

Oslo, 17th August 2011

Financial results second quarter 2012

KLP Group



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Main features

KLP in 2012: Satisfactory results through the first six months

- The common portfolio of the Life company yielded :
 - A book return of 1.9 per cent
 - A value adjusted return of 3.1 per cent

The corporate portfolio gave a return of 2.6 per cent

- Group operating result NOK 4.8 billion total result to customers in excess of NOK 4.2 billion
- Total assets of the Group NOK 313 billion
- Total solvency capital NOK 41.7 billion – 17.5 per cent of insurance funds with guaranteed interest



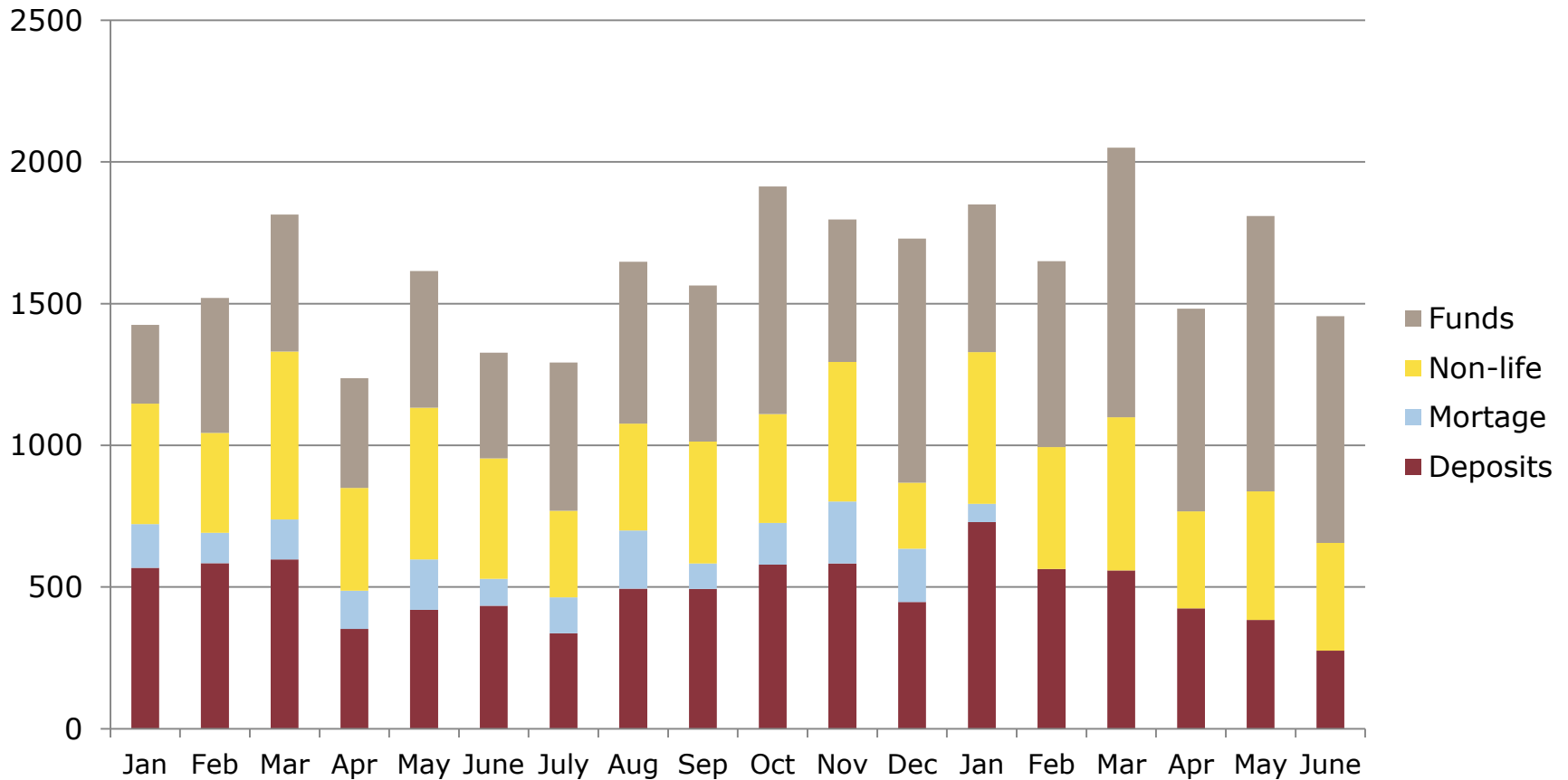
KLP return on investment portfolios

<i>All figures in per cent</i>	Q2 2012	Q2 2011	Year 2011
Common portfolio			
Booked return	0.7	1.4	4.5
Value adjusted return	0.4	1.0	3.3
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	0.7	1.4	4.0
Investment options portfolio	0.0	0.8	2.2
Corporate portfolio	1.1	1.6	4.2

Status for the retail initiative

- Growth in line with plans
- In total 41 225 retail clients; (June 2012)
- 20 274 in the Bank (including life)
- 13 980 Non-life
- 10 423 Mutual funds (direct clients)

New clients



KLP Group

KLP Group – results by segment

<i>NOK million</i>	Q2		Year
	2012	2011	2011
Life insurance	338	365	753
Non-life insurance	71	53	25
Banking	34	-19	-81
Asset management	6	16	26
Other	1	1	2
Group result	451	415	726

KLP Group – main figures - results

<i>NOK million</i>	Q2		Year
	2012	2011	2011
Pension premiums and incoming transfers	15 723	7 120	22 574
Allocated investment income	8 096	5 612	8 117
Claims f.o.a.	-5 671	-5 239	-10 615
Insurance provisions	-12 841	-4 528	-17 291
Operating cost	-539	-498	-1 115
Other income and cost	62	43	89
Technical result	4 831	2 510	1 757
To/from value adjustment fund life insurance	-2 875	1 571	2 505
To/from supplementary reserves life insurance	0	0	-2 156
Surplus allocated Life insurance clients	-1 345	-3 651	-1 453
Group result pre-tax	611	429	653
Tax	-2	-21	-24
Other profit/loss elements	-158	7	97
Group result pre-tax	451	415	726

