



# Storebrand

## High quality growth in Nordic Life and Pensions

12. January 2011  
SEB Enskilda Nordic Seminar

Storebrand  
Odd Arild Grefstad  
Group CFO

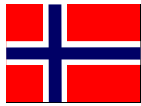
## Important information:

This document may contain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Storebrand Group's control. As a result, the Storebrand Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in these forward-looking statements. Important factors that may cause such a difference for the Storebrand Group include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) market related risks such as changes in equity markets, interest rates and exchange rates, and the performance of financial markets generally.

The Storebrand Group assumes no responsibility to update any of the forward looking statements contained in this document or any other forward-looking statements it may make.

# Storebrand Group

- the leading Nordic Life and Pensions provider



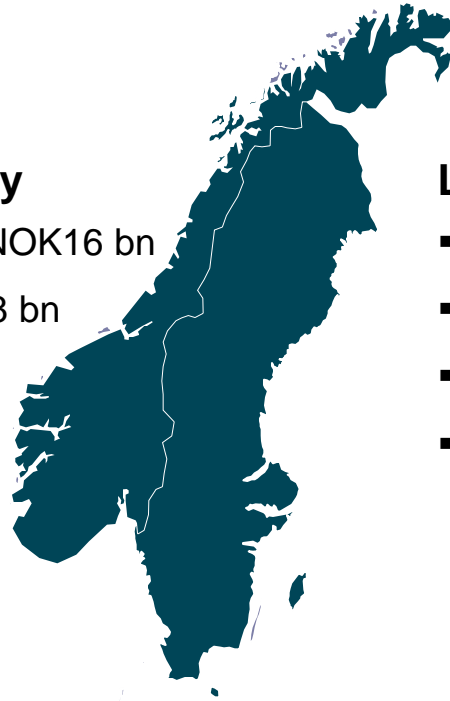
## Life and Pensions Norway

- Premiums for own account NOK16 bn
- Customer reserves NOK 188 bn
- 24 000 corporate customers
- ~30% market share



## Life and Pensions Sweden (SPP)

- Premiums for own account NOK 7 bn
- Customer reserves NOK 120 bn
- 30 000 corporate customers
- ~10% market share



## Storebrand Bank

- NOK 34 bn net lending

## Storebrand P&C

- 150 000 policies

## Storebrand Asset Management

- NOK 396 bn AuM

Figures as at Q3 2010. Premiums for own account FY 2009.

