

# Storebrand 3Q 2016

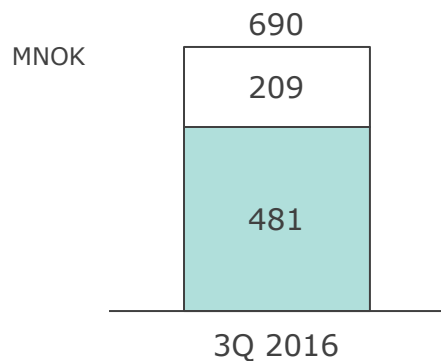
26 Oct 2016

Odd Arild Grefstad – CEO  
Lars Aa. Løddesøl – CFO



# Highlights 3Q 2016

## Group result<sup>1</sup>



- Financial items and risk result life
- Operating profit

- *5% growth in Savings fee and admin income<sup>2</sup>*
- *6% reduction in Guaranteed fee and admin income<sup>2</sup>*



**18%** Unit Linked premium growth<sup>3</sup>



**6%** Insurance written premium growth<sup>3</sup>



**28%** Retail Bank lending growth<sup>3</sup>



**165%** Solvency II ratio<sup>4</sup>

<sup>1</sup> Result before amortisation and write-downs.

<sup>2</sup> Change from 3Q 2015 to 3Q 2016.

<sup>3</sup> Growth figures are from YTD 2015 to YTD 2016.

<sup>4</sup> Including transitional rules. Solvency II ratio excluding transitional rules is 131%.

# The Storebrand investor story

## 1 Manage the guaranteed balance sheet

*>150% SII margin*

- **Cost reductions** through automation and outsourcing
- Manage for future **capital release** and increased **dividend capacity**

## 2 Continued growth in Savings and Insurance

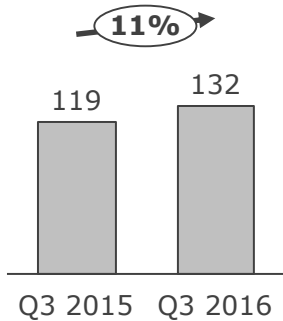
*Capital-light and profitable growth*

- Market leading **asset gatherer** with strong Insurance offering
- Continued retail growth with **low capital requirements**

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

# Growth in Savings and Insurance continues

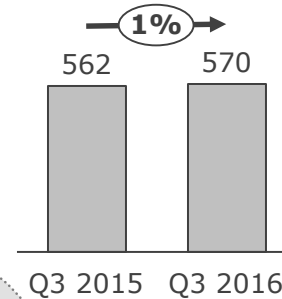
## Unit Linked



UL reserves (BNOK)

- Growth weakened by SEK/NOK; 16% currency adjusted growth
- 18% premium growth YTD 2016

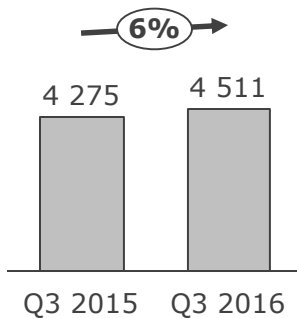
## Asset management



AuM (BNOK)

- Growth weakened by SEK/NOK; 5% currency adjusted growth

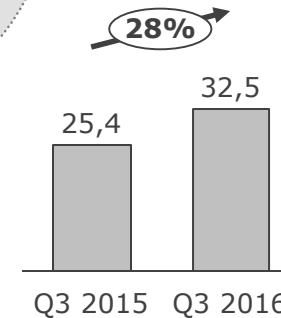
## Insurance



Portfolio Premiums (MNOK)

- Premium growth from Akademikerne
- Cross sales to pension customers

## Retail loans



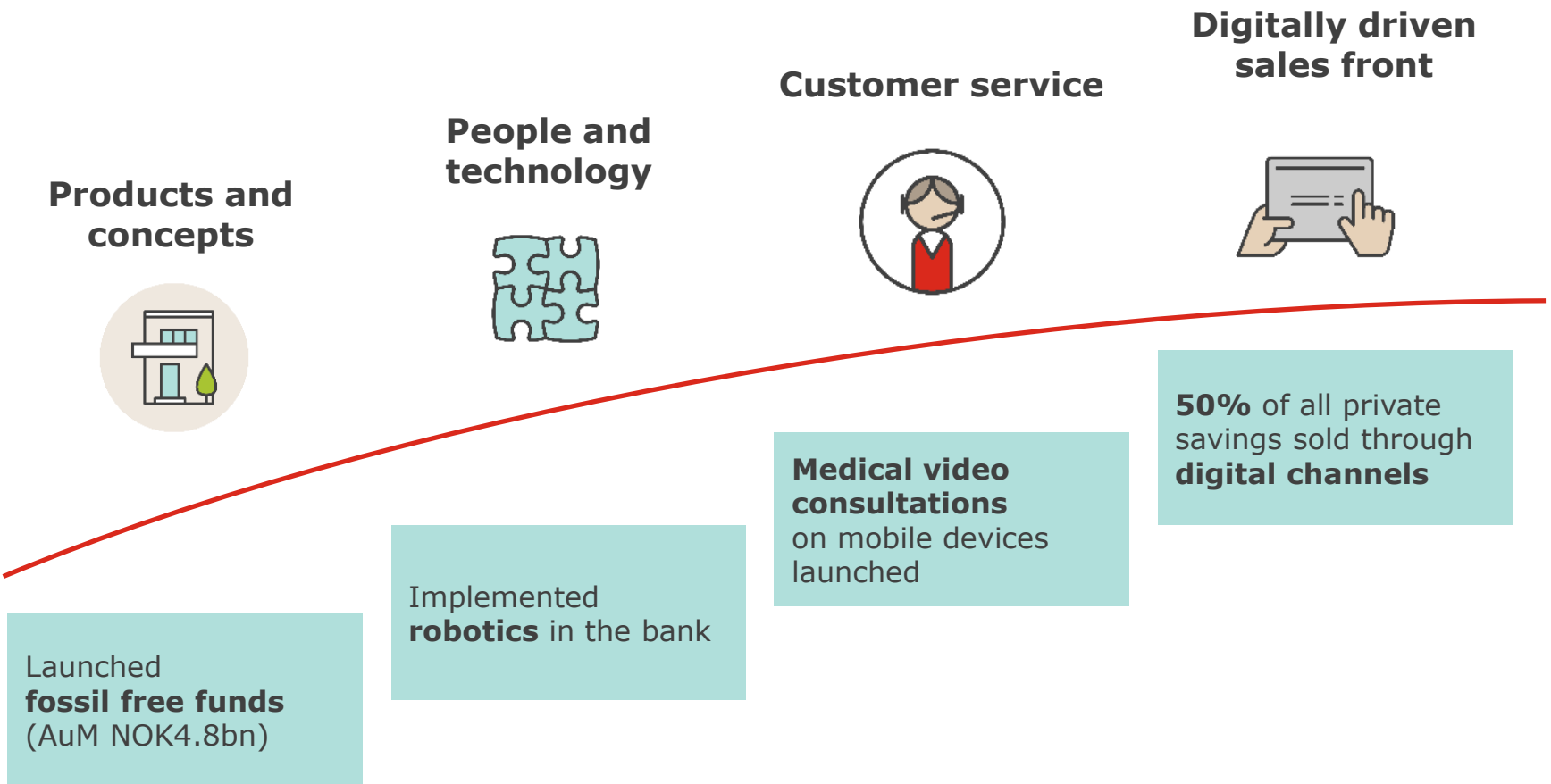
Balance (BNOK)