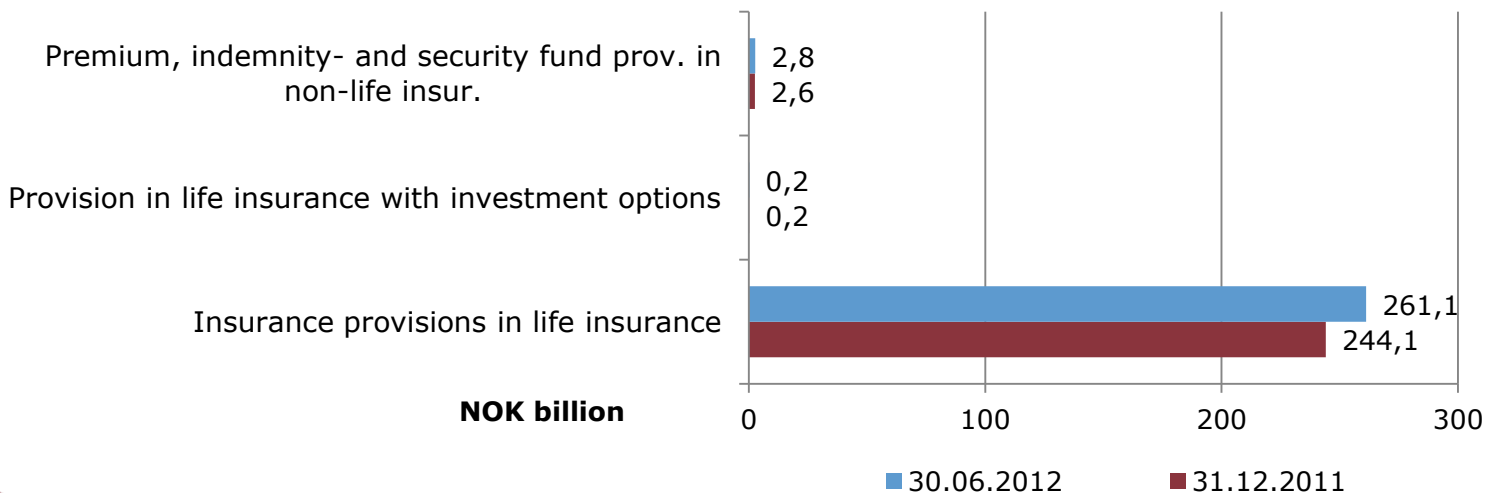
KLP Group – assets

<i>NOK million</i>	30.06.2012	31.12.2011	Change
Investment properties	30 998	28 726	2 272
Debt instruments held to maturity	40 998	41 438	-440
Debt instruments classified as loans and receivables	49 542	46 936	2 605
Lending to municipalities, enterprises and individuals	52 963	53 543	-580
Debt instruments at fair value over P/L	86 013	77 050	8 963
Equity instruments at fair value over P/L	38 378	36 168	2 210
Financial derivatives	1 302	915	387
Share in associated companies	3	3	0
Assets in defined contribution life insurance	244	198	46
Immaterial assets	348	344	4
Other assets	11 876	6 463	5 413
Total assets	312 665	291 784	20 881

KLP Group – own funds and liabilities

<i>NOK million</i>	30.06.2012	31.12.2011	Change
Own funds	12 519	12 064	455
Hybrid capital and subordinated loans	4 166	4 288	-122
Debt to financial institutions	4 244	1 398	2 846
Covered bonds issued	20 691	22 152	-1 461
Debt to and deposits from clients	2 324	1 840	483
Insurance reserves	264 118	246 850	17 268
Other liabilities	4 602	3 190	1 413
Total own funds and debt	312 665	291 784	20 881

Insurance provisions KLP Group



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 division

- 15 municipalities and one county for tender so far in 2011, only four KLP being clients
- High market activity in KLP
Bedriftspensjon close to 40 %
volume growth so far in 2012
- 171 new contracts signed
- Adaption to future framework and improving internal processes a constant priority



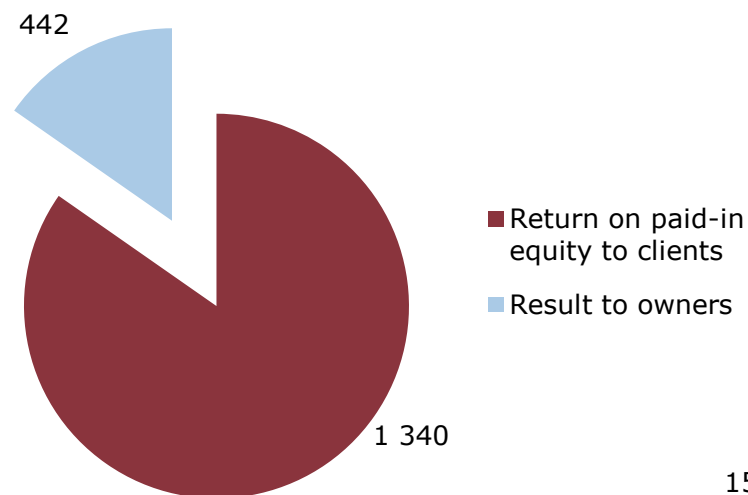
KLP – presentation of accounts

<i>NOK million</i>	Q2		Year
	2012	2011	2011
Pension premiums and incoming transfers	15 159	6 649	21 752
Net revenues from investments in Common portfolio	7 501	5 141	7 449
Claims paid and outgoing transfers	-5 394	-4 991	-10 033
Changes in valuation reserves	-15 427	-2 740	-16 663
Allocations to insurance contracts	-1 340	-3 640	-1 451
Insurance related operating costs	-384	-343	-788
Other insurance related costs	0	2	4
Technical result	116	79	271
Net revenues from investments in Corporate portfolio	425	479	639
Other revenues and expenditures	-98	-97	-205
Non-technical result	327	383	434
Total result	442	461	705

KLP – appropriation of results

NOK million	Customers	Company	Q2	
			2012	2011
Interest result	1 175	8	1 183	455
Risk result	43	39	82	95
Administration result		49	49	65
Premium interest rate guarantee		142	142	104
Non-technical result		327	327	383
Return on paid-in equity to clients	123	-123	-	
Total	1 340	442	1 782	4 101

- Good return on common portfolio
- Good contribution from corporate portfolio
- Stipulated return of more than NOK 1.3 billion to clients



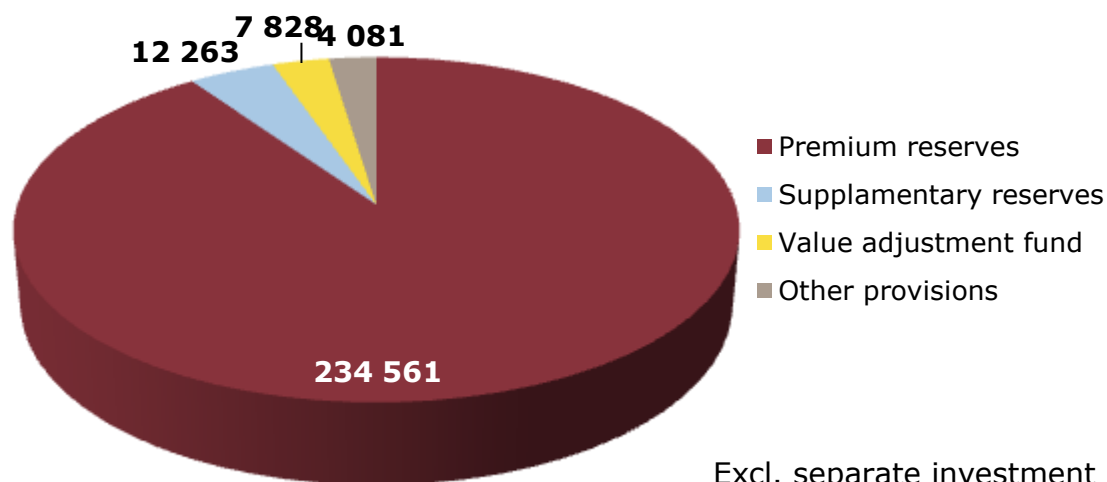
KLP – assets

<i>NOK million</i>	30.06.2012	31.12.2011	Change 2012
Total assets in corporate portfolio	24 689	18 075	6 614
Total assets in common portfolio	254 584	242 267	12 317
Assets in investment options portfolio	1 463	1 404	59
Total assets	280 736	261 746	18 990

