

Oslo, 2nd November 2012

# Financial results third quarter 2012 KLP Group

The KLP logo is located in the bottom left corner of the slide. It consists of the letters 'KLP' in a stylized, red, serif font. The background of the slide is a photograph of a coastal landscape with a body of water, several large rocks, and a grassy shore in the foreground. The sky is overcast and hazy.

# Table of contents

1. Main features
2. KLP Group
3. Life and pension
4. KLP solidity and capital issues
5. KLP Non-Life Insurance
6. Banking and credits
7. KLP Asset Management and KLP Fund Management
8. Summary



# Main features



# 2012 – Strong results per September 30th.

- The life company's common portfolio gave a:
  - Booked return of 3.2 per cent
  - Value adjusted return of 5.3 per centThe corporate portfolio gave a return of 4.0 per cent
- The groups operating result attained NOK 8.9 billion, total result to clients (including allocation to securities valuation fund) in excess of 8.0 billion
- Total assets of the Group NOK 324 billion
- Total solvency capital NOK 47,6 billion – 19,6 percent of insurance funds with interest rate guarantee



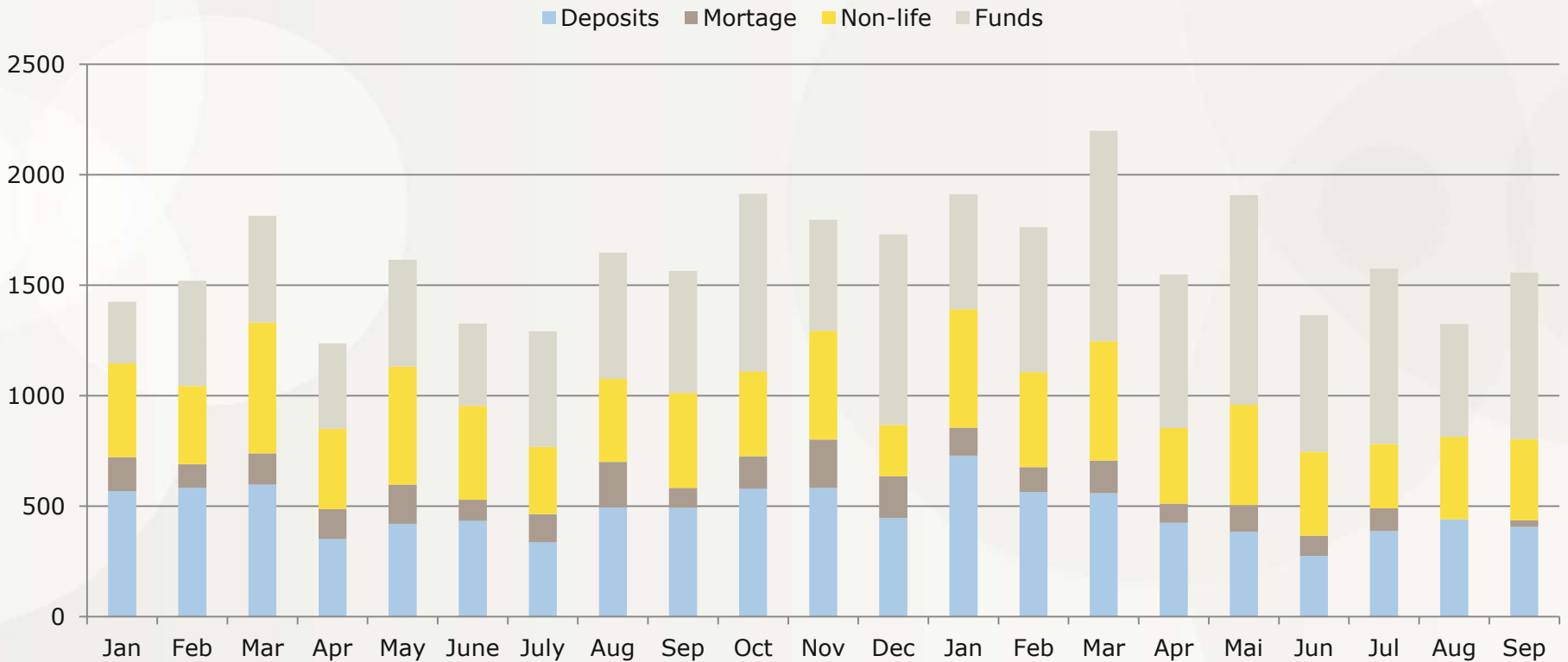
# 2012 - KLP successful in the market

- 7 out of 8 made in the municipal tenders in favour of KLP
  - Representing an inflow of premium reserves of NOK 2 billion
  - Counting 11 000 individuals in the schemes
- KLP Bedriftspensjon: 222 new contracts.
- KLP Banken: 3 301 new retail customers
- KLP Skadeforsikring: New sales NOK 31.6 million

# Status for the retail initiative

- Growth in line with plans
- In total 44 894 retail clients; (2012 Q3)
- 22 012 in the bank (incl liv)
- 14 959 Non-life
- 11 639 Mutual funds (direct clients)

## New clients



# KLP return on investment portfolios

<i>All figures in per cent</i>	Q3 2012	Q3 2011	Year 2011
Common portfolio			
Booked return	1.2	0.6	4.5
Value adjusted return	2.2	-1.2	3.3
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	2.6	-0.1	4.0
Investment options portfolio	2.5	-2.1	2.2
Corporate portfolio	1.3	0.2	4.2

# KLP Group





# KLP Group – results by segment

<i>NOK million</i>	Ytd		Year
	30.09.12	30.09.11	2011
Life insurance	493	503	753
Non-life insurance	99	33	25
Banking	86	-34	-81
Asset management	14	21	26
Other	1	0	2
Group result	692	523	726

# KLP Group – main figures - results

<i>NOK million</i>	Ytd		Year
	30.09.12	30.09.11	2011
Pension premiums and incoming transfers	22 903	18 414	22 574
Allocated investment income	13 891	2 893	8 117
Claims f.o.a.	-8 529	-7 879	-10 615
Insurance provisions	-18 671	-14 513	-17 291
Operating cost	-818	-780	-1 115
Other income and cost	95	65	89
<b>Technical result</b>	<b>8 870</b>	<b>-1 800</b>	<b>1 757</b>
To/from value adjustment fund life insurance	-5 437	5 607	2 505
To/from supplementary reserves life insurance	0	31	-2 156
Surplus allocated Life insurance clients	-2 639	-3 361	-1 453
<b>Group result pre-tax</b>	<b>794</b>	<b>477</b>	<b>653</b>
Tax	-2	-21	-24
Other profit/loss elements	-100	67	97
<b>Group result pre-tax</b>	<b>692</b>	<b>523</b>	<b>726</b>

