

Oslo, 13th May 2015

# Financial results first quarter 2015

## KLP Group



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# Main features





# KLP in growth

Longevity reservation (K2013) carried out, including the company's share, without transition.

Historic growth:

- 11 new municipalities and 136 enterprises joined per 1 January 2015
- Net inflows 9.9 billion

First quarter shows continued growth

- Total group assets: NOK 513 billion

Common portfolio of life company

- Book return of 1.0 per cent
- Value adjusted return of 2.2 per cent

Corporation portfolio returned 1.3 per cent

Group operating profit in first quarter: NOK 7 billion

Total solvency capital NOK 80.1 billion, equivalent to 22.5 per cent of insurance funds with interest guarantee



# KLP return on investment portfolios

<i>All figures in per cent</i>	Q1 2015	Q1 2014	Year 2014
Common portfolio			
Booked return	1.0	0.9	4.3
Value adjusted return	2.2	1.4	6.9
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	2.0	1.8	9.5
Investment options portfolio	2.3	1.1	6.7
Corporate portfolio	1.3	1.2	7.3

# KLP Group



# KLP Group – results by segment

<i>NOK million</i>	Q1		Year 2014
	2015	2014	
Life insurance	585	313	937
Non-life insurance	1	14	304
Banking	2*	14	28
Asset management	10	-14	56
Other	-1	1	1
Group result before tax	597	327	1 326

\* Banksikringsfond fee for 2015 of 4.9 million in bank accounts expensed in full in Q1, here is the periodic 1/4

# KLP Group – main figures - results

NOK million	Q1		Year 2014
	31.03.2015	31.03.2014	
Pension premiums and incoming transfers	16 296	26 565	63 611
- of which premium reserves transferred from another company	10 070	21 712	30 324
Allocated investment income	11 232	5 581	29 374
Minority share of return of financial instruments	-1 999	-430	-3 343
Claims f.o.a.	-4 110	-7 423	-18 643
Insurance provisions	-14 077	-20 887	-51 848
Operating cost	390	-355	-1 167
Other income and cost	15	5	71
Technical result	6 969	3 055	18 056
To/from value adjustment fund life insurance	-4 592	-1 766	-9 130
To/from supplementary reserves life insurance	0	0	-3 415
Surplus allocated Life insurance clients	-1 710	-910	-4 322
Group result pre-tax	668	379	1 189
Tax	-135	-90	-324
Other profit/loss elements	28	30	-2
Group result pre-tax	559	320	863



# KLP Group – assets

<i>NOK million</i>	31.03.2015	31.12.2014	Endring
Investment properties	44 576	44 467	108
Debt instruments held to maturity	31 885	30 620	1 265
Debt instruments classified as loans and receivables	89 138	86 974	2 164
Lending to municipalities, enterprises and individuals	70 007	67 010	2 997
Debt instruments at fair value over P/L	155 400	152 489	2 912
Equity instruments at fair value over P/L	110 652	101 123	9 529
Financial derivatives	1 913	1 785	128
Share in associated companies	313	248	65
Assets in defined contribution life insurance	947	842	104
Deferred tax assets	76	88	-11
Immaterial assets	466	448	17
Other assets	7 848	4 800	3 048
Total assets	513 221	490 894	22 326

# KLP Group – own funds and liabilities

<i>Millioner kroner</i>	31.03.2015	31.12.2014	Change
Own funds	18 209	17 644	565
Hybrid capital and subordinated loans	4 764	4 676	88
Debt to financial institutions	5 273	5 220	53
Covered bonds issued	18 330	18 468	-138
Debt to and deposits from clients	7 128	6 251	877
Insurance reserves	403 696	383 309	20 388
Minority interests classified as liabilities	41 965	36 968	4 997
Other liabilities	13 855	18 359	-4 505
Total own funds and debt	513 221	490 894	22 326

# 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 1 400 million  
To clients**

**Carried through  
transfer of 11 new  
clients in first  
quarter, with more  
than NOK 9.9 billion  
net inflow per 31.03**



# Life division

- The extraordinary migration 2013-2015  
Completed:
  - 83 new municipalities
  - 344 new businesses
  - 290 000 membersThrough the three-year period
- Focus on operational efficiency and lower costs without this being at the expense of customer service and service level.
- Furthermore improve our own pension funds solution for customers who are interested in such a solution.
- High level of activity in KLP Bedriftspensjon results in volume growth and increase of new clients.



