

# 250 Years of Risk Management - Managing capital efficient growth

INVESTOR PRESENTATION  
NOVEMBER 2017



*Established in 1767*

# Key investment considerations

- Storebrand is the leading Nordic pension and saving provider
- Storebrand is celebrating 250 years and Storebrand Livsforsikring AS has a very long track record as a reliable lender
- Owner Storebrand ASA has a diversified income and low leverage
- Proven risk and cost control
- Significant business and capital improvement during the past years
- New business has low capital need and diversify income generation in the group

# Storebrand Group overview and strategy



## 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.

# Group Strategy

- A** Consistent strategy since 2012: Active management of the guaranteed balance sheet and create the new Storebrand through growth within Savings and Insurance
- B** Doubled equity in 5 years and delivered stable solvency margin above 150%
  - In 2016 First dividend payout since 2011
  - Back book is projected to release capital over time
- C** Significant cost reductions in the period 2012-2018 with more than NOK 800m in projected cost savings
- D** Successful growth platform with occupational pensions as core has strong operational and financial synergies between Savings and Insurance. Growth with >20% ROE
  - Q3 2017: Storebrand acquires Silver and Skagen
- E** Predictable framework for capital management and distribution of increasing dividends

# Storebrand Group – an integrated financial services group



## Life and pensions

- 40k corporate customers
- 1.9m individual customers
- NOK 419bn of reserves of which approx. 40% Unit Linked



## Insurance

- Health, P&C and group life insurance
- NOK 4.5bn in portfolio premiums



## Asset management

- NOK 626 bn in AuM of which 26% external assets
- 100% of investments assessed by sustainability criteria



## Retail bank

- Direct retail bank
- NOK 41bn of net lending



# 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**

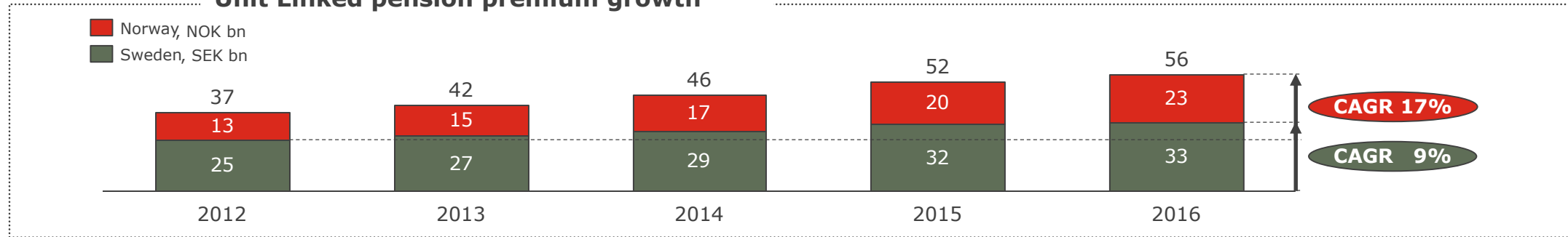
*Lower capital requirements and higher quality of earnings*

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

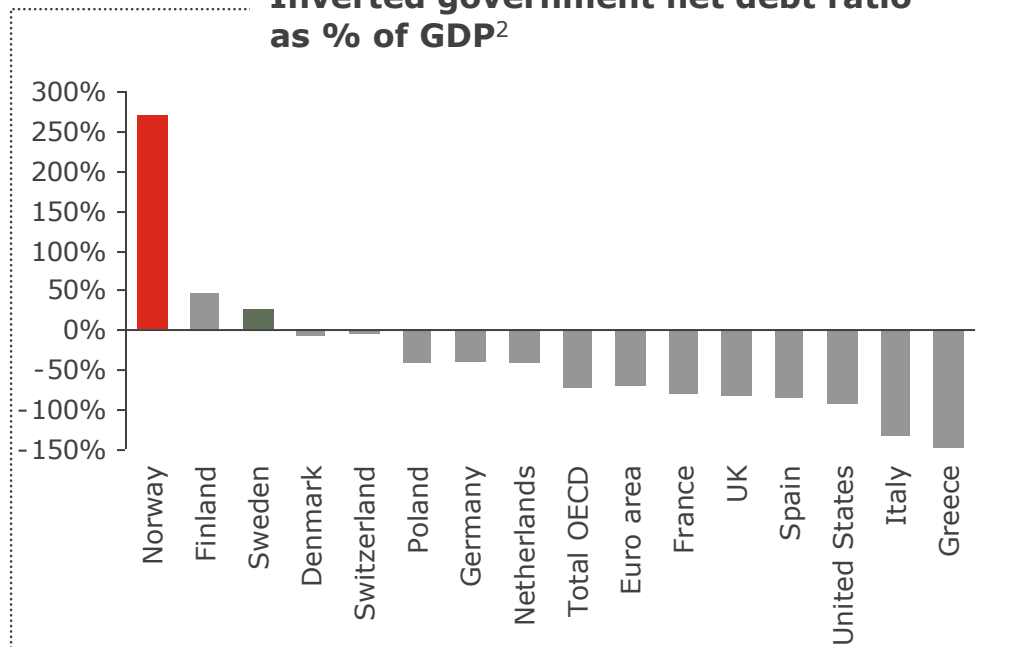
# Healthy growth in Nordic pension market

- Supported by solid macro environment

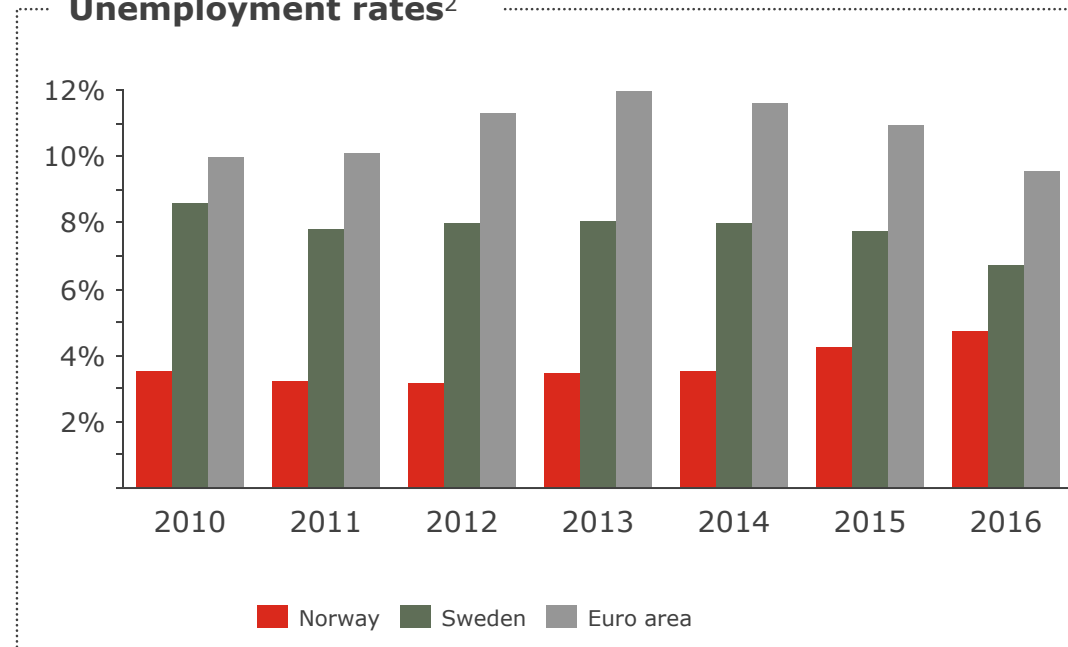
### Unit Linked pension premium growth<sup>1</sup>



### Inverted government net debt ratio as % of GDP<sup>2</sup>



### Unemployment rates<sup>2</sup>



<sup>1</sup> Norway: Finance Norway statistics - written pension premiums (table 2b) Unit linked. Sweden: Insurance Sweden statistics - segment Other occupational pensions, includes Unit linked and Depot.

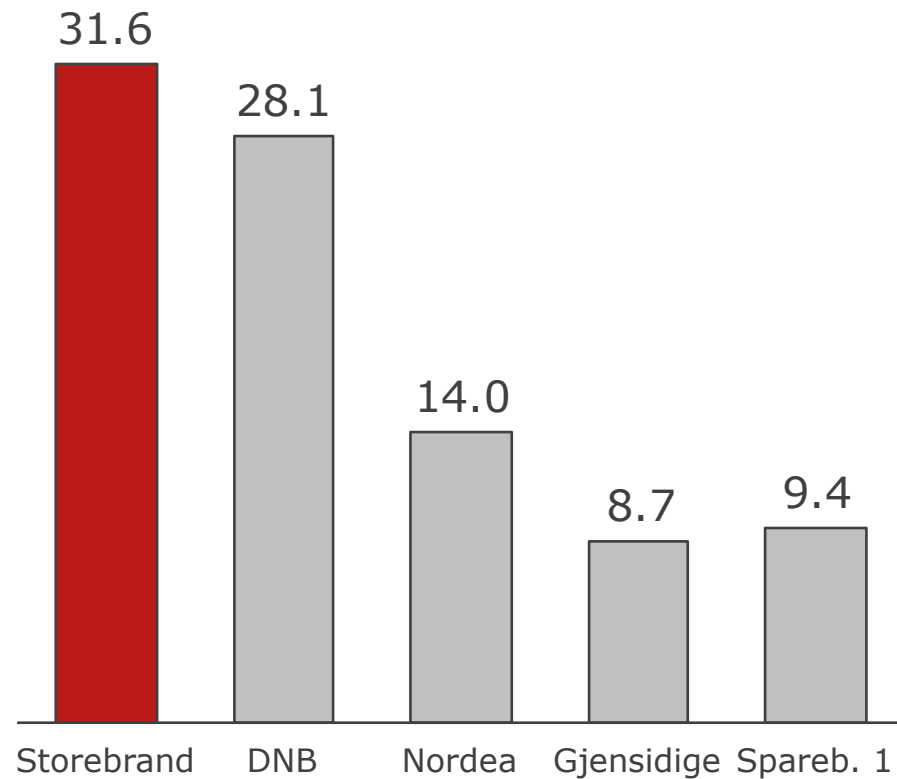
<sup>2</sup> OECD Global Interim Economic Outlook March 2017. 2017 estimated.



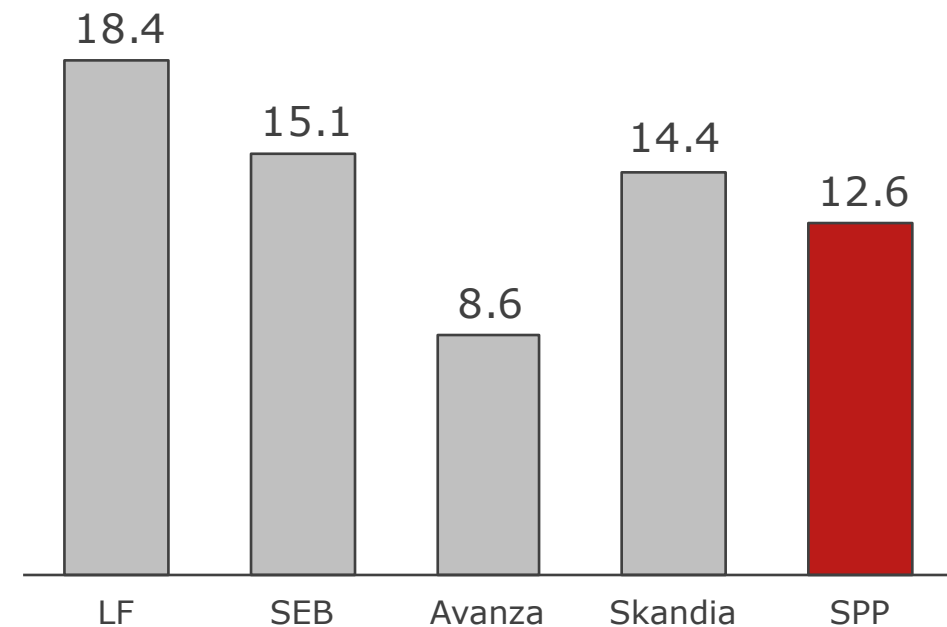
# Defined Contribution Pension Savings in the Nordic

- Leading position in Norway and strong contender in Sweden

**Norway – market leader defined contribution (private sector)<sup>1</sup>**



**Sweden – growing in defined contribution (private sector)<sup>2</sup>**

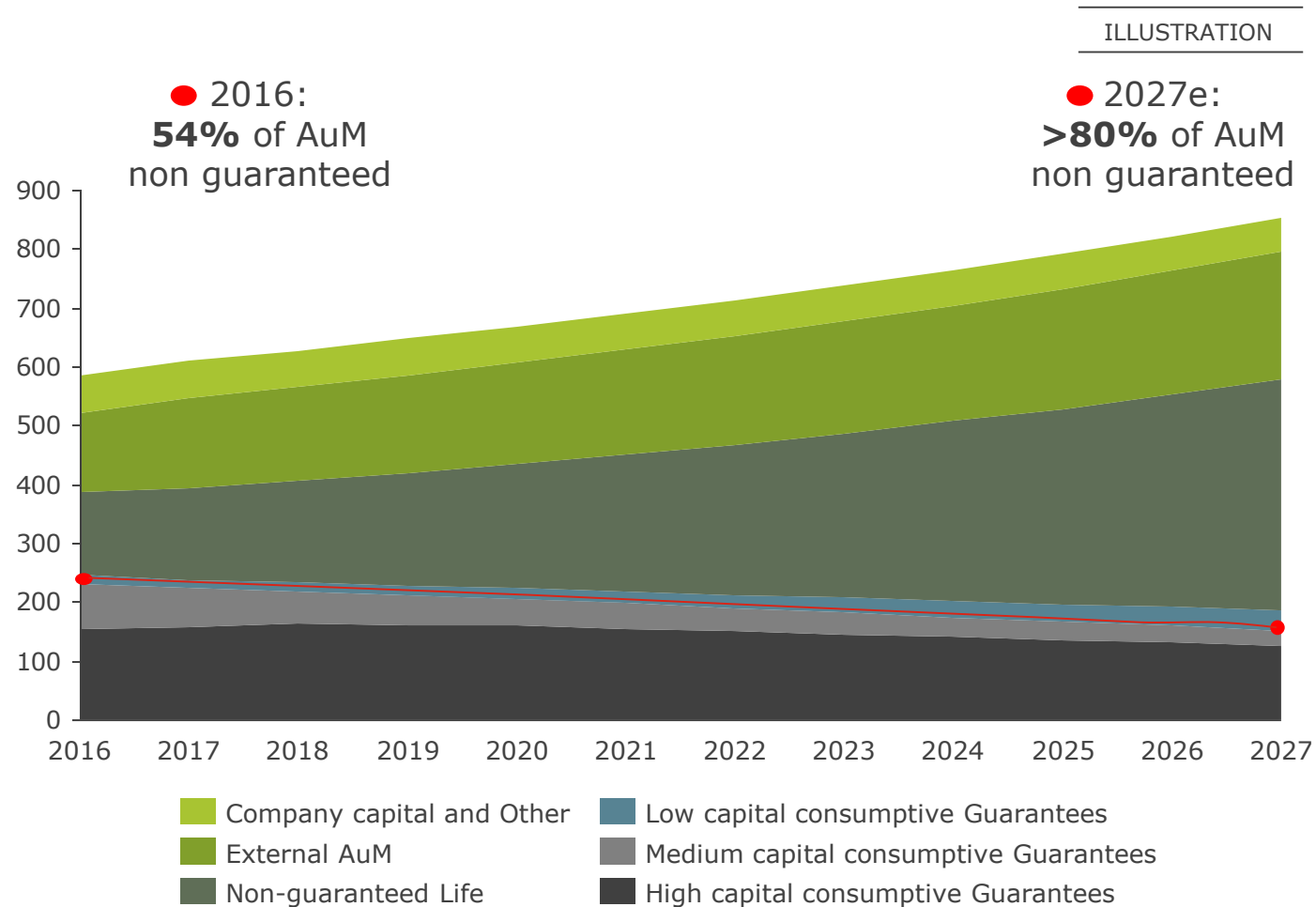


<sup>1</sup> Finance Norway. Gross premiums defined contribution with and without investment choice. 2Q 2017

<sup>2</sup> Insurance Sweden. Segment Unit Linked pensions 'Other occupational pensions' (written premiums) 2Q 2017

