

Presentation of financial results second quarter 2007

17 August 2007

For days to come



Solid results first half 2007

- Strong markets for equities and real estate contribute to good returns on pension assets
- Increasing returns brought to book give the basis for very satisfactory return of surplus to customers
- Excellent financial position, buffer capital in excess of NOK 21 billion
- Average guaranteed rate of 3.2 per cent gives further financial strength and flexibility
- KLP's market activities at record level during first half
- Satisfactory growth in Life- and pension
- Product modifications accommodating changes in the Norwegian insurance act to be presented in Q3

Summary Q2

- Value adjusted return in Q2 NOK 4.0 billion (negative NOK 1.5 billion) and results brought to book NOK 3.5 billion (NOK 0.3 billion)
- Good return, 3.0 per cent value adjusted, and 2.9 per cent brought to book
- Securities' valuation reserves increased by NOK 482 million in Q2 (negative NOK 1 881 million)
- Financial buffers calculated by supervisory authorities' norm strengthened by NOK 4.2 billion during the quarter, totalling NOK 21.4 billion (14.2 billion)
- Total assets increased by 2.2 per cent to NOK 185 billion during Q2

Figures in brackets refers to corresponding period previous year

Summary first half 2007

- Value adjusted result after Q2 NOK 5.3 billion (NOK 0.6 billion), and result brought to book NOK 4.0 billion (11.4 billion)
- 4.4 per cent value adjusted return and 3.9 per cent brought to book
- Premium income first six months 4.9 billion NOK (NOK 4.4 billion)
- Financial revenues first six months 7.7 billion NOK (NOK 2.8 billion)
- Total asset growth of 12.8 per cent to NOK 185 billion (NOK 164 billion) last 12 months
- Capital adequacy ratio 12.2 per cent at the end of the quarter, compared to statutory minimum of 8 per cent
- Current yield on bonds HTM 5.2 per cent having a stabilizing effect on fixed income returns
- 41 per cent increase in external funds under management
- Satisfactory result from equity management

