

Oslo, 1th November 2013

Financial results third quarter 2013

KLP Group



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



KLP: financial strength and empowerment

•Results as per 30.09

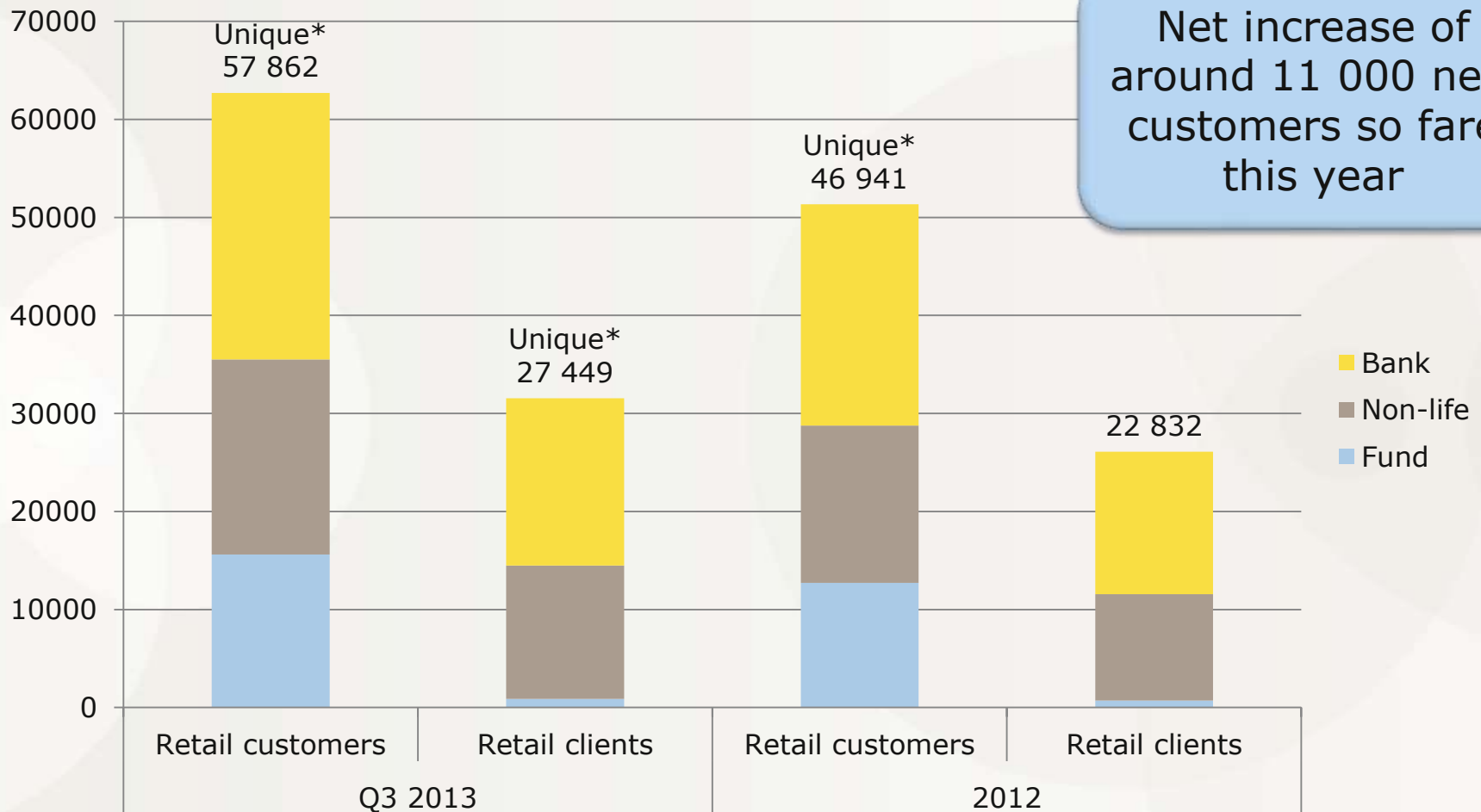
- Common portfolio of life company :
 - o Book return of 3.4 per cent
 - o Value adjusted return of 4.5 per cent
- Corporate portfolio returned 4.3 per cent
- Group operating result NOK 4.6 billion
- Provisions for reserving for longevity thus far in 2013: NOK 1 664 million. Ambition to complete reserving for longevity within scope of client result this year.
 - o This might entail a degree of reduction of valuation reserves.
- Total solvency capital NOK 50.6 billion, equivalent to 18.3 per cent of insurance funds with interest guarantee.



KLP return on investment portfolios

<i>All figures in per cent</i>	Q3 2013	Q2 2012	Year 2012
Common portfolio			
Booked return	1.1	1.2	5.0
Value adjusted return	1.7	2.2	6.7
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	1.6	2.6	7.5
Investment options portfolio	2.2	2.5	7.2
Corporate portfolio	1.2	1.3	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>	Ytd.		Year 2012
	30.09.2013	30.09.2012	
Life insurance	589	546	868
Non-life insurance	98	68	115
Banking	69	62	67
Asset management	23	14	47
Other	1	1	1
Group result	780	692	1098

KLP Group – main figures - results

<i>NOK million</i>	Ytd.		Year 2012
	30.09.2013	30.09.2012	
Pension premiums and incoming transfers	26 225	22 903	29 946
Allocated investment income	12 763	13 973	17 706
Claims f.o.a.	-9 308	-8 529	-11 457
Insurance provisions	-23 365	-18 671	-27 344
Operating cost	-873	-818	-1 099
Other income and cost	38	13	12
Technical result	5 481	8 870	7 765
To/from value adjustment fund life insurance	-3 364	-5 437	-4 342
To/from supplementary reserves life insurance	2	0	0
Surplus allocated Life insurance clients	-2 135	-2 639	-2 370
Group result pre-tax	-16	794	1 053
Tax	-3	-2	-7
Other profit/loss elements	799	-100	52
Group result pre-tax	780	692	1 098

