

# Financial results Q4 2018

## KLP Group

Oslo, 14th February 2018



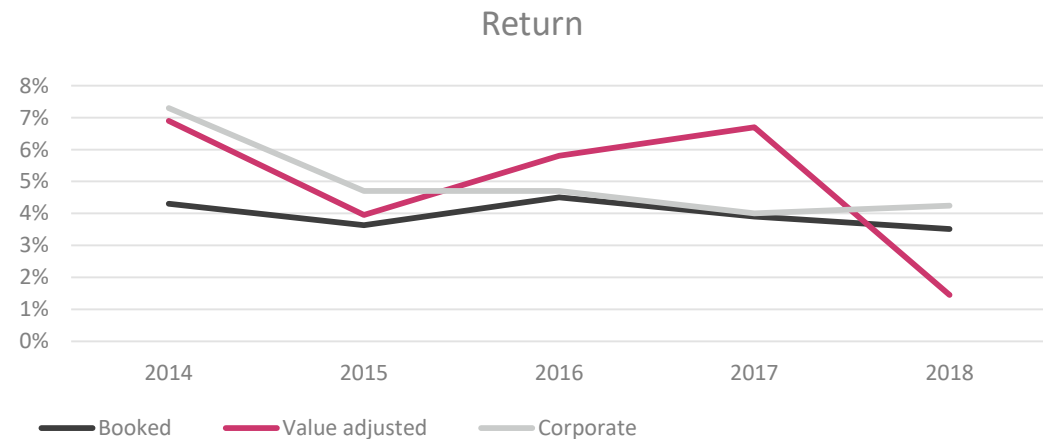
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# Main features

- Total group assets: NOK 676 billion
- Common portfolio of life company:
  - Book return of 3.5 per cent
  - Value adjusted return of 1.5 per cent
- Corporate portfolio returned 4.2 per cent
- Solvency ratio KLP: 263 per cent

	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Common portfolio				
Booked return	0.4 %	0.8 %	1.0 %	1.2 %
Value adjusted return	-1.4 %	1.6 %	1.7 %	-0.4 %
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	-1.4 %	1.2 %	1.8 %	-1.1 %
Investment options portfolio	-2.4 %	1.8 %	2.2 %	-0.9 %
Corporate portfolio	1.2 %	0.7 %	0.7 %	1.6 %



## KLP Group – results by segment

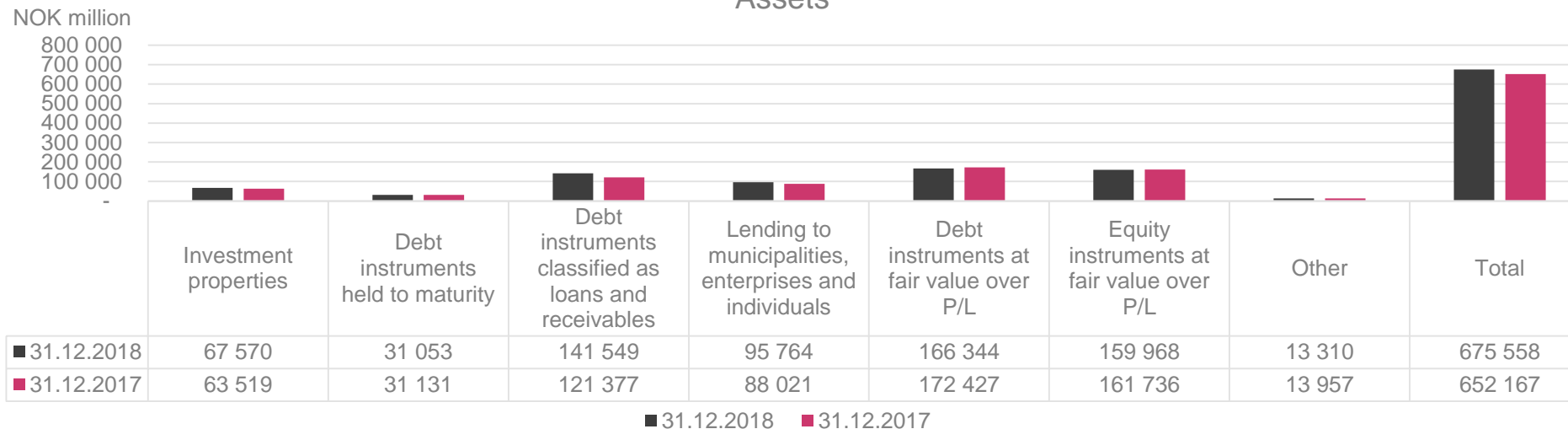
NOK million	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Life insurance	673	615	566	873
Non-life insurance	-88	69	49	-13
Banking	11	28	19	24
Asset management	-10	28	1	-2
Other	-1	-1	0	-1
<b>Group result before tax</b>	<b>585</b>	<b>739</b>	<b>635</b>	<b>880</b>

## KLP Group – main figures - results

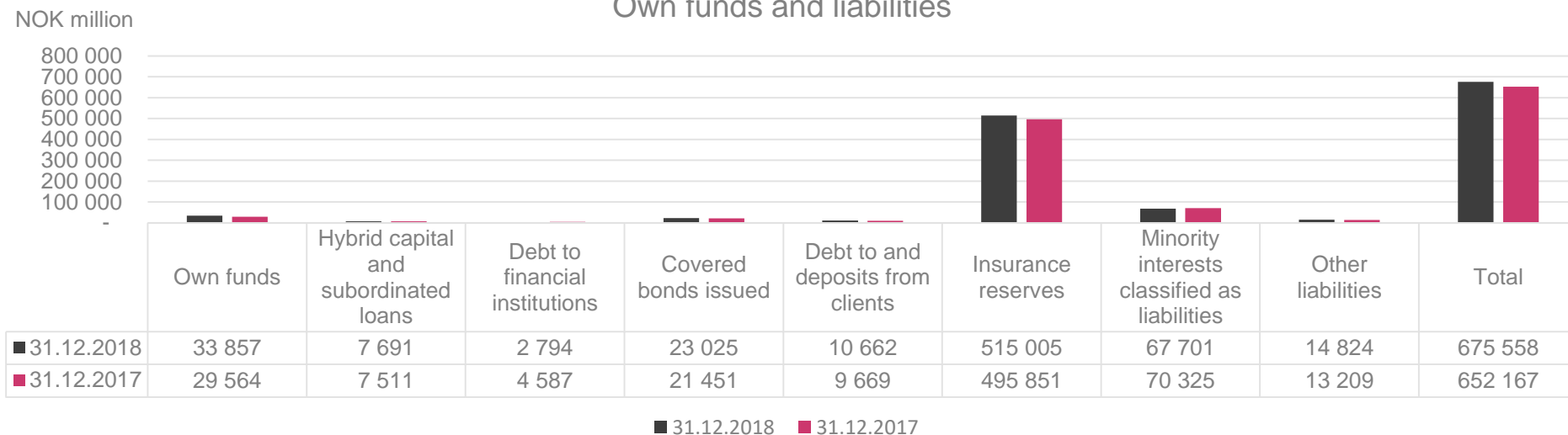
NOK million	31.12.2018	31.12.2017
Pension premiums and incoming transfers	40 921	34 590
- of which premium reserves transferred from another company	524	841
Allocated investment income	5 732	41 430
Minority share of return of financial instruments	4 022	-8 648
Claims f.o.a.	-20 015	-18 665
Insurance provisions	-28 096	-24 425
Interest expenses and value adjustments subordinated loans and subordinated bonds	-483	-527
Operating cost	-1 872	-1 673
Other income and cost	33	48
<b>Technical result</b>	<b>240</b>	<b>22 130</b>
To/from value adjustment fund life insurance	8 862	-13 904
To/from supplementary reserves life insurance	-2 792	-1 188
Surplus allocated Life insurance clients	-3 469	-4 564
<b>Group result pre-tax</b>	<b>2 840</b>	<b>2 474</b>
Tax	-125	-1 143
Other profit/loss elements	150	61
<b>Group result</b>	<b>2 866</b>	<b>1 393</b>

