

Interimreport 1/2011

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 2011

Key elements:

- Group operating profit of NOK 1.5 billion and total income for customers in excess of NOK 2 billion
- Value-adjusted return on the public sector occupational pensions common portfolio of 1.2 per cent
- Book return on the public sector occupational pensions common portfolio of 1.6 per cent
- Return on the corporate portfolio of 1.7 per cent

KLP - customer-owned company in development

KLP's progress continues into 2011.

The management of the life company's funds continues to develop in a satisfactory manner, if somewhat marked by a certain degree of disquiet in the financial markets. Tightening in the form of increased interest rates on long bonds meant, in the short term, reduced returns on short-term bonds. In a longer perspective increased interest rates have a clearly positive effect on returns. The natural catastrophe in Japan contributed to increased uncertainty in the markets.

At the end of the quarter the Group had total assets of NOK 288 billion and an operating profit of NOK 1 456 million.

Kommunal Landspensjonskasse (KLP)

KLP is the parent company of the Group and its main product is public sector occupational pensions.

Result in the first quarter 2011

Returns result

Once again, in the first quarter of 2011 KLP achieved a good returns result (return in excess of guaranteed interest) of NOK 1.9 billion (1.0 billion). Financial income from customer assets was NOK 2.8 billion in the quarter (NOK 4.4 million). Book

return on the common portfolio was 1.6 per cent and value-adjusted return was 1.2 per cent for the quarter.

Risik result

There were no unexpected risk matters of significance in the Company's insurance portfolio during the first quarter. The risk result for allocation was NOK 59 million for the quarter. This has been provisionally allocated with 50 per cent to the customer result, and 50 per to the corporate result for provision to the risk equalisation fund.

Administration result

The Company's administration result shows a surplus of NOK 30 million in the first quarter of 2011 (NOK 36 million). This reflects KLP's continuing good control of its costs levels having reduced the costs premium for 2010.

The total result for the Company was NOK 222 million for the quarter. The total result for customers was NOK 2 017 million.

Key figures <i>Per cent</i>	Q1 2011	Q1 2010	Year 2010
Capital return I	1.6	1.2	5.1
Capital return II	1.2	2.2	7.5
Capital return III	0.6	2.7	7.4
Capital adequacy	11.5	12.7	12.0
Solvency margin ratio	230	220	231
Insurance-related operating expenses as a percentage of average customer funds)	0.31	0.30	0.34



Result NOK million	Customers	The Company	Total
Interest rate result	1 915		1 915
Risik result	29	23	53
Administration profit/loss		30	30
Interest guarantee premium		50	50
Net income corporate portfolio		193	193
Return on the corporate portfolio credited to customers	73	-73	-
Result Q1 2011	2 017	222	2 239
Result Q1 2010	1 053	134	1 188
Result 2010	4 651	572	5 222

Financial strength and capital-related matters

Total assets in the parent company were NOK 258.8 billion at the end of the quarter (NOK 224.2 billion). Group total assets at the end of the quarter were NOK 287.8 billion (NOK 258.1 billion).

Capital adequacy in KLP at the end of the quarter was 11.5 per cent (12.7 per cent) and core capital adequacy was 9.0 per cent (9.7 per cent).

The asset side of the balance sheet shows a growth during the quarter of about NOK 14 billion. Of this almost NOK 11 billion is a temporary effect of securities trades yet to be settled that have been included in the base for capital adequacy at the end of the month. This largely explains the reduction in the capital adequacy ratio during the quarter.

During the quarter the securities adjustment fund was reduced by NOK 752 million, an effect of the interest rate increase in the long bonds markets. The securities adjustment fund was NOK 6.7 billion at the end of the quarter and remains a solid buffer against fluctuations in the financial markets in addition to supplementary reserves.

At the end of the quarter KLP had total solvency capital of NOK 33.4 billion, representing 15.8 per cent of the insurance funds with interest guarantees.

The Board of Directors considers the Company's financial strength as strong in relation to the risk profile and the authorities' requirements.

Premium income

Premium income was NOK 3 252 million (NOK 2 938 million), an increase of NOK 314 million over the first quarter of 2010 (10.7 per cent). Growth in premiums can be attributed primarily to growth in volume from existing customers. In addition

some customers have entered into an agreement on quarterly charging of estimated premium for upward adjustment of accumulated rights as a result of the annual salary and National Insurance basic sum ("G") settlement (indexation premium).

Claims

Pensions paid and other claims increased by 11.9 per cent and amounted to NOK 2 336 million in the first quarter (NOK 2087 million).

Transfer of customer funds

The net effect of transfer decided in autumn 2010 with effect from 1 January 2011 was brought to account in the first quarter by NOK -234 million (NOK -1 311 million).

Management of the common portfolio

The assets in the common portfolio totalled NOK 240.4 billion (NOK 208.7 billion) and as at 31.03.2011 were invested as shown below:

Assets	Portion 31.03. 2011	Return as at Q1 2011	Return as at Q1 2010	Portion 31.12. 2010
Shares	18,3	2,5	5,2	18,5
Short-term bonds	22,4	0,3	2,6	22,4
Long-term/HTM bonds	33	1,3	1,3	32,8
Lending	12,9	0,9	0,9	13,0
Property	11,4	1,6	3,4	11,3
Other financial assets	2	0,7	0,6	2,0

Shares

Total exposure in shares including share derivatives amounted to 18.3 per cent. The international equity markets continue in a positive development trend, whereas the rise in the Norwegian market was somewhat more modest. KLP's world index rose 3.7 per cent and Oslo Børs 1.3 per cent.

Bonds at fair value

Bonds and money market instruments amounted to 24.4 per cent of the assets in the common portfolio as at 31.03.2011. Interest-bearing placements in state or state-guaranteed securities represented 30 per cent of KLP's total bonds investments. The international credit bond index KLP uses had an exchange-rate hedged return of about 0.7 per cent in the first quarter of 2011.

1) Figures in brackets give the corresponding values for the first quarter of 2010



Bonds at amortised cost

Investment in bonds held to maturity amounted to 33.0 per cent of the common portfolio as at 31.03.2011. Added value of financial assets recognised at amortised cost not brought to book was NOK 163 million as at 31.03.2011. The portfolio is well diversified and comprises securities issued by institutions with very high creditworthiness. No write-downs have been carried out as a result of credit losses during 2011.

Property

Property investments amounted to 11.2 per cent of the common portfolio as at 31 March 2011. KLP carries out a thorough valuation of its property stock each quarter. The examination during the first quarter of 2011 shows that central properties with long secure contracts continue to be highly priced in the market. This produced a write-up of the property values in the common portfolio in the first quarter 2011 by NOK 103 million. The operating return in the common portfolio including valuation adjustment was 1.6 per cent in the first quarter.

During the period Drammensveien 144 (the Hafslund building) was bought at a property value of NOK 365 million.