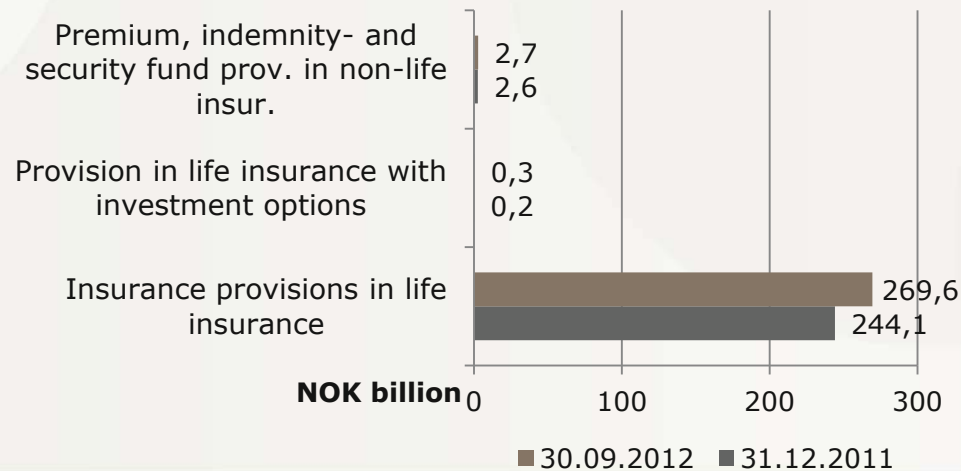
# KLP Group – assets

<i>NOK million</i>	30.09.2012	31.12.2011	Change
Investment properties	31 004	28 726	2 278
Debt instruments held to maturity	38 554	41 438	-2 883
Debt instruments classified as loans and receivables	49 949	46 936	3 013
Lending to municipalities, enterprises and individuals	52 862	53 543	-681
Debt instruments at fair value over P/L	91 860	77 050	14 810
Equity instruments at fair value over P/L	40 046	36 168	3 878
Financial derivatives	1 497	915	582
Share in associated companies	3	3	0
Assets in defined contribution life insurance	276	198	78
Immaterial assets	352	344	9
Other assets	17 229	6 463	10 766
<b>Total assets</b>	<b>323 634</b>	<b>291 784</b>	<b>31 849</b>

# KLP Group – own funds and liabilities

<i>NOK million</i>	30.09.2012	31.12.2011	Change
Own funds	13 392	12 064	1 327
Hybrid capital and subordinated loans	4 135	4 288	-154
Debt to financial institutions	4 854	1 398	3 456
Covered bonds issued	20 767	22 152	-1 385
Debt to and deposits from clients	2 553	1 840	712
Insurance reserves	272 595	246 850	25 745
Financial derivatives	5 339	3 190	2 149
Other liabilities	323 634	291 784	31 850

**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 insurance

- Of 18 schemes out for tender in 2012 7 have so far elected KLP, while a further 10 have not yet made their final decision
- The tenders in KLPs favour so far represents an insurance volume of NOK 2 billion and an increase of 11 000 members in the schemes
- One municipality is leaving KLP as they merge with another and have opted to establish a proprietary pension fund.



# KLP – presentation of accounts

<i>NOK million</i>	Ytd		Year
	30.09.12	30.09.11	2011
Pension premiums and incoming transfers	22 186	17 772	21 752
Net revenues from investments in Common portfolio	13 062	2 415	7 449
Claims paid and outgoing transfers	-8 102	-7 492	-10 033
Changes in valuation reserves	-23 756	-8 678	-16 663
Allocations to insurance contracts	-2 632	-3 324	-1 451
Insurance related operating costs	-597	-550	-788
Other insurance related costs	3	2	4
Technical result	163	146	271
Net revenues from investments in Corporate portfolio	638	520	639
Other revenues and expenditures	-150	-153	-205
Resultat av ikke-teknisk regnskap	489	367	434
Totalresultat	652	512	705

# KLP – appropriation of results

<i>NOK million</i>	Customers	Company	Q3		Year
			2012	2011	2011
Interest result	2 385	14	2 399	3 127	3 286
Risk result	60	58	118	112	305
Administration result		62	62	72	61
Premium interest rate guarantee		216	216	158	212
Non-technical result		489	489	367	434
Return on paid-in equity to clients	186	-186	-	-	
<b>Total</b>	<b>2 632</b>	<b>652</b>	<b>3 284</b>	<b>3 836</b>	<b>4 299</b>

Stipulated  
return of  
NOK 2.6  
billion to  
clients



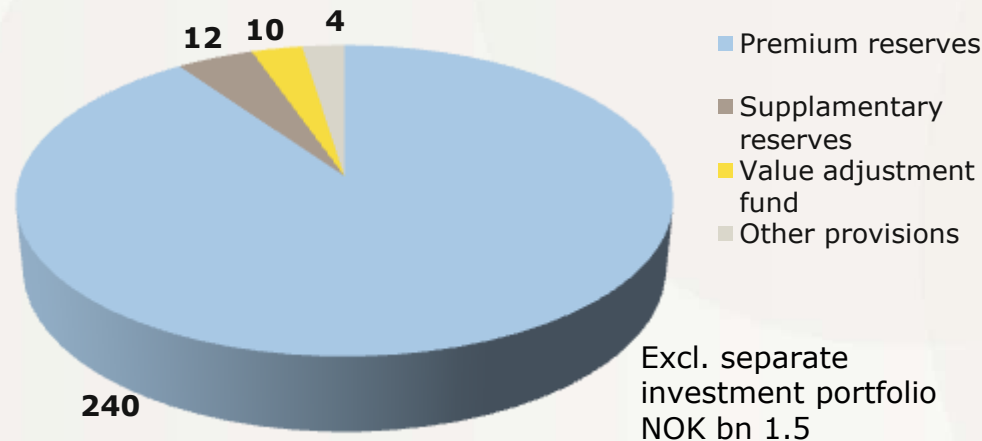
# KLP – assets

<i>NOK million</i>	30.09.2012	31.12.2011	Change 2012
Total assets in corporate portfolio	30 676	18 075	12 601
Total assets in common portfolio	259 084	242 267	16 817
Assets in investment options portfolio	1 499	1 404	94
<b>Total assets</b>	<b>291 258</b>	<b>261 746</b>	<b>29 512</b>

# KLP – own funds and liabilities

<i>NOK million</i>	30.09.2012	31.12.2011	Change 2012
Paid-in equity	6 853	6 217	635
Retained earnings	6 376	5 723	652
Hybrid capital and subordinated debt	4 135	4 288	-154
Insurance liabilities	268 697	243 439	25 258
Other liabilities	5 198	2 078	3 120
<b>Total: own funds, provisions and debt</b>	<b>291 258</b>	<b>261 746</b>	<b>29 512</b>

