

Interim report

Q2 2015

ALP
Banken



INCOME STATEMENT

BALANCE SHEET

NOTES TO THE ACCOUNTS

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KLP Banken AS Group -

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KLP Banken AS Group

Interim Financial Statements 2 / 2015

Main features in the first half year:

- Positive development in net interest income and mortgage loans
- The Group has purchased mortgage loans from its parent KLP.
- The lending balance in KLP Boligkreditt AS was NOK 3.8 billion at the reporting date.
- Earnings are negatively impacted by financial losses in the liquidity portfolio.

The KLP Banken Group's purpose is financing of housing mortgages and lending to municipalities, county administrations and companies carrying out public sector assignments. The KLP Banken also manages a lending portfolio on behalf of KLP. The Group manages lending totalling NOK 73 billion. The overall business of KLP Banken AS and its subsidiaries is divided into the retail market and public sector loans business areas. The business is nationwide and the companies' head office is in Trondheim. KLP Banken AS is wholly owned by Kommunal Landspensjonskasse Gjensidig forsikringsselskap (KLP) through KLP Bankholding AS. KLP Banken AS has two wholly owned subsidiaries, KLP Kommunekreditt AS and KLP Boligkreditt AS.

Income statement

Net interest income for the KLP Banken Group in H1 2015 amounted to NOK 81.4 million compared to NOK 60.8 million in H1 2014. Operating expenses and depreciation amounted to NOK 84.5 million this year compared to NOK 71.1 million at the same time last year. New credit loss provisions were NOK 0.2 million in H1 2015 and reversal of provisions from earlier periods amounted to NOK 0.3 million.

The financial statements have been prepared in NOK and are presented in accordance with IAS 34 «Interim Financial Reporting». This means that financial instruments are recognised in part at market value. At the end of the first half year, the income statement includes a net loss associated with securities of NOK 10.8 million. During the same period the previous year, a net gain of NOK 6.6 million was brought to book.

As a result of new regulations for IFRS-reporting banks from January 1st 2015, KLP Banken has decided to expense the entire 2015 fee to The Norwegian Banks' Guarantee Fund in the first quarter. NOK 4.9 million has therefore been charged to the P&L. This fee has previously been accrued evenly over the year. 2014 numbers have been adjusted accordingly. Interpretation of the new regulations has been disputed.

In addition to its own lending, the banking group administers housing mortgages and public sector lending financed by its parent company, Kommunal Landspensjonskasse (KLP). The

management fee for this task amounted to NOK 28.8 million in the first half year. Last year, this amount was NOK 29.0 million.

By the end of H1, the KLP Banken Group had a pre-tax profit of NOK 17.1 million. The retail market segment generated a profit of NOK 3.6 million while the public sector segment achieved a profit of NOK 13.5 million. In 2014, this Group profit was NOK 28.6 million where the retail market segment reported a loss of NOK 8.9 million and the public sector market a profit of NOK 37.5 million. Group income after tax amounted to NOK 12.4 million by the first half this year and NOK 20.9 million at the same time last year.

Lending

On 30 June 2015, the KLP Banken Group had a lending balance of NOK 25.2 billion compared to NOK 22.2 billion at the same time previous year. The distribution between the retail market and public sector lending was NOK 9.6 billion and NOK 15.6 billion, respectively.

During the first half of 2015, the Group's mortgage lending balance increased by NOK 1.0 billion. The increase is partly explained by the purchase of loans totalling NOK 0.6 billion from the parent company KLP. KLP's own mortgage lending balance was increased by NOK 0.2 billion during the same period.

The public sector lending balance in KLP Banken AS Group has decreased by NOK 0.6 billion in 2015. Managed loans on KLP's own balance sheets has increased by NOK 6.4 billion in the same period. Of this increase, NOK 2.8 billion is represented by loans to foreign debtors in foreign currency.

Liquid investment

On the reporting date, the portfolio of liquid investments amounted to NOK 3.0 billion against NOK 2.9 billion at the same time last year.

Borrowing

The KLP Banken Group's external financing comprises of deposits, certificates and bonds. On the date of reporting, deposits from individuals and companies were NOK 7.3 billion and issued securities amounted to NOK 20.8 billion. Of the issued securities, covered bonds (OMF) issued by KLP Kommunekreditt AS represented NOK 15.3 billion, while KLP Boligkreditt AS had NOK 2.3 billion outstanding. All covered bonds issues have achieved AAA rating.

KLP Banken AS Group

Interim Financial Statements 2 / 2015

Risk and capital adequacy

The KLP Banken Group is exposed to various types of risk. The bank has established a framework for risk management aimed at ensuring that risks are identified, analysed and subjected to management using policies, limits, procedures and instructions. The bank is to have a prudent risk profile and earnings are to be principally a result of borrowing and lending activity as well as liquidity management. This means that the bank is to have low market risk, and interest and foreign-exchange risk arising within the borrowing and lending activity is reduced using derivatives. The bank is to have responsible long-term financing and limits have been established to ensure that that this objective is achieved. The credit risk in the bank is low and the bank's lending is limited to loans with local government risk and loans with lien on housing and leisure property. Management of the bank's liquidity is conducted through investments in banks satisfying credit quality requirements and in securities in accordance with Boardapproved credit lines.

At the end of the second quarter 2015 core capital i.a.w the capital adequacy rules was NOK 1 260.4 million. KLP Banken AS Group had a core capital adequacy and capital adequacy ratio of 15.1 per cent at the end of the second quarter 2015. The minimum statutory requirements is 11.0 per cent core capital adequacy ratio and 14.5 per cent capital adequacy ratio.

Future prospects

KLP Banken's investment in members is to underpin KLP's strategic focus on the retail customer market. This is founded on an objective that the owners of the pension company should be perceived as attractive employers. The bank is to contribute by offering competitive and standardized products aimed at the employees of the owner entities. The best terms and conditions for banking services must then be a priority to KLP's members and pensioners. The need for banking services amongst KLP's members is a good base for the Board's desire for further growth in the retail market.