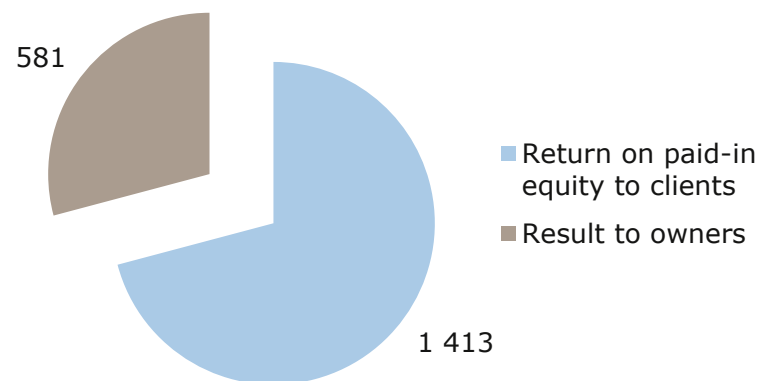
# KLP – presentation of accounts

NOK million	YTD		Year
	31.03.2015	31.03.2014	2014
Pension premiums and incoming transfers	15 948	26 192	62 454
Net revenues from investments in Common portfolio	8 443	4 532	23 511
Claims paid and outgoing transfers	-3 771	-7 222	-17 996
Changes in valuation reserves	-18 636	-22 454	-64 160
Allocations to insurance contracts	-1 413	-703	-3 368
Insurance related operating costs	-226	-213	-752
Other insurance related costs	8	1	58
Technical result	352	132	-253
Net income from investments in the corporate portfolio	300	236	1 446
Other income and cost	-60	-49	-233
Non-technical result	240	187	1 212
Result before tax	592	319	959
Tax	-11	0	35
Result before other components	581	319	994
Comprehensive income	0	0	-143
Total result	581	319	852

# KLP – appropriation of results

Nok million	Customers	Company	Q1	
			2015	2014
Interest result	1 327	5	1 332	604
Risk result	87	93	180	54
Premium interest rate guarantee		196	196	142
Administration result		58	58	36
Non-technical result		240	240	187
Tax		-11	-11	-
Total	1 413	581	1 995	1 022

- Good return on common portfolio
- Good contribution from corporate portfolio
- Stipulated return of more than NOK 1 400 million to clients



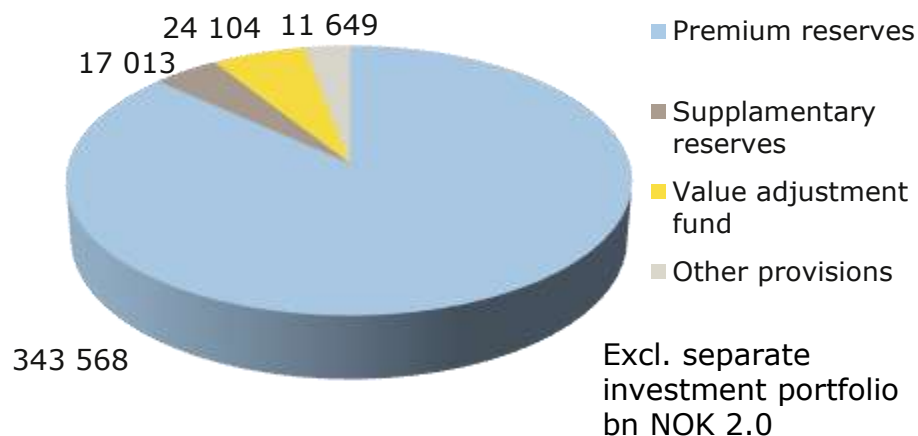
# KLP – assets

<i>NOK million</i>	31.03.2015	31.12.2014	Change Q1 2015
Total assets in corporate portfolio	26 068	25 090	978
Total assets in common portfolio	403 452	387 982	15 470
Assets in investment options portfolio	1 978	1 958	20
Total assets	431 498	415 030	16 468

# KLP – own funds and liabilities

<i>NOK million</i>	31.03.2015	31.12.2014	Change Q1 2015
Paid-in equity	9 179	9 173	6
Retained earnings	8 862	8 281	581
Hybrid capital and subordinated debt	4 764	4 676	88
Insurance liabilities	398 314	378 602	19 653
Other liabilities	10 378	14 298	-3 920
<b>Total: own funds, provisions and debt</b>	<b>431 498</b>	<b>415 030</b>	<b>16 409</b>

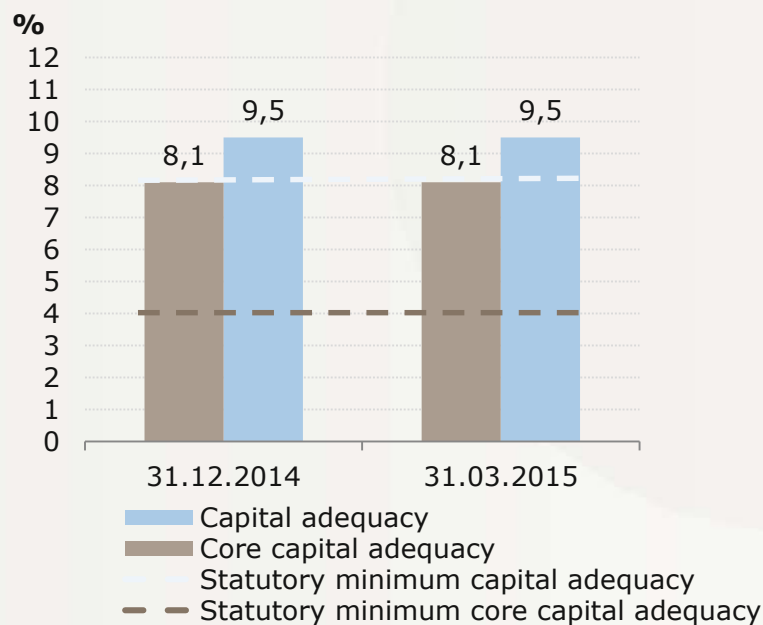
Insurance liabilities per 31.03.2015 – NOK bn





