

Storebrand  
Q4 2014  
11 February 2015

Odd Arild Grefstad – CEO  
Lars Aa. Løddesøl – CFO



# Highlights 2014

## Result

- Group result of NOK 923 mill in Q4 and 3 032 mill in 2014
- Nominal costs below 3.5 NOK bn<sup>2</sup> – 2014 cost target reached
- 44% annual growth in results within Savings<sup>1</sup>

## Operations

- Total AuM 535 NOK bn, up 10% in 2014
- 892 mill converted to paid-up policies with investment choice in Q4
- Strong new sales

## Balance sheet

- Buffer capital strengthening of NOK 10 bn<sup>3</sup> in 2014
- Solvency I ratio 175%, estimated Solvency II ratio 148%
- No dividend proposed for 2014

<sup>1</sup> Excluding special items

<sup>2</sup> Excluding special items and effects of changed exchange rate

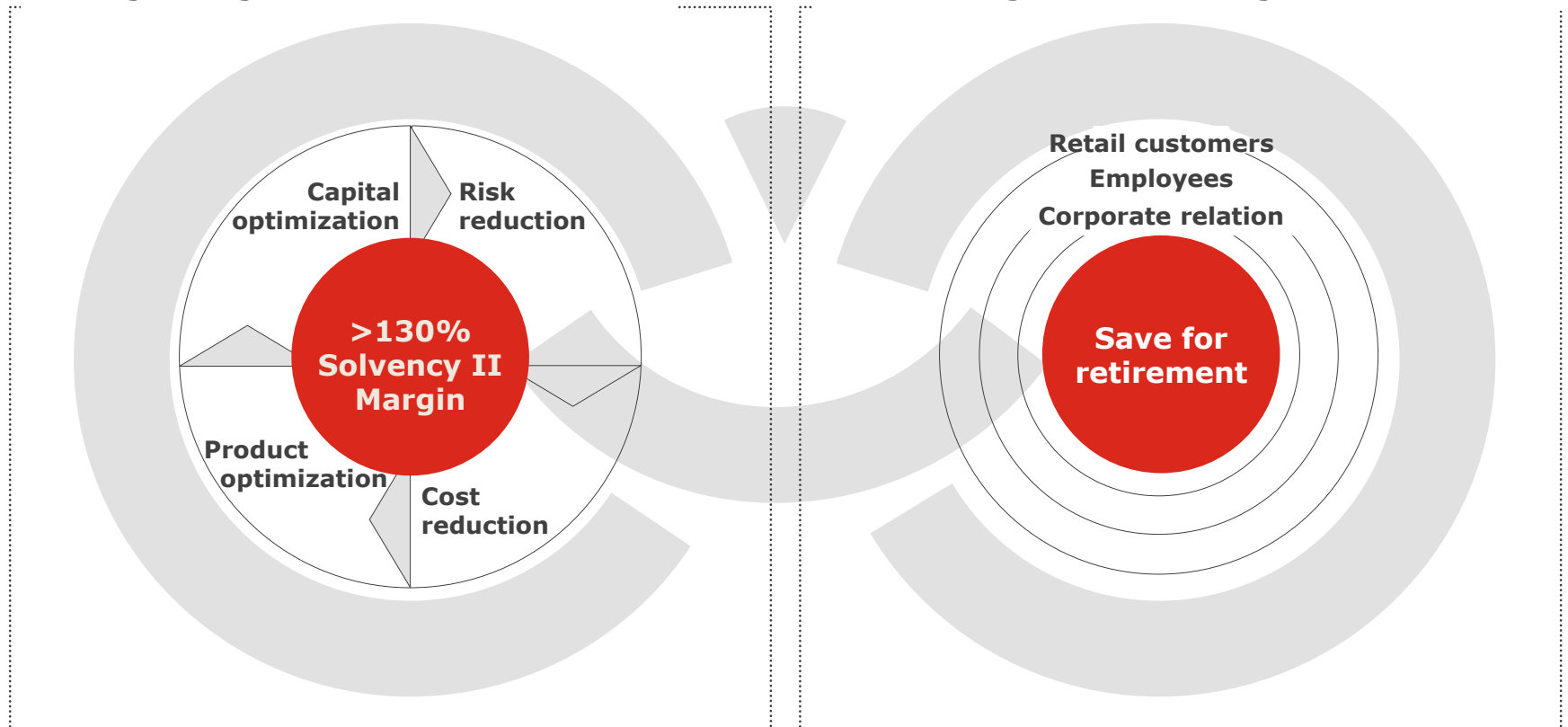
<sup>3</sup> Buffer capital strengthening: NOK 10 bn, see table on page 22 for description.

# Transformation of the business model continues

## Dual strategy reiterated and reinforced

### Manage the guaranteed balance sheet

### Continued growth in savings and insurance



We work hard to reach our vision:

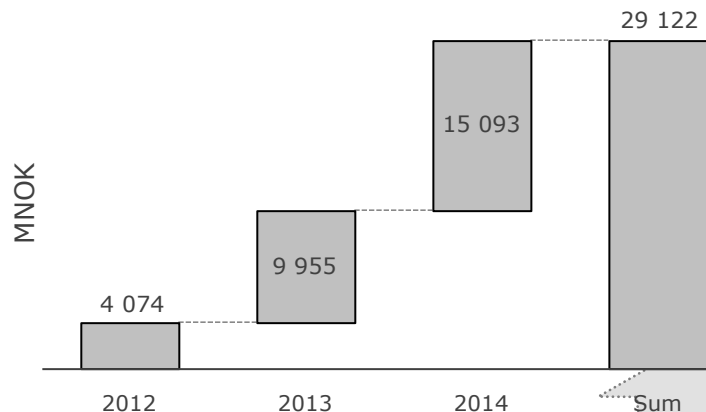
**Recommended by our customers**



# Managing the guaranteed balance sheet

## Capital optimization

Transfer out of guaranteed products



## Risk reduction

- Reduced equity exposure
- Longevity reserve strengthening ahead of plan
- Buffer capital increased
- Risk segmentation and improved ALM

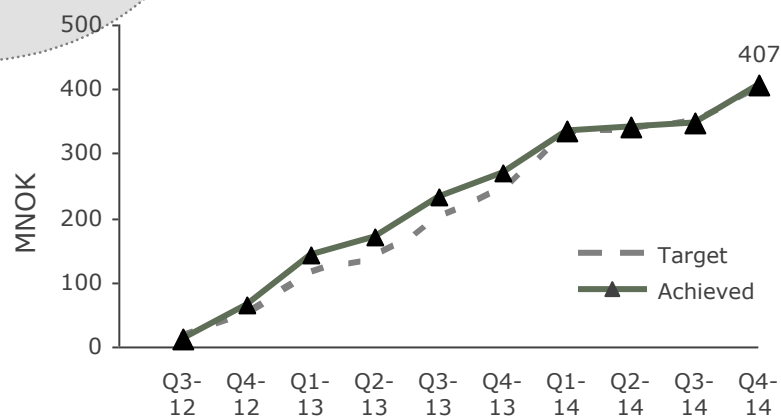
>130% Solvency II Margin

## Product optimization

- NOK 8 bn in closed pension fund solutions sold to municipalities in 2014
- Changed assumptions Swedish guaranteed products
- Paid up policies with investment choice

