

# Storebrand 2Q 2018

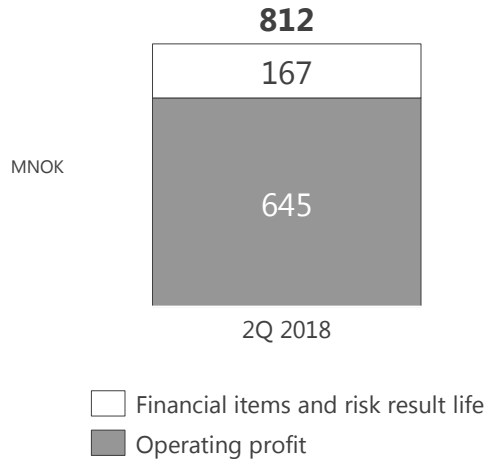
13 July 2018

Odd Arild Grefstad – CEO  
Lars Aa. Løddesøl – CFO



# Highlights 2Q 2018

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



**18%** Unit Linked growth<sup>2</sup>



**14%** AuM growth Asset Management<sup>2</sup>



**12%** Retail Bank lending growth<sup>2</sup>



**167%** Solvency II ratio<sup>3</sup>

# Our strategy

1

Build a world class Savings business - supported by Insurance

A

Leading position Occupational Pension

B

Uniquely positioned in growing retail savings market

C

Asset manager with strong competitive position and clear growth opportunities

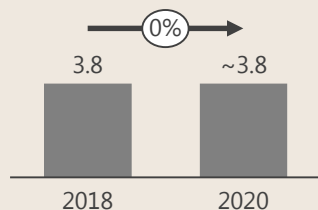
D

Bolt-on M&A

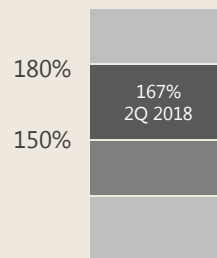
2

Manage balance sheet and capital

A. Cost discipline



B. SII capital management framework



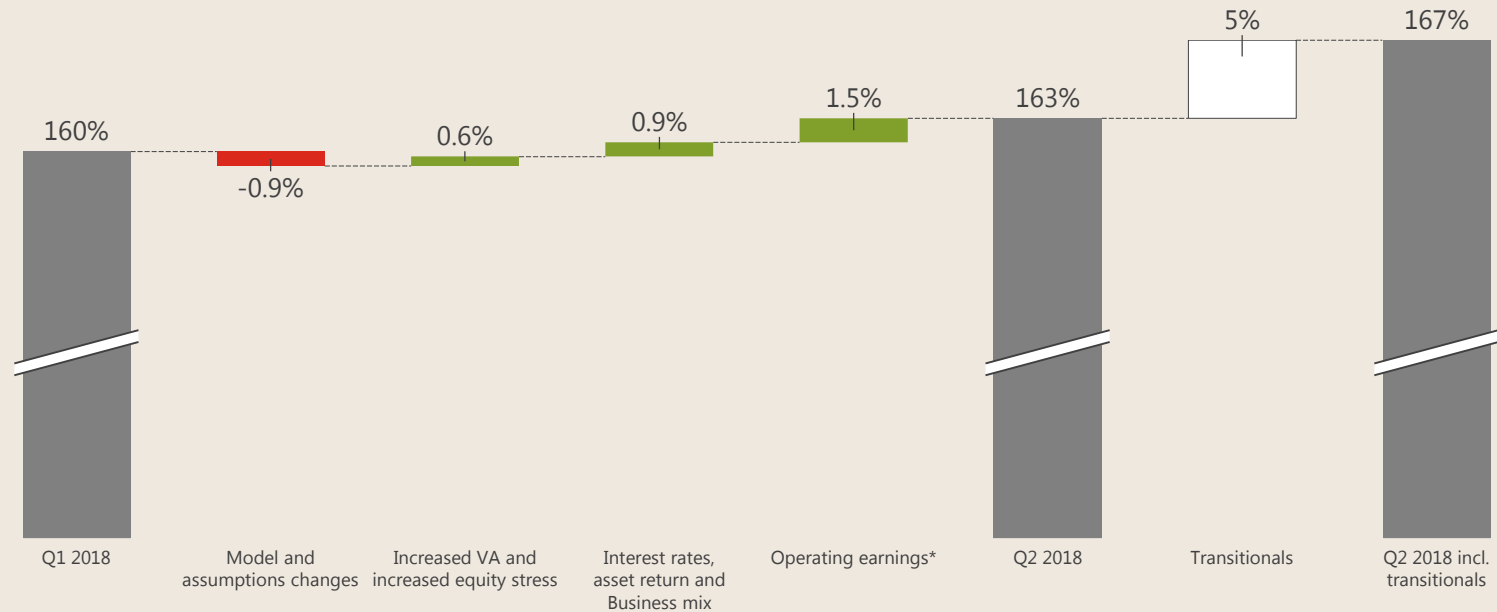
