

# Storebrand Q2 2023

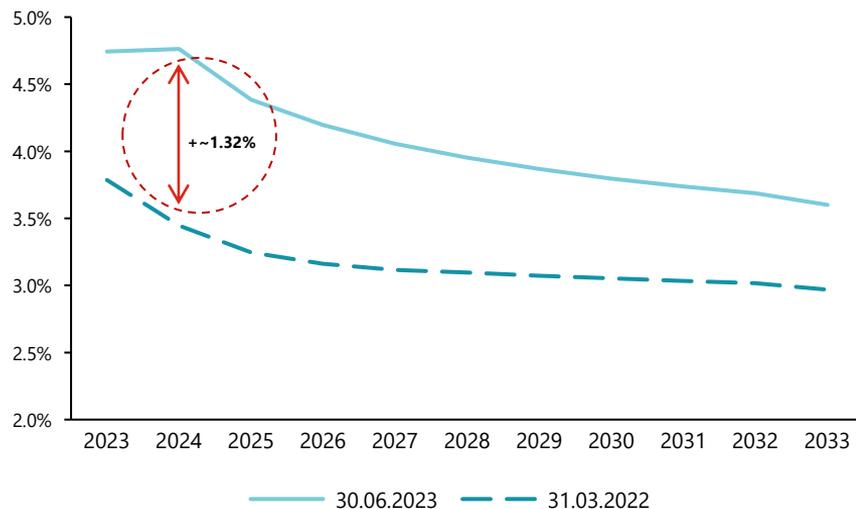
14 July 2023

Odd Arild Grefstad – CEO  
Lars Aa. Løddesøl – CFO

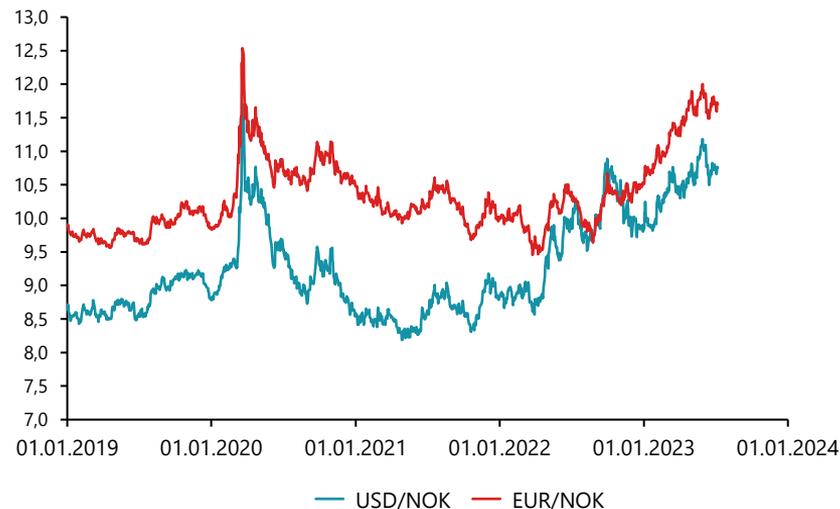


# Strongly rising interest rates in the quarter. Storebrand is well positioned through its diversified and robust business model

Shift in the forward NOK<sup>1</sup> rate in the quarter



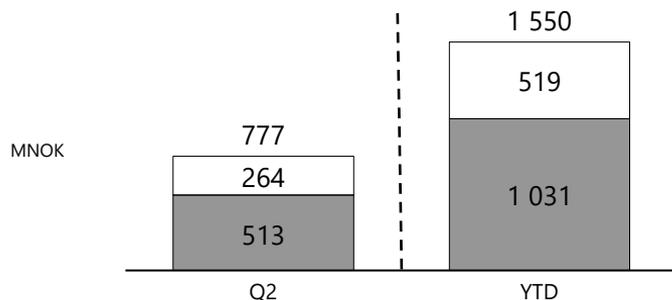
Currency exchange development<sup>1</sup>



# Highlights Q2 2023

Record-high solvency and AUM, weak insurance results year to date. Share buyback amounting to NOK 1bn approved for H2 2023

Group result<sup>1</sup>



□ Financial items and risk result life  
■ Operating profit



NOK 1 143bn in assets under management



19% growth in insurance premiums f.o.a.<sup>2</sup>



16% growth in retail bank's lending volume<sup>2</sup>



196% Solvency ratio



Share buyback amounting to NOK 1bn approved for H2 2023.  
Buybacks tranche of NOK 500m starts today

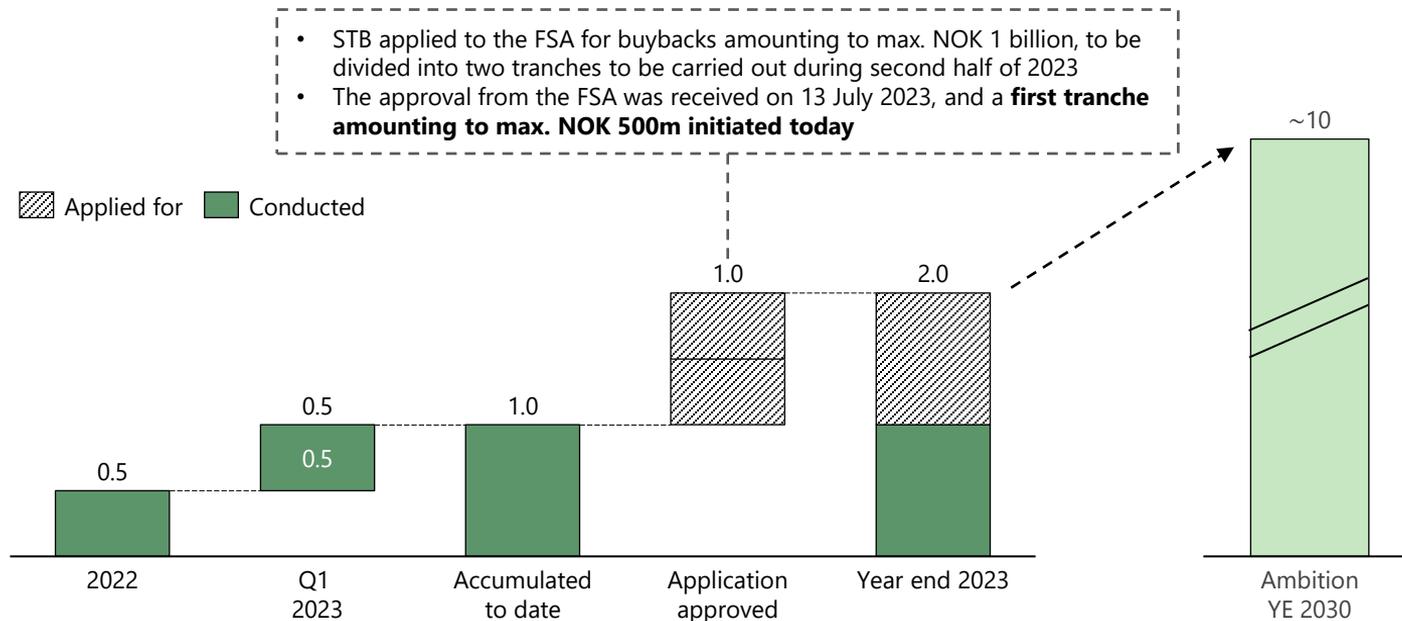
<sup>1</sup> Cash equivalent earnings before amortization

