Growth, Capital Efficiency and Operational Excellence

Capital Markets Day
12 October 2006, Oslo

Idar Kreutzer
Group CEO
Content

- Strong performance
- Growth and value creation
- Strategic focus
Strong performance

- Strong growth


CAGR 13 %
Strong performance

- Strong growth

- Improved life risk capital

Risk capital Life, NOK bn:

<table>
<thead>
<tr>
<th></th>
<th>Q3 02</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>H1 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>3.4</td>
<td>8.9</td>
<td>11.0</td>
<td>13.5</td>
<td>11.4</td>
</tr>
</tbody>
</table>

Strong performance

- Strong growth
- Improved life risk capital
- Cost reductions

Cost base, NOK bn:

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost (NOK bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>1.4</td>
</tr>
<tr>
<td>2003</td>
<td>1.2</td>
</tr>
<tr>
<td>2004</td>
<td>1.1</td>
</tr>
<tr>
<td>2005</td>
<td>0.8</td>
</tr>
<tr>
<td>H1 06</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Excluding traditional life (mainly w/ profit split)

Strong performance

- Strong growth
- Improved life risk capital
- Cost reductions
- Improved loan book

Non-performing and other loss provided loans, NOK bn:

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>H1 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>2.4</td>
<td>1.7</td>
<td>0.9</td>
<td>0.8</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Strong performance

- Strong growth
- Improved life risk capital
- Cost reductions
- Improved loan book
- Capital efficiency

Dividends paid 2005-06:
- 72.7%
- 11%

Buy backs since 2004:
- 10.2%
- 1.6%
- Buy back and cancelled
- Buy back not cancelled
- Shares in the market
Strong performance

- Strong growth
- Improved life risk capital
- Cost reductions
- Improved loan book
- Capital efficiency
- Satisfied customers

Customer satisfaction score:

<table>
<thead>
<tr>
<th>Year</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>68 %</td>
</tr>
<tr>
<td>2005</td>
<td>67 %</td>
</tr>
<tr>
<td>2006</td>
<td>70 %</td>
</tr>
</tbody>
</table>
Strong performance

- Strong growth
- Improved life risk capital
- Cost reductions
- Improved loan book
- Capital efficiency
- Satisfied customers

Return on Equity:

<table>
<thead>
<tr>
<th>Year</th>
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<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>H1 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return</td>
<td>-9%</td>
<td>9%</td>
<td>26%</td>
<td>17%</td>
<td>20%</td>
</tr>
</tbody>
</table>


2004: Including sales gain for shares in If
## Storebrand Group overview

<table>
<thead>
<tr>
<th></th>
<th>Life</th>
<th>Bank</th>
<th>Asset mngmt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets/booked equity</td>
<td>NOK 167 bn / NOK 5.4 bn</td>
<td>NOK 31 bn / NOK 1.6 bn</td>
<td>NOK 206 bn / NOK 0.15 bn</td>
</tr>
<tr>
<td># of clients corporate/retail</td>
<td>20,000* / 220,000</td>
<td>3,600 / 70,000</td>
<td>4,000 / 70,000</td>
</tr>
<tr>
<td>Portion of employees</td>
<td>75 %</td>
<td>13 %</td>
<td>11 %</td>
</tr>
</tbody>
</table>

*Excluding paid-up policies
Adding retail P&C

- Clear concept
- "Internal launch" today:
  - Storebrand employees and other target retail clients
- First customers signed
- Primary target group is Storebrand's existing customer base

Quality at low cost – positive market reaction
Content

- Strong performance
- Growth and value creation
- Strategic focus
Strong market dynamics
- clear priorities

**Strong market dynamics**

- Positive macro and demographic factors
- Group pensions DB → DC and growth through mandatory pensions
- Municipal market growth
- Changing retail savings pattern
- Increased 3rd party distribution importance
- Regulatory changes impact business model
Strong market dynamics - clear priorities

**Strong market dynamics**

- Positive macro and demographic factors
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**Operational excellence the #1 success criteria**

- Customers
- Processes
- Capital
- People

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Operational excellence the #1 success criteria
Strong domestic economy