C. Increased return



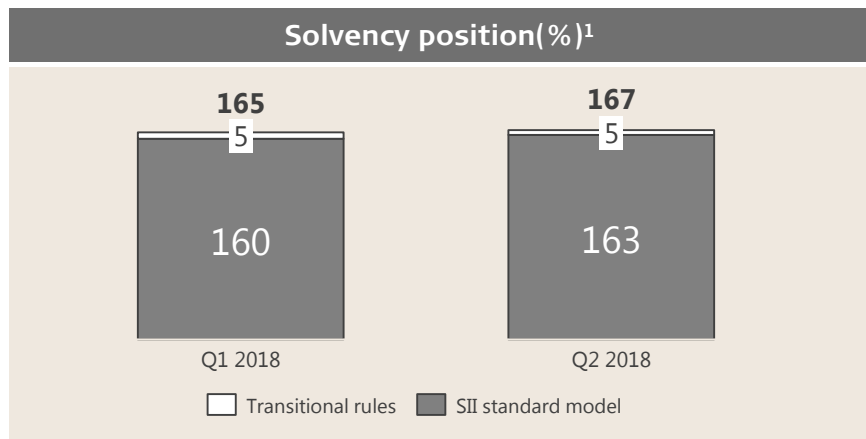
Manage for capital release and increased dividend pay-out ratio

Compelling combination of **self-funding growth** and **capital return** from maturing guaranteed back-book

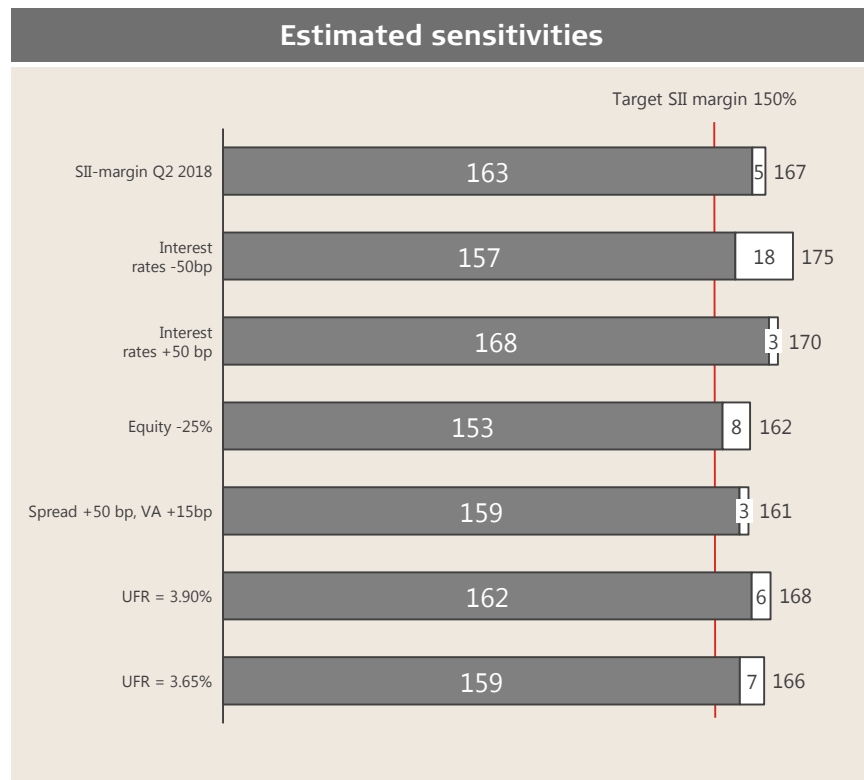
# Storebrand Group Solvency movement from Q1 2018 to Q2 2018



# SII position Storebrand Group

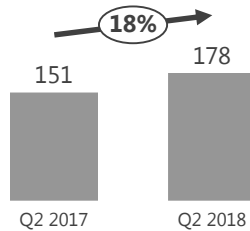


- ### Key takeaways
- Group results strengthens the Solvency ratio
  - Strong asset return allow for increased buffer capital
  - Reduced sensitivities due to:
    - Increased buffer capital
    - Reduced duration mismatch



# Growth in Savings continues

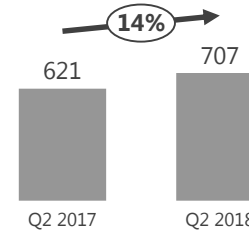
## Unit Linked



UL reserves (BNOK)

- Including NOK 8.5bn from Silver
- FX dampens growth

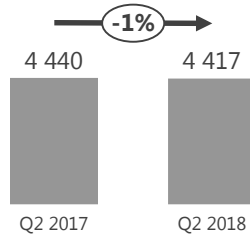
## Asset management



AuM (BNOK)

