

Oslo, 8th May 2013

Financial results first quarter 2013

KLP Group



Table of contents

- 1. Main features**
- 2. KLP Group**
- 3. Life and pension**
- 4. KLP solidity and capital issues**
- 5. KLP Non-Life Insurance**
- 6. Banking and credits**
- 7. KLP Asset Management and KLP Fund Management**
- 8. Summary**

Main features



Promising 1st quarter for KLP

The common portfolio of the Life company yielded :

- A book return of 1.1 per cent
- A value adjusted return of 2.2 per cent

The corporate portfolio gave a return of 1.5 per cent

Group operating result in Q1
NOK 3.9 billion

Total assets of the Group NOK
341 billion

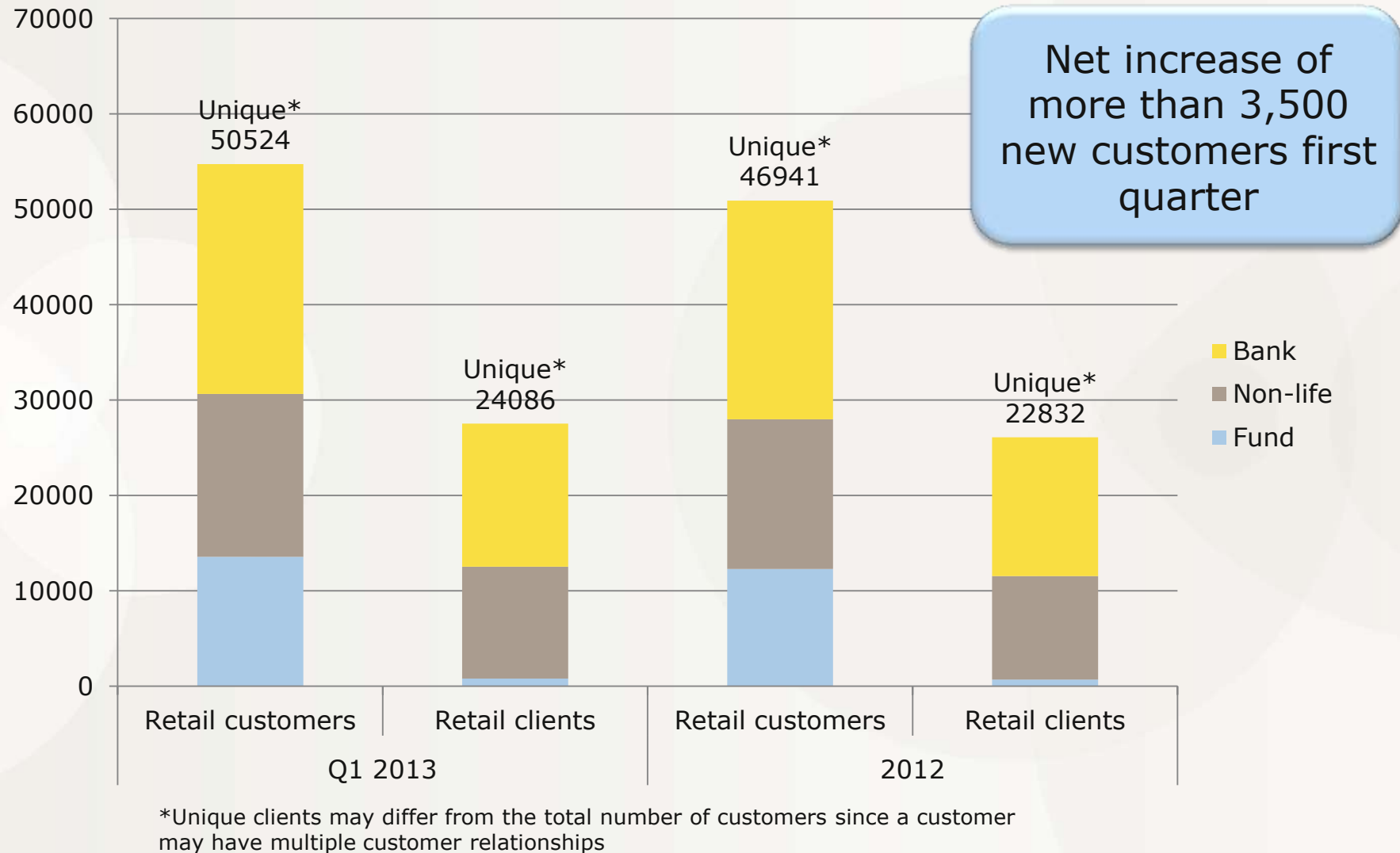
Total solvency capital NOK 48.4 billion
- 18.4 per cent of insurance funds with
guaranteed interest



KLP return on investment portfolios

<i>All figures in per cent</i>	Q1 2013	Q1 2012	Year 2012
Common portfolio			
Booked return	1.1	1.2	5.0
Value adjusted return	2.2	2.7	6.7
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	2.2	2.7	7.5
Investment options portfolio	2.6	3.4	7.2
Corporate portfolio	1.5	1.5	4.5

Status for the retail initiative



KLP Group



KLP for dagene som kommer

KLP Group – results by segment

<i>NOK million</i>	Q1		Year 2012
	2013	2012	
Life insurance	203	194	598
Non-life insurance	52	23	106
Banking	9	26	83
Asset management	0	-1	21
Other	0	0	1
Group result	264	242	809

KLP Group – main figures - results

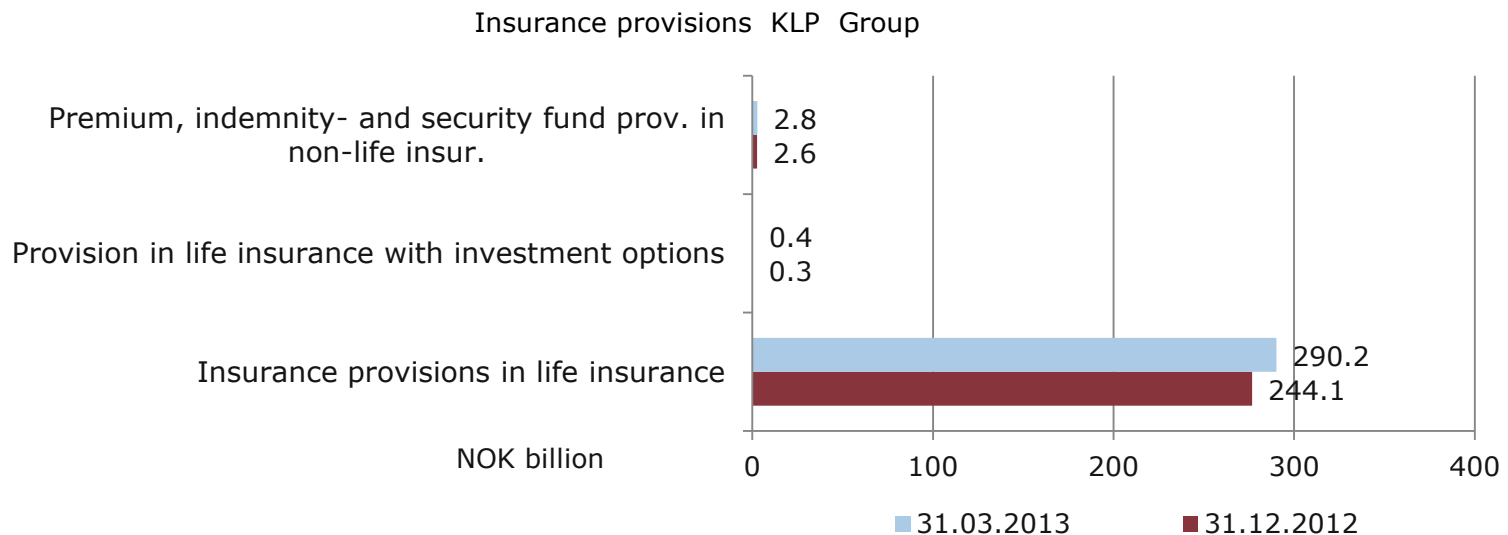
NOK million	Q1		Year 2012
	2013	2012	
Pension premiums and incoming transfers	10 697	6 370	29 946
Allocated investment income	6 148	6 972	17 588
Claims f.o.a.	-3 091	-2 960	-11 457
Insurance provisions	-9 558	-4 810	-27 344
Operating cost	-307	-294	-1 150
Other income and cost	34	3	130
Technical result	3 923	5 281	7 714
To/from value adjustment fund life insurance	-3 286	-3 623	-4 342
To/from supplementary reserves life insurance	0	0	0
Surplus allocated Life insurance clients	-668	-1 305	-2 370
Group result pre-tax	-31	353	1 002
Tax	0	-4	-7
Other profit/loss elements	295	-107	-185
Group result pre-tax	264	242	809

