

# Shaping a business fit for the post-crisis era

20th Annual Banking, Insurance & Diversified Financials CEO Conference  
CEO Odd Arild Grefstad



# The Storebrand Group

## Leading Nordic Life and Pension provider

- 40 000 corporate customers
- 1.9 million individuals with pensions in Storebrand
- NOK 117 bn in Unit Linked reserves
- NOK 259 bn in Guaranteed reserves
- 100% of investments assessed by sustainability criteria
- History of the group dates back to 1767

## Supported by:

### Asset Management



NOK 552 billion  
in assets under  
management

### Insurance



NOK 4.2 bn in  
written  
Premiums

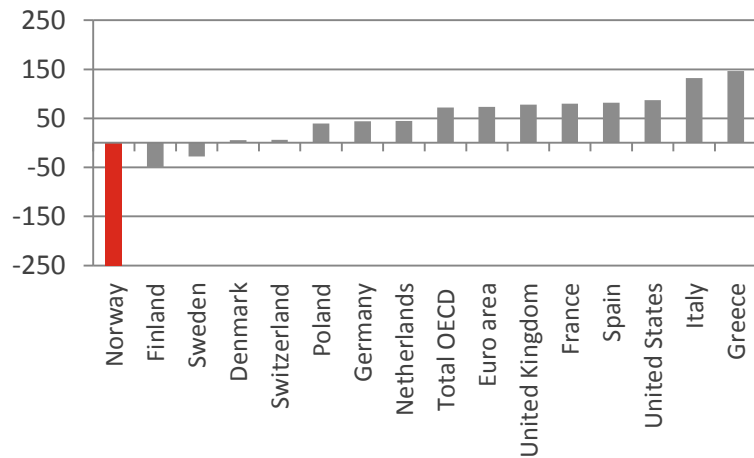
### Bank



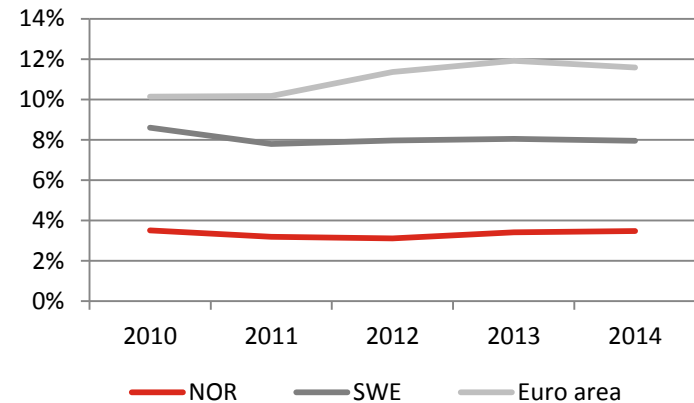
Direct retail  
bank  
NOK 25 bn in  
net lending