<sup>2</sup> Growth figures from corresponding period in 2022 to 2023 year on year

# Strong commitment to deliver capital returns in terms of share buybacks on top of ordinary increasing dividends

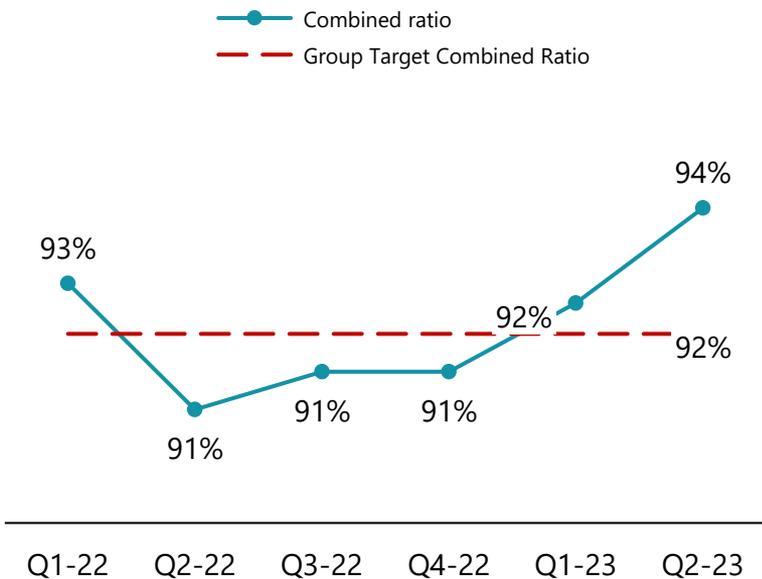
## Capital returns of NOK ~10bn in share buybacks by YE 2030 well underway

NOK billion



# Increased claims in the insurance business

## Development Combined ratio 12 months trailing



## Key take-aways

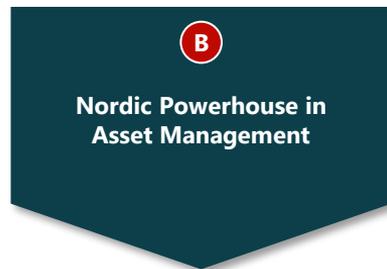
Claims inflation, increased claims frequency in motor and disability insurance products are the main drivers to the increased combined ratio

Storebrand's response:

- Price measures have been implemented which will have an increasing effect throughout the year
- Further repricing where needed with full effect from 2024

# Pursuing our Group Strategy: Leading The Way In Sustainable Value Creation to be a leading Sustainable Nordic Savings and Insurance Group

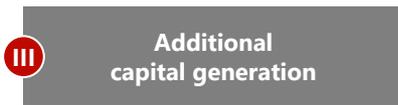
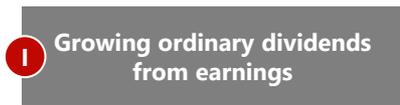
**Future Storebrand**  
Growth focus in capital-light business areas in front book



Strategic  
differentiators



**Capital Management**



# Strong growth in the Occupational Pension businesses, several new customers taken on during the quarter



## Commercial success in occupational pension

## High double digit premium growth in Norway and Sweden

**Important mandates won in private sector**



*Renewal of agreement with Equinor, Norway's largest business. In addition, Storebrand has won two public listed companies with a total volume of around 1.5 billion in AUM*

**New mandate won in public sector**

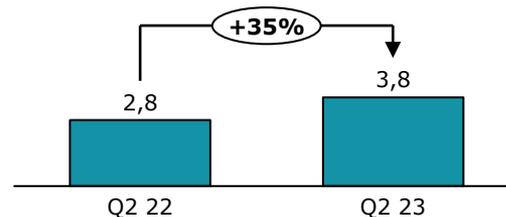


Austevoll kommune

*Continued increasing market share*

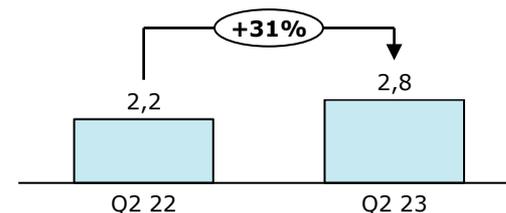
Norway

Numbers in BNOK



Sweden

Numbers in BSEK



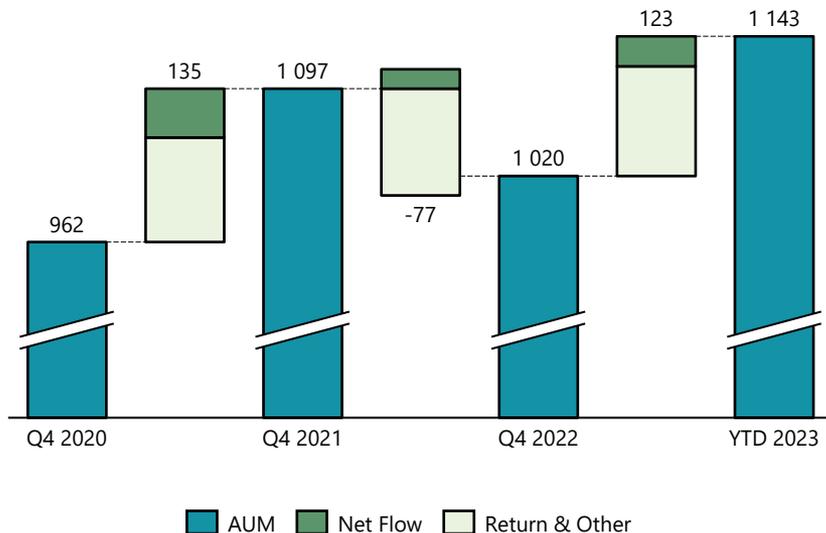
# Several new mandates won during the quarter. Strong flow and AUM at all time high



**AUM growth driven by strong markets and 27bn flow YTD.  
Flow at 10bn in Q2. High performance-based fees year to date**

Numbers in BNOK

## AUM development



**Strong value proposition drives growth and strengthens footprint as a Nordic asset manager**



By the end of the quarter Cubera's private equity boutique so far has raised in excess of EUR 630 million (NOK 7.4 bn) to its Nordic Cubera X fund



In Sweden, several new mandates were won and Storebrand Fonder recorded the second-best inflows in the market year-to-date<sup>1</sup>



Real estate mandates of NOK 2bn in AUM taken over in Q2, another NOK 5bn expected to be closed within 2023



Positive development in Finland according to plan, 2.2 bn NOK of mandates won in this quarter



Strong footprint established and positive flow through several mandates won in Iceland

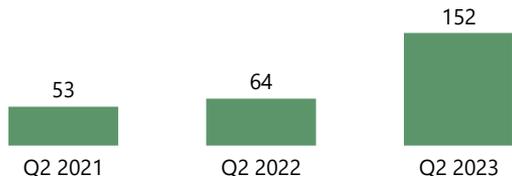


# Continued growth in retail market with bank delivering historically strong quarter



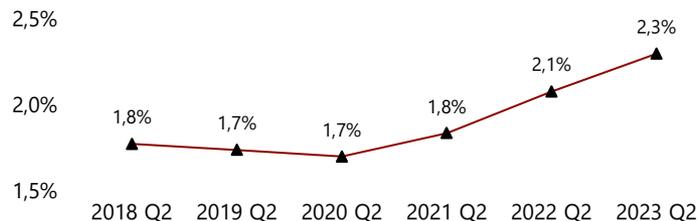
## Strong earnings growth year on year

Cash equivalent earnings before amortization (mNOK)



