

Oslo, 5th November 2014

Financial results third quarter 2014

KLP Group



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Main features



KLP maintains strong growth

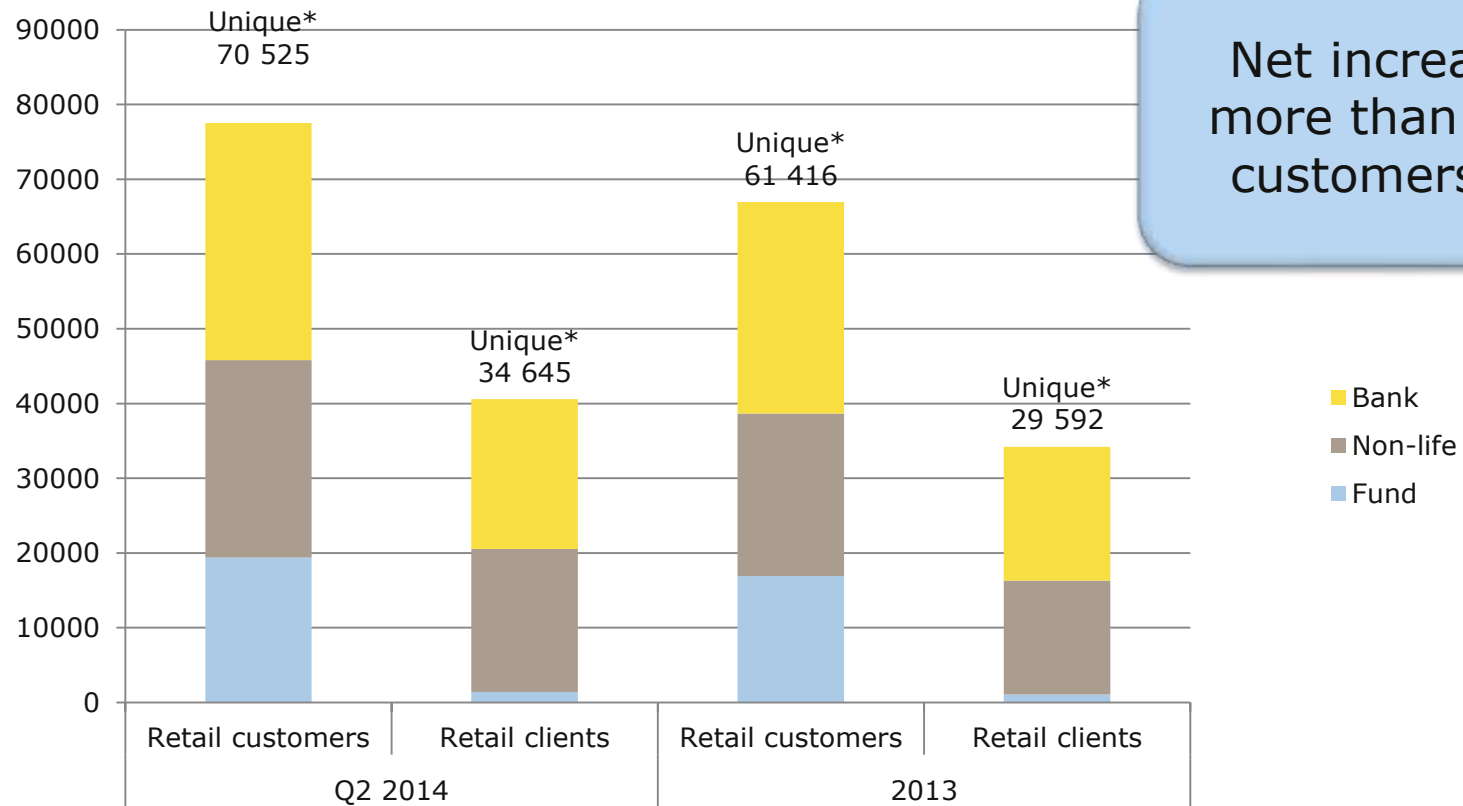
- 58 new municipalities and 193 new enterprises joins KLP in 2014
- A total of 446 municipalities and counties 403 are now members of KLP, which means that more than 90 per cent of Norwegian municipalities and counties have elected KLP as their main provider of pension products
- Of the 18 remaining clients of our previous competitors, 16 have requested an offer from KLP with a view to move to KLP in 2015.
- Through the first 9 months the common portfolio gave:
 - A book return of 2.6 per cent
 - A value adjusted return of 4.9 per cent
 - The corporate portfolio gave a return of 5.3 per cent
- Group operating profit through first nine months was NOK 11.7 billion
- Total solvency capital NOK 65.4 billion, equivalent to 19.6 per cent of insurance funds with interest guarantee



KLP return on investment portfolios

<i>All figures in per cent</i> <i>Common portfolio</i>	Q3 2014	Q3 2013	YTD 2014	YTD 2013	Year 2013
Booked return	0.8	1.2	2.6	3.4	6.4
Value adjusted return	1.2	1.7	4.9	4.5	6.7
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	1.6	1.6	6.3	4.1	6.4
Investment options portfolio	1.1	2.2	4.6	5.5	8.8
Corporate portfolio	1.3	1.2	5.3	4.3	5.7

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>Result before tax - NOK million</i>	YTD		Year 2013
	2014	2013	
Life insurance	1 599	-240	-328
Non-life insurance	168	141	190
Banking	31	77	87
Asset management	43	23	33
Other	0	1	1
Group result before tax	1 841	1	-17

KLP Group – main figures - results

NOK million	YTD		Year
	2014	2013	2013
Pension premiums and incoming transfers	55 454	26 227	31 883
- of which premium reserves transferred from other companies	21 712	6 001	5 796
Allocated investment income	19 837	15 559	23 708
Minority share of return of financial instruments	-1 935	-2 759	-4 596
Claims f.o.a.	-14 813	-9 308	-12 503
Insurance provisions	-45 928	-23 367	-30 324
Operating cost	-939	-873	-1 191
Other income and cost	35	19	37
Technical result	11 710	5 498	7 013
To/from value adjustment fund life insurance	-7 896	-3 364	-1 148
To/from supplementary reserves life insurance	0	2	1
Surplus allocated Life insurance clients	-1 974	-2 135	-5 884
Group result pre-tax	1 841	1	-17
Tax	-145	-63	-137
Other profit/loss elements	-376	822	1 023
Group result pre-tax	1 320	761	869

KLP Group – assets

<i>NOK million</i>	30.09.2014	31.12.2013	Change
Investment properties	40 953	39 744	1 209
Debt instruments held to maturity	29 376	31 758	-2 383
Debt instruments classified as loans and receivables	83 493	67 272	16 221
Lending to municipalities, enterprises and individuals	61 648	55 381	6 267
Debt instruments at fair value over P/L	136 400	122 398	14 003
Equity instruments at fair value over P/L	93 728	73 239	20 489
Financial derivatives	1 244	1 661	-417
Share in associated companies	4	4	0
Assets in defined contribution life insurance	775	578	198
Immaterial assets	412	377	34
Other assets	22 297	6 844	15 453
Total assets	470 331	399 257	71 073

KLP Group – own funds and liabilities

<i>NOK million</i>	30.09.2014	31.12.2013	Change
Own funds	17 893	15 268	2 625
Hybrid capital and subordinated loans	4 107	4 070	37
Debt to financial institutions	4 936	3 249	1 687
Covered bonds issued	16 733	17 217	-484
Debt to and deposits from clients	5 486	4 407	1 079
Insurance reserves	372 616	316 427	56 189
Minority interests classified as liabilities	31 901	28 750	3 152
Other liabilities	16 659	9 868	6 791
Total own funds and debt	470 331	399 257	71 074