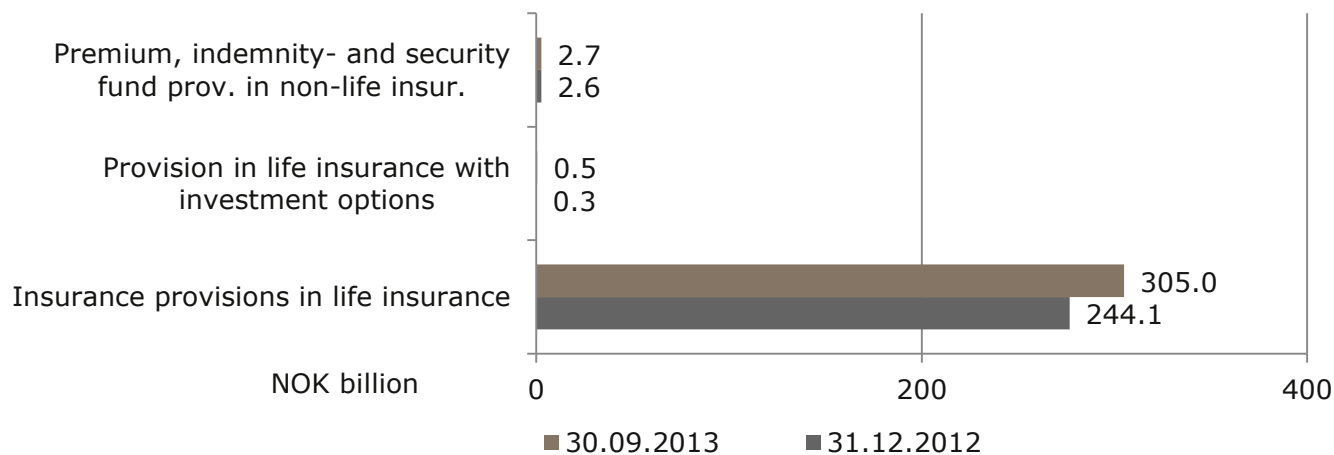
KLP Group – assets

<i>NOK million</i>	30.09.2013	31.12.2012	Change
Investment properties	34 529	32 322	2 207
Debt instruments held to maturity	30 348	37 283	-6 935
Debt instruments classified as loans and receivables	66 559	55 917	10 643
Lending to municipalities, enterprises and individuals	53 133	52 128	1 005
Debt instruments at fair value over P/L	107 553	103 375	4 178
Equity instruments at fair value over P/L	50 731	42 410	8 320
Financial derivatives	831	1 541	-709
Share in associated companies	6	6	0
Assets in defined contribution life insurance	492	300	191
Immaterial assets	365	365	0
Other assets	30 886	6 137	24 750
Total assets	375 434	331 783	43 651

KLP Group – own funds and liabilities

<i>NOK million</i>	30.09.2013	31.12.2012	Change
Own funds	15 100	13 610	1 490
Hybrid capital and subordinated loans	4 074	3 865	208
Debt to financial institutions	2 776	4 799	-2 023
Covered bonds issued	18 140	20 370	-2 230
Debt to and deposits from clients	4 164	2 946	1 218
Insurance reserves	308 182	279 707	28 475
Other liabilities	22 998	6 485	16 513
Total own funds and debt	375 434	331 783	43 651

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.

Liv og pensjon



Stipulated
Return NOK 5.0
billion to
clients

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

Life division

- KLP's competitors within insured schemes for public sector pensions intend to withdraw from this segment of the market
- Clients wishing to transfer to a new provider face the choice between KLP and a proprietary or joint-pension scheme
- As per 30.09 more than 50 municipalities have announced the intention to change supplier in 2014
 - Representing reserves in excess of NOK 20 milliarder billion
 - More than 100 000 insured
- New tariff K2013 takes effect in 2014
 - KLP will base offers to new clients on full reserves according to the new tariff K2013
 - Clarification of rules reduces reserving required



Reserving for K2013

<i>NOK billion</i>	30.09.2013
Gross reserving	8.8
Reserved as per 31.12.2012	4.5
Allocated to reserving per 30.09.2013	1.7
Total	6.1
Remaining reserving required	2.7
<i>From client's results</i>	1.0
<i>From company results</i>	1.7

Revised estimate
for gross reserving
under new tariff

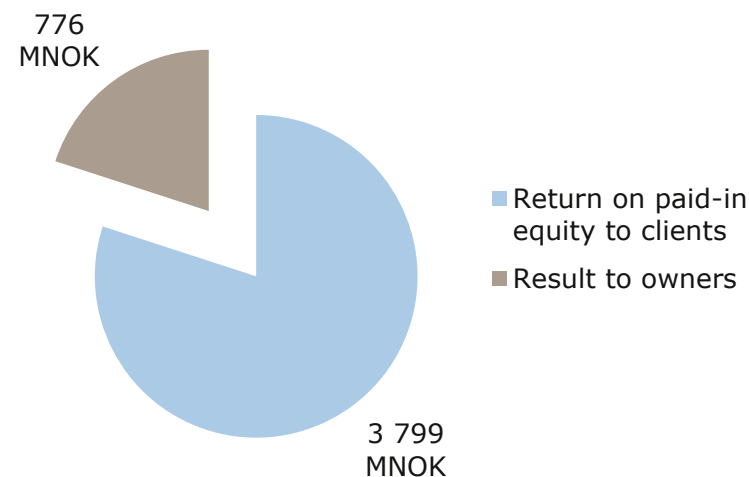
KLP – presentation of accounts

<i>NOK million</i>	Ytd. 30.09.2013 30.09.2012		Year 2012
Pension premiums and incoming transfers	25 487	22 186	29 025
Net revenues from investments in Common portfolio	12 701	13 062	16 517
Claims paid and outgoing transfers	-8 860	-8 102	-10 882
Changes in valuation reserves	-26 425	-23 756	-31 247
Allocations to insurance contracts	-2 135	-2 632	-2 366
Insurance related operating costs	-597	-597	-789
Other insurance related costs	11	3	4
Technical result	182	163	261
Net revenues from investments in Corporate portfolio	747	638	735
Other revenues and expenditures	-154	-150	-197
Non-technical result	594	489	538
Total result	776	652	799

KLP – appropriation of results

<i>Nok million</i>	Customers	Company	30.09.2012
Interest result	3 451	17	3 468
Risk result	113	34	147
Premium interest rate guarantee		247	247
Administration result		119	119
Non-technical result		594	594
Return on paid-in equity to clients	234	-234	-
Total	3 799	776	4 575

- Good return on common portfolio
- Good contribution from corporate portfolio
- Stipulated return of NOK 3.8 billion to clients

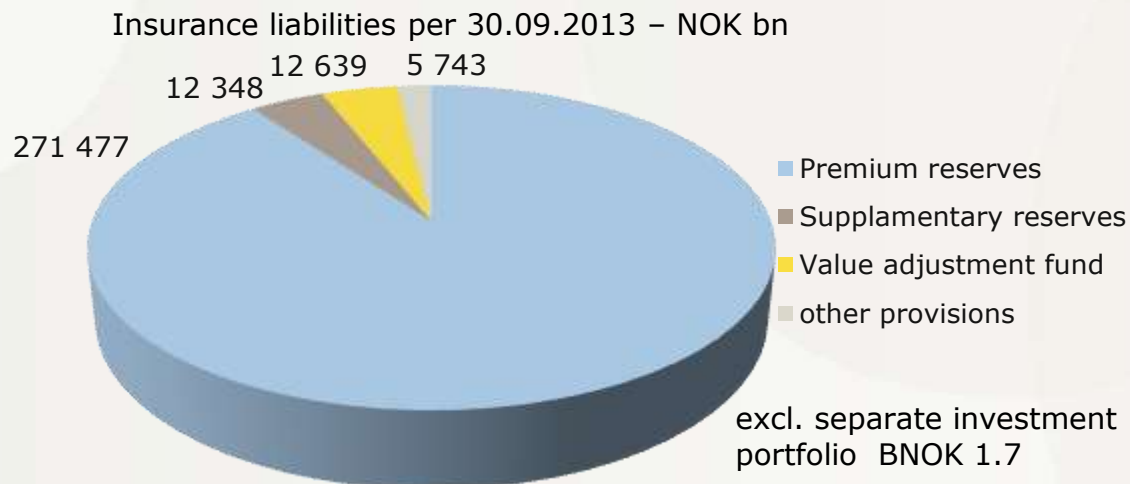


KLP – assets

<i>NOK million</i>	30.09.2013	31.12.2012	Change Ytd. 2013
Total assets in corporate portfolio	27 182	19 384	7 798
Total assets in common portfolio	315 910	278 731	37 180
Assets in investment options portfolio	1 686	1 556	130
Total assets	344 778	299 671	45 107