KLP – own funds and liabilities

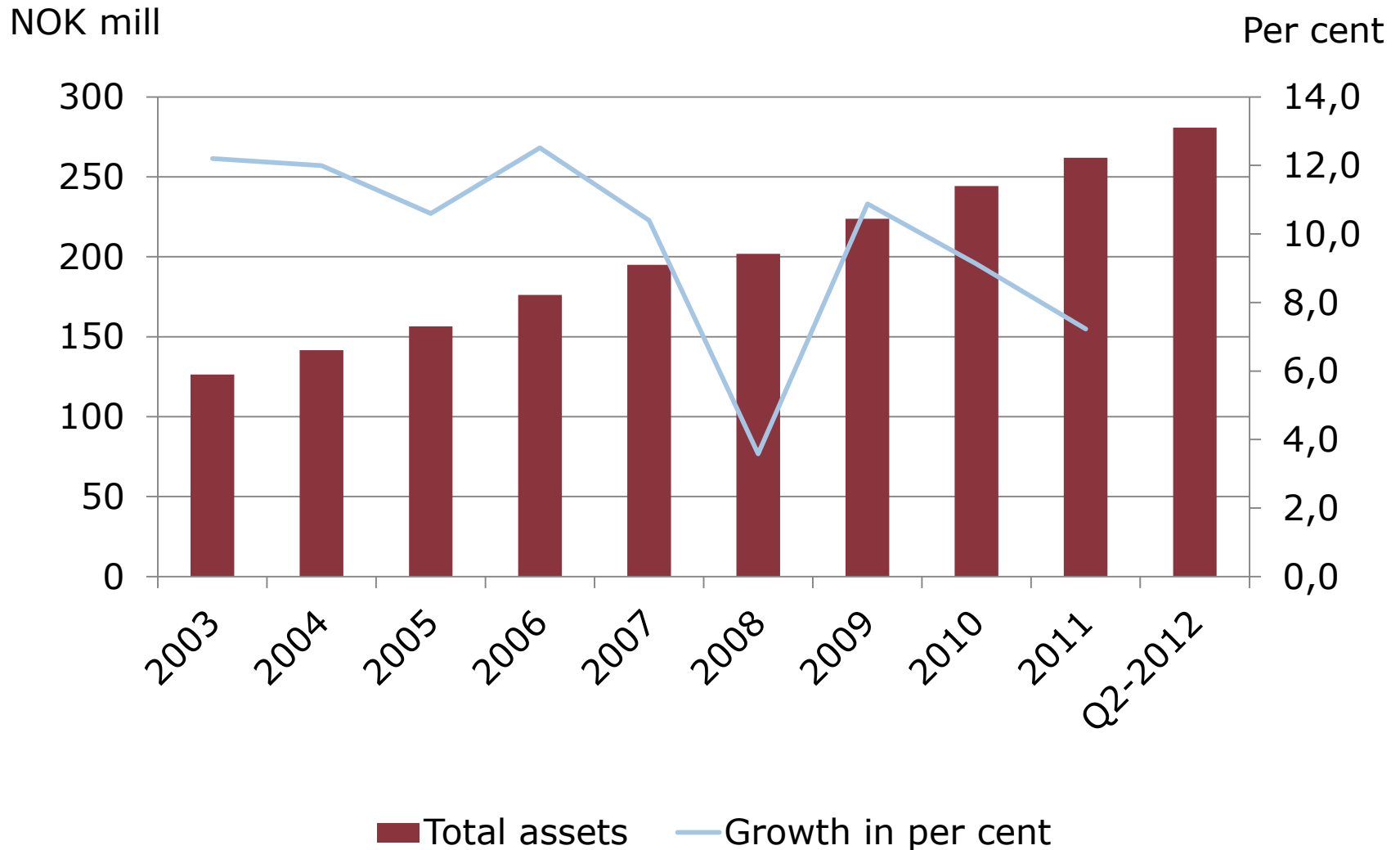
<i>NOK million</i>	30.06.2012	31.12.2011	Change 2012
Paid-in equity	6 221	6 217	4
Retained earnings	6 166	5 723	442
Hybrid capital and subordinated debt	4 166	4 288	-122
Insurance liabilities	260 205	243 439	16 766
Other liabilities	3 978	2 078	1 900
Total: own funds, provisions and debt	280 736	261 746	18 990

Insurance liability per 30.06.2011 – NOK bn



Excl. separate investment portfolio BNOK 1.5

KLP – growth in assets



KLP Bedriftspensjon – main figures

<i>NOK million</i>	2012	Q2 2011	Year 2011
Interest result	4.7	11.9	14.2
Risk result	2.9	2.3	2.2
Administration result	-14.0	-11.6	-28.2
Interest rate guarantee and profit element	1.7	1.1	1.9
Non-technical result	1.3	0.9	1.9
Total result	-3.4	4.5	-8.0
Of which result to clients	4.7	11.3	15.8
Result to owner	-8.1	-6.8	-23.8

KLP Bedriftspensjon – return and solvency

<i>Per cent</i>	Q2		Year 2011
	2012	2011	
Common portfolio			
Book	2.3	4.2	6.3
Value adjusted	3.1	2.6	3.7
Investment options portfolio	4.9	1.9	0.2
Corporate portfolio	3.0	1.9	4.8

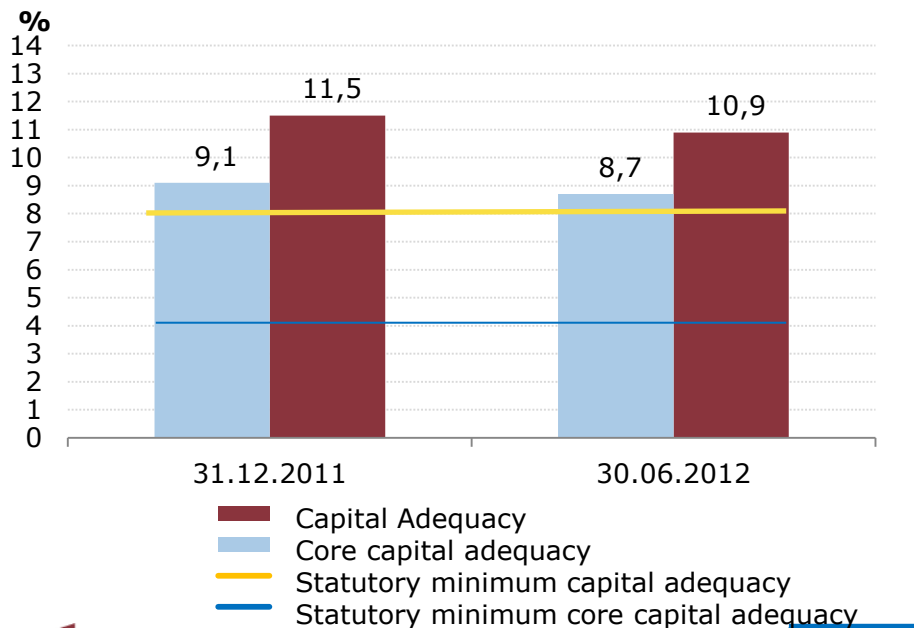
<i>Per cent</i>	30.06.2012	31.12.2011
Capital coverage	11.9	13.9
Solvency ratio	194.0	217.0
Buffer capital employment	104.0	82.0

