

Interim report

Q1 2015



INCOME STATEMENT

BALANCE SHEET

NOTES



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Interim report first quarter 2015

Solid returns characterised the first quarter

- Value-adjusted return, common portfolio public sector occupational pensions: 2.2 per cent
- Book return, common portfolio public sector occupational pensions: 1.0 per cent
- Return – corporate portfolio: 1.3 per cent
- The final part of the major transfer process is completed. In total, 292,000 individuals have come to KLP since 2013

KLP – a customer-owned group in development

At the end of the quarter the Group had total assets of NOK 513 billion, of which a major part of the growth is attributable to inward transfer. The operating profit for the first quarter was NOK 6 967 million.

The transfer of new customers from DNB Livsforsikring and Storebrand has now largely been completed according to plan and without major complications. In total 83 municipalities/county administrations and 344 enterprises have completed planned transfer over the period 2013 to 2015. This means that in total 292 000 new members have been registered with the Company's pension scheme. Welcoming new members to KLP is first and foremost inspiring, but has also been an operationally demanding process that has been carried out without a major cost burden on the Company.

Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP)

KLP is a life insurance company providing public sector occupational pension as the main product. KLP is a mutual owned company where customers of the public sector occupational pension scheme are also the owners of the company. KLP is the parent company in the KLP group and offers a wide range of financial products and services to the public sector and its employees.

Result first quarter 2015

Returns result

During the first quarter of 2015, KLP achieved a satisfactory returns result (return in excess of base interest rate) of NOK 1.3 billion (0.6). Financial income from customers' assets was NOK 8.4 billion (4.5) during the quarter. Financial income from customers' assets totalled NOK 8.4 billion (4.5) for the quarter. Value-adjusted return on the common portfolio was 2.2 per cent for the quarter and book return was 1.0 per cent.

Risk result

There were no unexpected risk matters of significance in the Company's insurance portfolio during the first quarter. The risk result was NOK 180 million for the quarter. This has been provisionally allocated with NOK 87 million to customer profit and NOK 93 million to corporate income for provision in the risk equalization fund.

Administration result

The Company's administration result shows a surplus of NOK 58 million (36) in the first quarter of 2015. The result is a consequence of strong income development and good cost control.

Total income

Income for the Company was NOK 581 million for the quarter. The customer result was NOK 1 413 million.

NOK millions	Customers	Company	Total
Returns result	1 327	5	1 332
Risk result	87	93	180
Interest guarantee premium		196	196
Administration result		58	58
Net income from investments in the corporate portfolio and other income/ costs in non-technical accounts		240	240
Tax	-	-11	-11
Income for Q1 2015	1 413	581	1 995
Income for Q1 2014	703	319	1 022

Disability reform

A new disability arrangement in the public sector occupational pension scheme came into force on 1 January 2015. The changes mean markedly reduced disability costs in the occupational pension scheme over time.

¹ Figures in brackets give corresponding value for Q1 2014

Financial strength and capital-related matters

Total assets show growth during the quarter of NOK 16.5 billion and amount to NOK 431.5 billion. The growth is the result of an increase in the insurance obligations on public sector occupational pensions including new inward transfers.

KLP's capital adequacy ratio at the end of the quarter was 9.5 per cent (10.1) and core capital adequacy was 8.1 per cent (8.5). This weakening is the result of growth in the balance sheet due to large inward transfer where the associated equity capital contributions have not been paid in.

During the quarter the securities adjustment fund was strengthened by a further NOK 4.6 billion to NOK 24.1 billion. The fund is a solid buffer against fluctuations in the financial markets. Supplementary reserves total NOK 17.1 billion.

At the end of the quarter KLP had total solvency capital of NOK 80.2 billion, corresponding to 22.5 per cent of the insurance funds with interest guarantee.

The Board of Directors considers the Company's solvency satisfactory in relation to the composition of the financial position and prevailing market conditions, both under the current and the new Solvency II requirements.

Key figures

Premium income

Premium income excluding premium reserves received on transfer was NOK 5 913 million (4 612).

Claims/benefits

Pensions paid and other claims increased by 16.9 per cent and amounted to NOK 3 645 million (3 117) in the first quarter.

Transfer of customer funds

The net effect of transfers decided in autumn 2014 with effect from 1 January 2015 was recognized during the quarter at NOK 9 909 million (17,474).

Management of the common portfolio

The assets in the common portfolio totalled NOK 403.5 billion (336.6) and were invested as shown below:

All figures in %	Q1 2015		Q1 2014	
	Proportion	Return	Proportion	Return
ASSETS				
Shares	21,8	4,7	17,4	1,8
Short-term bonds	21,5	1,8	21,1	2,2
Long-term/HTM bonds	27,1	1,1	29,2	1,1
Lending	11,3	0,7	10,8	0,8
Property	10,8	2,8	11,5	1,2
Other financial assets	7,5	0,4	10,1	0,6

Shares

Total exposure in shares including share derivatives and special funds amounted to 21.8 per cent. The equities markets showed positive development during the quarter.

Short-term bonds

Short-term bonds amounted to 21.5 per cent of the assets in the common portfolio. The international corporate bonds index KLP uses had a currency-hedged return of 2.4 per cent during the first quarter of 2015. The index for international government bonds rose 3.0 per cent, whilst the Norwegian government bonds index increased by 0.4 per cent.

Bonds held to maturity

Investments in bonds held to maturity represented 27.1 per cent of the common portfolio, which is somewhat below the long-term target. This is partly counterbalanced by an increase in direct lending. Added value not brought to book totalled NOK 14.6 billion. The portfolio is well diversified and comprises securities issued by creditworthy institutions. No write-downs have been carried out as a result of credit losses.

Property

Property investments represented 10.8 per cent of the common portfolio. KLP conducts a thorough values assessment of its property holdings each quarter. The review during the first quarter 2015 shows stability in the pricing of investment properties. The property values in the common portfolio have been adjusted upwards by NOK 294 million. If the effect of foreign exchange hedging on foreign properties is included the upward adjustment amounts to NOK 601 million. The operating return in the common portfolio was 2.8 per cent.

Lending

Lending in the common portfolio was NOK 44.6 billion. This was divided between NOK 40.8 billion in loans to local authorities and other organizations, and NOK 3.9 billion in housing mortgage loans. The lending portfolio is characterized by high quality, with no losses on local government loans and very modest loss provisions on housing loans. Added value not brought to book in the lending portfolio (fixed interest rate loans) amounted to NOK 1 037 million on 31 March 2015.

Return on the corporate portfolio

The corporate portfolio covers investment of owners' equity and subordinated loan capital.

The corporate portfolio is managed with a long-term investment horizon aiming at stable returns and growth in the owners' equity. The investments in the corporate portfolio achieved a return of 1.3 per cent during the first quarter.

Regulatory framework; product and market conditions; and owner relationships

Implementation of the Solvency II regulations is staged so that during 2015 requirements are set for the companies' preparations with particular emphasis on organization and reporting. The final regulations including the new solvency requirements will come into force from 1 January 2016. The capital requirements under the new regulations will be stricter than previously, but provisional calculations show that the Company will satisfy them. KLP is continuing its work to prepare for the transition, undertaking much work on the Company's own processes concerning risk and solvency (the ORSA process). The Company already has its own independent control functions such as the risk management and compliance function. Implementation of a separate method of reporting risk and solvency in accordance with the Solvency II regulations is on schedule and will be used in the trial reporting this year.

Owner meetings

Eight election meetings with 157 participants were held in advance of the General Meeting. Invitations have been sent out for resource group meetings with local government chief executives. These meetings will be held during May.

The Board of Directors has proposed a revision of the Company's Articles of Association containing the amendments necessary to harmonize the Company's Articles of Association with the Solvency II regulations and the new Norwegian Act on Financial Undertakings and Financial Groups. The Board's proposed amendments to the Articles of Association will be put to the KLP General Meeting on 12 May 2015 and will come into effect on 1 January 2016.

The business areas of the subsidiaries

Private occupational pensions

The Group's private occupational pension effort is managed through its subsidiary KLP Bedriftspensjon AS.

There is high market activity in KLP Bedriftspensjon and this is providing satisfactory volume growth. The Company had NOK 2.5 billion in total assets at the end of the first quarter. 148 new customers signed pension agreements with KLP Bedriftspensjon in the first quarter. In addition, 160 pension capital certificates have been transferred in.

KLP Bedriftspensjon achieved a book return in the common portfolio of 1.3 per cent and a value-adjusted return of 2.0 per cent during the first quarter. The defined contribution pension customers achieved a return of 3.3 per cent for the quarter.

From the returns result of NOK 5.5 million, provisional allocation has been made of NOK 5.2 million to the customers: NOK 0.3 million accrues to the Company. First-quarter profit for the pension customers amounted to NOK 0.5 million.

The administration result was NOK -7.1 million, (-7.6). The Company's total comprehensive income for the first quarter was NOK -7.1 million (-5.6). The Company carried out a capital expansion of NOK 25 million during the first quarter.

Returns - customer assets:

Per cent	Q1 2015	Q1 2014	The year 2014
COMMON PORTFOLIO			
Capital return I	1,3 %	1,0 %	4,2 %
Capital return II	2,0 %	1,2 %	6,1 %
Defined contribution pension with investment option	3,3 %	1,7 %	8,8 %
Profile P90	5,5 %	1,6 %	8,9 %
Profile P70	4,5 %	1,7 %	8,9 %
Profile P50	3,5 %	1,7 %	9,2 %
Profile P30	2,5 %	1,9 %	8,4 %
Profile PM	0,4 %	0,6 %	2,3 %

Non-life insurance

KLP Skadeforsikring AS is a significant provider of non-life insurance to municipalities and county administrations. In addition the Company has a growing number of customers within municipal enterprises and businesses in related sectors. KLP Skadeforsikring is quality accredited in accordance with the ISO 9001 standard.

The pre-tax operating profit for the first three months was NOK 1.2 million. At the same time last year the result was NOK 13.6 million.

The quarter was marked by two large fire claims with a total claim cost for own account of NOK 63 million. Run-off of previous years' claims continues positive and during the quarter NOK 7.4 million was taken to income on adjustment of previous years' reserves. In addition NOK 34.6 million associated with natural perils claims during the quarter was taken to expenses. The financial earnings were very satisfactory with a total return of 1.9 per cent.

As at Q1	2015	2014
Claims ratio ¹	131,6	91,5
Cost ratio ¹	22,2	25,1
Total cost ratio ¹	153,8	116,6

¹ For own account

Sales activity directed at public sector customers resulted in sales of NOK 6.4 million during the quarter. So far this year the Company has participated in six tender competitions and won several of them.

During the quarter two property claims in excess of NOK 5 million have been notified with a total gross claim cost of NOK 117.1 million. Of this, the reinsurance will cover NOK 54 million.

In the corporate market, the sales activity resulted in gross sales of NOK 4.9 million during the quarter. 76 tenders were submitted during the quarter and of these the Company received 32 acceptances.

During the period one property claim in excess of NOK 5 million was reported, with a total estimated cost of NOK 7.7 million.

The sales activity in the retail market resulted in gross new sales of NOK 28.8 million, an increase compared to the same period last year. The members' proportion of the year's sales was 84.7 per cent.

Five large property claims have been reported so far this year from the retail market, with a combined cost of NOK 22.3 million.

Net financial income during the first quarter was NOK 73.9 million against NOK 49.3 million at the same time last year. All classes of assets provided a positive contribution.

During the first quarter the Company increased its investments in the Company's two property partnerships by NOK 51.9 million. The Company's property investments were also adjusted upwards during the quarter by NOK 15.3 million.

The capital adequacy ratio was 41.8 per cent, against 44.0 per cent at the end of 2014.

Asset and fund management

KLP Kapitalforvaltning AS manages securities investments on behalf of the KLP Group and other customers. In total NOK 391 billion was under management at the end of March 2015. This is an increase of NOK 76 billion since the same date last year. The majority of the assets are managed on behalf of Kommunal Landspensjonskasse and subsidiaries in the KLP Group.

Net new subscriptions in the KLP funds during the first quarter 2015 amounted to NOK 5 012 million: of this NOK 2 494 million comes from customers outside the Group.

KLP Kapitalforvaltning achieved a total pre-tax profit of NOK 10.3 million for the first quarter of 2015. For the corresponding period in 2014 the total profit was NOK -14.1 million.

KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS were merged with effect from 1 January 2015. Formally KLP Fondsforvaltning AS was the acquiring company. The new company continues the name KLP Kapitalforvaltning AS.

Banking

The pre-tax operating profit for the first quarter was NOK 1.8 million (10.4) for the KLP Banken Group. The financial position has increased by NOK 0.7 billion since the end of last year, principally as a result of growth in housing lending.

The retail market business has in total produced a profit contribution for the Group of NOK 0.4 million (-8.4) during the first quarter. The KLP Kommunekreditt AS result was NOK 1.4 million (18.8). The reduction in profit compared to the previous year is related to a somewhat lower net interest on public sector lending as well as unrealized losses on the Company's liquidity investments. The underlying operation of the Bank has all in all had a positive development and net interest income during the quarter was NOK 38.4 million against NOK 31.4 million at the same time last year.

Housing mortgage loans in total are up NOK 831 million so far this year (207) to NOK 9.4 billion.

KLP Boligkreditt AS had its first operating year in 2014. The Company finances part of the banking group's housing lending through the issuance of covered bonds. At the end of the first quarter the Company had a lending balance of NOK 4.0 billion and has issued covered bonds corresponding to NOK 2.3 billion. All housing loans are bought from companies in the KLP Group. The Company's pre-tax income for the first quarter was NOK 4.6 million.

Deposits from individuals and companies are up NOK 877 million so far this year to NOK 7.1 billion, against NOK 4.7 billion at the same time last year.

KLP Kommunekreditt AS' public sector lending is down NOK 387 million so far this year (-304) to NOK 16.0 billion. Lending managed for KLP is up NOK 2.8 billion so far this year to NOK 40.8 billion, of which foreign engagements constitute NOK 6.9 billion.

Value changes affected the banking group results negatively during the first quarter by NOK -11.6 million (3.9). This was largely a result of the development in value of liquidity investments in KLP Kommunekreditt AS. There were extremely low losses on lending during the first quarter and previously recorded loss on housing lending has been reversed by NOK 0.4 million.

The banking group's costs so far this year amount to NOK 42.6 million, against NOK 37.5 million at the same time last year.

The Group's pre-tax profit for the first quarter was NOK 1.9 million against NOK 13.9 million at the same time last year.

Corporate social responsibility

Renewable energy is the key strand within KLP's corporate social responsibility. In January KLP, together with Norsif and WWF, issued an invitation to an open seminar on investments in renewable energy. Renewable energy is a market in major development and with potential for growth. KLP increased its investments in renewable energy during the first quarter and has ambitions for furthering increases in future.

