

Interim report 3 / 2011

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



kfp

for the days to come

Contents

Report from the Board of directors	3
- Results	3
- Key figures	4
Group accounts after the third quarter 2011	
- Income statement	8
- Balance	9
- Notes to the Group accounts	12
Non-financial accounts interim report	27
Accounts after the third quarter 2011 Kommunal Landspensjonskasse	
- Income statement	28
- Balance	29
- Notes to the accounts	31

Interim report after third quarter 2011

The value of solid and flexible buffer capital has been affirmed over the third quarter

- Total profit to customers NOK 3.4 billion
- Key figures so far this year:
 - 1.1 per cent value-adjusted return - common portfolio public sector occupational pensions
 - 3.7 per cent book return - common portfolio public sector occupational pensions
 - 3.5 per cent return - corporate portfolio
- Securities adjustment fund NOK 1.9 billion

KLP - Group

The disquiet in the financial markets grew over the third quarter. This demonstrated the importance of having solid and flexible buffers.

KLP's securities adjustment fund represented a solid NOK 1.9 billion at the end of the quarter despite falling stock markets. The market value of assets brought to book at amortised cost has increased, and at the end of the quarter it was NOK 4.1 billion higher than book value.

The management of the life company's assets over the first nine months produced a book return of 3.7 per cent and a value-adjusted return of 1.1 per cent in markets characterised by a large degree of disquiet and uncertainty.

At the end of the quarter the Group had total assets of NOK 284.5 billion.

Public sector occupational pension

Komunal Landspensjonskasse (KLP) is the parent company in the Group. The main product is public sector occupational pensions.

Result for the third quarter 2011

Returns result

During the third quarter of 2011 KLP achieved a returns result (return in excess of guaranteed interest) of NOK -0.3 billion (2.0). Financial income from customer assets was

NOK -2.7 (6.1) billion in the quarter. Book return on the common portfolio was 0.6 per cent and value-adjusted return was -1.2 per cent for the third quarter.

Risk result

There were no unexpected risk matters of any significance in the Company's insurance portfolio during the third quarter. The risk result was NOK 17 million for the quarter and NOK 112 million so far this year.

Administration result

The Company's administration result shows a surplus of NOK 7 million in the third quarter 2011 (NOK 19 million) and NOK 72 million so far this year.

Total income and allocations

The total result for the Company was NOK 51 million for the quarter. The total result for customers was NOK -316 million.

Post-third quarter income statement NOK million	Customers	The company	Total
Interest result	3 124	3	3 127
Risk result	58	54	112
Administration profit/loss		72	72
Interest guarantee premium		158	158
Net income corporate portfolio		367	367
Return on the corporate portfolio credited to customers	141	-141	-
Result Q3 2011	3 324	512	3 836
Result Q3 2010	3 595	412	4 007
Result 2010	4 651	572	5 222

1) Figures in brackets give corresponding values for Q3 2010



Key figures <i>Per cent</i>	Q3 2011	Q3 2010	Year 2010
Capital return I	3.7	3.9	5.1
Capital return II	1.1	5.1	7.5
Capital return III	1.9	6.0	7.4
Capital adequacy	11.4	12.3	12.0
Solvency margin ratio	227	216	231
Insurance-related operating expenses as a percentage of average customer funds)	0.32	0.32	0.34

Financial strength and capital-related matters

The total assets in the parent company were NOK 257.7 billion (238.6 billion) at the end of the quarter. Total Group assets at the end of the quarter were NOK 284.5 billion (267.3 billion).

The capital adequacy ratio for KLP at the end of the quarter was 11.4 per cent (12.3) and core capital adequacy was 9.0 per cent (9.4).

The asset side of the statement of financial position shows growth of NOK 13.5 billion so far this year.

The securities adjustment fund was NOK 1.9 billion at the end of the quarter and, in addition to the supplementary reserves, it represents a solid buffer against fluctuations in the financial markets.

At the end of the quarter KLP had total solvency capital of NOK 34.7 billion, representing 15.6 per cent of the insurance funds with interest rate guarantees.

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

Premium income

Premium income was NOK 17 664 million (NOK 16 910 million), an increase of NOK 754 million on the third quarter of 2010 (4.5 per cent). Growth in premiums can primarily be attributed to growth in the volume of customers. Premiums for salary and G (National Insurance Basic Sum) adjustment amounted to NOK 7 490 million (8 012).

Total premium income of NOK 17 772 million also includes NOK 108 million (NOK 50 million) in reserves transferred in.

Claims

Pensions paid and other claims increased by 10.6 per cent and amounted to NOK 7 182 million (NOK 6 491 million) so far this year.

Total claims of NOK 7 492 million also include NOK 310 million (NOK 1 389 million) in reserves transferred out.

Management of the common portfolio

The assets in the common portfolio totalled NOK 230.9 billion (NOK 214.7 billion) and as at 30 September 2011 were invested as shown below:

Assets <i>Per cent</i>	Portion 30.09. 2011	Return as at Q3 2011	Return as at Q3 2010	Portion 31.12. 2010
Shares	14.3	-14.2	3.6	18.5
Short-term bonds	22.1	5.7	8.0	22.4
Long-term/HTM bonds	33.7	3.8	3.9	32.8
Lending	11.2	2.8	2.7	13.0
Property	12.0	5.6	9.3	11.3
Other financial assets	6.6	2.0	2.0	2.0

The third quarter 2011 was affected by a strong negative development in the stock markets and increasing risk premiums on credit. On the other hand, further falls in interest rates on long bonds led to a rise in value of the portfolio of short term bonds. Weak macroeconomic indicators and major uncertainty concerning the debt situation in Europe characterised the markets during the third quarter.

KLP's investments in government bonds from PIIGS countries are limited to Italian and Spanish securities. These represented 1.9 per cent of the investments in the common portfolio.

Shares

Total exposure in shares including share derivatives represented just over 14 per cent at the end of the third quarter. Both the international stock markets and the Norwegian market fell relatively heavily over the third quarter. KLP's global index fell by 14.9 per cent whilst the Oslo Stock Exchange fell by 17.3 per cent over the quarter.

Short-term bonds

Short-term bonds and money market instruments made up slightly less than 29 per cent of the assets in the common portfolio as at 30 September 2011. Interest-bearing placements in government or government-guaranteed securities comprised



a little over 30 per cent of KLP's total bonds investments. The global government bonds index achieved an exchange-rate hedged return of 4.7 per cent in the third quarter, whilst the international credit bonds index KLP uses had an exchange-rate hedged return of 2.4 per cent in the third quarter 2011. The Norwegian government bonds index had a return of 4.8 per cent during the third quarter.

Bonds held to maturity

Investment in bonds held to maturity made up slightly less than 34 per cent of the common portfolio as at 30 September. Non-booked surplus value of financial assets booked at amortised cost increased over the third quarter and was about NOK 3.4 billion as at 30 September. 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 12 per cent of the common portfolio as at 30 September. KLP carries out a thorough valuation of its property stock each quarter. The review during the third quarter of 2011 gives grounds for a small write-up of NOK 46.8 million in the common portfolio. The operating return in the common portfolio including valuation adjustment was 1.3 per cent in the third quarter.