# Storebrand balance sheet shifts to capital efficient products

## Forecast assets under management (NOKbn)

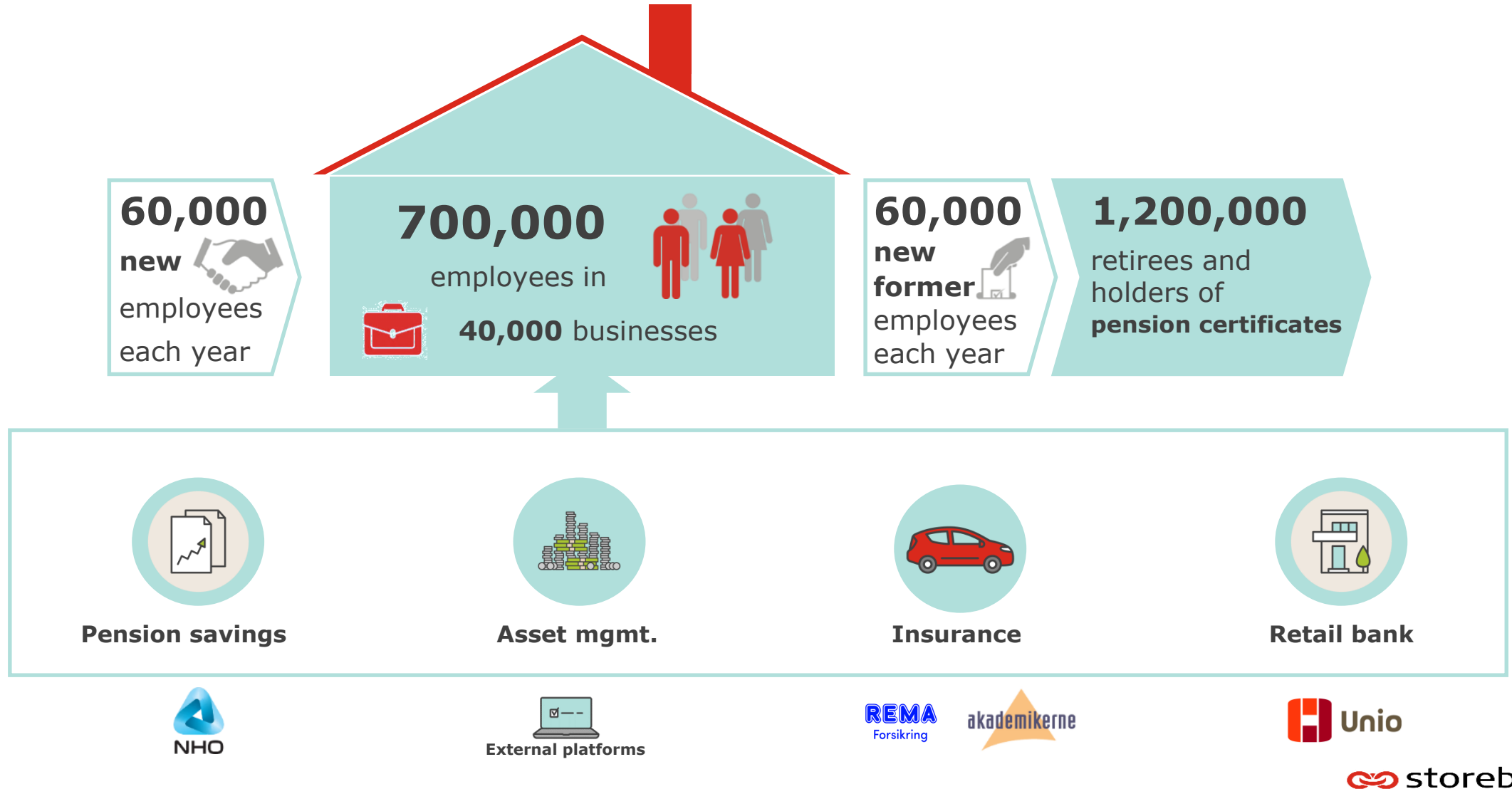


## Implications for capital

1. Guaranteed portfolio has reached Solvency II peak capital consumption
2. New growth in Savings and Insurance need little new capital
3. Will increase free cash flow and dividend capacity

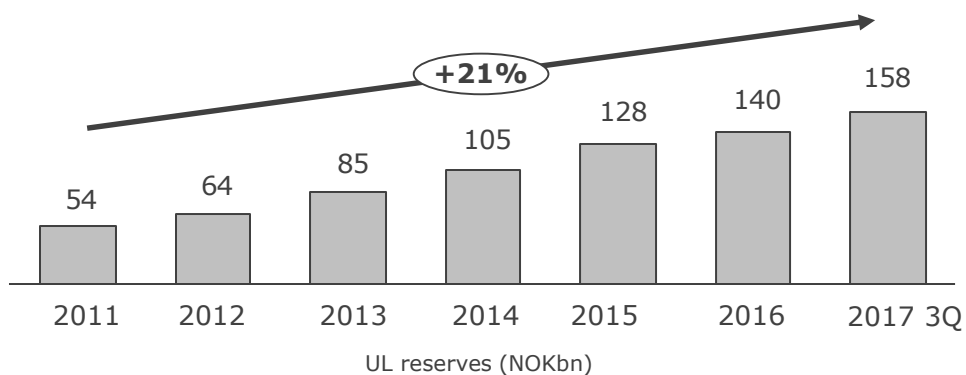
# Cross Selling to 1.9m individuals

- Through Corporate Clients and External Partners

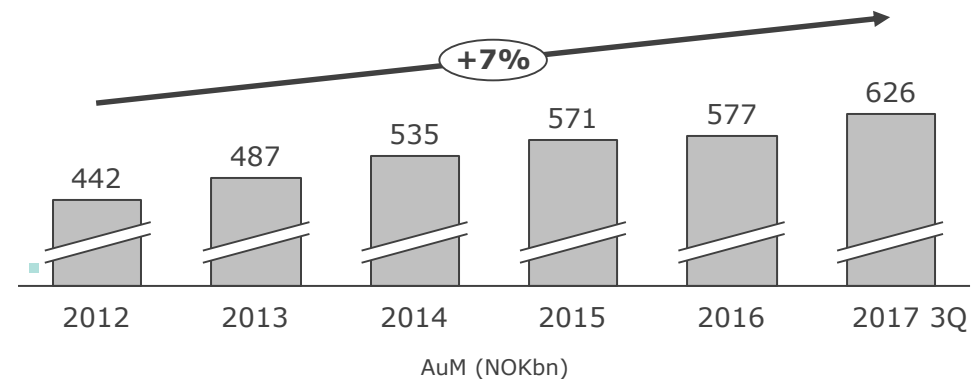


# Growth in Savings and Insurance

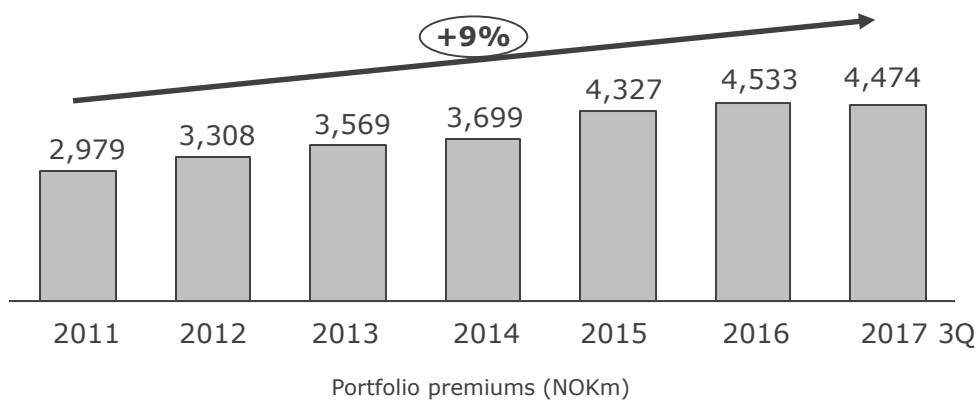
## Unit Linked



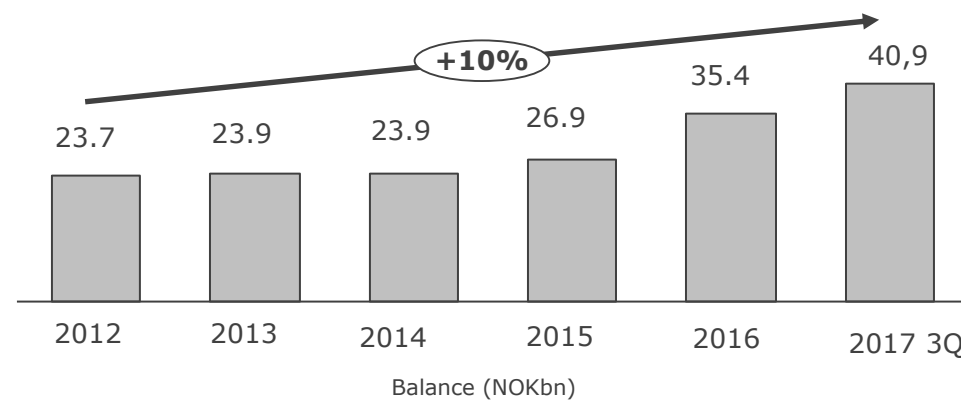
## Asset management



## Insurance



## Retail bank



# New business has strong capital synergies

## Capital synergies

Solvency II capital generative

Builds >2pp of solvency ratio per year

Diversification benefits

Capital efficient mortgages on life balance sheet

## Product areas



Pension savings



Asset mgmt.



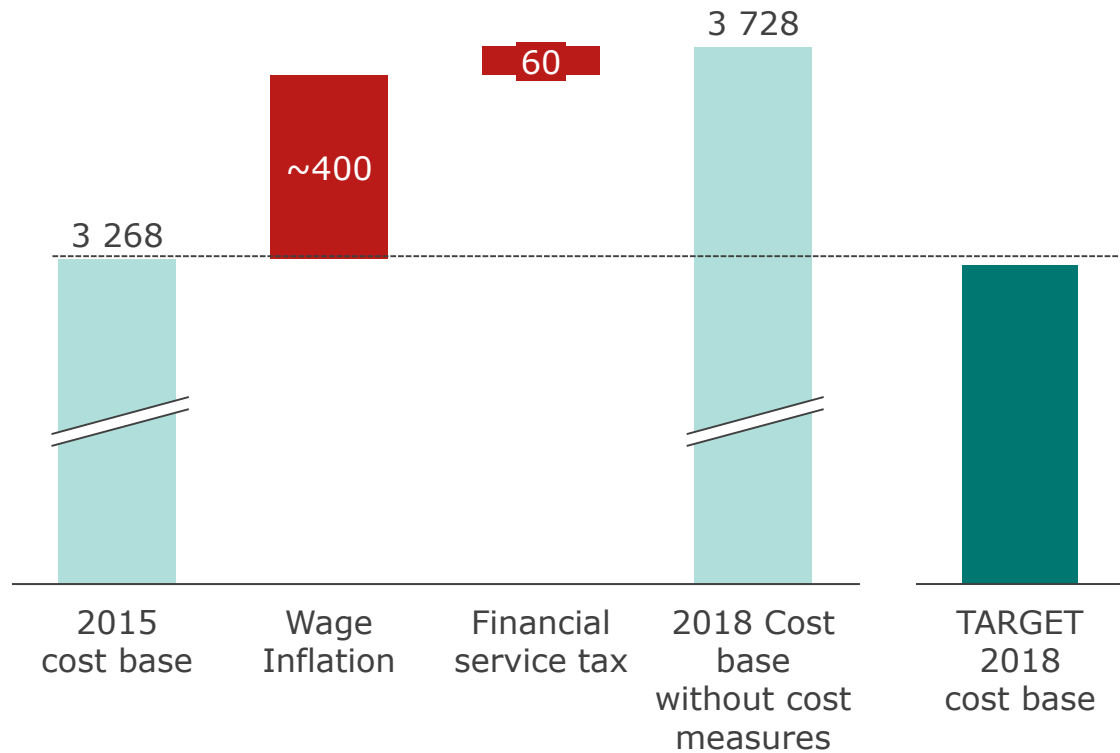
Insurance



Retail bank

# Cost Target for Storebrand Group on track

## Target to reduce costs nominally...

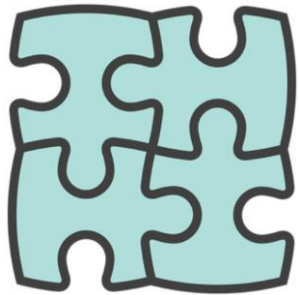


## ...on track despite strong business growth

- 1 New investments in fast growing business**  
Increased investments in new digital growth
- 2 Financial tax in Norway**  
+ NOK 60m in increased costs annually
- 3 General inflation**  
Salary growth and general inflation

# Storebrand ASA acquires SKAGEN AS

## Strategic benefits positioning Storebrand + SKAGEN for continued growth



**Complementary strengths and customer base**

**Combined no. 2 market position in attractive retail market**

**European institutional distribution**

**Scalable platform for growth**

## Financial benefits supporting cash generation and shareholder values



**Increased scale in Asset Management**

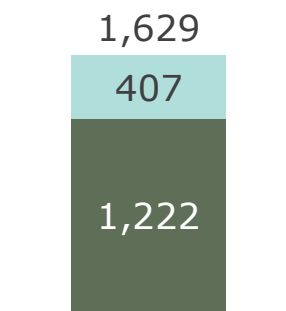
**New revenue stream from assets without guarantees**

**Synergies in operations and administration**

**Cash generation for increased long term dividend capacity**

# Transaction structure – acquisition of 91% of outstanding shares

## Initial payment in shares and cash



- NOK 1,629m paid to the sellers on closing
- 75% in shares (NOK 1,222m)
- 25% in cash (NOK 407m)

## Capital implication Group

- Expected initial impact on solvency ratio of -2 percentage points
- Non guaranteed cash flow diversifies Group's earnings and increases dividend capacity

## Potential earnout based on profit, revenue and performance

- Subject to net profit<sup>1</sup> for 2017 and net revenue<sup>1</sup> development for 2018-2019
- Profit split of net performance fees in period 2017-2022

## Multiples and timeline

- Pre synergies ~ PE 11,5 on initial payment based on 2016 net profit (adj excess cash)
- Closing expected during Q4 subject to regulatory approvals

1) Net profit and net revenue excluding contribution from fees paid out based on fund performing above their respective benchmarks ("Performance fees")





# Storebrand is growing by building a well-diversified savings business

**Aging population and reduced state pensions increases savings**

**Individualisation of savings and pension market**

**Consolidation in European asset management industry**



**Strengthened position in attractive growth market with long term value creation**

**Attractive operational and administrative synergies**

# Storebrand Livsforsikring AS acquires Silver's insurance portfolio

<b>Customers &amp; portfolio</b>	<ul style="list-style-type: none"><li>• 21,000 policies to be transferred to Storebrand Livsforsikring AS</li><li>• NOK 8.5bn paid up policies with investment choice (no financial guarantees)</li><li>• NOK 1.5bn risk products</li></ul>
<b>Purchase price</b>	<ul style="list-style-type: none"><li>• NOK 520m financed by liquidity in Storebrand Livsforsikring AS</li><li>• Total liquidity in Storebrand Livsforsikring as of 3Q 2017 NOK 18.1bn</li></ul>
<b>Financial effects</b>	<ul style="list-style-type: none"><li>• NOK ~60m in annual pre tax administration results expected</li><li>• NOK ~45m negative non recurring result effect in 2018</li><li>• NOK 300m deferred tax asset expected in 2018 due to tax loss carried forward in Silver AS</li><li>• 1 percentage point initial reduction in solvency</li></ul>
<b>Other terms</b>	<ul style="list-style-type: none"><li>• Closing expected in January 2018</li><li>• The agreement with the administration board presupposes that no more than 20% of Silver's customers object to the solution by the deadline set by Silver and public approvals.</li></ul>