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 1.9 Billion
to clients

58 new
municipalities and
196 enterprises
transfer their public
sector pension

Life and pension

- A record number of new insurance contracts established for municipalities and corporate entities transferring to KLP
 - About 130 000 new, present or future retirement beneficiaries will get their pensions from KLP
 - KLP has surpassed NOK 1 billion in monthly pension payments
 - Feedback from our customers, both through external polling and direct dialogue confirm that the process has been carried through smoothly and success
- For first time ever clients come to KLP – not as by their own choice after a due selection process, but as a result of their chosen provider no longer wishing to deliver the product they contracted for. This post us a challenge and an extra incentive to provide good and correct service to all our clients; old and new
- KLP has also developed a competitive solution for turn-key management of municipal pension funds for clients choosing that option
- The growth of expected new clients entering KLP is almost completed for 2014, the rest is expected for 2015
- KLP has efficient systems with ample capacity and a highly tuned organisation enabling the successful tackling of the extraordinary growth without increasing the cost level. This, in conjunction with various processes that have been initiated will give economies of scale that will benefit the clients through lower cost level in relation to the pension capital
- High level of activity in KLP Bedriftspensjon give volume growth and catchment of new clients



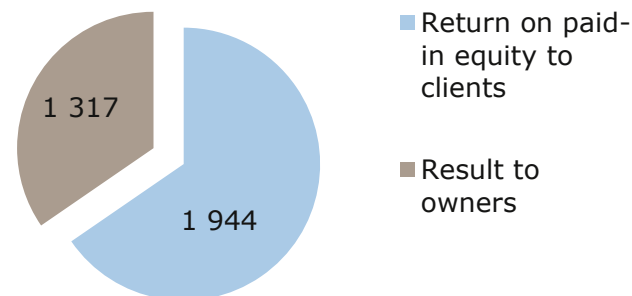
KLP – presentation of accounts

<i>NOK million</i>	YTD		Year 2013
	2014	2013	
Pension premiums and incoming transfers	54 570	25 487	30 860
Net revenues from investments in Common portfolio	16 225	12 701	18 912
Claims paid and outgoing transfers	-14 292	-8 860	-11 886
Changes in valuation reserves	-53 463	-26 425	-31 029
Allocations to insurance contracts	-1 959	-2 135	-5 884
Insurance related operating costs	-537	-597	-807
Other insurance related costs	26	11	26
Technical result	571	182	191
Net income from investments in the corporate portfolio	1 027	727	979
Other income and cost	-159	-154	-221
Net revenues from investments in Corporate portfolio	868	574	759
Other revenues and expenditures	1 439	756	950
Non-technical result	-122	0	-102
Total result	1 317	756	847

KLP – appropriation of results

<i>Nok million</i>	Costumers	Company	YTD 2014	Q2 2014	2013
Interest result	1 386	4	1 390	170	6
Risk result	211	211	422	344	14
Premium interest rate guarantee		443	443	164	86
Administration result		261	261	138	39
Non-technical result		868	868	215	174
Return on paid-in equity to clients	348	-348	-	-	-69
Other result elements		-122	-122	-84	-
Total	1 944	1 317	3 261	947	250

- Good return on common portfolio
- Good contribution from corporate portfolio
- Stipulated return of more than NOK 1.9 billion to clients



KLP – assets

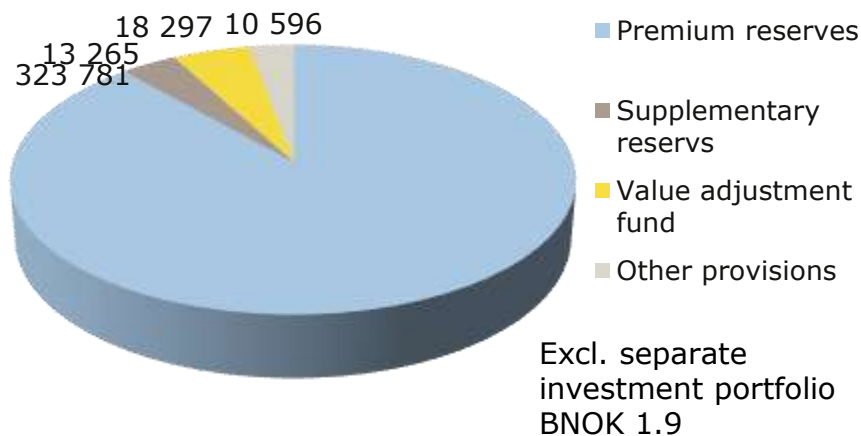
<i>NOK million</i>	30.09.2014	31.12.2013	Change 2014
Total assets in corporate portfolio	37 509	21 654	15 855
Total assets in common portfolio	363 999	316 194	47 805
Assets in investment options portfolio	1 890	1 745	145
Total assets	403 398	339 592	63 806



