

Oslo, 19th August 2015

Financial results first Half 2015

KLP Group



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Main features



KLP in growth

Historic growth:

- 15 new municipalities and 141 enterprises joined per 1 July 2015
- Inflows of 10.4 billion

First half-year shows continued growth

- Total group assets: NOK 526 billion

Common portfolio of life company

- Book return of 2.0 per cent
- Value adjusted return of 2.3 per cent

Corporatate portfolio returned 2.4 per cent

The company has in the second quarter issued EUR 600 million in new subordinated Tier 2 loan

Total solvency capital NOK 79.5 billion



KLP return on investment portfolios

<i>All figures in per cent</i>	Q2 2015	Q2 2014	Year 2014
Common portfolio			
Booked return	1.0	0.9	4.3
Value adjusted return	0.1	2.2	6.9
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	-0.9	2.7	9.5
Investment options portfolio	0.2	2.4	6.7
Corporate portfolio	1.0	2.7	7.3

KLP Group



KLP Group – results by segment

<i>NOK million</i>	YTD		Year 2014
	2015	2014	
Life insurance	1 266	621	801
Non-life insurance	20	137	304
Banking	17	29	29
Asset management	31	12	56
Other	1	1	1
Group result before tax	1 334	799	1 189

KLP Group – main figures - results

NOK million	YTD		Year 2014
	30.06.2015	30.06.2014	
Pension premiums and incoming transfers	26 261	38 046	63 611
- of which premium reserves transferred from another company	9 667	21 207	30 324
Allocated investment income	11 354	14 800	29 374
Minority share of return of financial instruments	-1 598	-1 767	-3 343
Claims f.o.a.	-8 086	-10 925	-18 643
Insurance provisions	-21 848	-30 716	-51 848
Operating cost	-694	-641	-1 167
Other income and cost	37	28	71
Technical result	5 436	8 824	18 056
To/from value adjustment fund life insurance	-1 393	-6 164	-9 130
To/from supplementary reserves life insurance	57	0	-3 415
Surplus allocated Life insurance clients	-2 756	-1 862	-4 322
Group result pre-tax	1 324	799	1 189
Tax	-360	-102	-324
Other profit/loss elements	57	104	-2
Group result pre-tax	1 031	800	863

KLP Group – assets

<i>NOK million</i>	30.06.2015	31.12.2014	Endring
Investment properties	45 486	44 467	1 019
Debt instruments held to maturity	38 296	30 620	7 676
Debt instruments classified as loans and receivables	88 446	86 974	1 472
Lending to municipalities, enterprises and individuals	74 098	67 010	7 087
Debt instruments at fair value over P/L	144 275	152 489	-8 214
Equity instruments at fair value over P/L	113 068	101 123	11 944
Financial derivatives	1 123	1 785	-662
Share in associated companies	326	248	78
Assets in defined contribution life insurance	1 015	842	173
Deferred tax assets	0	88	-88
Immaterial assets	492	448	44
Other assets	19 420	4 800	14 620
Total assets	526 044	490 894	35 149

KLP Group – own funds and liabilities

<i>Millioner kroner</i>	30.06.2015	31.12.2014	Change
Own funds	18 414	17 644	770
Hybrid capital and subordinated loans	9 754	4 676	5 079
Debt to financial institutions	5 509	5 220	289
Covered bonds issued	17 642	18 468	-826
Debt to and deposits from clients	7 305	6 251	1 054
Insurance reserves	412 315	383 309	29 006
Minority interests classified as liabilities	41 396	36 968	4 428
Other liabilities	13 707	18 359	-4 651
Total own funds and debt	526 044	490 894	35 149

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 2 700 million
To clients**

**Carried through
transfer of 15 new
clients in first
quarter, with more
than NOK 10.1 billion
inflow per 30.06**

Life division

- The extraordinary migration 2013-2015 Completed:
 - 87 new municipalities
 - 370 new businesses
- Focus on operational efficiency and lower costs without this being at the expense of customer service.
- Furthermore improve our own pension funds solution for relevant customers.
- High level of activity in KLP Bedriftspensjon results in volume growth and increase of new clients.



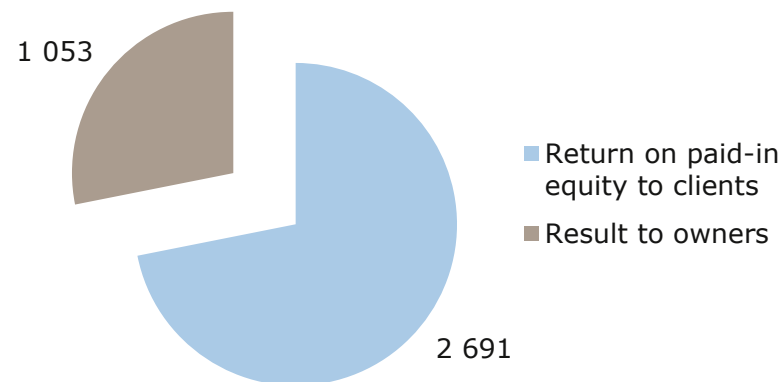
KLP – presentation of accounts

NOK million	YTD		Year
	30.06.2015	30.06.2014	2014
Pension premiums and incoming transfers	25 548	37 414	62 454
Net revenues from investments in Common portfolio	8 954	11 849	23 511
Claims paid and outgoing transfers	-7 574	-10 597	-17 996
Changes in valuation reserves	-23 070	-36 593	-64 160
Allocations to insurance contracts	-2 691	-1 513	-3 368
Insurance related operating costs	-441	-395	-752
Other insurance related costs	15	21	58
Technical result	741	185	-253
Net income from investments in the corporate portfolio	556	761	1 446
Other income and cost	-135	-107	-233
Non-technical result	420	653	1 212
Result before tax	1 161	839	959
Tax	-108	0	35
Result before other components	1 053	839	994
Comprehensive income	0	-38	-143
Total result	1 053	800	852

KLP – appropriation of results

Nok million	Customers	Company	YTD	
			2015	2014
Interest result	2 596	11	2 607	1 220
Risk result	144	150	294	78
Premium interest rate guarantee		398	398	279
Administration result		132	132	123
Non-technical result		420	420	653
Return on paid-in equity to clients	-50	50	-	-
Tax		-108	-108	-38
Total	2 691	1 053	3 743	2 314

- Good return on common portfolio
- Good contribution from corporate portfolio
- Stipulated return of more than NOK 2.7 bn to clients



