



# The leading Nordic pensions provider

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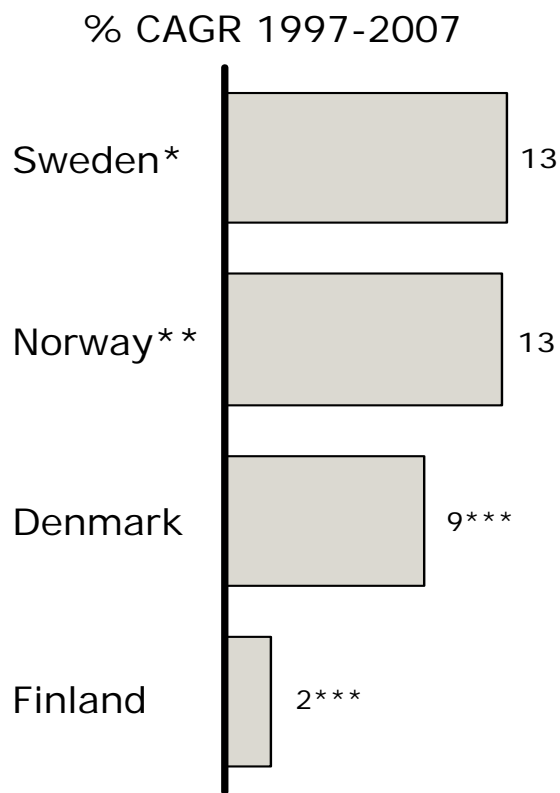


## Focus areas

- Strong position in a growing market
- Operational efficiency – cost savings coming through
- Integration of SPP according to plan
- Strong capital position – financing in place
- Resilient to long term effect of financial market downturn

# Nordic occupational pensions - strong growth

## Occupational pension



\* 2007 growth numbers are estimated based on quarterly statistics from the Swedish Insurance Federation

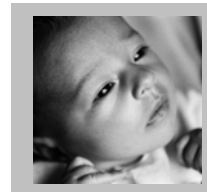
\*\* 2007 numbers for Norway are preliminary