Lending

KLP's lending in the common portfolio was NOK 25.5 billion. This was divided between NOK 18.9 billion in lending to local authorities and other employers, and NOK 6.6 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. Surplus value not brought to book of fixed interest rate loans in the lending portfolio made up NOK 268 million as at 30 September.

Corporate portfolio

The corporate portfolio covers placement 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 3.5 per cent at the end of the third quarter.

Regulatory framework, product and market conditions

The result of the year's tendering processes in public sector occupational pensions is so far positive. KLP has won both of the two competitions that have been concluded, with premium reserves amounting to approximately NOK 1 billion.

There are still six local authorities that have their pension schemes out to tender and that are yet to decide on a provider. These represent premium reserves totalling NOK 1.9 billion. Two of these authorities are currently with KLP. They have premium reserves totalling some NOK 600 million.

The work being done towards the introduction of Solvency II is on schedule. Important clarifications within the regulations are still not available, which makes the process all the more challenging.

The business areas of the subsidiaries

Private occupational pensions

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

There is a high level of activity in KLP Bedriftspensjon and this is demonstrated by a satisfactory growth in volume. The insurance funds represent NOK 810 million (NOK 517 million) as at 30 September.

KLP Bedriftspensjon achieved a book return in the common portfolio of 0.4 per cent and a value-adjusted return of -1.3 per cent in the third quarter. So far this year value-adjusted returns are 1.3 per cent and book returns 3.8 per cent. The defined contribution pension customers achieved a return of -5.8 per cent for the quarter.

Returns in the third quarter were marked by the uneasy financial markets. The result for customers for the quarter was NOK -4.5 million (NOK 6.3 million), but so far this year it has been positive by NOK 6.8 million. The administration result continues to be marked by low volume in relation to the level of investment in systems and other costs. Including a negative administration result of NOK 19 million (NOK -6.4 million), the company's comprehensive result so far this year was NOK -13.8 million (NOK -12.1 million).



Return	As at Q3		Year
	2011	2010	2010
Common portfolio			
Capital return I	3.8	5.1	6.0
Capital return II	1.3	5.6	8.3
Defined contribution with investment choice	-4.1	4.4	9.3
Profile P90	-12.8		12.1
Profile P80			11.2
Profile P70	-8.7		10.5
Profile P60	-6.4		9.9
Profile P50	-4.1		9.2
Profile P40	-1.8		8.5
Profile P30	-0.4		7.0
Profile P20	1.9		6.2
Profile P10	3.3		2.5

The profile name indicates portion of shares in the portfolio.

Non-life insurance

At the end of the third quarter KLP Skadeforsikring AS had an operating result of NOK 33.4 million (NOK 59.5 million). Weak stock markets led to net financial revenues of NOK -4.5 million in the third quarter.

The claims ratio for own account was 97.4 per cent for the year's business (95.7). Business linked to motor vehicles and property has weakened the insurance result. So far this year the Company has not been notified of any individual claims over NOK 10 million.

KLP Skadeforsikring is steadily making increased inroads into the personal customer market with NOK 33 million in net new sales after nine months of the year.

There is still a positive run off result, NOK 55.7 million, from previous years' reserves.

Accrued premium income for own account increased by 10.6 per cent compared to the same period last year.

Securities management

Securities management in the KLP Group is conducted by KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS, and the assets are managed in discretionary mandates and securities funds. At the end of the third quarter 2011 a total of NOK 180 billion was under management for Group customers and NOK 13 billion for customers outside the Group.

During the quarter, management of index-tracker funds investing in emerging markets was initiated. One fund for institutional investors and one fund for personal customers were set up. In addition to this a fund was established based on what is known as the "All country" index, which invests both in developed and emerging markets.

Banking business

In September, after almost two years' operation as an online bank, KLP Banken had exceeded NOK 2.4 billion in lending to personal customers. Lending growth so far this year exceeds 95 per cent. The demand for new housing loans is good, but the market is characterised by strong competition.

Since start-up, emphasis has been placed on offering good terms for deposits and KLP Banken is amongst the market leaders. The members of KLP's pension schemes are offered particularly good deposit terms. Of the active depositors 61 per cent are members.

In addition KLP Banken manages an existing portfolio of housing mortgages of about NOK 6.6 billion for KLP. This portfolio is falling since new loans to the personal market are only offered by KLP Banken.

KLP Kommunekreditt is the brand-name for the Group's lending to the public sector. The lending volume was about NOK 44 billion at the end of the third quarter, of which NOK 25 billion is loan-financed and NOK 19 billion is financed by means of the life company's assets. The loan-financed lending business is principally based on the issuance of covered bonds (obligasjoner med fortrinnsrett - OMF) in Norway, and abroad with durations of 1 to 10 years. When KLP took over Kommunekreditt Norge AS in 2009 a borrowing agreement was set up with Eksportfinans to finance the lending taken over. In September 2011 the final instalment was made on this loan.

Group activities

KLP and society

In 2010 KLP presented non-financial accounts for the first time. This practice is being continued into 2011, so this interim report includes non-financial accounts, which replace the major part of the previous written description.

A responsible investor and owner

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



in this work is also an active dialogue with the relevant companies.

As at the third quarter KLP and the KLP funds had voted so far this year at a total of 110 general meetings in companies listed on the Oslo Stock Exchange. This represents 92 per cent of the general meetings at which KLP has been entitled to vote. In total KLP has voted on about 1 200 items at these general meetings. In about 12 per cent of these matters KLP chose to vote against the proposals of the boards of directors.

The organisation

Leif Magne Andersen has been appointed the new managing director of KLP Banken.

Future prospects

Uncertainty and disquiet in the financial markets are factors one must live with. KLP is facing up to this by building up solidity in year with good results.

The composition of the funds managed is monitored continuously in order to secure the Company's income targets and make sure the risk in the portfolios is in proportion to the Company's risk-bearing capacity.

KLP did not need to reduce the share portfolio as a result of the fall on the stock exchange in the third quarter. In view of the positive stock markets so far in the fourth quarter, this has proved profitable. KLP is well positioned to participate in any further upturn, but is also well prepared to sustain negative developments in the market.

There is keen competition in the market for public sector occupational pensions. Feedback from customers, both directly and through the results of the tendering competitions so far this year, is good. This inspires us to continue our work with emphasis on good returns, good service and efficiency.