# Agenda

1

High quality growth in Life and Pensions

2

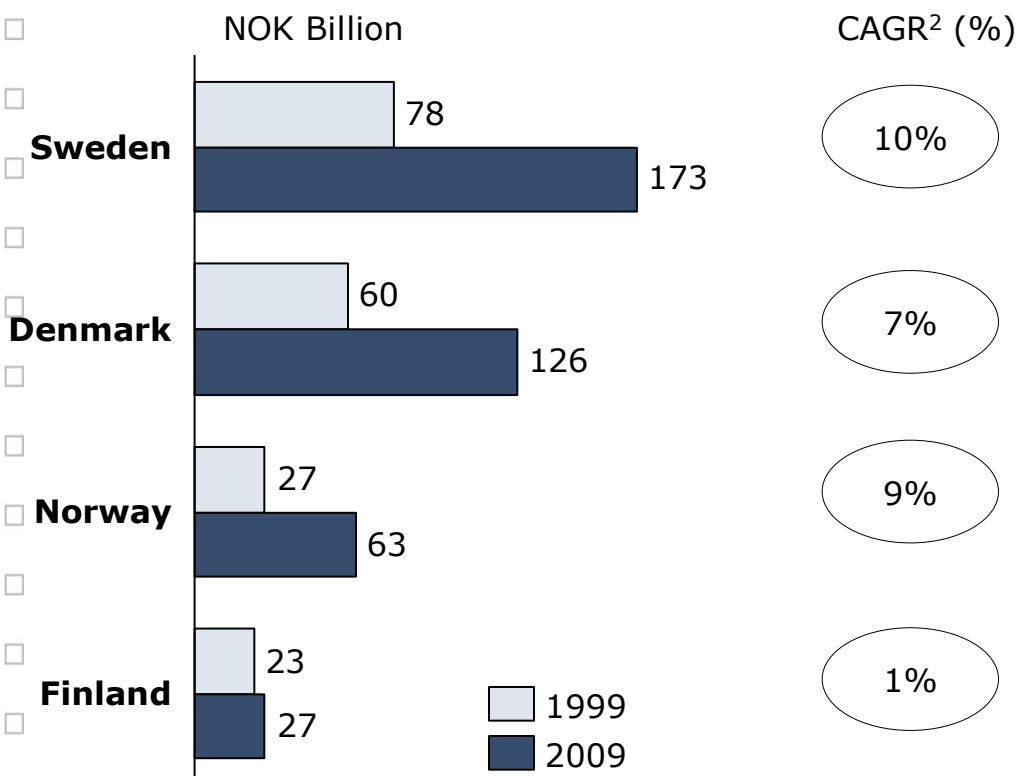
Operational excellence

3

Special topics: regulation and interest rates

# Strong growth in life and pension premiums within the Nordic market is expected to continue

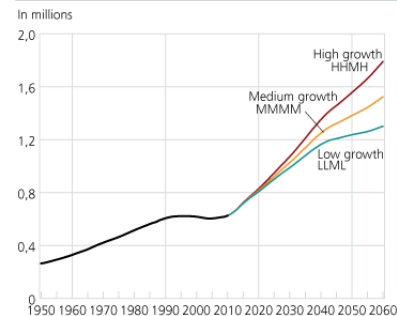
## Life premiums Nordic market 1999-2009<sup>1</sup>



## Growth drivers

- Sound macro environment
- Demographics
- Regulatory changes

Number of persons 67 years and older



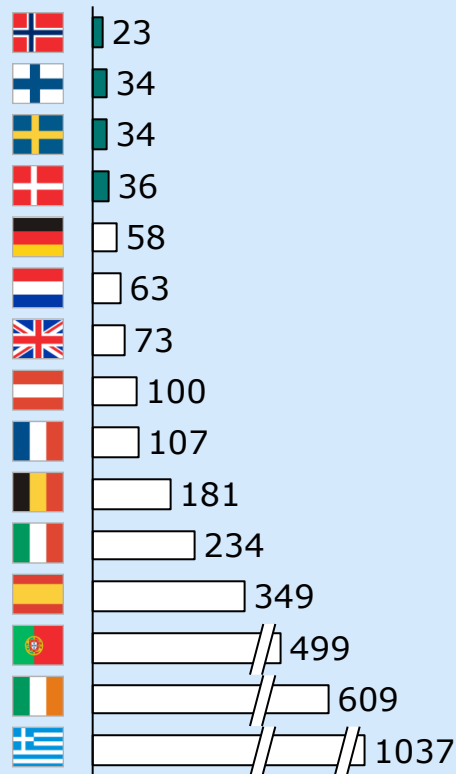
HHMH: High fertility, high life expectancy, medium internal migration and high net migration  
 MMMM: Medium fertility, medium life expectancy, medium internal migration and medium net migration  
 LLML: Low fertility, low life expectancy, medium internal migration and low net migration

<sup>1</sup>Source: Finansnæringens Fellsorganisasjon (NO), Försäkringsförbundet (SE), Pensionsmyndigheten (SE), Finansbranchens Centralförbundet (FI), Finanstilsynet (DK), Norges Bank (NO)

