

# Storebrand

Result Q2 2011

14 July 2011

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# Highlights Q2 2011

## RESULT

- Group result of NOK 542 mill in Q2, 1 056 mill YTD
- Improved returns and profit sharing in SPP
- Insurance with strong result of 75 mill in Q2 and 108 mill YTD

## OPERATIONS

- Improved fee and administration results
- Growth in non guaranteed business

## BALANCE SHEET

- Life group solvency ratio: 162%
- Market turmoil slows growth pace of AuM
- Customer buffers intact

# Storebrand Group

NOK mill.	Q2		01.01. - 30.06		Full year
	2011	2010	2011	2010	2010
Storebrand Life Insurance	149	59	289	212	730
SPP	278	-168	560	-55	464
Asset management	53	42	130	96	333
Bank	59	35	108	63	158
Insurance	75	47	108	32	155
Storebrand ASA / other	-73	-54	-138	-114	-231
<b>Group Profit</b>	<b>542</b>	<b>-39</b>	<b>1 056</b>	<b>235</b>	<b>1 608</b>
Amortisation and write-downs of intangible assets	-108	-96	-208	-189	-390
Pre-tax profit	434	-135	848	46	1 217

# Storebrand Life Insurance

## - good returns in turbulent financial markets

NOK mill.	Q2		01.01. - 30.06		Full year
	2011	2010	2011	2010	2010
Administration result	23	25	30	16	58
Risk result	26	81	24	121	131
Finance result*	-28	-166	-25	-172	26
Profit from risk and interest rate guarantee	130	138	265	276	557
Other	-1	-19	-6	-29	-43
<b>Profit for Storebrand life insurance</b>	<b>149</b>	<b>59</b>	<b>289</b>	<b>212</b>	<b>730</b>

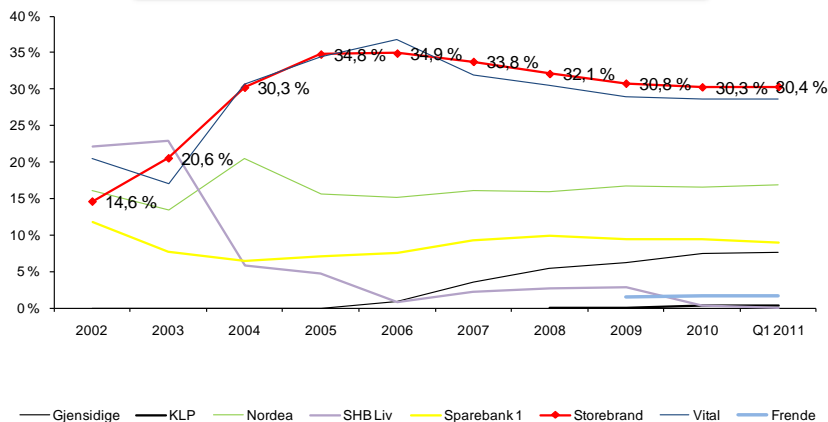
- Stable operations
- Risk result development according to plan
- Longevity reserves strengthen by 154 mill YTD – on plan
- Market leader in occupational pensions to the private sector

\* Includes profit sharing/insufficient ASR and return in company portfolio.

# Storebrand Life Insurance

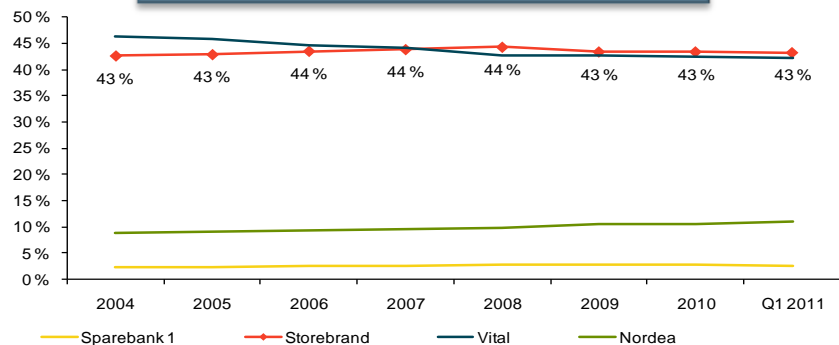
- market leader in occupational pensions

