

# Storebrand 2Q 2016

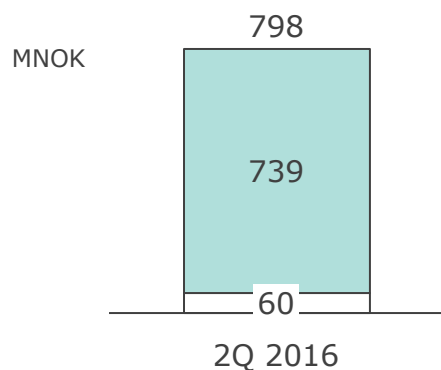
14 July 2016

Odd Arild Grefstad – CEO  
Lars Aa. Løddesøl – CFO



# Highlights 2Q 2016

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



- Result before profit sharing and loan losses
- Net profit sharing and loan losses

- *4% growth in Savings fee and admin income<sup>2</sup>*
- *14% reduction in Guaranteed fee and admin income<sup>2</sup>*



**17%** Unit Linked premium growth<sup>3</sup>



**7%** Insurance written premium growth<sup>3</sup>



**24%** Retail Bank lending growth<sup>3</sup>



**172%** Solvency II ratio<sup>4</sup>

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

<sup>2</sup> Change from 1H 2015 to 1H 2016, adjusted for FX.

<sup>3</sup> Growth figures are from 1H 2015 to 1H 2016.

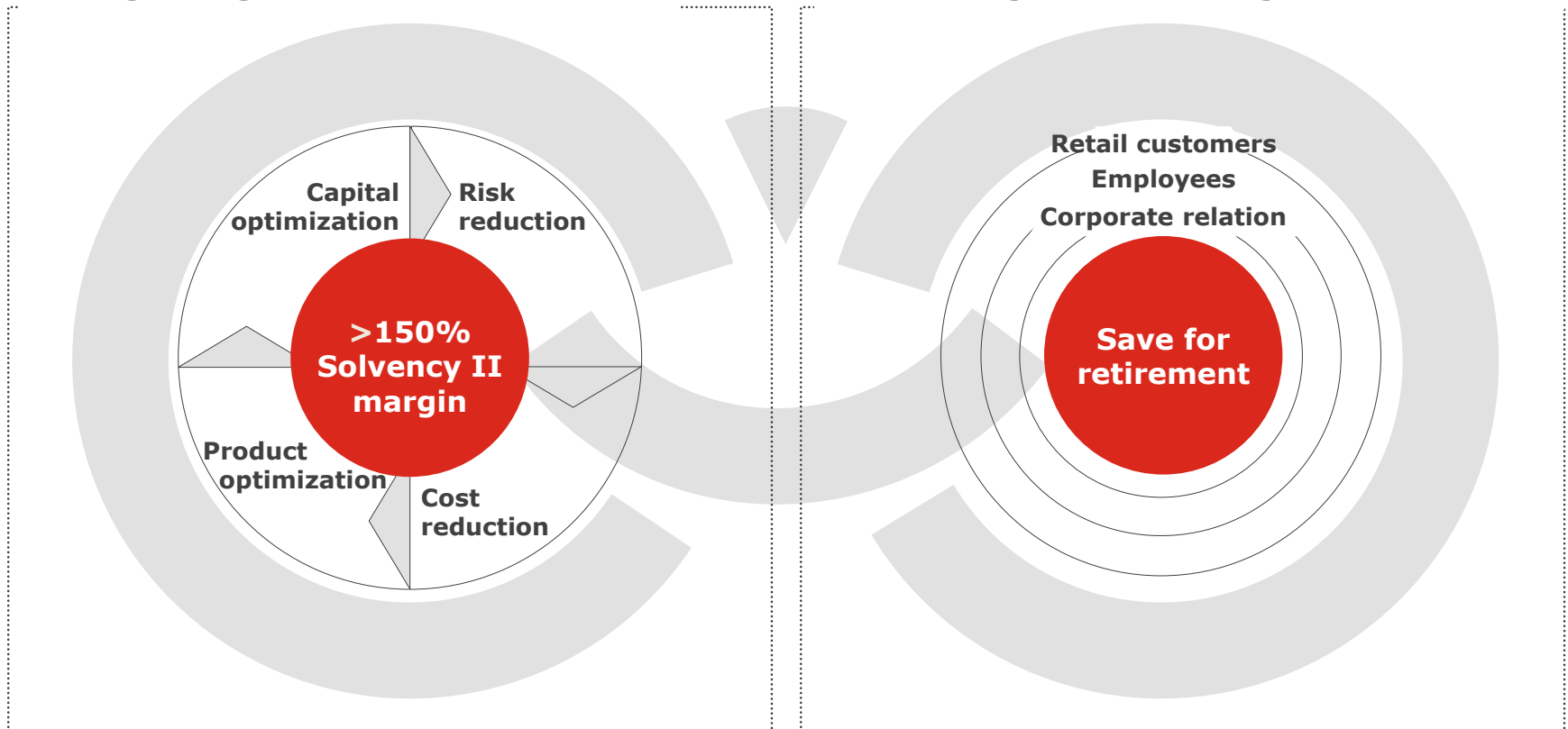
<sup>4</sup> Including transitional rules. Estimated Solvency II ratio excluding transitional rules is 122%.

# Transformation of the business model continues

## Dual strategy reiterated and reinforced

### Manage the guaranteed balance sheet

### Continued growth in savings and insurance



We work hard to reach our vision:

**Recommended by our customers**

# Limited Brexit effect on results and solvency

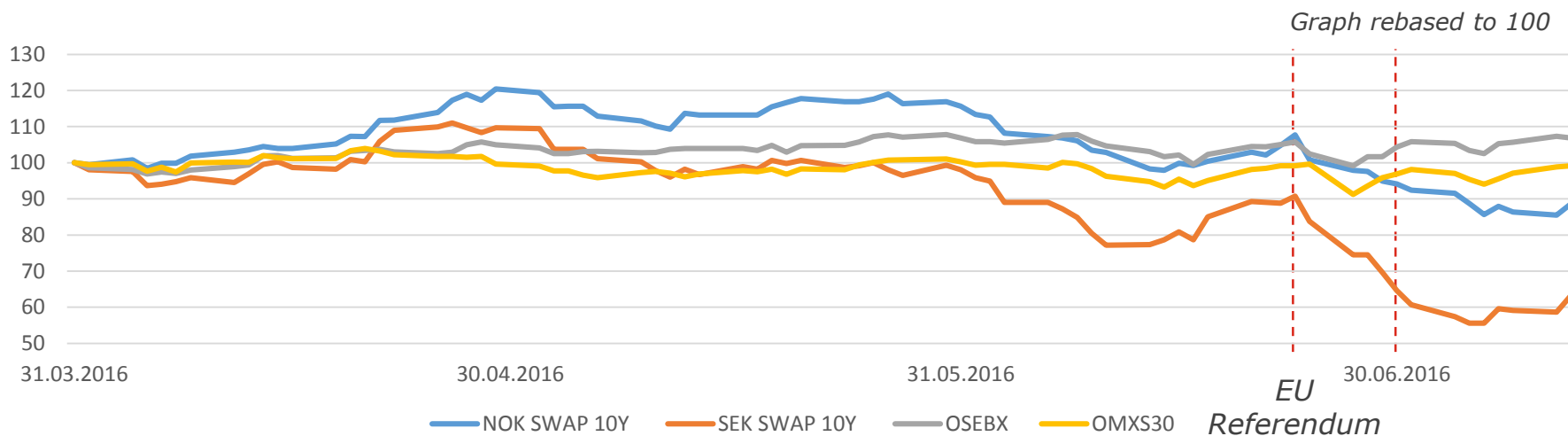
## Development 2Q 2016

NOK SWAP 10Y **-8 bps**

OSEBX **+4%**

SEK SWAP 10Y **-40 bps**

OMX<sup>1</sup> **-3%**



## Impact of Brexit - June 23 to July 12

- Positive mark to market return effects on company portfolios and for Guaranteed portfolios in Norway and Sweden
- Limited negative effect on solvency

