

# Storebrand 4Q 2016

8 Feb 2016

Storebrand celebrates 250 years in 2017



Odd Arild Grefstad – CEO  
Lars Aa. Løddesøl – CFO

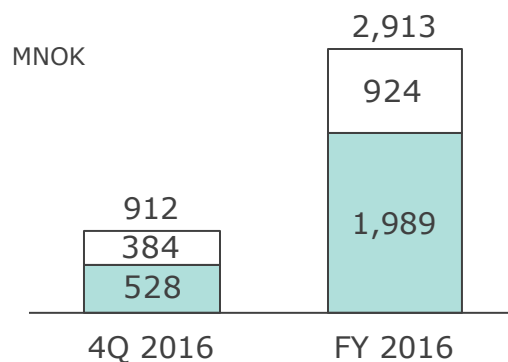


## Storebrand – the world's most sustainable insurer

Storebrand was named the world's most sustainable insurance company, and the second most sustainable company in any category, at the World Economic Forum 2017. We are proud and humbled. Proud, because sustainability is at the core of our business. Humbled, because we work hard every day to give our 1.9m pension customers a future to look forward to.

# Highlights 2016

## Group result<sup>1</sup>



□ Financial items and risk result life  
■ Operating profit

- 4% growth in Savings fee and admin income<sup>2</sup>
- 12% reduction in Guaranteed fee and admin income<sup>2</sup>



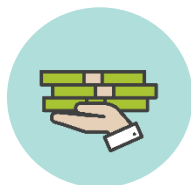
**16%** Unit Linked premium growth<sup>3</sup>



**32%** Retail Bank lending growth<sup>3</sup>



**160%** Solvency II ratio<sup>4</sup>



NOK **1.55** proposed dividend

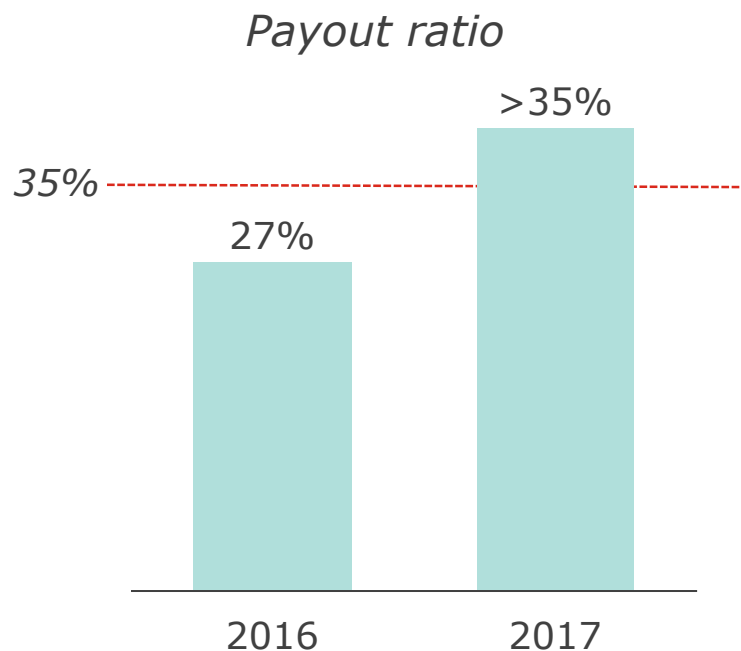
<sup>1</sup> Result before amortisation and write-downs.

<sup>2</sup> Change from 2015 to 2016.

<sup>3</sup> Growth figures are from 2015 to 2016.

<sup>4</sup> Including transitional rules before dividend payment. The ratio after dividends is 157%.

# Dividend NOK 1.55 pr. share



- The Board proposes a dividend of NOK 1.55 per share for 2016
- Expected dividend of **more than 35** per cent of the result for 2017<sup>1</sup>
- Expected development in the Solvency II ratio implies a further gradual increase in the dividend pay-out ratio from 2018 onwards

# Our strategy

## 1 Manage the guaranteed balance sheet

*>150% SII margin*

- **Cost reductions** through automation and outsourcing
- Manage for future **capital release** and increased **dividend capacity**

## 2 Continued growth in Savings and Insurance

*Capital-light and profitable growth*

- Market leading **asset gatherer** with strong Insurance offering
- Continued retail growth with **low capital requirements**

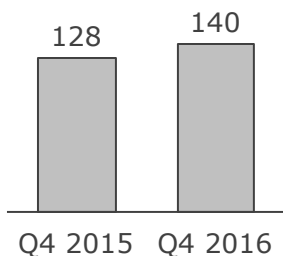
*From high to low capital requirements and higher quality of earnings*

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

# Growth in Savings and Insurance continues

## Unit Linked

15%<sup>1</sup>

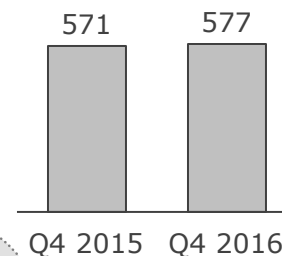


UL reserves (BNOK)

- Growth weakened by SEK/NOK; 9% growth incl. currency effect
- 16% premium growth in 2016

## Asset management

6%<sup>1</sup>

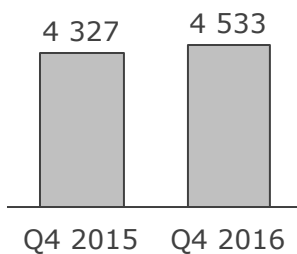


AuM (BNOK)

- Growth weakened by SEK/NOK; 1% growth incl. currency effect
- Strong sales of fossil free funds in 2016

## Insurance

5%

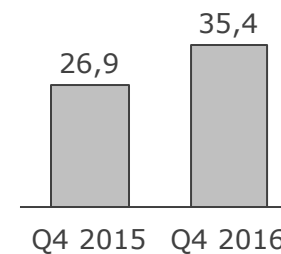


Portfolio Premiums (MNOK)

- Changes in distribution temporarily dampens growth
- New product launches and partnerships to boost growth going forward

