

25th February 2009

Financial results fourth quarter 2008 (Preliminary and unaudited accounts)



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2008 – in a year tainted by weak financial markets

- The results enable a transfer of NOK 1 903 million to our customers' premium-fund
- A surplus of NOK 397 million applied to strengthening the capital base
- Total assets increased by 3.6 per cent to reach NOK 201.9 billion (194.9 billion)
- Cost percentage 0.33
- Positive value adjusted return of 0.6 per cent in Q4

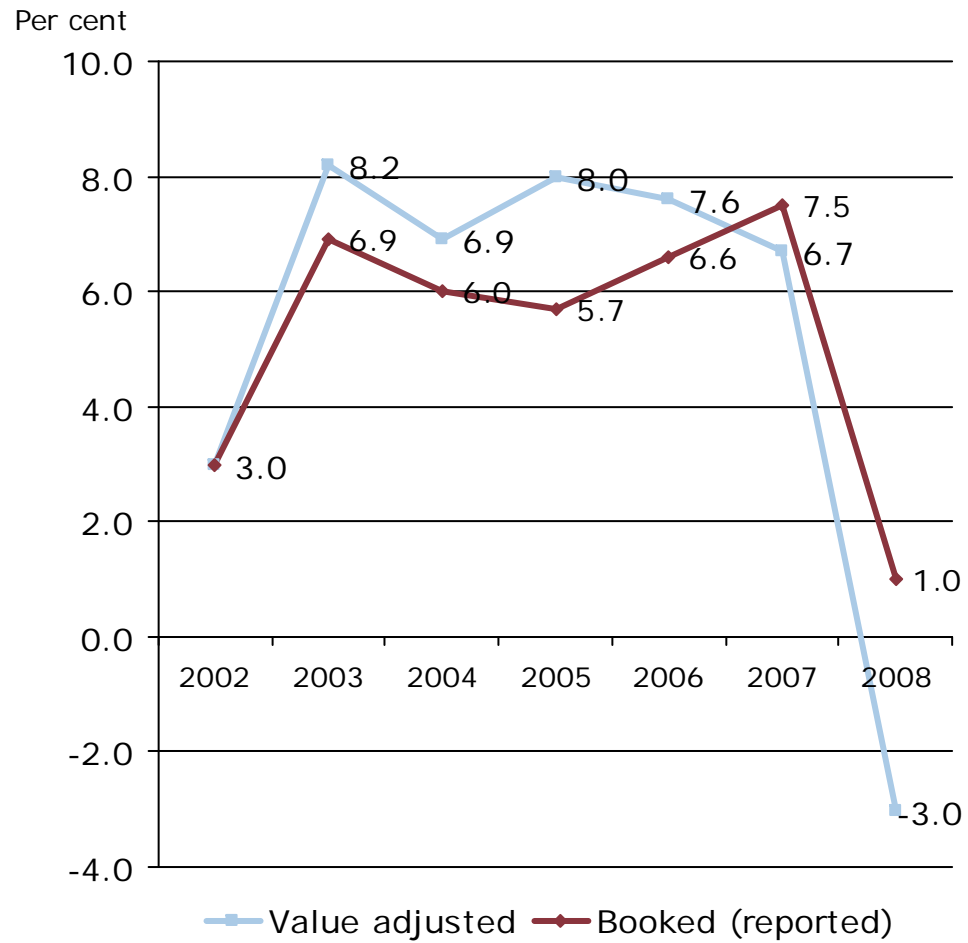


Presentation of accounts 2008

Income statement <i>NOK mill</i>	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Sum 2008
Pension premiums and incoming transfers	2 681	2 921	13 401	3 079	22 082
Net revenues from investments in common portfolio	-4 085	43	-2 549	1 090	-5 503
Other insurance related income	145	122	162	203	633
Claims paid and outgoing transfers	-4 429	-1703	-1 917	-2 049	-10 099
Changes in technical provisions incl. changes in valuation reserves	7 905	-2 246	-12 457	3 048	-3 749
Allocations to insurance contracts	-1 928	1 201	398	-1 573	-1 903
Insurance related operating costs	-148	-134	-159	-212	-651
Other insurance related costs	-145	-118	-183	-213	-661
Technical result	-4	85	-3 304	3 373	150
Net revenues from investments in corporate portfolio	130	60	28	240	458
Other revenues and expenditures	-45	-52	-47	-67	-210
Result non-technical accounts	85	7	-18	323	397
Other elements	2	-2	0	0	0
Total result	84	90	-3 322	3 546	397



Returns for KLP



Investment returns in 2008

Common portfolio	Q1	Q2	Q3	Q4	Year
<i>Per cent</i>					
Booked return (reported)	1.8 %	0.0 %	-1.5 %	0.7 %	1.0 %
Value adjusted return	-2.3 %	0.1 %	-1.4 %	-0.6 %	-3.0 %
Value adjusted return incl. held-to-maturity bonds	-2.0 %	-1.2 %	-0.6 %	2.1 %	-1.7 %
Corporate portfolio	1.1 %	0.5 %	0.3 %	2.1 %	4.0 %

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Key figures - profit and loss account

Result				
<i>NOK million</i>	Q4 2007	Q4 2008	2007	2008
Premium income	2 662	3 052	18 335	21 993
Net transfers	-59	-147	-726	-2 707
Net financial income	2 427	1 255	11 953	-5 273
Claims	-1 718	-1 874	-6 695	-7 302
Changes in insurance provisions	-4 400 ²⁾	-658	-17 696	-14 681
Other insurance related revenues and costs	1	0	15	0
Operating costs	-423 ¹⁾	-213	-868 ¹⁾	-660
Value adjusted result	-1 510	1 413	4 320	-8 631
To(-)/from(+) securities reserve fund	1 038	0	802	7 226
Result before allocation	-472	1413	5 122	-1 405
To/from supplementary reserves			1 248	-3 705
Transfer to premium fund			3 607	1 903
Transfer to equity fund			267	397



