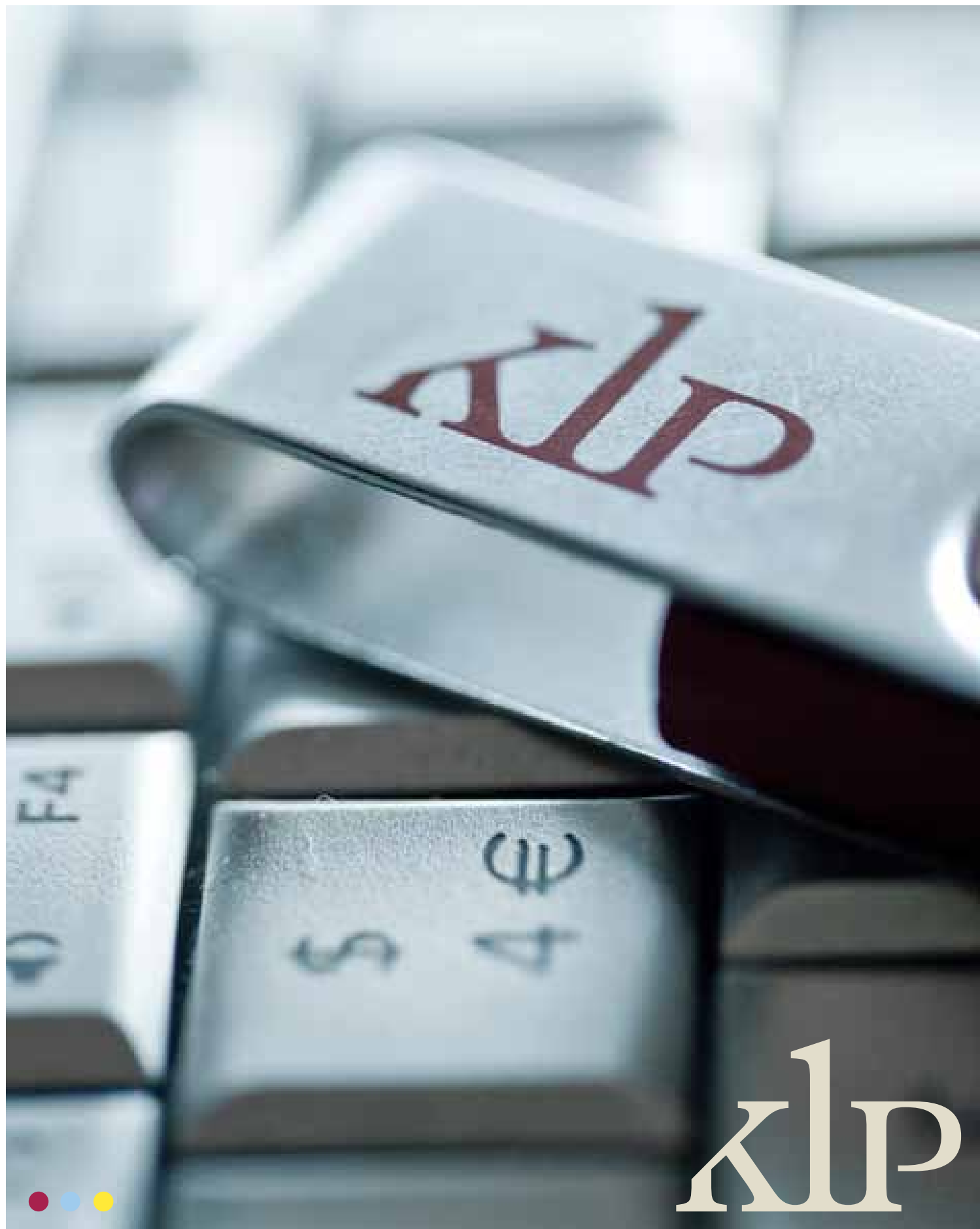


Interimreport 4 / 2011

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



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Interim report after fourth quarter 2011

A good year despite uneasy financial markets

- Of the eight municipal and county administration pension schemes out to tender during 2011, seven selected KLP
- Value-adjusted return of 3.2 per cent and book return of 4.5 per cent provide a basis for strengthening supplementary reserves by NOK 2.1 billion and transferring NOK 1.5 billion to the customers' premium fund
- KLP's solvency and financial structure are well matched to current and future solvency requirements.

KLP-Group

At the end of 2011 the Group had total assets of NOK 291.8 billion and an operating profit of NOK 1749 million.

The Group's capital adequacy ratio was 10,9 per cent (11.5) and core capital adequacy was 8,7 per cent (8.9) at the end of the quarter.

Kommunal Landspensjonskasse gjensidig forsikringselskap (KLP)

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

KLP - a customer-owned company in development

KLP strengthened its market position during 2011. The Company was selected as supplier in seven out of eight municipal and county administration tender competitions carried out during 2011. These represent a volume of NOK 3.0 billion, of which NOK 1.4 billion represents new customers from 2012.

International economic uncertainty continued throughout 2011. This contributed to uneasy and weak financial markets. However, during the fourth quarter market developments were positive and for the year KLP had a value-adjusted return

exceeding its guaranteed interest. The Company is satisfied with this, given the disquiet that characterised the financial markets.

The profits for 2011 provide the basis for strengthening the supplementary reserves and thus maintaining sound financial strength in order to safeguard our pension customers' assets and enhance the likelihood for stable and good financial returns in future. While the surplus also allows for retrocession of funds to the customers' premium fund in line with the Company's long-term objectives. Based on the results achieved for 2011 the supplementary reserves are being strengthened by NOK 2.1 billion while NOK 1.5 billion is being retroceded to the customers' premium fund.

Results after the fourth quarter 2011

Returns result

Financial income taken to book on the pension customers' assets was NOK 9.9 billion. During 2011 the pension customers' funds have been credited with guaranteed returns amounting to NOK 6.6 billion. The profit taken to book in excess of the guaranteed return, known as the book returns result, amounted to NOK 3.3 billion for the year. From this, the supplementary reserves are being strengthened by NOK 2.1 billion while NOK 1.5 billion is being retroceded to the customers' premium fund. The securities adjustment fund was reduced by NOK 2.5 billion. This marks the third year running that KLP achieved the best return among the main competitors in the public sector pension market.

Value-adjusted returns were 2.1 per cent for the quarter, 3.2 per cent for the year. Book returns were 0.8 per cent for the quarter, 4.5 per cent for the year. If surplus values in long-term bonds and fixed rate lending are included, the value-adjusted return was 1.9 per cent for the quarter, 3.9 per cent for the year.

