



# Storebrand

Result Q2 2010  
15 July 2010

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Odd Arild Grefstad - CFO

# Highlights Q2 2010

## RESULT

- Group result of NOK -39 mill in Q2, 239 mill YTD
- Falling equity markets and reservation for longevity gives negative result effects
- Good risk and administration results

## OPERATIONS

- Operational improvement programme ahead of schedule
- Reduced costs
- Competitive returns

## BALANCE

- Credit facility of EUR 210 mill established
- Solvency margin of 163% in Life Group

# Storebrand Group

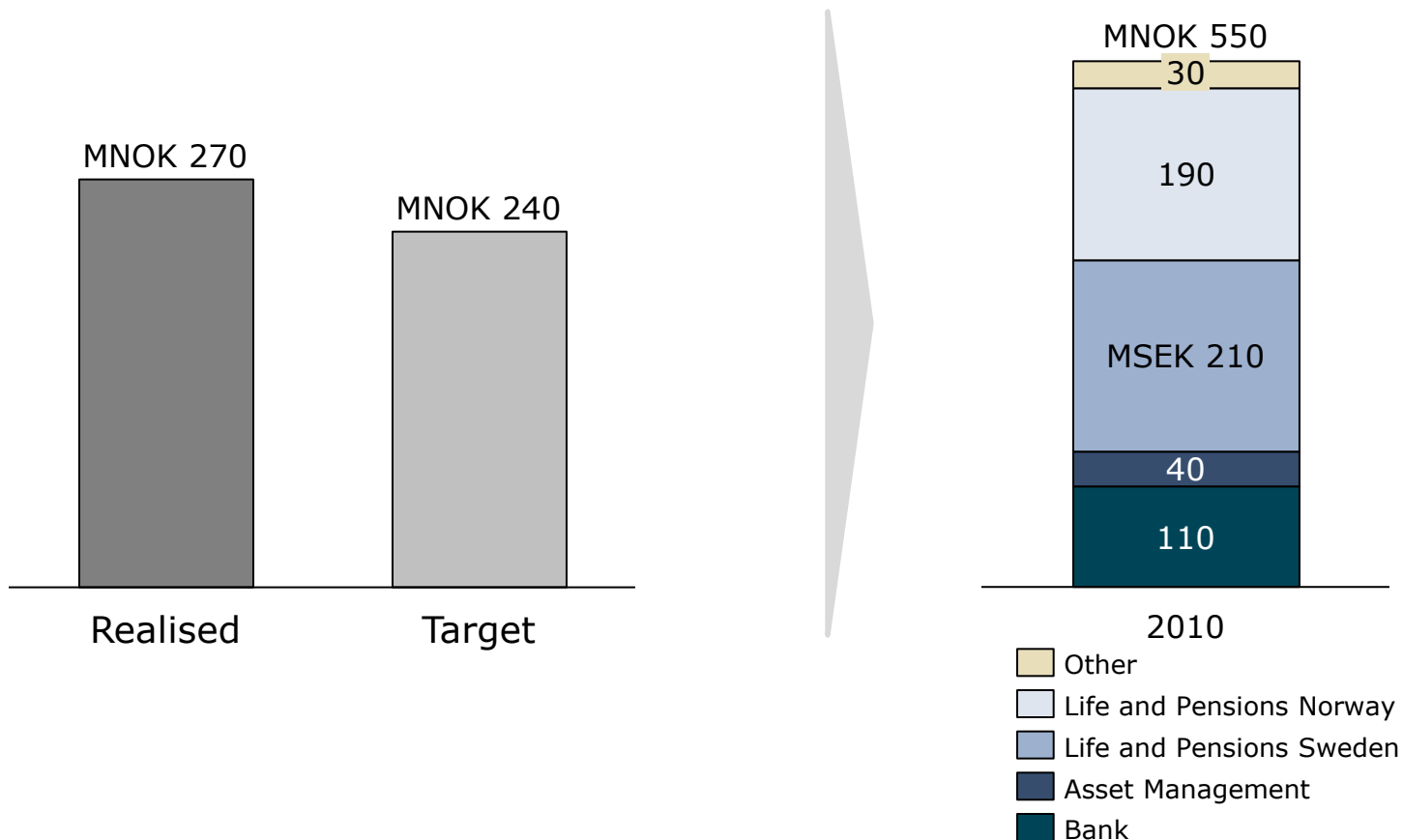
NOK mill.	Q2		01.01. - 30.06		Full year
	2010	2009	2010	2009	2009
Life and Pensions Norway	92	286	259	158	759
Life and Pensions Sweden (SPP)	-168	216	-55	-304	487
Asset management	42	33	96	65	240
Storebrand Bank	35	6	63	15	63
P&C and health insurance	15	3	-11	-20	-18
Storebrand ASA / other	-54	-40	-114	-142	-255
<b>Group Profit</b>	<b>-39</b>	<b>505</b>	<b>239</b>	<b>-228</b>	<b>1.276</b>
Amortisation and write-downs of intangible assets	-96	-92	-189	-187	-390
Pre-tax profit	-135	413	50	-415	887

# Delta One

- operational improvements in all business areas

Achieved improvement 1H 2010<sup>1</sup>

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



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.

