

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 |

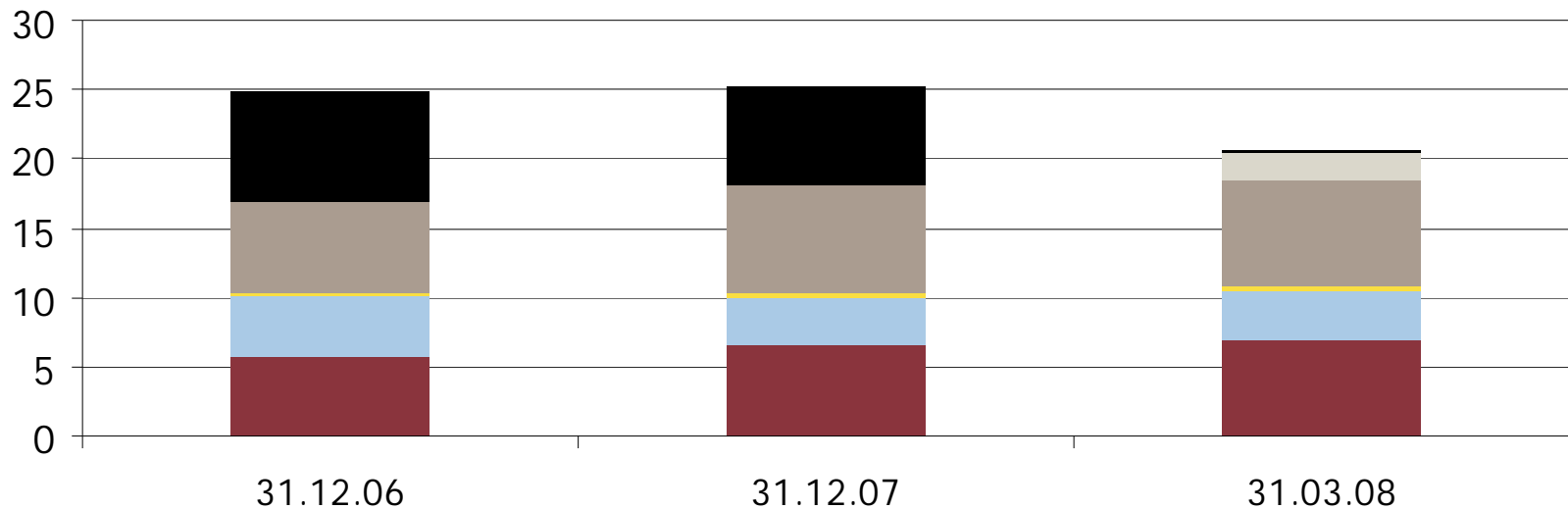
| <i>Figures in per cent</i> | 31.12.07 | 31.03.08 |
|-----------------------------|----------|----------|
| Capital adequacy ratio | 12.1 | 12.2 |
| Core-capital adequacy ratio | 8.7 | 8.9 |

