

# Storebrand Q3 2018

24 October 2018

Odd Arild Grefstad – CEO  
Lars Aa. Løddesøl – CFO



# Storebrand Global Solutions

- Investing in companies contributing to the UN Sustainable Development Goals

**Unlocking the  
potential of  
the UN  
Sustainable  
Development  
Goals**

Building on 20 years of experience, a range of successful sustainability products and a brand that has sustainability built into every decision.



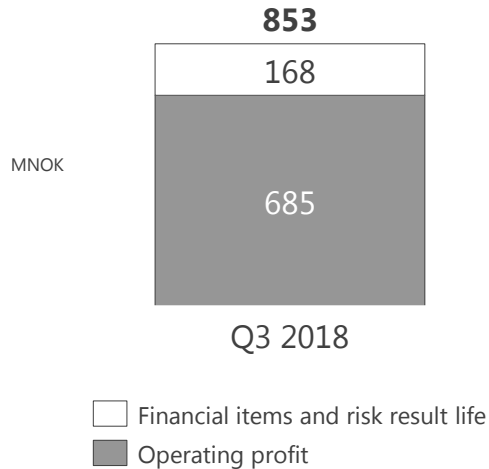
ISIN NO0010657273

**Storebrand Global Solutions**

- Management fee: 0,75 %
- Fund size: 2,6 BN NOK
- Fund benchmark: MSCI All Countries
- Launch date: 1.October 2012