# Life and Pensions Norway

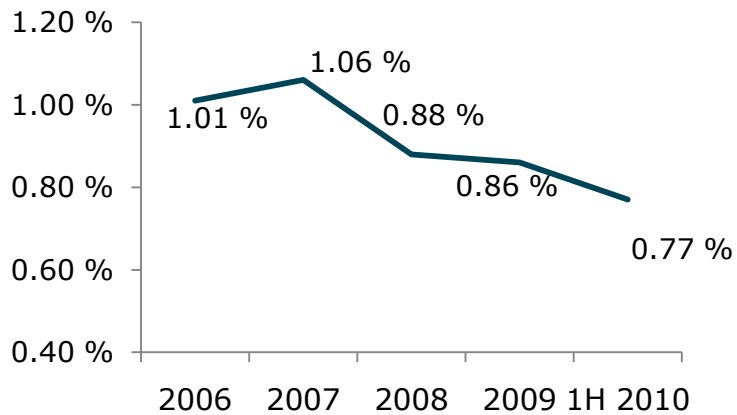
- strong improvement in the administration results

NOK mill.	Q2		01.01. - 30.06		Full year
	2010	2009	2010	2009	2009
Administration result	13	-64	-7	-112	-169
Risk result	95	3	146	117	229
Finance result*	-146	240	-133	-70	201
Profit from risk and interest rate guarantee	138	118	276	236	478
Other	-9	-11	-23	-13	20
<b>Profit for Norwegian life insurance</b>	<b>92</b>	<b>286</b>	<b>259</b>	<b>158</b>	<b>759</b>

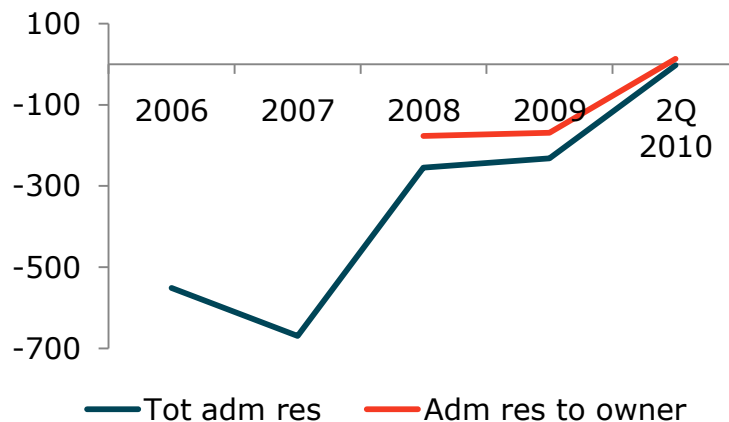
- Turbulent financial markets
- Positive administration results
- Good risk results
- Longevity reservations

# Life and Pensions Norway - good cost development

### Cost / customer funds



### Administration result

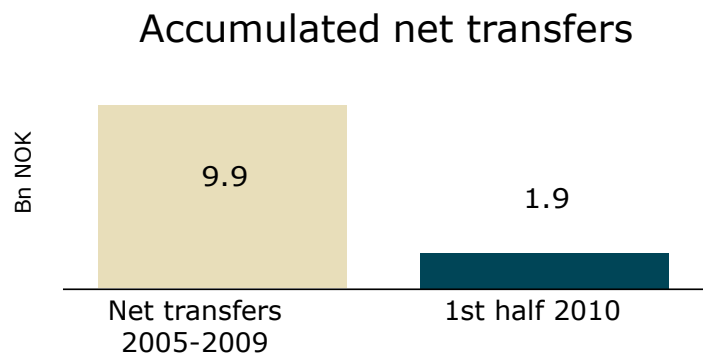


# Life and Pensions Norway

- good market activity and positive transfer balance



- Strategically important contract renewed to 2016
- Framework agreement includes all 20 000 member companies in NHO<sup>1</sup>
- 3 000 companies with 70 000 employees has today their pension contract with Storebrand
- Companies within the NHO contract has the market's most satisfied DC customers
- Net transfer balance: 305 mill in Q2, 1 948 mill in 1H



