

Storebrand

Q3 2014

29 October 2014

Odd Arild Grefstad – CEO

Lars Aa. Løddesøl – CFO

Highlights Q3 2014

Result

- Group result of NOK 632 mill in Q3 and 2 110 mill YTD
- Strong increase in Fee and administration income in Savings, compensates reduction in Guaranteed pension
- 64% growth in results within Savings YTD

Operations

- Paid-up policies with investment choice introduced
- Proposal for 16 years transition period into Solvency II
- Nominal cost down 3.9% YTD

Balance sheet

- Buffer capital and longevity reserve strengthening of NOK 7.7 bn YTD¹
- Longevity reserve strengthening of NOK 2.7 bn² YTD
- Solvency ratio 182%

¹ See table on page 17 for description

² Consist of unallocated result of 2.4 b n and shareholders direct contribution of 0.3 bn.

Storebrand Group

- strong results



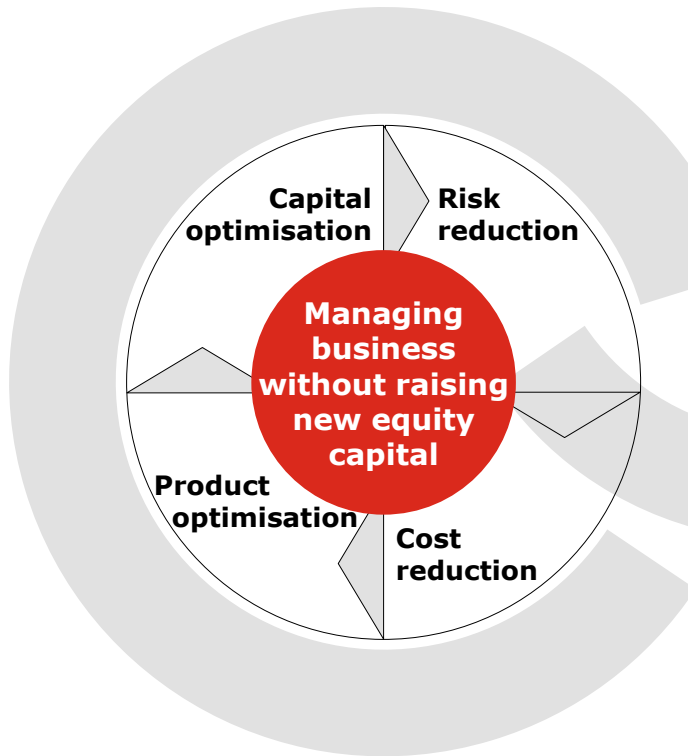
Result

NOK million	Q3		01.01 - 30.09		Full year
	2014	2013	2014	2013	2013
Fee and administration income	1 096	1 067	3182	3139	4 253
Underwriting result	246	363	856	866	1 111
Operational cost (non-recurring items excluded)	-768	-798	-2348	-2444	-2 938
Financial result	85	93	356	87	97
Result before profit sharing and loan losses	660	725	2047	1647	2522
Net profit sharing and loan losses	62	86	333	236	416
Shareholder direct equity contribution for longevity	-90	0	-270	0	0
Result before amortisation and write-downs	632	811	2110	1883	2 938
Amortisation and write downs of intangible assets	-108	-112	-326	-322	-739
Result before tax	524	699	1 783	1561	2 199
Tax	-147	-10	-401	28	-209
Sold/liquidated business	-0	0	-0	-2	-4
Profit after tax	376	689	1382	1587	1 987

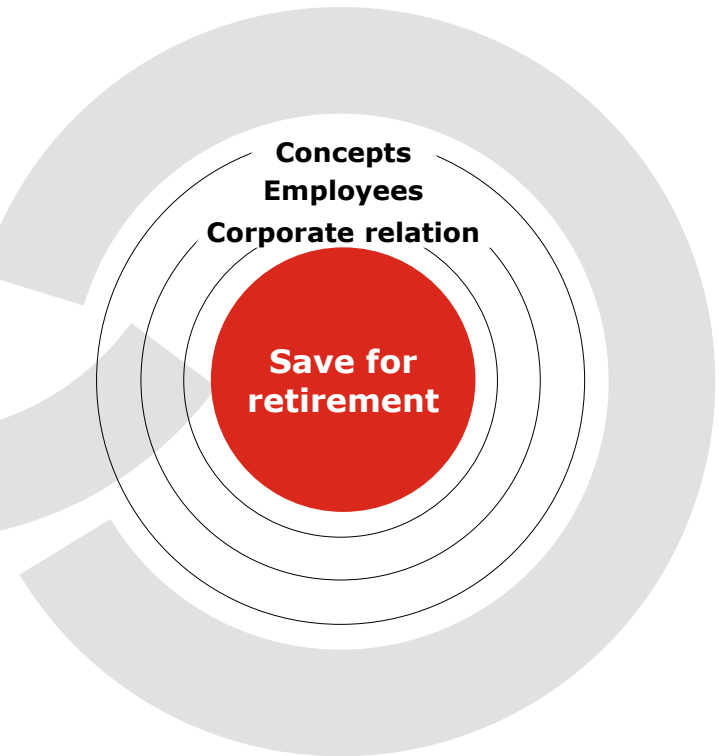
Our strategic response to changing market conditions