KLP – own funds and liabilities

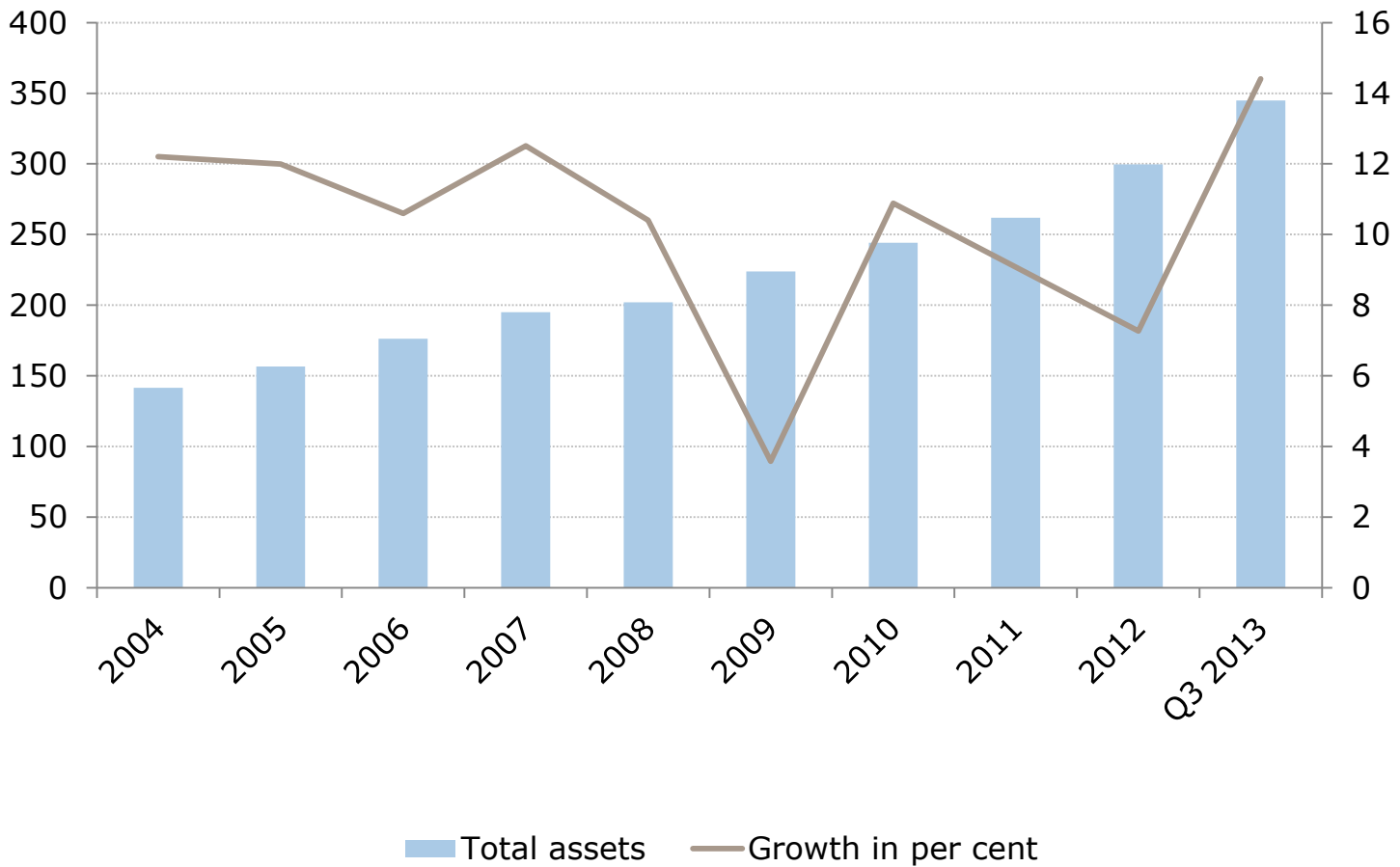
<i>NOK million</i>	30.09.2013	31.12.2012	Change Ytd. 2013
Paid-in equity	7 600	6 891	709
Retained earnings	7 338	6 562	776
Hybrid capital and subordinated debt	4 074	3 865	208
Insurance liabilities	303 906	275 843	28 064
Other liabilities	21 860	6 510	15 350
Total: own funds, provisions and debt	344 778	299 671	45 107



KLP – growth in assets

NOK bn

Per cent



KLP Bedriftspensjon – main figures

NOK million	Ytd.		Year
	2013	2012	2012
Interest result	6.1	8.1	15.0
Risk result	2.2	3.5	2.6
Administration result	-22.0	-22.6	-33.5
Interest rate guarantee and profit element	3.1	2.5	2.5
Non-technical result	1.5	2.6	3.1
Total result	-9.1	-6.0	-10.3
Of which result to reserving	5.5	7.5	15.2
Result to owner	-14.6	-13.5	-25.5

KLP Bedriftspensjon – return and solvency

<i>Per cent</i>	Ytd.		Year
	2013	2012	2012
Common portfolio			
Book	3.0	3.6	5.2
Value adjusted	4.2	5.2	6.7
Investment options portfolio	8.4	10.1	12.0
Corporate portfolio	2.1	5.3	6.4


<i>Per cent</i>	30.09.2013	31.12.2012
Capital coverage	16.6	9.6
Solvency ratio	225	157
Buffer capital employment	107	125

<i>NOK million</i>	30.09.2013	31.12.2012
Value adjustment fund	24.5	11.8
Supplementary reserves	29.0	27.9
Solvency capital	184.9	131.1

