

# Storebrand

## Q4 2021

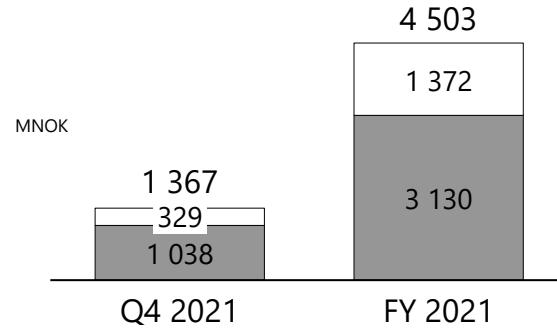
9 February 2022



Odd Arild Grefstad – CEO  
Lars Aa. Løddesøl – CFO

# Highlights Q4 2021

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



- Financial items and risk result life
- Operating profit

GLOBAL  
100

#1 sustainable insurance company in the world<sup>3</sup>



15% Unit Linked reserve growth<sup>2</sup>



14% AuM growth Asset Management<sup>2</sup>



22% Insurance Portfolio Premium growth<sup>2</sup>

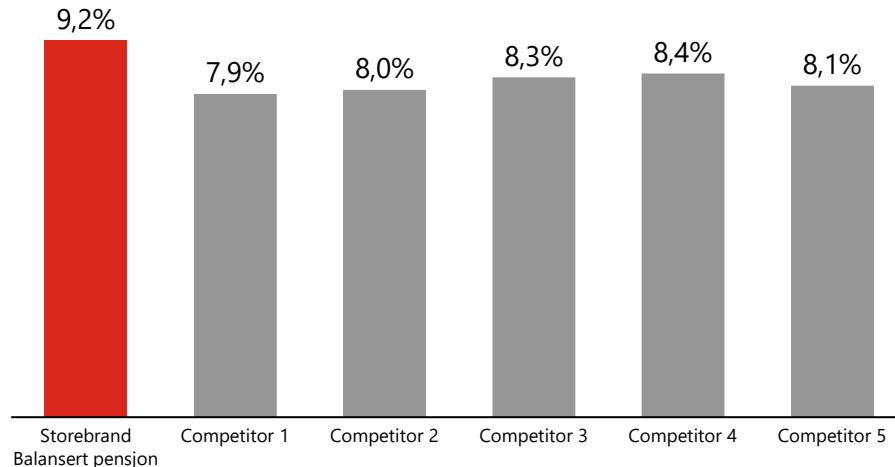
%

3.50 NOK proposed dividend, 175% Solvency ratio

# Storebrand delivers market leading return to Norwegian pension customers

## Norwegian Defined Contribution Pensions

*Average return last 5 years compared to peers*



Annualised return (%) for the balanced pension savings profile Storebrand and main competitors

## New regulation secures pension offering to more employees from 2022

Higher pension savings for employees, greatest improvement for low-income groups

## Storebrand delivers solid long- and short-term value creation to our customers

Delivered the highest return in **2021**, and for the last **three** and **five years** on average compared to peers

## All investments according to Storebrand's sustainable investments policy

Pursuing our Group Strategy: Leading The Way In Sustainable Value Creation to be a leading  
**Sustainable Nordic Savings and Insurance Group**

**Future Storebrand**  
Growth focus in capital-light business areas in front book

**A**

**Leading Provider  
Occupational Pensions  
Norway & Sweden**

**B**

**Nordic Powerhouse in  
Asset Management**

**C**

**Growing Challenger in  
Norwegian Retail Market**

Strategic  
differentiators

**D**

**Leadership in Sustainability**

**E**

**Digital Frontrunner**

**Capital**  
Management of capital and back book balance sheet

**I**

**Growing ordinary dividends  
from earnings**

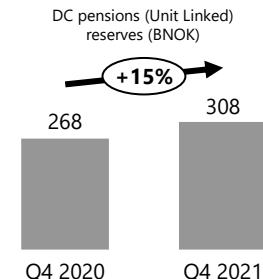
**II**

**NOK ~10bn capital release  
from back book by 2030**

# Progress on strategic growth ambitions

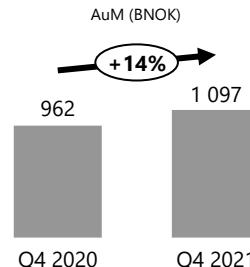
A

## Leading Provider Occupational Pensions Norway & Sweden



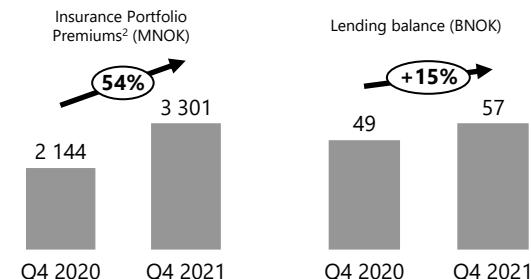
B

## Nordic Powerhouse in Asset Management



C

## Growing Challenger in Norwegian Retail Market



- **Occupational Pensions Norway**

NOK 1 035m contribution to the Group Result<sup>1</sup> in 2021.

New municipality mandates won. NOK ~5.5bn of reserves to be booked January 2022.

Individual Pension Accounts fully implemented

- **Occupational Pensions Sweden**

NOK 1 286m contribution to the Group Result<sup>1</sup> in 2021.

- **Delivering on CMD 2018 ambitions (2018-2021)**

#1 Norwegian asset manager with European footprint

NOK 250m Profit growth<sup>2</sup> 2018-2021 leading to NOK 1 078m contribution to the Group Result<sup>1</sup> in 2021.

- **Net inflows**

NOK 12bn net inflows in Q4, NOK 43bn in 2021. Total of NOK 9bn raised in alternatives in 2021.

- **Strong profit development**

NOK 824m contribution to Group Result<sup>1</sup> in 2021.

42% profit growth in 2021.

- **Exceptional growth in P&C insurance and retail mortgages**

NOK ~740m in transfers from Insr completed.

- **Strong sales in retail Savings**

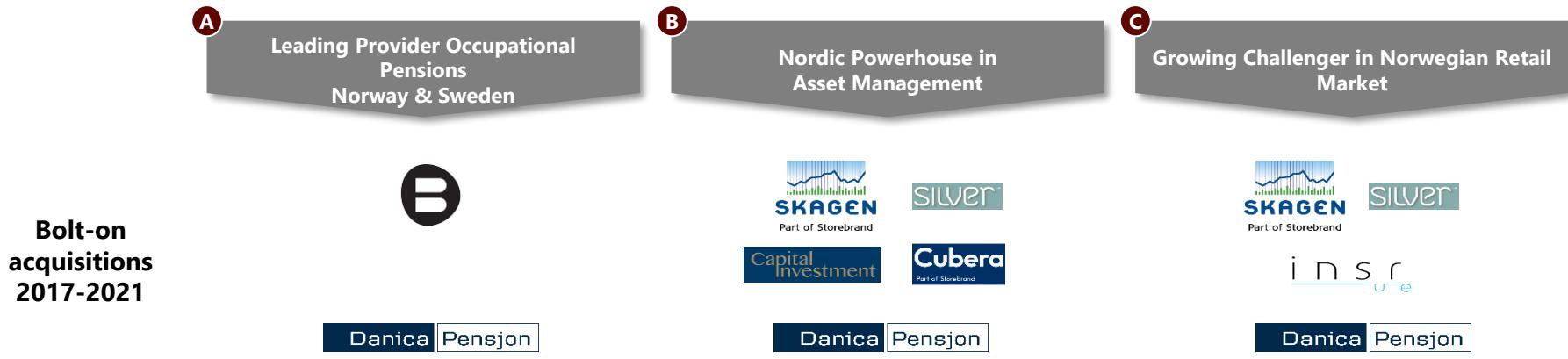
71% growth in net sales in 2021.

