

Interim report Q1 2013
KLP Banken AS Group



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KLP Banken AS Group

Interim financial statement Q1/2013

Main features of the first quarter:

- maintaining good margins on public sector lending
- no loss on lending
- good returns on the securities investments
- satisfactory costs development

The KLP Banken Group's purpose is financing of housing mortgages and lending to municipalities, county administrations and enterprises carrying out public sector assignments. The KLP Banken Group is a substantial long-term lender to the public sector and since 2010 has developed substantial activity in the retail market. The Group manages lending totalling NOK 51.7 billion. The overall business of KLP Banken AS and its subsidiaries is divided into the retail market and public sector loans business areas. The business is nationwide and the companies' head offices are in Trondheim. KLP Banken AS is wholly owned by Kommunal Landspensjonskasse gjensidig forsikringselskap (KLP) through KLP Bankholding AS. KLP Banken AS has two wholly-owned subsidiaries, KLP Kreditt AS (previously Kommunekreditt Norge AS) and KLP Kommunekreditt AS.

Income Statement

Net interest income for the KLP Banken Group at the end of Q1 2013 amounts to NOK 24.3 million against NOK 12.8 million for the same period the previous year. Operating expenses and depreciation amounted to NOK 34.7 m against NOK 33.4 m at the same time last year. The Group has not had significant losses on housing loans and has had no losses on public sector lending.

The financial statements have been prepared in NOK and are presented in accordance with the Norwegian Accounting Act, the Annual Accounts Regulations for Banking (Regulation No. 1240 of 16 December 1998), as well as Regulations on Simplified Application of IFRS, the Simplification Regulations (Regulation No. 57 of 21 January 2008). This means that financial instruments are in part recognised at market value. At the end of the first quarter the accounts show an unrealized gain associated with securities of NOK 3.5 million. During the same period last year an unrealized gain of NOK 17.5 million was brought to book.

In addition to its own lending, the banking group administers housing mortgages and public sector lending financed by its parent company, Kommunal Landspensjonskasse gjensidig forsikring (KLP). The management fee for this task amounted to NOK 15.3 million at the end of the first quarter. The corresponding amount last year was NOK 28.3 million.

The KLP Banken Group achieved pre-tax profits of NOK 9.3 million by the end of the first quarter. At the same time last year the result was NOK 26.4 million. Income after tax amounted to NOK 6.7 million and NOK 15.7 million respectively.



Lending

On 31 March 2013 the KLP Banken Group had lending of NOK 22.1 billion compared to NOK 26.4 billion at the end of the first quarter 2012. The distribution between the retail market and public sector lending is NOK 1.9 billion and NOK 20.2 billion respectively.

Liquid investments

On the reporting date liquid investments amounted to NOK 3.1 billion against NOK 1.9 billion at the same time last year.

Borrowing

The KLP Banken Group's external financing comprises deposits, certificates and bonds. On the reporting date deposits were NOK 3.5 billion and liabilities created on issuance of securities were NOK 21.7 billion. Of the securities liabilities, covered bonds (OMF) issued by KLP Kommunekreditt AS represented NOK 18.6 billion. All covered bonds issues have achieved AAA rating.

Solvency

At the end of the first quarter, eligible Tier 1 and Tier 2 capital ("ansvarlig kapital") i.a.w. the capital adequacy rule was NOK 1198.0 million. Eligible Tier 1 and Tier 2 capital comprises core capital only. The corresponding figure for last year was NOK 1116.0 million. Lending is risk-weighted in accordance with the authorities' capital adequacy regulations. The KLP Banken Group had a capital adequacy ratio of 20.4 per cent at the end of the first quarter, against 17.2 per cent on the same date last year. The minimum statutory requirement is 9 per cent.