Members of the pension arrangements count more than 600 thousand individuals. Less than 5 per cent of these are KLP Banken customers today. Continued member growth potential is therefore significant. A priority is that members shall perceive the KLP Banken products as attractive.

Relatively low inflation, interest rates and unemployment are expected to continue in the Norwegian economy the coming year, but the expectations are more uncertain compared to last year. The Board, however, believes that the Company's customers will maintain high creditworthiness and that losses on loans therefore will remain low.

New technological solutions and digitalisation are expected to make the business more effective and available to customers. This will increase customer satisfaction.

The Bank established a mortgage covered bond-issuing entity in 2014. KLP Boligkreditt AS is financing a significant share of the lending growth with the best possible funding terms. However, deposits from individuals and enterprises will continue to be important sources of funding. The Board expects the last two years' deposit growth rate to continue.

The KLP Banken staff has long experience in lending, both to retail customers and to the public sector, and has developed substantial credit and market expertise. New products, services and regulatory requirements lead to need for re-organisation and new competence. Further development of competencies in sales and customer-oriented activities is included in the Bank's targets going forward.

The Board considers that the demand for loans in the local government sector and to projects with local government guarantees and local government ownership will continue to grow in the years to come. KLP Kommunekreditt has a well-established position in this market. The presence of KLP Kommunekreditt should contribute to competition and thus to the public sector having access to long-term financing at low cost.

KLP Kommunekreditt AS will in the foreseeable future grant loan on own balance given profitable terms. Growth in the Company's lending will be decided principally by the opportunities of achieving sufficiently good borrowing terms to compete for local government loans.

The Bank's solvency and low credit risk in its lending business should continue to be employed to achieve access to the best possible financing in the capital markets. The Board believes the bank is well positioned for further development and growth in the retail market.

Oslo, 14. august 2015

Sverre Thornes
Chair
(Sign.)

Aage E. Schaanning
Deputy Chair
(Sign.)

Eva M. Salvesen
(Sign.)

Christin Elisabeth Kleppe
Elected among the employees
(Sign.)

Jan Otto Langmoen
(Sign.)

Leif Magne Andersen
Managing Director
(Sign.)

Income statement

KLP Banken AS Group

Note	NOK thousands	Q2 2015	Q2 2014	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014	2014
	Interest income	205 221	205 836	418 869	406 770	841 945
	Interest expense	-162 170	-176 432	-337 426	-345 963	-708 899
3	Net interest income	43 050	29 405	81 442	60 807	133 046
	Commision income and income from banking services	2 651	2 839	5 791	5 335	11 174
	Commision cost and cost from banking services	-185	-355	-539	-677	-1 176
	Net charges and commission income	2 466	2 483	5 252	4 658	9 998
	Other fee income	14 405	14 500	28 810	29 000	58 025
	Net gain/ (loss) financial instruments	-2 547	2 387	-14 125	6 304	-14 399
	Total other operating income	11 858	16 887	14 685	35 304	43 626
	Salaries and administrative costs	-10 419	-9 020	-24 845	-21 942	-48 976
	Depreciation	-653	-671	-1 321	-1 342	-2 677
	Other operating expenses	-27 142	-20 449	-58 309	-47 851	-105 738
	Total operating expenses	-38 213	-30 140	-84 474	-71 135	-157 391
14	Net loan losses	-270	-381	146	-1 002	-607
	Gains/losses on securities that are fixed assets	0	0	0	0	0
	Operating profit/loss before tax	18 891	18 254	17 051	28 632	28 672
	Tax ordinary income	-5 108	-4 928	-4 611	-7 730	-7 849
	Profit/loss for the period	13 783	13 326	12 440	20 902	20 823
	Other comprehensive income	0	-1 014	0	-1 014	-5 722
	Tax on other comprehensive income	0	274	0	274	1 545
	Other comprehensive income for the period	0	-740	0	-740	-4 177
	Comprehensive income for the period	13 783	12 586	12 440	20 162	16 646

Balance sheet

KLP Banken AS Group

Note	NOK thousands	30.06.2015	30.06.2014	31.12.2014
ASSETS				
	Loans to credit institutions	1 493 292	1 464 049	1 113 949
4	Loans to customers	25 195 187	22 153 972	24 945 746
13	Interest-bearing securities	2 964 179	2 643 706	3 486 756
	Shareholdings	265	20	265
	Financial derivatives	140 648	161 490	187 413
	Deffered tax assets	2 140	0	0
	Fixed assets	476	537	499
	Intangible assets	17 205	19 801	18 503
10	Other assets	519	2 205	1 852
	TOTAL ASSETS	29 813 912	26 445 780	29 754 984
LIABILITIES AND OWNERS EQUITY				
LIABILITIES				
7	Debt securities issued	20 776 754	19 603 712	21 687 168
	Deposits and borrowings from the public	7 305 202	5 079 322	6 250 873
	Financial derivatives	348 815	363 767	448 146
	Deffered tax liabilities	0	25	8 021
11	Other Liabilities	59 830	76 065	38 821
11	Provision for accrued costs and liabilities	43 551	34 157	36 737
	TOTAL LIABILITIES	28 534 153	25 157 047	28 469 766
EQUITY				
	Share capital	750 000	750 000	750 000
	Share premium	440 000	440 000	440 000
	Retained earnings	89 759	98 733	95 218
	TOTAL EQUITY	1 279 759	1 288 733	1 285 218
	TOTAL LIABILITIES AND EQUITY	29 813 912	26 445 780	29 754 984

Statement of changes in equity

KLP Banken AS Group

2015 NOK thousands	Share capital	Share premium	Retained earnings	Total equity
Equity 1 January 2015	750 000	440 000	95 218	1 285 218
Profit for the period	0	0	12 440	12 440
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	12 440	12 440
Group contribution received	0	0	4 980	4 980
Group contribution made	0	0	-22 879	-22 879
Total transactions with the owners	0	0	-17 899	-17 899
Equity 30 June 2015	750 000	440 000	89 759	1 279 759