# Sound Nordic macro environment enables growth in pension savings

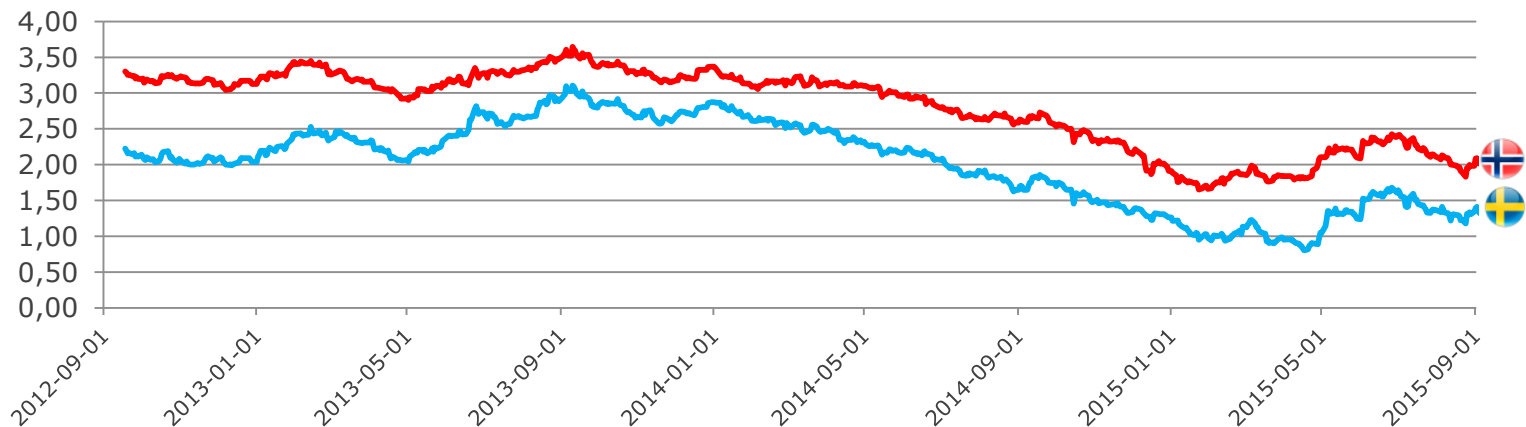
**General government debt as % of GDP**



**Unemployment rates <sup>1</sup>**

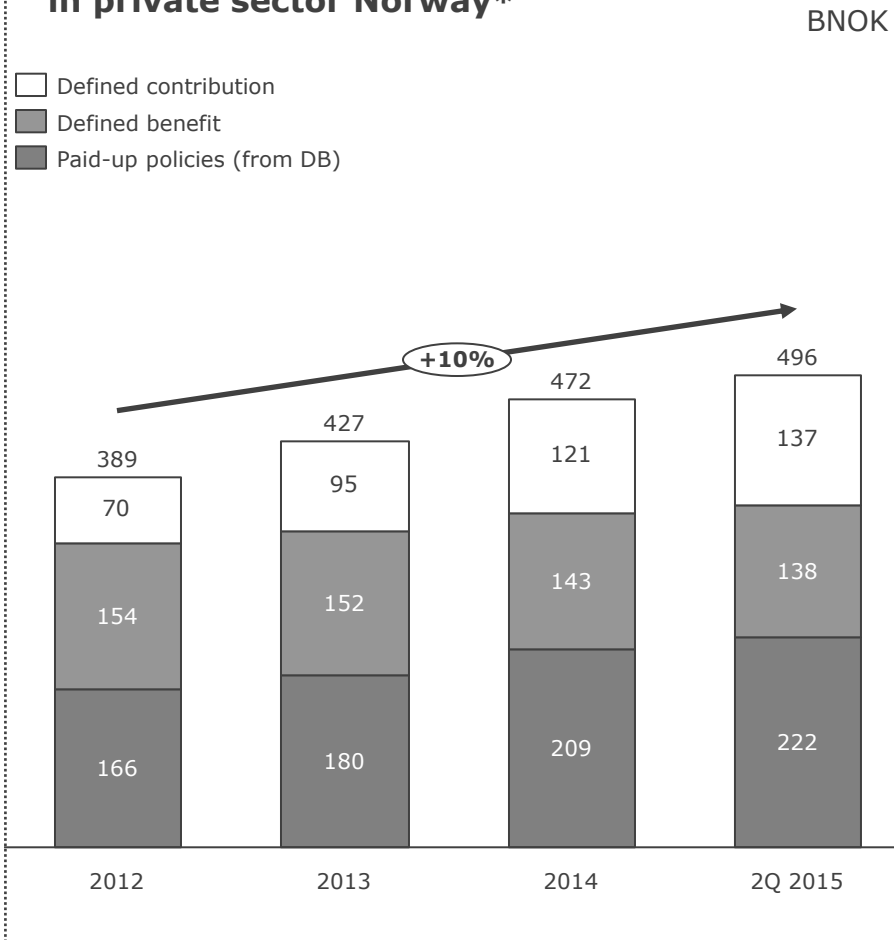


**Interest rates at historic low levels**

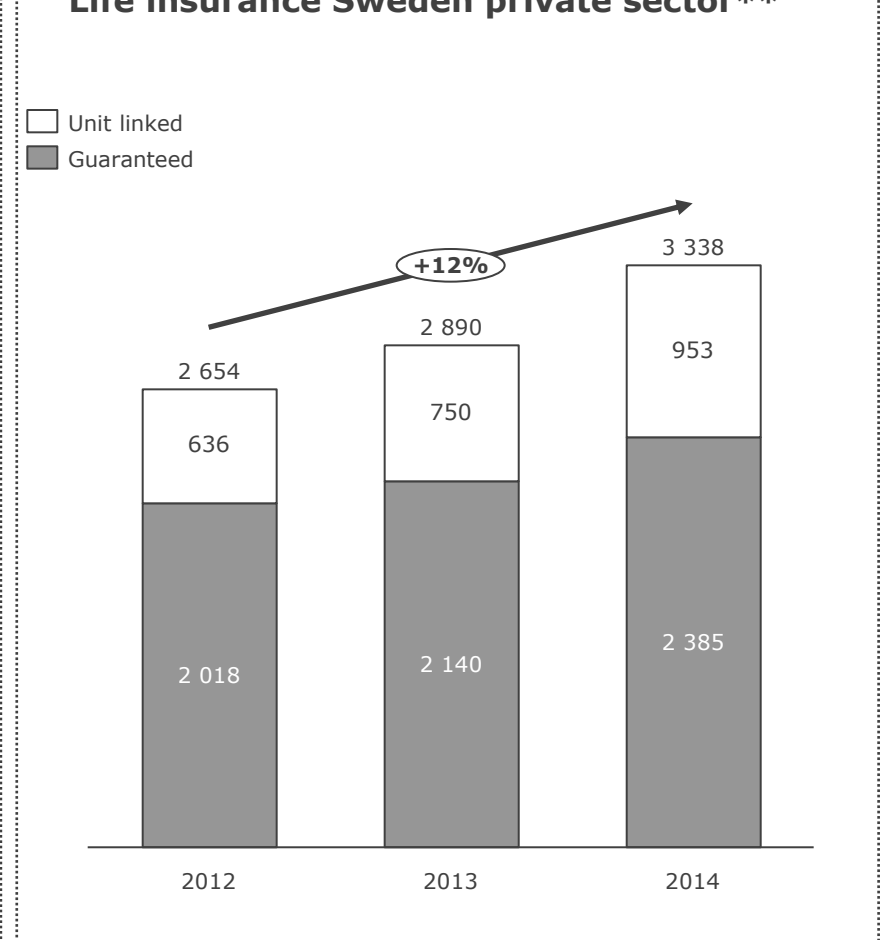


# Attractive and growing Nordic occupational pensions market

## Assets under Management in private sector Norway\*



## Assets under Management Life insurance Sweden private sector\*\*



Source:

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

\*\* Insurance Sweden. Note that UL/Guaranteed split 2014 is an internal estimate, as no updated figures are currently available.

# Strategic business transformation

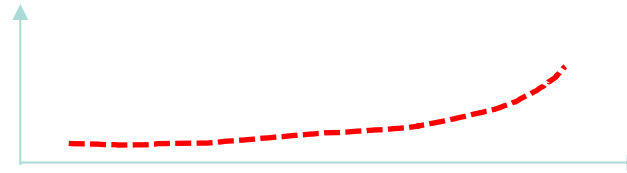
- Key factors that shape our financial landscape

