

Storebrand

Q4 2012

13 February 2013

Odd Arild Grefstad – CEO

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Highlights 2012

RESULT

- Group result of NOK 1 960 mill in 2012, 489 mill in Q4
- Administration results weakened by restructuring charges
- Board proposes no dividend for 2012

OPERATIONS

- Strong absolute and relative returns
- Provisions for future longevity increased to 4.3 bn in 2012
- Proposed changes to occupational pension in Norway

BALANCE SHEET

- Life group solvency ratio: 162%
- AuM increased 28 bn YTD, 3 bn Q4
- Buffer capital² increased with 6.1 bn to 20.6 bn in 2012

¹ Excluding provisions for cost program

² Buffer capital: Additional Statutory Reserves, Market Value Adjustment Reserves, Conditional Bonuses, unrealized market value bonds at amortized cost (excluding Euroben)

Storebrand Group

NOK mill.	Q4		Full year	
	2012	2011	2012	2011
Storebrand Life Insurance	132	139	652	481
SPP	157	-14	803	291
Asset management	100	90	144	293
Bank	66	51	238	213
Insurance	116	77	402	281
Storebrand ASA / other	-82	-75	-279	-278
Group Profit	489	268	1 960	1 279
Amortisation and write-downs of intangible assets	-101	-99	-401	-394
Pre-tax profit	388	170	1 559	885

Storebrand Life Insurance

NOK mill.	Q4		Full year	
	2012	2011	2012	2011
Administration result	-3	21	6	101
Risk result	7	36	131	117
Financial result*	-2	-38	-58	-226
Profit from risk and interest rate guarantee	132	125	545	520
Other	-2	-5	28	-32
Profit for Storebrand life insurance	132	139	652	481

* Includes profit sharing/insufficient ASR and return in company portfolio.

¹ Buffer capital: Additional Statutory Reserves, Market Value Adjustment Reserves, unrealized market value bonds at amortized cost

- 30 mill in cost related to discontinued operations and changes in external distribution agreements in Q4
- Risk result impacted by disability reserve strengthening
- Buffer capital¹ increased with 4.9 bn to 12.0 bn
 - In addition 3.2 bn set aside for future longevity tables. Total 4.3 bn since 2011
- Strong corporate pension sales

Storebrand Life Insurance

- increased provisions for longevity

- Statistic Norway expected development in mortality (middle alternative) including a 10% security margin, gives ~7% reserve strengthening (~10 bn) for Storebrand
- 4.3 bn already reserved
- Norwegian FSA expected to publish new mortality tables
 - Level of reservation
 - Reservation period and step-up plans
 - Contribution from shareholders

NOK mill.	Q4		Full year	
	2012	2011	2012	2011
Administration result	8	5	98	99
Risk result	30	130	149	289
Financial result	90	-182	395	-226
Other	29	33	161	129
Profit for SPP	157	-14	803	291

- Q4 administration result includes move to new premises and customer activities
- Contraction in credit spreads strengthens financial result
- Indexation fee of 29 mill in Q4 and 114 mill for 2012
- Solvency ratio of 222%

Asset Management

NOK mill.	Q4		Full year	
	2012	2011	2012	2011
Operating revenue	165	163	671	684
Operating cost	-143	-122	-590	-481
Operational result	22	41	81	203
Net performance fees	75	44	53	79
Net financial income	3	5	10	11
Profit from Asset Management	100	90	144	293

- Customer de-risking continued to reduce income and margins in 2012
- Value creation above benchmark of 2.6 bn in 2012
- Cost program to have effect from 1H 2013
- AuM increased by 3 bn in Q4 and 28 bn YTD to 442 bn

NOK mill.	Q4		Full year	
	2012	2011	2012	2011
Net interest income	133	104	490	443
Net fee and commission income	17	18	71	73
Other operating income	8	7	55	32
Total income	158	129	616	548
Operating cost	-99	-79	-386	-345
Profit before loan losses	59	50	231	203
Loan loss provisions	7	0	8	10
Profit from banking activities	66	51	238	213

- Net interest rate margin 1.29% in Q4, 1.25% in 2012
- NOK 5 mill charge from discontinued business
- Low risk portfolio, 0.8% of gross lending in non-performing loans

Insurance

NOK mill.	Q4		Full year	
	2012	2011	2012	2011
Premiums earned, net	526	457	1 973	1 807
Claims incurred, net	-380	-327	-1 333	-1 314
Operating cost excl amortization	-95	-84	-375	-332
Insurance result	50	45	265	161
Net financial result	66	32	137	119
Profit Insurance activities	116	77	402	281
Combined ratio	90%	91%	87%	91%

- 9% premium growth in 2012, 16% in Q4
- Improved cost ratio to 18% in Q4
- Claims ratio 72%, good underlying risk development
- Improved financial result due to credit spread contraction

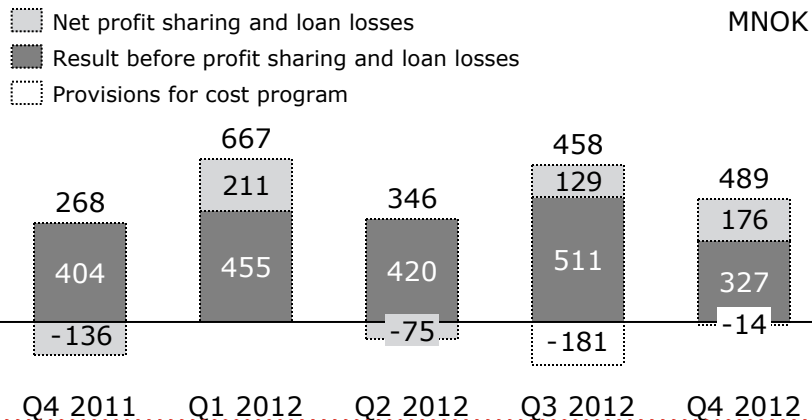
Storebrand Group – operational reporting