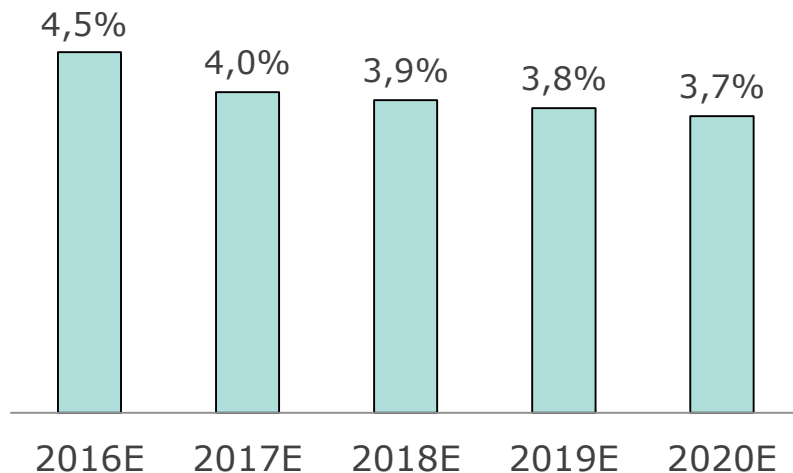
# Paid up policies book is the main challenge in a low interest scenario and under SII...



## ...But still manageable both short and long term

### Expected return paid up polices without use of buffers 2016-2020<sup>1</sup>

*...including reinvestment due and expected issuance of new paid up polices*



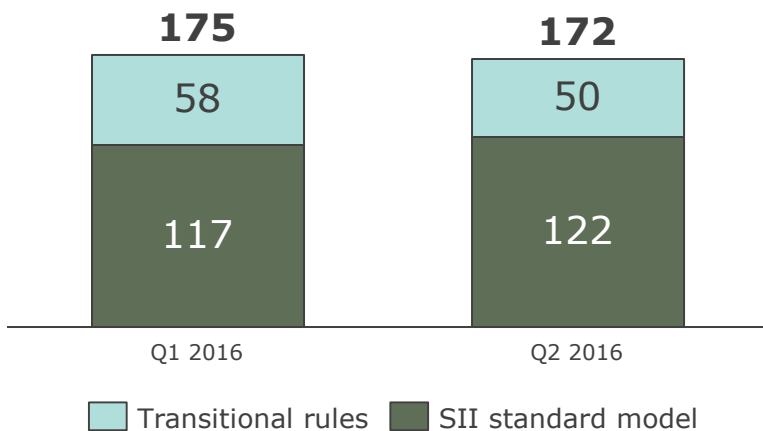
- **Q2 2016:** Built NOK 3.1 bn in new A rated HTM investments at 3.1% yield and 11.3 years average life
- **2016-2020:** Longevity reserve strengthening and interest rate guarantee to be covered by expected return, buffers and planned company contribution<sup>2</sup>
- **2020-2025:** Prolonged low interest rate environment will have limited impact on results<sup>2</sup>

<sup>1</sup> Expected return paid up polices, including reinvestment and issuance of new paid up polices, without the use of buffers. Illustration is based on normal risk premiums and interest rate level as of June 30, 2016.

<sup>2</sup> Based on current interest rates and point estimate based on normal risk premiums. Market shocks could lead to higher use of buffers and reduced results.

# Estimated SII position Storebrand Group

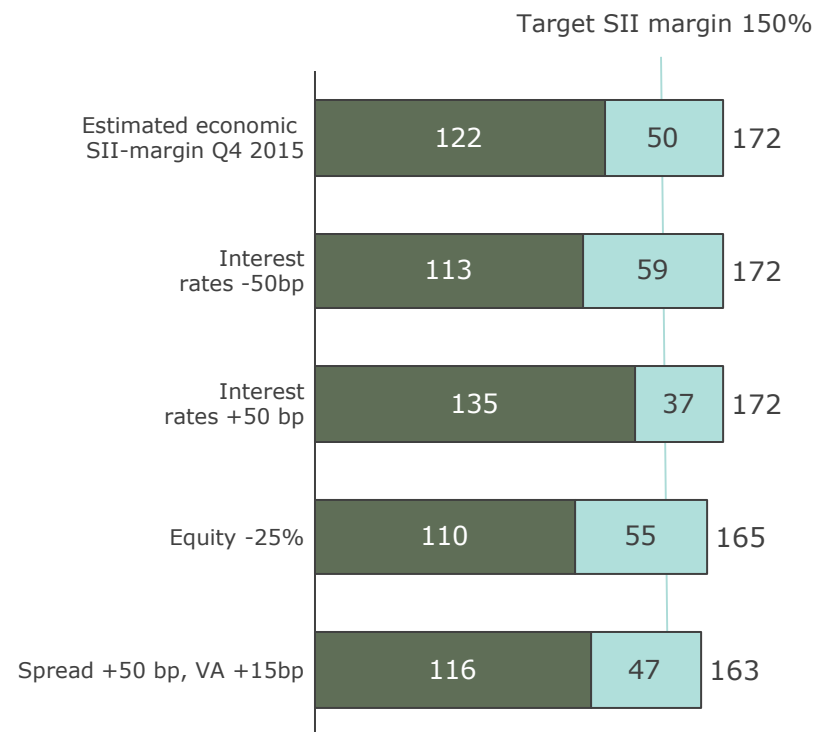
## Economic Solvency position(%)<sup>1</sup>



## Key takeaways

- Reduction in reported Solvency II figures due to amortization of transitional measures
- Strong results and investment returns improve Solvency ratio excluding transitionals
- Change in asset allocation and reduced stress from equities improve the Solvency ratio