KLP's greenhouse and energy accounts for 2014 have now been published. KLP's climate target for 2014 was to reduce CO2 equivalents tonnage per employee by 5 per cent. The total number of tonnes of CO2 equivalents per employee in 2014 was 1.2. This was a reduction of 13.8 per cent from 2013. KLP is climate neutral. In other words KLP buys quotas corresponding to the estimated emission of tonnes of CO2 equivalents reported in the greenhouse gas accounts.

In February KLP entered into a two-year collaboration with Norwegian People's Aid associated with integration of people at asylum reception centres. The objective of the project sponsorship is to help integration start early and for KLP employees' knowledge to be able to contribute to a better start for a new life in Norway.

Future prospects

With continuing low interest rates, continuing major uncertainty surrounding global growth and doubt associated with the situation concerning Greece, the Company is using positive results to continue the strengthening of buffer capital.

Large inward transfer and organic growth have increased the financial position to a greater degree than the build-up of capital. In addition the Company wishes to be ahead in the refinancing of the coming maturity of subordinated loans in 2016 and 2017. KLP is therefore planning to issue a new subordinated loan during the second quarter with terms that satisfy the Solvency II regulations.

KLP is customer-owned. Work on continuous development of the Company's products and services for the good of its owners and customers therefore remains central. KLP will continue working for good returns, low costs and good service in order to contribute to competitive value creation.

Oslo, 12. May 2015

The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

Liv Kari Eskeland
Chair

Egil Johansen
Deputy Chair

Marit Torgersen

Jan Helge Gulbrandsen

Cathrine Klouman

Lars Vorland

Susanne Torp-Hansen
Elected by and from the employees

Freddy Larsen
Elected by and from the employees

Income statement

KLP Group

Note	NOK millions	Q1 2015	Q1 2014	The year 2014
3	Premium income for own account	16 296	26 565	63 611
	Current return on financial assets	3 070	2 746	12 185
	Net interest income banking	39	31	133
	Net value changes on financial instruments	7 021	2 337	13 809
8	Net income from investment properties	1 190	496	4 054
4	Other income	235	178	871
	Return to financial instruments attributable to minority interests	-1 999	-430	-3 343
	Total net income	25 852	31 924	91 321
	Claims for own account	-4 110	-7 423	-18 643
	Change in technical reserves	-14 077	-20 887	-51 848
5	Net costs subordinated loan and hybrid Tier 1 securities	-88	-30	-807
6	Operating expenses	-390	-355	-1 167
7	Other expenses	-220	-173	-800
	Total expenses	-18 884	-28 869	-73 265
	Operating profit/loss	6 967	3 055	18 056
	To/from securities adjustment fund – life insurance	-4 592	-1 766	-9 130
	To supplementary reserves – life insurance	0	0	-3 415
	Assets allocated to insurance customers – life insurance	-1 710	-910	-4 322
	Pre-tax income	665	379	1 189
	Cost of taxes ¹	-135	-90	-324
	Income	530	290	865
	Actuarial loss on post employment benefit obligations	0	0	-218
	Adjustments of the insurance obligations	0	0	20
	Tax on items that will not be reclassified to profit or loss	0	0	53
	Items that will not be reclassified to profit or loss	0	0	-144
	Revaluation real property for use in own operation	36	32	195
	Currency translation foreign subsidiaries	-237	-208	-678
	Adjustments of the insurance obligations	239	207	678
	Tax on items that will be reclassified to profit or loss	-11	0	-53
	Items that will be reclassified subsequently to profit or loss when specific conditions are met	28	30	142
	Total other comprehensive income	28	30	-2
	Total comprehensive income	559	320	863

¹ Cost of taxes is included in the minority's share at NOK 49 (24)

Balance sheet

KLP Group

Note	NOK millions	31.03.15	31.03.14	31.12.14
	Deferred tax assets	76	0	88
	Other intangible assets	466	386	448
	Tangible fixed assets	1 225	1 068	1 198
	Investments in affiliated companies	313	38	248
8,11	Investment property	44 576	39 776	44 467
9,14	Debt instruments held to maturity	31 885	31 832	30 620
9,14	Debt instruments classified as loans and receivables	89 138	75 523	86 974
9,11,14	Lending local government, enterprises & retail customers at fair value through profit/loss	2 214	2 134	2 269
9,14	Lending local government, enterprises and retail customers	67 794	55 090	64 741
9,11,14	Debt instruments at fair value through profit or loss	155 400	129 947	152 489
9,11	Equity capital instruments at fair value through profit or loss	110 652	74 709	101 123
9,11,14	Financial derivatives	1 913	2 097	1 785
9	Receivables	3 303	5 111	1 345
9	Assets in defined contribution-based life insurance	947	663	842
	Cash and bank deposits	3 320	3 116	2 257
	TOTAL ASSETS	513 221	421 491	490 894
	Owners' equity contributed	9 179	7 717	9 173
	Retained earnings	9 030	7 929	8 471
	TOTAL OWNERS' EQUITY	18 209	15 645	17 644
9,10	Hybrid Tier 1 securities	1 386	941	1 253
9,10	Subordinated loan capital	3 377	3 159	3 423
	Pension obligations	755	622	755
15	Technical provisions - life insurance	399 698	336 415	379 912
15	Provisions in life insurance with investment option	947	663	842
	Premiums, claims and contingency fund provisions - non-life insurance	3 052	2 907	2 555
9,10	Covered bonds issued	18 330	17 033	18 468
9,10	Debt to credit institutions	5 273	3 475	5 220
9,10	Liabilities to and deposits from customers	7 128	4 706	6 251
9,11	Financial derivatives	5 972	1 108	11 549
	Deferred tax	157	96	170
17	Other current liabilities	6 971	5 894	5 885
	The minority's share of liabilities	41 965	28 826	36 968
	TOTAL LIABILITIES	495 012	405 846	473 250
	TOTAL EQUITY AND LIABILITIES	513 221	421 491	490 894
	Contingent liabilities	9 587	9 254	13 256

Changes in Owner's equity

KLP Group

2015 NOK millions	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 1 January 2015	9 173	8 471	17 644
Income		530	530
Items that will not be reclassified to income		0	0
Items that will be reclassified to income later when particular conditions are met		28	28
Total other comprehensive income		28	28
Total comprehensive income		559	559
Owners' equity contribution received (net)	6	0	6
Total transactions with the owners	6	0	6
Owners' equity 31 March 2015	9 179	9 030	18 209

2014 NOK millions	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 1 January 2014	7 659	7 609	15 268
Income		290	290
Items that will not be reclassified to income		0	0
Items that will be reclassified to income later when particular conditions are met		30	30
Total other comprehensive income		30	30
Total comprehensive income		320	320
Owners' equity contribution received (net)	58	0	58
Total transactions with the owners	58	0	58
Owners' equity 31 March 2014	7 717	7 929	15 645

Statement of cash flows

KLP Group

NOK millions	01.01.2015- 31.03.2015	01.01.2014- 31.12.2014	01.01.2014- 30.09.2014	01.01.2014- 31.06.2014	01.01.2014- 31.03.2014
Net cash flow from operational activities	1 197	-3 819	-999	94	485
Net cash flow from investment activities ¹	-105	-162	-105	-69	-31
Net cash flow from financing activities ²	-30	3 342	1 593	-270	-235
Net changes in cash and bank deposits	1 063	-639	489	-245	220
Holdings of cash and bank deposits at start of period	2 257	2 896	2 896	2 896	2 896
Holdings of cash and bank deposits at end of period	3 320	2 257	3 385	2 651	3 116

¹ Payments on the purchase of tangible fixed assets.

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

Notes to the accounts

KLP Group

Note 1

ACCOUNTING PRINCIPLES

The financial statements in this interim report show the Group and the company financial statements for Kommunal Landspensjonskasse (KLP) for the period 1 January 2015 – 31 March 2015.

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The same accounting principles and calculation methods have been used in these interim accounts as in last year's accounts.

The interim financial statements do not contain all the information required of full annual financial statements and this interim report ought to be read in conjunction with the annual financial statements for 2014. These are available on KLP's website, klp.no.

Note 2 SEGMENT INFORMATION

NOK millions	Group pensions pub. sect. & group life			Group pensions private			Non-life insurance		
	31.03.15	31.03.14	Year 2014	31.03.15	31.03.14	Year 2014	31.03.15	31.03.14	Year 2014
Premium income f.o.a. from external customers ¹	15 939	26 175	62 379	113	191	410	244	199	823
Premium income f.o.a. from other Group companies ¹	9	18	76	0	0	0	3	3	19
Net financial income from investments	8 775	4 745	25 204	54	26	139	75	51	240
Other income from external customers	232	184	1 224	1	0	2	0	0	1
Other income from other Group companies	0	0	0	0	0	0	0	0	0
Return to financial instruments attributable to minority interests									
Total income	24 955	31 121	88 882	168	217	551	322	253	1 083
Claims f.o.a.	-3 771	-7 222	-17 996	-20	-17	-66	-319	-184	-581
Insurance provisions f.o.a.	-14 002	-20 692	-51 405	-128	-192	-441	53	-4	-1
Costs borrowing	-88	-30	-807	0	0	0	0	0	0
Costs borrowing from other Group companies	0	0	0	0	0	0	0	0	0
Operating costs excluding depreciation	-216	-199	-692	-12	-10	-42	-55	-51	-193
Depreciation	-18	-20	-79	0	0	-1	-1	-1	-4
Other expenses	-220	-173	-799	0	0	0	0	0	0
Total expenses	-18 315	-28 336	-71 777	-161	-219	-550	-321	-240	-779
Operating profit/loss	6 640	2 785	17 105	8	-2	1	1	14	304
Funds credited to insurance customers ²	-6 048	-2 466	-16 146	-15	-4	-23	0	0	0
Pre-tax income	592	319	959	-7	-6	-23	1	14	304
Cost of taxes	-11	0	35	0	0	0	-10	-1	-64
Income	581	319	994	-7	-6	-23	-9	12	240
Change in other comprehensive income	0	0	-143	0	0	-2	0	0	-16
Total comprehensive income	581	319	852	-7	-6	-25	-9	12	223
Assets	431 327	360 675	415 030	2 498	2 020	2 270	4 429	4 036	3 945
Liabilities	413 285	345 161	397 576	2 376	1 922	2 167	3 316	3 050	2 824

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

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

Note 2 SEGMENT INFORMATION (CONT.)

NOK millions	Banking			Asset management			Other		
	31.03.15	31.03.14	Year 2014	31.03.15	31.03.14	Year 2014	31.03.15	31.03.14	Year 2014
Premium income f.o.a. from external customers ¹	0	0	0	0	0	0	0	0	0
Premium income f.o.a. from other Group companies ¹	0	0	0	0	0	0	0	0	0
Net financial income from investments	27	35	118	3	3	6	0	0	0
Other income from external customers	3	2	10	0	0	0	2	2	8
Other income from other Group companies	14	14	58	74	103	419	0	0	0
Return to financial instruments attributable to minority interests									
Total income	44	51	186	77	106	424	2	2	8
Claims f.o.a.	0	0	0	0	0	0	0	0	0
Insurance provisions f.o.a.	0	0	0	0	0	0	0	0	0
Costs borrowing	0	0	0	0	0	0	0	0	0
Costs borrowing from other Group companies	0	0	0	0	0	0	0	0	0
Operating costs excluding depreciation	-42	-37	-155	-66	-120	-366	-3	-2	-7
Depreciation	-1	-1	-3	-1	0	-2	0	0	0
Other expenses	0	0	0	0	0	0	0	0	0
Total expenses	-43	-38	-158	-67	-120	-368	-3	-2	-7
Operating profit/loss	2	14	28	10	-14	56	-1	1	1
Funds credited to insurance customers ²	0	0	0	0	0	0	0	0	0
Pre-tax income	2	14	28	10	-14	56	-1	1	1
Cost of taxes	0	-4	-7	0	0	-14	0	0	0
Income	1	10	21	10	-14	42	-1	1	0
Change in other comprehensive income	0	0	-4	0	0	0	0	0	0
Total comprehensive income	1	10	16	10	-14	42	-1	1	0
Assets	30 467	26 106	29 758	374	288	355	9	11	11
Liabilities	29 194	24 823	28 469	180	138	172	2	2	3

Note 2 SEGMENT INFORMATION (CONT.)

NOK millions	Eliminations			Total		
	31.03.15	31.03.14	Year 2014	31.03.15	31.03.14	Year 2014
Premium income f.o.a. from external customers ¹	0	0	0	16 296	26 565	63 611
Premium income f.o.a. from other Group companies ¹	-12	-21	-95	0	0	0
Net financial income from investments	2 385	752	4 474	11 320	5 611	30 181
Other income from external customers	-5	-8	-375	233	180	871
Other income from other Group companies	-86	-119	-477	2	-2	0
Return to financial instruments attributable to minority interests	-1 999	-430	-3 343	-1 999	-430	-3 343
Total income	282	173	186	25 852	31 924	91 321
Claims f.o.a.	0	0	0	-4 110	-7 423	-18 643
Insurance provisions f.o.a.	0	0	0	-14 077	-20 888	-51 848
Costs borrowing	0	0	0	-88	-30	-807
Costs borrowing from other Group companies	0	0	0	0	0	0
Operating costs excluding depreciation	30	90	376	-364	-328	-1 079
Depreciation	-6	-5	0	-27	-27	-89
Other expenses	0	0	0	-220	-173	-800
Total expenses	25	85	376	-18 884	-28 869	-73 265
Operating profit/loss	307	258	562	6 967	3 055	18 056
Funds credited to insurance customers ²	-240	-207	-698	-6 302	-2 677	-16 867
Pre-tax income	67	51	-136	665	379	1 189
Cost of taxes	-114	-85	-273	-135	-90	-324
Income	-47	-34	-409	530	290	865
Change in other comprehensive income	28	30	164	28	30	-2
Total comprehensive income	-18	-4	-245	559	320	863
Assets	44 116	28 404	39 524	513 221	421 491	490 894
Liabilities	46 658	30 750	42 040	495 012	405 846	473 250

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

Public sector occupational pension and group life

Kommunal Landspensjonskasse offers group public sector occupational pensions.

Enterprise (defined benefit) and defined contribution pension

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

Non-life insurance

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

Banking

KLP's banking business embraces the companies KLP Banken Holding 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 funds both to retail customers and to institutional customers. The securities management has a socially responsible profile.

