

## Presentation of Financial Results Q2-2006

17 August 2006

For days to come



### Main features of Q2-2006



- Value adjusted results for the first six months NOK 0.5 billion (2.3 billion) - the second quarter characterized by volatile financial markets.
- Value adjusted return at the end of Q2 1.8 pct (3.1 pct) and booked results of 2.4 pct (2.5 pct.)
- Financial revenues for the year to date NOK 2.8 billion (4.4 billion) - more than half from bonds held-to-maturity.
- Stable and good market situation - few tender processes in 2006. A balanced number of clients of KLP and of competitors have signalled tenders.
- Vigorous growth in group life-insurance in 2006.

Figures in brackets show last year equivalents

For days to come



## Main features in Q2-2006 (cont.)



- Maintained growth: total assets up by 12 pct to NOK 164 billion compared to 147 billion 12 months ago.
- Strong solidity, total financial buffers of NOK 14.2 billion (NOK 10.9 billion).
- Capital adequacy of 15.8 pct. (13.2 pct) at the end of the quarter compared to a statutory minimum of 8 pct.
- KLP launched a new subsidiary: KLP Pensjonsforsikring AS entering the defined contribution based pension market.
- New insurance act in force from July 1<sup>st</sup> - fully implemented from January 1<sup>st</sup> 2008.

For days to come



## Return on capital

<i>Figures in per cent</i>	Return ytd 30/06/06	Return last 12 months
Return on capital I (booked)	2.4	5.6
Return on capital II (value-adjusted)	1.8	6.5
Return on capital III (value-adjusted including HTM-reserves)	0.2	3.8

For days to come



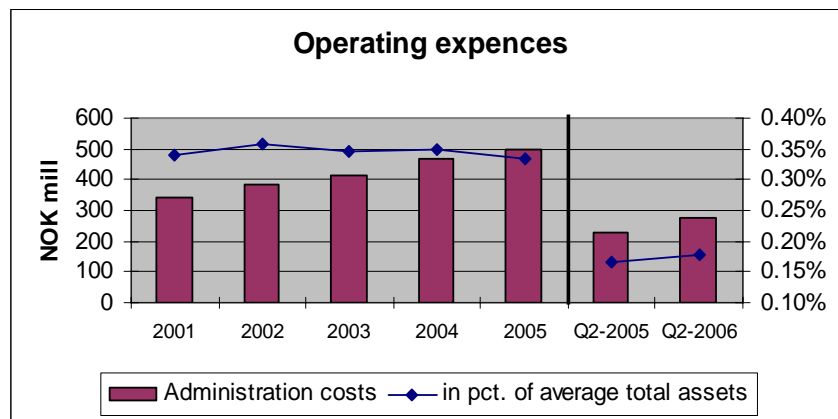
## Key figures - Profit and loss account

Result <i>NOK mill</i>	Period 01/04 - - 30/06/06	Period 01/01/ - 30/06/2006	Period 01/01/ - 30/06/2005
Premiums	2,215	4,413	4,492
Net transfers	3	-1,643	- 817
Net financial income	- 467	2,759	4,392
Claims	- 1,506	- 2,955	- 2,803
Changes in insurance provisions	- 1,681	- 1,748	- 2,697
<i>Of which : net transfers</i>	<i>3</i>	<i>1,643</i>	<i>801</i>
<i>premium reserves</i>	<i>- 1,684</i>	<i>-3,391</i>	<i>- 3,498</i>
Other	- 1	- 1	10
Operating expenses	- 140	- 275	- 230
Value adjusted result	- 1,577	549	2,346
To(-)/from (+) security reserve fund	1,881	838	- 908
Result before allocations	304	1,387	1,438

For days to come



## Operating expenses



For days to come



## Key figures - balance sheet

Assets NOK mill	31/12/05	Change	30/06/06
Equities <sup>1</sup>	28,643	3,076	31,719
Bonds	28,696	2,145	30,841
Money market instruments	7,234	- 4,221	3,014
Bonds held to maturity	52,767	6,678	59,445
Lending	15,331	- 98	15,233
Property	12,478	372	12,850
Other financial assets <sup>2</sup>	8,654	-801	7,853
Other assets <sup>3</sup>	2,768	- 29	2,738
<b>Total assets</b>	<b>156,571</b>	<b>7,123</b>	<b>163,694</b>

<sup>1</sup> Equities including derivatives gave a total exposure to the equity market at NOK 37 mill.

