

15. May 2008

Financial results first quarter 2008



Challenging first quarter

- Solid book return 1.7 per cent and profit for appropriation of NOK 2 012 million in a weak market
- Good solvency stabilises result on ensures good book return, without having to draw on supplementary reserves
- Value adjusted return -2.0 per cent
- Adaption to modified Insurance Act successful
- IFRS-effects bolster capital with NOK 727 million
- Good results from asset management and 4 out of 10 active mandates beats benchmark
- Strategic positioning in Property – target allocation achieved
- Dynamic CPPI-programme; KLP brought down investment risk in December and January

Solid results for appropriation

- NOK 1 928 million appropriated to customer on preliminary basis
- NOK 84 million to owners
- Positive valuation reserve of NOK 60 million

- Total solvency capital NOK 17 786 million

- Interest return (above guaranteed rate) positive NOK 1 869 million
- Administration result positive NOK 19 million
- Risk result positive NOK 88 million

- Markets improved after Q1
- Valuation reserve NOK 2.6 billion on May 7th
- Investment risk adjusted upwards in April/May

Key figures

	Q1 2007	Q1 2008
<i>All figures in per cent</i>		
Return Common portfolio		
Return on capital I – book		1.8
Return on capital II – value adjusted		-2.3
Return Corporate portfolio		1.1
Total return		
Return on capital I – book	1.0	1.7
Return on capital II – value adjusted	1.4	-2.0
Return on capital III – value adjusted incl. hold to maturity	1.0	-1.8
Capital Adequacy	13.6	12.2
Core capital adequacy	8.7	8.9

Presentation of accounts first quarter 2008

Income statement <i>NOK mill</i>	01.01. – 31.03.08
Pension premiums and incoming transfers	2 861
Net revenues from investments in Common portfolio	-4 085
Other insurance related income	145
Claims paid and outgoing transfers	-4 429
Changes in technical provisions incl. Changes in valuation reserves	7 905
Allocations to insurance contracts	-1 928
Insurance related operating costs	-148
Other insurance related costs	-145
Technical result	-4
Net revenues from investments in Corporate portfolio	130
Other revenues and expenditures	-45
Result non-technical accounts	85
Other elements	2
Total result	84

Appropriation of results first quarter 2008

Results <i>NOK mill</i>	To customers	To Owners	Total
Interest result	1 782	88	1 869
Risk result	88		88
Premium interest rate guarantee		25	25
Administration result		19	19
Return on Corporate portfolio			
Appropriated to customers	48	-48	0
Other	10		10
Accumulated results	1 928	84	2 012

Main figures Balance Sheet

Assets <i>NOK mill</i>	01.01.08	Change	31.03.08
Immaterial assets	157	13	170
Investments in corporate portfolio	11 522	50	11 572
Receivables	1 438	-643	795
Other Assets	506	108	614
Prepaid expenditures and earned, not due receivables	23	39	62
Total assets in corporate portfolio	13 647	-433	13 214
Investments in Common portfolio	181 269	-3 795	177 474
Total assets	194 916	-4 228	190 688

Main figures Balance Sheet

Capital and liabilities <i>NOK mill</i>	01.01.08	Change	31.03.08
Equity paid-in	4 220	2	4 222
Equity fund	3 110	83	3 193
Tier 1 and subordinated capital	3 514	96	3 610
Insurance provisions	182 397	-6 349	176 048
of which Valuation reserve	7 215	-7 155	60
of which provisional allocation to customers		1 928	1 928
Provision for claims	353		353
Claims	1 275	1 936	3 211
Incurred cost and revenues not due	47	3	50
Capital and Liabilities	194 916	4 228	190 688

Financial assets in Common portfolio

Assets <i>All figures in per cent</i>	Share 31.03.08	Return in Q1 2007
Trading portfolio equities *	22.1	-12.6
Trading portfolio bonds	19.7	1.1
Liquidity/Money-Market	4.8	1.6
Long term-/Held-to-maturity bonds	33.1	1.9
Lending	8.5	1.4
Property	11.8	1.3
Total	100	

* Equity exposure accounting for derivatives 16.2 per cent.