KLP Group – assets

<i>NOK million</i>	31.03.2013	31.12.2012	Change
Investment properties	33 034	32 322	712
Debt instruments held to maturity	37 659	37 283	376
Debt instruments classified as loans and receivables	56 644	55 917	727
Lending to municipalities, enterprises and individuals	52 706	52 128	578
Debt instruments at fair value over P/L	105 071	103 375	1 696
Equity instruments at fair value over P/L	48 442	42 410	6 032
Financial derivatives	949	1 541	-591
Share in associated companies	6	6	0
Assets in defined contribution life insurance	392	300	92
Immaterial assets	366	365	1
Other assets	6 079	6 137	-58
Total assets	341 348	331 783	9 565

KLP Group – own funds and liabilities

NOK million	31.03.2013	31.12.2012	Change
Own funds	13 874	13 547	327
Hybrid capital and subordinated loans	3 969	3 865	104
Debt to financial institutions	3 374	4 799	-1 425
Covered bonds issued	18 855	20 370	-1 515
Debt to and deposits from clients	3 459	2 946	513
Insurance reserves	293 435	279 707	13 728
Other liabilities	4 382	6 548	-2 166
Total own funds and debt	341 348	331 783	9 565



Life and pension



Life and pension

Kommunal Landspensjonskasse is the operative unit for the group's core business, supplying public sector occupational pensions and group life-insurance to the municipal and health sectors as well as to enterprises with public sector type pension plans. Kommunal Landspensjonskasse is referred to as KLP in this presentation and tables.

KLP Bedriftspensjon offers defined contribution and private sector type pension plans to clients not obliged to provide public sector pensions for their employees.

Liv og pensjon

**Stipulated
return of more
than NOK 1 billion
to clients**

**17 new
Municipalities
transferred first
quarter, marking an
inflow in excess of
NOK 5.9 billion**

Life division

- 17 new municipalities included through Q1, marking an inflow in excess of NOK 5.9 billion
- New tariff K2013 taking into account longer life expectancy to take effect in 2014 with implementation over five years.
- A significant number of municipalities have signalled their intent to evaluate a transfer
- Some more have indicated that they evaluate establishing a pension fund
- High market activity in KLP Bedriftspensjon gives good volume growth and capture of new clients



Reserving for new tariff K2013

In NOK billion

Gross reserving according to tariff	17.7
Required reserving taking into account lifespan adjustment in pension benefit	10.7
-Reserved as per 21.12.2012	4.5
<u>-provisional reserving Q1 2013</u>	<u>0.3</u>
Remaining reserving before 2018	5.9

- Two major schemes in KLP sufficiently reserved
- Remaining reserving as per 01.01.2014 to be undertaken within the 2014-2018 timeframe
- 20 per cent of the reserving to be carried by the company

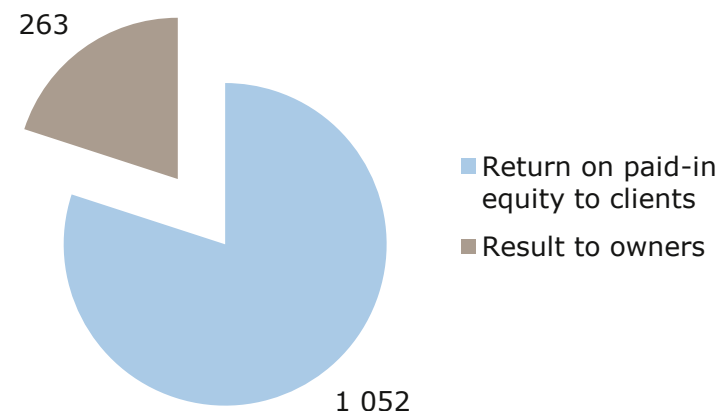
KLP – presentation of accounts

NOK million	Q1		Year 2012
	2013	2012	
Pension premiums and incoming transfers	10 428	6 158	29 025
Net revenues from investments in Common portfolio	6 123	6 534	16 517
Claims paid and outgoing transfers	-2 930	-2 783	-10 882
Changes in valuation reserves	-12 714	-8 351	-31 247
Allocations to insurance contracts	-668	-1 301	-2 366
Insurance related operating costs	-201	-210	-813
Other insurance related costs	12	0	4
Technical result	49	47	237
Net revenues from investments in Corporate portfolio	264	235	735
Other revenues and expenditures	-50	-47	-197
Non-technical result	214	188	538
Total result	263	235	775

KLP – appropriation of results

Nok million	Customers	Company	Q1	
			2012	2011
Interest result	894	5	899	1 202
Risk result	74	17	90	64
Premium interest rate guarantee		82	82	73
Administration result		30	30	8
Non-technical result		214	214	188
Return on paid-in equity to clients	84	-84	-	-
Total	1 052	263	1 315	1 536

- Good return on common portfolio
- Good contribution from corporate portfolio
- Stipulated return of more than NOK 1 billion to clients



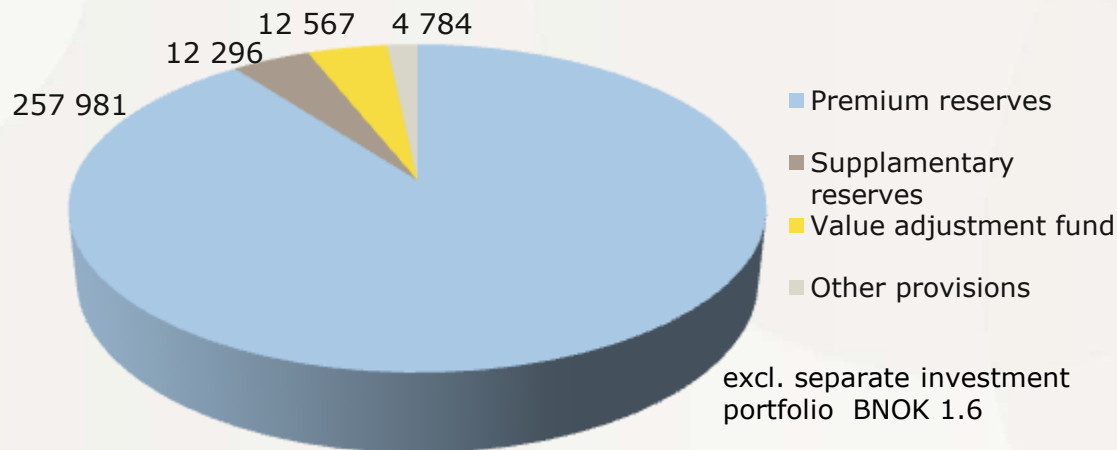
KLP – assets

<i>NOK million</i>	31.03.2013	31.12.2012	Change Q1 2013
Total assets in corporate portfolio	20 003	19 384	619
Total assets in common portfolio	288 541	278 731	9 810
Assets in investment options portfolio	1 584	1 556	28
Total assets	310 128	299 671	10 457

