

A close-up, shallow depth-of-field photograph of a person's hand typing on a black computer keyboard. The hand is positioned on the left side of the frame, with fingers resting on the keys. The keyboard is white with black keys. In the background, a computer monitor is visible, displaying a blurred image of a person's face. The overall lighting is soft and warm, creating a professional and focused atmosphere.

Interim report Q4 2011
KLP Banken AS Group

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KLP Banken AS Group

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Income statement KLP Banken AS Group

Note	NOK thousands	Q4 2011	Q4 2010	01.01.2011- 31.12.2011	01.01.2010- 31.12.2010
	Interest income and similar income	274 008	216 048	969 147	898 559
	Cost of interest and similar costs	-263 991	-212 007	-948 019	-866 949
3	Net interest income	10 017	4 041	21 128	31 610
	Commission & banking svcs income	1 384	835	4 179	2 290
	Commission & banking svcs costs	-174	-41	-413	-178
	Net charges and commission income	1 210	794	3 766	2 112
	Other operating income	16 026	18 035	59 630	52 513
	Net gain/(loss) fin. instrums.	-13 778	42 778	-6 796	59 238
	Total other operating income	2 248	60 813	52 834	111 750
	Salary and administrative costs	-17 129	-9 982	-44 833	-37 787
	Depreciation	-551	-977	-2 241	-2 250
	Other operating expenses	-24 476	-18 843	-92 558	-69 584
	Total operating expenses	-42 156	-29 802	-139 632	-109 622
	Loss on loans issued, guarantees etc.	0	0	-50	0
	Write-down on securities	0	0	-204	0
	Operating income before tax	-28 680	35 846	-62 158	35 850
	Tax on ordinary income	29 265	-16 665	38 639	-16 667
	Income	585	19 181	-23 519	19 183
	Other income and expenses	0	0		0
	TOTAL COMPREHENSIVE INCOME	585	19 181	-23 519	19 183



Financial position statement KLP Banken AS Group

Note	NOK thousands	31.12.2011	31.12.2010
ASSETS			
	Lending to and receivables from credit institutions	1 610 889	1 466 411
4	Lending to and receivables from customers	28 415 577	26 319 684
	Interest-bearing securities	1 530 799	1 819
	Financial derivatives	70 165	1 085
	Deferred tax asset	33 501	0
	Tangible fixed assets	634	675
	Intangible assets	21 520	23 448
	Other assets	32 547	51 967
	TOTAL ASSETS	31 715 632	27 865 090
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES			
6	Debt to credit institutions	4 306 449	16 166 712
5	Liabilities created on issuance of securities	24 169 735	9 245 104
	Deposits	1 840 261	1 025 734
	Financial derivatives	192 594	135 752
	Deferred taxes	0	17 813
	Other liabilities	18 584	81 043
	Provision for accrued costs and liabilities	17 418	11 497
	TOTAL LIABILITIES	30 545 043	26 683 655
OWNERS' EQUITY			
	Share capital	750 000	750 000
	Share premium fund	305 706	306 443
	Other owners' equity	114 884	124 990
	TOTAL OWNERS' EQUITY	1 170 590	1 181 433
	TOTAL LIABILITIES AND OWNERS' EQUITY	31 715 632	27 865 090