# Finally!

## Pillar III Savings introduced in Norway with sales start 1 November



Pillar I  
State pensions

Pillar II  
Corporate Pensions

Pillar III  
Individual Savings

1 Savings for pension – Locked until retirement

2 Individuals can save NOK 40,000 annually

3 Income tax deduction of 24% (2017)

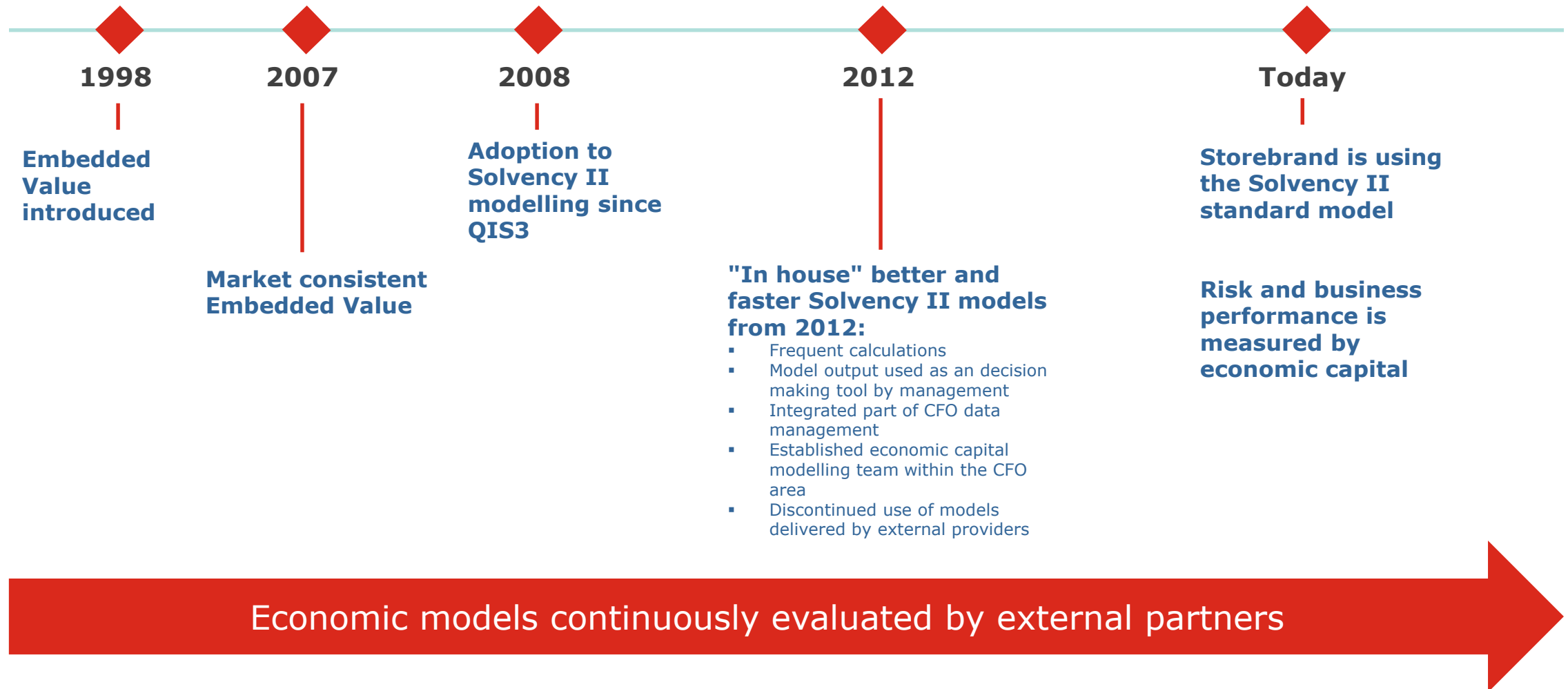
4 No wealth tax in accumulation period

5 No financial gains tax in accumulation period

6 Taxed as ordinary income at withdrawal (24% 2017)

# Solvency position and Capital

# Long History of Economic Capital Modelling in Storebrand

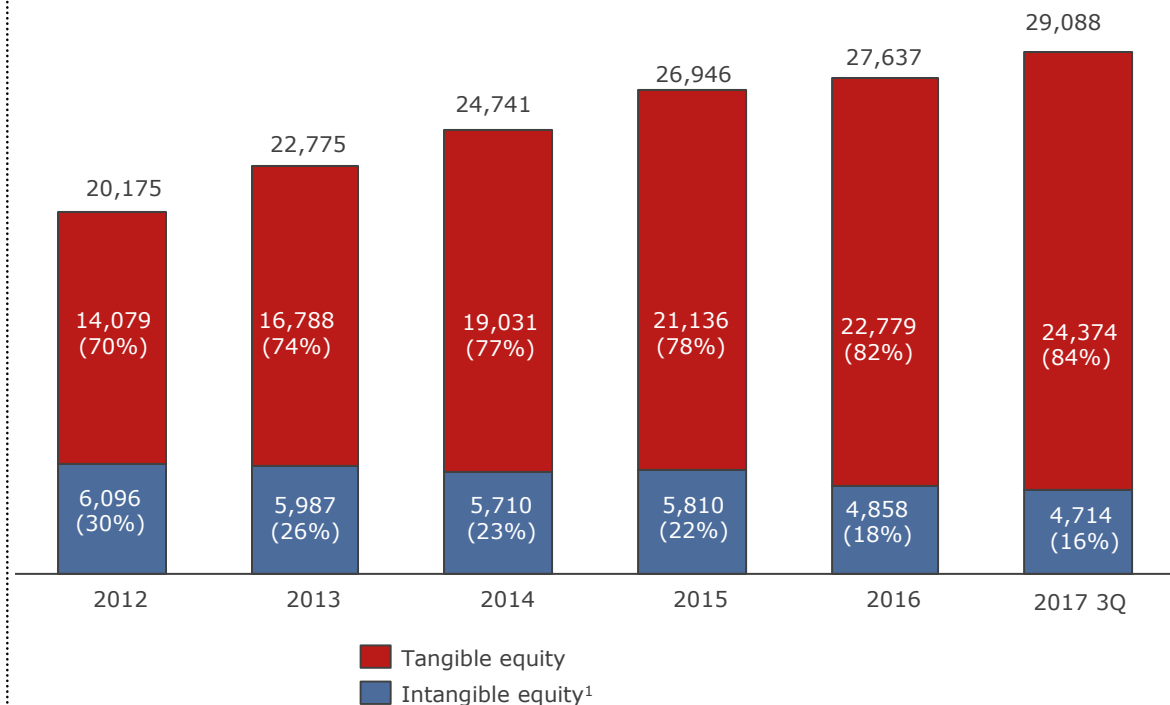


# Storebrand Group equity and capital structure

– Reduced financial leverage and increased tangible capital

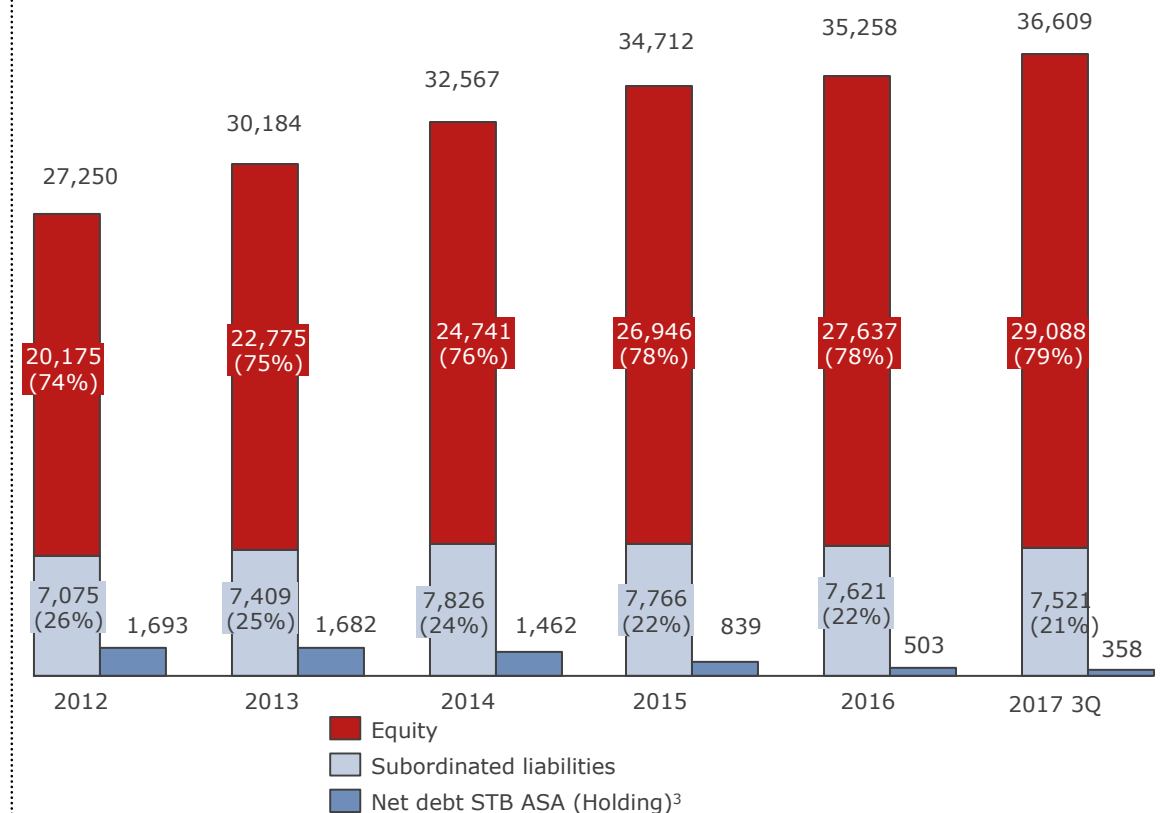
## Group equity

Tangible equity increased by 74% 2012-2017 Q3, intangible equity amortised according to plan (MNOK)



## Group capital structure<sup>2</sup>

Improved leverage ratio



<sup>1</sup> Intangible equity: Brand names, IT systems, customer lists and Value of business-in-force (VIF), and goodwill. VIF and goodwill mainly from acquisition of SPP.

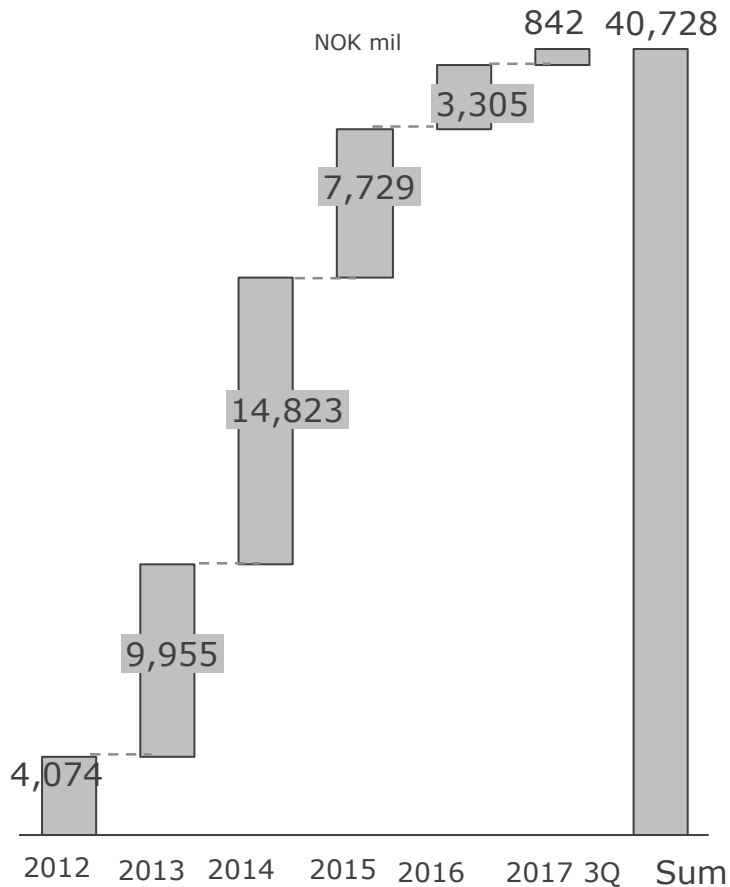
<sup>2</sup> Specification of subordinated liabilities:

- Hybrid tier 1 capital, Storebrand Bank ASA and Storebrand Livsforsikring AS
- Perpetual subordinated loan capital, Storebrand Livsforsikring AS
- Dated subordinated loan capital, Storebrand Bank ASA and Storebrand Livsforsikring AS

<sup>3</sup> (Senior debt – liquidity portfolio) in holding company shown in separate column as it is not part of group capital.

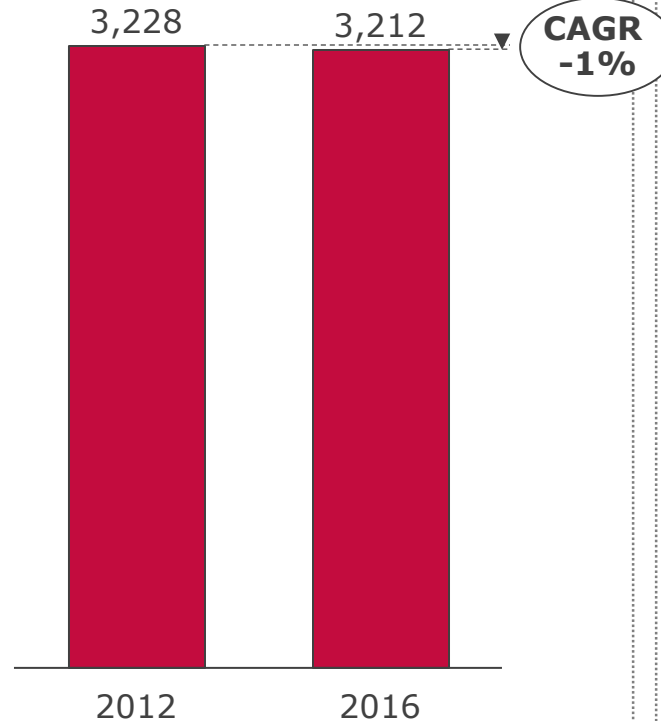
# Transition Into a Solvency II Based Regime has Required Discipline and Targeted Measures

Transfer out of guaranteed products..

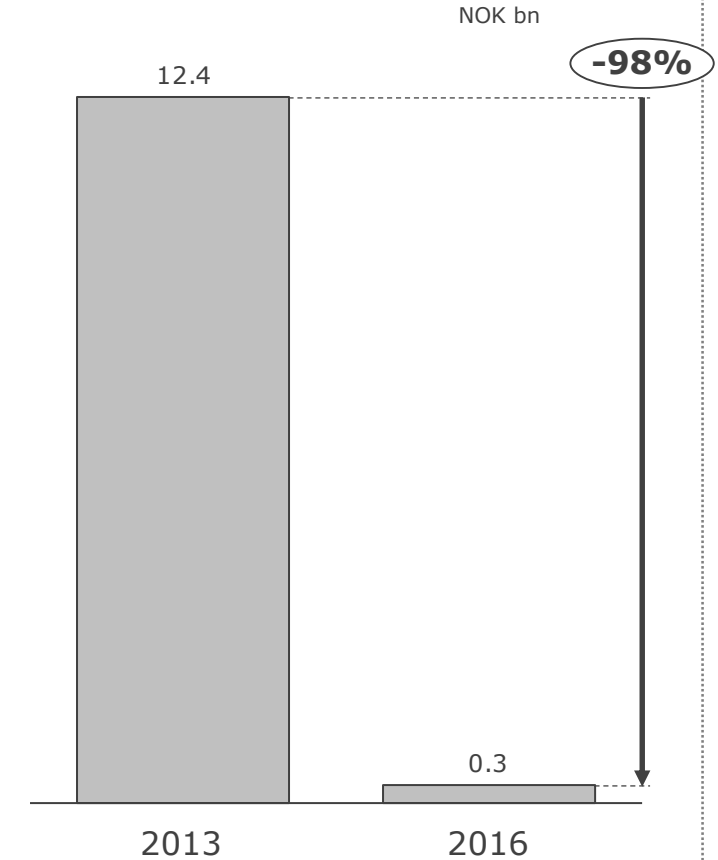


.. Strong cost reduction..

