

# Financial results Q3 2019

## KLP Group

Oslo, 31st October 2019



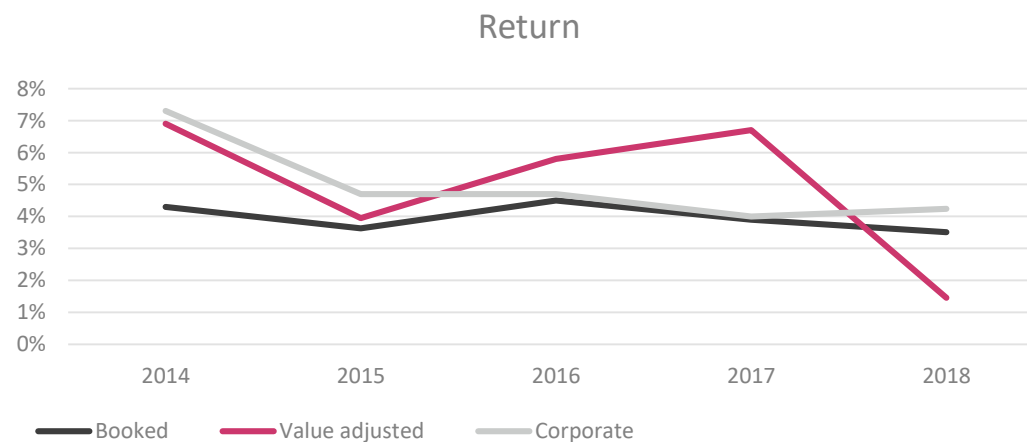
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# Main features

- Total group assets: NOK 745 billion
- Common portfolio of life company:
  - Book return of 2.7 per cent
  - Value adjusted return of 6.6 per cent
- Corporate portfolio returned 3.4 per cent
- Solvency ratio KLP: 274 per cent

	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Common portfolio				
Booked return	0.7 %	1.0 %	1.0 %	0.4 %
Value adjusted return	1.8 %	1.6 %	3.1 %	-1.4 %
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	1.9 %	1.8 %	3.5 %	-1.4 %
Investment options portfolio	1.9 %	1.7 %	3.7 %	-2.4 %
Corporate portfolio	0.8 %	1.3 %	1.3 %	1.2 %



## KLP Group – results by segment

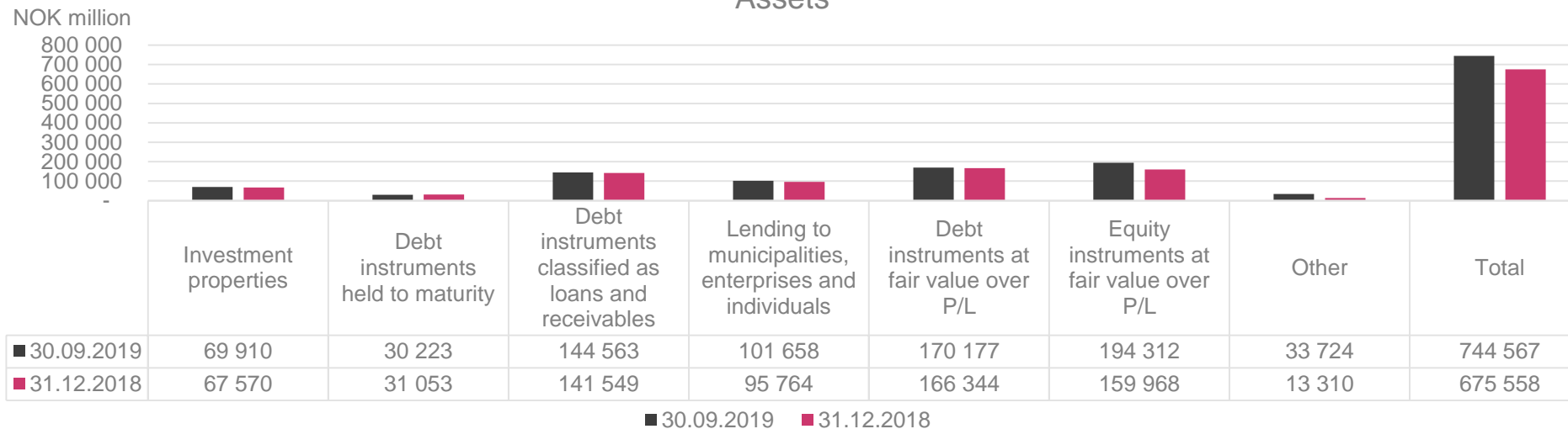
NOK million	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Life insurance	786	648	824	673
Non-life insurance	2	29	110	-88
Banking	27	27	24	12
Asset management	26	21	-2	-10
Other	-1	0	-1	-1
<b>Group result before tax</b>	<b>841</b>	<b>725</b>	<b>953</b>	<b>585</b>

# KLP Group – main figures - results

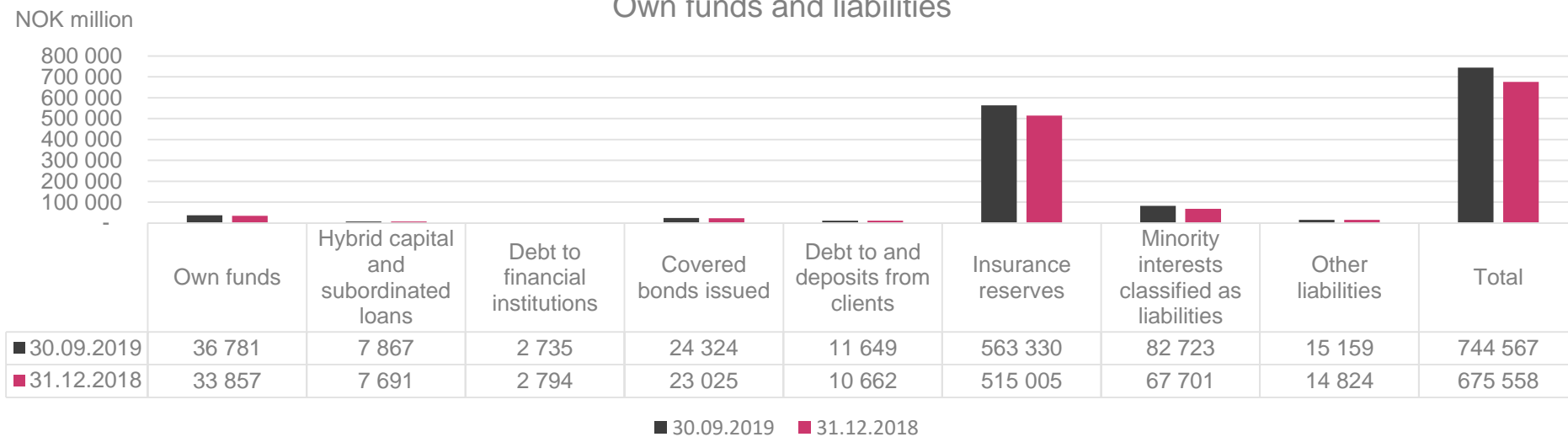
NOK million	30.09.2019	31.12.2018
Pension premiums and incoming transfers	34 021	40 921
- of which premium reserves transferred from another company	395	524
Allocated investment income	47 699	5 732
Minority share of return of financial instruments	-10 152	4 022
Claims f.o.a.	-16 148	-20 015
Insurance provisions	-24 279	-28 096
Interest expenses and value adjustments subordinated loans and subordinated bonds	-456	-483
Operating cost	-1 287	-1 872
Other income and cost	-4	33
<b>Technical result</b>	<b>29 393</b>	<b>240</b>
To/from value adjustment fund life insurance	-21 097	8 862
To/from supplementary reserves life insurance	16	-2 792
Surplus allocated Life insurance clients	-5 793	-3 469
<b>Group result pre-tax</b>	<b>2 518</b>	<b>2 840</b>
Tax	-964	-125
Other profit/loss elements	137	150
<b>Group result</b>	<b>1 692</b>	<b>2 866</b>