- Competitive interest rates
- New customer groups add growth

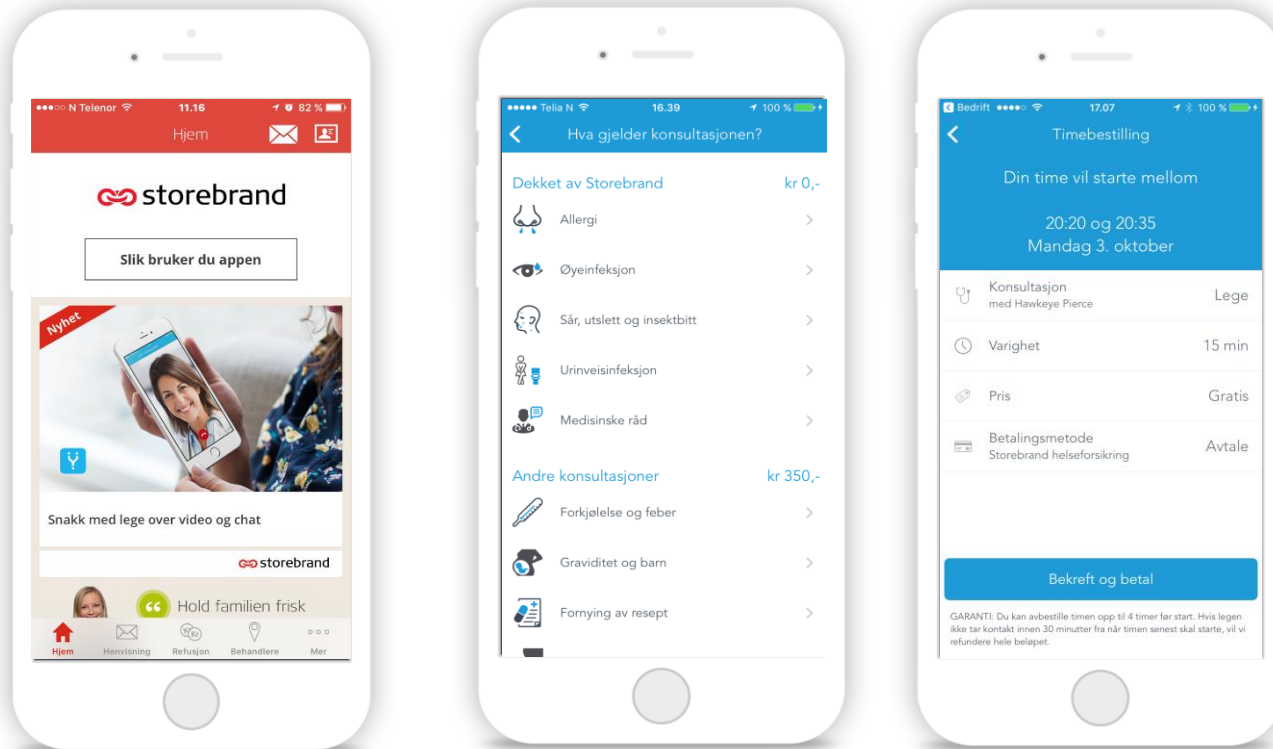
Save for retirement

# Innovating throughout the customer journey

*Growth in Savings and Insurance*



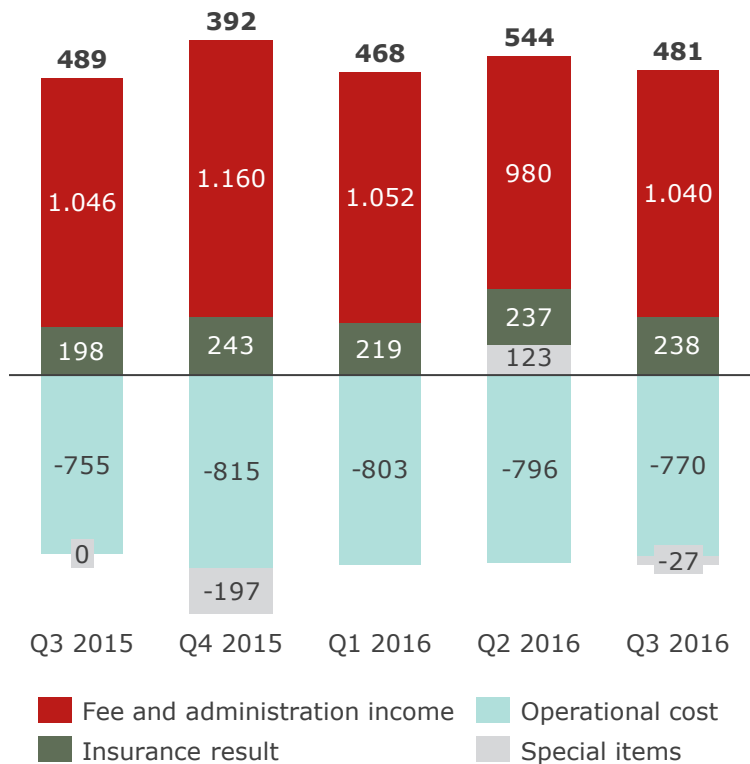
# Medical video consultations on mobile devices launched