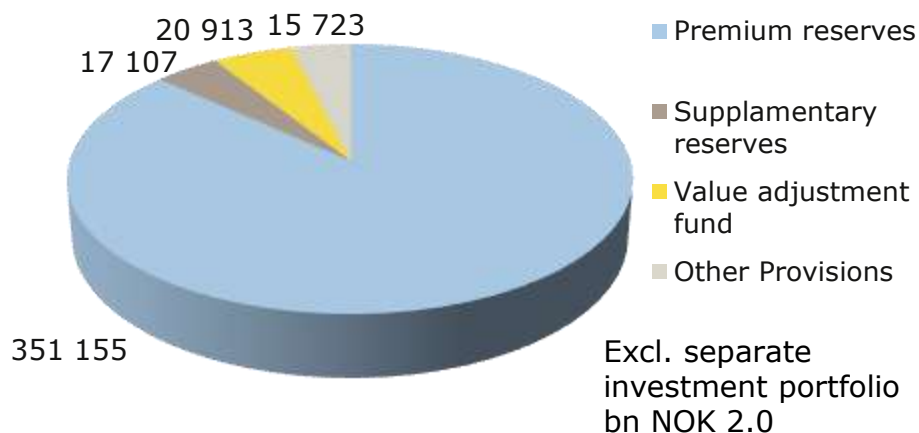
KLP – assets

<i>NOK million</i>	30.06.2015	31.12.2014	Change YTD 2015
Total assets in corporate portfolio	34 683	25 090	9 593
Total assets in common portfolio	409 164	387 982	21 182
Assets in investment options portfolio	2 056	1 958	98
Total assets	445 903	415 030	30 874

KLP – own funds and liabilities

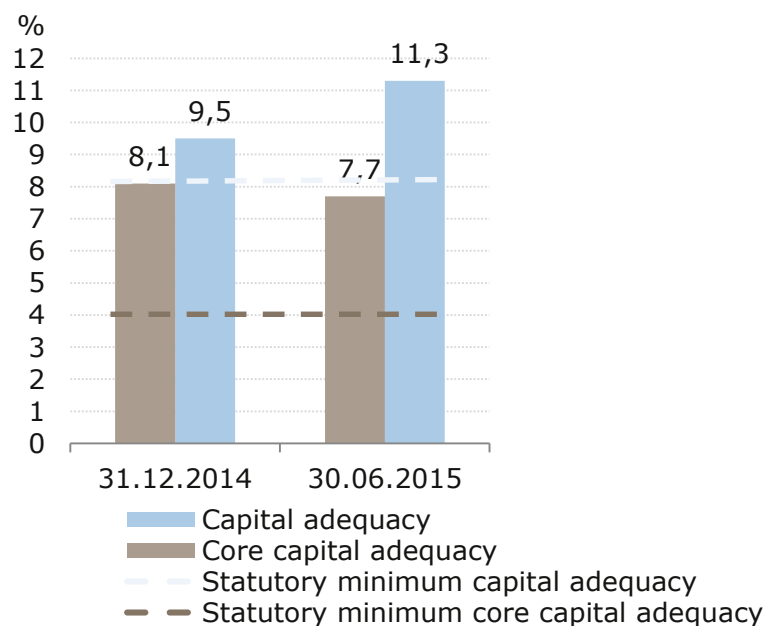
<i>NOK million</i>	30.06.2015	31.12.2014	Change YTD 2015
Paid-in equity	9 215	9 173	42
Retained earnings	9 042	8 281	761
Hybrid capital and subordinated debt	9 754	4 676	5 079
Insurance liabilities	406 927	378 602	28 325
Other liabilities	10 964	14 298	-3 334
Total: own funds, provisions and debt	445 903	415 030	30 874

Insurance liabilities per 30.06.2015 – NOK bn



KLP – capital adequacy

Per cent	30.06.2015	31.12.2014
Capital adequacy	11.3	9.5
Core capital adequacy	7.7	8.1
Statutory minimum capital adequacy	8.0	8.0
Statutory minimum core capital adequacy	4.0	4.0

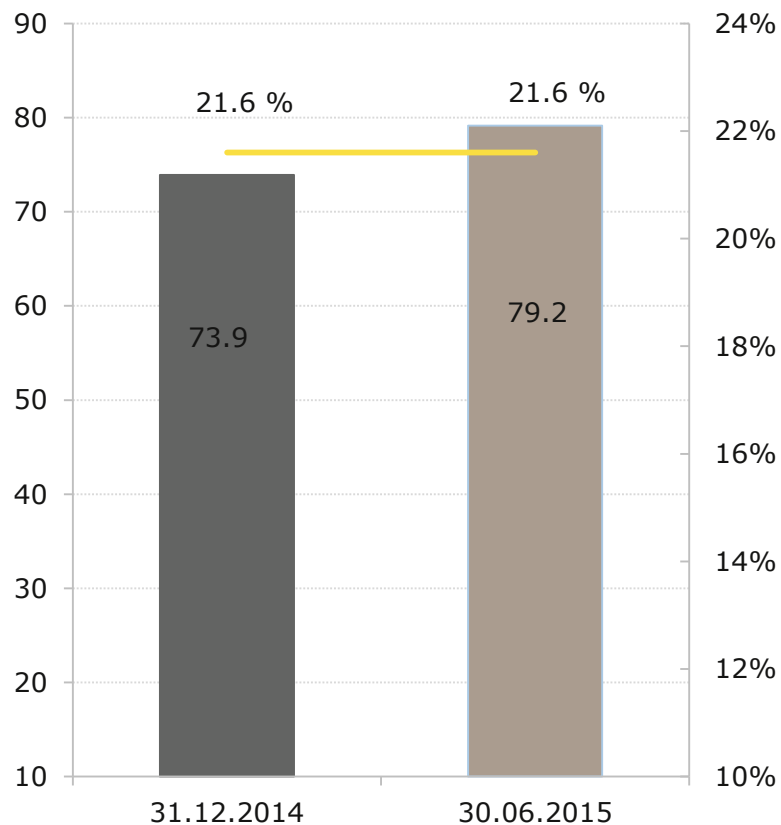


KLP – buffer capital

<i>NOK million</i>	30.06.2015	31.12.2014
Valuation reserve	20 913	19 522
Supplementary reserve	17 198	17 103
Core capital margin	7 382	3 210
Income to date	3 452	
Regulatory buffer capital	48 945	39 835
Valuation reserve booked at amortised costs	11 724	16 789