## Cost program complete

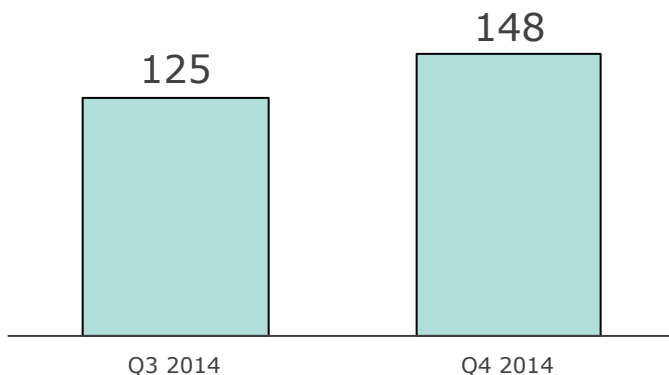
Accumulated run-rate, annual effects





# Estimated SII position and sensitivities

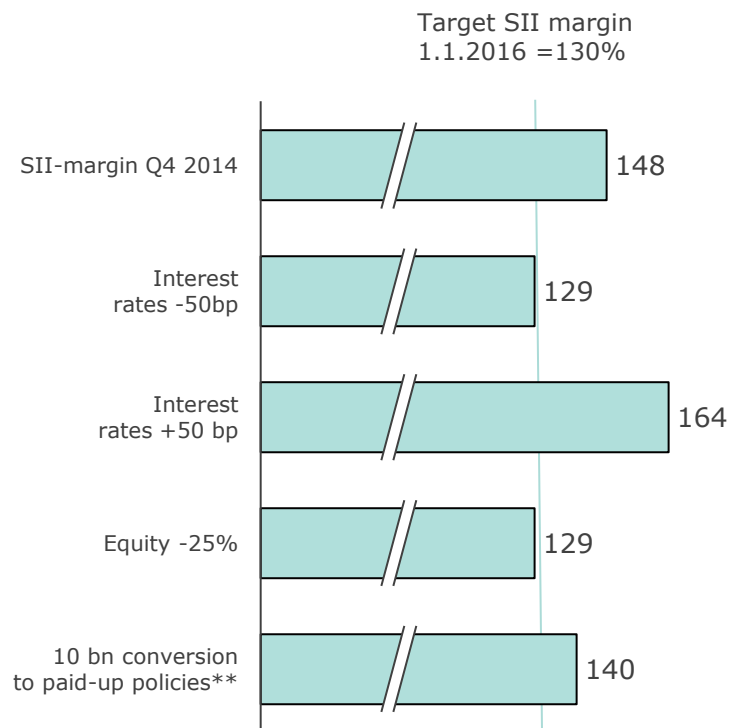
## Economic Solvency position<sup>1</sup>



## Key takeaways

- Effect of falling interest rates between Q3 and Q4 mainly compensated with implemented internal measures
- Reserve strengthening ahead of plan
- Increased buffers from good returns in 2014

## Estimated Sensitivities after 1.1.2016<sup>2</sup>



\*\* In addition to NOK 8 bn included in the projection for 2015.

<sup>1</sup> The estimated Economic solvency position of Storebrand Life Group is calculated using the current Storebrand implementation of the Solvency II Standard model with the company's interpretation of the suggested transition rules from the NFSA. Output is sensitive to changes in financial markets, development of reserves, changes in assumptions and improvements of the calculation framework in the economic capital model as well as changes in the Solvency II legislation and national interpretation of transition rules. The standard model Solvency II position without transition rules is estimated to be at 101% the 4Q 2014, unchanged from 3Q 2014.

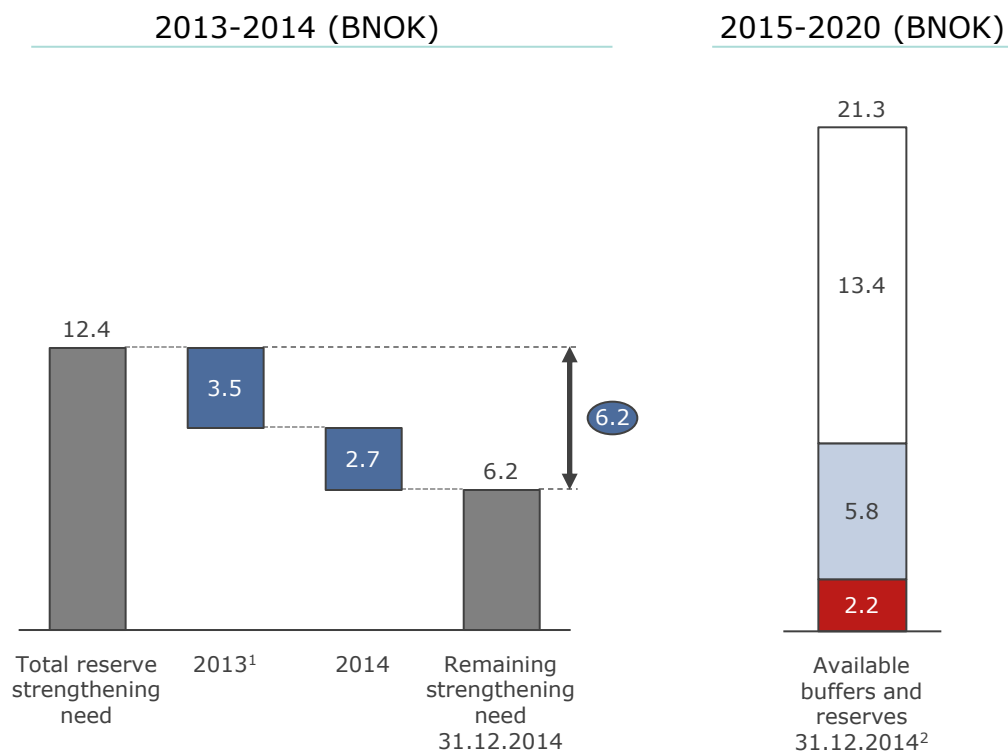
<sup>2</sup> Indicative sensitivities after the implementation of Solvency II in 2016. Market movements in 2015 and until the introduction of Solvency II in 2016 will have a smaller effect than stated in the sensitivities because of the mitigating effects of the transition rules.

# Longevity

## - 50% of reserve strengthening completed



### Reserve strengthening Norwegian guaranteed products



<sup>1</sup> Net surplus allocated to longevity 2011-2013.

- Excess value Bond at Amortised Cost
- Market value adjustment reserve
- Est. direct result contribution 2015-2020

### Longevity reserve strengthening

- Total reserve strengthening need NOK 12.4 bn
- Longevity reserve strengthened by NOK 2.7 bn in 2014
- Indirect result contribution:
  - NOK 229 mill of foregone profit sharing
  - NOK 98 mill in foregone risk result
- Direct contribution from shareholders: NOK 391 mill

<sup>2</sup> Buffers that are available to cover the longevity reserve strengthening. Some buffers may not be available if they belong to contracts without reserve strengthening need or are used to cover interest rate guarantee.

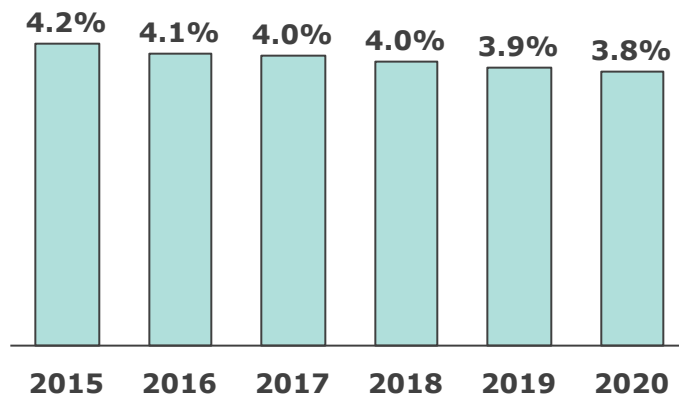
# Paid up policies is the main challenge in a low interest scenario and under SII...



