

Storebrand

Q4 2013

12 February 2014

Odd Arild Grefstad – CEO

Lars Aa Løddesøl – CFO

Highlights 2013

Result

- Group result of NOK 2 935 mill in 2013, NOK 1 054 mill in Q4
- Fee and administration income increased with 11.5% in 2013
- Nominal cost reductions of 6% 2013 ¹

Operations

- Embedded value increases with NOK 5.9 bn to 27.7 bn
- 35% growth in Unit Linked pension reserves
- New law on hybrid products and increased DC savings rates

Balance sheet

- Life group solvency ratio: 176%
- 10 bn guaranteed reserves transferred out in 2013
- Board proposes no dividend for 2013

¹ 2012 figures are adjusted for restructuring cost in 2012. 2013 figures are adjusted for change in pension plan and restructuring cost for distribution. Cost reduction of 18% unadjusted.

Storebrand Group

- strong results

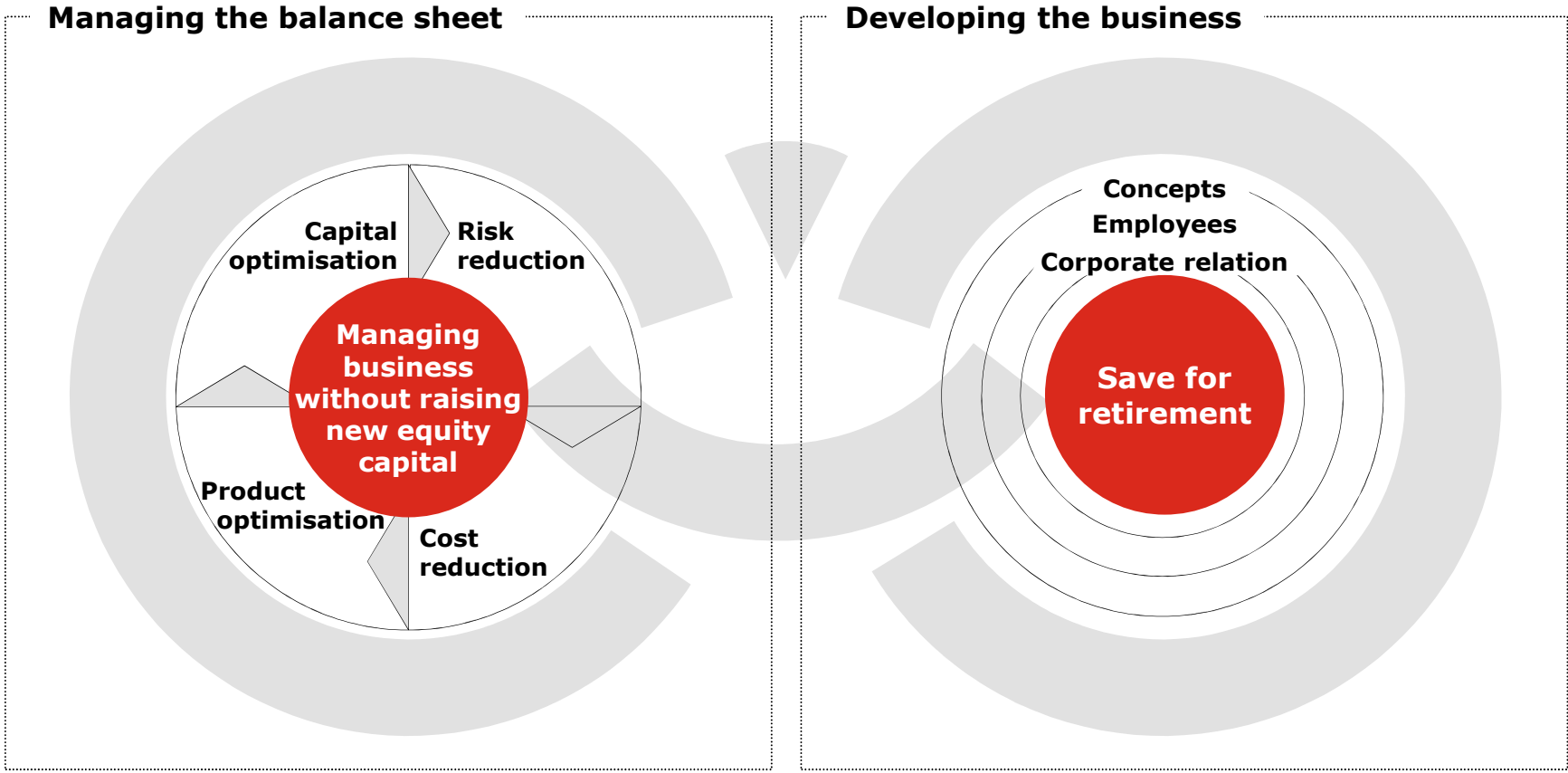


Result

NOK million	Q4		Full year	
	2013	2012	2013	2012
Fee and administration income	1 141	974	4 355	3 907
Underwriting result	227	221	1 068	1 072
Operational cost (non-recurring items excluded)	-780	-925	-3 260	-3 452
Financial result	10	53	79	117
Result before profit sharing and loan losses	597	323	2 242	1 703
Net profit sharing and loan losses	180	180	416	451
Non-recurring items (change in pension plan, restructuring cost)	277	-14	277	-195
Result before amortisation and write-downs[*]	1 054	489	2 935	1 960
Amortisation and write downs of intangible assets	-417	101	-741	-401
Result before tax	637	388	2 194	1 558
Tax	-237	-320	-214	-550
Sold/liquidated business	-2	1	-4	3
Profit after tax	398	69	1 976	1 012

Our strategic response to changing market conditions

We work hard to reach our vision:
Recommended by our customers

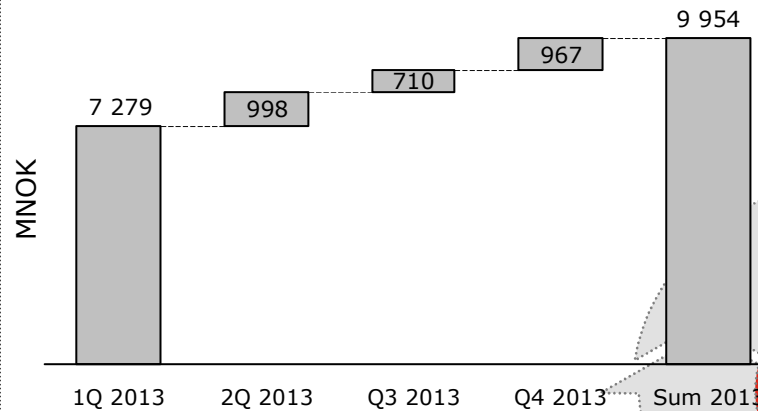


Managing the balance sheet



Capital optimization

Transfer out of guaranteed products



Risk reduction

- Reduced real-estate portfolio – sold 7 shopping centers and 5 office buildings in 2013 (18% of real estate portfolio)