KLP – financial solidity

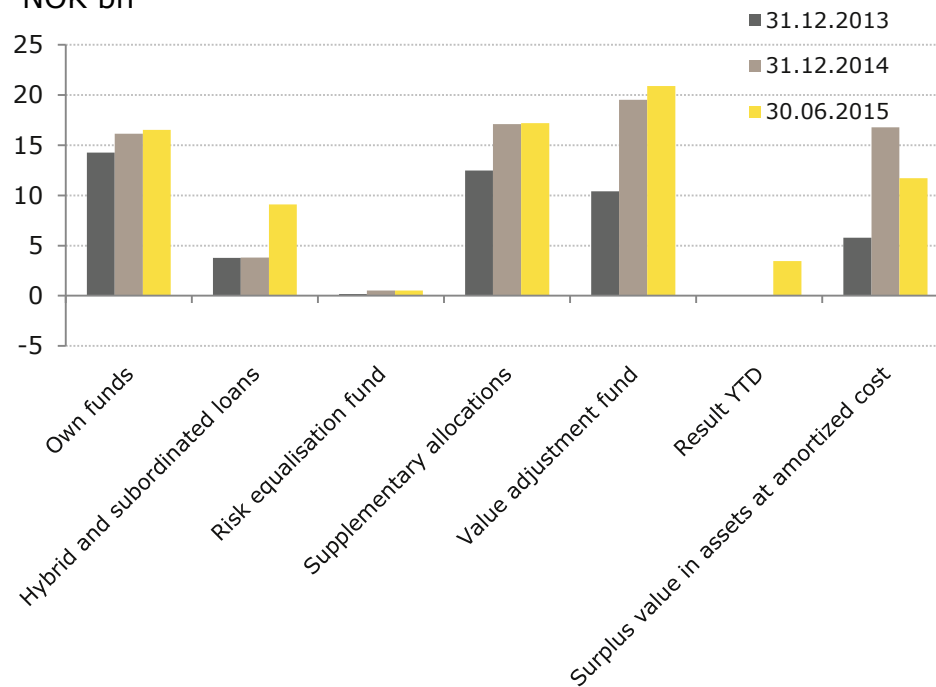
NOK bn



■ Total solvency capital

■ As percentage of liabilities with interest guarantee

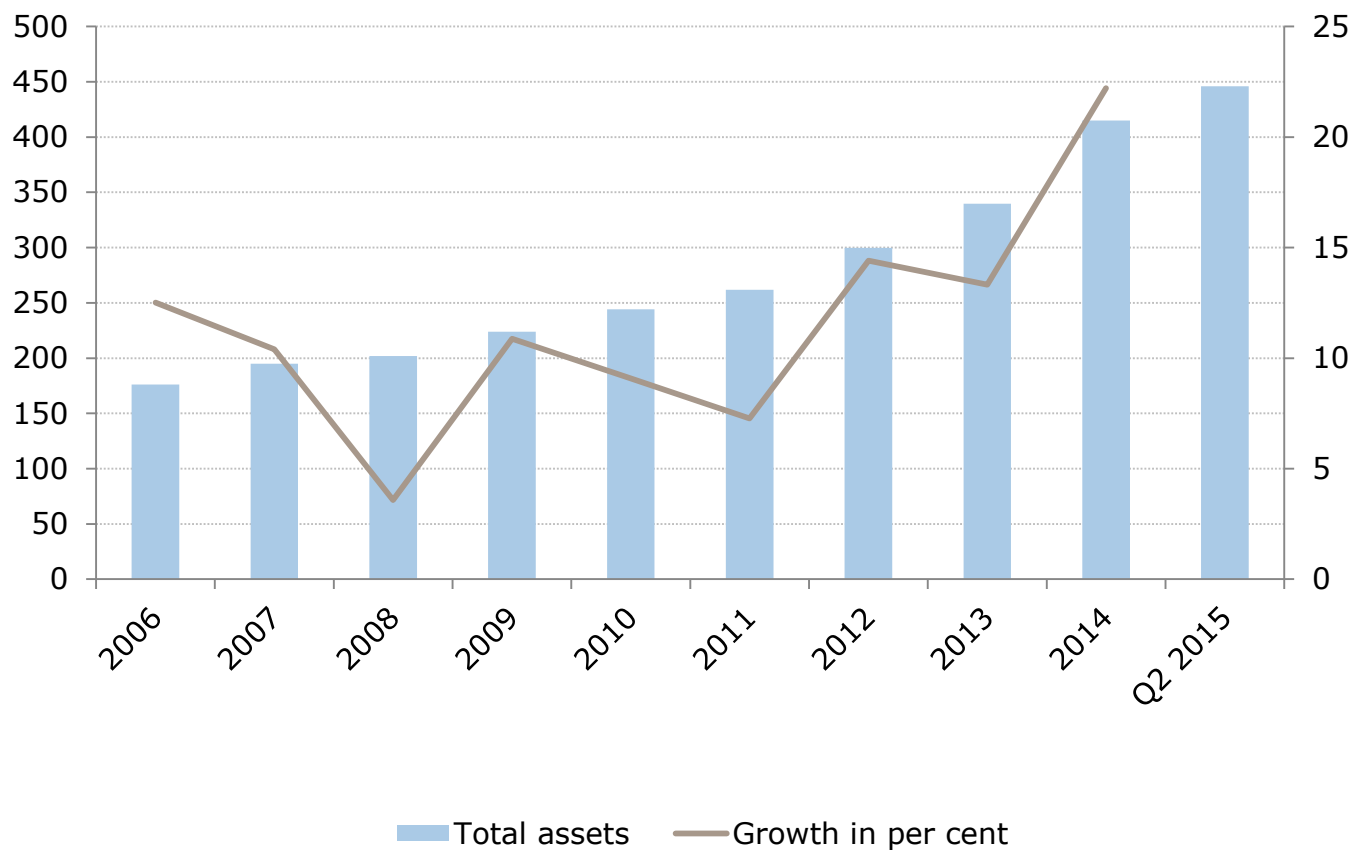
NOK bn



KLP – growth in assets

NOK bn

Per cent

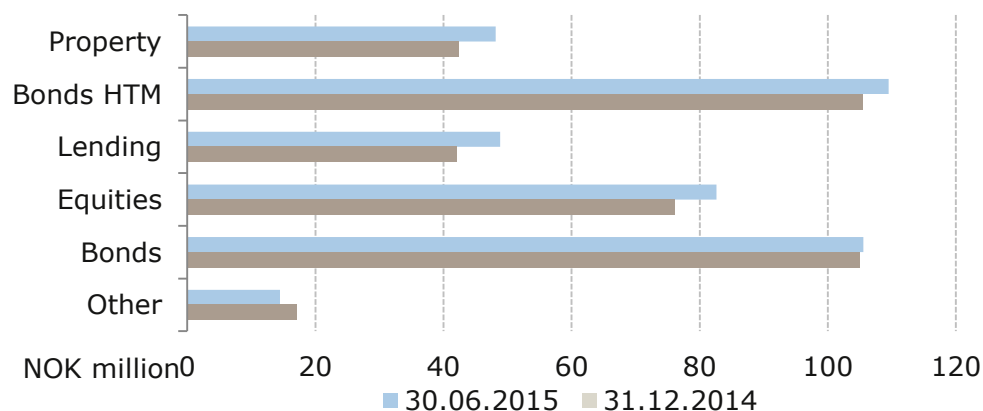


KLP common portfolio – allocation and return

	Share *)	Return	Return
<i>Per cent</i>	30.06.2015	30.06.2015	2014
Equities*	21.5	4.7	13.0
Bonds	21.1	0.0	8.4
Bonds held-to-maturity	27.4	2.2	4.7
Lending	12.2	1.4	3.2
Property	10.9	5.2	6.9
Other financial assets	6.9	0.7	2.4

*) Measured by exposure

Balance 30.06.2015 Assets in the common portfolio

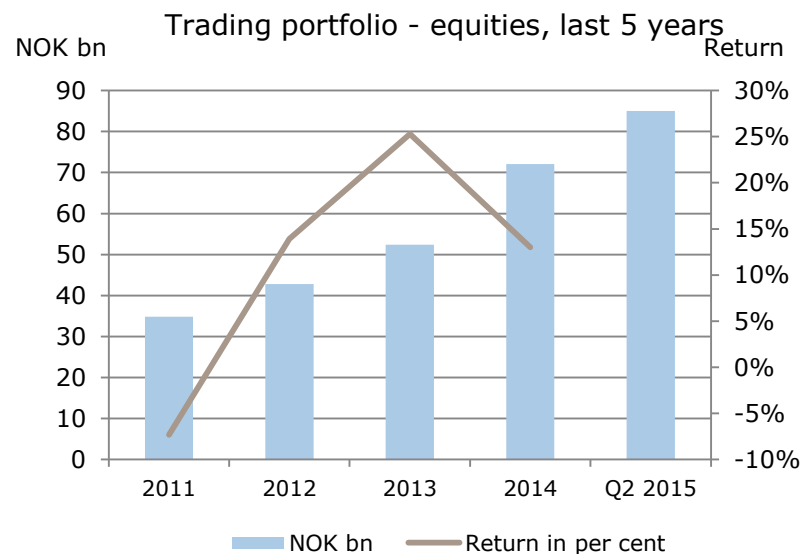


Trading portfolios equities