# Highlights Q3 2018

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



**18%** Unit Linked growth<sup>2</sup>



**16%** AuM growth Asset Management<sup>2</sup>



**11%** Retail Bank lending growth<sup>2</sup>



**169%** Solvency II ratio<sup>3</sup>



**'A-'** rating Storebrand Livsforsikring & Storebrand Bank<sup>4</sup>

# Our strategy

1

Build a world class Savings business - supported by Insurance

A

Leading position Occupational Pension

B

Uniquely positioned in growing retail savings market

C

Asset manager with strong competitive position and clear growth opportunities

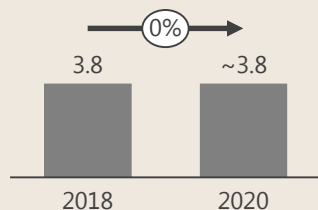
D

Bolt-on M&A

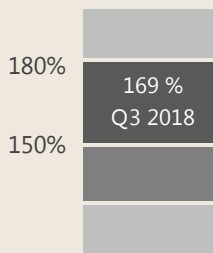
2

Manage balance sheet and capital

A. Cost discipline



B. SII capital management framework



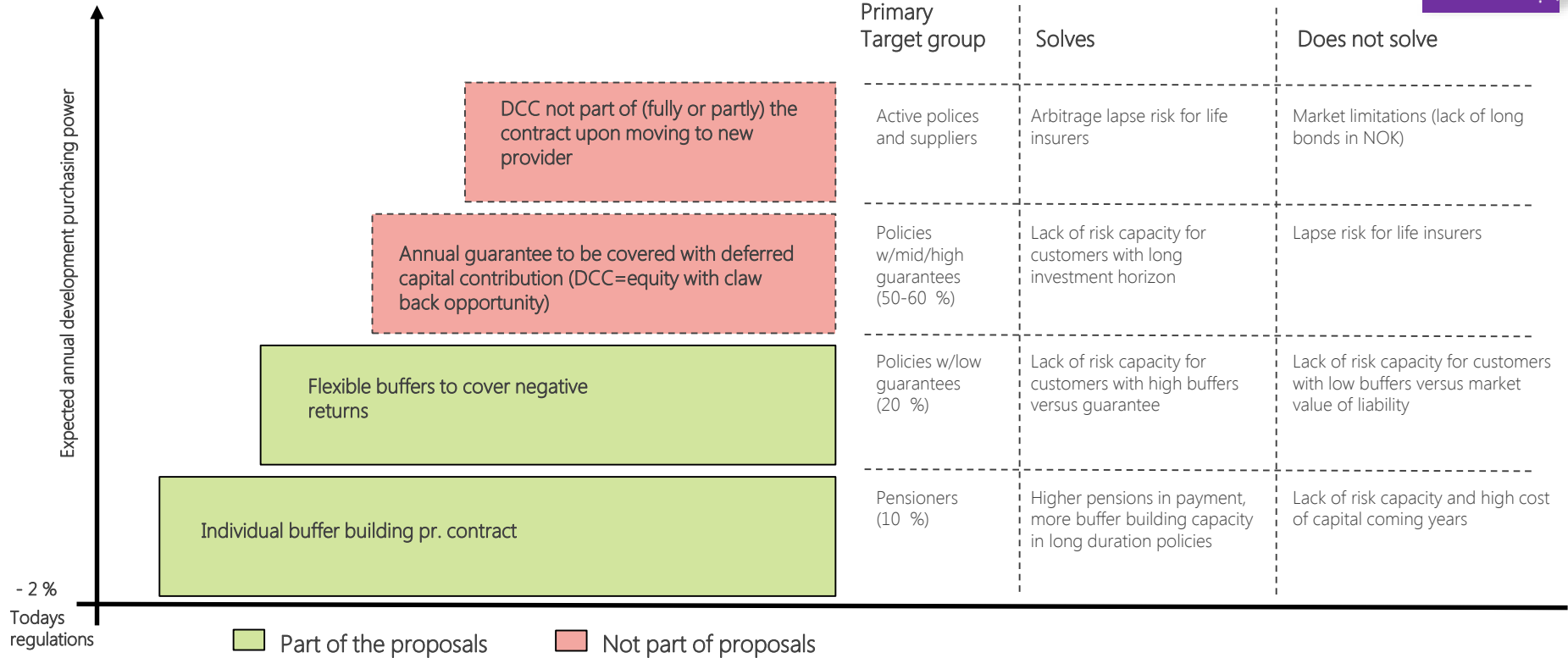
C. Increased return



Manage for capital release and increased dividend pay-out ratio

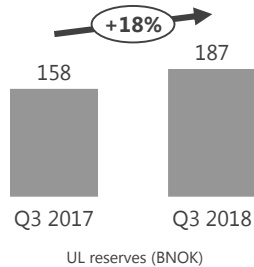
Compelling combination of **self-funding growth** and **capital return** from maturing guaranteed back-book

# Report on paid up policies: Positive direction, but proposals should have gone further



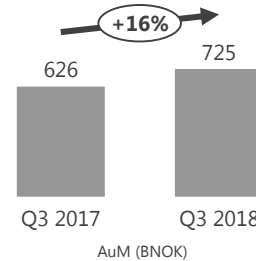
# Growth in Savings continues

## Unit Linked



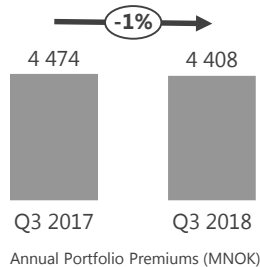
- Good relative returns vs. peers in Norwegian Defined Contribution
- 31% annual growth in Norwegian Unit Linked
- Strong sales in Sweden

## Asset management



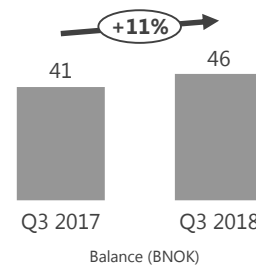
- Strong sales and returns drive growth

## Insurance



- Improved profitability
- Steps implemented to improve competitiveness

## Retail loans



- NOK 18bn placed on life insurance balance sheet

# Skagen launches Norway's largest fund platform for ASK



- **Approx. 600 funds** – Norway's largest fund platform for ASK
- **20-30 recommended funds** – SKAGEN and Storebrand's fund experts select the funds they think are the best in each category
- **Switch to SKAGEN** – Consolidate all your equity funds on one platform with full flexibility and oversight in addition to the experts' selection of funds
- **30 October 2018** – launch date in Norway

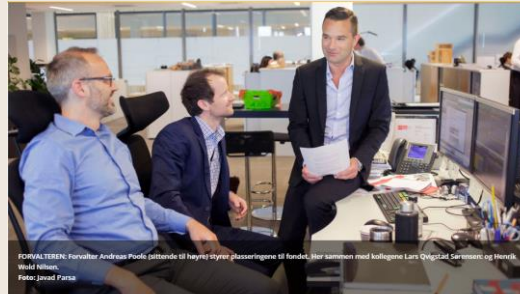
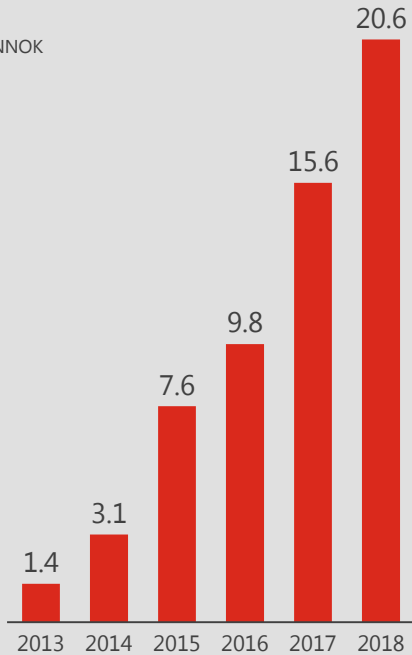


# Storebrand Global Multifactor ★★★★★

– over NOK 20bn in AUM & 1.3% annual excess return

## Assets under management

BNNOK



### Maskinfondet knuste børsen

Denne fondets portefølje bestemmes av en maskin – og slo fiender knokk på konkurranse

0 **De blir** maskinfondet er et av de mest populære i Norge. Den har slått rekord etter rekord og har nå over 20 milliarder kroner i formidlingskapital. Den er også den eneste fonden som har slått rekord etter rekord og har nå over 20 milliarder kroner i formidlingskapital. Den er også den eneste fonden som har slått rekord etter rekord og har nå over 20 milliarder kroner i formidlingskapital.

**En verden der data-maskiner bestemmer alt, har jeg lite tro på.**

### DINE PENGER

## De nye, smarte fondene

La en fondet av smarte løsninger

Korrettest og billigst kjøps- og salg

Slik kan du spare til pensjon

Fra 100 000 til 100 millioner

### Her er Norges smarteste forvalter

Globale aksjefond har levert dårlig avkastning på sparepengene idem tusensliffet. Disse fondforvalterne lar en computer gjøre jobben og knuser konkurrentene.

### Computerfond banker konkurrentene

Finer du ikke en plug-in hybrid som passer deg på side 4 og 5...