Lending

KLP's lending in the common portfolio was NOK 29.4 billion. This was divided between NOK 22.1 billion in lending to local authorities and other employers, and NOK 7.3 billion in mortgage-secured housing loans. The lending portfolio is characterised by high quality, with no losses on local government loans and very modest loss provisions on housing loans. Added value not brought to book in the lending portfolio (fixed interest rate loans) represented NOK 183 million as at 31.03.2011.

Return on the corporate portfolio

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

The corporate portfolio is managed with a long-term investment horizon aiming at stable returns and growth in the owners' equity. The investments in the corporate portfolio achieved a return of 1.7 per cent during the first quarter.

Regulatory framework, product and market matters

In a letter of 8 March to the Norwegian Ministry of Finance, the Financial Supervisory Authority of Norway proposed measures to strengthen companies' capital situation up to the introduction of Solvency II. KLP supports the proposal to establish a new and more flexible "Buffer Fund" as a replacement for the securities adjustment fund and the supplementary reserves, but has reservations concerning certain other elements in the proposal.

The Financial Supervisory Authority of Norway has published the distribution of results from QIS 5 in which ten out of twelve Norwegian life companies and 28 out of 32 non-life companies participated. Even though the calculation assumptions may be somewhat varied, comparison of the results shows that KLP financial position is good.

In parallel with the work towards Solvency II the process surrounding the pension reform is also being continuously followed-up, also with regard to the interested authorities and organisations.

The competition picture in 2011 does not deviate particularly from previous years. In total a limited number of local authorities seem to be going out to tender this year. However it is still too early to say for certain how the situation will develop through the year.

The business areas of the subsidiaries

Private occupational pensions

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

There is a high level of activity in KLP Bedriftspensjon, this being demonstrated by a satisfactory growth in volume.

KLP Bedriftspensjon achieved a good return on its customer funds, with a book return in the common portfolio of 2.6 per cent and a value-adjusted return of 1.5 per cent in the first quarter. The defined contribution pension customers achieved a return of 1.5 per cent for the quarter.

The company has good returns on customer funds and for the first quarter achieved income for customers of NOK 7.6 million. The administration result continues to be marked by low volume in relation to the level of investment in systems and other costs.



Including the negative administration result of NOK 4.9 million the company's comprehensive result for the first quarter was NOK -2.4 million.

Return table KLP Bedriftspensjon AS

Profile return	Q1 2011	Q1 2010	Year 2010
Common portfolio			
Capital return I	2,6	2,0	6,0
Capital return II	1,5	2,5	8,3
Defined contribution pensions with investment choice	1,5	2,9	9,3
Profile P90	2,6	3,6	12,1
Profile P70	1,9	3,4	10,5
Profile P60	1,7	3,4	9,9
Profile P50	1,4	3,4	9,2
Profile P40	1,2	3,3	8,5
Profile P30	0,9	2,9	7,0
Profile P20	0,8	2,8	6,2
Profile P10	0,6	2,3	2,5
Profile PM	0,7	0,5	9,3

Non-life insurance

The operating profit for the first quarter was NOK 12.4 million.

The financial returns were satisfactory during the quarter with NOK 39.7 million against NOK 76.6 million in the first quarter 2010.

The claims ratio for own account for all sectors combined was 94.4 per cent. This is a reduction compared to 2010 (106.9). The previous year's figures were marked by many large claims. The claims ratio for own account for the year 2011 is 103.8 per cent.

KLP Skadeforsikring has good solvency and meets all the minimum requirements of the Financial Supervisory Authority of Norway by a more than ample margin.

During the first quarter there has been good tendering activity in the local authority market as well as in the corporate market. At the end of the quarter the largest tenders had not been decided.

The result of the sales activities in the public sector/companies has in total produced net new business of NOK 4 million.

Sales in the personal market continue to develop well and net new business so far this year is at NOK 11 million.

KLP Kapitalforvaltning and KLP Fondsforvaltning

KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS comprise the KLP Group's securities management operation. In total NOK 196.7 billion was under management at the end of the first quarter 2011. This is an increase of NOK 16.2 billion compared to the same time last year. The majority of the assets are managed on behalf of Kommunal Landspensjonskasse and the subsidiaries in the KLP Group.

At the end of March two new securities funds, KLP Kombinasjon and KLP Kombinasjon M, were launched. KLP Kombinasjon M is a fund for members of KLP. The two funds are identical, apart from the management fee, which is lower in the members' fund.

KLP Kapitalforvaltning AS achieved a balanced result during the first quarter whereas KLP Fondsforvaltning AS achieved a profit of NOK 2.0 million.

KLP Banken

In February KLP Banken celebrated its first birthday as an operational online bank with lending and deposits for personal customers. The bank's services and offerings have been well received. The volume of deposits in the personal market is developing satisfactorily and the proportion of KLP members in the total customer group is good.

The Group's lending activity directed at the local authority loan market is conducted under the brand name KLP Kommunekreditt through staff at KLP Banken. The credit enterprise KLP Kommunekreditt continued its borrowing programme based on covered bonds and in March placed its first international issue in the Swedish market.



Group activities

KLP and society

In 2010 KLP presented non-financial accounts for the first time. This practice is being carried-on in 2011, consequently this interim report comprise non-financial accounts, which replace a substantial part of the previous written description.

KLP lays down requirements for its suppliers in regard to quality, the environment and ethical aspects through its procurement policy, which, inter alia, contains requirements to seek alternatives to tenders from companies that are excluded from KLP's investment world and that KLP is to be a responsible buyer and take account of considerations in regard to human rights, employees' rights, the environment and ethical business principles in accordance with KLP's espousal of the UN Global Compact.

A responsible investor and owner

KLP and the KLP funds are active owners and attach importance to using their rights to vote at general meetings in those companies in which they have shares.

Future prospects

KLP continued its strong build-up of financial strength through 2010 which means the Company is well prepared to meet the future capital challenges that will result from the transition to Solvency II.

Transition to a comprehensive, new set of regulations is always challenging, particularly when the details in the regulations are still to be laid-down. KLP is dedicating major resources to the work on being prepared for the new regulatory framework when it arrives in final form and comes into force.

In parallel with this KLP is adapting to other changes in the businesses' regulations and attaches importance to continuous improvement of systems and services to its customers, both in its main product and its other business areas.