Oslo, 1st November 2011

The Board of directors Kommunal Landspensjonskasse

Arne Øren
Chair

Finn Jebsen
Deputy chair

Gunn Marit Helgesen

Marit Torgersen

Herlof Nilssen

Jan Helge Gulbrandsen

Siv Holland
Elected by and from the employees

Freddy Larsen
Elected by and from the employees



Group accounts after the third quarter 2011

Notes	Income statement Group NOK million	Q3 2011	Q3 2010	01.01.11- 30.09.11	01.01.10- 30.09.10	01.01.10 - 31.12.10
	Premium income for own account	11 294	10 993	18 414	17 529	20 959
	Current return on financial investments	1 681	2 498	7 196	6 127	7 542
	Net interest income from bank	34	15	88	26	87
	Net value change on financial instruments	-4 325	2 777	-5 570	2 763	5 920
5	Net income from investment properties	302	1 027	1 526	2 241	2 907
	Other income	190	201	563	576	781
	Total income	9 176	17 511	22 217	29 262	38 196
	Claims for own account	-2 640	-2 289	-7 879	-8 397	-10 590
	Change in provisions	-9 986	-9 953	-14 513	-12 910	-15 394
	Net costs subordinated loans and perpetual subordinated loans	-411	38	-347	-313	-301
4	Operating expenses	-278	-211	-767	-689	-980
	Other expenses	-167	-143	-498	-488	-670
	Total expenses	-13 482	-12 557	-24 003	-22 797	-27 935
	Operating result	-4 305	4 954	-1 787	6 464	10 261
	To/from valuation reserves in life insurance	4 037	-2 614	5 607	-2 491	-5 077
	To/from supplementary provisions in life insurance	31	0	31	0	-2 074
	Assets allocated to life insurance customers	290	-2 115	-3 361	-3 605	-2 586
3	Consolidated group profit before tax	53	225	490	368	524
	Tax	0	0	-21	0	-21
	Result	53	225	470	368	503
	Revaluation own properties	0	1	73	26	43
	Currency effects foreign affiliates	55	-72	-19	18	26
	Total other comprehensive income	56	-71	54	44	69
	Total comprehensive income	108	154	523	412	572



Group accounts after the third quarter 2011

Notes	Balance NOK million	30.09. 2011	30.09. 2010	31.12. 2010
ASSETS				
	Intangible assets	370	421	366
	Tangible fixed assets	1 041	988	959
	Investments in associated companies	3	3	3
5	Investment property	28 106	25 621	26 105
9	Debt instruments held to maturity	41 684	46 773	42 291
9	Debt instruments at fair value in profit/loss account	41 923	32 389	39 897
8,9	Lending to municipalities, companies and private individuals at fair value over P&L	3 447	19 024	3 974
9	Lending to municipalities, companies and private individuals	50 421	38 105	52 041
8,9	Debt instruments at fair value over P/L	70 574	64 729	64 305
8	Equity instruments at fair value over P/L	33 860	26 898	35 933
8,9	Financial derivatives	758	1 083	1 386
	Other loans and receivables incl. receivables from policyholders	8 990	9 022	1 460
9	Assets in life insurance with investment choice	176	104	126
	Cash and bank deposits	3 165	2 157	2 924
	Total assets	284 518	267 318	271 769
OWNERS' EQUITY AND LIABILITIES				
	Paid-up equity	6 217	5 626	5 628
	Retained earnings	5 709	5 026	5 186
	Total equity	11 927	10 652	10 814
6	Perpetual subordinated loan	1 119	1 001	973
6	Subordinated loan capital	3 146	3 121	3 100
	Pension obligations	476	522	476
7	Technical provisions - life insurance	238 737	222 528	227 966
7	Provisions in life insurance with investment option	176	104	126
	Premiums, claims and contingency fund provisions - non-life ins.	2 598	2 611	2 544
6	Covered bonds issued	22 074	6 495	9 250
6, 8	Debt to financial institutions	887	17 270	13 287
6	Deposits from and liabilities to customers	1 715	656	1 026
8	Financial derivatives	1 518	741	520
	Deferred tax	41	0	21
	Other short term debt	104	1 617	1 665
	Total liabilities	272 591	256 667	260 955
	Total owners' equity and liabilities	284 518	267 318	271 769
	Contingent liabilities	3 566	2 879	3 678



Group accounts after the third quarter 2011

Cashflow - Group NOK million	01.01.11 -30.09.11	01.01.11 -30.06.11	01.01.11 -31.03.11	01.01.10 -31.12.10	01.01.10 -30.09.10
Net cashflow from operational activities	8 460	8 269	4 757	17 526	12 663
Net cashflow from investment activities	-8 372	-6 074	-1 719	-6 047	-6 478
Net cashflow from financing activities	153	-337	-2 392	-10 668	-6 141
Net changes in cash and bank deposits	241	1 857	647	810	44
Holdings of cash and bank deposits at start of period	2 924	2 924	2 924	2 113	2 113
Holdings of cash and bank deposits at end of period	3 165	4 782	3 571	2 924	2 157



Group accounts after the third 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	470	470
Other comprehensive income			
Revaluation of properties for own use	0	73	73
Currency effect foreign affiliates	0	-19	-19
Total other comprehensive income	0	54	54
Total comprehensive income	0	523	523
Transactions with owners			
Equity paid-in	596	0	596
Equity reimbursed	-7	0	-7
Total transactions with owners	589	0	589
Equity 30.09.2011	6 217	5 709	11 927

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	368	368
Other comprehensive income			
Revaluation of properties for own use	0	26	26
Currency effect foreign affiliates	0	18	18
Total other comprehensive income	0	44	44
Total comprehensive income	0	412	412
Transactions with owners			
Equity paid-in	556	0	556
Equity reimbursed	-35	0	-35
Total transactions with owners	521	0	521
Equity 30.09.2010	5 626	5 026	10 652



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 – 30.09.2011. 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. The annual report may be obtained at www.klp.no.

Note 2 Key figures - accumulated

NOK million	Q3-11	Q2-11	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10	Q4-09
KLP Group								
Profit before tax	490	438	188	524	368	143	102	776
Total assets	284 518	285 149	287 849	271 736	267 318	263 880	258 128	258 549
Owners' equity	11 927	11 228	11 031	10 814	10 632	9 958	9 829	9 721
Capital adequacy	11.0 %	10.8 %	11.0 %	11.5 %	11.6 %	11.6 %	n/a	12.0 %
Number of employees in the Group	769	768	753	762	763	755	745	741
Kommunal Landspensjonskasse								
Profit before tax	512	461	222	572	412	258	134	738
Premium income for own account	17 772	6 649	3 315	20 345	16 960	5 984	2 956	18 868
- of which inflow of premium reserve	108	63	63	54	49	20	17	285
Insurance customers' funds incl. acc. profit	7 492	4 991	2 633	10 082	7 881	5 589	3 415	9 979
- of which funds with guaranteed returns	310	309	297	1 389	1 389	1 387	1 328	2 069
Net investment common portfolio	230 914	236 763	240 414	225 522	214 704	208 638	208 273	204 237
Net investment chose portfolio	1 380	1 453	1 338	274	267	254	248	239
Insurance funds incl. earnings for the year	238 102	233 982	229 445	227 533	222 120	208 740	208 239	204 486
- of which funds with guaranteed interest	223 335	214 061	207 968	207 026	203 870	196 573	194 476	193 641
Tier 1 and Tier 2 capital	14 433	13 631	13 765	13 221	13 201	12 705	12 595	12 606
Risk profit	112	95	53	160	61	45	20	274
Return profits	3 127	3 455	1 915	4 280	3 371	1 360	996	6 126
Administration profit	72	65	30	82	79	60	36	161
Solvency capital	34 657	35 408	33 427	33 308	34 583	28 940	29 533	25 329
Solvency margin ratio	227 %	227 %	230 %	224 %	216 %	219 %	220 %	222 %
Capital adequacy	11.4 %	11.2 %	11.5 %	12.0 %	12.3 %	12.2 %	12.7 %	12.6 %
Core capital ratio	9.0 %	8.8 %	9.0 %	9.3 %	9.4 %	9.2 %	9.7 %	9.6 %
Book return on common portfolio	3.7 %	3.1 %	1.6 %	5.1 %	3.9 %	2.2 %	1.2 %	6.4 %
Value-adjusted return on common portfolio	1.1 %	2.3 %	1.2 %	7.5 %	5.1 %	2.1 %	2.2 %	7.7 %
Return on unit-linked portfolio	-0.3 %	1.9 %	1.1 %	8.6 %	5.3 %	1.7 %	2.6 %	9.2 %
Return on corporate portfolio	3.5 %	3.3 %	1.7 %	5.2 %	3.8 %	2.4 %	1.1 %	6.7 %