<sup>1</sup> NHO - Confederation of Norwegian Enterprise

# Life and Pensions Sweden (SPP)

- financial turbulence leads to weak finance result

NOK mill.	Q2		01.01. - 30.06		Full year
	2010	2009	2010	2009	2009
Administration result	27	-39	35	-60	-101
Risk result	74	86	154	111	253
Finance result	-268	166	-253	-357	260
Other	-2	4	9	3	74
<b>Profit for Swedish life insurance</b>	<b>-168</b>	<b>216</b>	<b>-55</b>	<b>-304</b>	<b>487</b>

- Strong improvements in administration results
- Low sick leaves in Sweden leads to strong risk results
- Increased customer funds

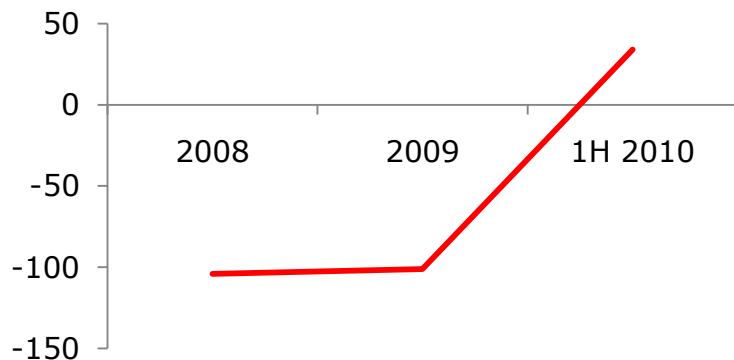
<sup>1</sup> In the active portfolio (P250), 2.9 % for total DC products



# Life and Pensions Sweden (SPP)

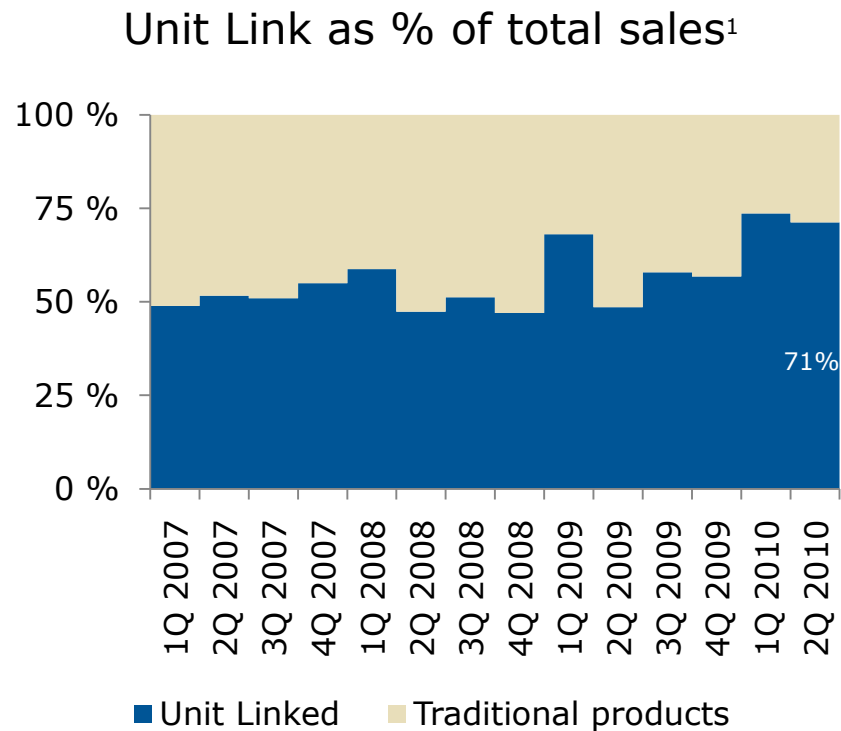
- strong development in administration results

Administration results



- Targeted administration result of SEK 300 mill in 2011
- Measures implemented to increase revenues and reduce costs
- Costs in % of customer funds at 0.73% 1H 2010

# Life and Pensions Sweden (SPP) - good sales of Unit Linked



- 61% increase in sales of Unit Linked Q2 2010 compared to Q2 2009
- 13% increase in premiums from UL 1H 2010
- 55% of all premiums are within Unit Link

<sup>1</sup> Sales measured in APE

# Asset management

- good growth and high quality of earnings

NOK mill.	Q2		01.01. - 30.06		Full year
	2010	2009	2010	2009	2009
Total income *	108	99	220	199	586
Total costs	-95	-85	-181	-169	-429
Net financial/other	28	19	57	35	83
<b>Result asset management</b>	<b>42</b>	<b>33</b>	<b>96</b>	<b>65</b>	<b>240</b>