KLP investments and capital issues



KLP investments and capital issues

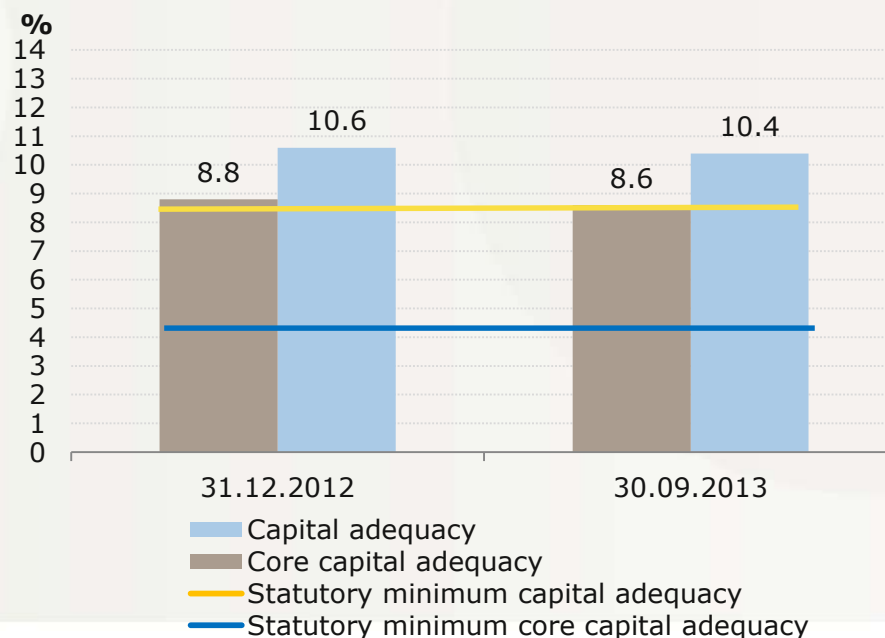


16.6 per cent
Return on equity
investments for the
first 9 months

10 year Kingdom of
Norway yields on level
with KLP's guaranteed
return

KLP – capital adequacy

Per cent	30.09.2013	31.12.2012
Capital adequacy	10.4	10.6
Core capital adequacy	8.6	8.8
Statutory minimum capital adequacy	8.0	8.0
Statutory minimum core capital adequacy	4.0	4.0



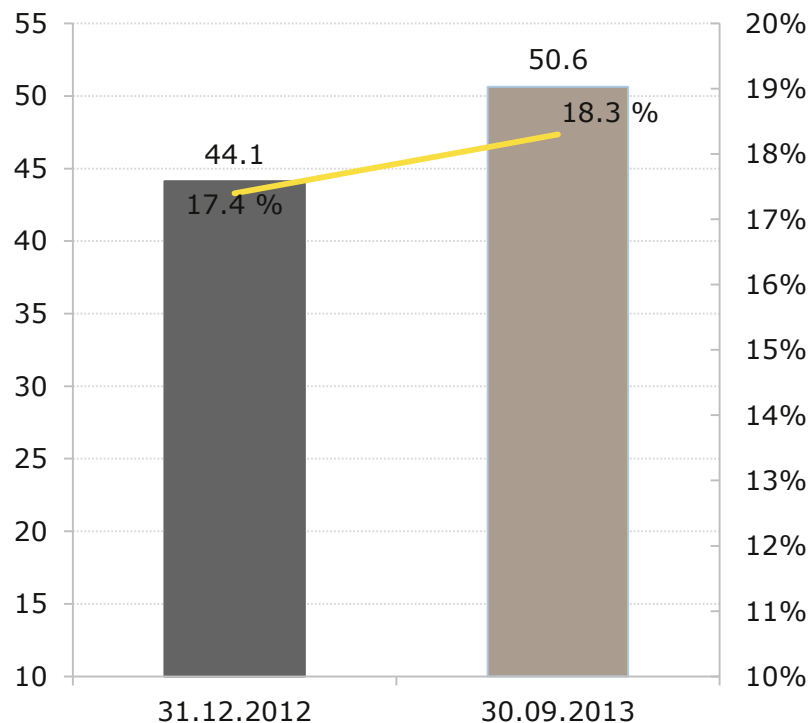
KLP – buffer capital

<i>NOK million</i>	30.09.2013	31.12.2012
Valuation reserve	12 639	9 288
Supplementary reserve	12 431	12 377
Core capital margin	3 897	3 992
Income to date*	2 911	
Regulatory buffer capital	31 877	25 657
Valuation reserve investments booked at amortised costs	5 222	5 892

