

Interim report

Q3 2015



[INCOME STATEMENT](#)

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Interim report – third quarter 2015

Weak financial markets affect profits over the past quarter

- Low interest rate levels and falling equity markets eat into the securities adjustment fund.
- Value-adjusted return on the common portfolio was -0.3 per cent for the quarter and 2.0 per cent for the year so far.
- Book return on the common portfolio increased by 0.6 per cent for the quarter and 2.6 per cent for the year so far.
- Weak economic growth prospects and continuing low interest rates have produced higher risk premiums on debt instruments, uneasy equity markets and lower energy prices. This underlines the significance of strengthening the financial buffers in the Company in order to withstand negative market effects.

KLP – a customer-owned Group in development

At the end of the third quarter the Group had total assets of NOK 527 billion, following growth by NOK 36 billion for the year to date.

Operating profit was NOK -4071 million (2886) for the third quarter and NOK 1356 million (11710) so far this year. Low interest rate levels and falling values in the equity markets explain the weak operating profit for the quarter. The Group's total comprehensive income after tax and other comprehensive income is satisfactory at NOK 412 million (521) for the quarter, NOK 1444 million for the year to date (1320).

Low growth prospects globally and in Norway mean that interest rates remain low. This is a challenge for life and pension companies that guarantee minimum returns to their customers. It is therefore important to have sufficient financial strength to take market risk so that expected returns cover the returns guarantee. KLP has good financial buffers to meet unsettled capital markets.

Continuing low oil prices and low growth stimulus internationally are a challenge for the Norwegian economy going forward. KLP, as one of the largest sources of capital in Norway, will continue to look for investment opportunities that also provide good socio-economic benefits inter alia in energy, infrastructure, local government and regional enterprises. Solvency and return are principal criteria for the Company's investments, but the Company will also actively seek financial investments that contribute to limiting negative effects of lower economic growth.

Kommunal Landspensjonskasse gjensidig forsikringselskap (KLP mutual insurance company)

Pension schemes within the public sector are offered and managed by the Group's parent company Kommunal Landspensjonskasse (KLP). Of the Group's total assets of NOK 527 billion, NOK 405 billion represent pension funds belonging to this customer group.

Results after the third quarter 2015

Returns result

During the third quarter of 2015 KLP achieved a returns result (return in excess of the base rate) of NOK -0.5 billion (0.2), whilst so far this year the returns result is NOK 2.1 billion (1.4). Financial income from customer assets was NOK 7.5 billion (16.1), of which NOK -1.4 billion during the third quarter. Value-adjusted return on the common portfolio was 1.95 per cent for the year to date and book return was 2.6 per cent.

Risk result

The risk result was satisfactory for the third quarter. Total risk events in the portfolios were within expectations over the first three quarters of the year and the result was NOK 473 million. This has been provisionally allocated with NOK 233 million to customer profit and NOK 239 million to corporate income.

Administration result

The Company's administration result shows a surplus of NOK 197 million (261) at the end of the third quarter. Insurance-related operating costs represent 0.26 per cent of the premium reserve.

Combined result

The Company achieved total comprehensive income of NOK 418 million (516) for the third quarter: NOK 1471 million (1317) for the year to date. The customer result was NOK -388 million (431) for the quarter and NOK 2303 million (1944) for the first three quarters of the year. The profit allocation is provisional.

NOK millions	Customers	Company	Total
Returns result	2 120	14	2 134
Risk result	233	239	473
Interest guarantee premium		618	618
Administration result		197	197
Net income from investments in the corporate portfolio and other income/expenses in non-technical accounts		495	495
Returned reserve increase contribution from customers to Company	-50	50	0
Tax		-226	-226
Other comprehensive income components		84	84
Income for Q3 2015	2 303	1 471	3 774
Income for Q3 2014	1 944	1 317	3 261

Disability reform

The revision of the disability benefits is part of the adaptation of public sector occupational pension (OfTP) to the pension reform. This means considerably lower benefits from OfTP in regard to permanent disability than was the case before the revision. With the reduced benefits from 1 January 2015, the need for premium reserve is considerably reduced. The reduction in premium reserve represents NOK 9 - 10 billion in KLP's schemes for municipalities, county administrations, state health enterprises and other organizations associated with the public sector.

Since 2009, disability trends in KLP's membership have been more advantageous than the assumptions the Company adopted then. This further reduces the need for premium reserve by about NOK 5 billion. A decision will be made on allocation of the excess premium reserve on presentation of the financial statements at the end of the year.

Financial strength and capital-related matters

Total assets in the life company amount to NOK 446.6 billion, an increase of NOK 31.6 billion for the year to date. The insurance liabilities have increased by NOK 26.7 billion so far this year and amount to NOK 405.3 billion. In the course of the first three quarters NOK 9.3 billion was received in inward transfers of reserves whilst NOK 0.1 billion was transferred out.

KLP's capital adequacy ratio at the end of the quarter was 11.4 per cent (9.6) and core capital adequacy was 7.9 per cent (8.1). During the last quarter NOK 1159 million of equity capital contributions were paid in.

The strengthening of the capital adequacy ratio is mainly the result of the taking up of EUR 600 million in subordinated loan during Q2 and the paying-in of equity capital contributions during the third quarter.

During the third quarter the solvency margin was increased from 241 per cent in Q2 to 245 per cent.

So far this year the securities adjustment fund has been reduced by NOK 2.1 billion to NOK 17.5 billion. This is principally the result of reduced values in the equities portfolio. 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 21.8 per cent of the insurance funds with guaranteed interest.

The Board of Directors considers the Company's solvency satisfactory in relation to the composition of the financial position, prevailing market conditions and regulatory requirements.

Key figures

Prosent	YTD as at Q3		The year
	2015	2014	2014
Capital return I	2.6	2.6	4.3
Capital return II	2.0	4.9	6.9
Capital return III	1.2	6.3	9.5
<i>The return figures apply to the common portfolio</i>			
Capital adequacy ratio	11.4	9.6	9.5
Solvency margin ratio	245	213	228

Premium income

Premium income excluding premium reserves received on inward transfer totalled NOK 6.8 billion for the quarter (7.3) and NOK 22.7 billion (23.6) so far this year. The fall is the result of lower salaries growth during 2015 than 2014. Consequently there is less upward adjustment of accumulated pension rights, which is reflected in the premium.

Claims/benefits

Pensions paid and other claims, excluding premium reserve ceded on outward transfer, increased by 11.6 per cent and amounted to NOK 11250 million (10079) for the year to date.

Management of the common portfolio

The assets in the common portfolio totalled NOK 405.6 billion (364.0) and were invested as shown below:

All figures in %	30.09.2015	YTD 2015	30.09.2014	YTD 2014
	Proportion	Return	Proportion	Return
Assets				
Equities	19.3 %	-1.0 %	21.3 %	8.6 %
Short-term bonds	21.4 %	1.7 %	20.7 %	5.8 %
Long-term/HTM bonds	27.7 %	3.4 %	27.9 %	3.5 %
Lending	12.8 %	2.0 %	10.8 %	2.4 %
Property	12.3 %	6.6 %	11.1 %	5.4 %
Other financial assets	6.6 %	0.6 %	8.1 %	1.7 %

Equities

Total exposure in equities including share derivatives amounted to just over 19 per cent at the end of the third quarter. During the third quarter KLP's global index fell by 8.0 per cent whilst the Oslo stock exchange was reduced by 7.5 per cent. KLP's return was -6.8 per cent for global shares and -7.7 per cent for Norwegian shares.

Short term bonds and the money market

Short-term bonds amounted to about 21 per cent of the assets in the common portfolio as at 30 September 2015 whereas money market instruments represented just under 7 per cent. During the third quarter interest rates fell both globally and in Norway whilst the credit premiums increased. The global government bonds index achieved a currency-hedged return of 2.2 per cent in the third quarter, whilst the Norwegian government bonds index had a return of 2.1 per cent. The KLP Global Credit Bond Index achieved a currency-hedged return of 0.9 per cent during the quarter. For short-term bonds combined, KLP achieved a return of 1.7 per cent, whereas the return on the money market portfolio was -0.1 per cent for the quarter.

Bonds held to maturity

Investments in bonds held to maturity represented just under 28 per cent of the common portfolio on 30 September. Added value not brought to book in the portfolio rose over the third quarter and amounted to NOK 11.0 billion as at 30 September 2015. The portfolio is well diversified and comprises securities issued by highly creditworthy institutions. The return measured at amortized cost for the third quarter 2015 was 1.1 per cent.

Property

Property investments, including Norwegian and international property funds, represented 12.3 per cent of the common portfolio. Property values in the common portfolio have been adjusted upwards by NOK 1838 million so far this year. If the effect of currency hedging on foreign properties is included the upward adjustment during the first three quarters of the year amounts to NOK 493 million. Valuation of the Company's property stock is nevertheless considered conservative in light of uncertain market prospects. So far this year the common portfolio's property investments have achieved a return of 6.6 per cent.

Lending

Lending in the common portfolio made up NOK 50.9 billion. This was divided between NOK 47.2 billion in loans to local authorities and other organizations, and NOK 3.6 billion in housing mortgages. 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) represented NOK 631 million on 30 September 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 with low risk aiming at stable returns and growth in the owners' equity. The investments in the corporate portfolio achieved a return of 3.2 per cent so far this year and 0.8 per cent in the third quarter.

Regulatory framework

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 will come into force from 1 January 2016. The two most important elements for introduction into Norwegian law, the Norwegian Financial Enterprises Act and the Solvency II Regulations, are now ready. The capital requirements under the new regulations will be stricter than previously, but provisional calculations show that the Company will satisfy them without transitional rules.

The business areas of the subsidiaries

Private occupational pensions

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

There is high market activity in KLP Bedriftspensjon, which is producing satisfactory volume growth. The company had NOK 2.6 billion in total assets at the end of the quarter, an increase of NOK 0.4 billion for the year to date. Half the increase is associated with defined contribution pensions which now amount to NOK 1.1 billion. Pension funds with guaranteed returns make up NOK 1.4 billion.

277 new customers signed pension agreements with KLP Bedriftspensjon and 563 pension capital certificates have been moved to the company.

KLP Bedriftspensjon achieved a book return on the common portfolio of 3.4 per cent and a value-adjusted return of 2.8 per cent during the first nine months of the year. The defined contribution pension customers achieved a return of -0.9 per cent for the same period.

The returns result was NOK 3 million in the third quarter and NOK 13.0 million for the year to date.

The company achieved a pre-tax result of NOK -8.8 million for the quarter (-6.7): NOK -15.6 so far this year (-15.6).

Returns customer assets

Per cent	30.09.2015	30.09.2014	31.12.2014
Common portfolio			
Capital return I	3.4 %	3.5 %	4.6 %
Capital return II	2.8 %	4.3 %	6.1 %
Defined contribution pension with investment options			
Profile KLP90	-1.8 %	8.1 %	8.9 %
Profile KLP70	-1.1 %	7.8 %	8.9 %
Profile KLP50	-0.7 %	7.2 %	9.2 %
Profile KLP30	0.0 %	6.4 %	8.4 %
Profile KLPPM	0.9 %	1.8 %	2.3 %

Non-life insurance

The operating profit as at 30 September 2015 was NOK 46.3 million. For the same period last year the result was NOK 168.2 million. The result for the third quarter was NOK 26.8 million.

The result after nine months is still marked by two major fire claims in the first quarter with a total claim cost for own account of NOK 56.1 million. Natural perils claims show a result of NOK -29.2 million.

Run-off of previous claim years continues positive and this year NOK 76.9 million has been taken to income as an adjustment of previous years' reserves. NOK 30.9 million associated with natural perils claims was taken to expenses during the period.

Net financial income as at 30 September 2015 was NOK 94.0 million against NOK 165.1 million at the same time last year. This corresponds to a return of 0.2 per cent for the quarter and 2.5 per cent so far this year.

Key figures in the company were:

As at Q3	2015	2014
Claims ratio ¹	86.1	76.1
Costs ratio ¹	20.3	21.8
Total costs ratio ¹	106.4	97.9

¹ for own account

Public sector market

Net premium written this year has increased by 2.6 per cent, corresponding to NOK 12.9 million (18.2).

During the quarter no new claims in excess of NOK 5 million have been reported, whilst during the first quarter two major property claims were reported with a total claims cost of NOK 122.5 million. The reinsurance will cover NOK 66.4 million of this.

The corporate market

Net premium written this year has increased by 7.3 per cent, corresponding to NOK 18.0 million (3.8). There is high tendering activity in a market where the competition is tough; nevertheless we are seeing a good rate of successful bids within our target markets. The bid win ratio for the period is about 50 per cent in number and 19 per cent by premium volume.

Retail market

Net premium written this year has increased by 16.5 per cent, corresponding to NOK 48.7 million (47.7). Net new sales are nevertheless somewhat below the expected figure. The proportion of members in sales for the year was 86.2 per cent.

Five major property claims have been reported so far this year with a combined cost of NOK 23.7 million. All the claim events occurred during the first quarter.

Solvency

The company's contingency reserves total NOK 530 million. This is the same level as at the start of the year. The reserve provides good assurance that the company will be able to meet its insurance liabilities going forward.