<sup>1</sup> Profit before amortisation and tax

<sup>2</sup> Baseline: 2017 Operating profit for Storebrand Asset Management Group of 767 NOK million.

<sup>3</sup> P&C and Individual life. Includes the new P&C insurance offering to the corporate SME market.

# Growth accelerated with selected add-on acquisitions that build on Group synergies

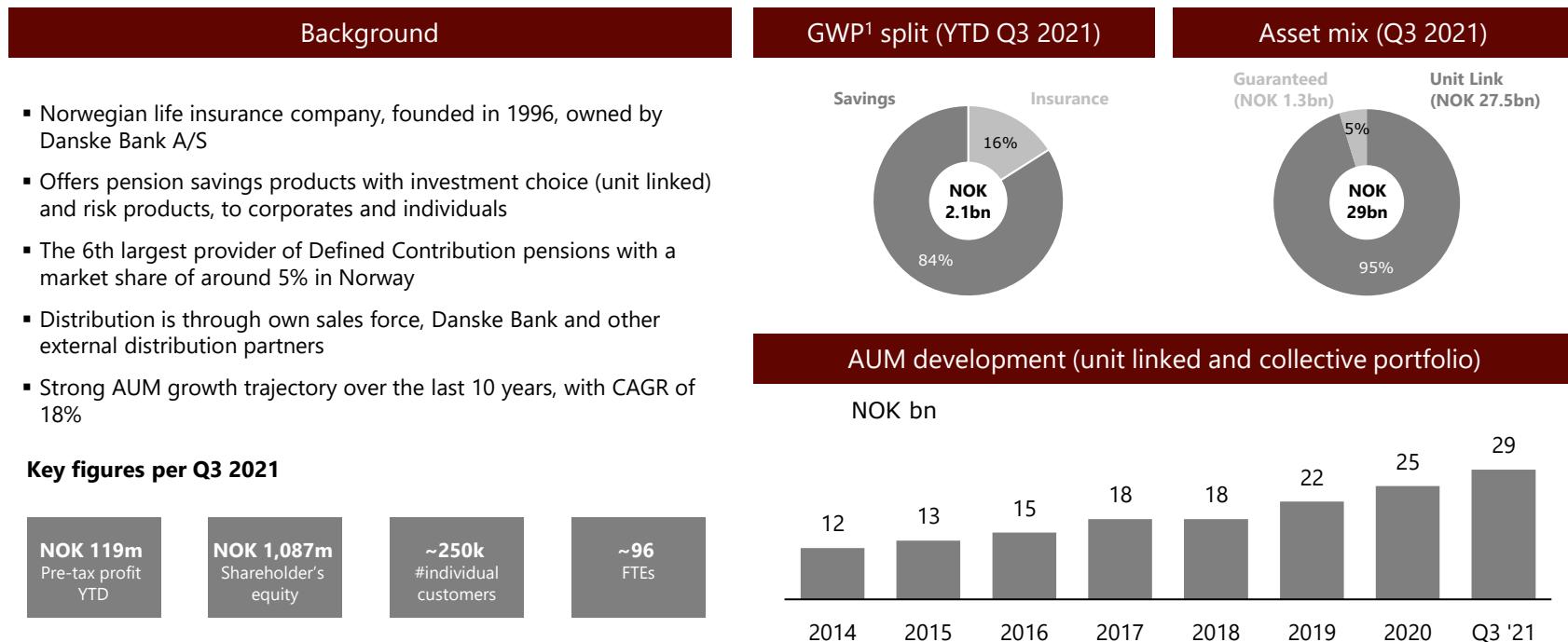


## Strategic rationale

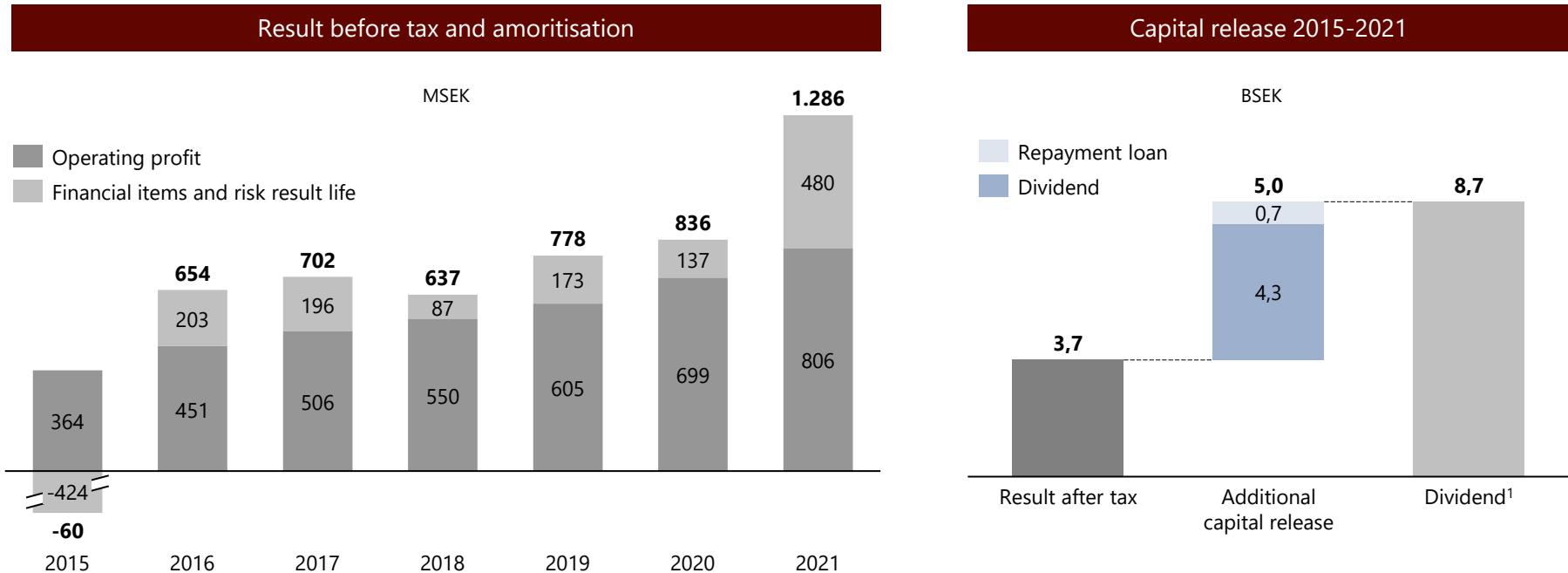


- M&A bolt-ons have been used actively to accelerate growth and build additional capabilities and client offering
- Acquisitions are in line with the group strategy, exploiting synergies and strengthening the competitive advantage across the different lines of business
- The Danica Pensjon transaction is the last addition, strengthening the capital-light business areas across Norwegian business units