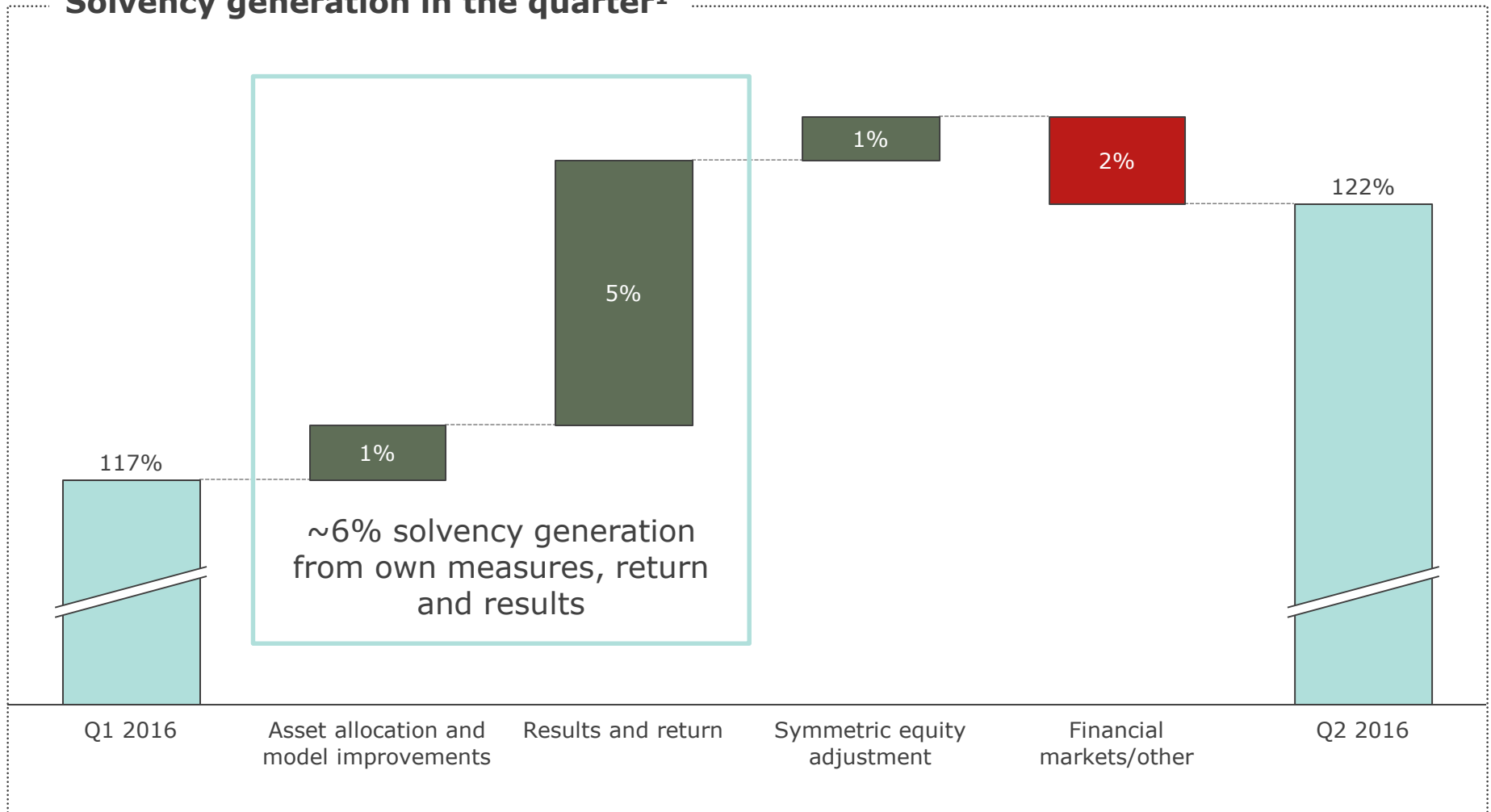
## Estimated Sensitivities<sup>2</sup>



<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 Q1 2016 to Q2 2016

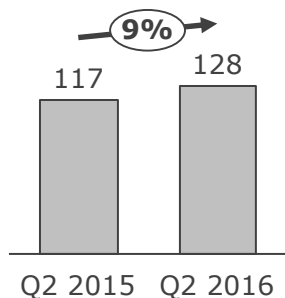
## Solvency generation in the quarter<sup>1</sup>



<sup>1</sup> Solvency II margin excluding transitional rules.

# Growth in Savings and Insurance continues

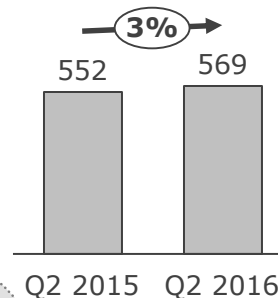
## Unit Linked



UL reserves (BNOK)

- 17% premium growth 2Q 2016
- Weak financial markets dampens growth

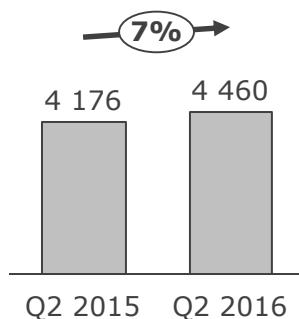
## Asset management



AuM (BNOK)

- Gathering assets from life company and strong sales
- Weak financial markets dampens growth

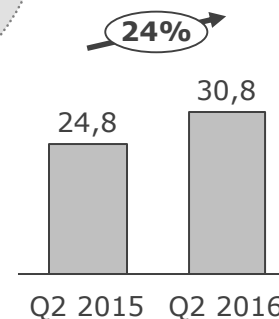
## Insurance



Portfolio Premiums (MNOK)

- Premium growth from Akademikerne
- Cross sales to pension customers

## Retail loans



Balance (BNOK)