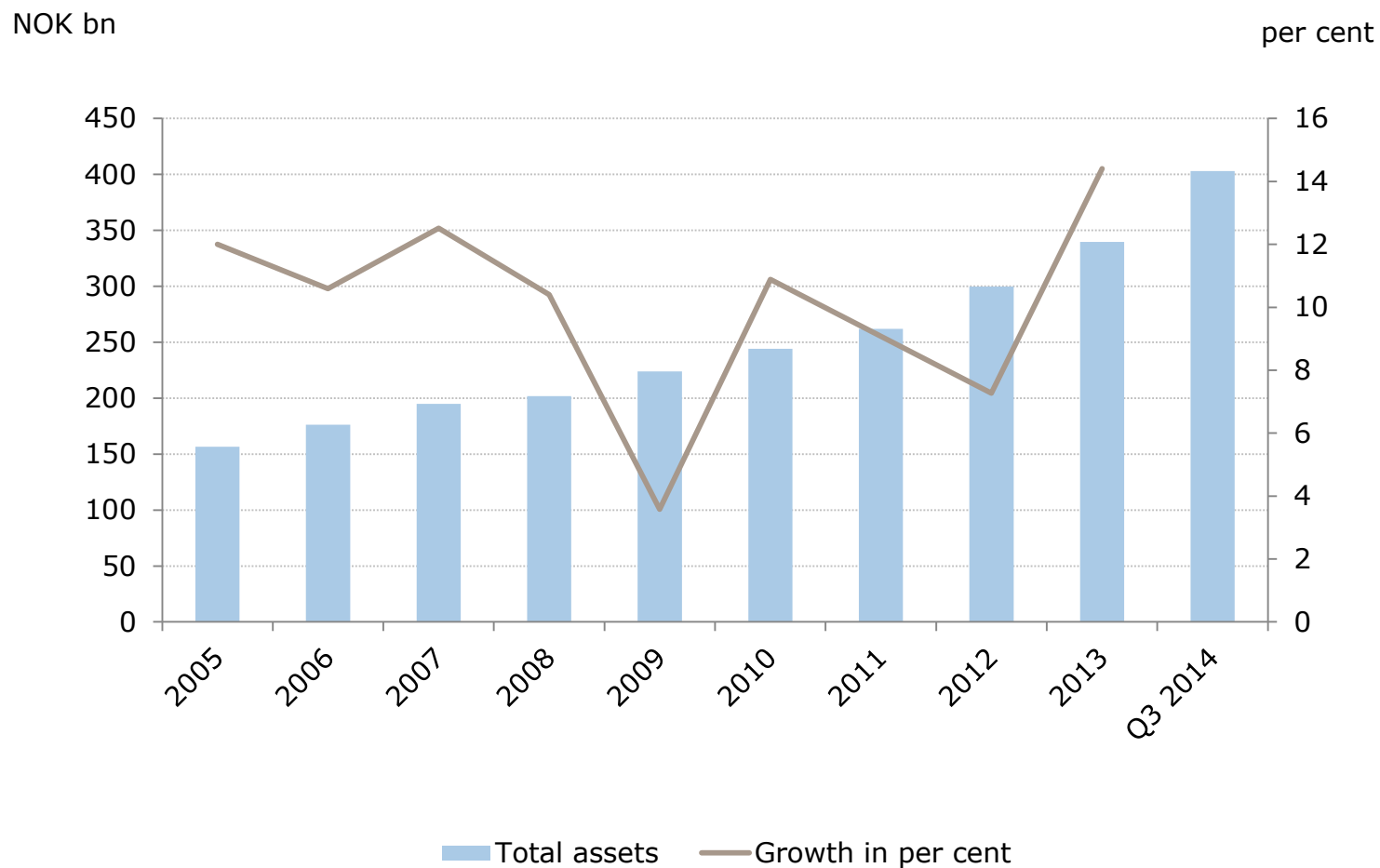
KLP – own funds and liabilities

<i>NOK million</i>	30.09.2014	31.12.2013	Change 2014
Paid-in equity	8 964	7 659	1 305
Retained earnings	8 746	7 429	1 317
Hybrid capital and subordinated debt	4 107	4 070	37
Insurance liabilities	367 814	312 127	55 687
Other liabilities	13 767	8 307	5 460
Total: own funds, provisions and debt	403 398	339 592	63 806

Insurance liabilities per 30.09.2014 – NOK bn



KLP – growth in assets



KLP Bedriftspensjon – main figures

NOK million	YTD		Year
	2014	2013	2013
Interest result	11.5	6.1	7.6
Risk result	3.3	2.2	2.3
Administration result	-22.1	-22.0	-32.3
Interest rate guarantee and profit element	3.8	3.2	4.4
Non-technical result	3.1	1.5	2.4
Total result	-0.3	-9.1	-15.6
Of which result to clients	16.6	5.5	7.2
Result to owner	-16.9	-14.6	-22.9

KLP Bedriftspensjon – return and solvency

<i>Per cent</i>	YTD		Year
	2014	2013	2013
Common portfolio			
Book	3.5	3.0	4.0
Value adjusted	4.3	4.2	6.2
Investment options portfolio	6.9	8.4	13.5
Corporate portfolio	2.5	2.1	3.1

<i>Per cent</i>	30.09.2014	31.12.2013
Capital coverage	14.2	14.7
Solvency ratio	184	198
Buffer capital employment	175.7	122.3

<i>NOK million</i>	30.06.2014	31.12.2013
Value adjustment fund	46.4	35.2
Supplementary reserves	30.3	28.6
Solvency capital	239.8	189.5