KLP – own funds and liabilities

<i>NOK million</i>	31.03.2013	31.12.2012	Change Q1 2013
Paid-in equity	6 891	6 891	0
Retained earnings	6 825	6 499	327
Hybrid capital and subordinated debt	3 969	3 865	104
Insurance liabilities	289 216	275 843	13 373
Other liabilities	3 227	6 573	-3 346
Total: own funds, provisions and debt	310 128	299 671	10 457

Insurance liabilities per 31.03.2013 – NOK bn



KLP – growth in assets

NOK mill

Per cent



KLP Bedriftspensjon – main figures

NOK million	Q1		Year 2012
	2013	2012	
Interest result	4.2	5.4	15.0
Risk result	1.9	0.3	2.6
Administration result	-8.7	-7.4	-33.5
Interest rate guarantee and profit element	0.2	0.3	2.5
Non-technical result	0.7	0.9	3.1
Total result	-1.7	0.4	-10.3
Of which result to clients	4.4	4.7	15.2
Result to owner	-6.1	-5.1	-25.5

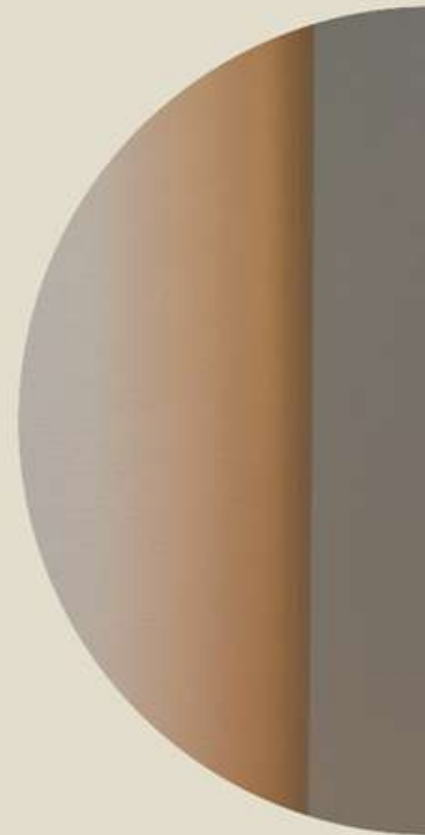
KLP Bedriftspensjon – return and solvency

<i>Per cent</i>	Q1		Year 2012
	2013	2012	
Common portfolio			
Book	1.2	1.6	5.2
Value adjusted	1.8	2.3	6.7
Investment options portfolio	4.6	6.1	12.0
Corporate portfolio	1.2	1.9	6.4

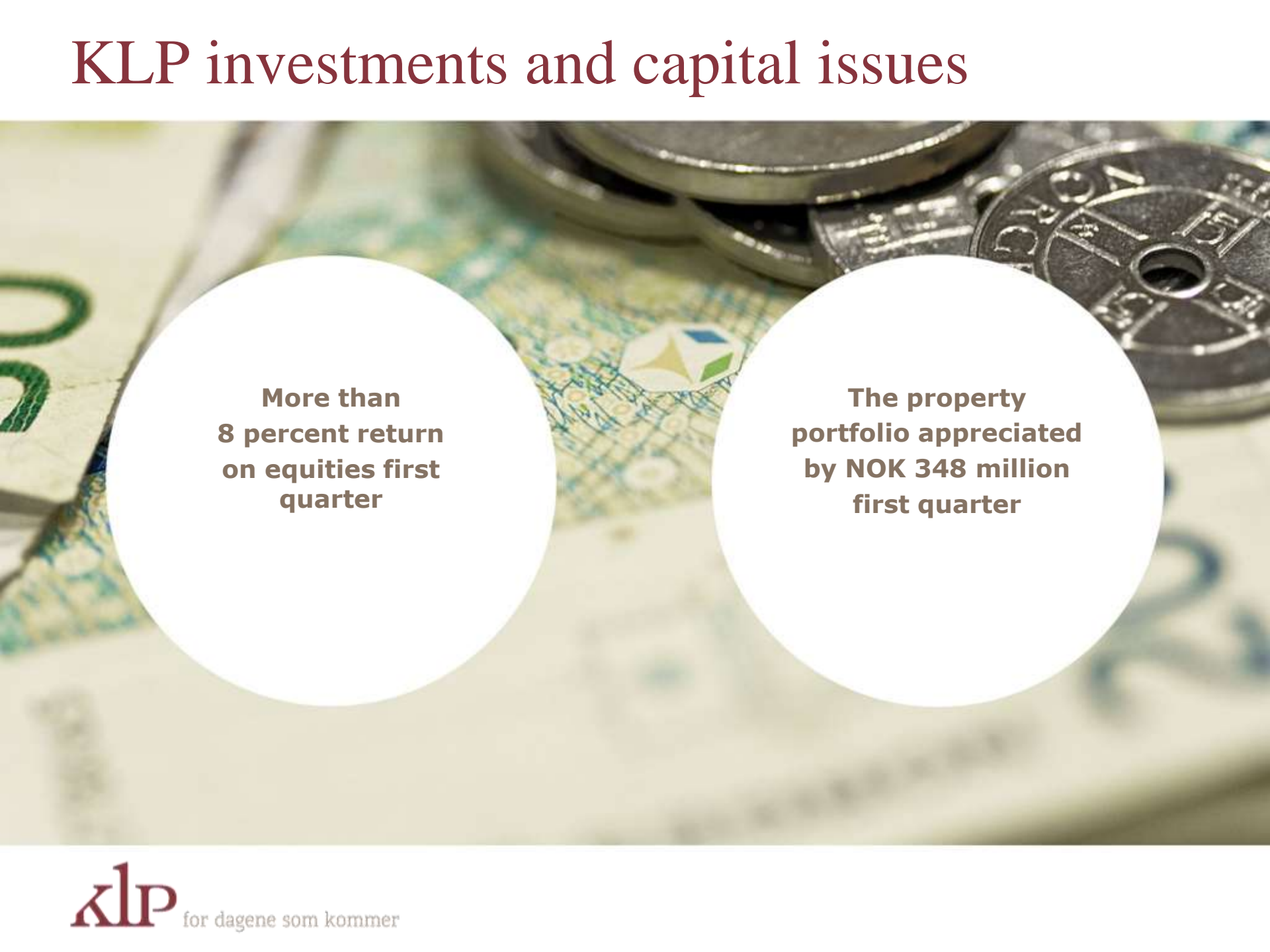
<i>Per cent</i>	31.03.2013	31.12.2012
Capital coverage	7.7	9.6
Solvency ratio	129	157
Buffer capital employment	152.6	124.9