## Retail loans

32%

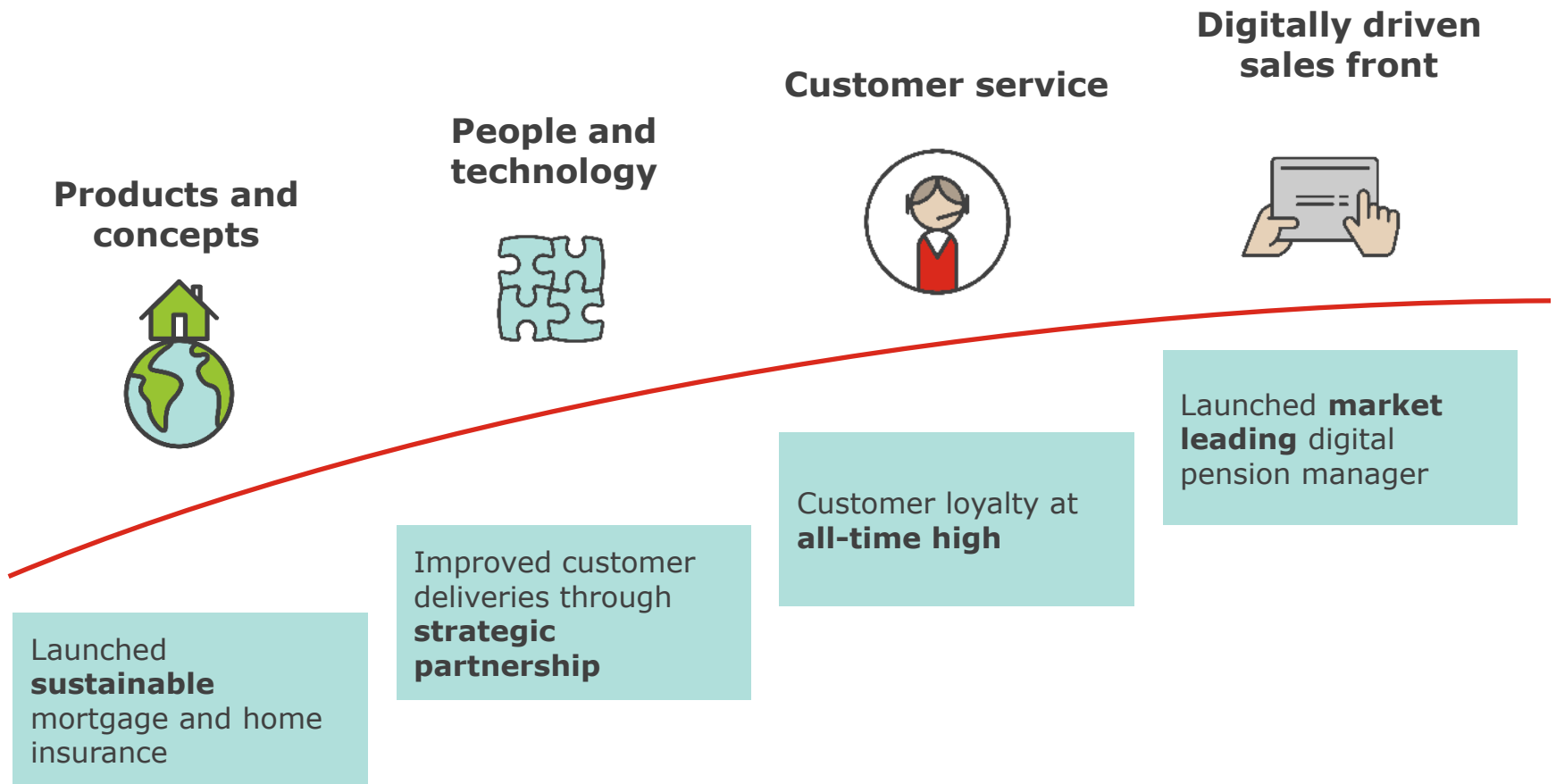


Balance (BNOK)

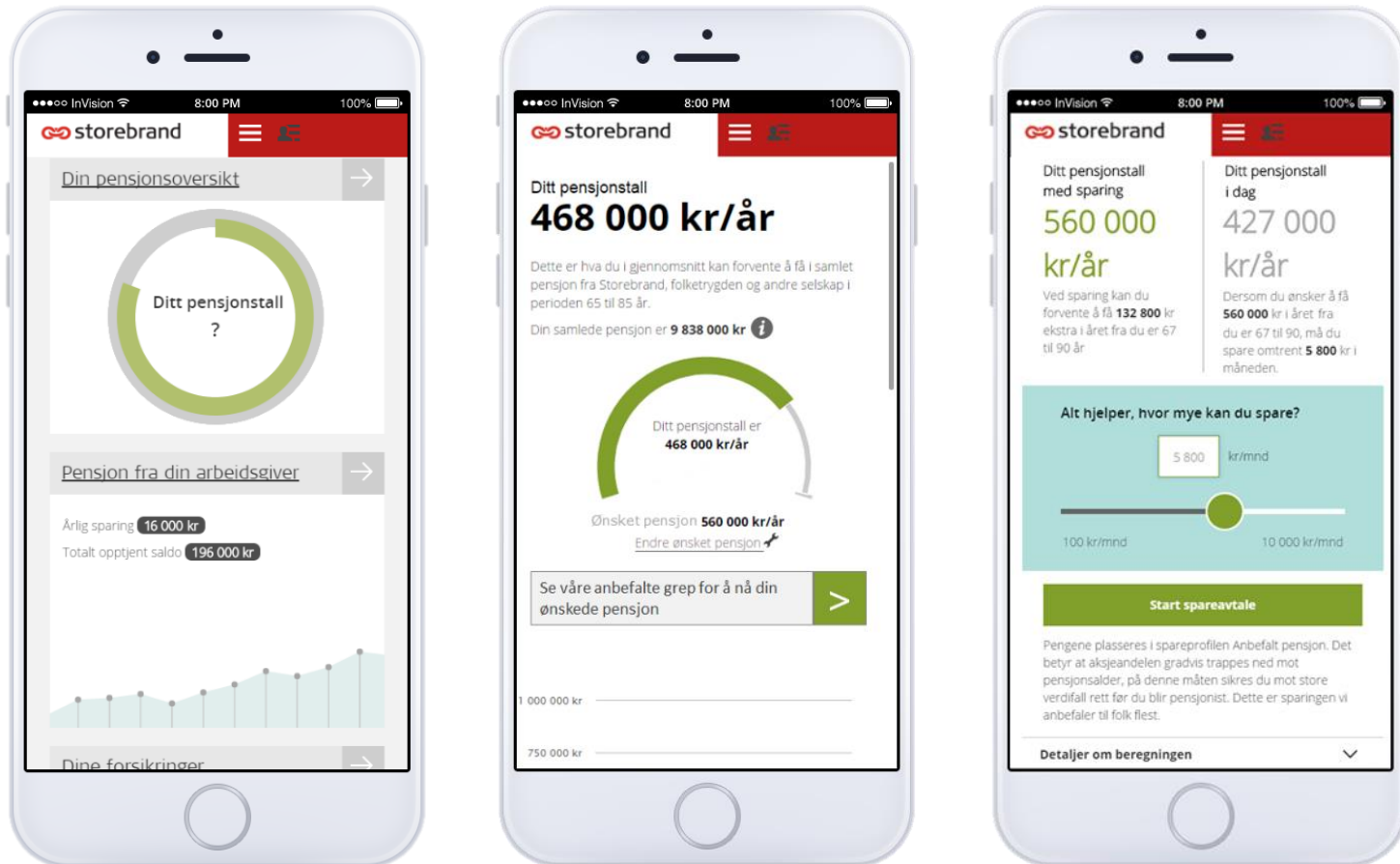
- NOK 10bn placed on life balance sheet in 2016
- New product launches add growth; e.g. sustainable loans