NOK mill.	Q4		Full year	
	2012	2011	2012	2011
Fee and administration income	1 034	973	4 152	3 952
Operating cost	-796	-732	-2 958	-2 800
Fee and administration result	237	241	1 194	1 152
Risk and insurance	154	243	682	686
Holding company and company portfolios	-64	-80	-184	-268
Provision for cost program and discontinued business	-14	0	-195	0
Result before profit sharing and loan losses	313	404	1 519	1 570
Net profit sharing and loans losses	176	-136	441	-291
Group profit	489	268	1 960	1 279
Amortisation and write-downs intangible assets	-101	-99	-401	-394
Group pre-tax profit/loss	388	170	1 559	885

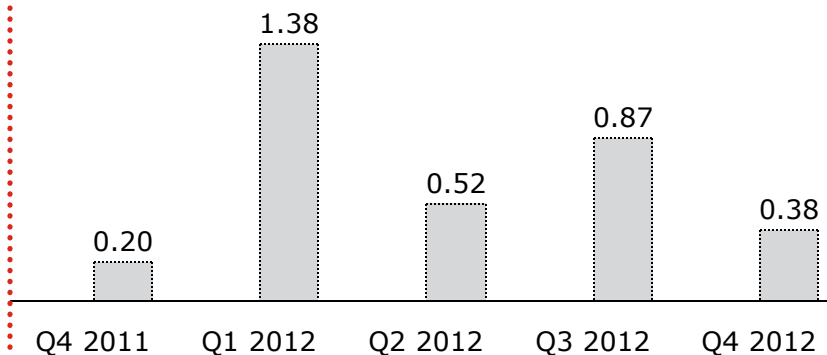
- New tax law 1. January 2012
- Gains and losses from equity investments within EEA to be treated as other asset classes (taxable income)
- NOK 550 million in tax charge in 2012, whereof NOK 10 million in payable tax
 - 22% calculated tax for 2012, NOK 327 mill
 - Write-down of allowances (non recurring) of 758 mill, increases tax with NOK 213 million in 2012
- NOK 7.2 billion in losses carried forward will shield future result from payable taxes

Key figures

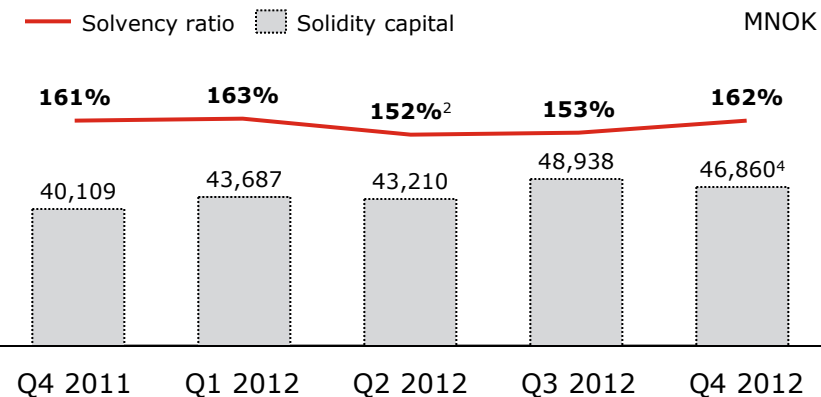
Result development



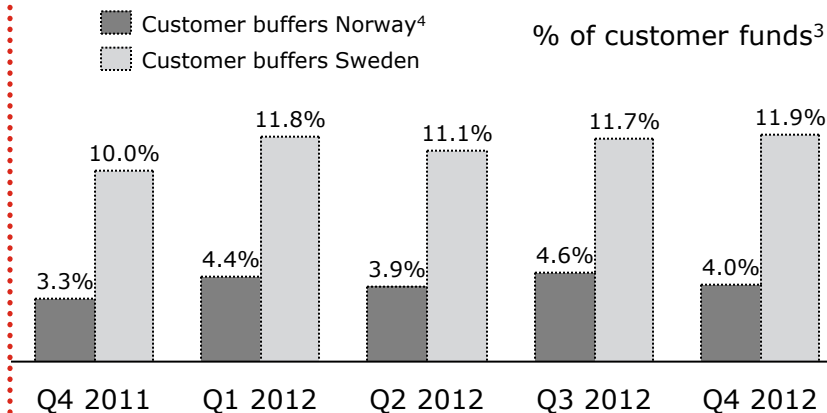
Earnings per share¹



Solvency ratio Storebrand Life Group



Customer buffers development



¹ Earnings per share after tax adjusted for amortisation of intangible assets.

² Based on changed methodology as noted in stock exchange notification dated 25 June 2012

³ Swedish buffer levels are restated due to sale of Benco to Storebrand Livsforsikring AS. Customer buffers in Benco are 2.6 bn.