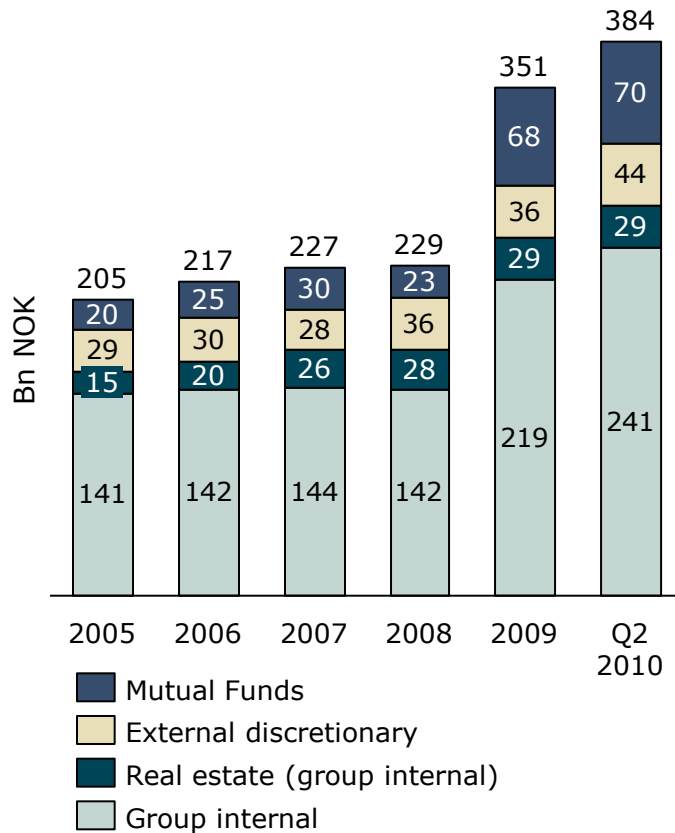
- Strong revenue increase
- Good cost control
- Turbulent financial markets

\* Not including performance related fees, which are fully booked in Q4

# Asset management

- several external discretionary mandates won

## Asset under management



- AuM increased with 6 bn in weak financial markets in Q2
- New sales to institutional clients of 4.4 bn in AuM
- Net subscriptions in mutual funds<sup>1</sup>:
  - SPP Funds: 1.1 bn
  - STB Funds: 0.8 bn

<sup>1</sup> 1H 2010

# Storebrand Bank

## - improved results and solid balance sheet

NOK mill.	Q2		01.01. - 30.06		Full year
	2010	2009	2010	2009	2009
Net interest income	125	93	231	214	423
Net fee and commission income	18	17	35	37	76
Other income	13	32	33	51	148
Total income	156	142	299	302	647
Operating expenses	-110	-117	-224	-239	-504
Profit before loss	45	25	75	63	144
Loan loss provisions	-10	-19	-11	-47	-81
<b>Profit from banking activities</b>	<b>35</b>	<b>6</b>	<b>63</b>	<b>15</b>	<b>63</b>

- Cyclical conditions
  - Low losses
  - Decrease in non-performing loans
  
- Announced initiatives give effect:
  - Reduced costs
  - Increased net interest income
  
- One-off effect from the liquidity portfolio and redemption of euro bond
  - 7.5 mill positive impact on net interest income
  - 22.5 mill negative impact on other income

# Storebrand P&C

## - good growth and strengthened result

NOK mill.	Q2 2010		01.01. - 30.06		Full year
	2010	2009	2010	2009	2009
Premiums earned, net <sup>1</sup>	96	65	183	122	278
Claims incurred, net	-69	-54	-173	-104	-230
Operation costs excl amortization	-23	-20	-43	-43	-94
Investment result	4	-1	5	0	2
Operational result before amortization	8	-11	-28	-26	-44
Oslo RE (run off)	3	13	8	13	25
Changes in security reserves	-1	-1	-3	-3	-4
Storebrand Health	5	2	12	-4	6
<b>Result Storebrand P&amp;C and Health insurance</b>	<b>15</b>	<b>3</b>	<b>-11</b>	<b>-20</b>	<b>-18</b>



















<sup>1</sup> For own account

- Stable and satisfactory growth
- Claims ratio 72% in Q2
- Combined ratio 98% in Q2
- Costs development according to plan
- Increased efficiency and strengthened operational result in the health insurance division (Storebrand Health)