*Excluding preliminary reserving for longevity

KLP – financial solidity

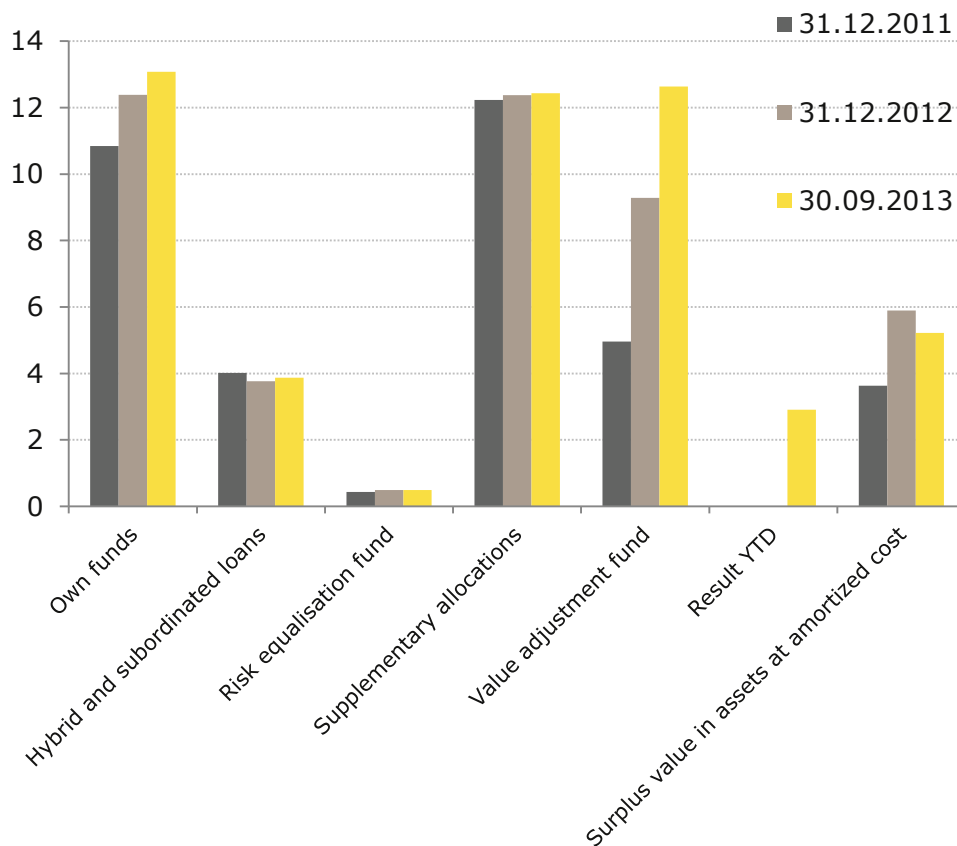
NOK bn



■ Total solvency capital - NOK bn

— As percentage of liabilities with interest guarantee

NOK bn

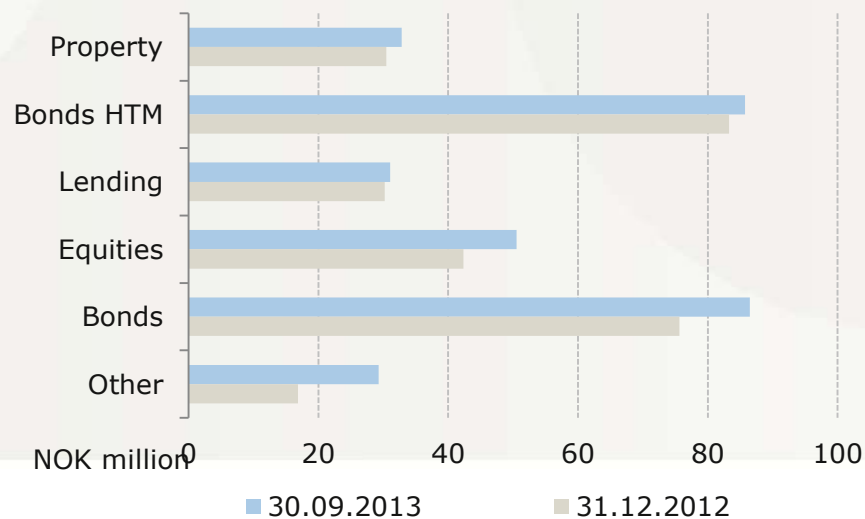


KLP common portfolio – allocation and return

	Share 1)	Return	Return
<i>Per cent</i>	30.09.2013	30.09.2013	2012
Equities ¹	15.8	16.6	13.9
Bonds	21.7	0.0	8.4
Bonds held-to-maturity	29.3	3.6	4.8
Lending	10.5	2.6	3.9
Property	11.2	5.4	6.2
Other financial assets	11.4	1.9	3.5

¹) Measured by exposure

Balance 30.09.2013 Assets in the common portfolio

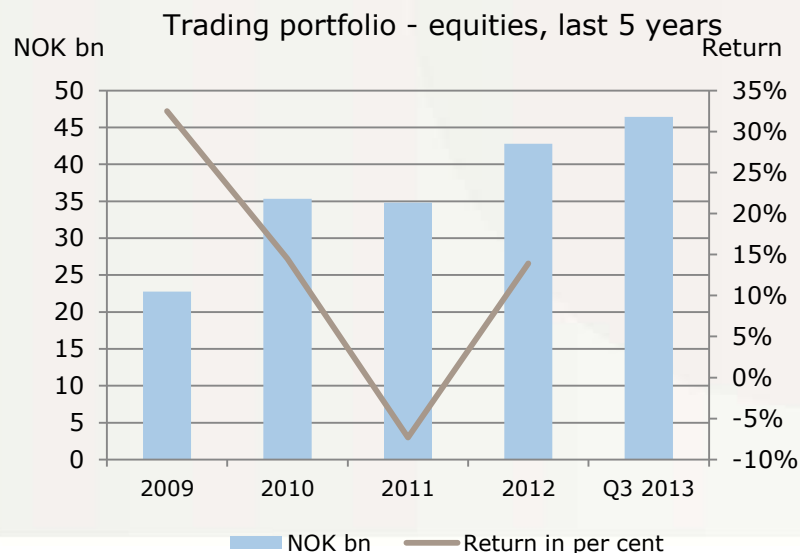


Trading portfolios equities

KLP common portfolio

Trading portfolio equities*	30.09.2013	30.09.2012	31.12.2012
Value equities (NOK mill)	46 437	40 092	42 787
Return equity portfolio	16.6 %	11.5 %	13.9 %
Share index-tracking equities	76.6 %	77.9 %	79.3 %

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

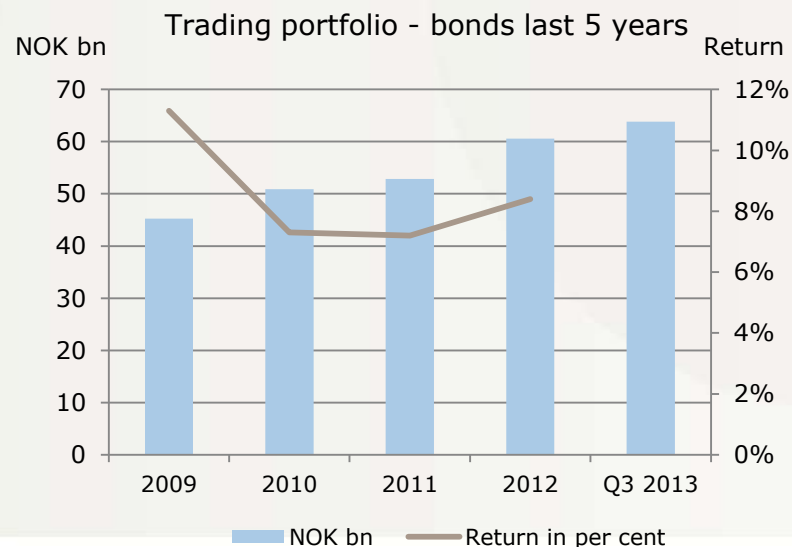


Trading portfolios – bonds

KLP common portfolio

Trading portfolios fixed-income *	30.09.2013	30.09.2012	31.12.2012
Value fixed income (NOK mill)	92 770	73 272	84 105
Return trading portfolios fixed income	0.6 %	6.0 %	8.4 %
Share index-tracking fixed-income	35.5 %	35.5 %	35.3 %