<sup>2</sup> Mainly short-term deposits

<sup>3</sup> Incl. Premium receivables, interest earned, not due

For days to come



## Key figures - balance sheet

Equity and liabilities NOK mill	31/12/05	Change	30/06/06
Equity	5,094	401	5,495
Tier 1 capital	744	- 148	596
Subordinated loan capital	1,344	2,356	3,700
Result before allocation	0	1,387	1,387
Securities adjustment fund	5,957	- 838	5,119
Insurance provisions	142,593	1,684	144,277
<i>of which: supplementary reserves</i>	<i>5,288</i>	<i>0</i>	<i>5,288</i>
Other liabilities <sup>1</sup>	839	2,280	3,120
<b>Total equity and liabilities</b>	<b>156,571</b>	<b>7,123</b>	<b>163,694</b>

<sup>1</sup> Composed of securities transactions in settlement, accruals, deferred costs, advance tax and pension obligations

For days to come



## Financial assets - allocation and return

Financial assets <sup>1</sup> <i>Figures in percent</i>	Ratio 31.12.2005	Ratio 30.06.2006	Return ytd 2006
Equities	18.6	19.7	3.0
Bonds	23.4	21.1	- 1.0
Bonds held to maturity	34.3	36.9	2.8
Lending	10.0	9.5	1.9
Property	8.1	8.0	3.5
Other financial assets	5.6	4.8	
<b>Total in per cent</b>	<b>100</b>	<b>100</b>	
*) Overall exposure to the equity market incl. derivatives			
	22.6	23.5	

<sup>1</sup> This table is an overview of financial assets. The statutory reported figures differ due to differences in classification.

For days to come



## Valuation reserves, trading portfolios

Unrealised valuation reserves <i>NOK mill</i>	31.12.05	Change	30.06.06
Bonds	340	- 862	- 522
Equities	5,312	242	5,554
Derivatives	265	- 194	71
<b>Total unrealised valuation reserves</b>	<b>5,918</b>	<b>- 815</b>	<b>5,103</b>
<b>Bonds held-to-maturity</b>	<b>4,904</b>	<b>- 2,485</b>	<b>2,419</b>

For days to come



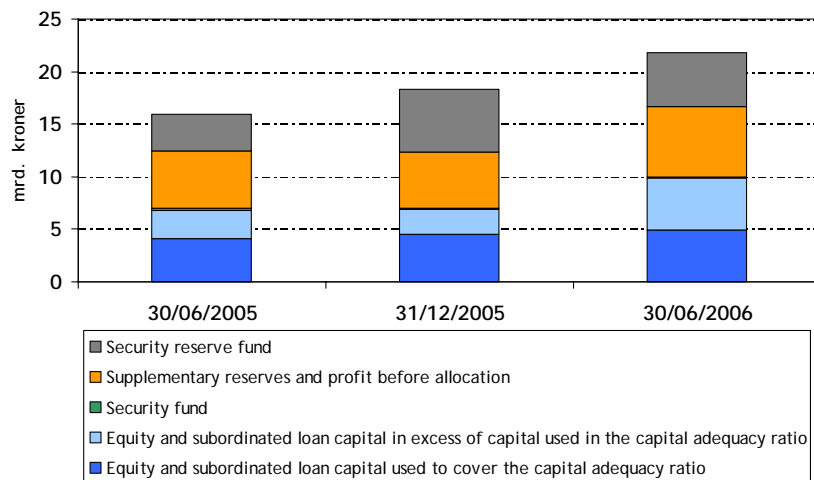
## Financial buffer capital

<i>NOK mill</i>		
	31.12.05	30.06.06
Securities adjustment fund	5,957	5,119
Supplementary reserves (limited to one year guaranteed rate) and profit before allocation	4,437	4,493
Profit ytd	0	1,387
<i>Less of : Core capital margin according to solvency-regulations</i>	<i>1,743</i>	<i>3,217</i>
<i>and: Core capital margin according to CAD - regulations</i>	<i>2,327</i>	<i>3,276</i>
<b>Buffer capital</b>	<b>12,137</b>	<b>14,216</b>
Supplementary reserves (excess of one year guaranteed rate)	851	812
Valuation reserves - Bonds held-to-maturity	4,904	2,419
<i>Figures in pct</i>		
	31.12.05	30.06.06
Capital adequacy ratio	12.1	15.8
Core capital adequacy ratio	10.3	10.0