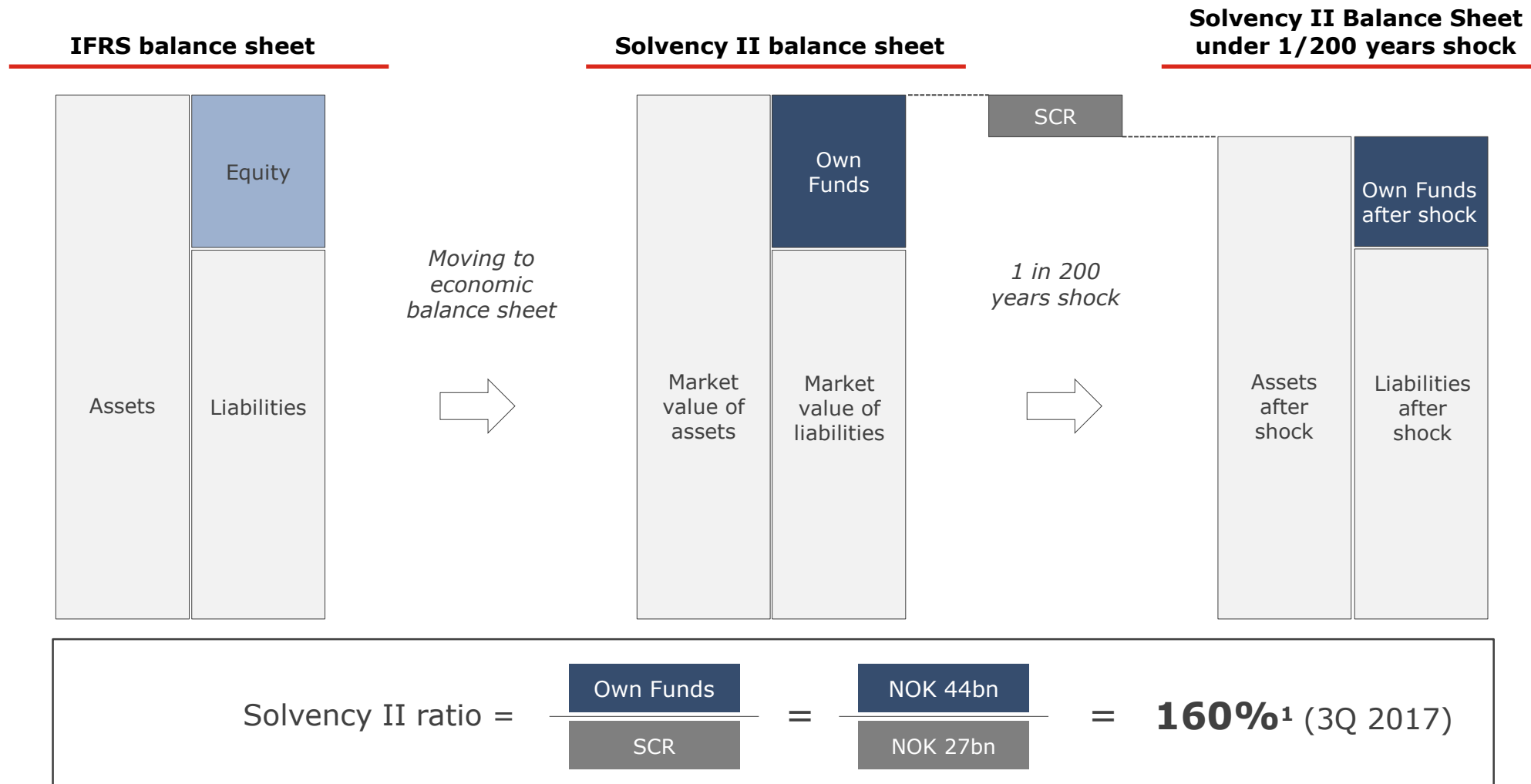
Operational cost, NOK mil<sup>1</sup>



... And strengthened reserves for longevity



# The Solvency Calculation – moving to a market consistent balance sheet and risk sensitive capital requirements





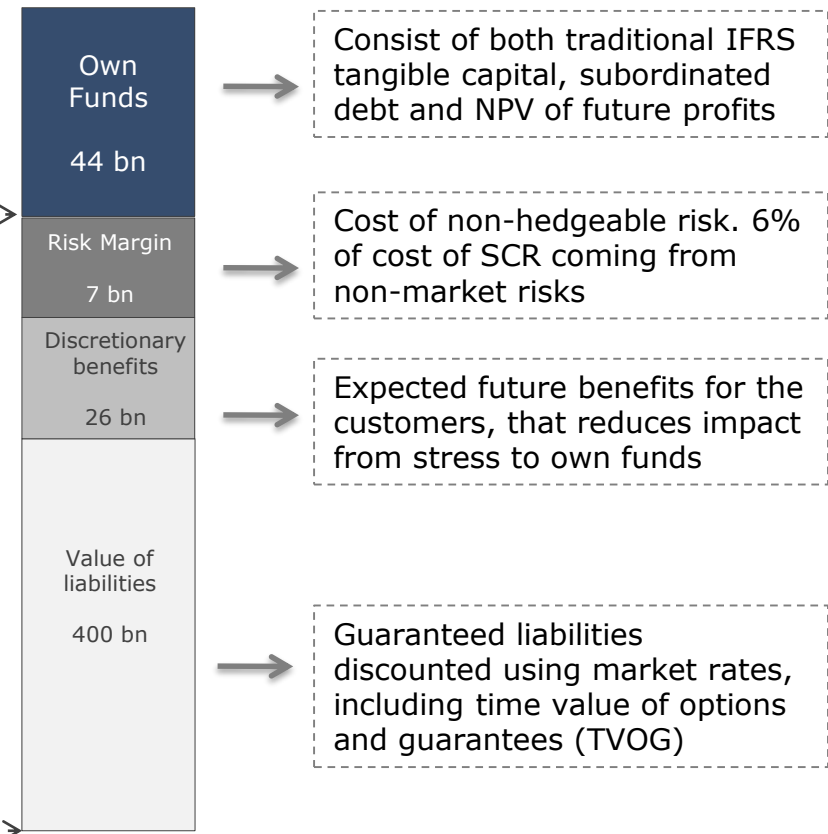
# Calculating Market Value of Liabilities under Solvency II

- Both assets and liabilities are mark to market
- For assets this means using observable market prices
- For insurance liabilities there is a standardised methodology for estimating the value of insurance customers contracts
- Own funds is the difference between the market value of assets and liabilities

## Solvency II balance sheet



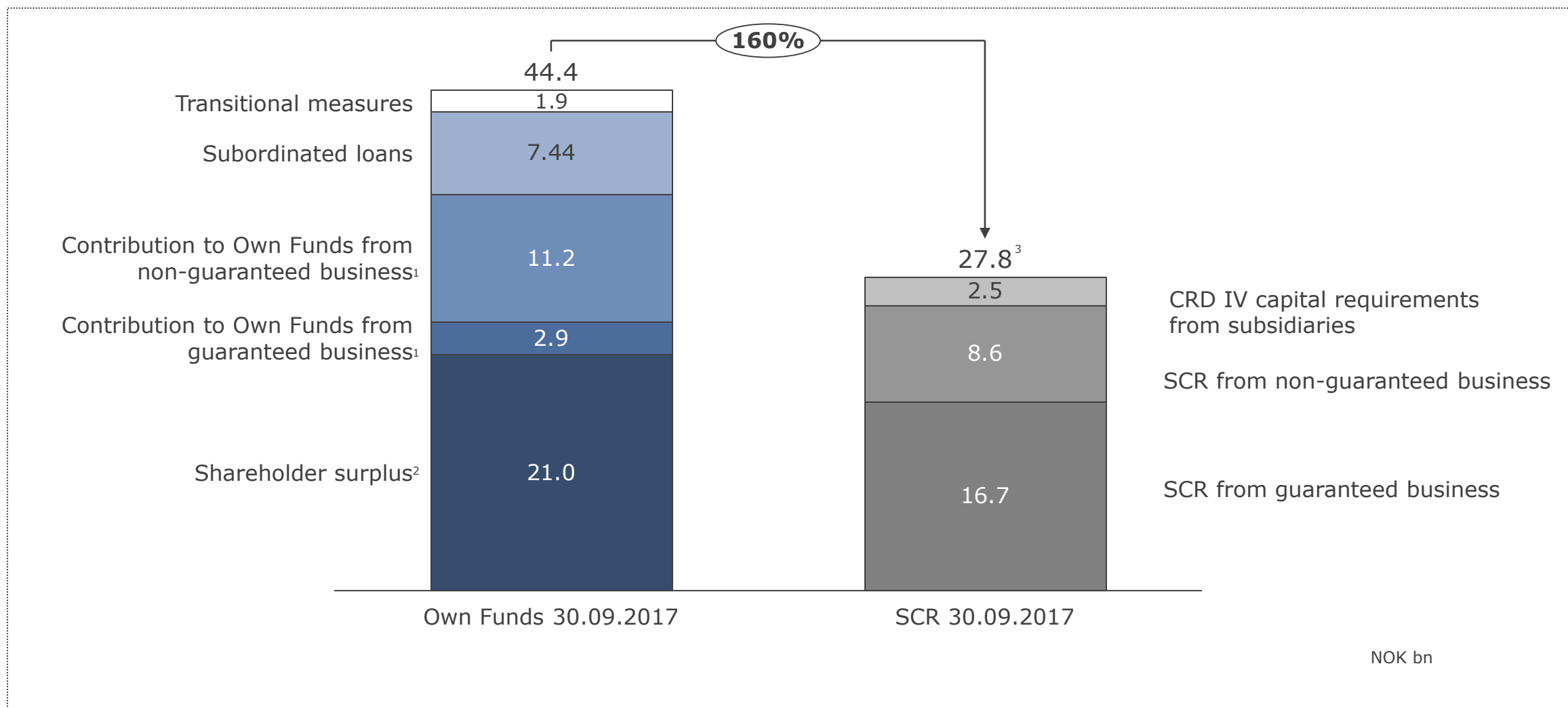
## Market value of liabilities



▪ Valuing liabilities using stochastic models in a risk neutral calculation

As of Q3 2017

# Solvency II Ratio Storebrand Group Q3 2017



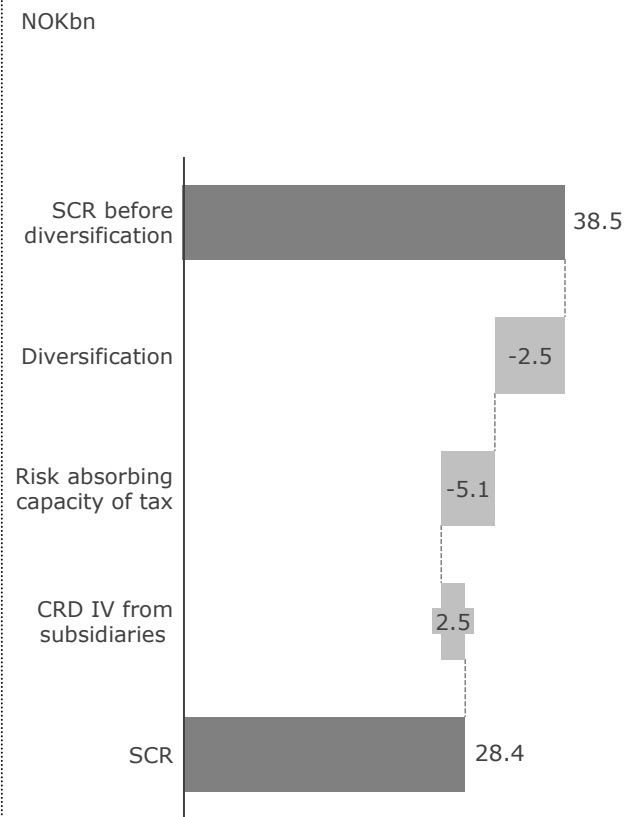
<sup>1</sup> Contribution to Own Funds from products = NPV of future profit – Risk margin. Including LKT for Guaranteed products SPP.

<sup>2</sup> Shareholder surplus at market value.

<sup>3</sup> Includes effect of transitionals on equity of NOK -604m.

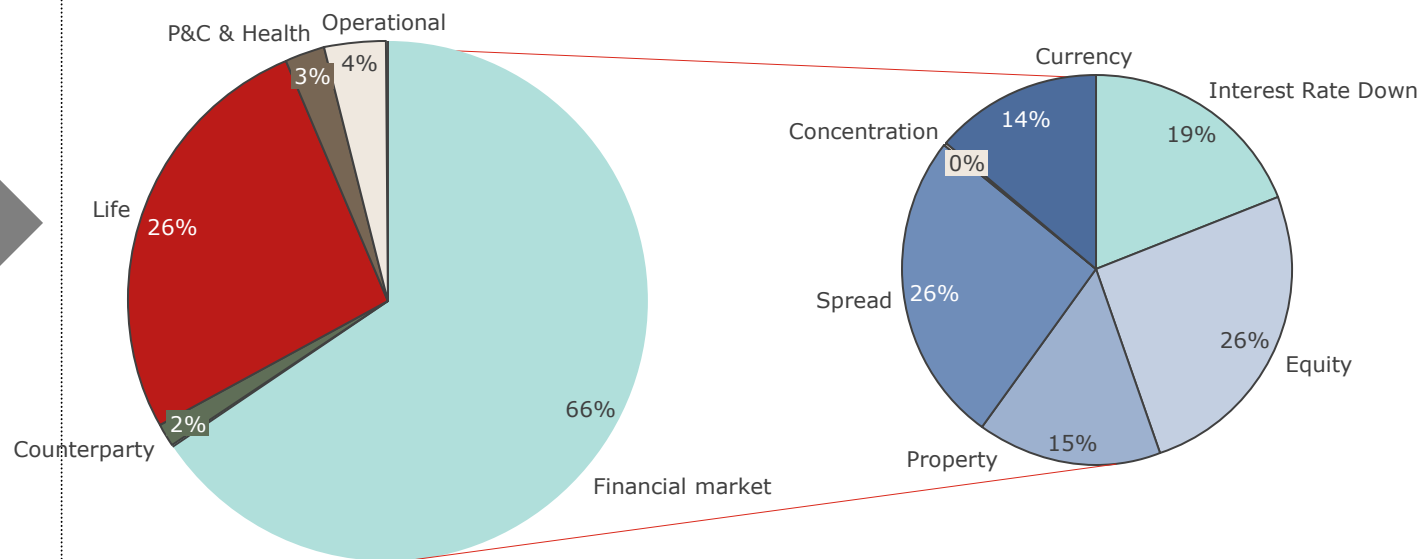
# Solvency Capital Requirements (SCR)

## SCR calculation Q3 2017

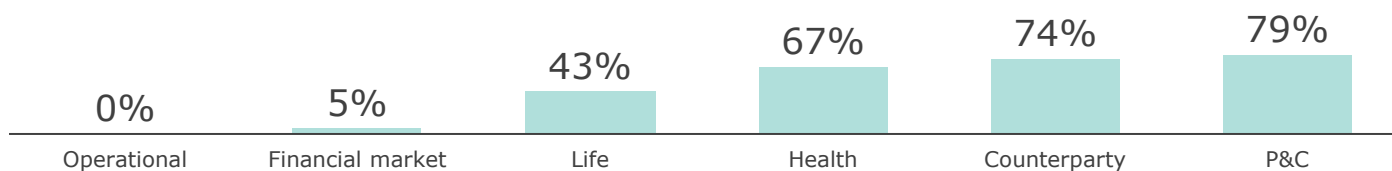


SCR excludes effect of transitionals on equity of NOK -604m.

## SCR dominated by financial market risk...



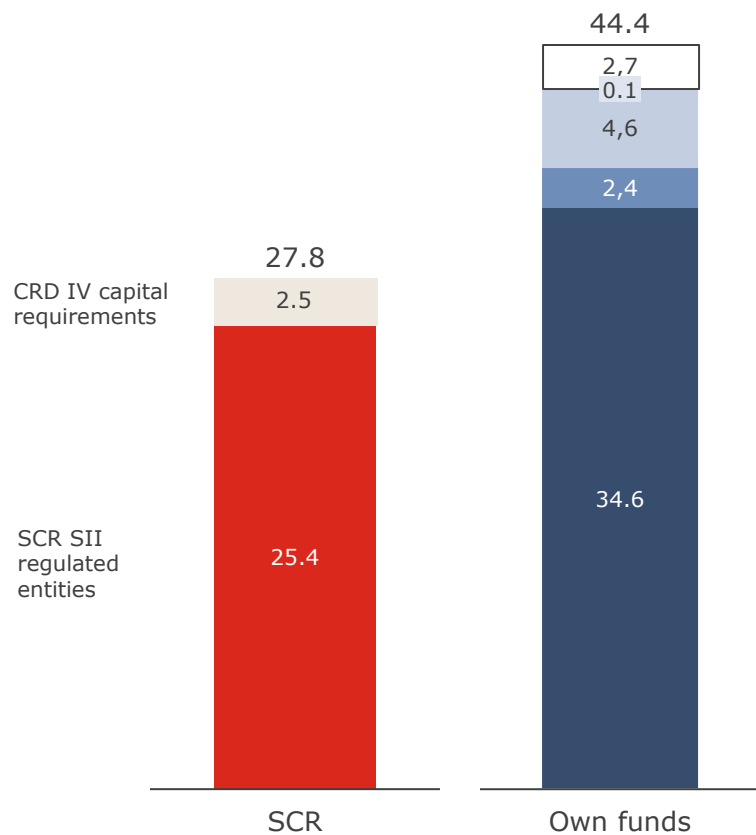
## ... which is the risk with the lowest diversification factor.<sup>1</sup>



<sup>1</sup> E.g. a NOK 100m increase of Market SCR leads to a NOK 95m increase of Basic SCR, because 5% are absorbed by diversification benefit (2017 Q3).

# High quality capital base

SCR and own funds Q3 2017 (NOK bn)

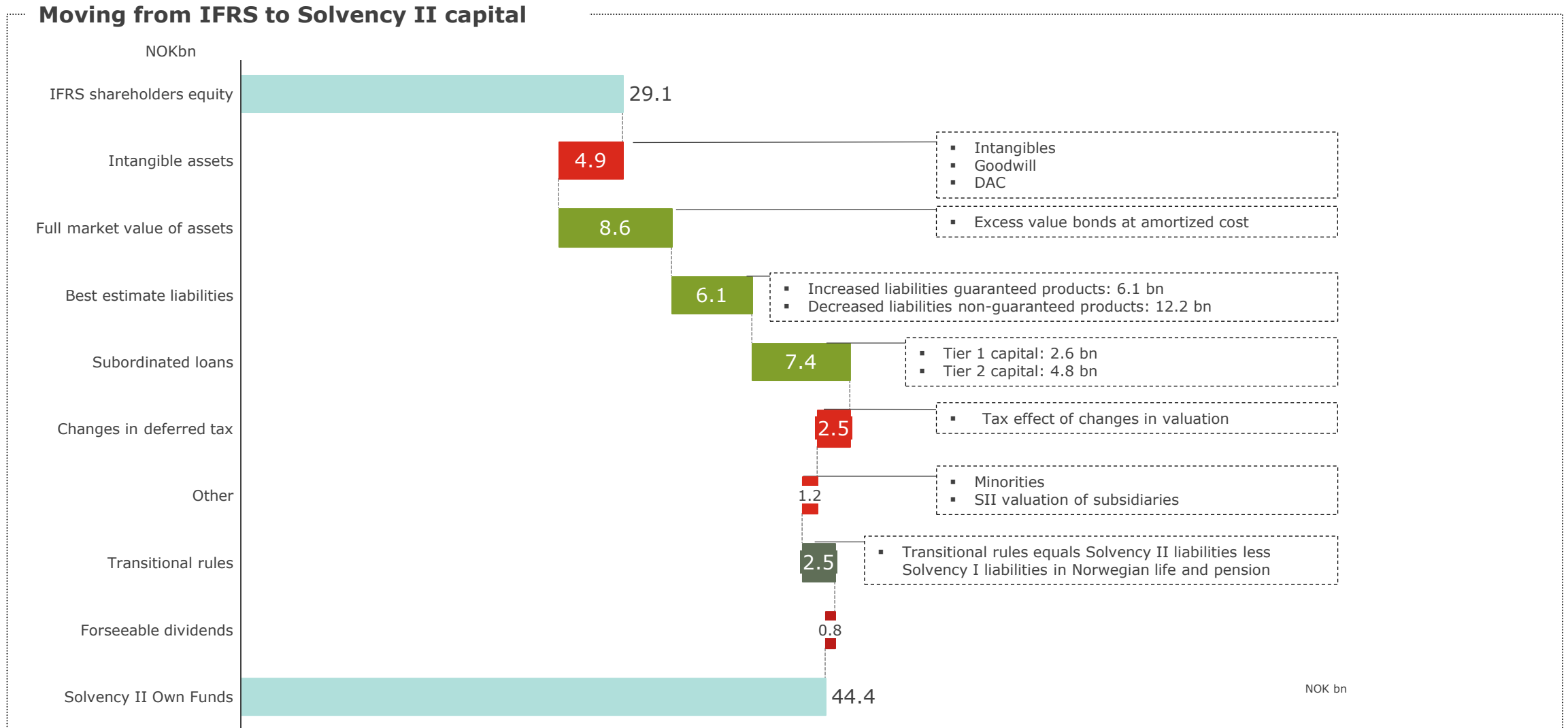


Own funds in % of SCR (excluding CRD IV subsidiaries)

