

# On the Right Side of History



Leading the way in sustainable value creation

- ✓ *Compelling combination of **self-funded growth** and **capital return** for shareholders*
- ✓ ***Value beyond return** for customers*

**CAPITAL MARKETS DAY**  
December 10, 2020



# 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

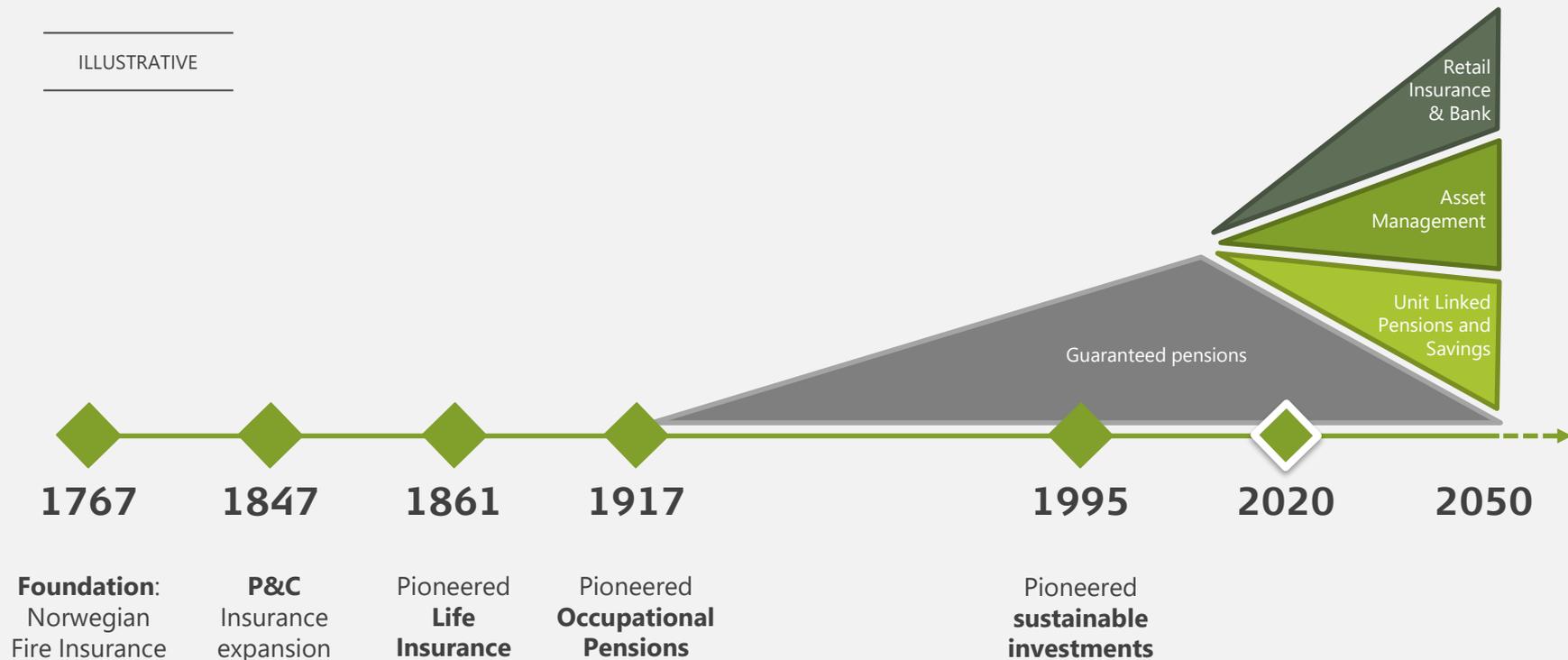
Topic	Presenter
Welcome	Karin Greve-Isdahl EVP Communications & Sustainability
<u>Sustainable Nordic Savings and Insurance Group</u>	Odd Arild Grefstad Group CEO
<u>Digital Leader in the Swedish Pension Market</u>	Staffan Hansén EVP, CEO SPP
<u>Market Leader in a Growing and Changing Norwegian Pension Market</u>	Geir Holmgren EVP, CEO Storebrand Livsforsikring AS
<u>Nordic Powerhouse in Asset Management</u>	Jan Erik Saugestad EVP, CEO Asset Management
<u>Accelerating Growth in the Norwegian Retail Market</u>	Heidi Skaaret EVP Retail Norway
<u>Managing for Increased Profitability, a Strong Solvency Position and Growing Dividends</u>	Lars Aa. Løddesøl Group CFO
Q&A	Odd Arild Grefstad, Group CEO Lars Aa. Løddesøl, Group CFO Kjetil R. Krøkje, Group Head of Finance & Strategy Daniel Sundahl, Group Head of IR & Rating



# Sustainable Nordic Savings and Insurance Group

Odd Arild Grefstad  
Group CEO

# 250 years of pioneering in the Nordic financial industry - Future Storebrand builds strategic strengths



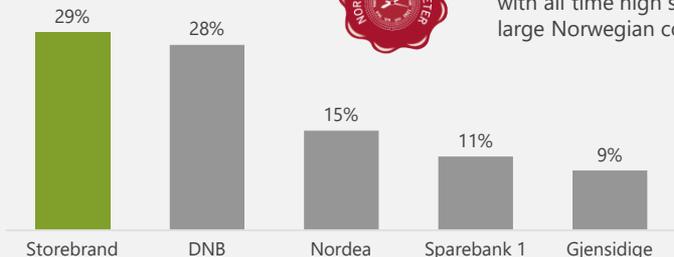
# Leader in Occupational Pension and Asset Management, and a challenger in the Retail Market

## Occupational Pensions Norway

Defined Contribution share<sup>1</sup>



✓ **Best customer satisfaction** with all time high score for large Norwegian corporates



## Occupational Pensions Sweden

Defined Contribution share<sup>2</sup>

✓ **Digital leader** in Sweden



## Asset Management Nordics

AuM Private Asset Manager Market position<sup>3</sup>

✓ **Best in responsible investments<sup>3</sup>** in Norway & Sweden

**#1**  
Norway

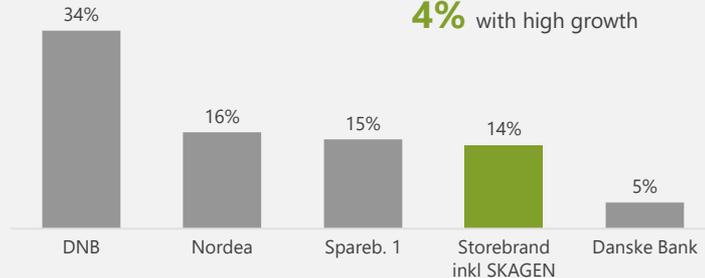
**#5**  
Nordics



## Retail Norway

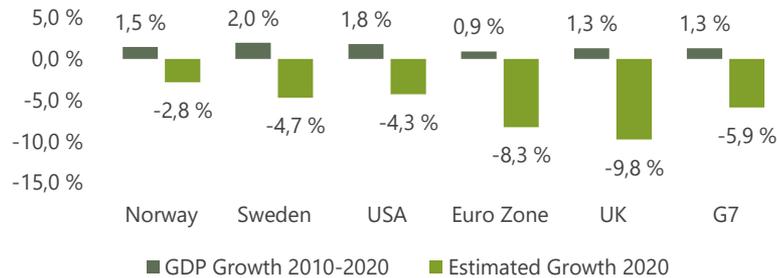
Retail Savings share<sup>4</sup>

Insurance share<sup>4</sup>  
**4%** with high growth

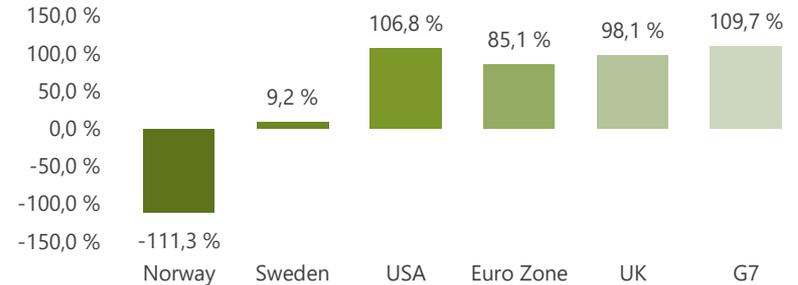


# Structurally strong markets with resilient economic development

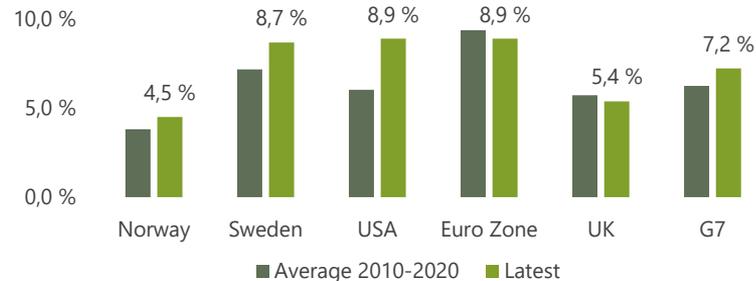
GDP growth (IMF estimates 2020)



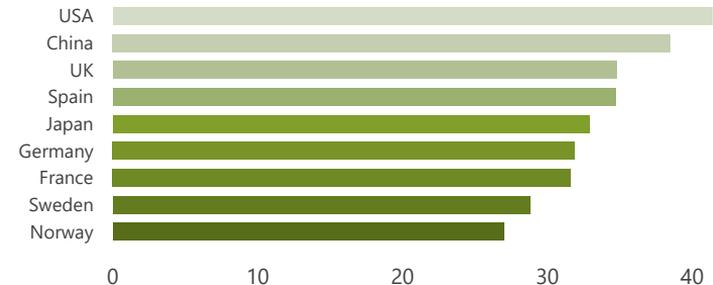
Net Government Debt (% of GDP)



Unemployment



Inequality: GINI coefficient





**25**  
years of  
sustainable  
investments



**Nr.1**  
insurance company  
globally<sup>1</sup>



**Top 10%**  
most sustainable company  
in the world<sup>2</sup>



**Nr.1**  
sustainable investments in  
Norway and Sweden<sup>3</sup>

**Strong employee engagement and increasing attractiveness among young professionals**

**8.3**

Employee engagement score<sup>1</sup>

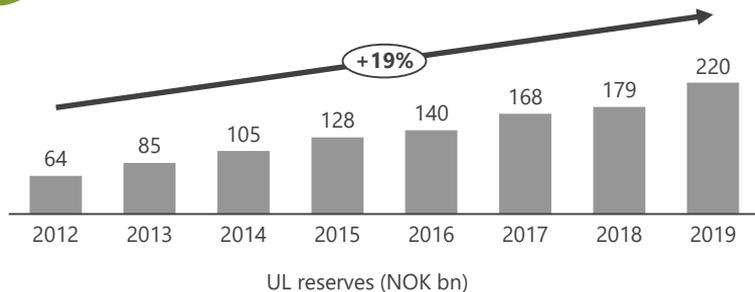
**#1**

Most attractive<sup>2</sup> employer in finance for young professionals

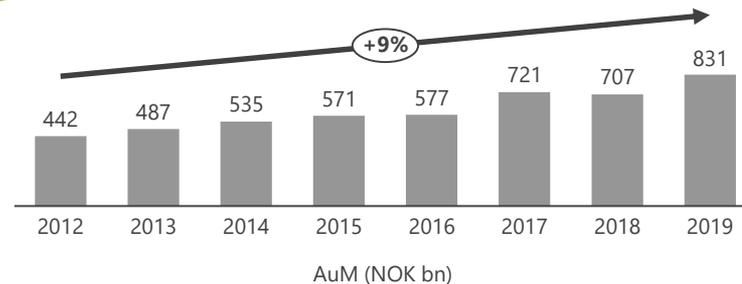
# Delivered strong growth in Savings and Insurance



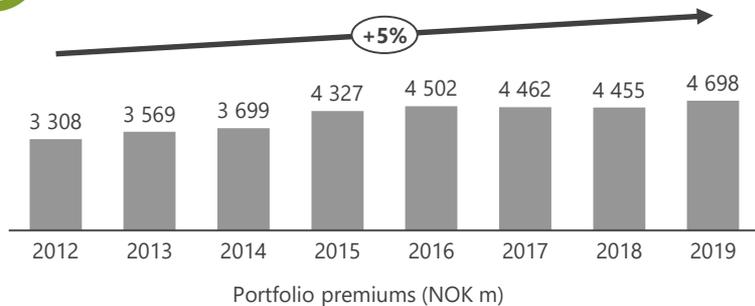
## Unit Linked



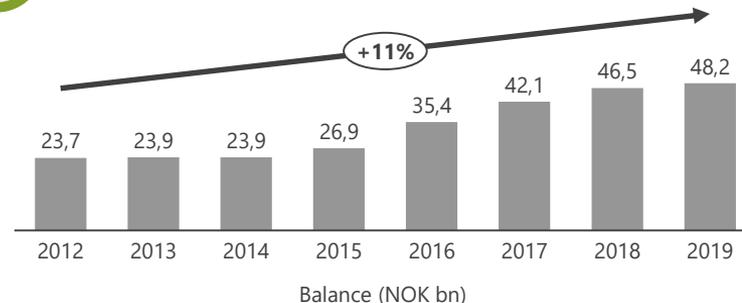
## Asset management



## Insurance

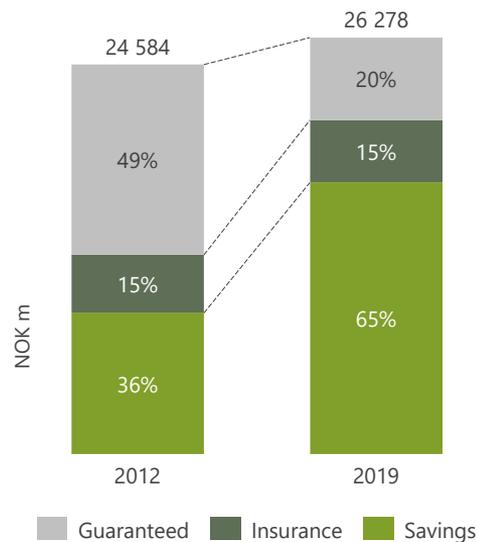


## Retail bank



# Delivered on transition from guaranteed to capital light business

Premiums Storebrand<sup>1</sup>



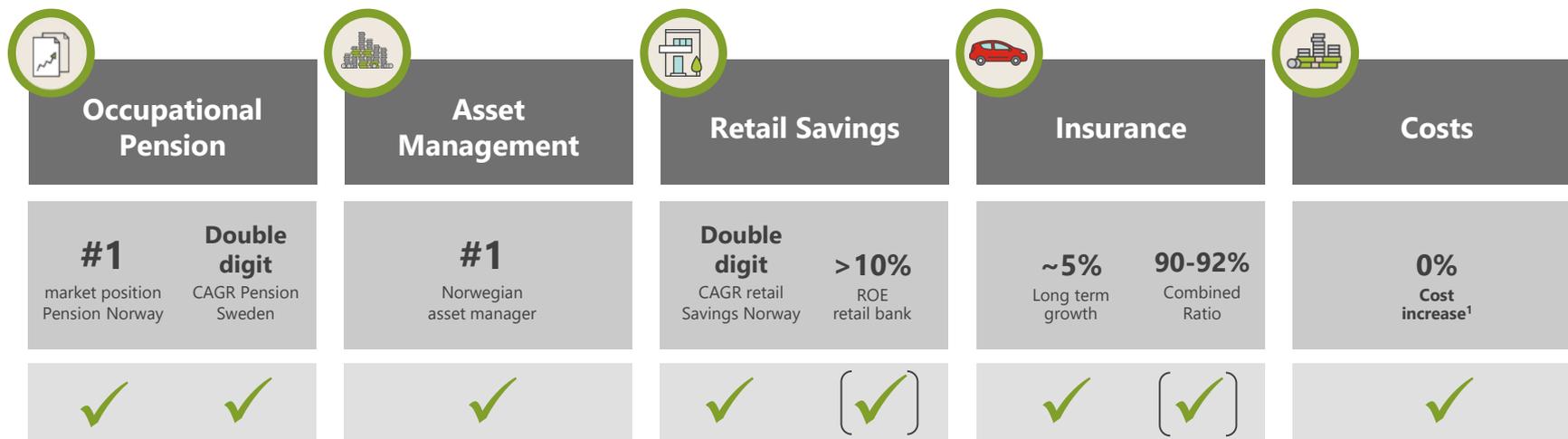
Profit Storebrand<sup>2</sup>



Shift in total Storebrand AUM<sup>3</sup>

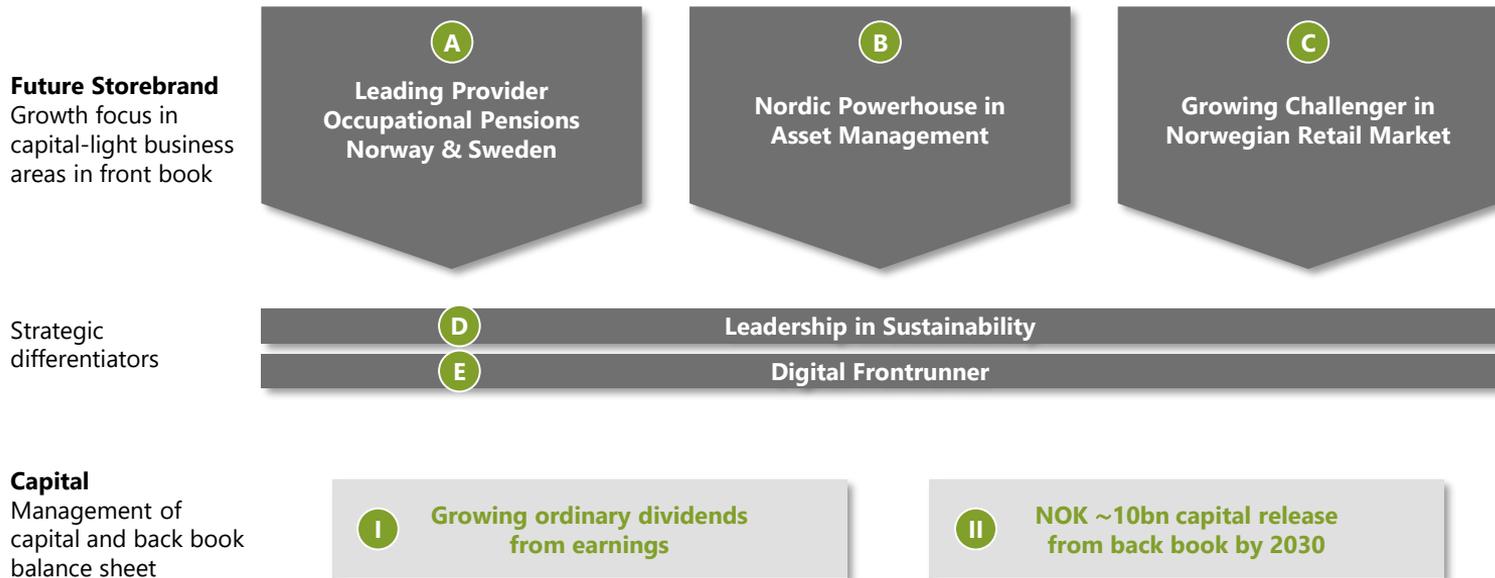


# Delivered on commercial ambitions from CMD 2018



# Group Strategy

## Sustainable Nordic Savings and Insurance Group



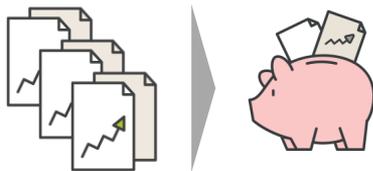
Compelling combination of **self-funded growth** in front-book and **capital return** from maturing guaranteed back-book

# In Norway, manage for **increased profits** in a market with **product changes** in 2021



## Changed market dynamics due to introduction of IPA

Expected short term margin pressure from introduction of Individual Pensions Account in 2021



Introduced 1 January 2021

## Storebrand responds with improvements in both Savings and Insurance

### Operational improvements:



End-to-end digitalisation



Cost leadership

### New Growth initiatives:

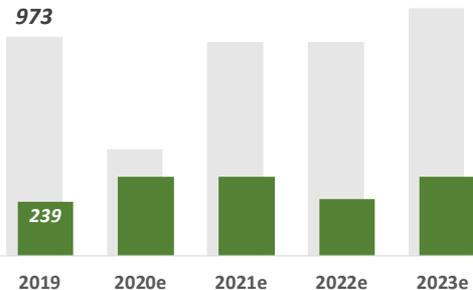


Public Sector Pension



SME P&C Insurance

## Earnings expected to grow in 2023



### Profit before amortisation and tax (NOK m)

- Occupational UL Business (NOK m)
- Total results Corporate Market Norway (NOK m)

# In Sweden, **gain market shares** by winning the transfer market



Attractive market with solid growth

**8%**

expected yearly market growth  
in premiums to 2023

By being a leader in the transfer market...