Save for retirement

# Innovating the customer journey



# Market leading digital pension manager

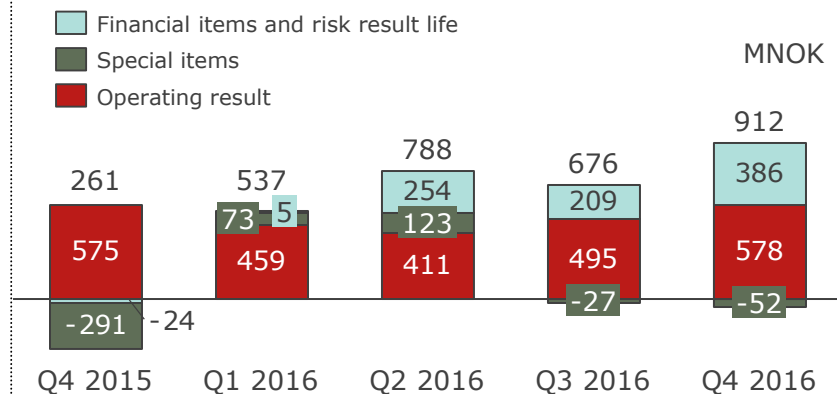


Personalized advisor on how to achieve your desired pension

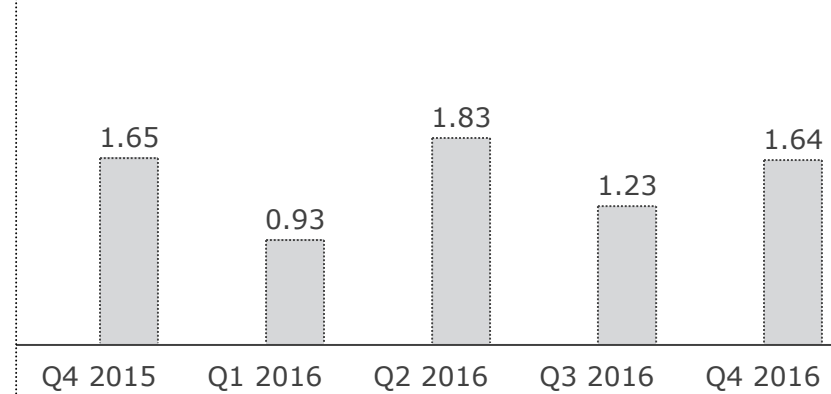


# Key figures

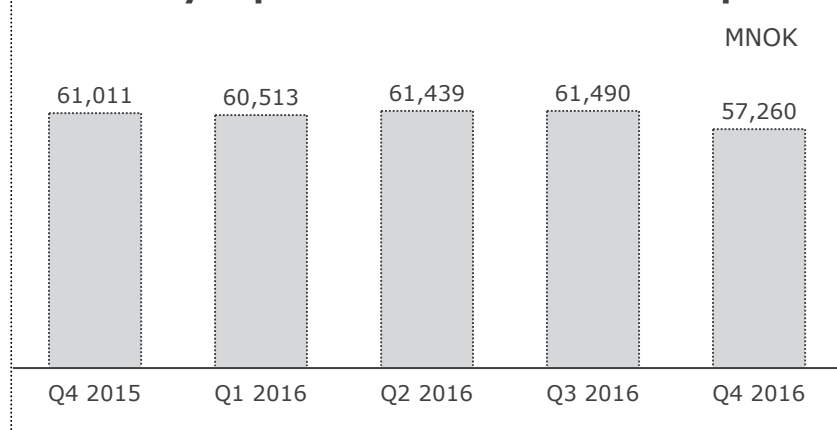
## Result development<sup>1</sup>



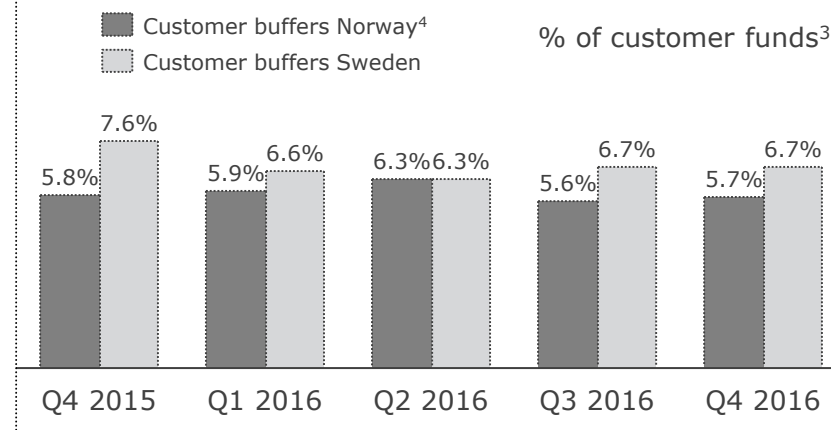
## Earnings per share<sup>2</sup>



## Solidity capital Storebrand Life Group



## Customer buffers development



<sup>1</sup> Result before amortisation, write-downs and longevity provisions

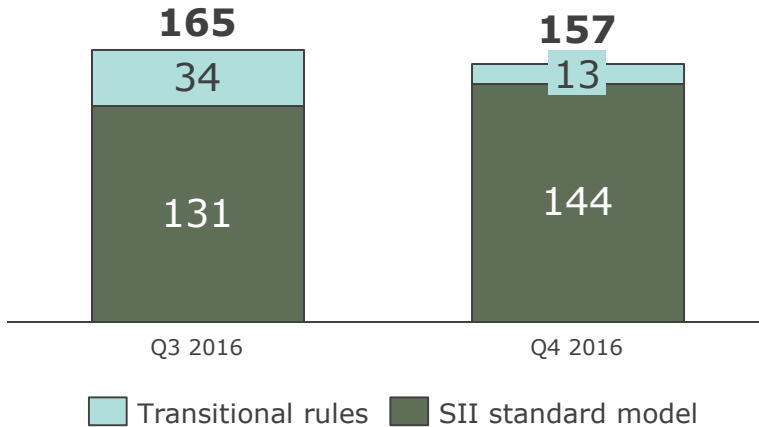