# KLP Group - Balance

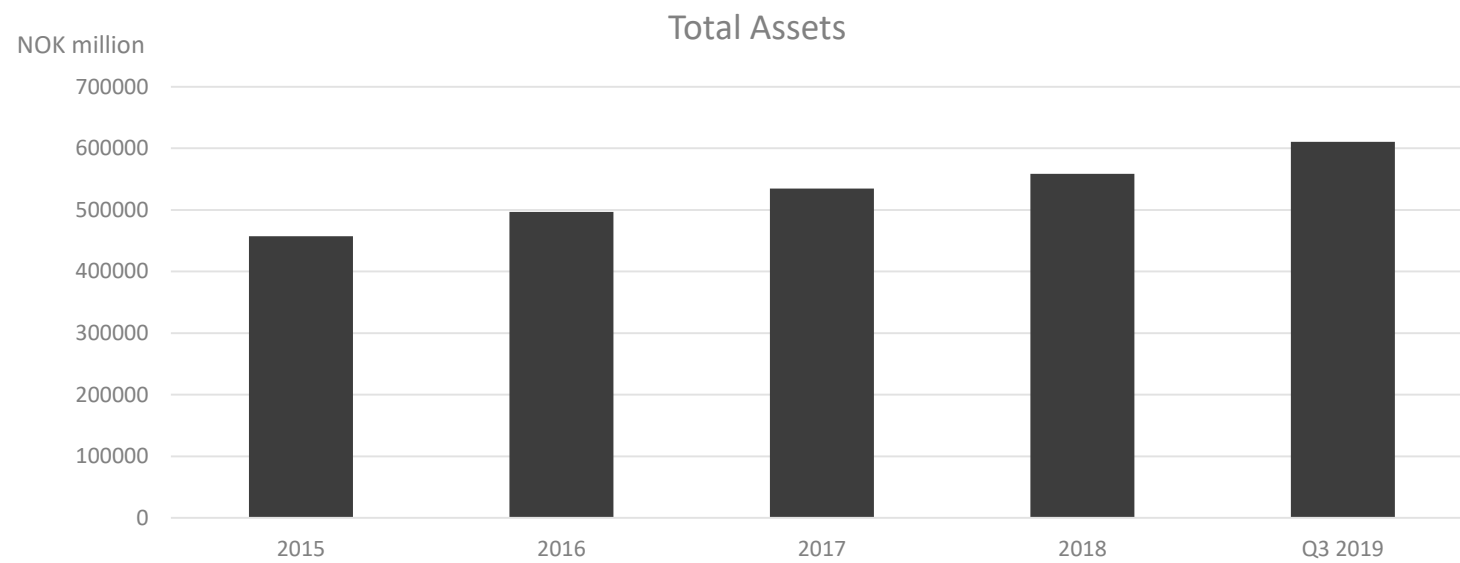
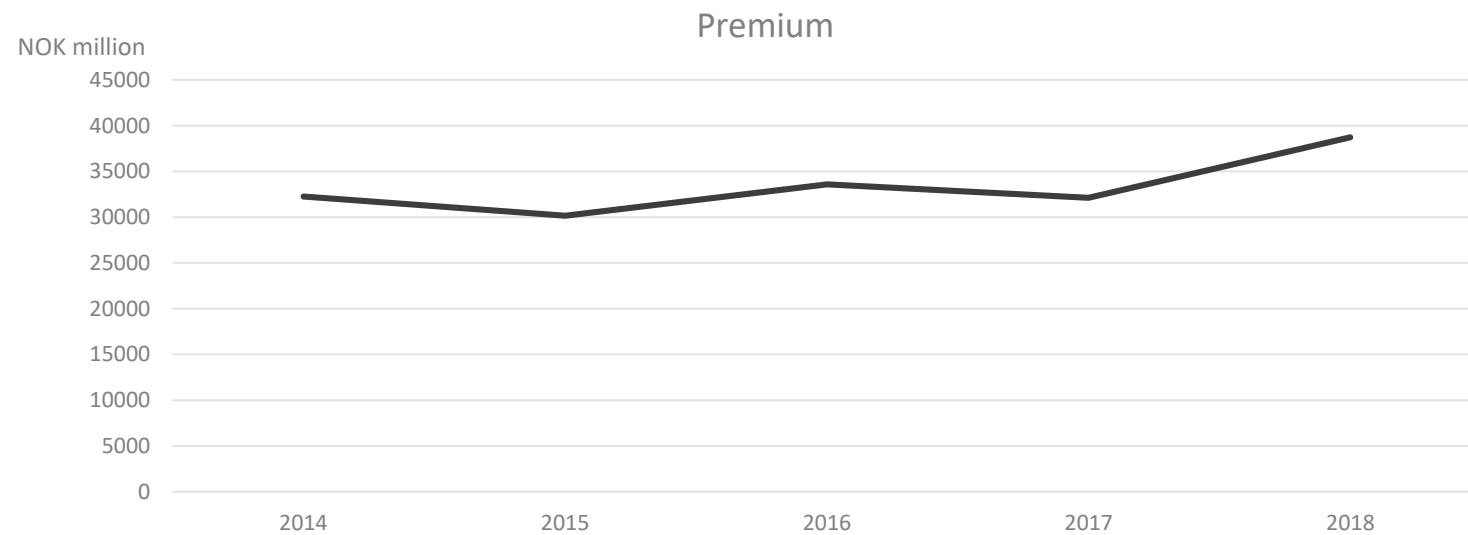
## Assets



