany receivables	**2 783**	**2 527**

[1] Net internal outstanding accounts include Group contribution items at the various companies.

NOTE 31 Other liabilities

NOK MILLIONS	31.12.2016	31.12.2015
Accounts payable	2	9
VAT and tax deductions due	409	355
Non-settled securities trade	2 095	98
Total other liabilities	**2 506**	**462**

NOTE 32 SCR ratio

Solvency II is being introduced from 1 January 2016 and the calcuation of the solvency margin is being changed completely whilst the previous requirement for capital adequacy and core capital adequacy no longer applies. The Solvency II balance sheet includes assets and liabilities at fair value. For assets that have a different value in the accounts change in balance value are added. There are no observable market values for KLP's insurance liabilities, which are thus calculated by way of a best estimate based on actuarial assumptions. In addition there is a risk margin that is to reflect a third party's capital costs by taking over these liabilities.

Tier 1 capital appears from the Solvency II balance sheet and Hybrid Tier 1 securities. Tier 2 capital consist of subordinated loans, risk equalisation funds and ancillary own funds. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR. Subordinated loans with first interest rate changes in 2017 may therefore be redeemed without impacting the SCR ratio.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 209 per cent, which is well over the Company's target of at least 150 per cent. With the transitional measure on technical provisions the SCR ratio is 304 per cent.

	31.12.2016	31.12.2015
SOLVENCY II - SCR RATIO	209 %	187 %

NOK BILLIONS SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT	31.12.2016	31.12.2015
Assets, book value	497	457
Added values - hold-to-maturity portfolio/loans and receivables	9	10
Added values - other lending	1	1
Other added/lesser values	0	0
Deferred tax asset	1	0
Total assets - solvency II	**507**	**468**

NOK BILLIONS SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT	31.12.2016	31.12.2015
Best estimate	450	413
Risk margin	13	12
Hybrid Tier 1 securities/Subordinated loan capital	8	11
Other liabilities	9	10
Deferred tax liabilities	0	0
Total liabilities - solvency II	**480**	**446**
Excess of assets over liabilities	27	22
- Deferred tax asset	-1	0
- Risk equalisation fund	-4	-3
+ Hybrid Tier 1 securities	2	2
Tier 1 basic own funds	**24**	**20**
Total eligible tier 1 own funds	**24**	**20**

NOTE 32 SCR ratio - continued

NOK BILLIONS SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT	31.12.2016	31.12.2015
Subordinated loans	7	10
Risk equalisation fund	4	3
Tier 2 basic own funds	**11**	**13**
Ancillary own funds	10	9
Tier 2 ancillary own funds	**10**	**9**
Deduction for max. eligible tier 2 own funds	-13	-14
Total eligible tier 2 own funds	**7**	**7**
Deferred tax asset	0	0
Total eligible tier 3 own funds	**0**	**0**
Solvency II total eligible own funds	**31**	**27**
Market risk	6	7
Diversification market risk	-2	-2
Counterparty risk	0	0
Life risk	15	14
Diversification life risk	-4	-4
Diversification general	-3	-3
Operational risk	2	2
Loss absorbing ability deffered tax	0	0
Solvency capital requirement (SCR)	**15**	**15**
Linear minimum capital requirement (MCR_linear)	5	4
Minimum	4	4
Maximum	7	7
Minimum capital requirement (MCR)	**5**	**4**
Solvency II - SCR ratio	**209 %**	**187 %**

NOTE 33 Other insurance-related income and costs

NOK MILLIONS	2016	2015
OTHER INSURANCE-RELATED INCOME		
Contribution service pension/contractual early retirement (AFP)	927	868
Miscellaneous interest income	6	14
Other income	0	7
Total other insurance-related income	**933**	**888**
OTHER INSURANCE-RELATED COSTS		
Payments service pension/contractual early retirement (AFP)	929	868
Other interest costs	5	6
Total other insurance-related costs	**934**	**874**

NOTE 34 Contingent liabilities

NOK MILLIONS	31.12.2016	31.12.2015
Guarantee liability	2	2
Committed, not subscribed investment in private equity and property funds	7 004	8 673
Approved, not paid out KLP loan pledge	6 312	5 045
Total contingent liabilities	**13 319**	**13 721**

To the General Meeting of Kommunal Landspensjonskasse gjensidig forsikringsselskap

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kommunal Landspensjonskasse gjensidig forsikringsselskap. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2016, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The financial statements of the group, which comprise the balance sheet as at 31 December 2016 and income statement, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, 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.

- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties We have focused on this area because it represents a substantial part of the assets on the balance sheet and the lack of a liquid market for investment properties. The valuation of investment properties is performed using an internal valuation model that involves the use of management judgement when determining the market rent, rehabilitation cost and discount rate. The accuracy of the calculation also depends on internal information about the properties, e.g. space, expiration of lease contract and lease amounts. Refer to note 3.2 and note 7 in the financial statements for a further description of the valuation of investment properties.	We have evaluated and tested the design and operating effectiveness of the group's internal controls over valuation of investment properties. In particular, we assessed whether management had established controls that ensured evaluation of market rents, rehabilitation cost and discount rates against both external valuations and market data and between properties in the portfolio. We challenged management's judgement by evaluating management's explanations for significant deviations between the assumptions applied and the external valuations and market data. We found the valuation model used by management was reasonable and in accordance with market practice. In order to conclude on the accuracy of the calculations, we tested important internal assumptions on a sample basis against lease contracts and other documentation without identifying significant deviations. We confirmed that the model calculation was appropriately reflecting the valuation model and assumptions selected. We tested that all investment properties had been subject to valuation by comparing the list of properties in the valuation model against the list of properties booked in the accounting system. We compared the output from the valuation model against the external valuations for a selection of the properties. Management explained significant deviations and we challenged the basis for their view of why the deviations did not warrant a change in book values.
Calculation of technical provisions – life insurance We have focused on the calculation of the 'technical provisions – life insurance' because it is a significant estimate in the financial statements requiring a complex assessment of future events. An inherent risk exists related to whether the	We have evaluated and tested the design and operating effectiveness of the established internal controls over data quality in the insurance system that forms the basis for the calculation of the technical provisions within life insurance. In particular, we assessed

technical provisions are sufficient to cover the future claim payments to the policy holders.

The calculation of the technical provisions will largely depend on the data quality in the insurance system and the use of assumptions in line with regulatory requirements and relevant industry standards.

Refer to note 2.14, note 3.2 and note 9.1 in the financial statements for a further description of the calculation of technical provisions – life insurance.

whether management had established controls that ensured complete and accurate policy data, including controls around data gathering, data processing and sub ledger interfaces. We have evaluated and tested the design and operating effectiveness of the established internal controls over quality assurance of assumptions and calculation methodology applied. We concluded that we could rely on these controls for the purposes of our audit.

We have reviewed the actuary's recalculation of the premium reserves, which the actuary has compared against the premium reserve calculated by the insurance system. Furthermore, we have reviewed the group's roll forward of technical provisions within life insurance and compared the result of this roll forward against the technical provisions calculated by the insurance system. The recalculations do not show a significant deviation against the technical provisions calculated by the insurance systems.

We have assessed the methodology and significant assumptions applied e.g. risk of mortality, risk of disability, risk of survival and discount rates.

In our view, the calculation of technical provisions in life insurance was subject to controls with appropriate design and operating effectiveness. The assumptions in the calculations were applied consistently and in accordance with regulatory requirements and industry standards.

Valuation of derivatives and financial assets measured at fair value through profit or loss

We have focused on this area because it represents a substantial part of the assets on the balance sheet and because the fair value in certain instances will have to be estimated using valuation models that apply judgement.

The majority of the financial assets measured at fair value through profit or loss are traded in an active market. For these assets, we have focused on KLP's guidelines and processes to ensure an accurate basis for the valuation. For derivatives and financial assets for which

We have assessed that KLP's guidelines for valuation of financial instruments are in accordance with commonly recognized principles and current regulations.

