

4Q 2013: Historically good result

- **Group profit of NOK 1,054 million for the fourth quarter and NOK 2,935 million for 2013**
- **Earnings growth of 11.5 percent and cost reductions of 6 percent during 2013**
- **Very good returns for customers with defined contribution pensions**

- *"We are delivering the best annual result in the history of Storebrand. This is due to strong growth in revenues from all our business areas as well as successful efforts to cut our costs, says Group CEO Odd Arild Grefstad.*

Storebrand's group result was NOK 1,054 million for the fourth quarter of 2013 and NOK 2,935 million for the entire year of 2013, up from NOK 489 million from the fourth quarter of 2012 and NOK 1,960 million for the entire year of 2012. Storebrand's revenues from managing pensions and savings products increased by 11 percent to NOK 4,355 million in 2013, from NOK 3,907 million in 2012. During the same period, operating expenses were reduced from NOK 3,647 million in 2012 to NOK 2,983 million in 2013. Adjusted for one-off items contained in the expenses for 2012 and 2013, the nominal cost reduction comprises 6 percent.

The insurance business areas also experienced good growth with 14 percent growth in insurance premiums. The claims ratio was 76 for the quarter and 73 percent for the year.

The embedded value of Storebrand life and pensions was NOK 27.7 billion in 2013, an increase of NOK 5.9 billion during 2013. The increased value is due to good returns in the customer portfolios, higher interest rates and improved margins. Embedded value is an actuarial calculation that measures the value of a life insurance company, excluding the value of future new sales.

Growth and good returns for defined contribution pensions

In the life and pensions business, the shift continues from products with interest rate guarantees to unit linked insurance products, and Storebrand is maintaining its role as the market leader in defined contribution pensions in Norway. In Sweden, SPP has a strong challenger role and during the course of the year has become the third largest participant in the Swedish market in terms of new sales. In total, the group's revenues from premiums for occupational pensions with no interest rate guarantees increased by 20 percent during the quarter and 17 percent for the year.

In Norway, an increasing number of our occupational pension customers are choosing to transition from defined benefit to defined contribution pensions, driven by the need for predictability and increased cost control. With the Storting's adoption in December of an expanded maximum framework for savings in defined contribution pensions beginning 1 January 2014, we expect this trend to continue.

- *In this regard, I am very satisfied to report that the defined contribution customers experienced very good returns on their pension funds during 2013. The most common savings profile, with an equity percentage of 50 percent, provided our customers a return of 16.7 percent last year, says Group CEO Odd Arild Grefstad.*

The retail market has also been marked by the transition from guaranteed to unit linked savings.

- *For many pension customers with guaranteed pensions, a transition to savings with investment options will result in a higher expected pensions. We therefore pay special attention to the remaining clarifications needed for the regulations for paid-up policies with investment options being in place soon, so the law can enter into effect during the first half of 2014.*

Strengthened solvency and build-up of reserves for increased life expectancy

Expected increases in life expectancy are leading to a need to strengthen reserves. The returns in excess of the interest rate guarantee for products with these guarantees were used in 2013 to strengthen the reserves for increased life expectancy. On this basis, the Board of Directors has decided to propose to the Annual General Meeting that no dividends be paid for 2013.

The solvency margin for the Storebrand Life Insurance Group was 176 percent in 2013, a strengthening by 14 percentage points in relation to 2012. In addition to the annual results, the strengthening of the solvency margin mainly derives from an increase in long-term interest rates in Sweden, which reduces the insurance liabilities.

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Storebrand's goal is to be No. 1 in pension savings. The Group offers an integrated product spectrum spanning from life insurance, P&C insurance, asset management and banking to private individuals, companies and public sector entities. The group is divided up into segments involving Savings, Insurance, Guaranteed Pensions and Other.