

Storebrand 4Q 2016

8 Feb 2016

Odd Arild Grefstad – CEO Lars Aa. Løddesøl – CFO Storebrand celebrates 250 years in 2017



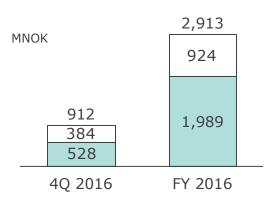


## Storebrand - the world's most sustainable insurer

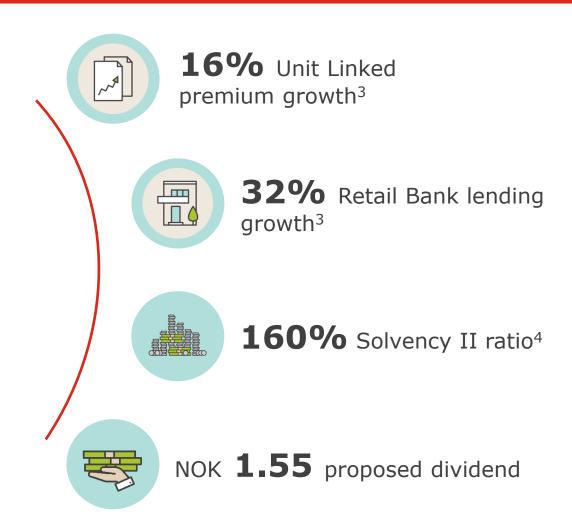
Storebrand was named the world's most sustainable insurance company, and the second most sustainable company in any category, at the World Economic Forum 2017. We are proud and humbled. Proud, because sustainability is at the core of our business. Humbled, because we work hard every day to give our 1.9m pension customers a future to look forward to.

## Highlights 2016

#### Group result1



- Financial items and risk result life
  Operating profit
  - 4% growth in Savings fee and admin income<sup>2</sup>
  - 12% reduction in Guaranteed fee and admin income<sup>2</sup>



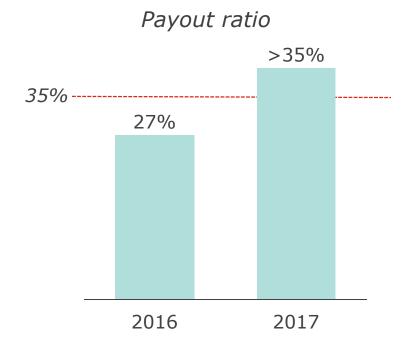
<sup>&</sup>lt;sup>1</sup> Result before amortisation and write-downs.

<sup>&</sup>lt;sup>2</sup> Change from 2015 to 2016.

<sup>&</sup>lt;sup>3</sup> Growth figures are from 2015 to 2016.

<sup>&</sup>lt;sup>4</sup> Including transitional rules before dividend payment. The ratio after dividends is 157%.

### Dividend NOK 1.55 pr. share



- The Board proposes a dividend of NOK 1.55 per share for 2016
- Expected dividend of more than 35 per cent of the result for 2017¹
- Expected development in the Solvency II ratio implies a further gradual increase in the dividend payout ratio from 2018 onwards

