

Oslo, 26. February 2015

Financial results Q4 2014 KLP Group



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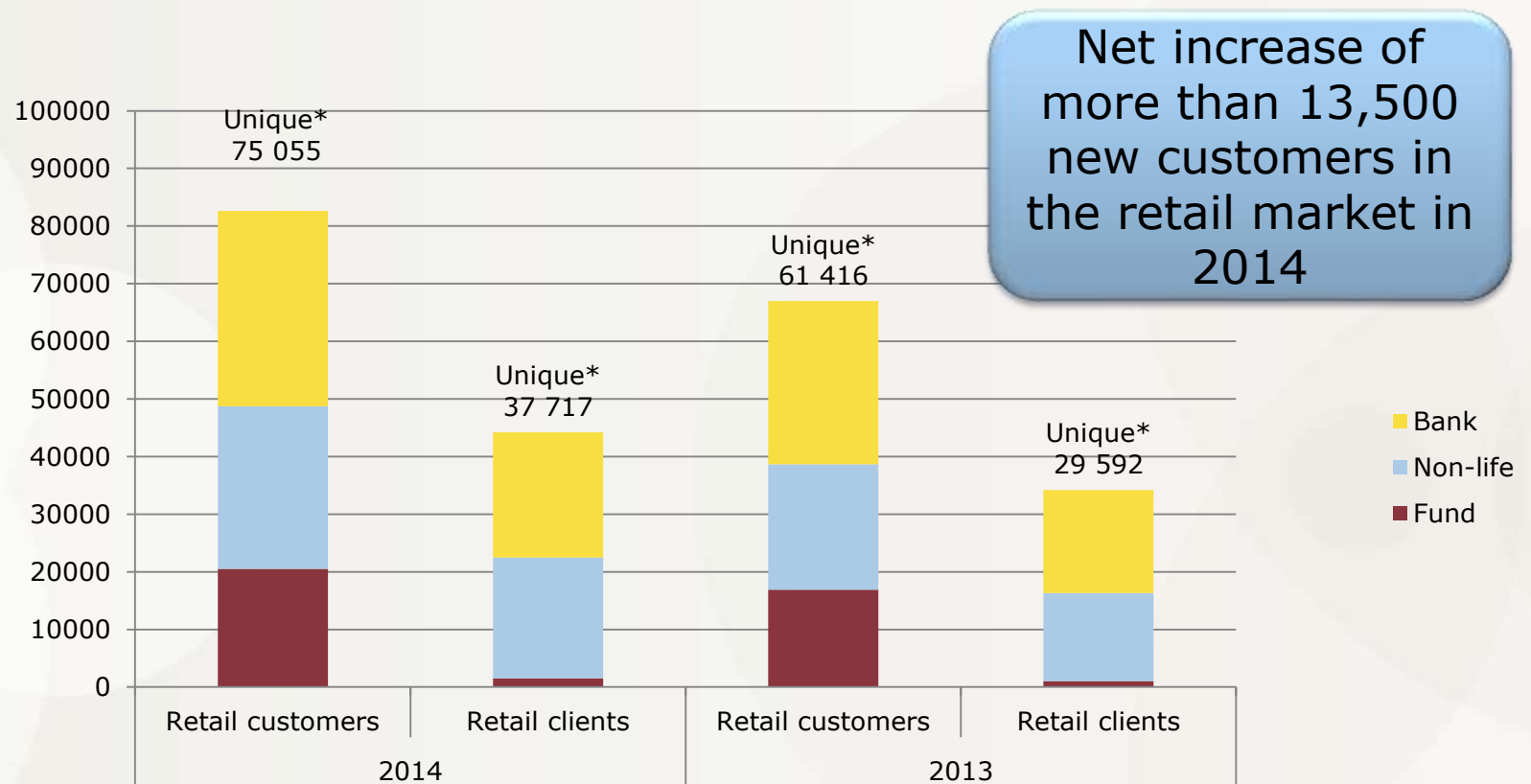


2014 – A strong year for KLP

- 58 municipalities and 203 enterprises opted for KLP in 2013
 - Inflow of premium reserves over NOK 30 billion
 - 156 000 new insured
- New tariff for longevity: K2013, fully reserved and completed transfer of NOK 1 559 million from company to clients buffer
- Common portfolio of life company
 - Book return of 4.3 per cent
 - Value adjusted return of 6,9 per cent
- Corporate portfolio returned 7.3 per cent
- Result to clients NOK 7.0 billion
- Result to company NOK 852 million
- NOK 13,7 billion allocated to supplementary reserves and valuation reserves
- Total assets group: NOK 490.9 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	Q4	Year	
	2014	2013	2014	2013
Common portfolio				
Booked return	1.7	2.9	4.3	6.4
Value adjusted return	2.0	2.1	6.9	6.7
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	3.1	2.2	9.5	6.4
Investment options portfolio	2.0	3.1	6.7	8.8
Corporate portfolio	2.0	1.4	7.3	5.7

KLP Group



KLP Group – results by segment

<i>NOK million</i>	Ytd	
	31.12.2014	31.12.2013
Life insurance	799	847
Non-life insurance	304	190
Banking	28	87
Asset management	56	33
Other	1	1
Group result before tax	1 189	1 157