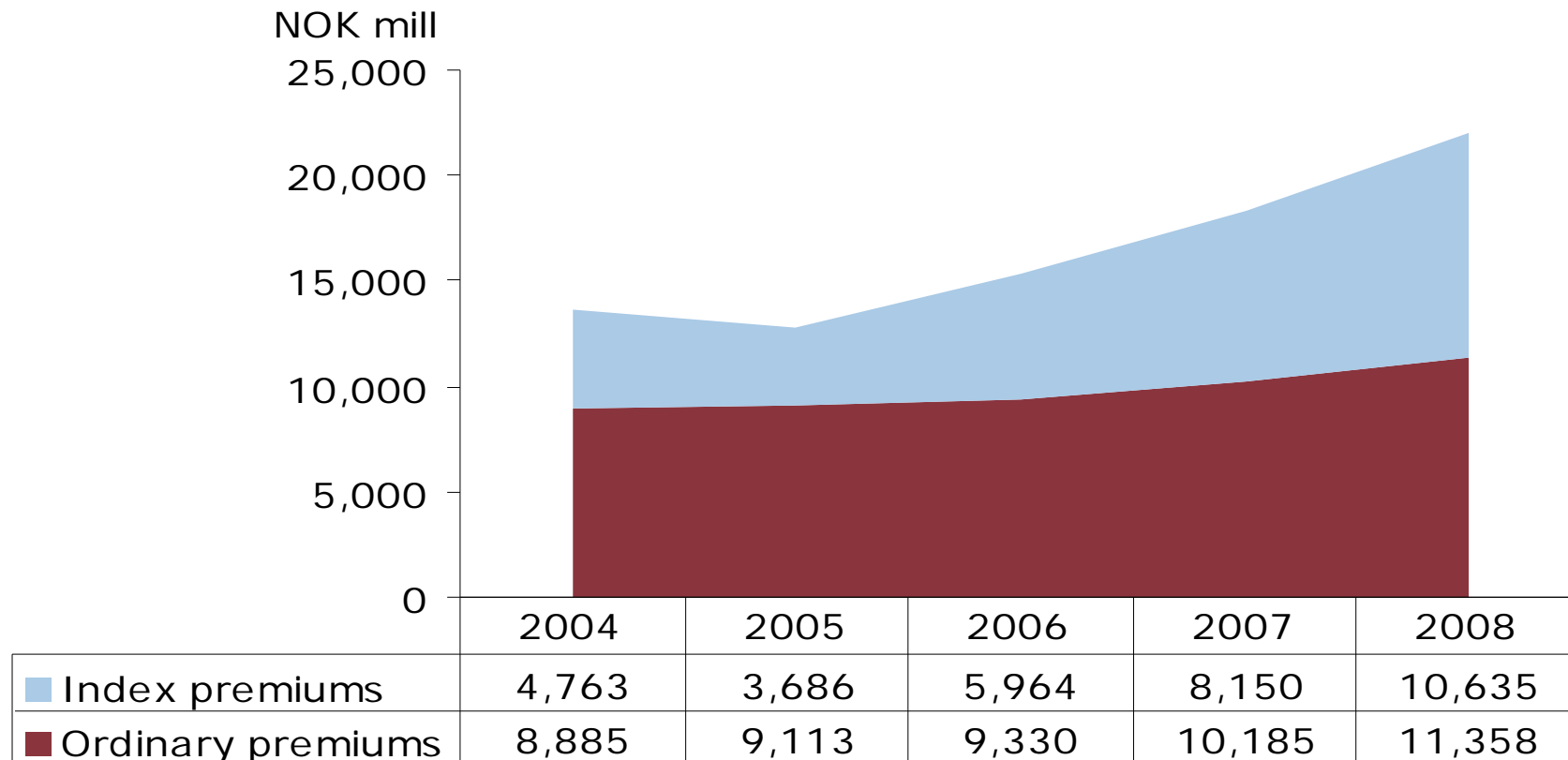
1) Incl. charges for adjustment of pension provisions of NOK 244 million

