

Financial results Q2 2018

KLP Group

Oslo, 16th August 2018



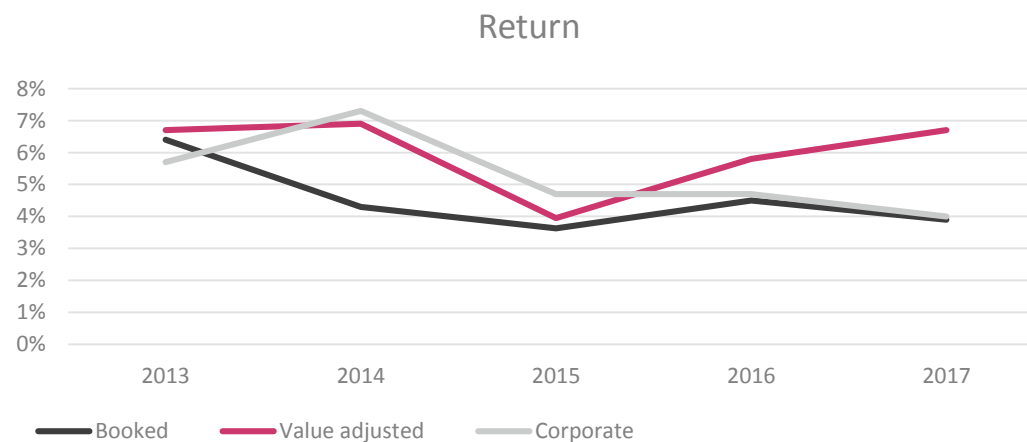
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Main features

- Total group assets: NOK 669 billion
- Common portfolio of life company:
 - Book return of 2.3 per cent
 - Value adjusted return of 1.3 per cent
- Corporate portfolio returned 2.3 per cent
- Solvency ratio KLP: 253 per cent

	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Common portfolio				
Booked return	1.0 %	1.2 %	0.9 %	1.5 %
Value adjusted return	1.7 %	-0.4 %	2.1 %	1.5 %
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	1.8 %	-1.0 %	2.0 %	1.6 %
Investment options portfolio	2.2 %	-0.9 %	2.3 %	1.8 %
Corporate portfolio	0.7 %	1.6 %	0.9 %	0.8 %



KLP Group – results by segment

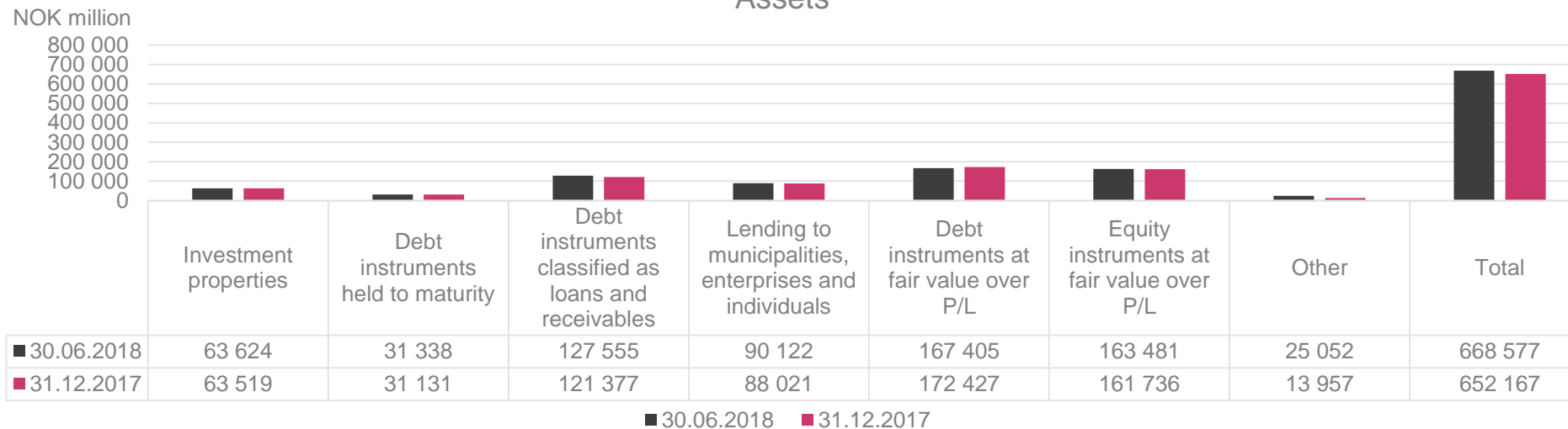
NOK million	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Life insurance	566	873	-354	758
Non-life insurance	49	-13	12	38
Banking	19	24	22	34
Asset management	1	-2	-4	24
Other	0	-1	-1	0
Group result before tax	635	880	-325	854

KLP Group – main figures - results

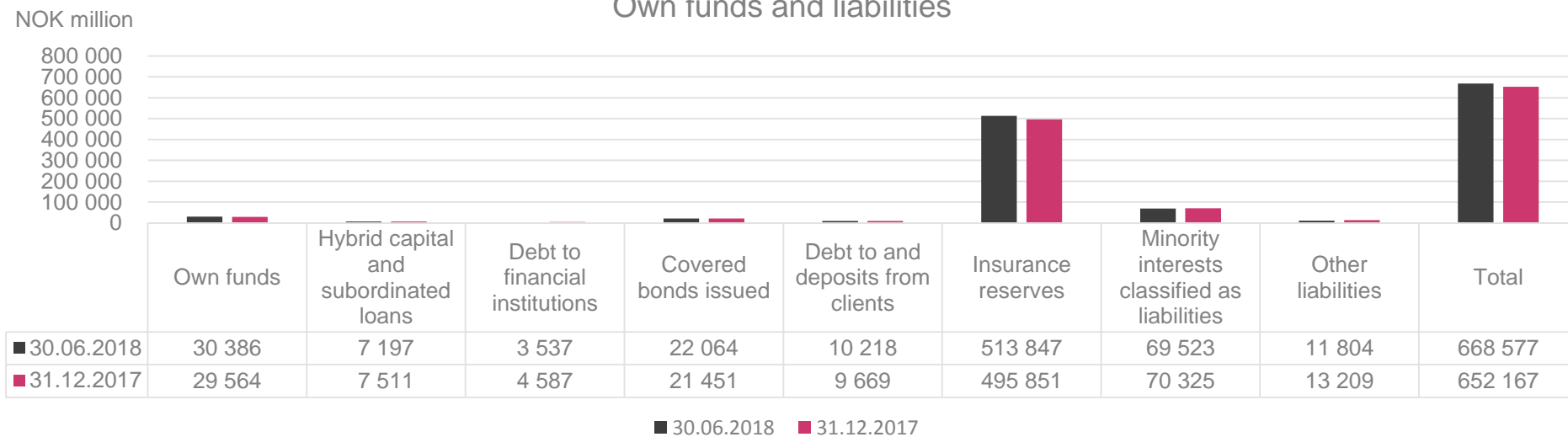
NOK million	30.06.2018	31.12.2017
Pension premiums and incoming transfers	23 019	34 590
- of which premium reserves transferred from another company	223	841
Allocated investment income	9 026	41 430
Minority share of return of financial instruments	-123	-8 648
Claims f.o.a.	-10 057	-18 665
Insurance provisions	-16 765	-24 425
Interest expenses and value adjustments subordinated loans and subordinated bonds	-42	-527
Operating cost	-965	-1 673
Other income and cost	21	48
Technical result	4 197	22 130
To/from value adjustment fund life insurance	3 853	-13 904
To/from supplementary reserves life insurance	21	-1 188
Surplus allocated Life insurance clients	-6 555	-4 564
Group result pre-tax	1 516	2 474
Tax	-728	-1 143
Other profit/loss elements	47	61
Group result	834	1 393

