

### Important information:

This document may contain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Storebrand Group's control. As a result, the Storebrand Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in these forward-looking statements. Important factors that may cause such a difference for the Storebrand Group include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) market related risks such as changes in equity markets, interest rates and exchange rates, and the performance of financial markets generally.

The Storebrand Group assumes no responsibility to update any of the forward looking statements contained in this document or any other forward-looking statements it may make.



### Agenda

Solid, profitable business, well-positioned for capital efficient growth



Executing on business transformation towards enhanced quality of earnings



Commercial strategy - individual customer opportunity in growing pension market



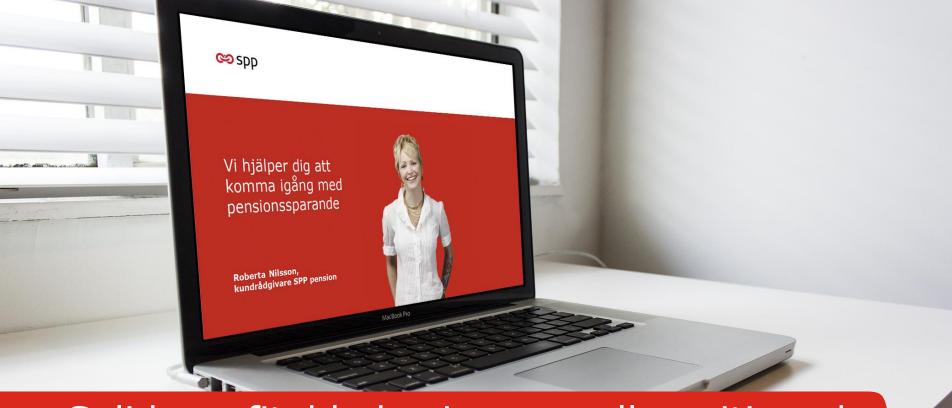
Growing a sustainable and profitable asset management business



### Detailed agenda

<b>→</b>	Solid, profitable business, well-positioned for capital efficient growth – CEO Odd Arild Grefstad	09:00-09:45
>	Executing on business transformation towards enhanced quality of earnings – CFO Lars Aa Løddesøl	09:45-10:30
$\rightarrow$	Coffee break	10:30-10:45
<b>→</b>	Commercial strategy - individual customer opportunity in growing pension market – CCO Robin Kamark	10:45-11:15
>	Growing a sustainable and profitable asset management business – EVP Savings Staffan Hansén	11:15-11:45
$\rightarrow$	Q&A	11:45-12:15
$\rightarrow$	Lunch	12:15-12:45
$\rightarrow$	One-to-one meetings with management	12:45-16:00

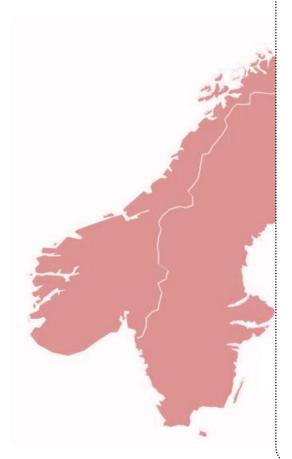




Solid, profitable business, well-positioned for capital efficient growth

Odd Arild Grefstad CEO
Storebrand Capital Markets Day November 26, 2014

### The Storebrand Group



#### **Leading Nordic Life and Pension provider**

- 40 000 corporate customers
- 1.9 million individuals with pensions in Storebrand
- NOK 94 bn in Unit Linked reserves
- NOK 257 bn in Guaranteed reserves
- 100% of investments assessed by sustainability criteria

#### Supported by:

#### **Asset Management**



NOK 503 billion in assets under management

#### **Insurance**



NOK 3.7 bn in written Premiums

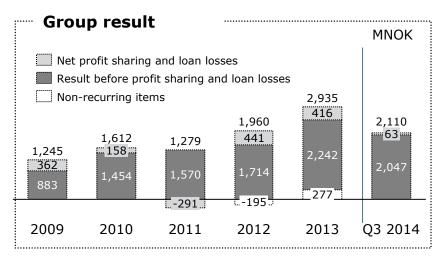
#### **Bank**

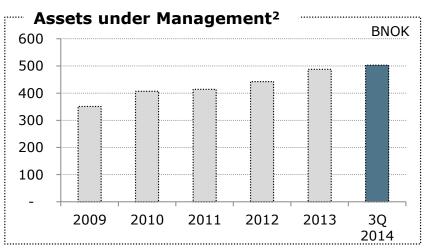


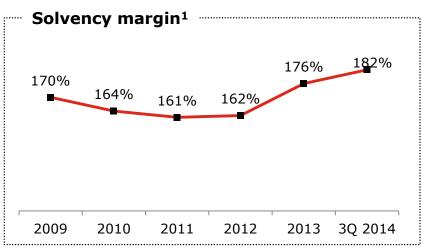
Direct retail bank NOK 29 bn in net lending

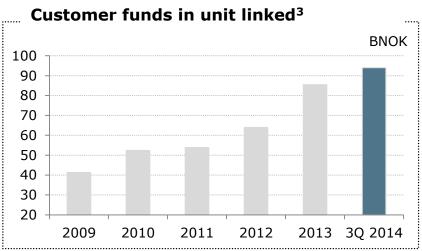


### Solid, profitable business with capital efficient growth











<sup>&</sup>lt;sup>1</sup> Storebrand Life Group

<sup>&</sup>lt;sup>2</sup> Total funds under Management

<sup>&</sup>lt;sup>3</sup> Includes customer funds in DC and UL for Storebrand Life Insurance and SPP

### **Current Financial Targets**

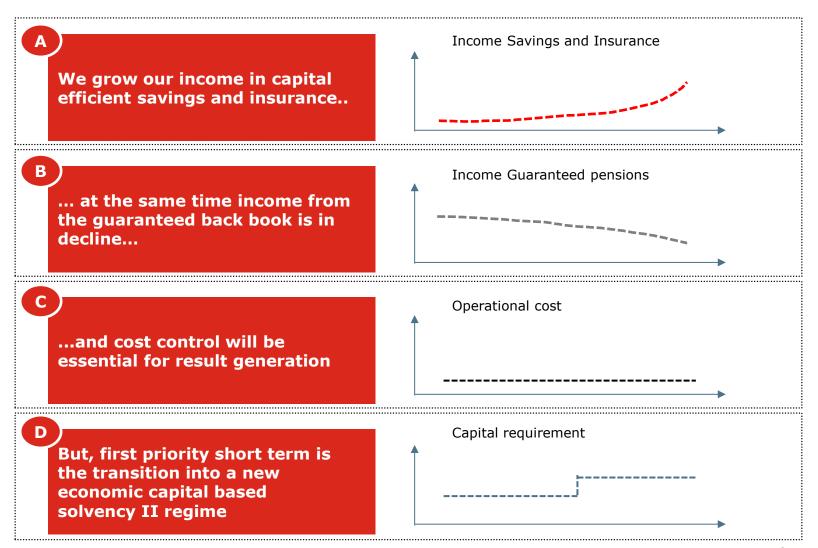
	Target	2012	2013	3Q 2014
RoE	>10%	7.5%	12,1%	10.5%
Solvency I Margin	>150%	162%	176%	182%
Dividend	>35%	-	-	-
Rating Life Group	Α	A-	A-	A-



### Strategic business transformation continues

- Key factors that shape our financial landscape

Illustrative





#### Reduced regulatory uncertainty

 Norwegian FSA's proposed permanent and transitional measures under solvency II to be finalised

#### Well prepared for Solvency II

■ 125–150% solvency margin expected at implementation of Solvency II in 2016

#### **Financial targets**

- Dividend policy linked to new solvency II target
- New solvency target from 2015: SII ratio above 130%

- Manage the guaranteed balance sheet
- Accelerate the change in business mix towards non guaranteed savings and insurance
- Build a customer centric digital culture
- Continued cost control: C/I of 60%



#### Several important regulatory changes 2012 2013 2014 2015 2016 2017 Reserve strengthening $\longrightarrow$ Longevity Come in force Occupational 3 vr transition pension product framework Act proposed Act passed Come in force Pension certificates w/ investment choice1 Act proposed Act passed Come in force Solvency II Come in force

#### Reduced regulatory uncertainty

 Norwegian FSA's proposed permanent and transitional measures under solvency II to be finalised

#### Well prepared for Solvency II

 125–150% solvency margin expected at implementation of Solvency II in 2016

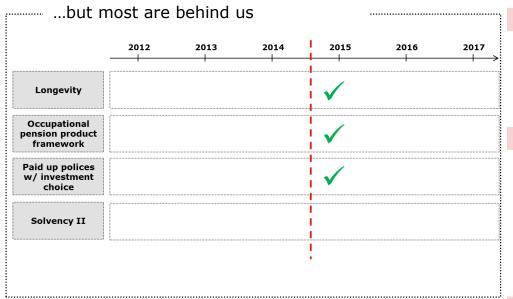
#### Financial targets

- Dividend policy linked to new solvency II target
- New solvency target from 2015: SII ratio above 130%

#### Strategy reiterated

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#### Reduced regulatory uncertainty

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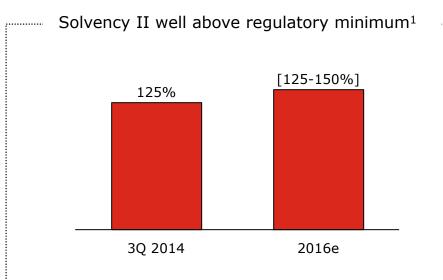
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#### ..... Dividend policy

"Dividend is intended to give shareholders a competitive return. Dividends to shareholders will normally be over 35 percent of full-year result after tax, but before amortization costs. Dividends shall be adjusted to ensure that the group has a proper capital structure."