KLP common portfolio

Trading portfolio equities*	30.06.2015	30.06.2014	31.12.2014
Value equities (NOK mill)	85 045	66 021	72 087
Return equity portfolio	4.7 %	7.3 %	13.0 %
Share index-tracking equities	63.2 %	59.5 %	61.1 %

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

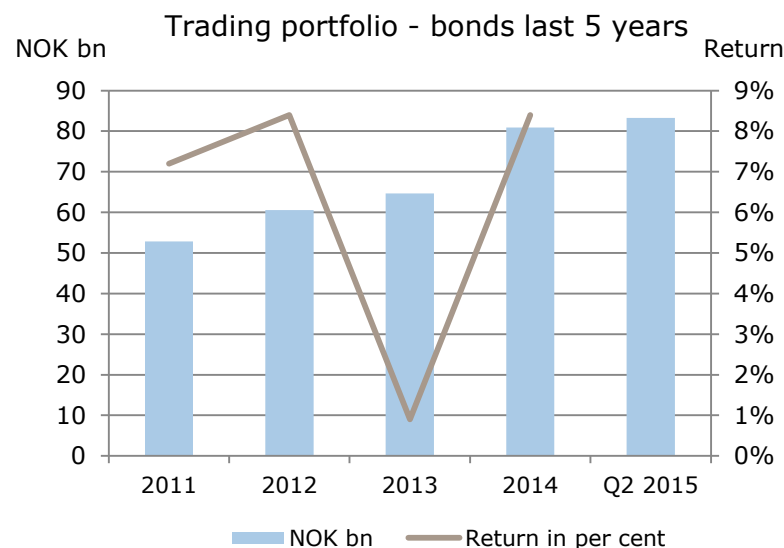


Trading portfolios – bonds

KLP common portfolio

Trading portfolios fixed-income *	30.06.2015	30.06.2014	31.12.2014
Value fixed income (NOK mill)	112 352	101 916	117 859
Return trading portfolios fixed income	0.19 %	3.6 %	6.5 %
Share index-tracking fixed-income	44.9 %	37.4 %	43.4 %

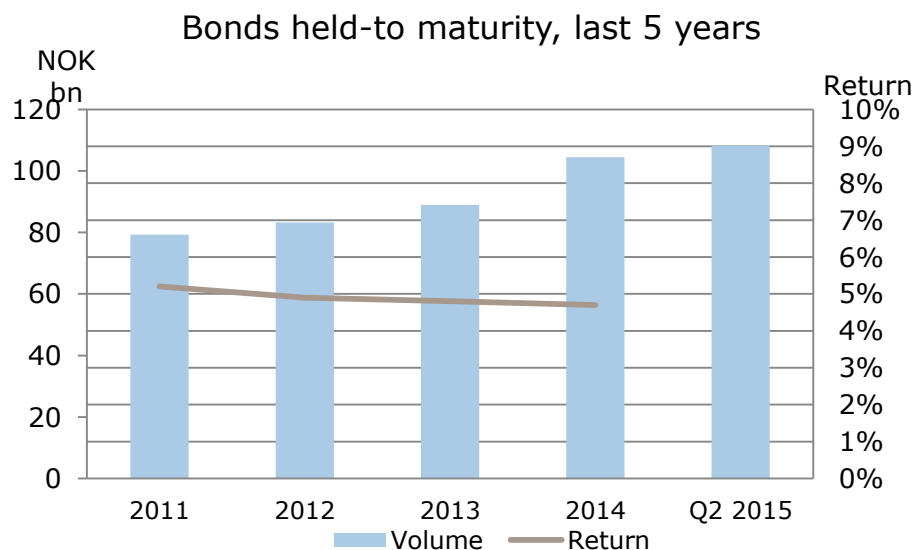
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Bonds booked at amortised costs

