

Interim report 1/2012

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



klp

for dagene som kommer

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Interim report after first quarter 2012

A good first quarter with good returns and strengthened reserves

- Group operating profit of NOK 5.3 billion and total income for customers in excess of NOK 5 billion
- Strong value-adjusted return - common portfolio public sector occupational pensions 2.7 per cent
- Total solvency capital increased by NOK 4.1 billion to NOK 41.3 billion, i.e. 17.9 per cent of insurance funds with interest guarantee

KLP - a customer-owned company in development

The KLP Group is the leading provider of occupational pensions, group life and non-life insurance to the local government sector and health enterprises, the second largest lender in the local government sector and the leading Norwegian provider of index-tracker funds products.

KLP's progress continues into 2012. At the end of the quarter the Group had total assets of NOK 315 billion and an operating profit of NOK 5281 million.

Throughout 2011 KLP strengthened its position as the leading provider of public sector occupational pensions when 7 of the 8 local administrations that put their pension schemes out to tender selected KLP as their provider from the start of 2012. This is reflected in the financial statements at the end of the first quarter and involves a positive transfer balance of NOK 1.5 billion.

Value-adjusted returns on our life customers' assets were good during the first quarter mainly because of very high returns on equities. Reduced credit premiums in the bonds market have also contributed to the good return during the quarter.

Kommunal Landspensjonskasse gjensidig forsikringselskap (KLP)

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 315 billion, NOK 253 billion represents pension funds belonging to this customer group.

Result in the first quarter 2011

Returns result

Once again in the first quarter of 2012, KLP achieved a good returns result (return in excess of guaranteed interest rate) of NOK 1.2 billion (1.9). Financial income from customer assets was NOK 6.5 billion (2.8) during the quarter. Value-adjusted return on the common portfolio was 2.7 per cent for the quarter and book return was 1.2 per cent.

Risk result

There were no unexpected risk matters of significance in the Company's insurance portfolio during the first quarter. The risk result for allocation was NOK 64 million for the quarter. It is provisionally allocated with NOK 33 million to customer profit and NOK 31 million to corporate income provision in the risk equalisation fund.

Administration result

The Company's administration result shows a surplus of NOK 8 million (30) in the first quarter 2012. This reflects KLP exercising good control of its cost level. Insurance-related operating expenses represent 0.33 per cent of customer funds, i.e. the same level as for 2011.

Combined income

The total profit for the Company was NOK 235 million for the quarter. The total profit to customers was NOK 1301 million.

1) Figures in brackets give corresponding values for 2011



Result NOK million	Custo- mers	The company	Total
Returns result	1 197	5	1 202
Risk result	33	31	64
Interest guarantee premium		73	73
Administration profit loss		8	8
Net income from investments in the corporate portfolio		188	188
Return from owners' equity contributions credited to customers	71	-71	-
Income Q1 2012	1 301	235	1 536
Income Q1 2011	2 017	222	2 239
Income 2011	3 594	705	4 299

Financial strength and capital-related matters

Total assets show a growth during the quarter of NOK 21.4 billion and total NOK 283.1 billion. The growth is partly a result of current liabilities in connection with settlement of securities trades straddling 31.03.12 as well as growth in the insurance obligations.

Capital adequacy at KLP at the end of the quarter was 11.0 per cent (11.5) and core capital adequacy was 8.8 per cent (9.0).

The securities adjustment fund was strengthened by NOK 3.6 billion to NOK 8.6 billion during the quarter and constitutes a solid buffer against fluctuations in the financial markets. Supplementary reserves total NOK 12.3 billion.

At the end of the quarter KLP had total solvency capital of NOK 41.3 billion, corresponding to 17.9 per cent of the insurance funds with interest guarantee.

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

Key figures Per cent	So far Q1 ¹		Year
	2012	2011	2011
Capital return I	1.2	1.6	4.5
Capital return II	2.7	1.2	3.2
Capital return III	2.7	0.6	3.9
Capital adequacy	11.0	11.5	11.5
Solvency margin ratio	239	230	244

Premium income

Premium income without premium reserves received on transfer was NOK 4 476 million (3 252). A substantial part of the increase is explained by change in the accounting procedures for premiums associated with salary and G indexation, as well as increased premium rates for 2012 as a result of reduced guaranteed interest rates.

Benefits/Claims

Pensions paid and other claims increased by 13.1 per cent and amounted to NOK 2 641 million (2 336) in the first quarter.

Transfer of customer funds

The net effect of transfer decided in autumn 2011 with effect from 1 January 2012 was brought to account during the quarter in the amount of NOK 1 541 million (-234).

Management of the common portfolio

The assets in the common portfolio totalled NOK 262.6 billion (240.4) and were invested as shown below:

Assets Per cent	Portion 31.03. 2012	Return Q1 2012	Portion 31.03. 2011	Return Q1 2011
Shares	17.5	10.1	18.3	2.5
Short-term bonds	21.6	1.9	22.4	0.3
Long-term/HTM bonds	32.4	1.3	33.0	1.3
Lending	10.9	1.0	12.9	0.9
Property	11.8	1.9	11.4	1.6
Other financial assets	5.8	1.0	2.0	0.7

Shares

Total exposure in shares including share derivatives represented 17.5 per cent. The equities markets showed strong positive development during the quarter, partly in the light of signs of incipient economic growth in important markets such as the USA. KLP's global index rose 11.2 per cent and the Oslo Stock Exchange was up 10.8 per cent.

Short-term bonds

Short-term bonds and money market instruments represented



21.6 per cent of the assets in the common portfolio. The international credit bond index KLP uses had a currency hedged return of 2.9 per cent during the first quarter of 2012, a result of reduced credit premiums. The index for international government bonds had a more modest development at 0.7 per cent.

Bonds held to maturity

Investments in bonds held to maturity represented 32.4 per cent of the common portfolio. Added value not brought to book amounted to NOK 3043 million. The portfolio is well diversified and comprises securities issued by highly credit-worthy institutions. No write-downs have been carried out as a result of credit losses during 2012.

Property

Property investments represented 11.8 per cent of the common portfolio. KLP conducts a thorough value assessment of its property holdings each quarter. The examination during the first quarter 2012 shows stability in pricing of central properties with long, secure contracts. The property values in the common portfolio were virtually unchanged during the first quarter 2012. The return on the business in the common portfolio was 1.9 per cent.

During the period property was acquired for about NOK 1.2 billion.

Lending

Lending in the common portfolio was NOK 27.2 billion. This was divided between NOK 18.8 billion in lending to local administrations and other organisations, and NOK 8.4 billion in housing mortgages. The lending portfolio is characterised by high quality, with no losses on local government loans and very modest loss provisions on housing loans. Added value not brought to book in the lending portfolio (fixed interest rate loans) amounted to NOK 257 million on 31 March 2012.

Return on the corporate portfolio

The corporate portfolio covers investment of owners' equity and borrowed Tier 1 and Tier 2 capital.

The corporate portfolio is managed with a long-term investment horizon aiming at stable returns and growth in the owners' equity. The investments in the corporate portfolio achieved a

return of 1.4 per cent during the first quarter.

Regulatory framework, product and market conditions

The implementation of the Solvency II regulations seems to have been delayed somewhat. It is expected that the new capital requirements will only be implemented from 2014 onwards while the supervisory authorities will spend 2013 ensuring that the companies will be in a position to comply with the new regulations. In addition there is discussion of various transitional rules beyond 2014, but the scope and the duration of the transitional rules has not been clarified. When Solvency II comes into force it is expected that current capital requirements associated with capital adequacy, core capital adequacy and traditional solvency margin will no longer apply.

Important clarifications remain to be made concerning the rules for tariff adjustment as a result of the development of greater longevity, and public sector occupational pensions for those born in 1954 and later. These clarifications are expected this year or next. The market situation for public sector occupational pension appears stable for 2012, even though some increase in tender activity is expected. However it is still too early to say for certain how the situation will develop through the year.

The business areas of the subsidiaries

Private occupational pensions

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

There is high market activity in KLP Bedriftspensjon and this is providing satisfactory volume growth. The company exceeded NOK 1 billion in total assets during the quarter.