- The Board confirms the dividend policy
- Capital structure: Solvency II target of minimum 130%
- Given the short time period before finalisation of Solvency II regulations, the low interest rate environment and the continued reserve strengthening for longevity, it is unlikely that the Board of Directors will propose a dividend for 2014

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#### Revised financial targets from 2015 Status Q3 2014 **Target** 10,3% Return on equity (after tax) > 10% After-tax dividend ratio > 35% Solvency II margin > 130% 125% Storebrand Group Rating Storebrand Life Insurance **A**-Leve

#### **Reduced regulatory uncertainty**

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#### Well prepared for Solvency II

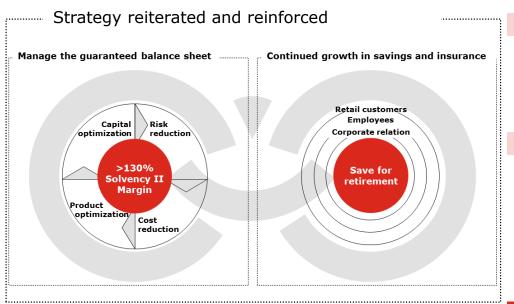
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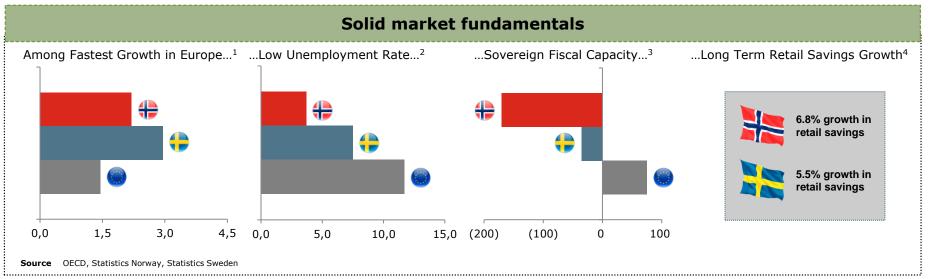
#### Financial targets

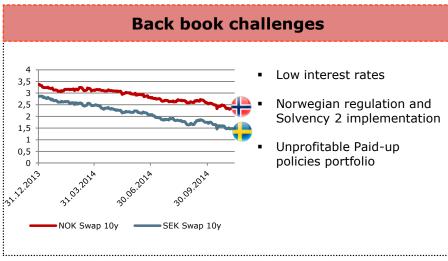
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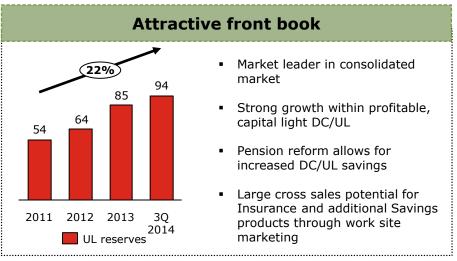
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## Strong Nordic macro environment and solid business fundamentals









<sup>&</sup>lt;sup>1</sup> GDP CAGR 2013-15E

<sup>&</sup>lt;sup>2</sup> Unemployment rate 2015E

<sup>&</sup>lt;sup>3</sup> Government net financial liabilities as % of GDP 2013

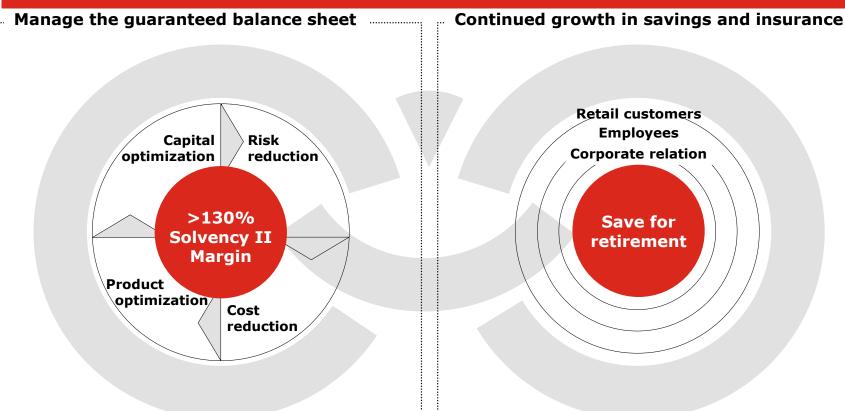
<sup>&</sup>lt;sup>4</sup> Sector balances households

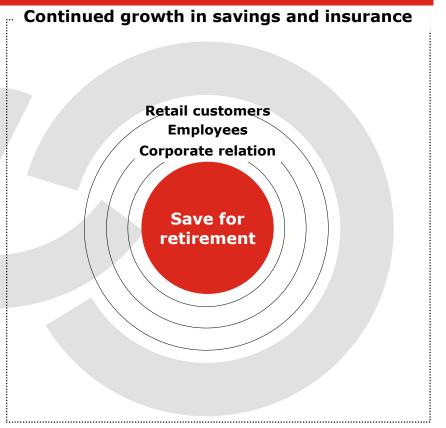
### Transformation of the business model continues

#### Solid market fundamentals

**Back book challenges** 

**Attractive front book** 





### Balance sheet significantly improved



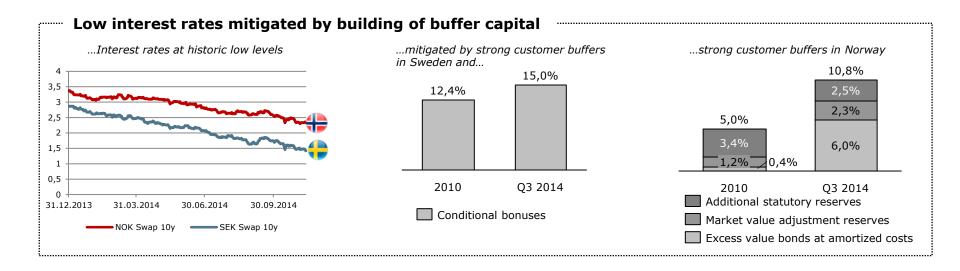
- Key back book challenges: Low interest rates and paid up polices

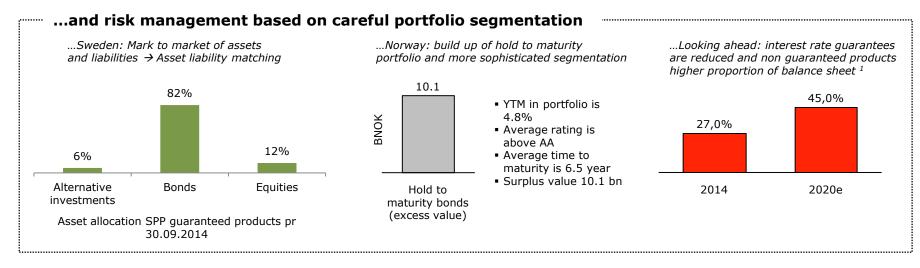
#### **Risk reduction Capital optimization** 27 BNOK transferred from Segmentation of portfolios guaranteed products Strong buffer capital DB public sector close down by Bonds at amortized cost portfolio >130% **Solvency II Product optimization Cost reduction** Price increases in guaranteed products 400 MNOK cost cut program to be completed by 2014 Introduced new capital light pension solutions New cost/income target 60% Corporate bank in run off



# Managing the guaranteed business in a low interest rate environment

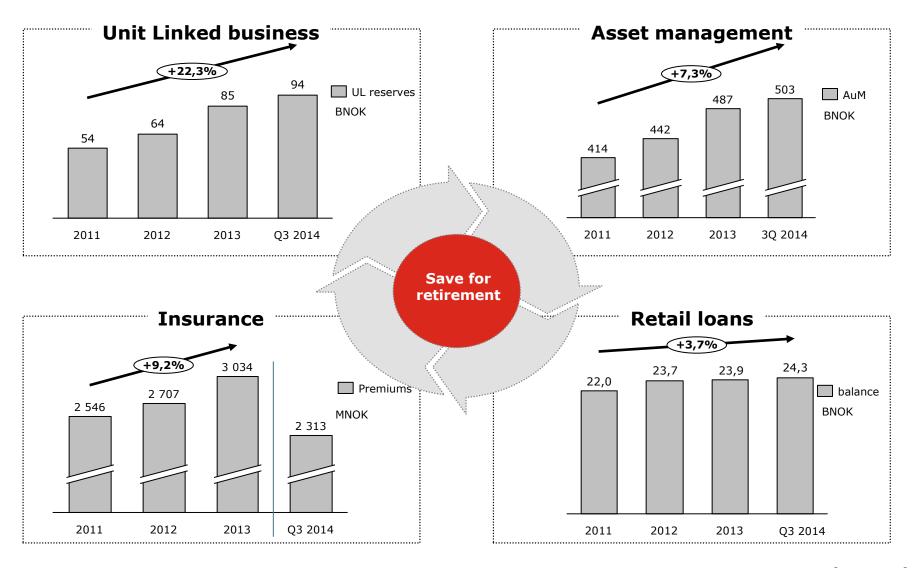






### Capital efficient growth delivered



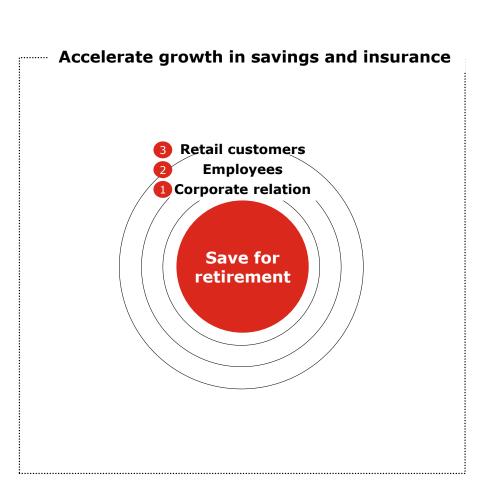




# Continued growth in savings and insurance



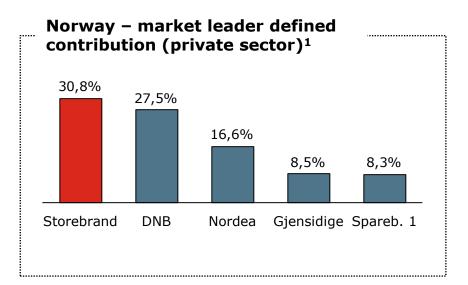
- Maintain market leader role in growing occupational pensions market (B2B)
- Question de la composition della composition
- Use customer driven data to leverage retail distribution at low marginal cost (B2C)

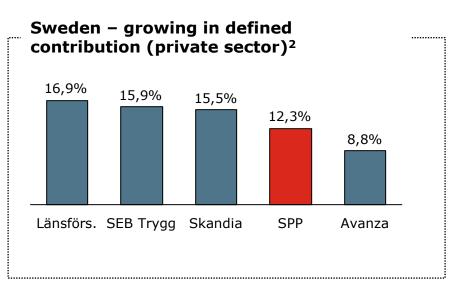


### Maintain market leader role in growing occupational pensions market

Corporate relation

- Storebrand is traditionally a customer centric B2B company





#### Storebrand with clear value proposition in the corporate market

...We want to be recommended by our customers

Best customer service for Norwegian corporates >20 employees 2004-2014<sup>3</sup>

...Unique Nordic pension competence



Norwegian fund selector of the year

...Sustainable offering adds value for customers

















8 analysts, 90 indicators, 2400 companies

All assets screened given a sustainability score



<sup>&</sup>lt;sup>1</sup> FNO. Gross premiums defined contribution with and without investment choice. Q2 2014

<sup>&</sup>lt;sup>2</sup> Swedish Insurance. Segment Unit Linked pensions 'Other occupational pensions' Q3 2014

### ② Give advice that add value for employees and corporate customers



#### Why are individuals becoming even more important?

...Swedish employees mostly choose provider of occupational pension



Public PPM system

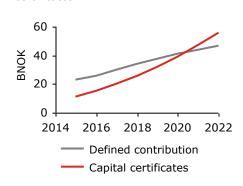


Unionised occupational pensions

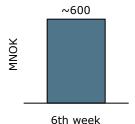


Private occupational pensions

... Norwegian employees have UL capital certificates 1



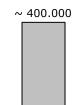
...and the opportunity to convert to UL paid up polices w/ investment choice



MNOK 600 converted in first six week since launch of product

#### Individual customers demand more tailored information

...Pension providers need to inform employees together with the B2B customer



B2B occupational pension customers has given Storebrand permission to enlist 400,000 employees in the employee loyalty program

...activity level towards employees significantly increased<sup>2</sup>



Outgoing e-mails increased from 2 - 5 millions per year



Increased outgoing calls from 22,000 to 100,000



430,000 incoming calls

...and level of digital maturity and customer centricity will be key levers to success2



