

Storebrand  
Q3 2013  
30 October 2013

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Lars Aa Løddesøl – CFO

# Highlights Q3 2013

## Result

- Group result of NOK 810 mill in Q3, NOK 1 880 mill YTD
- Fee and administration income increased with 10% YTD
- Nominal cost reductions of 2% YTD <sup>1</sup>

## Operations

- 30% growth in Unit Linked pension reserves from Q3 2012
- 15% growth in Insurance premiums YTD
- Law proposal on new occupational pension framework

## Balance sheet

- Life group solvency ratio: 178%
- Customer buffer capital<sup>2</sup>: 21.2 bn
- 9 bn guaranteed reserves transferred out YTD

<sup>1</sup> 2012 figures are adjusted for restructuring cost in Q3 2012. Cost reduction of 8% unadjusted.

<sup>2</sup> Customer buffer capital: Risk equalisation fund, Additional Statutory Reserves, Market Value Adjustment Reserves, Conditional Bonuses

# Storebrand Group

- top line growth and cost control



## Result

NOK million	Q3		01.01 - 30.09		Full year
	2013	2012	2013	2012	2012
Fee and administration income	1 093	970	3 214	2 932	3 907
Underwriting result	357	289	840	850	1 072
Operational cost	-809	-1016	-2 480	-2 708	-3 647
Financial result	83	84	69	124	176
<b>Result before profit sharing and loan losses</b>	<b>724</b>	<b>328</b>	<b>1 644</b>	<b>1 199</b>	<b>1 508</b>
Net profit sharing and loan losses	86	131	236	272	451
<b>Result before amortisation and write-downs</b>	<b>810</b>	<b>458</b>	<b>1 880</b>	<b>1 471</b>	<b>1 960</b>

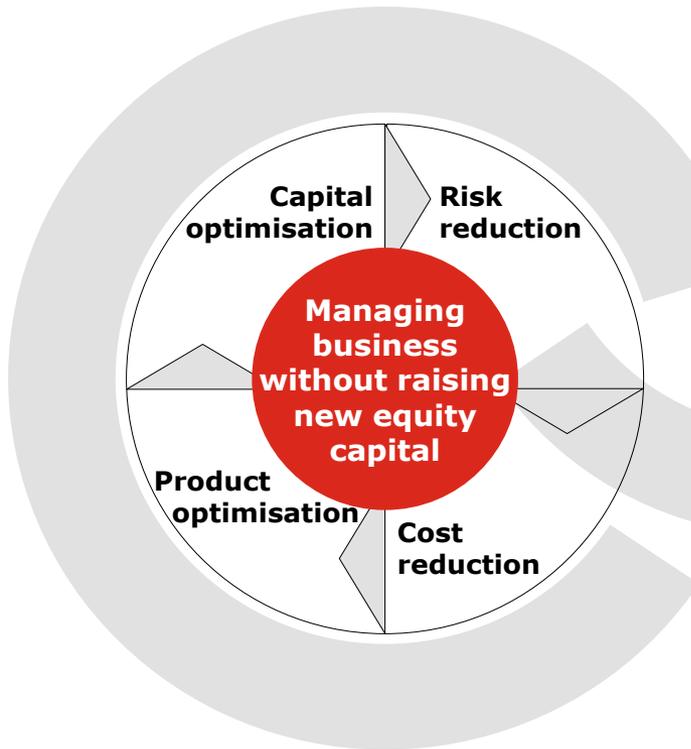
## Result per line of business

NOK million	Q3		01.01 - 30.09		Full year
	2013	2012	2013	2012	2012
Savings (non-guaranteed)	146	2	373	142	288
Insurance	136	106	342	329	417
Guaranteed pension	474	276	1 183	906	1 193
Other	53	74	-19	94	61
<b>Result before amortisation and write-downs</b>	<b>810</b>	<b>458</b>	<b>1 880</b>	<b>1 471</b>	<b>1 960</b>

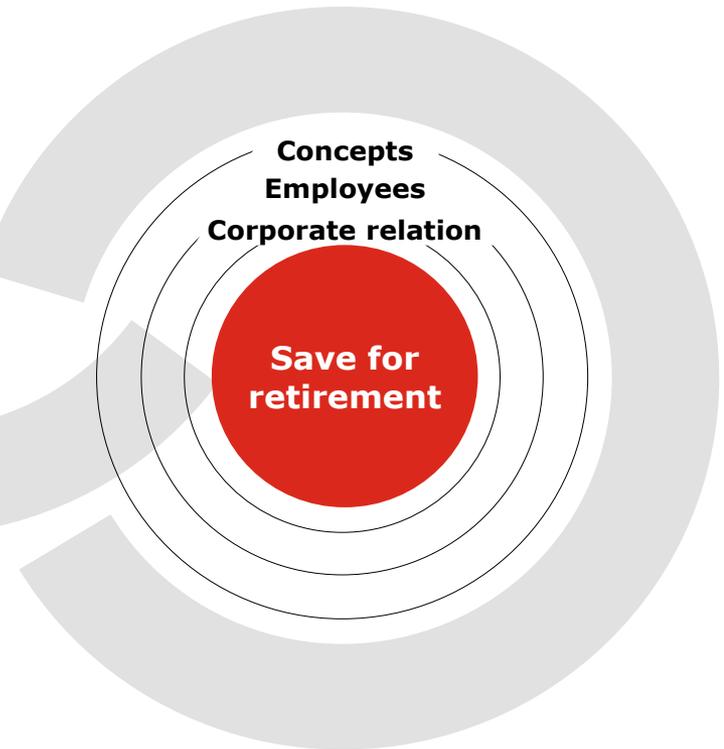
# Our strategic response to changing market conditions