# KLP Group - Balance

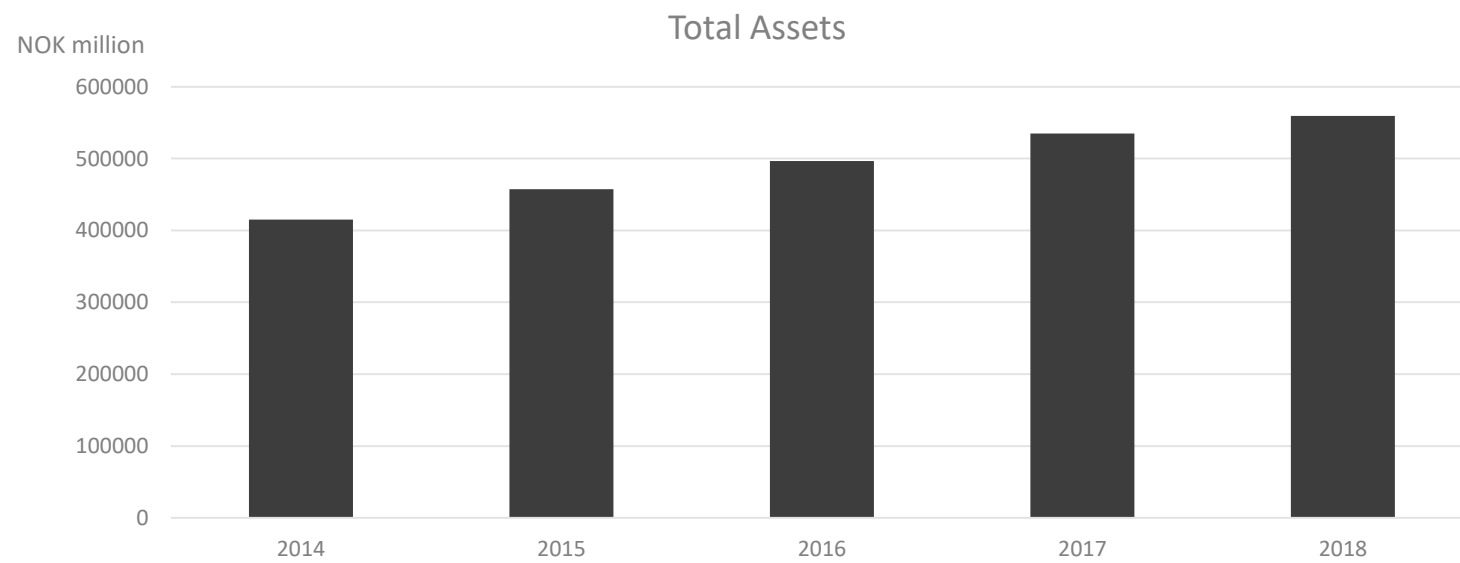
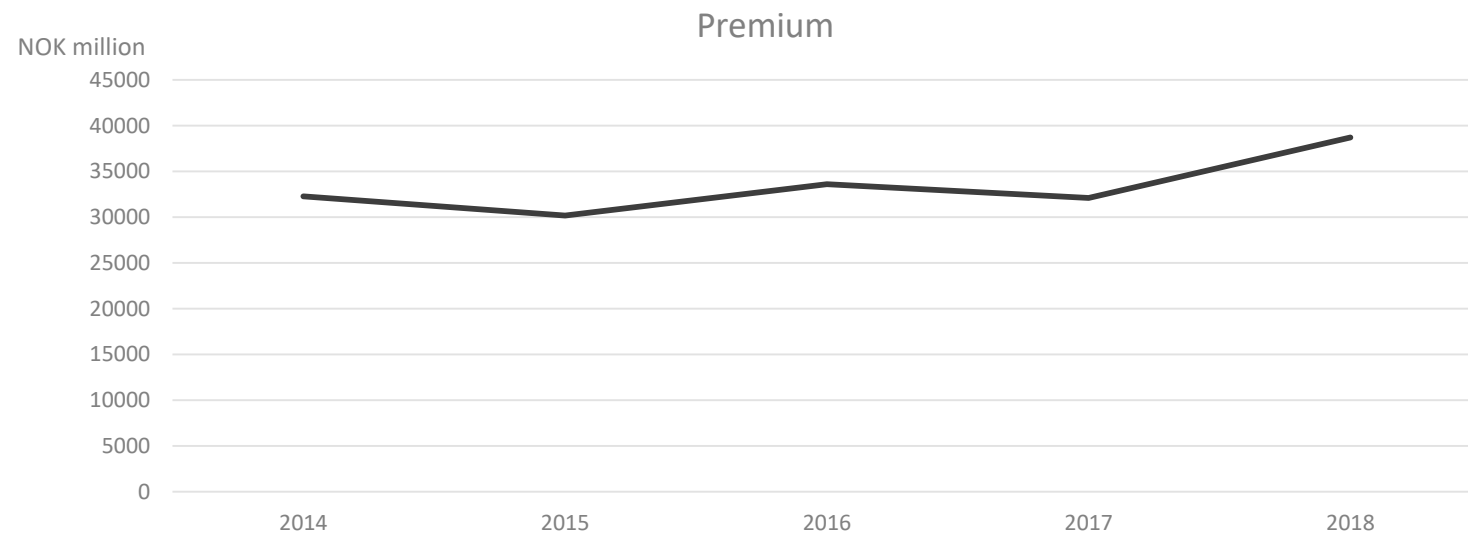
## Assets