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

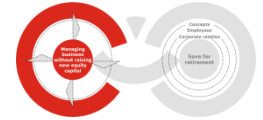
Managing the balance sheet



Developing the business

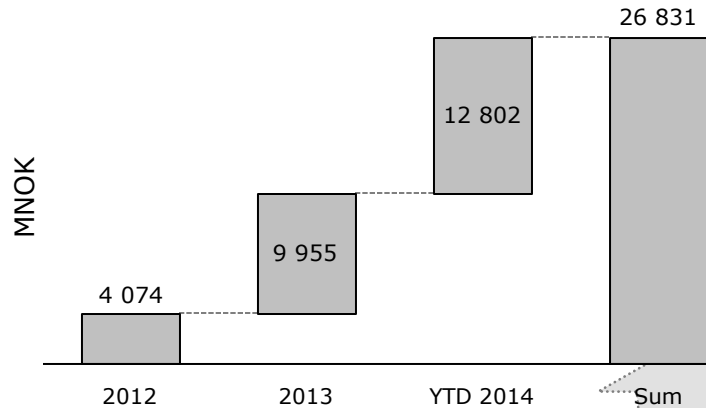


Managing the balance sheet



Capital optimization

Transfer out of guaranteed products



Risk reduction

- Reduced equity exposure
- More granular segmentation of guaranteed portfolios

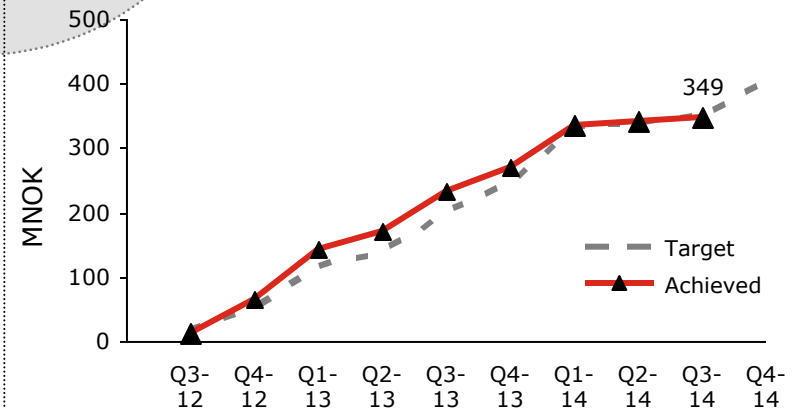
Managing business without raising new equity capital

Product optimization

- NOK 9 bn in closed pension fund solutions sold to municipalities YTD
- Corporate bank exposure reduced by 53% YTD

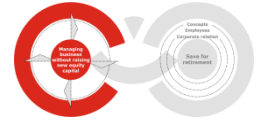
Cost reduction

Accumulated run-rate, annual effects



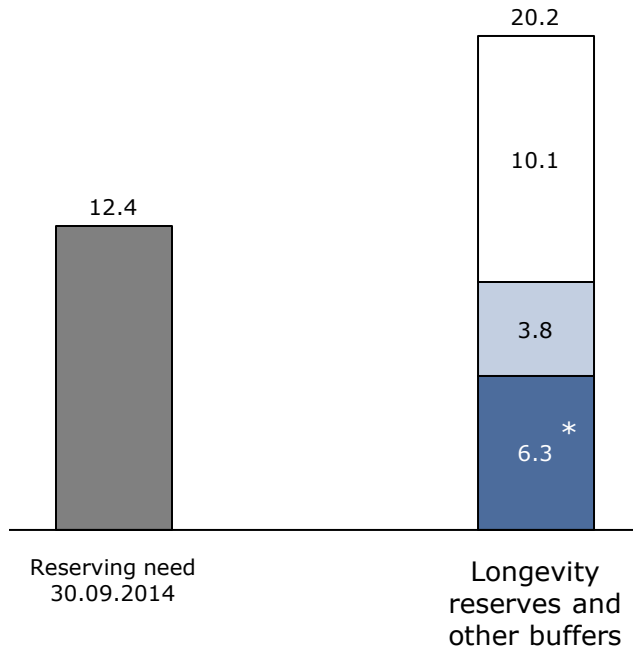
Longevity

- 2.4 bn reserved for longevity YTD



Reserving needs and reserves

- Reserving need
- Excess value Bond at Amortised Cost
- MVAR
- Reserved by 30.09.2014 ¹



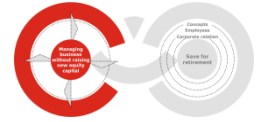
Longevity reserve strengthening

- Total reserve strengthening need NOK 12.4 bn
- NOK 3.6 bn reserved before 2014, based on final reserving rules²
- Longevity reserve strengthened by NOK 2.4 bn YTD
- NOK 270 mill YTD in direct contribution from shareholders for longevity reserve strengthening

¹Includes unallocated customer results as of 30.09.2014 and previously allocated reserves for longevity.