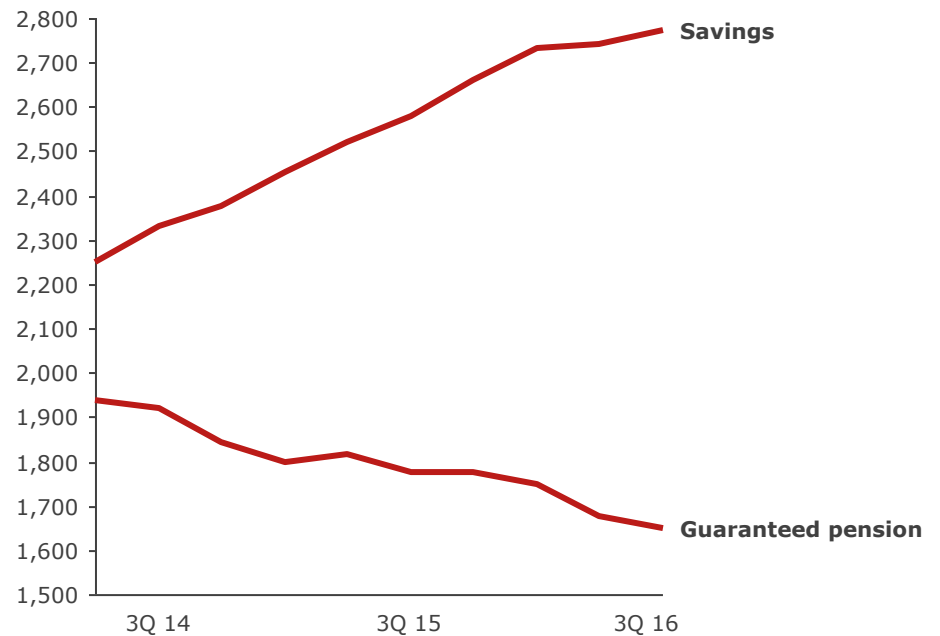
We move holistic health management a step further by providing integrated communications with health care professionals

# Fee and administration income shifts from Guaranteed to Savings

Operating profit  
Storebrand Group (NOK mill.)

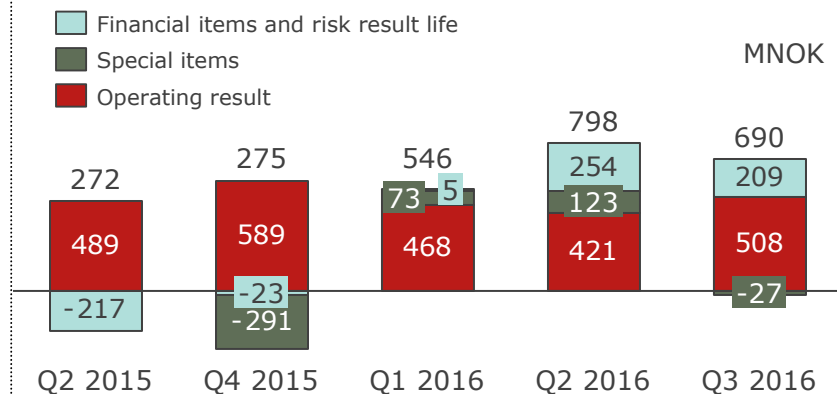


Fee- and admin income 12 months rolling  
Savings and Guaranteed pension (NOK mill.)

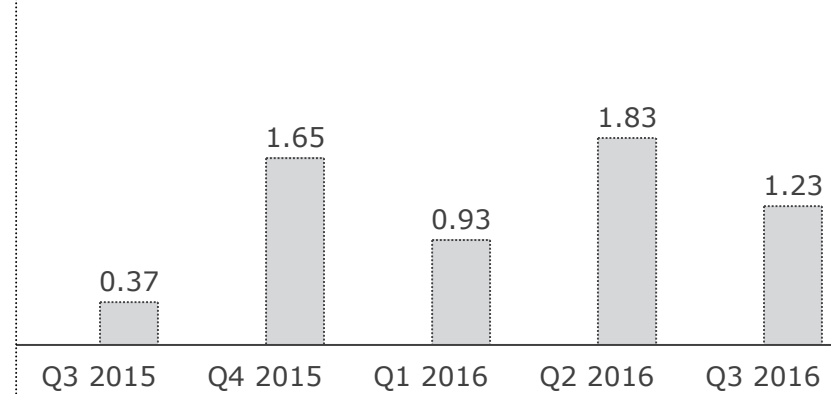


# Key figures

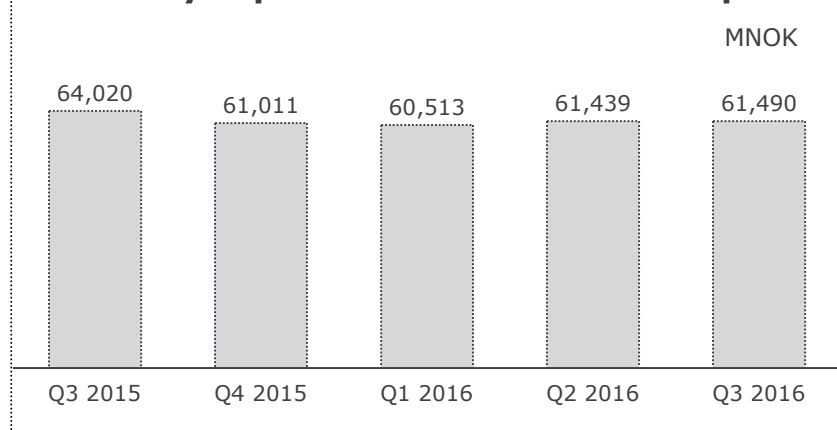
## Result development<sup>1</sup>



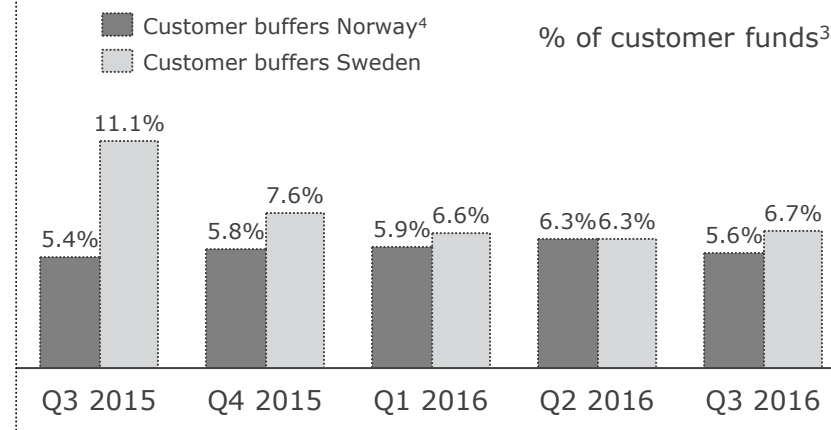
## Earnings per share<sup>2</sup>



## Solidity capital Storebrand Life Group



## Customer buffers development



<sup>1</sup> Result before amortisation, write-downs and longevity provisions

<sup>2</sup> Earnings per share after tax adjusted for amortisation of intangible assets