2014 NOK thousands	Share capital	Share premium	Retained earnings	Total equity
Equity 1 January 2014	750 000	440 000	100 172	1 290 172
Profit for the period	0	0	20 162	20 162
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	0	0	20 162	20 162
Group contribution received	0	0	8 500	8 500
Group contribution made	0	0	-30 100	-30 100
Total transactions with the owners	0	0	-21 600	-21 600
Equity 30 June 2014	750 000	440 000	98 733	1 288 733

NOK thousands	Share capital	Share premium	Retained earnings	Total equity
Equity 1 January 2014	750 000	440 000	100 172	1 290 172
Profit for the period	0	0	20 823	20 823
Other comprehensive income	0	0	-4 177	-4 177
Total comprehensive income for the period	0	0	16 646	16 645
Group contribution received	0	0	8 500	8 500
Group contribution made	0	0	-30 100	-30 100
Total transactions with the owners	0	0	-21 600	-21 600
Equity 31 December 2014	750 000	440 000	95 218	1 285 218

Statement of cash flow

KLP Banken AS Group

NOK thousands	30.06.2015	30.06.2014	2014
OPERATING ACTIVITIES			
Payments received from customers - interest, commission & charges	381 728	357 893	764 555
Payments to customers - interest, commission & charges	-87 160	-73 215	-154 170
Net receipts/disbursements on loans customers & credit institutions	-406 313	-812 426	-3 573 398
Net receipts on customer deposits banking	1 054 329	672 379	1 843 929
Net receipts/disbursements on operations	-56 220	-41 466	-103 940
Payments to employees, pension schemes, employer's social security contribution etc.	-25 427	-23 809	-39 411
Net interest investment accounts	10 022	9 744	26 105
Net receipts/disbursements from operating activities	60 439	89 442	70 594
Income tax paid	0	0	0
Net cash flow from operating activities	931 398	178 542	-1 165 735
INVESTMENT ACTIVITIES			
Payments on the purchase of securities	1 094 581	715 968	1 382 690
Receipts on sale of securities	-583 058	-426 165	-1 939 590
Receipts of interest from securities	30 689	32 497	66 298
Net cash flow from investment activities	542 212	322 300	-490 602
FINANCING ACTIVITIES			
Net receipts/disbursements on loans from credit institutions	-835 486	-237 161	1 828 609
Net payment of interest on loans	-232 078	-302 467	-555 043
Group contributions made	-27 080	-33 306	-33 305
Net cash flows from financing activities	-1 094 645	-572 934	1 240 261
Net cash flow during the period	378 965	-72 093	-416 076
Cash and cash equivalents at the start of the period	1 070 349	1 486 425	1 486 425
Cash and cash equivalents at the end of the period	1 449 314	1 414 332	1 070 349
Net receipts/ disbursements (-) of cash	378 965	-72 093	-416 076

STATEMENT PURSUANT TO SECTION §5-6 OF THE SECURITIES TRADING ACT

KLP Banken AS Group

We hereby confirm that the half yearly financial statement for the banking group and the company for the period 1 January through 30 June 2015 to the best of our knowledge have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the banking group and the company taken as a whole.

To the best of our knowledge, the half-yearly report gives a true and fair overview of important events that occurred during the accounting period and their impact on the half-yearly financial statement, and a description of the principal risks and uncertainties facing the banking group over the next accounting period.

Oslo, 14. august 2015

Sverre Thornes
Chair
(Sign.)

Aage E. Schaanning
Deputy Chair
(Sign.)

Eva M. Salvesen
(Sign.)

Christin Elisabeth Kleppe
Elected among the employees
(Sign.)

Jan Otto Langmoen
(Sign.)

Leif Magne Andersen
Managing Director
(Sign.)

Notes to the accounts

KLP Banken AS Group

Note 1 GENERAL INFORMATION

KLP Banken AS was formed on 25 February 2009. KLP Banken AS and its subsidiaries provide or acquire loans to Norwegian municipalities and county authorities, as well as to companies with a public sector guarantee. The lending activities are principally financed by issuance of covered bonds. The Group also offers standard banking products to private customers. KLP Banken AS is registered and domiciled in Norway. Its head office is at Beddingen 8 in Trondheim. The company has a branch office in Oslo.

KLP Banken AS owns all the shares in KLP Kommunekreditt AS and KLP Boligkreditt AS. These companies together form the KLP Banken AS Group. The company, KLP Banken AS, is a subsidiary of KLP Bankholding AS, which is in turn wholly owned by Kommunal Landspensjonskasse (KLP). KLP is a mutual insurance company.

Note 2 ACCOUNTING PRINCIPLES

The interim report includes the consolidated financial statements of KLP Banken AS for the period 1 January 2015 - 30 June 2015.

The interim consolidated financial statements have been prepared in accordance with IAS 34 «Interim Financial Reporting».

The interim consolidated financial statements are audited.

IFRIC 21 Levies, came into force from the beginning of 2015. IFRIC 21 stipulates how to recognise a liability for a levy falling within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The new interpretation raises questions of accrual accounting for the annual levy to The Norwegian Banks' Guarantee Fund (the Guarantee Fund levy) and at present there is a professional debate on whether the interpretation of IFRIC 21 means the whole Guarantee Fund levy must be taken to expenses in its entirety when it is set.

The Guarantee Fund levy is determined mainly on the basis of the bank's deposits in previous quarters. In the event of joining the scheme partway through the year a deduction is made for that part of the year in which the bank has not been a member. There is no provision on whether a corresponding deduction is made in the event of departure from the scheme partway through the year, even though considerations of equal treatment would indicate such an arrangement. The Norwegian Ministry of Finance currently decides this through individual decisions. This will have impact on the accrual accounting for the Guarantee Fund levy.

Since there is uncertainty associated with whether levies would be repaid in the event of cessation of membership, KLP Banken AS has chosen to change its practice in regard to accrual of the Guarantee Fund levy in connection with the implementation of IFRIC 21. This means that the annual Guarantee Fund levy is taken to expenses in its entirety when it is set, i.e. during the first quarter. Previously the Guarantee Fund levy accrual was recognized evenly over the year.

