

Oslo, 7th May 2014

Financial results first quarter 2014

KLP Group



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Main features



KLP in growth

Historic growth:

- Close to 90 000 new members
- 42 new municipalities
- 48 enterprises

Entered on the books in first quarter

6 more municipalities will join on July 1st

Total group assets: NOK 421billion

Common portfolio of life company :

- Book return of 0.9 per cent
- Value adjusted return of 1.4 per cent

Corporation portfolio returned 1.2 per cent

Group operating profit in first quarter: NOK 3.5 billion

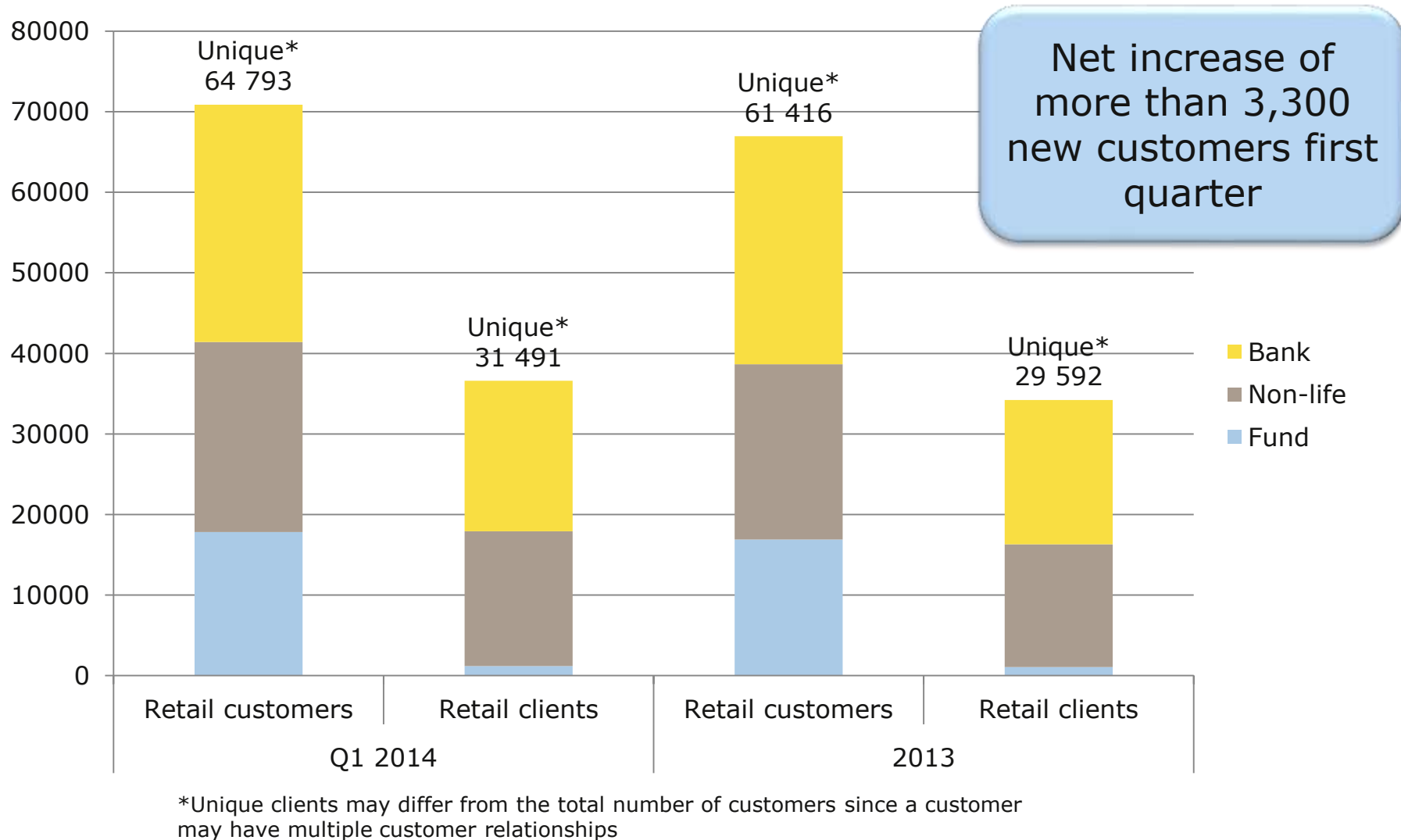
Total solvency capital NOK 52.5 billion, equivalent to 16.9 per cent of insurance funds with interest guarantee



KLP return on investment portfolios

<i>All figures in per cent</i>	Q1 2014	Q1 2013	Year 2013
Common portfolio			
Booked return	0.9	1.1	6.4
Value adjusted return	1.4	2.2	6.7
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	1.8	2.2	6.4
Investment options portfolio	1.1	2.6	8.8
Corporate portfolio	1.2	1.5	5.7

Status for the retail initiative



KLP Group



KLP Group – results by segment

<i>NOK million</i>	Q1		Year 2013
	2014	2013	
Life insurance	306	183	627
Non-life insurance	14	52	141
Banking	14	9	73
Asset management	-14	0	27
Other	1	0	1
Group result	320	244	869
Total other comprehensive incom	-176	300	1 023

KLP Group – main figures - results

NOK million	Q1		Year
	31.03.14	31.03.13	2013
Pension premiums and incoming transfers	26 565	10 697	31 883
- of which premium reserves transferred from another company	21 712	6 001	5 796
Allocated investment income	5 581	7 902	23 708
Minority share of return of financial instruments	-430	-1 754	-4 596
Claims f.o.a.	-7 423	-3 091	-12 503
Insurance provisions	-20 887	-9 558	-30 324
Operating cost	-355	-307	-1 191
Other income and cost	5	15	37
Technical result	3 055	3 902	7 013
To/from value adjustment fund life insurance	-1 766	-3 286	-1 148
To/from supplementary reserves life insurance	0	0	1
Surplus allocated Life insurance clients	-704	-668	-5 884
Group result pre-tax	586	-52	-17
Tax	-90	-4	-137
Other profit/loss elements	-176	300	1 023
Group result pre-tax	320	244	869

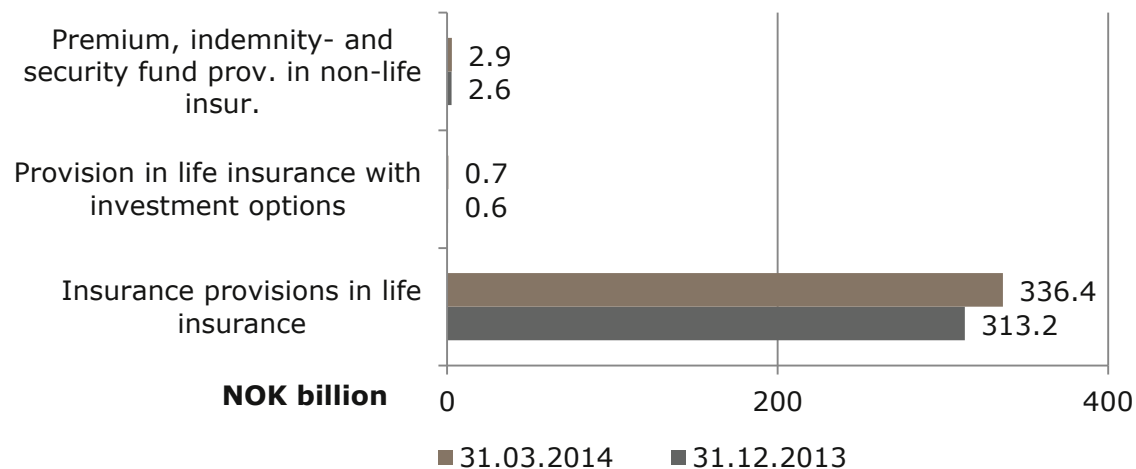
KLP Group – assets

<i>NOK million</i>	31.03.2014	31.12.2013	Endring
Investment properties	39 776	39 744	33
Debt instruments held to maturity	31 832	31 758	74
Debt instruments classified as loans and receivables	75 523	67 272	8 251
Lending to municipalities, enterprises and individuals	57 225	55 381	1 843
Debt instruments at fair value over P/L	129 947	122 398	7 549
Equity instruments at fair value over P/L	74 744	73 239	1 504
Financial derivatives	2 097	1 661	435
Share in associated companies	4	4	0
Assets in defined contribution life insurance	662	578	85
Immaterial assets	386	377	9
Other assets	9 295	6 844	2 451
Total assets	421 491	399 257	22 234