1) Figures in brackets give corresponding values for 2010



Risk result

The risk result is an expression of how developments have been in the insurance population in relation to the assumptions adopted in the annual setting of premium. Disability and longevity trends are important parameters affecting the risk result. Apart from the incidence of disability having developed further in a positive direction during 2011, the trend was as expected. This produced a positive group pension risk result of NOK 308 million. Half of this has been credited to the risk equalisation fund, whilst the other half has been retroceded to our customers via the premium fund.

Administration profit/loss

The company's administration result was negative for the fourth quarter at NOK -11 million, whilst for the year the administration profit was NOK 61 million. This is NOK 21 million lower than in 2010.

Other result elements

Net income from investments in the corporate portfolio was NOK 67 million during the quarter, NOK 434 million for the year.

KLP manages financial strength and risk in such a way that the interest guarantee premium can be kept at a low level. Book income from the interest guarantee premium was NOK 54 million for the quarter, NOK 212 million for the year.

The total income for the Company was NOK 193 million for the quarter, NOK 705 million for the year.

Income after the fourth quarter NOK million	Custo- mers	The company	Total
Returns result	3 275	12	3 286
Risk result	154	151	305
Interest guarantee premium	212	212	
Administration profit loss		61	61
Net income from investments in the corporate portfolio and other income costs in non-technical accounts		434	434
Return from owners' equity contributions credited to customers	165	-165	-
Income 2011	3 594	705	4 299
Income 2010	4 651	563	5 213

Key figures Per cent	Q4 2011	Q4 2010	31.12. 2011	31.12. 2010
Capital return I	0.8	1.2	4.5	5.1
Capital return II	2.1	2.3	3.2	7.5
Capital return III	1.9	1.3	3.9	7.4
Capital adequacy			11.5	12.0
Solvency margin ratio			243.6	230.6
Insurance-related operating expenses as a percentage of average customer funds)			0.35	0.34

Financial strength and capital-related matters

Total KLP assets at the end of the fourth quarter were NOK 261.7 billion (244.3 billion).

At the end of the fourth quarter the KLP capital adequacy ratio was 11.5 per cent and core capital adequacy was 9.1 per cent.

Solvency margin adequacy was maintained at a very strong level of 243.6 per cent (230.6 per cent).

At the end of the quarter KLP had total solvency capital of NOK 36.2 billion, corresponding to 16.0 per cent of the insurance funds with interest guarantee. Solvency capital was increased by NOK 2.9 billion during 2011.

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

New solvency requirements

The new solvency regulations for insurance, Solvency II, are to be implemented in Norwegian law by 1 January 2013. Transitional arrangements mean that the solvency requirements will most probably not apply until 1 January 2014. The new capital requirement, which is calculated on the basis both of insurance risk and market risk in addition to counter party risk and operational risk, will be common throughout the EU/EEA area. There will however be national adjustments.

Provisional calculations indicate that KLP has satisfactory financial strength under the new regulations as well.



Premium income

The premium income for the quarter was NOK 3 981 million, an increase of NOK 596 million over the fourth quarter 2010. For the fiscal year 2011 premium income was NOK 21,752 (20,345) million. The premium figures include discrete indexation premium resulting from increased pension obligations following the pay settlement for the year and the new national insurance basic amount ("grunnbeløpet", or "G").

Claims

Pensions paid and other claims amounted to NOK 2541 million during the fourth quarter, NOK 10,033 million for the year.

Management of the common portfolio

The assets in the common portfolio amounted to NOK 242 billion and as at 31 December 2011 were invested as shown below.

Assets <i>Per cent</i>	Portion 31.12. 2011	Return Q4 2011	Portion 31.12. 2010	Return Q4 2010
Shares	14.3	-7.3	14.5	18.5
Short-term bonds	22.0	7.2	7.3	22.5
Long-term/HTM bonds	33.1	5.2	5.3	32.9
Lending	10.4	3.9	3.6	13.1
Property	11.7	7.2	11.9	11.3
Other financial assets	8.6	2.9	2.8	1.6

Shares

Total exposure in shares including share derivatives amounted to 14.3 per cent.

The equity markets strengthened during the fourth quarter and the return on shares during the quarter was good even though for the year it was weak.

Short-term bonds

Short-term bonds and money market instruments amounted to 22 per cent of the assets in the common portfolio as at 31 December 2011.

The return on KLP's portfolios of Norwegian and global government bonds was good during 2011.

Bonds held to maturity

Investment in bonds held to maturity amounted to 33.1 per

cent of the common portfolio as at 31 December 2011. Added value not brought to book was NOK 3 billion as at 31 December 2011. The portfolio is well diversified and comprises securities issued by institutions with very high creditworthiness.

Property

Property investments represented 11.7 per cent of the common portfolio as at 31 December 2011. KLP carries out a comprehensive valuation of its property stock each quarter. The positive trend in the property market has continued throughout 2011. This provides the basis for an adjustment of the property values in the common portfolio during the fourth quarter 2011 by NOK 6.1 million (including foreign exchange and funds) while the value increase for the year was NOK 404 million (including foreign exchange and funds). Value-adjusted return in the common portfolio was 1.4 per cent in the fourth quarter and 7.2 per cent for the year (including property funds).

Lending

KLP's lending portfolio stood at NOK 24.9 billion, a reduction of NOK 4.7 billion over the year. This is due to new lending now being provided from the Group's banking operation. The portfolio was divided between NOK 18.6 billion in lending to local government administrations and other employers, and NOK 6.3 billion in mortgage-secured housing loans. The lending portfolio is characterised by high quality, without loss on local government lending and very modest loss provisions on housing mortgages.

Return on the corporate portfolio

The corporate portfolio covers investment of owners' equity and 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 0.7 per cent during the fourth quarter and 4.2 per cent for the whole of 2011.

Product and market conditions

In 2011 KLP achieved the best transfer result since the competition in the local government market was intensified in the mid-1990s. Of eight schemes out to tender seven chose KLP. No local government administrations left KLP. This means net transfer in of customer



assets in the order of NOK 1.4 billion from 1 January 2012. We take this as a sign that KLP is considered a very competitive market player, and that KLP is positioned as the market-leading provider of public sector occupational pensions in the local government market.

The business areas of the subsidiaries

Private occupational pensions

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

During 2011 the company entered into a total of 274 new agreements covering 1 538 insured members, principally in defined contribution pensions, although the largest individual customers to have transferred to KLP Bedriftspensjon AS are customers with defined benefit pensions.