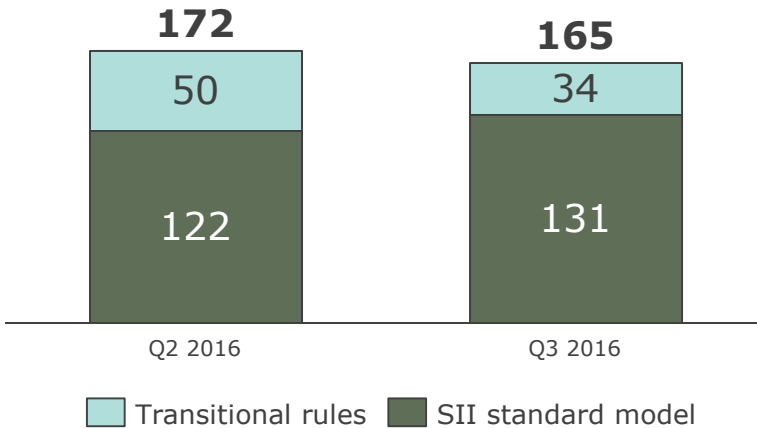
<sup>3</sup> Customer buffers in Benco of NOK 1.0 bn not included

<sup>4</sup> Solidity capital/customer buffers does not include provisions for future longevity reservations



# SII position Storebrand Group

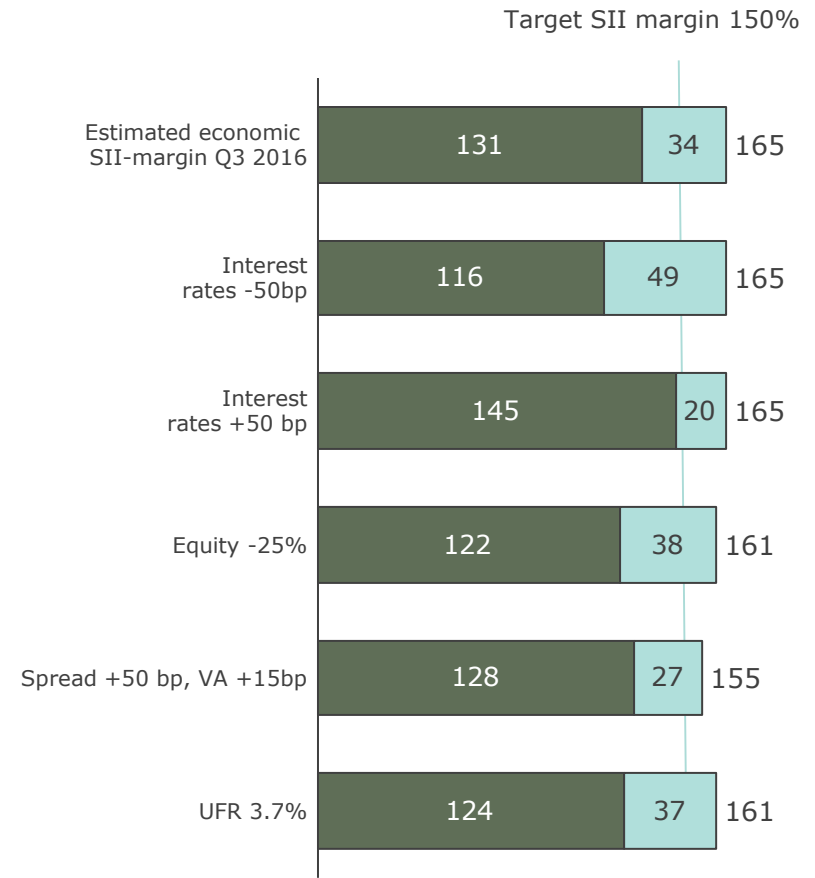
## Economic Solvency position(%)<sup>1</sup>



## Key takeaways

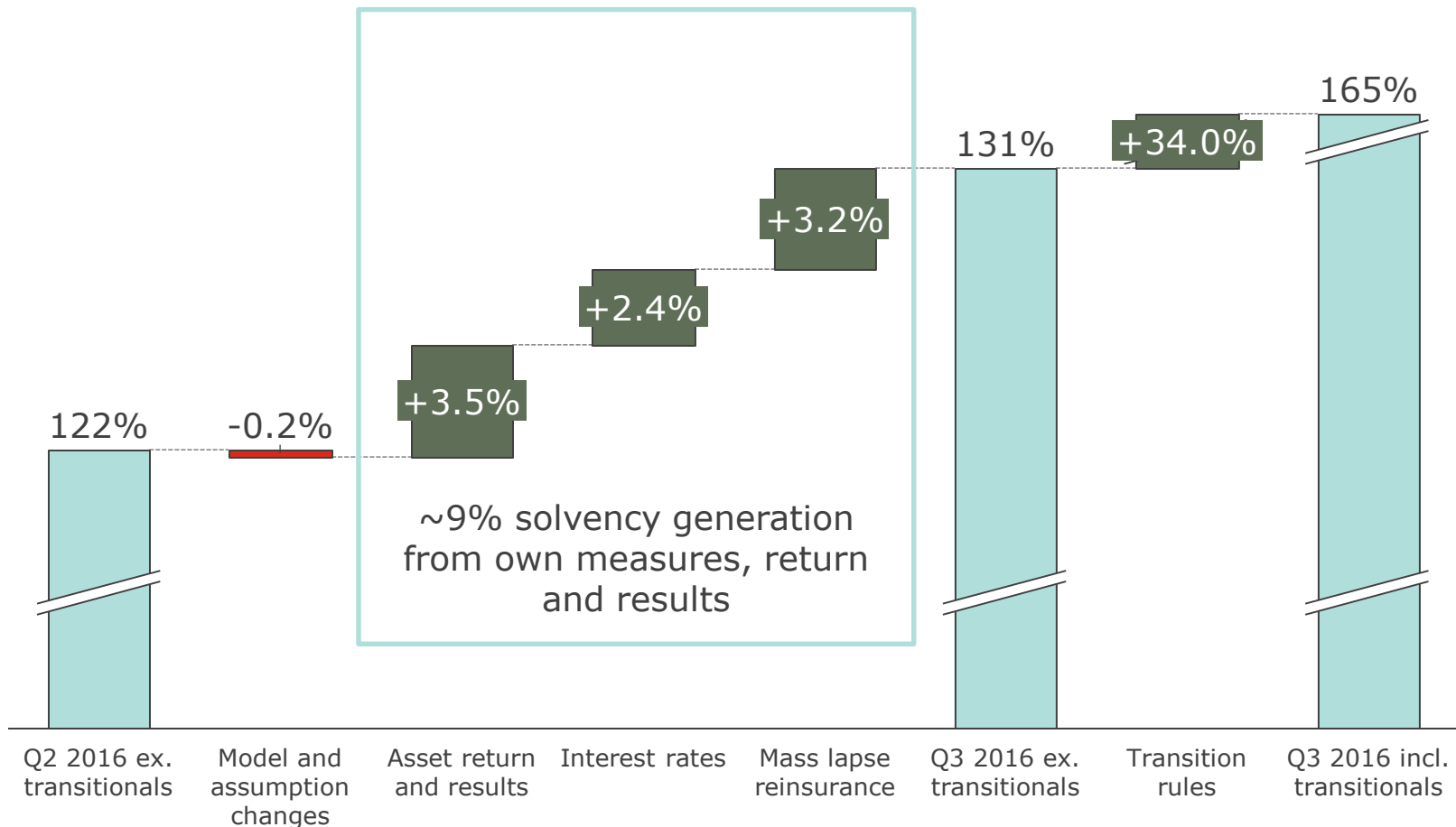
- Asset return and results build solvency
- Reinsurance on lapse risks
- Model change reduces transition rule
- Sub debt issued 4Q not included in ratio

