

# Financial results Q3 2018

## KLP Group

Oslo, 1th November 2018



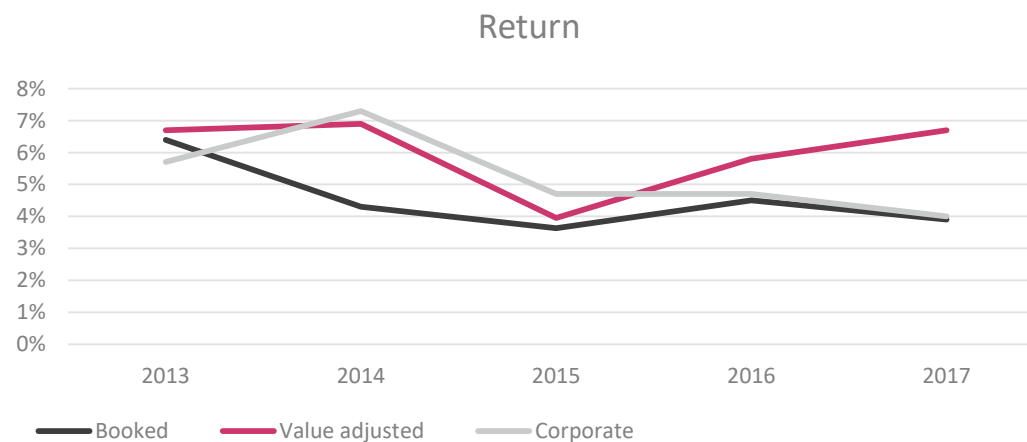
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# Main features

- Total group assets: NOK 692 billion
- Common portfolio of life company:
  - Book return of 3.1 per cent
  - Value adjusted return of 2.9 per cent
- Corporate portfolio returned 3.1 per cent
- Solvency ratio KLP: 274 per cent

	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Common portfolio				
Booked return	0.8 %	1.0 %	1.2 %	0.9 %
Value adjusted return	1.6 %	1.7 %	-0.4 %	2.1 %
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	1.2 %	1.8 %	-1.1 %	2.0 %
Investment options portfolio	1.8 %	2.2 %	-0.9 %	2.3 %
Corporate portfolio	0.7 %	0.7 %	1.6 %	0.9 %



## KLP Group – results by segment

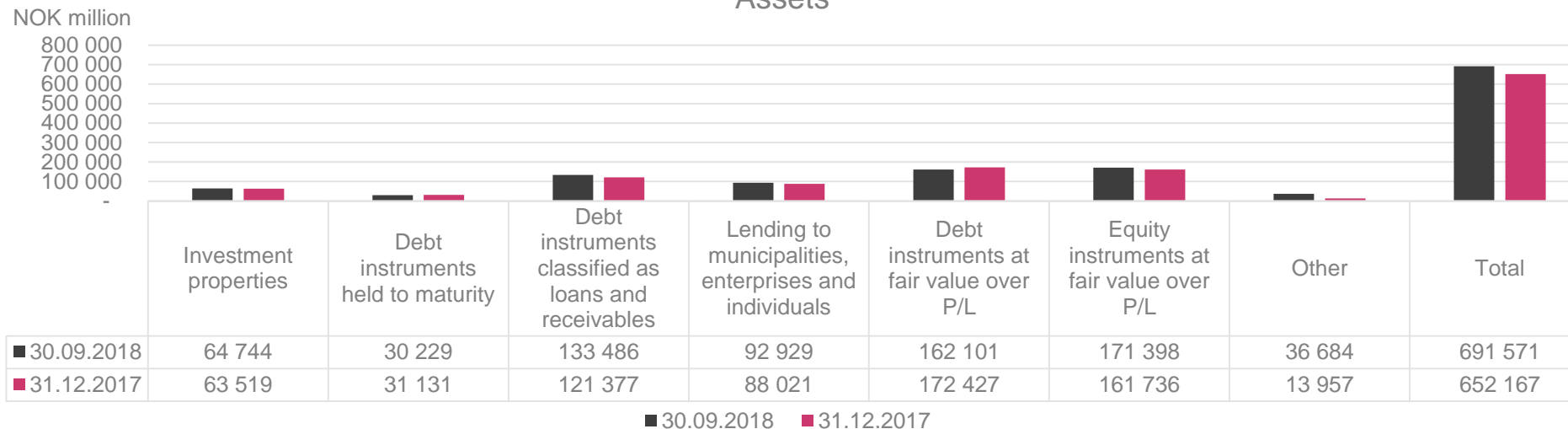
NOK million	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Life insurance	615	566	873	-354
Non-life insurance	69	49	-13	12
Banking	28	19	24	22
Asset management	28	1	-2	-4
Other	-1	0	-1	-1
<b>Group result before tax</b>	<b>739</b>	<b>635</b>	<b>880</b>	<b>-325</b>

## KLP Group – main figures - results

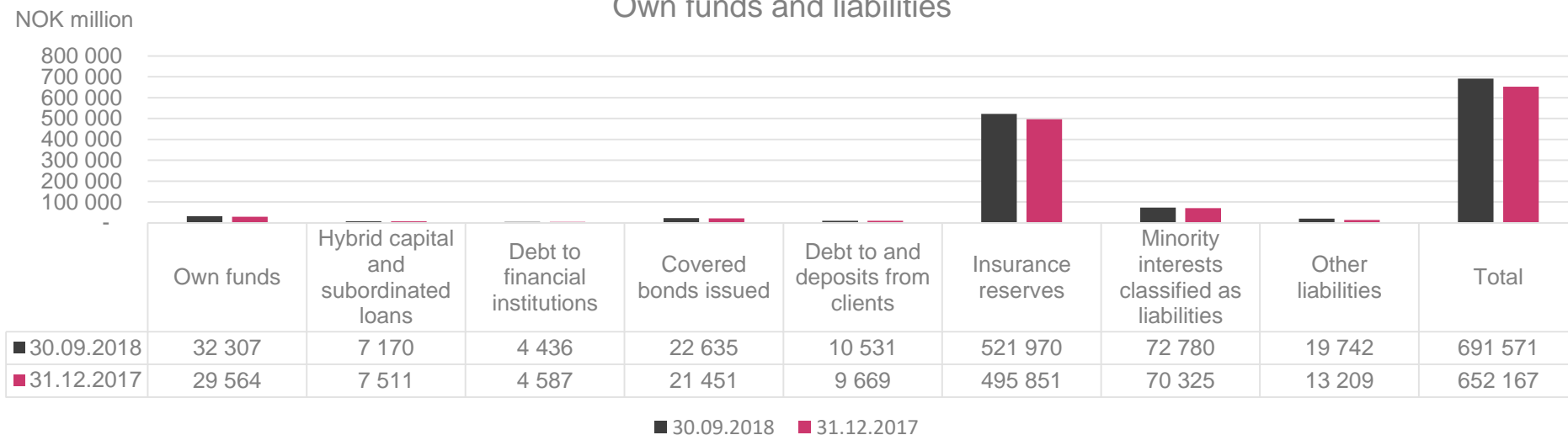
NOK million	30.09.2018	31.12.2017
Pension premiums and incoming transfers	32 838	34 590
- of which premium reserves transferred from another company	356	841
Allocated investment income	19 912	41 430
Minority share of return of financial instruments	-2 676	-8 648
Claims f.o.a.	-14 965	-18 665
Insurance provisions	-23 675	-24 425
Interest expenses and value adjustments subordinated loans and subordinated bonds	69	-527
Operating cost	-1 325	-1 673
Other income and cost	51	48
<b>Technical result</b>	<b>10 229</b>	<b>22 130</b>
To/from value adjustment fund life insurance	-339	-13 904
To/from supplementary reserves life insurance	21	-1 188
Surplus allocated Life insurance clients	-7 656	-4 564
<b>Group result pre-tax</b>	<b>2 255</b>	<b>2 474</b>
Tax	-1 002	-1 143
Other profit/loss elements	63	61
<b>Group result</b>	<b>1 316</b>	<b>1 393</b>