Inome Statement KLP Banken AS Group

Note	NOK thousands	Q1 2013	Q1 2012	2012
	Interest income and similar income	209 746	270 726	956 724
	Cost of interest and similar costs	-185 403	-257 951	-870 387
3	Net interest income	24 343	12 776	86 337
	Commission & banking services income	1 054	1 203	4 888
	Commission & banking services costs	-154	-5	-352
	Net charges and commission income	900	1 198	4 535
	Others fee income	15 250	28 336	79 075
	Net gain/(loss) financial instruments	3 489	17 496	51 148
	Total other operating income	18 739	45 832	130 223
	Salary and administrative costs	-12 473	-12 097	-48 805
	Depreciation	-478	-534	-2 068
	Other operating expenses	-21 722	-20 776	-86 792
	Total operating expenses	-34 674	-33 406	-137 665
	Loss on loans issued, guarantees etc.	0	0	0
	Gains/losses on securities that are fixed assets	0	0	0
	Operating profit/loss before tax	9 308	26 400	83 430
	Tax on ordinary profit/loss	-2 606	-10 679	-33 317
	Income	6 702	15 721	50 113
	Other comprehensive income	0	0	0
	Other comprehensive income for the period after tax	0	0	0
	COMPREHENSIVE INCOME FOR THE PERIOD	6 702	15 721	50 113

Financial Position Statement KLP Banken AS Group

Note	NOK thousands	31.03.2013	31.03.2012	31.12.2012
ASSETS				
	Lending to and receivables from credit institutions	1 611 015	1 474 253	2 136 069
4	Lending to and receivables from customers	22 057 171	26 387 393	21 875 012
13	Interest-bearing securities	3 093 875	1 890 539	4 063 485
	Financial derivatives	233 384	102 994	183 904
	Deferred tax asset	0	11 269	0
	Tangible fixed assets	454	582	472
	Intangible assets	20 995	21 038	21 214
10	Other assets	1 996	37 406	1 358
	TOTAL ASSETS	27 018 892	29 925 476	28 281 515
LIABILITIES AND OWNERS' EQUITY				
LIABILITIES				
8	Debt to credit institutions	0	450 066	0
7	Liabilities created on issuance of securities	21 717 602	25 864 031	23 708 404
	Deposits	3 459 180	2 114 977	2 946 196
	Financial derivatives	339 573	214 571	358 770
	Deferred tax	4 143	0	1 536
11	Other liabilities	251 041	90 913	27 377
11	Provision for accrued costs and liabilities	24 038	16 159	20 249
	TOTAL LIABILITIES	25 795 576	28 750 718	27 062 532
OWNERS' EQUITY				
	Share capital	750 000	750 000	750 000
	Share premium fund	408 076	348 130	408 076
	Other owners' equity contributed	60 907	60 907	60 907
	Other owners' equity	-2 369	0	0
	Unallocated profit/loss	6 702	15 721	0
	TOTAL OWNERS' EQUITY	1 223 316	1 174 758	1 218 983
	TOTAL LIABILITIES AND OWNERS' EQUITY	27 018 892	29 925 476	28 281 515

Statement of owners' equity

2013 NOK thousands	Share capital	Share premium fund	Other owners' equity contributed	Other owners' equity	Total owners' equity
Owners' equity 1 January 2013	750 000	408 076	60 907	0	1 218 983
Unallocated profit/loss	0	6 702	0	0	6 702
Other comprehensive income	0	0	0	0	0
Total comprehensive income	0	6 702	0	0	6 702
Zeroing corridor, pension obligations	0	0	0	-2 369	-2 369
Total transactions with the owners	0	0	0	0	0
Owners' equity 31 March 2013	750 000	414 778	60 907	-2 369	1 223 316

2012 NOK thousands	Share capital	Share premium fund	Other owners' equity contributed	Other owners' equity	Total owners' equity
Owners' equity 1 January 2012	750 000	348 130	60 907	0	1 159 037
Unallocated profit/loss	0	15 721	0	0	15 721
Other comprehensive income	0	0	0	0	0
Total comprehensive income	0	15 721	0	0	15 721
Total transactions with the owners	0	0	0	0	0
Owners' equity 31 March 2012	750 000	363 851	60 907	0	1 174 758