	Regulatory limit	OF % of SCR	OF % of total
Tier 3	≤ 15% SCR	0.4%	0.2%
Tier 2	≤ 50% SCR Σ T2+T3	18%	11%
Tier 1 Restricted	≤ 20% T1	10%	6%
Tier 1 Unrestricted	≥ 50% SCR Σ All T1	137%	83%

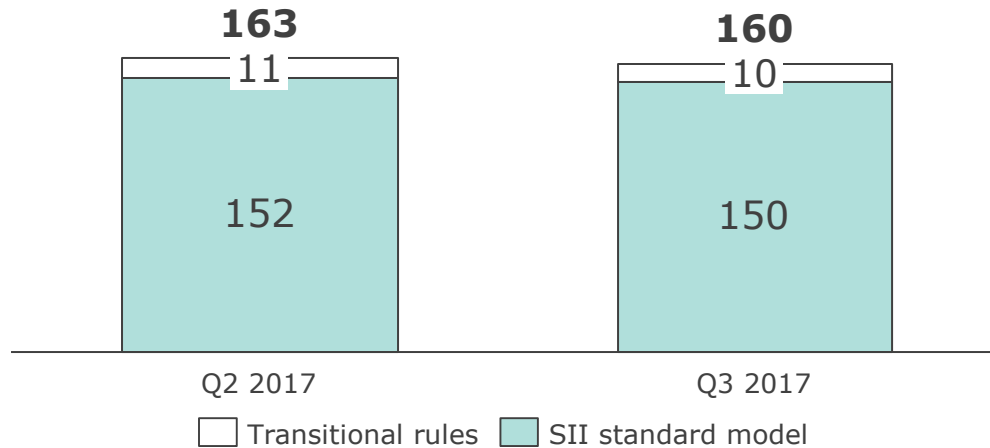
CRD IV capital
  Tier 3
  Tier 2
  Tier 1 restricted
  Tier 1 unrestricted

# From IFRS Values to Solvency II Own Funds



# SII position and sensitivities Storebrand Group

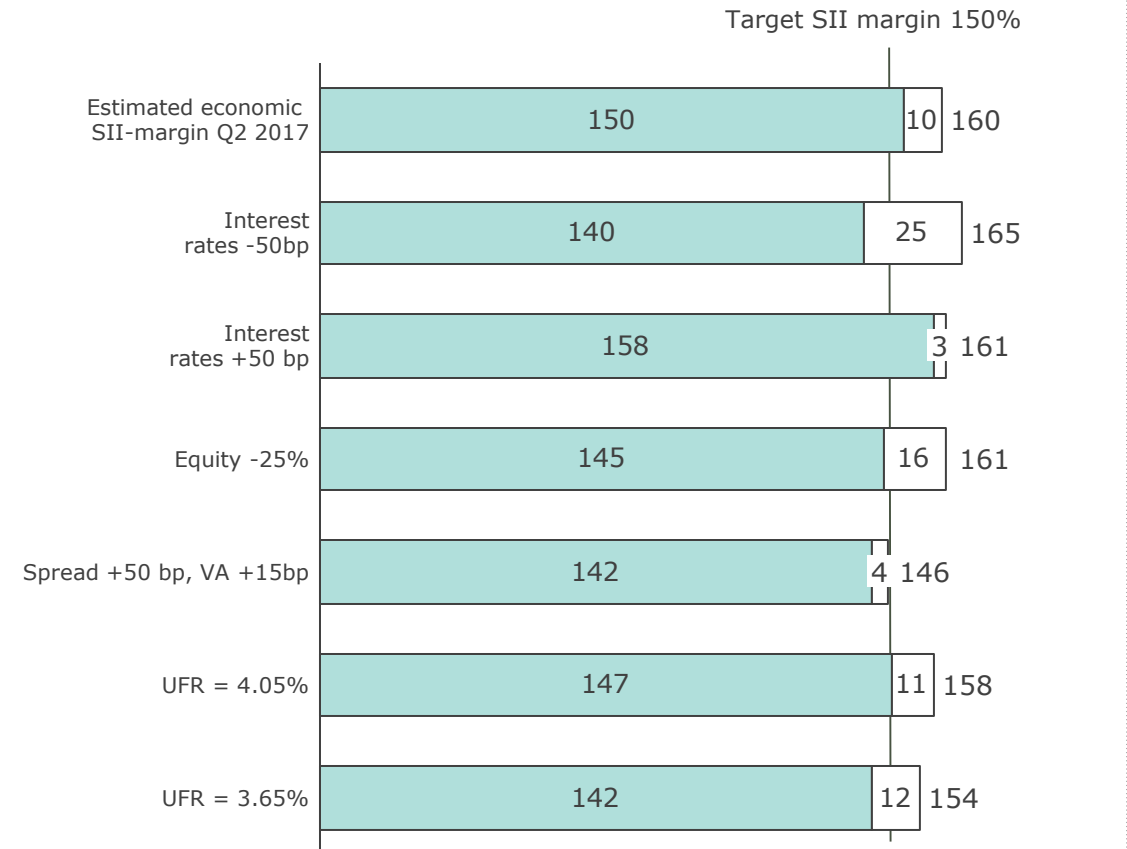
## Solvency position(%)<sup>1</sup>



## Key takeaways

- Group results strengthens the Solvency ratio
- Strong asset return allow for increased buffer capital
- Increased interest rate levels in the forward rates
- Small changes in value of transitional measures

## Estimated sensitivities



<sup>1</sup> The estimated 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.

# Strong returns on IFRS equity in Savings and Insurance

ILLUSTRATIVE

	<u>Savings</u>	<u>Insurance</u>	<u>Guaranteed</u>	<u>Other</u>	<u>Group</u>
IFRS earnings <sup>1</sup> (NOKm)	910	554	934	296	2,694
Allocated Equity <sup>2</sup> (NOKbn)	3.6	1.7	19.7	3.3	28.2
Pro forma RoE adj(%)	26%	33%	5%	9%	9.5%

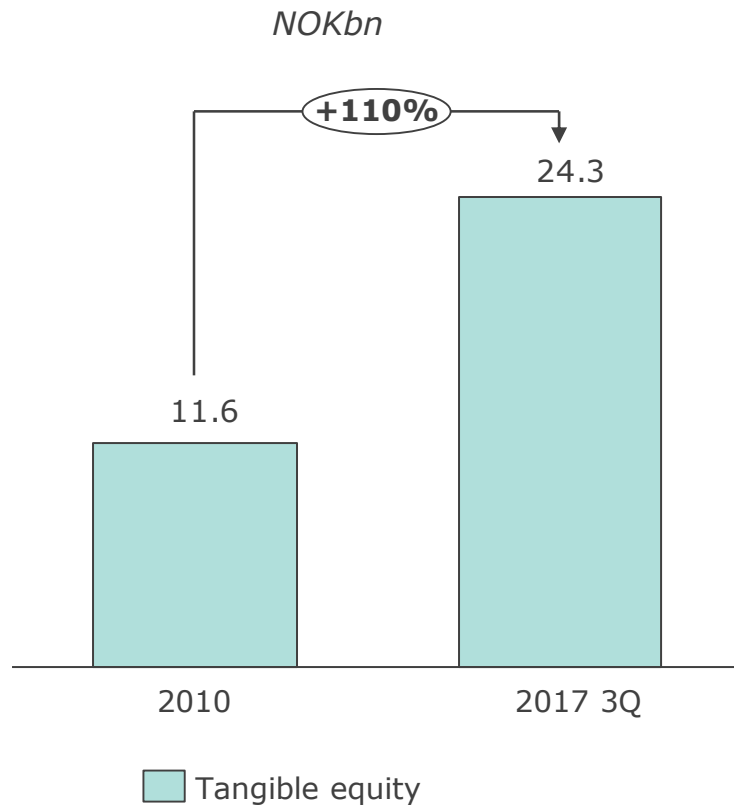
The equity in the Group sits within different legal units. This allocation of equity is done on a pro-forma basis to reflect an approximation to the IFRS equity consumed in the different reporting segments after group diversification. The estimated allocation is based on the capital consumption under SII and CRD IV adjusted for positive capital contribution to own funds. The Insurance segment has been allocated an increased capital level which is more in line with long-term expected diversification effects.

<sup>1</sup> Result before amortisation and after tax, Q1 2016 – Q1 2017

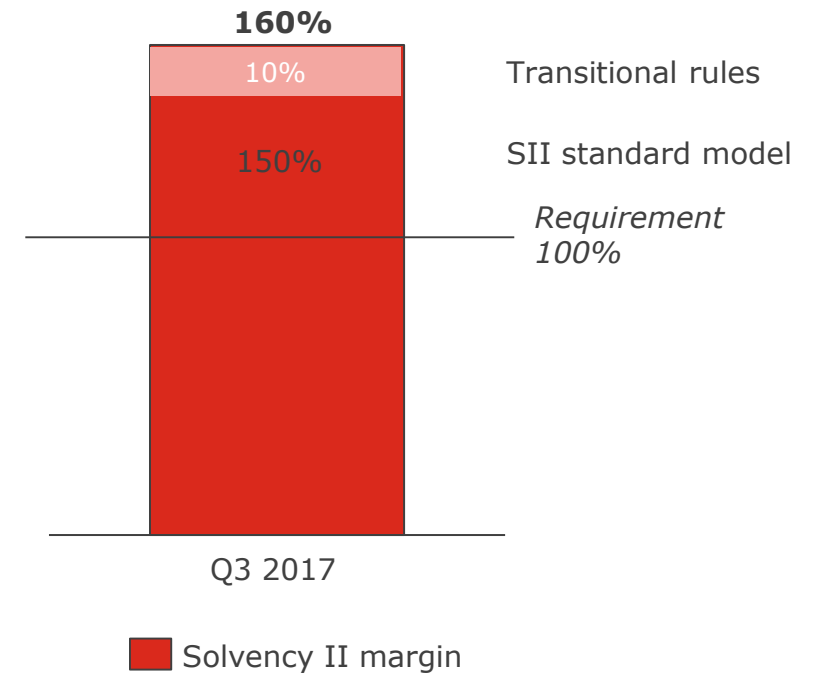
<sup>2</sup> Based on solvency II position pr. Q1 2017 incl. transitional rules on 159%. IFRS equity allocated on a pro forma basis.

# Storebrand Group is well Capitalized for Growth and Dividends

## Tangible equity more than doubled since 2010

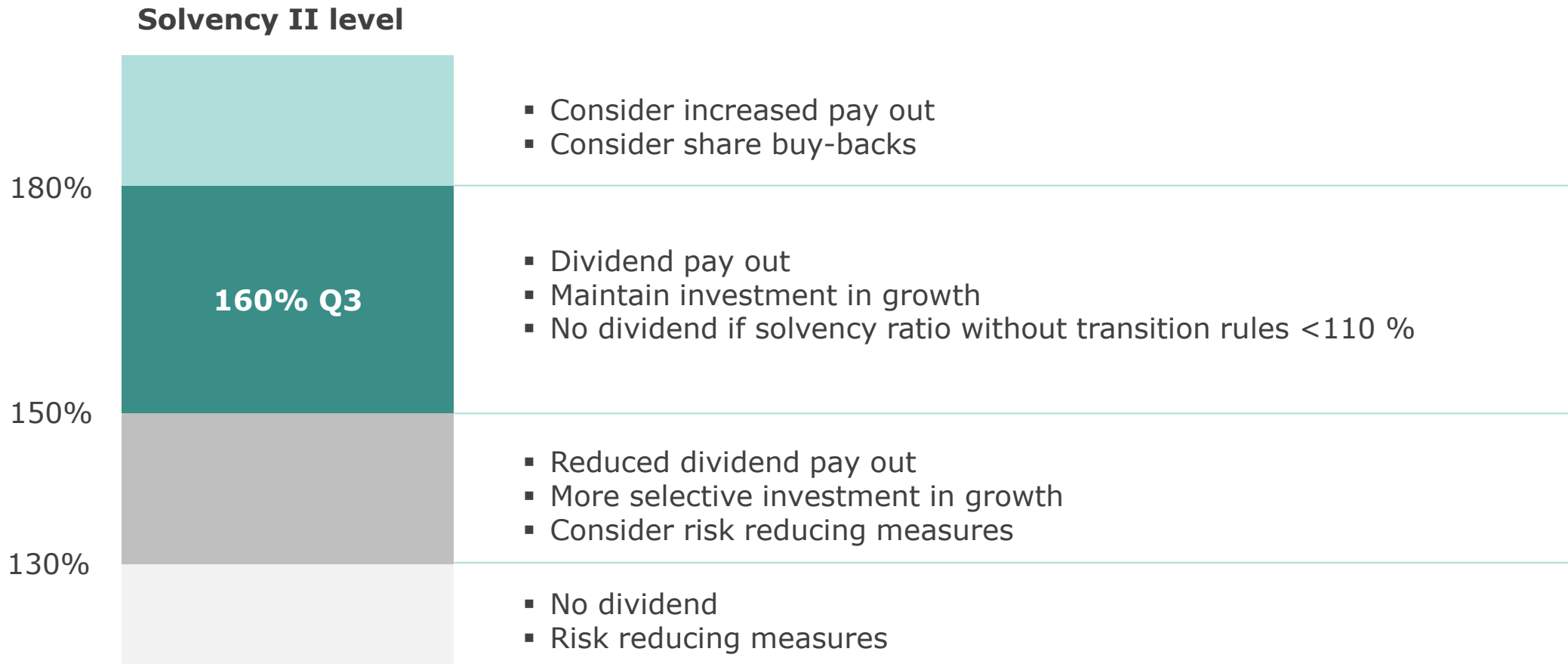


## Strong solvency position





# Group capital management policy



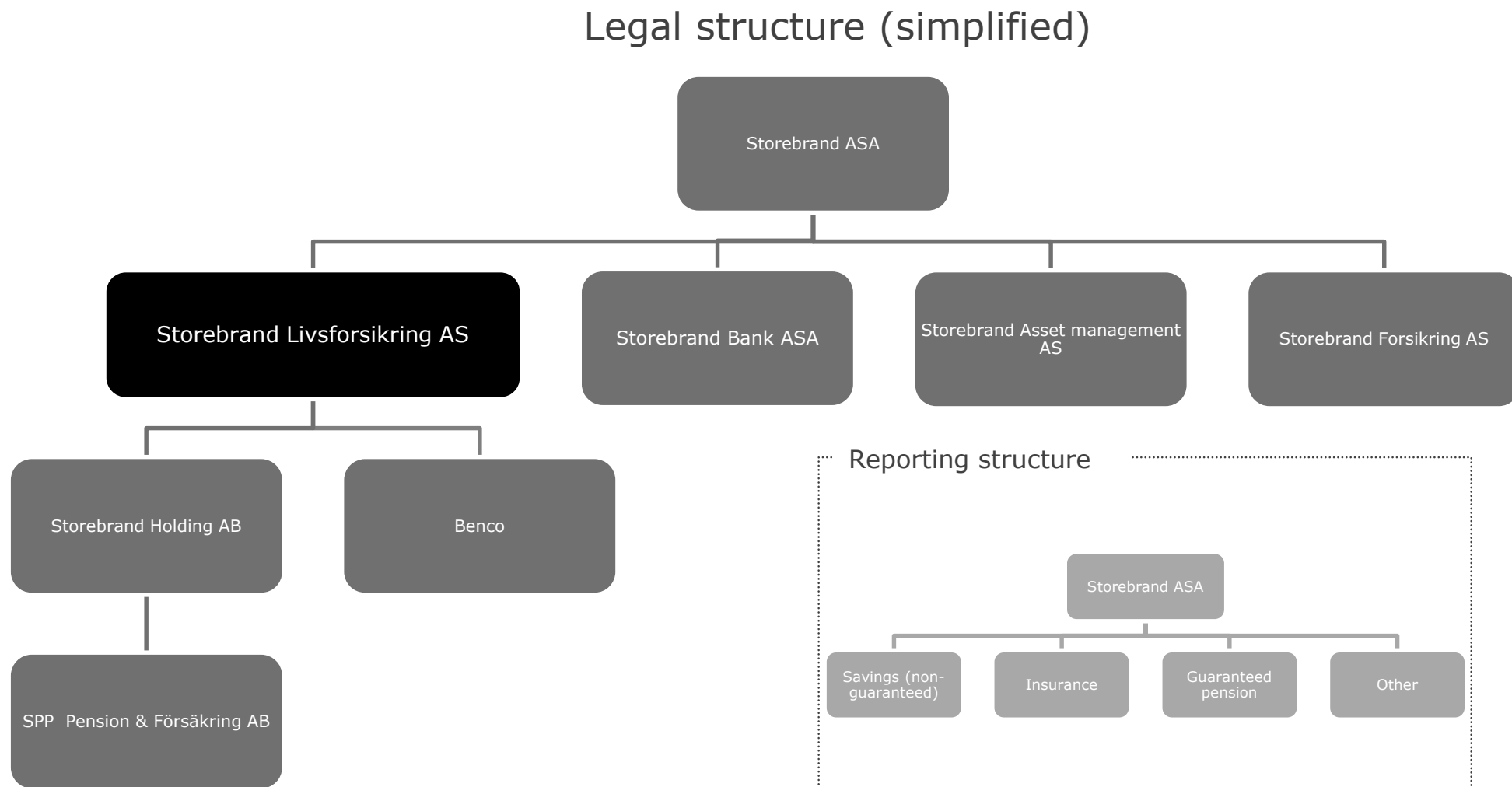
# Financial targets

	Target	As of end 2016	3Q 2017
Return on equity <sup>1</sup>	> 10%	9.5%	7.7%
Dividend ratio <sup>1</sup>	> 35%	27%	na
Solvency II margin Storebrand Group <sup>2</sup>	> 150%	157%	160%