Illustrative

A

**We grow our income in capital efficient savings and insurance..**

Income Savings and Insurance



B

**... at the same time income from the guaranteed back book is in decline...**

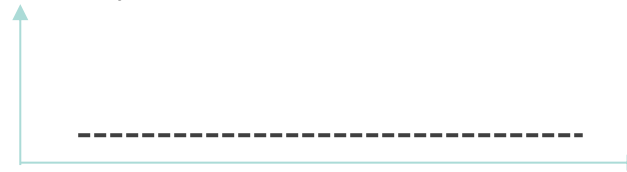
Income Guaranteed pensions



C

**...and cost control will be essential for result generation**

Operational cost



D

**But, first priority short term is the transition into a new economic capital based solvency II regime**

Capital requirement



# Dual strategy

- Transformation of the business model

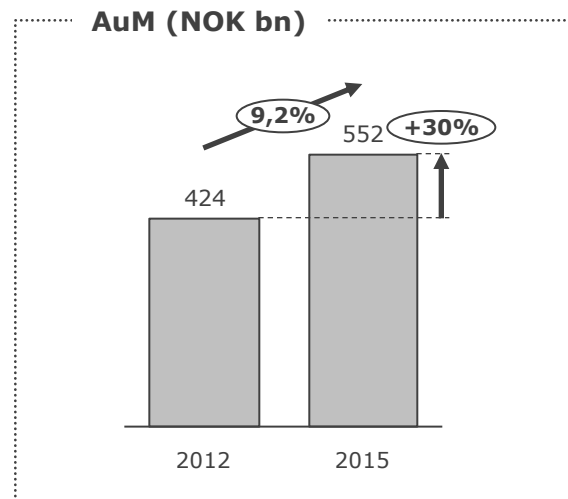
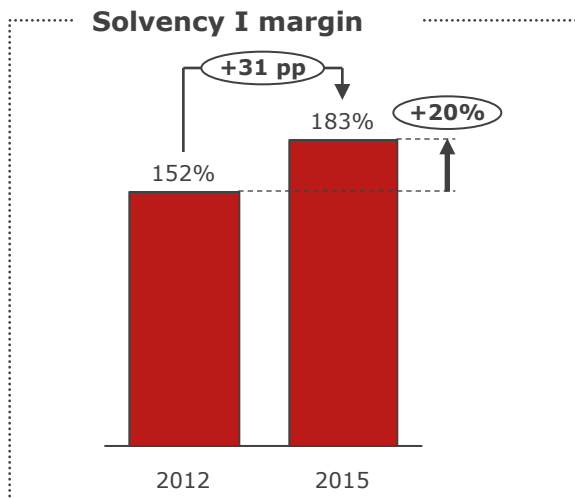
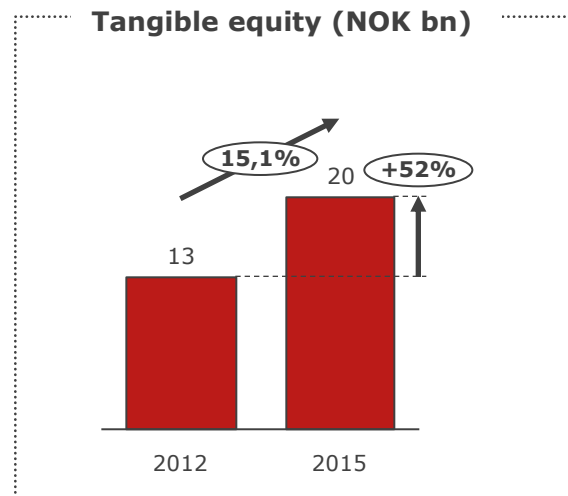
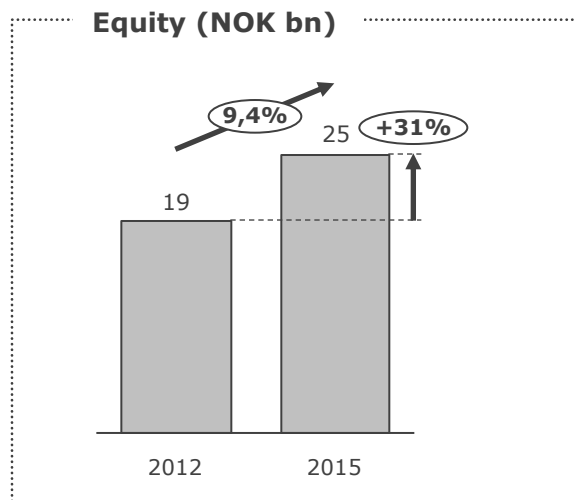
Manage the guaranteed balance sheet

Continued growth in savings and insurance



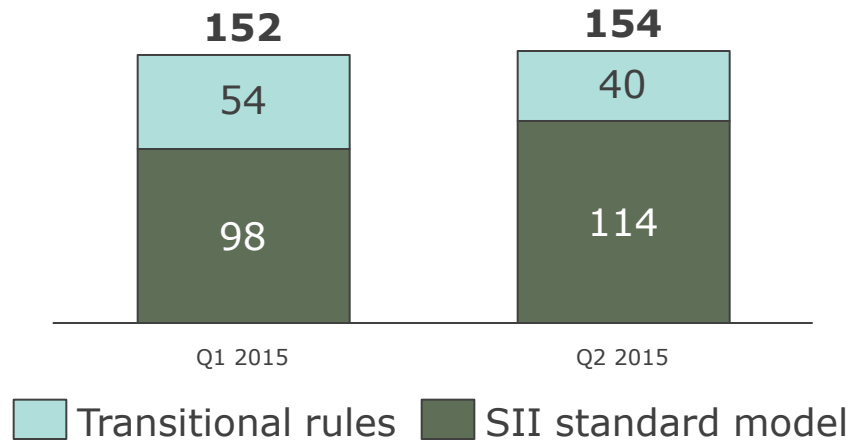
We work hard to reach our vision:  
**Recommended by our customers**