²Previous reported 4.1bn. Final reserve strengthening rules (no solidarity) reduces this to 3.6 bn, as previously indicated

Latest regulatory clarification: rules for Solvency II implementation in Norway

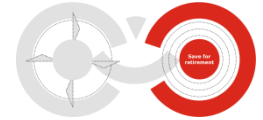


Proposals from Norwegian FSA

- "Volatility adjustment": insurance companies can make use of the "volatility adjustment" rules (adjustment for credit risk) when calculating the value of the insurance liabilities for Solvency II purposes.
- Gradual increase in stress test for equities from 22% to 39% over 7 years
- 16 years gradual transition to the Solvency II value of the liabilities



Paid-up policies with investment choice



- Storebrand started offering paid-up policies with investment choice 15 October
- Targeted customer communication
- NOK 160 mill and 700 customers transferred by Monday 27th October
- >50% converted through internet

storebrand

08880 Chat Med oss JA, kontakt oss Min profil

Ø Oversikt Bank Sparing **Pensjon** Forsikring Utbetaling

1 Innledning 2 Sammenligning 3 Dine tall 4 Risikoavklaring 5 Signering 6 Kvitteing

Bedre pensjon gjennom bevisste valg

Hva har du i dag?
Den fripolise har i dag en garantert minstekontrakt som er nødvendig for å gi deg den garanterte årlige utbetalingen som pensjonist. Denne har du hittil ikke hatt mulighet til å påvirke.

Hva kan du bytte til?
Du kan nå bytte til fripolise med investeringsvalg. Ved å bytte til fripolise med investeringsvalg kan du være med å påvirke avkastningen og dermed din fremtidige pensjon. Utbetalingene er ikke garantert og kan variere fra måned til måned.

Hva bør du gjøre nå?
Vi ønsker at du skal gjøre gode valg for din pensjon. Gå videre for å se hvilke muligheter du har. Du vil få råd om å bytte dersom beregningen viser at du kan forvente å få en høyere pensjonsutbetaling. Du kan også velge å beholde dagens fripolise.

Hva er en fripolise? +

Hva består pensjon av? +

Se sammenligning

New 'Akademikerne' insurance contract with 110 000 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.