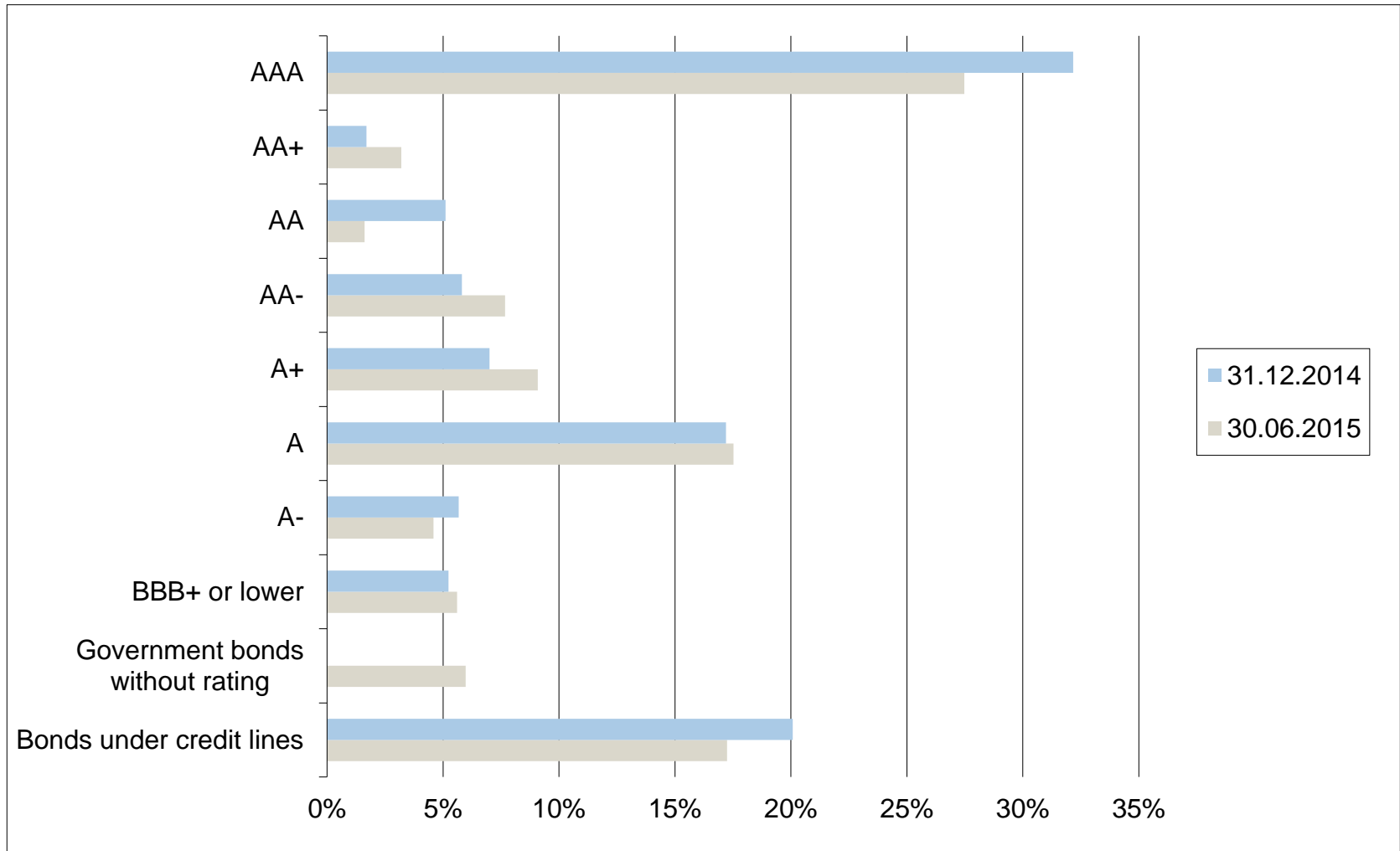
KLP common portfolio

	30.06.2015	30.06.2014	31.12.2014
Book value (NOK mill)	108 251	95 741	104 504
Valuation reserve (NOK mill)	10 374	8 366	14 590
Return (per cent)	2,2	2,3	4.7



Bonds booked at amortised costs

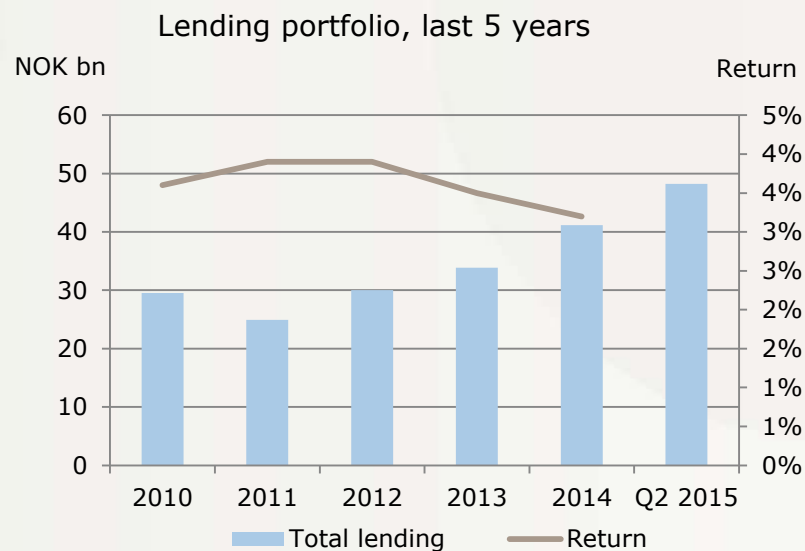
KLP common portfolio



Lending portfolio

KLP common portfolio

	30.06.2015	30.06.2014	31.12.2014
Book value (NOK mill)	48 259	37 784	41 136
Of this: fixed rate loans (NOK mill)	19 872	14 758	18 031
Return year to date (in per cent)	1.4	1.6	3.2
Specific and general credit loss provisions (NOK mill)	1.3	1.4	0.7

