

## Storebrand ASA 2Q 2013: Top line growth and reduced costs

- **Group profit of NOK 518 million in 2Q and NOK 1,070 million year to date**
- **17 per cent growth in premium income for non-guaranteed savings year to date**
- **Costs reduced according to plan**

Storebrand's group profit was NOK 518 million for the 2<sup>nd</sup> quarter of 2013, an increase of NOK 172 million compared with the same period last year.

### **Strengthened market position and growth in Unit linked savings**

Unit-linked products show good growth in both Norway and Sweden. The Group's premium income for non-guaranteed pension products increased by 17 per cent year to date.

- We maintain and strengthen our position as the market leader in the Norwegian occupational pensions market, and are satisfied with the growth in the non-guaranteed pension market both in Norway and Sweden, says CEO in Storebrand, Odd Arild Grefstad.

Within the retail business Storebrand has developed new customer concepts and experience customer growth.

- Storebrand aims to be the best provider of retirement savings solutions, and this development gives additional motivation for future work, Grefstad says.

### **Managing cost**

Cost measures have reduced costs from the same quarter last year. The Group's cost programme will have an increased impact during the remainder of 2013 and will achieve full effect by the end of 2014.

- Cost measures are being implemented and contribute to the improved result, Grefstad states.

Within guaranteed pension, revenues increase and costs decrease. Earnings this quarter have been sufficient to enable the allocation of a further NOK 0.5 billion to the build-up of reserves for higher life expectancy in Norway. SPP's earnings were negatively affected by the rise in interest rates during the quarter, but were nevertheless sufficient to create net profit sharing.

### **Need for more clarity on future pension regulations**

The Norwegian pension system in the private sector is facing major changes. On 28 June 2013, the Ministry of Finance decided to keep the maximum guaranteed interest rate for life insurance unchanged at 2.5 per cent. The Ministry also decided not to introduce the new pension legislation in 2014, unlike previously planned.

- We regret that the introduction of new pension products and higher maximum saving limits for pensions is postponed. Many of the companies with defined benefit plans have postponed the transformation of these plans in anticipation of new product solutions. The authorities should therefore ensure a rapid implementation of the already adopted law on paid-up policies with investment alternatives and increase the maximum saving limits for the present defined contribution pension schemes, says CEO Grefstad.

A new regulatory framework in combination with our customers' own choices lead to a shift from pension products with guarantees to unit-linked based pension products. Storebrand's strategy underpins this development. In the first half of 2013 clients with guaranteed pension at Storebrand and SPP have transferred out reserves totalling NOK 8.3 billion from guaranteed pensions.

### **Capital situation**

The solvency margin in Storebrand Life Insurance Group (Storebrand Life Insurance and SPP) was 174 per cent at the end of the quarter. This is an increase of 9 percentage points over the quarter and 12 percentage points since the end of last year, primarily due to an increase in long-term interest rates in Sweden and the quarterly results.

**Organisational changes support the strategy**

In the 2<sup>nd</sup> quarter Storebrand introduced organisational changes to strengthen the implementation of the company's strategy. Accordingly, the financial reporting has been changed, starting in Q2 2013, to better reflect the operational structure of the business.

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