

# Storebrand 3Q 2015

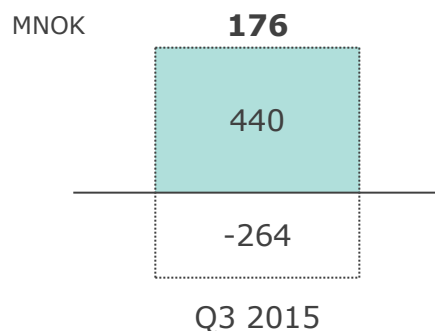
28 October 2015

Odd Arild Grefstad – CEO  
Lars Aa. Løddesøl – CFO



# Highlights 3Q 2015

## Group result



- Result before profit sharing and loan losses
- Net profit sharing and loan losses/Longevity provision

- 8,5 % growth in fee and admin income<sup>1</sup>
- Results impacted by weak financial markets during the quarter



**17%** Insurance written premium growth<sup>2</sup>



**27%** Unit Linked premium growth<sup>2</sup>



**67%** of longevity strengthening completed



**146%** Estimated Solvency II ratio<sup>3</sup>

<sup>1</sup> Adjusted for business in run off (corporate banking and public sector) and FX. YTD/YTD

<sup>2</sup> Growth figures are 3Q2014-3Q2015.

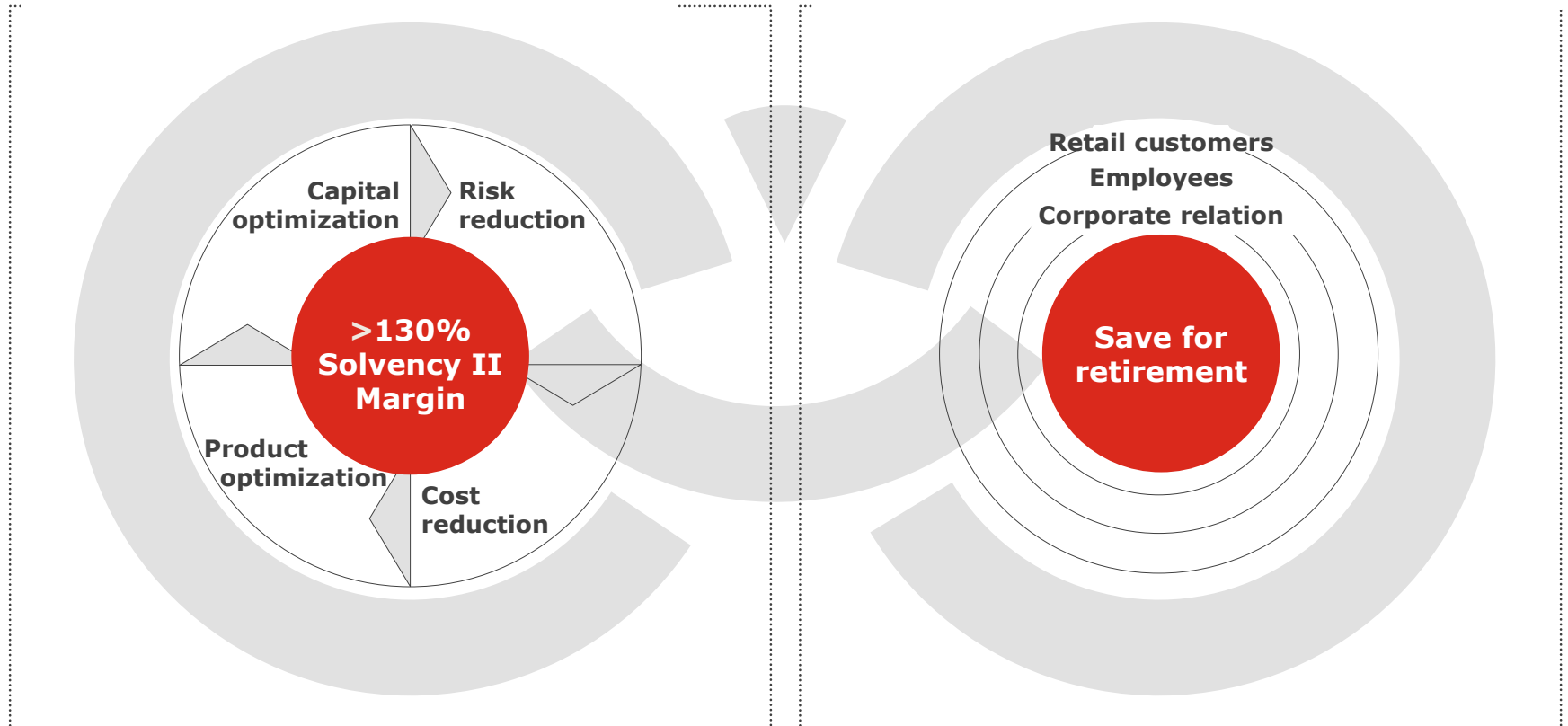
<sup>3</sup> Including transitional rules.

# Transformation of the business model continues

## Dual strategy reiterated and reinforced

### Manage the guaranteed balance sheet

### Continued growth in savings and insurance

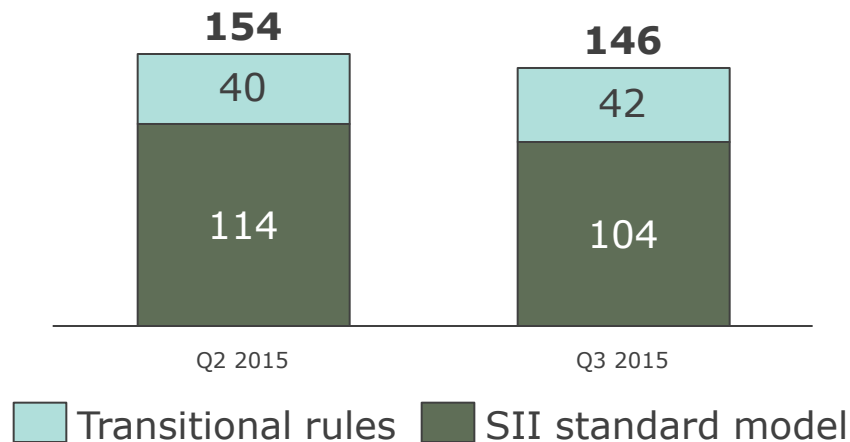


We work hard to reach our vision:

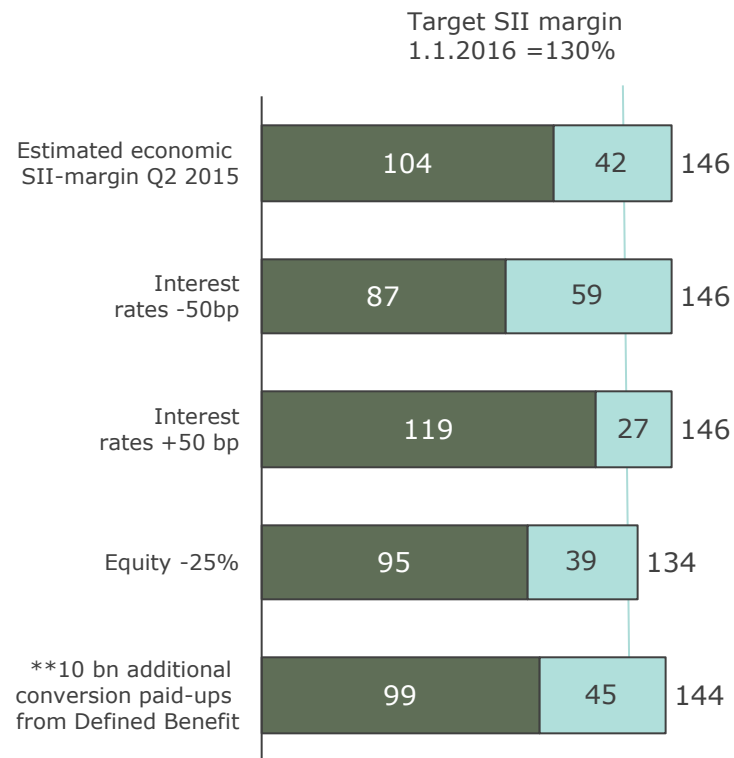
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# Estimated SII position Storebrand Group

## Economic Solvency position(%)<sup>1</sup>



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



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

## Key takeaways

- Falling interest rates between Q2 and Q3
  - 45bps in Norway and 23bps in Sweden
- Reduced stress on equities
  - From 42% per Q2 to 36% per Q3
- On track to improve underlying Solvency II ratio with 10% points during 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.

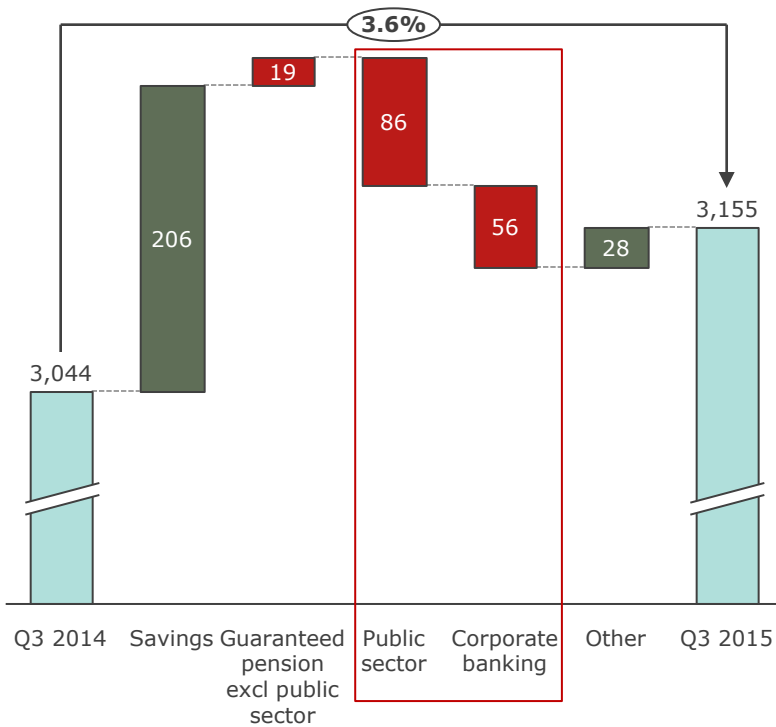
<sup>2</sup> Indicative sensitivities after the implementation of Solvency II in 2016. Market movements in 2015 and until the introduction of Solvency II in 2016 will have a smaller effect than stated in the sensitivities because of the mitigating effects of the transition rules.

# Fee and administration income shifts from Guaranteed to Savings

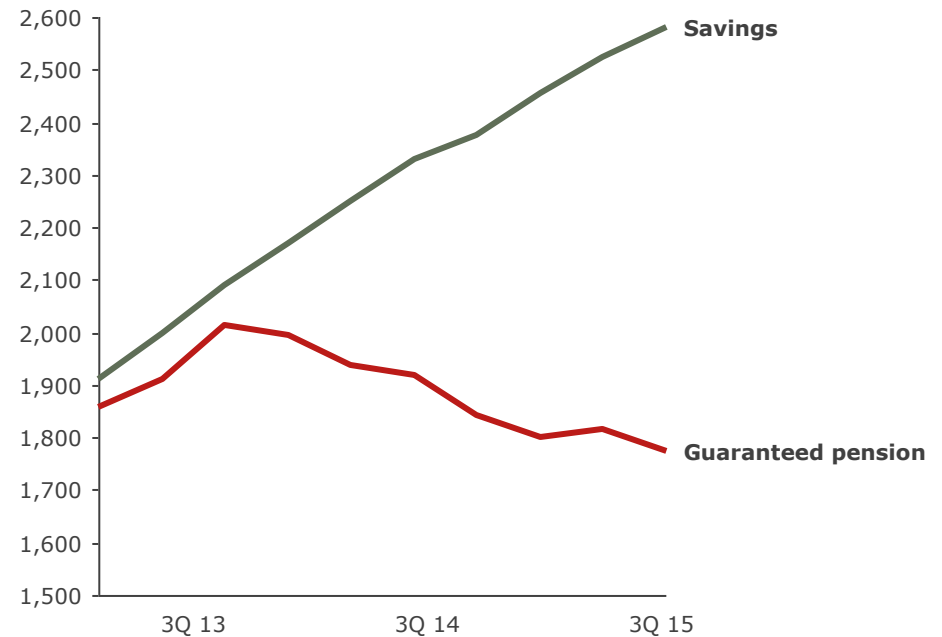


## Income growth of 8.5% adjusted for business in run-off<sup>1</sup>

Storebrand Group income development  
Q3 2014 compared to Q3 2015 (YTD, NOK mill.)



Fee- and admin income 12 months rolling  
Savings and Guaranteed pension (NOK mill.)

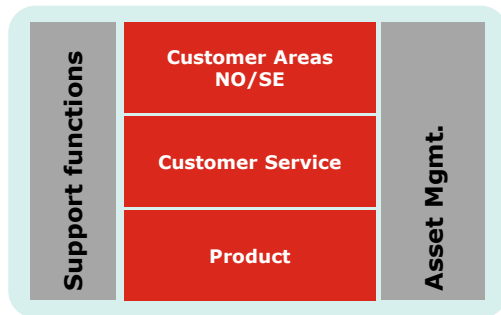


<sup>1</sup> Adjusted for business in run off (corporate banking and public sector) and FX

# Customer centricity, innovation and efficiency

## Customer centric organization

- Increase profitability
- Improve customer centricity



## BPO/ITO

- Negotiations with potential partners, including partial ownership change of Storebrand Baltic
- Leverage innovation capacity and create customer friendly solutions
- Automation of manual processes
- Additional operational cost reductions
- From fixed to variable costs

## Cost/Income target announced

*CMD 2014*

**60%**

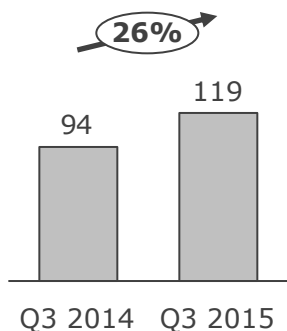
- Manage back book challenges
- Support growth initiatives

## Cost efficiency measures

- Customer Area Norway: Staff reductions of 65 FTEs 2015 (15%)
- Further FTE reductions in other areas expected in 2016