KLP Group - Balance

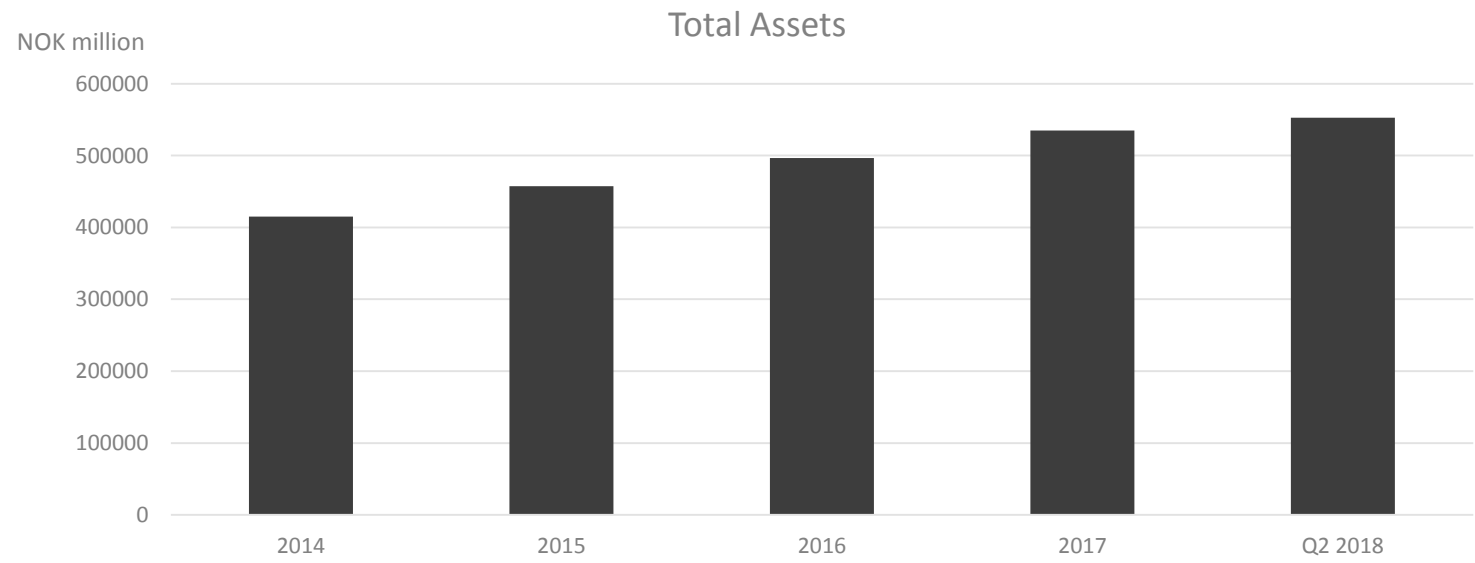
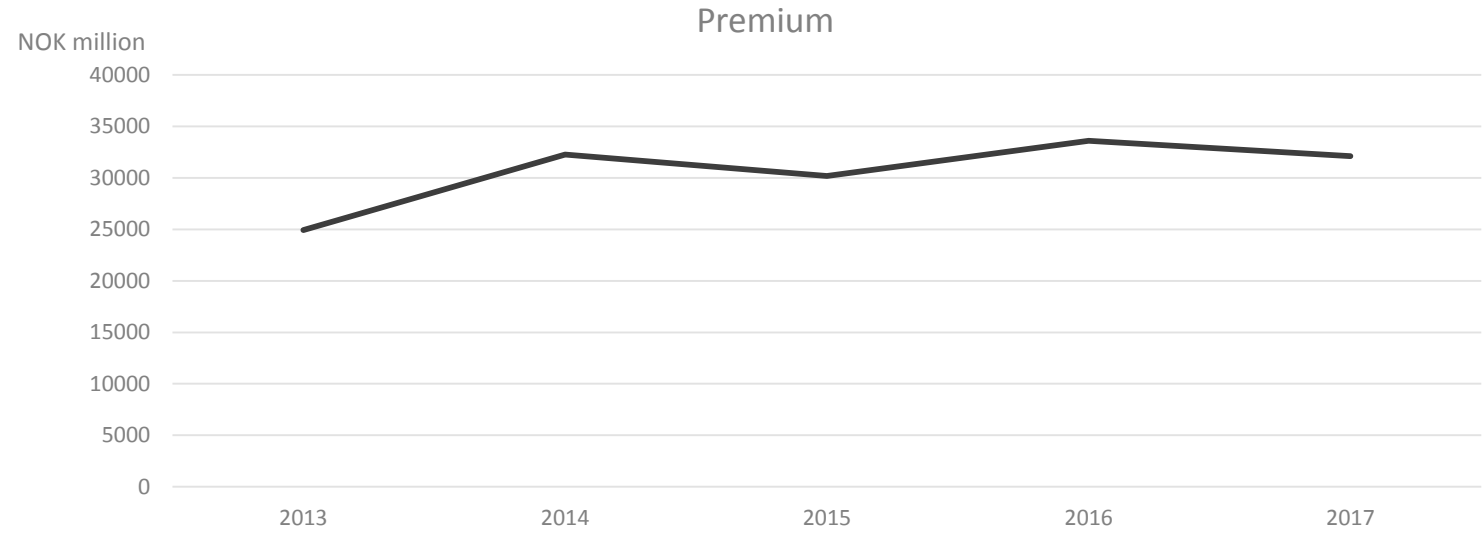
Assets