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

## Managing the balance sheet



## Developing the business

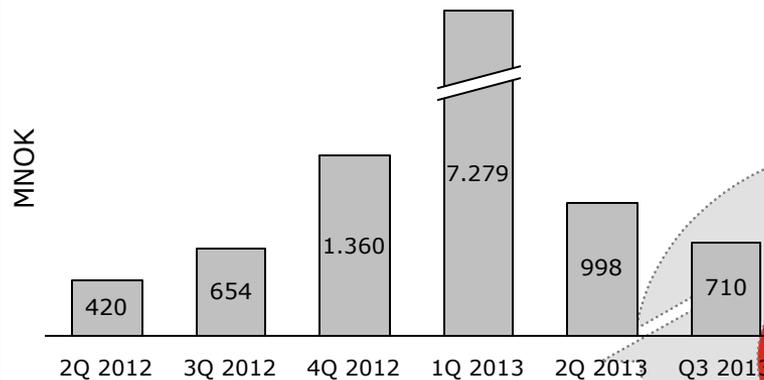


# Managing the balance sheet



## Capital optimization

Transfer out of Guaranteed products



## Risk reduction

- Reduced real-estate portfolio – sold 7 shopping centers in Q2 and 4 office buildings in Q3 (17% of real estate portfolio)

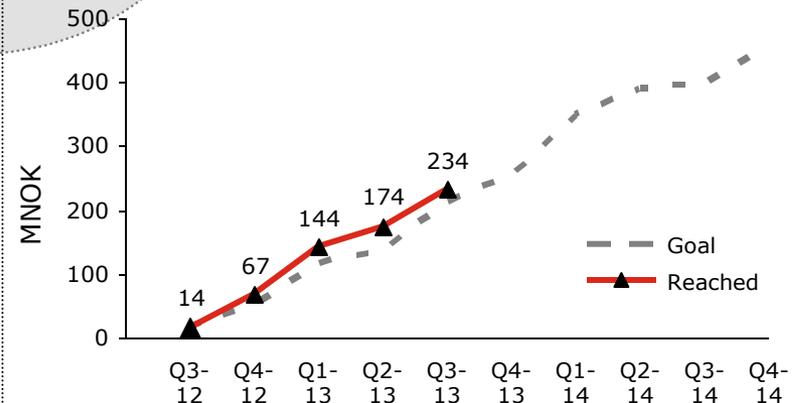
Managing business without raising new equity capital

## Product optimisation

- Price increases guaranteed products
- SPP Pension Services sold to KPA
- Introduced new non-guaranteed savings products

## Cost reduction

Accumulated run-rate, annual effects



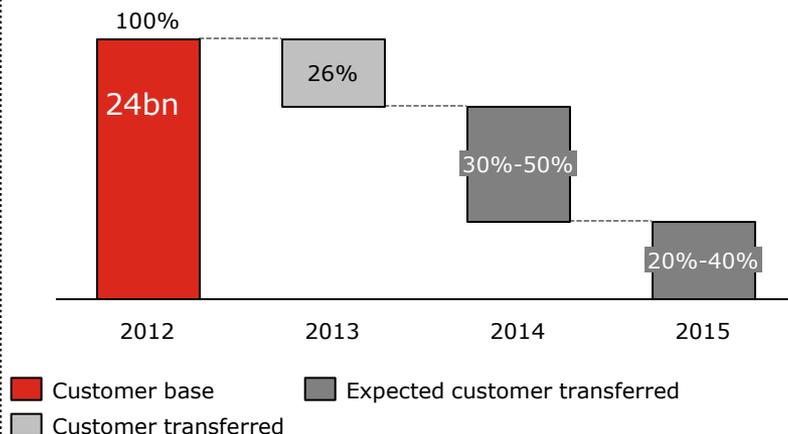
# Public sector - from DB to pension funds



## Withdrawal from public DB offering on plan

- Customers transfer out as planned
- Many existing customers will revise their pension provider this year (transfer in 2014)
- Price increases of 25% - 30% from 2014

## Transfer of public DB reserves



## Storebrand to offer pension fund services to public sector

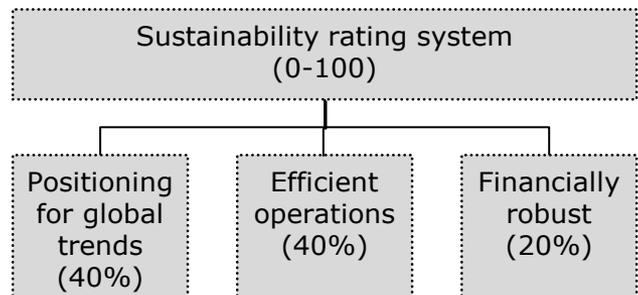
- Storebrand offers full scale set up for pension fund solutions:
  - Administration
  - Actuarial services
  - System support
  - Asset management
- Storebrand chosen as provider for administration and system support for Helse Sør Øst<sup>1</sup> pension fund
- Increased interest to establish public sector pension funds

# A leading position on sustainable investments in Nordic finance



## Sustainability rating system

- > Sustainability rating system:
  - Financially robust
  - Efficient and sustainable operations
  - Positioning for global trends
- > 5 yr target:  
Increase sustainability rating of all the Group's life portfolios