## Our strategy

Manage the guaranteed balance sheet

>150% SII margin

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

Continued growth in Savings and Insurance

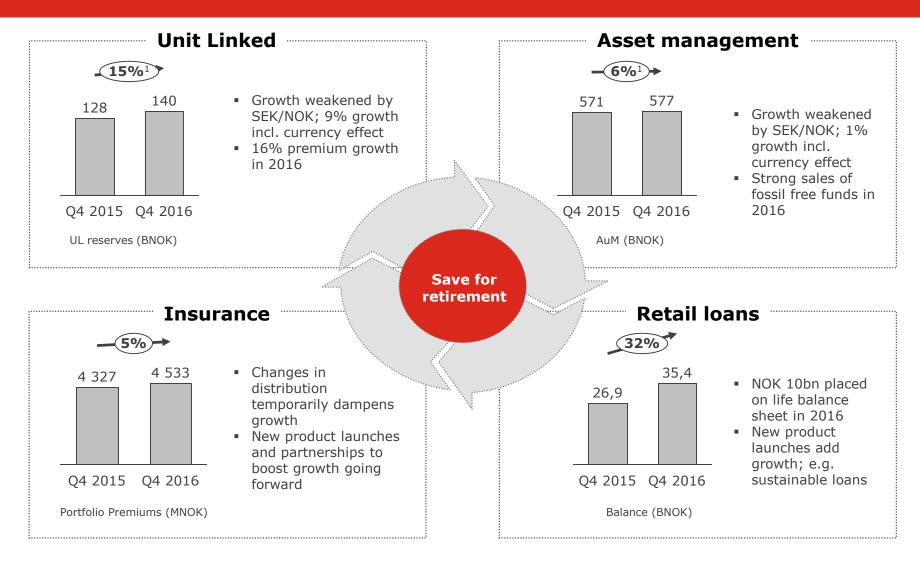
Capital-light and profitable growth

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

From high to low capital requirements and higher quality of earnings



## Growth in Savings and Insurance continues



## Innovating the customer journey

## Products and concepts



Launched sustainable mortgage and home insurance

People and technology



Improved customer deliveries through strategic partnership

**Customer service** 



Digitally driven sales front



Customer loyalty at all-time high

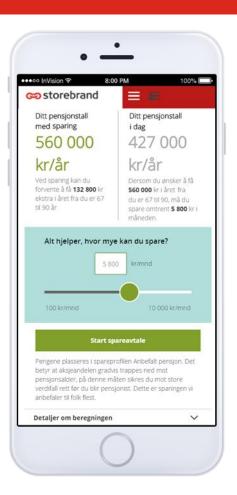
Launched **market leading** digital pension manager



### Market leading digital pension manager





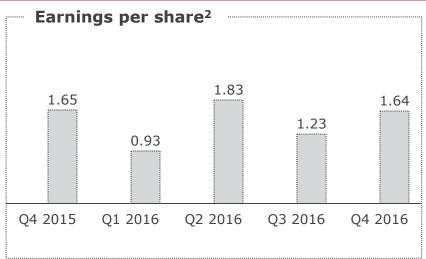


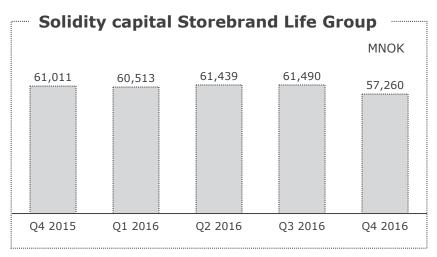
Personalized advisor on how to achieve your desired pension

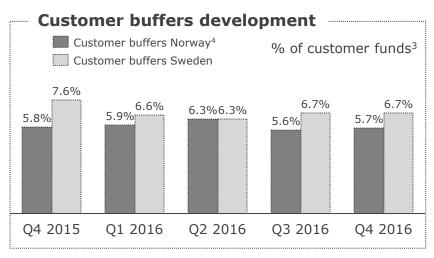


## Key figures











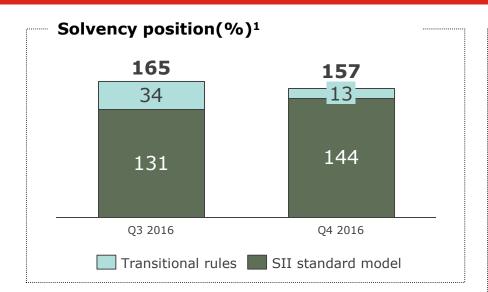
<sup>&</sup>lt;sup>1</sup> Result before amortisation, write-downs and longevity provisions

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

<sup>&</sup>lt;sup>3</sup> Customer buffers in Benco of NOK 1.6 bn not included

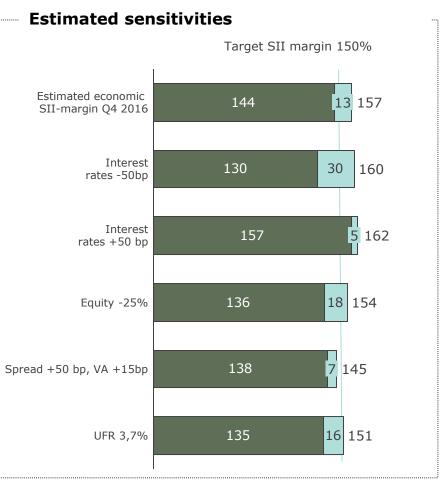
<sup>&</sup>lt;sup>4</sup> Solidity capital/customer buffers does not include provisions for future longevity reservations

