

Oslo, 14th August 2013

Financial results second quarter 2013

KLP Group



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Main features



Good first half for KLP

- Return in common portfolio of life company:

- Booked 2.2 per cent
 - Value adjusted 2.8 per cent

Corporate portfolio: 3.0 per cent

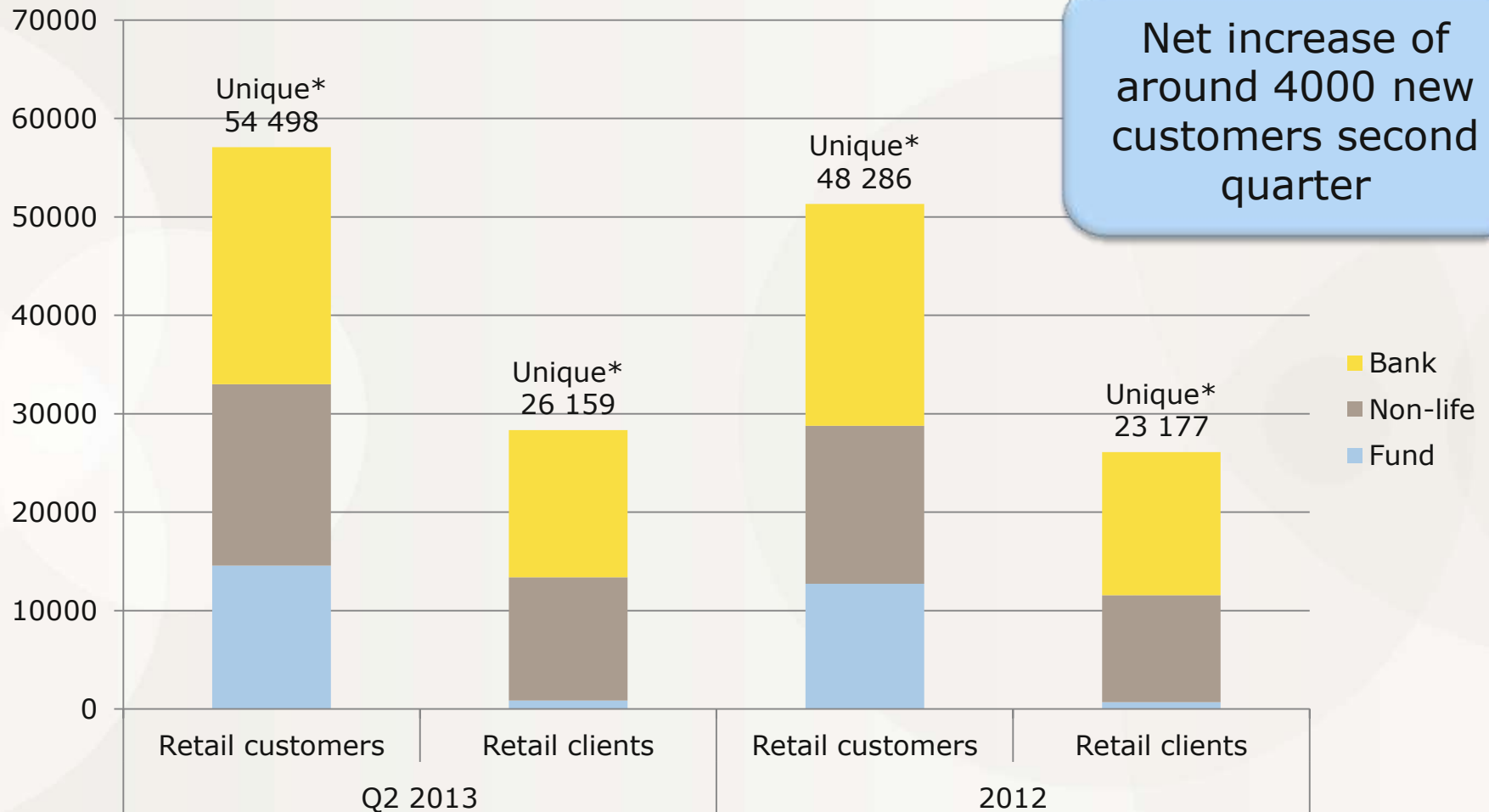
- Group operating profit NOK 2.7 billion
- Total assets, Group NOK 376 billion
- Preliminary reserving for longevity in 2013: NOK 1 343 million.
 - Including reserving in previous years this covers close to 2/3 of the reserving that may be covered from clients' surplus in the period up to 2018.
- Total solvency NOK 47 billion– 17.2 per cent of insurance funds with guaranteed interest



KLP return on investment portfolios

<i>All figures in per cent</i>	Q2 2013	Q2 2012	Year 2012
Common portfolio			
Booked return	1.1	0.7	5.0
Value adjusted return	0.6	0.4	6.7
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	0.3	0.7	7.5
Investment options portfolio	0.6	0.0	7.2
Corporate portfolio	1.5	1.1	4.5

Status for the retail initiative



*Unique clients may differ from the total number of customers since a customer may have multiple customer relationships

KLP Group



KLP Group – results by segment

<i>NOK million</i>	Q2		Year
	2013	2012	2012
Life insurance	381	338	598
Non-life insurance	78	71	106
Banking	69	34	83
Asset management	9	6	21
Other	2	1	1
Group result	540	451	809

KLP Group – main figures - results

NOK million	Q2		Year 2012
	2013	2012	
Pension premiums and incoming transfers	20 969	15 723	29 946
Allocated investment income	7 796	8 096	17 588
Claims f.o.a.	-6 113	-5 671	-11 457
Insurance provisions	-19 421	-12 841	-27 344
Operating cost	-576	-539	-1 150
Other income and cost	39	62	130
Technical result	2 693	4 831	7 714
To/from value adjustment fund life insurance	-1 707	-2 875	-4 342
To/from supplementary reserves life insurance	2	0	0
Surplus allocated Life insurance clients	-994	-1 345	-2 370
Group result pre-tax	-6	611	1 002
Tax	-2	-2	-7
Other profit/loss elements	548	-158	-185
Group result pre-tax	540	451	809

