

# Storebrand

## Main aspects 1st quarter 1998

- **Operating result NOK 1,031 mill.; compared with NOK 1,126 mill. last year.**
- **Group result NOK 279 mill.; compared with NOK 141 mill. last year.**
- **Value-adjusted operating result NOK 3,013 mill.; compared with NOK 1,778 mill. last year. Unrealised gains increased by 1,982 mill. to 8,531 mill.**
- **Favourable development in financial income - high realised gains.**
- **Satisfactory result in Life due to good sale of Life-insurance.**
- **Non-life still characterised by suppressed prices and increased claims.**
- **Following the approval from the Ministry of Finance preference share capital will be repaid approx. May 20th.**

# Storebrand Group

## Operating result 1st quarter 1998

NOK mill.	01.01. - 31.03.		01.01.- 31.12.
	1998	1997	1997
<b>Net premium income</b>	<b>5,087</b>	<b>4,721</b>	<b>14,642</b>
<b>Income financial items insurance</b>	<b>4,935</b>	<b>2,975</b>	<b>15,490</b>
<b>Other income</b>	<b>260</b>	<b>175</b>	<b>786</b>
<b>Operating income</b>	<b>10,283</b>	<b>7,871</b>	<b>30,918</b>
<b>Insurance benefits, allocations</b>	<b>-5,496</b>	<b>-5,044</b>	<b>-15,928</b>
<b>Costs financial items insurance</b>	<b>-2,717</b>	<b>-870</b>	<b>-6,307</b>
<b>Insurance related operating costs</b>	<b>-697</b>	<b>-606</b>	<b>-2,601</b>
<b>Other costs</b>	<b>-342</b>	<b>-225</b>	<b>-1,273</b>
<b>Operating result</b>	<b>1,031</b>	<b>1,126</b>	<b>4,809</b>

# Storebrand Group

## Realized gains/losses and write-downs

	Storebrand Life insurance	Storebrand Non-life insurance	Storebrand ASA	01.01. - 31.03.	
				1998	1997
NOK mill.					
<b>Realized gains and reversed write-downs</b>	<b>3,033</b>	<b>156</b>	<b>11</b>	<b>3,200</b>	<b>1,466</b>
<b>Realized losses and write-downs</b>	<b>-2,359</b>	<b>-54</b>	<b>-23</b>	<b>-2,436</b>	<b>-721</b>
<b>Net gains *</b>	<b>674</b>	<b>102</b>	<b>-12</b>	<b>764</b>	<b>745</b>

\* Excluding gains on loans and real estate

# Storebrand

## Operating result by sub-group 1st quarter

NOK mill.	01.01. - 31.03		01.01.- 31.12.
	1998	1997	1997
<b>Storebrand ASA</b>	122	-41	614
<b>Storebrand Life insurance</b>	912	1,139	4,359
<b>Storebrand Non-life insurance</b>	169	24	684
<b>Storebrand Bank</b>	18	1	-1
<b>Storebrand Unit Linked</b>	0	0	-4
<b>Storebrand SPAR</b>	1	2	12
<b>Storebrand Asset/Investment Management</b>	1	1	-3
<b>Others/eliminations</b>	-192	0	-852
<b>Operating result</b>	<b>1,031</b>	<b>1,126</b>	<b>4,809</b>
<b>Profit allocated to policyholders - life</b>	<b>-752</b>	<b>-986</b>	<b>-3,797</b>
<b>Group result</b>	<b>279</b>	<b>141</b>	<b>1,012</b>

# Storebrand

## Earnings per share

NOK mill.	1st quarter 1998	1st quarter 1997	1997
<b>Group result</b>	<b>279</b>	<b>141</b>	<b>1,012</b>
<b>Taxes</b>	<b>-13</b>	<b>-13</b>	<b>59</b>
<b>Preference-dividend</b>	<b>0</b>	<b>-13</b>	<b>-50</b>
<b>Preference-surplus</b>	<b>-11</b>	<b>-8</b>	<b>-33</b>
<b>Number of ordinary shares (mill.)</b>	<b>277</b>	<b>276</b>	<b>277</b>
<b>Earnings per ordinary share</b>	<b>0.92</b>	<b>0.39</b>	<b>3.57</b>

# Storebrand

## Consolidated balance sheet

NOK mill.	31.03. 1998	Share in % 31.03.98	Share in % 31.12.97 *
<b>Real estate</b>	9,156	8 %	8 %
<b>Loans</b>	10,027	8 %	9 %
<b>Bonds</b>	62,254	52 %	50 %
<b>Certificates</b>	3,506	3 %	6 %
<b>Shares and interests in partnerships</b>	23,009	19 %	18 %
<b>Other financial assets</b>	1,674	1 %	2 %
<b>Other assets</b>	10,580	9 %	8 %
<b>Total assets</b>	<b>120,206</b>	<b>100 %</b>	<b>100 %</b>
<b>Equity</b>	4,992	4 %	5 %
<b>Minority interests</b>	2	0 %	0 %
<b>Subordinated loan capital</b>	2,972	2 %	1 %
<b>Technical reserves Life</b>	88,119	73 %	75 %
<b>Security reserves</b>	11,893	10 %	10 %
<b>Premium- and loss reserves Non-life</b>	3,118	3 %	3 %
<b>Other reserves</b>	980	1 %	1 %
<b>Debt</b>	8,131	7 %	6 %
<b>Total liabilities and equity capital</b>	<b>120,206</b>	<b>100 %</b>	<b>100 %</b>

\* Total assets per 31.12.97: NOK 114,434 mill.

