

# Financial results Q2 2020

## KLP Group

Oslo, 24th August 2020



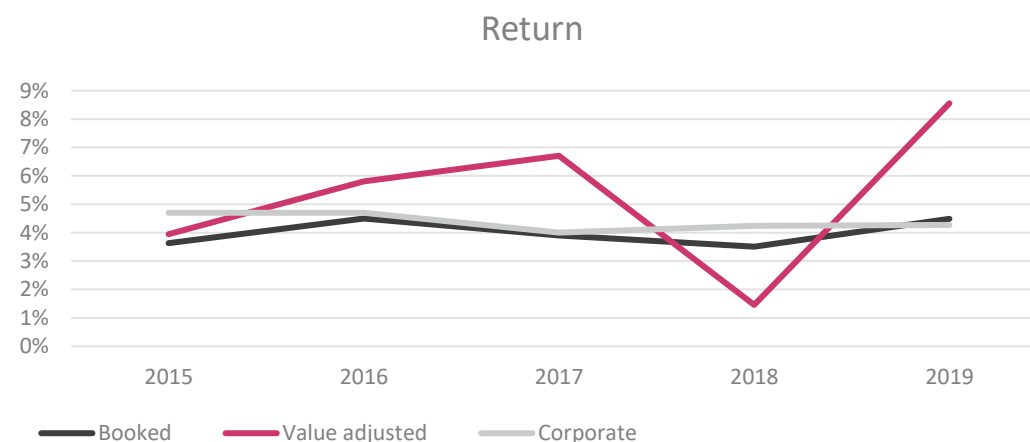
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# Main features

- Total group assets: NOK 785,6 billion
- Common portfolio of life company first half:
  - Book return of 1.9 per cent
  - Value adjusted return of -0.5 per cent
- Corporate portfolio returned 0.4 per cent first half
- Solvency ratio KLP: 252 per cent

	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Common portfolio				
Booked return	1.4 %	0.5 %	1.8 %	0.7 %
Value adjusted return	3.4 %	-3.7 %	1.8 %	1.8 %
Value adjusted return incl. HTM bonds/bonds booked at amortised costs	4.6 %	-3.4 %	1.3 %	1.9 %
Investment options portfolio	4.2 %	-5.8 %	2.3 %	1.9 %
Corporate portfolio	0.5 %	-0.1 %	0.8 %	0.8 %



## KLP Group – results by segment

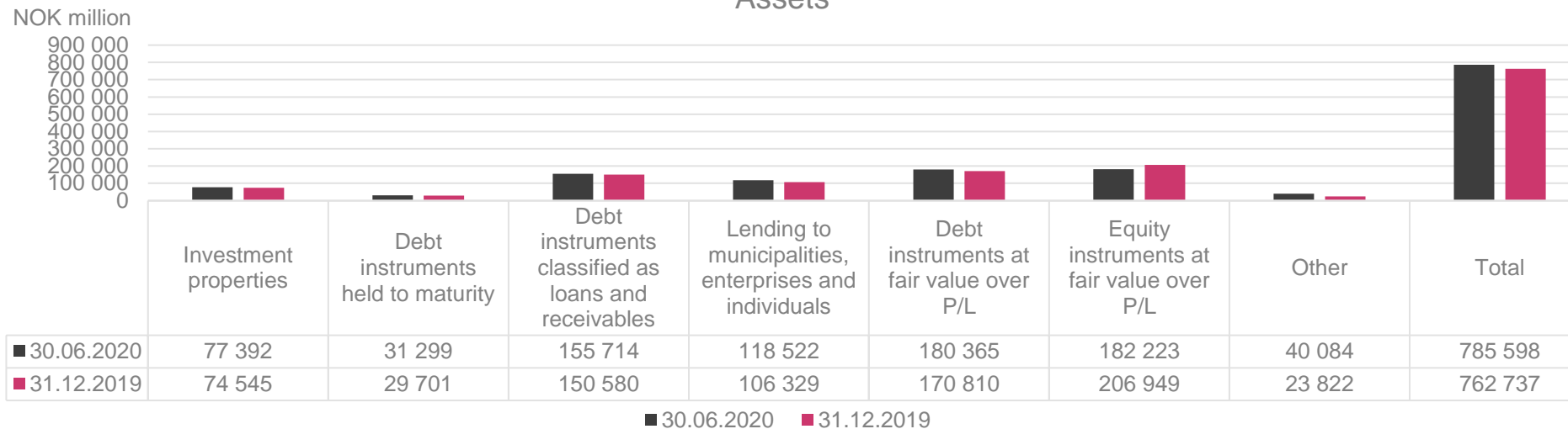
NOK million	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Life insurance	523	17	476	786
Non-life insurance	18	-126	25	2
Banking	40	20	25	27
Asset management	-2	0	-1	26
Other	-34	0	0	-1
<b>Group result before tax</b>	<b>713</b>	<b>151</b>	<b>674</b>	<b>841</b>