NOK million	Q3-11	Q2-11	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10	Q4-09
KLP Skadeforsikring AS								
Profit before tax	33	40	12	78	60	12	36	217
Gross premium due	586	520	365	631	574	521	362	609
Premium income for own account	442	288	141	539	400	265	131	569
Owners' equity	497	501	483	483	454	424	446	430
Claims ratio	82.5 %	82.3 %	94.4 %	91.5 %	94.2 %	108.0 %	106.9 %	66.5 %
Combined-ratio	109.6 %	109.6 %	123.3 %	121.9 %	123.1 %	134.9 %	134.3 %	95.5 %
Return on assets under management	2.6 %	2.8 %	1.3 %	7.2 %	5.2 %	2.7 %	2.5 %	8.3 %
Capital adequacy	30.9 %	30.0 %	31.5 %	32.0 %	27.1 %	29.8 %	29.9 %	33.6 %
Tier 1 and Tier 2 capital	439	438	436	433	381	387	383	387
Annual premium volume per person	82	54	25	79	51	33	15	39
Annual premium volume employer	504	466	341	552	524	488	347	570
Net new subscriptions (accumulated within the year)	44	34	15	68	51	40	12	52
KLP Bedriftspensjon AS								
Loss before tax	-13.8	-6.8	-2.4	-17.1	-12.1	-7.1	-3.1	-13.5
Premium income for own account	259.6	212.3	47.8	149.5	113.1	93.1	80.1	51.6
- of which premium reserve added	191.2	166.3	25.3	97.7	77.0	73.0	68.0	26.6
Insurance customers' funds including accumulated profit	810.3	796.3	622.3	559.0	512.8	485.6	486.8	389.3
- of which funds with guaranteed returns	589.9	566.6	423.0	396.3	392.1	389.7	380.5	358.6
Investment result	6.6	11.9	8.1	9.9	9.5	2.5	4.7	11.6
Risk result	2.8	2.3	1.2	3.6	3.4	3.2	1.2	1.2
Administration losses	-19.0	-11.6	-4.9	-23.4	-17.5	-11.1	-5.3	-18.3
Tier 1 and Tier 2 capital	32.3	39.4	43.9	46.7	51.5	24.9	29.3	32.5
Solvency capital	77.6	88.2	87.8	89.3	95.7	63.3	72.9	68.1
Capital adequacy	9.4 %	12.0 %	16.8 %	19.6 %	23.1 %	11.9 %	14.2 %	18.9 %
Book capital return on common portfolio	3.8 %	4.2 %	2.6 %	6.0 %	5.1 %	3.1 %	2.0 %	7.1 %
Value-adjusted capital return on common portfolio	1.3 %	2.6 %	1.5 %	8.3 %	5.6 %	2.4 %	2.5 %	8.3 %
Return on defined unit-linked contribution pensions	-3.9 %	1.9 %	1.5 %	9.3 %	4.4 %	-2.0 %	2.9 %	23.3 %
Return on corporate portfolio	3.2 %	1.9 %	0.6 %	5.0 %	4.6 %	2.4 %	1.4 %	8.4 %



NOK million	Q3-11	Q2-11	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10	Q4-09
KLP Banken Group								
Profit/loss before tax	-33.5	-20.9	1.6	35.9	-8.0	-4.9	-19.8	6.1
Net interest income	11.1	10.1	11.3	31.6	25.6	10.3	5.8	144.4
Other operating income	46.2	30.9	17.6	54.6	35.8	20.7	10.1	17.9
Operating expenses and depreciation	-97.7	-62.4	-28.5	-109.6	-79.8	-53.1	-28.8	-76.6
Net realized/unrealized changes in financial instruments to fair value	7.0	0.5	1.1	59.2	10.5	17.2	-7.0	-79.6
Contributions	1 715.1	1 530.4	1 440.9	1 025.7	656.2	539.7	359.2	35.6
Housing mortgages granted	2 476.9	2 057.0	1 614.3	1 266.6	797.9	345.1	49.1	-
Loan(s) with public guarantee(s)	25 652	24 732	24 794	25 062	26 433	26 909	32 374	33 158
Defaulted loans	40.8	3.5	-	-	-	-	-	-
Borrowing on the issuance of securities	22 132	18 635	13 629	9 245	6 487	3 000	3 000	3 000
Other borrowing	6 010	8 313	11 819	16 167	19 782	24 076	29 229	30 241
Total assets	31 387	29 859	28 237	27 865	28 310	29 005	33 968	34 666
Average total assets	29 626	28 862	28 051	31 252	31 488	31 835	34 317	17 334
Owners' equity	1 170	1 179	1 189	1 186	1 187	1 190	1 175	1 195
Net interest rate	0.04 %	0.04 %	0.04 %	0.10 %	0.08 %	0.03 %	0.02 %	0.83 %
Profit/loss from general operations before tax	-0.11 %	-0.07 %	0.01 %	0.11 %	-0.03 %	-0.02 %	-0.06 %	0.04 %
Profit/loss from general operations excl. fair value assessments before tax	-0.14 %	-0.07 %	0.00 %	-0.07 %	-0.06 %	-0.07 %	-0.04 %	0.49 %
Return on owners' equity before tax	-2.86 %	-1.78 %	0.13 %	3.02 %	-0.67 %	-0.41 %	-1.69 %	0.51 %
Capital adequacy	15.6 %	17.1 %	17.7 %	14.2 %	17.6 %	17.9 %	16.2 %	16.0 %
Number of personal customers	13 535	12 555	10 082	7 965	6 099	4 512	2 767	411
Of which members in KLP	8 217	7 495	5 936	4 729	3 728	2 819	1 833	408
KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS								
Profit/loss before tax	21.0	14.0	2.5	19.2	7.3	0.3	-12.9	11.5
Total assets under management	192 636	192 446	186 521	185 714	172 810	166 424	171 052	167 052
Assets managed for external customers	13 143	14 704	13 820	14 170	12 771	11 862	12 461	11 378

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

Time series result - by quarter

NOK million	Q3-11	Q2-11	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10	Q4-09
Total income	13 535	6 457	7 340	11 647	12 808	5 657	8 140	7 049
Total expenses	-13 482	-6 207	-7 153	-11 491	-12 583	-5 615	-8 038	-6 786
Consolidated group profit before tax	53	250	188	156	225	41	102	263
Results by segment								
Life insurance	84	215	172	84	174	36	98	236
Non-life	-20	40	12	18	47	-24	36	38
Banking	-15	-21	2	41	-3	15	-20	-14
Asset management	5	14	2	12	6	14	-13	2
Other business	-1	2	0	0	0	1	0	1
Consolidated group profit before tax	53	250	188	156	225	41	102	263



