

Interimreport 1/2010

Report from the board of directors - Income statement & balance sheet - Notes



Content

Report from the board of directors	3
- Income statement	3
- Balance sheet	4
Group accounts after the first quarter 2010	
- Income statement	7
- Balance sheet	8
- Notes to the Group accounts	11
Accounts after the first quarter 2009	
- Income statement	13
- Balance sheet	14
- Notes to the accounts	16

Interim report first quarter 2010

KLP's success continues and the results for the first quarter 2010 were good

- operating profit of NOK 3.1 billion and the total result for customers was more than NOK 1 billion
- value-adjusted return on the common portfolio of public sector occupational pensions was 2.2 per cent
- book return on the common portfolio of public sector occupational pensions was 1.2 per cent

KLP - a customer-owned company in progress

KLP's momentum carries on into 2010.

The management of the life company's assets continues to develop well. Continued strength in global equity markets, good results in the management of Norwegian bonds and international credit bonds as well as an improving property market contributed to good returns during the quarter.

An important milestone in the further development of services for our customers' employees was marked when KLP Banken inaugurated its services to the target customer group on 1 February. The Bank got a good reception in the market.

At the end of the quarter, the Group had capital assets of NOK 258.1 billion, and an operating profit of NOK 3 083 million.

Kommunal Landspensjonskasse (KLP)

KLP is the Group's parent company, and its main product is public sector occupational pension.

Profit/loss in first quarter 2010

Earnings

KLP obtained solid financial result yet again in the first quarter 2010. This result, which shows the amount of returns achieved over and above the guaranteed interest, reached NOK 1.0 billion during the quarter. Financial income from customer assets amounted to NOK 4.4 billion during the quarter. Book return on the common portfolio was 1.2 per cent and value-adjusted return was 2.2 per cent for the quarter. Value-adjusted return on the common portfolio including changes in the added value of hold-to-maturities and lending was 2.7 per cent in the first quarter.

Risk

There were no unexpected risks of any significance in the Company's insurance stock in the first quarter. Total risk provision amounted to NOK 20 million in the quarter.

Administration result

The Company's administration result shows profits of NOK 36

million in the first quarter 2010. This reflects the cost premium being reduced for 2010, and that KLP continues to have good control of its costs. The Company's total profits amounted to NOK 134 million for the quarter. Total customer profits were NOK 1 053 million.

Key figures -the common portfolio <i>Per cent</i>	Q1 2010	Q1 2009	2009
Return on capital I	1.2	0.3	6.4
Return on capital II	2.2	0.3	7.7
Return on capital III	2.7	0.2	7.6
Capital adequacy	12.7	14.1	12.6
Solvency margin adequacy	220	191	222
Administration costs in % of average customer funds	0.30	0.37	0.33

Profit allocation <i>NOK million</i>	Custom- ers	The Com- pany	Total
Interest result	996		996
Risik result	20	-9	11
Administration profit/loss		36	36
Interest guarantee premium		46	46
Net income corporate portfolio		99	99
Return on the corporate portfolio credited to customers	37	-37	-
Result Q1 2010	1 053	134	1 188
Result Q1 2009	55	93	148
Result 2009	6 635	738	7 374

Financial strength and capital-related matters

At the end of the first quarter, total assets in the parent company amounted to NOK 224.2 billion (NOK 199.7 billion). The Group's total assets at the end of the quarter stood at NOK 258.1 billion.

At the end of the quarter, capital adequacy at KLP was 12.7 per cent, and the core capital was 9.7 per cent.

During the quarter, KLP strengthened the financial buffers by NOK 1 920 million by way of securities adjustment funds, which means that the securities reserves now amount to NOK 4.3 billion.

At the end of the quarter, KLP had total solvency capital of NOK 29 533 billion, which corresponds to 15.2 per cent of insurance funds with interest rate guarantee.



The Board of Directors considers the Company's capital adequacy to be strong in relation to risk profile and statutory requirements.

Premium income

Premium income amounted to NOK 2 938 million, an increase of NOK 74 million on the first quarter 2009 (2.6 per cent).