The effect of changes in accounting policy is illustrated in the table below:

	Q2 2015	Q2 2014 Adjusted
INCOME STATEMENT:		
Other operating expenses	2 445 318	2 301 765
Tax ordinary income	660 236	621 477
Total effect on Profit/loss for the period	1 785 082	1 680 288
BALANCE SHEET		
Provision for accrued costs and liabilities	2 445 318	2 301 765
Deffered tax assets	660 236	621 477
Retained earnings	1 785 082	1 680 288

There are no other changes in accounting policies in 2015 that have been of significance for the interim financial statements following the second quarter. Attention is drawn to KLP Banken's Annual Report for 2014 for detailed description of accounting principles.

The annual financial statements are available at klp.no.

Note 3 NET INTEREST INCOME

NOK thousands	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014	2014
Interest on loans to and receivables from credit institutions	10 837	13 798	26 157
Interest on loans to customers	377 491	361 294	750 040
Interest on securities	30 541	31 679	65 748
Total interest income	418 869	406 770	841 945
Interest on liabilities to credit institutions	250 688	202 090	463 141
Interest on liabilities to customers	86 611	115 209	243 638
Premium/discount on covered bonds	-285	28 659	2 105
Other interest costs	412	4	15
Total interest costs	337 426	345 963	708 899
Net interest income	81 442	60 807	133 046

Note 4 LOANS TO CUSTOMERS

NOK thousands	30.06.2015	30.06.2014	31.12.2014
Loans to cutomers before write-downs	24 801 944	21 745 948	24 435 400
Individual write-downs	-248	-962	-573
Write-downs by group	0	0	0
Loans to cutomers after write-downs	24 801 696	21 744 986	24 434 827
Accured interest	106 160	118 752	104 463
Change in fair value due to interest rate changes (fair value hedging)	287 331	290 233	406 456
Loans to customers	25 195 187	22 153 972	24 945 746

Note 5 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

NOK thousands	30.06.2015		30.06.2014		31.12.2014	
	Capitalized value	Fair value	Capitalized value	Fair value	Capitalized value	Fair value
FINANCIAL ASSETS AT FAIR VALUE						
Fixed-income securities	2 964 179	2 964 179	2 643 706	2 643 706	3 486 757	3 486 757
Financial derivatives	140 648	140 648	161 490	161 490	187 413	187 413
Total financial assets at fair value	3 104 827	3 104 827	2 805 196	2 805 196	3 674 170	3 674 170
FINANCIAL ASSETS AT FAIR VALUE HEDGING						
Loans to Norwegian local administrations	5 688 305	5 711 915	6 331 715	6 371 247	6 066 133	6 111 821
Loans to retail customers	383 363	374 452	437 557	422 253	365 713	347 239
Total financial assets at fair value hedging	6 071 668	6 086 367	6 769 272	6 793 500	6 431 846	6 459 060
FINANCIAL ASSETS AT AMORTIZED COST						
Loans to and receivables from credit institutions	1 493 292	1 493 292	1 464 049	1 464 049	1 113 949	1 113 949
Loans to Group companies	9 902 724	9 894 601	9 982 249	9 974 004	10 272 128	10 262 529
Loans to retail customers	9 220 795	9 220 795	5 402 450	5 402 450	8 241 773	8 241 773
Total financial assets at amortized cost	20 616 811	20 608 688	16 848 748	16 840 503	19 627 848	19 618 251
Total financial assets	29 793 306	29 799 883	26 423 217	26 439 200	29 733 864	29 751 481
LIABILITIES TO CREDIT INSTITUTIONS AT FAIR VALUE						
Financial derivatives	348 815	348 815	363 767	363 767	448 146	448 146
Total financial liabilities at fair value	348 815	348 815	363 767	363 767	448 146	448 146
LIABILITIES TO CREDIT INSTITUTIONS AT FAIR VALUE HEDGING						
Liabilities created on issuance of securities	2 393 720	2 419 164	3 453 555	3 490 410	2 985 895	3 023 096
Total financial liabilities at fair value hedging	2 393 720	2 419 164	3 453 555	3 490 410	2 985 895	3 023 096
LIABILITIES TO CREDIT INSTITUTIONS AND DEPOSITS AT AMORTIZED COST						
Liabilities created on issuance of securities	18 383 034	18 502 070	16 150 157	14 908 067	18 701 273	18 776 903
Deposits from customers	7 305 202	7 305 202	5 079 322	5 079 322	6 250 873	6 250 873
Total financial liabilities at amortized cost	25 688 236	25 807 272	21 229 479	19 987 389	24 952 146	25 027 776
Total financial liabilities	28 430 771	28 575 251	25 046 801	23 841 566	28 386 187	28 499 018

Fair value of investments listed in an active market is based on the current sales price. A financial instrument is considered to be listed in an active market if the listed price is simply and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length. If the market for the security is not active, or the security is not listed on a stock market or similar, valuation techniques are used to set fair value. These are based for example on information on recently completed transactions carried out on business terms and conditions, reference to trading in similar instruments and pricing using externally collected yield curves and yield spread curves. As far as possible the estimates are based on externally observable market data and rarely on company-specific information.

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

Fixed-income securities - government

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

Fixed-income securities - other than government

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

Financial derivatives

These transactions are valued based on the applicable swap curve at the time of valuation. Derivative contracts are to be used only to hedge balance amounts and to enable payments obligations to be met. Derivative contracts may be struck only with counterparties with high credit quality.

Fair value of loans to Norwegian local administrations, loans to retail customers and deposits.

Fair value of lending and deposits without fixed interest rates is considered virtually the same as book value since the contract terms are continuously changed in step with market interest rates. Lending with fixed interest is valued using a valuation model, including relevant credit spread adjustments obtained from the market.

Fair value of loans to and receivables from credit institutions

All receivables from credit institutions (bank deposits) are at variable interest rates. Fair value of these is considered virtually the same as book value since the contract terms are continuously changed in step with market interest rates.