## KLP Group – main figures - results

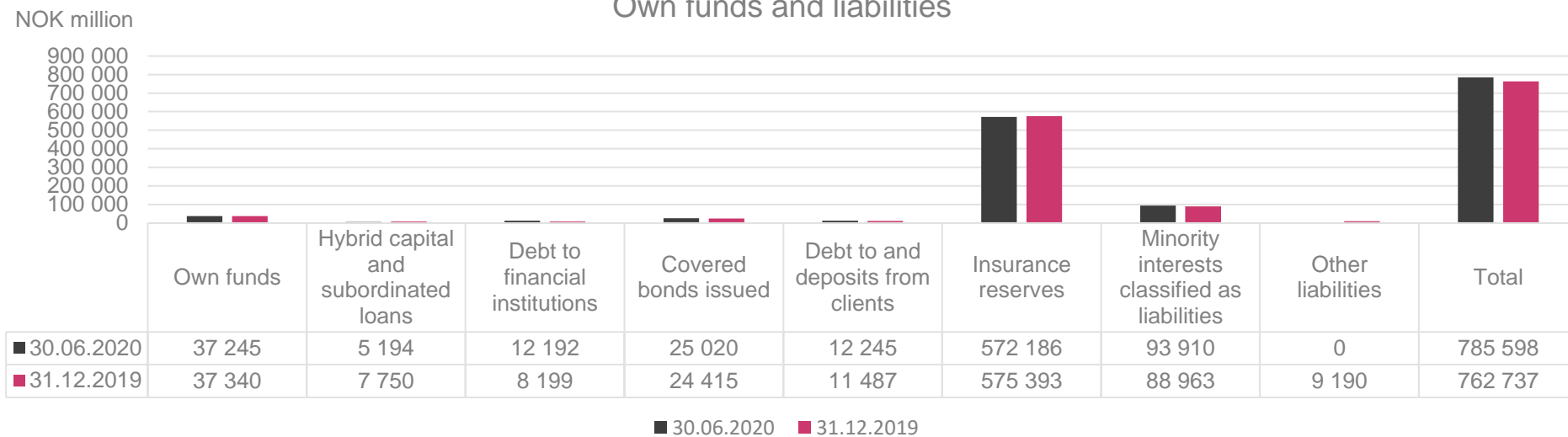
NOK million	30.06.2020	31.12.2019
Pension premiums and incoming transfers	18 437	42 716
Allocated investment income	-5 792	63 156
Minority share of return of financial instruments	2 035	-14 736
Claims f.o.a.	-18 575	-21 616
Insurance provisions	-5 252	-29 954
Interest expenses and value adjustments subordinated loans and subordinated bonds	-742	-372
Operating cost	-999	-1 892
Other income and cost	43	-384
<b>Technical result</b>	<b>-10 844</b>	<b>36 919</b>
To/from value adjustment fund life insurance	12 355	-22 277
To/from supplementary reserves life insurance	0	-52
Surplus allocated Life insurance clients	-797	-11 398
<b>Group result pre-tax</b>	<b>713</b>	<b>3 193</b>
Tax	-401	-1 200
Other profit/loss elements	0	258
<b>Group result</b>	<b>312</b>	<b>2 251</b>

# KLP Group - Balance

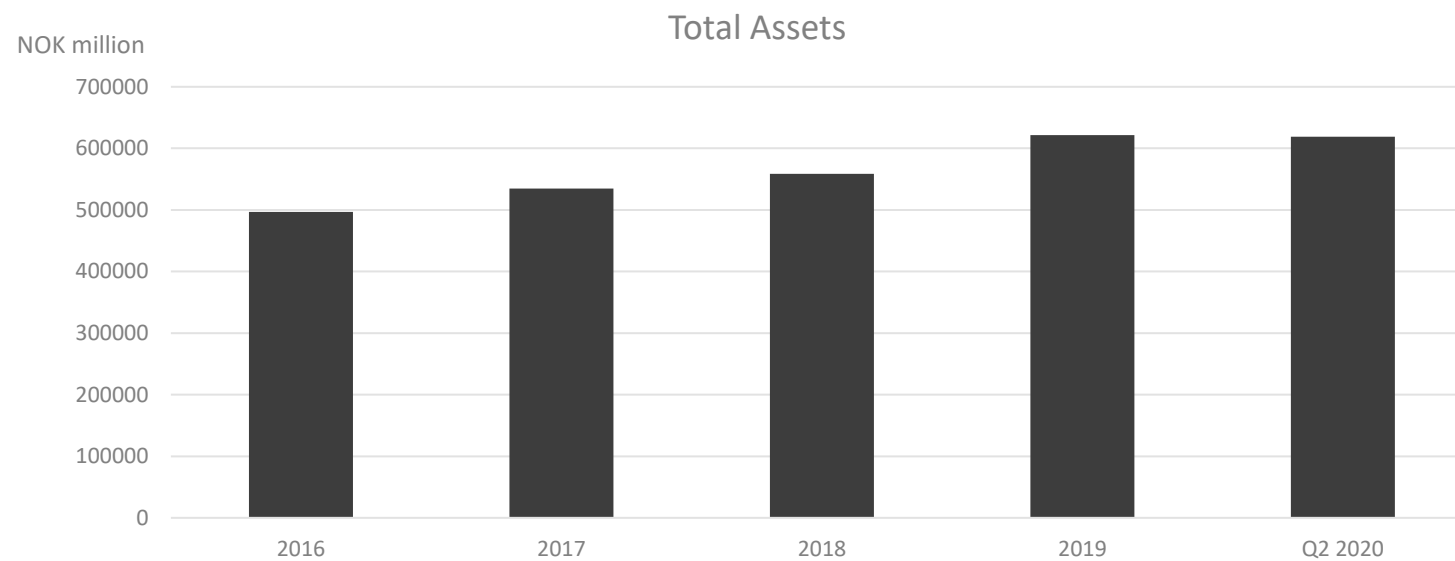
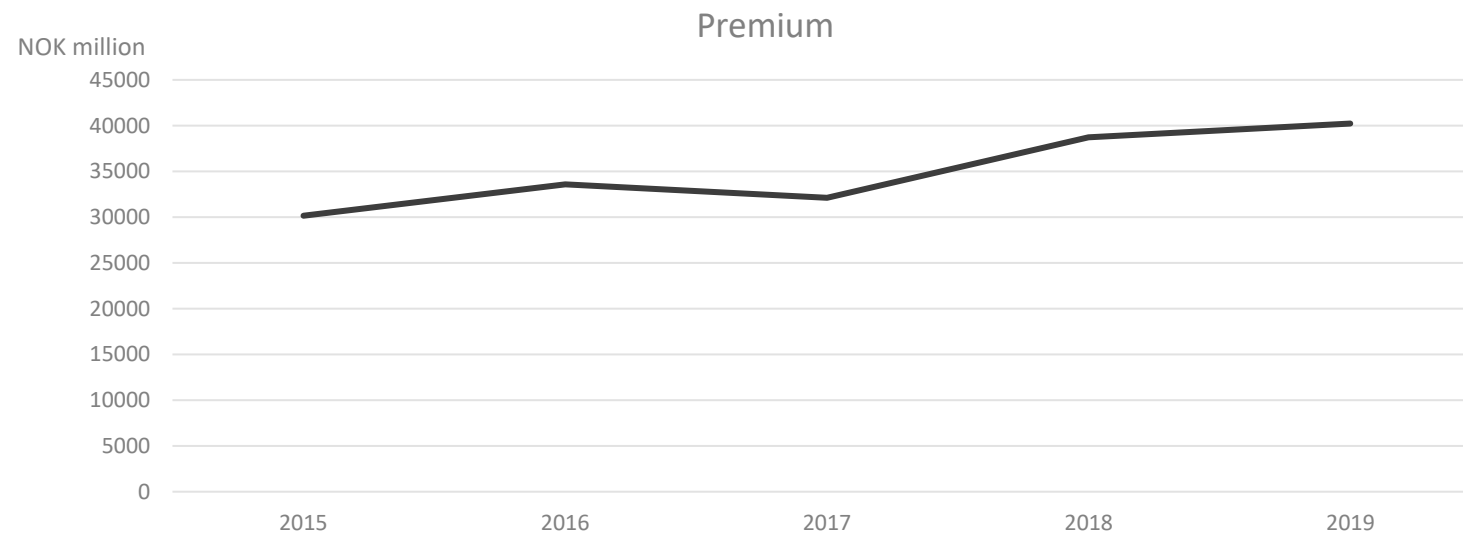
## Assets