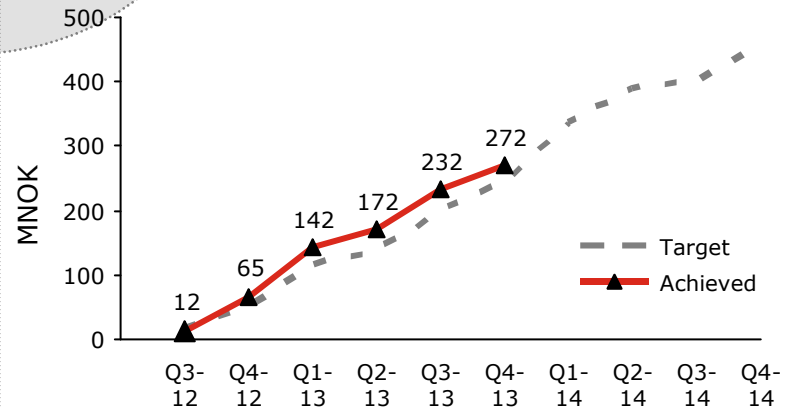
Managing business without raising new equity capital

Product optimisation

- SPP Pension Services sold to KPA
- Introduced new non-guaranteed savings products

Cost reduction

Accumulated run-rate, annual effects

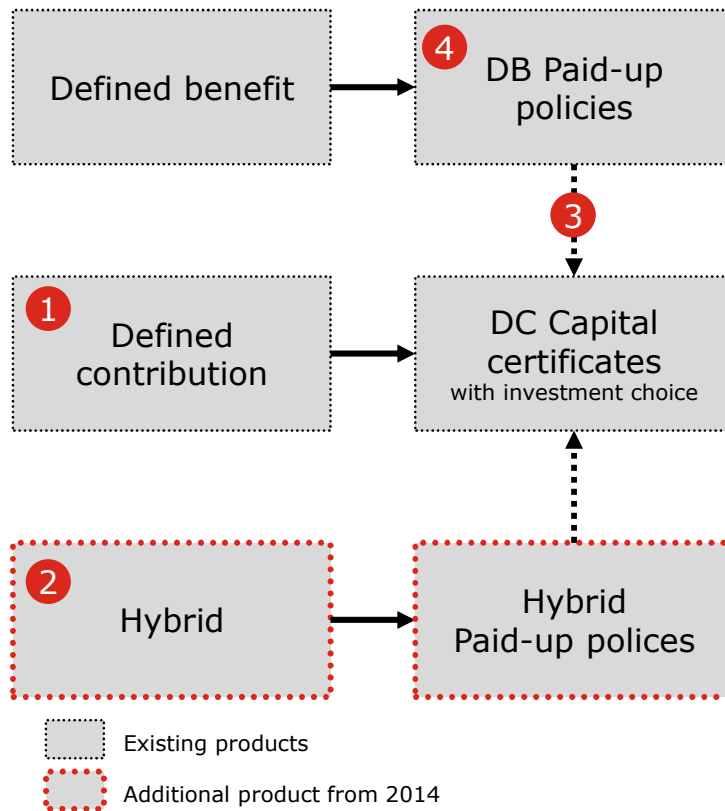


Market impacted by extensive product reform

– new hybrid occupational pension product from 1 January 2014



New legal framework for Norwegian occupational pension



Important changes

1. Increased maximum saving rates in DC schemes, from 1 January 2014
 - Up to 7% for wages up to 7G*
 - Up to 25,1% for wages between 7G and 12G
2. New hybrid occupational pension product from 1 January 2014

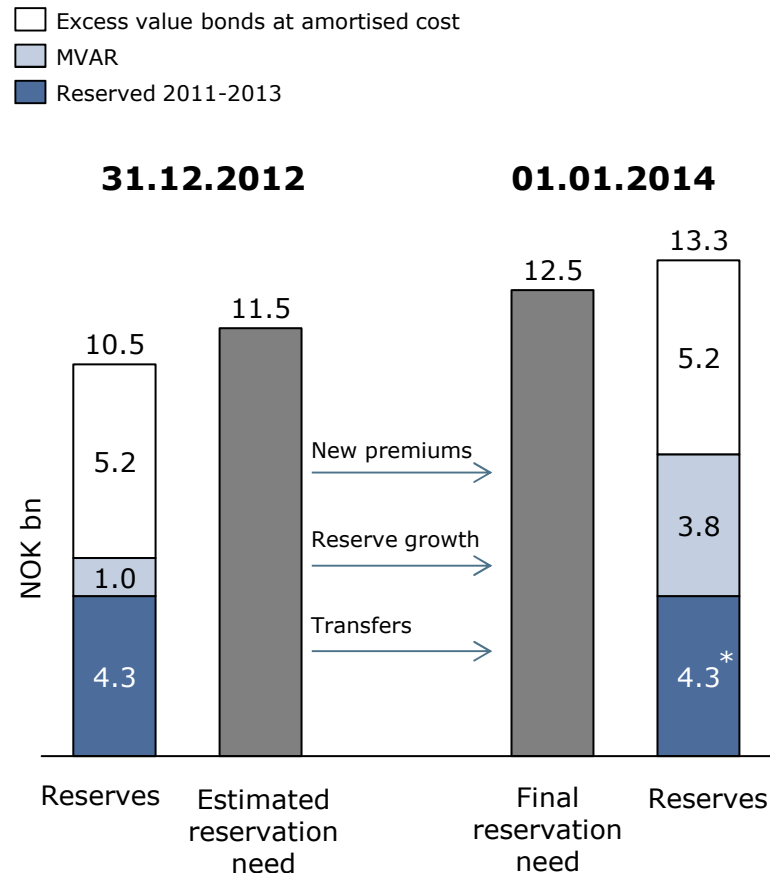
Important next steps

3. Clarify transition rules for Paid-up policies to Paid-up policies with investment choice
4. Transition rules for guaranteed reserves into Solvency II
5. Introduce tax favorable individual pension

Longevity

- increased longevity reserves

Reservation need and buffer capital



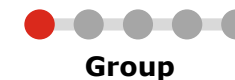
Comments

- Final reservation need: 12.5 bn
- Flexible buffers strengthened
- Expect public sector transfers to reduce reservation need by 0.5 bn and reservation level by 0.5 bn
- Principles for final reserve strengthening plans pending

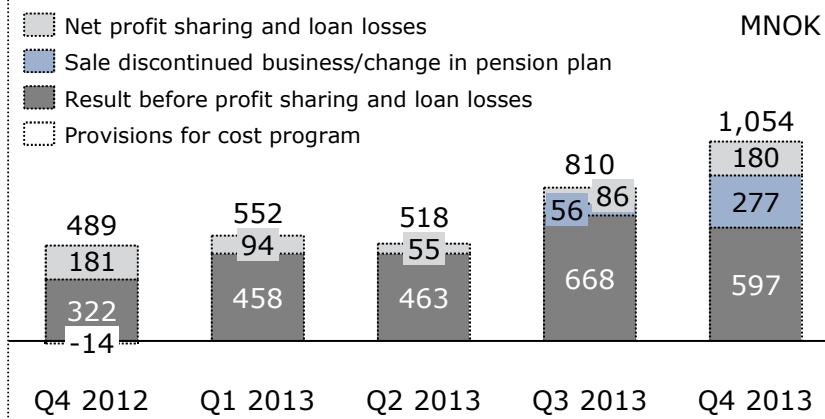
* Total reservation 2011-2013 4.7 bn. 4.3 bn after transfers of public sector customers in January 2014