KLP Group – main figures - results

NOK million	Ytd	
	31.12.2014	31.12.2013
Pension premiums and incoming transfers	63 611	31 883
- of which premium reserves transferred from other companies	21 712	6 001
Allocated investment income	29 331	23 788
Minority share of return of financial instruments	-3 343	-4 605
Claims f.o.a.	-18 643	-12 503
- Of which ceded premium reserve at transfers	-4 109	-169
Insurance provisions	-51 930	-30 324
Operating cost	-1 124	-1 191
Other income and cost	71	37
Technical result	17 974	7 084
To/from value adjustment fund life insurance	-9 130	-1 148
To/from supplementary reserves life insurance	-3 581	1
Surplus allocated Life insurance clients	-4 074	-4 781
Group result pre-tax	1 189	1 157
Tax	-324	-208
Other profit/loss elements	-3	-80
Group result	862	869

KLP Group – assets

<i>NOK million</i>	31.12.2014	31.12.2013	Change
Investment properties	44 467	39 744	4 724
Debt instruments held to maturity	30 620	31 758	-1 139
Debt instruments classified as loans and receivables	86 974	67 272	19 702
Lending to municipalities, enterprises and individuals	67 010	55 381	11 629
Debt instruments at fair value over P/L	152 489	122 398	30 091
Equity instruments at fair value over P/L	101 367	73 239	28 128
Financial derivatives	1 785	1 661	124
Share in associated companies	4	4	0
Assets in defined contribution life insurance	842	578	264
Deferred tax assets	88	0	88
Immaterial assets	448	377	71
Other assets	4 800	6 844	-2 045
Total assets	490 894	399 257	91 637

KLP Group – own funds and liabilities

<i>NOK million</i>	31.12.2014	31.12.2013	Change
Own funds	17 644	15 268	2 376
Hybrid capital and subordinated loans	4 676	4 070	605
Debt to financial institutions	5 211	3 249	1 962
Covered bonds issued	18 477	17 217	1 260
Debt to and deposits from clients	6 251	4 407	1 844
Insurance reserves	383 309	316 427	66 882
Minority interests classified as liabilities	36 968	28 750	8 218
Other liabilities	18 359	9 868	8 490
Total own funds and debt	490 894	399 257	91 637

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

- 58 municipalities as well as 203 enterprises moved to KLP in 2014. Transfers increased premiums with NOK 31 billion and 155 000 new members
- Additional 15 municipalities transferred to KLP 1 January 2015
- KLP has 418 of a total 446 municipalities and counties as members of public sector occupational pension schemes
- KLP offers competitive solution for turn-key management of municipal pension funds
- KLP Bedriftspensjon maintained growth with 207 new defined contribution contracts



KLP – presentation of accounts

<i>NOK million</i>	Ytd	
	31.12.2014	31.12.2013
Pension premiums and incoming transfers	62 454	30 860
Net revenues from investments in Common portfolio	23 511	18 912
Claims paid and outgoing transfers	-17 996	-11 886
Changes in insurance liabilities	-64 176	-31 029
Allocations to insurance contracts	-3 352	-5 884
Insurance related operating costs	-752	-807
Other insurance related costs	58	26
Technical result	-253	191
Net revenues from investments in Corporate portfolio	1 446	979
Other revenues and expenditures	-233	-221
Results from non-technical account	1 212	759
Earnings before other components	959	950
Tax	35	0
Result before other components	994	950
Extended results	-143	-102
Results	852	847

KLP – appropriation of results

<i>NOK million</i>	Customers	Company	Total
Interest result	5 051	8	5 059
Risk result	349	351	701
Premium interest rate guarantee		601	601
Administration result		345	345
Return from the corporate portfolio		1 212	1 212
Return on paid-in equity to clients	1 559	-1 559	-
Tax		88	88
Other result elements		-195	-195
Results 31.12.2014	6 959	852	7 810
Results 31.12.2013	10 413	847	11 260

**Return of NOK 7
billion to clients**

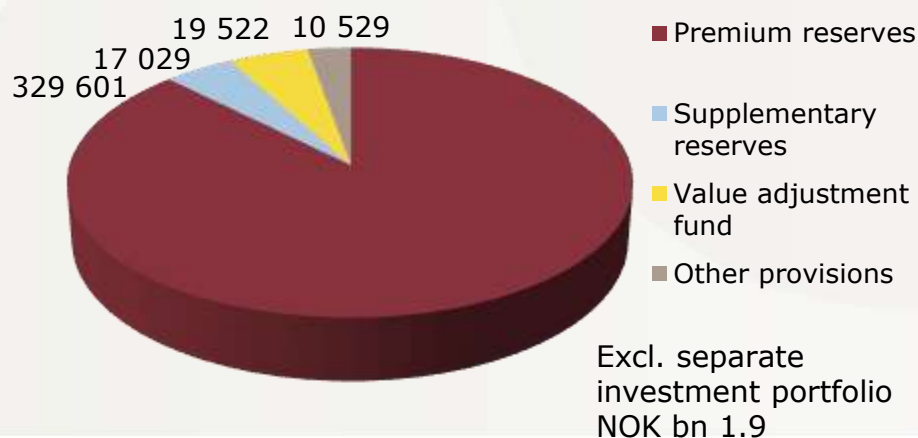
KLP – assets

<i>NOK million</i>	31.12.2014	31.12.2013	Change 2014
Total assets in corporate portfolio	25 090	21 638	3 452
Total assets in common portfolio	387 982	316 210	71 772
Assets in investment options portfolio	1 958	1 745	213
Total assets	415 030	339 592	75 437