## Own funds and liabilities



# KLP Life

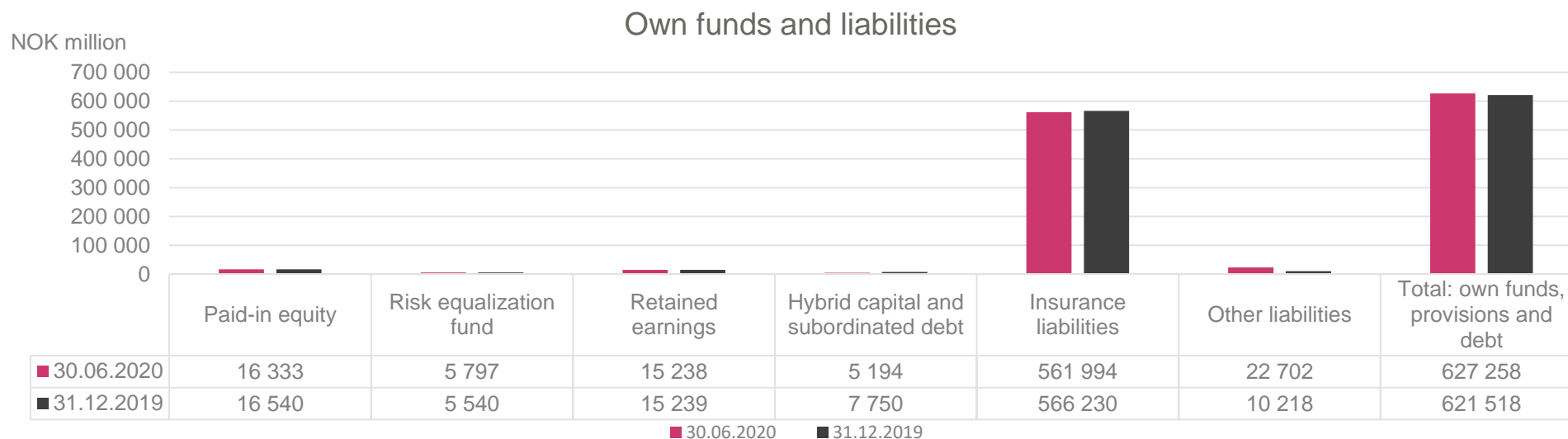
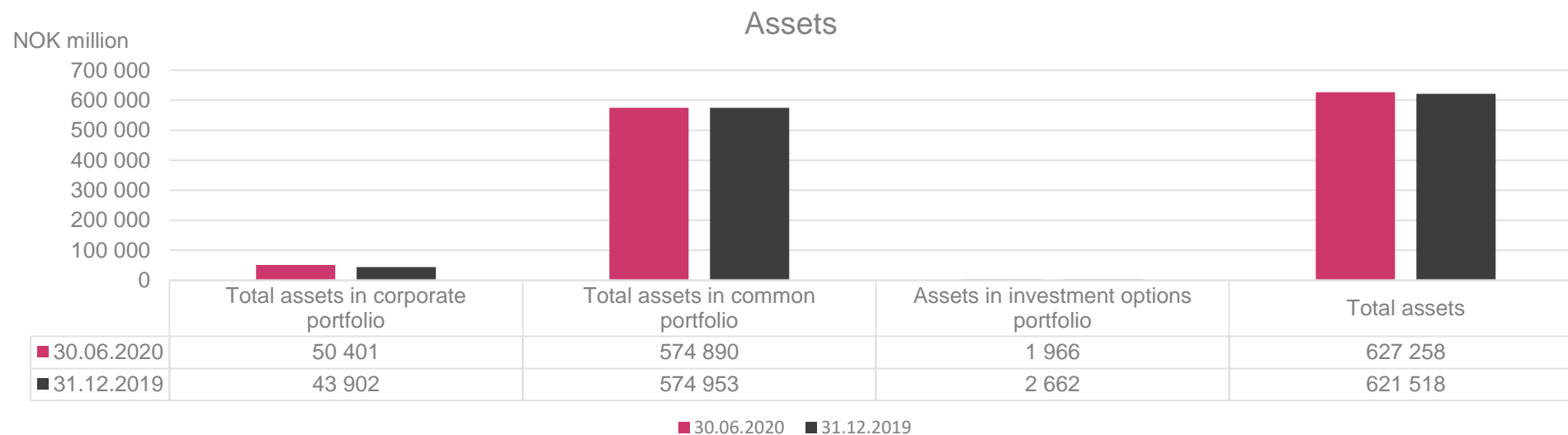