\*\*\* CAGR 1997-2006

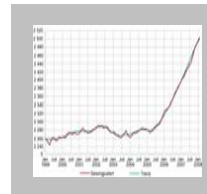
Source: National insurance associations

## Growth drivers

### Demographics



### Employment



### Regulations

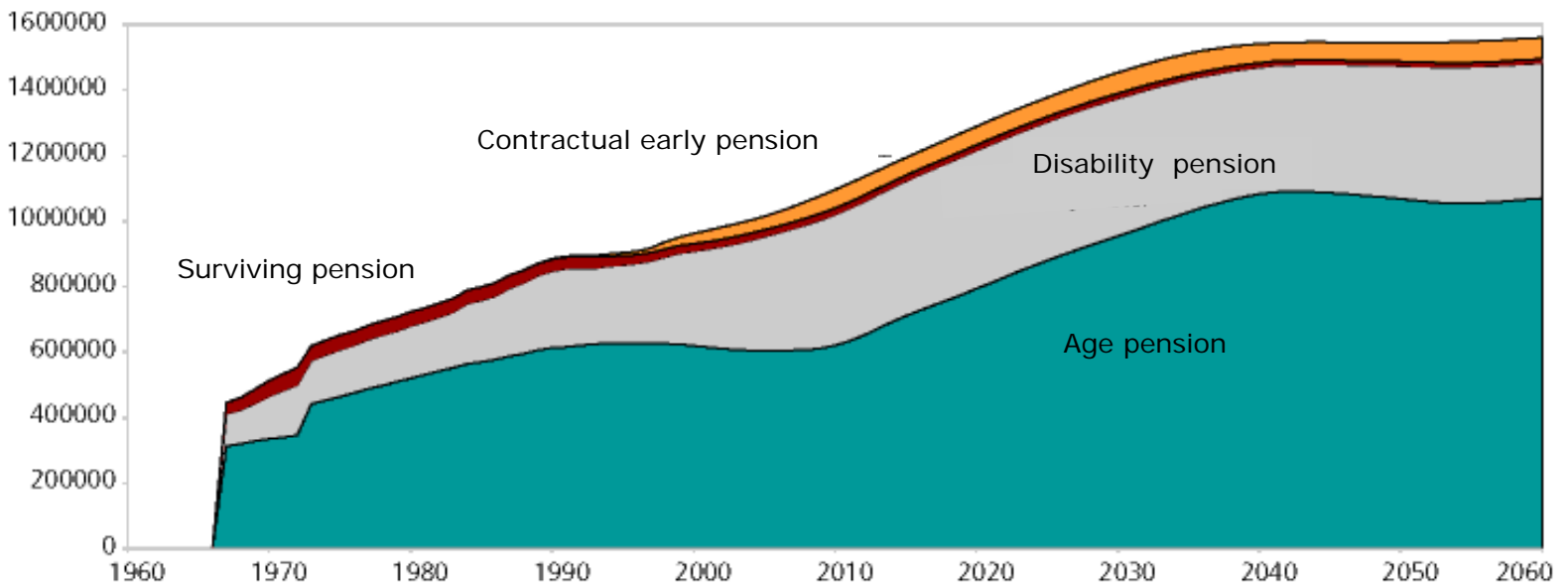




# Demographics:

- number of pensioners will grow rapidly

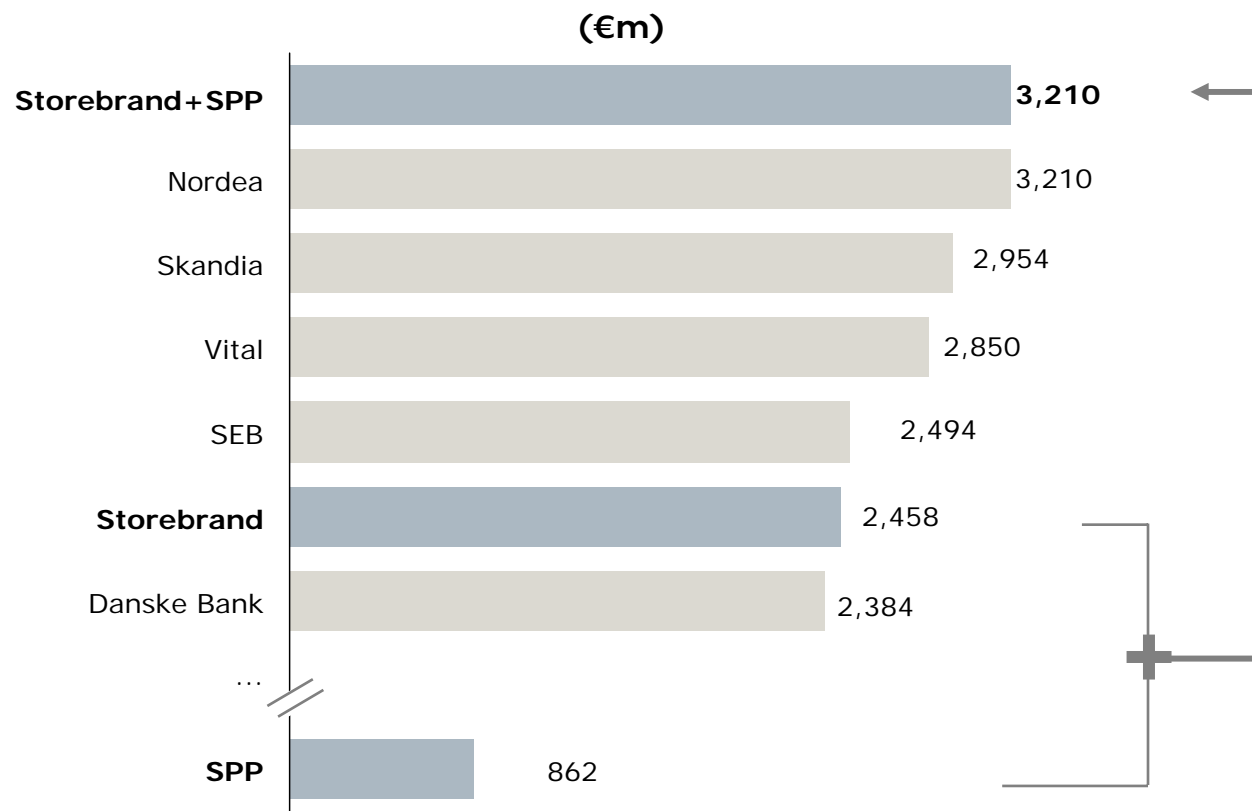
Total pensioners



\*) Source: SSB

# Storebrands acquisition of SPP - from Norwegian to Nordic

Premium income 2007<sup>1</sup> in Nordic countries



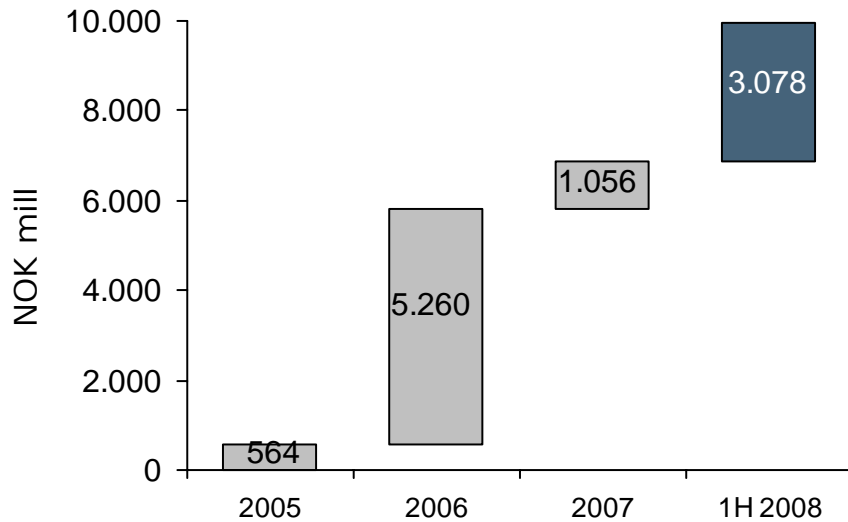
Source: Financial Service Organisation of Sweden, Denmark, Norway and Finland

Note:

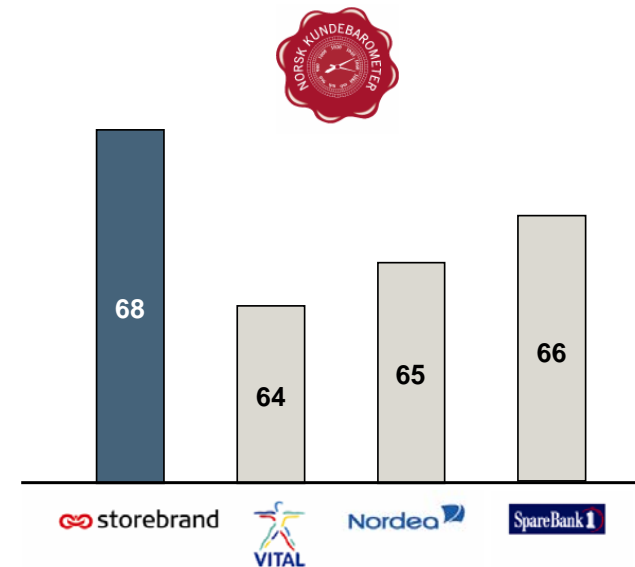
1 Premium from Denmark and Finland is from 2006. Norway and Sweden is from 2007.