<i>NOK million</i>	30.06.2012	31.12.2011
Value adjustment fund	5.2	-
Supplementary reserves	28.0	24.9
Solvency capital	122.0	90.2

KLP investments and capital issues

KLP – capital adequacy

<i>Per cent</i>	30.06.2012	31.12.2011
Capital adequacy	10.9	11.5
Core capital adequacy	8.7	9.1
Statutory minimum capital adequacy	8.0	8.0
Statutory minimum core capital adequacy	4.0	4.0

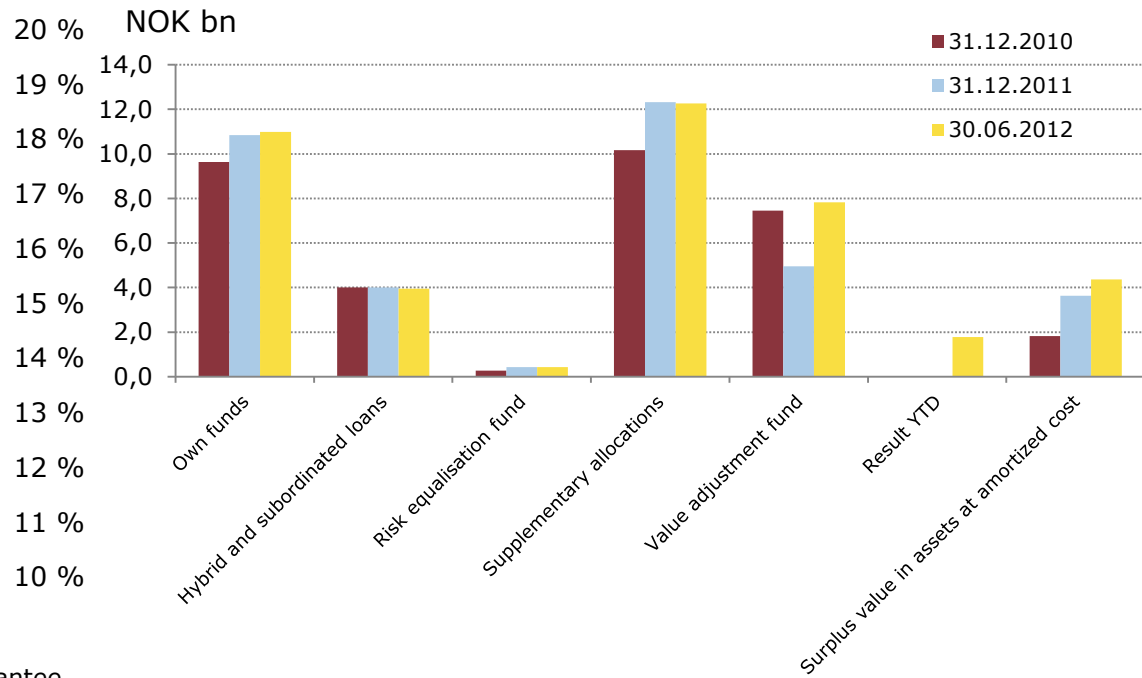
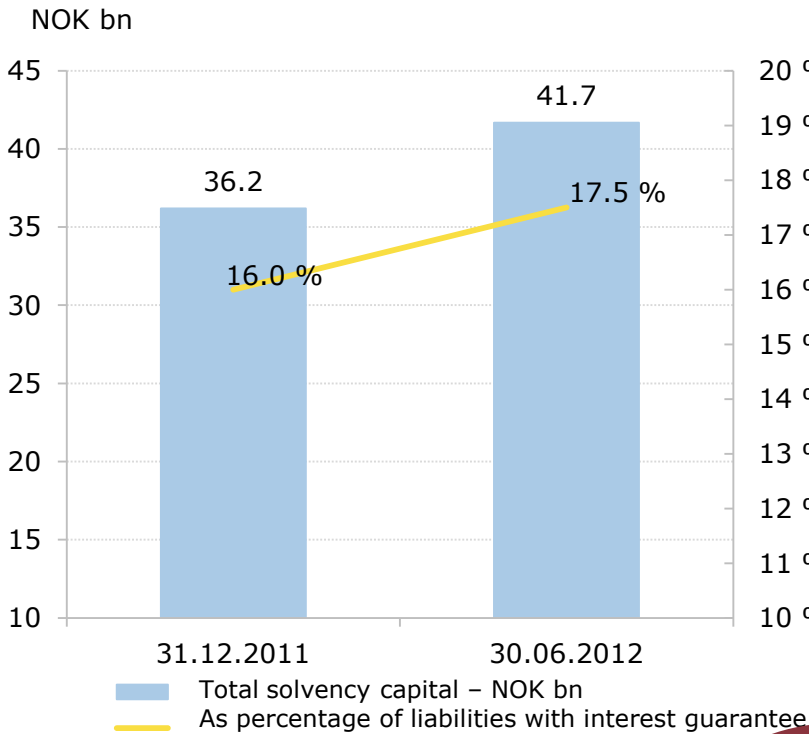


Capital adequacy and core capital ratio well in excess of regulatory requirement

KLP – buffer capital

<i>NOK million</i>	30.06.2012	31.12.2011
Valuation reserve	7 828	4 958
Supplementary reserve	12 346	12 319
Core capital margin	3 950	4 505
Income to date	1 782	
Regulatory buffer capital	20 174	17 277
Valuation reserve booked at amortised costs	4 362	3 626

