

Oslo, 27. February 2014

Financial results Q4 2012 KLP Group

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Main features



**KLP fully
reserved
for
longevity**

**Good
return and
solvency**

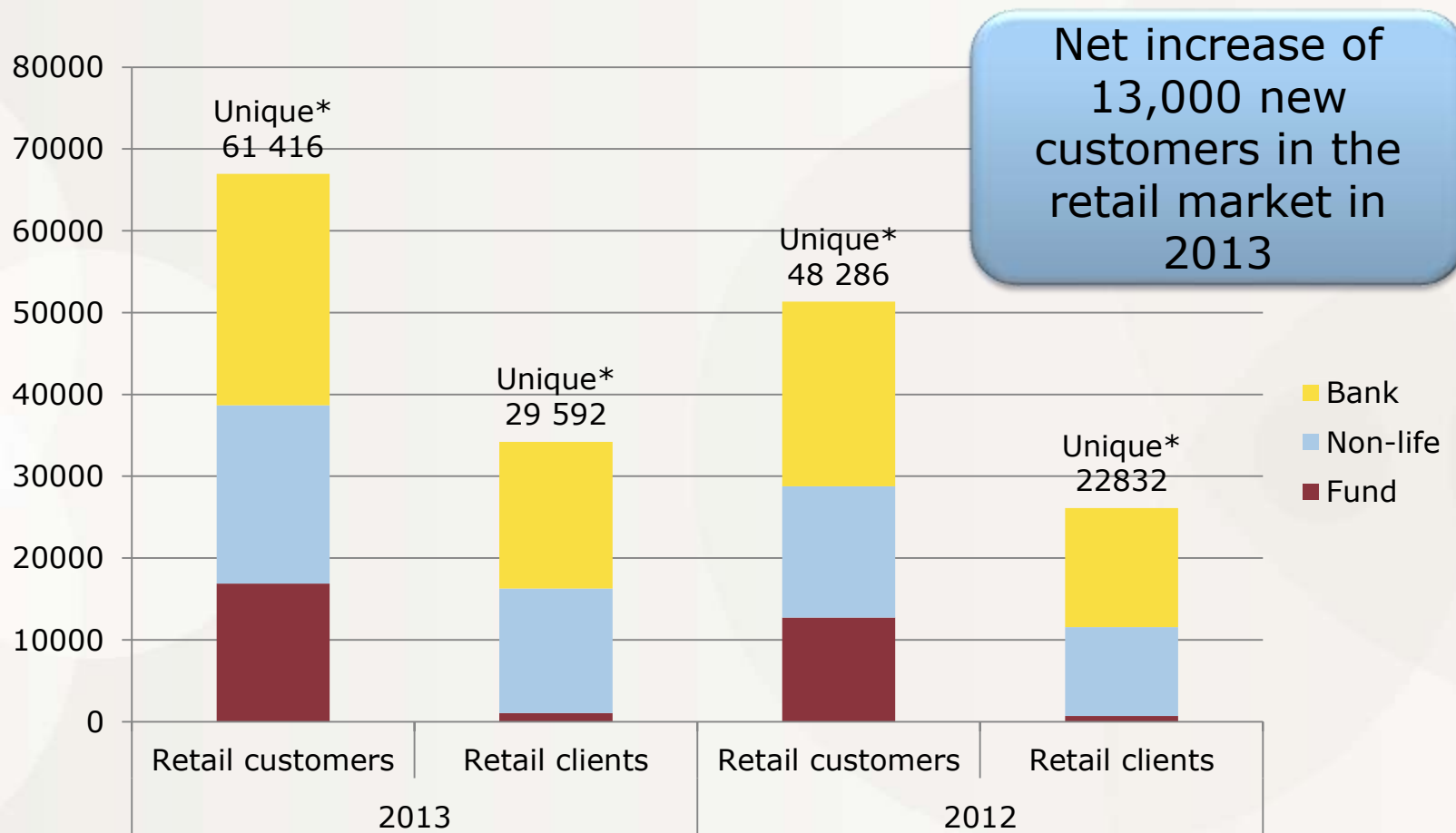
**Substantial
inward
transfer of
clients**

2013 – A historic year for KLP

- 48 municipalities and 48 enterprises opted for KLP in 2013
 - Inflow of premium reserves approx. NOK 20 billion
 - Close to 100 000 new insured
- New tariff for longevity: K2013, fully reserved:
 - Longevity reserves strengthened by NOK 4.5 billion through 2013.
- Common portfolio of life company :
 - Book return of 6.4 per cent
 - Value adjusted return of 6.7 per cent
- Corporate portfolio returned 5.7 per cent
- Result to clients NOK 10 413 million
- Result to company NOK 847 million
- Total assets group: NOK 369.8 billion



Status for the retail initiative



*Unique clients may differ from the total number of customers since a customer may have multiple customer relationships

KLP return on investment portfolios

<i>All figures in per cent</i>	Q4 2013	Q4 2012	Year	
			2013	2012
Common portfolio				
Booked return	2.9	1.8	6.4	5.0
Value adjusted return	2.1	1.4	6.7	6.7
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	2.2	1.5	6.4	7.5
Investment options portfolio	3.1	1.2	8.8	7.2
Corporate portfolio	1.4	0.6	5.7	4.5