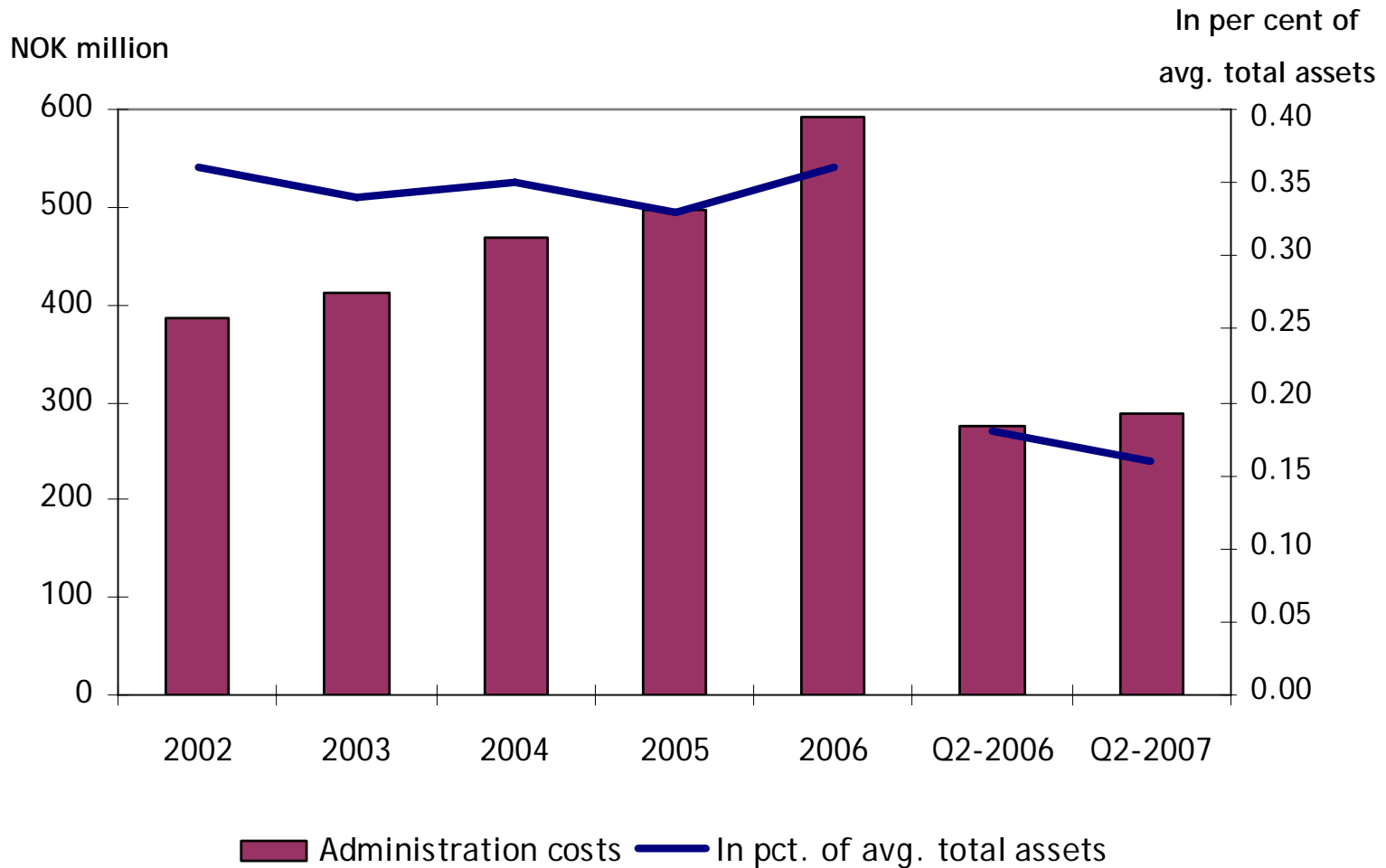
Return on capital

<i>Figures in per cent</i>	ytd 30.06.07	2Q 2006	last 12 months
Return on capital I (booked)	3.9	2.4	8.0
Return on capital II (value-adjusted)	4.4	1.8	10.2
Return on capital III* (value-adjusted including HTM-reserves)	2.8	0.2	7.8