Compensations

Pensions paid increased by 8.7 per cent, thus amounting to NOK 2 087 million in the first quarter (NOK 1 917 million).

Transfers in/out

The net effect of transfers decided in autumn 2010 and effective from 1 January 2010, NOK 1 311 million, was taken to book in the quarter.

Management of the common portfolio

The assets in the common portfolio amounted to NOK 208.7 billion (NOK 184.9 billion) and as at 30 March 2010 they were invested as follows:

Assets	Portion 31.03.10	Return Q1 2010	Return Q1 2009	Portion 31.12.09
Shares ¹⁾	13.1	5.2	-6.7	12.3
Interest - instruments	23.4	2.6	1.0	21.7
Bonds, hold-to-maturity	34.3	1.3	1.3	34.6
Lending	14.1	0.9	1.2	11.4
Property	11.3	3.4	0.1	10.9
Other financial assets	3.7	0.6	1.1	6.7

¹⁾ Exposure including derivatives.

Shares

Total exposure in shares including share derivatives was 13.1 per cent. The global equity markets are continuing to develop well, whereas the upswing in the Norwegian market was rather more modest. KLP's global index rose 5.0 per cent and Oslo Stock Exchange rose 1.4 per cent.

Short-term bonds

Short-term bonds and money market instruments accounted for 23.4 per cent of the assets in the common portfolio as at 30 March 2010. Interest placements in government and government-guaranteed securities accounted for nearly 20 per cent of these portfolios. The international credit bonds index KLP uses had an exchange rate-hedged return of 2.8 per cent in the first quarter 2010.

Bonds held-to-maturity

Investment in bonds held-to-maturity accounted for 34.3 per cent of the common portfolio as at 30 March 2010. Value added but not brought to book was NOK 2 585 million as at

30 March 2010. The portfolio is well diversified and is made up of securities issued by extremely creditworthy institutions. There has been no write-downs resulting from credit losses in 2010.

Property

Investments in property accounted for 11.3 per cent of the common portfolio as at 31 March 2010. 2009 was a weak year, but the trend so far in 2010 shows signs of improvement. For centrally located properties in the Oslo area there has been a positive trend in values and in the other areas in which KLP has investment properties, values have leveled off. This led to property values being revalued by NOK 499 million after exchange rate hedging in the first quarter 2010 (NOK 479 million in the common portfolio). Value-adjusted returns were 3.4 per cent in the first quarter (3.5 per cent).

The common portfolio also has investments in global property funds. These funds were written down by NOK 12 million in the first quarter. Investments in the fund accounted for 0.3 per cent of the common portfolio at the end of the quarter. Value-adjusted returns in the first quarter made up -1.8 per cent.

KLP's total lending portfolio amounted to NOK 29.3 billion, split between NOK 20.7 billion in loans to municipalities and other employers, and NOK 8.7 billion in mortgaged housing loans. The lending portfolio is characterized by high quality, no losses on loans to municipalities, and very modest provisions for housing loans.

Lending

KLP's total lending portfolio amounted to NOK 29.3 billion, split between NOK 20.7 billion in loans to municipalities and other employers, and NOK 8.7 billion in mortgaged housing loans. The lending portfolio is characterized by high quality, no losses on loans to municipalities, and very modest provisions for housing loans.

Return on the corporate portfolio

The corporate portfolio comprises the placement of owners' equity and borrowed Tier 1 and Tier 2 capital.

The corporate portfolio is managed with a long-term investment horizon aiming for stable returns and growth in owners' equity. The investments in the corporate portfolio achieved returns of 1.1 per cent in the first quarter.

Product and market matters

The competition for public sector occupational pensions in autumn 2009 showed that the providers had differing understand-

¹⁾ Figures in brackets indicate corresponding values for the first quarter 2009



ings of the Insurance Act. Several of the offers made contained elements that in KLP's opinion are against the law. In a letter with similar wording sent to all the life insurance companies at the end of November 2009, the Financial Supervisory Authority of Norway (Finanstilsynet) reminded them how the law is to be practiced, but this was ostensibly not followed up. KLP has therefore asked the Financial Supervisory Authority of Norway to follow up its letter of November 2009 by ensuring that all suppliers follow current legislation or that the legislation be amended to ensure equal practice between the suppliers and consequently equal competition.

