

Bank of America Merrill Lynch Banking & Insurance CEO Conference

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Storebrand Group

The Nordic region's leading life and pensions provider



Life and Pensions

NORWAY (Storebrand Life)

- Premiums for own account: 14 NOK bn.
- Customer reserves: 193 NOK bn.
- Market share *: ~30 %

SWEDEN (SPP)

- Premiums for own account: 7 NOK bn.
- Customer reserves: 123 NOK bn.
- Market share *: ~8 %

Storebrand Asset Management

- AuM: 409 NOK bn.

Storebrand Insurance

- Gross written premiums: 2 NOK bn.

Storebrand Bank

- Net lending: 33 NOK bn.

* Occupational pensions.

Market dynamics and strategic implications

Key market drivers

Clear strategic priorities 2011-2013



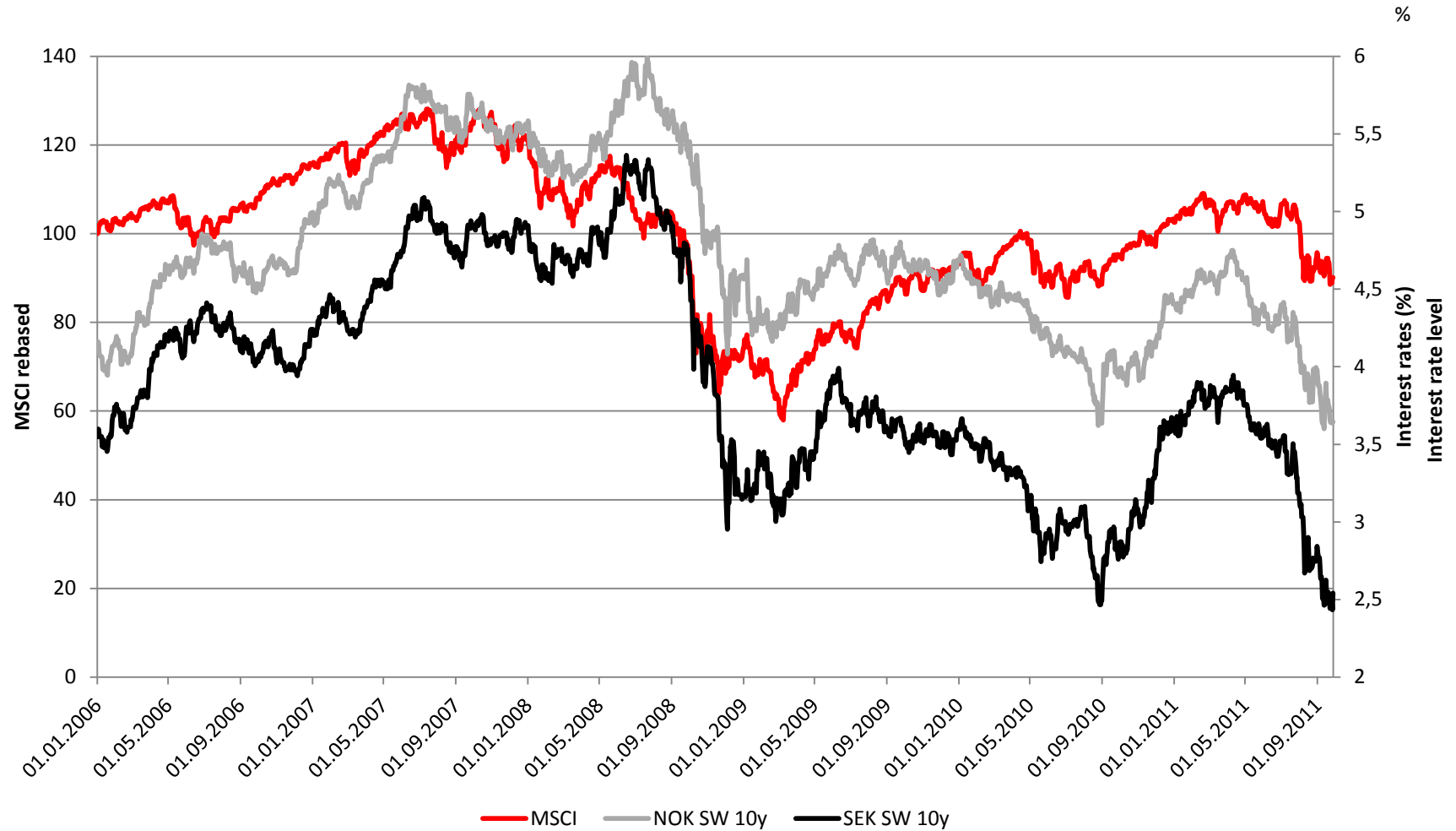
Cost leadership and operational excellence