## ...But still manageable both short and long term

### Expected return paid up polices without use of buffers 2015-2020<sup>1</sup>

*...including reinvestment due and expected issuance of new paid up polices, as of 6. February 2015*



- **2015-2020:** Longevity reserve strengthening and interest rate guarantee to be covered by buffers and planned company contribution<sup>2</sup>

- **2020-2025:** Prolonged low interest rate environment will have limited impact on results<sup>2</sup>

### **Change from previous guidance**

- *Use of risk results for longevity instead of allocation to Risk Equalization Fund<sup>3</sup>*

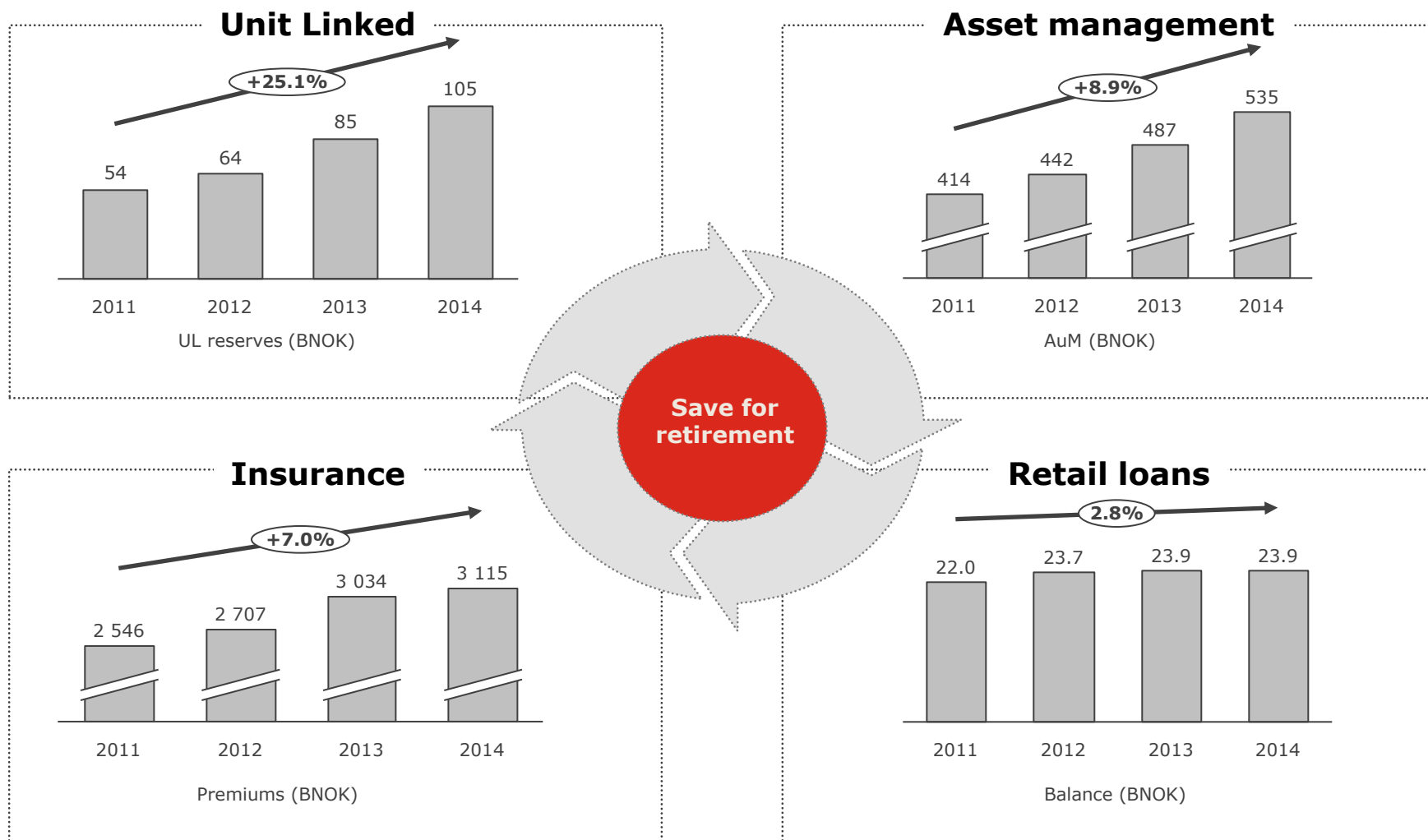
<sup>1</sup> Expected return paid up polices, including reinvestment and issuance of new paid up polices, without the use of buffers Illustration is based on normal risk premiums and interest rate level as of 6. February 2015.

<sup>2</sup> Based on current interest rates and point estimate based on normal risk premiums. Extreme market shocks could lead to higher use of buffers and reduced results

<sup>3</sup> For Defined Benefit and Paid-up policies Norway



# Good growth in pensions and asset management



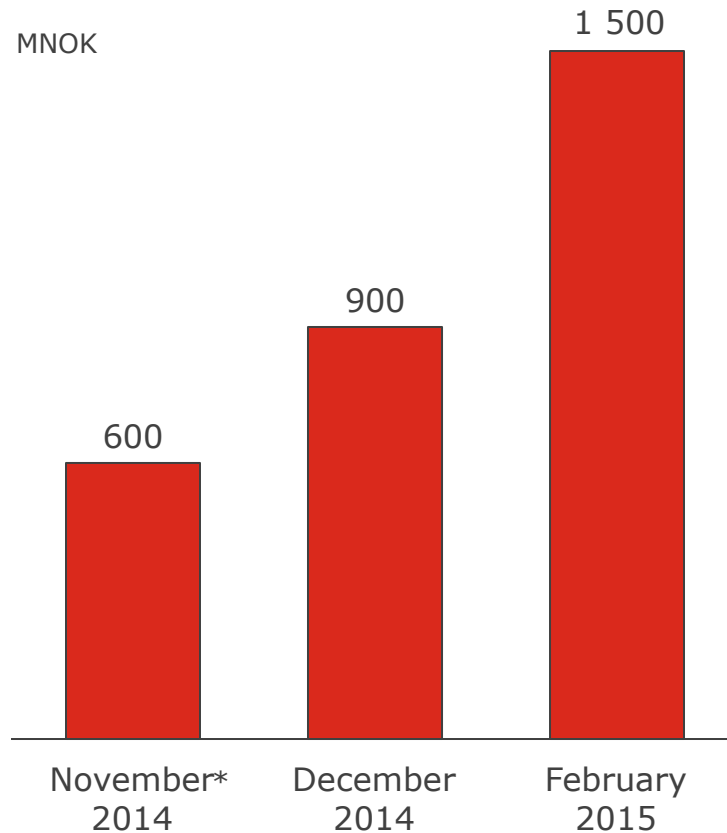




# Strong start paid-up policies with investment choice

## Accumulated sales of paid-up policies with investment choice

MNOK



## Key takeaways

- Increase your pension through higher expected return on investments
- Retain purchasing power on your pension savings
- Adjust your pension risk with time left until retirement
- Customer advice package presented to financial supervisory authorities
- Target to convert 5 BNOK by end of 2015

# Strong sales and continued growth in Unit Linked premiums



Growth in 2015 will come from new customers...