KLP Group – own funds and liabilities

<i>Millioner kroner</i>	31.03.2014	31.12.2013	Change
Own funds	15 645	15 268	377
Hybrid capital and subordinated loans	4 100	4 070	30
Debt to financial institutions	3 475	3 249	226
Covered bonds issued	17 033	17 217	-184
Debt to and deposits from clients	4 706	4 407	299
Insurance reserves	339 986	316 427	23 559
Minority interests classified as liabilities	28 826	28 750	76
Other liabilities	7 719	9 868	-2 149
Total own funds and debt	421 491	399 257	22 234

Insurance provisions KLP Group



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.

Life and pension



**Preliminary result
return more than
NOK 700 million
To clients**

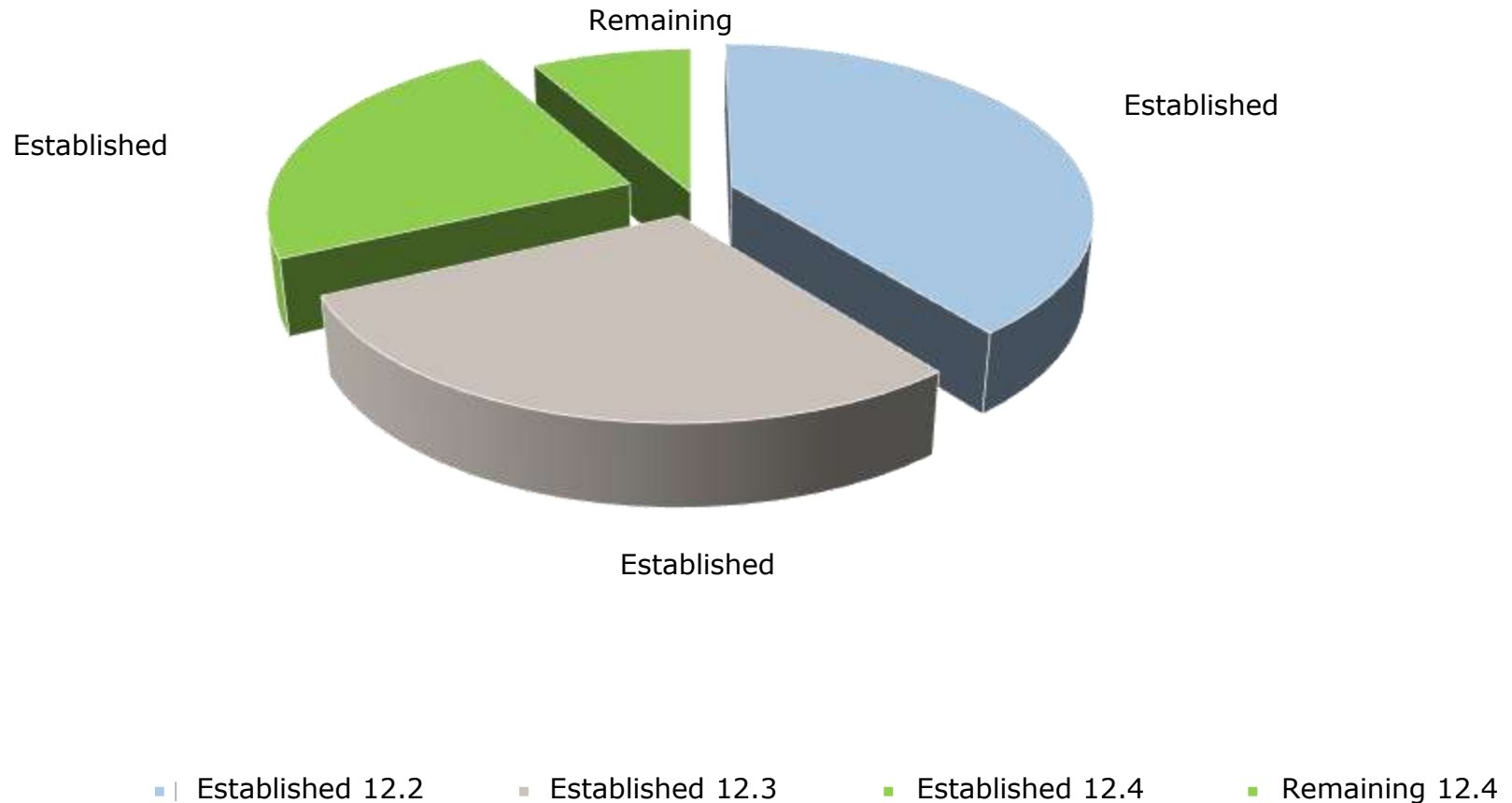
**Carried through
transfer of 33 new
clients in first
quarter, with more
than NOK 17.5 billion
preliminary inflow
per 31.03**

Life division

- A challenge to register new clients in a correct manner, with correct data as expedient as possible:
 - 33 new municipalities enrolled through Q1, representing in excess of NOK 17.5 billion in preliminary inflow to books.
- Important elucidation with regard to the new K2013 longevity tariff received in April.
- Still a considerable number of municipalities having signalled their intent to evaluate new provider of pension services.
- Furthermore municipalities also evaluate proprietary pension funds as an alternative solution.
- High level of activity in KLP Bedriftspensjon give volume growth and catchment of new clients.



Status transfers from January 1– as per May 5



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	9.0	
-Reserved as per 21.12.2012	9.0*	
<ul style="list-style-type: none">*20 per cent of the reserving to be carried by the company to the customers' funds through a period up to 2020		

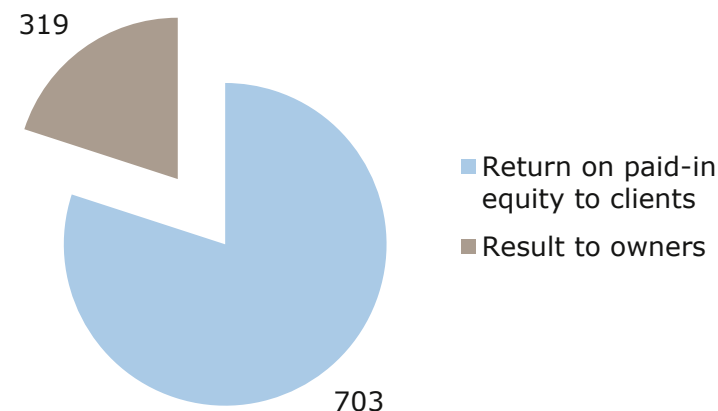
KLP – presentation of accounts

<i>NOK million</i>	YTD		Year 2013
	31.03.14	31.03.13	
Pension premiums and incoming transfers	26 192	10 428	30 860
Net revenues from investments in Common portfolio	4 532	6 123	18 912
Claims paid and outgoing transfers	-7 222	-2 930	-11 886
Changes in valuation reserves	-22 454	-12 714	-31 029
Allocations to insurance contracts	-703	-668	-5 884
Insurance related operating costs	-213	-201	-807
Other insurance related costs	1	12	26
Technical result	132	49	191
Net income from investments in the corporate portfolio	236	264	979
Other income and cost	-49	-50	-221
Net revenues from investments in Corporate portfolio	187	214	759
Other revenues and expenditures	319	263	950
Non-technical result	0	0	-102
Total result	319	263	847