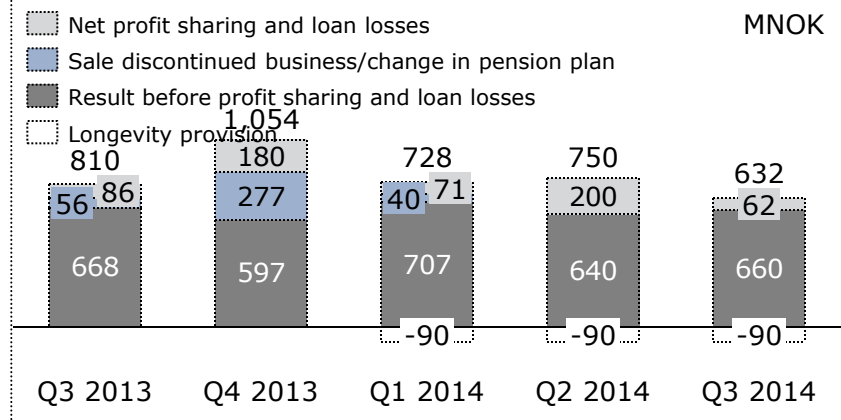


Key figures

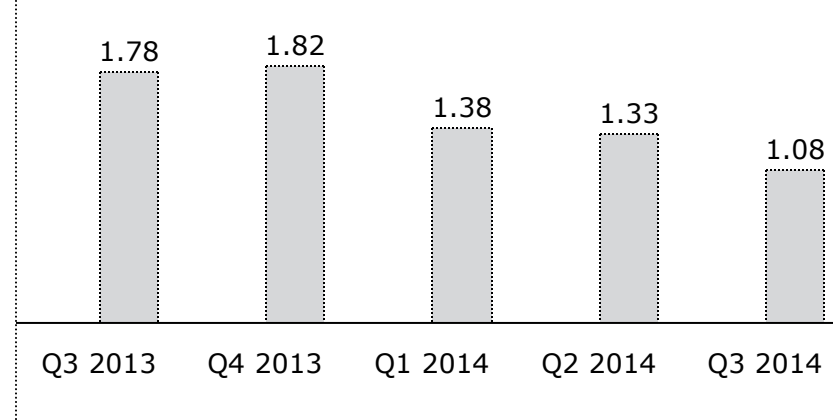


Group

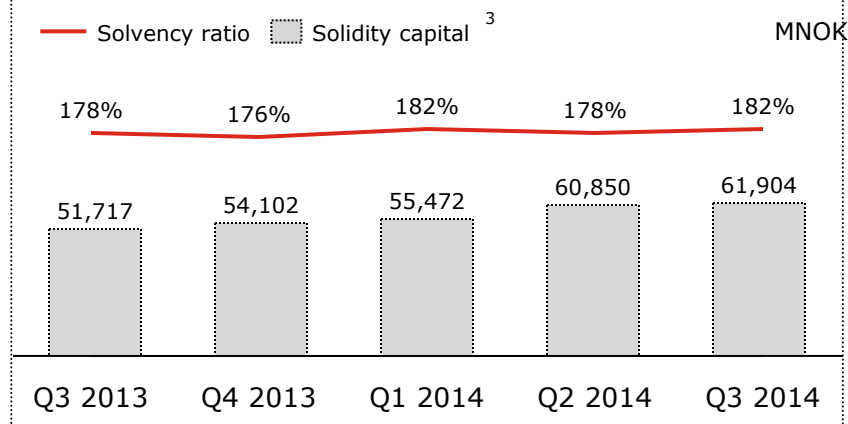
Result development



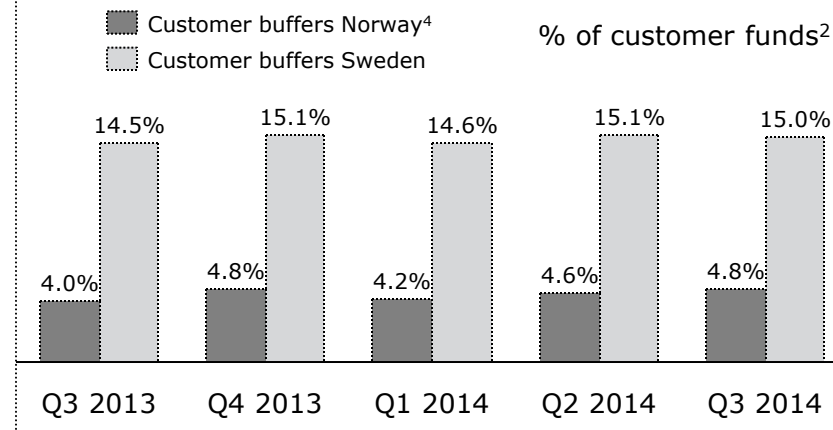
Earnings per share¹



Solvency ratio Storebrand Life Group



Customer buffers development



¹ Earnings per share after tax adjusted for amortisation of intangible assets.

² Customer buffers in Benco of NOK 2.0 bn are not included

³ Solidity capital/customer buffers does not include provisions for future longevity reservations

Storebrand Group

- top line growth and cost control



Result

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Fee and administration income	1 096	1 067	3182	3139	4 253
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Result per line of business

NOK million	Q3		01.01 - 30.09		Full year
	2014	2013	2014	2013	2013
Savings (non-guaranteed)	241	146	612	373	670
Insurance	135	315	516	592	774
Guaranteed pension	233	293	847	928	1 376
Other	23	56	135	-10	119
Result before amortisation and write-downs	632	811	2110	1 883	2 938

Savings (non-guaranteed)

- 13% top line growth



Result

NOK million	Q3		01.01 - 30.09		Full year
	2014	2013	2014	2013	2013
Fee and administration income	554	490	1585	1399	1 888
Risk result life & pensions	7	0	-1	4	7
Operational cost	-314	-328	-960	-985	-1 279
Financial result	-	-	-	-	-
Result before profit sharing and loan losses	248	162	624	418	616
Net profit sharing and loan losses	-6	-16	-13	-44	54
Result before amortisation	241	146	612	373	670

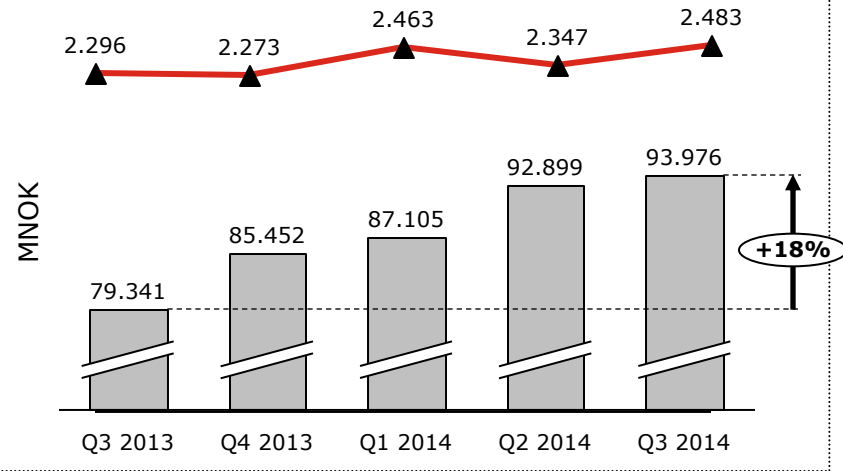
Result per product line

NOK million	Q3		01.01 - 30.09		Full year
	2014	2013	2014	2013	2013
Unit Linked Storebrand	68	27	130	77	106
Unit Linked SPP	40	26	94	50	78
Asset Management	87	46	240	136	313
Retail Banking	46	47	147	111	173
Result before amortisation	241	138	612	373	670