Insurance liability per 31.09.2012 – NOK bn



# KLP – growth in assets



# KLP Bedriftspensjon – main figures

<i>NOK million</i>	Ytd		Year 2011
	30.09.12	30.09.11	
Interest result	8.1	6.6	14.2
Risk result	3.5	2.8	2.2
Administration result	-22.6	-19.0	-28.2
Interest rate guarantee and profit element	2.5	1.3	1.9
Non-technical result	2.6	1.3	1.9
<b>Total result</b>	<b>-6.0</b>	<b>-7.0</b>	<b>-8.0</b>
Of which result to clients	7.5	6.8	15.8
Result to owner	-13.5	-13.8	-23.8

# KLP Bedriftspensjon – return and solvency

<i>Per cent</i>	Ytd		Year 2011
	30.09.12	30.09.11	
Common portfolio			
Book	3.6	3.8	6.3
Value adjusted	5.2	1.3	3.7
Investment options portfolio	10.1	-4.1	0.2
Corporate portfolio	5.3	3.2	4.8

<i>Per cent</i>	30.09.2012	31.12.2011
Capital coverage	9.5	13.9
Solvency ratio	164.0	217.0
Buffer capital employment	106.0	82.0

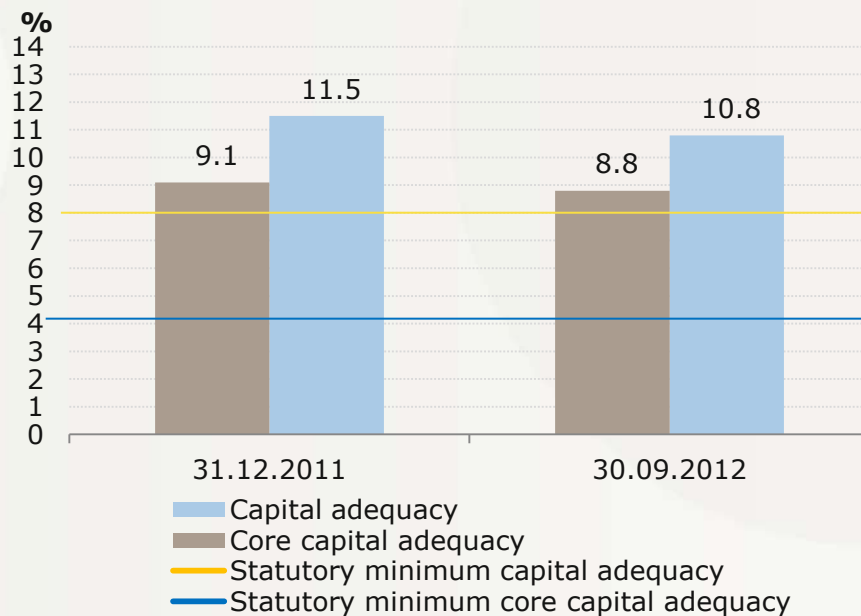
<i>NOK million</i>	30.09.2012	31.12.2011
Value adjustment fund	12.5	-
Supplementary reserves	27.9	24.9
Solvency capital	132.7	90.2

# KLP solidity and capital issues



# KLP – capital adequacy

<i>Per cent</i>	30.09.2012	31.12.2011
Capital adequacy	10.8	11.5
Core capital adequacy	8.8	9.1
Statutory minimum capital adequacy	8.0	8.0
Statutory minimum core capital adequacy	4.0	4.0

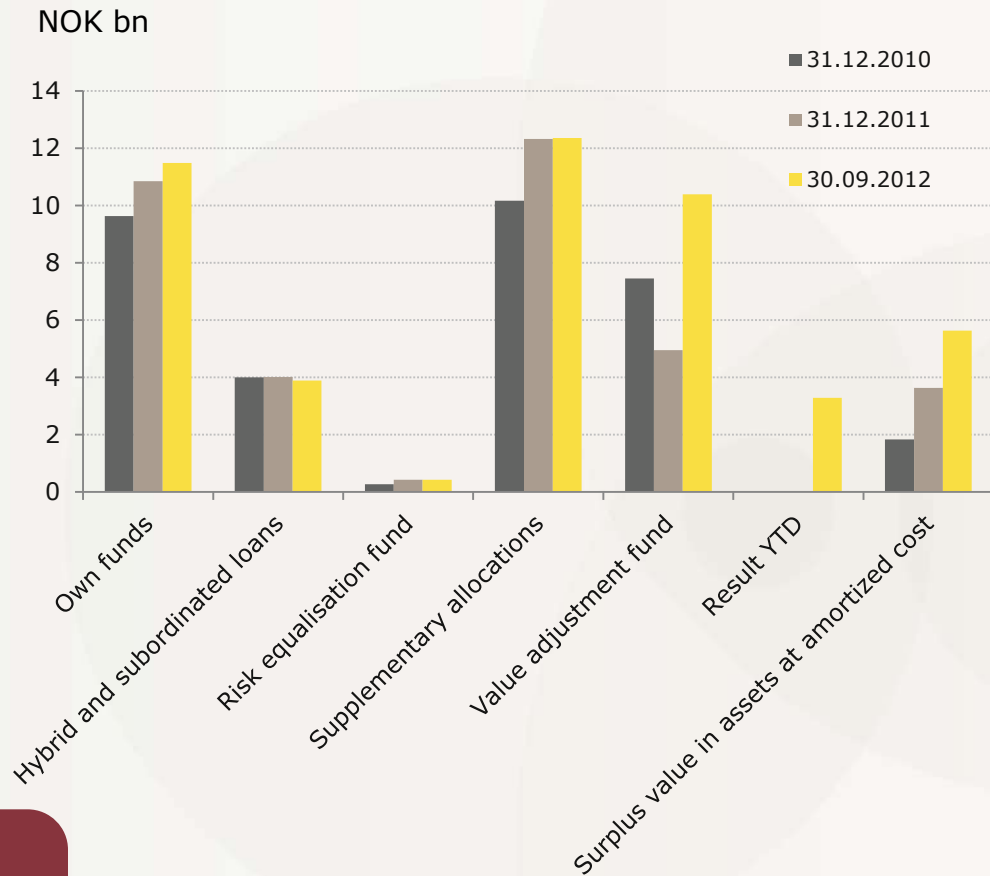
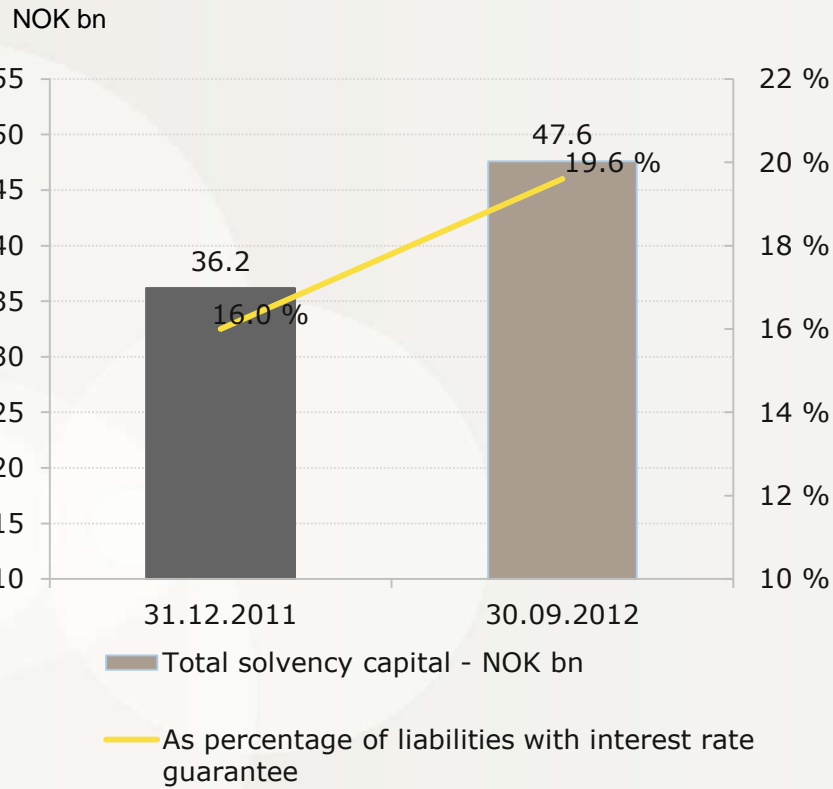