- Competitive interest rates
- New customer groups add growth

Save for retirement

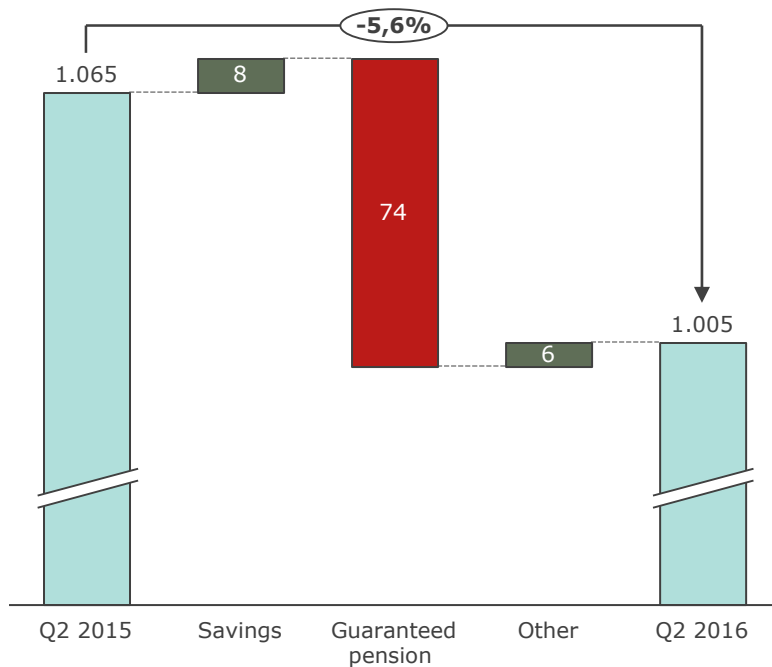


# Fee and administration income shifts from Guaranteed to Savings

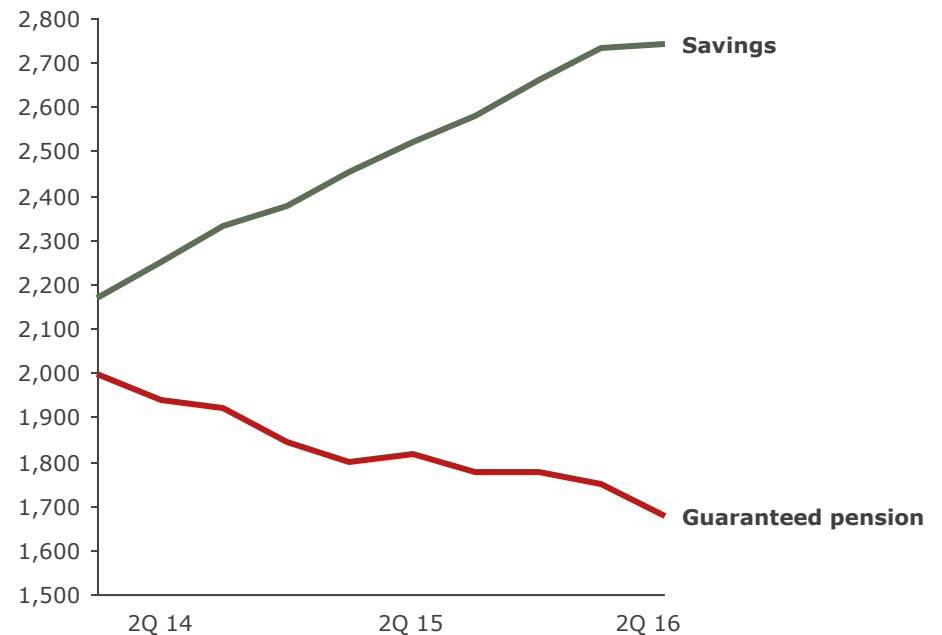


## Income decline of 5% adjusted for FX

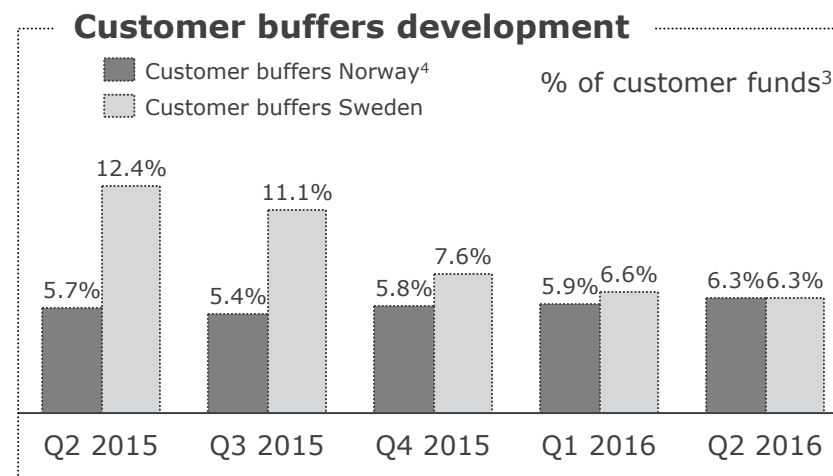
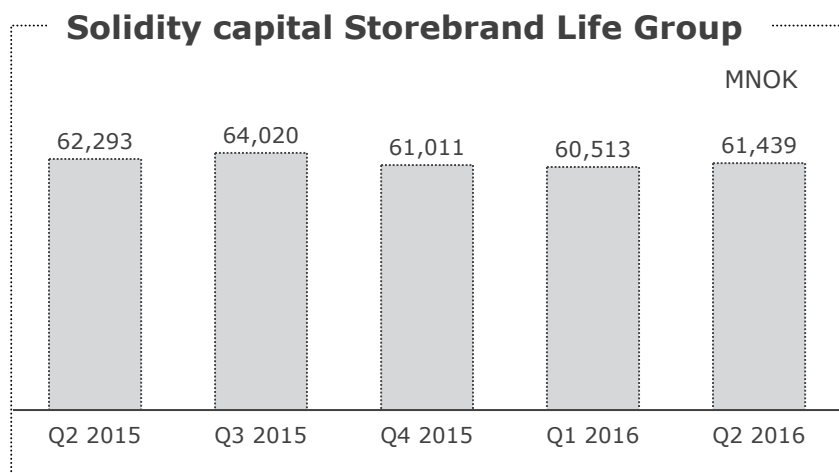
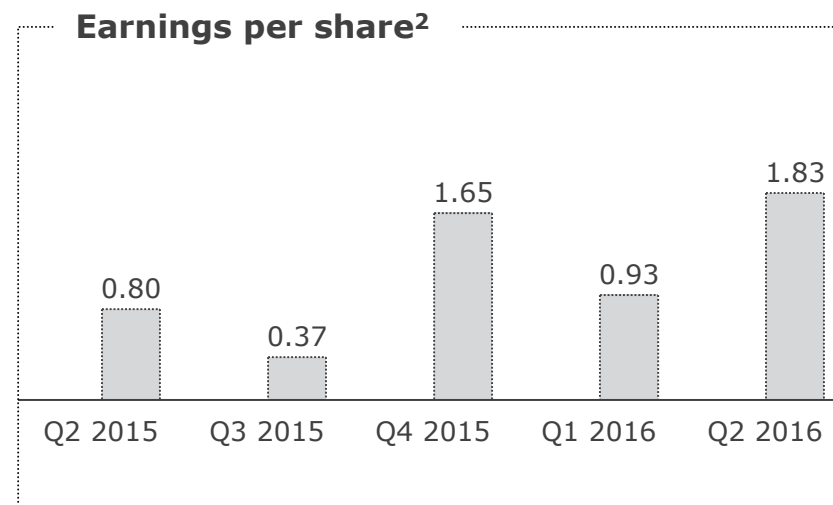
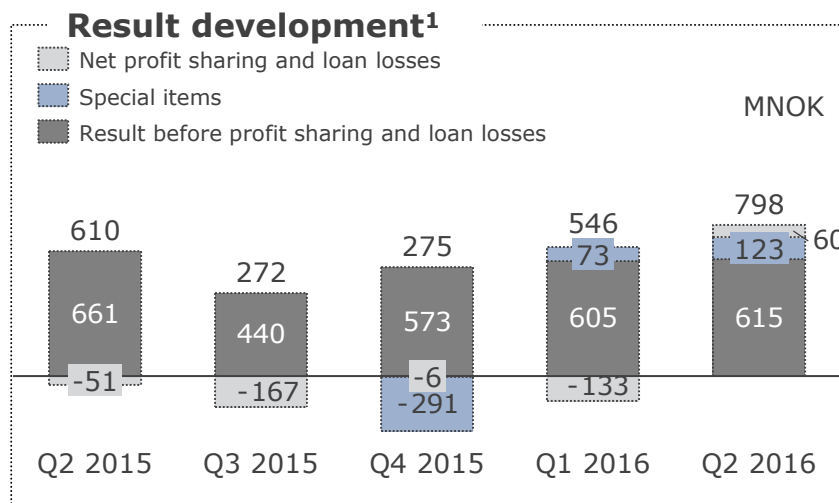
Storebrand Group income development  
2Q 2016 compared to 2Q 2015 (NOK mill.)



Fee- and admin income 12 months rolling  
Savings and Guaranteed pension (NOK mill.)