## Own funds and liabilities

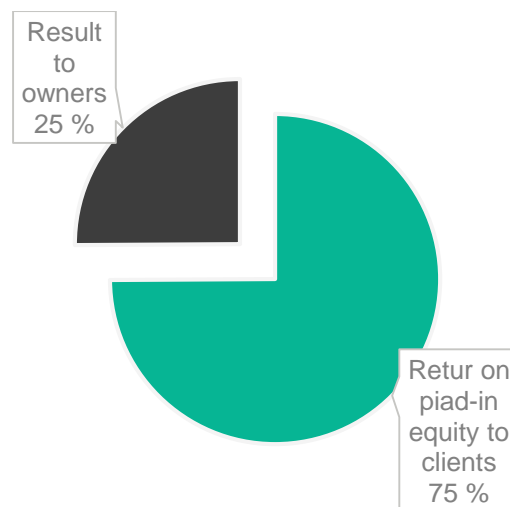


# KLP Life



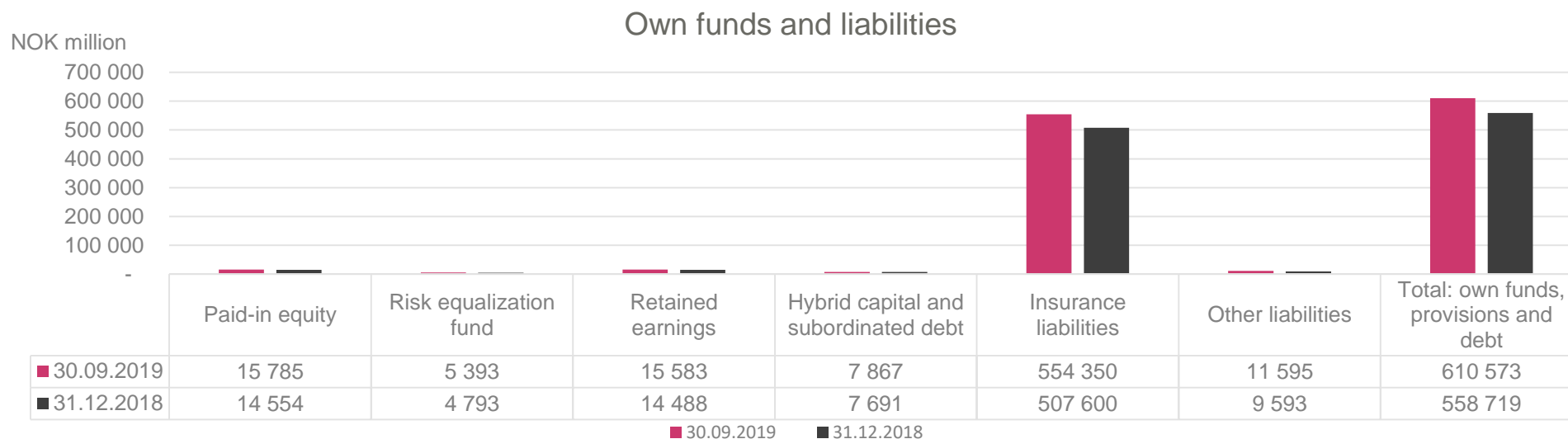
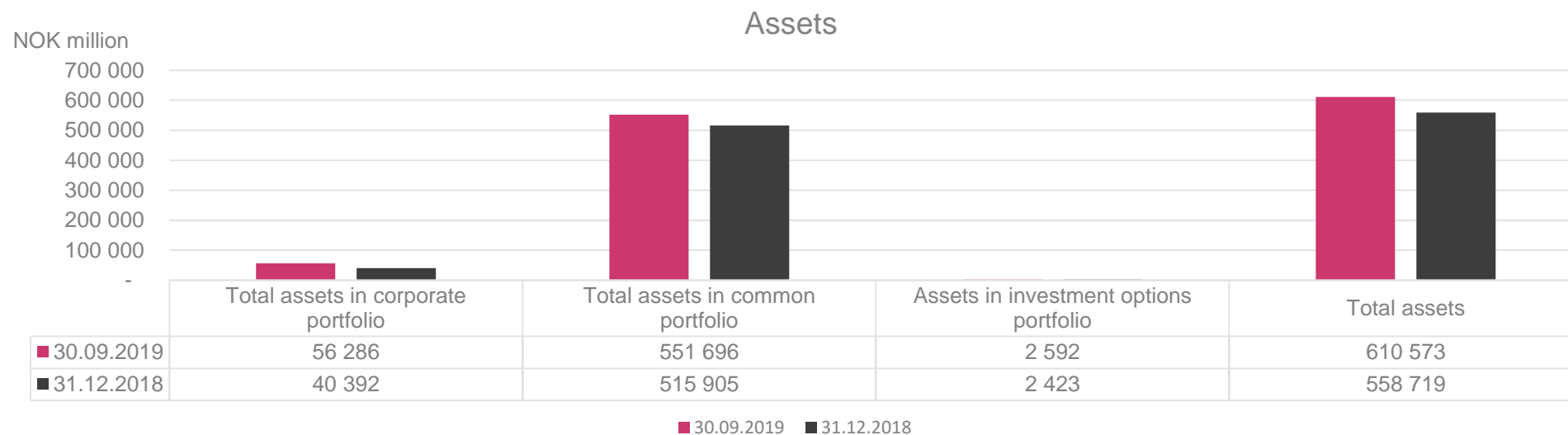
## KLP – Appropriation of results

Nok million	Result Customers	Result Company	30.09.2019	31.12.2018
Interest result	4 590	129	4 720	5 207
Risk result	470	470	940	958
Premium interest rate guarantee		355	355	758
Administration result		192	192	137
Net income corporate portfolio		1 003	1 003	1 109
Tax		-409	-409	-624
Other result elements		-45	-45	-21
<b>Total</b>	<b>5 060</b>	<b>1 695</b>	<b>6 755</b>	<b>7 524</b>