# Strong track record during last three years



# Estimated SII position Life Group and sensitivities

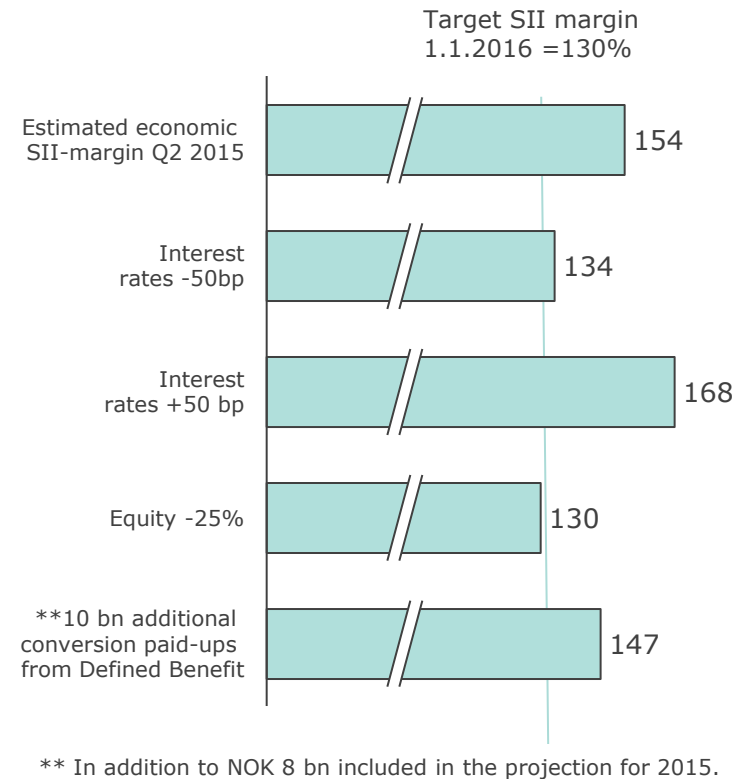
## Economic Solvency position(%)<sup>1</sup>



## Key takeaways

- Rising interest rates since Q1 lead to increased solvency ratio
- On track to improve underlying Solvency II ratio with 10% points during 2015

## Estimated Sensitivities *after* 1.1.2016<sup>2</sup>



<sup>1</sup> The estimated Economic solvency position of Storebrand Life Group is calculated using the current Storebrand implementation of the Solvency II Standard model with the company's interpretation of the suggested 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.

<sup>2</sup> Indicative sensitivities after the implementation of Solvency II in 2016. Market movements in 2015 and until the introduction of Solvency II in 2016 will have a smaller effect than stated in the sensitivities because of the mitigating effects of the transition rules.



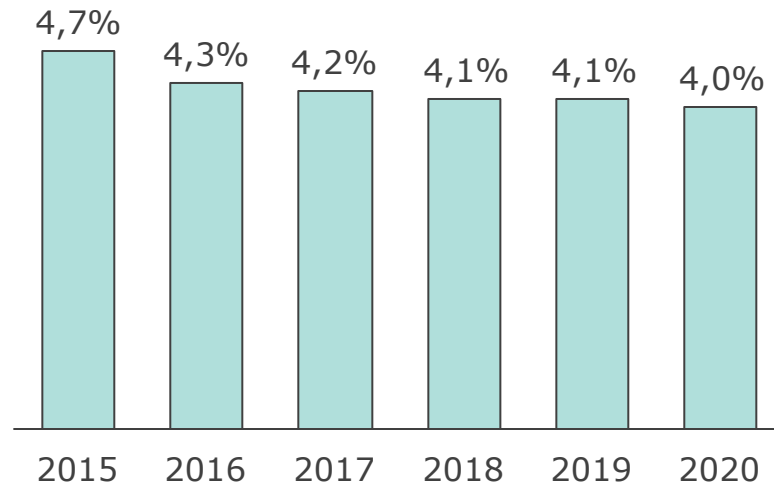
# Paid up policies is the main challenge in a low interest scenario and under SII...