KLP – appropriation of results

Nok million	Customers	Company	Q1	
			2014	2013
Interest result	602	1	604	899
Risk result	26	27	54	90
Premium interest rate guarantee		142	142	82
Administration result		36	36	30
Non-technical result		187	187	214
Return on paid-in equity to clients	75	-75	-	-
Total	703	319	1 022	1 315

- Good return on common portfolio
- Good contribution from corporate portfolio
- Stipulated return of more than NOK 700 million to clients



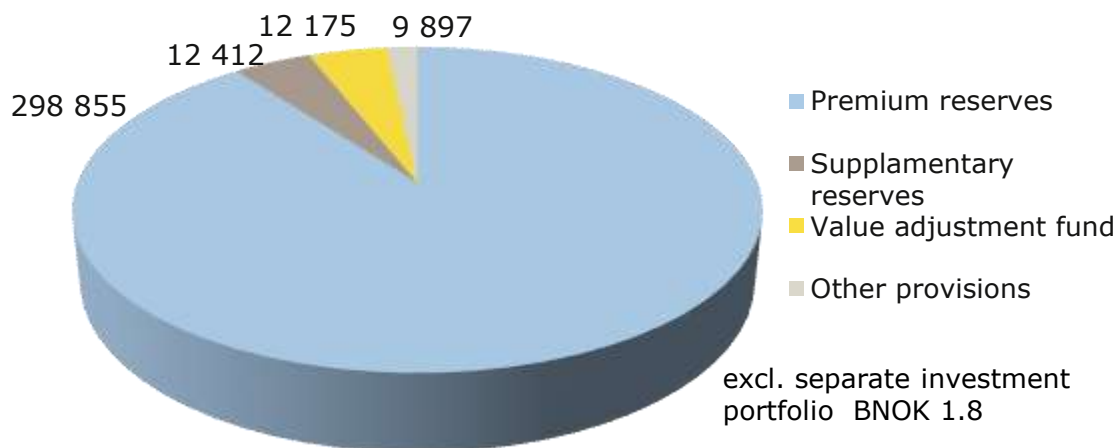
KLP – assets

<i>NOK million</i>	31.03.2014	31.12.2013	Change Q1 2014
Total assets in corporate portfolio	22 267	21 654	613
Total assets in common portfolio	336 599	316 194	20 405
Assets in investment options portfolio	1 809	1 745	65
Total assets	360 675	339 592	21 083

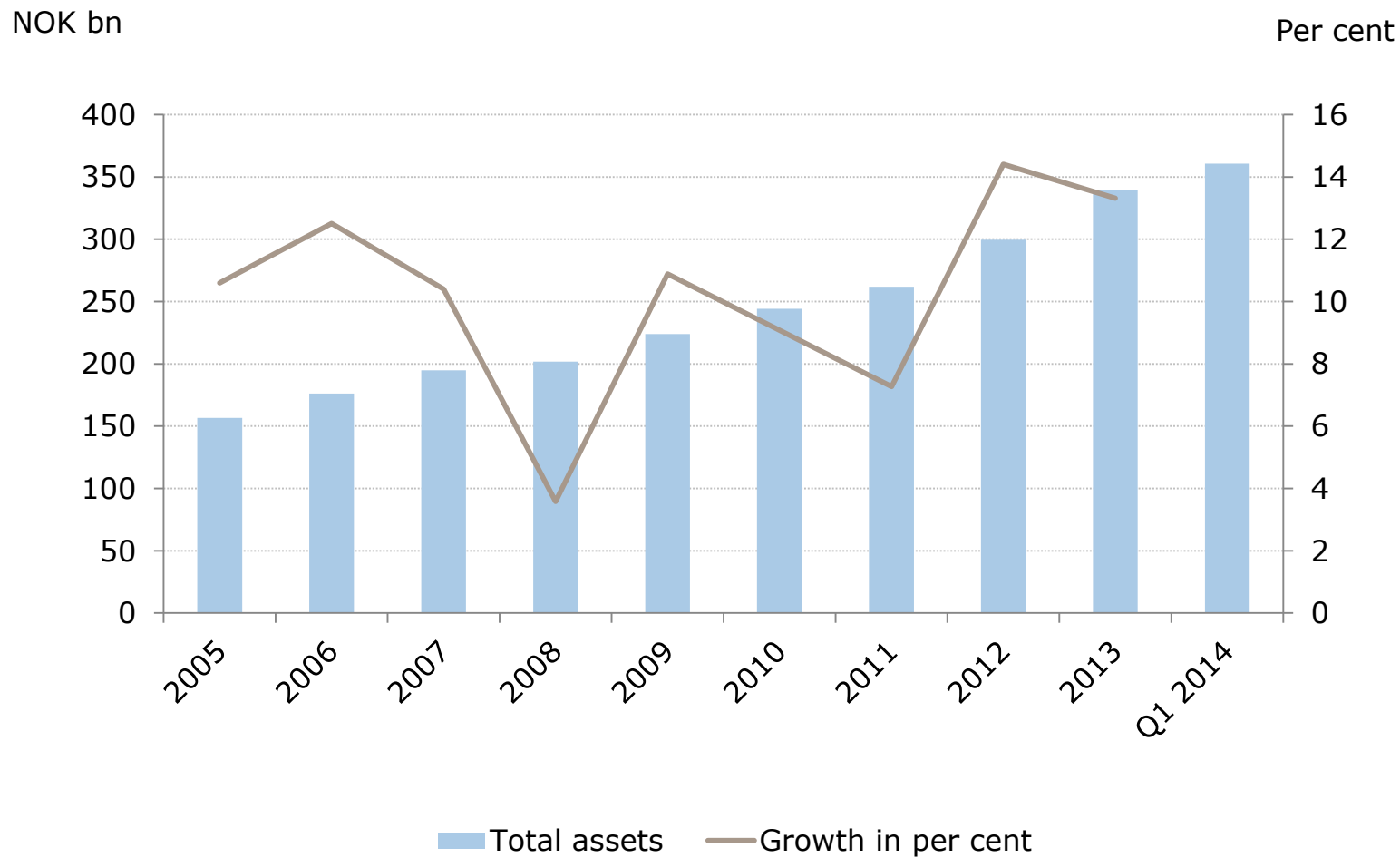
KLP – own funds and liabilities

<i>NOK million</i>	31.03.2014	31.12.2013	Change Q1 2014
Paid-in equity	7 717	7 659	58
Retained earnings	7 748	7 429	319
Hybrid capital and subordinated debt	4 100	4 070	30
Insurance liabilities	335 180	312 127	23 053
Other liabilities	5 930	8 307	-2 377
Total: own funds, provisions and debt	360 675	339 592	21 083

Insurance liabilities per 31.03.2014 – NOK bn



KLP – growth in assets



KLP Bedriftspensjon – main figures

NOK million	Q1		Year 2013
	2014	2013	
Interest result	1.8	4.2	7.6
Risk result	3.0	1.9	2.3
Administration result	-7.6	-8.7	-32.3
Interest rate guarantee and profit element	1.3	0.2	4.4
Non-technical result	0.7	0.7	2.4
Total result	-0.8	-1.7	-15.6
Of which result to clients	4.8	4.4	7.2
Result to owner	-5.6	-6.1	-22.9

KLP Bedriftspensjon – return and solvency

<i>Per cent</i>	Q1		Year 2013
	2014	2013	
Common portfolio			
Book	1.0	1.2	4.0
Value adjusted	1.2	1.8	6.2
Investment options portfolio	1.7	4.6	13.5
Corporate portfolio	0.8	1.2	3.1

