

Interim report 4/2012

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



KLP

for the days to come

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Interim report fourth quarter 2012

The fourth quarter contributed to a good year for KLP

In 2012:

- 14 new local authority customers chose KLP
- KLP achieved a value-adjusted return of 6.7 per cent and a book return of 5.0 per cent
- Solvency was further reinforced: the securities adjustment fund increased by NOK 4.3 billion through the year
- KLP's solvency and the structure of its financial position are well matched to current and future solvency requirements.

At the end of 2012 the Group had total assets of NOK 331.8 billion and an operating profit of NOK 7.7 billion. Group pre-tax result amounted to NOK 1.0 billion in 2012.

The Group's capital adequacy amounted to 10.3 per cent (10.9) and core capital adequacy 8.5 per cent (8.7) at the end of the quarter.

The results of the various business areas are commented below.

Kommunal Landspensjonskasse gjensidig forsikringselskap (KLP)

KLP is a life insurance company with public sector occupational pensions as its main product. The Company is a mutual company in which the public sector occupational pensions customers are also the owners of the Company. KLP is the parent company in the KLP Group that delivers a wide range of financial products and services aimed at the public sector and public sector employees.

KLP – a customer-owned company in development

KLP was the clear winner in the market for public sector occupational pension during 2012. The Company was selected as supplier in 17 of 18 municipal and county authority tender competitions carried out during 2012. Of these, 14 are new customers representing a volume of NOK 6 billion and just 28,000 new insured members from 2013.

1) Figures in brackets give corresponding values for 2011

Results after the fourth quarter 2012

Returns result

Value-adjusted financial income on the pension customers' assets was NOK 16.5 billion. After allocations of NOK 4.3 billion to the securities adjustment fund, the financial income taken to book amounts to NOK 12.2 billion. Guaranteed interest totalled NOK 7.2 billion. KLP thus achieved a returns result of NOK 5.0 billion. Of this, NOK 2.9 billion is being used to finance increased longevity reserves whilst NOK 2.1 billion is being transferred to the premium fund, mainly in occupational schemes that have adequate longevity reserves. With this, the reserves for longevity preliminary strengthened by 4.4 billion. The allocation is provisional, and in accordance with a letter of 18 December from the Financial Supervisory Authority of Norway, requires the latter's approval.

The common portfolio achieved a value-adjusted return of 1.4 per cent for the quarter, 6.7 per cent for the year.

Book return was 1.9 per cent for the quarter, 5.0 per cent for the year. If surplus values in bonds and loans at amortized cost are included, the value-adjusted return was 1.4 per cent for the quarter, 7.5 per cent for the year.

Risk result

The risk result is an expression of how developments have been in the insurance stock in relation to the assumptions adopted in the annual setting of premium. The risk result was NOK 257 million. Of this, NOK 38 million has been allocated to the Risk Equalisation Fund, NOK 180 million has been used to strengthen the longev-



ity reserves and NOK 38 million has been transferred to the Premium Fund.

Administration result

The Company's administration result for the year was NOK 89 million. This is NOK 28 million higher than in 2011.

Other result elements

Net income from investments in the corporate portfolio was NOK 53 million during the quarter, NOK 541 million for the year.

KLP manages solvency and risk in such a way that the interest guarantee premium can be kept at a low level. Book income from the interest guarantee premium was NOK 76 million for the quarter, NOK 292 million for the year.

The total result for the Company's owners' equity was NOK 83 million for the quarter, NOK 775 million for the year.

Result NOK million	Custo- mers	The company	Total
Returns result	5 029	21	5 050
Risk result	219	38	257
Interest guarantee premium		292	292
Administration profit loss		89	89
Net income from investments in the corporate portfolio		541	541
Return from owners' equity contributions credited to customers	206	-206	-
Income 2012	5 458	775	6 229
Income 2011	3 594	705	4 299

Key figures ² Per cent	Q4 2012	Q4 2011	31.12.2012	31.12.2011
Capital return I	1.8	0.8	5.0	4.5
Capital return II	1.4	2.1	6.7	3.2
Capital return III	1.5	1.9	7.5	3.9
<i>Avkastningene gjelder kollektivporteføljen</i>				
Capital adequacy			10.6	11.5
Solvency margin ratio			233.2	243.5
Insurance-related operating expenses as a percentage of average premium reserve			0.35	0.34

Financial strength and capital-related matters

KLP's total assets at the end of the fourth quarter were NOK 299.6 billion (261.7 billion).

KLP's capital adequacy at the end of the fourth quarter was 10.6 per cent (11.5) and core capital adequacy was 8.8 per cent (9.1). The reduction in capital adequacy can largely be attributed to an increase in investment risk through a realignment of investments against local government lending. In addition investments have been made in bonds issued by highly creditworthy enterprises and with good security. This type of investment gives higher regulatory risk weighting than investments in government bonds.

Solvency margin adequacy is maintained at a very strong level of 233.2 per cent (243.5 per cent).

At the end of the quarter KLP had total solvency capital of NOK 44.1 billion (36.2), corresponding to 17.4 (16.0) per cent of the insurance funds with interest guarantee. Solvency capital was increased by NOK 7.9 billion during 2012.

The Company's financial strength is assessed as strong in relation to the risk profile and the authorities' requirements.

New solvency requirements

The implementation of the new solvency regulations for insurance, Solvency II, appears to be somewhat delayed and there is some uncertainty about the start date of reporting in accordance with the new regulations as well as to when these will finally be put into effect. It appears probable that ample transitional arrangements will be established internationally that will be reflected in Norway. Over the year, KLP has carried out various test runs, including an in-house assessment of the Company's risk (ORSA – Own Risk Solvency Assessment). The result confirms that KLP continues to have good margins in relation to the coming regulations.

Premium income

The premium income for the quarter was NOK 6 840 million, an increase of NOK 2 859 million over the fourth quarter 2011. For the whole of 2012 premium income was NOK 29,025 (21,752) million. Of the increase of NOK 7 billion, NOK 5 billion is linked to indexation premiums resulting from increased pension obligations following the pay settlement for the year and the new national insurance basic sum ("grunnbeløpet", or "G").

Benefits/Claims

Pensions paid and other claims amounted to NOK 2 736 million during the fourth quarter, NOK 10,882 million for the year.



Management of the common portfolio

The assets in the common portfolio amounted to NOK 279 billion and as at 31 December 2012 were invested as shown below.

Assets <i>Per cent</i>	Portion 31.12. 2012	Return 2012	Portion 31.12. 2011	Return 2011
Shares	16.2	13.9	14.3	-7.3
Short-term bonds	22.2	8.8	22.0	7.2
Long-term/HTM bonds	30.6	4.9	33.1	5.2
Lending	11.0	3.9	10.4	3.9
Property	11.5	6.2	11.7	7.2
Other financial assets	8.5	3.5	8.6	2.9

Equities

Total exposure in shares including share derivatives amounted to 16.2 per cent.

The equity markets strengthened during the fourth quarter and the return on shares during 2012 was very good.

Short-term bonds

Short-term bonds and money market instruments amounted to 22.2 per cent of the assets in the common portfolio as at 31 December 2012.

The return on KLP's portfolios of Norwegian and global government bonds was good during 2012.

Bonds at amortised cost

Investments in bonds held at amortised cost amounted to 30.6 per cent of the common portfolio as at 31 December 2012. Added value not brought to book was NOK 5.2 billion as at 31 December 2012. The portfolio is well diversified and comprises securities issued by highly creditworthy institutions.

Property

Property investments represented 11.5 per cent of the common portfolio. KLP conducts a thorough value assessment of its property holdings each quarter. During 2012 there was a measure of flattening out of the property market and this provides the basis for an adjustment of the property values in the common portfolio during the fourth quarter 2012 by NOK 16 million (including foreign exchange and funds). This means that the properties of the common portfolio were increased by 279 million including currency hedging in 2012. Value-adjusted return in the common portfolio was 1.3 per cent in the fourth quarter and 6.2 per cent for the year (including property funds).