# KLP Group - Balance

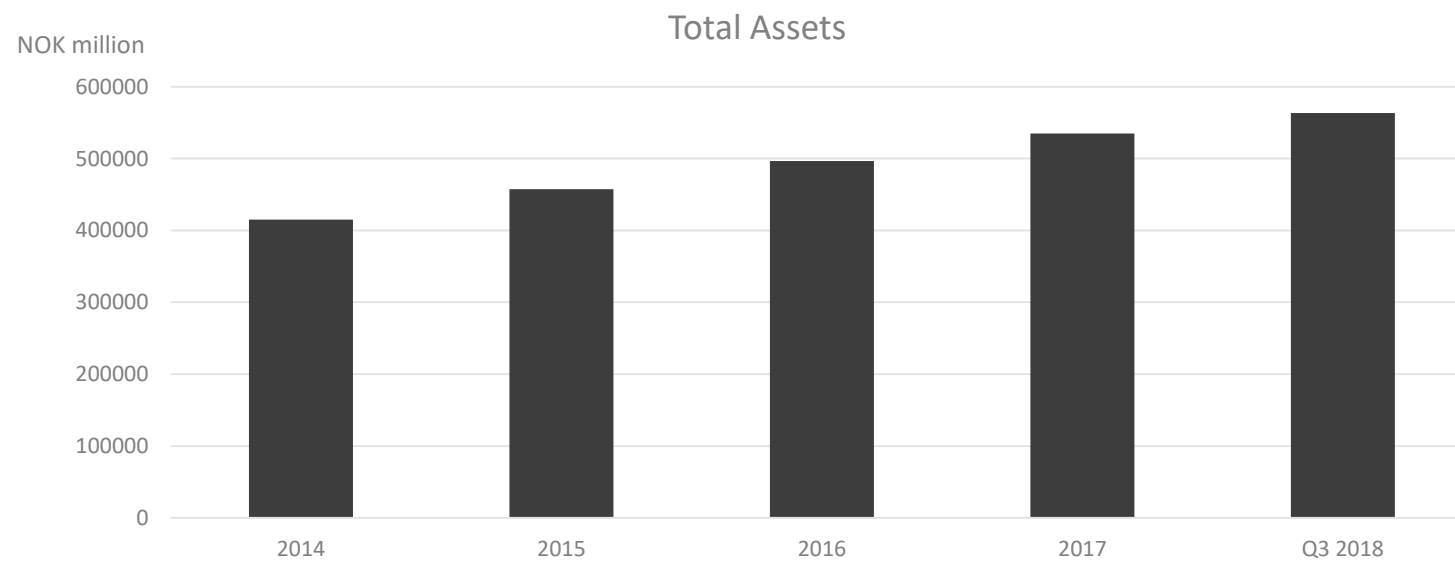
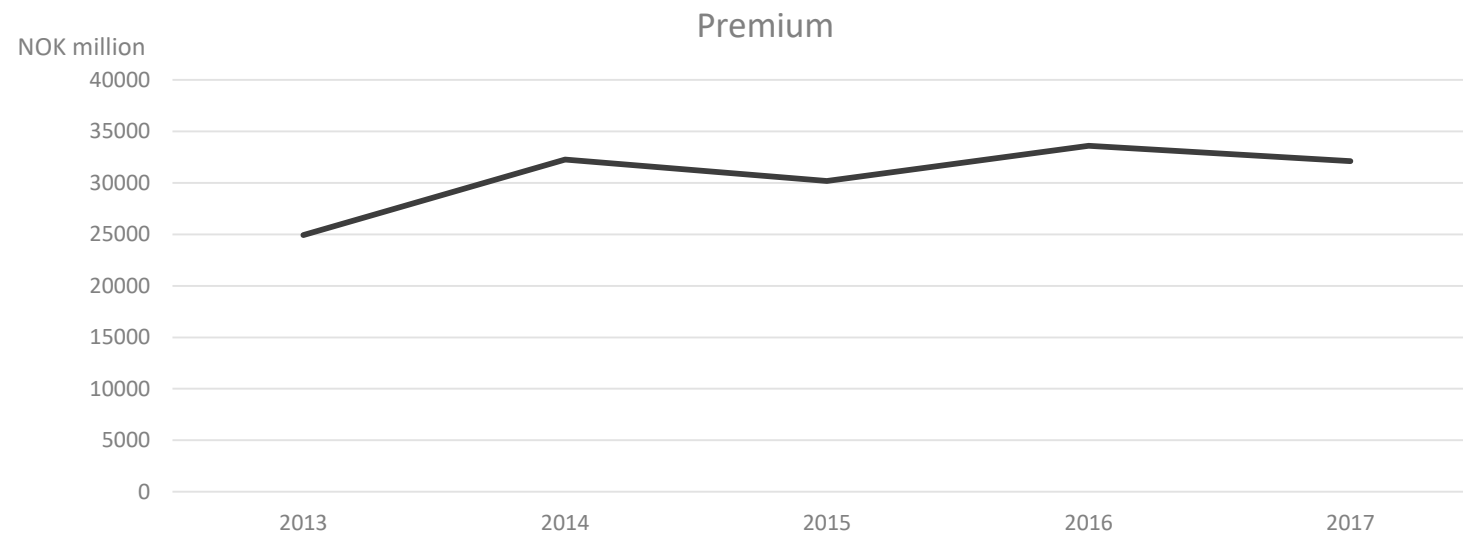
## Assets