Oslo, 3rd May 2011

The Board of directors Kommunal Landspensjonskasse

Arne Øren
Chair

Finn Jebsen
Deputy chair

Gunn Marit Helgesen

Ann Inger Døhl

Herlof Nilssen

Jan Helge Gulbrandsen

Siv Holland
Elected by and from the employees

Freddy Larsen
Elected by and from the employees



Group accounts after the first quarter 2011

Notes	Income statement Group NOK million	Q1 2011	Q1 2010	01.01.2010 -31.12.2010
	Premium income for own account	3 488	3 151	20 959
	Current return on financial investments	2 975	1 823	7 542
	Net gain on financial investments	15	6	87
	Net income from investment properties	-493	2 054	5 920
5	Net profit from investments in associated companies	420	689	2 907
	Other income	179	192	781
	Total income	6 584	7 915	38 196
	Claims for own account	-2 774	-3 555	-10 590
	Change in provisions	-2 040	-852	-15 394
	Net costs subordinated loans and perpetual subordinated loans	97	14	-301
4	Operating expenses	-247	-259	-980
	Other expenses	-164	-180	-670
	Total expenses	-5 128	-4 832	-27 935
	Operating result	1 456	3 083	10 261
	To/from valuation reserves in life insurance	757	-1 923	-5 077
	To/from supplementary provisions in life insurance	0	0	-2 074
	Assets allocated to life insurance customers	-2 025	-1 058	-2 586
3	Consolidated group profit before tax	188	102	524
	Tax	-20	0	-21
	Result	168	102	503
	Revaluation own properties	33	7	43
	Currency effects foreign affiliates	21	26	26
	Total other comprehensive income	54	32	69
	Total comprehensive income	222	134	572



Group accounts after the first quarter 2011

Notes	Balance sheet NOK million	31.03. 2011	31.03. 2010	31.12. 2010
ASSETS				
	Intangible assets	366	400	366
	Tangible fixed assets	1 004	434	959
	Investments in associated companies	3	3	3
5	Investment property	26 598	24 188	26 105
9	Debt instruments held to maturity	42 418	45 052	42 291
9	Debt instruments at fair value in profit/loss account	41 285	34 219	39 897
8,9	Lending to municipalities, companies and private individuals at fair value over P&L	3 868	3 939	3 974
9	Lending to municipalities, companies and private individuals	52 099	57 822	52 041
8,9	Debt instruments at fair value over P/L	66 719	61 587	64 305
8	Equity instruments at fair value over P/L	36 677	25 654	35 933
8,9	Financial derivatives	968	854	1 386
	Other loans and receivables incl. receivables from policyholders	12 118	1 382	1 460
9	Assets in life insurance with investment choice	155	88	126
	Cash and bank deposits	3 571	2 493	2 924
	Total assets	287 849	258 113	271 769
OWNERS' EQUITY AND LIABILITIES				
	Paid-up equity	5 623	5 081	5 628
	Retained earnings	5 408	4 748	5 186
	Total equity	11 031	9 829	10 814
6	Perpetual subordinated loan	871	816	973
6	Subordinated loan capital	3 107	3 131	3 100
	Pension obligations	476	516	476
7	Technical provisions - life insurance	231 241	208 638	227 966
	Provisions in life insurance with investment option	155	88	126
	Premiums, claims and contingency fund provisions - non-life ins.	2 733	2 610	2 544
6	Covered bonds issued	13 661	2 551	9 250
6, 8	Debt to financial institutions	9 183	25 918	13 287
6	Deposits from and liabilities to customers	1 441	359	1 026
8	Financial derivatives	487	1 067	520
	Deferred tax	41	0	21
	Other short term debt	13 420	2 589	1 665
	Total liabilities	276 818	248 284	260 955
	Total owners' equity and liabilities	287 849	258 113	271 769
	Conditional liabilities	3 018	1 973	3 678



Group accounts after the first quarter 2011

Cashflow - Group NOK million	01.01.11 -31.03.11	01.01.10 -31.12.10	01.01.10 -30.09.10	01.01.10 -30.06.10	01.01.10 -31.03.10
Net cashflow from operational activities	4 757	17 526	12 663	11 669	3 008
Net cashflow from investment activities	-1 719	-6 047	-6 478	-4 231	-1 481
Net cashflow from financing activities	-2 392	-10 668	-6 141	-7 027	-1 147
Net changes in cash and bank deposits	646	810	44	412	380
Holdings of cash and bank deposits at start of period	2 924	2 113	2 113	2 113	2 113
Holdings of cash and bank deposits at end of period	3 571	2 924	2 157	2 525	2 493



Group accounts after the first quarter 2011

Changes in Owner's equity

2011 NOK million	Paid-up equity	Retained earnings	Total equity
Equity 01.01.2011	5 628	5 186	10 814
Result for the period	0	168	168
Other comprehensive income			
Revaluation of properties for own use	0	33	33
Currency effect foreign affiliates	0	21	21
Total other comprehensive income	0	54	54
Total comprehensive income	0	222	222
Transactions with owners			
Equity paid-in	1	0	1
Equity reimbursed	-7	0	-7
Total transactions with owners	-6	0	-6
Equity 31.03.2011	5 623	5 408	11 031

2010 NOK million	Paid-up equity	Retained earnings	Total equity
Equity 01.01.2010	5 107	4 614	9 721
Result for the period	0	503	503
Other comprehensive income			
Revaluation of properties for own use	0	43	43
Currency effect foreign affiliates	0	26	26
Total other comprehensive income	0	69	69
Total comprehensive income	0	572	572
Transactions with owners			
Equity paid-in	556	0	556
Equity reimbursed	-35	0	-35
Total transactions with owners	521	0	521
Equity 31.12.2010	5 628	5 186	10 814



Note 1 Accounting principles

The accounts in this interim report show the accounts for Kommunal Landspensjonskasse (KLP) and the Group for the period 01.01.2011 – 31.03.2011. The accounts have not been audited.

The Group interim accounts are presented in accordance with internationally EU-approved accounting standards (IAS/IFRS). This interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" and follows the same accounting principles as used in the annual account for 2010.

It is recommended that this interim report be read in conjunction with the annual report for 2010. This may be obtained on application to the Company's registered office, Dronning Eufemias gate 10, Oslo, or at www.klp.no.

