



Analyst Conference

06 October 2009



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Positioned for long-term value creation

Odd Arild Grefstad, Group Chief Financial Officer

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Storebrand's Business Model

Analyst Conference
06 October 2009

Odd Arild Grefstad
Group CFO

Storebrand Group

Life and Pensions
NOK 312 bn in assets

- Storebrand Life Insurance
- SPP Life Insurance



Asset Management
NOK 336 bn in AuM

- Storebrand Investments
- Storebrand Real Estate



Storebrand Bank
NOK 46 bn in assets



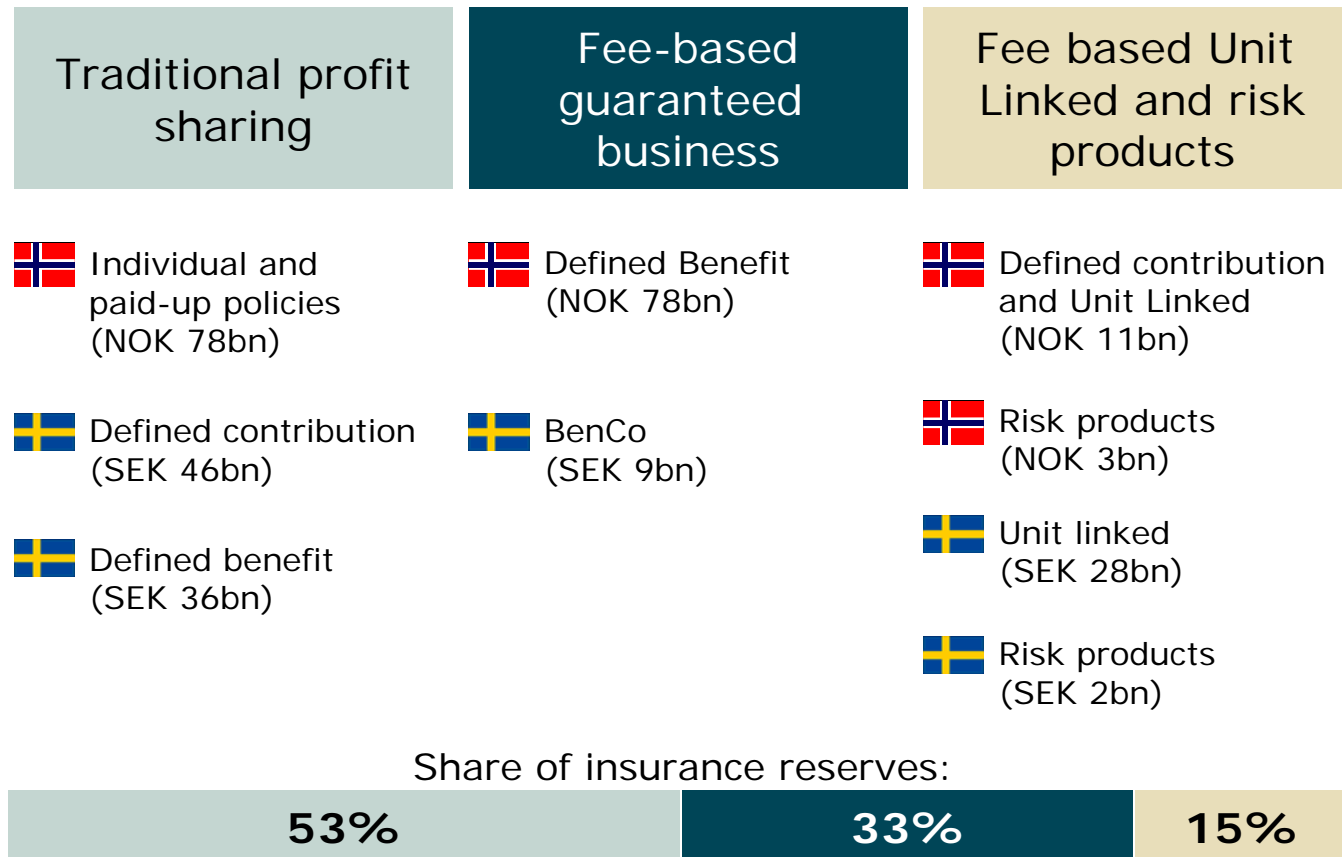
Storebrand Skadeforsikring (P&C)
NOK 1,7 bn in assets



Figures as at 30.06.09

Life and Pensions

- 3 main product groups



Figures as at 30.06.09

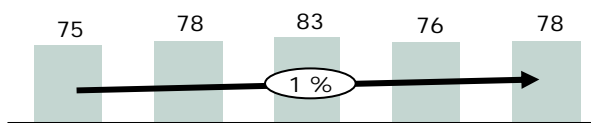


Life and Pensions Norway

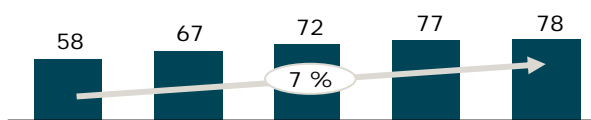
Reserve development

NOK billion

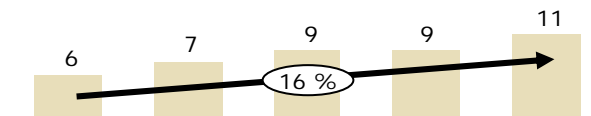
Traditional profit sharing



Fee-based guaranteed business

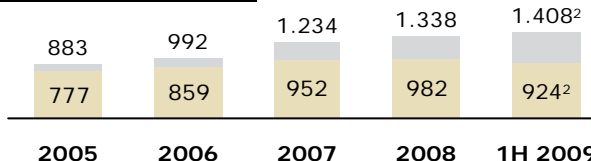


Fee-based Unit Linked



Risk Products

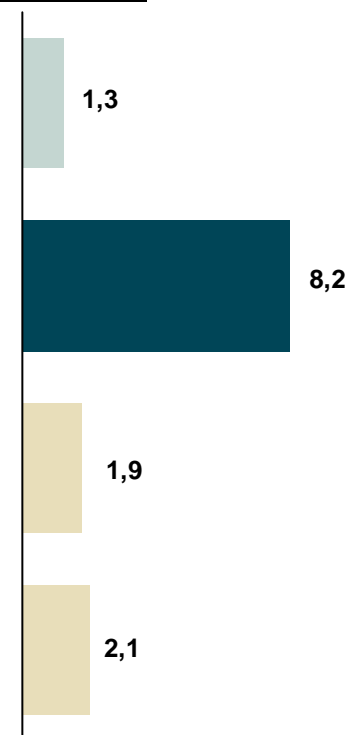
Premiums - NOK million



- Risk products in DC plans
- Pure Risk Products

Value of in-force¹ as at 31/12/2008

NOK billion



1) VIF including look-through value and before cost of residual non hedgable risk and frictional cost of capital

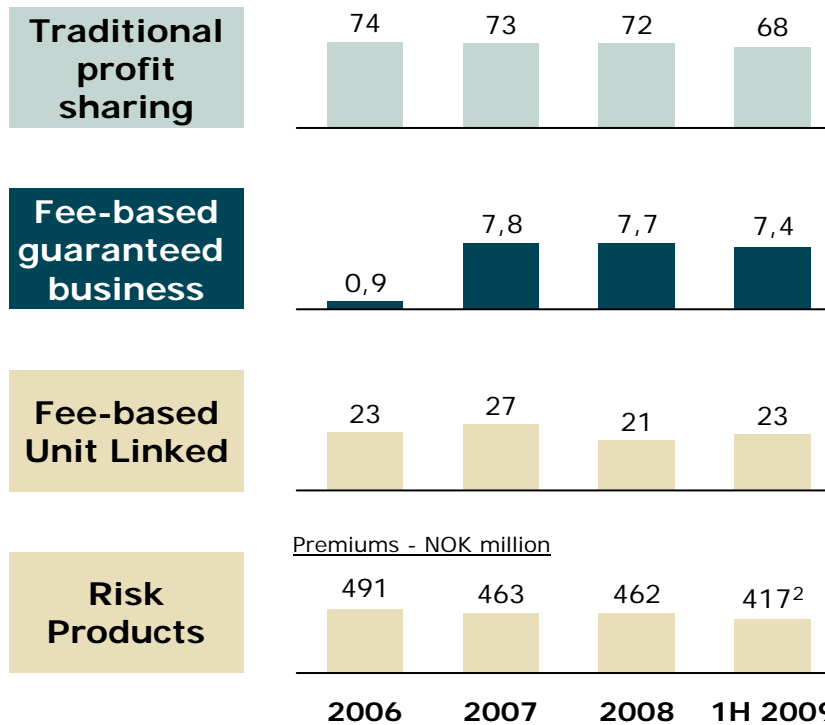
2) 12 month rolling premiums



Life and Pensions Sweden

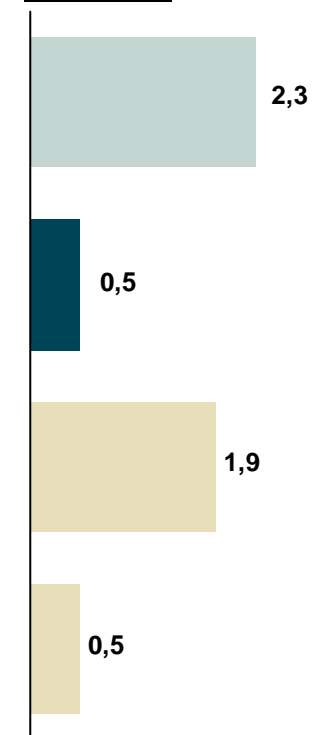
Reserve development

NOK billion



Value of in-force¹ as at 31/12/2008

NOK billion

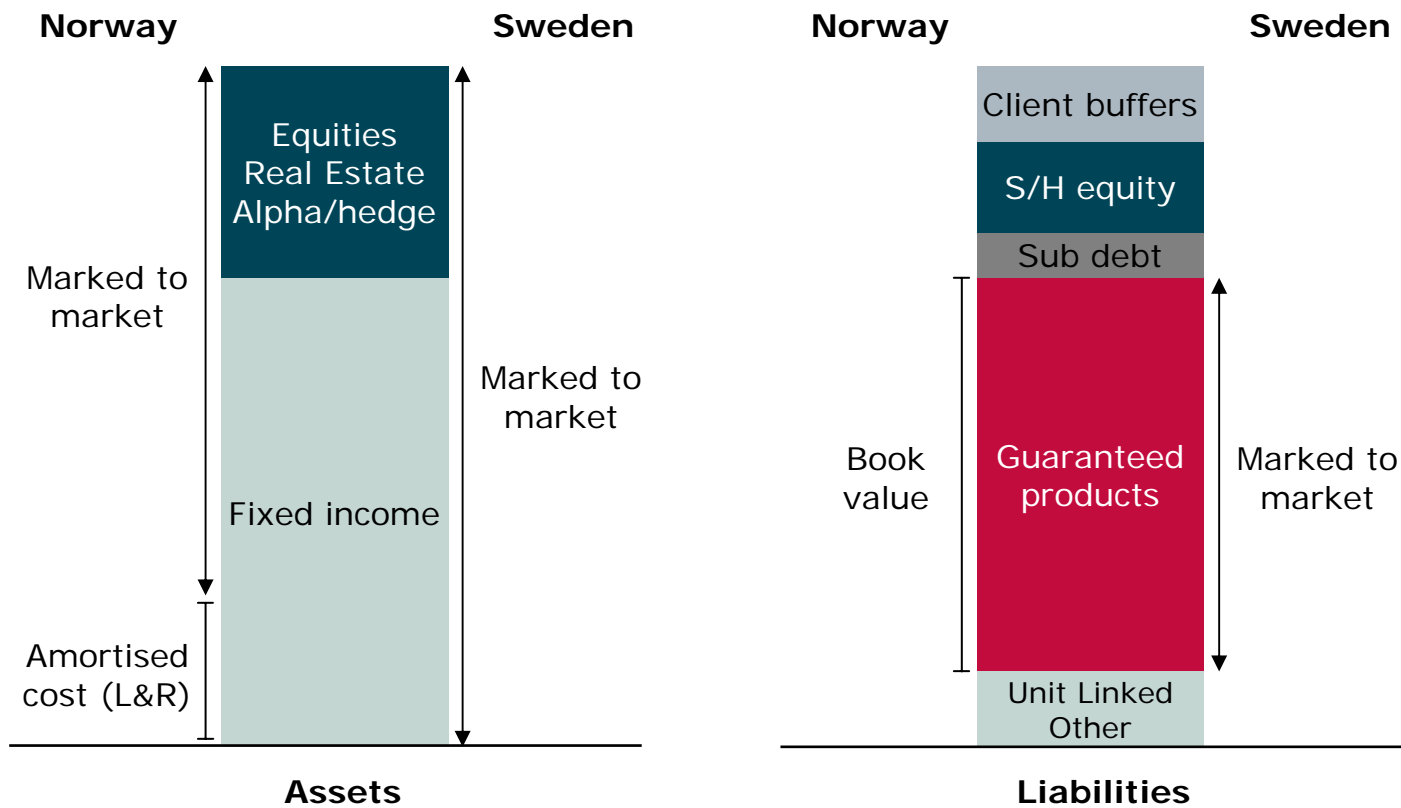


1) VIF including look-through value and before cost of residual non hedgable risk and frictional cost of capital

2) 12 month rolling premiums

The life insurance balance sheet

- key differences Norway and Sweden



Asset management

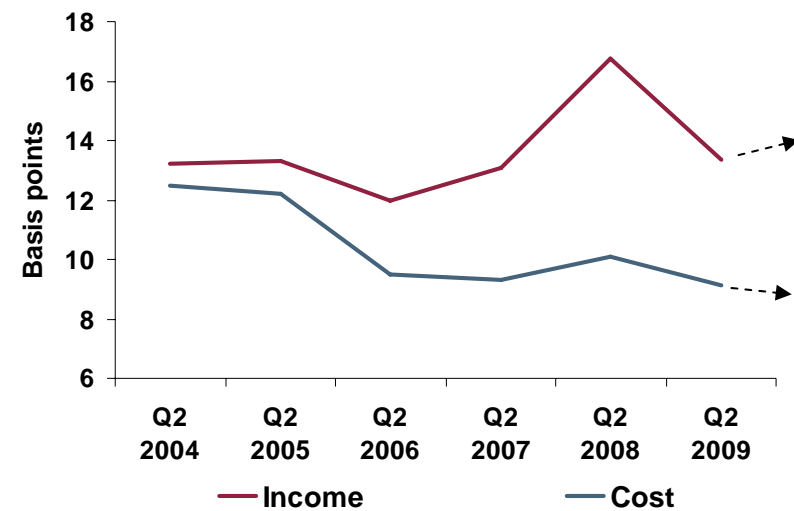
- sizeable and efficient operation

Total assets under management



10

Exploiting scale advantage

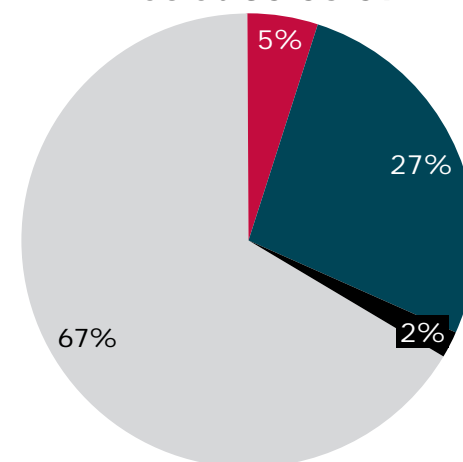


Storebrand Bank

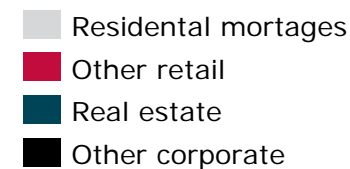
- focused banking operation

- Banking supports Storebrand's retail market strategy
- Strong growth in retail customers – high customer satisfaction
- Cost reductions implemented, additional initiatives planned
- Sound capital position