KLP Group



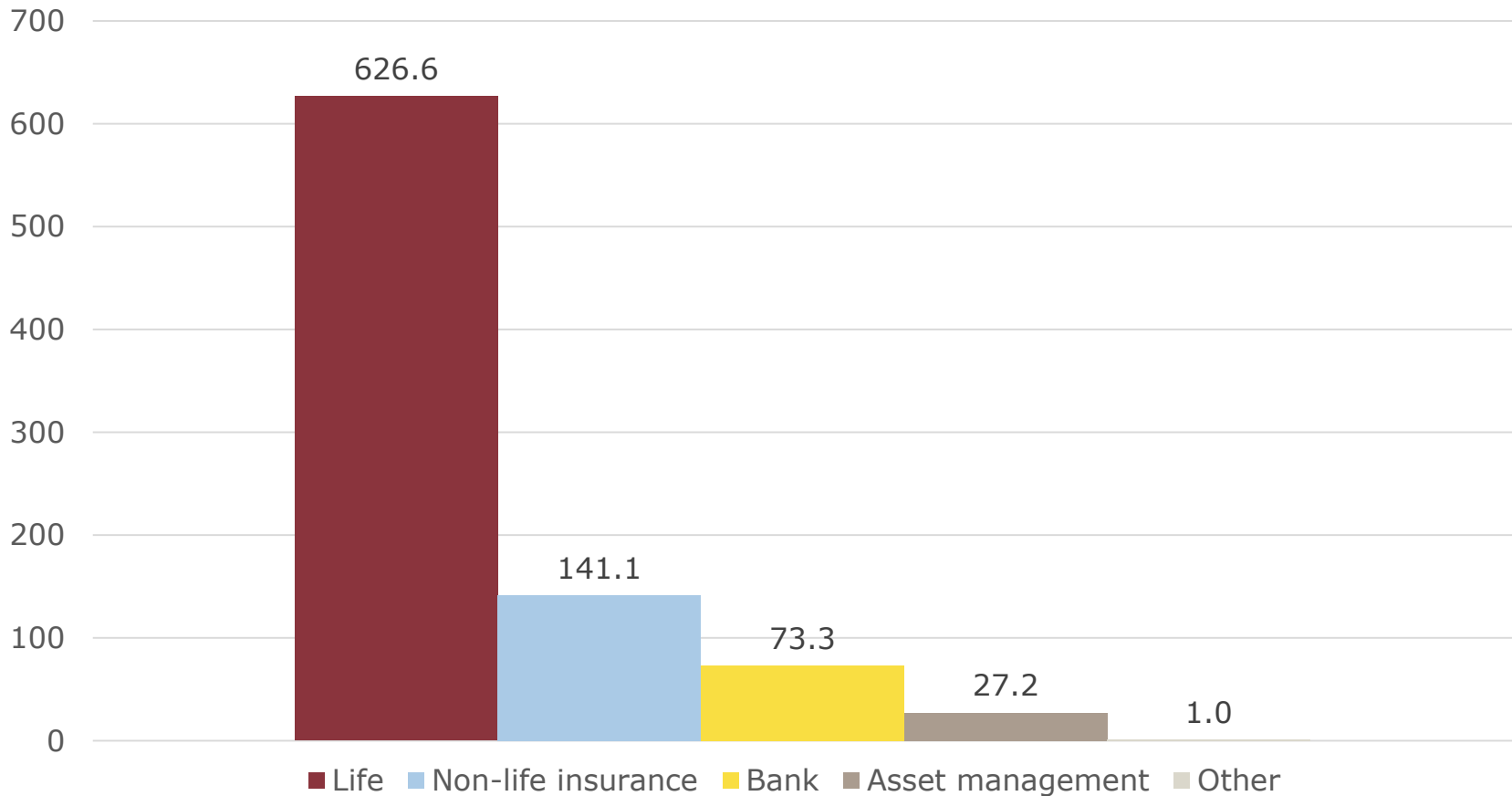
KLP Group – results by segment*

<i>NOK million</i>	Ytd	
	31.12.2013	31.12.2012
Life insurance	627	871
Non-life insurance	141	115
Banking	73	66
Asset management	27	47
Other	1	1
Group result	869	1 101

*After tax and other profit/loss elements

KLP Group – results by segment

NOK million



KLP Group – main figures - results

<i>NOK million</i>	Ytd	
	31.12.2013	31.12.2012
Pension premiums and incoming transfers	31 883	29 946
Allocated investment income	19 023	17 683
Claims f.o.a.	-12 503	-11 457
Insurance provisions	-30 324	-27 344
Operating cost	-1 191	-1 131
Other income and cost	36	12
Technical result	6 924	7 709
To/from value adjustment fund life insurance	-1 148	-4 342
To/from supplementary reserves life insurance	1	0
Surplus allocated Life insurance clients	-5 884	-2 370
Group result pre-tax	-107	997
Tax	-47	-7
Other profit/loss elements	1 023	111
Group result pre-tax	869	1 101

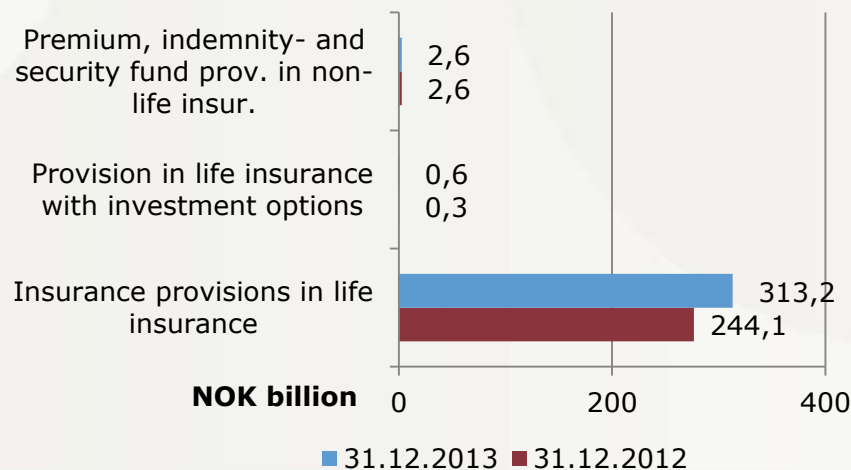
KLP Group – assets

<i>NOK million</i>	31.12.2013	31.12.2012	Change
Investment properties	39 744	32 322	7 422
Debt instruments held to maturity	31 758	37 283	-5 525
Debt instruments classified as loans and receivables	67 272	55 917	11 356
Lending to municipalities, enterprises and individuals	55 381	52 128	3 253
Debt instruments at fair value over P/L	112 215	103 375	8 840
Equity instruments at fair value over P/L	54 298	42 410	11 887
Financial derivatives	1 368	1 541	-173
Share in associated companies	4	6	-2
Assets in defined contribution life insurance	578	300	277
Immaterial assets	377	365	12
Other assets	6 761	6 137	625
Total assets	369 757	331 783	37 974

KLP Group – own funds and liabilities

<i>NOK million</i>	31.12.2013	31.12.2012	Change
Own funds	15 268	13 630	1 638
Hybrid capital and subordinated loans	4 070	3 865	205
Debt to financial institutions	3 248	4 799	-1 551
Covered bonds issued	17 217	20 370	-3 153
Debt to and deposits from clients	4 407	2 946	1 461
Insurance reserves	316 427	279 724	36 703
Financial derivatives	9 119	6 448	2 670
Other liabilities	369 757	331 783	37 974

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 division

- 48 municipalities as well as 48 enterprises chose KLP in 2013
- 14 municipalities and 5 enterprises with a total of NOK 5.9 billion in premium reserves and 38 500 new members were integrated into KLP through 2013
- KLP offers competitive solution for turn-key management of municipal pension funds
- KLP Bedriftspensjon; maintained growth: 279 new defined contribution contracts
- Strong client satisfaction: KTI 77