**25%**

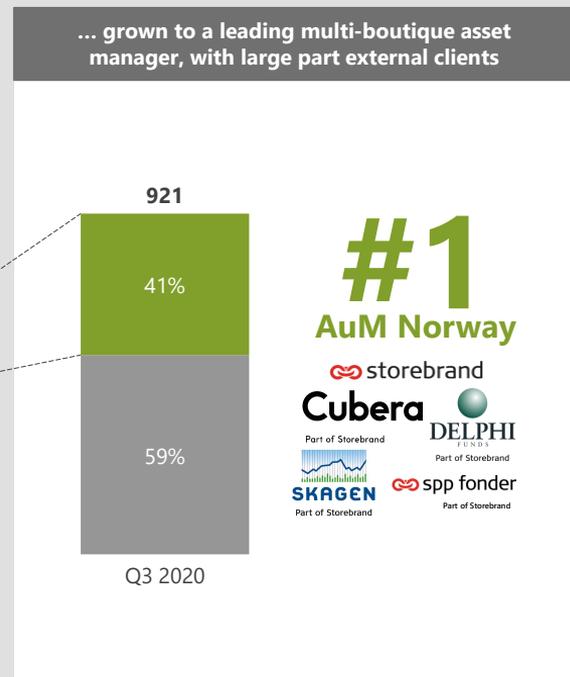
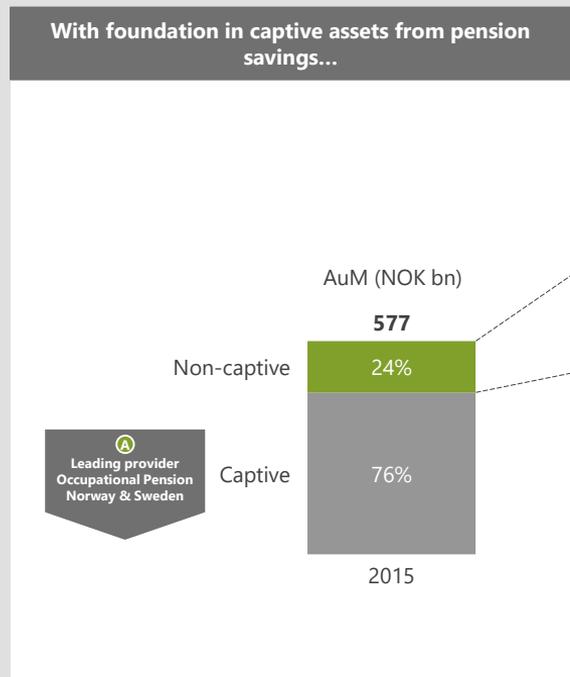
SPP market share<sup>1</sup> in  
transfer market 2020

...SPP aims to grow faster than our competition

**14-16%**

expected SPP growth CAGR  
in premiums 2020-2023

# In Asset Management, build a **Nordic Powerhouse** in **sustainable investing** with profitable growth



**Growth forward as a Nordic Powerhouse in sustainable investing**

Ambition  
**Nordic Powerhouse**  
**NOK 250 bn**  
AuM growth to 2023

# In Retail Norway, **accelerate growth** by building on strengths from Corporate Market and Asset Management



## Building on leading strengths in B2B markets...

A

Leading provider  
Occupational Pension  
Norway & Sweden

**253** years of experience in insurance

**29%** market share in occupational pension

**#1** customer satisfaction

B

Nordic Powerhouse  
Asset Management

**#1** in Norway

World Leader **sustainability**

Strong **brands**

## ...we provide top-class financial services to targeted retail customers



**Savings**



**Insurance**



**Bank**

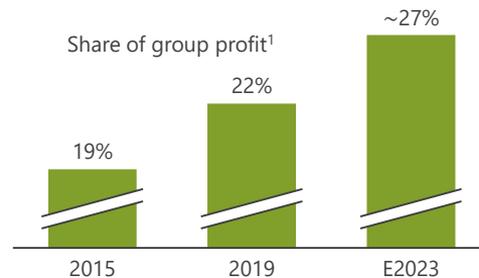
**1.3 million** customers in database

**5.4 million** Norway population

**400 thousand** employees with active occupational pensions

## Retail has become increasingly important part of the group...

Share of group profit<sup>1</sup>



...with high growth potential forward

# Sustainability as a differentiator, the reason we focus on **value beyond return**

*Our Leadership in Sustainability is a foundation for increased value creation for all stakeholders*

## Increased Employee Value



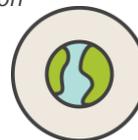
**Purpose driven organisation  
attracts and retains top talent**

## Increased Customer Value

*Giving a **higher return for our customers**, while at the same time pushing  
the world in the right direction*



**Better risk adjusted return for  
our customers**



**Support and develop a future for  
our customers to look forward to**

## Increased Shareholder Value



**Meeting customer demands with  
top talent  
to create further growth and  
increased shareholder return**

*Aiming for Paris Alignment throughout the entire value chain*

**Climate neutral  
operations since 2008**

**Climate neutral  
suppliers by 2025**

**Climate neutral  
investments by 2050**

# The **technology platform** is our engine for **growth** – and a key enabler for **future competitiveness**



Our products, services and customer experience are driven by our **technology platform**



Building on our strong technology foundation, we have adapted to a **digital business model**



Leveraging key technologies we are going digital to the core, enabling **growth and future competitiveness**



## POWERED BY DATA & ANALYTICS

- 17% improved disability pricing
- 85% increase fraud detected



## FULL SCALE CLOUD TRANSFORMATION

- 15% infrastructure cost reduction expected
- 60% cost reduction with cloud analytics pipeline



## BACK-END CORE RENEWAL

- 50 MSEK lower cost base SPP
- 15% efficiency gains in B2B customer service



## END-TO-END DIGITALIZATION

- 75% handling times reduction disability claims
- 25% yearly growth in digital sales

# Storebrand Ambition 2021-2023: Earnings growth across the business

**A**  
Leading Provider  
Occupational Pensions  
Norway & Sweden

Norway:  
**#1** private sector  
occupational pensions

Sweden:  
Double digit  
premium growth Unit Linked

**B**  
Nordic Powerhouse in  
Asset Management

NOK 250 bn  
AuM growth

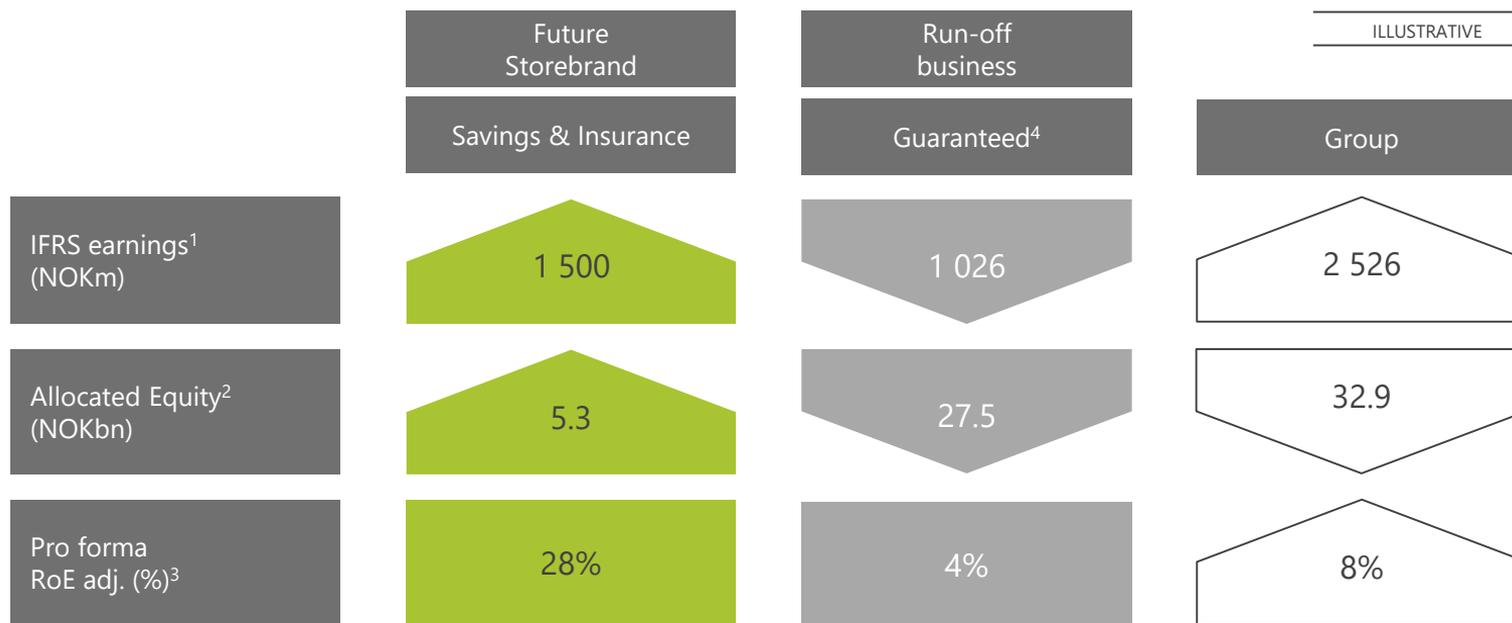
**C**  
Growing Challenger in  
Norwegian Retail Market

Double digit  
growth insurance,  
combined ratio <92%



Group profit<sup>1</sup> of NOK ~ 4 bn in 2023

# Storebrand is a blend of growing high ROE future business, and low ROE run-off business



The equity in the Group sits within different legal units. This allocation of equity is done on a pro-forma basis to reflect an approximation to the IFRS equity consumed in the different reporting segments after group diversification. The estimated allocation is based on the capital consumption under SII and CRD IV adjusted for positive capital contribution to own funds. Savings, Insurance and Other segment is calibrated at 150% solvency. The remainder of the capital is allocated to the Guaranteed segment.

# Capital ambition: Earnings growth will continue to grow ordinary dividends, run-off of back book will release excess capital

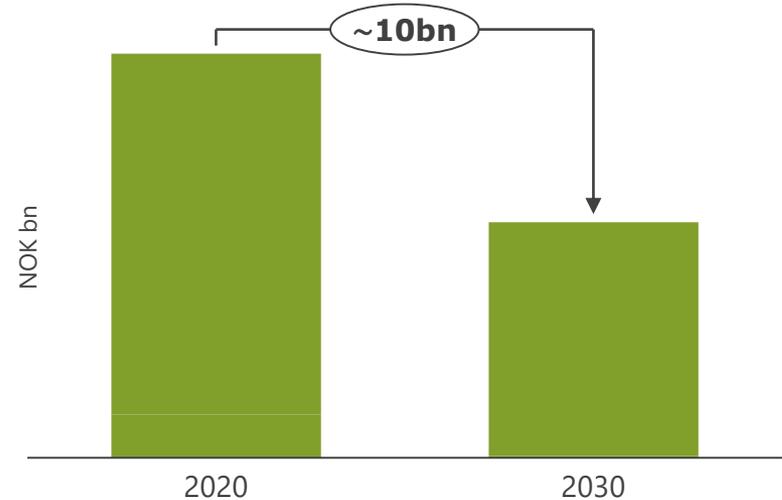
I

Growing ordinary dividends from earnings



II

NOK ~10bn capital release from back book by 2030



# Financial targets are maintained for a robust balance sheet, a profitable business, and reaffirming commitment to growing dividends

	Target	Actual 2018	Actual 2019
 Solvency 2 margin Storebrand Group <sup>1</sup>	> 150%	173%	176%
 Dividend pay-out ratio <sup>2</sup>	> 50% & nominal growth	NOK 3.00 68%	Cancelled due to Covid-19
 Return on equity <sup>3</sup>	> 10%	8.2%	8.0%
'Future Storebrand'		41%	28%
'Backbook'		3%	4%



## Key Takeaways

- The Group is in strong growth and expects to deliver a **group profit of approximately NOK 4 bn in 2023**. We will continue with strong cost discipline while investing in new growth areas that will continue the transformation of the company.
- Storebrand will get back to **paying dividends in 2021**. **NOK ~10 billion of capital is expected to be released** as the guaranteed liabilities are paid out.
- This is not the time to be on the wrong side of history. We will uncompromisingly be setting the standard and **aim to be the World's most sustainable financial company**.



# Digital Leader in the Swedish Pension Market

Staffan Hansén  
EVP, CEO SPP



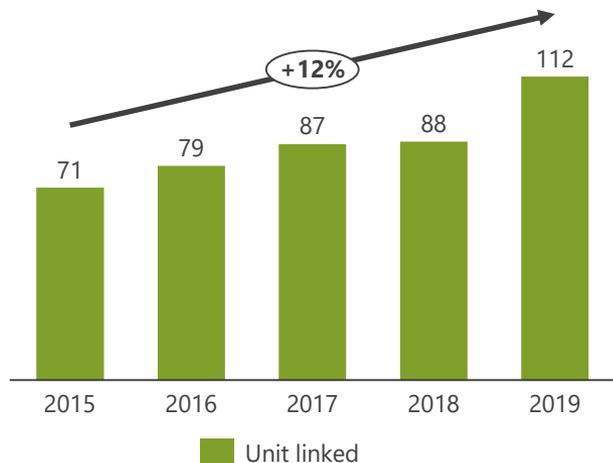
## Key Takeaways

- SPP has become a **significant result contributor** to the Storebrand Group, driven by earnings growth and ongoing capital release
- Growth is expected to continue, driven by an **edge in digital solutions** and a **strong market position**

# Front book growth has improved the quality of earnings...

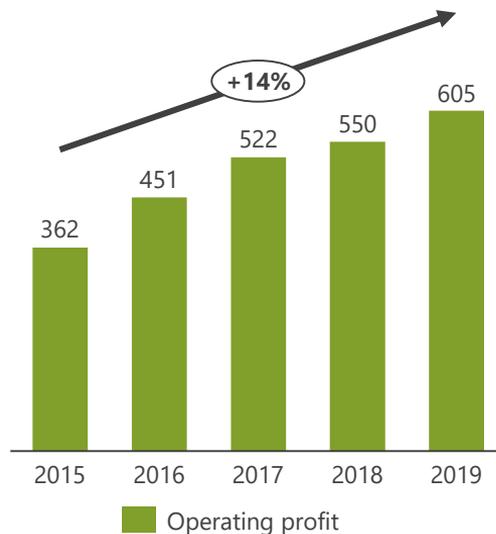
## Healthy growth in unit linked AuM...

AuM (SEK bn)



## ... has improved core earnings ...

AuM (SEK bn)



## ..at a lower cost

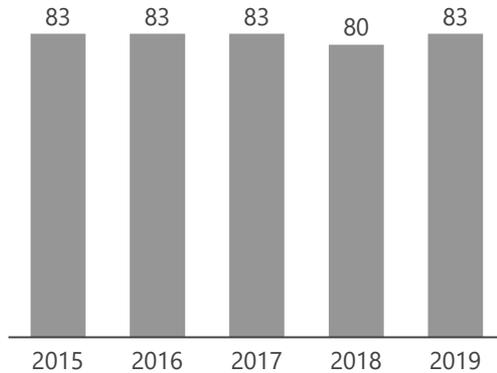
(SEK m)



# ...while pension payments from the back book have released capital

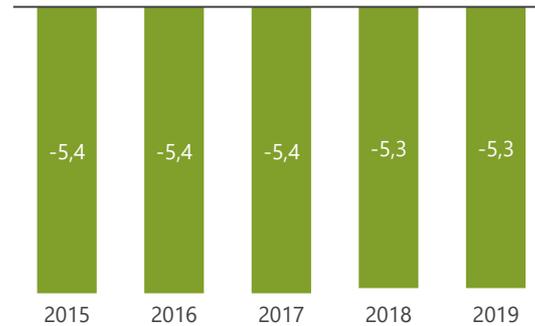
## Guaranteed savings have peaked...

(SEK bn)



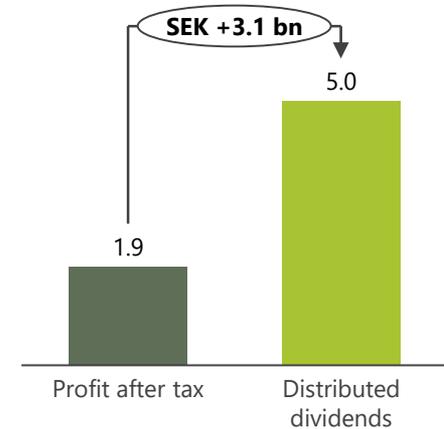
## ... with large pension payments...

(SEK bn)



## ... releasing capital in excess of earnings

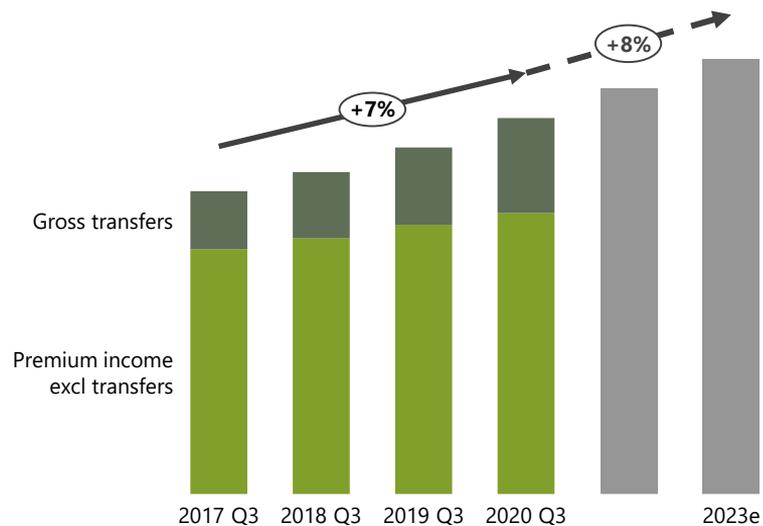
(SEK bn)



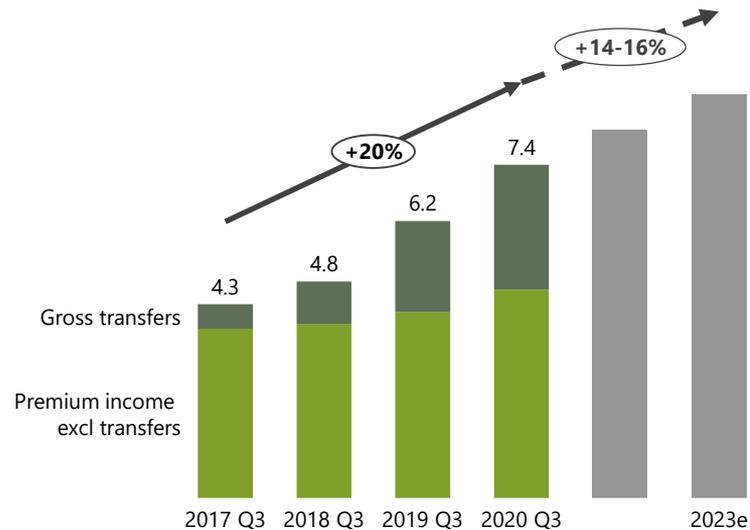
# SPP is growing in its core market...