# Storebrand

- increased focus on direct distribution

## Insurance– all products available on the web

 Bil	 Reise	 Moped
 Hus	 Båt	 Tilhenger
 Innbo	 Campingvogn	 Motosykkel
 Hytte	 Hund og Katt	 Verdisak
 Uføre	 Kritisk sykdom	 Ulykke
 Barn	 Dødsfallskapital	 Kreft

## Savings– all products available on the web

 Storebrand fond	 Pensjonsfond
 Delphi fond	 Pensjonssparing med skattefordel (IPS)
 Fondssparing til barn	 Fripoliser

- Increase in e-commerce, also in financial services
- Sole provider of online sale and service solutions for all insurance and savings products
- New solutions for mobile units/smart phones
- 80% of P&C insurance sale through direct channels

# Life and Pensions Norway

- reservation for longevity affects the results

NOK mill.	Group defined benefit *	Defined contribution and unit linked*	Risk products	Individual and paid-up policies**	Company portfolio	Q2	01.01. - 30.06
Administration result	2	14	-14	11		13	-7
Risk result	41	46	14	-6		95	146
Finance result <sup>1</sup>	-7	7	22	-143	-26	-146	-133
Profit from risk and interest rate guarantees	136	3				138	276
Other	-14		10		-6	-9	-23
<b>Profit for Norwegian life insurance</b>	<b>158</b>	<b>70</b>	<b>33</b>	<b>-138</b>	<b>-32</b>	<b>92</b>	<b>259</b>
<sup>1</sup> ) Interest result and profit sharing							
Invested assets (NOK billion)	83	17	3	81	9	193	193
Change in invested assets (NOK billion)	0	-1	0	0	0	-1	7

\* Fee based

\*\* Profit sharing

- Return<sup>1</sup> 2Q: -0.2% value adjusted, 0.6% booked
- Return<sup>1</sup> 1H : 1.6% value adjusted, 1.6% booked

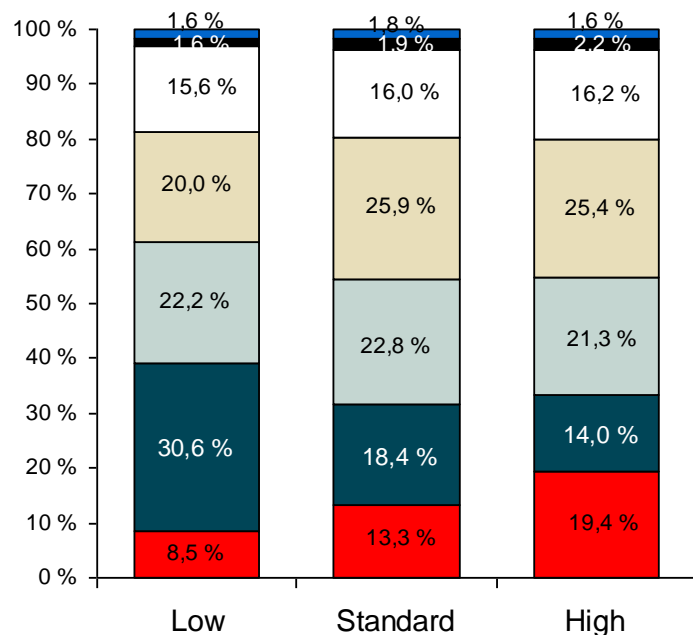
<sup>1</sup> All portfolios with interest rate guarantees, average return