# KLP – financial buffers

<i>NOK million</i>	30.09.2012	31.12.2011
Valuation reserve	10 382	4 958
Supplementary reserve	12 352	12 319
Core capital margin	4 018	4 505
Income to date	3 284	
Regulatory buffer capital	22 735	17 277
Valuation reserve booked at amortised costs	5 632	3 626



# KLP – financial solidity

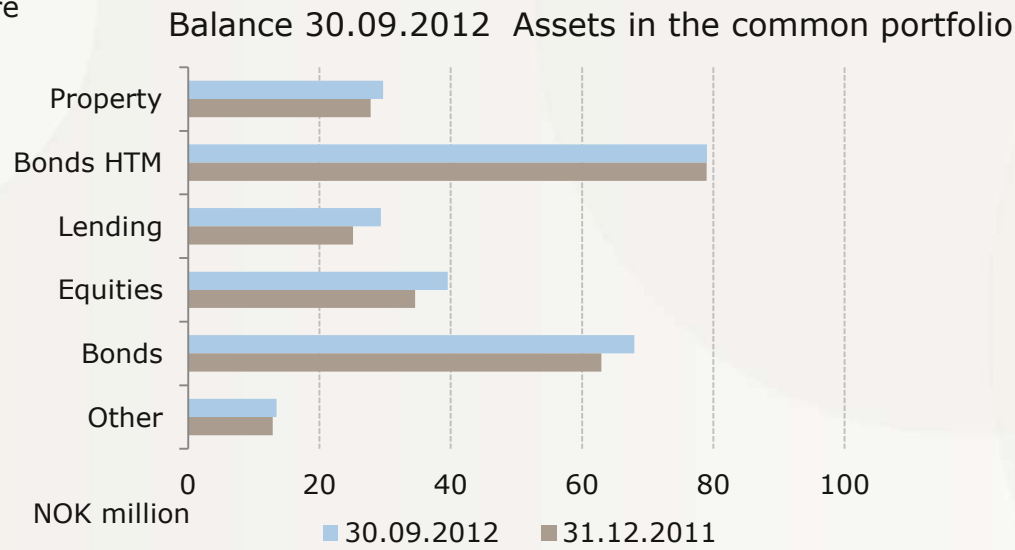


**Very good  
solvency for the  
third quarter**

# KLP common portfolio – allocation and return

<i>Per cent</i>	Share <sup>1</sup> 30.09.2012	Return 30.09.2012	Return 2011
Equities <sup>1)</sup>	17.1	11.5	-7.3
Bonds	22.2	7.0	7.2
Bonds held-to-maturity	32.2	3.6	5.2
Lending	11.4	2.9	3.9
Property	11.8	4.8	7.2
Other financial assets	5.3	2.7	2.9

<sup>1</sup> Measured by exposure

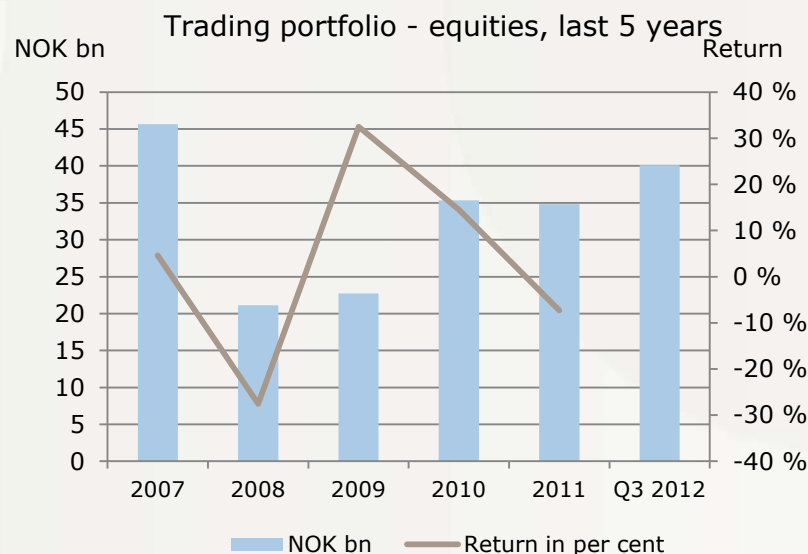


# Trading portfolios equities

## KLP common portfolio

Trading portfolio equities <sup>1</sup>	30.09.2012	30.09.2011	31.12.2011
Value equities (NOK mill)	40 092	31 239	34 830
Return equity portfolio	11.5 %	-14.2 %	-7.3 %
Share index-tracking equities	77.9 %	77.6 %	77.7 %

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

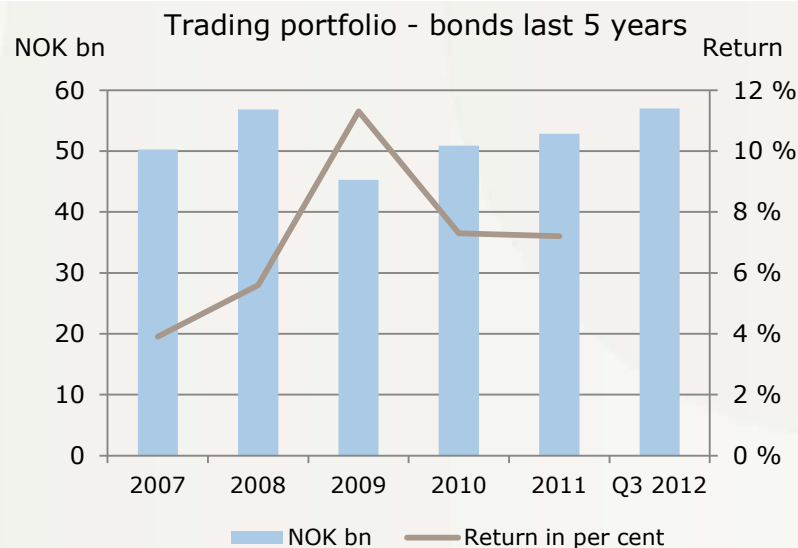


# Trading portfolios – bonds

## KLP common portfolio

Trading portfolios fixed-income <sup>1</sup>	30.09.2012	30.09.2011	31.12.2011
Value fixed income (NOK mill)	73 272	60 559	67 011
Return trading portfolios fixed income	6.0 %	5.0 %	6.3 %
Share index-tracking fixed-income	35.5 %	36.3 %	35.5 %