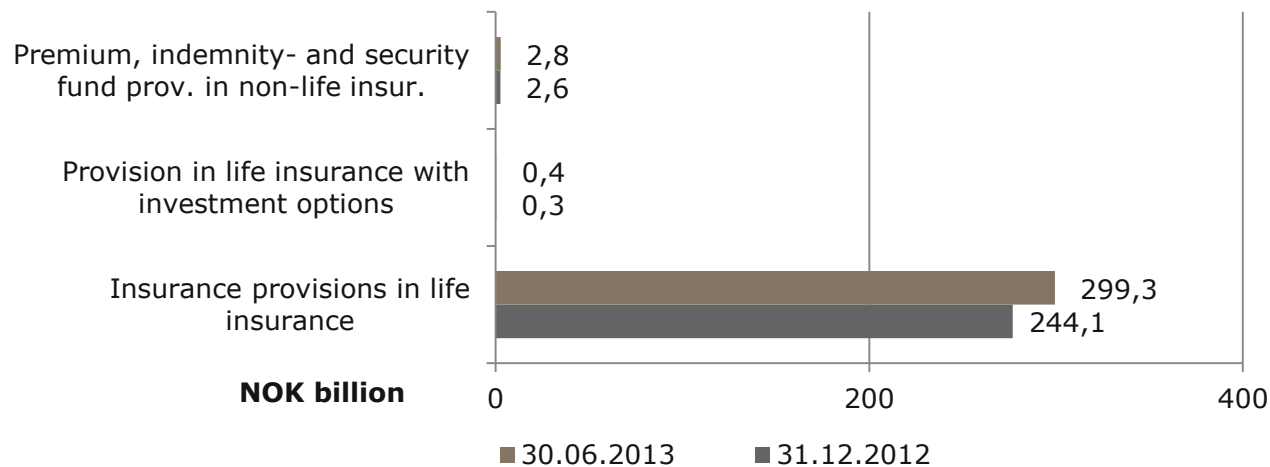
KLP Group – assets

<i>NOK million</i>	30.06.2013	31.12.2012	Change
Investment properties	33 526	32 322	712
Debt instruments held to maturity	31 435	37 283	376
Debt instruments classified as loans and receivables	62 397	55 917	727
Lending to municipalities, enterprises and individuals	52 744	52 128	578
Debt instruments at fair value over P/L	108 924	103 375	1 696
Equity instruments at fair value over P/L	50 072	42 410	6 032
Financial derivatives	736	1 541	-591
Share in associated companies	6	6	0
Assets in defined contribution life insurance	440	300	92
Immaterial assets	370	365	1
Other assets	35 590	6 137	-58
Total assets	376 239	331 783	9 565

KLP Group – own funds and liabilities

<i>NOK million</i>	30.06.2013	31.12.2012	Change
Own funds	14 154	13 610	544
Hybrid capital and subordinated loans	3 975	3 865	109
Debt to financial institutions	2 914	4 799	-1 885
Covered bonds issued	18 657	20 370	-1 714
Debt to and deposits from clients	3 957	2 946	1 011
Insurance reserves	302 586	279 707	22 880
Other liabilities	29 996	6 485	23 511
Total own funds and debt	376 239	331 783	44 456

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

Stipulated
Return NOK 2,3
billion to
clients

KLP now the only
general provider of
insured public sector
pension schemes in
the Norwegian
market

Life division

- KLP now the only general provider of insured public sector pension schemes in the Norwegian market.
- As of 30.06, 9 municipalities have placed their pension schemes on tender, a significantly larger number have initiated evaluation processes.
- New tariff K2013 providing for longer life comes into force in 2014 with a 5 year transitional period
 - KLP intend to submit tenders based on full longevity reserving in schemes moving in on January 1. 2014
- High market activity in KLP Bedriftspensjon maintained.



Reserving for new tariff K2013

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 2013</u>	<u>1.3</u>
Remaining reserving before 2018	4.9*

* Of which up to NOK 2.8 billion may be covered from clients' surplus up to 2018, while while the company shall cover at least NOK 2.1 billion within the 2014-2018 period, i.e. an annual amount of NOK 428 million (figures rounded off)

- Two major schemes in KLP sufficiently reserved.

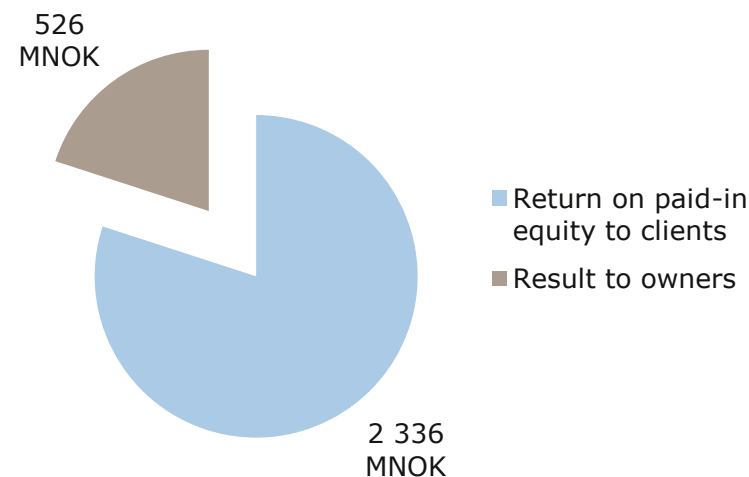
KLP – presentation of accounts

<i>NOK million</i>	Q2 2013	2012	Year 2012
Pension premiums and incoming transfers	20 475	15 159	29 025
Net revenues from investments in Common portfolio	7 748	7 501	16 517
Claims paid and outgoing transfers	-5 808	-5 394	-10 882
Changes in valuation reserves	-20 939	-15 427	-31 247
Allocations to insurance contracts	-994	-1 340	-2 366
Insurance related operating costs	-389	-384	-789
Other insurance related costs	14	0	4
Technical result	107	116	261
Net revenues from investments in Corporate portfolio	520	425	735
Other revenues and expenditures	-100	-98	-197
Non-technical result	419	327	538
Total result	526	442	799

KLP – appropriation of results

<i>Nok million</i>	Customers	Company	30.06.2012
Interest result	2 124	11	2 135
Risk result	47	19	66
Premium interest rate guarantee		161	161
Administration result		81	81
Non-technical result		419	419
Return on paid-in equity to clients	165	-165	-
Total	2 336	526	2 862