### Aksjefond med X-faktor


700.000 nordmenn nyter godt av fond

suksess - uten å vite det



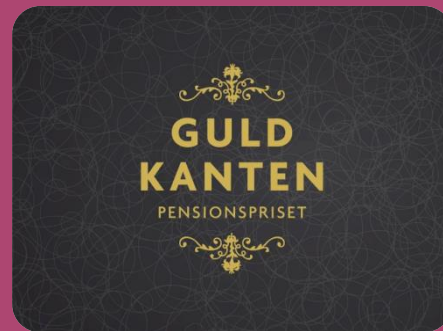
# Gajda

 Gajda – An interactive Chabot that talks pensions in a new exciting way with employees.

 Developed in cooperation with a group of large corporate customers.

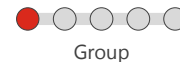
 Available as a subscription service to all corporations.

## Awards



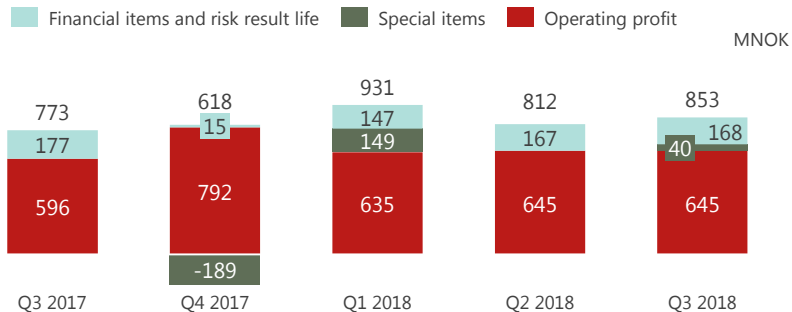
*Interactive, quick, fun and intuitive. Through individually tailored information, 'Gajda' is the new guide to pensions. We get help, we understand and most importantly – it is so easy that we just want to continue the dialogue!*