## Gaining market share since 2020

Retail market mortgage balance



## Strong earnings growth

16% mortgage volume growth year on year, in combination with strong interest margins and improving cost-ratios, resulting in solid return on equity (above 10% Year to date)

## Gaining market share

Continue among the fastest growing retail banks in the Norwegian market, outperforming other full-service retail banks

## Value creation beyond bank

Record high sales of individual life and home insurance through bank distribution, value created reflected in the insurance segment

# Recognized for our Leadership in Sustainability across various dimensions

## Leading sustainability position in recent Prospera rankings<sup>2</sup>



#1 in Sustainable investments-  
Fund distributors

#1 in Sustainable investments-  
External Asset Management



For the 4<sup>th</sup> consecutive year: # 1  
in Sustainable investments-  
External Asset Management

## Green Bond fully allocated



Storebrand Boligkreditt AS issued a NOK 5.500m green bond in May 2022, **which is now fully allocated**

## Recognised for the work and results on equality in the group



**98.2/100 score** based on different aspects of gender equality<sup>1</sup>

# Digital transformation in corporate market through E2E digitalization enabling cost efficient SMB growth



**#1 Digital Frontrunner  
for Life & Pension**



AALUND



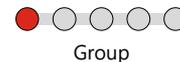
**All-time high  
customer satisfaction**

## Digital acceleration of SMB growth \*

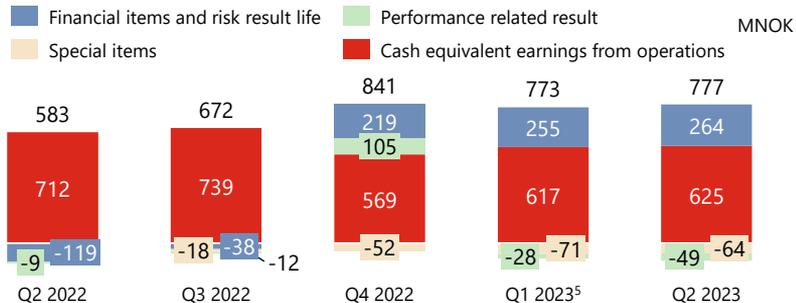
- 40% of Life & Pension sales digital
- 45% of digital sales fully automated
- 55% conversion rate in digital channel
- 1,5 products per sale in digital channel

# Key Figures

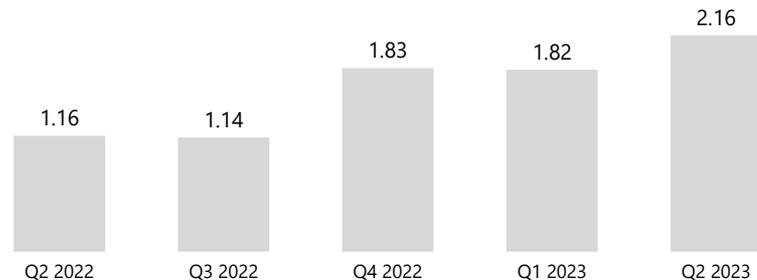
Improved financial result and a solid solvency position



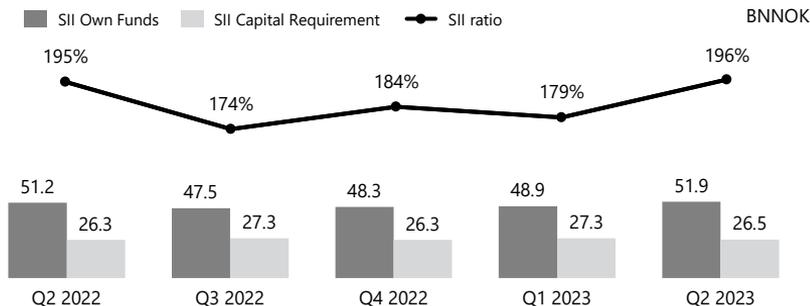
## Result development<sup>1</sup>



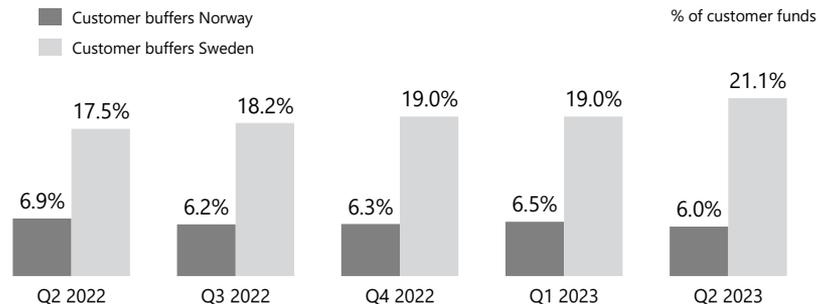
## Cash Earnings per share<sup>2</sup>



## SII Own funds<sup>4</sup> and SCR



## Customer buffers development<sup>3</sup>



<sup>1</sup> Cash earnings before amortisation and tax.

<sup>2</sup> Earnings per share after tax adjusted for amortisation of intangible assets.

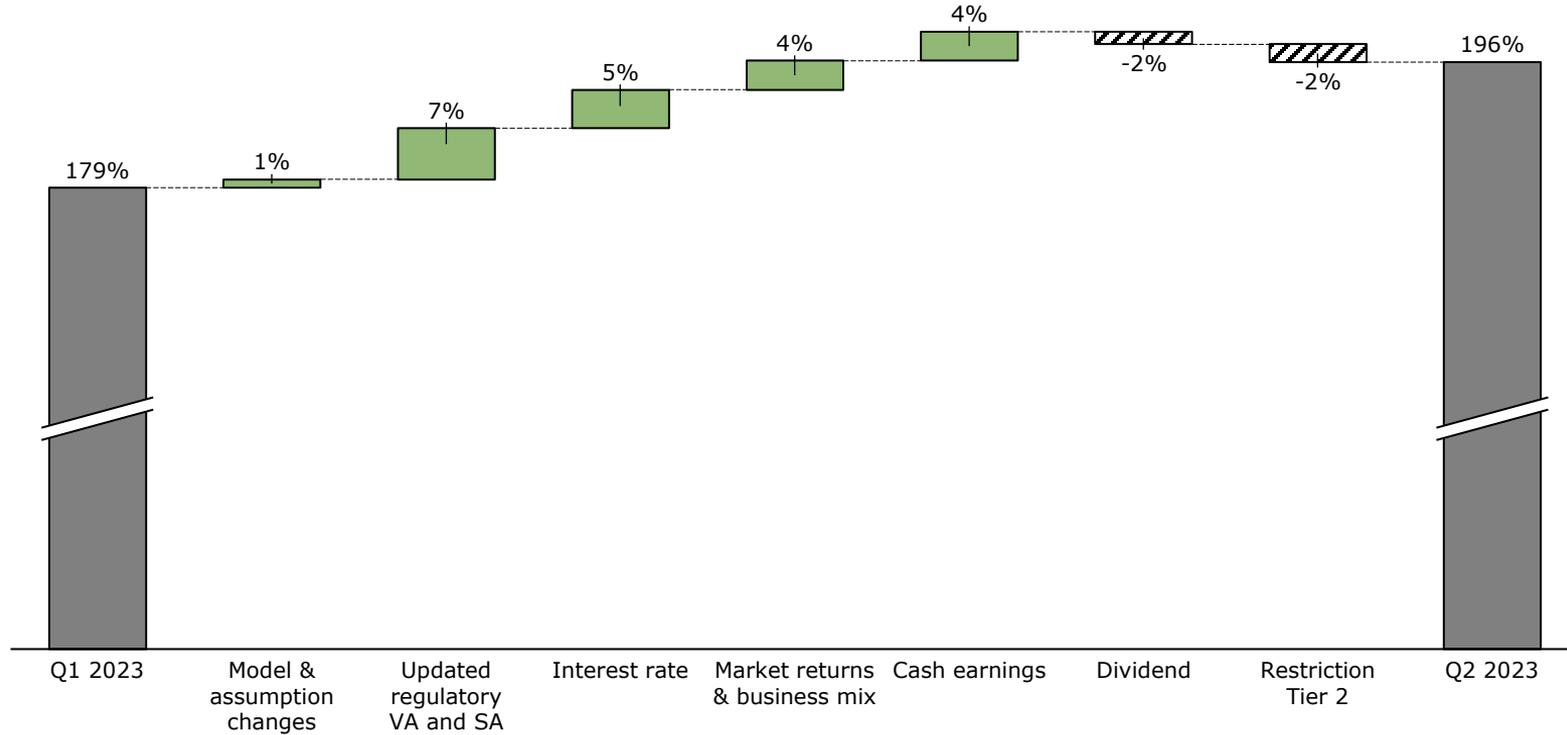
<sup>3</sup> Excluding Excess values of HTM bonds.