- Good return on common portfolio
- Good contribution from corporate portfolio
- Stipulated return of NOK 2.3 billion to clients

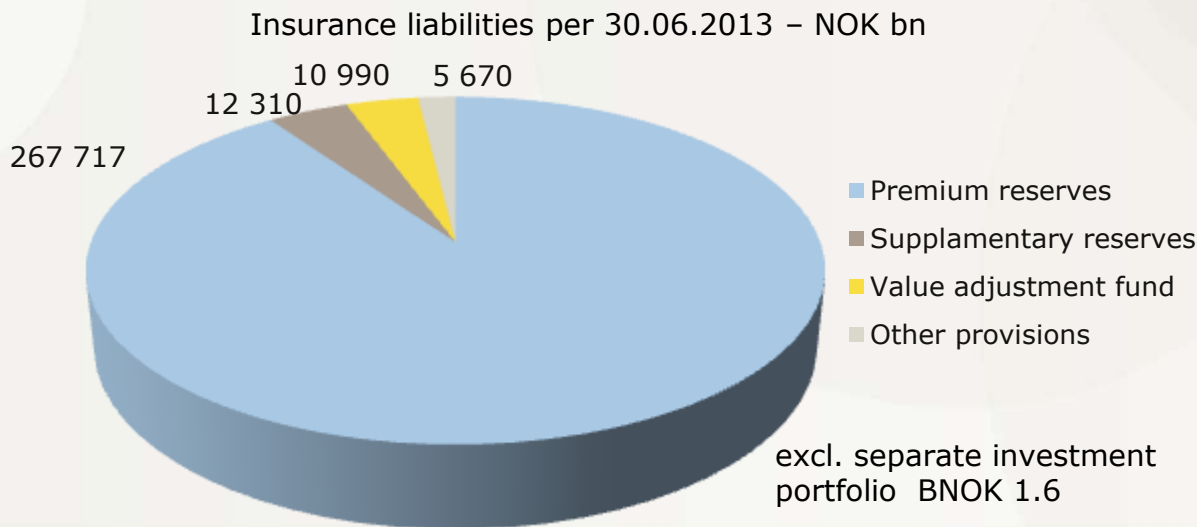


KLP – assets

<i>NOK million</i>	30.06.2013	31.12.2012	Change Q2 2013
Total assets in corporate portfolio	27 302	19 384	7 918
Total assets in common portfolio	316 305	278 731	37 574
Assets in investment options portfolio	1 636	1 556	79
Total assets	345 242	299 671	45 571

KLP – own funds and liabilities

<i>NOK million</i>	30.06.2013	31.12.2012	Change Q2 2013
Paid-in equity	6 891	6 891	1
Retained earnings	7 088	6 562	526
Hybrid capital and subordinated debt	3 975	3 865	109
Insurance liabilities	298 325	275 843	22 482
Other liabilities	28 963	6 510	22 453
Total: own funds, provisions and debt	345 242	299 671	45 571



KLP – growth in assets

NOK bn

Per cent



KLP Bedriftspensjon – main figures

NOK million	Q2		Year
	2013	2012	2012
Interest result	5.9	4.7	15.0
Risk result	1.4	2.9	2.6
Administration result	-15.2	-14.0	-33.5
Interest rate guarantee and profit element	2.0	1.7	2.5
Non-technical result	0.8	1.3	3.1
Total result	-5.0	-3.4	-10.3
Of which result to clients	5.3	4.7	15.2
Result to owner	-10.4	-8.1	-25.5

KLP Bedriftspensjon – return and solvency

<i>Per cent</i>	Q2		Year
	2013	2012	2012
Common portfolio			
Book	1.8	2.3	5.2
Value adjusted	2.6	3.1	6.7
Investment options portfolio	4.7	4.9	12.0
Corporate portfolio	1.4	3.0	6.4


<i>Per cent</i>	30.06.2013	31.12.2012
Capital coverage	17.6	9.6
Solvency ratio	250	157
Buffer capital employment	105	125

<i>NOK million</i>	30.06.2013	31.12.2012
Value adjustment fund	16.1	11.8
Supplementary reserves	28.1	27.9
Solvency capital	183.9	131.1

KLP investments and capital issues



KLP investments and capital issues

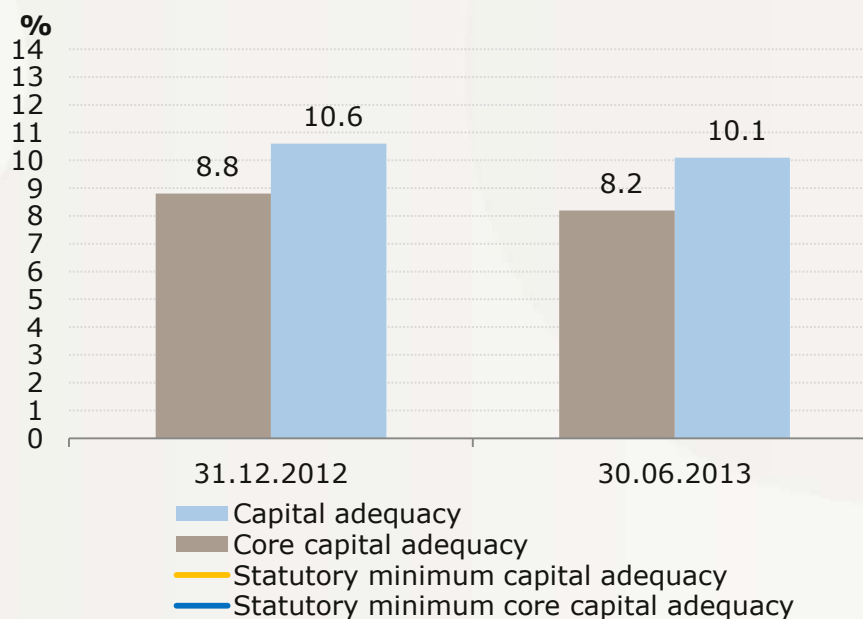


Almost 10 percent
return on equities first
half-year

The property
portfolio appreciated
by NOK 386 million
Second quarter

KLP – capital adequacy

Per cent	30.06.2013	31.12.2012
Capital adequacy	10.1	10.6
Core capital adequacy	8.2	8.8
Statutory minimum capital adequacy	8.0	8.0
Statutory minimum core capital adequacy	4.0	4.0