# Key figures

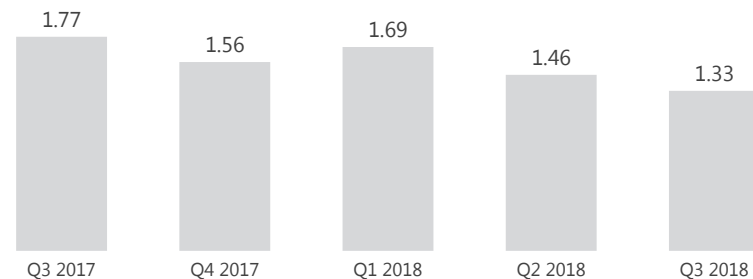


Group

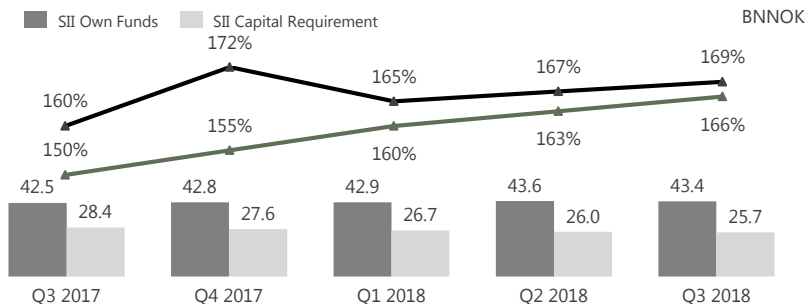
## Result development<sup>1</sup>



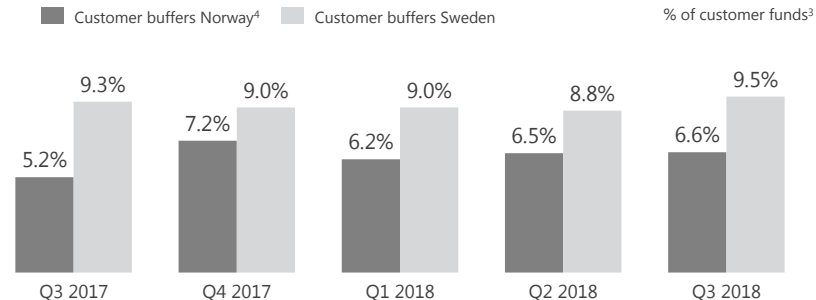
## Earnings per share<sup>2</sup>



## SII Own funds and SCR<sup>4</sup>



## Customer buffers development



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

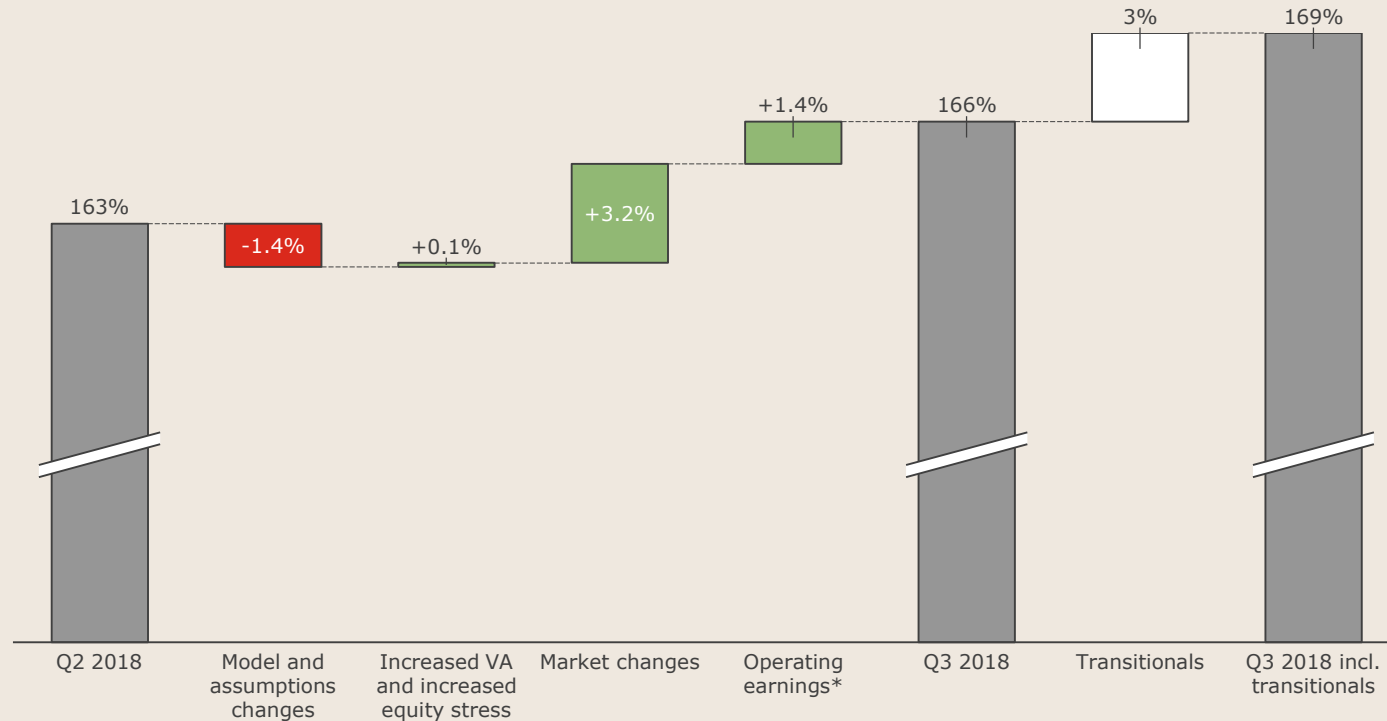
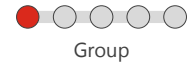
<sup>2</sup> Earnings per share after tax adjusted for amortisation of intangible assets.

<sup>3</sup> Customer buffers in Benco not included. Surplus values of bonds held at amortized cost excluded.

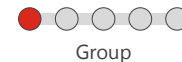
<sup>4</sup> Without the use of transitional capital

