

# Presentation of Financial Results Q1-2006

11 May 2006

For days to come



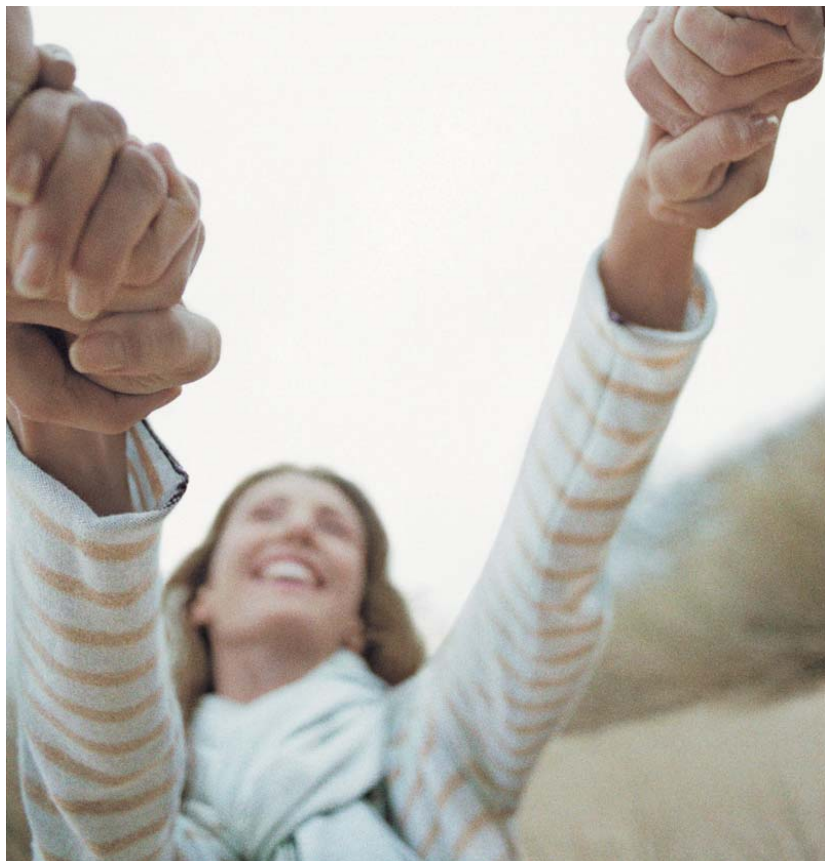
# Main features of Q1-2006



- Strong increase in profits, Value-adjusted results was NOK 2.1 billion (NOK 0.6 bn)
- Good return - Booked return 1.5 pct and value-adjusted return 2.1 pct
- Premiums attained NOK 2.2 billion (NOK 2.3 bn) for the quarter. The decrease explained by lower premium rates
- Net financial income for the quarter at NOK 3.2 billion (NOK 1.6 bn) - about 75 per cent contributed from the equity portfolios

Figures in brackets show last year equivalents

## Main features in Q1-2006 (cont.)



- Growth in total assets at about 11 pct to NOK 159 billion (NOK 143 bn)
- Growth in group life insurance at about 12 per cent
- Very good financial solidity, buffer capital increased to NOK 14.2 billion by the end of the quarter
- Capital adequacy ratio was 11.7 pct by the end of the quarter as against the authorities' minimum requirement of 8 pct
- KLP issued euro 300 mill hybrid capital in the beginning of Q2. The bond was listed in London in April and rated BBB by Standard & Poor's.