<i>NOK million</i>	31.03.2013	31.12.2012
Value adjustment fund	18.0	11.8
Supplementary reserves	27.8	27.9
Solvency capital	133.3	131.1

KLP investments and capital issues



KLP investments and capital issues

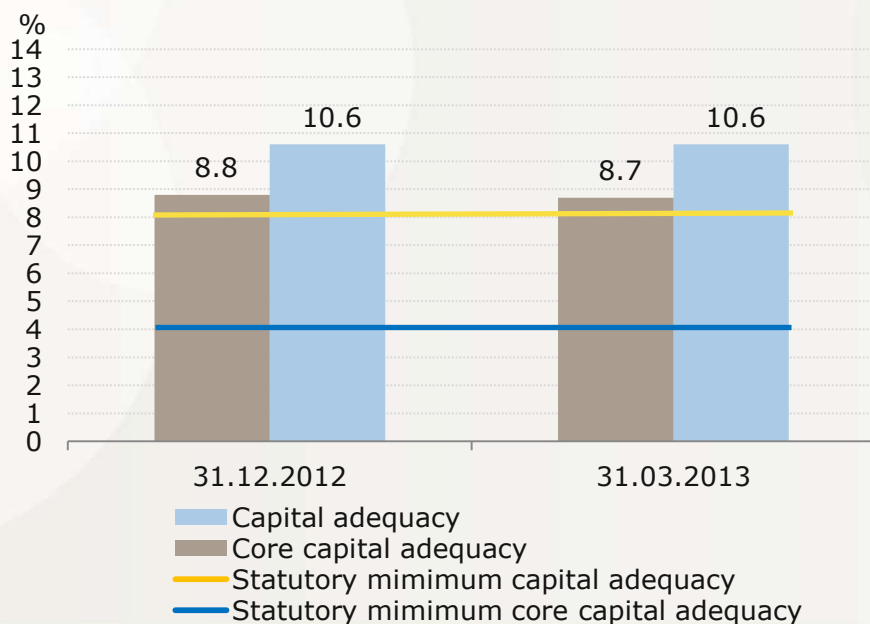


**More than
8 percent return
on equities first
quarter**

**The property
portfolio appreciated
by NOK 348 million
first quarter**

KLP – capital adequacy

Per cent	31.03.2013	31.12.2012
Capital adequacy	10.6	10.6
Core capital adequacy	8.7	8.8
Statutory minimum capital adequacy	8.0	8.0
Statutory minimum core capital adequacy	4.0	4.0



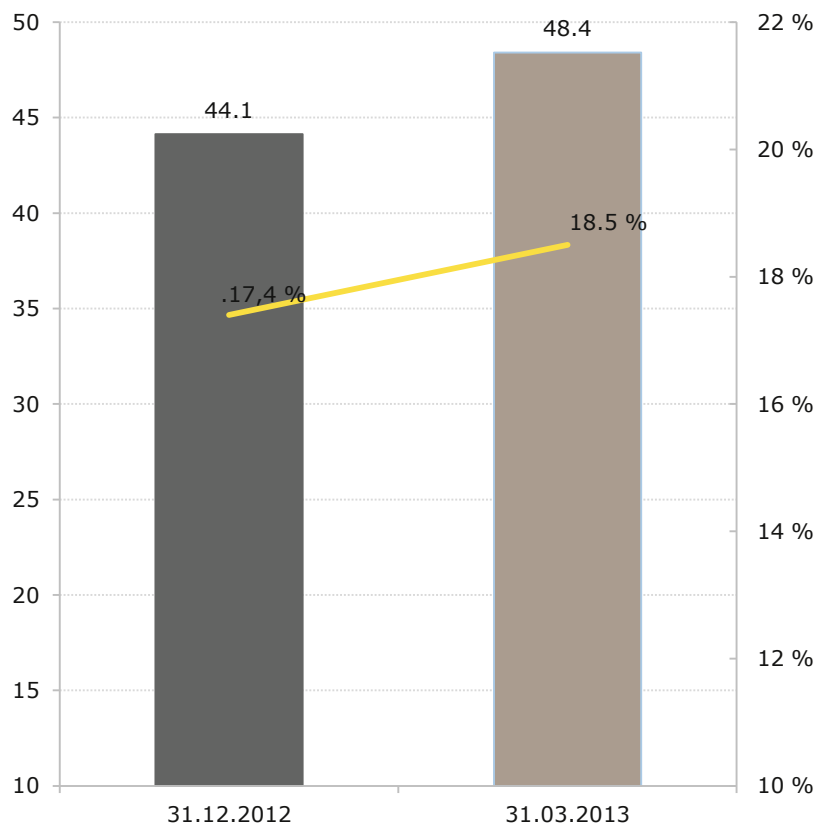
• Capital adequacy and core capital ratio well in excess of regulatory requirements

KLP – buffer capital

<i>NOK million</i>	31.03.2013	31.12.2012
Valuation reserve	12 567	9 288
Supplementary reserve	12 379	12 377
Core capital margin	3 992	3 992
Income to date	932	
Regulatory buffer capital	29 870	25 657
Valuation reserve booked at amortised costs	5 966	5 892

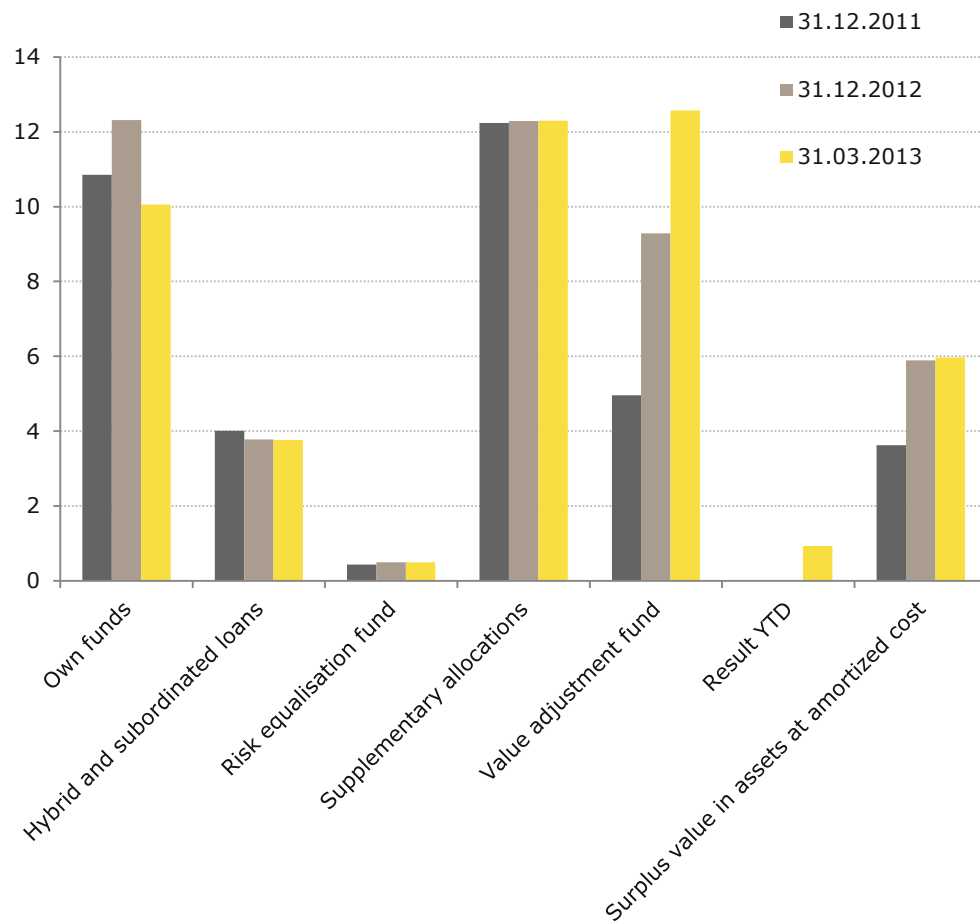
KLP – financial solidity

NOK bn



■ Total solvency capital - NOK bn As percentage of liabilities with interest guarantee