Gross lending by sector
as at 30.06.09



Gross lending: NOK 41.5 bn¹

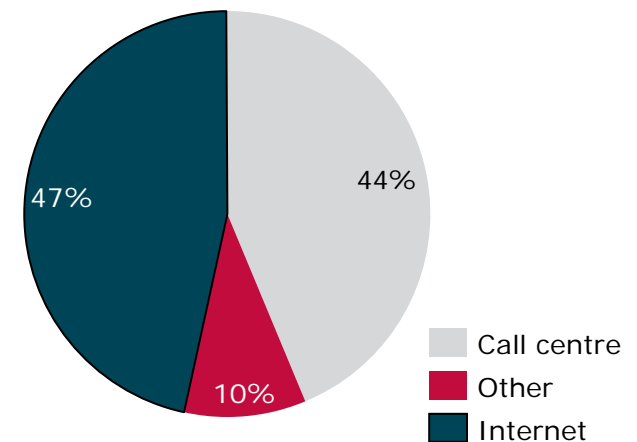


P&C business

- strong growth and distribution innovation

- Successful distribution through direct sales channels
- Direct channel awarded "international best practice"*
- More than 37 000 customers and 110 000
- Strong brand name and high customer satisfaction

Sales per distribution channel

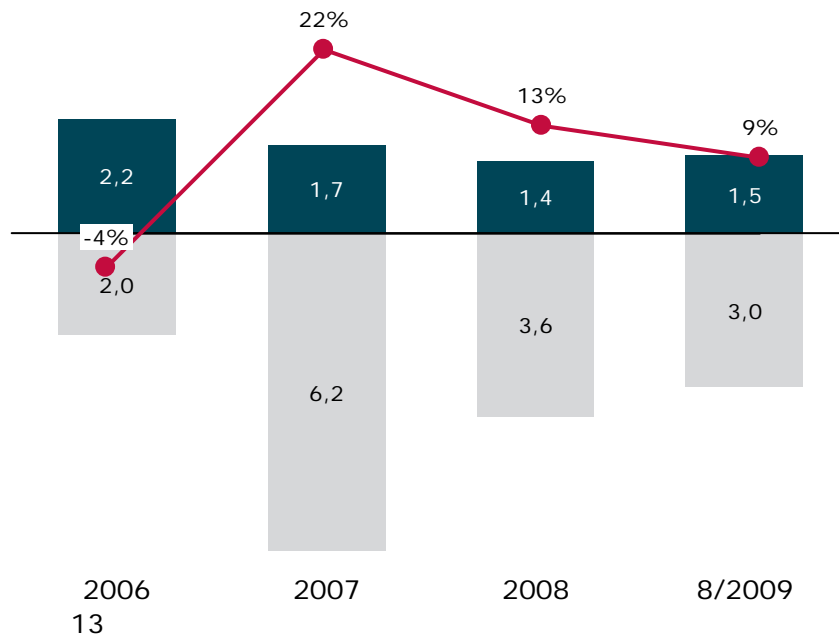


*"This case is a great demonstration of an insurer offering willing and capable help"**

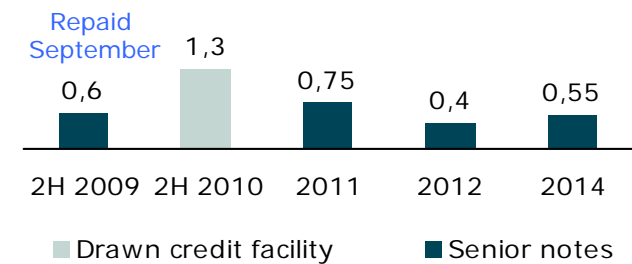
Storebrand ASA

- Financial holding company
- Adjustments in debt financing according to plan
- Net debt ratio target of zero over the longer term

Liquidity and net debt ratio (NOK billion)

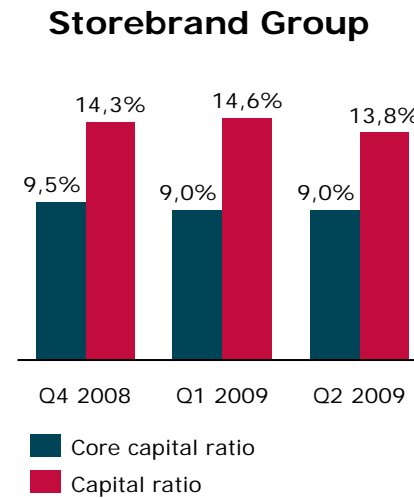
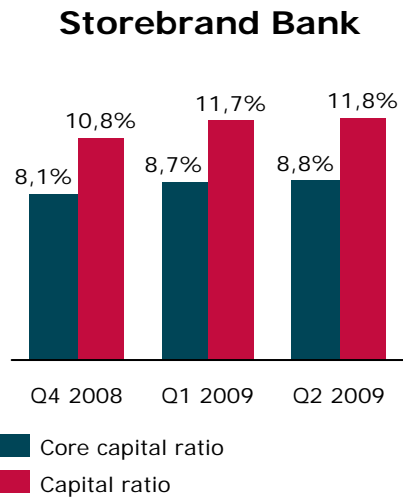
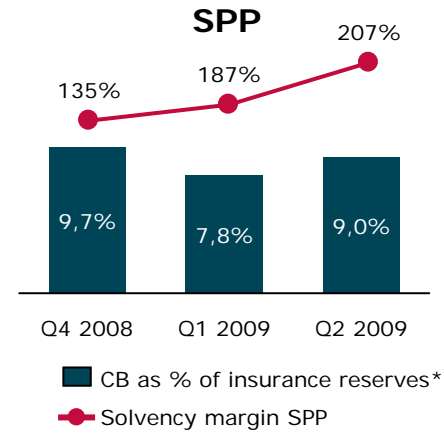
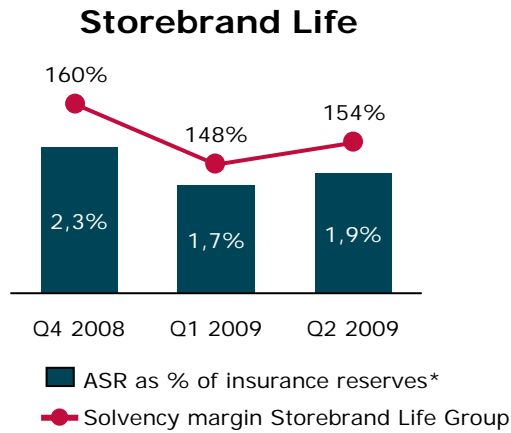


Maturity structure (NOK billion)



● Net debt ratio
■ Liquidity
■ Gross debt

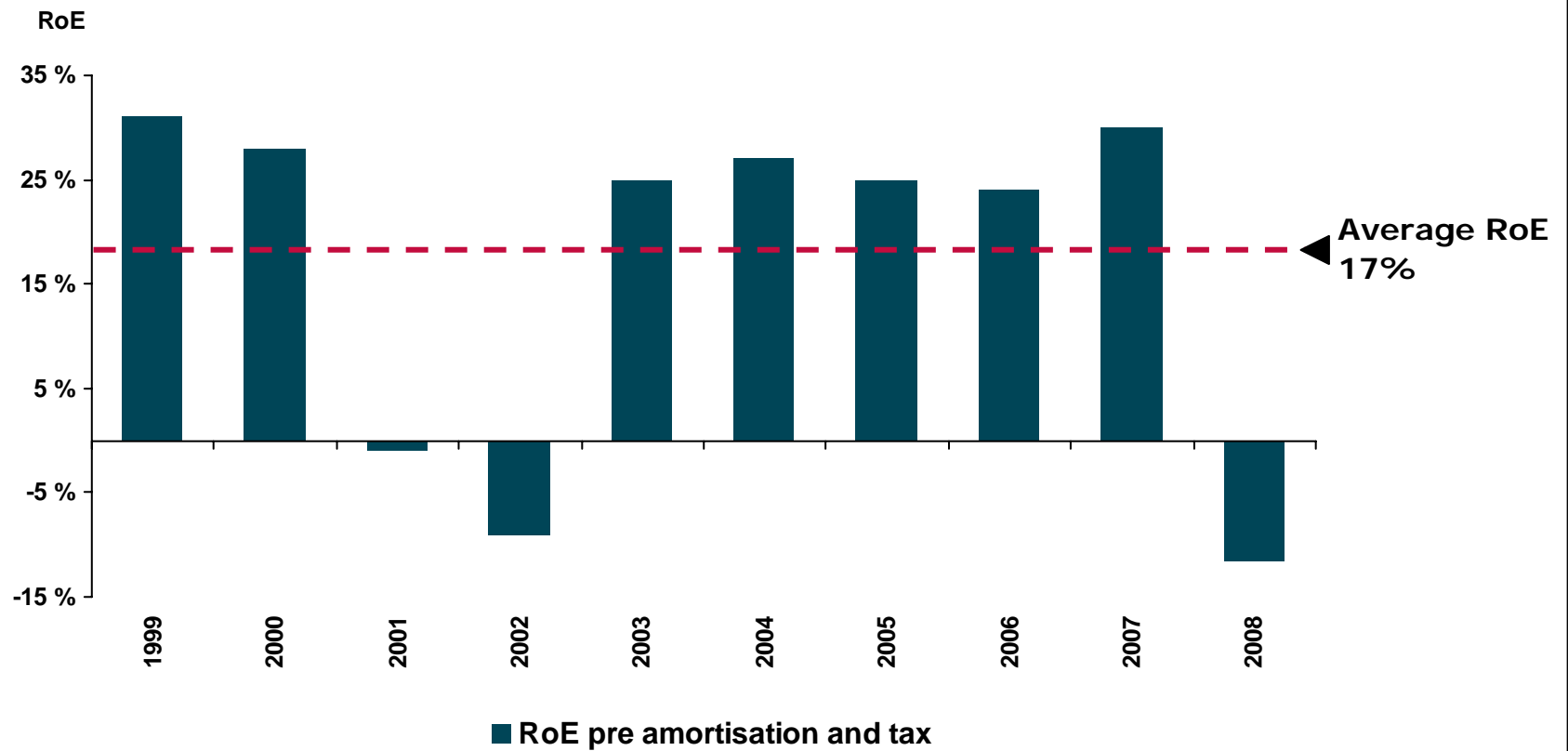
Sound capital position



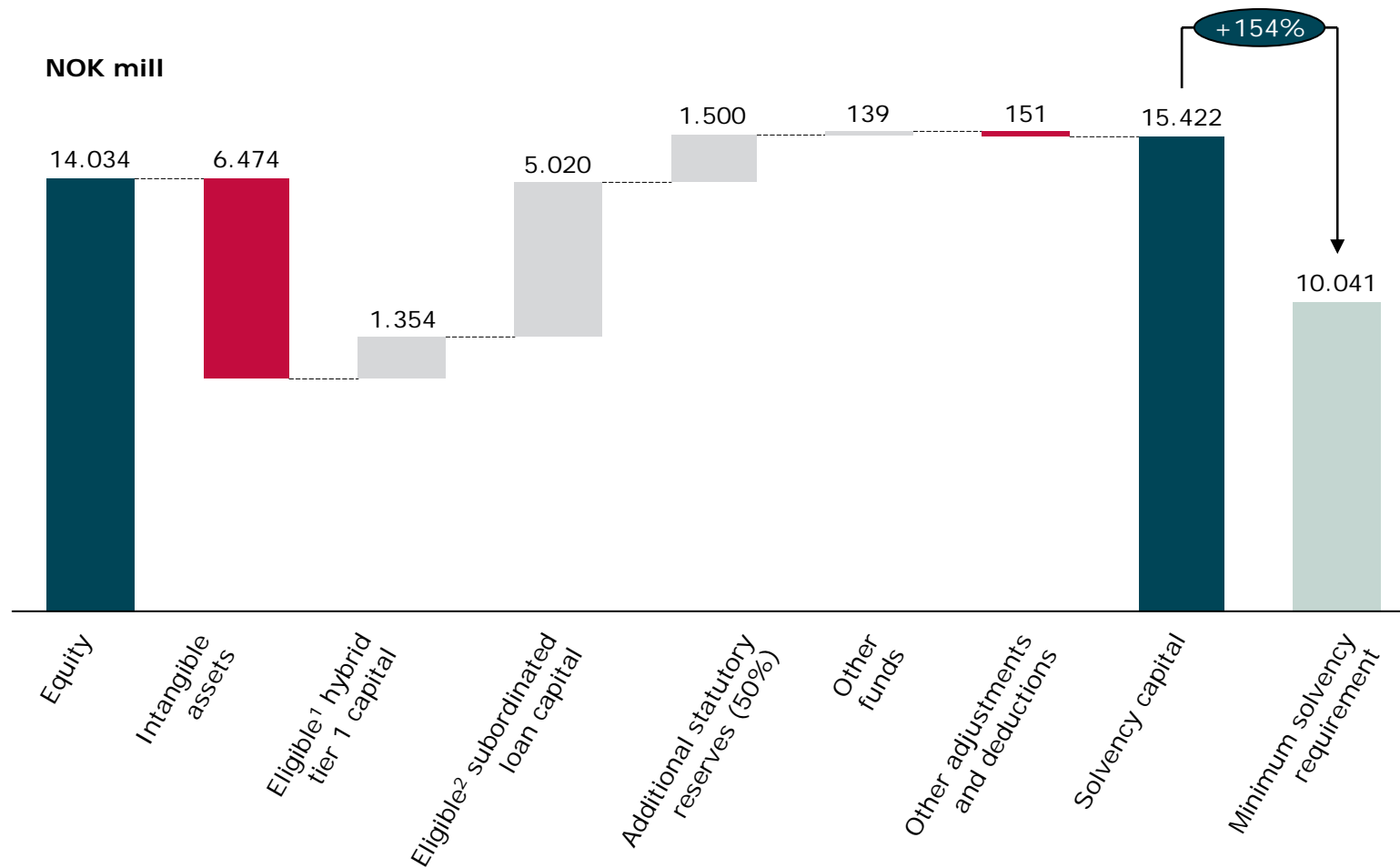
* Additional Statutory Reserves (ASR) and Conditional Bonuses (CB) as % of insurance reserves excl. ASR and CB respectively