Lending

KLP's lending portfolio was NOK 30.2 billion, an increase of NOK 5.1 billion over the year. The increase results from new lending being moved from the banking operation to the Group. The portfolio comprises NOK 21.2 billion in lending to local government administrations and other employers, and NOK 9.0 billion in home mortgage loans. The lending portfolio is characterised by high quality, without loss on local government lending and very modest loss provisions on housing mortgages.

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 0.5 per cent during the fourth quarter and 4.5 per cent for the whole of 2012.

Product and market matters

In 2012 KLP achieved an extremely good transfer balance. Of 18 local authorities and counties that went out to tender, 17 chose KLP whilst one chose to stay with its provider. This means net inward transfer of customer assets in the order of NOK 6 billion from 1 January 2013. This underlines KLP's competitiveness based on financial strength, return results and customer service.

One of the competitors has subsequently notified its withdrawal from the local government pension market. Two authorities that are merging (of which one a KLP customer) have chosen to establish their own pension fund. This gives an indication of the future competition scene.

The business areas of the subsidiaries

Private occupational pensions

Through KLP Bedriftspensjon AS, KLP offers defined benefit and defined contribution pensions to businesses not covered by a pay agreement on public sector occupational pensions.

KLP Bedriftspensjon has concluded agreements with 17 new defined benefits occupational pension customers during 2012. Eight of these customers transferred to the company from other insurance companies. During 2012 the company decided on a more restrictive policy when bidding for closed corporate pension



schemes. In addition it was decided to withdraw from the transfer market for paid-up policies.

KLP Bedriftspensjon concluded agreements with 366 new defined contribution pension customers during 2012, of whom 41 per cent were transfers from other life insurance companies. There were 14 customers who transferred from KLP Bedriftspensjon.

The Company's total assets amounted to NOK 1 316.8 million (904.3) at the end of 2012.

KLP Bedriftspensjon achieved a value-adjusted return in the common portfolio of 1.5 per cent in the fourth quarter and 6.7 per cent for the year.

Customers with defined contribution pensions can choose between several standard saving profiles with different risks, defined through varying proportions of the assets invested in equities. The respective defined contribution pension profiles achieved the following returns for 2012:

Profile return				
Per cent	P90	P70	P50	P30
Return 2012	15.2 %	13.8 %	12.4 %	10.4 %
Return 2011	-6.0 %	-3.0 %	0.3 %	2.8 %

Profile name indicates number of shares in the portfolio.

The result for customers totalled NOK 15.2 million during 2012. It is proposed to use the entire customer result to increase reserves. That corresponds to 1.8 per cent of premium reserves as at 31 December 2012. The total reserves increase is 3 per cent. The company result, a deficit of NOK 25.5 million, is still marked by the business being in a build-up phase.

Non-life insurance

KLP Skadeforsikring AS is a significant provider of non-life insurance to municipalities and county administrations. Growth has been good and at the end of 2012 the company had a customer relationship with 308 municipalities and county administrations, 2 655 enterprises and 16,000 personal customers. KLP Skadeforsikring is quality accredited in accordance with the ISO 9001 standard.

For the fourth quarter 2012 KLP Skadeforsikring AS had a pre-tax result of NOK 7 million and for the year, NOK 106 million.

The financial returns for the period were satisfactory with a total return of 1.4 per cent, 6.5 per cent for the year.

The general claims costs picture is positive and the Company's total claims ratio was 81.3 for the year. The result of reserve adjustments of claims reported before 2012 has been included in this. Taking account only of the business written during 2012 the claims ratio was 86.7, of which the claims ratio for the Public sector/Corporate market was 89.8 per cent and the Retail market 74.9 per cent.

Capitalized reserves associated with previous insurance years had a positive impact on the result of about NOK 35 million.

The company has maintained a good capital base with solid buffers and, as at 31 December 2012, had a capital adequacy ratio of 34.1 per cent against the authorities' minimum limit of 8 per cent.

Securities management

KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS comprise the Group's securities and asset management operation. In total NOK 252 billion was under management at the end of 2012. The majority of the assets are managed on behalf of Kommunal Landspensjonskasse and subsidiaries in the KLP Group.

Assets managed increased by NOK 47 billion from 2011. Net new subscription in KLP's securities funds from investors external to the Group and retail customers amounted to NOK 5,7 billion in 2012. The management mandates are won in competition with both Norwegian and foreign asset managers.

KLP Kapitalforvaltning AS achieved pre-tax profit for the year of NOK 11.0 million and KLP Fondsforvaltning AS achieved pre-tax profit for the year of NOK 10.3 million.

Banking business

KLP's banking business is carried out by the subsidiary group KLP Bankholding through the companies KLP Banken AS and KLP Kommunekreditt AS. The banking business offers current accounts, savings accounts, online banking, debit cards, credit cards, ordinary housing mortgages, credit lines, home purchase bridging loans, loans for leisure homes and the seniors' loan, Litt-Extra.

The KLP Bankholding Group manages a local government lending portfolio of NOK 40.8 billion and a housing mortgage portfolio of NOK 10.5 billion.

In 2012 the banking business achieved pre-tax profit of NOK 83.4 million, against NOK -62.3 million in 2011. The improvement in result is principally associated with increased profit margins in KLP Kommunekreditt AS.



Group activities

Corporate responsibility

KLP has ambitious goals regarding its responsibilities towards society, the environment and ethics. This involves establishing concrete targets both for conduct and for the reduction of consumption and emissions. KLP Kapitalforvaltning engages in dialogue with companies and excludes those who breach the Group's ethical guidelines. As active owners, the Group attaches importance to participating in general meetings and using its voting rights to influence the companies in line with KLP's ownership principles.

Group management changes

Tore Tenold took over as Managing Director of KLP Skadeforsikring on 1 October 2012 and Marianne Sevaldsen took over as Group Executive Vice President, Life and Pensions, on 1 February 2013.

Future prospects

Even though to a certain extent the financial markets appear characterised by stabilisation and budding optimism, a degree of uncertainty continues in regard to the development of the global

economy. KLP places emphasis on maintaining strong solvency to meet market challenges and regulatory changes in the future. This being particularly important if the level of interest rates remains such that the pension assets must be invested in higher risk assets in order to achieve returns in excess of the interest rate guaranteed by the Company to its pension customers. Even though certain of KLP's occupational pension schemes have adequate longevity reserves, KLP, in common with the industry, still face important challenges. The reserve strengthening has been substantial, but the assumption must be that for the immediate years this reinforcement will limit the Company's freedom of action in regard to the disposal of surplus returns.

It is important for KLP that new activity and new initiatives underpin the Company's core business, which is public sector occupational pensions, by investing in products and services aimed at the Company's customers and their employees.

The major growth in new members insured from 2013 underlines the importance of further increasing operational efficiency in order to meet increased volumes of individual case processing in a rational and effective manner.

The result for 2012 and the Company's ability to maintain its financial strength provide a solid basis for stable and good return results going forward.

Oslo, 21st February 2013

The Board of Kommunal Landspensjonskasse gjensidig forsikringsselskap

Arne Øren
Chair

Finn Jebsen
Deputy chair

Liv Kari Eskeland

Marit Torgersen

Herlof Nilssen

Jan Helge Gulbrandsen

Siv Holland
Elected by and from the employees

Freddy Larsen
Elected by and from the employees



Group accounts after Q4 2012

Notes	Income statement Group NOK million	Q4 2012	Q4 2011	01.01.12- 31.12.12	01.01.11- 31.12.11
1,4	Premium income for own account	7 043	4 160	29 946	22 574
	Current return on financial investments	2 667	2 147	9 144	9 343
	Net interest income from bank	62	53	166	142
	Net value change on financial instruments	209	2 728	5 838	-2 842
5	Net income from investment properties	523	354	2 206	1 879
6	Other income	202	185	781	748
	Total income	10 706	9 628	48 081	31 845
	Claims for own account	-2 884	-2 727	-11 457	-10 615
	Change in provisions	-8 717	-2 778	-27 344	-17 291
7	Net costs and change in value subordinated loans and perpetual subordinated loans	235	-59	234	-406
8	Operating expenses	-331	-348	-1 150	-1 115
9	Other expenses	-167	-162	-651	-660
	Total expenses	-11 863	-6 074	-40 367	-30 087
	Operating result	-1 157	3 554	7 714	1 757
	To/from securities adjustment fund in life insurance	1 095	-3 102	-4 342	2 505
	To/from supplementary provisions in life insurance	0	-2 186	0	-2 156
	Assets allocated to life insurance customers	269	1 908	-2 370	-1 453
3	Consolidated group profit before tax	207	173	1 002	653
	Tax	-5	-4	-7	-24
	Result	202	169	995	629
	Revaluation own properties	2	5	23	92
5	Currency effects foreign affiliates	-87	25	-208	6
	Total other comprehensive income	-85	30	-185	97
	Total result	117	199	809	726