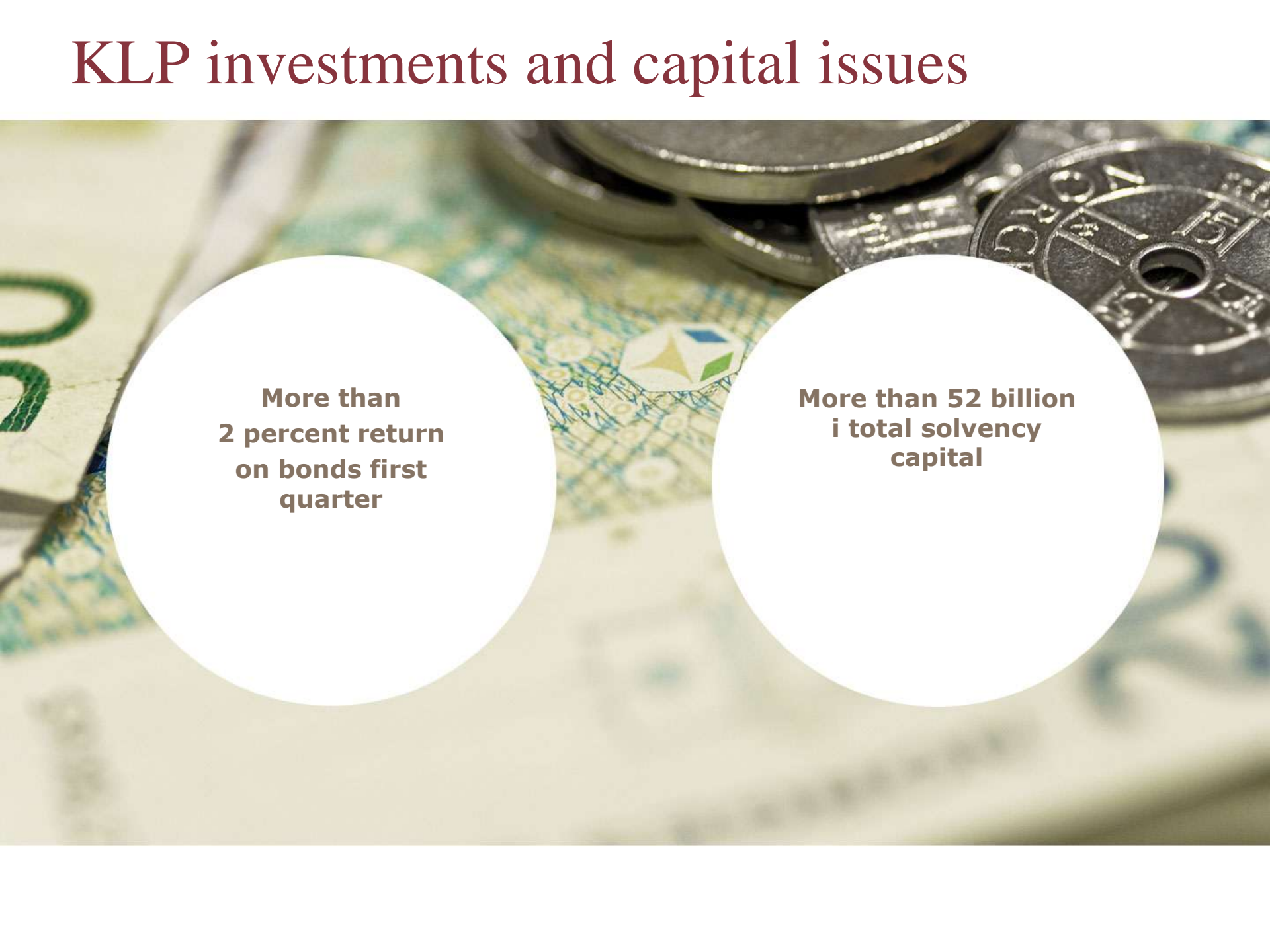
<i>Per cent</i>	31.03.2014	31.12.2013
Capital coverage	12.9	14.7
Solvency ratio	161.0	198.0
Buffer capital employment	135.1	122.3

<i>NOK million</i>	31.03.2014	31.12.2013
Value adjustment fund	35.2	11.8
Supplementary reserves	28.6	27.9
Solvency capital	189.5	131.1