# Key figures



<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 1.0 bn not included

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

# Storebrand Group

## Profit

NOK million	2Q		01.01 - 30.06		Full year
	2016	2015	2016	2015	2015
Fee and administration income	1 005	1 065	2 058	2 111	4 317
Risk result life & pensions	-6	54	18	63	80
Insurance premiums f.o.a.	962	947	1 909	1 813	3 642
Claims f.o.a.	-726	-683	-1 453	-1 334	-2 822
Operational cost <sup>1</sup>	-698	-799	-1 501	-1 602	-3 268
Financial result	200	76	387	156	244
Result before profit sharing and loan losses	739	661	1 417	1 207	2 193
Net profit sharing and loan losses	60	-51	-73	8	-431
<b>Result before amortisation and longevity</b>	<b>798</b>	<b>610</b>	<b>1 344</b>	<b>1 215</b>	<b>1 762</b>
Provision longevity	-	-151	-	-306	-1 764
Amortisation and write-downs of intangible assets	-114	-103	-230	-208	-437
Result before tax	684	356	1 114	701	-438
Tax	31	-97	-89	-184	1 821
Sold/liquidated business	-	-0	-	-0	-0
<b>Profit after tax</b>	<b>715</b>	<b>258</b>	<b>1 025</b>	<b>517</b>	<b>1 382</b>

<sup>1</sup> 2Q 2016: Includes 98 NOK mill. in positive effect from change in own disability pension scheme. For a complete overview of special items in previous quarters, please visit [storebrand.com/ir](http://storebrand.com/ir).

# New and simplified reporting format from 3<sup>rd</sup> quarter 2016

1

Consolidating insurance premiums and claims into a single result line

2

a. Consolidating life risk and financial items into a single result line

b. This allows for a pure 'operating profit' line

NOK million	2Q 2016
Fee and administration income	1 005
Risk result life & pensions	-6
Insurance premiums f.o.a.	962
Claims f.o.a.	-726
Operational cost	-698
Financial result	200
Result before profit sharing and loan losses	739
Net profit sharing and loan losses	60
<b>Result before amortisation and longevity</b>	<b>798</b>
Provision longevity	-
Amortisation and write-downs of intangible assets	-114
Result before tax	684
Tax	31
Sold/liquidated business	-
<b>Profit after tax</b>	<b>715</b>

## New reporting format:

NOK million	2Q 2016
Fee and administration income	1 005
Insurance result	237
Operational cost	-698
<b>Operating profit</b>	<b>544</b>
Financial items and risk result life	254
<b>Profit before amortisation and longevity</b>	<b>798</b>
Provision longevity	-
Amortisation and write-downs of intangible assets	-114
Result before tax	684
Tax	31
Sold/liquidated business	-
<b>Profit after tax</b>	<b>715</b>

1

2

# Storebrand Group

## - new simplified reporting format from 3Q 2016



### Profit

NOK million	2Q		01.01 - 30.06		Full year
	2016	2015	2016	2015	2015
Fee and administration income	1 005	1 065	2 058	2 111	4 317
Insurance result	237	264	455	479	820
Operational cost <sup>1</sup>	-698	-799	-1 501	-1 602	-3 268
<b>Operating profit</b>	<b>544</b>	<b>530</b>	<b>1 012</b>	<b>988</b>	<b>1 869</b>
Financial items and risk result life	254	80	332	227	-107
<b>Profit before amortisation and longevity</b>	<b>798</b>	<b>610</b>	<b>1 344</b>	<b>1 215</b>	<b>1 762</b>
Provision longevity	-	-151	-	-306	-1 764
Amortisation and write-downs of intangible assets	-114	-103	-230	-208	-437
Result before tax	684	356	1 114	701	-438
Tax	31	-97	-89	-184	1 821
Sold/liquidated business	-	-0	-	-0	-0
<b>Profit after tax</b>	<b>715</b>	<b>258</b>	<b>1 025</b>	<b>517</b>	<b>1 382</b>

<sup>1</sup> 2Q 2016: Includes 98 NOK mill. in positive effect from change in own disability pension scheme. For a complete overview of special items in previous quarters, please visit [storebrand.com/ir](http://storebrand.com/ir).

# Storebrand Group

## Profit

NOK million	2Q		01.01 - 30.06		Full year
	2016	2015	2016	2015	2015
Fee and administration income	1 005	1 065	2 058	2 111	4 317
Risk result life & pensions	-6	54	18	63	80
Insurance premiums f.o.a.	962	947	1 909	1 813	3 642
Claims f.o.a.	-726	-683	-1 453	-1 334	-2 822
Operational cost <sup>1</sup>	-698	-799	-1 501	-1 602	-3 268
Financial result	200	76	387	156	244
Result before profit sharing and loan losses	739	661	1 417	1 207	2 193
Net profit sharing and loan losses	60	-51	-73	8	-431
<b>Result before amortisation and longevity</b>	<b>798</b>	<b>610</b>	<b>1 344</b>	<b>1 215</b>	<b>1 762</b>

## Profit per line of business

NOK million	2Q		01.01 - 30.06		Full year
	2016	2015	2016	2015	2015
Savings - non-guaranteed	241	237	520	455	1 020
Insurance	153	192	275	351	488
Guaranteed pension	237	183	252	419	329
Other result	167	-3	297	-10	-75
<b>Result before amortisation and longevity</b>	<b>798</b>	<b>610</b>	<b>1 344</b>	<b>1 215</b>	<b>1 762</b>

<sup>1</sup> 2Q 2016: Includes 98 NOK mill. in positive effect from change in own disability pension scheme. For a complete overview of special items in previous quarters, please visit [storebrand.com/ir](http://storebrand.com/ir).

# Savings (non-guaranteed) - underlying results growth



## Profit

NOK million	2Q		01.01 - 30.06		Full year
	2016	2015	2016	2015	2015
Fee and administration income	636	627	1 333	1 255	2 662
Risk result life & pensions	8	4	6	0	-3
Operational cost <sup>1</sup>	-407	-394	-819	-802	-1 638
Financial result	0	0	0	0	0
Result before profit sharing and loan losses	238	238	521	453	1 022
Net profit sharing and loan losses	3	-0	-1	2	-1
Provision longevity	-	-	-	-	-
<b>Result before amortisation</b>	<b>241</b>	<b>237</b>	<b>520</b>	<b>455</b>	<b>1 020</b>

## Profit per product line

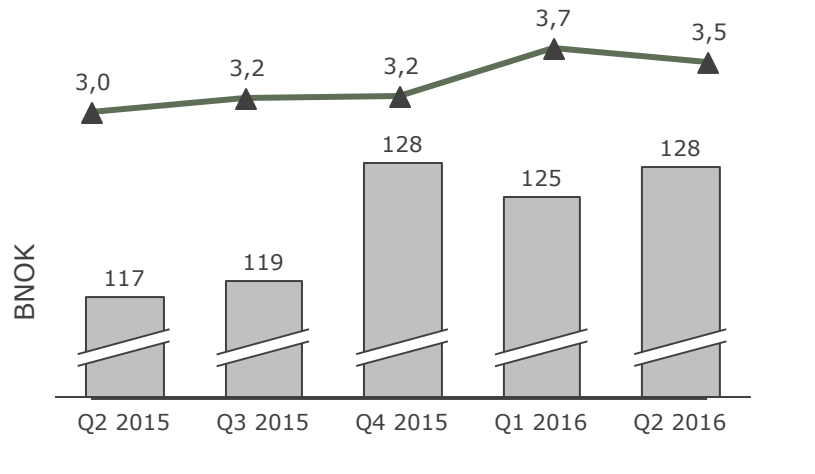
NOK million	2Q		01.01 - 30.06		Full year
	2016	2015	2016	2015	2015
Unit linked Norway	38	40	122	93	201
Unit linked Sweden	49	48	77	72	139
Asset Management segment	109	101	240	190	485
Retail banking	44	49	82	101	195
<b>Result before amortisation</b>	<b>241</b>	<b>237</b>	<b>520</b>	<b>455</b>	<b>1 020</b>

<sup>1</sup> 2Q 2016: Includes 34 NOK mill. in positive effect from change in own disability pension scheme. FY 2015: Includes restructuring costs of -28 NOK mill.