# Storebrand Group

## Unrealized gains

NOK mill.	31.03.98	31.12.97
<b>Storebrand ASA</b>	<b>64</b>	<b>27</b>
<b>Storebrand Life insurance</b>	<b>7,606</b>	<b>5,815</b>
<b>Storebrand Non-life insurance</b>	<b>860</b>	<b>707</b>
<b>Storebrand Bank AS</b>	<b>1</b>	<b>0</b>
<b>Total</b>	<b>8,531</b>	<b>6,549</b>

# Storebrand

## Capital ratio

NOK mill.	Risk weighted balance	Net primary capital	Capital ratio	
			31.03.98	31.12.97
<b>Storebrand ASA</b>	<b>5,656</b>	<b>4,237</b>	<b>74.9 %</b>	<b>93.7 %</b>
<b>SB Non-life insurance</b>	<b>7,246</b>	<b>1,723</b>	<b>23.8 %</b>	<b>22.4 %</b>
<b>SB Life insurance</b>	<b>38,841</b>	<b>5,247</b>	<b>13.5 %</b>	<b>10.5 %</b>
<b>Storebrand Bank AS</b>	<b>1,853</b>	<b>348</b>	<b>18.8 %</b>	<b>23.5 %</b>
<b>Storebrand Group</b>	<b>48,550</b>	<b>6,907</b>	<b>14.2 %</b>	<b>14.4 %</b>

# Storebrand ASA

## Result ordinary operations

	01.01. - 31.03.		01.01.-31.12.
NOK mill.	1998	1997	1997
<b>Financial income</b>	39	39	212
<b>Group contribution/dividend</b>	192	0	818
<b>Operating expenses</b>	-40	-32	-218
<b>Financial expenses</b>	-23	-2	-14
<b>Other costs</b>	-46	-47	-185
<b>Result</b>	122	-41	614

# Storebrand ASA

## Summary balance sheet

NOK mill.	<b>31.03. 1998</b>	<b>Share 31.03.98</b>	<b>Share 31.12.97 *</b>
<b>Real estate</b>	11	0 %	0 %
<b>Shares in subsidiaries</b>	4,728	55 %	55 %
<b>Intra-group receivables</b>	84	1 %	10 %
<b>Investments</b>	2,477	29 %	27 %
<b>Other assets</b>	1,373	16 %	8 %
<b>Total assets</b>	<b>8,673</b>	<b>100 %</b>	<b>100 %</b>
<b>Equity</b>	<b>4,387</b>	<b>51 %</b>	<b>63 %</b>
<b>Bond loan</b>	<b>1,800</b>	<b>21 %</b>	<b>21 %</b>
<b>Intra-group debt</b>	<b>741</b>	<b>9 %</b>	<b>8 %</b>
<b>Other liabilities</b>	<b>1,745</b>	<b>20 %</b>	<b>7 %</b>
<b>Total liabilities and equity capital</b>	<b>8,673</b>	<b>100 %</b>	<b>100 %</b>

\* Total assets per 31.12.96: NOK 8,545 mill.

# Storebrand Bank AS

## Income Statement

Mill. NOK	1.1.-31.03.		31.12.
	1998	1997	1997
Interest Income	38,6	7,2	57,3
Interest Expense	30,9	3,8	43,0
Net Interest Income	7,7	3,4	14,3
Non-interest Income	77,7	16,6	64,3
Non-interest Expenses	37,8	26,2	141,4
Operating Income	47,6	-6,2	-62,8
Provision for Credit Losses	-0,7	-0,3	-1,0
Net Income	46,9	-6,5	-63,8