# Solvency movement from Q2 2018 to Q3 2018

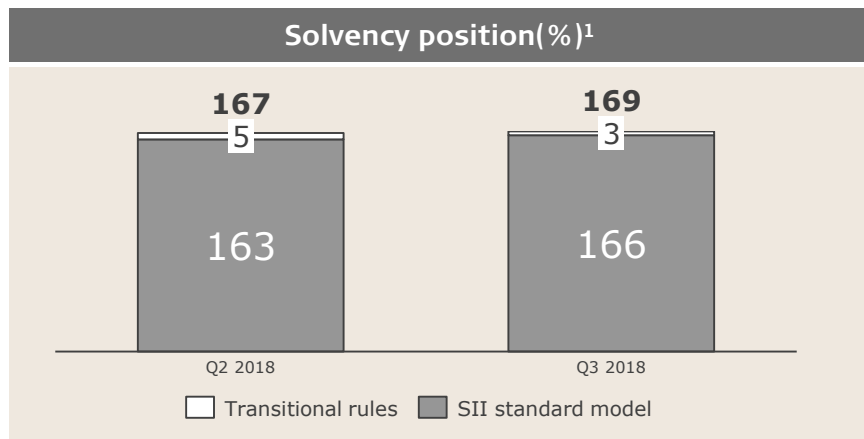
Storebrand ASA



# SII position Storebrand Group

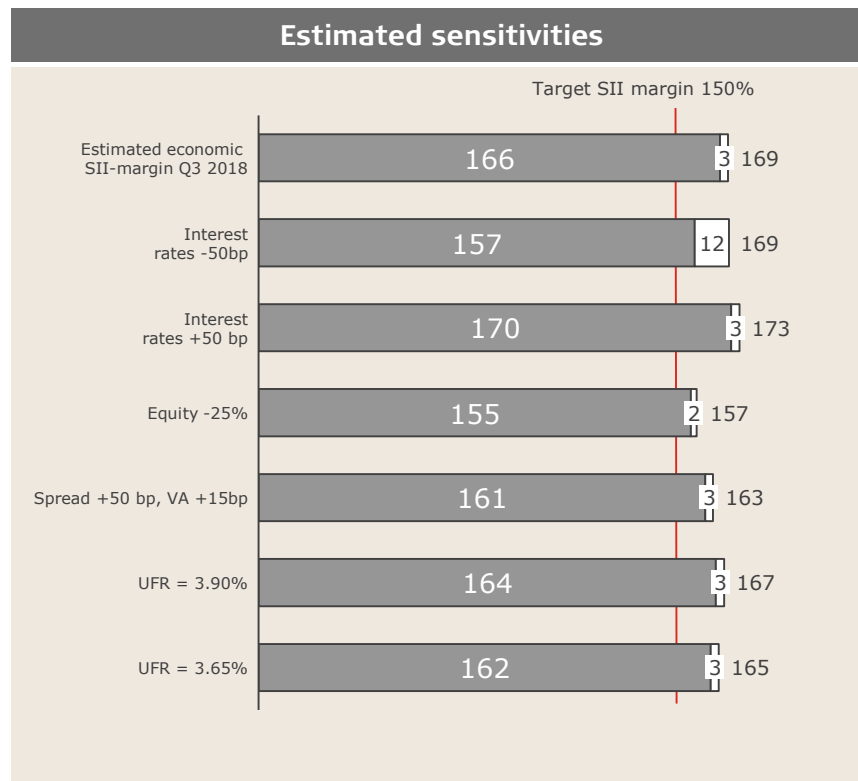


Group



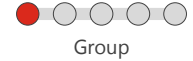
### Key takeaways

- Good returns and higher interest rates lifts the solvency position
- Strong operating earnings
- Transitional on technical provisions now zero due to higher interest rates



<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.

# Storebrand Group

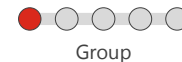


Group

## Profit<sup>1</sup>

NOK million	Q3		01.01-30.09		Full year
	2018	2017	2018	2017	2017
Fee and administration income	1 246	1 116	3 710	3 240	4 771
Insurance result	316	320	1 009	885	1 146
Operational cost	-877	-840	-2 755	-2 501	-3 490
<b>Operating profit</b>	<b>685</b>	<b>596</b>	<b>1 965</b>	<b>1 624</b>	<b>2 427</b>
Financial items and risk result life	168	177	631	698	513
<b>Profit before amortisation</b>	<b>853</b>	<b>773</b>	<b>2 595</b>	<b>2 322</b>	<b>2 940</b>
Amortisation and write-downs of intangible assets	-98	-101	-261	-299	-536
<b>Profit before tax</b>	<b>755</b>	<b>672</b>	<b>2 335</b>	<b>2 023</b>	<b>2 404</b>
Tax	-229	27	-494	-111	2
<b>Profit after tax</b>	<b>526</b>	<b>698</b>	<b>1 841</b>	<b>1 912</b>	<b>2 405</b>

# Storebrand Group



Group

## Profit

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## Profit per line of business

NOK million	Q3		01.01-30.09		Full year
	2018	2017	2018	2017	2017
Savings - non-guaranteed	336	314	940	872	1 511
Insurance	214	221	651	576	608
Guaranteed pension	292	244	925	735	766
Other profit	10	-5	81	140	55
<b>Profit before amortisation</b>	<b>853</b>	<b>773</b>	<b>2 595</b>	<b>2 322</b>	<b>2 940</b>

# Savings (non-guaranteed)

## Profit

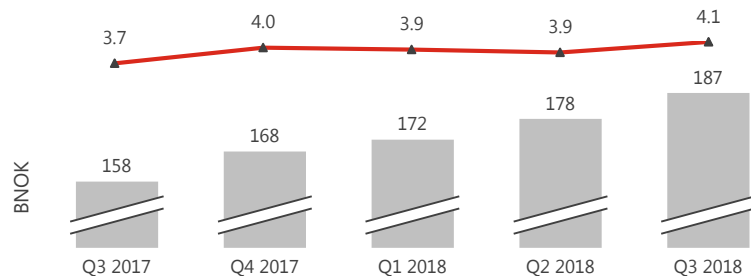
NOK million	Q3		01.01-30.09		Full year
	2018	2017	2018	2017	2017
Fee and administration income	905	761	2 702	2 205	3 394
Operational cost	-563	-443	-1 745	-1 337	-1 891
<b>Operating profit</b>	<b>342</b>	<b>318</b>	<b>957</b>	<b>868</b>	<b>1 503</b>
Financial items and risk result life	-5	-4	-17	4	8
<b>Profit before amortisation</b>	<b>336</b>	<b>314</b>	<b>940</b>	<b>872</b>	<b>1 511</b>
<i>Income earned not booked<sup>1)</sup></i>	-45	22	53	58	0

## Profit per product line

NOK million	Q3		01.01-30.09		Full year
	2018	2017	2018	2017	2017
Unit linked Norway	72	82	188	220	284
Unit linked Sweden	63	53	196	182	252
Asset Management segment	145	132	382	353	823
Retail banking	56	46	174	117	152
<b>Profit before amortisation</b>	<b>336</b>	<b>314</b>	<b>940</b>	<b>872</b>	<b>1 511</b>

# Savings (non-guaranteed) – strong volume growth

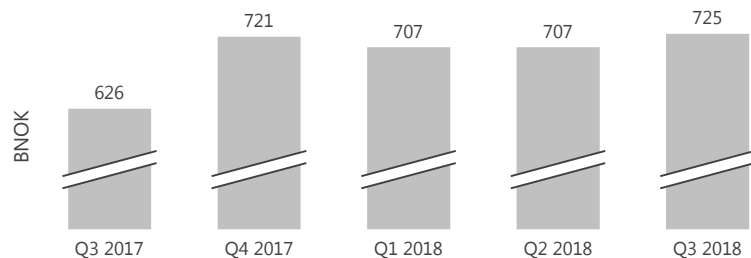
## Reserves and premiums Unit Linked



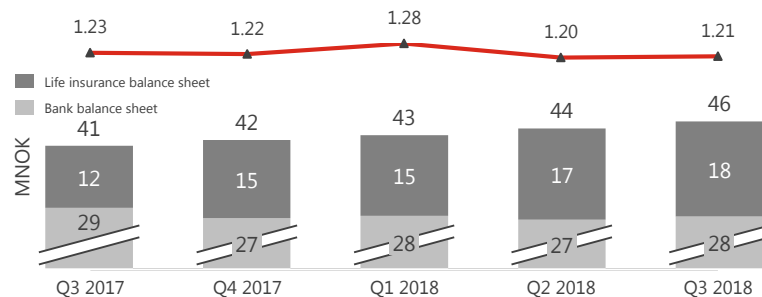
## Comments

- 4% premium growth in UL premiums<sup>1</sup>
- 18% growth in UL reserves
- 11% retail lending growth<sup>2</sup>
- 16% growth in assets under management<sup>3</sup>