KLP – financial solidity



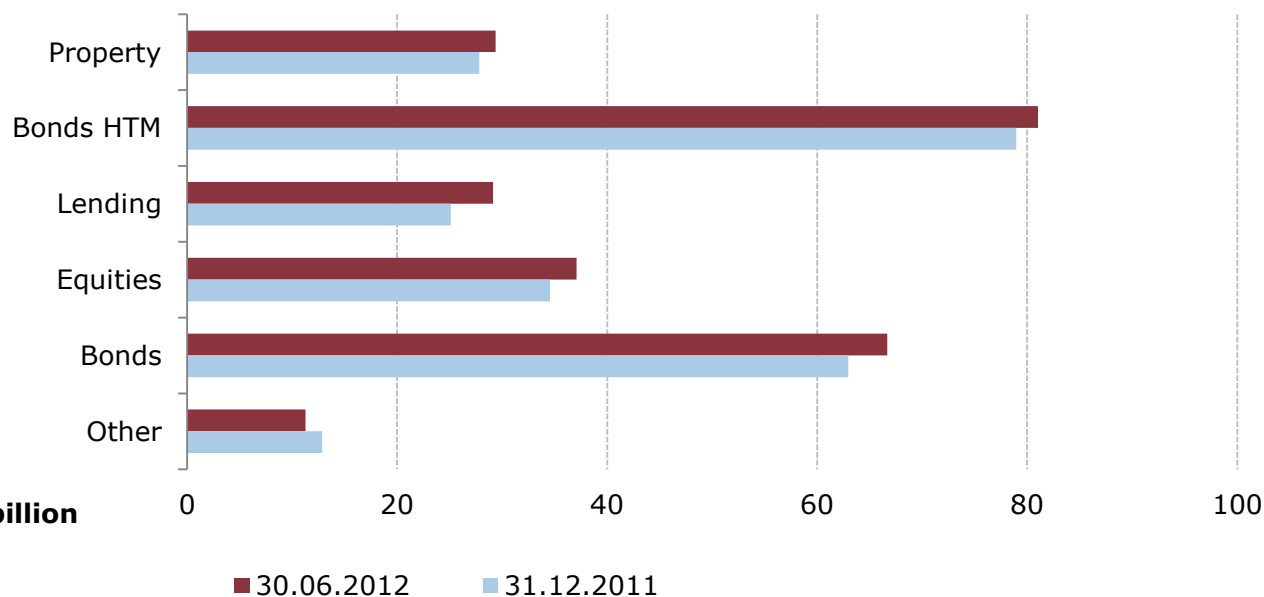
Strengthened
solvency first
half

KLP common portfolio – allocation and return

<i>Per cent</i>	Share ¹ 30.06.2012	Return 30.06.2012	Return 2011
Equities ¹	15.9	5.4	-7.3
Bonds	21.9	4.0	7.2
Bonds held-to-maturity	32.5	2.3	5.2
Lending	11.5	1.9	3.9
Property	12.1	3.9	7.2
Other financial assets	6.2	1.7	2.9

¹ Measured by exposure

Balance 30.06.2012 Assets in the common portfolio

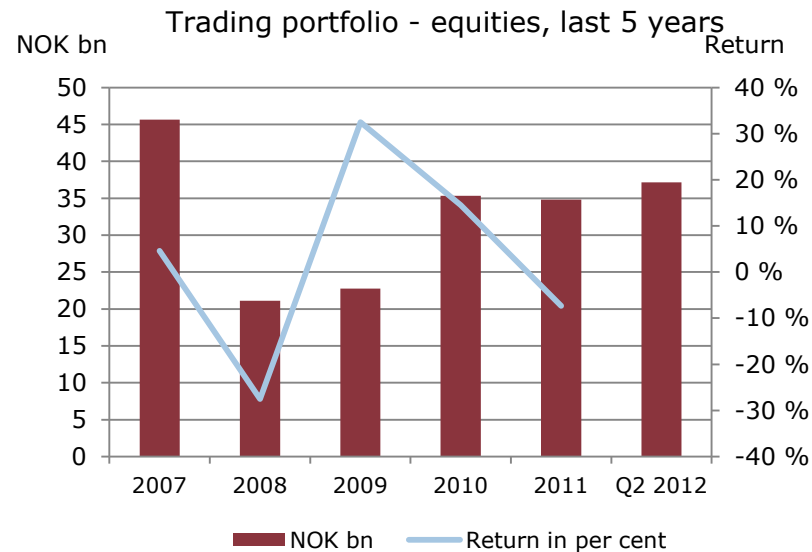


Trading portfolios equities

KLP common portfolio

Trading portfolio equities ¹	30.06.2012	30.06.2011	31.12.2011
Value equities (NOK mill)	37 168	35 033	34 830
Return equity portfolio	5.4 %	0.8 %	-7.3 %
Share index-tracking equities	78.1 %	74.4 %	77.7 %

¹ This table is an overview of financial assets. The statutory reported figures differ due to difference in classification.

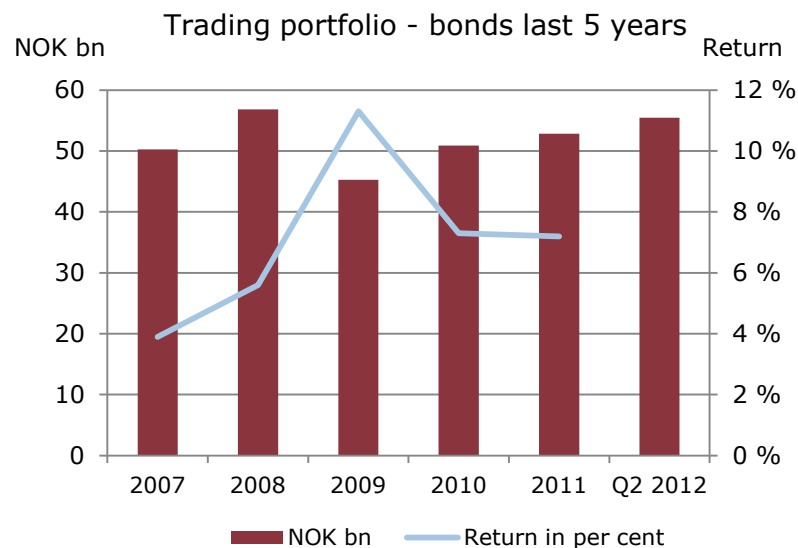


Trading portfolios – bonds

KLP common portfolio

Trading portfolios fixed-income ¹	30.06.2012	30.06.2011	31.12.2011
Value fixed income (NOK mill)	72 056	60 032	67 011
Return trading portfolios fixed income	3.5 %	2.4 %	6.3 %
Share index-tracking fixed-income	35.2 %	35.7 %	35.5 %

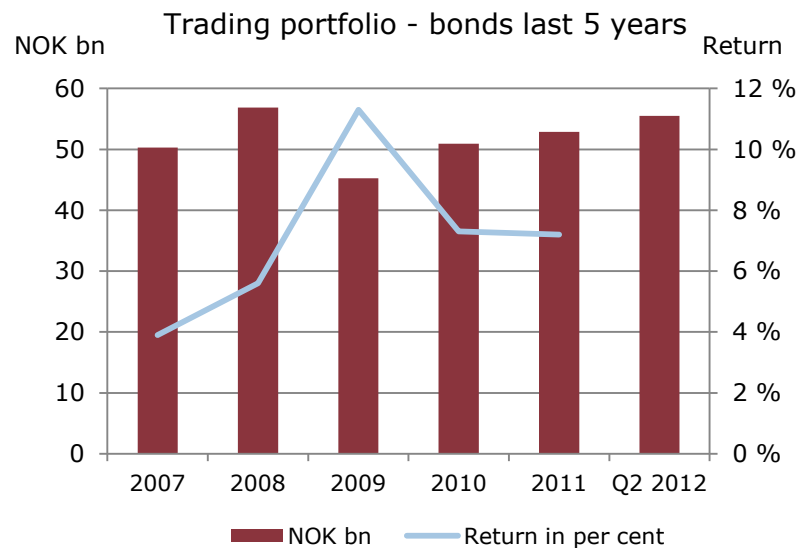
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Bonds booked at amortised costs