Fair value of liabilities to credit institutions

These transactions are valued using a valuation model, including relevant credit spread adjustments obtained from the market.

Liabilities created on issuance of securities

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

Note 6 FAIR VALUE HIERARCHY

NOK thousands	Level 1	Level 2	Level 3	Total 30.06.2015
ASSETS				
Interest-bearing securities	149 719	2 814 460	0	2 964 179
Shareholdings	0	0	265	265
Financial derivatives	0	140 649	0	140 649
Total financial assets at fair value	149 719	2 955 109	265	3 105 093
LIABILITIES				
Financial derivatives	0	348 815	0	348 815
Total financial liabilities at fair value	0	348 815	0	348 815

NOK thousands	Level 1	Level 2	Level 3	Total 30.06.2014
ASSETS				
Interest-bearing securities	129 681	2 514 025	0	2 643 706
Financial derivatives	0	161 490	0	161 490
Total financial assets at fair value	129 681	2 675 515	0	2 805 196
LIABILITIES				
Financial derivatives	0	363 767	0	363 767
Total financial liabilities at fair value	0	363 767	0	363 767

NOK thousands	Level 1	Level 2	Level 3	Total 31.12.2014
ASSETS				
Interest-bearing securities	149 005	3 337 751	0	3 486 756
Shareholdings	0	0	265	265
Financial derivatives	0	187 413	0	187 413
Total financial assets at fair value	149 005	3 525 164	265	3 674 434
LIABILITIES				
Financial derivatives	0	448 146	0	448 146
Total financial liabilities at fair value	0	448 146	0	448 146

Changes in Level 3 unlisted shares NOK thousands	Book value 31.12.2014	Book value 30.06.2014	Book value 30.06.2015
OPENING BALANCE 1 JAN		0	265
Sold		0	0
Bought		265	0
Unrealized changes		0	0
Closing balance		265	0
Realized gains/losses		0	0

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for at 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 listed in an active market if listed prices are simply and regularly available from a stock market, dealer, broker, industry group, 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 to which the entity has access at the reporting date. Examples of instruments in Level 1 are stock market listed securities.

Level 2: Instruments at this level 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 non-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.

Note 7 SECURITIES LIABILITIES - STOCK EXCHANGE LISTED COVERED BONDS AND CERTIFICATES

NOK thousands ISIN code	Nominal	Currency	Interest	Issued	Due date	Accrued interest	30.06.2015 Book value
Secured bonds	300 000	NOK	Fixed	15.06.12	15.06.17	616	300 616
Secured bonds	222 000	NOK	Floating	24.08.12	24.08.15	617	222 617
Secured bonds	400 000	NOK	Floating	15.11.12	16.11.16	1 393	401 393
Secured bonds	400 000	NOK	Floating	14.05.13	13.05.16	1 171	401 171
Secured bonds	200 000	NOK	Fixed	03.10.13	03.10.18	5 301	205 301
Secured bonds	500 000	NOK	Floating	10.03.14	10.03.17	510	500 510
Secured bonds	500 000	NOK	Floating	04.04.14	04.04.18	2 326	502 326
Secured bonds	300 000	NOK	Floating	29.09.14	27.09.19	30	300 030
Secured bonds	300 000	NOK	Floating	11.06.15	11.06.19	308	300 308
Amortization / other changes							16 739
Total liabilities issuance of certificate loans and secured bonds							3 151 012
N00010719875	600 000	NOK	Floating	12.09.14	12.09.19	510	600 510
N00010721244	600 000	NOK	Floating	06.10.14	06.10.17	2 267	602 267
N00010723018	600 000	NOK	Floating	05.11.14	05.11.21	1 691	601 691
N00010729486	600 000	NOK	Floating	20.01.15	20.01.21	2 124	602 124
N00010729486 - own holdings	-100 000	NOK	Floating	20.01.15	20.01.21	-354	-100 354
Amortization / other changes							-1 953
Total liabilities issuance of certificate loans and secured bonds							2 304 285
N00010585185	1 116 000	NOK	Floating	15.09.10	15.09.15	873	1 116 873
N00010592900	750 000	NOK	Fixed	15.12.10	15.12.20	18 715	768 715
N00010642192	560 000	NOK	Floating	13.04.12	13.04.16	2 237	562 237
N00010662307	3 000 000	NOK	Floating	26.10.12	10.11.17	8 118	3 008 118
N00010663180	2 250 000	NOK	Floating	15.11.12	16.11.16	4 950	2 254 950
N00010675952	1 000 000	NOK	Fixed	02.05.13	19.05.17	2 651	1 002 651
N00010675978	1 500 000	NOK	Floating	15.05.13	15.05.18	3 545	1 503 545
N00010711419	1 000 000	NOK	Floating	15.05.14	15.05.17	2 141	1 002 141
N00010716780	2 000 000	NOK	Floating	26.08.14	10.12.18	1 785	2 001 785
N00010719974	2 000 000	NOK	Floating	17.09.14	20.12.19	750	2 000 750
Amortization / other changes							99 694
Total covered bonds issued with preferential rights in public sector loans							15 321 457
Total liabilities created on issuance of securities							20 776 754

Note 7 SECURITIES LIABILITIES - STOCK EXCHANGE LISTED COVERED BONDS AND CERTIFICATES - CONTINUES

NOK thousands ISIN-code	Nominal before repurchase	Currency	Repurchase	Rate	Purchase amount	Profit/ loss	Date
REPURCHASE OF DEBT							
N00010624778	542 000	NOK	202 000	100.70	203 414	-1 414	14.01.15
N00010624778	340 000	NOK	125 000	100.46	125 576	-576	23.02.15
N00010642192	860 000	NOK	300 000	100.49	301 470	-1 470	24.02.15
N00010663180	2 500 000	NOK	250 000	100.39	250 975	-975	10.04.15
N00010624778	215 000	NOK	215 000	100.00	215 000	0	15.05.15
N00010585185	1 300 000	NOK	184 000	100.10	184 190	-190	30.06.15
Total repurchase	5 757 000		1 276 000		1 280 624	-4 624	

Interest rate swaps with a gain of NOK 1.1 million were realized in connection with repurchase of debt. The total effect on the income statement of repurchased debt was therefore NOK -3.5 million.