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 |

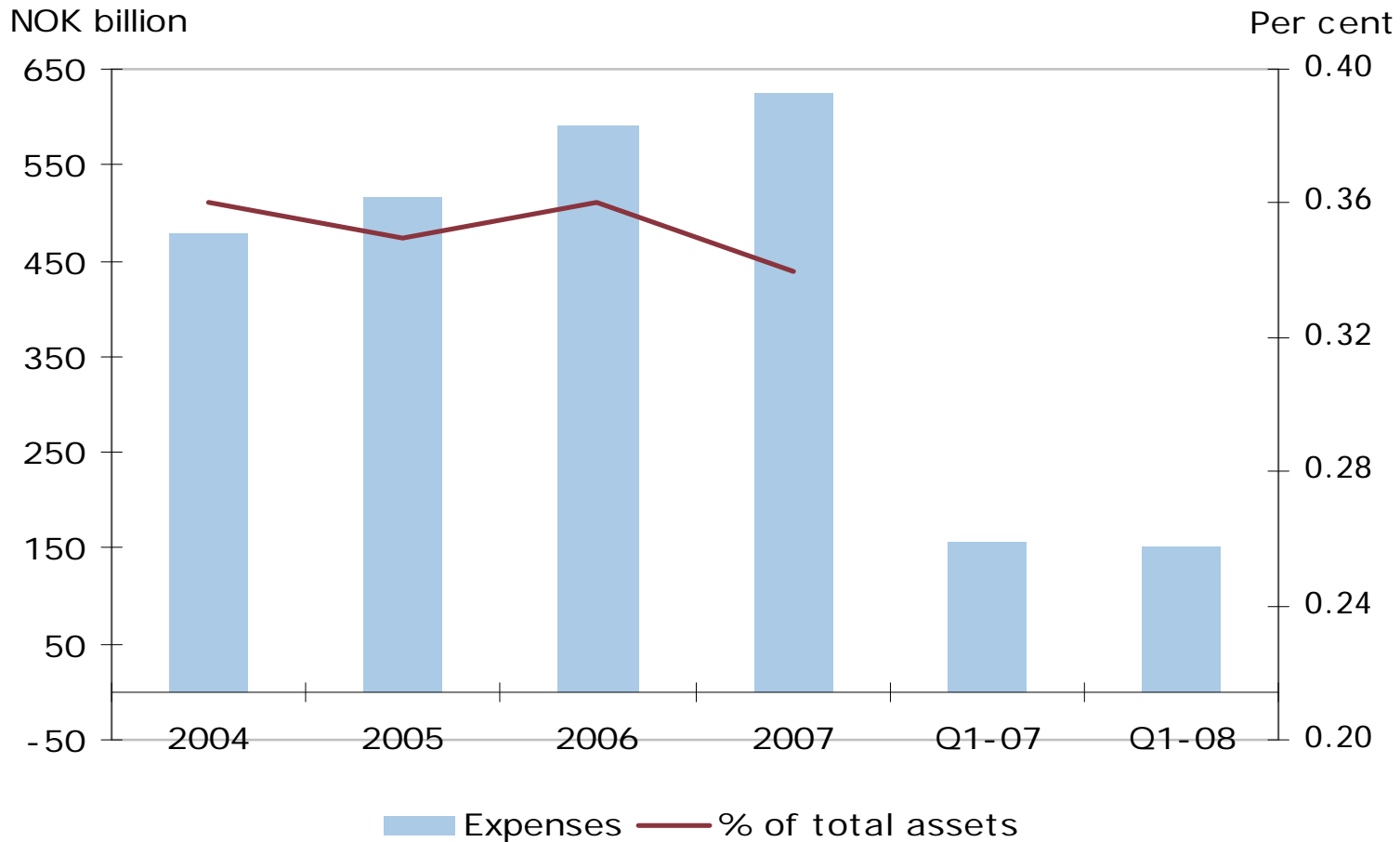
Financial solidity

NOK billion



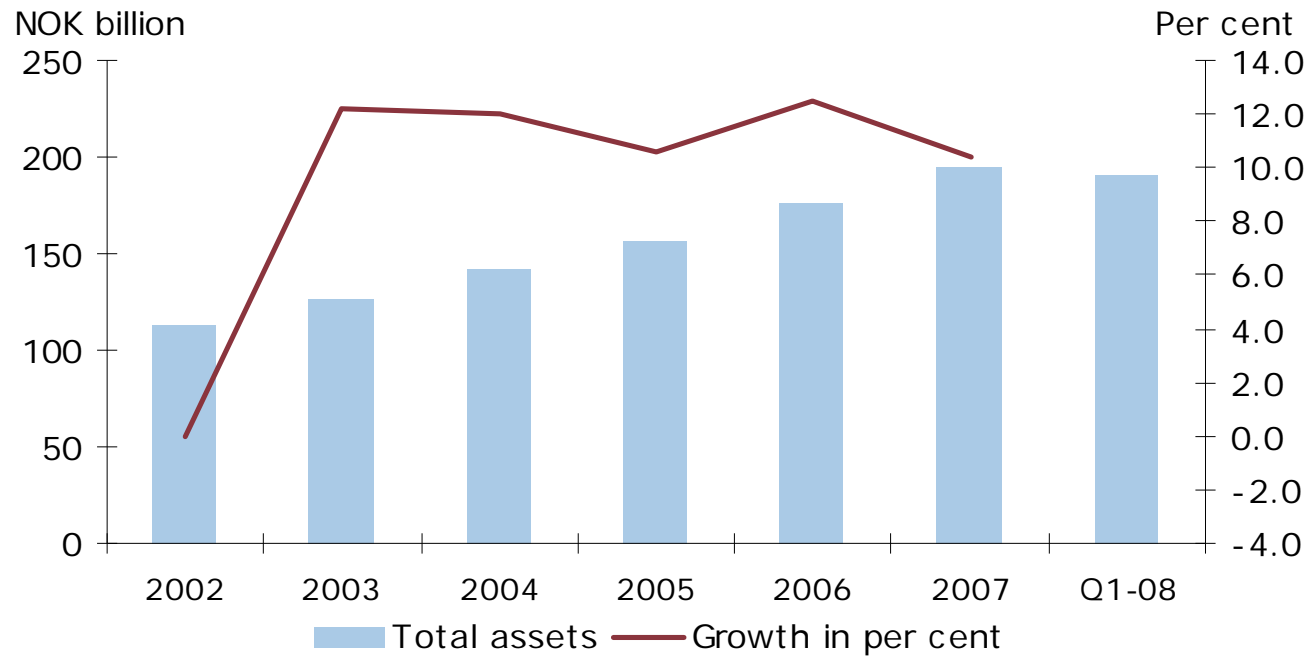
- Capital within statutory CAR
- Capital in excess of CAR
- Security-/Risk equalisation fund
- Supplementary provisions
- Un-allocated result
- Valuation reserves