Ambitious and integrated **retail strategy**

Develop position as Nordic region's **leading occupational pension provider**

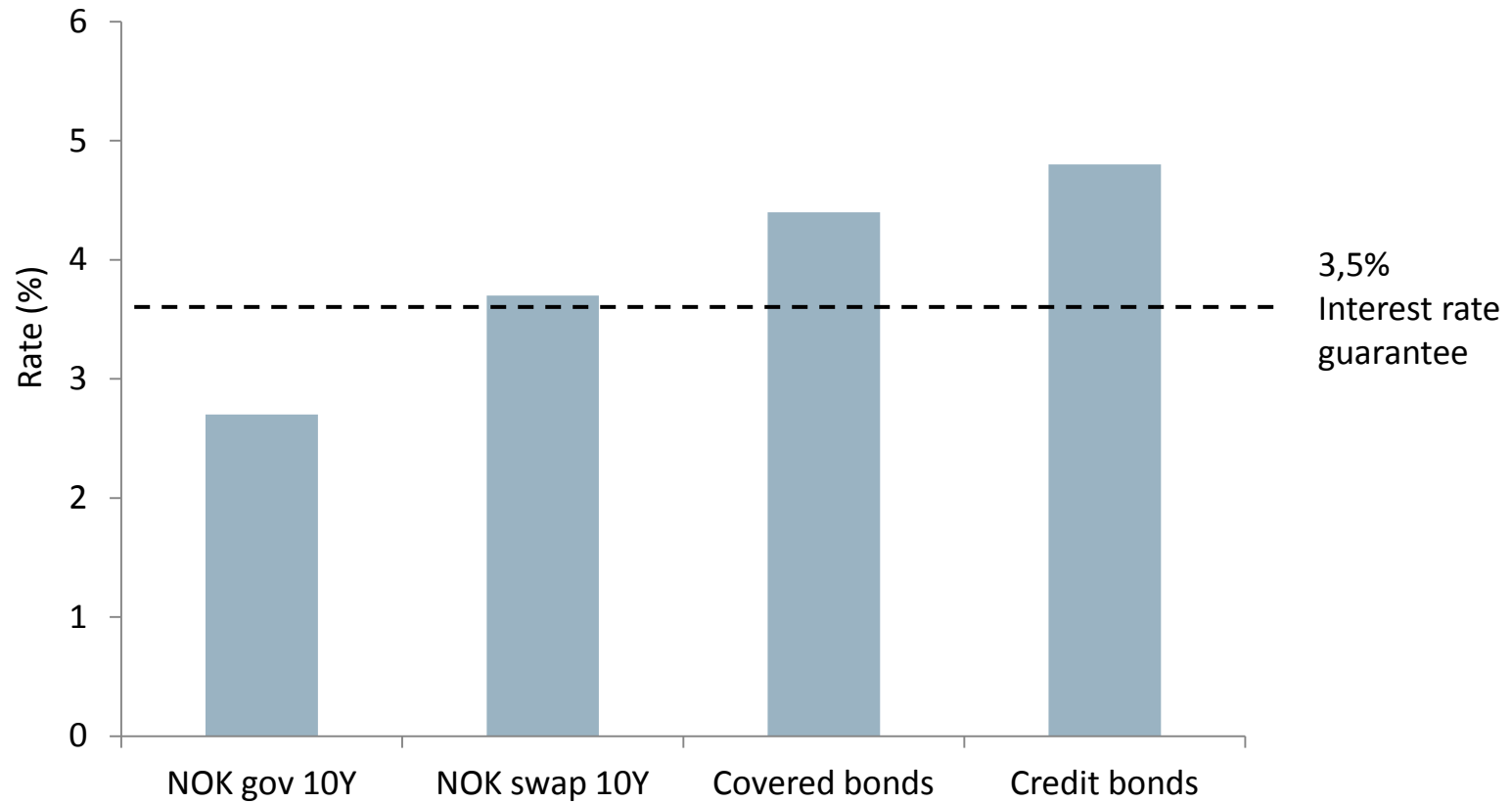
Profitability and capital efficiency

Market turmoil



Gov't rate fallen, reinvestment yield well above guarantee

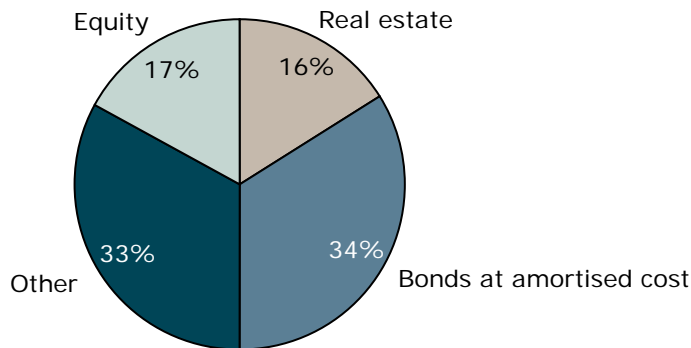
Illustrative



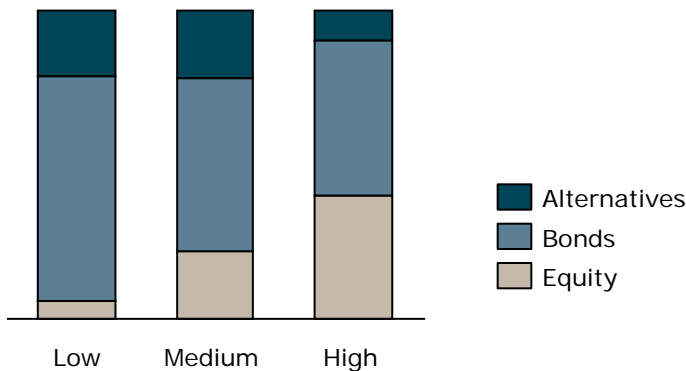
Lessons from the crisis

– focused risk management

Asset allocation guaranteed products Life and Pensions Norway



Example: paid-up policies



Norway

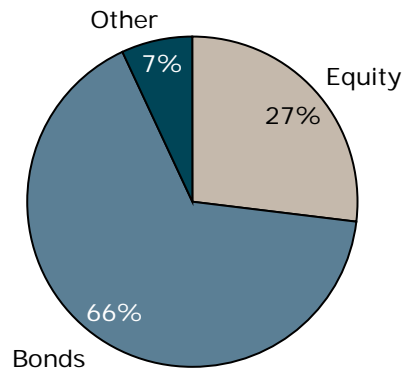


- Increased allocation to bonds at amortised cost
- Portfolio yielding above interest rate guarantee
- Creation of sub portfolios based on risk capacity, equity exposure according to buffer level
- Guaranteed business divided into 13 portfolios