## KLP – Appropriation of results

Nok million	Result Customers	Result Company	31.03.2020	31.12.2019
Interest result common portfolio	3 377	108	3485	10 624
Interest result corporate portfolio	-68		-68	
Risk result	149	151	300	1 031
Premium interest rate guarantee		243	243	476
Administration result		64	64	247
Net income corporate portfolio		-43	-43	1 167
Tax		-115	-115	-502
Other result elements		-295	-295	132
<b>Total</b>	<b>3 458</b>	<b>112</b>	<b>3 571</b>	<b>13 161</b>



# KLP Life - Balance

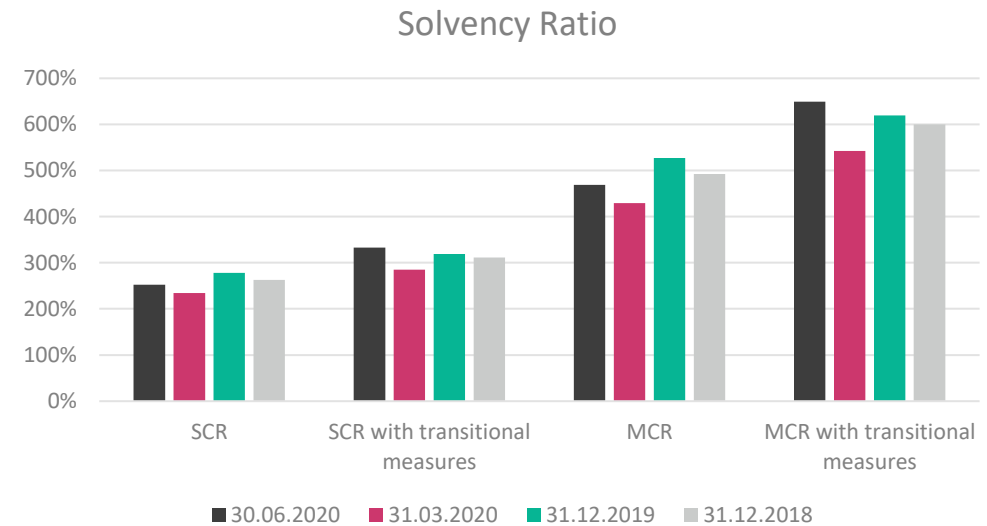


# KLP Life - Solvency

- Solvency ratio Q2: 252\* per cent
- Minimum solvency ratio Q2: 469\* per cent

*\*without transitional measures*

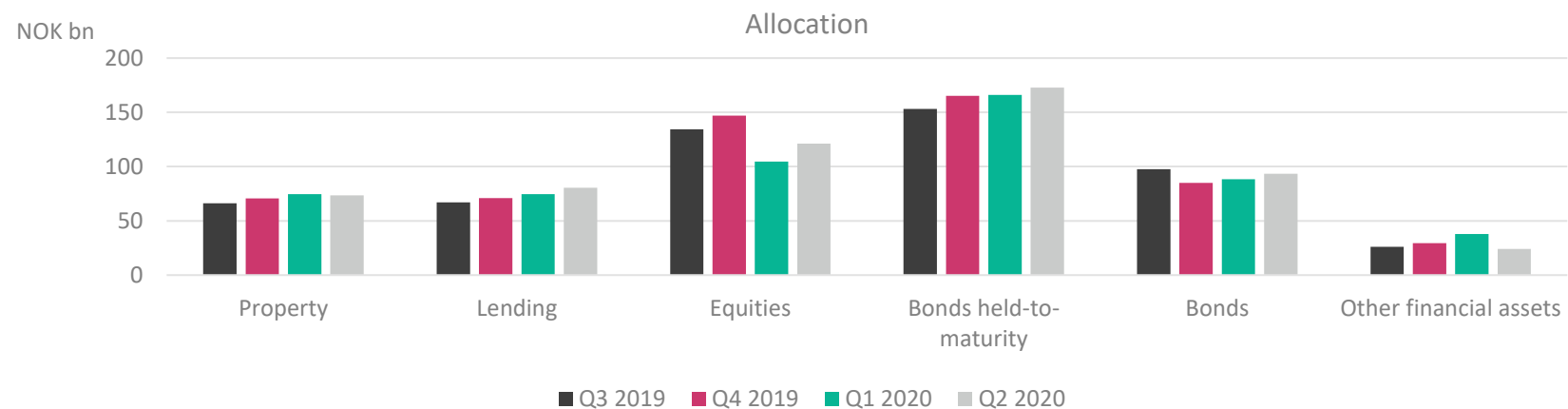
	30.06.2020	31.03.2020	31.12.2019	30.09.2019
Solvency ratio (SCR)	252 %	234 %	278 %	274 %
Solvency ratio (SCR) with transitional measures	333 %	285 %	319 %	362 %
Minimum solvency ratio (MCR)	469 %	429 %	527 %	518 %
Minimum solvency ratio (MCR) with transitional measures	649 %	542 %	619 %	714 %



# KLP Life - Common Portfolio

	Share*	Return	Share*	Return
	30.06.2020	30.06.2020	31.12.2019	31.12.2019
Equities	21.4 %	-7.0 %	25.9 %	21.5 %
Bonds	16.5 %	4.0 %	15.0 %	7.9 %
Bonds held-to-maturity	30.6 %	1.8 %	29.1 %	3.6 %
Lending	14.2 %	1.1 %	12.5 %	2.4 %
Property	13.0 %	1.5 %	12.4 %	6.7 %
Other financial assets	4.3 %	0.9 %	5.2 %	1.9 %