Statement of cash flows KLP Banken AS Group

NOK thousands	2011	2010
Operating activities		
Payments received from customers - interest, commission & charges	781 784	802 156
Payments to customers - interest, commission & charges	-50 230	-16 573
Net receipts/disbursements on lending customers	-2 043 066	6 868 963
Net receipts on customer deposits banking	814 527	990 158
Receipts regarding securities	98 680	164 980
Disbursements regarding securities	-1 618 210	0
Net receipts/disbursements operations	-84 480	-90 882
Payments to staff, pension schemes, employer's social security contribution etc.	-39 241	-33 939
Net interest investment accounts	51 774	36 500
Net receipts/disbursements regarding operating activities	108 499	-71 288
Net cash flow from operating activities	-1 979 963	8 650 075
Investment activities		
Payments on the purchase of tangible fixed assets	-272	-997
Net cash flow from investment activities	-272	-997
Financing activities		
Net receipts on loans from credit institutions	15 901 453	9 438 765
Disbursements - loan repayment	-12 928 945	-17 242 659
Net payment of interest on loans	-768 531	-732 715
Net receipts/ disbursements (-) on other short-term items	-43 127	29 494
Net cash flows from financing activities	2 160 852	-8 507 115
Net cash flows during the period	180 616	141 963
Cash and cash equivalents at the start of the period	1 342 609	1 200 646
Cash and cash equivalents at the end of the period	1 523 225	1 342 609
Net receipt/ disbursement (-) of cash	180 616	141 963
RECONCILIATION		
Income before tax	-62 158	35 850
Change in accounts payable	646	-1 988
Items classified as investment or financing activities	996 466	390 542
Changes in other accrued income and expenditure	-2 914 918	8 225 671
Net cash flow from operating activities	-1 979 963	8 650 075

Statement of owners' equity KLP Banken AS Group

2011 NOK thousands	Shareholders' equity contributed	Retained earnings	Total owners' equity
Owners' equity 1 January 2011	1 190 000	-8 567	1 181 433
Income	0	-23 519	-23 519
Other comprehensive income	0	0	0
Total comprehensive income	0	-23 519	-23 519
Change in deferred tax 2010	0	12 675	12 675
Owners' equity 31 December 2011	1 190 000	-19 411	1 170 590

2010 NOK thousands	Shareholders' equity contributed	Retained earnings	Total owners' equity
Owners' equity 1 January 2010	1 190 000	-27 749	1 162 251
Income	0	19 182	19 182
Other comprehensive income	0	0	0
Total comprehensive income	0	19 182	19 182
Total comprehensive income	1 190 000	-8 567	1 181 433
Total transactions with the owners	0	0	0
Owners' equity 31 December 2010	1 190 000	-8 567	1 181 433

Note 1 General information

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

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

Note 2 Accounting principles

This interim report covers the period 1 January to 31 December 2011. The accounts have not been audited. The accounts are presented in accordance with Regulation No. 1240 "Regulations on financial statements etc for banks, financial enterprises and their parent companies" of 16 December 1998. A comprehensive description of accounting principles as well as important estimates is provided in the financial statements for 2010.

The interim accounts post Q4 2011 are presented in accordance with the same principles as the financial statements for 2010. This interim report ought therefore to be read in conjunction with the latter. The annual financial statement is available at www.klp.no.

Note 3 Net interest income

NOK thousands	01.01.2011- 31.12.2011	01.01.2010- 31.12.2010
Interest on lending to and receivables from credit institutions	52 757	33 336
Interest on lending to customers	889 856	861 829
Interest on securities	26 534	3 394
Total interest income	969 147	898 559
Interest on debt to credit institutions	763 520	793 592
Interest on debt to KLP	109 717	55 652
Interest on debt to customers	67 414	16 473
Premium/discount on covered bonds	7 342	3 910
Premium/discount on lending to customers	0	-2 685
Other interest costs	26	7
Total interest costs	948 019	866 949
Net interest income	21 128	31 610

Note 4 Lending to customers

NOK thousands	31.12.2011	31.12.2010
Lending to customers before write-downs	28 240 911	26 116 457
Individual write-downs	-49	0
Lending to customers after individual write-downs	28 240 860	26 116 457
Accrued interest	166 605	139 278
Lending customers fair value hedging	8 113	63 950
Lending to customers	28 415 577	26 319 684