2) Incl. Reserving for long life

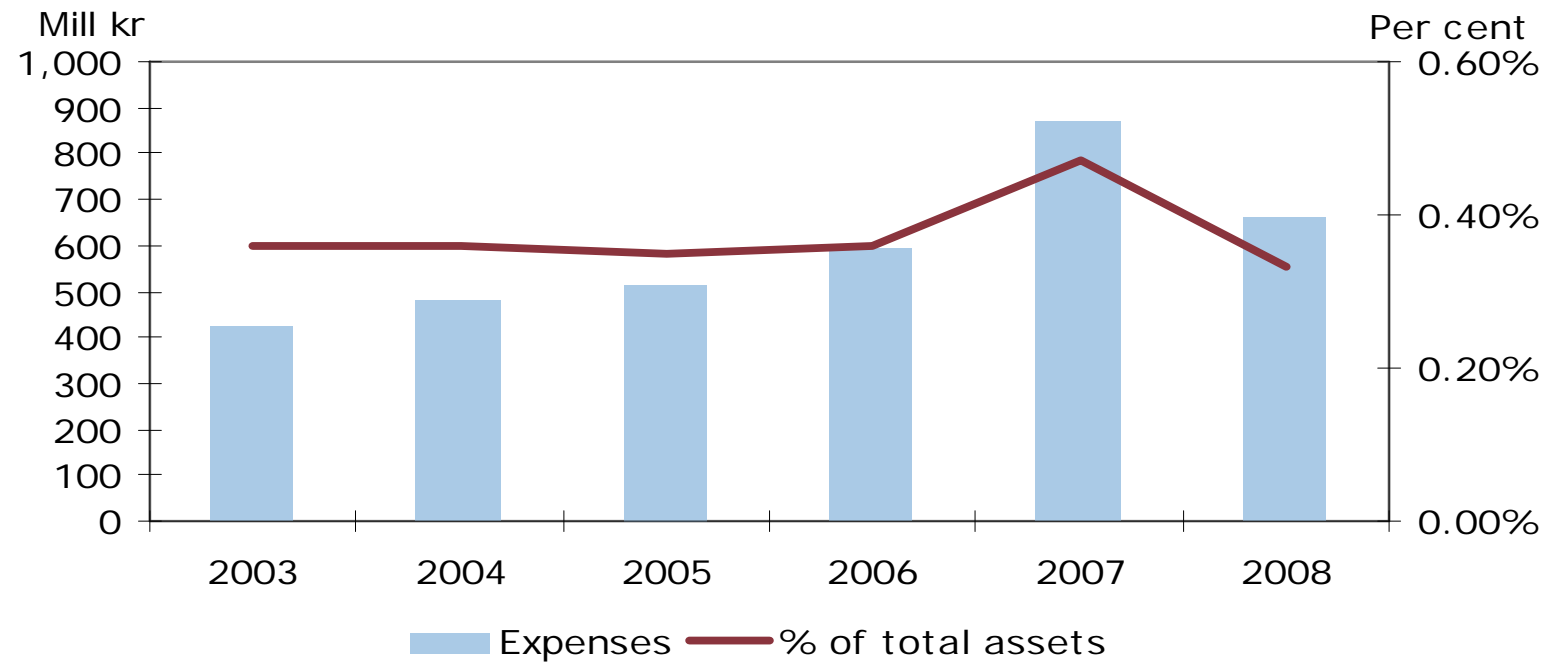
Appropriation of results

<i>NOK mill</i>	Customers	Company	Total
Result before transfer from supplementary reserves			-1 405
Transfer from supplementary reserves			3 705
Result for appropriation			2 300
Risik result and other			
result components to customers	1 811		1 811
Premium interest rate guarantee		155	155
Administration result		98	98
Result non-technical items		248	248
Return on paid-in equity	92	-92	0
Other		-11	-11
Accumulated results	1 903	397	2 300

Pension premiums last 5 years



Operating expenses



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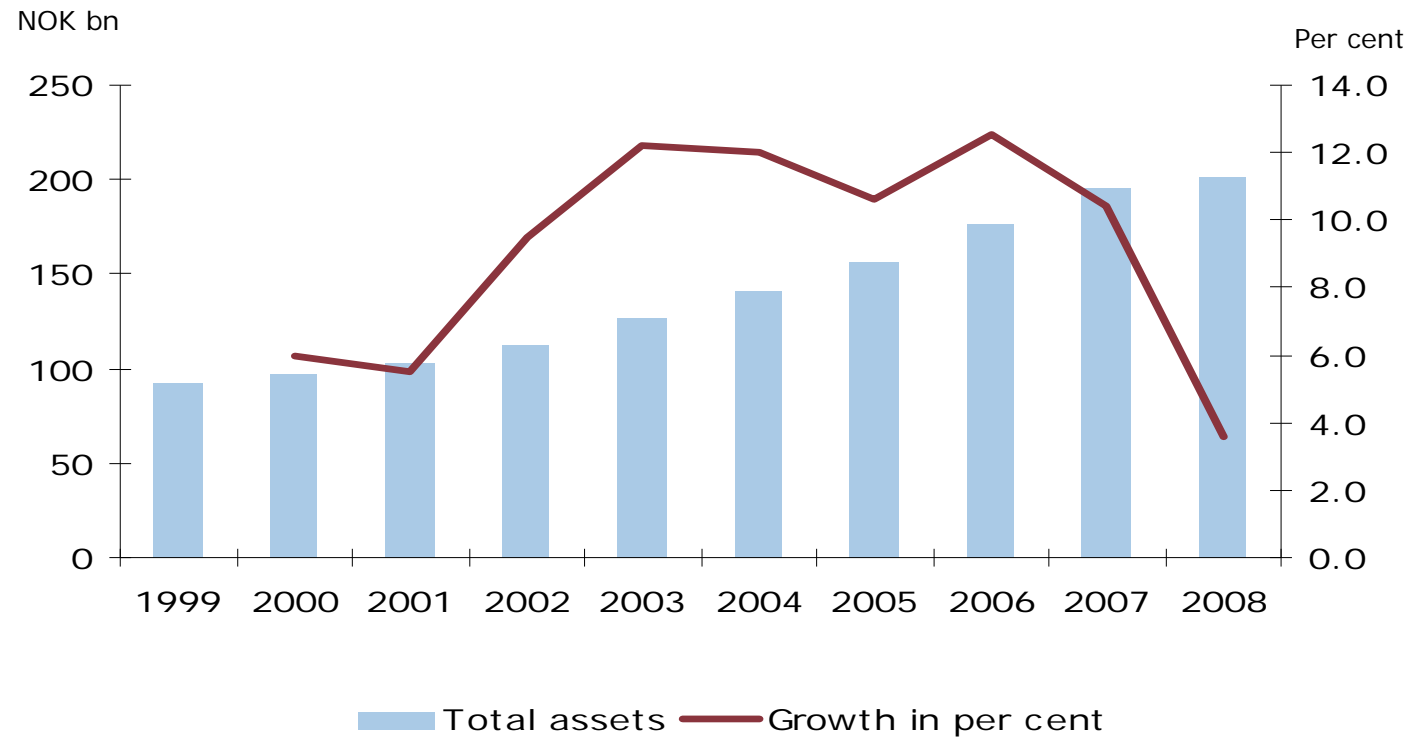
Key figures – balance sheet