110 new customers signed pension agreements with KLP Bedriftspensjon in the first quarter, of which 20 per cent were transfers from other insurance companies.

KLP Bedriftspensjon achieved good results on its customer funds, with a book return in the common portfolio of 1.6 per cent and a value-adjusted return of 2.3 per cent in the first quarter. The defined contribution pension customers achieved a return of 6.1 per cent for the quarter.



Profit for the pension customers for the first quarter amounted to NOK 4.7 million.

The administration result continues to be marked by low business volume in relation to the level of investment in systems and other costs. Including the negative administration result of NOK 7.4 million the Company's comprehensive income for the first quarter was NOK -5.1 million.

Returns customer assets

Per cent	Q1 2012	Q1 2011	Year 2011
<i>Common portfolio</i>			
Capital return I	1.6	2.6	6.3
Capital return II	2.3	1.5	3.7
<i>Defined contribution pension with investment option (unit linked)</i>			
Profil P90	10.1	2.6	-6.0
Profil P70	8.3	1.9	-3.0
Profil P60	7.4	1.7	-1.4
Profil P50	6.5	1.4	0.3
Profil P40	5.6	1.2	2.0
Profil P30	4.5	0.9	2.8
Profil P20	3.5	0.8	4.3
Profil P10	2.5	0.6	5.2
Profil PM	0.9	0.7	3.0

The numbers at the end of the profile names indicate percentage of shares in the portfolio

Non-life insurance

Ordinary operating profit for the first quarter was NOK 23.2 compared with NOK 13.0 for the same period 2011. As a result of high-frequency claims within both property and motor insurance the technical result was somewhat weaker than expected. Total claims ratio was 102.9 per cent (91.6 per cent). The claims ratio for own account for 2012 was 97.8 per cent.

Financial returns during the quarter have been good. In particular development in equities has contributed positively. Total financial return was NOK 76.5 million (39.7), corresponding to 2.4 per cent.

The company continues to experience good sales in the personal customer market and total volume is now NOK 136 million. Volume is also increasing in the public sector/corporate segment and has now passed NOK 565 million in annual premiums.

KLP Skadeforsikring has good solvency and meets all the mini-

requirements of the Financial Supervisory Authority of Norway by a very good margin.

Tore Tenold has been appointed the new Managing Director of KLP Skadeforsikring AS, taking over during the second half of the year.

Kapitalforvaltning and Fondsforvaltning

KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS comprise the KLP Group's securities management operation. In total NOK 214 billion was under management at the end of the first quarter 2012. This is an increase of NOK 28 billion compared to the same date last year. The majority of the assets are managed on behalf of Kommunal Landspensjonskasse and subsidiaries in the KLP Group.

Net new subscriptions in the KLP funds during the first quarter 2012 were NOK 2.7 billion. Of this NOK 1.6 billion comes from customers outside the Group.

KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS achieved a combined result of NOK -1 million during the first quarter 2012.

KLP Banken

In February KLP Banken could celebrate its second birthday as an operating online bank.

KLP Banken's business embraces two areas. One is the personal customer area (retail banking), the other is the public sector market aimed at municipalities, county administrations, health enterprises and these customers' activities. The main products are loans and deposits. Corporate deposits were launched in February 2012 and have had a positive reception.

Everyday online and card banking services have been introduced for customers and KLP Banken is receiving comprehensively good feedback on its services.

The Bank's lending growth is in line with expectations whereas the volume of deposits is somewhat lower.

Total assets after the first quarter were NOK 29.9 billion (28.2). Pre-tax profits were NOK 26.4 million (1.6) in the first quarter. Solvency in the bank is good with capital adequacy of 16.7 per cent.



Corporate responsibility

The KLP Group sets requirements for its suppliers in regard to quality, the environment and ethics. KLP aims to be a responsible purchaser and safeguard considerations of human rights, labour rights, the environment and ethical business principles in accordance with KLP's espousal of the UN Global Compact.

Exclusion from KLP's investments will normally have consequences for the same companies as suppliers of goods and services to the Group.

Attention is also drawn to the non-financial accounts that are a part of this report.

A responsible investor and owner

KLP and the KLP funds are active owners and attach importance to using their voting rights at general meetings.

Future prospects

Even though the upswing in the equity markets may appear to have abated after the end of the quarter, there still seems to be a fundamentally positive view of nascent economic growth in important markets, which may to a certain extent counterbalance the continuing problems in the south of Europe. In the longer term, continuing low interest rates will challenge the objective of stable, good earnings. Good solvency and a large portfolio of bonds held to maturity are a good starting point to achieving good results in the future as well.

KLP works continuously on preparing for transition to the new solvency rules for insurance under Solvency II. The regulations are comprehensive and preparing implementation is time-consuming. KLP is well positioned in regard to the requirements of the regulations.

KLP is a customer-owned company. Work on further developing the Company's products and services for the good of its owners and customers therefore remains crucial. KLP will continue in the future to achieve low costs, good returns and customer-friendly service in order to contribute to competitive value creation.

Oslo, 8 May 2012

The Board of directors Kommunal Landspensjonskasse gjensidig forsikringsselskap

Arne Øren
Chair

Finn Jebsen
Deputy chair

Gunn Marit Helgesen

Marit Torgersen

Herlof Nilssen

Jan Helge Gulbrandsen

Siv Holland
Elected by and from the employees

Freddy Larsen
Elected by and from the employees



Group accounts after first quarter 2012

Notes	Income statement Group NOK million	Q1 2012	Q1 2011	Year 2011
4	Premium income for own account	6 370	3 488	22 574
	Current return on financial investments	2 287	2 975	9 343
	Net interest income from bank	43	15	142
	Net value change on financial instruments	3 635	-493	-2 842
5	Net income from investment properties	733	420	1 879
6	Other income	194	179	748
	Total income	13 262	6 584	31 845
	Claims for own account	-2 960	-2 774	-10 615
	Change in provisions	-4 810	-2 040	-17 291
7	Net costs subordinated loans and perpetual subordinated loans	245	97	-406
8	Operating expenses	-294	-252	-1 115
9	Other expenses	-162	-164	-660
	Total expenses	-7 981	-5 133	-30 087
	Operating result	5 281	1 451	1 757
	To/from valuation reserves in life insurance	-3 623	757	2 505
	To/from supplementary provisions in life insurance	0	0	-2 156
	Assets allocated to life insurance customers	-1 305	-2 025	-1 453
3	Consolidated group profit before tax	353	183	653
	Tax	-4	-20	-24
	Result	349	163	629
	Revaluation own properties	12	38	92
	Currency effects foreign affiliates	-119	21	6
	Total other comprehensive income	-107	59	97
	Total comprehensive income	242	222	726



Group accounts after first quarter 2012

Notes	Balance NOK million	31.03. 2012	31.03. 2011	31.12. 2011
ASSETS				
	Intangible assets	343	366	344
	Tangible fixed assets	1 047	1 004	1 041
	Investments in associated companies	3	3	3
5	Investment property	29 955	26 598	28 726
13	Debt instruments held to maturity	41 018	42 418	41 438
13	Debt instruments at fair value in profit/loss account	49 155	41 285	46 936
11,13	Lending to municipalities, companies and private individuals at fair value over P&L	2 435	3 868	2 519
13	Lending to municipalities, companies and private individuals	51 319	52 099	51 024
11,13	Debt instruments at fair value over P/L	82 422	66 719	77 050
11	Equity instruments at fair value over P/L	40 032	36 677	36 168
11,13	Financial derivatives	1 245	968	915
12	Receivables	13 411	12 118	1 603
	Assets in life insurance with investment choice	229	155	198
	Cash and bank deposits	2 443	3 571	3 820
	Total assets	315 057	287 849	291 784
OWNERS' EQUITY AND LIABILITIES				
	Paid-up equity	6 215	5 623	6 217
	Retained earnings	6 089	5 321	5 847
	Total equity	12 304	10 943	12 064
10	Perpetual subordinated loan	989	871	1 145
10	Subordinated loan capital	3 054	3 107	3 143
	Pension obligations	518	476	518
14	Technical provisions - life insurance	253 655	231 241	244 086
14	Provisions in life insurance with investment option	229	155	198
	Premiums, claims and contingency fund provisions - non-life insurance	2 831	2 820	2 567
10	Covered bonds issued	21 947	13 661	22 152
10	Debt to financial institutions	3 512	9 183	1 398
10	Deposits from and liabilities to customers	2 115	1 441	1 840
10	Financial derivatives	548	487	1 031
	Deferred tax	49	41	45
15	Other short term debt	13 306	13 421	1 596
	Total liabilities	302 754	276 905	279 720
	Total owners' equity and liabilities	315 057	287 849	291 784
	Contingent liabilities	4 517	3 018	4 753