# The acquisitions of **Danica Pension** strengthens our position in Norwegian occupational pension market



# Results in SPP are increasing and capital is released from a mature backbook

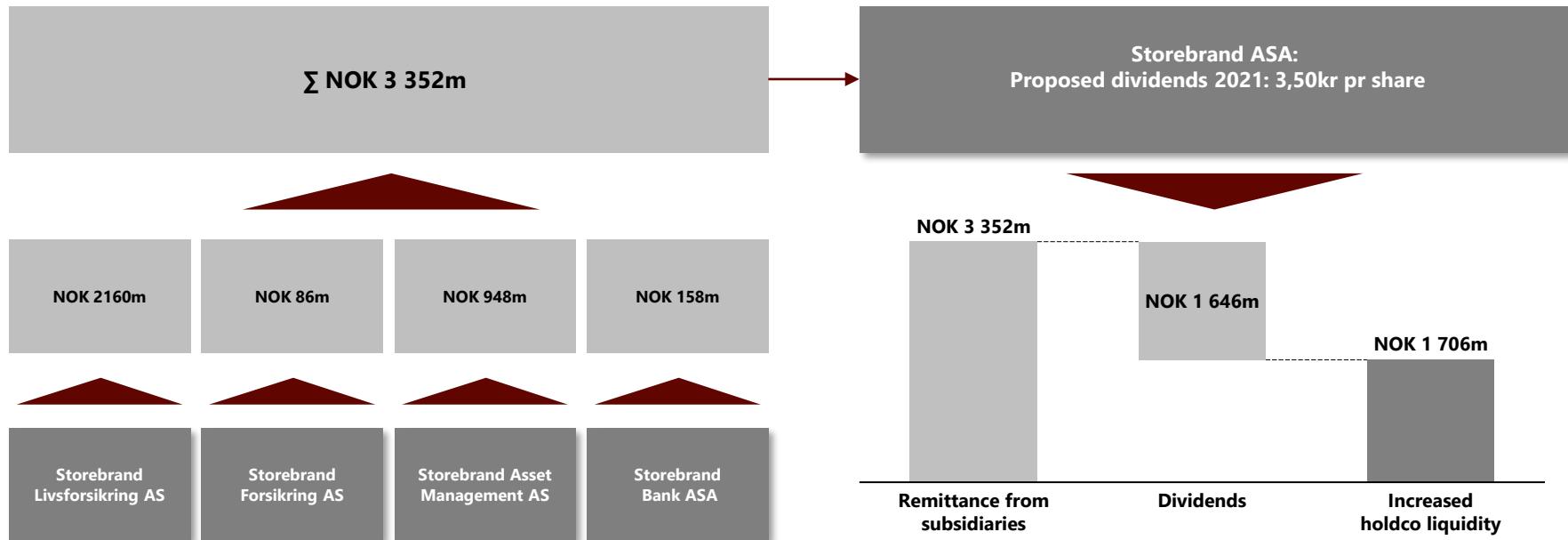


# Storebrand reaffirms its commitment to deliver **growing ordinary dividends** to shareholders



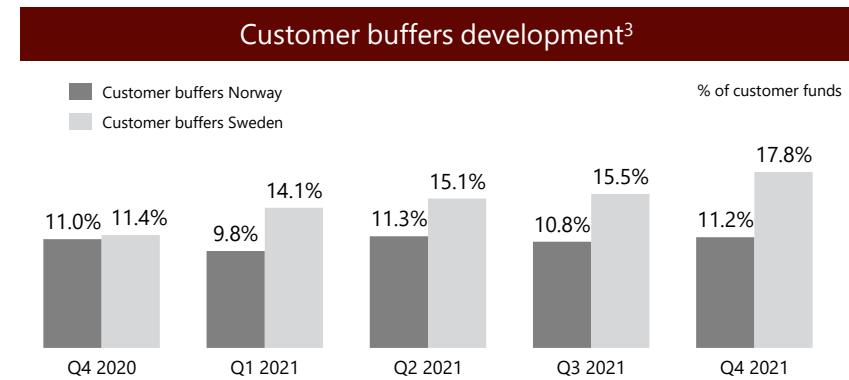
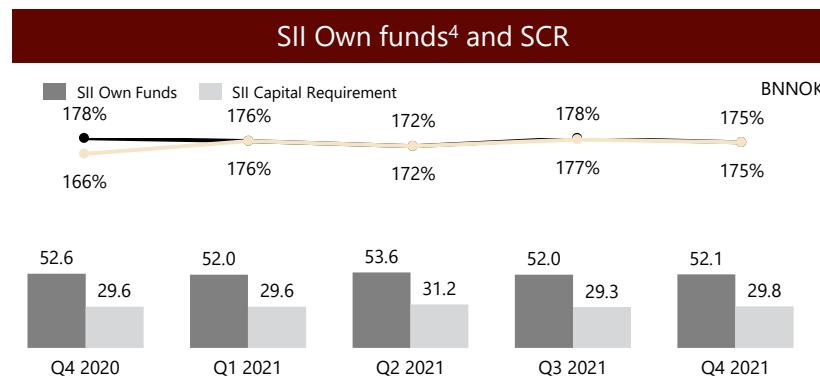
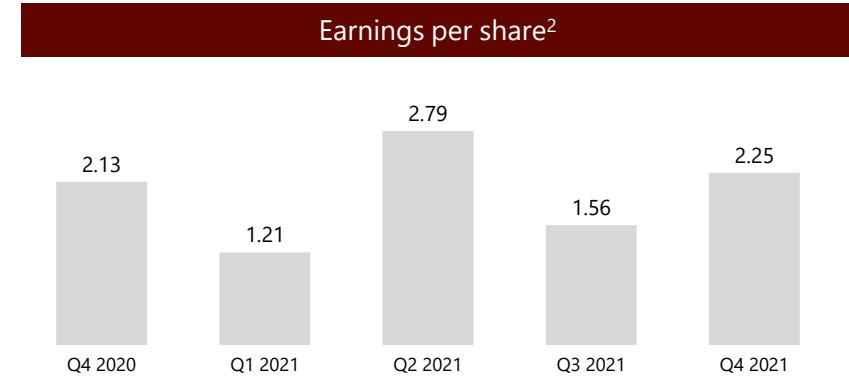
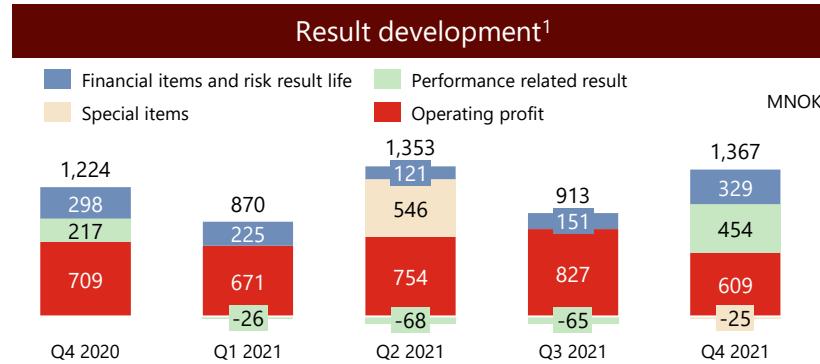
- **IFRS result growth** - Ordinary dividends minimum 50% of result after tax, with nominal growth.
- **Capital return** from back book. *Share buybacks preferred instrument when solvency ratio is above 180% without material use of transitional capital.*

# Fungible group capital. IFRS results close to cash



# Key Figures

Strong result development and a solid regulatory capital situation with high customer buffers