# KLP Life - Balance



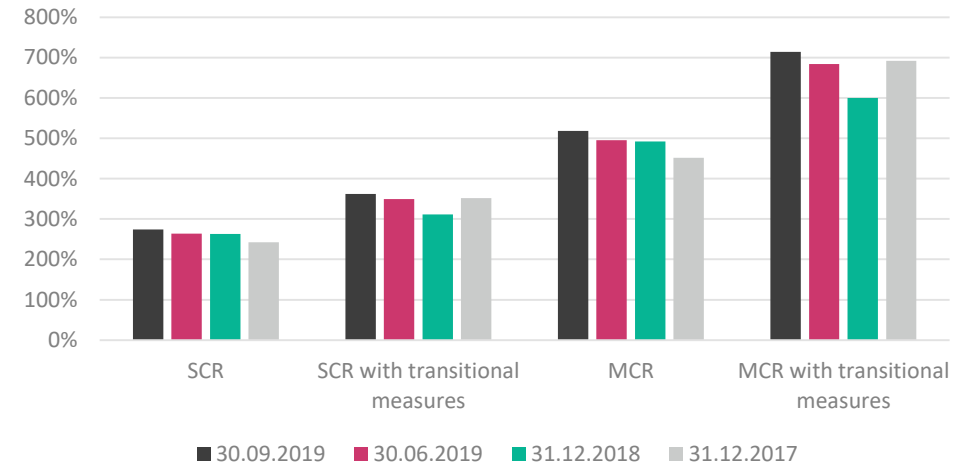
# KLP Life - Solvency

- Solvency ratio Q3: 274\* per cent
- Minimum solvency ratio Q3: 518\* per cent

*\*without transitional measures*

	30.09.2019	30.06.2019	31.03.2019	31.12.2018
Solvency ratio (SCR)	274 %	264 %	270 %	263 %
Solvency ratio (SCR) with transitional measures	362 %	349 %	342 %	311 %
Minimum solvency ratio (MCR)	518 %	495 %	508 %	492 %
Minimum solvency ratio (MCR) with transitional measures	714 %	684 %	669 %	600 %

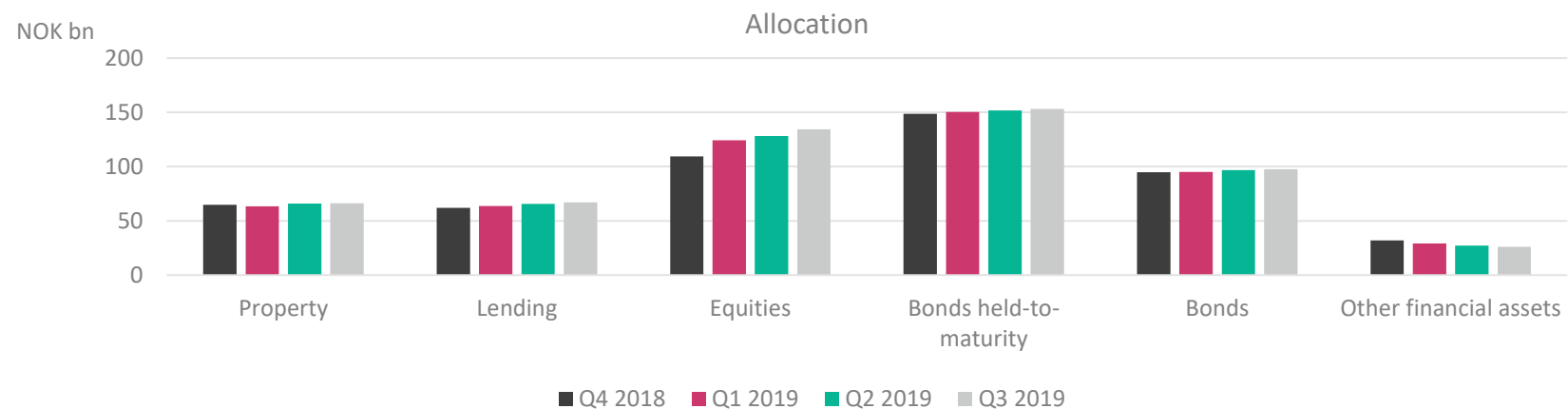
Solvency Ratio



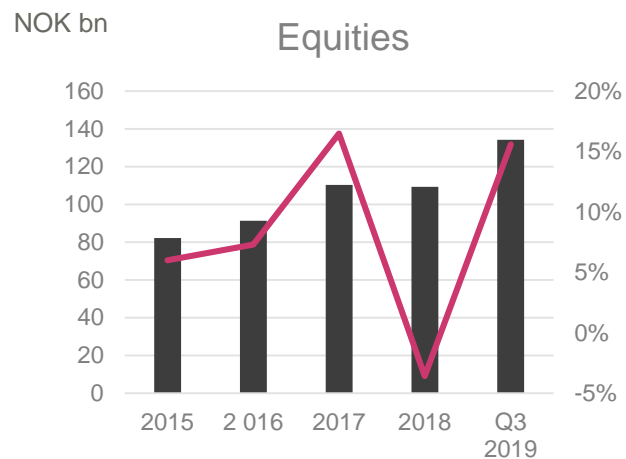
# KLP Life - Common Portfolio

	Share*	Return	Share*	Return
	30.09.2019	30.09.2019	31.12.2018	31.12.2018
Equities	24.7 %	15.6 %	21.4 %	-3.6 %
Bonds	17.9 %	8.1 %	18.4 %	-0.8 %
Bonds held-to-maturity	28.1 %	2.7 %	29.1 %	3.7 %
Lending	12.3 %	1.8 %	12.1 %	2.3 %
Property	12.1 %	4.6 %	12.7 %	7.3 %
Other financial assets	4.8 %	1.4 %	6.3 %	1.1 %