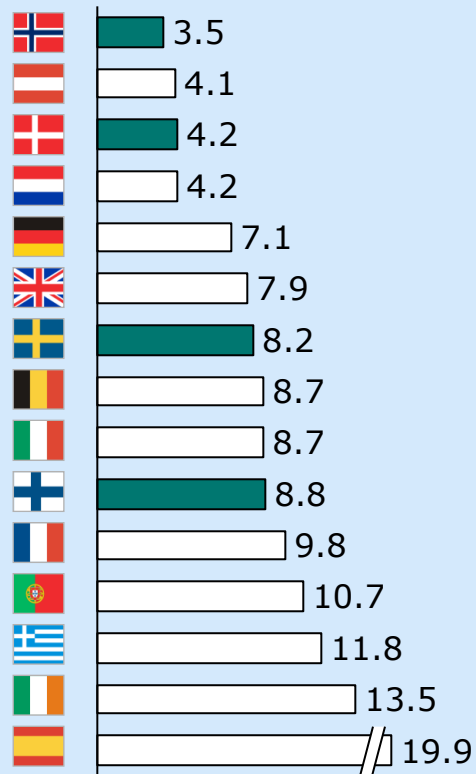
<sup>2</sup> CAGR 1999-2009

# Sound Scandinavian macro environment

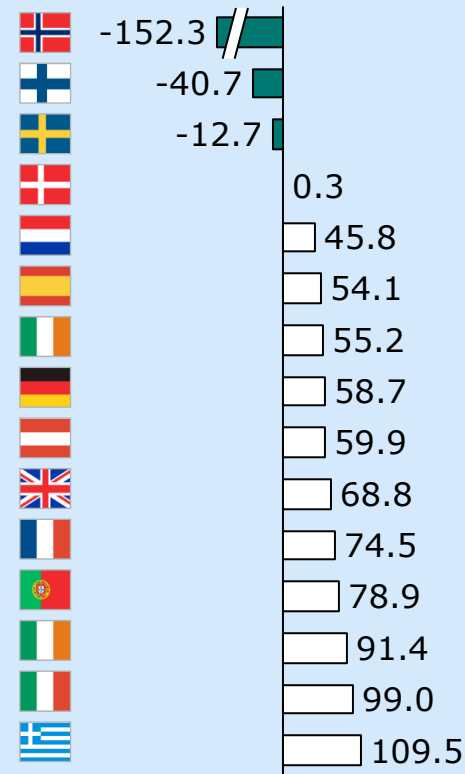
## CDS spreads 5-year (bps)<sup>1</sup>



## Unemployment 2010 (%)<sup>2</sup>



## General government debt 2010 (% of GDP)<sup>3</sup>

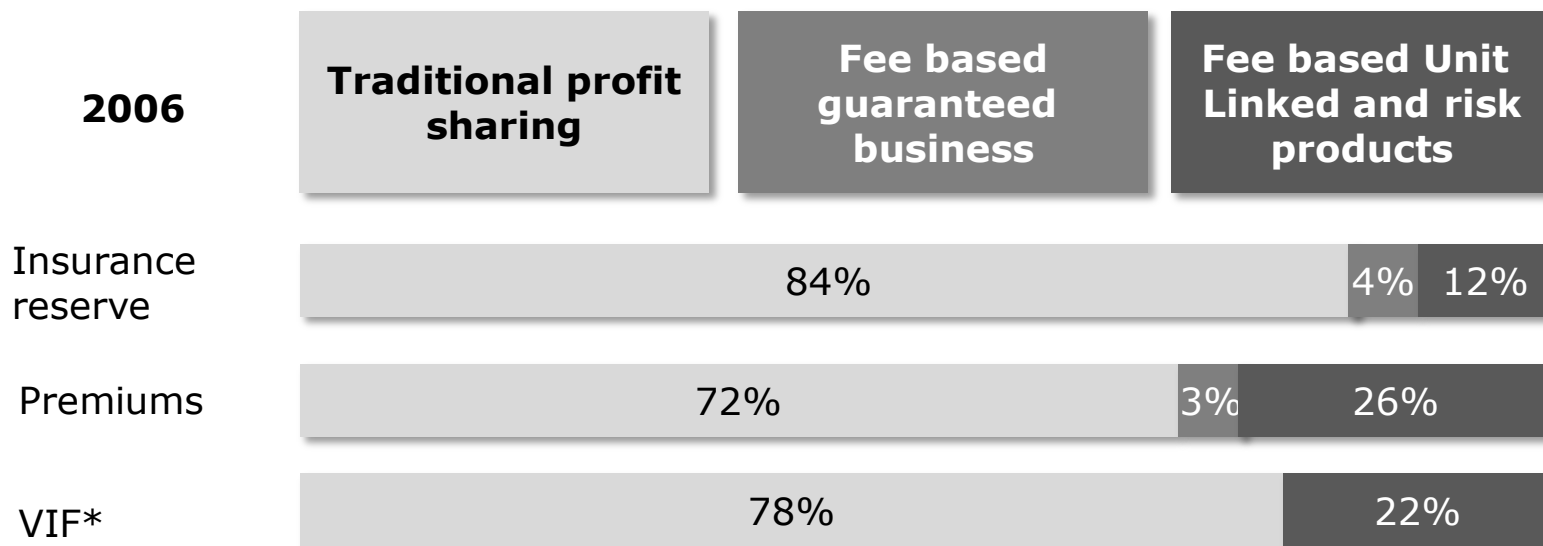


"Scandinavia is quietly emerging as Europe's own haven in the debt crisis. Underpinned by relatively strong public finances and a reasonable economic recovery, the Nordic region is outperforming its European neighbours" (Financial Times, June 2, 2010)"