Strong RoE in Life Insurance

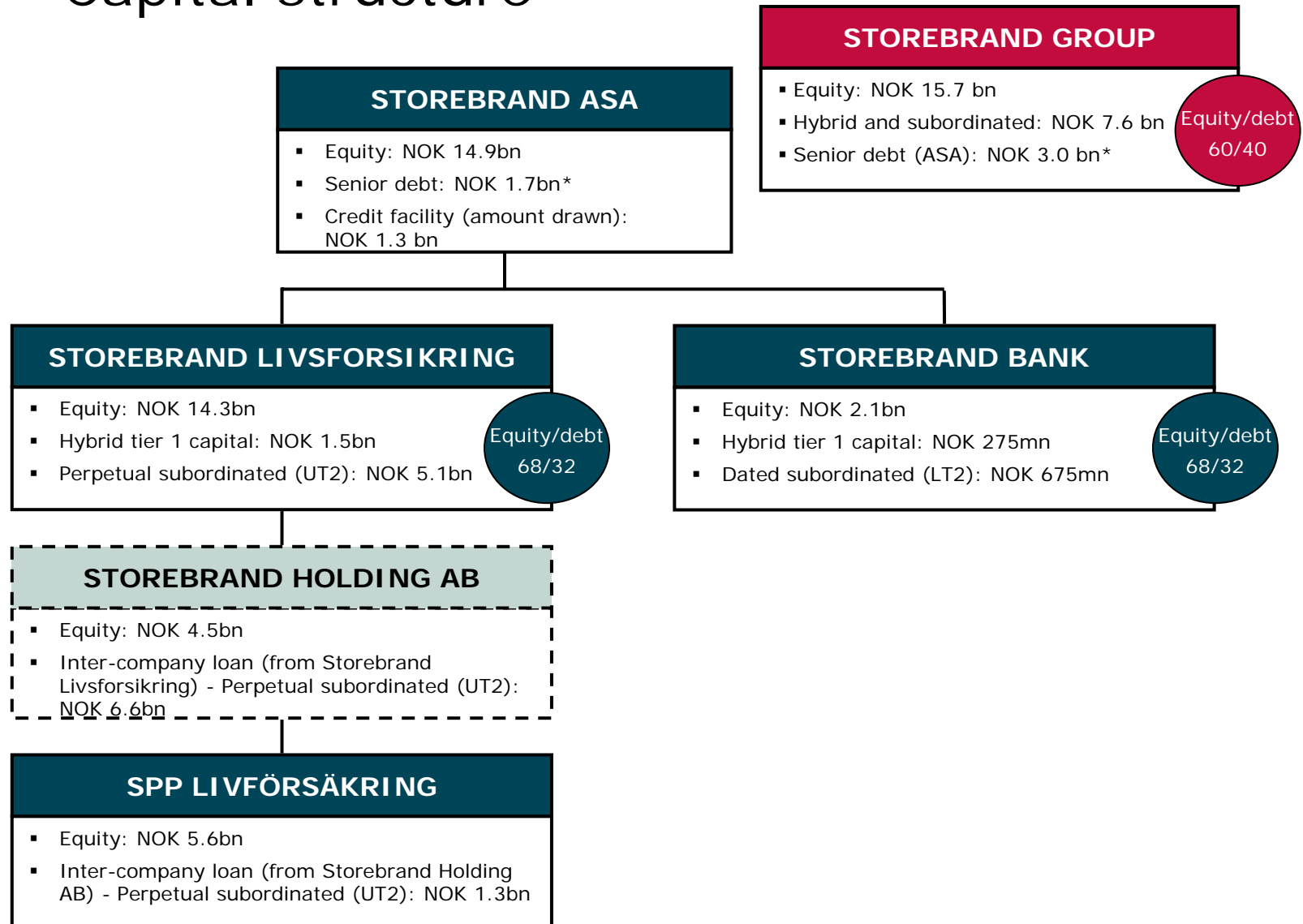
Storebrand Life Insurance – RoE (pre amortisation and tax)



Storebrand Life Group Solvency Capital



Capital structure





Risk Management Life and Pensions Norway

Analyst Conference
06 October 2009

Frederic Ottesen
Group Finance Director



Agenda

1. Main business Lines

2. Asset Quality

3. Approaching solvency

4. Summary

Main business lines

- Continuing trend towards non-guaranteed solutions

*With
guarantees*

Corporate

1. Defined benefit plans



Retail

2. Paid up policies & individual pension



*Without
guarantees*

3. Defined contribution plans



4. Risk products & unit linked

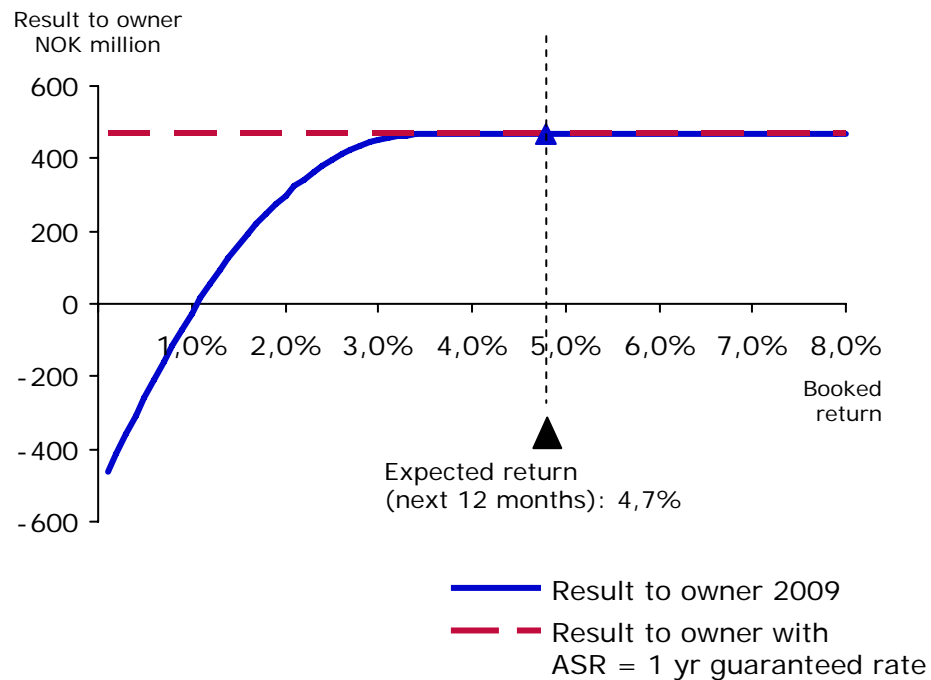


1. Defined benefit plans	2. Fully paid policies
3. Defined contribution plans	4. Risk products and Unit Linked

Defined benefit plans

- A major contributor to quality of earnings

Earnings profile



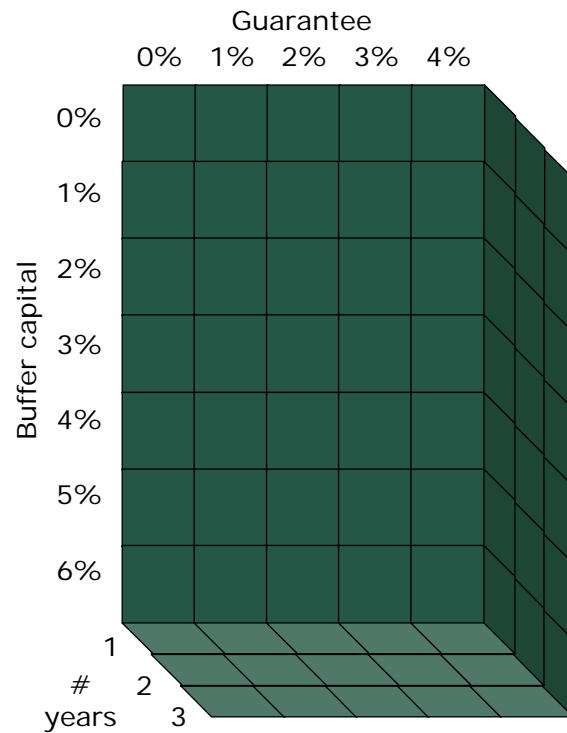
Product characteristics

Reserves (Q2 09): 78 bn NOK
 Buffer capital (Q2 09): 1,8 bn NOK
 Value of in-force 08: 8,2 bn NOK¹
 VNB 08: 352 mill NOK¹
 Premium growth CAGR 06-08: 18%
 Volume growth CAGR 06-08: 7%

Earnings model:

- *Fee-based pricing*
- Portfolio dynamics:
 - *Soft closing of plans*
 - *Few agile competitors*

Pricing of interest rate guarantee



Price influenced by:

- Level of guarantee
- Level of interest rates
- Level and use of buffer capital
- Time horizon
- Portfolio volatility
- Portfolio risk management



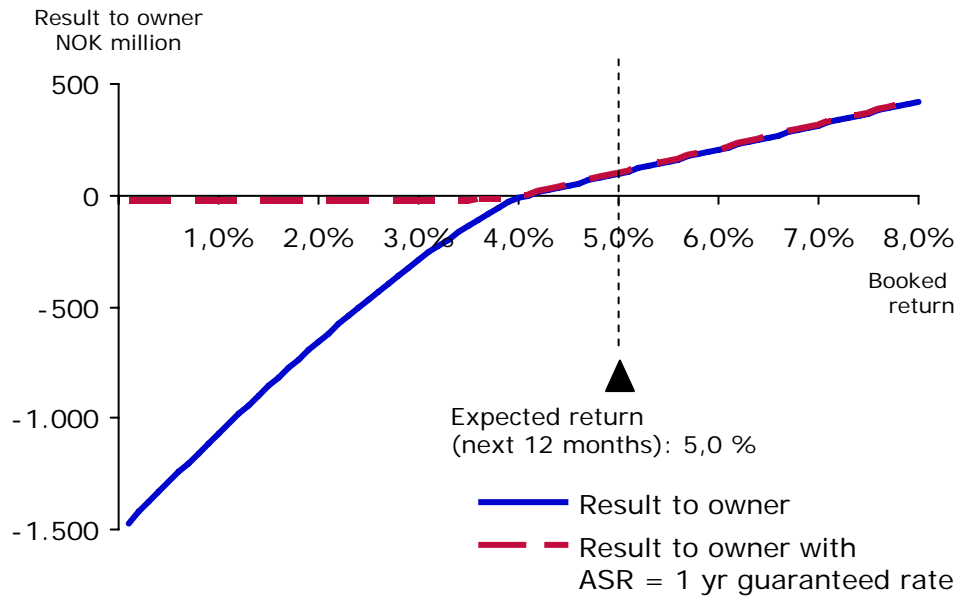
Customer preferences

- Competitive price
- Predictability

1. Defined benefit plans	2. Fully paid policies
3. Defined contribution plans	4. Risk products and Unit Linked

Paid-up policies - upside potential

Earnings profile



Product characteristics

Reserves (Q2 09): 54 bn NOK
 Buffer capital (Q2 09): 0,6 bn NOK
 Value of in-force 08: 1,1 bn NOK¹
 VNB 08: 52 mill NOK¹
 Premium growth CAGR 06-08: -10 %
 Volume growth CAGR 06-08: 12 %

Earnings model:

- Profit split 20/80

Portfolio dynamics:

- Asset mix and risk management specifically tailored to risk bearing capacity
- Buffer strengthening (buffer capital equal to 1yr guarantee during a period of 2-3 years²)
- Moderate competition

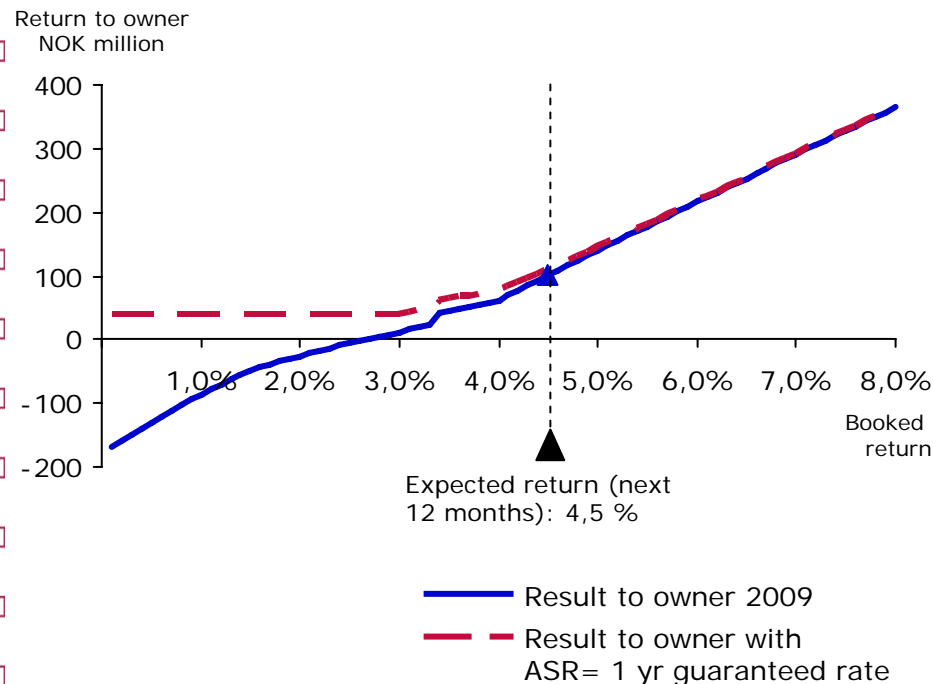
1) Including look-through value and before cost of residual non hedgable risk and frictional cost of capital
 2) Depending on market development

1. Defined benefit plans	2. Fully paid policies
3. Defined contribution plans	4. Risk products and Unit Linked

Individual pension

- Stable- but significant upside potential

Earnings profile



Product characteristics

Reserves (Q2 09): 24 bn NOK
 Buffer capital (Q2 09): 0,6 bn NOK
 Value of in-force 08: 189 mill NOK¹
 VNB 08: 9 mill NOK¹
 Premium growth CAGR 06-08: -30 %
 Volume growth CAGR 06-08: - 18%

Earnings model:

- Profit split 35/65

Portfolio dynamics:

- Buffer strengthening (buffer capital equal to 1 yr guarantee during a period of 2-3 years²)
- Individual market in partial run off
- Opportunities in new savings related to occupational pensions

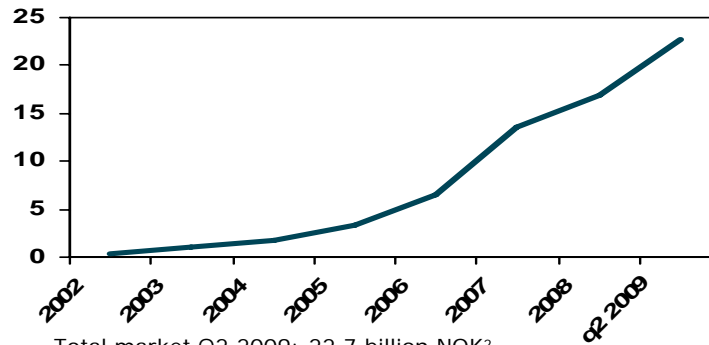
1. Defined benefit plans	2. Fully paid policies
3. Defined contribution plans	4. Risk products and Unit Linked

Defined contribution plans

- The coming star

Total market - AuM²

NOK billion

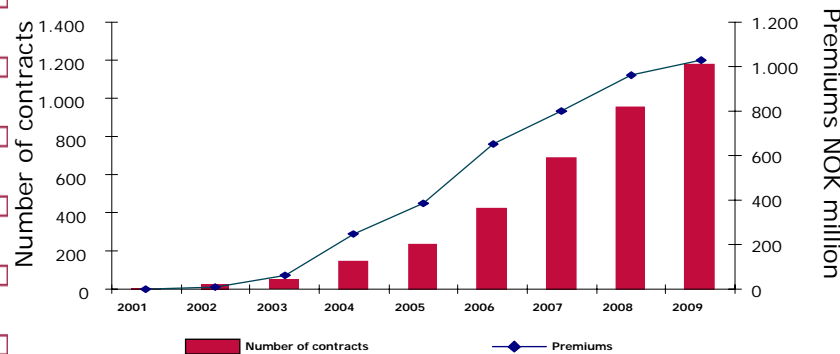


Total market Q2 2009: 22,7 billion NOK²

Product characteristics

Reserves (Q2 09): 7 bn NOK
 Value of in-force 08: 1,9 bn NOK¹
 VNB 08: 157 million NOK¹
 Premium growth CAGR 06-08: 50 %
 Volume growth CAGR 06-08: 55 %