Savings (non-guaranteed) - strong results growth



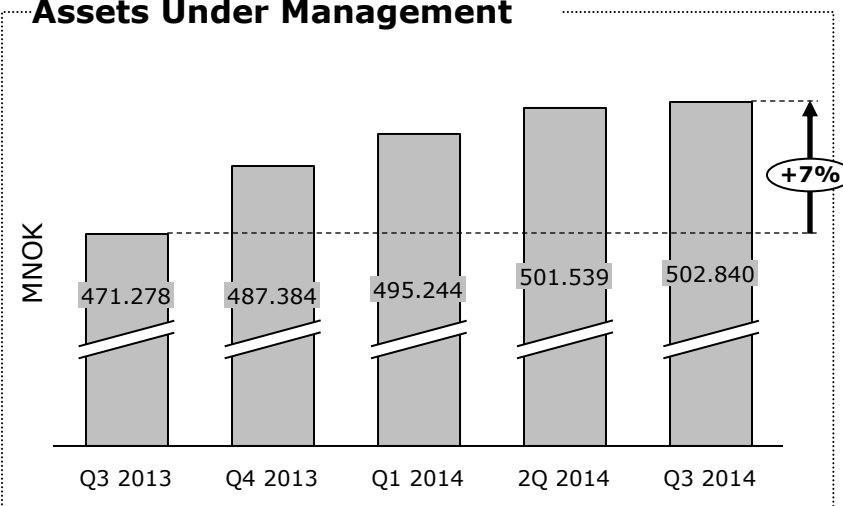
Reserves and premiums Unit Linked



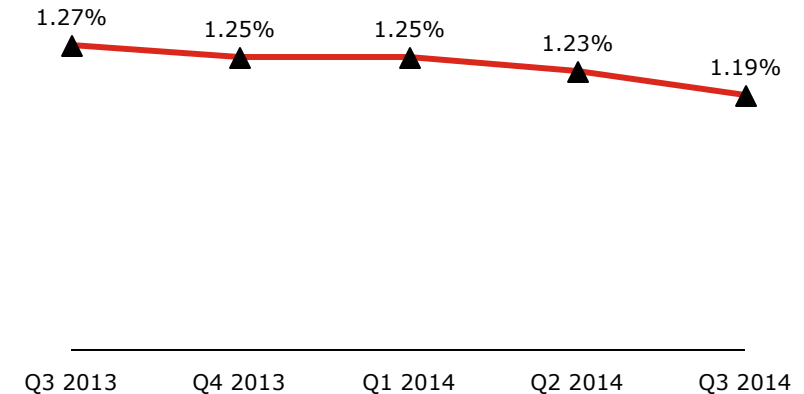
Comments

- 10% premium growth in UL occupational pension premiums
- 64% increase in results YTD

Assets Under Management



Interest margin retail banking



Insurance

- disability reserve strengthening



Insurance

Result

NOK million	Q3		01.01 - 30.09		Full year
	2014	2013	2014	2013	2013
Insurance premiums f.o.a.	773	773	2 313	2 237	3 034
Claims f.o.a.	-564	-375	-1 614	-1 371	-1 940
Operational cost	-122	-126	-378	-386	-463
Financial result	48	44	195	112	143
Result before profit sharing and loan losses	135	315	516	592	774
Net profit sharing and loan losses	0	0	0	0	0
Result before amortisation	135	315	516	592	774

Result per product line

NOK million	Q3		01.01 - 30.06		Full year
	2014	2013	2014	2013	2013
P&C & Individual life*	89	71	234	206	314
Health & Group life**	40	50	112	165	225
Disability insurance***	7	194	169	221	234
Result before amortisation	135	315	516	592	774

* Individual life and disability, property and casualty insurance

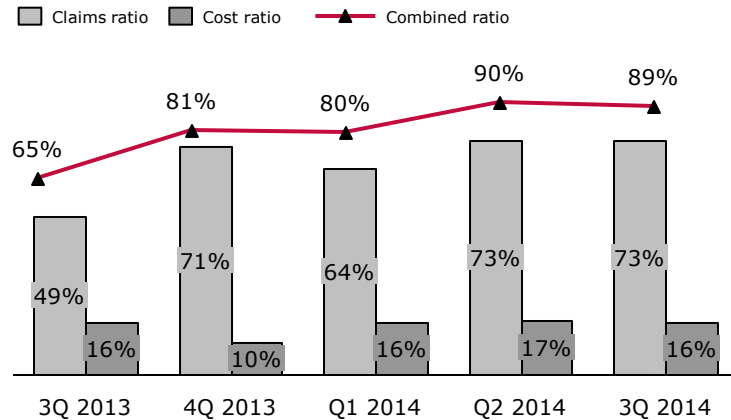
** Group life, workers comp and 50% of result in Storebrand Health insurance

*** DC disability risk result Norwegian line of business and disability risk result from SPP

Insurance

- stable development

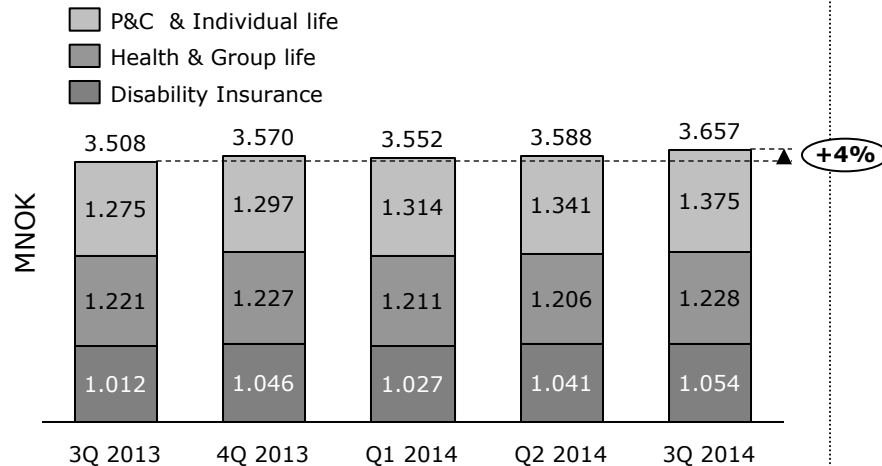
Combined ratio



Comments

- 12% growth and strong results in P&C
- Disability reserve strengthening reduces results

Portfolio premiums



Reporting adjustments

- From Q1 2014, SPP risk products are reported under Insurance
- Storebrand Health Insurance (j/v) no longer consolidated
- Historic figures are updated accordingly