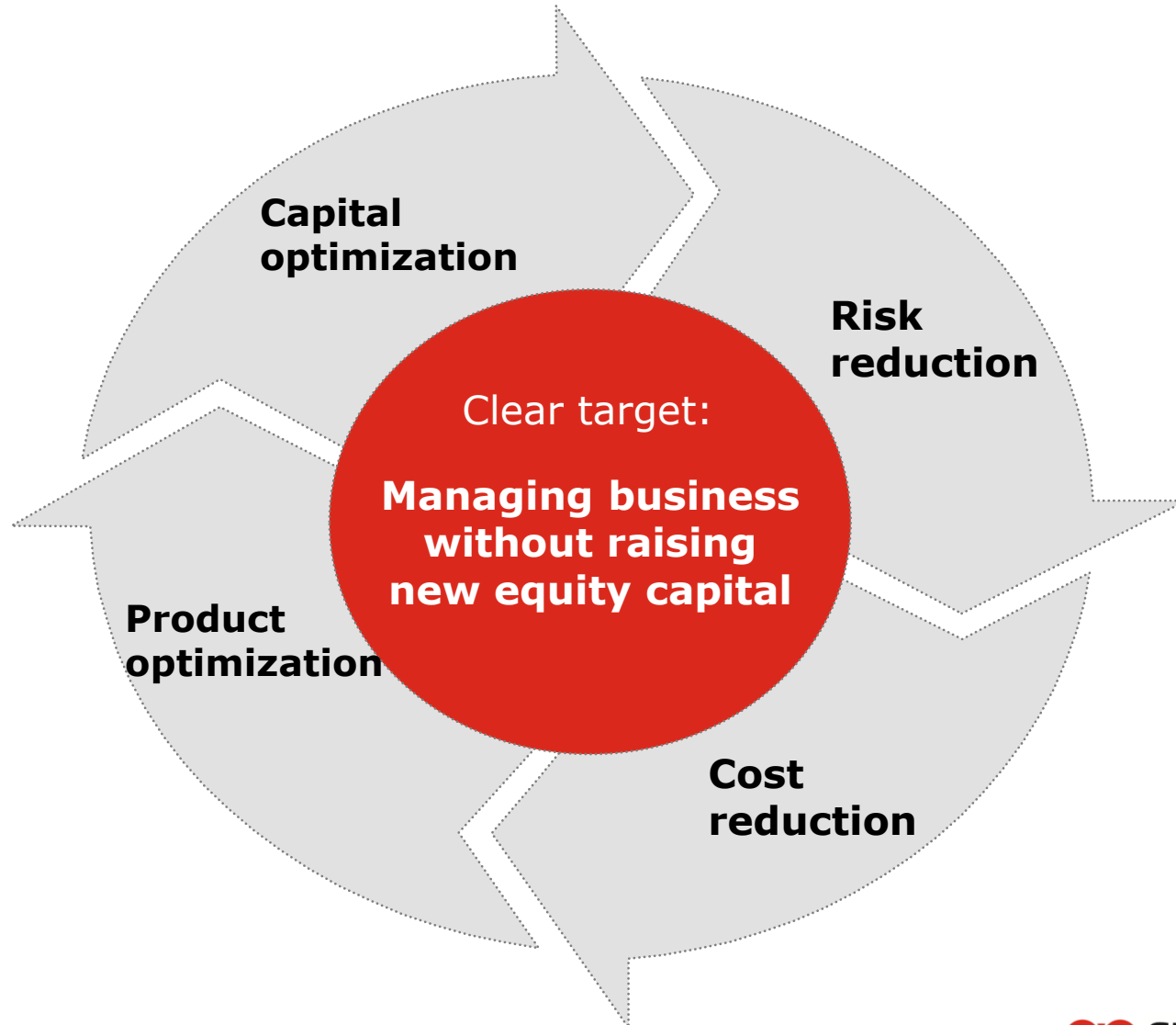
⁴ Solidity capital/customer buffers does not include 4.3 bn in provisions for future longevity reservations

Buffer capital strengthened

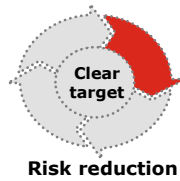
	31.12.11	31.12.12	Change 2012
Market value adjustment reserves	-103	1 027	1 130
Excess value of bonds at amortised cost	1 757	5 225	3 468
Additional statutory reserves	5 442	5 742	300
Provisions for new mortality tables	1 064	4 292	3 228
Total Storebrand Life Insurance	8 160	16 286	8 126
Conditional bonus SPP*	7 417	8 626	1 209
Total Storebrand Life Group	15 577	24 912	9 335

* Excluding conditional bonus in Benco

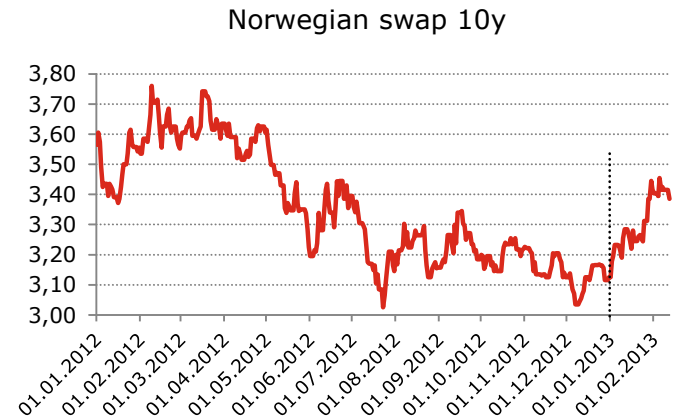
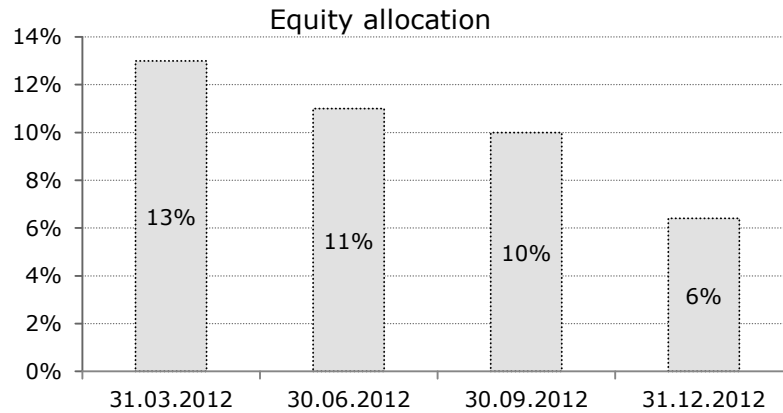
Clear target for optimising operations



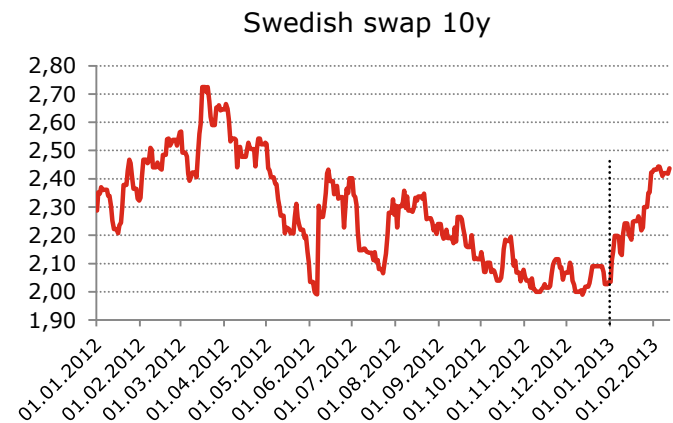
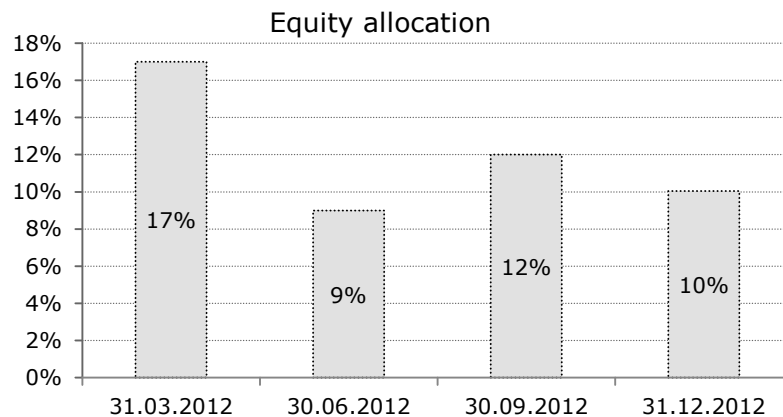
Risk reduction in guaranteed portfolios