# Return on capital

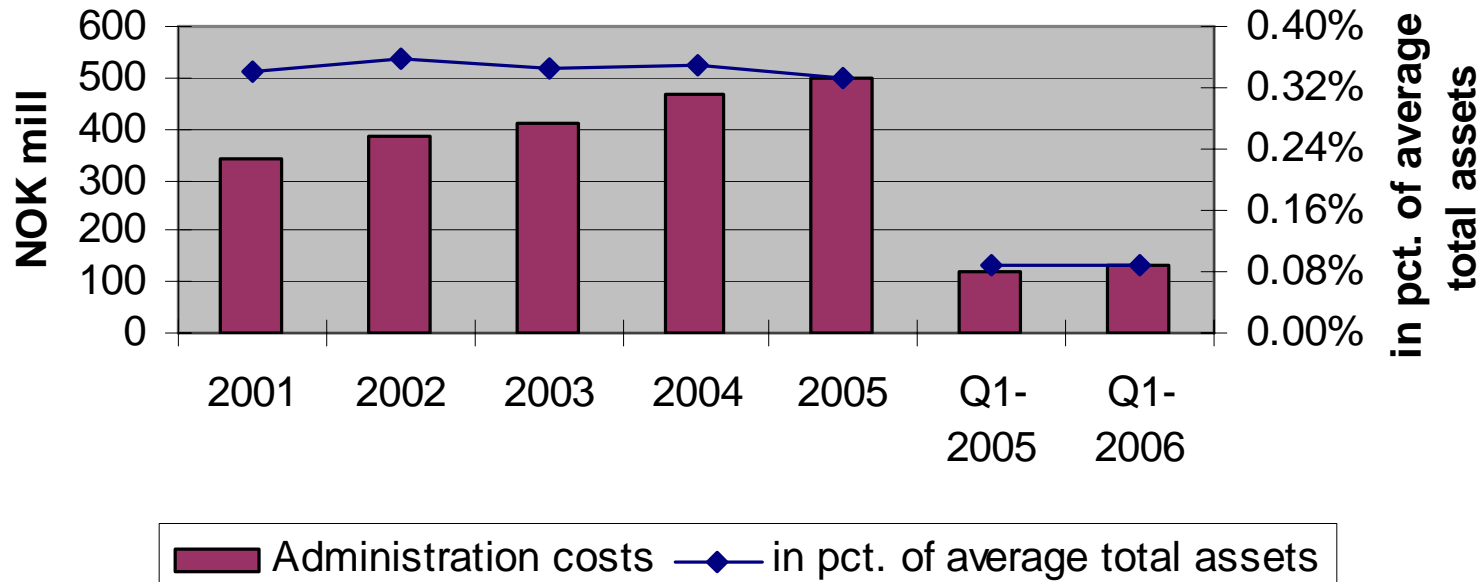
| <i>Figures in per cent</i>                                       | Return ytd<br>31/03/06 | Return last<br>12 months |
|--|------------------------|--------------------------|
| Return on capital I (booked)                                     | 1.5                    | 5.9                      |
| Return on capital II (value-adjusted)                            | 2.1                    | 8.9                      |
| Return on capital III<br>(value-adjusted including HTM-reserves) | 1.4                    | 8.2                      |

# Key figures - Profit and loss account

| Result<br><i>NOK mill</i>            | Period 01/01/ -<br>31/03/2006 | Period 01/01/<br>- 31/03/2005 |
|--------------------------------------|-------------------------------|-------------------------------|
| Premiums                             | 2,198                         | 2,256                         |
| Net transfers                        | -1,645                        | - 850                         |
| Net financial income                 | 3,226                         | 1,589                         |
| Claims                               | -1,449                        | -1,386                        |
| Changes in insurance provisions      | - 68                          | -911                          |
| <i>Of which : net transfers</i>      | <i>1,645</i>                  | <i>850</i>                    |
| <i>premium reserves</i>              | <i>-1,713</i>                 | <i>-1,761</i>                 |
| Other                                | 0                             | 7                             |
| Operating expenses                   | -134                          | - 119                         |
| Value adjusted result                | 2,127                         | 586                           |
| To(-)/from (+) security reserve fund | -1,044                        | 209                           |
| Result before allocations            | 1,084                         | 795                           |

# Operating expenses

## Operating expenses



# Key figures - balance sheet

| Assets                              | NOK mill | 31/12/05       | Change       | 31/03/06       |
|-------------------------------------|----------|----------------|--------------|----------------|
| Equities <sup>1</sup>               |          | 28,643         | 2,198        | 30,841         |
| Bonds                               |          | 28,696         | - 527        | 28,169         |
| Money market instruments            |          | 7,234          | -169         | 7,065          |
| Bonds held to maturity              |          | 52,767         | - 40         | 52,727         |
| Lending                             |          | 15,331         | - 23         | 15,307         |
| Property                            |          | 12,478         | 188          | 12,666         |
| Other financial assets <sup>2</sup> |          | 8,654          | -643         | 8,011          |
| Other assets <sup>3</sup>           |          | 2,768          | 1,498        | 4,266          |
| <b>Total assets</b>                 |          | <b>156,571</b> | <b>2,481</b> | <b>159,052</b> |

<sup>1</sup> Equities including derivatives gave a total exposure to the equity market at NOK 38,225 mill.