Note 4 Operating expenses

NOK million	Q3 2011	Q3 2010	01.01.11 -30.09.11	01.01.10 -30.09.10	01.01.10 -31.12.10
By class:					
Staff costs	161	100	462	385	540
Depreciation	23	20	61	50	156
Other operating costs	94	91	243	254	284
Total operating expenses	278	211	767	689	980

Note 5 Investment property

Profit/loss NOK million	Q3 2011	Q3 2010	01.01.11 -30.09.11	01.01.10 -30.09.10	01.01.10 -31.12.10
Profit/loss property	256	331	1 133	923	1 316
Value adjustment	46	696	393	1 317	1 591
Net income from investment properties	302	1 027	1 526	2 241	2 907

Balance NOK million	30.09.2011	30.09.2010	31.12.2010
Value: investment property - opening balance	26 105	23 089	23 089
Value adjustment	393	1 317	1 591
Net increase	1 614	1 722	1 074
Other changes	- 5	-507	351
Value: investment property - closing balance	28 106	25 621	26 105



Note 6 Financial liabilities

NOK million	Nominal value in NOK	Currency	Interest rate	Due date	Book value 30.09.2011	Book value 30.09.2010	Book value 31.12.2010
Subordinated loan capital and perpetual subordinated loans							
Perpetual subordinated loans							
Kommunal Landspensjonskasse	2 372	EUR	Fixed	Perpetual	2 411	2 445	2 415
Kommunal Landspensjonskasse	554	JPY	Fixed	Perpetual	736	677	685
Hybrid Tier 1 capital							
Kommunal Landspensjonskasse	984	JPY	Fixed	2034	1 119	1 001	973
Total subordinated loan capital and perpetual subordinated loans	3 910				4 265	4 122	4 074
Debt contracted by issuing securities							
Covered bonds							
KLP Kommunekreditt	0	NOK	Floating	2011	0	3 000	3 000
KLP Kommunekreditt	5 900	NOK	Floating	2012	5 900	0	1 500
KLP Kommunekreditt	4 000	NOK	Floating	2013	4 000	0	1 000
KLP Kommunekreditt	1 095	NOK	Floating	2013	1 095	0	0
KLP Kommunekreditt	4 000	SEK	Floating	2014	4 000	0	0
KLP Kommunekreditt	4 300	NOK	Floating	2015	4 300	3 496	3 500
KLP Kommunekreditt	2 000	NOK	Fixed	2015	2 000	0	0
KLP Kommunekreditt	750	NOK	Fixed	2020	750	0	250
Valuation adjustment and accrued interest					29	0	0
Total covered bonds	22 045				22 074	6 495	9 250
Liabilities to credit institutions							
KLP Kreditt	0	NOK	Floating	2010	0	4 321	0
KLP Kreditt	0	NOK	Floating	2011	0	12 949	12 958
KLP Banken	500	NOK	Fixed	2012	559	0	0
Kommunal Landspensjonskasse	328	NOK/ EUR/USD	Floating	2011	328	0	330
Total liabilities to credit institutions	828				887	17 270	13 287
Deposits from customers ¹							
Private	1 695	NOK			1 695	656	905
Business	20	NOK			20	0	121
Total contributions from customers	1 715				1 715	656	1 026
Total financial liabilities	28 498				28 941	28 544	27 636

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

KLP Kreditt repaid the final installments of the Eksportfinans funding in Q3 of 2011.

¹ NOK nominal amount at drawdown.

² There are no contractual due dates for deposits.



Note 7 Insurance-related provisions in life

NOK million	30.09. 2011	30.09. 2010	31.12. 2010
Premium reserve	221 246	204 347	206 707
Premium funds, buffer funds and pensioners' surplus funds	2 161	1 583	954
Supplementary reserves	10 173	8 113	10 179
Securities adjustment fund	1 856	4 878	7 463
Other provisions	116	112	77
Non-allocated profit/loss of insurance contracts in the common portfolio	3 361	3 599	2 586
Insurance-related provisions in life insurance incl. investment options	238 913	222 632	227 966

Note 8 Fair value hierarchy

NOK million	30.09.2011	30.09.2010	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	3 447	19 024	3 974
Level 3: Value based on other than observable market data	-	-	-
Lending local authorities, enterprises and personal customers	3 447	19 024	3 974
Debt instruments (bonds, certificates and investments in financial institutions)			
Level 1: Value based on prices in an active market	47 652	43 686	44 177
Level 2: Value based on observable market data	22 923	21 043	20 128
Level 3: Value based on other than observable market data	-	-	-
Debt instruments (bonds, certificates and investments in financial institutions)	70 574	64 729	64 305
Owners' equity instruments (shares; equity and property funds; and alternative investments)			
Level 1: Value based on prices in an active market	29 445	24 374	32 335
Level 2: Value based on observable market data	2 049	1 058	2 008
Level 3: Value based on other than observable market data	2 366	1 465	1 589
Owners' equity instruments (shares; equity and property funds; and alternative investments)	33 860	26 897	35 933
Financial derivatives			
Level 1: Value based on prices in an active market	-	-	-
Level 2: Value based on observable market data	758	1 083	1 386
Level 3: Value based on other than observable market data	-	-	-
Financial derivatives	758	1 083	1 386
Total financial assets valued at fair value	108 640	111 734	105 598

Note 8 Fair value hierarchy (contd.)

NOK million	30.09.2011	30.09.2010	31.12.2010
Liabilities			
Financial derivatives			
Level 1: Value based on prices in an active market	-	-	-
Level 2: Value based on observable market data	1 518	741	520
Level 3: Value based on other than observable market data	-	-	-
Financial derivatives	1 518	741	520
Debt to financial institutions			
Level 1: Value based on prices in an active market	328	-	330
Level 2: Value based on observable market data	559	17 270	12 958
Level 3: Value based on other than observable market data	-	-	-
Debt to financial institutions	887	17 270	13 287
Total financial liabilities at fair value	2 405	18 011	13 807
Changes in level 3			
NOK million	Q3 2011	Q3 2010	2010
Opening balance	1 589	1 349	889
Sold	-292	-80	-390
Bought	775	244	975
Unrealised change	293	-48	115
Realised loss/gain	30	23	66
Closing balance	2 366	1 465	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 175 million concerned NOK 75 million relate to equity investments and participation under level 1, and 100 million to debt instruments at fair value under level 1 as of 30.09.2011.