## Estimated Sensitivities



<sup>1</sup> The estimated Economic solvency position of Storebrand Group is calculated using the current Storebrand implementation of the Solvency II Standard model with the company's interpretation of the 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.

# Solvency II movement from Q2 2016 to Q3 2016



## Profit

NOK million	3Q		01.01 - 30.09		Full year
	2016	2015	2016	2015	2015
Fee and administration income	1 040	1 046	3 097	3 157	4 317
Insurance result	238	198	694	677	820
Operational cost	-797	-755	-2 299	-2 357	-3 268
<b>Operating profit</b>	<b>481</b>	<b>489</b>	<b>1 492</b>	<b>1 477</b>	<b>1 869</b>
Financial items and risk result life	209	-217	542	10	-107
<b>Result before amortisation and longevity</b>	<b>690</b>	<b>272</b>	<b>2 034</b>	<b>1 487</b>	<b>1 762</b>
Provision longevity	-	-96	-	-402	-1 764
Amortisation and write-downs of intangible assets	-114	-108	-344	-316	-437
Result before tax	576	67	1 690	768	-438
Tax	-135	-3	-224	-187	1 821
Sold/liquidated business	-	-0	-	-0	-0
<b>Profit after tax</b>	<b>441</b>	<b>64</b>	<b>1 466</b>	<b>581</b>	<b>1 382</b>

# Storebrand Group

## Profit

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## Profit per line of business

NOK million	3Q		01.01 - 30.09		Full year
	2016	2015	2016	2015	2015
Savings - non-guaranteed	246	264	766	720	1 020
Insurance	163	120	438	471	488
Guaranteed pension	126	20	378	439	329
Other result	155	-133	453	-143	-75
<b>Result before amortisation and longevity</b>	<b>690</b>	<b>272</b>	<b>2 034</b>	<b>1 487</b>	<b>1 762</b>

# Savings (non-guaranteed) - continued top line growth



## Profit

NOK million	3Q		01.01 - 30.09		Full year
	2016	2015	2016	2015	2015
Fee and administration income	681	646	2 014	1 902	2 662
Operational cost	-431	-381	-1 250	-1 183	-1 638
<b>Operating profit</b>	<b>249</b>	<b>266</b>	<b>763</b>	<b>719</b>	<b>1 025</b>
Financial items and risk result life	-3	-2	2	1	-4
<b>Result before amortisation</b>	<b>246</b>	<b>264</b>	<b>766</b>	<b>720</b>	<b>1 020</b>

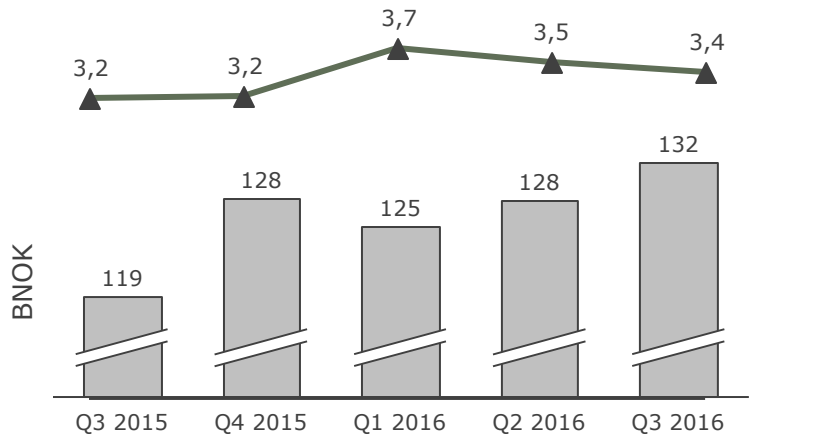
## Profit per product line

NOK million	3Q		01.01 - 30.09		Full year
	2016	2015	2016	2015	2015
Unit linked Norway	56	71	178	163	201
Unit linked Sweden	43	41	120	113	139
Asset Management segment	111	116	351	306	485
Retail banking	35	36	117	137	195
<b>Result before amortisation</b>	<b>246</b>	<b>264</b>	<b>766</b>	<b>720</b>	<b>1 020</b>