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

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

# Key figures - balance sheet

| Equity and liabilities<br>NOK <i>mill</i> | 31/12/05       | Change       | 31/03/06       |
|---|----------------|--------------|----------------|
| Equity                                    | 5,094          | - 42         | 5,052          |
| Tier 1 capital                            | 744            | - 66         | 678            |
| Subordinated loan capital                 | 1,344          | - 21         | 1,323          |
| Result before allocation                  | 0              | 1,084        | 1,084          |
| Securities adjustment fund                | 5,957          | 1,073        | 7,000          |
| Insurance provisions                      | 142,593        | 66           | 142,659        |
| <i>of which: supplementary reserves</i>   | <i>5,288</i>   | <i>0</i>     | <i>5,288</i>   |
| Other liabilities <sup>1</sup>            | 839            | 418          | 1,257          |
| <b>Total equity and liabilities</b>       | <b>156,571</b> | <b>2,481</b> | <b>159,052</b> |

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

# Financial assets - allocation and return

| Financial assets <sup>1</sup><br><i>Figures in percent</i> | Ratio<br>31.12.2005 | Ratio<br>31.03.2006 | Return ytd<br>2006 |
|--|---------------------|---------------------|--------------------|
| Equities   | 18.6                | 19.9                | 7.8                |
| Bonds  | 23.4                | 22.8                | - 0.7              |
| Bonds held to maturity                                     | 34.3                | 34.1                | 1.4                |
| Lending  | 10.0                | 9.9                 | 0.7                |
| Property   | 8.1                 | 8.2                 | 1.7                |
| Other financial assets                                     | 5.6                 | 5.1                 |                    |
| <b>Total in per cent</b>                                   | <b>100</b>          | <b>100</b>          |                    |