<sup>4</sup> Own Funds including transitional capital.

<sup>5</sup> Restated special items for Q1

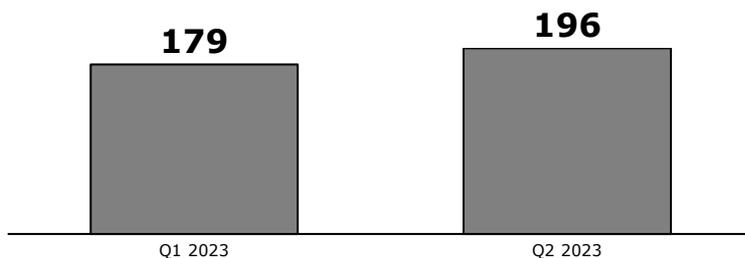
# Solvency movement from Q1 2023 to Q2 2023

Storebrand Group



# SII position Storebrand Group

## Solvency position(%)<sup>1</sup>



## Key takeaways

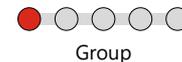
- Strong post tax result
- Increased interest rates
- Robust solvency in all estimated sensitivities

## Estimated sensitivities



# Storebrand Group

Solid result development driven by higher financial results

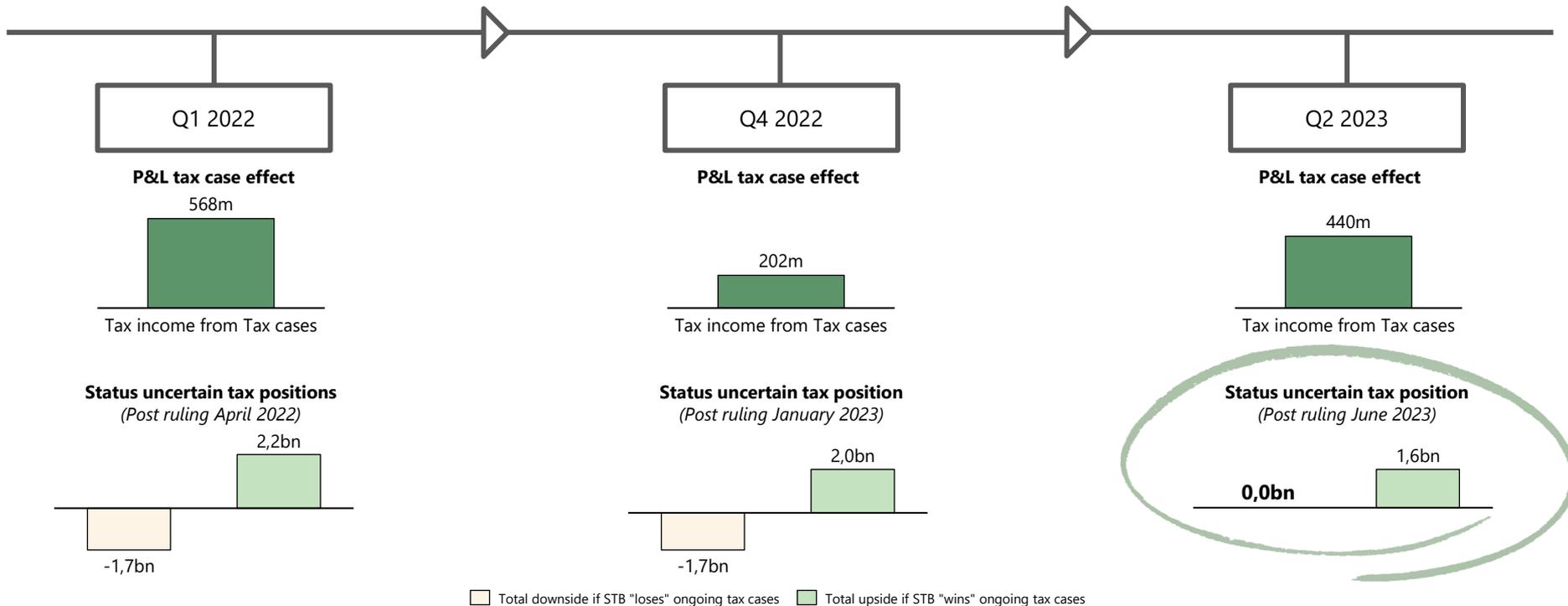


## Profit<sup>1</sup>

NOK million	Q2		YTD	
	2023	2022	2023	2022
Fee and administration income	1 591	1 456	3 143	2 914
Insurance result	382	427	739	799
Operational cost	-1 460	-1 181	-2 851	-2 326
<b>Cash equivalent earnings from operations</b>	<b>513</b>	<b>703</b>	<b>1 031</b>	<b>1 387</b>
Financial items and risk result life	264	-119	519	-168
<b>Cash equivalent earnings before amortisation</b>	<b>777</b>	<b>583</b>	<b>1 550</b>	<b>1 219</b>
Amortisation and write-downs of intangible assets	-56	-39	-119	-79
<b>Cash equivalent earnings before tax</b>	<b>720</b>	<b>544</b>	<b>1 431</b>	<b>1 140</b>
Tax	222	-37	292	349
<b>Cash equivalent earnings after tax</b>	<b>942</b>	<b>507</b>	<b>1 723</b>	<b>1 489</b>

# Full consent<sup>1</sup> for Storebrand in ruling from Tax Appeals Committee

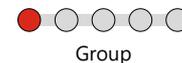
Important milestone that eliminates downside for the uncertain tax position – NOK 440m tax income booked in the quarter





# Storebrand Group

## Profit by line of business



### Profit<sup>1</sup>

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### Profit per line of business