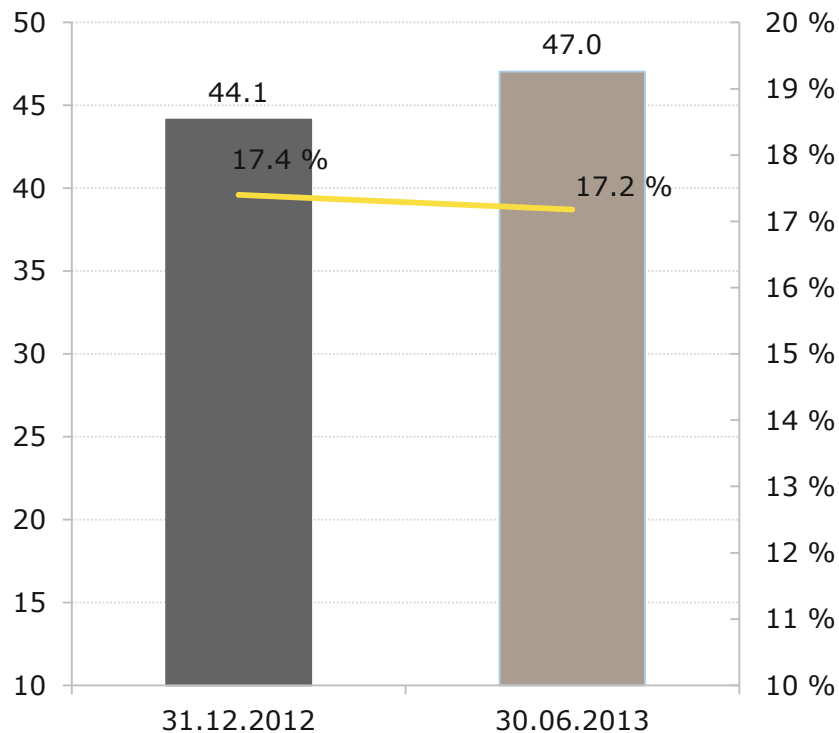


KLP – buffer capital

<i>NOK million</i>	30.06.2013	31.12.2012
Valuation reserve	10 990	9 288
Supplementary reserve	12 392	12 377
Core capital margin	3 343	3 992
Income to date	1 520	
Regulatory buffer capital	28 245	25 657
Valuation reserve investments booked at amortised costs	5 404	5 892