- Growth driven by non-guaranteed savings and Skagen acquisition
- Weaker SEK reduces growth

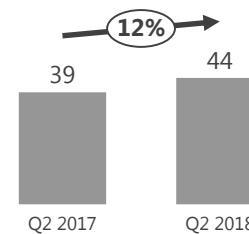
## Insurance



Portfolio Premiums (MNOK)

- Improved profitability
- Implementing growth initiatives

## Retail loans

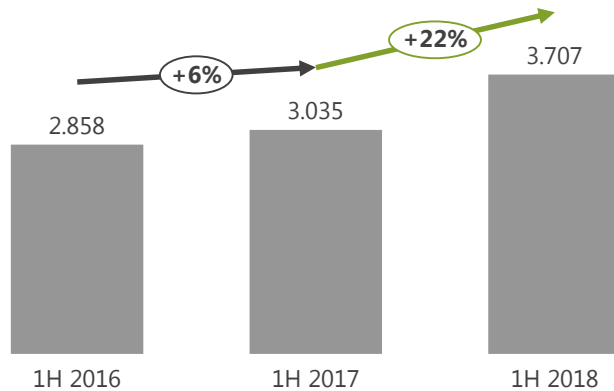


Balance (BNOK)

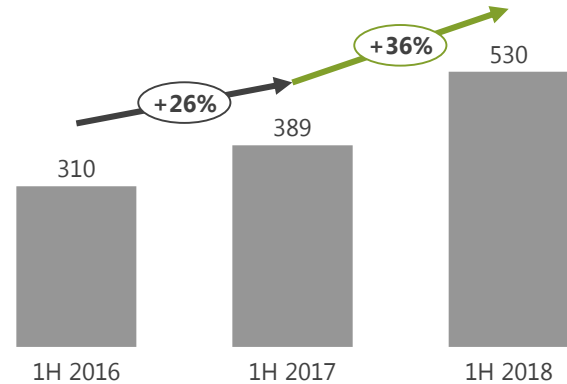
- NOK 17.4bn placed on life balance sheet as of 2Q 2018

# Strong growth in premiums and new sales in the Swedish business

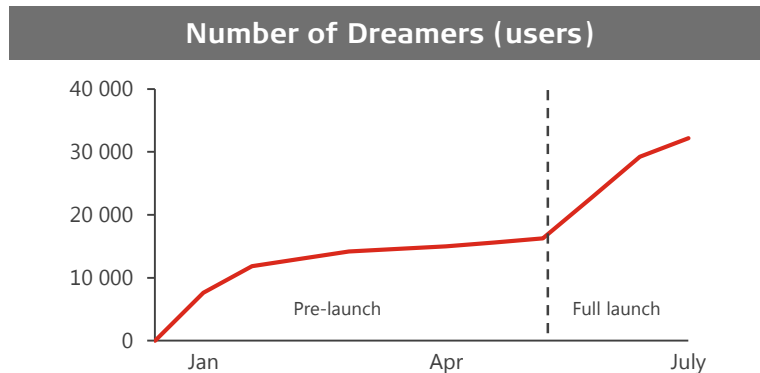
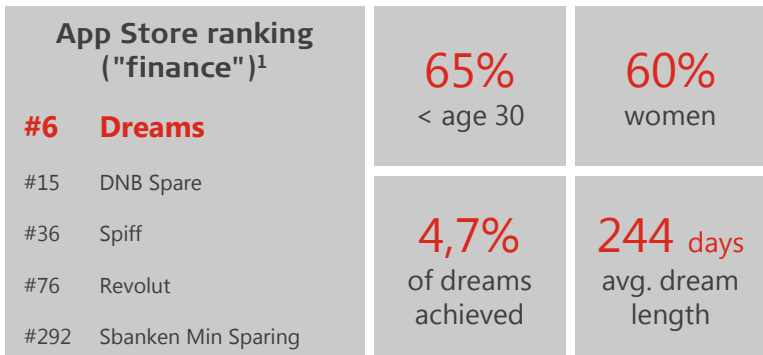
Premium income (MSEK)



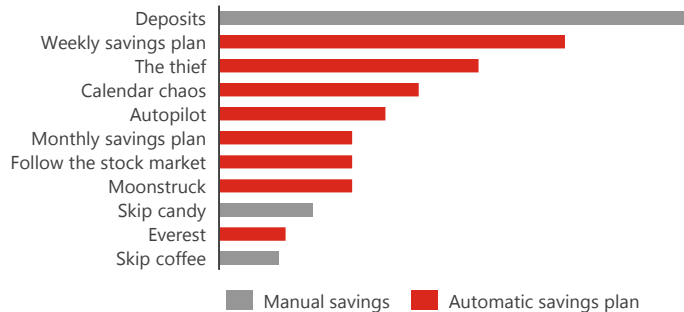
New sales (APE, MSEK)