NOK bn

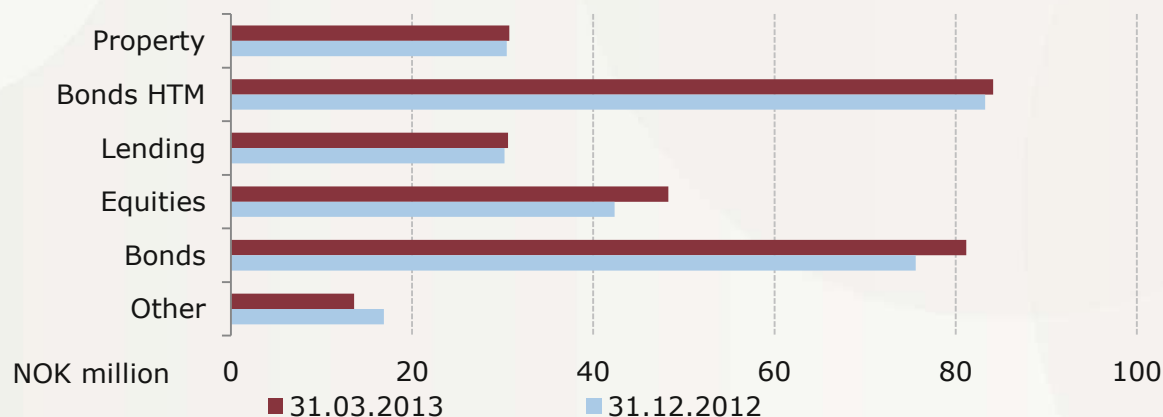


KLP common portfolio – allocation and return

	Share 1)	Return	Return
<i>Per cent</i>	31.03.2013	31.03.2013	2012
Equities ¹	17.6	8.4	13.9
Bonds	22.0	0.7	8.4
Bonds held-to-maturity	30.1	1.2	4.8
Lending	10.6	0.9	3.9
Property	11.1	1.7	6.2
Other financial assets	8.5	0.7	3.5

¹) Measured by exposure

Balance 31.03.2013 Assets in the common portfolio

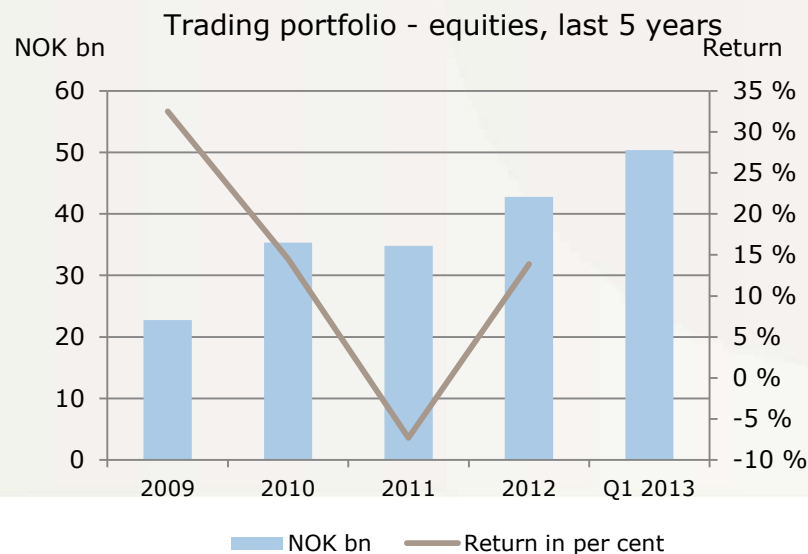


Trading portfolios equities

KLP common portfolio

Trading portfolio equities*	31.03.2013	31.03.2012	31.12.2012
Value equities (NOK mill)	47 843	37 462	42 787
Return equity portfolio	8.4 %	10.1 %	13.9 %
Share index-tracking equities	75.3 %	77.2 %	79.3 %

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

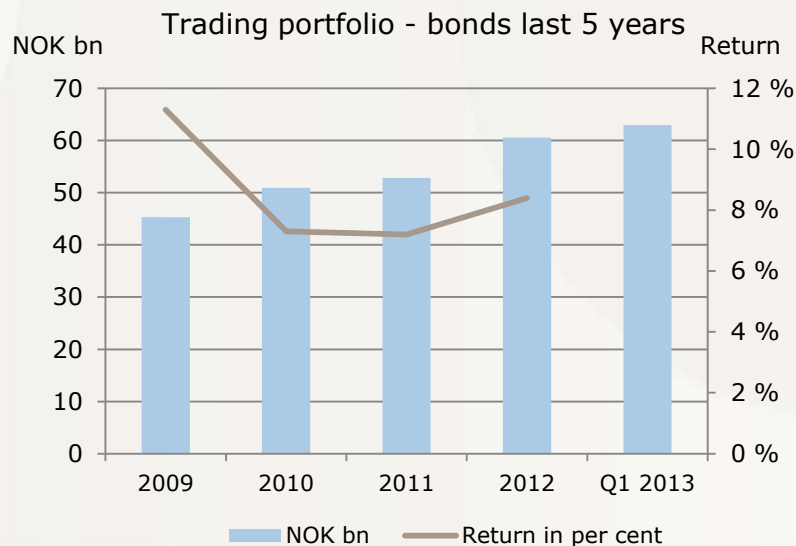


Trading portfolios – bonds

KLP common portfolio

Trading portfolios fixed-income *	31.03.2013	31.03.2012	31.12.2012
Value fixed income (NOK mill)	89 380	70 394	84 105
Return trading portfolios fixed income	0.7 %	1.7 %	8.4 %
Share index-tracking fixed-income	36.7 %	35.1 %	35.3 %