# Storebrand Bank AS

## Balance Sheet

<b>Mill. NOK</b>	<b>31.03.98</b>	<b>31.03.97</b>	<b>31.12.97</b>
<b>Cash and due from banks</b>	<b>64,4</b>	<b>65,3</b>	<b>147,1</b>
<b>Net loans</b>	<b>2.813,1</b>	<b>261,4</b>	<b>2.039,8</b>
<b>Securities available for sale</b>	<b>682,4</b>	<b>408,7</b>	<b>401,0</b>
<b>Premises, furniture and equipment, net</b>	<b>12,4</b>	<b>7,2</b>	<b>11,4</b>
<b>Shares in subsidiaries</b>	<b>95,9</b>	<b>95,8</b>	<b>95,8</b>
<b>Miscellaneous assets</b>	<b>60,0</b>	<b>26,6</b>	<b>47,8</b>
<b>Total Assets</b>	<b>3.728,2</b>	<b>865,0</b>	<b>2.742,9</b>
<b>Loan from banks</b>	<b>510,4</b>	<b>-</b>	<b>675,1</b>
<b>Certificate loans</b>	<b>1.750,3</b>	<b>-</b>	<b>850,0</b>
<b>Interest-bearing deposits</b>	<b>1.086,3</b>	<b>546,0</b>	<b>896,0</b>
<b>Miscellaneous liabilities</b>	<b>62,5</b>	<b>114,9</b>	<b>50,0</b>
<b>Shareholders' Equity</b>	<b>318,7</b>	<b>204,1</b>	<b>271,8</b>
<b>Total liabilities and shareholders' Equity</b>	<b>3.728,2</b>	<b>865,0</b>	<b>2.742,9</b>

# Storebrand Finans AS

## Income Statement

Mill. NOK	1.1.-31.03.		31.12.
	1998	1997	1997
Interest income	9,2	7,5	34,4
Operating - and interest expenses	5,5	4,8	19,0
Loss on loan (allocations)	30,6	5,0	47,7
Result ordinary operations	34,3	7,7	63,1



# Storebrand Non-Life Group

## Main aspects 1th quarter 1998

- **Operating result is NOK 169 mill. compared to NOK 145 mill. last year. Value adjusted operating result is NOK 322 mill. compared to NOK 116 mill. in 1997.**
- **Financial income is NOK 367 mill., an increase of NOK 112 mill. compared to last year.**
- **Book claims ratio f.o.a. is 83%. This is 5%-points better than last year. Adjusted for run-off gains and effects of minimum requirements the claims ratio is slightly weaker than last year.**
- **Operating costs (gross) are increased by NOK 61 mill. compared to last year. The increase is not higher than expected and is mainly due to costs related to new internal projects.**

# Storebrand Skade Group

## Profit before allocation

NOK mill.	01.01 - 31.03.	
	1998	1997
Premiums f.o.a.	1.852	1.796
Claims f.o.a.	-1.538	-1.587
Technical operating costs	-526	-465
Technical result	-212	-256
Financial income	367	255
Other income/costs	14	24
Operating result	169	24
Change in security reserves etc.	-56	-29
Result ordinary operations	114	-5

# Storebrand Skade Group

## Key figures

	31.03.98	31.03.97
Return on average solvency capital	12,8 %	1,9 %
Combined ratio f.o.a.	103,0 %	106,5 %
Claims ratio f.o.a.	83,0 %	88,4 %
Cost ratio f.o.a.	20,0 %	18,1 %
Cost Portion f.o.a.	28,4 %	25,9 %
Effect of run-off result	202	-13
Change in unrealised gains	153	93
Solvency capital	5.379	5.025
Unrealized gains *	860	626
Solvency margin	72,3 %	69,1 %
Capital ratio	23,8 %	25,7 %
Claims reserve ratio f.o.a.	106,5 %	113,3 %

\* Includes real estate and foreign exchange forward contracts from techr

# Storebrand Skade Group

## Summary Balance sheet

NOK mill.	at 31.03.98	Share of total assets at 31.03.98	Share of total assets at 31.12.97
Intangible assets	47	0 %	0 %
Real estate	1.297	7 %	9 %
Shares, interest and receivables from group companies	506	3 %	3 %
Bonds and other financial investments with fixed interest	3.899	21 %	21 %
Loans	46	0 %	0 %
Other long-term financial assets	9	0 %	0 %
Shares and interest	1.779	10 %	11 %
Bonds	5.208	28 %	28 %
Certificates	938	5 %	8 %
Other financial assets etc.	437	2 %	1 %
<b>Total financial assets</b>	<b>14.118</b>	<b>77 %</b>	<b>81 %</b>
Other assets	4.290	23 %	18 %
<b>Total assets</b>	<b>18.455</b>	<b>100 %</b>	<b>100 %</b>

Total assets at 31.12.97 were NOK million 18,279.

# Storebrand Skade Group

## Summary Balance sheet

NOK mill.	at 31.03.98	Share of total assets at 31.03.98	Share of total assets at 31.12.97
Equity capital	2.261	12 %	12 %
Minority interests' share of equity capital	2	0 %	0 %
Premium reserve	3.971	22 %	17 %
Claims reserve	7.922	43 %	43 %
Security reserve etc.	3.118	17 %	17 %
Allocations other risks and expenses	486	3 %	3 %
Liabilities	504	3 %	8 %
Accrued expenses and prepaid income	191	1 %	1 %
<b>Total equity capital and liabilities</b>	<b>18.455</b>	<b>100 %</b>	<b>100 %</b>

Total equity and liabilities at 31.12.97 were 18,279.