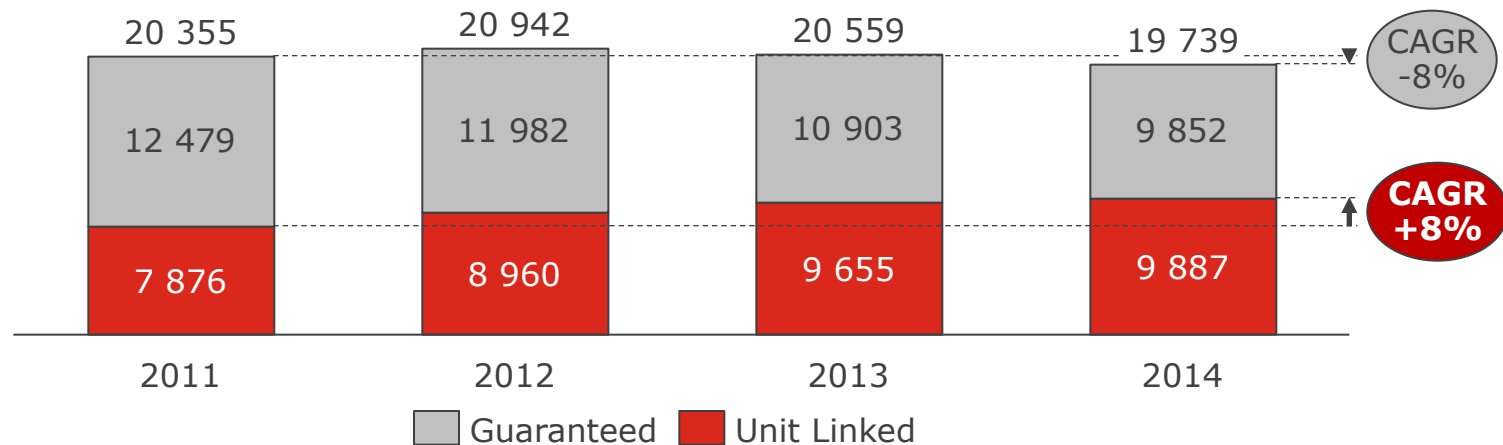


Letter of intent signed with Statoil:

- ~13 400 employees on a DC scheme
- Annual DC premiums of ~1 NOK bn
- Administration of closed DB pension fund

...and market growth and new sales will ensure continued underlying growth

*Pension premium development Storebrand (BNOK)*



# Leveraging leading sustainability position to create customer value



## Sustainability rating on mutual funds

Aktiefonder Bransch ▾	Hållbarhetsnivå ⇅
BlackRock World Energy USD	■■■■■■■■■■
BlackRock World Gold USD	■■■■■■■■■■
BlackRock World Mining USD	■■■■■■■■■■
Handelsbanken IT-fond	■■■■■■■■■■
Invesco Global Real Estate USD	■■■■■■■■■■
Jupiter Global Financials USD	■■■■■■■■■■
ODIN Offshore NOK	■■■■■■■■■■
Parvest Global Environment EUR	■■■■■■■■■■
Wellington Global Health Care USD	■■■■■■■■■■
Aktiefonder Europa ▾	Hållbarhetsnivå ⇅
Allianz Europe Small Cap Equity EUR	■■■■■■■■■■
Delphi Europe NOK	■■■■■■■■■■
Handelsbanken Europa Selektiv	■■■■■■■■■■
SPP Aktiefond Europa	■■■■■■■■■■
T. Rowe Price European Equity Fund EUR	■■■■■■■■■■