### Solvency II position Storebrand Group



#### **Key takeaways**

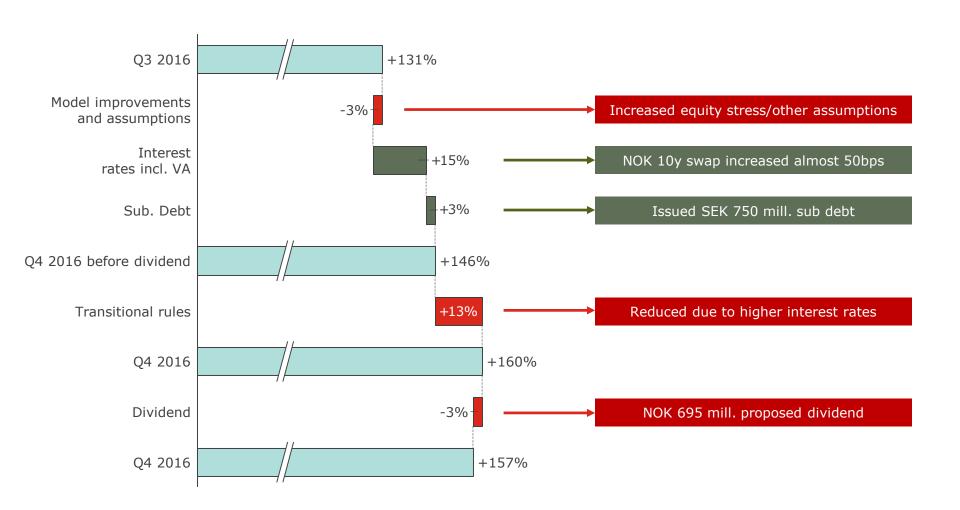
- Increased interest rates strengthen the solvency position and reduce transitional capital
- Reported solvency position after proposed dividends
- Reported Solvency II figures incl. transitionals resistant to future changes in interest rates



<sup>&</sup>lt;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 Q3 to Q4







## Storebrand Group

#### Profit<sup>1</sup> ....

	40	<u> </u>	Full year	
NOK million	2016	2015	2016	2015
Fee and administration income	1 138	1 160	4 235	4 317
Insurance result	251	143	945	820
Operational cost	-861	-926	-3 191	-3 309
Operating profit	528	378	1 989	1 828
Financial items and risk result life	384	-117	924	-107
Profit before amortisation and longevity	912	261	2 913	1 722
Provision longevity	<u>-</u>	-1 362	-	-1 764
Amortisation and write-downs of intangible assets	-95	-106	-406	-396
Profit before tax	816	-1 207	2 506	-438
Tax	-140	2 008	-364	1 821
Sold/liquidated business	0	-0	0	-0
Profit after tax	676	801	2 143	1 382



## Storebrand Group

#### Profit

	40	4Q		year
NOK million	2016	2015	2016	2015
Fee and administration income	1 138	1 160	4 235	4 317
Insurance result	251	143	945	820
Operational cost	-861	-926	-3 191	-3 309
Operating profit	528	378	1 989	1 828
Financial items and risk result life	384	-117	924	-107
Profit before amortisation and longevity	912	261	2 913	1 722
Provision longevity	-	-1 362	-	-1 764

#### **Profit per line of business**

	40	4Q		
NOK million	2016	2015	2016	2015
Savings - non-guaranteed	321	296	1 063	1 001
Insurance	143	15	575	482
Guaranteed pension	492	-110	870	329
Other profit	-45	60	405	-91
Profit before amortisation and longevity	912	261	2 913	1 722

# Savings (non-guaranteed) - continued growth



#### **Profit**

	4Q		Full year		
NOK million	2016	2015	2016	2015	
Fee and administration income	744	761	2 758	2 662	
Operational cost	-426	-459	-1 700	-1 657	
Operating profit	319	301	1 058	1 006	
Financial items and risk result life	3	-5	5	-4	
Profit before amortisation	321	296	1 063	1 001	

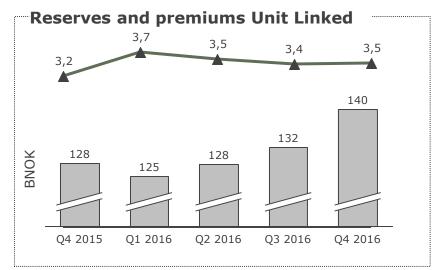
#### **Profit per product line**

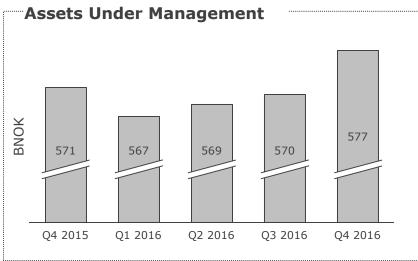
	4Q		Full year		
NOK million	2016	2015	2016	2015	
Unit linked Norway	64	38	242	201	
Unit linked Sweden	55	26	175	139	
Asset Management segment	178	177	518	476	
Retail banking	24	55	127	185	
Profit before amortisation	321	296	1 063	1 001	