Own funds and liabilities

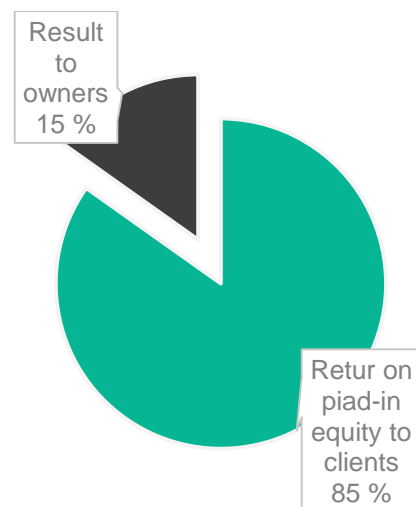


KLP Life

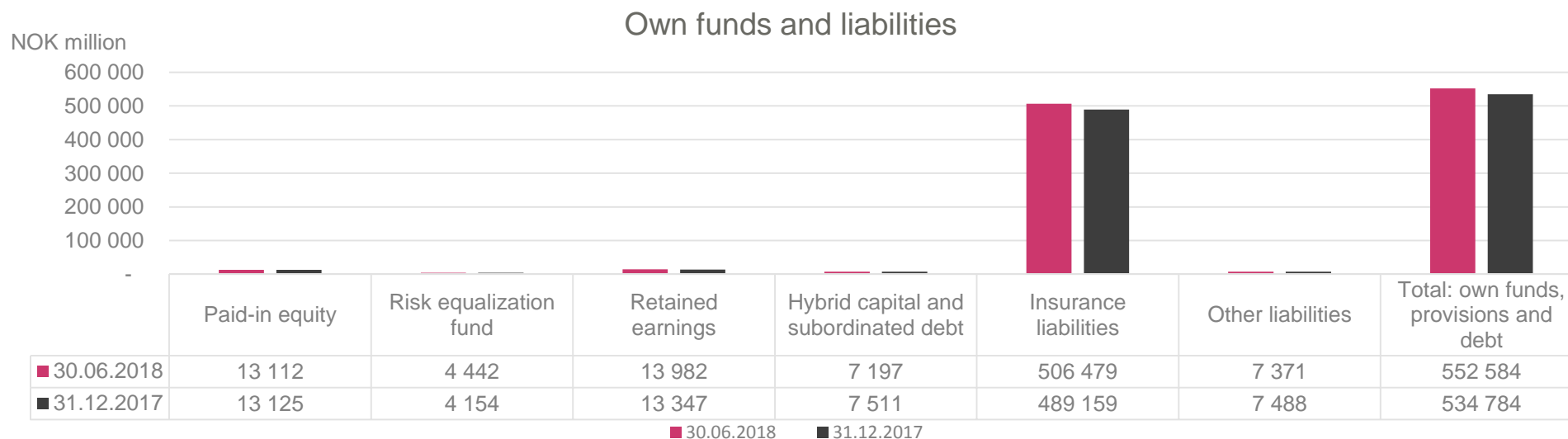
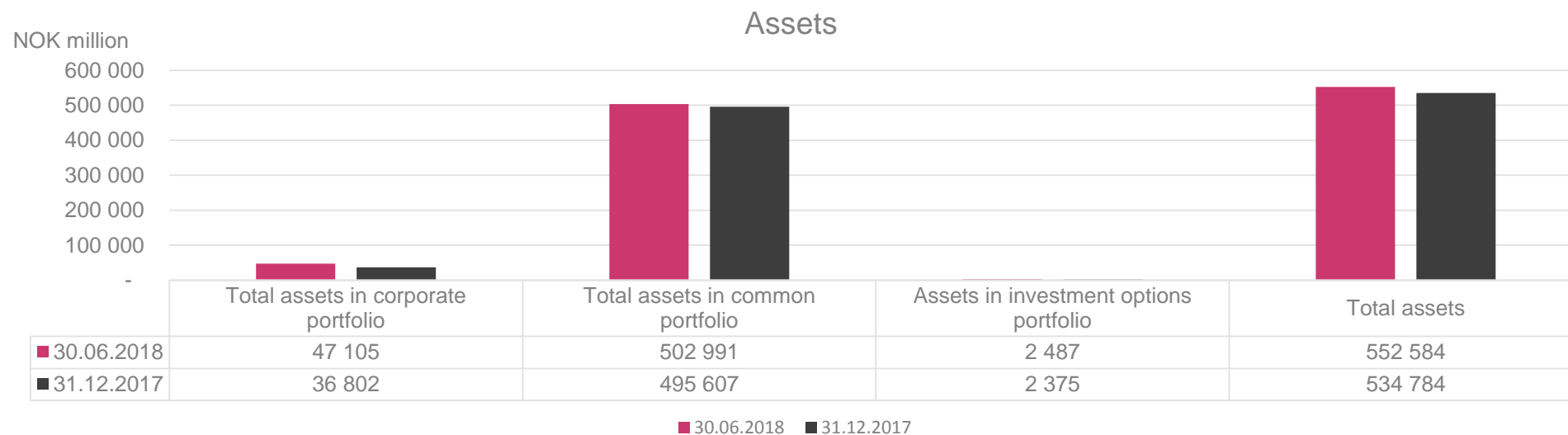


KLP – Appropriation of results

Nok million	Result Customers	Result Company	30.06.2018	31.12.2017
Interest result	4 955	91	5 046	6 769
Risk result	196	196	393	897
Premium interest rate guarantee		374	374	711
Administration result		22	22	141
Net income corporate portfolio		604	604	887
Tax		-365	-365	-496
Other result elements				-322
Total	5 151	922	6 073	8 588