\*) Overall exposure to the equity  
market incl. derivatives

22.6

24.4

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

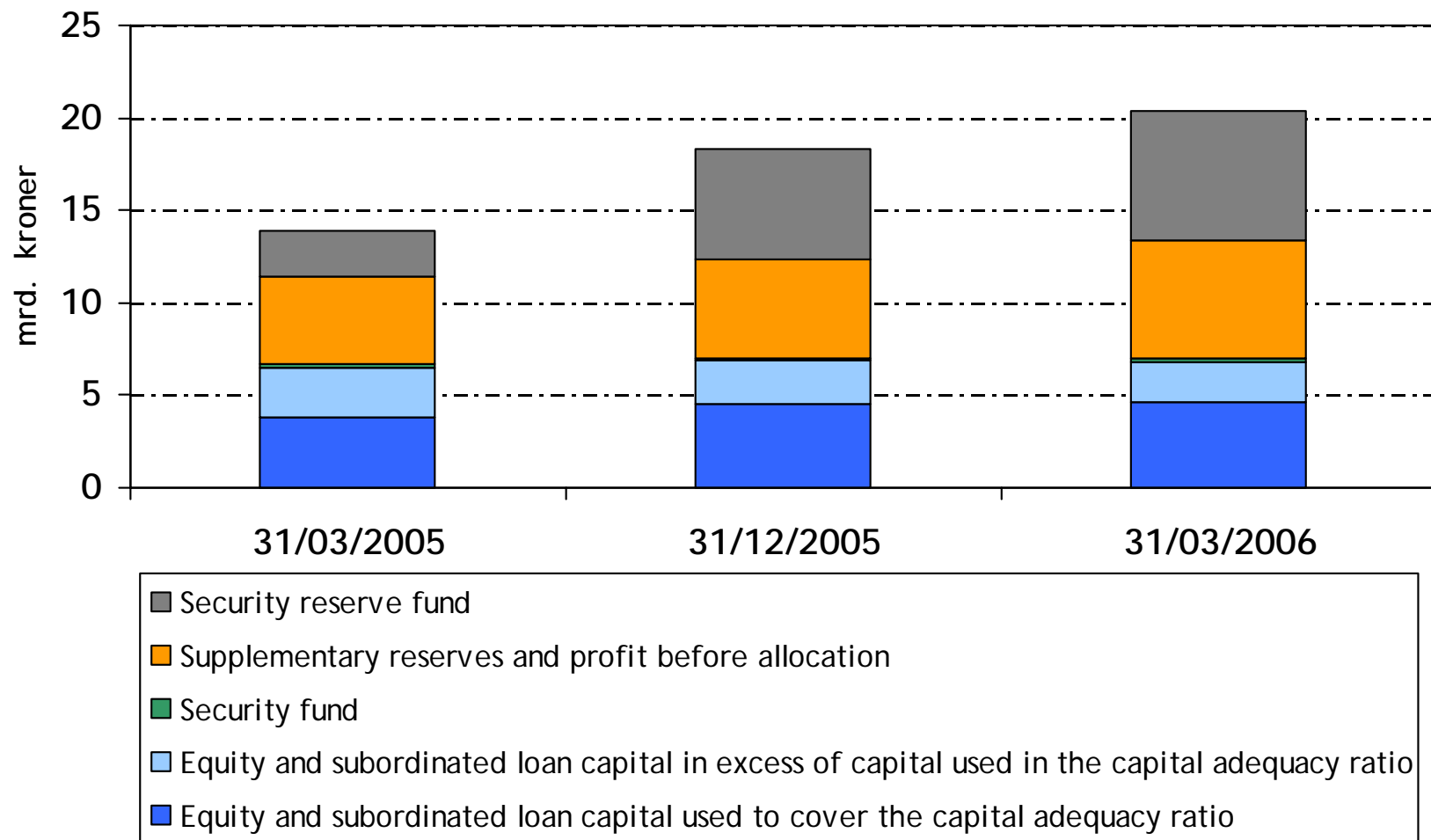
# Valuation reserves, trading portfolios

| Unrealised valuation reserves<br><i>NOK mill</i> | 31.12.05 | Change | 31.03.06 |
|--|----------|--------|----------|
| Bonds  | 340      | - 542  | - 202    |
| Equities   | 5,312    | 1,812  | 7,124    |
| Derivatives                                      | 265      | - 228  | 37       |
| Total unrealised valuation reserves              | 5,918    | 1,041  | 6,959    |
| Bonds held-to-maturity                           | 4,904    | - 978  | 3,926    |