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

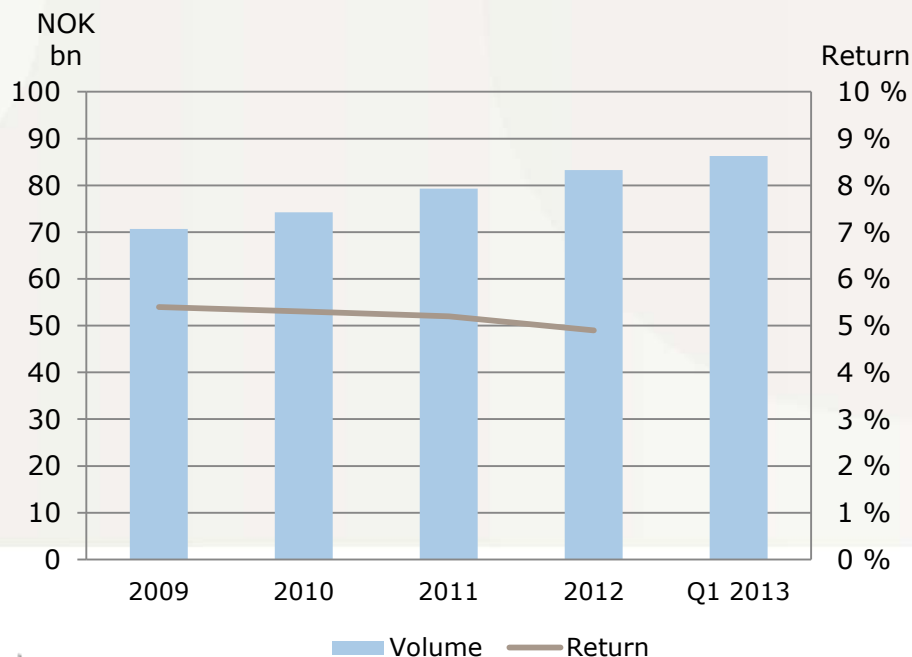


Bonds booked at amortised costs

KLP common portfolio

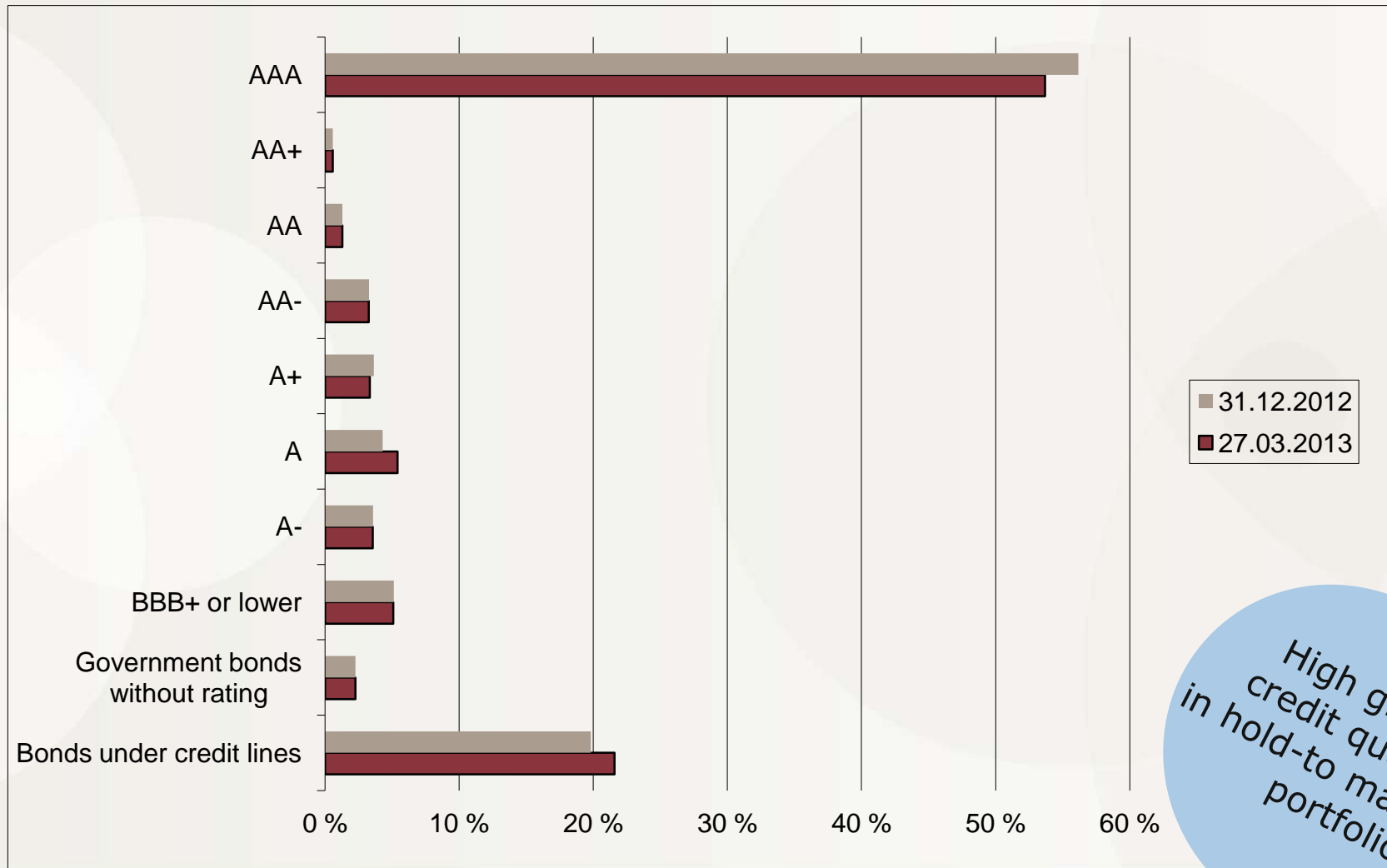
	Q1		Year 2012
	2013	2012	
Book value (NOK mill)	86 287	80 913	83 277
Valuation reserve (NOK mill)	5 216	3 043	5 164
Return (per cent)	1.2	1.3	4.9

Bonds held-to maturity, last 5 years



Bonds booked at amortised costs

KLP common portfolio

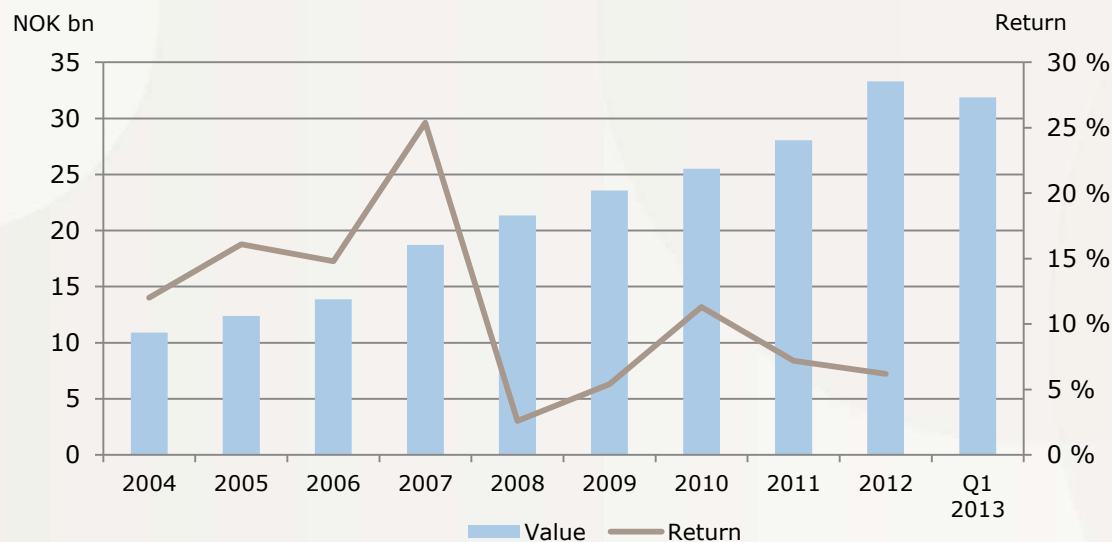


High grade
credit quality
in hold-to maturity
portfolio

Property investments

Total portfolio

	Q1 2013	2012	Year 2012
Book value (value-adjusted NOK mill)	34 094	31 063	33 388
Occupancy rate (per cent)	96.2 %	95.7 %	96.8 %
Average lease duration (year)	7.0	7.5	7.4