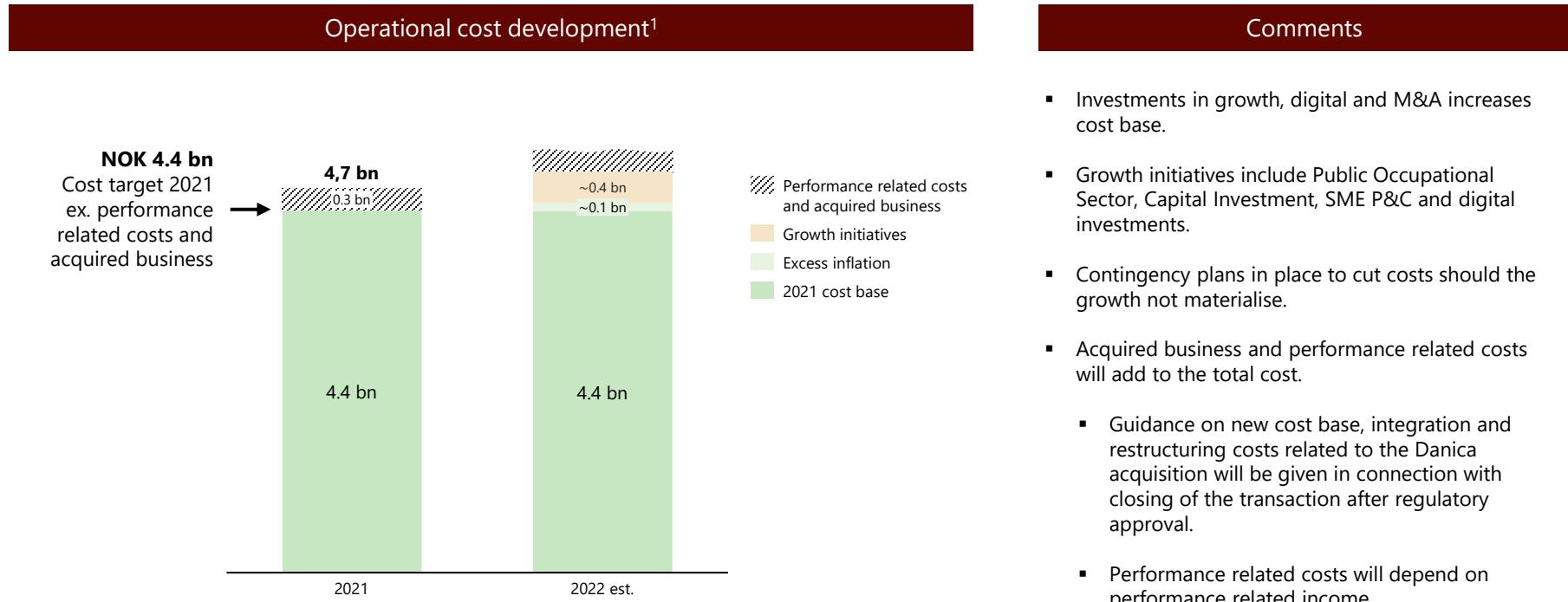


# Strong result in 2021 provides excellent starting point for exceeding the 4 billion result ambitions for 2023



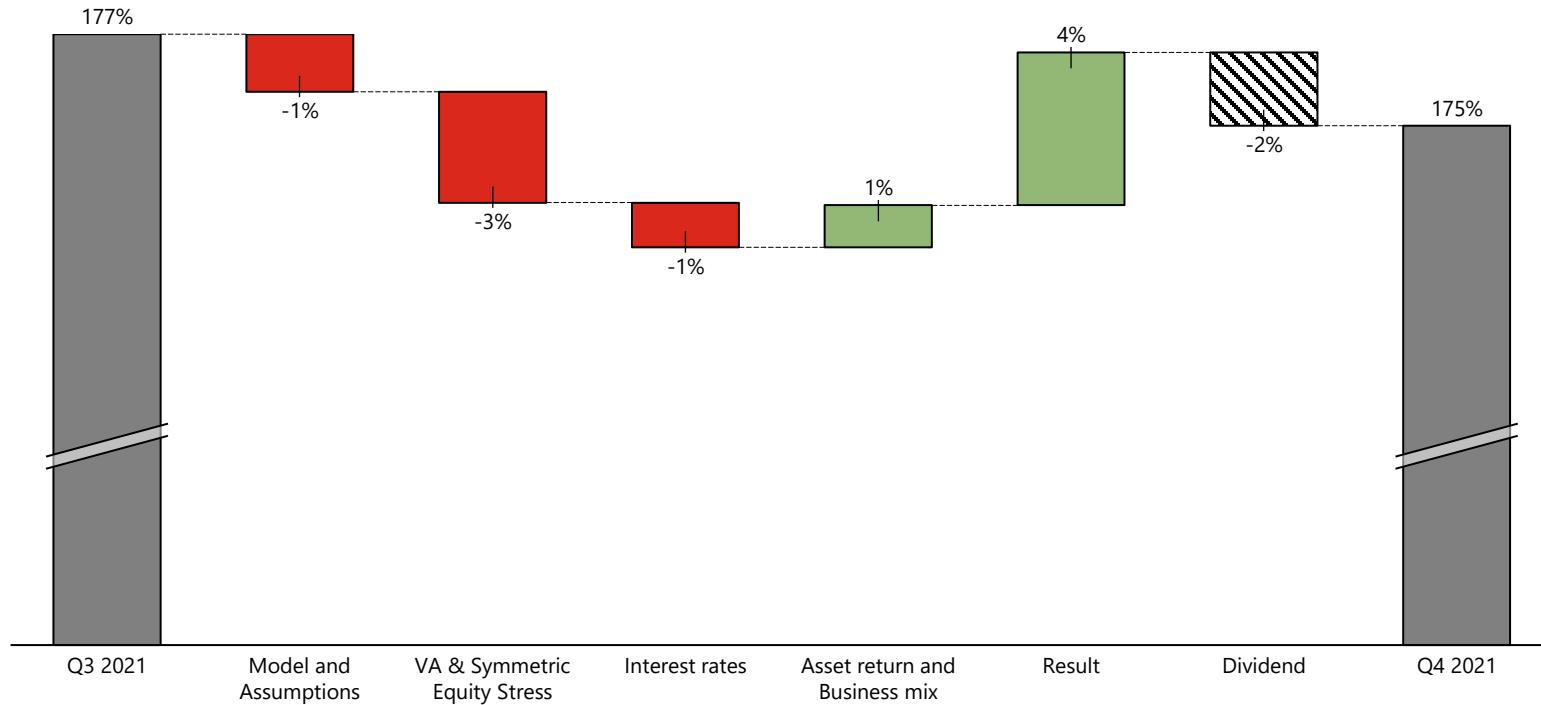
- Group Result ambition<sup>1</sup> for 2023 of NOK 4 billion was achieved in 2021, partly as a result of special items including the divestment of AS Værdalsbruket in addition to a very strong performance related result
- Operational results are driven by strong volume growth → provides a solid baseline for result generation going forward
- Several organic growth initiatives initiated to further strengthen the result generation going forward
- Danica acquisition (pending regulatory approval) to be integrated
- Well on track to exceed the Group Result ambition<sup>1</sup> for 2023
- Acquired business provide significant upside potential to the 2023 target