# Three product categories

Traditional profit sharing	Fee based guaranteed business	Fee based Unit Linked and risk products
➤ Guarantees	➤ Guarantees	➤ No guarantees
➤ Capital intensive	➤ Medium Capital intensive	➤ Not capital intensive
➤ Earnings sensitivity to capital market development	➤ Earnings from administration, risk and fee for guarantee	➤ Earnings from administration and risk
➤ Centralised B2B market	➤ Centralised B2B market	➤ Individualised market

# Storebrand – from being a provider of traditional products in 2006...



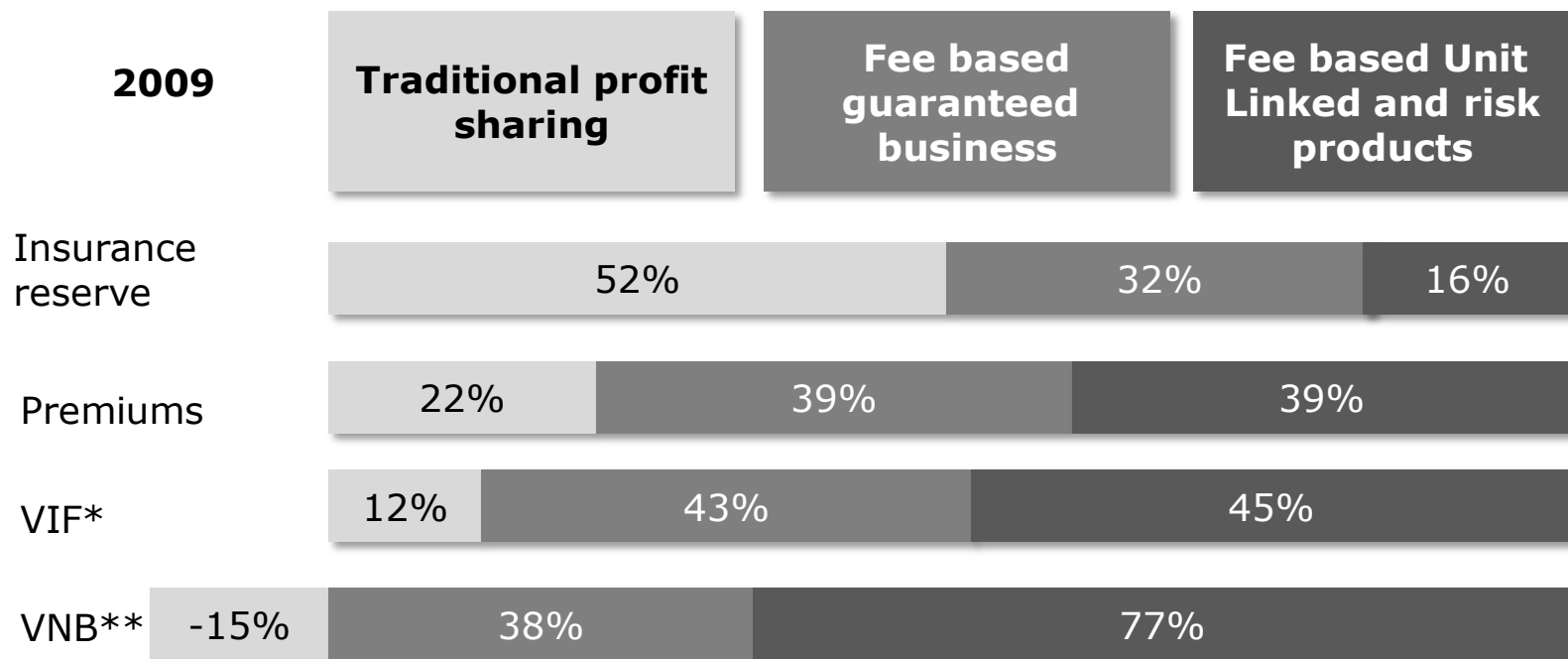
\*Value in Force

Premiums and reserves includes SPP figures from before acquisition in 2007 for comparison.

