

Interim report 1/2013

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



KLP

for the days to come

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Interim report first quarter 2013

Another good quarter

- Value-adjusted return on the common portfolio was 2.2 per cent.
- Book return on the common portfolio was 1.1 per cent.
- The return on the corporate portfolio was 1.5 per cent

KLP - a customer-owned Group 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.

The KLP Group's progress continues into 2013. At the end of the quarter the Group had total assets of NOK 341 billion and an operating profit of NOK 3923 million.

During 2012 KLP strengthened its position as the leading provider of public sector occupational pensions when 17 of the 18 local authorities that put their pension schemes out to tender selected the KLP Group as the provider from the start of 2013. This is reflected in the financial statements at the end of the first quarter and brings a positive transfer balance of NOK 5.8 billion (before final settlement).

Value-adjusted returns on our life customers' assets were good during the first quarter mainly because of good equities markets.

Kommunal Landspensjonskasse gjensidig forsikringssekskap (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 341 billion, NOK 310 billion represents pension funds belonging to this customer group.

Result in the first quarter 2013

Returns result

Once again in the first quarter of 2013, KLP achieved a good returns result (return in excess of guaranteed interest) of NOK 0.9

billion (NOK 1.2 billion). Financial income from customers' assets totalled NOK 6.1 billion (NOK 6.5 billion) for the quarter. Value-adjusted return on the common portfolio was 2.2 per cent for the quarter and book return was 1.1 per cent.

Risk result

There were no unexpected risk matters of significance in the Company's insurance portfolio during the first quarter. The risk result was NOK 91 million for the quarter. This has been provisionally allocated with NOK 74 million to customer profit and NOK 17 million to corporate income for provision in the risk equalization fund.

Administration result

The Company's administration result shows a surplus of NOK 30 million (NOK 8 million) in the first quarter of 2013. Insurance-related operating costs represent 0.29 (0.33) per cent of customer funds. This reflects increased efficiency through lower cost growth than growth in business volume.

Combined result

The result for the Company was NOK 263 million for the quarter. The customer result was NOK 1052 million.

<i>NOK millions</i>	Customers	Company	Total
Returns result	894	5	899
Risk result	74	17	91
Interest guarantee premium		82	82
Administration result		30	30
Net income from investments in the corporate portfolio and other income/costs in non-technical accounts		214	214
Return from owners' equity contributions credited to customers	84	-84	-
Income for Q1 2013	1052	263	1 315
Income for Q1 2012	1 301	234	1 535

1) Tall i parentes angir tilsvarende verdi for første kvartal i 2012



Increases in reserves for longevity

On 8 March the Financial Supervisory Authority of Norway (the FSA) promulgated a new tariff for premiums and reserve provisions, K2013, as a result of the longevity trend. The new tariff comes into effect on 1 January 2014, but the life insurance industry is being given a further five years to implement fully the increase in reserves resulting from the new tariff. Two major KLP schemes already have longevity reserves in accordance with the tariff: for other schemes the need to increase reserves in regard to the longevity adjustment in the pension obligations amounts to NOK 10.7 billion. The FSA has declared that a minimum of 20 per cent of the increased reserve requirement ought to be covered by the company. Of the total requirement of NOK 10.7 billion, NOK 4.5 billion had been financed as at 31 December 2012. KLP will enter into a dialogue with the FSA on how the remaining increase in reserves is to be implemented. The stated period for increasing reserves gives the Company good room to manoeuvre to finalize the increasing reserves based on the current buffer situation and the Company's returns expectations.

Following discussions with the authorities, KLP will assess how quickly increases to reserves should be carried out. Provisional allocation in the financial statements is based on the FSA's agreement to transferring a sum corresponding to 0.3 per cent of the customers' premium reserve in all pension schemes to the customers' premium fund and calling in a corresponding sum as owners' equity contribution in 2014. The remaining returns surplus and half of the risk surplus in the two fully reserved schemes is being returned to the customers' premium fund. Returns surplus and risk surplus other than this is being used to increase longevity reserves. The sum that has been provisioned for increased reserves based on the Q1 results amounts to NOK 348 millions. This interim provision is provisional and not binding on the Company.

Financial strength and capital-related matters

Total assets show growth during the quarter of NOK 10.6 billion and amount to NOK 310.1 billion. The growth is the result of growth in the insurance obligations on public sector occupational pensions.

The capital adequacy ratio in KLP at the end of the quarter was 10.6 per cent (11.0) and core capital adequacy was 8.7 per cent (8.8). This reflects in part a conscious reallocation from government loans to credit bonds with high creditworthiness which, according to the regulations, have higher capital weighting.

The securities adjustment fund was strengthened by NOK 3.3 billion to NOK 12.6 million during the quarter and is a solid buffer against fluctuations in the financial markets. Supplementary reserves total NOK 12.4 billion.

At the end of the quarter KLP had total solvency capital of NOK 48.4 billion, corresponding to 18.4 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 notified future requirements of the authorities.

Key figures

Per cent	So far, as at Q1		The year
	2013	2012	2012
Capital return I ²	1,1	1,2	5,0
Capital return III ²	2,2	2,7	6,7
Kapitalavkastning III	2,2	2,7	7,5
<i>The return figures apply to the common portfolio</i>			
Capital adequacy ratio	10,6	11,0	10,6
Solvency margin ratio	229	239	233

¹ Book return ² Value adjusted return

³ Value adjusted return included HTM bonds/bonds booked at amortized costs

Premium income

Premium income excluding premium reserves received on transfer was NOK 4502 million (NOK 4477).

Claims/Benefits

Pensions paid and other claims increased by 4.7 per cent and amounted to NOK 2764 million (NOK 2641 million) in the first quarter.

Transfer of customer funds

The net effect of transfer decided in autumn 2012 with effect from 1 January 2013 was recognised during the quarter at NOK 5760 million (NOK 1541 million).

Forvaltning av kollektivporteføljen

The assets in the common portfolio totalled NOK 288.5 billion (NOK 262.6) and were invested as shown below:

Assets	Proportion	Return	Proportion	Return
All figures in per cent	31.03.2013	Q1 2013	31.03.2012	Q1 2012
Shares	17,6	8,4	17,5	10,1
Short-term bonds	22,0	0,7	21,6	1,9
Long-term/HTM bonds	30,1	1,2	32,4	1,3
Lending	10,6	0,9	10,9	1,09
Property	11,1	1,7	11,8	1,9
Other financial assets	8,5	0,7	5,8	1,0

Shares

Total exposure in shares including share derivatives amounted to 17.6 per cent. The equities markets showed strong positive



development during the quarter, partly in the light of signs of dawning economic growth in important markets such as the USA. KLP's global index (currency-hedged) rose 9.8 per cent whilst Oslo Børs (the Oslo Stock Exchange) was up 6.1 per cent.

Short-term bonds

Short-term bonds and money market instruments amounted to 22.0 per cent of the assets in the common portfolio. The international credit bonds index KLP uses had a currency-hedged return of 0.7 per cent during the first quarter of 2013. The index for international government bonds had a more modest development at 0.5 per cent.

Bonds held to maturity

Investments in bonds held to maturity represented 30.1 per cent of the common portfolio. Additional value not brought to book amounted to NOK 5216 million. The portfolio is well diversified and comprises securities issued by highly creditworthy institutions. No write-downs have been carried out as a result of credit losses during 2013.

Property

Property investments represented 11.1 per cent of the common portfolio. KLP conducts a thorough valuation of its property holdings each quarter. The first quarter 2013 review shows stability in pricing of central properties with long, secure contracts. The property values in the common portfolio have been value adjusted by NOK 345 million. The operating return in the common portfolio was 1.7 per cent.

Lending

Lending in the common portfolio was NOK 30.4 billion. This was divided between NOK 21.6 billion in lending to local authorities and other organisations, and NOK 8.8 billion in housing mortgages. The lending portfolio is characterized by high quality, with no losses on local government loans and very modest loss provisions on housing loans. Added value not brought to book in the lending portfolio (fixed interest rate loans) represented NOK 417 million as at 31 March 2013.

Return on the corporate portfolio

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

The corporate portfolio is managed with a long-term investment horizon aiming at stable returns and growth in the owners' equity. The investments in the corporate portfolio achieved a return of 1.5 per cent during the first quarter.

Regulatory framework, product and market conditions

Final implementation of the Solvency II regulations appears provisionally to be postponed until 2017. KLP is continuing its work to prepare for the transition, with inter alia emphasis on

the Own Risk and Solvency Assessment (ORSA) process.

As reported elsewhere a new tariff, K2013, has been introduced resulting in a substantial requirement to increase reserves for the industry. The longevity adjustment of National Insurance benefits, which has also been made applicable for public sector occupational pensions, helps to ameliorate the increased reserves requirement in public sector schemes.

Again in 2013 it is expected that a large number of local authorities will put out their pension schemes to competitive tendering. The competitive situation may to some extent be affected by the continuing strengthening of longevity reserves and the parameters for this, where not all the factors have been fully clarified.

A major pension fund is being established for the hospitals in the Oslo region for which KLP has made a bid to supply a range of services. One company has withdrawn from the market for insurance schemes for public sector occupational pension, but is still a provider of pension fund services in this area. There are also several other providers of all or parts of the service spectrum for pension funds with public sector occupational pensions..

The business areas of the subsidiaries

Private occupational pensions

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

There is high market activity in KLP Bedriftspensjon and this is providing satisfactory volume growth. The company has NOK 1.5 billion in total assets at the end of the first quarter.

94 new customers took out pension agreements with KLP Bedriftspensjon in the first quarter.

KLP Bedriftspensjon achieved good management results on its customer funds, with a book return in the common portfolio of 1.2 per cent and a value-adjusted return of 1.8 per cent in the first quarter. The defined contribution pension customers achieved a return of 4.6 per cent for the quarter.

Profit for the pension customers for the first quarter amounted to NOK 4.4 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 8.7 million the company's comprehensive income for the first quarter was NOK 6.1 million.

Capital expansion of NOK 25 million was started during the first quarter and will be incorporated into Tier 1 and Tier 2 capital to increase the capital adequacy ratio from the middle of April.



Returns - customer assets

Per cent	Q1 2013	Q1 2012	The year 2012
<i>Common portfolio</i>			
Capital return I	1,2 %	1,6 %	5,2 %
Capital return II	1,8 %	2,3 %	6,7 %
<i>Defined contribution pension with investment option/unit-linked</i>			
Profile P90	4,2 %	6,1 %	12,0 %
Profile P70	7,8 %	10,1 %	15,2 %
Profile P70	6,2 %	8,3 %	13,8 %
Profile P60	5,5 %	7,4 %	13,1 %
Profile P50	4,8 %	6,5 %	12,4 %
Profile P40	4,2 %	5,6 %	11,7 %
Profile P30	3,2 %	4,5 %	10,4 %
Profile P20	2,7 %	3,5 %	9,2 %
Profile P10	1,8 %	2,5 %	7,9 %
Profile PM	0,6 %	0,9 %	3,0 %

Non-life insurance

The pre-tax operating profit for the first quarter was NOK 51.8 million. At the same time last year the result was NOK 23.2 million.

Per cent	31.03.2013	31.03.2012
Claims ratio f.o.a.	84,0	102,9
Costs ratio f.o.a.	25,4	27,3
Total costs ratio f.o.a.	109,5	130,2

The public sector/corporate market

Sales in the first quarter were good and resulted in growth in premiums.

In the public sector market, 31 local authorities have announced tender competitions so far this year, of which 10 had tender submission dates during the first quarter. Of these the company retained six authorities and won two new ones. The last two have not yet been awarded. In the corporate market, the company has made bids to 44 organisations during the first quarter with a total bidding premium of NOK 4.6 million. The company was successful to the extent of NOK 3.8 million.

The claims ratio for own account for the year 2013 was 87.7 per cent. The combined claims ratio for own account for all years viewed together was 85.8 per cent. This is a substantial improvement compared to 2012 (104.4 per cent), which was affected by the development in natural perils claims associated with the storms in 2011.

The retail market

Sales in the retail market continue to develop very well with gross new business so far this year at NOK 18.1 million, substantially higher than at the same time last year (NOK 13.9 mil-

lion). Sales have been steadily high, with January the best sales month since start-up, with a net increase of NOK 5.4 million. The claims ratio for own account for the year 2013 was 77.0 per cent. The combined claims ratio for own account for all years viewed together was 78.2 per cent. This is a marked reduction compared to 2012 (96.4 per cent).