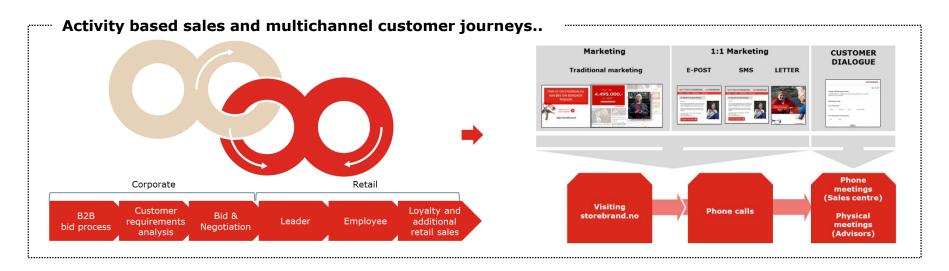
<sup>2</sup> Norwegian business

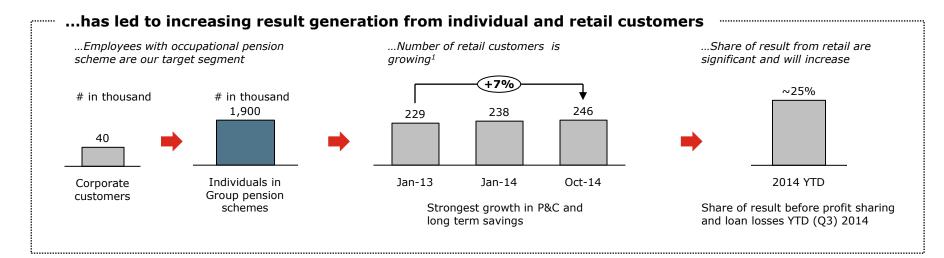


<sup>&</sup>lt;sup>1</sup> Storebrand's Norwegian Unit linked portfolio

### ③ Use customer driven data to leverage distribution at low marginal cost







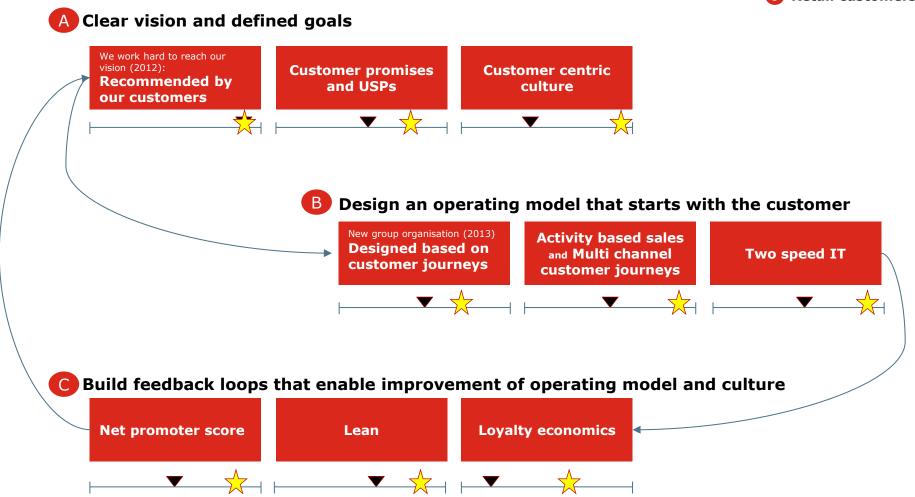


# ③ But we need to do more to become a true digital customer centric organisation

▼ Current level



- 1 Corporate relation
- 2 Employees
- Retail customers





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# **Our Vision**

Recommended by our customers





CFO Lars Aa Løddesøl

Storebrand Capital Markets Day November 26, 2014



#### 1 Historical performance

 Good financial returns in a period of strong transformation of the business

#### 2 Transition to non-guaranteed business

Unit linked annual growth of 22% since 2011

#### 3 Solvency II

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### 4 Delivering on cost reduction target and plans ahead

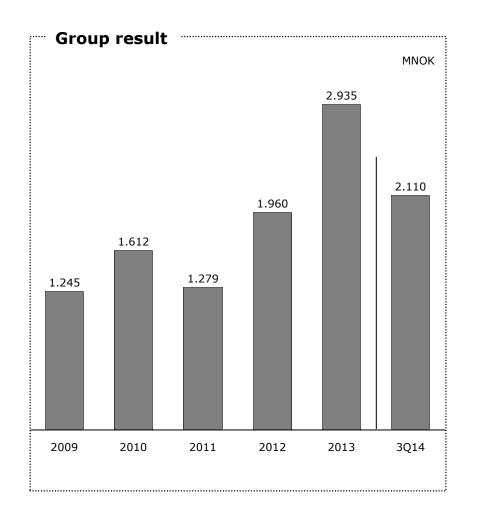
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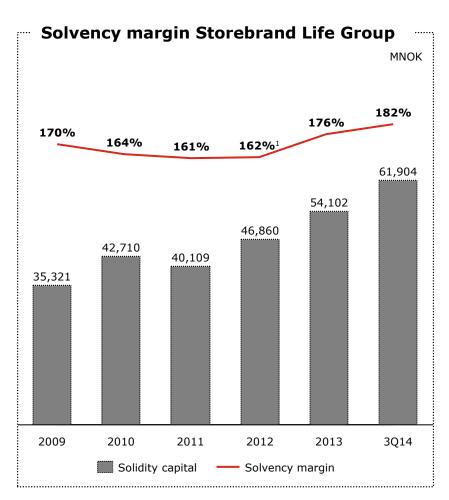
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### A solid and profitable company

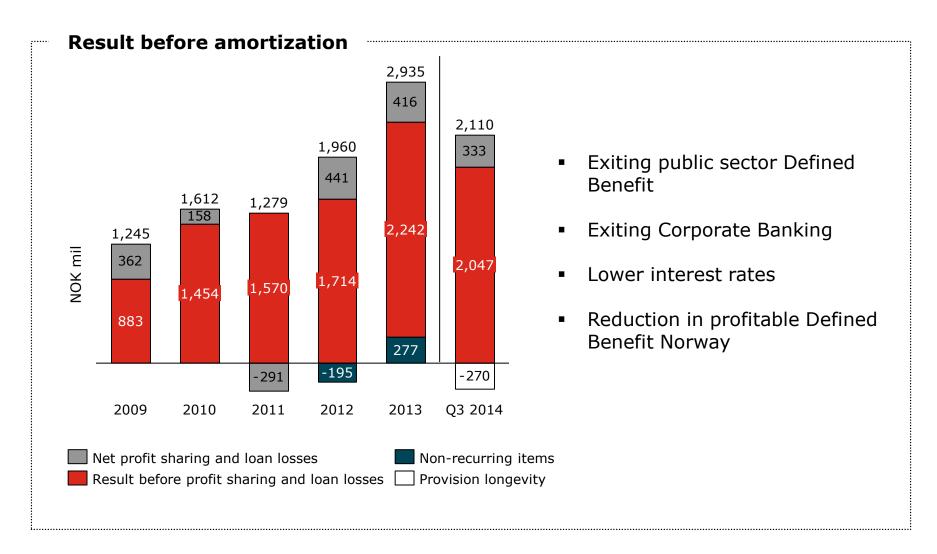






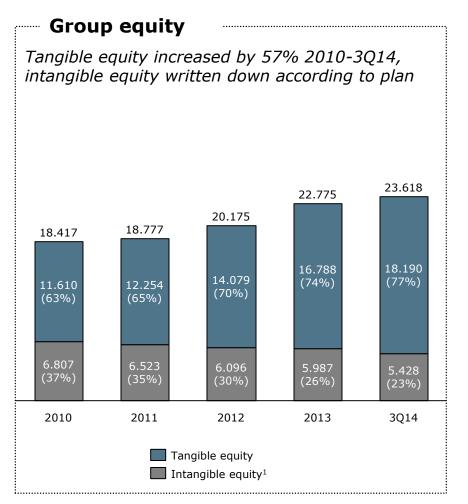
<sup>&</sup>lt;sup>1</sup> Based on changed methodology as noted in stock exchange notification dated 25 June 2012

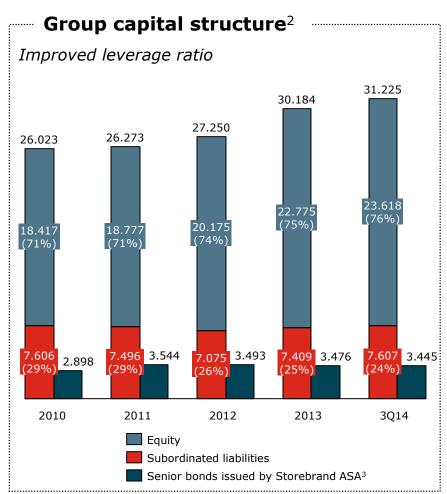
# Strong results, improved quality of earnings ...but profitability under pressure





### Group equity and capital structure





<sup>&</sup>lt;sup>1</sup> Intangible equity: Brand names, IT systems, customer lists and Value of business-in-force (VIF), and goodwill. VIF and goodwill mainly from acquisition of SPP.

<sup>&</sup>lt;sup>2</sup> Specification of subordinated liabilities:

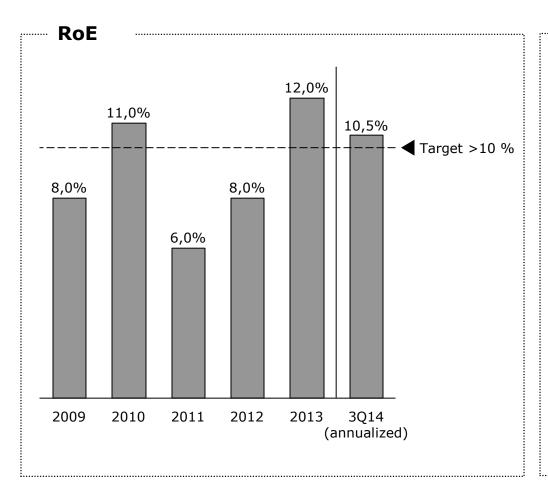
<sup>-</sup> Hybrid tier 1 capital, Storebrand Bank ASA and Storebrand Livsforsikring AS

<sup>-</sup> Perpetual subordinated loan capital, Storebrand Livsforsikring AS

<sup>-</sup> Date subordinated loan capital, Storebrand Bank ASA and Storebrand Livsforsikring AS

<sup>&</sup>lt;sup>3</sup> Senior debt in holding company shown in separate column as it is not part of group capital.