Market share DC Reserves



DC reserve growth 32%

Market share DB Reserves



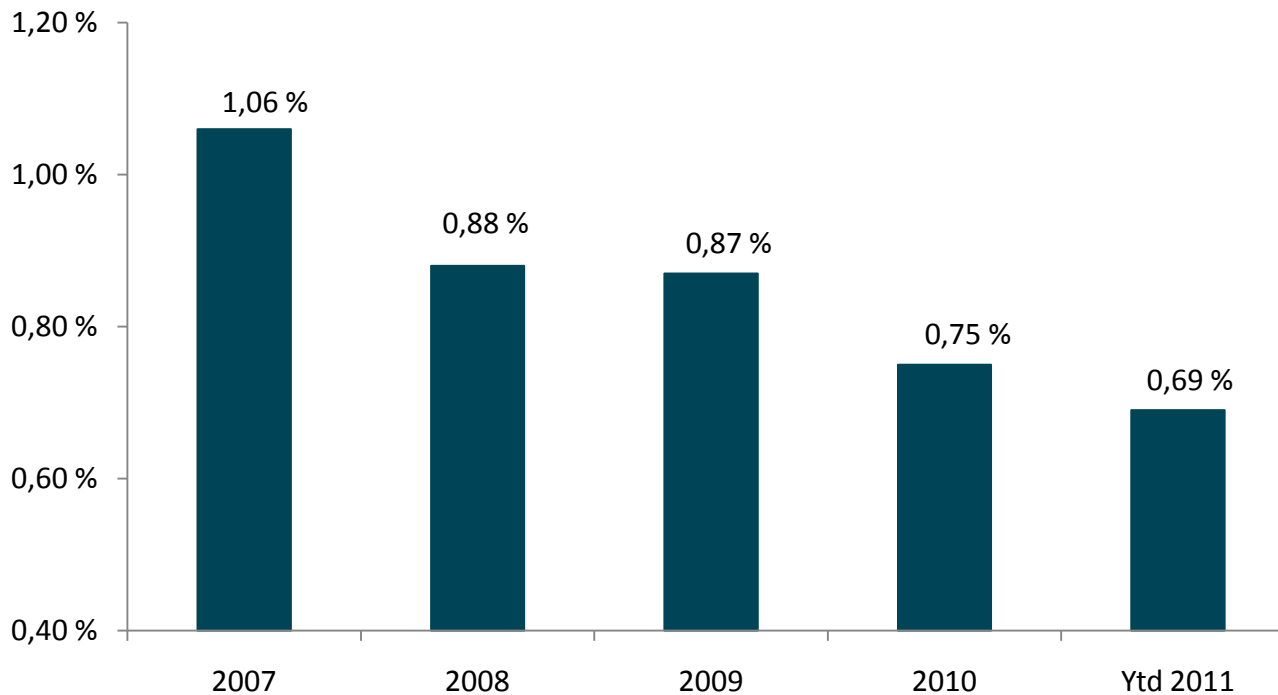
DB reserve growth 3%

Reserve growth is year over year, premium growth 12 months rolling

# Storebrand Life Insurance

## - strong relative cost position

Cost / customer funds



# SPP

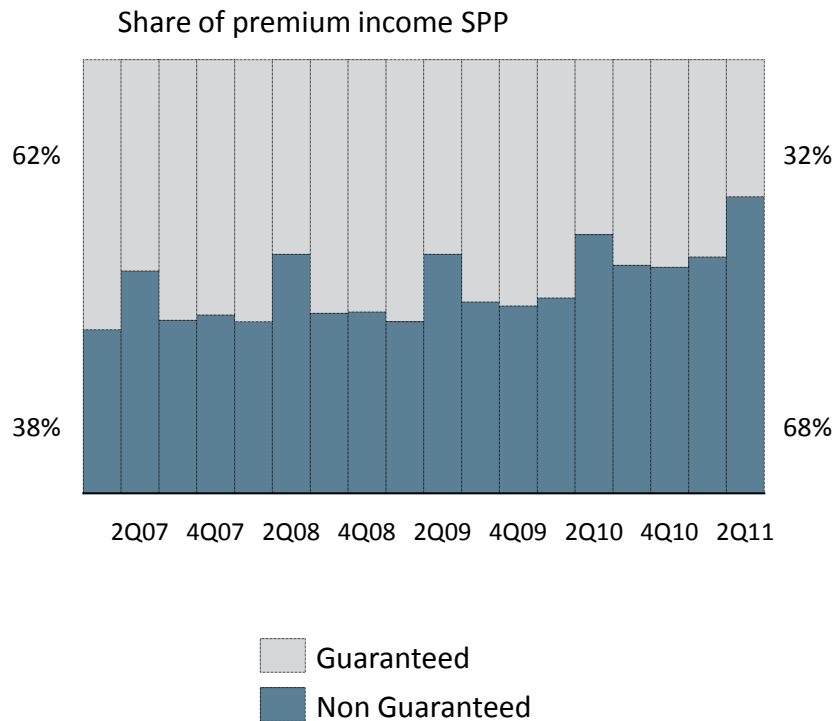
## - increased financial result

NOK mill.	Q2		01.01. - 30.06		Full year
	2011	2010	2011	2010	2010
Administration result	40	27	84	35	84
Risk result	43	74	119	154	311
Finance result	155	-268	276	-253	31
Other	40	-2	80	9	38
<b>Profit for SPP</b>	<b>278</b>	<b>-168</b>	<b>560</b>	<b>-55</b>	<b>464</b>

- Profit sharing in all guaranteed portfolios
- Administration result - according to plan
- Normalised risk results

# SPP

## - transformation to non guaranteed business



- Non guaranteed business – premium growth of 39% last three years for
- Embedded value positive
- Increased quality of earnings



# Asset Management

## - steady result improvement

NOK mill.	Q2		01.01. - 30.06		Full year
	2011	2010	2011	2010	2010
Operating revenue	171	150	336	303	645
Operating cost	-123	-106	-241	-207	-450
Operational result	48	44	95	96	195
Net performance fees	3	-2	31	-4	122
Net financial income	2	1	3	4	16
<b>Profit from Asset Management</b>	<b>53</b>	<b>42</b>	<b>130</b>	<b>96</b>	<b>333</b>