KLP Life - Balance



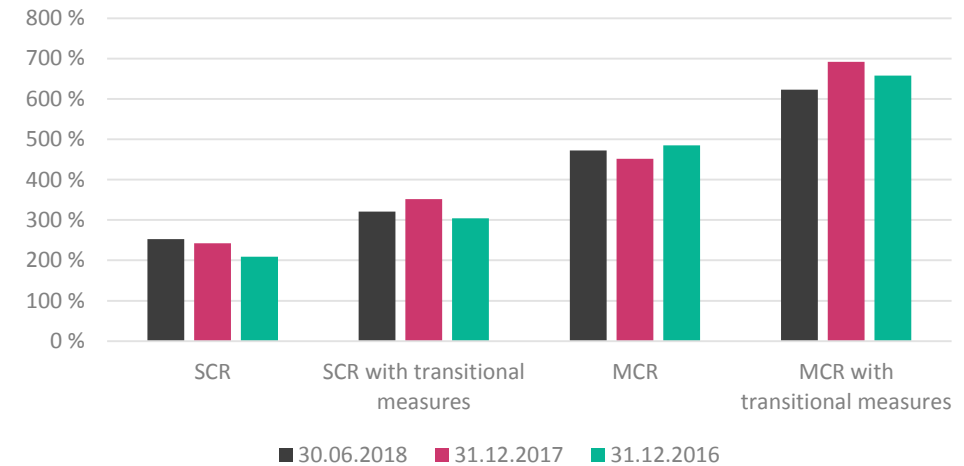
KLP Life - Solvency

- Solvency ratio Q2: 253* per cent
- Minimum solvency ratio Q2: 472* per cent

**without transitional measures*

	30.06.2018	31.03.2018	31.12.2017	30.09.2017
Solvency ratio (SCR)	253 %	255 %	242 %	223 %
Kapitaldekning (SCR) with transitional measures	321 %	319 %	352 %	322 %
Minimum solvency ratio (MCR)	472 %	476 %	452 %	431 %
Minimum solvency ratio (MCR) with transitional measures	623 %	618 %	692 %	624 %