Premium income increased by NOK 40 million and KLP Bedriftspensjon has received reserves in the order of NOK 195 million. The insurance funds increased by NOK 285 million, divided between NOK 213 million on defined benefit pensions and NOK 72 million on defined contribution pensions.

KLP Bedriftspensjon achieved a value-adjusted return in the common portfolio of 2.4 per cent in the fourth quarter and 3.7 per cent for the year.

Customers with defined contribution pensions can choose between several standard saving profiles with different risks, defined through varying proportions of the assets invested in equities. The respective defined contribution pension profiles achieved the following returns for 2011:

Profile return	P90	P70	P50	P30
Return 2011	-6.0 %	-3.0 %	0.3 %	2.8 %
Return 2010	12.1 %	11.2 %	9.9 %	8.5 %

The profile name indicates portion of shares in the portfolio.

The result for the customers totalled NOK 15.8 million in 2011. Of this, NOK 4.1 million has been allocated to supplementary reserves and NOK 9.5 million has been allocated in the accounts to meet greater obligations resulting from expected increased longevity. NOK 2.2 million will be retroceded to the customers. The company result, a deficit of NOK 23.8 million, is still marked by the business being in a build-up phase.

Non-life insurance

KLP Skadeforsikring AS is a significant provider of non-life insurance to municipalities and county administrations. In addition the company has a growing number of customers within municipal enterprises and businesses in related sectors. KLP Skadeforsikring is accredited in accordance with the ISO 9001 standard.

In the fourth quarter 2011 KLP Skadeforsikring AS had a result of NOK - 8 million, a profit of NOK 25 million for the year.

The financial returns for the period were satisfactory with a total return of 1.8 per cent, 4.5 per cent for the year.

The result for the insurance year 2011 is not satisfactory. This is because of a number of medium-sized claims within the property sector and high claim figures in parts of the car insurance segment. On the other hand during 2011 the company also reduced the reserves associated with previous insurance years, with a positive effect on the result of about NOK 47 million. The total claims ratio for own account, including previous years' effects on profits, was 91.6 per cent.

The company has maintained a good capital base with solid buffers and, as at 31 December 2011, had a capital adequacy ratio of 31.0 per cent against the authorities' minimum limit of 8 per cent.

Securities management

KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS comprise the Group's securities and management operation. At the end of 2011, a total of NOK 205 billion was under management. The majority of the assets managed are managed on behalf of Kommunal Landspensjonskasse and its subsidiaries in the KLP Group.

Assets under management increased by NOK 20 billion from 2010. New subscription to KLP's securities funds from external investors and personal customers represented NOK 1.6 billion during 2011. These management mandates are being won in competition both with Norwegian and with foreign management operations.

KLP Kapitalforvaltning AS achieved profit for the year of NOK 18 million and KLP Fondsforvaltning AS achieved profit for the year of NOK 5.6 million.

Banking business

KLP's banking business is carried out by the sub-group KLP Bankholding through the KLP Banken AS and KLP Kommunekreditt AS companies. The banking business offers current accounts, saving accounts, online banking, debit cards, ordinary housing mortgages, credit lines secured in home equity, bridging loans, loans for leisure homes and the seniors' loan, LittExtra. KLP Banken is expanding its product range to include



sale of the Group's securities funds through the bank's online operation. A credit card offering will be launched during the first quarter 2012.

The KLP Bankholding Group manages a local government lending portfolio of NOK 43.6 billion, and a housing mortgage portfolio of NOK 9.5 billion, of which NOK 18.6 billion and NOK 6.3 billion respectively are on behalf of Kommunal Landspensjonskasse.

In 2011 the banking business achieved a result for the year before tax of NOK -62.3 million, against NOK 35.4 million in 2010. The result after tax was NOK - 23.6 million against NOK 18.1 million last year. The weak result is partly due to one-off expenses associated with the bank's funding programmes, but also the disquiet in the credit market which has to some extent impacted on the bank's competitive power.

Group activities

Corporate social responsibility

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

Changes in Group management

Leif Magne Andersen took up the position as managing director of KLP bBanken AS on December 1st. Ida Espolin Johnson resigned as Executive Vice President for Life Insurance in January 2012.

Future prospects

Uncertainty still persists in the financial markets and the world economy. This underscores the importance of good financial strength and good risk management.

KLP therefore places emphasis on maintaining strong solvency to meet market challenges and regulatory changes in the future. It is particularly important if the level of interest rates remains such that the pension assets must be invested in higher risk assets in order to achieve returns in excess of the interest rate guarantee the Company has under the pension contract obligations.

It is important for KLP that new activity and new initiatives underpin the Company's core business, which is public sector occupational pensions, by investing in products and services aimed at the Company's customers and their employees. Strong growth is expected in the number of retirement pensioners in the coming years. To maintain competitive power it is important further to increase the efficiency and efficacy of operations in order to meet increased volumes of individual case processing in a rational and effective way.

The result for 2011 and the Company's ability to maintain its financial strength provide a good basis for good stable return results in the future.

The regulatory framework is changing, both within the actual pensions area and within management of the pension assets. KLP places emphasis on adapting to changes through good processes in advance that will provide solutions well suited both to the customers' and to the Company's needs. The introduction of the new solvency regulations (Solvency II) is the most important process in 2012. Provisional estimates indicate that KLP's satisfactory solvency will remain so under the new regulations.

Oslo, 16th February 2012

The Board of directors Kommunal Landspensjonskasse gjensidig forsikringsselskap

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 fourth quarter 2011

Notes	Income statement Group NOK million	Q4 2011	Q4 2010	01.01.11- 31.12.11	01.01.10- 31.12.10
	Premium income for own account	4 151	3 430	22 565	20 959
	Current return on financial investments	2 147	1 415	9 343	7 542
	Net interest income from bank	53	62	142	87
	Net value change on financial instruments	2 728	3 157	-2 842	5 920
5	Net income from investment properties	354	666	1 879	2 907
	Other income	185	205	748	781
	Total income	9 619	8 934	31 836	38 196
	Claims for own account	-2 736	-2 216	-10 615	-10 613
	Change in provisions	-2 778	-2 493	-17 291	-15 402
	Net costs subordinated loans and perpetual subordinated loans	-59	12	-406	-301
4	Operating expenses	-360	-268	-1 140	-957
	Other expenses	-138	-182	-635	-670
	Total expenses	-6 071	-5 146	-30 087	-27 943
	Operating result	3 549	3 788	1 749	10 252
	To/from valuation reserves in life insurance	-3 102	-2 585	2 505	-5 077
	To/from supplementary provisions in life insurance	-2 178	-2 074	-2 147	-2 074
	Assets allocated to life insurance customers	1 908	1 019	-1 453	-2 586
3	Consolidated group profit before tax	176	147	653	515
	Tax	-4	-21	-24	-21
	Result	172	126	629	494
	Revaluation own properties	5	17	92	43
	Currency effects foreign affiliates	25	8	6	26
	Total other comprehensive income	30	25	97	69
	Total comprehensive income	203	151	726	563