KLP – financial solidity

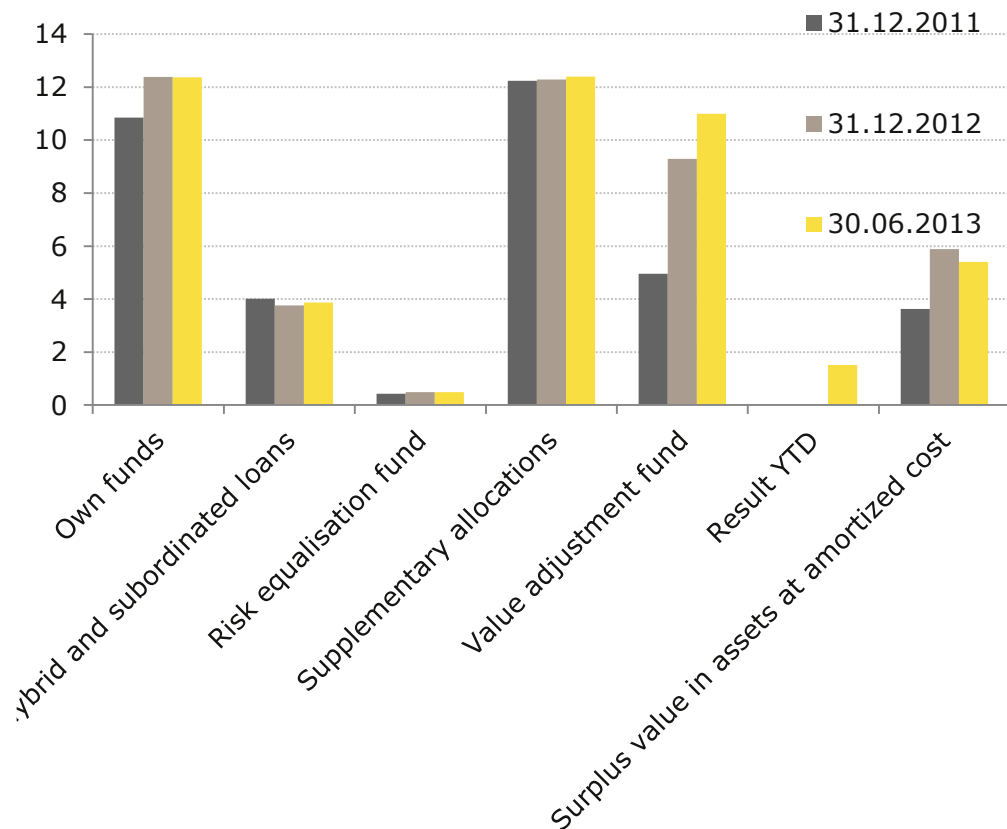
NOK bn



■ Total solvency capital - NOK bn

— As percentage of liabilities with interest guarantee

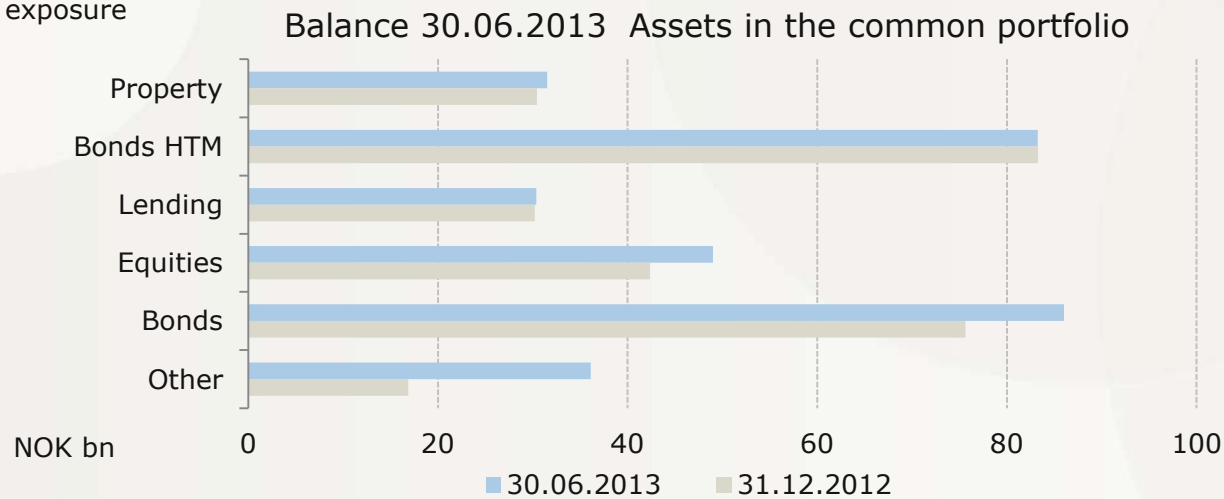
NOK bn



KLP common portfolio – allocation and return

	Share 1)	Return	Return
<i>Per cent</i>	30.06.2013	30.06.2013	2012
Equities ¹	15.2	9.8	13.9
Bonds	21.8	-0.8	8.4
Bonds held-to-maturity	29.5	2.4	4.8
Lending	10.5	1.8	3.9
Property	11.1	3.8	6.2
Other financial assets	11.9	1.3	3.5

¹) Measured by exposure

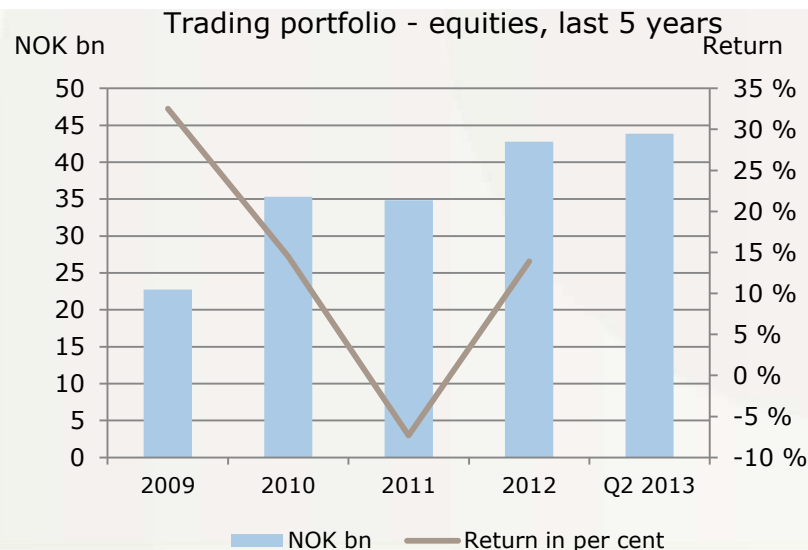


Trading portfolios equities

KLP common portfolio

Trading portfolio equities*	30.06.2013	30.06.2012	31.12.2012
Value equities (NOK mill)	43 871	37 168	42 787
Return equity portfolio	9.8 %	5.4 %	13.9 %
Share index-tracking equities	76.3 %	78.1 %	79.3 %

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

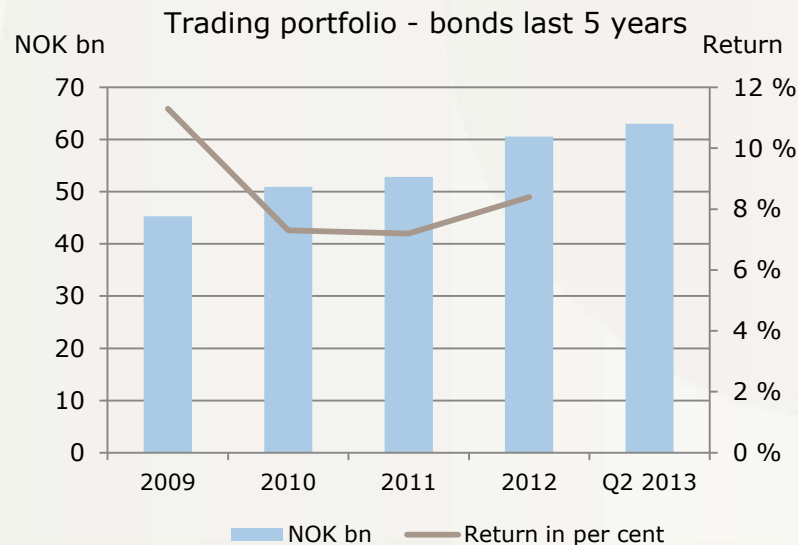


Trading portfolios – bonds

KLP common portfolio

Trading portfolios fixed-income *	30.06.2013	30.06.2012	31.12.2012
Value fixed income (NOK mill)	92 269	72 056	84 105
Return trading portfolios fixed income	-0.12 %	3.5 %	8.4 %
Share index-tracking fixed-income	35.5 %	35.2 %	35.3 %

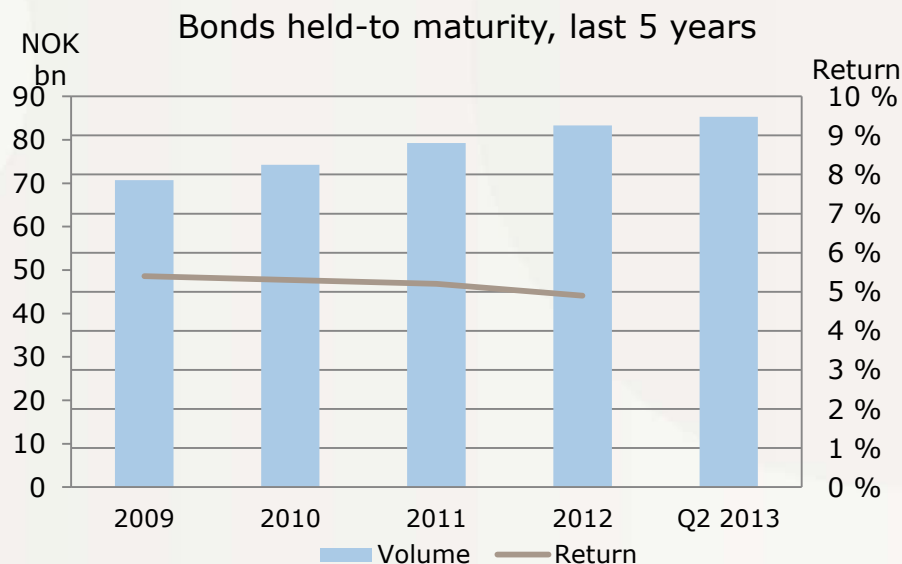
* This table is an overview of financial assets. The statutory reported figures differ due to difference in classification.