48 municipalities joining KLP from 2014

● KLP ● Storebrand

● DNB ● Municipal pension funds



KLP

- Alta
- Eigersund
- Fjaler
- Granvin
- Kautokeino
- Kvam
- Lurøy
- Os
- Rælingen
- Ski
- Storfjord
- Sørreisa
- Trysil
- Vikna
- Berg
- Ibestad
- Austevoll
- Evenes
- Frogn
- Hordaland FK
- Kongsvinger
- Lenvik
- Målselv
- Osterøy
- Samnanger
- Skodje
- Strand
- Tana
- Træna
- Ørskog
- Bømlo
- Tønsberg
- Bø
- Farsund
- Gjerstad
- Hurum
- Kvalsund
- Lindås
- Nordkapp
- Risør
- Skedsmo
- Sola
- Søgne
- Tjeldsund
- Vadsø
- Øvre Eiker
- Gausdal
- Årdal

KLP – presentation of accounts

<i>NOK million</i>	Ytd	
	31.12.2013	31.12.2012
Pension premiums and incoming transfers	30 860	29 025
Net revenues from investments in Common portfolio	18 912	16 517
Claims paid and outgoing transfers	-11 886	-10 882
Changes in insurance liabilities	-31 029	-31 247
Allocations to insurance contracts	-5 884	-2 366
Insurance related operating costs	-807	-801
Other insurance related costs	26	4
Technical result	191	250
Net revenues from investments in Corporate portfolio	979	735
Other revenues and expenditures	-221	-213
Results from non-technical account	759	523
Earnings before other components	950	772
Extended results	-102	296
Results	847	1 068

KLP – appropriation of results

<i>NOK million</i>	Customers	Company	Total
Interest result	9 845	32	9 876
Risk result	184	51	235
Premium interest rate guarantee		336	336
Administration result		156	156
Non-technical result		759	759
Return on paid-in equity to clients	385	-385	-
Other result elements		-102	102
Results 31.12.2013	10 413	847	11 260
Results 31.12.2012	5 455	1 068	6 523

**Return of NOK
10.4 billion to
clients**

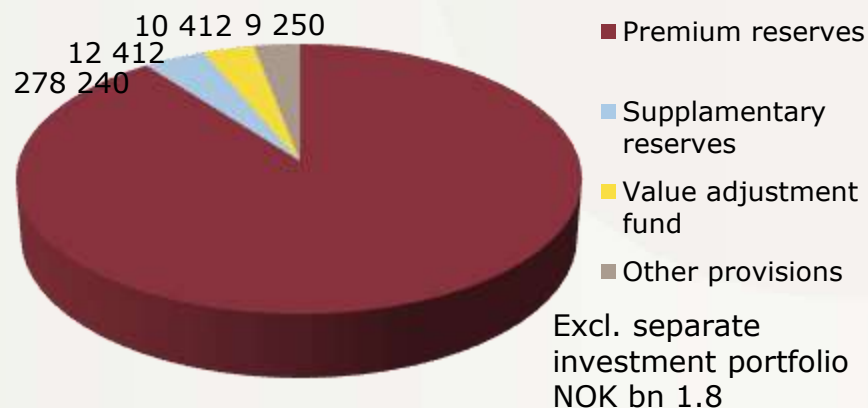
KLP – assets

<i>NOK million</i>	31.12.2013	31.12.2012	Change 2013
Total assets in corporate portfolio	21 654	19 405	2 249
Total assets in common portfolio	316 194	278 747	37 447
Assets in investment options portfolio	1 745	1 556	188
Total assets	339 592	299 708	39 884

KLP – own funds and liabilities

<i>NOK million</i>	31.12.2013	31.12.2012	Change 2013
Paid-in equity	7 659	6 891	768
Retained earnings	7 429	6 582	848
Hybrid capital and subordinated debt	4 070	3 865	205
Insurance liabilities	312 127	275 860	36 267
Other liabilities	8 307	6 510	1 796
Total: own funds, provisions and debt	339 592	299 708	39 884

Insurance liabilities per 31.12.2013 - NOK bn



Reserving K2013

<i>NOK billion</i>	31.12.2013
Gross reserving	9.0
Reserved as per 31.12.2012	4.5
Allocated to reserving per 31.12.2013	4.5
Total	9.0
Remaining reserving required	0.0

KLP – growth in assets



KLP Bedriftspensjon – main figures

<i>NOK million</i>	Year 2013	Year 2012
Interest result	7.6	15.0
Risk result	2.3	2.6
Administration result	-32.3	-33.5
Interest rate guarantee and profit element	4.4	2.5
Non-technical result	2.4	3.1
Total result	-15.6	-10.3
Of which result to clients	7.2	15.2
Result to owner	-22.9	-25.5

KLP Bedriftspensjon – return and solvency

<i>Per cent</i>	Year 2013	Year 2012
Common portfolio		
Book	4.0	5.2
Value adjusted	6.2	6.7
Investment options portfolio	13.5	12.0
Corporate portfolio	3.1	6.4

<i>Per cent</i>	31.12.2013	31.12.2012
Capital coverage	14.7	9.6
Solvency ratio	198.0	157.0
Buffer capital employment	122.3	124.9

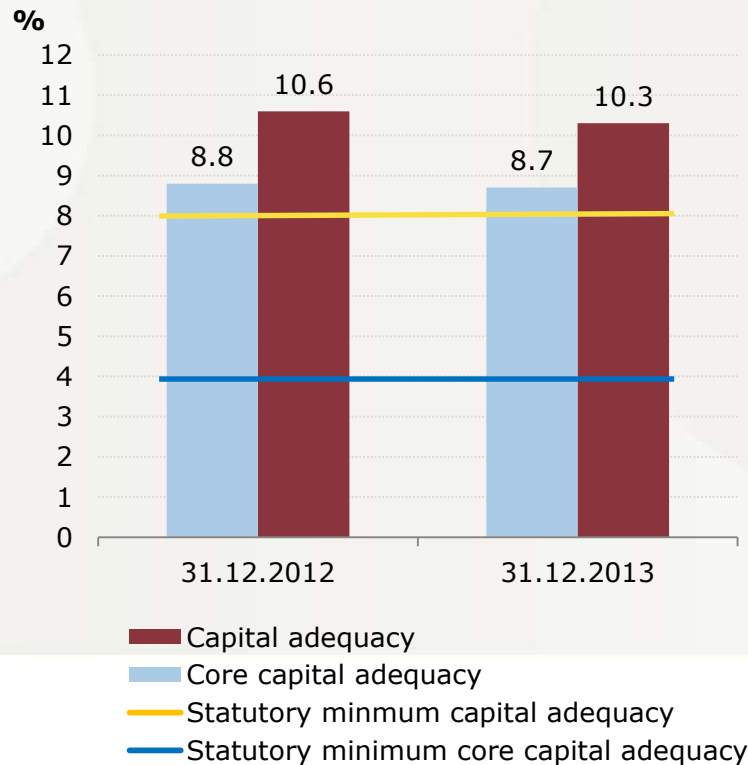
<i>NOK million</i>	31.12.2013	31.12.2012
Value adjustment fund	35.2	11.8
Supplementary reserves	28.6	27.9
Solvency capital	189.5	131.1