The capital adequacy ratio was 41.4 per cent, against 44.0 per cent at the end of 2014.

The company's objective is to be a competitive provider to all public sector customers. There is major focus on risk-reducing measures/information, particularly on activities exposed to risk such as rented municipal housing where we continue to see a high claim frequency.

Asset and fund management

KLP Kapitalforvaltning AS conducts the securities management operation within the KLP Group. In total NOK 383 billion was under management at the end of September 2015. This is an increase of NOK 39 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 third quarter 2015 amounted to NOK 2038 million, of which NOK 1838 million came from customers outside the Group. Net new subscriptions during the first three quarters of the year amounted to NOK 7308 million, of which NOK 4282 million from customers outside the Group.

KLP Kapitalforvaltning achieved a pre-tax profit of NOK 44.7 million as at the third quarter of 2015. For the corresponding period in 2014 the combined profit was NOK 42.8 million.

Banking

The KLP Banken Group's purpose is financing of housing mortgages to members of KLP's pension schemes (RM) and lending to municipalities, county administrations and companies carrying out public sector assignments (PM). Lending business is financed by deposits, borrowing in the securities market and owners' equity. In addition lending financed by KLP pension assets are managed.

Public sector loans financed by borrowing from the securities market have seen a fall in the lending volume of NOK 0.5 billion over the first three quarters of the year. Currently the business generates good margins and positive pay-back. Management of public sector lending financed through KLP pension assets have increased by NOK 6.0 billion so far this year.

The membership portion in RM has increased over the year to about 69 per cent of total deposits and loans. So far during 2015 the number of customers who are members has grown by 3800.

During the same period the volume of mortgage loans for own account and managed loans has increased by NOK 1.4 billion to NOK 14.0 billion as at 30 September. Of this volume NOK 4.1 billion is managed by KLP Boligkreditt AS.

Deposit growth has been NOK 0.9 billion so far this year and total deposits amount to NOK 7.3 billion as at 30 September 2015.

Default in housing mortgages remains at a low level. As at 30 September 2015 default in excess of 90 days lies at 0.22 per cent. Actual losses in the portfolio are very low.

Income

The KLP Banken Group had a pre-tax operating profit of NOK 34.4 million at the end of the first three quarters of the year. Of this, NOK 17.3 million is the result for the third quarter in isolation. The third quarter result is characterized by good growth in net interest income, but also substantial falls in value in the bank's securities investments. Total net interest income in the banking group during the first nine months of the year was NOK 133.1 million. Of this, NOK 51.6 million accrued during the third quarter.

Corporate social responsibility

During the third quarter KLP published a report on the carbon footprint of its equity investments. The report shows that KLP's own funds have reduced carbon emissions as a result of the Company no longer owning shares in coal companies. It is through the securities fund for companies in emerging markets that the effect is greatest, with a reduction of about 12 per cent compared to the benchmark.

KLP has become a member of the Portfolio Decarbonization Coalition, an initiative aiming to mobilize institutional investors in reducing the carbon footprint of their investments.

Since 2013 KLP has collaborated with Norfund – the Norwegian Investment Fund for Developing Countries – on development projects in Africa and Latin America associated with renewable energy and now also within the financial sector.

KLP collaborates with Norwegian People's Aid in making everyday life for asylum-seekers a little easier. One of the main pillars

of the collaboration is knowledge-sharing where KLP employees' expertise in pensions, banking and insurance is used to put together a course on private finances. The objective is to equip them better for a new everyday life in Norwegian society.

Future prospects

Low oil prices and continued weak growth prospects globally are producing lower interest rates while risk premiums are increasing. Increased risk premiums mean that the market expects greater loss on debt in future. The prevailing uncertainty emphasises the importance of having financial strength and thus increasing the capacity to withstand market fluctuations through strengthened financial buffers.

The extraordinary inward transfers resulting from the withdrawal from the market by other providers of public sector occupational pensions as insured solutions have now been completed. Measures to improve written customer communication and improvement of work processes in pension processing will contribute to strengthening the Company's customer experience.

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

Oslo, 4. November 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	Q3 2015	Q3 2014	01.01.2015 -30.09.2015	01.01.2014 -30.09.2014	The year 2014
3	Premium income for own account	6 814	17 408	33 075	55 454	63 611
	Current return on financial assets	3 222	2 993	10 009	8 947	12 185
	Net interest income banking	52	29	133	92	133
	Net value changes on financial instruments	-6 589	1 217	-4 219	8 837	13 809
8	Net income from investment properties	585	623	2 794	2 010	4 054
4	Other income	226	218	698	613	871
	Return to financial instruments attributable to minority interests	1 820	-168	222	-1 935	-3 343
	Total net income	6 129	22 320	42 713	74 019	91 321
	Claims for own account	-4 030	-3 888	-12 116	-14 813	-18 643
	Change in technical provisions	-4 512	-15 212	-26 360	-45 928	-51 848
5	Net costs subordinated loans and hybrid Tier 1 securities	-1 100	25	-1 195	-200	-807
6	Operating expenses	-338	-149	-1 032	-790	-1 167
7	Other expenses	-219	-211	-654	-578	-800
	Total expenses	-10 200	-19 434	-41 357	-62 309	-73 265
	Operating profit/loss	-4 071	2 886	1 356	11 710	18 056
	To/from securities adjustment fund - life insurance	3 471	-1 732	2 078	-7 896	-9 130
	To supplementary reserves and buffer allocation - life insurance	0	0	57	0	-3 415
	Assets allocated to insurance customers - life insurance	1 155	-522	-1 601	-2 385	-4 322
	Pre-tax income	555	632	1 889	1 430	1 189
	Cost of taxes ¹	-218	-42	-578	-145	-324
	Income	337	590	1 312	1 285	865
	Actuarial profit and loss on post employment benefit obligations	93	-98	93	-137	-218
	Adjustments of the insurance obligations	-9	15	-9	15	20
	Tax on items that will not be reclassified to profit or loss	-23	0	-23	0	53
	Items that will not be reclassified to profit or loss	61	-84	61	-122	-144
	Revaluation real property for use in own operation	19	15	97	157	195
	Currency translation foreign subsidiaries	820	-77	875	-411	-678
	Adjustments of the insurance obligations	-820	77	-875	411	678
	Tax on items that will be reclassified to profit or loss	-5	0	-26	0	-53
	Items that will be reclassified subsequently to profit or loss when specific conditions are met	14	15	71	157	142
	Total other comprehensive income	75	-69	132	35	-2
	Total comprehensive income	412	521	1 444	1 320	863
	¹ Cost of taxes is included in the minority's share.	-47	-48	-133	-74	-114

Balance sheet

KLP Group

Note	NOK millions	30.09.15	30.09.14	31.12.14
	Deferred tax assets	0	0	88
	Other intangible assets	503	412	448
	Tangible fixed assets	1 273	1 162	1 198
	Investments in affiliated companies	340	198	248
8,11	Investment property	51 602	40 953	44 467
9,14	Debt instruments held to maturity	38 464	29 376	30 620
9,14	Debt instruments classified as loans and receivables	90 153	83 493	86 974
9,11,14	Lending local government, enterprises & retail customers at fair value through profit / loss	2 089	2 162	2 269
9,14	Lending local government, enterprises and retail customers	75 414	59 486	64 741
9,11,14	Debt instruments at fair value through profit or loss	144 955	136 400	152 489
9,11	Equity capital instruments at fair value through profit or loss	106 453	93 534	101 123
9,11,14	Financial derivatives	1 363	1 244	1 785
9	Receivables	10 465	17 751	1 345
9	Assets in defined contribution-based life insurance	1 080	775	842
	Cash and bank deposits	2 578	3 385	2 257
	TOTAL ASSETS	526 731	470 331	490 894
	Owners' equity contributed	10 404	8 964	9 173
	Retained earnings	9 829	8 929	8 471
	TOTAL OWNERS' EQUITY	20 233	17 893	17 644
9,10	Hybrid Tier 1 securities	1 518	1 050	1 253
9,10	Subordinated loan capital	9 337	3 057	3 423
18	Pension obligations	711	660	755
15	Technical provisions - life insurance	406 753	369 094	379 912
15	Provisions in life insurance with investment option	1 080	775	842
	Premiums, claims and contingency fund provisions - non-life insurance	2 845	2 747	2 555
9,10	Covered bonds issued	17 024	16 733	18 468
9,10	Debt to credit institutions	4 552	4 936	5 220
9,10	Liabilities to and deposits from customers	7 279	5 486	6 251
9,11	Financial derivatives	8 295	2 758	11 549
	Deferred tax	310	92	170
17	Other current liabilities	4 831	13 149	5 885
	The minority's share of liabilities	41 962	31 901	36 968
	TOTAL LIABILITIES	506 497	452 438	473 250
	TOTAL EQUITY AND LIABILITIES	526 731	470 331	490 894
	Contingent liabilities	14 455	7 833	13 256

Changes in Owners' equity

KLP Group

2015 NOK millions	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 1 January 2015	9 173	8 385	17 558
Income		1 312	1 312
Items that will not be reclassified to income		61	61
Items that will be reclassified to income later when particular conditions are met		71	71
Total other comprehensive income		132	132
Total comprehensive income		1 444	1 444
Owners' equity contribution received (net)	1 231		1 231
Total transactions with the owners	1 231		1 231
Owners' equity 30 September 2015	10 404	9 829	20 233

2014 NOK millions	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 1 January 2014 ¹	7 659	7 523	15 182
Income		1 285	1 285
Items that will not be reclassified to income		-122	-122
Items that will be reclassified to income later when particular conditions are met		157	157
Total other comprehensive income		35	35
Total comprehensive income		1 320	1 320
Owners' equity contribution received (net)	1 305		1 305
Total transactions with the owners	1 305		1 305
Owners' equity 30 September 2014	8 964	8 843	17 807

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

Statement of cash flows

KLP Group

NOK millions	01.01.2015 -30.09.2015	01.01.2015 -30.06.2015	01.01.2015 -31.03.2015	01.01.2014 -31.12.2014	01.01.2014 -30.09.2014
Net cash flow from operational activities	-4 314	758	1 198	-3 819	-999
Net cash flow from investment activities ¹	-107	-75	-30	-162	-105
Net cash flow from financing activities ²	4 743	4 445	-105	3 342	1 593
Net changes in cash and bank deposits	321	5 127	1 063	-639	489
Holdings of cash and bank deposits at start of period	2 257	2 257	2 257	2 896	2 896
Holdings of cash and bank deposits at end of period	2 578	7 384	3 320	2 257	3 385

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 AND ESTIMATES

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 - 30 September 2015.

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

The interim financial statements have been prepared in accordance with the same principles as for the annual financial statements for 2014 unless otherwise indicated.

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, kpl.no.

Accounting estimates

In preparing the interim financial statement, management must make accounting estimates and discretionary evaluations. This will affect the value of the Company's assets and liabilities, income and expenses recognized in the interim financial statement. Actual figures may deviate from estimates used.

Pension obligation own employees

In August, The Norwegian Accounts Foundations published an updated version of the guidelines for pension criteria, where there are some change in the parameters from 31 December

2014. The stated calculation criteria are uncertain, and the Group must determine the criteria itself, based on a specific assessment of its pension schemes.

Assumptions	30.09.15	31.12.14	Change
Discount rate	2,50 %	2,30 %	0,20 %
Salary growth	2,50 %	2,75 %	-0,25 %
The National Insurance basic amount (G)	2,25 %	2,50 %	-0,25 %
Pension increases	1,48 %	1,73 %	-0,25 %
Social security contribution rate	14,10 %	14,10 %	0,00 %

The effect of the change in parameters has reduced the Groups pension obligation by NOK 93 million.