<sup>2</sup> Earnings per share after tax adjusted for amortisation of intangible assets

<sup>3</sup> Customer buffers in Benco of NOK 1.6 bn not included

<sup>4</sup> Solidity capital/customer buffers does not include provisions for future longevity reservations

# Solvency II position Storebrand Group

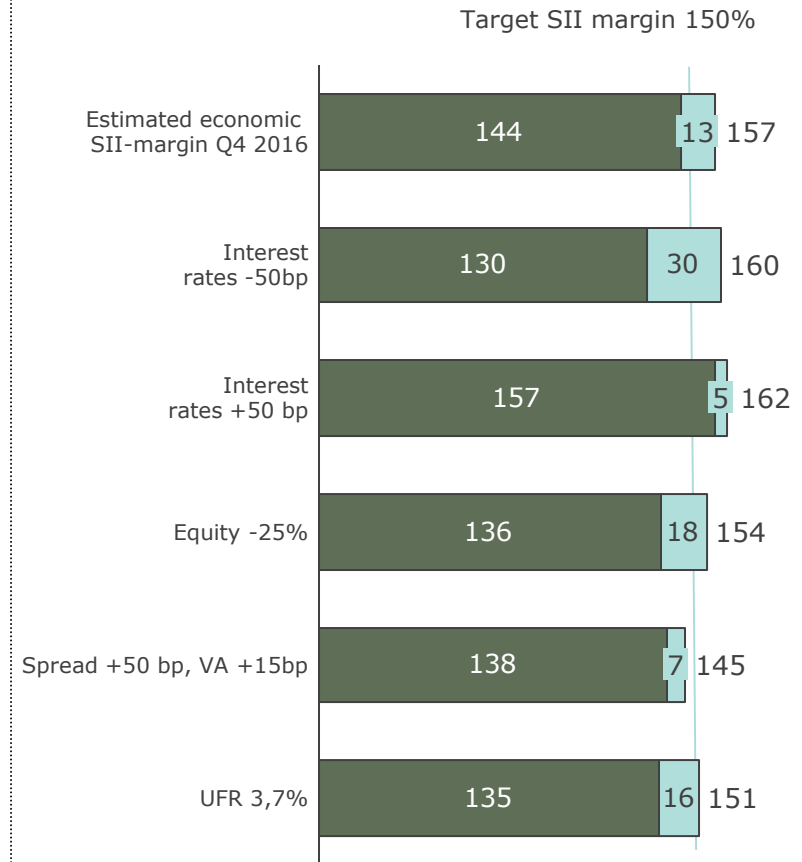
## Solvency position(%)<sup>1</sup>



## Key takeaways

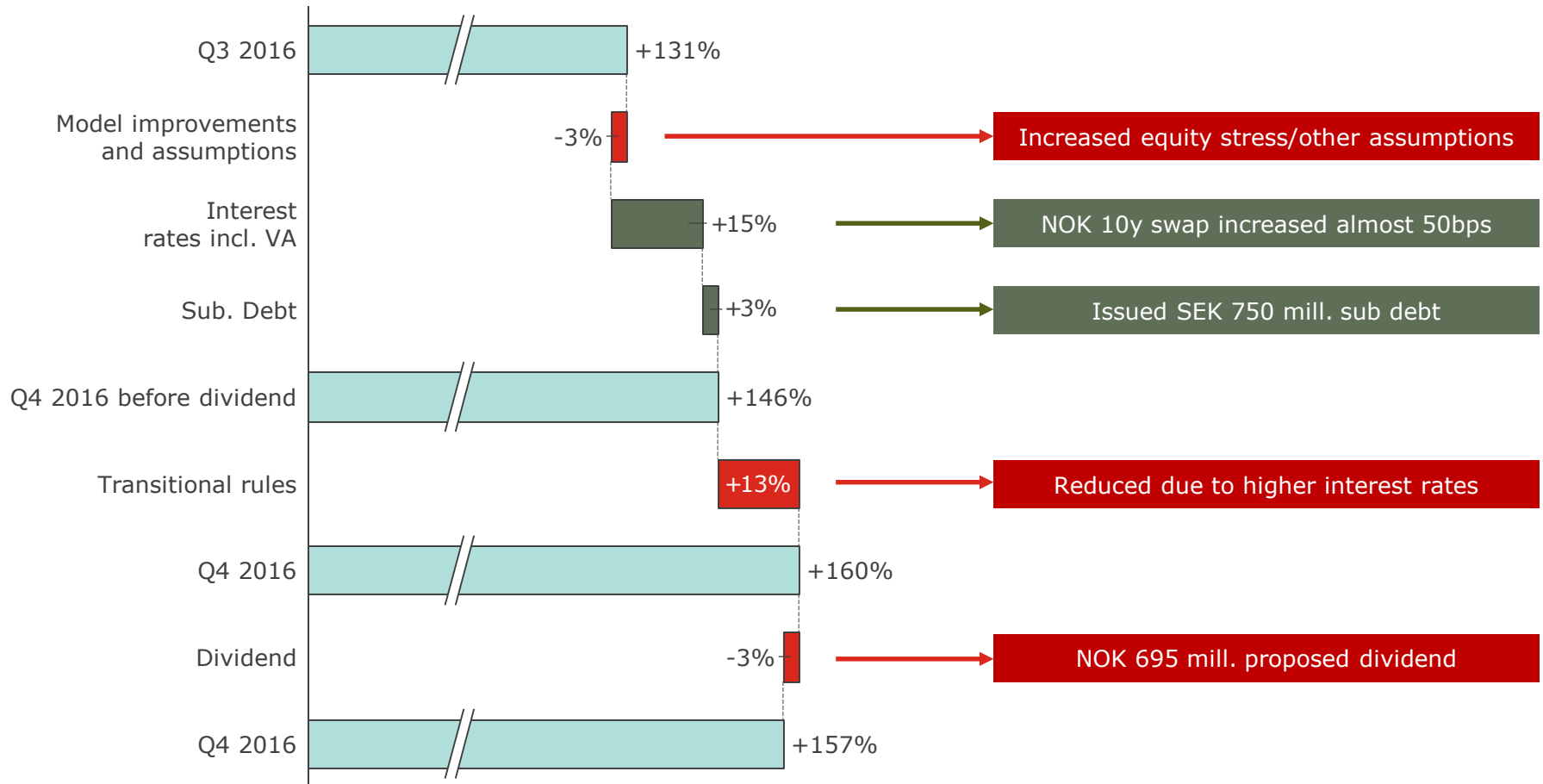
- Increased interest rates strengthen the solvency position and reduce transitional capital
- Reported solvency position after proposed dividends
- Reported Solvency II figures incl. transitionals resistant to future changes in interest rates