Financial buffer capital/capital adequacy

<i>NOK mill</i>	31.03.08	
Valuation reserves		60
Income to date		2 012
Supplementary reserves (up to one year's guaranteed return)		5 256
Core capital margin		3 589
Regulatory buffer capital		10 916
Supplementary reserves in excess of 1 year's guaranteed return		2 421
Valuation reserve/deficit HTM		-483

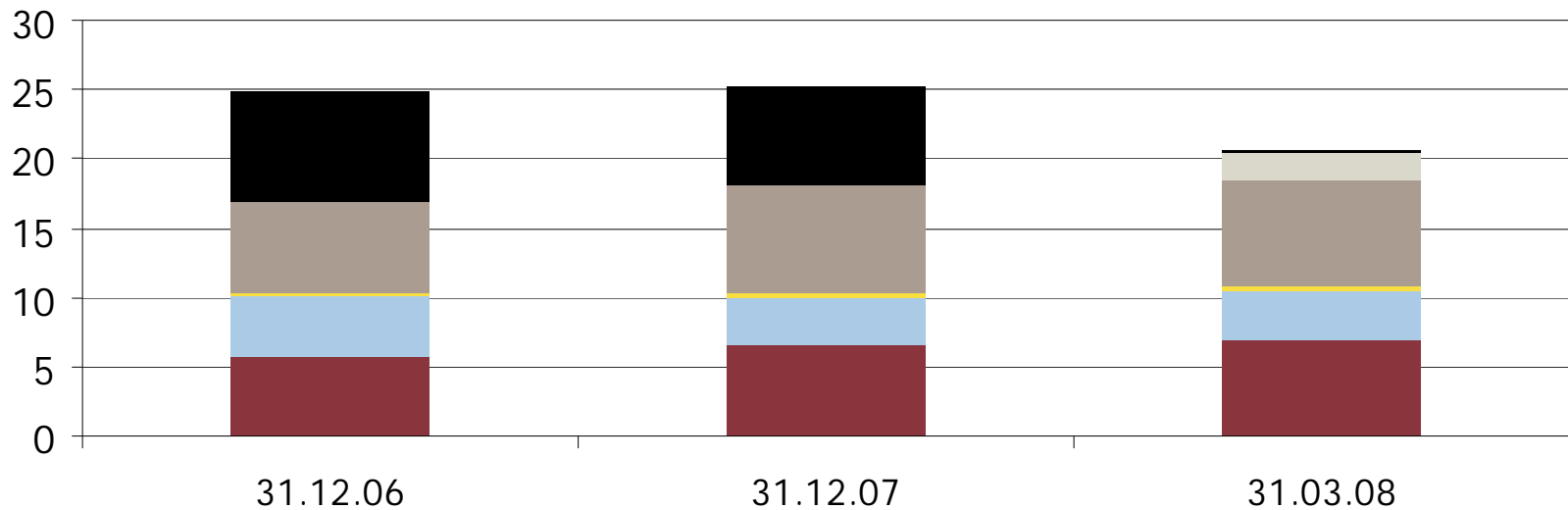
<i>Figures in per cent</i>	31.12.07	31.03.08
Capital adequacy ratio	12.1	12.2
Core-capital adequacy ratio	8.7	8.9

Valuation reserves in Common portfolio

Unrealised reserves <i>NOK mill</i>	01.01.08	Change	31.03.08
Trading portfolio fixed-income	-596	-539	- 1 135
Trading portfolio equities	7 801	-6 369	1 432
Derivatives	10	-248	-238
Total valuation reserve trading portfolios	7 215	-7 155	60