Group accounts after the fourth quarter 2011

Notes	Balance NOK million	31.12. 2011	31.12. 2010
ASSETS			
	Intangible assets	344	366
	Tangible fixed assets	1 041	959
	Investments in associated companies	3	3
5	Investment property	28 659	26 105
9	Debt instruments held to maturity	41 438	42 291
9	Debt instruments at fair value in profit/loss account	46 936	39 897
8,9	Lending to municipalities, companies and private individuals at fair value over P&L	2 519	3 974
9	Lending to municipalities, companies and private individuals	51 024	52 041
8,9	Debt instruments at fair value over P/L	77 050	64 305
8	Equity instruments at fair value over P/L	36 168	35 933
8,9	Financial derivatives	982	1 386
	Receivables	1 603	1 460
9	Assets in life insurance with investment choice	198	126
	Cash and bank deposits	3 820	2 924
	Total assets	291 784	271 769
OWNERS' EQUITY AND LIABILITIES			
	Paid-up equity	6 217	5 628
	Retained earnings	5 847	5 121
	Total equity	12 064	10 749
6	Perpetual subordinated loan	1 145	973
6	Subordinated loan capital	3 143	3 100
	Pension obligations	518	476
7	Technical provisions - life insurance	244 086	227 966
7	Provisions in life insurance with investment option	198	126
	Premiums, claims and contingency fund provisions - non-life insurance	2 567	2 632
6	Covered bonds issued	22 152	9 250
6, 8	Debt to financial institutions	1 398	13 287
6	Deposits from and liabilities to customers	1 840	1 026
8	Financial derivatives	1 031	520
	Deferred tax	45	21
	Other short term debt	1 595	1 642
	Total liabilities	279 720	261 020
	Total owners' equity and liabilities	291 784	271 769
	Contingent liabilities	4 753	3 678



Group accounts after the fourth quarter 2011

Cashflow - Group NOK million	01.01.11 -31.12.11	01.01.11 -30.09.11	01.01.11 -30.06.11	01.01.11 -31.03.11	01.01.10 -31.12.10
Net cashflow from operational activities	-2 570	1 004	3 093	3 910	12 545
Net cashflow from investment activities	-96	-916	-898	-872	-1 066
Net cashflow from financing activities	3 562	153	-337	-2 392	-10 669
Net changes in cash and bank deposits	896	241	1 857	647	811
Holdings of cash and bank deposits at start of period	2 924	2 924	2 924	2 924	2 113
Holdings of cash and bank deposits at end of period	3 820	3 165	4 781	3 571	2 924



Group accounts after the fourth quarter 2011

Changes in Owner's equity

	Paid-up equity	Retained earnings	Total equity
Equity 01.01.2011	5 628	5 121	10 749
Result for the period	0	629	629
Other comprehensive income			
Revaluation of properties for own use	0	92	92
Currency effect foreign affiliates	0	6	6
Total other comprehensive income	0	97	97
Total comprehensive income	0	726	726
Transactions with owners			
Equity paid-in	597	0	597
Equity reimbursed	-8	0	-8
Total transactions with owners	590	0	590
Equity 31.12.2011	6 217	5 847	12 064

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	494	494
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	563	563
Transactions with owners			
Equity paid-in	556	0	556
Equity reimbursed	-35	0	-35
Total transactions with owners	521	0	521
Other changes			
Change of principles provisions for casualty (ULEA)	0	-79	-79
Estimate change, surplus for investment property	0	23	23
Total other changes	0	-57	-57
Equity 31.12.2010	5 628	5 121	10 749



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 – 31.12.2011. 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	Q4-11	Q3-11	Q2-11	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10
KLP Group								
Profit before tax	653	490	438	188	515	368	143	102
Total assets	291 784	284 518	285 149	287 849	271 769	267 318	263 880	258 128
Owners' equity	12 064	11 927	11 228	11 031	10 749	10 632	9 958	9 829
Capital adequacy	10,9 %	11,0 %	10,8 %	11,0 %	11,5 %	11,6 %	11,6 %	n/a
Number of employees in the Group	775	769	768	753	762	763	755	745
Kommunal Landspensjonskasse gjensidig forsikringselskap								
Profit before tax	705	512	461	222	563	412	258	134
Premium income for own account	21 752	17 772	6 649	3 315	20 345	16 960	5 984	2 956
- of which inflow of premium reserve	112	108	63	63	54	49	20	17
Insurance customers' funds incl. acc. profit	10 033	7 492	4 991	2 633	10 080	7 881	5 589	3 415
- of which funds with guaranteed returns	310	310	309	297	1 389	1 389	1 387	1 328
Net investment common portfolio	242 267	230 914	236 763	240 414	227 637	214 704	208 638	208 273
Net investment chose portfolio	1 404	1 380	1 453	1 338	274	267	254	248
Insurance funds incl. earnings for the year	243 439	238 102	233 982	229 445	227 533	222 120	208 740	208 239
- of which funds with guaranteed interest	226 153	223 335	214 061	207 968	207 026	203 870	196 573	194 476
Tier 1 and Tier 2 capital	14 857	14 433	13 631	13 765	13 221	13 201	12 705	12 595
Risk profit	308	112	95	53	160	61	45	20
Return profits	3 286	3 127	3 455	1 915	4 280	3 371	1 360	996
Administration profit	61	72	65	30	82	79	60	36
Solvency capital	36 190	34 657	35 408	33 427	33 308	34 583	28 940	29 533
Solvency margin ratio	244 %	227 %	227 %	230 %	224 %	216 %	219 %	220 %
Capital adequacy	11,5 %	11,4 %	11,2 %	11,5 %	12,0 %	12,3 %	12,2 %	12,7 %
Core capital ratio	9,1 %	9,0 %	8,8 %	9,0 %	9,3 %	9,4 %	9,2 %	9,7 %
Book return on common portfolio	4,5 %	3,7 %	3,1 %	1,6 %	5,1 %	3,9 %	2,2 %	1,2 %
Value-adjusted return on common portfolio	3,2 %	1,1 %	2,3 %	1,2 %	7,5 %	5,1 %	2,1 %	2,2 %
Return on unit-linked portfolio	2,2 %	-0,3 %	1,9 %	1,1 %	8,6 %	5,3 %	1,7 %	2,6 %
Return on corporate portfolio	4,2 %	3,5 %	3,3 %	1,7 %	5,2 %	3,8 %	2,4 %	1,1 %