Competitive market for occupational pensions, unit linked

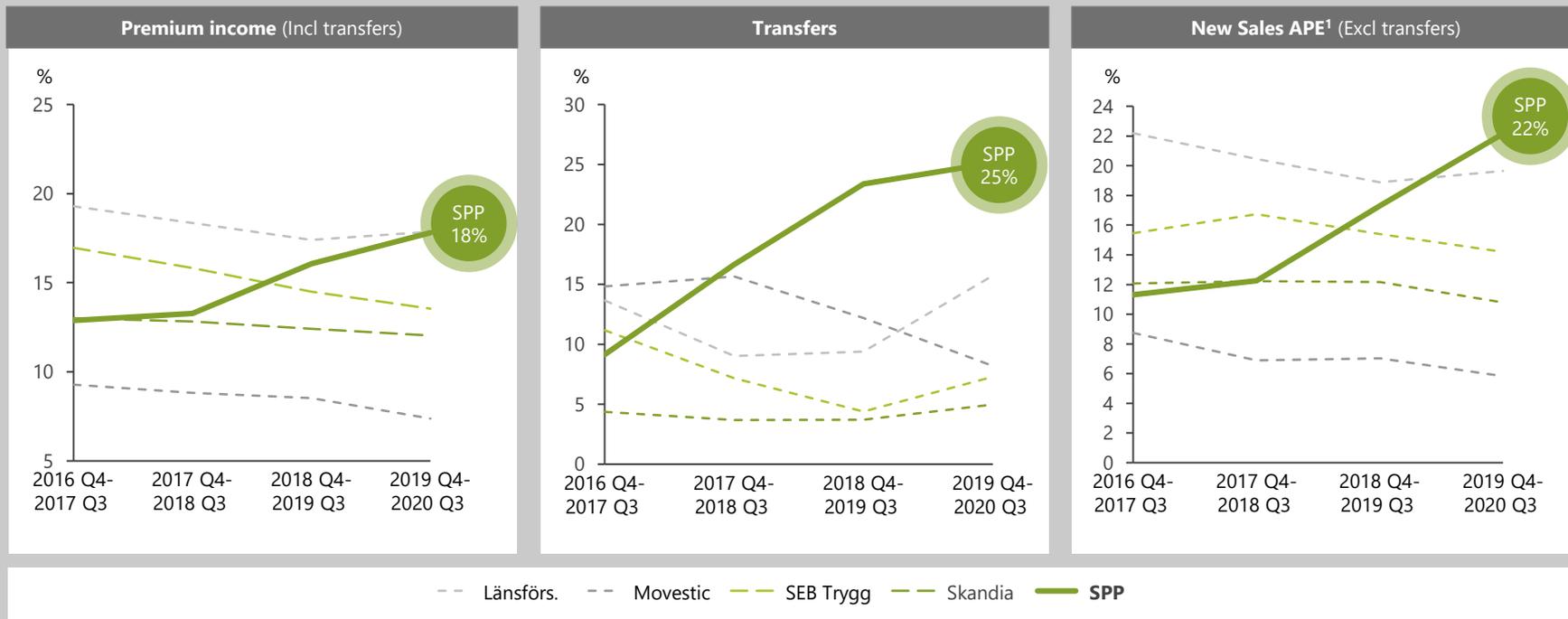
Market growth



SPP growth (SEK bn)



# ... driving up market shares....



...whilst selected portfolio transfers have added growth



# Strategic priorities towards 2023

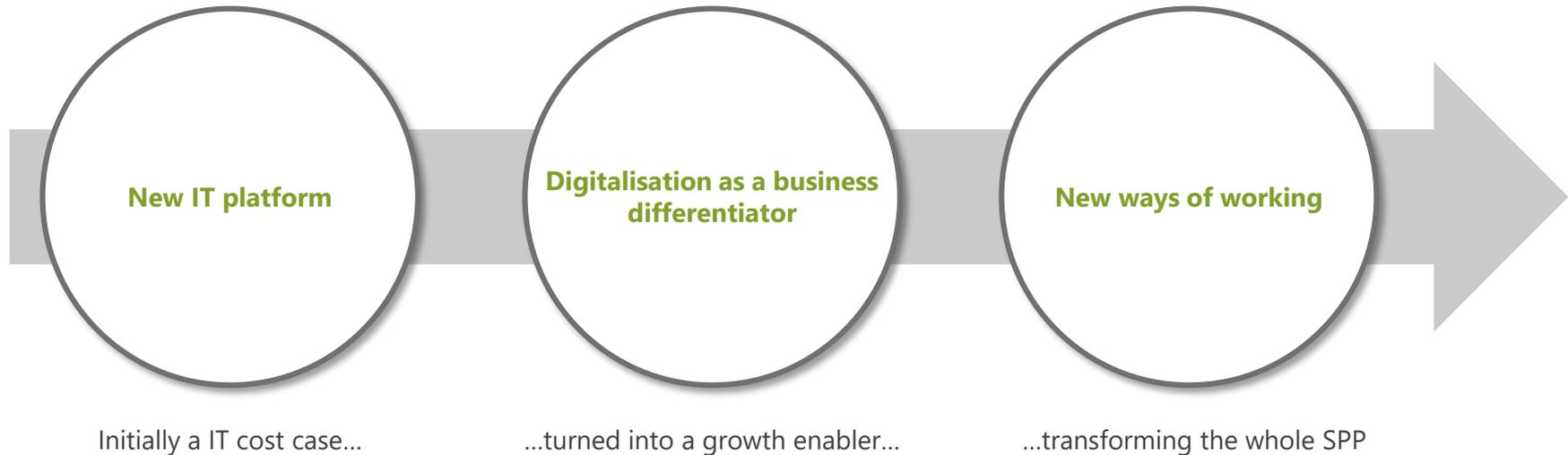


- Digital to the core
- Scalability
- Reduced time-to-market



- Trusted advisor
- Transfer factory
- Sustainability brand strength

# SPP has undergone a four year digitalisation journey...



...which has given SPP strong advantages...



### Digital to the core

Front-end digitally linked to back-end



### Scalability

Ability to grow at low marginal cost

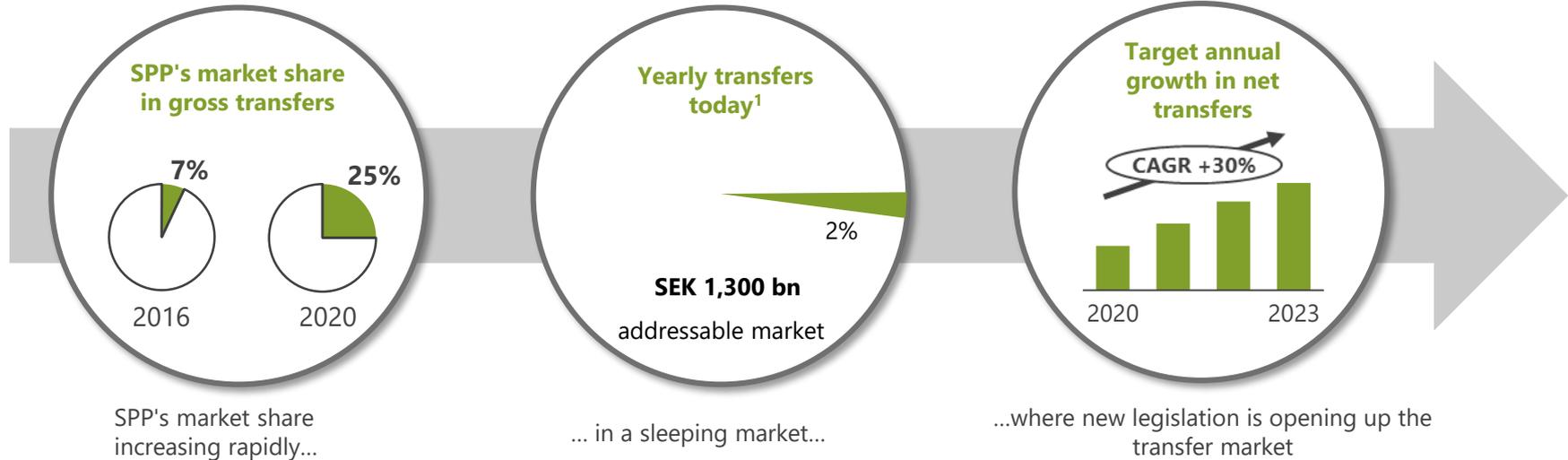


### Reduced time-to-market

Ability to react fast to customer needs



# The transfer market is a key pocket of growth for SPP...



...where success rests on the features defining SPP



### Trusted advisor

The "go-to" for qualified advice



### Transfer factory

The "go-to" for simplicity and smoothness



### Brand strength

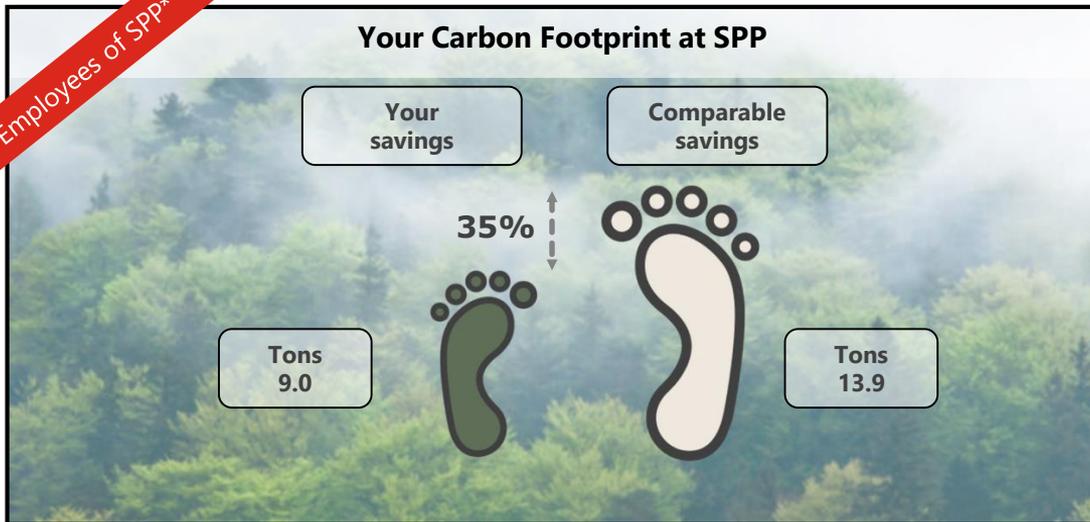
The "go-to" for sustainable savings



# Sustainable savings is becoming ever more important



Employees of SPP\*



- ### What's in it for SPPs customers?
- Visualizing carbon footprint
  - Data input to company reporting
  - New tool for employer branding



All SPP's mutual funds are fossil free since 2019

\*Example of footprint data based on employees of SPP

# Key Ambitions 2021-2023



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Double digit  
premium growth



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#1 in unit linked market  
share<sup>1</sup>

# Market Leader in a Growing and Changing Norwegian Market

Geir Holmgren  
EVP, CEO Storebrand Livsforsikring AS





## Key Takeaways

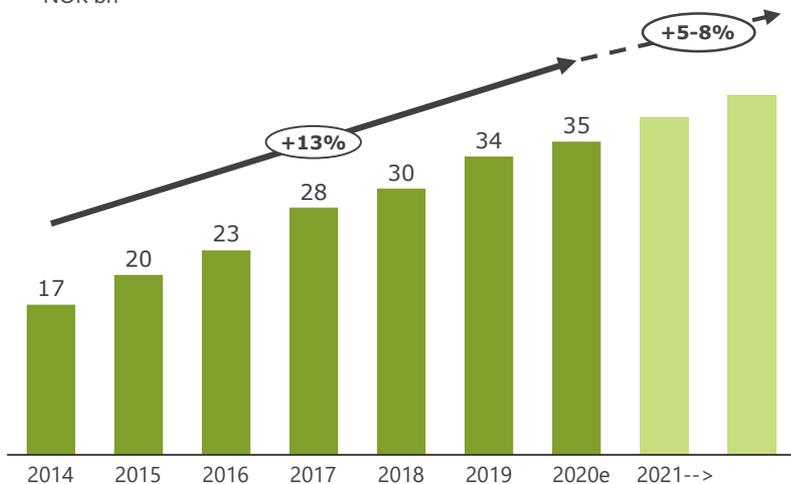
- **Market leadership** in an attractive and growing occupational pension market
- Well positioned for the new Individual Pension Account (IPA) market
- A **challenger in** a profitable and fast-growing **public sector pension** market
- **Expand insurance offering** to P&C insurance for SMEs by realising customer, capital and distribution synergies

# Market leader in an attractive growth market

## - Private sector occupational pensions

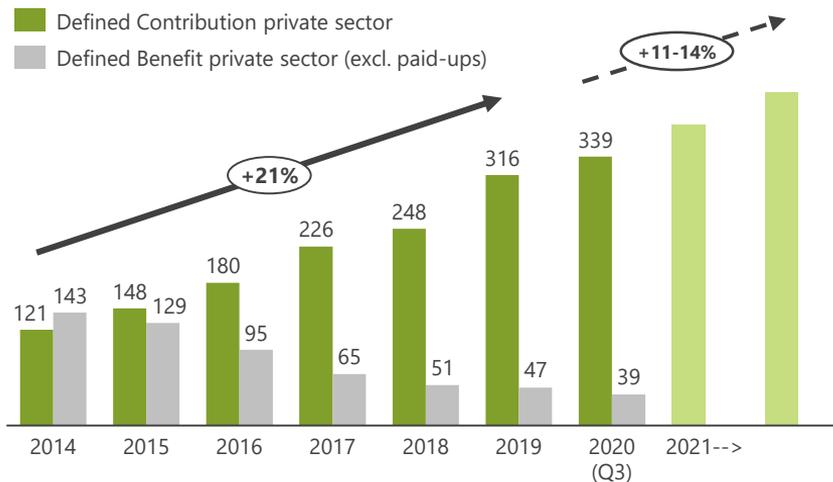
Market growth - Defined Contribution gross premiums

NOK bn



Strong AuM market growth Defined Contribution, run-off for Defined Benefit

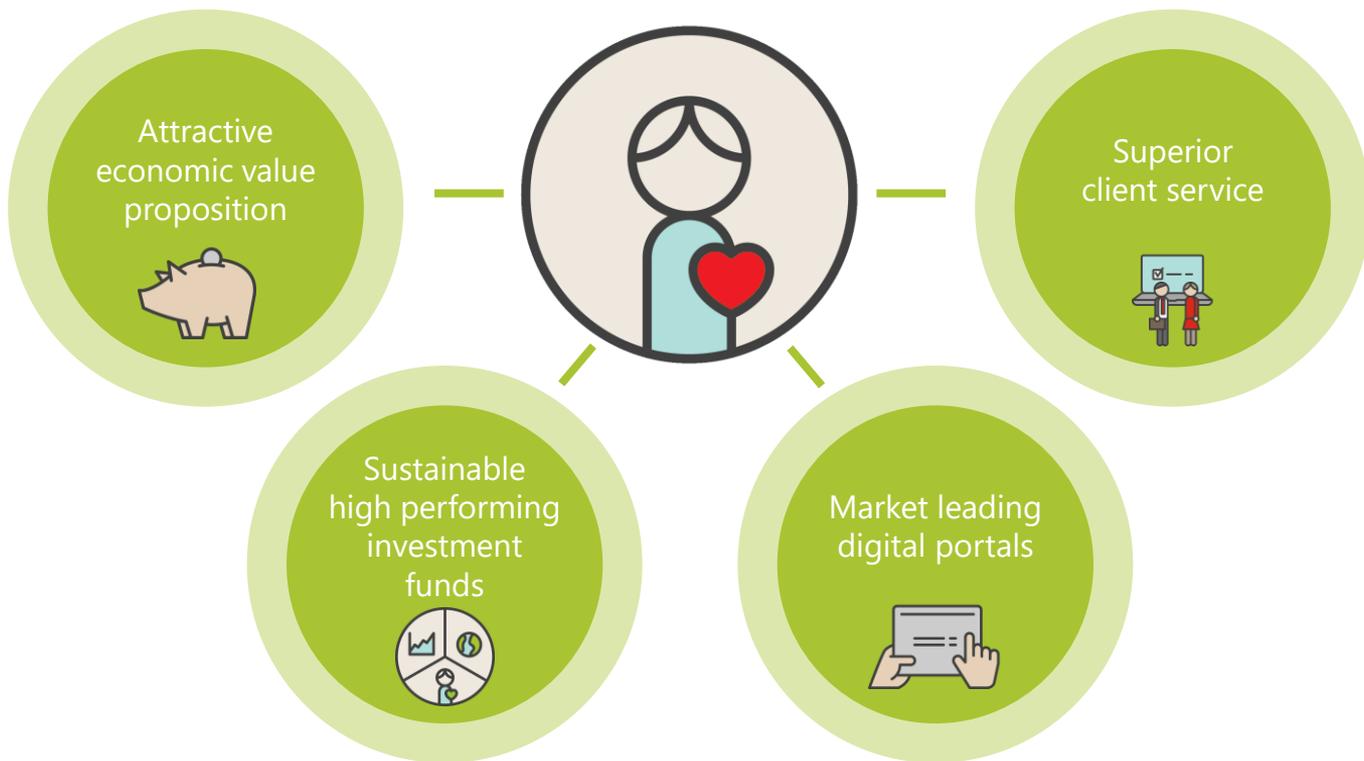
NOK bn



- Potential for increased gross premiums going forward due to regulatory changes in minimum contributions

- Structural shift from Defined Benefit to Defined Contribution

# Key success factors in the corporate pension and insurance market



# Well positioned as a full range provider in a changing market

	Product	Market share <sup>1</sup>	Changes	Competitive edge
 <p>Occupational pension</p>	Private sector	29%	Individual Pension Accounts 2021	<ul style="list-style-type: none"> <li>Barriers of entry: IT, scale economies</li> <li>Only provider with a full product offering incl. closed book products</li> <li>Culture of pension expertise</li> </ul>
	Public sector	1%	Pension reform effective 2020	
 <p>Insurance</p>	Group Life/workers comp	10%	Insr acquisition 2020 adds SME customers	<ul style="list-style-type: none"> <li>Strong capital synergies under Solvency 2.</li> <li>Complementary employee benefit products to occupational pensions.</li> </ul>
	Health insurance	15%		
	Disability pension	35%		
	P&C insurance			

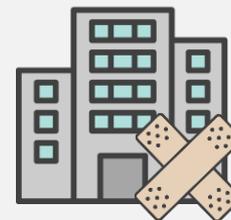
# Strategic priorities to maintain market leadership and profitability towards 2023



**Remain #1 provider** of private sector **occupational pensions** after implementation of Individual Pension Accounts (IPA)



Growing challenger in **public occupational pensions**

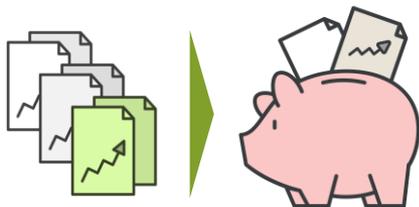


Expand insurance offering to **P&C insurance for SMEs**

# Storebrand is well positioned to remain #1 provider of Individual Pension Accounts (IPA)

1

## Individual Pension Accounts from 2021



- New regulation 2021
- Build on our strong value proposition for employees and employers

2

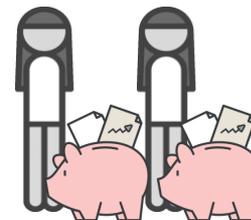
## Bridging price changes



- Gradual implementation through 2021
- Sources of fee income removed by merging products into one account
- Implement E2E initiatives and cost measures
- Continued strong underlying volume growth in product

3

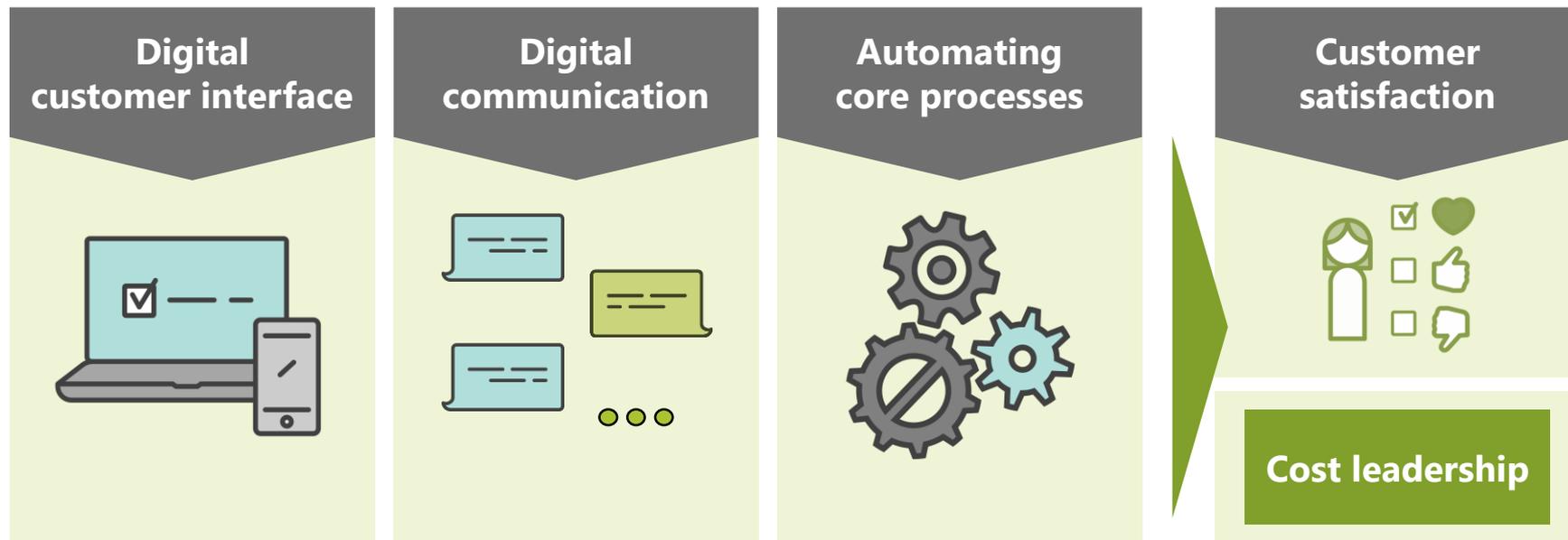
## Well positioned for growth and individualisation