The Ministry of Finance has followed up KLP's communication and has asked the Financial Supervisory Authority of Norway to give an account of what is being done, or what has been done, by 26 April this year. As regards the competition for public sector occupational pension in 2010 it seems there might be somewhat more activity than in 2009. So far not many of KLP's customers have notified they will invite tenders whilst several of the competitors' customers have notified this. However, it is too soon to say anything for certain as to how this will develop.

The subsidiaries' business areas

Private occupational pension

The Group markets private occupational pensions through the subsidiary KLP Bedriftspensjon AS.

KLP are constantly getting new customers within the area of private occupational pensions. The inflow of customers is greatest for defined contribution pensions, whereas there is little movement in the defined benefit market. KLP Bedriftspensjon (corporate pensions) obtained good management results for their customer funds, with a value-adjusted return of 2.4 per cent in the common portfolio for the first quarter. Defined contribution pension customers obtained a good return, i.e. 2.9 per cent, for the quarter.

The Company has good returns on customer funds and is in a position to book a result of NOK 4.7 million for customers for the first quarter. The administration result continues to be characterized by a low volume compared to the investment level in systems and other start-up costs. The total result for the first quarter included the administration loss of NOK 5.3 and ended up at NOK -3.1 million.

Non-life insurance

KLP Skadeforsikring AS has maintained a considerable position as provider of non-life insurance to municipalities and county authorities. Moreover, the Company has a growing number of customers in local government enterprises and companies in related sectors.

The Company's focus on the personal market is developing well and sales are stable. The Company got a thousand new customers during the quarter.

The ordinary operating profit for the first quarter 2010 was NOK 36 million as against NOK 17 million for the corresponding period the year before. The result is marked by negative insurance technical developments resulting from three major losses. There was another school fire on 4 April. The company had taken NOK 3 million to income following an adjustment of earlier years' reserves. The result for the quarter is also influenced by good financial returns, whereby revenues increased from NOK 19 million to NOK 77 million compared to the corresponding period last year. The Company's property investments were revalued by NOK 17 million at the end of the quarter.

As a result of major competition in municipal non-life business earned premiums fell from NOK 142 million in the first quarter 2009 to NOK 131 million in 2010.

The total loss ratio for own account for all sectors was 106.9 per cent.

KLP Skadeforsikring has good financial strength and satisfies all the Financial Supervisory Authority's minimum requirements with a good margin. Book owners' equity stands at NOK 789 million as at 31 March 2010.

KLP Kapitalforvaltning and KLP Fondsforvaltning

KLP Kapitalforvaltning AS, the investment management company, and KLP Fondsforvaltning AS, the funds management company, make up the KLP Group's securities management operation. In all, NOK 170 billion was under management at the end of the first quarter 2010. This is an increase of NOK 18 billion on the corresponding period last year. The major part of the assets are managed on behalf of Kommunal Landspensjonskasse and the subsidiaries in the KLP Group.

Management on behalf of customers outside the KLP Group continued to grow in the first quarter. NOK 12 billion is under management on behalf of external investors and personal customers at the end of the first quarter. This constitutes a growth of 69 per cent during the last year. Net new subscriptions to KLP's securities funds by customers external to the Group accounted for NOK 680 million in the first quarter 2010.

KLP Kapitalforvaltning AS had a loss of NOK 12 million. This is largely an effect of accrual accounting. KLP Fondsforvaltning AS had a NOK 0.5 million deficit.



KLP Banken

KLP Banken was launched in the first quarter – an online bank offering personal customers loans and deposits. KLP Banken is to be characterized by good terms and simple, self-service solutions. The Bank offers particularly good terms to staff of KLP's owners, as well as to their pensioners. The launch has been well received and customer growth is satisfactory.