MVAR = market value adjustment reserve

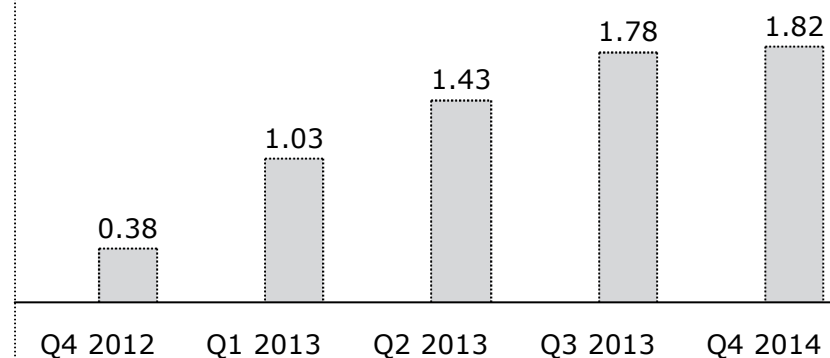
Key figures



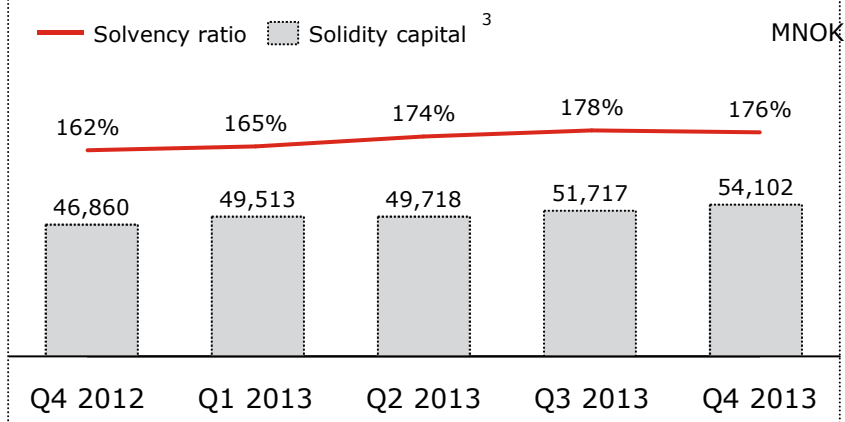
Result development



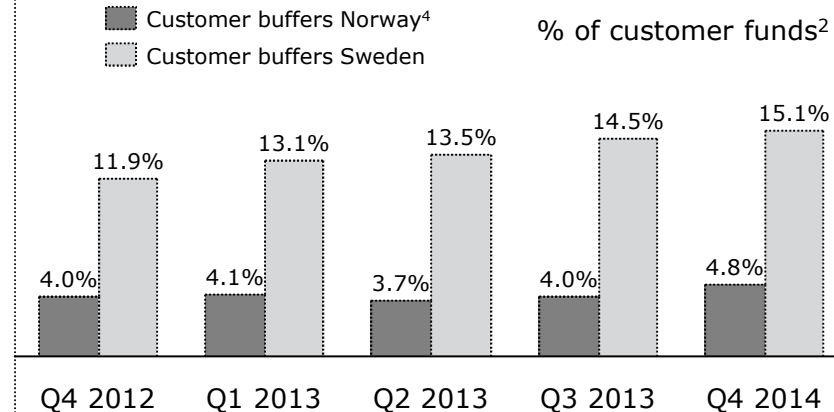
Earnings per share¹



Solvency ratio Storebrand Life Group



Customer buffers development



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

² Customer buffers in Benco of NOK 3.0 bn are not included

³ Solidity capital/customer buffers does not include provisions for future longevity reservations

Storebrand Group

- strong results



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Financial result	10	53	79	117
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Non-recurring items (change in pension plan, restructuring cost)	277	-14	277	-195
Result before amortisation and write-downs*	1 054	489	2 935	1 960

Result per line of business

NOK million	Q4		Full year	
	2013	2012	2013	2012
Savings (non-guaranteed)	296	145	670	288
Insurance	150	88	492	417
Guaranteed pension	481	287	1 665	1 193
Other	126	-32	108	62
Result before amortisation and write-downs	1 054	489	2 935	1 960

*NOK 300 mill in write down of goodwill attached to corporate banking (not shown in this P&L)

Savings (non-guaranteed) - continued result improvement



Result

NOK million	Q4		Full year	
	2013	2012	2013	2012
Fee and administration income	489	424	1 888	1 638
Risk result life & pensions	3	2	7	3
Operational cost *	-294	-361	-1 279	-1 417
Financial result	-	-	-	-
Result before profit sharing and loan losses	199	65	616	224
Net profit sharing and loan losses	98	80	54	63
Result before amortisation	296	145	670	288

*Cost reduced by 72 mill in Q4 and 2013 due to change in pension plan

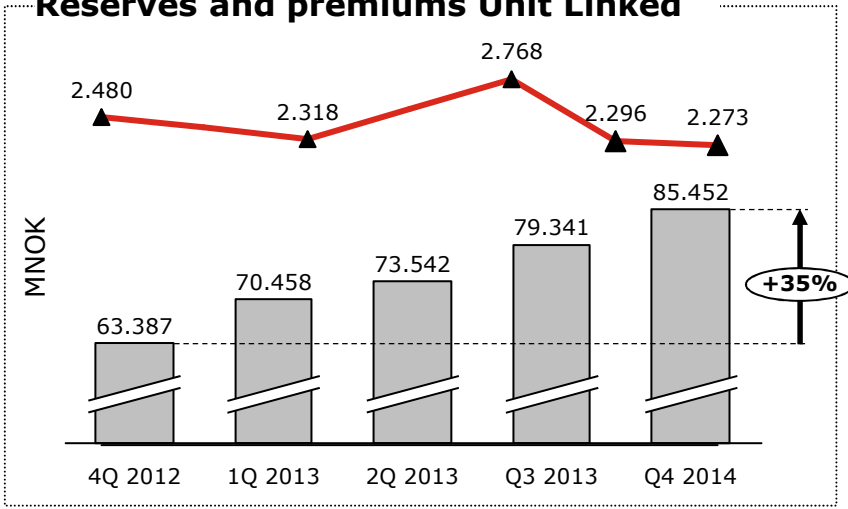
Result per product line

NOK million	Q4		Full year	
	2013	2012	2013	2012
Unit Linked Storebrand	30	2	106	17
Unit Linked SPP	28	10	78	41
Asset Management	177	99	313	144
Retail Banking	62	34	173	85
Result before amortisation	296	145	670	288