## ...But still manageable both short and long term

### Expected return paid up policies without use of buffers 2015-2020<sup>1</sup>

*...including reinvestment due and expected issuance of new paid up policies*



- **2015-2020:** Longevity reserve strengthening and interest rate guarantee to be covered by expected return, buffers and planned company contribution<sup>2</sup>
- **2020-2025:** Prolonged low interest rate environment will have limited impact on results<sup>2</sup>

<sup>1</sup> Expected return paid up policies, including reinvestment and issuance of new paid up policies, without the use of buffers. Illustration is based on normal risk premiums and interest rate level as of June 30, 2015.

<sup>2</sup> Based on current interest rates and point estimate based on normal risk premiums. Market shocks could lead to higher use of buffers and reduced results

# Continued growth in savings and insurance

- 1 Maintain market leader role in growing occupational pensions market (B2B)
- 2 Convert employees to loyal and profitable retail customers (B2B2C)
- 3 Use customer driven data to leverage retail distribution at low marginal cost (B2C)

## Accelerate growth in savings and insurance

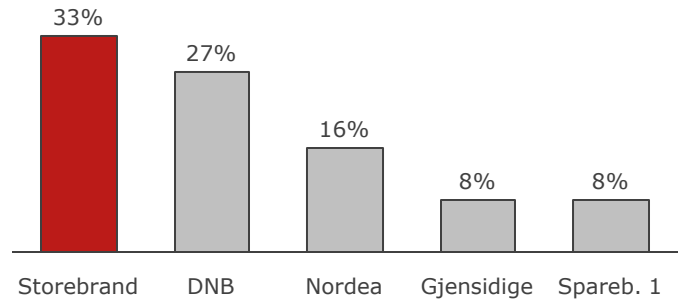


# Maintain market leader role in growing occupational pensions market

- Storebrand is traditionally a customer centric B2B company



## Norway – market leader defined contribution (private sector)<sup>1</sup>



## Sweden – growing in defined contribution (private sector)<sup>2</sup>



## 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 2004-2015

...Unique Nordic pension competence



Norwegian fund selector of the year 2014



Swedish Unit Linked provider of the year 2014

...Sustainable offering adds value for customers



8 analysts, 90 indicators, 2400 companies

All assets screened given a sustainability score



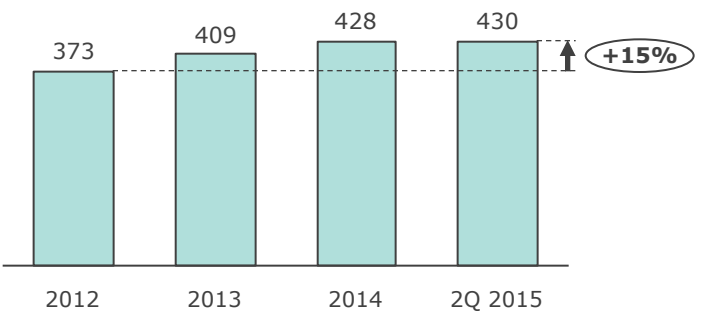
<sup>1</sup> FNO. Gross premiums defined contribution with and without investment choice. 2Q 2015  
<sup>2</sup> Swedish Insurance. Segment Unit Linked pensions 'Other occupational pensions' (written premiums) 2Q 2015

# Convert employees to profitable and loyal retail customers

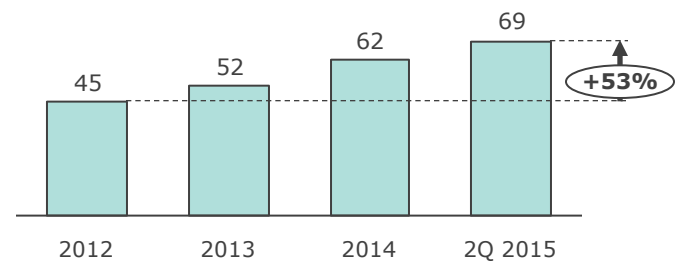


An increasing share of employees become active retail customers...