## Key takeaways



Introduced in Sweden in 2014 and in Norway last week



Built on leading in-house sustainability competence



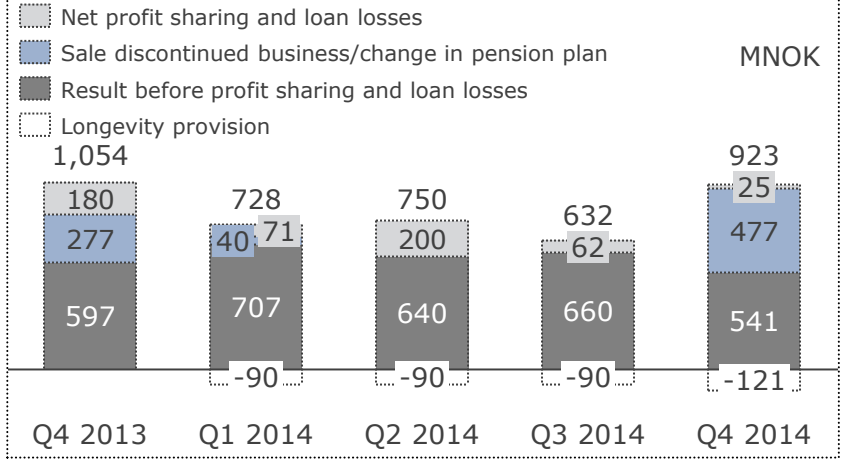
Most comprehensive system in the market



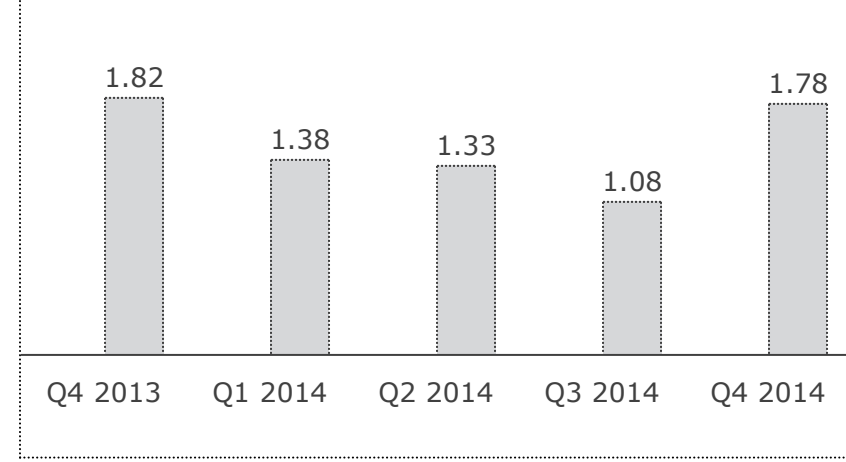
Verified by DNV GL

# Key figures

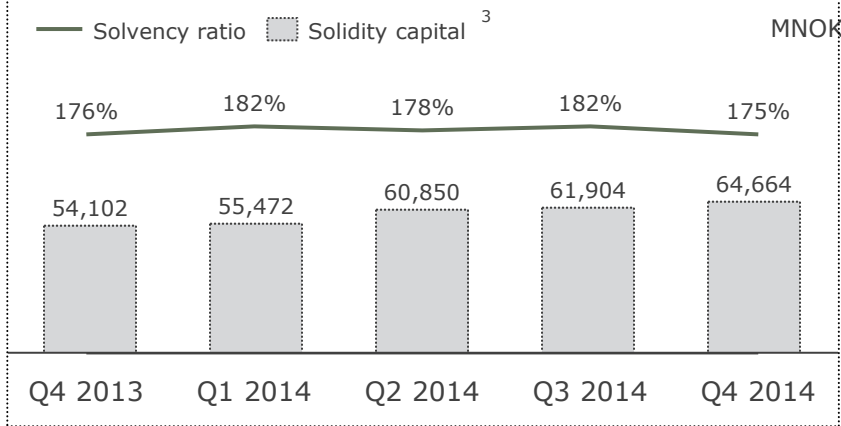
## Result development



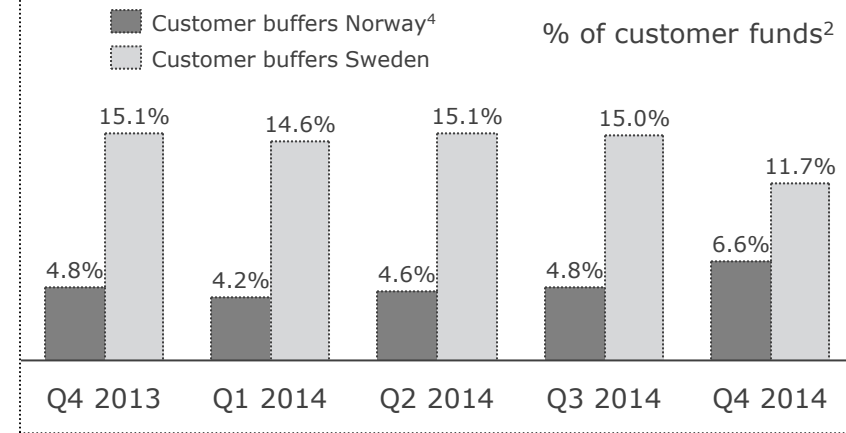
## Earnings per share<sup>1</sup>



## Solvency ratio Storebrand Life Group



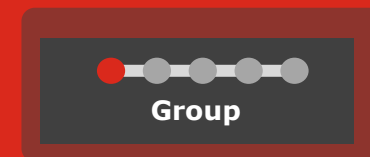
## Customer buffers development



<sup>1</sup> Earnings per share after tax adjusted for amortisation of intangible assets

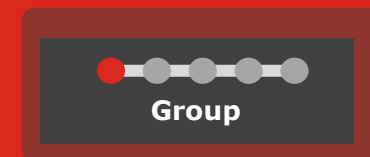
<sup>2</sup> Customer buffers in Benco of NOK 2.0 bn not included

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



## Result

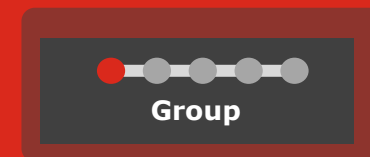
NOK million	Q4		Full year	
	2014	2013	2014	2013
Fee and administration income	1 090	1 114	4 272	4 253
Risk result life & pensions	323	17	480	17
Insurance premiums f.o.a.	802	796	3 115	3 034
Claims f.o.a.	-613	-569	-2 226	-1 940
Operational cost	-269	-494	-2 617	-2 938
Financial result	7	10	363	97
Result before profit sharing and loan losses	1 340	875	3 387	2 522
Net profit sharing and loan losses	-297	180	36	416
Provision longevity	-121	-	-391	-
<b>Result before amortisation and write-downs</b>	<b>923</b>	<b>1 055</b>	<b>3 032</b>	<b>2 938</b>
Amortisation and write-downs of intangible assets	-105	-417	-431	-739
Result before tax	818	638	2 601	2 199
Tax	-115	-236	-516	-209
Sold/liquidated business	-0	-2	-1	-4
<b>Profit after tax</b>	<b>703</b>	<b>400</b>	<b>2 085</b>	<b>1 987</b>



## Specification of special items

NOK million	Q4		Full year	
	2014	2013	2014	2013
Change in own pension scheme	571	352	571	352
Restructuring costs 2013		-60		-95
<b>Effect on operational cost</b>	<b>571</b>	<b>292</b>	<b>571</b>	<b>257</b>
Dissolved ATP compensation SPP	322		322	
Longevity strengthening w/use of REF <sup>1</sup>	-98		-98	
<b>Effect on risk result life &amp; pensions</b>	<b>224</b>		<b>224</b>	
Other	4		46	
<b>Effect on financial result</b>	<b>4</b>		<b>46</b>	
<b>Total effect on result before profit sharing and loan losses</b>	<b>799</b>	<b>292</b>	<b>841</b>	<b>257</b>
Special items financial result SPP	-322		-322	
<b>Effect on net profit sharing and loan losses</b>	<b>-322</b>		<b>-322</b>	
<b>Total effect on result before amortisation and write-downs</b>	<b>477</b>	<b>292</b>	<b>519</b>	<b>257</b>

<sup>1</sup> Risk Equalization Fund



## Result adjusted for special items

NOK million	Q4		Full year	
	2014	2013	2014	2013
Fee and administration income	1 090	1 114	4 272	4 253
Risk result life & pensions	99	17	256	17
Insurance premiums f.o.a.	802	796	3 115	3 034
Claims f.o.a.	-613	-569	-2 226	-1 940
Operational cost	-840	-786	-3 188	-3 240
Financial result	3	10	317	142
Result before profit sharing and loan losses	541	583	2 546	2 265
Net profit sharing and loan losses	25	180	358	416
Provision longevity	-121	-	-391	-
<b>Result before amortisation and write-downs excluding non-recurring items</b>	<b>445</b>	<b>763</b>	<b>2 513</b>	<b>2 681</b>
Special items <sup>1</sup>	477	292	519	257
<b>Result before amortisation and write-downs</b>	<b>923</b>	<b>1 055</b>	<b>3 032</b>	<b>2 938</b>

<sup>1</sup> See specification on page 14

# Storebrand Group

## Result

NOK million	Q4		Full year	
	2014	2013	2014	2013
Fee and administration income	1 090	1 114	4 272	4 253
Risk result life & pensions	323	17	480	17
Insurance premiums f.o.a.	802	796	3 115	3 034
Claims f.o.a.	-613	-569	-2 226	-1 940
Operational cost	-269	-494	-2 617	-2 938
Financial result	7	10	363	97
<b>Result before profit sharing and loan losses</b>	<b>1 340</b>	<b>875</b>	<b>3 387</b>	<b>2 522</b>
Net profit sharing and loan losses/Longevity provision	-418	180	-355	416
<b>Result before amortisation and write-downs<sup>1</sup></b>	<b>923</b>	<b>1 055</b>	<b>3 032</b>	<b>2 938</b>

## Result per line of business

NOK million	Q4		Full year	
	2014	2013	2014	2013
Savings - non-guaranteed	436	296	1 047	670
Insurance	159	182	675	774
Guaranteed pension	227	448	1 074	1 376
Other result	102	128	236	119
<b>Result before amortisation and write-downs</b>	<b>923</b>	<b>1 055</b>	<b>3 032</b>	<b>2 938</b>

<sup>1</sup> Result before amortisation and write-downs includes effect from special items of 477 NOK mill. (Q4-14) and 519 NOK mil (2014).