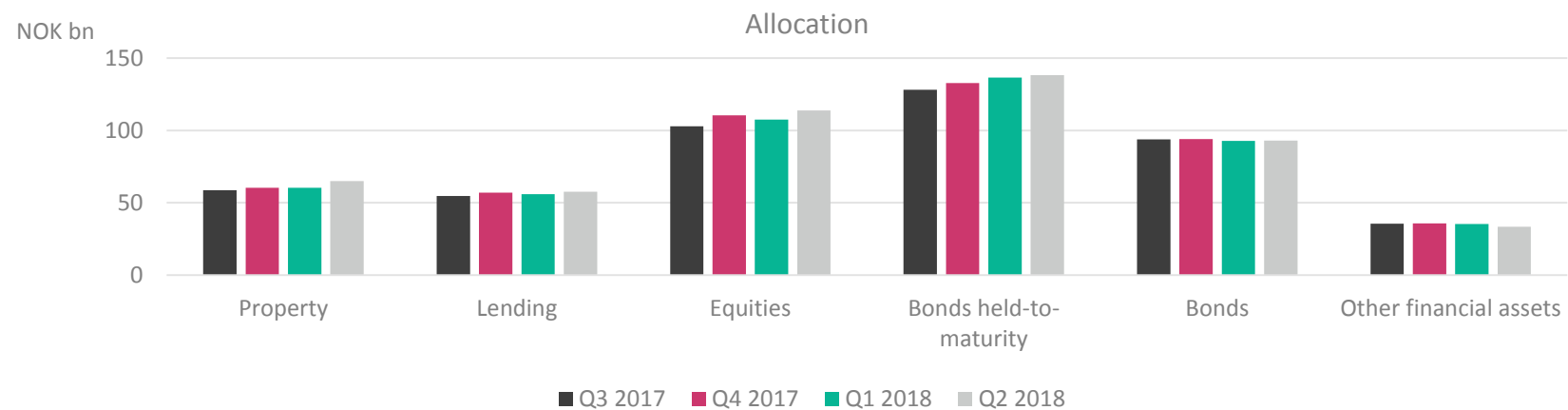
Solvency Ratio



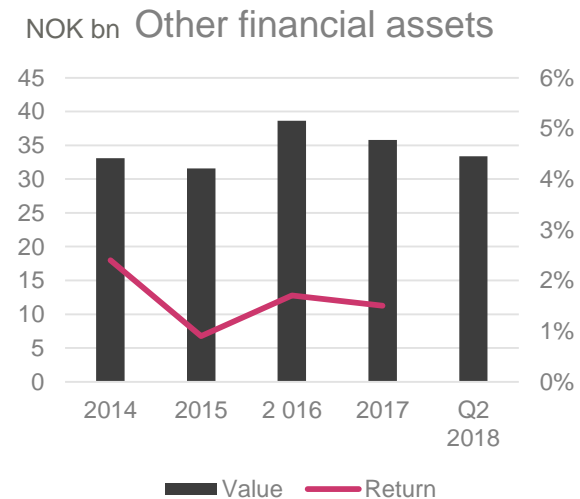
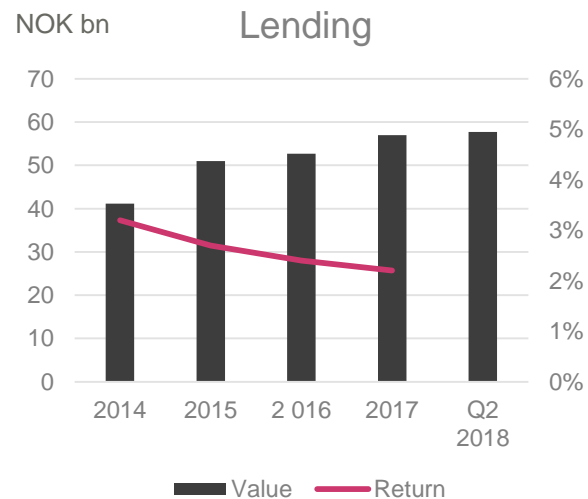
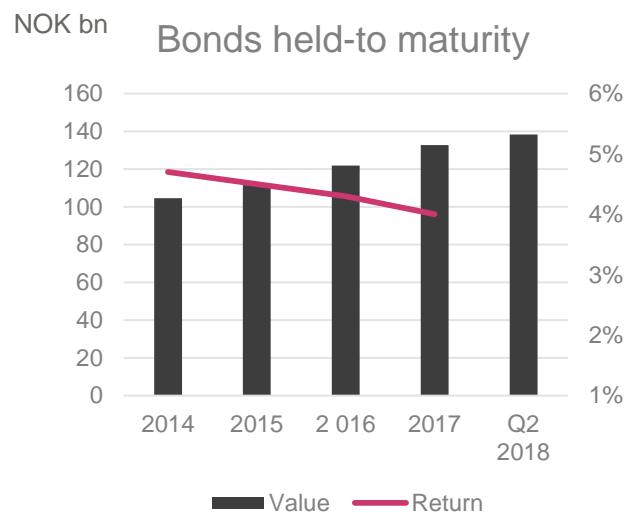
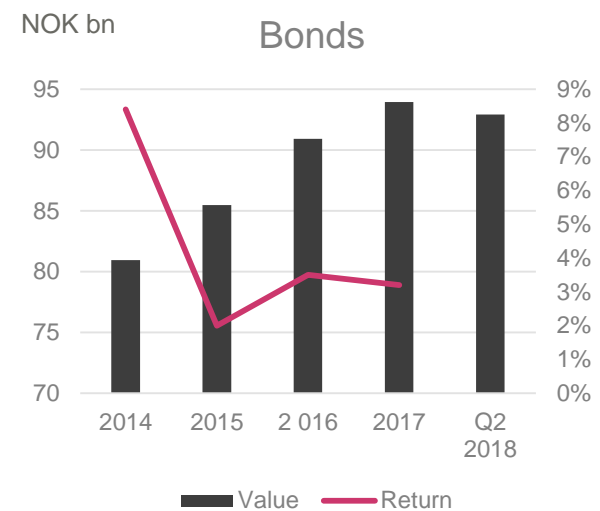
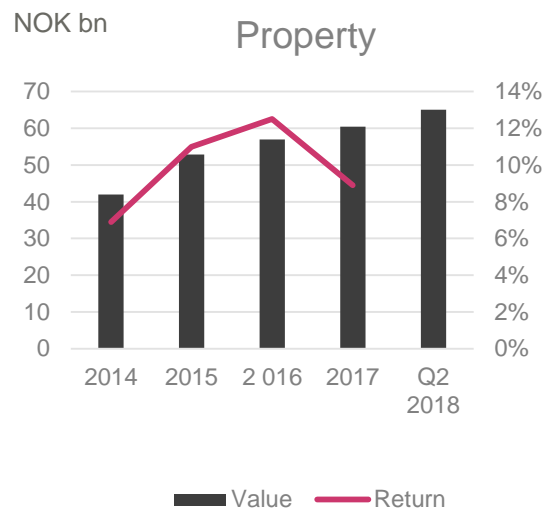
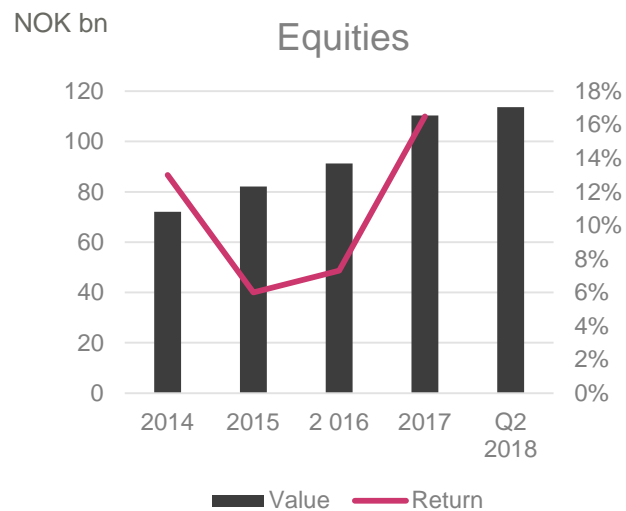
KLP Life - Common Portfolio

	Share*	Return	Share*	Return
	30.06.2018	30.06.2018	31.12.2017	31.12.2017
Equities	22.7 %	1.1 %	22.5 %	16.5 %
Bonds	18.5 %	-1,2 %	19.2 %	3.2 %
Bonds held-to-maturity	27.6 %	1.8 %	27.1 %	4.0 %
Lending	11.5 %	1.1 %	11.6 %	2.2 %
Property	13.0 %	4.3 %	12.3 %	8.9 %
Other financial assets	6.7 %	0.7 %	7.3 %	1.5 %

*) Measured by exposure



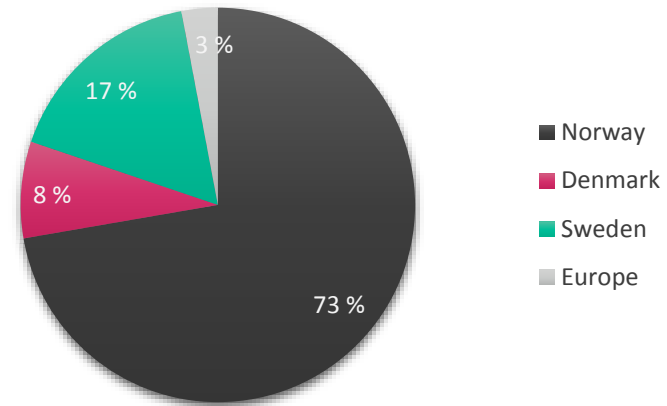
KLP Life - Allocation



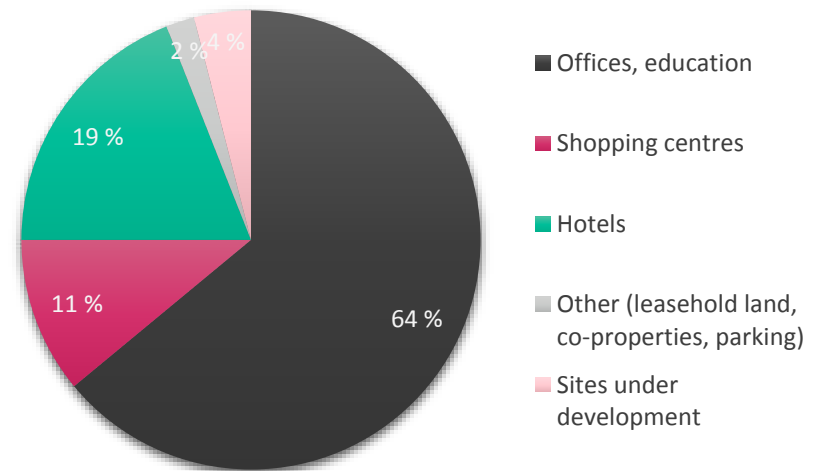
KLP Life - Property

- The portfolio written up by NOK 1 395 million (-0.1 %) in first half
- New investments / sales in 2018
 - Sold a few smaller plots
 - Sold Bergerveien 12 I Asker