# KLP – capital adequacy

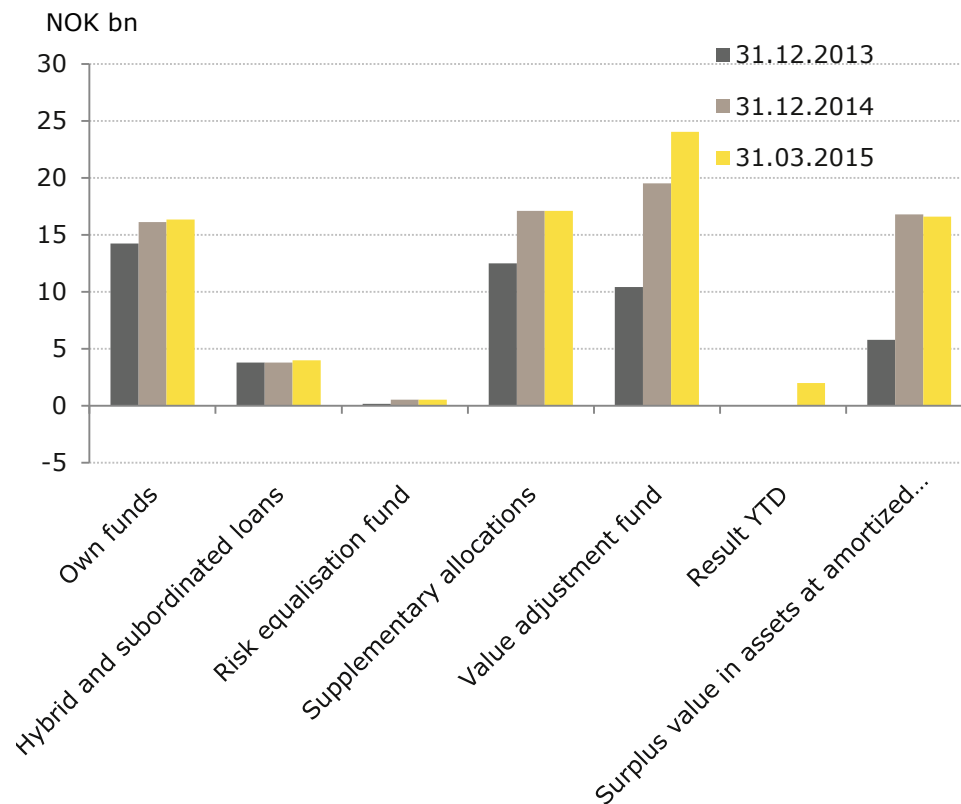
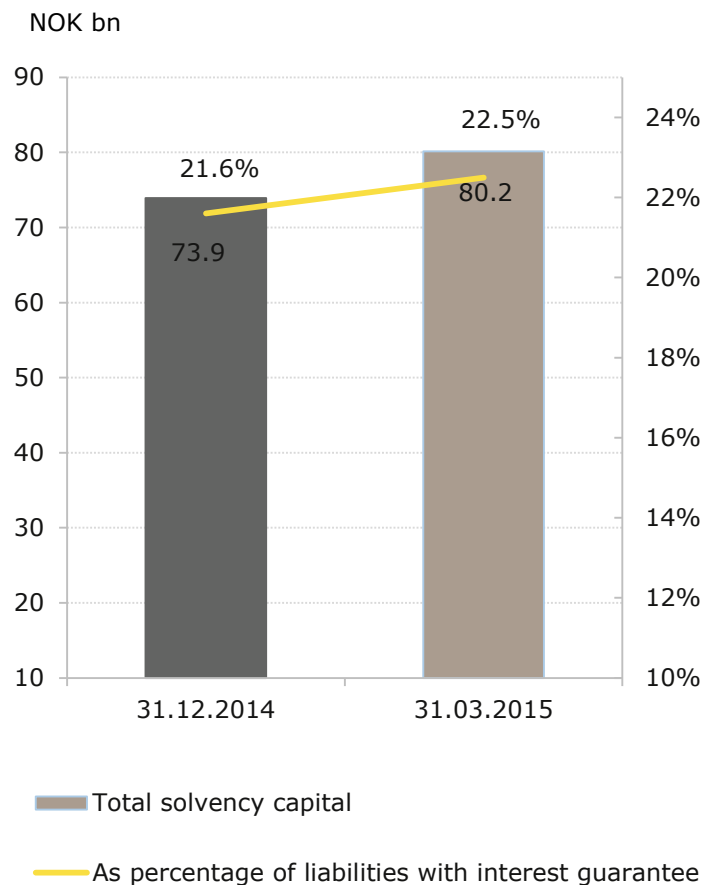
Per cent	31.03.2015	31.12.2014
Capital adequacy	9.5	9.5
Core capital adequacy	8.1	8.1
Statutory minimum capital adequacy	8.0	8.0
Statutory minimum core capital adequacy	4.0	4.0



# KLP – buffer capital

<i>NOK million</i>	31.03.2015	31.12.2014
Valuation reserve	24 104	19 522
Supplementary reserve	17 104	17 103
Core capital margin	3 127	3 210
Income to date	1 995	
Regulatory buffer capital	46 330	39 835
Valuation reserve booked at amortised costs	16 596	16 789