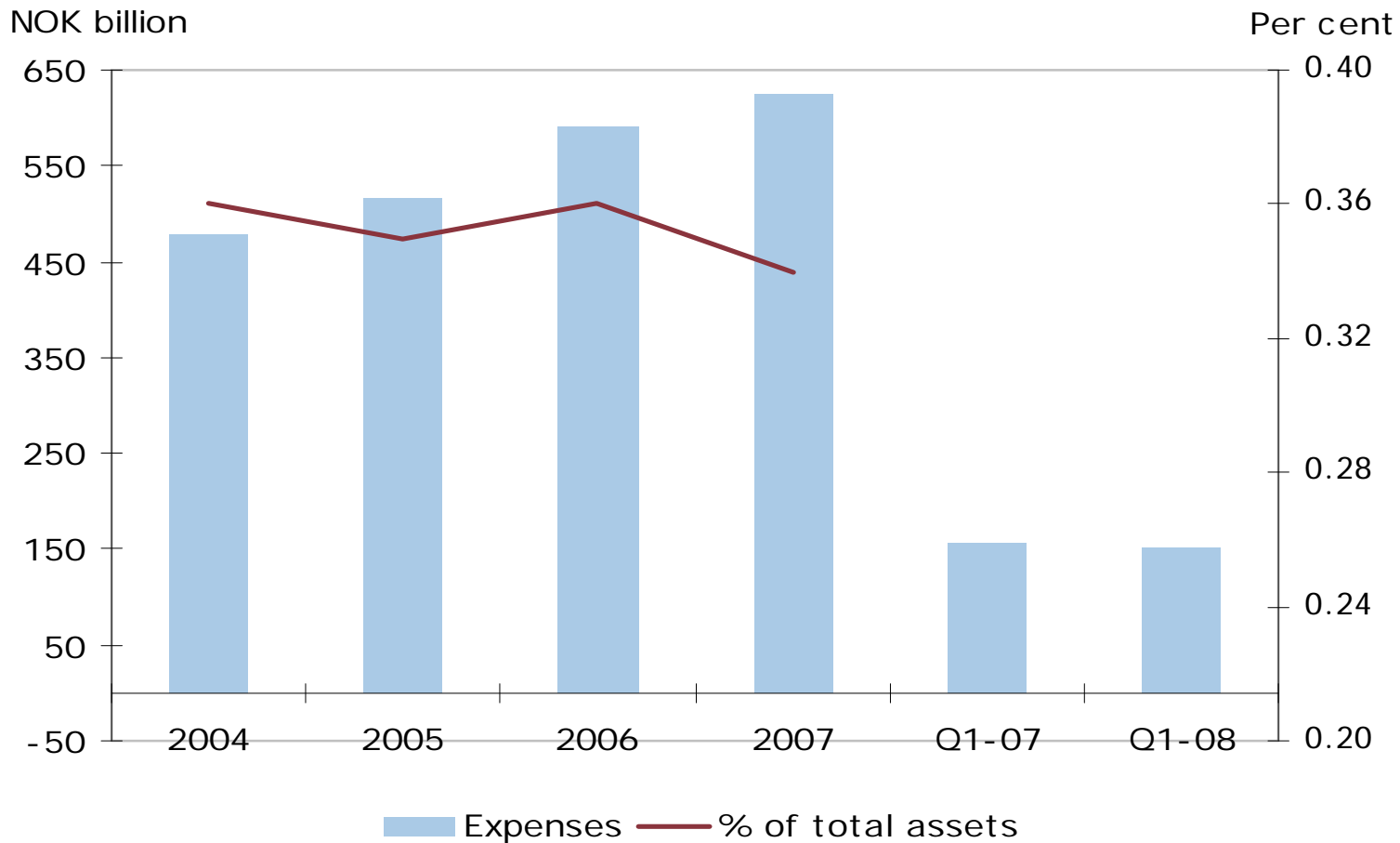
Financial solidity

NOK billion



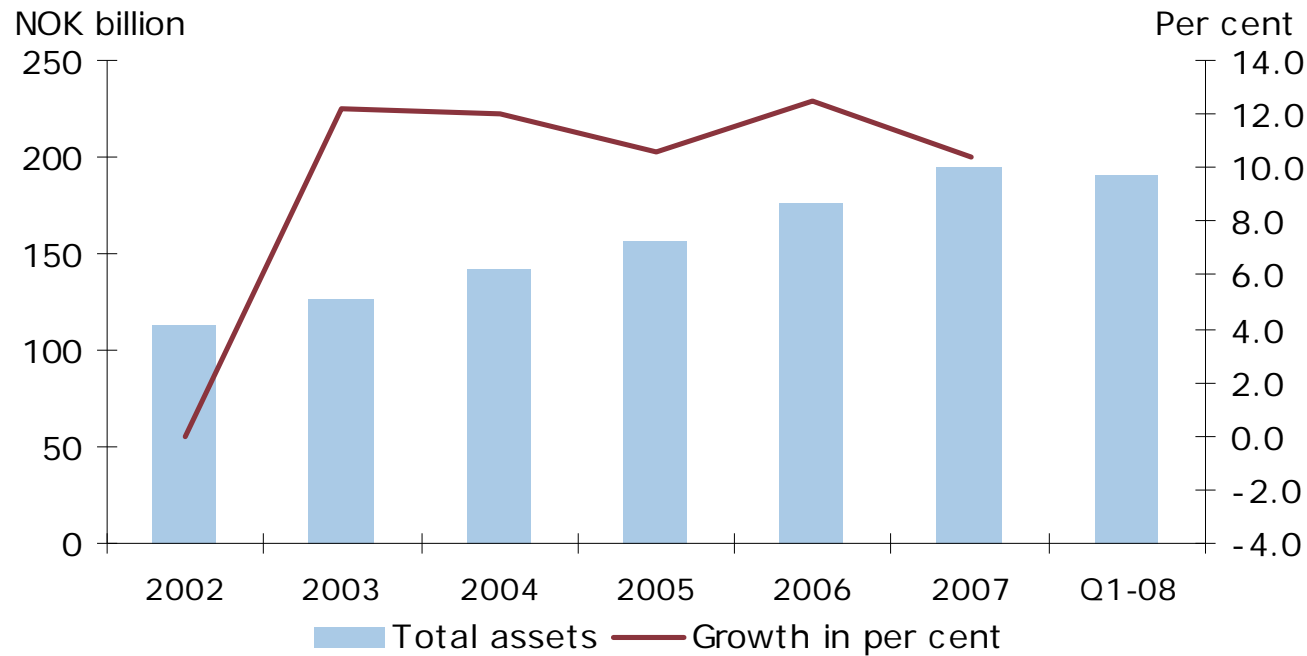
- Capital within statutory CAR
- Capital in excess of CAR
- Security-/Risk equalisation fund
- Supplementary provisions