# Investments in growth, digital and M&A increases cost base<sup>1</sup>



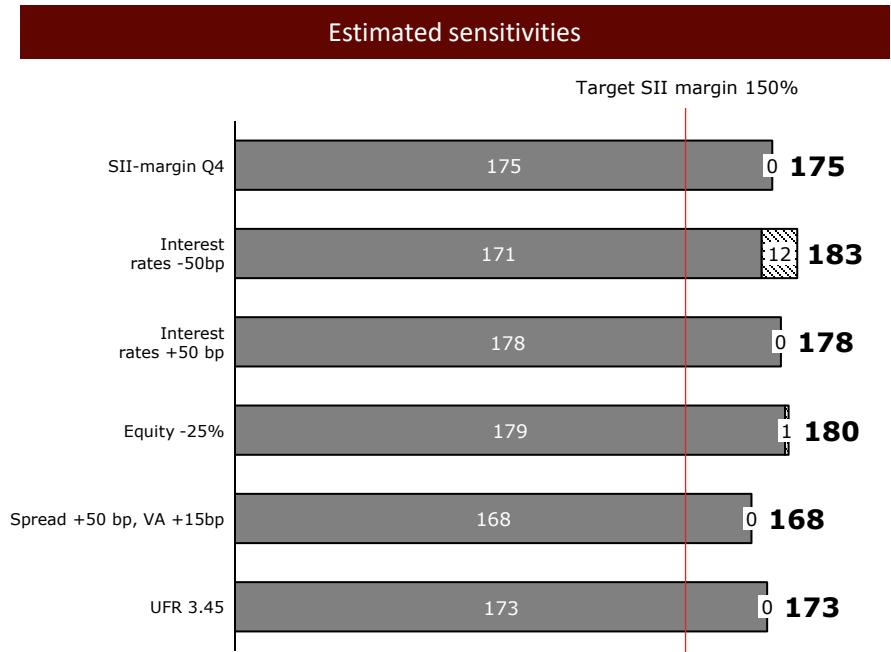
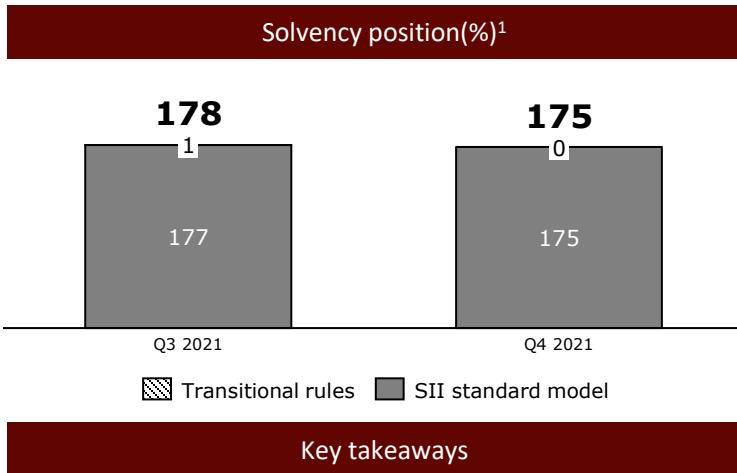
# Solvency movement from Q3 2021 to Q4 2021

Storebrand Group



# Estimated solvency sensitivities

Storebrand Group



### Key takeaways

- Strong results contribute positively to the solvency position
- Regulatory assumptions and higher short term interest rates lowers the solvency

<sup>1</sup>The 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

Growth in Fee and administration income main driver for improved results



Profit<sup>1</sup>

NOK million	Q4		FY	
	2021	2020	2021	2020
Fee and administration income	2 108	1 674	6 607	5 676
Insurance result	307	338	1 201	825
Operational cost	-1 377	-1 086	-4 678	-4 068
<b>Operating profit</b>	<b>1 038</b>	<b>926</b>	<b>3 130</b>	<b>2 433</b>
Financial items and risk result life	329	298	1 372	278
<b>Profit before amortisation</b>	<b>1 367</b>	<b>1 225</b>	<b>4 503</b>	<b>2 711</b>
Amortisation and write-downs of intangible assets	-140	-125	-527	-492
<b>Profit before tax</b>	<b>1 227</b>	<b>1 099</b>	<b>3 976</b>	<b>2 219</b>
Tax	-310	-227	-846	136
<b>Profit after tax</b>	<b>917</b>	<b>872</b>	<b>3 130</b>	<b>2 355</b>

# Storebrand Group

Profit improvement in all lines of business for the full year



## Profit<sup>1</sup>

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## Profit per line of business

NOK million	Q4		FY	
	2021	2020	2021	2020
Savings - non-guaranteed	916	664	2 355	1 730
Insurance	61	175	423	204
Guaranteed pension	485	396	1 432	805
Other profit	-95	-10	293	-28
<b>Profit before amortisation</b>	<b>1 367</b>	<b>1 225</b>	<b>4 503</b>	<b>2 711</b>

# Savings (non-guaranteed)

Strong revenue and profit growth



## Profit

NOK million	Q4		FY	
	2021	2020	2021	2020
Fee and administration income	1 748	1 336	5 215	4 392
Operational cost	-838	-704	-2 927	-2 611
<b>Operating profit</b>	<b>910</b>	<b>633</b>	<b>2 288</b>	<b>1 781</b>
Financial items and risk result life	6	31	67	-51
<b>Profit before amortisation</b>	<b>916</b>	<b>664</b>	<b>2 355</b>	<b>1 730</b>

## Profit per product line

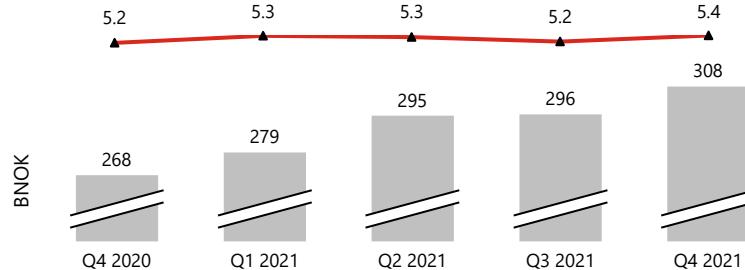
NOK million	Q4		FY	
	2021	2020	2021	2020
Unit linked Norway	83	105	483	413
Unit linked Sweden	114	107	518	369
Asset management	660	384	1 078	757
Retail banking	60	68	275	191
<b>Profit before amortisation</b>	<b>916</b>	<b>664</b>	<b>2 355</b>	<b>1 730</b>

# Savings (non-guaranteed)

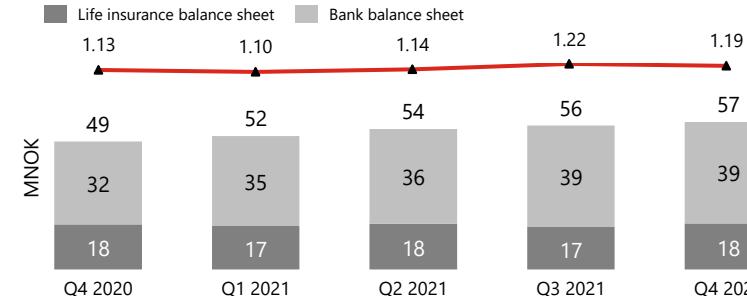
Revenue increase explained by volume growth across pension, banking and asset management