Property value - by country



Property value - by sector



KLP Life – Property

NOK million	30.06.2018	31.03.2018	31.12.2017	30.09.2017
Fair value total portfolio*	62 788	61 910	62 155	60 330
Fair value common portfolio*	59 193	58 365	58 476	56 720

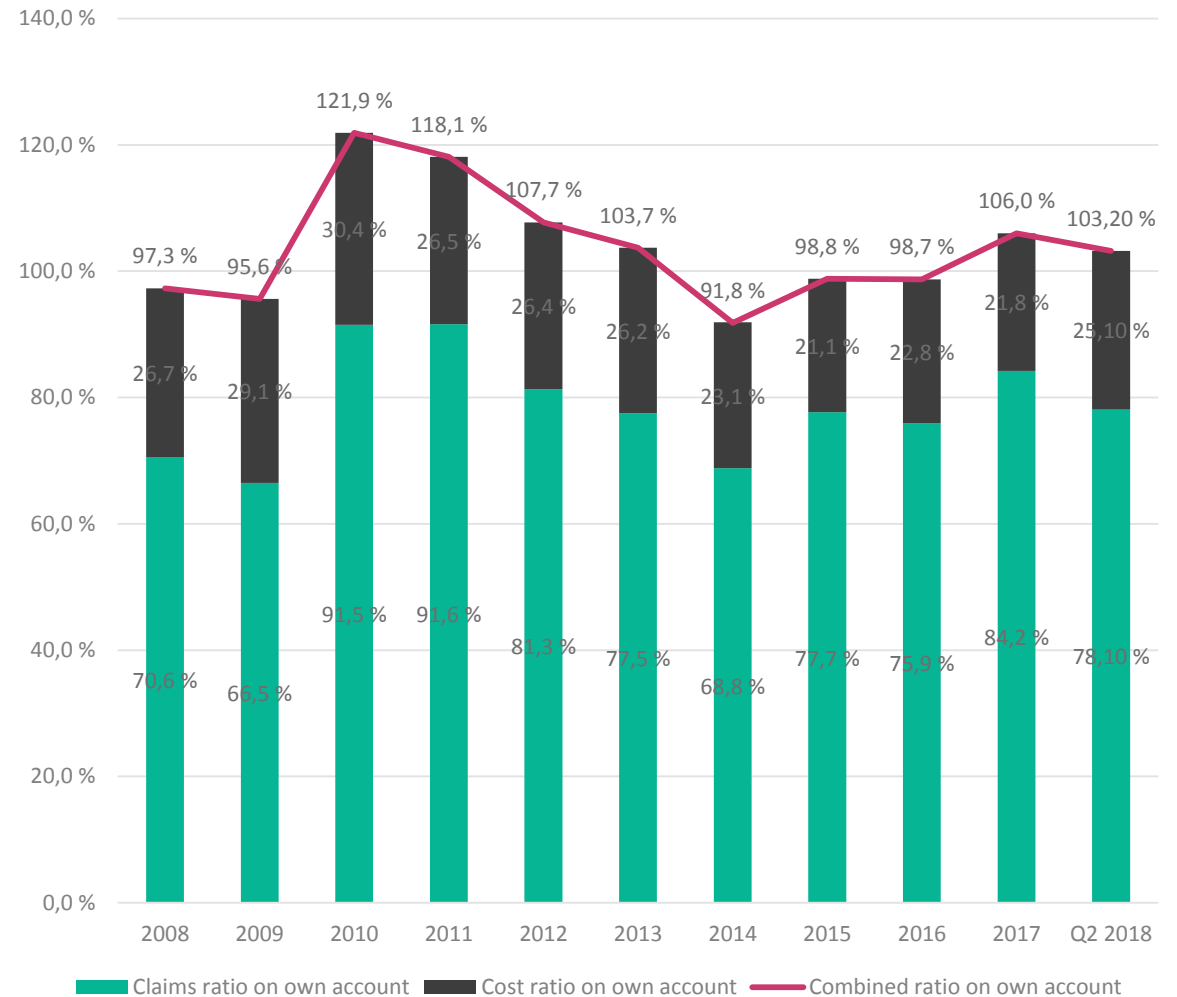
*Incl exchange-rate hedged and excl. property fund

	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Value adjustment in per cent	2.3 %	-0.1 %	2.5 %	0.2 %
Value adjustment in per cent common portfolio	2.3 %	-0.1 %	2.5 %	0.2 %
Total return common portfolio**	3.3 %	1.0 %	3.6 %	1.5 %

**Incl exchange-rate hedged and property fund

KLP Skadeforsikring (non-life insurance)

- Surplus of NOK 36 million
- Two large injuries estimated to NOK 24 million and NOK 21 million
- Some industries have unsatisfactory high claims rates
 - Motor, Public
 - Property Public
 - Group life
- Revenue recognition of previous years reserves of NOK 69 million, 3.7 per cent of reserves at the beginning of the year
- Financial income of NOK 63 million
- Solvency ratio: 240 per cent



KLP Skadeforsikring (non-life insurance)

NOK million	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Premium written f.o.a.	314.2	306.7	332.1	330.8
Claims f.o.a.	-248.4	-236.7	-314.3	-288.7
Insurance related expenses	-80.4	-75.3	-84.5	-58.8
Other insurance related income	0.2	0.8	0.8	0.6
Result from technical activities	-14.4	-4.5	-66.1	-16.2
Result from investment activities	63.1	-8.1	77.5	53.9
Other income	0.1	0.1	0.1	0.1
Result from ordinary operation	49.0	-12.5	11.5	37.7
Estimated tax expense	-9.7	8.5	11.3	-7.8
Other elements	0	0	4.1	-7.6
Provisions for equity fund	-10.0	-21.4	26.0	-6.7
Result after provisions for equity fund	29.2	-25.4	52.9	15.7

KLP Skadeforsikring (non-life insurance)

Revenues, NOK million	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Gross premium written	314	307	332	331
Premium income for own account	-248	-237	-314	-289
Claims paid for own account	-80	-75	-85	-59
Insurance related costs for own account	63	-8	78	54
Results	49	-13	12	38

Key figure balance sheet, NOK million	30.06.2018	31.03.2018	31.12.2017	30.09.2017
Financial assets	4 425	4 448	4 143	4 275
Total assets	4 822	4 869	4 594	4 651
Equity	1 807	1 768	1 772	1 829
Provisions in insurance funds for own account	2 505	2 551	2 246	2 334