Reported accumulated DB to DC conversions per. 01.07.09



Earnings model:

- *No guarantee - upfront volume based pricing*

Portfolio dynamics:

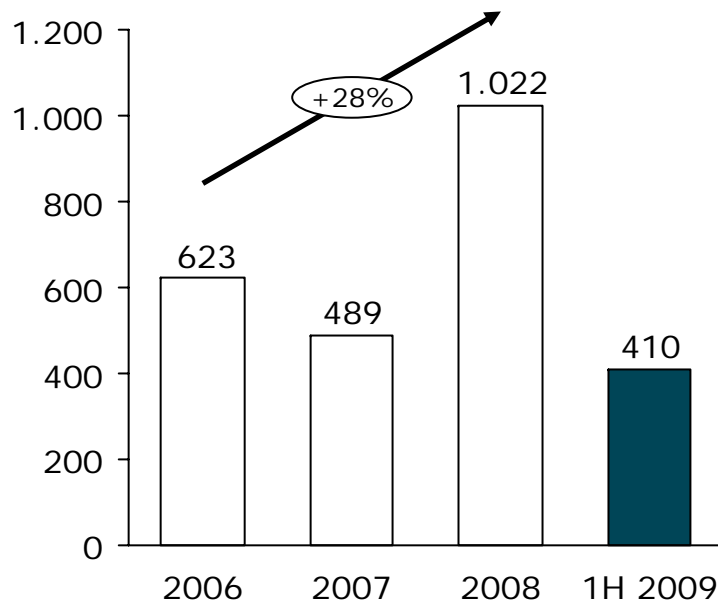
- *Less concentrated market than DB*
- *Consolidation*
- *Potential for guaranteed products*
- *Robust net margins*

1. Defined benefit plans	2. Fully paid policies
3. Defined contribution plans	4. Risk products and Unit Linked

Unit linked

- focus on sufficient scale activities

Premiums Unit Linked



Product characteristics

Reserves (Q2 09): 4,1 bn NOK
 Value of in-force 08: 1,9 bn NOK¹
 VNB 08: 157 million NOK¹
 Premium growth CAGR 06-08: 28 %
 Volume growth CAGR 06-08: -17%

Earnings model:

- *No guarantee - upfront volume based pricing*

Portfolio dynamics:

- *Preferred solution for a minor part of the market*

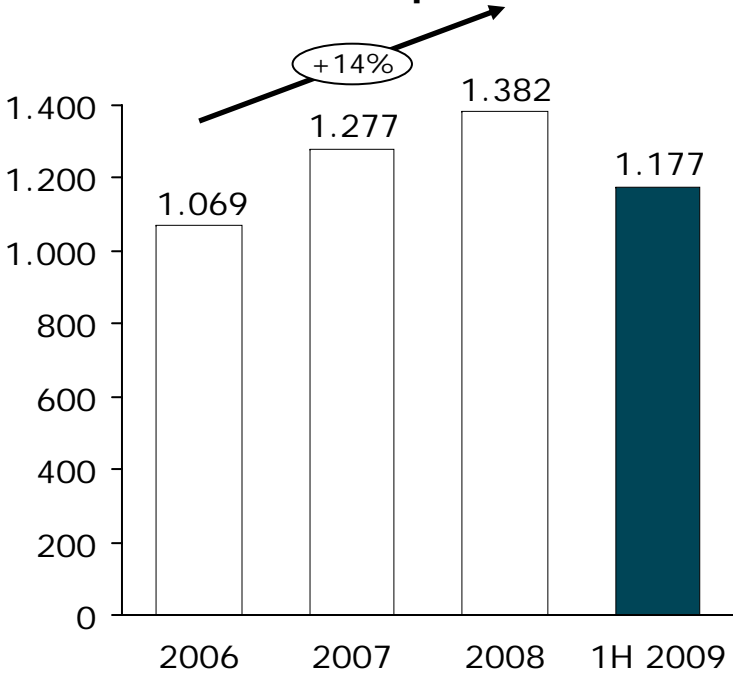
- *Future growth expected to be modest*

1. Defined benefit plans	2. Fully paid policies
3. Defined contribution plans	4. Risk products and Unit Linked

Risk products

- continuing high margins

Premiums risk products¹



Product characteristics:

Reserves (Q2 09): 2,6 bn NOK
 Value of in-force 08: 2,1 bn NOK¹
 VNB 08: 165 mill NOK¹
 Premium growth CAGR 06-08: 14 %
 Volume growth CAGR 06-08: 25 %

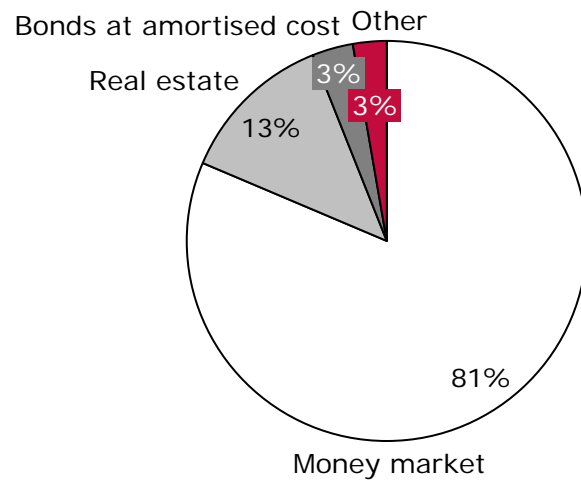
Portfolio dynamics:

- *High margins*
- *Moderate competition*

1) Including look-through value and before cost of residual non hedgable risk and frictional cost of capital

Company capital

Company portfolio allocation



Portfolio characteristics

- AuM (Q2 09): 11,7 bn NOK
- Value adjusted return (YTD Q2 09): 2,2 %
- Hybrid and sub. debt: 6,6 bn NOK
- Interest costs per quarter (Q2 09): 125 mill NOK

Portfolio characteristics:

- *Low risk portfolio*
- *Majority placed in the Norwegian money market*



Agenda

1. Main business Lines

2. Asset Quality

3. Approaching solvency

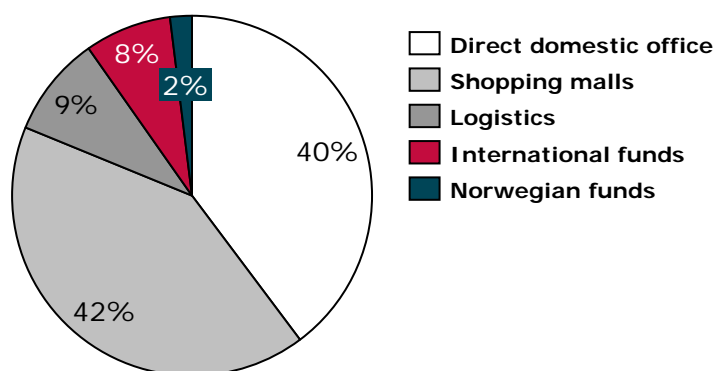
4. Summary

1. Main business Lines
2. Asset Quality
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4. Summary

Real estate

Real estate segments

Total: 27.4 bn NOK



Portfolio Valuation as at 30.06.09

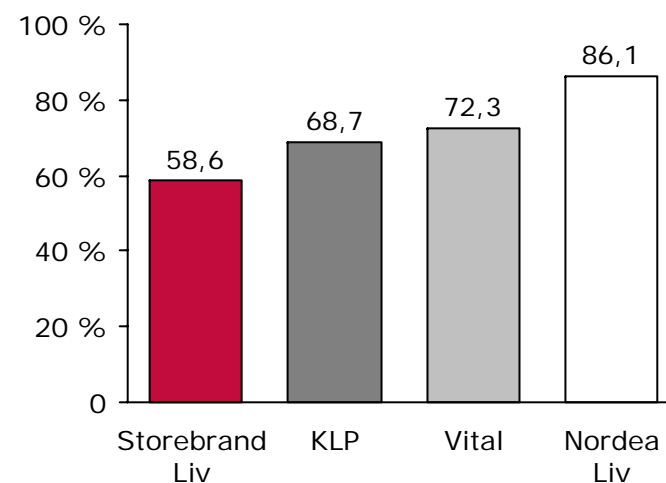
Discount rate portfolio: 8,8 %

Discount rate per segments:

- Offices Oslo city centre: 8,5 %
- Shopping malls: 8,7 %
- Other real estate: 9,1%

Return on portfolio

2005-Q2 2009



19.289 NOK/ m² portfolio

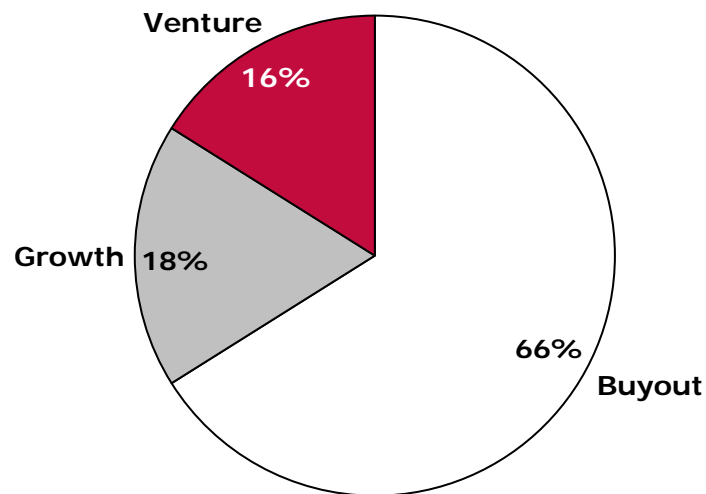
Average remaining duration for rental contracts: 4,4 years

Vacancy in portfolio: 3,5 %¹

1. Main business Lines
2. Asset Quality
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4. Summary

Private equity portfolio

Life cycle segmentation

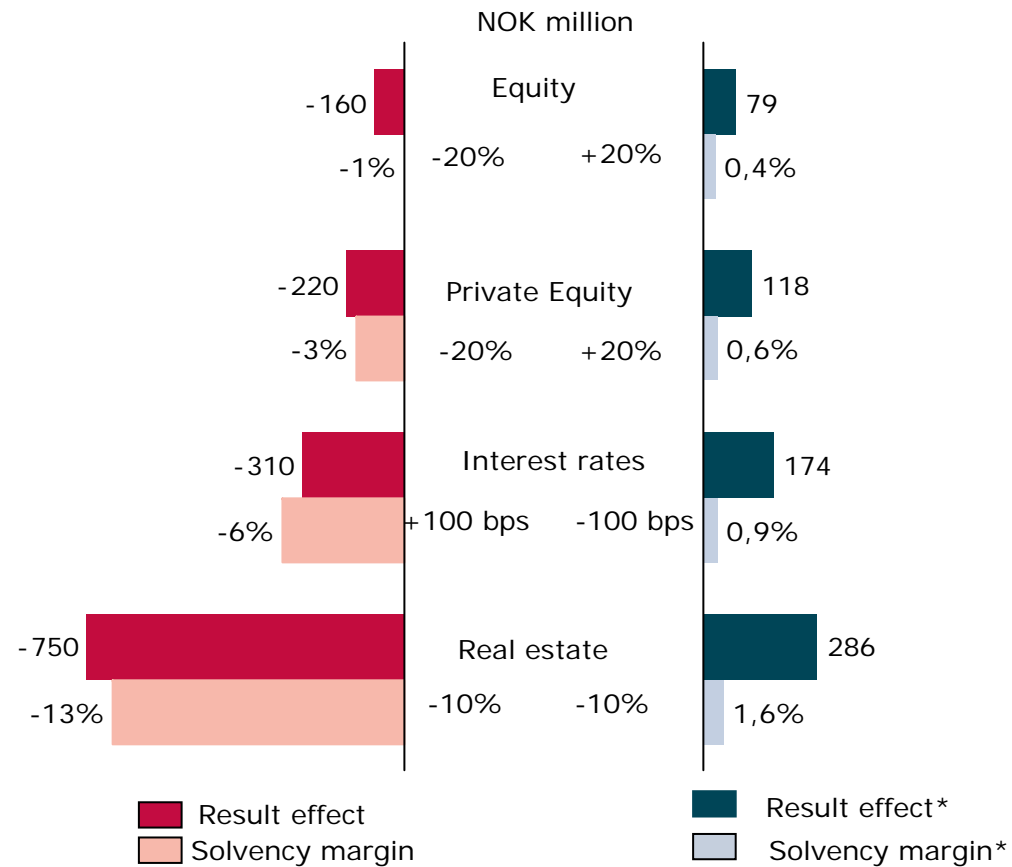


Investment characteristics

Vintages: 1997-2010
Average return year since 1997: 13,1%
Return 2008: -22,4 %
Write down since peak (Q2 09): - 26, 8 %¹
Size of portfolio: 5,8 bn NOK¹

P&L and solvency sensitivities to changes in asset returns

Sensitivities based on investment return being equal to the guaranteed rate





Agenda

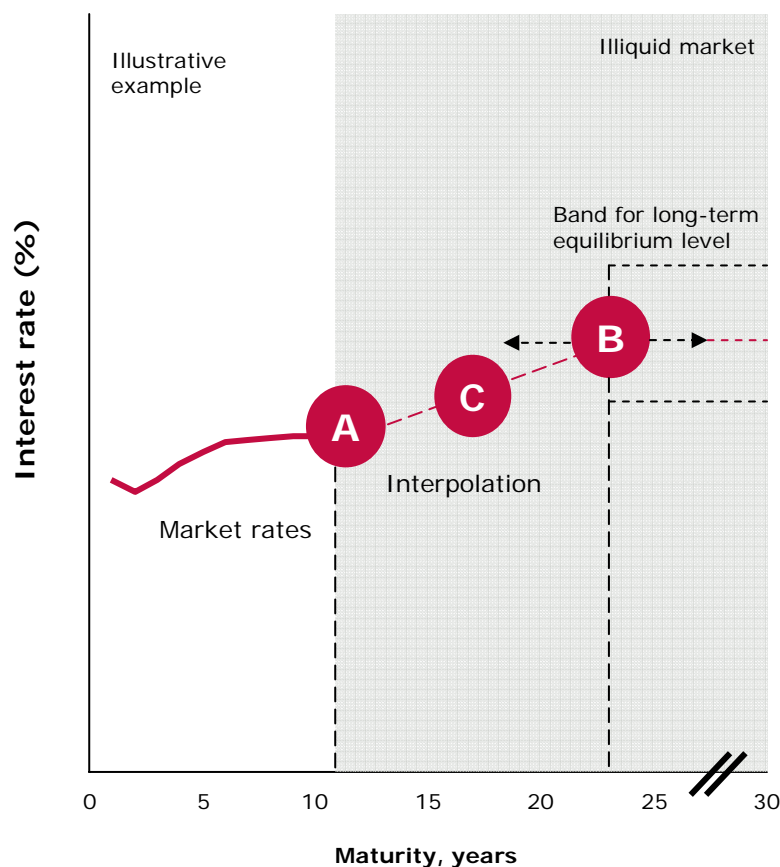
1. Main business Lines

2. Asset Quality

3. Approaching solvency

4. Summary

Approaching Solvency II



- Mark-to-market of reserves
- New discounting model introduced in SPP in Q4 2008 to reduce volatility in the financial accounts
- Partial internal modeling
- "We believe that the macroeconomic extrapolation technique is the most appropriate technique for extrapolation of market data at the long-end of the curve"¹
- Close dialogue with European regulators
 - Aim: to be the preferred model within the Solvency II framework