The Group's lending activity aimed at the local government loans market is under the brand name KLP Kommunekreditt through employees of KLP Banken. Loans may be placed in the common portfolio, KLP Kreditt AS or KLP Kommunekreditt AS but are managed by KLP Banken. KLP Kommunekreditt AS is set up as a credit institution that issues covered bonds with security in local government loans. The Company has a broad lending programme under establishment, aimed at the Norwegian and international financial services markets. This form of financing means that KLP will be able to offer loans to the public sector on competitive terms.

Group-overarching activities

KLP and society

KLP's fifth social report was completed in April. The report contains an overview of both strategy and management of social responsibilities at KLP, a bunch of articles linked to our customers as well as reporting on status and projects in 2009. It is accessible at KLP.no.

KLP makes demands on its suppliers when it comes to quality, the environment and ethical aspects and during the quarter it has reviewed its policy in order to make this even clearer. The purchasing policy underpins our social responsibility by requiring that we seek alternatives to offers from companies that are excluded from KLP's investment universe, and that KLP shall be a responsible buyer safeguarding human rights, employee rights, the environment and ethical business principles in accor-

dance with KLP's association with the UN Global Compact. Important suppliers should be familiar with KLP's ethical guidelines and relate to them. The policy also dictates that when responsibly considering costs, KLP should opt for sustainable purchases.

A responsible investor and owner

KLP and the KLP funds are active owners and increasingly use their voting rights at general meetings in companies in which they own shares. In order to make the principles on which our governance is based clear to those companies, we confirmed KLP's and the KLP funds' guidelines for such voting in the first quarter 2010. During the quarter, nearly sixty companies received a letter in which we informed them about the guidelines and the reasons for our vote at the relevant company's general meeting last year. KLP Kapitalforvaltning has an ongoing dialogue with ten companies about ESG teams (environmental, social and governance issues). Four of those companies were particularly monitored during the first quarter.

Prospects for the future

KLP entered 2010 with considerable financial strength, which is a good basis for running a good and future-oriented investment management operation. This laid the groundwork for the good first quarter results and for future returns.

KLP Banken has been well received and targeted customers have joined it in greater numbers than was expected. The effort to establish a broad national and international programme for issuing covered bonds for KLP Kommunekreditt AS based on a strong rating is nearing an end. The object of such bonds is to obtain favorable terms that will contribute to KLP Kommunekreditt being competitive in the long term.

Oslo, 21th April 2010

The Board of Directors of Kommunal Landspensjonskasse

Arne Øren
Chair

Finn Jebsen
Deputy Chair

Gunn Marit Helgesen

Ann Inger Døhl

Herlof Nilssen

Jan Helge Gulbrandsen

Kari Bakken

Freddy Larsen



Consolidated Group accounts after the first quarter 2010

Notes	Income statement Group NOK million	Q1 2010	Q1 2009	2009
	Premium income for own account	3 369	3 465	19 404
	Current return on financial investments	1 829	1 842	8 254
	Net gain on financial investments	2 054	-1 432	5 813
4	Net income from investment properties	696	64	283
	Net profit from investments in associated companies	0	27	102
	Other income	192	169	760
	Total income	8 140	4 135	34 617
	Claims for own account	-3 773	-4 206	-10 365
	Change in provisions for the non-life business	3	-6	-51
	Change in technical provisions for the life business	-855	-330	-13 364
	Net costs subordinated loans and perpetual subordinated loans	14	220	579
3	Operating expenses	-265	-234	-926
	Other expenses	-180	-241	-679
	Total expenses	-5 057	-4 796	-24 807
	Operating result	3 083	-662	9 810
	To/from valuation reserves in life insurance	-1 923	0	-2 387
	To/from supplementary provisions in life insurance	0	874	-4 214
	Assets allocated to life insurance customers	-1 058	-54	-2 427
	To/from other reserves	0	0	-7
	Consolidated group profit before tax	102	158	776
	Taxes	0	0	0
	Result	102	158	776
	Revaluation own properties	7	4	-32
	Currency effects foreign affiliates	26	-67	-5
	Total comprehensive income	32	-63	-37
	Total result	134	95	738