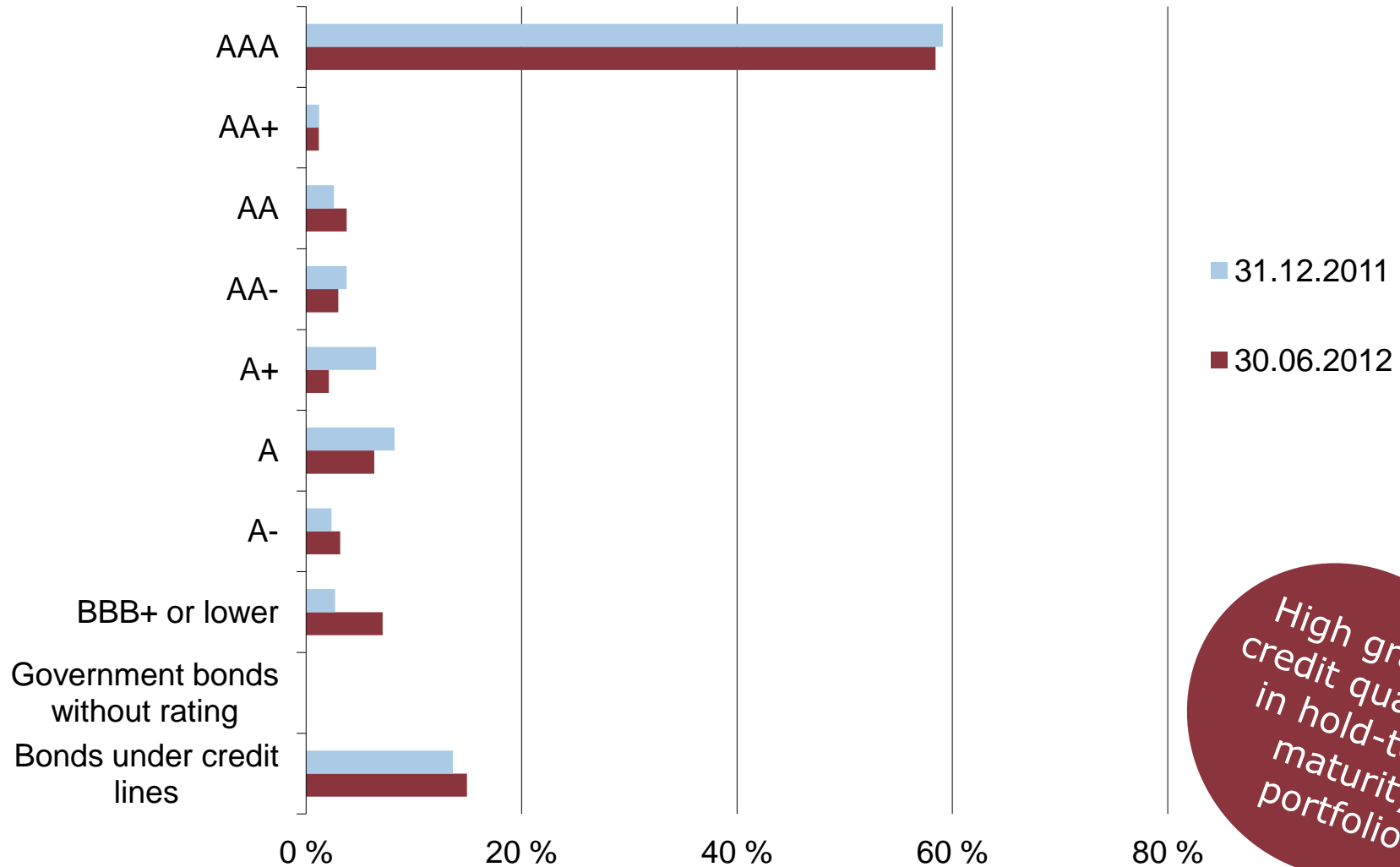
KLP common portfolio

	Q2		Year
	2012	2011	2011
Book value (NOK mill)	81 767	75 824	79 287
Valuation reserve (NOK mill)	3 754	1 026	3 027
Return (per cent)	2.3	2.5	5.2