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

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

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

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

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

Note 9 Credit risk

30.09.2011	AAA	AA	A	BBB	NR/ NIG	Total
Debt instruments held to maturity - at amortised cost						
Financial and credit enterprises	0	3 022	1 058	9	865	4 954
Public guarantee	1 070	0	0	0	204	1 275
Savings bank	0	0	49	0	221	270
Government and government guarantee within OECD	21 060	828	1 591	0	0	23 480
State enterprises and Covered Bonds	3 021	0	0	0	1 491	4 512
Other	241	997	2 611	0	3 345	7 194
Total	25 393	4 847	5 309	9	6 126	41 684
Debt instruments classified as loans and receivables - at amortised cost						
Financial and credit enterprises	502	255	4 179	0	1 554	6 489
Public guarantee	1 133	31	0	0	678	1 842
Savings bank	0	0	443	0	675	1 118
Government and government guarantee within OECD	14 398	0	2 023	0	0	16 422
State enterprises and Covered Bonds	4 721	1 131	2 002	0	1 557	9 411
Other	0	856	2 065	384	3 335	6 640
Total	20 754	2 273	10 713	384	7 799	41 923
Debt instruments at fair value - bonds and certificates						
Financial and credit enterprises	70	3 470	2 395	10	1 990	7 936
Public guarantee	682	6	0	0	734	1 423
Savings bank	0	0	721	0	6 571	7 292
Government and government guarantee within OECD	5 531	3 761	367	0	0	9 659
State enterprises and Covered Bonds	447	0	11	0	1 502	1 960
Other	0	334	11	28	3 829	4 201
Total	6 730	7 571	3 506	38	14 626	32 471
Financial derivatives classified as assets						
Denmark	0	0	180	0	0	180
Finland	0	0	0	0	0	0
Norway	0	81	140	0	0	221
Great Britain	0	0	0	0	0	0
Switzerland	0	0	8	0	0	8
Sweden	0	0	108	0	0	108
Germany	0	0	4	0	0	4
USA	0	0	236	0	0	236
Total	0	81	677	0	0	758



Note 9 Credit risk, contd.

30.09.2011	AAA	AA	A	BBB	NR/ NIG	Total
Debt instruments at fair value - fixed interest fund units						
Financial and credit enterprises	0	0	0	0	1 190	1 190
Government and government guarantee within OECD	0	0	0	0	119	119
Other	0	0	14 559	0	12 770	27 329
Total	0	0	14 559	0	14 079	28 638
Debt instruments at fair value - loans and receivables						
Denmark	0	0	664	0	0	664
Norway	0	436	1 530	0	2 481	4 446
Great Britain	0	2 997	0	0	0	2 997
Sweden	0	35	116	0	0	151
USA	0	0	450	0	0	450
France	0	757	0	0	0	757
Total	0	4 224	2 760	0	2 481	9 465
Total securities	52 877	18 996	37 524	431	45 111	154 938

NOK million	0 %	20 %	35 %	100 %	Total
Lending local government, enterprises & pers. customers ¹					
Public sector ¹	0	41 462	0	0	41 462
Credit institutions	0	0	0	3 257	3 257
Private individuals	0	0	9 139	10	9 149
Total	0	41 462	9 139	3 267	53 868



Note 9 Credit risk, contd.

31.12.2010	AAA	AA	A	BBB	NR/ NIG	Total
Debt instruments held to maturity - at amortised cost						
Financial and credit enterprises	0	3 067	1 556	9	917	5 549
Public guarantee	1 030	0	0	0	50	1 080
Savings bank	0	0	49	0	278	328
Government and government guarantee within OECD	21 420	839	1 587	0	0	23 845
State enterprises and Covered Bonds	3 007	0	0	0	1 466	4 473
Other	0	542	2 984	0	3 491	7 016
Total	25 456	4 447	6 176	9	6 203	42 291
Debt instruments classified as loans and receivables - at amortised cost						
Financial and credit enterprises	510	1 717	2 694	0	1 306	6 228
Public guarantee	1 111	30	0	0	679	1 820
Savings bank	0	0	656	0	788	1 443
Government and government guarantee within OECD	13 924	0	2 045	0	0	15 970
State enterprises and Covered Bonds	4 689	1 118	263	0	1 862	7 931
Other	0	259	2 650	359	3 237	6 505
Total	20 234	3 124	8 308	359	7 872	39 897
Debt instruments at fair value - bonds and certificates						
Financial and credit enterprises	0	2 857	2 751	20	846	6 474
Public guarantee	643	0	0	0	756	1 399
Savings bank	0	0	657	0	6 066	6 722
Government and government guarantee within OECD	7 080	1 554	379	0	0	9 013
State enterprises and Covered Bonds	522	0	0	0	971	1 493
Other	0	0	118	106	2 602	2 826
Total	8 244	4 411	3 905	126	11 242	27 927
Financial derivatives classified as assets						
Denmark	0	0	358	0	0	358
Finland	0	459	0	0	0	459
Norway	0	106	23	0	0	128
Great Britain	0	8	4	0	0	12
Switzerland	0	0	260	0	0	260
Sweden	0	0	68	0	0	68
USA	0	0	101	0	0	101
Total	0	573	813	0	0	1 386



Note 9 Credit risk, contd.

31.12.2010	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	1 053	1 053
Government and government guarantee within OECD	0	0	0	0	106	106
Other	0	0	13 369	0	12 081	25 450
Total	0	0	13 369	0	13 240	26 609
Debt instruments at fair value - loans and receivables						
Denmark	0	0	21	0	0	21
France	0	894	0	0	0	894
Norway	0	573	1 630	0	2 480	4 683
Great Britain	0	2 884	0	0	0	2 884
Sweden	0	82	651	0	0	733
USA	0	105	448	0	0	554
Total	0	4 538	2 751	0	2 480	9 769
Total securities	53 935	17 093	35 322	494	41 036	147 880

NOK million	0 %	20 %	35 %	100 %	Total
Lending local government, enterprises & pers. customers ¹					
Public sector		3 42 881		0 2 858	45 741
Private individuals		0 0		8 909 71	8 980
Credit institutions		0 1 192		0 4	1 196
Ufordelt		0 0		0 98	98
Total		3 44 073		8 909 3 030	56 014

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).



Note 9 Credit risk, contd.**Geographic extract of debt instruments - Exposure against profiled countries in the Eurozone (PIIGS²) and the USA**

30.09.2011 NOK million	Spain	Italy	Total
Sovereign debt	167	3 775	3 943
Sovereign guaranteed bonds	804	0	804
Total	971	3 775	4 746

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

The overview shows government debt held by the KLP Group against selected countries. The countries in the above table are selected on the basis of the profile they have gained as exposed economies in the Eurozone, and in the associated continuing concerns about debt. Debt concerns are 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 interest-bearing securities. Nor has the Group any government securities issued by Ireland or Portugal. The amounts concerning the geographic extract are market value.

¹ The credit risk to which lending is exposed is calculated based on the regulations concerning minimum requirements for capital adequacy, and the rules that apply on determining the calculation base. The lending is placed separately since it is not included with the same rating categories.

² The acronym PIIGS refers to the countries assumed to be the most vulnerable, namely Portugal, Ireland, Italy, Greece and Spain.



Note 10 Interest rate risk

30.09.2011	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 cashflow Q3	Changes in cashflow year to date	Total Q3	Total year to date
Assets									
Mutual funds shares ¹	0	0	0	0	0	1	3	1	3
Alternative investments	-3	0	0	0	0	1	4	-2	1
Financial derivatives classified as assets	7	4	24	-328	-181	-1	8	-476	-466
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	2	5	2	5
Bonds and other fixed-return securities	-9	-33	-247	-401	-179	15	41	-853	-827
Fixed income fund holdings	-1 412	0	0	0	0	3	8	-1 408	-1 404
Deposits	0	0	0	-6	0	3	10	-4	4
Lending	0	-1	-77	-72	-2	60	240	-92	88
Lending and receivables	-12	-6	0	0	0	22	67	3	49
Total assets	-1 428	-36	-300	-806	-363	105	387	-2 828	-2 547
Liabilities									
Financial derivatives classified as liabilities	1	7	74	152	2	-7	-30	229	206
Hybrid Tier 1 securities, subordinated loan capital	0	0	0	50	33	0	0	83	83
Debt to credit institutions	0	0	0	0	0	-11	-43	-11	-43
Liabilities created on issue of securities	0	0	0	129	0	-52	-208	77	-79
Call Money	0	0	0	0	0	-4	-17	-4	-17
Total liabilities	1	7	74	331	35	-74	-298	374	150
Total	-1 427	-29	-226	-475	-328	31	89	-2 455	-2 397

Note 10 Interest rate risk, contd.