# Savings (non-guaranteed) - strong results growth



## Result

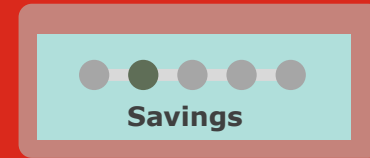
NOK million	Q4		Full year	
	2014	2013	2014	2013
Fee and administration income	563	489	2 148	1 888
Risk result life & pensions	-10	3	-11	7
Operational cost <sup>1</sup>	-191	-294	-1 151	-1 279
Financial result	-	-	-	-
Result before profit sharing and loan losses	362	199	987	616
Net profit sharing and loan losses	73	98	60	54
Provision longevity	-	-	-	-
<b>Result before amortisation</b>	<b>436</b>	<b>296</b>	<b>1 047</b>	<b>670</b>

## Result per product line

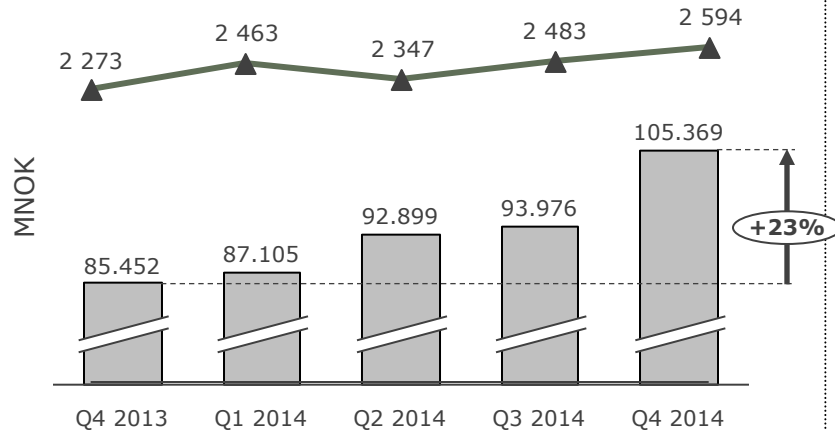
NOK million	Q4		Full year	
	2014	2013	2014	2013
Unit Linked Storebrand	36	30	166	106
Unit linked Sweden	36	28	130	78
Asset Management	273	177	513	313
Retail Banking	91	62	238	173
<b>Result before amortisation</b>	<b>436</b>	<b>296</b>	<b>1 047</b>	<b>670</b>

<sup>1</sup> Operational cost includes positive non-recurring effect of change in own occupational pension scheme of 72 NOK mill (2013) and 187 NOK mil (2014).

# Savings (non-guaranteed) - strong growth in UL reserves and premiums



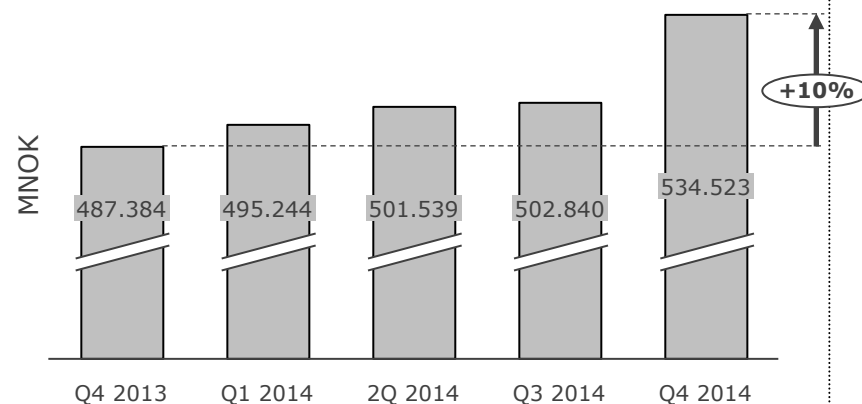
## Reserves and premiums Unit Linked



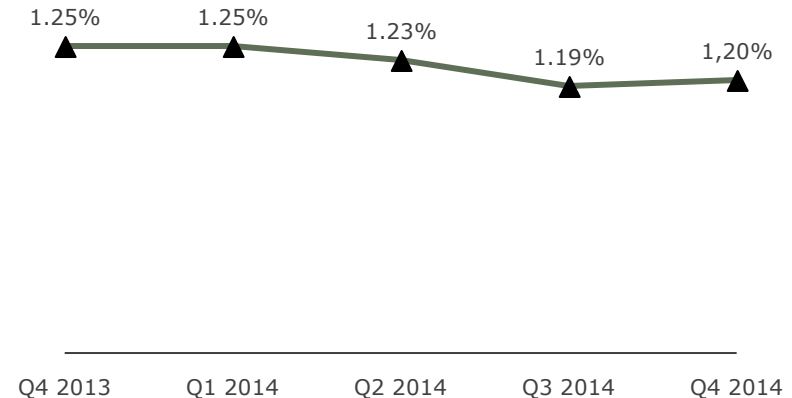
## Comments

- 22% premium growth in UL occupational pension premiums<sup>1</sup>
- 44% increase in results<sup>2</sup>
- Strong development in Asset Management continues

## Assets Under Management



## Interest margin retail banking



# Insurance - continued P&C growth, increased disability claims



## Result

NOK million	Q4		Full year	
	2014	2013	2014	2013
Insurance premiums f.o.a.	802	796	3 115	3 034
Claims f.o.a.	-613	-569	-2 226	-1 940
Operational cost	-9	-77	-387	-463
Financial result	-22	31	173	143
<i>Contribution from SB Helseforsikring AS</i>	14	-0	25	15
Result before profit sharing and loan losses	159	182	675	774
Net profit sharing and loan losses	-	-	-	-
<b>Result before amortisation<sup>1</sup></b>	<b>159</b>	<b>182</b>	<b>675</b>	<b>774</b>

## Result per product line

NOK million	Q4		Full year	
	2014	2013	2014	2013
P&C & Individual life <sup>2</sup>	106	108	340	314
Health & Group life <sup>3</sup>	78	61	190	225
Pension related disability insurance Nordic <sup>4</sup>	-25	13	144	234
<b>Result before amortisation</b>	<b>159</b>	<b>182</b>	<b>675</b>	<b>774</b>

<sup>1</sup> Result before amortisation includes positive non-recurring effect of change in own occupational pension scheme of 55 NOK mil (2013) and 120 NOK mil (2014).

<sup>2</sup> Individual life and disability, property and casualty insurance

<sup>3</sup> Group life, workers comp and 50% of result in Storebrand Health insurance

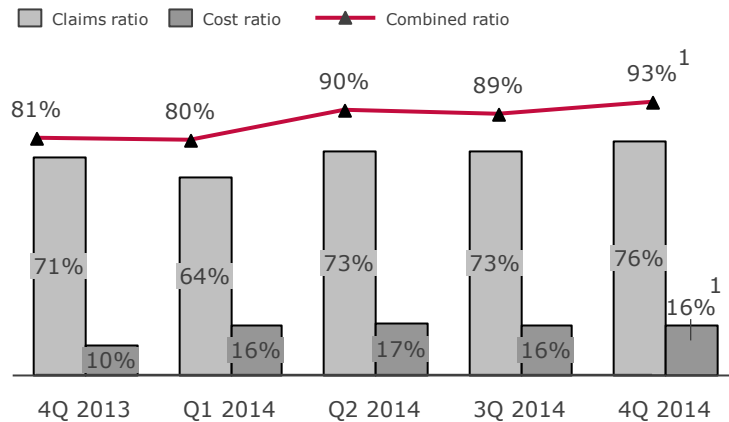
<sup>4</sup> DC disability risk result Norwegian line of business and disability risk result from SPP