# Savings (non-guaranteed) - strong growth in retail lending



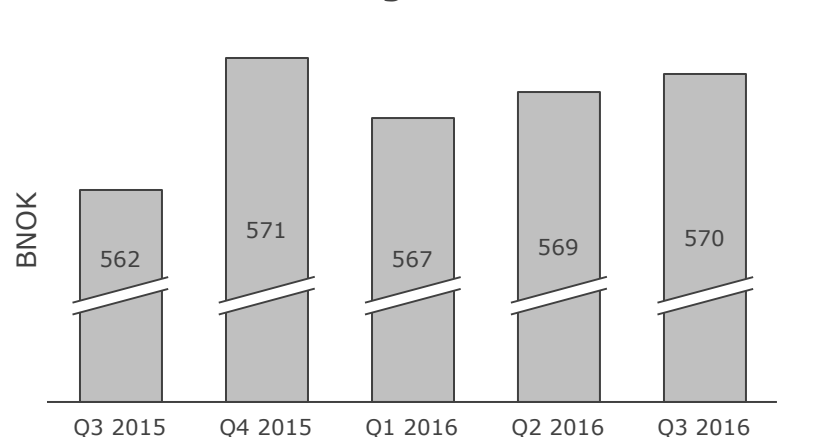
## Reserves and premiums Unit Linked



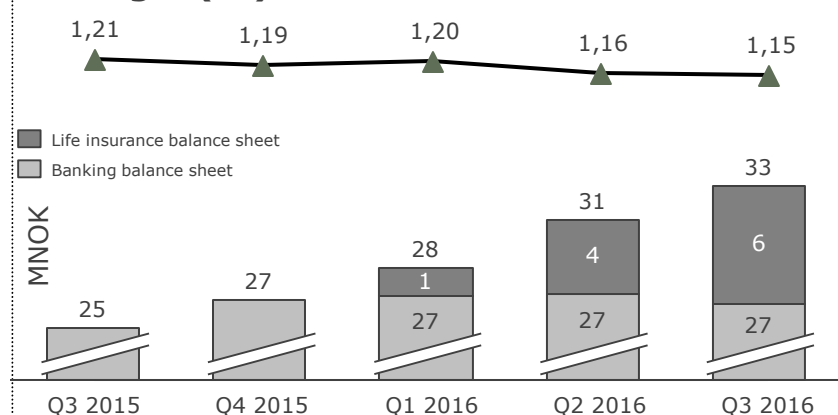
## Comments

- 18% premium growth in UL premiums<sup>1</sup>
- 5% top line growth in Savings<sup>2</sup>
- 28% retail lending growth<sup>2</sup>

## Assets Under Management



## Retail bank balance and Net Interest margin (%)



<sup>1</sup> Excluding transfers. Growth from YTD 2015 to YTD 2016.

<sup>2</sup> Growth figures from 3Q 2015 to 3Q 2016.

# Insurance

## - result growth



### Profit

NOK million	3Q		01.01 - 30.09		Full year
	2016	2015	2016	2015	2015
Insurance premiums f.o.a.	962	894	2 871	2 708	3 642
Claims f.o.a.	-724	-697	-2 177	-2 031	-2 822
Operational cost	-150	-122	-429	-387	-538
<b>Operating profit</b>	<b>89</b>	<b>76</b>	<b>265</b>	<b>290</b>	<b>282</b>
Financial result	74	45	173	181	206
<b>Result before amortisation</b>	<b>163</b>	<b>120</b>	<b>438</b>	<b>471</b>	<b>488</b>

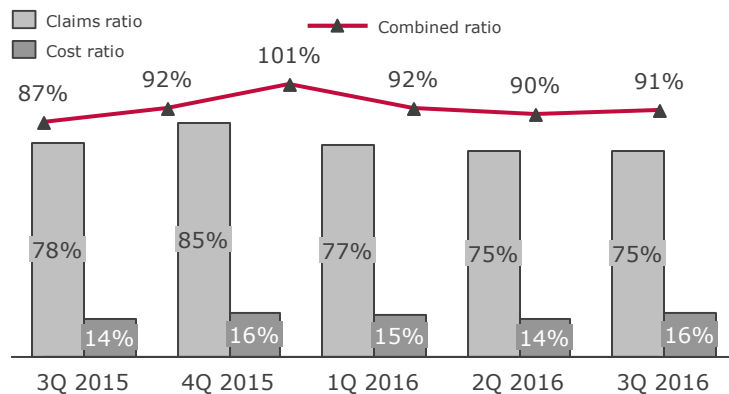
### Profit per product line

NOK million	3Q		01.01 - 30.09		Full year
	2016	2015	2016	2015	2015
P&C & Individual life	65	62	251	255	327
Health & Group life	41	41	96	148	165
Pension related disability insurance Nordic	57	18	91	69	-3
<b>Result before amortisation</b>	<b>163</b>	<b>120</b>	<b>438</b>	<b>471</b>	<b>488</b>

# Insurance

## - combined ratio on target level

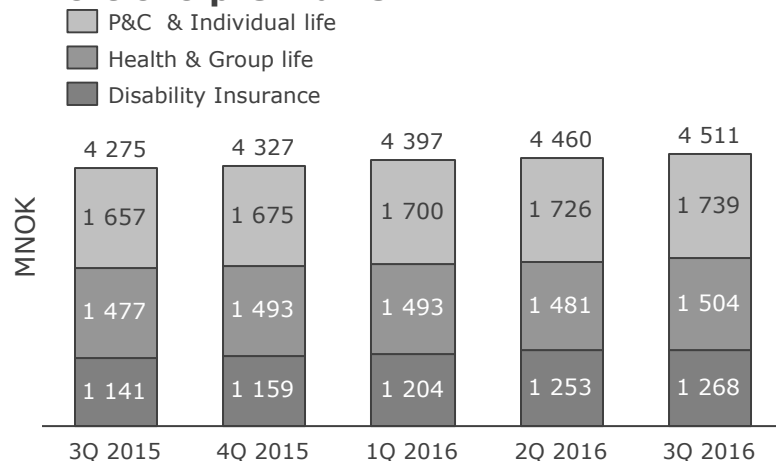
### Combined ratio



### Comments Combined ratio and results

- Combined Ratio 91%
- On-going shift to more cost-effective distribution gives temporary lower growth

### Portfolio premiums



### Comments premiums and growth<sup>1</sup>

- 5% premium growth within P&C & Individual life
- 2% premium growth within Health & Group life
- 11% premium growth in Pension related disability Nordic

<sup>1</sup> Growth figures show development from 3Q 2015 to 3Q 2016.