31.12.2010		From 3	From 1	From 5		Changes	
NOK million	Up to	mnths. to	year to 5	years to	Over	in	Total
	3 mnths.	12 mnths.	years	10 years	10 years	cashflow	
Assets							
Mutual funds shares ¹	1	0	0	0	0	4	5
Alternative investments	-13	0	0	0	0	5	-8
Financial derivatives classified as assets	-34	6	3	-169	-158	-11	-364
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	7	7
Debt instruments held to maturity measured at fair value	-20	-20	-282	-385	-130	49	-787
Parts in fixed-income funds	-1 290	0	0	0	0	5	-1 285
Lendings and receivables	-7	-13				54	33
Lending	0	-13	-53	-3	0	240	171
Call Money	0	0	0	0	0	0	0
Total assets	-1 364	-40	-332	-577	-289	353	-2 228
Liabilities							
Deposit	0	0	0	0	0	-2	-2
Liabilities created on issue of securities	0	0	0	20	0	-44	-24
Liabilities to financial institutions	17	0	0	0	0	-240	-223
Financial derivatives classified as liabilities	1	8	60	101	0	18	187
Hybrid capital, subordinated loans	0	0	0	43	28	0	71
Call Money	0	0	0	0	0	0	0
Total liabilities	18	8	60	164	28	-268	9
Total	-1 346	-32	-273	-392	-261	85	-2 219

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

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

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



Note 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.

30.09.2011 NOK million	Within 1 mnth	1-12 mnth.	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan ¹	14	153	2 975	753	0	3 895
Perpetual hybrid Tier 1 securities ¹	0	64	171	214	1 670	2 119
Financial derivatives	710	725	1 183	412	-95	2 936
Debt to and deposits from customers	1 715	0	0	0	0	1 715
Debt contracted through issuance of securities	0	3 002	20 291	923	0	24 215
Receivables from credit institutions	328	580	0	0	0	908
Accounts payable	29	0	0	0	0	29
Contingent liabilities	3 566	0	0	0	0	3 566
Total	6 363	4 523	24 620	2 301	1 574	39 382

31.12.2010 NOK million	Within 1 mnth	1-12 mnth.	1-5 years	5-10 years	Over 10 years	Total
Subordinated loan ¹	0	150	600	3 197	0	3 948
Perpetual hybrid Tier 1 securities ¹	0	42	169	212	1 639	2 063
Financial derivatives	49	239	406	223	-18	901
Debt to and deposits from customers	1 026	0	0	0	0	1 026
Debt contracted through issuance of securities	0	3 263	6 505	308	0	10 076
Receivables from credit institutions	0	13 411	0	0	0	13 411
Accounts payable	672	0	0	0	0	672
Contingent liabilities	3 678	0	0	0	0	3 678
Total	5 425	17 105	7 681	3 940	1 622	35 773

¹ KLP has two subordinated issues and one hybrid, all perpetual. The present table indicates the first optional redemption date.

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 Q3 2011

Notes	As at Q3 2011	Q2 2011	Target 2011	2010	
Environment					
1	Energy consumption kWh KLP Huset	3 871 433	1 929 930	5 098 896	5 367 259
1	Energy consumption kWh own offices Trondheim	119 370	88 234	339 301	357 159
1	Energy consumption kwh own office Bergen	340 976	287 010	514 270	541 337
Employees					
	Number of employees	775	768		762
	Percentage reported sickness absence 12 months rolling	4.4	4.6	below 4.5	4.4
	Percentage reported sickness absence quarter	4.4	4.5		
Responsible investments					
	Number of exclusions of companies from the investment portfolio	64	63		59
	Number of companies reinstated in the investment portfolio	0	0		3
	Number of general meetings in Norwegian companies in which KLP has voted	116	94		127
	Number of general meetings in foreign companies in which KLP has voted	1 460	1 186		1 533

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 third quarter 2011 Kommunal Landspensjonskasse

Notes	Income statement NOK million	Q3 2011	Q3 2010	01.01.11- 30.09.11	01.01.10- 30.09.10	2010
	Premium income	11 123	10 976	17 772	16 960	20 345
	Income from investments in subsidiaries, associated enterprises and jointly controlled enterprises	325	961	1 352	2 270	2 922
	Interest income/dividends on financial assets	1 626	2 333	6 790	5 645	6 998
	Value changes on investments	-3 762	2 384	-6 541	2 907	5 438
	Gains and losses realised on investments	-884	445	821	-482	69
	Net income from investments in the common portfolio	-2 696	6 123	2 421	10 340	15 427
	Net income of the investment option portfolio	-30	9	-6	13	21
	Other insurance-related income	166	166	497	484	650
	Claims	-2 501	-2 290	-7 492	-7 880	-10 080
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-5 925	-12 509	-8 619	-15 267	-22 331
	Changes in insurance liabilities investment option portfolio	-13	-6	-59	-18	-29
	Funds assigned to insurance contracts - contractual liabilities	316	-2 108	-3 324	-3 595	-2 581
3	Insurance-related operating expenses	-207	-181	-550	-498	-714
	Other insurance-related costs	-166	-165	-495	-485	-651
	Technical profit/loss	67	16	146	53	59
	Net income from investments in the corporate portfolio	40	193	520	511	712
	Other income	2	-2	8	4	13
	Administration costs and other costs associated with the corporate portfolio	-58	-53	-162	-156	-212
	Non-technical profit/loss	-16	138	367	359	513
	Profit/loss pre-tax	51	154	512	412	572
	Tax	0	0	0	0	0
	Profit/loss before other comprehensive income	51	154	512	412	572
	COMPREHENSIVE INCOME	0	0	0	0	0
	TOTAL RESULT	51	154	512	412	572