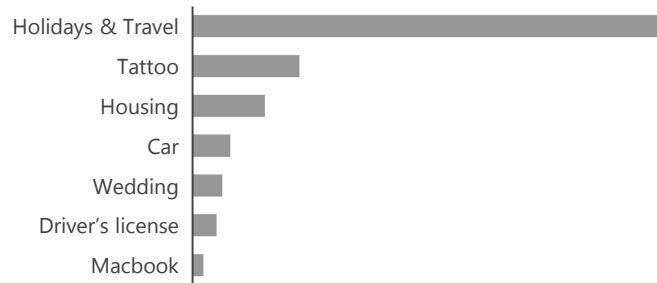
# Dreams taking off and attracting a new savings segment



### Predominantly automatic savings plans

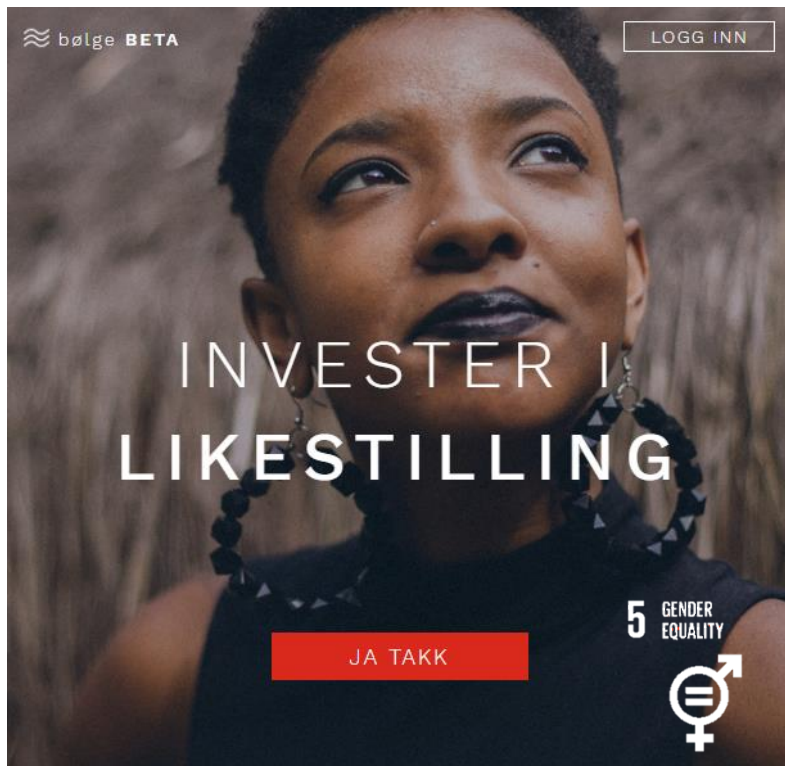


### Most common savings dreams

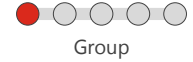




# Storebrand launches impact investing in UN Sustainable Development Goals through its new savings concept bølge

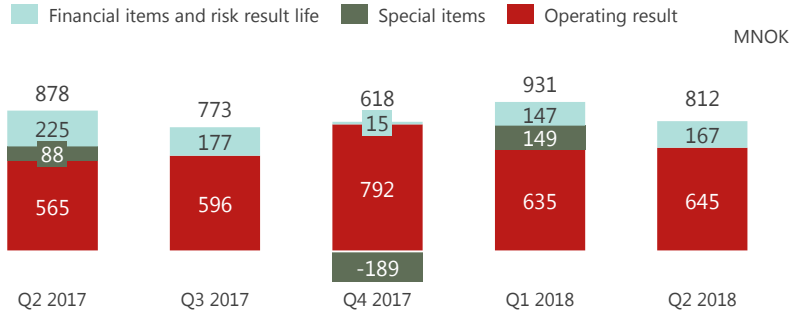


# Key figures

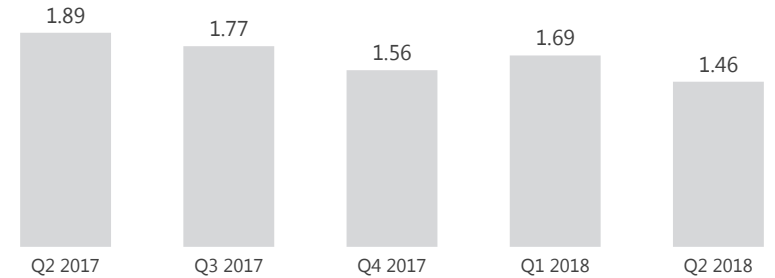


Group

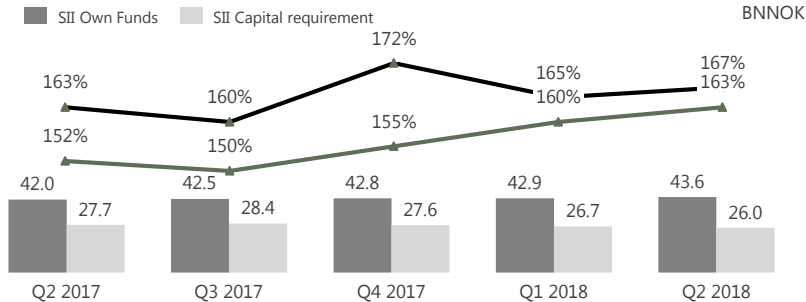
## Result development<sup>1</sup>



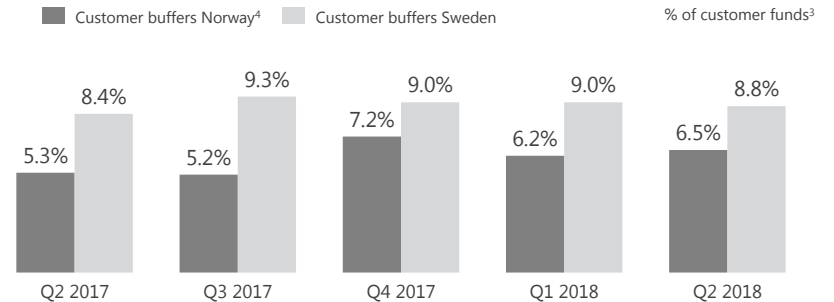
## Earnings per share<sup>2</sup>



## SII Own funds and SCR<sup>4</sup>



## Customer buffers development



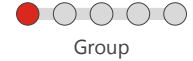
<sup>1</sup> Result before amortisation, write-downs.

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

<sup>3</sup> Customer buffers in Benco not included. Surplus values of bonds held at amortized cost excluded.

<sup>4</sup> Without the use of transitional capital

# Storebrand Group

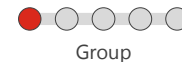


Group

## Profit<sup>1</sup>

NOK million	2Q		01.01-30.06		Full year
	2018	2017	2018	2017	2017
Fee and administration income	1 245	1 091	2 465	2 124	4 771
Insurance result	358	290	693	565	1 146
Operational cost	-958	-816	-1 878	-1 661	-3 490