KLP solidity and capital issues



KLP – capital adequacy

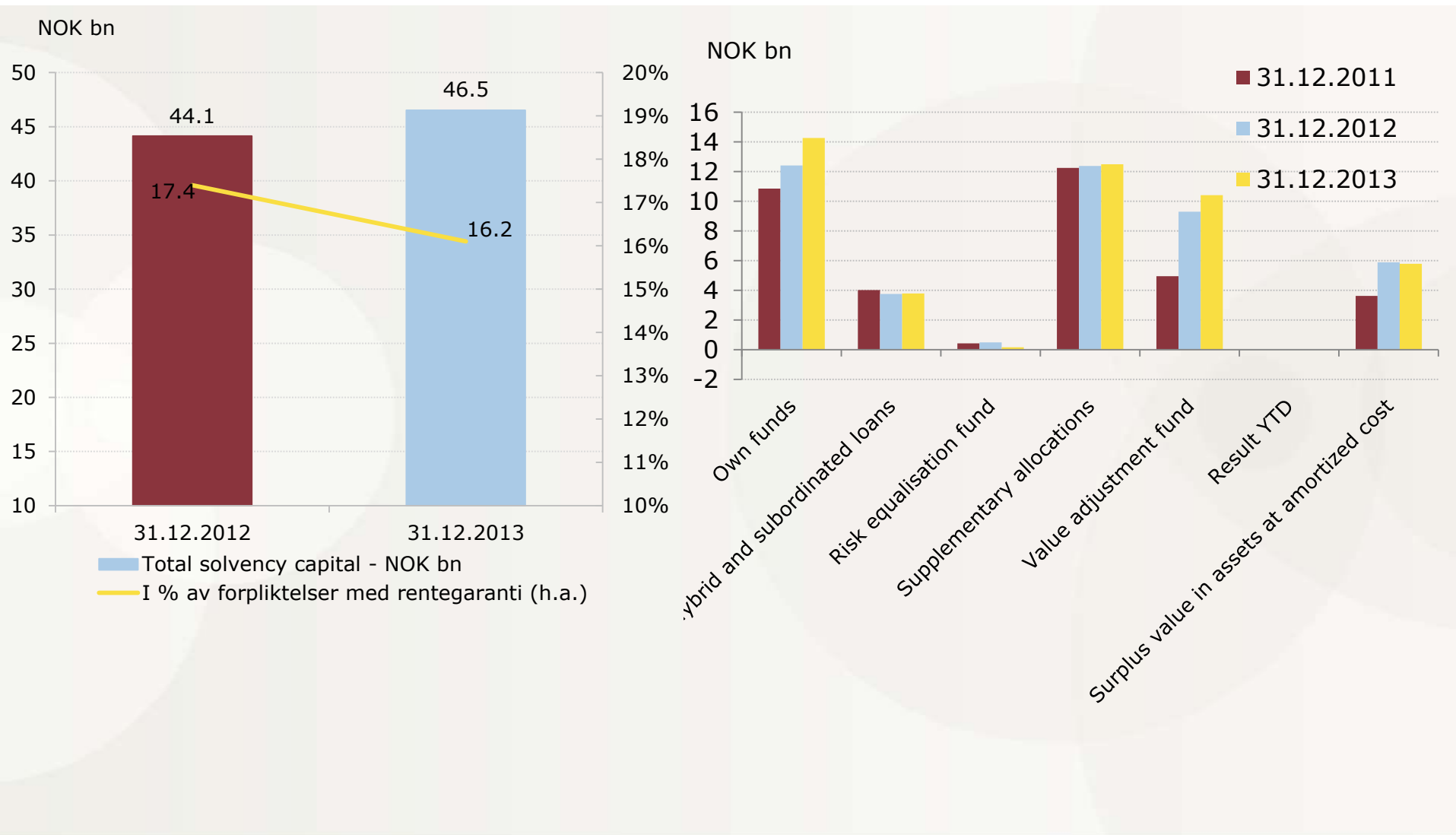
Per cent	31.12.2013	31.12.2012
Capital adequacy	10.3	10.6
Core capital adequacy	8.7	8.8
Statutory minimum capital adequacy	8.0	8.0
Statutory minimum core capital adequacy	4.0	4.0



KLP – financial buffers

<i>NOK million</i>	31.12.2013	31.12.2012
Valuation reserve	10 412	9 288
Supplementary reserve	12 495	12 375
Core capital margin	4 082	3 992
Regulatory buffer capital	26 989	25 655
Valuation reserve booked at amortised costs	5 782	5 892

KLP – financial solidity

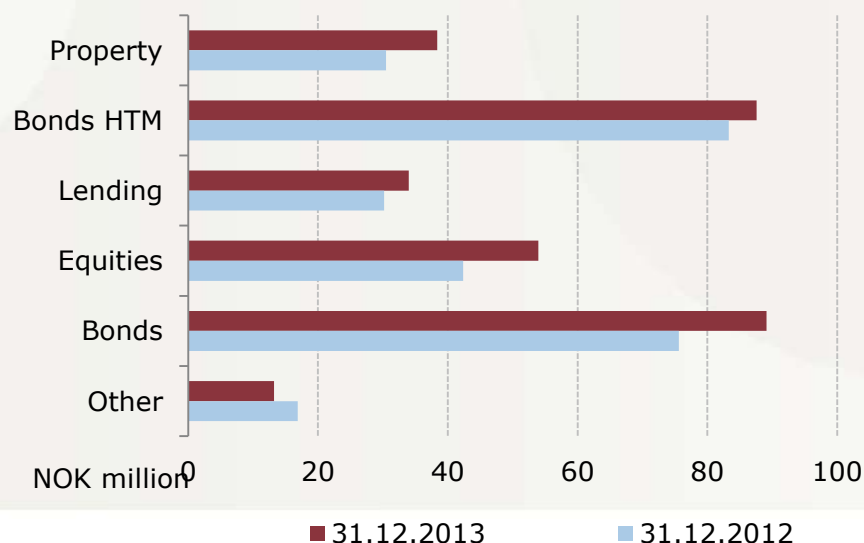


KLP common portfolio – allocation and return

<i>Per cent</i>	Share* 31.12.2013	Return 31.12.2013	Return 2012
Equities	16.9	25.3	13.9
Bonds	20.9	0.9	8.4
Bonds held-to-maturity	28.7	4.8	4.9
Lending	10.9	3.5	3.9
Property	12.5	7.1	6.2
Other financial assets	10.1	2.5	3.5