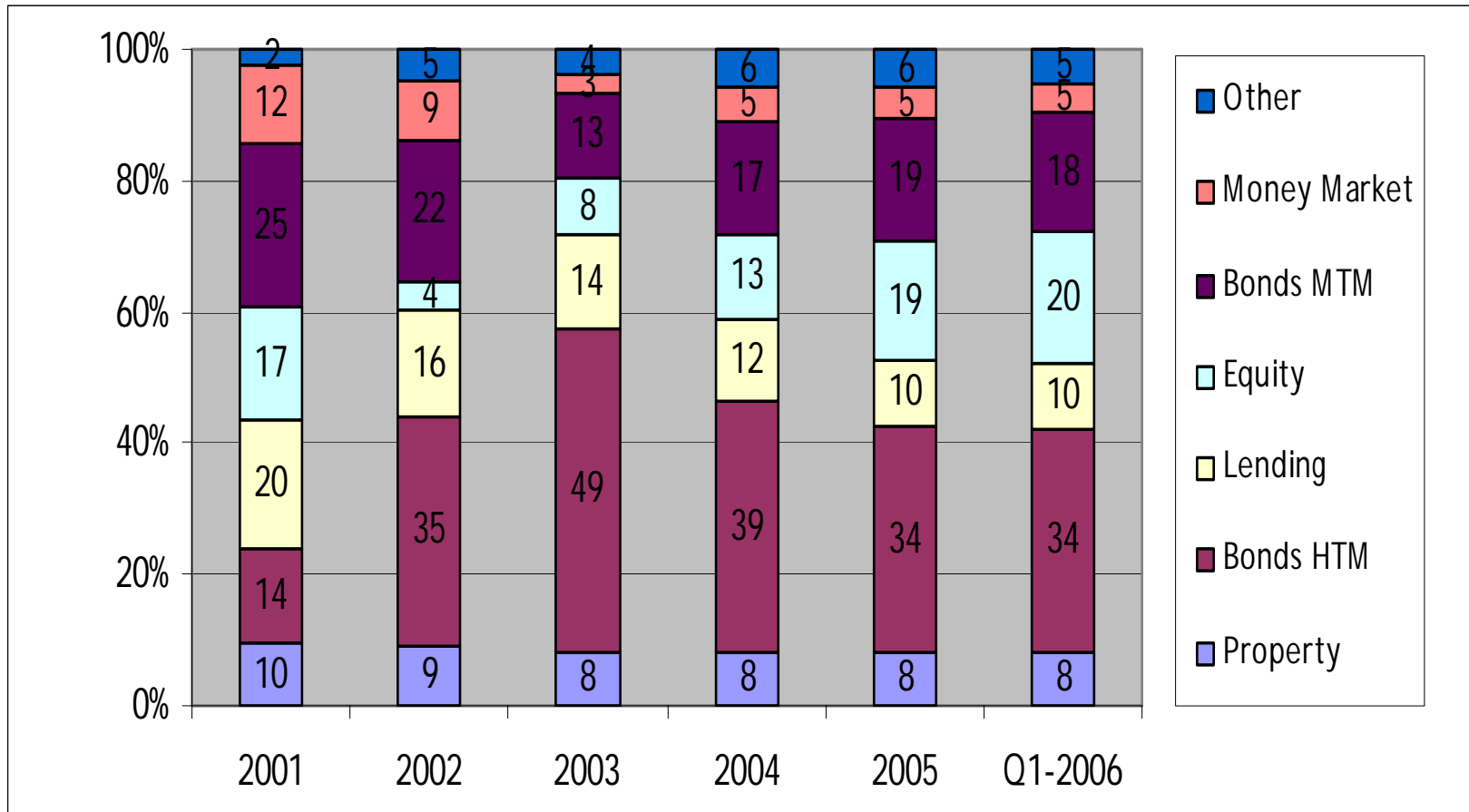
# Financial buffer capital

| <i>NOK mill</i>   | 31.12.05     | 31.03.06     |
|---|--------------|--------------|
| Securities adjustment fund  | 5,957        | 7,000        |
| Supplementary reserves (limited to one year guaranteed rate) and profit before allocation | 4,437        | 5,522        |
| <i>Less of : Core capital margin according to solvency-regulations</i>                    | <i>1,743</i> | <i>1,702</i> |
| <i>and: Core capital margin according to CAD - regulations</i>                            | <i>2,327</i> | <i>2,161</i> |
| Buffer capital  | 12,137       | 14,224       |
| Supplementary reserves (excess of one year guaranteed rate)                               | 851          | 850          |
| Valuation reserves - Bonds held-to-maturity   | 4,904        | 3,926        |
| <i>Figures in pct</i>   | 31 12.05     | 31.03.06     |
| Capital adequacy ratio  | 12.1         | 11.7         |
| Core capital adequacy ratio   | 10.3         | 9.7          |