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

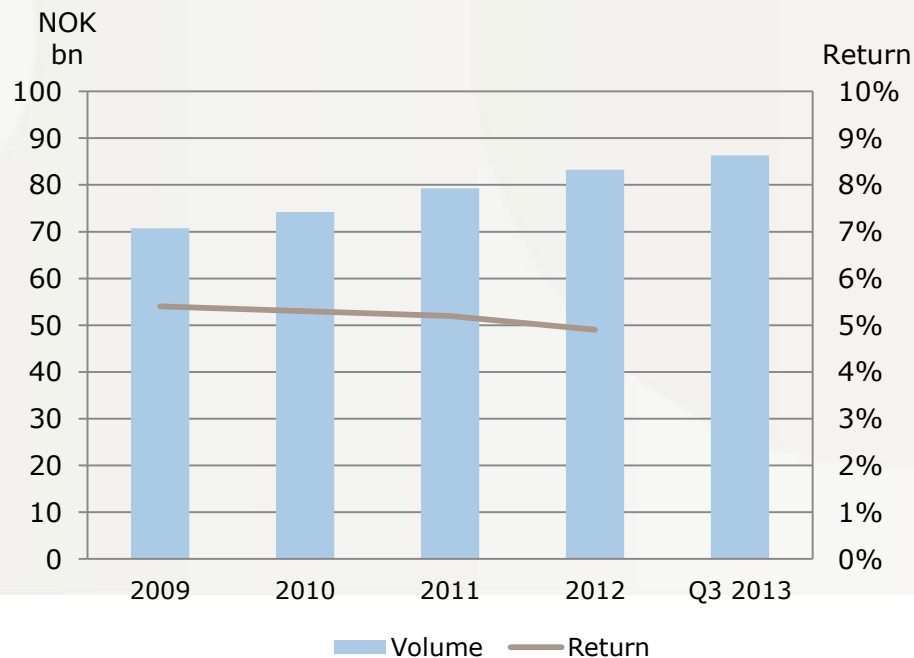


Bonds booked at amortised costs

KLP common portfolio

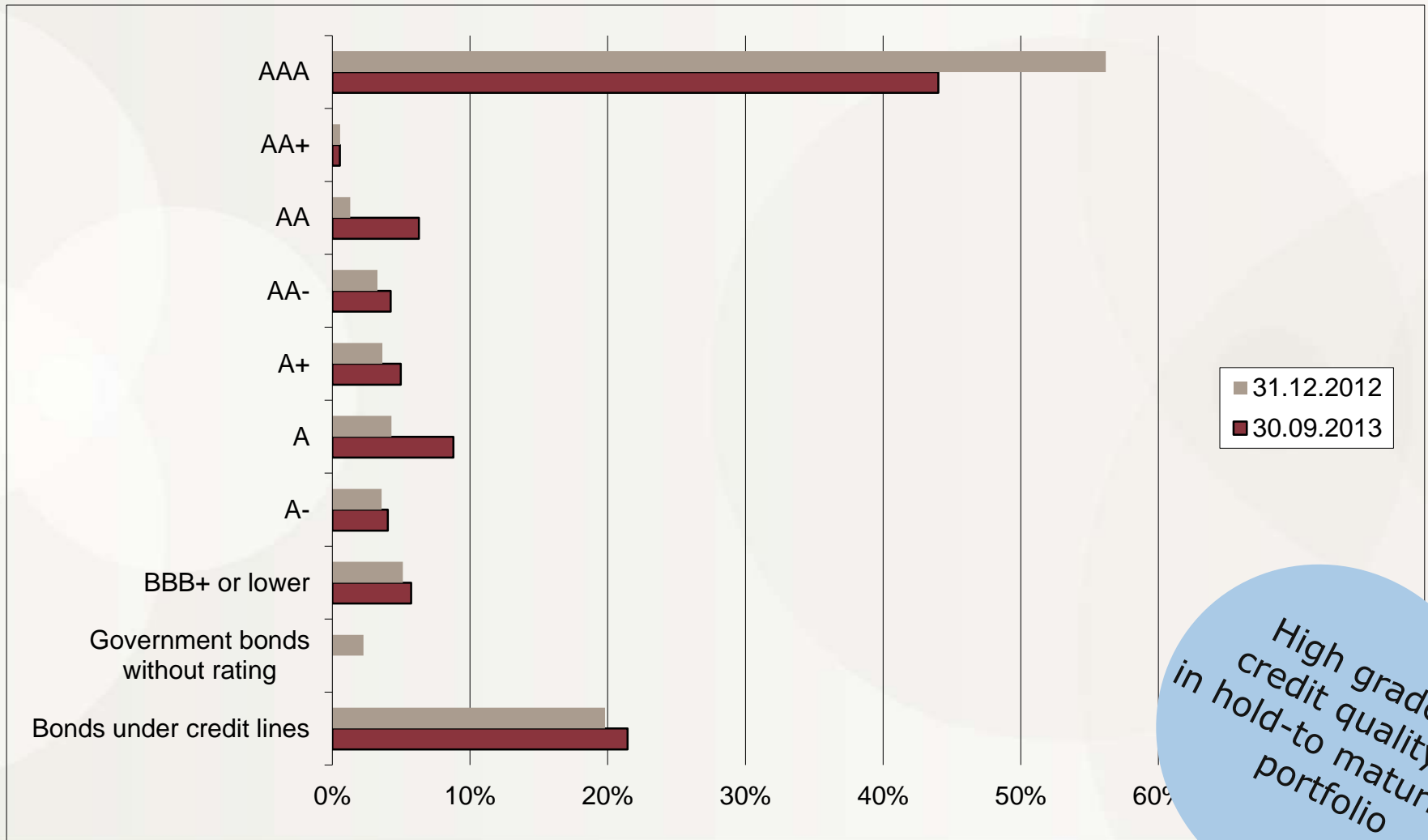
	30.09.2013	30.09.2012	31.12.2012
Book value (NOK mill)	86 313	82 272	83 277
Valuation reserve (NOK mill)	4 485	4 826	5 164
Return (per cent)	3.6	3.6	4.9

Bonds held-to maturity, last 5 years



Bonds booked at amortised costs

KLP common portfolio



High grade credit quality in hold-to maturity portfolio

Property value NOK 35.6 billion

New
organization
in place in
Sweden

Occupancy
rate
97 %

Purchased
property this
year for NOK
3 billion

Purchases in Stockholm – Torsplan in
Hagastaden, NOK 1.5 bn



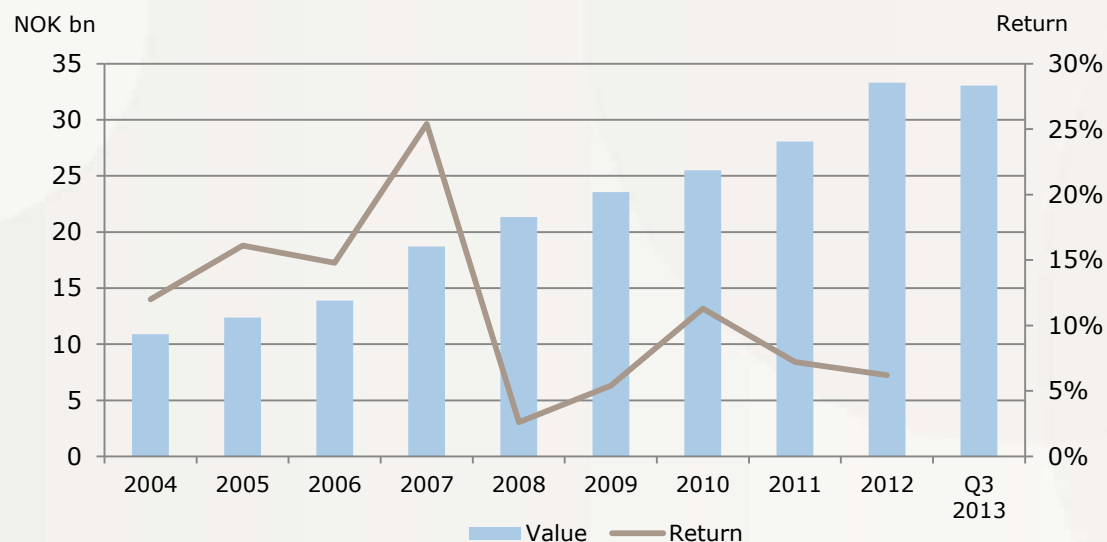
Fornebu S – investing NOK 1.5 bn
71 per cent occupancy rate