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



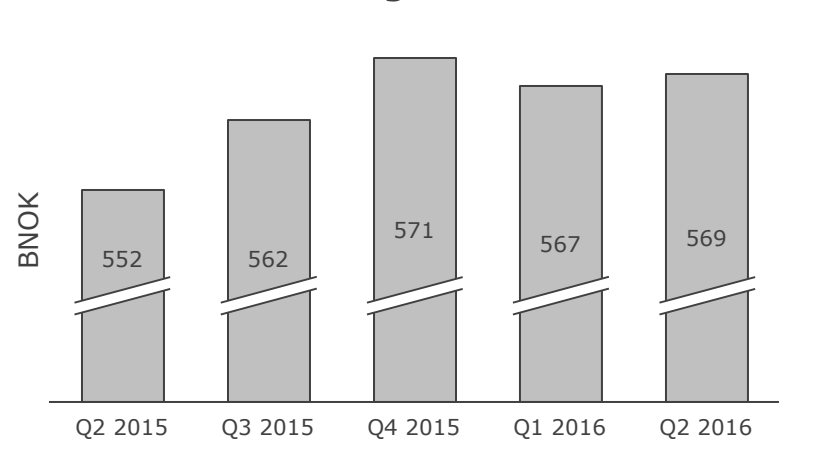
## Reserves and premiums Unit Linked



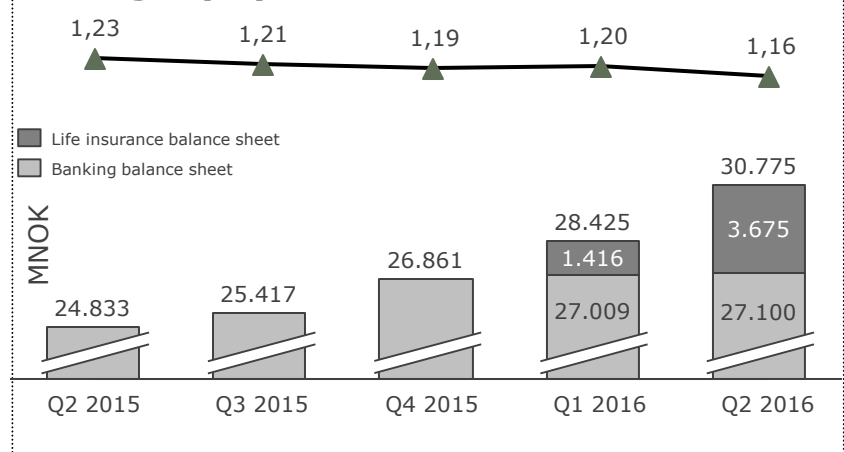
## Comments<sup>1</sup>

- 17% premium growth in UL premiums<sup>2</sup>
- 4% top line growth in Savings<sup>3</sup>
- 24% retail lending growth

## Assets Under Management



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



<sup>1</sup> Growth figures compare 1H 2016 with 1H 2015.

<sup>2</sup> Excluding transfers.

<sup>3</sup> Adjusted for FX.



# Insurance

## - reduced growth



### Profit

NOK million	2Q		01.01 - 30.06		Full year
	2016	2015	2016	2015	2015
Insurance premiums f.o.a.	962	947	1 909	1 813	3 642
Claims f.o.a. <sup>1</sup>	-726	-683	-1 453	-1 334	-2 822
Operational cost <sup>2</sup>	-135	-136	-279	-264	-538
Financial result	52	64	99	136	206
<b>Result before amortisation</b>	<b>153</b>	<b>192</b>	<b>275</b>	<b>351</b>	<b>488</b>

### Profit per product line

NOK million	2Q		01.01 - 30.06		Full year
	2016	2015	2016	2015	2015
P&C & Individual life <sup>3</sup>	80	115	185	193	327
Health & Group life <sup>4</sup>	16	88	56	107	165
Pension related disability insurance Nordic <sup>5</sup>	58	-11	34	51	-3
<b>Result before amortisation</b>	<b>153</b>	<b>192</b>	<b>275</b>	<b>351</b>	<b>488</b>

<sup>1</sup> FY 2015: Includes disability reserve strengthening of NOK 100 mill.

<sup>2</sup> 2Q 2016: Includes NOK 23 mill. in positive effect from change in own disability pension scheme. FY 2015: Includes restructuring costs of -15 NOK mill.

<sup>3</sup> Individual life and disability, property and casualty insurance.

<sup>4</sup> Group life, workers comp and 50% of result in Storebrand Health insurance.

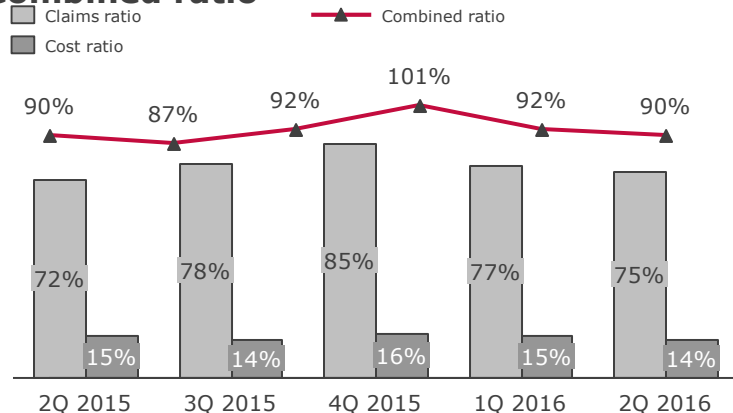
<sup>5</sup> DC disability risk result Norwegian line of business and disability risk result from SPP.

# Insurance

## - combined ratio on target level



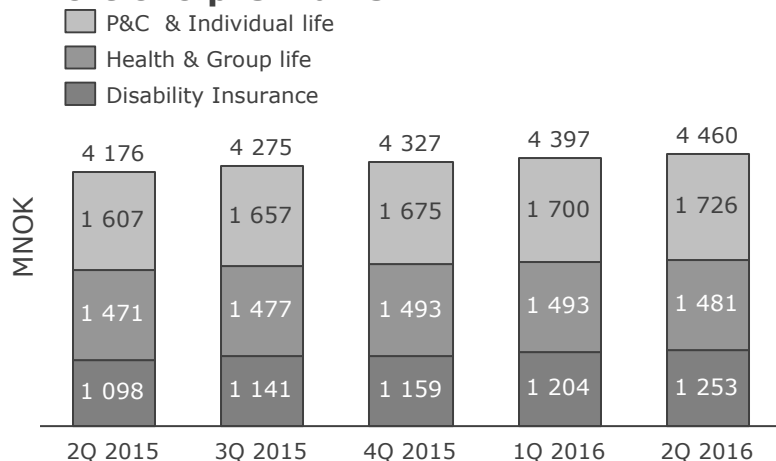
### Combined ratio



### Comments Combined ratio and results

- Combined Ratio 90%, 92% adjusted for special items
- On-going shift to more cost-effective distribution gives temporary lower growth

### Portfolio premiums



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

- 7% premium growth within P&C & Individual life
- 1% premium growth within Health & Group life
- 14% premium growth in Pension related disability Nordic

<sup>1</sup> Growth figures show development from 2Q 2015 to 2Q 2016.