- Growth in operating revenues of 14% in Q2, 11% YTD
- Investments in customer reporting, strengthened compliance and more sophisticated asset liability management
- AuM increased with 1 bn

# Financial Times and International Finance Corporation: - sustainable asset owner of the year



**FT/IFC Sustainable Finance Conference  
& Awards 2011**  
**Where Innovation Meets Impact**  
London, 16 June 2011



The jury's verdict: “The winner in this category is an ESG pioneer, with sustainability in its DNA. All of its assets under management are responsibly invested. They have redefined what fiduciary responsibility means. They also proves there are other areas of excellence for this country beyond downhill skiing.”



**New Sustainable Index Fund launched 20. June**

***Storebrand Index Emerging  
Markets SRI***



# Bank

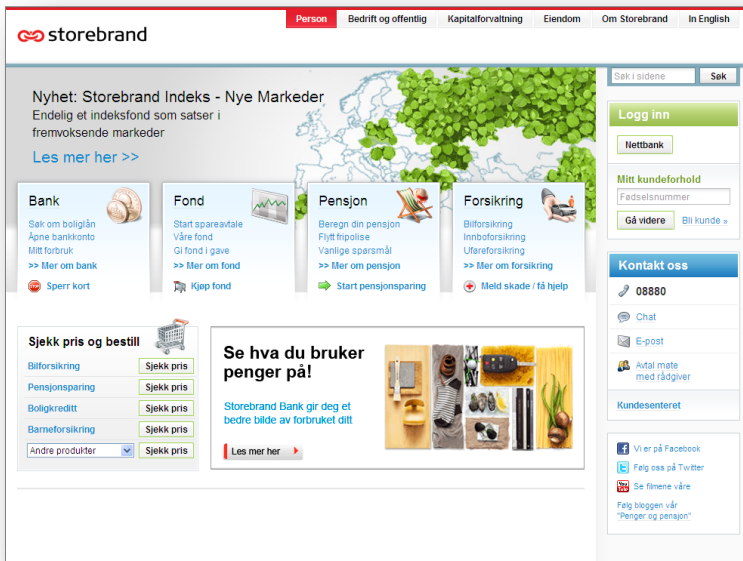
## - improved results

NOK mill.	Q2		01.01. - 30.06		Full year
	2011	2010	2011	2010	2010
Net interest income	111	125	226	231	457
Net fee and commission income	17	18	37	35	74
Other operating income	33	13	68	33	101
Total income	161	156	331	299	632
Operational cost	-106	-110	-223	-224	-445
Profit before loan losses	55	45	108	75	186
Loan loss provisions	4	-10	0	-11	-29
<b>Profit from banking activities</b>	<b>59</b>	<b>35</b>	<b>108</b>	<b>63</b>	<b>158</b>