<b>Operating profit</b>	<b>645</b>	<b>565</b>	<b>1 280</b>	<b>1 028</b>	<b>2 427</b>
Financial items and risk result life	167	313	463	521	513
<b>Profit before amortisation</b>	<b>812</b>	<b>878</b>	<b>1 743</b>	<b>1 549</b>	<b>2 940</b>
Amortisation and write-downs of intangible assets	-98	-100	-163	-198	-536
Result before tax	714	778	1 580	1 351	2 404
Tax	-126	-29	-265	-138	2
<b>Profit after tax</b>	<b>587</b>	<b>749</b>	<b>1 315</b>	<b>1 213</b>	<b>2 405</b>

# Storebrand Group



## Profit

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## Profit per line of business

NOK million	2Q		01.01-30.06		Full year
	2018	2017	2018	2017	2017
Savings - non-guaranteed	307	319	603	558	1 511
Insurance	230	184	437	355	608
Guaranteed pension	234	290	632	491	766
Other profit	41	85	70	144	55
<b>Profit before amortisation</b>	<b>812</b>	<b>878</b>	<b>1 743</b>	<b>1 549</b>	<b>2 940</b>

# Savings (non-guaranteed)

## Profit

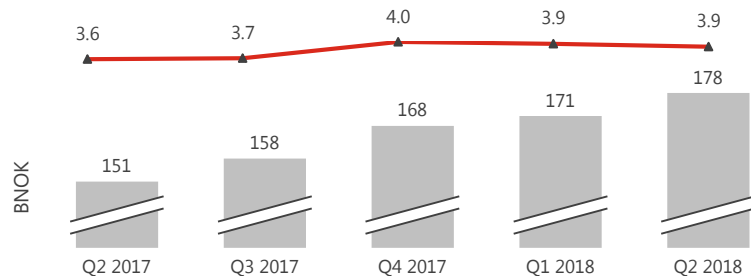
NOK million	2Q		01.01-30.06		Full year
	2018	2017	2018	2017	2017
Fee and administration income	909	744	1 798	1 444	3 394
Operational cost	-599	-435	-1 182	-894	-1 891
<b>Operating profit</b>	<b>310</b>	<b>309</b>	<b>615</b>	<b>551</b>	<b>1 503</b>
Financial items and risk result life	-2	10	-12	8	8
<b>Profit before amortisation</b>	<b>307</b>	<b>319</b>	<b>603</b>	<b>558</b>	<b>1 511</b>
<i>Income earned not booked<sup>1</sup></i>	43	15	98	36	