## Own funds and liabilities

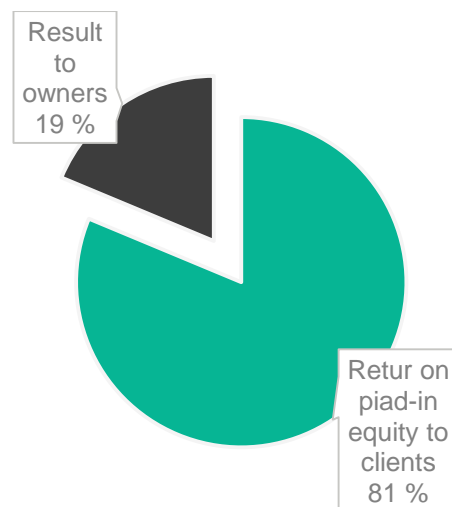


# KLP Life



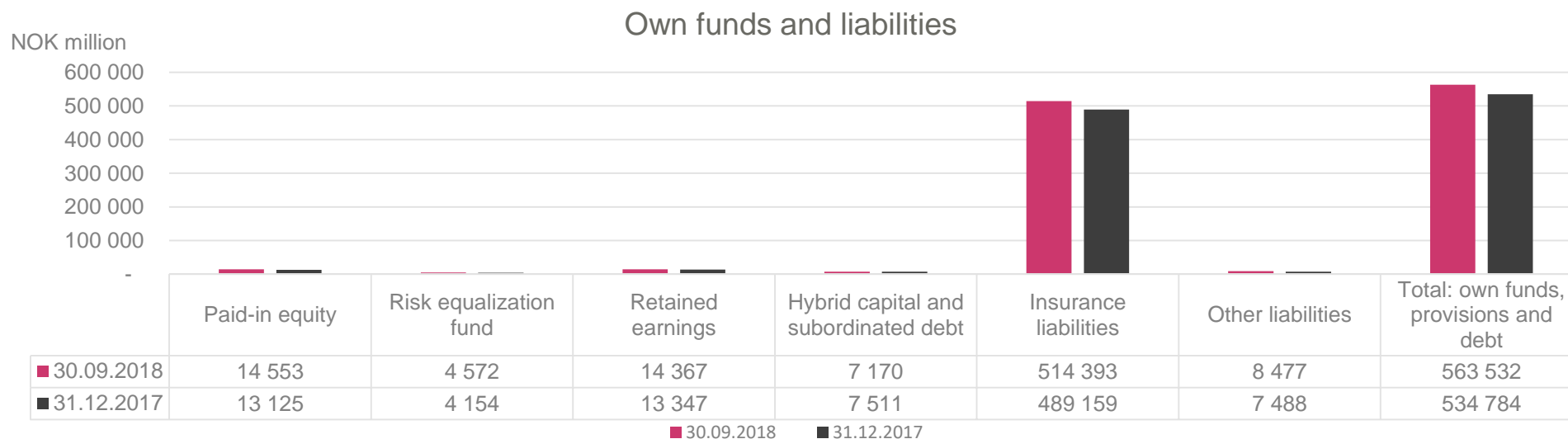
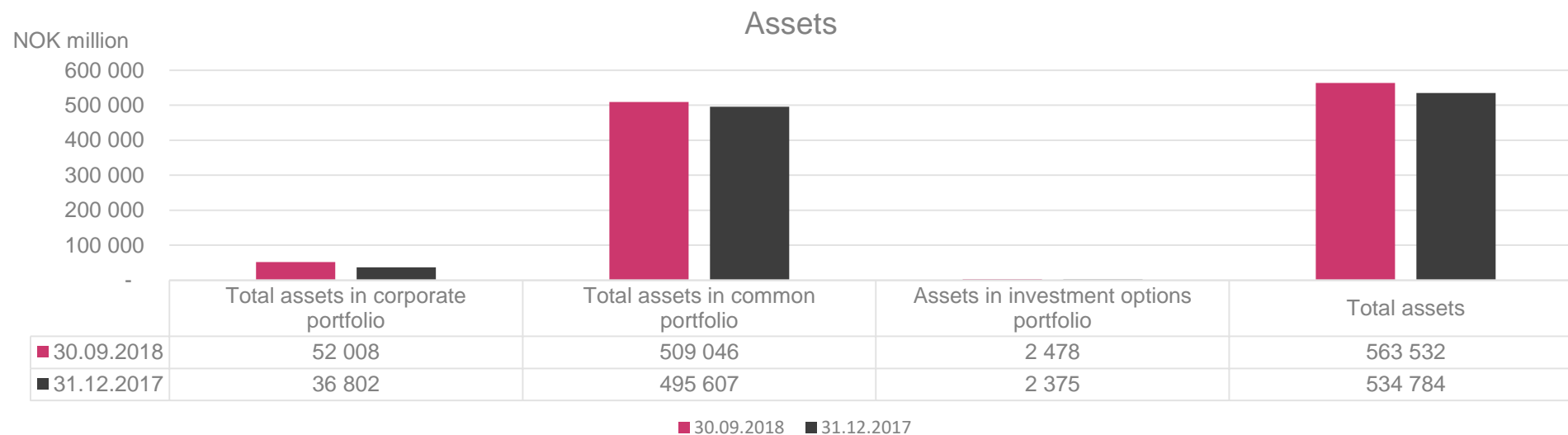
## KLP – Appropriation of results

Nok million	Result Customers	Result Company	30.09.2018	31.12.2017
Interest result	5 956	129	6 086	6 769
Risk result	289	289	578	897
Premium interest rate guarantee		565	565	711
Administration result		115	115	141
Net income corporate portfolio		778	778	887
Tax		-438	-438	-496
Other result elements		0	0	-322
<b>Total</b>	<b>6 245</b>	<b>1 438</b>	<b>7 683</b>	<b>8 588</b>