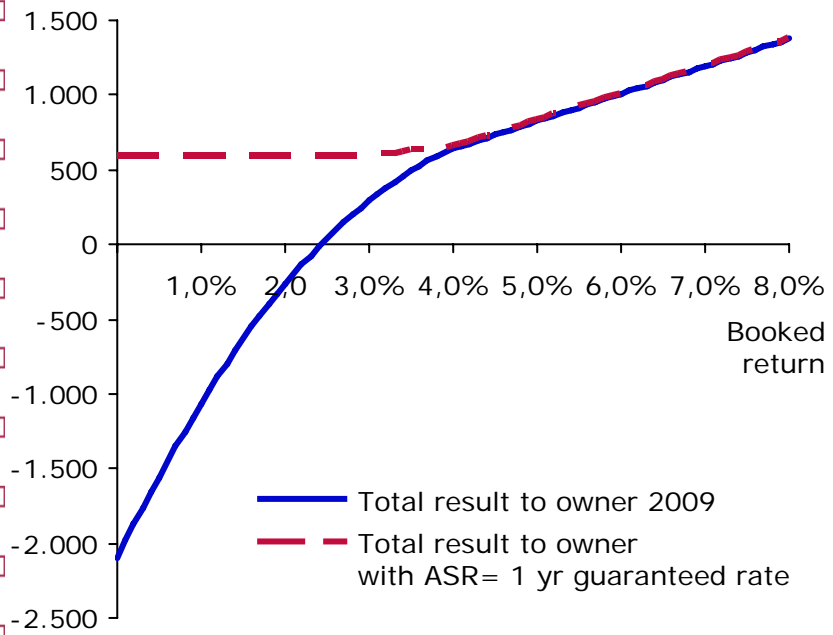
Agenda

1. Main business Lines
2. Asset Quality
3. Approaching solvency
4. Summary

Summary – Continuing trend towards non-guaranteed solutions

Earnings profile

Result to owner
mill NOK



Defined Benefit plans



A major contributor to quality of earnings

Paid-up policies



Upside potential

Individual pensions



Stable- but significant upside potential

Defined Contribution plans



The coming star

Risk products & Unit Linked



Continuing high margins & focus on sufficient scale activities

Company Capital



Low risk portfolio



Risk Management Life and Pensions Sweden

Analyst Conference

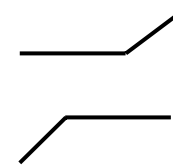
06 October 2009

Staffan Hansén

Chief Investment Officer, SPP

Key take aways

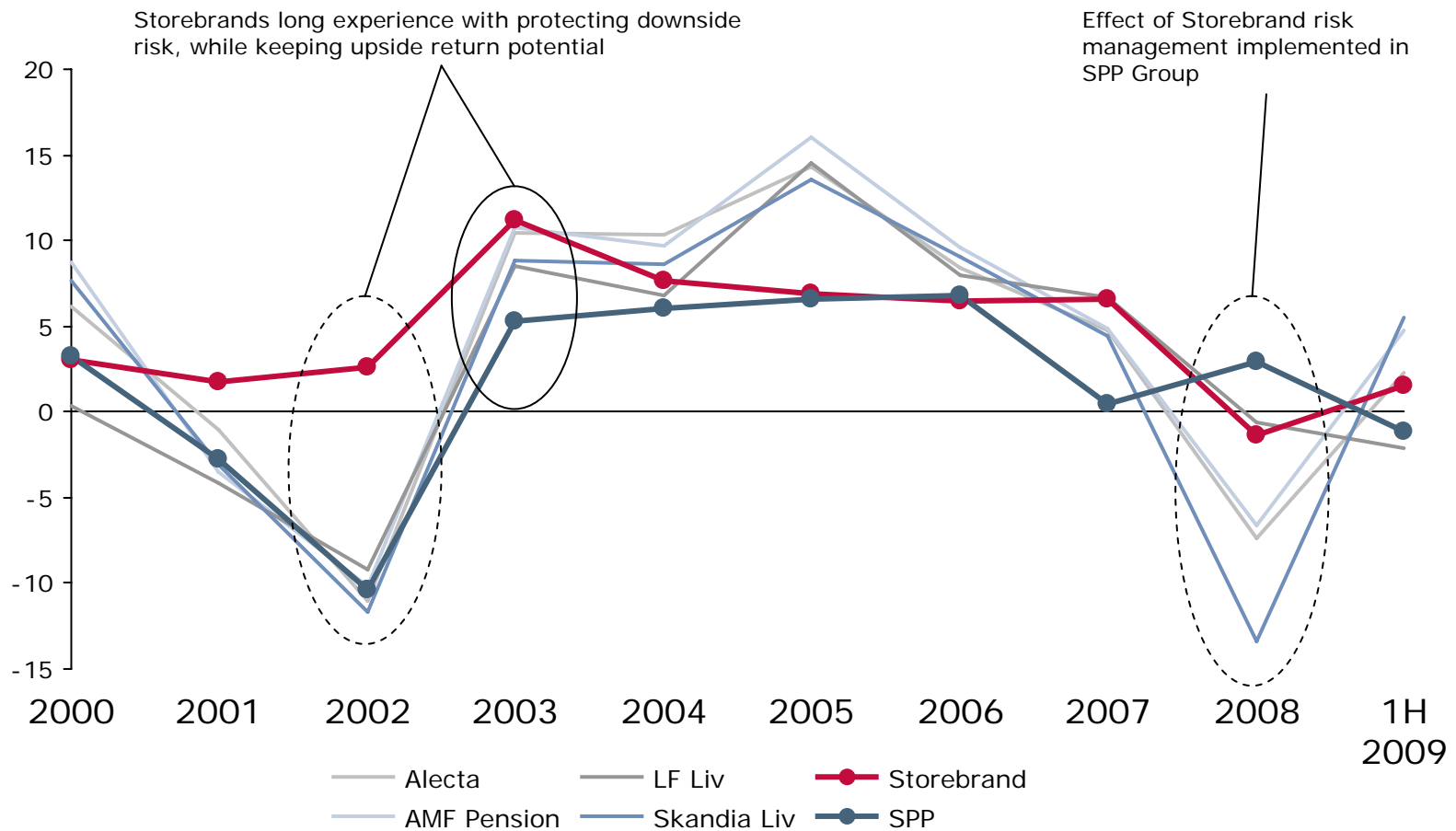
- SPP's income, opportunities and risks
 - + Administration result
 - + Risk result
 - + Profit sharing – "Long Call Option"
 - Guaranteed Amount – "Short Put Option"
- Further opportunities
 - + DCC* recovery given sound capital position



Position today:

- Emerging strongly from the financial crisis

SPP is improving its market position through successful risk management





Key product areas in Sweden

	AuM (SEK)	VIF¹ (NOK)	Premium growth	Profit sharing	Fee income	Average Guarantee
Defined benefit	35,8 bn	2,1 bn	-1% ⁴	10% ²	Risk & Admin	3,5%
Defined contribution	43,8 bn	0,2 bn	-5% ⁴	10% ³	Risk & Admin	3,7%
Unit linked	27,7 bn	1,9 bn	+6% ⁴	No	Risk, admin & asset mgmt fees	No

¹ As at 31.12.2008 - including look-through value and before cost of residual non hedgable risk and frictional cost of capital

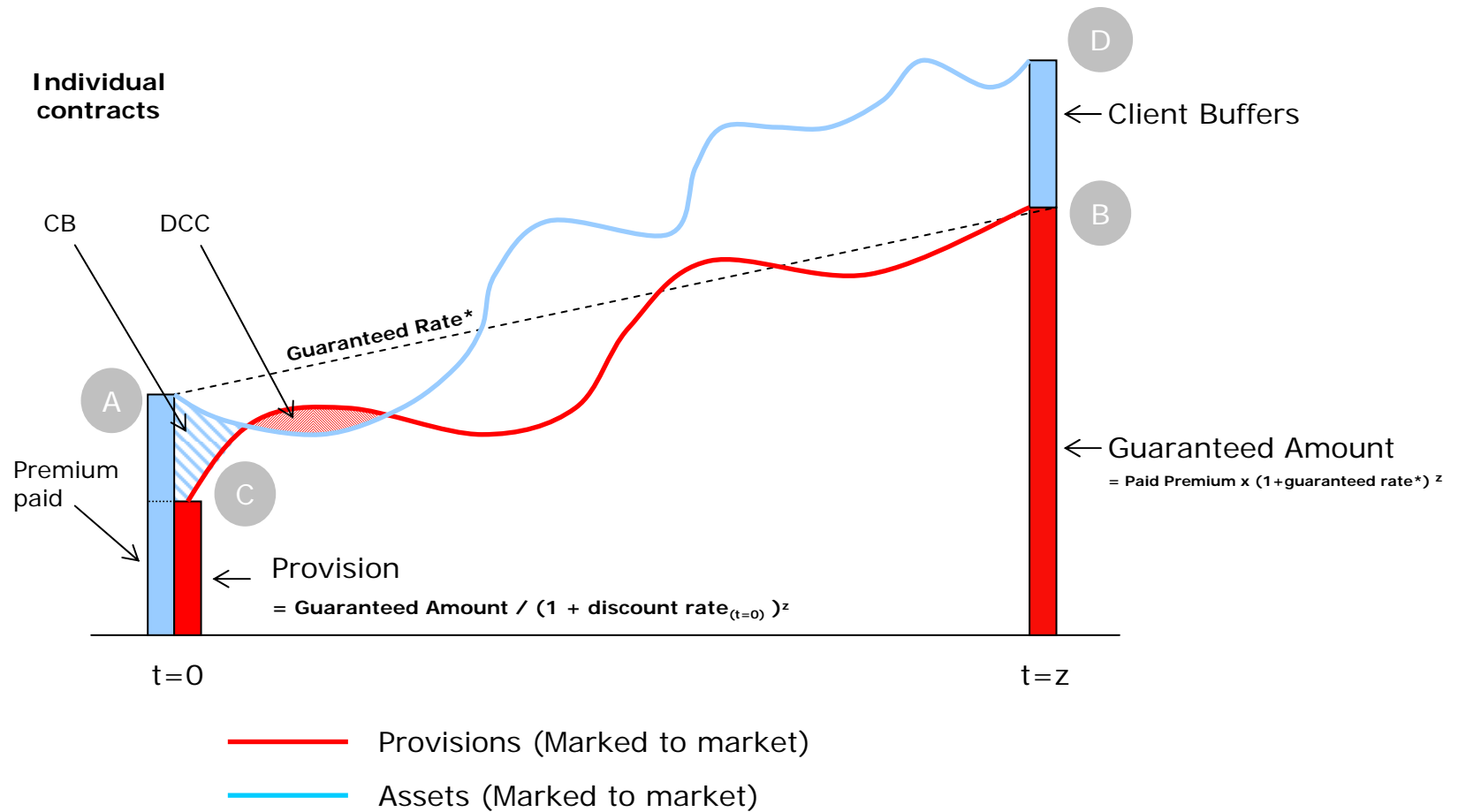
² If portfolio return > guaranteed rate, and consolidation is above 105%

³ If portfolio return > guaranteed rate

⁴ CAGR 06-08

Defined contribution

- evolution of a policyholder contract



...but policyholder buffers differ...

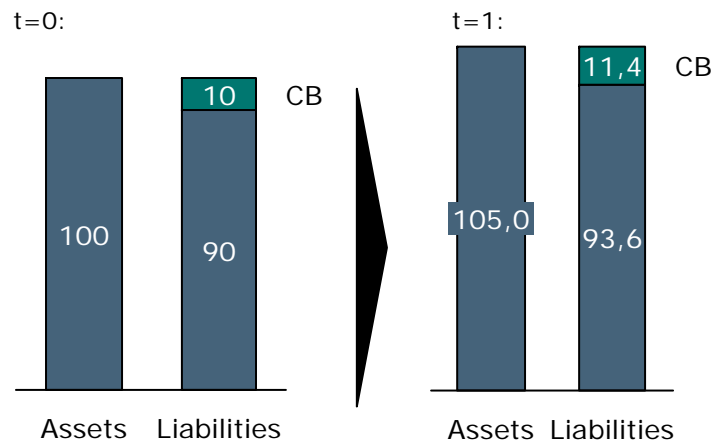
Scenario

Asset return = + 5%

Guaranteed return = + 5%

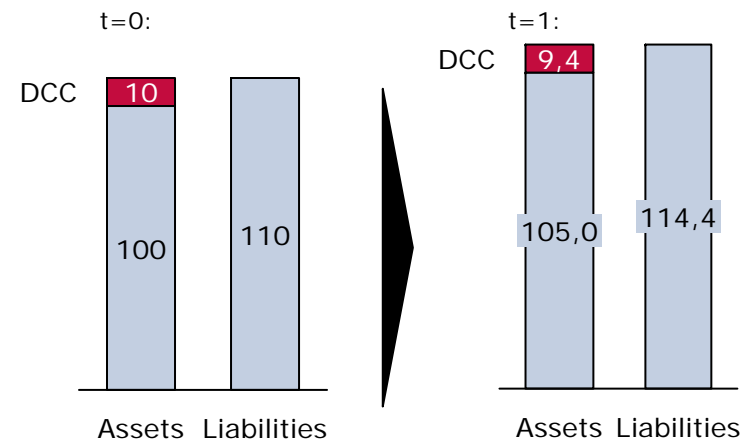
Discount rate = stable = 4%

"Steve":



Impact on financial result: 0

"Derek":