## Investment universe

Best performers

High risk exclusion

## Examples

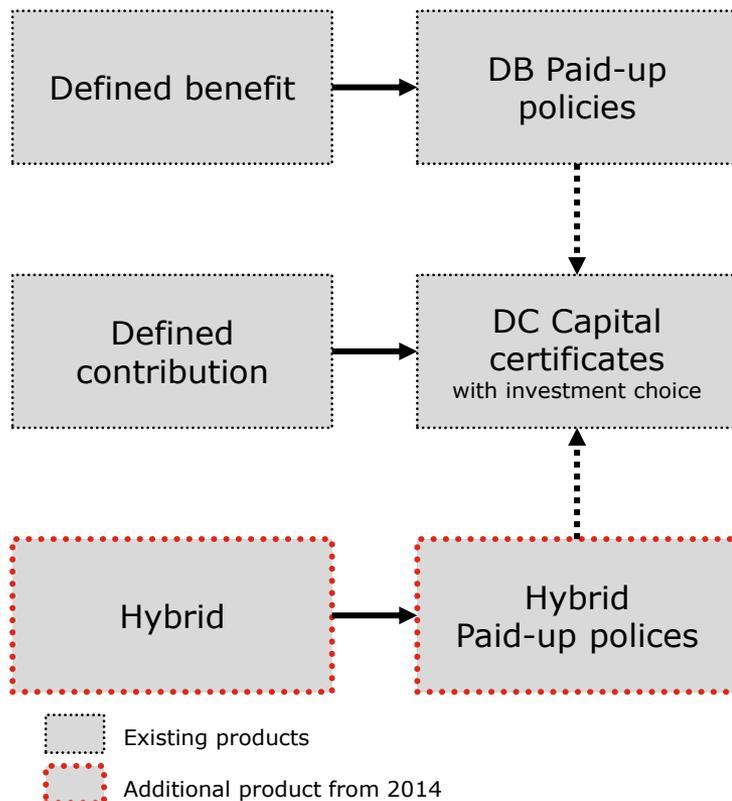
- > Retail fund – Storebrand Trippel Smart
  - 100 companies, equally weighted, sector neutral
  - 1 year anniversary, NOK 1 bn AUM  
5% ahead of benchmark index
- > Exclusion strategy; currently 171 listed names non-investable
  - 65 based on UN conventions and 23 tobacco
  - 83 sustainability risk based, of which 19 reducing exposure to fossil fuels

# Market impacted by extensive product reform

– new hybrid occupational pension product proposed 4. October 2013



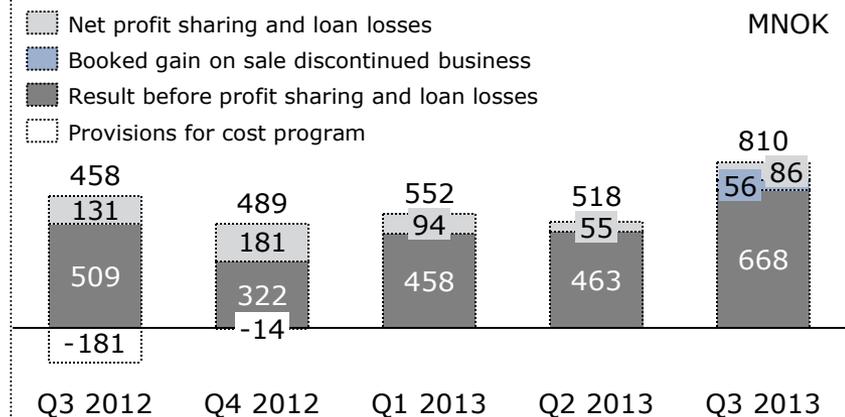
## New legal framework for Norwegian occupational pension



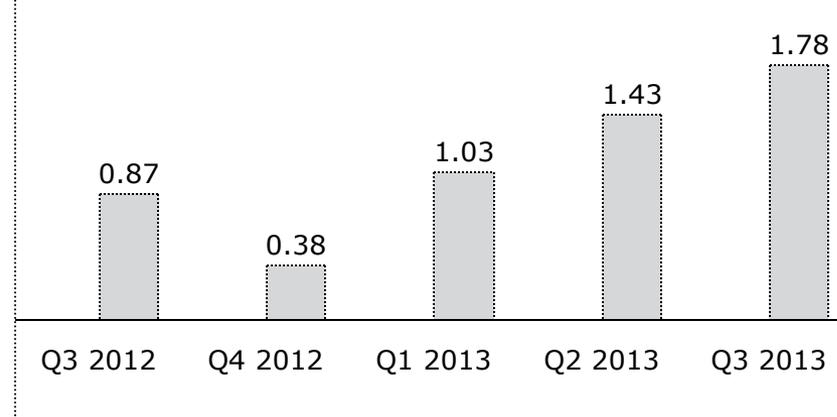
## Important next steps

- > Increase maximum saving rates in DC schemes to the same level and at the same time as for the hybrid products
- > Clarify transition rules for Paid-up policies to Paid-up policies with investment choice
- > Transition rules for guaranteed reserves into Solvency II