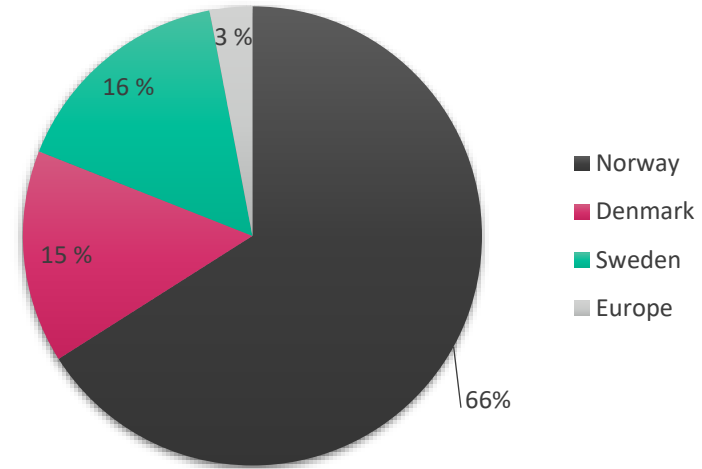
\*) Measured by exposure



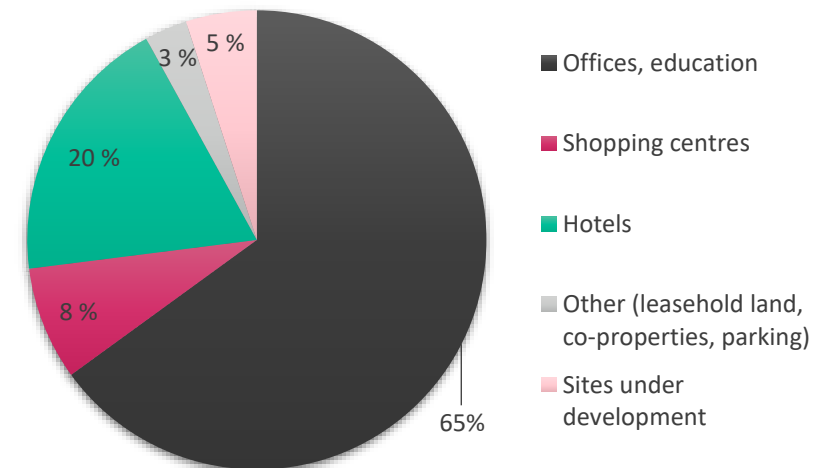
# KLP Life - Property

- The portfolio written down by NOK 82 million (-0.1 %) in Q2
- New investments / sales in 2020
  - Taken over
    - Ranheimsveien 9 in Trondheim

Property value - by country



Property value - by sector



## KLP Life – Property

NOK million	30.06.2020	31.03.2020	31.12.2019	30.09.2019
Fair value total portfolio*	76 307	75 501	73 644	68 687
Fair value common portfolio*	71 272	70 569	68 719	63 775

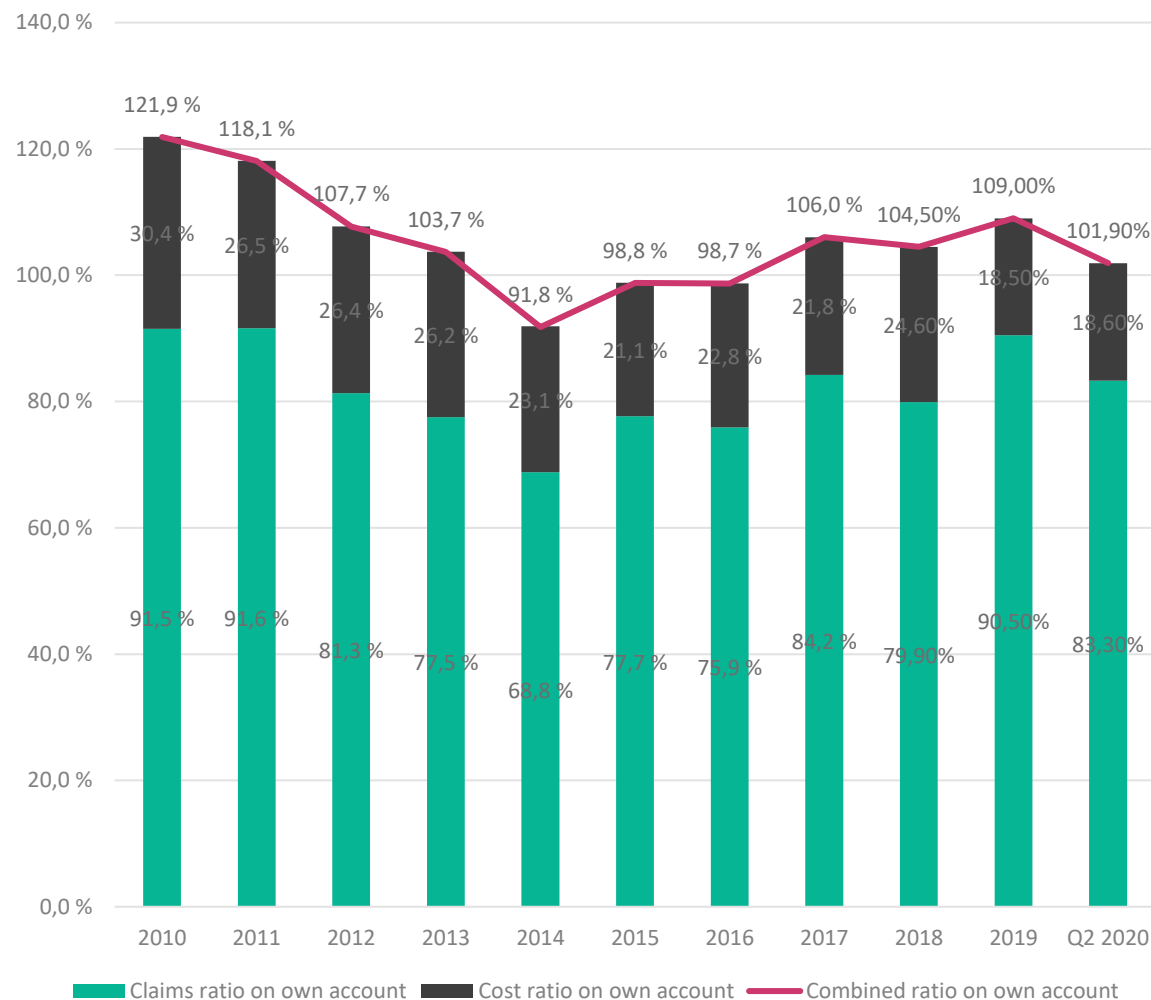
\*Incl exchange-rate hedged and excl. property fund