# KLP Life - Balance



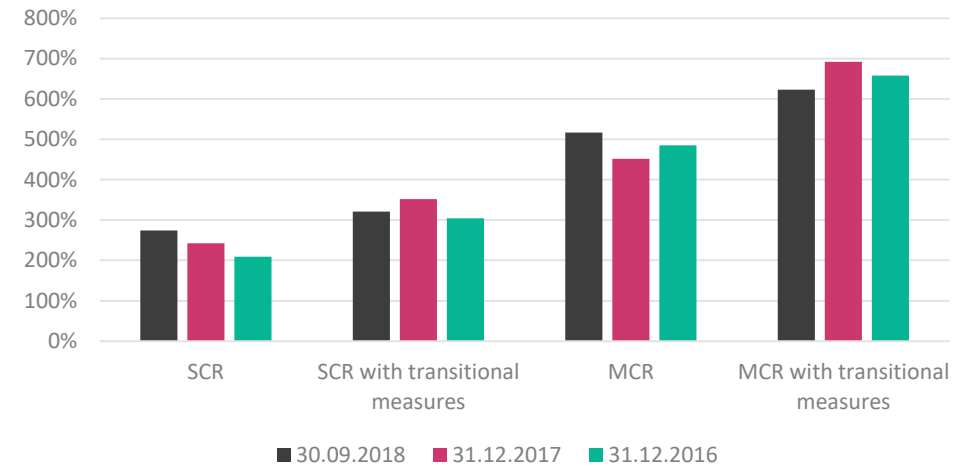
# KLP Life - Solvency

- Solvency ratio Q2: 274\* per cent
- Minimum solvency ratio Q3: 571\* per cent

*\*without transitional measures*

	30.09.2018	30.06.2018	31.03.2018	31.12.2017
Solvency ratio (SCR)	274 %	253 %	255 %	242 %
Kapitaldekning (SCR) with transitional measures	321 %	321 %	319 %	352 %
Minimum solvency ratio (MCR)	517 %	472 %	476 %	452 %
Minimum solvency ratio (MCR) with transitional measures	623 %	623 %	618 %	692 %

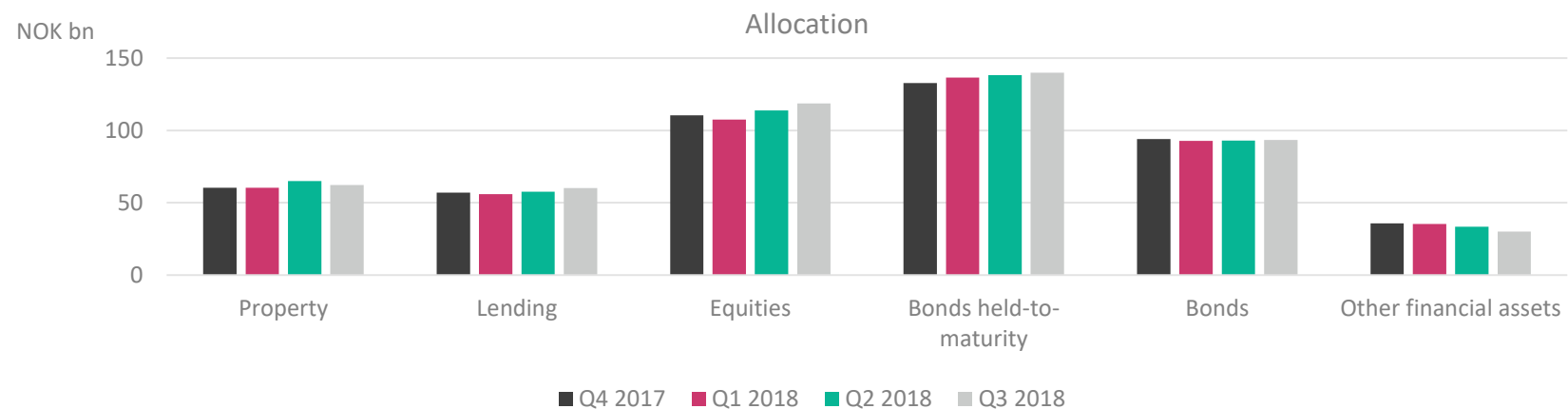
Solvency Ratio



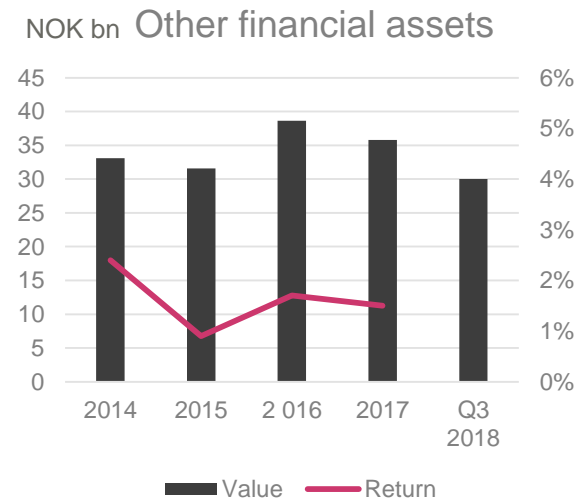
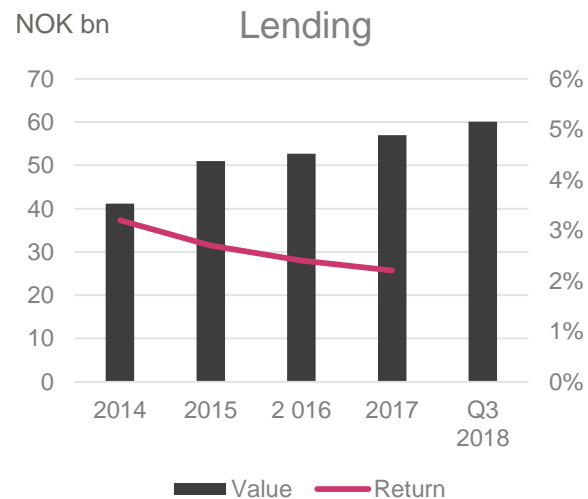
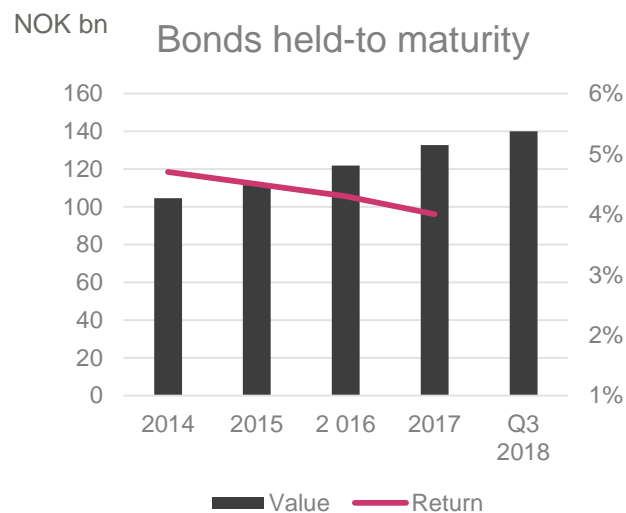
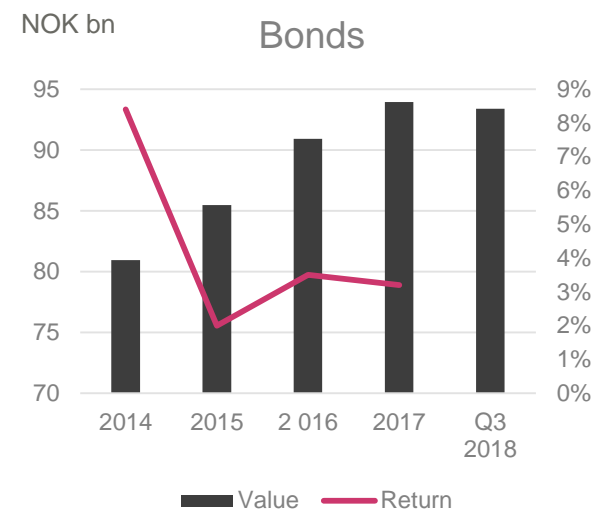
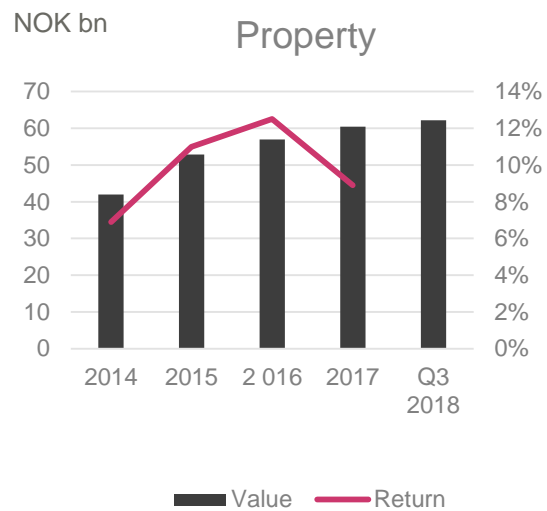
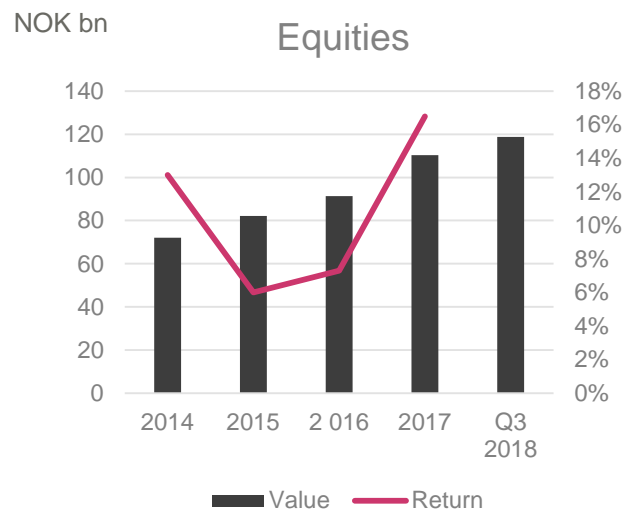
# KLP Life - Common Portfolio