## Profit per product line

NOK million	2Q		01.01-30.06		Full year
	2018	2017	2018	2017	2017
Unit linked Norway	68	69	116	138	284
Unit linked Sweden	69	83	132	129	252
Asset Management segment	115	123	237	221	823
Retail banking	55	45	117	71	152
<b>Profit before amortisation</b>	<b>307</b>	<b>319</b>	<b>603</b>	<b>558</b>	<b>1 511</b>

# Savings (non-guaranteed) – continued growth

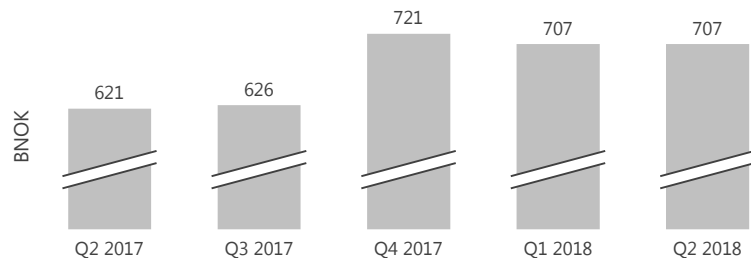
## Reserves and premiums Unit Linked



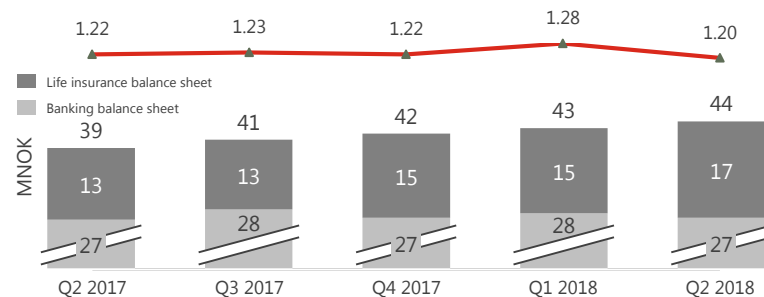
## Comments

- 7% premium growth in UL premiums<sup>1</sup>
- 18% growth in UL reserves
- 12% retail lending growth<sup>2</sup>
- 14% growth in assets under management<sup>2</sup>

## Assets under management



## Retail bank balance and net interest margin (%)



# Insurance

## Profit

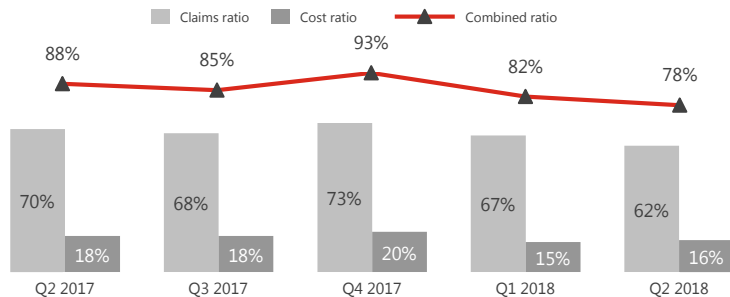
NOK million	2Q		01.01-30.06		Full year
	2018	2017	2018	2017	2017
Insurance premiums f.o.a.	946	971	1 956	1 911	3 872
Claims f.o.a.	-588	-681	-1 263	-1 346	-2 726
Operational cost	-147	-171	-303	-344	-711
<b>Operating profit</b>	<b>211</b>	<b>119</b>	<b>390</b>	<b>222</b>	<b>435</b>
Financial result	19	65	47	133	173
<b>Profit before amortisation</b>	<b>230</b>	<b>184</b>	<b>437</b>	<b>355</b>	<b>608</b>

## Profit per product line

NOK million	2Q		01.01-30.06		Full year
	2018	2017	2018	2017	2017
P&C & Individual life	90	70	196	167	285
Health & Group life	81	81	135	147	242
Pension related disability insurance Nordic	59	32	107	42	81
<b>Profit before amortisation</b>	<b>230</b>	<b>184</b>	<b>437</b>	<b>355</b>	<b>608</b>

# Insurance – positive run-off gains

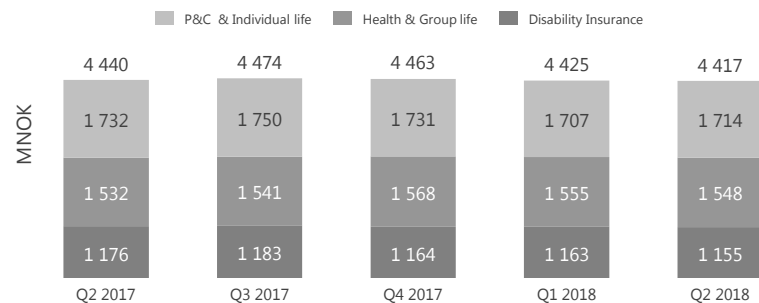
## Combined ratio



## Comments Combined ratio and results

- Targeted combined ratio 90-92%
- Combined ratio positively affected by run-off gains