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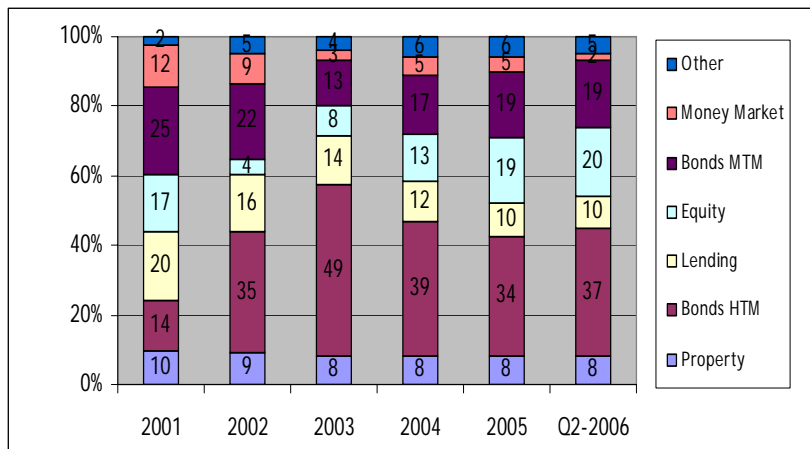
## Financial solidity



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## Allocation of financial assets



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## Trading portfolios - equities and bonds

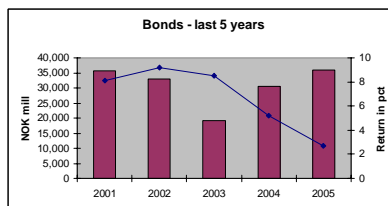
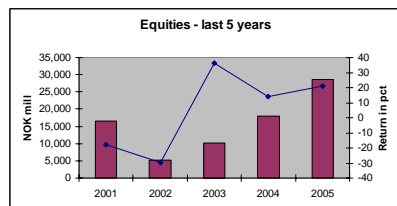
Trading portfolios - equities and bonds (Including derivatives \*) 31/03/2006 30/06/2006

Value Equities (NOK mill)	38,225	36,978
Value Bonds (NOK mill)	41,985	41,718
Equities incl derivatives (in pct of total financial assets)	24.4 %	23.5 %
Total return, trading portfolio equities year to date	7.8 %	3.0 %
Total return, trading portfolio bonds year to date	-0.7 %	-1.0 %

\*) Calculated in accordance with classification in the management of the portfolios.  
The statutory reported figures differ due to differences in classification.

Index portfolios 31/03/2006 30/06/2006

Index portfolio (passive mandate) in percent of total equity portfolios	84.2 %	85.1 %
Index portfolio (passive mandate) in percent of total bond portfolios	21.9 %	34.4 %



For days to come



## Trading portfolios - geographic diversification

Trading portfolios of equities - geographic diversification Incl derivatives	31/03/2006	30/06/2006
Trading portfolios of equities - Total	100%	100%
Norway	11.0 %	10.9 %
Nordic excl Norway	2.6 %	2.5 %
Other foreign	86.1 %	86.1 %
Other portfolios	0.4 %	0.5 %

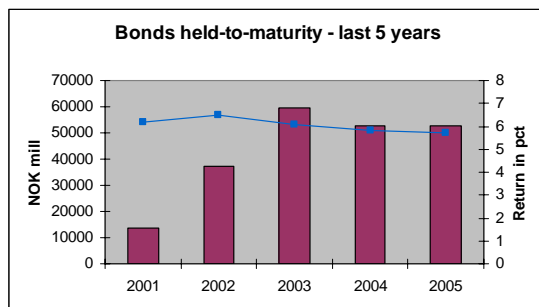
Trading portfolios of bonds - geographic diversification Incl derivatives	31/03/2006	30/06/2006
Trading portfolios of bonds - Total	100%	100%
Norway - money market instruments	29.8 %	15.9 %
Norway - bonds	15.7 %	15.2 %
Foreign - bonds	52.9 %	67.3 %
Other portfolios	1.6 %	1.6 %

For days to come



## Bonds held to maturity

Bonds held-to-maturity portfolio	31/03/2006	30/06/2006
Book value (NOK mill)	52,727	59,445
Yield (percent)	5.4	5.2
Duration (year)	5.8	6.1
Valuation reserves (NOK mill)	3,926	2,419
Return year to date (percent)	1.4	2.8



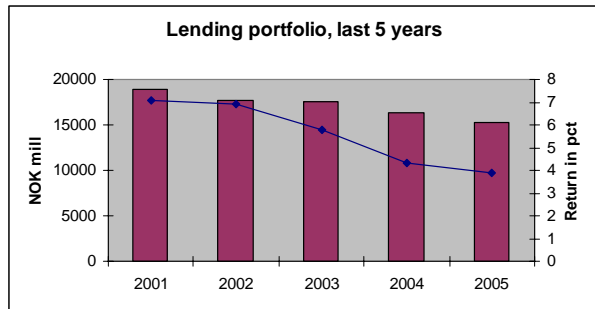
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## Lending portfolio