## Own funds and liabilities

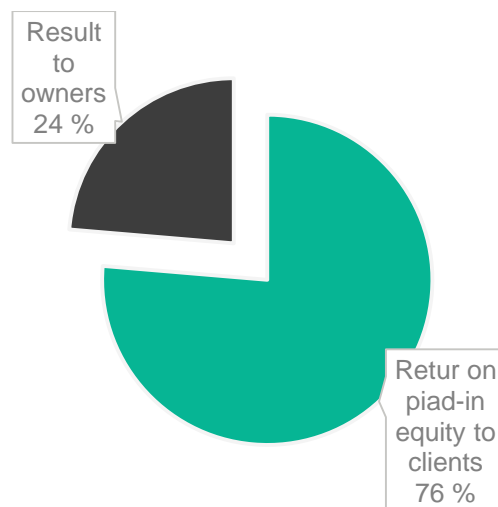


# KLP Life



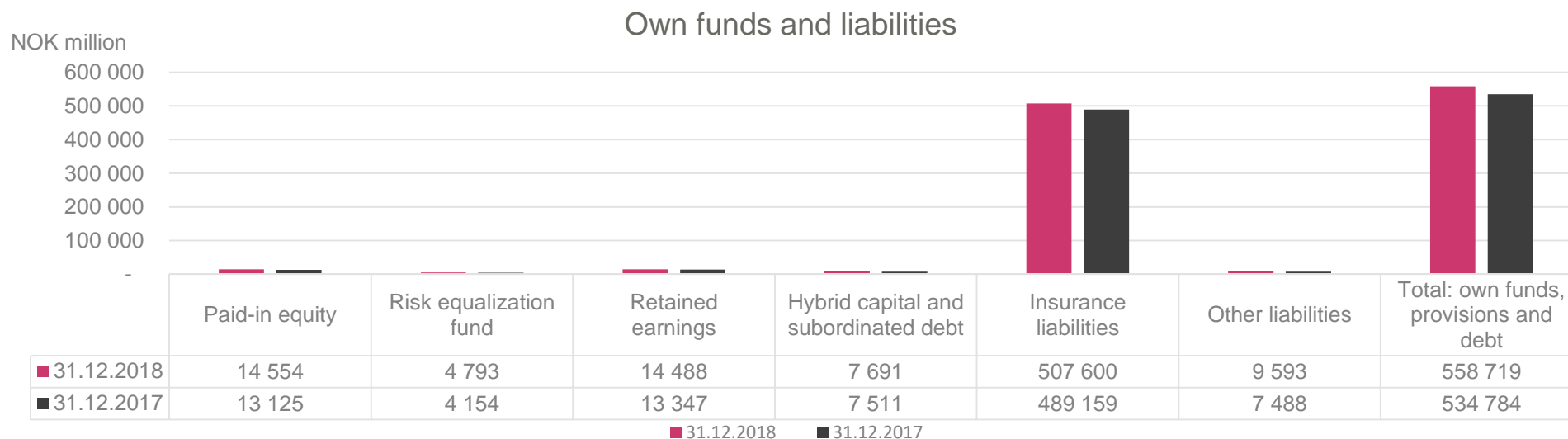
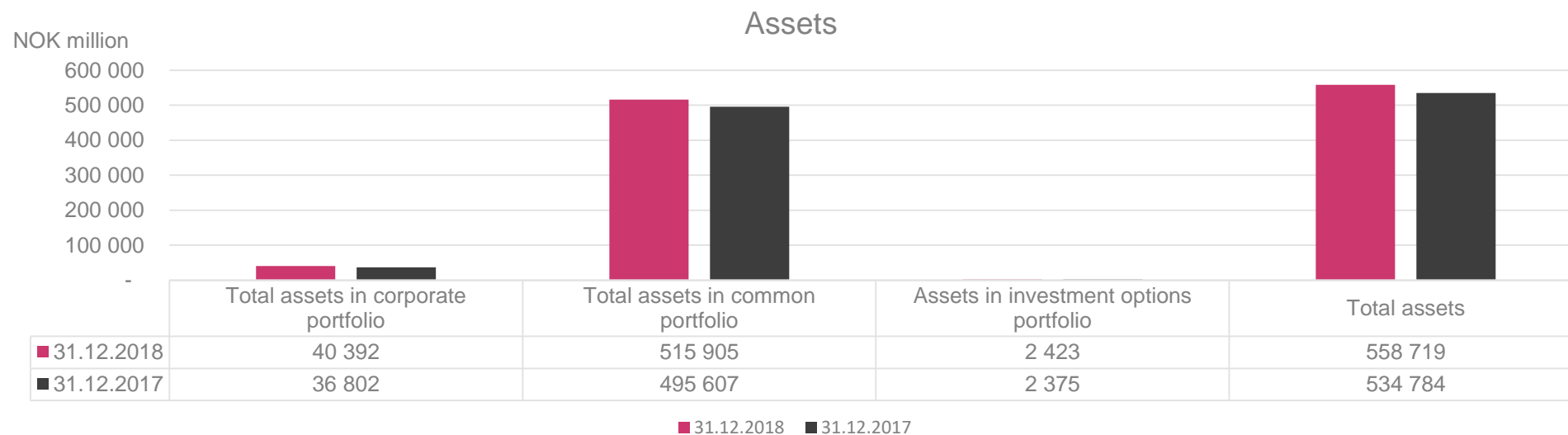
## KLP – Appropriation of results

Nok million	Result Customers	Result Company	31.12.2018	31.12.2017
Interest result	5 048	159	6 086	6 769
Risk result	480	478	578	897
Premium interest rate guarantee		758	565	711
Administration result		137	115	141
Net income corporate portfolio		1 109	778	887
Tax		-624	-438	-496
Equity transferred to customers	216	-216	0	0
Other result elements		-21	-21	-322
<b>Total</b>	<b>5744</b>	<b>1 780</b>	<b>7 524</b>	<b>8 588</b>