# Storebrand Skade Group

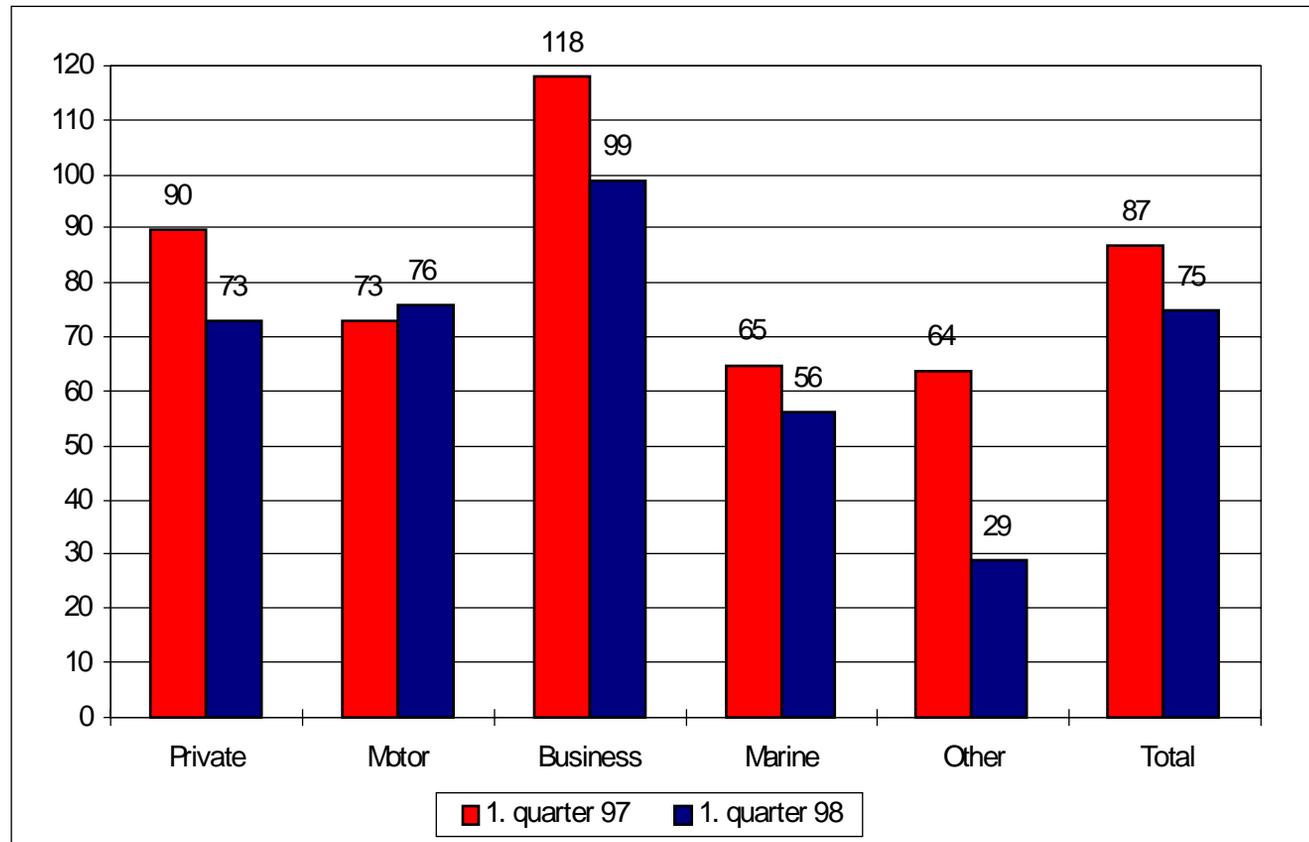
## Normalized claims ratio

	31.03.94	31.03.95	31.03.96	31.03.97	31.03.98
Booked claims ratio f.o.a.	84,7 %	69,9 %	85,8 %	88,4 %	83,0 %
Effect of run-off result	-1,6 %	2,5 %	-0,1 %	-0,7 %	10,9 %
Effect of BISC's minimum requirements*	0,6 %	3,1 %	-4,1 %	-1,8 %	-7,7 %
Normalized claims ratio	83,7 %	75,5 %	81,6 %	85,8 %	86,3 %