# Guaranteed pension - reduced income according to plan



## Profit

NOK million	3Q		01.01 - 30.09		Full year
	2016	2015	2016	2015	2015
Fee and administration income	403	428	1 190	1 317	1 777
Insurance result	-	-	-	-	-
Operational cost	-257	-266	-721	-824	-1 156
<b>Operating profit</b>	<b>146</b>	<b>162</b>	<b>469</b>	<b>493</b>	<b>621</b>
Financial items and risk result life	-20	-142	-91	-55	-292
<b>Result before amortisation and longevity</b>	<b>126</b>	<b>20</b>	<b>378</b>	<b>439</b>	<b>329</b>
Provision longevity	-	-96	-	-402	-1 764

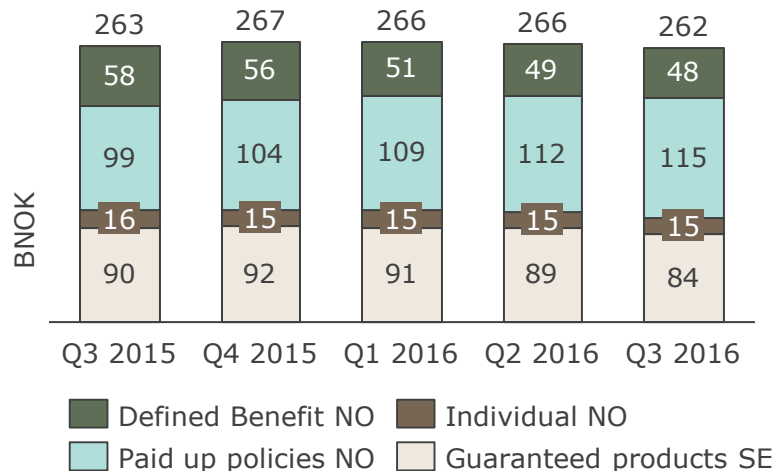
## Profit per product line

NOK million	3Q		01.01 - 30.09		Full year
	2016	2015	2016	2015	2015
Defined benefit (fee based)	82	106	278	388	512
Paid-up policies, Norway	9	29	33	28	1
Individual life and pension, Norway	2	2	6	5	45
Guaranteed products, Sweden	32	-117	60	18	-230
<b>Result before amortisation and longevity</b>	<b>126</b>	<b>20</b>	<b>378</b>	<b>439</b>	<b>329</b>

# Guaranteed pension - conversion to DC schemes continues



## Reserves guaranteed products



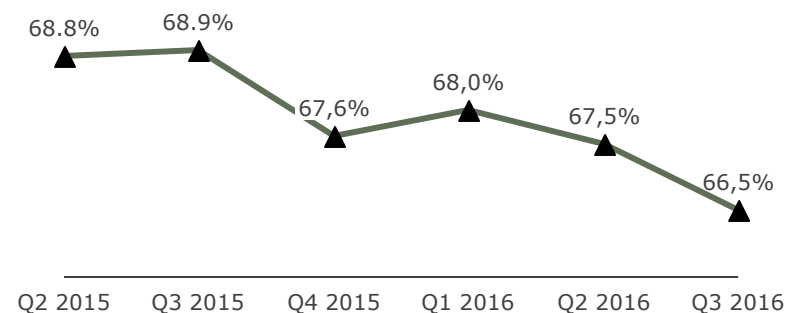
## Comments

- As companies convert to DC schemes, the migration from DB to lower-margin paid up policies continues to reduce fee income in Guaranteed pensions
- Strong returns drive overall AuM development

## Buffer capital

NOK million	2016		
	3Q	2Q	Change
Market value adjustment reserve	4 220	5 244	-1 025
Excess value of bonds at amortised cost	11 562	12 420	-858
Additional statutory reserve	5 190	5 198	-8
Unallocated results	3 546	1 481	2 065
Conditional bonuses Sweden	5 258	5 300	-43
<b>Total</b>	<b>32 816</b>	<b>33 142</b>	<b>-326</b>

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



**Profit**

NOK million	3Q		01.01 - 30.09		Full year
	2016	2015	2016	2015	2015
Fee and administration income	31	31	102	111	129
Insurance result	-	-	-	-	-
Operational cost	-35	-46	-107	-137	-188
<b>Operating profit</b>	<b>-3</b>	<b>-15</b>	<b>-5</b>	<b>-26</b>	<b>-59</b>
Financial items and risk result life	159	-118	457	-117	-16
<b>Result before amortisation</b>	<b>155</b>	<b>-133</b>	<b>453</b>	<b>-143</b>	<b>-75</b>

**Profit per product line**

NOK million	3Q		01.01 - 30.09		Full year
	2016	2015	2016	2015	2015
Corporate Banking	35	-34	71	-51	-84
BenCo	7	33	43	60	34
Holding company costs and net financial results in company portfolios	114	-131	339	-152	-26
<b>Result before amortisation</b>	<b>155</b>	<b>-133</b>	<b>453</b>	<b>-143</b>	<b>-75</b>

<sup>1</sup> Excluding eliminations. For more information on eliminations, see Supplementary Information.

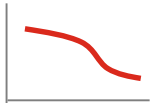
# Outlook

## Operations



- On track to deliver capital-efficient growth and cost reductions
- Balance sheet shift continues, 54% of AuM non-guaranteed