Assets <i>NOK mill</i>	31.12.07	31.12.08
Total assets corporate portfolio	13 730	16 495
Real-estate subsidiaries	17 399	17 846
Bonds at amortized cost	57 791	63 599
Lending	15 716	22 399
Equity investments	43 858	16 807
Bonds	37 068	50 709
Financial derivatives	890	2 231
Other financial assets	8 464	11 810
Total assets	194 916	201 896

Key figures – balance sheet

Capital and liabilities <i>NOK mill</i>	31.12.07	31.12.08
Equity paid-in	4 220	4 633
Equity fund	3 110	3 804
Hybrid and subordinated capital	3 514	5 022
Technical reserves	163 277	177 744
Supplementary reserves	7 784	3 940
Valuation reserves	7 132	0
Unallocated result to clients		-
Other attribution to technical reserves	4 204	2 420
Other liabilities	1 675	4 335
Capital and liabilities	194 916	201 896

Total assets and growth in per cent

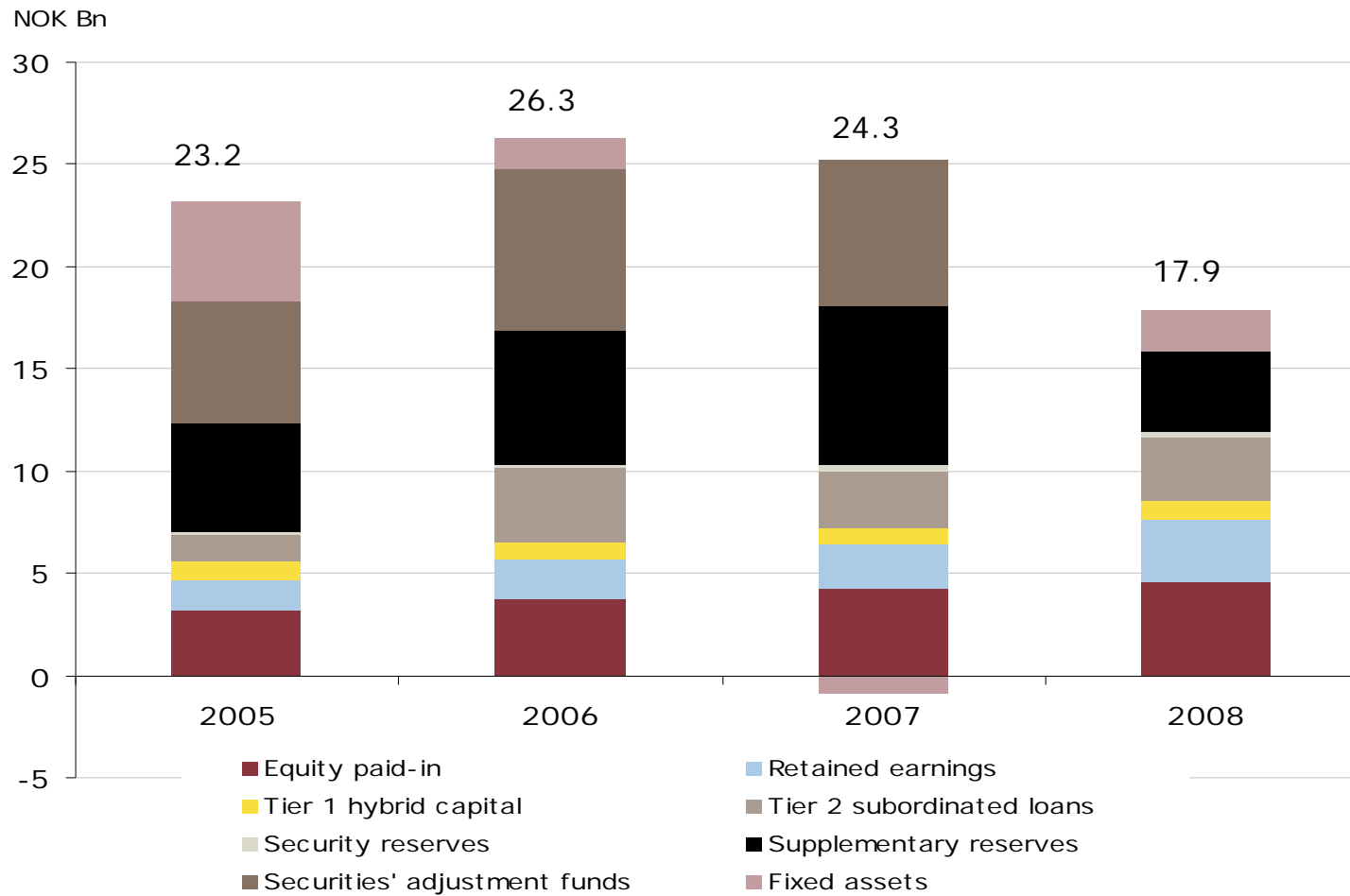


Financial assets – allocation and return

<i>per cent</i>	31.12. 2004	31.12. 2005	31.12. 2006	31.12. 2007	31.12. 2008	Return 2008
Equities	13.2	18.6	23.0	23.0	9.8	-27.5
Bonds	22.3	23.4	20.9	22.3	22.7	2.7
Bonds held-to-maturity	38.6	34.3	34.4	30.9	34.9	5.4
Lending	12.0	10.0	8.6	8.0	11.5	5.9
Property	8.0	8.1	7.9	10.0	11.0	1.3
Other financial assets	5.9	5.6	5.1	5.9	10.1	6.5
Sum	100	100	100	100	100	
<i>Overall exposure to the equity market incl. derivatives</i>	16.2	22.6	27.2	25.5	5.6	