# Insurance

## - Claims ratio affected by disability strengthening



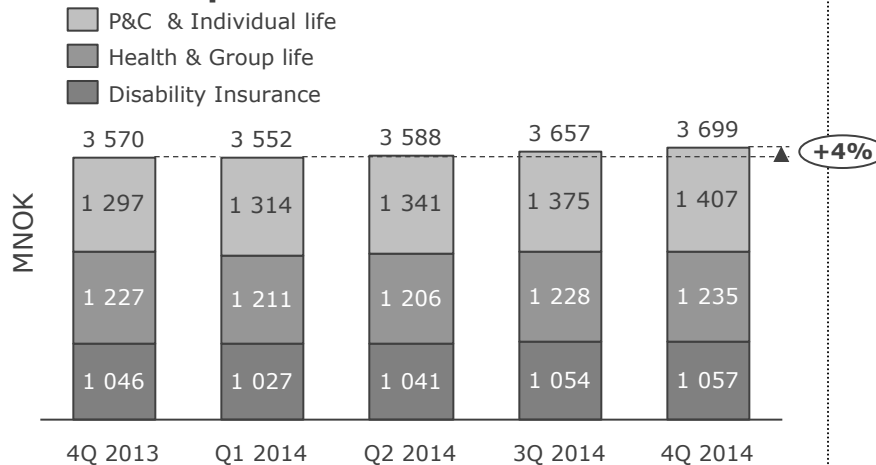
### Combined ratio



### Comments

- Increased disability, strengthening of reserves and negative pooling results within Disability Insurance
- Weak investment results in Q4, satisfactory for 2014
- 9% growth in premiums within P&C & Individual life

### Portfolio premiums



### Reporting adjustments

- From Q1 2014, SPP risk products reported under Insurance
- Storebrand Health Insurance (j/v) no longer consolidated
- Historic figures updated accordingly

# Guaranteed pension

## - Risk reducing measures impact results



### Result

NOK million	Q4		Full year	
	2014	2013	2014	2013
Fee and administration income	457	535	1 842	2 013
Risk result life & pensions <sup>1</sup>	331	16	483	7
Operational cost <sup>2</sup>	-84	-199	-921	-1 016
Financial result	-	-	-	-
Result before profit sharing and loan losses	705	352	1 404	1 003
Net profit sharing and loan losses	-357	96	61	373
Provision longevity	-121	-	-391	-
<b>Result before amortisation</b>	<b>227</b>	<b>448</b>	<b>1 074</b>	<b>1 376</b>

### Result per product line

NOK million	Q4		Full year	
	2014	2013	2014	2013
Defined benefit (fee based)	161	303	592	968
Storebrand Paid-up policies	3	13	-117	19
Storebrand Individual life and pension	-	21	-	-
SPP Guaranteed products	62	110	599	366
<b>Result before amortisation</b>	<b>227</b>	<b>448</b>	<b>1 074</b>	<b>1 376</b>

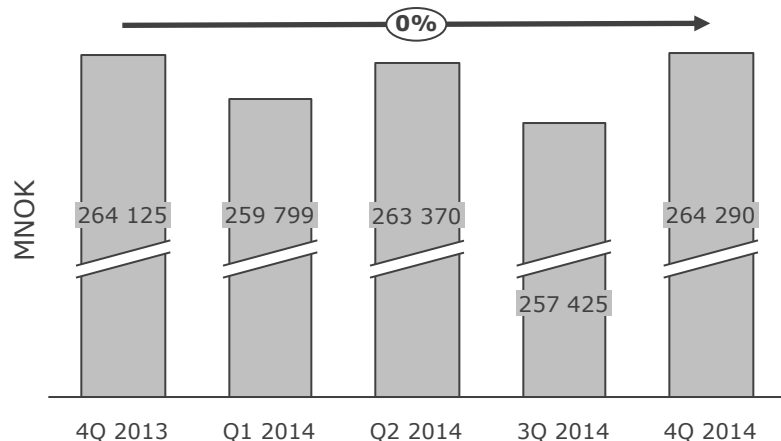
<sup>1</sup> Risk result life & pensions includes positive effect from dissolved risk reserves SPP (322 NOK mil) and negative effect from longevity strengthening w/use of risk equalisation fund (-98 NOK mil).

<sup>2</sup> Operational cost includes positive non-recurring effect of change in own occupational pension scheme of 106 NOK mil (2013) and 210 NOK mil (2014).

# Guaranteed pension - strengthened buffer capital



## Reserves guaranteed products



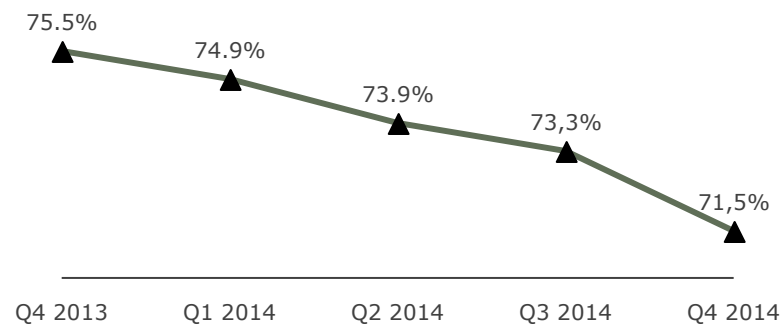
## Comments

- NOK 15 bn of guaranteed reserves transferred out in 2014
- Buffer capital strengthened by NOK 10 bn in 2014

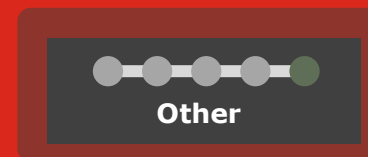
## Buffer capital

NOK million	2014	2013	Change
Market value adjustment reserve	5 814	3 823	1 992
Excess value of bonds at amortised cost	13 364	5 160	8 204
Additional statutory reserve	5 118	4 458	660
Provisions for new mortality tables <sup>1</sup>	4 125	3 500	625
Unallocated results	-	-	-
Provisions for new mortality tables, shareholders direct contribution	360	-	360
Conditional bonuses SPP	9 147	11 010	-1 863
<b>Total</b>	<b>37 928</b>	<b>27 951</b>	<b>9 978</b>

## Guaranteed reserves in % of total reserves



# Other



## Result

NOK million	Q4		Full year	
	2014	2013	2014	2013
Fee and administration income	69	90	282	353
Risk result life & pensions	2	-2	8	3
Operational cost <sup>1</sup>	14	75	-158	-180
Financial result	29	-21	190	-46
Result before profit sharing and loan losses	115	143	322	129
Net profit sharing and loan losses	-13	-14	-85	-11
<b>Result before amortisation</b>	<b>102</b>	<b>128</b>	<b>236</b>	<b>119</b>

## Result per product line

NOK million	Q4		Full year	
	2014	2013	2014	2013
Corporate Banking	5	44	-10	113
BenCo	51	10	94	46
Holding company costs and net financial results in company portfolios	46	75	153	-39
<b>Result before amortisation</b>	<b>102</b>	<b>128</b>	<b>236</b>	<b>119</b>

<sup>1</sup> Operational cost includes positive non-recurring effect of change in own occupational pension scheme of 119 NOK mill (2013) and 54 NOK mil l(2014).