KLP – own funds and liabilities

<i>NOK million</i>	31.12.2014	31.12.2013	Change 2014
Paid-in equity	9 173	7 659	1 514
Retained earnings	8 281	7 429	852
Hybrid capital and subordinated debt	4 676	4 070	605
Insurance liabilities	378 602	312 127	66 475
Other liabilities	14 298	8 307	5 991
Total: own funds, provisions and debt	415 030	339 592	75 437

Forsikringsforpliktelse 31.12.2014 - Mrd. kroner



KLP – growth in assets

NOK bn

Per cent



KLP Bedriftspensjon – main figures

<i>NOK million</i>	Year 2014	Year 2013
Interest result	17.3	7.6
	5.2	2.3
Risk result	-30.7	-32.3
Administration result	5.1	4.4
Interest rate guarantee and profit element	4.1	2.4
Non-technical result	-2.0	-
Total result	-1.0	-15.6
Of which result to clients	23.7	7.2
Result to owner	-24.7	-22.9

KLP Bedriftspensjon – return and solvency

<i>Per cent</i>	Year 2014	Year 2013
Common portfolio		
Book	4.6	4.0
Value adjusted	6.1	6.2
Investment options portfolio	8.8	13.5
Corporate portfolio	3.6	3.1

<i>Per cent</i>	31.12.2014	31.12.2013
Capital coverage	12.7	14.7
Solvency ratio	165	198
Buffer capital employment	372.0	122.3

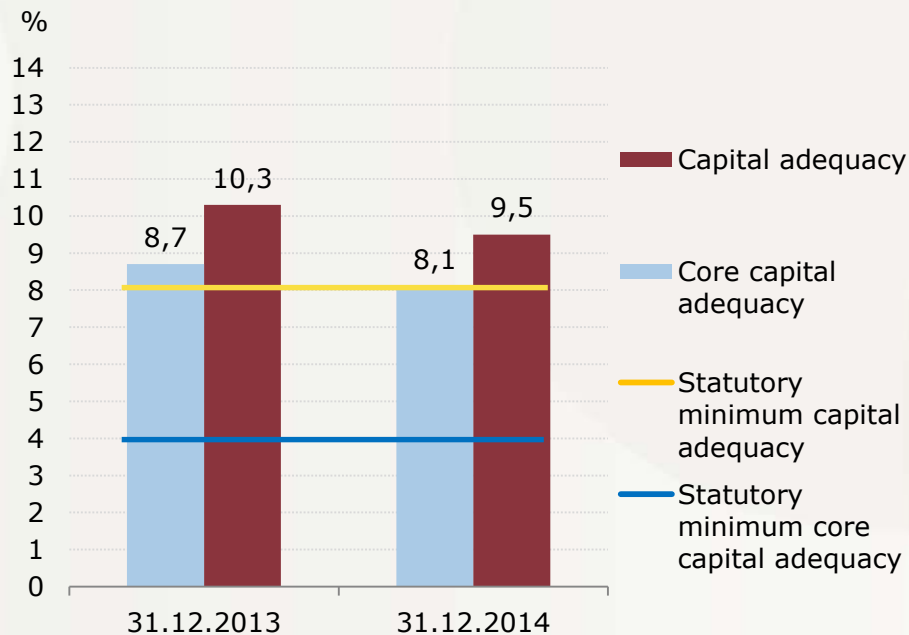
<i>NOK million</i>	31.12.2014	31.12.2013
Value adjustment fund	55.5	35.2
Supplementary reserves	30.1	28.6
Solvency capital	265.4	189.5

KLP solidity and capital issues



KLP – capital adequacy

Per cent	31.12.2014	31.12.2013
Capital adequacy	9.5	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

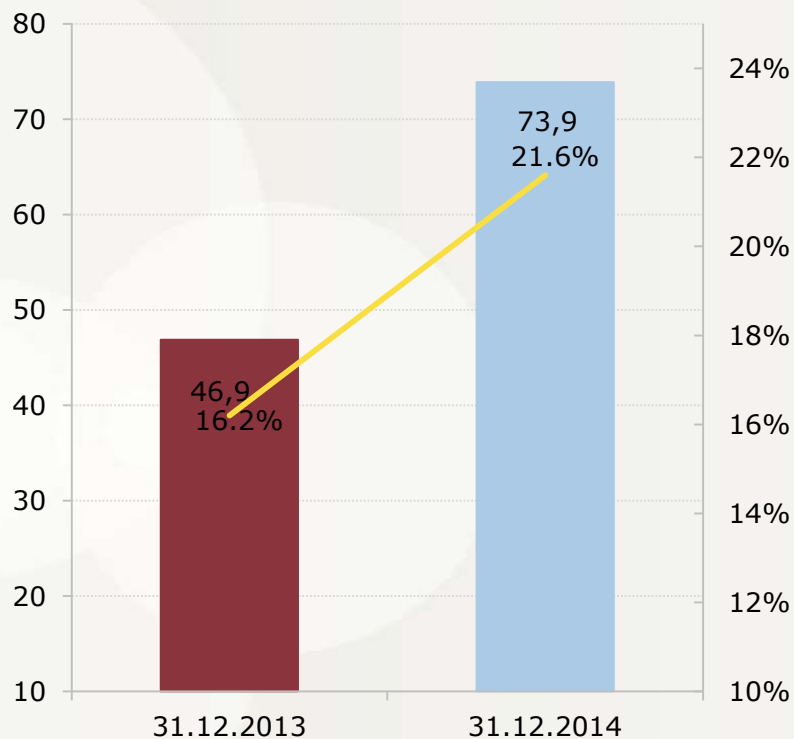


KLP – financial buffers

<i>NOK million</i>	31.12.2014	31.12.2013
Valuation reserve	19 522	10 412
Supplementary reserve	17 120	12 495
Core capital margin	3 210	4 082
Regulatory buffer capital	39 851	26 989
Valuation reserve booked at amortised costs	16 789	5 782