	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Value adjustment in per cent	-0,1 %	0,0 %	0,9 %	0,2 %
Value adjustment in per cent common portfolio	-0,3 %	0,0 %	1,0 %	0,2 %
Total return common portfolio**	0,8 %	0,9 %	2,0 %	1,3 %

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

# KLP Skadeforsikring (non-life insurance)

- Historical quarterly result of NOK 144 million
- Operation result of NOK 18 million first half
- Financial return of NOK 136 million in the quarter, corresponding to 3.0 per cent
- 12 per cent increase in premium due
- Low departure rate
- Maintains the market leadership position within public insurance
- Insurance result for the year:
  - Positive development in the second quarter
  - High activity related to Travel Insurance
  - Real estate and group life remain weak industries in the public sector
- Revenue recognition of previous years reserves of NOK 61 million
- Solvency ratio: 234 per cent



## KLP Skadeforsikring (non-life insurance)

NOK million	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Premium written f.o.a.	406.7	397.9	384.8	376.4
Claims f.o.a.	-324.8	-345.3	-344.7	-377.8
Insurance related expenses	-74.3	-75.4	-78.4	-58.0
Other insurance related income	0.6	0.5	0.8	-0.2
<b>Result from technical activities</b>	<b>8.1</b>	<b>-22.2</b>	<b>-37.5</b>	<b>-59.6</b>
Result from investment activities	136.1	-104.2	62.3	61.5
Other income	0	0.3	0.3	0.3
<b>Result from ordinary operation</b>	<b>144.3</b>	<b>-126.1</b>	<b>25.0</b>	<b>2.2</b>
Estimated tax expense	-36.1	31.5	20.9	-0.5
Other elements	-4.1	-26.0	18.8	0
Provisions for equity fund	-8.6	-2.9	-10.3	-9.7
<b>Result after provisions for equity fund</b>	<b>95.5</b>	<b>-123.5</b>	<b>54.3</b>	<b>-8.0</b>

## KLP Skadeforsikring (non-life insurance)

Revenues, NOK million	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Gross premium written	407	398	384	376
Premium income for own account	-325	-345	-345	-378
Claims paid for own account	-74	-75	-78	-58
Insurance related costs for own account	136	-104	62	62
<b>Results</b>	<b>144</b>	<b>-126</b>	<b>25</b>	<b>2</b>

Key figure balance sheet, NOK million	30.06.2020	31.03.2020	31.12.2019	30.09.2019
Financial assets	4 803	4 656	4 437	4 572
Total assets	5 338	5 306	4 907	4 979
Equity	1 924	1 820	1 941	1 876
Provisions in insurance funds for own account	2 831	2 918	2 451	2 586



## KLP Bedriftspensjon – main figures

NOK million	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Interest result	-15.1	2.1	5.0	2.7
Risk result	-8.3	-6.3	6.9	2.8
Administration result	-10.4	-9.6	-11.4	-7.5
Interest rate guarantee and profit element	3.1	3.0	0.4	3.0
Non-technical result	8.9	-0.9	2.8	3.4
Other profit elements	-1.1	-4.1	0.8	0.0
<b>Total result</b>	<b>-22.9</b>	<b>-15.7</b>	<b>4.6</b>	<b>4.4</b>
Of which result to clients	-2.0	2.0	7.5	2.4
Result to owner	-20.9	-17.7	-1.7	2.0
Transferred from supplementary reserves	0	0	-1.2	

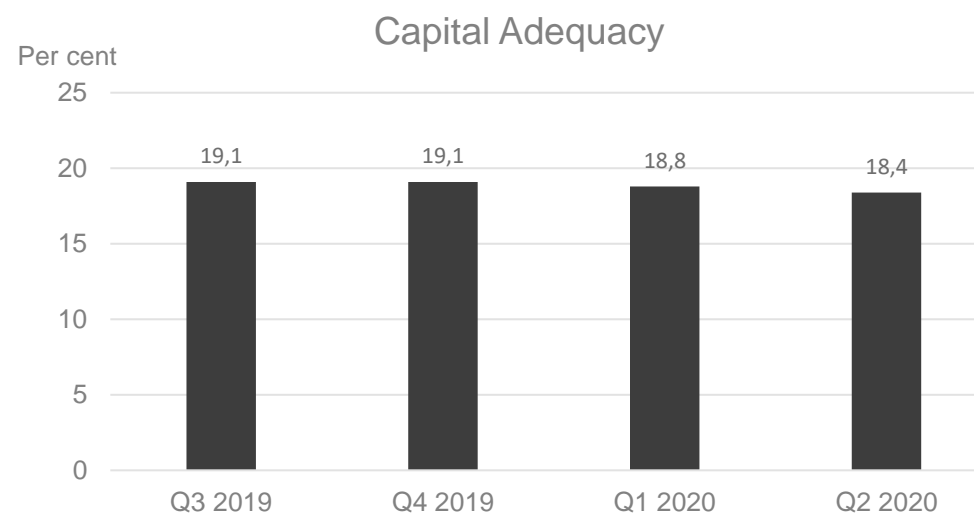
## KLP Bedriftspensjon – return and solvency