Property investments

Total portfolio

	30.09.2013	30.09.2012	31.12.2012
Book value (value-adjusted NOK mill)	35 582	32 086	33 388
Occupancy rate (per cent)	97.0 %	96.5 %	96.8 %
Average lease duration (year)	6.8	7.5	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 318 million (0.9 per cent) in Q3 2013

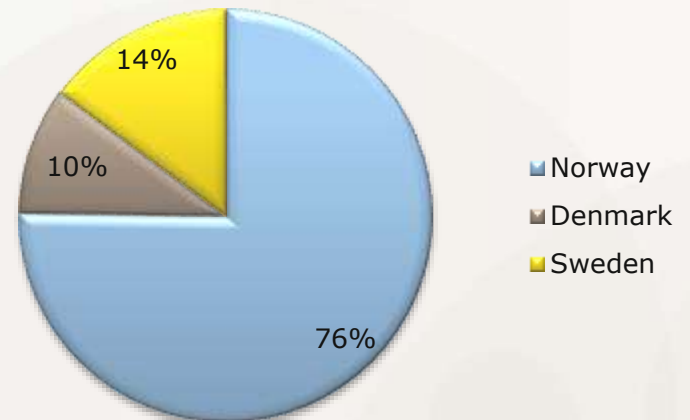
— NOK 73 million incl. Currency hedge

New investments in 2013:

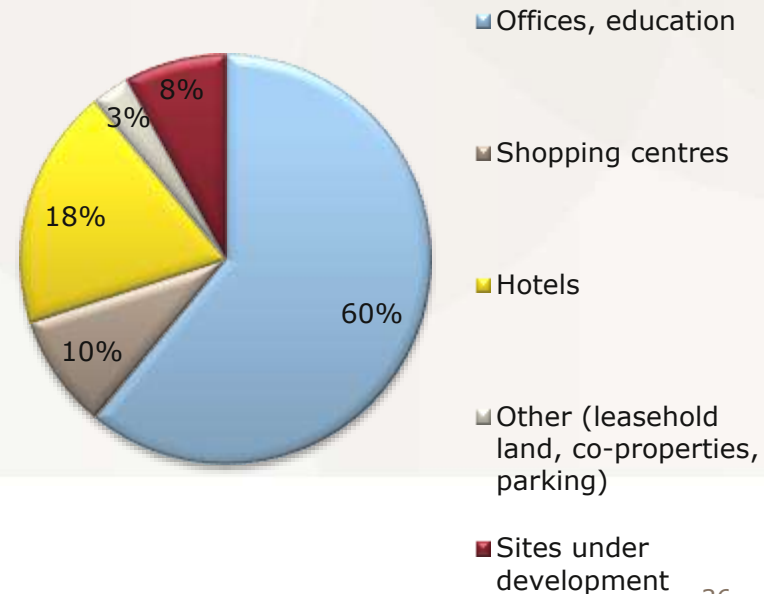
- 50 % of Nordbyen Senter in Larvik
- Hvaltorvet shopping mall in Sandefjord

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*	Ytd.		Year 2012
	2013	2012	
Fair value	35 101	32 121	33 469
Value adjustment in per cent	1.2 %	0.9 %	0.9 %
Fair value common portfolio (NOK mill)	32 416	29 560	30 904
Value adjustment in per cent common portfolio	1.2 %	0.9 %	0.9 %

Return	Ytd.		Year 2012
	2013	2012	
Total return	5.2 %	5.0 %	6.5 %
Total return common portfolio	5.3 %	5.1 %	6.5 %

*Figures include currency-hedging. Real-estate funds not included.

Skadeforsikring (non-life insurance)



KLP Skadeforsikring

Result
before tax:
NOK 141 million

Generally good
results, and
good
financial returns

Record growth in
retail

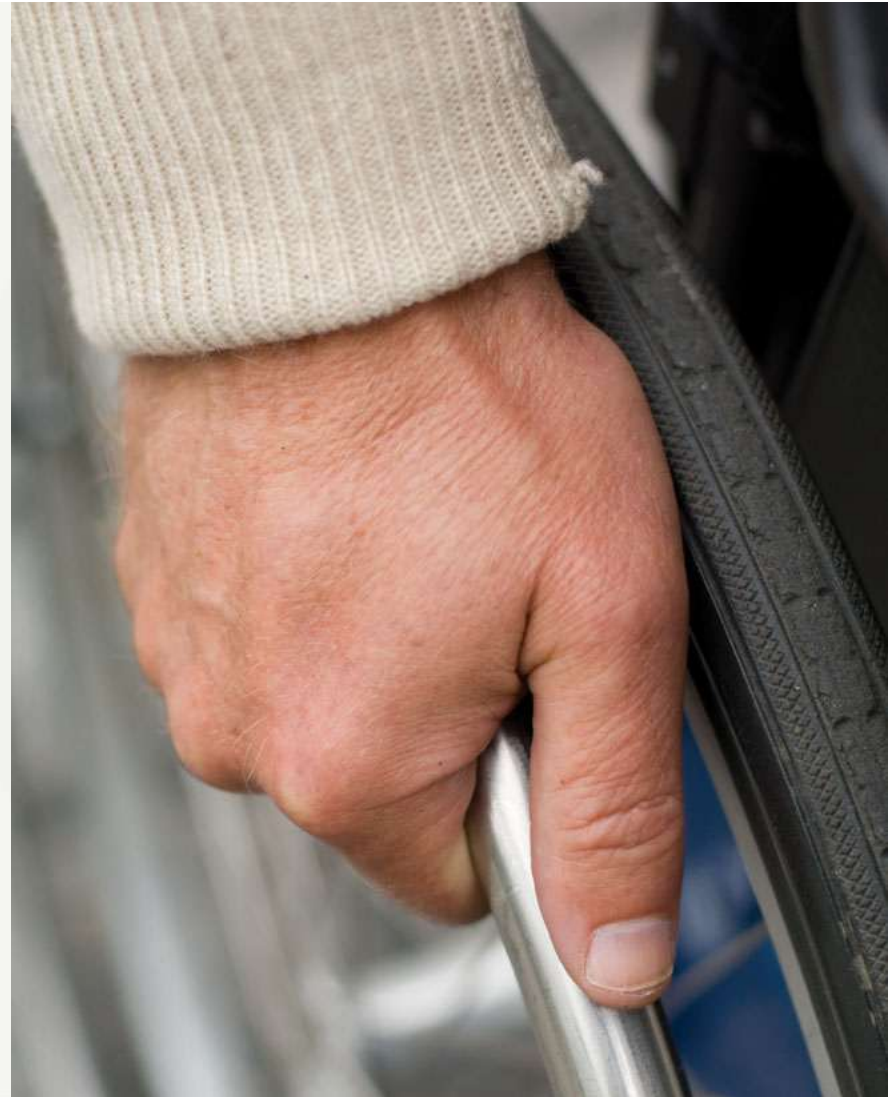
KLP Skadeforsikring per 30.09.2013

- Good pre-tax results: NOK 140.7 million
- Good insurance results, loss ratio 79.3 per cent
- Good investment return, 4.6 per cent
- Continued good sales and in the retail market.
- Many tenders in the public market - positive new-sale balance
- Largest incident so far this year NOK 12.5 million
- The flood brought charges of NOK 19.6 million to the company's nature disaster fund
 - No effect on P/L