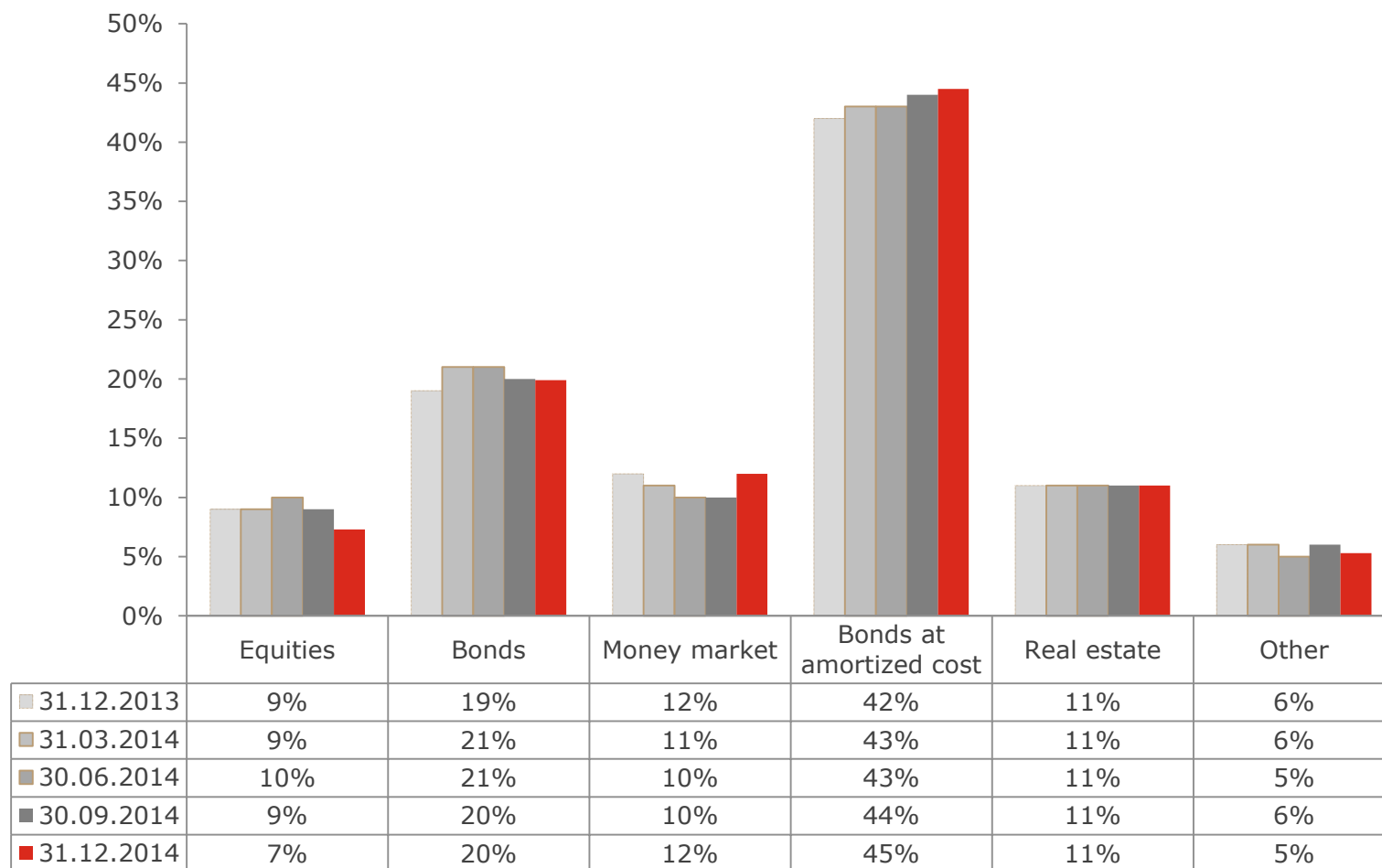
# Key takeaways

- Increased sales
- Solvency II position strengthened
- Strong results
- Cost target reached



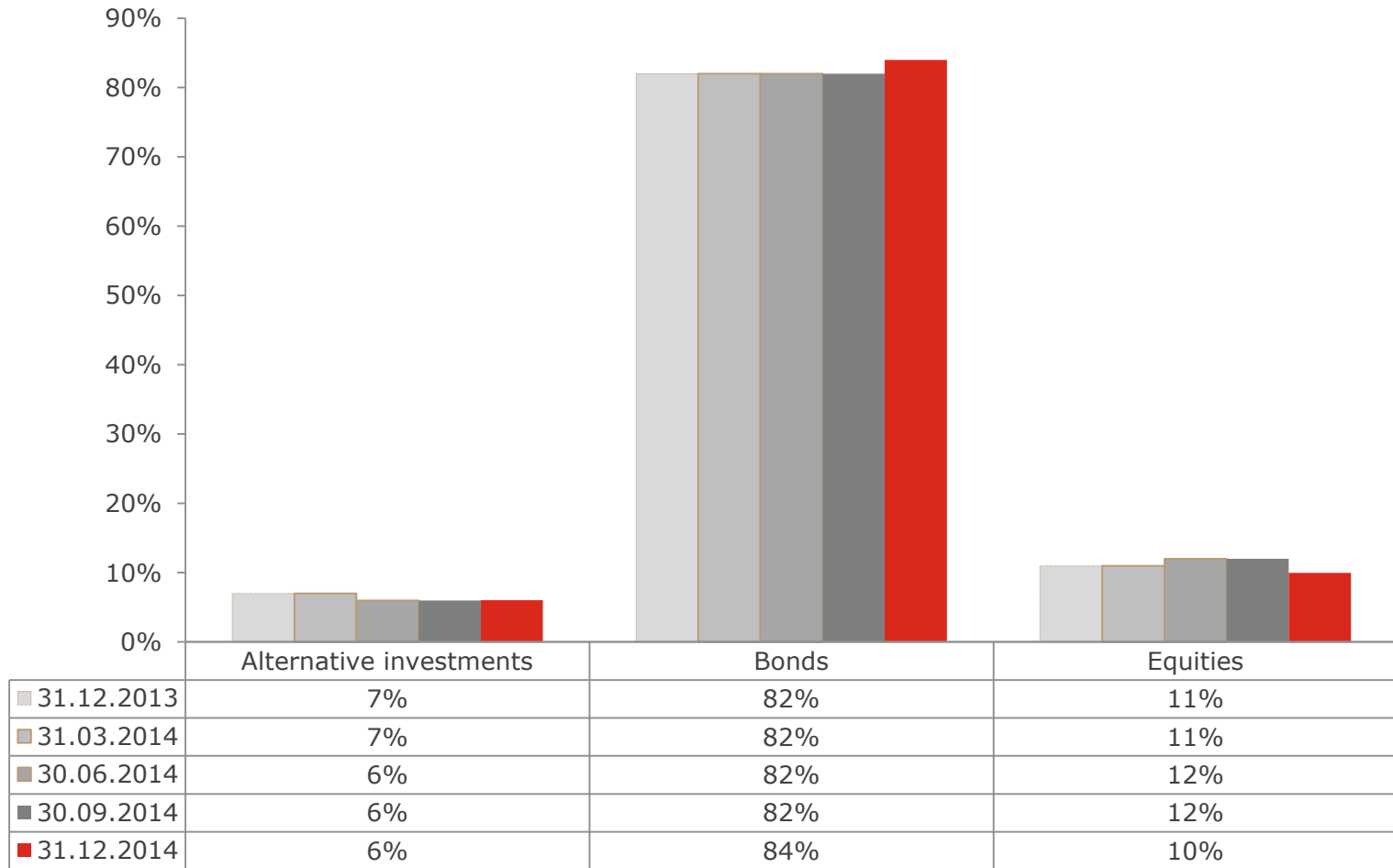
# Appendix

# Storebrand Life Insurance asset allocation



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

# SPP asset allocation



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