Group accounts after first quarter 2012

Changes in Owner's equity

2012 NOK million	Paid-up equity	Retained earnings	Total equity
Equity 01.01.2012	6 217	5 847	12 064
Result for the period	0	349	349
Other comprehensive income			
Revaluation of properties for own use	0	12	12
Currency effect foreign affiliates	0	-119	-119
Total other comprehensive income	0	-107	-107
Total comprehensive income	0	242	242
Transactions with owners			
Equity paid-in	1	0	1
Equity reimbursed	-4	0	-4
Total transactions with owners	-3	0	-3
Total other changes	0	0	0
Equity 31.03.2012	6 215	6 089	12 304

2011 NOK million	Paid-up equity	Retained earnings	Total equity
Equity 01.01.2011	5 628	5 186	10 814
Result for the period	0	163	163
Other comprehensive income			
Revaluation of properties for own use	0	38	38
Currency effect foreign affiliates	0	21	21
Total other comprehensive income	0	59	59
Total comprehensive income	0	222	222
Transactions with owners			
Equity paid-in	1	0	1
Equity reimbursed	-7	0	-7
Total transactions with owners	-5	0	-5
Other changes			
Reclassification of funds in non-life insurance	0	-87	-87
Total other changes	0	-87	-87
Equity 31.03.2011	5 623	5 321	10 943



Group accounts after first quarter 2012

Cashflow - Group NOK million	01.01.2012 -31.03.2012	01.01.2011 -31.12.2011	01.01.2011 -30.09.2011	01.01.2011 -30.06.2011	01.01.2011 -31.03.2011
Net cashflow from operational activities	-1 278	-2 570	1 004	3 093	4 758
Net cashflow from investment activities	-18	-96	-916	-898	-1 719
Net cashflow from financing activities	-81	3 562	153	-337	-2 392
Net changes in cash and bank deposits	-1 377	896	242	1 859	648
Holdings of cash and bank deposits at start of period	3 819	2 924	2 924	2 924	2 924
Holdings of cash and bank deposits at end of period	2 443	3 820	3 166	4 783	3 572



Note 1 Accounting principles- and estimates

The accounts in this interim report show the accounts for Kommunal Landspensjonskasse (KLP) and the Group for the period 01.01.2012 - 31.03.2012. 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 account for 2010.

It is recommended that this interim report be read in conjunction with the annual report for 2010. The annual report may be obtained at www.klp.no.

Premium income for own account/change in technical provisions

Salary changes and change to the National Insurance basic amount (G) for members of KLP's defined benefits pension schemes affect the insurance liabilities and this is financed by a discrete indexation premium paid by the employer. Previously the effect of these provisions and the premium income were recognised on invoicing of the discrete indexation premium.

From the start of 2012 indexation premiums linked to salary and G-indexation are being estimated and taken to income on the date the liability increase is registered. Until the indexation premium supplement is invoiced the accrued liability resulting from registered salary adjustments will appear as premiums receivable or, alternatively, as current liabilities to policyholders if the supplement has been prepaid.

Similarly, the factors mentioned above result in an increase in changes taken through profit or loss in insurance liabilities - contractual obligations by corresponding amounts from the same date. The net effect on income and owners' equity will thus be nil.

Net effect of the estimate change is increased premium income and increased liabilities of NOK 734 million in Q1 2012 against Q1 2011.

Note 2 Key figures - accumulated

NOK million	Q1-12	Q4-11	Q3-11	Q2-11	Q1-11	Q4-10	Q3-10	Q2-10
KLP Group								
Profit before tax	353	653	490	438	183	524	368	143
Total assets	315 057	291 784	284 518	285 149	287 849	271 736	267 318	263 880
Owners' equity	12 304	12 064	11 927	11 228	10 943	10 814	10 632	9 958
Capital adequacy	10.5 %	10.9 %	11.0 %	10.8 %	11.0 %	11.5 %	11.6 %	11.6 %
Number of employees in the Group	796	775	769	768	753	762	763	755



NOK million	Q1-12	Q4-11	Q3-11	Q2-11	Q1-11	Q4-10	Q3-10	Q2-10
Kommunal Landspensjonskasse gjensidig forsikringselskap								
Profit before tax	235	705	512	461	222	572	412	258
Premium income for own account	6 158	21 752	17 772	6 649	3 315	20 345	16 960	5 984
- of which inflow of premium reserve	1 683	112	108	63	63	54	49	20
Insurance customers' funds incl. acc. profit	2 783	10 033	7 492	4 991	2 633	10 082	7 881	5 589
- of which funds with guaranteed returns	142	310	310	309	297	1 389	1 389	1 387
Net investment common portfolio	262 615	242 267	230 914	236 763	240 414	225 522	214 704	208 638
Net investment choice portfolio	283 096	1 404	1 380	1 453	1 338	274	267	254
Insurance funds incl. earnings for the year	251 509	243 439	238 102	233 982	229 445	227 533	222 120	208 740
- of which funds with guaranteed interest	226 698	226 153	223 335	214 061	207 968	207 026	203 870	196 573
Tier 1 and Tier 2 capital	14 891	14 857	14 433	13 631	13 765	13 221	13 201	12 705
Risk profit	64	308	112	95	53	160	61	45
Return profits	1 202	3 286	3 127	3 455	1 915	4 280	3 371	1 360
Administration profit	8	61	72	65	30	82	79	60
Solvency capital	41 336	36 190	34 657	35 408	33 427	33 308	34 583	28 940
Solvency margin ratio	239.1 %	244 %	227 %	227 %	230 %	224 %	216 %	219 %
Capital adequacy	11.0 %	11.5 %	11.4 %	11.2 %	11.5 %	12.0 %	12.3 %	12.2 %
Core capital ratio	8.8 %	9.1 %	9.0 %	8.8 %	9.0 %	9.3 %	9.4 %	9.2 %
Book return on common portfolio	1.2 %	4.5 %	3.7 %	3.1 %	1.6 %	5.1 %	3.9 %	2.2 %
Value-adjusted return on common portfolio	2.7 %	3.2 %	1.1 %	2.3 %	1.2 %	7.5 %	5.1 %	2.1 %
Return on unit-linked portfolio	3.4 %	2.2 %	-0.3 %	1.9 %	1.1 %	8.6 %	5.3 %	1.7 %
Return on corporate portfolio	1.4 %	4.2 %	3.5 %	3.3 %	1.7 %	5.2 %	3.8 %	2.4 %

KLP Skadeforsikring AS

Profit before tax	23	25	33	40	12	72	60	12
Gross premium due	427	650	586	520	365	631	574	521
Premium income for own account	161	599	442	288	141	539	400	265
Owners' equity	512	481	497	501	483	481	454	424
Claims ratio	102.9 %	88.3 %	82.5 %	82.3 %	94.4 %	91.5 %	94.2 %	108.0 %
Combined-ratio	130.2 %	118.4 %	109.6 %	109.6 %	123.3 %	121.9 %	123.1 %	134.9 %
Return on assets under management	2.4 %	4.5 %	2.6 %	2.8 %	1.3 %	7.2 %	5.2 %	2.7 %
Capital adequacy	29.8 %	31.8 %	30.9 %	30.0 %	31.5 %	32.0 %	27.1 %	29.8 %
Tier 1 and Tier 2 capital	453	451	439	438	436	433	381	387
Annual premium in force - retail market	130	120	109	99	88	79	67	58
Annual premium in force - public sector market	562	548	551	541	530	529	526	347
Net new subscriptions (accumulated within the year)	14	90	44	34	15	68	51	40