Finance

Net financial income as at 31 March was NOK 69.8 million against NOK 76.5 million at the same time last year. This represented a return for the quarter of 2.1 per cent. It was particularly shares that contributed to the good return. There has been no revaluation of the properties during the reporting period.

The Company's financial position

KLP Skadeforsikring has good solvency and meets all the FSA's minimum requirements by a very good margin. The capital adequacy ratio was 30.9 per cent compared to 34.1 per cent at the end of 2012.

Asset management and funds management

KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS comprise the KLP Group's securities management operation. In total NOK 268 billion was under management at the end of the first quarter of 2013. This is an increase of NOK 54 billion over the same date last year. The majority of the assets are managed on behalf of Kommunal Landspensjonskasse and its subsidiaries in the KLP Group.

Net new subscriptions in the KLP funds during the first quarter 2013 were NOK 2.3 billion: of this NOK 0.8 billion comes from customers outside the Group.

KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS achieved a combined result of NOK -0.4 million during the first quarter 2013.

KLP Banken

The operating profit before tax was NOK 9.3 million, compared to NOK 26.4 million during the same period last year. The weaker result is connected with lower earnings from the asset management assignment for KLP as well as last year's extraordinary earnings from liquidity investments having been substantially reduced. However the underlying operation has been improved inasmuch as net interest income has increased from NOK 13 million in the first quarter 2012 to NOK 24 million in the first quarter 2013.

The result of the subsidiary, KLP Kommunekreditt, is making a considerable contribution to the banking group's operating profits for the first quarter. The banking group's solvency has been further improved, with a capital adequacy ratio of 20.4 per cent compared to 17.2 per cent at the same time last year.



The business of the KLP Banken Group is divided into the retail market and the public sector market.

In the retail market the housing mortgage growth on the bank's balance sheet has been NOK 353 million (24 per cent) since the end of last year. Housing loans from the bank have increased to NOK 1.9 billion. In addition housing loans of NOK 8.8 billion are managed for KLP. Deposits growth in the same period was NOK 513 million divided between NOK 373 million from retail customers and NOK 140 million in corporate deposits. Deposits total NOK 3.5 billion, and the whole of the Bank's lending portfolio is financed by deposits.

During the first quarter the mobile bank was launched. There were almost 1000 downloads of the bank's mobile app in the first two weeks. An external 24/7 support service has also been established offering technical assistance to its customers.

The public sector as a whole had about the same volume of loans at the end of the first quarter as at the end of last year, about NOK 42 billion divided between NOK 20 billion for own account and NOK 22 billion in managed loans.

After the end of the quarter a settlement has been reached with Eksportfinans in two lawsuits subsequent to the acquisition of Kommunekreditt Norge in 2009. The settlement means that KLP Banken will take to book an income of NOK 50 million in the second quarter.

Corporate social responsibility

The KLP Group sets requirements for its suppliers in regard to quality, the environment and ethics. KLP is 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 consider it important to use their voting rights at general meetings.

Future prospects

Key figures after the first quarter are good. With a normal positive development over the rest of the year the Company will be very strongly positioned in regard to the remaining need to increase reserves.

In the longer term, continued low interest rates will be challenging in regard to securing good and high returns that limit our customers' costs. Good solvency and a large portfolio of bonds held to maturity, with a current return substantially above the guaranteed base interest rate, are however a good basis for continuing to achieve good results in the future.

KLP works continuously on preparing for transition to the new solvency rules for insurance under Solvency II, for example by updating our in-house assessment (ORSA) of KLP's risk-bearing ability in the course of the year.

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

Oslo, 7 May 2012

The Board of Directors of Kommunal Landspensjonskasse gjensidig forsikringsselskap

Arne Øren
Chair

Liv Kari Eskeland
Deputy Chair

Herlof Nilssen

Jan Helge Gulbrandsen

Marit Torgersen

Anita Krohn Traaseth

Susanne Torp-Hansen
Elected by and from the employees

Freddy Larsen
Elected by and from the employees



Group accounts after Q1 2013

Notes	Income statement Group NOK millions	Q1 2013	Q1 2012	01.01.2012 -31.12.2012
4	Premium income for own account	10 697	6 370	29 946
	Current return on financial assets	2 483	2 287	9 144
	Net interest income banking	24	43	166
	Net value changes on financial instruments	3 217	3 664	5 956
5	Net income from investment properties	529	733	2 206
6	Other income	196	165	663
	Total net income	17 145	13 262	48 081
	Claims for own account	-3 091	-2 960	-11 457
	Change in technical reserves	-9 558	-4 810	-27 344
7	Net costs subordinated loan and hybrid Tier 1 securities	-104	245	234
8	Operating expenses	-307	-294	-861
9	Other expenses	-162	-162	-651
	Total expenses	-13 222	-7 981	-40 079
	Operating profit/loss	3 923	5 281	8 002
	To/from securities adjustment fund – life insurance	-3 286	-3 623	-4 342
	To supplementary reserves – life insurance	0	0	0
	Assets allocated to insurance customers – life insurance	-668	-1 305	-2 370
	Pre-tax income	-31	353	1 290
	Cost of taxes	0	-4	-7
	Income	-31	349	1 283
	<i>Items will not be reclassified subsequently to profit or loss</i>			
	Currency translation foreign subsidiaries	33	-22	-47
	<i>Items will be reclassified subsequently to profit or loss when specific conditions are met</i>			
	Revaluation real property for use in own operation	8	12	23
	Currency translation foreign subsidiaries	255	-97	-161
	Total other comprehensive income	295	-107	-185
	Total comprehensive income	264	242	1 098



Group accounts after Q1 2013

Notes	Balance NOK millions	31.03.2013	31.03.2012	31.12.2012
ASSETS				
	Intangible assets	366	343	365
	Tangible fixed assets	1 033	1 047	1 033
	Investments in affiliated companies	6	3	6
9	Investment property	33 034	29 955	32 322
10,15	Debt instruments held to maturity	37 659	40 578	37 283
10,15	Debt instruments classified as loans and receivables	56 644	49 155	55 917
10,12,15	Lending local government, enterprises & retail customers at fair value through profit/loss	2 226	2 435	2 254
10,15	Lending local government, enterprises and retail customers	50 480	51 319	49 874
10,12,15	Debt instruments at fair value through profit or loss	105 071	82 862	103 375
10,12	Equity capital instruments at fair value through profit or loss	48 442	40 032	42 410
10,12,15	Financial derivatives	949	1 245	1 541
10,17	Receivables	2 511	13 411	1 754
10	Assets in defined contribution-based life insurance	393	229	300
	Cash and bank deposits	2 535	2 443	3 350
	TOTAL ASSETS	341 348	315 057	331 783
EQUITY				
	Owners' equity contributed	6 891	6 215	6 891
	Retained earnings	6 983	5 864	6 720
	TOTAL OWNERS' EQUITY	13 874	12 079	13 610
10,11	Hybrid Tier 1 securities	1 017	989	974
10,11	Subordinated loan capital	2 952	3 054	2 891
	Pension obligations	468	743	469
16	Technical provisions - life insurance	290 208	253 655	276 781
10,16	Provisions in life insurance with investment option	393	229	300
	Premiums, claims and contingency fund provisions - non-life insurance	2 834	2 831	2 626
11	Covered bonds issued	18 855	21 947	20 370
11	Debt to credit institutions	3 374	3 512	4 799
11	Liabilities to and deposits from customers	3 459	2 115	2 946
10,12	Financial derivatives	1 577	548	721
	Deferred tax	51	49	50
18	Other current liabilities	2 285	13 306	5 245
	TOTAL LIABILITIES	327 474	302 979	318 173
	TOTAL EQUITY AND LIABILITIES	341 348	315 057	331 783
	Contingent liabilities	4 657	4 517	4 460



Group accounts after Q1 2013

Changes in Owner's equity

2013 NOK millions	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 31 December 2012	6 891	6 656	13 547
Changing in accounting principles, pension corridor	0	63	63
Owners' equity 1 January 2013	6 891	6 720	13 610
Income	0	-31	-31
Comprehensive income statement			
Revaluation of properties for own use	0	40	40
Currency translation foreign subsidiaries	0	255	255
Total other comprehensive income	0	295	295
Total comprehensive income	0	264	264
Owners' equity 31 March 2013	6 891	6 983	13 874

2012 NOK millions	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 31 December 2011	6 217	5 847	12 064
Changing in accounting principles, pension corridor	0	-225	-225
Owners' equity 1 January 2012	6 217	5 622	11 839
Income	0	349	349
Comprehensive income statement			
Revaluation of properties for own use	0	12	12
Currency translation foreign subsidiaries	0	-119	-119
Total other comprehensive income	0	-107	-107
Total comprehensive income	0	242	242
Transactions with owners			
Owners' equity contribution received	1	0	1
Owners' equity contribution repaid	-4	0	-4
Total transactions with the owners	-3	0	-3
Owners' equity 31 March 2012	6 215	5 864	12 079



Group accounts after Q1 2013

Cash flow - Group

NOK millions	01.01.2013 -31.03.2013	01.01.2012 -31.12.2012	01.01.2012 -31.09.2012	01.01.2012 -30.06.2012	01.01.2012 -31.03.2012
Net cash flow from operational activities	1 288	-1 063	-1 367	-1 269	-1 278
Net cash flow from investment activities	-20	-81	-45	-40	-18
Net cash flow from financing activities	-2 083	673	635	4	-81
Net changes in cash and bank deposits	-814	-471	-776	-1 305	-1 377
Holdings of cash and bank deposits at start of period	3 350	3 820	3 820	3 820	3 820
Holdings of cash and bank deposits at end of period	2 535	3 350	3 044	2 514	2 443



Note 1 Accounting principles and estimates

The financial statements in this interim report show the Group financial statements for Kommunal Landspensjonskasse (KLP) and subsidiaries for the period 1 January 2013 - 31 March 2013.. The accounts have not been audited.

The Group interim accounts are presented in accordance with internationally EU-approved accounting standards (IAS/IFRS). Unless otherwise stated the same accounting principles apply to the quarterly accounts as for the 2012 annual accounts. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial statements do not contain all the information required of full annual financial statements and this interim report ought to be read in conjunction with the annual financial statements for 2012. These may be obtained on application to KLP's head office in Dronning Eufemias gate 10, Oslo, or at www.klp.no.

Standards, changes and interpretations of existing standards that have come into effect for the 2013 reporting year:

IAS 1 Financial information

There is now a requirement that items in other comprehensive income are to be divided into two groups: those that are later to be reclassified through profit or loss and those that are not to be reversed in the result. There are no changes that affect which items are to be included in other comprehensive income.

IAS 19 Employee benefits

The changes have an effect on the treatment of the Group's benefits plans. The changes mean that all estimate deviations are recognised in other comprehensive income as they arise (no corridor); immediate recognition in profit/loss of all costs of previous periods' pensions accumulation; and that interest costs and expected returns on pension assets are replaced by a net interest sum calculated using the discount rate on net pensions liability.

The change in employee benefits has been implemented by reworking comparison figures and the change in principle has had the following effect on the accounting lines:

NOK millions	31.03.2013	31.03.2012	31.12.2012
Capitalized pension liability for own employees incl. corridor	N/A	518	569
Capitalized without corridor	469	743	469
Change	0	225	-100
Income:			
Pension expense own employees	0	0	-325
Profit to owners' equity	0	0	325
Financial position:			
Pension liability own employees	0	225	-325
Owners' equity	0	-225	325

IFRS 13 Measurement of fair value

This standard defines what is meant by fair value when the term is used in IFRS, provides a uniform description of how fair value is to be determined and what supplementary information is to be provided when fair value is used. The standard does not expand the scope of recognition at fair value. For practical purposes the standard contains a change in the note requirements pursuant to IAS 34, and that are included in the Group's Notes 10 and 12. The standard generally expands on calculation of fair value contained in the note requirements in accordance with IFRS 7.

IAS 34

There is a requirement on supplementary information on fair value of financial instruments. In practice all the requirements in IFRS 7 and IFRS 13 regarding fair value should also apply for interim financial statements.

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

Estimates

A letter dated 8 March 2013 from the FSA promulgates that a new mortality table, K2013, is to be introduced for group pension insurance in life insurance companies and pension schemes. It transpires that the new mortality table will apply to retirement and survivor pensions, and ought also to apply similarly to disability pension and premium and contribution suspension linked to active members in the pension schemes.