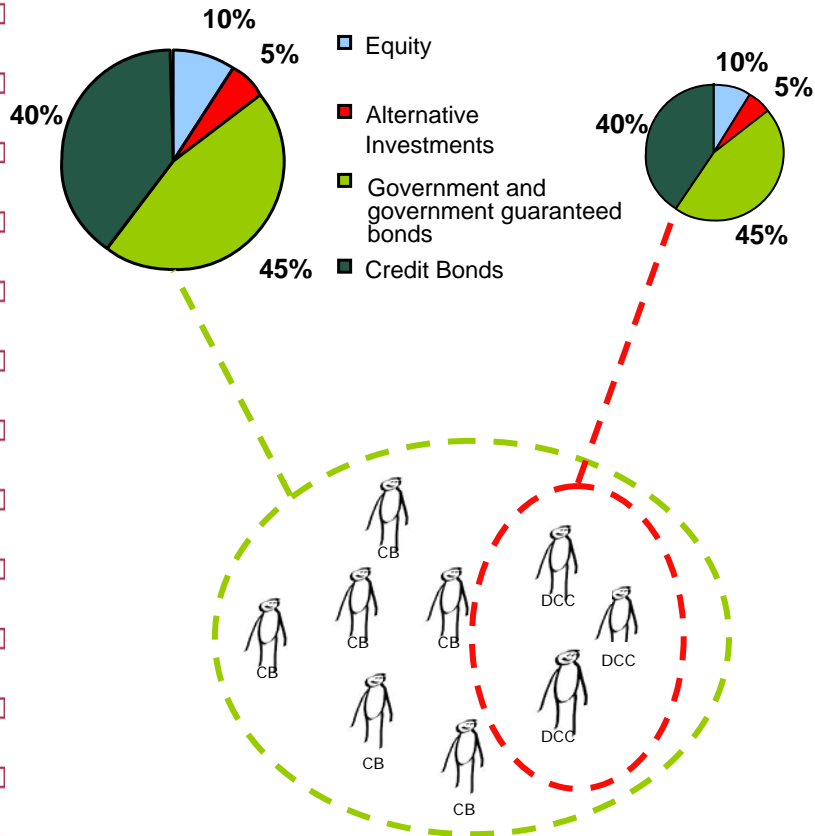


Reduction in DCC:
 $10,0 - 9,4 = 0,6$

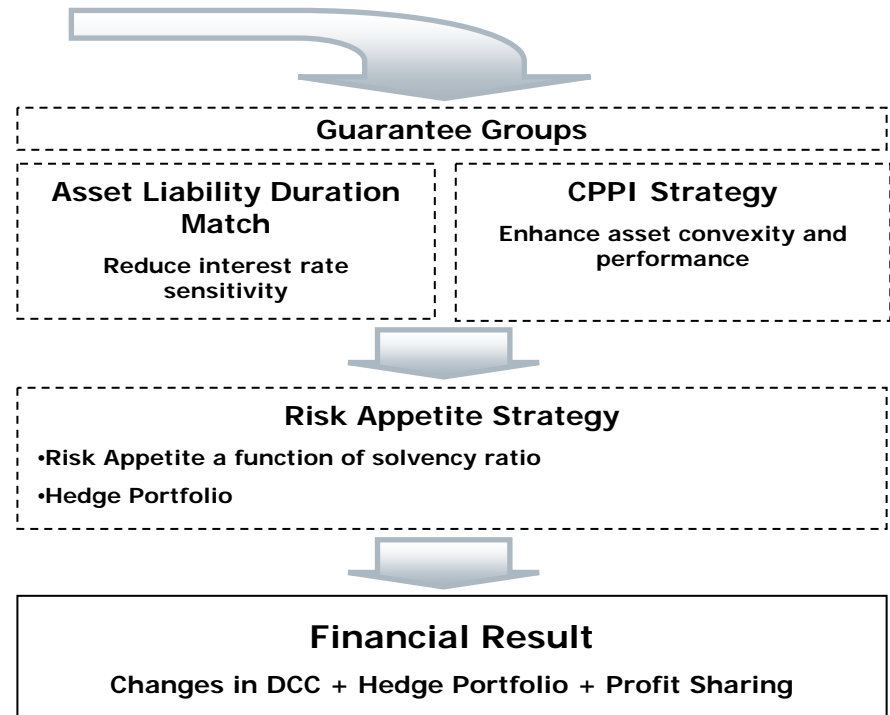
Impact on financial result: 0,6

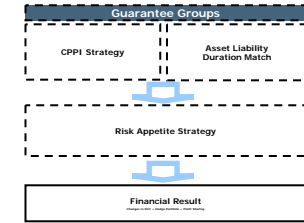
...which requires dynamic risk management

All policyholders
AuM ~80bn SEK



Mitigated and managed by:

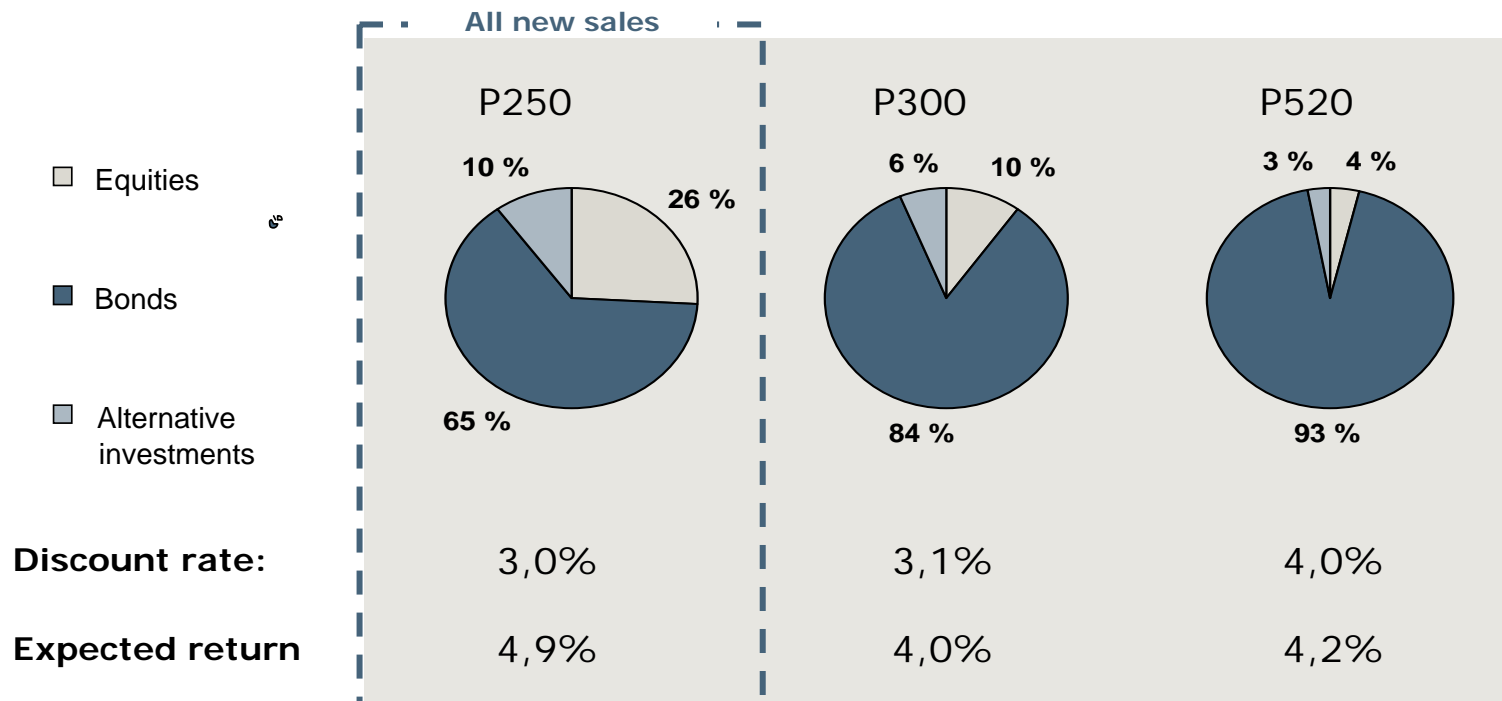




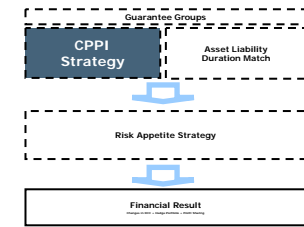
Actively managing the risk profile – tailoring risk for guarantee level

Defined contribution portfolio

Asset allocation as at 30.06.09

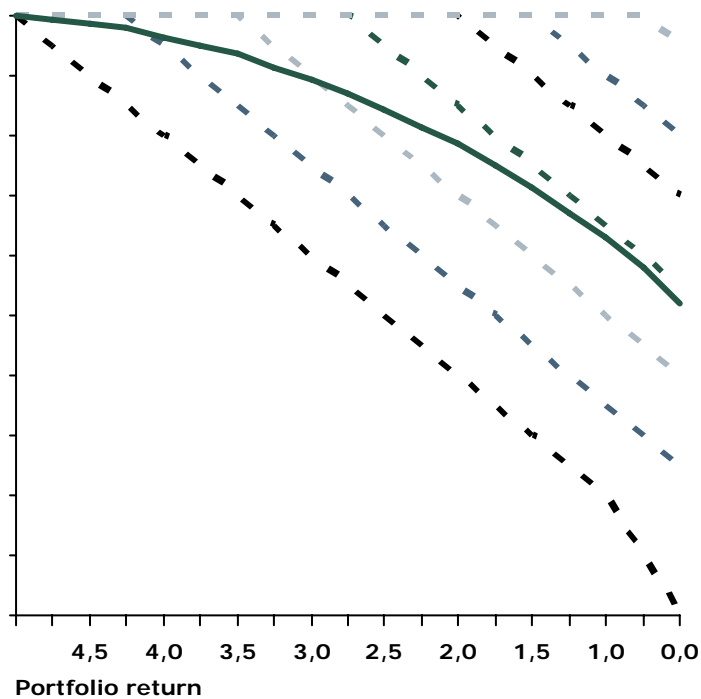


Convexity managed through CPPI



Illustrative

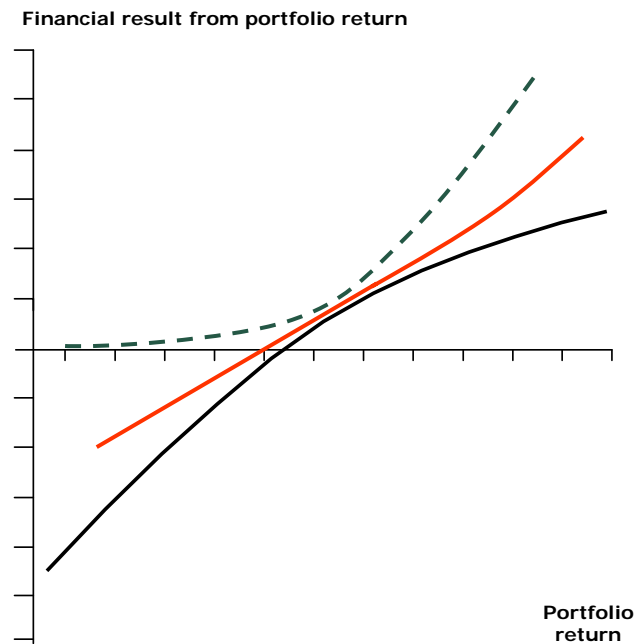
Convexity in liabilities



— Aggregated DCC sensitivity
 - - - Individual policyholders' DCC

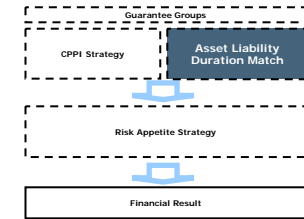
45

CPPI risk management



— DCC sensitivity
 — Financial result given CPPI and profit sharing
 - - - Change in equity exposure given CPPI