# KLP – financial solidity



# KLP – growth in assets

NOK bn

Per cent

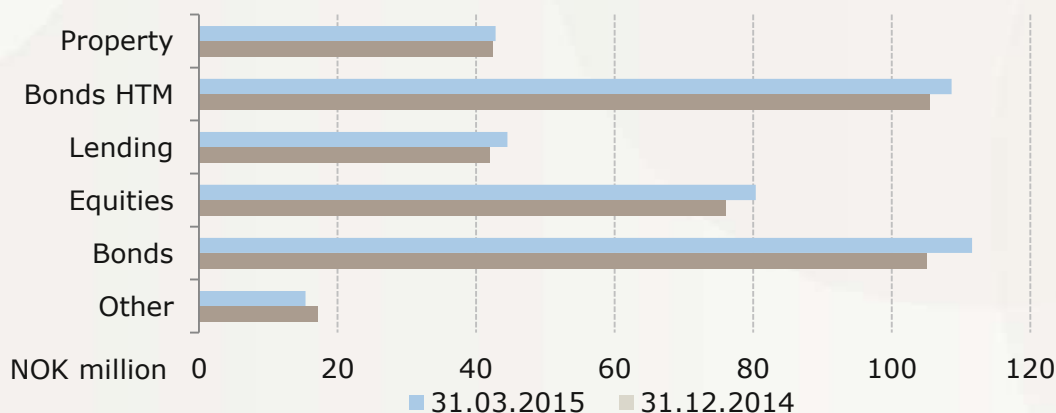


# KLP common portfolio – allocation and return

	Share 1)	Return	Return
<i>Per cent</i>	31.03.2015	31.03.2015	2014
Equities*	21.8	4.7	13.0
Bonds	21.5	1.8	8.4
Bonds held-to-maturity	27.1	1.1	4.7
Lending	11.3	0.7	3.2
Property	10.8	2.8	6.9
Other financial assets	7.5	0.4	2.4

\*) Measured by exposure

Balance 31.03.2015 Assets in the common portfolio



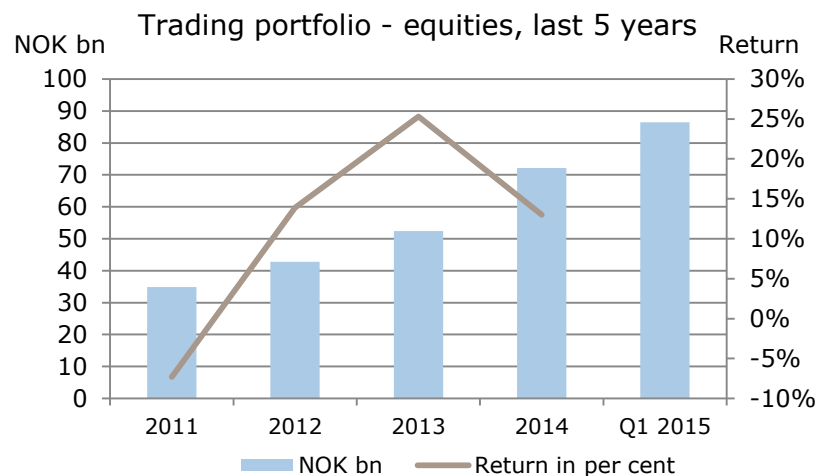


# Trading portfolios equities

## KLP common portfolio

Trading portfolio equities*	31.03.2015	31.03.2014	31.12.2014
Value equities (NOK mill)	86 441	57 649	72 087
Return equity portfolio	4.7 %	1.8 %	13.0 %
Share index-tracking equities	60.6 %	60.2 %	61.1 %
Share of active managment equities	11.6 %	19.6 %	13.5 %
Share of low beta equities	27.8 %	20.1 %	25.4 %

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

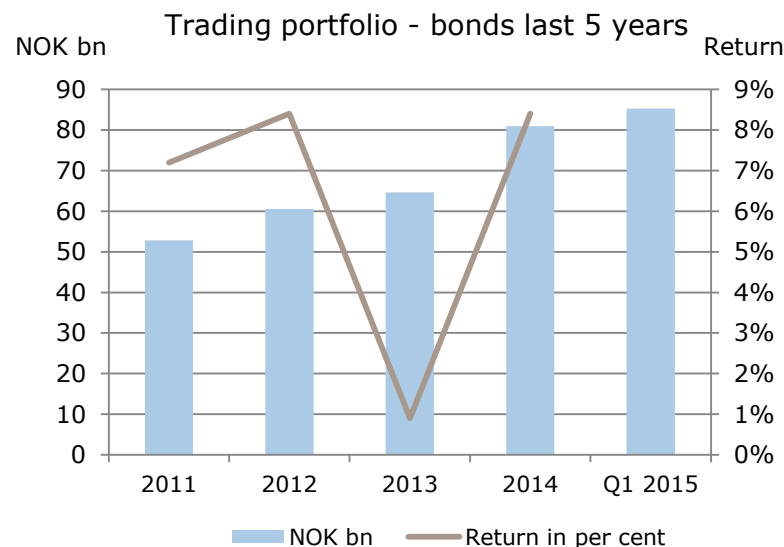


# Trading portfolios – bonds

## KLP common portfolio

Trading portfolios fixed-income *	31.03.2015	31.03.2014	31.12.2014
Value fixed income (NOK mill)	111 497	104 726	117 859
Return trading portfolios fixed income	1.4 %	1.7 %	6.5 %
Share index-tracking fixed-income	44.3 %	35.6 %	43.4 %