Bonds booked at amortised costs

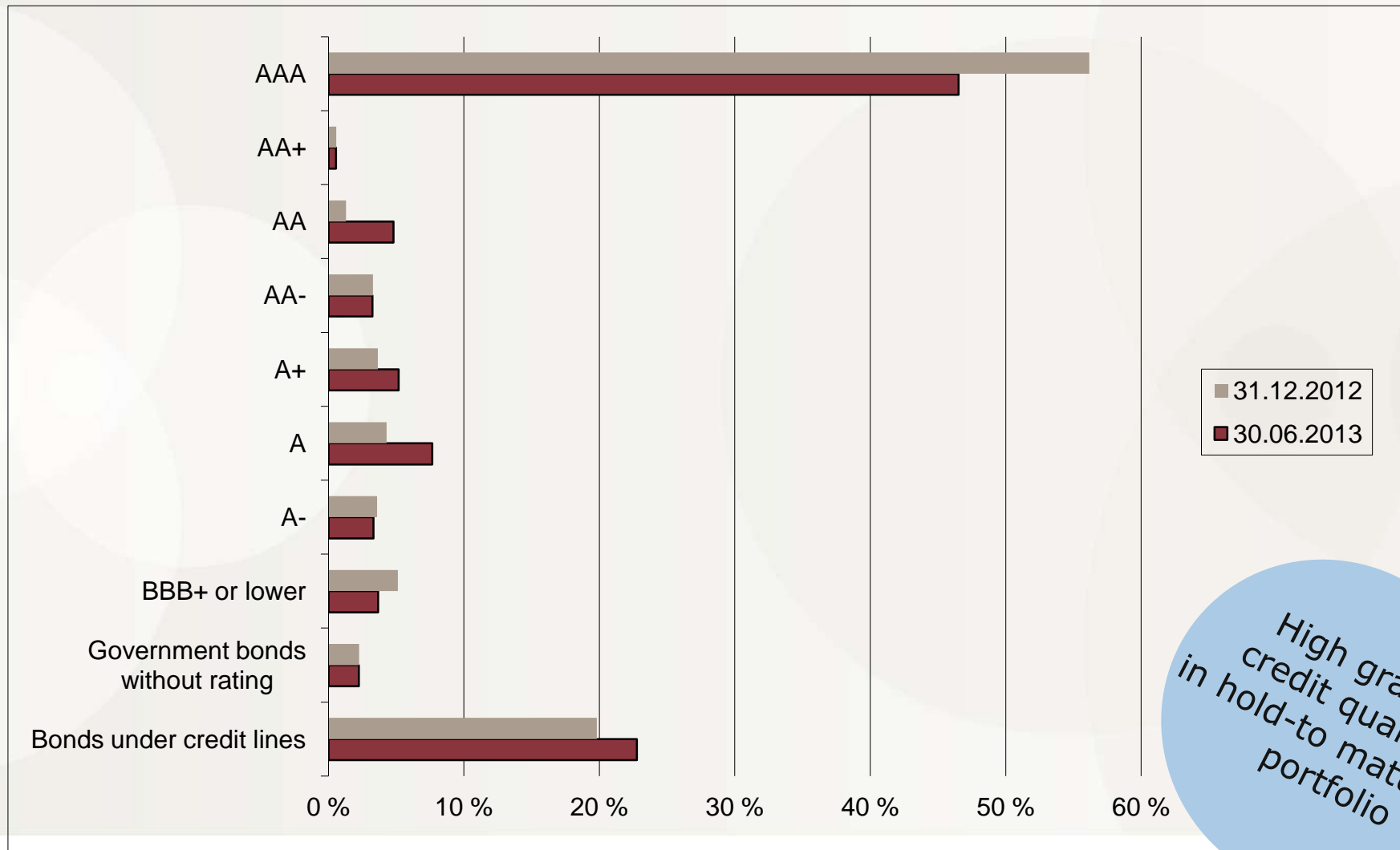
KLP common portfolio

	30.06.2013	30.06.2012	31.12.2012
Book value (NOK mill)	85 300	81 767	83 277
Valuation reserve (NOK mill)	4 679	3 754	5 164
Return (per cent)	2.4	2.3	4.9