- Strong Norwegian macro environment
- Improved quality of loan book
- Stable lending
- Strong cost control

www.storebrand.no

- introduction of new retail customer budget application



Comments from Youtube:

- Brilliant service
- Ah...!! – finally someone have understood it – well done!
- Fantastic – I'm considering on switching bank only for this service
- Very nice – this makes me also consider on switching bank
- This was interesting! It gave me the motivation for switching bank, thank you
- You have got yourself a new premier customer

Source: Translated Norwegian comments from the launch on Youtube

# Insurance

## - strong development

NOK mill.	Q2		01.01. - 30.06		Full year
	2011	2010	2011	2010	2010
Premiums earned, net <sup>1</sup>	466	418	891	804	1 651
Claims incurred, net	-335	-310	-671	-651	-1 278
Operation costs excl amortization	-84	-89	-164	-175	-331
Insurance result	47	19	56	-22	42
Net financial result	28	27	52	54	113
<b>Profit Insurance activities</b>	<b>75</b>	<b>47</b>	<b>108</b>	<b>32</b>	<b>155</b>
Combined ratio	91%	96%	94%	103%	98%

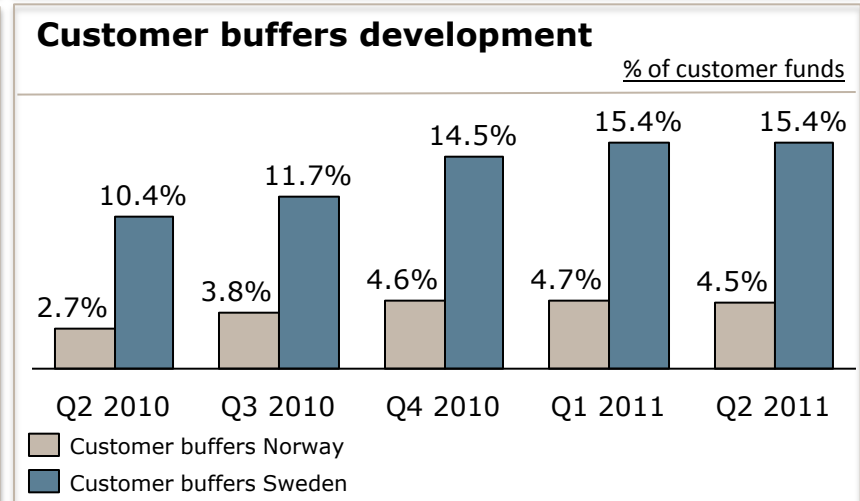
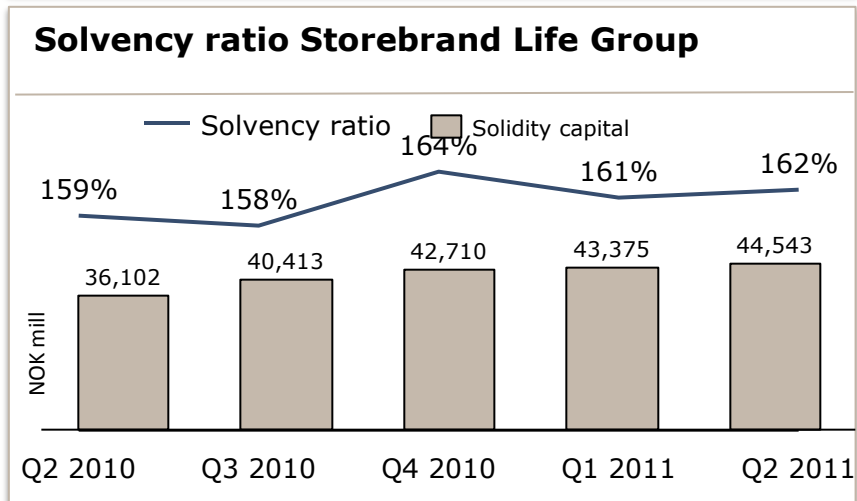
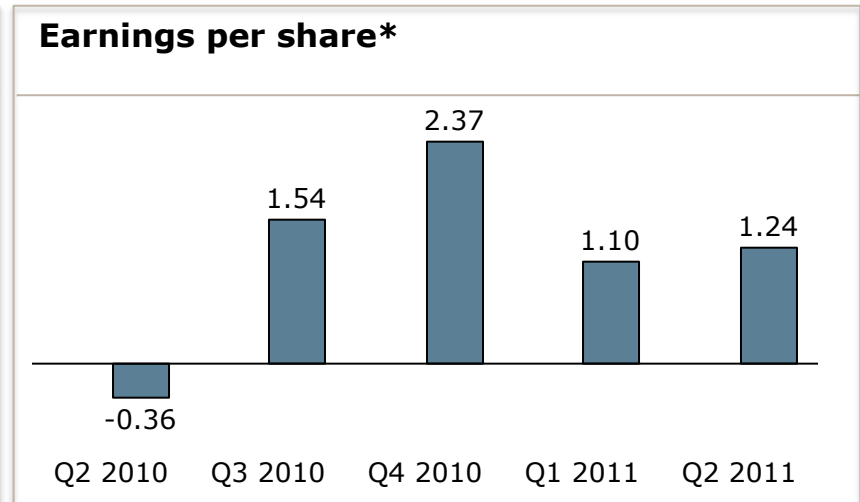
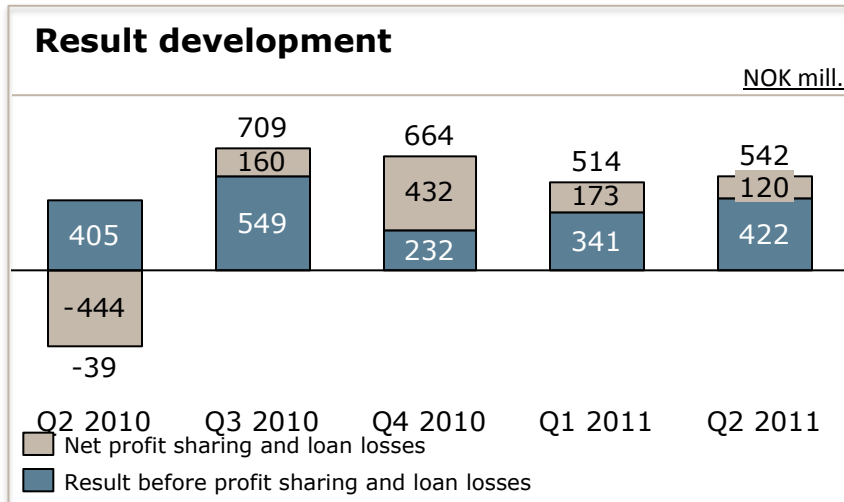
- Premium growth 11% in Q2 and YTD
- Strong cost control - cost ratio 19%
- No flood effects - claims ratio 72%

## Storebrand Group – operational reporting

NOK mill.	Q2		01.01. - 30.06		Full year
	2011	2010	2011	2010	2010
Fee and administration income	1 018	958	2 033	1 862	3 868
Operational cost	-714	-674	-1 441	-1 355	-2 766
<b>Fee and administration result</b>	<b>304</b>	<b>284</b>	<b>592</b>	<b>508</b>	<b>1 102</b>
Risk and insurance	144	202	252	308	597
Holding company and company portfolios	-26	-81	-80	-145	-249
<b>Result before profit sharing and loan losses</b>	<b>422</b>	<b>405</b>	<b>764</b>	<b>671</b>	<b>1 450</b>
Net profit sharing and loans losses	120	-444	292	-436	158
<b>Group profit</b>	<b>542</b>	<b>-39</b>	<b>1 056</b>	<b>235</b>	<b>1 608</b>