Note 2 Key figures - accumulated

NOK million	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10	Q4-09	Q3-09	Q2-09
KLP Konsern								
Profit before tax	188	524	368	143	102	776	676	412
Total assets	287 849	271 736	267 318	263 880	258 128	258 549	254 370	243 995
Owners' equity	11 031	10 814	10 632	9 958	9 829	9 721	9 021	8 716
Capital adequacy	11.0 %	11.5 %	11.6 %	11.6 %	n/a	12.0 %	n/a	11.7 %
Number of employees in the Group	753	762	763	755	745	741	720	706
Kommunal Landspensjonskasse								
Profit before tax	222	572	412	258	134	738	523	336
Premium income for own account	3 315	20 345	16 960	5 984	2 956	18 868	15 841	6 148
- of which inflow of premium reserve	63	54	49	20	17	285	297	262
Insurance customers' funds incl. acc. profit	2 633	10 082	7 881	5 589	3 415	9 979	7 936	5 787
- of which funds with guaranteed returns	297	1 389	1 389	1 387	1 328	2 069	2 069	1 961
Net investment common portfolio	240 414	225 522	214 704	208 638	208 273	204 237	193 820	189 628
Net investment chose portfolio	1 338	274	267	254	248	239	236	219
Insurance funds incl. earnings for the year	229 445	227 533	222 120	208 740	208 239	204 486	200 277	189 394
- of which funds with guaranteed interest	207 968	207 026	203 870	196 573	194 476	193 641	189 262	182 298
Tier 1 and Tier 2 capital	13 631	13 632	13 201	12 705	12 595	12 606	11 489	11 470
Risk profit	53	160	61	45	20	274	112	83
Return profits	1 915	4 280	3 371	1 360	996	6 126	5 874	2 701
Administration profit	30	82	79	60	36	161	130	85
Solvency capital	33 427	33 338	34 583	28 940	29 533	25 329	25 113	20 923
Solvency margin ratio	230 %	224 %	216 %	219 %	220 %	222 %	182 %	188 %
Capital adequacy	11.5 %	12.0 %	12.3 %	12.2 %	12.7 %	12.6 %	12.3 %	12.6 %
Core capital ratio	9.0 %	9.3 %	9.4 %	9.2 %	9.7 %	9.6 %	9.1 %	9.3 %
Book return on common portfolio	1.6 %	5.1 %	3.9 %	2.2 %	1.2 %	6.4 %	5.5 %	3.0 %
Value-adjusted return on common portfolio	1.2 %	7.5 %	5.1 %	2.1 %	2.2 %	7.7 %	5.8 %	3.0 %
Return on unit-linked portfolio	1.1 %	8.6 %	5.3 %	1.7 %	2.6 %	9.2 %	6.8 %	3.5 %
Return on corporate portfolio	1.7 %	5.2 %	3.8 %	2.4 %	1.1 %	6.7 %	4.3 %	2.8 %



NOK million	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10	Q4-09	Q3-09	Q2-09
KLP Skadeforsikring AS								
Profit before tax	12	78	60	12	36	217	179	95
Gross premium due	365	631	574	521	362	609	547	482
Premium income for own account	141	539	400	265	131	569	421	292
Owners' equity	483	483	454	424	446	430	493	437
Claims ratio	94.4 %	91.5 %	94.2 %	108.0 %	106.9 %	66.5 %	67.7 %	70.1 %
Combined-ratio	123.3 %	121.9 %	123.1 %	134.9 %	134.3 %	95.5 %	95.4 %	96.5 %
Return on assets under management	1.3 %	7.2 %	5.2 %	2.7 %	2.5 %	8.3 %	6.4 %	3.6 %
Capital adequacy	31.5 %	32.0 %	27.1 %	29.8 %	29.9 %	33.6 %	29.1 %	30.5 %
Tier 1 and Tier 2 capital	436	433	381	387	383	387	341	346
Annual premium volume per person	25	79	51	33	15	39	23	14
Annual premium volume employer	341	552	524	488	347	570	524	468
Net new subscriptions (accumulated within the year)	15	68	51	40	12	52	63	34

KLP Bedriftspensjon AS

Loss before tax	-2.4	-17.1	-12.1	-7.1	-3.1	-13.5	-5.8	-4.8
Premium income for own account	47.8	149.5	113.1	93.1	80.1	51.6	41.0	33.5
- of which premium reserve added	25.3	97.7	77.0	73.0	68.0	26.6	23.7	22.7
Insurance customers' funds including accumulated profit	622.3	559.0	512.8	485.6	486.8	389.3	371.2	361.7
- of which funds with guaranteed returns	423.0	396.3	392.1	389.7	380.5	358.6	345.9	345.2
Investment result	8.1	9.9	9.5	2.5	4.7	11.6	7.4	4.8
Risk result	1.2	3.6	3.4	3.2	1.2	1.2	3.8	2.7
Administration losses	-4.9	-23.4	-17.5	-11.1	-5.3	-18.3	-11.9	-8.6
Tier 1 and Tier 2 capital	43.9	46.7	51.5	24.9	29.3	32.5	39.6	40.7
Solvency capital	87.8	89.3	95.7	63.3	72.9	68.1	73.8	69.4
Capital adequacy	16.8 %	19.6 %	23.1 %	11.9 %	14.2 %	18.9 %	25.1 %	28.5 %
Book capital return on common portfolio	2.6 %	6.0 %	5.1 %	3.1 %	2.0 %	7.1 %	4.7 %	3.2 %
Value-adjusted capital return on common portfolio	1.5 %	8.3 %	5.6 %	2.4 %	2.5 %	8.3 %	5.9 %	3.5 %
Return on defined unit-linked contribution pensions	1.5 %	9.3 %	4.4 %	-2.0 %	2.9 %	23.3 %	17.7 %	8.3 %
Return on corporate portfolio	0.6 %	5.0 %	4.6 %	2.4 %	1.4 %	8.4 %	7.4 %	4.5 %



NOK million	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10	Q4-09	Q3-09	Q2-09
KLP Banken Group								
Profit/loss before tax	1.6	33.0	-8.0	-4.9	-19.8	6.1	4.0	7.1
Net interest income	11.3	28.9	25.6	10.3	5.8	144.4	120.9	72.2
Other operating income	17.6	54.6	35.8	20.7	10.1	17.9	10.2	2.6
Operating expenses and depreciation	-28.5	-109.6	-79.8	-53.1	-28.8	-76.6	-36.9	-13.8
Net realized/unrealized changes in financial instruments to fair value	1.1	51.6	10.5	17.2	-7.0	-79.6	-90.2	-53.8
Contributions	1 440.9	1 025.7	656.2	539.7	359.2	35.6	-	-
Housing mortgages granted	1 614.3	1 266.6	797.9	345.1	49.1	-	-	-
Loan(s) with public guarantee(s)	24 794	25 062	26 433	26 909	32 374	33 158	34 442	34 337
Defaulted loans	-	-	-	-	-	-	-	-
Borrowing on the issuance of securities	13 629	9 245	6 487	3 000	3 000	3 000	-	-
Other borrowing	11 819	16 167	19 782	24 076	29 229	30 241	34 571	34 428
Total assets	28 237	27 880	28 310	29 005	33 968	34 666	36 003	35 946
Average total assets	28 051	31 260	31 488	31 835	34 317	17 334	18 009	17 980
Owners' equity	1 189	1 186	1 187	1 190	1 175	1 195	1 193	1 195
Net interest rate	0.04 %	0.09 %	0.08 %	0.03 %	0.02 %	0.83 %	0.67 %	0.40 %
Profit/loss from general operations before tax	0.01 %	0.08 %	-0.03 %	-0.02 %	-0.06 %	0.04 %	0.02 %	0.04 %
Profit/loss from general operations excl. fair value assessments before tax	0.00 %	-0.08 %	-0.06 %	-0.07 %	-0.04 %	0.49 %	0.52 %	0.34 %
Return on owners' equity before tax	0.13 %	2.15 %	-0.67 %	-0.41 %	-1.69 %	0.51 %	0.34 %	0.60 %
Capital adequacy	25.6 %	14.2 %	17.6 %	17.9 %	16.2 %	16.0 %	n/a	n/a
Number of personal customers	10 082	7 965	6 099	4 512	2 767	411	44	-
Of which members in KLP	5 936	4 729	3 728	2 819	1 833	408	44	-