NOK million	Q1-12	Q4-11	Q3-11	Q2-11	Q1-11	Q4-10	Q3-10	Q2-10
KLP Bedriftspensjon AS								
Loss before tax	-5.1	-23.8	-13.8	-6.8	-2.4	-17.1	-12.1	-7.1
Premium income for own account	66.6	286.5	259.6	212.3	47.8	149.5	113.1	93.1
- of which premium reserve added	39.2	194.7	191.2	166.3	25.3	97.7	77.0	73.0
Insurance customers' funds including accumulated profit	941.8	844.0	810.3	796.3	622.3	559.0	512.8	485.6
- of which funds with guaranteed returns	662.8	605.2	589.9	566.6	423.0	396.3	392.1	389.7
Investment result	5.4	14.2	6.6	11.9	8.1	9.9	9.5	2.5
Risk result	0.3	0.1	2.8	2.3	1.2	3.6	3.4	3.2
Administration losses	-7.4	-28.2	-19.0	-11.6	-4.9	-23.4	-17.5	-11.1
Tier 1 and Tier 2 capital	43.0	48.0	32.3	39.4	43.9	46.7	51.5	24.9
Solvency capital	94.8	90.2	77.6	88.2	87.8	89.3	95.7	63.3
Capital adequacy	11.2 %	13.9 %	9.4 %	12.0 %	16.8 %	19.6 %	23.1 %	11.9 %
Book capital return on common portfolio	1.6 %	6.3 %	3.8 %	4.2 %	2.6 %	6.0 %	5.1 %	3.1 %
Value-adjusted capital return on common portfolio	2.3 %	3.7 %	1.3 %	2.6 %	1.5 %	8.3 %	5.6 %	2.4 %
Return on defined unit-linked contribution pensions	6.1 %	0.2 %	-3.9 %	1.9 %	1.5 %	9.3 %	4.4 %	-2.0 %
Return on corporate portfolio	1.9 %	4.8 %	3.2 %	1.9 %	0.6 %	5.0 %	4.6 %	2.4 %
KLP Banken Group								
Profit/loss before tax	26.4	-62.2	-33.5	-20.9	1.6	35.9	-8.0	-4.9
Net interest income	12.8	21.1	11.1	10.1	11.3	31.6	25.6	10.3
Other operating income	29.5	63.4	46.2	30.9	17.6	54.6	35.8	20.7
Operating expenses and depreciation	-33.4	-139.9	-97.7	-62.4	-28.5	-109.6	-79.8	-53.1
Net realized/unrealized changes in financial instruments to fair value	17.5	-6.8	7.0	0.5	1.1	59.2	10.5	17.2
Contributions	2 115,0	1 840,3	1 715,1	1 530,4	1 440,9	1 025,7	656,2	539,7
Housing mortgages granted	1 653,3	3 213,9	2 476,9	2 057,0	1 614,3	1 266,6	797,9	345,1
Loan(s) with public guarantee(s)	24 734	25 202	25 652	24 732	24 794	25 062	26 433	26 909
Defaulted loans	11.8	16.1	40.8	3.5	-	-	-	-
Borrowing on the issuance of securities	25 864	24 170	22 132	18 635	13 629	9 245	6 487	3 000
Other borrowing	450	4 306	6 010	8 313	11 819	16 167	19 782	24 076
Total assets	29 932	31 716	31 387	29 859	28 237	27 865	28 310	29 005
Average total assets	30 238	29 790	29 626	28 862	28 051	31 252	31 488	31 835
Owners' equity	1 175	1 171	1 170	1 179	1 189	1 186	1 187	1 190
Net interest rate	0.04 %	0.07 %	0.04 %	0.04 %	0.04 %	0.10 %	0.08 %	0.03 %
Profit/loss from general operations before tax	0.09 %	-0.21 %	-0.11 %	-0.07 %	0.01 %	0.11 %	-0.03 %	-0.02 %
Profit/loss from general operations excl. fair value assessments before tax	0.03 %	-0.19 %	-0.14 %	-0.07 %	0.00 %	-0.07 %	-0.06 %	-0.07 %
Return on owners' equity before tax	2.25 %	-5.31 %	-2.86 %	-1.78 %	0.13 %	3.02 %	-0.67 %	-0.41 %
Capital adequacy	17.2 %	14.4 %	15.6 %	17.1 %	17.7 %	14.2 %	17.6 %	17.9 %
Number of personal customers	18 715	15 622	13 535	12 555	10 082	7 965	6 099	4 512
Of which members in KLP	10 539	9 151	8 217	7 495	5 936	4 729	3 728	2 819
KLP Kapitalforvaltning AS and KLP Fondsförvaltning AS								
Profit/loss before tax	0.1	26.3	21.0	14.0	2.5	19.2	7.3	0.3
Total assets under management	214 399	205 099	192 636	192 446	186 521	185 714	172 810	166 424
Assets managed for external customers	16 134	13 650	13 143	14 704	13 820	14 170	12 771	11 862



Note 3 Segment information - profit/loss (i.a.w. IFRS) by business area

Time series result - by quarter

NOK million	Q1-12	Q4-11	Q3-11	Q2-11	Q1-11	Q4-10	Q3-10	Q2-10
Total income	13 262	11 527	13 535	6 457	7 340	11 647	12 808	5 657
Total expenses	-12 909	-11 351	-13 487	-6 212	-7 157	-11 491	-12 583	-5 615
Consolidated group profit before tax	353	176	48	245	183	148	225	41
Results by segment								
Life insurance	311	224	79	210	167	84	174	36
Non-life	23	-7	-20	40	12	10	47	-24
Banking	26	-47	-15	-21	2	41	-3	15
Asset management	-4	5	5	14	2	12	6	14
Other business	-2	2	-1	2	0	0	0	1
Consolidated group profit before tax	353	176	48	245	183	148	225	41

Note 4 Operating expenses

NOK million	Q1 2012	Q1 2011	Year 2011
Staff costs	4 649	3 401	22 271
Depreciation	-2	-1	-3
Other operating costs	1 722	88	306
Total operating expenses	6 370	3 488	22 574

Note 5 Investment property

Profit/loss NOK million	Q1 2012	Q1 2011	Year 2011
Profit/loss property	724	311	1 469
Value adjustment	9	109	410
Net income from investment properties	733	420	1 879

Balance NOK million	31.03. 2012	31.03. 2011	31.12. 2011
Value: investment property - opening balance	28 726	26 105	26 105
Value adjustment	9	109	410
Net increase	1 221	357	2 211
Other changes	- 1	26	0
Value: investment property - closing balance	29 955	26 598	28 726



Note 6 Other income

NOK million	Q1 2012	Q1 2011	Year 2011
Supplement contractual early retirement scheme (AFP)	162	164	655
Fee income	29	23	94
Other income/expenses	3	-9	0
Total other income	194	179	748

Note 7 Subordinated loan and Perpetual hybrid Tier 1 securities

NOK million	Q1 2012	Q1 2011	Year 2011
Subordinated loan			
Interest costs ¹	-34	-38	-151
Value changes	124	31	-41
Total subordinated loan	89	-7	-192
Perpetual hybrid Tier 1 securities			
Interest costs	-10	-10	-42
Value changes	166	114	-172
Total Perpetual hybrid Tier 1 securities	156	104	-213
Net costs subordinated loan and perpetual hybrid Tier 1 securities	245	97	-406

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

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

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

Note 8 Operating costs

NOK million	Q1 2012	Q1 2011	Year 2011
Staff costs	176	143	608
Depreciation	24	24	138
Other operating expenses	93	81	370
Total operating expenses	294	252	1 115



Note 9 Other expenses

NOK million	Q1 2012	Q1 2011	Year 2011
Expenses AFP	162	164	654
Other expenses	0	1	5
Total other expenses	162	164	660