Note 2 SEGMENT INFORMATION

NOK millions	Group pensions pub. sect. & group life			Group pensions private			Non-life insurance		
	01.01.15 -30.09.15	01.01.14 -30.09.14	The year 2014	01.01.15 -30.09.15	01.01.14 -30.09.14	The year 2014	01.01.15 -30.09.15	01.01.14 -30.09.14	The year 2014
Premium income f.o.a. from external customers ¹	31 946	54 509	62 379	378	325	410	750	621	823
Premium income f.o.a. from other Group companies ¹	39	61	76	0	0	0	18	2	19
Net financial income from investments	9 165	17 063	25 204	21	101	139	98	169	240
Other income from external customers	797	830	1 224	1	1	2	1	1	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	41 947	72 463	88 882	401	427	551	867	793	1 083
Claims f.o.a.	-11 397	-14 292	-17 996	-63	-49	-66	-656	-472	-581
Insurance provisions f.o.a.	-26 040	-45 578	-51 405	-315	-337	-441	-5	-14	-1
Costs borrowing	-1 195	-200	-807	0	0	0	0	0	0
Operating costs excluding depreciation	-649	-489	-692	-32	-29	-42	-157	-135	-193
Depreciation	-55	-59	-79	-1	-1	-1	-2	-3	-4
Other expenses	-655	-578	-799	0	0	0	0	0	0
Total expenses	-39 991	-61 196	-71 777	-410	-416	-550	-821	-625	-779
Operating profit/loss	1 957	11 268	17 105	-10	11	1	46	168	304
Funds credited to insurance customers ²	-344	-9 829	-16 146	-6	-26	-23	0	0	0
Pre-tax income	1 613	1 439	959	-16	-15	-23	46	168	304
Cost of taxes	-226	0	35	0	0	0	-22	-35	-64
Income	1 387	1 439	994	-16	-15	-23	24	133	240
Change in other comprehensive income	84	-122	-143	1	-1	-2	8	-13	-16
Total comprehensive income	1 471	1 317	852	-15	-16	-25	32	120	223
Assets	446 600	403 398	415 030	2 619	2 179	2 270	4 172	4 009	3 945
Liabilities	466 757	385 687	397 576	2 505	2 067	2 167	3 018	2 914	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		
	01.01.15 -30.09.15	01.01.14 -30.09.14	The year 2014	01.01.15 -30.09.15	01.01.14 -30.09.14	Året 2014	01.01.15 -30.09.15	01.01.14 -30.09.14	The 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	105	136	118	4	5	6	0	0	0
Other income from external customers	8	0	10	0	0	0	6	5	8
Other income from other Group companies	43	0	58	227	207	419	0	0	0
Return to financial instruments attributable to minority interests									
Total income	156	136	186	231	212	424	6	6	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
Operating costs excluding depreciation	-120	-104	-155	-183	-166	-366	-6	-5	-7
Depreciation	-2	-2	-3	-3	-3	-2	0	0	0
Other expenses	0	0	0	0	0	0	0	0	0
Total expenses	-122	-106	-158	-186	-169	-368	-6	-5	-7
Operating profit/loss	34	30	28	45	43	56	0	0	1
Funds credited to insurance customers ²	0	0	0	0	0	0	0	0	0
Pre-tax income	34	30	28	45	43	56	0	0	1
Cost of taxes	-10	-8	-7	-13	-12	-14	0	0	0
Income	24	22	21	32	31	42	0	0	0
Change in other comprehensive income	3	-2	-4	0	0	0	0	0	0
Total comprehensive income	27	19	16	32	31	42	0	0	0
Assets	29 267	27 674	29 755	376	331	360	11	10	11
Liabilities	27 772	26 386	28 470	154	140	176	2	2	4

Note 2 SEGMENT INFORMATION (CONT.)

NOK millions	Eliminations			Total		
	01.01.15 -30.09.15	01.01.14 -30.09.14	The year 2014	01.01.15 -30.09.15	01.01.14 -30.09.14	The year 2014
Premium income f.o.a. from external customers ¹	0	0	0	33 075	55 454	63 611
Premium income f.o.a. from other Group companies ¹	-57	-63	-95	0	0	0
Net financial income from investments	-675	2 413	4 474	8 717	19 887	30 181
Other income from external customers	-116	-225	-375	698	613	871
Other income from other Group companies	-270	-207	-477	0	0	0
Return to financial instruments attributable to minority interests	222	-1 935	-3 343	222	-1 935	-3 343
Total income	-895	-17	186	42 713	74 019	91 321
Claims f.o.a.	0	0	0	-12 116	-14 813	-18 643
Insurance provisions f.o.a.	0	1	0	-26 360	-45 928	-51 848
Costs borrowing	0	0	0	-1 195	-200	-807
Operating costs excluding depreciation	195	222	396	-953	-704	-1 059
Depreciation	-17	-17	-20	-80	-85	-109
Other expenses	1	0	0	-654	-578	-800
Total expenses	179	206	376	-41 357	-62 309	-73 265
Operating profit/loss	-716	189	562	1 356	11 710	18 056
Funds credited to insurance customers ²	884	-425	-698	534	-10 280	-16 867
Pre-tax income	167	-236	-136	1 889	1 430	1 189
Cost of taxes	-308	-90	-273	-578	-145	-324
Income	-140	-326	-409	1 312	1 285	865
Change in other comprehensive income	36	174	164	132	35	-2
Total comprehensive income	-104	-152	-245	1 444	1 320	863
Assets	43 687	32 731	39 522	526 731	470 331	490 894
Liabilities	46 602	35 241	42 034	506 497	452 438	473 250

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

Public sector occupational pension and group life

Kommunal Landspensjonskasse offers group public sector occupational pensions.

Enterprise (defined benefit) and defined contribution pension

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

Non-life insurance

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

Banking

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

Asset management

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

Other

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

Note 3 PREMIUM INCOME FOR OWN ACCOUNT

NOK millions	Q3 2015	Q3 2014	01.01.2015 - 30.09.2015	01.01.2014 - 30.09.2014	The year 2014
Contribution service pension / AFP	7 092	7 518	23 672	24 348	33 300
Reinsurance premiums ceded	-13	-11	2	-1	-12
Transfer of premium reserves from others ¹	-266	9 901	9 402	31 108	30 324
Total premium income	6 814	17 408	33 075	55 454	63 611

¹ «Transfer of premium reserves from others» for the third quarter of 2015 is negative. This is due to the fact that KLP will only upon final settlement for transfers of new clients receive information pertinent to the clients relevant distribution between premium reserves, supplementary reserves and premium fund respectively. Upon the final settlement there will consequently be restating from premium reserves to premium funds and supplementary reserves.

Note 4 OTHER INCOME

NOK millions	Q3 2015	Q3 2014	01.01.2015 - 30.09.2015	01.01.2014 - 30.09.2014	The year 2014
Supplement contractual early retirement scheme (AFP)	218	200	646	564	775
Other income	8	18	51	48	95
Total other income	226	218	698	613	871

Note 5 SUBORDINATED LOANS AND PERPETUAL HYBRID TIER 1 SECURITIES

NOK millions	Q3 2015	Q3 2014	01.01.2015 - 30.09.2015	01.01.2014 - 30.09.2014	The year 2014
SUBORDINATED LOANS					
Interest costs ¹	-114	-37	-204	-112	-165
Value changes	-746	106	-697	66	-259
Total subordinated loans	-860	69	-901	-46	-424
PERPETUAL HYBRID TIER 1 SECURITIES					
Interest costs	-16	-12	-44	-34	-49
Value changes	-225	-32	-249	-119	-333
Total perpetual hybrid tier 1 securities	-241	-44	-294	-153	-382
Net costs subordinated loans and hybrid Tier 1 securities	-1 100	25	-1 195	-200	-807

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

This note gives a specification of the line «Net costs subordinated loans and hybrid Tier 1 securities» in the income statement.

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. During the second quarter of 2015 KLP issued a fixed-term EUR 600 million subordinated loan.

Note 6 OPERATING EXPENSES

NOK millions	Q3 2015	Q3 2014	01.01.2015 -30.09.2015	01.01.2014 -30.09.2014	The year 2014
Personnel costs ¹	252	115	605	420	605
Depreciation	27	27	80	81	109
Other operating expenses	59	7	347	289	454
Other operating expenses	338	149	1 032	790	1 167

¹ In Q3 2014 a plan change was incorporated into the pension liability. The effect of the change is a decrease in pension liability of NOK 102 million

Note 7 OTHER EXPENSES

NOK millions	Q3 2015	Q3 2014	01.01.2015 - 30.09.2015	01.01.2014 - 30.09.2014	The year 2014
Supplement contractual early retirement scheme (AFP)	218	200	646	564	775
Other expenses	1	11	8	14	25
Total other expenses	219	211	654	578	800

Note 8 INVESTMENT PROPERTY

NOK millions	Q3 2015	Q3 2014	01.01.2015 -30.09.2015	01.01.2014 -30.09.2014	The year 2014
INCOME STATEMENT: NET INCOME FROM INVESTMENT PROPERTIES					
Net rental income etc.	608	487	1 830	1 532	2 033
Net value adjustment	797	46	1 839	49	1 343
Currency transl. foreign subsidiaries	- 820	90	- 875	429	678
Net income from investment properties	585	623	2 794	2 010	4 054

NOK millions	30.09.15	30.09.14	The year 2014
BALANCE SHEET: INVESTMENT PROPERTY			
Investment property 01.01	44 467	39 744	39 744
Value adjustment	1 839	49	1 343
Net additions	5 232	1 140	3 357
Other changes	63	21	23
Investment property 30.09/31.12	51 602	40 953	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 Stock Exchange
- Morgan Stanley Capital International (MSCI)
- Reuters

Oslo Stock Exchange 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 (OSESX) as an approach for unlisted shares.

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

c) Foreign fixed income securities

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

- Barclays Capital Indices
- Bloomberg
- Reuters

Barclays Capital Indices have the first priority (they cover government and corporate bonds 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.

d) Norwegian fixed income securities - government

Bloomberg is used as a source for pricing Norwegian government bonds. It is Oslo Stock Exchange 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 liabilities.

NOK millions	30.09.2015		30.09.2014		31.12.2014	
	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	11 417	12 476	10 767	11 920	10 384	11 831
Foreign hold-to-maturity bonds	27 047	28 658	18 609	18 511	20 236	22 331
Total debt instruments held to maturity	38 464	41 134	29 376	30 431	30 620	34 162
DEBT INSTRUMENTS CLASSIFIED AS LOANS AND RECEIVABLES - AT AMORTIZED COST						
Norwegian bonds	29 950	32 997	27 212	30 258	27 640	31 527
Foreign bonds	60 187	66 207	56 264	62 606	59 307	66 576
Other receivables	16	16	18	18	27	27
Total debt instruments classified as loans and receivables	90 153	99 220	83 493	92 882	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	2 089	2 089	2 162	2 162	2 269	2 269
Total loans to local government, enterprises & retail customers	2 089	2 089	2 162	2 162	2 269	2 269
LENDING TO LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS - AT AMORTIZED COST						
Loans secured by mortgage	14 092	14 165	12 323	12 342	12 787	12 808
Loans to local government sector or enterprises with local government guarantee	51 954	52 857	43 478	44 367	46 765	48 103
Loans abroad secured by mortgage and local government guarantee	9 368	9 381	3 685	3 685	5 189	5 189
Total loans to local government, enterprises & retail customers	75 414	76 403	59 486	60 393	64 741	66 100
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Norwegian bonds	44 643	44 643	51 537	51 537	51 342	51 342
Norwegian certificates	7 638	7 638	9 713	9 713	6 641	6 641
Foreign bonds	75 998	75 998	63 776	63 776	72 998	72 998
Investments with credit institutions	16 676	16 676	11 375	11 375	21 508	21 508
Total debt instruments at fair value through profit/loss	144 955	144 955	136 400	136 400	152 489	152 489
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Shares	98 111	98 111	87 500	87 500	94 366	94 366
Equity funds	7 462	7 462	5 370	5 370	6 184	6 184
Property funds	737	737	577	577	493	493
Alternative investments	143	143	88	88	81	81
Total equity capital instruments at fair value	106 453	106 453	93 534	93 534	101 123	101 123
RECEIVABLES						
Receivables related to direct business	7 605	7 605	14 207	14 207	1 013	1 013
Receivables related to reinsurance agreements	69	69	34	34	19	19
Reinsurance share of unearned gross premium	0	0	1	1	0	0
Reinsurance share of gross claims reserve	22	22	21	21	10	10
Other receivables	2 770	2 770	3 487	3 487	303	303
Total other loans and receivables including receivables from policyholders	10 465	10 465	17 751	17 751	1 345	1 345

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

NOK millions	30.09.2015		30.09.2014		31.12.2014	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
FINANCIAL LIABILITIES - AT AMORTIZED COST						
Hybrid Tier 1 securities	1 518	1 292	1 050	1 045	1 253	1 262
Subordinated loan capital	9 337	9 172	3 057	3 155	3 423	3 508
Debt to credit institutions	2 917	2 917	3 511	3 511	3 219	3 219
Covered bonds issued	17 024	17 024	16 733	16 733	18 468	18 468
Liabilities and deposits from customers	7 279	7 279	5 486	5 486	6 251	6 251
Total financial liabilities	38 075	37 684	29 837	29 930	32 614	32 708
FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS						
Debt to credit institutions	1 635	1 635	1 425	1 425	2 001	2 001
Total financial liabilities	1 635	1 635	1 425	1 425	2 001	2 001
Assets in life insurance with investment option	1 080	1 080	775	775	842	842
Provisions in life insurance with investment option	1 080	1 080	775	775	842	842

NOK millions	30.09.2015		30.09.2014		31.12.2014	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS						
Forward exchange contracts	175	6 707	327	1 898	455	10 236
Interest rate swaps	566	1 588	527	860	591	1 313
Interest rate and currency swaps	555	0	99	0	312	0
Share options	67	0	292	0	427	0
Total financial derivatives	1 363	8 295	1 244	2 758	1 785	11 549

Note 10 BORROWING

NOK millions	Nominal in NOK	Currency	Interest	Due date	Book value 30.09.2015	Book value 30.09.2014	Book value 31.12.2014
PERPETUAL SUBORDINATED LOAN CAPITAL							
Kommunal Landspensjonskasse	2 372	EUR	Fixed ¹	Perpetual	2 927	2 491	2 825
Kommunal Landspensjonskasse	554	JPY	Fixed ²	Perpetual	688	566	599
FIXED - TERM SUBORDINATED LOAN							
Kommunal Landspensjonskasse	5 163	EUR	Fixed ³	2045	5 721	0	0
Total subordinated loan capital	8 089				9 337	3 057	3 423
HYBRID TIER 1 SECURITIES							
Kommunal Landspensjonskasse	984	JPY	Fixed ⁴	2034	1 518	1 050	1 253
Total hybrid Tier 1 securities	984				1 518	1 050	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 2025.