- Norwegian GDP increased 5.4% year-on-year as of Q1 2006

- Lowest level of unemployment since 1999

- OSEBX up 225% since year end 2002

- Norwegian Central Bank deposit rate at 3%. Up 125 bps since June 2005
Key areas for future growth - corporate

<table>
<thead>
<tr>
<th>CORPORATE CLIENTS</th>
<th>COMPETITION</th>
<th>REQUIRED CAPITAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined Benefit (Private and Municipal sector)</td>
<td>+</td>
<td>+++</td>
</tr>
<tr>
<td>Defined Contribution</td>
<td>++</td>
<td>+</td>
</tr>
<tr>
<td>Mandatory Pensions</td>
<td>+++</td>
<td>+</td>
</tr>
<tr>
<td>Sweden start-up</td>
<td>+++</td>
<td></td>
</tr>
<tr>
<td>Asset management</td>
<td>++</td>
<td></td>
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Lower capital requirement and strong competition in important growth areas
Key areas for future growth - retail

- Bank (mortgages)
- Personal risk products
- Mutual funds
- Unit Linked
- Structured products
- P&C start-up

Lower capital requirement and Storebrand with a challenger position in important growth areas
Operational excellence the #1 success criteria going forward

- Customer satisfaction
- Branding
- Distribution strategy and segmenting
- Cross-sales
- Worksite sales
- Moving into new markets
"The Storebrand Family"
- more than 720,000 individuals

- 312,000 retail customers
- 325,000 paid-up policies customers
- 205,000 work site customers
Operational excellence the #1 success criteria going forward

- Lean project:
  - Increased quality and speed
  - Release resources to handle growth
  - Management and cultural change
Improved efficiency in Storebrand's core operations

- Substantial potential for streamlining identified
- Target to improve productivity considerably
- Several projects executed with good results
- Significant efficiency improvements identified
- Rolling out in the whole group
Operational excellence the #1 success criteria going forward

- Capital efficiency
- Economic capital and product strategy
- Basel II and Solvency II
From preserving capital strength to enhanced value management

Life insurance development:

- **2005**: European Embedded Value
- **2006**: Solvency II Framework Directive
- **2007-2008**: Improved risk and value management
- **2009**: New Norwegian life legislations enter into force
- **2010**: Solvency II Implementation (?)
Operational excellence the #1 success criteria going forward

- Customers
- Processes
- Capital
- People

- Management and employee training
- Tracking employee satisfaction and effect of measures
The search for talent
Why it’s getting harder to find
A 15-PAGE SPECIAL REPORT
Content

- Strong performance
- Growth and value creation
- Strategic focus
## Strategic drivers

<table>
<thead>
<tr>
<th>Markets</th>
<th>Players</th>
<th>Regulation</th>
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<tr>
<td>Attractive pension market</td>
<td>Cash generation</td>
<td>Lower risk – higher flexibility</td>
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<tr>
<td>Scale advantage</td>
<td>Growth ambitions</td>
<td>Solvency II</td>
</tr>
<tr>
<td>Product convergence</td>
<td>Banking vs. insurance</td>
<td>Basel II</td>
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Strategic drivers

Implications:
- Consolidation
- Specialization
- Disintegration

No 'right strategy', only 'right execution'

Markets
- Attractive pension market
- Scale advantage
- Product convergence

Players
- Cash generation
- Growth ambitions
- Banking vs. insurance

Regulation
- Lower risk – higher flexibility
- Solvency II
- Basel II
Storebrand - Key opportunities

- Attracting customers in a dynamic corporate pension market
- Utilising retail market potential
- Taking advantage of new life regulatory regime
- Growth and value creation in banking and asset management
- Improved performance by streamlining core processes
Storebrand - Key opportunities – and the rest of the day

- Attracting customers in a dynamic corporate pension market
  - Lars Aa. Løddesøl
- Utilising retail market potential
  - Maalfrid Brath
- Taking advantage of new life regulatory regime
  - Frederic Ottesen
- Growth and value creation in banking and asset management
  - Klaus-Anders Nysteen
  - Hans Aasnæs
- Improved performance by streamlining core processes
  - Roar Thoresen
Storebrand shall be the leading and most respected institution in the Norwegian market for long-term savings and insurance