# Financial solidity



# Allocation of financial assets



# Trading portfolios - equities and bonds

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

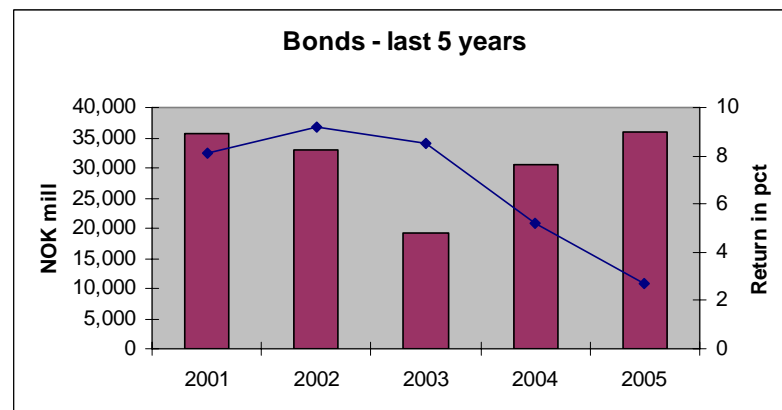
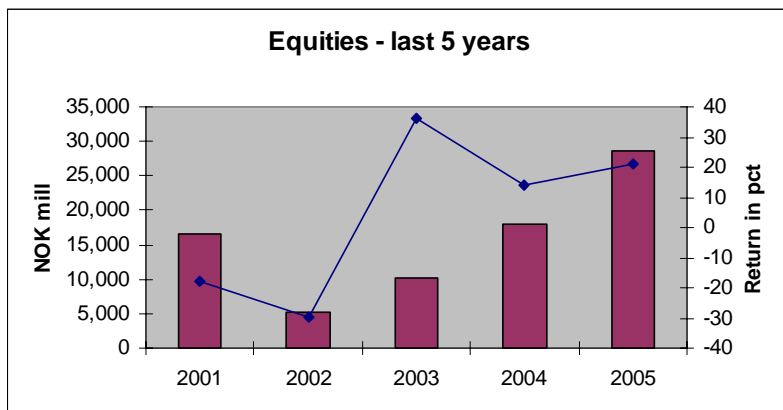
|  |        |
|--|--------|
| Value Equities (NOK mill)                                    | 38,225 |
| Value Bonds (NOK mill)                                       | 41,985 |
| Equities incl derivatives (in pct of total financial assets) | 24.4 % |
| Total return, trading portfolio equities year to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

\*) 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

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



# Trading portfolios - geographic diversification

## Trading portfolios of equities - geographic diversification 31/03/2006

Incl derivatives

|  |        |
|--|--------|
| Trading portfolios of equities - Total | 100%   |
| Norway                                 | 11.0 % |
| Nordic excl Norway                     | 2.6 %  |
| Other foreign                          | 86.1 % |
| Other portfolios                       | 0.4 %  |

## Trading portfolios of bonds - geographic diversification 31/03/2006

Incl derivatives

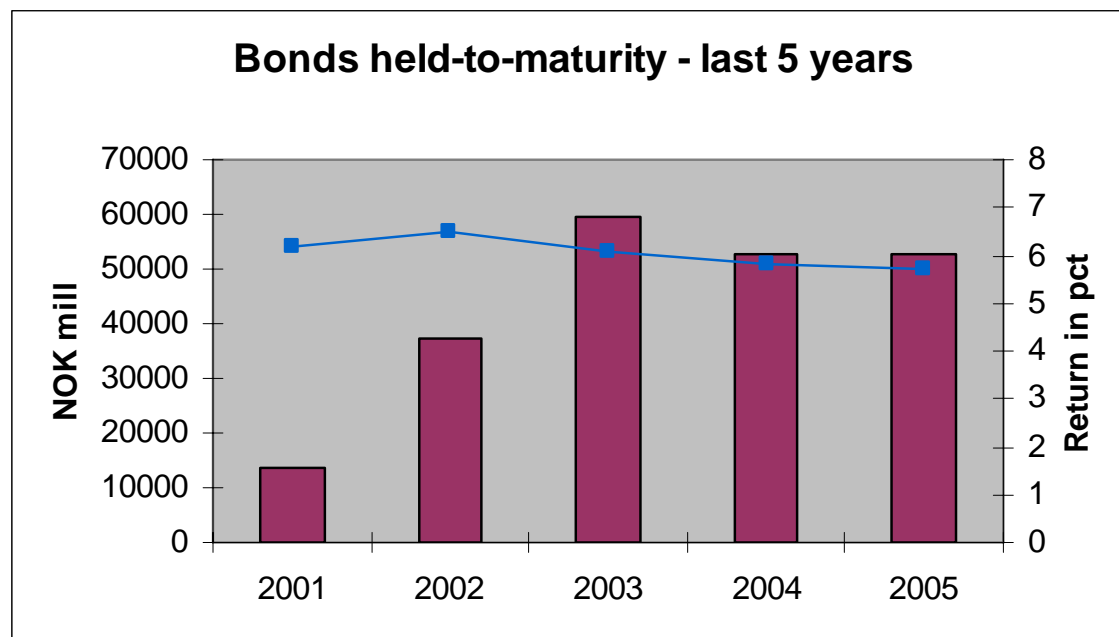
|                                     |        |
|-------------------------------------|--------|
| Trading portfolios of bonds - Total | 100%   |
| Norway - money market instruments   | 29.8 % |
| Norway - bonds                      | 15.7 % |
| Foreign - bonds                     | 52.9 % |
| Other portfolios                    | 1.6 %  |