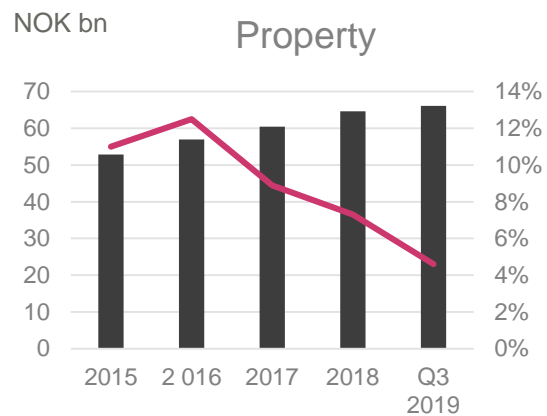
\*) Measured by exposure



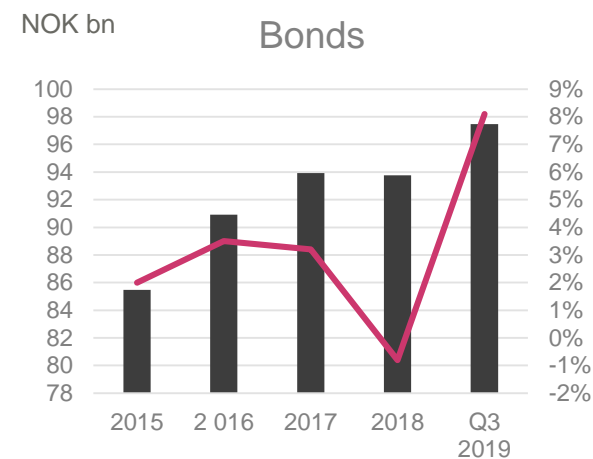
# KLP Life - Allocation



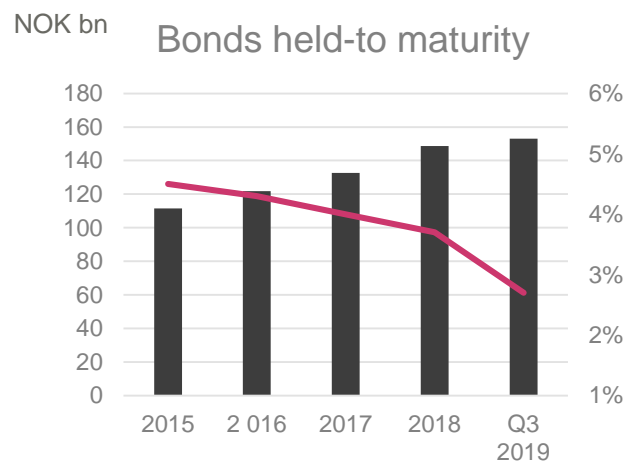
Value Return



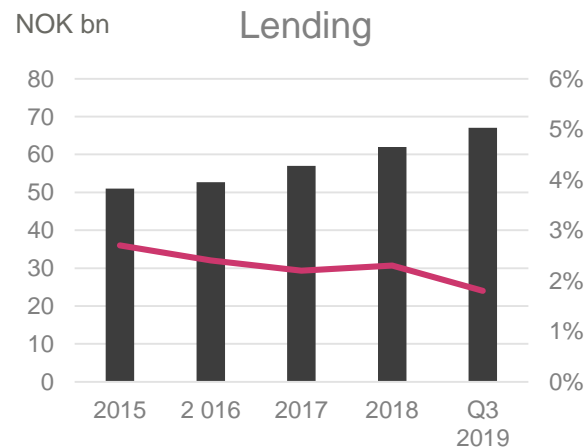
Value Return



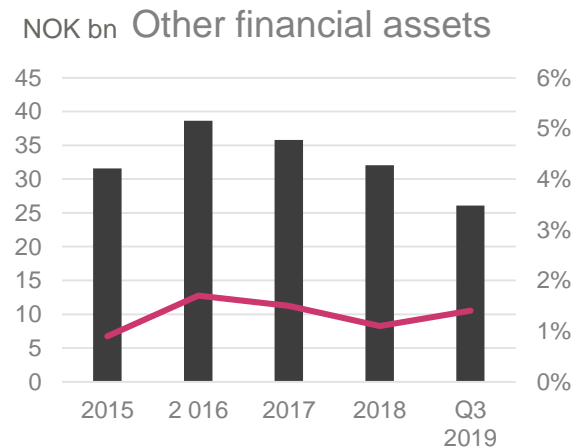
Value Return



Value Return



Value Return

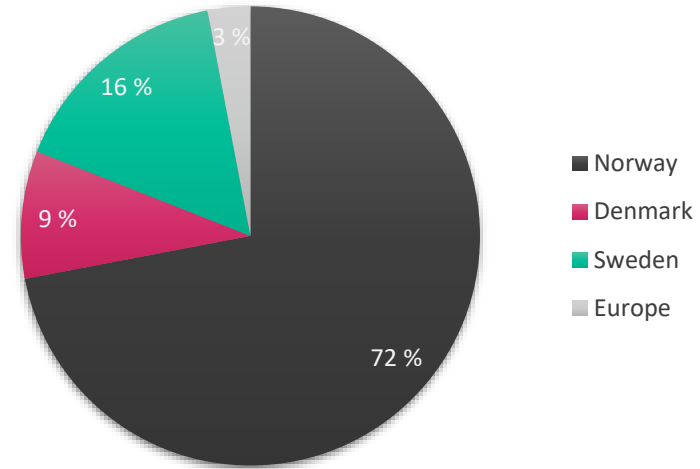


Value Return

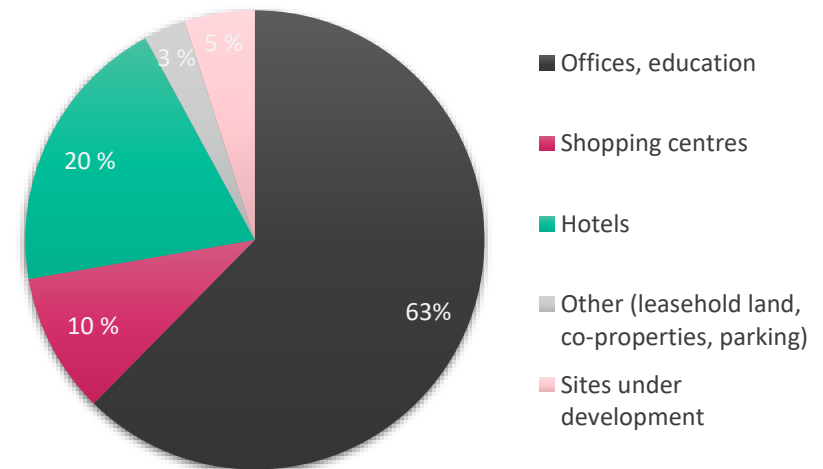
# KLP Life - Property

- The portfolio written up by NOK 156 million (0.2 %) in Q3
- New investments / sales in 2019
  - Taken over Eufemia in Oslo
  - Sold Brynsealléen 2 in Oslo

Property value - by country



Property value - by sector



# KLP Life – Property

NOK million	30.09.2019	30.06.2019	31.03.2019	31.12.2018
Fair value total portfolio*	68 687	68 527	66 076	65 788
Fair value common portfolio*	63 775	63 662	61 380	61 949