Group accounts after Q4 2012

Notes	Balance NOK million	31.12.2012	31.12.2011
ASSETS			
	Intangible assets	365	344
	Tangible fixed assets	1 033	1 041
	Investments in associated companies	6	3
5	Investment property	32 322	28 726
13	Debt instruments held to maturity	37 283	41 438
13	Debt instruments at fair value in profit/loss account	55 917	46 936
11,13	Lending to municipalities, companies and private individuals at fair value over P&L	2 254	2 519
13	Lending to municipalities, companies and private individuals	49 874	51 024
11,13	Debt instruments at fair value over P/L	103 375	77 050
11	Equity instruments at fair value over P/L	42 410	36 168
11,13	Financial derivatives	1 541	915
12	Receivables	1 754	1 603
	Assets in life insurance with investment option	300	198
	Cash and bank deposits	3 350	3 820
	Total assets	331 783	291 784
OWNERS' EQUITY AND LIABILITIES			
	Paid-up equity	6 891	6 217
	Retained earnings	6 656	5 847
	Total equity	13 547	12 064
10	Perpetual subordinated loan	974	1 145
10	Subordinated loan capital	2 891	3 143
	Pension obligations	569	518
14	Technical provisions - life insurance	276 781	244 086
14	Provisions in life insurance with investment option	300	198
	Premiums, claims and contingency fund provisions - non-life insurance	2 626	2 567
10	Covered bonds issued	20 370	22 152
10,11	Debt to financial institutions	4 799	1 398
10	Deposits from and liabilities to customers	2 946	1 840
	Financial derivatives	721	1 031
	Deferred tax	50	45
15	Other short term debt	5 208	1 596
	Total liabilities	318 236	279 720
	Total owners' equity and liabilities	331 783	291 784
	Contingent liabilities	4 460	4 753



Group accounts after Q4 2012

Changes in Owner's equity

2012 NOK million	Paid-up equity	Retained earnings	Total equity
Equity 01.01.2012	6 217	5 847	12 064
Result for the period	0	995	995
Other comprehensive income			
Revaluation of properties for own use	0	23	23
Currency effect foreign affiliates	0	-208	-208
Total other comprehensive income	0	-185	-185
Total comprehensive income	0	809	809
Transactions with owners			
Equity paid-in	677	0	677
Equity reimbursed	-4	0	-4
Total transactions with owners	673	0	673
Equity 31.12.2012	6 891	6 656	13 547

2011 NOK million	Paid-up equity	Retained earnings	Total equity
Equity 01.01.2011	5 628	5 121	10 749
Result for the period	0	629	629
Other comprehensive income			
Revaluation of properties for own use	0	92	92
Currency effect foreign affiliates	0	6	6
Total other comprehensive income	0	97	97
Total comprehensive income	0	726	726
Transactions with owners			
Equity paid-in	596	0	596
Equity reimbursed	-7	0	-7
Total transactions with owners	589	0	589
Equity 31.12.2011	6 217	5 847	12 064



Group accounts after Q4 2012

Cashflow - Group NOK million	01.01.12- 31.12.12	01.01.12- 30.09.12	01.01.12- 30.06.12	01.01.2012- 31.03.12	01.01.2011- 31.12.11
Net cashflow from operational activities	-1 063	-1 367	-1 269	-1 278	-2 570
Net cashflow from investment activities	-81	-45	-40	-18	-96
Net cashflow from financing activities	673	635	4	-81	3 562
Net changes in cash and bank deposits	-471	-776	-1 305	-1 377	896
Holdings of cash and bank deposits at start of period	3 820	3 820	3 820	3 820	2 924
Holdings of cash and bank deposits at end of period	3 350	3 044	2 514	2 443	3 820



Note 1 Accounting principles- and estimates

The accounts in this interim report show the accounts for Kommunal Landspensjonskasse (KLP) and the Group for the period 01.01.2012 – 31.12.2012. The accounts have not been audited.

The Group interim accounts are presented in accordance with internationally EU-approved accounting standards (IAS/IFRS). This interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" and follows the same accounting principles as used in the annual account for 2011.

It is recommended that this interim report be read in conjunction with the annual report for 2011. The annual report may be obtained at www.klp.no.

Premium income for own account/change in technical provisions

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

From the start of 2012 indexation premiums linked to salary and G-indexation are being estimated and taken to income on the date the liability increase is registered. Until the indexation premium supplement is invoiced the accrued liability resulting from registered salary adjustments will appear as premiums receivable or, alternatively, as current liabilities to policyholders if the supplement has been prepaid. Similarly, the factors mentioned above result in an increase in changes taken through profit or loss in insurance liabilities - contractual obligations by corresponding amounts from the same date. The net effect on income and owners' equity will thus be nil.

Net effect of the estimate change is increased premium income and increased liabilities of NOK 3 985 million in Q4 2012 against Q4 2011.

Pensions for own employees

Earlier the Group has used the discount rate set on the basis of the government bond rate in order to calculate the pension obligation for its own employees. In 2012 the Group made use of the opportunity provided by the "Guidance of 4 January 2013 for setting the pension criteria" issued by the Norwegian Accounting Standards Board (Norsk regnskapsstiftelse) to use the rate for covered bonds. These bonds meet the IFRS requirements for so-called high-quality bonds with reliable pricing in a well-functioning market. As at 31 December 2012 the Group used a discount rate of 3.9 per cent.

IBNR (Incurred but not reported)/RBNS (Reported but not settled) provisions

In the Q4-12 accounts the Group changed the posting of IBNR/RBNS provisions in public sector service pensions. These have previously been posted as claims provisions but were incorporated in the premium reserve. Claims reserves are a sub-item to the balance-sheet item for insurance obligations. The change to the claims provisions are posted in the accounts as a separate sub-item under Claims.

The claims reserve amounted to NOK 93 million at the start of 2012 and increased to NOK 152 million at the year-end.

In the interim accounts only the main items are shown in the financial statement, so that the realignment does not appear specifically in the quarterly accounts attached.

Taxes

The Group has incorporated adopted amendments into the Taxation Act Section 2-38 et seq, made applicable for life insurance companies and pension enterprises. The amendment means that, as from the 2012 fiscal year, the exemption method will no longer comprise returns on shares etc. for the Company's customer portfolios.

KLP has a carryforward tax deficit in an order of magnitude that suggests that it is only in the longer term that this tightening will result in tax payable for the Group.

The tax expense in the 2011 and 2012 accounts relates to foreign property subsidiaries.