\* The Banking, Insurance and Securities Commission

# Storbrand Skade Group

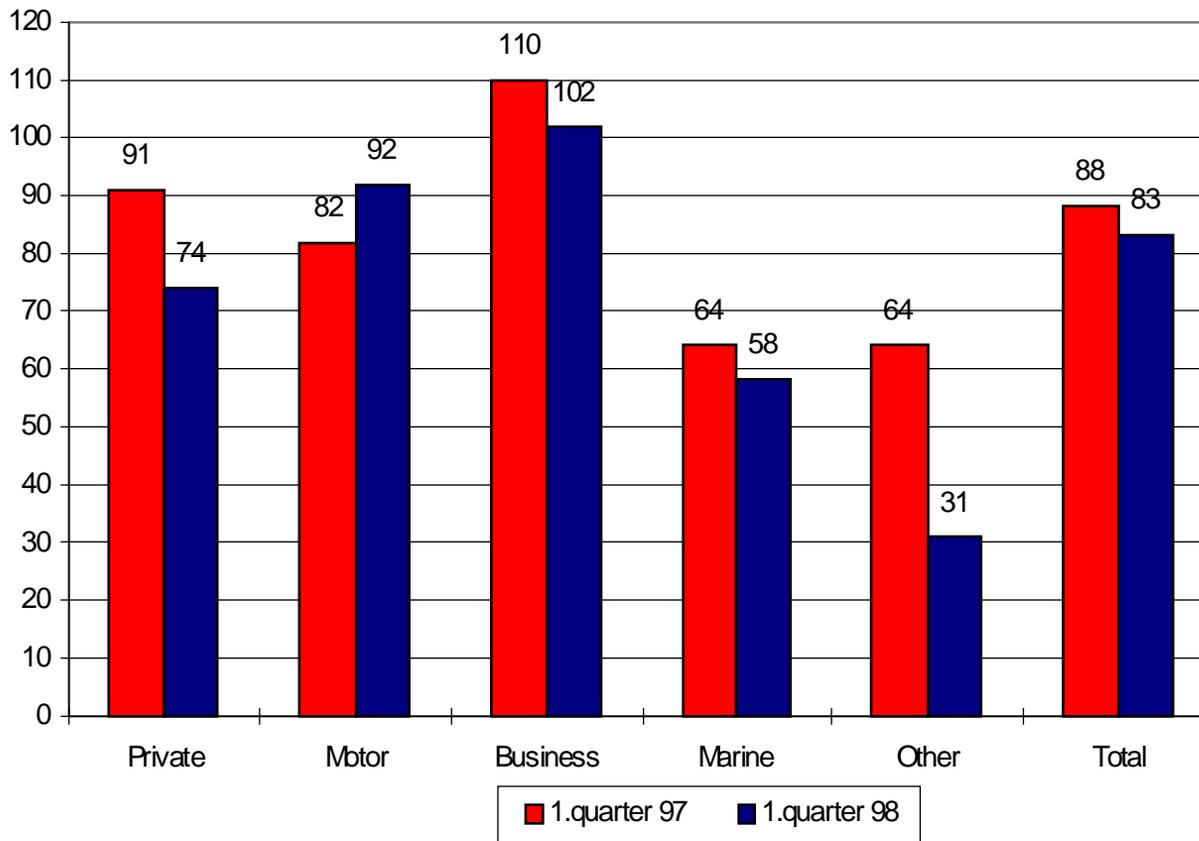
## Claims ratio f.o.a. by sector



Exclude additional allocations

# Storbrand Skade Group

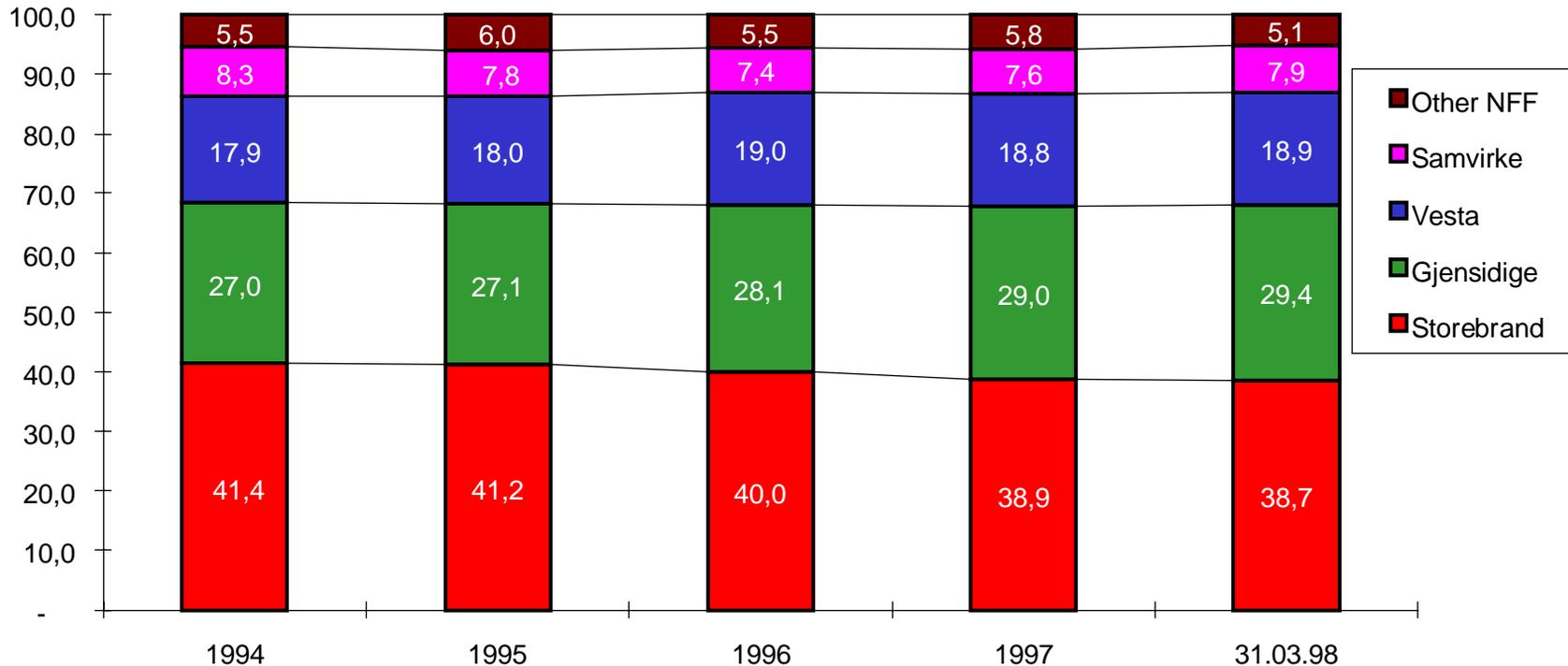