KLP investments and capital issues



KLP investments and capital issues

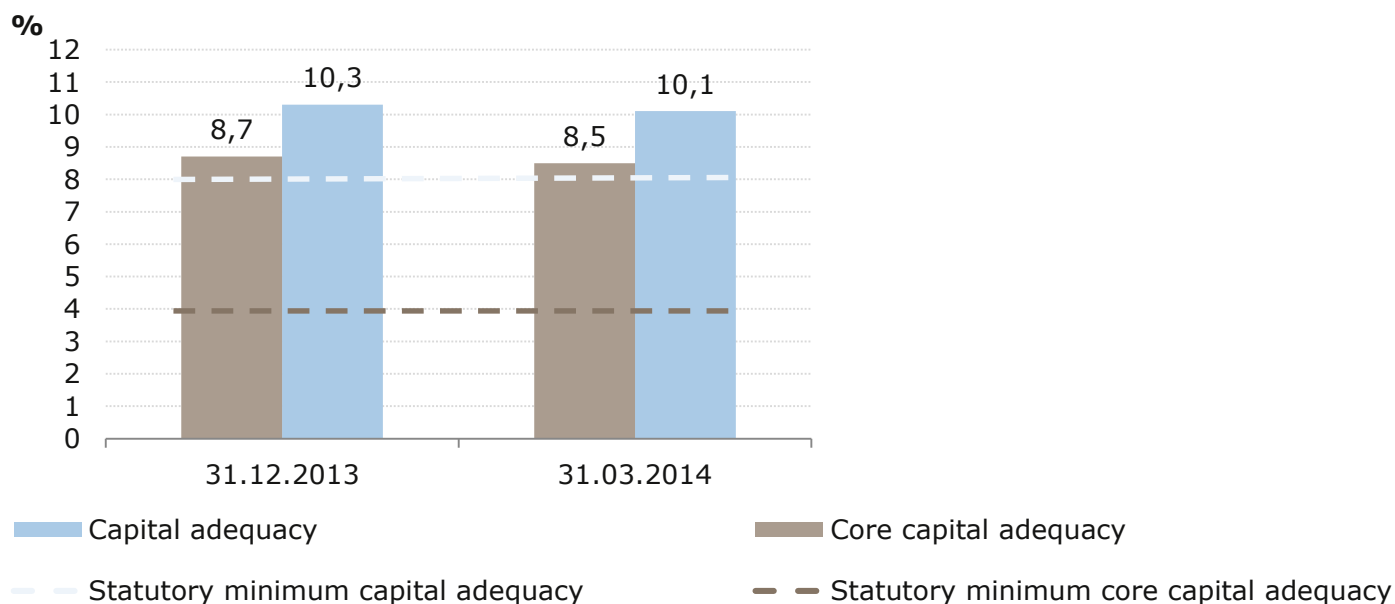


**More than
2 percent return
on bonds first
quarter**

**More than 52 billion
i total solvency
capital**

KLP – capital adequacy

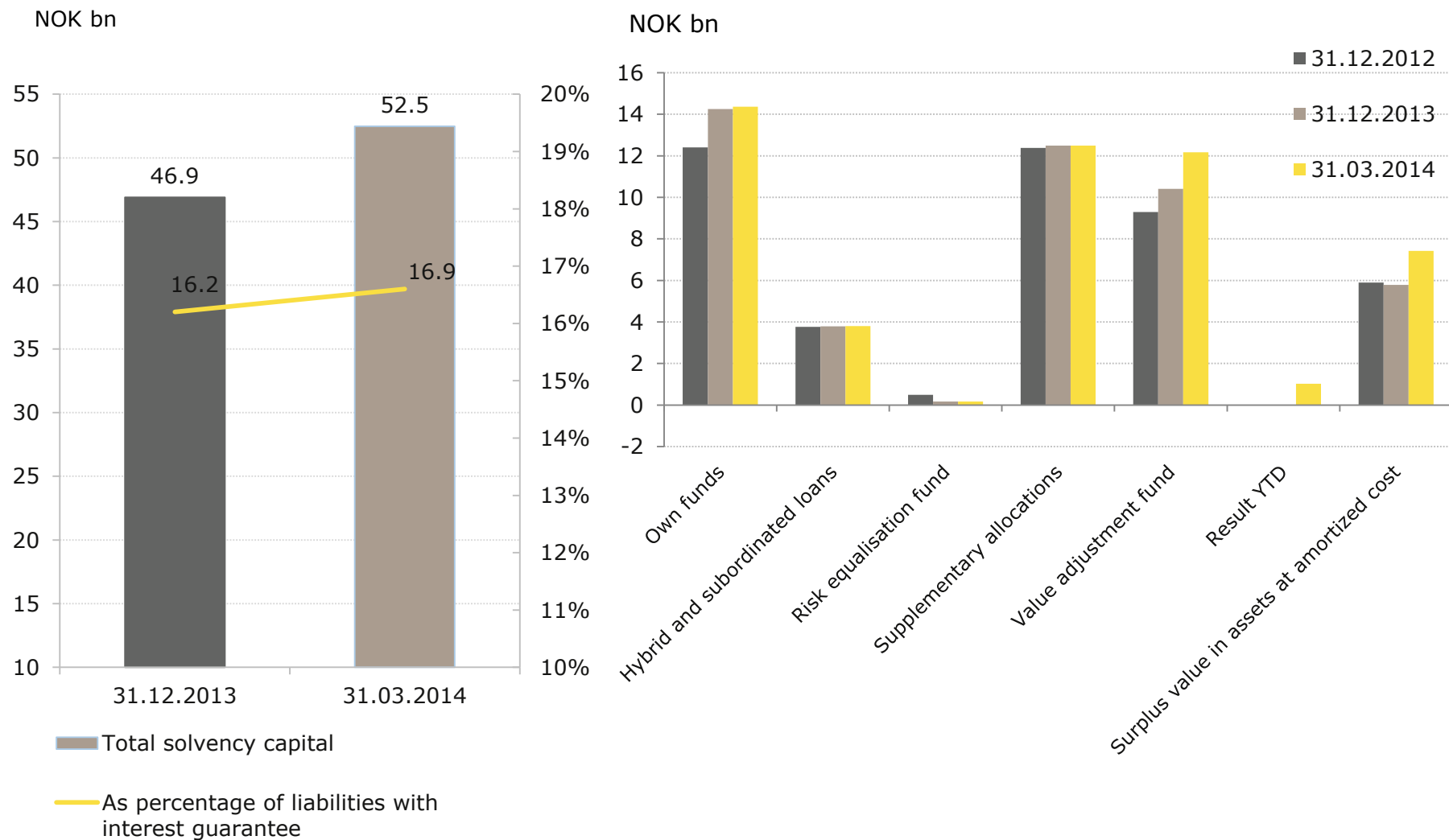
Per cent	31.03.2014	31.12.2013
Capital adequacy	10.1	10.3
Core capital adequacy	8.5	8.7
Statutory minimum capital adequacy	8.0	8.0
Statutory minimum core capital adequacy	4.0	4.0



KLP – buffer capital

<i>NOK million</i>	31.03.2014	31.12.2013
Valuation reserve	12 175	10 412
Supplementary reserve	12 495	12 495
Core capital margin	3 822	4 082
Income to date	1 022	
Regulatory buffer capital	29 514	26 989
Valuation reserve booked at amortised costs	7 426	5 782

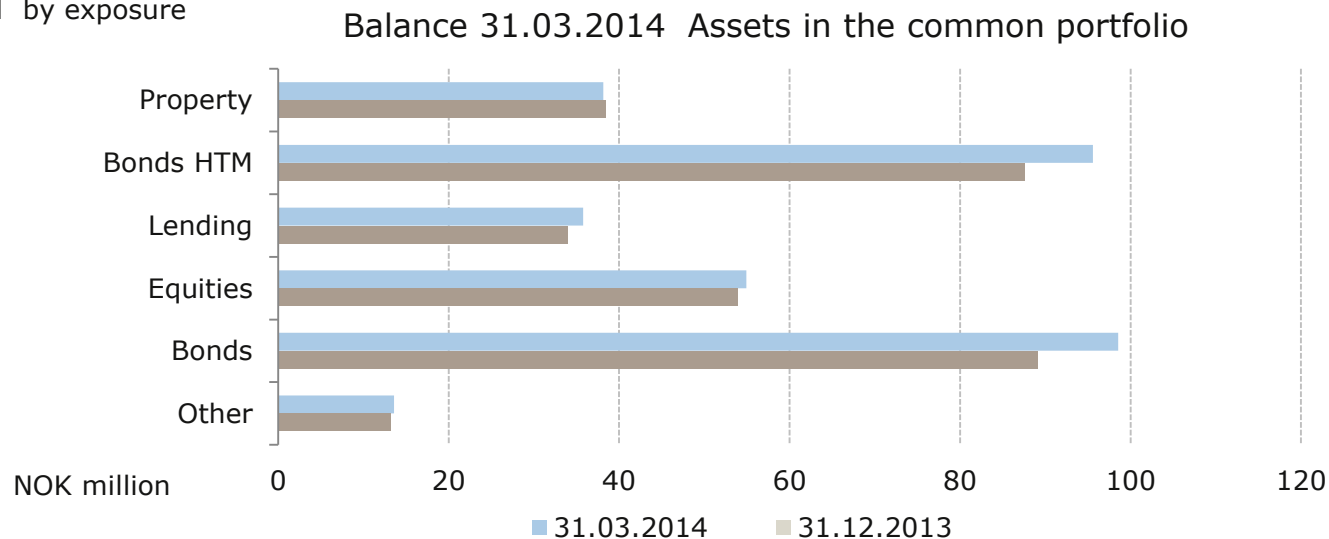
KLP – financial solidity



KLP common portfolio – allocation and return

	Share 1)	Return	Return
<i>Per cent</i>	31.03.2014	31.03.2014	2013
Equities ¹	17.4	1.8	25.3
Bonds	21.1	2.2	0.9
Bonds held-to-maturity	29.2	1.1	4.8
Lending	10.8	0.8	3.5
Property	11.5	1.2	7.1
Other financial assets	10.1	0.6	2.5

¹⁾ Measured by exposure

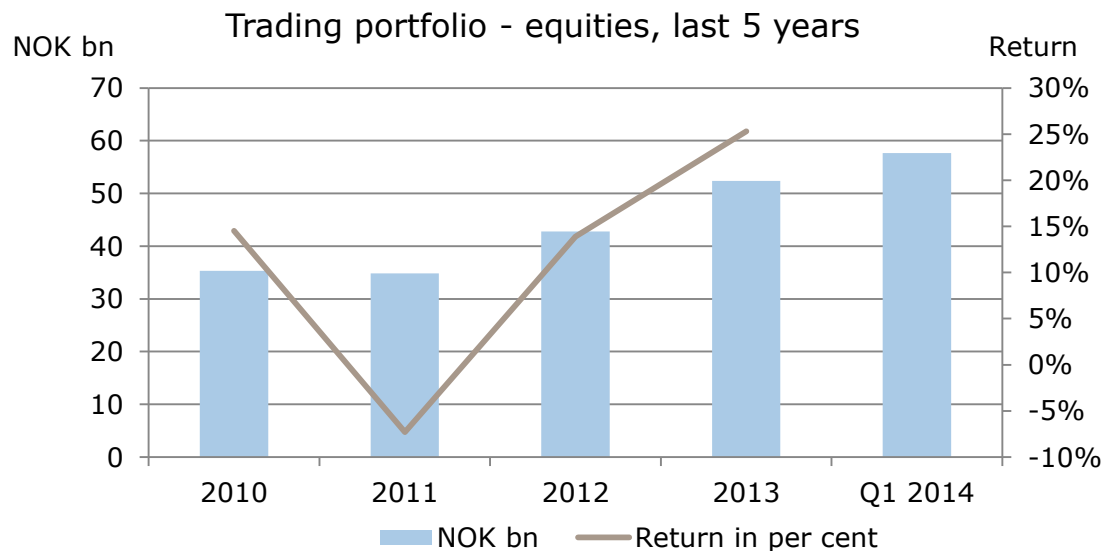


Trading portfolios equities

KLP common portfolio

Trading portfolio equities*	31.03.2014	31.03.2013	31.12.2013
Value equities (NOK mill)	55 278	47 843	54 004
Return equity portfolio	1.8 %	8,4 %	25,3 %
Share index-tracking equities	60.2 %	59.8 %	60.2 %
Share of active managment equities	19.6 %	19.7 %	19.2 %
Share of low beta equities	20.1 %	20.5 %	20.6 %