# KLP Life - Balance



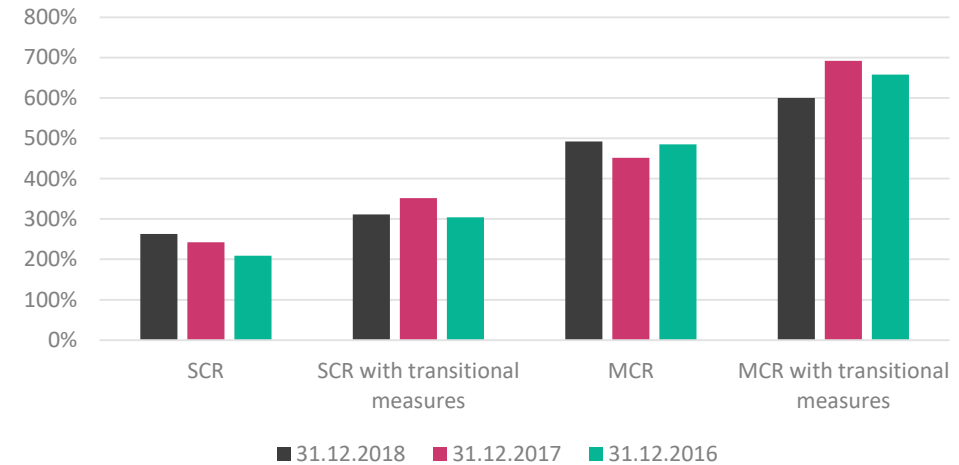
# KLP Life - Solvency

- Solvency ratio Q4: 263\* per cent
- Minimum solvency ratio Q4: 492\* per cent

*\*without transitional measures*

	31.12.2018	30.09.2018	30.06.2018	31.03.2018
Solvency ratio (SCR)	263 %	274 %	253 %	255 %
Solvency ratio (SCR) with transitional measures	311 %	321 %	321 %	319 %
Minimum solvency ratio (MCR)	492 %	517 %	472 %	476 %
Minimum solvency ratio (MCR) with transitional measures	600 %	623 %	623 %	618 %

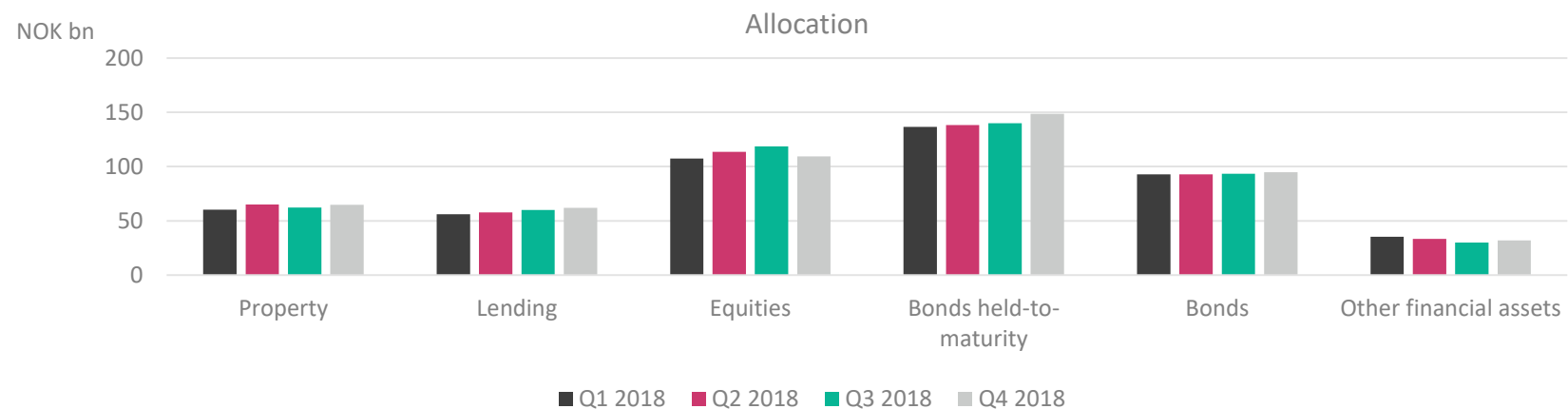
Solvency Ratio



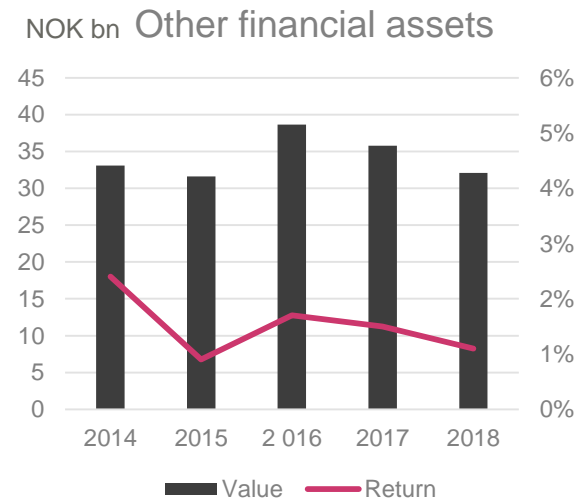
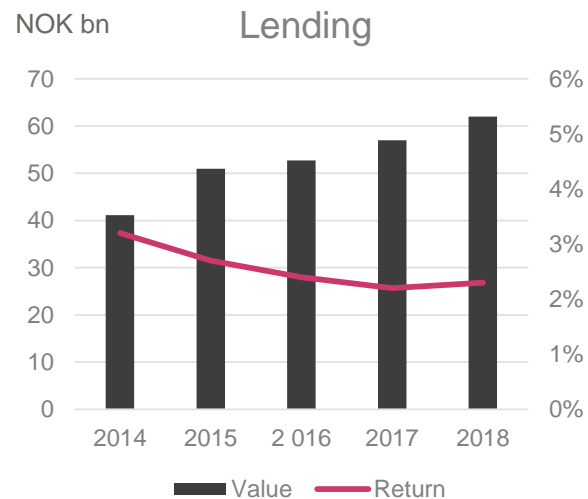
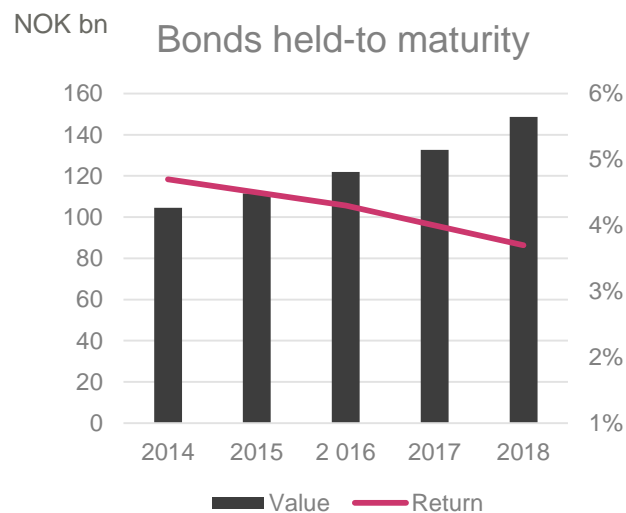
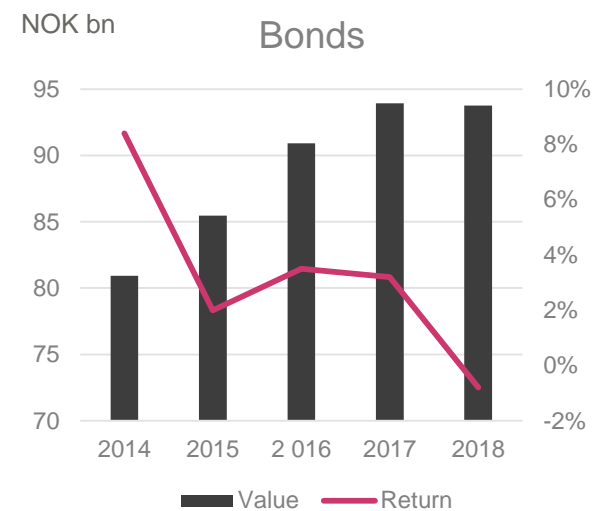
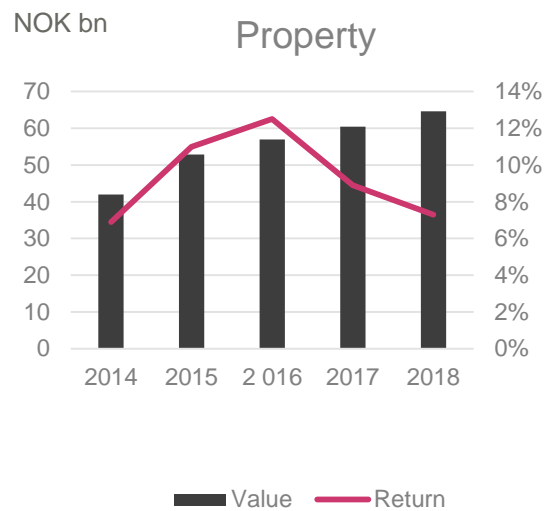
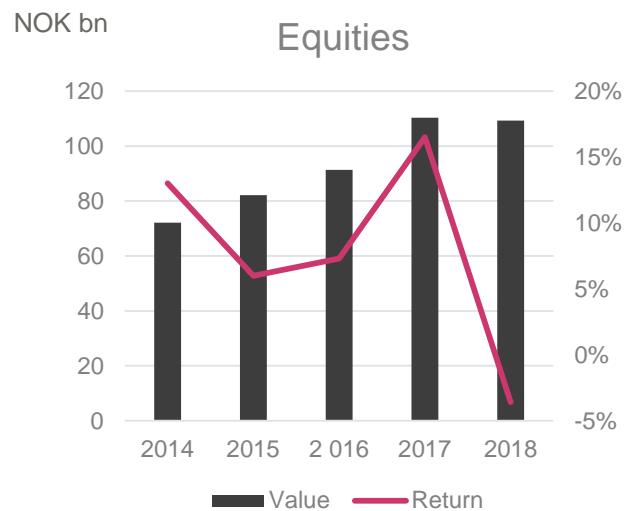
# KLP Life - Common Portfolio