## Assets under management



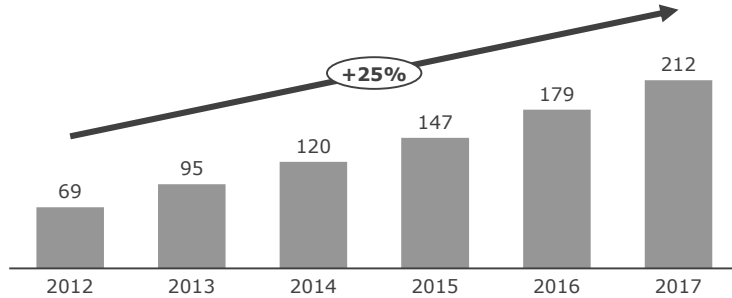
## Retail bank balance and net interest margin (%)



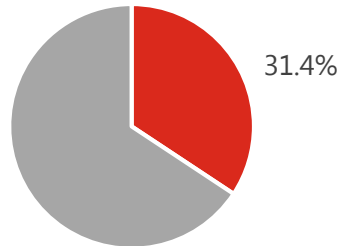


# Norwegian market for Defined Contribution

## Market growth, AUM<sup>1</sup>



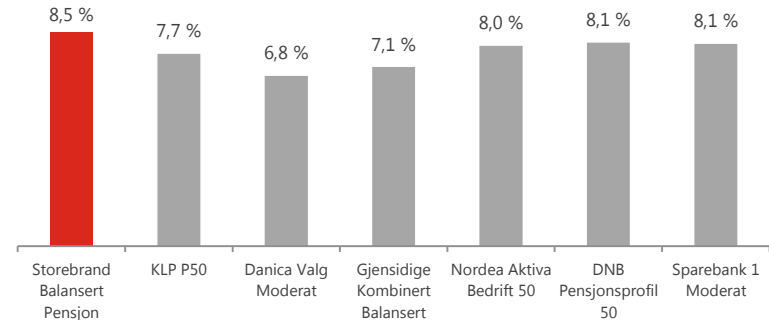
## Storebrand market share of AUM



## Comments

- NOK 212bn market AUM
- NOK 26bn annual premiums
- 1.3 million policyholders

## Annual return last 3 years<sup>2</sup>



# Insurance

## Profit

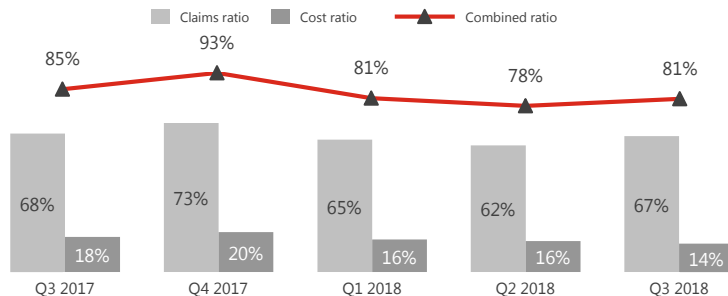
NOK million	Q3		01.01-30.09		Full year
	2018	2017	2018	2017	2017
Insurance premiums f.o.a.	949	993	2 850	2 904	3 872
Claims f.o.a.	-633	-674	-1 841	-2 019	-2 726
Operational cost	-136	-175	-438	-519	-711
<b>Operating profit</b>	<b>181</b>	<b>145</b>	<b>571</b>	<b>366</b>	<b>435</b>
Financial result	33	76	80	209	173
<b>Profit before amortisation</b>	<b>214</b>	<b>221</b>	<b>651</b>	<b>576</b>	<b>608</b>

## Profit per product line

NOK million	Q3		01.01-30.09		Full year
	2018	2017	2018	2017	2017
P&C & Individual life	106	80	301	247	285
Health & Group life	57	116	192	263	242
Pension related disability insurance Nordic	51	24	158	66	81
<b>Profit before amortisation</b>	<b>214</b>	<b>221</b>	<b>651</b>	<b>576</b>	<b>608</b>

# Insurance – good risk results

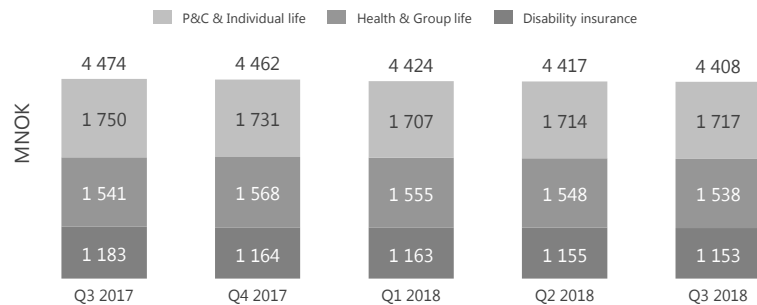
## Combined ratio



## Comments Combined ratio and results

- Targeted combined ratio 90-92%
- Lower disability improves result
- Fewer employees and one-off effects decrease cost ratio