NOK million	Q2		YTD	
	2023	2022	2023	2022
Savings - non-guaranteed	395	392	757	796
Insurance	63	176	120	293
Guaranteed pension	293	254	578	485
Other profit	25	-238	95	-354
<b>Cash equivalent earnings before amortisation</b>	<b>777</b>	<b>583</b>	<b>1 550</b>	<b>1 219</b>

# Savings (non-guaranteed)

Stable profit development despite high performance related cost and fewer transaction fees in Asset management.  
Strong result in Retail banking business



## Profit

NOK million	Q2		YTD	
	2023	2022	2023	2022
Fee and administration income	1 269	1 130	2 503	2 266
Operational cost	-898	-718	-1 759	-1 420
<b>Cash equivalent earnings from operations</b>	<b>371</b>	<b>412</b>	<b>745</b>	<b>846</b>
Financial items and risk result life	24	-20	12	-50
<b>Cash equivalent earnings before amortisation</b>	<b>395</b>	<b>392</b>	<b>757</b>	<b>796</b>

## Profit per product line

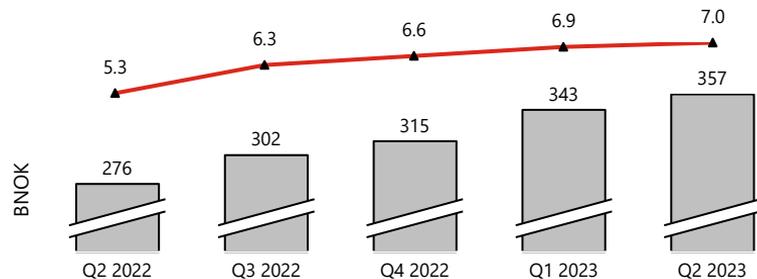
NOK million	Q2		YTD	
	2023	2022	2023	2022
Unit linked Norway	101	83	238	200
Unit linked Sweden	55	79	119	173
Asset management	112	166	199	314
Retail banking	152	64	248	109
Kron*	-25		-47	
<b>Cash equivalent earnings before amortisation</b>	<b>395</b>	<b>392</b>	<b>757</b>	<b>796</b>

# Savings (non-guaranteed)

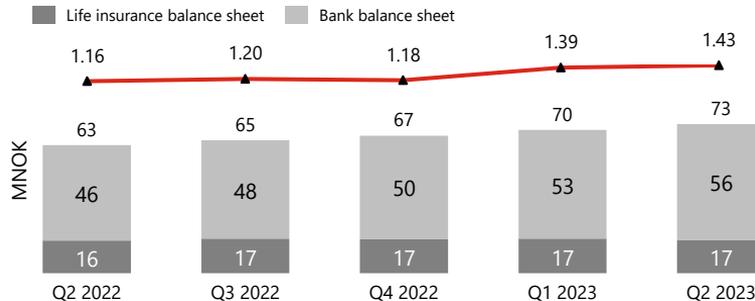
Stable profit development despite high performance related cost and fewer transaction fees in Asset management.  
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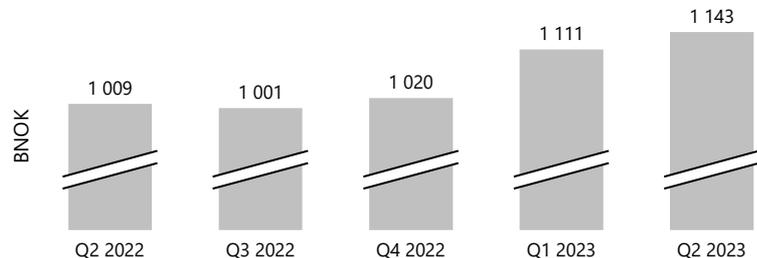
## Reserves and premiums Unit Linked



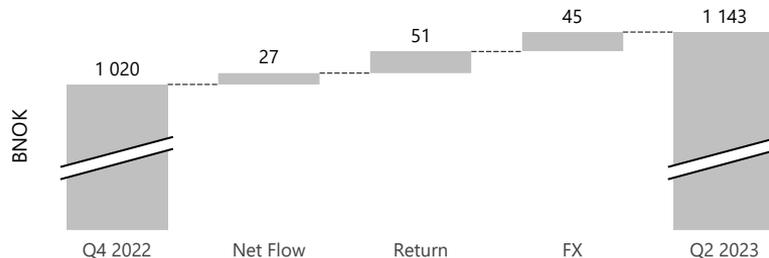
## Retail bank balance and net interest margin (%)



## Assets under management



## Movement in asset under management YTD<sup>1</sup>



# Insurance

Continued high growth, but weak results due to high claims in P&C (motor related) and Health & Group life



Insurance

## Profit

NOK million	Q2		YTD	
	2023	2022	2023	2022
Insurance premiums f.o.a.	1 727	1 449	3 399	2 846
Claims f.o.a.	-1 345	-1 021	-2 660	-2 047
Operational cost	-308	-260	-618	-510
<b>Cash equivalent earnings from operations</b>	<b>74</b>	<b>168</b>	<b>121</b>	<b>289</b>
Financial result	-11	8	-1	4
<b>Cash equivalent earnings before amortisation</b>	<b>63</b>	<b>176</b>	<b>120</b>	<b>293</b>

## Profit per product line

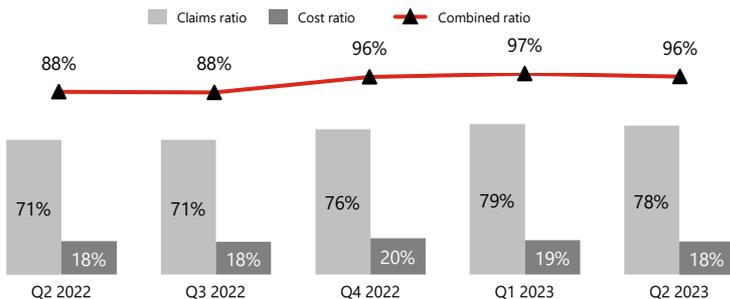
NOK million	Q2		YTD	
	2023	2022	2023	2022
P&C & Individual life	82	128	154	206
Health & Group life	-81	14	-105	8
Pension related disability insurance Nordic	62	34	70	78
<b>Cash equivalent earnings before amortisation</b>	<b>63</b>	<b>176</b>	<b>120</b>	<b>293</b>

# Insurance

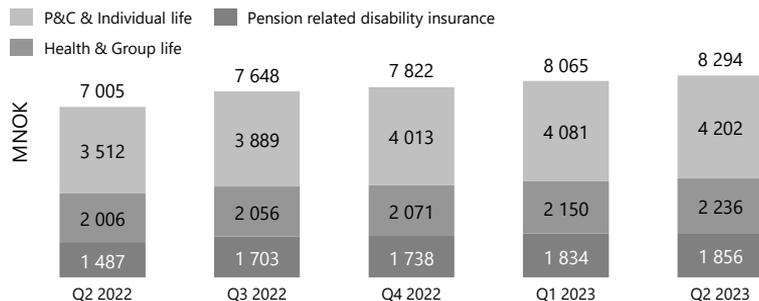
Continued high growth, but weak results due to high claims in P&C (motor related) and Health & Group life



## Combined ratio



## Portfolio premiums



## Key Takeaways Combined Ratio and Results

- 96% overall combined ratio in the quarter and 94% trailing for the last 12 months
- The quarter is negatively impacted by high claims frequency in motor, claims inflation and high disability claims
- Health insurance business delivered a weak quarter due to high claims and reserve strengthening, contributed negatively to the financial results
- Measures, including further repricing with full effect from 2024, have been taken to improve the robustness and profitability in the affected segments