NOK million	Q4-11	Q3-11	Q2-11	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10
KLP Skadeforsikring AS								
Profit before tax	25	33	40	12	72	60	12	36
Gross premium due	650	586	520	365	631	574	521	362
Premium income for own account	599	442	288	141	539	400	265	131
Owners' equity	481	497	501	483	481	454	424	446
Claims ratio	88.3 %	82.5 %	82.3 %	94.4 %	91.5 %	94.2 %	108.0 %	106.9 %
Combined-ratio	118.4 %	109.6 %	109.6 %	123.3 %	121.9 %	123.1 %	134.9 %	134.3 %
Return on assets under management	4.5 %	2.6 %	2.8 %	1.3 %	7.2 %	5.2 %	2.7 %	2.5 %
Capital adequacy	31.8 %	30.9 %	30.0 %	31.5 %	32.0 %	27.1 %	29.8 %	29.9 %
Tier 1 and Tier 2 capital	451	439	438	436	433	381	387	383
Annual premium volume per person	120	82	54	25	79	51	33	15
Annual premium volume employer	530	504	466	341	552	524	488	347
Net new subscriptions (accumulated within the year)	90	44	34	15	68	51	40	12
KLP Bedriftspensjon AS								
Loss before tax	-23.8	-13.8	-6.8	-2.4	-17.1	-12.1	-7.1	-3.1
Premium income for own account	286.5	259.6	212.3	47.8	149.5	113.1	93.1	80.1
- of which premium reserve added	194.7	191.2	166.3	25.3	97.7	77.0	73.0	68.0
Insurance customers' funds including accumulated profit	844.0	810.3	796.3	622.3	559.0	512.8	485.6	486.8
- of which funds with guaranteed returns	605.2	589.9	566.6	423.0	396.3	392.1	389.7	380.5
Investment result	14.2	6.6	11.9	8.1	9.9	9.5	2.5	4.7
Risk result	0.1	2.8	2.3	1.2	3.6	3.4	3.2	1.2
Administration losses	-28.2	-19.0	-11.6	-4.9	-23.4	-17.5	-11.1	-5.3
Tier 1 and Tier 2 capital	48.0	32.3	39.4	43.9	46.7	51.5	24.9	29.3
Solvency capital	90.2	77.6	88.2	87.8	89.3	95.7	63.3	72.9
Capital adequacy	13.9 %	9.4 %	12.0 %	16.8 %	19.6 %	23.1 %	11.9 %	14.2 %
Book capital return on common portfolio	6.3 %	3.8 %	4.2 %	2.6 %	6.0 %	5.1 %	3.1 %	2.0 %
Value-adjusted capital return on common portfolio	3.7 %	1.3 %	2.6 %	1.5 %	8.3 %	5.6 %	2.4 %	2.5 %
Return on defined unit-linked contribution pensions	0.2 %	-3.9 %	1.9 %	1.5 %	9.3 %	4.4 %	-2.0 %	2.9 %
Return on corporate portfolio	4.8 %	3.2 %	1.9 %	0.6 %	5.0 %	4.6 %	2.4 %	1.4 %



NOK million	Q4-11	Q3-11	Q2-11	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10
KLP Banken Group								
Profit/loss before tax	-62.2	-33.5	-20.9	1.6	35.9	-8.0	-4.9	-19.8
Net interest income	21.1	11.1	10.1	11.3	31.6	25.6	10.3	5.8
Other operating income	63.4	46.2	30.9	17.6	54.6	35.8	20.7	10.1
Operating expenses and depreciation	-139.9	-97.7	-62.4	-28.5	-109.6	-79.8	-53.1	-28.8
Net realized/unrealized changes in financial instruments to fair value	-6.8	7.0	0.5	1.1	59.2	10.5	17.2	-7.0
Contributions	1 840.3	1 715.1	1 530.4	1 440.9	1 025.7	656.2	539.7	359.2
Housing mortgages granted	3 213.9	2 476.9	2 057.0	1 614.3	1 266.6	797.9	345.1	49.1
Loan(s) with public guarantee(s)	25 202	25 652	24 732	24 794	25 062	26 433	26 909	32 374
Defaulted loans	16.1	40.8	3.5	-	-	-	-	-
Borrowing on the issuance of securities	24 170	22 132	18 635	13 629	9 245	6 487	3 000	3 000
Other borrowing	4 306	6 010	8 313	11 819	16 167	19 782	24 076	29 229
Total assets	31 716	31 387	29 859	28 237	27 865	28 310	29 005	33 968
Average total assets	29 790	29 626	28 862	28 051	31 252	31 488	31 835	34 317
Owners' equity	1 171	1 170	1 179	1 189	1 186	1 187	1 190	1 175
Net interest rate	0.07 %	0.04 %	0.04 %	0.04 %	0.10 %	0.08 %	0.03 %	0.02 %
Profit/loss from general operations before tax	-0.21 %	-0.11 %	-0.07 %	0.01 %	0.11 %	-0.03 %	-0.02 %	-0.06 %
Profit/loss from general operations excl. fair value assessments before tax	-0.19 %	-0.14 %	-0.07 %	0.00 %	-0.07 %	-0.06 %	-0.07 %	-0.04 %
Return on owners' equity before tax	-5.31 %	-2.86 %	-1.78 %	0.13 %	3.02 %	-0.67 %	-0.41 %	-1.69 %
Capital adequacy	14.4 %	15.6 %	17.1 %	17.7 %	14.2 %	17.6 %	17.9 %	16.2 %
Number of personal customers	15 622	13 535	12 555	10 082	7 965	6 099	4 512	2 767
Of which members in KLP	9 151	8 217	7 495	5 936	4 729	3 728	2 819	1 833
KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS								
Profit/loss before tax	26.3	21.0	14.0	2.5	19.2	7.3	0.3	-12.9
Total assets under management	205 303	192 636	192 446	186 521	185 714	172 810	166 424	171 052
Assets managed for external customers	13 887	13 143	14 704	13 820	14 170	12 771	11 862	12 461