# Storebrand Livsforsikring AS - Strong underlying business

Net transfer balance  
- Group pensions



Customer Satisfaction  
- Mandatory Occupational Pensions





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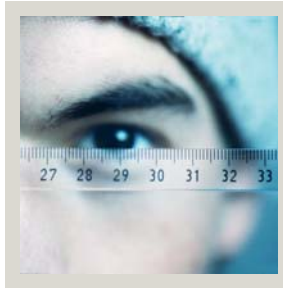
# Operational excellence the #1 success criteria

## Customers



- Customer satisfaction
- Branding
- Distribution strategy and segmentation
- Cross-sales
- Worksite sales
- New markets

## Processes



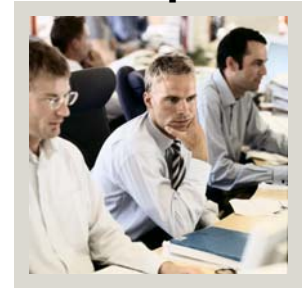
- Lean project:
  - Introduced in 2006
  - Release resources to handle growth
  - Management and cultural change

## Capital



- Capital efficiency
- Economic capital and product strategy
- Basel II and Solvency II

## People



- Management and employee training
- Employee satisfaction
- Individual follow-up

# Process improvement in Storebrand - LEAN



## Vision

Storebrand's core processes shall become **simpler, smarter** and more **customer friendly** than in any other financial institution in the Nordics

## Target

- Increase efficiency by more than 20 percent
- More than 80 percent of Storebrand's processes will be covered
- Continuous improvement hard-wired

## Status

- Efficiency increase > 20%
- 33 projects completed involving more than 745 employees
- "Exportable" competency
  - LEAN methodology successfully adapted in SPP

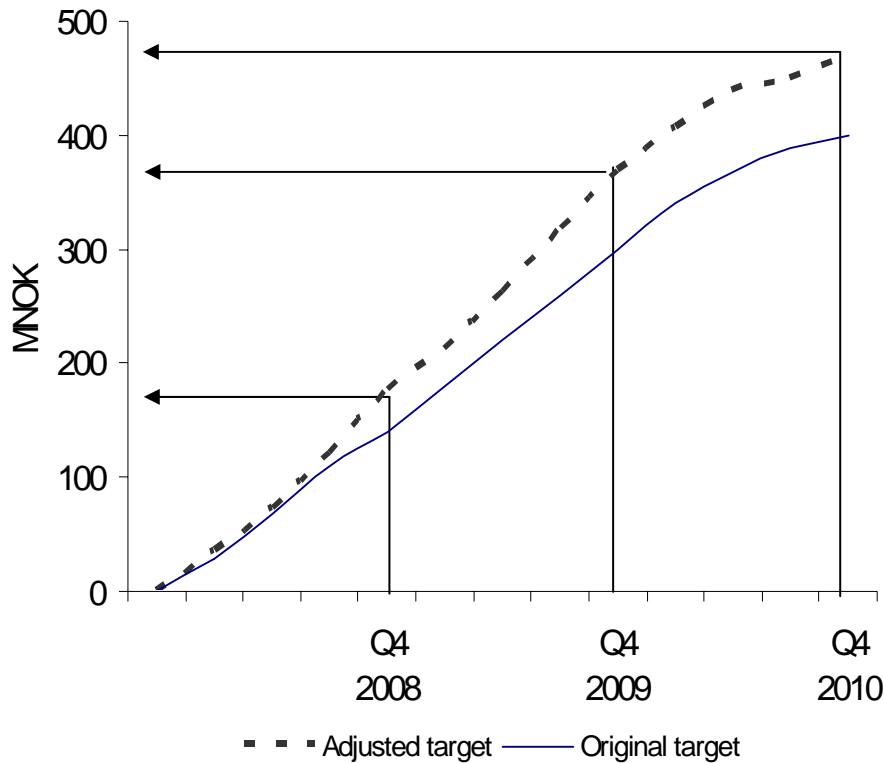


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# SPP integration process

## - synergies being realised



### Expected annual realisation

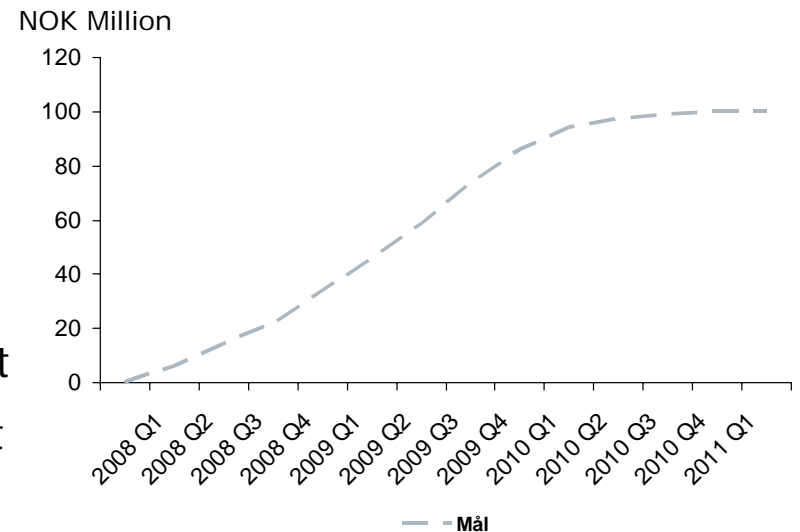
NOK mill.	Original target		Adjusted target	
	400		470	
Per Q4-08	140	35%	179	38%
Per Q4-09	300	75%	367	78%
Per Q4-10	400	100%	470	100%

# SPP

## - income synergies

- Increased activity and communication with customers and brokers
- More customer friendly and efficient service solutions developed
- Improved follow-up on sales activities and performance
- Fund selection adjusted to market
- SRI applied to asset management
- New fee model for brokers
- Swedish and Norwegian model for traditional asset management
- New health insurance product being developed