Stable cost ratio

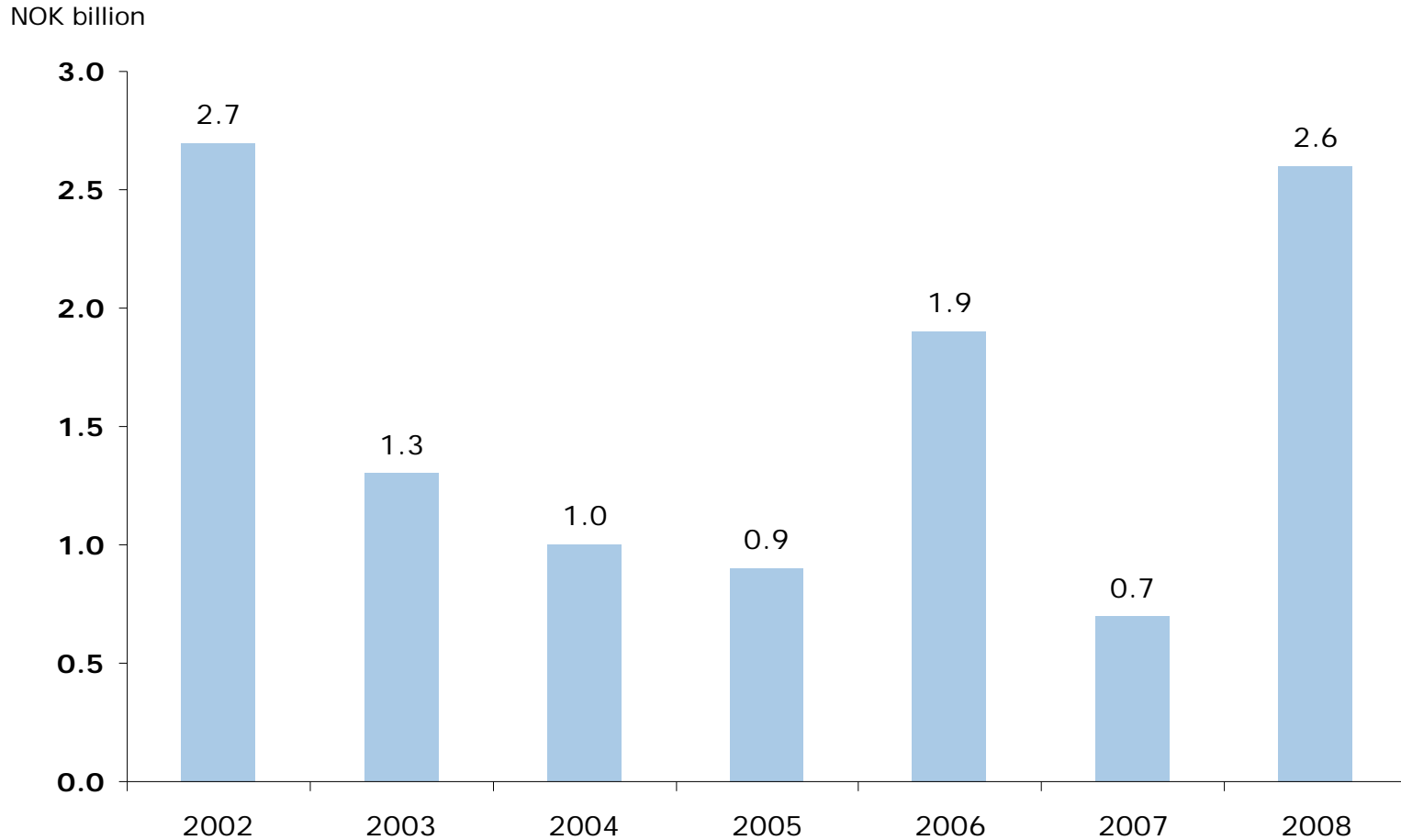


Costs in 2007 excluding NOK 244 million in connection with extraordinary bringing pension corridor to zero.