# Guaranteed pension - strong financial result SPP



## Profit

NOK million	2Q		01.01 - 30.06		Full year
	2016	2015	2016	2015	2015
Fee and administration income	383	457	787	889	1 777
Risk result life & pensions	-10	47	-6	63	89
Operational cost <sup>1</sup>	-192	-281	-464	-558	-1 156
Financial result	-	-	-	-	-
Result before profit sharing and loan losses	180	223	317	394	711
Net profit sharing and loan losses <sup>2</sup>	57	-40	-65	24	-382
<b>Result before amortisation and longevity</b>	<b>237</b>	<b>183</b>	<b>252</b>	<b>419</b>	<b>329</b>
Provision longevity	-	-151	-	-306	-1 764

## Profit per product line

NOK million	2Q		01.01 - 30.06		Full year
	2016	2015	2016	2015	2015
Defined benefit (fee based)	107	148	196	282	512
Paid-up policies, Norway	30	-6	24	-2	1
Individual life and pension, Norway	2	4	4	4	45
Guaranteed products, Sweden	98	37	28	135	-230
<b>Result before amortisation and longevity</b>	<b>237</b>	<b>183</b>	<b>252</b>	<b>419</b>	<b>329</b>

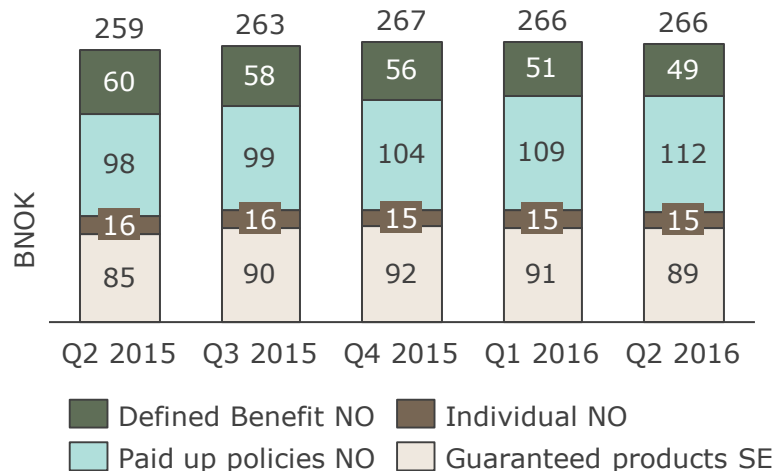
<sup>1</sup> 2Q 2016: Includes NOK 39 mill. in positive effect from change in own disability pension scheme. FY 2015: Includes restructuring costs of -43 NOK mill.

<sup>2</sup> FY 2015: Includes negative effects from changed interest rate curve and other assumption changes of -265 NOK mill.

# Guaranteed pension - conversion to DC schemes continues



## Reserves guaranteed products



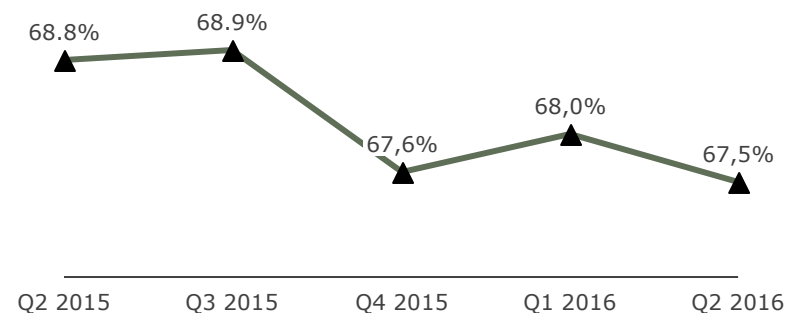
## Comments

- 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 credit and real estate returns contribute to good financial result SPP

## Buffer capital

NOK million	2016		
	2Q	1Q	Change
Market value adjustment reserve	5 244	4 713	531
Excess value of bonds at amortised cost	12 420	12 004	416
Additional statutory reserve	5 198	5 090	108
Unallocated results	1 481	964	517
Provisions for new mortality tables, shareholders direct contribution	-	-	-
Conditional bonuses Sweden	5 300	5 622	-322
<b>Total</b>	<b>29 644</b>	<b>28 393</b>	<b>1 250</b>

## Guaranteed reserves in % of total reserves<sup>1</sup>



## Profit

NOK million	2Q		01.01 - 30.06		Full year
	2016	2015	2016	2015	2015
Fee and administration income	53	35	70	80	129
Risk result life & pensions	-4	3	18	-0	-6
Operational cost <sup>2</sup>	-30	-43	-72	-91	-188
Financial result <sup>3</sup>	148	12	288	20	38
Result before profit sharing and loan losses	167	8	305	8	-27
Net profit sharing and loan losses	-0	-11	-7	-19	-48
<b>Result before amortisation</b>	<b>167</b>	<b>-3</b>	<b>297</b>	<b>-10</b>	<b>-75</b>

## Profit per product line

NOK million	2Q		01.01 - 30.06		Full year
	2016	2015	2016	2015	2015
Corporate Banking	48	-10	36	-17	-84
BenCo	6	14	36	27	34
Holding company costs and net financial results in company portfolios	112	-7	225	-21	-26
<b>Result before amortisation</b>	<b>167</b>	<b>-3</b>	<b>297</b>	<b>-10</b>	<b>-75</b>

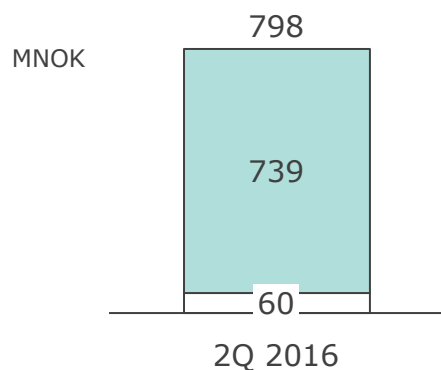
<sup>1</sup> Excluding eliminations. For more information on eliminations, see Supplementary Information.

<sup>2</sup> FY 2015: Includes negative effect from restructuring costs of -12 NOK mill.

<sup>3</sup> FY 2015: Includes minority share of result from real estate sale of 171 NOK mill.

# Highlights 2Q 2016

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



- Result before profit sharing and loan losses
- Net profit sharing and loan losses

- *4% growth in Savings fee and admin income<sup>2</sup>*
- *14% reduction in Guaranteed fee and admin income<sup>2</sup>*