* Measured by exposure

Balance 31.12.2013 Assets in the common portfolio



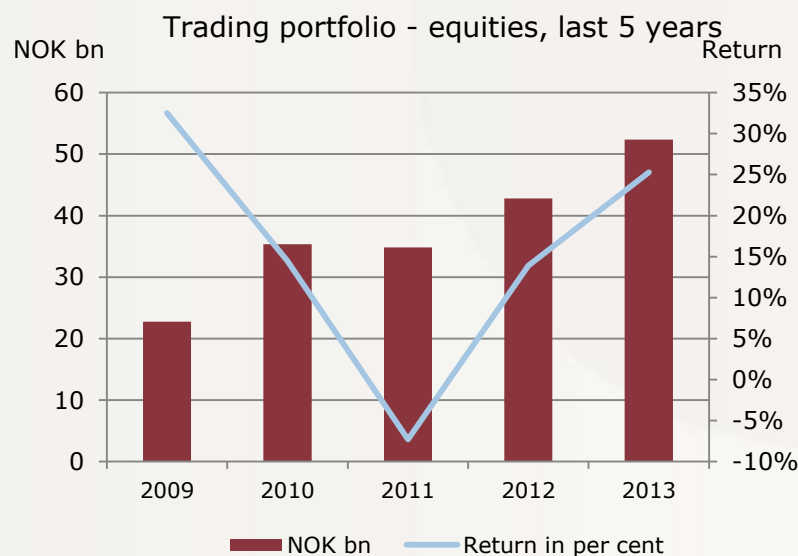
**Strong equity
returns in
2013**

Trading portfolios – equities

KLP common portfolio

Trading portfolio equities*	31.12.2013	31.12.2012
Value equities (NOK mill)	52 382	42 787
Return equity portfolio	25.3 %	13.9 %
Share index-tracking equities	80.8 %	79.3 %

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

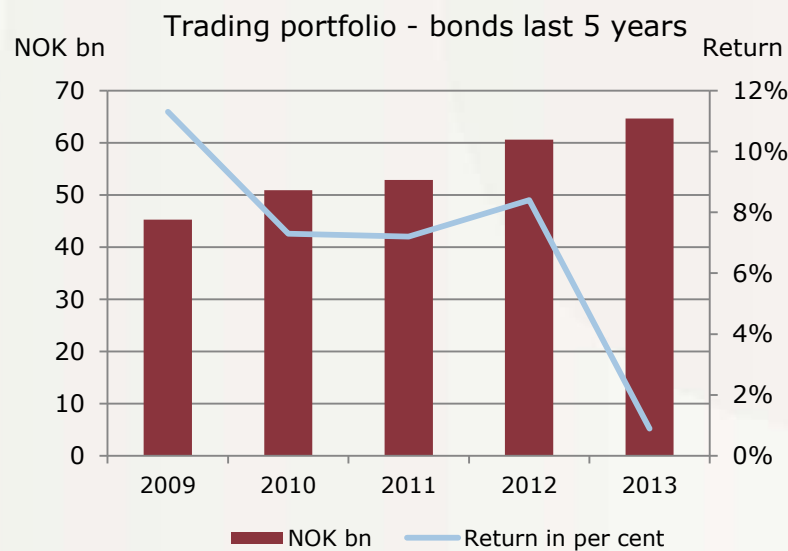


Trading portfolios – bonds

KLP common portfolio

Trading portfolios fixed-income *	31.12.2013	31.12.2012
Value fixed income (NOK mill)	93 872	84 105
Return trading portfolios fixed income	1.4 %	8.4 %
Share index-tracking fixed-income	35.3 %	35.3 %