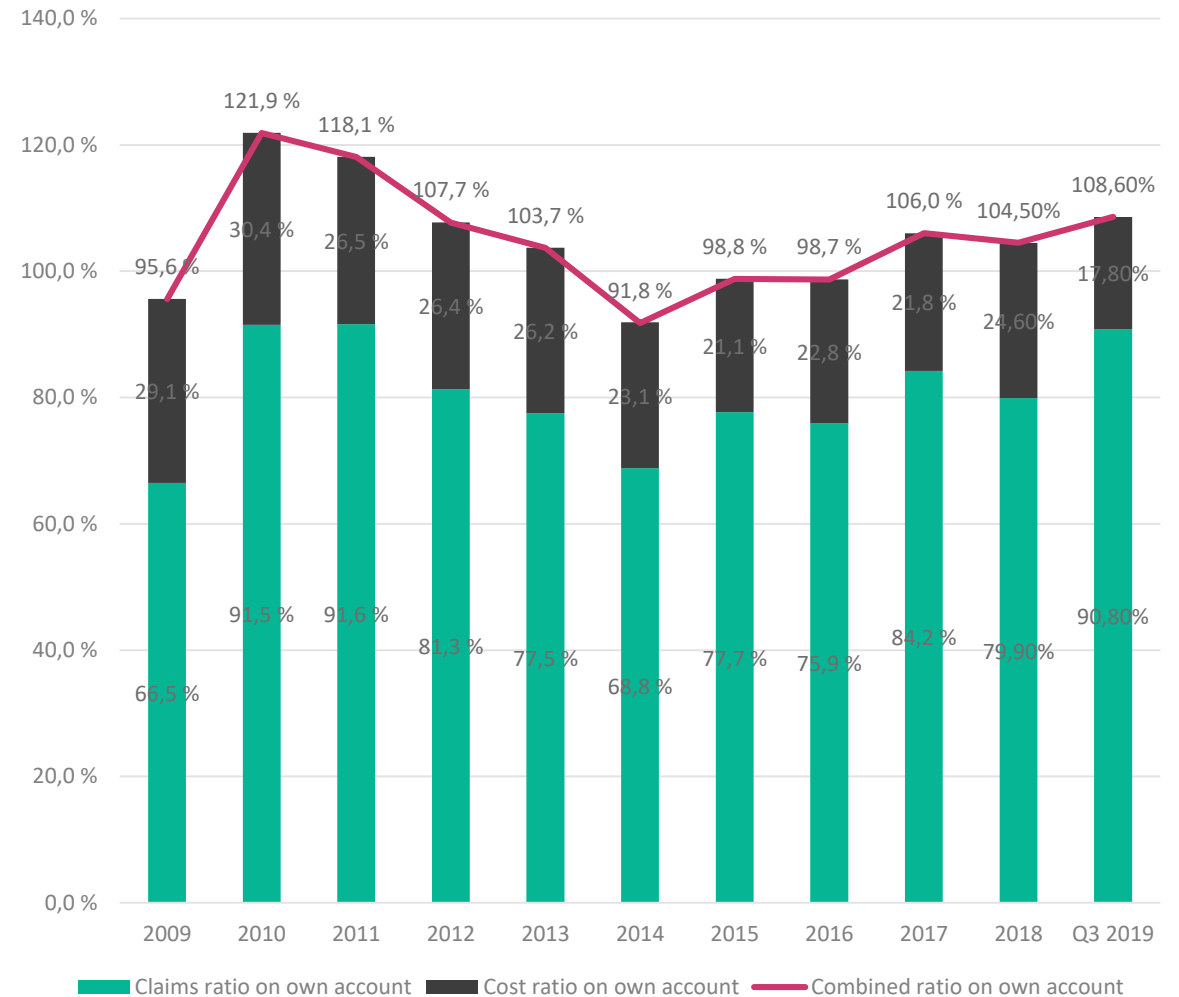
\*Incl exchange-rate hedged and excl. property fund

	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Value adjustment in per cent	0.2 %	1.1 %	0.2 %	1.0 %
Value adjustment in per cent common portfolio	0.2 %	0.9 %	0.1 %	0.6 %
Total return common portfolio**	1.3 %	1.9 %	1.3 %	1.7 %

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

# KLP Skadeforsikring (non-life insurance)

- Surplus of NOK 140 million
- Five large injuries estimated of total NOK 217 million, of which the reinsurers cover NOK 112 million.
- Some industries have unsatisfactory high claims rates
  - Motor, Public
  - Property Public
  - Group life
- Revenue recognition of previous years reserves of NOK 120 million, 7 per cent of reserves at the beginning of the year
- Financial income of 5.3 per cent
- Solvency ratio: 246 per cent



## KLP Skadeforsikring (non-life insurance)

NOK million	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Premium written f.o.a.	376.4	364.5	350.0	326.0
Claims f.o.a.	-377.8	-330.3	-282.3	-300.5
Insurance related expenses	-58.0	-70.7	-65.6	-81.7
Other insurance related income	-0.2	0.5	0.4	0.5
<b>Result from technical activities</b>	<b>-59.6</b>	<b>-36.1</b>	<b>2.5</b>	<b>-55.5</b>
Result from investment activities	61.5	64.6	106.8	-32.7
Other income	0.3	0.3	0.2	0.1
<b>Result from ordinary operation</b>	<b>2.2</b>	<b>28.8</b>	<b>109.5</b>	<b>-88.1</b>
Estimated tax expense	-0.5	-7.2	-27.4	4.1
Other elements	0	0	-4.5	-1.1
Provisions for equity fund	-9.7	-1.1	-4.3	-10.1
<b>Result after provisions for equity fund</b>	<b>-8.0</b>	<b>20.5</b>	<b>73.3</b>	<b>-95.2</b>



## KLP Skadeforsikring (non-life insurance)

Revenues, NOK million	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Gross premium written	376	364	350	326
Premium income for own account	-378	-330	-282	-301
Claims paid for own account	-58	-71	-66	-82
Insurance related costs for own account	62	65	107	-33
<b>Results</b>	<b>2</b>	<b>29</b>	<b>110</b>	<b>-88</b>

Key figure balance sheet, NOK million	30.09.2019	30.06.2019	31.03.2019	31.12.2018
Financial assets	4 572	4 609	4 538	4 164
Total assets	4 979	5 047	4 985	4 495
Equity	1 876	1 874	1 853	1 775
Provisions in insurance funds for own account	2 586	2 668	2 662	2 262

## KLP Bedriftspensjon – main figures

NOK million	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Interest result	2.7	2.4	3.3	2.8
Risk result	2.8	-3.7	1.7	11.3
Administration result	-7.5	-9.7	-9.6	-10.3
Interest rate guarantee and profit element	3.0	2.5	2.9	2.5
Non-technical result	3.4	3.8	4.9	0.8
Other profit elements	0.0	-1.4	-0.7	-0.3
<b>Total result</b>	<b>4.4</b>	<b>-6.1</b>	<b>2.5</b>	<b>6.9</b>
Of which result to clients	2.4	3.1	4.0	2.8
Result to owner	2.0	-9.2	-1.4	4.1