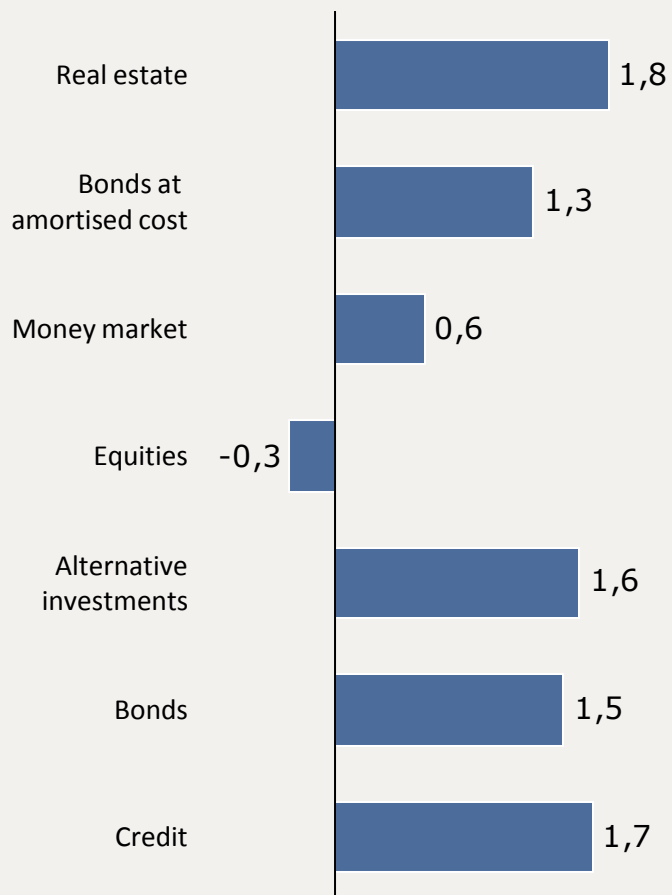
- Increased quality of earnings
- Fee and administration result increased by 7% in Q2, 17% YTD
- Risk and insurance results develops according to plan
- Improvement in net profit sharing and loan losses due to strong investment returns

# Key figures



# Storebrand Life Insurance - competitive returns

Return by asset class Q2 (%)



Return Defined Benefit portfolios

	Value adjusted returns (Q2/YTD)	Booked Returns (Q2/YTD)	Equity proportion 30.06.2011
DB - High	0.9% / 2,6%	1.3 % / 3.0%	26%
DB - Standard	1.1% / 2.7%	1.4 % / 2.8%	21%
DB - Low	1.4% / 2.7%	1.5 % / 2.9%	10%
Individual	1.4 % / 2.9%	1.1%/2.5%	18%*
Paid up Policies	1.2 % / 2.6%	1.1% / 2.4%	12%*

\* Average numbers, underlying sub portfolios with different asset allocation

Return Defined Contribution standard profiles

	Value adjusted returns (Q2/ YTD)
DC – high equity profile	-1.1% / 0.1%
DC – balanced equity profile	0.2% / 1.2%
DC – low equity profile	1.0% / 1.7%



# Storebrand Life Insurance

NOK mill.	Group defined benefit *	Defined contribution and unit linked*	Individual and paid-up policies**	Company portfolio	Result Q2 2011	YTD 2011	Full year 2010
Administration result	-17	27	13		23	30	58
Risk result	32	-7			26	24	131
Finance result <sup>1</sup>		3	-38	7	-28	-25	26
Profit from risk and interest rate guarantees	126	4			130	265	557
Other	-4			4	-1	-6	-43
<b>Profit for Norwegian life insurance</b>	<b>137</b>	<b>27</b>	<b>-25</b>	<b>10</b>	<b>149</b>	<b>289</b>	<b>730</b>

<sup>1</sup>) Interest result and profit sharing

Invested assets (NOK billion)	85	22	85	8	200		197
Change in invested assets (NOK billion)	1	0	1	0	1	3	

\* Fee based

\*\* Profit sharing

# SPP

- strong returns give profit sharing

Return Guaranteed Portfolios		
	Market returns Q2 / YTD	Gross profit sharing YTD (Mill NOK)
P250	2,2% / 2,7%	31
P300	2.6% / 3.3%	53
P520	3.2% / 3.7%	50
DB	2.6 % / 3.4%	55*