The reserves provision requirement in accordance with the new mortality table will be substantial and mobilisation periods have been permitted. Such mobilisation periods will apply starting from 2014 and ought not to last longer than five years. At the same time a requirement will be made for the strengthening of reserves to be carried out at least by straight-line over the period.

To cover the increased requirement for reserves, at least 20 per cent of the gross reserves increase is to be covered by the company during the period 2014-2018, whilst the remaining reserves increase can be covered by available surplus of returns and risk results on approval by the FSA. The increase in reserves is to be completed by 2018.

Note 2 Key figures - accumulated

NOK millions	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11	Q2-11
KLP Group								
Profit before tax	-31	1 290	794	611	353	653	479	429
Total assets	341 348	331 783	323 634	312 665	315 057	291 784	284 518	285 149
Owners' equity	13 874	13 610	13 392	12 519	12 079	12 064	11 841	11 138
Capital adequacy	10,2 %	10,3 %	10,4 %	10,4 %	10,5 %	10,9 %	11,0 %	10,8 %
Number of employees in the Group	825	808	809	801	796	775	769	768

Kommunal Landspensjonskasse gjensidig forsikringselskap

Profit before tax	263	1 001	652	442	235	705	512	461
Premium income for own account	10 428	29 025	22 186	15 159	6 158	21 752	17 772	6 649
- of which inflow of premium reserve	5 925	1 549	1 601	1 550	1 683	112	108	63
Insurance customers' funds incl. acc. profit	2 930	10 822	8 102	5 394	2 783	10 033	7 492	4 991
- of which funds with guaranteed returns	165	148	147	146	142	310	310	309
Net investment common portfolio	288 541	278 731	259 084	254 584	262 615	242 267	230 914	236 763
Net investment choice portfolio	1 584	1 556	1 499	1 463	1 447	1 404	1 380	1 453
Insurance funds incl. earnings for the year	287 628	275 843	267 187	258 734	251 509	243 439	238 102	233 982
- of which funds with guaranteed interest	257 981	248 608	240 217	234 561	226 698	226 153	223 335	214 061
Tier 1 and Tier 2 capital	16 132	16 087	15 498	14 928	14 891	14 857	14 433	13 631
Risk profit	91	258	118	82	64	308	112	95
Return profits	899	5 051	2 399	1 183	1 202	3 286	3 127	3 455
Administration profit	30	89	62	49	8	61	72	65
Solvency capital	48 408	44 134	47 579	41 680	41 336	36 190	34 657	35 408
Solvency margin ratio	229 %	233 %	234 %	232 %	239 %	244 %	227 %	227 %
Capital adequacy	10,6 %	10,6 %	10,8 %	10,9 %	11,0 %	11,5 %	11,4 %	11,2 %
Core capital ratio	8,7 %	8,8 %	8,8 %	8,7 %	8,8 %	9,1 %	9,0 %	8,8 %
Book return on common portfolio	1,1 %	5,0 %	3,2 %	1,9 %	1,2 %	4,5 %	3,7 %	3,1 %
Value-adjusted return on common portfolio	2,2 %	6,7 %	5,3 %	3,1 %	2,7 %	3,2 %	1,1 %	2,3 %
Return on unit-linked portfolio	2,6 %	7,2 %	6,0 %	3,4 %	3,4 %	2,2 %	-0,3 %	1,9 %
Return on corporate portfolio	1,0 %	4,5 %	4,0 %	2,6 %	1,4 %	4,2 %	3,5 %	3,3 %

KLP Skadeforsikring AS

Profit before tax	52	106	99	71	23	25	36	40
Gross premium due	436	750	667	591	427	650	586	520
Premium income for own account	172	659	486	325	161	599	442	288
Owners' equity	640	594	558	535	512	481	497	501
Claims ratio	84,0 %	81,4 %	82,0 %	78,9 %	102,9 %	88,3 %	86,0 %	85,5 %
Combined-ratio	109,5 %	107,8 %	107,6 %	103,3 %	130,2 %	118,4 %	109,1 %	109,6 %
Return on assets under management	2,1 %	6,5 %	5,1 %	3,0 %	2,4 %	4,5 %	2,6 %	2,8 %
Capital adequacy	30,9 %	34,1 %	27,7 %	29,0 %	29,8 %	31,8 %	30,9 %	30,0 %
Tier 1 and Tier 2 capital	578	567	451	453	453	451	439	438
Annual premium in force - retail market	175	162	151	142	130	120	109	99
Annual premium in force - public sector market	595	584	580	577	562	548	551	541
Net new subscriptions (accumulated within the year)	21	75	44	31	14	90	44	34



NOK millions	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11	Q2-11
KLP Bedriftspensjon AS								
Loss before tax	-6,1	-25,5	-13,5	-8,1	-5,1	-23,8	-13,8	-6,8
Premium income for own account	115,3	352,3	308,2	274,9	66,6	286,5	259,6	212,3
- of which premium reserve added	75,4	226,1	219,4	219,9	39,2	194,7	191,2	166,3
Insurance customers' funds including accumulated profit	1 385,4	1 238,2	1 187,1	1 139,4	941,8	844,0	810,3	796,3
- of which funds with guaranteed returns	928,3	881,0	848,5	842,0	662,8	605,2	589,9	566,6
Investment result	0,0	0,0	6,9	4,7	5,4	14,2	6,6	11,9
Risk result	1,9	2,6	3,5	2,9	0,3	0,1	2,8	2,3
Administration losses	-8,7	-33,5	-22,6	-14,0	-7,4	-28,2	-19,0	-11,6
Tier 1 and Tier 2 capital	41,7	48,5	49,9	60,4	43,0	48,0	32,3	39,4
Solvency capital	133,3	131,1	132,7	122,0	94,8	90,2	77,6	88,2
Capital adequacy	129 %	157 %						
Book capital return on common portfolio	7,7 %	9,6 %	9,5 %	11,9 %	11,2 %	13,9 %	9,4 %	12,0 %
Value-adjusted capital return on common portfolio	1,2 %	5,2 %	3,6 %	2,3 %	1,6 %	6,3 %	3,8 %	4,2 %
Return on defined unit-linked contribution pensions	1,8 %	6,7 %	5,2 %	3,1 %	2,3 %	3,7 %	1,3 %	2,6 %
Return on corporate portfolio	4,6 %	12,0 %	10,1 %	4,9 %	6,1 %	0,2 %	-3,9 %	1,9 %
	1,2 %	6,4 %	5,3 %	3,0 %	1,9 %	4,8 %	3,2 %	1,9 %

KLP Banken Group

Profit/loss before tax	9,3	83,4	85,8	34,1	26,4	-62,2	-33,5	-20,9
Net interest income	24,3	86,3	60,0	35,2	12,8	21,1	11,1	10,1
Other operating income	16,2	83,6	67,8	51,5	29,5	63,4	46,2	30,9
Operating expenses and depreciation	-34,7	-137,7	-94,1	-60,3	-33,4	-139,9	-97,7	-62,4
Net realized/unrealized changes in financial instruments to fair value	3,5	51,1	52,1	7,6	17,5	-6,8	7,0	0,5
Contributions	3 459	2 946	2 553	2 324	2 115	1 840	1 715	1 530
Housing mortgages granted	1 883	1 530	1 550	1 597	1 653	3 214	2 477	2 057
Loan(s) with public guarantee(s)	20 174	20 345	21 915	22 191	24 734	25 202	25 652	24 732
Defaulted loans	6,9	6,9	5,9	5,7	11,8	16,1	40,8	3,5
Borrowing on the issuance of securities	21 718	23 708	24 443	24 868	25 864	24 170	22 132	18 635
Other borrowing	0,0	-	-	200	450	4 306	6 010	8 313
Total assets	27 019	28 282	28 668	28 960	29 932	31 716	31 387	29 859
Average total assets	27 650	29 993	30 186	29 752	30 238	29 790	29 626	28 862
Owners' equity	1 223	1 219	1 221	1 184	1 175	1 171	1 170	1 179
Net interest rate	0,09 %	0,29 %	0,20 %	0,12 %	0,04 %	0,07 %	0,04 %	0,04 %
Profit/loss from general operations before tax	0,03 %	0,28 %	0,28 %	0,11 %	0,09 %	-0,21 %	-0,11 %	-0,07 %
Profit/loss from general operations excl. fair value assessments before tax	0,02 %	0,11 %	0,11 %	0,09 %	0,03 %	-0,19 %	-0,14 %	-0,07 %
Return on owners' equity before tax	0,76 %	6,84 %	7,03 %	2,88 %	2,25 %	-5,31 %	-2,86 %	-1,78 %
Capital adequacy	20,4 %	19,1 %	18,6 %	18,2 %	17,2 %	14,4 %	15,6 %	17,1 %
Retail customers	27 727	24 744	22 676	21 144	18 715	15 622	13 535	12 555
Retail customers who are members of KLP	15 703	14 309	13 000	11 769	10 539	9 151	8 217	7 495

KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS

Profit/loss before tax	-0,4	21,4	14,0	6,2	0,1	26,3	21,0	14,0
Total assets under management	267 845	239 478	222 776	216 113	214 399	205 099	192 636	192 446
Assets managed for external customers	23 432	21 153	19 087	17 713	16 134	13 650	13 143	14 704



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

Time series result - by quarter NOK millions	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Total income	17 145	12 070	13 139	10 974
Total expenses	-17 176	-11 575	-12 955	-10 716
Consolidated group profit before tax	-31	496	183	258
Results by segment				
Life insurance	-92	483	97	193
Non-life	52	7	27	48
Banking	9	-2	52	8
Asset management	0	7	8	7
Other business	0	0	-1	1
Consolidated group profit before tax	-31	496	183	258

Time series result - by quarter NOK millions	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Total income	13 262	11 536	13 535	6 457
Total expenses	-12 909	-11 363	-13 487	-6 212
Consolidated group profit before tax	353	173	48	245
Results by segment				
Life insurance	305	220	79	210
Non-life	23	-7	-20	40
Banking	26	-47	-15	-21
Asset management	-1	5	5	14
Other business	0	2	-1	2
Consolidated group profit before tax	353	173	48	245

Note 4 Premium income for own account

NOK millions	Q1 2013	Q1 2012	01.01.2012 -31.12.2012
Gross premiums due	4 712	4 660	28 236
Reinsurance premiums ceded	-15	-12	-63
Transfer of premium reserved from others	6 001	1 722	1 773
Total premium income	10 697	6 370	29 946



Note 5 Investment property

Result: Net income from investment properties NOK millions	Q1 2013	Q1 2012	01.01.2012 -31.12.2012
Net rental income etc	471	403	1 692
Unrealized/realized gains swaps ¹	0	198	271
Value adjustment including currency translation	348	21	39
Currency translation foreign subsidiaries	- 288	119	208
Revaluation of properties for own use	- 8	- 12	- 23
Depreciation property for own use	5	5	19
Net value adjustment	57	133	243
Net income from investment properties	529	733	2 206
Currency transl. foreign subsidiaries (other comprehensive income)	288	- 119	- 208
Net income from investment properties including currency transl.	816	614	1 999

¹ During Q4 2012, KLP Eiendom sold the company's currency swaps to KLP.

Balance: Investment property NOK millions	Q1 2013	Q1 2012	01.01.2012 -31.12.2012
Investment property 01.01	32 322	28 726	28 726
Value adjustment including currency translation	348	21	39
Net additions	357	1 221	3 534
Other changes	7	- 13	22
Investment property 31.03/31.12	33 034	29 955	32 322

Note 6 Other income

NOK millions	Q1 2013	Q1 2012	01.01.2012 -31.12.2012
Supplement contractual early retirement scheme (AFP)	161	162	642
Other income/expenses	35	3	21
Total other income	196	165	663



Note 7 Subordinated loan and Perpetual hybrid Tier 1 securities

NOK millions	Q1 2013	Q1 2012	01.01.2012 -31.12.2012
Subordinated loan			
Interest costs ¹	-37	-34	-143
Value changes	-24	124	248
Total subordinated loan	-61	89	105
Perpetual hybrid Tier 1 securities			
Interest costs	-11	-10	-42
Value changes	-32	166	171
Total Perpetual hybrid Tier 1 securities	-43	156	129
Total interest costs and value change subordinated loan and perpetual hybrid Tier 1 securities	-104	245	234

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

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

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

Note 8 Operating costs

NOK millions	Q1 2013	Q1 2012	01.01.2012 -31.12.2012
Staff costs	- 195	-176	- 431
Depreciation	- 26	-24	- 97
Other operating expenses	- 86	-93	- 333
Total operating expenses	- 307	- 294	- 861

Note 9 Other expenses

NOK millions	Q1 2013	Q1 2012	01.01.2012 -31.12.2012
Expenses early retirement scheme (AFP)	- 161	-162	- 641
Other expenses	- 1	0	- 10
Total other expenses	- 162	- 162	- 651



Note 10 Fair value of financial assets and liabilities

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

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

a) Shares (listed)

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

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

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

b) Shares (unlisted)

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

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

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

c) Foreign fixed income securities

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

- JP Morgan
- Barclays Capital Indices
- Bloomberg
- Reuters

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

d) Norwegian fixed income securities - government

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

e) Norwegian fixed income securities - other than government

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

The yield curves are received from the Norwegian Mutual Fund Association (NMFA). These are based on yield curves collected from five different market operators and converted to an average curve.