## Estimated sensitivities



<sup>1</sup> The estimated Economic solvency position of Storebrand Group is calculated using the current Storebrand implementation of the Solvency II Standard model with the company's interpretation of the transition rules from the NFSA. Output is sensitive to changes in financial markets, development of reserves, changes in assumptions and improvements of the calculation framework in the economic capital model as well as changes in the Solvency II legislation and national interpretation of transition rules.

# Solvency II movement from Q3 to Q4



## Profit<sup>1</sup>

NOK million	4Q		Full year	
	2016	2015	2016	2015
Fee and administration income	1 138	1 160	4 235	4 317
Insurance result	251	143	945	820
Operational cost	-861	-926	-3 191	-3 309
<b>Operating profit</b>	<b>528</b>	<b>378</b>	<b>1 989</b>	<b>1 828</b>
Financial items and risk result life	384	-117	924	-107
<b>Profit before amortisation and longevity</b>	<b>912</b>	<b>261</b>	<b>2 913</b>	<b>1 722</b>
Provision longevity	-	-1 362	-	-1 764
Amortisation and write-downs of intangible assets	-95	-106	-406	-396
<b>Profit before tax</b>	<b>816</b>	<b>-1 207</b>	<b>2 506</b>	<b>-438</b>
Tax	-140	2 008	-364	1 821
Sold/liquidated business	0	-0	0	-0
<b>Profit after tax</b>	<b>676</b>	<b>801</b>	<b>2 143</b>	<b>1 382</b>

# Storebrand Group

## Profit

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## Profit per line of business

NOK million	4Q		Full year	
	2016	2015	2016	2015
Savings - non-guaranteed	321	296	1 063	1 001
Insurance	143	15	575	482
Guaranteed pension	492	-110	870	329
Other profit	-45	60	405	-91
<b>Profit before amortisation and longevity</b>	<b>912</b>	<b>261</b>	<b>2 913</b>	<b>1 722</b>

# Savings (non-guaranteed) - continued growth



## Profit

NOK million	4Q		Full year	
	2016	2015	2016	2015
Fee and administration income	744	761	2 758	2 662
Operational cost	-426	-459	-1 700	-1 657
<b>Operating profit</b>	<b>319</b>	<b>301</b>	<b>1 058</b>	<b>1 006</b>
Financial items and risk result life	3	-5	5	-4
<b>Profit before amortisation</b>	<b>321</b>	<b>296</b>	<b>1 063</b>	<b>1 001</b>

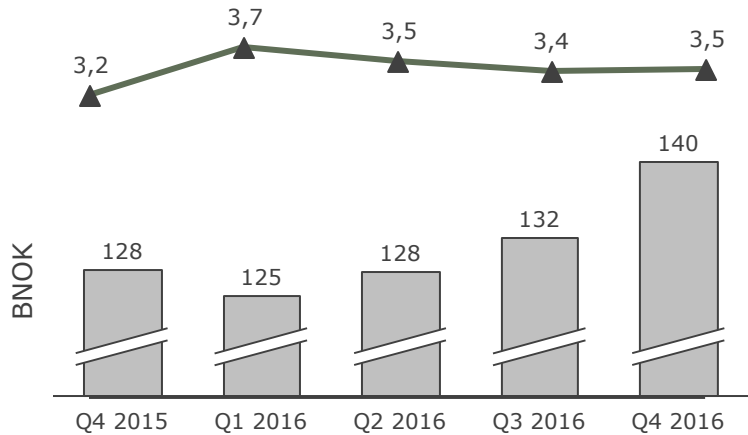
## Profit per product line

NOK million	4Q		Full year	
	2016	2015	2016	2015
Unit linked Norway	64	38	242	201
Unit linked Sweden	55	26	175	139
Asset Management segment	178	177	518	476
Retail banking	24	55	127	185
<b>Profit before amortisation</b>	<b>321</b>	<b>296</b>	<b>1 063</b>	<b>1 001</b>