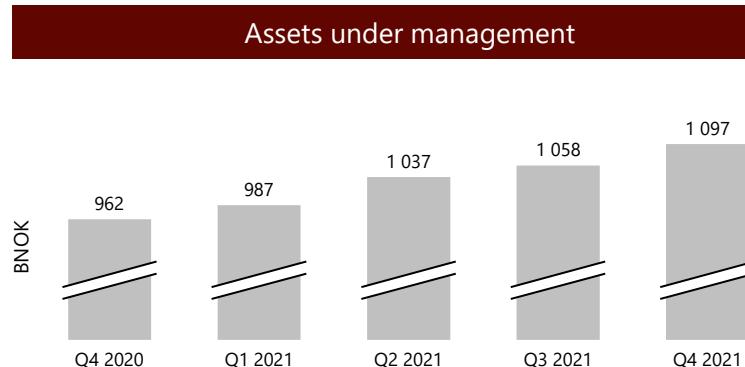
## Reserves and premiums Unit Linked



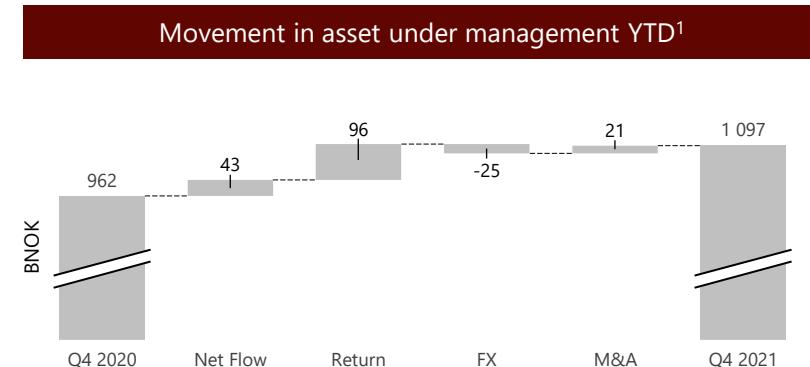
## Retail bank balance and net interest margin (%)



## Assets under management



## Movement in asset under management YTD<sup>1</sup>



# Insurance

Continued strong volume growth



## Profit

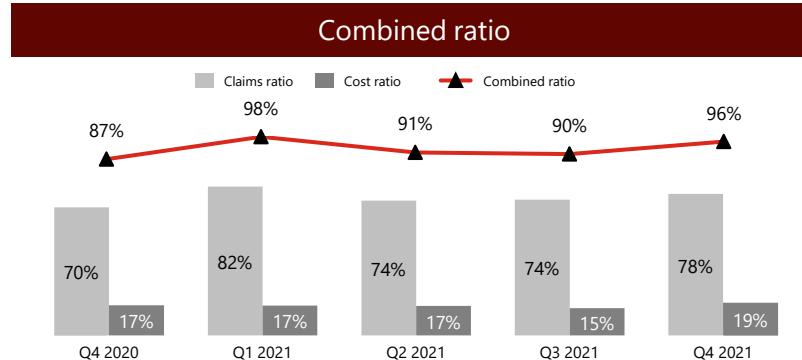
NOK million	Q4		FY	
	2021	2020	2021	2020
Insurance premiums f.o.a.	1 366	1 136	5 175	4 331
Claims f.o.a.	-1 059	-799	-3 974	-3 506
Operational cost	-253	-194	-875	-712
<b>Operating profit</b>	<b>54</b>	<b>143</b>	<b>326</b>	<b>113</b>
Financial result	6	32	97	91
<b>Profit before amortisation</b>	<b>61</b>	<b>175</b>	<b>423</b>	<b>204</b>

## Profit per product line

NOK million	Q4		FY	
	2021	2020	2021	2020
P&C & Individual life	54	108	393	263
Health & Group life	-6	24	-26	-171
Pension related disability insurance Nordic	13	43	56	112
<b>Profit before amortisation</b>	<b>61</b>	<b>175</b>	<b>423</b>	<b>204</b>

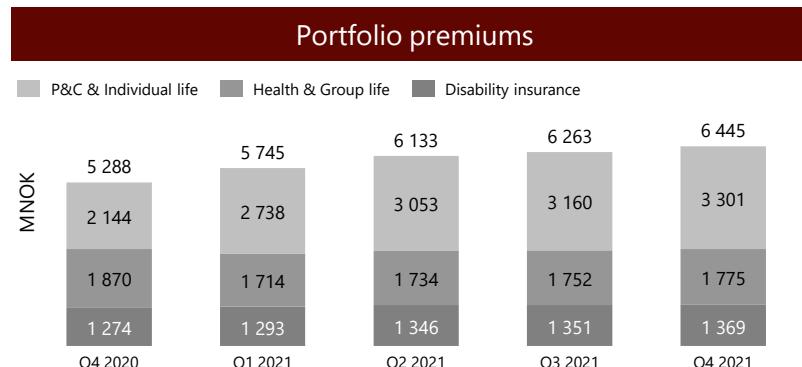
# Insurance

Continued strong volume growth



### Key Takeaways Combined Ratio and Results

- 94% combined ratio, higher than target (90-92%)
- Continued weak claims ratio in Group life
- Increased cost ratio in the fourth quarter due to increased activity and write down of IT systems



### Key Takeaways Premiums and Growth<sup>1</sup>

- 22% growth in annual portfolio premiums
- 54% growth in P&C & Individual life portfolio premiums
- Insr customer portfolio transfers of NOK 740m completed

# Guaranteed pension

Good financial results and profit sharing



## Profit

NOK million	Q4		FY	
	2021	2020	2021	2020
Fee and administration income	418	389	1 631	1 511
Operational cost	-248	-218	-890	-861
<b>Operating profit</b>	<b>169</b>	<b>171</b>	<b>741</b>	<b>650</b>
Risk result life & pensions	63	14	187	19
Net profit sharing	253	211	504	136
<b>Profit before amortisation</b>	<b>485</b>	<b>396</b>	<b>1 432</b>	<b>805</b>

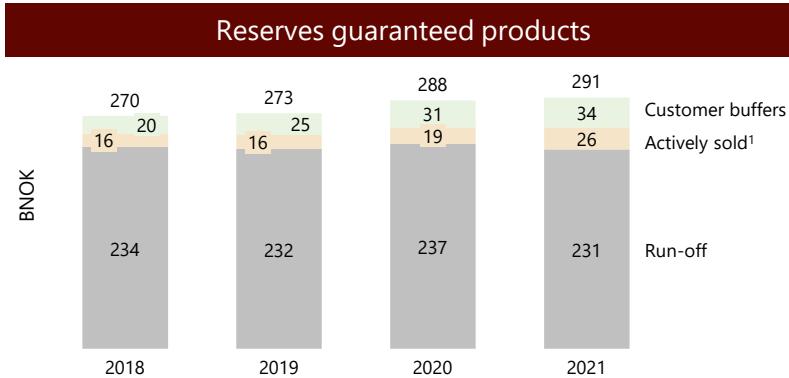
## Profit per product line

NOK million	Q4		FY	
	2021	2020	2021	2020
Defined benefit (fee based)	46	8	130	2
Paid-up policies, Norway	201	129	556	401
Individual life and pension, Norway	28	25	55	46
Guaranteed products, Sweden	211	233	691	356
<b>Profit before amortisation</b>	<b>485</b>	<b>396</b>	<b>1 432</b>	<b>805</b>