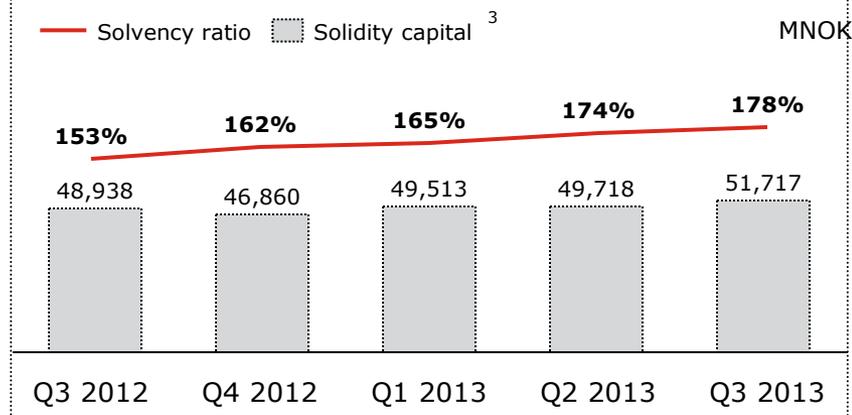
## Result development



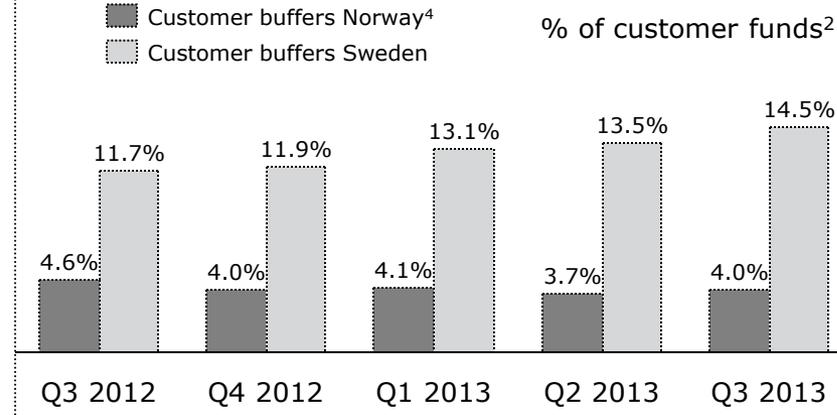
## Earnings per share<sup>1</sup>



## 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 3.0 bn are not included

<sup>3</sup> Solidity capital/customer buffers does not include provisions for future longevity reservations

# Savings (non-guaranteed)

- top line growth



## Result

NOK million	Q3		01.01 - 30.09		Full year
	2013	2012	2013	2012	2012
Fee and administration income	490	407	1 399	1 214	1 638
Risk result life & pensions	0	1	4	1	3
Operational cost	-328	-400	-985	-1 065	-1 417
Financial result	-	-	-	-	-
<b>Result before profit sharing and loan losses</b>	<b>162</b>	<b>8</b>	<b>418</b>	<b>159</b>	<b>224</b>
Net profit sharing and loan losses	-16	-5	-44	-16	63
<b>Result before amortisation</b>	<b>146</b>	<b>2</b>	<b>373</b>	<b>142</b>	<b>288</b>

## Result per product line

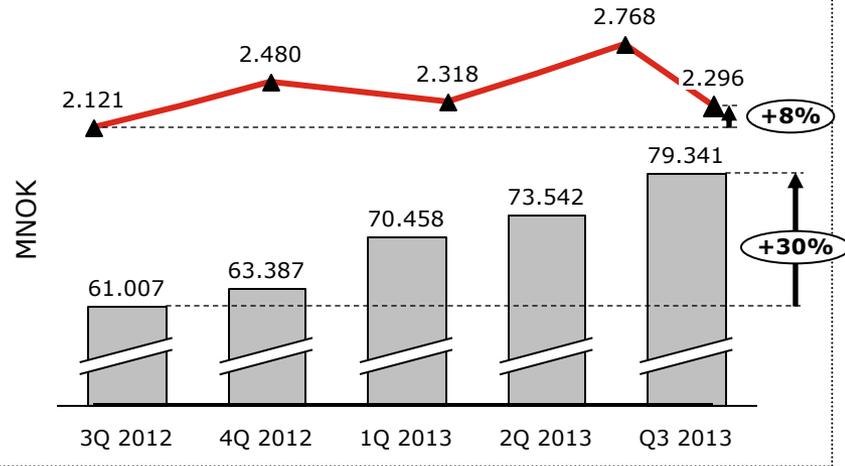
NOK million	Q3		01.01 - 30.09		Full year
	2013	2012	2013	2012	2012
Unit Linked Storebrand	27	-10	77	15	17
Unit Linked SPP	26	15	50	31	41
Asset Management	46	-27	136	44	144
Retail Banking	47	24	111	52	85
<b>Result before amortisation</b>	<b>146</b>	<b>2</b>	<b>373</b>	<b>142</b>	<b>288</b>