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

Time series result - by quarter

NOK million	Q4-11	Q3-11	Q2-11	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10
Total income	11 527	13 535	6 457	7 340	11 647	12 808	5 657	8 140
Total expenses	-11 351	-13 487	-6 212	-7 157	-11 491	-12 583	-5 615	-8 038
Consolidated group profit before tax	176	48	245	183	148	225	41	102
Results by segment								
Life insurance	224	79	210	167	84	174	36	98
Non-life	-7	-20	40	12	10	47	-24	36
Banking	-47	-15	-21	2	41	-3	15	-20
Asset management	5	5	14	2	12	6	14	-13
Other business	2	-1	2	0	0	0	1	0
Consolidated group profit before tax	176	48	245	183	148	225	41	102



Note 4 Operating expenses

NOK million	Q4 2011	Q4 2010	01.01.11 -31.12.11	01.01.10 -31.12.10
Staff costs	181	169	644	554
Depreciation	63	108	138	158
Other operating costs	115	-9	358	245
Total operating expenses	360	268	1 140	957

Note 5 Investment property

Profit/loss NOK million	Q4 2011	Q4 2010	01.01.11 -31.12.11	01.01.10 -31.12.10
Profit/loss property	353	393	1 499	1 316
Value adjustment	1	273	380	1 591
Net income from investment properties	354	666	1 879	2 907

Balance NOK million	31.12.2011	31.12.2010
Value: investment property - opening balance	26 105	23 089
Value adjustment	380	1 591
Net increase	2 201	1 074
Other changes	- 27	351
Value: investment property - closing balance	28 659	26 105



Note 6 Financial liabilities

NOK million	Nominal value in NOK ¹	Currency	Interest rate	Due date	Book value 31.12.2011	Book value 31.12.2010
Subordinated loan capital and perpetual subordinated loans						
Perpetual subordinated loans						
ISSUER						
Kommunal Landspensjonskasse	2 372	EUR	Fixed	Perpetual	2 402	2 415
Kommunal Landspensjonskasse	554	JPY	Fixed	Perpetual	742	685
Hybrid Tier 1 capital						
Kommunal Landspensjonskasse	984	JPY	Fixed	2034	1 145	973
Total subordinated loan capital and perpetual subordinated loans	3 910				4 288	4 074
Debt contracted by issuing securities						
Covered bonds						
ISSUER						
KLP Kommunekreditt		NOK	Floating	2011		3 000
KLP Kommunekreditt	5 900	NOK	Floating	2012	5 900	1 500
KLP Kommunekreditt	1 095	SEK	Floating	2013	1 095	0
KLP Kommunekreditt	4 000	NOK	Floating	2013	4 000	1 000
KLP Kommunekreditt	4 000	NOK	Floating	2014	4 000	0
KLP Kommunekreditt	4 300	NOK	Floating	2015	4 300	3 500
KLP Kommunekreditt	2 000	NOK	Fixed	2015	2 000	0
KLP Kommunekreditt	750	NOK	Fixed	2020	750	250
Valuation adjustment and accrued interest					107	0
Total covered bonds	22 045				22 152	9 250
Liabilities to credit institutions						
ISSUER						
KLP Kreditt		NOK	Floating	2011		12 958
KLP Banken	1 000	NOK	Fixed	2012	1 006	
Kommunal Landspensjonskasse	392	NOK/ EUR/USD	Floating	2012	392	330
Total liabilities to credit institutions	1 392				1 398	13 287
Deposits from customers ¹						
Private	1 809	NOK			1 809	905
Business	31	NOK			31	121
Total contributions from customers	1 840				1 840	1 026
Total financial liabilities	29 187				29 680	27 636

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

¹ NOK nominal amount at drawdown.

² There are no contractual due dates for deposits.



Note 7 Insurance-related provisions in life

NOK million	31.12. 2011	31.12. 2010
Premium reserve	224 050	206 830
Premium funds, buffer funds and pensioners' surplus funds	1 106	957
Supplementary reserves	12 344	10 179
Securities adjustment fund	4 958	7 463
Other provisions	76	77
Non-allocated profit/loss of insurance contracts in the common portfolio	1 749	2 586
Insurance-related provisions in life insurance incl. investment options	244 282	228 092

Note 8 Fair value hierarchy

NOK million	31.12.2011	31.12.2010
Assets¹		
Lending local authorities, enterprises and personal customers		
Level 1: Value based on prices in an active market	0	0
Level 2: Value based on observable market data	2 519	3 974
Level 3: Value based on other than observable market data	0	0
Lending local authorities, enterprises and personal customers	2 519	3 974
Debt instruments (bonds, certificates and investments in financial institutions)		
Level 1: Value based on prices in an active market	49 219	44 177
Level 2: Value based on observable market data	27 832	20 128
Level 3: Value based on other than observable market data	0	0
Debt instruments (bonds, certificates and investments in financial institutions)	77 050	64 305
Owners' equity instruments (shares; equity and property funds; and alternative investments)		
Level 1: Value based on prices in an active market	31 378	32 335
Level 2: Value based on observable market data	2 259	2 008
Level 3: Value based on other than observable market data	2 531	1 589
Owners' equity instruments (shares; equity and property funds; and alternative investments)	36 168	35 933
Financial derivatives		
Level 1: Value based on prices in an active market	0	0
Level 2: Value based on observable market data	982	1 386
Level 3: Value based on other than observable market data	0	0
Financial derivatives	982	1 386
Total financial assets valued at fair value	116 719	105 598

Note 8 Fair value hierarchy (contd.)

NOK million	31.12.2011	31.12.2010
Liabilities		
Financial derivatives		
Level 1: Value based on prices in an active market	0	0
Level 2: Value based on observable market data	1 031	520
Level 3: Value based on other than observable market data	0	0
Financial derivatives	1 031	520
Debt to financial institutions		
Level 1: Value based on prices in an active market	392	330
Level 2: Value based on observable market data	1 006	12 958
Level 3: Value based on other than observable market data	0	0
Debt to financial institutions	1 398	13 287
Total financial liabilities at fair value	2 429	13 807

Changes in level 3 NOK million	31.12.2011	31.12.2010
Opening balance	1 589	889
Sold	-360	-390
Bought	1 018	975
Unrealised change	285	115
Realised loss/gain	62	66
Closing balance	2 531	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 197 million concerned NOK 90 million relate to equity investments and participation under level 1, and 107 million to debt instruments at fair value under level 1 as of 31.12.2011.