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

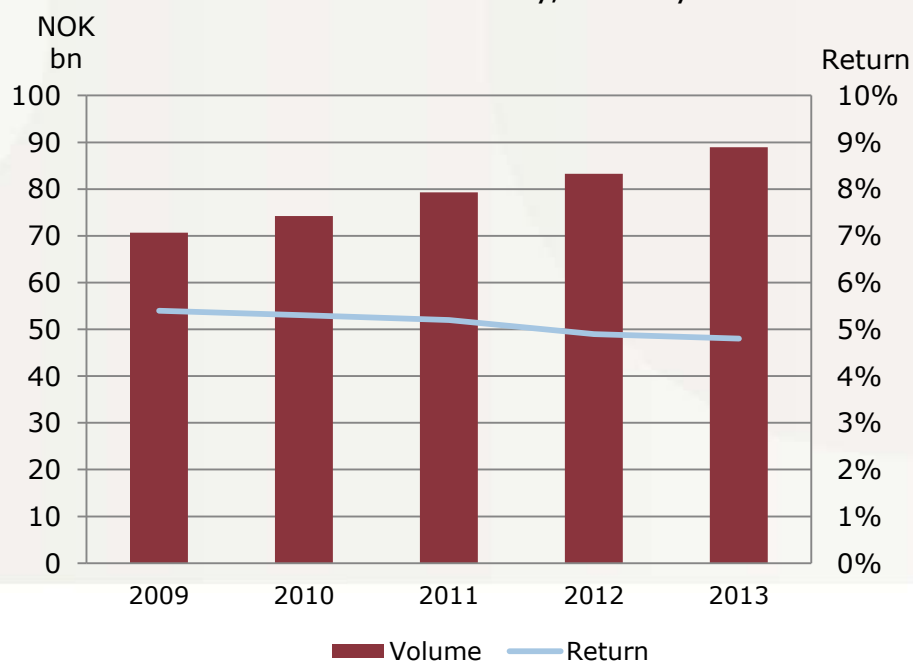


Bonds booked at amortised costs

KLP common portfolio

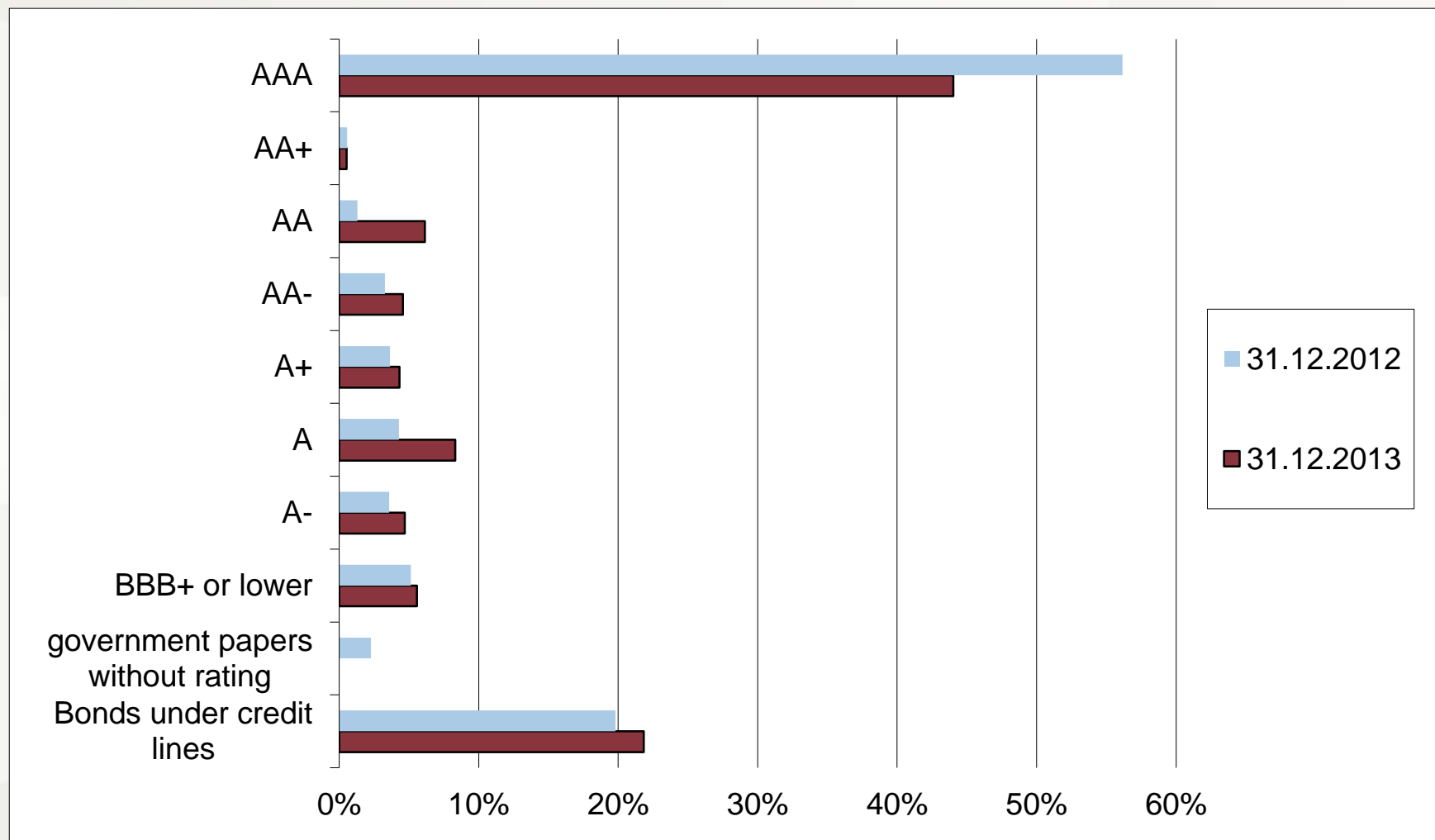
	31.12.2013	31.12.2012
Book value (NOK mill)	88 960	83 277
Valuation reserve (NOK mill)	4 974	5 164
Return (per cent)	4.8	4.9

Bonds held-to maturity, last 5 years



Bonds booked at amortised costs

KLP common portfolio



Property value NOK 40.1 billion

New
organization
in place in
Sweden

Occupancy
rate
97 %

Purchased
property this
year for NOK
5.5 billion

Purchases in Stockholm – Torsplan in
Hagastaden, NOK 1.5 bn



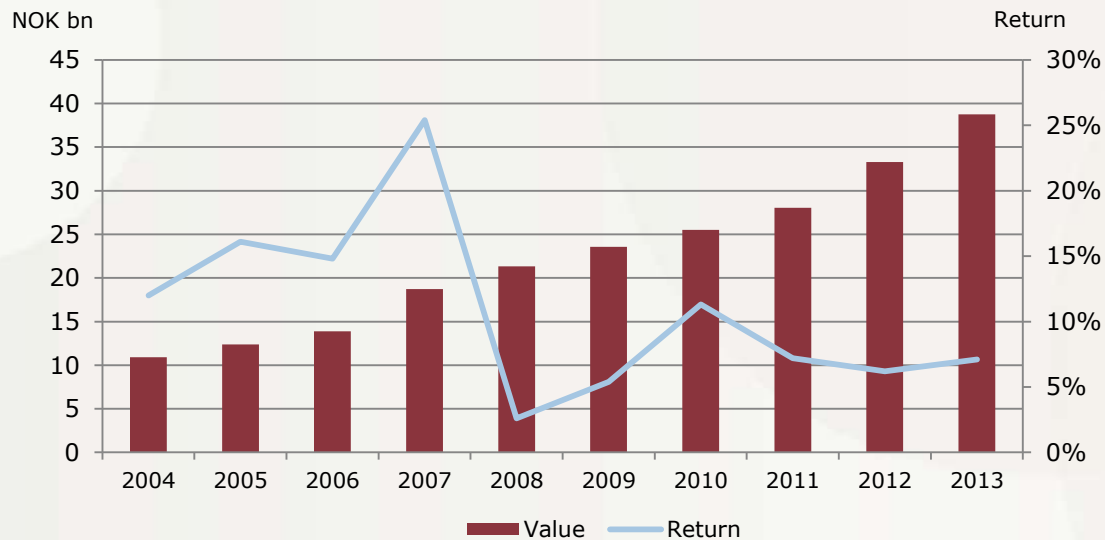
Fornebu S – investing NOK 1.5 bn



Property investments

Total portfolio

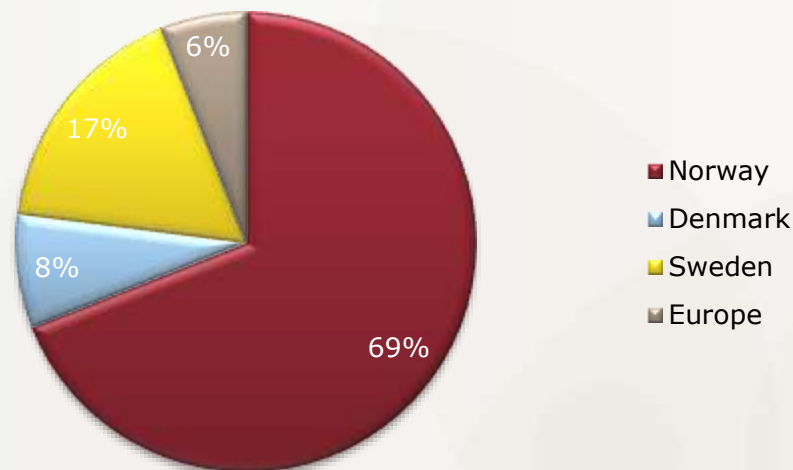
	Ytd 2013	2012
Book value (value-adjusted NOK mill)	40 776	33 388
Occupancy rate (per cent)	97.0	96.8
Average lease duration (year)	7.7	7.4