# Growth in Savings and Insurance continues

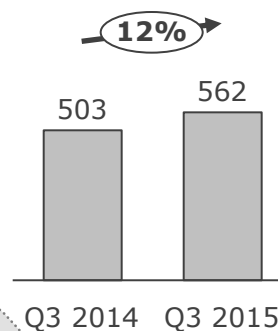
## Unit Linked



UL reserves (BNOK)

- 27% Premium growth 3Q
- Paid-up policies w/investment choice adds growth

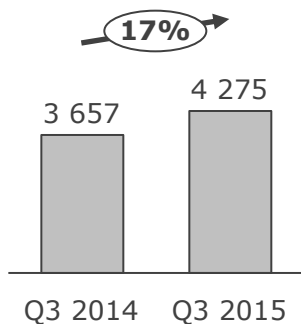
## Asset management



AuM (BNOK)

- Gathering assets from life company
- Strong sales

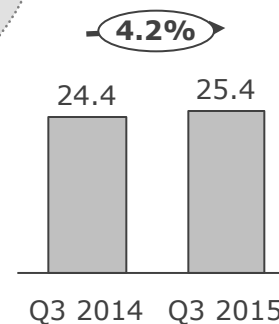
## Insurance



Written Premiums (MNOK)

- Premium growth from Akademikerne
- Sales to large customers

## Retail loans



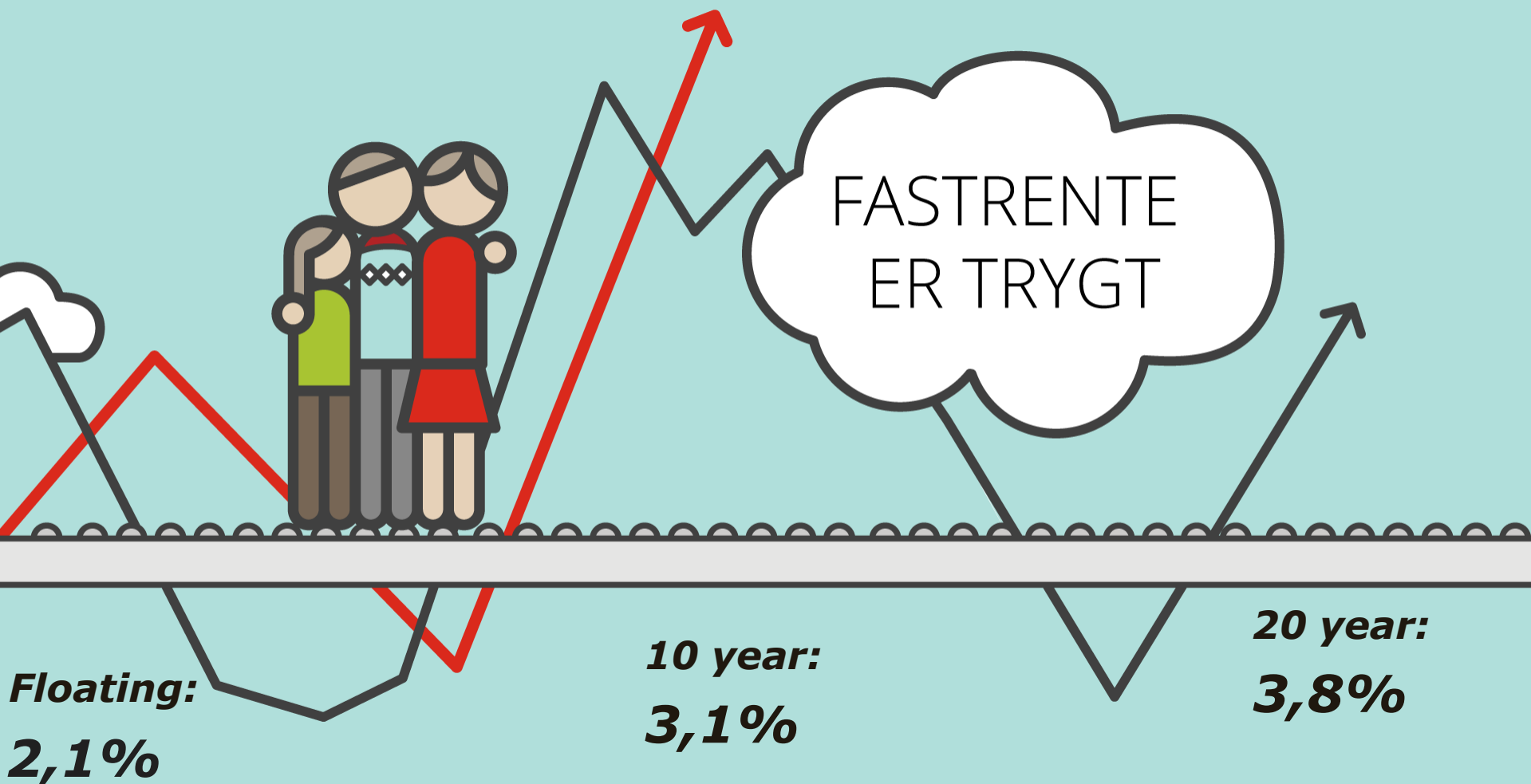
Balance (BNOK)