Other

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

Note 3 PREMIUM INCOME FOR OWN ACCOUNT

NOK millions	Q1 2015	Q1 2014	The year 2014
Contribution service pension / AFP	6 237	4 867	27 326
Reinsurance premiums ceded	-11	-14	-12
Transfer of premium reserves from others	10 070	21 712	36 298
Total premium income	16 296	26 565	63 611

Note 4 OTHER INCOME

NOK millions	Q1 2015	Q1 2014	The year 2014
Supplement contractual early retirement scheme (AFP)	219	173	775
Other income	16	6	95
Total other income	235	178	871

Note 5 SUBORDINATED LOAN AND PERPETUAL HYBRID TIER 1 SECURITIES

NOK millions	Q1 2015	Q1 2014	The year 2014
SUBORDINATED LOAN			
Interest costs ¹	-35	-37	-165
Value changes	81	29	-259
Total subordinated loan	46	-8	-424
PERPETUAL HYBRID TIER 1 SECURITIES			
Interest costs	-15	-11	-49
Value changes	-119	-11	-333
Total Perpetual hybrid Tier 1 securities	-134	-22	-382
Net costs subordinated loan and hybrid Tier 1 securities	-88	-30	-807

¹ Besides pure interest costs this includes recognition through profit / loss of a discount on one subordinated loan.

The note provides a specification of the line "Net costs and change in value subordinated loan and perpetual hybrid Tier 1 securities" attributed to interest costs and value change during the stated periods.

The large fluctuations in value change are predominantly due to the loans being denominated in foreign currency. One subordinated loan is issued in euros, whereas the other subordinated loan and the perpetual hybrid Tier 1 securities are issued in Japanese yen. Hedge accounting is used on the hybrid Tier 1 securities. The two subordinated loans have ordinary financial hedging. In practice, the use of hedging involves a minimal total income effect if account is taken of the hedged object and the hedging instrument together. For more information concerning hedging and terms of the subordinated loans and perpetual hybrid Tier 1 securities attention is drawn to the [annual report](#).

Note 6 OPERATING EXPENSES

NOK millions	Q1 2015	Q1 2014	The year 2014
Personnel costs	237	207	736
Depreciation	27	27	109
Other operating expenses	126	121	322
Total operating expenses	390	355	1 167

Note 7 OTHER EXPENSES

NOK millions	Q1 2015	Q1 2014	The year 2014
Supplement contractual early retirement scheme (AFP)	219	173	775
Other expenses	1	1	25
Total other expenses	220	173	800

Note 8 INVESTMENT PROPERTY

NOK millions	Q1 2015	Q1 2014	The year 2014
INCOME STATEMENT: NET INCOME FROM INVESTMENT PROPERTIES			
Net rental income etc.	628	525	2 033
Net value adjustment	322	- 236	1 343
Currency transl. foreign subsidiaries (other comprehensive income)	239	207	678
Net income from investment properties	1 190	496	4 054

NOK millions	31.03.15	31.03.14	The year 2014
BALANCE SHEET: INVESTMENT PROPERTY			
Investment property 01.01	44 467	39 744	39 744
Value adjustment including currency translation	322	-236	1 343
Net additions	-237	242	3 357
Other changes	23	26	23
Investment property 31.03/31.12	44 576	39 776	44 467

Note 9 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

a) Shares (listed)

Liquid shares are generally valued on the basis of prices provided by an index provider. At the same time prices are compared between different sources to identify any errors. The following sources are used for shares:

- Oslo Børs (Oslo Stock Exchange)
- Morgan Stanley Capital International (MSCI)
- Reuters

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

b) Shares (unlisted)

As far as possible the Group uses the industry recommendations of the Norwegian Mutual Fund Association (NMFA).

Broadly this means the following:

The last traded price has the highest priority. If the last traded price lies outside this in the market, price is adjusted accordingly. I.e. if the last traded price is below the offer price, price is adjusted up to the offer price. If it is above the bid price it is adjusted down to bid. If the price picture is considered outdated, the price is adjusted according to a market index. The Company has selected the Oslo Stock Exchange's Small Cap Index (OSSEX) as an approach for unlisted shares.

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

c) Foreign fixed income securities

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

- Barclays Capital Indices
- Bloomberg
- Reuters

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

d) Norwegian fixed income securities - government

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

Note 9 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT.)

e) Norwegian fixed interest securities - non-government

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

The yield 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.

f) Fixed income securities issued by foreign enterprises, but denominated in NOK

Fair value is calculated in accordance with the same principle as for Norwegian fixed income securities described above.

g) Futures/FRA/IRF

All Group futures contracts are traded on stock exchanges. Reuters is used as a price source. Prices are also obtained from another source to check the Reuters prices are correct.

h) Options

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

i) Interest rate swaps

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

j) Loans secured by mortgage

The principles for calculating fair value depend on whether the loans have fixed interest rates or not.

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

Fair value of variable interest rate loans is considered virtually the same as book value since the contract terms and conditions can be continually changed in step with changes in market interest rates.

k) Lending to local authorities and enterprises with local government guarantee

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

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

l) Investments with credit institutions

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

m) Fair value of debt to credit institutions

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

n) Fair value of receivables from credit institutions, lending to private individuals and customers' deposits

All lending and deposits are without fixed interest rates. Fair value of these is considered virtually the same as book value since the contract terms and conditions are continually changed in step with change in market interest rates.

o) Fair value of subordinated loan capital

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

p) Fair value of hybrid Tier 1 securities issued

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

q) Fair value of covered bonds issued

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

r) Private Equity

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

Note 9 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT.)

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

NOK millions	31.03.2015		31.03.14		31.12.14	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS HELD TO MATURITY - AT AMORTIZED COST						
Norwegian hold-to-maturity bonds	10 379	11 763	12 258	13 180	10 384	11 831
Foreign hold-to-maturity bonds	21 506	23 616	19 574	20 780	20 236	22 331
Total debt instruments held to maturity	31 885	35 378	31 832	33 961	30 620	34 162
DEBT INSTRUMENTS CLASSIFIED AS LOANS AND RECEIVABLES - AT AMORTIZED COST						
Norwegian bonds	28 383	32 158	26 927	28 895	27 640	31 527
Foreign bonds	60 739	67 665	48 584	51 606	59 307	66 576
Other receivables	16	16	13	13	27	27
Total debt instruments classified as loans and receivables	89 138	99 838	75 523	80 514	86 974	98 130
LENDING LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS						
Loans to local government sector or enterprises with local government guarantee	2 214	2 214	2 134	2 134	2 269	2 269
Total loans to local government, enterprises & retail customers	2 214	2 214	2 134	2 134	2 269	2 269
LENDING TO LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS - AT AMORTIZED COST						
Loans secured by mortgage	18 312	18 338	12 078	12 084	16 536	18 168
Loans to local government sector or enterprises with local government guarantee	49 482	50 852	43 012	43 593	48 205	48 602
Total loans to local government, enterprises & retail customers	67 794	69 190	55 090	55 677	64 741	66 770
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Norwegian bonds	51 092	51 092	47 989	47 989	51 342	51 342
Norwegian certificates	8 921	8 921	11 240	11 240	6 641	6 641
Foreign bonds	76 728	76 728	56 908	56 908	72 998	72 998
Investments with credit institutions	18 660	18 660	13 810	13 810	21 508	21 508
Total debt instruments at fair value through profit/loss	155 400	155 400	129 947	129 947	152 489	152 489
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Shares	103 806	103 806	69 449	69 449	94 366	94 366
Equity funds	6 359	6 359	4 639	4 639	6 184	6 184
Property funds	420	420	617	617	493	493
Alternative investments	68	68	4	4	81	81
Total equity capital instruments at fair value	110 652	110 652	74 709	74 709	101 123	101 123
RECEIVABLES						
Receivables related to direct business	1 402	1 402	2 088	2 088	1 013	1 013
Receivables related to reinsurance agreements	66	66	70	70	19	19
Reinsurance share of unearned gross premium	0	0	201	201	0	0
Reinsurance share of gross claims reserve	9	9	9	9	10	10
Other receivables	1 826	1 826	2 742	2 742	303	303
Total other loans and receivables including receivables from policyholders	3 303	3 303	5 111	5 111	1 345	1 345

Note 9 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT.)

NOK millions	31.03.2015		31.03.14		31.12.14	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
FINANCIAL LIABILITIES - AT AMORTIZED COST						
Hybrid Tier 1 securities	1 386	1 391	941	952	1 253	1 262
Subordinated loan capital	3 377	3 442	3 159	3 255	3 423	3 508
Debt to credit institutions	3 223	3 223	2 720	2 720	3 219	3 219
Covered bonds issued	18 330	18 330	17 033	17 033	18 468	18 468
Liabilities and deposits from customers	7 128	7 128	4 706	4 706	6 251	6 251
Total financial liabilities	33 445	33 514	28 560	28 666	32 614	32 708
FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS						
Debt to credit institutions	2 050	2 050	755	755	2 001	2 001
Total financial liabilities	2 050	2 050	755	755	2 001	2 001
Assets in life insurance with investment option	947	947	663	663	842	842
Provisions in life insurance with investment option	947	947	663	663	842	842

NOK millions	31.03.15		31.03.14		31.12.14	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS						
Forward exchange contracts	569	4 525	1 278	488	455	10 236
Interest rate swaps	561	1 448	656	620	591	1 313
Interest rate and currency swaps	430	0	50	0	312	0
Share options	353	-1	112	0	427	0
Interest rate future	0	0		0		0
Total financial derivatives	1 913	5 972	2 097	1 108	1 785	11 549

Note 10 BORROWING

NOK millions	Nominal in NOK	Currency	Interest	Due date	Book value 31.03.2015	Book value 31.03.2014	Book value 31.12.2014
PERPETUAL SUBORDINATED LOAN CAPITAL							
Kommunal Landspensjonskasse	2 372	EUR	Fixed ¹	Perpetual	2 728	2 597	2 825
Kommunal Landspensjonskasse	554	JPY	Fixed ²	Perpetual	649	562	599
Total subordinated loan capital	2 926				3 377	3 159	3 423
HYBRID TIER 1 SECURITIES							
Kommunal Landspensjonskasse	984	JPY	Fixed ³	2034	1 386	941	1 253
Total hybrid Tier 1 securities	984				1 386	941	1 253

¹ The loan has an interest change date in 2017.² The loan has an interest change date in 2016.³ The loan has an interest change date in 2034.

Note 10 BORROWING (CONT.)

NOK millions	Nominal in NOK	Currency	Interest	Due date	Book value 31.03.2015	Book value 31.03.2014	Book value 31.12.2014
COVERED BONDS							
KLP Kommunekreditt AS	0	NOK	Floating	2014	0	288	0
KLP Kommunekreditt AS	0	SEK	Floating	2015	0	434	0
KLP Kommunekreditt AS	1 300	NOK	Floating	2015	1 301	4 304	1 301
KLP Kommunekreditt AS	215	NOK	Fixed	2015	222	2 577	554
KLP Kommunekreditt AS	3 060	NOK	Floating	2016	3 067	3 510	3 370
KLP Kommunekreditt AS	1 000	NOK	Fixed	2017	1 020	1 021	1 014
KLP Kommunekreditt AS	4 000	NOK	Floating	2017	4 009	3 009	4 011
KLP Kommunekreditt AS	3 500	NOK	Floating	2018	3 505	1 002	3 506
KLP Kommunekreditt AS	2 000	NOK	Floating	2019	2 001	760	2 001
KLP Kommunekreditt AS	750	NOK	Fixed	2020	760	128	752
KLP Boligkreditt AS	600	NOK	Floating	2017	602	0	603
KLP Boligkreditt AS	600	NOK	Floating	2019	601	0	601
KLP Boligkreditt AS	1 200	NOK	Floating	2021	1 203	0	602
Value adjustments					39	0	154
Total covered bonds	18 225				18 330	17 033	18 468
DEBT TO CREDIT INSTITUTIONS							
KLP Banken AS	300	NOK	Floating	2014	0	701	0
KLP Banken AS	600	NOK	Floating	2015	602	601	603
KLP Banken AS	800	NOK	Floating	2016	802	602	803
KLP Banken AS	300	NOK	Fixed	2017	311	302	308
KLP Banken AS	500	NOK	Floating	2017	501	204	501
KLP Banken AS	200	NOK	Fixed	2018	204	311	203
KLP Banken AS	500	NOK	Floating	2018	502	0	503
KLP Banken AS	300	NOK	Floating	2019	300	0	300
KLP Alfa Global Rente	1 282	NOK	Fixed	2015	1 252	0	1 282
Kommunal Landspensjonskasse	0	NOK/EUR/ USD	Floating	2014	0	755	0
Kommunal Landspensjonskasse	718	NOK/EUR/ USD	Floating	2015	798	0	718
Other					1	-1	0
Total liabilities to credit institutions	5 501				5 273	3 475	5 220
LIABILITIES TO AND DEPOSITS FROM CUSTOMERS ⁴							
Retail	5 062	NOK			5 740	3 700	5 062
Business	1 189	NOK			1 388	707	1 189
Liabilities to and deposits from customers	6 251				7 128	4 706	6 251
Total financial liabilities	33 886				35 495	29 315	34 615

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 listed above are the issuers of the financial debt. Deposits belong to KLP Banken AS.

Note 11 FAIR VALUE HIERARCHY

31.03.15 NOK millions	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Investment property	0	0	44 576	44 576
Land/plots	0	0	860	860
Buildings	0	0	43 716	43 716
Lending at fair value	0	2 214	0	2 214
Bonds and other fixed-income securities	41 085	95 643	0	136 728
Certificates	5 788	3 132	0	8 921
Bonds	22 877	92 510	0	115 387
Fixed-income funds	12 420	0	0	12 420
Loans and receivables	14 301	4 371	0	18 673
Shares and units	100 757	3 528	6 367	110 652
Shares	99 553	3 041	1 461	104 055
Equity funds	1 204	0	70	1 273
Property funds	0	420	0	420
Special funds	0	68	0	68
Private Equity	0	0	4 837	4 837
Financial derivatives	0	1 913	0	1 913
Total assets valued at fair value	249 310	14 502	50 943	314 755
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives liabilities	0	5 972	0	5 972
Debt to credit institutions ¹	798	1 252	0	2 050
Total financial liabilities at fair value	798	7 224	0	8 022

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 3 232 million on 31 March 2015.

Note 11 FAIR VALUE HIERARCHY (CONT.)

31.03.14 NOK millions	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Investment property	0	0	39 776	39 776
Land/plots	0	0	862	862
Buildings	0	0	38 914	38 914
Lending at fair value	0	2 134	0	2 134
Bonds and other fixed-income securities	31 831	84 369	0	116 200
Certificates	5 454	5 755	0	11 209
Bonds	14 766	78 614	0	93 380
Fixed-income funds	11 612	0	0	11 612
Loans and receivables	9 744	4 003	0	13 747
Shares and units	66 395	3 577	4 738	74 709
Shares	65 469	2 956	1 059	69 484
Equity funds	926	0	121	1 048
Property funds	0	617	0	617
Special funds	0	4	0	4
Private Equity	0	0	3 557	3 557
Financial derivatives	0	2 097	0	2 097
Total assets valued at fair value	142 560	61 590	44 514	248 664
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives liabilities	0	1 108	0	1 108
Debt to credit institutions ¹	755	0	0	755
Total financial liabilities at fair value	755	1 108	0	1 863

Note 11 FAIR VALUE HIERARCHY (CONT.)