Savings (non-guaranteed) - strong growth in Unit Linked



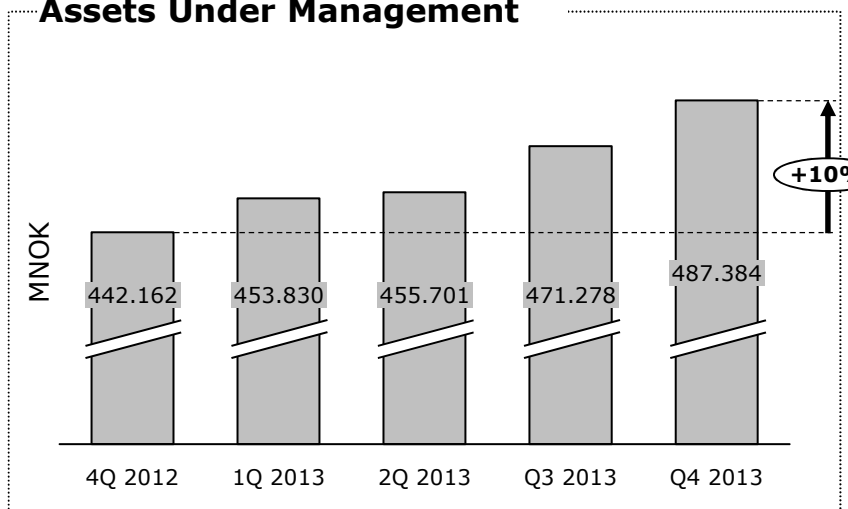
Reserves and premiums Unit Linked



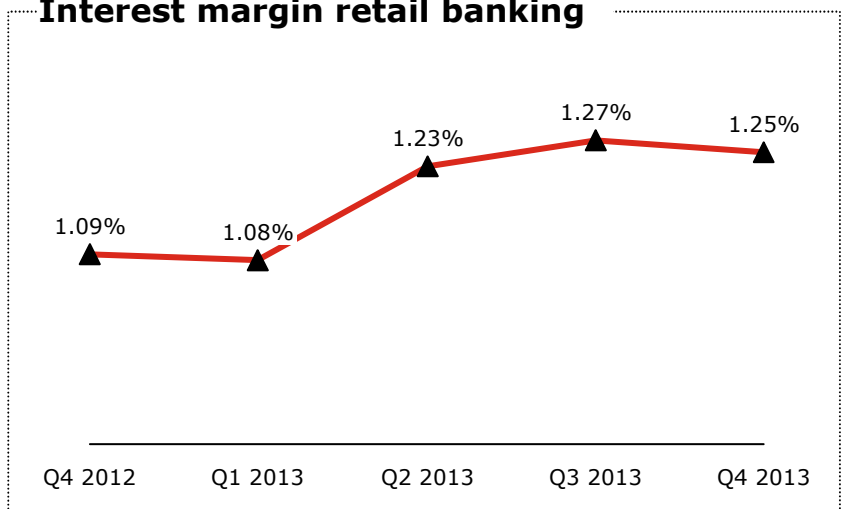
Comments

- 17% growth in occupational pension UL premiums
- Strong growth in assets helped by strong equity markets

Assets Under Management



Interest margin retail banking



Insurance

- low seasonal claims



Result

NOK million	Q4		Full year	
	2013	2012	2013	2012
Insurance premiums f.o.a.	754	671	2 868	2 510
Claims f.o.a.	-577	-544	-2 098	-1 774
Operational cost	-60	-116	-413	-470
Financial result	33	78	135	150
Result before profit sharing and loan losses	150	88	492	417
Net profit sharing and loan losses	0	0	0	0
Result before amortisation	150	88	492	417

*Cost reduced by 55 mill in Q4 and 2013 due to change in pension plan

Result per product line

NOK million	Q4		Full year	
	2013	2012	2013	2012
P&C & Individual life*	108	77	314	255
Health & Group life**	62	39	233	147
Disability insurance***	-20	-28	-55	15
Result before amortisation	150	88	492	417

* Individual life and disability, property and casualty insurance

** Group life, workers comp. and health insurance (consolidated by 50% due to joint venture)

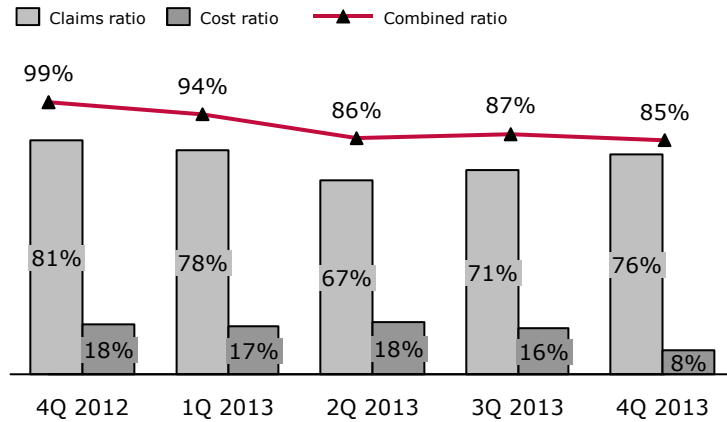
*** DC disability risk result Norwegian line of business

Insurance

- strong combined ratio: 88%



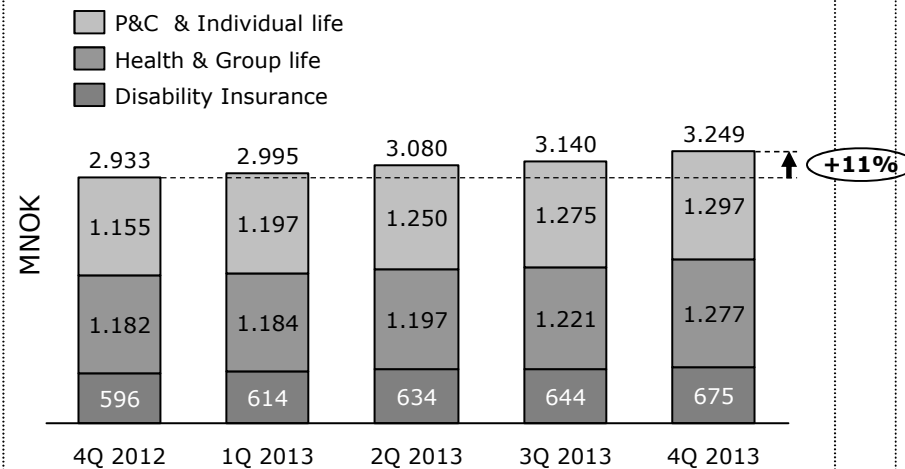
Combined ratio



Comments

- 2013 combined ratio of 88%, 73% claims ratio, 15% cost ratio
- Cost ratio of 16% in Q4 and 17% in 2013, net of non recurring items
- Growth within all business areas

Written premiums



Guaranteed pension - revenue growth



Result

NOK million	Q4		Full year	
	2013	2012	2013	2012
Fee and administration income	561	456	2 115	1 861
Risk result life & pensions	49	88	288	318
Operational cost	-225	-354	-1 111	-1 375
Financial result	-	-	-	-
Result before profit sharing and loan losses	385	190	1 292	804
Net profit sharing and loan losses	96	97	373	389
Result before amortisation	481	287	1 665	1 193