Statement of cash flows

NOK thousands	31.03.2013	31.03.2012	2012
Operating activities			
Payments received from customers - interest, commission & charges	150 538	229 544	885 750
Payments to customers - interest, commission & charges	-40 377	-18 614	-111 424
Net receipts/disbursements on lending to customers	68 900	2 083 245	6 545 615
Net receipts on customer deposits banking	512 984	274 716	1 105 934
Net receipts/disbursements on operations	-23 198	-23 859	-87 734
Paym's to staff, pension schemes, employer's soc. security contrib. etc.	-13 151	-12 853	-43 274
Net interest investment accounts	4 326	47 804	38 500
Net receipts/disbursements from operating activities	14 519	25 516	129 617
Income tax paid	0	0	0
Net cash flow from operating activities	674 542	2 605 500	8 462 984
Investment activities			
Receipts from securities	1 575 145	0	1 927
Disbursements to securities	-602 143	-280 599	-2 470 499
Receipts of interest from securities	24 744	0	77 313
Payments on the purchase of tangible fixed assets	-242	0	-1 600
Net cash flows from investment activities	997 504	-280 599	-2 392 859
Financing activities			
Net receipts/disbursements on loans from credit institutions	-2 082 744	-2 197 411	-4 823 855
Net disbursements of interest on loans	-107 350	-210 041	-707 994
Net receipts/disbursements (-) on other short-term items	-3 782	-20 215	30 211
Net cash flows from financing activities	-2 193 876	-2 427 665	-5 501 638
Net cash flow during the period	-521 831	-102 764	568 487
Cash and cash equivalents at the start of the period	2 091 712	1 523 225	1 523 225
Cash and cash equivalents at the end of the period	1 569 881	1 420 461	2 091 712
Net receipts/disbursements (-) of cash	-521 831	-102 764	568 487
RECONCILIATION			
Profit/loss before tax	9 308	26 400	83 430
Change in accounts payable	-1 111	0	867
Items classified as investment or financing activities	204 741	251 286	729 154
Changes in other accrual items	461 604	2 327 812	7 649 533
Net cash flow from operating activities	674 542	2 605 500	8 462 984

Note 1 General information

KLP Banken AS was formed on 25 February 2009. The Company offers standard banking products to personal banking customers. The bank is an online bank without branches. KLP Banken AS is registered and domiciled in Norway. Its head office is at Beddingen 8 in Trondheim. The Company has a branch office in Oslo.

KLP Banken AS owns all the shares in KLP Kreditt AS (formerly Kommunekreditt Norge AS) and KLP Kommunekreditt AS. The Company is a subsidiary of KLP Bankholding AS, which is in turn wholly owned by Kommunal Landspensjonskasse (KLP). KLP is a mutual insurance company.

Note 2 Accounting principles

This interim report covers the period 1 January to 31 March 2013. The accounts have not been audited.

The KLP Banken AS Group interim financial statements have been prepared in accordance with the Norwegian Regulation 1240 "Regulations on financial statements etc for banks, financial enterprises and their parent companies", hereinafter referred to as the Annual Accounts Regulations of 16 December 1998 and Norwegian Act No. 56 "Act regarding annual accounts etc (the Accounting Act)" of 17 July 1998.

The Accounting Act and the regulations require that the Company uses international accounting standards (IAS/IFRS) approved by the EU in the preparation of the accounts but allows certain exceptions from IFRS through Regulation No. 57: "Regulations on simplified application of international accounting standards" of 21 January 2008 (hereinafter referred to as "the Simplification Regulations". The Simplification Regulations allow the presentation in the accounts of a provision for dividend and group contribution at the end of the reporting period even though the resolution is passed at a later date. This is the only accounting principle deviating in regard to IFRS.

Changed rules in IAS 19 Employee benefits have been adopted from 1 January 2013. The changes have an effect on the treatment of the Company's benefits plans. The changes mean that all estimate deviations are recognised in other comprehensive income as they arise (no corridor); immediate recognition in profit/loss of all costs of previous periods' pensions accumulation; and that interest costs and expected returns on pension assets are replaced by a net interest sum calculated using discounting interest on net pensions liability (assets). The transition effect has been taken directly to owners' equity on 1 January 2013 and, as shown in the owners' equity statement, this effect has led to a reduction in other owners' equity of NOK 2.4 million.

IFRS 13 Measurement of fair value has been used from 1 January 2013. This standard defines what is meant by fair value when the term is used in IFRS, provides a uniform description of how fair value is to be determined in IFRS and defines what supplementary information is to be provided when fair value is used. The standard does not expand the scope of recognition at fair value and it has had no effect on the accounts.