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

Fair value is calculated in accordance with the same principle as for Norwegian fixed income securities described above. Yield curves provided by SE Banken and Swedbank are converted to an average curve used as the basis for calculation of fair value.

g) Futures/FRA/IRF

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



h) Options

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

i) Interest rate swaps

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

j) Loans secured by mortgage

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

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

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

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

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

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

l) Investments with credit institutions

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

m) Fair value of debt to credit institutions

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

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

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

o) Fair value of subordinated loan capital

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

p) Fair value of hybrid Tier 1 securities issued

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

q) Fair value of covered bonds issued

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

r) Private equity

The fair value of the funds is to be based on reported market values, according to International Private Equity and Venture Capital Valuation Guidelines (IPEV Guidelines). These guidelines are set by the European Private Equity and Venture Capital Association (EVCA) and based on the principle of approximate market valuation of the companies.



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

Financial assets NOK millions	31.03.2013		31.03.2012		31.12.2012	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Debt instruments held to maturity - at amortized cost						
Norwegian hold-to-maturity bonds	17 718	18 591	17 543	18 342	17 609	18 686
Foreign hold-to-maturity bonds	19 941	21 310	23 034	24 165	19 674	20 882
Total debt instruments held to maturity	37 659	39 902	40 578	42 506	37 283	39 568
Debt instruments classified as loans and receivables - at amortized cost						
Norwegian bond loans	24 743	25 999	17 347	17 742	24 362	23 891
Foreign bond loans	31 888	34 222	31 819	32 989	31 555	33 601
Other receivables	12	12	-11	-11	-1	-1
Total debt instruments classified as loans and receivables - at amortized cost	56 644	60 233	49 155	50 720	55 917	57 491
Lending local government, enterprises & retail customers at fair value through profit/loss						
Loans to local government sector or enterprises with local government guarantee	2 226	2 226	2 435	2 435	2 254	2 254
Total loans to local government, enterprises & retail customers at fair value through profit/loss	2 226	2 226	2 435	2 435	2 254	2 254
Lending to local government, enterprises & retail customers - at amortized cost						
Loans secured by mortgage	9 829	9 821	9 397	9 397	9 750	9 779
Loans to local government sector or enterprises with local government guarantee	40 651	41 009	41 922	41 922	40 124	40 418
Total lending	50 480	50 830	51 319	51 319	49 874	50 198
Debt instruments at fair value through profit or loss						
Norwegian bonds	60 992	60 992	46 320	46 320	57 741	57 741
Norwegian certificates	7 058	7 058	3 238	3 238	7 195	7 195
Foreign bonds	24 035	24 035	21 851	21 851	22 320	22 320
Foreign certificates	0	0	568	568	0	0
Investments with credit institutions	12 986	12 986	10 884	10 884	16 119	16 119
Total debt instruments at fair value through profit/loss	105 071	105 071	82 862	82 862	103 375	103 375
Equity capital instruments at fair value through profit or loss						
Shares	23 979	23 979	18 035	18 035	19 587	19 587
Equity funds	22 946	22 946	20 053	20 053	21 315	21 315
Property funds	621	621	683	683	614	614
Alternative investments	896	896	1 261	1 261	894	894
Total equity capital instruments at fair value	48 442	48 442	40 032	40 032	42 410	42 410
Other loans and receivables including receivables from policyholders - at amortized cost						
Receivables related to direct business	2 355	2 355	13 200	13 200	1 555	1 555
Receivables related to reinsurance agreements	145	145	211	211	187	187
Reinsurance share of unearned gross premium	1	1	0	0	0	0
Reinsurance share of gross claims reserve	11	11	0	0	12	12
Other receivables	0	0	0	0	0	0
Total other loans and receivables including receivables from policyholders	2 511	2 511	13 411	13 411	1 754	1 754



Financial liabilities NOK millions	31.03.2013		31.03.2012		31.12.2012	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Hybrid Tier 1 securities	1 017	1 018	989	941	974	986
Subordinated loan capital	2 952	3 004	3 054	2 978	2 891	2 906
Debt to credit institutions	3 374	3 374	3 512	3 512	4 799	4 799
Covered bond issued	18 855	18 855	21 947	21 947	20 370	20 370
Liabilities to and deposits from customers	3 459	3 459	2 115	2 115	2 946	2 946
Total financial liabilities	29 657	29 709	31 618	31 495	31 981	32 007
Assets in life insurance with investment option (Unit-linked)	393	393	229	229	300	300
Provisions in life insurance with investment option (Unit-linked)	393	393	229	229	300	300

Finansielle derivatives NOK millions	31.03.2013		31.03.2012		31.12.2012	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Forward exchange contracts	102	950	206	79	737	150
Interest rate swaps	662	627	695	469	666	571
Interest rate options	0	0	0	0	0	0
Interest rate and currency swaps	0	0	0	0	0	0
Share options	185	0	343	0	137	0
Interest rate futures (IRF)	0	0	0	0	0	0
Total financial derivatives	949	1 577	1 245	548	1 541	721

*) Comparable figures for Q1 2012 are not given, as this is not required under IRFS 13.



Note 11 Borrowing

NOK millions	Nominal in NOK	Currency	Interest	Due date	Book value 31.03.2013	Book value 31.03.2012	Book value 31.12.2012
Perpetual subordinated loan capital							
Kommunal Landspensjonskasse	2 372	EUR	Fixed ¹	Perpetual	2 353	2 384	2 276
Kommunal Landspensjonskasse	554	JPY	Fixed ²	Perpetual	599	670	615
Total subordinated loan capital					2 952	3 054	2 891
Hybrid Tier 1 securities							
Kommunal Landspensjonskasse	984	JPY	Fixed ³	2034	1 017	989	974
Total hybrid Tier 1 securities					1 017	989	974

31.03.2013 NOK millions	Nominal in NOK	Currency	Interest	Due date	Book value 31.03.2013
Liabilities created on issuance of securities					
Covered bonds					
KLP Kommunekreditt AS	1 053	NOK	Variable	2013	1 054
KLP Kommunekreditt AS	3 560	NOK	Variable	2014	3 568
KLP Kommunekreditt AS	449	SEK	Variable	2015	449
KLP Kommunekreditt AS	4 300	NOK	Variable	2015	4 305
KLP Kommunekreditt AS	2 500	NOK	Fixed	2015	2 577
KLP Kommunekreditt AS	3 000	NOK	Variable	2016	3 010
KLP Kommunekreditt AS	3 000	NOK	Variable	2017	3 010
KLP Kommunekreditt AS	750	NOK	Fixed	2020	760
Amortization and value adjustments					121
Total covered bonds					18 855
Debt to credit institutions					
KLP Banken AS	1 345	NOK	Variable	2013	1 349
KLP Banken AS	300	NOK	Variable	2014	300
KLP Banken AS	600	NOK	Variable	2015	603
KLP Banken AS	300	NOK	Variable	2016	301
KLP Banken AS	300	NOK	Fixed	2017	311
Kommunal Landspensjonskasse	510	NOK/EUR/USD	Variable	2013	510
Total liabilities to credit institutions					3 374
Liabilities to and deposits from customers ⁴					
Retail	3 120	NOK			3 120
Business	339	NOK			339
Total liabilities to credit institutions					3 459
Total financial liabilities 31.03.2013					29 657

Note 11 Borrowing, continued

31.03.2012 NOK millions	Nominal in NOK	Currency	Interest	Due date	Book value 31.03.2012
Liabilities created on issuance of securities					
Covered bonds					
KLP Kommunekreditt AS	4 750	NOK	Variable	2012	4 750
KLP Kommunekreditt AS	1 095	SEK	Variable	2013	1 095
KLP Kommunekreditt AS	4 000	NOK	Variable	2013	4 000
KLP Kommunekreditt AS	4 000	NOK	Variable	2014	4 000
KLP Kommunekreditt AS	430	SEK	Variable	2015	430
KLP Kommunekreditt AS	4 300	NOK	Variable	2015	4 300
KLP Kommunekreditt AS	2 500	NOK	Fixed	2015	2 500
KLP Kommunekreditt AS	750	NOK	Fixed	2020	750
Amortization and value adjustments					122
Total covered bonds					21 947
Debt to credit institutions					
KLP Banken AS	1 400	NOK	Fixed	2012	1 407
KLP Banken AS	500	NOK	Variable	2012	501
KLP Banken AS	1 000	NOK	Variable	2013	1 004
Kommunal Landspensjonskasse	601	NOK/EUR/USD	Variable	2012	601
Total liabilities to credit institutions					3 512
Liabilities to and deposits from customers ⁴					
Retail	1 809	NOK			2 081
Business	31	NOK			34
Total liabilities to credit institutions					2 115
Total financial liabilities 31.03.2012					31 618

Note 11 Borrowing, continued

31.12.2012 NOK millions	Nominal in NOK	Currency	Interest	Due date	Book value 31.12.2012
Liabilities created on issuance of securities					
Covered bonds					
KLP Kommunekreditt AS	1 069	SEK	Variable	2013	1 070
KLP Kommunekreditt AS	1 103	NOK	Variable	2013	1 104
KLP Kommunekreditt AS	4 000	NOK	Variable	2014	4 010
KLP Kommunekreditt AS	428	SEK	Variable	2015	429
KLP Kommunekreditt AS	4 300	NOK	Variable	2015	4 304
KLP Kommunekreditt AS	2 500	NOK	Fixed	2015	2 555
KLP Kommunekreditt AS	3 000	NOK	Variable	2016	3 011
KLP Kommunekreditt AS	3 000	NOK	Variable	2017	3 013
KLP Kommunekreditt AS	750	NOK	Fixed	2020	752
Amortization and value adjustments					122
Total covered bonds					20 370
Debt to credit institutions					
KLP Banken AS	1 820	NOK	Variable	2013	1 826
KLP Banken AS	300	NOK	Fixed	2013	302
KLP Banken AS	600	NOK	Variable	2015	602
KLP Banken AS	300	NOK	Variable	2016	301
KLP Banken AS	300	NOK	Fixed	2017	308
Kommunal Landspensjonskasse	1 178	NOK/EUR/USD	Variable	2013	1 461
Total liabilities to credit institutions					4 799
Liabilities to and deposits from customers ⁴					
Retail	2 458	NOK			2 734
Business	94	NOK			212
Total liabilities to credit institutions					2 946
Total financial liabilities 31.12.2012					31 981

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

¹ The loan has an interest change date in 2017

² The loan has an interest change date in 2016

³ The loan has an interest change date in 2034

⁴ There is no contractual maturity date on deposits



Note 12 Fair value hierarchy

31.03.2013 NOK millions	Level 1	Level 2	Level 3	Total
Assets				
Lending at fair value.	0	2 226	0	2 226
Bonds and other fixed-income securities	55 054	36 908	0	91 962
Certificates	149	6 000	0	6 149
Bonds	16 019	30 000	0	46 019
Fixed-income funds	38 886	907	0	39 794
Loans and receivables	9 015	4 094	0	13 109
Shares and units	43 672	1 157	3 612	48 442
Shares	22 899	260	819	23 977
Equity funds	20 152	0	2 794	22 946
Property funds	621	0	0	621
Special funds	0	897	0	897
Private Equity	0	0	0	0
Financial derivatives	0	949	0	949
Other financial assets	0	376	0	376
Total financial assets valued at fair value	107 741	45 711	3 612	157 064
Liabilities				
Financial derivatives liabilities	0	1 577	0	1 577
Debt to credit institutions ¹	511	0	0	511
Total financial liabilities at fair value	511	1 577	0	2 088
31.03.2012				
NOK millions	Level 1	Level 2	Level 3	Total
Assets				
Lending at fair value.	0	2 435	0	2 435
Bonds and other fixed-income securities	44 940	27 008	0	71 998
Certificates	0	3 807	0	3 807
Bonds	13 054	23 201	0	36 251
Fixed-income funds	31 886	0	0	31 886
Loans and receivables	7 760	3 145	0	10 914
Shares and units	35 712	1 587	2 732	40 032
Shares	17 240	327	466	18 033
Equity funds	17 789	0	2 266	20 055
Property funds	683	0	0	683
Special funds	0	1 261	0	1 261
Financial derivatives	0	1 245	0	1 245
Total financial assets valued at fair value	88 413	34 989	2 732	126 134
Liabilities				
Financial derivatives liabilities	0	548	0	548
Debt to credit institutions ¹	601	2	0	603
Total financial liabilities at fair value	601	550	0	1 151