	Share*	Return	Share*	Return
	30.09.2018	30.09.2018	31.12.2017	31.12.2017
Equities	23.5 %	5.7 %	22.5 %	16.5 %
Bonds	18.5 %	-1.1 %	19.2 %	3.2 %
Bonds held-to-maturity	27.7 %	2.8 %	27.1 %	4.0 %
Lending	11.9 %	1.7 %	11.6 %	2.2 %
Property	12.3 %	5.6 %	12.3 %	8.9 %
Other financial assets	6.0 %	0.9 %	7.3 %	1.5 %

\*) Measured by exposure



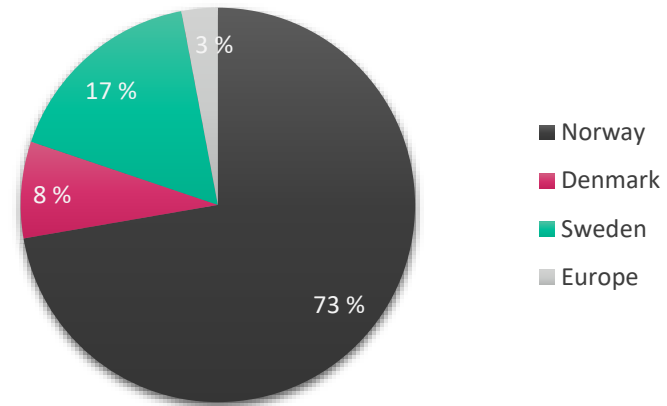
# KLP Life - Allocation



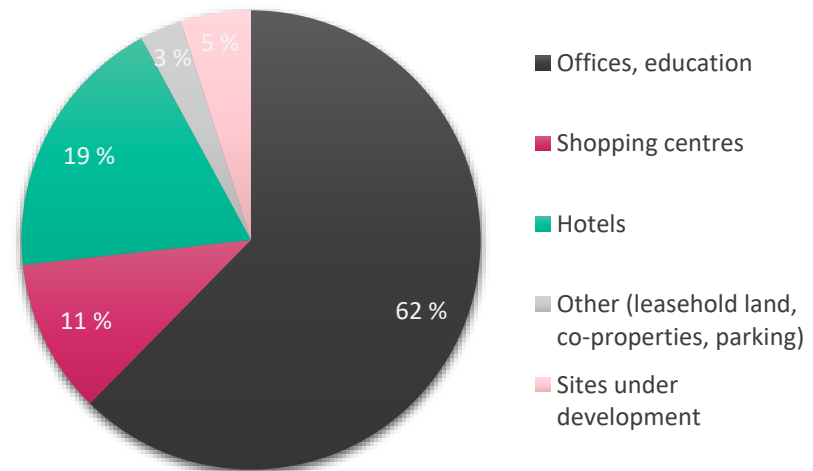
# KLP Life - Property

- The portfolio written up by NOK 100 million (0.2 %) in Q3
- New investments / sales in 2018
  - Sold a few smaller plots
  - Sold Bergerveien 12 I Asker
  - Bought Barcode Basement in Oslo

Property value - by country



Property value - by sector



# KLP Life – Property

NOK million	30.09.2018	30.06.2018	31.03.2018	31.12.2017
Fair value total portfolio*	63 798	62 788	61 910	62 155
Fair value common portfolio*	60 199	59 193	58 365	58 476