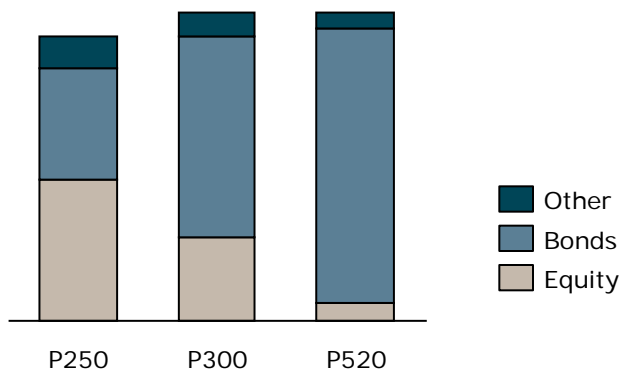
Lessons from the crisis

– focused risk management

Asset allocation guaranteed products Life and Pensions Sweden



Example: Defined Contribution

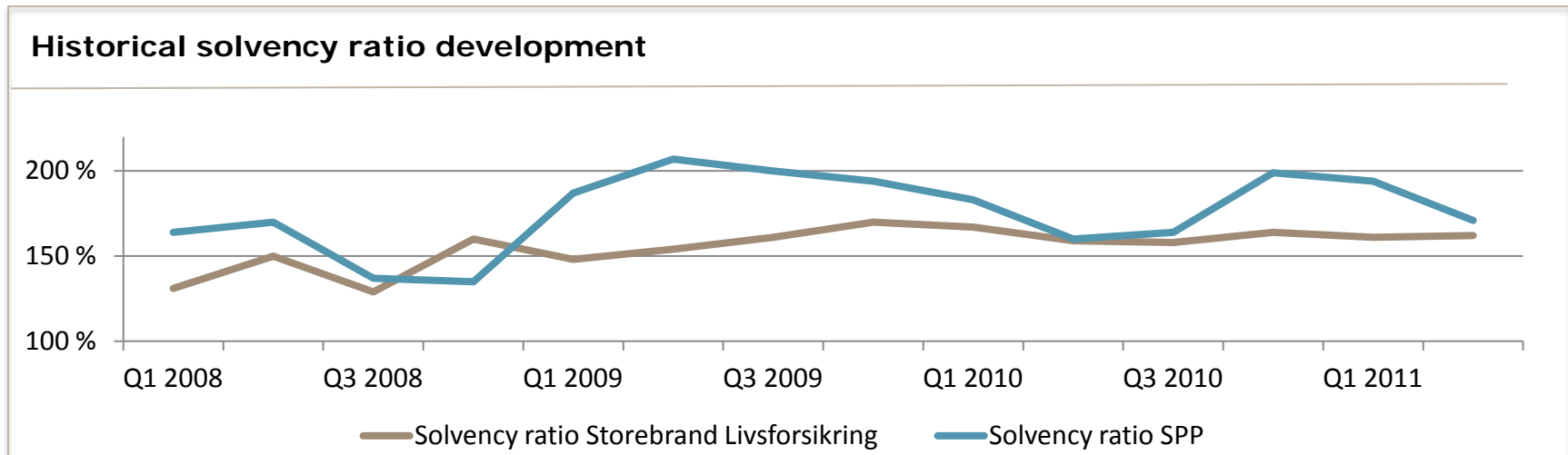
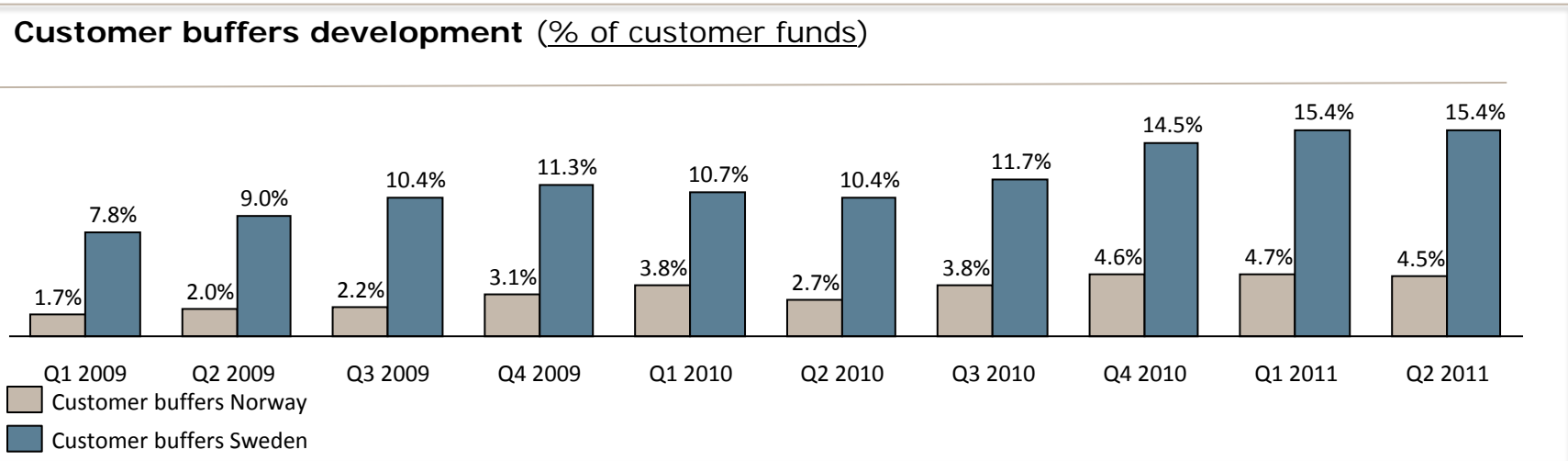