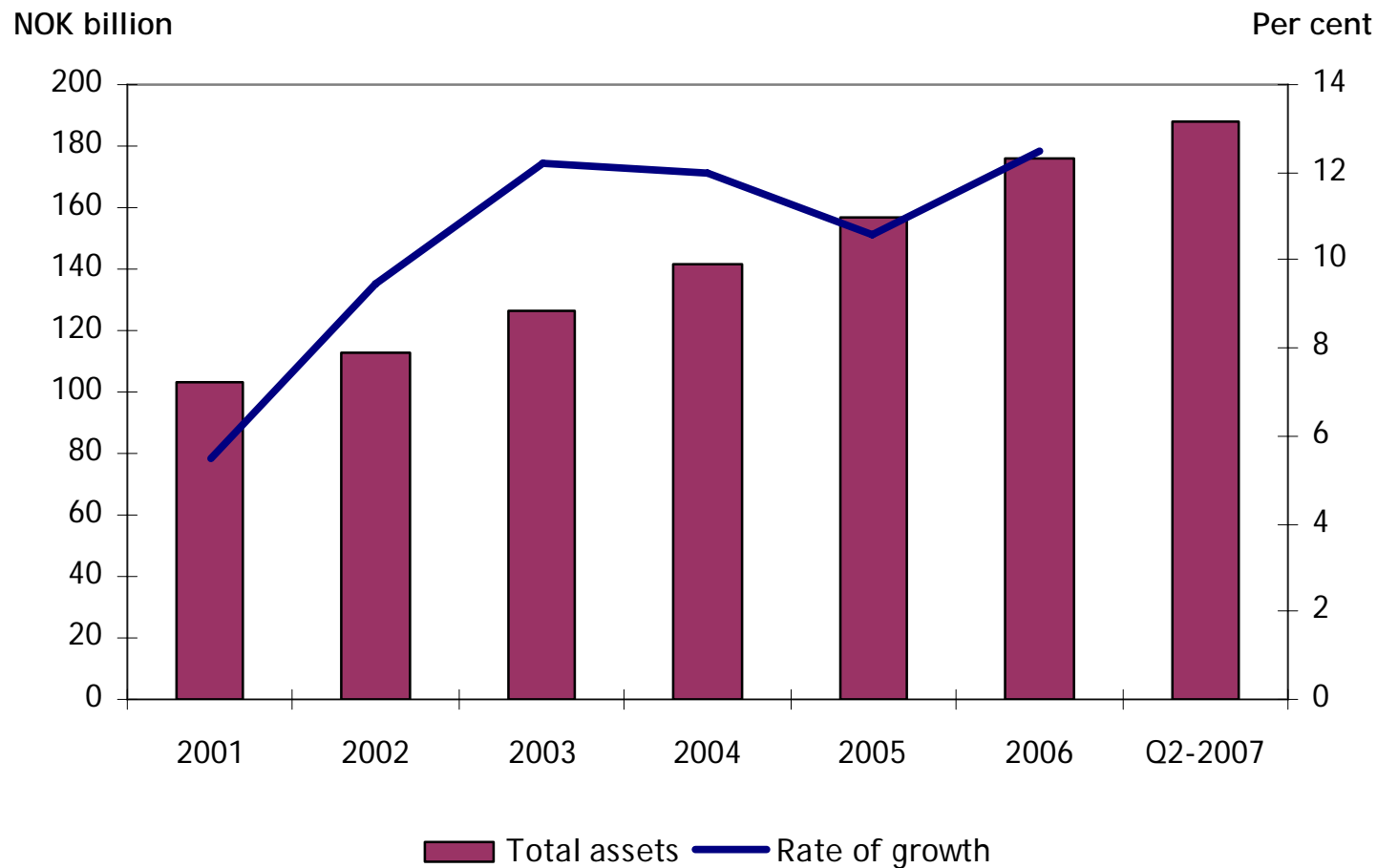
Key figures - profit and loss account

<i>NOK million</i>	01.01. - 30.06.2007	01.01. - 30.06.2006	01.01. - 31.12.2006
Premiums	4 926	4 413	15 294
Net transfers	-586	-1 643	-1 927
Net financial income	7 680	2 749	11 676
Claims	-3 217	-2 955	-6 056
Changes in insurance provisions	-3 270	-1 748	-11 329
Other	12	16	-2
Operating expenses	-289	-282	-591
Value adjusted result	5 256	549	7 064
To (-)/from(+) security reserve	-1 273	838	-1 977
Result before allocations	3 983	1 387	5 086