Note 12 Fair value hierarchy, continued

31.12.2012 NOK millions	Level 1	Level 2	Level 3	Total
Assets				
Lending at fair value.	0	2 254	0	2 254
Bonds and other fixed-income securities	51 054	36 145	0	87 198
Certificates	148	6 138	0	6 287
Bonds	13 571	29 097	0	42 669
Fixed-income funds	37 334	909	0	38 243
Loans and receivables	12 012	4 165	0	16 176
Shares and units	38 116	1 123	3 171	42 410
Shares	18 851	229	508	19 587
Equity funds	18 652	0	2 663	21 315
Property funds	614	0	0	614
Special funds	0	894	0	894
Financial derivatives	0	1 541	0	1 541
Total financial assets valued at fair value	101 181	42 973	3 171	149 580
Liabilities				
Financial derivatives liabilities	0	721	0	721
Debt to credit institutions ¹	1 461	0	0	1 461
Total financial liabilities at fair value	1 461	721	0	2 182

Changes in Level 3:	31.03.2013	31.03.2012	31.12.2012
Opening balance 1 January	3 171	2 531	2 531
Sold	-	-40	-422
Bought	308	246	874
Unrealised changes	133	-6	188
Closing balance 31 March/31 December	3 612	2 732	3 171
Realised gains/losses	-5	-15	54

The price changes are reflected in the line "Net value changes in financial instruments" in the Group income statement.

The columns "Changes in Level 3" show changes in Level 3 classified securities during the period stated.

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

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

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

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



Note 12 Fair value hierarchy, continued

The investment option portfolio is not included in the table. The investment option portfolio has NOK 392 million in financial assets measured at fair value. On 31 March 2013 the NOK 392 million were included with NOK 179 million in shares and units in Level 1 and NOK 213 million in debt instruments at fair value.

¹ The line Debt to credit institutions in the financial position statement includes liabilities measured at fair value and amortized cost. This line is therefore not reconcilable against the financial position. The liabilities measured at amortized cost amounted to NOK 2 863 million on 31 March 2013.

Note 13 Liquidity risk

The table below specify the company's financial obligations ranked by maturity.

The amounts given are non-discounted contractual flows of cash.

31.03.2013 NOK millions	Within 1 month	1-12 month	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan	130	153	3 143	0	0	3 426
Perpetual hybrid Tier 1 securities	0	85	170	212	1 369	1 837
Debt to and deposits from customers	3 459	0	0	0	0	3 459
Covered bonds issued	0	1 263	17 934	845	0	20 042
Receivables from credit institutions	510	1 657	1 295	0	0	3 463
Financial derivatives	601	482	523	139	90	1 835
Accounts payable	791	0	0	0	0	791
Contingent liabilities	4 657	0	0	0	0	4 657
Total	10 148	3 641	23 065	1 197	1 459	39 510

31.12.2012 NOK millions	Within 1 month	1-12 month	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan	0	140	3 257	0	0	3 397
Perpetual hybrid Tier 1 securities	0	41	162	203	1 425	1 830
Debt to and deposits from customers	2 946	0	0	0	0	2 946
Covered bonds issued	0	2 585	18 485	854	0	21 924
Receivables from credit institutions	1 822	1 777	1 307	0	0	4 906
Financial derivatives	140	94	355	127	78	794
Accounts payable	691	0	0	0	0	691
Contingent liabilities	4 460	0	0	0	0	4 460
Total	10 059	4 637	23 566	1 183	1 503	40 948

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. Banking contains the largest proportion of the financial liabilities in the Group.



Note 14 Interest rate risk

31.03.2013							
NOK millions	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	0	0	0	0	0	0	0
Financial derivatives classified as assets	16	8	-147	-155	-108	-20	-406
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	2	2
Bonds and other fixed-return securities	-25	-49	-359	-474	-253	49	-1 112
Fixed income fund holdings	-2 007	0	0	0	0	6	-2 001
Shares in Non-UCIT funds	21	0	0	0	0	2	23
Lending and receivables	-1	-10	0	0	0	120	109
Lending	0	0	-1	0	0	153	152
Total assets	-1 997	-51	-507	-629	-362	312	-3 234
Liabilities							
Deposit	0	0	0	0	0	-35	-35
Liabilities created on issue of securities	0	0	65	55	0	-179	-59
Financial derivatives classified as liabilities	-15	-4	195	141	2	19	337
Hybrid capital, subordinated loans	0	0	0	64	20	0	84
Call Money	0	0	0	0	0	-2	-2
Total liabilities	-15	-4	260	261	21	-197	325
Total, before and after tax	-2 013	-55	-247	-368	-340	114	-2 909

31.12.2012							
NOK millions	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	4	3
Alternative investments	0	0	0	0	0	3	3
Financial derivatives classified as assets	7	11	-155	-100	-171	-71	-478
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	7	7
Bonds and other fixed-return securities	-23	-42	-342	-407	-198	133	-879
Fixed income fund holdings	-1 923	0	0	0	0	22	-1 901
Shares in Non-UCIT funds	14	0	0	0	0	5	19
Lending and receivables	-1	-14	0	0	0	81	66
Lending	0	0	-1	0	0	153	152
Total assets	-1 926	-45	-498	-507	-369	336	-3 009



Note 14 Interest rate risk, continued

31.12.2012	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
NOK millions							
Liabilities							
Deposit	0	0	0	0	0	-29	-29
Liabilities created on issue of securities	0	0	72	57	0	-200	-71
Liabilities to financial institutions	-16	-3	12	136	0	11	141
Financial derivatives classified as liabilities	0	0	0	0	82	0	82
Hybrid capital, subordinated loans	0	0	0	0	0	-9	-9
Lending and receivables - call money	-16	-3	84	193	82	-226	115
Tota, before and after tax	-1 942	-48	-414	-314	-286	110	-2 894

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

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

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

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

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

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



Note 15 Credit risk

31.03.2013 NOK millions	AAA	AA	A	BBB	NR/NIG	Total
Debt instruments held to maturity - at amortized cost						
Banks	0	1 039	796	0	298	2 134
Finance and credit enterprises	0	35	0	0	1 035	1 070
Public sector guarantee	1 371	0	0	0	81	1 452
Government and government guarantee within OECD	20 105	0	0	850	0	20 955
Public sector enterprises and covered bonds	2 727	542	0	0	1 478	4 748
Other	0	964	3 107	0	3 230	7 301
Total	24 203	2 580	3 904	850	6 122	37 659
Debt instruments classified as loans and receivables - at amortized cost						
Banks	0	1 056	4 591	0	654	6 608
Finance and credit enterprises	518	263	264	0	264	1 310
Public sector guarantee	1 115	0	0	0	325	1 439
Government and government guarantee within OECD	12 382	0	0	2 067	0	14 449
Public sector enterprises and covered bonds	6 320	1 588	1 355	0	2 427	11 690
Other	0	3 507	3 346	832	13 770	21 455
Total	20 335	6 413	9 556	2 899	17 441	56 644
Debt instruments at fair value - bonds and other securities with fixed returns						
Banks	0	443	2 158	51	10 216	12 867
Finance and credit enterprises	11	598	466	0	265	1 339
Public sector guarantee	861	56	0	0	1 903	2 820
Government and government guarantee within OECD	9 573	4 115	0	0	0	13 687
Public sector enterprises and covered bonds	1 889	588	0	0	6 092	8 569
Other	0	329	747	121	11 380	12 578
Total	12 334	6 128	3 371	172	29 855	51 860
Financial derivatives classified as assets						
Denmark	0	0	205	0	0	205
Finland	0	66	0	0	0	66
Norway	0	7	242	0	0	249
UK	0	0	185	0	0	185
Sweden	0	0	144	0	0	144
Germany	0	0	2	0	0	2
USA	0	0	99	0	0	99
Total	0	73	876	0	0	949
Debt instruments at fair value - Fixed income fund units						
Public sector guarantee	0	0	0	0	2 179	2 179
Government and government guarantee within OECD	0	0	0	0	137	137
Other	0	0	22 377	0	15 111	37 489
Total	0	0	22 377	0	17 427	39 804
Debt instruments at fair value - Loans and receivables						
Denmark	0	0	1 086	0	0	1 086
Finland	0	482	0	0	0	482
Norway	0	0	4 940	0	3 090	8 030
UK	0	0	1 689	0	0	1 689
Sweden	0	1 615	185	0	0	1 800
Germany	0	0	2	0	0	2
USA	0	0	317	0	0	317
Total	0	2 097	8 220	0	3 090	13 406
Total securities	56 872	17 290	48 612	3 921	73 935	200 322
Lending local government, enterprises & retail customers ¹						
Public sector		0 %	20 %	35 %	100 %	Total
Public sector		0	37 865	0	1 568	39 433
Enterprises		0	1 122	4	1 424	2 550
Private individuals		0	0	10 249	474	10 723
Total		0	38 987	10 253	3 466	52 706



Note 15 Credit risk, continued

31.12.2012 NOK millions	AAA	AA	A	BBB	NR/NIG	Total
Debt instruments held to maturity - at amortized cost						
Banks	0	1 023	786	0	305	2 113
Finance and credit enterprises	0	510	0	0	1 024	1 534
Public sector guarantee	1 356	0	0	0	50	1 406
Government and government guarantee within OECD	19 837	0	0	839	0	20 676
Public sector enterprises and covered bonds	2 699	535	0	0	1 459	4 692
Other	0	475	3 098	0	3 288	6 862
Total	23 892	2 543	3 884	839	6 125	37 283
Debt instruments classified as loans and receivables - at amortized cost						
Banks	0	1 042	4 406	0	61	5 509
Finance and credit enterprises	510	259	520	0	0	1 288
Public sector guarantee	1 111	0	0	0	818	1 929
Government and government guarantee within OECD	14 356	0	0	2 045	0	16 401
Public sector enterprises and covered bonds	6 761	1 610	860	0	2 402	11 633
Other	0	2 003	2 121	836	14 197	19 157
Total	22 738	4 913	7 907	2 881	17 478	55 917
Debt instruments at fair value - bonds and other securities with fixed returns						
Banks	0	443	3 572	57	9 949	14 021
Finance and credit enterprises	11	568	453	0	265	1 297
Public sector guarantee	855	55	0	0	1 750	2 660
Government and government guarantee within OECD	8 394	3 009	0	0	0	11 402
Public sector enterprises and covered bonds	1 881	409	0	0	6 528	8 817
Other	0	287	634	114	9 723	10 758
Total	11 140	4 771	4 658	171	28 215	48 955
Financial derivatives classified as assets						
Denmark	0	0	345	0	0	345
Finland	0	269	0	0	0	269
Norway	0	0	380	0	0	380
UK	0	0	213	0	0	213
Sweden	0	0	333	0	0	333
USA	0	0	0	0	0	0
Total	0	269	1 272	0	0	1 541
Debt instruments at fair value - Fixed income fund units						
Government and government guarantee within OECD	0	0	0	0	121	121
Other	0	0	20 920	0	17 202	38 122
Total	0	0	20 920	0	17 323	38 243
Debt instruments at fair value - Loans and receivables						
Denmark	0	0	597	0	0	597
Finland	0	20	0	0	0	20
Norway	0	0	4 893	0	3 171	8 064
UK	0	0	2 949	0	0	2 949
Sweden	0	3 632	608	0	0	4 240
Germany	0	0	3	0	0	3
USA	0	0	303	0	0	303
Total	0	3 653	9 353	0	3 171	16 176
Total securities	57 769	16 149	47 993	3 891	72 312	198 115
Lending local government, enterprises & retail customers ¹						
		0 %	20 %	35 %	100 %	Total
Public sector		0	38 055	0	1 524	39 579
Enterprises		0	1 046	4	923	1 973
Private individuals		0	0	10 228	348	10 576
Total		0	39 101	10 232	2 795	52 128



Note 15 Credit risk, continued

Emphasis is placed on diversification of credit exposure to avoid concentration of credit risk against individual debtors. To monitor credit risk in lending and investments a special credit committee has been established, meeting regularly. The limits for credit risk against the individual debtor are set by the committee. Changes in debtors' credit assessments are monitored and followed up by KLP Kapitalforvaltning AS.