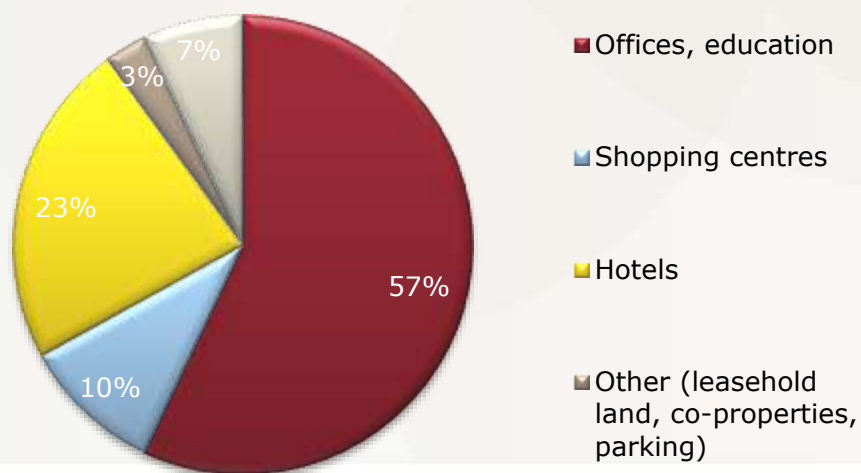
KLP's real-estate activities

- 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 118 million (0.3 per cent) in Q4 2013, including currency hedge.
- New investments in 2013:
 - 50 % stake in Nordbyen Senter in Larvik
 - Hvaltorvet shopping center in Sandefjord
 - Torsplan in Stockholm
 - Intercontinental Westminster Hotel in London
 - Gardermoen Airport Hotel
 - Klæbuveien/HiST in Trondheim
- Real-estate investments constitute 12.3 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	
	2013	2012
Value adjustment in per cent	40 110	33 469
Fair value common portfolio (NOK mill)	1.3 %	0.9 %
Value adjustment in per cent common portfolio	37 422	30 904
Property value	1.4 %	0.9 %

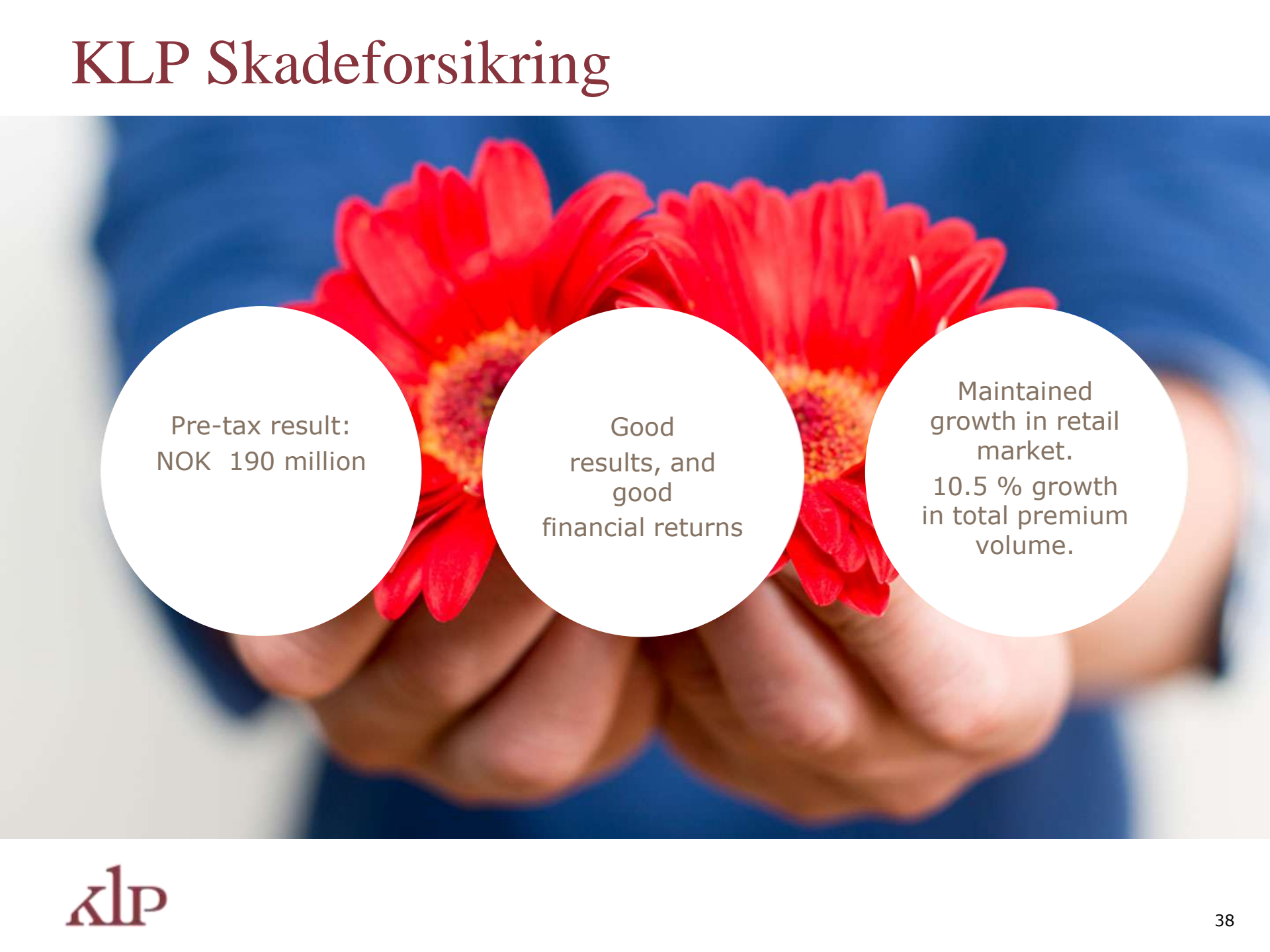
Return	Ytd	
	2013	2012
Total return	6.9 %	6.5 %
Total return common portfolio	7.1 %	6.2 %

*All figures are exchange-rate hedged

KLP Skadeforsikring (non-life insurance)



KLP Skadeforsikring



Pre-tax result:
NOK 190 million

Good
results, and
good
financial returns

Maintained
growth in retail
market.
10.5 % growth
in total premium
volume.