31.12.14 NOK millions	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Investment property	0	0	44 467	44 467
Land/plots	0	0	869	869
Buildings	0	0	43 598	43 598
Lending at fair value	0	2 269	0	2 269
Bonds and other fixed-income securities	37 530	93 423	0	130 953
Certificates	4 047	2 593	0	6 641
Bonds	21 311	90 830	0	112 140
Fixed-income funds	12 172	0	0	12 172
Loans and receivables	18 232	3 303	0	21 536
Shares and units	91 222	3 591	6 310	101 123
Shares	90 117	3 017	977	94 110
Equity funds	1 105	0	0	1 105
Property funds	0	493	0	493
Special funds	0	81	0	81
Private Equity	0	0	5 334	5 334
Financial derivatives	0	1 785	0	1 785
Total assets valued at fair value	192 685	58 670	50 778	302 133
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives liabilities	0	11 549	0	11 549
Debt to credit institutions ¹	719	1 283	0	2 001
Total financial liabilities at fair value	719	12 832	0	13 550

Changes in Level 3, Financial Assets	Book value 31.03.2015	Book value 31.03.2014	Book value 31.12.2014
Opening balance 1 January	6 293	4 683	4 682
Sold	-127	-158	-674
Bought	331	281	1 262
Unrealised changes	-130	-68	1 041
Closing balance 31.03/31.12	6 367	4 738	6 310
Realised gains/losses	14	42	182

Note 11 FAIR VALUE HIERARCHY (CONT.)

Changes in Level 3, Investment Property	Book value 31.03.2015	Book value 31.03.2014	Book value 31.12.2014
Opening balance 1 January	44 467	39 744	39 744
Net acquisition cost	-237	242	3 357
Unrealised changes	322	-236	1 343
Other changes	23	26	23
Closing balance 31.03/31.12	44 576	39 776	44 467
Realised gains/losses	0	0	0
Closing balance 31.03/31.12	50 943	44 514	50 778

Unrealised changes and realized gains / losses reflected on the line «Net value changes on financial instruments» in the consolidated income statement. 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 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 Group include unlisted shares and Private Equity.

Valuations related to items in the various levels are described in Note 9. For description of the pricing of investment property please see the annual financial statements.

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. A sensitivity analysis for

investment property is available in the annual report. On a general basis, a 5 percent change in the pricing would produce a change of NOK 2 547 million as of 31.03.2015, NOK 2 226 million as of 31.03.2014 and NOK 2 539 million as of 31.12.2013. 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 945 million in financial assets valued at fair value at Level 1. Per 31.03.2015 the NOK 945 millions are included with NOK 460 millions in shares and units in Level 1, and NOK 479 millions in debt instruments at fair value 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.

After the first quarter this year NOK 96 millions has been moved from Level 1 to Level 2 and NOK 149 millions from Level 2 to Level 1. A change in principles on the level classification of debt instruments have increased the amount that are classified as level 2, and decreased the amount that are level 1. In the period between 01.01.2015 to 31.03.2015 NOK 45 405 million are moved from level 1 to level 2 due to the stricter rules that now apply to debt instruments. When moving between levels the value at the period end defines the amount. There has been no changes in Level 3 in this period.

Note 12 LIQUIDITY RISK

The table below specify the company's financial obligations ranked by maturity. It shows the liquidity risk based on full consolidation, including the minority's share. The amounts given are non-discounted contractual flows of cash.

31.03.15 NOK millions	Within 1 month	1-12 month	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan	149	2 771	664	0	0	3 584
Perpetual hybrid Tier 1 securities	0	117	235	293	1 497	2 143
Debt to and deposits from customers (without defined maturity)	7 128	0	0	0	0	7 128
Covered bonds issued	0	1 828	15 419	2 015	0	19 262
Payables to credit institutions	4 048	369	2 693	0	0	7 111
Financial derivatives	1 171	3 400	1 197	149	-139	5 779
Accounts payable	731	0	0	0	0	731
Contingent liabilities	9 587	0	0	0	0	9 587
Total	22 814	8 486	20 209	2 457	1 358	55 325

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 244 million and derivatives maturing between 1-12 months are reduced by NOK 119 million, derivatives maturing between 1-5 years with NOK 65 million. Total amount of the financial liabilities for the Group are after these adjustments 54 897 million.

31.12.14 NOK millions	Within 1 month	1-12 month	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan	0	167	3 506	0	0	3 673
Perpetual hybrid Tier 1 securities	0	55	218	273	1 448	1 994
Debt to and deposits from customers (without defined maturity)	6 251	0	0	0	0	6 251
Covered bonds issued	0	2 190	15 789	1 474	0	19 453
Payables to credit institutions	8 294	680	2 747	0	0	11 721
Financial derivatives	6 200	3 288	1 779	199	-45	11 420
Accounts payable	670	0	0	0	0	670
Contingent liabilities	13 256	0	0	0	0	13 256
Total	35 952	6 379	24 040	1 946	1 402	68 437

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 49,1 million. Total amount of the financial liabilities for the Group are after these adjustments NOK 42 605 million.

Note 12 LIQUIDITY RISK (CONT.)

31.12.14 NOK millions	Within 1 month	1-12 month	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan	141	163	3 202	0	0	3 506
Perpetual hybrid Tier 1 securities	0	87	174	218	1 279	1 759
Debt to and deposits from customers (without defined maturity)	4 706	0	0	0	0	4 706
Covered bonds issued	0	1 012	16 020	810	0	17 842
Payables to credit institutions	756	656	2 171	0	0	3 582
Financial derivatives	131	314	676	135	127	1 384
Accounts payable	369	0	0	0	0	369
Contingent liabilities	9 254	0	0	0	0	9 254
Total	15 357	2 232	22 243	1 163	1 406	42 402

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 135,6 million and derivatives maturing between 1-12 months are reduced by NOK 29,6 million. Total amount of the financial liabilities for the Group are after these adjustments NOK 40 107 million.

The table above shows financial liabilities the Group has grouped by interest payments and repayment of principal, based on the date payment is due. Banking contains the largest proportion of the financial liabilities in the Group.

The risk that the Group would not have adequate liquidity to meet its current liabilities and current operations is very small since a major part of the Group's assets is liquid. The Group has significant funds invested in the money market, bonds and shares that can be sold in the event of a liquidity requirement. The Group's liquidity strategy involves the Group always having adequate liquid assets to meet the Group's liabilities as they fall due without accruing significant costs associated with releasing assets.

Asset composition in the Group's portfolios should be adequately liquid to be able to cover other liquidity needs that may arise. KLP Kapitalforvaltning manages 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 annually. The liquidity strategy includes parameters, responsibilities, risk measurement and an emergency plan for liquidity management.

The major liabilities in the Group are insurance related and are mostly linked to pension obligations. These liabilities are fully funded and liquidity management are handled in the same manner as other liabilities.

Note 13 INTEREST RATE RISK

31.03.15 NOK millions	Up to 3 months	From 3 mnts. to 12 mnts.	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cashflow 01.01.15- 31.03.15	Total	Total adjusted for minority's share
ASSETS								
Mutual funds shares ¹	0	0	0	0	0	5	5	3
Alternative investments	0	0	0	0	0	0	0	0
Financial derivatives classified as assets	22	8	-72	-99	-182	-18	-340	-370
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	2	2	2
Bonds and other fixed-return securities	-41	-95	-1 038	-1 858	-1 453	62	-4 423	-1 496
Fixed income fund holdings	-775	0	0	0	0	9	-766	-3 351
Special investment fund	0	6	0	-4	0	4	6	-1
Lending and receivables	-1	-9	0	0	0	82	72	72
Lending						190	190	190
Total assets	-795	-91	-1 109	-1 961	-1 635	337	-5 254	-4 952
LIABILITIES								
Deposit	0	0	0	0	0	-71	-71	-71
Liabilities created on issue of securities	0	0	0	0	0	-215	-215	-215
Financial derivatives classified as liabilities	-8	10	151	109	2	18	281	280
Hybrid capital, subordinated loans	0	0	0	78	36	0	114	114
Debt to credit institutions	0	0	0	0	0	-2	-2	-2
Total liabilities	-8	10	151	187	38	-270	108	107
Total before tax	-803	-81	-958	-1 774	-1 597	66	-5 147	-4 845
Total after tax	-586	-59	-699	-1 295	-1 166	48	-3 757	-3 537

¹ Equity fund holdings 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.

Note 13 INTEREST RATE RISK (CONT.)

31.03.14 NOK millions	Up to 3 months	From 3 mnts. to 12 mnts.	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cashflow 01.01.14- 31.03.14	Total	Total adjusted for minority's share
ASSETS								
Mutual funds shares ¹	0	0	0	0	0	3	3	1
Alternative investments	0	0	0	0	0	0	0	0
Financial derivatives classified as assets	18	8	-144	-166	-140	-22	-447	-414
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	1	1	1
Bonds and other fixed-return securities	-40	-90	-939	-1 152	-880	59	-3 042	-942
Fixed income fund holdings	-707	0	0	0	0	6	-701	-2 317
Special investment fund	34	-18	6	-1	0	1	22	16
Lending and receivables	-1	-9	0	0	0	19	9	93
Lending	0	0	0	0	0	146	146	146
Total assets	-696	-110	-1 077	-1 319	-1 020	213	-4 009	-3 417
LIABILITIES								
Deposit	0	0	0	0	0	-47	-47	-47
Liabilities created on issue of securities	0	0	76	49	0	-152	-27	-27
Financial derivatives classified as liabilities	-17	3	173	109	2	19	288	288
Hybrid capital, subordinated loans	0	0	0	56	18	0	74	74
Debt to credit institutions	0	0	0	0	0	-2	-2	-2
Total liabilities	-17	3	249	214	20	-181	288	288
Total before tax	-713	-106	-828	-1 105	-1 001	32	-3 722	-3 129
Total after tax	-521	-78	-604	-807	-730	23	-2 717	-2 284

Note 13 INTEREST RATE RISK (CONT.)

31.12.14 NOK millions	Up to 3 months	From 3 mnts. to 12 mnths.	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cashflow 01.01.14– 31.12.14	Total	Total adjusted for minority's share
ASSETS								
Mutual funds shares ¹	0	0	0	0	0	14	14	9
Financial derivatives classified as assets	21	10	-100	-95	-226	-79	-469	-404
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	6	6	6
Bonds and other fixed-return securities	-40	-77	-1 095	-1 669	-1 298	241	-3 937	-1 207
Fixed income fund holdings	-639	0	0	0	0	28	-611	-3 092
Special investment fund	-20	28	0	-3	0	9	14	8
Lending and receivables	-2	-4	0	0	0	84	78	78
Lending	0	0	0	0	0	185	185	185
Total assets	-680	-43	-1 195	-1 766	-1 524	487	-4 722	-4 416
LIABILITIES								
Deposit	0	0	0	0	0	-62	-62	-62
Liabilities created on issue of securities	0	4	42	47	0	-215	-122	-122
Financial derivatives classified as liabilities	-5	11	161	110	2	75	355	293
Hybrid capital, subordinated loans	0	0	0	72	33	0	105	105
Debt to credit institutions	0	0	0	0	0	-6	-6	-6
Total liabilities	-5	15	203	229	35	-208	269	208
Total before tax	-685	-28	-992	-1 537	-1 488	279	-4 452	-4 209
Total after tax	-500	-21	-724	-1 122	-1 087	203	-3 250	-3 072

The note shows the effect on profits if market interest rates were to increase by one percent, for fair value risk and variable interest risk.

Change in fair value (fair value risk) is shown in the first five columns and is calculated by the change in fair value of interest bearing instruments if interest rates had been one percent higher at the end of the period. The sixth column shows the change in cash flows if the interest had been one percent higher over the year being reported on. The sum of these results reflects the overall effect that the scenario had given the group during the period being reported on.

The fair value risk applies to fixed interest securities where the market value of the securities is affected by market interest rates. Floating rate risk applies to securities with floating interest rates, where a change in market interest rates affects the cash-flow from the interest bearing securities.

The following securities are included in the note; securities measured at fair value through profit or loss (floating and fixed interest rates), investments held to maturity (only those with floating interest rates) and loans and receivables (only those with floating interest rates). The group has no securities classified as available for sale.

The Groups total interest rate risk is limited as a significant portion of the investments are bonds with fixed interest rates that are classified as held to maturity and loans and receivables, or fixed rate lending, measured at amortized cost. A change in market interest rate does not affect profit or loss for these assets.

Note 14 CREDIT RISK

31.03.15 NOK millions	Investment grade AAA to BBB	Lower Rating	Public sector guarantee	Banking and finance	Mortgage > 80% ¹	Mortgage < 80% ¹	Other	Total	Total adjusted for minority holding
Debt instruments held to maturity at amortized cost	26 276	0	81	1 397	0	0	4 131	31 885	31 885
Debt instruments classified as loans and receivables at amortized cost	58 234	0	527	4 447	0	0	25 930	89 138	89 122
Debt instruments at fair value - fixed-return securities	84 240	90	3 539	24 559	0	0	11 384	123 812	115 467
Fixed-income funds	0	0	0	0	0	0	12 420	12 420	12 420
Loans and receivables	16 584	0	0	2 584	0	0	0	19 168	17 581
Financial derivatives classified as assets	1 913	0	0	0	0	0	0	1 913	1 751
Lending	0	0	49 311	0	11 938	1 365	7 393	70 007	70 007
Total	187 248	90	53 458	32 986	11 938	1 365	61 258	348 343	338 234

Specification of investment grade	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	13 502	1 963	9 995	816	26 276
Debt instruments classified as loans and receivables at amortized cost	10 038	13 511	31 760	2 925	58 234
Debt instruments at fair value -fixed-return securities	24 181	23 111	25 240	11 709	84 240
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	4 622	11 963	0	16 584
Financial derivatives classified as assets	0	209	1 704	0	1 913
Lending	0	0	0	0	0
Total	47 721	43 415	80 662	15 450	187 248

31.03.14 NOK millions	Investment grade AAA to BBB	Lower Rating	Public sector guarantee	Banking and finance	Mortgage > 80% ¹	Mortgage < 80% ¹	Other	Total	Total adjusted for minority holding
Debt instruments held to maturity at amortized cost	27 112	0	81	1 509	0	0	3 130	31 832	31 832
Debt instruments classified as loans and receivables at amortized cost	55 355	0	220	2 949	0	0	16 999	75 523	75 510
Debt instruments at fair value - fixed-return securities	61 976	636	2 217	25 960	0	0	13 800	104 589	97 402
Fixed-income funds	0	0	0	0	0	0	11 612	11 612	11 612
Loans and receivables	10 708	0	0	3 039	0	0	0	13 747	13 783
Financial derivatives classified as assets	2 097	0	0	0	0	0	0	2 097	1 873
Lending	0	0	40 363	0	9 089	2 272	5 501	57 225	57 225
Total	157 248	636	42 881	33 457	9 089	2 272	51 041	296 623	289 236

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.