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

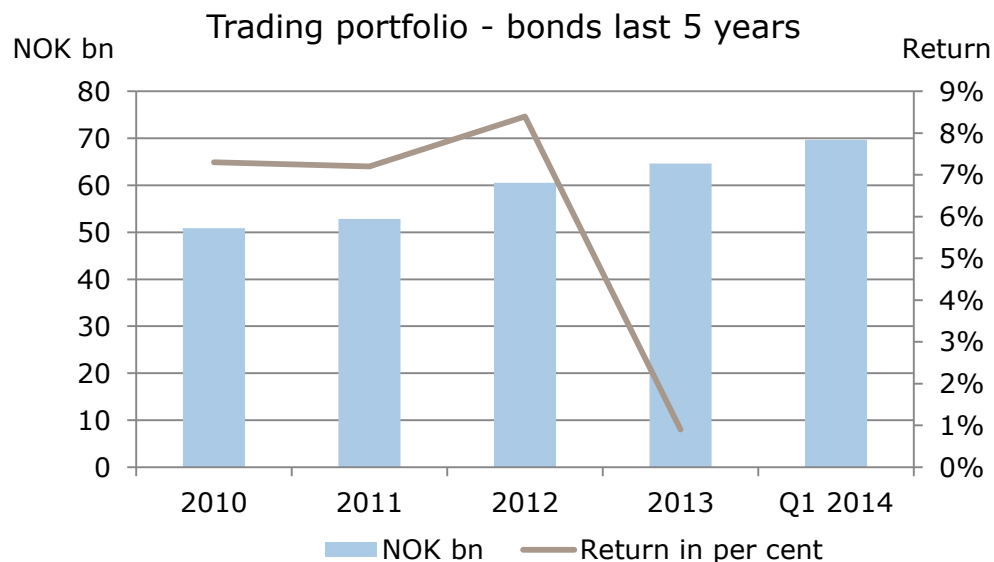


Trading portfolios – bonds

KLP common portfolio

Trading portfolios fixed-income *	31.03.2014	31.03.2013	31.12.2013
Value fixed income (NOK mill)	104 726	89 380	93 872
Return trading portfolios fixed income	1.7 %	0.7 %	1.4 %
Share index-tracking fixed-income	35.6 %	36.7 %	35.3 %

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

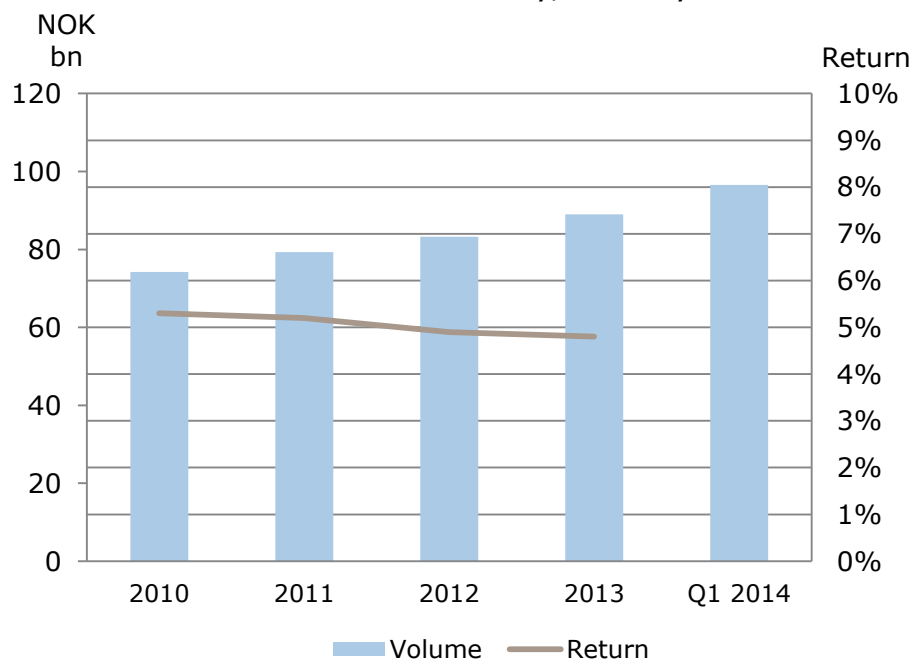


Bonds booked at amortised costs

KLP common portfolio

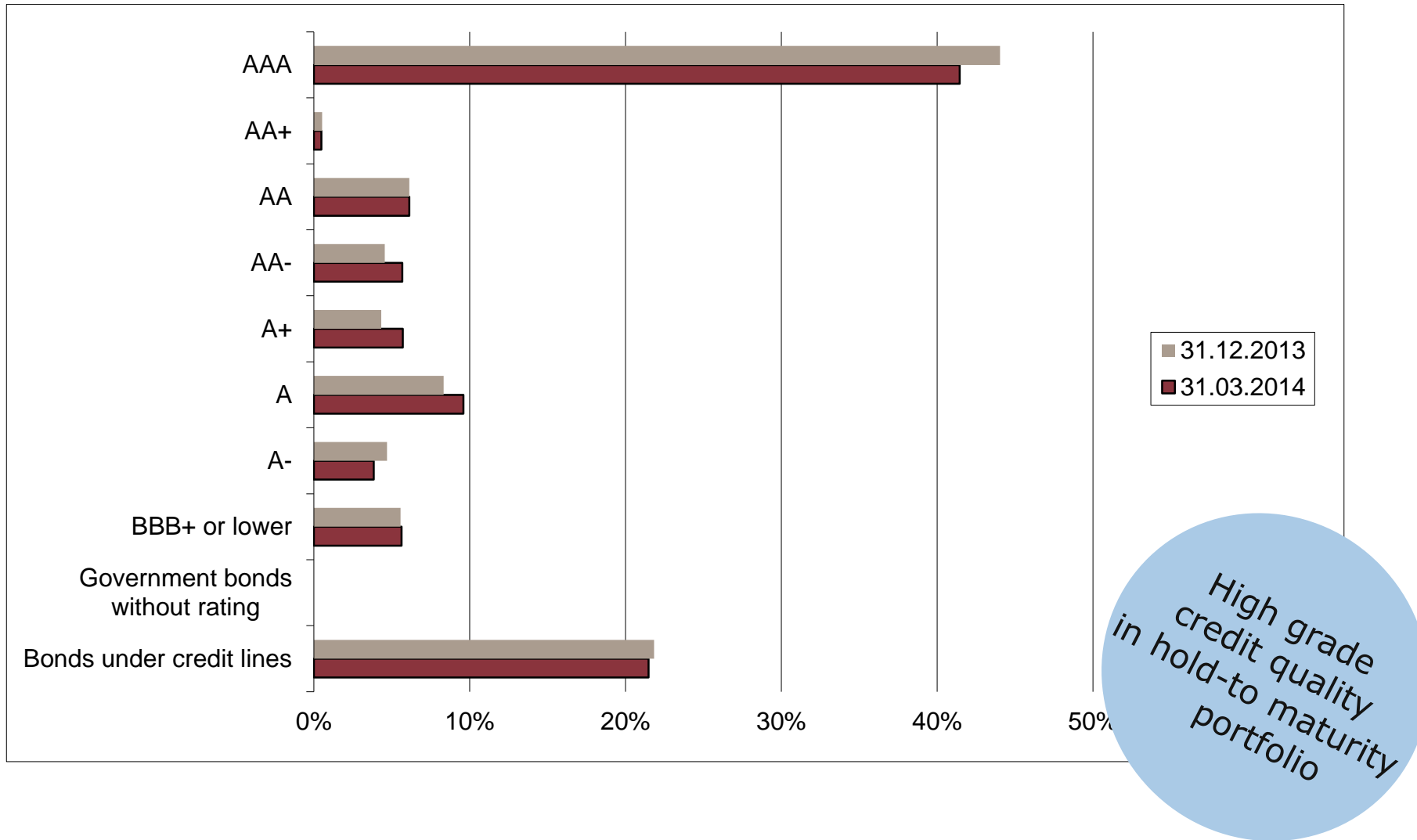
	Q1		Year 2013
	2014	2013	
Book value (NOK mill)	96 527	86 287	88 960
Valuation reserve (NOK mill)	6 495	5 216	4 974
Return (per cent)	1.1	1.2	4.8

