

Storebrand ASA 1Q 2013: Stable growth and improved results

- **Group profit of NOK 552 million for 1st quarter**
- **17 per cent growth in premium income for non-guaranteed pensions**
- **7,4 per cent increase in fee and administration income**
- **Cost measures strengthens financial performance**

- We experience good cost control throughout the business. At the same time we successfully manage a shift from products with guarantees to non-guaranteed savings. This is in line with our strategy and valuable for our customers, says CEO in Storebrand Odd Arild Grefstad.

Positive sales and market development

Unit Linked insurance products show good growth both in Storebrand Life Insurance and in SPP. The Group's premium income for non-guaranteed pension products increased by 17 per cent during the quarter, while premiums for guaranteed pension products declined by 3 per cent.

- Storebrand is maintaining its position as market leader within non-guaranteed pensions in the Norwegian occupational pensions market. The increased number of retail customers mainly derives from employees in companies with pension plans in Storebrand. This is strategically important for us. In the Swedish market we have a challenger position and are pleased to see that we succeeded in sales within unit link products, says CEO Odd Arild Grefstad.

The net new sales volume in the asset management business (external discretionary funds and mutual funds) totalled NOK 909 million (1.3 billion) for the quarter. There was net redemption in the Norwegian operations, but this was more than offset by strong sales in the Swedish operations.

The retail market of the bank continues to develop positively. Good sales performance has resulted in growth in both lending and deposits.

Storebrand Insurance reported a 9 per cent growth in premium income during the quarter. A stable winter gives good results for insurance, which achieved a combined ratio of 87 per cent (85 per cent) in the quarter.

Strong growth in earnings and good cost management

The administration results in the Norwegian and Swedish life business improved as a result of cost measures, price adjustments and an increase in assets under management. The risk results are weaker than the previous year, especially within defined contribution. Profitability improvement measures are being implemented.

- Our pension customers have received good returns in the quarter. Defined contribution-customers in the largest investment portfolio have gained 5.1 per cent return in the quarter. Returns from the guaranteed pension portfolios have strengthened the capital buffers with a total of NOK 1.5 billion, says CEO Odd Arild Grefstad.

Assets under management have increased by NOK 11.7 billion in the quarter.

Storebrand Bank is experiencing positive growth of net interest income. Profits were weakened, however, by the negative change in the market value of fixed-rate loans as a result of an increase in lending rates. However, this will improve the margin going forward.

Capital structure and regulatory developments

The solvency margin in Storebrand Life Insurance Group (Storebrand Life Insurance and SPP) was 165 per cent at the end of the quarter. This is an increase of 3 percentage points since end of the year and primarily linked with the quarterly results and an increase in interest rates in Sweden.

The Financial Supervisory Authority of Norway determined that new mortality tables will be introduced for group pension insurance in life insurance companies and pension funds, effective from 2014 to build reserves for higher life expectancy (see press release 03/11/2013). The required build-up of reserves for group pensions is estimated to be NOK 11.5 billion or around 8 per cent of the premium reserves. Storebrand has set aside a total of NOK 4.3 billion during the period from 2011 to 2012 for future reserves for longevity. In addition, Storebrand has built NOK 0.7 billion in buffers available for longevity provisions during the quarter.

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Contacts:

Elin M. Myrmel-Johansen
Director of Communications, mob +47 934 80 538

Trond Finn Eriksen
Head of Investor Relations, mob +47 991 64 135