⁴ The loan has an interest change date in 2034. ⁵ There is no contractual maturity date on deposits.

Note 10 BORROWING (CONT.)

NOK millions	Nominal in NOK	Currency	Interest	Due date	Book value 30.09.2015	Book value 30.09.2014	Book value 31.12.2014
COVERED BONDS							
KLP Kommunekreditt AS	0	SEK	Floating	2015	0	0	0
KLP Kommunekreditt AS	0	NOK	Floating	2015	0	1 679	1 301
KLP Kommunekreditt AS	0	NOK	Fixed	2015	0	620	554
KLP Kommunekreditt AS	2 670	NOK	Floating	2016	2 682	3 511	3 370
KLP Kommunekreditt AS	1 000	NOK	Fixed	2017	1 017	1 008	1 014
KLP Kommunekreditt AS	4 000	NOK	Floating	2017	4 018	4 011	4 011
KLP Kommunekreditt AS	4 000	NOK	Floating	2018	4 011	3 508	3 506
KLP Kommunekreditt AS	2 000	NOK	Floating	2019	2 002	1 501	2 001
KLP Kommunekreditt AS	750	NOK	Fixed	2020	805	777	752
KLP Boligkreditt AS	600	NOK	Floating	2017	602	0	603
KLP Boligkreditt AS	600	NOK	Floating	2019	600	0	601
KLP Boligkreditt AS	1 200	NOK	Floating	2021	1 203	0	602
Value adjustments					85	117	154
Total covered bonds	16 820				17 024	16 733	18 468
DEBT TO CREDIT INSTITUTIONS							
KLP Banken AS	0	NOK	Floating	2014	0	301	0
KLP Banken AS	0	NOK	Floating	2015	0	603	603
KLP Banken AS	800	NOK	Floating	2016	802	803	803
KLP Banken AS	300	NOK	Fixed	2017	304	304	308
KLP Banken AS	500	NOK	Floating	2017	500	501	501
KLP Banken AS	200	NOK	Fixed	2018	207	207	203
KLP Banken AS	500	NOK	Floating	2018	502	503	503
KLP Banken AS	600	NOK	Floating	2019	600	300	300
KLP Alfa Global Rente	908	NOK	Fixed	2015	908	0	1 282
Kommunal Landspensjonskasse	0	NOK/EUR/USD	Floating	2014	0	1 425	0
Kommunal Landspensjonskasse	728	NOK/EUR/USD	Floating	2015	728	0	718
Other					0	-10	0
Total liabilities to credit institutions	4 535				4 552	4 936	5 220
LIABILITIES AND DEPOSITS FROM CUSTOMERS ⁵							
Retail	5 934	NOK			5 934	4 446	5 062
Business	1 345	NOK			1 345	1 039	1 189
Liabilities to and deposits from customers	7 279				7 279	5 486	6 251
Total financial liabilities	37 706				39 710	31 262	34 615

⁵ 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. Deposits belongs to KLP Banken AS.

Note 11 FAIR VALUE HIERARCHY

30.09.15 NOK millions	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Investment property	0	0	51 602	51 602
Land/plots	0	0	862	862
Buildings	0	0	50 740	50 740
Lending at fair value	0	2 089	0	2 089
Bonds and other fixed-income securities	41 053	87 245	0	128 298
Certificates	5 227	2 411	0	7 638
Bonds	23 649	84 834	0	108 484
Fixed-income funds	12 177	0	0	12 177
Loans and receivables	14 762	1 895	0	16 657
Shares and units	94 636	4 028	7 789	106 453
Shares	93 519	3 148	1 444	98 111
Equity funds	1 117	0	73	1 190
Property funds	0	737	0	737
Special funds	0	143	0	143
Private Equity	0	0	6 272	6 272
Financial derivatives	0	1 363	0	1 363
Total assets at fair value	150 451	96 620	59 391	306 461
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives liabilities	0	8 295	0	8 295
Debt to credit institutions ¹	728	908	0	1 635
Total financial liabilities at fair value	728	9 203	0	9 930

¹ The line «Debt to credit institutions» includes liabilities measured at fair value and amortized cost. This line is therefore not reconcilable against the Balance sheet. The liabilities measured at amortized cost amounted to NOK 2 917 million on the 30th of September 2015.

Note 11 FAIR VALUE HIERARCHY (CONT.)

30.09.14 NOK millions	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
Investment property	0	0	40 953	40 953
Land/plots	0	0	867	867
Buildings	0	0	40 085	40 085
Lending at fair value	0	2 162	0	2 162
Bonds and other fixed-income securities	75 730	49 345	0	125 075
Certificates	5 774	3 939	0	9 713
Bonds	57 939	45 406	0	103 345
Fixed-income funds	12 017	0	0	12 017
Loans and receivables	8 134	3 192	0	11 326
Shares and units	84 007	4 055	5 472	93 534
Shares	83 027	3 391	1 082	87 500
Equity funds	979	0	56	1 035
Property funds	0	577	0	577
Special funds	0	88	0	88
Private Equity	0	0	4 335	4 335
Financial derivatives	0	1 244	0	1 244
Total assets at fair value	167 871	59 998	46 425	274 294
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	2 758	0	2 758
Debt to credit institutions ¹	513	912	0	1 425
Total financial liabilities at fair value	513	3 670	0	4 183

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	83 231	47 722	0	130 953
Certificates	4 047	2 593	0	6 641
Bonds	67 012	45 129	0	112 140
Fixed-income funds	12 172	0	0	12 172
Loans and receivables	18 232	3 303	0	21 536
Shares and units	91 222	3 591	6 310	101 123
Shares	90 117	3 017	977	94 110
Equity funds	1 105	0	0	1 105
Property funds	0	493	0	493
Special funds	0	81	0	81
Private Equity	0	0	5 334	5 334
Financial derivatives	0	1 785	0	1 785
Total assets at fair value	192 685	58 670	50 778	302 133
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	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 30.09.2015	Book value 30.09.2014	Book value 31.12.2014
Opening balance 1 January	6 310	4 623	4 623
Sold	-967	-436	-677
Bought	1 812	973	1 299
Unrealised changes	634	313	1 065
Closing balance 30.09/31.12	7 789	5 472	6 310
Realised gains/losses	98	92	182

Note 11 FAIR VALUE HIERARCHY (CONT.)

Changes in Level 3, Investment Property	Book value 30.09.2015	Book value 30.09.2014	Book value 31.12.2014
Opening balance 1 January	44 467	39 744	39 744
Net acquisition cost	5 232	1 140	3 357
Unrealised changes	1 839	49	1 343
Other changes	63	21	23
Closing balance 30.09 / 31.12	51 602	40 953	44 467
Realised gains/losses	0	0	0
Closing balance 30.09 / 31.12	59 391	46 425	50 778

Unrealised changes and realized gains / losses are 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 corresponding therefore not considered to be traded in an active market, as well as prices based on assets and price-leading indicators that can be confirmed from market information. Example instruments at Level 2 are fixed income securities priced on the basis of interest rate paths.

Level 3:

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

Valuations related to items in the various levels are described in Note 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 2 969 million as of 30.09.2015, NOK 2 321 million as of 30.09.2014 and NOK 2 539 million as of 31.12.2014. Investment property comes under this Note since there are more extensive requirements for information regarding fair value that now also apply to investment property valued at fair value in the Group. Everything related to investment property is included in Level 3.

The investment option portfolio is not included in the table. The investment option portfolio has NOK 1 080 million in financial assets valued at fair value at Level 1. Per 30.06.2015 the NOK 1 080 millions are included with NOK 514 millions in shares and units in Level 1, NOK 563 millions in debt instruments at fair value in Level 1 and the remaining are included in loans and receivables in level 1.

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

In the third quarter NOK 163 millions in stocks has been moved from Level 1 to Level 2 and NOK 69 millions from Level 2 to Level 1. For debt instruments there has been no changes in the third quarter. 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 specifies 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.

30.09.15 NOK millions	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan	14	3 276	1 675	6 927	0	11 892
Perpetual hybrid Tier 1 securities	0	93	248	311	1 586	2 238
Debt to and deposits from customers (without defined maturity)	7 279	0	0	0	0	7 279
Covered bonds issued	0	414	15 244	1 997	0	17 656
Payables to credit institutions	6 764	463	2 571	0	0	9 798
Financial derivatives	2 983	3 407	1 592	219	-219	7 982
Accounts payable	1 621	0	0	0	0	1 621
Contingent liabilities	14 455	0	0	0	0	14 455
Total	33 115	7 654	21 331	9 454	1 367	72 921

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 478 million and derivatives maturing between 1-12 months are reduced by NOK 77 million, and debt to credit institutions maturing within 1 month are reduced with 201 millions. Total amount of the financial liabilities for the Group are after these adjustments 72 166 million.

30.09.14 NOK millions	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan	11	150	3 163	0	0	3 324
Perpetual hybrid Tier 1 securities	0	70	187	234	1 315	1 806
Debt to and deposits from customers (without defined maturity)	5 486	0	0	0	0	5 486
Covered bonds issued	0	2 539	12 620	2 521	0	17 680
Payables to credit institutions	1 326	911	2 760	0	0	4 998
Financial derivatives	824	1 092	784	164	87	2 952
Accounts payable	578	0	0	0	0	578
Repos	913	0	0	0	0	913
Contingent liabilities	7 833	0	0	0	0	7 833
Total	16 971	4 762	19 514	2 919	1 402	45 568

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 72 million and derivatives maturing between 1-12 months are reduced by NOK 63 million. Total amount of the financial liabilities for the Group are after these adjustments 45 433 million.

Note 12 LIQUIDITY RISK (CONT.)

31.12.14 NOK millions	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan	0	167	3 506	0	0	3 673
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 1 959 million and derivatives maturing between 1-12 months are reduced by NOK 639 million, derivatives maturing between 1-5 years with NOK 47 million and derivatives maturing between 5-10 years with NOK 58 millions. Call money maturing within one month are reduced with NOK 118 million. Total amount of the financial liabilities for the Group are after these adjustments 65 619 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

30.09.15 NOK millions	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow 01.01.15- 30.09.2015	Total	Total adjusted for minority's share
ASSETS								
Mutual funds shares ¹	0	0	0	0	0	0	0	9
Financial derivatives classified as assets	7	15	-106	-90	-228	-44	-446	-401
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	5	5	5
Bonds and other fixed-return securities	-30	-85	-1 068	-1 832	-1 369	188	-4 196	-1 346
Fixed income fund holdings	-727	0	0	0	0	0	-727	-3 232
Special investment fund	0	0	0	0	0	0	0	26
Lending and receivables	0	-4	0	0	0	104	99	68
Lending	0	0	0	0	0	201	201	201
Total assets	-751	-74	-1 174	-1 922	-1 596	453	-5 064	-4 671
LIABILITIES								
Deposit	0	0	0	0	0	-72	-72	-72
Liabilities created on issue of securities	0	0	28	42	0	-198	-128	-128
Financial derivatives classified as liabilities	-6	9	126	196	2	49	377	286
Hybrid capital, subordinated loans	0	0	0	79	48	0	127	127
Debt to credit institutions	0	0	0	0	0	-4	-4	-4
Total liabilities	-6	9	154	317	50	-225	300	209
Total before tax	-756	-65	-1 020	-1 605	-1 546	229	-4 764	-4 461
Total after tax	-552	-48	-745	-1 172	-1 129	167	-3 478	-3 257

¹ Equity fund holdings covers that the 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.)

30.09.14 NOK millions	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow 01.01.14- 30.09.2014	Total	Total adjusted for minority's share
ASSETS								
Mutual funds shares ¹	0	0	0	0	0	9	9	4
Alternative investments	0	0	0	0	0	0	0	0
Financial derivatives classified as assets	25	4	-94	-122	-192	-61	-440	-402
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	4	4	4
Bonds and other fixed-return securities	-42	-95	-994	-1 321	-1 059	179	-3 333	-936
Fixed income fund holdings	-732	0	0	0	0	18	-713	-2 662
Special investment fund	7	0	5	-10	0	5	7	-4
Lending and receivables	-1	-9	0	0	0	24	13	13
Lending	0	0	0	0	0	159	159	159
Total assets	-743	-100	-1 083	-1 454	-1 251	337	-4 295	-3 823
LIABILITIES								
Deposit	0	0	0	0	0	-40	-40	-40
Liabilities created on issue of securities	0	4	42	47	0	-151	-58	-58
Financial derivatives classified as liabilities	-8	2	153	111	2	57	317	316
Hybrid capital, subordinated loans	0	0	0	60	23	0	82	82
Debt to credit institutions	0	0	0	0	0	-4	-4	-4
Total liabilities	-8	6	195	218	25	-138	296	296
Total before tax	-751	-95	-889	-1 236	-1 226	199	-3 998	-3 527
Total after tax	-548	-69	-649	-902	-895	145	-2 919	-2 575

Note 13 INTEREST RATE RISK (CONT.)