- Growth from introduction of new product



Save for retirement

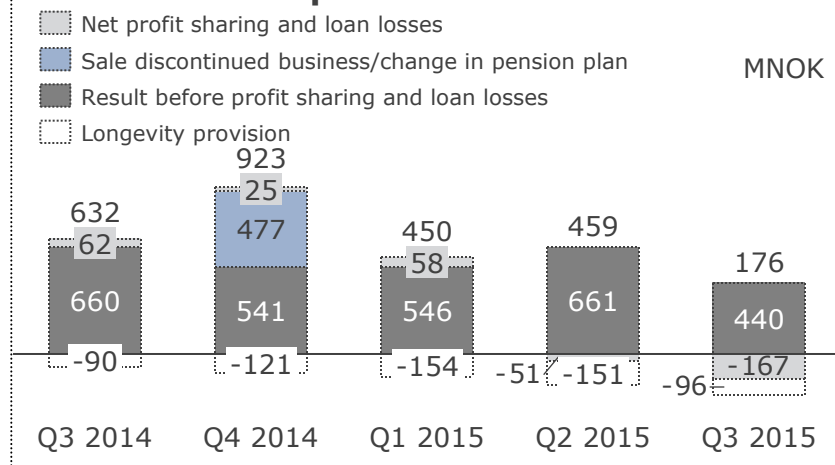
# Competitive retail bank offering



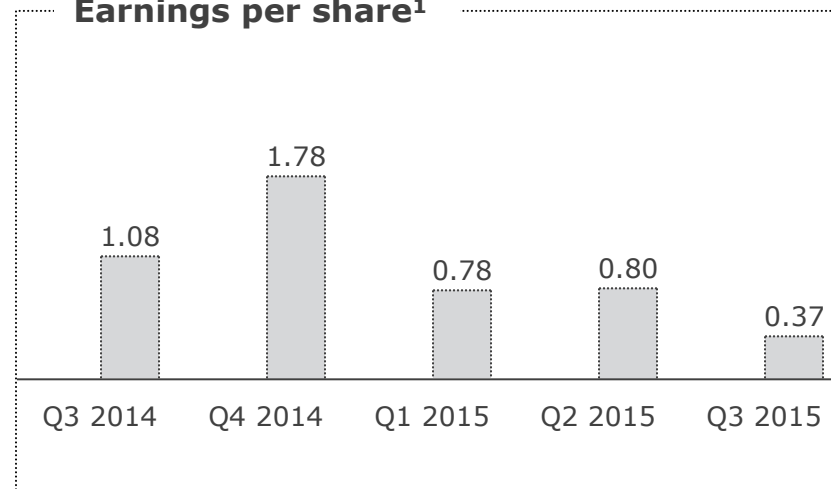


# Key figures

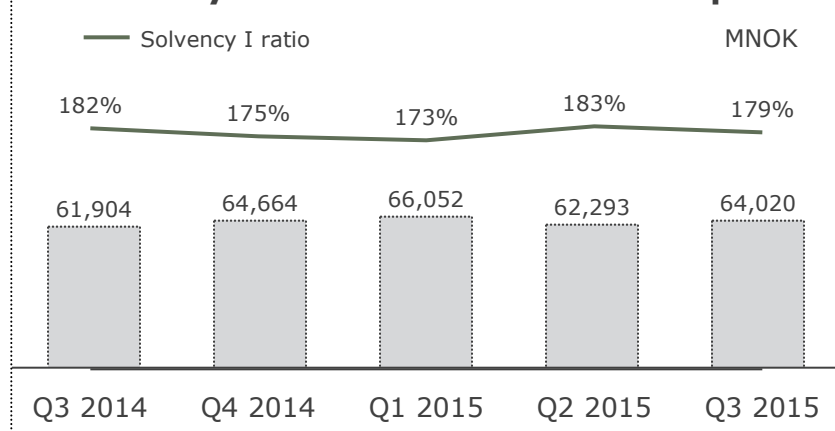
## Result development



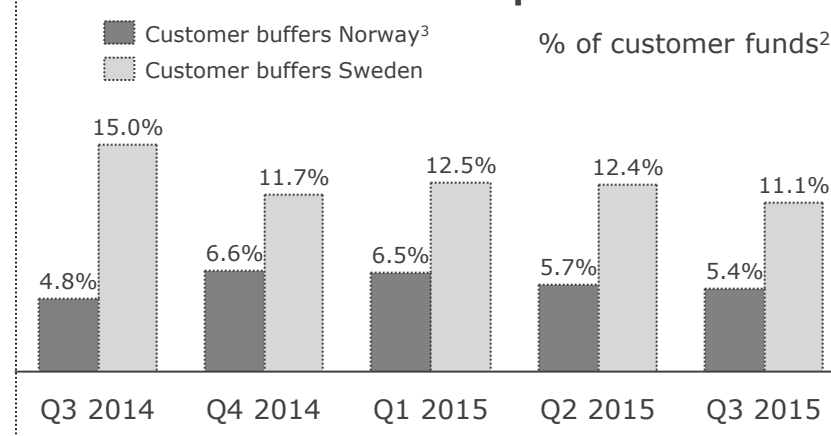
## Earnings per share<sup>1</sup>



## 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> Solvency capital/customer buffers does not include provisions for future longevity reservations

# Storebrand Group

## Profit

NOK million	3Q		01.01 - 30.09		Full year
	2015	2014	2015	2014	2014
Fee and administration income	1 046	1 045	3 155	3 044	4 160
Risk result life & pensions	40	37	103	157	480
Insurance premiums f.o.a.	894	773	2 708	2 313	3 115
Claims f.o.a.	-697	-564	-2 031	-1 614	-2 226
Operational cost	-755	-732	-2 357	-2 238	-2 446
Financial result	-90	95	68	370	349
Result before profit sharing and loan losses	440	655	1 646	2 032	3 431
Net profit sharing and loan losses	-167	67	-159	348	-8
Provision longevity	-96	-90	-402	-270	-391
<b>Result before amortisation and write-downs</b>	<b>176</b>	<b>632</b>	<b>1 085</b>	<b>2 110</b>	<b>3 032</b>
Amortisation and write-downs of intangible assets	-108	-108	-316	-326	-431
Result before tax	67	524	768	1 783	2 601
Tax	-3	-147	-187	-401	-516
Sold/liquidated business	-0	-0	-0	-1	-1
<b>Profit after tax</b>	<b>64</b>	<b>376</b>	<b>581</b>	<b>1 382</b>	<b>2 085</b>

# Storebrand Group

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Net profit sharing and loan losses/Provision longevity	-264	-23	-561	78	-399
<b>Profit before amortisation</b>	<b>176</b>	<b>632</b>	<b>1 085</b>	<b>2 110</b>	<b>3 032</b>

## Profit per line of business

NOK million	3Q		01.01 - 30.09		Full year
	2015	2014	2015	2014	2014
Savings - non-guaranteed	264	240	720	622	1 091
Insurance	120	135	471	516	675
Guaranteed pension	-76	233	37	847	1 074
Other result	-133	24	-143	124	193
<b>Profit before amortisation</b>	<b>176</b>	<b>632</b>	<b>1 085</b>	<b>2 110</b>	<b>3 032</b>

# Savings (non-guaranteed) - strong results growth



## Profit

NOK million	3Q		01.01 - 30.09		Full year
	2015	2014	2015	2014	2014
Fee and administration income	646	588	1 902	1 696	2 375
Risk result life & pensions	-5	7	-4	-1	-11
Operational cost	-381	-354	-1 183	-1 075	-1 289
Financial result	0	0	0	0	0
Result before profit sharing and loan losses	261	240	715	620	1 075
Net profit sharing and loan losses	3	-1	5	2	16
Provision longevity	-	-	-	-	-
<b>Result before amortisation</b>	<b>264</b>	<b>240</b>	<b>720</b>	<b>622</b>	<b>1 091</b>

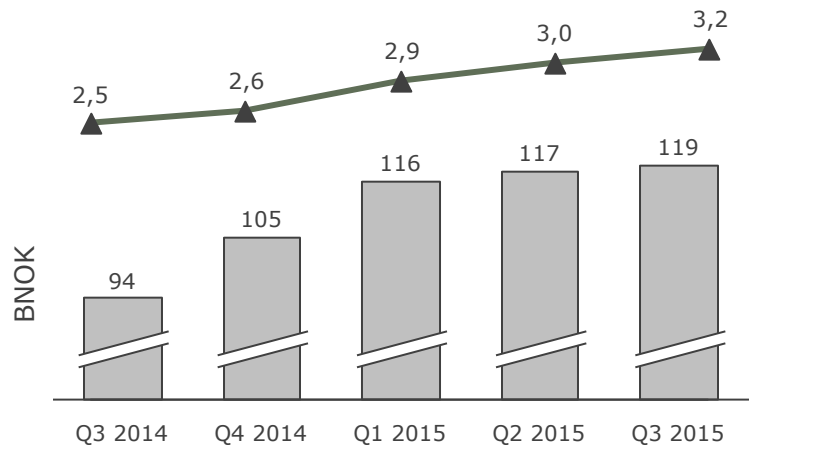
## Profit per product line

NOK million	3Q		01.01 - 30.09		Full year
	2015	2014	2015	2014	2014
Unit Linked Storebrand	71	63	163	131	205
Unit Linked SPP	41	32	113	74	99
Asset Management segment	116	87	306	240	513
Retail Banking	36	57	137	177	274
<b>Result before amortisation</b>	<b>264</b>	<b>240</b>	<b>720</b>	<b>622</b>	<b>1 091</b>