### Income synergies

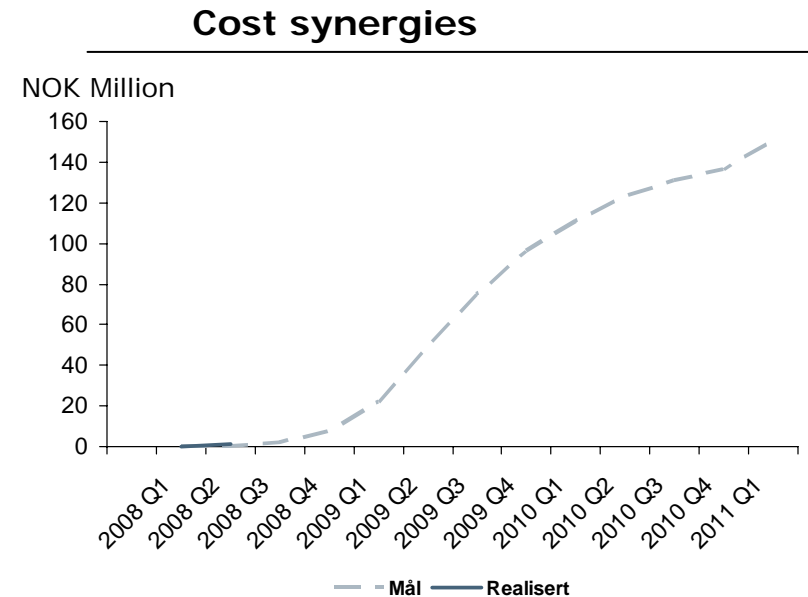


- APE up 14% from H1 2007

# SPP

## - cost synergies

- Preparing to move asset management to Storebrand Investments
- Preparing transfer to common platform for IT Infrastructure
- Nordic procurement project
- Storebrand branch merged with SPP
- 5 LEAN projects started in SPP which will give improvements from Q4

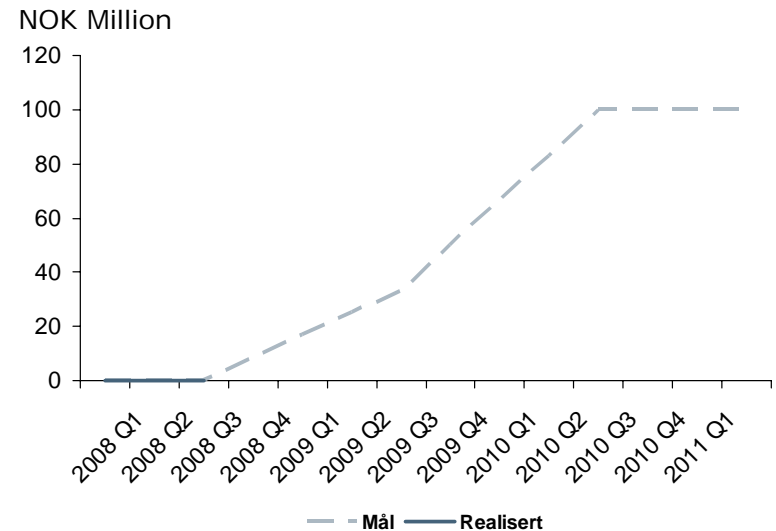


# SPP

## - investment return synergies

- New investment policy approved
- Reduced weighting of Swedish equities
- Reduced basis risk
- Measures implemented to reduce hedge costs
- Dynamic risk management under implementation
- Guarantee Groups being implemented in Q3

### Asset return synergies

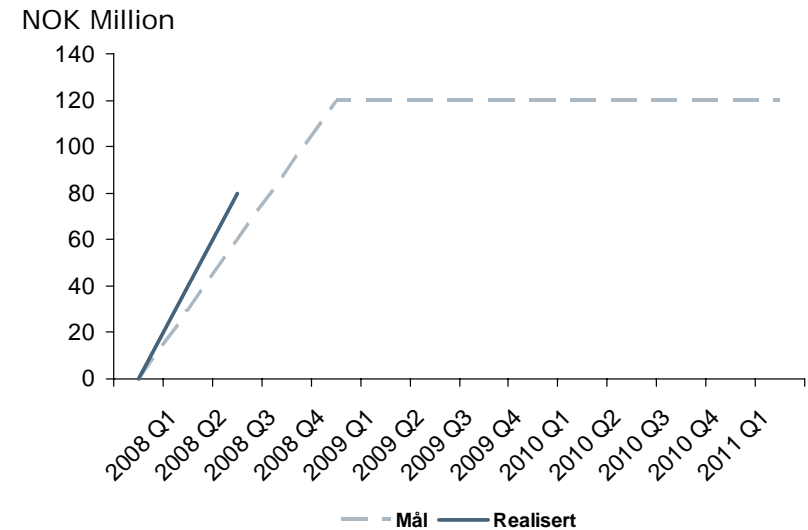


# SPP

## – tax synergies

- Reduced tax in SPP from ownership structure
- NOK 80 million as per Q2
- Structure functioning as intended