31.12.2014 NOK millions	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow 01.01.14- 31.12.2014	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. Insurance contracts with guaranteed return does not change the accounting value even if interest rates change.

Changes in interest rates also has no impact on the guaranteed return, but will have an impact on the achieved return to cover the guaranteed return. This is because that insurance funds partly invested in debt instruments whose cash flows should help to meet the guaranteed return.

Note 14 CREDIT RISK

30.09.15 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	35 207	0	83	5	0	0	3 169	38 464	38 464
Debt instruments classified as loans and receivables at amortized cost	71 041	0	921	0	0	0	18 191	90 153	90 137
Debt instruments at fair value - fixed-return securities	97 850	544	3 095	5 323	0	0	9 309	116 121	106 607
Fixed-income funds	0	0	0	0	0	0	12 177	12 177	12 177
Loans and receivables	16 099	0	0	558	0	0	0	16 657	15 274
Financial derivatives classified as assets	1 363	0	0	0	0	0	0	1 363	1 342
Lending	0	0	54 711	0	12 549	1 493	8 750	77 503	77 503
Total	221 560	544	58 811	5 885	12 549	1 493	51 595	352 438	341 504

Specification of investment grade	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	17 975	2 527	10 602	4 104	35 207
Debt instruments classified as loans and receivables at amortized cost	23 563	13 440	30 939	3 099	71 041
Debt instruments at fair value - fixed-return securities	28 470	21 937	33 185	14 258	97 850
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	2 247	13 667	185	16 099
Financial derivatives classified as assets	0	188	1 175	0	1 363
Lending	0	0	0	0	0
Total	70 008	40 339	89 568	21 645	221 560

30.09.14 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	24 670	0	83	1 435	0	0	3 189	29 376	29 376
Debt instruments classified as loans and receivables at amortized cost	61 237	0	521	2 886	0	0	18 849	83 493	83 475
Debt instruments at fair value - fixed-return securities	70 655	897	2 938	25 190	0	0	12 720	112 400	101 379
Fixed-income funds	0	0	0	0	0	0	12 017	12 017	12 017
Loans and receivables	8 911	0	0	3 073	0	0	0	11 984	10 915
Financial derivatives classified as assets	1 244	0	0	0	0	0	0	1 244	1 216
Lending	0	0	45 451	0	9 799	2 449	3 949	61 648	61 648
Total	166 718	897	48 993	32 583	9 799	2 449	50 723	312 162	300 026

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	13 992	1 731	8 152	795	24 670
Debt instruments classified as loans and receivables at amortized cost	17 911	13 883	26 619	2 825	61 237
Debt instruments at fair value - fixed-return securities	22 151	18 041	21 276	9 187	70 655
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	4 043	4 868	0	8 912
Financial derivatives classified as assets	0	329	915	0	1 244
Lending	0	0	0	0	0
Total	54 054	38 027	61 830	12 807	166 718

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 considered to be 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 51,6 billion on 30.09.2015. 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	30.09.15		30.09.14		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	13 061	12 651	12 767	12 737	11 623	11 583
Counterparty 2	9 510	8 927	8 521	7 968	9 745	9 441
Counterparty 3	8 745	8 745	6 678	6 678	6 749	6 749
Counterparty 4	6 256	6 256	4 941	4 907	5 490	5 490
Counterparty 5	5 643	5 581	4 171	3 863	5 420	4 773
Counterparty 6	4 587	4 179	3 511	3 440	4 748	4 704
Counterparty 7	4 186	3 678	3 369	3 292	3 563	3 438
Counterparty 8	3 287	3 287	3 088	3 056	3 226	3 195
Counterparty 9	3 273	3 238	3 004	3 004	3 164	3 164
Counterparty 10	3 264	3 209	2 952	2 842	3 137	2 994
Total	61 812	59 752	53 002	51 788	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	30.09.15	30.09.14	31.12.14
Premium reserves - ordinary tarif	358 542	326 553	332 426
Premium funds, buffer funds and pensioners' surplus funds	10 971	8 524	10 527
Supplementary reserves	17 230	13 378	17 134
Securities adjustment fund	17 499	18 343	19 578
Other provisions	195	336	248
Profit/loss allocated to insurance contracts	2 316	1 960	0
Technical provisions in life insurance including investment choice	406 753	369 094	379 912

NOK millions	30.09.15	30.09.14	31.12.14
Premium reserves	1 071	768	833
Deposit funds	9	7	9
Provisions in life insurance with investment options	1 080	775	842

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

30.09.15 NOK millions	Gross financial assets/ liabilities	Gross assets/liabilities presented net	Book value	Related amounts not presented net			Total adjusted for minority's share
				Financial instruments	Security in cash	Net amount	
ASSETS							
Financial derivatives	1 363	0	1 363	-729	-613	47	47
Repos	0	0	0	0	0	0	0
Total	1 363	0	1 363	-729	-613	47	47
LIABILITIES							
Financial derivatives	8 295	0	8 295	-729	-5 739	1 847	1 500
Repos	908	0	908	0	0	908	908
Total	9 203	0	9 203	-729	-5 739	2 754	2 408
30.09.14 NOK millions	Gross financial assets/ liabilities	Gross assets/liabilities presented net	Book value	Related amounts not presented net			Total adjusted for minority's share
				Financial instruments	Security in cash	Net amount	
ASSETS							
Financial derivatives	1 244	0	1 244	-728	-459	68	68
Total	1 244	0	1 244	-728	-459	68	68
LIABILITIES							
Financial derivatives	2 758	0	2 758	-728	-1 272	791	681
Repoer	913	0	913	0	0	913	913
Total	3 671	0	3 671	-728	-1 272	1 704	1 593
31.12.14 NOK millions	Gross financial assets/ liabilities	Gross assets/liabilities presented net	Book value	Related amounts not presented net			Total adjusted for minority's share
				Financial instruments	Security in cash	Net amount	
ASSETS							
Financial derivatives	1 785	0	1 785	-1 093	-602	144	53
Repos	0	0	0	0	0	0	0
Total	1 785	0	1 785	-1 093	-602	144	53
LIABILITIES							
Financial derivatives	11 549	0	11 549	-1 093	-6 893	3 563	3 077
Repos	1 283	0	1 283	0	0	1 283	1 283
Total	12 832	0	12 832	-1 093	-6 893	4 846	4 360

The purpose of 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	30.09.15	30.09.14	31.12.14
Short-term payables trade in securities	1 264	6 284	207
Advance tax-deduction pension scheme	313	268	287
Accounts payable	797	578	670
Pre-called contribution to insurance	1 733	5 386	2 130
Other current liabilities	724	634	2 591
Total other current liabilities	4 831	13 149	5 885

Note 18 PENSION OBLIGATIONS - OWN EMPLOYEES

NOK millions	30.09.15	30.09.14	31.12.14
Capitalized net liability 01.01	755	623	623
Capitalized pension costs	85	-34	-6
Capitalized financial costs	12	13	25
Actuarial gains and losses (Estimate deviation)	-93	137	218
Premiums / contributions received	-47	-79	-106
Capitalized net liability	711	660	755

Assumptions	30.09.15	30.09.14	31.12.14
Discount rate	2,50 %	3,00 %	2,30 %
Salary growth	2,50 %	3,25 %	2,75 %
The National Insurance basic amount (G)	2,25 %	3,00 %	2,50 %
Pension increases	1,48 %	2,23 %	1,73 %
Social security contribution rate	14,10 %	14,10 %	14,10 %

The effect of changes in the assumptions is a NOK 93 million decrease in the liability. The change is charged to «Other comprehensive income» in the income statement.

Key figures – accumulated

NOK millions	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
KLP Group								
Profit before tax	1 889	1 334	665	1 189	1 430	799	379	1 157
Total assets	526 731	526 044	513 221	490 894	470 331	442 463	421 491	399 257
Owners' equity	20 233	18 718	18 209	17 644	17 893	16 032	15 645	15 268
Capital adequacy	11.0 %	11.0 %	9.1 %	9.2 %	9.2 %	9.2 %	9.8 %	10.0 %
Number of employees in the Group	920	914	906	899	886	877	863	856
Kommunal Landspensjonskasse								
Profit before tax	1 613	1 161	592	959	1 439	839	319	950
Premium income for own account	31 985	25 548	15 948	62 454	54 570	37 414	26 192	30 860
- of which inflow of premium reserve	9 273	9 594	10 035	30 175	30 970	21 072	21 580	5 932
Insurance customers' funds incl. acc. profit	11 397	7 574	3 771	17 996	14 292	10 597	7 222	11 886
- of which funds with guaranteed returns	147	147	126	4 364	4 213	4 106	4 106	178
Net investment common portfolio	405 551	409 164	403 452	387 982	363 999	346 495	336 616	316 194
Net investment choice portfolio	2 020	2 056	1 978	1 958	1 890	1 850	1 809	1 745
Insurance funds incl. earnings for the year	405 343	406 927	398 314	378 602	367 814	350 962	335 180	312 127
- of which funds with guaranteed interest	357 269	352 857	345 233	331 240	325 401	310 159	300 475	279 840
Tier 1 and Tier 2 capital	26 161	25 364	20 172	19 951	19 393	18 115	18 159	18 036
Risk profit	473	294	180	701	422	78	54	235
Return profits	2 134	2 607	1 332	5 059	1 390	1 220	604	9 863
Administration profit	197	132	58	345	261	123	36	156
Solvency capital	80 152	79 171	80 217	73 909	64 842	59 459	52 469	46 897
Solvency margin ratio	245 %	241 %	222 %	228 %	213 %	209 %	215 %	229 %
Capital adequacy	11.4 %	11.3 %	9.5 %	9.5 %	9.6 %	9.6 %	10.1 %	10.3 %
Core capital ratio	7.9 %	7.7 %	8.1 %	8.1 %	8.1 %	8.0 %	8.5 %	8.7 %
Book return on common portfolio	2.6 %	2.0 %	1.0 %	4.3 %	2.6 %	1.8 %	0.9 %	6.4 %
Value-adjusted return on common portfolio	2.0 %	2.3 %	2.2 %	6.9 %	4.9 %	3.6 %	1.4 %	6.7 %
Return on unit-linked portfolio	1.7 %	2.5 %	2.3 %	6.7 %	4.7 %	3.5 %	1.1 %	8.8 %
Return on corporate portfolio	3.2 %	2.4 %	1.3 %	7.3 %	5.3 %	4.0 %	1.2 %	5.7 %
KLP Skadeforsikring AS								
Profit before tax	46.3	19.5	1.2	304.2	168.2	137.2	13.6	189.9
Gross premium due	958.8	828.7	633.2	921.3	781.9	667.1	490.0	832.2
Premium income for own account	768.4	503.4	246.7	841.9	622.8	410.0	201.9	728.2
Owners' equity	967.1	940.5	934.1	907.7	883.0	873.1	791.5	787.7
Claims ratio	86.1 %	93.7 %	131.6 %	68.8 %	76.1 %	71.8 %	91.5 %	77.5 %
Combined-ratio	106.4 %	114.0 %	153.8 %	91.9 %	97.9 %	95.7 %	116.6 %	103.7 %
Return on assets under management	2.5 %	2.3 %	1.9 %	6.5 %	4.6 %	3.5 %	1.4 %	6.5 %
Capital adequacy	41.4 %	40.0 %	41.8 %	44.0 %	37.8 %	37.0 %	37.1 %	40.0 %
Tier 1 and Tier 2 capital	884.2	882.7	884.4	895.4	771.1	771.5	770.5	614.6
Annual premium in force – retail market	344.3	329.9	312.7	295.7	274.2	259.0	242.7	226.5
Annual premium in force – public sector market	769.7	763.9	756.6	629.5	634.6	649.9	644.7	612.6
Net new subscriptions (accumulated within the year)	64.1	47.3	26.4	57.0	41.1	16.5	20.7	138.9

Key figures – accumulated (cont.)