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Profit/loss before tax	2.5	19.2	7.3	0.3	-12.9	11.5	9.3	-2.0
Total assets under management	196 737	186 585	182 354	176 410	180 459	174 826	166 187	160 932
Assets managed for external customers	13 820	14 170	12 771	11 969	12 461	11 378	10 777	9 202

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

Time series result - by quarter

NOK million	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10	Q4-09	Q3-09	Q2-09
Total income	7 340	11 647	12 808	5 657	8 140	7 049	14 974	8 532
Total expenses	-7 153	-11 491	-12 583	-5 615	-8 038	-6 786	-14 873	-8 278
Consolidated group profit before tax	188	156	225	41	102	263	101	254
Results by segment								
Life insurance	172	84	174	36	98	236	6	164
Non-life	12	18	47	-24	36	38	83	79
Banking	2	41	-3	15	-20	-14	2	11
Asset management	2	12	6	14	-13	2	11	0
Other business	0	0	0	1	0	1	-1	1
Consolidated group profit before tax	188	156	225	41	102	263	101	254



Note 4 Operating expenses

NOK million	01.01.11 -31.03.11	01.01.10 -31.03.10	01.01.10 -31.12.10
By class:			
Staff costs	158	160	540
Depreciation	19	14	156
Other operating costs	70	85	284
Total operating expenses	247	259	980

Note 5 Investment property

Profit/loss NOK million	01.01.11 -31.03.11	01.01.10 -31.03.10	01.01.10 -31.12.10
Profit/loss property	268	243	1 316
Value adjustment	153	446	1 591
Net income from investment properties	420	689	2 907

Balance sheet NOK million	31.03.2011	31.03.2010	31.12.2010
Value: investment property - opening balance	26 105	23 089	23 089
Value adjustment	153	446	1 591
Other changes	340	654	1 425
Value: investment property - closing balance	26 598	24 188	26 105



Note 6 Financial liabilities

NOK million	Nominal value in NOK	Currency	Interest rate	Due date	Book value 31.03.2011	Book value 31.03.2010	Book value 31.12.2010
Subordinated loan capital and perpetual subordinated loans							
Perpetual subordinated loans							
Kommunal Landspensjonskasse	2 372	EUR	Fixed	Perpetual	2 463	2 518	2 415
Kommunal Landspensjonskasse	554	JPY	Fixed	Perpetual	645	614	685
Hybrid Tier 1 capital							
Kommunal Landspensjonskasse	984	JPY	Fixed	2 034	871	816	973
Total subordinated loan capital and perpetual subordinated loans	3 910				3 979	3 948	4 074
Debt contracted by issuing securities							
Covered bonds ¹							
KLP Kommunekreditt	3 000	NOK	Floating	2011	3 003	2 551	3 004
KLP Kommunekreditt	1 500	NOK	Floating	2012	1 503	0	1 503
KLP Kommunekreditt	3 000	NOK	Floating	2013	3 005	0	1 002
KLP Kommunekreditt	1 250	SEK	Floating	2013	1 098	0	0
KLP Kommunekreditt	4 300	NOK	Floating	2015	4 306	0	3 505
KLP Kommunekreditt	750	NOK	Fixed	2020	760	0	251
Over/underkurs covered bonds					-14	0	-13
Covered bonds	13 800				13 661	2 551	9 250
Liabilities to credit institutions							
KLP Kreditt				2010		12 959	0
KLP Kreditt	8 588	NOK	Floating	2011	8 584	12 959	12 958
Kommunal Landspensjonskasse	599		Floating	2011	599	0	330
Total liabilities to credit institutions	9 187				9 183	25 918	13 287
Deposits from customers ¹							
Private	1 420	NOK			1 420	359	905
Business	21	NOK			21	0	121
Total contributions from customers	1 441				1 441	359	1 026
Total financial liabilities	28 338				28 264	32 775	27 637

¹ Maturity for contributions is not contractual

Note 7 Insurance-related provisions in life

NOK million	31.03. 2011	31.03. 2010	31.12. 2010
Premium reserve	208 626	192 224	206 707
Premium funds, buffer funds and pensioners' surplus funds	944	438	954
Supplementary reserves	10 195	8 116	10 179
Securities adjustment fund	6 706	4 310	7 463
Other provisions	166	73	85
Non-allocated profit/loss of insurance contracts in the common portfolio	4 603	3 477	2 578
Insurance-related provisions in life insurance incl. investment options	231 241	208 638	227 966

Note 8 Fair value hierarchy

NOK million	31.03.2011	31.03.2010	31.12.2010
Assets¹			
Lending local authorities, enterprises and personal customers			
Level 1: Value based on prices in an active market	-	-	-
Level 2: Value based on observable market data	3 868	3 939	3 974
Level 3: Value based on other than observable market data	-	-	-
Lending local authorities, enterprises and personal customers	3 868	3 939	3 974
Debt instruments (bonds, certificates and investments in financial institutions)			
Level 1: Value based on prices in an active market	42 998	41 975	44 177
Level 2: Value based on observable market data	23 721	19 612	20 128
Level 3: Value based on other than observable market data	-	-	-
Debt instruments (bonds, certificates and investments in financial institutions)	66 719	61 587	64 305
Owners' equity instruments (shares; equity and property funds; and alternative investments)			
Level 1: Value based on prices in an active market	32 925	22 602	32 335
Level 2: Value based on observable market data	2 090	2 042	2 008
Level 3: Value based on other than observable market data	1 661	1 010	1 589
Owners' equity instruments (shares; equity and property funds; and alternative investments)	36 677	25 654	35 933
Financial derivatives			
Level 1: Value based on prices in an active market	-	-	-
Level 2: Value based on observable market data	968	854	1 386
Level 3: Value based on other than observable market data	-	-	-
Financial derivatives	968	854	1 386
Total financial assets valued at fair value	108 231	92 033	105 598



Note 8 Fair value hierarchy (contd.)

NOK million	31.03.2011	31.03.2010	31.12.2010
Liabilities			
Financial derivatives			
Level 1: Value based on prices in an active market	-	-	-
Level 2: Value based on observable market data	487	1 067	520
Level 3: Value based on other than observable market data	-	-	-
Financial derivatives	487	1 067	520
Debt to financial institutions			
Level 1: Value based on prices in an active market	599	-	330
Level 2: Value based on observable market data	8 584	25 918	12 958
Level 3: Value based on other than observable market data	-	-	-
Debt to financial institutions	9 183	25 918	13 287
Total financial liabilities at fair value	9 670	26 984	13 807

Changes in level 3 NOK million	Q1 2011	Q1 2010	2010
Opening balance 2010	1 589	889	889
Sold	-85	-46	-390
Bought	140	135	975
Unrealised change	17	32	115
Realised loss/gain	15	6	66
Closing balance 2010	1 661	1 010	1 589

¹ In addition to the assets listed, assets in defined contribution plans also fall within the realm of the fair value hierarchy. Those assets are not included in the table, however, of the NOK 155 million concerned NOK 74.9 million relate to equity investments and participation under level 1, and 80.4 million to debt instruments at fair value under level 1 as of 31.03.2011

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.