Note 14 CREDIT RISK (CONT.)

Specification of investment grade	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	19 180	2 279	4 837	816	27 112
Debt instruments classified as loans and receivables at amortized cost	17 954	13 965	20 354	3 082	55 355
Debt instruments at fair value -fixed-return securities	19 562	16 083	18 537	7 795	61 976
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	1 936	8 772	0	10 708
Financial derivatives classified as assets	0	920	1 176	0	2 097
Lending	0	0	0	0	0
Total	56 696	35 182	53 677	11 693	157 248

31.12.14 NOK millions	Investment grade AAA to BBB	Lower Rating	Public sector guarantee	Banking and finance	Mortgage > 80% ¹	Mortgage < 80% ¹	Other	Total	Total adjusted for minority holding
Debt instruments held to maturity at amortized cost	25 973	0	81	1 380	0	0	3 185	30 620	30 620
Debt instruments classified as loans and receivables at amortized cost	65 097	0	524	3 783	0	0	17 570	86 974	86 947
Debt instruments at fair value - fixed-return securities	78 877	96	3 098	25 502	0	0	11 207	118 780	110 194
Fixed-income funds	0	0	0	0	0	0	12 172	12 172	12 172
Loans and receivables	18 447	0	0	3 090	0	0	0	21 536	20 579
Financial derivatives classified as assets	1 785	0	0	0	0	0	0	1 785	1 730
Lending	0	0	49 708	0	11 165	1 505	4 632	67 010	67 010
Total	190 179	96	53 411	33 755	11 165	1 505	48 766	338 878	329 252

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

Note 14 CREDIT RISK (CONT.)

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, however this does not imply concentration risk in the ordinary meaning since the counterparty risk is minimal.

The Notes only show Standard & Poor's ratings. The KLP Group also uses ratings from Moody's Investor Services and Fitch ratings

and all three are equal as a basis for investments in fixed-income securities. The table shows exposure towards the rating categories used by S & P where AAA is associated with securities with the highest creditworthiness. «Other» is mainly securities issued by power companies and other corporate bonds: this amounted to NOK 61,7 billion on 31.03.2015 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).

Due the introduction of IFRS 10, 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	31.03.15		31.03.14		31.12.14	
	Consolidated	Adjusted for the minority holding	Consolidated	Adjusted for the minority holding	Consolidated	Adjusted for the minority holding
10 LARGEST COUNTERPARTIES						
Counterparty 1	13 607	13 578	11 503	11 137	11 623	11 583
Counterparty 2	10 417	9 917	11 189	10 933	9 745	9 441
Counterparty 3	6 788	6 788	8 611	8 611	6 749	6 749
Counterparty 4	6 464	6 464	4 882	4 863	5 490	5 490
Counterparty 5	5 582	5 529	4 597	4 380	5 420	4 773
Counterparty 6	5 000	4 870	3 547	3 547	4 748	4 704
Counterparty 7	4 384	3 750	3 302	3 282	3 563	3 438
Counterparty 8	3 997	3 317	3 240	3 023	3 226	3 195
Counterparty 9	3 317	3 251	3 120	3 005	3 164	3 164
Counterparty 10	3 269	3 235	3 005	2 810	3 137	2 994
Total	62 827	60 699	56 995	55 590	56 866	55 531

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).

Note 15 TECHNICAL PROVISIONS IN LIFE INSURANCE

NOK millions	31.03.15	31.03.14	31.12.14
Premium reserves - ordinary tarif	346 417	301 540	332 416
Premium funds, buffer funds and pensioners' surplus funds	10 288	3 232	10 511
Supplementary reserves	17 134	12 524	17 150
Securities adjustment fund	24 170	12 213	19 578
Other provisions	270	315	257
Profit/loss allocated to insurance contracts	1 419	6 591	0
Technical provisions in life insurance including investment choice	399 698	336 415	379 912

NOK millions	31.03.15	31.03.14	31.12.14
Premium reserves	938	656	833
Deposit funds	9	8	9
Provisions in life insurance with investment options	947	663	842

Note 16 PRESENTATION OF ASSETS AND LIABILITIES THAT ARE SUBJECT TO NET SETTLEMENT

31.03.15 NOK millions	Gross financial assets/ liabilities	Gross assets/liabilities presented net	Book value	Related amounts not presented net			Total adjusted for mino- rity's share
				Financial instruments	Security in cash	Net amount	
ASSETS							
Financial derivatives	1 913	0	1 913	-984	-685	274	266
Repo	0	0	0	0	0	0	0
Total	1 913	0	1 913	-984	-685	274	266
LIABILITIES							
Financial derivatives	5 972	0	5 972	-971	-3 635	1 439	1 301
Repo	1 252	0	1 252	0	0	1 252	1 252
Total	7 225	0	7 225	-971	-3 635	2 692	2 554

31.12.14 NOK millions	Gross financial assets/ liabilities	Gross assets/liabilities presented net	Book value	Related amounts not presented net			Total adjusted for mino- rity's share
				Financial instruments	Security in cash	Net amount	
ASSETS							
Financial derivatives	1 785	0	1 785	-1 093	-602	144	53
Repo	0	0	0	0	0	0	0
Total	1 785	0	1 785	-1 093	-602	144	53
LIABILITIES							
Financial derivatives	11 549	0	11 549	-1 093	-6 893	3 563	3 077
Repo	1 283	0	1 283	0	0	1 283	1 283
Total	12 832	0	12 832	-1 093	-6 893	4 846	4 360

31.03.14 NOK millions	Gross financial assets/ liabilities	Gross assets/liabilities presented net	Book value	Related amounts not presented net			Total adjusted for mino- rity's share
				Financial instruments	Security in cash	Net amount	
ASSETS							
Financial derivatives	2 097	0	2 097	-629	-749	716	508
Total	2 097	0	2 097	-629	-749	716	508
LIABILITIES							
Financial derivatives	1 108	0	1 108	-631	-450	26	29
Total	1 108	0	1 108	-631	-450	26	29

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.

Due to the introduction of IFRS 10, 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 17 OTHER CURRENT LIABILITIES

NOK millions	31.03.15	31.03.14	31.12.14
Short-term payables trade in securities	2 747	3 888	207
Advance tax-deduction pension scheme	299	242	287
Accounts payable	79	163	124
Pre-called contribution to insurance	135	141	96
Other current liabilities	3 711	1 460	5 171
Total receivables	6 971	5 894	5 885

Key Figures – Accumulated

NOK millions	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
KLP Group								
Profit before tax	665	1 189	1 342	799	378	1 157	748	-206
Total assets	513 221	490 894	470 331	442 463	421 491	399 257	402 258	407 980
Owners' equity	18 209	17 644	17 893	16 032	15 645	15 268	15 100	14 150
Capital adequacy	9,10 %	9,20 %	9,20 %	9,20 %	9,80 %	10,0 %	10,0 %	9,7 %
Number of employees in the Group	906	899	886	877	863	856	849	839
Kommunal Landspensjonskasse								
Profit before tax	592	959	1 439	800	319	950	776	527
Premium income for own account	15 948	62 454	54 570	37 414	26 192	30 860	25 487	20 475
- of which inflow of premium reserve	10 035	30 175	30 970	21 072	21 580	5 932	5 988	5 888
Insurance customers' funds incl. acc. profit	3 645	17 996	14 292	10 597	7 222	11 886	8 860	5 808
- of which funds with guaranteed returns	126	4 364	4 213	4 106	4 106	178	178	177
Net investment common portfolio	403 452	387 982	363 999	346 495	336 599	316 194	315 910	316 305
Net investment choice portfolio	1 978	1 958	1 890	1 850	1 809	1 744	1 686	1 635
Insurance funds incl. earnings for the year	398 254	378 602	367 814	350 962	335 180	312 127	303 906	298 324
- of which funds with guaranteed interest	345 233	331 240	325 401	310 159	300 475	279 840	273 039	269 223
Tier 1 and Tier 2 capital	20 172	19 951	19 393	18 115	18 159	18 036	16 953	16 240
Risk profit	180	701	422	78	54	235	147	66
Return profits	1 332	5 059	1 390	1 220	604	9 863	3 468	2 135
Administration profit	58	345	261	123	36	156	119	81
Solvency capital	80 217	73 909	64 842	59 459	52 469	46 897	50 640	45 492
Solvency margin ratio	222 %	228 %	213 %	209 %	215 %	229 %	224 %	219 %
Capital adequacy	9,5 %	9,5 %	9,6 %	9,6 %	10,1 %	10,3 %	10,4 %	10,1 %
Core capital ratio	8,1 %	8,1 %	8,1 %	8,0 %	8,5 %	8,7 %	8,6 %	8,2 %
Book return on common portfolio	1,0 %	4,3 %	2,6 %	1,8 %	0,9 %	6,4 %	3,4 %	2,2 %
Value-adjusted return on common portfolio	2,2 %	6,9 %	4,9 %	3,6 %	1,4 %	6,7 %	4,5 %	2,8 %
Return on unit-linked portfolio	2,3 %	6,7 %	4,7 %	3,5 %	1,1 %	8,8 %	5,5 %	3,2 %
Return on corporate portfolio	1,3 %	7,3 %	5,3 %	4,0 %	1,2 %	5,7 %	4,3 %	3,0 %
KLP Skadeforsikring AS								
Profit before tax	1,2	304,2	168,2	137,2	13,6	189,9	140,7	78,2
Gross premium due	633,2	921,3	781,9	667,1	490,0	832,2	712,8	610,4
Premium income for own account	246,7	841,9	622,8	410,0	201,9	728,2	535,0	350,3
Owners' equity	934,1	907,7	883,0	873,1	791,5	787,7	712,8	670,8
Claims ratio	131,6 %	68,8 %	76,1 %	71,8 %	91,5 %	77,5 %	76,3 %	79,6 %
Combined-ratio	153,8 %	91,9 %	97,9 %	95,7 %	116,6 %	103,7 %	101,4 %	103,9 %
Return on assets under management	1,9 %	6,5 %	4,6 %	3,5 %	1,4 %	6,5 %	4,6 %	2,9 %
Capital adequacy	41,8 %	44,0 %	37,8 %	37,0 %	37,1 %	40,0 %	31,6 %	32,0 %
Tier 1 and Tier 2 capital	884,4	895,4	771,1	771,5	770,5	614,6	580,7	578,5
Annual premium in force – retail market	312,7	295,7	274,2	259,0	242,7	226,5	204,8	191,7
Annual premium in force – public sector market	756,6	629,5	634,6	649,9	644,7	612,6	594,3	585,5
Net new subscriptions (accumulated within the year)	26,4	57,0	41,1	16,5	20,7	138,9	71,6	43,6

Key Figures – Accumulated (Cont.)

NOK millions	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
KLP Bedriftspensjon AS								
Loss before tax	-7,1	-24,7	-15,7	-9,3	-5,6	-22,9	-14,6	-10,4
Premium income for own account	113,2	409,9	324,8	258,2	191,4	385,5	274,3	180,1
- of which premium reserve added	34,4	149,3	138,5	135,1	132,7	197,9	144,6	95,4
Insurance customers' funds including accumulated profit	2 330,1	2 152,2	2 055,3	1 997,1	1 899,5	1 677,8	1 556,6	1 442,3
- of which funds with guaranteed returns	1 383,4	1 310,3	1 153,7	1 137,8	1 133,4	1 017,5	992,4	941,1
Returns profit	5,5	17,3	11,5	12,0	1,8	7,6	6,1	5,9
Risk result	-2,0	5,2	3,3	3,2	3,0	2,3	2,2	1,4
Administration losses	-7,1	-30,7	-22,1	-14,5	-7,6	-32,3	-22,0	-15,2
Tier 1 and Tier 2 capital	104,5	84,5	92,6	100,3	79,2	84,8	97,4	97,4
Solvency capital	295,4	265,4	239,8	235,4	197,8	189,8	184,9	183,9
Solvency margin ratio	184 %	167 %	184 %	188 %	161 %	198 %	225 %	250 %
Capital adequacy	14,50 %	12,70 %	14,2 %	15,6 %	12,9 %	14,7 %	16,6 %	17,6 %
Book capital return on common portfolio	1,3 %	4,6 %	3,5 %	2,7 %	1,0 %	4,0 %	3,0 %	1,8 %
Value-adjusted capital return on common portfolio	2,0 %	6,1 %	4,3 %	3,2 %	1,2 %	6,2 %	4,2 %	2,6 %
Return on defined unit-linked contribution pensions	3,30 %	8,80 %	6,9 %	6,1 %	1,7 %	13,5 %	8,4 %	4,7 %
Return on corporate portfolio	0,80 %	3,60 %	2,5 %	1,9 %	0,8 %	3,1 %	2,1 %	1,4 %
KLP Banken Group								
Profit/loss before tax	1,8	28,3	29,9	28,7	10,4	86,7	77,2	68,9
Net interest income	38,4	133,1	92,4	60,8	31,4	122,1	88,0	54,7
Other operating income	17,2	68,0	50,6	33,7	16,7	65,9	47,5	31,7
Operating expenses and depreciation	-46,3	-157,4	-105,3	-69,8	-38,2	-144,7	-104,9	-64,0
Net realized/unrealized changes in financial instruments to fair value	-11,6	-14,4	-6,7	6,3	3,9	43,8	46,6	46,5
Contributions	7 128	6 251	5 486	5 079	4 706	4 407	4 165	3 957
Housing mortgages granted	9 439	8 608	6 527	5 840	4 817	4 484	4 134	3 615
Loan(s) with public guarantee(s)	15 951	16 338	16 045	16 314	16 560	16 833	17 891	18 675
Defaulted loans	26	26	18	8	10	10	12	13
Borrowing on the issuance of securities	21 553	21 687	20 244	19 604	19 753	19 982	20 699	21 333
Other borrowing	-	-	-	-	1	1	0	0
Total assets	30 470	29 755	27 674	26 446	26 104	26 010	26 611	26 983
Average total assets	30 112	27 881	26 842	26 228	26 057	27 146	27 447	27 632
Owners' equity	1 266	1 285,3	1 288,8	1 290	1 279	1 290	1 286	1 280
Net interest rate	0,13 %	0,48 %	0,34 %	0,23 %	0,12 %	0,45 %	0,32 %	0,20 %
Profit/loss from general operations before tax	0,01 %	0,10 %	0,12 %	0,12 %	0,05 %	0,32 %	0,28 %	0,25 %
Return on owners' equity before tax	0,14 %	2,24 %	2,40 %	2,42 %	1,07 %	7,15 %	6,35 %	5,66 %
Capital adequacy	15,60 %	16,7 %	18,4 %	20,1 %	20,2 %	19,6 %	18,3 %	18,2 %
Number of private customers	35 677	33 104	30 822	29 670	28 623	27 287	26 215	25 263
Of this members of KLP	24 270	22 291	20 627	19 808	19 145	18 181	17 316	16 261
KLP Kapitalforvaltning AS og KLP Fondsforvaltning AS								
Profit/loss before tax	10,3	56,3	42,8	11,7	-14,1	32,6	22,9	9,3
Total assets under management	391 040	370 840	344 133	326 200	314 584	287 077	276 349	269 922
Assets managed for external customers	41 023	36 130	31 129	30 151	28 157	28 171	25 813	24 452