Note 2 Key figures - accumulated

NOK million	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11	Q2-11	Q1-11
KLP Group								
Profit before tax	1 002	794	611	353	653	479	429	163
Total assets	331 783	323 634	312 665	315 057	291 784	284 518	285 149	287 849
Owners' equity	13 547	13 392	12 519	12 304	12 064	11 841	11 138	10 943
Capital adequacy	10.3 %	10.4 %	10.4 %	10.5 %	10.9 %	11.0 %	10.8 %	11.0 %
Number of employees in the Group	808	809	802	796	775	769	768	753
Kommunal Landspensjonskasse gjensidig forsikringselskap								
Profit before tax	775	652	442	235	705	512	461	222
Premium income for own account	29 025	22 186	15 159	6 158	21 752	17 772	6 649	3 315
- of which inflow of premium reserve	1 549	1 601	1 550	1 683	112	108	63	63
Insurance customers' funds incl. acc. profit	10 822	8 102	5 394	2 783	10 033	7 492	4 991	2 633
- of which funds with guaranteed returns	148	147	146	142	310	310	309	297
Net investment common portfolio	278 731	259 084	254 584	262 615	242 267	230 914	236 763	240 414
Net investment choice portfolio	1 556	1 499	1 463	1 447	1 404	1 380	1 453	1 338
Insurance funds incl. earnings for the year	274 294	267 187	258 734	251 509	243 439	238 102	233 982	229 445
- of which funds with guaranteed interest	248 608	240 217	234 561	226 698	226 153	223 335	214 061	207 968
Tier 1 and Tier 2 capital	16 087	15 498	14 928	14 891	14 857	14 433	13 631	13 765
Risk profit	258	118	82	64	308	112	95	53
Return profits	5 051	2 399	1 183	1 202	3 286	3 127	3 455	1 915
Administration profit	83	62	49	8	61	72	65	30
Solvency capital	44 134	47 579	41 680	41 336	36 190	34 657	35 408	33 427
Solvency margin ratio	233 %	234 %	232 %	239 %	244 %	227 %	227 %	230 %
Capital adequacy	10.6 %	10.8 %	10.9 %	11.0 %	11.5 %	11.4 %	11.2 %	11.5 %
Core capital ratio	8.8 %	8.8 %	8.7 %	8.8 %	9.1 %	9.0 %	8.8 %	9.0 %
Book return on common portfolio	5.0 %	3.2 %	1.9 %	1.2 %	4.5 %	3.7 %	3.1 %	1.6 %
Value-adjusted return on common portfolio	6.7 %	5.3 %	3.1 %	2.7 %	3.2 %	1.1 %	2.3 %	1.2 %
Return on unit-linked portfolio	7.2 %	6.0 %	3.4 %	3.4 %	2.2 %	-0.3 %	1.9 %	1.1 %
Return on corporate portfolio	4.5 %	4.0 %	2.6 %	1.4 %	4.2 %	3.5 %	3.3 %	1.7 %
KLP Skadeforsikring AS								
Profit before tax	106	99	71	23	25	36	40	12
Gross premium due	750	667	591	427	650	586	520	365
Premium income for own account	659	486	325	161	599	442	288	141
Owners' equity	594	558	535	512	481	497	501	483
Claims ratio	81.3 %	82.0 %	78.9 %	102.9 %	88.3 %	86.0 %	85.5 %	94.4 %
Combined-ratio	107.8 %	107.6 %	103.3 %	130.2 %	118.4 %	109.1 %	109.6 %	123.3 %
Return on assets under management	6.5 %	5.1 %	3.0 %	2.4 %	4.5 %	2.6 %	2.8 %	1.3 %
Capital adequacy	34.1 %	27.7 %	29.0 %	29.8 %	31.8 %	30.9 %	30.0 %	31.5 %
Tier 1 and Tier 2 capital	567	451	453	453	451	439	438	436
Annual premium in force – retail market	162	151	142	130	120	109	99	88
Annual premium in force – public sector market	584	580	577	562	548	551	541	542
Net new subscriptions (accumulated within the year)	75	44	31	14	90	44	34	15



Note 2 Key figures - accumulated, contd.

NOK million	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11	Q2-11	Q1-11
KLP Bedriftspensjon AS								
Loss before tax	-25.5	-13.5	-8.1	-5.1	-23.8	-13.8	-6.8	-2.4
Premium income for own account	352.3	308.2	274.9	66.6	286.5	259.6	212.3	47.8
- of which premium reserve added	226.1	219.4	219.9	39.2	194.7	191.2	166.3	25.3
Insurance customers' funds including accumulated profit	1238.2	1187.1	1139.4	941.8	844.0	810.3	796.3	622.3
- of which funds with guaranteed returns	881.0	848.5	842.0	662.8	605.2	589.9	566.6	423.0
Investment result	0.0	6.9	4.7	5.4	14.2	6.6	11.9	8.1
Risk result	1.2	3.5	2.9	0.3	0.1	2.8	2.3	1.2
Administration losses	-33.5	-22.6	-14.0	-7.4	-28.2	-19.0	-11.6	-4.9
Tier 1 and Tier 2 capital	48.5	49.9	60.4	43.0	48.0	32.3	39.4	43.9
Solvency capital	131.1	132.7	122.0	94.8	90.2	77.6	88.2	87.8
Capital adequacy	9.6 %	9.5 %	11.9 %	11.2 %	13.9 %	9.4 %	12.0 %	16.8 %
Book capital return on common portfolio	5.2 %	3.6 %	2.3 %	1.6 %	6.3 %	3.8 %	4.2 %	2.6 %
Value-adjusted capital return on common portfolio	6.7 %	5.2 %	3.1 %	2.3 %	3.7 %	1.3 %	2.6 %	1.5 %
Return on defined unit-linked contribution pensions	12.0 %	10.1 %	4.9 %	6.1 %	0.2 %	-3.9 %	1.9 %	1.5 %
Return on corporate portfolio	6.4 %	5.3 %	3.0 %	1.9 %	4.8 %	3.2 %	1.9 %	0.6 %
KLP Banken Group								
Profit/loss before tax	83.4	85.8	34.1	26.4	-62.2	-33.5	-20.9	1.6
Net interest income	86.3	60.0	35.2	12.8	21.1	11.1	10.1	11.3
Other operating income	83.6	67.8	51.5	29.5	63.4	46.2	30.9	17.6
Operating expenses and depreciation	-137.7	-94.1	-60.3	-33.4	-139.9	-97.7	-62.4	-28.5
Net realized/unrealized changes in financial instruments to fair value	51.1	52.1	7.6	17.5	-6.8	7.0	0.5	1.1
Contributions	2 946.2	2 552.5	2 323.6	2 115.0	1 840.3	1 715.1	1 530.4	1 440.9
Housing mortgages granted	1 530.0	1 550.5	1 597.4	1 653.3	3 213.9	2 476.9	2 057.0	1 614.3
Loan(s) with public guarantee(s)	20 345	21 915	22 191	24 734	25 202	25 652	24 732	24 794
Defaulted loans	6.9	5.9	5.7	11.8	16.1	40.8	3.5	-
Borrowing on the issuance of securities	23 708	24 443	24 868	25 864	24 170	22 132	18 635	13 629
Other borrowing	-	-	200	450	4 306	6 010	8 313	11 819
Total assets	28 282	28 668	28 960	29 932	31 716	31 387	29 859	28 237
Average total assets	29 993	30 186	29 752	30 238	29 790	29 626	28 862	28 051
Owners' equity	1 219	1 221	1 184	1 175	1 171	1 170	1 179	1 189
Net interest rate	0.29 %	0.20 %	0.12 %	0.04 %	0.07 %	0.04 %	0.04 %	0.04 %
Profit/loss from general operations before tax	0.28 %	0.28 %	0.11 %	0.09 %	-0.21 %	-0.11 %	-0.07 %	0.01 %
Profit/loss from general operations excl. fair value assessments before tax	0.11 %	0.11 %	0.09 %	0.03 %	-0.19 %	-0.14 %	-0.07 %	0.00 %
Return on owners' equity before tax	6.84 %	7.03 %	2.88 %	2.25 %	-5.31 %	-2.86 %	-1.78 %	0.13 %
Capital adequacy	19.1 %	18.6 %	18.2 %	17.2 %	14.4 %	15.6 %	17.1 %	17.7 %
Retail customers	24 744	22 676	21 144	18 715	15 622	13 535	12 555	10 082
Retail customers who are members of KLP	14 309	13 000	11 769	10 539	9 151	8 217	7 495	5 936



Note 2 Key figures - accumulated, contd.