### Return on equity



#### **Comments**

- RoE target: 10% after tax, adjusted for amortization
- Decreasing interest rates have given strong returns and strong RoE in 2013 and 2014
- Increase in equity capital
- Lower interest rates and transition from guaranteed to non-guaranteed puts pressure on RoE into 2015





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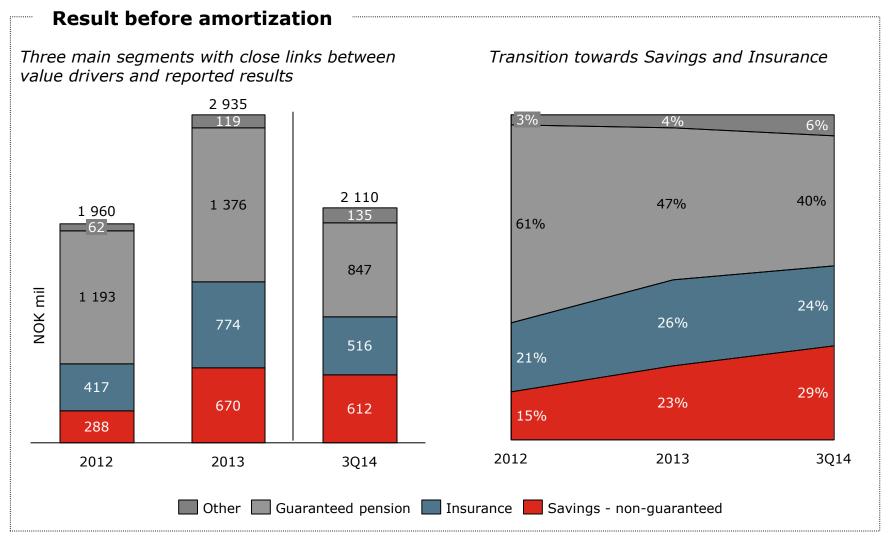
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# Reporting structure reflects different business characteristics



## Considerable differences in financial and business drivers between Guaranteed and UL

#### **Guaranteed**

#### **Product characteristics:**

- Interest rate guarantees
- Partly profit sharing
- Risk dependent on interest rates

#### **Market dynamics:**

- Long term run off
- Low competition and price sensitivity

#### **Strategic response:**

- Maintenance of legacy system at lowest cost
- Reduce risk through ALM and building customer buffers
- Separate business unit

#### Non-guaranteed

#### **Product characteristics:**

- Fee based Unit Linked products
- Low risk for provider

#### **Market dynamics:**

- New sales and growth
- Strong competition
- Market becoming more individualized

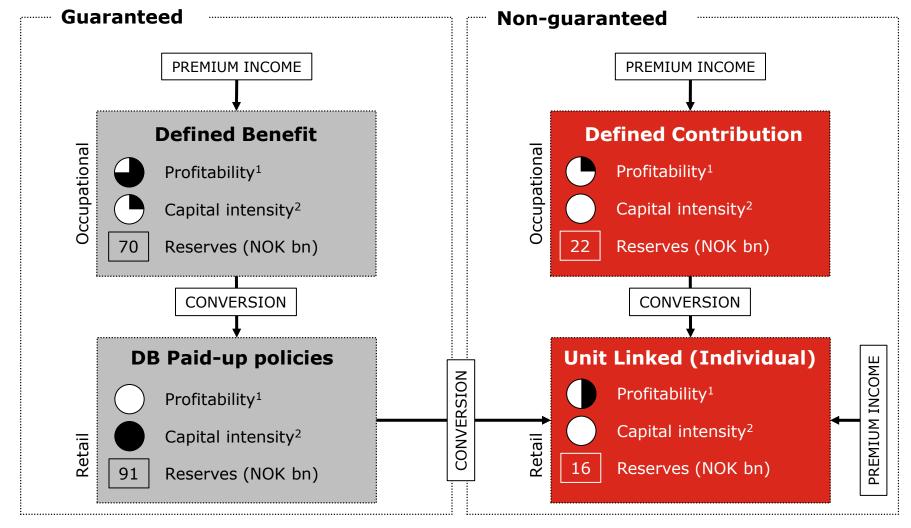
#### **Strategic response:**

- Premium growth through new sales, up sale, cross sell
- Product development
- Marginal cost close to zero



## Life & Pensions Norway

## - balance sheet dynamics



<sup>&</sup>lt;sup>1</sup> Indication of income margin on reserves, from low (<0,5%; ( )) to high (>1,50%;

<sup>&</sup>lt;sup>2</sup> Indication of economic Solvency II capital requirements, from low (∼0%; ( )) to high (12-20%;





### Life & Pensions Sweden

## profitability characteristics

#### Guaranteed

#### **Defined Benefit**



Profitability<sup>1</sup>



Capital intensity<sup>2</sup>



Reserves (SEK bn)

- Fee based adm.result
- Risk result
- Indexation fees
- Closed for new sales

#### **DC** Guaranteed



Profitability<sup>1</sup>



Capital intensity<sup>2</sup>

Reserves (SEK bn)

- Fee based adm.result
- Risk result
- Profit sharing of financial result: 10 % profit split if return above quarantee
- Low profit sharing because of low interest rate environment

#### Non-guaranteed

#### **Unit Linked Sweden**



Profitability<sup>1</sup>



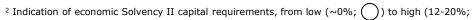
Capital intensity<sup>2</sup>



Reserves (SEK bn)

- Fee based adm.result
- Risk result
- High growth

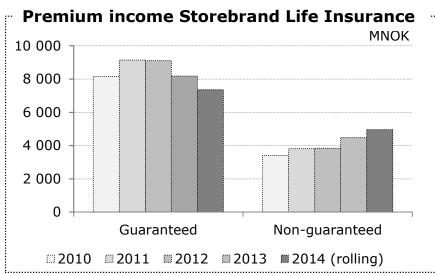
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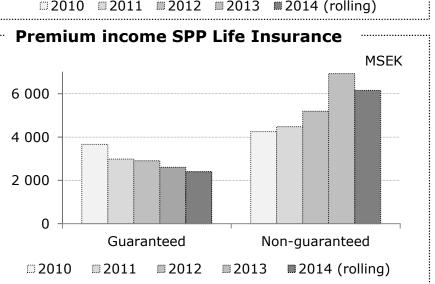


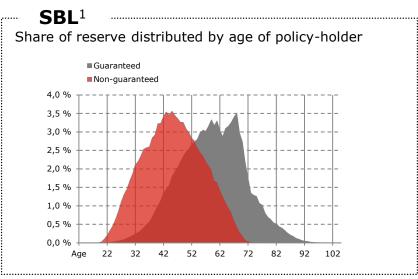


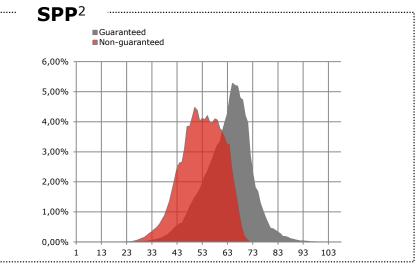


## From guaranteed to non-guaranteed pension savings







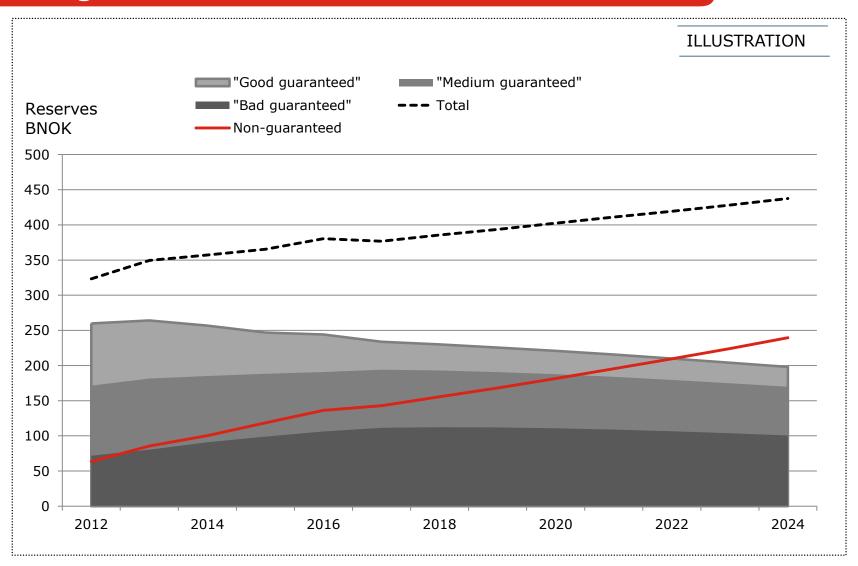


<sup>&</sup>lt;sup>1</sup> Guaranteed: Defined Benefit and Storebrand paid-up policies. Non-guaranteed: Defined Contribution and Unit Linked Individual.

 $^{\rm 2}$  Guaranteed: SPP Guaranteed Products. Non-guaranteed: Unit Linked Sweden.



### Long term balance sheet shift



Non-guaranteed: Unit Linked Norway and Sweden



<sup>&</sup>quot;Good guaranteed:" Defined Benefit Norway

<sup>&</sup>quot;Medium guaranteed:" SPP Guaranteed products and Individual Norway

<sup>&</sup>quot;Bad quaranteed:" Paid-up policies

## Key takeaways



#### 1 Historical performance

 Good financial returns in a period of strong transformation of the business

#### 2 Transition to non-guaranteed business

Unit linked annual growth of 22% since 2011

#### 3 Solvency II

- Well prepared for solvency II
- Estimated solvency II ratio 125-150% in 2016

## 4 Delivering on cost reduction target and plans ahead

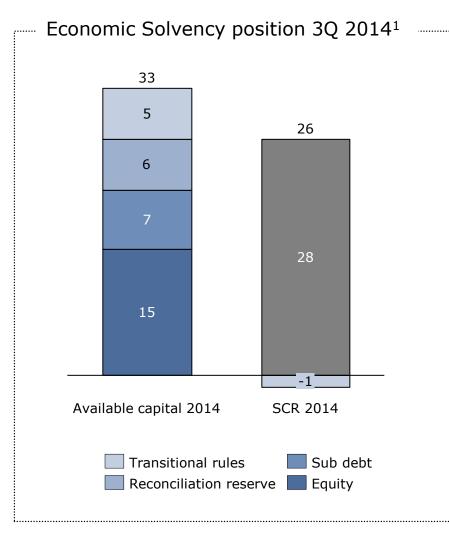
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### Storebrand ahead of Solvency II



#### Comments

- Estimated SII ratio at implementation 2016: 125% - 150%¹
- Calculated effect from transitional rules over 20%-points
- Estimated effect of own measures 10%
  - Retained earnings
  - Product improvements
  - Reserving for longevity in excess of risk free rate
  - Development on products
    - Transfer of reserves from DB to paidup policies
    - Conversion from guaranteed to nonguaranteed business

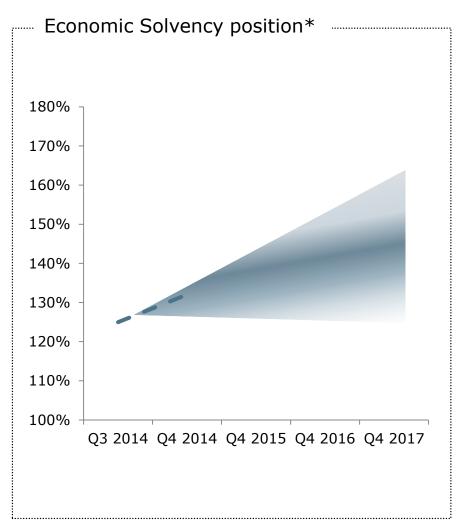
storebrand

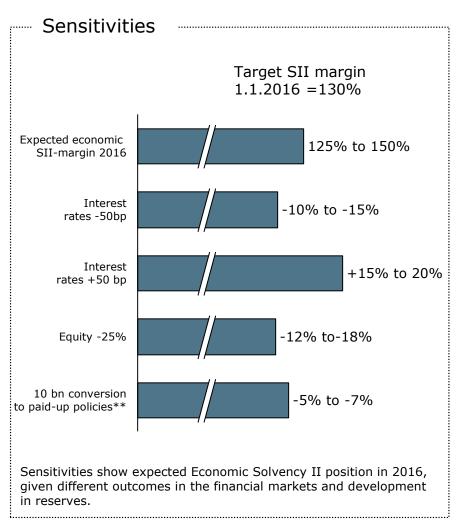
SII target: 130%

<sup>1</sup>Economic solvency position is calculated using the current Storebrand implementation of the Solvency II Standard model. Output is sensitive to changes in the Solvency II final rules, changes in financial markets, development of reserves and improvements of the calculation framework in the economic capital model.