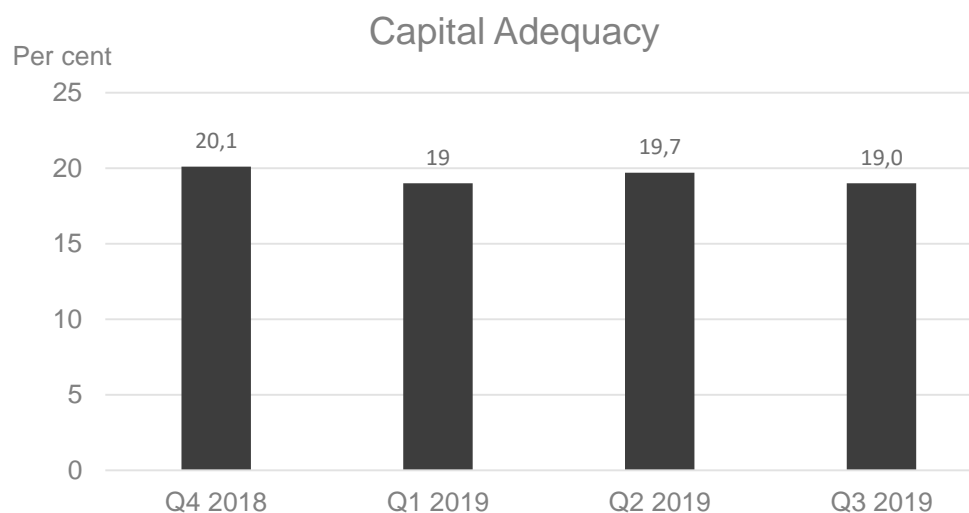
## KLP Bedriftspensjon – return and solvency

	30.09.2019	30.06.2019	31.03.2019	31.12.2018
<b>Common portfolio</b>				
Book	2.44 %	1.62 %	0.84 %	4.51 %
Value adjusted	2.93 %	1.99 %	1.15 %	3.02 %
<b>Investment options portfolio</b>	12.58 %	9.51 %	7.35 %	-3.80 %
<b>Corporate portfolio</b>	2.46 %	1.76 %	0.98 %	1.11 %
	30.09.2019	30.06.2019	31.03.2019	31.12.2018
<b>Solvency ratio (scr)</b>	122 %	124 %	140 %	150 %
<b>Kapitaldekning (scr) with transitional measures</b>	298 %	289 %	289 %	308 %
<b>Minimum solvency ratio (mcr)</b>	272 %	275 %	312 %	333 %
<b>Minimum solvency ratio (mcr) with transitional measures</b>	663 %	643 %	642 %	684 %
<b>NOK million</b>	30.09.2019	30.06.2019	31.03.2019	31.12.2018
<b>Value adjustment fund</b>	16.4	14.5	13.1	7.9
<b>Supplementary reserves</b>	112.5	112.6	111.7	111.4
<b>Solvency capital</b>	692.5	676.3	672.4	646.3

## KLP Bank-group – main figures

- The customer definition was changed to active customers in August 2019. Inactive customers are no longer included in reports, and active customers are now divided into three categories;
  - Members
  - Non-members with membership price (IMM)
  - not Members
- The total number of active customers per quarter was 41,828 (includes customers with credit cards only). Net new members and IMM third quarter became 681 customers, and the total number of new customers per third quarter was 788 customers. All numbers by new definition.
- The Group's capital adequacy ratio is 19.0%, 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 2019	Q2 2019	Q1 2019	Q4 2018
Net interest revenues	71.3	72.0	66.0	65.3
Net fee – and commissions income	5.1	4.8	4.1	4.9
Management fees	14.8	14.8	14.8	14.5
Operating cost	-53.3	-57.0	-57.5	-66.3
Value changes financial instruments	-11.2	-8.1	-3.4	-7.7
<b>Pre-tax earnings</b>	<b>26.7</b>	<b>26.6</b>	<b>24.0</b>	<b>10.8</b>
<b>Total assets</b>	<b>39 611</b>	<b>38 861</b>	<b>38 586</b>	<b>37 089</b>



## KLP Bank-group – main figures

KLP Kommunekreditt, NOK million	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Net interest revenues	12.5	16.6	14.5	14.6
Operating cost	-3.3	-3.4	-4.6	-4.4
Value changes financial instruments	-1.5	-6.4	-5.6	-5.8
<b>Pre-tax earnings</b>	<b>7.7</b>	<b>6.7</b>	<b>4.3</b>	<b>4.4</b>
Total assets	18 752	18 863	19 007	18 206
KLP Banken, NOK million	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Net interest revenues	43.8	39.9	36.0	35.3
Net fee – and commissions income	5.1	4.8	4.1	4.9
Management fees	14.8	14.8	14.8	14.5
Operating cost	-39.3	-42.2	-41.9	-47.9
Value changes financial instruments	-0.9	0.1	1.8	-0.1
<b>Pre-tax earnings</b>	<b>23.5</b>	<b>17.5</b>	<b>14.8</b>	<b>6.7</b>
Total assets	15 128	14 700	14 150	13 868
KLP Boligkreditt, NOK million	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Net interest revenues	15.0	15.5	15.6	15.3
Operating cost	-10.8	-11.3	-11.0	-13.9
Value changes financial instruments	-8.8	-1.9	0.4	-0.3
<b>Pre-tax earnings</b>	<b>-4.5</b>	<b>2.4</b>	<b>4.9</b>	<b>1.2</b>
Total assets	8 007	7 689	7 743	7 669