Note 5 Liabilities created on issuance of securities

NOK thousands							31.12.2011
Covered bonds							
ISIN code	Nominal	Currency	Interest	Commencem.	Due date	Accr. interest	Book value
NO0010585185	4 300 000	NOK	Variable	15.09.2010	15.09.2015	7 208	4 307 208
NO0010592884	3 000 000	NOK	Variable	10.12.2010	10.12.2012	5 500	3 005 500
NO0010592892	4 000 000	NOK	Variable	10.12.2010	10.12.2013	7 600	4 007 600
NO0010592900	750 000	NOK	Fixed	15.12.2010	15.12.2020	1 602	751 602
XSO605180412	1 250 000	SEK	Variable	15.03.2011	15.03.2013	1 597	1 096 597
NO0010609795	4 000 000	NOK	Variable	20.05.2011	20.05.2014	15 443	4 015 443
NO0010614555	2 900 000	NOK	Variable	28.06.2011	28.06.2012	938	2 900 938
NO0010624778	2 000 000	NOK	Fixed	15.09.2011	15.05.2015	20 741	2 020 741
Amortisation / value adjustment							46 827
Total covered bonds issued							22 152 457
Sertifikatlån, KLP	1 000 000	NOK	Fixed	31.08.2011	01.12.2012	10 952	1 010 952
Sertifikatlån	1 000 000	NOK	Fixed	01.09.2011	01.03.2012	6 326	1 006 326
Total certificate loans issued							2 017 278
Total liabilities created on issuance of securities							24 169 735

Note 6 Debt to credit institutions

NOK thousands				31.12.2011
Borrowing	Due date	Nominal	Accrued interest	Book value
Debt to KLP	15.03.2011	4 300 000	6 449	4 306 449
Total liabilities to credit institutions				4 306 449

Note 7 Transactions with related parties

NOK thousands	31.12.2011	31.12.2010
Income statement items		
KLP, fees income lending management	59 480	52 513
KLP, interest on borrowing	-109 717	-55 652
KLP, interest on certificate loan	-10 952	0
KLP Kapitalforvaltning, fees for services provided	-680	-499
KLP, rent	-3 411	-3 329
KLP, pension premium	-7 146	-4 269
KLP, staff services (at cost)	-39 226	-31 197
KLP, subsidised interest employee loans	491	0
KLP Skade AS, subsidised interest employee loans	55	0
KLP Fondsforvaltning AS, subsidised interest employee loans	7	0
KLP Kapitalforvaltning AS, subsidised interest employee loans	65	0
KLP Bedriftspensjon AS, subsidised interest employee loans	9	0
KLP Eiendom AS, subsidised interest employee loans	28	0
TOTAL	-110 997	-42 433

NOK thousands	31.12.2011	31.12.2010
Statement of financial position items		
KLP, borrowing Group debt short-term	-4 306 449	-3 203 964
KLP, certificate loans issued	-1 010 952	0
KLP, net internal accounts	-8 980	-912
KLP, settlement banking system	19 128	-78 646
KLP Bankholding AS, net internal accounts	50	0
KLP Kapitalforvaltning AS, net internal accounts	-171	-87
KLP Skade AS, net internal accounts	55	0
KLP Fondsforvaltning AS, net internal accounts	7	0
KLP Bedriftspensjon AS, net internal accounts	9	0
KLP Eiendom AS, net internal accounts	28	0
TOTAL	-5 307 275	-3 283 609

The liability to KLP of NOK 4.3 billion excluding accrued market interest has fixed interest falling due on 15 March 2012. The certificate loan to KLP of NOK 1.0 billion excluding accrued market interest has fixed interest falling due on 1 December 2012