\* Indexation fee in DB portfolio

Breakdown Financial Result		
NOK million	Q2	YTD 2011
Profit sharing	160	189
Change in DCC	- 44	53
Hedge result	5	- 9
Other	34	43
Financial result	155	276

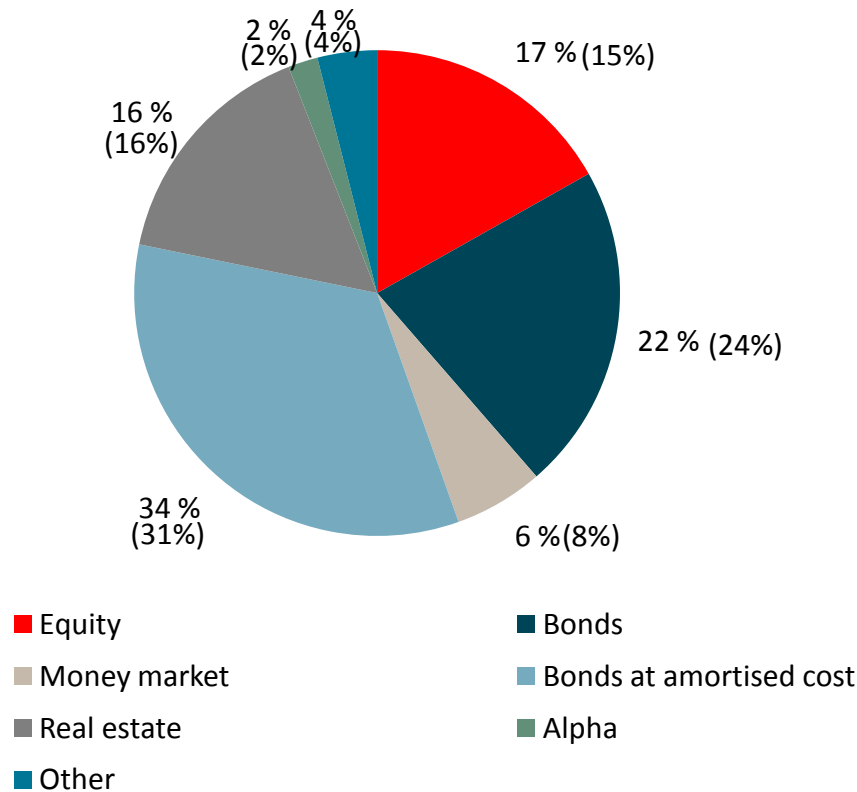
- Financial markets:
  - Negative equity markets
  - Decreased interest rate levels
  - Increased swap spreads and reduced credit spreads
  
- Result effects:
  - Strong return gives profit sharing in all portfolios
  - Negative DCC movement due to financial market movements
  
- Balance sheet effects:
  - Customer buffer capital unchanged in the quarter<sup>1</sup>
  - Unchanged risk exposure to equity markets
  - Reduced exposure to swap spread movements

<sup>1</sup> Measured in SEK. Reduced by 265 mill measured in NOK due to SEK/NOK movements

# Life and Pensions

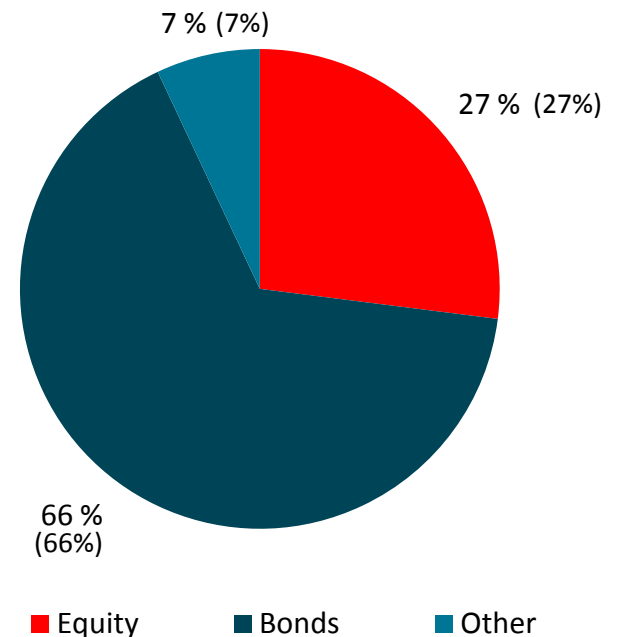
## - increased allocation to bonds at amortised cost