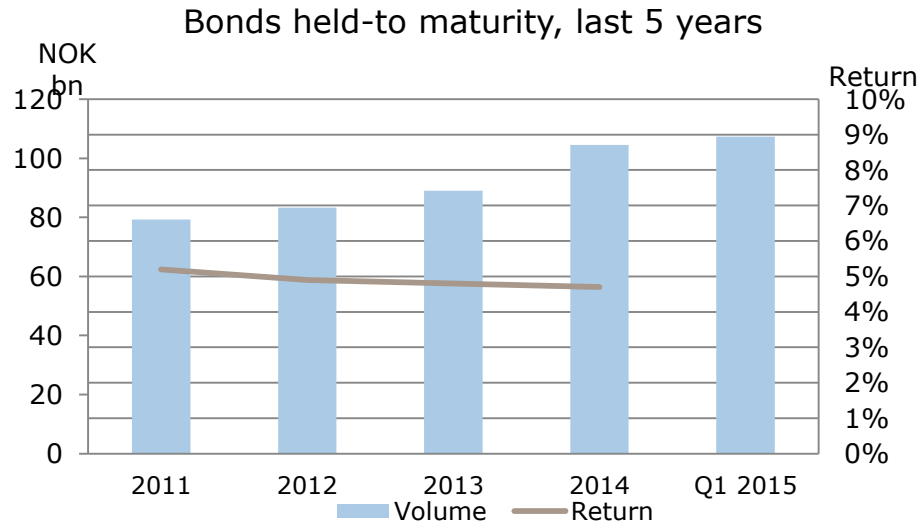
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# Bonds booked at amortised costs