KLP – financial solidity

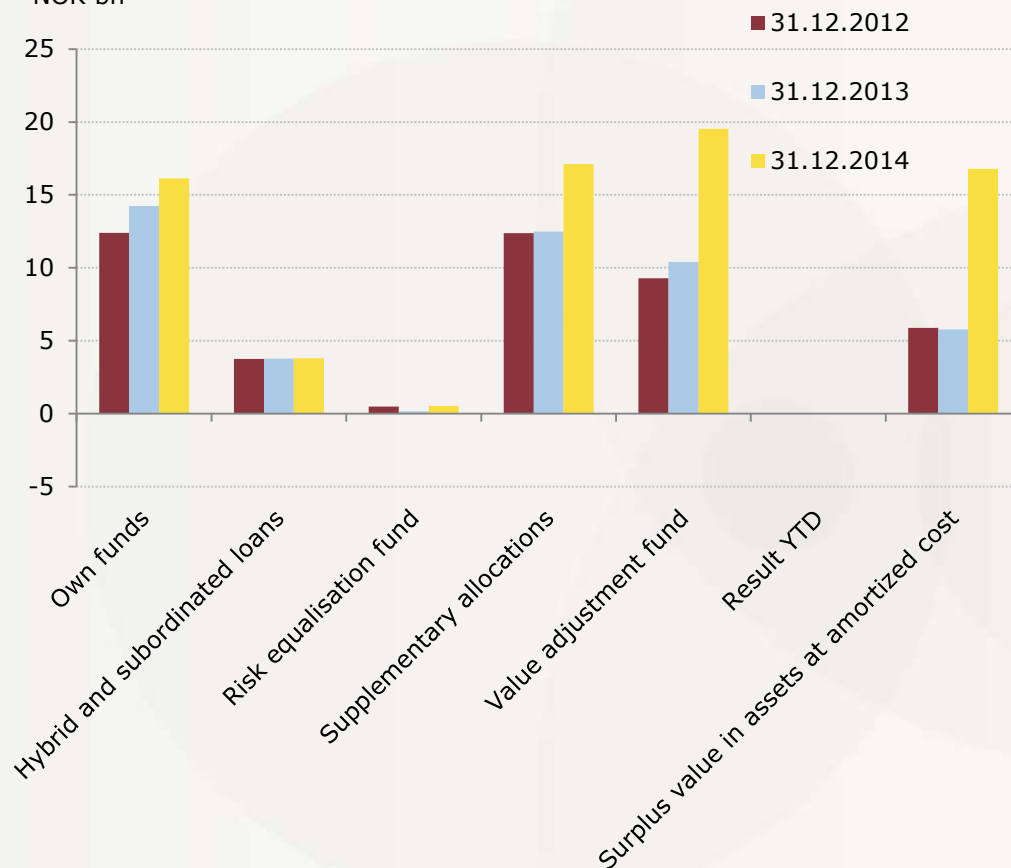
NOK bn



■ Total solvency capital - NOK bn

— As percentage of liabilities with interest guarantee

NOK bn



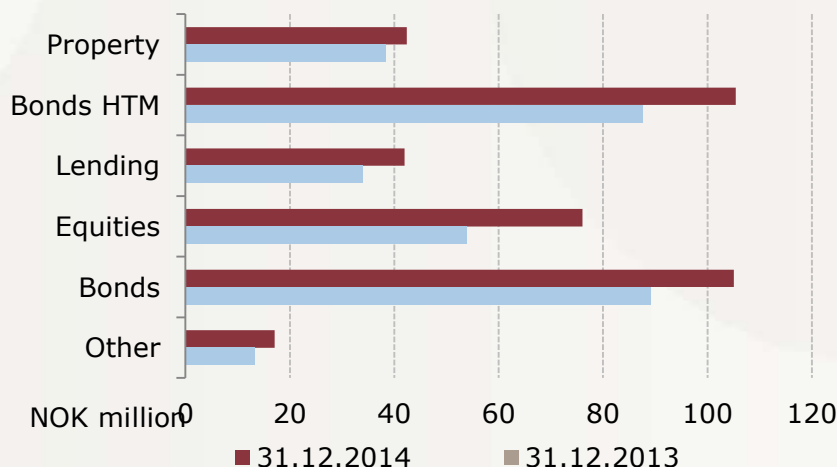
KLP common portfolio – allocation and return

<i>Per cent</i>	Share ¹ 31.12.2014	Return 31.12.2014	Return 2013
Equities	20.4	13.0	25.3
Bonds	21.4	8.4	0.9
Bonds held-to-maturity	27.6	4.7	4.8
Lending	10.9	3.2	3.5
Property ²	11.1	6.9	7.1
Other financial assets	8.7	2.4	2.5