To the Board of Directors of Kommunal Landspensjonskasse Gjensidig Forsikringsselskap

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of Kommunal Landspensjonskasse Gjensidig Forsikringsselskap as of 31 March 2015 and the related consolidated condensed statements of income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Oslo, 12 May 2015
PricewaterhouseCoopers AS

Erik Andersen
State Authorised Public Accountant

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



Non-financial accounts

KLP Group

Non-financial accounts

KLP Group

Note	Pr Q1 2015	2014	2013	2012	2011	2010
SOCIAL RESPONSIBLE INVESTMENTS						
Number of exclusions of companies from the investment portfolio (total)	99	99	69	64	64	59
Number of exclusions of companies from the investment portfolio (accumulated this year)	0	31	9	1	6	3
Number of companies reinstated in the investment portfolio	0	1	4	1	1	3
Number of general meetings in Norwegian companies in which KLP has voted (in %)	5 (83%)	105 (93%)	95 (95%)	113 (92%)	130	127
Number of general meetings in foreign companies in which KLP has voted (in %)	282 (62%)	2439 (82%)	2259 (76%)	2099 (75%)	1662	1533
1 Number of companies KLP has been in dialogue with	24	109	41	143	96	25
Market value for investments in renewable energy in Norway (mnok)	20 269	19 876	18 865			
Market value for investments in renewable energy in developing countries (mnok)	136	131	36			
Market for investment banking and finance in developing countries (mnok)	203	201	8			
EMPLOYEES						
Number of employees	906	899	856	808	775	762
Percentage reported sickness absence 12 month rolling	4,5 %	4,7 %	3,9 %	4,2 %	4,6 %	4,4 %
Percentage reported sickness absence quarter	4,5 %					
ENVIRONMENT						
2 Energy consumption kWh KLP-huset	1 015 186	3 452 909	3 487 989	3 795 878	3 489 425	5 367 259
2 Energy consumption kWh own offices Trondheim	75 463	230 936	254 063	221 703	165 135	357 159
2 Energy consumption kWh own office Bergen	156 124	416 813	507 026	445 918	460 518	541 337
2 Kilo CO ₂ -equivalent from aircrafts	198 676	652 324	609 203	387 429	333 081	300 370

NOTE 1 DIALOGUE

Number of companies that KLP has contacted regarding social, environmental and governance challenges related to their operations. This is a form of active ownership in which KLP engages in dialogue to determine how companies handle such challenges, to communicate KLP's expectations, and to encourage improvement.

The figure includes both companies that have taken the initiative to communicate how they

address corporate responsibility challenges in a positive way, as well as cases in which KLP has initiated contact due to concerns regarding the company's activities. In addition, the figure per quarter is the sum of the number of companies KLP has been in contact with in each relevant month. Contacts with the same company over more than one month are included for each month applicable.

NOTE 2 ENERGY CONSUMPTION

1 kwh approximates to NOK 1 and 117g CO₂ equivalents at «Nordic mix». New and improved details regarding reporting of CO₂ aircraft engine emissions were introduced in 2013. This makes comparisons with previous years inaccurate.



Accounts

Kommunal Landspensjonskasse

Income statement

Kommunal Landspensjonskasse

Note	NOK million	Q1 2015	Q1 2014	The year 2014
3	Premium income	15 948	26 192	62 454
	Income from investments in subsidiaries, associated enterprises and jointly controlled enterprises	880	274	3 146
	Interest income/dividends on financial assets	2 052	1 939	8 257
	Value changes on investments	9 939	1 855	8 358
	Gains and losses realised on investments	-4 473	443	3 630
	Net income from investments in the common portfolio	8 398	4 512	23 391
	Net income of the investment option portfolio	45	20	120
	Other insurance-related income	227	174	855
4	Claims	-3 771	-7 222	-17 996
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-18 609	-22 434	-64 067
	Changes in insurance liabilities investment option portfolio	-27	-21	-92
	Funds assigned to insurance contracts - contractual liabilities	-1 413	-703	-3 368
5	Insurance-related operating expenses	-226	-213	-752
	Other insurance-related costs	-219	-173	-797
	Technical profit/loss	352	132	-253
	Net income from investments in the corporate portfolio	300	236	1 446
	Other income	2	5	16
	Administration costs and other costs associated with the corporate portfolio	-61	-53	-250
	Non-technical profit/loss	240	187	1 212
	Profit/loss pre-tax	592	319	959
	Tax	-11	0	35
	Profit/loss before other comprehensive income	581	319	994
	Actuarial profit/loss post employment benefit obligations	0	0	-147
	Tax on items that will not be reclassified to profit or loss	0	0	40
	Items that will not be reclassified to profit or loss	0	0	-107
	Shares of P/L components by use of the equity method	0	0	-71
	Adjustments of the insurance obligations	0	0	23
	Tax on items that will be reclassified to profit or loss	0	0	13
	Items that will be reclassified to profit or loss when specific conditions are met	0	0	-35
	Other comprehensive income	0	0	-143
	TOTAL COMPREHENSIVE INCOME	581	319	852

Balance sheet

Kommunal Landspensjonskasse

Note	NOK millions	31.03.15	31.03.14	31.12.14
ASSETS				
ASSETS IN THE CORPORATE PORTFOLIO				
	Intangible assets	397	333	391
7	Investment property	881	882	890
7	Shares and holdings in property subsidiaries	1 502	1 309	1 471
	Shares and holdings in other subsidiaries	2 724	2 526	2 694
6	Financial assets valued at amortized cost	9 803	9 180	9 694
6,7	Financial assets valued at fair value	9 033	5 597	8 489
	Receivables	1 105	1 925	894
	Deferred tax assets	76	0	88
	Other assets	547	499	479
	Total assets in the corporate portfolio	26 068	22 250	25 090
ASSETS IN THE CUSTOMER PORTFOLIOS				
7	Shares and holdings in property subsidiaries	42 809	38 156	42 396
	Shares and holdings in associated enterprises and jointly controlled entities	308	34	244
6	Financial assets valued at amortized cost	153 216	131 370	147 393
6,7	Financial assets valued at fair value	207 118	167 055	197 949
	Total assets in the common portfolios	403 452	336 616	387 982
7	Shares and holdings in property subsidiaries	212	235	257
6	Financial assets at amortized costs	662	603	654
6,7	Financial assets at fair value	1 105	972	1 047
	Total assets in investment portfolio	1 978	1 809	1 958
	TOTAL ASSETS	431 498	360 675	415 030
OWNERS' EQUITY AND LIABILITIES				
	Owners' equity contributed	9 179	7 717	9 173
	Retained earnings	8 281	7 429	8 281
	Unallocated profit	581	319	0
6	Subordinated loan capital etc.	4 764	4 100	4 676
10	Insurance obligations in life insurance - contractual liabilities	396 334	333 339	376 681
10	Insurance liabilities investment option portfolio	1 980	1 841	1 921
	Provision for liabilities	503	425	503
9	Liabilities	9 791	5 439	13 638
	Accrued costs and prepaid income	84	66	157
	TOTAL OWNERS' EQUITY AND LIABILITIES	431 498	360 675	415 030
OFF-BALANCE SHEET ITEMS				
	Contingent liabilities	8 065	8 770	12 748

Changes in Owner's equity

Kommunal Landspensjonskasse

2015 NOK millions	Paid-up equity	Risk equali- zation fund	Retained earnings	Total equity
Own funds 1 January 2015	9 173	528	7 754	17 454
Unallocated profit		98	483	581
Other comprehensive income			0	0
Total comprehensive income		98	483	581
Owners equity contribution recieved (net)	6			6
Total transactions with owners	6			6
Own funds 31 March 2015	9 179	626	8 237	18 042

2014 NOK millions	Paid-up equity	Risk equali- zation fund	Retained earnings	Total equity
Own funds 1 January 2014	7 659	170	7 260	15 089
Unallocated profit		29	290	319
Other comprehensive income			0	0
Total comprehensive income		29	290	319
Owners equity contribution recieved (net)	58			58
Total transactions with owners	58			58
Own funds 31 March 2014	7 717	198	7 550	15 465

Statement of cash flows

Kommunal Landspensjonskasse

NOK millions	01.01.2015- 31.03.2015	01.01.2014- 31.12.2014	01.01.2014- 30.09.2014	01.01.2014- 30.06.2014	01.01.2014- 31.03.2014
Net cashflow from operational activities	79	-1 276	-748	417	98
Net cashflow from investment activities	-16	-145	-92	-59	-30
Net cashflow from financing activities	6	1 514	1 305	-33	58
Net changes in cash and bank deposits	69	92	464	324	126
Holdings of cash and bank deposits at start of period	434	342	342	342	342
Holdings of cash and bank deposits at end of period	504	434	806	666	468

Notes to the Accounts

Kommunal Landspensjonskasse

Note 1 ACCOUNTING PRINCIPLES

The financial statements in this interim report show the accounts for Kommunal Landspensjonskasse (KLP) for the period 1 January 2015 – 31. March 2015. The auditor has not conducted a review of the report.

The interim financial statements are presented in accordance with Regulation 1241 of 16 December 1998: Regulations on annual accounts etc. for insurance companies (the Annual Accounts Regulations). The interim financial statements have been prepared in accordance with the same

principles as for the annual financial statements for 2014 unless otherwise indicated. There are no changes in the accounting principles for the first quarter of any major significance for the interim accounts (Q1-15) presented.

The interim financial statements do not contain all the information required of full annual financial statements and this interim report ought to be read in conjunction with the annual financial statements for 2014. These may be obtained on application to KLP's head office in Dronning Eufemias gate 10, Oslo, or at klp.no.

Note 2 VALUE-ADJUSTMENT INVESTMENT PROPERTY

The portfolio of investment properties including investment properties owned via subsidiaries has been valued as at 31 March 2015.

NOK millions	Q1 2015	Q1 2014	The year 2014
Value adjustment incl. foreign exchange	353	-209	1 518
Foreign exchange effect on hedging	307	166	-686
Net value adjustment incl. exchange hedging	660	-43	832

Note 3 PREMIUM INCOME

NOK millions	Q1 2015	Q1 2014	The year 2014
Gross premiums due	5 913	4 612	32 283
– Reinsurance premiums ceded	0	0	-3
Transfer of premium reserves from others	10 035	21 580	30 175
Total premium income	15 948	26 192	62 454

Note 4 CLAIMS

NOK millions	Q1 2015	Q1 2014	The year 2014
Claims paid	3 649	3 108	13 629
Change in claim reserves	-4	8	4
Transfers of premium reserves to others	126	4 106	4 364
Total claims	3 771	7 222	17 996

Note 5 INSURANCE-RELATED OPERATING EXPENSES

NOK millions	Q1 2015	Q1 2014	The year 2014
Personnel costs	136	128	433
Depreciation	18	20	79
Other operating expenses	72	65	240
Total insurance-related operating expenses	226	213	752

Note 6 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for on normal market terms and conditions. A financial instrument is considered to be listed in an active market if the listed price is simply and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length. If the market for the security is not active, or the security is not listed on a stock market or similar, the Company uses valuation techniques to set fair value. These are based for example on information on recently completed transactions carried out on business terms and conditions, reference to trading in similar instruments and pricing using externally collected interest rate curves and 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 following way:

a) Shares (listed)

Liquid shares are generally valued on the basis of prices provided by an index provider. At the same time prices are compared between different sources to identify any errors. The following sources are used for shares:

- Oslo Børs (Oslo Stock Exchange)
- Morgan Stanley Capital International (MSCI)
- Reuters

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

b) Shares (unlisted)

As far as possible the Company uses the industry recommendations of the Norwegian Mutual Fund Association (NMFA). Broadly this means the following:

The last traded price has the highest priority. If the last traded price lies outside the offer/bid spread in the market, price is adjusted accordingly. I.e. if the last traded price is below the offer price, price is adjusted up to the offer price. If it is above the bid price it is adjusted down to bid. If the price picture is considered outdated, the price is adjusted according to a market index. The Company has selected the Oslo Børs's Small Cap Index (OSESX) as an approach for unlisted shares. For shares on which very little information is available, valuations are obtained from brokers to provide a basis for estimating an assumed market price.

c) Foreign fixed interest securities

Foreign fixed interest securities are generally priced on the basis of prices obtained from an index provider. At the same time prices are compared between several different sources to identify any errors. The following sources are used:

- Barclays Capital Indices
- Bloomberg
- Reuters

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

d) Norwegian fixed interest securities - government

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

e) Norwegian fixed interest securities - non-government

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

The yield 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.

f) Fixed interest securities issued by foreign enterprises, but denominated in NOK

Fair value is calculated in accordance with the same principle as for Norwegian fixed interest securities described above.

Note 6 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT.)

g) Futures/FRA/IRF

All Company futures contracts are traded on stock exchanges. Reuters is used as a price source. Prices are also obtained from another source to check the Reuters prices are correct.

h) Options

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

i) Interest rate swaps

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

j) Loans secured by mortgage

The principles for calculating fair value depend on whether the loans have fixed interest rates or not.

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

Fair value of variable interest rate loans is considered virtually the same as book value since the contract terms and conditions can be continually changed in step with change in market interest rates.

k) Lending to local authorities and enterprises with local government guarantee

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

For guaranteed loans, fair value is calculated as a discounted cash flow based on the same interest-rate curves as the direct loans, but the credit margin is initially based on the initial margin. Guarantees are traded bilaterally and not through open market-places such as for example a stock market (OTC) and are therefore not priced in the market. Initial margin agreed on the

commencement date is the best estimate for market premiums on the same date. Creditworthiness does not change equally for the loan as for the guarantor or the borrower taken individually. The borrower is generally not credit-rated by credit-rating agencies or banks. The guarantor is either a local administration or bank (or both triple default loan). Statistical analyses indicate that the credit margin on guaranteed loans fluctuates less than on nonguaranteed loans and bonds. Guaranteed loans are therefore not adjusted for credit risk premium before the guarantor has experienced a significant rating change since the initial margin was set. The Company's lending with both local government and bank guarantee is credit premium adjusted in relation to the initial margin only if both the guarantors have had their credit rating significantly changed since the date of payment.

l) Investments with credit institutions

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

m) Fair value of subordinated loan capital

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

n) Fair value of hybrid Tier 1 securities issued

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

o) Private Equity

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

Note 6 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT.)