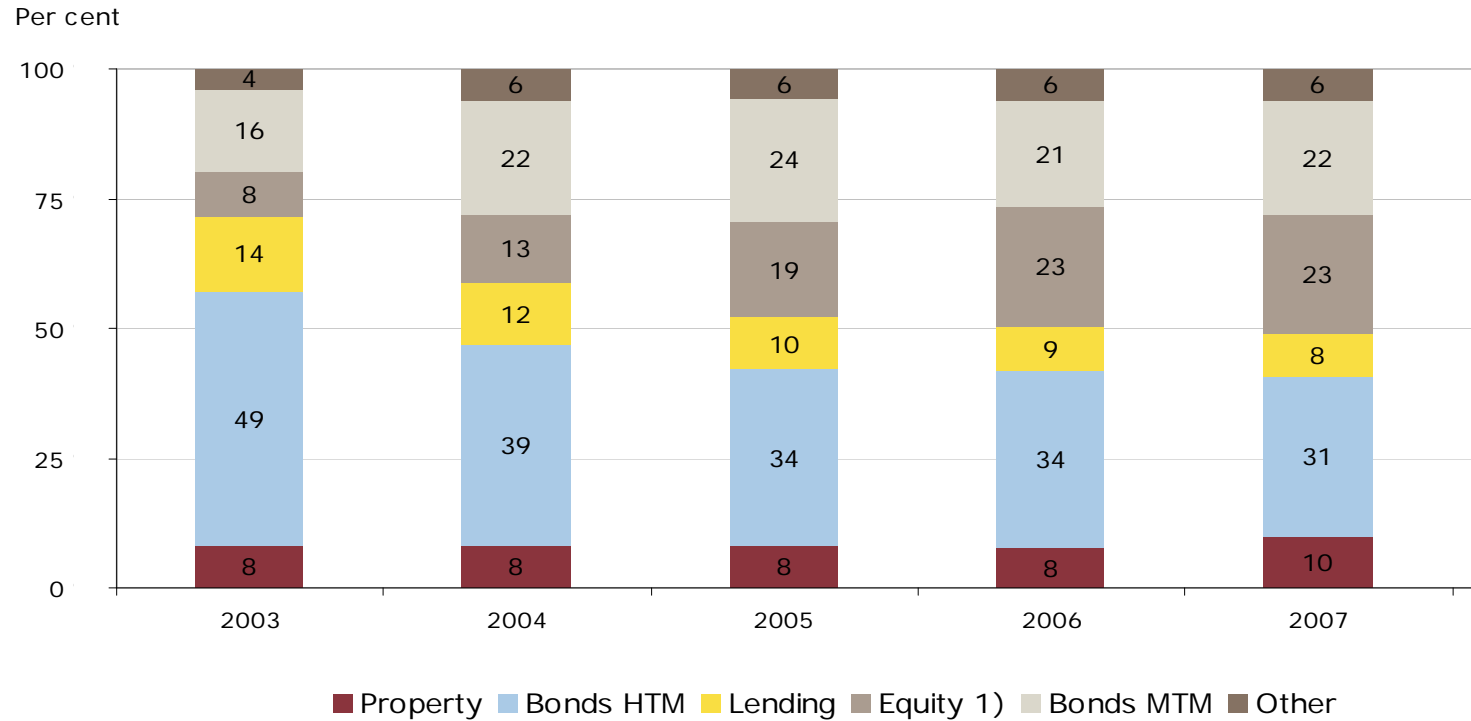
Total assets and growth



Net transfers from KLP



Asset allocation in KLP



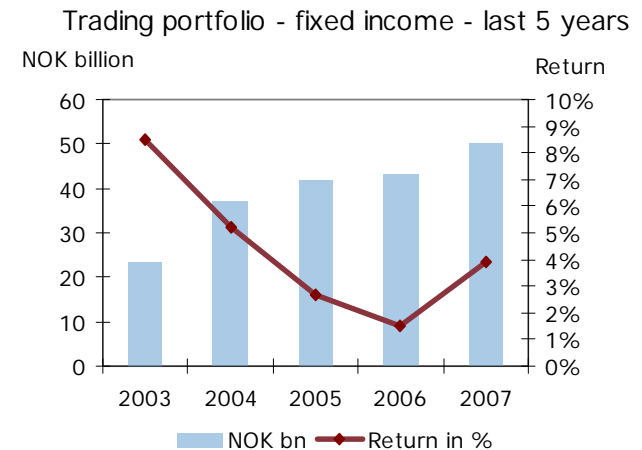
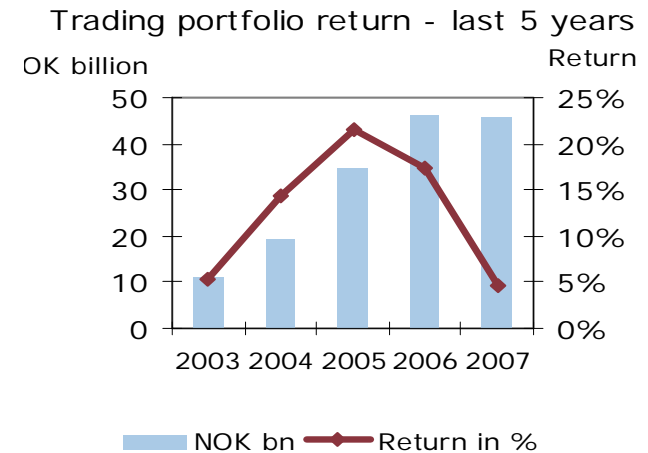
1) Book value of equities, may differ from exposure figure.