## Annual portfolio premiums



## Comments premiums and growth

- Flat premium development
- Steps implemented to improve competitiveness

# Guaranteed pension

## Profit

NOK million	Q3		01.01-30.09		Full year
	2018	2017	2018	2017	2017
Fee and administration income	369	380	1 107	1 108	1 483
Operational cost	-181	-212	-602	-649	-889
<b>Operating profit</b>	<b>188</b>	<b>169</b>	<b>506</b>	<b>459</b>	<b>595</b>
Risk result life & pensions	91	9	134	49	67
Net profit sharing and loan losses	13	66	285	227	104
<b>Profit before amortisation</b>	<b>292</b>	<b>244</b>	<b>925</b>	<b>735</b>	<b>766</b>

## Profit per product line

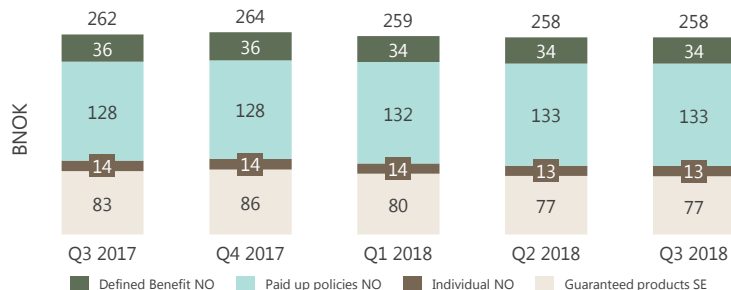
NOK million	Q3		01.01-30.09		Full year
	2018	2017	2018	2017	2017
Defined benefit (fee based)	70	83	226	222	297
Paid-up policies, Norway	140	38	457	94	122
Individual life and pension, Norway	3	20	8	36	79
Guaranteed products, Sweden	80	104	233	383	267
<b>Profit before amortisation</b>	<b>292</b>	<b>244</b>	<b>925</b>	<b>735</b>	<b>766</b>

# Guaranteed pension

- reserves in long term decline and robust buffer situation



## Reserves guaranteed products



## Comments

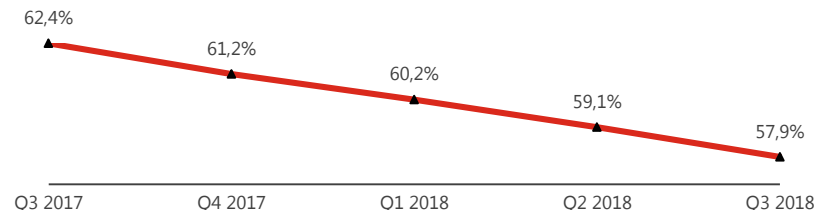
- As companies convert to DC schemes, the migration from DB to lower-margin paid up policies continues to reduce fee income in Guaranteed pensions
- Strong risk result in the Norwegian business
- Practically no new conversions to paid up policies from defined benefit in the quarter

## Buffer capital

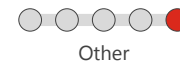
NOK million	Q3 2018	Q2 2018	Change
Market value adjustment reserve	2 841	2 720	+ 121
Excess value of bonds at amortised cost	5 051	6 327	- 1 275
Additional statutory reserve	8 267	8 286	- 19
Conditional bonuses Sweden	6 713	6 241	+ 471
<b>Total</b>	<b>22 872</b>	<b>23 574</b>	<b>- 702</b>

The term Buffer capital in this table is not consistent with the definition of buffer capital made in the IFRS accounting

## Guaranteed reserves in % of total reserves



# Other<sup>1</sup>



## Profit

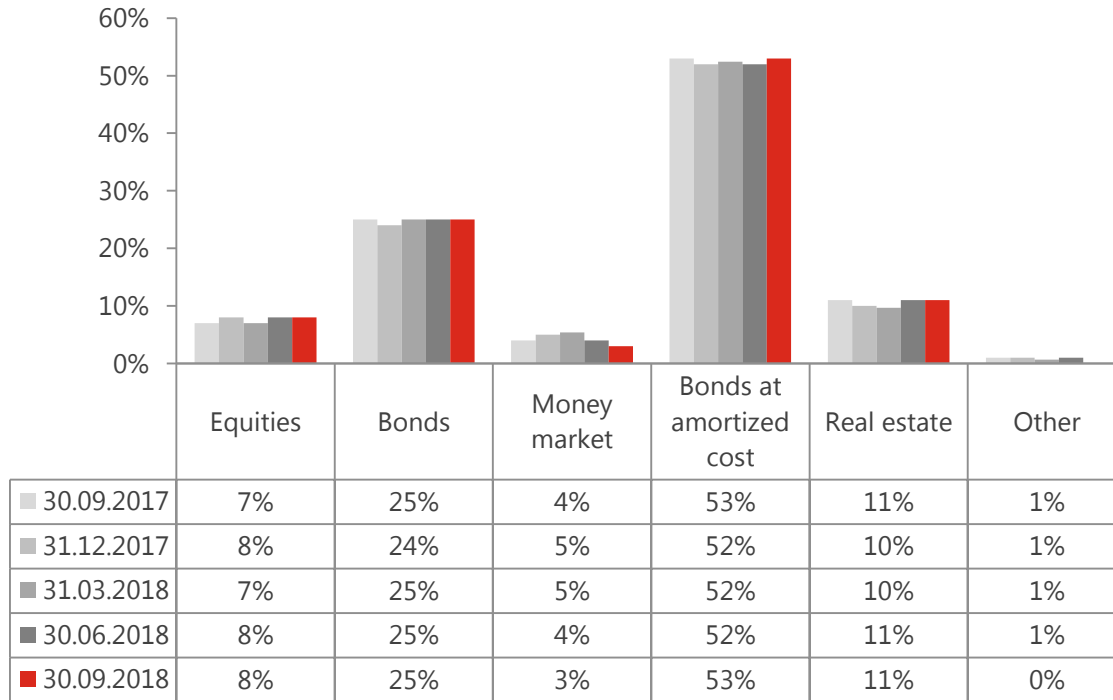
NOK million	Q3		01.01-30.09		Full year
	2018	2017	2018	2017	2017
Fee and administration income	32	19	79	63	83
Operational cost	-58	-53	-148	-132	-188
<b>Operating profit</b>	<b>-25</b>	<b>-35</b>	<b>-69</b>	<b>-69</b>	<b>-105</b>
Financial items and risk result life	35	30	185	209	161
<b>Profit before amortisation</b>	<b>10</b>	<b>-5</b>	<b>116</b>	<b>140</b>	<b>55</b>