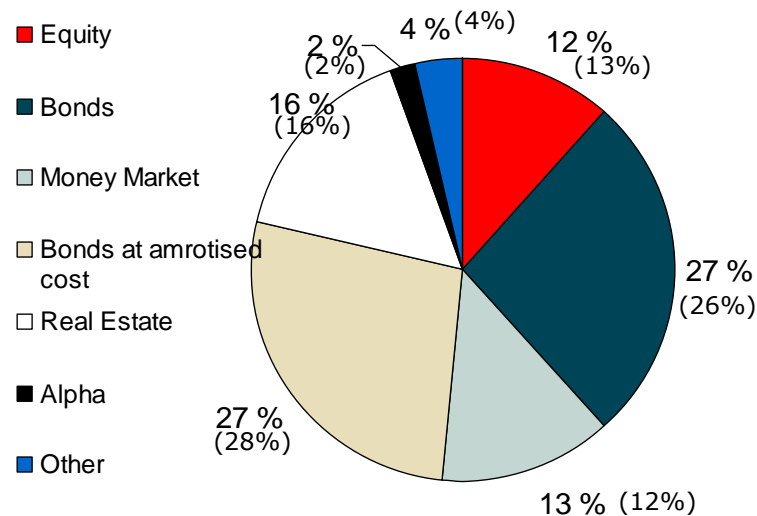
# Life and Pensions Norway

## - risk adjusted asset allocation

Allocation - defined benefit standard portfolios

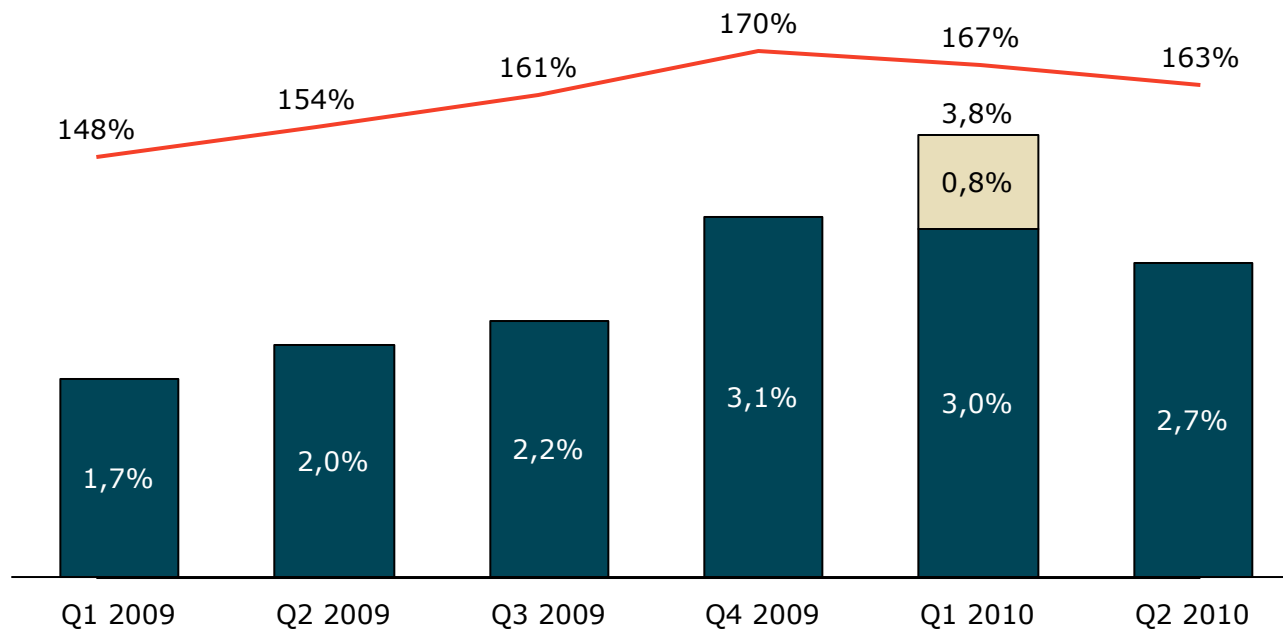


Allocation - all portfolios with interest rate guarantee



(Numbers in brackets - Q1 2010)

# Life and Pensions Norway - use of customer buffers



- Marked Value Adjustment Reserve in % of customer funds \*
- Additional Statutory Reserves in % of customer funds \*
- Solvency Margin Storebrand Life Group

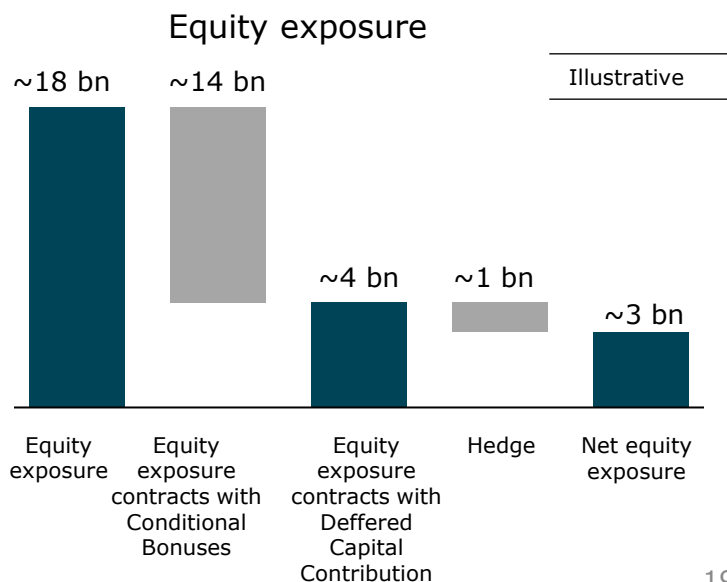
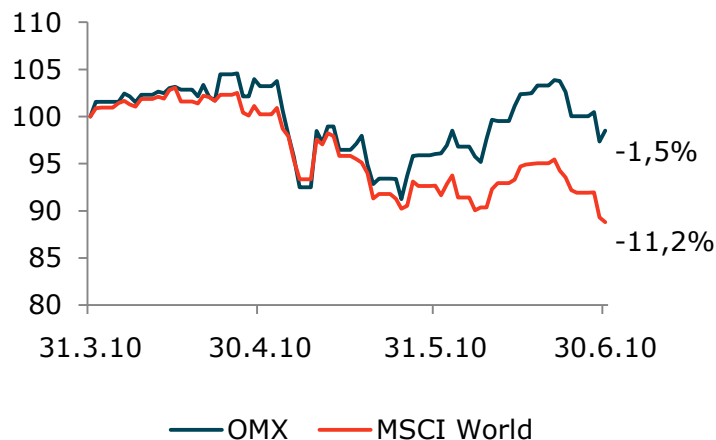
**➔ 1.4 bn unrealised gains in loans and receivables**