*Cost reduced by 106 mill in Q4 and 2013 due to change in pension plan

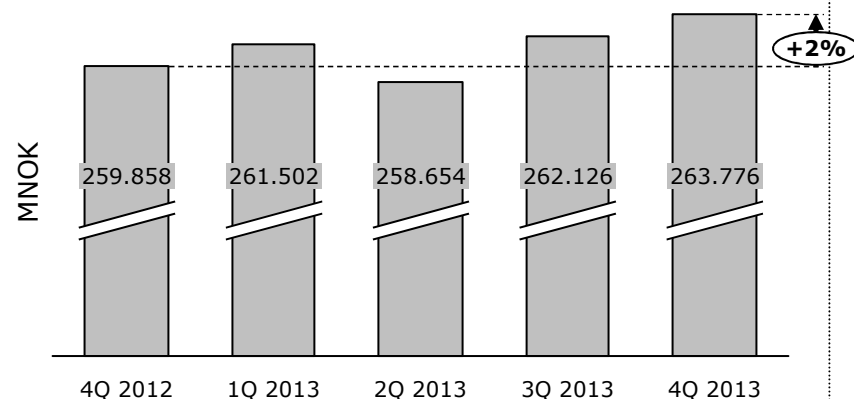
Result per product line

NOK million	Q4		Full year	
	2013	2012	2013	2012
Defined Benefit (fee based)	303	165	968	582
Paid-up policies	13	-16	19	13
Traditional individual life and pension	21	8	21	-1
SPP Guaranteed Products	143	131	656	598
Result before amortisation	481	287	1 665	1 193

Guaranteed pension - reserve building



Reserves guaranteed products



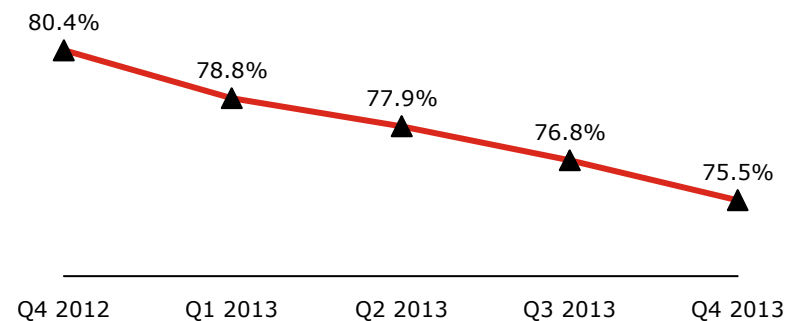
Comments

- Transfer out of guaranteed products of 10 bn in 2013
- 4.6% value adjusted return in SBL 2013
- Increased market value adjustment with 2.8 bn to 3.8 bn from Q3

Buffer capital

NOK million	31.12.2013	31.12.2012	Change in 2013
Market value adjustment reserve	3 823	1 027	2 796
Excess value of bonds at amortised cost	5 160	5 225	-65
Additional statutory reserve	4 458	5 746	-1 288
Provisions for new mortality tables	4 558	4 305	253
Unallocated customer results	0	0	0
Conditional bonuses SPP	11 010	8 626	2 384
Total	29 009	24 929	4 080

Guaranteed reserves in % of total reserves



Result

NOK million	Q4		Full year	
	2013	2012	2013	2012
Fee and administration income	90	94	353	408
Risk result life & pensions	-2	5	3	14
Operational cost	75	-107	-180	-385
Financial result	-23	-26	-57	27
Result before profit sharing and loan losses	141	-34	118	63
Net profit sharing and loan losses	-14	3	-11	-1
Result before amortisation*	126	-32	108	62

*Cost reduced by 119 mill in Q4 and 2013 due to change in pension plan

Result per product line

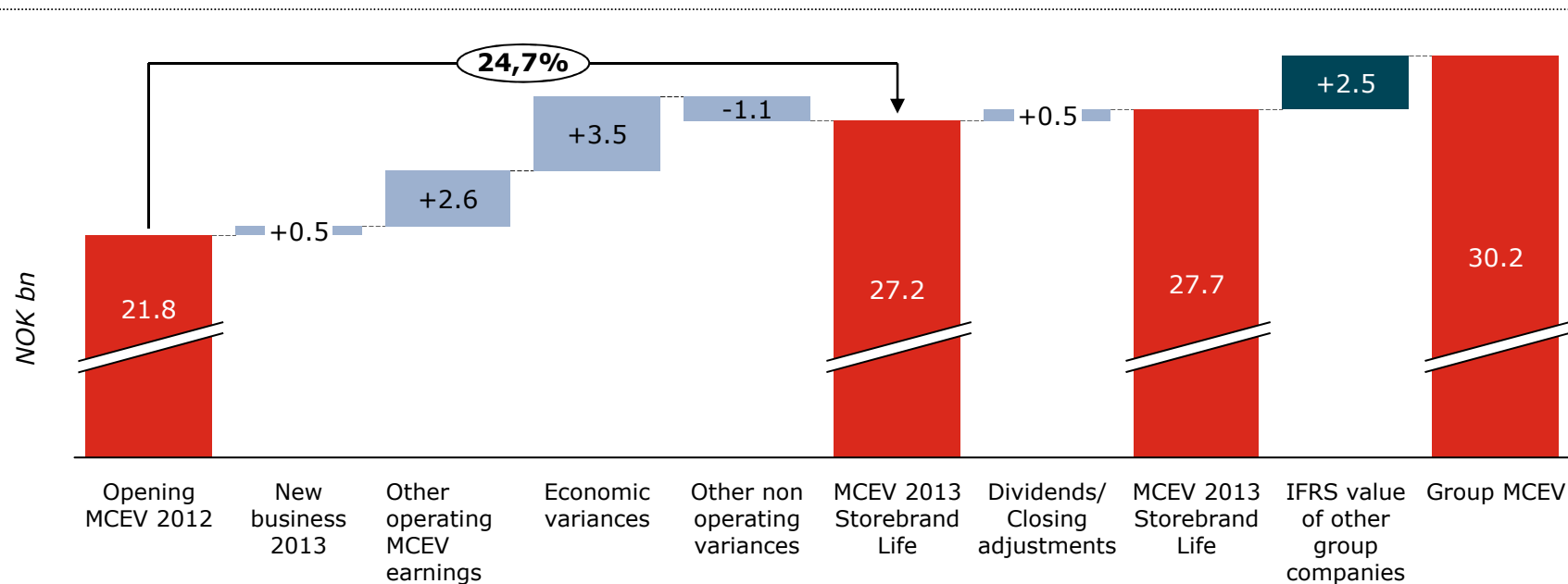
NOK million	Q4		Full year	
	2013	2012	2013	2012
Corporate Banking	44	32	113	153
BenCo	10	15	46	62
Holding company costs and net financial results in company portfolios	73	-79	-50	-153
Result before amortisation	126	-32	108	62