¹ Measured by exposure

² Incl exchange-rate hedged and property fund

Balance 31.12.2013 Assets in the common portfolio



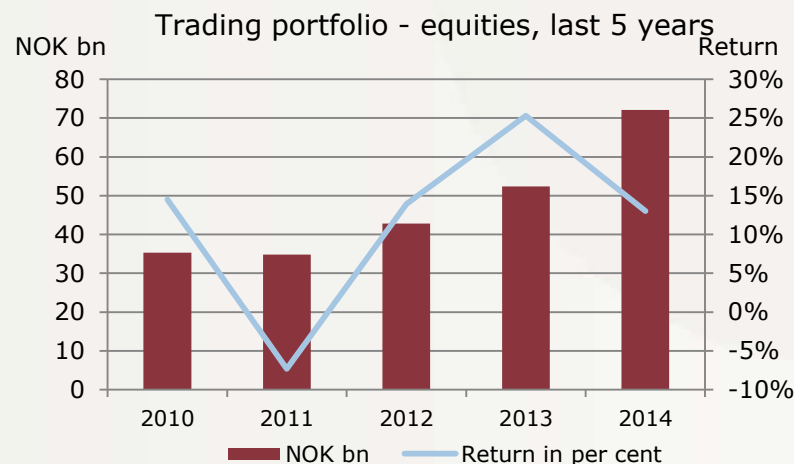
**Strong return
in 2014**

Trading portfolios – equities

KLP common portfolio

Trading portfolio equities*	31.12.2014	31.12.2013
Value equities (NOK mill)	72 087	54 004
Return equity portfolio	13.0 %	25.3 %
Share index-tracking equities	61.1 %	60.2 %
Share of active managment equities	13.5 %	19.2 %
Share of low beta equities	25.4 %	20.6 %

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

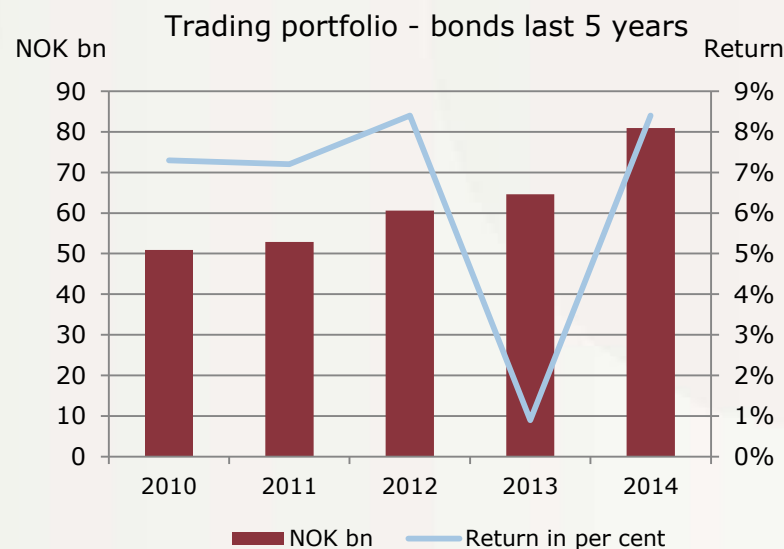


Trading portfolios – bonds

KLP common portfolio

Trading portfolios fixed-income *	31.12.2014	31.12.2013
Value fixed income (NOK mill)	117 859	93 872
Return trading portfolios fixed income	6.5 %	1.4 %
Share index-tracking fixed-income	43.4 %	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