<sup>&</sup>lt;sup>1</sup> Including transitional rules

### Solvency II projection and sensitivities





<sup>\*</sup>Economic solvency position is calculated using the current Storebrand implementation of the Solvency II Standard model. Output is sensitive to changes in the Solvency II final rules, changes in financial markets, development of reserves and improvements of the calculation framework in the economic capital model.



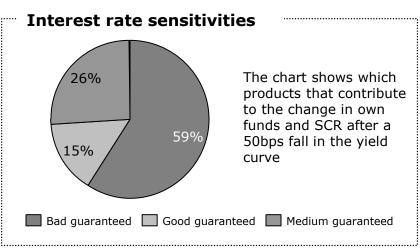
<sup>\*\*</sup> In addition to 8 bn included in the projection

### Product break-down

- capial requirements and interest rate sensitivities

#### Capital requirements per product group

	Reserves (NOK bn)	Earnings YTD 3Q14 (NOK mil)	Economic Solvency II Capital requirements
Unit Linked	94	612	-1% to 2%
Guaranteed <sup>1</sup>	257	847	n/a
- "Good guaranteed"	70	431	~ 0%
- "Medium guaranteed"	97	537	5% to 10%
- "Bad guaranteed"	91	-121	12% - 20%



#### New paid-up policies are "less bad"

- Lower interest rate guarantee
- Lower longevity reserve strengthening need



<sup>&</sup>lt;sup>1</sup> "Good guaranteed:" Defined Benefit Norway

<sup>&</sup>quot;Medium guaranteed:" SPP Guaranteed products and Individual Norway

<sup>&</sup>quot;Bad guaranteed:" Paid-up policies

## Key takeaways



#### 1 Historical performance

 Good financial returns in a period of strong transformation of the business

#### 2 Transition to non-guaranteed business

Unit linked annual growth of 22% since 2011

#### 3 Solvency II

- Well prepared for solvency II
- Estimated solvency II ratio 125-150% in 2016

## 4 Delivering on cost reduction target and plans ahead

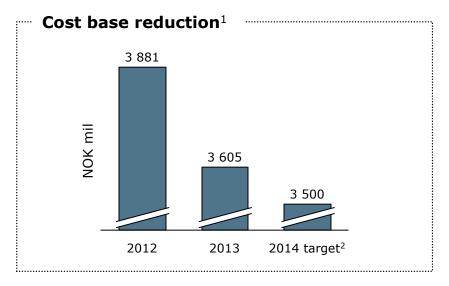
- Announced cost cutting initiatives delivered
- Measured on C/I basis going forward

#### 6 Financial targets and dividend policy

- Dividend policy linked to new solvency II target
- New solvency target from 2015: SII ratio above 130%

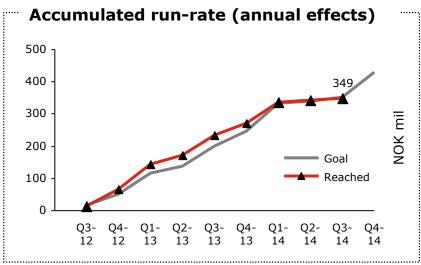


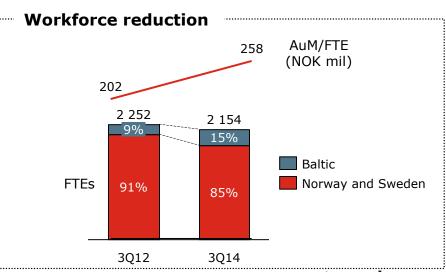
## Storebrand will achieve target of NOK 3,5 bn cost base in 2014



#### **Comments**

- 14 percent targeted real cost reduction 2012-14 (10 percent nominal)
- Workforce in Norway and Sweden reduced by ~220 full time equivalents (since Q3 2012)
- Baltic share of workforce increased from 9 % to 15 %
- AuM per full time equivalent increased by 28 %



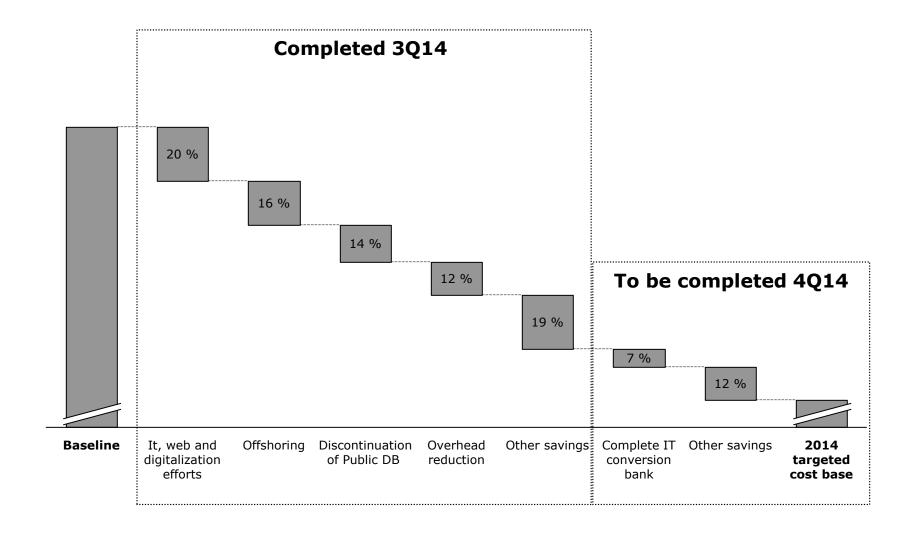


<sup>&</sup>lt;sup>1</sup> 2012: Actual operating costs adjusted for restructuring costs (195 NOK mil). 2013: Actual operating costs adjusted for effects of changes in own pension scheme and restructuring costs (total 277 NOK mil.)

<sup>2</sup> 3,5 bn cost target excludes negative effect of changed exchange rate 2012-2014 (approx. 75 NOK mil)



### Breakdown of cost reduction measures





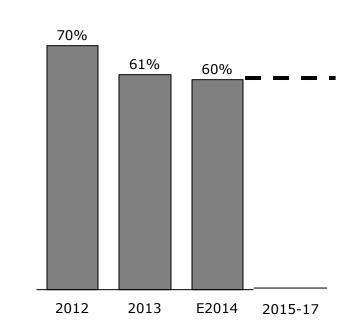
## Going forward, continued cost control through C/I focus

#### Cost control 2015-17

- Full year effect from cost cut program in 2015
- Additional efficiency measures under implementation
- Part of medium-term cost reductions will be invested in new business and growth, e.g. 'Akademikerne' insurance contract:



#### New efficiency target: Cost/Income<sup>1</sup>



Group cost/income target 2015-17: 60 %

<sup>&</sup>lt;sup>1</sup> Cost/Income ratio: Operating costs / (Fee- and adm.income + net risk result life & pensions + premiums f.o.a. - claims f.o.a.). Adjustments 2012: Operating costs adjusted for restructuring costs (181 NOK mil). Adjustments 2013: Operating costs adjusted for positive effect from change in own pension scheme (352 NOK mil).



## Key takeaways



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- New solvency target from 2015: SII ratio above 130%



## Current financial targets

	Target	Status Q3 2014
Return on equity (after tax)	> 10 %	10.5%
After-tax dividend ratio	> 35 %	n/a
Solvency margin Storebrand Life Group	> 150 %	182 %
Rating Storebrand Life Insurance	A-level	<b>A</b> -



## Revised financial targets

	Target	Status Q3 2014
Return on equity (after tax)	> 10 %	10.5%
After-tax dividend ratio	> 35 %	n/a
Solvency II margin Storebrand Group (revised)	> 130 %	125 %
Rating Storebrand Life Insurance	A-level	A-



### Dividend policy

"Dividend is intended to give shareholders a competitive return. Dividends to shareholders will normally be over 35 percent of full-year result after tax, but before amortization costs. Dividends shall be adjusted to ensure that the group has a proper capital structure."

- The Board confirms the dividend policy
- Capital structure: Solvency II target of minimum 130%
- Given the short time period before finalisation of Solvency II regulations, the low interest rate environment and the continued reserve strengthening for longevity, it is unlikely that the Board of Directors will propose a dividend for 2014

## Key takeaways



#### 1 Historical performance

 Good financial returns in a period of strong transformation of the business

#### 2 Transition to non-guaranteed business

Unit linked annual growth of 22% since 2011

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CCO Robin Kamark

Storebrand Capital Markets Day November 26, 2014

## Key takeaways – Our ambitions



Market leader occupational pension

Top three customer satisfaction (NPS)

Strong growth in retail savings and insurance

**Reduced unit cost** 



### Strategy reiterated and reinforced

- Continued growth in savings and insurance

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

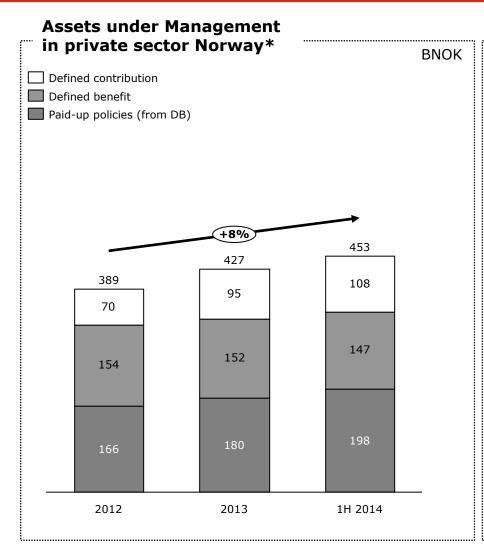


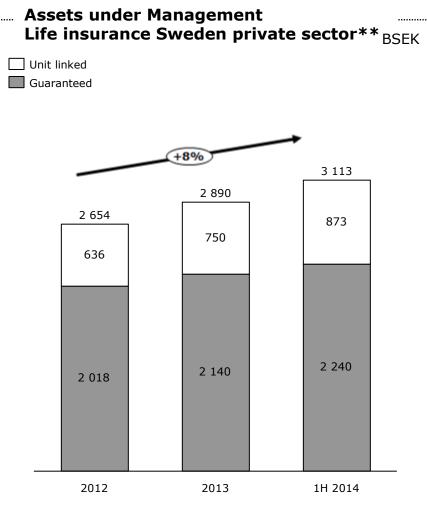




## Attractive and growing Nordic occupational pensions market







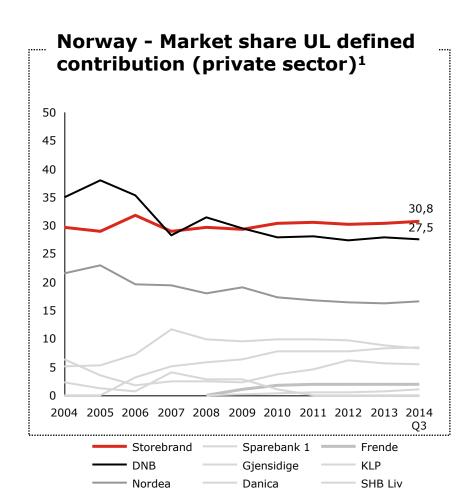
Source: \* FNO market share life insurance – insurance reserves (table 3a and 3b)