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



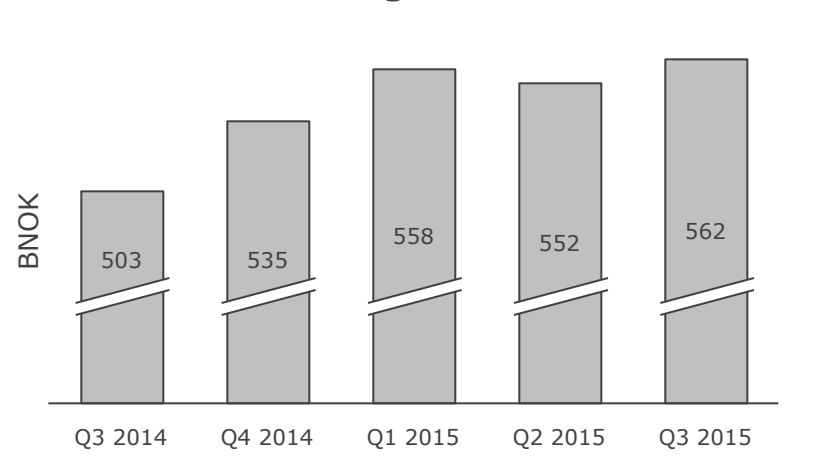
## Reserves and premiums Unit Linked



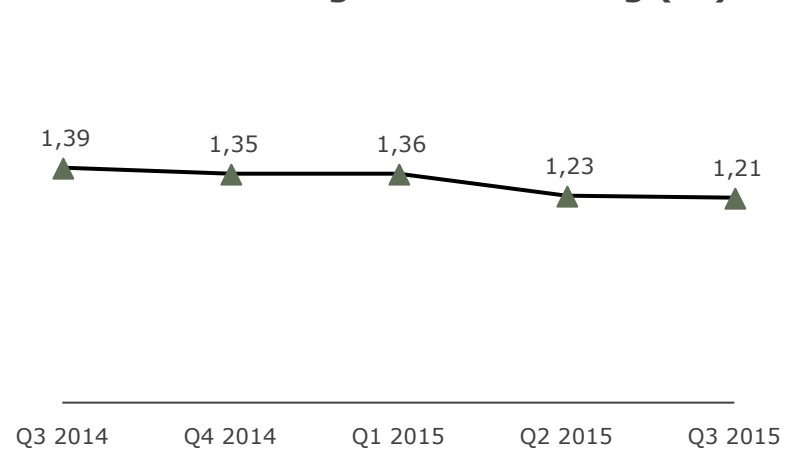
## Comments<sup>1</sup>

- 27% premium growth in UL premiums<sup>2</sup>
- 12% top line growth in Savings<sup>3</sup>
- Strong result development in Asset Management continues

## Assets Under Management



## Net Interest margin retail banking (%)



# Insurance

## - continued P&C growth



### Profit

NOK million	3Q		01.01 - 30.09		Full year
	2015	2014	2015	2014	2014
Insurance premiums f.o.a.	894	773	2 708	2 313	3 115
Claims f.o.a.	-697	-564	-2 031	-1 614	-2 226
Operational cost	-122	-122	-387	-378	-387
Financial result	45	48	181	195	173
<b>Result before amortisation</b>	<b>120</b>	<b>135</b>	<b>471</b>	<b>516</b>	<b>675</b>

### Profit per product line

NOK million	3Q		01.01 - 30.09		Full year
	2015	2014	2015	2014	2014
P&C & Individual life <sup>1)</sup>	62	89	255	234	340
Health & Group life <sup>2)</sup>	41	40	148	112	190
Pension related disability insurance Nordic <sup>3)</sup>	18	7	69	169	144
<b>Result before amortisation</b>	<b>120</b>	<b>135</b>	<b>471</b>	<b>516</b>	<b>675</b>

<sup>1</sup> Individual life and disability, property and casualty insurance

<sup>2</sup> Group life, workers comp and 50% of result in Storebrand Health insurance

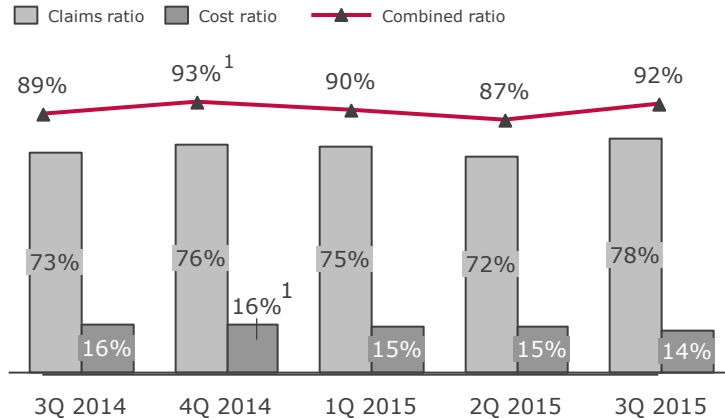
<sup>3</sup> DC disability risk result Norwegian line of business and disability risk result from SPP

# Insurance

## - strong top line development



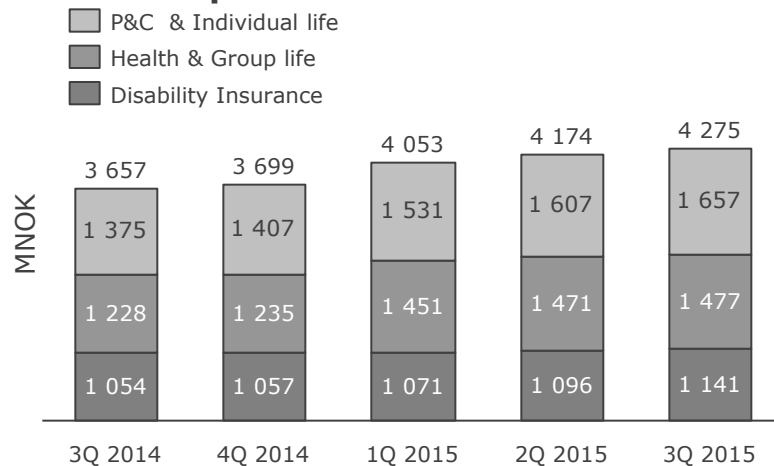
### Combined ratio



### Comments Combined ratio and financial result

- Combined Ratio 92%
- Financial result affected by adverse market development during 3Q

### Portfolio premiums



### Comments premiums and growth<sup>2</sup>

- 20% premium growth within P&C & Individual life
- 20% premium growth within Health & Group life
- 8% premium growth in Pension related disability Nordic

<sup>1</sup> Combined- and cost ratios adjusted for special items. In 4Q 2014, unadjusted cost ratio was 1% and unadjusted combined ratio was 78%.