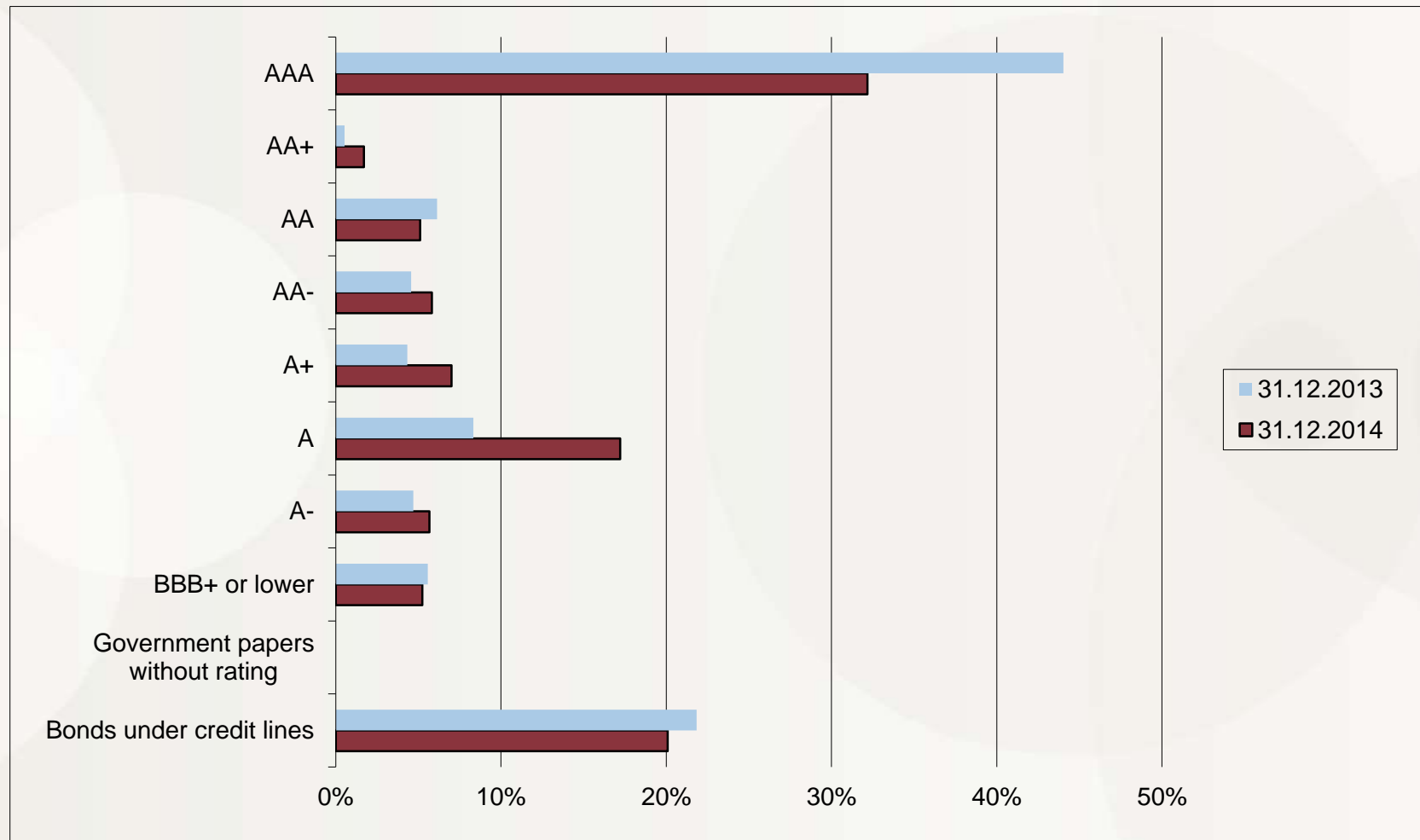
KLP common portfolio

	31.12.2014	31.12.2013
Book value (NOK mill)	104 504	88 960
Valuation reserve (NOK mill)	14 590	4 974
Return (per cent)	4.7	4.8



Bonds booked at amortised costs

KLP common portfolio



Property value NOK 44.6 billion

Fornebu S
were
awarded the
distinction
BREEAM
Outstanding

Occupancy
rate
95 %

Net increase
in the real
estate
portfolio NOK
3.3 billion

Purchased Schweigaardsgate 21 and 23 in
December, NOK 1.7 bn



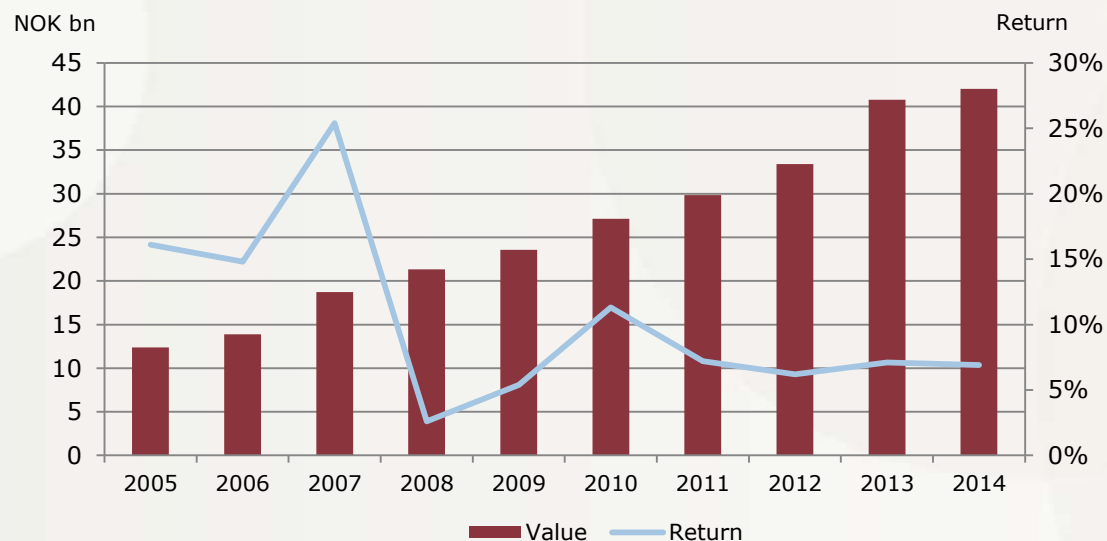
Opened Fornebu S and were awarded the
distinction BREEAM Outstanding



Property investments

Total portfolio

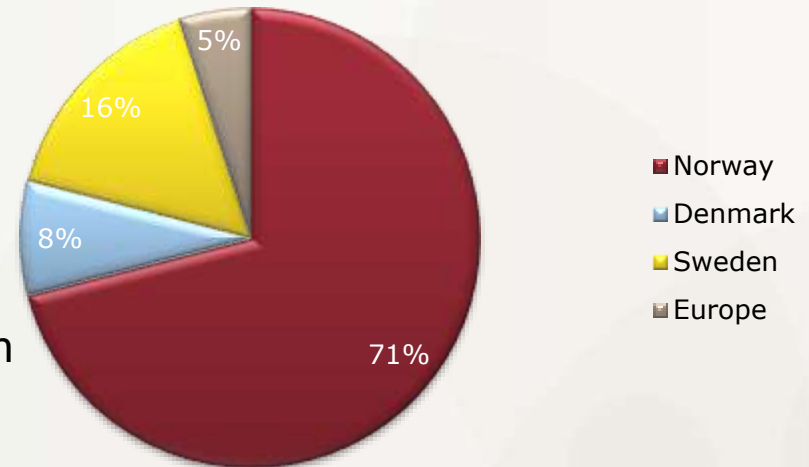
	Ytd 2014	2013
Book value (value-adjusted NOK mill)	45 652	40 776
Occupancy rate (per cent)	95.4	97.0
Average lease duration (year)	8.2	7.7