Note 10 Financial liabilities

NOK million	Nominal value in NOK ¹	Currency	Interest rate	Due date	Book value 31.03.2012	Book value 31.03.2011	Book value 31.12.2011
Subordinated loan capital and perpetual subordinated loans							
Perpetual subordinated loans							
Kommunal Landspensjonskasse	2 372	EUR	Fixed	Perpetual	670	2 463	2 402
Kommunal Landspensjonskasse	554	JPY	Fixed	Perpetual	2 384	644	742
Hybrid Tier 1 capital							
Kommunal Landspensjonskasse	984	JPY	Fixed	2034	989	871	1 145
Total subordinated loan capital and perpetual subordinated loans	3 910				4 043	3 978	4 288
Debt contracted by issuing securities							
Covered bonds							
KLP Kommunekreditt AS	0	NOK	Floating	2011	0	3 003	0
KLP Kommunekreditt AS	4 750	NOK	Floating	2012	4 750	1 503	5 900
KLP Kommunekreditt AS	1 095	SEK	Floating	2013	1 095	1 098	1 095
KLP Kommunekreditt AS	4 000	NOK	Floating	2013	4 000	3 005	4 000
KLP Kommunekreditt AS	4 000	NOK	Floating	2014	4 000	0	4 000
KLP Kommunekreditt AS	430	SEK	Floating	2015	430	0	0
KLP Kommunekreditt AS	4 300	NOK	Floating	2015	4 300	4 306	4 300
KLP Kommunekreditt AS	2 500	NOK	Fixed	2015	2 500	0	2 000
KLP Kommunekreditt AS	750	NOK	Fixed	2020	750	760	750
Valuation adjustment and accrued interest					122	-14	107
Total covered bonds	21 825				21 947	13 661	22 152
Liabilities to credit institutions							
KLP Kredit AS	0	NOK	Floating	2011	0	8 584	0
KLP Banken AS	1 400	NOK	Fixed	2012	1 407	0	1 006
KLP Banken AS	500	NOK	Floating	2012	501	0	0
KLP Banken AS	1 000	NOK	Floating	2013	1 004	0	0
Kommunal Landspensjonskasse	601	NOK/EUR/ USD	Floating	2012	601	599	392
Total liabilities to credit institutions	3 501				3 512	9 183	1 398
Deposits from customers¹							
Private	1 809	NOK			2 081	1 420	1 809
Business	31	NOK			34	21	31
Total contributions from customers	1 840				2 115	1 441	1 840
Total financial liabilities	31 075				31 618	28 263	29 680

¹ There are no contractual due dates for deposits.

The note shows the financial liabilities the Group has at the end of the reporting period.



Note 11 Fair value hierarchy

NOK million	31.03.2012	31.03.2011	31.12.2011
Assets¹			
Lending local authorities, enterprises and personal customers			
Level 1: Value based on prices in an active market	0	0	0
Level 2: Value based on observable market data	2 435	3 868	2 519
Level 3: Value based on other than observable market data	0	0	0
Lending local authorities, enterprises and personal customers	2 435	3 868	2 519
Debt instruments (bonds, certificates and investments in financial institutions)			
Level 1: Value based on prices in an active market	51 398	42 998	49 219
Level 2: Value based on observable market data	31 024	23 721	27 832
Level 3: Value based on other than observable market data	0	0	0
Debt instruments (bonds, certificates and investments in financial institutions)	82 422	66 719	77 050
Owners' equity instruments (shares; equity and property funds; and alternative investments)			
Level 1: Value based on prices in an active market	35 008	32 925	31 378
Level 2: Value based on observable market data	2 292	2 090	2 259
Level 3: Value based on other than observable market data	2 732	1 661	2 531
Owners' equity instruments (shares; equity and property funds; and alternative investments)	40 032	36 677	36 168
Financial derivatives			
Level 1: Value based on prices in an active market	0	0	0
Level 2: Value based on observable market data	1 245	968	915
Level 3: Value based on other than observable market data	0	0	0
Financial derivatives	1 245	968	915
Total financial assets valued at fair value	126 134	108 231	116 652
Liabilities			
Financial derivatives			
Level 1: Value based on prices in an active market	0	0	0
Level 2: Value based on observable market data	548	487	1 031
Level 3: Value based on other than observable market data	0	0	0
Financial derivatives	548	487	1 031
Debt to financial institutions			
Level 1: Value based on prices in an active market	601	599	392
Level 2: Value based on observable market data	2 912	8 584	1 006
Level 3: Value based on other than observable market data	0	0	0
Debt to financial institutions	3 512	9 183	1 398
Total financial liabilities at fair value	4 061	9 670	2 429



Note 11 Fair value hierarchy, contd.

Changes in level 3 NOK million	Q1 2012	Q1 2011	Year 2011
Opening balance	2 531	1 589	1 589
Sold	-40	-85	-360
Bought	246	140	1 018
Unrealised change	-6	17	285
Realised loss/gain	2 732	1 661	2 531
Closing balance	-15	15	62

¹In addition to the assets listed, assets in defined contribution plans also fall within the realm of the fair value hierarchy. Those assets are not included in the table, however, of the NOK 229 million concerned NOK 104 million relate to equity investments and participation under level 1, and 126 million to debt instruments at fair value under level 1 as of 31.03.2012.

Changes in level 3 (Q3 columns) reflects changes in book-value for the year to date.

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

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

Level 2: Instruments at this level obtain fair value from observable market data, but where the instrument is not considered to have an active market. This principally includes prices based on identical instruments, but where the instrument does not have a sufficiently high trading frequency, as well as prices based on corresponding assets and price-leading indicators that can be confirmed by market information. Examples of 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 where the market is 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 financial instruments included in level three in the KLP Group include un-listed stocks and private equity.

Note 12 Accounts receivable

NOK million	31.03. 2012	31.03. 2011	31.12. 2011
Short-term receivable trade in securities	11 124	10 393	134
Premium receivable	1 158	219	305
Reinsurance share of gross outstanding claims provisions	211	286	218
Other receivable	918	1 220	946
Total receivable	13 411	12 118	1 603



Note 13 Credit risk

31.03.2012 NOK million	AAA	AA	A	BBB	NR/ NIG	Total
Debt instruments held to maturity - at amortised cost						
Financial and credit enterprises	0	1 039	2 143	9	1 086	4 277
Public guarantee	0	0	0	0	1 035	1 035
Savings banks	1 384	0	0	0	51	1 435
Government and government guarantee within OECD	20 711	0	850	0	998	22 559
State enterprises and Covered Bonds	2 731	542	0	0	1 482	4 755
Other	0	1 000	2 591	0	3 365	6 957
Total	24 826	2 581	5 584	9	8 017	41 018
Debt instruments classified as loans and receivables - at amortised cost						
Banks	510	1 826	4 162	0	1 214	7 712
Financial and credit enterprises	518	0	264	0	792	1 574
Public guarantee	1 115	0	0	0	785	1 899
Government and government guarantee within OECD	12 158	0	0	2 067	2 239	16 463
State enterprises and Covered Bonds	5 817	1 131	1 471	0	2 427	10 845
Other	0	1 687	2 554	349	6 070	10 661
Total	20 117	4 644	8 451	2 416	13 526	49 155
Debt instruments at fair value - bonds and other securities with fixed returns						
Banks	0	1 532	3 992	52	10 119	15 695
Financial and credit enterprises	38	0	819	0	169	1 026
Public guarantee	682	55	0	0	742	1 480
Government and government guarantee within OECD	5 581	3 718	165	387	0	9 851
State enterprises and Covered Bonds	927	50	0	0	3 065	4 042
Other	0	783	101	32	6 613	7 530
Total	7 228	6 138	5 078	470	20 708	39 622
Financial derivatives classified as assets						
Denmark	0	0	283	0	0	283
Finland	0	1	0	0	0	1
Norway	0	38	339	0	0	377
Switzerland	0	0	172	0	0	172
Sweden	0	0	144	0	0	144
Germany	0	0	49	0	0	49
USA	0	0	219	0	0	219
Total	0	39	1 206	0	0	1 245



Note 13 Credit risk, contd.