<sup>2</sup> Growth figures show development from 3Q 2014 to 3Q 2015

# Guaranteed pension

## - negative results due to weak financial markets



### Profit

NOK million	3Q		01.01 - 30.09		Full year
	2015	2014	2015	2014	2014
Fee and administration income	428	471	1 317	1 384	1 842
Risk result life & pensions	20	26	83	152	483
Operational cost	-266	-275	-824	-837	-921
Financial result	-	-	-	-	-
Result before profit sharing and loan losses	182	222	576	699	1 404
Net profit sharing and loan losses	-162	101	-137	418	61
Provision longevity	-96	-90	-402	-270	-391
<b>Result before amortisation</b>	<b>-76</b>	<b>233</b>	<b>37</b>	<b>847</b>	<b>1 074</b>

### Profit per product line

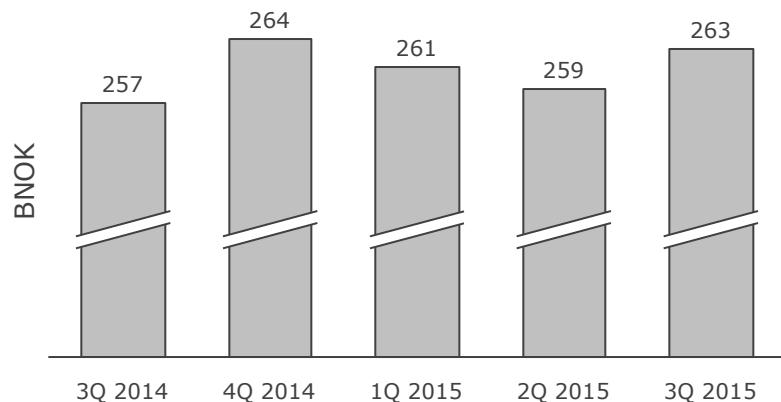
NOK million	3Q		01.01 - 30.09		Full year
	2015	2014	2015	2014	2014
Defined benefit (fee based)	74	148	241	431	592
Paid-up policies, Norway	-35	-66	-227	-121	-117
Individual life and pension, Norway	2	-	5	-	-
Guaranteed products, Sweden	-117	151	18	537	599
<b>Result before amortisation</b>	<b>-76</b>	<b>233</b>	<b>37</b>	<b>847</b>	<b>1 074</b>



# Guaranteed pension - Key figures



## Reserves guaranteed products



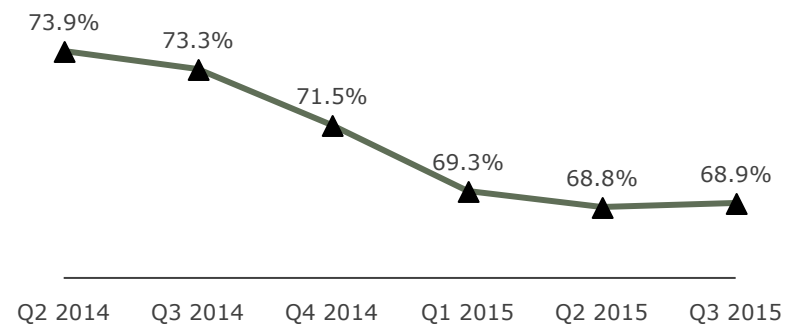
## Comments

- Excess value in bonds at amortised cost increased
- Negative profit sharing result in SPP due to low interest rates and weak equity and credit markets

## Buffer capital

NOK million	2015		
	3Q	2Q	Change
Market value adjustment reserve	4 352	4 930	-578
Excess value of bonds at amortised cost	11 122	9 695	1 427
Additional statutory reserve	4 479	4 505	-26
Provisions for new mortality tables <sup>1</sup>	3 833	3 850	-17
Unallocated results	1 905	1 964	-59
Provisions for new mortality tables, shareholders direct contribution	245	180	65
Conditional bonuses Sweden	9 065	9 335	-270
<b>Total</b>	<b>35 001</b>	<b>34 460</b>	<b>541</b>

## Guaranteed reserves in % of total reserves<sup>1</sup>

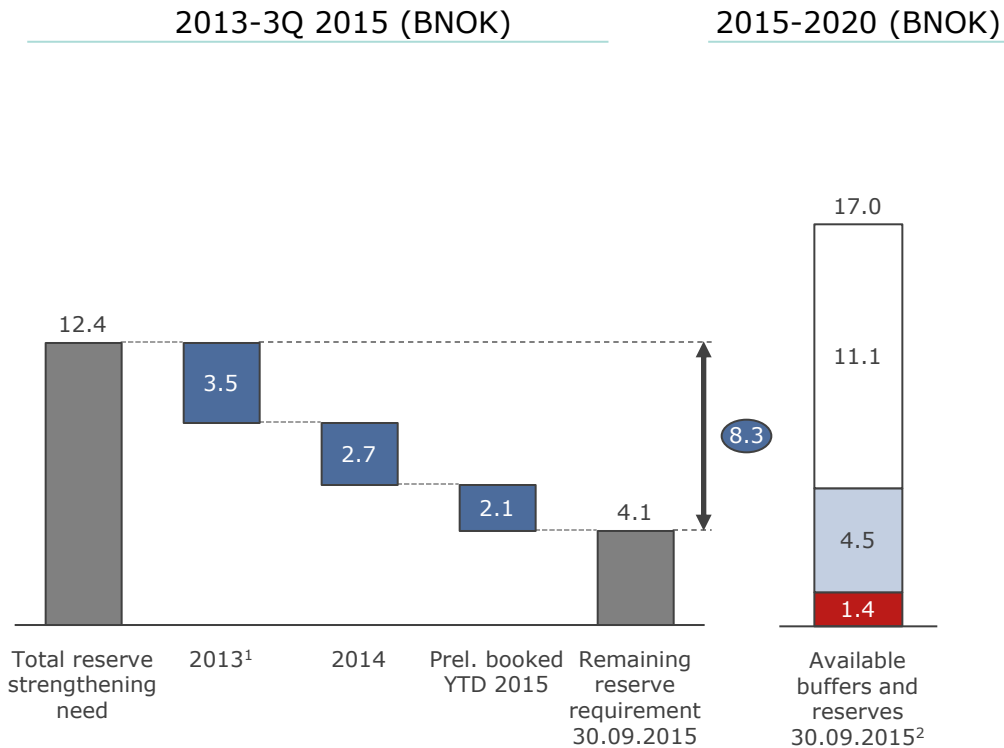


# Longevity

- 2/3 of reserve strengthening completed



## Reserve strengthening Norwegian guaranteed products

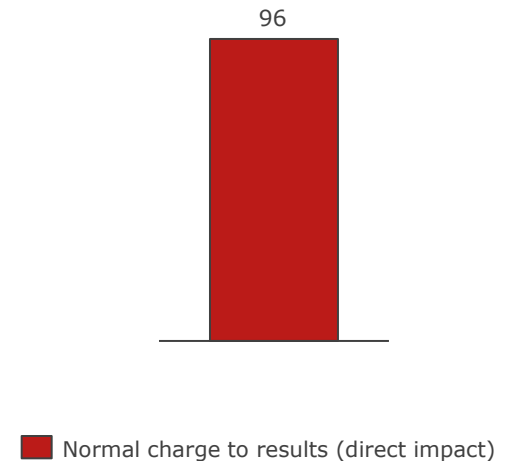


<sup>1</sup> Net surplus allocated to longevity 2011-2013.

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

## Negative result impact in the quarter

3Q 2015 (MNOK)



<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.