Guaranteed pension

- strong results despite reduced reserves



Result

NOK million	Q3		01.01 - 30.09		Full year
	2014	2013	2014	2013	2013
Fee and administration income	471	491	1384	1478	2 013
Risk result life & pensions	26	-31	152	-9	7
Operational cost	-275	-272	-837	-818	-1 016
Financial result	-	-	-	-	-
Result before profit sharing and loan losses	222	188	699	651	1 003
Net profit sharing and loan losses	101	105	418	276	373
Longevity provision	-90	-	-270	-	-
Result before amortisation	233	293	847	928	1 376

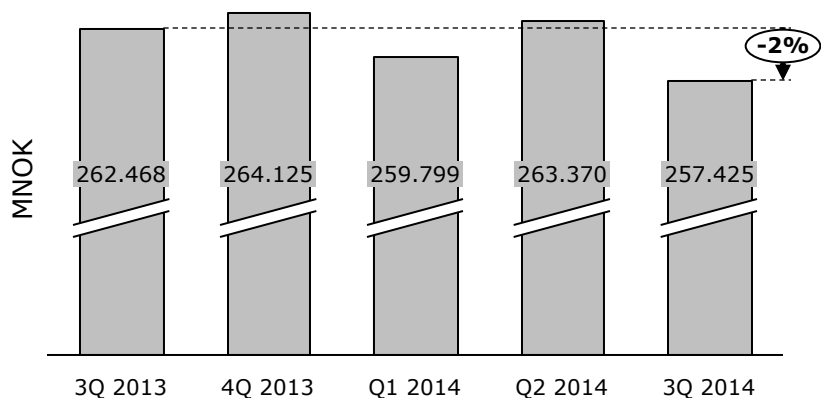
Result per product line

NOK million	Q3		01.01 - 30.09		Full year
	2014	2013	2014	2013	2013
Defined Benefit (fee based)	148	208	431	665	968
Paid-up policies	-66	47	-121	6	19
Traditional individual life and pension	-	-	-	0-	21
SPP Guaranteed Products	151	38	537	256	366
Result before amortisation	233	293	847	928	1 376

Guaranteed pension - strengthened buffer capital



Reserves guaranteed products



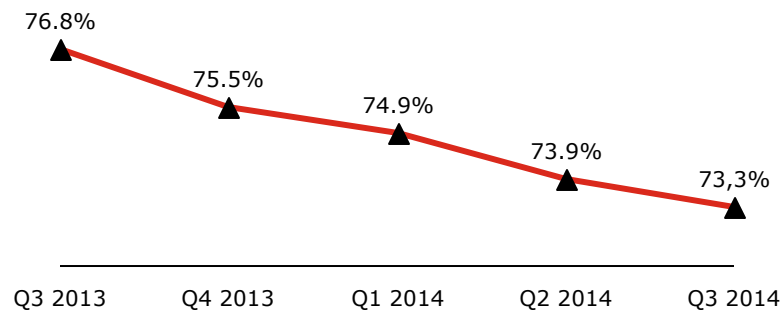
Comments

- Reduction in guaranteed reserves slowed by declining interest rates (Sweden)
- NOK 5.5 bn of transferred out of guaranteed business in Q3, NOK 10.3 bn YTD
- Buffer capital strengthened by NOK 7.7 bn YTD

Buffer capital

NOK million	30.09.2014	31.12.2013	Change in 2014
Market value adjustment reserve	3 812	3 823	-11
Excess value of bonds at amortised cost	10 117	5 160	4 958
Additional statutory reserve	4 298	4 458	-160
Provisions for new mortality tables*	4 138	4 558	-420
Unallocated customer results	3 552	0	3 552
Shareholders direct contribution, provisions for new mortality tables	270	0	270
Conditional bonuses SPP	10 540	11 010	-470
Total	36 727	29 008	7 719

Guaranteed reserves in % of total reserves



*Provisions for new mortality tables are calculated on a solidarity basis. A "no solidarity" principle will reduce the reserves by approximately 500 mill.

Result

NOK million	Q3		01.01 - 30.09		Full year
	2014	2013	2014	2013	2013
Fee and administration income	71	86	212	262	353
Risk result life & pensions	4	-4	6	5	3
Operational cost	-56	-71	-172	-256	-180
Financial result	38	49	161	-25	-46
Result before profit sharing and loan losses	56	60	207	-13	129
Net profit sharing and loan losses	-33	-3	-72	4	-11
Result before amortisation	23	56	135	-10	119

Result per product line

NOK million	Q3		01.01 - 30.06		Full year
	2014	2013	2014	2013	2013
Corporate Banking	-18	27	-15	69	113
BenCo	20	6	43	36	46
Holding company costs and net financial results in company portfolios	21	23	107	-114	-39
Result before amortisation	23	56	135	-9	119

Storebrand changes pension scheme for own employees

- Storebrand have decided to change pension scheme for own employees
- All employees will be on defined contribution schemes from 1st January 2015
- Expected to have a positive impact on shareholders equity in Q4 of approximately NOK 100 mill¹

¹Will be divided in a positive effect of approximately NOK 400 mill in the ordinary Result and have negative effect of approximately NOK 300 mill in OCI. All figures after tax