NOK thousands ISIN code	Nominal	Currency	Interest	Issued	Due date	Accrued interest	30.06.2014 Book value
Secured bonds	150 000	NOK	Floating	30.08.13	29.08.14	279	150 279
Secured bonds	300 000	NOK	Floating	27.04.12	27.04.15	1 600	301 600
Secured bonds	300 000	NOK	Fixed	15.06.12	15.06.17	618	300 618
Secured bonds	300 000	NOK	Floating	24.08.12	24.08.15	924	300 924
Secured bonds	400 000	NOK	Floating	15.11.12	16.11.16	1 625	401 625
Secured bonds	400 000	NOK	Floating	14.05.13	13.05.16	1 345	401 345
Secured bonds	300 000	NOK	Floating	31.05.13	28.11.14	601	300 601
Secured bonds	200 000	NOK	Fixed	03.10.13	03.10.18	5 301	205 301
Secured bonds	500 000	NOK	Floating	10.03.14	10.03.17	653	500 653
Secured bonds	500 000	NOK	Floating	04.04.14	04.04.18	2 725	502 725
Amortization / other changes							15 401
Total liabilities issuance of certificate loans and secured bonds							3 381 072
N00010585185	3 800 000	NOK	Floating	15.09.10	15.09.15	3 515	3 803 515
N00010592900	750 000	NOK	Fixed	15.12.10	15.12.20	18 715	768 715
N00010624778	1 059 000	NOK	Fixed	15.09.11	15.05.15	4 773	1 063 773
XS0747335494	500 000	SEK	Floating	17.02.12	17.02.15	745	434 245
N00010642192	1 000 000	NOK	Floating	13.04.12	13.04.16	4 680	1 004 680
N00010662307	3 000 000	NOK	Floating	26.10.12	10.11.17	9 167	3 009 167
N00010663180	2 500 000	NOK	Floating	15.11.12	16.11.16	6 804	2 506 804
N00010675952	1 000 000	NOK	Fixed	02.05.13	19.05.17	2 651	1 002 651
N00010675978	1 500 000	NOK	Floating	15.05.13	15.05.18	4 210	1 504 210
N00010711419	1 000 000	NOK	Floating	15.05.14	15.05.17	2 585	1 002 585
Amortization / other changes							122 295
Total covered bonds issued with preterential rights in public sector loans							16 222 639
Total liabilities created on issuance of securities							19 603 712

Note 7 SECURITIES LIABILITIES - STOCK EXCHANGE LISTED COVERED BONDS AND CERTIFICATES - CONTINUES

NOK thousands ISIN-code	Nominal before repurchase	Repurchase	Rate	Purchase amount	Profit/loss	Date
REPURCHASE OF DEBT						
N00010624778	2 500 000	1 441 000	101.66	1 464 916	-23 916	15.05.14
N00010585185	4 300 000	500 000	100.56	502 800	-2 800	25.06.14
Total repurchase	6 800 000	1 941 000		1 967 716	-26 716	

Linked to repurchase of debt, interest rate swaps were realized with a gain of NOK 18.3 million.
The total effect on profit/loss of repurchased debt was therefore NOK -8.4 million.

NOK thousands ISIN-code	Nominal	Currency	Interest	Issued	Due date	Accrued interest	31.12.2014 Book value
Secured bonds	300 000	NOK	Floating	27.04.12	27.04.15	1 595	301 595
Secured bonds	300 000	NOK	Fixed	15.06.12	15.06.17	7 726	307 726
Secured bonds	300 000	NOK	Floating	24.08.12	24.08.15	925	300 925
Secured bonds	400 000	NOK	Floating	15.11.12	16.11.16	1 530	401 530
Secured bonds	400 000	NOK	Floating	14.05.13	13.05.16	1 279	401 279
Secured bonds	200 000	NOK	Fixed	03.10.13	03.10.18	1 761	201 761
Secured bonds	500 000	NOK	Floating	10.03.14	10.03.17	596	500 596
Secured bonds	500 000	NOK	Floating	04.04.14	04.04.18	2 586	502 586
Secured bonds	300 000	NOK	Floating	29.09.14	27.09.19	50	300 050
Amortization / other changes							22 793
Total liabilities issuance of certificate loans and secured bonds							3 240 841
N00010719875	600 000	NOK	Floating	12.09.14	12.09.19	613	600 613
N00010721244	600 000	NOK	Floating	06.10.14	06.10.17	2 567	602 567
N00010723018	600 000	NOK	Floating	05.11.14	05.11.21	1 777	601 777
Amortization / other changes							-1 562
Total liabilities issuance of certificate loans and secured bonds							1 803 395
N00010585185	1 300 000	NOK	Floating	15.09.10	15.09.15	1 148	1 301 148
N00010592900	750 000	NOK	Fixed	15.12.10	15.12.20	1 607	751 607
N00010624778	542 000	NOK	Fixed	15.09.11	15.05.15	12 006	554 006
N00010642192	860 000	NOK	Floating	13.04.12	13.04.16	3 899	863 899
N00010662307	3 000 000	NOK	Floating	26.10.12	10.11.17	8 797	3 008 797
N00010663180	2 500 000	NOK	Floating	15.11.12	16.11.16	6 281	2 506 281
N00010675952	1 000 000	NOK	Fixed	02.05.13	19.05.17	13 993	1 013 993
N00010675978	1 500 000	NOK	Floating	15.05.13	15.05.18	3 825	1 503 825
N00010711419	1 000 000	NOK	Floating	15.05.14	15.05.17	2 338	1 002 338
N00010716780	2 000 000	NOK	Floating	26.08.14	10.12.18	2 114	2 002 114
N00010719974	2 000 000	NOK	Floating	17.09.14	20.12.19	933	2 000 933
Amortization / other changes							133 991
Total covered bonds issued with preferential rights in public sector loans							16 642 932
Total liabilities created on issuance of securities							21 687 168

Note 7 SECURITIES LIABILITIES - STOCK EXCHANGE LISTED COVERED BONDS AND CERTIFICATES
- CONTINUES.