### Tax synergies



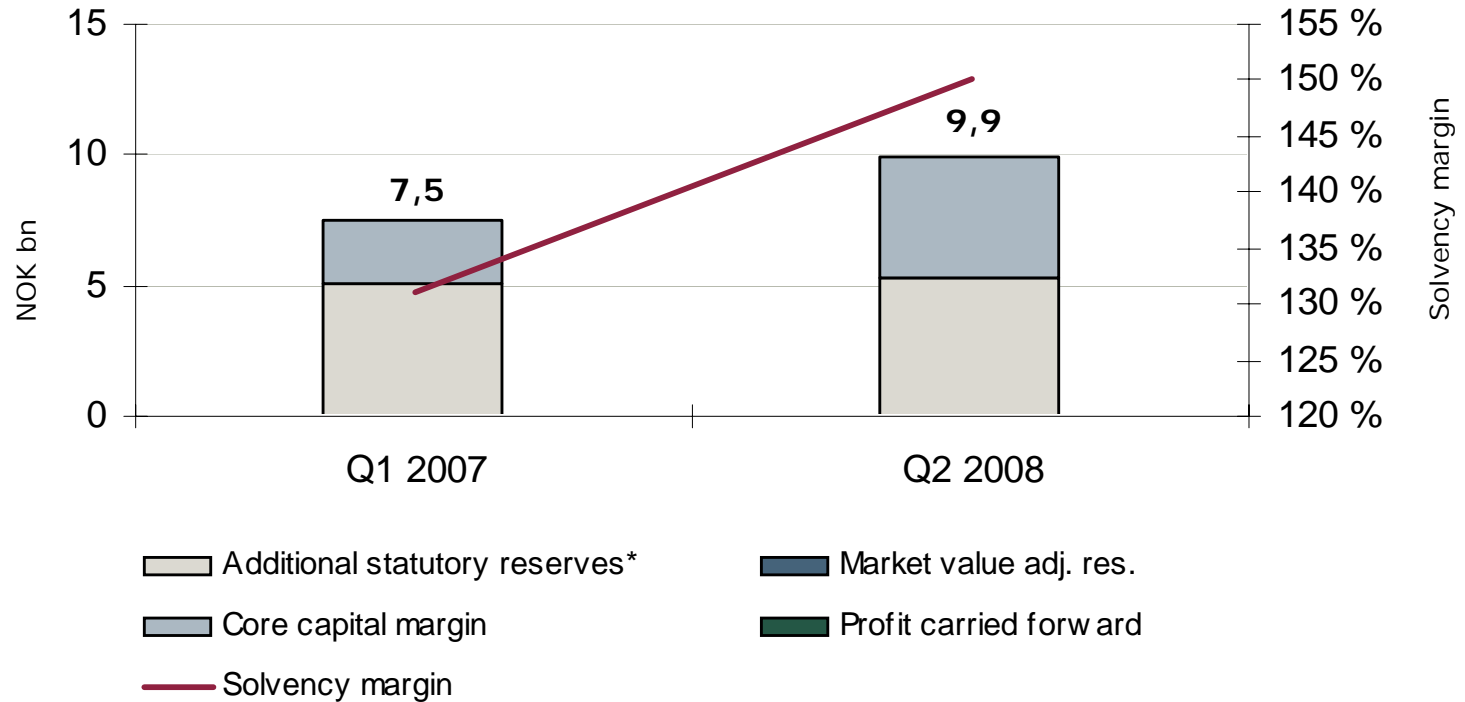


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# Storebrand Livsforsikring AS

## – robust buffer capital

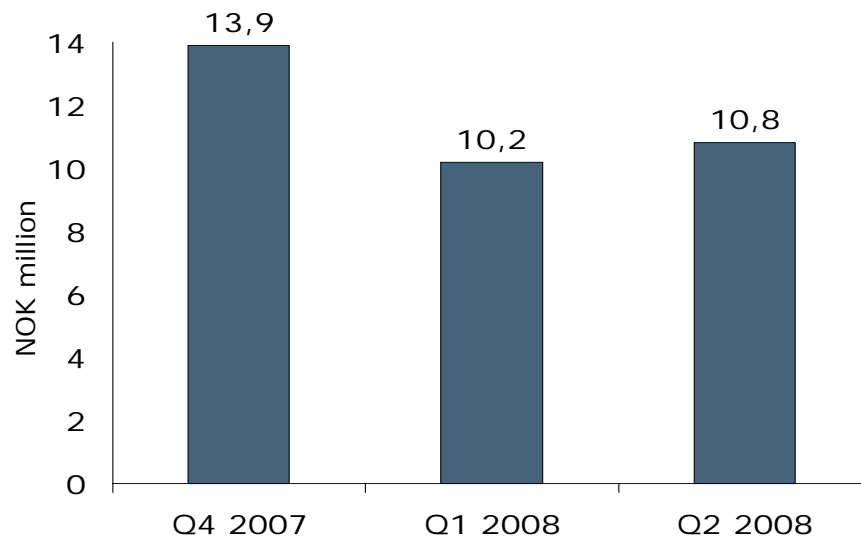


▪ Solvency margin Storebrand Life Group: 150%

\*Additional statutory reserves include approximately one year's interest rate guarantee