\* customer funds with guarantees

# Life and Pension Sweden(SPP)

## - active risk management

Development equity markets

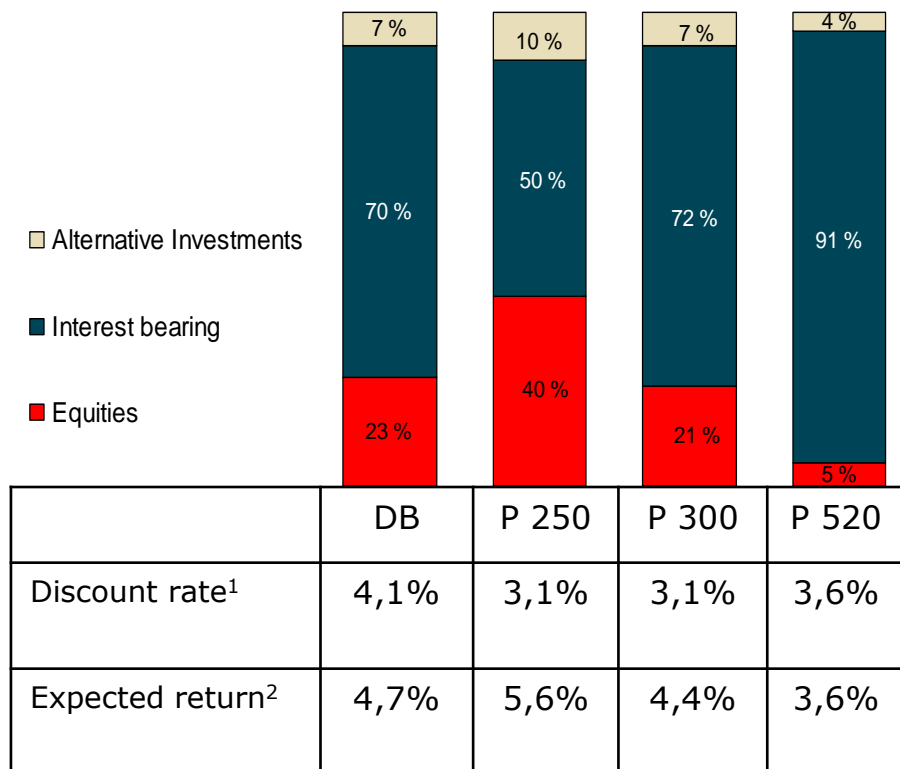


- Financial markets
  - Increased swap and credit spreads
  - Reduced interest rate level
  - Volatile and weak equity markets
  
- Balance sheet effects
  - Increased liabilities
  - 1 billion reduction in client buffers
  
- Result effect
  - Net effect equity exposure (NOK ~200 mill)
  - Net effect reduced interest rates (NOK ~65 mill)