Operating expenses



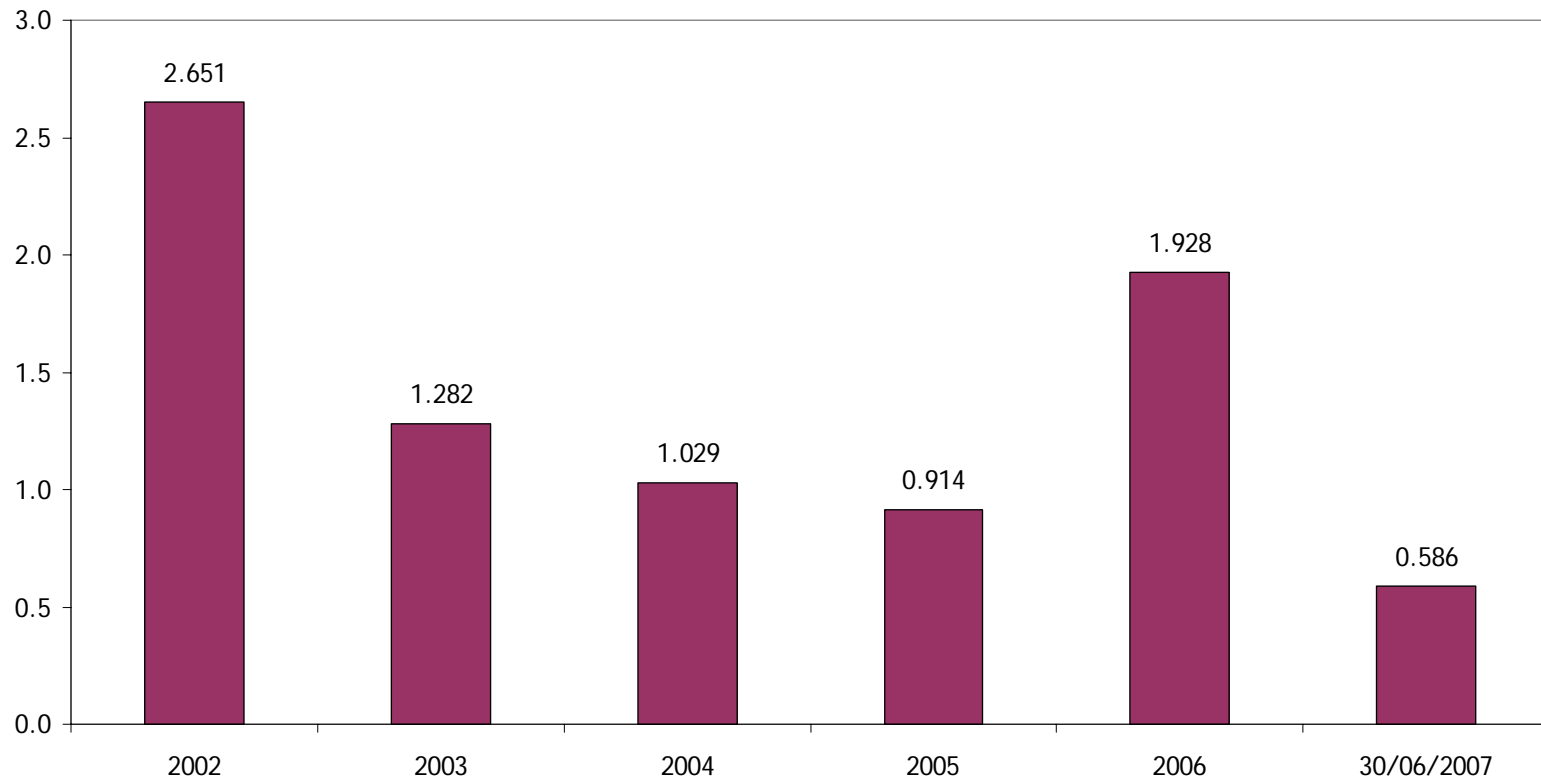
Total assets and rate of growth



For days to come

Positive trend in net transfers from KLP

NOK billion



For days to come

Key figures - balance sheet

Assets <i>NOK million</i>	31.12.2006	Change	30.06.2007
Certificates	1 877	1 501	3 378
Bonds (trading)	34 196	-2 592	31 604
Bonds held to maturity	28 769	-253	28 516
Bonds at amortized costs	30 577	798	31 375
Lending	14 830	-366	14 463
Equities	39 682	5 220	44 902
Property	13 586	3 415	17 001
Deposits with financial institutions	7 858	759	8 618
Other financial assets	990	704	1 694
Total financial assets	172 366	8058	181 551
Other assets	3 795	-379	3 416
Total assets	176 160	8 807	184 967

Key figures - balance sheet

Equity, provisions and liabilities <i>NOK million</i>	31.12.2006	Change	30.06.2007
Equity	5 836	455	6 291
Tier 1 capital	641	-81	560
Subordinated loan	3 781	-933	2 847
Result before allocation		3 983	3 983
Value adjustment fund	7 934	1 273	9 207
Securities adjustment fund	156 582	3 172	159 754
<i>of which: supplementary reserves</i>	<i>6 572</i>	<i>7</i>	<i>6 579</i>
Other liabilities	1 387	940	2 327
Total equity, provisions and liabilities	176 160	8 807	184 967

Financial assets - allocation and return

Financial assets <i>figures in per cent</i>	Ratio 31.12.2006	Ratio 30.06.2007	Return ytd 2007
Equities	23.0	26.0	9.59
Bonds (trading)	20.9	22.5	0.06
Bonds held to maturity	34.4	32.2	2.68
Lending	8.6	7.5	2.23
Property	7.9	9.3	10.50
Other financial assets	5.1	2.5	
Total in per cent	100	100	4.41
Overall exposure to the equity Market including derivatives	27.2	29.5	

Valuation reserves, trading portfolios

Unrealised valuation reserves <i>NOK mill</i>	31.12.2006	Change	30.06.2007
Bonds (trading)	31	-915	-884
Equities	7 805	2 272	10 077
Derivatives	62	-82	-20
Total unrealised valuation reserves	7 898	1 275	9 173
Bonds held to maturity	1 460	-2 725	-1 265