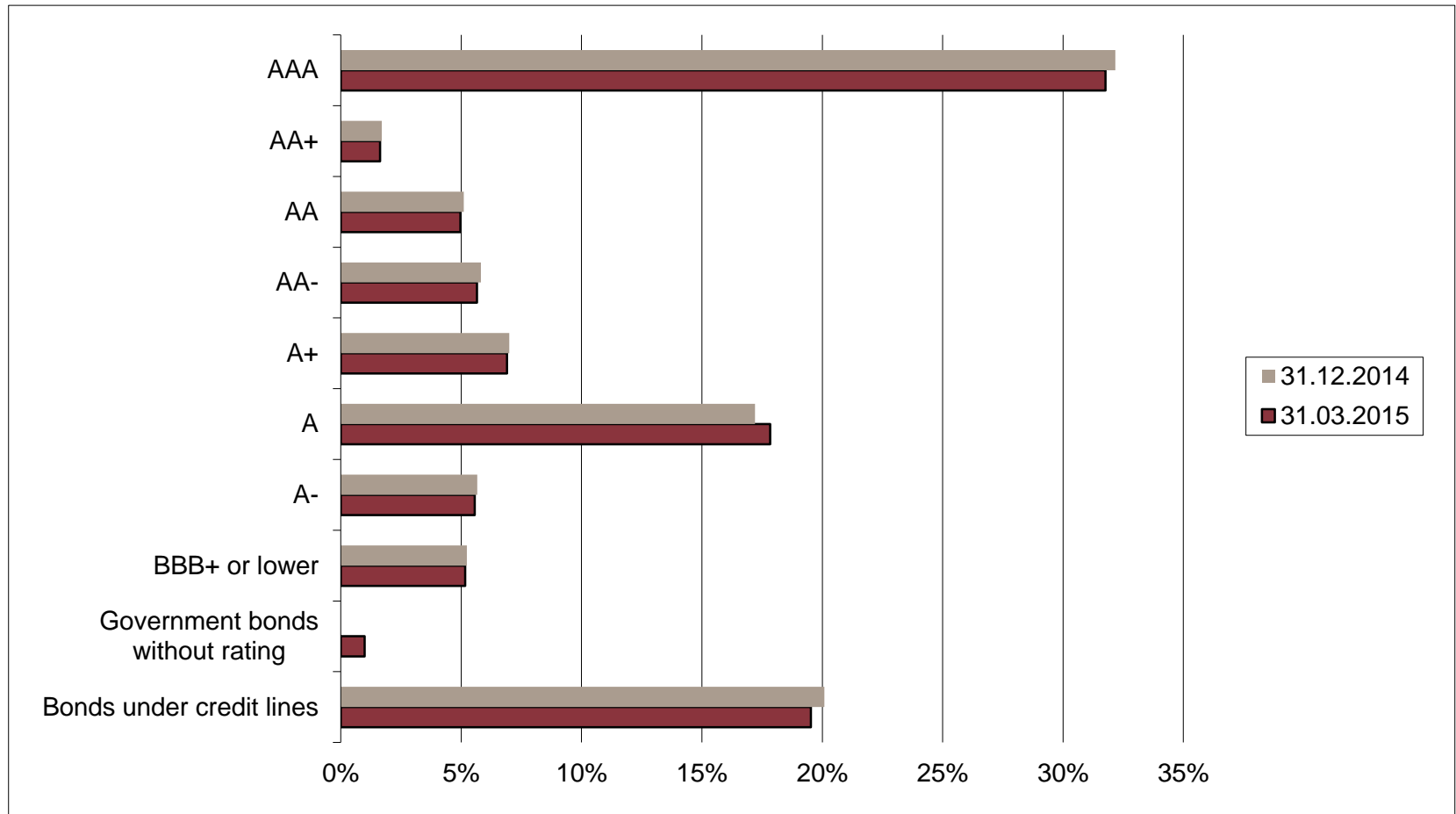
## KLP common portfolio

	31.03.2015	31.03.2014	Year 2014
Book value (NOK mill)	107 307	96 527	104 504
Valuation reserve (NOK mill)	15 458	6 495	14 590
Return (per cent)	1.1	1.1	4.7



# Bonds booked at amortised costs

## KLP common portfolio

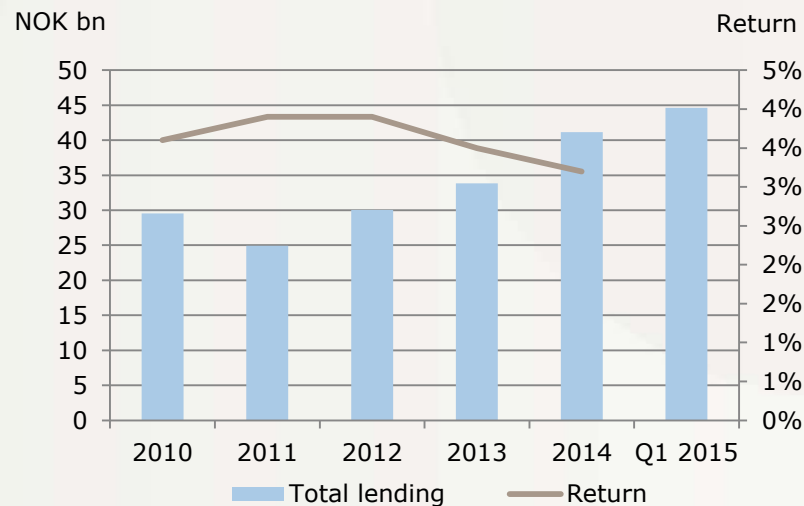


# Lending portfolio

## KLP common portfolio

	31.03.2015	31.03.2014	Year 2014
Book value (NOK mill)	44 620	35 669	41 136
Of this: fixed rate loans (NOK mill)	18 168	14 934	18 031
Return year to date (in per cent)	0.7	0.8	3.2
Specific and general credit loss provisions (NOK mill)	-0.4	0.7	0.9

Lending portfolio, last 5 years



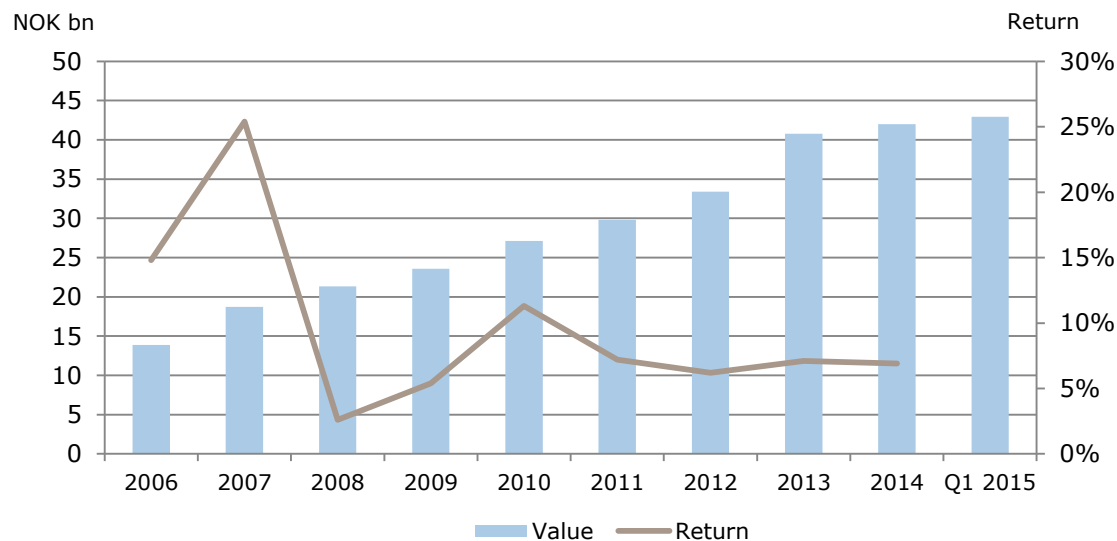


# Property investments

## Total portfolio

	31.03.2015	31.03.2014	Year 2014
Book value (value-adjusted NOK mill)	45 763	40 832	45 652
Occupancy rate (per cent)	95.4 %	94.7 %	95.4 %
Average lease duration (year)	8.0	7.9	8.2

\*Excl exchange-rate hedged and property fund



Incl 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.