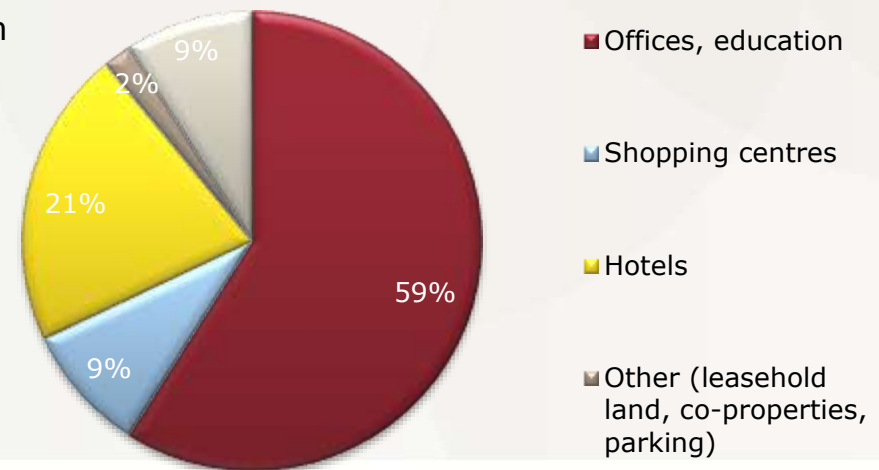
KLP's real-estate activities

- 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 212 million (0.5 per cent) in Q4 2014, including currency hedge.
- New investments in 2014:
 - Three sections in Tempeveien 22 in Trondheim
 - Østre Rosten in Trondheim
 - Schweigaardsgate 21-23 in Oslo
 - Opened Fornebu S kjøpesenter
- 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 2014	2013
Value adjustment in per cent	44 610	40 110
Fair value common portfolio (NOK mill)	2.0 %	1.3 %
Value adjustment in per cent common portfolio	41 734	37 422
Property value	1.6 %	1.4 %
Return	Ytd 2014	2013
Total return	7.2 %	6.9 %
Total return common portfolio	6.8 %	7.1 %

*All figures incl exchange-rate hedged and excl. property fund

KLP Skadeforsikring (non-life insurance)



KLP Skadeforsikring



Pre-tax result:
NOK 304 million

Good
results, and
good
financial returns

Maintained
growth in retail
market.
10.7 % growth
in total premium
volume.

KLP Skadeforsikring per 31.12.2013

- Good pre-tax results : 304,2 million
- Good insurance result and good financial return
- Significant release of prior years reserves
- Continued good sales, total premium volume up 10.7 per cent through the year.
- 12 incidents exceeding NOK 5 million, totalling NOK 100 million
- Lean-project successful, carried on and extended through 2015



Market development

- Strengthened market position within municipalities and enterprises
 - 301 municipalities and counties
 - 2 864 corporate clients
 - High tender activity, and enhanced competition
- Good sales in retail market
 - 28 000 customers
 - NOK 306 million in premium volume
 - Increasing web share
 - High renewal rate
 - Low defection rate



KLP Skadeforsikring – profit & loss

1 000 NOK	Result 31.12.2014	Result 31.12.2013
Premium written f.o.a.	841 868	728 179
Allocated investment income	41 755	42 488
Claims f.o.a.	-579 093	-564 120
Insurance related expenses	-194 099	-190 833
Other insurance related income	2 210	2 479
Changes in security reserves etc.	-2 596	-7 392
Result from technical activities	110 046	10 802
Result from investment activities	235 893	221 551
Allocated investment income	-41 755	-42 488
Result from ordinary operation	304 184	189 865
Estimated tax expense	-64 298	-41 076
Other result elements	-16 481	-7 652
Provisions for equity fund	- 27 465	43 591
Result after provisions for equity fund	195 939	184 727

KLP Skadeforsikring – main figures

Key figures, <i>per cent</i>	31.12.2014	31.12.2013
Claims ratio on own account	68.8 %	77.5 %
Cost ratio on own account	23.1 %	26.2 %
Combined Ratio for own account	91.9 %	103.7 %
Return on capital	6.5 %	6.5 %
Capital adequacy ratio	44.0 %	40.0 %
Revenues, <i>NOK mill</i>	31.12.2014	31.12.2013
Gross premium written	921	832
Premium income for own account	842	728
Claims paid for own account	-579	-564
Insurance related costs for own account	-194	-191
Results	304	190
Key figure balance sheet. <i>NOK mill</i>	31.12.2014	31.12.2013
Financial assets	3 712	3 477
Total assets	3 945	3 765
Equity	1 021	974
Provisions in insurance funds for own account	2 526	2 512

Banking and credit

A background image showing a person's hands holding several dark, smooth stones. Two large white circles are overlaid on the image, containing text.