Convexity managed through asset liability matching



Illustrative

Financial accounts liabilities

Discounting rate
 Swap curve

Duration
 ~5

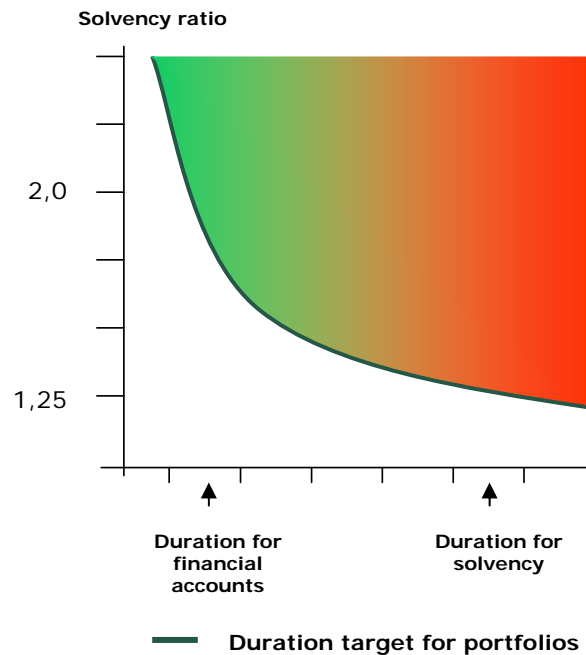


Solvency accounts liabilities

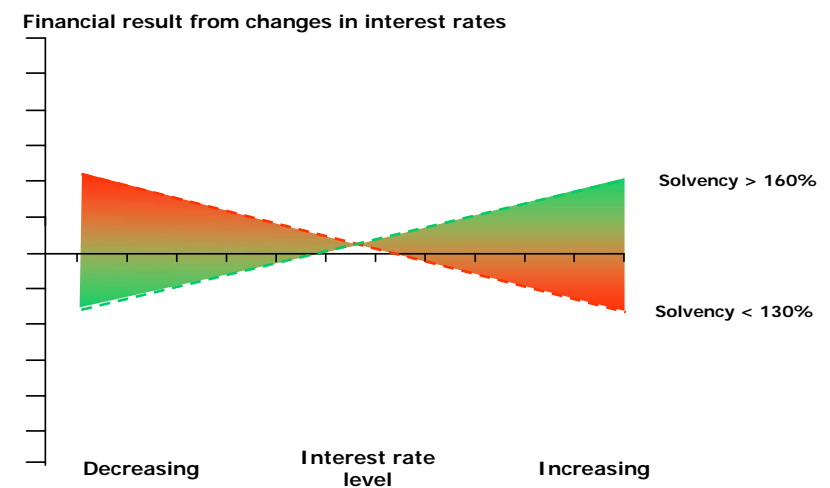
Discounting rate
 10 SKSwap

Duration
 ~9

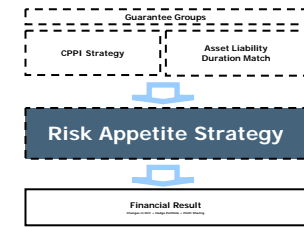
Dynamic duration targets



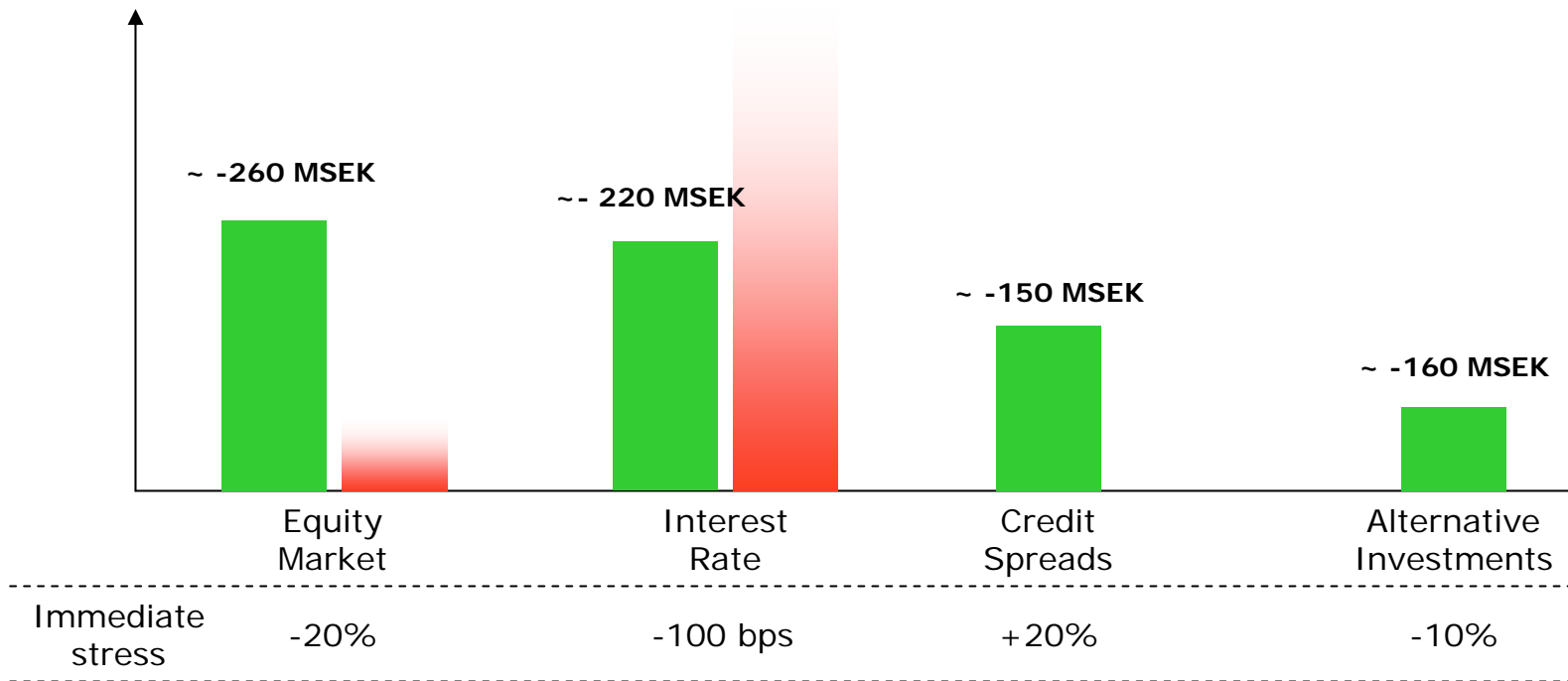
Asset liability matching



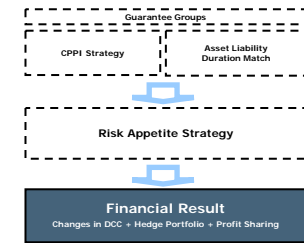
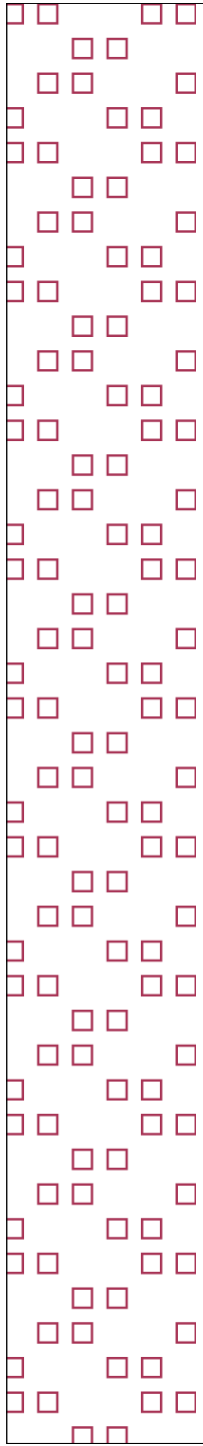
Risk appetite strategy - depending on solvency



Sensitivity to financial result



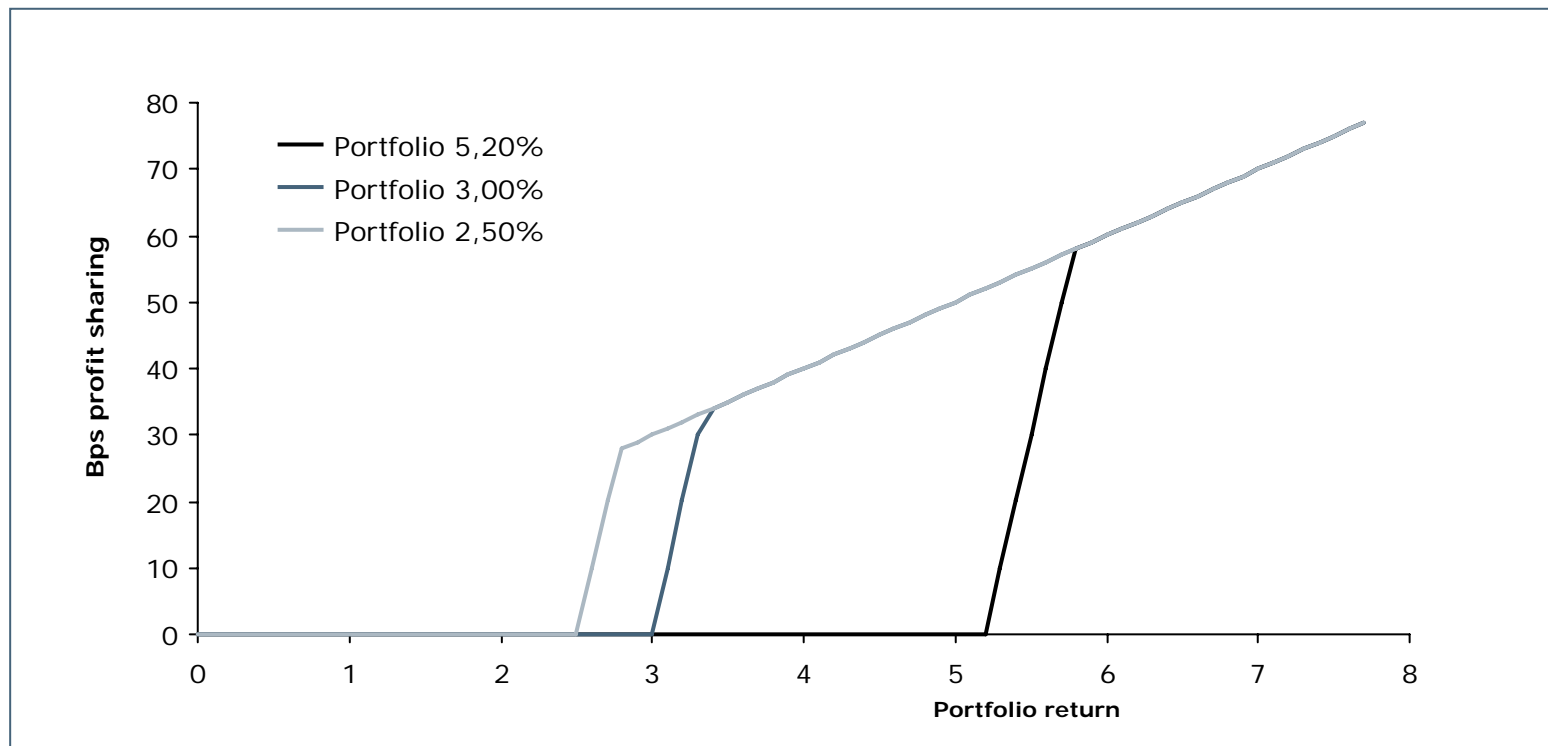
■ High solvency ratio allows high risk appetite
■ Low solvency ratio changes sensitivity for financial result



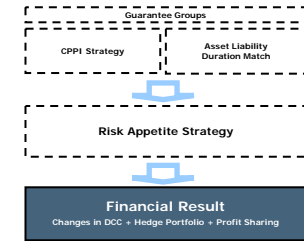
Profit sharing defined contribution

Profit sharing DC contingent on:

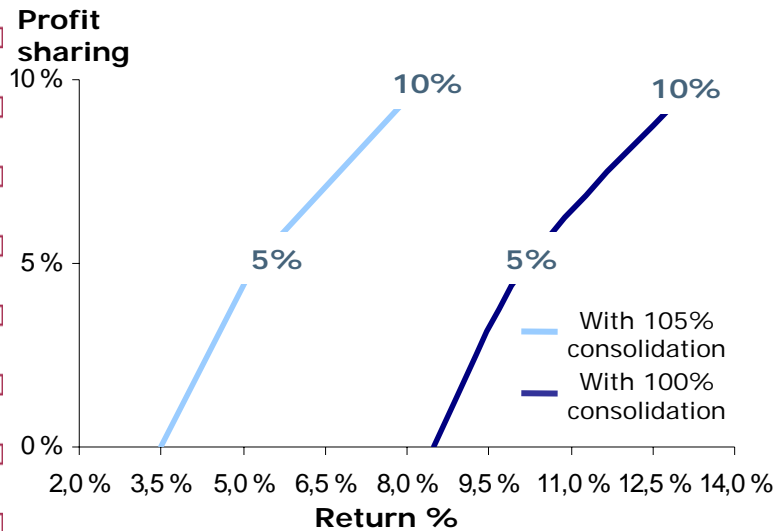
Asset return in each of the guarantee groups > guarantee on annual basis



Defined benefit portfolio -addressing remaining risks



Capital markets day 2008



Development 1st half 2009

- Improving consolidation
- Improving buffer capital situation

Upcoming changes

Addressing the "double guarantee":

- Reviewing changes to scheme terms
- Reviewing profit sharing model



Emerging strongly from the financial crisis

- Strong solvency position:
 - Solvency margin improved from 135% (Q4 08) to 207% (Q2 09)
- Improved buffer and thereby risk capital situation creating more upside potential for profit sharing and DCC recovery
- Successful implementation of improved valuation method for liabilities reducing volatility in financial return
 - Stable financial result in Q2

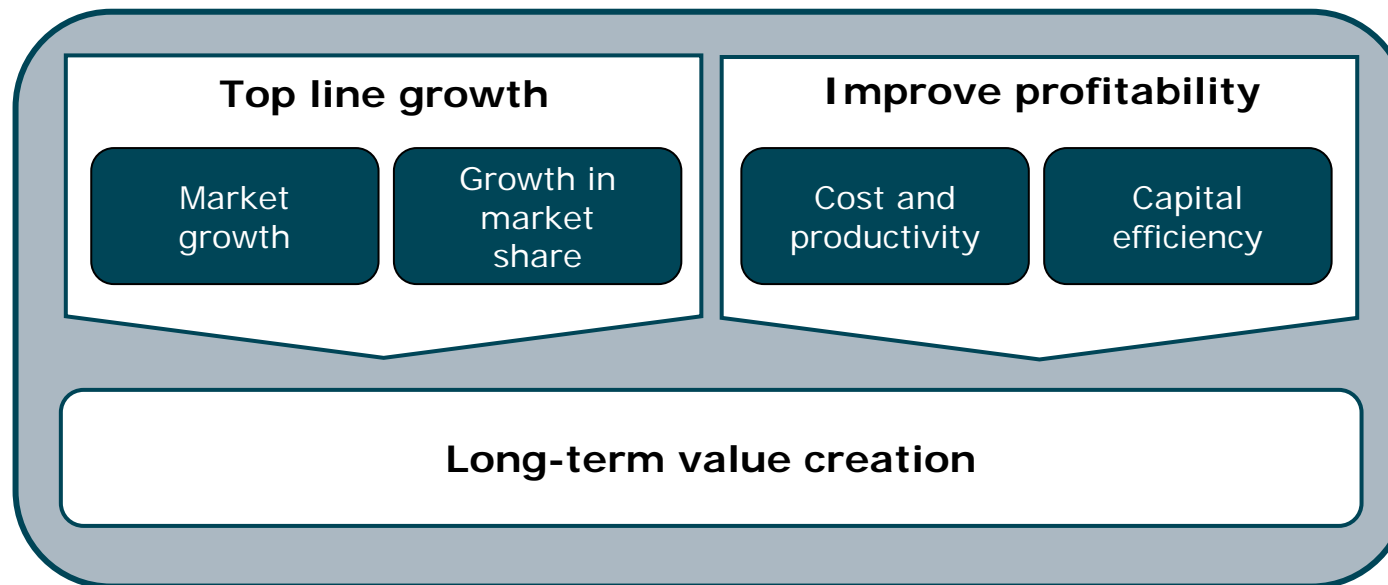


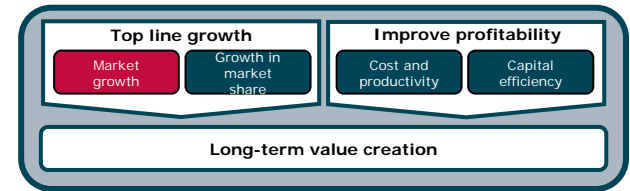
Positioned for long-term value creation

Analyst Conference
06 October 2009

Odd Arild Grefstad
Group CFO

Storebrand is positioned for growth and long-term value creation





The Nordic market is strong

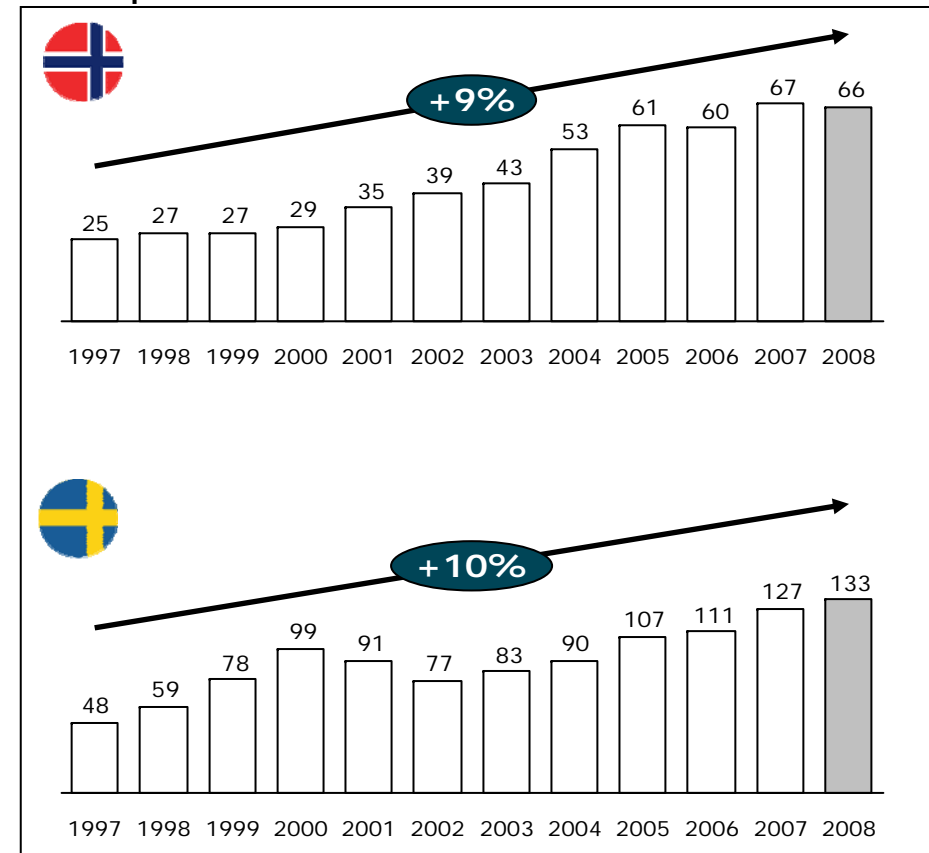
– steady pensions growth through economic cycles

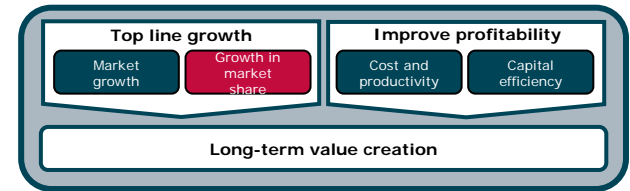
Growth drivers

- Regulatory reforms
 - Anticipated increase in contributions (Norway)
 - Pension markets increasingly open to competition (Sweden)
- Occupational pensions less sensitive to market conditions
- Continued growth in wealthy and 50+ segments
- Anticipated increase in life and pensions savings as % of total personal financial assets per capita