* NOK 300 mill in write down of goodwill attached to corporate banking (not shown in this P&L)

Storebrand Group

- highlights of MCEV 2013 results

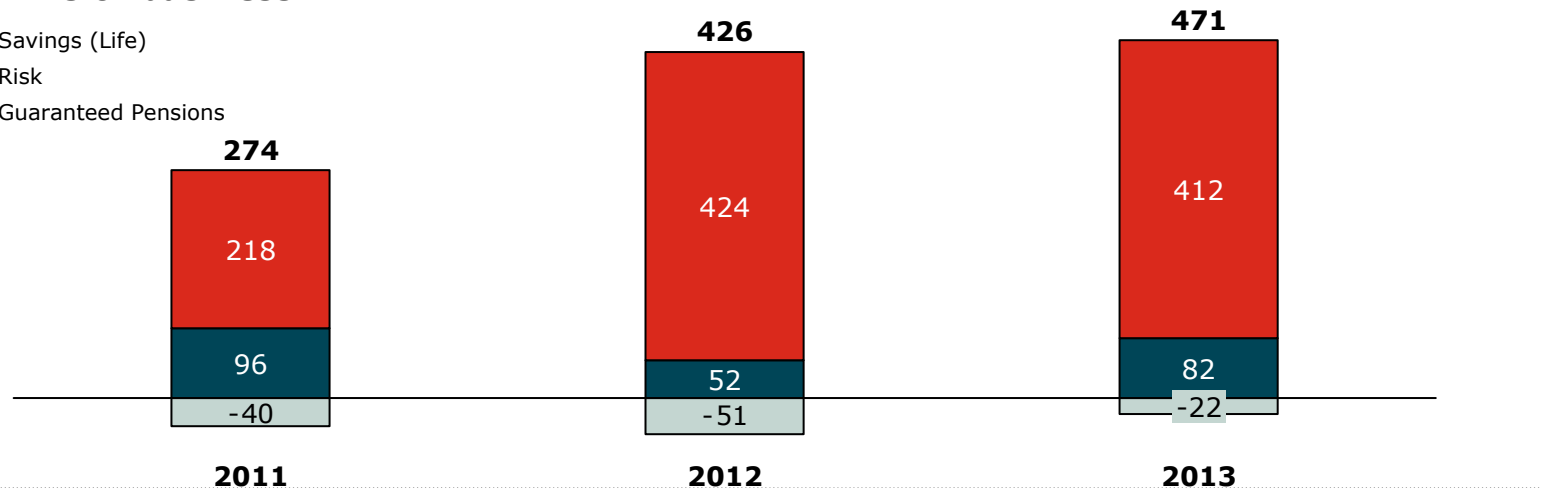
- 2013 embedded value earnings of + 5.4 billion NOK
 - 24.7 % return on opening embedded value
 - 13.8 % operating return
- Storebrand Group MCEV of NOK 30.2 billion in 2013
 - NOK 67.6 per share (54.8 NOK in 2012)



Value of New Business of 471 million*

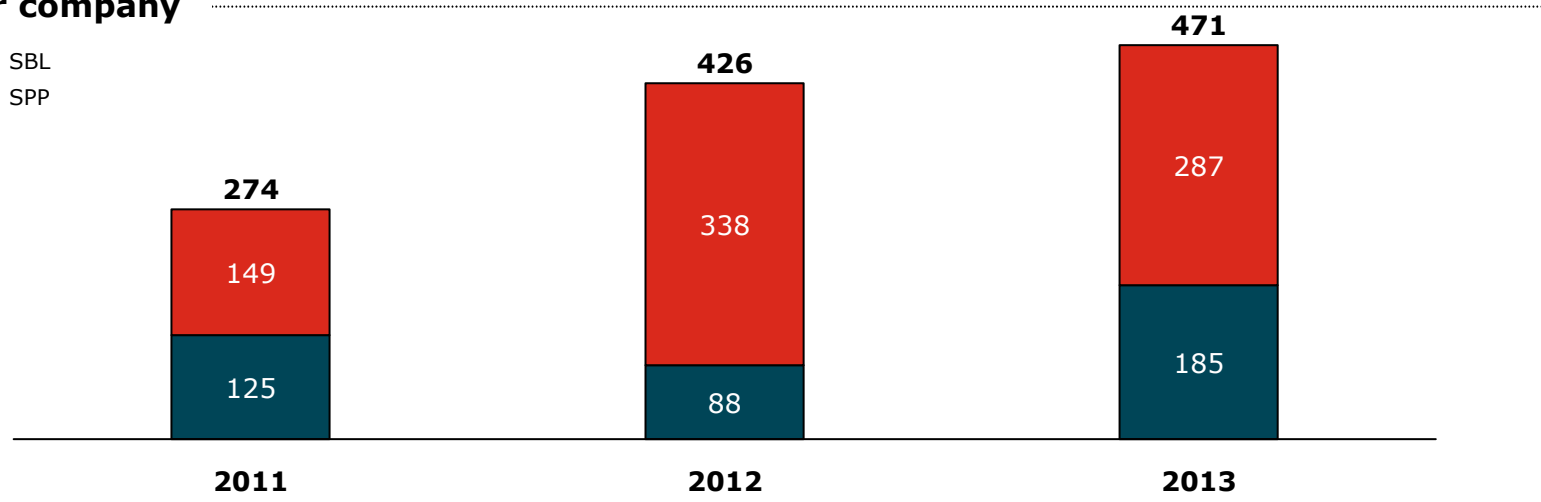
Per line of business

- Savings (Life)
- Risk
- Guaranteed Pensions



Per company

- SBL
- SPP

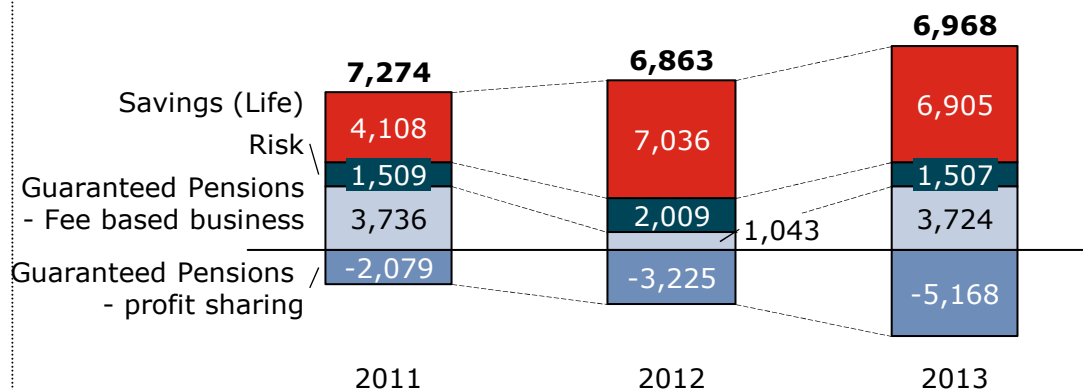


^{18*)} All numbers are after tax and in NOK millions

Value of In Force per product group*

SBL

NOK mil



Change from 2012 to 2013

Savings:

- + strong returns → asset growth
- cost allocation
- stress for mass lapses (CNHR)

Fee based:

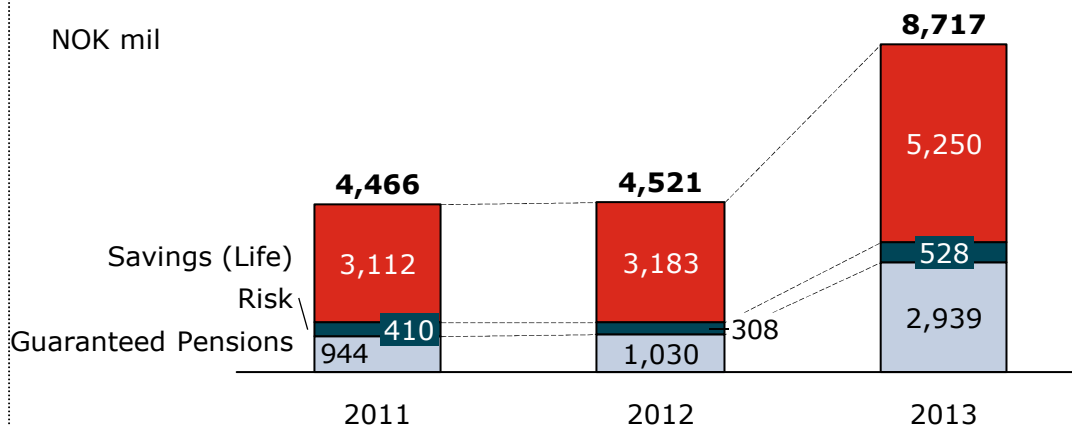
- + improved margins
- + increased interest rates, strong equity returns
- + less longevity cost

Profit sharing:

- + increased interest rate
- increased longevity cost
- Temporary increased equity proportion

SPP

NOK mil



Change from 2012 to 2013

Savings:

- + strong returns → asset growth
- + change in expectations of replacements
- + exchange rate effect

Guaranteed pensions:

- + increased interest rates, strong equity returns
- + reduced costs
- + exchange rate effects
- Increased lapses

¹⁹
*) All numbers are after tax

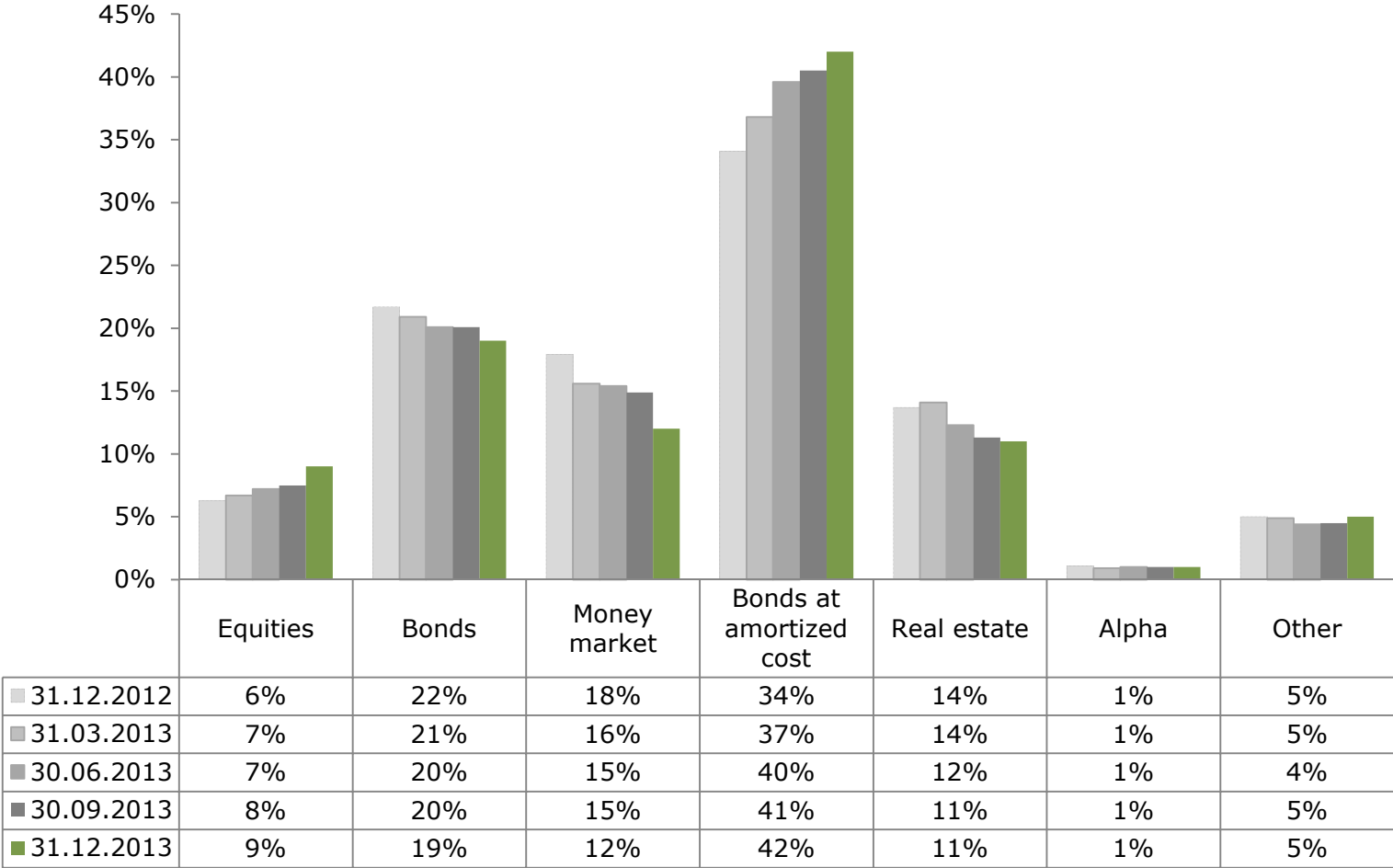
Summary

- Strong result improvement
- Cost program on plan: nominal cost reduced by 6% adjusted for non-recurring
- Increase in MCEV of 5.9 bn
- Solvency ratio: 176%
- The board proposes no dividend to be paid for 2013



Appendix:

Storebrand Life Insurance asset allocation

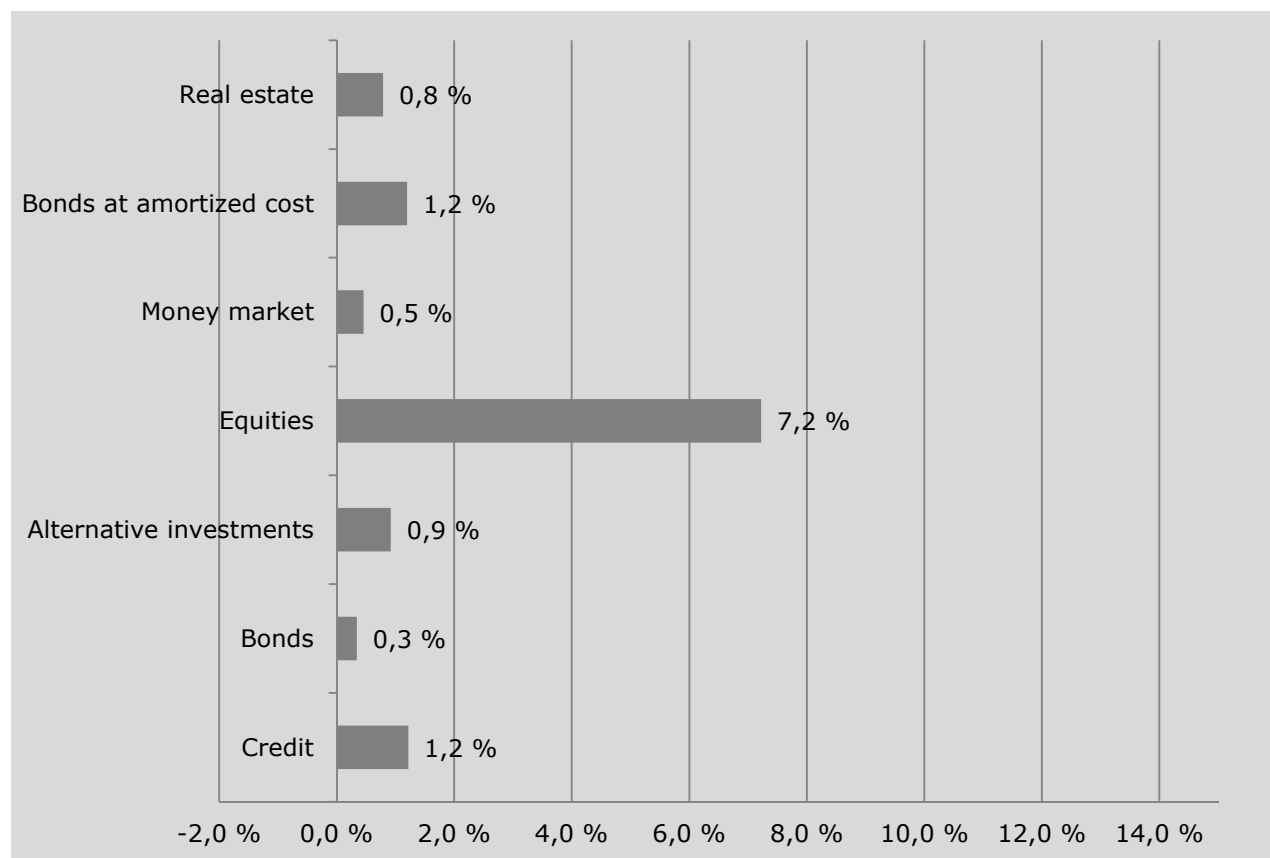


¹ The graph shows the asset allocation for all products with an interest rate guarantee in Storebrand Life Insurance Norwegian operations.

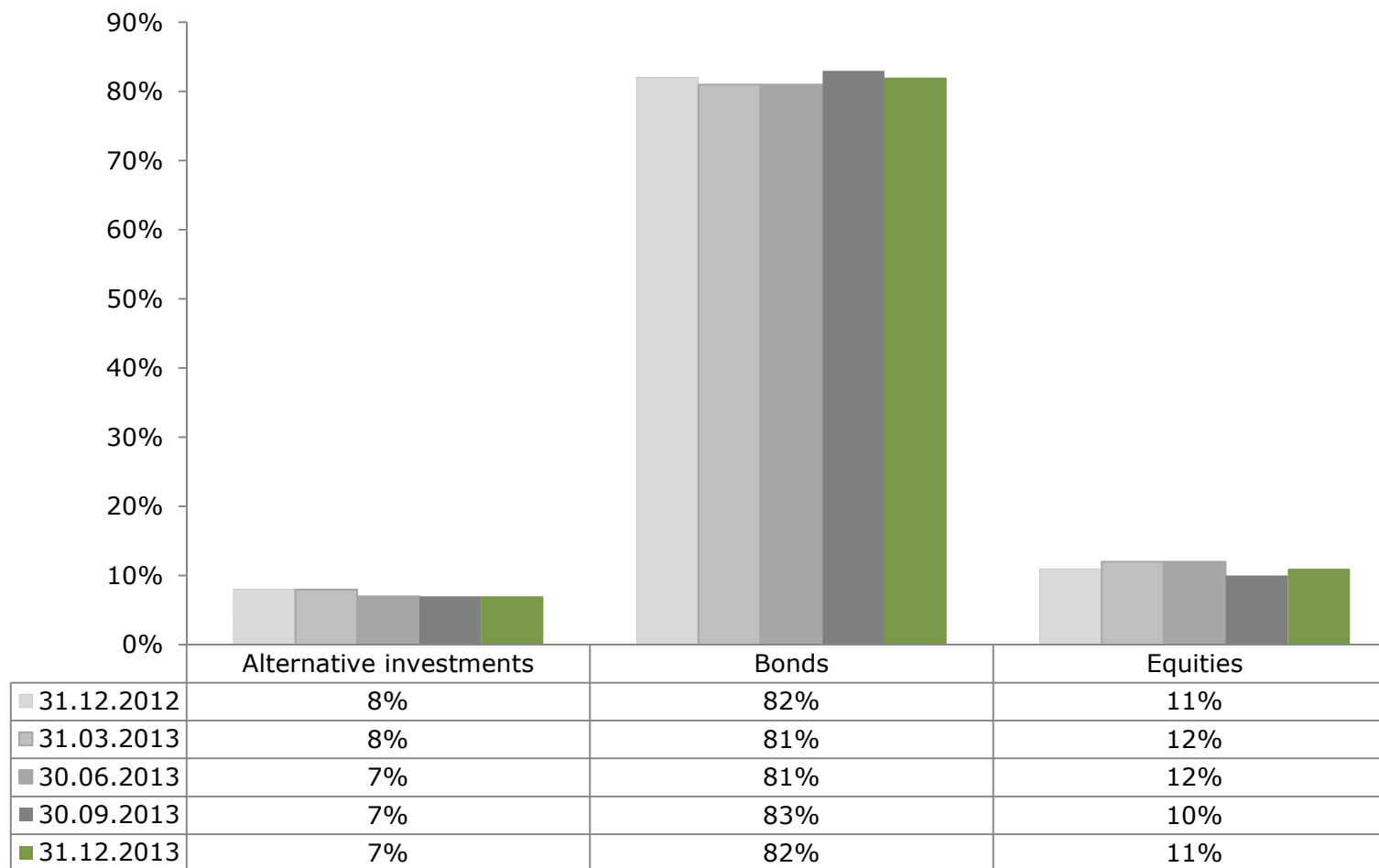
Storebrand Life Insurance

- return by asset class

Return by asset class Q4 2013 (%)



SPP asset allocation



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