Sweden



- Assets and liabilities market to market
- Creation of sub portfolios based on risk capacity
- Duration matching of assets and liabilities
- Solvency capital and financial result discounted on different rates

Lessons from the crisis – building sound buffers



Lessons from the crisis

– building quality of earnings

| NOK mill. | Full year | | 01.01. - 30.06 | |
|---|--------------|--------------|----------------|------------|
| | 2010 | 2009 | 2011 | 2010 |
| Fee and administration income | 3,861 | 3,438 | 2,033 | 1,862 |
| Operational cost | -2,751 | -2,891 | -1,441 | -1,355 |
| Fee and administration result | 1,110 | 547 | 592 | 508 |
| Risk and insurance | 596 | 466 | 252 | 308 |
| Holding company and company portfolios | -249 | -129 | -80 | -145 |
| Result before profit sharing and loan losses | 1,450 | 883 | 764 | 671 |
| Net profit sharing and loan losses | 158 | 362 | 292 | -436 |
| Group profit | 1,608 | 1,245 | 1,056 | 235 |

High quality earnings

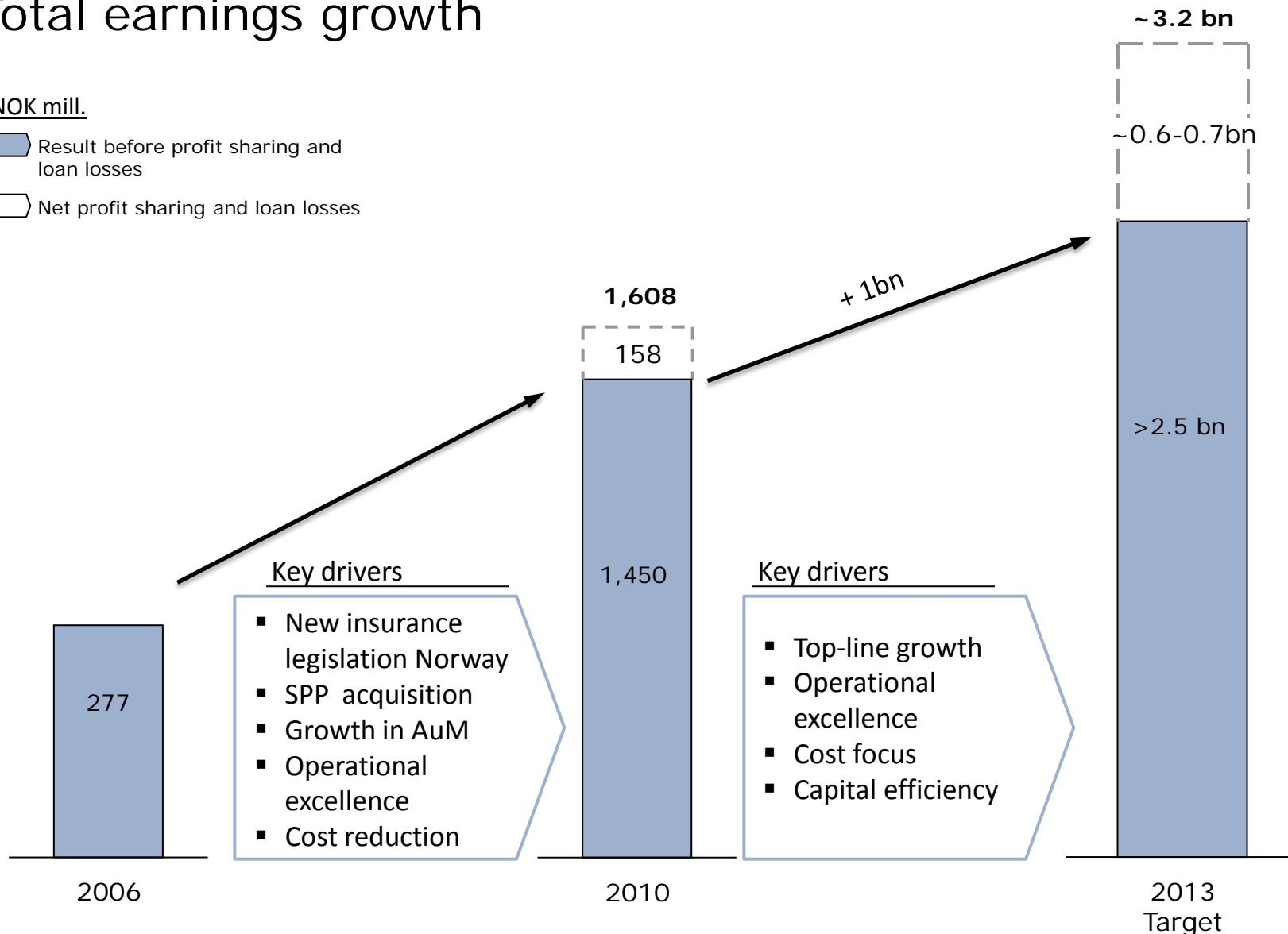
Profit sharing and loan losses

Total earnings growth


NOK mill.

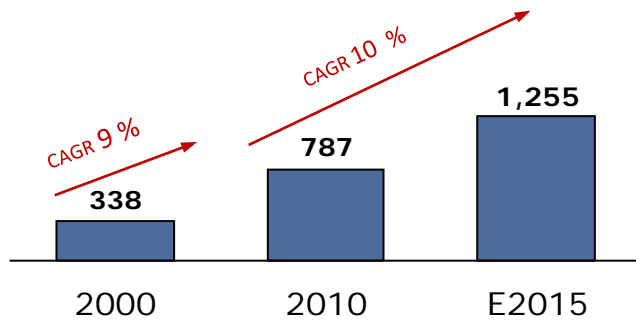
Result before profit sharing and loan losses


Net profit sharing and loan losses

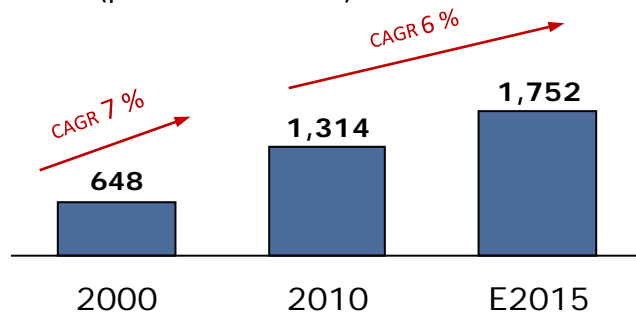


Driven by significant growth in key markets

 Projected growth in **occupational pensions**
NOK bn (premium reserves)

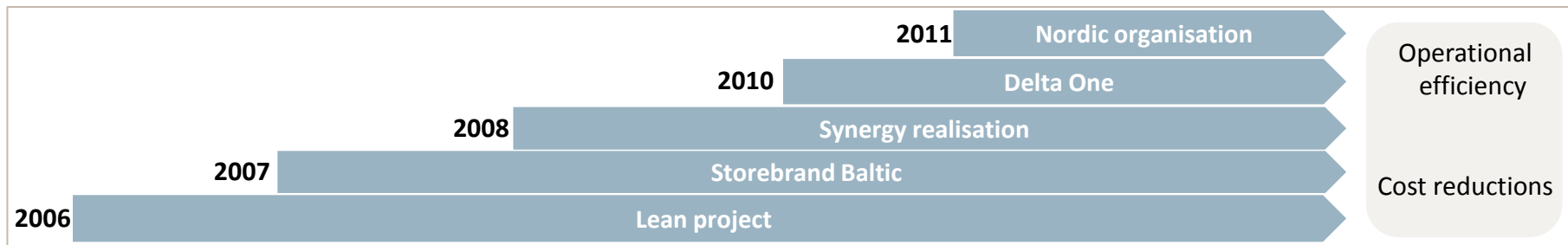


 Projected growth in **occupational pensions**
NOK bn (premium reserves)