# Guaranteed pension

Strong results and a shrinking share of the pensions balance sheet

○ ○ ○ ● ○  
Guaranteed



### Key Takeaways

- New Public Occupational Pensions mandates of NOK 5.5 bn in reserves won during 2021 – will be booked in January 2022
- Increased buffer capital for Guaranteed pensions both in the Norwegian and Swedish business
- Guaranteed reserves in % of total reserves continue shrinking, in line with the strategy

### Buffer capital

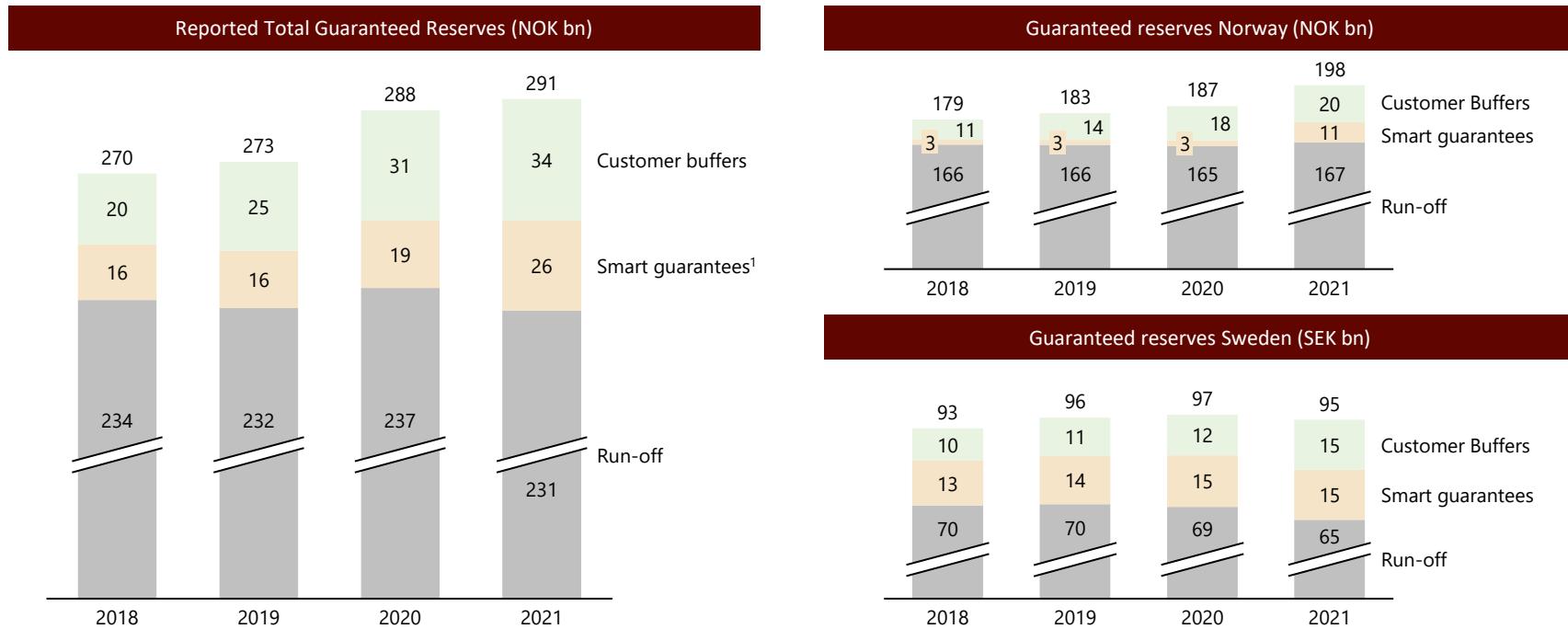
NOK million	Q4 2021	Q3 2021	Change
Market value adjustment reserve	6 309	5 692	+ 617
Excess value of bonds at amortised cost	3 363	4 840	- 1 477
Additional statutory reserve	13 602	13 218	+ 384
Conditional bonuses Sweden	13 781	12 725	+ 1 056
<b>Total</b>	<b>37 056</b>	<b>36 476</b>	<b>+ 581</b>

### Guaranteed reserves in % of total reserves



# Increased buffer capital and actively sold products have increased overall guaranteed reserves, despite run-off of old products

○ ○ ○ ● ○  
Guaranteed



# Other<sup>1</sup>

Modest market returns in the quarter



## Profit

NOK million	Q4		FY	
	2021	2020	2021	2020
Fee and administration income	8	9	21	9
Operational cost	-103	-30	-246	-120
<b>Operating profit</b>	<b>-96</b>	<b>-21</b>	<b>-225</b>	<b>-111</b>
Financial items and risk result life	0	11	518	83
<b>Profit before amortisation</b>	<b>-95</b>	<b>-10</b>	<b>293</b>	<b>-28</b>

# Q&A

*Please follow the operator's instructions to ask questions in the conference call*