KLP Bedriftspensjon – main figures

NOK million	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Interest result	19.9	11.5	61.7	11.6
Risk result	-2.5	0.3	2.5	-0.7
Administration result	-21.8	-11.2	-10.8	-8.0
Interest rate guarantee and profit element	3.9	1.7	1.5	1.4
Non-technical result	2.6	0.1	2.6	2.9
Other profit elements	0	0	0.6	-1.3
Total result	2.2	2.4	58.1	5.9
Of which result to clients	18.8	10.9	59.9	11.9
Result to owner	-16.7	-8.5	-1.8	-6.0

KLP Bedriftspensjon – return and solvency

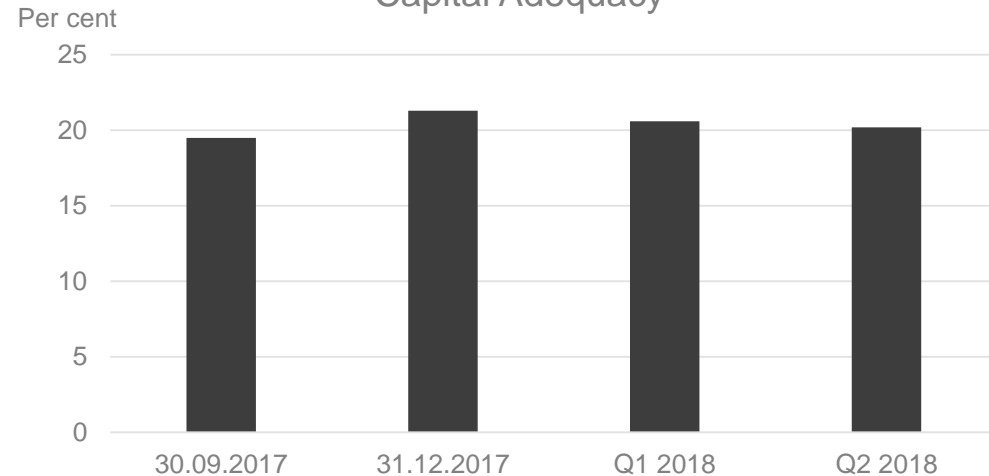
	30.06.2018	31.03.2018	31.12.2017	30.09.2017
Common portfolio				
Book	2.55 %	1.35 %	8.3 %	3.3 %
Value adjusted	1.41 %	0.36 %	5.6 %	3.7 %
Investment options portfolio	1.13 %	-2.55 %	11.9 %	8.3 %
Corporate portfolio	0.50 %	0.03 %	2.3 %	1.8 %
	30.06.2018	31.03.2018	31.12.2017	30.09.2017
Solvency ratio (scr)	128 %	126 %	107 %	147 %
Kapitaldekning (scr) with transitional measures	290 %	298 %	299 %	317 %
Minimum solvency ratio (mcr)	285 %	292 %	264 %	344 %
Minimum solvency ratio (mcr) with transitional measures	669 %	714 %	774 %	827 %
NOK million	30.06.2018	31.03.2018	31.12.2017	30.09.2017
Value adjustment fund	12.9	14.8	30.0	75.7
Supplementary reserves	105.0	106.3	106.3	46.5
Solvency capital	665.8	674.4	721.3	708.7

KLP Bank-group – main figures

- Retail market: 59 200 clients, net increase of 4 600 first half.
- The Group's capital adequacy ratio is 20.2%, which is well above the ICAAP of 17.6%. In addition, there is an internal requirement of 0.5% buffer over ICAAP.

NOK million	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Net interest revenues	58.0	64.6	67.7	65.4
Net fee – and commissions income	4.6	3.8	3.2	2.8
Management fees	14.5	14.5	14.3	14.3
Operating cost	-56.3	-58.1	-59.5	-45.4
Value changes financial instruments	-1.6	-1.1	-4.3	-3.3
Pre-tax earnings	19.2	23.7	21.4	33.8
Total assets	35 817	35 404	34 981	34 855

Capital Adequacy



KLP Bank-group – main figures

KLP Kommunekreditt, NOK million	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Net interest revenues	14.4	18.8	20.8	21.8
Operating cost	-3.9	-4.5	-4.4	-3.7
Value changes financial instruments	-1.5	-4.1	-3.0	-3.4
Pre-tax earnings	9.0	10.2	13.4	14.7
Total assets	17 820	17 966	18 339	18 806
KLP Banken. NOK million	Q2 2018	Q1 2018	Q1 2018	Q3 2017
Net interest revenues	31.0	32.6	32.7	31.2
Net fee – and commissions income	4.6	3.8	3.2	2.8
Management fees	14.5	14.5	14.3	14.3
Operating cost	-41.4	-43.4	-45.6	-34.5
Value changes financial instruments	-0.3	2.0	-0.6	95.1
Pre-tax earnings	8.3	9.5	4.0	108.9
Total assets	13 545	13 285	13 285	12 858
KLP Boligkreditt. NOK million	Q2 2018	Q1 2018	Q1 2018	Q3 2017
Net interest revenues	12.6	13.1	14.1	12.3
Operating cost	-11.0	-10.1	-10.2	-7.2
Value changes financial instruments	0.3	0.9	0.0	0.0
Pre-tax earnings	2.0	4.0	3.9	5.1
Total assets	7 721	5 488	5 188	5 055