### Pension and long-term savings

- Digital first strategy
- High customer centricity to retain and attract individuals

# Competitive edge through end-to-end digitalisation in the occupational pension market



# Challenger in a profitable public sector market

## - Significant competence, technology and asset management synergies

1

High market potential<sup>1</sup>

MUNICIPALITIES

PUBLIC CORPORATIONS

35 BNOK ANNUAL PREMIUMS ~2 BNOK

400 BNOK AUM 50-60 BNOK

~10% ANNUAL GROWTH ~6%

- Attractive AUM volume
- Strong market growth

2

Gradual entrance into market

Ambition AuM  
new customers

5 BNOK

2020

5 BNOK

2021

5 BNOK

2022

- Significant synergies with private sector pension solutions

3

Profitable and capital light



- Capital light guaranteed Defined Contribution product
- Expected RoE > 10%

# Expand insurance offering to P&C insurance for SMEs

- Significant customer, capital and distribution synergies

1

Improved value proposition



▪ Strong brand name

2

Build on existing systems and processes



▪ In-house competence

3

High capital and distribution synergies



▪ Diversification

4

Kickstarted with Insr-portfolio



▪ Immediate profitability

# Key Ambitions 2021-2023



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#1 market share  
private sector  
occupational pension



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NOK 5 bn  
annual AuM growth  
public sector



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Maintain profit level  
despite introduction of  
individual pension  
accounts



# Nordic Powerhouse in Asset Management

Jan Erik Saugestad  
EVP, CEO Storebrand Asset Management



## Key Takeaways

- Multi-boutique asset manager with a **proven ability to grow the business** both organically and through acquisitions
- **E2E digitalisation** and cloud platform to cater for digital **client experiences** and **further scalability**
- Growth through a broader **Nordic distribution** and focused **International distribution**
- **Growth in alternatives** supported by captive capital and strengthened capabilities
- Recognised **leadership in sustainable investments**

# The Asset Management journey

**Transformation and  
rise of Asset  
Management**

**Modern and  
sustainable multi-  
boutique manager**

**Future growth as a  
Nordic Powerhouse**

A **Nordic Asset Manager** with a recognised #1 position in sustainable investments

**AuM  
921 bn**

**#1**  
AuM Norway

**#5**  
AuM Nordics

**World  
Leader**  
Sustainability

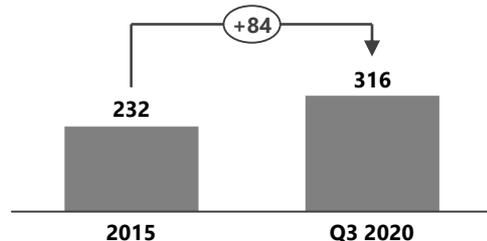
# Strong growth and increased share of non-captive assets have boosted revenues

Transformation and rise of Asset Management

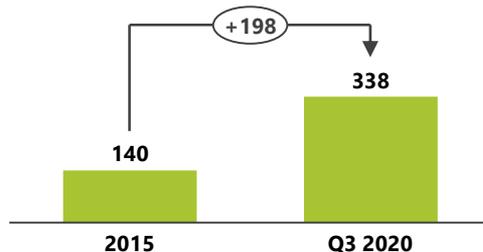
## Growth in AuM<sup>1</sup> from organic and structural initiatives...

NOK bn

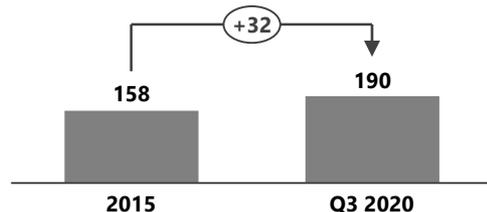
### Pension savings Norway



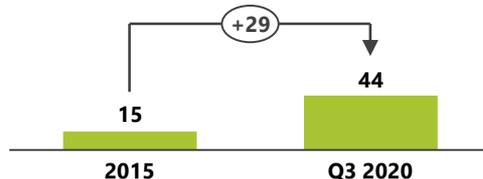
### Institutional clients



### Pension savings Sweden

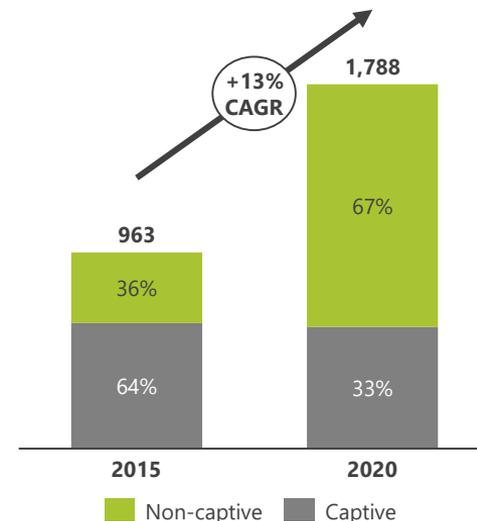


### Direct retail savings



## ...have driven a high revenue growth

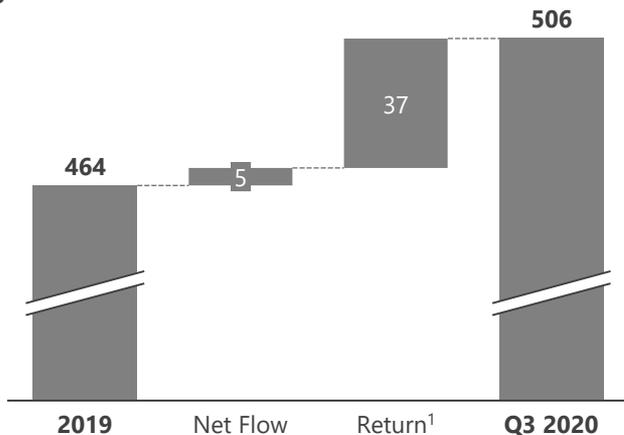
Revenues<sup>2</sup> (NOK m)



# Successful **sales distribution** to **non-captive clients** has been a key enabler for substantial net inflow

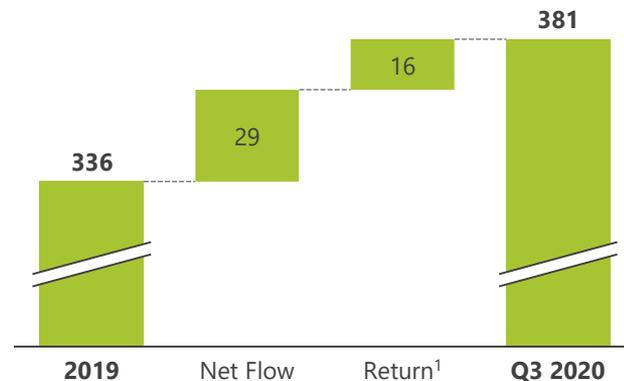
## Outflow of guaranteed payments constraints net flow in pensions

Assets under Management  
**Group internal pension savings**  
Norway and Sweden NOK bn



## Strong sales to external clients enables AuM growth

Assets under Management  
**External institutional clients and**  
**direct retail** NOK bn



# Experienced and engaged employees in a larger and more diverse organisation



# A modern and sustainable multi-boutique manager **well positioned** for further **consolidation** and **growth**

Modern and sustainable multi-boutique manager

Cover key asset classes for clients

Index

Active

Fixed income

Real Estate

Factor

Private Equity

Private Debt

Infrastructure

Autonomous and complementary investment strategies with strong brands

 storebrand

 spp fonder  
Part of Storebrand

 storebrand  
Real Estate

  
DELPHI  
FUNDS  
Part of Storebrand

**Cubera**  
Part of Storebrand

  
SKAGEN  
Part of Storebrand

Shared distribution

Cost efficient operations

Shared technology platform

Efficient, scalable and shared platform  
- One policy for sustainable investments

# Highly recognised by our clients and holds a strong competitive position



# Prospera

BY KANTAR SIFO



# Clear **strategic priorities** to increase AuM by NOK 250 billion and maintain revenue margin through 2023

Future growth as  
a Nordic  
Powerhouse



**E2E digitalisation**  
for client experience  
and cost efficiency



**Market expansion,**  
client growth outside  
Norway



Keep recognised #1  
in **sustainable  
investing**

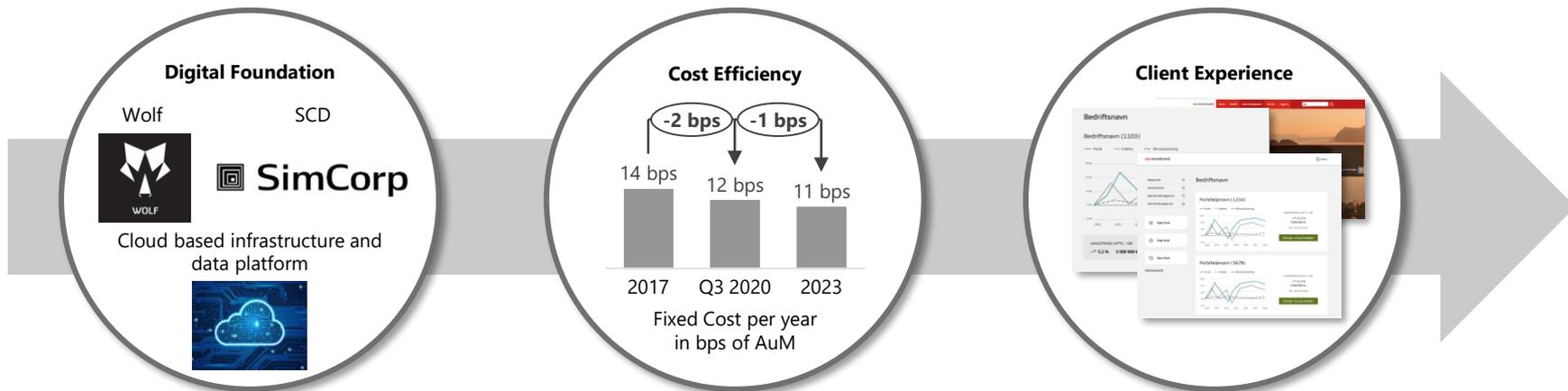


Growth in **active**  
and **alternative**  
assets



**Bolt-on M&A** to  
grow the multi-  
boutique

# Improve client experience and cost efficiency by **End-to-End digitalisation**



**SAM invests in a strong digital foundation**

- ✓ Robust platform
- ✓ Increased quality
- ✓ Reduced operational risk

**to efficiently absorb the growth ambitions**

- ✓ Increased scalability
- ✓ Regulatory compliance
- ✓ Self served customers

**and make client experience a differentiator for SAM to help increase revenues**

- ✓ Attract new business
- ✓ Increase share of wallet
- ✓ Retain existing clients

# Market expansion to grow both AuM and client base beyond Norway



Our vision:	Current position:	Key enablers
<p>Foundation: <b>Strong captive management</b></p>	<ul style="list-style-type: none"><li>• Robust position in Sweden; SAM Branch, SPP Fonder, Storebrand Fastigheter</li><li>• UCITS funds listed in Denmark and SKAGEN and SAM branch in Denmark</li><li>• Luxembourg SICAV's in place with marketing permissions</li><li>• Luxembourg RAIF vehicles for private equity, infrastructure and real estate</li><li>• International client base in private equity through Cubera</li></ul>	<ul style="list-style-type: none"><li>• Stronger Nordic distribution outside Norway</li><li>• Streamlined hub for institutional clients in UK and Norway (conventional and UCITS products)</li><li>• Demand for Nordic solutions by domestic clients and non-Nordic clients</li><li>• Strong demand for sustainable solutions and sustainable index solutions</li><li>• Extensive pipeline and breakthrough in the UK pension market</li><li>• Well recognized by investment advisors</li></ul>
<p><b>Nordic Powerhouse for institutional clients</b></p>		
<p><b>Preferred partner for Nordic wealth managers</b></p>		
<p><b>International provider of sustainable and Nordic solutions</b></p>		

# Keep #1 position in sustainable investments through innovative index solutions and active ownership



*Sustainable investments is a key selection criteria for asset management clients*

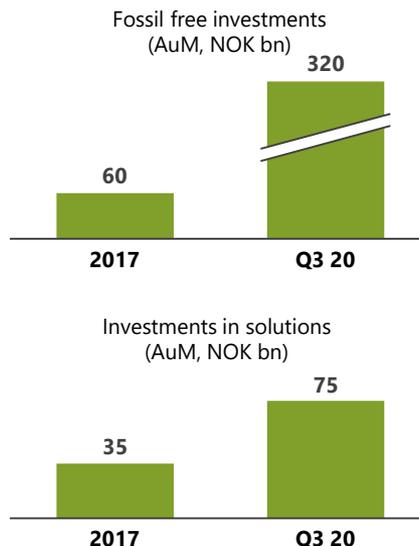
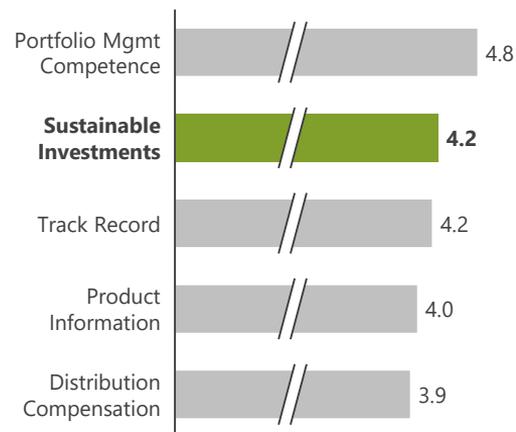
*Significant growth in sustainable solutions with a positive impact*

*We continue to raise the bar to stay ahead and create action on the ground*

## Prospera

BY KANTAR SIFO

*Sustainable Investments 2nd most important factor<sup>1</sup>*



1. Leading role in **active ownership** on **deforestation** and nature

Storebrand AM ditches Exxon and Chevron over climate lobbying

\$93bn manager warns BP, Shell and Equinor not to 'rest easy', as it sheds 27 stocks over climate concerns and urges other investors to follow suit



3. **Raising the bar** – Storebrand, PKA and PenSam commit to a **new climate and infrastructure fund**

Investor Engagement in Brazil Shows Encouraging Initial Results on Deforestation

Posted by Mark Segal | Jul 13, 2020 | Environment, Investors | 0 | ★★★★★



2. New **group climate strategy**, with innovative anti-lobby criteria

Heavyweight Nordic investment trio makes C4bn green infrastructure pledge

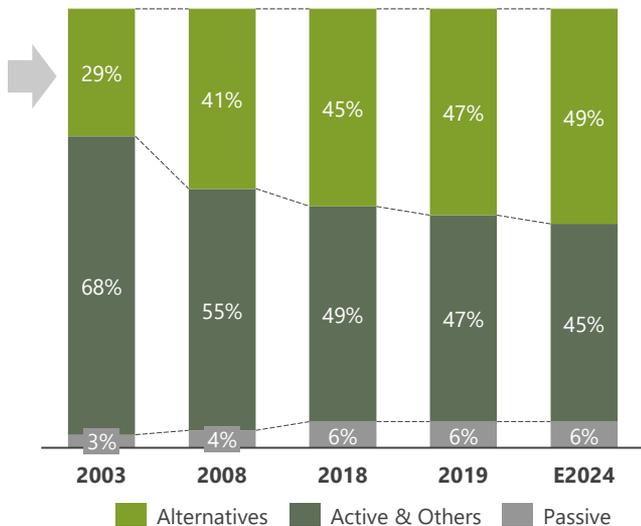


# Continue to **grow in alternatives** through new capabilities and fund launches



## Global trends highlights importance of alternative assets

Global revenues split by product<sup>1</sup> (%)



## Storebrand is well positioned to capture growth

### Nordic gateway to Private Equity

- Total committed capital ~35bn
- Primary and secondary strategies, both International and Nordic investments
- Nordic and International client base



### Sustainable manager of Real Estate

- Total committed capital ~45bn
- 5-star GRESB rating, 48% BREEAM certified
- Vehicles in Norway and Sweden, newly launched Nordic Real Estate Fund



### Sustainable Infrastructure

- Partnership with highly reputed pension funds, total commitment of up to ~45bn
- AIP ranked #1 on sustainability by GRESB
- Launched sustainable infrastructure fund



### High quality Private Debt

- Total committed capital ~40bn
- Asset backed and senior loans
- Pension funds to build HTM portfolios

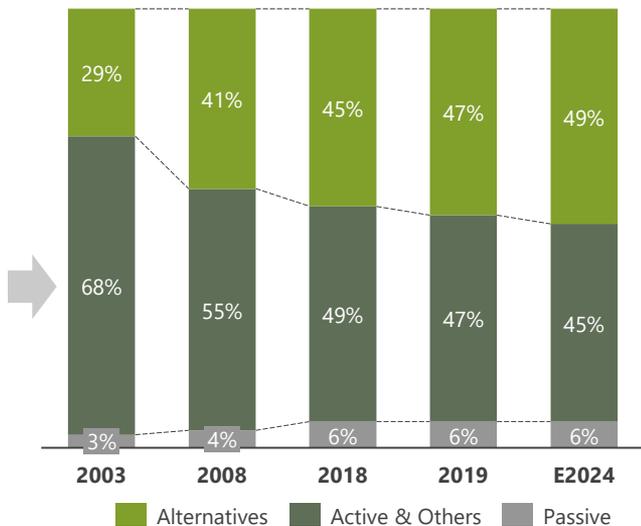


# Protect and develop active equity by capitalising on our strengths as a multi-boutique



## Active remains a very important part of revenues in the future

Global revenues split by product<sup>1</sup> (%)



## Storebrand is well positioned to manage active strategies



Sustainable active  
Domestic Active



DELPHI  
FUNDS

Part of Storebrand

Momentum strategies



SKAGEN

Part of Storebrand

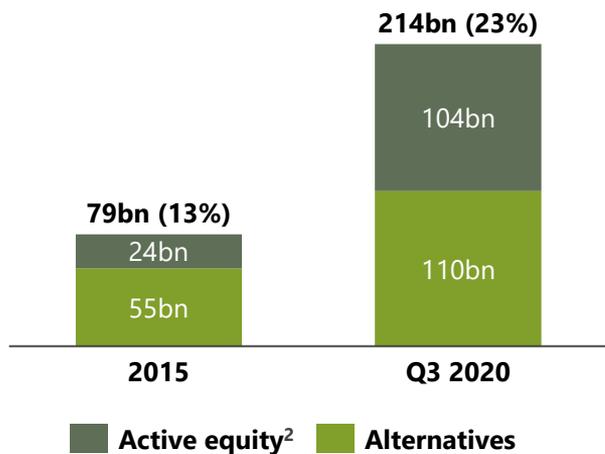
Value strategies

- Clear, well documented investment rationale
- Strong talent and team
- Strong brand with demonstrated value proposition for clients
- Ability to run **focused teams and strategies** in a financially robust multi-boutique
- In-house **ESG research expertise** with material subject matter insight
- Experience of **sophisticated risk management** from captive management
- Capacity to support **cross learning and deep forensic analysis** by independent in-house team

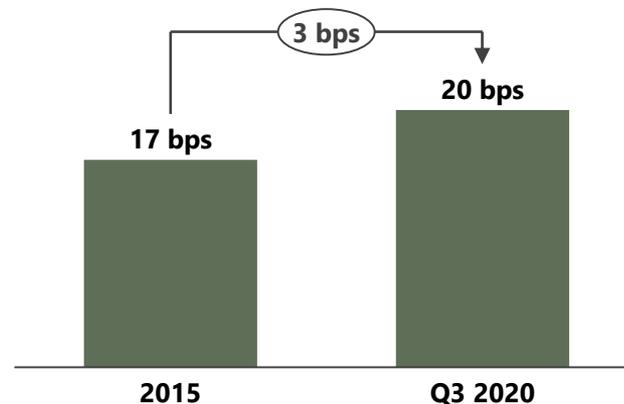
# Maintain **revenue margin** through growth in alternative assets and active equity



### Change of product mix



### Strong growth in revenue margin<sup>1</sup>



# Storebrand has track record of **two recent** and **successful acquisitions**



**SKAGEN Funds**, transaction Dec 2017



Part of Storebrand

- ✓ Significant system contribution to joint Asset Management Platform
- ✓ Enabled International expansion
- ✓ Strengthened position in mutual fund retail market

### **Highlight**

Larger group synergies than estimated, and Wolf unit holder system now a group system

**Cubera Private Equity**, transaction April 2019

# Cubera

Part of Storebrand

- ✓ Full range private equity offering to Nordic clients
- ✓ Strong gateway to the Nordics for International clients
- ✓ Three distinct, sustainable buyout strategies, Nordic primary, Nordic secondary, International primary