Consolidated Group accounts after the first quarter 2010

Notes	Balance sheet NOK million	31.03. 2010	31.03. 2009	31.12. 2009
ASSETS				
	Intangible assets	400	299	380
	Tangible fixed assets	434	1 051	450
	Investments in associated companies	3	460	3
4	Investment property	24 188	21 240	23 089
	Debt instruments held to maturity	45 052	39 735	44 275
	Debt instruments at fair value in profit/loss account	34 219	44 321	34 040
	Lending to municipalities, companies and private individuals at fair value over P/L	29 473	0	30 192
	Lending to municipalities, companies and private individuals	32 288	21 600	31 209
	Debt instruments at fair value over P/L	61 458	55 804	66 384
	Equity instruments at fair value over P/L	25 654	16 374	24 232
	Financial derivatives	983	1 031	886
	Other loans and receivables incl. receivables from policyholders	1 397	947	1 280
	Assets in life insurance with investment choice	88	7	17
	Cash and bank deposits	2 493	1 278	2 113
	Total assets	258 128	204 146	258 549
OWNERS' EQUITY AND LIABILITIES				
	Paid-up equity	5 081	4 582	5 107
	Retained earnings	4 748	3 904	4 614
	Total equity	9 829	8 485	9 721
	Perpetual subordinated loan	816	1 082	806
	Subordinated loan capital	3 146	3 488	3 175
5	Debt to credit institutions	25 918	0	30 241
5	Covered bonds issued	2 551	0	2 510
	Debt to and deposits from customers	359	0	36
	Provisions, unit-linked life insurance	208 638	183 799	204 858
	Provisions in life insurance with investment option	88	7	17
	Provisions for premiums, claims and contingency fund, non life insurance	2 610	2 450	2 245
	Pension obligations	516	481	514
	Financial derivatives	1 067	1 581	1 038
	Other current liabilities	2 589	2 772	3 389
	Total owners' equity an liabilities	258 128	204 146	258 549
OFF BALANCE SHEET ITEMS				
	Contingent liabilities	1 973	2 278	2 624



Consolidated Group accounts after the first quarter 2010

Cashflow - Group NOK million	01.01.10 31.03.10	01.01.09 -31.12.09	01.01.09 -30.09.09	01.01.09 -30.06.09	01.01.09 -31.03.09
Net cashflow from operational activities	3 008	41 350	8 003	31 732	1 515
Net cashflow from investment activities	-1 481	-15 157	-8 123	-9 012	-1 385
Net cashflow from financing activities	-1 147	-25 330	192	-21 737	-102
Net changes in cash and bank deposits	380	863	72	983	28
Holdings of cash and bank deposits at start of period	2 113	1 250	1 250	1 250	1 250
Holdings of cash and bank deposits at end of period	2 493	2 113	1 322	2 233	1 278



Consolidated Group accounts after the first quarter 2010

Changes in Owner's equity

2010 NOK million	Paid-up equity	Retained earnings	Total equity
Own funds 01.01.2010	5 107	4 614	9 721
Result for the period	0	102	102
Comprehensive income			
Revaluation of properties for own use	0	7	7
Currency effect foreign affiliates	0	26	26
Total comprehensive income	0	32	32
Total income	0	134	134
Transactions with owners			
Equity paid-in	8	0	8
Equity reimbursed	-34	0	-34
Total transactions with owners	-26	0	-26
Own funds 31.03.2010	5 081	4 748	9 829

2009 NOK million	Paid-up equity	Retained earnings	Total equity
Own funds 01.01.2009	4 633	3 796	8 429
Result for the period	0	776	776
Comprehensive income			
Revaluation of properties for own use	0	-32	-32
Currency effect foreign affiliates	0	-5	-5
Total comprehensive income	0	-37	-37
Total income	0	738	738
Transactions with owners			
Equity paid-in	536	0	536
Equity reimbursed	-62	0	-62
Total transactions with owners	474	0	474
Reclassifications			
Reclassification of funds in non-life insurance	0	86	86
Other reclassifications	0	-6	-6
Total reclassifications	0	80	80
Own funds 31.12.2009	5 107	4 614	9 721



Note 1 Accounting principles

The accounts in this interim report show the accounts for Kommunal Landspensjonskasse (KLP) and the Group for the period 01.01.2010 - 31.03.2010. The accounts have not been audited.