## Market factors



- Low interest rate environment
- Continued individualisation of pensions

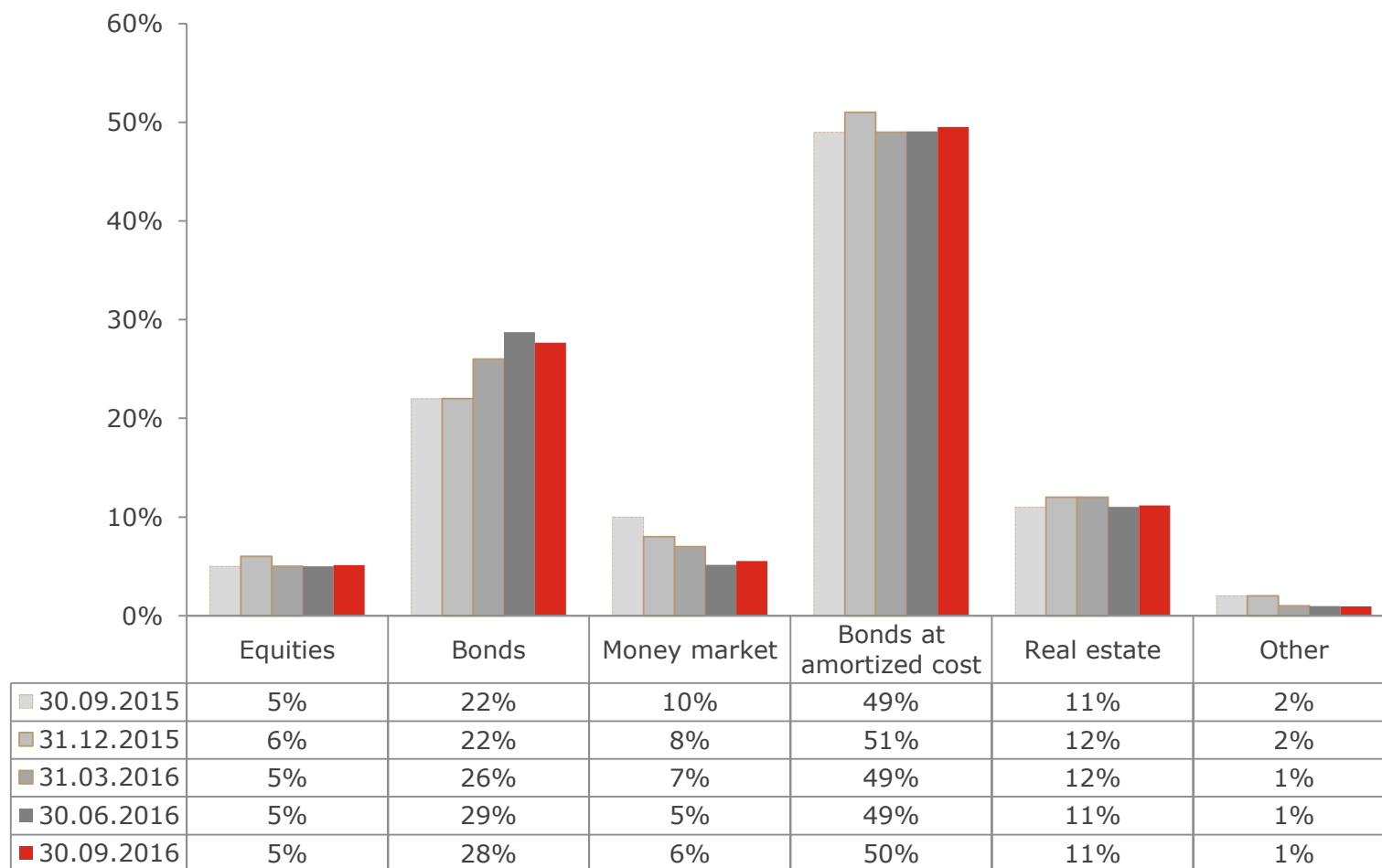
## Regulatory



- New 'finance payroll tax' proposed in Norway
- Still no new private pension saving incentives

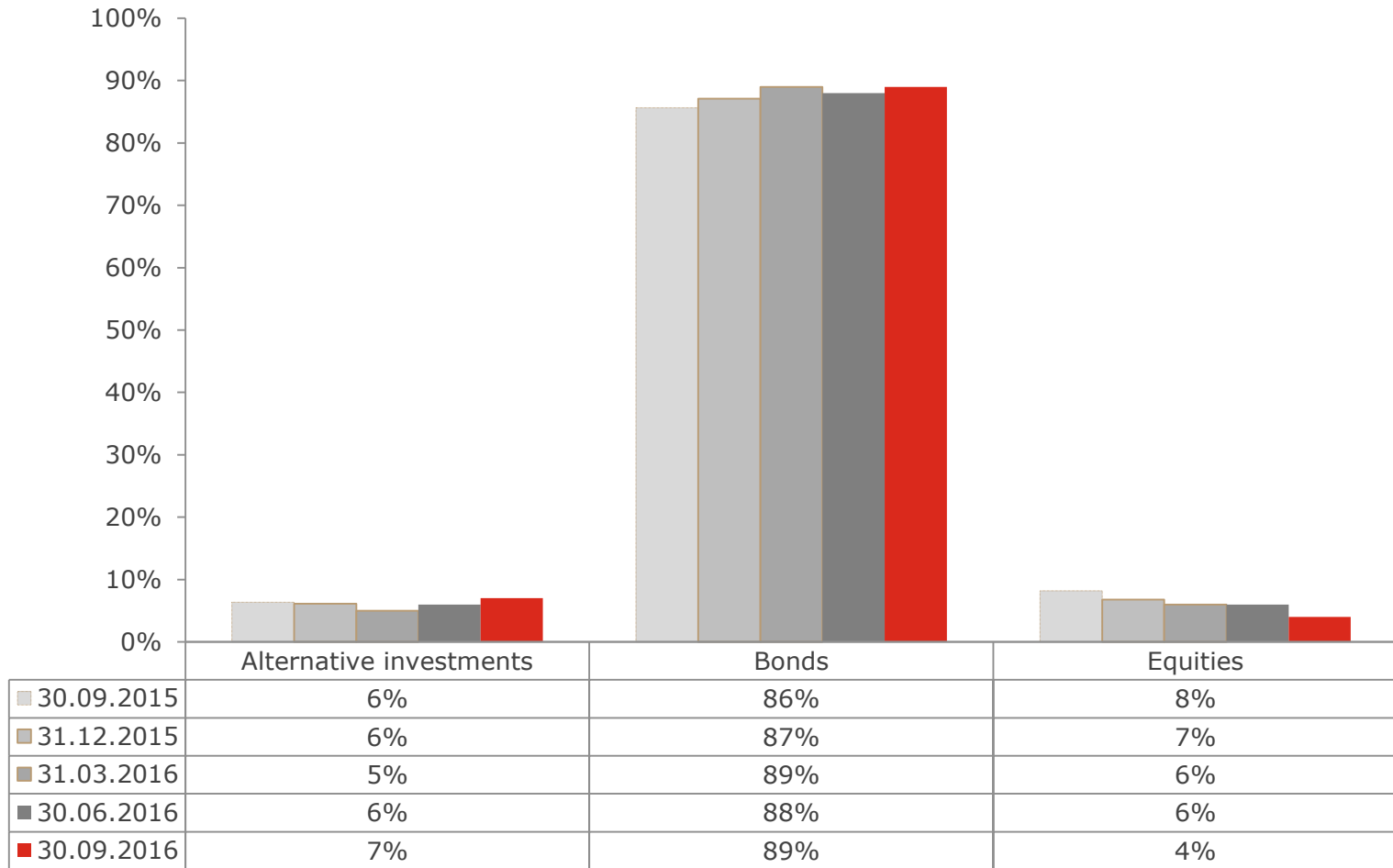
# Appendix

# Storebrand Life Insurance asset allocation



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

# SPP asset allocation



Note: 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