Bonds booked at amortised costs

KLP common portfolio

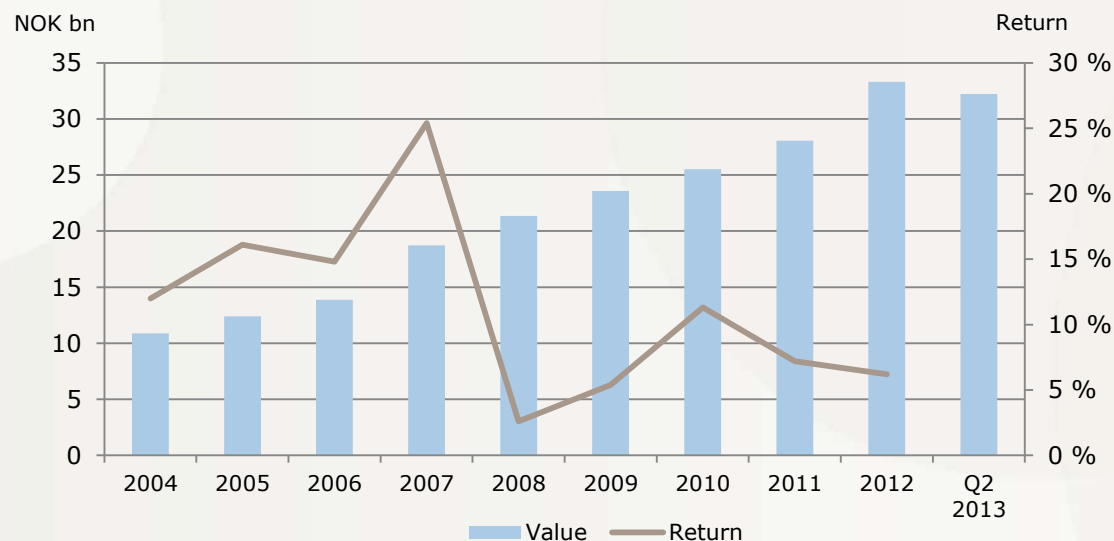


High grade
credit quality
in hold-to maturity
portfolio

Property investments

Total portfolio

	30.06.2013	30.06.2012	31.12.2012
Book value (value-adjusted NOK mill)	34 598	32 093	33 388
Occupancy rate (per cent)	96.9 %	96.3 %	96.8 %
Average lease duration (year)	6.9	7.1	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.

Stability in valuations, the property mass appreciated by NOK 386 million in Q2 (1.1 per cent) in Q2 2013

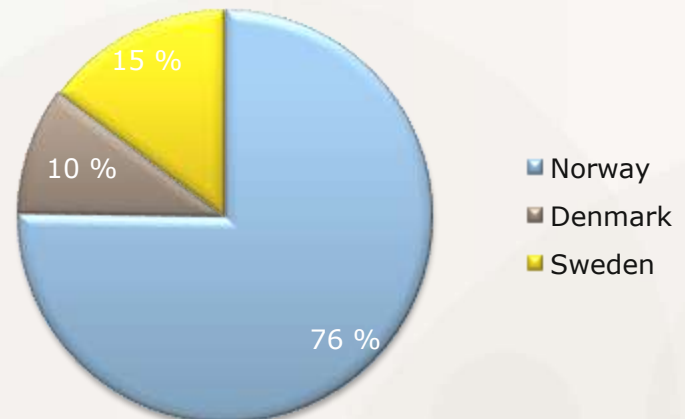
— NOK 203 million incl. Currency hedge

New investments in 2013:

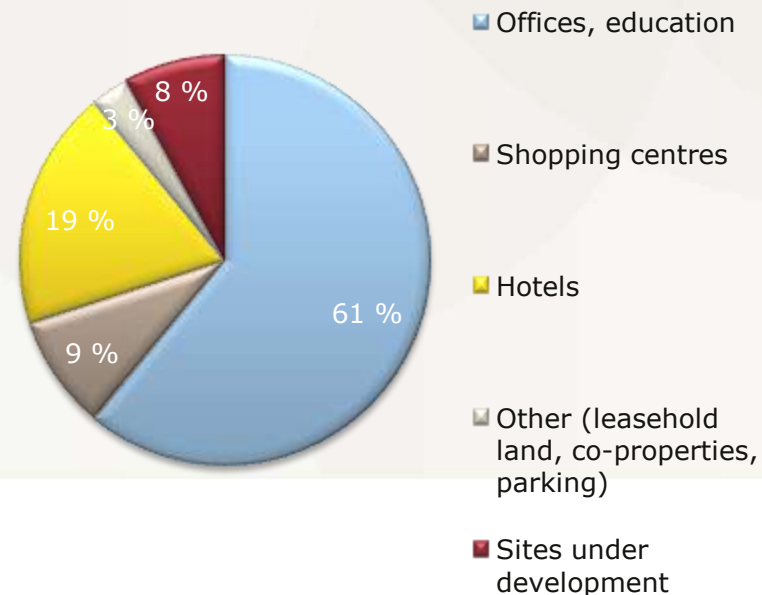
- 50 % of Nordbyen Senter in Larvik
- Hvaltorvet shopping mall in Sandefjord (Transfer date: 1/7-2013)

Real-estate investments constitute 11.2 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	Q2		Year 2012
	2013	2012	
Fair value	34 311	32 288	33 469
Value adjustment in per cent	1.0 %	1.1 %	0.9 %
Fair value common portfolio (NOK mill)	31 600	29 723	30 904
Value adjustment in per cent common portfolio	1.0 %	1.2 %	0.9 %

Return	Q2		Year 2012
	2013	2012	
Total return	3.7 %	3.9 %	6.5 %
Total return common portfolio	3.8 %	4.0 %	6.5 %

*All figures are exchange-rate hedged

Skadeforsikring (non-life insurance)



KLP Skadeforsikring

Result
before tax:
NOK 78 million

Generally good
results, and good
financial returns

Continued strong
growth in retail.
Many tenders in
the public
market -
positive new-
sale balance

KLP Skadeforsikring per 30.06.2013

- Good pre-tax results: NOK 78,2 million
- Good insurance results, loss ratio 79.6 per cent
- Largest incident so far this year NOK 13,2 million
- Investment return slightly down in Q2i cumulated return per 30.06 2,9 per cent
- Good sales and low defection rate in the retail market.
- Many tenders in the public market - positive new-sale balance



Market development

- Continued strong position within the municipalities and enterprises
- Strong position in public sector and corporate markets maintained
 - 299 municipalities and counties
 - 44 Health enterprises
 - 2 638 corporate clients
- Good sales in retail market
 - 18 958 customers of which 14 400 are members (76.5%)
 - NOK 198.9 million premium volume
 - Low defection rate



KLP Skadeforsikring – profit & loss Q2 2011

<i>1 000 NOK</i>	Result Q2 2013	Result Q2 2012
Premium written f.o.a.	350 346	324 952
Allocated investment income	18 765	18 776
Claims f.o.a.	-278 845	-256 268
Insurance related expenses	-85 048	-79 505
Other insurance related income	1 480	1 307
Changes in security reserves etc.	-5 984	-15 989
Result from technical activities	713	-6 728
Result from investment activities	95 708	96 162
Allocated investment income	-18 765	-18 776
Other income	505	509
Result from ordinary operation	78 162	71 167
Estimated tax expense	-26 407	-21 070
Provisions for equity fund	16 148	4 083
Result after provisions for equity fund	67 903	54 180