The Group interim accounts are presented in accordance with internationally EU-approved accounting standards (IAS/IFRS). This interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" and follows the same accounting principles as used in the annual accounts.

It is recommended that this interim report be read in conjunction with the annual report for 2009. This may be obtained on application to the Company's registered office, Karl Johans gate 41b, Oslo, or at www.klp.no.

Note 2 Segment information - profit/loss i.a.w. IFRS by business area

NOK million	Q1 2010	Q1 2009	2009
Life insurance result to owner (preliminary allocation of results to date)	131	-779	738
Non-life	36	17	217
Asset management	-13	-2	12
Banking	-20	0	-1
Other business	-4	-4	-11

Total profit/loss will not agree with the Group result as results from subsidiaries have been brought to book i.a.w the equity capital method and therefore consolidated into the parent company's results.

Note 3 Operating expenses

NOK million	Q1 2010	Q1 2009	2009
By class:			
Staff costs	172	154	620
Depreciation	14	11	50
Other operating costs	79	69	256
Total operating expenses	265	234	926
By function:			
Insurance-related administration costs	186	204	774
Other expenses	80	30	153
Total operating expenses	265	234	926



Note 4 Investment property

Profit/loss NOK million	01.01.10 -31.03.10	01.01.09 -31.03.09	01.01.09 -31.12.09
Profit/loss property	341	468	1 019
Value adjustment	446	-331	-518
Currency differences	26	-67	-5
Other changes and eliminations	-117	-88	-213
Net income from investment properties	696	-17	283

Balance sheet NOK million	31.03.2010	31.03.2009	31.12.2009
Value investment property opening balance	23 089	20 383	20 383
Value adjustment	446	-331	-518
Other changes and eliminations	654	1 187	3 223
Value investment property closing balance	24 188	21 240	23 089

Note 5 Debt to finance institutions

On 24 June Kommunekreditt Norge AS signed a loan agreement with Eksportfinans ASA in which Eksportfinans ASA lends KLP Kommunekreditt AS NOK 34,352 million to be repaid in eight equal quarterly instalments, the first instalment due on 15 December 2009. The loan is secured through a lien on KLP Kreditt's loan portfolio, with the exception of a franchise amount of NOK 3 000 million, said franchise amount to be reduced on a pro-rata basis with the principal loan. The borrower has the option to substitute security of equivalent quality to the security for loans being redeemed or transferred.

NOK million	31.03.2010	31.03.2009	31.12.2009
Loan from Eksportfinans to KLP Kreditt AS			
Principal	25 764	0	30 058
Book value	25 917	0	30 241
Covered bonds issued by KLP Kommunekreditt AS			
Principal	2 550	0	2 522
Book value	2 551	0	2 521
Total in KLP Group			
Principal	28 314	0	32 580
Book value	28 468	0	32 761