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

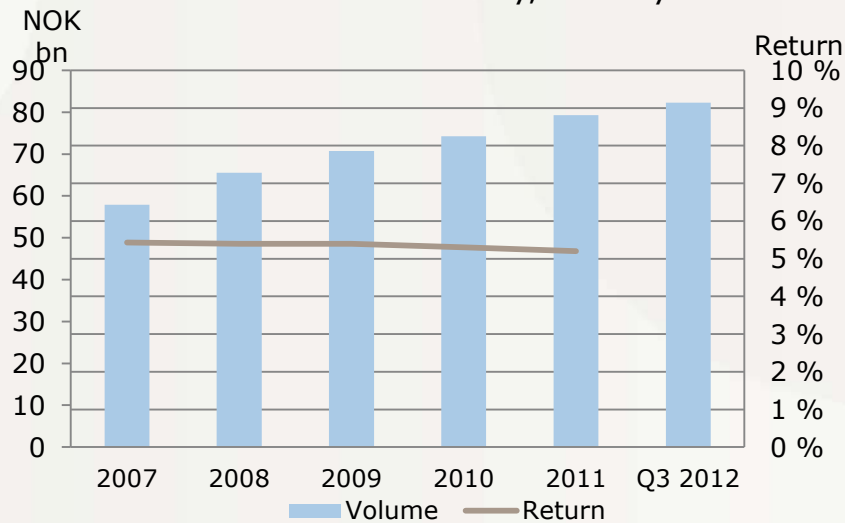


# Bonds booked at amortised costs

## KLP common portfolio

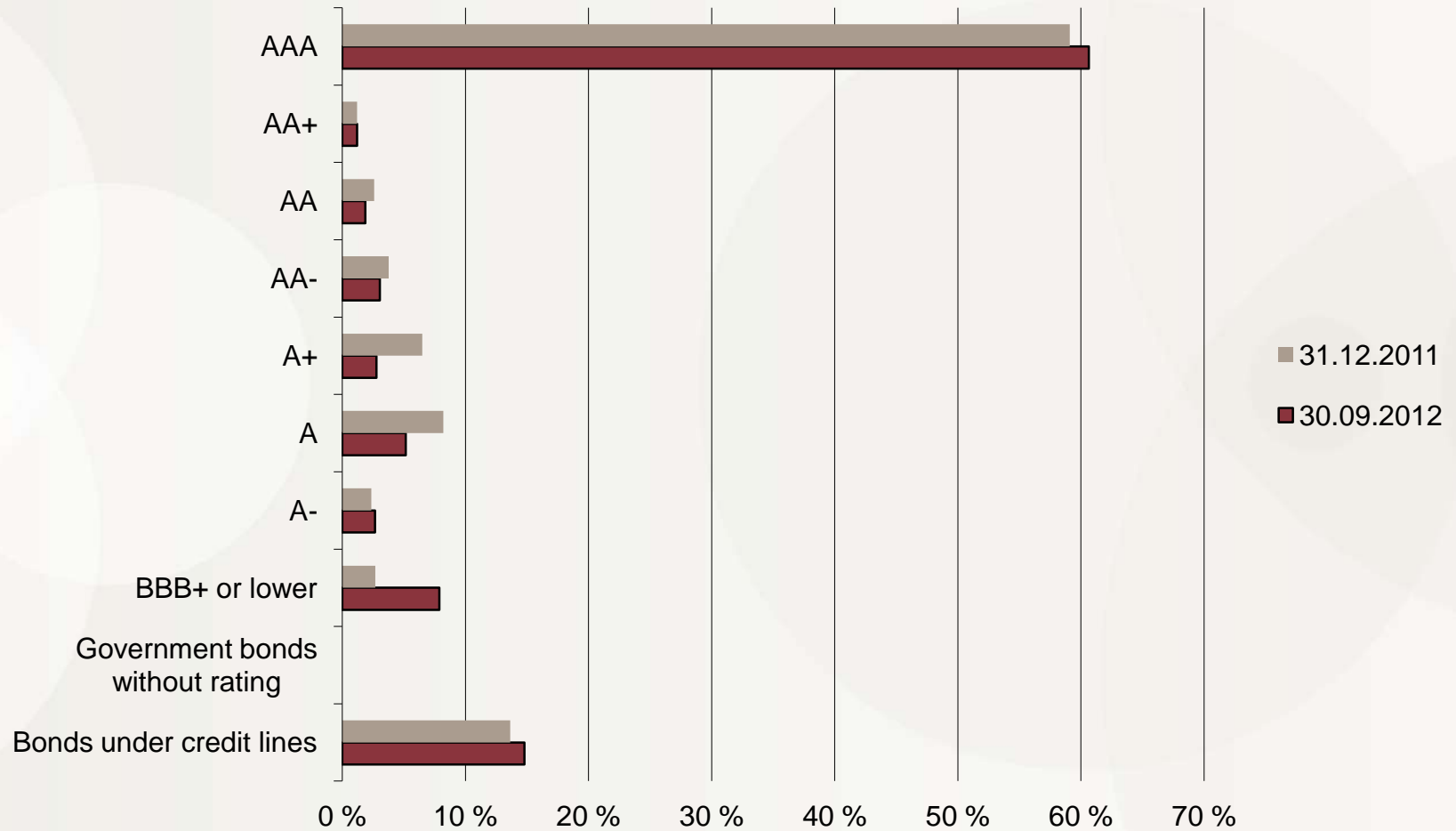
	Q3		Year
	2012	2011	2011
Book value (NOK mill)	82 272	76 791	79 287
Valuation reserve (NOK mill)	4 826	3 418	3 027
Return (per cent)	3.6	3.8	5.2