## Savings (non-guaranteed)

## - strong growth in retail lending

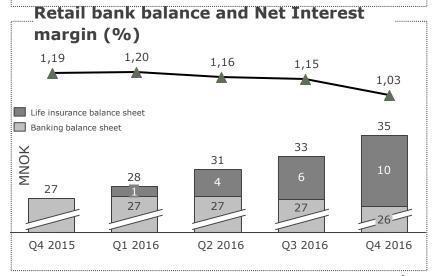






#### **Comments**

- 16% premium growth in UL premiums<sup>1</sup>
- 32% retail lending growth<sup>2</sup>
- 4% top line growth in Savings<sup>2</sup>





<sup>&</sup>lt;sup>1</sup> Excluding transfers. Growth from 2015 to 2016.

<sup>&</sup>lt;sup>2</sup> Growth figures from 2015 to 2016.

### Insurance

## - profitable growth



#### - Profit

	4Q	4Q		l year
NOK million	2016	2015	2016	2015
Insurance premiums f.o.a.	957	934	3 828	3 642
Claims f.o.a.	-706	-791	-2 883	-2 822
Operational cost	-168	-153	-602	-543
Operating profit	83	-9	342	277
Financial result	60	25	233	206
Profit before amortisation	143	15	575	482

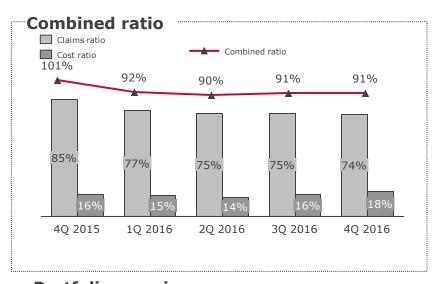
#### Profit per product line

	40	4Q		
NOK million	2016	2015	2016	2015
P&C & Individual life	48	71	293	321
Health & Group life	52	17	149	165
Pension related disability insurance Nordic	42	-72	133	-3
Profit before amortisation	143	15	575	482

#### Insurance

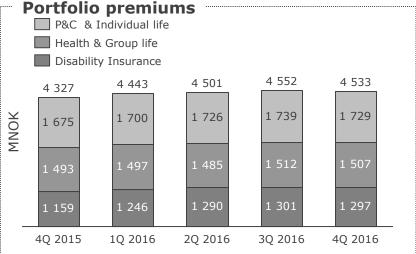
## Insurance

### combined ratio on target level





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



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

- 3% premium growth within P&C & Individual life
- 1% premium growth within Health & Group life
- 12% premium growth in Pension related disability Nordic



## Guaranteed pension





#### - Profit

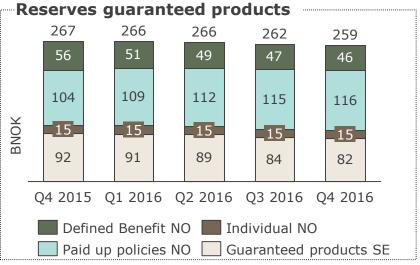
	4Q		Fully	year
NOK million	2016	2015	2016	2015
Fee and administration income	376	460	1 566	1 777
Operational cost	-260	-333	-981	-1 156
Operating profit	116	128	585	621
Risk result life & pensions	-13	7	-37	89
Net profit sharing and loan losses	389	-244	322	-382
Profit before amortisation and longevity	492	-110	870	329
Provision longevity	-	-1 362	_	-1 764

#### Profit per product line

	4Q		Full year		
NOK million	2016	2015	2016	2015	
Defined benefit (fee based)	62	124	340	512	
Paid-up policies, Norway	12	-27	46	1	
Individual life and pension, Norway	141	40	147	45	
Guaranteed products, Sweden	277	-248	336	-230	
Profit before amortisation and longevity	492	-110	870	329	

# Guaranteed pension - reserves in decline

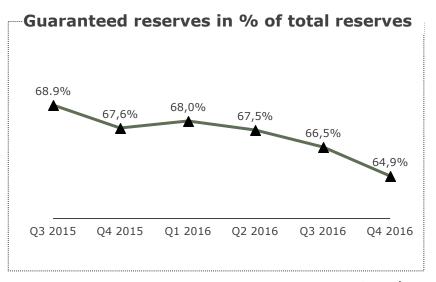




Buffer capital			
	20	16	
NOK million	4Q	3Q	Change
Market value adjustment reserve	2 684	4 220	-1 536
Excess value of bonds at amortised cost	8 785	11 562	-2 777
Additional statutory reserve	6 794	5 190	1 604
Conditional bonuses Sweden	5 663	5 258	405
Total	23 924	26 229	-2 305