Market growth

Annual premiums in total market – NOK billion

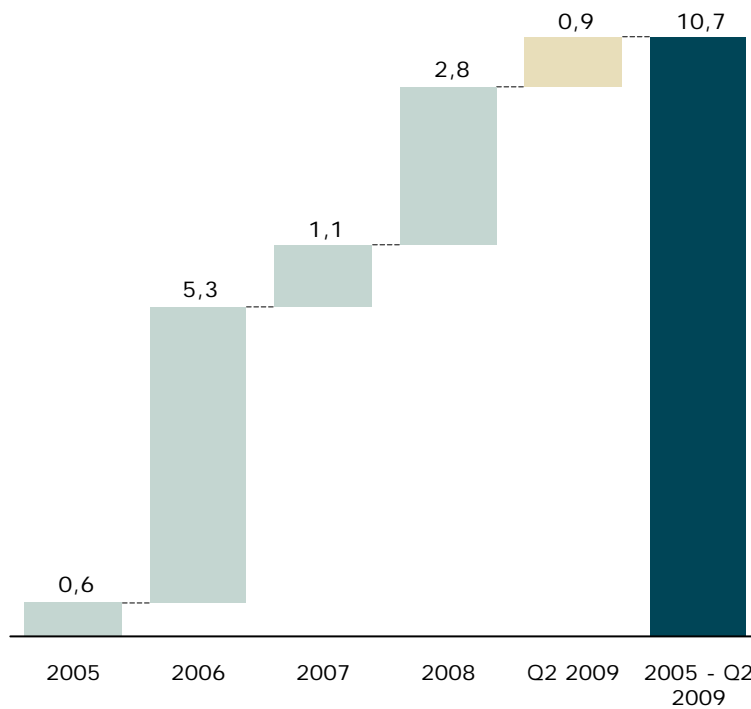




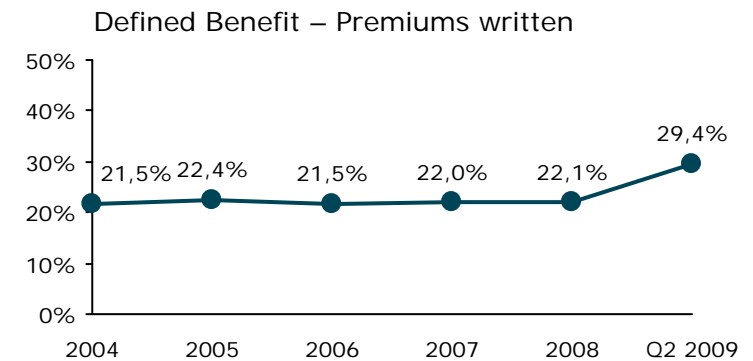
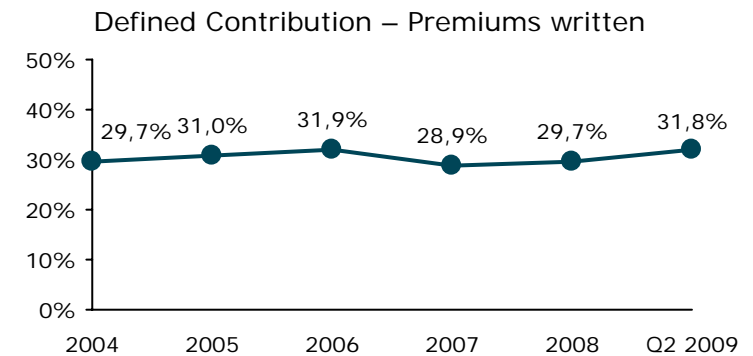
Storebrand has a strong position in Norway

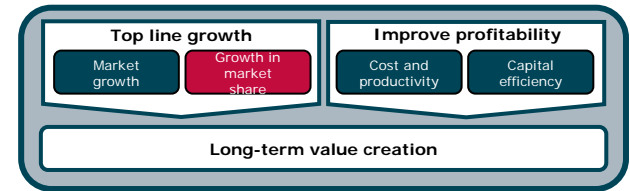
Accumulated net transfer balance

NOK billion



Market share occupational pension

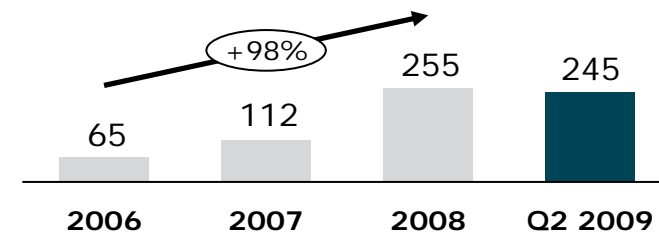




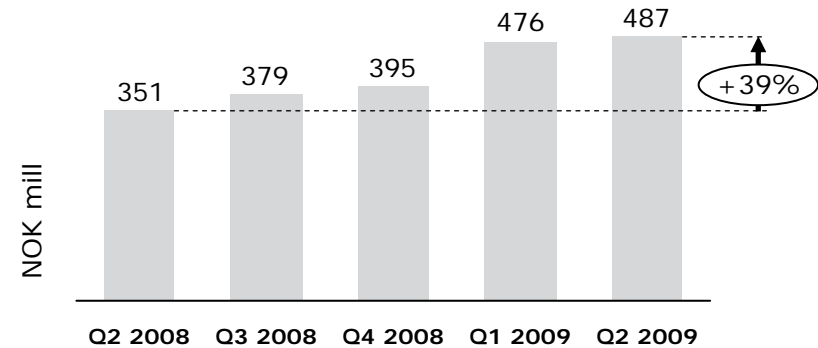
SPP - successful integration

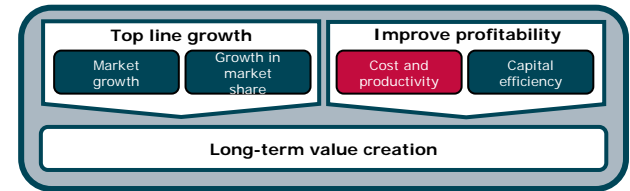
- Synergies ahead of plan
- Increased brand recognition
- Improved sales processes, strengthened asset- and risk management
- Top Unit Link provider in 2008
- Top score on customer service

New sales Broker Channel (APE)



New sales Unit Linked (APE)*



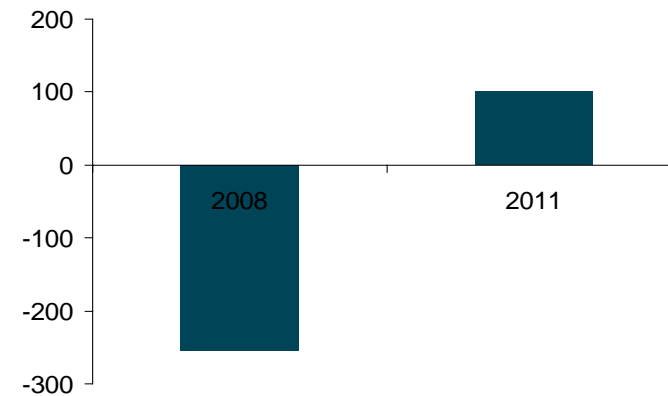


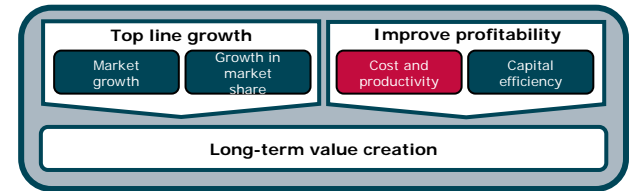
Life and Pensions Norway

- cost savings according to plan

- Lean programs implemented
 - 20% improved efficiency
 - Realisation of approx 305 full time equivalents
- Offshoring to Storebrand Baltic
 - Cost savings of MNOK 18 per year
- Restructuring of sales organisation
- Centralised procurement projects ongoing
- Moving of HQ Dec 09
 - Annual savings of MNOK 40

Target: positive administration result



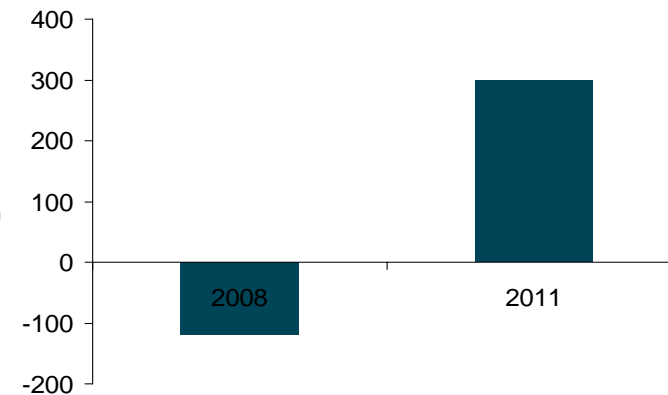


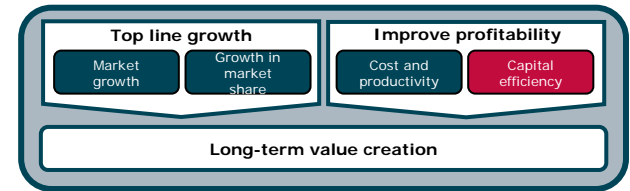
Life and Pensions Sweden

- cost cutting initiatives implemented

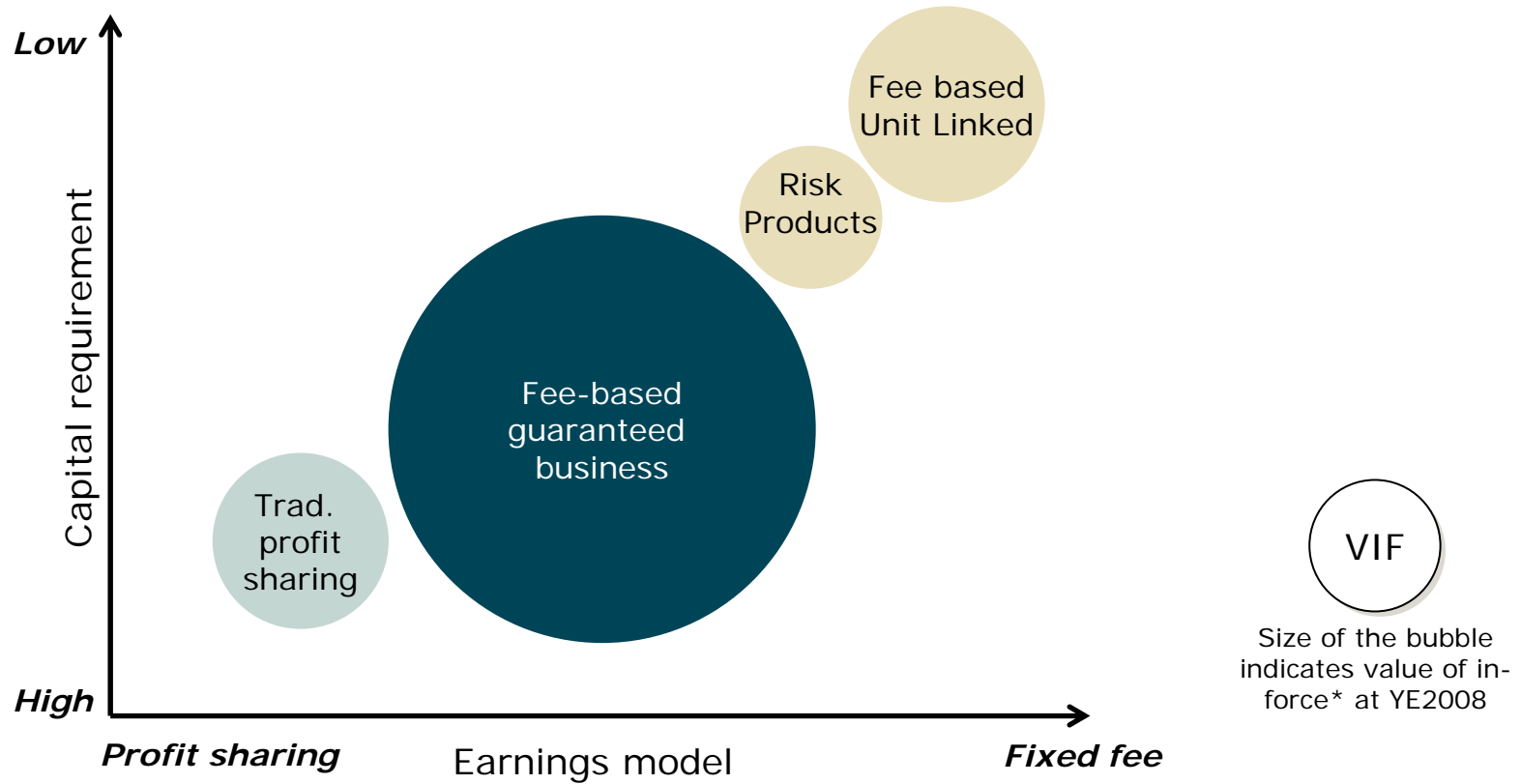
- Phase 1 of cost reduction program launched
 - Improved efficiency in sales channels
 - Reduced administration
 - New product development
- Includes amongst others:
 - Target reduction in headcount – 50 employees
 - Target reduction in spending on consultants – 35 consultants
- Target cost reduction of SEK 100 million

Target: adm res > SEK 300 mill in 2011

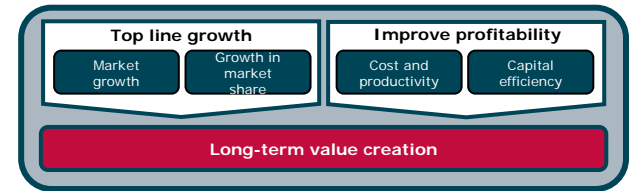




Capital efficient growth towards products with lower earnings volatility



*) VIF including look-through value and before cost of residual non hedgable risk and frictional cost of capital



Summary

Market growth/
Market share

Strong position in a growing market – robust top line growth

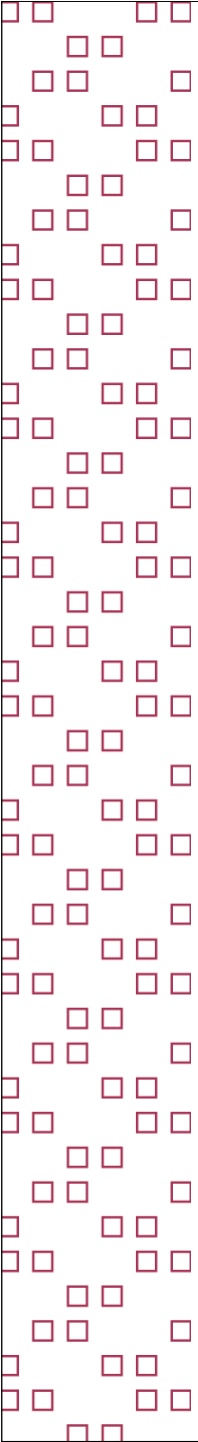
Productivity

Comprehensive cost program and continuous improvement to core business processes

Capital efficiency

Active balance sheet management

Well positioned for long-term value creation



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