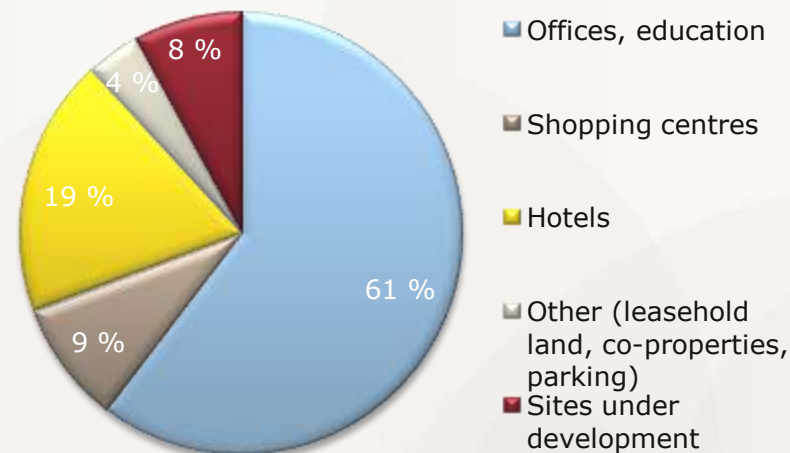
KLP's real-estate activities

KLP Eiendom AS is part of the common portfolio, however, the company also manages the real-estate portfolios of other group companies.

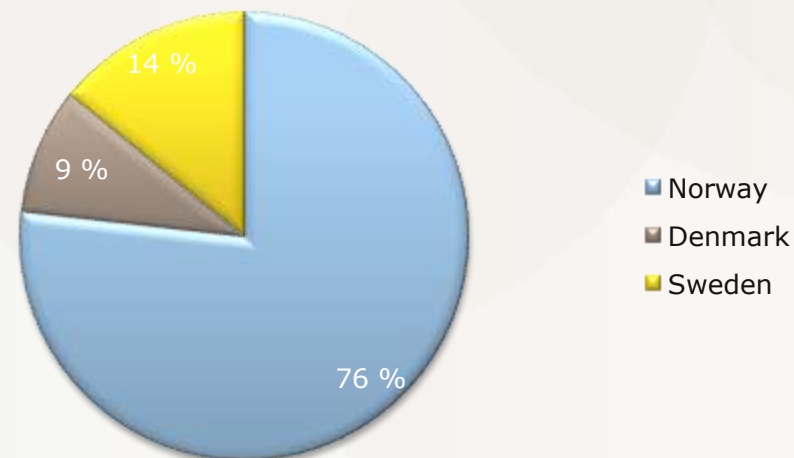
The price development for centrally located properties abating, the property portfolio appreciated by NOK 348 million (1.0 per cent) in Q1 2013 – NOK 130 million taking into account currency contracts

A 50 per cent ownership stake taken in the Nordbyen shopping arcade in Q1
Real-estate investments constitute 11.1 per cent of the financial assets of the common portfolio

Property value - by sector



Property value - by country



KLP's real-estate investments

Property value	Q1		Year 2012
	2013	2012	
Fair value	33 954	31 175	33 469
Value adjustment in per cent	0.4 %	0.7 %	0.9 %
Fair value common portfolio (NOK mill)	31 247	28 710	30 904
Value adjustment in per cent common portfolio	0.4 %	0.7 %	0.9 %

Return	Q1		Year 2012
	2013	2012	
Total return	1.7 %	2.0 %	6.5 %
Total return common portfolio	1.7 %	2.0 %	6.5 %

*All figures are exchange-rate hedged

Skadeforsikring (non-life insurance)



KLP Skadeforsikring

Result
before tax:
NOK 52 million

Generally good
results, and good
financial returns

Continued strong
growth in retail.
January was the
best sales month
ever

KLP Skadeforsikring Q1 2013

- Good results: NOK 51.8 million before tax
- Good insurance results and good financial income
- Good sales and low departing rate in the retail market
- Many tenders in the public market - positive new-sale balance
- Largest damage reported first quarter of 12.2 million
- New "Lean" project initiated in Settlements-unit



Market development

- Continued strong position within the municipalities and enterprises
- Strong position in public sector and corporate markets maintained
 - 299 municipalities and counties
 - 45 Health enterprises
 - 2 645 corporate clients
- Good sales in retail market
 - 17 500 customers of which 13 500 are members
 - NOK 175,5 million premium volume
 - Renewal rate above market levels



KLP Skadeforsikring – profit & loss Q1 2011

1 000 NOK	Result Q1 2013	Result Q1 2012
Premium written f.o.a.	171 889	161 429
Allocated investment income	10 018	9 171
Claims f.o.a.	-144 420	-166 123
Insurance related expenses	-43 734	-43 995
Other insurance related income	1 333	1 215
Changes in security reserves etc.	-3 088	-5 849
Result from technical activities	-8 002	-44 153
Result from investment activities	69 781	76 523
Allocated investment income	-10 018	-9 171
Result from ordinary operation	51 760	23 199
Estimated tax expense	-14 562	-12 146
Provisions for equity fund	245	20 181
Result after provisions for equity fund	37 444	31 233