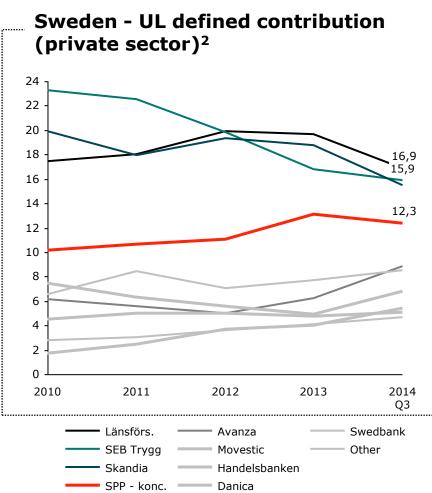
\*\* Insurance Sweden



## Storebrand is the market leader in the Norwegian defined contribution market







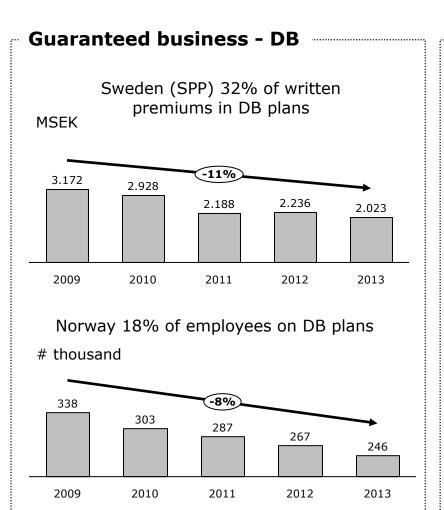


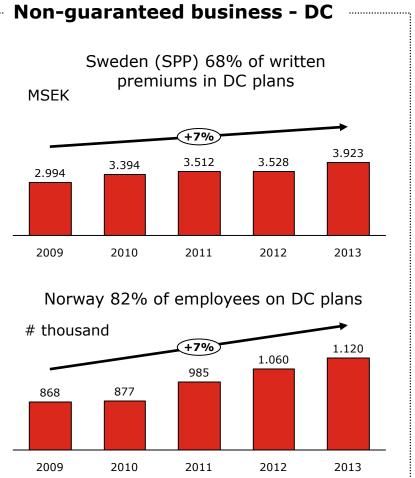
<sup>&</sup>lt;sup>1</sup> FNO. Gross premiums defined contribution with and without investment choice. Q2 2014

<sup>&</sup>lt;sup>2</sup> Swedish Insurance. Segment Unit Linked pensions 'Other occupational pensions' Q3 2014

## Customers prefer defined contribution pensions





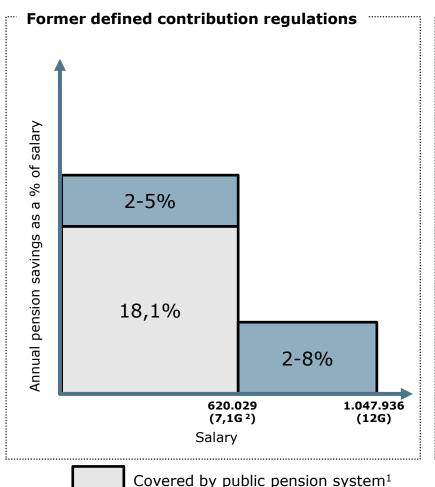


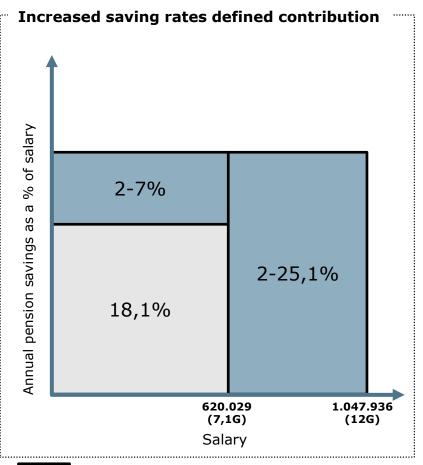
Insurance Sweden

FNO, Life insurance statistics

# Increased saving rates provides a significant growth opportunity







Occupational pension products



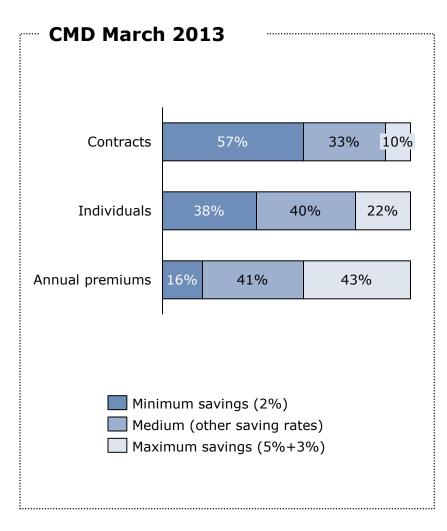
<sup>&</sup>lt;sup>1</sup> Employees pay 18,1% pension tax on all income

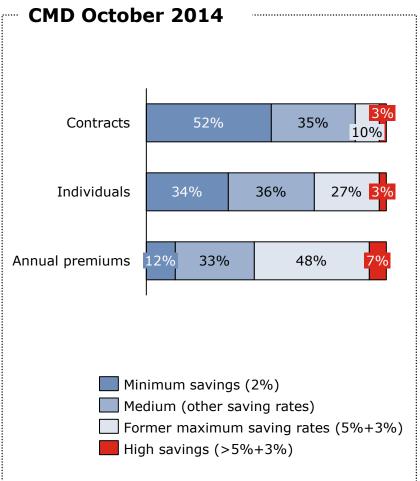
<sup>&</sup>lt;sup>2</sup> "G" is used in Norway as a basic unit for measuring pensions and 1G=87.328

<sup>3</sup> New regulations: Additional savings optional between 0 and 1G, and new starting point for high savings moved from 6 to 7,1G

## Storebrand experiences high interest for increased saving rates from customers







Source: Storebrand

Former saving rates: 1-6 G: 2-5% 6-12 G: 2-8%

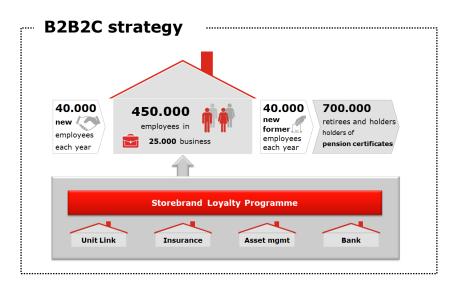
New saving rates:

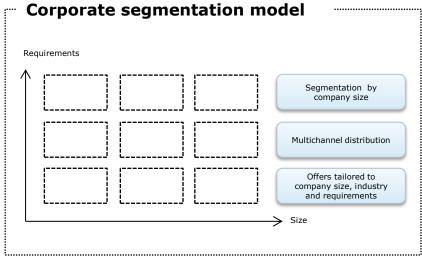
0/1-7,1G: 2-7% 7,1-12G: 2-25,19

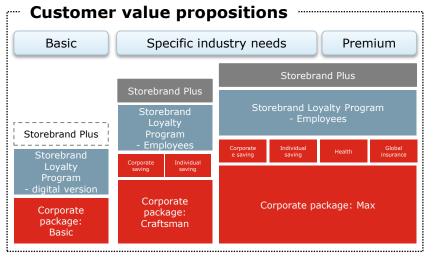


## Corporate strategy building on strengths







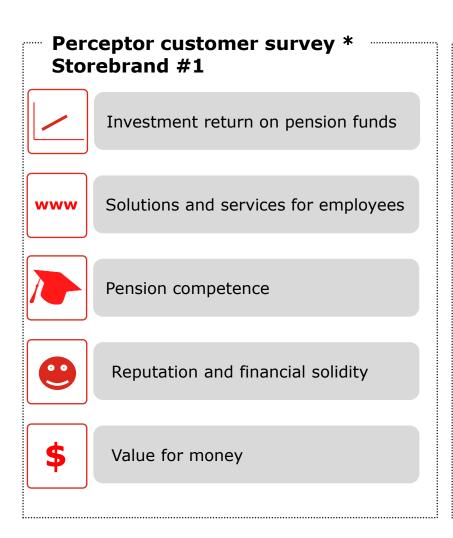


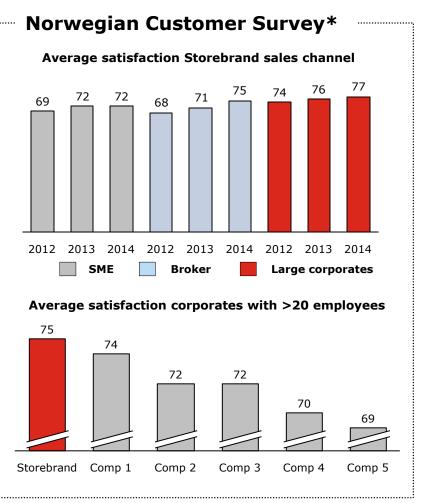




## Customers requirements and rating







64

## Our retail business logic is build on relations to individuals through occupational pension<sup>1</sup>



40.000 new employees

each year

450.000

employees in



**25.000** business

40.000

new former

employees each year 700.000

retirees and holders holders of

pension certificates

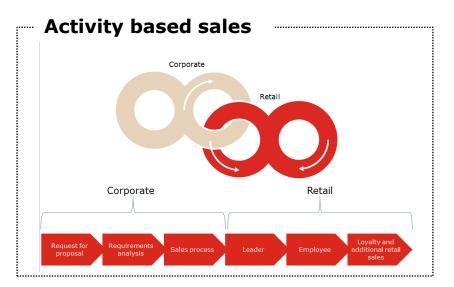


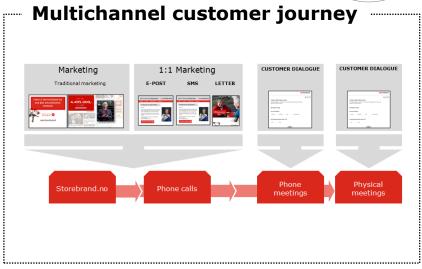




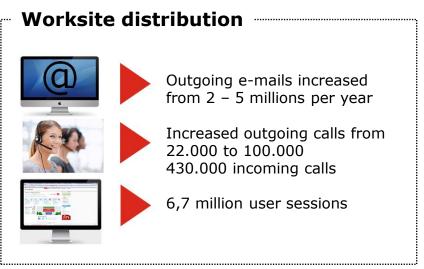
## Customer driven data insights and multi channel digital distribution - low marginal unit cost