Bonds held-to maturity, last 5 years



Bonds booked at amortised costs

KLP common portfolio

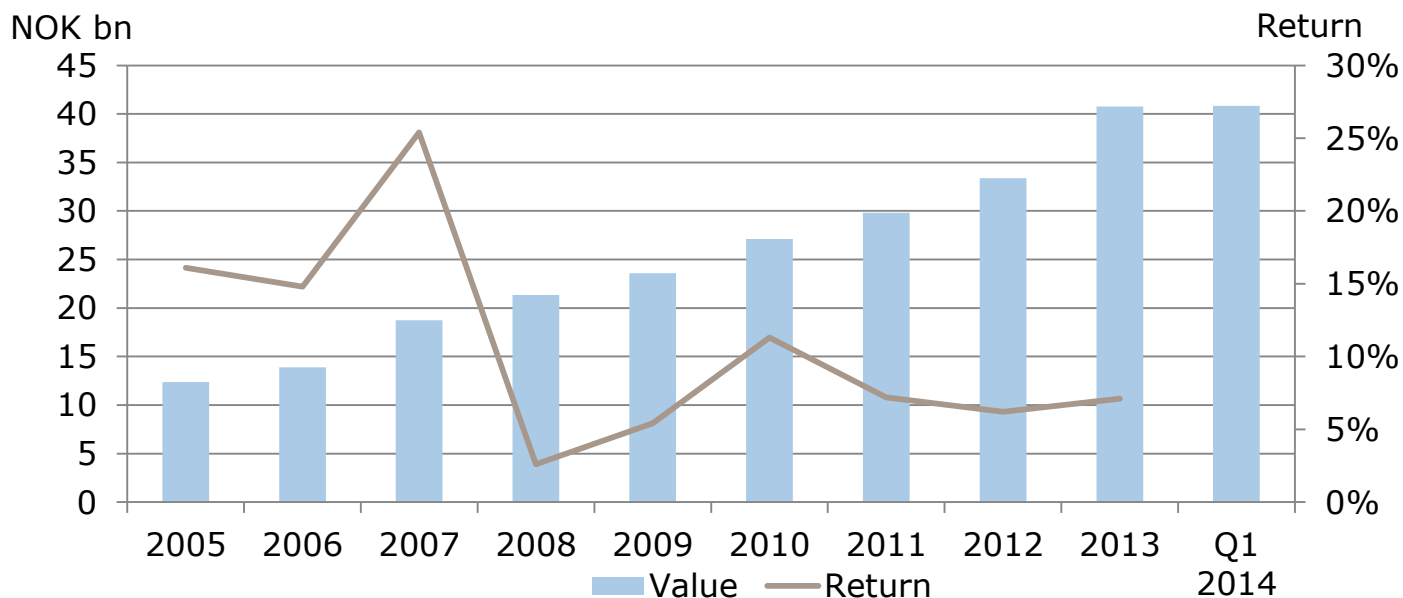


Property investments

Total portfolio

	Q1 2014	2013	Year 2013
Book value (value-adjusted NOK mill)	40 832	34 094	40 776
Occupancy rate (per cent)	94.7 %	96.2 %	97.0 %
Average lease duration (year)	7.9	7.0	7.7

*Excl exchange-rate hedged and property fund



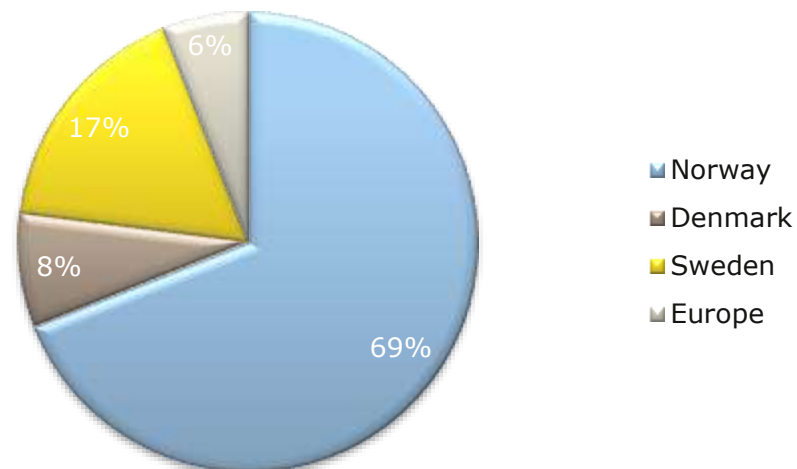
KLP's real-estate activities

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

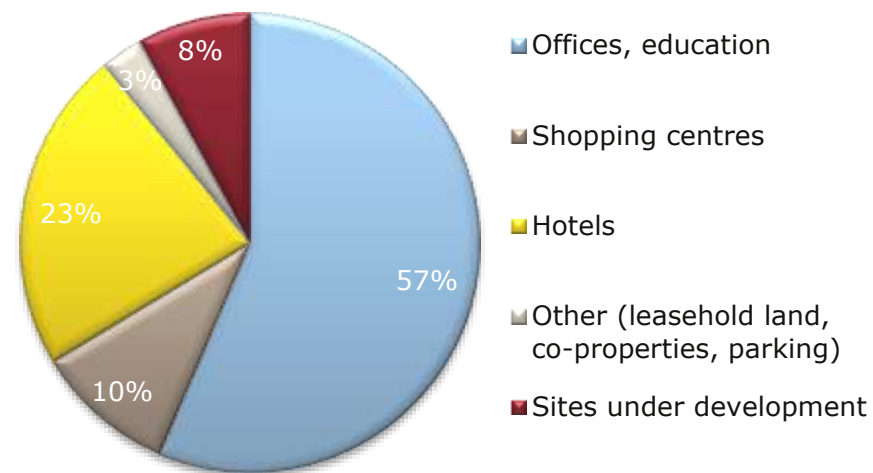
The price development for centrally located properties is stable, the portfolio written down by NOK 43 million (-0.1 per cent), post currency hedging in Q1

Real-estate investments constitute 11.5 per cent of the financial assets of the common portfolio

Property value - by country



Property value - by sector



KLP's real-estate investments

Property value	Q1 2014	2013	Year 2013
Fair value total portfolio*	40 509	33 954	40 110
Value adjustment in per cent	-0.1 %	0.4 %	1.3 %
Fair value common portfolio (NOK mill)*	37 820	31 247	37 422
Value adjustment in per cent common portfolio	-0.1 %	0.4 %	1.4 %