	30.06.2020	31.03.2020	31.12.2019	30.09.2019
<b>Common portfolio</b>				
<b>Book</b>	0.53 %	0.75 %	3.40 %	2.44 %
<b>Value adjusted</b>	0.35 %	0.20 %	4.05 %	2.93 %
<b>Investment options portfolio</b>	-3.83 %	-11.90 %	16.76 %	12.58 %
<b>Corporate portfolio</b>	1.40 %	-0.14 %	3.02 %	2.46 %
	30.06.2020	31.03.2020	31.12.2019	30.09.2019
<b>Solvency ratio (scr)</b>	120 %	81 %	204 %	122 %
<b>Kapitaldekning (scr) with transitional measures</b>	293 %	245 %	360 %	298 %
<b>Minimum solvency ratio (mcr)</b>	266 %	180 %	453 %	272 %
<b>Minimum solvency ratio (mcr) with transitional measures</b>	652 %	543 %	799 %	663 %
<b>NOK million</b>	30.06.2020	31.03.2020	31.12.2019	30.09.2019
<b>Value adjustment fund</b>	15.8	9.3	19.2	16.4
<b>Supplementary reserves</b>	109.6	110.0	110.0	112.5
<b>Solvency capital</b>	830	758.2	763.9	692.5

## KLP Bank-group – main figures

- The total number of active customers as of the second quarter of 2020 was 44,213 customers. The net customer growth retail market became 1,428 customers in first half.
- The second quarter of 2020 saw a net mortgage growth of NOK 852 million.
- Net mortgage growth so far this year of more than NOK 1.6 billion, which is well above the budgeted growth of NOK 1.5 billion for the whole of 2020. Net mortgage growth so far in 2019 was by comparison NOK 578 million.
- The Group's capital adequacy ratio is 18.4%, which is well above the ICAAP of 16.5%. In addition.
- Countercyclical capital buffer was reduced from 2.5 per cent to 1.0 per cent with immediate effect on 13 March 2020

NOK million	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest revenues	63.1	78.5	83.5	71.3
Net fee – and commissions income	4.8	4.6	5.2	5.1
Management fees	14.8	14.8	14.5	14.8
Operating cost	-61.1	-63.6	-70.8	-53.3
Value changes financial instruments	3.3	-19.4	-7.4	-11.2
<b>Pre-tax earnings</b>	<b>24.9</b>	<b>15.0</b>	<b>24.9</b>	<b>26.7</b>
<b>Total assets</b>	<b>43 850</b>	<b>42 002</b>	<b>39 699</b>	<b>39 611</b>



## KLP Bank-group – main figures

KLP Kommunekreditt, NOK million	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net interest revenues	18.4	14.7	19,3	12.5
Operating cost	-4.7	-4.2	-8,2	-3.3
Value changes financial instruments	-8.7	-6.5	-4,7	-1.5
<b>Pre-tax earnings</b>	<b>5,.</b>	<b>4.0</b>	<b>6,4</b>	<b>7.7</b>
Total assets	19 768	19 975	18 549	18 752
KLP Banken. NOK million	Q2 2020	Q2 2020	Q4 2019	Q3 2019
Net interest revenues	30.5	43.7	47,3	43.8
Net fee – and commissions income	4.8	4.6	5,2	5.1
Management fees	14.8	14.8	14,5	14.8
Operating cost	-40.3	-47.1	-48,6	-39.3
Value changes financial instruments	25.5	-2.3	-1,1	-0.9
<b>Pre-tax earnings</b>	<b>35.2</b>	<b>13.7</b>	<b>17,2</b>	<b>23.5</b>
Total assets	18 667	16 846	15 099	15128
KLP Boligkreditt. NOK million	Q2 2020	Q2 2020	Q4 2019	Q3 2019
Net interest revenues	14.2	20.0	16,9	15.0
Operating cost	-16.1	-12.2	-13,9	-10.8
Value changes financial instruments	-2.0	-3.9	-1,6	-8.8
<b>Pre-tax earnings</b>	<b>-3.9</b>	<b>3.9</b>	<b>1,4</b>	<b>-4.5</b>
Total assets	11 087	10 558	7 930	8 007