KLP investments and capital issues



KLP investments and capital issues

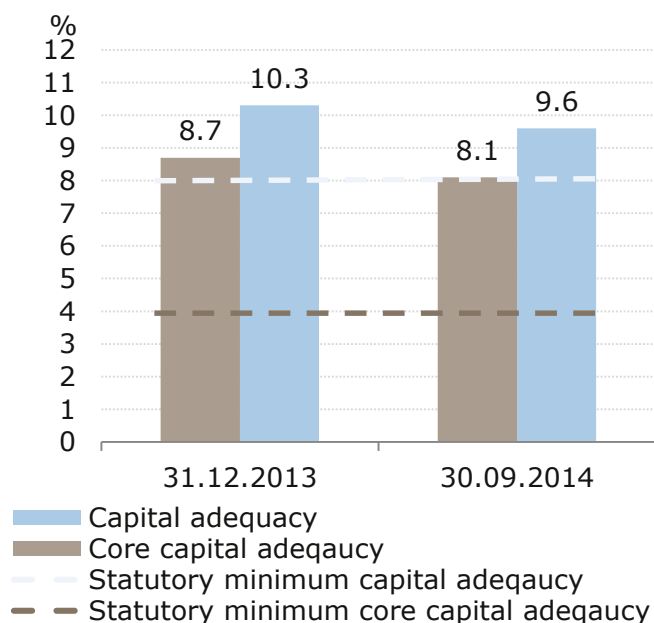


**More than 65.4
billion in total
solvency capital**

**Satisfactory
investment return
in Q3**

KLP – capital adequacy

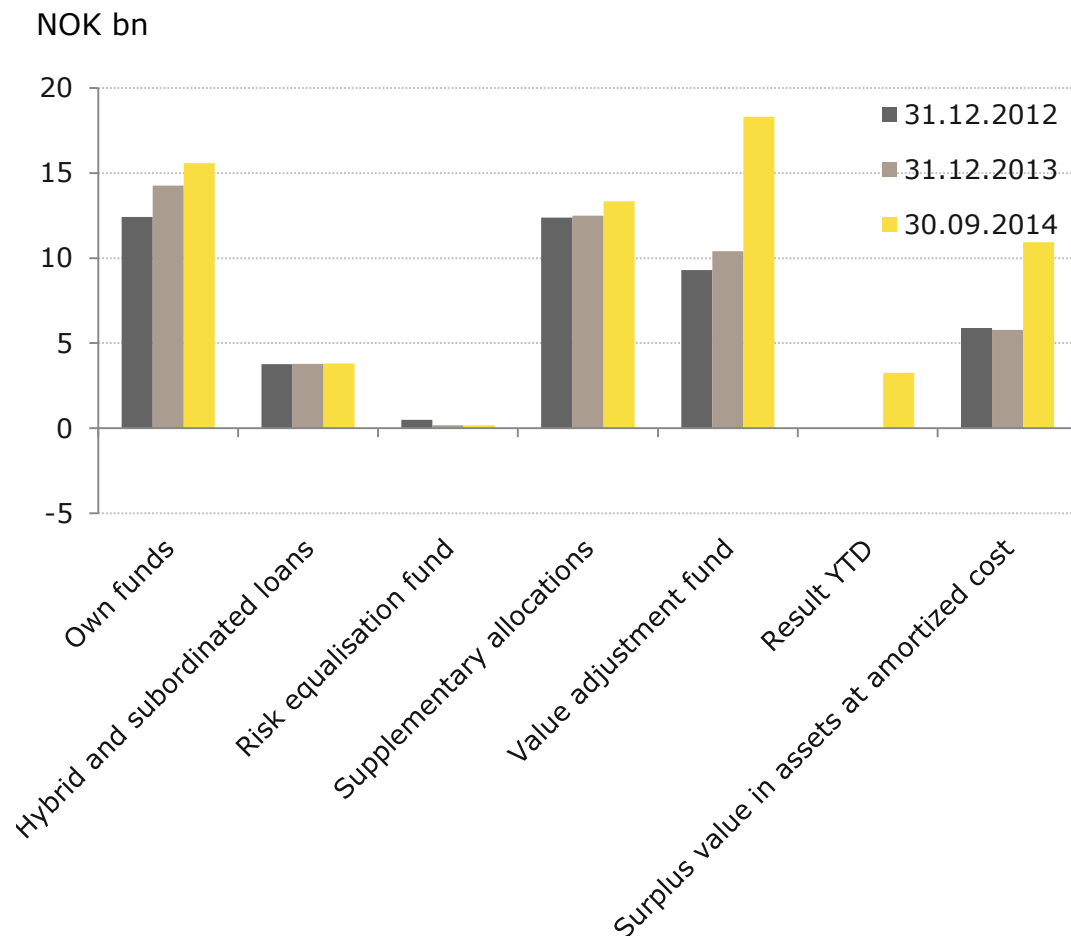
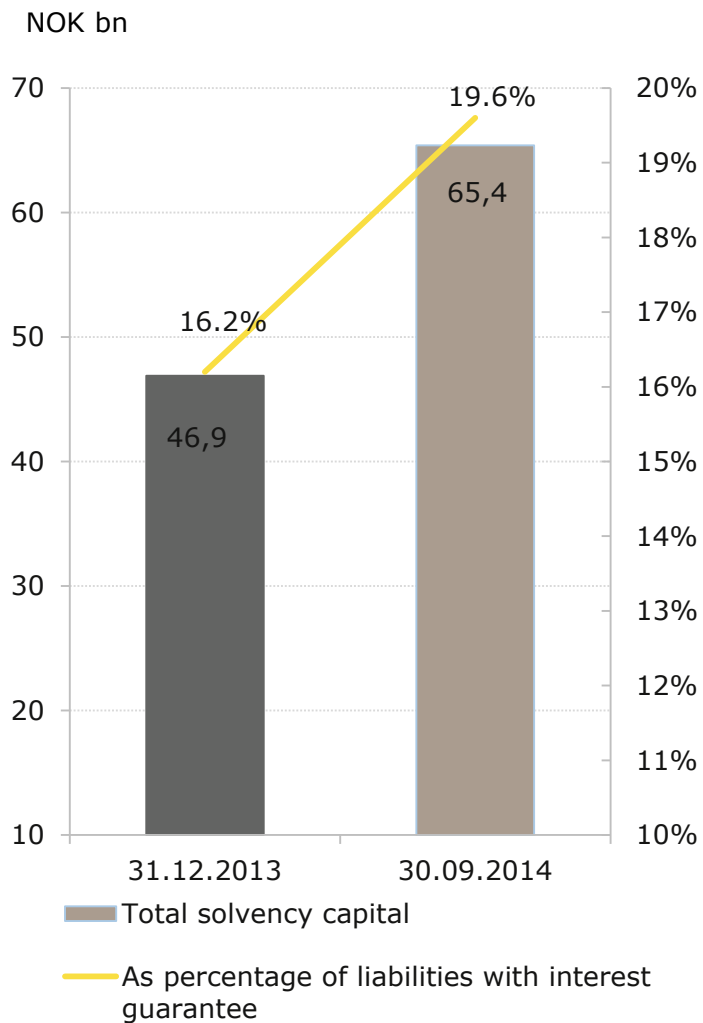
Per cent	30.09.2014	31.12.2013
Capital adequacy	9.6	10.3
Core capital adequacy	8.1	8.7
Statutory minimum capital adequacy	8.0	8.0
Statutory minimum core capital adequacy	4.0	4.0



KLP – buffer capital

<i>NOK million</i>	30.09.2014	31.12.2013
Valuation reserve	18 297	10 412
Supplementary reserve	13 348	12 495
Core capital margin	3 220	4 082
Income to date	3 261	
Regulatory buffer capital	38 126	26 989
Valuation reserve on investments booked at amortised costs	10 940	5 782

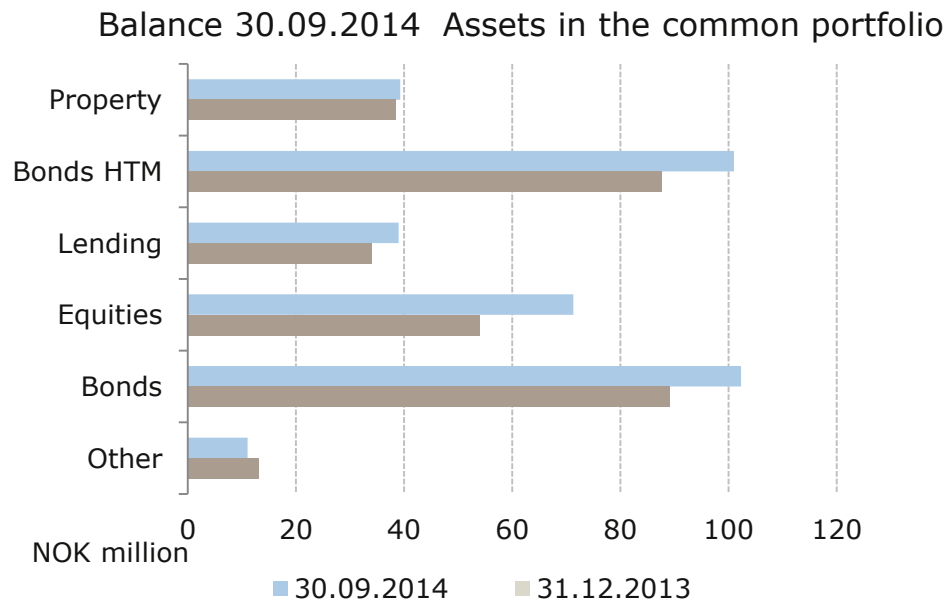
KLP – financial solidity



KLP common portfolio – allocation and return

	Share*	Return	Return
<i>Per cent</i>	30.09.2014	30.09.2014	2013
Equities ¹	21.3	8.6	25.3
Bonds	20.7	5.8	0.9
Bonds held-to-maturity	28.0	3.5	4.8
Lending	10.8	2.4	3.5
Property	11.1	5.4	7.1
Other financial assets	8.1	1.7	2.5

* Measured by exposure

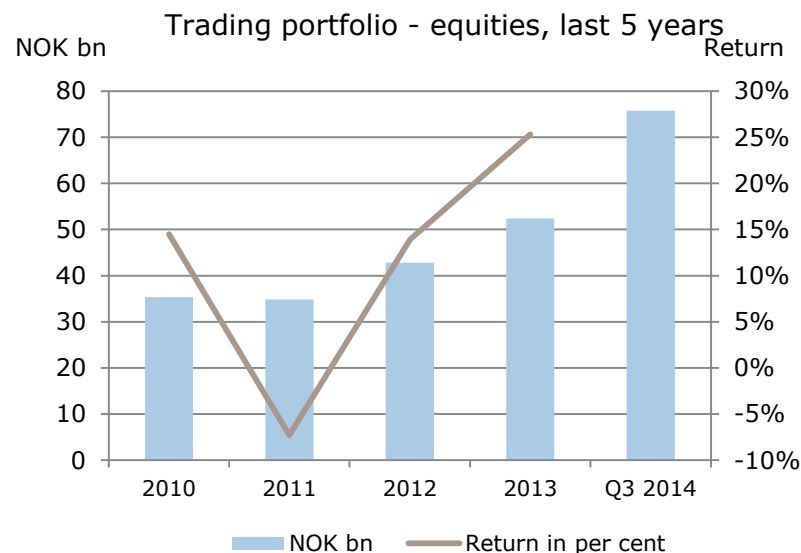


Trading portfolios equities

KLP common portfolio

Trading portfolio equities*	30.09.2014	30.09.2013	31.12.2013
Value equities (NOK mill)	71 178	46 437	54 004
Return equity portfolio	21.3 %	16.6 %	25,3 %
Share index-tracking equities	59.6 %	59.9 %	60.2 %
Share of active managment equities	16.6 %	19.3 %	19.2 %
Share of low beta equities	23.8 %	20.8 %	20.6 %