### **Highlight**

Successfully raised NOK 12bn after acquisition

# Further M&A bolt-ons are considered to build additional capabilities and client offering



## Consolidate Conventional

- Products and solutions
- Markets and client segments



## Grow Alternatives

- Private equity
- Real estate
- Infrastructure
- Private debt



## Fintech Opportunities

- Client experience
- E2E digitalisation
- AI and data

# Key Ambitions 2021-2023



AuM growth of **NOK**  
~**250 billion** to 2023



Maintain revenue  
margin



Leadership in  
sustainable investments

# Accelerating Growth in the Norwegian Retail Market

Heidi Skaaret  
EVP, Retail Norway



Photo by: Erik Ferde



## Key Takeaways

- The **retail market in Norway is increasingly important** as an engine for growth and profitability for Storebrand
- **Storebrand is a challenger** in a profitable market - building on group strengths and synergies
- Storebrand's digital first strategy offers **data-driven tailored solutions** to customer segments where we have an advantage

# Ambitious retail growth strategy **leveraging group strengths** and opportunities **in an attractive market**

Attractive Norwegian retail market, with a wealthy and digital mature population

**663 700**

GDP (NOK) per capita  
2019

**98%**

Share of 9-79 year old  
with internet access

**28 BNOK**

Profit pool in targeted  
retail market

**We gain our customers trust by leveraging strategic group strengths**



Market leader occupational pension and 1.3 million customers



90% brand recognition



Leading asset manager



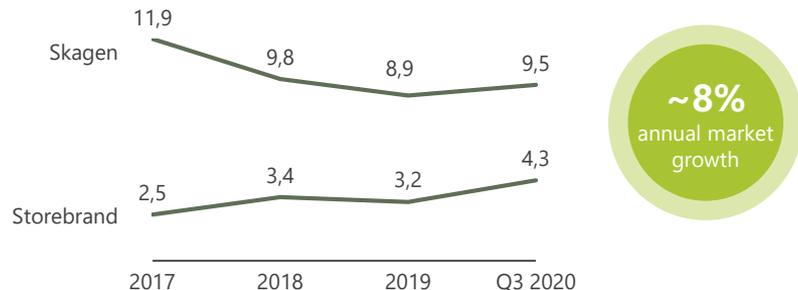
Capital synergies in mortgages and insurance



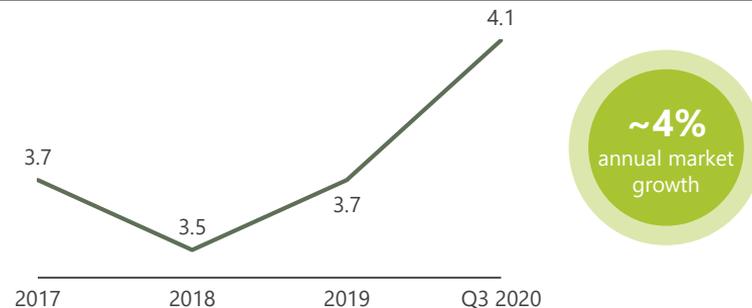
Leading sustainability position

# Storebrand is a challenger in a growing market

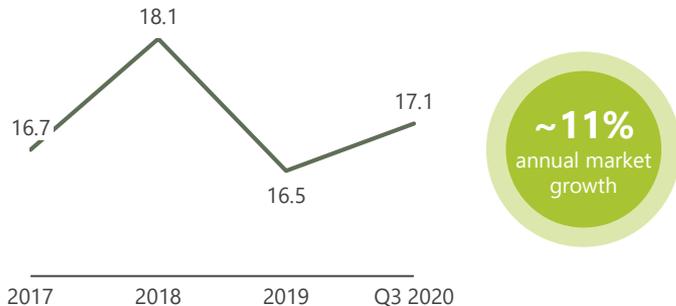
## Market share mutual funds %



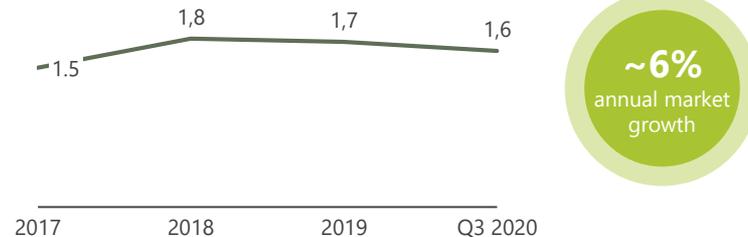
## Market share P&C insurance %



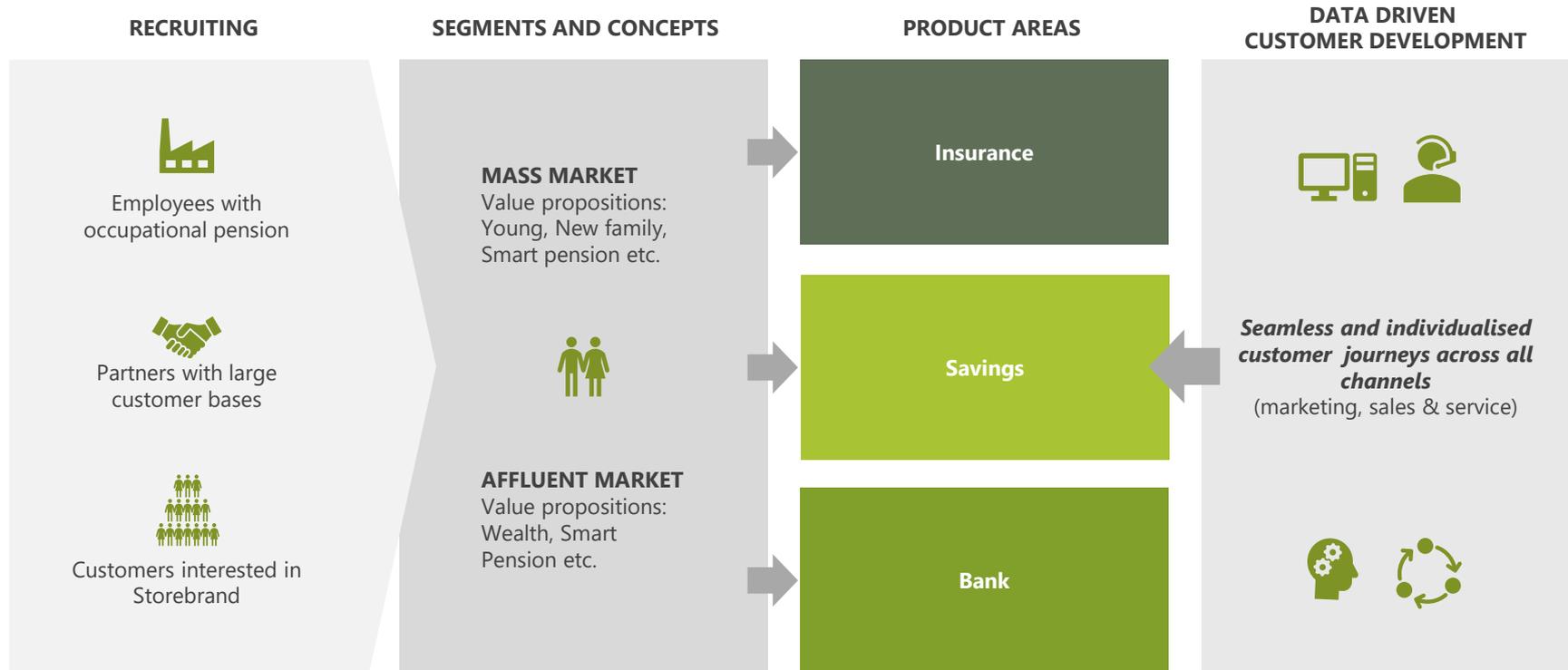
## Market share unit linked %



## Market share mortgage %

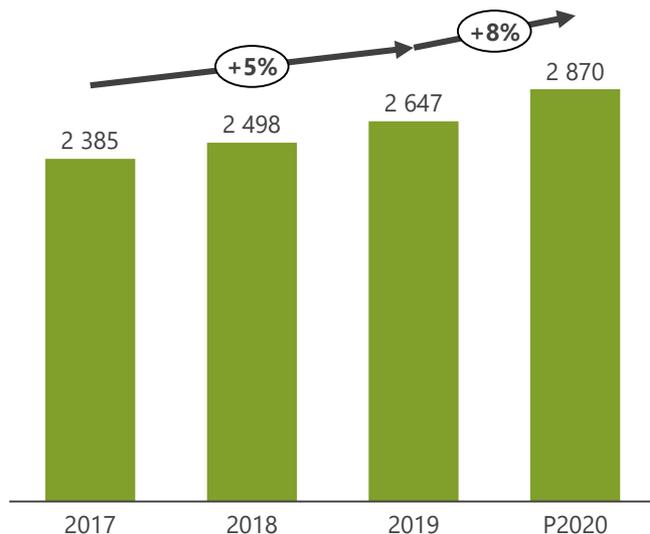


# The **retail business system** leverages Storebrand's large customer base, and excellent digital capabilities **driving scalable growth**



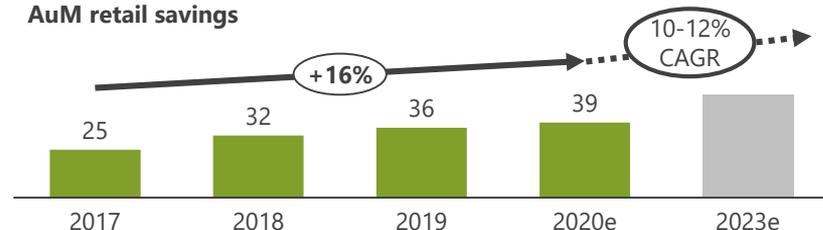
# Targeting continued strong growth in retail segment

Retail market revenues (NOK m)

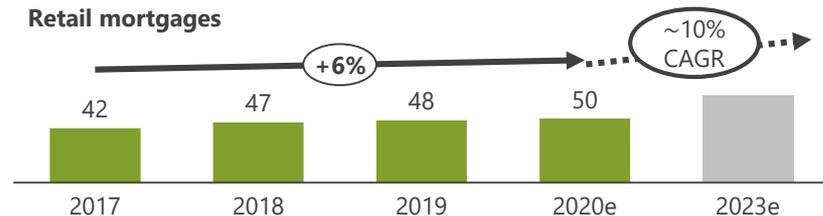


Volume growth (NOK bn)

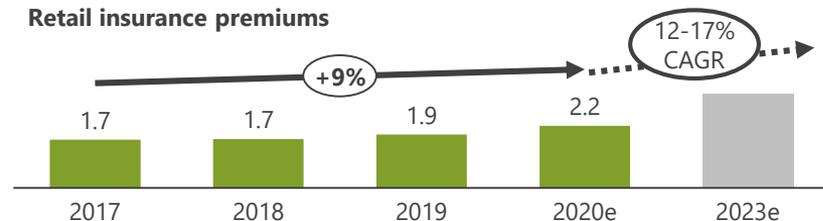
## AuM retail savings



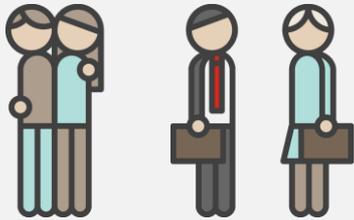
## Retail mortgages



## Retail insurance premiums



# Strategic priorities towards 2023



**Value propositions tailored to segments** through data analytics and individualised customer journeys

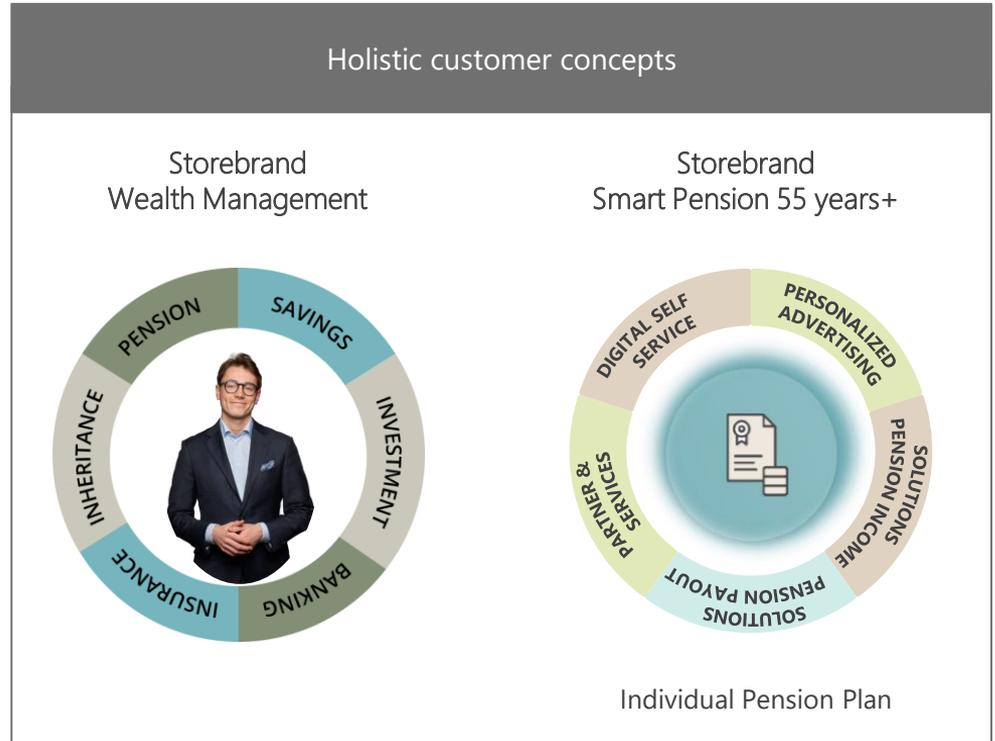
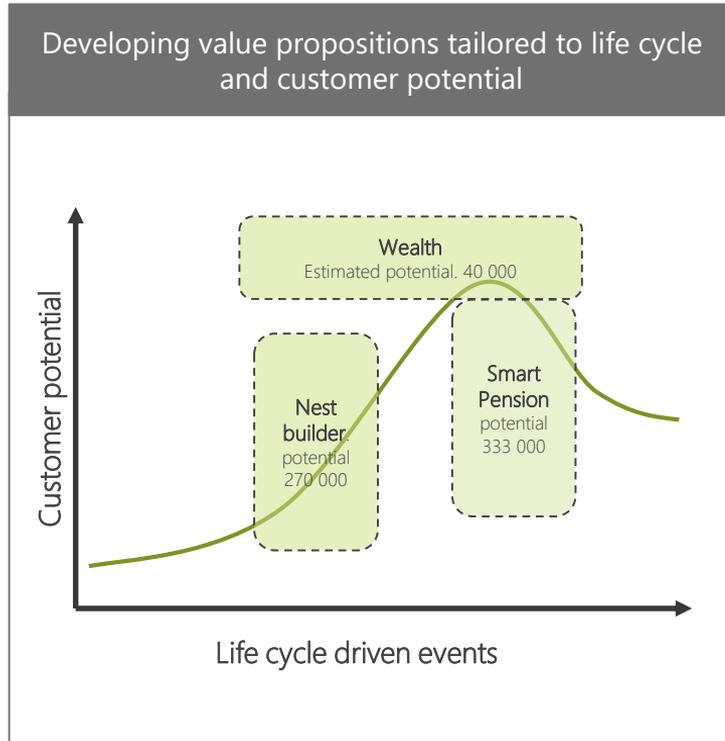


**Strong digital capabilities** and attractive customer solutions to support scalable growth



**Leverage partnerships** and explore **new business models** for increased distribution power and customer loyalty

# Attractive **value propositions tailored to segment needs** is a key driver of the growth agenda



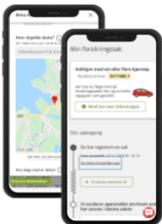
# Strong **digital capabilities** support scalable growth

## Digitalisation



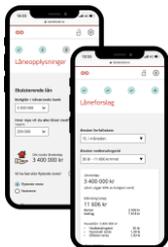
### New savings app

- > 100.000 users
- Platform for sales and engagement



### Claims

- > 85% digital claims share
- 43% claims process automation

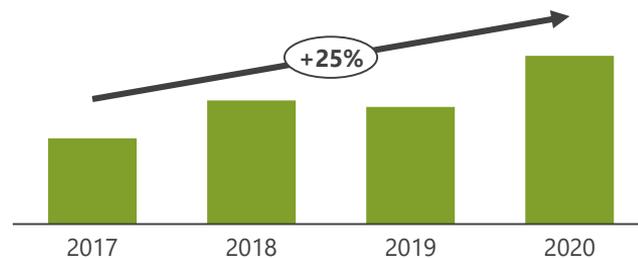


### Digital mortgage process

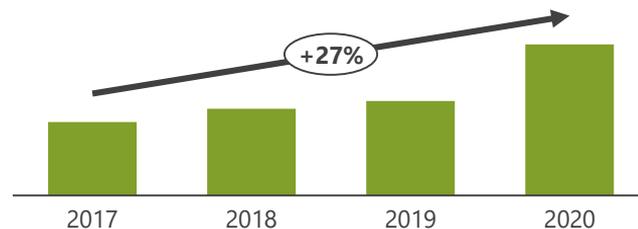
- Fully digital application process collecting data from four external providers

## Distribution

### Digital sales retail savings, AuM



### Digital sales insurance, Annual Premium



# Leveraging **partnerships** with large customer base **and exploring new business models**

## Growth through partners with large customer bases

- Increased distribution power and strengthened customer loyalty
- Access to attractive customer segments and customer bases
- Fueling growth in insurance and bank



**Huseierne**

**235 000** households  
April 2020

**A+** | **akademikerne pluss**

**130 000** members  
January 2015



**1 850 000** members  
December 2020

## Growth through new business models

- Explore new services and business areas
- Explore strategic options to build or be part of new ecosystems
- Learning and competency development



**250 000** cars sold  
June 2020



**Dreams**

**1 BNOK** saved  
June 2017



**Startup legal advice**  
June 2020

# Key Ambitions 2021-2023



Double digit growth  
retail insurance  
premiums

<92% combined ratio



Double digit growth  
retail savings AUM



Double digit growth  
retail mortgages

# Managing for Increased Profitability, a Strong Solvency Position and Growing Returns to Shareholders

Lars Aa. Løddesøl  
Group CFO





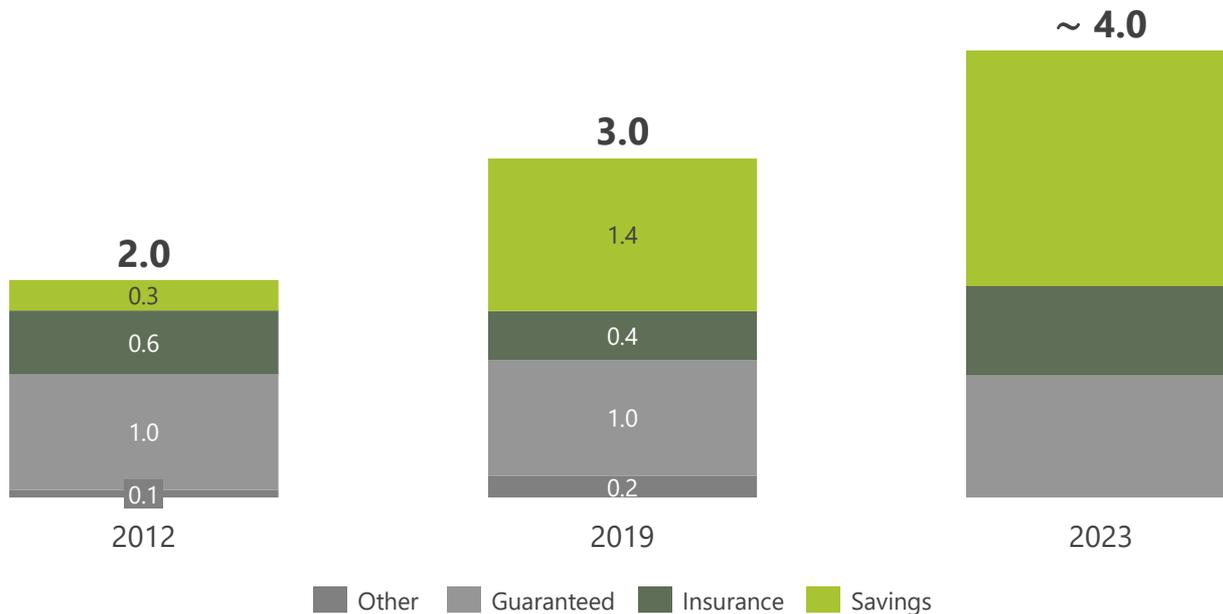
## Key Takeaways

- **Earnings growth** to bring group profit to NOK ~4bn in 2023
- Strong **cash generation** and **liquidity** ensure **ordinary dividend growth**
- **High quality investments** and **solid customer buffers** secure customers returns and protect shareholders' equity
- Strong **solvency position** and sound **capital generation**
- Run-off of guaranteed book estimated to **release NOK ~10bn** by 2030