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 |



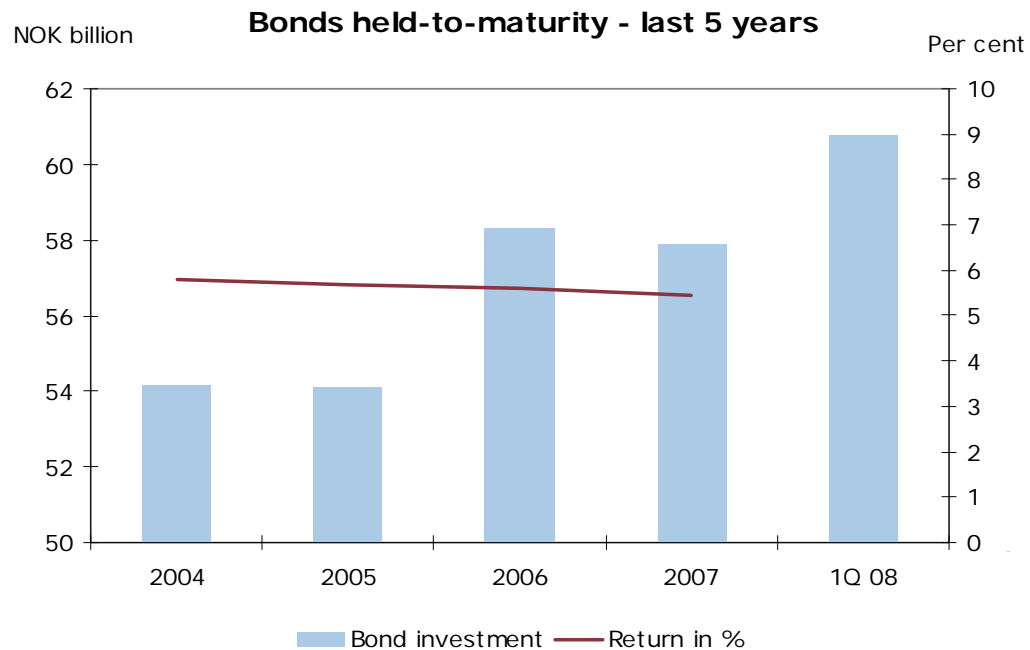
Trading portfolios – geographic split

| 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

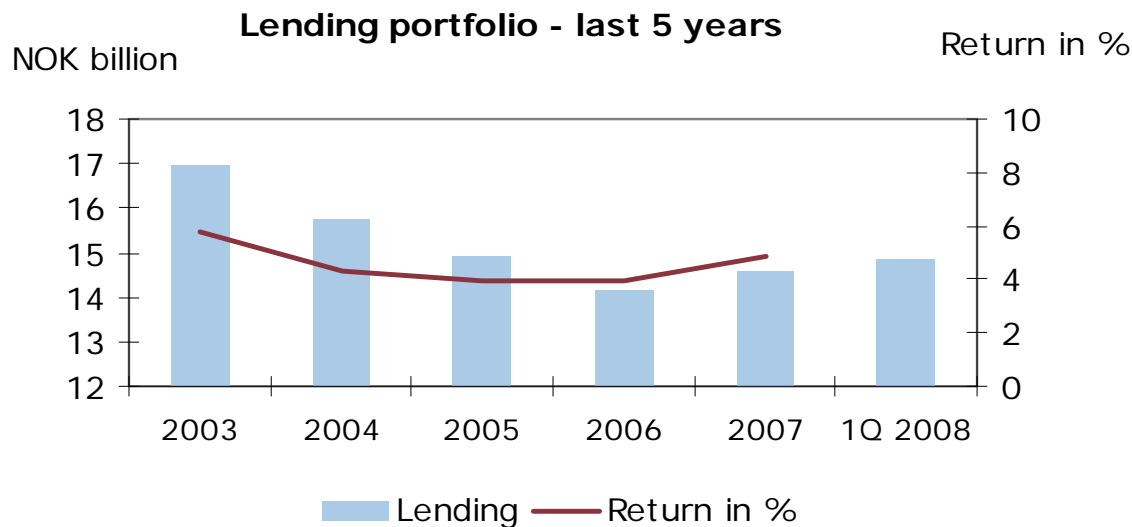
- **Norwegian bonds**

- 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



Contacts in KLP

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