Storebrand Life Insurance

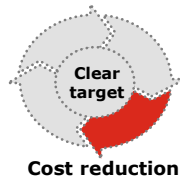


SPP

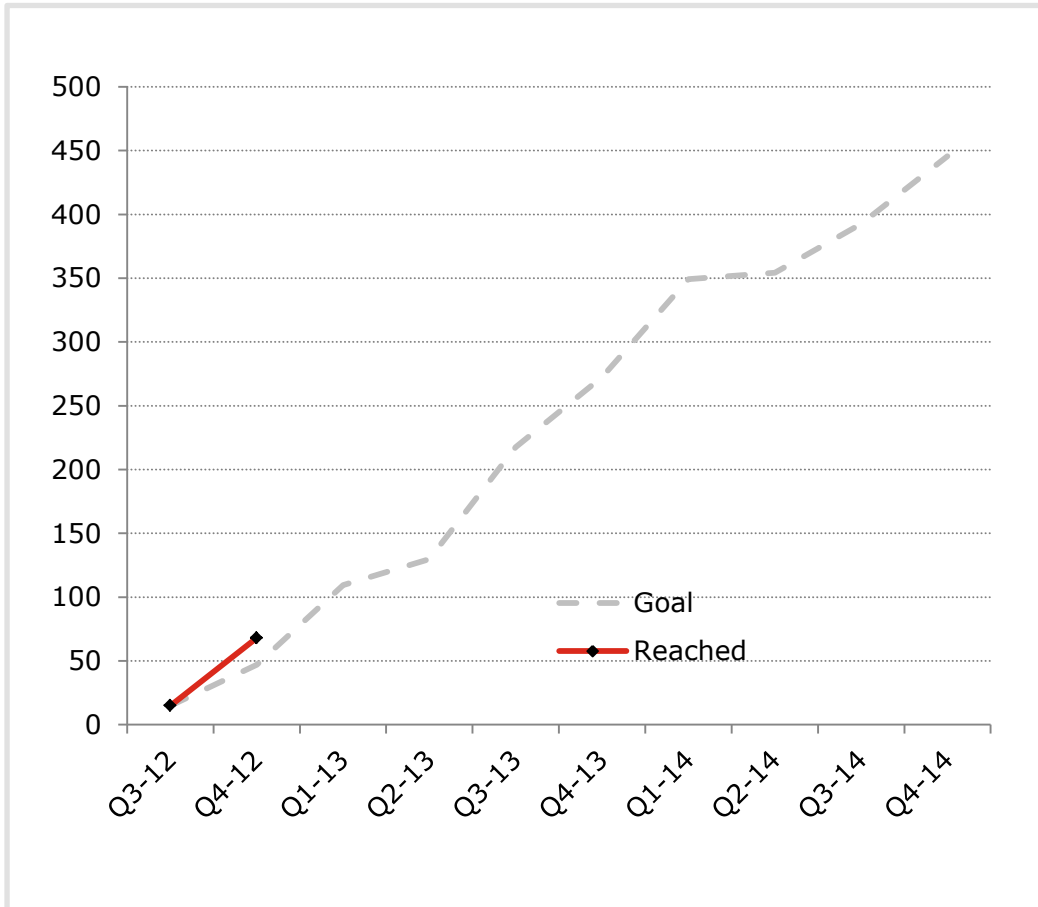


Cost reduction:

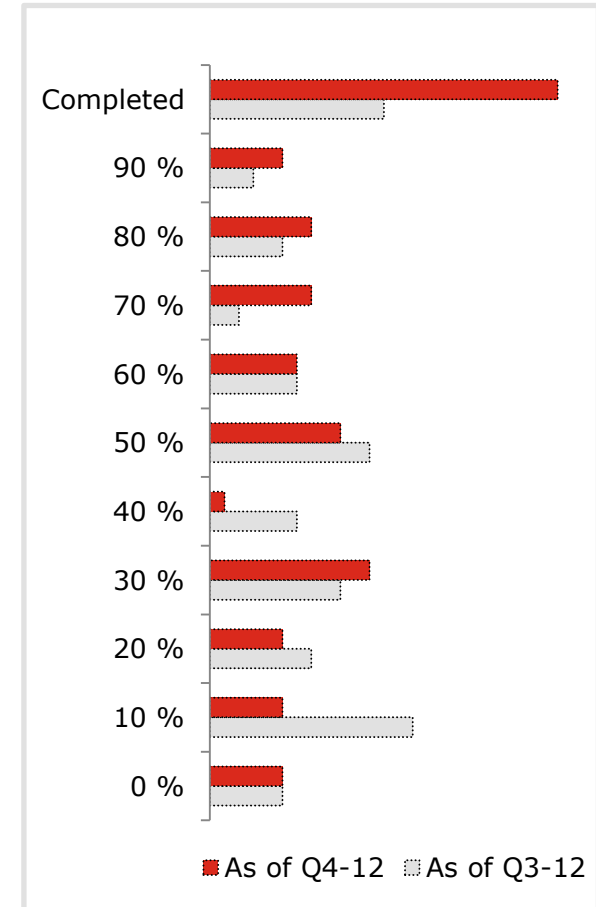
- program executed on plan



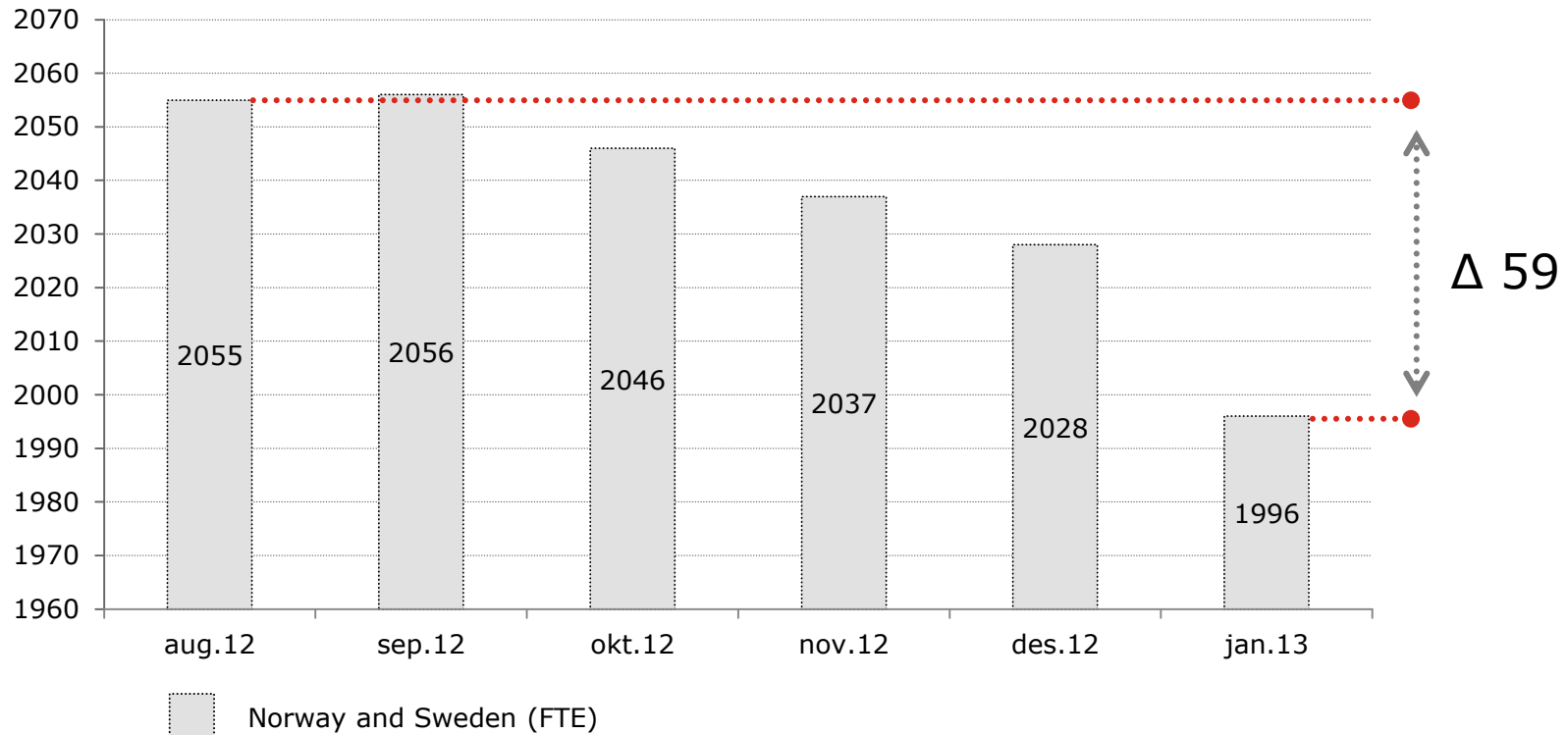
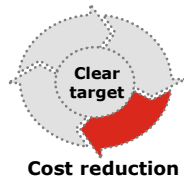
Accumulated run-rate, annual effects



Number of initiatives distributed by progress



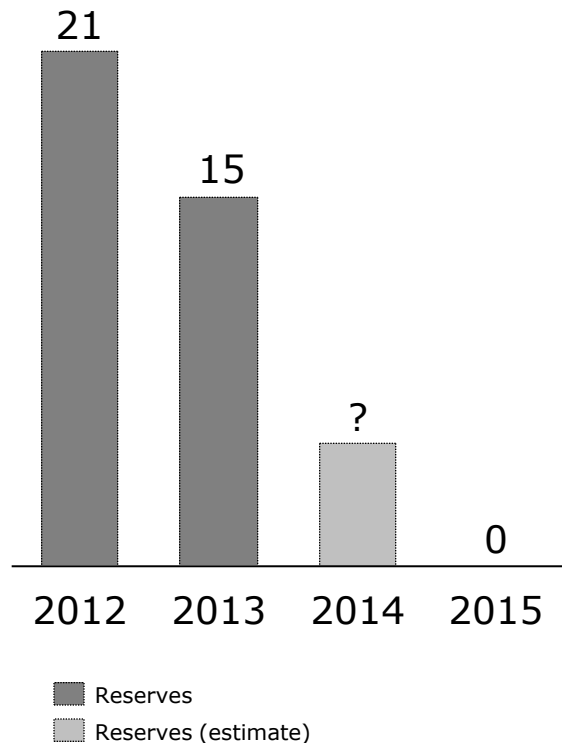
Reduction of workforce on schedule



DB public sector discontinued



Public pension DB reserves

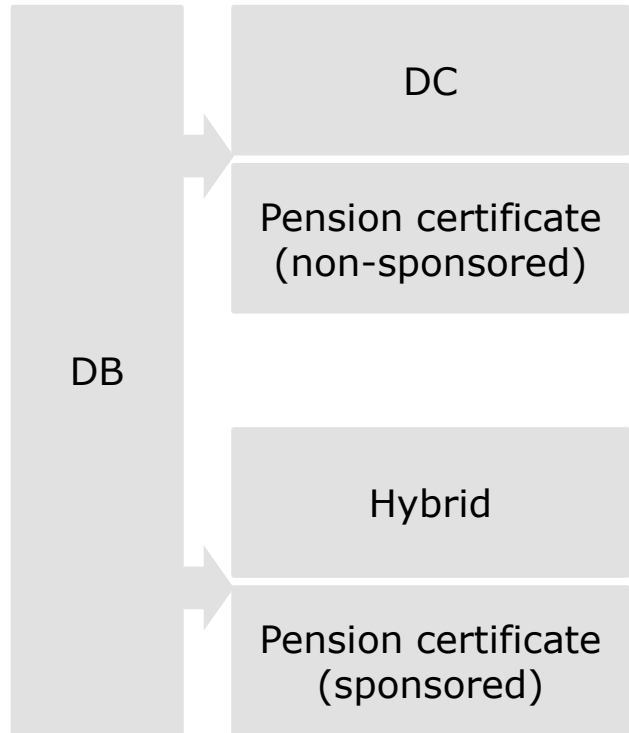


- 11 of 25 municipals transferred (effect from 2013)
- NOK 6 bn of 21 bn off balance as of January 2013
- Storebrand still offers closed pension fund and DC solutions to public sector