We have evaluated and tested the design and operating effectiveness of the established internal controls over valuation of derivatives and financial assets measured at fair value through profit or loss. For derivatives and financial assets traded in liquid markets, this included controls that ensure accurate and complete registration of the basis for the pricing and controls that ensure that the prices that are transferred to the systems from the pricing sources agree with the sources and that the fair value is determined based on models and certain assumptions are unobservable, we have focused on assessing the assumptions underlying the valuation.

Refer to note 3.3, note 6 and note 7 in the financial statements for a description of the valuation of financial assets measured at fair value through profit or loss.

correct price is applied to the correct derivative or financial asset.

For derivatives and financial assets for which the valuation is based on models and certain assumptions that are not directly observable, we have tested the controls management has established to ensure that an independent valuation is obtained. Where relevant, we have assessed the reliability of the sources used. We concluded that we could rely on these controls for the purposes of our audit.

Other information

Management is responsible for the other information. The other information comprises information in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) 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 the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s and the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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, 22 March 2017
PricewaterhouseCoopers AS

Erik Andersen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

To the General Meeting
of Kommunal Landspensjonskasse

The Corporate Assembly 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 and the audit report.

The Corporate Assembly recommends the General Meeting that the Company's and the Group's annual financial statements and annual report for 2016 be adopted in accordance with the Board's recommendation.

Oslo, 19 April 2017

Nils A. Røhne
Corporate Assembly Chair

Board of Directors in KLP

KLP BOARD OF DIRECTORS

Liv Kari Eskeland
(Chair of the Board of Directors)
Egil Johansen (deputy chair)
Ingrid Blekeli Spiten
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)
Erling Bendiksen
(deputy employees' representative)
Marianne Holt Holgersen
(deputy employees' representative)
Erik Orskaug (observer)
Erik Kollerud (observer)
Dag Bjørnar Jonsrud (deputy observer)
Ingjerd Hovdenakk (deputy observer)

BOARD OF DIRECTORS OF SUBSIDIARIES

KLP Bankholding AS
Sverre Thornes (Chair)
Aage E. Schaanning (deputy chair)
Aina Slettedal Eide
Ingrid Johansen Aune
Kjell Fosse
Christin Kleppe
(employees' representative)
Espen Trandum
(employees' representative)
Oddvar Engelsåstrø
(employees' representative)
Terje Granvold
(employees' representative)
Managing Director: Leif Magne Andersen

KLP Banken AS
Sverre Thornes (Chair)
Aage E. Schaanning (deputy chair)
Aina Slettedal Eide
Ingrid Johansen Aune
Kjell Fosse
Christin Kleppe
(employees' representative)
Espen Trandum
(employees' representative)
Oddvar Engelsåstrø
(deputy employees' representative)
Terje Granvold
(deputy employees' representative)
Managing Director: Leif Magne Andersen

KLP Bedriftspensjon AS
Marianne Sevaldsen (Chair)
Rune Mæland
Gro Myking
Alexander Berg Larsen
Stig Even Jacobsen
Harald Ramon Hagen (employees' representative)
Håkon Ingar Eidissen (deputy employees' representative)
Managing Director: Torun Wahl KLP

Boligkreditt AS
Sverre Thornes (Chair)
Aage E. Schaanning (deputy chair)
Ingrid Johansen Aune
Marit Barosen
Managing Director: Christopher Steen

KLP Eiendom AS
Sverre Thornes (Chair)
Aage E. Schaanning
Ida Louise Skaurum Mo
Marit Jakobsen Leganger
Arvid Grundekjøn
Einar Kvien
(employees' representative)
Linn Eriksen Løken
(deputy for Einar Kvien)
Managing Director: Gunnar Gjørtz

KLP Forsikringsservice AS
Sverre Thornes (Chair)
Marianne Sevaldsen (deputy chair)
Helge Rudi
Cathrine Hellandsvik
Heidi Iren Sunde
Managing Director: Erik Falk