Bonds booked at amortised costs

KLP common portfolio

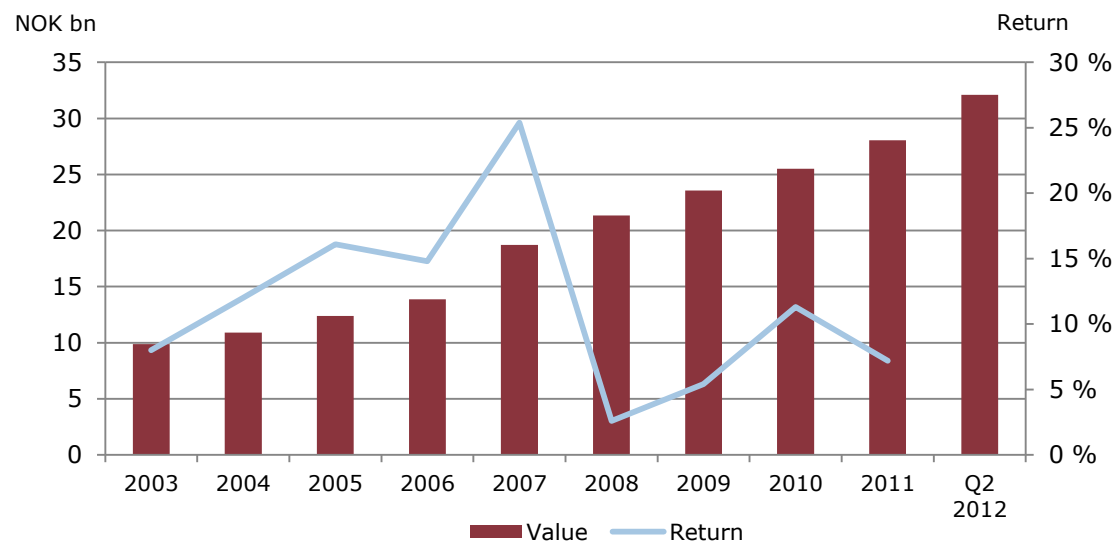


High grade credit quality in hold-to-maturity portfolio

Property investments

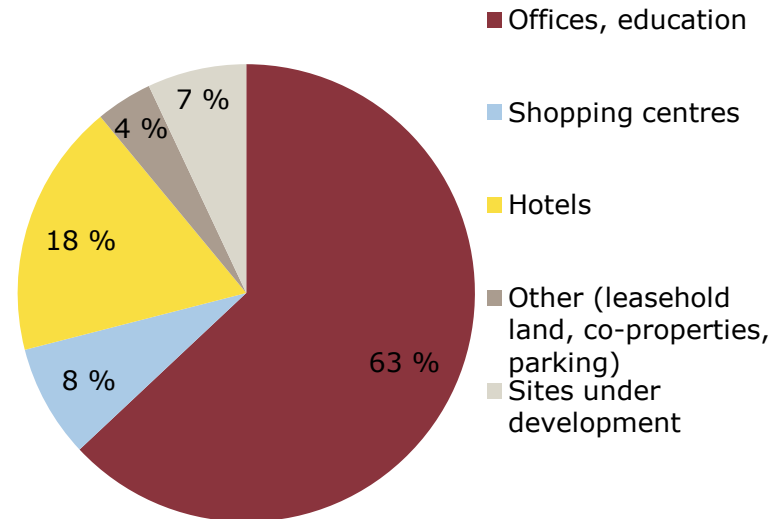
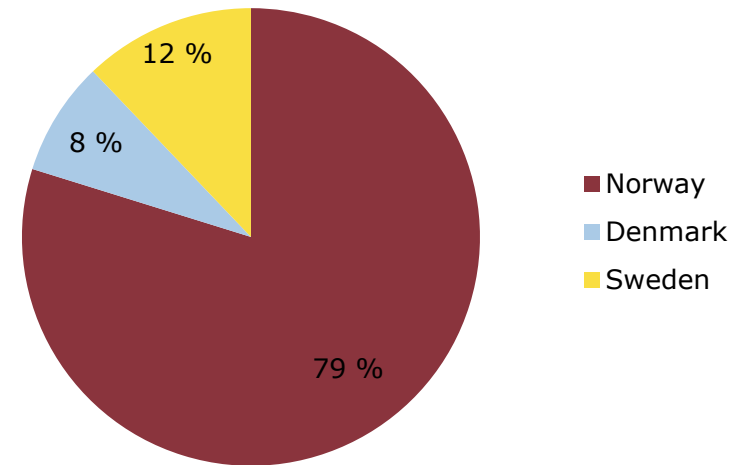
Total portfolio

	Q2 2012	2011	Year 2011
Book value (value-adjusted NOK mill)	32 093	27 871	29 821
Occupancy rate (per cent)	96.3	93.6	95.1
Average lease duration (year)	7.1	7.4	7.6



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 positive development for centrally located properties maintained, the property portfolio appreciated by NOK 149 million (0.5 per cent) in Q2 2012
- New acquisitions so far in 2012 :
 - Ibsen-quarter in Oslo (acquired) and Fondbygget in Oslo (ceded) in a property SWAP with Norwegian Property
 - Akersgata 64-68 in Oslo
 - Såpsjudaren 15 in Stockholm
 - Stavanger Airport Hotel
 - Scandic Aarhus City –effective in Q4
- Real-estate investments constitute 12.1 per cent of the financial assets of the common portfolio



KLP's real-estate investments

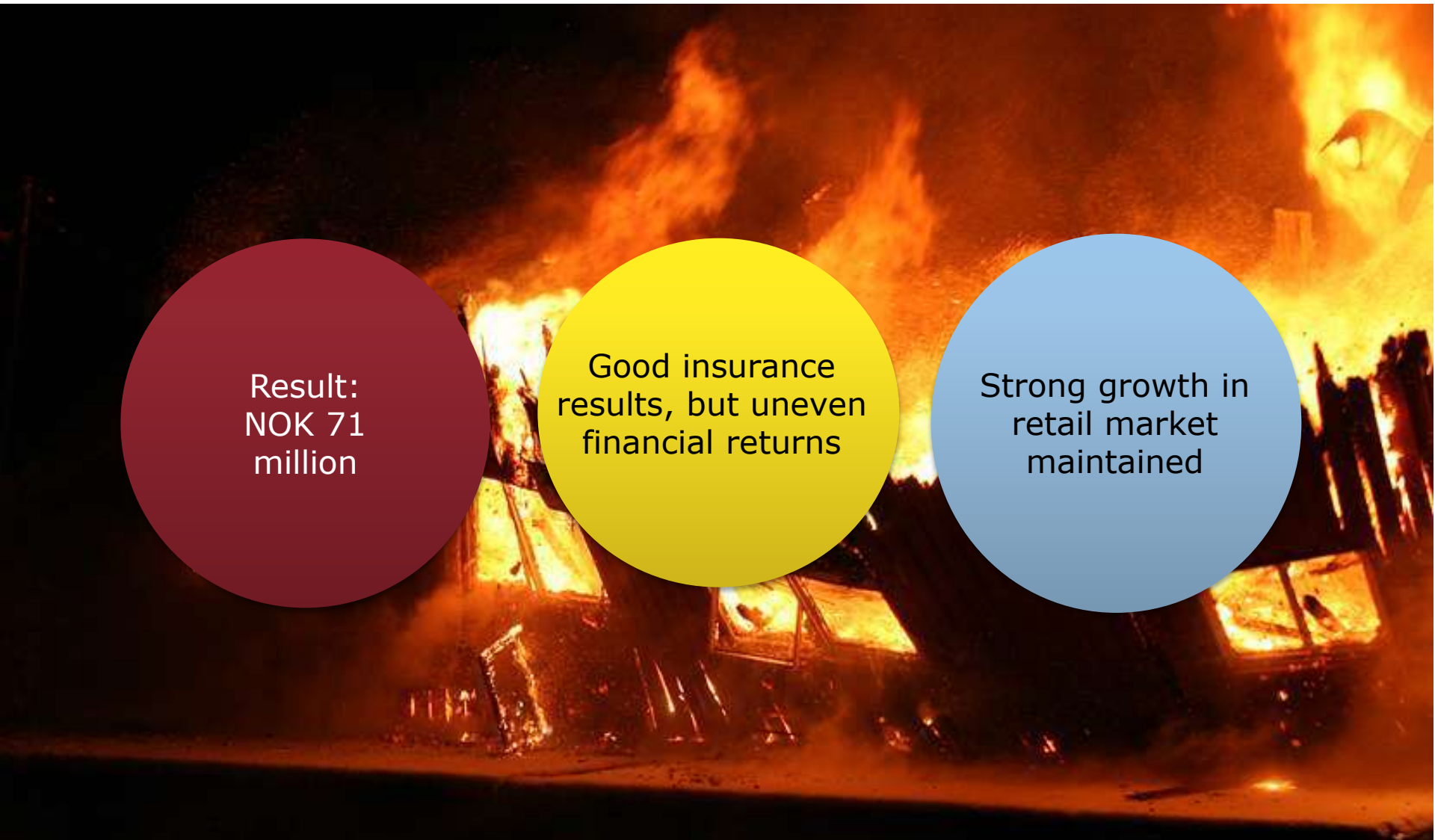
Property value	Q2 2012	2011	Year 2011
Value adjustment in per cent	32 288	28 033	29 840
Value adjustment in per cent common portfolio	1.1 %	1.9 %	1.4 %
Fair value common portfolio (NOK mill)	29 723	25 481	27 283
Property value	1.2 %	1.6 %	1.1 %

Return	Q2 2012	2011	Year 2011
Total return	3.9 %	4.5 %	7.0 %
Total return common portfolio	4.0 %	4.2 %	6.8 %

*All figures are exchange-rate hedged

Skadeforsikring (non-life insurance)