NOK million	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11	Q2-11	Q1-11
KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS								
Profit/loss before tax	21.4	14.0	6.2	0.1	26.3	21.0	14.0	2.5
Total assets under management	239 478	222 776	216 113	214 399	205 099	192 636	192 446	186 521
Assets managed for external customers	21 153	19 087	17 713	16 134	13 650	13 143	14 704	13 820

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

Time series result - by quarter

NOK million	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11	Q2-11	Q1-11
Total income	12 070	13 139	10 974	13 262	11 536	13 535	6 457	7 340
Total expenses	-11 863	-12 955	-10 716	-12 909	-11 363	-13 487	-6 212	-7 157
Consolidated group profit before tax	207	183	258	353	173	48	245	183
Results by segment								
Life insurance	195	97	193	305	222	79	210	167
Non-life	7	27	48	23	-7	-20	40	12
Banking	-2	52	8	26	-47	-15	-21	2
Asset management	7	8	7	-1	5	5	14	2
Other business	0	-1	1	0	2	-1	2	0
Consolidated group profit before tax	207	183	258	353	173	48	245	183

Note 4 Premium income for own account

NOK million	Q4 2012	Q4 2011	01.01.12 -31.12.12	01.01.11 -31.12.11
Gross premiums due ¹	7 106	4 094	28 236	22 316
- Reinsurance premiums ceded	-16	-11	-63	-48
Transfer of premium reserved from others	-47	77	1 773	306
Total premium income	7 043	4 160	29 946	22 574

¹ Of gross premiums due, premium for adjustments in salary and NI basic sum ("G") amount to NOK 11.8 billion for 2012 and NOK 7.8 billion for 2011.

² "Transfer of premium reserves from others" for the fourth quarter was negative. The reason for this is that it is only on the finalisation of settlement for transfer of new customers that KLP will receive information on the customers' respective allocations between premium reserve, supplementary reserves and premium fund. Therefore on final settlement a transfer is made from the premium reserve to the premium fund and supplementary reserves.



Note 5 Investment property

Profit/loss NOK million	Q4 2012	Q4 2011	01.01.12- 31.12.12	01.01.11- 31.12.11
Rental income property	559	348	2 171	1 481
Value adjustment	- 36	6	36	398
Net income from investment properties	523	354	2 206	1 879
Currency exchange foreign subsidiaries (comprehensive result)	- 87	25	- 208	6
Net revenues from investment properties including currency effect	436	378	1 999	1 885
Balance NOK million			31.12. 2012	31.12. 2011
Value investment property 01.01			28 726	26 105
Value adjustment			36	398
Net increase			3 534	2 211
Other changes			26	12
Value investment property 31.12			32 322	28 726

Note 6 Other income

NOK million	Q4 2012	Q4 2011	01.01.12- 31.12.12	01.01.11- 31.12.11
Supplement contractual early retirement scheme (AFP)	159	161	642	655
Fee income	32	23	114	92
Other income/expenses	11	1	26	2
Total other income	202	185	781	748

Note 7 Subordinated loan and Perpetual hybrid Tier 1 securities

NOK million	Q4 2012	Q4 2011	01.01.2012- 31.12.2012	01.01.2011 - 31.12.2011
Subordinated loan				
Interest costs ¹	-36	-37	-143	-151
Value changes	96	26	248	-41
Total subordinated loan	60	-11	105	-192
Perpetual hybrid Tier 1 securities				
Interest costs	-10	-11	-42	-42
Value changes	185	-37	171	-172
Total Perpetual hybrid Tier 1 securities	175	-48	129	-213
Total interest costs and value change subordinated loan and perpetual hybrid Tier 1 securities	235	-59	234	-406

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

The note provides a specification of the line "Net costs 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.

Note 8 Operating costs

NOK million	Q4 2012	Q4 2011	01.01.12- 31.12.12	01.01.11- 31.12.11
Staff costs	222	202	720	657
Depreciation	24	41	97	115
Other operating expenses	85	106	333	343
Total operating expenses	331	348	1 150	1 115

Note 9 Other expenses

NOK million	Q4 2012	Q4 2011	01.01.12- 31.12.12	01.01.11- 31.12.11
Expenses early retirement scheme (AFP)	159	161	641	654
Other expenses	8	1	10	5
Total other expenses	167	162	651	660



Note 10 Financial liabilities

NOK million	Nominal value in NOK ¹	Currency	Interest rate	Due date	Book value 31.12.2012	Book value 31.12.2011
Perpetual subordinated loans						
Kommunal Landspensjonskasse	2 372	EUR	Fixed ¹	Perpetual	2 276	2 402
Kommunal Landspensjonskasse	554	JPY	Fixed ²	Perpetual	615	742
Total perpetual subordinated loans	2 926				2 891	3 143
Hybrid Tier 1 capital						
Kommunal Landspensjonskasse	984	JPY	Fixed ³	2034	974	1 145
Total Hybrid Tier 1 capital	984				974	1 145
Debt contracted by issuing securities						
Covered bonds						
KLP Kommunekreditt AS	0	NOK	Floating	2012	0	5 900
KLP Kommunekreditt AS	1 069	SEK	Floating	2013	1 070	1 095
KLP Kommunekreditt AS	1 103	NOK	Floating	2013	1 104	4 000
KLP Kommunekreditt AS	4 000	NOK	Floating	2014	4 010	4 000
KLP Kommunekreditt AS	428	SEK	Floating	2015	429	0
KLP Kommunekreditt AS	4 300	NOK	Floating	2015	4 304	4 300
KLP Kommunekreditt AS	2 500	NOK	Fixed	2015	2 555	2 000
KLP Kommunekreditt AS	3 000	NOK	Floating	2016	3 011	0
KLP Kommunekreditt AS	3 000	NOK	Floating	2017	3 013	
KLP Kommunekreditt AS	750	NOK	Fixed	2020	752	750
Valuation adjustment and accrued interest					122	107
Total covered bonds	20 150				20 370	22 152
Liabilities to credit institutions						
KLP Banken AS	0		Fixed	2012	0	1 006
KLP Banken AS	1 820	NOK	Floating	2013	1 826	0
KLP Banken AS	300	NOK	Fixed	2013	302	0
KLP Banken AS	600	NOK	Floating	2015	602	0
KLP Banken AS	300	NOK	Floating	2016	301	0
KLP Banken AS	300	NOK	Fixed	2017	308	0
Kommunal Landspensjonskasse	0	NOK/EUR/ USD	Floating	2012	0	392
Kommunal Landspensjonskasse	1 178	NOK/EUR/ USD	Floating	2013	1 461	0
Total liabilities to credit institutions	4 498				4 799	1 398
Deposits from customers ⁴						
Private	2 458	NOK			2 734	1 809
Business	94	NOK			212	31
Total contributions from customers	2 553				2 946	1 840
Total financial liabilities	31 110				31 981	29 680

¹ Change in interest rate in 2017² Change in interest rate in 2016³ Change in interest rate in 2034⁴There are no contractual due dates for deposits.

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



Note 11 Fair value hierarchy

31.12.2012

NOK million	Level 1	Level 2	Level 3	Total
Assets				
Lending at fair value.	0	2 254	0	2 254
Bonds and other fixed-return securities	51 054	36 145	0	87 198
Certificates	148	6 138	0	6 287
Bonds	13 571	29 097	0	42 669
Bond funds	37 334	909	0	38 243
Lending 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	147 326
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

31.12.2011

NOK million	Level 1	Level 2	Level 3	Total
Assets				
Lending at fair value.	0	2 519	0	2 519
Bonds and other fixed-return securities	43 588	24 747	0	68 335
Certificates	0	4 458	0	4 458
Bonds	12 957	20 289	0	33 246
Bond funds	30 631	0	0	30 631
Lending and receivables	5 630	3 084	0	8 715
Shares and units	32 113	1 523	2 531	36 168
Shares	15 618	298	412	16 328
Equity funds	15 789	0	2 119	17 909
Property funds	706	0	0	706
Special funds	0	1 225	0	1 225
Financial derivatives	0	915	0	915
Total financial assets valued at fair value	81 332	32 789	2 531	116 652



Note 11 Fair value hierarchy, cont'd

NOK million	Level 1	Level 2	Level 3	Total
Liabilities				
Financial derivatives liabilities	0	1 031	0	1 031
Debt to credit institutions and other debt ¹	392	0	0	392
Total financial liabilities at fair value	392	1 031	0	1 423

NOK million	2012	2011
Changes in level 3		
Holdings 01.01.	2 531	1 589
Sold	-422	-360
Bought	874	1 018
Value change	188	285
Holdings 31.12.	3 171	2 531
Realised loss/gain	54	62

Changes in level 3 (Q4 columns) reflects changes in book-value for the year to date.

Not-realised changes are reflected in the line "Net value changes on financial instruments" in the Group results.

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

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

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

Level 3: Instruments at Level 3 contain no observable market data or where the market is considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded. The financial instruments included in level three in the KLP Group include un-listed stocks and private equity.