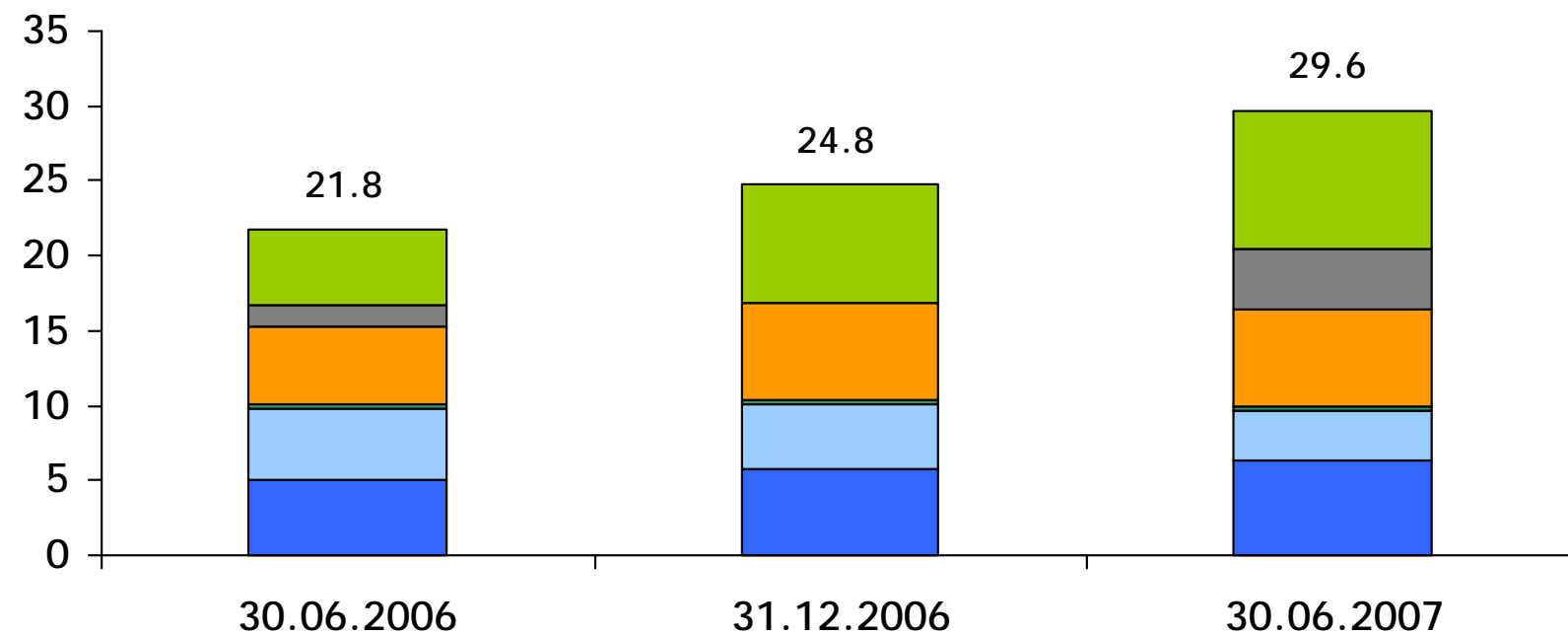
Financial buffer capital

<i>NOK mill</i>	31.12.2006	30.06.2007
Securities adjustment fund	7 934	9 207
Supplementary reserves (limited to one year guaranteed rate) and profit before allocation	4 809	8 898
Core capital margin	3 280	3 318
Regulatory buffer capital	16 023	21 423
Supplementary reserves in excess of 1 year's guaranteed return	1 763	1 664
Valuation reserves bonds held to maturity	1 460	-1 265

<i>Figures in per cent</i>	31.12.2006	30.06.2007
Capital adequacy ratio	14.1	12.2
Core capital adequacy ratio	9.1	8.6