# Storebrand Livsforsikring AS

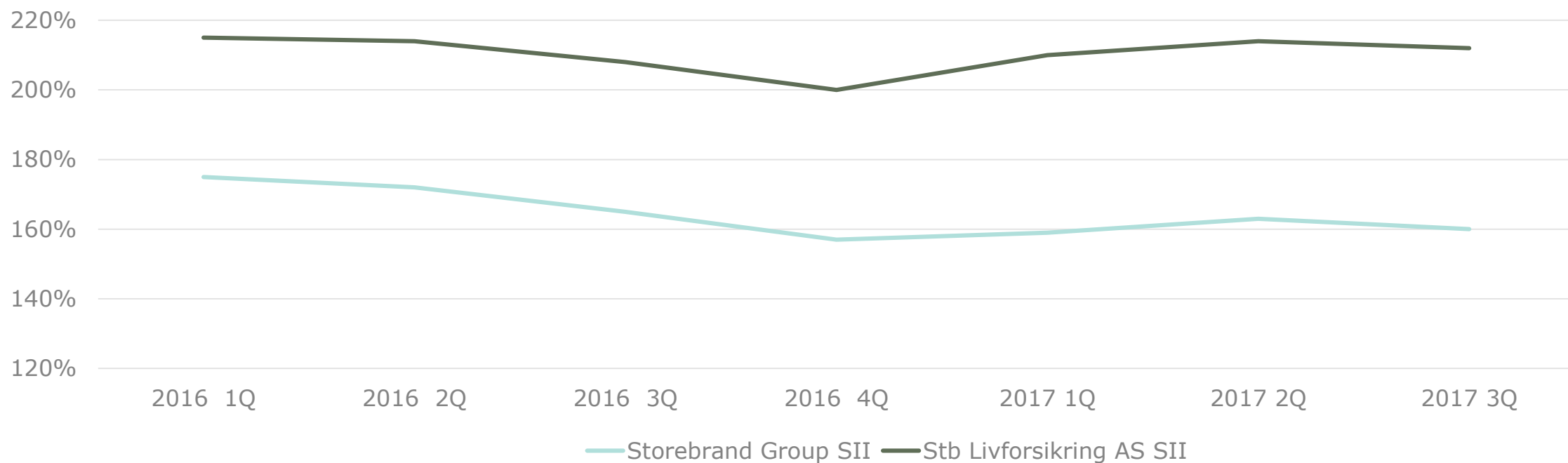
# Storebrand Group Structure (simplified)

- Diversified cash flow to holding company Storebrand ASA



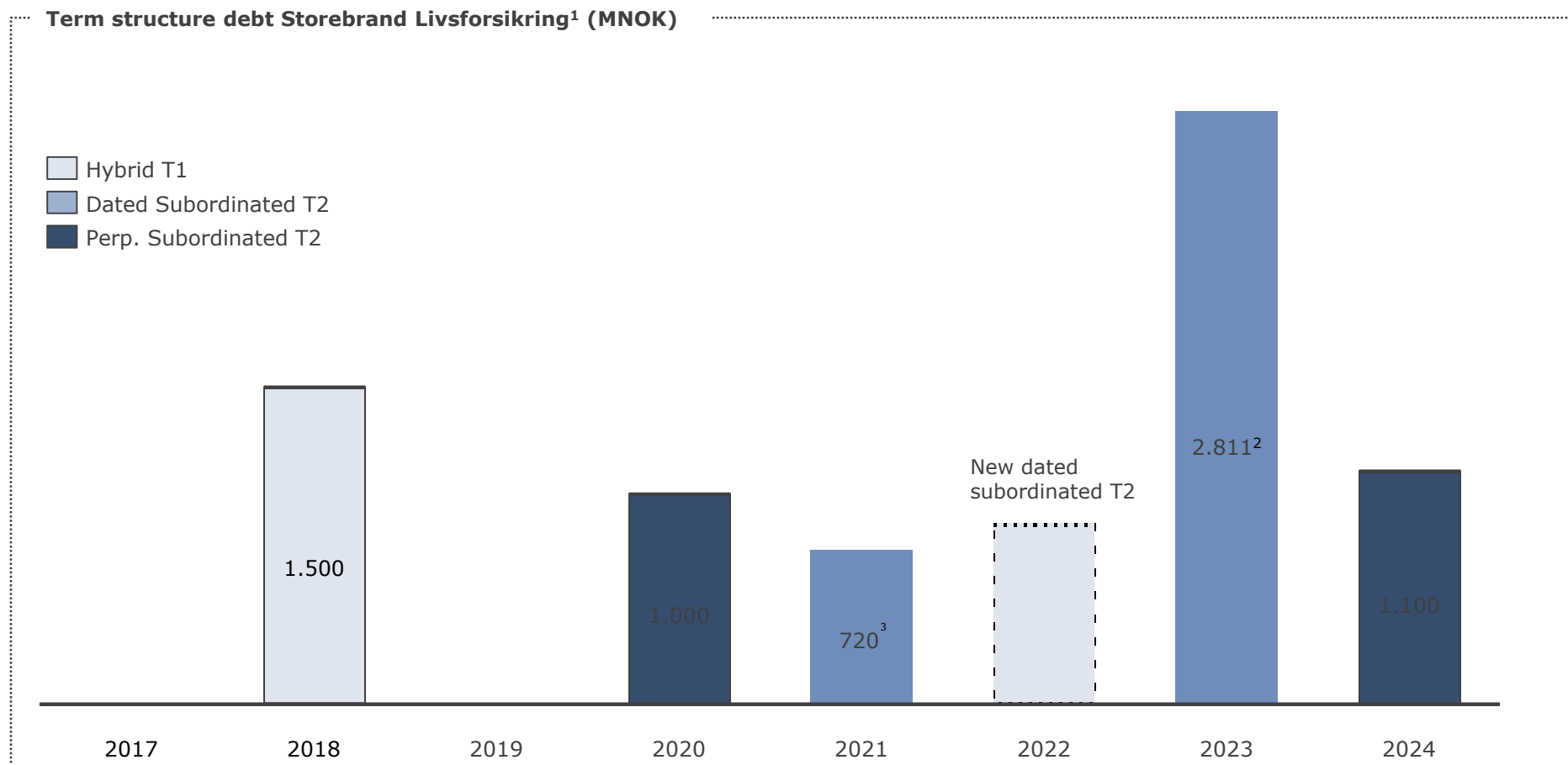
# Solvency ratio for Storebrand Livsforsikring AS (issuer) vs Storebrand Group

- Including transition rules



- Issuer (Storebrand Livsforsikring AS) is well capitalized

# Term structure debt Storebrand Livsforsikring AS



<sup>1</sup> Call dates

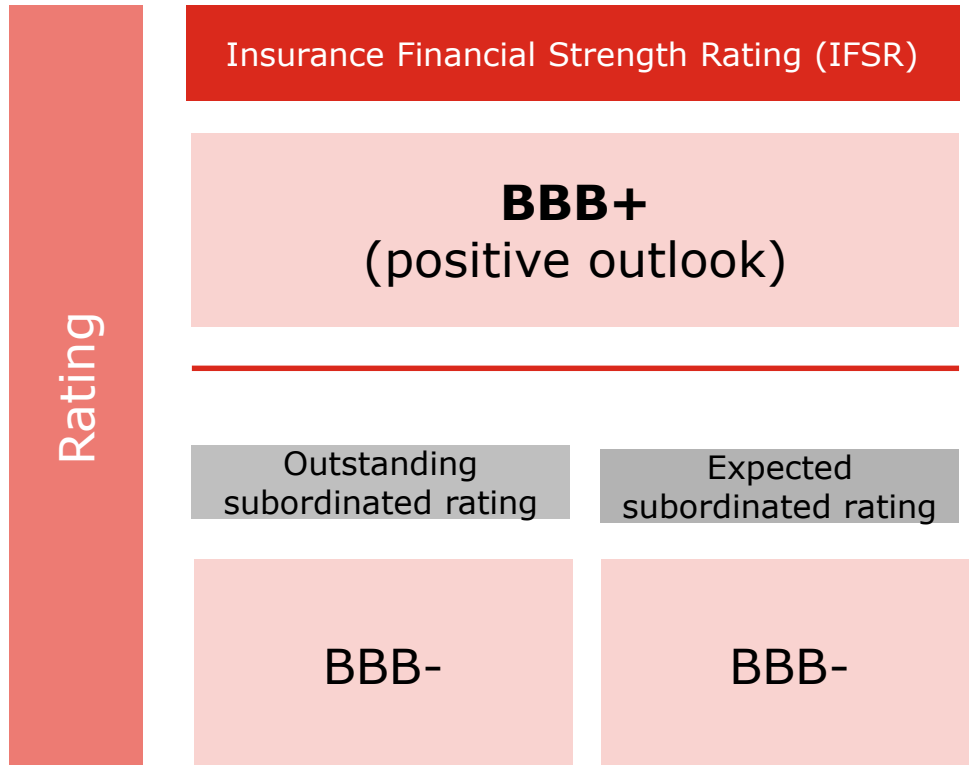
<sup>2</sup> EUR 300 Million (EURNOK 9.37)

<sup>3</sup> SEK 750 Million (NOKSEK 0.96)

# BBB+ rating with positive outlook from S&P Global

...reflecting business and capital improvement during the past years

## Rating and underlying rationale



## Key Comments

- S&P Global has assigned an "BBB+" rating with positive outlook reflecting:
  - Improved and sustainable Capital ratio
  - Solid results and improved earnings generation capacity
  - Proven progress in shifting to capital-light products
  - Ratings not immediately affected by announced Skagen purchase and Silver insurance portfolio takeover

# Transaction summary

## - Indicative key terms

<b>Issuer</b>	<b>Storebrand Livsforsikring AS</b>
Instrument:	Solvency 2 Compliant Subordinated bond issue (Tier 2 Capital)
S&P Global Ratings:	BBB+ (issuer Rating)/[Baa3] (Expected Instrument Rating)
Volume:	Approx. 800 NOK/SEK
Maturity Date:	(-) 2047
Issuer's Call option:	Ordinary calls on ( ) 2022, and any interest payment date thereafter. Conditional calls on either a Capital Disqualification Event; a Rating Agency Event; or a Taxation Event
Coupon rate:	NIBOR/STIBOR+[Margin], payable quarterly in arrears
Margin	[-]% until, 2027 thereafter [1.00]% increase
Deferral of Interest Payments	At the Issuer's option, subject to 6 months dividend pusher. Mandatory in event of breach of solvency requirements. Arrears of Interest will be cumulative
Listing:	An application will made for Bonds to be listed on [Oslo Børs]
Bond Trustee:	Nordic Trustee ASA
Governing law:	Norwegian law
Denomination	SEK/NOK 1,000,000
Arrangers:	Danske Bank & Nordea



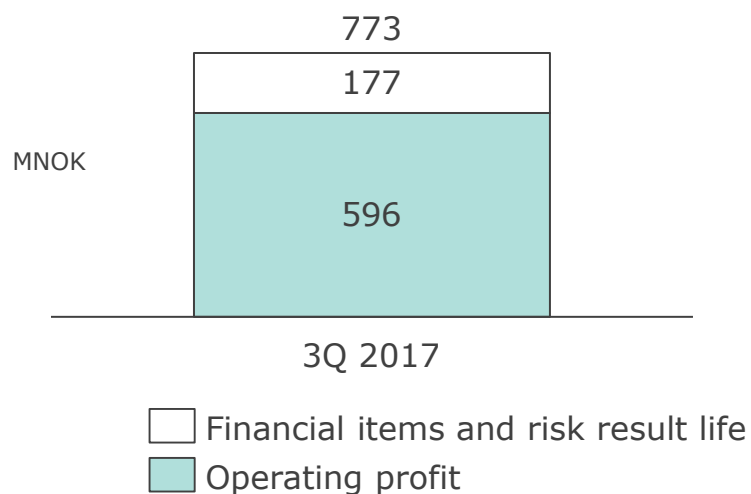
# Key investment considerations

- Storebrand is the leading Nordic pension and saving provider
- Storebrand is celebrating 250 years and Storebrand Livsforsikring AS has a very long track record as a reliable borrower
- Owner Storebrand ASA has a diversified income and low leverage
- Proven risk and cost control
- Significant business and capital improvement during the past years
- New business has low capital need and diversify income generation in the group

# Appendix: Results Q3 2017

# Highlights 3Q 2017

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



**20%** Unit Linked growth<sup>2</sup>



**10%** AuM growth Asset Management<sup>2</sup>



**26%** Retail Bank lending growth<sup>2</sup>



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

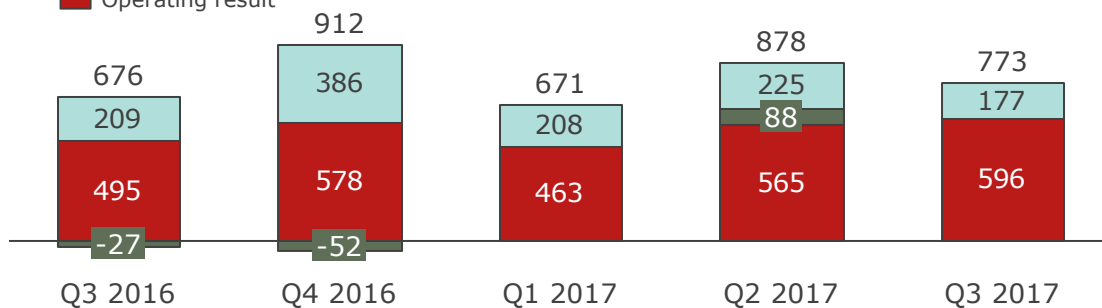
<sup>1</sup> Result before amortisation and write-downs.  
<sup>2</sup> Growth figures are from YTD 2016 to YTD 2017.  
<sup>3</sup> Including transitional rules.

# Key figures

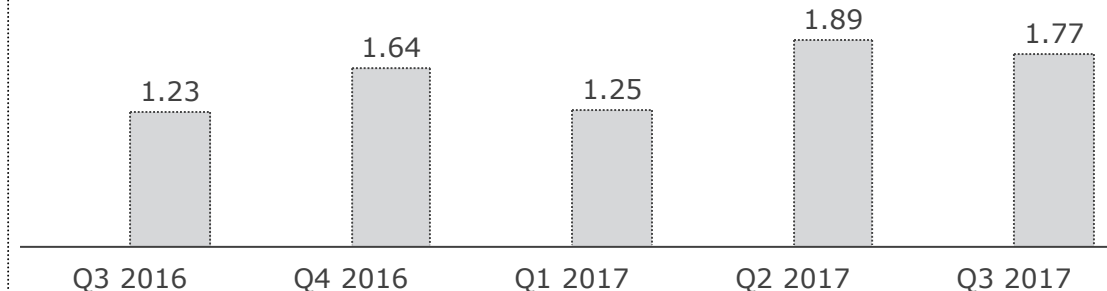
## Result development<sup>1</sup>

- Financial items and risk result life
- Special items
- Operating result

MNOK

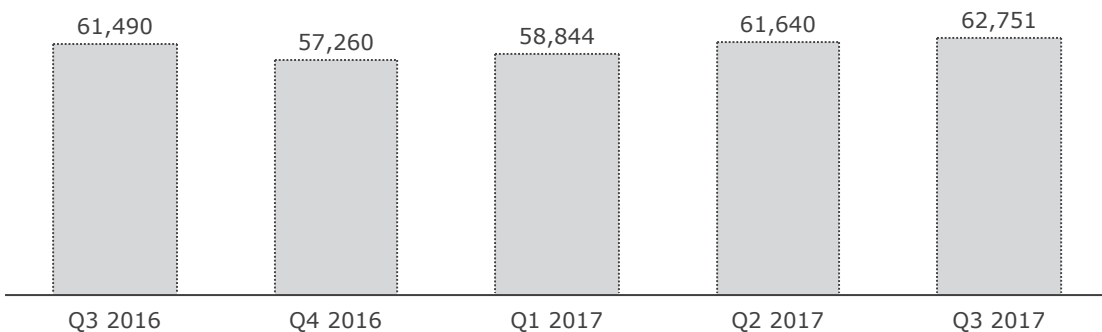


## Earnings per share<sup>2</sup>



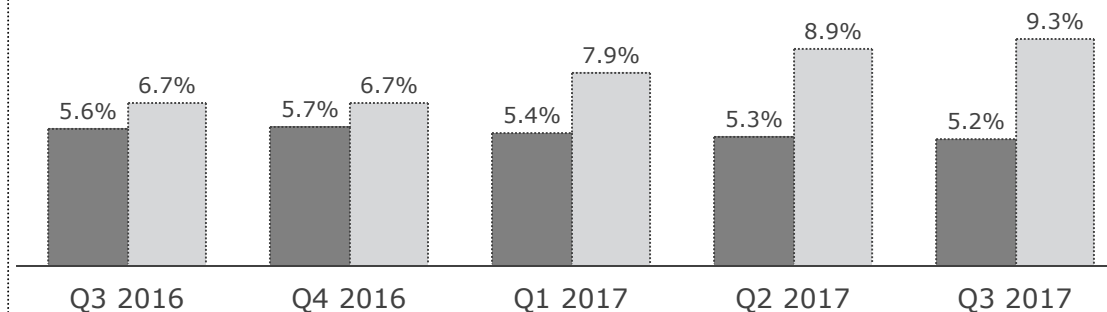
## Solidity capital Storebrand Life Group

MNOK



## Customer buffers development

- Customer buffers Norway<sup>4</sup>
  - Customer buffers Sweden
- % of customer funds<sup>3</sup>



<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. In addition there are unallocated investment results of NOK 4.3 billion in Norwegian guaranteed that will be allocated at year end.