## Key Takeaways Premiums and Growth<sup>1</sup>

- 19% growth in Insurance premiums f.o.a.
- 12% growth in Insurance premiums f.o.a adjusted for Danica
- Increased retail P&C market share from 6.2% in Q2 2022 to 6.5% in Q2 2023

# Guaranteed pension

Result development driven by an improved financial results



## Profit

NOK million	Q2		YTD	
	2023	2022	2023	2022
Fee and administration income	387	395	765	786
Operational cost	-216	-206	-408	-409
<b>Cash equivalent earnings from operations</b>	<b>171</b>	<b>189</b>	<b>357</b>	<b>377</b>
Risk result life & pensions	69	54	149	135
Net profit sharing	53	11	72	-28
<b>Cash equivalent earnings before amortisation</b>	<b>293</b>	<b>254</b>	<b>578</b>	<b>485</b>

## Profit per product line

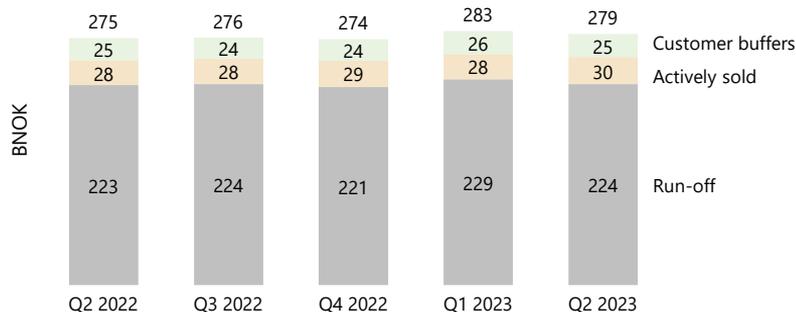
NOK million	Q2		YTD	
	2023	2022	2023	2022
Defined benefit (private & public sector), Norway	58	84	117	152
Paid-up policies, Norway	110	94	229	216
Individual life and pension, Norway	8	5	12	8
Guaranteed products, Sweden	118	70	219	108
<b>Cash equivalent earnings before amortisation</b>	<b>293</b>	<b>254</b>	<b>578</b>	<b>485</b>

# Guaranteed pension

Result development driven by an improved financial results



## Reserves guaranteed products



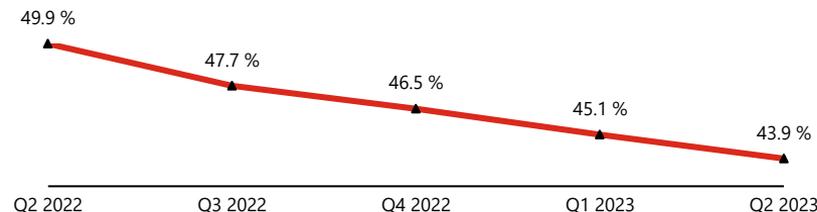
## Key Takeaways

- Continued run-off of guaranteed reserves with net flow of premiums and pension payments of NOK -2.5bn in the 2<sup>nd</sup> quarter
- Improved profit sharing result driven by the Swedish business
- Continued strong risk result
- New Public Occupational Pension tender offer won in the 2<sup>nd</sup> quarter 2023, representing NOK 0.5 bn to be transferred in 2024

## Buffer capital<sup>1</sup>

NOK million	Q2 2023	Q1 2023	Change
Market value adjustment reserve <sup>2</sup>	2 687	3 311	- 624
Excess value of bonds at amortised cost	-15 542	-9 817	- 5 725
Additional statutory reserve	8 308	8 700	- 391
Conditional bonuses SPP	14 408	13 567	+ 841
<b>Total</b>	<b>9 862</b>	<b>15 761</b>	<b>- 5 899</b>

## Guaranteed reserves in % of total reserves



<sup>1</sup> The term Buffer capital in this table is not consistent with the definition of buffer capital made in the IFRS accounting.

<sup>2</sup> Includes Public Occupational Pensions buffer fund.

# Other<sup>1</sup>

Financial result improving from a higher interest rate level. Operational costs includes integration cost



## Profit

NOK million	Q2		YTD	
	2023	2022	2023	2022
Fee and administration income	6	4	11	9
Operational cost	-109	-70	-203	-134
<b>Cash equivalent earnings from operations</b>	<b>-104</b>	<b>-66</b>	<b>-192</b>	<b>-125</b>
Financial items and risk result life	129	-172	287	-230
<b>Cash equivalent earnings before amortisation</b>	<b>25</b>	<b>-238</b>	<b>95</b>	<b>-354</b>



# Simplified<sup>1</sup> P&L under IFRS – Key takeaways

Profit & Loss IFRS (MNOK)	Q2		YTD	
	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>
Income from unit linked	523	419	1 032	870
Income from asset management	712	689	1 381	1 348
Income from banking activities	686	305	1 302	561
Other income	137	107	197	213
<b>Operating income excl. Insurance</b>	<b>2 059</b>	<b>1 521</b>	<b>3 911</b>	<b>2 992</b>
[3] Insurance revenue	2 251	2 059	4 521	4 076
Insurance services expense	-1 715	-1 357	-3 330	-2 666
Net income from reinsurance contracts	-49	-8	-68	-30
[2] <b>Insurance service result</b>	<b>487</b>	<b>693</b>	<b>1 123</b>	<b>1 380</b>
<b>Operating income incl. insurance result</b>	<b>2 546</b>	<b>2 214</b>	<b>5 035</b>	<b>4 372</b>
Operating expenses	-1 306	-1 044	-2 550	-2 064
Interest expenses from banking activities	-449	-132	-842	-225
Other expenses	-107	26	-219	-21
<b>Total expenses</b>	<b>-1 863</b>	<b>-1 150</b>	<b>-3 611</b>	<b>-2 310</b>
<b>Operating profit</b>	<b>683</b>	<b>1 064</b>	<b>1 424</b>	<b>2 062</b>
<b>Net financial result<sup>1</sup></b>	<b>-67</b>	<b>-509</b>	<b>349</b>	<b>-789</b>
[1] <b>Profit/loss before amortisation and tax</b>	<b>616</b>	<b>555</b>	<b>1 773</b>	<b>1 274</b>
Amortisation of intangible assets	-92	-70	-190	-140
Tax expenses	292	-11	282	401
<b>Profit/loss for the period</b>	<b>816</b>	<b>475</b>	<b>1 866</b>	<b>1 535</b>

## Comments

[1] Group's profit before amortisation and tax was NOK 616m in quarter, compared to NOK 555m in 2022<sup>2</sup>

- Higher volatility is expected on a general basis under IFRS 17 due to measurement models applied