Growth ambitions to bring group profit  
to ~4bn NOK in 2023

# Growth ambitions to bring group profit to NOK ~4bn in 2023

Group profit (before amortisation and tax, NOK billion)



# The ambition to reach NOK 4bn assumes margin pressure to be compensated by growth and cost discipline

	Unit Linked	Asset Management	Bank	Insurance	Guaranteed
Volume (NOK) Q3 2020	AUM 252 bn	AUM 921 bn	Lending 48 bn	Premiums f.o.a. <sup>1</sup> 4.3 bn (FY2020 est.)	AUM 277 bn
CAGR 2020-2023	~ 8-12 %	~ 7-11 %	~ 5-10 %	~ 10-15 %	< 0 %
Margin 2021-2023	Fee income ~ 0.6 % - 0.8 %	Fee income ~ 0.18 % - 0.22 %	Net interest ~ 1.1 % - 1.3 %	Combined ratio < 92 %	Fee income ~ 0.5 % - 0.6 %

# Sensitivities outside group control that may impact the result

**Todays forward curve**



**Normal risk premiums**



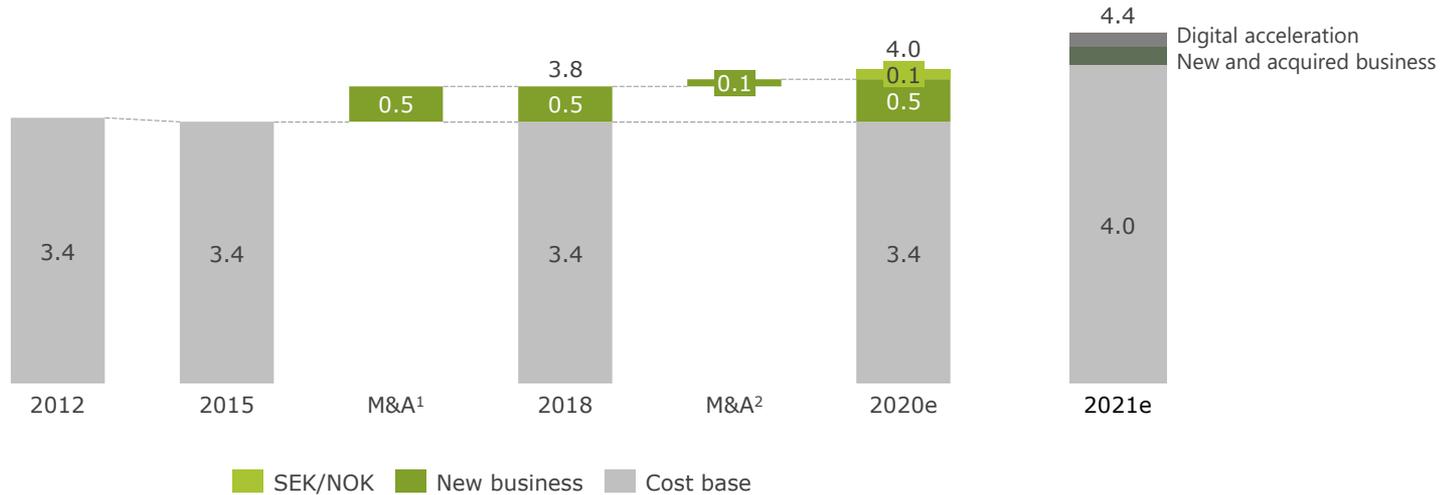
**Regulatory changes**



# Continued strong **cost discipline** and selective investments to **support earnings growth**

Flat nominal costs<sup>1</sup> 2012-2020 NOK bn

M&A, investments digitalisation and new business initiatives in 2021<sup>3</sup>

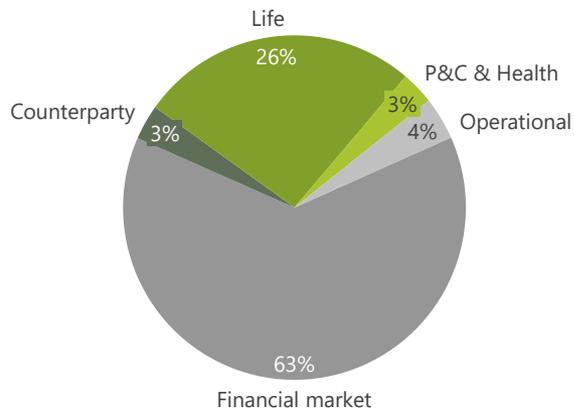


**PROVEN ABILITY TO ADAPT COST IF NEEDED**

# Solvency regime **rewards diversification** of risk

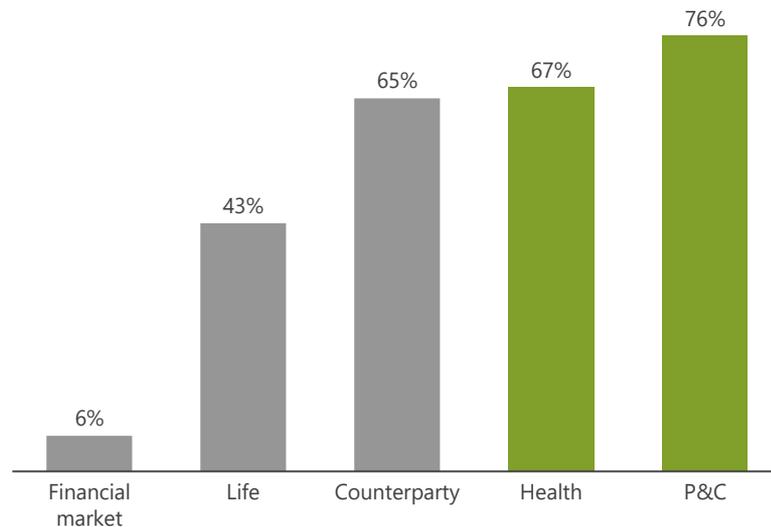
## SCR dominated by financial market risk...

% of net SCR before diversification

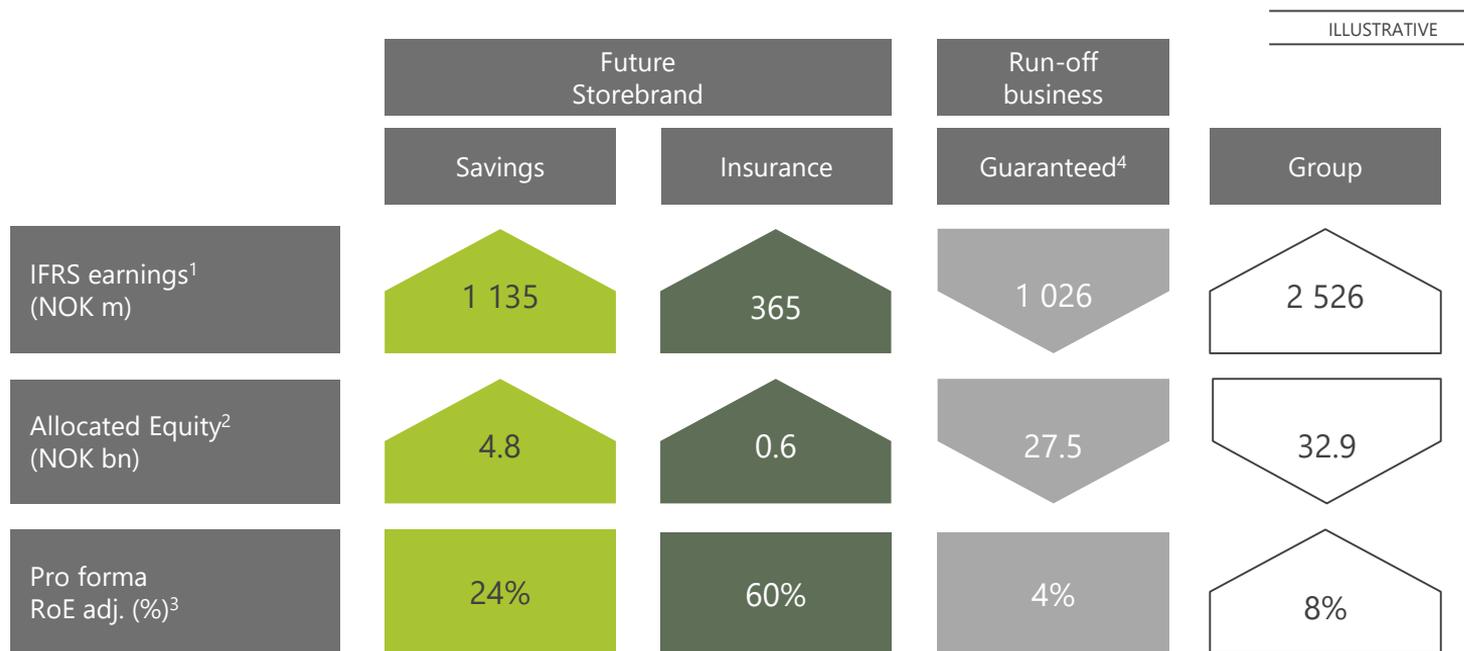


## ...gives strong diversification benefits to adding more insurance risk<sup>1</sup>

Percent of SCR diversified away under Solvency 2 for Storebrand Group

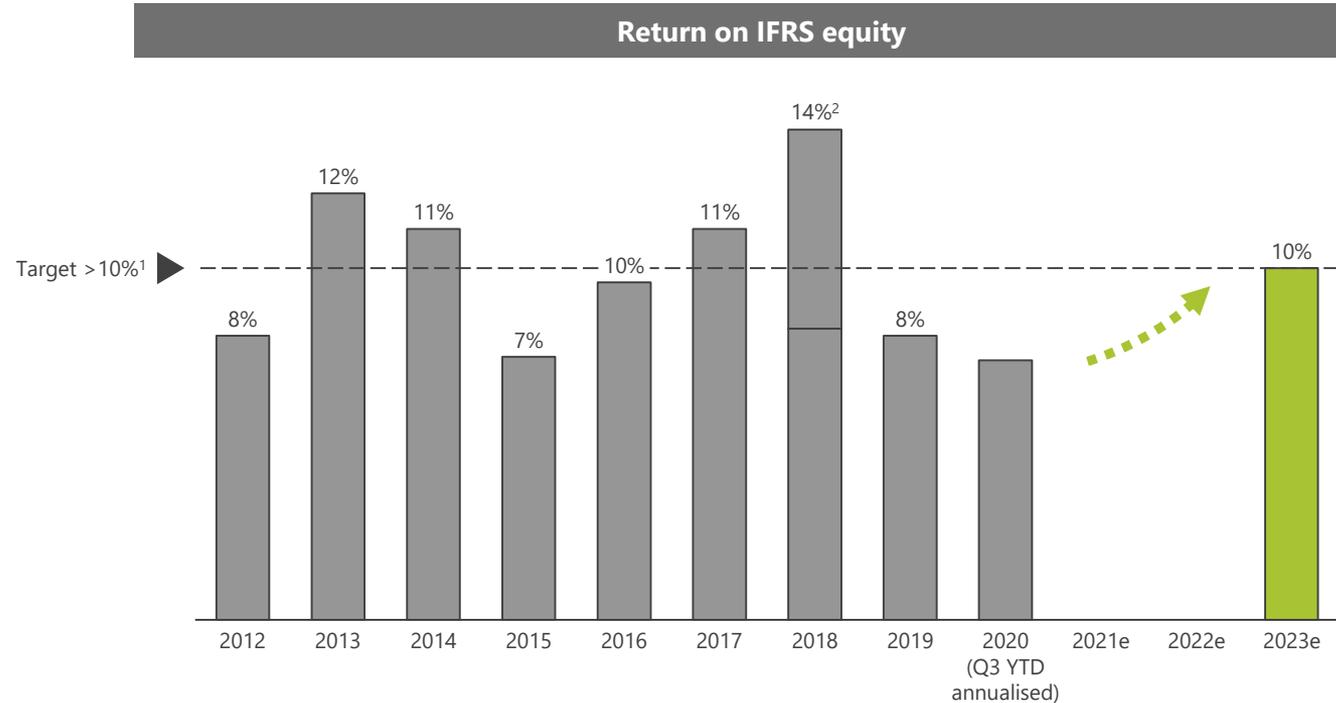


# Growing returns from front book and **capital release** from back book will generate a sustainable **Return on Equity > 10%**



The equity in the Group sits within different legal units. This allocation of equity is done on a pro-forma basis to reflect an approximation to the IFRS equity consumed in the different reporting segments after group diversification. The estimated allocation is based on the capital consumption under SII and CRD IV adjusted for positive capital contribution to own funds. Savings, Insurance and Other segment is calibrated at 150% solvency. The remainder of the capital is allocated to the Guaranteed segment.

# Sustainable ROE > 10% is expected from 2023



Strong cash generation and liquidity support ordinary dividend capacity

# IFRS earnings close to cash, high remittance ratio

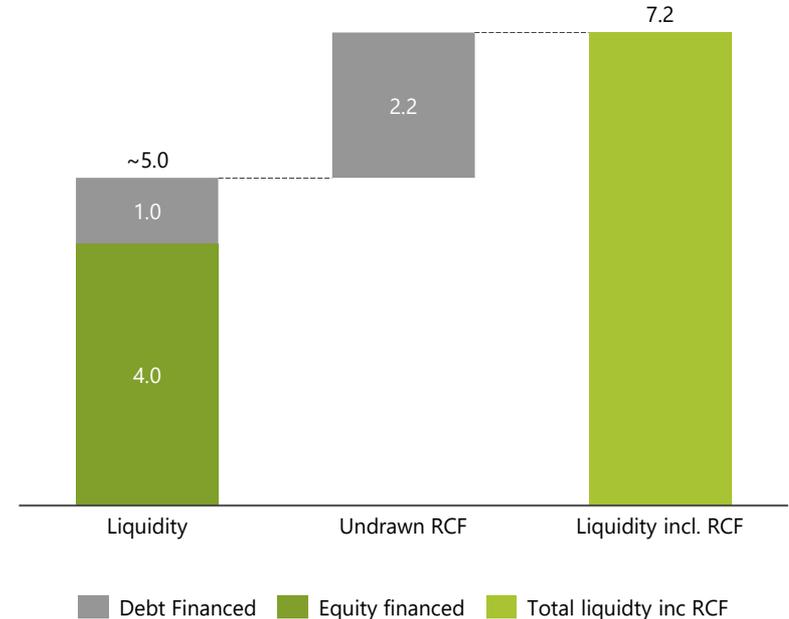
	Storebrand Life Group	Storebrand Forsikring	Storebrand Helseforsikring	Storebrand Bank	Storebrand Asset Management	Σ Group <sup>3</sup>
Earnings after tax <sup>1</sup> (NOK m)	1 846	101	24	213	414	2 082
Remittance <sup>2</sup> (NOK m)	1 520	118	65	60	576	2 339
Remittance ratio	82%	117%	271%	28%	137%	112%
Per share (NOK)	3.3	0.3	0.1	1.2	1.2	5.0

# Strong **liquidity position** gives additional flexibility

Increased equity financed liquidity



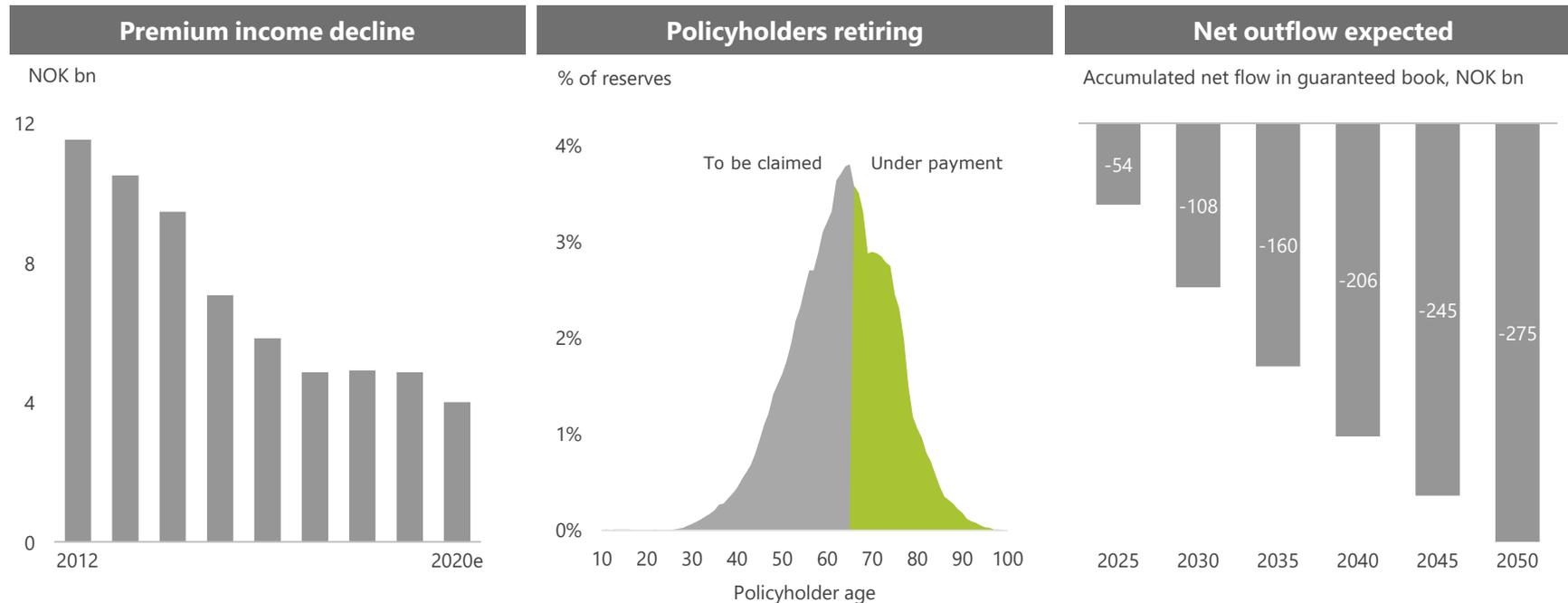
Liquidity position 2020e Storebrand ASA (holding), NOK bn



## Guaranteed book in run-off

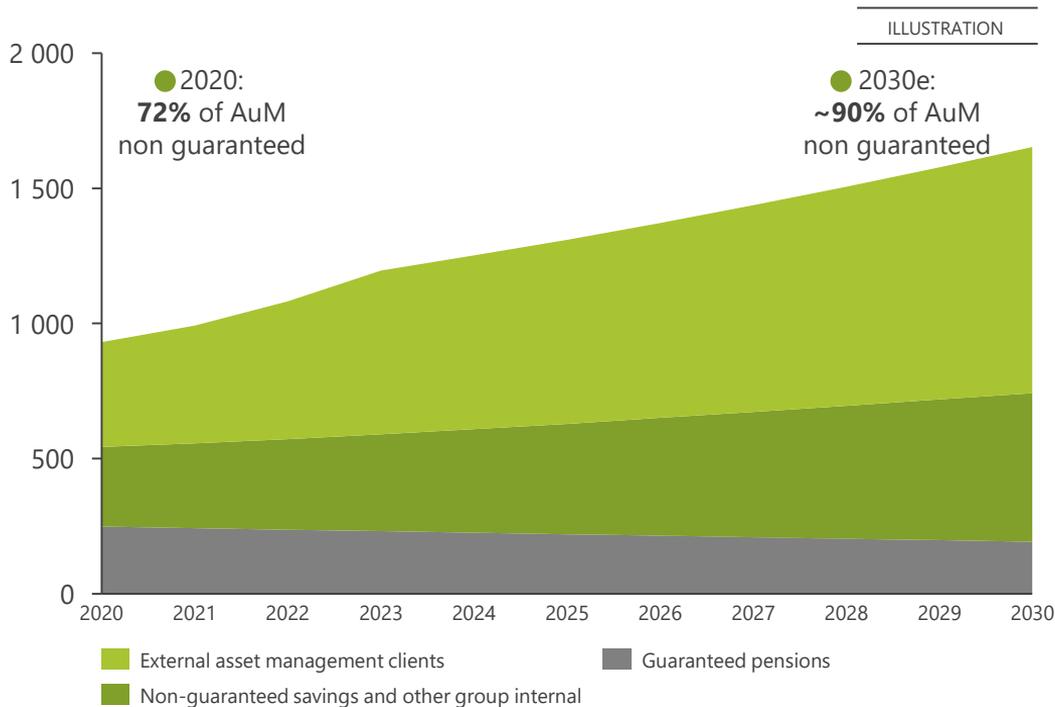
-High quality investments and solid customer buffers secure customers returns and protect shareholders' equity