With effect from 1 January 2013 IAS 34, Interim Reporting, has had stricter requirements for supplementary information on fair value of financial instruments. This has been implemented in Notes 5 and 6.

There are no new or changed IFRSs or IFRIC interpretations that have come into force for 2013 that are considered to have or expected to have a significant effect on the accounts. These interim financial statements are generally presented in accordance with the same principles as the annual financial statements for 2012 and the interim report should therefore be read in conjunction with the latter. The annual financial statements are available at www.klp.no.



Note 3 Net interest income

NOK thousands	Q1 2013	Q1 2012	2012
Interest on loans to and receivables from credit institutions	8 308	10 516	38 577
Interest on loans to customers	177 901	246 491	836 312
Interest on securities	23 537	13 719	81 835
Total interest income	209 746	270 726	956 724
Interest on debt to credit institutions	135 597	189 363	649 339
Interest on debt to KLP	0	30 142	26 065
Interest on debt to customers	48 803	36 490	192 202
Premium/discount on covered bonds	1 004	1 955	2 778
Other interest costs	0	1	3
Total interest costs	185 403	257 951	870 387
Net interest income	24 343	12 776	86 337

Note 4 Lending to customers

NOK thousands	31.03.2013	31.03.2012	31.12.2012
Loans to customers before write-downs	21 625 233	26 132 022	21 464 820
Individual write-downs	-9	-9	-9
Write-downs by group	0	0	0
Loans to customers after individual write-downs	21 625 225	26 132 013	21 464 811
Accrued interest	154 905	188 464	126 855
Loans to customers, fair value hedging	275 163	64 872	281 384
Loans to customers, fair value adjustment	1 878	2 044	1 962
Loans to customers	22 057 171	26 387 393	21 875 012

Note 5 Fair value of financial assets and liabilities

NOK thousands	31.03.2013		31.12.2012	
	Book value	Fair value	Book value	Fair value
Financial assets at fair value				
Interest-bearing securities	3 093 875	3 093 875	4 063 485	4 063 485
Loans to Norwegian local administrations	37 015	37 015	33 021	33 021
Financial derivatives	233 384	233 384	183 904	183 904
Total financial assets at fair value	3 364 274	3 364 274	4 280 410	4 280 410
Financial assets at fair value hedging				
Loans to Norwegian local administrations	6 126 751	6 159 814	5 978 833	5 983 059
Loans to private customers	517 093	504 204	524 223	524 223
Total financial assets at fair value hedging	6 643 843	6 664 018	6 503 056	6 507 282
Financial assets at amortized cost				
Loans to and receivables from credit institutions	1 611 015	1 611 015	2 136 069	2 136 069
Loans to Norwegian local administrations	14 010 338	14 010 338	14 333 161	14 333 161
Loans to private customers	1 365 974	1 365 974	1 005 774	1 005 774
Total financial assets at amortized cost	16 987 327	16 987 327	17 475 004	17 475 004
Total financial assets	26 995 445	27 015 620	28 258 470	28 262 696
Debt to credit institutions at fair value				
Financial derivatives	339 573	339 573	358 770	358 770
Total financial liabilities at fair value	339 573	339 573	358 770	358 770
Liabilities created on issuance of securities at fair value hedging				
Liabilities created on issuance of securities	3 780 738	3 809 470	3 691 662	3 777 110
Total financial liabilities at fair value hedging	3 780 738	3 809 470	3 691 662	3 777 110
Debt to credit institutions and deposits at amortized cost				
Liabilities created on issuance of securities	17 936 864	18 024 219	20 016 742	20 042 241
Deposits from customers	3 459 180	3 459 180	2 946 196	2 946 196
Total financial liabilities at amortized cost	21 396 044	21 483 399	22 962 938	22 988 437
Total financial liabilities	25 516 355	25 632 442	27 013 369	27 124 316

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

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

Interest-bearing securities - government

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

Interest-bearing securities - other than government

All Norwegian fixed income securities except government are priced theoretically. A zero coupon curve is used as well as spread curves for the pricing. Reuters is used as the source for the zero coupon curve from 0 to 10 years. From 12 years and over, Bloomberg is used as the source since Reuters does not provide prices over 10 years.