NOK thousands ISIN code	Nominal before repurchase	Repurchase	Rate	Purchase ammount	Profit/loss	Date
REPURCHASE OF DEBT						
N00010624778	2 500 000	1 441 000	101.66	1 464 916	-23 916	15.05.14
N00010585185	4 300 000	500 000	100.56	502 800	-2 800	25.06.14
N00010585185	3 800 000	1 331 500	100.50	1 338 184	-6 684	26.08.14
N00010585185	3 799 899	165 000	100.50	165 820	-820	28.08.14
N00010585185	3 799 799	570 500	100.46	573 124	-2 624	17.09.14
N00010585185	3 799 699	56 000	100.47	56 262	-262	26.09.14
N00010624778	1 059 000	45 000	101.20	45 540	-540	15.09.14
N00010624778	1 058 899	340 000	101.22	344 138	-4 138	17.09.14
N00010624778	1 058 798	62 000	101.15	62 713	-713	30.09.14
N00010585185	1 677 000	220 000	100.46	221 001	-1 001	03.10.14
N00010585185	1 457 000	116 000	100.45	116 524	-524	06.10.14
N00010585185	1 341 000	41 000	100.39	41 158	-158	20.11.14
N00010624778	612 000	70 000	100.90	70 629	-629	20.11.14
N00010642192	1 000 000	50 000	100.62	50 310	-310	10.10.14
N00010642192	950 000	45 000	100.57	45 257	-257	06.11.14
N00010642192	905 000	45 000	100.62	45 279	-279	07.11.14
Total repurchase	33 118 093	5 098 000		5 143 657	-45 657	

Linked to repurchase of debt, interest rate swaps were realized with a gain of NOK 24.2 million.
The total effect on profit/loss of repurchased debt was therefore NOK - 21.5 million.

Note 8 FINANCIAL ASSETS AND LIABILITIES SUBJECT TO NET SETTLEMENT

NOK thousands	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	30.06.2015 Related sums that are not presented net	
					Security in cash	Not recognized value
ASSETS						
Financial derivatives	140 648	0	140 648	-140 648	-6 200	0
Total	140 648	0	140 648	-140 648	-6 200	0
LIABILITIES						
Financial derivatives	348 815	0	348 815	-140 648	-10 700	197 467
Total	348 815	0	348 815	-140 648	-10 700	197 467

NOK thousands	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	30.06.2014 Related sums that are not presented net	
					Security in cash	Netto recognised value
ASSETS						
Financial derivatives	161 490	0	161 490	-161 490	0	0
Total	161 490	0	161 490	-161 490	0	0
LIABILITIES						
Financial derivatives	363 767	0	363 767	-161 490	-13 551	188 726
Total	363 767	0	363 767	-161 490	-13 551	188 726

NOK thousands	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	31.12.2014 Related sums that are not presented net	
					Security in cash	Netto recognised value
ASSETS						
Financial derivatives	187 413	0	187 413	-187 413	-3 101	0
Total	187 413	0	187 413	-187 413	-3 101	0
LIABILITIES						
Financial derivatives	448 146	0	448 146	-187 413	-2 239	258 494
Total	448 146	0	448 146	-187 413	-2 239	258 494

The purpose of the note is to show the potential effect of netting agreements at the KLP Banken AS Group. The note shows derivative positions in the financial position statement.

Note 9 TRANSACTIONS WITH RELATED PARTIES

NOK thousands	01.01.2015- 30.06.2015	01.01.2014- 30.06.2014	2014
INCOME STATEMENT ITEMS			
KLP, fees lending management	28 810	29 000	58 000
KLP Kapitalforvaltning AS, fees for services provided	-273	-143	-434
KLP, rent	-1 851	-1 736	-3 557
KLP, pension premium	-3 348	-3 062	-3 603
KLP, staff services (at cost)	-23 299	-20 458	-42 214
KLP Group companies, subsidised interest employee loans	579	995	1 856
Total	618	4 596	10 048

NOK thousands	30.06.2015	30.06.2014	31.12.2014
FINANCIAL POSITION STATEMENT ITEMS			
KLP, net internal accounts	-4 565	-8 844	-10 430
KLP, loan settlement	-38 496	-52 692	-17 051
KLP Group companies, net other internal accounts	-15	108	400
Total	-43 076	-61 428	-27 081

Transactions with related parties are carried out at general market terms and conditions, with the exception of the Company's share of common functions (staff services), which are allocated at cost. The receivable is based on actual use. All internal receivables are settled as they arise.

Note 10 OTHER ASSETS

NOK thousands	30.06.2015	30.06.2014	31.12.2014
Intercompany receivables	176	166	492
Miscellaneous receivables	3	1 703	0
Prepaid expenses	339	336	1 360
Total	519	2 205	1 852

Note 11 OTHER LIABILITIES AND PROVISION FOR ACCRUED COSTS

NOK thousands	30.06.2015	30.06.2014	31.12.2014
Creditors	3 544	1 221	7 296
Intercompany payables	43 252	61 594	27 573
Other liabilities	13 034	13 250	3 952
Total other liabilities	59 830	76 065	38 821
Withholding tax	1 450	1 338	2 647
Social security costs	1 501	1 319	1 869
Holiday pay	1 990	1 734	4 173
Pension obligations	25 381	21 461	25 381
VAT	0	3	301
Provisioned costs	13 229	8 302	2 366
Total accrued costs and liabilities	43 551	34 157	36 737