**17%** Unit Linked premium growth<sup>3</sup>



**7%** Insurance written premium growth<sup>3</sup>



**24%** Retail Bank lending growth<sup>3</sup>



**172%** Solvency II ratio<sup>4</sup>

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

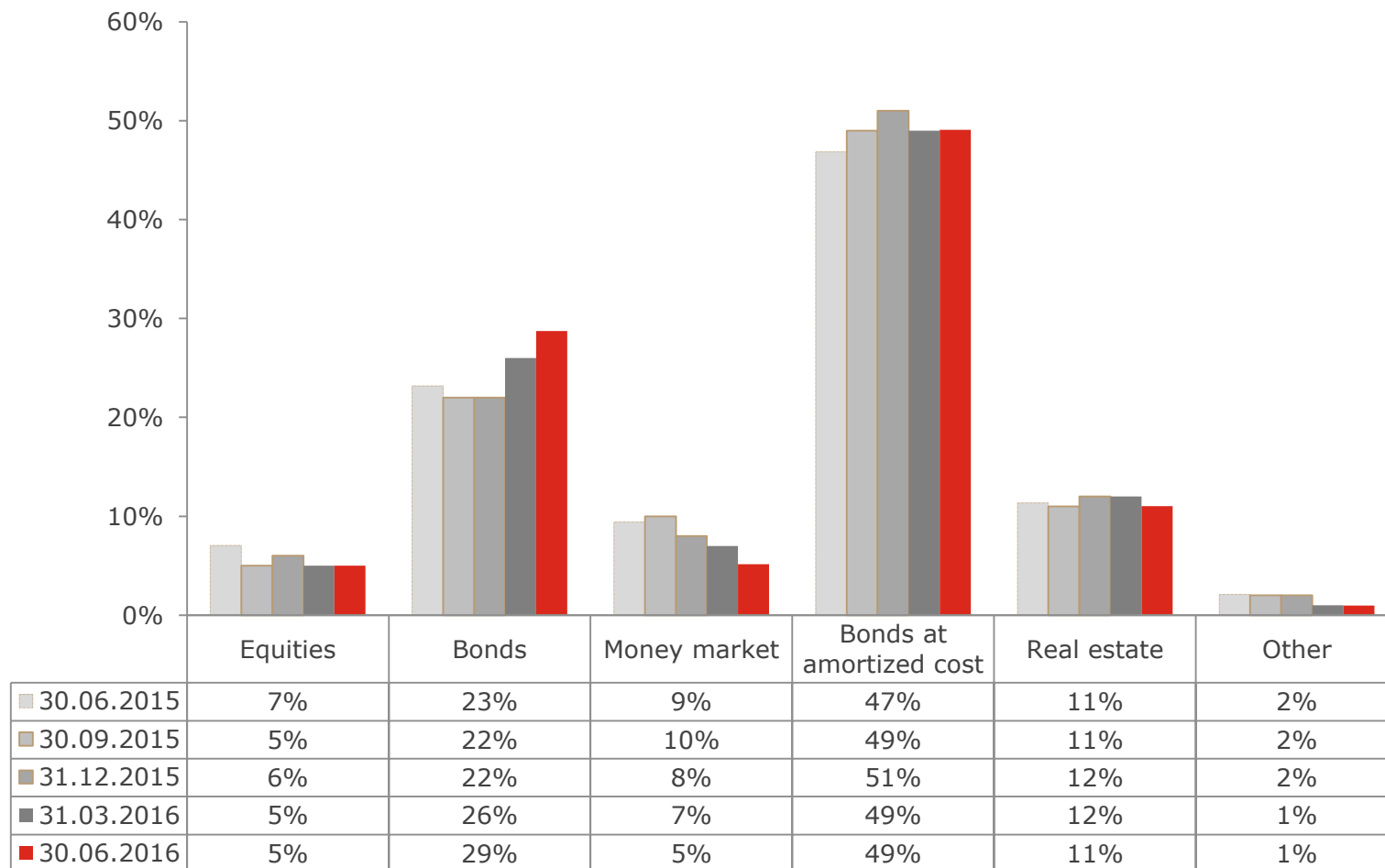
<sup>2</sup> Change from 1H 2015 to 1H 2016, adjusted for FX.

<sup>3</sup> Growth figures are from 1H 2015 to 1H 2016.

<sup>4</sup> Including transitional rules. Estimated Solvency II ratio excluding transitional rules is 122%.

# Appendix

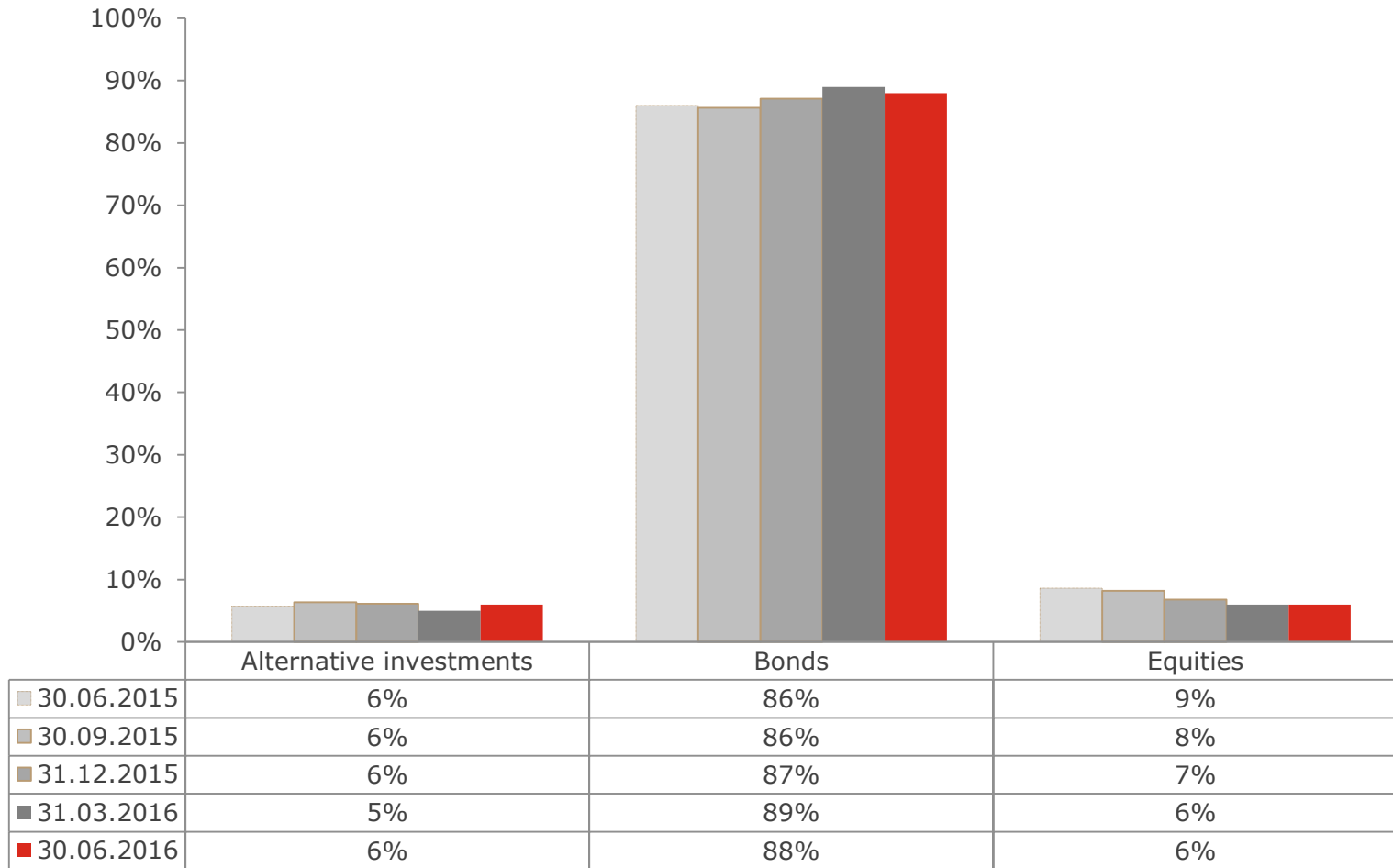
# Storebrand Life Insurance asset allocation



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



# SPP asset allocation



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



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# Our Vision

Recommended by our customers