Lending portfolio 31/03/2006 30/06/2006

Book value (NOK mill)	15,307	15,233
Of this: Fixed rate loans (NOK mill)	7,546	7,204
Return year to date (in percent)	0.7	1.9
Specific and general credit loss provisions (NOK mill)	2	2



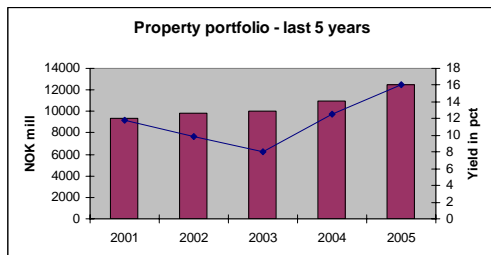
For days to come



## Property portfolio

Property portfolio 31/03/2006 30/06/2006

Book value (value-adjusted, NOK mill)	12,666	12,850
Total space occupied incl sites (square metres)	1,144,425	1,144,425
Occupancy rate (percent)	96.2	95.8
Average duration (years)	7.2	6.9
Yield year to date (percent)	1.8	3.5



### Geographic diversification of the portfolio:

- 80 pct Oslo, Norway
- 11 pct Trondheim, Norway
- 4 pct Stavanger, Norway
- 5 pct Copenhagen, Denmark

### Sector diversification of the portfolio:

- 53 pct office
- 14 pct hotels
- 14 pct shopping centres
- 11 pct education
- 8 pct other

For days to come



## KLP Asset Management and KLP Fund Management

- Asset under management 30/06/06 NOK 150 billion
- Total excess return asset under active management NOK 7 mill
- Total fee income ytd 2006 NOK 71 mill

	NOK Bn	Return	Index	Excess return
<b>Total Active Management</b>	<b>25.2</b>	<b>1.13%</b>	<b>1.14%</b>	<b>0.00%</b>
- equities	4.9	10.89%	11.07%	-0.18%
- bonds	20.3	-0.40%	-0.44%	0.04%
<b>Total Index Management</b>	<b>42.0</b>	<b>1.25%</b>	<b>1.17%</b>	<b>0.08%</b>
- equities	28.9	2.20%	2.02%	0.18%
- bonds	13.1	-2.29%	-2.13%	-0.16% <sup>1)</sup>

1) A new bond-fund with a credit index was launched in May/June. A significant part of the deviation from the index is due to initial costs in this context.

For days to come



## KLP non-life insurance - main features ytd 2006

- Result ytd 2006 was NOK 25 million (NOK 49 million)<sup>1</sup>
- Combined Ratio at 95.0 pct at the end of the quarter (88.8 pct)
- The insurance business provided a good result, whereas the income from investments is considerably lower than last year
- Claims Ratio 77.6 pct (75.3 pct)
- Cost Ratio 17.4 pct (13.5 pct)
- Return on capital 1.2 pct for the first half year (2.5 pct)
- Equalisation reserves make an satisfactory buffer against adverse run off and negative risk development

<sup>1</sup> Figures in brackets show last year equivalents

For days to come



## KLP non-life insurance

Key ratios in %	30/06/2005	30/06/2006	2005
Claims ratio on own account	75.3 %	77.6 %	70.7 %
Cost ratio on own account	13.5 %	17.4 %	15.5 %
Combined ratio on own account	88.8 %	95.0 %	86.2 %
Return on capital	2.5 %	1.2 %	4.6 %
Capital adequacy ratio	39.5 %	49.3 %	55.5 %

Key figures Profit and loss account, NOK mill	30/06/2005	30/06/2006	2005
Gross premium written	568	520	621
Premium income on own account	283	269	551
Claims cost on own account	213	209	389
Insurance-related operating expenses on own account	38	47	90
Result	49	25	70

Key figures balance sheet, NOK mill	30/06/2005	30/06/2006	2005
Financial assets	2,225	2,477	2,179
Total assets	2,399	2,630	2,314
Equity	245	290	266
Provisions in insurance fund on own account	2,079	2,273	1,984

For days to come



## KLP Pensjonsforsikring AS

- New, wholly owned subsidiary of KLP.
- The company has been established and concession as pension insurance company applied for.
- Expected fully operational from October 1<sup>st</sup> 2006
- Will provide:
  - Cost effective defined contribution products.
  - Other private-sector type pension products.
- Tom Eek appointed managing director, previously chief economist of KLP.

For days to come



## Return on capital - Comparison with Peers

### Value-adjusted return excl. bonds held to maturity

<i>Figures in per cent</i>	Q1 - 2006	Q2 - 2006	YTD 2006
KLP	2.1	- 0.3	1.8
Vital	2.8	- 0.2	2.6
Storebrand	2.8	- 0.4	2.4

For days to come