NOK millions	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
KLP Bedriftspensjon AS								
Profit before tax	-15.6	-6.8	-7.1	-24.7	-15.7	-9.3	-5.6	-22.9
Premium income for own account	378.1	235.7	113.2	409.9	324.8	258.2	191.4	385.5
- of which premium reserve added	128.3	72.7	34.4	149.3	138.5	135.1	132.7	197.9
Insurance customers' funds including accumulated profit	2 491.3	2 405.1	2 330.1	2 152.2	2 055.3	1 997.1	1 899.5	1 677.8
- of which funds with guaranteed returns	1 274.6	1 389.4	1 383.4	1 310.3	1 153.7	1 137.8	1 133.4	1 017.5
Returns profit	13.1	10.0	5.5	17.3	11.5	12.0	1.8	7.6
Risk result	-1.4	3.1	-2.0	5.2	3.3	3.2	3.0	2.3
Administration losses	-19.3	-13.5	-7.1	-30.7	-22.1	-14.5	-7.6	-32.3
Tier 1 and Tier 2 capital	96.6	103.6	104.5	84.5	92.6	100.3	79.2	84.8
Solvency capital	254.4	258.0	295.4	265.4	239.8	235.4	197.8	189.8
Solvency margin ratio	164 %	181 %	184 %	167 %	184 %	188 %	161 %	198 %
Capital adequacy	12.7 %	14.2 %	14.5 %	12.7 %	14.2 %	15.6 %	12.9 %	14.7 %
Book capital return on common portfolio	3.4 %	2.4 %	1.3 %	4.6 %	3.5 %	2.7 %	1.0 %	4.0 %
Value-adjusted capital return on common portfolio	2.8 %	2.5 %	2.0 %	6.1 %	4.3 %	3.2 %	1.2 %	6.2 %
Return on defined unit-linked contribution pensions	-0.9 %	2.5 %	3.3 %	8.8 %	6.9 %	6.1 %	1.7 %	13.5 %
Return on corporate portfolio	0.5 %	0.7 %	0.8 %	3.6 %	2.5 %	1.9 %	0.8 %	3.1 %
KLP Banken Group								
Profit/loss before tax	34.4	17.1	-1.8	28.3	29.9	28.7	10.4	86.7
Net interest income	133.1	81.4	38.4	133.1	92.4	64.0	31.4	122.1
Other operating income	51.0	34.1	17.2	68.0	50.6	33.7	16.7	65.9
Operating expenses and depreciation	-122.1	-84.5	-46.3	-157.4	-105.3	-69.8	-38.2	-144.7
Net realized/unrealized changes in financial instruments to fair value	-27.7	-14.1	-11.6	-14.4	-6.7	6.3	3.9	43.8
Contributions	7 279	7 305	7 128	6 251	5 486	5 079	4 706	4 407
Housing mortgages granted	10 438	9 604	9 439	8 608	6 527	5 840	4 817	4 484
Loan(s) with public guarantee(s)	15 808	15 591	15 951	16 338	16 045	16 314	16 560	16 833
Defaulted loans	27	34	26	26	18	8	10	10
Borrowing on the issuance of securities	19 941	20 777	21 553	21 687	20 244	19 604	19 753	19 982
Other borrowing	-	-	-	-	-	-	1	1
Total assets	29 267	29 814	30 470	29 755	27 674	26 446	26 104	26 010
Average total assets	29 511	29 785	30 112	27 881	26 842	26 228	26 057	27 146
Owners' equity	1 495	1 280	1 266	1 285	1 289	1 290	1 279	1 290
Net interest rate	0.45 %	0.27 %	0.13 %	0.48 %	0.34 %	0.23 %	0.12 %	0.45 %
Profit/loss from general operations before tax	0.12 %	0.06 %	-1.01 %	0.10 %	0.12 %	0.12 %	0.05 %	0.32 %
Return on owners' equity before tax	2.67 %	1.32 %	-0.14 %	2.24 %	2.40 %	2.42 %	1.07 %	7.15 %
Capital adequacy	17.9 %	15.1 %	15.6 %	16.7 %	18.4 %	20.1 %	20.2 %	19.6 %
Number of private customers	38 248	37 335	35 677	33 104	30 822	29 670	28 623	27 287
Of this members of KLP	26 337	25 586	24 270	22 291	20 627	19 808	19 145	18 181
KLP Kapitalforvaltning AS								
Profit/loss before tax	44.7	30.5	22.1	56.3	42.8	11.7	-13.8	32.6
Total assets under management	382 580	383 411	391 040	370 840	344 133	326 200	314 584	287 077
Assets managed for external customers	40 892	40 388	41 023	36 130	31 129	30 151	28 157	28 171



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 30 September 2015 and the related consolidated condensed statements of income, changes in equity and cash flows for the nine-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, 4 November 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	Per Q3 2015	Per Q2 2015	Per Q1 2015	2014	2013	2012	2011	2010
SOCIAL RESPONSIBLE INVESTMENTS								
Number of exclusions of companies from the investment portfolio (total)	108	108	99	99	69	64	64	59
Number of exclusions of companies from the investment portfolio (accumulated this year)	0	10	0	31	9	1	6	3
Number of companies reinstated in the investment portfolio	0	1	0	1	4	1	1	3
Number of general meetings in Norwegian companies in which KLP has voted (in %)	92 (92%)	80 (92%)	5 (83%)	105 (93%)	95 (95%)	113 (92%)	130	127
Number of general meetings in foreign companies in which KLP has voted (in %)	2165 (82%)	1908 (82%)	282 (62%)	2439 (82%)	2259 (76%)	2099 (75%)	1662	1 533
1 Number of companies KLP has been in dialogue with	116	70	24	109	41	143	96	25
Market value for investments in renewable energy in Norway (mnok)	21 036	20 632	20 269	19 876	18 865			
Market value for investments in renewable energy in developing countries (mnok)	200	187	136	131	36			
Market for investment banking and finance in developing countries (mnok)	220	224	203	201	8			
EMPLOYEES								
Number of employees	920	914	906	899	856	808	775	762
Percentage reported sickness absence 12 month rolling	4,2 %	4,2 %	4,5 %	4,7 %	3,9 %	4,2 %	4,6 %	4,4 %
Percentage reported sickness absence quarter	3,7 %	3,6 %	4,5 %					
ENVIRONMENT								
2 Energy consumption kWh KLP-huset	2 406 113	1 770 235	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	172 955	128 761	75 463	230 936	254 063	221 703	165 135	357 159
2 Energy consumption kWh own office Bergen	297 208	248 205	156 124	416 813	507 026	445 918	460 518	541 337
2 Kilo CO ₂ -equivalent from aircrafts	511 119	379 207	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. The figures 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.

NOTE 2 ENERGY CONSUMPTION

1 kwh approximates to NOK 1 and 117 g CO₂ equivalents at «Nordic mix». New and improved details regarding reporting of CO₂ aircraft engine emissions was induced and available in 2013. This makes comparisons with previous years inaccurate. Energy consumption for Trondheim pr. 2 quarter is revised up due to previous error reporting.



Accounts

Kommunal Landspensjonskasse

Income statement

Kommunal Landspensjonskasse

Note	NOK millions	Q3 2015	Q3 2014	01.01.15 - 30.09.15	01.01.14 - 30.09.14	The year 2014
3	Premium income	6 438	17 156	31 985	54 570	62 454
	Income from investments in subsidiaries, associated enterprises and jointly controlled enterprises	1 369	549	3 482	1 518	3 192
	Interest income/dividends on financial assets	2 133	1 637	6 462	6 118	8 257
	Value changes on investments	-3 080	2 630	2 215	8 127	8 358
	Gains and losses realised on investments	-1 795	-461	-4 625	379	3 630
	Net income from investments in the common portfolio	-1 373	4 355	7 533	16 142	23 436
	Net income of the investment option portfolio	-15	21	32	83	120
	Other insurance-related income	220	215	665	602	855
4	Claims	-3 823	-3 694	-11 397	-14 292	-17 996
	Changes in insurance liabilities taken to P/L - contractual liabilities	-1 004	-16 851	-24 008	-53 440	-64 067
	Changes in insurance liabilities loan taken to P/L investment option portfolio	-6	-19	-73	-22	-92
	Funds assigned to insurance contracts - contractual liabilities	397	-445	-2 294	-1 959	-3 414
5	Insurance-related operating expenses	-236	-141	-678	-537	-752
	Other insurance-related costs	-219	-211	-648	-576	-797
	Technical profit/loss	377	385	1 117	571	-253
	Net income from investments in the corporate portfolio	214	266	770	1 027	1 446
	Other income	2	3	8	9	16
	Administration costs and other costs associated with the corporate portfolio	-142	-55	-283	-168	-250
	Non-technical profit/loss	75	215	495	868	1 212
	Profit/loss pre-tax	452	600	1 613	1 439	959
	Tax	-95	0	-203	0	35
	Profit/loss before other comprehensive income	357	600	1 410	1 439	994
	Actuarial profit/loss post employment benefit obligations	63	-63	63	-93	-147
	Tax on items that will not be reclassified to profit or loss	-17	0	-17	0	40
	Items that will not be reclassified to profit or loss	46	-63	46	-93	-107
	Shares of P/L components by use of the equity method	30	-35	30	-44	-71
	Adjustments of the insurance obligations	-9	15	-9	15	23
	Tax on items that will be reclassified to profit or loss	-6	0	-6	0	13
	Items that will be reclassified to P/L when specific conditions are met	15	-20	15	-30	-35
	Other comprehensive income	61	-84	61	-122	-143
	TOTAL COMPREHENSIVE INCOME	418	516	1 471	1 317	852

Balance sheet

Kommunal Landspensjonskasse

Note	NOK millions	30.09.15	30.09.14	31.12.14
ASSETS				
ASSETS IN THE CORPORATE PORTFOLIO				
	Intangible assets	430	356	391
7	Investment property	883	889	890
	Shares and holdings in property subsidiaries	1 588	1 425	1 471
	Shares and holdings in other subsidiaries	3 035	2 739	2 694
6	Financial assets valued at amortized cost	16 123	9 251	9 694
6,7	Financial assets valued at fair value	9 254	8 098	8 489
	Receivables	7 128	13 898	894
	Deferred tax assets	0	0	88
	Other assets	590	852	479
	Total assets in the corporate portfolio	39 030	37 509	25 090
ASSETS IN THE CUSTOMER PORTFOLIOS				
	Shares and holdings in property subsidiaries	49 920	39 309	42 396
	Shares and holdings in associated enterprises and jointly controlled entities	336	194	244
6	Financial assets valued at amortized cost	161 124	140 008	147 393
6,7	Financial assets valued at fair value	194 171	184 489	197 949
	Total assets in the common portfolios	405 551	363 999	387 982
	Shares and holdings in property subsidiaries	247	209	257
6	Financial assets at amortized cost	674	648	654
6,7	Financial assets at fair value	1 099	1 033	1 047
	Total assets in investment portfolio	2 020	1 890	1 958
	TOTAL ASSETS	446 600	403 398	415 030
OWNERS' EQUITY AND LIABILITIES				
	Owners' equity contributed	10 404	8 964	9 173
	Retained earnings	8 281	7 429	8 281
	Unallocated profit	1 471	1 317	0
6	Subordinated loan capital etc.	10 855	4 107	4 676
10	Insurance obligations in life insurance - contractual liabilities	403 328	365 939	376 681
10	Insurance liabilities investment option portfolio	2 015	1 875	1 921
	Provision for liabilities	607	442	503
9	Liabilities	9 581	13 276	13 638
	Accrued costs and prepaid income	58	49	157
	TOTAL OWNERS' EQUITY AND LIABILITIES	446 600	403 398	415 030
OFF-BALANCE SHEET ITEMS				
	Contingent liabilities	13 764	6 807	12 748

Changes in Owners' equity

Kommunal Landspensjonskasse

2015 NOK millions	Paid-up equity	Risk equalization fund	Retained earnings	Total equity
Own funds 01.01.2015	9 173	528	7 754	17 454
Unallocated profit		253	1 157	1 410
Other comprehensive income			61	61
Total comprehensive income		253	1 218	1 471
Owners equity contribution recieved (net)	1 231			1 231
Total transactions with owners	1 231			1 231
Own funds 30.09.2015	10 404	781	8 972	20 156

2014 NOK millions	Paid-up equity	Risk equalization fund	Retained earnings	Total equity
Own funds 01.01.2014	7 659	170	7 260	15 089
Unallocated profit		426	1 013	1 439
Other comprehensive income			-122	-122
Total comprehensive income		426	890	1 317
Owners equity contribution recieved (net)	1 305			1 305
Total transactions with owners	1 305			1 305
Own funds 30.09.2014	8 964	596	8 150	17 710

Statement of cash flows

Kommunal Landspensjonskasse

NOK millions	01.01.2015 -30.09.2015	01.01.2015 -30.06.2015	01.01.2015 -31.03.2015	01.01.2014 -31.12.2014	01.01.2014 -30.09.2014
Net cashflow from operational activities	-6 267	-4 713	79	-1 276	-748
Net cashflow from investment activities	-82	-53	-16	-145	-92
Net cashflow from financing activities	6 464	5 275	6	1 514	1 305
Net changes in cash and bank deposits	115	509	69	92	464
Holdings of cash and bank deposits at start of period	434	434	434	342	342
Holdings of cash and bank deposits at end of period	549	943	504	434	806

Notes to the accounts

Kommunal Landspensjonskasse

Note 1 ACCOUNTING PRINCIPLES AND ESTIMATES

Accounting principles

The financial statements in this interim report show the accounts for Kommunal Landspensjonskasse (KLP) for the period 1 January 2015 - 30 September 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) and IAS 34 Interim reporting as approved by the EU. 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 third quarter of any major significance for the presented interim accounts (Q3-15).

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.

Accounting estimates

In preparing the interim financial statement, management must make accounting estimates and discretionary evaluations. This will affect the value of the Company's assets and liabilities, income and expenses recognized in the interim financial statement. Actual figures may deviate from estimates used.