The KLP investment option portfolio is not included in the table. The investment option portfolio has NOK 300 million in financial assets valued at fair value. On 31 December 2012 the NOK 300 million will be included with NOK 141 million in shares and units in Level 1 and NOK 159 million in debt instruments at fair value.

¹The line Debt to credit institutions in the financial position statement includes liabilities measured at fair value and amortised cost. This line is therefore not reconcilable against the financial position and a correction has been made in the figures in the note compared with 2011. The liabilities measured at amortised cost amounted to NOK 3 338 million on 31 December 2012 and NOK 1 006 on 31 December 2011.



Note 12 Accounts receivable

NOK million	31.12.2012	31.12.2011
Short-term receivable trade in securities	196	189
Premium receivable	207	305
Reinsurance share of gross outstanding claims provisions	185	218
Other receivable	1 166	892
Total receivable	1 754	1 603

Note 13 Credit risk

31.12.2012 NOK million	AAA	AA	A	BBB	NR/ NIG	Total
Debt instruments held to maturity - at amortised cost						
Banks	0	1 023	786	0	305	2 113
Financial and credit enterprises	0	510	0	0	1 024	1 534
Public guarantee	1 356	0	0	0	50	1 406
Government and government guarantee within OECD	19 837	0	0	839	0	20 676
State 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 amortised cost						
Banks	0	1 042	4 406	0	61	5 509
Financial and credit enterprises	510	259	520	0	0	1 288
Public guarantee	1 111	0	0	0	818	1 929
Government and government guarantee within OECD	14 356	0	0	2 045	0	16 401
State 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
Financial and credit enterprises	11	568	453	0	265	1 297
Public guarantee	855	55	0	0	1 750	2 660
Government and government guarantee within OECD	8 394	3 009	0	0	0	11 402
State 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



Note 13 Credit risk, cont'd.

31.12.2012 NOK million	AAA	AA	A	BBB	NR/ NIG	Total
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
Great Britain	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 - lending 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
Great Britain	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 & personal customers ¹						
		0 %	20 %	35 %	100 %	Totalt
Public sector ¹		0	38 055	0	1 524	39 579
Credit institutions		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 13 Credit risk, cont'd.

31.12.2011 NOK million	AAA	AA	A	BBB	NR/ NIG	Total
Debt instrument held to maturity - at amortised cost						
Financial and credit enterprises	0	2 043	1 042	1 032	861	4 977
Public guarantee	1 368	0	0	0	50	1 419
Savings banks	0	0	50	0	210	260
Government and government guarantee within OECD	21 087	839	1 581	0	0	23 506
State enterprises and Covered Bonds	3 246	0	0	0	1 462	4 708
Other	0	989	2 587	0	2 991	6 568
Total	25 701	3 871	5 260	1 032	5 574	41 438
Debt instruments classified as loans and receivables -at amortised cost						
Financial and credit enterprises	510	259	3 889	0	2 302	6 960
Public guarantee	1 111	0	0	0	829	1 940
Savings banks	0	0	451	0	681	1 132
Government and government guarantee within OECD	14 355	0	2 045	0	0	16 400
State enterprises and Covered Bonds	5 973	1 118	1 768	0	2 401	11 260
Other	0	1 268	2 245	389	5 341	9 243
Total	21 949	2 645	10 399	389	11 555	46 936
Debt instruments at fair value - bonds and other securities with fixed returns						
Financial and credit enterprises	45	2 477	4 029	10	1 959	8 520
Public guarantee	681	55	0	0	720	1 456
Savings banks	0	0	826	0	7 972	8 797
Government and government guarantee within OECD	5 452	3 832	349	0	0	9 633
State enterprises and Covered Bonds	1 311	0	0	0	3 077	4 388
Other	0	223	25	391	4 272	4 910
Total	7 490	6 586	5 229	401	17 999	37 704
Financial derivatives classified as assets						
Denmark	0	0	170	0	0	170
Finland	0	42	0	0	0	42
Norway	0	75	136	0	0	211
Great Britain	0	0	2	0	0	2
Switzerland	0	0	43	0	0	43
Sweden	0	0	152	0	0	152
Germany	0	0	84	0	0	84
USA	0	0	211	0	0	211
Total	0	117	798	0	0	915
Debt instruments at fair value - fixed income fund units						
Public sector, Financial and credit enterprises	0	0	0	0	1 240	1 240
Government and government guarantee within OECD	0	0	0	0	117	117
Other	0	0	16 405	0	12 871	29 276
Total	0	0	16 405	0	14 228	30 633



Note 13 Credit risk, cont'd.

31.12.2011 NOK million	AAA	AA	A	BBB	NR/ NIG	Total
Debt instruments at fair value - lending and receivables						
Denmark	0	0	130	0	0	130
Finland	0	299	0	0	0	299
France	0	0	0	0	0	0
Norway	0	0	2 743	0	2 661	5 404
Sweden	0	195	444	0	0	639
Great Britain	0	1 763	9	0	0	1 771
USA	0	0	470	0	0	470
Total	0	2 257	3 796	0	2 661	8 713
Total securities	55 140	15 476	41 886	1 822	52 015	166 339
Lending local government, enterprises & personal customers ¹						
		0 %	20 %	35 %	100 %	Total
Public sector ¹		0	39 789	0	3 098	42 887
Companies		0	0	0	1 474	1 474
Private individuals		0	0	9 100	82	9 182
Total		0	39 789	9 100	4 654	53 543

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.

There are several instances of what are known as master netting agreements, agreements on net settlement, between KLP and various counterparties on derivatives and call money (margin accounts for derivative trades). If this is taken into account, the actual credit risk for the Group is reduced by NOK 1 647 million as at 31 December 2012. The corresponding figure as at 31 December 2011 was NOK 1 111 million.

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

The lines in the note coincide with the financial position statement layout. The exceptions are debt instruments at fair value, which are divided into three categories in the note and lending which is shown combined in the note, but is shown in two lines in the financial position statement (fair value and amortised cost).

Note 13 Credit risk, cont'd.

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

31.12.2012 NOK million	Acquisition cost	Unrealised gain/loss	Of which due to rate of exchange	Market value	Book value 31.12. 2012
Spain					
Fixed income securities at amortised cost	813	1	0	814	813
Total Spain	813	1	0	814	813
Italy					
Fixed income securities at amortised 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 pure government debt represents 0 million, and government guaranteed securities 814 million. In Italy pure government debt represents 2 076 NOK million and government guaranteed securities 0 million (market value) as at 31.12.2012.

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

31.12.2011 NOK million	Acquisition cost	Unrealised gain/loss	Of which due to rate of exchange	Market value	Book value 31.12. 2011
Spain					
Fixed income securities at fair value	176	-9	-3	167	167
Fixed income securities at amortised cost	813	-18	0	795	813
Total Spain	988	-27	-3	962	980
Italy					
Fixed income securities at fair value	422	-72	-22	349	349
Fixed income securities at amortised cost	3 587	-289	-31	3 298	3 556
Total Italy	4 009	-361	-54	3 648	3 905
Total exposure PIIGS	4 997	-388	-56	4 609	4 885

In Spain pure government debt represents 167 million and government guaranteed securities 796.6 million. In Italy pure government debt represents 3 647.7 million and government guaranteed securities 0 million (market value) on 31 December 2011.



Note 13 Credit risk, cont'd.

31.12.2011 Rating	Spain	Italy
Moody's	A1	A2
Standard & Poor's	AA-	A
Fitch	AA-	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. In Greece, the country where the probability of default is highest, the KLP Group has no fixed income securities. The KLP Group has no government securities in Ireland and Portugal as at 31.12.2012. The securities measured at amortised cost have not been written down.