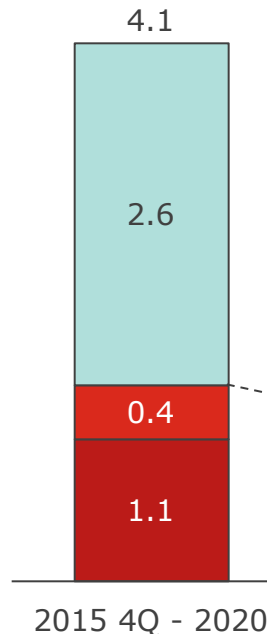
<sup>3</sup> Including charge to convert from paid-up policies to paid-up policies with investment choice.

# Estimated IFRS result impact from longevity reserve strengthening revised down MNOK 500



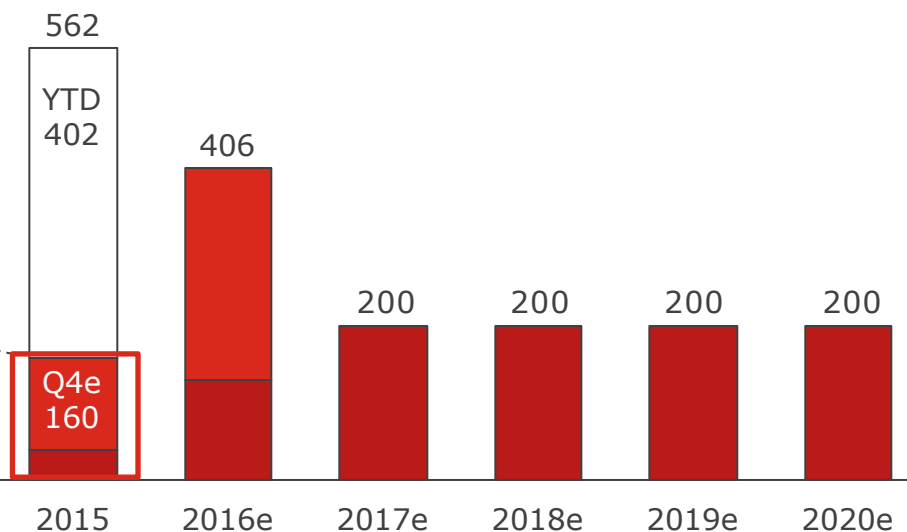
## Longevity strengthening need - sources of funding

### Total remaining reserve strengthening (BNOK)



### Estimated annual IFRS result impact (MNOK)

*Estimated direct IFRS result impact reduced from 90MNOK to 65MNOK pr. quarter*



■ Portfolio return above interest guarantee 
 ■ Risk Equalisation Fund 
 ■ Direct equity contribution

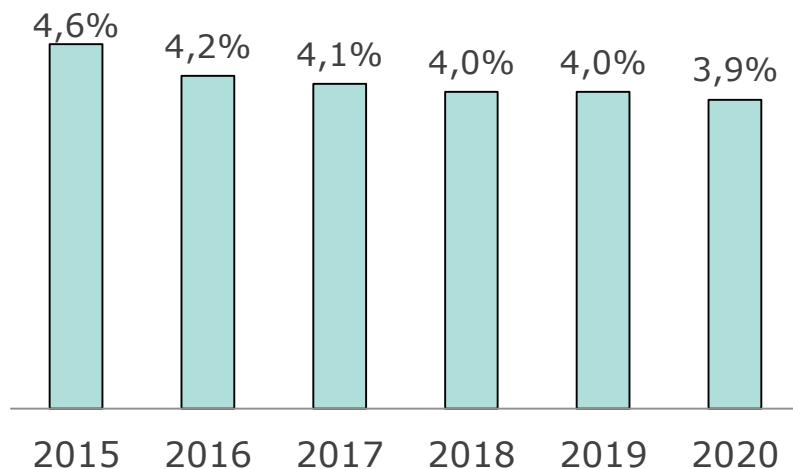
# Paid up policies is the main challenge in a low interest scenario and under SII...



## ...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*



- **2015-2020:** Longevity reserve strengthening and interest rate guarantee to be covered by expected return, buffers and planned company contribution<sup>2</sup>
- **2020-2025:** Prolonged low interest rate environment will have limited impact on results<sup>2</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 September 30, 2015.

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

# Other<sup>1</sup>

- Financial results affected by increased credit spreads <sup>Other</sup>



## Profit

NOK million	3Q		01.01 - 30.09		Full year
	2015	2014	2015	2014	2014
Fee and administration income	31	57	111	174	233
Risk result life & pensions	25	4	25	6	8
Operational cost	-46	-51	-137	-158	-138
Financial result	-135	48	-115	175	175
Result before profit sharing and loan losses	<b>-125</b>	<b>57</b>	<b>-116</b>	<b>197</b>	<b>278</b>
Net profit sharing and loan losses	-8	-33	-27	-72	-85
<b>Profit before amortisation</b>	<b>-133</b>	<b>24</b>	<b>-143</b>	<b>124</b>	<b>193</b>

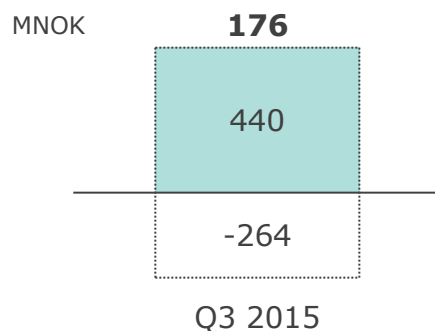
## Profit per product line

NOK million	3Q		01.01 - 30.09		Full year
	2015	2014	2015	2014	2014
Corporate Banking	-34	-29	-51	-46	-47
BenCo	33	20	60	43	94
Holding company costs and net financial results in company portfolios	-131	33	-152	127	145
<b>Profit before amortisation</b>	<b>-133</b>	<b>24</b>	<b>-143</b>	<b>124</b>	<b>193</b>

<sup>1</sup> Figures shown exclude eliminations, except elimination in financial result. For full disclosure on eliminations, see Table 46b in Supplementary Information.

# Highlights 3Q 2015

## Group result



- Result before profit sharing and loan losses
- Net profit sharing and loan losses/Longevity provision

- 8,5 % growth in fee and admin income<sup>1</sup>
- Results impacted by weak financial markets during the quarter