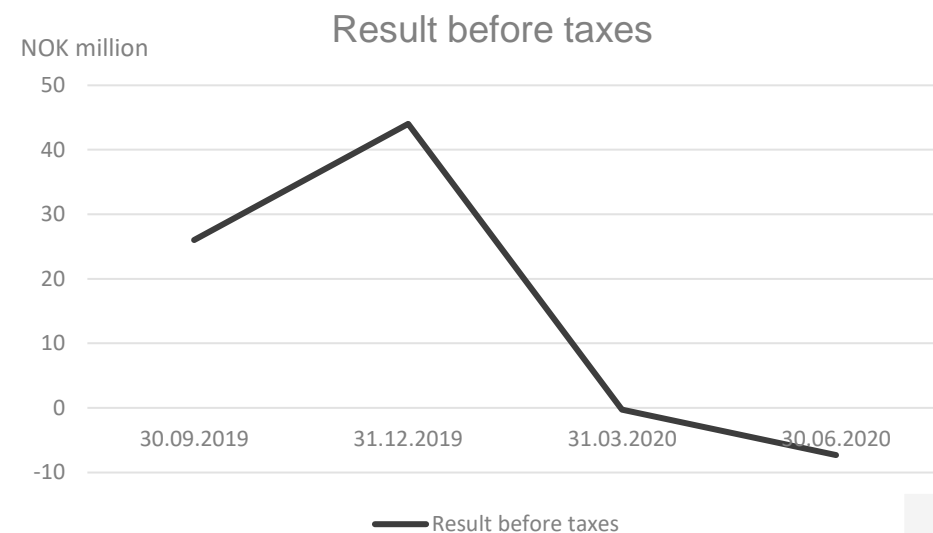
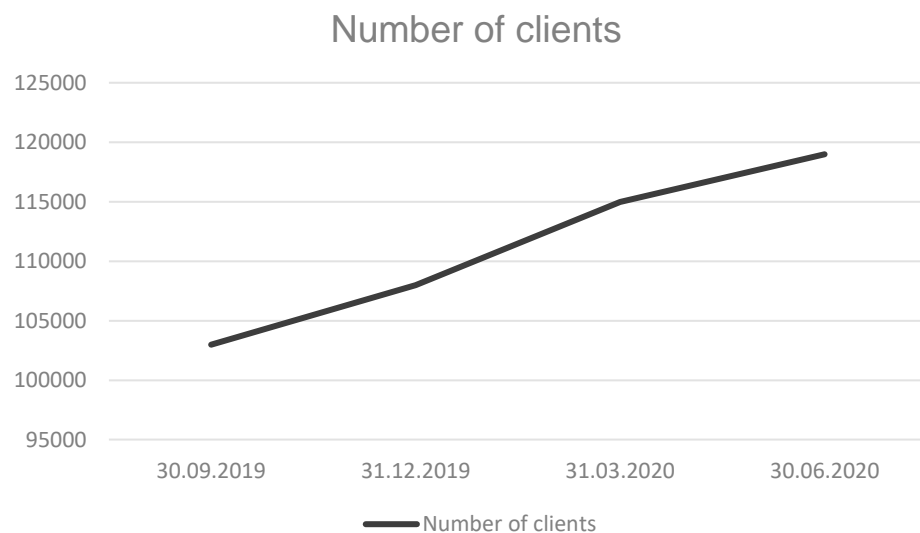
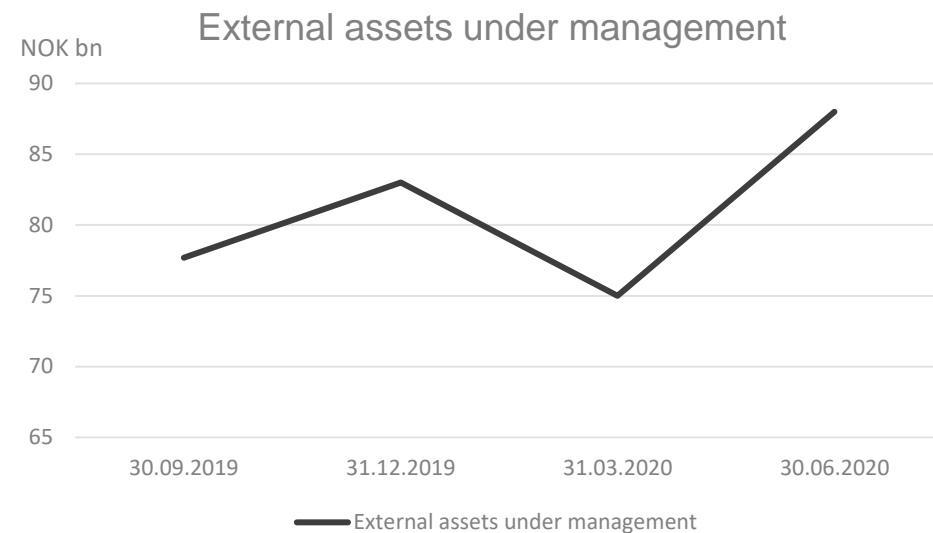
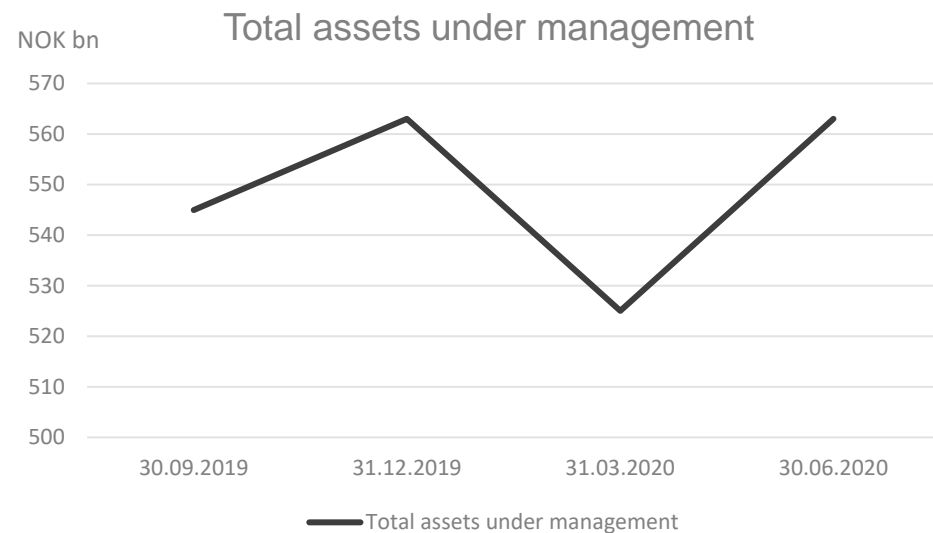
## KLP Bank-group – lending and deposits

Mortgage loans, NOK billion	30.06.2020	31.03.2020	31.12.2019	30.09.2019
KLP Banken AS	9.8	9.1	11.0	10.5
KLP Boligkreditt AS	10.3	10.0	7.3	7.2
KLP (Management agreement)	3.3	3.4	3.4	3.1
<b>Total</b>	<b>23.3</b>	<b>22.5</b>	<b>21.7</b>	<b>20.7</b>

Public sector loans, NOK billion	30.06.2020	31.03.2020	31.12.2019	30.09.2019
KLP Kommunekreditt AS	17.2	16.6	16.5	16.4
KLP (Management agreement)	62.4	58.1	56.9	55.4
KLP (currency loans)	14.8	13.1	10.7	8.6
<b>Total</b>	<b>94.4</b>	<b>87.9</b>	<b>84.1</b>	<b>80.4</b>

Deposits, NOK billion	30.06.2020	31.03.2020	31.12.2019	30.09.2019
KLP Banken AS	12.2	12.0	11.5	11.6
<b>Total</b>	<b>12.2</b>	<b>12.0</b>	<b>11.5</b>	<b>11.6</b>

# KLP Kapitalforvaltning (Asset management)



## Contacts in KLP

Position	Name	Phone	E-mail
Executive Vice President & CFO	Aage E. Schaanning	+47 22 03 79 01/90 52 43 12	aes@klp.no
Director Finance	Oliver Siem	+47 934 31 820	sie@klp.no