# Guaranteed Back Book is in Run-Off



# High and growing share of **capital efficient AuM**

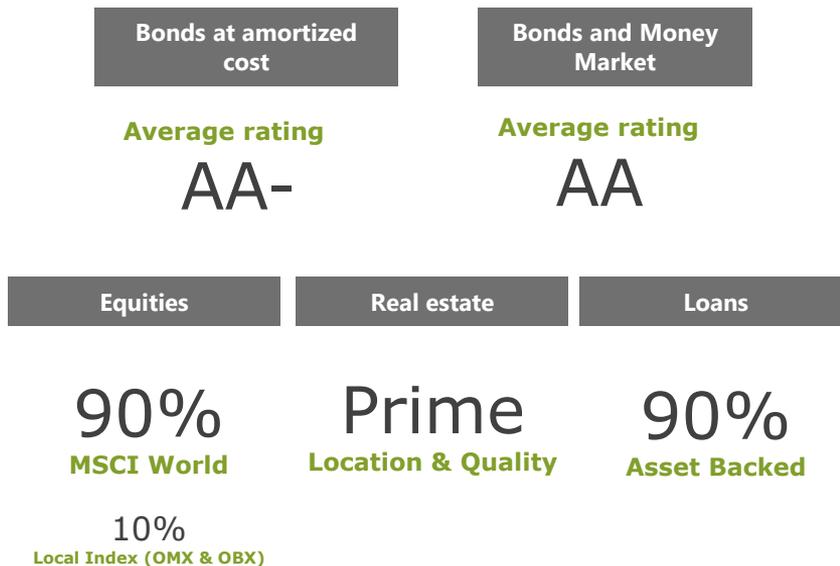
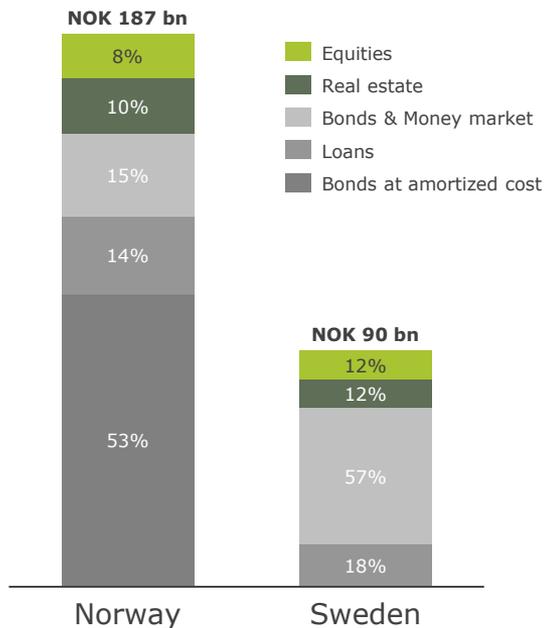
## Forecast assets under management in Storebrand Group (NOKbn)



## Implications

- Guaranteed pensions in run-off → will release capital
- AuM growth from external asset management clients and non-guaranteed savings → increased fee and adm. income and reduced sensitivity to financial markets
- Growing free cash flow and dividend capacity

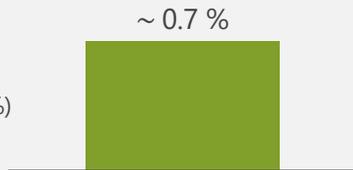
# High quality assets with fixed income as the backbone provide secure returns for guaranteed pensions



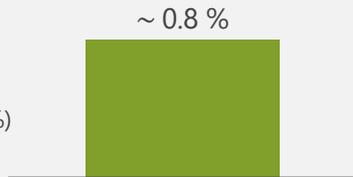
# Return above discount rate generates capital, strong buffers give risk capacity and stability

## Investment return over solvency II discount rate generates capital

**GUARANTEED NORWAY**  
Spread above discount rate (%)

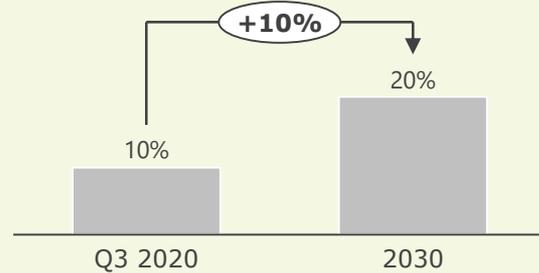
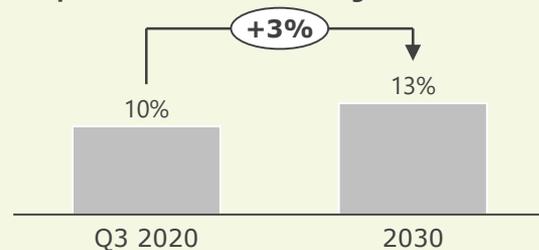


**GUARANTEED SWEDEN**  
Spread above discount rate (%)



## Buffers shield shareholders from short term IFRS volatility

Customer buffer in % of reserves – Growing with expected IFRS return above guaranteed rate<sup>2</sup>



Swedish DB portfolio only

96 | <sup>1</sup> Expected return based on current asset allocation with risk premia. Discount rate for liabilities based on Solvency 2 curve, hence including UFR and VA.

<sup>2</sup> Deterministic projection of expected return based on risk premia above today's risk-free forward curve.

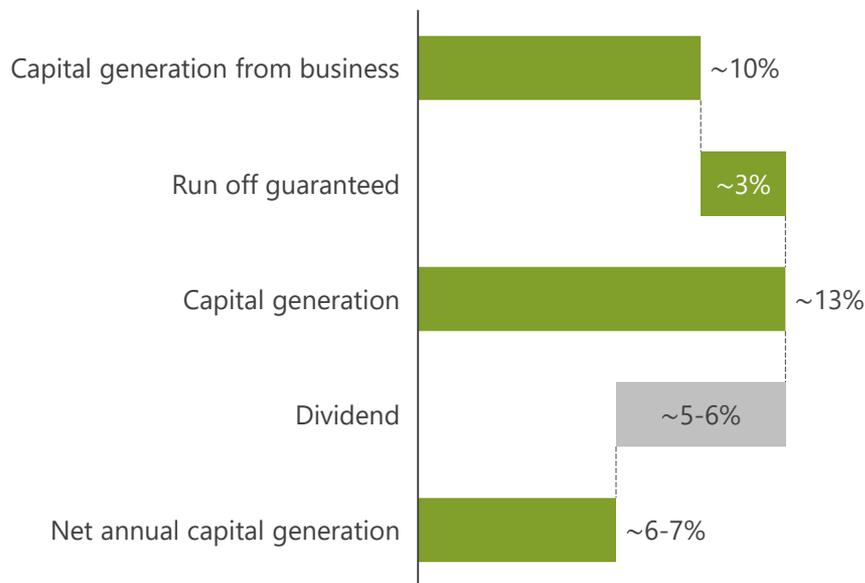
## Strong solvency position

-Capital generation to grow the solvency ratio to 180% by ~2023

# Continued **capital generation** will grow the solvency ratio and increase dividends

ILLUSTRATIVE

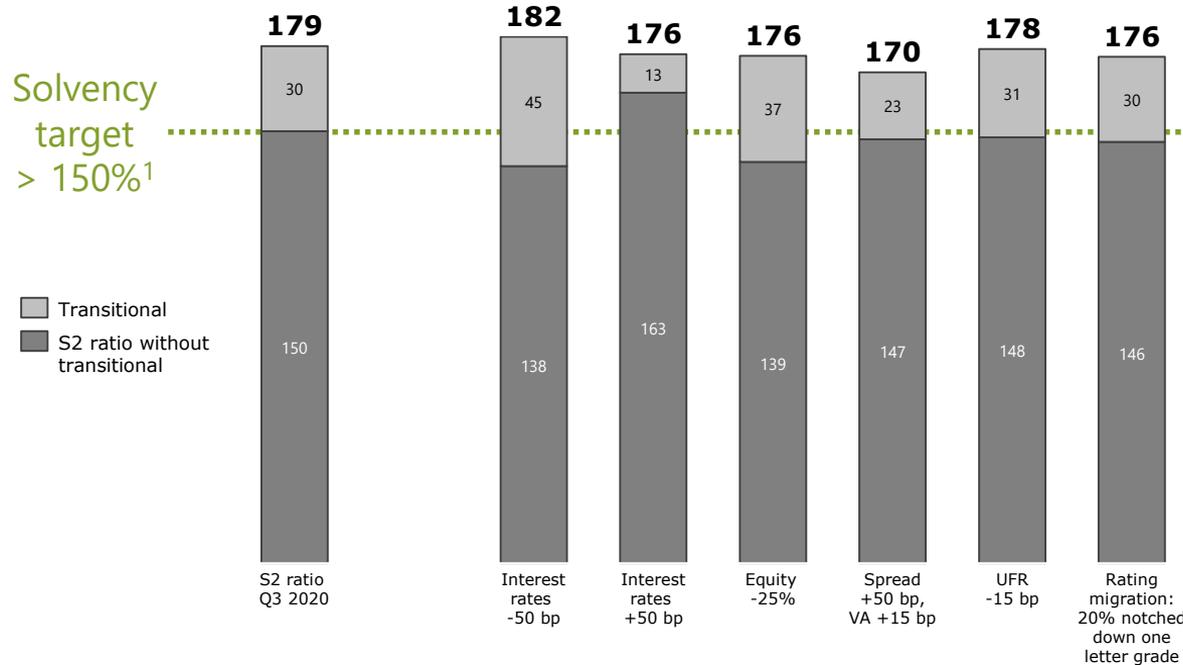
## Annual solvency generation 2021-2023 (%-points without transitional capital)



- Underlying solvency ratio without transitional is expected to grow at ~6-7% after dividends
- Transitional capital stabilises regulatory solvency ratio in case of lower interest rates
- Regulatory solvency with transitional is expected to remain stable due to amortisation of transitional capital in the next years
- Transitional capital expected to be phased out in 3-5 years
- Solvency generation and own measures are expected to bring solvency ratio without transitional to ~180% in 2023

# Solvency position is resilient towards market movements

Solvency 2 ratio main sensitivities (est.)



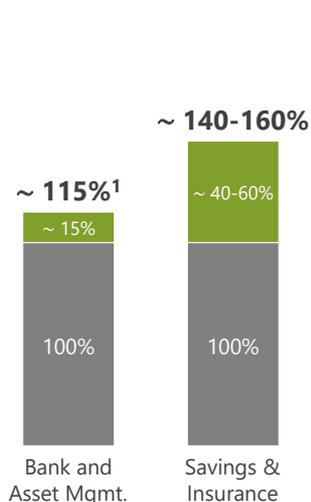
- Lower interest rates and market turmoil could lead to a reduction in the solvency ratio w/o transitionals
- This could delay the prospect of 180% solvency ratio in 2023
- Transitionals stabilise the regulatory solvency position in adverse market scenarios

# Target solvency ratios - more low risk and less volatile business means less need for solvency buffer in the future

■ SCR ■ Buffer over SCR

## 'Future Storebrand'

Low volatility business with less market risk. Lower solvency target needed.



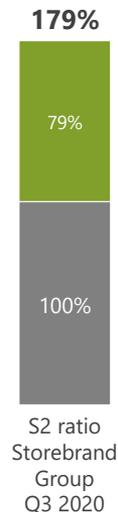
## 'Run-off business'

Interest rate sensitive business in run-off. Needs higher solvency target and to be backed by more capital.



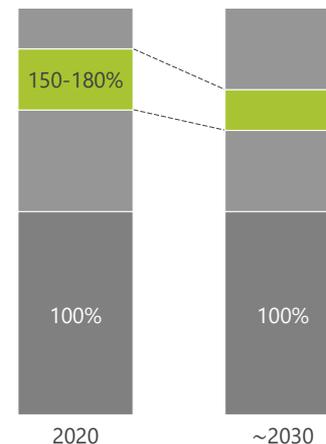
## Solvency 2 Group (Q3 2020)

Today's solvency buffer calibrated to 150-180% of the SCR based on today's business composition.



## Future Solvency 2 target range

Future target solvency level should be reduced as risk in the business reduces with run-off of guaranteed business.



# Toolbox available to **manage solvency**

## Adjustments in Risk Appetite



### Examples:

- Risk appetite and investment risk
- Group structure
- M&A

*Balance Solvency level today VS Solvency potential in the future*

## Solvency-increasing measures at a cost



### Examples:

- Subordinated Debt
- Investment hedging strategies
- Reinsurance

*Increased IFRS expenses today VS Solvency II increase today*

Run-off of guaranteed book will release  
NOK ~10bn by 2030, aim to start buy backs in 2023

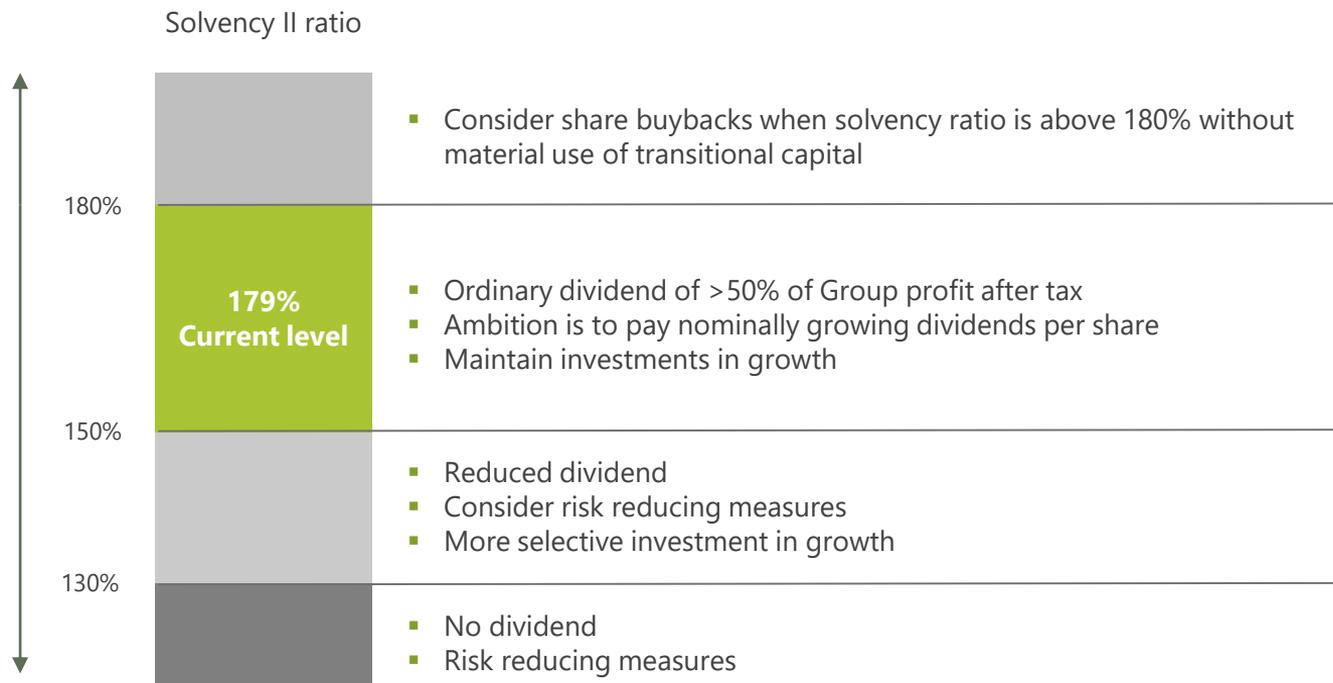
# Roadmap to **capital release** and **share buybacks**

*All scenarios:* Regulatory change, market volatility and decreased earnings are **risk factors** that can affect the pace and magnitude of capital release.

	Scenario	Description	Exp. Capital Release
<b>Roadmap to capital release and share buy backs</b>	<b>1</b> Increasing rates	<ul style="list-style-type: none"><li>Expect to reach 180% solvency before 2023, increased capital release sooner</li><li>Increased capital generation due to lower capital requirement (SCR)</li></ul>	<b>&gt; 10</b> billion by 2030
	<b>2</b> Base case: forward rate unfolds	<ul style="list-style-type: none"><li>Expect to reach 180% solvency in 2023</li><li>Capital generation expected to be around 6-7% after dividends</li></ul>	<b>~ 10</b> billion by 2030
	<b>3</b> Decreasing rates	<ul style="list-style-type: none"><li>Expect to reach 180% solvency after 2023, reduced and delayed capital release</li><li>Capital generation lower due to higher capital requirements (SCR)</li></ul>	<b>&lt; 10</b> billion by 2030

Storebrand can deploy measures in the form of changed risk appetite, subordinated debt or reinsurance to manage solvency.

# Group **capital management policy** sets thresholds for distribution of cash dividends



# Storebrand reaffirms its commitment to deliver **growing ordinary dividends** to shareholders



- **IFRS result growth** - *Ordinary dividends* minimum 50% of result after tax with nominal growth.
- **Capital release** from back book when solvency ratio is above 180% without material use of transitional capital. *Share buybacks preferred instrument.*

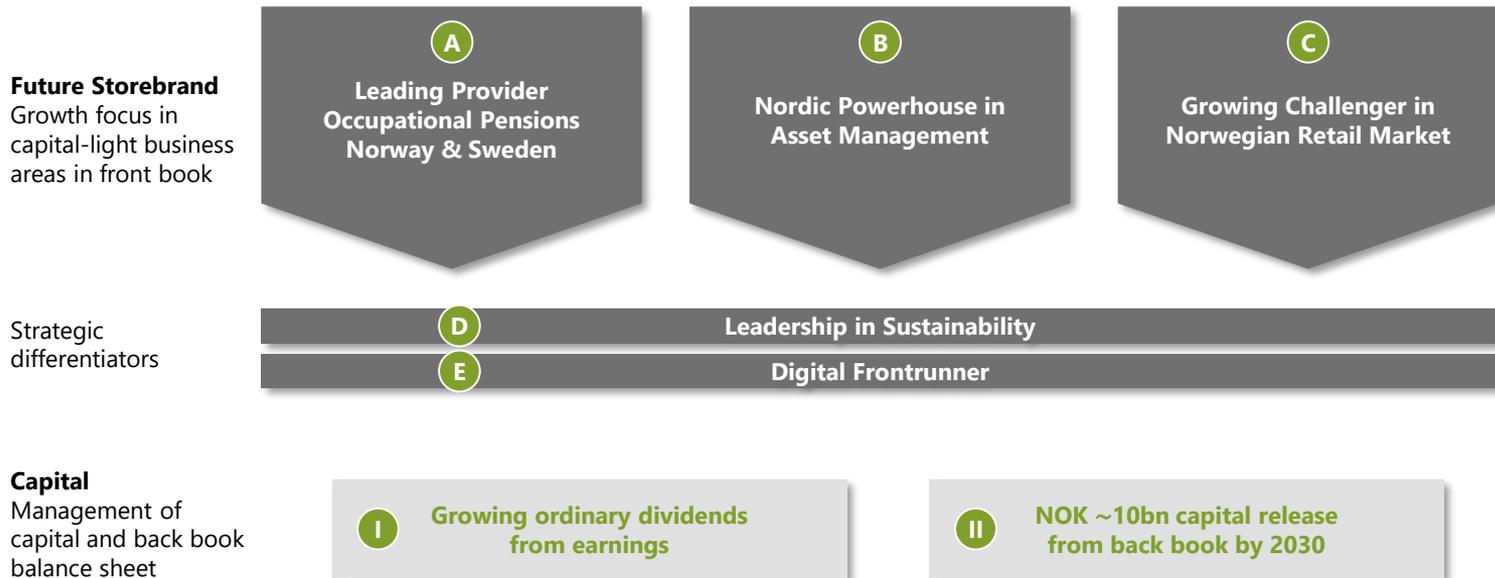
Wrap-up: Managing for increased profitability, a strong solvency position and increased return to shareholders

# Ambition to deliver on all financial targets by 2023

		Target
	Solvency II margin Storebrand Group <sup>1</sup>	> 150%
	Dividend pay-out ratio <sup>2</sup>	> 50% & nominal growth
	Return on equity <sup>3</sup>	> 10%

# Group Strategy

## Sustainable Nordic Savings and Insurance Group



Compelling combination of **self-funded growth** in front-book and **capital return** from maturing guaranteed back-book