## Portfolio premiums



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

- Flat premium development
- Implementing growth initiatives



# Guaranteed pension

## Profit

NOK million	2Q		01.01-30.06		Full year 2017
	2018	2017	2018	2017	
Fee and administration income	370	369	738	727	1 483
Operational cost	-218	-216	-420	-437	-889
<b>Operating profit</b>	<b>153</b>	<b>153</b>	<b>318</b>	<b>290</b>	<b>595</b>
Risk result life & pensions	-140	6	42	40	67
Net profit sharing and loan losses	221	131	272	161	104
<b>Profit before amortisation</b>	<b>234</b>	<b>290</b>	<b>632</b>	<b>491</b>	<b>766</b>

## Profit per product line

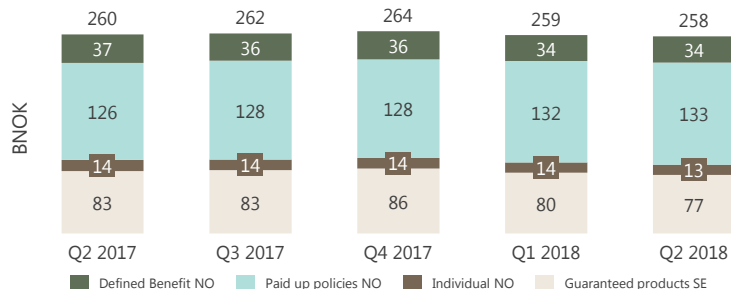
NOK million	2Q		01.01-30.06		Full year 2017
	2018	2017	2018	2017	
Defined benefit (fee based)	89	71	157	139	297
Paid-up policies, Norway	100	29	317	56	122
Individual life and pension, Norway	3	15	5	17	79
Guaranteed products, Sweden	42	175	153	280	267
<b>Profit before amortisation</b>	<b>234</b>	<b>290</b>	<b>632</b>	<b>491</b>	<b>766</b>

# Guaranteed pension

- reserves in long term decline and robust buffer situation



## Reserves guaranteed products



## Comments

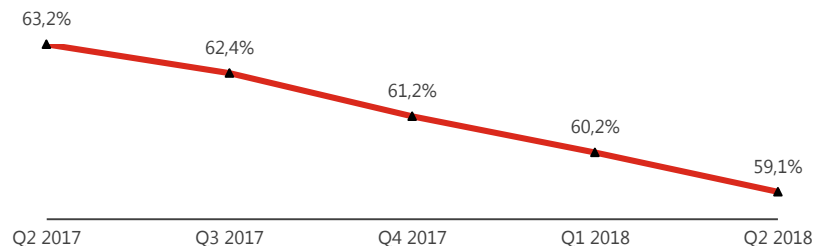
- As companies convert to DC schemes, the migration from DB to lower-margin paid up policies continues to reduce fee income in Guaranteed pensions
- Sweden result affected by assumption changes
- Paid up policies – strong risk result

## Buffer capital

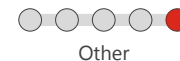
NOK million	2018	2018	Change
	2Q	1Q	
Market value adjustment reserve	2 720	2 313	407
Excess value of bonds at amortised cost	6 327	6 315	12
Additional statutory reserve	8 286	8 114	172
Conditional bonuses Sweden	6 241	6 582	-341
<b>Total</b>	<b>23 574</b>	<b>23 324</b>	<b>250</b>

The term Buffer capital in this table is not consistent with the definition of buffer capital made in the IFRS accounting