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

2011	AAA	AA	A	BBB	NR/ NIG	Total
Debt instruments held to maturity - at amortised cost						
Financial and credit enterprises	0	2 043	1 042	1 032	861	4 977
Public guarantee	1 368	0	0	0	50	1 419
Savings bank	0	0	50	0	210	260
Government and government guarantee within OECD	21 087	839	1 581	0	0	23 506
State enterprises and Covered Bonds	3 246	0	0	0	1 462	4 708
Other	0	989	2 587	0	2 991	6 568
Total	25 701	3 871	5 260	1 032	5 574	41 438
Debt instruments classified as loans and receivables - at amortised cost						
Financial and credit enterprises	510	259	3 889	0	2 302	6 960
Public guarantee	1 111	0	0	0	829	1 940
Savings bank	0	0	451	0	681	1 132
Government and government guarantee within OECD	14 355	0	2 045	0	0	16 400
State enterprises and Covered Bonds	5 973	1 118	1 768	0	2 401	11 260
Other	0	1 268	2 245	389	5 341	9 243
Total	21 949	2 645	10 399	389	11 555	46 936
Debt instruments at fair value - bonds and certificates						
Financial and credit enterprises	45	2 477	4 029	10	1 959	8 520
Public guarantee	681	55	0	0	720	1 456
Savings bank	0	0	826	0	7 972	8 797
Government and government guarantee within OECD	5 452	3 832	349	0	0	9 633
State enterprises and Covered Bonds	1 311	0	0	0	3 077	4 388
Other	0	223	25	391	4 272	4 910
Total	7 490	6 586	5 229	401	17 999	37 704
Financial derivatives classified as assets						
Denmark	0	0	170	0	0	170
Finland	0	42	0	0	0	42
Norway	0	75	136	0	0	211
Great Britain	0	0	2	0	0	2
Switzerland	0	0	43	0	0	43
Sweden	0	0	152	0	0	152
Germany	0	0	84	0	0	84
USA	0	0	278	0	0	278
Total	0	117	865	0	0	982



Note 9 Credit risk, contd.

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	1 240	1 240
Government and government guarantee within OECD	0	0	0	0	117	117
Other	0	0	16 405	0	12 871	29 276
Total	0	0	16 405	0	14 228	30 633
Debt instruments at fair value - loans and receivables						
Denmark	0	0	130	0	0	130
Finland	0	299	0	0	0	299
France	0	0	0	0	0	0
Norway	0	0	2 743	0	2 661	5 404
Sweden	0	195	444	0	0	639
Great Britain	0	1 763	9	0	0	1 771
USA	0	0	470	0	0	470
Total	0	2 257	3 796	0	2 661	8 713
Total securities	55 140	15 476	41 952	1 822	52 016	166 406

NOK million	0 %	20 %	35 %	100 %	Total
Lending local government, enterprises & pers. customers ¹	0 %	20 %	35 %	100 %	Totalt
Public sector ¹	0	39 789	0	3 098	42 887
Credit institutions	0	0	0	1 474	1 474
Private individuals	0	0	9 100	82	9 182
Total	0	39 789	9 100	4 654	53 543



Note 9 Credit risk, contd.

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.

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
Not apportioned	0	0	0	98	98
Total	3	44 073	8 909	3 030	56 014

¹ Credit risk in the lending category is computed by applying the principles contained in the capital adequacy regulations and the rules applying to risk weight of assets. Lending is measured separately as they are not measured under equivalent rating categories.

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 10 Interest rate risk

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



Note 11 Liquidity risk

31.12.2010	Within	From	From 1	From 5	Over	Change in	
NOK million	3 mnths	3 mnths	year	year	10 years	cashflow	Total
	to 12 mnths	to 5 year	10 year	10 year			
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	0	0	0	54	33
Lending	0	-13	-53	-3	0	240	171
Total assets	-1 364	-40	-332	-557	-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
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.

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

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	1 026	0	0	0	0	1 026
Debt to and deposits from customers	0	3 263	6 505	308	0	10 076
Debt contracted through issuance of securities	0	13 411	0	0	0	13 411
Receivables from credit institutions	49	239	406	223	-18	901
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 Q4 2011

Notes	Consumption 4. kv 2011	Consumption 2011	Target 2011	Consumption 2010	
Environment					
1	Energy consumption kWh KLP Huset	849 979	3 489 425	5 098 896	5 367 259
1	Energy consumption kWh own offices Trondheim	45 765	165 135	339 301	357 159
1	Energy consumption kwh own office Bergen	119 542	460 518	514 270	541 337

Notes	Change Q4 2011	Status 2011	Target 2011	Status 2010	
Employees					
	Number of employees	0	775	762	
	Percentage reported sickness absence 12 months rolling	0.2	4.6	under 4.5	4.4
	Percentage reported sickness absence quarter	0.2	4.6		

Notes	Number Q4 2011	Number 2011	Target 2011	Number 2010	
Responsible investments					
	Number of exclusions of companies from the investment portfolio	0	64	NA	59
	Number of companies reinstated in the investment portfolio	1	1		3
	Number of general meetings in Norwegian companies in which KLP has voted	14	130		127
	Number of general meetings in foreign companies in which KLP has voted	202	1 662		1 533
2	Number of companies KLP has been in dialogue with	1	96	110	

Note 1 Energy consumption

Targets for 2011 are set at 5 per cent reduction in tones CO₂/employee. 1 kwh is the approximate equivalent of NOK1 and 100 grammes of CO₂. KLP has succeeded in reducing the Kwh consumption in all offices, in particular the Oslo ones. The main reason for this is that 2011 is the first complete year in the new KLP-building, and that after the running-in period efforts have been made to realize the potential for energy-effective operations.

Electricity and remote-sourced heating are included in the figures. Airplane travel will also impact the environment. This will be followed up internally.

Note 2 Responsible investing

The target for active dialogue with companies for 2011 was reached up to 90 per cent. Resources were concentrated on following-up ongoing dialogues rather than initiating new ones.



Accounts after the fourth quarter 2011 Kommunal Landspensjonskasse

Notes	Income statement NOK million	Q4 2011	Q4 2010	01.01.11- 31.12.11	01.01.10- 31.12.10
	Premium income	3 981	3 385	21 752	20 345
	Income from investments in subsidiaries, associated enterprises and jointly controlled enterprises	344	652	1 696	2 922
	Interest income/dividends on financial assets	2 000	1 353	8 790	6 998
	Value changes on investments	3 813	2 531	-2 728	5 438
	Gains and losses realised on investments	-1 158	552	-337	69
	Net income from investments in the common portfolio	4 999	5 088	7 420	15 427
	Net income of the investment option portfolio	35	8	30	21
		163	166	660	650
	Other insurance-related income				
	Claims	-2 541	-2 200	-10 033	-10 080
	Changes in insurance liabilities taken to profit/loss - contractual liabilities	-8 000	-7 063	-16 619	-22 331
	Changes in insurance liabilities investment option portfolio	15	-11	-44	-29
	Funds assigned to insurance contracts - contractual liabilities	1 873	1 014	-1 451	-2 581
3	Insurance-related operating expenses	-238	-216	-788	-714
	Other insurance-related costs	-161	-166	-656	-651
	Technical profit/loss	125	6	271	59
	Net income from investments in the corporate portfolio	119	192	639	703
	Other income	2	9	10	13
	Administration costs and other costs associated with the corporate portfolio	-54	-56	-215	-212
	Non-technical profit/loss	67	146	434	504
	Profit/loss pre-tax	193	151	705	563
	Tax	0	0	0	0
	Profit/loss before other comprehensive income	193	151	705	563
	TOTAL RESULT	193	151	705	563