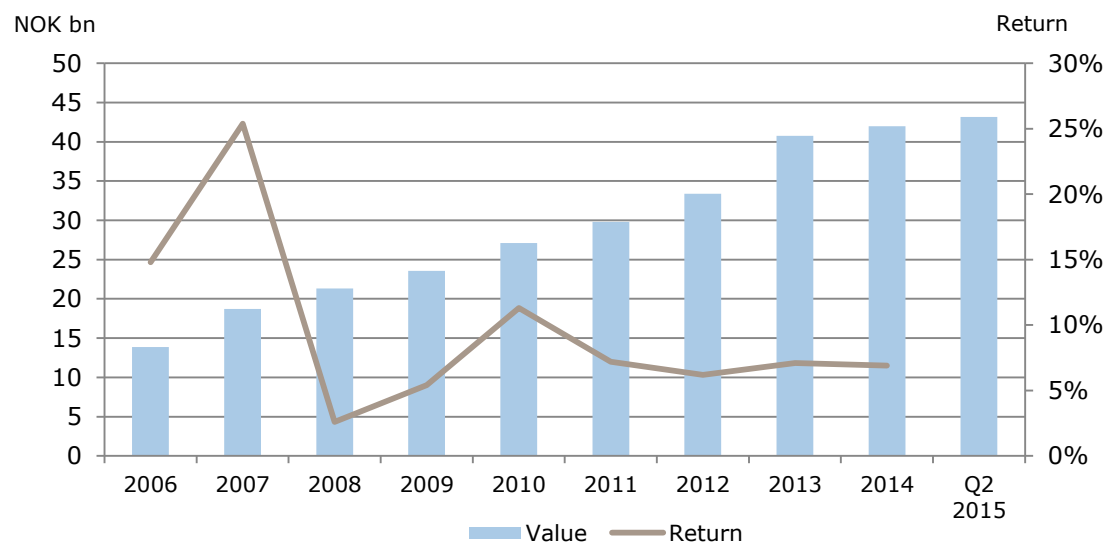


Property investments

Total portfolio

	30.06.2015	30.06.2014	31.12.2014
Book value (value-adjusted NOK mill)	46 699	41 483	45 652
Occupancy rate (per cent)	95.1 %	96.2 %	95.4 %
Average lease duration (year)	8.0	8.1	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.

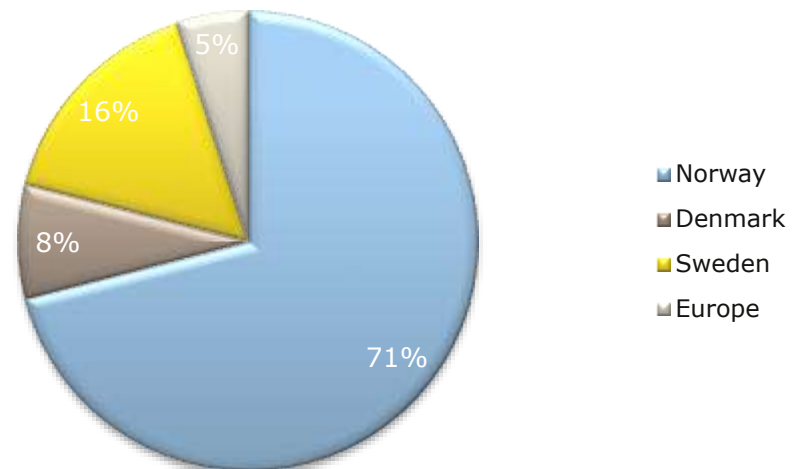
The price development for centrally located properties is stable, the portfolio written up by NOK 486 million (1.1 per cent), post currency hedging in Q2

New investments / sales in 2015:

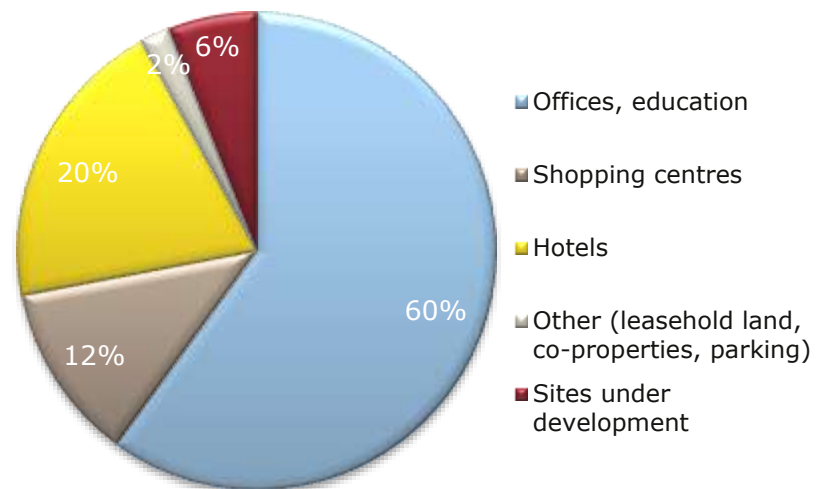
- Hovlandsbanen in Larvik
- Ulvenveien 75B in Oslo
- Sold Hotell Park Inn in Stavanger

Real-estate investments constitute 10.9 per cent of the common portfolio

Property value - by country



Property value - by sector



KLP's real-estate investments

Property value	YTD		Year
	2015	2014	2014
Fair value total portfolio*	45 867	41 179	44 610
Value adjustment in per cent	2.6 %	1.2 %	2.0 %
Fair value common portfolio (NOK mill)*	42 791	38 377	41 734
Value adjustment in per cent common portfolio	2.5 %	1.0 %	1.6 %

Return	YTD		Year
	2015	2014	2014
Total return*	5.2 %	3.7 %	7.2 %
Total return common portfolio**	5.2 %	3.5 %	6.8 %