Data: 31.12.06



# ...actively growing the share of fee based and capital efficient products



Data: 31.12.09

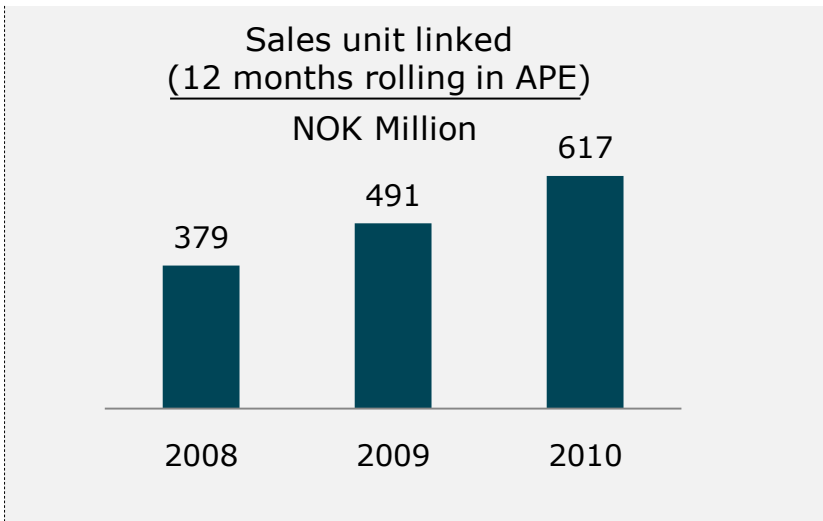
\*Value in Force

\*\*Value New Business

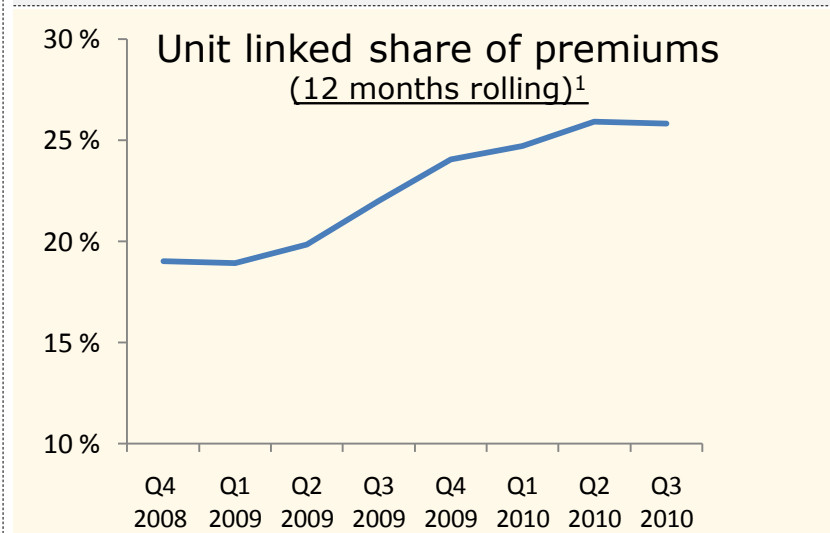
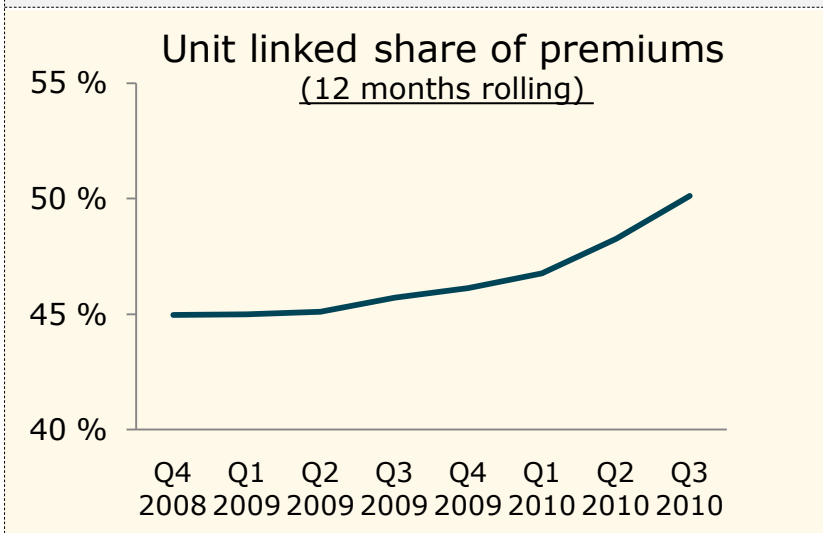
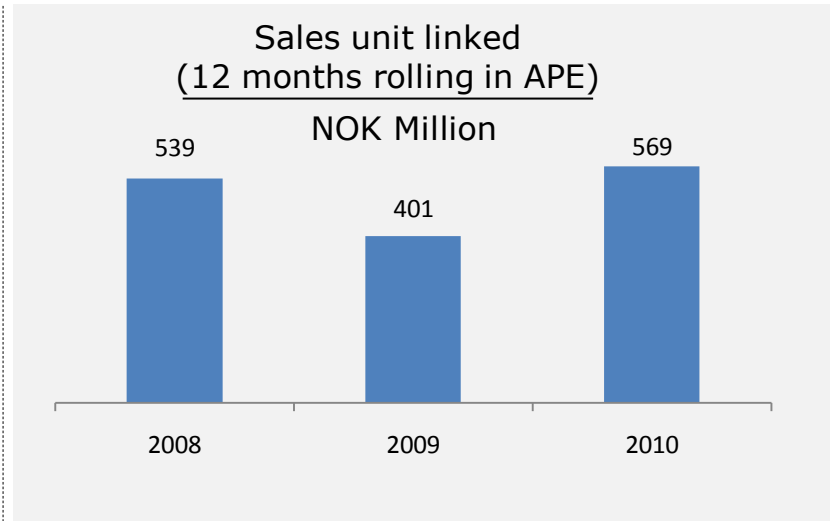