Accounts after the fourth quarter 2011 Kommunal Landspensjonskasse

Notes	Balance NOK million	31.12. 2011	31.12. 2010
ASSETS			
ASSETS IN THE CORPORATE PORTFOLIO			
	Intangible assets	293	306
5	Investments	16 468	14 699
	Receivables	964	756
	Other assets	350	521
	Total assets in the corporate portfolio	18 075	16 283
ASSETS IN THE CUSTOMER PORTFOLIOS			
	Shares and holdings in property subsidiaries	27 816	25 122
6	Receivables from and securities issued by subsidiaries, associated enterprises and jointly controlled enterprises	4 306	3 200
5	Financial assets valued at amortised cost	99 753	100 223
5	Financial assets valued at fair value	110 392	99 092
	Total assets in the common portfolios	242 267	227 637
	Shares and holdings in property subsidiaries	170	33
5	Financial assets at amortised costs	538	103
5	Financial assets at fair value	696	139
	Total assets in investment portfolio	1 404	274
	ASSETS	261 746	244 194
OWNERS' EQUITY AND LIABILITIES			
	Owners' equity contributed	6 217	5 628
	Retained earnings	5 723	5 019
	Subordinated loan capital etc.	4 288	4 074
4	Insurance obligations in life insurance - contractual liabilities	242 045	227 260
4	Insurance liabilities unit-linked portfolio	1 394	273
	Provision for liabilities	362	340
	Liabilities	1 662	1 544
	Accrued costs and prepaid income	54	57
	OWNERS' EQUITY AND LIABILITIES	261 746	244 194
Off-balance sheet items			
	Contingent liabilities	4 510	2 978



Accounts after the fourth 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	5 019	10 647
Total other comprehensive income	0	705	705
Total income	0	705	705
Transaction with owners			
Equity paid-in	597	0	597
Equity reimbursed	-8	0	-8
Sum transaction with owners	590	0	590
Own funds 31.12.2011	6 217	5 723	11 941

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	563	563
Total income	0	563	563
Transaction with owners			
Equity paid-in	556	0	556
Equity reimbursed	-35	0	-35
Sum transaction with owners	521	0	521
Other changes			
Change of principles provisions for casualty (ULEA)	0	-79	-79
Total other changes	0	-79	-79
Own funds 31.12.2010	5 628	5 019	10 647

Cash flow analysis NOK million	01.01.11 -31.12.11	01.01.11 -30.09.11	01.01.11 -30.06.11	01.01.11 -31.03.11	01.01.10 -31.12.10
Net cashflow from operational activities	-673	-578	157	328	-409
Net cashflow from investment activities	-88	-65	-47	-21	-157
Net cashflow from financing activities	589	596	0	-5	521
Net changes in cash and bank deposits	-172	-47	110	302	-44
Holdings of cash and bank deposits at start of period	460	460	460	460	504
Holdings of cash and bank deposits at end of period	288	413	569	762	460



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 - 31.12.2011. 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, Q2 and Q3 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 31st December 2011.

NOK million	Q4 2011	Q4 2010	01.01.11- 31.12.11	01.01.10- 31.12.10
Value adjustment incl. foreign exchange	7	290	472	1 634
Foreign exchange effect on hedging	10	122	12	106
Net value adjustment incl. exchange hedging	17	412	484	1 740

Note 3 Operating expenses

NOK million	Q4 2011	Q4 2010	01.01.11- 31.12.11	01.01.10- 31.12.10
Staff costs	120	72	419	344
Depreciation	52	79	101	118
Other operating expenses	65	65	268	252
Insurance related expenses	238	216	788	714

Note 4 Insurance obligations

NOK million	31.12. 2011	31.12. 2010
Premium reserve	221 983	206 075
Premium fund(s)	2 801	3 512
Supplementary reserve	12 234	10 144
Securities adjustment fund	4 958	7 450
Other provisions	69	79
Insurance-related provisions - obligations under contract	242 045	227 260
Premium reserve	1 275	243
Premium fund(s)	35	12
Supplementary reserve	85	19
Insurance-related provisions - investment choice	1 394	273

Note 5 Financial assets

NOK million	31.12.2011	31.12.2010
Financial assets corporate portfolio		
Investments held to maturity	3 225	3 238
Bonds loans and receivables	3 860	3 341
Total financial assets valued at amortised cost	7 085	6 579
Shares and holdings	968	1 222
Bonds and other fixed-return securities	3 114	2 021
Lending and receivables	723	504
Financial derivatives	252	86
Other financial assets	10	0
Total financial assets valued at fair value	5 067	3 832
Total financial assets corporate portfolio	12 152	10 411
Real-estate investments	941	949
Affiliated companies	3 375	3 339
Total investments in the common portfolio	16 468	14 699
Financial assets common portfolio		
Investments held to maturity	37 013	37 982
Bonds loans and receivables	41 942	35 788
Lending	20 798	26 453
Total financial assets valued at amortised cost	99 753	100 223
Shares and holdings	34 562	34 235
Bonds and other fixed-return securities	62 961	51 456
Lending and receivables	12 228	12 266
Financial derivatives	571	1 117
Other financial assets	70	18
Total financial assets valued at fair value	110 392	99 092
Total financial assets common portfolio	210 145	199 315
Financial assets investment choice portfolio		
Investments held to maturity	189	48
Bonds loans and receivables	349	55
Total financial assets valued at amortised cost	538	103
Shares and holdings	267	64
Bonds and other fixed-return securities	409	73
Lending and receivables	16	1
Financial derivatives	1	0
Other financial assets	2	0
Financial assets valued at fair value	696	139
Total financial assets investment choice portfolio	1 234	241
Total financial assets	223 530	209 967

Note 6 Transactions with related parties

KLP has granted KLP Banken a loan of 4.3 NOK billion as at 31.12.2011. The loan was given at market rate (NIBOR + margin) and is due 15.03.2012.





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