Bonds held-to maturity, last 5 years



# Bonds booked at amortised costs

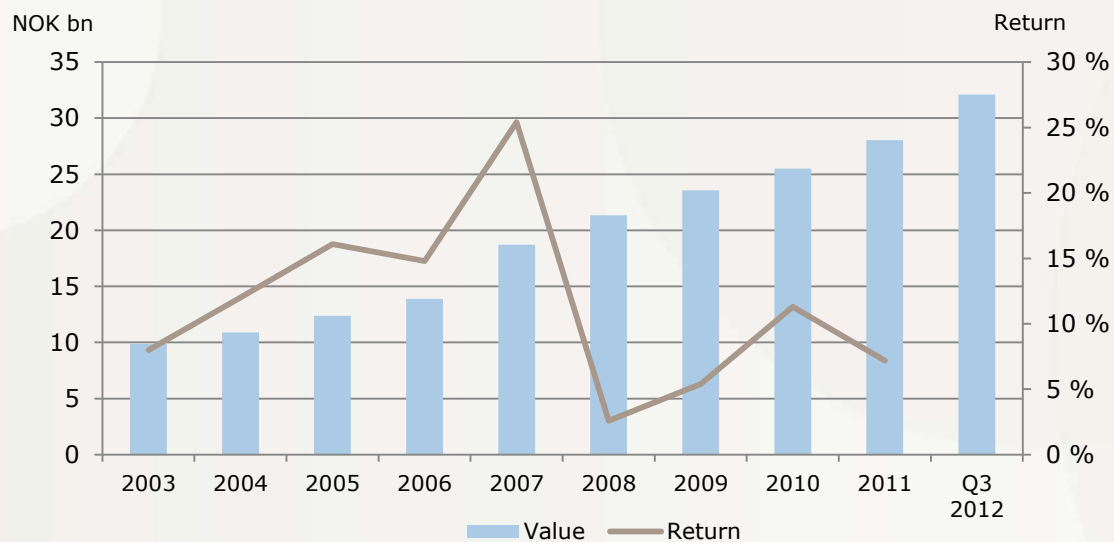
## KLP common portfolio



# Property investments

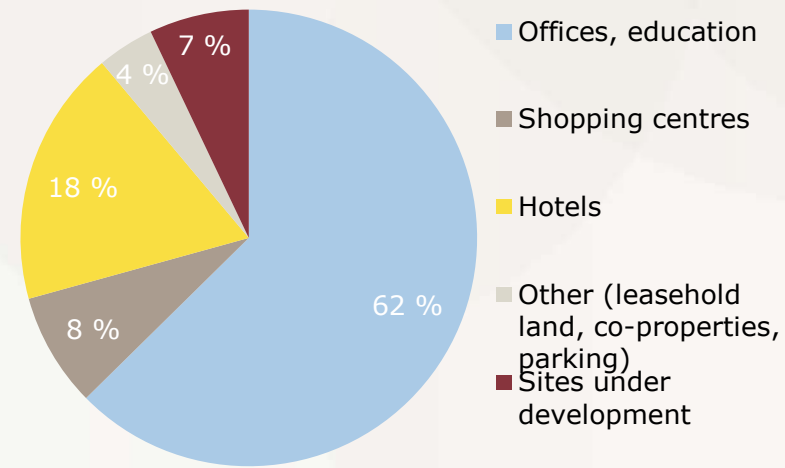
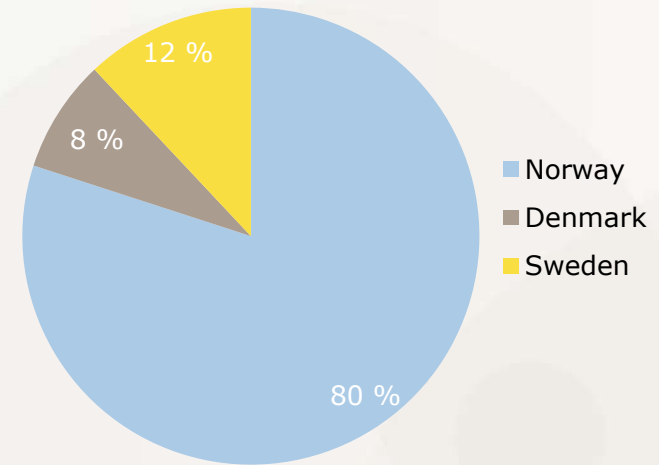
## Total portfolio

	Ytd 2012	2011	Year 2011
Book value (value-adjusted NOK mill)	32 086	29 202	29 821
Occupancy rate (per cent)	96.5	93.9	95.1
Average lease duration (year)	7.5	7.2	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.
- Generally stable valuations, however negative development due to special circumstances in singular properties lead to a write-down of NOK 81 million (-0.3 per cent) in Q3 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
  - S apsjudaren 15 in Stockholm
  - Stavanger Airport Hotel
  - Scandic Aarhus City –effective in Q4
- Real-estate investments constitute 11.7 per cent of the financial assets of the common portfolio





# KLP's real-estate investments

Property value	Ytd		Year
	2012	2011	2011
Value adjustment in per cent	32 121	29 271	29 840
Fair value common portfolio (NOK mill)	0.9 %	1.6 %	1.4 %
Value adjustment in per cent common portfolio	29 560	26 705	27 283
Property value	0.9 %	1.3 %	1.1 %

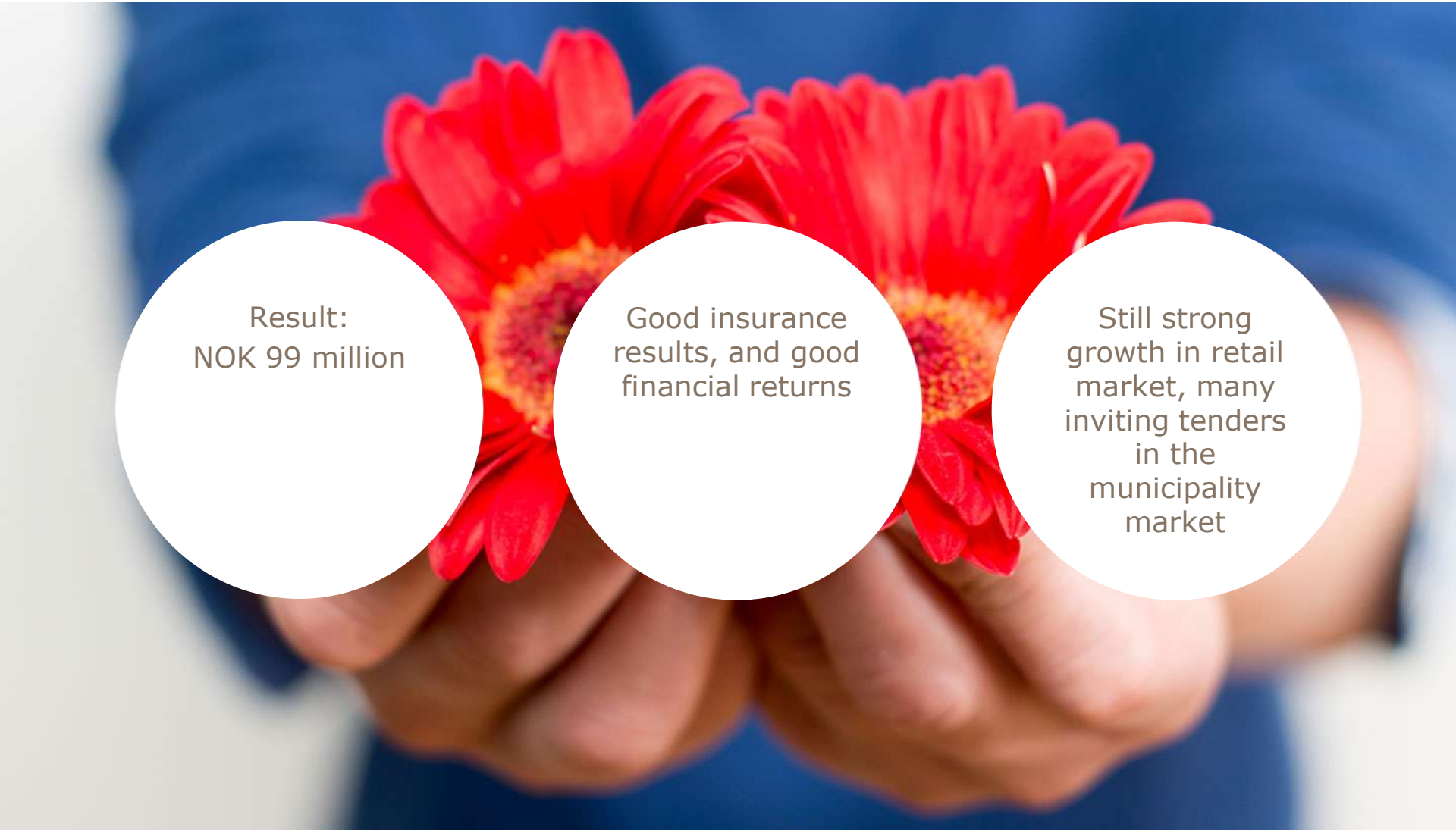
Return	Ytd		Year
	2012	2011	2011
Total return	5.0 %	5.7 %	7.0 %
Total return common portfolio	5.1 %	5.5 %	6.8 %