Note 9 Credit risk

31.03.2011	AAA	AA	A	BBB	NR/ NIG	Total
Debt instruments held to maturity - at amortised cost						
Financial and credit enterprises	0	3 110	1 579	9	927	5 625
Public guarantee	1 042	0	0	0	51	1 093
Savings bank	0	0	50	0	281	331
Government and government guarantee within OECD	21 083	850	1 584	0	0	23 517
State enterprises and Covered Bonds	3 044	0	0	0	1 485	4 529
Other	0	550	3 343	0	3 429	7 322
Total	25 169	4 510	6 555	9	6 174	42 418
Debt instruments classified as loans and receivables - at amortised cost						
Financial and credit enterprises	518	1 745	2 689	0	1 356	6 308
Public guarantee	1 115	30	0	0	631	1 776
Savings bank	0	0	646	0	683	1 329
Government and government guarantee within OECD	13 959	0	2 067	0	0	16 026
State enterprises and Covered Bonds	6 753	1 131	267	0	510	8 661
Other	0	263	2 651	336	3 934	7 184
Total	22 345	3 169	8 320	336	7 114	41 285
Debt instruments at fair value-bonds and certificates						
Financial and credit enterprises	17	2 893	2 563	0	1 040	6 513
Public guarantee	636	0	0	0	723	1 359
Savings bank	0	0	964	0	5 989	6 953
Government and government guarantee within OECD	6 803	1 533	355	45	0	8 736
State enterprises and Covered Bonds	604	0	0	0	814	1 418
Other	0	0	152	27	2 795	2 974
Total	8 060	4 426	4 033	72	11 361	27 953
Financial derivatives classified as assets						
Denmark	0	0	212	0	0	212
Finland	0	49	0	0	0	49
Norway	0	77	288	0	0	365
Great Britain	0	0	4	0	0	4
Switzerland	0	0	208	0	0	208
Sweden	0	0	139	0	0	139
USA	0	0	-13	0	0	-13
Germany	0	0	4	0	0	4
Total	0	126	843	0	0	968



Note 9 Credit risk, contd.

31.03.2011	AAA	AA	A	BBB	NR/ NIG	Total
Debt instruments at fair value - fixed interest fund units						
Public sector, financial and credit enterprises	0	0	0	0	1 050	1 050
Government and government guarantee within OECD	0	0	0	0	109	109
Other	0	0	13 487	0	12 143	25 631
Total	0	0	13 487	0	13 302	26 790
Debt instruments at fair value - loans and receivables						
Denmark	0	0	17	0	0	17
France	0	30	0	0	0	30
Norway	0	480	3 206	0	3 018	6 703
Great Britain	0	3 045	41	0	0	3 086
Sweden	0	134	1 321	0	0	1 455
USA	0	0	685	0	0	685
Total	0	3 689	5 269	0	3 018	11 976
Total securities	55 574	15 921	38 508	418	40 970	151 389

NOK million	0 %	20 %	35 %	100 %	Total
Lending local government, enterprises & pers. customers ¹					
Public sector	2	45 922	0	0	45 922
Credit institutions	0	1 122	0	0	1 122
Private individuals	0	0	8 920	4	8 923
Not apportioned	0	0	0	0	0
Total	2	47 044	8 920	4	55 967



Note 9 Credit risk, contd.

31.03.2010	AAA	AA	A	BBB	NR/ NIG	Total
Debt instruments held to maturity - at amortised cost						
Financial and credit enterprises	518	2 753	1 812	9	931	6 023
Public guarantee	1 042	0	0	0	51	1 093
Savings bank	0	0	49	0	279	328
Government and government guarantee within OECD	22 018	850	1 616	0	0	24 484
State enterprises and Covered Bonds	3 362	0	0	0	1 203	4 565
Other	0	550	4 526	0	3 484	8 560
Total	26 940	4 153	8 003	9	5 947	45 052
Debt instruments classified as loans and receivables - at amortised cost						
Financial and credit enterprises	518	1 900	2 461	0	2 487	7 366
Public guarantee	964	30	0	0	665	1 660
Savings bank	0	0	646	0	409	1 055
Government and government guarantee within OECD	14 342	0	2 067	0	0	16 409
State enterprises and Covered Bonds	546	1 131	567	0	0	2 244
Other	0	263	1 708	320	3 196	5 486
Total	16 370	3 324	7 449	320	6 756	34 219
Debt instruments at fair value - bonds and certificates						
Financial and credit enterprises	0	4 057	2 166	51	915	7 189
Public guarantee	228	0	0	0	801	1 029
Savings bank	0	0	1 171	0	6 588	7 759
Government and government guarantee within OECD	7 329	1 392	423	0	0	9 144
State enterprises and Covered Bonds	22	0	0	0	1 086	1 108
Other	0	0	120	102	2 200	2 423
Total	7 579	5 449	3 880	154	11 591	28 652
Financial derivatives classified as assets						
Denmark	0	0	89	0	5	94
Finland	0	65	0	0	0	65
Norway	0	87	-3	0	0	84
Great Britain	0	1	49	0	0	50
Switzerland	0	0	0	0	0	0
Sweden	0	0	194	0	0	194
Germany	0	0	0	0	0	0
USA	0	0	363	0	0	363
Other	0	0	0	0	3	3
Total	0	154	692	0	8	854



Note 9 Credit risk, contd.

31.03.2010	AAA	AA	A	BBB	NR/ NIG	Total
Debt instruments at fair value - fixed interest fund units						
Financial and credit enterprises	0	0	0	0	1 225	1 225
Government and government guarantee within OECD	0	0	0	0	103	103
Other	0	0	12 657	0	11 608	24 265
Total	0	0	12 657	0	12 937	25 594
Debt instruments at fair value - loans and receivables						
Denmark	0	0	0	0	0	0
France	0	200	0	0	0	200
Norway	0	652	3 906	0	0	4 557
Great Britain	0	0	1 238	0	0	1 238
Sweden	0	0	1 259	0	0	1 259
USA	0	86	0	0	0	86
Total	0	938	6 403	0	0	7 341
Total securities	50 888	14 017	39 084	483	37 238	141 711

NOK million	0 %	20 %	35 %	100 %	Total
Lending local government, enterprises & pers. customers ¹					
Public sector	1	46 391	0	1 574	47 965
Credit institutions	0	4 832	0	1	4 834
Private individuals	0	0	8 679	5	8 684
Ufordelt	0	0	0	278	278
Total	1	51 224	8 679	1 859	61 761

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

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

Only ratings from Standard and Poor's have been used in the note grouping. KLP Group also uses ratings from Moody's Investor Services and Fitch Ratings and all three are considered equal as a basis for investments in interest-bearing securities. The table shows exposure against the rating categories that S & P uses, where AAA is linked to securities with the highest creditworthiness. Non-rated/non-investment-grade mostly applies to individual Norwegian financial institutions, municipalities / county authorities and other investments within Norwegian finance. KLP Group has strict guidelines for investments in interest-bearing securities, which also apply to investments falling into this category.