# Savings (non-guaranteed) - strong growth in retail lending



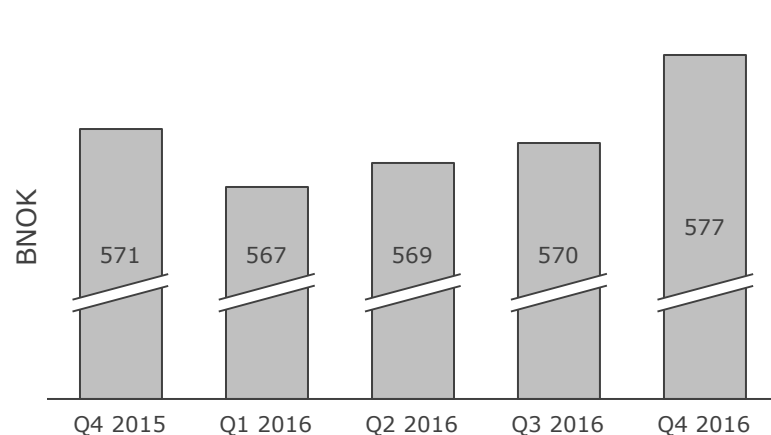
## Reserves and premiums Unit Linked



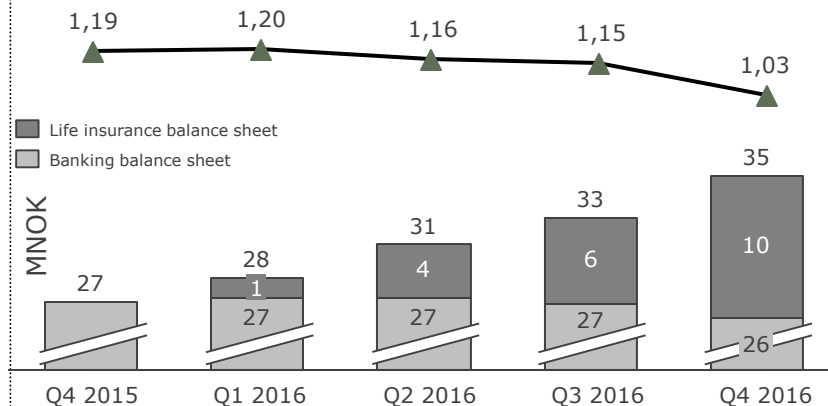
## Comments

- 16% premium growth in UL premiums<sup>1</sup>
- 32% retail lending growth<sup>2</sup>
- 4% top line growth in Savings<sup>2</sup>

## Assets Under Management



## Retail bank balance and Net Interest margin (%)



<sup>1</sup> Excluding transfers. Growth from 2015 to 2016.

<sup>2</sup> Growth figures from 2015 to 2016.

# Insurance

## - profitable growth



Insurance

### Profit

NOK million	4Q		Full year	
	2016	2015	2016	2015
Insurance premiums f.o.a.	957	934	3 828	3 642
Claims f.o.a.	-706	-791	-2 883	-2 822
Operational cost	-168	-153	-602	-543
<b>Operating profit</b>	<b>83</b>	<b>-9</b>	<b>342</b>	<b>277</b>
Financial result	60	25	233	206
<b>Profit before amortisation</b>	<b>143</b>	<b>15</b>	<b>575</b>	<b>482</b>

### Profit per product line

NOK million	4Q		Full year	
	2016	2015	2016	2015
P&C & Individual life	48	71	293	321
Health & Group life	52	17	149	165
Pension related disability insurance Nordic	42	-72	133	-3
<b>Profit before amortisation</b>	<b>143</b>	<b>15</b>	<b>575</b>	<b>482</b>

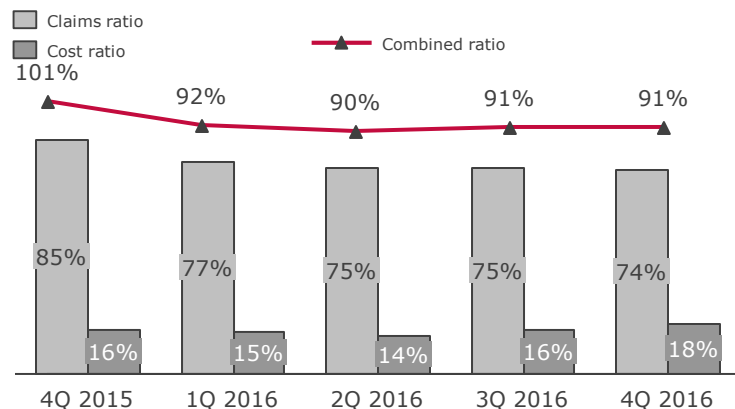


# Insurance

## - combined ratio on target level



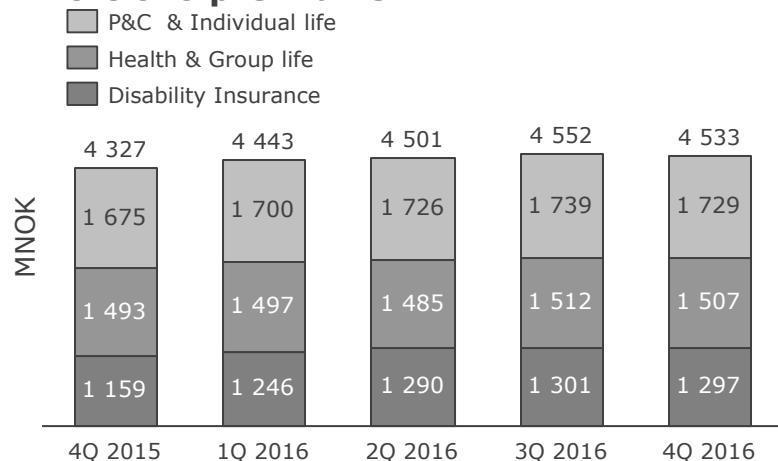
### Combined ratio



### Comments Combined ratio and results

- Combined Ratio 91%
- On-going shift to more cost-effective distribution gives temporary lower growth

### Portfolio premiums



### Comments premiums and growth<sup>1</sup>

- 3% premium growth within P&C & Individual life
- 1% premium growth within Health & Group life
- 12% premium growth in Pension related disability Nordic