31.03.2012 NOK million	AAA	AA	A	BBB	NR/ NIG	Total
Debt instruments at fair value - fixed income fund units						
Government and government guarantee within OECD	0	0	0	0	117	117
Other	0	0	17 355	0	14 413	31 769
Total	0	0	17 355	0	14 531	31 886
Debt instruments at fair value - lending and receivables						
Denmark	0	0	42	0	0	42
Norway	0	0	3 807	0	2 629	6 436
Great Britain	0	2 953	0	0	0	2 953
Sweden	0	855	0	0	0	855
Finland	0	150	0	0	0	150
USA	0	0	477	0	0	477
Total	0	3 959	4 326	0	2 629	10 914
Total securities	52 171	17 361	42 000	2 895	59 411	173 839
Lending local government, enterprises & personal customers¹		0 %	20 %	35 %	100 %	Total
Public sector ¹		0	36 394	0	5 399	41 792
Credit institutions		0	0	0	1 954	1 954
Private individuals		0	0	9 952	55	10 007
Total		0	36 394	9 952	7 408	53 754

31.12.2011 NOK million	AAA	AA	A	BBB	NR/ NIG	Total
Debt instrument held to maturity - at amortised cost						
Financial and credit enterprises	0	2 043	1 042	1 032	861	4 977
Public guarantee	1 368	0	0	0	50	1 419
Savings banks	0	0	50	0	210	260
Government and government guarantee within OECD	21 087	839	1 581	0	0	23 506
State enterprises and Covered Bonds	3 246	0	0	0	1 462	4 708
Other	0	989	2 587	0	2 991	6 568
Total	25 701	3 871	5 260	1 032	5 574	41 438
Debt instruments classified as loans and receivables -at amortised cost						
Financial and credit enterprises	510	259	3 889	0	2 302	6 960
Public guarantee	1 111	0	0	0	829	1 940
Savings banks	0	0	451	0	681	1 132
Government and government guarantee within OECD	14 355	0	2 045	0	0	16 400
State enterprises and Covered Bonds	5 973	1 118	1 768	0	2 401	11 260
Other	0	1 268	2 245	389	5 266	9 167
Total	21 949	2 645	10 399	389	11 479	46 860



Note 13 Credit risk, contd.

31.12.2011 NOK million	AAA	AA	A	BBB	NR/ NIG	Total
Debt instruments at fair value - bonds and other securities with fixed returns						
Financial and credit enterprises	45	2 477	4 029	10	1 959	8 520
Public guarantee	681	55	0	0	720	1 456
Savings banks	0	0	826	0	7 972	8 797
Government and government guarantee within OECD	5 452	3 832	349	0	0	9 633
State enterprises and Covered Bonds	1 311	0	0	0	3 077	4 388
Other	0	223	25	391	4 272	4 910
Total	7 490	6 586	5 229	401	17 999	37 704
Financial derivatives classified as assets						
Denmark	0	0	170	0	0	170
Finland	0	42	0	0	0	42
Norway	0	75	136	0	0	211
Great Britain	0	0	2	0	0	2
Switzerland	0	0	43	0	0	43
Sweden	0	0	152	0	0	152
Germany	0	0	84	0	0	84
USA	0	0	278	0	0	278
Total	0	117	865	0	0	982
Debt instruments at fair value - fixed income fund units						
Public sector, Financial and credit enterprises	0	0	0	0	1 240	1 240
Government and government guarantee within OECD	0	0	0	0	117	117
Other	0	0	16 405	0	12 871	29 276
Total	0	0	16 405	0	14 228	30 633
Debt instruments at fair value - lending and receivables						
Denmark	0	0	130	0	0	130
Finland	0	299	0	0	0	299
France	0	0	0	0	0	0
Norway	0	0	2 743	0	2 661	5 404
Sweden	0	195	444	0	0	639
Great Britain	0	1 763	9	0	0	1 771
USA	0	0	470	0	0	470
Total	0	2 257	3 796	0	2 661	8 713
Total securities	55 140	15 476	41 886	1 822	52 016	166 339
Lending local government, enterprises & personal customers¹						
Public sector ¹		0 %	20 %	35 %	100 %	Total
Public sector ¹		0	39 789	0	3 098	42 887
Companies		0	0	0	1 474	1 474
Private individuals		0	0	9 100	82	9 182
Total		0	39 789	9 100	4 654	53 543



Note 13 Credit risk, contd.

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.

The Group has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. The Group can be said to have a high concentration of debt instruments directed at the Norwegian public sector, however this does not imply concentration risk in the ordinary meaning since the counterparty risk is minimal. Only ratings from Standard and Poor's have been used in the note grouping. KLP Group also uses ratings from Moody's Investor Services and Fitch Ratings and all three are considered equal as a basis for investments in interest-bearing securities. The table shows exposure against the rating categories that S & P uses, where AAA is linked to securities with the highest creditworthiness. Non-rated/non-investment-grade mostly applies to individual Norwegian financial institutions, municipalities/county authorities and other investments within Norwegian finance. KLP Group has strict guidelines for investments in interest-bearing securities, which also apply to investments falling into this 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 amortised cost).

Geographic extract of debt instruments - Exposure against profiled countries in the Eurozone (PIIGS²)

31.03.2012 NOK million	Acquisition cost	Unrealised gain/loss	Of which due to rate of exchange	Market value	Book value 31.03.2012
Spain					
Fixed income securities at fair value	176	-11	-6	165	165
Fixed income securities at amortised cost	813	23	0	835	813
Total Spain	989	12	-6	1 001	978
Italy					
Fixed income securities at fair value	435	-48	-32	387	387
Fixed income securities at amortised cost	1 990	-21	0	1 969	1 990
Total Italy	2 396	-40	-32	2 356	2 377
Total	3 385	-28	-38	3 357	3 355

In Spain and Italy pure government debt represents 178 million and 2355 million respectively, and government guaranteed securities 835 million and 0 million (market value) as at 31 March 2012.

31.03.2012 Rating	Spain	Italy
Moody's	A3	A3
Standard & Poor's	A	BBB+
Fitch	A	A-



Note 13 Credit risk, contd.

31.12.2011 NOK million	Acquisition cost	Unrealised gain/loss	Of which due to rate of exchange	Market value	Book value 31.12.2011
Spain					
Fixed income securities at fair value	176	-9	-3	167	167
Fixed income securities at amortised cost	813	-18	0	795	813
Total Spain	988	-27	-3	962	980
Italy					
Fixed income securities at fair value	422	-72	-22	349	349
Fixed income securities at amortised cost	3 587	-289	-31	3 298	3 556
Total Italy	4 009	-361	-54	3 648	3 905
Total	4 997	-388	-56	4 609	4 885

In Spain and Italy pure government debt represents 167 million and 3647.7 million respectively, and government guaranteed securities 794.6 million and 0 million (market value) on 31 December 2011.

31.12.2011 Rating	Spain	Italy
Moody's	A1	A2
Standard & Poor's	AA-	A
Fitch	AA-	A+

¹ The credit risk to which lending is exposed is calculated based on the regulations on minimum capital adequacy requirements, and the rules that apply on determining the basis for calculations. The loans are shown separately since they are not included in the same rating categories.

² The acronym PIIGS refers to the countries assumed to be most exposed as a result of the market disquiet concerning government debt in the Eurozone and is used in regard to Portugal, Ireland, Italy, Greece, Spain.

The overview shows government debt the KLP Group holds against selected countries, and the rating. The countries in the table are selected on the basis of the profile they have gained as exposed economies in the Eurozone, and in the continuing unease about debt. The debt unease is primarily based on the fear of default in government debt. In Greece, the country where the probability of default is highest, the KLP Group has no fixed income securities. The KLP Group has no government securities in Ireland and Portugal as at 31 March 2012. The securities measured at amortised have not been written down.