## Claims ratio f.o.a. by sector



Include additional allocations

# Storebrand Skade Group

## Markest shares \* vs competitors



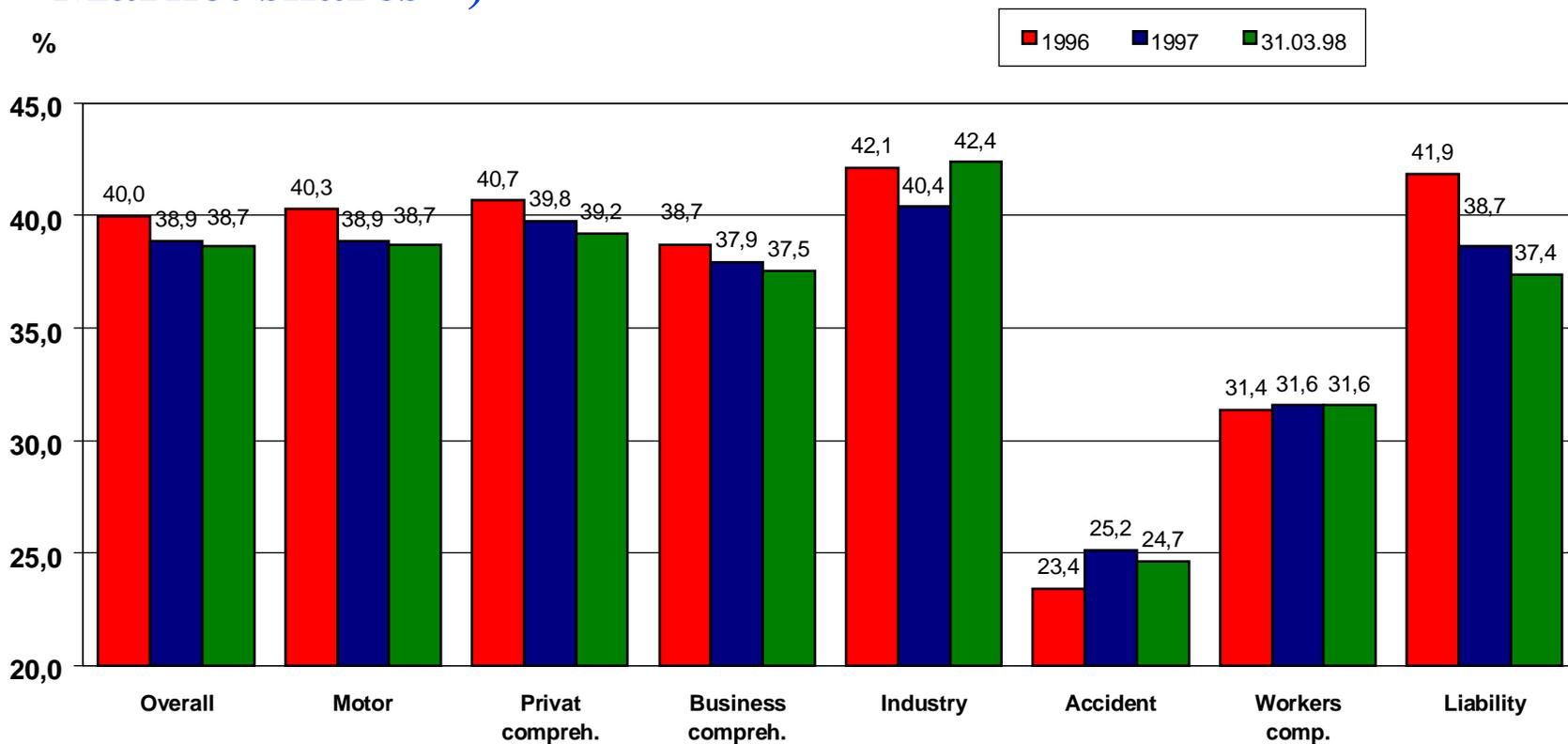
\* Non marine

Portefolio from Zürich included with 0,7% from 3rd quarter 97.