Key takeaways from proposals in NOU 2013:3



Options for corporate customers

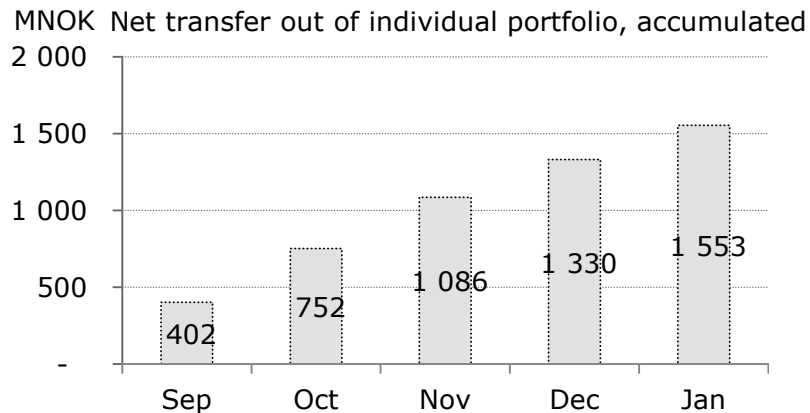


- All new premiums to be earned in products well adapted to low interest rates, longevity and solvency II
- Paid-up policies are proposed moved into pension certificates which are better, but not fully adopted to Solvency II
- All present guaranteed products will be open for conversion to non-guaranteed products
- Increased maximum saving rates in DC pension proposed

Conversion to products without guarantees



Storebrand Life Insurance



- Active information and dialogue with customers regarding products with guaranteed annuities:
 - What products customers have
 - What customers can expect in the future from guaranteed products
 - Available options

SPP



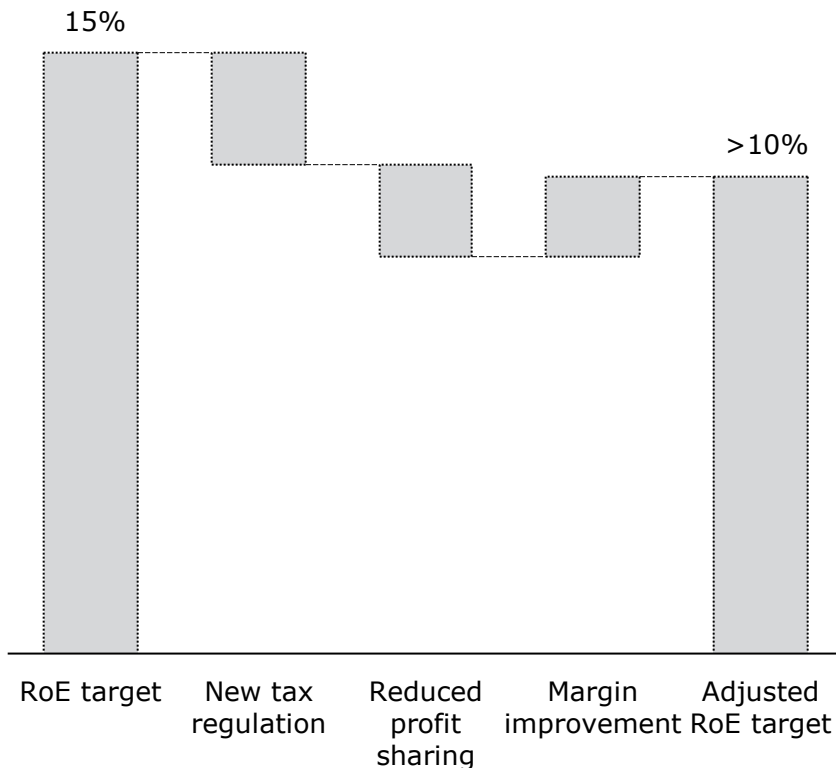
- NOK ~15 bn of portfolio currently open to transfer in SBL
- NOK ~25 bn of portfolio currently open to transfer in SPP

Financial targets Storebrand

RoE*	> 10 %
Annual dividend payout ratio*	> 35 %
Solvency (I) Life Group	> 150 %
Rating Life Insurance	A level

* Profit after tax before amortisation

New tax regulation and reduced expected profit sharing



- RoE target CMD 2011 of 15 %
 - New tax regulations
 - Reduced profit sharing
 - Decreased interest rates
 - Derisking of portfolios
 - Longevity strengthening
 - + Cost program
 - + Price increases
- Adjusted RoE target of >10 %

Adjusted dividend policy adapted to new regulatory framework

- Dividend payments will normally represent over 35 percent of full-year profit after tax, but before amortization costs
- Dividends shall be adjusted to ensure an optimal capital structure for the group
- Board proposes no dividend for 2012

Summary

- Competitive customer return - strengthened customer buffers, 4.3 bn reserved for new mortality tables
- Proposed transition rules for Norwegian DB
- Strengthening operations through:
 - Executing cost program
 - Exit of public pension DB market
 - Conversion of guaranteed products
- Board proposes no dividend for 2012

Storebrand Investor and analyst update

- 15 March 2013 at the Langham Hotel in London
- Presentations held by Storebrand senior management will centre on how Storebrand works to improve operations and strengthen the market position in a period of regulatory changes
- Register on www.storebrand.no/ir



Appendix:

Storebrand – the worlds most sustainable insurance company

2012

- 1 Novo Nordisk A/s
- 2 Natura Cosmetics S.a.
- 3 Statoil ASA
- 4 Novozymes A/s
- 5 ASML Holding Nv
- 6 BG Group Plc
- 7 Westpac Banking Corporation
- 8 Vivendi S.a.
- 9 Umicore S.a./n.v.
- 10 Norsk Hydro Asa

...