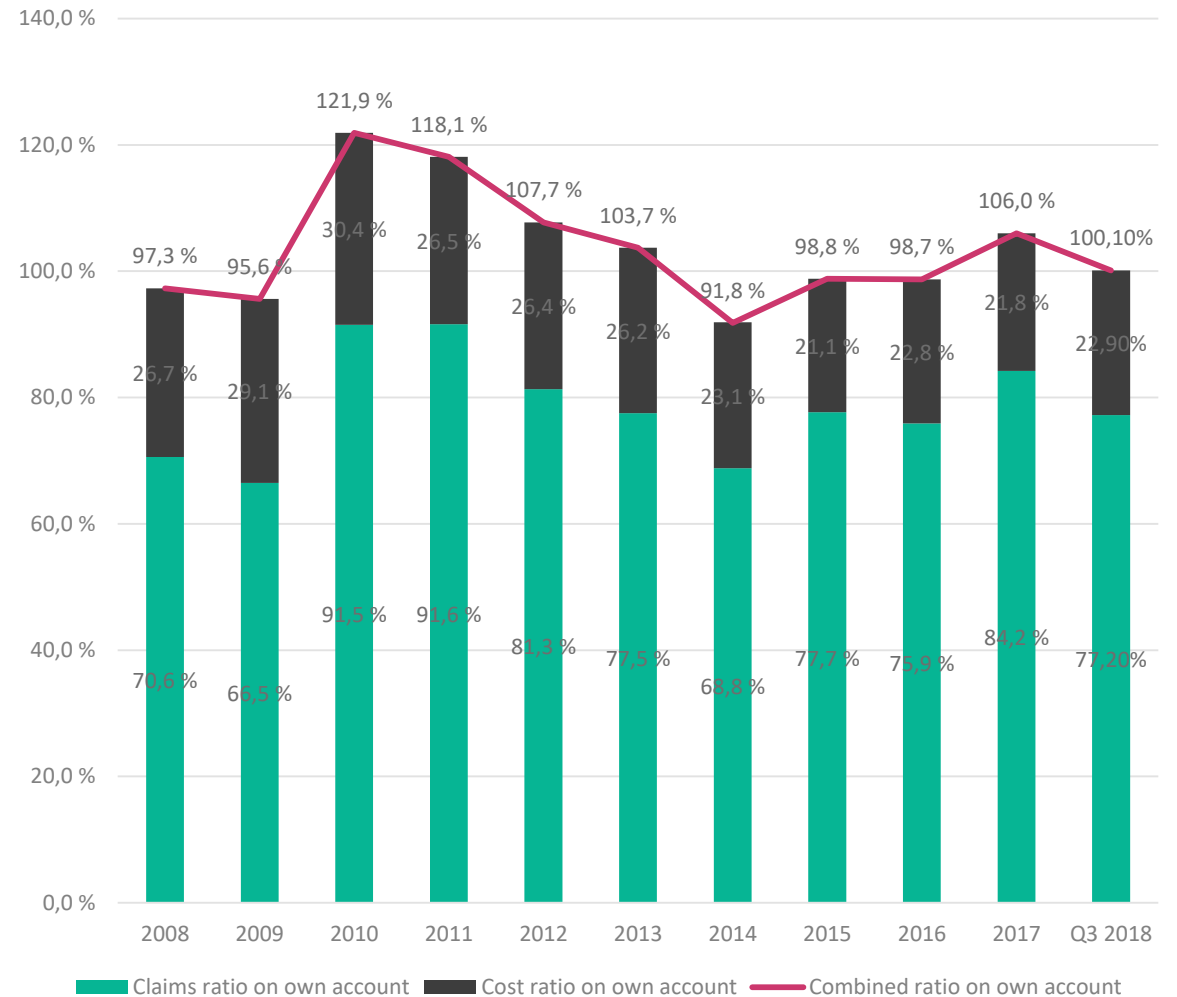
\*Incl exchange-rate hedged and excl. property fund

	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Value adjustment in per cent	0.2 %	2.3 %	-0.1 %	2.5 %
Value adjustment in per cent common portfolio	0.2 %	2.3 %	-0.1 %	2.5 %
Total return common portfolio**	1.3 %	3.3 %	1.0 %	3.6 %

\*\*Incl exchange-rate hedged and property fund

# KLP Skadeforsikring (non-life insurance)

- Surplus of NOK 106 million
- Three large injuries estimated to NOK 24 million and NOK 21 million and NOK 14 million
- Some industries have unsatisfactory high claims rates
  - Motor, Public
  - Property Public
  - Group life
- Revenue recognition of previous years reserves of NOK 126 million, 6.7 per cent of reserves at the beginning of the year
- Financial income of NOK 105 million
- Solvency ratio: 251 per cent



## KLP Skadeforsikring (non-life insurance)

NOK million	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Premium written f.o.a.	321.4	314.2	306.7	332.1
Claims f.o.a.	-242.1	-248.4	-236.7	-314.3
Insurance related expenses	-60.2	-80.4	-75.3	-84.5
Other insurance related income	0.4	0.2	0.8	0.8
<b>Result from technical activities</b>	<b>19.5</b>	<b>-14.4</b>	<b>-4.5</b>	<b>-66.1</b>
Result from investment activities	49.6	63.1	-8.1	77.5
Other income	0.1	0.1	0.1	0.1
<b>Result from ordinary operation</b>	<b>69.2</b>	<b>49.0</b>	<b>-12.5</b>	<b>11.5</b>
Estimated tax expense	-16.2	-9.7	8.5	11.3
Other elements	0	0	0	4.1
Provisions for equity fund	-4.3	-10.0	-21.4	26.0
<b>Result after provisions for equity fund</b>	<b>48.7</b>	<b>29.2</b>	<b>-25.4</b>	<b>52.9</b>



## KLP Skadeforsikring (non-life insurance)

Revenues, NOK million	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Gross premium written	321	314	307	332
Premium income for own account	-242	-248	-237	-314
Claims paid for own account	-60	-80	-75	-85
Insurance related costs for own account	50	63	-8	78
<b>Results</b>	<b>69</b>	<b>49</b>	<b>-13</b>	<b>12</b>

Key figure balance sheet, NOK million	30.09.2018	30.06.2018	31.03.2018	31.12.2017
Financial assets	4 401	4 425	4 448	4 143
Total assets	4 694	4 822	4 869	4 594
Equity	1 861	1 807	1 768	1 772
<b>Provisions in insurance funds for own account</b>	<b>2 398</b>	<b>2 505</b>	<b>2 551</b>	<b>2 246</b>

## KLP Bedriftspensjon – main figures

NOK million	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Interest result	5,4	8.4	11.5	61.7
Risk result	-5,4	-2.8	0.3	2.5
Administration result	-6,8	-10.6	-11.2	-10.8
Interest rate guarantee and profit element	2,2	2.2	1.7	1.5
Non-technical result	2,3	2.5	0.1	2.6
Other profit elements	0	0	0	0.6
<b>Total result</b>	<b>-2,4</b>	<b>-0.2</b>	<b>2.4</b>	<b>58.1</b>
Of which result to clients	6,1	7.9	10.9	59.9
Result to owner	-8,5	-8.2	-8.5	-1.8