#### **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 profit sharing result





## Other<sup>1</sup>

#### Profit

	4Q		Full year	
NOK million	2016	2015	2016	2015
Fee and administration income	43	17	145	129
Operational cost	-33	-59	-141	-203
Operating profit	10	-41	4	-75
Financial items and risk result life	-54	101	401	-16
Profit before amortisation	-45	60	405	-91

#### **Profit per product line**

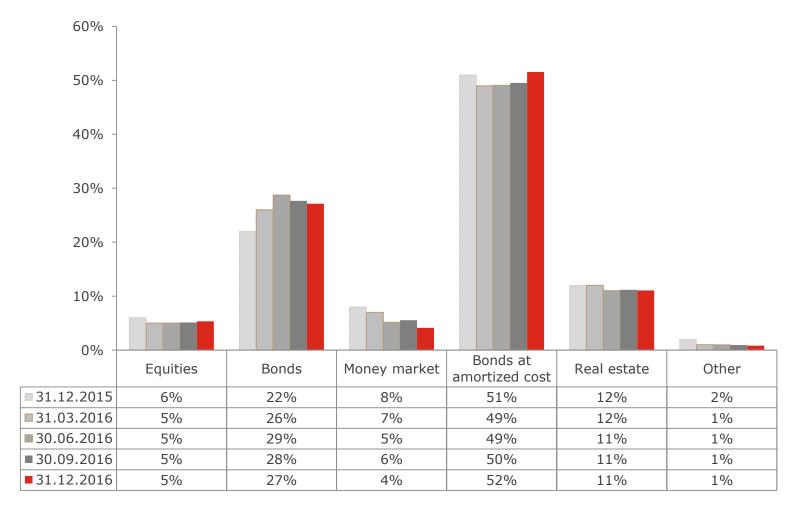
	40	Q	Full year		
NOK million	2016	2015	2016	2015	
Corporate Banking	6	-40	76	-99	
BenCo	1	-26	44	34	
Holding company costs and net financial results in company portfolios	-52	127	285	-26	
Profit before amortisation and longevity	-45	60	405	-91	

 $<sup>^{\</sup>rm 1}\,{\rm Excluding}$  eliminations. For more information on eliminations, see Supplementary Information.



Appendix

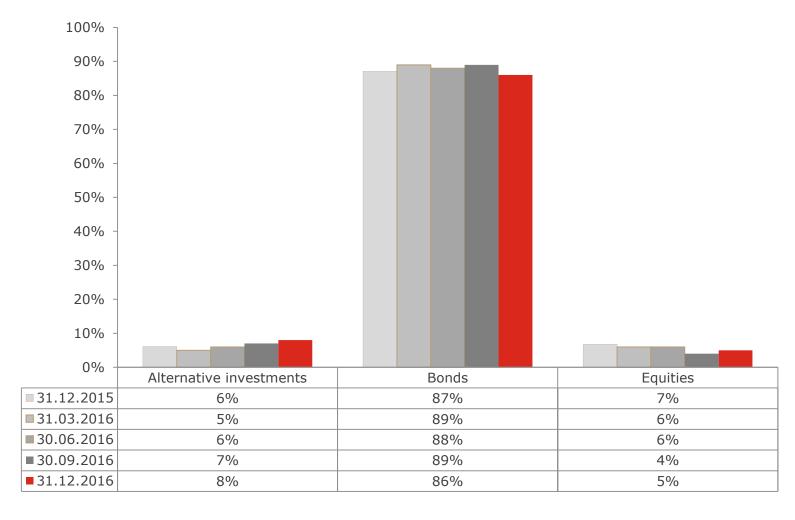
#### Storebrand Life Insurance asset allocation



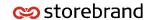
Note: The graph shows the asset allocation for all products with an interest rate guarantee in Storebrand Life Insurance Norwegian operations.



#### SPP asset allocation



Note: The graph shows the asset allocation for all products with an interest rate guarantee in SPP.





#### **Investor Relations contacts**

Lars Aa Løddesøl Group CFO Sigbjørn Birkeland Finance Director Kjetil R. Krøkje Head of IR

lars.loddesol@storebrand.no sigbjorn.birkeland@storebrand.no kjetil.r.krokje@storebrand.no

+47 9348 0151 +47 9348 0893 +47 9341 2155

## **Our Vision**

Recommended by our customers