31.03.15 NOK million	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS - AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	729	854	9 053	10 280	50	55	9 832	11 189
Accrued not due interest	17	17	199	199	1	1	217	217
Foreign hold-to-maturity bonds	3 092	3 171	17 661	19 660	87	99	20 839	22 930
Accrued not due interest	64	64	415	415	3	3	482	482
Total investments held to maturity	3 903	4 107	27 327	30 553	141	158	31 370	34 818
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	1 555	1 737	25 363	28 859	142	164	27 061	30 760
Accrued not due interest	41	41	603	603	4	4	649	649
Foreign bonds	4 177	4 619	54 189	60 563	365	403	58 731	65 585
Accrued not due interest	126	126	1 196	1 196	9	9	1 331	1 331
Total bonds classified as loans and receivables	5 900	6 525	81 352	91 220	521	580	87 772	98 325
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	3 873	3 900	0	0	3 873	3 900
Lending with public sector guarantee	0	0	40 402	41 412	0	0	40 402	41 412
Accrued not due interest	0	0	263	263	0	0	263	263
Total other loans and receivables	0	0	44 538	45 575	0	0	44 538	45 575
Total financial assets at amortized cost	9 803	10 631	153 216	167 348	662	738	163 680	178 718
ASSETS - AT FAIR VALUE THROUGH PROFIT OR LOSS								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	410	410	4 885	4 885	0	0	5 295	5 295
Foreign shares	0	0	19 495	19 495	0	0	19 495	19 495
Total shares and units	410	410	24 380	24 380	0	0	24 791	24 791
Property funds	0	0	420	420	0	0	420	420
Norwegian equity funds	0	0	47 437	47 437	433	433	47 871	47 871
Foreign equity funds	0	0	6 019	6 019	0	0	6 019	6 019
Total equity fund units	0	0	53 876	53 876	433	433	54 310	54 310
Norwegian alternative investments	0	0	1 824	1 824	14	14	1 837	1 837
Foreign alternative investments	0	0	68	68	0	0	68	68
Total alternative investments	0	0	1 891	1 891	14	14	1 905	1 905

Note 6 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT.)

31.03.15 NOK millions	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	4 541	4 541	28 506	28 506	0	0	33 047	33 047
Foreign bonds	177	177	20 138	20 138	0	0	20 315	20 315
Accrued not due interest	43	43	409	409	0	0	451	451
Norwegian fixed-income funds	1 882	1 882	43 798	43 798	593	593	46 273	46 273
Foreign fixed-income funds	0	0	12 420	12 420	0	0	12 420	12 420
Norwegian certificates	5	5	76	76	3	3	84	84
Accrued not due interest	757	757	6 254	6 254	0	0	7 011	7 011
Total bonds and other fixed-income securities	6	6	19	19	0	0	25	25
Total bonds and other fixed-income securities	7 411	7 411	111 620	111 620	596	596	119 627	119 627
Norwegian loans and receivables	613	613	9 891	9 891	21	21	10 525	10 525
Foreign loans and receivables	150	150	3 274	3 274	32	32	3 455	3 455
Total loans and receivables	763	763	13 165	13 165	53	53	13 980	13 980
DERIVATIVES								
Interest rate swaps	449	449	528	528	2	2	979	979
Share options	0	0	350	350	3	3	353	353
Forward exchange contracts	0	0	194	194	1	1	194	194
Total financial derivatives classified as assets	449	449	1 072	1 072	5	5	1 527	1 527
Other financial assets	0	0	1 114	1 114	4	4	1 118	1 118
Total financial assets valued at fair value	9 033	9 033	207 118	207 118	1 105	1 105	217 256	217 256
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	925	925	0	0	925	925
Forward exchange contracts	5	5	3 184	3 184	4	4	3 193	3 193
Total financial derivatives classified as liabilities	5	5	4 109	4 109	4	4	4 119	4 119

Note 6 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT.)

31.03.15 NOK millions	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
SUBORDINATED LOAN CAPITAL								
Perpetual subordinated loan capital	3 377	3 442	0	0	0	0	3 377	3 442
Hybrid Tier 1 securities	1 386	1 391	0	0	0	0	1 386	1 391
Total subordinated loan capital etc.	4 764	4 833	0	0	0	0	4 764	4 833
DEBT TO CREDIT INSTITUTIONS								
Norwegian call money	0	0	0	0	2	2	2	2
Foreign call money	310	310	478	478	2	2	790	790
Total debt to credit institutions	310	310	478	478	4	4	792	792

31.03.14 NOK millions	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS - AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	731	806	10 722	11 538	69	73	11 522	12 417
Accrued not due interest	17	17	270	270	2	2	289	289
Foreign hold-to-maturity bonds	2 899	3 012	15 828	16 902	84	91	18 811	20 004
Accrued not due interest	62	62	501	501	3	3	566	566
Total investments held to maturity	3 709	3 896	27 322	29 212	158	169	31 188	33 277
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	1 363	1 457	24 062	25 882	129	141	25 554	27 480
Accrued not due interest	38	38	569	569	4	4	611	611
Foreign bonds	3 944	4 158	42 641	45 397	305	328	46 890	49 883
Accrued not due interest	127	127	1 006	1 006	7	7	1 140	1 140
Total bonds classified as loans and receivables	5 472	5 779	68 278	72 854	445	480	74 195	79 114
OTHER LOANS AND RECEIVABLES								
Secured loan	0	0	6 864	6 869	0	0	6 864	6 869
Lending with public sector guarantee	0	0	28 677	29 043	0	0	28 677	29 043
Accrued not due interest	0	0	230	230	0	0	230	230
Total other loans and receivables	0	0	35 771	36 143	0	0	35 771	36 143
Total financial assets at amortized cost	9 180	9 676	131 370	138 208	603	649	141 154	148 533

Note 6 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT.)

31.03.14 NOK millions	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS - AT FAIR VALUE THROUGH PROFIT OR LOSS								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	318	318	3 860	3 860	0	0	4 177	4 177
Foreign shares	0	0	12 916	12 916	0	0	12 916	12 916
Total shares and units	318	318	16 775	16 775	0	0	17 093	17 093
Property funds	0	0	617	617	0	0	617	617
Norwegian equity funds	0	0	31 454	31 454	324	324	31 778	31 778
Foreign equity funds	0	0	4 300	4 300	0	0	4 300	4 300
Total equity fund units	0	0	36 370	36 370	324	324	36 694	36 694
Norwegian alternative investments	0	0	1 760	1 760	13	13	1 773	1 773
Foreign alternative investments	0	0	4	4	0	0	4	4
Total alternative investments	0	0	1 764	1 764	13	13	1 777	1 777
DEBT INSTRUMENTS								
Norwegian bonds	3 283	3 283	29 526	29 526	0	0	32 808	32 808
Foreign bonds	163	163	13 098	13 098	0	0	13 261	13 261
Accrued not due interest	40	40	456	456	0	0	496	496
Norwegian fixed-income funds	802	802	34 880	34 880	559	559	36 241	36 241
Foreign fixed-income funds	0	0	11 612	11 612	0	0	11 612	11 612
Accrued not due interest	3	3	80	80	3	3	86	86
Norwegian certificates	578	578	8 827	8 827	0	0	9 406	9 406
Accrued not due interest	7	7	59	59	0	0	66	66
Total bonds and other fixed-income securities	4 876	4 876	98 537	98 537	562	562	103 975	103 975
Norwegian loans and receivables	253	253	8 674	8 674	53	53	8 981	8 981
Foreign loans and receivables	139	139	1 834	1 834	10	10	1 983	1 983
Total loans and receivables	392	392	10 508	10 508	63	63	10 963	10 963
DERIVATIVES								
Interest rate swaps	9	9	477	477	0	0	486	486
Share options	0	0	111	111	1	1	112	112
Forward exchange contracts	1	1	395	395	1	1	397	397
Total financial derivatives classified as assets	10	10	983	983	2	2	995	995
Other financial assets	1	1	2 117	2 117	8	8	2 126	2 126
Total financial assets valued at fair value	5 597	5 597	167 055	167 055	972	972	173 624	173 624

Note 6 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT.)

31.03.14 NOK millions	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	284	284	0	0	284	284
Forward exchange contracts	0	0	474	474	3	3	477	477
Total financial derivatives classified as liabilities	0	0	759	759	3	3	761	761
SUBORDINATED LOAN CAPITAL								
Perpetual subordinated loan capital	3 159	3 255	0	0	0	0	3 159	3 255
Hybrid Tier 1 securities	941	952	0	0	0	0	941	952
Total subordinated loan capital etc.	4 100	4 207	0	0	0	0	4 100	4 207
DEBT TO CREDIT INSTITUTIONS								
Norwegian call money	0	0	279	279	0	0	279	279
Foreign call money	2	2	467	467	0	0	470	470
Total debt to credit institutions	2	2	747	747	0	0	749	749

31.12.14 NOK millions	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS - AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	730	855	9 054	10 339	50	56	9 834	11 250
Accrued not due interest	23	23	200	200	1	1	223	223
Foreign hold-to-maturity bonds	3 130	3 230	16 549	18 510	87	100	19 765	21 839
Accrued not due interest	55	55	256	256	2	2	312	312
Total investments held to maturity	3 937	4 163	26 058	29 304	139	158	30 134	33 625
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	1 495	1 686	24 620	28 217	138	161	26 253	30 064
Accrued not due interest	40	40	682	682	3	3	725	725
Foreign bonds	4 133	4 586	52 951	59 640	365	413	57 449	64 639
Accrued not due interest	88	88	1 108	1 108	8	8	1 203	1 203
Total bonds classified as loans and receivables	5 756	6 400	79 360	89 646	515	585	85 631	96 631
OTHER LOANS AND RECEIVABLES								
Secured loan	0	0	4 076	4 090	0	0	4 076	4 090
Lending with public sector guarantee	0	0	37 695	38 643	0	0	37 695	38 643
Accrued not due interest	0	0	205	205	0	0	205	205
Total other loans and receivables	0	0	41 976	42 938	0	0	41 976	42 938
Total financial assets at amortized cost	9 694	10 563	147 393	161 889	654	743	157 741	173 194

Note 6 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT.)

31.12.14 NOK millions	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS - AT FAIR VALUE THROUGH PROFIT OR LOSS								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	329	329	4 630	4 630	0	0	4 959	4 959
Foreign shares	0	0	19 605	19 605	0	0	19 605	19 605
Total shares and units	329	329	24 236	24 236	0	0	24 564	24 564
Property funds	0	0	493	493	0	0	493	493
Norwegian equity funds	0	0	43 422	43 422	400	400	43 822	43 822
Foreign equity funds	0	0	5 758	5 758	0	0	5 758	5 758
Total equity fund units	0	0	49 673	49 673	400	400	50 073	50 073
Norwegian alternative investments	0	0	1 794	1 794	13	13	1 807	1 807
Foreign alternative investments	0	0	81	81	0	0	81	81
Total alternative investments	0	0	1 875	1 875	13	13	1 888	1 888
DEBT INSTRUMENTS								
Norwegian bonds	4 636	4 636	28 626	28 626	0	0	33 262	33 262
Foreign bonds	203	203	18 232	18 232	0	0	18 434	18 434
Accrued not due interest	41	41	484	484	0	0	525	525
Norwegian fixed-income funds	1 765	1 765	41 640	41 640	599	599	44 004	44 004
Foreign fixed-income funds	0	0	12 172	12 172	0	0	12 172	12 172
Norwegian certificates	557	557	3 910	3 910	0	0	4 467	4 467
Accrued not due interest	5	5	12	12	0	0	17	17
Total bonds and other fixed-income securities	7 206	7 206	105 076	105 076	599	599	112 882	112 882
Norwegian loans and receivables	461	461	8 120	8 120	11	11	8 593	8 593
Foreign loans and receivables	165	165	7 660	7 660	17	17	7 842	7 842
Total loans and receivables	626	626	15 780	15 780	28	28	16 434	16 434
DERIVATIVES								
Interest rate swaps	312	312	415	415	1	1	727	727
Share options	0	0	424	424	3	3	427	427
Forward exchange contracts	0	0	370	370	3	3	373	373
Total financial derivatives classified as assets	312	312	1 208	1 208	7	7	1 527	1 527
Other financial assets	16	16	101	101	0	0	117	117
Total financial assets valued at fair value	8 489	8 489	197 949	197 949	1 047	1 047	207 485	207 485

Note 6 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT.)

31.12.14 NOK millions	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	748	748	0	0	748	748
Forward exchange contracts	10	10	7 615	7 615	27	27	7 652	7 652
Total financial derivatives classified as liabilities	10	10	8 363	8 363	27	27	8 400	8 400
SUBORDINATED LOAN CAPITAL								
Perpetual subordinated loan capital	3 423	3 508	0	0	0	0	3 423	3 508
Hybrid Tier 1 securities	1 253	1 262	0	0	0	0	1 253	1 262
Total subordinated loan capital etc.	4 676	4 770	0	0	0	0	4 676	4 770
DEBT TO CREDIT INSTITUTIONS								
Foreign call money	186	186	527	527	2	2	715	715
Total debt to credit institutions	186	186	527	527	2	2	715	715

Note 7 FAIR VALUE HIERARCHY

31.03.15 NOK millions	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Bonds and other fixed-income securities	1 927	5 484	0	7 411
Certificates	0	764	0	764
Bonds	40	4 720	0	4 760
Fixed-income funds	1 887	0	0	1 887
Loans and receivables	391	371	0	763
Shares and units	0	404	6	410
Shares	0	404	6	410
Financial derivatives	0	449	0	449
Other financial assets	0	0	0	0
Total corporate portfolio	7 493	1 534	6	9 033

Note 7 FAIR VALUE HIERARCHY (CONT.)

31.03.15 NOK millions	Level 1	Level 2	Level 3	Total
COMMON PORTFOLIO				
Bonds and other fixed-income securities	76 234	35 385	0	111 620
Certificates	4 176	2 097	0	6 273
Bonds	15 765	33 288	0	49 053
Fixed-income funds	56 293	0	0	56 293
Loans and receivables	9 247	3 918	0	13 165
Shares and units	72 357	1 445	6 346	80 148
Shares	22 232	958	959	24 149
Equity funds	50 125	0	0	50 125
Property funds	0	420	0	420
Special funds	0	68	0	68
Private Equity	0	0	5 387	5 387
Financial derivatives	0	1 072	0	1 072
Other financial assets	0	1 114	0	1 114
Total common portfolio	191 513	9 259	6 346	207 118
INVESTMENT OPTION PORTFOLIO				
Bonds and other fixed-income securities	596	0	0	596
Fixed-income funds	596	0	0	596
Loans and receivables	53	0	0	53
Shares and units	433	13	0	447
Equity funds	433	0	0	433
Special funds	0	13	0	13
Financial derivatives	0	5	0	5
Other financial assets	0	5	0	5
Total investment option portfolio	1 082	23	0	1 105
Total financial assets valued at fair value	200 088	10 816	6 352	217 256
INVESTMENT PROPERTY				
Corporate portfolio	0	0	881	881
Total investment property	0	0	881	881

Note 7 FAIR VALUE HIERARCHY (CONT.)