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

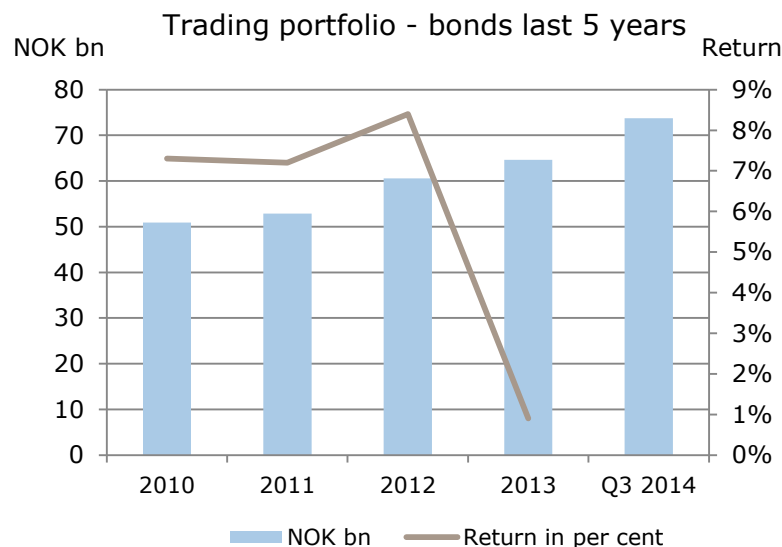


Trading portfolios – bonds

KLP common portfolio

Trading portfolios fixed-income *	30.09.2014	30.09.2012	31.12.2013
Value fixed income (NOK mill)	106 826	92 770	93 872
Return trading portfolios fixed income	4.6 %	0.6 %	1.4 %
Share index-tracking fixed-income	38.4 %	35.5 %	35.3 %

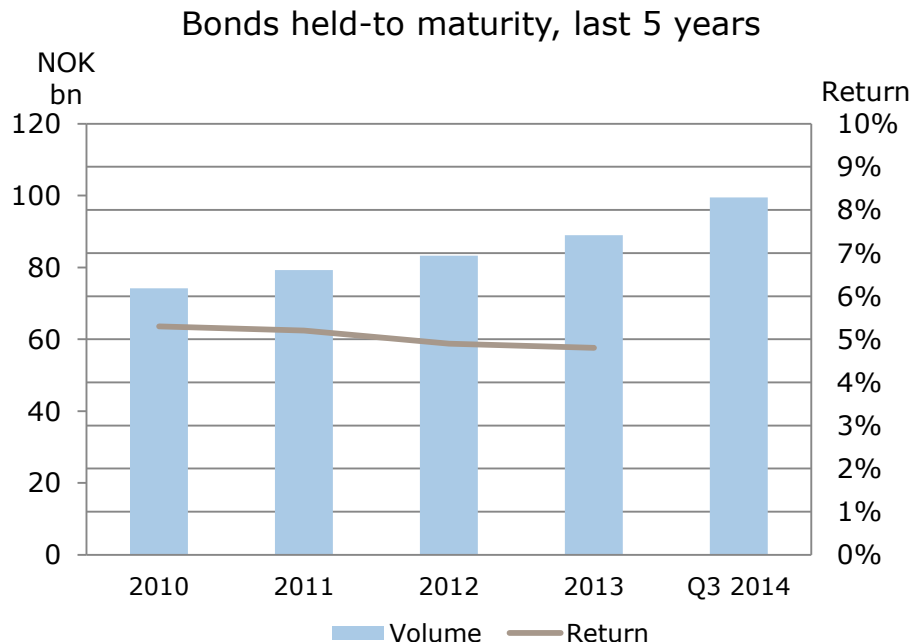
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Bonds booked at amortised costs

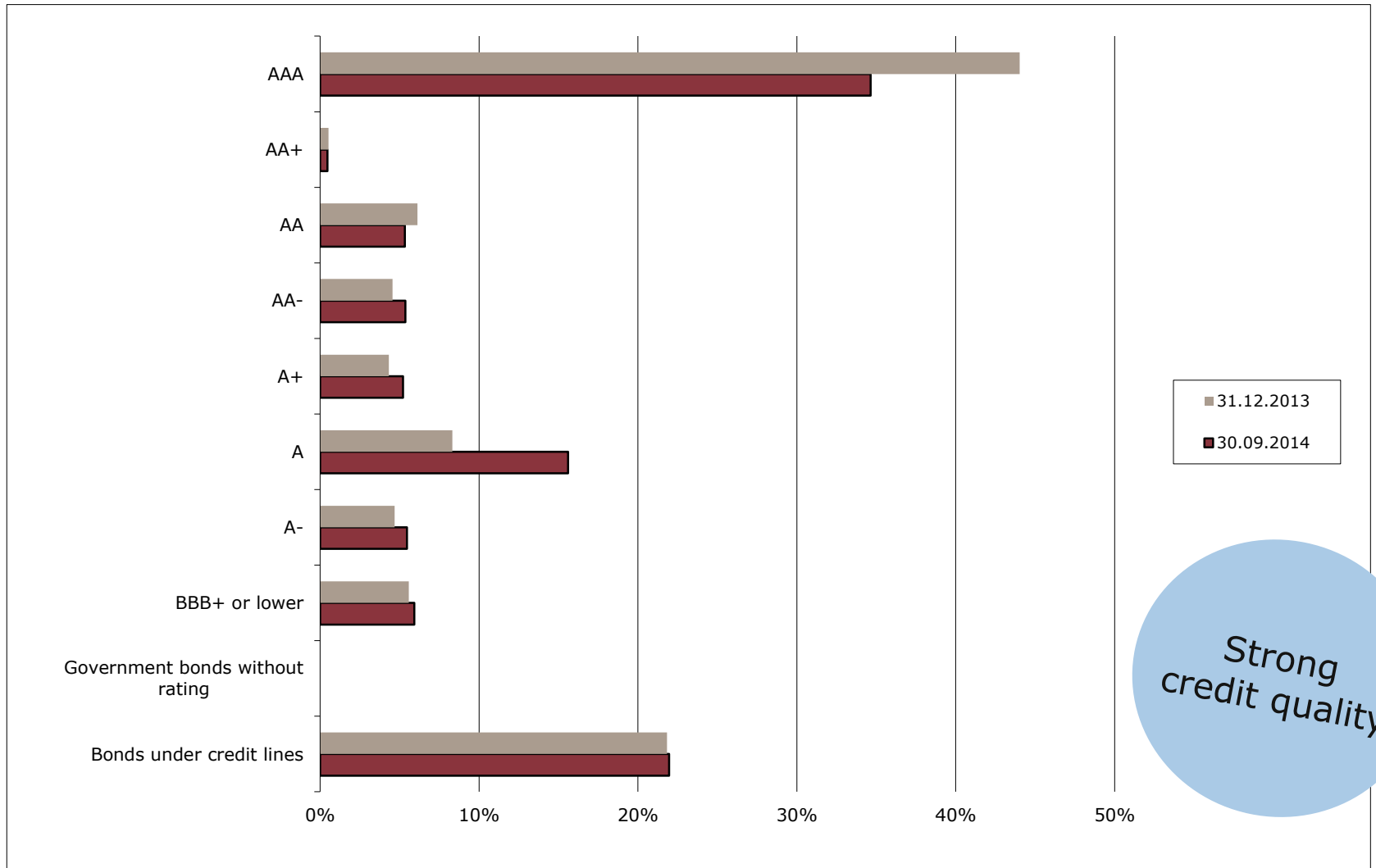
KLP common portfolio

	30.09.2014	30.09.2013	31.12.2013
Book value (NOK mill)	99 466	86 313	88 960
Valuation reserve (NOK mill)	9 152	4 485	4 974
Return (per cent)	3.5	3.6	4.8