## Profit per product line

NOK million	Q3		01.01-30.09		Full year
	2018	2017	2018	2017	2017
Corporate Banking	3	20	-14	38	42
BenCo	6	8	31	18	21
Holding company costs and net financial results in company portfolios	1	-33	99	84	-8
<b>Profit before amortisation</b>	<b>10</b>	<b>-5</b>	<b>116</b>	<b>140</b>	<b>55</b>

# Appendix

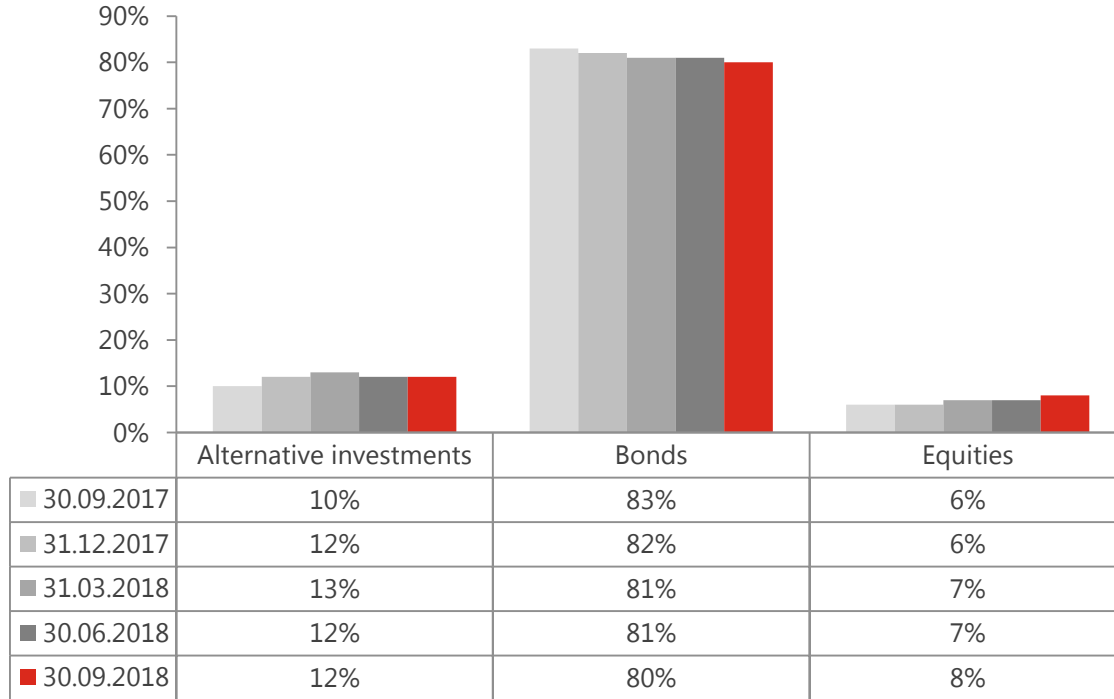
# Storebrand Life Insurance asset allocation



Note: The graph shows the asset allocation for all products with an interest rate guarantee in Storebrand Life Insurance Norwegian operations. Category bonds includes loans on life insurance balance sheet.



# SPP asset allocation



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



## Investor Relations contacts

Lars Aa. Løddesøl  
Kjetil R. Krøkje  
Daniel Sundahl

Group CFO  
Head of IR  
IR Officer

[lars.loddesol@storebrand.no](mailto:lars.loddesol@storebrand.no)  
[kjetil.r.krokje@storebrand.no](mailto:kjetil.r.krokje@storebrand.no)  
[daniel.sundahl@storebrand.no](mailto:daniel.sundahl@storebrand.no)

+47 9348 0151  
+47 9341 2155  
+47 9136 1899

# Our Vision

Recommended by our customers

This document contains Alternative Performance Measures as defined by the European Securities and Market Authority (ESMA). An overview of APMs used in financial reporting is available on [storebrand.com/ir](https://storebrand.com/ir).