54 Storebrand ASA

2013

- 1 Umicore SA
- 2 Natura Cosmetics SA
- 3 Statoil ASA
- 4 Neste Oil OYJ
- 5 Novo Nordisk A/S
- 6 Storebrand ASA**
- 7 Koninklijke Philips Electronics
- 8 Biogen Idec Inc
- 9 Dassault Systemes SA
- 10 Westpac Banking Corp



"The most well-known and credible sustainability ranking in the world"

Cost reduction:

- several one offs in 2012

	2011 cost base	2012 cost base¹	Target
SBL	1 072	1 134	
SPP	902	918	
Asset Management	481	538	
Bank	345	369	
Insurance	374	399	
ASA	165	180	
Adm cost allocated to product with profit sharing	185	218	
Costs from subsidiaries	117	117	
Total cost²	3 641	3 873	3500

¹ Excluding restructuring cost

² Expected cost base 2014 with 2,5 % inflation from 2011 cost base: ~3.900 mill. NOK

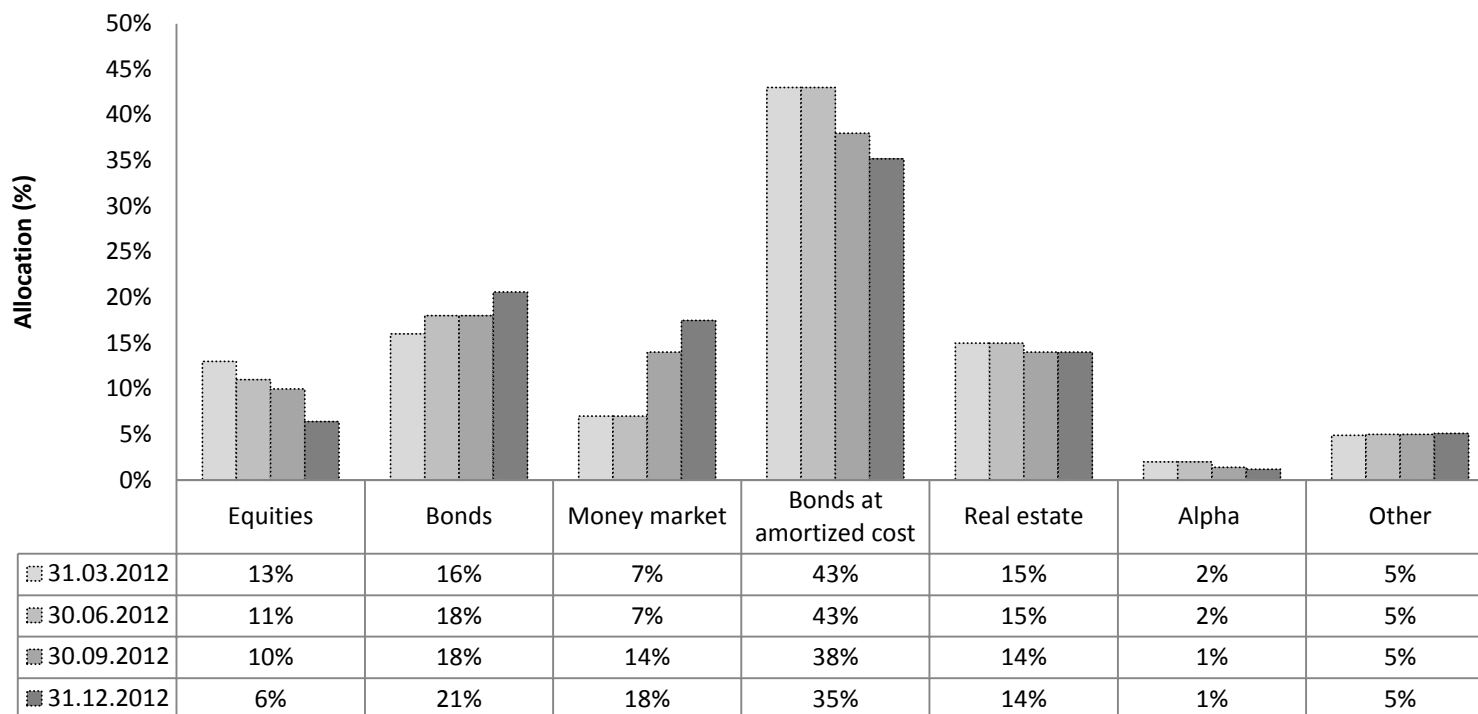
Storebrand Life Insurance

NOK mill.	Group defined benefit *	Defined contribution and unit linked*	Individual and paid-up policies**	BenCo	Company portfolio	Result Q4 2012	Result Q4 2011	Full year 2012
Administration result	-26	23	-8	8	0	-3	21	6
Risk result	67	-57	-7	5	0	7	36	131
Financial result ¹	0	0	7	2	-11	-2	-38	-58
Profit from risk and interest rate guarantees	124	8	0	0	0	132	125	545
Other	0	0	0	0	-2	-2	-5	28
Profit for Storebrand Life Insurance Q4	165	-26	-9	15	-13	132	139	652
Invested assets (NOK billion)	86	29	91	17	9	230	206	230
Change in invested assets (NOK billion)	0	2	0	0	1	2		24