KLP Kapitalforvaltning AS
Sverre Thornes (Chair)
Hilde Seem
Gro Myking
Kjetil Houg
Anette Hjertø
Ingvild Dingstad
Per Rustad Ørvik
(employees' representative)
Per Christian Standerholen (deputy)
Gunnar Børjesson (deputy)
Vigdis Lund (deputy employees' representative)
Managing Director: Håvard Gulbrandsen

KLP Kommunekreditt AS
Sverre Thornes (Chair)
Aage E. Schaanning (deputy chair)
Ingrid Johansen Aune
Aud Norunn Strand
Managing Director: Carl Steinar Lous

KLP Skadeforsikring AS
Sverre Thornes (Chair)
Jan-Hugo Sørensen
Marianne Sevaldsen
Lene Elisabeth Bjerkan
Camilla Dunsæd
Steinar Haukeland
(employees' representative)
Mona Wittenberg
(employees' representative)
Eskild Tangerud
(deputy employees' representative)
Camilla Gravem
(deputy employees' representative)
Managing Director: Tore Tenold

KLP-Huset AS
Eskild Rolstad (Chair)
Hans Vidar Sund
Camilla Qinghuayu Henriksen

Elected representatives

KLPS CORPORATE ASSEMBLY 2016-2018

Anne Katarina Cartfjord	Helse-Midt Norge RHF
Anita Eidsvold Grønli	Nedre Romerike Brann og redning
Arne Sandbu	Nord-Fron kommune
Astrid A Byrknes	Lindås kommune
Atle Brynestad	Helse Sør-Øst RHF
Erik Arne Hansen	Helse Nord RHF
Eva Ottesen	Gratangen kommune
Hilde Christiansen	Helse Vest RHF
Katrine Lereggen	Melhus kommune
Maiken Messel	Aust-Agder fylkeskommune
May Holen	Oslo Sanitetsforening
Nils A Røhne	Stange kommune
Ola Steene	Levanger kommune
Ole Haabeth	Østfold flykeskommune
Ole John Østenstad	Førde kommune
Per Karlsen	Helse Vest RHF
Siri Hovde	Aurskog-Høland kommune
Siv Dagny Aasvik	Hadsel kommune
Steinar Marthinsen	Helse Sør-Øst 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

Ola Bergheim	Nore Energi AS
Roger Gjennestad	Sykehuset Vestfold HF
Nina Sandberg	Nesodden kommune
Heidi Magnussen	St. Olav Hospital HF
Brit Kramprud Lundgård	Øyer kommune
Monica Vee Bratlie	Hurum kommune
Monica Nilsen	Alta kommune
Tove Henøen	Fræna kommune
Lars Erik Hylvang	Engerdal kommune
Knut Langeland	Helse Nord RHF
Øyvind Mikalsen	Avfallsservice AS
Stine Akselsen	Lebesby 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
Erling Bendiksen	KLP Oslo
Frode Berge	KLP Bergen
Even Bladt Jarlseth	KLP Oslo
Hanne Bratlie	KLP Oslo
Linda Brodin	KLP Oslo
Oddvar Engelsåstrø	KLP Trondheim
Jørn Trygve Kärnä	KLP Skadeforsikring
Kristian Kaarød	KLP Bergen
Kari Bakken	KLP Oslo
Magnus Haldorsen	KLP Skadeforsikring
Torkell Dobbe	KLP Skadeforsikring
Trine Bjelland Ottosen	KLP Oslo
Vidar Stenseth	KLP Oslo
Svein Thalberg	KLP Oslo

DEPUTY MEMBERS

Odd Steinsrud	KLP Skadeforsikring
Lisbeth Arnesen	KLP Bergen
Bjarte Bratten	KLP Oslo
Elisabeth Wikdahl	KLP Oslo
Hilde Tangen Fjeld	KLP Oslo
Vibeke Heldal	KLP Bergen

THE ELECTION COMMITTEE

Nils A. Røhne (Chair)
Ole John Østenstad
Steinar Marthinsen
Anita Eidsvold Grønli
Torhild Bransdal (Deputy)

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