Employees enrolled in Storebrand's loyalty program, in thousands

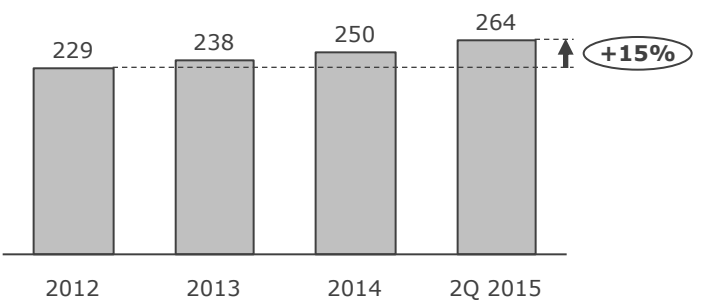


Employees who have become retail customers, in thousands

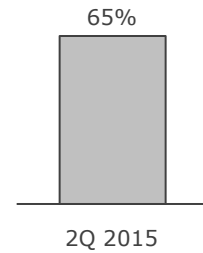


...contributing to a growing retail customer base and increasing share of results from retail

Total retail customers in Norway, in thousands



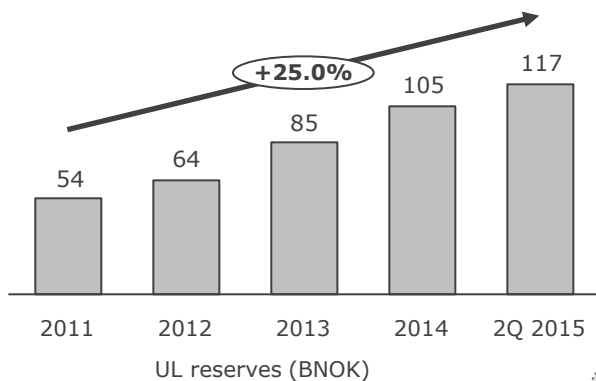
Retail share of result before profit sharing and loan losses 1H 2015 (Norway)<sup>1</sup>



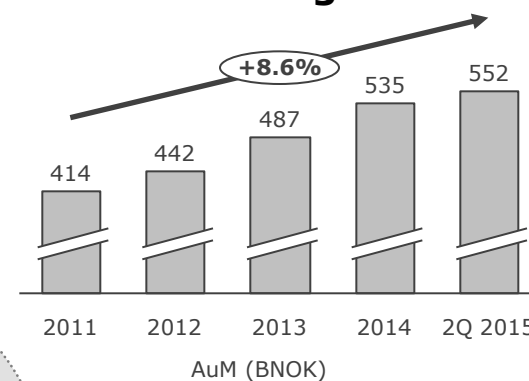
<sup>1</sup> Excluding paid-up policies and capital certificates

# Growth in Savings and Insurance continues

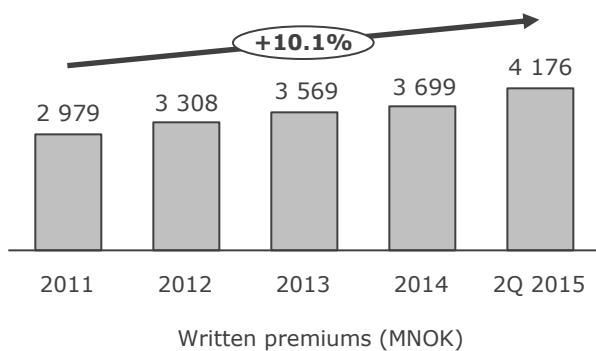
## Unit Linked



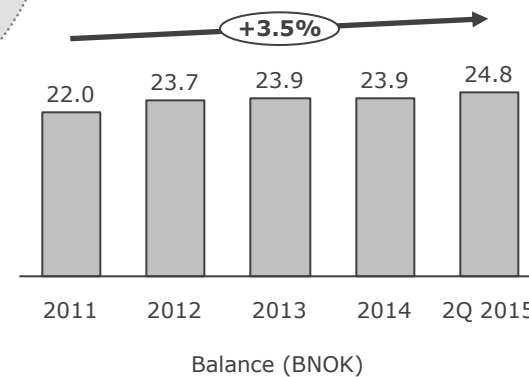
## Asset management



## Insurance



## Retail loans



Save for retirement



## Investor Relations contacts

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# Our Vision

Recommended by our customers