	Share*	Return	Share*	Return
	31.12.2018	31.12.2018	31.12.2017	31.12.2017
Equities	21.4 %	-3.6 %	22.5 %	16.5 %
Bonds	18.4 %	-0.8 %	19.2 %	3.2 %
Bonds held-to-maturity	29.1 %	3.7 %	27.1 %	4.0 %
Lending	12.1 %	2.3 %	11.6 %	2.2 %
Property	12.7 %	7.3 %	12.3 %	8.9 %
Other financial assets	6.3 %	1.1 %	7.3 %	1.5 %

\*) Measured by exposure



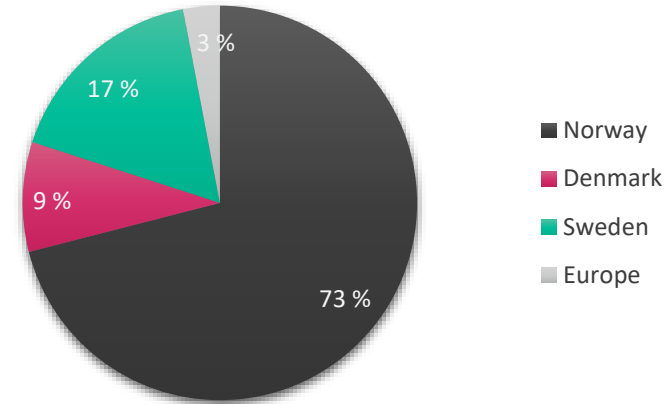
# KLP Life - Allocation



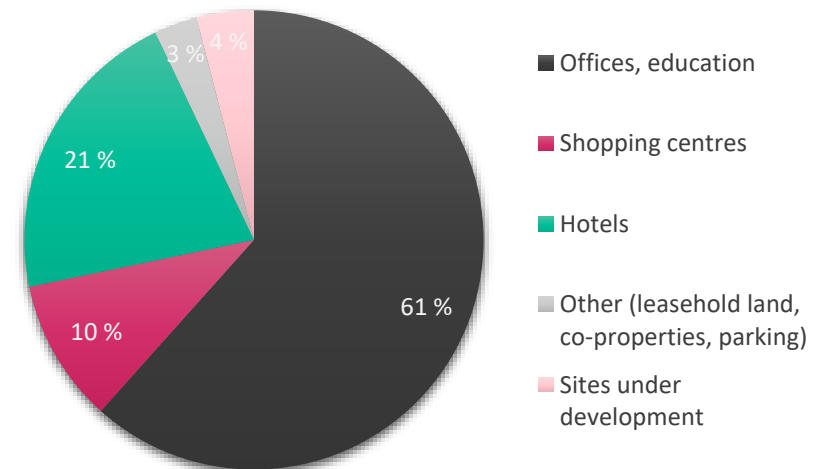
# KLP Life - Property

- The portfolio written up by NOK 638 million (1.0 %) in Q4
- New investments / sales in 2018
  - Sold a few smaller plots
  - Sold Bergerveien 12 I Asker
  - Bought Barcode Basement in Oslo
  - Bought Scandic Kødbyen in Copenhagen

Property value - by country



Property value - by sector



# KLP Life – Property

NOK million	31.12.2018	30.09.2018	30.06.2018	31.03.2018
Fair value total portfolio*	65 788	63 798	62 788	61 910
Fair value common portfolio*	61 949	60 199	59 193	58 365