# Strong sales growth in capital light products

## SPP



## Storebrand



<sup>1</sup> Based on active corporate pensions schemes

# Agenda

1

High quality growth in Life and Pensions

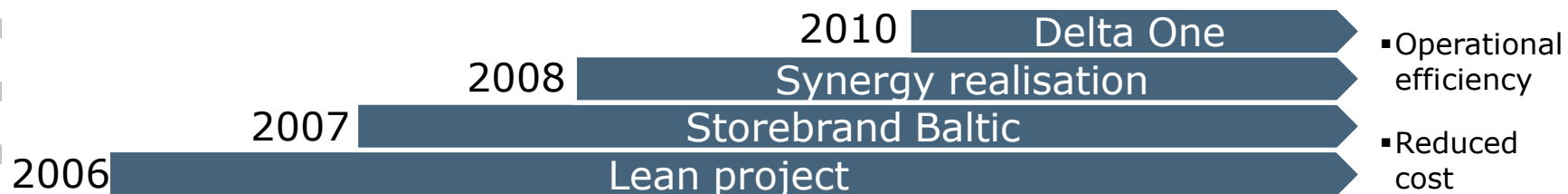
2

Operational excellence

3

Current themes: regulation and interest rates

# Consistent focus on operational improvements in all business areas



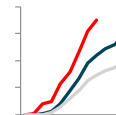
## Lean project

- Process methodology reduces lead time and improves efficiency
- 69 projects completed, 6 ongoing
- More than 450 man labour year released
- Still ongoing



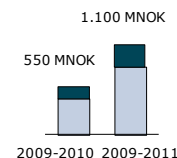
## Storebrand Baltic

- 100% Storebrand owned operational centre in Lithuania
- 94 man labour year
- Skilled workers and high productivity



## Synergy realisation

- Yearly synergies in excess of 400 mill NOK announced in SPP deal
- Yearly synergies in excess of 535 mill NOK achieved
- Cross border synergies



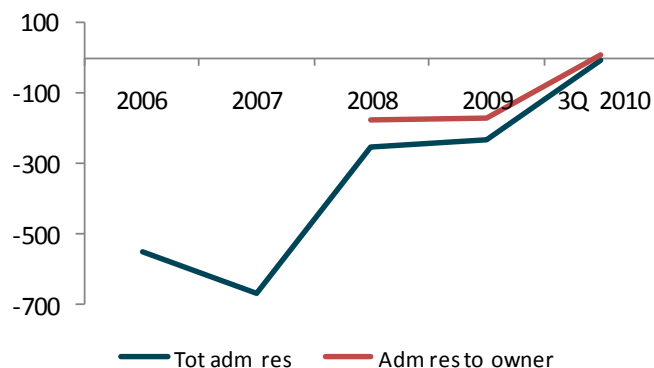
## Delta One

- Comprehensive programme introduced to further strengthen results<sup>1</sup>
- Comprises both cost and income measures
- Ongoing reporting
- Compensation model tied to programme performance

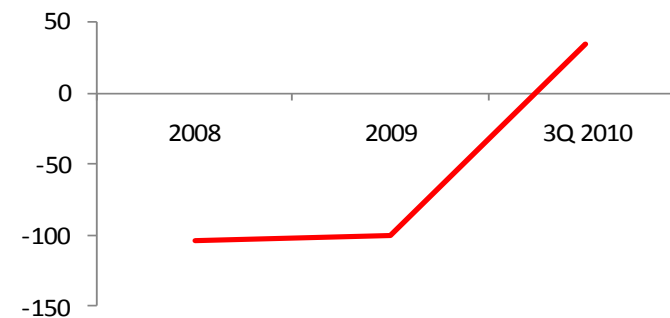
1. Result improvement, measured against 2009 levels, for the Norwegian and Swedish life business only includes the administration result (both customer and owner). Result improvements from profit sharing, price on interest rate guarantee, risk and return on shareholder's equity are measured separately.