The Group has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. The Group can be said to have a high concentration of debt instruments directed at the Norwegian public sector, however this does not imply concentration risk in the ordinary meaning since the counterparty risk is minimal.

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 fixed income 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 applies in the main to municipalities/county administrations, certain Norwegian financial institutions and other investments within Norwegian finance. KLP Group has strict guidelines for investments in fixed-income 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 amortized cost).

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

31.03.2013 NOK millions	Acquisition cost	Unrealized gain/loss	Of which due to currency	Market value	Book value 31.03.2013
Spain					
Fixed income securities at amortized cost	813	24	0	837	813
Total Spain	813	24	0	837	813
Italy					
Fixed income securities at amortized cost	2 000	99	0	2 099	2 000
Total Italy	2 000	99	0	2 099	2 000
Total exposure PIIGS	2 813	123	0	2 936	2 813

In Spain, government debt was NOK 0 million and government guaranteed securities NOK 837 million. In Italy, pure government debt was NOK 2,099 million and government guaranteed securities NOK 0 (market value) as at 31 March 2013.

31.03.2013 Rating	Spain	Italy
Moody's	Baa3	Baa2
Standard & Poor's	BBB-	BBB+
Fitch	BBB	BBB+



Note 15 Credit risk, continued

31.12.2012 NOK millions	Acquisition cost	Unrealized gain/loss	Of which due to currency	Market value	Book value 31.12.2012
Spain					
Fixed income securities at amortized cost	813	1	0	814	813
Total Spain	813	1	0	814	813
Italy					
Fixed income securities at amortized cost	2 000	76	0	2 076	2 000
Total Italy	2 000	76	0	2 076	2 000
Total exposure PIIGS	2 813	77	0	2 889	2 813

In Spain, government debt was NOK 0 million and government guaranteed securities NOK 814 million. In Italy, pure government debt was NOK 2,076 million and government guaranteed securities NOK 0 (market value) as at 31 December 2012.

31.12.2012 Rating	Spain	Italy
Moody's	Baa3	Baa2
Standard & Poor's	BBB-	BBB+
Fitch	BBB	A-

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. The KLP Group has no government securities in Greece, Ireland or Portugal as at 31 March 2013. The securities measured at amortized cost have not been written down.

¹ The credit risk to which lending is exposed is calculated based on the regulations concerning minimum requirements for capital adequacy, and the rules that apply on determining the calculation base. The lending is placed separately since it is not included with the same rating categories. In regard to weighting in the table, 0% indicates the lowest expected credit risk and 100% the highest.

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.



Note 16 Insurance-related provisions in life including investment choice

NOK millions	31.03.2013	31.03.2012	31.12.2012
Premium reserves - ordinary tarif	255 492	228 635	246 417
Premium reserves - longevity reserving	4 874	0	4 486
Premium funds, buffer funds and pensioners' surplus funds	1 602	968	1 595
Supplementary reserves	12 407	12 344	12 403
Securities adjustment fund	12 585	8 580	9 300
Other provisions	219	73	220
Profit/loss allocated to insurance contracts	3 029	3 054	2 360
Insurance-related provisions in life insurance incl. investment options	290 208	253 655	276 781
Premium reserves - ordinary tarif	386	223	293
Deposit funds	7	6	7
Reserving life insurance with investment options	393	229	300

Reserves increase K2013

NOK millions	
Estimated gross reserves increase for new tariff K2013:	10 775
Reserves increase as at 31.12.2012	4 486
Additional reserves increase Q1 2013 ¹	388
Total reserves increase as at 31.03.2013	4 874
Remaining reserves increase requirement	5 901

¹ Reserves increase is calculated based on the results of Q1, but is not binding on the Company result for the year.

Note 17 Accounts receivable

NOK millions	31.03.2013	31.03.2012	31.12.2012
Short-term receivable trade in securities	469	11 124	196
Premium receivable	731	1 158	207
Reinsurance share of gross outstanding claims provisions	145	211	185
Other receivable	1 167	918	1 166
Total receivable	2 511	13 411	1 754

Note 18 Other short term liabilities

NOK millions	31.03.2013	31.03.2012	31.12.2012
Short-term liabilities securities	391	12 011	3 696
Advance tax-deduction pension scheme	214	208	214
Accounts payable	791	557	691
Pre-called contribution to insurance	49	46	438
Other short-term liabilities	840	484	204
Total other short-term liabilities	2 285	13 306	5 245



Non- financial accounts interim report Q1 2013

Note		Per Q1 2013	2012	2011	2010
Environment					
1	Energy consumption kWh KLP Huset	1 134 254	3 795 878	3 489 425	5 367 259
1	Energy consumption kWh own offices Trondheim	80 688	221 703	165 135	357 159
1	Energy consumption kwh own office Bergen	163 615	445 918	460 518	541 337
	Kilo co2 equivalent from aircrafts	151 659	387 429	333 081	300 370

Note

Employees

Number of employees	825	808	775	762
Percentage reported sickness absence 12 month rolling	4,5	4,2	4,6	4,4
Percentage reported sickness absence quarter	4,5			

Note

Responsible investments

Number of exclusions of companies from the investment portfolio	64	64	64	59
Number of companies reinstated in the investment portfolio	0	1	1	3
2 Number of general meetings in Norwegian companies in which KLP has voted	3 (100 %)	113 (92%)	130	127
2 Number of general meetings in foreign companies in which KLP has voted	203 (54%)	2 099 (75%)	1 662	1 533
Number of companies KLP has been in dialogue with	9	143	96	

Note 1 Energy consumption

Target is set at 5 per cent reduction in tonnes co2/employee.

1kwh approximates to NOK 1and 100g co2 equivalents at "Nordic mix".

In the first quarter 2013 new and improved details regarding reporting of CO2 aircraft engine emissions are available.

This makes comparisons with previous years inaccurate.

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 2013	Q1 2012	01.01.12 -31.12.12
3	Premium income	10 428	6 158	29 025
	Income from investments in subsidiaries, associated enterprises and jointly controlled enterprises	771	568	1 828
	Interest income/dividends on financial assets	2 290	2 129	8 443
	Value changes on investments	2 578	3 215	3 716
	Gains and losses realised on investments	444	574	2 424
	Net income from investments in the common portfolio	6 083	6 486	16 412
	Net income of the investment option portfolio	40	48	105
	Other insurance-related income	174	162	651
	Claims	-2 930	-2 783	-10 882
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-12 676	-8 350	-31 101
	Changes in insurance liabilities investment option portfolio	-38	-2	-146
	Funds assigned to insurance contracts - contractual liabilities	-668	-1 301	-2 366
4	Insurance-related operating expenses	-201	-210	-587
	Other insurance-related costs	-161	-162	-647
	Technical profit/loss	49	47	463
	Net income from investments in the corporate portfolio	264	235	735
	Other income	4	2	15
	Administration costs and other costs associated with the corporate portfolio	-54	-49	-212
	Non-technical profit/loss	214	188	764
	Profit/loss pre-tax	263	235	1 001
	Tax	0	0	0
	Profit/loss before other comprehensive income	263	235	1 001
	Other P/L-items	0	0	0
	TOTAL RESULT	263	235	1 001

Accounts after the first quarter Kommunal Landspensjonskasse

Notes	Balance NOK million	31.03.2013	31.03.2012	31.12.2012
ASSETS				
ASSETS IN THE CORPORATE PORTFOLIO				
	Intangible assets	306	295	303
5	Investments	17 724	16 537	17 533
	Receivables	1 582	1 833	1 145
	Other assets	391	369	403
	Total assets in the corporate portfolio	20 003	19 034	19 384
ASSETS IN THE CUSTOMER PORTFOLIOS				
	Shares and holdings in property subsidiaries	30 732	28 384	30 439
5	Financial assets valued at amortised cost	114 746	107 593	113 474
5,6	Financial assets valued at fair value	143 063	126 638	134 817
	Total assets in the common portfolios	288 541	262 615	278 731
	Shares and holdings in property subsidiaries	188	174	186
5	Financial assets at amortised costs	573	542	568
5,6	Financial assets at fair value	823	731	802
	Total assets in investment portfolio	1 584	1 447	1 556
	ASSETS	310 128	283 096	299 671
OWNERS' EQUITY AND LIABILITIES				
	Owners' equity contributed	6 891	6 215	6 891
	Retained earnings	6 825	5 796	6 562
	Subordinated loan capital etc.	3 969	4 043	3 865
7	Insurance obligations in life insurance - contractual liabilities	287 628	251 509	274 294
7	Insurance liabilities investment option portfolio	1 588	1 434	1 548
	Provision for liabilities	323	525	323
	Liabilities	2 841	13 507	6 136
	Accrued costs and prepaid income	63	69	52
	OWNERS' EQUITY AND LIABILITIES	310 128	283 096	299 671
Off-balance sheet items				
	Contingent liabilities	4 350	4 362	4 410



Accounts after the first quarter Kommunal Landspensjonskasse

Changes in Owner's equity NOK million	Paid-up equity	Retained earnings	Total equity
2013			
Own funds 01.01.2013	6 891	6 562	13 390
Total other comprehensive income	0	263	263
Total comprehensive income	0	263	263
Transactions with owners			
Equity paid-in	0	0	0
Equity reimbursed	0	0	0
Sum transactions with owners	0	0	0
Own funds 31.03.2013	6 891	6 825	13 717

NOK millions	Paid-up equity	Retained earnings	Total equity
2012			
Own funds 31.12.2011	6 217	5 723	11 941
Changes in accounting principles- pension corridor	0	-163	-163
Own funds 01.01.2012	6 217	5 560	11 778
Comprehensive income	0	235	235
Total comprehensive income	0	235	235
Transactions with owners			
Equity paid-in	1	0	1
Equity reimbursed	-4	0	-4
Sum transactions with owners	-3	0	-3
Own funds 31.03.2012	6 215	5 796	12 011

Cash flow analysis NOK million	01.01.13 -31.03.13	01.01.12 -31.12.12	01.01.12 -30.09.12	01.01.12 -30.06.12	01.01.12 -31.03.12
Net cashflow from operational activities	-589	-676	-510	130	40
Net cashflow from investment activities	-19	-70	-50	-36	-18
Net cashflow from financing activities	598	806	635	4	-3
Net changes in cash and bank deposits	-10	60	75	98	19
Holdings of cash and bank deposits at start of period	348	288	288	288	288
Holdings of cash and bank deposits at end of period	338	348	363	385	307



Note 1 Accounting principles

The financial statements in this interim report show the accounts for Kommunal Landspensjonskasse (KLP) for the period 1 January 2013 - 31 March 2013. The accounts have not been audited.

Similarly to the annual financial statements for 2012, the interim financial statements have been presented in accordance with Regulation 1241 of 16 December 1998: Regulations on annual accounts etc. for insurance companies (the Annual Accounts Regulations) and IAS 34 Interim reporting. Unless otherwise stated the same accounting principles apply to the quarterly accounts as for the 2012 annual accounts.

The interim financial statements do not contain all the information required of full annual financial statements and this interim report ought to be read in conjunction with the annual financial statements for 2012. These may be obtained on application to KLP's head office in Dronning Eufemias gate 10, Oslo, or at www.klp.no.

IAS 1 Financial information

There is now a requirement that items in other comprehensive income are to be divided into two groups: those that are later to be reclassified through profit or loss and those that are not to be reversed in the result. There are no changes that affect which items are to be included in other comprehensive income.

IAS 19 Employee benefits

The changes have an effect on the treatment of the Company's benefits plans. The changes mean that all estimate deviations are recognised in other comprehensive income as they arise (no corridor); immediate recognition in profit/loss of all costs of previous periods' pensions accumulation; and that interest costs and expected returns on pension assets are replaced by a net interest sum calculated using the discount rate on net pensions liability.