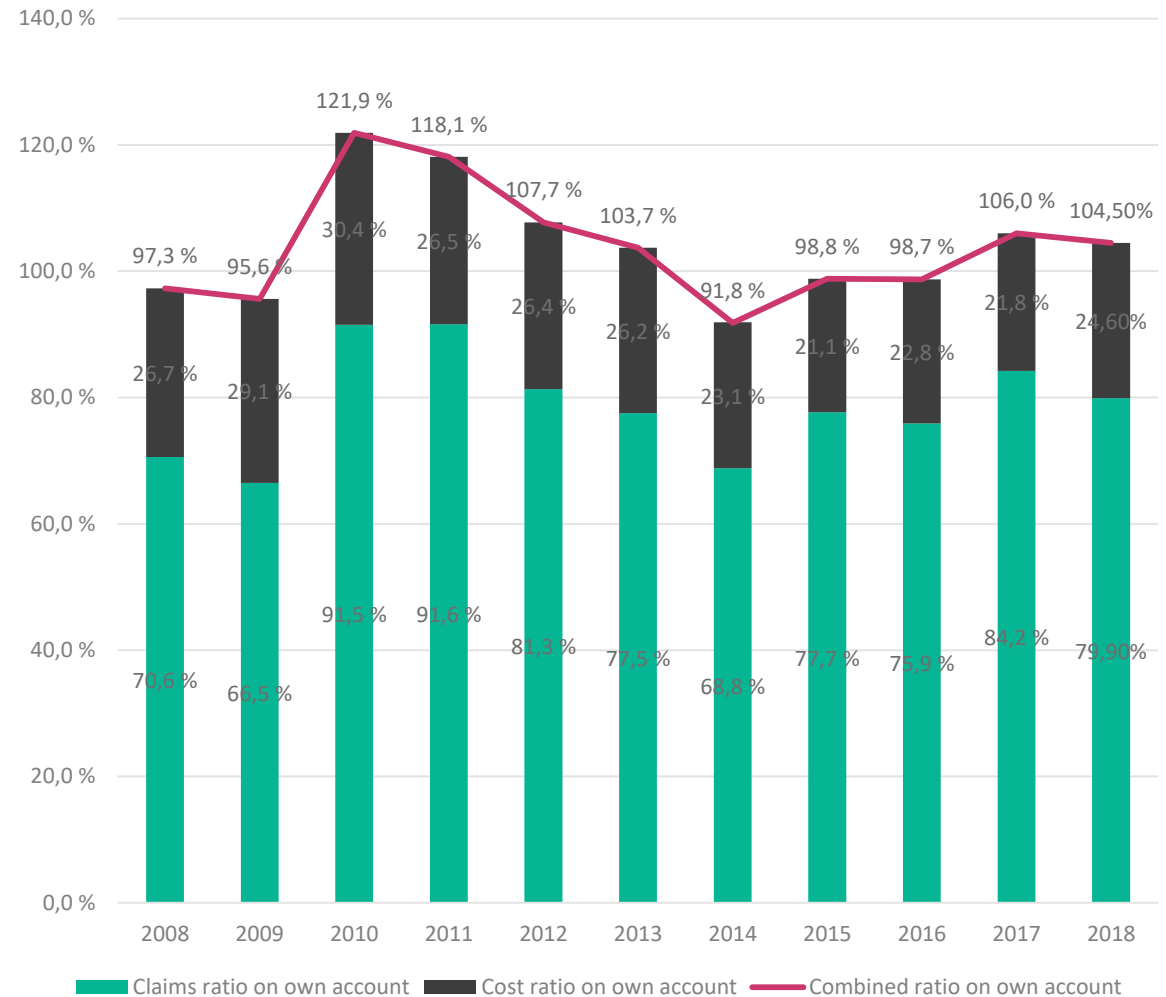
\*Incl exchange-rate hedged and excl. property fund

	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Value adjustment in per cent	1,0 %	0.2 %	2.3 %	-0.1 %
Value adjustment in per cent common portfolio	0,6 %	0.2 %	2.3 %	-0.1 %
Total return common portfolio**	1,7 %	1.3 %	3.3 %	1.0 %

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

# KLP Skadeforsikring (non-life insurance)

- Surplus of NOK 17,5 million
  - NOK -88 million in Q4
- Four large injuries estimated over NOK 10 million, total NOK 85 million
- Some industries have unsatisfactory high claims rates
  - Motor, Public
  - Property Public
  - Group life
- Revenue recognition of previous years reserves of NOK 143 million, 7.6 per cent of reserves at the beginning of the year
- Financial income of NOK 72 million
  - NOK -33 million in Q4
- Solvency ratio: 243 per cent



## KLP Skadeforsikring (non-life insurance)

NOK million	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Premium written f.o.a.	326,0	321.4	314.2	306.7
Claims f.o.a.	-285,8	-242.1	-248.4	-236.7
Insurance related expenses	-96,3	-60.2	-80.4	-75.3
Other insurance related income	0,5	0.4	0.2	0.8
<b>Result from technical activities</b>	<b>-55,5</b>	<b>19.5</b>	<b>-14.4</b>	<b>-4.5</b>
Result from investment activities	-32,7	49.6	63.1	-8.1
Other income	0,1	0.1	0.1	0.1
<b>Result from ordinary operation</b>	<b>-88,1</b>	<b>69.2</b>	<b>49.0</b>	<b>-12.5</b>
Estimated tax expense	4,1	-16.2	-9.7	8.5
Other elements	-1,1	0	0	0
Provisions for equity fund	-10,1	-4.3	-10.0	-21.4
<b>Result after provisions for equity fund</b>	<b>-95,2</b>	<b>48.7</b>	<b>29.2</b>	<b>-25.4</b>



## KLP Skadeforsikring (non-life insurance)

Revenues, NOK million	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Gross premium written	326	321	314	307
Premium income for own account	-286	-242	-248	-237
Claims paid for own account	-96	-60	-80	-75
Insurance related costs for own account	-33	50	63	-8
<b>Results</b>	<b>-88</b>	<b>69</b>	<b>49</b>	<b>-13</b>

Key figure balance sheet, NOK million	31.12.2018	30.09.2018	30.06.2018	31.03.2018
Financial assets	4 164	4 401	4 425	4 448
Total assets	4 495	4 694	4 822	4 869
Equity	1 775	1 861	1 807	1 768
Provisions in insurance funds for own account	2 262	2 398	2 505	2 551

## KLP Bedriftspensjon – main figures

NOK million	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Interest result	2.8	5,4	8.4	11.5
Risk result	11.3	-5,4	-2.8	0.3
Administration result	-10.3	-6,8	-10.6	-11.2
Interest rate guarantee and profit element	2.5	2,2	2.2	1.7
Non-technical result	0.8	2,3	2.5	0.1
Other profit elements	-0.3	0	0	0
<b>Total result</b>	<b>6.9</b>	<b>-2,4</b>	<b>-0.2</b>	<b>2.4</b>
Of which result to clients	2.8	6,1	7.9	10.9
Result to owner	4.1	-8,5	-8.2	-8.5