# Bottom line effect from efficiency and cost programs

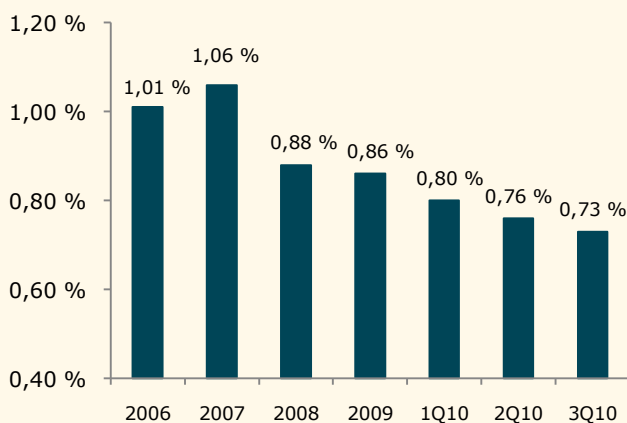
## Administration result Life and Pension Norway



## Administration result Life and Pension Sweden



## Costs/ Customer funds Storebrand



## Costs/ Customer funds SPP



# Delta One program ahead of plan

## Achieved cash improvement 3Q10<sup>1</sup>

MNOK 432



Realised

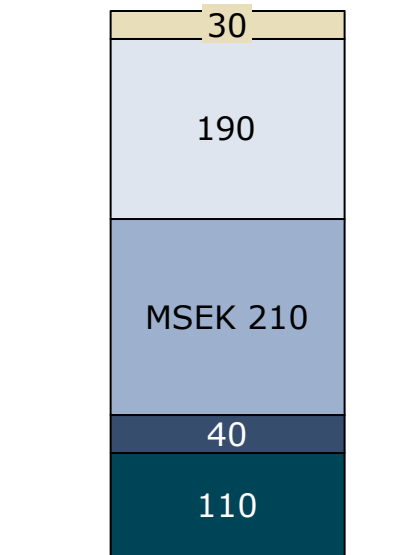
MNOK 371



Target

## Target cash improvements in 2010<sup>1</sup>

MNOK 550



2010

- Other
- Life and Pensions Norway
- Life and Pensions Sweden
- Asset Management
- Bank

<sup>1</sup>Result improvement, measured against 2009 levels, for the Norwegian and Swedish life business only includes the administration result. Total administration result is included for Life and Pensions Norway (both customer and owner). Result improvements from profit sharing, price on interest rate guarantee, risk and return on shareholder's equity are measured separately.