\*All figures are exchange-rate hedged

# KLP Skadeforsikring (non-life insurance)



# KLP Skadeforsikring



Result:  
NOK 99 million

Good insurance  
results, and good  
financial returns

Still strong  
growth in retail  
market, many  
inviting tenders  
in the  
municipality  
market

# KLP Skadeforsikring pr. 30.09.2012

- Good pre-tax operating result - NOK 98.6 million
- Good insurance result and good financial revenues
- Net new sales lagging a bit, however many tenders announced for October.
- Largest single incident in the quarter: NOK 16.3 million (two clients in same premises) –year-to-date NOK 19.9 million
- Preliminary project “Lean” relating to tender process achieved this summer to be carried on through implementation
- CRM for public sector/enterprises implemented - large degree of user satisfaction



# Market development

- Strong position within municipalities and enterprises maintained
  - 308 municipalities and counties
  - 2 660 enterprises
  - Heavy tender activity, promising outlook for Q4
- Good sales in the retail market
  - 15 100 customers, of which 11 600 members
  - NOK 156 million in premiums
  - High level of renewals
  - Low defection rate



# KLP Skadeforsikring – profit & loss Q3 2012

<i>1 000 NOK</i>	Result 30.09.2012	Result 30.09.2011	Result 2011
Premium written f.o.a.	485 925	441 994	598 831
Allocated investment income	27 586	46 125	53 947
Claims f.o.a.	-398 264	-380 014	-548 356
Insurance related expenses	-124 792	-102 200	-158 893
Other insurance related income	2 347	2 045	2 629
Changes in security reserves etc.	-29 552	-7 121	-7 902
Result from technical activities	-36 750	829	-59 746
Result from investment activities	162 932	81 032	138 877
Allocated investment income	-27 586	-46 125	-53 947
Result from ordinary operation	98 597	35 736	25 185
Estimated tax expense	-30 166	-6 483	-28 848
Provisions for equity fund	9 140	-12 581	34 403
Result after provisions for equity fund	77 570	16 671	30 740

# KLP Skadeforsikring – main figures

Key figures, <i>per cent</i>	30.09.2012	30.09.2011
Claims ratio on own account	82.0 %	91.6 %
Cost ratio on own account	25.7 %	26.5 %
Combined Ratio for own account	107.6 %	118.1 %
Return on capital	5.1 %	2.6 %
Capital adequacy ratio	27.7 %	30.9 %
<i>Revenues, NOK mill</i>	30.09.2012	30.09.2011
Gross premium written	667	586
Premium income for own account	486	442
Claims paid for own account	-398	-380
Insurance related costs for own account	-125	-102
Results	99	36
<i>Key figure balance sheet. NOK mill</i>	30.09.2012	30.09.2011
Financial assets	3 271	3 164
Total assets	3 648	3 599
Equity	787	782
Provisions in insurance funds for own account	2 490	2 408

# Banking and credit

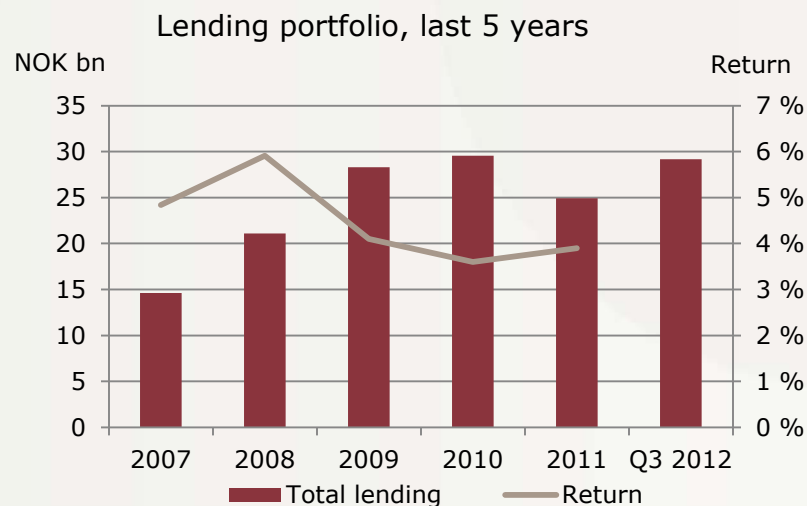




# Lending portfolio

## KLP common portfolio

	Q3		Year
	2012	2011	2011
Book value (NOK mill)	29 180	25 525	24 914
Of this: fixed rate loans (NOK mill)	11 982	11 568	10 193
Return year to date (in per cent)	2.9	2.8	3.9
Specific and general credit loss provisions (NOK mill)	0.9	0.8	0.8



# KLP Bank-group – main figures

NOK million	KLP Kreditt		KLP Kommunekreditt		KLP Banken	
	Q3 2012	2011	Q3 2012	2011	Q3 2012	2011
Net interest revenues	3.1	6.0	46.6	3.0	10.2	3.1
Net fee and commission income	-	0.0	-	-0.0	3.4	-
Management fee	-	0.0	-	-	64.5	-
Operational costs	-1.5	-7.3	-19.7	-41.1	-72.9	-1.5
Value adjustment financial instruments	0.5	-2.1	51.4	-11.9	0.2	0.5
Result before taxes	2.2	-3.5	78.3	-50.0	5.3	2.2
Total assets	1 364	1 513	25 244	26 588	7 524	1 364