Pension obligation own employees

In August, The Norwegian Accounts Foundations published an updated version of the guidelines for pension criteria, where there are some change in the parameters from 31 December 2014. The stated calculation criteria are uncertain, and KLP must determine the criteria itself, based on a specific assessment of its pension schemes.

Assumptions	30.09.15	31.12.14	Change
Discount rate	2,50 %	2,30 %	0,20 %
Salary growth	2,50 %	2,75 %	-0,25 %
The National Insurance basic amount (G)	2,25 %	2,50 %	-0,25 %
Pension increases	1,48 %	1,73 %	-0,25 %
Social security contribution rate	14,10 %	14,10 %	0,00 %

The effect of the change in parameters has reduced the Company's pension obligation by NOK 63 million.

Note 2 VALUE-ADJUSTMENT INVESTMENT PROPERTY

The portfolio of investment properties, including investment properties owned via subsidiaries, has been valued as at 30 September 2015.

NOK millions	Q3 2015	Q3 2014	01.01.15 - 30.09.15	01.01.14 - 30.09.14	The year 2014
Value adjustment incl. foreign exchange	810	86	1 919	221	1 518
Foreign exchange effect on hedging	-799	79	-762	421	-686
Net value adjustment incl. exchange hedging	11	164	1 157	641	832

Note 3 PREMIUM INCOME

NOK millions	Q3 2015	Q3 2014	01.01.15 - 30.09.15	01.01.14 - 30.09.14	The year 2014
Gross premiums due	6 759	7 258	22 713	23 602	32 283
Reinsurance premiums ceded	0	0	-1	-2	-3
Transfer of premium reserves from others ¹	-321	9 897	9 273	30 970	30 175
Total premium income	6 438	17 156	31 985	54 570	62 454

¹ Transfer of premium reserves from others for the third quarter 2015 is negative. This is due to the fact that KLP will only upon final settlement for transfers of new clients receive information pertinent to the clients relevant distribution between premium reserves, supplementary reserves and premium fund respectively. Upon the final settlement there will consequently be restating from premium reserves to premium funds and supplementary reserves.

Note 4 CLAIMS

NOK millions	Q3 2015	Q3 2014	01.01.15 -30.09.15	01.01.14 -30.09.14	The year 2014
Claims paid	3 830	3 531	11 274	9 984	13 629
Change in claim reserves	-6	57	-25	95	4
Transfers of premium reserves to others	0	107	147	4 213	4 364
Total claims	3 823	3 694	11 397	14 292	17 996

Note 5 INSURANCE-RELATED OPERATING EXPENSES

NOK millions	Q3 2015	Q3 2014	01.01.15 -30.09.15	01.01.14 -30.09.14	The year 2014
Personnel costs ¹	156	78	395	287	433
Depreciation	18	20	55	59	79
Other operating expenses	62	43	228	190	240
Total insurance-related operating expenses	236	141	678	537	752

¹ In Q3 2014 a plan change was incorporated into the pension liability. The effect of the change is a decrease in pension liability of NOK 77,7 million.

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 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 Stock Exchanges 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.

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

d) Norwegian fixed interest securities - government

Bloomberg is used as a source for pricing Norwegian government bonds. It is Oslo Stock Exchange 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.

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 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 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.)

30.09.15 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
ASSETS - AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	840	929	9 846	10 791	65	69	10 750	11 789
Accrued not due interest	22	22	333	333	2	2	358	358
Foreign hold-to-maturity bonds	9 117	9 091	17 243	18 855	94	105	26 455	28 051
Accrued not due interest	47	47	360	360	2	2	410	410
Total investments held to maturity	10 026	10 090	27 782	30 339	163	178	37 972	40 607
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	1 895	2 041	26 657	29 475	152	170	28 704	31 685
Accrued not due interest	32	32	583	583	2	2	617	617
Foreign bonds	4 114	4 513	53 875	59 395	350	387	58 338	64 295
Accrued not due interest	56	56	1 023	1 023	7	7	1 085	1 085
Total bonds classified as loans and receivables	6 096	6 642	82 137	90 476	511	565	88 744	97 683
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	3 619	3 670	0	0	3 619	3 670
Lending with public sector guarantee	0	0	37 944	38 582	0	0	37 944	38 582
Loans abroad secured by mortgage and local government guarantee	0	0	9 326	9 339	0	0	9 326	9 339
Accrued not due interest	0	0	316	316	0	0	316	316
Total other loans and receivables	0	0	51 205	51 907	0	0	51 205	51 907
Total financial assets at amortized cost	16 123	16 732	161 124	172 721	674	743	177 921	190 197
ASSETS - AT FAIR VALUE THROUGH PROFIT OR LOSS								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	376	376	4 853	4 853	0	0	5 229	5 229
Foreign shares	0	0	17 190	17 190	0	0	17 190	17 190
Total shares and units	376	376	22 043	22 043	0	0	22 419	22 419
Property funds	0	0	737	737	0	0	737	737
Norwegian equity funds	0	0	45 306	45 306	420	420	45 726	45 726
Foreign equity funds	0	0	7 072	7 072	0	0	7 072	7 072
Total equity fund units	0	0	53 115	53 115	420	420	53 535	53 535
Norwegian alternative investments	0	0	2 023	2 023	14	14	2 036	2 036
Foreign alternative investments	0	0	143	143	0	0	143	143
Total alternative investments	0	0	2 166	2 166	14	14	2 179	2 179

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

30.09.15 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	4 069	4 069	23 315	23 315	0	0	27 384	27 384
Foreign bonds	204	204	19 847	19 847	0	0	20 051	20 051
Accrued not due interest	32	32	360	360	0	0	392	392
Norwegian fixed-income funds	2 117	2 117	42 899	42 899	614	614	45 630	45 630
Foreign fixed-income funds	0	0	12 177	12 177	0	0	12 177	12 177
Accrued not due interest	20	20	218	218	8	8	246	246
Norwegian certificates	506	506	5 184	5 184	0	0	5 690	5 690
Accrued not due interest	6	6	16	16	0	0	22	22
Total bonds and other fixed-income securities	6 954	6 954	104 016	104 016	623	623	111 593	111 593
Norwegian loans and receivables	1 048	1 048	4 864	4 864	15	15	5 927	5 927
Foreign loans and receivables	214	214	6 106	6 106	26	26	6 347	6 347
Total loans and receivables	1 262	1 262	10 970	10 970	41	41	12 274	12 274
DERIVATIVES								
Interest rate swaps	575	575	350	350	0	0	925	925
Share options	0	0	66	66	0	0	67	67
Forward exchange contracts	0	0	166	166	2	2	168	168
Total financial derivatives classified as assets	575	575	583	583	2	2	1 160	1 160
Other financial assets	86	86	1 279	1 279	0	0	1 365	1 365
Total financial assets valued at fair value	9 254	9 254	194 171	194 171	1 099	1 099	204 524	204 524
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	1 055	1 055	0	0	1 055	1 055
Forward exchange contracts	3	3	5 018	5 018	15	15	5 035	5 035
Total financial derivatives classified as liabilities	3	3	6 073	6 073	15	15	6 090	6 090
SUBORDINATED LOAN CAPITAL								
Perpetual subordinated loan capital	9 337	9 172	0	0	0	0	9 337	9 172
Hybrid Tier 1 securities	1 518	1 520	0	0	0	0	1 518	1 520
Total subordinated loan capital etc.	10 855	10 692	0	0	0	0	10 855	10 692
DEBT TO CREDIT INSTITUTIONS								
Norwegian call money	0	0	0	0	0	0	0	0
Foreign call money	526	526	182	182	2	2	710	710
Total debt to credit institutions	526	526	182	182	2	2	710	710

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

30.09.14 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	829	9 261	10 284	59	64	10 050	11 176
Accrued not due interest	22	22	335	335	2	2	359	359
Foreign hold-to-maturity bonds	2 889	2 988	15 115	14 893	87	96	18 091	17 977
Accrued not due interest	43	43	316	316	2	2	360	360
Total investments held to maturity	3 684	3 882	25 026	25 827	150	164	28 860	29 873
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	1 392	1 537	24 318	27 138	139	156	25 849	28 832
Accrued not due interest	28	28	559	559	2	2	590	590
Foreign bonds	4 096	4 382	50 193	56 167	350	383	54 639	60 932
Accrued not due interest	50	50	914	914	7	7	971	971
Total bonds classified as loans and receivables	5 567	5 997	75 985	84 779	497	548	82 049	91 325
OTHER LOANS AND RECEIVABLES								
Secured loan	0	0	5 717	5 730	0	0	5 717	5 730
Lending with public sector guarantee	0	0	29 359	29 967	0	0	29 359	29 967
Loans abroad secured by mortgage and local government guarantee	0	0	3 670	3 670	0	0	3 670	3 670
Accrued not due interest	0	0	253	253	0	0	253	253
Total other loans and receivables	0	0	38 998	39 619	0	0	38 998	39 619
Total financial assets at amortized cost	9 251	9 879	140 008	150 225	648	712	149 907	160 816
ASSETS - AT FAIR VALUE THROUGH PROFIT OR LOSS								
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	339	339	4 606	4 606	0	0	4 945	4 945
Foreign shares	0	0	19 408	19 408	0	0	19 408	19 408
Total shares and units	339	339	24 014	24 014	0	0	24 353	24 353
Property funds	0	0	577	577	0	0	577	577
Norwegian equity funds	0	0	39 667	39 667	369	369	40 036	40 036
Foreign equity funds	0	0	5 010	5 010	0	0	5 010	5 010
Total equity fund units	0	0	45 254	45 254	369	369	45 623	45 623
Norwegian alternative investments	0	0	1 775	1 775	13	13	1 788	1 788
Foreign alternative investments	0	0	88	88	0	0	88	88
Total alternative investments	0	0	1 863	1 863	13	13	1 876	1 876

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

30.09.14 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
DEBT INSTRUMENTS								
Norwegian bonds	4 352	4 352	30 338	30 338	0	0	34 690	34 690
Foreign bonds	163	163	13 843	13 843	0	0	14 006	14 006
Accrued not due interest	43	43	442	442	0	0	485	485
Norwegian fixed-income funds	1 412	1 412	38 518	38 518	583	583	40 513	40 513
Foreign fixed-income funds	0	0	12 017	12 017	0	0	12 017	12 017
Accrued not due interest	12	12	155	155	5	5	171	171
Norwegian certificates	537	537	6 954	6 954	0	0	7 491	7 491
Accrued not due interest	7	7	35	35	0	0	41	41
Total bonds and other fixed-income securities	6 526	6 526	102 300	102 300	588	588	109 414	109 414
Norwegian loans and receivables	690	690	4 212	4 212	32	32	4 934	4 934
Foreign loans and receivables	370	370	3 190	3 190	14	14	3 574	3 574
Total loans and receivables	1 060	1 060	7 402	7 402	46	46	8 508	8 508
DERIVATIVES								
Interest rate swaps	113	113	393	393	0	0	506	506
Share options	0	0	289	289	2	2	292	292
Forward exchange contracts	0	0	186	186	1	1	187	187
Total financial derivatives classified as assets	113	113	869	869	3	3	985	985
Other financial assets	61	61	2 787	2 787	13	13	2 861	2 861
Total financial assets valued at fair value	8 098	8 098	184 489	184 489	1 033	1 033	193 620	193 620
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	401	401	0	0	401	401
Forward exchange contracts	4	4	1 165	1 165	3	3	1 172	1 172
Total financial derivatives classified as liabilities	4	4	1 566	1 566	3	3	1 573	1 573
SUBORDINATED LOAN CAPITAL								
Perpetual subordinated loan capital	3 057	3 155	0	0	0	0	3 057	3 155
Hybrid Tier 1 securities	1 050	1 045	0	0	0	0	1 050	1 045
Total subordinated loan capital etc.	4 107	4 200	0	0	0	0	4 107	4 200
DEBT TO CREDIT INSTITUTIONS								
Norwegian call money	0	0	95	95	0	0	95	95
Foreign call money	54	54	360	360	0	0	414	414
Total debt to credit institutions	54	54	455	455	0	0	509	509

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 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	32 526	33 474	0	0	32 526	33 474
Loans abroad secured by mortgage and local government guarantee	0	0	5 169	5 169	0	0	5 169	5 169
Accrued not due interest	0	0	205	205	0	0	205	205
Total other loans and receivables	0	0	41 976	42 938	0	0	41 976	42 938
Total financial assets at amortized cost	9 694	10 563	147 393	161 889	654	743	157 741	173 194
ASSETS - AT FAIR VALUE THROUGH PROFIT OR LOSS								
EQUITY 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

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
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
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

30.09.15 NOK millions	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Bonds and other fixed-income securities	2 177	4 778	0	6 954
Certificates	0	512	0	512
Bonds	40	4 266	0	4 306
Fixed-income funds	2 137	0	0	2 137
Loans and receivables	789	473	0	1 262
Shares and units	0	370	6	376
Shares	0	370	6	376
Financial derivatives	0	575	0	575
Other financial assets	0	86	0	86
Total corporate portfolio	2 966	6 281	6	9 254
COMMON PORTFOLIO				
Bonds and other fixed-income securities	75 463	28 553	0	104 016
Certificates	3 783	1 417	0	5 200
Bonds	16 385	27 136	0	43 522
Fixed-income funds	55 294	0	0	55 294
Loans and receivables	9 631	1 339	0	10 970
Shares and units	61 452	8 118	7 753	77 323
Shares	19 720	914	1 408	22 043
Equity funds	41 732	6 324	73	48 129
Property funds	0	737	0	737
Special funds	0	143	0	143
Private Equity	0	0	6 272	6 272
Financial derivatives	0	583	0	583
Other financial assets	0	1 279	0	1 279
Total common portfolio	146 546	39 872	7 753	194 171

Note 7 FAIR VALUE HIERARCHY (CONT.)