# Savings (non-guaranteed)

## - strong growth in Unit Linked



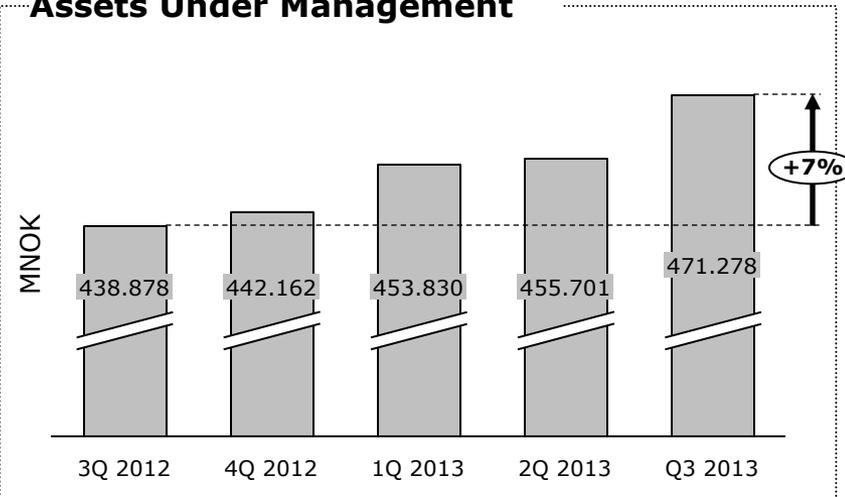
### Reserves and premiums Unit Linked



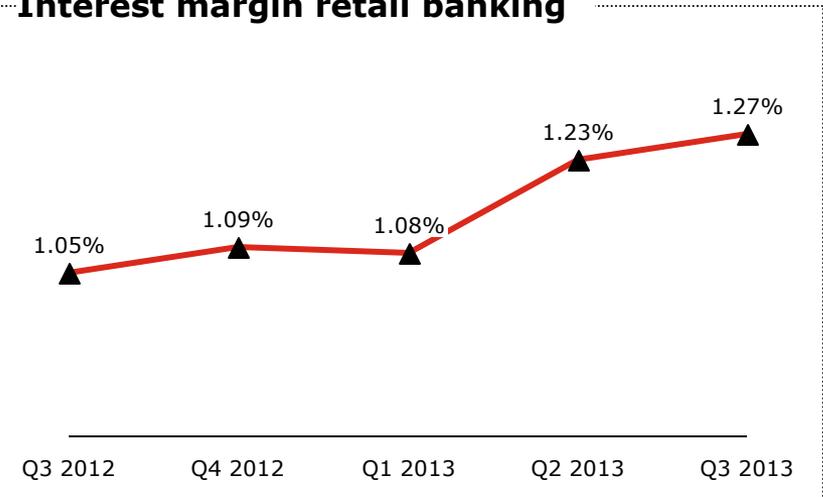
### Comments

- Strong Unit Linked sales (APE) +28% YTD
- Strong growth in assets helped by strong equity markets
- Positive result development retail lending

### Assets Under Management



### Interest margin retail banking



# Insurance

## - premium growth



Insurance

### Result

NOK million	Q3		01.01 - 30.09		Full year
	2013	2012	2013	2012	2012
Insurance premiums f.o.a.	731	640	2 113	1 839	2 510
Claims f.o.a.	-517	-425	-1 521	-1 229	-1 774
Operational cost	-114	-139	-353	-353	-470
Financial result	37	29	102	72	150
<b>Result before profit sharing and loan losses</b>	<b>136</b>	<b>106</b>	<b>342</b>	<b>329</b>	<b>417</b>
Net profit sharing and loan losses	0	0	0	0	0
<b>Result before amortisation</b>	<b>136</b>	<b>106</b>	<b>342</b>	<b>329</b>	<b>417</b>

### Result per product line

NOK million	Q3		01.01 - 30.09		Full year
	2013	2012	2013	2012	2012
P&C & Individual life*	71	50	206	178	255
Health & Group life**	53	43	171	108	147
Disability insurance***	12	13	-35	43	15
<b>Result before amortisation</b>	<b>136</b>	<b>106</b>	<b>342</b>	<b>329</b>	<b>417</b>

\* Individual life and disability, property and casualty insurance

\*\* Group life, workers comp. and health insurance (consolidated by 50% due to joint venture)

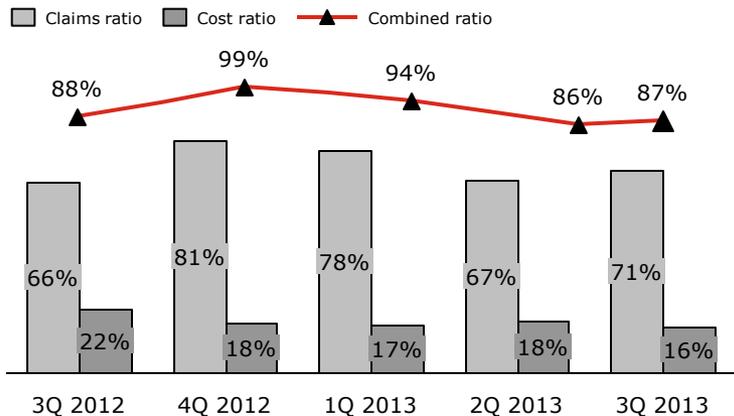
\*\*\* DC disability risk result Norwegian line of business

# Insurance

- stable growth in premiums



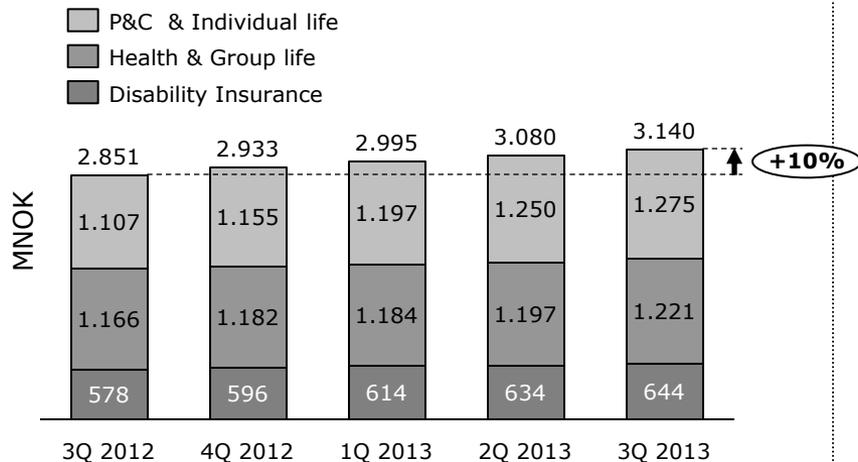
## Combined ratio



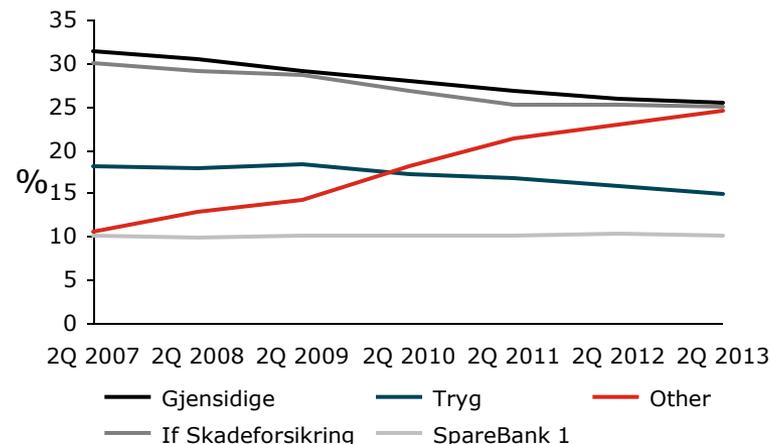
## Comments

- 15% premium increase YTD
- Decreasing cost ratio
- Growth within all business areas

