

Storebrand Q2: Strengthened solidity and strong retail loan growth

– Storebrand delivers a strong result combined with strengthened solidity in a turbulent market characterised by falling interest rates. We consolidate our position as the market leader within defined contribution in Norway, and succeed in offering attractive solutions to our retail customers, says Group CEO Odd Arild Grefstad.

Highlights 2nd quarter 2016:

- Group result of NOK 798 million in 2nd quarter
- 24 per cent growth in retail loans
- Solvency II-margin of 172 per cent and continued cost control

Better pensions – easy and sustainable

Nine out of ten employees in the private sector are part of a defined contribution scheme, and we expect further growth in this market. In Norway Storebrand is the market leader within defined contribution with a market share of 35 per cent. In Sweden the company is a challenger in the market for pension solutions, with a market share of 11 per cent.

– It is satisfying to see that we have a successful strategy in the pension market, with a solid income growth within defined contribution pensions. This growth is driven by conversion from defined benefit to defined contribution pension schemes, combined with sales growth and the fact that many companies are increasing savings rates for their employees, says Grefstad.

In an increasingly individualised pension market, it is important to provide attractive and relevant bank, savings and insurance products to retail customers. In March 2015, Storebrand lifted the age limit for retail loans for young people from 34 to 41 years. This has been a success.

– We have increased our retail loan sales by 24 per cent during the first half of 2016, compared to the same period last year. Younger people explains most of the growth, and half of our new retail loan customers this year are between 34 and 41 years old, says Grefstad.

Customers favour sustainable products and services

Storebrand works systematically and focused with sustainability, and has done so for almost 25 years. Today, the company is world leading in sustainable investments, which gives our customers better pensions and a better world to spend their retirement in.

– We have recently launched SPP Global Plus and SPP Emerging Markets Plus in the Swedish market. They are both fossil free, index-near funds with a high sustainability score. The funds have already raised about SEK 800 million in external capital, and we notice a growing demand among customers for fossil free solutions that contribute to the green change, says Grefstad.

Cost control and strengthened solidity

The Solvency II-regulation was put into force 1st of January 2016. The Group goal is a solvency II-margin above 150 per cent, including the use of transition rules. The solvency position was 172 per cent at the end of the 2nd quarter. Without transition rules, the solvency position was 122 per cent.

– We are very satisfied with our measures to strengthen the solidity this quarter. Good returns in portfolios of guaranteed products have led to this strengthening, despite falling interest rates, says Grefstad.

Changes in the disability pension scheme for Storebrands own employees, due to new regulations for disability pensions, give a positive result effect of NOK 98 million this quarter. In addition, the Group costs is reduced by NOK 40 million in the first half of 2016, compared to the first half of 2015, in line with communicated ambitions.

– Our ambition is to reduce costs with NOK 3-400 million by the end of 2018. It is pleasing to see that we manage to reduce the company's costs, while succeeding with our efforts towards our customers and the retail market, says Grefstad.

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Storebrand's ambition is to deliver better pensions – easy and sustainable. Storebrand will deliver sustainable solutions adapted to the customer's individual situation, so that each person receives a better pension in a more sustainable world. Storebrand has about 40.000 corporate customers and 1.9 million individual customers, and is headquartered in Lysaker outside of Oslo, Norway. Storebrand manages more than NOK 560 bn and is Norway's largest asset manager. We work hard to reach our vision: Recommended by our customers.