# Appendix

Group structure

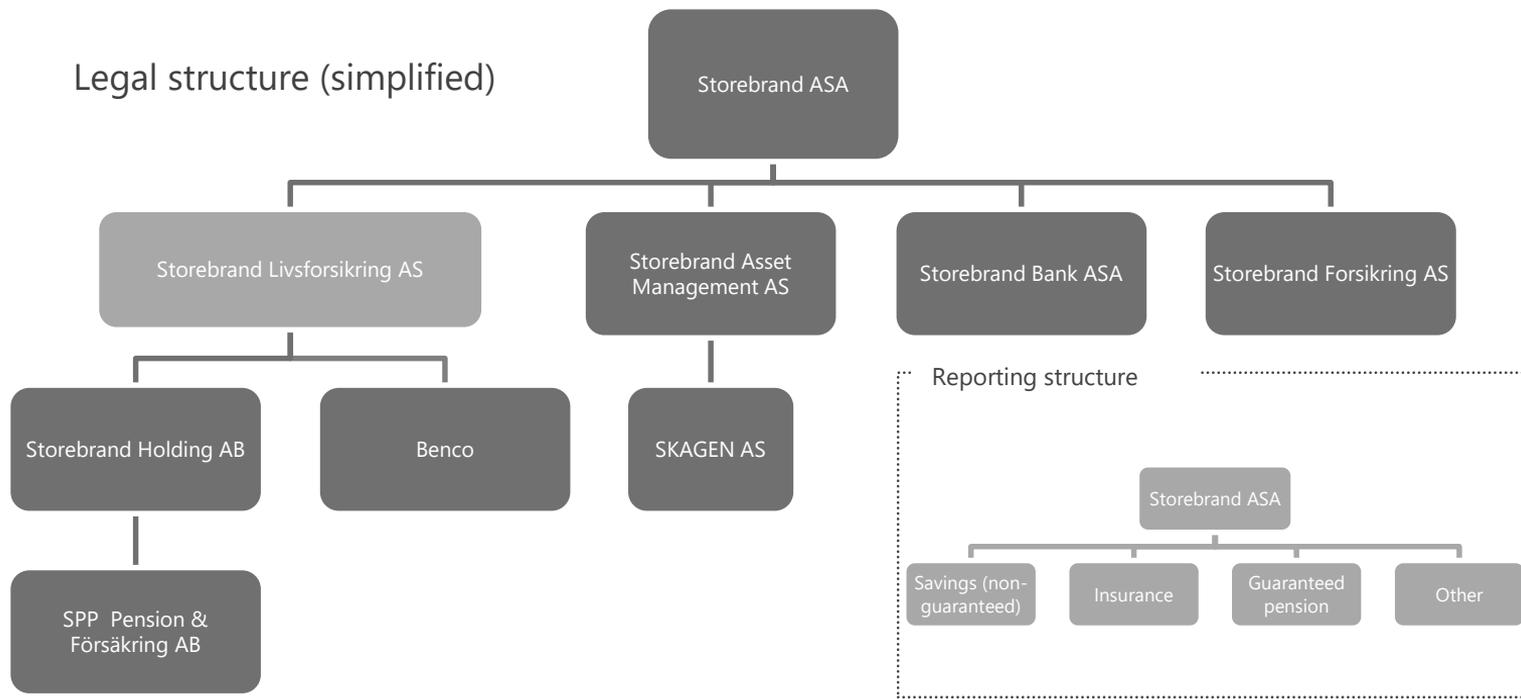
Group debt

Solvency 2 capital base Q3 2020

Investments

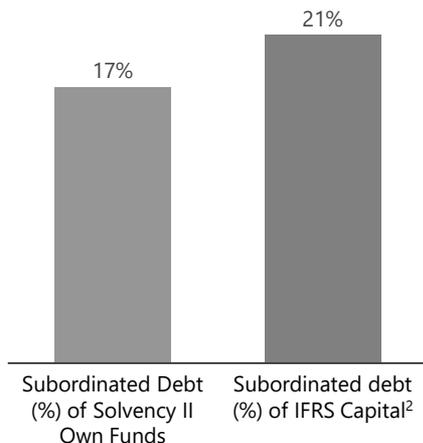
# Storebrand Group Structure

Diversified cash flow to holding company Storebrand ASA

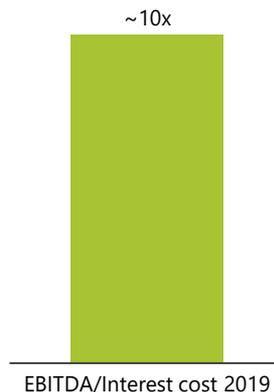


# Moderate leverage, fixed charge coverage, and rating give financial flexibility and more debt capacity

## Moderate leverage



## Strong debt servicing capacity



## Solid rating

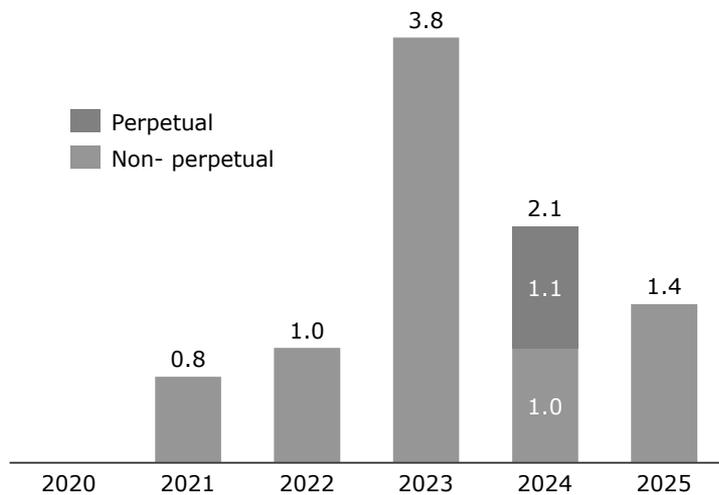


## Insurance Financial Strength Rating (IFSR)

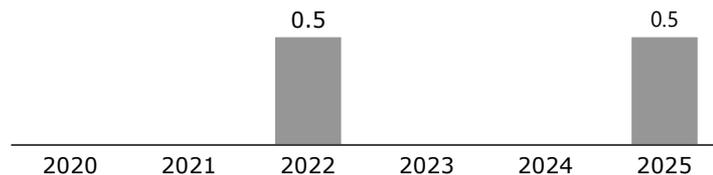
"We also anticipate that Storebrand's capitalization will remain in the 'AA' range according to our capital model" (S&P 2020)<sup>1</sup>

# Term structure debt

Term structure sub-debt Storebrand Livsforsikring<sup>1</sup> (NOK bn)

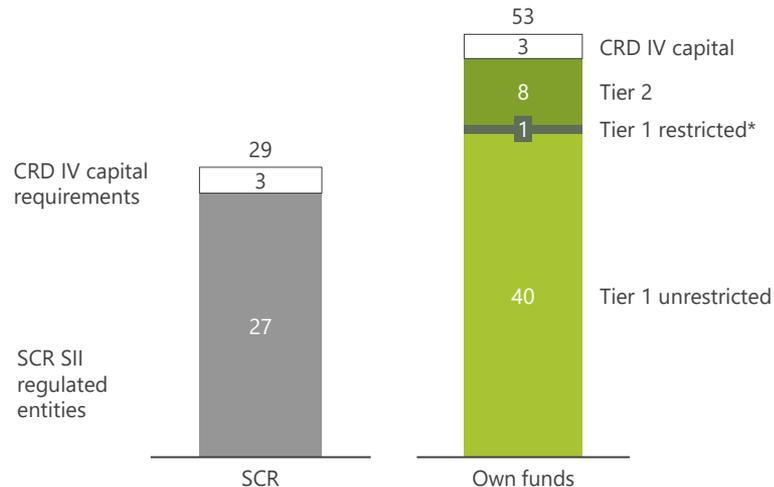


Term structure senior debt Storebrand ASA (NOK bn)



# Solvency II capital base Q3 2020

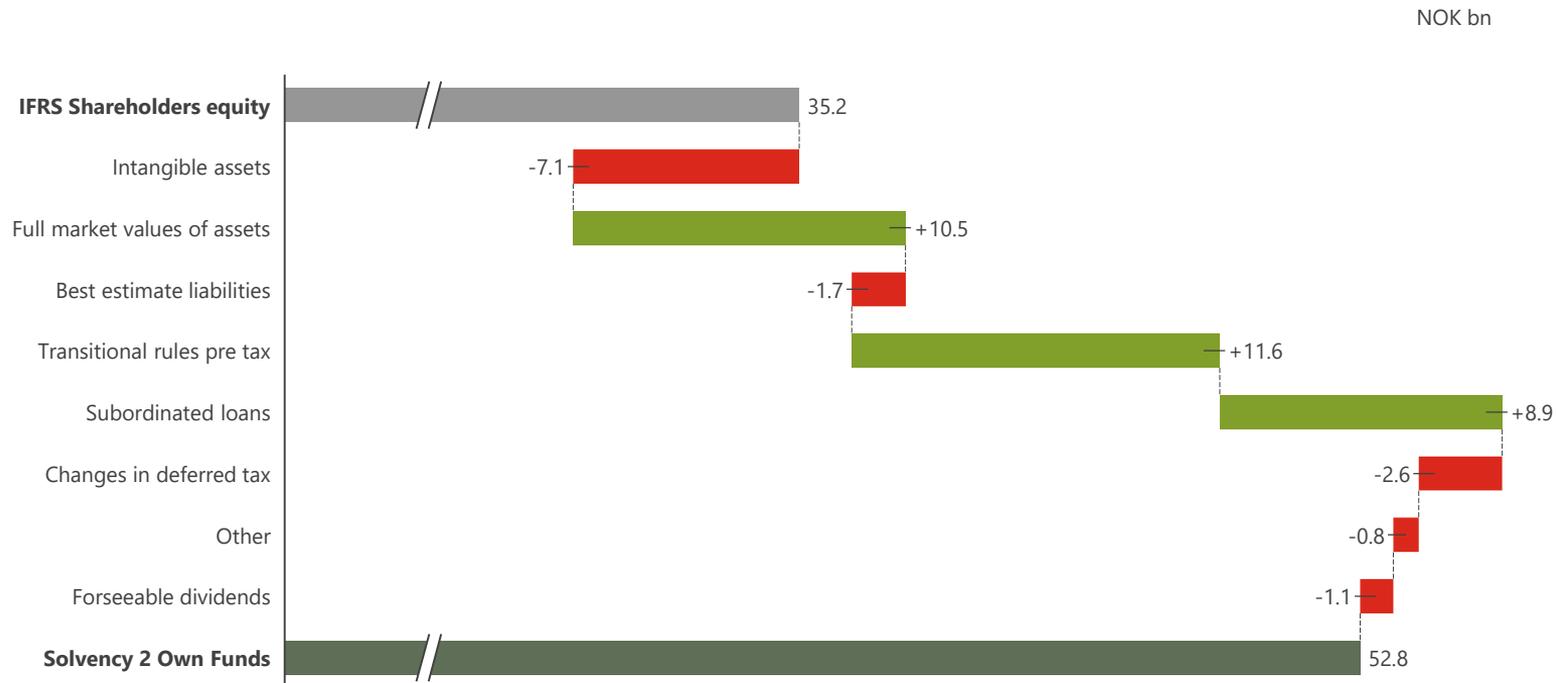
## SCR and own funds (NOK bn)



## Own funds in % of SCR (excluding CRD IV subsidiaries)

	Regulatory limit	OF % of SCR	OF % of total
Tier 3	≤ 15% SCR	0%	0%
Tier 2	≤ 50% SCR ∑ T2+T3	31%	17%
Tier 1 Restricted	≤ 20% T1	4%	2%
Tier 1 Unrestricted	≥ 50% SCR ∑ All T1	150%	81%
		185% <sup>1</sup>	100%

# From IFRS equity to Solvency 2 Own Funds



# Solvency Capital allocation main products

ILLUSTRATIVE PRO FORMA ALLOCATION BASED ON 179% SOLVENCY RATIO PER Q3 2020

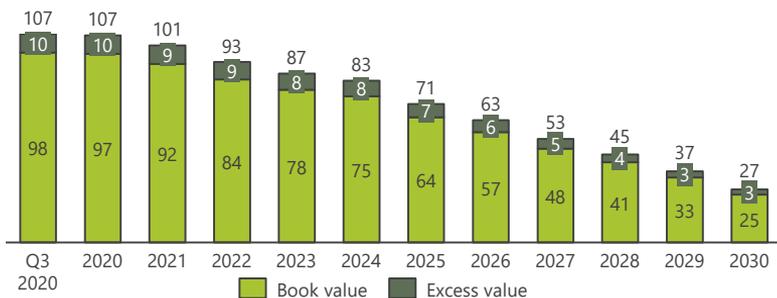
		Reserves (NOK bn)	Contribution to Own Funds ('VIF')	SCR	Solvency ratio – before use of hard capital	Hard capital to have 179% <sup>1</sup> Solvency ratio (NOK bn)	Run off/ Growth
Back book	Paid up policies and DB	165	1%	8%	~20%	21.2	RUN OFF
	High guarantees Sweden	70	2%	7%	~40%	6.9	RUN OFF
Future Storebrand	Low guarantees Sweden	19	4%	4%	~100%	0.7	GROWTH
	Unit Linked	252	4%	3%	~160%	0.7	GROWTH
	Insurance (Premiums)	4.3	14%	19%	~70%	0.9	GROWTH
	Retail Bank (Lending)	48	N/A	5%	114%	2.6	GROWTH
	Asset management (AuM)	921	N/A	~0%	135%	0.5	GROWTH

<sup>1</sup> Hard capital (subordinated debt + equity – intangible assets) allocated based on solvency margin excluding CRD IV companies. This implies 185% solvency ratio for products regulated under Solvency II. CRD IV companies measured under local requirements, equivalent to 14.4% CET1 ratio in Bank and CRD IV requirements in Asset Mgmt

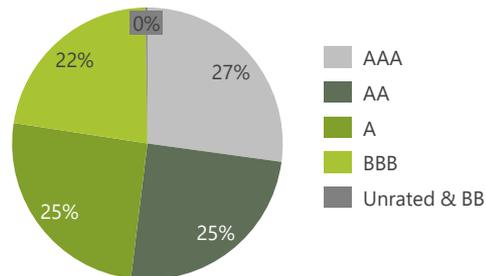
# High Quality Fixed Income I

## - Characteristics of Bonds at Amortised Cost<sup>1</sup>

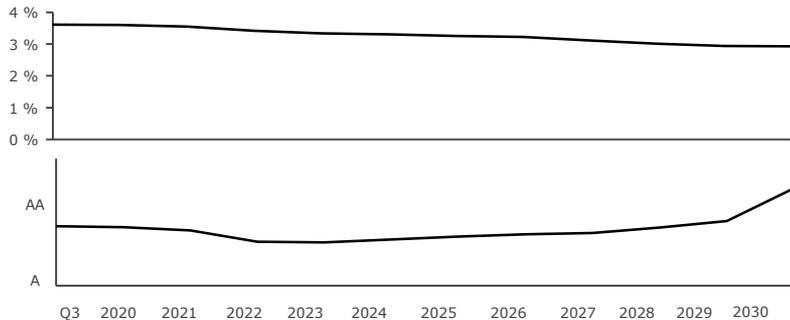
Market & book value – no reinvestment (NOK bn)



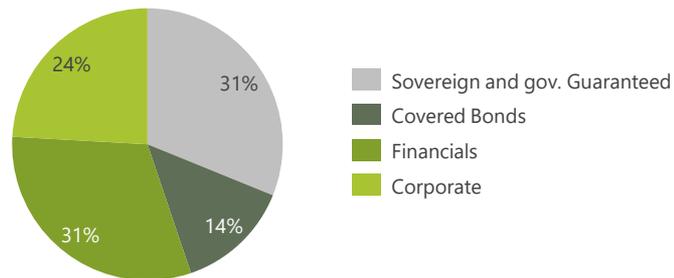
Rating distribution (%)



Yield and rating development – no reinvestment



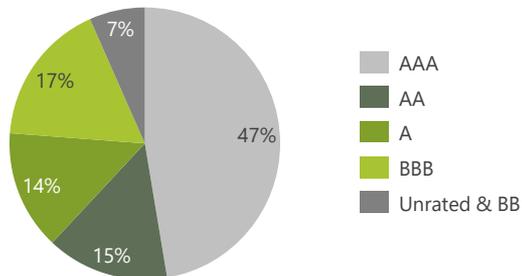
Sector distribution (%)



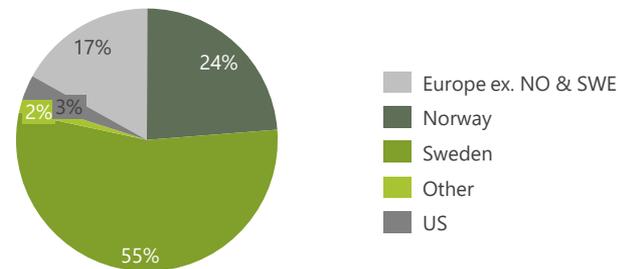
# High Quality Fixed Income II

## - Characteristics of Mark to Market Fixed Income<sup>1</sup>

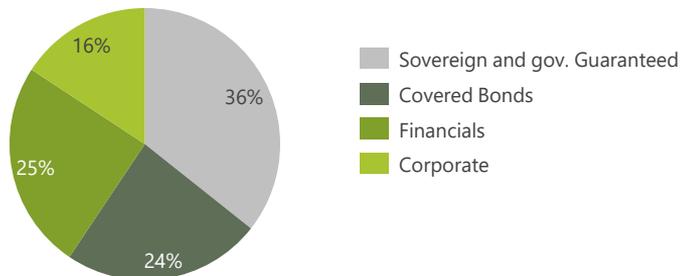
Rating distribution (%)



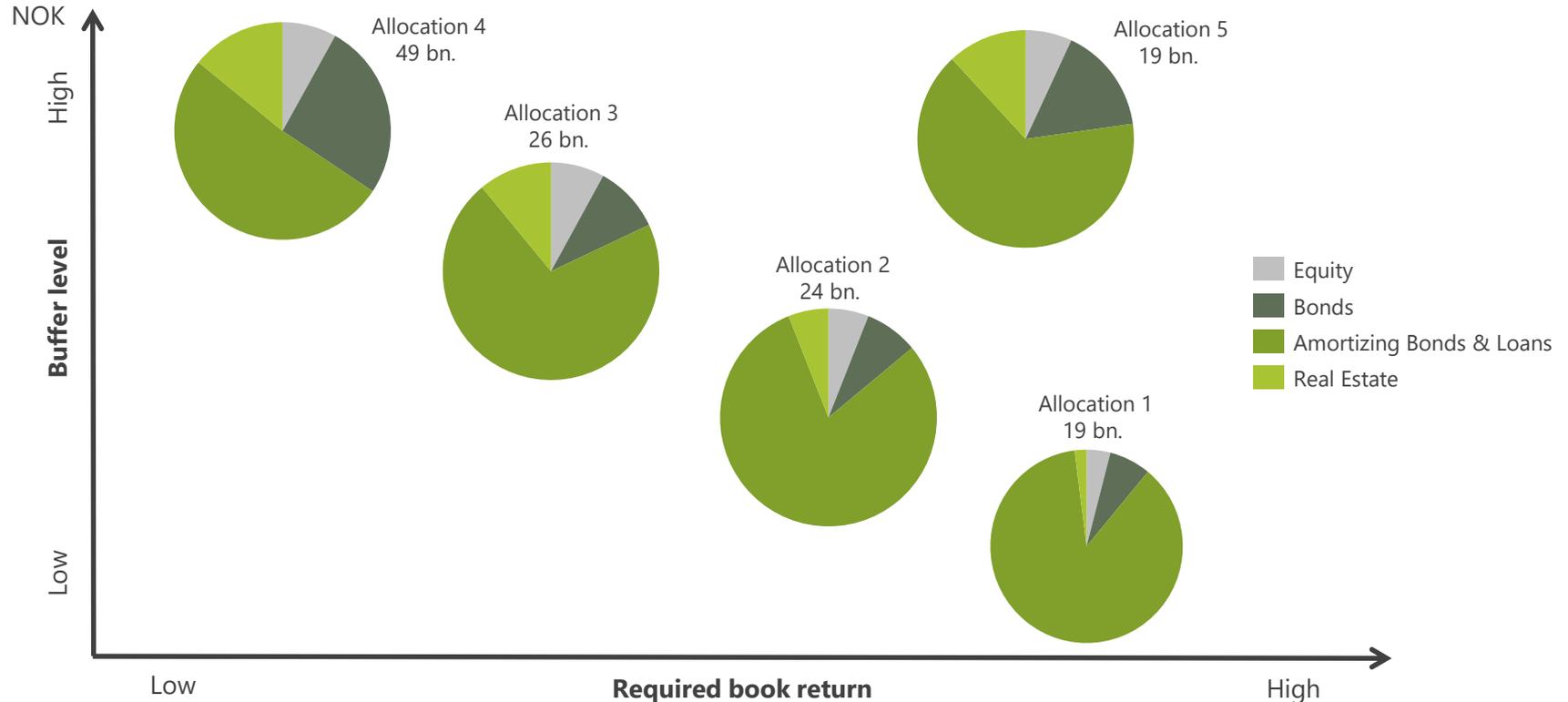
Geographical distribution (%)



Sector distribution (%)



# Paid-up policies Norway risk management tailored to liability characteristics





A future to  
look forward to

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IR & Rating

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://www.storebrand.com/ir).