- Un-allocated result
- Valuation reserves

Stable cost ratio



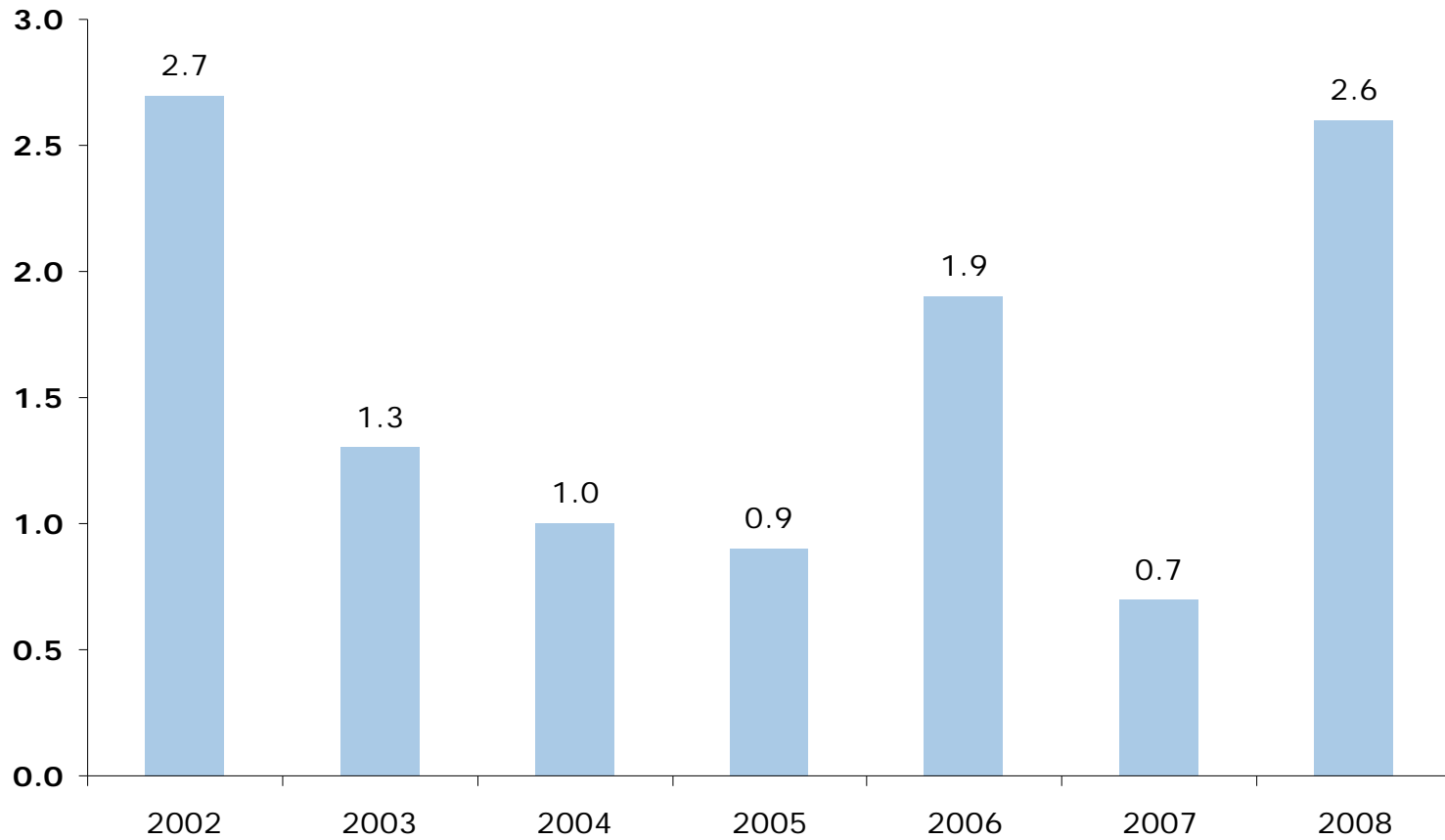
Costs in 2007 excluding NOK 244 million in connection with extraordinary bringing pension corridor to zero.