Return	Q1 2014	2013	Year 2013
Total return*	1.1 %	1.7 %	6.9 %
Total return common portfolio**	1.2 %	1.7 %	7.1 %


*Incl exchange-rate hedged and excl. property fund

**Incl exchange-rate hedged and property fund

Skadeforsikring (non-life insurance)



KLP Skadeforsikring



Result
before tax:
NOK 13.6 million

4 medium-sized
fires dampens
the insurance
result.
Only marginally
affected by
Lærdal and
Flatanger fires

Continued strong
growth in
wholesale/public
sector, somewhat
slower in Retail
market

KLP Skadeforsikring Q1 2014

- Total result in line with expectations
- Operating result NOK 13.6 million.
- Satisfactory sales in Public sector/business sectors
- Sales in the retail market somewhat below expectations
- Four medium-sized incidents, total damage estimated at NOK 46.1 million
- Minimal effect from fires in Flatanger and Lærdal
- Financial return 1.4 per cent
- Strong solvency maintained



Market development

- Continued strong position within the municipalities and enterprises
- Heavy tender activity and sharp competition in public sector and corporate markets
 - 317 municipalities and counties
 - 49 Health enterprises
 - 2 715 corporate clients
- Good sales in retail market
 - 23 900 customers, of which large portion are members
 - NOK 252 million premium volume
 - High renewal rate



KLP Skadeforsikring – profit & loss Q1

<i>NOK 1 000</i>	Result Q1 2013	Result Q1 2012
Premium written f.o.a.	201 867	171 889
Allocated investment income	11 284	10 018
Claims f.o.a.	-184 669	-144 420
Insurance related expenses	-50 765	-43 734
Other insurance related income	704	1 039
Changes in security reserves etc.	-3 160	-3 088
Result from technical activities	-24 738	-8 296
Result from investment activities	49 306	69 781
Allocated investment income	-11 284	-10 018
Other income	350	294
Result from ordinary operation	13 634	51 760
Estimated tax expense	-1 411	-14 562
Provisions for equity fund	-8 409	245
Result after provisions for equity fund	3 814	37 444


KLP Skadeforsikring – main figures

Key figures, <i>per cent</i>	31.03.2014	31.03.2013
Claims ratio on own account	91.5 %	84.0 %
Cost ratio on own account	25.1 %	25.4 %
Combined Ratio for own account	116.6 %	109.4 %
Return on capital	1.4 %	2.1 %
Capital adequacy ratio	37.1 %	30.9 %
Revenues, <i>NOK mill</i>	31.03.2014	31.03.2013
Gross premium written	490	436
Premium income for own account	202	172
Claims paid for own account	-185	-144
Insurance related costs for own account	-51	-44
Results	14	52
Key figure balance sheet. <i>NOK mill</i>	31.03.2014	31.03.2013
Financial assets	3 705	3 483
Total assets	4 040	3 810
Equity	986	870
Provisions in insurance funds for own account	2 827	2 678

Banking and credit



Banking and credit



KLP Boligkreditt has received concession from FSAN to issue covered bonds secured by home mortgages

Improved return on lending

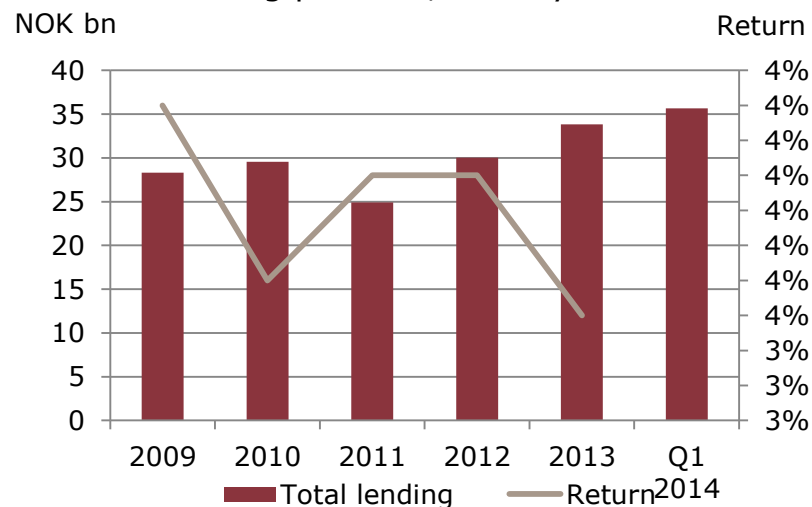
Lending portfolio

KLP common portfolio

	Q1		Year
	2014	2013	2013
Book value (NOK mill)	35 669	30 401	33 843
Of this: fixed rate loans (NOK mill)	14 934	12 627	14 352
Return year to date (in per cent)	0.8	0.9	3.5
Specific and general credit loss provisions (NOK mill)	1.4	1.4	1.4

*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

<i>NOK million</i>	KLP Kreditt		KLP Kommunekreditt		KLP Banken	
	Q1 2014	2013	Q1 2014	2013	Q1 2014	2013
Net interest revenues	20.6	92.3	10.7	30.3	0.2	0.0
Net fee and commission income	-	-	2.2	7.8	-	-
Management fees	-	-	14.5	58.1	-	-
Operational costs	5.4	22.4	-32.2	-122.1	-	0.0
Value adjustment financial instruments	3.6	-8.0	-0.3	80.1	-	-
Result before taxes	18.8	62.0	-5.1	54.2	0.2	-0.0
Total assets	20 307	20 683	8 768	8 492	151	1

KLP Bank-group – main figures

<i>NOK million</i>	KLP Banken group		
	Q1 2014	Q1 2013	2013
Net interest revenues	31.4	24.3	122.0
Net fee – and commissions income	2.2	0.9	7.8
Management fees	14.5	15.3	58.1
Operating cost	-37.5	-34.7	-144.7
Value changes financial instruments	3.3	3.5	43.8
Pre-tax earnings	13.8	9.3	87.0
Total assets	26 104	27 019	26 010

KLP Bank-group – lending and deposits

<i>NOK billion</i>	Mortgage loans		Public sector loans		Deposits	
	Q1 2014	2013	Q1 2014	2013	Q1 2014	2013
KLP Banken AS (parent)	4.8	4.5	-	-	4.7	4.4
KLP Kommunekreditt AS	-	-	16.3	16.6	-	-
KLP (under management agreement)	6.9	7.0	28.6	26.7	-	-
Total	11.6	11.4	44.9	43.3	4.7	4.4

KLP Banken Q1

- Growth in PM lending and deposits maintained
- Margins on PM-loans stable good
- Maintained profitability on stable public sector loan portfolio
- Good cost-control
- KLP Boligkreditt has received concession from the FSAN as a mortgage institution eligible for issuance of covered bonds
Company not yet active in Q1



PM:
29 000
clients

Asset management



Asset management



Two new funds
launched:

KLP AksjeGlobal
LavBetaII

KLP KortStat

Managing NOK
28 billion for
external clients

Annual revenues
from external
mutual fund
clients in excess
of NOK 40 million

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 316 billion at the end of the quarter. The major share represent funds managed for Kommunal Landspensjonskasse and its subsidiaries
- NOK 28 billion managed on behalf of external investors and retail clients. There are about 32 000 holders of KLP funds
- Profit before tax Q1 2014: 10.1 million



Summing up



2014 – favourable outlook

Total group assets in excess of NOK 420 billion

Fully reserved for longevity KLP has regained necessary scope for allocation of results and continued building of solvency

Demanding transfer process going in accordance with plans

A considerable number of municipalities evaluating future pension provider, KLP in a strong position

Dedicated efforts towards the client segments Public Sector Market and Retail Clients give continuous rewards



Contacts in KLP

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