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

¹ Credit exposure in lending is compiled on the basis of Norwegian capital adequacy calculations. 35 per cent weighting of public sector applies to lending to housing cooperatives. Lending is itemized separately in so far as they are not included in the same rating-categories.



Note 10 Interest rate risk

31.03.2011	Up to 3 mnths.	From 3 mnths. to 12 mnths.	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow	Total
NOK million							
Assets							
Holdings equity funds	0	0	0	0	0	1	1
Alternative investments	-1	0	0	0	0	2	1
Financial derivatives classified as assets	-23	6	5	-261	-80	22	-331
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	2	2
Debt instruments held to maturity measured at fair value	0	0	0	0	0	0	0
Bonds and other fixed-return securities	-18	-23	-259	-366	-132	12	-786
Fixed income fund holdings	-1 289	0	0	0	0	2	-1 287
Lending	-8	-8	0	0	0	25	8
Lending and receivables	0	0	0	6	0	3	9
Lending	0	-11	-44	-3	0	230	172
Total assets	-1 338	-36	-299	-624	-212	299	-2 210
Liabilities							
Financial derivatives classified as liabilities	0	4	49	99	0	-2	150
Hybrid Tier 1 securities, subordinated loan capital	0	0	0	40	24	0	63
Lending and receivables	0	0	0	0	0	-1	-1
Liabilities created on issue of securities	0	0	0	57	0	128	185
Liabilities to financial institutions	11	0	0	0	0	-119	-108
Call Money	0	0	0	0	0	-14	-14
Total liabilities	11	4	49	196	24	-9	275
Total	-1 327	-32	-250	-428	-188	290	-1 935



Note 10 Interest rate risk, cont.

31.03.2010	Up to 3 mnths.	From 3 mnths. to 12 mnths.	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow	Total
Assets ²							
Holdings equity funds	1	0	0	0	0	1	2
Alternative investments	16	0	0	0	0	1	18
Financial derivatives classified as assets	-43	9	-5	-137	-131	40	-267
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	1	1
Debt instruments held to maturity measured at amortized cost	0	0	0	0	0	0	0
Bonds and other fixed-return securities	-17	-31	-330	-327	-107	13	-799
Fixed income fund holdings	-1 264	0	0	0	0	2	-1 262
Lendings and receivables	-8	-8	0	0	0	22	6
Lendings	0	-8	-56	-23	0	271	184
Total assets	-1 315	-38	-391	-486	-238	351	-2 117
Liabilities							
Financial derivatives classified as liabilities	1	0	70	130	0	5	206
Hybrid Tier 1 securities, subordinated loan capital	0	0	0	43	20	0	63
Liabilities created on issue of securities	0	0	0	0	0	-30	-30
Liabilities to financial institutions	27	0	0	0	0	-296	-269
Total liabilities	28	0	70	173	20	-321	-30
Total	-1 327	-32	-250	-428	-188	290	-1 935

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

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

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 11 Liquidity risk

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

31.03.2011 NOK million	Within 1 mnth	1-12 mnth.	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan	124	174	2 951	659	0	3 908
Perpetual hybrid Tier 1 securities	0	81	161	201	1 498	1 941
Debt to and deposits from customers	1 441	0	0	0	0	1 441
Covered bonds issued	0	3 376	10 625	919	0	14 920
Receivables from credit institutions	599	8 765	0	0	0	9 364
Financial derivatives	45	316	472	167	76	1 077
Accounts payable	568	0	0	0	0	568
Contingent liabilities	3 018	0	0	0	0	3 018
Total	5 795	12 712	14 209	1 947	1 574	36 238

31.03.2010 NOK million	Within 1 mnth	1-12 mnth.	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan	139	163	603	3 188	0	4 092
Perpetual hybrid Tier 1 securities	0	86	173	216	1 529	2 005
Debt to and deposits from customers	359	0	0	0	0	359
Covered bonds issued	0	0	2 551	0	0	2 551
Receivables from credit institutions	0	15 341	8 074	919	0	24 334
Financial derivatives	70	267	403	256	92	1 089
Accounts payable	10	0	0	0	0	10
Contingent liabilities	1 973	0	0	0	0	1 973
Total	2 551	15 857	11 804	4 579	1 622	36 412

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

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

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

For information regarding disbursement profile on insurance liabilities please refer to the liquidity note in the annual report for 2010.



Non-financial accounts interim report Q1 2011

Note		Q1 2011	Target 2011	2010	2009
Environment					
1	Energy consumption kWh KLP Huset	1 130 790	5 098 896	5 367 259	
1	Energy consumption kWh own offices Trondheim	59 937	339 301	357 159	
1	Energy consumption kwh own office Bergen	223 546	514 270	541 337	
Employees					
		753		762	742
	Percentage reported sickness absence 12 months rolling	4,5	below 4,5	4,4	4,2
	Percentage reported sickness absence quarter	4,9			
Responsible investments					
	Number of exclusions of companies from the investment portfolio	59	NA	59	47
	Number of companies reinstated in the investment portfolio	0		3	10
	Number of general meetings in Norwegian companies in which KLP has voted	11		127	123
	Number of general meetings in foreign companies in which KLP has voted	150		1 533	1 558
	Dialogue with number of companies	71	110		

Note 1 Energy consumption

Target is based on Group scorecard "5% reduction in tonne CO₂/employee, 1 kwh corresponds to about NOK 1 and 1 g CO₂



Accounts after the first quarter 2011 Kommunal Landspensjonskasse

Notes	Income statement NOK million	Q1 2011	Q1 2010	2010
	Premium income	3 315	2 956	20 345
	Income from investments in subsidiaries, associated enterprises and jointly controlled enterprises	383	766	2 922
	Interest income/dividends on financial assets	2 792	1 680	6 998
	Value changes on investments	-1 684	2 038	5 438
	Gains and losses realised on investments	1 282	-93	69
	Net income from investments in the common portfolio	2 772	4 391	15 427
	Net income from unit-linked portfolio	13	7	21
	Other insurance-related income	165	158	650
	Claims	-2 633	-3 415	-10 080
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-1 257	-2 693	-22 331
	Changes in insurance liabilities investment option portfolio	6	-3	-29
	Funds assigned to insurance contracts - contractual liabilities	-2 017	-1 053	-2 581
3	Insurance-related operating expenses	-171	-154	-714
	Other insurance-related costs	-164	-158	-651
	Technical profit/loss	29	36	59
	Net income from investments in the corporate portfolio	242	146	712
	Other income	3	3	13
	Administration costs and other costs associated with the corporate portfolio	-52	-50	-212
	Non-technical profit/loss	193	98	513
	Result pre-tax	222	134	572
	Tax	0	0	0
	Result before other result components	222	134	572
	COMPREHENSIVE INCOME	222	134	572