Group CFO

Lars Aa. Løddesøl



Group CEO

Odd Arild Grefstad



Group Head of  
Strategy & Finance

Kjetil R. Krøkje



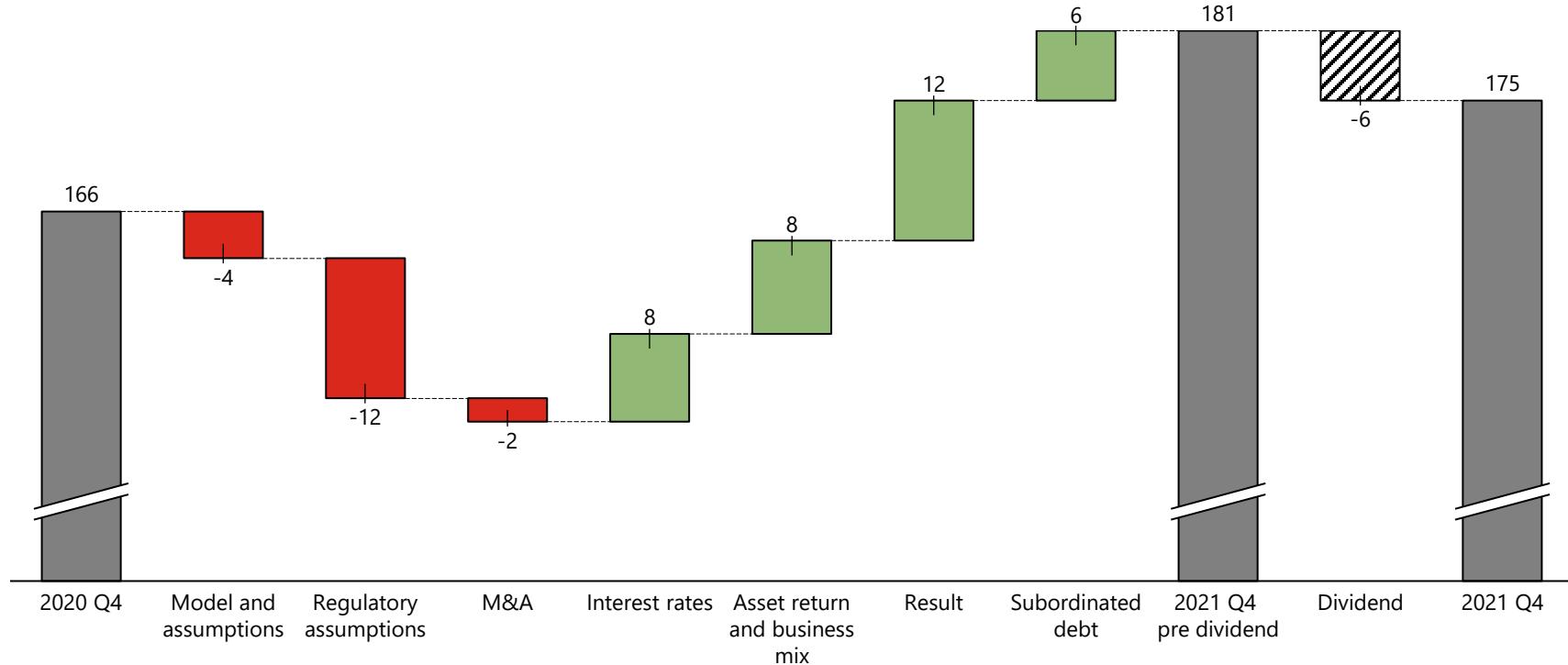
Head of  
Investor Relations & Rating

Daniel Sundahl

# Appendix

# Solvency movement from Q4 2020 to Q4 2021

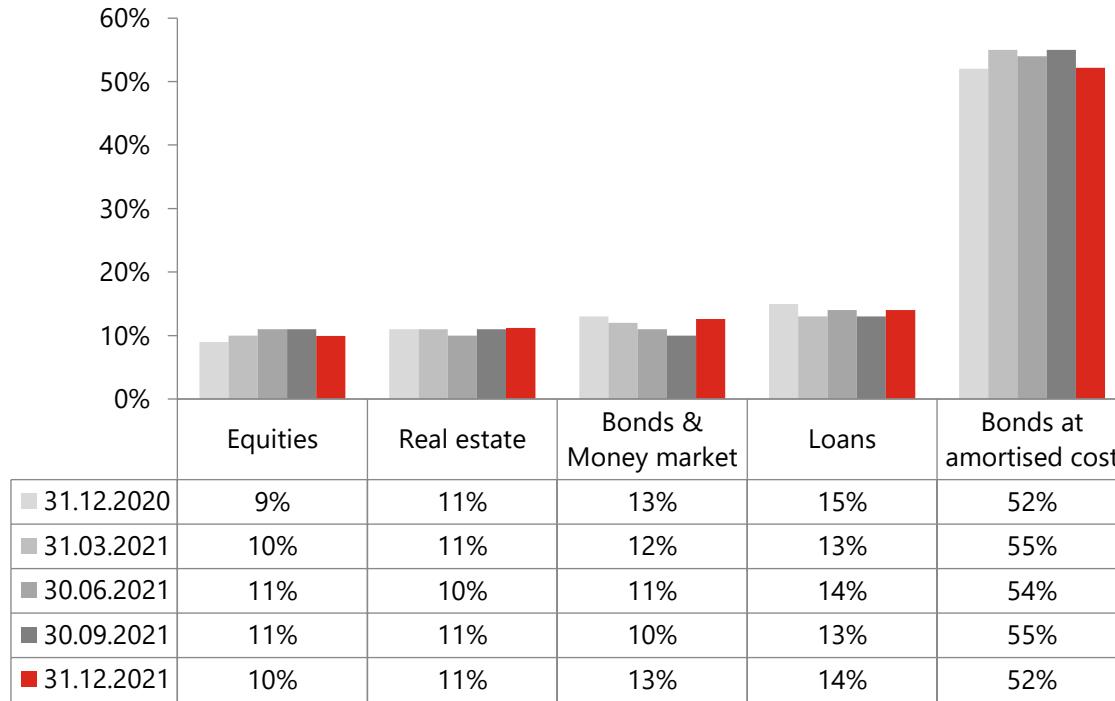
Storebrand Group



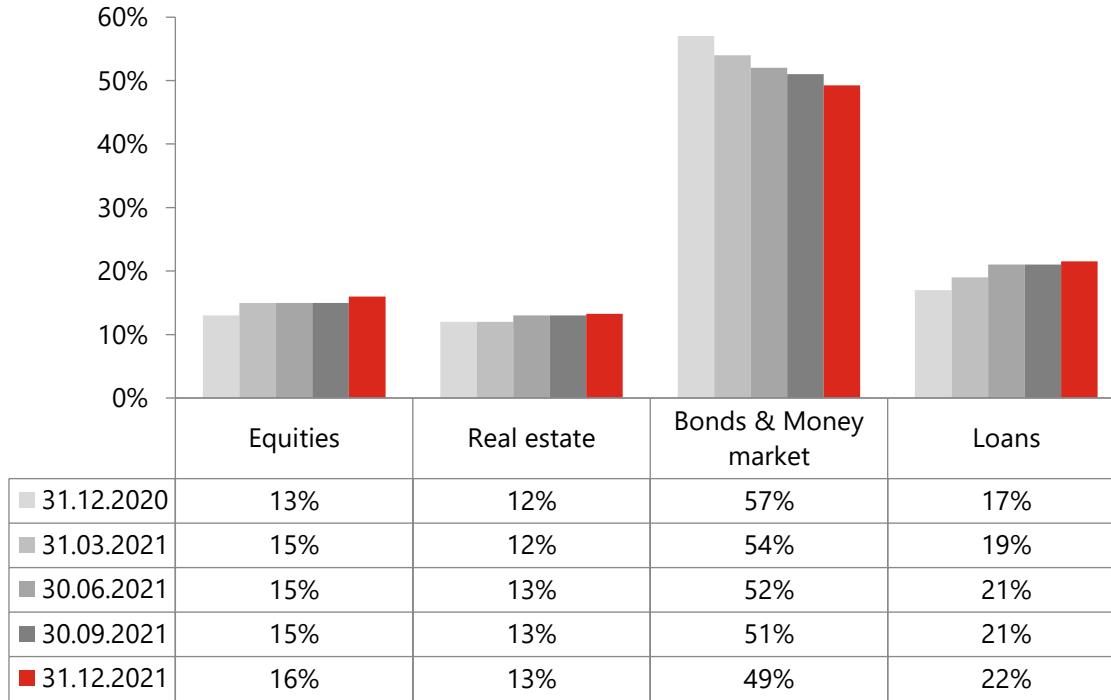
# Danica Pensjonsforsikring – Key financials

		2019	2020	YTD Q3 2021
Administration income	NOKm	188	186	152
Insurance income	NOKm	85	120	71
Asset management income	NOKm	113	121	105
<b>Total income</b>	NOKm	<b>386</b>	<b>427</b>	<b>328</b>
Net operating expenses	NOKm	-293	-300	-227
<b>Net operating income</b>	NOKm	<b>94</b>	<b>127</b>	<b>101</b>
Net financial income	NOKm	24	26	6
<b>Adj. pre-tax profit</b>	NOKm	<b>117</b>	<b>153</b>	<b>107</b>
Non-recurring items	NOKm	57	-25	12
<b>Pre-tax profit</b>	NOKm	<b>174</b>	<b>127</b>	<b>119</b>
Tax expense	NOKm	-43	-32	-30
<b>Net income</b>	NOKm	<b>131</b>	<b>95</b>	<b>89</b>
 <b>Equity</b>				
Unit-linked asset	NOKm	732	997	1,087
<b>Total assets</b>	NOKm	20,733	24,084	27,529
<b>Solvency margin</b>	%	22,055	26,633	30,185
		152%	150%	163%

# Storebrand Life Insurance asset allocation



# SPP asset allocation





*Leading the way in  
sustainable value creation*

## Investor Relations contacts

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