Market development

- Strong position in public sector and corporate markets maintained
 - 345 municipalities and counties
 - 2 670 corporate clients
 - High tender activity
- Good sales in retail market
 - 19 800 customers of which 15 600 are members
 - NOK 205 million premium volume
 - Low defection rate



KLP Skadeforsikring – profit & loss Q2 2011

<i>1 000 NOK</i>	Result 30.09.2013	Result 30.09.2012	Result 2012
Premium written f.o.a.	535 010	485 925	658 948
Allocated investment income	30 316	27 586	37 027
Claims f.o.a.	-408 314	-398 264	-536 027
Insurance related expenses	-134 419	-124 792	-167 111
Other insurance related income	1 998	1 692	2 046
Changes in security reserves etc.	-10 447	-29 552	-56 048
Result from technical activities	14 144	-37 404	-61 164
Result from investment activities	126 583	136 001	210 074
Allocated investment income	-30 316	-27 586	-37 027
Other income	140 726	98 597	112 721
Result from ordinary operation	-42 715	-30 166	-17 420
Estimated tax expense	11 828	9 140	8 010
Provisions for equity fund	109 839	77 570	103 311
Result after provisions for equity fund	67 903	54 180	

KLP Skadeforsikring – main figures

Key figures, per cent	30.09.2013	30.09.2012
Claims ratio on own account	76.3 %	82.0 %
Cost ratio on own account	25.1 %	25.7 %
Combined Ratio for own account	101.4 %	107.6 %
Return on capital	4.6 %	5.1 %
Capital adequacy ratio	31.6 %	27.7 %
Revenues, NOK mill	30.09.2013	30.09.2012
Gross premium written	713	667
Premium income for own account	535	486
Claims paid for own account	-408	-398
Insurance related costs for own account	-134	-125
Results	141	99
Key figure balance sheet. NOK mill	30.09.2013	30.09.2012
Financial assets	3 533	3 272
Total assets	3 826	3 648
Equity	931	769
Provisions in insurance funds for own account	2 580	2 490

Banking and credit



Banking and credit



26 000
clients

Deposits from
corporate clients more
than NOK 600 million

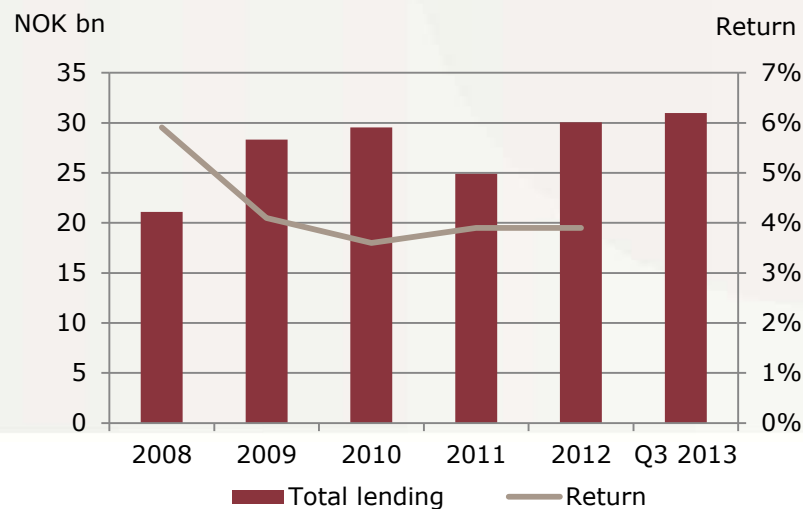
Lending portfolio

KLP common portfolio

	30.09.2013	30.09.2012	31.12.2012
Book value (NOK mill)	30 983	29 180	30 037
Of this: fixed rate loans (NOK mill)	12 649	11 982	12 523
Return year to date (in per cent)	2.6	2.9	3.9
Specific and general credit loss provisions (NOK mill)	1.5	0.9	4.3*

*A small loan of 3.9 million in connection with KLP's social investments has been written down

Lending portfolio, last 5 years



KLP banking – main figures

<i>NOK million</i>	KLP Kreditt		KLP Kommunekreditt		KLP Banken	
	30.09.2013	2012	30.09.2013	2012	30.09.2013	2012
Net interest revenues	0.7	2.4	22.0	70.1	10.6	13.9
Net fee and commission income	-	-	-	-	1.6	4.5
Management fees	-	-	-	-	14.3	79.1
Operational costs	0.1	-1.9	-6.2	28.1	-34.8	-106.9
Value adjustment financial instruments	-	0.7	-0.0	50.3	-1.1	40.8
Result before taxes	0.9	1.1	15.7	92.2	-9.4	31.4
Total assets	156	1 612	21 704	24 632	8 146	7 616

KLP Bank-group – main figures

NOK million	KLP Bank-group		
	30.09.2013	30.09.2012	2012
Net interest revenues	33.3	24.8	86.3
Net fee – and commissions income	1.6	1.0	4.5
Management fees	14.3	15.3	79.1
Operating cost	-40.9	-33.9	-137.7
Value changes financial instruments	0.1	44.5	51.1
Pre-tax earnings	8.3	51.7	83.4
Total assets	26 611	28 668	28 282

KLP – lending and deposits

<i>NOK billion</i>	Mortgage loans		Public sector loans		Deposits	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012	30.09.2013	31.12.2012
KLP Banken AS (parent)	4.1	1.5	-	-	4.1	2.9
KLP Kreditt AS	-	-	-	1.1	-	-
KLP Kommunekreditt AS	-	-	17.6	18.9	-	-
KLP (under management agreement)	7.1	9	23.7	20.9	-	-
Total	11.2	10.5	41.2	40.9	4.1	2.9

KLP Banken Q3

- The growth in loans and deposits at retail continues
- Home mortgage net growth improved.
- Stable public sector lending portfolio give good return
- Deposits from corporate clients: 608 million


PM:
26 215
active
customers



Asset management



Asset management



Result before
tax NOK 22.9
million this far
in 2013

Managing NOK
26 billion for
external clients

Net new
subscriptions
from external
clients NOK
1.7 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 283 billion at the end of the quarter. The major share represent funds managed for Kommunal Landspensjonskasse and its subsidiaries
- NOK 26 billion managed on behalf of external investors and retail clients. There are about 28 000 holders of KLP funds
- Profit before tax per 30.09: NOK 22.9 million



Summing up



2014 – positive outlook

- KLP has the intention of reserving for longevity to the extent allowed by regulations before year-end.
- KLP will endeavour to welcome all clients wishing to join the insurance community, provided necessary compliance
- KLP will submit competitive bids to municipalities tendering for pension fund administration
- KLP maintain emphasis on effective operations and cost-consciousness in line with municipal pension funds
- KLP is, and will remain, a stable and predictable supplier 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