Bonds booked at amortised costs

KLP common portfolio

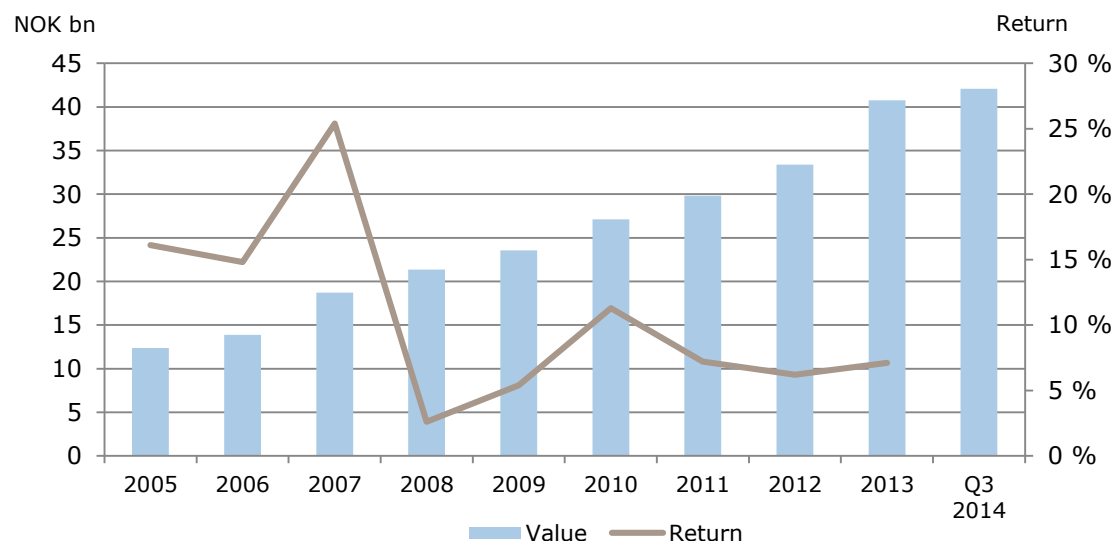


Property investments

Total portfolio

	YTD		Year 2013
	2014	2013	
Book value (value-adjusted NOK mill)*	42 099	35 582	40 776
Occupancy rate (per cent)	95.9 %	97.0 %	97.0 %
Average lease duration (year)	8.4	6.8	7.7

*Excl exchange-rate hedges and property funds



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

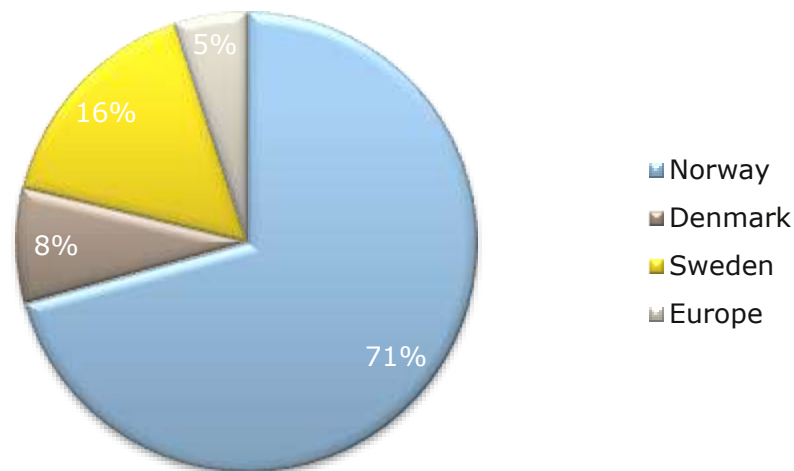
Lower risk premiums in the market has resulted in a revaluation of the property portfolio by NOK 164 million (0.4 per cent), post currency hedging in Q3

Invested so far ytd

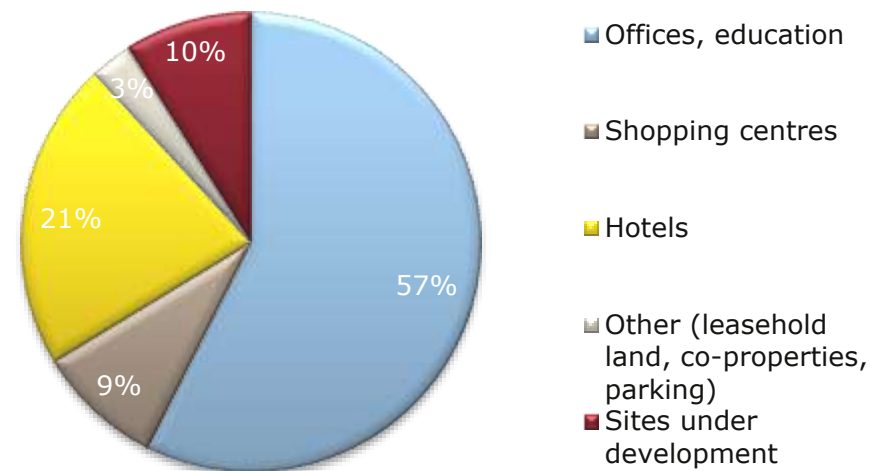
- Three sections in Tempeveien in Trondheim

Real-estate investments constitute 11.1 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 2013
	2014	2013	
Fair value total portfolio*	41 914	35 101	40 110
Value adjustment in per cent	1.6 %	1.2 %	1.3 %
Fair value common portfolio (NOK mill)*	39 093	32 416	37 422
Value adjustment in per cent common portfolio	1.3 %	1.2 %	1.4 %

Return	YTD		Year 2013
	2014	2013	
Total return*	5.4 %	5.2 %	6.9 %
Total return common portfolio**	5.4 %	5.4 %	7.1 %