## Written premiums



## Market share P&C insurance



# Guaranteed pension

## - strong risk results



### Result

NOK million	Q3		01.01 - 30.09		Full year
	2013	2012	2013	2012	2012
Fee and administration income	517	463	1 554	1 405	1 861
Risk result life & pensions	147	68	239	229	318
Operational cost	-295	-389	-886	-1 021	-1 375
Financial result	-	-	-	-	-
<b>Result before profit sharing and loan losses</b>	<b>396</b>	<b>143</b>	<b>907</b>	<b>613</b>	<b>804</b>
Net profit sharing and loan losses	105	133	276	292	389
<b>Result before amortisation</b>	<b>474</b>	<b>276</b>	<b>1 183</b>	<b>906</b>	<b>1 193</b>

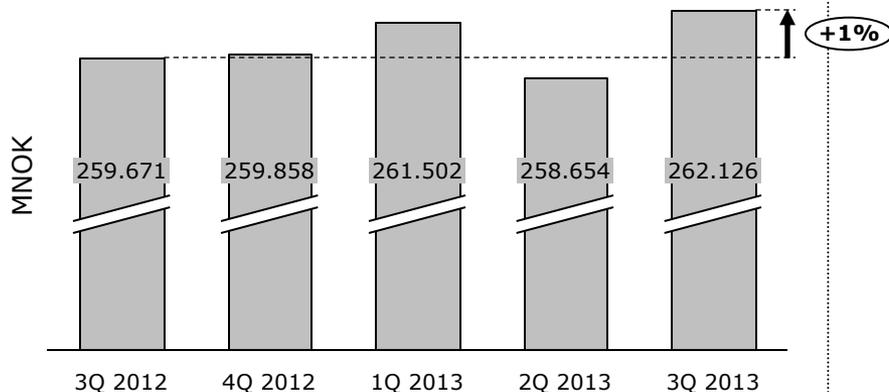
### Result per product line

NOK million	Q3		01.01 - 30.09		Full year
	2013	2012	2013	2012	2012
Defined Benefit (fee based)	208	92	665	417	582
Paid-up policies	47	3	6	29	13
Traditional individual life and pension	0	-3	0	-8	-1
SPP Guaranteed Products	220	184	512	468	598
<b>Result before amortisation</b>	<b>474</b>	<b>276</b>	<b>1 183</b>	<b>906</b>	<b>1 193</b>

# Guaranteed pension - reduced reserves



## Reserves guaranteed products



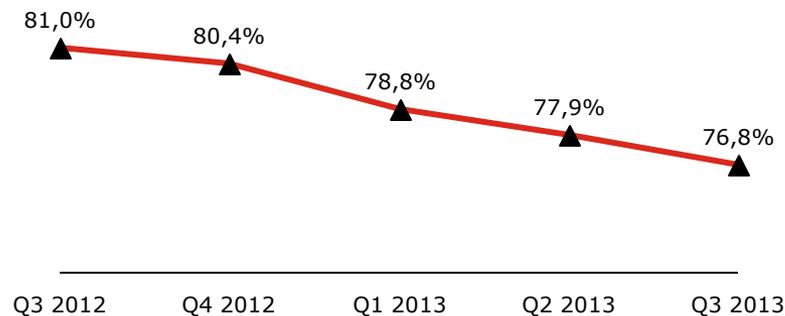
## Comments

- Transfer out of guaranteed products of 9 bn YTD
- 3.1% value adjusted return in SBL YTD, booked return 2.7%
- Consolidation ratio of 112% in DB portfolio SPP (all sub portfolios above 107%)<sup>1</sup>

## Buffer capital

NOK million	30.09.2013	30.06.2013	31.12.2012	Change in 2013
Market value adjustment reserve	1 761	1 028	1 027	734
Excess value of bonds at amortised cost	4 686	4 999	5 225	-539
Additional statutory reserve	5 133	5 280	5 746	-613
Provisions for new mortality tables	4 305	4 305	4 305	0
Unallocated customer results	636	790	0	636
Conditional bonuses SPP	10 611	9 668	8 626	1 985
<b>Total</b>	<b>27 132</b>	<b>26 070</b>	<b>24 929</b>	<b>2 203</b>

## Guaranteed reserves in % of total reserves



## Result

NOK million	Q3		01.01 - 30.09		Full year
	2013	2012	2013	2012	2012
Fee and administration income	86	100	262	314	408
Risk result life & pensions	-4	4	5	9	14
Operational cost	-72	-89	-256	-278	-385
Financial result	46	55	-33	52	27
<b>Result before profit sharing and loan losses</b>	<b>57</b>	<b>71</b>	<b>-22</b>	<b>98</b>	<b>63</b>
Net profit sharing and loan losses	-3	3	4	-4	-1
<b>Result before amortisation</b>	<b>53</b>	<b>74</b>	<b>-19</b>	<b>94</b>	<b>62</b>

## Result per product line

NOK million	Q3		01.01 - 30.09		Full year
	2013	2012	2013	2012	2012
Corporate Banking	27	36	69	121	153
BenCo	6	19	36	47	62
Holding company costs and net financial results in company portfolios	20	19	-123	-75	-153
<b>Result before amortisation</b>	<b>53</b>	<b>74</b>	<b>-19</b>	<b>94</b>	<b>62</b>