# Guaranteed pension - strong quarter but long term run off



## Profit

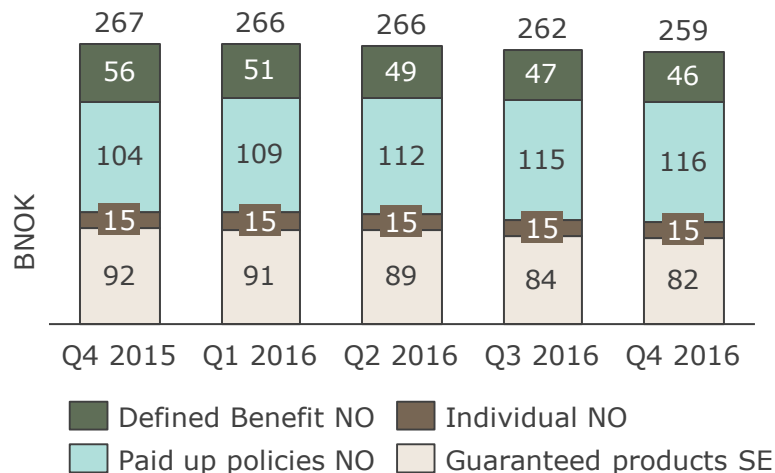
NOK million	4Q		Full year	
	2016	2015	2016	2015
Fee and administration income	376	460	1 566	1 777
Operational cost	-260	-333	-981	-1 156
<b>Operating profit</b>	<b>116</b>	<b>128</b>	<b>585</b>	<b>621</b>
Risk result life & pensions	-13	7	-37	89
Net profit sharing and loan losses	389	-244	322	-382
<b>Profit before amortisation and longevity</b>	<b>492</b>	<b>-110</b>	<b>870</b>	<b>329</b>
Provision longevity	-	-1 362	-	-1 764

## Profit per product line

NOK million	4Q		Full year	
	2016	2015	2016	2015
Defined benefit (fee based)	62	124	340	512
Paid-up policies, Norway	12	-27	46	1
Individual life and pension, Norway	141	40	147	45
Guaranteed products, Sweden	277	-248	336	-230
<b>Profit before amortisation and longevity</b>	<b>492</b>	<b>-110</b>	<b>870</b>	<b>329</b>

# Guaranteed pension - reserves in decline

## Reserves guaranteed products



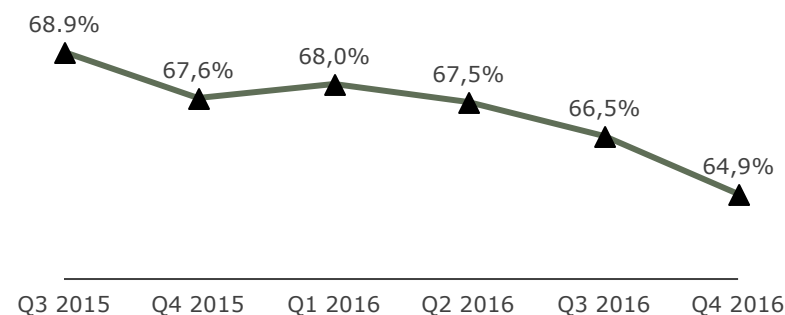
## Comments

- As companies convert to DC schemes, the migration from DB to lower-margin paid up policies continues to reduce fee income in Guaranteed pensions
- Strong profit sharing result

## Buffer capital

NOK million	2016		
	4Q	3Q	Change
Market value adjustment reserve	2 684	4 220	-1 536
Excess value of bonds at amortised cost	8 785	11 562	-2 777
Additional statutory reserve	6 794	5 190	1 604
Conditional bonuses Sweden	5 663	5 258	405
<b>Total</b>	<b>23 924</b>	<b>26 229</b>	<b>-2 305</b>

## Guaranteed reserves in % of total reserves



**Profit**

NOK million	4Q		Full year	
	2016	2015	2016	2015
Fee and administration income	43	17	145	129
Operational cost	-33	-59	-141	-203
<b>Operating profit</b>	<b>10</b>	<b>-41</b>	<b>4</b>	<b>-75</b>
Financial items and risk result life	-54	101	401	-16
<b>Profit before amortisation</b>	<b>-45</b>	<b>60</b>	<b>405</b>	<b>-91</b>