Total assets and growth

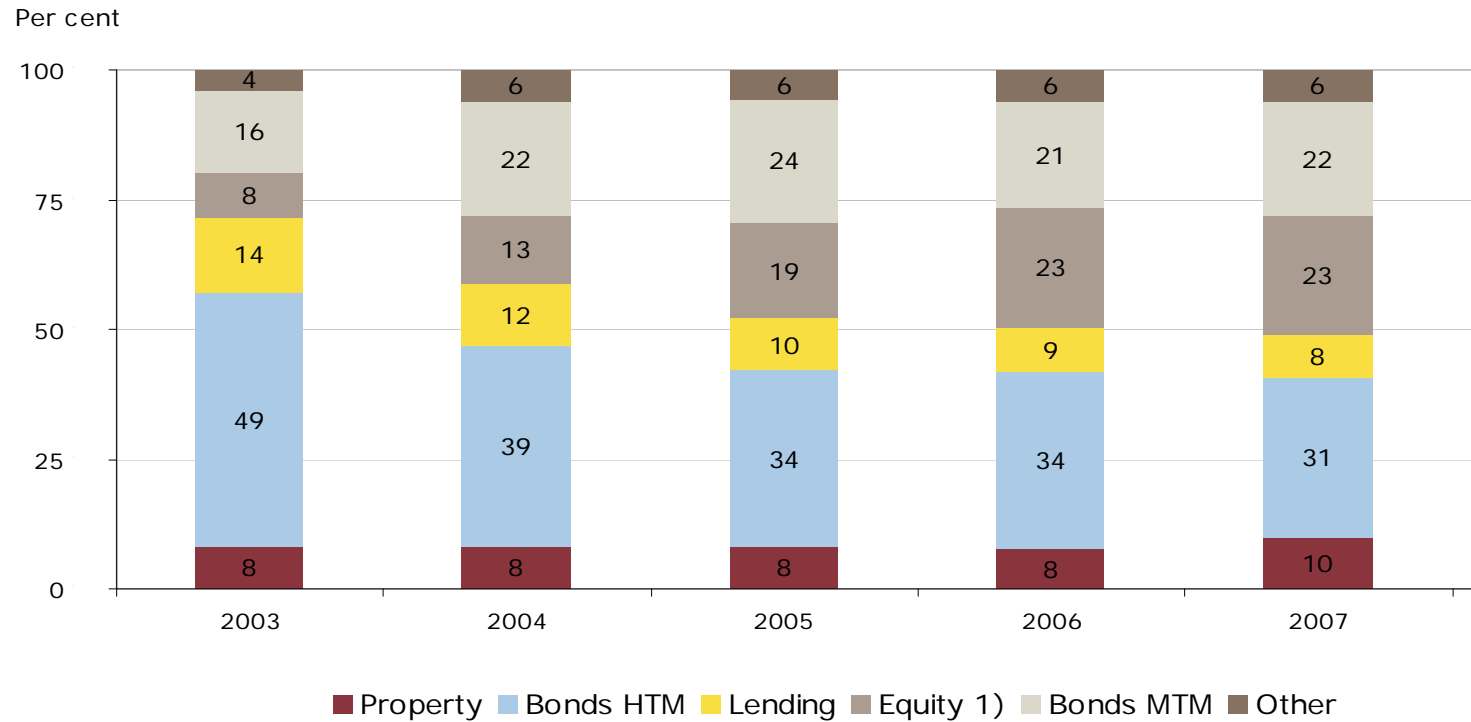


Net transfers from KLP

NOK billion



Asset allocation in KLP



1) Book value of equities, may differ from exposure figure.