- Macro environment
- Financial return
- Demographics
- Regulations

Achieving operational excellence through multiple initiatives



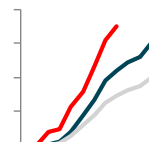
Lean project

- Process methodology reduces lead time and improves efficiency
- **>80 projects** completed
- More than **520 full time equivalents** released



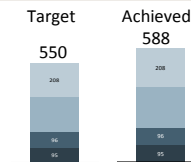
Storebrand Baltic

- 100% Storebrand owned operational centre in Lithuania
- **129 full time equivalents**
- 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 results¹
- **MNOK 588 in operational improvements** in 2010.
- Comprises both cost and income measures



Nordic organisation

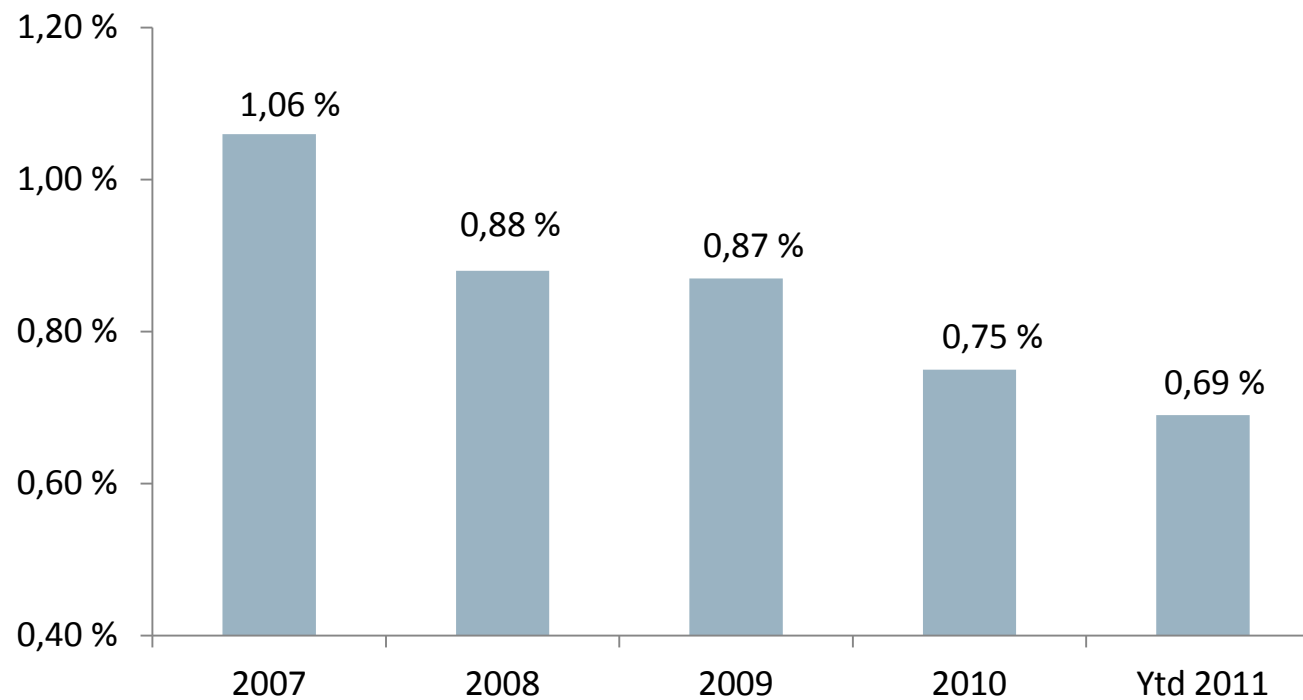
- Integrated customer processes
- Nordic balance sheet management
- Nordic product development within DC and UL
- Reduction in staff functions

¹ Result improvement, measured against 2009 levels, for the Norwegian and Swedish life business only includes the administration result (both customer and owner).