Note 14 Insurance-related provisions in life

NOK million	31.03. 2012	31.03. 2011	31.12. 2011
Premium reserve	228 858	208 777	224 050
Premium funds, buffer funds and pensioners' surplus funds	974	949	1 106
Supplementary reserves	12 344	10 195	12 344
Securities adjustment fund	8 580	6 706	4 958
Other provisions	73	166	76
Non-allocated profit/loss of insurance contracts in the common portfolio	3 054	4 603	1 749
Insurance-related provisions in life insurance incl. investment options	253 885	231 396	244 282

Note 15 Other short term liabilities

NOK million	31.03. 2012	31.03. 2011	31.12. 2011
Short-term liabilities securities	12 011	10 867	2
Advance tax-deduction pension scheme	208	179	204
Accounts payable	557	568	1 046
Other short-term liabilities	530	1 806	343
Total other short-term liabilities	13 306	13 421	1 596



Note 16 Interest rate risk

31.03.2012								
NOK million	Up to 3 months	From 3 mnths. to 12 mnths.	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cashflow	Total	
Assets								
Mutual funds shares ¹	-1	0	0	0	0	1	0	
Alternative investments	-1	0	0	0	0	1	0	
Financial derivatives classified as assets	28	-3	-59	-214	-166	64	-349	
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	2	2	
Bonds and other fixed-return securities	-16	-27	-328	-358	-181	30	-879	
Fixed income fund holdings	-1 531	0	0	0	0	5	-1 526	
Spesialfondsandeler	-1	0	0	0	0	1	-1	
Lending and receivables	-2	-10	0	-6	0	52	34	
Lending	0	-1	-1	0	0	204	202	
Total assets	-1 524	-40	-388	-578	-346	359	-2 518	
Liabilities								
Deposit	0	0	0	0	0	-21	-21	
Liabilities created on issue of securities	0	0	72	54	0	-229	-103	
Liabilities to financial institutions	0	0	0	0	0	-63	-63	
Financial derivatives classified as liabilities	1	-5	114	214	0	-56	268	
Hybrid capital, subordinated loans	0	0	0	46	30	0	76	
Call Money	0	0	0	0	0	-1	-1	
Total liabilities	1	-5	186	315	30	-370	155	
Total	-1 523	-45	-202	-263	-317	-12	-2 362	

31.12.2011								
NOK million	Up to 3 months	From 3 mnths. to 12 mnths.	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cashflow	Total	
Assets								
Mutual funds shares ¹	0	0	0	0	0	5	4	
Alternative investments	0	0	0	0	0	7	6	
Financial derivatives classified as assets	4	6	-94	-330	-190	349	-255	
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	7	7	
Bonds and other fixed-return securities	-15	-28	-305	-351	-189	63	-826	
Fixed income fund holdings	-1 486	0	0	0	0	13	-1 473	
Shares in Non-UCIT funds	0	0	0	0	0	1	0	
Lending and receivables	-10	-13	0	-6	0	80	52	
Lending	0	-1	-1	0	0	199	198	
Total assets	-1 507	-36	-400	-687	-380	722	-2 288	



Note 16 Interest rate risk, contd.

31.12.2011		Up to 3 months	From 3 mths. to 12 mnths.	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cashflow	Total
NOK million								
Liabilities								
Deposit		0	0	0	0	0	-18	-18
Liabilities created on issue of securities		0	0	64	60	0	-256	-132
Liabilities to financial institutions		0	0	0	0	0	-63	-63
Financial derivatives classified as liabilities		0	8	64	133	0	-698	-494
Hybrid capital, subordinated loans		0	0	0	50	33	0	83
Lending and receivables - call money		0	0	0	0	0	-6	-6
Total liabilities		0	8	128	243	33	-1 042	-630
Total		-1 507	-28	-272	-444	-347	-320	-2 918

¹ Equity fund holdings covers that part of the fund that is not shares, but that comprises assets covered by interest rate risk; surplus liquidity in the form of bank accounts and derivatives used for hedging purposes.

The note shows the effect on profits on the change in market interest rate of one per cent, for fair value risk and variable interest rate risk. Fair value risk is calculated on the change in fair value of related instruments if the interest rate had been 1 per cent higher at the end of the period. Variable interest rate risk indicates the change in cash flows if the interest rate had been one per cent higher over the year being reported on. The total of these reflects the total impact on profits that the scenario of one per cent higher interest rate would have had on the Group.

The Group's total interest rate risk is limited as a significant portion of investments are bond held to maturity or fixed rate lending measured at amortized cost, where changes in market rates will not have a P/L-effect.



Note 17 Liquidity risk

The table below specify the company's financial obligations ranked by maturity. The amounts given are non-discounted contractual flows of cash.

31.03.2012 NOK million	Within 1 mnth	1-12 mnth.	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan	133	159	3 402	0	0	3 694
Perpetual hybrid Tier 1 securities	0	83	166	208	1 510	1 967
Debt to and deposits from customers	2 115	0	0	0	0	2 115
Covered bonds issued	0	5 942	16 442	1 055	0	23 439
Receivables from credit institutions	501	3 536	519	0	0	4 556
Financial derivatives	53	125	186	121	17	502
Accounts payable	557	0	0	0	0	557
Contingent liabilities	4 517	0	0	0	0	4 517
Total	7 928	9 970	20 901	1 504	1 544	41 848

31.12.2011 NOK million	Within 1 mnth	1-12 mnth.	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan	0	151	2 930	766	0	3 848
Perpetual hybrid Tier 1 securities	0	43	174	217	1 699	2 134
Debt to and deposits from customers	1 840	0	0	0	0	1 840
Covered bonds issued	0	6 564	16 528	855		23 948
Receivables from credit institutions	0	1 398	0	0	0	1 398
Financial derivatives	393	160	185	175	-125	788
Accounts payable	1 046	0	0	0	0	1 046
Contingent liabilities	4 753	0	0	0	0	4 753
Total	8 033	8 318	19 817	2 013	1 574	39 756

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



Non-financial accounts interim report Q1 2012

Noter		Per Q1	Target 2012	2011	2010	2009
Environment						
1	Energy consumption kWh KLP Huset	997 235	3 314 954	3 489 425	5 367 259	NA
1	Energy consumption kWh own offices Trondheim	51 631	188 254	165 135	357 159	NA
1	Energy consumption kwh own office Bergen	191 129	437 492	460 518	541 337	NA

Notes

Employees

Number of employees	796	NA	775	762	742
Percentage reported sickness absence 12 months rolling	4.6	under 4	4.6	4.4	4.2
Percentage reported sickness absence quarter	5.3		4.6		

Notes

Responsible investments

Number of exclusions of companies from the investment portfolio	64	NA	64	59	47
Number of companies reinstated in the investment portfolio	0	NA	1	3	10
2 Number of general meetings in Norwegian companies in which KLP has voted	92% (11)	90 %	130	127	123
2 Number of general meetings in foreign companies in which KLP has voted	55% (211)	70 %	1662	1 533	1 558
Number of companies KLP has been in dialogue with	106	116	96		

Note 1 Energy consumption

Target is set at 5 per cent reduction in tonnes CO₂/employee.
1kWh approximates to NOK 1 and 100g CO₂ equivalents at 'Nordic mix'.
Figures for 2009 are not available.

Note 2 Responsible investing

The indicator shows both percentage and total number of general meetings and actual number.



Accounts after the first quarter Kommunal Landspensjonskasse

Notes	Income statement NOK million	Q1 2012	Q1 2011	Year 2011
1,7	Premium income	6 158	3 315	21 752
	Income from investments in subsidiaries, associated enterprises and jointly controlled enterprises	568	383	1 696
	Interest income/dividends on financial assets	2 129	2 792	8 790
	Value changes on investments	3 215	-1 684	-2 728
	Gains and losses realised on investments	574	1 282	-337
	Net income from investments in the common portfolio	6 486	2 772	7 420
	Net income of the investment option portfolio	48	13	30
	Other insurance-related income	162	165	660
	Claims	-2 783	-2 633	-10 033
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-8 350	-1 257	-16 618
	Changes in insurance liabilities investment option portfolio	-2	6	-45
	Funds assigned to insurance contracts - contractual liabilities	-1 301	-2 017	-1 451
3	Insurance-related operating expenses	-210	-171	-788
	Other insurance-related costs	-162	-164	-656
	Technical profit/loss	47	29	271
	Net income from investments in the corporate portfolio	235	242	639
	Other income	2	3	10
	Administration costs and other costs associated with the corporate portfolio	-49	-52	-215
	Non-technical profit/loss	188	193	434
	Profit/loss pre-tax	235	222	705
	Tax	0	0	0
	Profit/loss before other comprehensive income	235	222	705
	Other P/L-items	0	0	0
	TOTAL RESULT	235	222	705