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Financial solidity



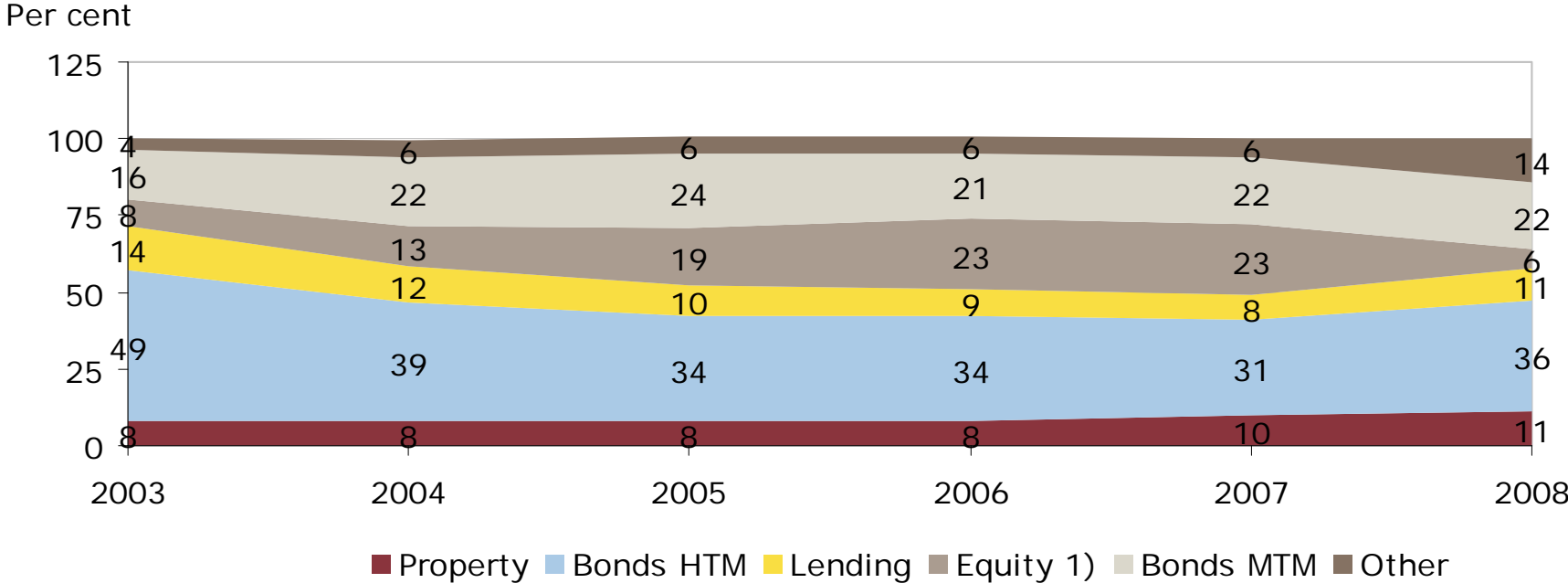
Financial buffer capital

<i>NOK mill</i>	31.12.07	31.12.08
Securities adjustment fund	7 132	0
Supplementary reserves (up to 1 year's guaranteed return)	5 388	3 940
Core capital margin	3 398	4 740
Regulatory buffer capital	15 918	8 680
Valuation reserve/deficit bonds HTM	-894	2 057

<i>Per cent</i>	31.12.07	31.12.08
Capital adequacy ratio	12.1	14.6
Core capital margin	8.7	10.8
Solvency margin	218	196

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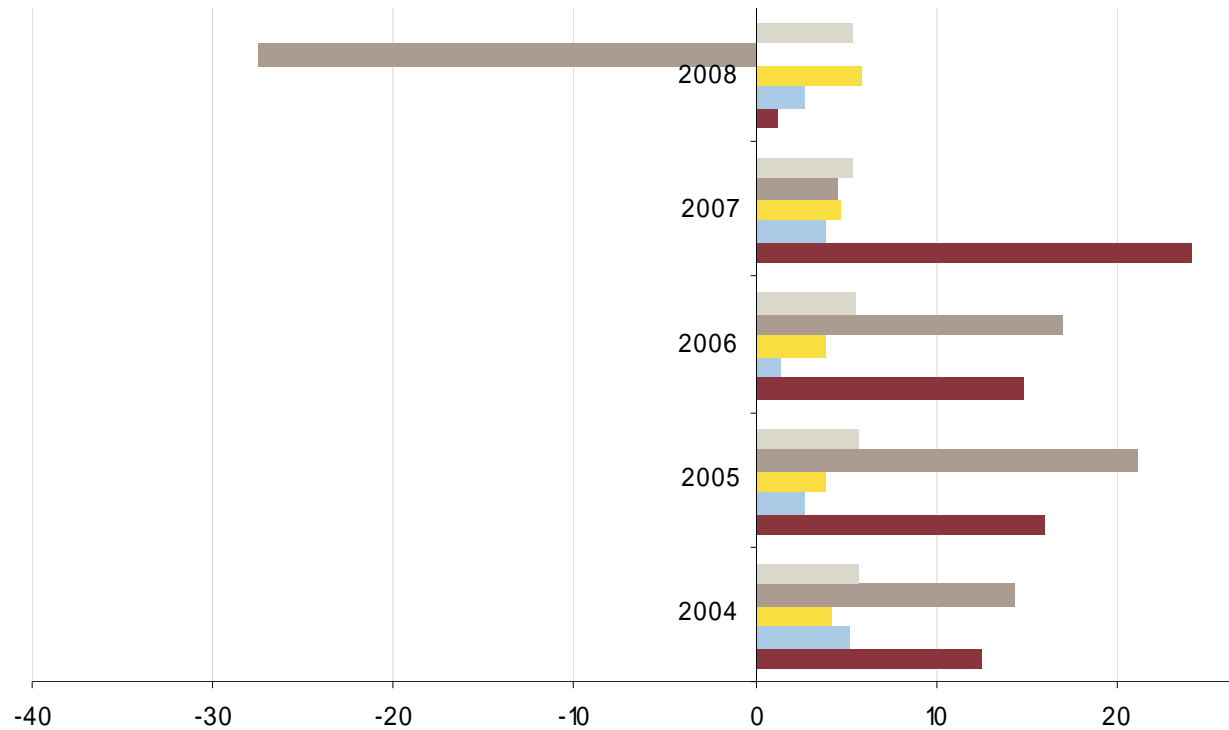
Allocation of financial assets