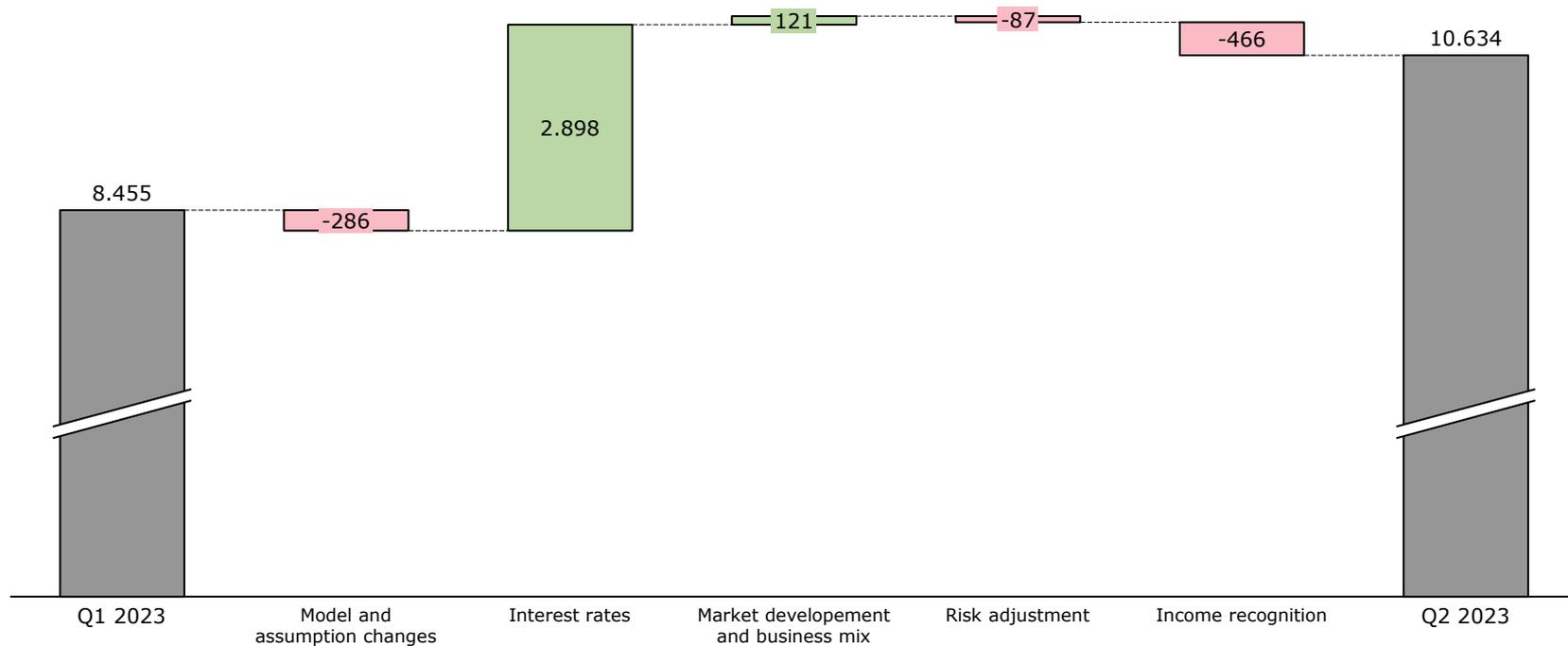
[2] Insurance service result under IFRS was NOK 487m in the 2<sup>nd</sup> quarter (NOK 687m)

- The decrease is related to mainly IFRS 17 contracts with a coverage period on less than 12 months and is driven by an increase in reported claims and inflation

[3] CSM release of NOK 466m in the quarter, CSM sensitivities shown in the appendix

# CSM movement fra Q1 2023 to Q2 2023

mill. NOK



# Virtual Capital Markets Day

14 December 2023  
09:00-12:00 CET

Presentation will be held by Storebrand's executive management with a focus on the company's growth strategy and ambitions

Registration will open at  
[storebrand.no/ir](https://storebrand.no/ir)