Vestas market shares for previous periodes is corrected because of the acquisition of Aktiv.

# Storebrand Skade Group

## Market shares \*)



\* Non marine

Portefolio from Zürich included with 0,7% from 3rd quarter 97

# Storebrand Life Group

## Main aspects at 31.03.98

- **Value adjusted return on capital year to date 3,87%. Annualised 16,40%. Incl. unrealised gains bonds held to maturity 16,50%.**
- **Annualised booked return on capital 8,43%.**
- **Operating result 20% less than same period last year.**
- **Private market sales (indexed) increased by 50% compared to last year.**
- **Good development in corporate market, positive net transfers in balance sheet.**

# Storebrand Life Group

## Summary profit and loss account

NOK mill.	01.01. - 31.03.		Changes in %	01.01- 31.12.97
	1998	1997		
<b>Premiums for own account</b>	<b>3,195</b>	<b>2,925</b>	<b>9%</b>	<b>7,287</b>
-of which premiums written	2,687	2,428	11%	6,437
<b>Income of financial investments</b>	<b>4,345</b>	<b>2,646</b>	<b>64%</b>	<b>13,890</b>
<b>Other income</b>	<b>27</b>	<b>30</b>	<b>-10%</b>	<b>116</b>
<b>Insurance benefits for own account</b>	<b>-1,619</b>	<b>-1,759</b>	<b>-8%</b>	<b>-5,954</b>
-of which benefits excl. transferred prm.res	-1,113	-1,117	-	-4,401
<b>Change technical allocations</b>	<b>-2,293</b>	<b>-1,698</b>	<b>35%</b>	<b>-5,227</b>
<b>Cost of financial investments</b>	<b>-2,495</b>	<b>-792</b>	<b>-</b>	<b>-5,726</b>
-of which adm. costs	-23	-23	-	-88
<b>Insurance related operating costs</b>	<b>-170</b>	<b>-141</b>	<b>21%</b>	<b>-614</b>
<b>Other costs</b>	<b>-79</b>	<b>-72</b>	<b>10%</b>	<b>-414</b>
<b>Result</b>	<b>912</b>	<b>1,139</b>	<b>-20%</b>	<b>3,359</b>
<b>Transferred to policyholders</b>	<b>-752</b>	<b>-986</b>	<b>-24%</b>	<b>-2,797</b>
-of which to statutory insurance fund				-1,000
<b>Result of ordinary activity</b>	<b>160</b>	<b>154</b>	<b>4%</b>	<b>562</b>

# Storebrand Livsforsikring AS

## Resultanalysis

NOK mill.	01.01. - 31.03.		01.01-	01.01-
	1998	1997	31.12.97	31.12.96
Interest result	952	1,057	4,671	3,464
Riskresult	103	73	388	296
Administrationresult	-20	7	-30	-39
Change security and premium reserve	-125		-675	-294
<b>Result to allocation</b>	<b>910</b>	<b>1,137</b>	<b>4,354</b>	<b>3,427</b>