# Life and Pension Sweden(SPP)

## - reduced risk exposure

Asset allocation by sub portfolio



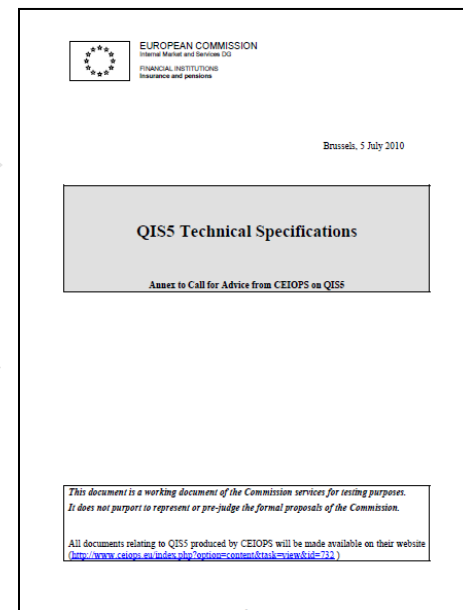
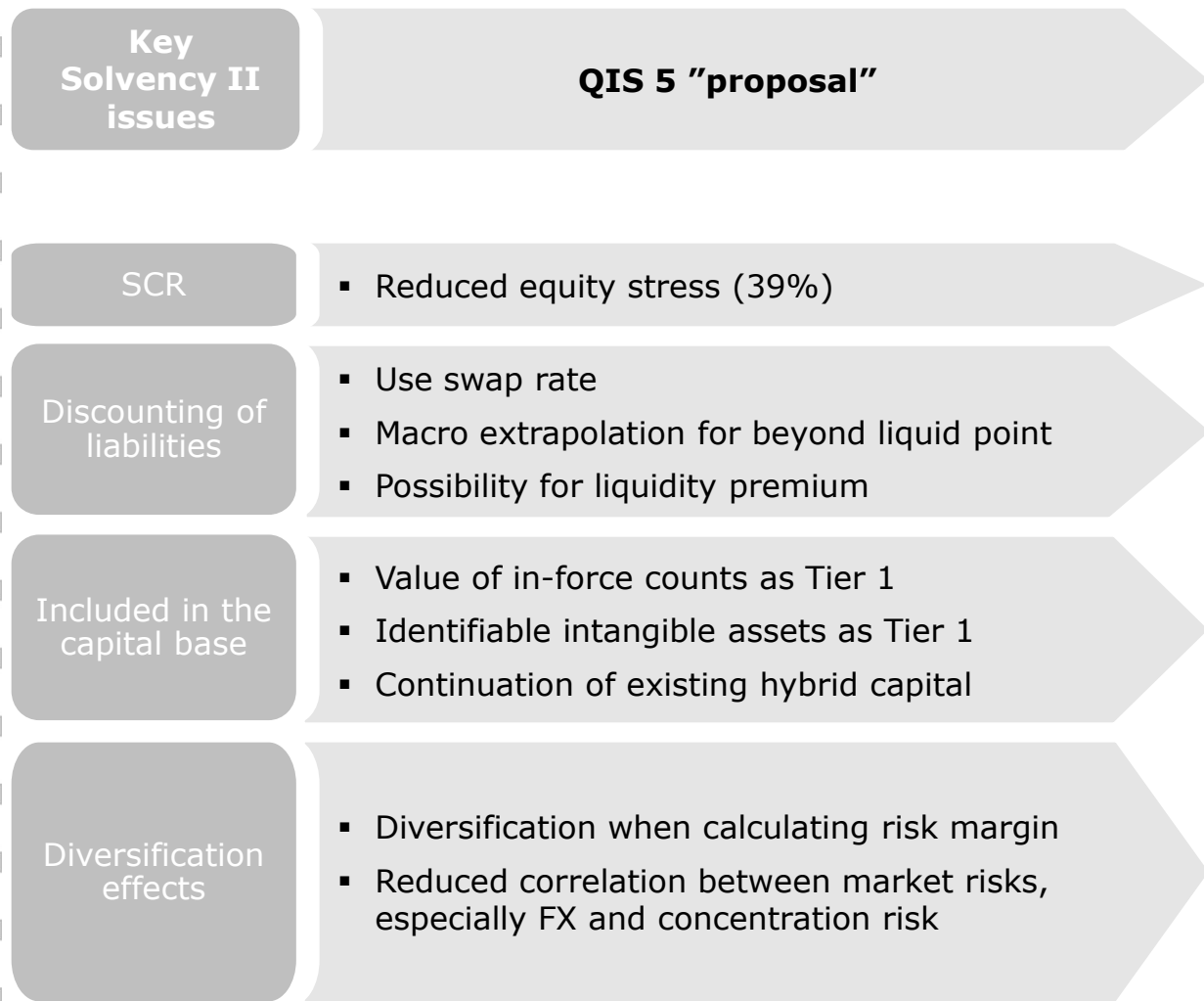
- Reduced equity exposure
  - DB reduced by 5%
  - P250 reduced by 6 %
  - P300 reduced by 4 %
  - P520 reduced by 2%
  
- Return 1H:
  - DB: 3.3%
  - P250: 1.6%
  - P300: 2.8%
  - P520: 5.0%

<sup>1</sup> Next 12 months given interest rates as of 30.06.2010

<sup>2</sup> Next 12 months given current asset allocation

# Solvency II

## - notable changes in the QIS 5 framework



# Summary

- Challenging financial markets
- Operational improvement programme ahead of schedule
- Strong administration results
- Positive net transfers
- Solid balance sheet and active risk management

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