30.09.15 NOK millions	Level 1	Level 2	Level 3	Total
INVESTMENT OPTION PORTFOLIO				
Bonds and other fixed-income securities	623	0	0	623
Fixed-income funds	623	0	0	623
Loans and receivables	41	0	0	41
Shares and units	420	14	0	433
Equity funds	420	0	0	420
Special funds	0	14	0	14
Financial derivatives	0	2	0	2
Other financial assets	0	0	0	0
Total investment option portfolio	1 083	16	0	1 099
Total financial assets valued at fair value	150 595	46 170	7 759	204 524
CORPORATE PORTFOLIO				
Investment property	0	0	883	883
Total investment property	0	0	883	883
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	3	0	3
Debt to credit institutions	526	0	0	526
Total corporate portfolio	526	3	0	529
COMMON PORTFOLIO				
Financial derivatives	0	6 083	0	6 083
Debt to credit institutions	182	0	0	182
Total common portfolio	182	6 083	0	6 265
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	15	0	15
Debt to credit institutions	2	0	0	2
Total investment option portfolio	2	15	0	17
Total financial liabilities at fair value	710	6 100	0	6 810

Note 7 FAIR VALUE HIERARCHY (CONT.)

30.09.14 NOK millions	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Bonds and other fixed-income securities	1 525	5 000	0	6 526
Certificates	0	544	0	544
Bonds	102	4 456	0	4 558
Fixed-income funds	1 423	0	0	1 423
Loans and receivables	913	147	0	1 060
Shares and units	0	331	8	339
Shares	0	331	8	339
Financial derivatives	0	113	0	113
Other financial assets	0	61	0	61
Total corporate portfolio	2 438	5 652	8	8 098
COMMON PORTFOLIO				
Bonds and other fixed-income securities	68 949	33 351	0	102 300
Certificates	4 141	2 848	0	6 988
Bonds	14 119	30 503	0	44 622
Fixed-income funds	50 690	0	0	50 690
Loans and receivables	4 438	2 964	0	7 402
Shares and units	62 209	3 472	5 450	71 131
Shares	21 923	1 032	1 060	24 014
Equity funds	40 287	0	56	40 343
Property funds	0	577	0	577
Special funds	0	1 863	0	1 863
Private Equity	0	0	4 335	4 335
Financial derivatives	0	869	0	869
Other financial assets	0	2 787	0	2 787
Total common portfolio	135 597	43 442	5 450	184 489

Note 7 FAIR VALUE HIERARCHY (CONT.)

30.09.14 NOK millions	Level 1	Level 2	Level 3	Total
INVESTMENT OPTION PORTFOLIO				
Bonds and other fixed-income securities	588	0	0	588
Fixed-income funds	588	0	0	588
Loans and receivables	46	0	0	46
Shares and units	369	13	0	382
Equity funds	369	0	0	369
Special funds	0	13	0	13
Financial derivatives	0	3	0	3
Other financial assets	0	13	0	13
Total investment option portfolio	1 003	30	0	1 033
Total financial assets valued at fair value	139 038	49 124	5 458	193 620
CORPORATE PORTFOLIO				
Investment property	0	0	889	889
Total investment property	0	0	889	889
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	4	0	4
Debt to credit institutions	54	0	0	54
Total corporate portfolio	54	4	0	58
COMMON PORTFOLIO				
Financial derivatives	0	1 566	0	1 566
Debt to credit institutions	455	0	0	455
Total common portfolio	455	1 566	0	2 021
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	509	1 573	0	2 082

Note 7 FAIR VALUE HIERARCHY (CONT.)

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
COMMON PORTFOLIO				
Bonds and other fixed-income securities	70 443	34 633	0	105 076
Certificates	2 314	1 608	0	3 922
Bonds	14 317	33 025	0	47 342
Fixed-income funds	53 812	0	0	53 812
Loans and receivables	12 800	2 980	0	15 780
Shares and units	66 149	3 343	6 292	75 784
Shares	22 047	975	1 213	24 236
Equity funds	44 102	0	70	44 172
Property funds	0	493	0	493
Special funds	0	1 875	0	1 875
Private Equity	0	0	5 008	5 008
Financial derivatives	0	1 208	0	1 208
Other financial assets	0	101	0	101
Total common portfolio	149 392	42 265	6 292	197 949

Note 7 FAIR VALUE HIERARCHY (CONT.)

31.12.14 NOK millions	Level 1	Level 2	Level 3	Total
INVESTMENT OPTION PORTFOLIO				
Bonds and other fixed-income securities	599	0	0	599
Fixed-income funds	599	0	0	599
Loans and receivables	28	0	0	28
Shares and units	400	13	0	413
Equity funds	400	0	0	400
Special funds	0	13	0	13
Financial derivatives	0	7	0	7
Other financial assets	0	0	0	0
Total investment option portfolio	1 027	20	0	1 047
Total financial assets valued at fair value	152 632	48 556	6 298	207 485
CORPORATE PORTFOLIO				
Investment property	0	0	890	890
Total investment property	0	0	890	890
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

Note 7 FAIR VALUE HIERARCHY (CONT.)

Changes in Level 3 shares, unlisted Corporate portfolio	Book value 30.09.2015	Book value 30.09.2014	Book value 31.12.2014
Opening balance 01.01	6	8	8
Sold	0	0	0
Bought	0	0	0
Unrealised changes	0	0	-2
Closing balance 30.09/31.12	6	8	6
Realised gains/losses	0	0	0

Changes in Level 3 shares, unlisted Common portfolio	Book value 30.09.2015	Book value 30.09.2014	Book value 31.12.2014
Opening balance 01.01	1 213	930	930
Sold	-264	0	0
Bought	616	138	138
Unrealised changes	-158	-8	146
Closing balance 30.09/31.12	1 408	1 060	1 213
Realised gains/losses	1	0	0

Changes in Level 3 equity funds, unlisted Common portfolio	Book value 30.09.2015	Book value 30.09.2014	Book value 31.12.2014
Opening balance 01.01	70	105	105
Sold	0	-61	-61
Bought	0	0	0
Unrealised changes	3	11	26
Closing balance 30.09/31.12	73	56	70
Realised gains/losses	0	40	40

Changes in Level 3, private equity Corporate portfolio	Book value 30.09.2015	Book value 30.09.2014	Book value 31.12.2014
Opening balance 01.01	5 008	3 564	3 564
Sold	-703	-373	-613
Bought	1 169	835	1 161
Unrealised changes	797	309	896
Closing balance 30.09/31.12	6 272	4 335	5 008
Realised gains/losses	97	52	142

Note 7 FAIR VALUE HIERARCHY (CONT.)

Changes in Level 3, investment property Corporate portfolio	Book value 30.09.2015	Book value 30.09.2014	Book value 31.12.2014
Opening balance 01.01	890	947	947
Sold	0	0	-2
Bought	0	4	4
Unrealised changes	-7	-63	-59
Closing balance 30.09/31.12	883	889	890
Realised gains/losses	0	0	0
Total Level 3	8 642	6 347	7 188

Unrealized changes are reflected in the line «Value changes on investments» in the different portfolios 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.

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

Level 1:

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

Level 2:

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

Level 3:

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

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

The fair value of assets and liabilities measured at amortized cost are stated in note 6. Level based classification of these items will be as follows; assets classified as held to maturity are included in level 1, lending and loans and receivables are included in level 2. Liabilities, measured at amortized cost, will be categorized as follows: subordinated loans are included in both level 1 and 2, hybrid tier 1 securities are included in level 2 and debt to credit institutions are included in level 1.

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

No sensitivity analysis has been carried out on securities included in Level 3. A change in the variables of the pricing is considered of little significance on the securities. A sensitivity analysis for investment property is available in the annual report. On a general basis, a 5 percent change in the pricing would produce a change of NOK 432 million as of 30.09.2015.

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 this quarter NOK 52,2 million has been moved from Level 1 to Level 2 and NOK 56,4 millions from Level 2 to Level 1, everything related to equity instruments. When moving between levels the value at the period end defines the amount. There has been reclassifications between the different categories within level 3, between private equity, unlisted equity funds and unlisted shares. Overall, level 3 consists of the same assets as stated in previous periods.

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

30.09.15 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	1 160	0	1 160	-402	-710	51
Total	1 160	0	1 160	-402	-710	51
PORTFOLIO ALLOCATION OF ASSETS						
Total assets – common portfolio	583	0	583	-400	-182	1
Total assets – corporate portfolio	575	0	575	0	-526	49
Total assets – investment option portfolio	2	0	2	-2	-2	0
Total	1 160	0	1 160	-402	-710	51
LIABILITIES						
Financial derivatives	6 100	0	6 100	-402	-5 520	182
Total	6 100	0	6 100	-402	-5 520	182
PORTFOLIO ALLOCATION OF LIABILITIES						
Total liabilities – common portfolio	6 083	0	6 083	-400	-5 505	180
Total liabilities – corporate portfolio	3	0	3	0	-3	0
Total liabilities – investment option portfolio	15	0	15	-2	-11	3
Total	6 100	0	6 100	-402	-5 520	182

30.09.14 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	985	0	985	-403	-509	79
Total	985	0	985	-403	-509	79
PORTFOLIO ALLOCATION OF ASSETS						
Total assets – common portfolio	869	0	869	-402	-455	17
Total assets – corporate portfolio	113	0	113	0	-54	59
Total assets – investment option portfolio	3	0	3	-1	0	2
Total	985	0	985	-403	-509	79
LIABILITIES						
Financial derivatives	1 573	0	1 573	-403	-1 244	55
Total	1 573	0	1 573	-403	-1 244	55
PORTFOLIO ALLOCATION OF LIABILITIES						
Total liabilities – common portfolio	1 566	0	1 566	-402	-1 234	55
Total liabilities – corporate portfolio	4	0	4	0	-5	0
Total liabilities – investment option portfolio	3	0	3	-1	-6	0
Total	1 573	0	1 573	-403	-1 244	55

Note 8 PRESENTATION OF ASSETS AND LIABILITIES THAT ARE SUBJECT TO NET SETTLEMENT (CONT.)

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	30.09.15	30.09.14	31.12.14
Short-term liabilities securities	680	5 511	106
Advance tax-deduction pension scheme	312	267	286
Accounts payable	33	31	18
Derivatives	6 100	1 573	8 400
Debt to credit institutions	710	509	715
Liabilities related to direct insurance	1 733	5 386	4 066
Other short-term liabilities	13	0	47
Total other short-term liabilities	9 581	13 276	13 638

Note 10 INSURANCE LIABILITIES

NOK millions	30.09.15	30.09.14	31.12.14
Premium reserve - ordinary tariff	355 562	323 781	329 601
Premium fund, buffer fund and pensioners' surplus fund	10 735	8 385	10 322
Supplementary reserves	17 109	13 265	17 013
Securities adjustment fund	17 450	18 297	19 522
Other provisions	165	314	223
Unallocated profit - insurance contracts in the common portfolio	2 307	1 897	0
Insurance liabilities in life insurance - contractual liabilities	403 328	365 939	376 681
Premium reserve - ordinary tariff	1 707	1 620	1 639
Premium fund, buffer fund and pensioners' surplus fund	221	125	191
Supplementary reserves	91	83	91
Unallocated profit - insurance contracts in the investment option portfolio	-3	47	0
Insurance-related provisions - investment option portfolio	2 015	1 875	1 921

Note 11 PENSION OBLIGATIONS - OWN EMPLOYEES

NOK millions	30.09.15	30.09.14	31.12.14
Capitalized net liability/(asset) 01.01	503	425	425
Pension costs taken to profit/loss	57	-31	-15
Financial costs taken to profit/loss	9	9	17
Actuarial gains and losses incl. social security contributions	-63	93	147
Social security contributions paid in premiums/supplements	-5	-7	-9
Premiums/supplements paid-in incl. admin	-33	-47	-62
Capitalized net liability/(asset)	469	442	503

Assumptions	30.09.15	30.09.14	31.12.14
Discount rate	2,50 %	3,00 %	2,30 %
Salary growth	2,50 %	3,25 %	2,75 %
The National Insurance basic amount (G)	2,25 %	3,00 %	2,50 %
Pension increases	1,48 %	2,23 %	1,73 %
Social security contribution rate	14,10 %	14,10 %	14,10 %

The effect of changes in the assumptions is a NOK 63 million reduction in the liability. The change is recognized in other comprehensive income in the income statement.



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