Note 5 Fair value of financial assets and liabilities, continued

Financial derivatives

These transactions are valued based on the applicable swap curve at the time of valuation.

Fair value of loans to Norwegian local authorities, loans to private customers and deposits

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

Fair value of loans to and receivables from credit institutions

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

Fair value of debt to credit institutions

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

Liabilities created on issuance of securities

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



Note 6 Fair value hierarchy

NOK thousands	Level 1	Level 2	Level 3	31.03.2013
Assets				
Loans to Norwegian local administrations	0	37 015	0	37 015
Interest-bearing securities	148 859	2 945 016	0	3 093 875
Financial derivatives	0	233 384	0	233 384
Total financial assets valued at fair value	148 859	3 215 415	0	3 364 274
Liabilities				
Financial derivatives liabilities	0	339 573	0	339 573
Total financial liabilities at fair value	0	339 573	0	339 573

NOK thousands	Level 1	Level 2	Level 3	31.12.2012
Assets				
Loans to Norwegian local administrations	0	33 021	0	33 021
Interest-bearing securities	148 352	3 915 133	0	4 063 485
Financial derivatives	0	183 904	0	183 904
Total financial assets valued at fair value	148 352	4 132 058	0	4 280 410
Liabilities				
Financial derivatives liabilities	0	358 770	0	358 770
Total financial liabilities at fair value	0	358 770	0	358 770

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

- Level 1: Instruments in this level obtain fair value from listed prices in an active market for identical assets or liabilities to which the entity has access at the reporting date. Examples of instruments in Level 1 are stock market listed securities.
- Level 2: Instruments in this level obtain fair value from observable market data. This includes prices based on identical instruments, but where the instrument does not maintain a high enough trading frequency and is not therefore 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 interest-bearing securities priced on the basis of interest rate paths.
- Level 3: Instruments at Level 3 contain no observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded. The instruments covered in Level 3 in the Group include unlisted shares and Private Equity.

Note 7 Liabilities created on issuance of securities

NOK thousands ISIN code	Nominal	Currency	Interest	Commence- ment	Due date	Accrued interest	31.03.2013 Book value
Certificate loan	360 000	NOK	Variable	14.05.2012	14.05.2013	1 072	361 072
Certificate loan	215 000	NOK	Variable	01.06.2012	31.05.2013	440	215 440
Certificate loan	270 000	NOK	Variable	09.07.2012	09.07.2013	1 390	271 390
Certificate loan	300 000	NOK	Variable	21.03.2013	21.03.2014	191	300 191
Secured bonds	500 000	NOK	Variable	12.03.2012	11.06.2013	700	500 700
Secured bonds	300 000	NOK	Variable	27.04.2012	27.04.2015	1 633	301 633
Secured bonds	300 000	NOK	Fixed	15.06.2012	15.06.2017	11 203	311 203
Secured bonds	300 000	NOK	Variable	24.08.2012	24.08.2015	910	300 910
Secured bonds	300 000	NOK	Variable	15.11.2012	16.11.2016	1 141	301 141
Amortization / value adjustments							4 292
Total liabilities issuance of certificate loans and secured bonds							2 867 971

N00010585185	4 300 000	NOK	Variable	15.09.2010	15.09.2015	4 548	4 304 548
N00010592892	1 053 000	NOK	Variable	10.12.2010	10.12.2013	1 333	1 054 333
N00010592900	750 000	NOK	Fixed	15.12.2010	15.12.2020	10 114	760 114
N00010609795	3 560 000	NOK	Variable	20.05.2011	20.05.2014	8 465	3 568 465
N00010624778	2 500 000	NOK	Fixed	15.09.2011	15.05.2015	76 952	2 576 952
XS0747335494	500 000	SEK	Variable	17.02.2012	17.02.2015	848	434 348
N00010642192	1 000 000	NOK	Variable	13.04.2012	13.04.2016	4 855	1 004 855
N00010662307	3 000 000	NOK	Variable	26.10.2012	10.11.2017	9 555	3 009 555
N00010663180	2 000 000	NOK	Variable	15.11.2012	16.11.2016	5 157	2 005 157
Amortization / value adjustments							131 305
Total covered bonds issued							18 849 631