* Fee based ** Profit sharing

¹) Interest result and profit sharing

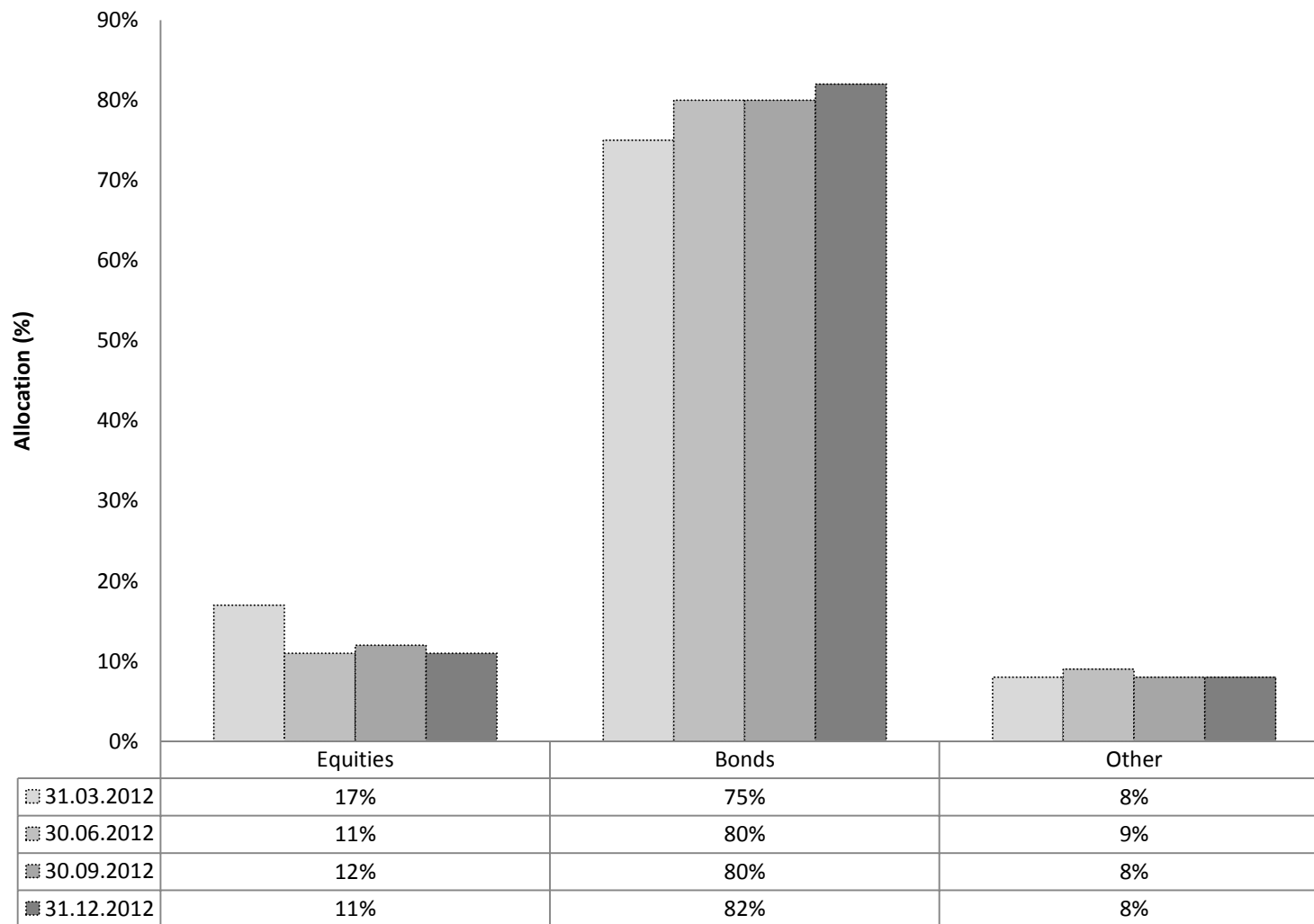
Storebrand Life Insurance asset allocation



Asset allocation guaranteed products Storebrand Life Insurance AuM NOK 176 bn¹

¹ The graph shows the asset allocation for all products with an interest rate guarantee in Storebrand Life Insurance Norwegian operations.

SPP asset allocation



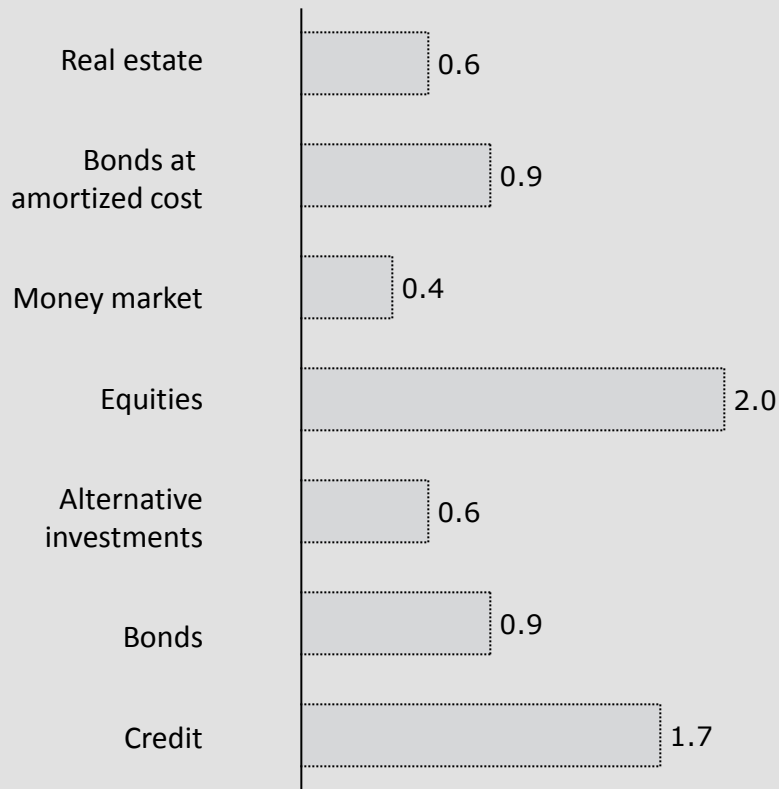
Asset allocation guaranteed products SPP AuM NOK 78 bn¹

¹ The graph shows the asset allocation for all products with an interest rate guarantee in SPP.

Storebrand Life Insurance

- return by asset class and main portfolios

Return by asset class Q4 2012 (%)



Return Defined Benefit portfolios

	Value adjusted returns (Q4)	Booked Returns (Q4)	Equity proportion (Q4)
DB - High	1.7%	2.9%	18.2%
DB - Balanced	1.7%	3.0%	10.9%
DB - Low	1.5%	2.9%	2.5%
Individual	1.7%	2.1%	3%
Paid up Policies	1.6%	2.1%	3%
Total guaranteed portfolio	1.7%	2.5%	10%

Return Defined Contribution standard profiles

	Value adjusted returns (Q4)
DC - high equity profile	1.9%
DC - balanced equity profile	1.9%
DC - low equity profile	1.2%

* Average numbers, underlying sub portfolios with different asset allocation