## KLP Bedriftspensjon – return and solvency

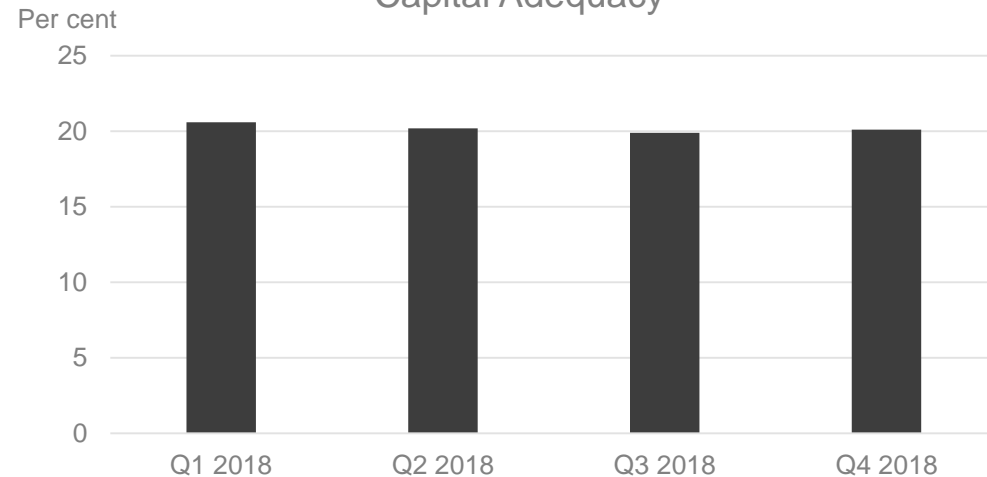
	31.12.2018	30.09.2018	30.06.2018	31.03.2018
<b>Common portfolio</b>				
Book	4.51 %	3,57 %	2.55 %	1.35 %
Value adjusted	3.02 %	2,38 %	1.41 %	0.36 %
<b>Investment options portfolio</b>	-3.80 %	4,47 %	1.13 %	-2.55 %
<b>Corporate portfolio</b>	1.11 %	0,96 %	0.50 %	0.03 %
	31.12.2018	30.09.2018	30.06.2018	31.03.2018
<b>Solvency ratio (scr)</b>	150 %	133 %	128 %	126 %
<b>Kapitaldekning (scr) with transitional measures</b>	308 %	295 %	290 %	298 %
<b>Minimum solvency ratio (mcr)</b>	333 %	295 %	285 %	292 %
<b>Minimum solvency ratio (mcr) with transitional measures</b>	684 %	659 %	669 %	714 %
<b>NOK million</b>	31.12.2018	30.09.2018	30.06.2018	31.03.2018
<b>Value adjustment fund</b>	7.9	12,5	12.9	14.8
<b>Supplementary reserves</b>	111.4	104,8	105.0	106.3
<b>Solvency capital</b>	646.3	640,9	665.8	674.4

## KLP Bank-group – main figures

- Retail market: 62 500 clients, net increase of 6 300 clients.
- The Group's capital adequacy ratio is 20.1%, which is well above the ICAAP of 17.6%. In addition, there is an internal requirement of 0.5% buffer over ICAAP.

NOK million	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net interest revenues	65.3	60,6	58.0	64.6
Net fee – and commissions income	4.9	4,0	4.6	3.8
Management fees	14.5	14,5	14.5	14.5
Operating cost	-66.3	-46,3	-56.3	-58.1
Value changes financial instruments	-7.7	-4,7	-1.6	-1.1
<b>Pre-tax earnings</b>	<b>10.8</b>	<b>28,1</b>	<b>19.2</b>	<b>23.7</b>
<b>Total assets</b>	<b>37 089</b>	<b>36 468</b>	<b>35 817</b>	<b>35 404</b>

Capital Adequacy



## KLP Bank-group – main figures

KLP Kommunekreditt, NOK million	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net interest revenues	14.6	17.6	14.4	18.8
Operating cost	-4.4	-2.9	-3.9	-4.5
Value changes financial instruments	-5.8	-1.1	-1.5	-4.1
<b>Pre-tax earnings</b>	<b>4.4</b>	<b>13.6</b>	<b>9.0</b>	<b>10.2</b>
Total assets	18 206	17 880	17 820	17 966
KLP Banken. NOK million	Q4 2018	Q3 2018	Q3 2018	Q1 2018
Net interest revenues	35.3	29.5	31.0	32.6
Net fee – and commissions income	4.9	4.0	4.6	3.8
Management fees	14.5	14.5	14.5	14.5
Operating cost	-47.9	-33.2	-41.4	-43.4
Value changes financial instruments	-1.7	-1.7	-0.3	2.0
<b>Pre-tax earnings</b>	<b>5.1</b>	<b>13.1</b>	<b>8.3</b>	<b>9.5</b>
Total assets	13 868	13 614	13 545	13 285
KLP Boligkreditt. NOK million	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net interest revenues	15.3	13.5	12.6	13.1
Operating cost	-13.9	-10.2	-11.0	-10.1
Value changes financial instruments	-0.3	-1.9	0.3	0.9
<b>Pre-tax earnings</b>	<b>1.2</b>	<b>1.4</b>	<b>2.0</b>	<b>4.0</b>
Total assets	7 669	7 340	7 721	5 488