# Q&A

*Please join the MS Teams Webinar to participate in the Q&A session.*



Group CFO

Lars Aa. Løddesøl



Group CEO

Odd Arild Grefstad



Group CIO &  
Investor relations Interim

Trond Finn Eriksen

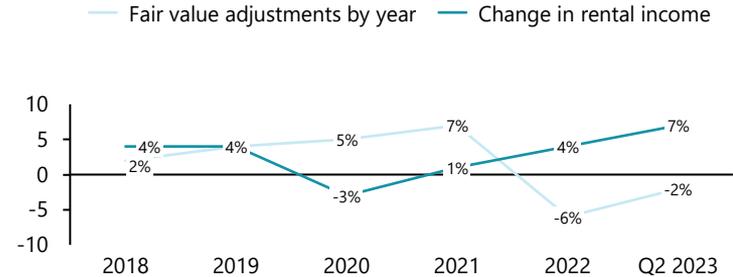
# Appendix

# Real estate portfolio – Norway\*

## Allocation and distribution - real estate portfolio

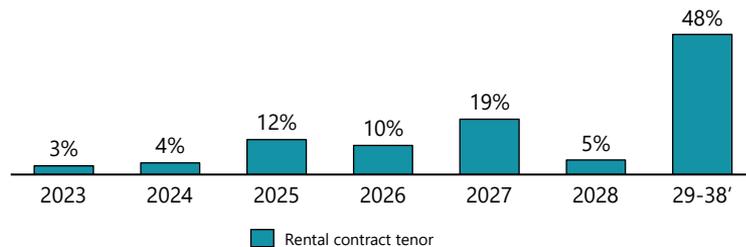


## Fair value adjustments and change in rental income by year

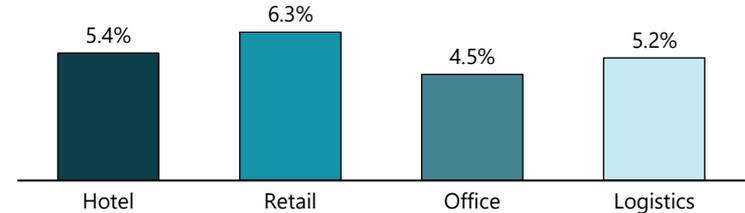


## WAULT and expired rental income

Weighted average unexpired lease term (WAULT): 5,2 years

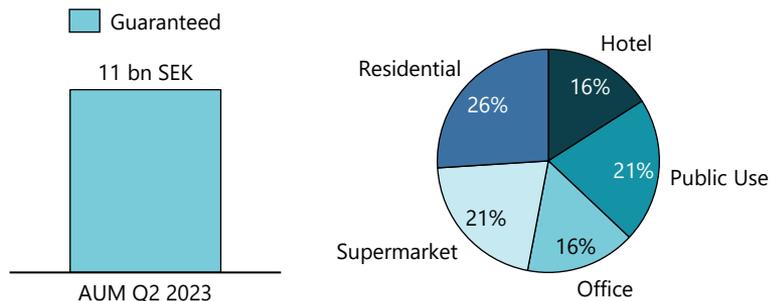


## Sub-portfolio yield distribution Q2 2023

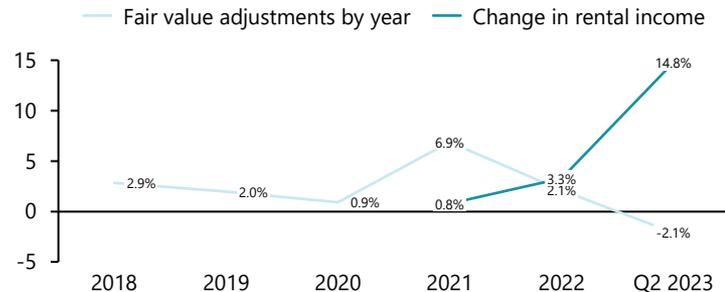


# Real estate portfolio – Sweden<sup>1</sup>

## Allocation and distribution - real estate portfolio

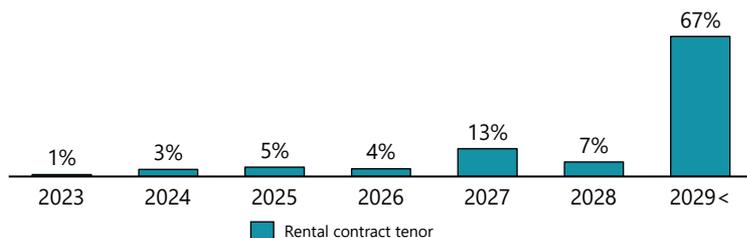


## Fair value adjustments and change in rental income by year

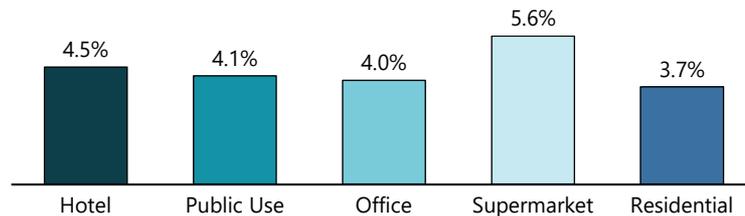


## WAULT and expired rental income

Weighted average unexpired lease term (WAULT): 7,7 years

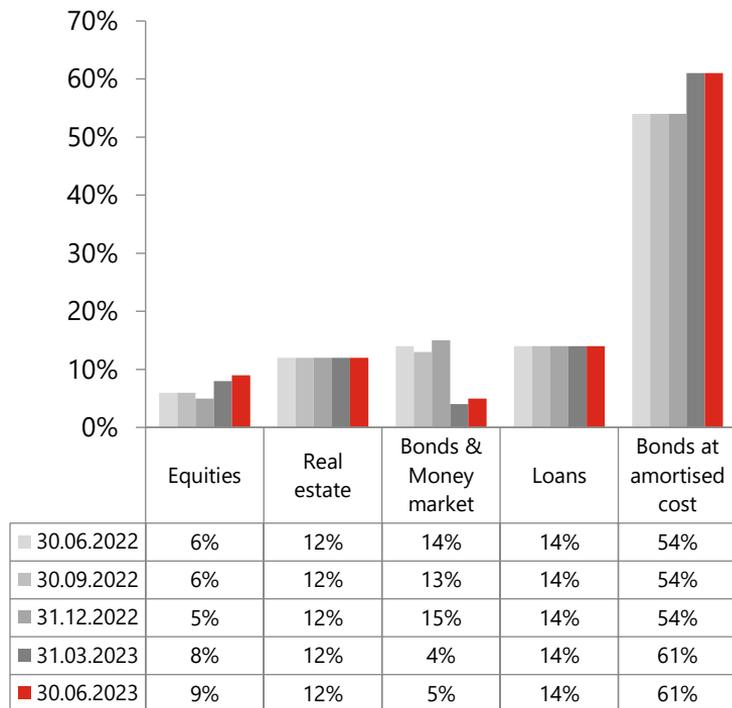


## Sub-portfolio yield<sup>2</sup> distribution Q2 2023

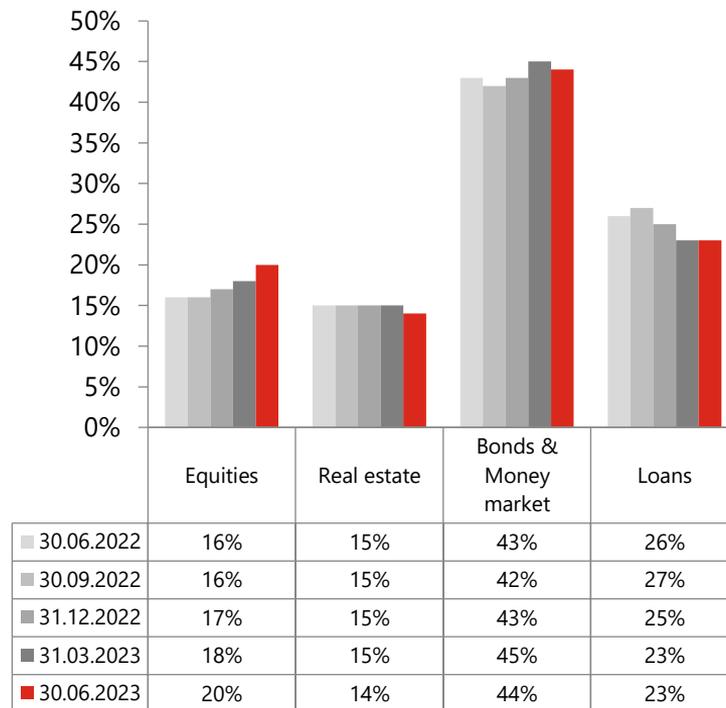


# Asset allocation – Guaranteed products

Storebrand Livsforsikring AS (Norway)



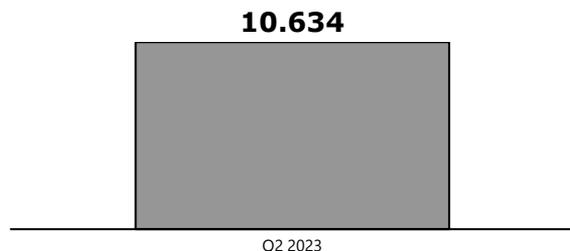
SPP (Sweden)





# IFRS sensitivities Q2 2023

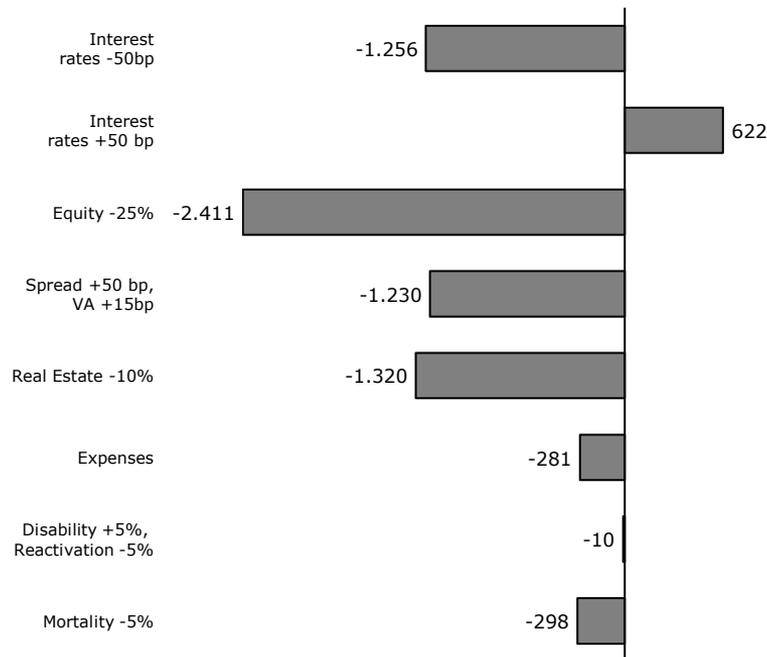
CSM - 30.06.2023 in MNOK



## Key takeaways

- CSM is most sensitive to changes in market conditions, while changes in non-financial factors have less impact
- The sensitivities have decreased from last quarter due to increased interest rates and buffer capital from strong equity market. The effect of an additional 50 basis points interest increases though nearly half

Estimated sensitivities in MNOK





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sustainable value creation*

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(Interim)

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