**17%** Insurance written premium growth<sup>2</sup>



**27%** Unit Linked premium growth<sup>2</sup>



**67%** of longevity strengthening completed



**146%** Estimated Solvency II ratio<sup>3</sup>

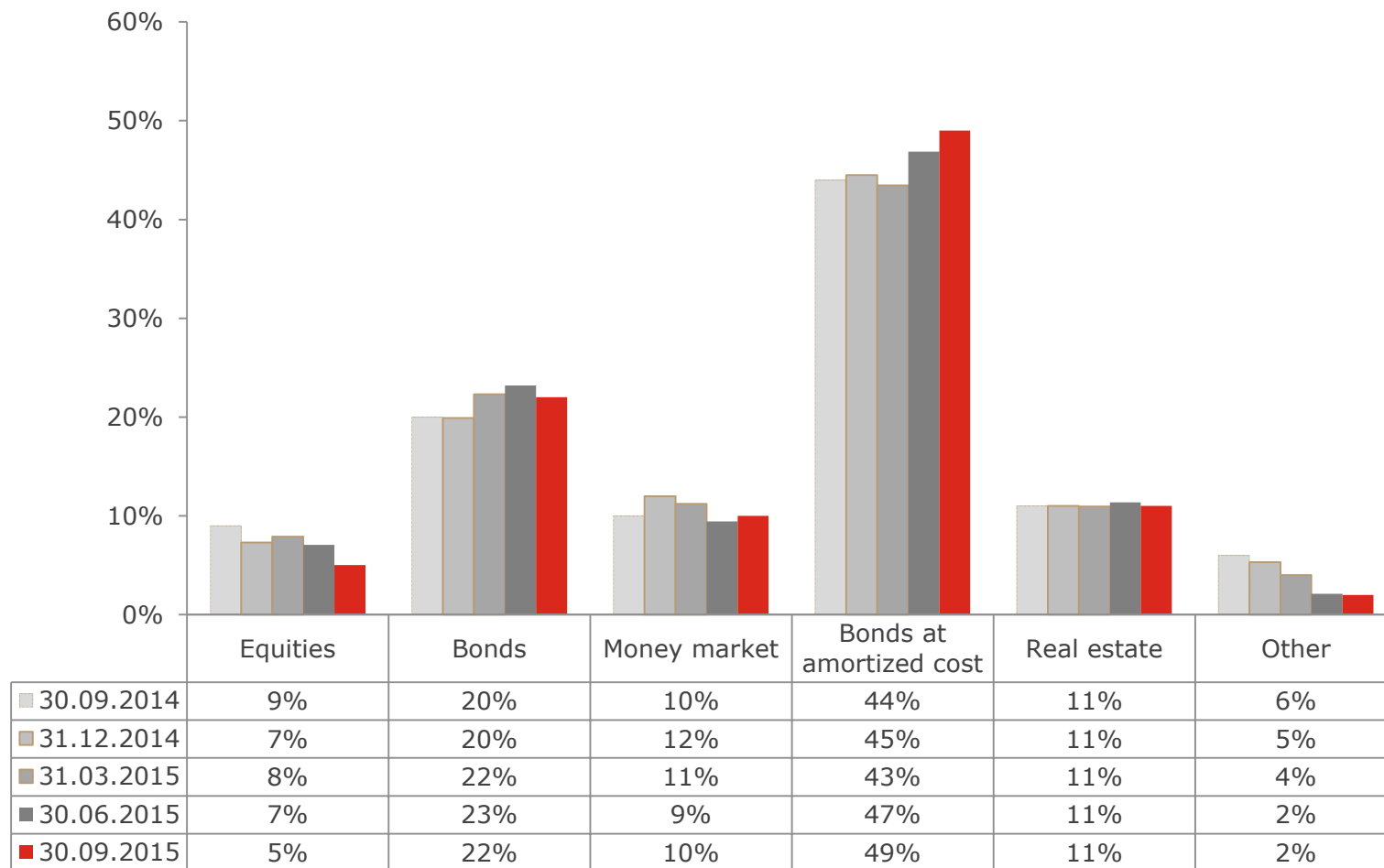
<sup>1</sup> Adjusted for business in run off (corporate banking and public sector) and FX. YTD/YTD

<sup>2</sup> Growth figures are 3Q2014-3Q2015.

<sup>3</sup> Including transitional rules.

# Appendix

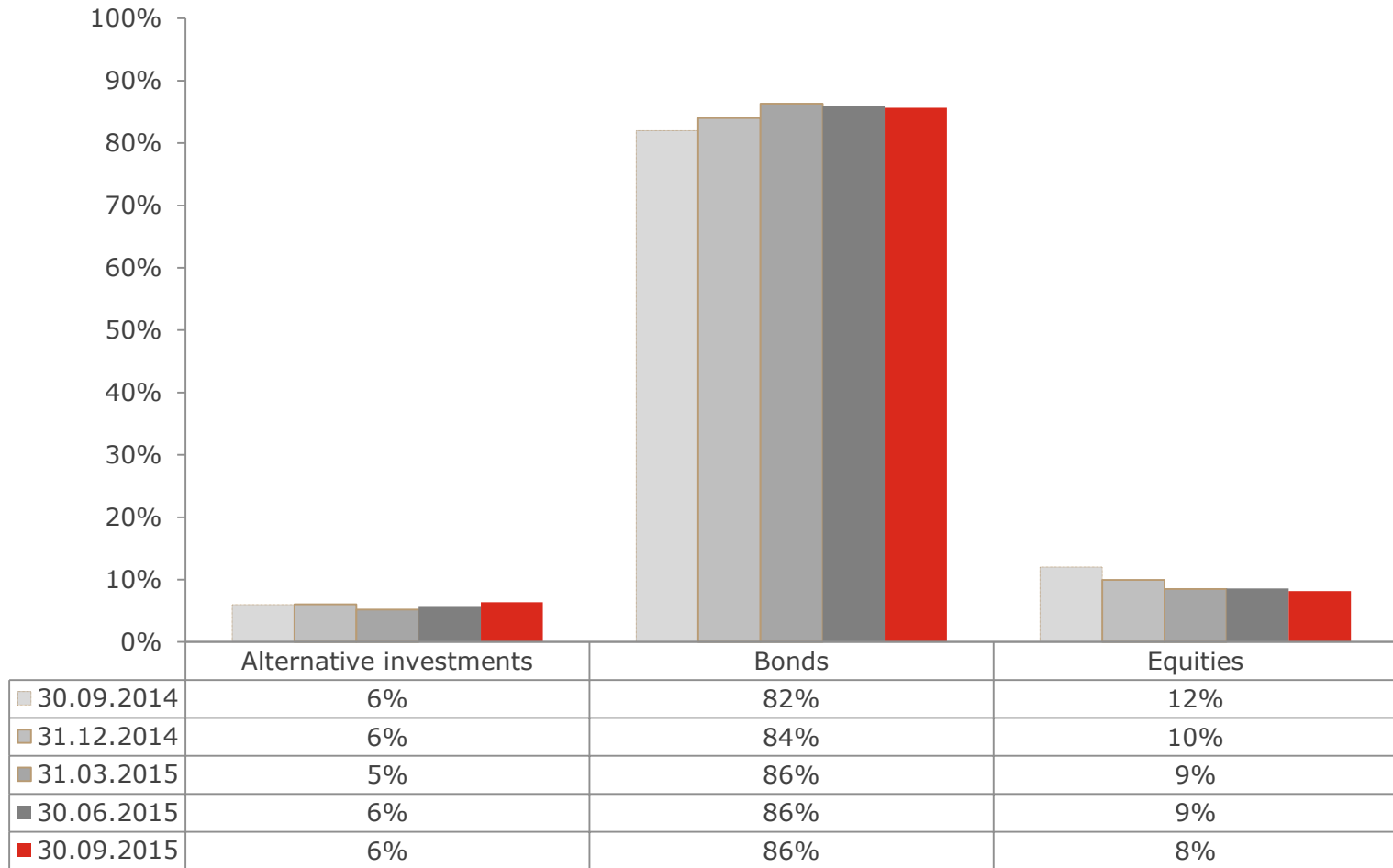
# Storebrand Life Insurance asset allocation



<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.



## Investor Relations contacts

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# Our Vision

Recommended by our customers