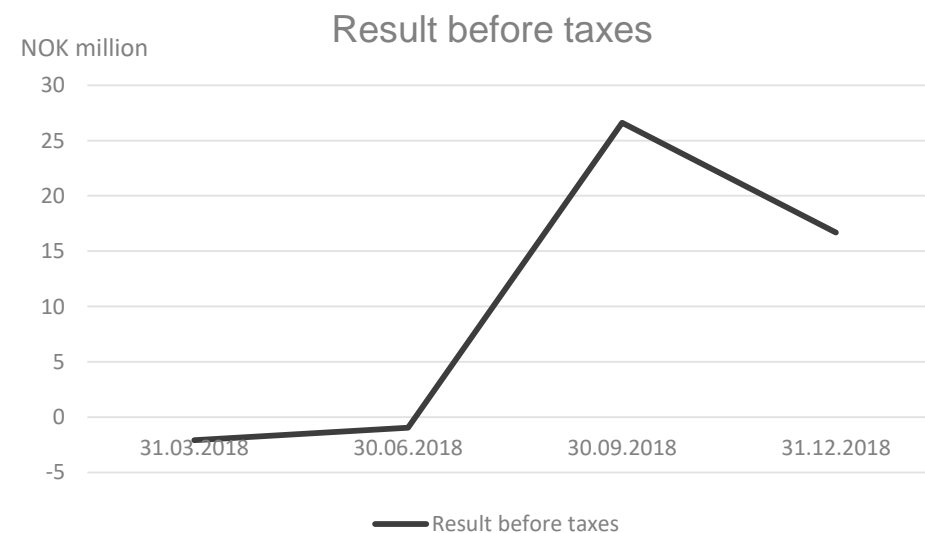
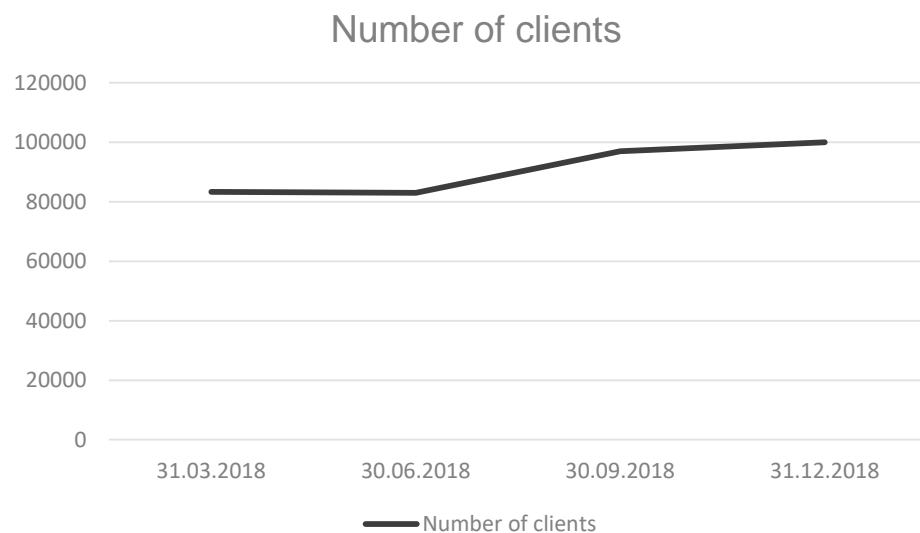
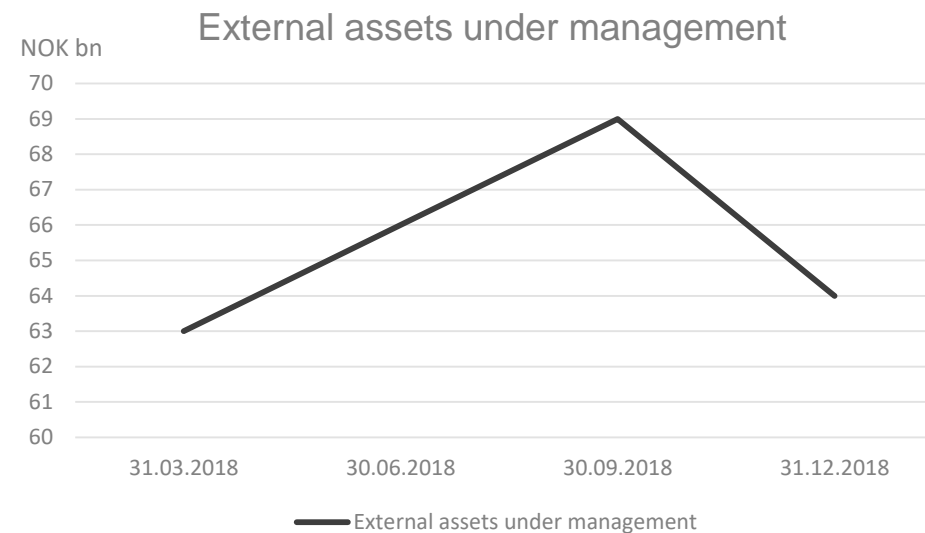
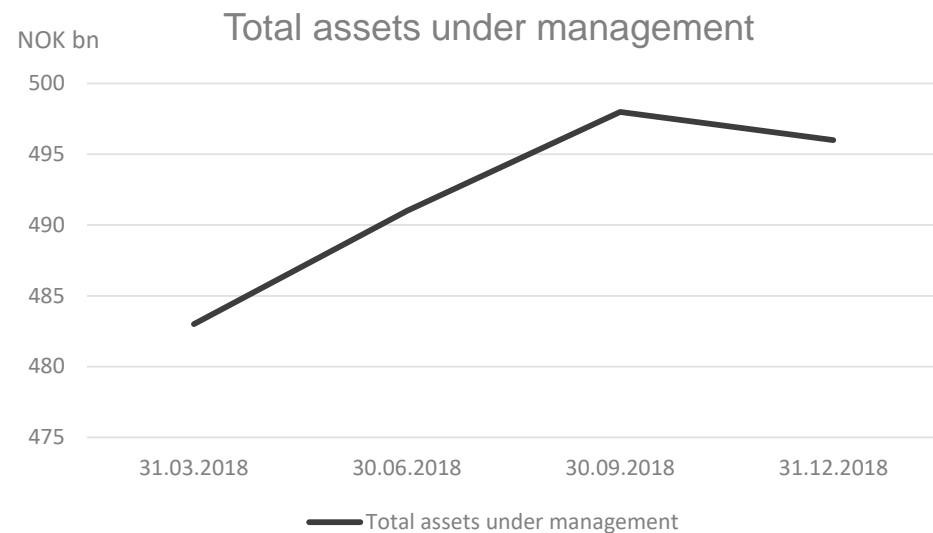
## KLP Bank-group – lending and deposits

Mortgage loans, NOK billion	31.12.2018	30.09.2018	30.06.2018	31.03.2018
KLP Banken AS	9.4	9.3	8.1	9.7
KLP Boligkreditt AS	7.2	6.8	7.6	5.4
KLP (Management agreement)	3.0	3.0	3.1	3.2
<b>Total</b>	<b>19.6</b>	<b>19.2</b>	<b>18.8</b>	<b>18.3</b>

Public sector loans, NOK billion	31.12.2018	30.09.2018	30.06.2018	31.03.2018
KLP Kommunekreditt AS	16.6	16.1	16.1	15.9
KLP (Management agreement)	51.0	49.4	47.2	45.4
KLP (currency loans)	8.0	7.6	7.4	7.5
<b>Total</b>	<b>75.6</b>	<b>73.1</b>	<b>70.8</b>	<b>68.9</b>

Deposits, NOK billion	31.12.2018	30.09.2018	30.06.2018	31.03.2018
KLP Banken AS	10.7	10.5	10.2	9.7
<b>Total</b>	<b>10.7</b>	<b>10.5</b>	<b>10.2</b>	<b>9.7</b>

# KLP Kapitalforvaltning (Asset management)



## Contacts in KLP

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