## KLP Bedriftspensjon – return and solvency

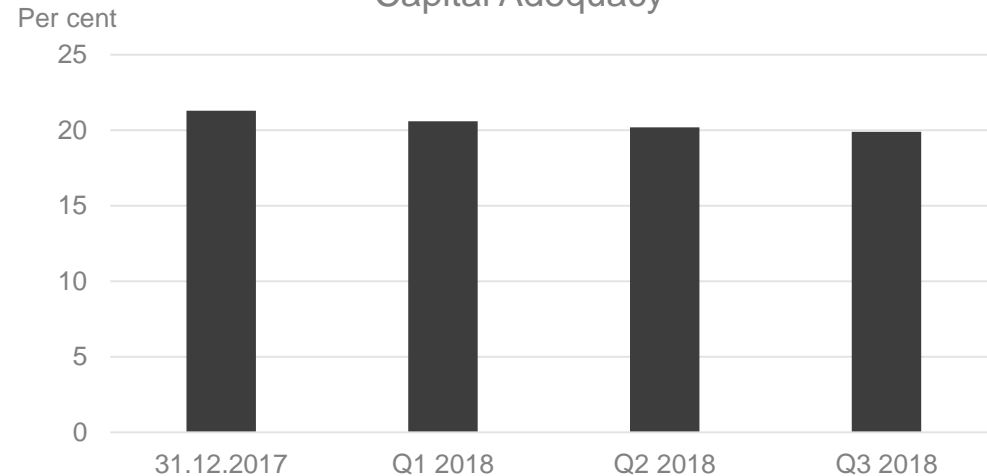
	30.09.2018	30.06.2018	31.03.2018	31.12.2017
<b>Common portfolio</b>				
Book	3,57 %	2.55 %	1.35 %	8.3 %
Value adjusted	2,38 %	1.41 %	0.36 %	5.6 %
<b>Investment options portfolio</b>	4,47 %	1.13 %	-2.55 %	11.9 %
<b>Corporate portfolio</b>	0,96 %	0.50 %	0.03 %	2.3 %
	30.09.2018	30.06.2018	31.03.2018	31.12.2017
<b>Solvency ratio (scr)</b>	133 %	128 %	126 %	107 %
<b>Kapitaldekning (scr) with transitional measures</b>	295 %	290 %	298 %	299 %
<b>Minimum solvency ratio (mcr)</b>	295 %	285 %	292 %	264 %
<b>Minimum solvency ratio (mcr) with transitional measures</b>	659 %	669 %	714 %	774 %
<b>NOK million</b>	30.09.2018	30.06.2018	31.03.2018	31.12.2017
<b>Value adjustment fund</b>	12,5	12.9	14.8	30.0
<b>Supplementary reserves</b>	104,8	105.0	106.3	106.3
<b>Solvency capital</b>	640,9	665.8	674.4	721.3

## KLP Bank-group – main figures

- Retail market: 60 700 clients, net increase of 4 900 so far.
- The Group's capital adequacy ratio is 19.9%, which is well above the ICAAP of 17.6%. In addition, there is an internal requirement of 0.5% buffer over ICAAP.

NOK million	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net interest revenues	60,6	58.0	64.6	67.7
Net fee – and commissions income	4,0	4.6	3.8	3.2
Management fees	14,5	14.5	14.5	14.3
Operating cost	-46,3	-56.3	-58.1	-59.5
Value changes financial instruments	-4,7	-1.6	-1.1	-4.3
<b>Pre-tax earnings</b>	<b>28,1</b>	<b>19.2</b>	<b>23.7</b>	<b>21.4</b>
<b>Total assets</b>	<b>36 468</b>	<b>35 817</b>	<b>35 404</b>	<b>34 981</b>

Capital Adequacy



## KLP Bank-group – main figures

KLP Kommunekreditt, NOK million	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net interest revenues	17.6	14.4	18.8	20.8
Operating cost	-2.9	-3.9	-4.5	-4.4
Value changes financial instruments	-1.1	-1.5	-4.1	-3.0
<b>Pre-tax earnings</b>	<b>13.6</b>	<b>9.0</b>	<b>10.2</b>	<b>13.4</b>
Total assets	17 880	17 820	17 966	18 339
KLP Banken, NOK million	Q3 2018	Q3 2018	Q1 2018	Q1 2018
Net interest revenues	29.5	31.0	32.6	32.7
Net fee – and commissions income	4.0	4.6	3.8	3.2
Management fees	14.5	14.5	14.5	14.3
Operating cost	-33.2	-41.4	-43.4	-45.6
Value changes financial instruments	-1.7	-0.3	2.0	-0.6
<b>Pre-tax earnings</b>	<b>13.1</b>	<b>8.3</b>	<b>9.5</b>	<b>4.0</b>
Total assets	13 614	13 545	13 285	13 285
KLP Boligkreditt, NOK million	Q3 2018	Q2 2018	Q1 2018	Q1 2018
Net interest revenues	13.5	12.6	13.1	14.1
Operating cost	-10.2	-11.0	-10.1	-10.2
Value changes financial instruments	-1.9	0.3	0.9	0.0
<b>Pre-tax earnings</b>	<b>1.4</b>	<b>2.0</b>	<b>4.0</b>	<b>3.9</b>
Total assets	7 340	7 721	5 488	5 188