Financial solidity

NOK billion



■ Equity and subordinated capital used for capital coverage

■ Profit for the year

■ Supplementary allocations

■ Security reserve fund

■ Equity and subordinated capital in excess of capital coverage

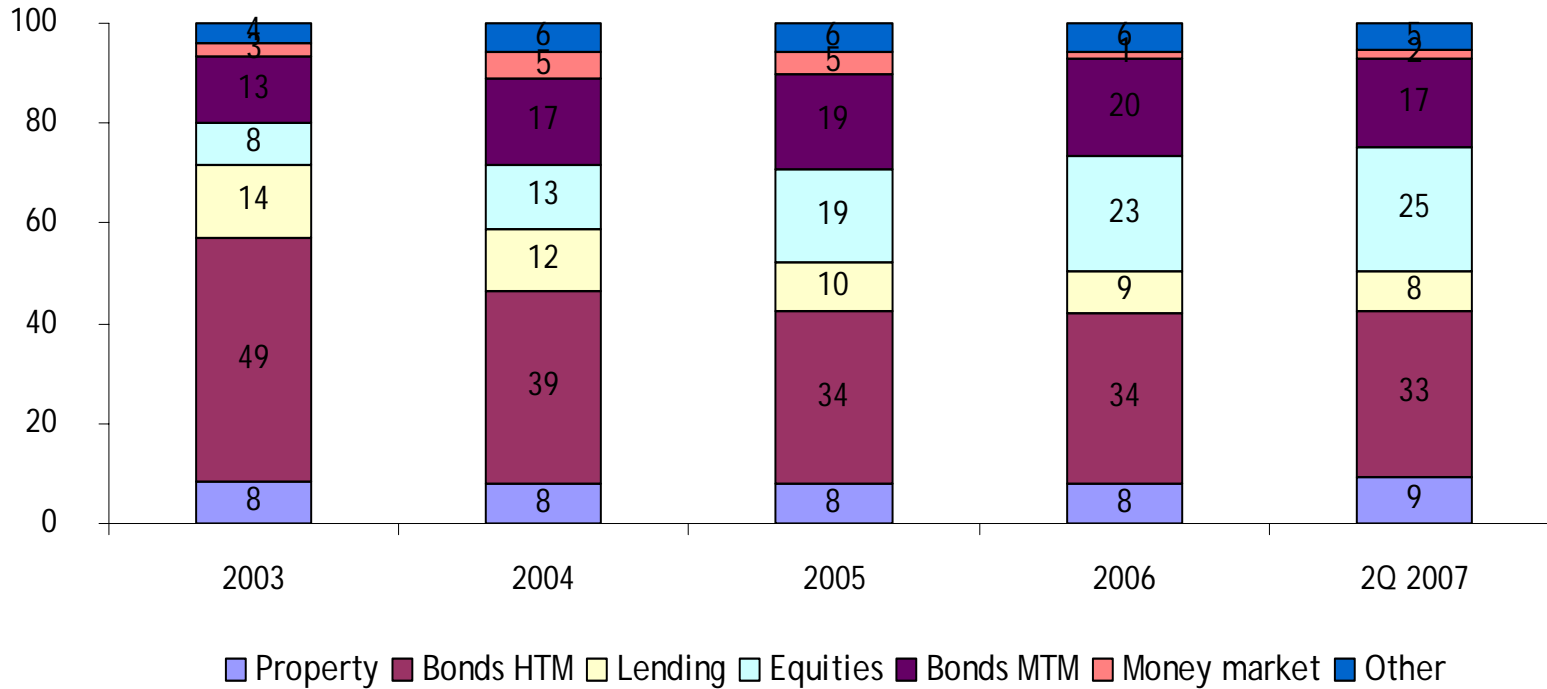
■ Security reserve fund

For days to come



Allocation of financial assets

Per cent



Trading portfolios - equities and bonds

Trading portfolios - equities and bonds (incl. derivatives) * 30.06.2007

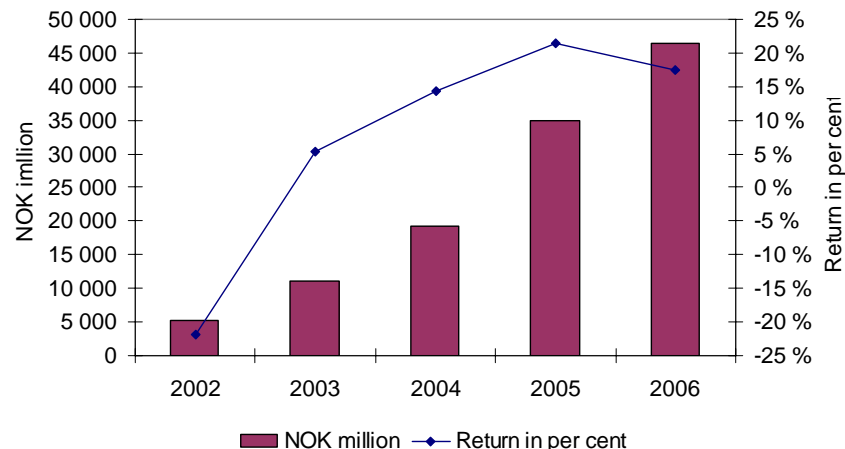
Value Equities (NOK mill)	47 228
Value Bonds (NOK mill)	41 546
Equities incl. derivatives (in per cent of total financial assets)	28.5 %
Total return, trading portfolio equities year to date	9.5 %
Total return, trading portfolio bonds year to date	0.1 %

*) Calculated in accordance with classification in the management of the portfolios.

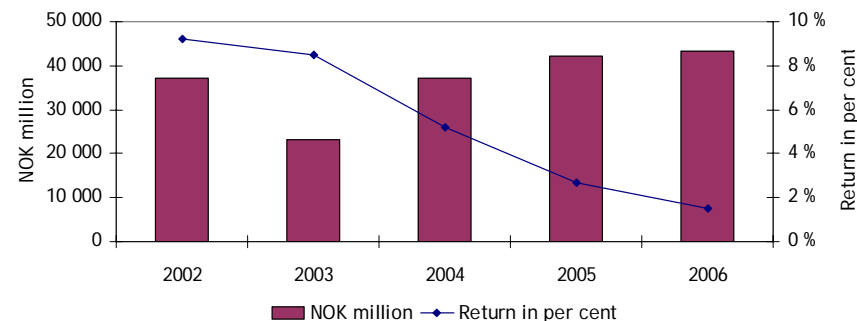
Index portfolio 30.06.2007

Index portfolio in per cent of total equity portfolios	78.3 %
Index portfolio in per cent of total bond portfolios	42.8 %

Equities - last 5 years



Bonds - last 5 years



Trading portfolios - geographic diversification

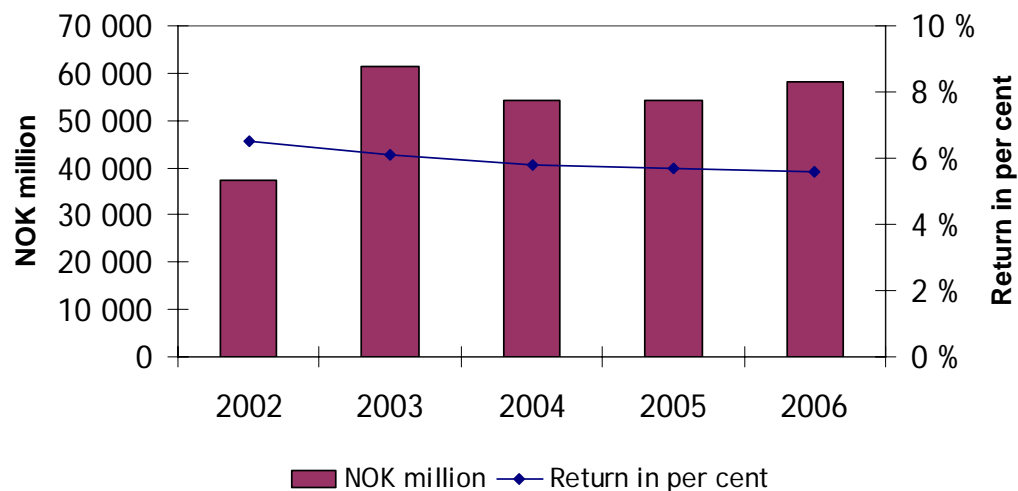
Trading portfolios of equities - geographic diversification incl derivatives	31.03.2007	30.06.2007
Trading portfolios of equities - total	100.0 %	100 %
Norway	13.7 %	14.1 %
Nordic excl. Norway	3.5 %	3.8 %
Other foreign	82.1 %	81.4 %
Other portfolios	0.7 %	0.7 %