1) Book value, deviates from exposure figure



Development in investment returns



	2004	2005	2006	2007	2008
■ Bonds HTM	5.8	5.7	5.6	5.4	5.4
■ Equity	14.3	21.2	17.1	4.6	-27.5
■ Lending	4.3	3.9	3.9	4.8	5.9
■ Bonds	5.2	2.7	1.5	3.9	2.7
■ Property	12.5	16.1	14.8	24.2	1.3

■ Property ■ Bonds ■ Lending ■ Equity ■ Bonds HTM

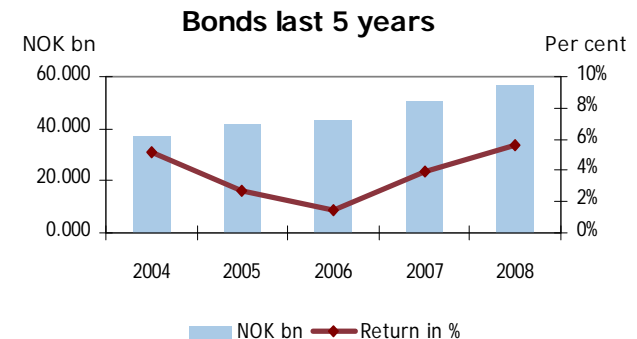
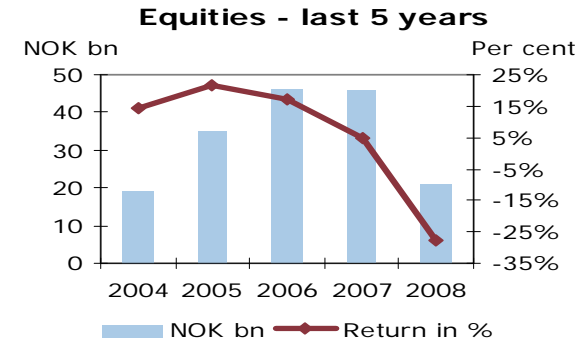
Trading portfolios – equities and bonds

Common portfolio

Trading portfolios equities and fixed income	31.12.08 *
Value equities (NOK mill)	21 115
Value fixed income (NOK mill)	56 843
Equities incl. derivatives (in per cent of fin. assets)	5.6 %
Reurn equity portfolios	-27.54 %
Return trading portfolios fixed income	3.69 %

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

Index-tracking portfolios	31.12.08
Share index-tracking equities	79 %
Share index-tracking fixed-income	39 %



Trading portfolios – geographic split

Common portfolio

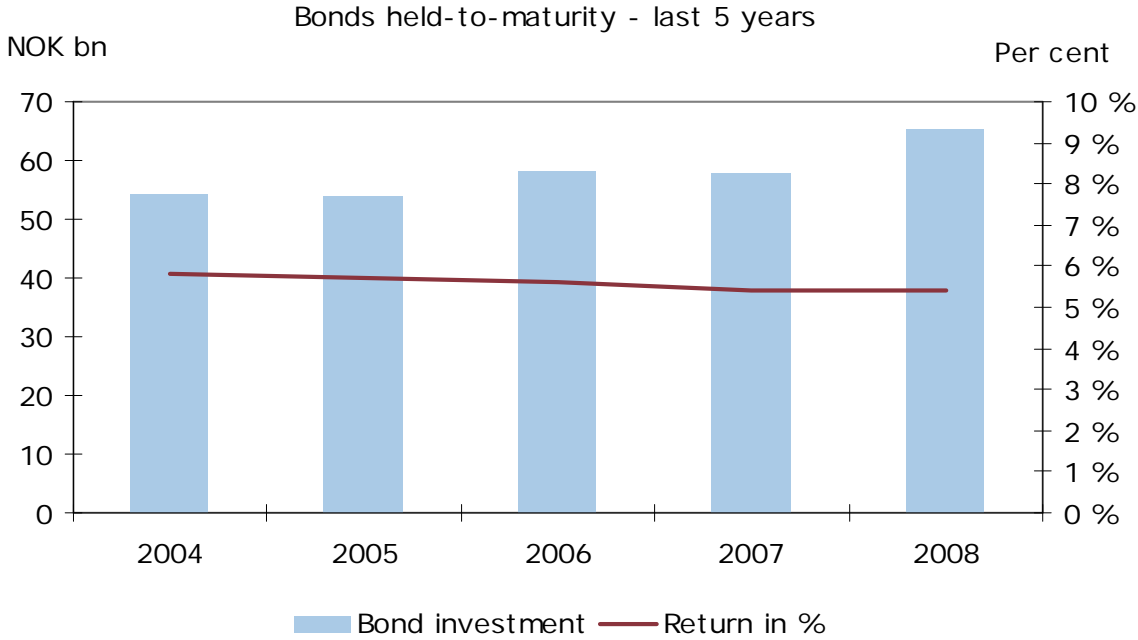
Trading portfolio equities – Geographic distribution incl derivatives	Q1	Q2	Q3	Q4
Trading portfolio equities total	100 %	100 %	100 %	100 %
Norway	13.7 %	19.4 %	12.8 %	13.2 %
Other Nordic countries	4.1 %	5.0 %	4.6 %	6.1 %
Other International	79.8 %	74.8 %	80.3 %	76.6 %
Misc. portfolios	2.3 %	0.8 %	2.3 %	4.1 %