Accounts after the first quarter Kommunal Landspensjonskasse

Notes	Balance NOK million	31.03. 2012	31.03. 2011	31.12. 2011
ASSETS				
ASSETS IN THE CORPORATE PORTFOLIO				
	Intangible assets	295	313	293
5	Investments	16 582	15 096	16 468
	Receivables	1 788	822	964
	Other assets	369	824	350
	Total assets in the corporate portfolio	19 034	17 055	18 075
ASSETS IN THE CUSTOMER PORTFOLIOS				
	Shares and holdings in property subsidiaries	28 384	25 384	27 816
	Receivables from and securities issued by subsidiaries, associated enterprises and jointly controlled enterprises	2 392	3 200	4 306
5	Financial assets valued at amortised cost	105 641	101 251	99 753
5	Financial assets valued at fair value	126 198	110 579	110 392
	Total assets in the common portfolios	262 615	240 414	242 267
	Shares and holdings in property subsidiaries	174	155	170
5	Financial assets at amortised costs	542	494	538
5	Financial assets at fair value	731	688	696
	Total assets in investment portfolio	1 447	1 338	1 404
	ASSETS	283 096	258 807	261 746
OWNERS' EQUITY AND LIABILITIES				
	Owners' equity contributed	6 215	5 623	6 217
	Retained earnings	5 959	5 329	5 723
	Subordinated loan capital etc.	4 043	3 978	4 288
4	Insurance obligations in life insurance - contractual liabilities	251 509	229 445	242 045
	Insurance liabilities unit-linked portfolio	1 434	1 329	1 394
	Provision for liabilities	362	340	362
	Liabilities	13 507	12 710	1 662
	Accrued costs and prepaid income	69	53	54
	OWNERS' EQUITY AND LIABILITIES	283 096	258 807	261 746
Off-balance sheet items				
	Contingent liabilities	4 362	2 657	4 510



Accounts after the first quarter Kommunal Landspensjonskasse

Changes in Owner's equity NOK million	Paid-up equity	Retained earnings	Total equity
2012			
Own funds 01.01.2012	6 217	5 723	11 941
Total other comprehensive income	0	235	235
Total income	0	235	235
Transaction with owners			
Equity paid-in	1	0	1
Equity reimbursed	-4	0	-4
Sum transaction with owners	-3	0	-3
Own funds 31.03.2012	6 215	5 959	12 174

NOK million	Paid-up equity	Retained earnings	Total equity
2011			
Own funds 01.01.2011	5 628	5 107	10 735
Total other comprehensive income	0	222	222
Total income	0	222	222
Transaction with owners			
Equity paid-in	1	0	1
Equity reimbursed	-7	0	-7
Sum transaction with owners	-5	0	-5
Own funds 31.03.2011	5 623	5 329	10 952

Cash flow analysis NOK million	01.01.12 -31.03.12	01.01.11 -31.12.11	01.01.11 -30.09.11	01.01.11 -30.06.11	01.01.11 -31.03.11
Net cashflow from operational activities	40	-673	-578	157	328
Net cashflow from investment activities	-18	-88	-65	-47	-21
Net cashflow from financing activities	-3	589	596	0	-5
Net changes in cash and bank deposits	19	-172	-47	110	302
Holdings of cash and bank deposits at start of period	288	460	460	460	460
Holdings of cash and bank deposits at end of period	307	288	413	569	762



Note 1 Accounting principles- and estimates

The financial statements in this interim report show the financial statements for Kommunal Landspensjonskasse (KLP) for the period 1 January 2012 - 31 March 2012. The accounts have not been audited. The interim financial statements do not contain all the information required of full annual financial statements.

It is recommended that this interim report be read in conjunction with the annual report for 2011. This may be obtained on application to the Company's registered office, Dronning Eufemias gate 10, Oslo, or at www.klp.no.

Similarly to the annual financial statements 2011, the interim financial statements have been submitted in accordance with Regulation 1241 of 16 December 1998: Regulations on annual accounts etc. for insurance companies (the Annual Accounts Regulations).

Premium income for own account/change in technical provisions

Salary changes and change to the National Insurance basic amount (G) for members of KLP's defined benefits pension schemes affect the insurance liabilities and this is financed by a discrete indexation premium paid by the employer. Previously the effect of these provisions and the premium income were recognised on invoicing of the discrete indexation premium.

From the start of 2012 indexation premiums linked to salary and G-indexation are being estimated and taken to income on the date the liability increase is registered. Until the indexation premium supplement is invoiced the accrued liability resulting from registered salary adjustments will appear as premiums receivable or, alternatively, as current liabilities to policyholders if the supplement has been prepaid.

Similarly, the factors mentioned above result in an increase in changes taken through profit or loss in insurance liabilities - contractual obligations by corresponding amounts from the same date. The net effect on income and owners' equity will thus be nil.

Net effect of the estimate change is increased premium income and increased liabilities of NOK 734 million in Q1 2012 against Q1 2011.

Note 2 Value-adjustment investment property

The portfolio of investment properties including investment properties owned via subsidiaries has been valued as at 31st March 2012.

NOK millions	Q1 2012	Q1 2011	Year 2011
Value adjustment incl. foreign exchange	21	143	472
Foreign exchange effect on hedging	196	-28	12
Net value adjustment incl. exchange hedging	217	115	484

Note 3 Operating expenses

NOK million	Q1 2012	Q1 2011	Year 2011
Staff costs	117	97	419
Depreciation	17	19	101
Other operating expenses	76	55	268
Insurance related expenses	210	171	788



Note 4 Insurance obligations

NOK million	31.03. 2012	31.03. 2011	31.12. 2011
Premium reserve	226 698	207 079	221 983
Premium fund(s)	2 667	3 486	2 801
Supplementary reserve	12 235	10 095	12 234
Securities adjustment fund	8 575	6 697	4 958
Other provisions	72	75	69
Insurance-related provisions - obligations under contract	251 509	229 445	242 045

Note 5 Financial assets

NOK million	31.03. 2012	31.03. 2011	31.12. 2011
Financial assets corporate portfolio			
Investments held to maturity	3 204	3 243	3 225
Bonds loans and receivables	3 926	3 360	3 860
Total financial assets valued at amortised cost	7 131	6 603	7 085
Shares and holdings	821	1 326	968
Bonds and other fixed-return securities	3 487	2 012	3 114
Lending and receivables	667	646	723
Financial derivatives	98	92	252
Other financial assets	15	2	10
Total financial assets valued at fair value	5 089	4 078	5 067
Total financial assets corporate portfolio	12 219	10 681	12 152
Real-estate investments	931	959	941
Affiliated companies	3 431	3 456	3 375
Total investments in the common portfolio	16 582	15 096	16 468
Financial assets common portfolio			
Investments held to maturity	34 213	37 940	37 013
Bonds loans and receivables	44 089	36 954	41 942
Lending	27 339	26 359	20 798
Total financial assets valued at amortised cost	105 641	101 253	99 753
Shares and holdings	38 453	34 642	34 562
Bonds and other fixed-return securities	65 226	51 154	62 961
Lending and receivables	10 665	13 411	12 228
Financial derivatives	824	709	571
Other financial assets	11 031	10 663	70
Total financial assets valued at fair value	126 198	110 579	110 392
Total financial assets common portfolio	231 839	211 832	210 145

Note 5 Financial assets, contd.

NOK million	31.03. 2012	31.03. 2011	31.12. 2011
Financial assets investment choice portfolio			
Investments held to maturity	192	204	189
Bonds loans and receivables	351	290	349
Total financial assets valued at amortised cost	542	494	538
Shares and holdings	310	308	267
Bonds and other fixed-return securities	404	356	409
Lending and receivables	14	24	16
Financial derivatives	3	2	1
Other financial assets	0	-1	2
Financial assets valued at fair value	731	689	696
Total financial assets investment choice portfolio	1 274	1 183	1 234
Total financial assets	245 332	223 696	223 530

Note 6 Transactions with related parties

KLP has as at 31.03.2012 granted KLP Banken an outstanding loan of MNOK 450 and a notes issue of BNOK 1. The loans were made at market rate (NIBOR + margin). The notes fall due in two equal installments on 2 May and 1 June 2012. The remaining loan is due 15 June 2012.

Note 7 Premium income

NOK million	Q1 2012	Q1 2011	2011
Gross premiums due	4 477	3 254	21 644
- Reinsurance premiums ceded	-2	-1	-3
Transfer of premium reserved from others	1 683	63	112
Total premium income	6 158	3 315	21 752





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