Trading portfolios of bonds - geographic diversification incl derivatives	31.03.2007	30.06.2007
Trading portfolios of bonds - total	100.0 %	100 %
Norway - money market instruments	17.5 %	18.7 %
Norway - bonds	17.4 %	16.9 %
Foreign - bonds	63.5 %	62.9 %
Other portfolios	1.5 %	1.5 %

Bonds held to maturity

	31.03.2007	30.06.2007
Book value (NOK million)	58 363	59 061
Yield (per cent)	5.4	5.2
Duration (year)	5.8	5.9
Valuation reserves (NOK million)	760	-1 265
Return year to date (per cent)	1.4	2.7

Bonds held to maturity, last 5 years



Limited credit-risk in fixed-income portfolios

- **Hold-To-Maturity Bonds:** International bonds bought to be held to maturity limited to state risk or rated AA or better *
Bonds downrated to be reviewed for reclassification
- **International Bonds:** International bonds in portfolio limited to be state risk or rated AA or better
- **International Credit Portfolio:** Limited to 10 per cent of total assets:
Bonds in portfolio to be of "investment grade"
- **Norwegian Fixed-Income:** Within limits given by credit-committee
- **Structured bonds (ABS, CDO, CLO, "sub-prime" etc.):**

The above mentioned portfolios contain two such investments:

- NOK 350 million in CDOs, Aa3 rated tranche,
- USD 29 million in Bonds issued by diversified US mortgage lender, holds some subprime exposure

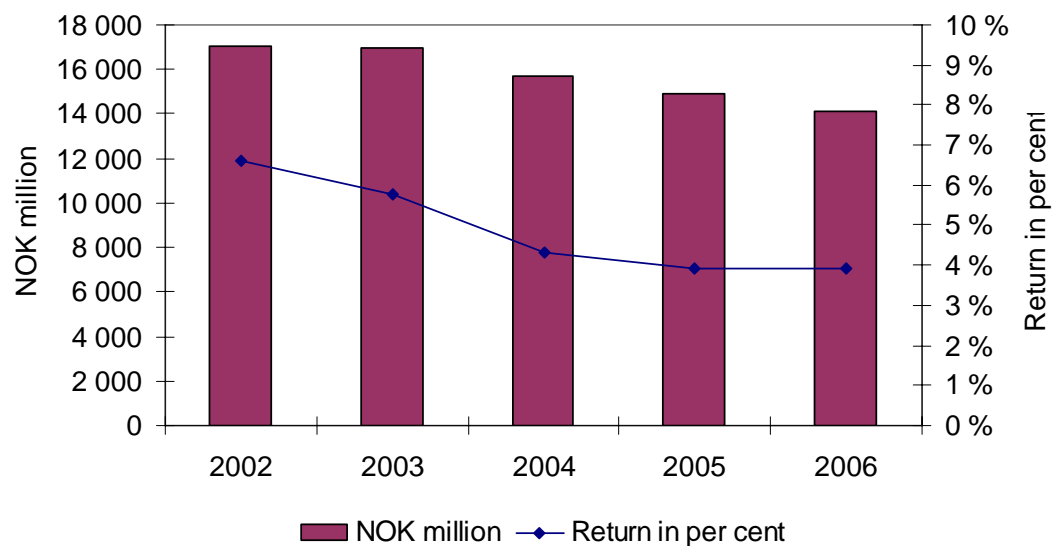
Total exposure less than 0.3 per cent of total assets

*Or equivalent by other leading rating agency

Lending portfolio

	31.03.2007	30.06.2007
Book value (NOK million)	13 985	13 880
Of this: Fixed rate loans (NOK million)	3 341	4 350
Return year to date (per cent)	1.1	2.2
Specific and general credit loss provisions (NOK million)	1.3	1.4