Accounts after the first quarter 2010 Kommunal Landspensjonskasse

Notes	Income statement NOK million	Q1 2010	Q1 2009	2009
	Premium income	2 956	3 074	18 868
	Income from investments in subsidiaries, associated enterprises and jointly controlled enterprises	766	140	373
	Interest income/dividends on financial assets	1 680	1 642	7 399
	Value changes on investments	2 038	-4 009	4 889
	Gains and losses realised on investments	-93	2 732	1 493
	Net income from investments in the common portfolio	4 391	505	14 155
	Net income from unit-linked portfolio	7	0	19
	Other insurance-related income	158	147	625
	Claims	-3 415	-3 854	-9 979
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-2 693	-310	-19 869
	Changes in insurance liabilities taken to profit/loss - investment option portfolio separately	-3	-7	-40
	Funds assigned to insurance contracts - contractual liabilities	-1 053	-55	-2 425
5	Insurance-related operating expenses	-154	-168	-633
	Other insurance-related costs	-158	-153	-637
	Technical profit/loss	36	-821	84
	Net income from investments in the corporate portfolio	146	81	840
	Other income	3	5	25
	Administration costs and other costs associated with the corporate portfolio	-50	-47	-210
	Non-technical profit/loss	98	40	655
	Results before tax	134	-781	738
	Tax	0	0	0
	Result before other components	134	-781	738
	TOTAL PROFIT/LOSS	134	-781	738



Accounts after the first quarter 2010 Kommunal Landspensjonskasse

Notes	Balance sheet NOK millions	31.03. 2010	31.03. 2009	31.12. 2009
ASSETS				
ASSETS IN THE CORPORATE PORTFOLIO				
	Intangible assets	325	237	303
	Investments	13 888	13 436	14 293
	Receivables	607	557	563
	Other assets	437	395	547
	Total assets in the corporate portfolio	15 257	14 626	15 706
ASSETS IN THE CUSTOMER PORTFOLIOS				
	Investments in the common portfolio			
	Shares and holdings in property subsidiaries	22 826	18 899	22 185
	Receivables from and securities issued by subsidiaries, associated enterprises and jointly controlled enterprises	51	55	52
	Financial assets valued at amortised cost	101 009	89 711	100 171
	Financial assets valued at fair value	84 842	76 243	85 508
	Total assets in the customer portfolios	208 728	184 907	207 915
	Assets in the investment option portfolio			
	Shares and holdings in property subsidiaries	30	22	25
	Financial assets at fair value	218	189	216
	Total assets in unit-linked portfolio	248	211	241
	ASSETS	224 234	199 744	223 863
OWNERS' EQUITY AND LIABILITIES				
	Owners' equity contributed	5 081	4 582	5 107
	Retained earnings	4 669	3 028	4 535
	Subordinated loan capital etc.	3 962	4 570	3 980
	Insurance obligations in life insurance - contractual liabilities	207 991	184 131	204 246
	Insurance liabilities unit-linked portfolio	248	211	240
	Provision for liabilities	376	360	374
	Liabilities	1 852	2 809	5 293
	Accrued costs and prepaid income	53	53	88
	OWNERS' EQUITY AND LIABILITIES	224 234	199 744	223 863
	Off-balance sheet items			
	Contingent liabilities	1 973	2 278	2 624



Accounts after the first quarter 2010 Kommunal Landspensjonskasse

Cash flow analysis NOK million	01.01.10 - 31.03.10	01.01.09 -31.12.09	01.01.09 -30.09.09	01.01.09 -30.06.09	01.01.09 -31.03.09
Net cashflow from operational activities	1 497	15 939	6 380	4 671	1 020
Net cashflow from investment activities	-1 583	-16 272	-6 400	-4 553	-942
Net cashflow from financing activities	-26	537	9	-50	-56
Net changes in cash and bank deposits	-112	203	-10	68	22
Holdings of cash and bank deposits at start of period	504	301	301	301	301
Holdings of cash and bank deposits at end of period	392	504	290	368	323

Changes in Owner's equity

2010 NOK million	Paid-up equity	Retained earnings	Total equity
Own funds 01.01.2010	5 107	4 535	9 642
Total comprehensive income	0	134	134
Total income	0	134	134
Transaction with owners			
Equity paid-in	8	0	8
Equity reimbursed	-34	0	-34
Sum transaction with owners	-26	0	-26
Own funds 31.12.2010	5 081	4 669	9 750

2009 NOK million	Paid-up equity	Retained earnings	Total equity
Own funds 01.01.2009	4 633	3 804	8 438
Total comprehensive income	0	738	738
Total income	0	738	738
Transaction with owners			
Equity paid-in	536	0	536
Equity reimbursed	-62	0	-62
Total transaction with owners	474	0	474
Other modifications			
Surplus fund Group life	0	-12	-12
Other modifications	0	5	5
Total modifications	0	-8	-8
Own funds 31.12.2009	5 107	4 535	9 642



Note 1 Accounting principles

The accounts in this interim report show the accounts for Kommunal Landspensjonskasse (KLP) and the Group for the period 01.01.2010 - 31.03.2010. The accounts have not been audited. The interim accounts do not contain all the information required of full annual accounts.