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

## Profit<sup>1</sup>

NOK million	3Q		01.01-30.09		Full year
	2017	2016	2017	2016	2016
Fee and administration income	1 103	1 040	3 201	3 097	4 235
Insurance result	320	238	885	694	945
Operational cost <sup>2</sup>	-826 <sup>2</sup>	-811	-2 462	-2 330	-3 191
<b>Operating profit</b>	<b>596</b>	<b>468</b>	<b>1 624</b>	<b>1 461</b>	<b>1 989</b>
Financial items and risk result life	177	209	698	540	924
<b>Result before amortisation</b>	<b>773</b>	<b>676</b>	<b>2 322</b>	<b>2 001</b>	<b>2 913</b>
Amortisation and write-downs of intangible assets	-101	-101	-299	-311	-406
Result before tax	672	576	2 023	1 690	2 506
Tax	27	-135	-111	-224	-364
<b>Profit after tax</b>	<b>698</b>	<b>441</b>	<b>1 912</b>	<b>1 466</b>	<b>2 143</b>

<sup>1</sup> The result includes special items. Please see [storebrand.com/ir](http://storebrand.com/ir) for a complete overview.

<sup>2</sup> Cost 3Q 2017 affected by costs associated with 250 years anniversary and increased value of synthetic shares. Adjusted for this effect costs are nominally flat Q-O-Q.

## Profit

NOK million	3Q		01.01-30.09		Full year
	2017	2016	2017	2016	2016
Fee and administration income	1 103	1 040	3 201	3 097	4 235
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## Profit per line of business

NOK million	3Q		01.01-30.09		Full year
	2017	2016	2017	2016	2016
Savings - non-guaranteed	314	236	872	742	1 063
Insurance	221	161	576	432	575
Guaranteed pension	244	126	735	378	870
Other profit	-5	154	140	449	405
<b>Profit before amortisation</b>	<b>773</b>	<b>676</b>	<b>2 322</b>	<b>2 001</b>	<b>2 913</b>

# Savings (non-guaranteed)

- continued growth



Savings

## Profit

NOK million	3Q		01.01-30.09		Full year
	2017	2016	2017	2016	2016
Fee and administration income	763	681	2 210	2 014	2 758
Operational cost	-445	-442	-1 342	-1 274	-1 700
<b>Operating profit</b>	<b>318</b>	<b>239</b>	<b>868</b>	<b>739</b>	<b>1 058</b>
Financial items and risk result life	-4	-3	4	2	5
<b>Profit before amortisation</b>	<b>314</b>	<b>236</b>	<b>872</b>	<b>742</b>	<b>1 063</b>

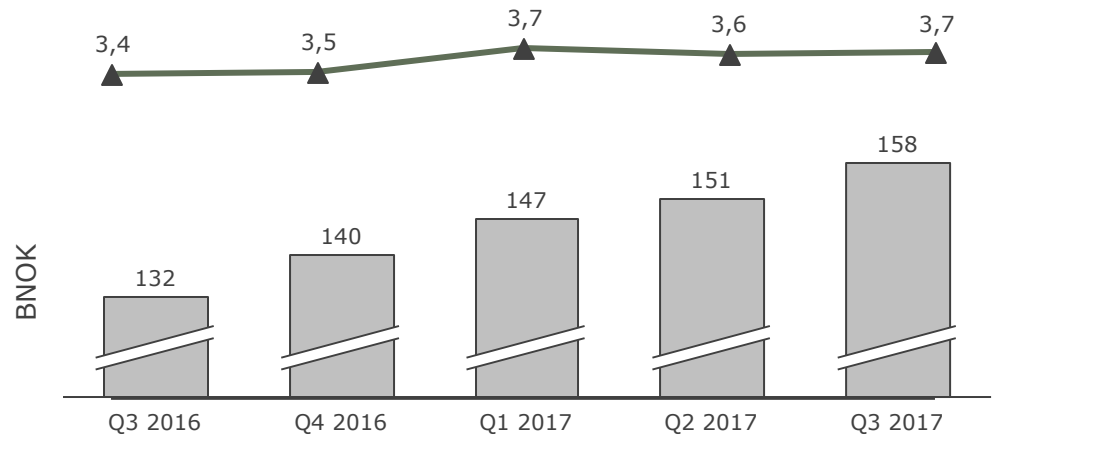
## Profit per product line

NOK million	3Q		01.01-30.09		Full year
	2017	2016	2017	2016	2016
Unit linked Norway	82	56	220	178	242
Unit linked Sweden	53	43	182	120	175
Asset Management segment	132	107	353	340	518
Retail banking	46	29	117	103	127
<b>Profit before amortisation</b>	<b>314</b>	<b>236</b>	<b>872</b>	<b>742</b>	<b>1 063</b>

# Savings (non-guaranteed)

- strong growth in assets and retail lending

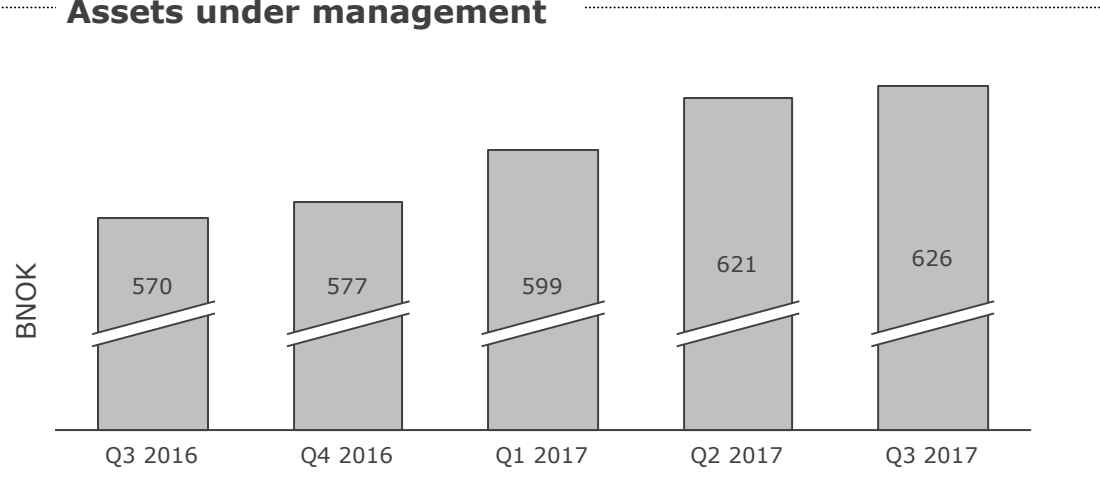
## Reserves and premiums Unit Linked



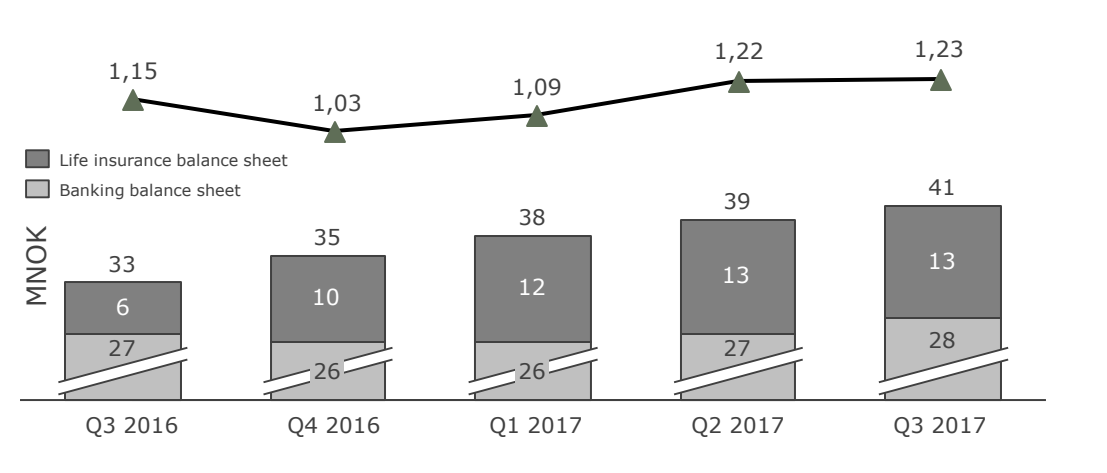
## Comments

- 7% premium growth in UL premiums<sup>1</sup>
- 26% retail lending growth<sup>2</sup>
- 10% growth in assets under management<sup>2</sup>

## Assets under management



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



<sup>1</sup> Excluding transfers. Growth from YTD 2016 to YTD 2017.

<sup>2</sup> Growth figures from YTD 2016 to YTD 2017.



## Profit

NOK million	3Q		01.01-30.09		Full year
	2017	2016	2017	2016	2016
Insurance premiums f.o.a.	993	962	2 904	2 871	3 828
Claims f.o.a.	-674	-724	-2 019	-2 177	-2 883
Operational cost	-175	-152	-519	-435	-602
<b>Operating profit</b>	<b>145</b>	<b>87</b>	<b>366</b>	<b>259</b>	<b>342</b>
Financial result	76	74	209	173	233
<b>Profit before amortisation</b>	<b>221</b>	<b>161</b>	<b>576</b>	<b>432</b>	<b>575</b>

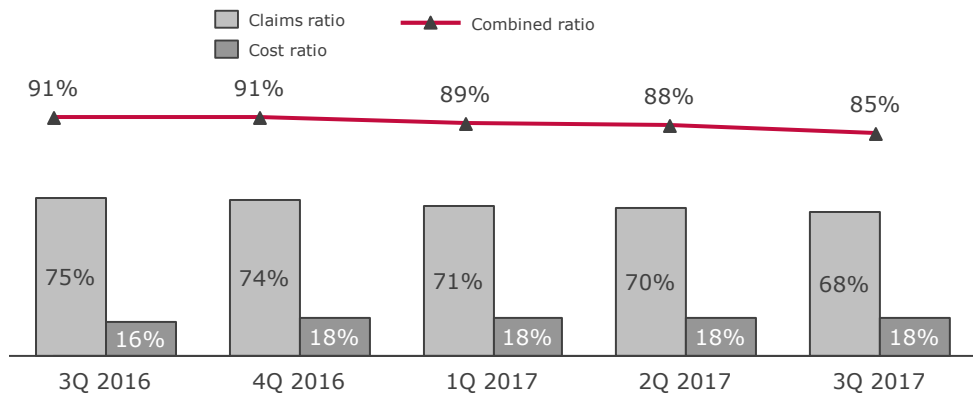
## Profit per product line

NOK million	3Q		01.01-30.09		Full year
	2017	2016	2017	2016	2016
P&C & Individual life	80	63	247	245	293
Health & Group life	116	41	263	96	149
Pension related disability insurance Nordic	24	57	66	91	133
<b>Profit before amortisation</b>	<b>221</b>	<b>161</b>	<b>576</b>	<b>432</b>	<b>575</b>

# Insurance

- Lagging growth, strong combined ratio

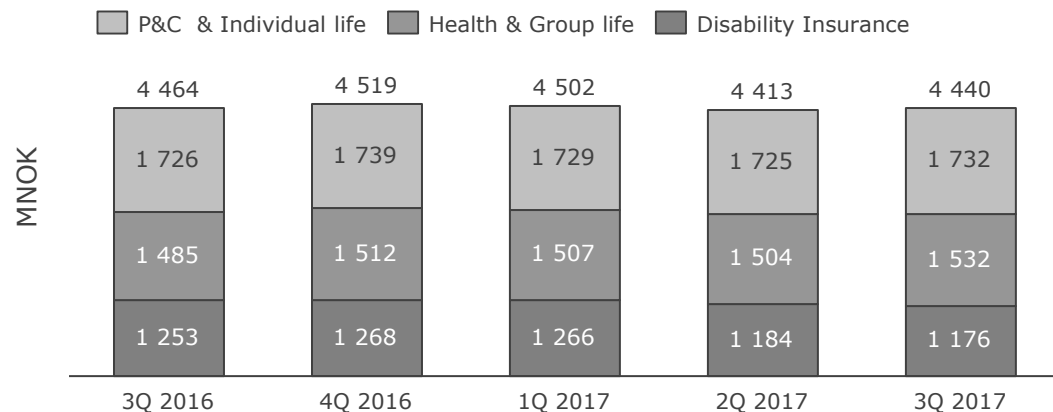
## Combined ratio



## Comments Combined ratio and results

- Combined Ratio 85%
- Reduced premiums due to on-going shift to more cost-effective distribution and new disability product

## Portfolio premiums



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

- Flat premium development within P&C & Individual life
- 3% premium growth within Health & Group life
- -6% premium decline in Pension related disability Nordic

# Guaranteed pension

- strong quarter but long term run off



## Profit

NOK million	3Q		01.01-30.09		Full year
	2017	2016	2017	2016	2016
Fee and administration income	380	403	1 108	1 190	1 566
Operational cost	-212	-257	-649	-721	-981
<b>Operating profit</b>	<b>169</b>	<b>146</b>	<b>459</b>	<b>469</b>	<b>585</b>
Risk result life & pensions	9	-18	49	-24	-37
Net profit sharing and loan losses	66	-2	227	-67	322
<b>Profit before amortisation</b>	<b>244</b>	<b>126</b>	<b>735</b>	<b>378</b>	<b>870</b>

## Profit per product line

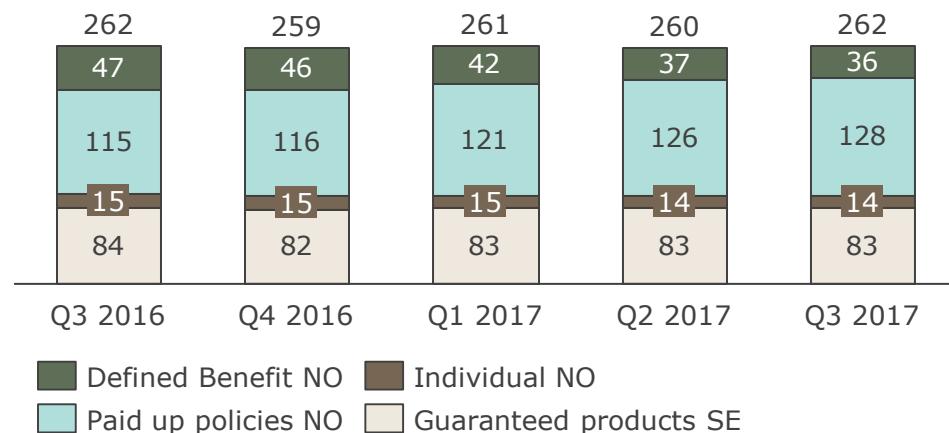
NOK million	3Q		01.01-30.09		Full year
	2017	2016	2017	2016	2016
Defined benefit (fee based)	83	82	222	278	340
Paid-up policies, Norway	38	9	94	33	46
Individual life and pension, Norway	20	2	36	6	147
Guaranteed products, Sweden	104	32	383	60	336
<b>Profit before amortisation</b>	<b>244</b>	<b>126</b>	<b>735</b>	<b>378</b>	<b>870</b>

# Guaranteed pension

- reserves in long term decline and robust buffer situation



## Reserves guaranteed products



## Comments

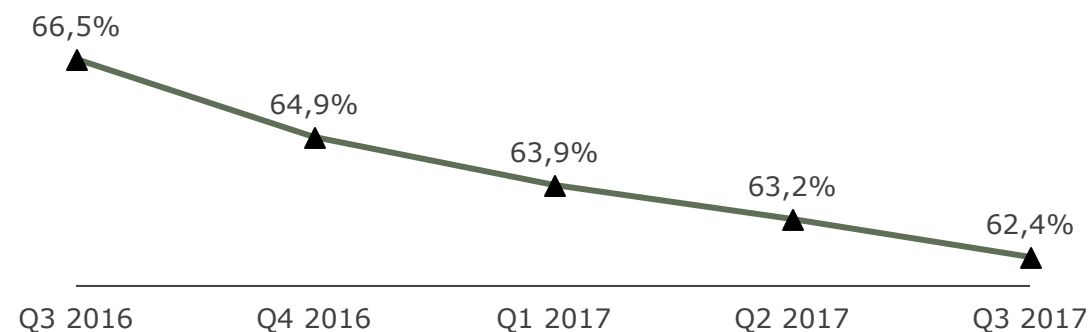
- As companies convert to DC schemes, the migration from DB to lower-margin paid up policies continues to reduce fee income in Guaranteed pensions
- Strong profit sharing results in the quarter