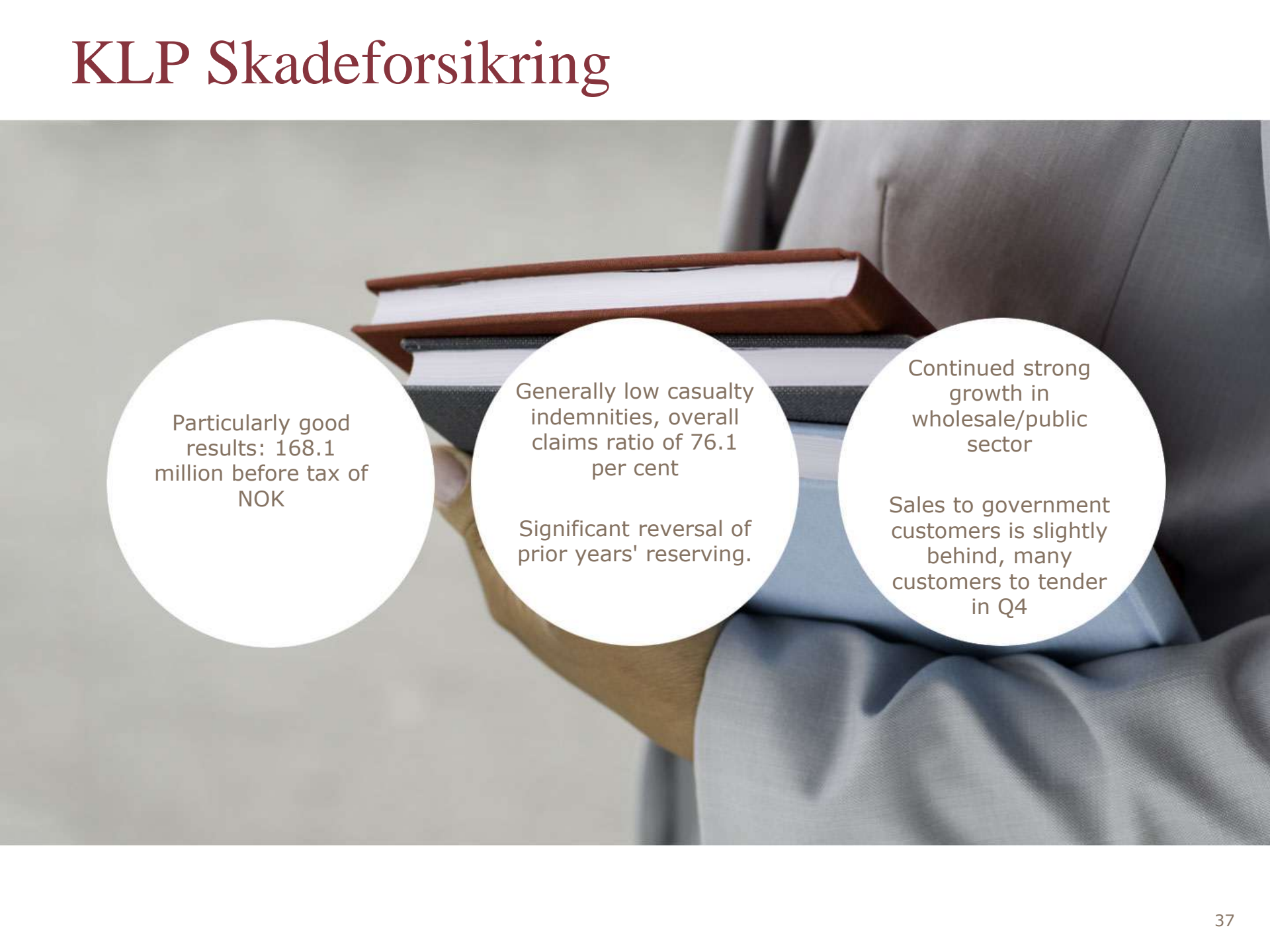
*Incl exchange-rate hedges and excl. property funds

**Incl exchange-rate hedges and property funds

Skadeforsikring (non-life insurance)



KLP Skadeforsikring



Particularly good results: 168.1 million before tax of NOK

Generally low casualty indemnities, overall claims ratio of 76.1 per cent

Significant reversal of prior years' reserving.

Continued strong growth in wholesale/public sector

Sales to government customers is slightly behind, many customers to tender in Q4

KLP Skadeforsikring Q3 2014

- Good operating results NOK 168.1 million
- Good casualty development, overall loss ratio of 76.1 percent
- Satisfactory financial return 4.6 per cent
- Significant gains from prior years' reserves
- Good sales in the retail market, increasing in the third quarter - high and still increasing web-share
- Variable sales development in Public sector so far this year, the majority of sales in Q4
- Strong solvency maintained



KLP Skadeforsikring – profit & loss Q3

<i>NOK million</i>	YTD 2014	YTD 2013
Premium written f.o.a.	622.8	535.0
Allocated investment income	32.9	30.3
Claims f.o.a.	-473.7	-408.3
Insurance related expenses	-135.8	-134.4
Other insurance related income	1.8	2.0
Changes in security reserves etc.	-12.8	-10.4
Result from technical activities	35.1	14.1
Result from investment activities	165.1	156.2
Allocated investment income	-32.9	-30.3
Other income	0.8	0.7
Result from ordinary operation	168.1	140.7
Estimated tax expense	-38.7	-42.7
Other components	-9.3	0.0
Provisions for equity fund	-24.9	11.8
Result after provisions for equity fund	95.3	109.8


KLP Skadeforsikring – main figures

Key figures, <i>per cent</i>	30.09.2014	30.09.2013
Claims ratio on own account	76.1	76.3
Cost ratio on own account	21.8	25.1
Combined Ratio for own account	97.9	101.4
Return on capital	4.6	4.6
Capital adequacy ratio	37.8	31.6
Revenues, <i>NOK mill</i>	30.09.2014	30.09.2013
Gross premium written	782	713
Premium income for own account	623	535
Claims paid for own account	-474	-408
Insurance related costs for own account	-136	-134
Results	168	141
Key figure balance sheet. <i>NOK mill</i>	30.09.2014	30.09.2013
Financial assets	3 749	3 533
Total assets	4 009	3 826
Equity	1 094	931
Provisions in insurance funds for own account	2 692	2 580

Banking and credit



Banking and credit



KLP Boligkreditt has made its first issues and has acquired mortgages from KLP Banken AS for about NOK 1.6 billion

Weaker results in Kommunekreditt due to the buyback of own debt

KLP Banken Q3

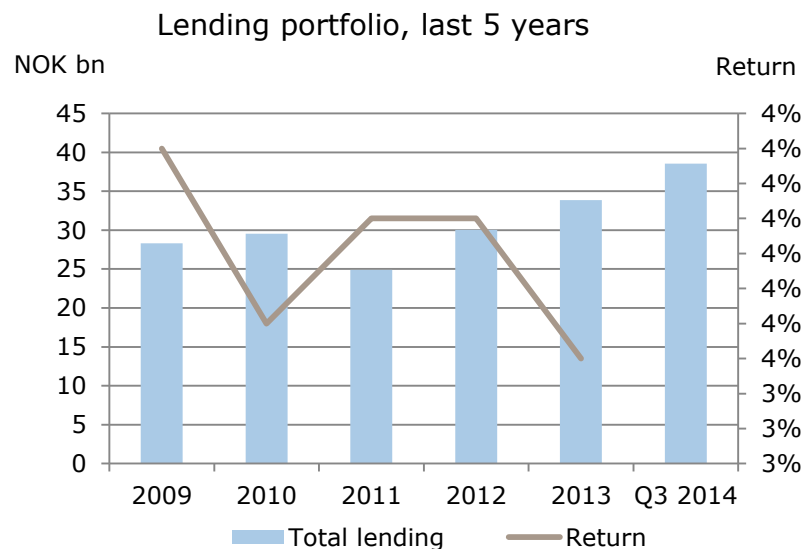
- Growth in PM lending and deposits maintained
- Margins on PM-loans stable good
- Continued satisfactory profitability in a slightly shrinking public lending portfolio. Weak Q3 profit due to the buyback of own debt
- Good cost-control
- KLP Boligkreditt has issued covered bonds and had a loan balance of NOK 1.6 billion 30. September 2014