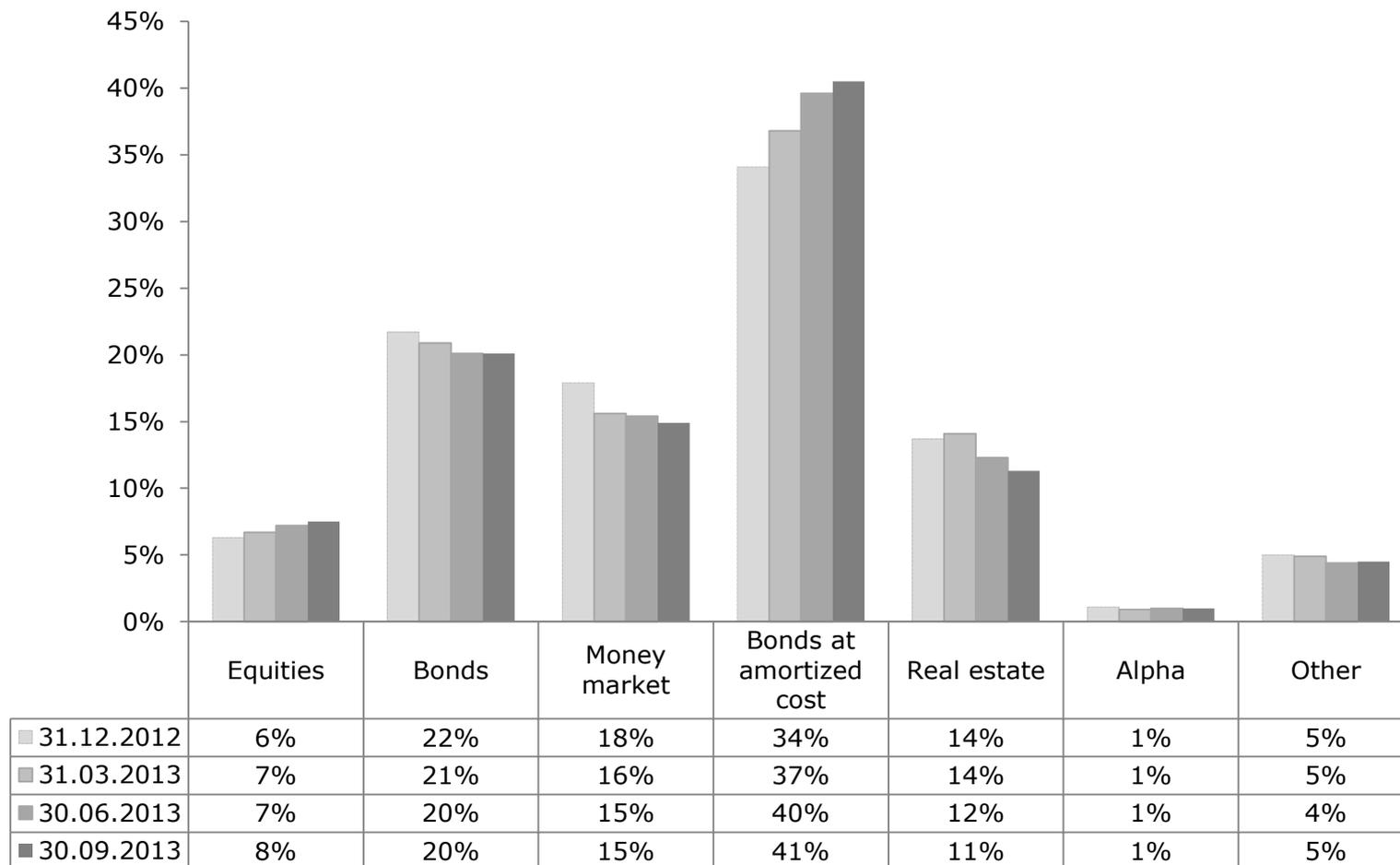
# Summary

- Top line growth continues: +10% YTD
- Cost program on plan: nominal cost reduced by 2%
- Transfer from guarantees: 9 bn YTD
- Solvency ratio: 178%