Trading portfolio fixed-income – Geographic distribution incl derivatives	Q1	Q2	Q3	Q4
Fixed income – total trading portfolios	100 %	100 %	100 %	100 %
Norway – money market	21.4 %	21.6 %	22.4 %	26.8 %
Norway – bonds	12.3 %	12.2 %	15.5 %	17.9 %
International bonds	64.7 %	65.6 %	61.5 %	55.3 %
Other portfolios	1.6 %	0.6 %	0.6 %	0.0 %

Bonds held-to-maturity

Common portfolio

	Q1	Q2	Q3	Q4
Book value (NOK mill)	58 269	57 081	61 858	63 599
Valuation reserves (NOK mill)	-404	-2 695	-1 218	1 573
Return year to date (per cent)	1.3	2.7	4.0	5.4



Credit policy

- Held-To-Maturity Bonds
 - International bonds bought to be held to maturity limited to sovereign risk or rated AA- or better ⁽¹⁾, or bonds rated A or better with maturity of less than 10 years.
Bonds downgraded to be reviewed for reclassification
- Global bond portfolios divided into
 - International bonds in trading portfolio limited to sovereign risk or rated AA or better
 - International Credit Portfolio “investment grade” bonds, limited to 20 per cent of total assets ⁽²⁾
- Norwegian bonds
 - Within specific credit limits given by Credit committee
 - Lines subject to annual renewal and quarterly review.

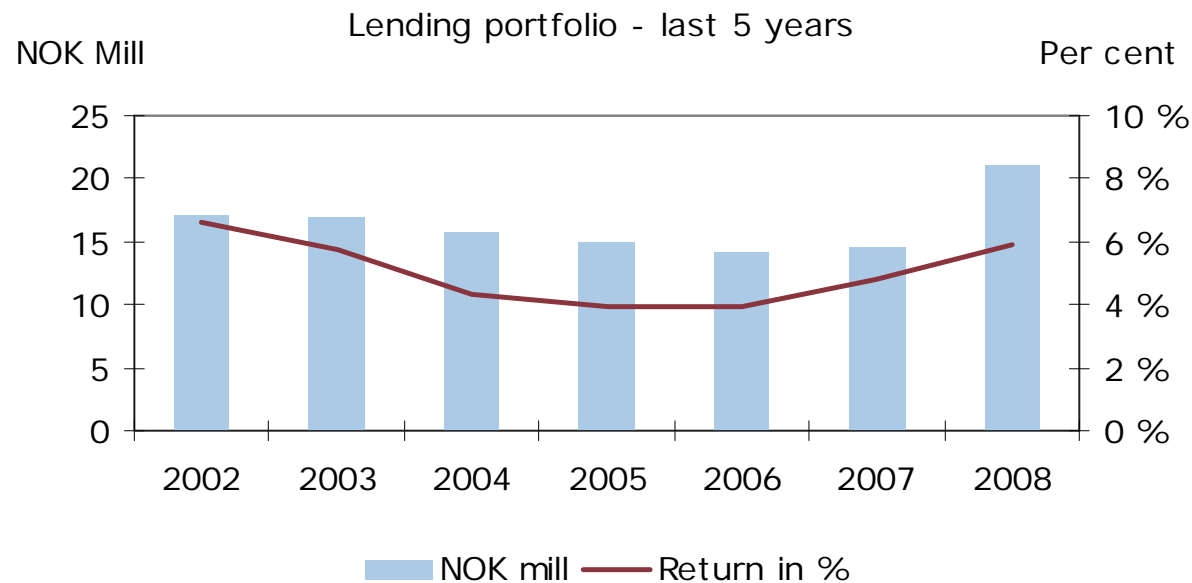
1) Or equivalent by other leading rating agency

2) Actual utilisation 9.7 per cent per 31.12.2008

Lending portfolio 2008

Common portfolio

	Q1	Q2	Q3	Q4
Book value (NOK mill)	14 870	15 701	16 854	21 106
Of this: fixed rate loans (NOK mill)	4 946	5 039	5 647	8 404
Return year to date (in per cent)	1.4	2.8	4.4	5.9
Specific and general credit loss provisions (NOK mill)	1.3	1.1	1.2	1.2