# SPP incl. Euroben

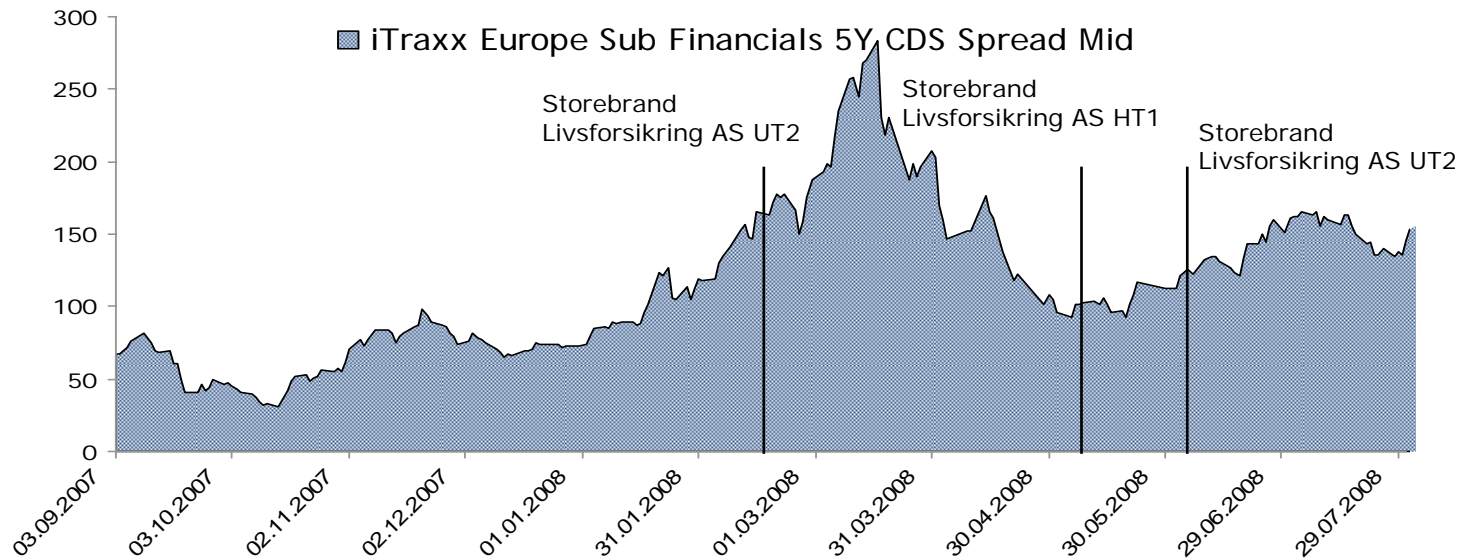
## - conditional bonus reserves intact



- Solvency margin 170%
- Value of assets reduced due to poor returns
- Liabilities reduced due to higher discounting rate

# SPP acquisition financing in place in challenging financial market

- Financing of SPP acquisition in place
- Importance of continuous market access
- Increased importance of local players

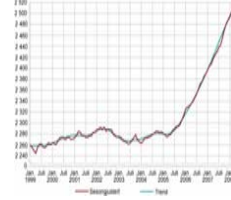




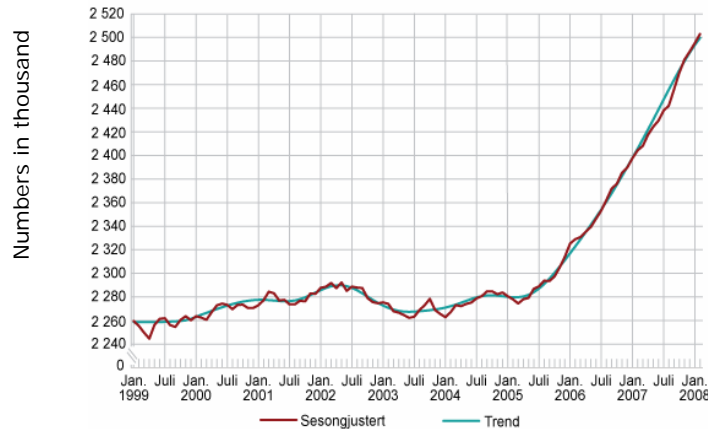
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# Norwegian and Swedish economy – Strong employment growth



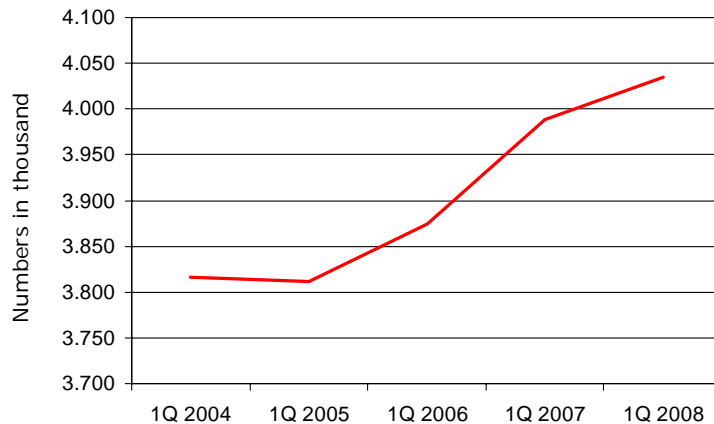
Norway: # employed persons



Norway:

- 1,3%-point more employees in Q2 2008 than Q2 2007
- Unemployment rate 2,8%

Sweden: # employees

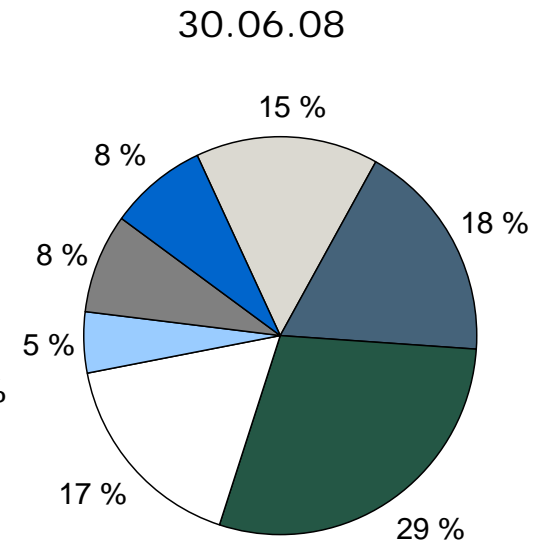
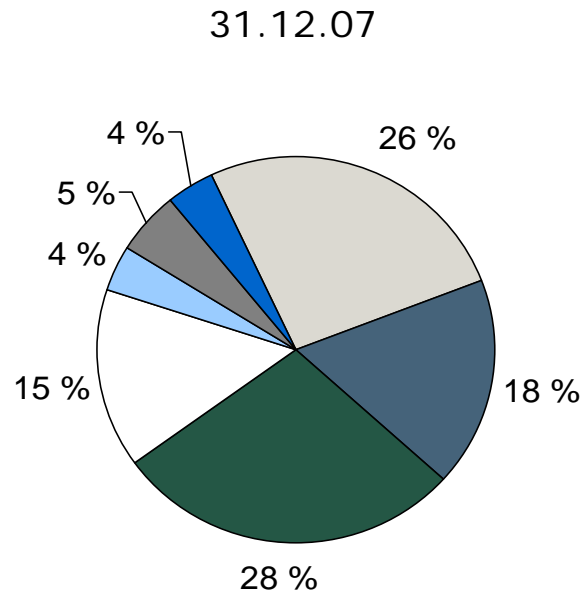


Sweden:

- 1,8%-point more employees in Q2 2008 than Q2 2007
- Unemployment rate 6,8%

# CPPI- dynamic asset allocation

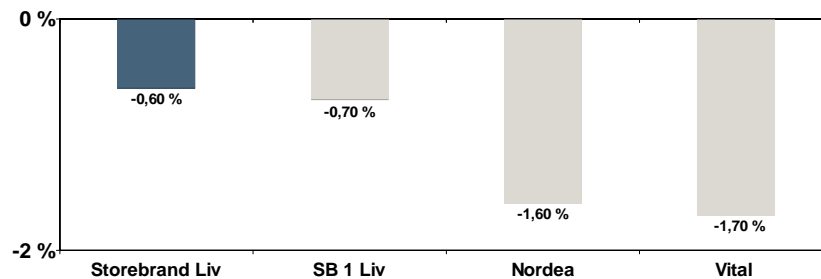
- Shares
- Bonds
- Hold to maturity
- Real Estate
- Alpha
- Money market
- Other



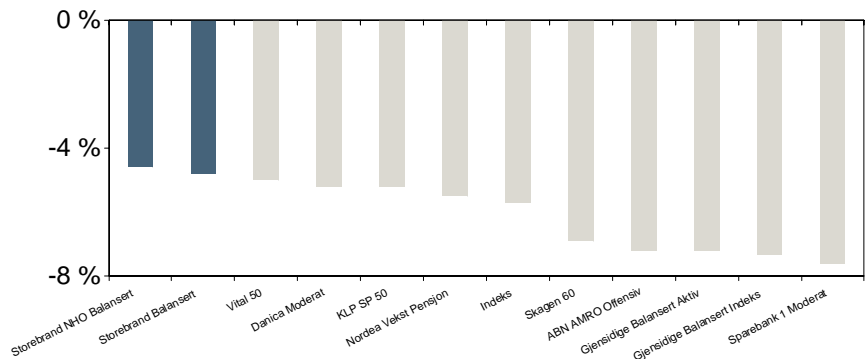
\*Average of all investments for defined benefit portfolios.

# Competitive returns

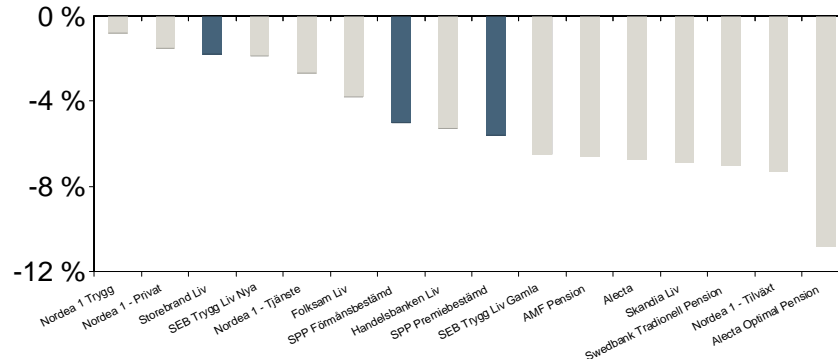
Norwegian Defined Benefit  
- value-adjusted portfolio



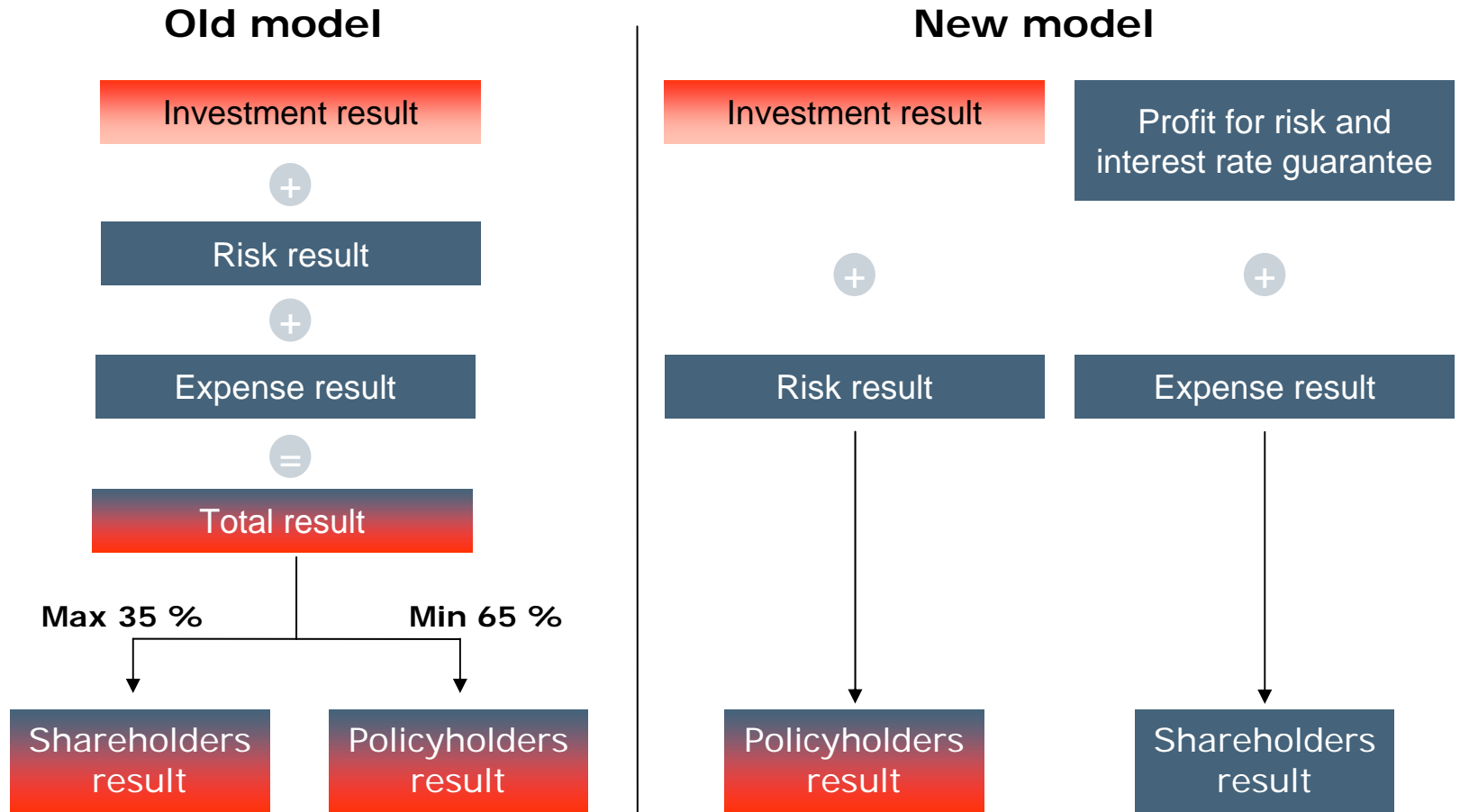
Norwegian Defined Contribution  
- Medium risk profile\*