# Appendix:

# Storebrand Life Insurance asset allocation

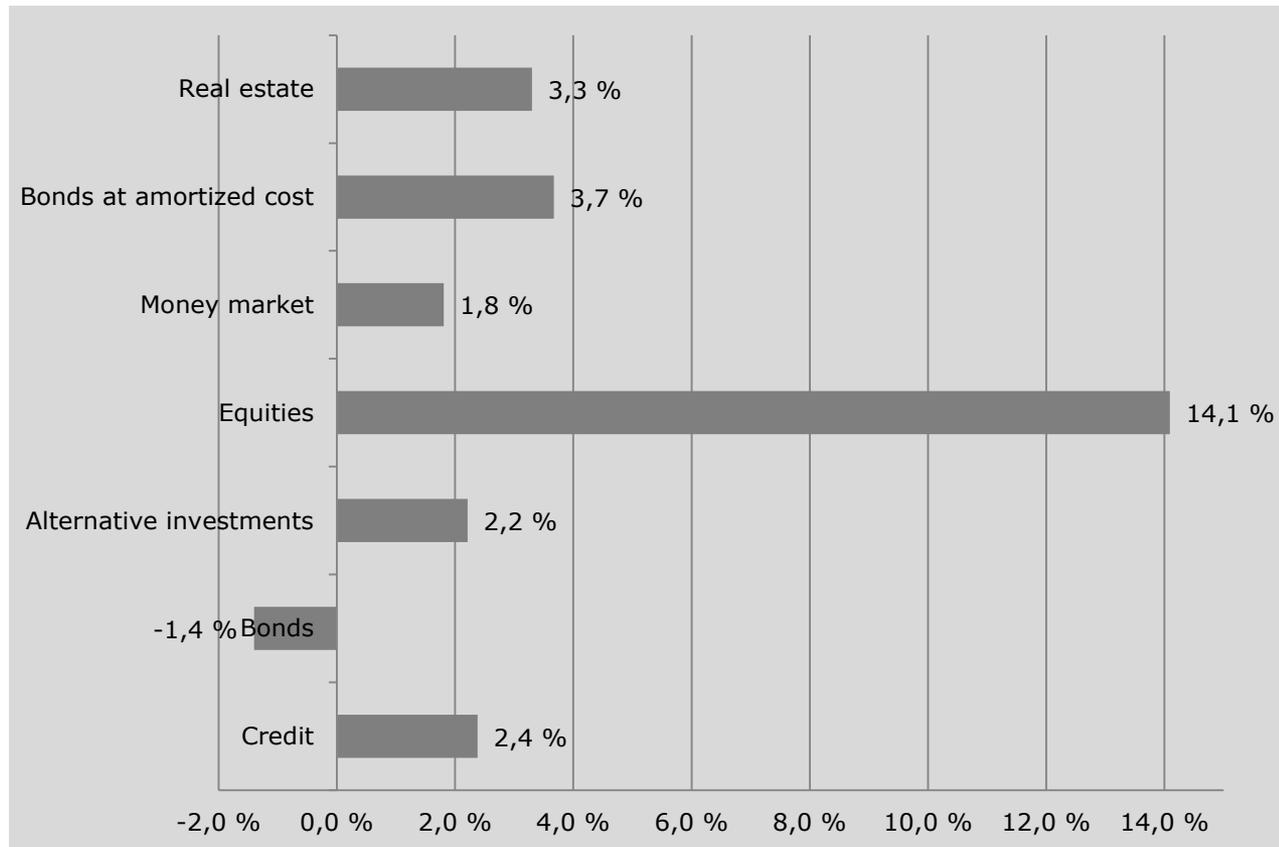


<sup>1</sup> The graph shows the asset allocation for all products with an interest rate guarantee in Storebrand Life Insurance Norwegian operations.

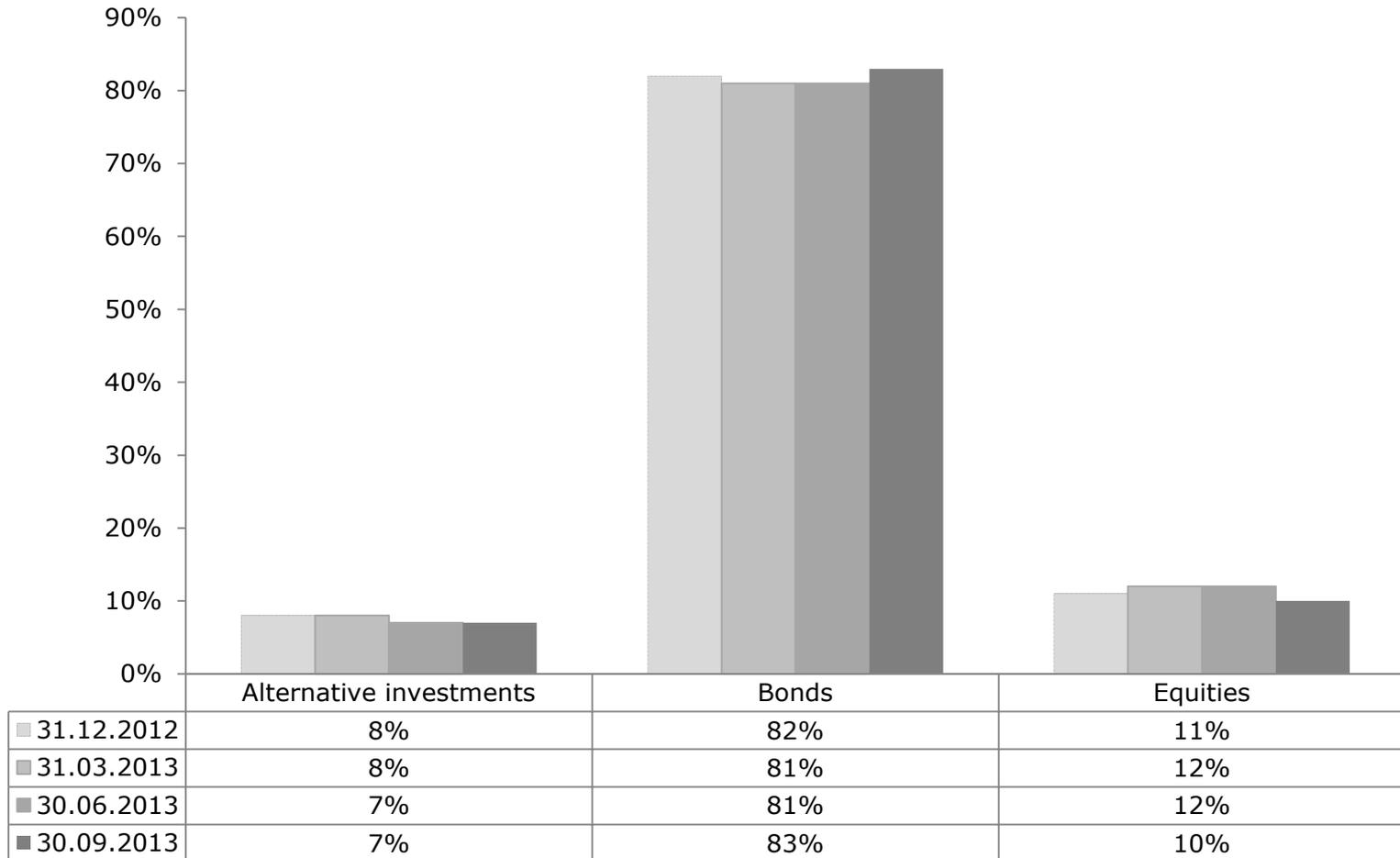
# Storebrand Life Insurance

- return by asset class

## Return by asset class YTD Q3 2013 (%)



# SPP asset allocation



<sup>1</sup> The graph shows the asset allocation for all products with an interest rate guarantee in SPP.