Total liabilities created on issuance of securities 21 717 602

NOK thousands ISIN code	Nominal	Currency	Interest	Commence- ment	Due date	Accrued interest	31.03.2012 Book value
N00010585185	4 300 000	NOK	Variable	15.09.2010	15.09.2015	6 031	4 306 031
N00010592884	3 000 000	NOK	Variable	10.12.2010	10.12.2012	4 633	3 004 633
N00010592892	4 000 000	NOK	Variable	10.12.2010	10.12.2013	6 444	4 006 444
N00010592900	750 000	NOK	Fixed	15.12.2010	15.12.2020	10 180	760 180
XS0605180412	1 250 000	SEK	Variable	15.03.2011	15.03.2013	1 351	1 096 351
N00010609795	4 000 000	NOK	Variable	20.05.2011	20.05.2014	13 211	4 013 211
N00010614555	1 750 000	NOK	Variable	28.06.2011	28.06.2012	438	1 750 438
N00010624778	2 500 000	NOK	Fixed	15.09.2011	15.05.2015	47 771	2 547 771
XS0747335494	500 000	SEK	Variable	17.02.2012	17.02.2015	1 520	435 020
Amortization / value adjustments							27 408
Total covered bonds issued							21 947 487



Note 7 Liabilities created on issuance of securitie, continued

NOK thousands ISIN code	Nominal	Currency	Interest	Commence- ment	Due date	Accrued interest	31.03.2012 Book value
Certificate loan	500 000	NOK	Variable	16.12.2011	14.12.2012	735	500 735
Certificate loan	500 000	NOK	Fixed	17.01.2012	17.04.2012	2 805	502 805
Certificate loan	600 000	NOK	Fixed	17.01.2012	17.07.2012	3 662	603 662
Certificate loan	500 000	NOK	Variable	18.01.2012	18.01.2013	3 063	503 063
Certificate loan, KLP	500 000	NOK	Fixed	01.02.2012	02.05.2012	2 277	502 277
Certificate loan, KLP	500 000	NOK	Fixed	01.02.2012	01.06.2012	2 359	502 359
Certificate loan	300 000	NOK	Fixed	01.03.2012	31.08.2012	775	300 775
Secured bonds	500 000	NOK	Variable	12.03.2012	11.06.2013	869	500 869
Total liabilities issuance of certificate loans and secured bonds							3 916 543
Total liabilities created on issuance of securities							25 864 031

NOK thousands ISIN code	Nominal	Currency	Interest	Commence- ment	Due date	interest	31.12.2012 Book value
NO0010585185	4 300 000	NOK	Variable	15.09.2010	15.09.2015	4 031	4 304 031
NO0010592892	1 103 000	NOK	Variable	10.12.2010	10.12.2013	1 490	1 104 490
NO0010592900	750 000	NOK	Fixed	15.12.2010	15.12.2020	1 607	751 607
XS0605180412	1 250 000	SEK	Variable	15.03.2011	15.03.2013	765	1 095 765
NO0010609795	4 000 000	NOK	Variable	20.05.2011	20.05.2014	10 313	4 010 313
NO0010624778	2 500 000	NOK	Fixed	15.09.2011	15.05.2015	55 377	2 555 377
XS0747335494	500 000	SEK	Variable	17.02.2012	17.02.2015	959	434 459
NO0010642192	1 000 000	NOK	Variable	13.04.2012	13.04.2016	5 092	1 005 092
NO0010662307	3 000 000	NOK	Variable	26.10.2012	10.11.2017	12 898	3 012 898
NO0010663180	2 000 000	NOK	Variable	15.11.2012	16.11.2016	5 797	2 005 797
Amortization / value adjustments							85 605
Total covered bonds issued							20 365 434

Certificate loan	360 000	NOK	Variable	18-01-12	18.01.2013	1 725	361 725
Certificate loan	360 000	NOK	Variable	14-05-12	14.05.2013	1 109	361 109
Certificate loan	300 000	NOK	Variable	01-06-12	31-05-13	635	300 635
Certificate loan	300 000	NOK	Fixed	05-07-12	05-04-13	1 701	301 701
Certificate loan	300 000	NOK	Variable	09-07-12	09-07-13	1 659	301 659
Secured bonds	500 000	NOK	Variable	12-03-12	11.06.2013	709	500 709
Secured bonds	300 000	NOK	Variable	27-04-12	27.04.2015	1 669	301 669
Secured bonds	300 000	NOK	Fixed	15-06-12	15.06.2017	7 726	307 726
Secured bonds	300 000	NOK	Variable	24-08-12	24-08-15	963	300 963
Secured bonds	300 000	NOK	Variable	15-11-12	16-11-16	1 281	301 281
Amortization / value adjustments							3 794
Total liabilities issuance of certificate loans and secured bonds							3 342 970
Total liabilities created on issuance of securities							23 708 404