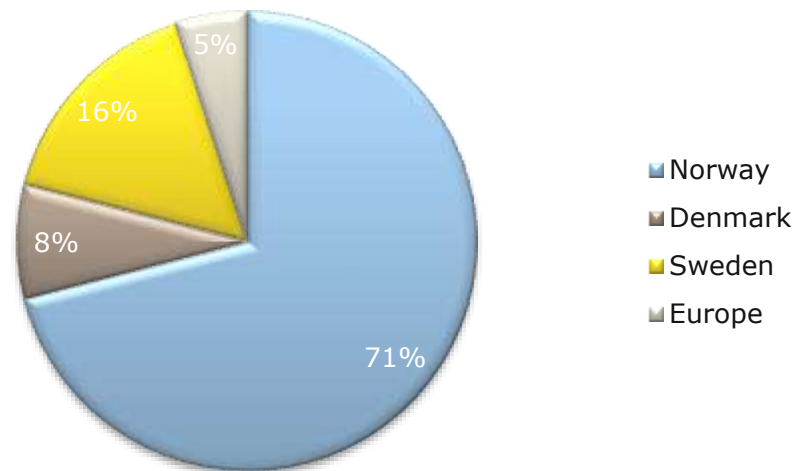
The price development for centrally located properties is stable, the portfolio written up by NOK 660 million (1,5 per cent), post currency hedging in Q1

New investments / sales in 2015:

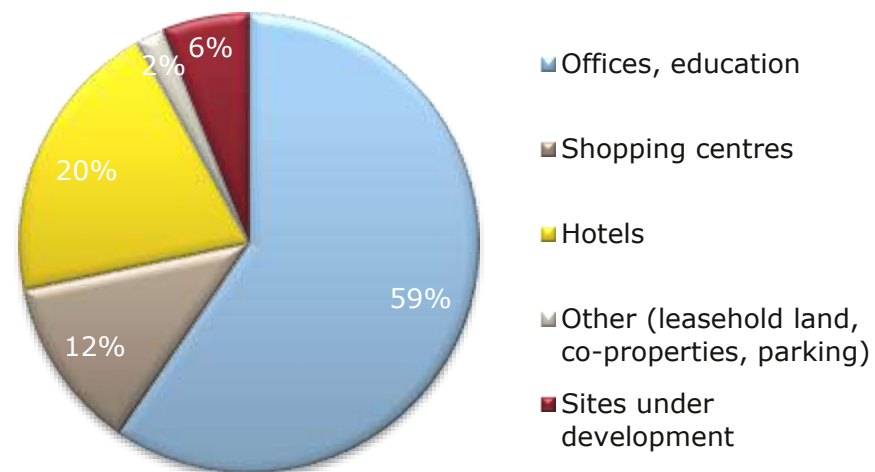
- Hovlandsbanen i Larvik
- Solgt Hotell Park Inn i Stavanger

Real-estate investments constitute 10.7 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 2015	2014	Year 2014
Fair value total portfolio*	45 252	40 509	44 610
Value adjustment in per cent	1.5 %	-0.1 %	2.0 %
Fair value common portfolio (NOK mill)*	41 237	37 820	41 734
Value adjustment in per cent common portfolio	1.4 %	-0.1 %	1.6 %

Return	Q1 2015	2014	Year 2014
Total return*	2.8 %	1.1 %	7.2 %
Total return common portfolio**	2.8 %	1.2 %	6.8 %


\*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 1.2 million

Two large school  
fires with expected  
replacement of NOK  
117 million.

63 million after  
reinsurance

Moderate gains from  
previous years'  
reserves

Overall good sales

# KLP Skadeforsikring Q1 2015

- Operating result NOK 1.2 million.
- Two large school fires - cost KLP Skadeforsikring NOK 63 million and reinsurers NOK 54 million
- Security provisions dissolved with NOK 59.5 million
- Satisfactory financial return of 1.9 percent
- Moderate gains from previous years' reserves of 7.4 million
- Good sales in all market areas
- Strong solvency maintained, even after significant damages



# KLP Skadeforsikring – profit & loss Q1

<i>NOK 1 000</i>	YTD 2015	YTD 2014
Premium written f.o.a.	246.7	201.9
Allocated investment income	5.3	11.3
Claims f.o.a.	-324.8	-184.7
Insurance related expenses	-54.8	-50.8
Other insurance related income	0.3	0.7
Changes in security reserves etc.	59.5	-3.2
Result from technical activities	-67.7	-24.7
Result from investment activities	73.9	49.3
Allocated investment income	-5.3	-11.3
Other income	0.3	0.4
Result from ordinary operation	1.2	13.6
Estimated tax expense	-9.8	-1.4
other elements	0	0
Provisions for equity fund	35.0	-8.4
Result after provisions for equity fund	26.4	3.8



# KLP Skadeforsikring – main figures

Key figures, <i>per cent</i>	31.03.2015	31.03.2014
Claims ratio on own account	76.1	76.3
Cost ratio on own account	21.8	25.1
Combined Ratio for own account	97.9	101.4
Return on capital	4.6	4.6
Capital adequacy ratio	37.9	31.6
Revenues, <i>NOK mill</i>	31.03.2015	31.03.2014
Gross premium written	633	490
Premium income for own account	247	202
Claims paid for own account	-325	-185
Insurance related costs for own account	-55	-51
Results	1	14
Key figure balance sheet. <i>NOK mill</i>	31.03.2015	31.03.2014
Financial assets	4 167	3 705
Total assets	4 439	4 040
Equity	1 113	986
Provisions in insurance funds for own account	2 977	2 828