Accounts after the third quarter 2011 Kommunal Landspensjonskasse

Notes	Balance NOK million	30.09. 2011	30.09. 2010	31.12. 2010
ASSETS				
ASSETS IN THE CORPORATE PORTFOLIO				
	Intangible assets	320	357	306
5	Investments	16 502	14 680	14 787
7	Receivables	8 143	8 111	756
	Other assets	478	455	521
	Total assets in the corporate portfolio	25 443	23 603	16 371
ASSETS IN THE CUSTOMER PORTFOLIOS				
	Shares and holdings in property subsidiaries	27 472	24 469	25 122
6	Receivables from and securities issued by subsidiaries, associated enterprises and jointly controlled enterprises	4 506	2 553	3 200
5	Financial assets valued at amortised cost	97 649	100 632	100 223
5	Financial assets valued at fair value	101 287	87 051	99 092
	Total assets in the common portfolios	230 914	214 704	227 637
	Shares and holdings in property subsidiaries	168	32	33
5	Financial assets at amortised costs	528	100	103
5	Financial assets at fair value	684	134	139
	Total assets in investment portfolio	1 380	267	274
	ASSETS	257 737	238 573	244 282
OWNERS' EQUITY AND LIABILITIES				
	Owners' equity contributed	6 217	5 626	5 628
	Retained earnings	5 619	4 947	5 107
	Subordinated loan capital etc.	4 265	4 122	4 074
4	Insurance obligations in life insurance - contractual liabilities	236 725	221 854	227 260
4	Insurance liabilities unit-linked portfolio	1 377	266	273
	Provision for liabilities	340	382	340
	Liabilities	3 134	1 339	1 544
	Accrued costs and prepaid income	60	38	57
	OWNERS' EQUITY AND LIABILITIES	257 737	238 573	244 282
Off-balance sheet items				
	Contingent liabilities	3 189	2 722	2 978



Accounts after the third quarter 2011 Kommunal Landspensjonskasse

Changes in Owner's equity NOK million	Paid-up equity	Retained earnings	Total equity
2011			
Own funds 01.01.2011	5 628	5 107	10 735
Total other comprehensive income	0	512	512
Total income	0	512	512
Transaction with owners			
Equity paid-in	596	0	596
Equity reimbursed	-7	0	-7
Sum transaction with owners	589	0	589
Own funds 30.09.2011	6 217	5 619	11 837

NOK million	Paid-up equity	Retained earnings	Total equity
2010			
Own funds 01.01.2010	5 107	4 535	9 642
Total other comprehensive income	0	412	412
Total income	0	412	412
Transaction with owners			
Equity paid-in	553	0	556
Equity reimbursed	-34	0	-35
Sum transaction with owners	519	0	519
Own funds 30.09.2010	5 626	4 947	10 573

Cash flow analysis NOK million	01.01.11 -30.09.11	01.01.11 -30.06.11	01.01.11 -31.03.11	01.01.10 -31.12.10	01.01.10 -30.09.10
Net cashflow from operational activities	6 101	4 956	1 506	16 395	5 353
Net cashflow from investment activities	-6 744	-4 847	-1 199	-17 101	-5 986
Net cashflow from financing activities	596	0	-5	662	519
Net changes in cash and bank deposits	-47	110	302	-44	-114
Holdings of cash and bank deposits at start of period	460	460	460	504	504
Holdings of cash and bank deposits at end of period	413	569	762	460	390



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 - 30.09.2011. 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 2010 and the interim report for Q1 and Q2 2011. This may be obtained 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 30th September 2011.

NOK million	Q3 2011	Q3 2010	01.01.11- 30.09.11	01.01.10- 30.09.10	01.01.10 - 31.12.10
Value adjustment incl. foreign exchange	47	697	465	1 343	1 634
Foreign exchange effect on hedging	-93	-80	2	-15	106
Net value adjustment incl. exchange hedging	-46	617	467	1 328	1 740

Note 3 Operating expenses

NOK million	Q3 2011	Q3 2010	01.01.11- 30.09.11	01.01.10- 30.09.10	01.01.10- 31.12.10
Staff costs	123	110	299	272	344
Depreciation	17	16	48	39	118
Other operating expenses	67	55	202	187	252
Insurance related expenses	207	181	550	498	714

Note 4 Insurance obligations

NOK million	30.09. 2011	30.09. 2010	31.12. 2010
Premium reserve	219 249	203 656	206 075
Premium fund(s)	2 091	1 565	3 512
Supplementary reserve	10 090	8 092	10 144
Securities adjustment fund	1 856	4 871	7 450
Other provisions	79	81	79
Not-appropriated result to insurance contracts in the common portfolio	3 360	3 588	0
Insurance-related provisions - obligations under contract	236 725	221 854	227 260
Premium reserve	1 280	242	243
Premium fund(s)	39	7	12
Supplementary reserve	94	10	19
Not-appropriated result to insurance contracts in the investment choice portfolio	-36	8	0
Insurance-related provisions - investment choice	1 377	266	273



Note 5 Financial assets

NOK million	30.09.2011	30.09.2010	31.12.2010
Financial assets corporate portfolio			
Investments held to maturity	3 349	4 076	3 238
Bonds loans and receivables	3 656	2 442	3 341
Total financial assets valued at amortised cost	7 006	6 518	6 579
Shares and holdings	1 222	1 263	1 222
Bonds and other fixed-return securities	2 815	2 037	2 021
Lending and receivables	626	452	504
Financial derivatives	231	113	86
Other financial assets	138	0	0
Total financial assets valued at fair value	5 032	3 865	3 833
Total financial assets corporate portfolio	12 037	10 383	10 411
Real-estate investments	932	941	949
Affiliated companies	3 540	3 356	3 426
Total investments in the common portfolio	16 509	14 680	14 787
Financial assets common portfolio			
Investments held to maturity	37 112	41 503	37 982
Bonds loans and receivables	39 315	28 937	35 788
Lending	21 222	30 191	26 453
Total financial assets valued at amortised cost	97 649	100 632	100 223
Shares and holdings	32 024	25 155	34 235
Bonds and other fixed-return securities	56 377	51 620	51 456
Lending and receivables	13 263	9 267	12 266
Financial derivatives	378	970	1 117
Other financial assets	-755	38	18
Total financial assets valued at fair value	101 287	87 051	99 092
Total financial assets common portfolio	198 936	187 682	199 315
Financial assets investment choice portfolio			
Investments held to maturity	190	50	48
Bonds loans and receivables	338	50	55
Total financial assets valued at amortised cost	528	100	103
Shares and holdings	254	54	64
Bonds and other fixed-return securities	414	77	73
Lending and receivables	21	4	1
Financial derivatives	0	0	0
Other financial assets	-6	0	0
Financial assets valued at fair value	684	134	139
Total financial assets investment choice portfolio	1 212	235	241
Total financial assets	212 185	198 300	209 967

Note 6 Transactions with related parties

KLP has granted KLP Banken a loan of 4.5 NOK billion as at 30.09.2011. The loan was given at market rate (NIBOR + margin) and is due 15.12.2011.

Note 7 Events after the date of the statement of financial position

The increase in insurance liabilities arising from the annual indexation of the public pensions base amount as well as from the annual wages' settlement for members in employment, is financed through a singular premium (regulation premium). This singular premium and the increase in insurance liabilities are brought to book together when the effect is known, that is normally during the 2nd half. In the accounts for the third quarter 2011, this effect is taken into account based on an estimate from this year's wages- and pensions- settlement. Indexation premium brought to book in Q3 amounts to NOK 7.8 billion. The amount is not paid up and is booked as outstanding in the balance sheet. Final adjustment will take place at year-end.



klp

Kommunal Landspensjonskasse

Org.nr. 938 708 606
P.O. Box 400 Sentrum, 0103 Oslo
E-mail: klp@klp.no
www.klp.no

Head office

Dronning Eufemias gate 10,
0103 Oslo, Norway
Tel: 22 03 35 00
Fax: 22 03 36 00

Regional office

Vågsallmenningen 16, Bergen,
Norway
Tel: 05554
Fax: 55 54 85 90