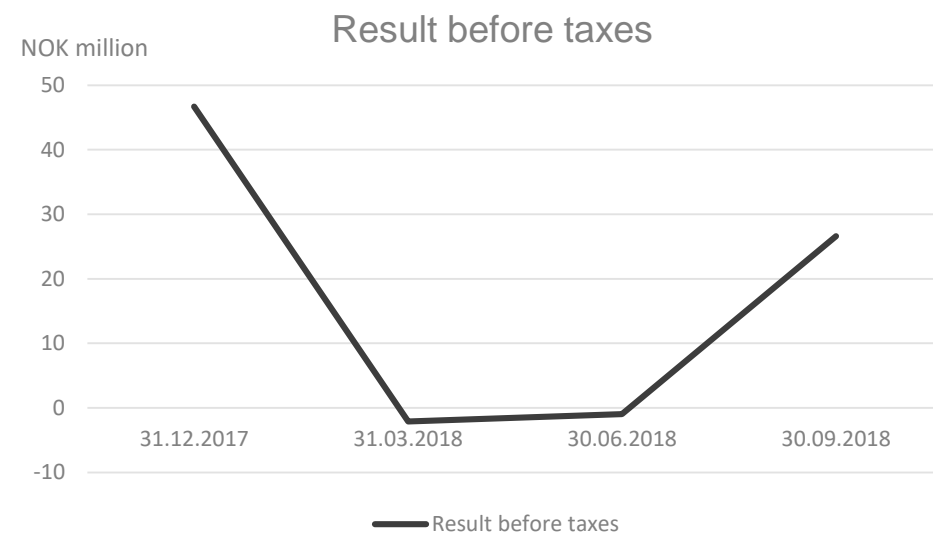
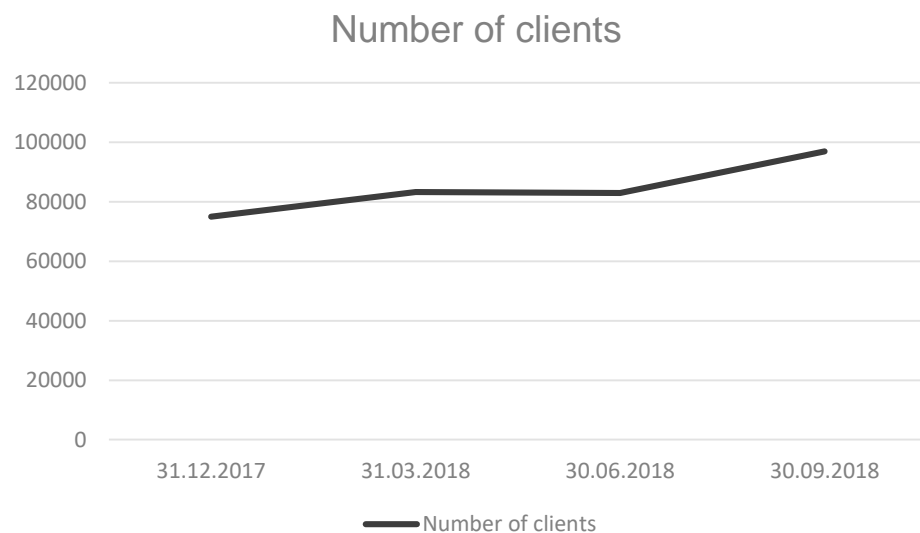
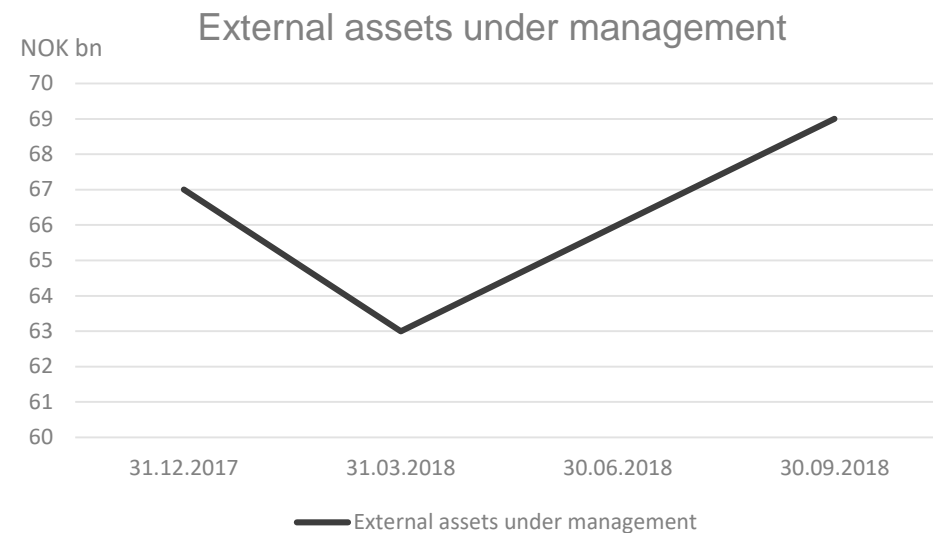
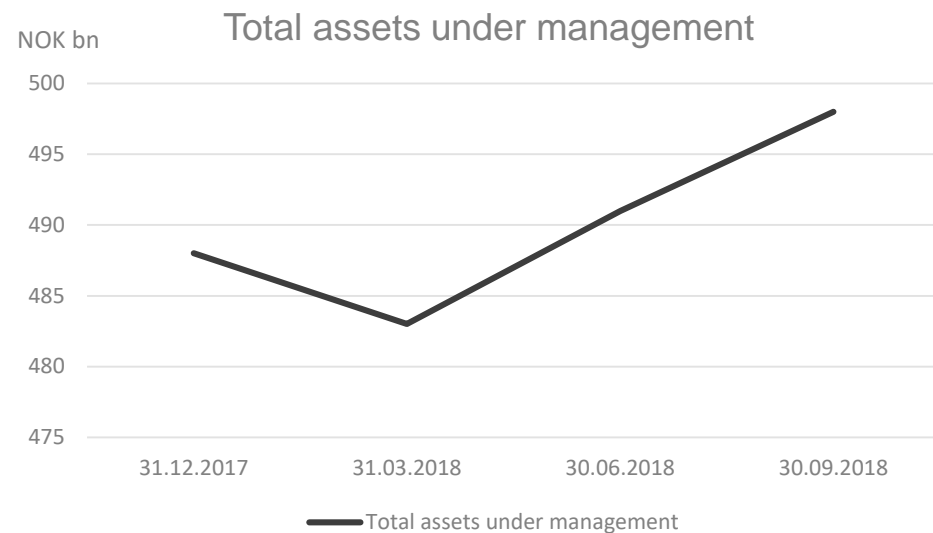
## KLP Bank-group – lending and deposits

Mortgage loans, NOK billion	30.09.2018	30.06.2018	31.03.2018	31.12.2017
KLP Banken AS	9.3	8.1	9.7	9.3
KLP Boligkreditt AS	6.8	7.6	5.4	5.1
KLP (Management agreement)	3.0	3.1	3.2	3.3
<b>Total</b>	<b>19.2</b>	<b>18.8</b>	<b>18.3</b>	<b>17.6</b>

Public sector loans, NOK billion	30.09.2018	30.06.2018	31.03.2018	31.12.2017
KLP Kommunekreditt AS	16.1	16.1	15.9	16.1
KLP (Management agreement)	49.4	47.2	45.4	45.9
KLP (currency loans)	7.6	7.4	7.5	7.8
<b>Total</b>	<b>73.1</b>	<b>70.8</b>	<b>68.9</b>	<b>69.8</b>

Deposits, NOK billion	30.09.2018	30.06.2018	31.03.2018	31.12.2017
KLP Banken AS	10.4	10.2	9.7	9.7
<b>Total</b>	<b>10.4</b>	<b>10.2</b>	<b>9.7</b>	<b>9.7</b>

# KLP Kapitalforvaltning (Asset management)



## Contacts in KLP

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