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



Note 8 Capital adequacy

NOK thousands	31.12.2011	31.12.2010
Share capital and share premium fund	1 055 706	1 056 443
Other owners' equity	114 884	124 990
Owners' equity	1 170 590	1 181 433
Unrealised value changes	0	359
Interim income	0	0
Deduction goodwill and other intangible assets	-21 520	-23 448
Deferred tax assets	-33 501	0
Core capital	1 115 569	1 158 344
Supplementary capital	0	0
Supplementary capital	0	0
Total qualified Tier 1 and Tier 2 capital	1 115 569	1 158 344
Capital requirement	619 028	652 407
Surplus of Tier 1 and 2 capital	496 541	505 937
Estimate basis credit risk		
Local and regional authorities (including municipalities)	4 786 663	4 666 330
Public sector owned enterprises	963	129 150
Institutions	905 075	2 386 113
Investments with mortgage security in real estate	1 083 538	506 075
Investments fallen due	35 063	0
Holdings securities	306 163	363
Other holdings	346 513	193 175
Estimate basis credit risk	7 463 975	7 881 213
Credit risk	597 118	630 497
Operational risk	21 910	21 910
Total capital requirement	619 028	652 407
Core capital adequacy ratio	14,4 %	14,2 %
Supplementary capital ratio	0,0 %	0,0 %
Capital adequacy ratio	14,4 %	14,2 %

Basel II regulations have been used in calculating capital adequacy.

The authorities' minimum requirement for capital adequacy is set at 8 per cent for financial institutions.

Note 9 Loss on loans issued etc.

NOK thousands	as at 31 Dec 2011	as at 31 Dec 2010
Known losses	40	0
Reversal of previous write-downs	0	0
Change in individual write-downs	9	0
Change in write-downs by group	0	0
Total losses on lending	49	0
Gross default exceeding 90 days	14 080	2 411
Gross other doubtful loans	0	0

Write-downs apply to housing lending. Losses or write-downs are not expected on loans in default in the public sector.

Note 10 Contingent liabilities

Accumulated figures in NOK millions	31.12.2011	31.12.2010
Credit facilities for lending not utilised	99 328	80 607
Loan promise	80 709	700 000
Total contingent liabilities	180 037	780 607

Note 11 Key figures

Accumulated figures in NOK millions	Q4-11	Q3-11	Q2-11	Q1-11	Q4-10
Pre-tax income	-62,2	-33,5	-20,9	1,6	35,9
Net interest income	21,1	11,1	10,1	11,3	31,6
Other operating income	63,4	46,2	30,9	17,6	54,6
Operating expenses and depreciation	-139,9	-97,7	-62,4	-28,5	-109,6
Net realised/unrealised change fin. instruments at fair value	-6,8	7,0	0,5	1,1	59,2
Deposits	1 840,3	1 715,1	1 530,4	1 440,9	1 025,7
Lending with housing mortgage	3 213,9	2 476,9	2 060,8	1 614,3	1 266,6
Lending with public sector guarantee	25 201,7	25 651,7	24 728,2	24 794,0	25 053,1
Defaulted loans	16,1	40,8	6,8	-	-
Borrowing on issuance of securities	24 169,7	22 131,7	18 634,7	13 629,1	9 245,1
Other borrowing	4 306,4	6 010,3	8 313,4	11 819,4	16 166,7
Total assets	31 715,6	31 386,5	29 859,3	28 237,0	27 865,1
Average total assets	29 790,4	29 625,8	28 862,2	28 051,0	13 932,5
Owners' equity	1 170,6	1 170,0	1 179,0	1 188,6	1 181,4
Interest net	0,07 %	0,04 %	0,04 %	0,04 %	0,23 %
Income from ordinary operations before taxes	-0,21 %	-0,11 %	-0,07 %	0,01 %	0,26 %
Income from ordinary op. excl. fair value assessments, pre-tax	-0,19 %	-0,14 %	-0,07 %	0,00 %	-0,17 %
Return on owners' equity before tax	-5,31 %	-2,86 %	-1,78 %	0,13 %	3,03 %
Capital adequacy ratio	14,4 %	15,6 %	17,1 %	17,7 %	14,2 %
Number of personal customers	15 622	13 535	12 555	10 082	7 965
Of which members of KLP	9 151	8 217	7 495	5 936	4 729



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