## Guaranteed reserves in % of total reserves



# Other<sup>1</sup>



## Profit

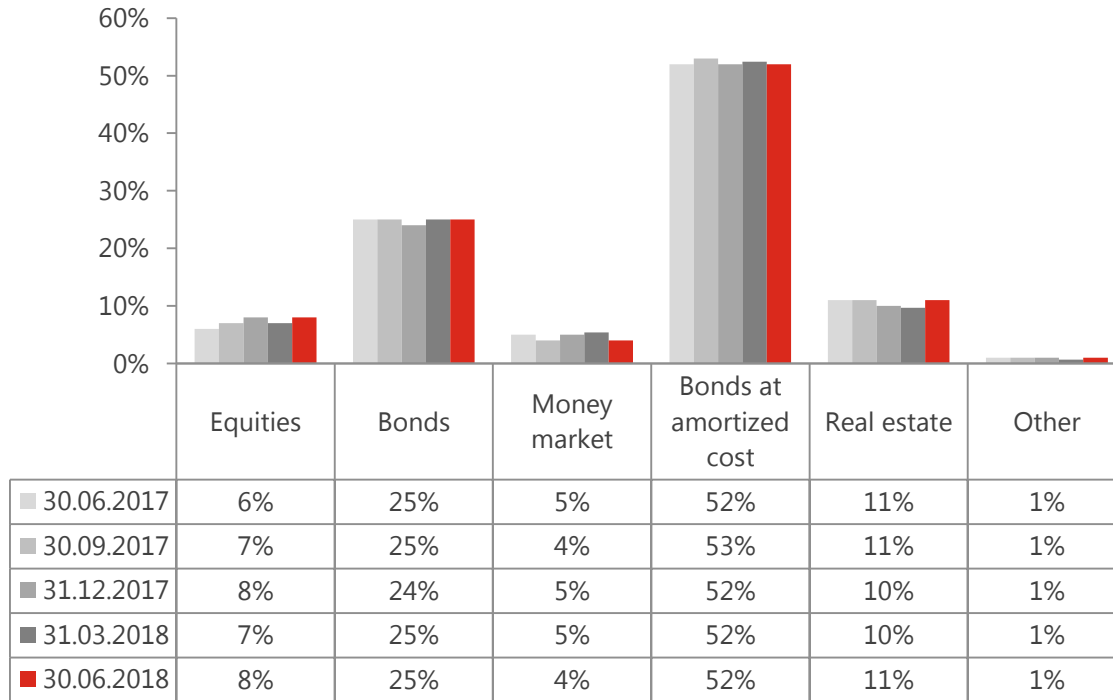
NOK million	2Q		01.01-30.06		Full year
	2018	2017	2018	2017	2017
Fee and administration income	25	23	47	44	83
Operational cost	-54	-39	-91	-79	-188
<b>Operating profit</b>	<b>-29</b>	<b>-16</b>	<b>-44</b>	<b>-34</b>	<b>-105</b>
Financial items and risk result life	70	102	150	179	161
<b>Profit before amortisation</b>	<b>41</b>	<b>85</b>	<b>106</b>	<b>144</b>	<b>55</b>

## Profit per product line

NOK million	2Q		01.01-30.06		Full year
	2018	2017	2018	2017	2017
Corporate Banking	5	4	-17	17	42
BenCo	4	5	25	10	21
Holding company costs and net financial results in company portfolios	33	76	98	117	-8
<b>Profit before amortisation</b>	<b>41</b>	<b>85</b>	<b>106</b>	<b>144</b>	<b>55</b>

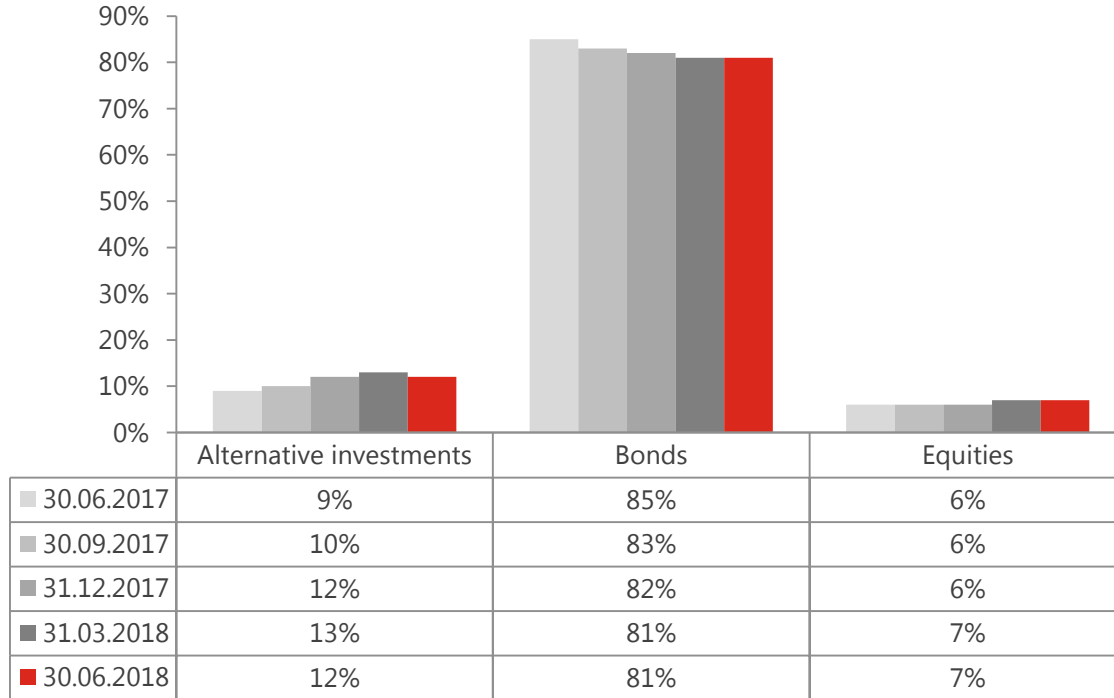
# Appendix

# 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. Category bonds includes loans on life insurance balance sheet.

# 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

This document contains Alternative Performance Measures as defined by the European Securities and Market Authority (ESMA). An overview of APMs used in financial reporting is available on [storebrand.com/ir](https://storebrand.com/ir).