Summary

- Strong increase in Fee and administration income in Savings, compensates reduction in Guaranteed pension
- 64% increase in results from Savings YTD
- 3.9% nominal cost reduction YTD



Capital Markets Day
London, 26 November 2014

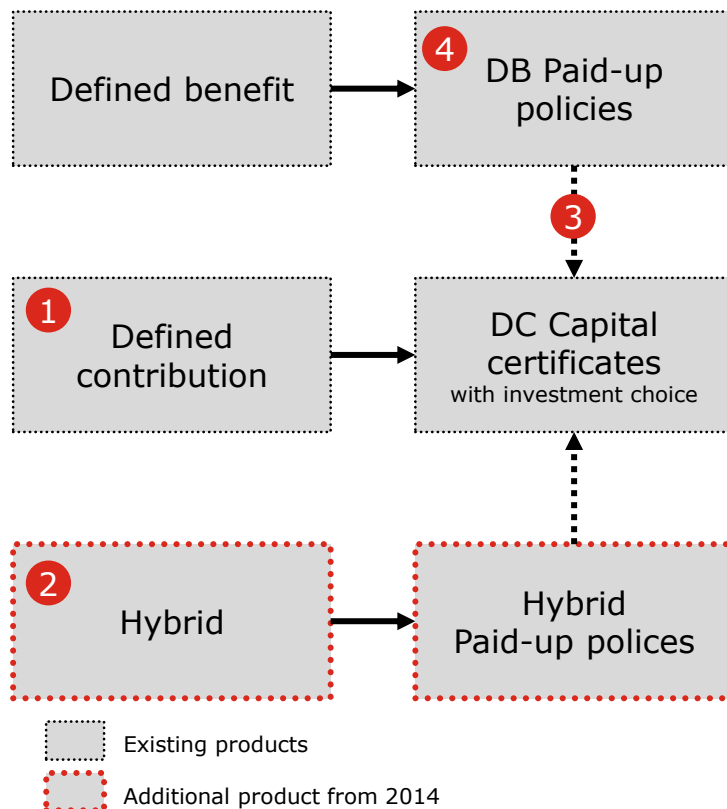
Appendix:

Market impacted by extensive product reform

– important regulatory changes in place



New legal framework for Norwegian occupational pension



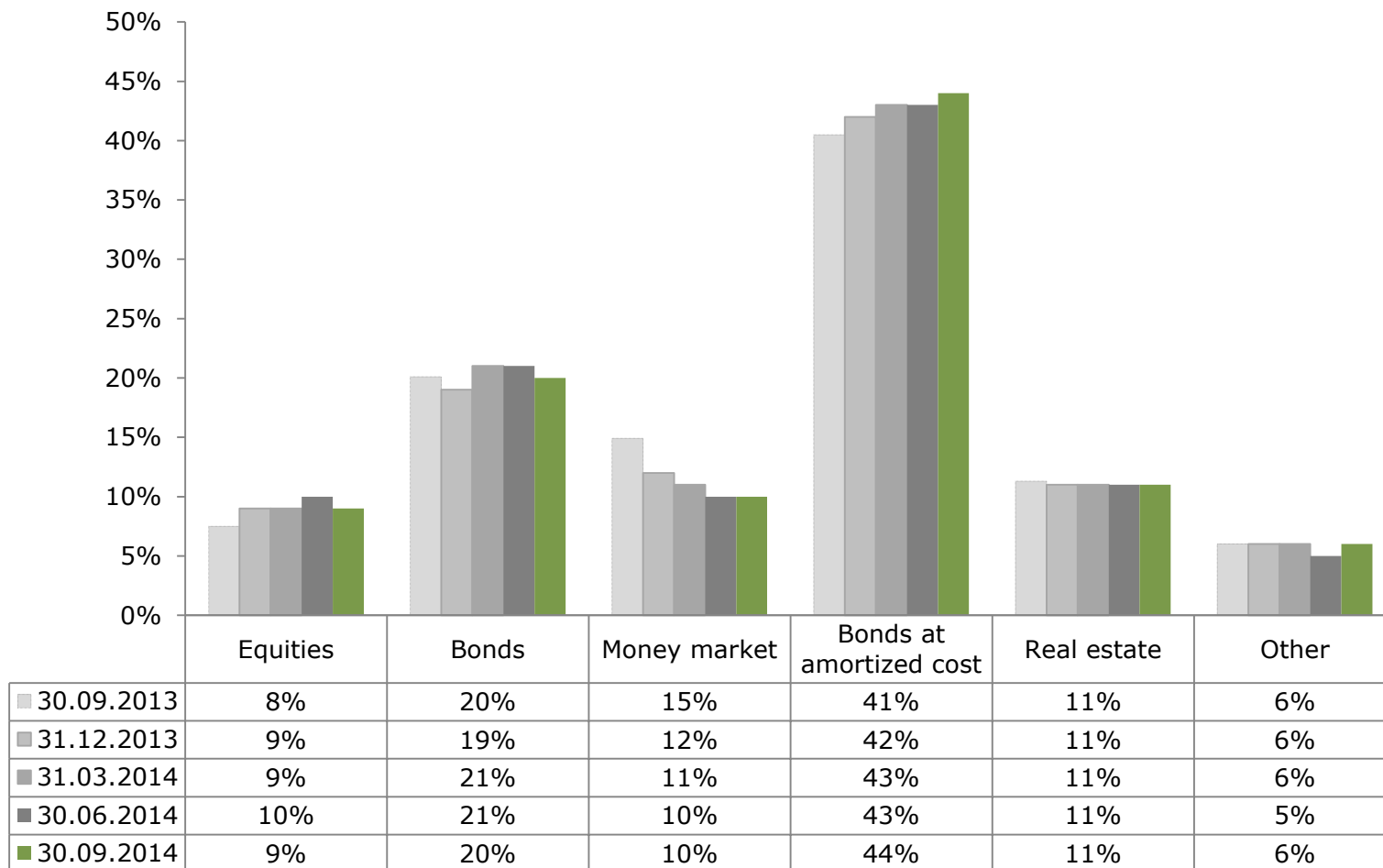
Important changes

1. Increased maximum saving rates in DC schemes, from 1 January 2014
 - Up to 7% for wages up to 7G*
 - Up to 25,1% for wages between 7G and 12G
2. New hybrid occupational pension product from 1 January 2014
3. Clarified transition rules for Paid-up policies to Paid-up policies with investment choice
4. Transition rules for guaranteed reserves into Solvency II

Next steps

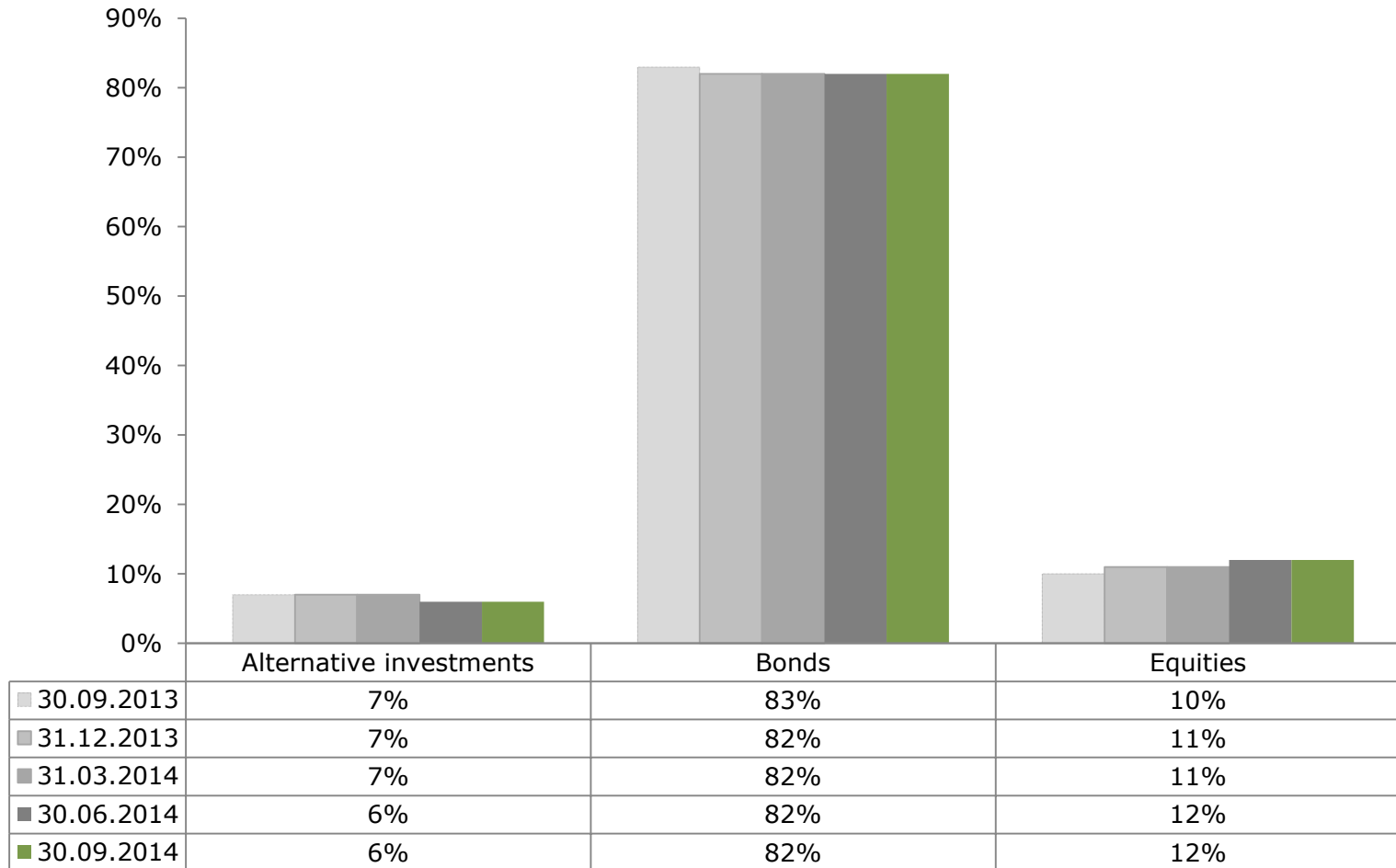
5. Introduce tax favorable individual pension

Storebrand Life Insurance asset allocation



¹ The graph shows the asset allocation for all products with an interest rate guarantee in Storebrand Life Insurance Norwegian operations.

SPP asset allocation



¹ The graph shows the asset allocation for all products with an interest rate guarantee in SPP.