# Bonds held to maturity

Bonds held-to-maturity portfolio

31/03/2006

|                               |        |
|-------------------------------|--------|
| Book value (NOK mill)         | 52,727 |
| Yield (percent)               | 5.4    |
| Duration (year)               | 5.8    |
| Valuation reserves (NOK mill) | 3,926  |
| Return year to date (percent) | 1.4    |



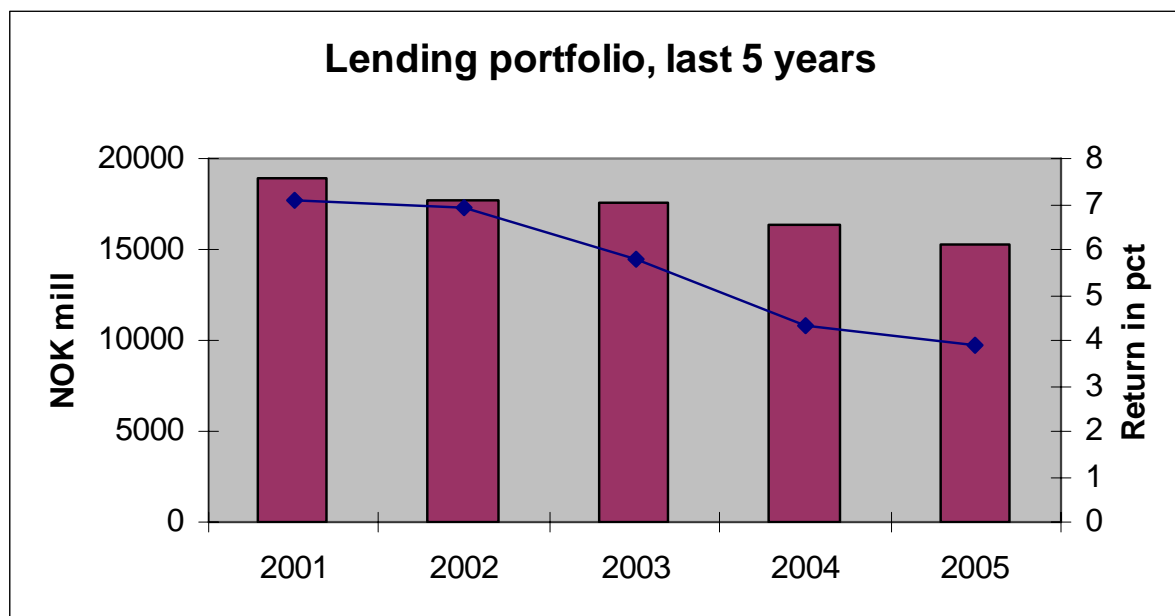
For days to come

# Lending portfolio

Lending portfolio

31/03/2006

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



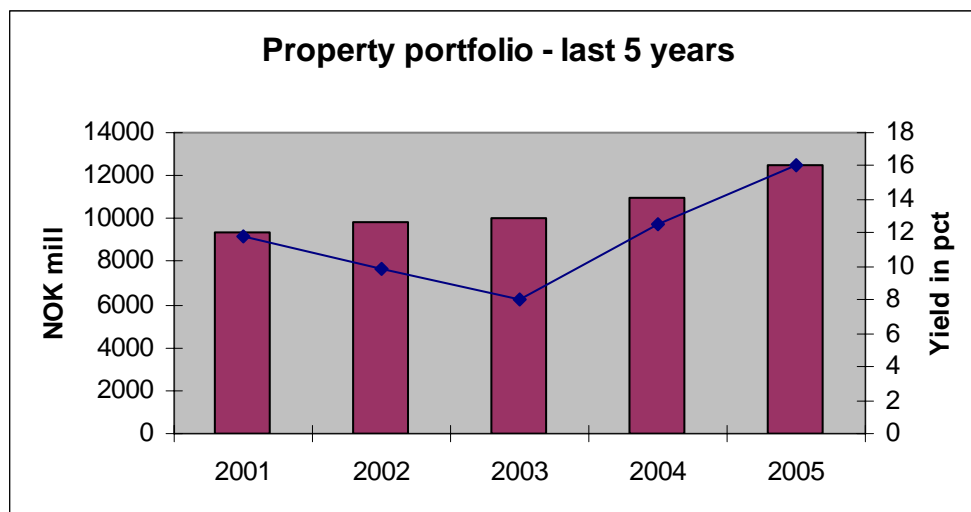
For days to come

# Property portfolio

Property portfolio

31/03/2006

|   |           |
|---|-----------|
| Book value (value-adjusted, NOK mill)           | 12,666    |
| Total space occupied incl sites (square metres) | 1,144,425 |
| Occupancy rate (percent)                        | 96.2      |
| Average duration (years)                        | 7.2       |
| Yield year to date (percent)                    | 1.7       |



## 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

# KLP Asset Management and KLP Fund Management

- Asset under management 31/03/06 NOK 135 billion
- Total excess return asset under active management NOK 4 mill
- Total fee income Q1 - 2006 NOK 36 mill

|                                | NOK Bn      | Return | Index  | Excess return |
|--------------------------------|-------------|--------|--------|---------------|
| <b>Total Active Management</b> | <b>29.7</b> |        |        |               |
| - equities                     | 5.2         | 17.32% | 17.24% | 0.08%         |
| - bonds                        | 24.5        | -0.59% | -0.61% | 0.03%         |
| <b>Total Index Management</b>  | <b>36.6</b> |        |        |               |
| - equities                     | 28.4        | 5.82%  | 5.85%  | -0.03%        |
| - bonds                        | 8.2         | -1.44% | -1.44% | 0.00%         |