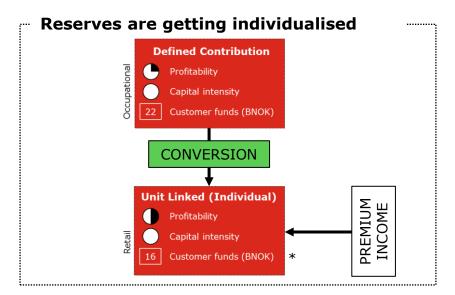


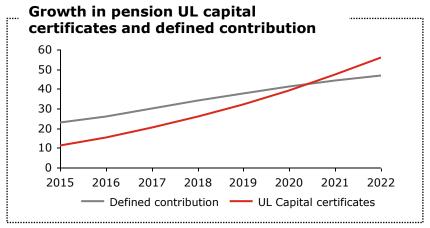




## Individuals are becoming even more important







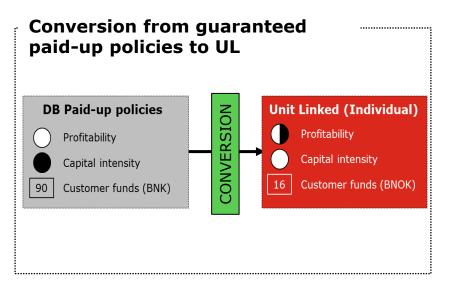
#### **Key takeaways**

- Public pension system being reformed last ten years. Transformation from DB to DC, gives increased individual awareness of own pension.
- Pension UL capital certificates will constitute more than 50 per cent of defined contribution assets by 2020
- Individuals must take responsibility for their own pension savings
- Market winners need to establish strong customer relationships with corporates <u>and</u> individuals

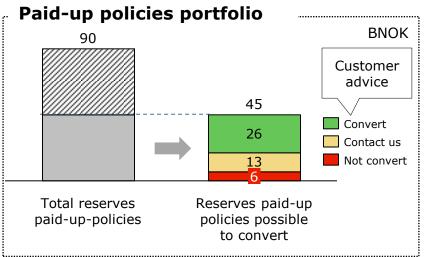


## The possibility to convert guaranteed policies to unit linked fuels growth







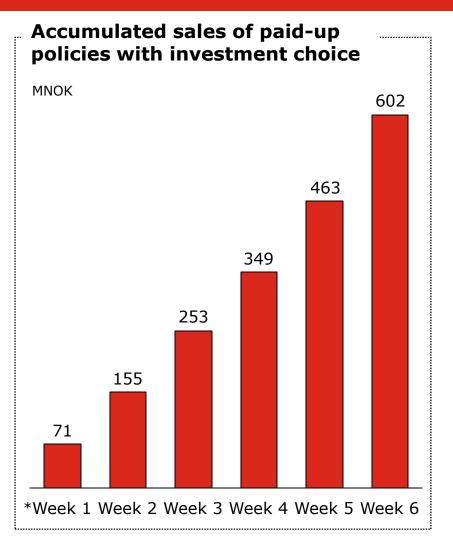






## Strong sales start for paid-up policies with investment choice





#### **Key takeaways**

- Increase pension through higher expected return on investments
- Retain purchasing power on your pension savings
- Adjust your pension risk with time left until retirement
- Customer advice package approved by financial supervisory authorities
- Target to convert 5 BNOK by end of 2015



## Our loyalty programmes build preference



#### **Storebrand Loyalty Program**



- Loyalty program for employees helping companies to inform employees about their pension scheme
- Create understanding of individual choices and their consequence on pension
- Builds relationships to individuals through occupational pension

#### **Your Pension number**



- Retail concept helping employees to get an overview over
  - Expected pension savings
  - How to collect pension agreements
  - How to increase pension savings



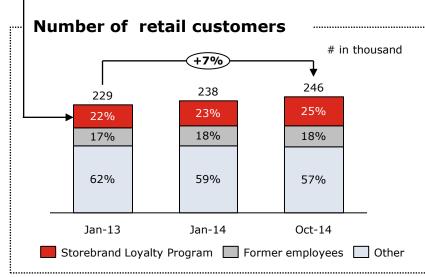
### Retail strategy drives customer growth



#### **Number of employees with Loyalty program**



- Employees with loyalty program is our target customer group
- Companies with occupational pension are offered our loyalty program for their employees
- Target customer group are increasing



- 24% growth in retail customer target group with loyalty program
- Increasing growth rate in retail customers

### New deal with white collar workers in Norway

- step change in retail insurance market customer growth



## The Federation of Norwegian **Professional Associations** akademikerne tannlegeforening SAMFUNNSØKONOMENE DATULVITELDE 🏅 econa afag norsk lektorlag FORBUNDET

#### **Business opportunities**

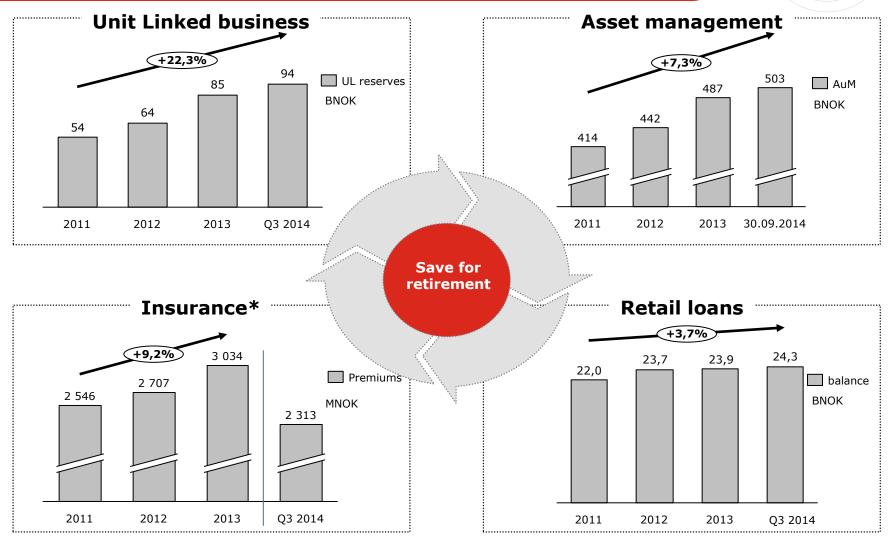
- Collective agreements ~200 MNOK
  - Will increase insurance premiums for own account with about 5 per cent
- Potential individual agreements of ~200 MNOK in insurance premiums
  - Each customer must be recruited separately
  - Potential of 112.000 members

The Federation of Norwegian Professional Associations (Akademikerne) is the primary Norwegian organization dedicated to improving salary and working conditions for professionals with a higher education.



# Capital efficient growth within UL, Insurance, AM and Bank





# Key takeaways – Our ambitions



Market leader occupational pension

**Top three customer satisfaction (NPS)** 

Strong growth in retail savings and insurance

**Reduced unit cost** 



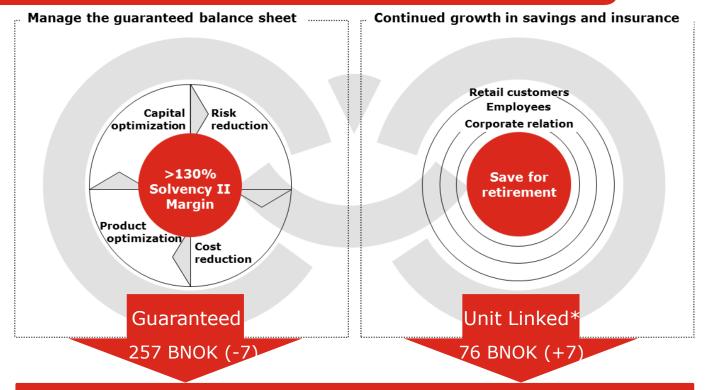


EVP Savings Staffan Hansén

Storebrand Capital Markets Day November 26, 2014

# Storebrand Asset Management

- asset gathering



Other / internal 63 BNOK (+5)

### **Storebrand Asset Management**

503 BNOK in AuM

storebrand

spp fonder



External

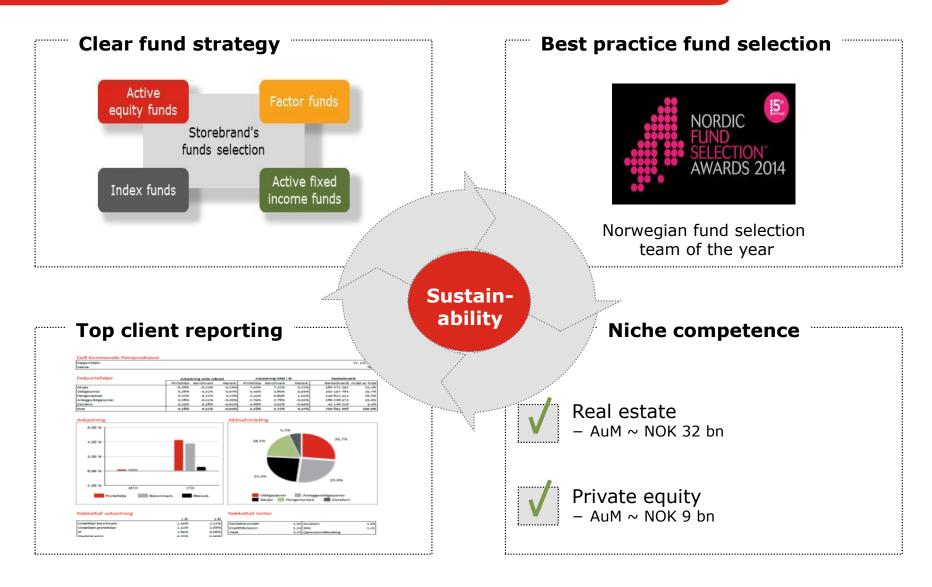
107 BNOK (+11)

\*) AuM numbers: In brackets change in AuM per Q3



<sup>76 \*)</sup> Excluding external funds, 18 BNOK

## Clear customer value proposition...





### ... for both internal and external customers



### **Investing guaranteed**

- Long experience in investing guaranteed pension reserves
- Expertise on Norwegian and Swedish bond market
- Integrated reporting with pension company to allow "live" risk report



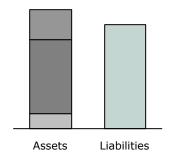
### **Investing Unit Link**

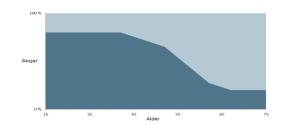
- Integrated group internal product development
- Life generations funds and product solutions
- Open fund platform



### **Investing External**

- Dedicated advisory team
- Integrated solutions with Storebrand Pension Services
- Best practice customer reporting

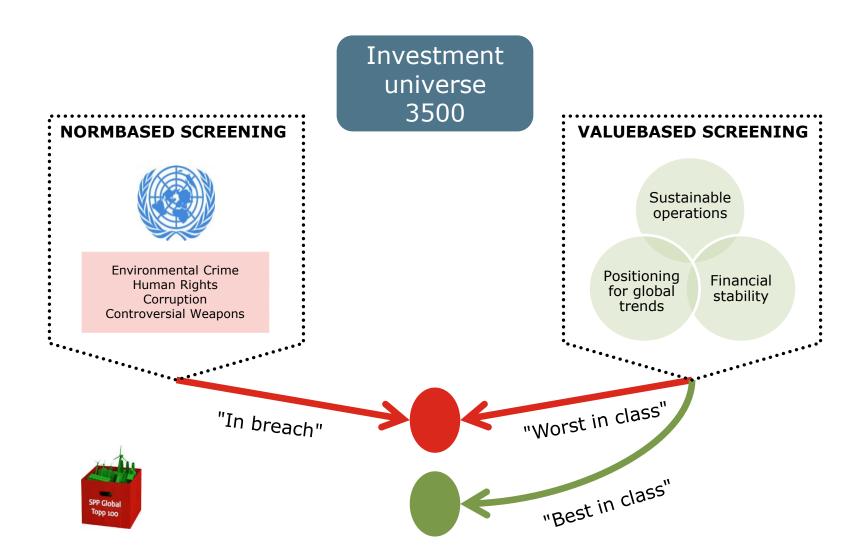








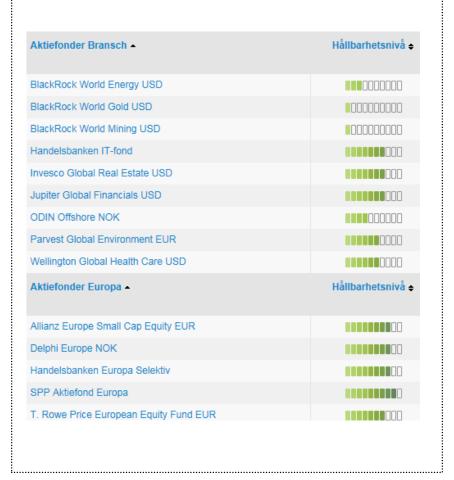
## Sustainability: Storebrand is at the forefront