Accounts after the first quarter 2011 Kommunal Landspensjonskasse

Notes	Balance NOK million	31.03. 2011	31.03. 2010	31.12. 2010
ASSETS				
ASSETS IN THE CORPORATE PORTFOLIO				
	Intangible assets	313	325	306
	Investments	15 096	13 888	14 787
	Receivables	822	607	756
	Other assets	824	437	521
	Total assets in the corporate portfolio	17 055	15 257	16 371
ASSETS IN THE CUSTOMER PORTFOLIOS				
	Investments in the common portfolio			
	Shares and holdings in property subsidiaries	25 384	22 826	25 122
6	Receivables from and securities issued by subsidiaries, associated enterprises and jointly controlled enterprises	3 200	3 351	3 200
5	Financial assets valued at amortised cost	101 251	97 709	100 223
5	Financial assets valued at fair value	110 579	84 842	99 092
	Total assets in the customer portfolios	240 414	208 728	227 637
	Assets in the investment option portfolio			
	Shares and holdings in property subsidiaries	155	30	33
5	Financial assets at amortised costs	494	0	103
5	Financial assets at fair value	688	218	139
	Total assets in unit-linked portfolio	1 338	248	274
	ASSETS	258 807	224 234	244 282
OWNERS' EQUITY AND LIABILITIES				
	Owners' equity contributed	5 623	5 081	5 628
	Retained earnings	5 329	4 669	5 107
	Subordinated loan capital etc.	3 978	3 962	4 074
4	Insurance obligations in life insurance - contractual liabilities	229 445	207 991	227 260
	Insurance liabilities unit-linked portfolio	1 329	248	273
	Provision for liabilities	340	376	340
	Liabilities	12 710	1 852	1 544
	Accrued costs and prepaid income	53	53	57
	OWNERS' EQUITY AND LIABILITIES	258 807	224 234	244 282
	Off-balance sheet items			
	Contingent liabilities	2 657	1 973	2 978



Accounts after the first quarter 2011 Kommunal Landspensjonskasse

Cash flow analysis NOK million	01.01.11 -31.03.11	01.01.10 -31.12.10	01.01.10 -30.09.10	01.01.10 -30.06.10	01.01.10 - 31.03.10
Net cashflow from operational activities	1 506	16 395	5 353	4 327	1 497
Net cashflow from investment activities	-1 199	-17 101	-5 986	-4 260	-1 583
Net cashflow from financing activities	-5	662	519	-21	-26
Net changes in cash and bank deposits	302	-44	-114	46	-112
Holdings of cash and bank deposits at start of period	460	504	504	504	504
Holdings of cash and bank deposits at end of period	762	460	390	549	392



Note 1 Accounting principles

The accounts in this interim report show the accounts for Kommunal Landspensjonskasse (KLP) and the Group for the period 01.01.2011 - 31.03.2011. The accounts have not been audited. The interim accounts do not contain all the information required of full annual accounts.

It is recommended that this interim report be read in conjunction with the annual report for 2009 and the interim report for Q1, Q2 and Q3 2010. 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 accounts 2010, the interim accounts have been submitted in accordance with Regulation 1241 of 16 December 1998: Regulations on annual accounts etc. for insurance companies (the Annual Accounts Regulations).

Note 2 Value-adjustment investment property

The portfolio of investment properties including investment properties owned via subsidiaries has been valued as at 31st March 2011.

NOK million	Q1 2011	Q1 2010	01.01.10 - 31.12.10
Value adjustment incl. foreign exchange	143	446	1 634
Foreign exchange effect on hedging	-28	53	106
Net value adjustment incl. exchange hedging	115	499	1 740

Note 3 Operating expenses

NOK million	31.03. 2011	31.03. 2010	31.12. 2010
Staff costs	97	91	344
Depreciation	19	11	118
Other operating expenses	55	51	252
Insurance related expenses	171	154	714

Note 4 Insurance-related provisions - obligations under contract

NOK million	31.03. 2011	31.03. 2010	31.12. 2010
Premium reserve	207 079	191 632	206 075
Premium fund(s)	3 486	2 844	3 512
Supplementary reserve	10 095	8 095	10 144
Securities adjustment fund	6 697	4 303	7 450
Other provisions	75	69	79
Not-appropriated result to insurance contracts in the common portfolio.	2 013	1 049	0
Insurance-related provisions - obligations under contract	229 445	207 991	227 260

Note 5 Financial assets

NOK million	31.03.2011	31.03.2010	31.12.2010
Financial assets corporate portfolio			
Investments held to maturity	3 243	3 202	3 238
Bonds loans and receivables	3 360	2 437	3 341
Total financial assets valued at amortised cost	6 603	5 639	6 579
Shares and holdings	1 326	1 265	1 222
Bonds and other fixed-return securities	2 012	1 924	2 021
Lending and receivables	646	1 685	504
Financial derivatives	92	363	86
Other financial assets	2	0	0
Total financial assets valued at fair value	4 078	5 237	3 833
Total financial assets corporate portfolio	10 681	10 876	10 411
Financial assets common portfolio			
Investments held to maturity	37 940	40 760	37 982
Bonds loans and receivables	36 951	30 609	35 788
Lending	26 359	26 340	26 453
Total financial assets valued at amortised cost	101 251	97 709	100 223
Shares and holdings	34 642	23 879	34 235
Bonds and other fixed-return securities	51 154	51 033	51 456
Lending and receivables	13 411	9 405	12 266
Financial derivatives	709	487	1 117
Other financial assets	10 663	38	18
Total financial assets valued at fair value	110 579	84 842	99 092
Total financial assets common portfolio	211 830	182 551	199 315
Financial assets investment choice portfolio			
Investments held to maturity	204	0	48
Bonds loans and receivables	290	0	55
Total financial assets valued at amortised cost	494	0	103
Shares and holdings	308	49	64
Bonds and other fixed-return securities	356	174	73
Lending and receivables	24	2	1
Financial derivatives	2	0	0
Other financial assets	-1	-7	0
Financial assets valued at fair value	688	218	139
Total financial assets investment choice portfolio	1 182	218	241
Total financial assets	223 693	193 645	209 967



Note 6 Transactions with related parties

KLP granted KLP Banken a loan of 3,2 NOK billion as at 31.12.2010. The loan was given at market rate (NIBOR + margin) and is due 15.06.2011.



**Kommunal Landspensjonskasse**

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