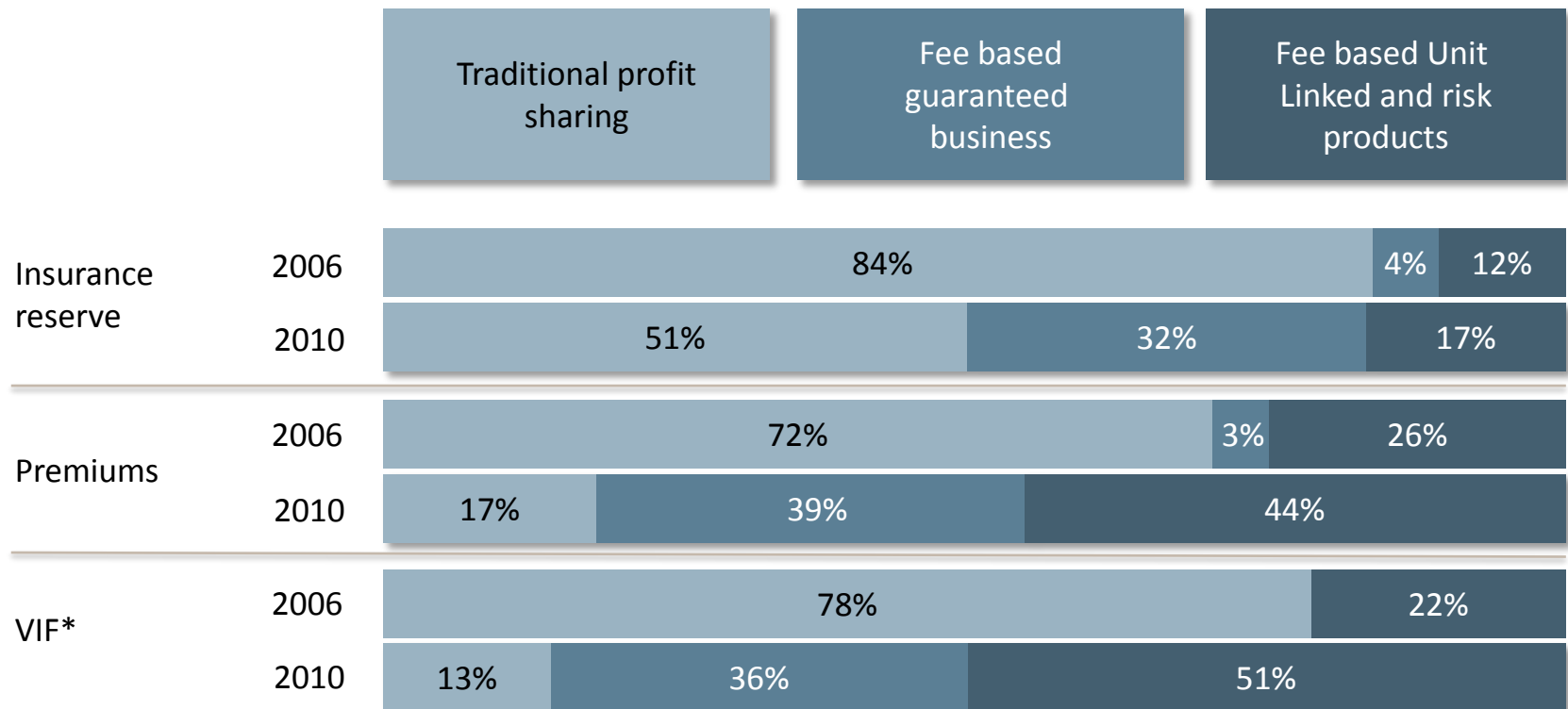
Storebrand Life Insurance

- strong relative cost position

Cost / customer funds



Shift to capital light products continues



*Value of in-force

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

Summary

- Risk management system working according to plan
- Still comparatively strong Nordic macro environment
- Additional cost measures will be implemented
- Transfer to non guaranteed business model continues

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