Note 8 Debt to credit institutions

NOK thousands	Due date	Nominal	Accrued interest	31.03.2013 Book value
				0
Total liabilities to credit institutions				0

NOK thousands	Due date	Nominal	Accrued interest	31.03.2012 Book value
	15.06.2012	450 000	66	450 066
Total liabilities to credit institutions				450 066

NOK thousands	Due date	Nominal	Accrued interest	31.12.2012 Book value
Debt to KLP				0
Total liabilities to credit institutions				0

Note 9 Transactions with related parties

NOK thousands	Q1 2013	Q1 2012	2012
Income statement items			
KLP, fees income lending management	15 250	24 619	79 000
KLP, interest on borrowing	0	-22 746	-26 065
KLP, interest on certificate loan	0	-7 396	-18 028
KLP Kapitalforvaltning, fees for services provided	-202	-192	-503
KLP, rent	-919	-854	-3 447
KLP, pension premium	-1 301	-1 809	-8 900
KLP, staff services (at cost)	-9 865	-9 486	-42 610
KLP Group companies, subsidised interest employee loans	109	0	615
TOTAL	3 072	-17 864	-19 938

NOK thousands	31.03.2013	31.03.2012	31.12.2012
Financial position statement items			
KLP, borrowing Group debt short-term	0	-450 066	0
KLP, certificate loans issued	0	-1 004 636	0
KLP, net intra-Group accounts	-4 886	-2 264	-7 900
KLP, clearance banking system	-12 775	34 661	-16 520
KLP Bankholding AS, net internal accounts	0	0	25
KLP Group companies	-166	-172	-38
TOTAL	-17 827	-1 422 477	-24 433

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

Note 10 Other assets

NOK thousands	31.03.2013	31.03.2012	31.12.2012
Receivables from companies in the same Group	25	34 662	56
Miscellaneous receivables	1 198	52	53
Prepaid expenses	773	2 692	1 249
Total other assets	1 996	37 406	1 358

Note 11 Other liabilities and provision for accrued costs

NOK thousands	31.03.2013	31.03.2012	31.12.2012
Creditors	1 573	1 818	2 684
Receivables from companies in the same Group	17 854	2 466	24 474
Miscellaneous liabilities	231 613	86 629	219
Total other liabilities	251 041	90 913	27 377
Withholding tax	1 087	970	2 349
Social security costs	1 039	959	1 589
Holiday pay	4 514	4 088	3 574
Pension obligations	14 501	7 364	12 132
VAT	38	62	259
Provisioned costs	2 857	2 716	346
Total accrued costs and liabilities	24 038	16 159	20 249

Note 12 Capital adequacy

NOK thousands	31.03.2013	31.03.2012	31.12.2012
Share capital and share premium fund	1 158 076	1 021 371	1 158 076
Other owners' equity	60 907	137 665	60 907
Owners' equity	1 218 983	1 159 036	1 218 983
Interim profit/loss	0	0	0
Less goodwill and other intangible assets	-20 995	-21 038	-21 214
Deferred tax asset	0	-21 949	0
Core capital	1 197 988	1 116 049	1 197 769
Supplementary capital	0	0	0
Supplementary capital	0	0	0
Total eligible Tier 1 and 2 capital	1 197 988	1 116 049	1 197 769
Capital requirement	470 008	519 232	476 921
Surplus of Tier 1 and 2 capital	727 980	596 817	720 848
Calculation basis credit risk			
Local and regional authorities (including municipalities/ county administrations)	3 869 503	4 986 150	3 964 218
Publicly owned enterprises	376	0	2 439
States	2 645	3 450	2 645
Institutions	611 347	332 738	713 342
Investments with security in real estate	814 031	546 540	649 286
Investments fallen due	25 394	0	26 619
Covered bonds	273 662	177 788	338 791
Holdings securities	0	439	0
Other holdings	454	179 599	472
Calculation basis credit risk	5 597 412	6 226 704	5 697 812
Credit risk	447 793	498 136	455 825
Operating risk	22 215	21 096	21 096
Total capital requirement	470 008	519 232	476 921
Core capital adequacy ratio	20.4 %	17.2 %	20.1 %
Supplementary capital ratio	0.0 %	0.0 %	0.0 %
Capital adequacy ratio	20.4 %	17.2 %	20.1 %