33 000 active
clients

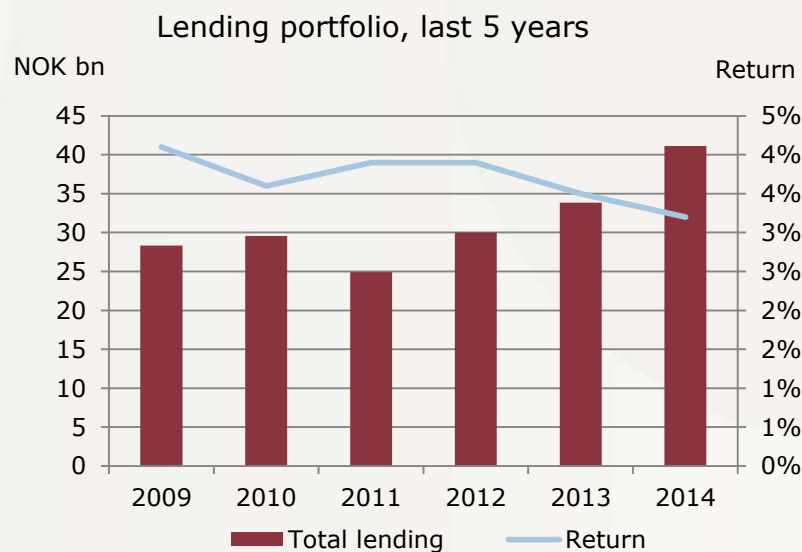
Increasing
portfolio

Lending portfolio

KLP common portfolio

	2014	2013
Book value (NOK mill)	41 136	33 843
Of this: fixed rate loans (NOK mill)	18 031	14 352
Return year to date (in per cent)	3,2	3,5
Specific and general credit loss provisions (NOK mill)	0,9	0,2

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



KLP Bank-group – main figures

<i>NOK million</i>	KLP Kommunekreditt		KLP Banken		KLP BK Prosjekt	
	2014	2013	2014	2013	2014	2013
Net interest revenues	71.7	92.3	46.9	30.3	14.5	0.0
Net fee and commission income	-	-	10.0	7.8	-	-
Management fees	-	-	58.0	58.1	-	-
Operational costs	-19.9	-22.4	-126.0	-122.1	11.5	-0.0
Value adjustment financial instruments	-15.2	-8.0	0.4	80.1	-0.2	-
Result before taxes	36.5	62.0	-10.6	54.2	2.8	-0.0
Total assets	20 022	20 680	10 827	8 461	3 074	1

KLP Bank-group – main figures

NOK million	KLP Banken konsern	
	2014	2013
Net interest revenues	133.0	122.0
Net fee and commission income	10.0	7.8
Management fee	58.0	58.1
Operational costs	-157.4	-144.7
Value adjustment financial instruments	-15.0	43.8
Result before taxes	28.7	87.0
Total assets	29 755	26 007

KLP Bank-group – lending and deposits

<i>NOK billion</i>	Mortgage loans		Public sector loans		Deposits	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
KLP Banken AS (parent)	5.6	4.5	-	-	6.2	4.4
KLP Boligkreditt AS	3.0	-	-	-	-	-
KLP Kommunekreditt AS	-	-	15.9	16.6	-	-
KLP (under management agreement)	4.1	7.0	32.4	25.9	-	-
KLP (currency loan)	-	-	5.2	0.8	-	-
Total	12.6	11.4	53.5	43.3	6.2	4.4


KLP Banken Q4

- The growth in loans and deposits in the retail market maintained
- Stable margins in retail sector loans
- Maintained profitability on stable public sector loan portfolio, however accounting losses from the refinancing of debt burdens quarterly results
- Higher costs in the Group, but also increasing portfolio
- KLP Boligkreditt has issued new covered bonds and had a loan balance of NOK 3.0 billion at 31. December

PM:
33 100
active
clients



KLP Asset management



Result before
tax NOK 56
million in Q4

Managing
NOK 36 billion
for external
clients

Net new
subscriptions
from external
clients NOK
3.8 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 371 billion at the end of the quarter. The major share represent funds managed for Kommunal Landspensjonskasse and its subsidiaries
- NOK 37 billion managed on behalf of external investors and retail clients. There are about 38 000 holders of units in KLP funds
- Pre-tax earnings;
 - Per 31.12.2014: NOK 56 million.

KLP Kapitalforvaltning & KLP Fondsforvaltning

- KLP Fondsforvaltning and KLP Kapitalforvaltning merged early January 2015
- New legislation on alternative investment funds enables the merger of KLP Fondsforvaltning and KLP Kapitalforvaltning
- A merged company contributes to more efficient operations
- Does not affect customers or management of customer funds
- The merged company keeps the name KLP Kapitalforvaltning AS

Summary



2015 – New horizons

- KLP sole provider of insurance backed public sector pension plans.
- A record inflow of funds as well as of insured members
- Financial freedom restored
 - Total solvency capital increased from NOK 46.9 billion to NOK 73.9 billion
 - The sum of supplementary reserves and securities adjustment fund covers 3.6 years of guaranteed returns
- Offering turn-key administration of municipal pension funds
- Strong results and growth in non-life insurance

Strong solvency, risk control, earnings-potential and growth prospects puts KLP in an advantageous position even in a market marked by unrest and low interest rates



Contacts in KLP

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