KLP Skadeforsikring – main figures

Key figures, per cent	30.06.2013	30.06.2012
Claims ratio on own account	79.6 %	78.9 %
Cost ratio on own account	24.3 %	24.5 %
Combined Ratio for own account	103.9 %	103.3 %
Return on capital	2.9 %	3.0 %
Capital adequacy ratio	32.0 %	29.0 %
Revenues, NOK mill	30.06.2013	30.06.2012
Gross premium written	610	591
Premium income for own account	350	325
Claims paid for own account	-279	-256
Insurance related costs for own account	-85	-80
Results	78	50
Key figure balance sheet. NOK mill	30.06.2013	30.06.2012
Financial assets	3 493	3 321
Total assets	3 856	3 687
Equity	885	751
Provisions in insurance funds for own account	2 642	2 538

Banking and credit



Banking and credit

A close-up photograph of a person's hand holding several small, translucent glass marbles. The marbles have various internal patterns in shades of blue, green, and white. Two large, white, semi-transparent circles are overlaid on the image, each containing text. The background is a soft, out-of-focus grey.

25 000
clients

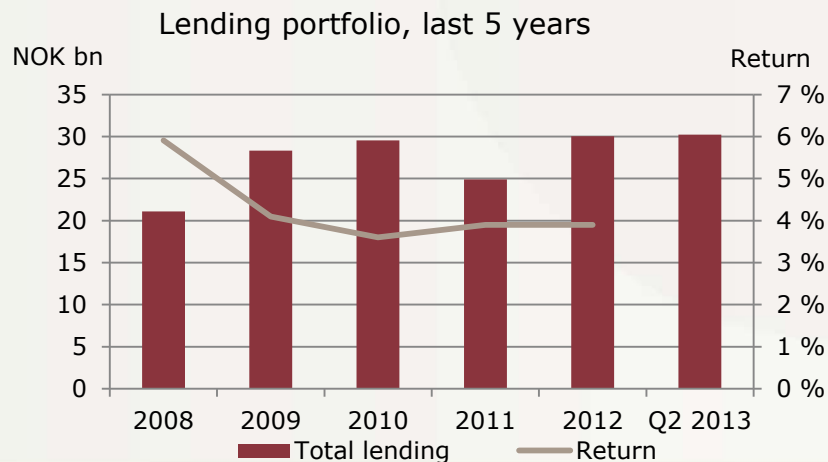
Deposits from
corporate clients more
than NOK 500 million

Lending portfolio

KLP common portfolio

	30.06.2013	30.06.2012	31.12.2012
Book value (NOK mill)	30 231	28 986	30 037
Of this: fixed rate loans (NOK mill)	12 772	11 232	12 523
Return year to date (in per cent)	1.8	1.9	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



KLP banking – main figures

NOK million	KLP Kreditt		KLP Kommunekreditt		KLP Banken	
	Q2 2013	2012	Q2 2013	2012	Q2 2013	2012
Net interest revenues	-1.5	2.4	48.4	70.1	7.8	13.9
Net fee and commission income	-	-	-	-	2.2	4.5
Management fees	-	-	-	-	29.5	79.1
Operational costs	-0.4	-1.9	-10.0	-28.1	-53.6	-106.9
Value adjustment financial instruments	0.1	0.7	3.6	50.3	50.0	40.8
Result before taxes	-1.7	1.1	34.8	92.2	35.9	31.4
Total assets	156	1 612	22 326	24 632	7 995	7 616

KLP Bank-group – main figures

NOK million	KLP Bank-group		
	Q2 2013	Q2 2012	2012
Net interest revenues	54.7	35.2	86.3
Net fee – and commissions income	2.2	2.3	4.5
Management fees	29.5	49.2	79.1
Operating cost	-64.0	-60.3	-137.7
Value changes financial instruments	46.5	7.6	51.1
Pre-tax earnings	68.9	34.1	83.4
Total assets	26 983	28 960	28 282

KLP – lending and deposits

<i>NOK billion</i>	Mortgage loans		Public sector loans		Deposits	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012
KLP Banken AS (parent)	3.6	1.5	-	-	3.9	2.9
KLP Kreditt AS	-	-	-	1.1	-	-
KLP Kommunekreditt AS	-	-	18.4	18.9	-	-
KLP (under management agreement)	7.6	9.0	22.5	20.9	-	-
Total	11.1	10.5	40.9	40.9	3.9	2.9

KLP Banken Q2

- Indemnity of NOK 50 million received after legal settlement.
- Home mortgage loans of NOK 966 million acquired from KLP, net growth maintained.
- Stable public sector lending portfolio give good return
- Deposits from corporate clients: 514 million



PM:
25 431
aktive
kunder

Asset management



Asset management

A close-up photograph of two hands shaking in a firm grip. The hand on the right is wearing a light blue shirt cuff. Three white circles are overlaid on the handshake, each containing text. The background is a neutral, light grey.

Result before
tax NOK 9 million
først half year
2013

Managing NOK
25 billion for
external clients

Net new
subscriptions
from external
clients NOK
2 billion

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 271 billion at the end of the quarter. The major share represent funds managed for Kommunal Landspensjonskasse and its subsidiaries
- NOK 25 billion managed on behalf of external investors and retail clients. There are about 27 000 holders of KLP funds
- Profit before tax per 30.06: NOK 9.3 million



Summing up



2013 – positive perspectives

- KLP is very comfortable with the remaining reserving for longer life, provided normal results through 2013 and onwards.
- A significant number of municipalities will evaluate pension provider, the alternatives being KLP or establishing proprietary pension fund.
- KLP will increasingly benchmark against municipal pension funds with regard to efficient operations and management.
- KLP is, and will remain, a stable and reliable provider of public sector pensions.



Contacts in KLP

Position	Name	Phone	E-mail
Executive Vice President & CFO	Aage E. Schaanning	+47 22 03 79 01/90 52 43 12	aes@klp.no
SVP Finance	Per Victor Nordan	+47 22 03 35 55/92 03 55 00	pvn@klp.no
Executive Vice President Communications	Ole Jacob Frich	+47 22 03 78 96/90 91 55 23	ojf@klp.no