Basel II regulations have been used in calculating capital adequacy.

The authorities' minimum requirement for capital adequacy is set at 9 per cent for financial institutions.

Note 13 Interest-bearing securities

NOK thousands	31.03.2013		31.12.2012	
	Acquisition cost	Market value	Acquisition cost	Market value
Certificates	248 958	249 395	417 941	419 370
Bonds	2 798 784	2 844 480	3 588 940	3 644 115
Total interest-bearing securities	3 047 742	3 093 875	4 006 881	4 063 485

The bonds are brought to account at market value.

Note 14 Losses on loans issued etc.

NOK thousands	31.03.2013	31.03.2012	31.12.2012
Known losses	0	0	0
Reversal of previous write-downs	0	0	0
Change in individual write-downs	0	0	0
Change in write-downs by group	0	0	0
Total loss on lending	0	0	0
Gross default exceeding 90 days	6 874	11 820	6 854
Gross other doubtful loans	0	0	0

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

Note 15 Contingent liabilities

NOK thousands	31.03.2013	31.03.2012	31.12.2012
Credit facilities for lending not utilised	60 145	44 666	48 358
Promised loans	246 840	66 949	83 840
Total contingent liabilities	306 985	111 615	132 198

Note 16 Key figures

Accumulated figures in NOK millions	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12
Pre-tax income	9.3	83.4	85.8	34.1	26.4
Net interest income	24.3	86.3	60.0	35.2	12.8
Other operating income	16.2	83.6	67.8	51.5	29.5
Depreciation and write down	-34.7	-137.7	-94.1	-60.3	-33.4
Net realized /unrealized change fin. instruments at fair value	3.5	51.1	52.1	7.6	17.5
Deposits	3 459.2	2 946.2	2 552.5	2 323.6	2 115.0
Housing mortgage lending	1 883.1	1 530.0	1 550.5	1 597.4	1 653.3
Lending with public sector guarantee	20 174.1	20 345.0	21 915.4	22 190.5	24 734.0
Defaulted loans	6.9	6.9	5.9	5.7	11.8
Total liabilities created on issuance of securities	21 717.6	23 708.4	24 443.4	24 868.4	25 864.0
Other borrowing	0.0	0.0	0.0	200.1	450.1
Total assets	27 018.9	28 281.5	28 668.2	28 959.7	29 931.6
Average total assets	27 650.2	29 992.8	30 186.1	29 445.7	30 238.3
Owners' equity	1 223.3	1 219.0	1 220.8	1 183.6	1 174.8
Interest net	0.09 %	0.29 %	0.20 %	0.12 %	0.04 %
Profit/loss from ordinary operation before taxes	0.03 %	0.28 %	0.28 %	0.12 %	0.09 %
Profit/loss from ordinary op. excl. fair value assessments	0.02 %	0.11 %	0.11 %	0.09 %	0.03 %
Return on owners' equity before tax	0.76 %	6.84 %	7.03 %	2.88 %	2.25 %
Capital adequacy ratio	20.4 %	20.1 %	18.6 %	18.1 %	17.2 %

Note 17 Events after the end of reporting date

After the end of the quarter, a settlement has been reached with Eksportfinans ASA in two lawsuits. The settlement means that KLP Banken AS will take NOK 50 million to income in the second quarter.



KLP Banken AS
P.O.. Box 8814
7481 Trondheim

Tel: 22 03 35 00
Fax: 73 53 38 39
KLPBanken@klp.no

Visiting adress, Trondheim:
Beddingen 8

Visiting adress, Oslo:
Dronning Eufemias gate 10