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

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

Note 14 Insurance-related provisions in life including investment choice

NOK million	31.12.2012	31.12.2011
Premium reserves - ordinary tarif	246 477	223 763
Premium reserves - longevity reserving	4 426	-
Premium funds, buffer funds and pensioners' surplus funds	1 595	1 103
Supplementary reserves	12 403	12 344
Securities adjustment fund	9 300	4 958
Other provisions	220	169
Profit/loss allocated to insurance contracts	2 360	1 749
Insurance-related provisions in life insurance incl. investment options	276 781	244 086

NOK million	31.12.2012	31.12.2011
Premium reserves - ordinary tarif	233	195
Premium reserves - longevity reserving	60	0
Deposit funds	7	3
Reserving life insurance with investment options	300	198

Note 15 Other short term liabilities

NOK million	31.12.2012	31.12.2011
Short-term liabilities securities	3 696	92
Advance tax-deduction pension scheme	214	204
Accounts payable	109	96
Pre-called contribution to insurance	438	74
Other short-term liabilities	750	1 129
Total other short-term liabilities	5 208	1 596

Note 16 Interest rate risk

31.12.2012						Changes in cashflow	
NOK million	Up to 3 months	From 3 mths. to 12 mnths.	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	01.01.12-31.12.12	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
Liabilities							
Deposit	0	0	0	0	0	-29	-29
Liabilities created on issue of securities	0	0	72	57	0	-200	-71
Financial derivatives classified as liabilities	-16	-3	12	136	0	11	141
Hybrid capital, subordinated loans	0	0	0	0	82	0	82
Call Money	0	0	0	0	0	-9	-9
Total liabilities	-16	-3	84	193	82	-226	115
Total	-1 942	-48	-414	-314	-286	110	-2 894



Note 16 Interest rate risk, cont'd.

31.12.2011						Changes in cashflow	
NOK million	Up to 3 months	From 3 mnths. to 12 mnths.	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	01.01.11-31.12.11	Total
Assets							
Mutual funds shares ¹	0	0	0	0	0	5	4
Alternative investments	0	0	0	0	0	7	6
Financial derivatives classified as assets	4	6	-94	-330	-190	349	-255
Debt instruments classified as loans and receivables – at amortised cost							
Bonds and other fixed-return securities	-15	-28	-305	-351	-189	63	-826
Fixed income fund holdings	-1 486	0	0	0	0	13	-1 473
Shares in Non-UCIT funds	0	0	0	0	0	1	0
Lending and receivables	-10	-13	0	-6	0	80	52
Lending	0	-1	-1	0	0	199	198
Total assets	-1 507	-36	-400	-687	-380	722	-2 288
Liabilities							
Deposit	0	0	0	0	0	-18	-18
Liabilities created on issue of securities	0	0	64	60	0	-256	-132
Liabilities to financial institutions	0	0	0	0	0	-63	-63
Financial derivatives classified as liabilities	0	8	64	133	0	-698	-494
Hybrid capital, subordinated loans	0	0	0	50	33	0	83
Lending and receivables - call money	0	0	0	0	0	-6	-6
Total liabilities	0	8	128	243	33	-1 042	-630
Total	-1 507	-28	-272	-444	-347	-320	-2 918

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

The note shows the effect on profits 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.



Note 17 Liquidity risk

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

31.12.2012 NOK million	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		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

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

The risk that the Group would not have adequate liquidity to meet its current liabilities and current operations is very small since a major part of the Group's assets is liquid. The Group has significant funds invested in the money market, bonds and shares that can be sold in the event of a liquidity requirement. The Group's liquidity strategy involves the Group always having adequate liquid assets to meet the Group's liabilities as they fall due without accruing significant costs associated with releasing assets.

Asset composition in the Group's portfolios should be adequately liquid to be able to cover other liquidity needs that may arise. KLP Kapitalforvaltning manages the Group's liquidity. Internal parameters have been established for the size of the liquidity holding. The Group's risk management unit monitors and reports developments in the liquidity holding continuously. The Group Board determines an asset management and liquidity strategy annually. The liquidity strategy includes parameters, responsibilities, risk measurement and an emergency plan for liquidity management.

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



Non-financial accounts interim report Q4 2012

Notes	As at Q4	As at Q3	As at Q2	As at Q1	Target 2012	2011	2010	
Environment								
1	Energy consumption kWh own office Oslo	3 795 878	2 739 234	1 913 273	997 235	3 314 954	3 489 425	5 367 259
1	Energy consumption kWh own offices Trondheim	221 703	144 926	94 120	51 631	188 254	165 135	357 159
1	Energy consumption kwh own office Bergen	445 918	172 455	130 446	81 072	437 492	460 518	541 337

Notes	As at Q4	As at Q3	As at Q2	As at Q1	Target 2012	2011	2010	
Employees								
	Number of employees	808	809	802	796	NA	775	762
	Percentage reported sickness absence 12 months rolling	4.2	4.2	4.2	4.6	under 4	4.6	4.4
	Percentage reported sickness absence quarter	4.2	4.0	4.5	5.3	NA	4.6	

Notes	As at Q4	As at Q3	As at Q2	As at Q1	Target 2012	2011	2010	
Responsible investments								
	Number of exclusions of companies from the investment portfolio	64	63	63	64	NA	64	59
	Number of companies reinstated in the investment portfolio	1	1	1	0	NA	1	3
2	Number of general meetings in Norwegian companies in which KLP has voted	92 % (113)	92 % (104)	93 % (95)	92 % (11)	90 %	130	127
2	Number of general meetings in foreign companies in which KLP has voted	75 % (2 099)	74 % (1 843)	73 % (1 632)	55 % (211)	70 %	(1 662)	(1 533)
	Number of companies KLP has been in dialogue with	143	140	135	106	116	96	

Note 1 Energy consumption

Target is set at 5 per cent reduction in tonnes CO₂/employee.

1 kWh approximates to NOK 1 and 100g CO₂ equivalents at 'Nordic mix'.

Energy consumption related to own office in Bergen is changed from Q4 2012.

Target for KLP-Huset 2012 are changed in accordance with adjusted report of total energy consumption 2011.

Note 2 Responsible investing

The indicator shows both percentage (accumulated) and actual number of general meetings.



Accounts after the fourth quarter Kommunal Landspensjonskasse

Notes	Income statement NOK million	Q4 2012	Q4 2011	01.01.12 -31.12.12	01.01.11 -31.12.11
6	Premium income	6 840	3 981	29 025	21 752
	Income from investments in subsidiaries, associated enterprises and jointly controlled enterprises	384	344	1 828	1 696
	Interest income/dividends on financial assets	2 501	2 000	8 443	8 790
	Value changes on investments	-1 485	3 813	3 716	-2 728
	Gains and losses realised on investments	2 033	-1 158	2 424	-337
	Net income from investments in the common portfolio	3 434	4 999	16 412	7 420
	Net income of the investment option portfolio	21	35	105	30
	Other insurance-related income	165	163	651	660
	Claims	-2 736	-2 541	-10 882	-10 033
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-7 506	-7 999	-31 159	-16 618
	Changes in insurance liabilities investment option portfolio	-29	14	-88	-45
	Funds assigned to insurance contracts - contractual liabilities	265	1 873	-2 366	-1 451
3	Insurance-related operating expenses	-216	-238	-813	-788
	Other insurance-related costs	-164	-161	-647	-656
	Technical profit/loss	74	125	237	271
	Net income from investments in the corporate portfolio	97	119	735	639
	Other income	7	2	15	10
	Administration costs and other costs associated with the corporate portfolio	-55	-54	-212	-215
	Non-technical profit/loss	50	67	538	434
	Profit/loss pre-tax	123	193	775	705
	Tax	0	0	0	0
	Profit/loss before other comprehensive income	123	193	775	705
	Other P/L-items	0	0	0	0
	TOTAL RESULT	123	193	775	705