# Bedriftspensjon



# KLP Bedriftspensjon – main figures

NOK million	Q1		Year 2014
	2015	2014	
Interest result	5.5	1.8	17.3
Risk result	-2.0	3.0	5.2
Administration result	-7.1	-7.6	-30.7
Interest rate guarantee and profit element	1.5	1.3	5.1
Non-technical result	0.8	0.7	4.1
Other profit elements	-	-	-2.0
Total result	-1.4	-0.8	-1.0
Of which result to clients	5.7	4.8	23.7
Result to owner	-7.1	-5.6	-24.7

# KLP Bedriftspensjon – return and solvency

<i>Per cent</i>	Q1		Year 2014
	2015	2014	
Common portfolio			
Book	1.3	1.0	4.6
Value adjusted	2.0	1.2	6.1
Investment options portfolio	3.3	1.7	8.8
Corporate portfolio	0.8	0.8	3.6


<i>Per cent</i>	31.03.2015	31.12.2014
Capital coverage	14.5	12.7
Solvency ratio	184	165
Buffer capital employment	-2 585.2	372.0

<i>NOK million</i>	31.03.2015	31.12.2014
Value adjustment fund	65.5	55.5
Supplementary reserves	30.1	30.1
Solvency capital	295.4	265.4

# Banking and credit



# Banking and credit

A close-up photograph of a person's hand holding several small, clear glass marbles. The marbles contain various colored inclusions, including blue, green, and white. The background is a soft, out-of-focus grey.

KLP Boligkreditt AS has made further covered bond issuances and at the end of the quarter, lending balance of NOK 4.0 billion

Net Interest in the Group due to several retail loans on their balance

Developments in spreads and refinancing KLP Kommunekreditt AS also in Q1 resulted in an accounting loss.

# KLP Banken Q1

- Growth in lending and deposits maintained in retail market
- Margins on retail loans stable good
- Maintained profitability on stable public sector loan portfolio, however accounting losses from financial investments and refinancing of loans decreasing quarterly results
- Higher costs in the Group, however also increasing portfolio
- KLP Boligkreditt AS has issued new covered bonds and had a loan balance of 4.0 billion at 31 March



PM:  
35 700  
clients

# KLP Bank-group – main figures

<i>NOK million</i>	KLP Kreditt		KLP Kommunekreditt		KLP Banken	
	Q1 2015	2014	Q1 2015	2014	Q1 2015	2014
Net interest revenues	16.9	71.7	10.0	46.9	11.5	14.5
Net fee and commission income	-	-	2.8	10.0	-	-
Management fees	-	-	14.4	58.0	-	-
Operational costs	5.2	19.9	-34.3	126.0	6.7	11.5
Value adjustment financial instruments	10.9	15.2	10.2	31.0	0.2	0.2
Result before taxes	0.8	36.5	3.0	20.0	4.6	2.8
Total assets	19 255	20 022	11 704	10 827	4 439	3 074

# KLP Bank-group – main figures

<i>NOK million</i>	KLP Banken group		
	Q1 2015	Q1 2014	2014
Net interest revenues	38.4	31.4	133.0
Net fee – and commissions income	2.8	2.2	10.0
Management fees	14.4	14.5	58.0
Operating cost	-46.3	-37.5	-157.4
Value changes financial instruments	-11.2	3.3	-15.0
Pre-tax earnings	-1.8	13.8	28.7
Total assets	30 469	26 104	29 755



# KLP Bank-group – lending and deposits

<i>NOK billion</i>	Mortgage loans		Public sector loans		Deposits	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014	31.03.2015	31.12.2014
KLP Banken AS (parent)	5.4	5.6	-	-	7.1	6.2
KLP Boligkreditt AS	4.0	3.0	-	-		
KLP Kommunekreditt AS	-	-	15.5	15.9	-	-
KLP (management agreement)	3.9	4.1	33.9	32.4	-	-
KLP (currency loans)	-	-	6.9	5.2	-	-
Total	13.3	12.6	56.3	53.5	7.1	6.2

# Asset management



# Asset management



Manages total  
NOK 390 billion

Managing NOK  
40 billion for  
external clients

Net inflows  
2.5 billion  
Q1

Merger of KLP  
Kapitalforvaltning  
and  
KLP  
Fondsforvaltning  
completed

# KLP Kapitalforvaltning

- KLP Kapitalforvaltning AS manages investments in securities on behalf of KLP Group and other customers
- Assets under management totals NOK 390 billion at the end of the quarter
- NOK 40 billion managed on behalf of external investors and retail clients. There are about 41 000 holders of KLP funds
- Profit before tax Q1 2015: 10.3 million



# Summing up





# 2015 – solid basis for the future

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

Demanding transfer process completed.

Focus on:

- Efficient operation
- Cost reduction
- Service and Customer Satisfaction

Preparations for Solvency II on schedule

- Necessary amendments for adaptation to new laws and regulations in place
- Routines and models for reporting and monitoring according to plan
- Solvency capital strengthened by the admission of new loans



# Contacts in KLP

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