Note 12 CAPITAL ADEQUACY

NOK thousands	30.06.2015	30.06.2014	31.12.2014
Share capital and share premium fund	1 190 000	1 190 000	1 190 000
Other owners' equity	77 319	78 571	95 218
Total owners' equity	1 267 319	1 268 571	1 285 218
Interim profit/loss	12 440	0	0
Deduction goodwill and other intangible assets	-17 205	-19 901	-18 503
Deferred tax asset	-2 140	0	0
Core capital/Tier 1 capital	1 260 414	1 248 670	1 266 715
Supplementary capital/Tier 2 capital	0	0	0
Supplementary capital/Tier 2 capital	0	0	0
Total eligible own funds (Tier 1 and Tier 2 capital)	1 260 414	1 248 670	1 266 715
Capital requirement	668 034	497 951	598 438
Surplus of own funds (Tier 1 and Tier 2 capital)	592 380	750 719	668 277
ESTIMATE BASIS CREDIT RISK:			
Local and regional authorities (incl. Municipalities/county administrations)	3 174 994	3 285 114	3 311 173
Institutions	350 872	470 561	265 665
Investments with mortgage security in real estate	4 045 742	1 845 168	3 180 713
Investments fallen due	118 653	51 586	78 758
Covered bonds	260 120	240 267	311 967
Other holdings	816	557	1 064
Calculation basis credit risk	7 951 197	5 893 253	7 149 340
Credit risk	636 096	471 460	571 947
Operating risk	31 938	26 491	26 491
Total capital requirement assets	668 034	497 951	598 438
Core capital adequacy ratio	15.1 %	20.1 %	16.9 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
Capital adequacy ratio	15.1 %	20.1 %	16.9 %
Leverage ratio	4.1 %		4.4 %
Capital requirement per 30.06.2015	Tier 1 capital	Tier 2 capital	Tier 1 and Tier 2 capital
Minimum requirement excl. buffers	4.5 %	3.5 %	8.0 %
Protective buffer	2.5 %	0.0 %	2.5 %
Systemic risk buffer	3.0 %	0.0 %	3.0 %
Counter-cyclical capital buffer	1.0 %	0.0 %	1.0 %
Current capital requirement incl. buffers	11.0 %	3.5 %	14.5 %

Note 13 FIXED-INCOME SECURITIES

NOK thousands	30.06.2015		30.06.2014		31.12.2014	
	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	148 197	149 719	127 725	129 681	253 538	254 929
Bonds	2 794 226	2 814 460	2 473 116	2 514 025	4 196 865	3 231 827
Total fixed-income securities	2 942 423	2 964 179	2 600 841	2 643 706	4 450 403	3 486 756

Fixed income securities are brought to account at market value, including accrued but not due interests.

Note 14 LOSSES ON LENDING

NOK thousands	30.06.2015	30.06.2014	2014
Known losses	0	0	-23
Reversal of previous write-downs	562	9	9
Change in individual write-downs	-416	-1 011	-593
Change in write-downs by group	0	0	0
Total loss on lending	146	-1 002	-607

NOK thousands	30.06.2015	30.06.2014	31.12.2014
Balance of write-down losses on lending 1 January 2015	573	9	9
Reversal of write-down on individual loans for the period	-562	11	-42
Write-down on individual loans for the period	237	942	607
Total write-down on individual loans	248	962	573
Gross default exceeding 90 days	34 114	7 622	26 151
Gross other doubtful loans	0	0	0

This applies to housing loans. Losses or write downs are not expected on loans in default in the public sector.

Note 15 CONTINGENT LIABILITIES

NOK thousands	30.06.2015	30.06.2014	31.12.2014
Credit facilities for lending not utilized	482 934	223 332	374 701
Loan promise	850 861	527 138	348 718
Total contingent liabilities	1 333 795	750 470	723 419

Note 16 SUBSEQUENT EVENTS

During July, KLP Banken AS increased its share capital by NOK 105 million from NOK 750 million to NOK 855 million as the nominal value was increased by NOK 14, from NOK 100 to NOK 114 per share. The company has after the capital increase a share capital of NOK 855 million divided into 7,500,000 shares of NOK 114.

In addition, it was paid NOK 12.67 in premium per share. Total capital increase therefore amounts to NOK 200 mill.

The capital increase was subscribed by its sole shareholder KLP Bankholding AS.

Key figures

Accumulated figures in NOK millions	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Pre-tax income	17.1	-1.8	28.7	31.0	30.9
Net interest income	81.4	38.4	133.0	92.4	60.8
Other operating income	34.1	17.2	68.0	50.6	33.7
Other operating cost and depreciation	-84.5	-46.3	-157.4	-105.3	-69.8
Net realized/unrealized change fin. instruments at fair value	-14.1	-11.6	-14.4	-6.7	6.3
Deposits	7 305.2	7 128.2	6 250.9	5 485.7	5 079.3
Housing mortgage lending	9 604.2	9 438.5	8 607.5	6 526.9	5 840.0
Lending with public sector guarantee	15 591.0	15 951.1	16 338.2	16 044.9	16 314.0
Non-performing loans	34.1	25.8	26.2	18.4	7.6
Total liabilities created on issuance of securities	20 776.8	21 553.0	21 687.2	20 244.0	19 603.7
Other borrowing	0.0	0.0	0.0	0.0	0.0
Total assets	29 813.9	30 469.5	29 755.0	27 674.3	26 445.8
Average total assets	29 784.5	30 112.2	27 881.2	26 840.8	26 226.6
Equity	1 279.8	1 266.0	1 285.2	1 288.7	1 288.7
Interest net	0.27%	0.13%	0.48%	0.34%	0.23%
Profit/loss from ordinary operation before taxes	0.06%	-0.01%	0.10%	0.12%	0.12%
Return on equity	1.32%	-0.14%	2.24%	2.40%	2.42%
Capital adequacy ratio	15.1 %	15.6 %	16.9 %	18.4 %	20.1 %



To the Board of Directors of KLP Banken AS

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying interim financial information of KLP Banken AS, which comprise the financial statements of the group and the financial statements of the parent company. The financial statements of the group and the financial statements of the parent company comprise balance sheet as of 30 June 2015 and the related statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with standards on auditing adopted by Den Norske Revisorforening, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Trondheim, 14. August 2015
PricewaterhouseCoopers AS

Rune Kenneth S. Lædre
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.



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