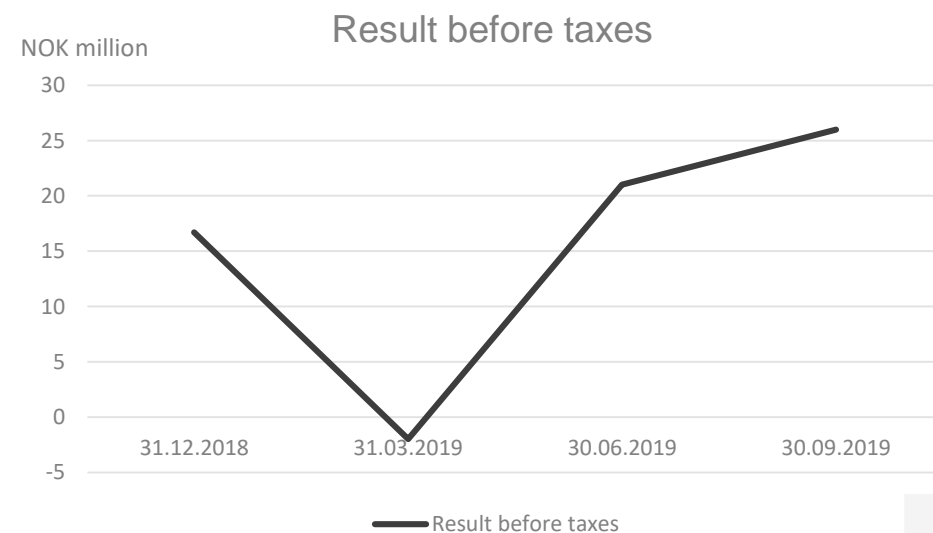
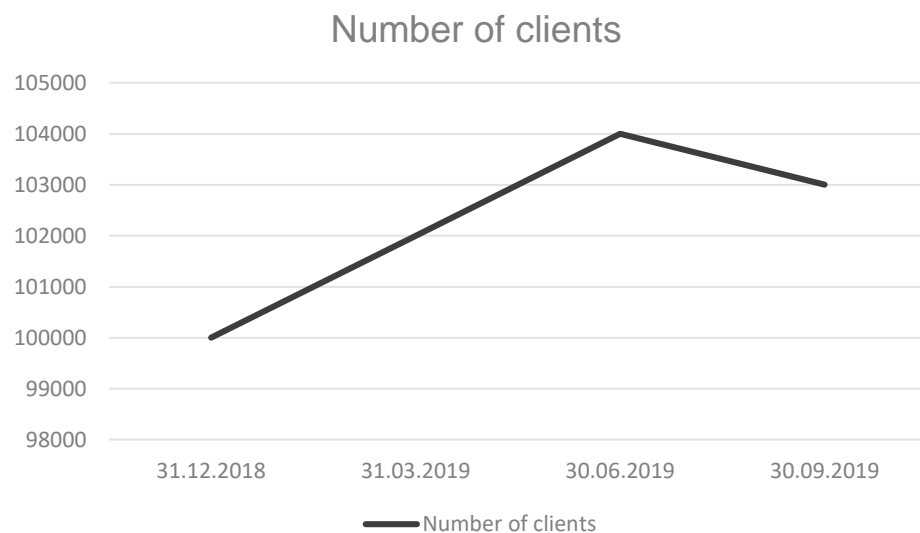
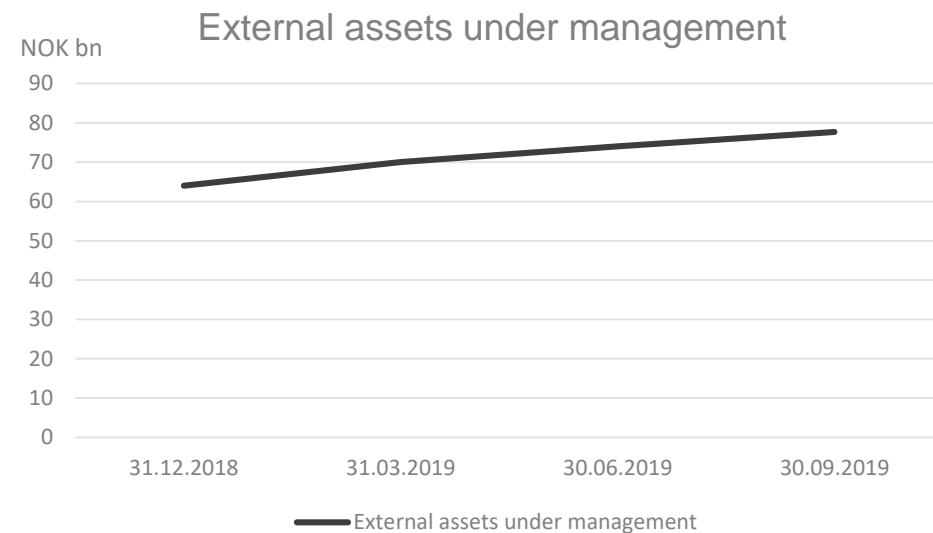
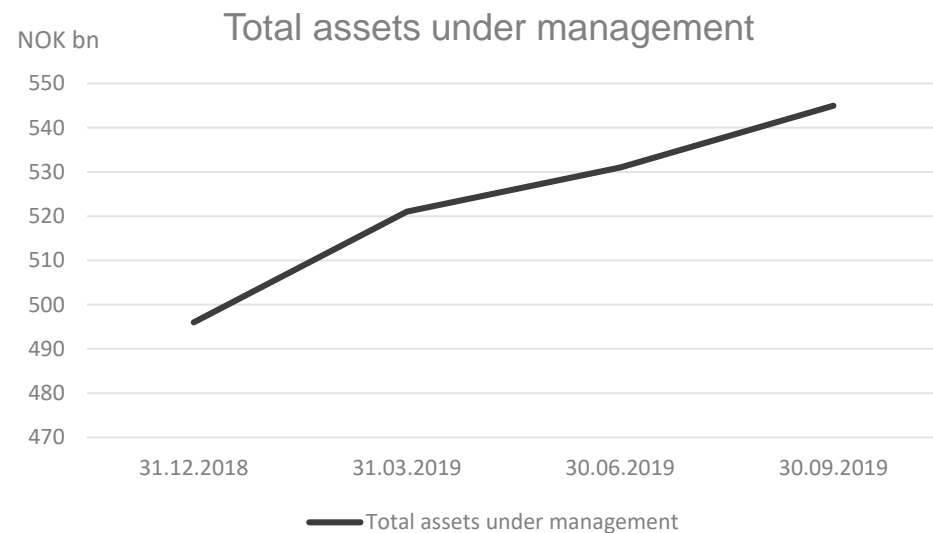
## KLP Bank-group – lending and deposits

Mortgage loans, NOK billion	30.09.2019	30.06.2019	31.03.2019	31.12.2018
KLP Banken AS	10.5	10.2	9.9	9.5
KLP Boligkreditt AS	7.2	7.1	7.1	7.2
KLP (Management agreement)	3.1	2.9	2.9	3.0
<b>Total</b>	<b>20.7</b>	<b>20.2</b>	<b>19.9</b>	<b>19.6</b>

Public sector loans, NOK billion	30.09.2019	30.06.2019	31.03.2019	31.12.2018
KLP Kommunekreditt AS	16.4	16.2	16.7	16.8
KLP (Management agreement)	55.4	44.7	42.8	51.0
KLP (currency loans)	8.6	9.0	9.0	8.0
<b>Total</b>	<b>80.4</b>	<b>69.9</b>	<b>68.3</b>	<b>75.6</b>

Deposits, NOK billion	30.09.2019	30.06.2019	31.03.2019	31.12.2018
KLP Banken AS	11.6	11.5	11.0	10.7
<b>Total</b>	<b>11.6</b>	<b>11.5</b>	<b>11.0</b>	<b>10.7</b>

# KLP Kapitalforvaltning (Asset management)



## Contacts in KLP

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