Lending portfolio - return last 5 years



Strong returns in real-estate

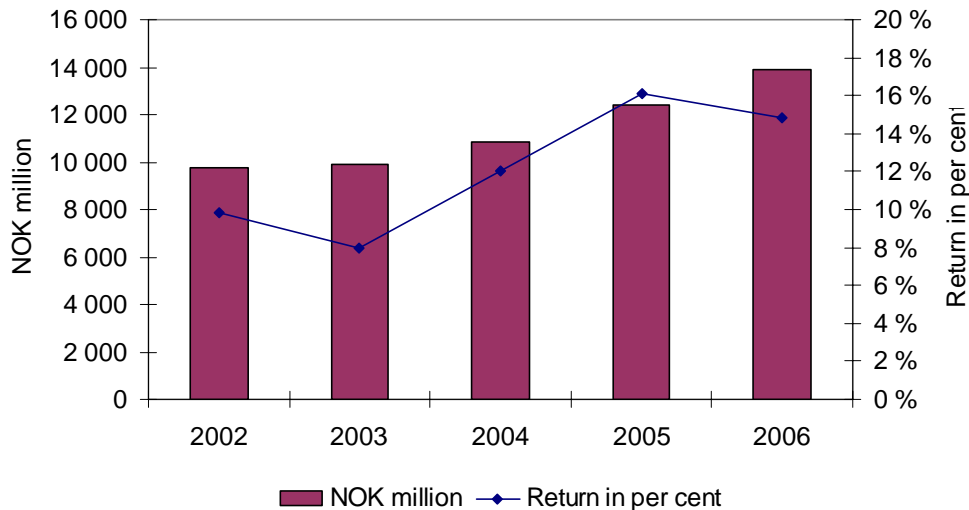
- High quality real-estate portfolio, central locations and well positioned to benefit from increased rental income in the current markets
- Subsequent to a re-valuation the portfolio is written up by NOK 1.1 billion in Q2
- Divestitures during the second quarter at satisfactory price levels
- Satisfactory yields in the real estate portfolio
- Market expectations remain positive

Property portfolio

30.06.2007

Book value (value adjusted, NOK million)	17 001
Total space occupied incl. sites (square metres)	1 220 602
Occupancy rate (per cent)	97.0
Average duration (years)	6.5
Yield year to date (per cent)	3.6

Property portfolio, last 5 years



Geographic diversification of the portfolio:

- 81.6 % Oslo, Norway
 - 10.1 % Trondheim, Norway
 - 8.1 % Copenhagen, Denmark
- (not incl. international property funds)

Sector diversification of the portfolio:

- 55.4 % office, 14.7 % hotels,
- 13.5 % shopping centres, 8.7 % education
- and 7.7 % other

KLP Asset Management & KLP Fund Management

- KLP's mutual funds had net sales of NOK 3.8 billion during Q2, giving a market share in the institutional market of 65 per cent
- During the year to date net sales amounted to NOK 7.4 billion giving an institutional market share of 31 per cent. A satisfactory share of external sales was recorded
- Active management has provided excess returns of NOK 137 million to date
- Operating profit of NOK 30 million during the first half

KLP non-life insurance

- Result for Q2 NOK 11 million (NOK 14 million), and in first half 2007 NOK 15 million (NOK 25 million)
- Increasing competition gives pressure on premium levels
- KLP is maintaining market leader position in non-life
- Three large casualties during Q2 and increased operating expenses gave a Combined Ratio of 120.9 per cent for the quarter (95.0 per cent)
- Claims ratio 98.4 per cent (77.5 per cent)
- Cost ratio 22.5 per cent (17.4 per cent)
- Value adjusted return 2.0 per cent first half 2007 (1.2 per cent)
- Equalisation reserves make an satisfactory buffer against adverse run off and negative risk development

KLP non-life insurance

Key ratio in %	2006	30.06.2006	30.06.2007
Claims ratio on own account	76.1 %	77.5 %	98.4 %
Cost ratio on own account	20.3 %	17.4 %	22.5 %
Combined ratio on own account	96.4 %	95.0 %	120.9 %
Return on capital	3.9 %	1.2 %	1.96 %
Capital adequacy ratio	52.9 %	49.3 %	35.1 %

Key figures Profit and loss account, NOK mill	2006	30.06.2006	30.06.2007
Gross premium written	583	520	499
Premium income on own account	537	269	255
Claims cost on own account	409	209	251
Insurance-related operating expenses on own account	109	47	57
Result	62	25	15

Key figures balance sheet, NOK mill	2006	30.06.2006	30.06.2007
Financial assets	2 409	2 477	2 711
Total assets	2 584	2 701	2 949
Equity	296	295	311
Provisions in insurance fund on own account	2 185	2 338	2 546

Contacts in KLP

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For days to come