Swedish common portfolio

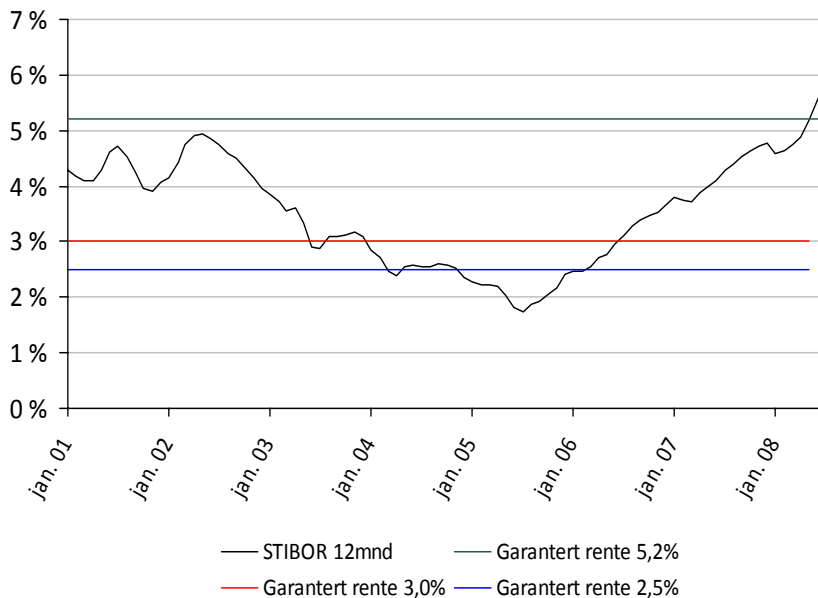


# Increased quality of earnings



-  Result element depending on financial return
-  Result element **NOT** depending on financial return

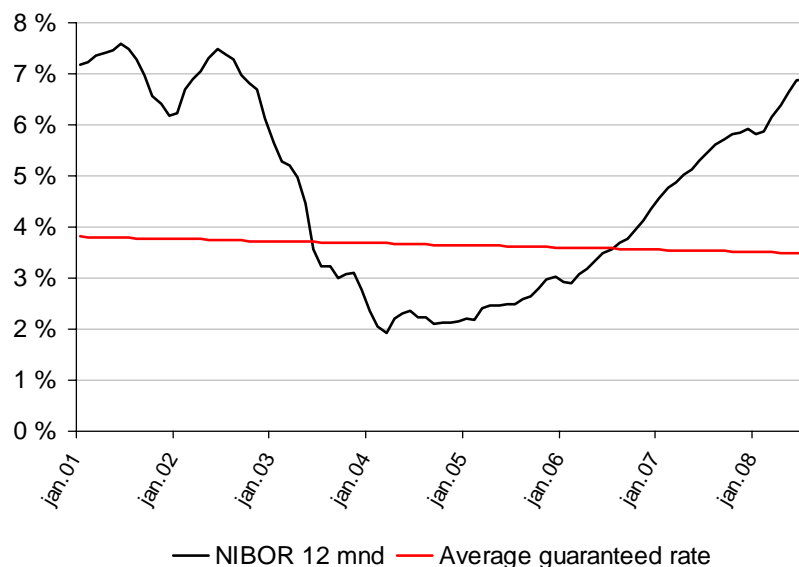
# Introduction of Guarantee Groups (GG)



Source: Sveriges Riksbank

- DC portfolio to be split in three:
  - Improved competitiveness
  - Allocation adjusted to fit risk
  - Reduced need for hedging portfolio
- Implementation 1 October
- More information on Capital Markets Day

# Higher interest rates - reduced risk



## Higher interest rates give:

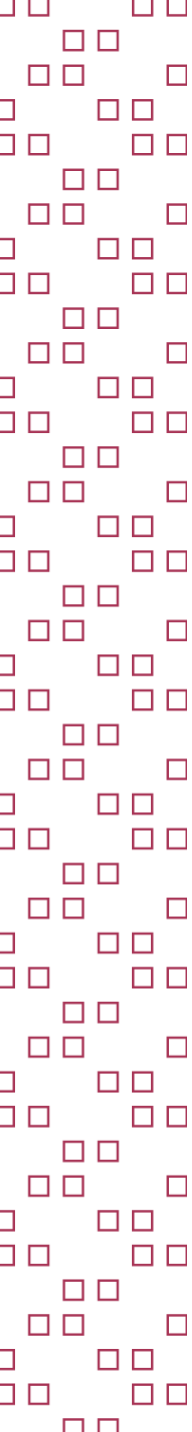
- higher expected return for customers and owners
- Larger gap between expected return and guaranteed interest rate
- Increased embedded value and value of new sales in traditional business

**Storebrand has the financial strength to handle the short term effects of higher interest rates**



# Summary

- Strong position in a growing market
- Synergies coming through in SPP
- Storebrand has the strength to handle long-term effects of financial market downturn



*Storebrand's objective is to be the leading and most respected institution in the Nordic market for long-term savings and insurance*