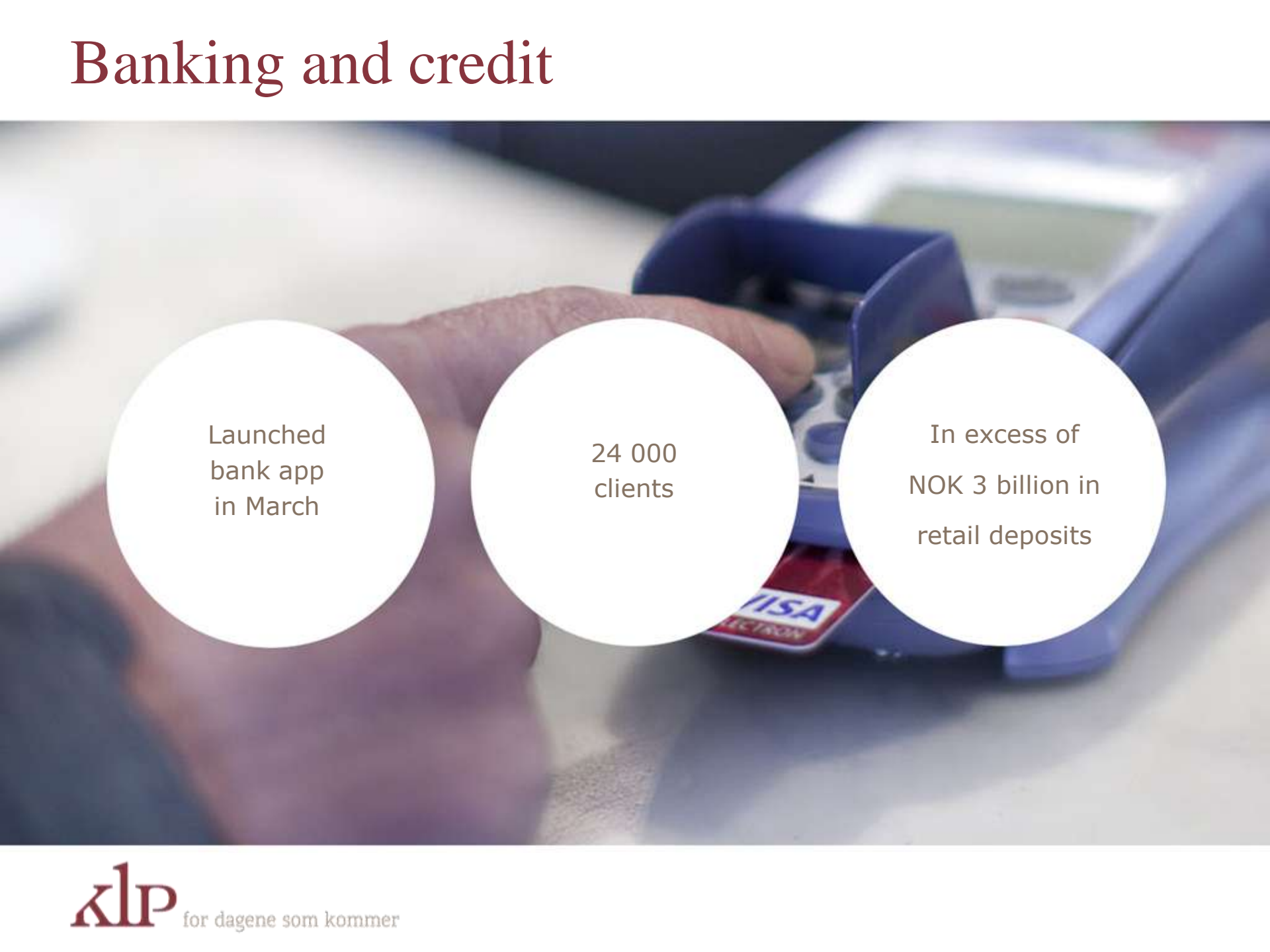
KLP Skadeforsikring – main figures

Key figures, per cent	31.03.2013	31.03.2012
Claims ratio on own account	84.0 %	102.9 %
Cost ratio on own account	25.4 %	27.3 %
Combined Ratio for own account	109.4 %	130.2 %
Return on capital	2.1 %	2.4 %
Capital adequacy ratio	30.9 %	29.8 %
Revenues, NOK mill	31.03.2013	31.03.2012
Gross premium written	436	427
Premium income for own account	172	161
Claims paid for own account	-144	-166
Insurance related costs for own account	-44	-44
Results	52	23
Key figure balance sheet. NOK mill	31.03.2013	31.03.2012
Financial assets	3 483	3 321
Total assets	3 810	3 711
Equity	870	730
Provisions in insurance funds for own account	2 678	2 619

Banking and credit



Banking and credit



Launched
bank app
in March

24 000
clients

In excess of
NOK 3 billion in
retail deposits

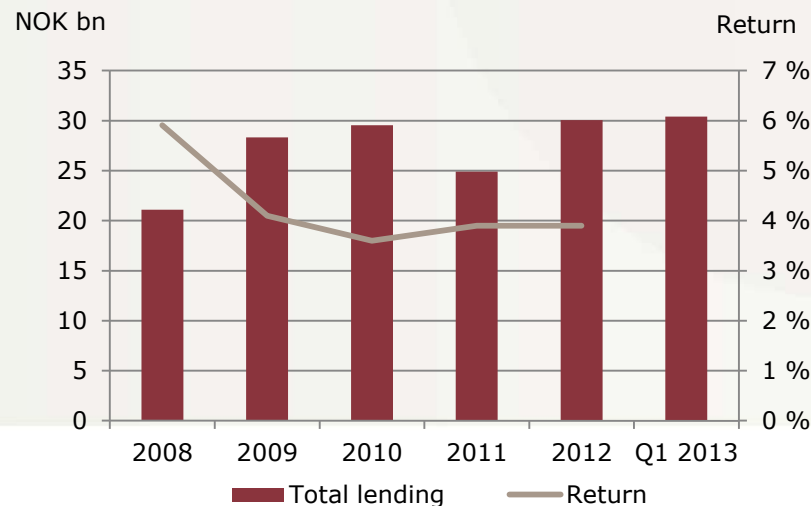
Lending portfolio

KLP common portfolio

	Q1		Year
	2013	2012	2012
Book value (NOK mill)	30 401	27 195	30 037
Of this: fixed rate loans (NOK mill)	12 627	10 371	12 523
Return year to date (in per cent)	0.9	1.0	3.9
Specific and general credit loss provisions (NOK mill)	0.1	0.8	4.3*

*A small loan of 3.9 million in connection with KLP's social investments has been written down

Lending portfolio, last 5 years



KLP Bank-group – main figures

NOK million	KLP Kreditt		KLP Kommunekreditt		KLP Banken	
	Q1 2013	2012	Q1 2013	2012	Q1 2013	2012
Net interest revenues	-1.7	2.4	23.3	70.1	2.7	13.9
Net fee and commission income	-	-	-	-	0.9	4.5
Management fees	-	-	-	-	15.3	79.1
Operational costs	- 0.3	-1.9	-5.6	-28.1	-28.7	- 106.9
Value adjustment financial instruments	0.1	0.7	3.5	50.3	- 0.1	- 40.8
Result before taxes	-1.9	1.1	21.1	92.2	- 9.9	- 31.4
Total assets	1 575	1 612	22 792	24 632	7 842	7 616

KLP Bank-group – main figures

NOK million	KLP Banken group		
	Q1 2013	Q1 2012	2012
Net interest revenues	24.3	12.8	86.3
Net fee – and commissions income	0.9	1.2	4.5
Management fees	15.3	28.3	79.1
Driftskostnader	-34.7	-33.4	-137.7
Value changes financial instruments	3.5	17.5	51.1
Pre-tax earnings	9.3	26.4	83.4
Total assets	27 019	29 936	28 282

KLP Bank-group – lending and deposits

<i>NOK billion</i>	Mortgage loans		Public sector loans		Deposits	
	Q1 2013	2012	Q1 2013	2012	Q1 2013	2012
KLP Banken AS (parent)	1.9	1.5	-	-	3.4	2.9
KLP Kreditt AS	-	-	1.0	1.1	-	-
KLP Kommunekreditt AS	-	-	18.8	18.9	-	-
KLP (under management agreement)	8.8	9.0	21.2	20.9	-	-
Total	10.7	10.5	41.0	40.9	3.4	2.9

KLP Banken Q1

- Mortgage Growth in March
- Continued profitable public loans
- Retail deposits exceeded 3 billion
- Corporate deposits 340 million
- Bank app launched in March



Asset management



Asset management



The fund
KLP Pensjon II
Awarded best
Norwegian bond
fund for the
second year
running by
Morningstar

Managing NOK
23 billion for
external clients

Net new
subscriptions
from external
clients NOK
800 million in Q1

KLP Kapitalforvaltning & KLP Fondsforvaltning

- KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS constitute the securities management activities within the KLP Group. Assets under management totals NOK 268 billion at the end of the quarter. The major share represent funds managed for Kommunal Landspensjonskasse and its subsidiaries
- NOK 23 billion managed on behalf of external investors and retail clients. There are about 16,000 holders of KLP funds
- Profit before tax Q1 2013: -0,3 million



Summing up



2013 – a good beginning

Group total assets in excess of NOK 341 billion

Positive equity markets contributed to good return for the quarter

Provided normal results through 2013 and onwards KLP is well poised to carry out the remaining reserving for the new tariff

A significant number of municipalities will evaluate their pension provider, KLP is well placed

Dedicated marketing initiative towards the Public Sector and Retail Market client groups give positive results



Contacts in KLP

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