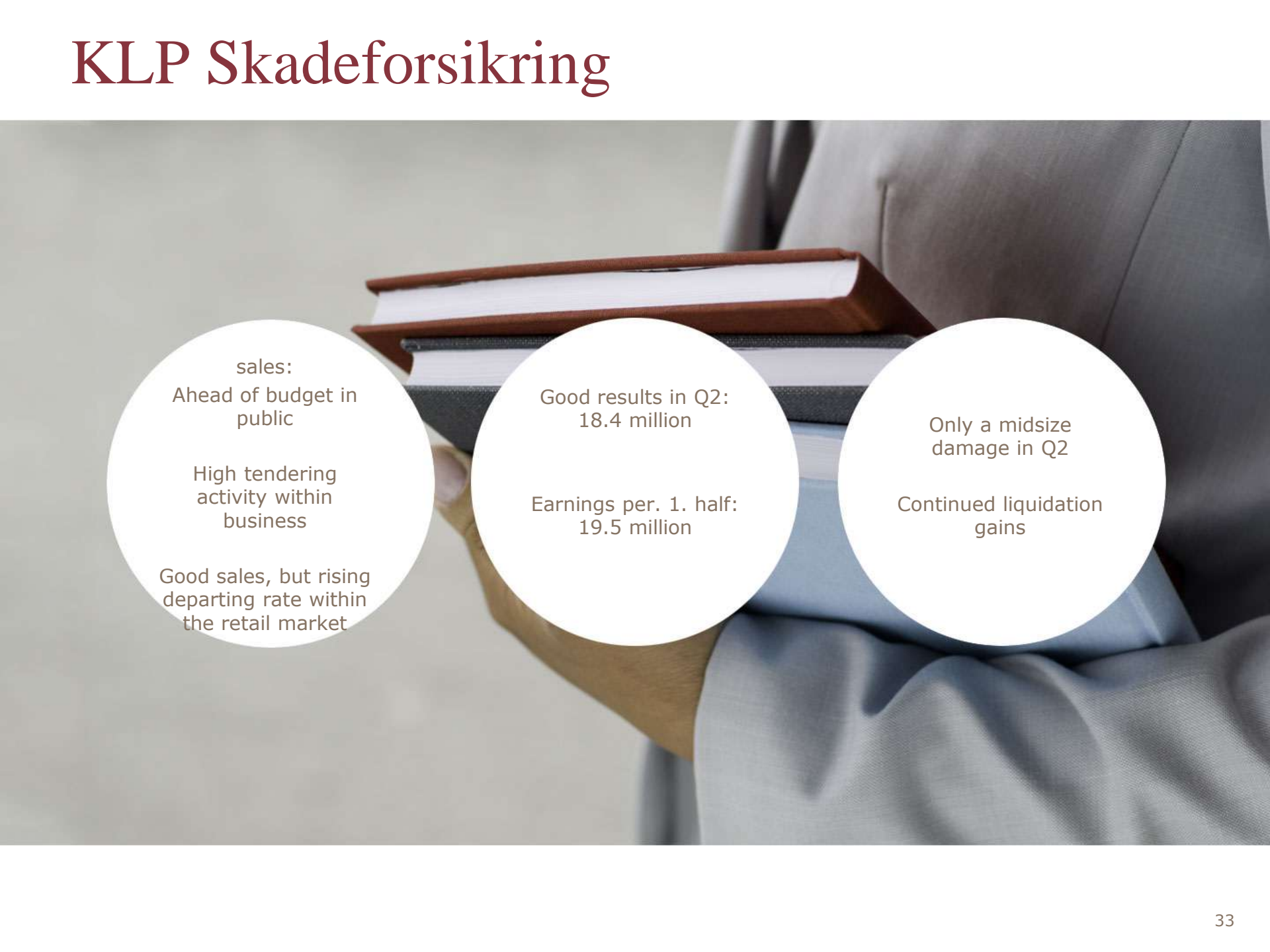
*Incl exchange-rate hedged and excl. property fund

**Incl exchange-rate hedged and property fund

Skadeforsikring (non-life insurance)



KLP Skadeforsikring



sales:
Ahead of budget in
public

High tendering
activity within
business

Good sales, but rising
departing rate within
the retail market

Good results in Q2:
18.4 million

Earnings per. 1. half:
19.5 million

Only a midsize
damage in Q2

Continued liquidation
gains

KLP Skadeforsikring 30.06.2015

- Operating result Q2 NOK 18.4 million
- Earnings first Half 19.5 million
- Only one major fire in Q2, estimated to 15.5 million
- Security provisions unchanged from 31.12.2014
- Weak financial result in Q2, however satisfactory financial return of 2.3 percent first Half
- Gains from previous years' reserves of 55.8 million
- Good sales in all market areas
- High and increasing membership share in the retail market
- Strong solvency maintained, even after significant damages in Q1



KLP Skadeforsikring – profit & loss

<i>NOK 1 000</i>	YTD 2015	YTD 2014
Premium written f.o.a.	503.4	410.0
Allocated investment income	11.6	22.9
Claims f.o.a.	-471.5	-294.4
Insurance related expenses	-102.5	-98.2
Other insurance related income	0.6	1.3
Changes in security reserves etc.	0	-5.7
Result from technical activities	-58.4	36.0
Result from investment activities	89.1	123.5
Allocated investment income	-11.6	-22.9
Other income	0.5	0.6
Result from ordinary operation	19.5	137.2
Estimated tax expense	-12.1	-33.7
other elements	0	-2.9
Provisions for equity fund	25.4	-16.2
Result after provisions for equity fund	32.8	84.3

KLP Skadeforsikring – main figures

Key figures, <i>per cent</i>	30.06.2015	30.06.2014
Claims ratio on own account	93.7	71.8
Cost ratio on own account	20.4	23.9
Combined Ratio for own account	114.0	95.7
Return on capital	2.3	3.5
Capital adequacy ratio	40.0	37.0
Revenues, <i>NOK mill</i>	30.06.2015	30.06.2014
Gross premium written	829	667
Premium income for own account	503	410
Claims paid for own account	-472	-294
Insurance related costs for own account	-103	-98
Results	20	137
Key figure balance sheet. <i>NOK mill</i>	30.06.2015	30.06.2014
Financial assets	3 979	3 774
Total assets	4 286	4 048
Equity	1 129	1 075
Provisions in insurance funds for own account	2 878	2 736

Bedriftspensjon



KLP Bedriftspensjon – main figures

NOK million	YTD		Year
	2015	2014	2014
Interest result	10.0	12.0	17.3
Risk result	3.1	3.2	5.2
Administration result	-13.5	-14.5	-30.7
Interest rate guarantee and profit element	3.6	2.5	5.1
Non-technical result	0.6	2.5	4.1
Other profit elements	-	-	-2.0
Total result	3.7	5.8	-1.0
Of which result to clients	10.5	15.1	23.7
Result to owner	-6.8	-9.3	-24.7

KLP Bedriftspensjon – return and solvency

<i>Per cent</i>	YTD		Year 2014
	2015	2014	
Common portfolio			
Book	2.4	2.7	4.6
Value adjusted	2.5	3.2	6.1
Investment options portfolio	2.5	6.1	8.8
Corporate portfolio	0.7	1.9	3.6