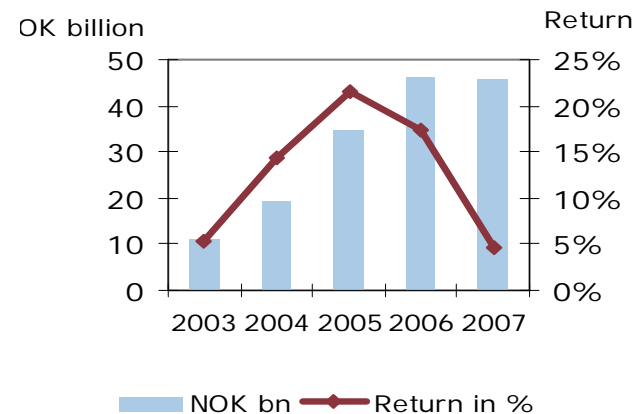
Trading portfolios – equities and bonds

Trading portfolios equities and fixed income*	31.03.08
Value equities (NOK mill)	37 646
Value fixed income (NOK mill)	43 881
Equities incl. derivatives (in per cent of fin. assets)	16.2
Return equity portfolios ytd.	-12.1
Return trading portfolios fixed income ytd.	1.2

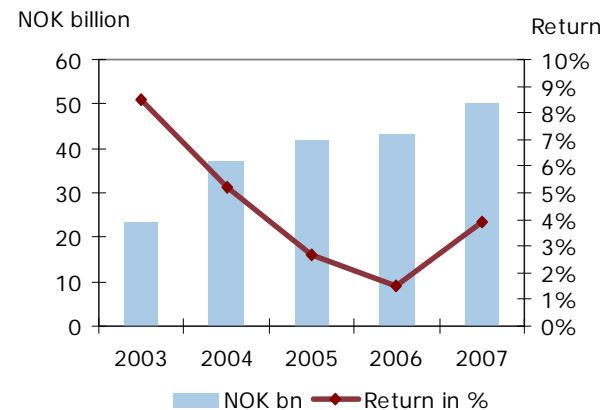
* This table is an overview of financial assets. The statutory reported figures differ due to difference in classification.

Index-tracking portfolios	31.12.07
Share index-tracking equities	79.4
Share index-tracking fixed-income	43.7