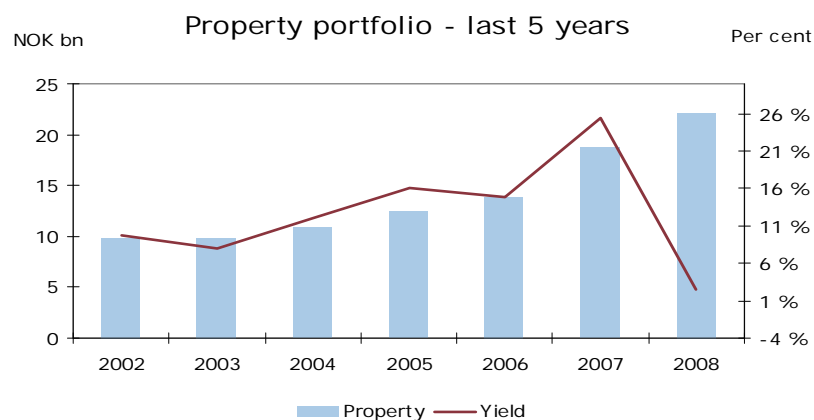


Lending in KLP

- The lending portfolio increased by NOK 6 503 million to NOK 21 106 million year on year, an increase of 44.5 per cent.
- With a return of 5.9 per cent lending ranks among the most attractive asset classes for 2008.
- The home mortgage portfolio had a net increase of NOK 1 157 million – reflecting active marketing and improved products.
- Lending to local authorities and other customers increased by NOK 5 346 million, mainly through the fourth quarter.
- The increased focus on lending reflects KLP's strategy of offering attractive products to established, quality clients within the company's core target group.
- In January KLP was granted concession to open a bank dedicated to expanding the home mortgage lending to core individual clients employed in the public sector.
- Surplus values not brought to book in fixed rate lending amounted to NOK 285 million at year-end.

Property investments

	31.03.08	30.06.08	30.09.08	31.12.08
Book value (value-adjusted. NOK mill)	22 340	21 759	21 944	22 201
Total space occupied incl. sites (1 000 sq m)	1 328	1 328	1 365	1 358
Occupancy rate (per cent)	97.5	97.5	96.3	94.2
Average lease duration (year)	6.2	6.2	6.3	5.8
Yield year to date (per cent)	1.3	-0.8	0.7	2.6



- Geographic split of the portfolio;
 - 81 % Oslo, Norway
 - 10 % København, Denmark
 - 9 % Trondheim, Norway
- Sector diversification of the portfolio;
 - 63 % Office, 12 % Hotels,
 - 10 % Shopping centres, 4 % Apartments,
 - 6 % Under construction, 5 % Other

Property investments

– KLP Eiendom AS

- Property investments increased to 11.0 per cent of financial assets, i.a. through the acquisition of the VG-building and the headquarters of Gjensidige Insurance in Oslo.
- Office project in Ørestaden (Copenhagen) completed.
- Swedish subsidiary up and running and contract first acquisition concluded.
- Property portfolio evaluated according to internal and external assessments at NOK 21 341 million, giving a net reduction in value of NOK 849 million.



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KLP Kapitalforvaltning & KLP Fondsforvaltning

(Asset management)

- Total assets under management NOK 155 billion, a decrease of NOK 7 billion year on year.
- External assets under management NOK 7 560 million, an increase of 33 per cent year on year.
- Good results from both alpha and beta products.
- KLP extends its allocation to municipal loans by NOK 5 billion in Q4. Total increase in lending portfolio year on year NOK 6 503 million in 2008.

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KLP Skadeforsikring AS

Non-life insurance

- Pre-tax earnings at NOK 34.7 million compared to NOK 70.7 million the previous year.
- Gross premiums increased by 3.4 per cent to NOK 574 million compared by 2008.
- Net financial revenues decreased as a result of the marked unrest from NOK 98.2 million in 2007 to NOK 9.1 million in 2008.
- 6 large fire incidents reported through 2008.
- Accounts restated according to modified GAAP:
 - Administration-, guarantee - and natural perils provisions restated as capital and deferred taxes
 - Effect to capital: NOK 214 million.

Profit & Loss, third quarter 2008

<i>Results NOK mill</i>	2007	2008
Premium written f.o.a.	521.3	525.8
Allocated investment income	99.2	101.4
Claims f.o.a.	-428.2	-371.3
Operating costs	-118.1	-144.2
Insurance related expenses	29.4	4.8
Other insurance related income	-31.8	10.6
Result from technical activities	71.7	127.1
Result from investment activities	98.2	9.1
Allocated investment income	-99.2	-101.4
Result from ordinary operation	70.7	34.7

KLP non-life insurance

Key figures, <i>per cent</i>	2006	2007	2008
Claims ratio on own account	76.1 %	82.2 %	70.6 %
Cost ratio on own account	20.3 %	23.1 %	26.7 %
Combined Ratio for own account	96.4 %	105.3 %	97.3 %
Return on capital	4.1 %	4.0 %	0.4 %
Capital adequacy ratio	52.7 %	27.4 %	39.7 %

Resultatposter, <i>NOK mill</i>	2006	2007	2008
Gross premiums written	583	555	574
Premium income for own account	537	521	526
Claims paid for own account	409	428	371
Insurance related costs for own account	109	118	144
Results	71	71	35

Key figure balance sheet, <i>NOK mill</i>	2006	2007	2008
Financial assets	2 452	2 630	2 786
Total assets	2 579	2 763	2 942
Equity	499	502	595
Provisions in insurance funds for own account	1 902	2 052	2 163



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Fair return to clients – even in difficult year

- The accounts for 2008 allows a return of NOK 1 903 million to customers' premium fund.
- Net result of NOK 397 million to strengthen capital.
- Sustained growth
 - Total assets at NOK 201 596 million, an increase of 3.4 per cent.
- Good solvency
 - Having applied NOK 3 705 million to cover guaranteed interest supplementary allocations remain at NOK 3 940 millioner, covering nearly $\frac{3}{4}$ of the guaranteed interest for 2009.
 - Total solvency capital at year end amounted to NOK 17 882 million.
 - Capital adequacy ratio at year end: 14.6 per cent; core capital adequacy: 10.8 per cent.

Contacts in KLP

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