The change in employee benefits has been implemented by reworking comparison figures and the change in principle has had the following effect on the accounting lines:

NOK millions	31.03.2013	31.03.2012	31.12.2012
Capitalized pension liability for own employees incl. corridor	N/A	362	386
Capitalized without corridor	323	525	323
Change	0	163	-63
Income:			
Pension expense own employees	0	0	226
Profit to owners' equity	0	0	226
Financial position:			
Pension liability own employees	0	163	-63
Owners' equity]	0	-163	63

IFRS 13 Measurement of fair value

This standard defines what is meant by fair value when the term is used in IFRS, provides a uniform description of how fair value is to be determined and what supplementary information is to be provided when fair value is used. The standard does not expand the scope of recognition at fair value. For practical purposes the standard contains change in the note requirements pursuant to IAS 34, and that are included in the Company's Notes 5 and 6. The standard generally expands on calculation of fair value contained in the note requirements in accordance with IFRS 7.

IAS 34

There is a requirement on supplementary information on fair value of financial instruments. In practice all the requirements in IFRS 7 and IFRS 13 regarding fair value should also apply for interim financial statements.

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



Estimates

A letter dated 8 March 2013 from the FSA promulgates that a new mortality table, K2013, is to be introduced for group pension insurance in life insurance companies and pension schemes. It transpires that the new mortality table will apply to retirement and survivor pensions, and ought also to apply similarly to disability pension and premium and contribution suspension linked to active members in the pension schemes.

The reserves provision requirement in accordance with the new mortality table will be substantial and mobilisation periods have been permitted. Such mobilisation periods will apply starting from 2014 and ought not to last longer than five years. At the same time it will be a requirement that the strengthening of reserves be carried out at least by straight-line over the period.

To cover the increased requirements for reserves, at least 20 per cent of the gross reserves increase is to be covered by the company during the period 2014–2018, whilst the remaining reserves increase can be covered by available surplus of returns and risk results on approval by the FSA. The increase in reserves is to be completed by 2018.

Note 2 Value-adjustment investment property

The portfolio of investment properties including investment properties owned via subsidiaries has been valued as at 31 March 2013.

NOK millions	Q1 2013	Q1 2012	01.01.2012 -31.12.2012
Value adjustment incl. foreign exchange	348	21	39
Foreign exchange effect on hedging	-218	196	265
Net value adjustment incl. exchange hedging	130	217	305

Note 3 Premium income

NOK millions	Q1 2013	Q1 2012	01.01.2012 -31.12.2012
Gross premiums due	4 502	4 477	27 481
Reinsurance premiums ceded	0	-2	-5
Transfer of premium reserved from others	5 925	1 683	1 549
Total premium income	10 428	6 158	29 025

Note 4

NOK millions	Q1 2013	Q1 2012	01.01.2012 -31.12.2012
Staff costs	121	110	477
Depreciation	19	17	69
Other operating expenses	61	83	268
Insurance related expenses	201	210	813

Note 5 Fair value of financial assets and liabilities

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

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

a) Shares (listed)

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

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

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

b) Shares (unlisted)

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

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

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

c) Foreign fixed interest securities

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

- JP Morgan
- Barclays Capital Indices
- Bloomberg
- Reuters

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

d) Norwegian fixed interest securities - government

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

e) Norwegian fixed interest securities - other than government

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

The yield curves are received from the Norwegian Mutual Fund Association (NMFA). These are based on yield curves collected from five different market operators and converted to an average curve.

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

Fair value is calculated in accordance with the same principle as for Norwegian fixed interest securities described above. Yield curves provided by SE Banken and Swedbank are converted to an average curve used as the basis for calculation of fair value.



g) Futures/FRA/IRF

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

h) Options

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

i) Interest rate swaps

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

j) Loans secured by mortgage

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

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

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

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

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

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

l) Investments with credit institutions

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

m) Fair value of subordinated loan capital

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

n) Fair value of hybrid Tier 1 securities issued

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

o) Private Equity

The fair (market) value of the funds is to be based on reported market values, according to International Private Equity and Venture Capital Valuation Guidelines (IPEV Guidelines). These guidelines are set by the European Private Equity and Venture Capital Association (EVCA) and based on the principle of approximate market valuation of the companies.



31.03.2013 NOK millions	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Assets at amortized cost								
Investments held to maturity - at amortized cost								
Norwegian hold-to-maturity bonds	727	773	15 617	16 402	74	79	16 418	17 254
Accrued not due interest	18	18	609	609	3	3	630	630
Foreign hold-to-maturity bonds	2 471	2 625	16 570	17 761	84	91	19 125	20 477
Accrued not due interest	51	51	532	532	3	3	586	586
Total investments held to maturity	3 268	3 468	33 328	35 303	164	175	36 759	38 946
Bonds at amortized cost								
Norwegian bond loans	1 238	1 306	22 072	23 221	129	137	23 439	24 664
Accrued not due interest	35	35	565	565	4	4	605	605
Foreign bond loans	2 994	3 192	27 442	29 533	270	289	30 705	33 013
Accrued not due interest	117	117	746	746	7	7	870	870
Total bonds classified as loans and receivables	4 384	4 651	50 825	54 065	410	436	55 619	59 152
Other loans and receivables - at amortized cost								
Secured loans	0	0	8 830	8 834	0	0	8 830	8 834
Lending with public sector guarantee	0	0	21 543	21 868	0	0	21 543	21 868
Accrued not due interest	0	0	220	220	0	0	220	220
Total other loans and receivables	0	0	30 593	30 923	0	0	30 593	30 923
Total financial assets at amortized cost	7 652	8 119	114 746	120 291	573	612	122 971	129 021
Assets measured at fair value								
Equity capital instruments at fair value through profit or loss								
Norwegian shares	229	229	3 473	3 473	338	338	4 041	3 703
Foreign shares	0	0	20 275	20 275	0	0	20 275	20 275
Total shares and units	229	229	23 748	23 748	338	338	24 316	23 977
Property funds	0	0	621	621	0	0	621	621
Norwegian equity funds	0	0	18 840	18 840	0	0	18 840	18 840
Foreign equity funds	0	0	3 263	3 263	0	0	3 263	3 263
Total equity fund units	0	0	22 724	22 724	0	0	22 724	22 724
Norwegian alternative investments	0	0	1 801	1 801	0	0	1 801	1 801
Foreign alternative investments	0	0	4	4	0	0	4	4
Total alternative investments	0	0	1 805	1 805	0	0	1 805	1 805
Debt instruments at fair value through profit or loss								
Norwegian bonds	3 360	3 360	26 446	26 446	0	0	29 805	29 805
Accrued not due interest	45	45	549	549	0	0	594	594
Foreign bonds	162	162	11 899	11 899	0	0	12 061	12 061
Norwegian fixed-income funds	343	343	25 038	25 038	443	443	25 824	25 824
Foreign fixed-income funds	0	0	11 800	11 800	0	0	11 800	11 800
Accrued not due interest	7	7	465	465	0	0	472	472
Norwegian certificates	728	728	4 923	4 923	6	6	5 657	5 651
Accrued not due interest	13	13	77	77	0	0	90	90
Foreign certificates	0	0	0	0	0	0	0	0
Accrued not due interest	0	0	0	0	0	0	0	0
Total bonds and other fixed-income securities	4 659	4 659	81 197	81 197	449	449	86 304	86 298



31.03.2013	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
NOK millions								
Norwegian loans and receivables	207	207	10 018	10 018	25	25	10 250	10 250
Foreign loans and receivables	235	235	2 585	2 585	8	8	2 827	2 827
Total loans and receivables	442	442	12 603	12 603	32	32	13 077	13 077
Derivatives								
Interest rate swaps	102	102	398	398	0	0	501	501
Share options	0	0	185	185	1	1	186	186
Forward exchange contracts	0	0	29	29	0	0	30	30
Total financial derivatives classified as assets	102	102	612	612	2	2	716	716
Other financial assets	0	0	374	374	1	1	376	376
Total financial assets valued at fair value	5 431	5 431	143 063	143 063	823	823	149 318	148 973
Investment property	974	974	0	0	0	0	974	974
Investments in subsidiaries	3 667	3 667	0	0	0	0	3 667	3 667
Total investments	17 724	18 191	257 809	263 354	1 396	1 434	276 929	282 635
Liabilities								
Derivatives								
Interest rate swaps	0	0	-287	-287	0	0	-287	-287
Interest rate futures (IRF)	0	0	0	0	0	0	0	0
Interest rate and currency swaps	0	0	-596	-596	-2	-2	-598	-598
Forward exchange contracts	-4	-4	-348	-348	-1	-1	-353	-353
Total financial derivatives classified as liabilities	-4	-4	-1 231	-1 231	-3	-3	-1 238	-1 238
Subordinated loan capital								
Perpetual subordinated loan capital	-2 952	-3 004	0	0	0	0	-2 952	-3 004
Hybrid Tier 1 securities	-1 017	-1 018	0	0	0	0	-1 017	-1 018
Total subordinated loan capital etc.	-3 969	-4 022	0	0	0	0	-3 969	-4 022
Debt to credit institutions								
Norwegian call money	0	0	-163	-163	0	0	-163	-163
Foreign call money	-69	-69	-279	-279	0	0	-348	-348
Total debt to credit institutions	-69	-69	-441	-441	-1	-1	-511	-511

31.03.2012	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
NOK millions								
Assets at amortized cost								
Investments held to maturity - at amortized cost								
Norwegian hold-to-maturity bonds	627	648	15 488	16 223	74	79	16 189	16 949
Accrued not due interest	17	17	609	609	3	3	628	628
Foreign hold-to-maturity bonds	2 508	2 652	19 436	20 405	111	116	22 056	23 173
Accrued not due interest	52	52	632	632	4	4	688	688
Total investments held to maturity	3 204	3 368	36 165	37 869	192	201	39 561	41 438



31.03.2012 NOK millions	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Bonds at amortized cost								
Norwegian bond loans	874	892	15 384	15 746	105	108	16 363	16 745
Accrued not due interest	28	28	435	435	3	3	466	378
Foreign bond loans	2 912	3 062	27 524	28 521	236	246	30 672	31 829
Accrued not due interest	113	113	746	746	6	6	865	865
Total bonds classified as loans and receivables	3 926	4 094	44 089	45 448	351	363	48 366	49 817
Other loans and receivables - at amortized cost								
Secured loan	0	0	8 332	8 332	0	0	8 332	8 332
Lending with public sector guarantee	0	0	18 783	18 783	0	0	18 783	18 838
Accrued not due interest	0	0	224	224	0	0	224	224
Total other loans and receivables	0	0	27 339	27 339	0	0	27 339	27 339
Total financial assets at amortized cost	7 131	7 463	107 593	110 656	542	564	115 265	118 648
Assets measured at fair value								
Equity capital instruments at fair value through profit or loss								
Norwegian shares	821	821	3 016	3 016	310	310	4 147	4 147
Foreign shares	0	0	14 730	14 730	0	0	14 730	14 730
Total shares and units	821	821	17 746	17 746	310	310	18 876	18 876
Property funds	0	0	683	683	0	0	683	683
Norwegian equity funds	0	0	17 032	17 032	0	0	17 032	17 032
Foreign equity funds	0	0	2 262	2 262	0	0	2 262	2 262
Total equity fund units	0	0	19 978	19 978	0	0	19 978	19 978
Norwegian alternative investments	0	0	724	724	0	0	724	724
Foreign alternative investments	0	0	6	6	0	0	6	6
Total alternative investments	0	0	730	730	0	0	730	730
Debt instruments at fair value through profit or loss								
Norwegian bonds	2 439	2 439	19 837	19 837	0	0	22 276	22 276
Accrued not due interest	40	40	452	452	0	0	492	492
Foreign bonds	123	123	10 762	10 762	0	0	10 885	10 885
Norwegian fixed-income funds	0	0	19 571	19 571	398	398	19 969	19 969
Foreign fixed-income funds	0	0	10 863	10 863	0	0	10 863	10 863
Accrued not due interest	0	0	382	382	5	5	387	387
Norwegian certificates	599	599	3 481	3 481	0	0	4 080	4 080
Accrued not due interest	7	7	40	40	0	0	47	47
Foreign certificates	275	275	278	278	0	0	554	554
Accrued not due interest	3	3	2	2	0	0	5	5
Total bonds and other fixed-income securities	3 487	3 487	65 666	65 666	404	404	69 557	69 557
Norwegian loans and receivables	469	469	8 803	8 803	14	14	9 287	9 287
Foreign loans and receivables	198	198	1 862	1 862	0	0	2 060	2 060
Total loans and receivables	667	667	10 665	10 665	14	14	11 347	11 347