Trading portfolio return - last 5 years



Trading portfolio - fixed income - last 5 years



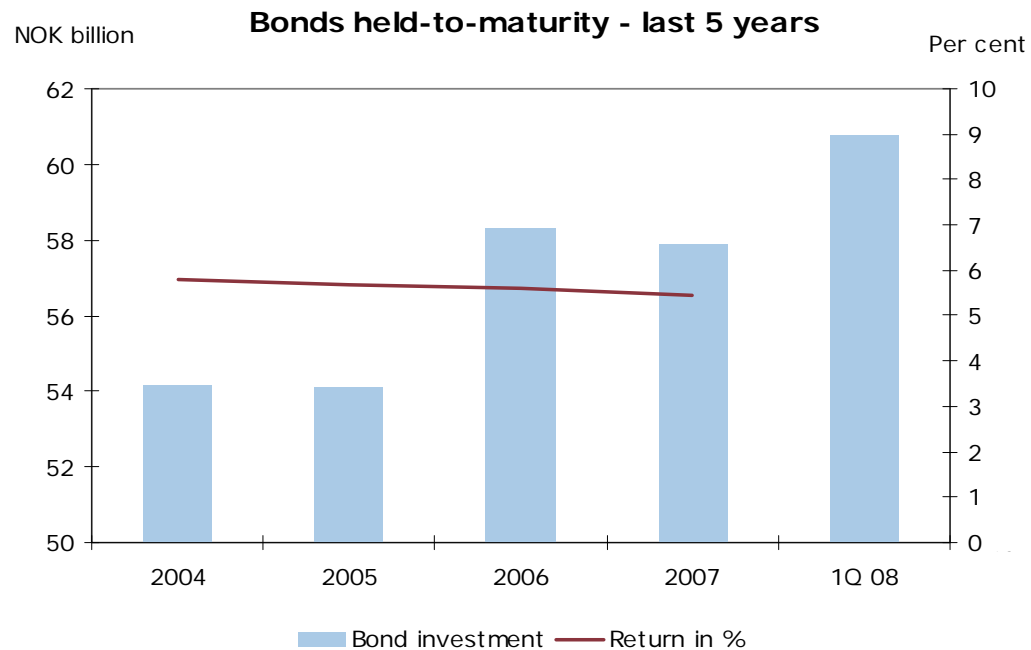
Trading portfolios – geographic split

Trading portfolio equities – Geographic distribution incl. derivatives	31.03.07	31.12.07	31.03.08
Trading portfolio equities total	100	100	100
Norway	13.7	15.1	13.7
Other Nordic countries	3.5	3.7	4.1
Other International	82.1	80.1	79.8
Misc. portfolios	0.7	1.1	2.3

Trading portfolio fixed-income – Geographic distribution incl. derivatives	31.03.07	31.12.07	31.03.08
Fixed income – total trading portfolios	100	100	100
Norway – money market	17.5	25.4	21.4
Norway – bonds	17.4	16.8	12.3
International bonds	63.5	57.0	64.7
Other portfolios	1.5	1.0	1.6

Bonds held-to-maturity

	31.03.07	31.12.07	31.03.08
Book value (NOK mill)	58 363	57 898	58 269
Valuation reserves (NOK mill)	58	-894	-404
Return year to date (per cent)	1.4	5.4	1.3



Credit policy

- **Hold-To-Maturity Bonds:** International bonds bought to be held to maturity limited to sovereign risk or rated AA- or better ⁽¹⁾, or bonds rated A or better with maturity of less than 10 years.

Bonds downgraded to be reviewed for reclassification

- **Global bond portfolios divided into**

- International bonds in trading portfolio limited to sovereign risk or rated AA or better
- International Credit Portfolio “investment grade” bonds, limited to 10 per cent of total assets

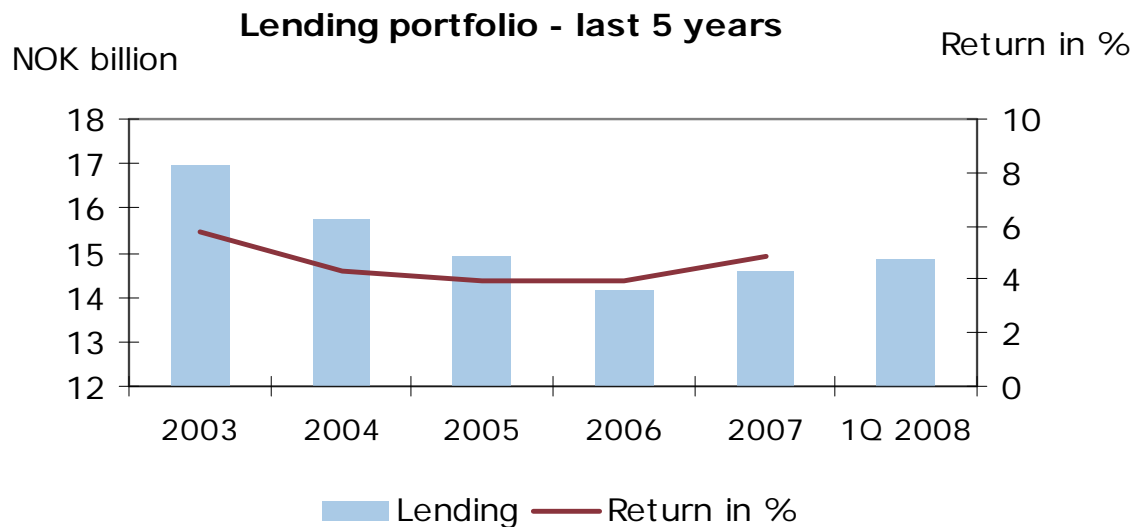
- **Norwegian bonds**

- Within specific credit limits given by Credit committee
- Lines subject to annual renewal and quarterly review.