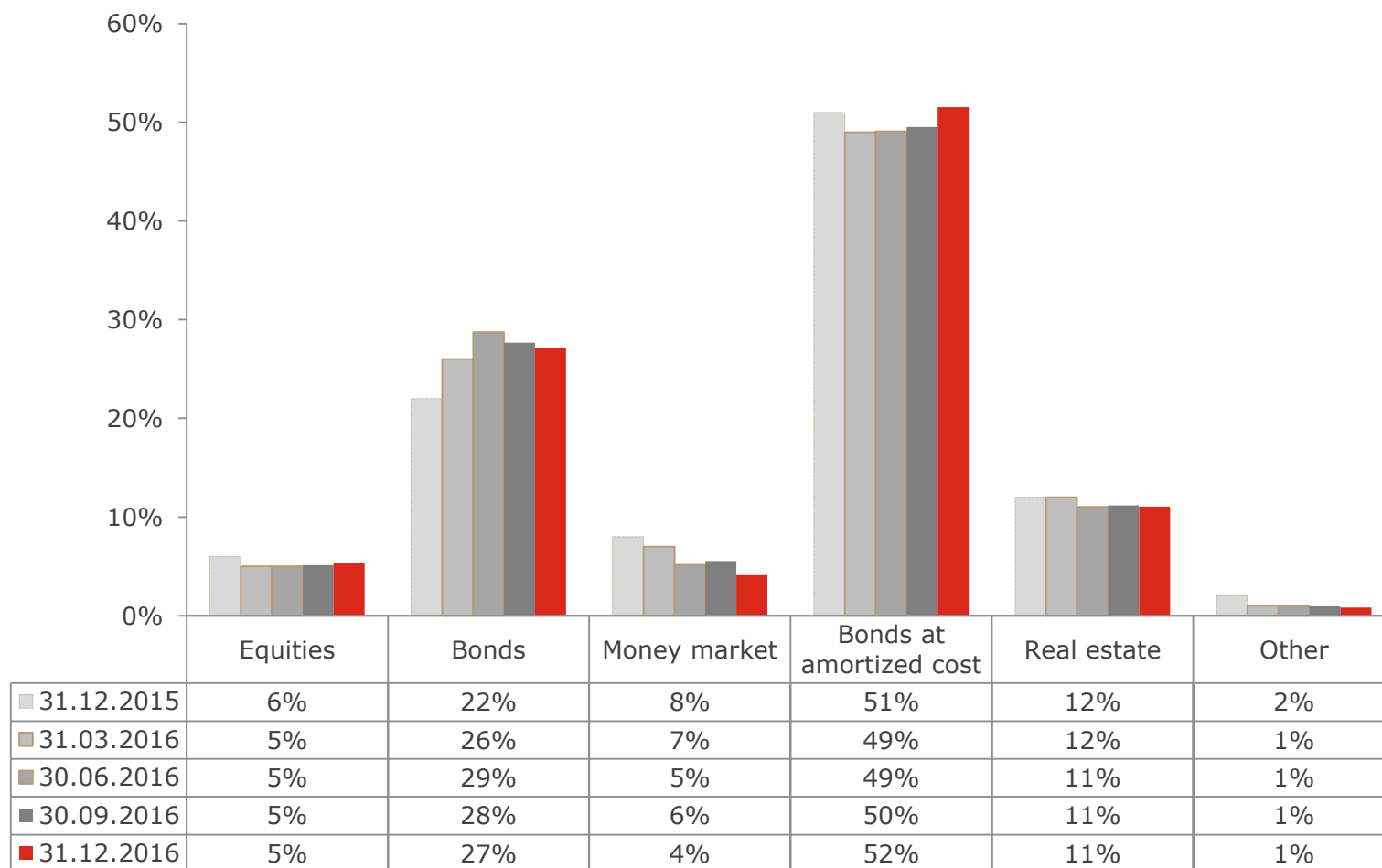
**Profit per product line**

NOK million	4Q		Full year	
	2016	2015	2016	2015
Corporate Banking	6	-40	76	-99
BenCo	1	-26	44	34
Holding company costs and net financial results in company portfolios	-52	127	285	-26
<b>Profit before amortisation and longevity</b>	<b>-45</b>	<b>60</b>	<b>405</b>	<b>-91</b>

<sup>1</sup> Excluding eliminations. For more information on eliminations, see Supplementary Information.

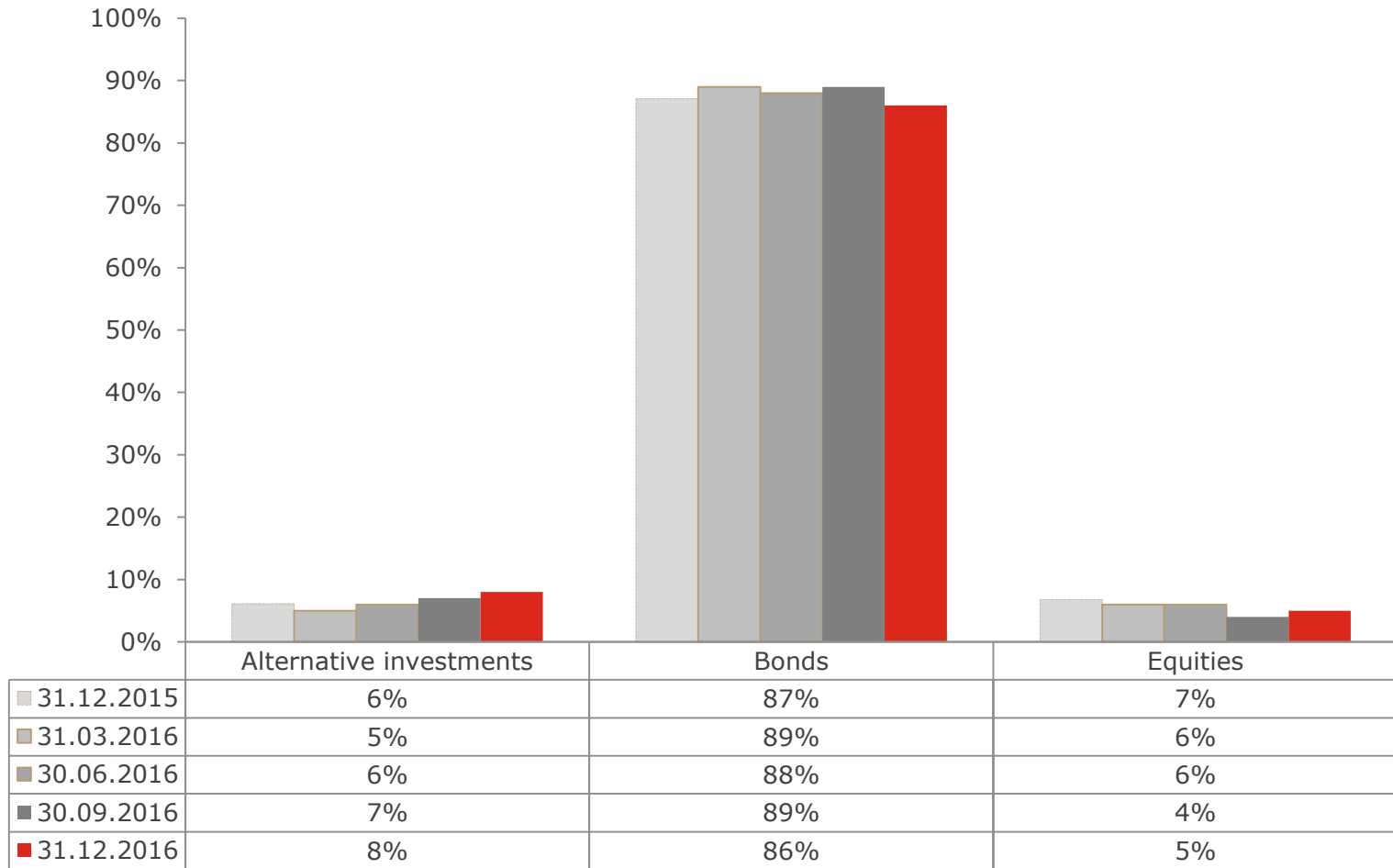
# Appendix

# Storebrand Life Insurance asset allocation



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

# SPP asset allocation



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



## Investor Relations contacts

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# Our Vision

Recommended by our customers