

## 1st quarter 2014: Strong result and good returns to customers

- **Group result of NOK 728 million in first quarter**
- **Premium growth of 16 per cent in non-guaranteed occupational pensions**
- **NOK 1.9 billion available for long life expectancy during the quarter**

The Group result before amortisation was NOK 728 million (NOK 554 million) for the first quarter of 2014. Figures in brackets show the trend in the corresponding period last year.

– We deliver a strong result driven by growth within unit linked-based pension and savings, good risk results and sound cost control, says Group CEO Odd Arild Grefstad.

The result within unit linked-based savings and pension is significantly strengthened during the first quarter, compared to the same period in 2013. The main reasons for this are earnings growth in all parts of the business and cost-reduction measures.

The insurance results are strong, with a combined ratio of 80 per cent (92 per cent) in the quarter. The development in the risk result is positive, and the results have been strengthened by the introduction of a new mortality tariff and certain reserve releases.

Efficiency and other cost cut measures are successful, resulting in a decrease in overall nominal cost by 5.4 percent this quarter.

### **Growth in unit linked and good customer returns**

The shift from products with interest rate guarantees to unit linked products continues. Storebrand is maintaining its role as the market leader in defined contribution pensions in Norway and have a strong challenger role in Sweden.

The Group's premium income for non-guaranteed occupational pensions increased by 16 per cent during the quarter. At the same time, the Group's premium income for guaranteed pension products has declined by 8 per cent so far this year.

For many retail customers, a transfer from guaranteed pension products to unit linked-based products will give them higher expected pensions. For companies, the shift from defined benefit to defined contribution is driven by the need for more predictable costs.

– It is a pleasure to deliver solid returns to our customers this quarter. The Norwegian defined contribution customers with the most common investment profile with a 50 per cent equity exposure received a return of 13 per cent during the last 12 months. Close to 1bn in surplus return above indexes are created for our customers this quarter, says Group CEO Grefstad.

In addition to good returns to the customers with a defined-contribution pension plan, the majority of the mutual funds, fund-in-funds and all fixed income funds have outperformed the market the last year.

– Storebrand is a leader within sustainable investments. We follow the developments and challenges in society closely and identify the companies that successfully adapt to these developments. This information affects our investments and is the best insurance we can give our customers for a better pension with good and long-term returns, says Grefstad.

### **Longevity reserve strengthening ahead of schedule**

On April 2, 2014, the Financial Supervisory Authority of Norway published its final guidelines for escalation plans connected to build-up of reserves for increased life expectancy (see stock exchange release from Storebrand on April 3, 2014, for details). Storebrand has applied to the Financial Supervisory Authority for a 7 year build-up period.

Storebrand needs to build reserves of NOK 12.4 billion. In total, NOK 4.1 billion was allocated in 2013 for building future reserves at the end of 2013. Good booked return in combination with a good risk result this

quarter comprises a total of NOK 1.8 billion, where the majority will be available as longevity reserves. Reserve strengthening has affected the result directly by negative NOK 90 million this quarter and NOK 149 million indirectly through foregone profit sharing.

– To sum up, we deliver a strong quarterly result. Our customers receive solid returns and our build-up of reserves for longevity is ahead of plan, says Group CEO Grefstad.

Lysaker, May 7, 2014.

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*Storebrand's ambition is to be the best provider of pension savings. The group offers a broad range of products within life insurance, property and casualty insurance, asset management and banking, to companies, public sector entities and private individuals. The group is divided into the segments Savings, Insurance and Guaranteed pension and Other.*