KLP Skadeforsikring



Result:
NOK 71
million

Good insurance
results, but uneven
financial returns

Strong growth in
retail market
maintained

KLP Skadeforsikring first six months 2012

- Good result for the 6 months, NOK 71.2 million
- Significant improvement in insurance result in Q2
- Particularly in property
- Satisfactory results for the 6 months
 - Weak, but still positive financial return in Q2
 - Equities down 5.4 % in the quarter, but still best asset class to date in 2012
- Improved sales in Public Sector/Enterprises through Q2
- The positive trend in sales maintained in retail market
- Improved automated WEB-based system successfully implemented



Market development

- Strong position in public sector and corporate markets maintained
 - 300 municipalities and counties
 - 2 600 corporate clients
 - Elevated tender activities
- Good sales in retail market
 - 14 300 customers of which 11 000 members
 - NOK 147 million premium volume
 - Good Renewal rate
 - Low surrender rate



KLP Skadeforsikring – profit & loss Q2 2012

<i>1 000 NOK</i>	Result Q2 2012	Result Q2 2011	Result 2011
Premium written f.o.a.	324 952	288 358	598 831
Allocated investment income	18 776	33 370	53 947
Claims f.o.a.	-256 268	-246 577	-548 356
Insurance related expenses	-79 505	-65 805	-158 893
Other insurance related income	1 816	1 523	2 629
Changes in security reserves etc.	-15 989	-19 359	-7 902
Result from technical activities	-6 219	-8 490	-59 746
Result from investment activities	96 162	85 495	138 877
Allocated investment income	-18 776	-33 370	-53 947
Result from ordinary operation	71 167	43 635	25 185
Estimated tax expense	-21 070	-10 049	-28 848
Provisions for equity fund	4 083	7 744	34 403
Result after provisions for equity fund	54 180	25 842	30 740

KLP Skadeforsikring – main figures

Key figures, per cent	Q2 2012	Q2 2011
Claims ratio on own account	78.9 %	83.3 %
Cost ratio on own account	24.5 %	27.2 %
Combined Ratio for own account	103.3 %	109.6 %
Return on capital	3.0 %	2.8 %
Capital adequacy ratio	29.0%	30.0 %
Revenues, NOK mill	Q2 2012	Q2 2011
Gross premium written	591	520
Premium income for own account	325	288
Claims paid for own account	-256	-247
Insurance related costs for own account	-80	-66
Results	71	44
Key figure balance sheet, NOK mill	Q2 2012	Q2 2011
Financial assets	3 321	3 222
Total assets	3 687	3 665
Equity	769	789
Provisions in insurance funds for own account	2 538	2 478

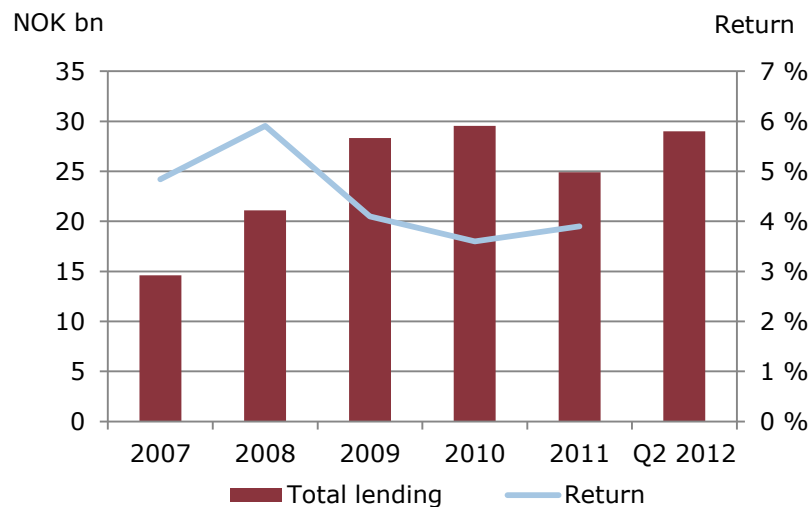
Banking and credit

Lending portfolio

KLP common portfolio

	Q2		Year
	2012	2011	2011
Book value (NOK mill)	28 986	28 077	24 914
Of this: fixed rate loans (NOK mill)	11 232	12 513	10 193
Return year to date (in per cent)	1.9	1.9	3.9
Specific and general credit loss provisions (NOK mill)	0.8	0.8	0.8

Lending portfolio, last 5 years



KLP Bank-group – main figures

<i>NOK million</i>	KLP Kreditt		KLP Kommunekreditt		KLP Banken	
	Q2 2012	2011	Q2 2012	2011	Q2 2012	2011
Net interest revenues	3.3	6.0	24.7	3.0	7.2	12.2
Net fee and commission income	-	0.0	-	-0.0	2.3	3.8
Management fee	-	0.0	-	-	49.2	59.6
Operational costs	-1.1	-7.3	-13.4	-41.1	-45.8	-91.2
Value adjustment financial instruments	0.2	-2.1	7.1	-11.9	0.4	0.0
Result before taxes	2.4	-3.5	18.4	-50.0	13.3	-15.6
Total assets	1 513	1 513	25 213	26 588	8 028	9 525

KLP Bank-group – main figures

	KLP Banken Group	
<i>NOK million</i>	Q2 2012	2011
Net interest revenues	35.2	21.1
Net fee and commission income	2.3	3.8
Management fee	49.2	59.6
Operational costs	-60.3	-139.9
Value adjustment financial instruments	7.6	-6.8
Result before taxes	34.1	-62.2
Total assets	28 960	31 715

KLP Bank-group – lending and deposits

<i>NOK billion</i>	Mortgage loans		Public sector loans		Deposits	
	Q2 2012	2011	Q2 2012	2011	Q2 2012	2011
KLP Banken AS (parent)	1.6	3.2	-	-	2.3	1.8
KLP Kreditt AS	-	-	1.2	1.4	-	-
KLP Kommunekreditt AS	-	-	20.6	23.5	-	-
KLP (under management agreement)	8.7	6.3	20.1	18.4	-	-
Total	10.3	9.5	42.0	43.4	2.3	1.8

KLP Banken Q2

- Priority on earnings rather than volume
- Firm and steady growth in home mortgages maintained
- Client satisfaction in line with ambitions
- New products within wholesale deposits
- Credit cards will be offered in 2012
- The Bank has started issuing "bank-id" an electronic client identification and security measure.

Retail:
More than
20 000
clients



Asset management

Net result per
30.06:
NOK 6 million

Managing NOK
18 billion for
external clients

Net new
subscriptions
from external
clients NOK
3.3 billion
in 1st half

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 222 billion at the end of the quarter. The major share represent funds managed for Kommunal Landspensjonskasse and its subsidiaries
- NOK 18 billion managed on behalf of external investors and retail clients and there are about 1 000 holders of KLP funds
- Pre tax result per 30.06
NOK 6 million



Summary

2012 – consolidating the status

- Group total assets NOK 313 billion
- Uneasy financial markets dampened the return for Q2
- Solid financial buffers enable value creation and stable future return for the customers
- The tender activities advancing, KLP in a favourable position
- Dedicated marketing initiative towards the Public Sector and Retail Market client groups lays the foundation for success.



Contacts in KLP

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