# Next step - sustainability scoring of mutual funds

### **Sustainability rating on funds**

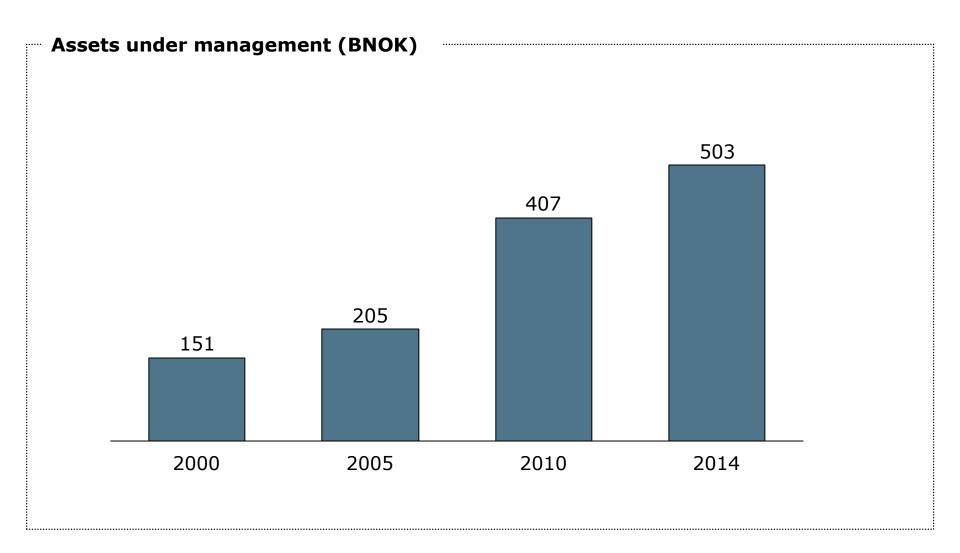


### Sustainability scoring

- 8 analysts, 90 indicators, 2400 companies
- Implemented in Sweden in September, to be implemented in Norway early 2015

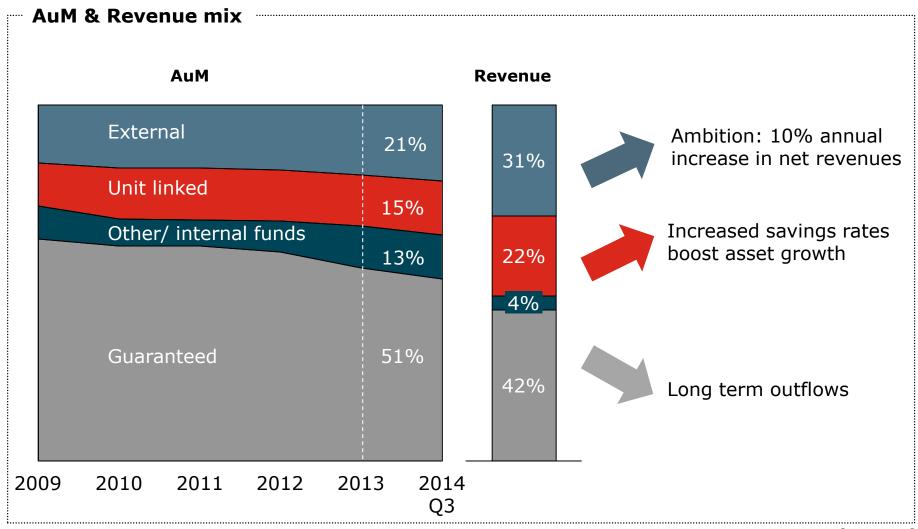


# Strong growth record





# AuM and revenue dynamics changing



### External asset growth – two examples



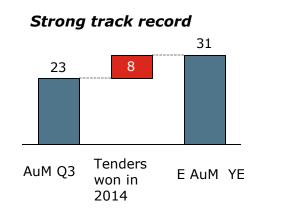
### **Closed pension funds Norway**

#### Large market

- 311BNOK AuM\*
- Concentrated market
- Large contracts

#### Our value proposition

- Only provider with full set up for:
  - Asset management
  - Actuarial services
  - Administrative solutions
  - Integrated system solutions



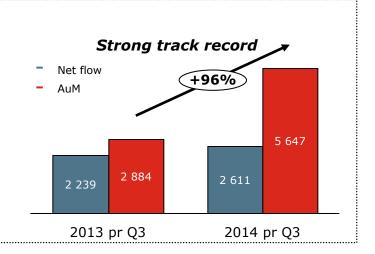
### **External distribution via platforms Sweden**

### Attractive distribution channel

- Low cost distribution with wide reach
- Asset gathering with low marginal cost

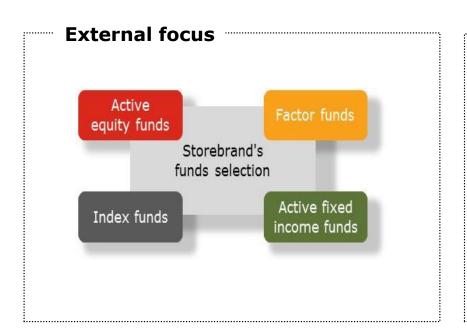
#### Our value proposition

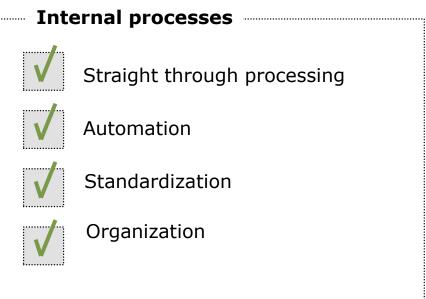
- Simplicity
- Value for money
- Sustainability



<sup>\*</sup>Pensjonskasseforeningen, 31.12.2013

### Cost efficiency key in meeting margin pressure...



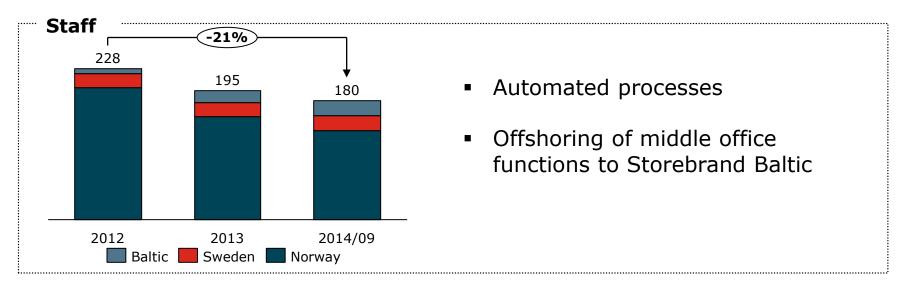


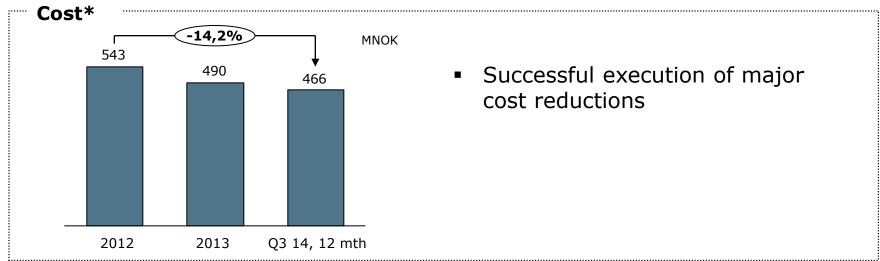


Marginal cost for growth in AuM

→ close to Zero

### ... and we are on track

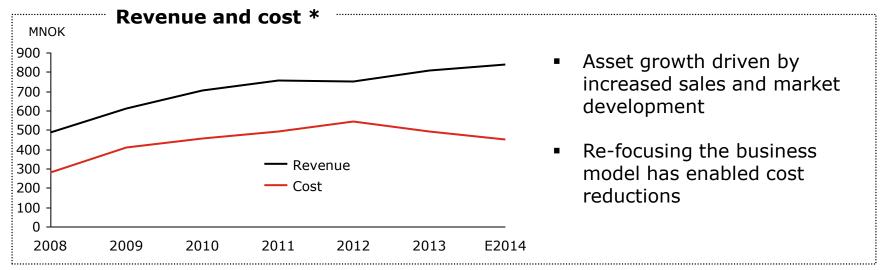




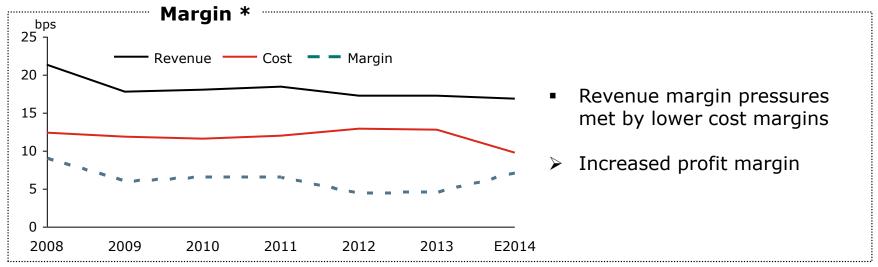
<sup>\*)</sup> excl. performance related bonus & transition costs



### Storebrand Asset Management in figures







<sup>\*</sup> incl. fixed fee Delphi Global.



<sup>\*</sup> Excl. performance fee and performance bonus

# Key takeaways



Strong growth in external assets, ambition to increase net revenues by 10% annually

**Scalability and efficiency** 

Marginal cost for growth in AuM -> close to zero

**Sustainability: Storebrand is at the forefront** 



# **Our Vision**

Recommended by our customers



## Key takeaways Storebrand Capital Markets Day 2014



#### Reduced regulatory uncertainty

 Norwegian FSA's proposed permanent and transitional measures under solvency II to be finalised

#### Well prepared for Solvency II

 125–150% solvency margin expected at implementation of Solvency II in 2016

#### **Financial targets**

- Dividend policy linked to new solvency II target
- New solvency target from 2015: SII ratio above 130%

### Strategy reiterated and reinforced

- Manage the guaranteed balance sheet
- Accelerate the change in business mix towards non guaranteed savings and insurance
- Build a customer centric digital culture
- Continued cost control: C/I of 60%