31.03.15 NOK millions	Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	5	0	5
Debt to credit institutions	310	0	0	310
Total corporate portfolio	310	5	0	315
COMMON PORTFOLIO				
Financial derivatives	0	4 109	0	4 109
Debt to credit institutions	478	0	0	478
Total common portfolio	478	4 109	0	4 587
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	4	0	4
Debt to credit institutions	4	0	0	4
Total investment option portfolio	4	4	0	8
Total financial liabilities at fair value	792	4 119	0	4 910

31.03.14 NOK millions	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Bonds and other fixed-income securities	842	4 035	0	4 876
Certificates	0	585	0	585
Bonds	36	3 449	0	3 485
Fixed-income funds	806	0	0	806
Loans and receivables	310	82	0	392
Shares and units	0	310	8	318
Shares	0	310	8	318
Financial derivatives	0	10	0	10
Other financial assets	0	1	0	1
Total corporate portfolio	1 171	4 418	8	5 597

Note 7 FAIR VALUE HIERARCHY (CONT.)

31.03.14 NOK millions	Level 1	Level 2	Level 3	Total
COMMON PORTFOLIO				
Bonds and other fixed-income securities	60 356	38 181	0	98 537
Certificates	4 211	4 675	0	8 886
Bonds	9 574	33 506	0	43 080
Fixed-income funds	46 571	0	0	46 571
Loans and receivables	6 820	3 688	0	10 508
Shares and units	47 877	2 390	4 642	54 910
Shares	15 837	10	681	16 528
Equity funds	32 041	0	0	32 041
Property funds	0	617	0	617
Special funds	0	1 764	0	1 764
Private Equity	0	0	3 961	3 961
Financial derivatives	0	983	0	983
Other financial assets	0	2 117	0	2 117
Total common portfolio	118 021	44 392	4 642	167 055
INVESTMENT OPTION PORTFOLIO				
Bonds and other fixed-income securities	562	0	0	562
Bonds	562	0	0	562
Loans and receivables	63	0	0	63
Shares and units	324	13	0	337
Shares	324	0	0	324
Special funds	0	13	0	13
Financial derivatives	0	2	0	2
Other financial assets	0	8	0	8
Total investment option portfolio	949	23	0	972
Total financial assets valued at fair value	120 141	48 833	4 650	173 624
INVESTMENT PROPERTY				
Corporate portfolio	0	0	882	882
Total investment property	0	0	882	882

Note 7 FAIR VALUE HIERARCHY (CONT.)

31.03.14 NOK millions	Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	2	0	0	2
Total corporate portfolio	2	0	0	2
COMMON PORTFOLIO				
Financial derivatives	0	759	0	759
Debt to credit institutions	747	0	0	747
Total common portfolio	747	759	0	1 505
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	3	0	3
Debt to credit institutions	0	0	0	0
Total investment option portfolio	0	3	0	3
Total financial liabilities at fair value	749	761	0	1 510

31.12.14 NOK millions	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Bonds and other fixed-income securities	1 805	5 402	0	7 206
Certificates	0	562	0	562
Bonds	40	4 840	0	4 880
Fixed-income funds	1 765	0	0	1 765
Loans and receivables	384	242	0	626
Shares and units	0	323	6	329
Shares	0	323	6	329
Financial derivatives	0	312	0	312
Other financial assets	0	16	0	16
Total corporate portfolio	2 213	6 270	6	8 489

Note 7 FAIR VALUE HIERARCHY (CONT.)

31.12.14 NOK millions	Level 1	Level 2	Level 3	Total
COMMON PORTFOLIO				
Bonds and other fixed-income securities	70 443	34 633	0	105 076
Certificates	2 314	1 608	0	3 922
Bonds	14 317	33 025	0	47 342
Fixed-income funds	53 812	0	0	53 812
Loans and receivables	12 800	2 980	0	15 780
Shares and units	66 149	3 361	6 274	75 784
Shares	22 047	993	958	23 998
Equity funds	44 102	0	0	44 102
Property funds	0	493	0	493
Special funds	0	1 875	0	1 875
Private Equity	0	0	5 316	5 316
Financial derivatives	0	1 208	0	1 208
Other financial assets	0	101	0	101
Total common portfolio	153 130	38 545	6 274	197 949
INVESTMENT OPTION PORTFOLIO				
Bonds and other fixed-income securities	599	0	0	599
Bonds	599	0	0	599
Loans and receivables	28	0	0	28
Shares and units	400	13	0	413
Shares	400	0	0	400
Special funds	0	13	0	13
Financial derivatives	0	7	0	7
Other financial assets	0	0	0	0
Total investment option portfolio	1 027	20	0	1 047
Total financial assets valued at fair value	156 370	44 836	6 280	207 485
INVESTMENT PROPERTY				
Corporate portfolio	0	0	890	890
Total investment property	0	0	890	890

Note 7 FAIR VALUE HIERARCHY (CONT.)

31.12.14 NOK millions	Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	10	0	10
Debt to credit institutions	186	0	0	186
Total corporate portfolio	186	10	0	196
COMMON PORTFOLIO				
Financial derivatives	0	8 363	0	8 363
Debt to credit institutions	527	0	0	527
Total common portfolio	527	8 363	0	8 890
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	27	0	27
Debt to credit institutions	2	0	0	2
Total investment option portfolio	2	27	0	29
Total financial liabilities at fair value	715	8 400	0	9 115

Changes in Level 3 shares, unlisted Corporate portfolio	Book value 31.03.2015	Book value 31.03.2014	Book value 31.12.2014
Opening balance 1 January	6	8	8
Sold	0	0	0
Bought	0	0	0
Unrealised changes	0	0	-2
Closing balance 31.03/31.12	6	8	6
Realised gains/losses	0	0	0

Changes in Level 3 shares, unlisted Common portfolio	Book value 31.03.2015	Book value 31.03.2014	Book value 31.12.2014
Opening balance 1 January	958	681	681
Sold	0	0	0
Bought	0	0	136
Unrealised changes	1	1	141
Closing balance 31.03/31.12	959	681	958
Realised gains/losses	0	0	0

Note 7 FAIR VALUE HIERARCHY (CONT.)

Changes in Level 3 shares, Private Equity Common portfolio	Book value 31.03.2015	Book value 31.03.2014	Book value 31.12.2014
Opening balance 1 January	5 316	3 632	3 632
Sold	-127	-156	-674
Bought	331	271	1 087
Unrealised changes	-134	213	1 273
Closing balance 31.03/31.12	5 387	3 961	5 316
Realised gains/losses	14	42	182

Changes in Level 3, Investment Property Corporate portfolio	Book value 31.03.2015	Book value 31.03.2014	Book value 31.12.2014
Opening balance 1 January	890	947	947
Sold	0	0	-2
Bought	0	4	4
Unrealised changes	-9	-69	-59
Closing balance 31.03/31.12	881	882	890
Realised gains/losses	0	0	0

Total Level 3	7 233	5 532	7 170
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Unrealized changes are reflected in the line «Value changes on investments» in the corporate portfolio in the income statement.

The amounts in the level distribution can in turn be found in the financial position statement under various portfolios' allocation of financial instruments at fair value and investment property. Unrealized changes are reflected in the line «Value changes on investments in the common portfolio result».

Note 7 FAIR VALUE HIERARCHY (CONT.)

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for on normal market terms and conditions. Highest quality in regard to fair value is based on listed prices in an active market.

A financial instrument is considered to be listed in an active market if the listed price is simply and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length.

Level 1:

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

Level 2:

Instruments at this level are not considered to have an active market. Fair value is obtained from observable market data: this mainly includes prices based on identical instruments, but where the instrument does not have a high enough trading frequency, as well as prices based on corresponding assets and price leading indicators that can be confirmed from market information. Example instruments at Level 2 are fixed interest securities priced on the basis of interest rate paths. For more information concerning pricing of Level 2 instruments see Note 6 for the different classes found in this level.

Level 3:

Instruments at Level 3 contain no observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded. The instruments covered by Level 3 in KLP are unlisted shares and private equity investments. For more information concerning pricing of Level 3 instruments see Note 6 for the different classes found in this level.

Valuations related to items in the various levels are described in Note 6. For description of the pricing of investment property please see the annual financial statements.

Note 6 provides information on fair value of assets and liabilities measured at amortized cost. The level-based distribution of these items will be as follows: assets classified as hold to maturity will be included in Level 1, lending, and loans and receivables will be included in Level 2. Liabilities, measured at amortized cost, will be distributed as follows: subordinated loan capital distributed at Levels 1 and Level 2, the hybrid Tier 1 securities will be distributed at Level 2, debt to credit institutions will be distributed at Levels 1. For information concerning pricing of these interest-bearing securities see Note 6.

No sensitivity analysis has been carried out on securities included in Level 3. A change in the variables of the pricing is considered of little significance. A sensitivity analysis for investment property is available in the annual report. On a general basis, a change in the pricing of 5 % produces a change in the value of NOK 362 millions as at 31.03.2015 for assets in Level 3.

With regard to transferring securities between the levels, a limit is set for the number of trading days and the amount of trading for shares by separating Level 1 and Level 2. The general principles related to the distribution between levels basically concern whether the asset or liability is listed or not and whether the listing can be stated to be in an active market. 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 the period between 01.01.2015 to 31.03.2015 KLP moved NOK 20 million in shares from level 1 to level 2, and NOK 30 million in shares from level 2 to level 1. A change in principles on the level classification of debt instruments have increased the amount that are classified as level 2, and decreased the amount that are level 1. In the period between 01.01.2015 to 31.03.2015 NOK 3 964 million are moved from level 1 to level 2 due to the stricter rules that now apply to debt instruments.

The change in levels that applies to shares are due to changes in liquidity; based on rules related to number of trading days and level of turnover. Changes in levels related to debt instruments are due to different and stricter criteria for the level categorization of these instruments.

Note 8 PRESENTATION OF ASSETS AND LIABILITIES THAT ARE SUBJECT TO NET SETTLEMENT

31.03.15 NOK millions	Gross financial assets/ liabilities	Gross assets/liabilities presented net	Book value	Related amounts not presented net		
				Financial instruments	Security in cash	Net amount
ASSETS						
Financial derivatives	1 527	0	1 527	-481	-792	301
Total	1 527	0	1 527	-481	-792	301
PORTFOLIO ALLOCATION OF ASSETS						
Total assets – common portfolio	1 072	0	1 072	-480	-478	159
Total assets – corporate portfolio	449	0	449	0	-310	140
Total assets – investment option portfolio	5	0	5	-1	-4	2
Total	1 527	0	1 527	-481	-792	301
LIABILITIES						
Financial derivatives	4 119	0	4 119	-481	-3 249	445
Total	4 119	0	4 119	-481	-3 249	445
PORTFOLIO ALLOCATION OF LIABILITIES						
Total liabilities – common portfolio	4 109	0	4 109	-480	-3 241	443
Total liabilities – corporate portfolio	5	0	5	0	-3	2
Total liabilities – investment option portfolio	4	0	4	-1	-5	0
Total	4 119	0	4 119	-481	-3 249	445

31.03.14 NOK millions	Gross financial assets/ liabilities	Gross assets/liabilities presented net	Book value	Related amounts not presented net		
				Financial instruments	Security in cash	Net amount
ASSETS						
Financial derivatives	995	0	995	-180	-745	88
Total	995	0	995	-180	-745	88
PORTFOLIO ALLOCATION OF ASSETS						
Total assets – common portfolio	983	0	983	-229	-745	27
Total assets – corporate portfolio	10	0	10	50	0	60
Total assets – investment option portfolio	2	0	2	0	0	2
Total	995	0	995	-180	-745	88
LIABILITIES						
Financial derivatives	761	0	761	-180	-593	30
Total	761	0	761	-180	-593	30
PORTFOLIO ALLOCATION OF LIABILITIES						
Total liabilities – common portfolio	759	0	759	-229	-546	22
Total liabilities – corporate portfolio	0	0	0	50	-41	9
Total liabilities – investment option portfolio	3	0	3	0	-5	0
Total	761	0	761	-180	-593	30

Note 8 PRESENTATION OF ASSETS AND LIABILITIES THAT ARE SUBJECT TO NET SETTLEMENT

31.12.14 NOK millions	Gross financial assets/ liabilities	Gross assets/liabilities presented net	Book value	Related amounts not presented net		
				Financial instruments	Security in cash	Net amount
ASSETS						
Financial derivatives	1 527	0	1 527	-733	-715	291
Total	1 527	0	1 527	-733	-715	291
PORTFOLIO ALLOCATION OF ASSETS						
Total assets – common portfolio	1 208	0	1 208	-730	-527	164
Total assets – corporate portfolio	312	0	312	0	-186	125
Total assets – investment option portfolio	7	0	7	-3	-2	2
Total	1 527	0	1 527	-733	-715	291
LIABILITIES						
Financial derivatives	8 400	0	8 400	-733	-6 888	794
Total	8 400	0	8 400	-733	-6 888	794
PORTFOLIO ALLOCATION OF LIABILITIES						
Total liabilities – common portfolio	8 363	0	8 363	-730	-6 859	790
Total liabilities – corporate portfolio	10	0	10	0	-9	0
Total liabilities – investment option portfolio	27	0	27	-3	-20	4
Total	8 400	0	8 400	-733	-6 888	794

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 9 OTHER SHORT TERM LIABILITIES

NOK millions	31.03.15	31.03.14	31.12.14
Short-term liabilities securities	1 934	3 358	106
Advance tax-deduction pension scheme	298	241	286
Accounts payable	5	6	18
Derivatives	4 119	761	8 400
Debt to credit institutions	792	749	715
Liabilities related to direct insurance	2 545	280	4 066
Other short-term liabilities	99	44	47
Total other short-term liabilities	9 791	5 439	13 638

Note 10 INSURANCE LIABILITIES

NOK millions	31.03.15	31.03.14	31.12.14
Premium reserve - ordinary tariff	343 568	298 855	329 601
Premium fund, buffer fund and pensioners' surplus fund	10 083	8 974	10 322
Supplementary reserves	17 013	12 412	17 013
Securities adjustment fund	24 104	12 175	19 522
Other provisions	185	227	223
Unallocated profit - insurance contracts in the common portfolio	1 380	696	0
Insurance liabilities in life insurance - contractual liabilities	396 334	333 339	376 681
Premium reserve - ordinary tariff	1 665	1 620	1 639
Premium fund, buffer fund and pensioners' surplus fund	192	130	191
Supplementary reserves	91	83	91
Unallocated profit - insurance contracts in the investment option portfolio	33	7	0
Insurance-related provisions - investment option portfolio	1 980	1 841	1 921

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