# KLP non-life insurance

- Result for Q1 - 2006 NOK 10 million (NOK 17 million)<sup>1</sup>
- Run-off losses in previous years and increased operating costs gave a Combined Ratio at 105.5 % at the end of the quarter (87.1 %)
- Claims Ratio 87.4% (73.4%)
- Cost Ratio 18.1% (13.7%)
- Return on capital 0.9% for the first quarter (1.0%)
- Equalisation reserves make an satisfactory buffer against adverse run off and negative risk development

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

# KLP non-life insurance

| Key ratios in %               | 31/03/2005 | 31/03/2006 | 2005   |
|-------------------------------|------------|------------|--------|
| Claims ratio on own account   | 73.4 %     | 87.4 %     | 70.7 % |
| Cost ratio on own account     | 13.7 %     | 18.1 %     | 15.5 % |
| Combined ratio on own account | 87.1 %     | 105.5 %    | 86.2 % |
| Return on capital             | 1.0 %      | 0.9 %      | 4.6 %  |
| Capital adequacy ratio        | 41.5 %     | 48.1 %     | 55.5 % |

| Key figures Profit and loss account, NOK mill       | 31/03/2005 | 31/03/2006 | 2005 |
|---|------------|------------|------|
| Gross premium written                               | 480        | 442        | 621  |
| Premium income on own account                       | 140        | 142        | 551  |
| Claims cost on own account                          | 103        | 124        | 389  |
| Insurance-related operating expenses on own account | 19         | 26         | 90   |
| Result  | 17         | 10         | 70   |

| Key figures balance sheet, NOK mill         | 31/03/2005 | 31/03/2006 | 2005  |
|---|------------|------------|-------|
| Financial assets                            | 2,036      | 2,367      | 2,179 |
| Total assets                                | 2,357      | 2,629      | 2,314 |
| Equity                                      | 212        | 276        | 266   |
| Provisions in insurance fund on own account | 2,066      | 2,282      | 1,984 |