Asset allocation guaranteed products  
Life and Pensions Norway<sup>1</sup>



AuM: NOK 171 bn

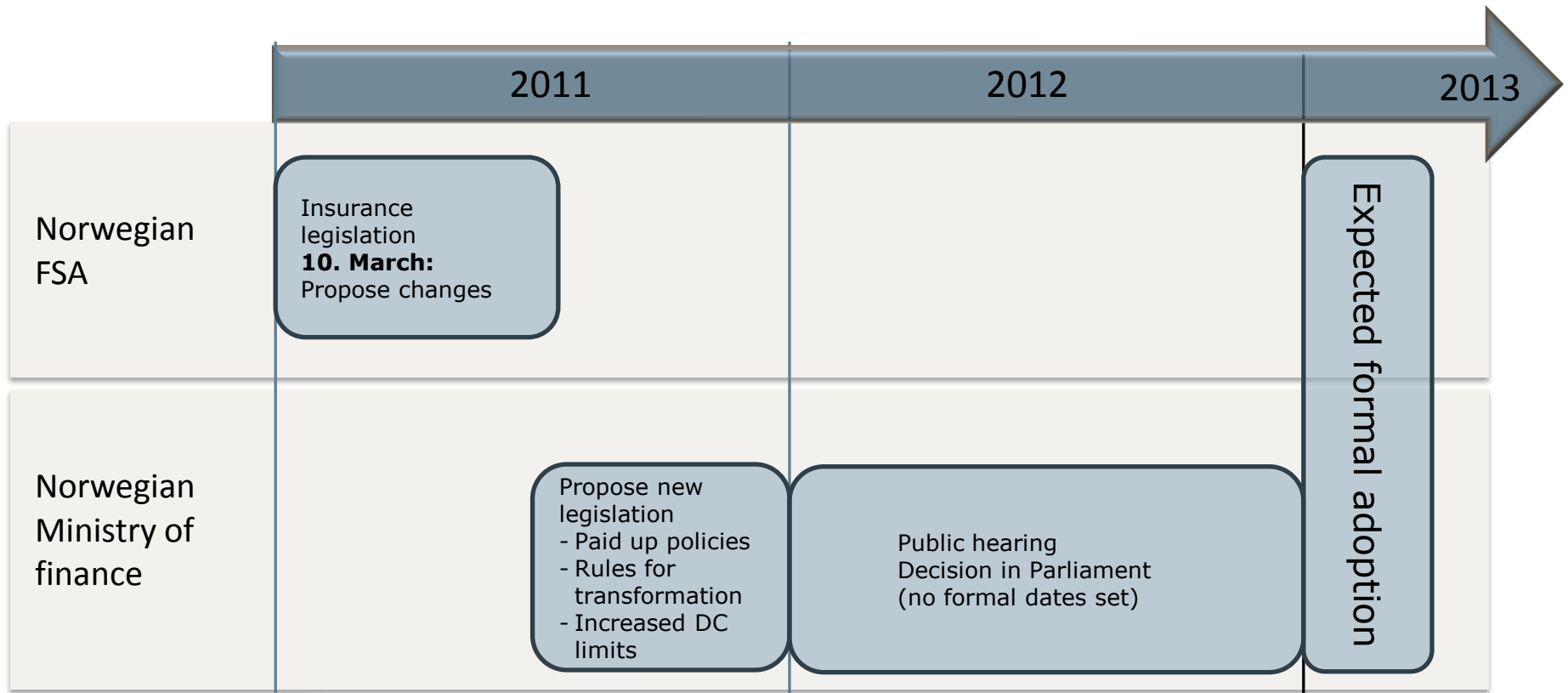
Asset allocation guaranteed products  
Life and Pensions Sweden<sup>1</sup>



AuM: NOK 123 bn

<sup>1</sup> The graph shows the asset allocation for all the products with an interest rate guarantee in Life and Pensions Norway and for all the products with an interest rate guarantee in Life and Pensions Sweden.

# Solvency II and Pension reform part II in Norway



# Summary

- Strong result improvement
- Increased quality of earnings
- Buffer capital intact after financial turmoil in Q2

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