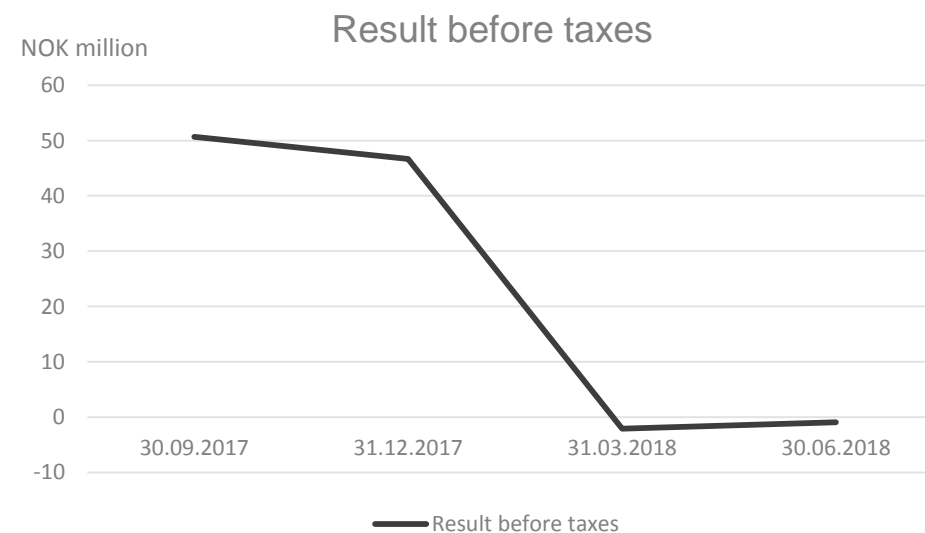
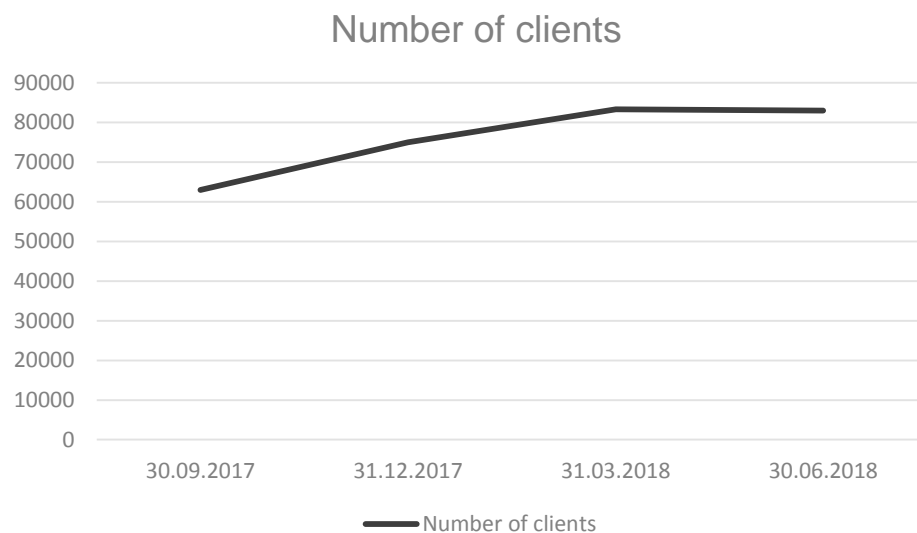
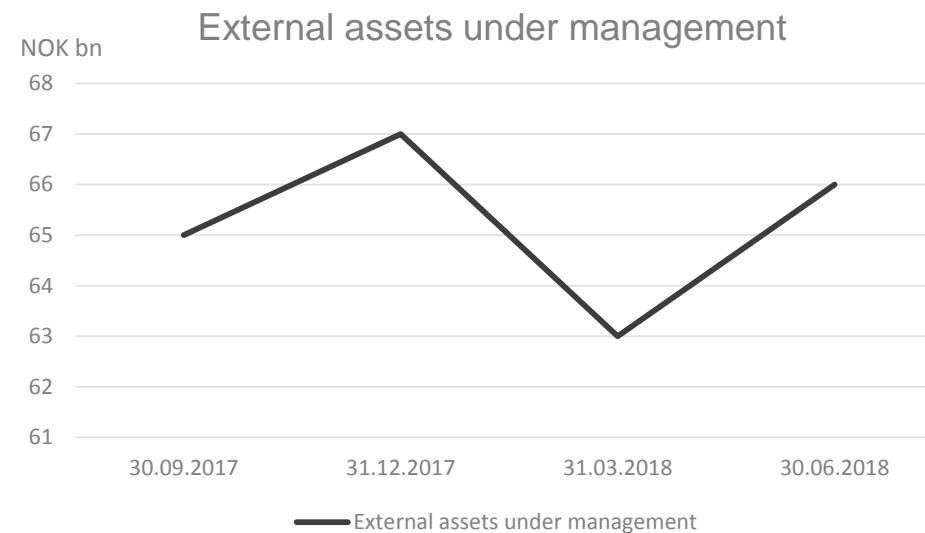
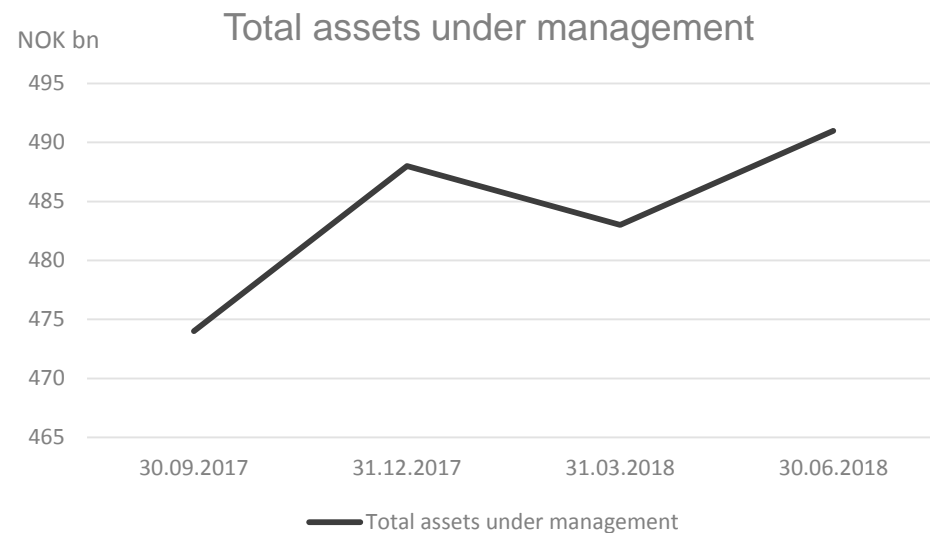
KLP Bank-group – lending and deposits

Mortgage loans, NOK billion	30.06.2018	31.03.2018	31.12.2017	30.09.2017
KLP Banken AS	8.1	9.7	9.3	9.4
KLP Boligkreditt AS	7.6	5.4	5.1	4.9
KLP (Management agreement)	3.1	3.2	3.3	3.3
Total	18.8	18.3	17.6	17.6

Public sector loans, NOK billion	30.06.2018	31.03.2018	31.12.2017	30.09.2017
KLP Kommunekreditt AS	16.1	15.9	16.1	16.1
KLP (Management agreement)	47.2	45.4	45.9	45.1
KLP (currency loans)	7.4	7.5	7.8	8.2
Total	70.8	68.9	69.8	69.4

Deposits, NOK billion	30.06.2018	31.03.2018	31.12.2017	30.09.2017
KLP Banken AS	10.2	9.7	9.7	9.4
Total	10.2	9.7	9.7	9.4

KLP Kapitalforvaltning (Asset management)



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