1) Or equivalent by other leading rating agency

Lending portfolio

	31.03.07	31.12.07	31.03.08
Book value (NOK mill)	13 985	14 603	14 870
Of this: fixed rate loans (NOK mill)	3 341	4 990	4 946
Return year to date (in per cent)	1.1	4.8	1.4
Specific and general credit loss provisions (NOK mill)	1.3	1.3	1.3



Property portfolio

	31.03.07	31.12.07	31.03.08
Book value (value-adjusted NOK mill)	15 025	18 723	22 340
Total space occupied incl. sites (1 000 sq m)	1 231	1 230	1 328
Occupancy rate (per cent)	98.0	97.5	97.5
Average lease duration (year)	6.1	6.4	6.2
Yield year to date (per cent)	1.6	6.9	1.3

Property ownership by portfolio;

- Common portfolio 91.9 %
- Corporate portfolio 7.2 %
- KLP Skadeforsikring 0.7 %
(Non-life insurance)
- KLP Bedriftspensjon 0.1 %
(Private sector pensions)

- Geographic split of the portfolio;
85 % Oslo, 8 % Trondheim,
7 % Copenhagen
- Sector diversification of the portfolio;
63 % office, 12 % hotels,
10 % shopping centres, 4 % real estate,
6 % under construction, 4 % other

Asset management

KLP Kapitalforvaltning & KLP Fondsforvaltning

- In spite of turbulent financial markets through the first quarter there was a positive net balance in new subscriptions
- Through Q1, KLP's mutual funds had net new subscriptions of NOK 1.3 billion from external customers. This constitutes a market share of 40 per cent of net new subscriptions in the institutional market among mutual funds registered in Norway
- Our global credits mutual fund rendered a positive return even in the first quarter in spite of the heavy turbulence in that market. The fund's effective rate of return per May 2008 is 7.8 per cent. The fund has maintained its A- rating from Standard & Poor's

Non-life insurance:

KLP Skadeforsikring AS

- Result for first quarter a deficit of NOK 12.0 million (surplus 4.4 million)
- Wind-up losses relating to previous years and increased operating costs gave a Combined Ratio of 98.2 per cent for the quarter (117.9 per cent)
- Claims percentage all branches 75.6 per cent (96.2 per cent)
- Cost percentage all branches 22.6 per cent (21.7 per cent)
- Return on financial assets -0.2 per cent for the quarter (1.0 per cent)
- The security provisions constitute a satisfactory buffer against possible unwinding-losses and unfavourable risk evolution

Profit & Loss, first quarter 2008

Result in NOK '000	Results 01.01.–31.03 2007	Results 01.01.– 31.03 2008	Budget 01.01.– 31.03 2008
Premium written f.o.a.	133 389	134 339	134 684
Allocated investment income	22 219	24 139	24 139
Claims f.o.a.	-128 355	-101 558	-117 402
Insurance related expenses	-28 939	-30 341	-36 369
Other insurance related income	9 947	2 632	250
Changes in security reserves etc.	-4 086	-10 296	-3 040
Result from technical activities	4 175	18 915	2 262
Result from investment activities	25 672	-6 749	28 938
Allocated investment income	-22 219	-24 139	-24 139
Result from ordinary operation	7 628	-11 973	7 061

KLP non-life insurance

Key figures, <i>per cent</i>	31.03.07	2007	31.03.08
Claims ratio on own account	96.2 %	82.2 %	75.6 %
Cost ratio on own account	21.7 %	23.1 %	22.6 %
Combined Ratio for own account	117.9 %	105.3 %	98.2 %
Return on capital	1.0 %	4.0 %	-0.2 %
Capital adequacy ratio	38.3 %	27.4 %	24.2 %
Revenues, <i>NOK mill</i>	31.03.07	2007	31.03.08
Gross premiums written	428	555	413
Premium income for own account	133	521	134
Claims paid for own account	128	428	102
Insurance related costs for own account	29	118	30
Results	8	71	-12
Key figure balance sheet, <i>NOK mill</i>	31.03.07	2007	31.03.08
Financial assets	2 619	2 630	2 754
Total assets	2 944	2 763	3 080
Equity	507	501	490
Provisions in insurance funds for own account	2 149	2 001	2 327

Key points

- Favourable appropriation of surplus to clients and owners
- Efficient risk-control
- Satisfactory solidity
- Low cost base and competitive pricing
- Administrative elements profitable
- Weak return in turbulent financial markets



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