It is recommended that this interim report be read in conjunction with the annual report for 2009. This may be obtained on application to the Company's registered office, Karl Johans gate 41b, Oslo, or at www.klp.no.

These notes have been prepared for KLP's accounts whilst the notes to the Group accounts follow further on in the report.

Similarly to the annual accounts 2009, the interim accounts have been submitted in accordance with Regulation 1241 of 16 December 1998: Regulations on annual accounts etc. for insurance companies (the Annual Accounts Regulations).

Note 2 Loan facility in favour of KLP Banken AS

Kommunal Landspensjonskasse has entered into a loan facility with KLP Banken AS for an amount of NOK 3.3 billion. The loan has been granted at market terms.

Reimbursement tranche 1: NOK 1.3 billion with interest on 10 May 2010.

Reimbursement tranche 2: NOK 2.0 billion with interest on 16 June 2010.

Note 3 Segment information

The Company's business segments have been defined in relation to business areas where risk and returns are differentiated from each other. The Company operates within the three segments: life insurance, non-life insurance and asset management. Other business has not been specified.

NOK million	01.01.10 -31.03.10	01.01.09 -31.03.09	01.01.09 -31.12.09
Life insurance	131	-784	725
Non-life insurance	36	16,9	217
Asset management	-13	-2,7	12
Banking	-20	0	-1
Other	0	-1	1
Eliminated	0	-10,2	-214
Total	134	-781	738

Note 4 Investment property

The portfolio of investment properties including investment properties owned via subsidiaries has been valued as at 31 March 2010.

NOK millions	Q1 2010	Q1 2009	01.01.09 -31.12.09
Value adjustment incl. foreign exchange	446	-328	-518
Foreign exchange effect on hedging	53	156	328
Net value adjustment incl. exchange hedging	499	-172	-190



Note 5 Operating expenses

NOK millions	Q1 2010	Q1 2009	01.01.09 -31.12.09
Staff costs	91	91	367
Depreciation	11	9	37
Other operating expenses	51	68	230
Insurance related expenses	154	168	633

Note 6 Key figures

	31.03.10	31.12.09	30.09.09	30.06.09	31.03.09
Return on capital in the common portfolio					
¹⁾ Return on capital I (from 01.01. to 31.03.)	1.2 %	6.4 %	5.5 %	3.0 %	0.3 %
²⁾ Return on capital II (from 01.01. to 31.03.)	2.2 %	7.7 %	5.8 %	3.0 %	0.3 %
³⁾ Return on capital III (from 01.01. to 31.03.)	2.7 %	7.6 %	5.8 %	3.0 %	0.2 %
Capital adequacy	12.7 %	11.8 %	12.3 %	12.6 %	14.1 %
Solvency margin adequacy	220 %	218 %	182 %	188 %	191 %

¹⁾ Return on capital I: Book financial income for the year before transfers for the year to/from securities adjustment fund

²⁾ Return on capital II: Book financial income for the year after transfers for the year to/from securities adjustment fund

³⁾ Return on capital III: As for Return on capital II plus unrealised value changes during the accounting period on long-term bonds





Kommunal Landspensjonskasse

Org.no. 938 708 606
P.O. Box 1733 Vika, 0121 Oslo
E-mail: klp@klp.no
www.klp.no

Head office

Karl Johans gate 41 b, Oslo
Norway
Tel: 22 03 35 00
Fax: 22 03 36 00

Regional Office

Vågsallmennaingen 16 Bergen
Norway
Tel: +47 05554
Fax: +4755 54 85 90