Accounts after the fourth quarter Kommunal Landspensjonskasse

Notes	Balance NOK million	31.12.2012	31.12.2011
ASSETS			
ASSETS IN THE CORPORATE PORTFOLIO			
	Intangible assets	303	293
5	Investments	17 540	16 468
	Receivables	1 138	964
	Other assets	403	350
	Total assets in the corporate portfolio	19 384	18 075
ASSETS IN THE CUSTOMER PORTFOLIOS			
	Shares and holdings in property subsidiaries	30 439	27 816
6	Receivables from and securities issued by subsidiaries, associated enterprises and jointly controlled enterprises	0	4 306
5	Financial assets valued at amortised cost	113 474	104 059
5	Financial assets valued at fair value	134 817	106 085
	Total assets in the common portfolios	278 731	242 267
	Shares and holdings in property subsidiaries	186	170
5	Financial assets at amortised costs	568	538
5	Financial assets at fair value	802	696
	Total assets in investment portfolio	1 556	1 404
	ASSETS	299 671	261 746
OWNERS' EQUITY AND LIABILITIES			
	Owners' equity contributed	6 891	6 217
	Retained earnings	6 499	5 723
	Subordinated loan capital etc.	3 865	4 288
4	Insurance obligations in life insurance - contractual liabilities	274 294	242 045
4	Insurance liabilities unit-linked portfolio	1 548	1 394
	Provision for liabilities	386	362
	Liabilities	6 136	1 662
	Accrued costs and prepaid income	52	54
	OWNERS' EQUITY AND LIABILITIES	299 671	261 746
	Off-balance sheet items		
	Contingent liabilities	4 410	4 510

Accounts after the fourth quarter Kommunal Landspensjonskasse

Changes in Owner's equity NOK million	Paid-up equity	Retained earnings	Total equity
2012			
Own funds 01.01.2012	6 217	5 723	11 941
Total other comprehensive income	0	775	775
Total comprehensive income	0	775	775
Transaction with owners			
Equity paid-in	677	0	677
Equity reimbursed	-4	0	-4
Sum transaction with owners	673	0	673
Own funds 31.12.2012	6 891	6 499	13 389

NOK million	Paid-up equity	Retained earnings	Total equity
2011			
Own funds 01.01.2011	5 628	5 019	10 647
Total other comprehensive income	0	705	705
Total comprehensive income	0	705	705
Transaction with owners			
Equity paid-in	597	0	597
Equity reimbursed	-8	0	-8
Sum transaction with owners	590	0	590
Own funds 31.12.2011	6 217	5 723	11 941

Cash flow analysis NOK million	01.01.12 -31.12.12	01.01.12 -30.09.12	01.01.12 -30.06.12	01.01.12 -31.03.12	01.01.11 -31.12.11
Net cashflow from operational activities	-676	-510	130	40	-1 857
Net cashflow from investment activities	-70	-50	-36	-18	-88
Net cashflow from financing activities	806	635	4	-3	1 773
Net changes in cash and bank deposits	60	75	98	19	-172
Holdings of cash and bank deposits at start of period	288	288	288	288	460
Holdings of cash and bank deposits at end of period	348	363	385	307	288



Note 1 Accounting principles and estimates

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

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

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

Premium income for own account/change in technical provisions

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

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

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

Net effect of the estimate change is increased premium income and increased liabilities of NOK 3 985 million in Q4 2012 against Q4 2011.

Pensions for own employees

Earlier the Company has used the discount rate set on the basis of the government bond rate in order to calculate the pension obligation for its own employees. In 2012 the Group made use of the opportunity provided by the "Guidance of 4 January 2013 for setting the pension criteria" issued by the Norwegian Accounting Standards Board (Norsk regnskapsstiftelse) to use the rate for covered bonds. These bonds meet the IFRS requirements for so-called high-quality bonds with reliable pricing in a well-functioning market. As at 31 December 2012 the Company used a discount rate of 3.9 per cent.

IBNR (Incurred but not reported)/RBNS (Reported but not settled) provisions

In the Q4-12 accounts the Group changed the posting of IBNR/RBNS provisions in public sector service pensions. These have previously been posted as claims provisions but were incorporated in the premium reserve. Claims reserves are a sub-item to the balance-sheet item for insurance obligations. The change to the claims provisions are posted in the accounts as a separate sub-item under Claims.

The claims reserve amounted to NOK 93 million at the start of 2012 and increased to NOK 152 million at the year-end.

In the interim accounts only the main items are shown in the financial statement, so that the realignment does not appear specifically in the quarterly accounts attached.

Taxes

The Company has incorporated adopted amendments into the Taxation Act Section 2-38 et seq, made applicable for life insurance companies and pension enterprises. The amendment means that, as from the 2012 fiscal year, the exemption method will no longer comprise returns on shares etc. for the Company's customer portfolios.

KLP has a carryforward tax deficit in an order of magnitude that suggests that it is only in the longer term that this tightening will result in tax payable for the Company.



Note 2 Value-adjustment investment property

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

NOK million	Q4 2012	Q4 2011	01.01.12- 31.12.12	01.01.11- 31.12.11
Value adjustment incl. foreign exchange	-38	472	39	472
Foreign exchange effect on hedging	57	12	265	12
Net value adjustment incl. exchange hedging	19	484	305	484

Note 3 Operating expenses

NOK million	Q4 2012	Q4 2011	01.01.12- 31.12.12	01.01.11- 31.12.11
Staff costs	143	120	477	419
Depreciation	17	52	69	101
Other operating expenses	56	65	268	268
Insurance related expenses	216	238	813	788

Note 4 Insurance obligations

NOK million	31.12.2012	31.12.2011
Premium reserve - ordinary tariff	244 208	221 889
Premium reserve - longevity reserving	4 400	0
Premium funds, buffer funds and pensioners' surplus funds	1 528	1 350
Supplementary reserve	12 293	12 234
Securities adjustment fund	9 288	4 958
Other provisions	212	163
Allocated profit/loss to insurance contracts in the common portfolio	2 366	1 451
Insurance-related provisions – obligations under contract	274 294	242 045
Premium reserve - ordinary tariff	1 361	1 275
Premium reserve - longevity reserving	60	0
Premium funds, buffer funds and pensioners' surplus funds	45	35
Supplementary reserve	83	85
Allocated profit/loss to insurance contracts in the investment option portfolio	0	0
Total insurance liabilities – investment option portfolio	1 548	1 394



Note 5 Financial assets

NOK million	31.12.2012	31.12.2011
Financial assets corporate portfolio		
Investments held to maturity	3 218	3 225
Bonds loans and receivables	4 311	3 860
Total financial assets valued at amortised cost	7 530	7 085
Shares and holdings		
Bonds and other fixed-return securities	4 552	3 114
Lending and receivables	599	723
Financial derivatives	71	252
Other financial assets	10	10
Total financial assets valued at fair value	5 420	5 067
Total financial assets corporate portfolio	12 950	12 152
Real-estate investments		
Affiliated companies	3 626	3 375
Total investments in the common portfolio	17 540	16 468
Financial assets common portfolio		
Investments held to maturity	33 033	37 013
Bonds loans and receivables	50 243	41 942
Lending	30 198	25 104
Total financial assets valued at amortised cost	113 474	104 059
Shares and holdings		
Bonds and other fixed-return securities	42 339	34 562
Lending and receivables	75 611	58 654
Financial derivatives	15 513	12 228
Other financial assets	1 282	571
Total financial assets valued at fair value	72	70
Total financial assets common portfolio	134 817	106 085
Total financial assets common portfolio	248 291	210 145
Financial assets investment choice portfolio		
Investments held to maturity	161	189
Bonds loans and receivables	407	349
Total financial assets valued at amortised cost	568	538
Shares and holdings		
Bonds and other fixed-return securities	318	267
Lending and receivables	431	409
Financial derivatives	41	16
Other financial assets	4	1
Financial assets valued at fair value	8	2
Total financial assets investment choice portfolio	802	696
Total financial assets investment choice portfolio	1 370	1 234
Total financial assets	267 201	227 847

Note 6 Premium income

NOK million	Q4 2012	Q4 2011	01.01.12- 31.12.12	01.01.11- 31.12.11
Gross premiums due ¹	6 893	3 977	27 481	21 644
- Reinsurance premiums ceded	-2	0	-5	-3
Transfer of premium reserved from others ²	-52	4	1 549	112
Total premium income	6 840	3 981	29 025	21 752

¹ Of gross premiums due, premium for adjustments in salary and NI basic sum ("G") amount to NOK 11.8 billion for 2012 and NOK 7.8 billion for 2011.

² "Transfer of premium reserves from others" for the fourth quarter was negative. The reason for this is that it is only on the finalisation of settlement for transfer of new customers that KLP will receive information on the customers' respective allocations between premium reserve, supplementary reserves and premium fund. Therefore on final settlement a transfer is made from the premium reserve to the premium fund and supplementary reserves.





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