KLP Skadeforsikring per 31.12.2013

- Good pre-tax results : 189.9 million
- Good insurance result and good financial return
- Continued good sales, total premium volume up 10.5 per cent through the year.
- Only 7 incidents exceeding NOK 5 million, totalling NOK 58 million
- Lean-project successful, carried on and extended through 2014



Market development

- Strengthened market position within municipalities and enterprises
 - 301 municipalities and counties
 - 2 730 corporate clients
 - High tender activity, and enhanced competition

Many new clients as of 01.01.14

- Good sales in retail market
 - 21 900 customers of which 17 100 are members
 - NOK 228 million in premium volume
 - Low defection rate

KLP Skadeforsikring – profit & loss

1 000 NOK	Result 31.12.2013	Result 31.12.2012
Premium written f.o.a.	728 179	658 948
Allocated investment income	42 488	37 027
Claims f.o.a.	-564 120	-536 027
Insurance related expenses	-190 833	-172 724
Other insurance related income	2 479	2 046
Changes in security reserves etc.	-7 392	-56 048
Result from technical activities	10 802	-66 777
Result from investment activities	221 551	209 027
Allocated investment income	-42 488	-37 027
Result from ordinary operation	189 865	105 223
Estimated tax expense	-41 076	-17 420
Other result elements	-7 652	19 616
Provisions for equity fund	43 591	8 010
Result after provisions for equity fund	184 727	115 429

KLP Skadeforsikring – main figures

Key figures, <i>per cent</i>	31.12.2013	31.12.2012
Claims ratio on own account	77.5 %	81.3 %
Cost ratio on own account	26.2 %	26.4 %
Combined Ratio for own account	103.7 %	107.8 %
Return on capital	6.5 %	6.5 %
Capital adequacy ratio	40.0 %	34.1 %
Revenues, <i>NOK mill</i>	31.12.2013	31.12.2012
Gross premium written	832	750
Premium income for own account	728	659
Claims paid for own account	-564	-536
Insurance related costs for own account	-191	-173
Results	190	105
Key figure balance sheet. <i>NOK mill</i>	31.12.2013	31.12.2012
Financial assets	3 477	3 250
Total assets	3 765	3 607
Equity	974	825
Provisions in insurance funds for own account	2 512	2 427

Banking and credit

A background image showing a person's hands holding several dark, smooth, rounded stones. The stones are dark green/black with some lighter speckles. The person is wearing a light blue shirt. Two white circles are overlaid on the image, containing text.

26 000 active
clients

Deposits from
wholesale clients NOK
700 million

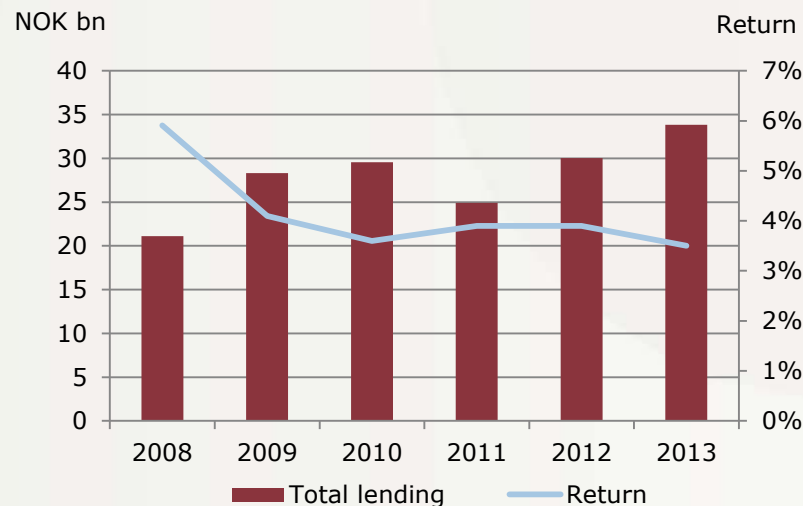
Lending portfolio

KLP common portfolio

	2013	2012
Book value (NOK mill)	33 843	30 037
Of this: fixed rate loans (NOK mill)	14 352	12 523
Return year to date (in per cent)	3.5	3.9
Specific and general credit loss provisions (NOK mill)	0.2	4.3*

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

Lending portfolio, last 5 years



KLP Bank-group – main figures

<i>NOK million</i>	KLP Kommunekreditt		KLP Banken		KLP BK Prosjekt	
	2013	2012	2013	2012	2013	2012
Net interest revenues	92.3	70.1	30.3	13.9	0.0	-
Net fee and commission income	-	-	7.8	4.5	-	-
Management fees	-	-	58.1	79.1	-	-
Operational costs	-22.4	-28.1	-122.1	-106.9	-0.0	-
Value adjustment financial instruments	-8.0	50.3	49.5	40.8	-	-
Result before taxes	62.0	92.2	23.6	31.4	-0.0	-
Total assets	20 683	24 632	8 472	7 616	1	1

KLP Bank-group – main figures

<i>NOK million</i>	KLP Banken konsern	
	2013	2012
Net interest revenues	122.0	86.3
Net fee and commission income	7.8	4.5
Management fee	58.1	79.1
Operational costs	-144.7	-137.7
Value adjustment financial instruments	43.8	51.1
Result before taxes	87.0	83.4
Total assets	26 015	28 282

KLP Bank-group – lending and deposits

NOK bn	Mortgage loans		Public sector loans		Deposits	
	2013	2012	2013	2012	2013	2012
KLP Banken AS (parent)	4.5	1.5	-	-	4.4	2.9
KLP Kommunekreditt AS	-	-	16.6	18.9	-	-
KLP (under management agreement)	7.0	9	26.7	20.9	-	-
Total	11.4	10.5	43.3	40.9*	4.4	2.9

*including KLP Kreditt AS


KLP Banken Q4

- The growth in loans and deposits in the retail market maintained
- Improved margins in retail sector loans
- Maintained profitability on stable public sector loan portfolio
- Deposits from wholesale sector NOK 695 million
- KLP Kreditt, no longer having any activity, was wound-up in October
- KLP Banken has applied for licence to establish a covered bond issuing entity for home-mortgages, with the Norwegian FSA



PM:
27 287
active
clients

KLP Asset management



Result before
tax NOK 33
million

Managing
NOK 28 billion
for external
clients

Net new
subscriptions
from external
clients NOK
2.4 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 287 billion at the end of the quarter. The major share represent funds managed for Kommunal Landspensjonskasse and its subsidiaries
- NOK 28 billion managed on behalf of external investors and retail clients. There are about 30 000 holders of units in KLP funds
- Pre-tax earnings;
 - Per 31.12.2013: NOK 33 million.

Summary



2014 – New horizons

- KLP sole provider of insurance backed public sector pension plans.
- Fully reserved for the K2013 tariff – ensures freedom of action with regard to solvency strengthening and allocation of results
- A record inflow of funds as well as of insured members
- Pension reform and further adjustments to public sector pensions
- Provide turn-key management of municipal pension

Strong solvency, risk control, earnings-potential and growth prospects puts KLP advantageous position



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