## Buffer capital

NOK million	2017	2016	Change
	3Q	3Q	
Market value adjustment reserve	2 104	4 220	-2 116
Excess value of bonds at amortised cost	8 610	11 562	-2 952
Additional statutory reserve	6 721	5 190	1 531
Unallocated results	4 827	3 546	1 281
Conditional bonuses Sweden	7 067	5 258	1 809
<b>Total</b>	<b>29 329</b>	<b>29 775</b>	<b>-446</b>

1) 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



**Profit**

NOK million	3Q		01.01-30.09		Full year
	2017	2016	2017	2016	2016
Fee and administration income	19	31	63	102	145
Operational cost	-53	-35	-132	-108	-141
<b>Operating profit</b>	<b>-35</b>	<b>-4</b>	<b>-69</b>	<b>-6</b>	<b>4</b>
Financial items and risk result life	30	158	209	456	401
<b>Profit before amortisation</b>	<b>-5</b>	<b>154</b>	<b>140</b>	<b>449</b>	<b>405</b>

**Profit per product line**

NOK million	3Q		01.01-30.09		Full year
	2017	2016	2017	2016	2016
Corporate Banking	20	34	38	69	76
BenCo	8	7	18	43	44
Holding company costs and net financial results in company portfolios	-33	113	84	337	285
<b>Profit before amortisation</b>	<b>-5</b>	<b>154</b>	<b>140</b>	<b>449</b>	<b>405</b>

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



## Investor Relations contacts

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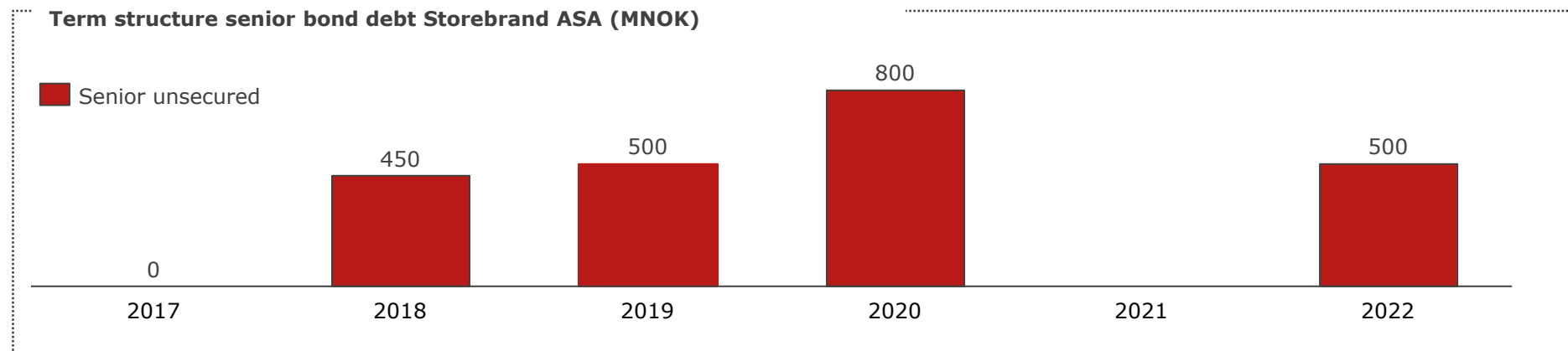
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# Our Vision

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).

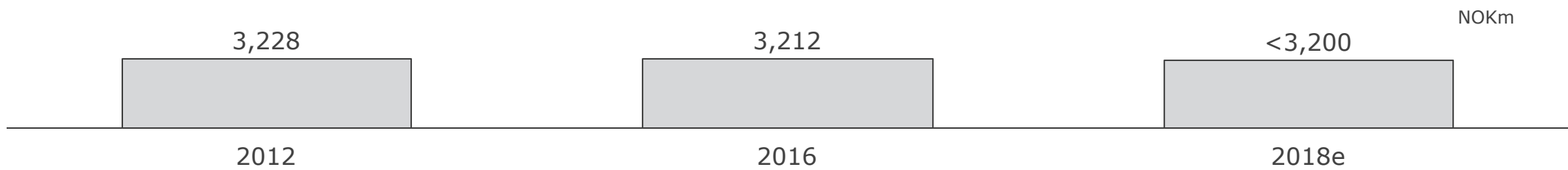
# Storebrand ASA, Term structure debt



MEUR 240

# Storebrand Group Targeted nominal flat costs 2012-2018/ NOK 800m cost reduction<sup>1</sup>

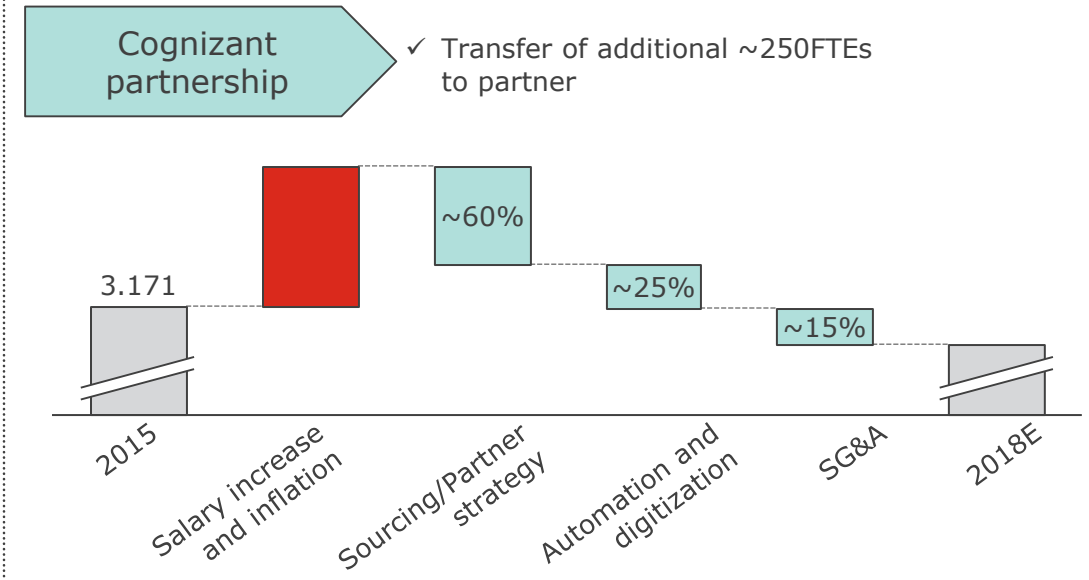
## Operational cost 2012-2018<sup>2</sup>



## Cost reduction completed 2012 – 2016

- |                                   |  |
|-----------------------------------|--|
| Cost programme 2012 - 2014        | ✓ 2014 target reached (>NOK 400m)  |
| Baltic offshoring 2012 - 2016     | ✓ From 150 to 370 Baltic empl.<br>✓ Cognizant partnership                |
| Market & sales restructuring 2015 | ✓ Reduction of 70 FTEs (NO and SE)                                       |
| Other key initiatives             | ✓ Closed agent channel<br>✓ New bank platform<br>✓ New IT infrastructure |

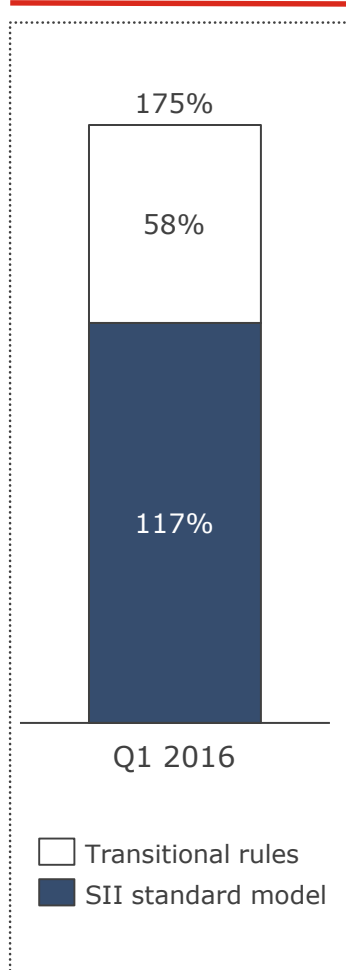
## Further Cost Reductions to be Realized by 2018





# Changes to the Solvency II from CMD 2016 to Q3 2017

## Solvency II Q1 2016



## Message on CMD 2016: What Determines the Solvency II Ratio Going Forward

**A**

**Financial markets**

- Interest rates: Small sensitivity in SII ratio including transitional measures, larger without
- Credit: Higher credit spreads will improve SII ratio over time, but may weaken SII ratio short term

**B**

**Development in reserves**

- Paid up policies: Will peak within a few years
- Guaranteed reserves SPP: already in run off and are releasing capital
- Unit linked is growing fast, all growth is SII positive

**C**

**Own measures**

- Investment strategy
- IFRS earnings
- Other measures: Re-insurance and sub debt

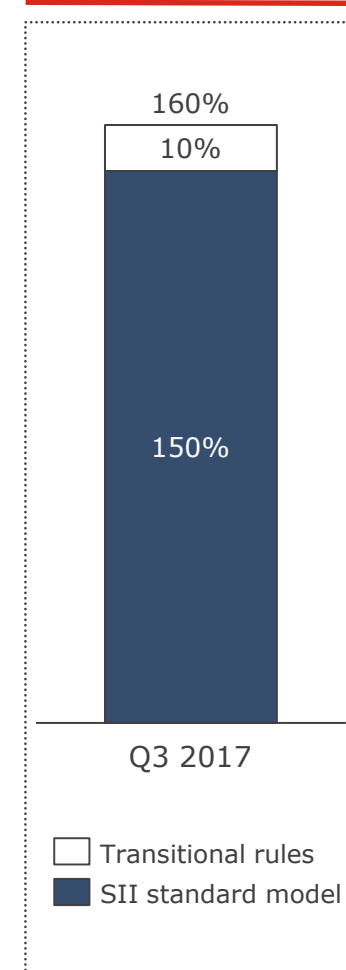
## Changes from Q1 2016 to Q3 2017

- Interest rates: Small increase. Strengthened SII ratio without transitional. ✓
- Credit: earned credit spreads to strengthen solvency through longevity reserve strengthening, buffer capital building and segmentation ✓

- Paid up policies: growth as predicted ✓
- Guaranteed reserves SPP: already in run off and are releasing capital ✓
- Unit linked is growing fast, all growth is SII positive ✓

- Strong investment return ✓
- Investment strategy more adopted to Solvency II ✓
- Retained IFRS earnings ✓
- Re-insurance on mass lapse of UL business ✓
- Issued sub debt ✓

## Solvency II Q3 2017



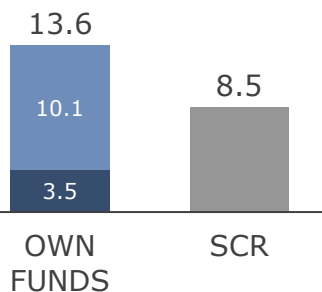
# Solvency Capital allocation pr segment

– most of the capital allocated to the guaranteed segment

ILLUSTRATIVE PRO FORMA ALLOCATION BASED ON 159% SOLVENCY RATIO PR Q1 2017<sup>1</sup>

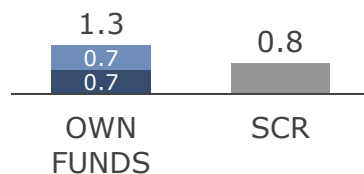
## Savings

*Solvency II:*  
Unit Linked reserves 147bn  
*CRR/CRD IV:*  
Retail mortgage lending 26bn  
Asset management 599bn



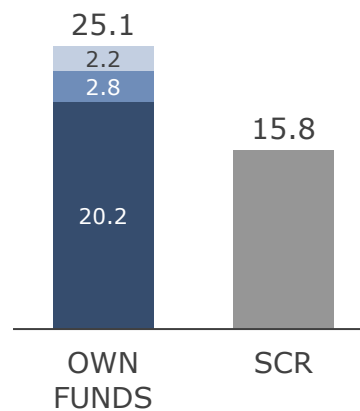
## Insurance

*Solvency II:*  
Insurance portfolio premiums 4.1bn



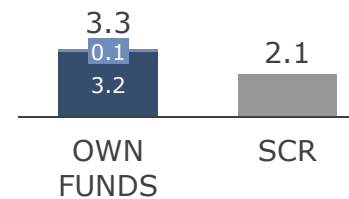
## Guaranteed

*Solvency II:*  
Guaranteed reserves 261bn



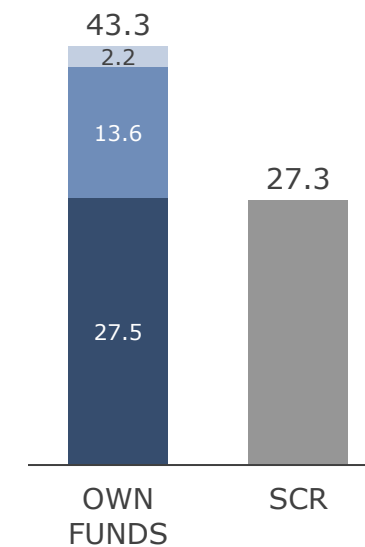
## Other

*Solvency II:*  
Company portfolios 25bn  
Reserves in BenCo 17bn  
*CRR/CRD IV:*  
Corporate banking 1,5bn



## Group

*Solvency II group calculation*

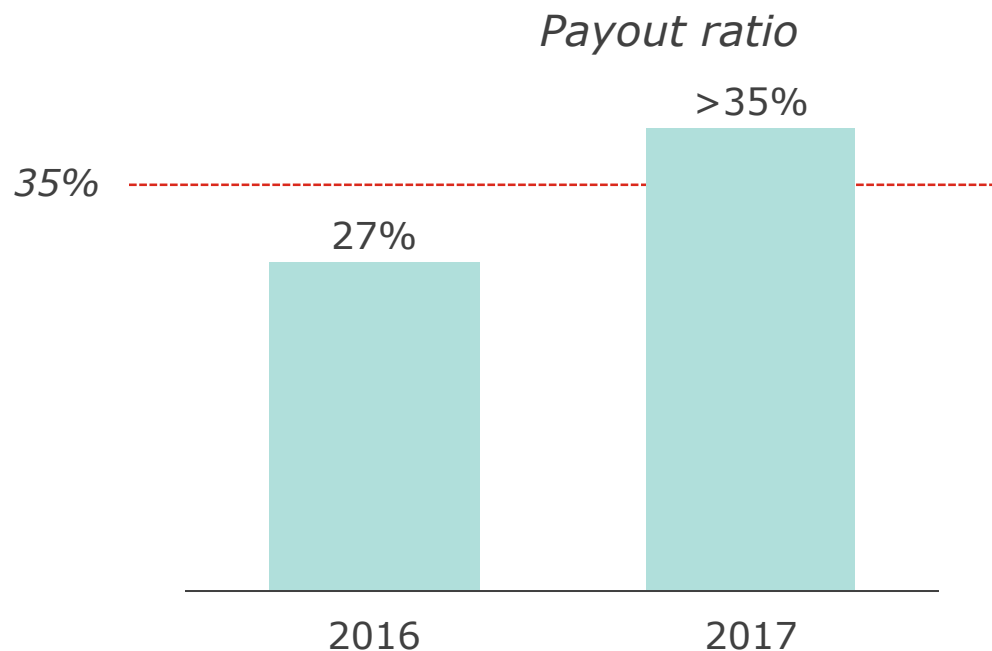


■ Transitional technical provisions ■ Products contribution to own funds<sup>1</sup> ■ Hard capital ■ Solvency capital requirement

<sup>1</sup>The equity and debt in the Group sits within different legal units. This allocation of solvency capital is done on a pro-forma basis to reflect an approximation to the solvency II capital consumed in the different reporting segments after group diversification. The estimated allocation is based on the capital consumption under SII and CRD IV adjusted for positive capital contribution to own funds. Storebrand has a target of a solvency ratio above 150%. The pro forma allocation of capital is based on the actual solvency ratio pr. Q1 2017 of 159%. Hard capital is defined as paid in and earned equity, subordinated debt and other tangible capital elements. Products contribution to own funds in Guaranteed includes positive contribution from deferred capital contribution (DCC) in the Swedish business.

# Dividend NOK 1.55 pr. share

## [market communication dividend from Q4 2016]



- 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

# Growth ambitions 2018

- as presented on CMD 2016



**Unit Linked**

**#1**  
market position  
Norway & Sweden<sup>1</sup>



**Asset mgmt.**

**#1**  
Norwegian asset manager

**NOK 150m**  
Revenue growth

**NOK 100m**  
Profit growth



**Insurance**

**~10%**  
Long term growth<sup>2</sup>

**90-92%**  
Combined Ratio



**Retail bank**

**Double**  
Retail loan book

**>10%**  
ROE<sup>3</sup>

<sup>1</sup> Within segment 'Other occupational pensions'.

<sup>2</sup> Lower growth expected in 2016 due to change in distribution.

<sup>3</sup> RoE Retail banking only.