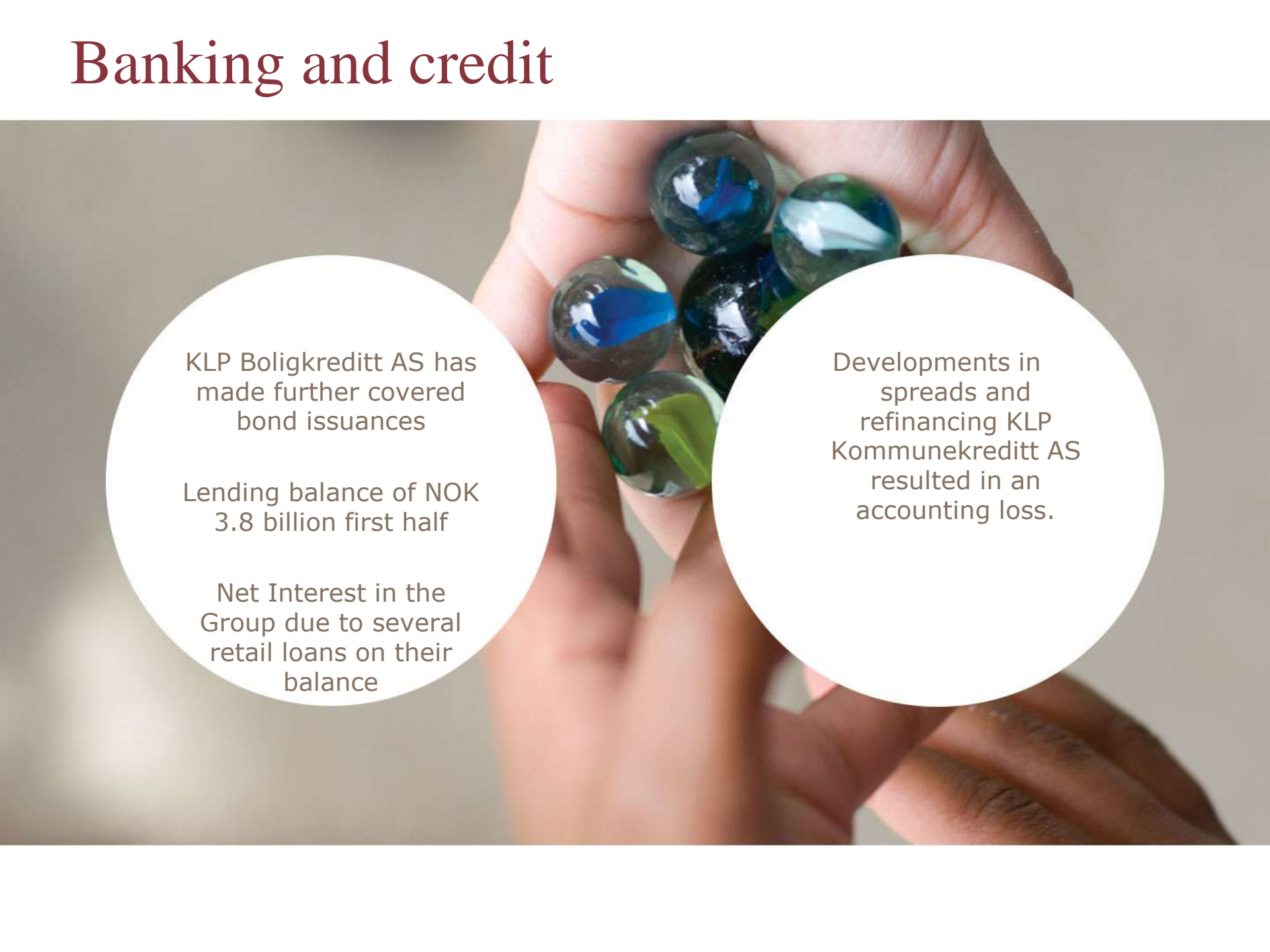
<i>Per cent</i>	30.06.2015	31.12.2014
Capital coverage	14.2	12.7
Solvency ratio	181	165
Buffer capital employment	144.5	372.0

<i>NOK million</i>	30.06.2015	31.12.2014
Value adjustment fund	57.7	55.5
Supplementary reserves	30,0	30.1
Solvency capital	258.0	265.4

Banking and credit



Banking and credit



KLP Boligkreditt AS has made further covered bond issuances

Lending balance of NOK 3.8 billion first half

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

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

KLP Banken 30.06.

- Growth in lending and unchanged deposits in retail market. The group added 200 million in equity after reporting date
- Maintained profitability on stable public sector loan portfolio, however accounting losses from financial investments and refinancing of loans reduced half year results
- Higher costs in the Group, however also increasing portfolio
- KLP Boligkreditt AS has issued new covered bonds and had a loan balance of 3.8 billion at 30. June



KLP Bank-group – main figures

<i>NOK million</i>	KLP Kreditt		KLP Kommunekreditt		KLP Banken	
	Q2 2015	2014	Q2 2015	2014	Q2 2015	2014
Net interest revenues	40.1	71.7	30.8	46.9	26.7	14.5
Net fee and commission income	-	-	6.0	10.0	-	-
Management fees	-	-	33.6	58.0	-	-
Operational costs	-10.8	19.9	-71.5	126.0	-15.6	-11.5
Value adjustment financial instruments	-14.1	-15.2	38.0	31.0	-1.2	-0.2
Result before taxes	15.3	36.5	37.0	20.0	9.9	2.8
Total assets	18 670	20 022	11 955	10 827	4 233	3 074

KLP Bank-group – main figures

NOK million	KLP Banken group		
	Q2 2015	Q2 2014	2014
Net interest revenues	97.6	92.4	133.0
Net fee – and commissions income	6.0	7.1	10.0
Management fees	33.6	43.5	58.0
Operating cost	-97.9	-106.8	-157.4
Value changes financial instruments	-15.7	-7.5	-15.0
Pre-tax earnings	23.7	28.7	28.7
Total assets	30 101	26 074	29 755

KLP Bank-group – lending and deposits

<i>NOK billion</i>	Mortgage loans		Public sector loans		Deposits	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014
KLP Banken AS (parent)	6,0	5.6	-	-	7,2	6.2
KLP Boligkreditt AS	4,0	3.0	-	-		
KLP Kommunekreditt AS	-	-	15,4	15.9	-	-
KLP (management agreement)	3,9	4.1	36,3	32.4	-	-
KLP (currency loans)	-	-	8,4	5.2	-	-
Total	13,9	12.6	60,0	53.5	7,2	6.2

Asset management



Asset management



Manages total
NOK 383 billion

Managing NOK
40 billion for
external clients

Net inflows
2.4 billion
first Half

Number of clients
in KLP's funds
have during one
year increased by
34% to 46,000

KLP Kapitalforvaltning

- KLP Kapitalforvaltning AS manages investments in securities on behalf of KLP Group and other customers
- Assets under management totals NOK 383 billion at the end of the quarter
- NOK 40 billion managed on behalf of external investors and retail clients. There are about 46 000 holders of KLP funds
- Profit before tax 30.06.2015: NOK 30.5 million



Summing up



2015 – solid basis for the future

Fully reserved for longevity. KLP has regained necessary flexibility 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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