Lending portfolio

KLP common portfolio

	YTD		Year
	2014	2013	2013
Book value (NOK mill)	38 565	30 983	33 843
Of this: fixed rate loans (NOK mill)	15 582	12 649	14 352
Return year to date (in per cent)	2.4	2.6	3.5
Specific and general credit loss provisions (NOK mill)	1.4	1.5	1.4



KLP Bank-group – main figures

<i>NOK million</i>	KLP Kommunekreditt		KLP Banken		KLP Boligkreditt	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013
Net interest revenues	53.1	92.3	34.9	30.3	4.4	0.0
Net fee and commission income	-	-	7.1	7.8	-	-
Management fees	-	-	43.5	58.1	-	-
Operational costs	-13.3	-22.4	-87.5	-122.1	-3.8	-0.0
Value adjustment financial instruments	-7.7	-8.0	0.3	80.1	-0.0	-
Result before taxes	32.1	62.0	-1.6	54.2	0.5	-0.0
Total assets	19 857	20 683	10 369	8 492	1 690	1

KLP Bank-group – main figures

<i>NOK million</i>	KLP Banken group		
	30.09.2014	30.09.2013	2013
Net interest revenues	92.4	88.0	122.0
Net fee – and commissions income	7.1	3.8	7.8
Management fees	43.5	43.8	58.1
Operating cost	-104.5	-104.9	-144.7
Value changes financial instruments	-7.5	46.6	43.8
Pre-tax earnings	31.0	77.2	87.0
Total assets	27 674	26 611	26 010

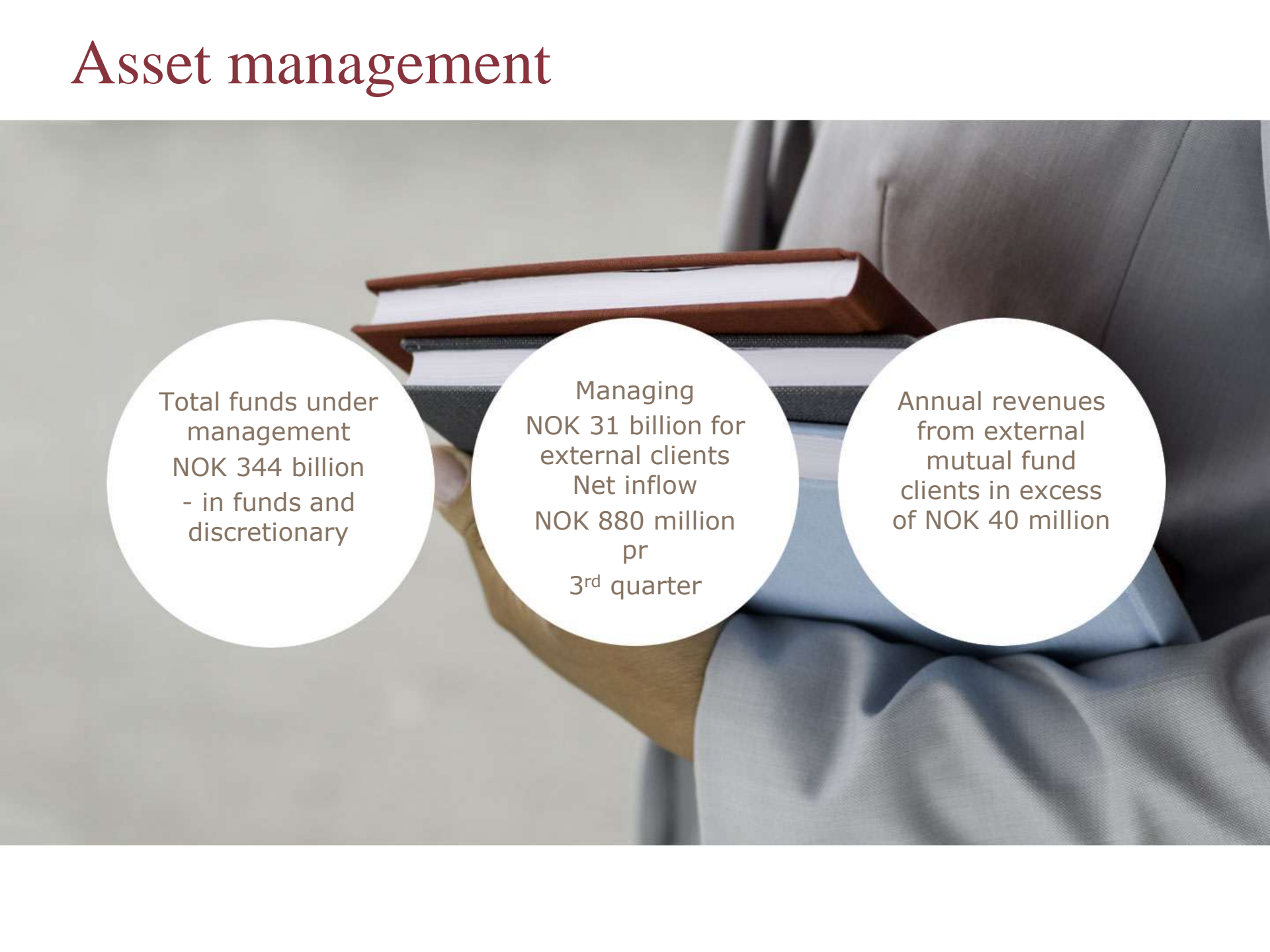
KLP Bank-group – lending and deposits

<i>NOK billion</i>	Mortgage loans		Public sector loans		Deposits	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
KLP Banken AS (parent)	4.9	4.5	-	-	5.4	4.4
KLP Boligkreditt AS	1.6	-	-	-	-	-
KLP Kommunekreditt AS	-	-	15.7	16.6	-	-
KLP (under management agreement)	5.7	7.0	29.3	25.9	-	-
KLP (currency loan)	-	-	3.3	0.8	-	-
Total	12.2	11.4	48.3	43.3	5.4	4.4

Asset management



Asset management



Total funds under
management
NOK 344 billion
- in funds and
discretionary

Managing
NOK 31 billion for
external clients
Net inflow
NOK 880 million
pr
3rd quarter

Annual revenues
from external
mutual fund
clients in excess
of NOK 40 million

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 344 billion at the end of the quarter. The major share represent funds managed for Kommunal Landspensjonskasse and its subsidiaries
- NOK 31 billion managed on behalf of external investors and retail clients. There are about 35 000 holders of KLP funds
- Profit before tax 30. September 2014: NOK 42.8 million



Summing up



2014 – after 9 months

- Historic number of transfers and growth in assets
 - Makes a stronger company with higher future revenues
 - Enables reaping economies of scale, however:
 - A short term dilution effect on the capital base,
- KLP's preparation for Solvency II is well on track towards implementation from 2016
- Concentrated efforts aimed at the Public Sector and Retail Market clients progressing
- Good return for the first 9 months
 - Volatile markets this far in Q4, however, a positive return for the quarter at this stage.
- Both old and new clients reserved for longevity in compliance with the new K2013 tariff, some clarification remain with regards to the company's contribution to the reserving which was completed in 2013
- KLP has ample solvency both under the present and future solvency framework, however – due to the extraordinary transfer in 2014 –somewhat lower than the long term strategic goals. Consequently the Board of Directors have adopted measures which in short and medium term will improve the capital and solvency base



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