31.03.2012	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
NOK millions	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Derivatives								
Interest rate swaps	98	98	277	277	0	0	375	375
Share options	0	0	341	341	2	2	343	343
Forward exchange contracts	0	0	205	205	1	1	206	206
Total financial derivatives classified as assets	98	98	824	824	3	3	925	925
Other financial assets	15	15	11 031	11 031	0	0	11 046	11 046
Total financial assets valued at fair value	5 089	5 089	126 638	126 638	731	731	121 412	121 412
Investment property	931	931	0	0	0	0	931	931
Investments in subsidiaries	3 387	3 387	0	0	0	0	3 387	3 387
Total investments	16 537	16 869	234 231	237 294	1 273	1 295	240 995	244 355
Liabilities								
Derivatives								
Interest rate swaps	0	0	-253	-253	0	0	-253	-253
Interest rate futures (IRF)	0	0	0	0	0	0	0	0
Interest rate and currency swaps	0	0	-56	-56	0	0	-56	-56
Forward exchange contracts	0	0	-24	-24	0	0	-24	-24
Total financial derivatives classified as liabilities	0	0	-333	-333	0	0	-333	-333
Subordinated loan capital								
Perpetual subordinated loan capital	-3 054	-2 978	0	0	0	0	-3 054	-2 978
Hybrid Tier 1 securities	-989	-941	0	0	0	0	-989	-941
Total subordinated loan capital etc.	-4 043	-3 920	0	0	0	0	-4 043	-3 920
Debt to credit institutions								
Norwegian call money	0	0	-59	-59	0	0	-59	-59
Foreign call money	-133	-133	-407	-407	-1	-1	-541	-541
Total debt to credit institutions	-133	-133	-467	-467	-1	-1	-601	-601



Note 6 Fair value hierarchy

31.03.2013 NOK millions	Level 1	Level 2	Level 3	Total
Assets				
Corporate portfolio				
Bonds and other fixed-income securities	747	3 912	0	4 659
Certificates	0	741	0	741
Bonds	396	3 171	0	3 567
Fixed-income funds	350	0	0	350
Loans and receivables	415	27	0	442
Shares and units	0	223	6	229
Shares	0	223	6	229
Financial derivatives	0	102	0	102
Other financial assets	0	0	0	0
Total corporate portfolio	1 161	4 264	6	5 431
Common portfolio				
Bonds and other fixed-income securities	52 848	28 348	0	81 197
Certificates	0	5 000	0	5 000
Bonds	15 545	23 348	0	38 894
Fixed-income funds	37 303	0	0	37 303
Loans and receivables	8 549	4 067	0	12 616
Shares and units	42 829	1 828	3 606	48 264
Shares	22 899	37	813	23 748
Equity funds	19 310	0	2 794	22 103
Property funds	621	0	0	621
Special funds	0	1 792	0	1 792
Financial derivatives	0	612	0	612
Other financial assets	0	374	0	374
Total common portfolio	104 227	35 231	3 606	143 064
Investment option portfolio				
Bonds and other fixed-income securities	449	0	0	449
Fixed-income funds	449	0	0	449
Loans and receivables	19	0	0	19
Shares and units	338	13	0	352
Equity funds	338	0	0	338
Special funds	0	13	0	13
Financial derivatives	0	2	0	2
Other financial assets	0	1	0	1
Total investment option portfolio	806	16	0	823
Total financial assets valued at fair value	106 194	39 511	3 612	149 318
Liabilities				
Corporate portfolio				
Financial derivatives	0	4	0	4
Debt to credit institutions	69	0	0	69
Total corporate portfolio	69	4	0	72
Common portfolio				
Financial derivatives	0	1 231	0	1 231
Debt to credit institutions	441	0	0	441
Total common portfolio	441	1 231	0	1 673
Investment option portfolio				
Financial derivatives	0	3	0	3
Debt to credit institutions	0	0	0	0
Total investment option portfolio	0	3	0	3
Total financial liabilities at fair value	511	1 238	0	1 748



Note 6 Fair value hierarchy, continued

31.03.2012 NOK millions	Level 1	Level 2	Level 3	Total
Assets				
Corporate portfolio				
Bonds and other fixed-income securities	308	3 179	0	3 487
Certificates	0	885	0	885
Bonds	308	2 294	0	2 602
Loans and receivables	641	26	0	667
Shares and units	0	810	11	821
Shares	0	279	11	290
Special funds	0	531	0	531
Financial derivatives	0	98	0	98
Other financial assets	0	15	0	15
Total corporate portfolio	949	4 129	11	5 089
Common portfolio				
Bonds and other fixed-income securities	43 491	22 175	0	65 666
Certificates	0	3 800	0	3 800
Bonds	12 676	18 375	0	31 050
Fixed-income funds	30 815	0	0	30 815
Loans and receivables	7 088	3 578	0	10 665
Shares and units	34 954	779	2 720	38 453
Shares	17 240	50	456	17 746
Equity funds	17 031	0	2 264	19 295
Property funds	683	0	0	683
Special funds	0	730	0	730
Financial derivatives	0	824	0	824
Other financial assets	0	11 031	0	11 031
Total common portfolio	85 532	38 386	2 720	126 638
Investment option portfolio				
Bonds and other fixed-income securities	404	0	0	404
Fixed-income funds	404	0	0	404
Loans and receivables	14	0	0	14
Shares and units	310	0	0	310
Equity funds	310	0	0	310
Financial derivatives	0	3	0	3
Other financial assets	0	0	0	0
Total investment option portfolio	728	3	0	731
Total financial assets valued at fair value	87 210	42 518	2 730	132 458
Liabilities				
Corporate portfolio				
Financial derivatives	0	0	0	0
Debt to credit institutions	133	0	0	133
Total corporate portfolio	133	0	0	133
Common portfolio				
Financial derivatives	0	333	0	333
Debt to credit institutions	467	0	0	467
Total common portfolio	467	333	0	800
Investment option portfolio				
Financial derivatives	0	0	0	0
Debt to credit institutions	1	0	0	1
Total investment option portfolio	1	0	0	1
Total financial liabilities at fair value	601	333	0	934



Note 6 Fair value hierarchy, continued

31.12.2012 Millioner kroner	Nivå 1	Nivå 2	Nivå 3	Sum
Assets				
Corporate portfolio				
Bonds and other fixed-income securities	379	4 173	0	4 552
Certificates	0	930	0	930
Bonds	379	3 243	0	3 621
Loans and receivables	478	122	0	599
Shares and units	0	182	6	189
Shares	0	182	6	189
Financial derivatives	0	71	0	71
Other financial assets	0	10	0	10
Total corporate portfolio	856	4 558	6	5 420
Common portfolio				
Bonds and other fixed-income securities	49 222	26 389	0	75 611
Certificates	0	4 632	0	4 632
Bonds	13 115	21 757	0	34 872
Fixed-income funds	36 106	0	0	36 106
Loans and receivables	11 369	4 145	0	15 513
Shares and units	37 325	1 849	3 165	42 339
Shares	18 851	46	501	19 398
Equity funds	17 860	0	2 663	20 524
Property funds	614	0	0	614
Special funds	0	1 803	0	1 803
Financial derivatives	0	1 282	0	1 282
Other financial assets	0	72	0	72
Total common portfolio	97 915	33 737	3 165	134 817
Investment option portfolio				
Bonds and other fixed-income securities	431	0	0	431
Fixed-income funds	431	0	0	431
Loans and receivables	41	0	0	41
Shares and units	318	0	0	318
Equity funds	318	0	0	318
Financial derivatives	0	4	0	4
Other financial assets	0	8	0	8
Total investment option portfolio	789	12	0	802
Total financial assets valued at fair value	99 561	38 307	3 171	141 039
Liabilities				
Corporate portfolio				
Financial derivatives	0	10	0	10
Debt to credit institutions	126	0	0	126
Total corporate portfolio	126	10	0	136
Common portfolio				
Financial derivatives	0	352	0	352
Debt to credit institutions	1 334	0	0	1 334
Total common portfolio	1 334	352	0	1 686
Investment option portfolio				
Financial derivatives	0	1	0	1
Debt to credit institutions	1	0	0	1
Total investment option portfolio	1	1	0	2
Total financial liabilities at fair value	1 461	363	0	1 823



Note 6 Fair value hierarchy, continued

Changes in Level 3 shares, unlisted Corporate portfolio	Book value 31.03.2013	Book value 31.03.2012	Book value 31.12.2012
Opening balance 1 January	6	11	11
Sold	0	0	0
Bought	0	0	0
Unrealised changes	0	0	-4
Closing balance 31.03/31.12.	6	11	6
Realised gains/losses	0	0	0

Unrealized changes are reflected in the line "Value changes on investments" in the corporate portfolio in the income statement.

Changes in Level 3 shares, unlisted Common portfolio	Book value 31.03.2013	Book value 31.03.2012	Book value 31.12.2012
Opening balance 1 January	353	340	340
Sold	0	0	-9
Bought	308	0	0
Unrealised changes	0	0	22
Closing balance 31.03/31.12.	661	340	353
Realised gains/losses	0	0	3

Unrealized changes are reflected in the line "Value changes on investments" in the corporate portfolio in the income statement.

Changes in Level 3 shares, Private Equity Common portfolio	Book value 31.03.2013	Book value 31.03.2012	Book value 31.12.2012
Opening balance 1 January	2 812	2 180	2 180
Sold	0	-40	-413
Bought	0	246	874
Unrealised changes	133	-5	171
Closing balance 31.03/31.12.	2 946	2 381	2 812
Realised gains/losses	-5	-15	51
Total Level 3	3 612	2 732	3 171

Unrealized changes are reflected in the line "Value changes on investments" in the corporate portfolio in the income statement.

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

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

Level 2: Instruments at this level are not considered to have an active market. Fair value is obtained from observable market data: this mainly includes prices based on identical instruments, but where the instrument does not have a high enough trading frequency, as well as prices based on corresponding assets and price leading indicators that can be confirmed from market information. Example instruments at Level 2 are fixed interest securities priced on the basis of interest rate paths. For more information concerning pricing of Level 2 instruments see Note 5 for the different classes found in this level.

Level 3: Instruments at Level 3 contain no observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded. The instruments covered by Level 3 in KLP are unlisted shares and private equity investments. For more information concerning pricing of Level 3 instruments see Note 5 for the different classes found in this level.

Note 5 provides information on fair value of assets and liabilities measured at amortized cost. The level-based distribution of these items will be as follows: assets classified as hold to maturity will be included in Level 1, lending, and loans and receivables will be included in Level 2. Liabilities, measured at amortized cost, will be distributed as follows: subordinated loan capital distributed at Levels 1 and Level 2, the hybrid Tier 1 securities will be distributed at Level 2, debt to credit institutions will be distributed at Levels 1. For information concerning pricing of these interest-bearing securities see Note 5.

No sensitivity analysis has been carried out on securities included in Level 3. A change in the variables of the pricing is considered of little significance. On a general basis, a change in the pricing of 5% produces a change in the value of NOK 181 million as at 31 March 2013 and NOK 137 million as at 31 March 2012 at Level 3.

Securities have not been moved between the levels in the fair value hierarchy. The values at the end of the reporting period provide the basis for any movement between the levels.



Note 7 Insurance liabilities

NOK millions	31.03.2013	31.03.2012	31.12.2012
Premium reserve - ordinary tariff	253 226	226 605	244 208
Premium reserve - longevity reinforcement	4 755	0	4 400
Premium fund, buffer fund and pensioners' surplus fund	3 899	2 667	1 528
Supplementary reserves	12 296	12 235	12 293
Securities adjustment fund	12 567	8 575	9 288
Other provisions	217	165	212
Unallocated result - insurance contracts in the common portfolio	667	1 263	0
Allocated result - insurance contracts in the common portfolio	0	0	2 366
Insurance liabilities in life insurance - contractual liabilities	287 628	251 509	274 294
Premium reserve - ordinary tariff	1 459	1 276	1 361
Premium reserve - longevity reinforcement	89	0	60
Premium fund, buffer fund and pensioners' surplus fund	45	35	45
Supplementary reserves	83	85	83
Unallocated result - insurance contracts in the unit-linked portfolio	1	38	0
Insurance-related provisions - investment option portfolio	1 677	1 434	1 548

Reserves increase K2013

NOK millions	
Estimated gross reserves increase for new tariff K2013:	10 700
Reserves increase as at 31.12.2012	4 460
Additional reserves increase Q1 2013 ¹	384
Total reserves increase as at 31.03.2013	4 844
Remaining reserves increase requirement	5 856

¹Reserves increase is calculated based on the results of Q1, but is not binding on the Group result for the year.





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