# KLP Bank-group – main figures

<i>NOK million</i>	KLP Banken Group	
	Q3 2012	2011
Net interest revenues	60.0	21.1
Net fee and commission income	3.4	3.8
Management fee	64.5	59.6
Operational costs	-94.1	-139.9
Value adjustment financial instruments	52.1	-6.8
Result before taxes	85.8	-62.2
Total assets	28 668	31 715

# KLP Bank-group – lending and deposits

<i>NOK bn</i>	Mortgage loans		Public sector loans		Deposits	
	Q3 2012	2011	Q32012	2011	Q3 2012	2011
KLP Banken AS (parent)	1.5	3.2	-	-	2.4	1.8
KLP Kreditt AS	-	-	1.1	1.4	-	-
KLP Kommunekreditt AS	-	-	20.4	23.5	-	-
KLP (under management agreement )	8.9	6.3	20.1	18.4	-	-
<b>Total</b>	<b>10.4</b>	<b>9.5</b>	<b>41.6</b>	<b>43.4</b>	<b>2.4</b>	<b>1.8</b>

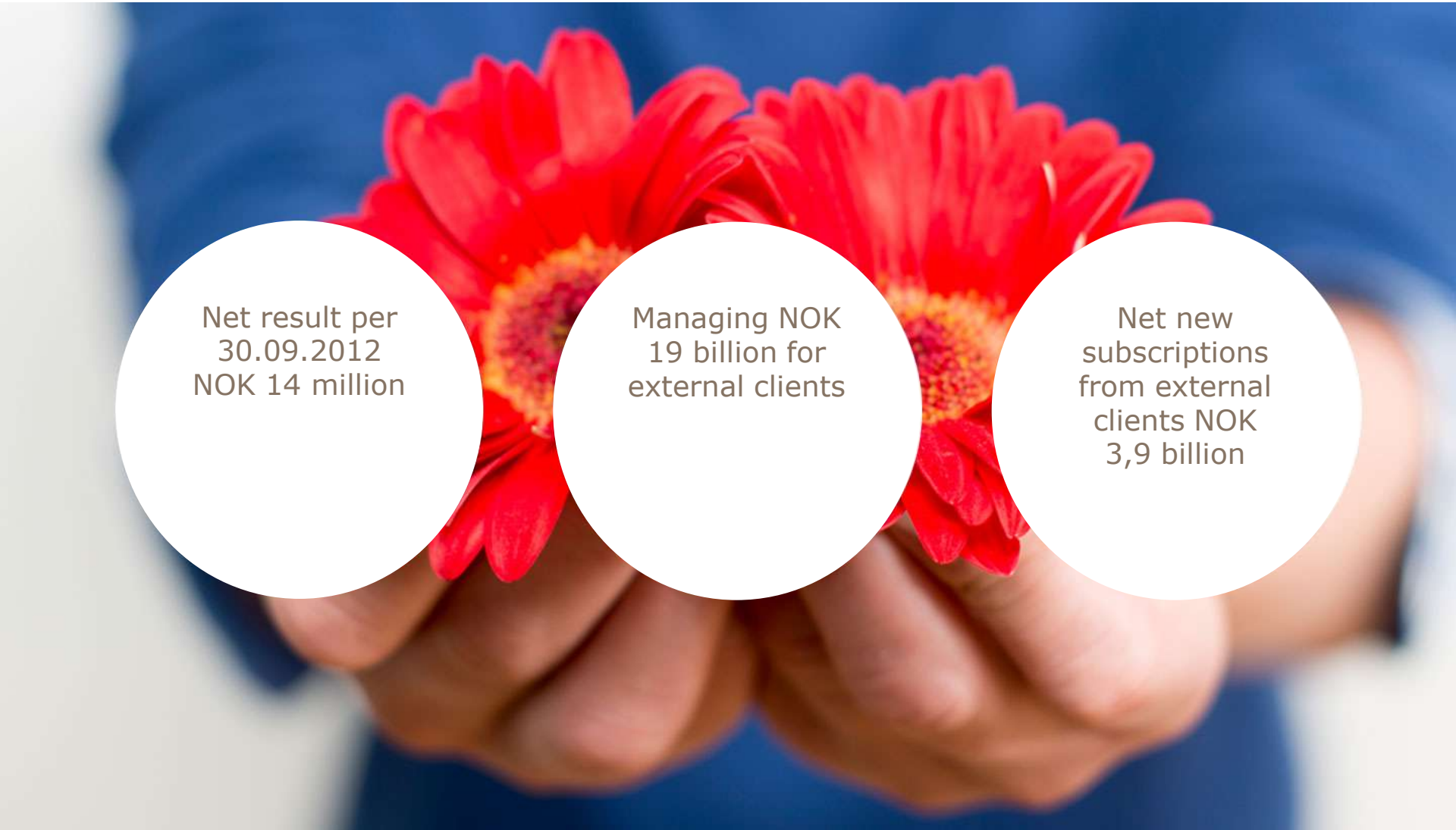
# KLP Banken Q3

- Volume growth in home mortgages according to plan
- Improved profitability in public sector loans positive influence on banking results
- KTI (client satisfaction) on target
- Deposits from corporates NOK 100 million
- Credit cards launched
- The bank an approved issuer of "Bank-id"

PM:  
21 572  
active  
customers



# KLP Kapitalforvaltning



Net result per  
30.09.2012  
NOK 14 million

Managing NOK  
19 billion for  
external clients

Net new  
subscriptions  
from external  
clients NOK  
3,9 billion

# KLP Kapitalforvaltning & KLP Fondsforvaltning

- KLP Kapitalforvaltning AS og KLP Fondsforvaltning AS utgjør KLP-konsernets verdipapir-forvaltningsmiljø. Totalt ble det forvaltet 232 milliarder kroner ved utgangen av kvartalet. Hoveddelen av midlene er forvaltet på vegne av Kommunal Landspensjonskasse og datterselskapene i KLP-konsernet
- 19 milliarder kroner forvaltes på vegne av eksterne investorer og personkunder. I KLP fondene er det ca 20 000 andelseiere
- Spesialfondet KLP Alfa Global Rente ble startet opp i september
- Resultat før skatt;
  - Pr 30.09 2012: 14 millioner kroner

# Summary





# 2012- Mot et nytt godt år

- Betydelig styrket markedsposisjon
- Etter betydelig uro i første halvår synes finansmarkedene å konsolidere seg
- Solide finansielle buffere gir evne til å skape verdier og stabil fremtidig avkastning til kundene
- Konsentrert satsing mot kundegruppene Offentlig Marked og Personmarkedet gir resultater



# Contacts in KLP

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