# Agenda

1

High quality growth in Life and Pensions

2

Operational excellence

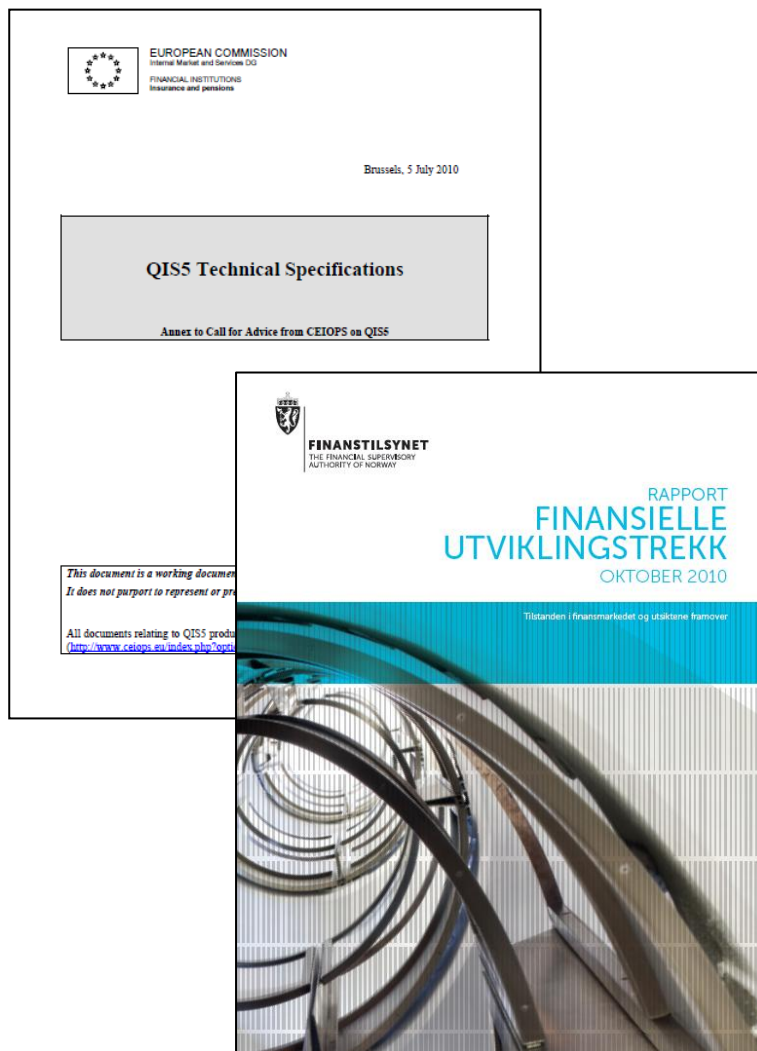
3

Current themes: regulation and interest rates



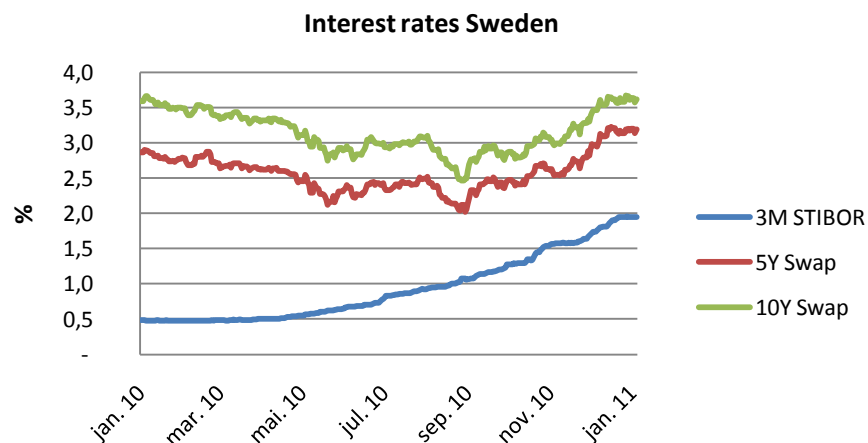
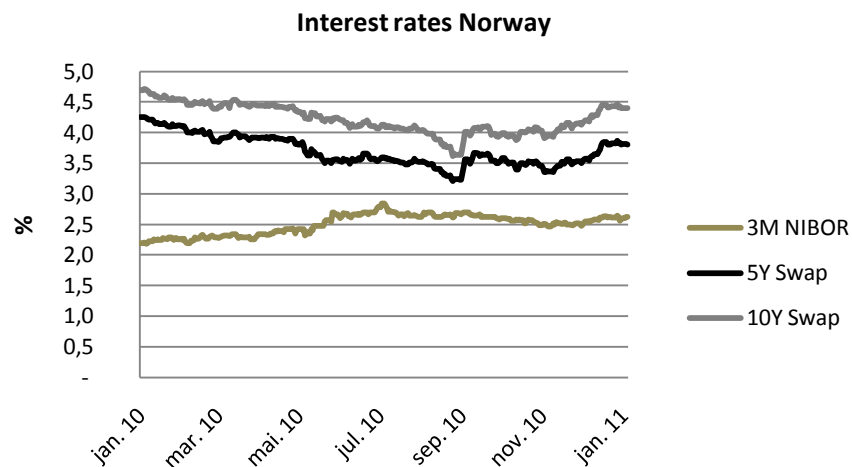
# Life and Pensions

## - new regulation and Solvency II



- Evaluating new regulation:
  - Increased flexibility and usability for buffer capital
  - Introduction of reversible customer allocations
- Capital requirements will depend on:
  - New regulation
  - Adjustments in asset allocation
- Value in Force to be included in available capital
- QIS5 will give further insight into the final stages of completing the Solvency II regulation and the process of adjusting Norwegian regulation

# Positive impact from increased interest rates



- Increases gap between interest rate guarantee and expected return
- Positive impact on EV
- Increased economic capital and thus solvency ratio
- Solid buffer capital offsets the short term effects

## Summary

- Consistent growth
- Increased quality of earnings
- Operational excellence – proven track record, more to come

*Storebrand shall be the leading and most respected institution in the Nordic market for long-term savings and insurance.*