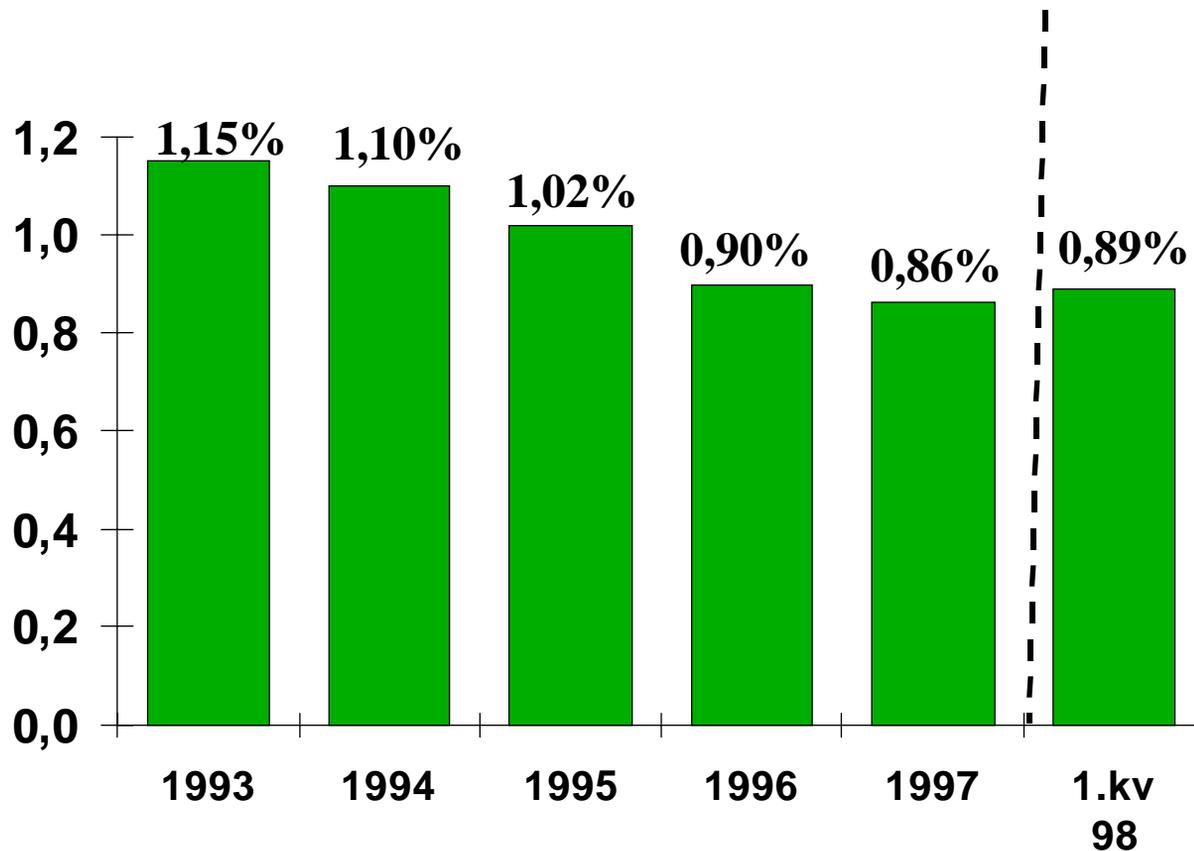
# Storebrand Livsforsikring AS

## Key-figures

	01.01.-31.03.		01.01- 31.12.97
	1998	1997	
Return on capital - year-to-date	2.04%	2.22%	
Return on capital - annualised	8.43%	9.18%	9.96%
Value adjusted return - year-to-date	3.87%	2.59%	10.45%
Value adjusted return - year-to-date -incl. fixed bonds	3.89%	2.72%	10.55%
Solvency margin	233.3%	172.6%	194.8%
Capital ratio (SBL Group)	13.51%	9.28%	10.51%
Operating expenses as % of policyholders funds	0.89%	0.82%	0.86%

# Storebrand Livsforsikring AS

## Operating costs in % of average policyholders funds



# Storebrand Life Group

## Balance sheet

<b>NOK mill.</b>	<b>31.03.98</b>	<b>Share in %</b>
<b>Immaterial assets</b>	<b>7</b>	<b>0 %</b>
<b>Real estate</b>	<b>8,024</b>	<b>9 %</b>
<b>Long term shares and interests from group companies</b>	<b>240</b>	<b>0 %</b>
<b>Bonds and other investments with fixed interest</b>	<b>14,949</b>	<b>16 %</b>
<b>Mortgage and other loans</b>	<b>7,074</b>	<b>8 %</b>
<b>Other long term assets</b>	<b>5</b>	<b>0 %</b>
<b>Shares and interests</b>	<b>21,015</b>	<b>22 %</b>
<b>Bonds and other financial investm. with fixed interest</b>	<b>36,483</b>	<b>39 %</b>
<b>Sertificates</b>	<b>1,310</b>	<b>1 %</b>
<b>Other short term financial assets</b>	<b>958</b>	<b>1 %</b>
<b>Total financial assets</b>	<b>90,060</b>	<b>95 %</b>
<b>Other assets</b>	<b>4,622</b>	<b>5 %</b>
<b>Total assets</b>	<b>94,689</b>	<b>100 %</b>

# Storebrand Life Group

## Balance sheet

NOK mill.	31.03.98	Share in %
<b>Equity</b>	<b>2,801</b>	<b>3 %</b>
<b>Other subordinated loan capital</b>	<b>2,972</b>	<b>3 %</b>
<b>Premium reserve for own account</b>	<b>71,874</b>	<b>76 %</b>
<b>Additional statutory allocations</b>	<b>6,289</b>	<b>7 %</b>
<b>Premuim/pension adjustment fund</b>	<b>8,259</b>	<b>9 %</b>
<b>Claims reserve for own account</b>	<b>195</b>	<b>0 %</b>
<b><i>Insurance fund reserves for own account</i></b>	<b><i>86,618</i></b>	<b><i>91 %</i></b>
<b>Unallocated surplus to policyholders f.o.a.</b>	<b>752</b>	<b>1 %</b>
<b>Allocations to security funds</b>	<b>592</b>	<b>1 %</b>
<b>Other insurance related reserves for own account</b>	<b>87,961</b>	<b>93 %</b>
<b>Allocations for other risks and expenses</b>	<b>204</b>	<b>0 %</b>
<b>Debt</b>	<b>620</b>	<b>1 %</b>
<b>Prepaid costs and accrued income</b>	<b>131</b>	<b>0 %</b>
<b>Total equity and liabilities</b>	<b>94,689</b>	<b>100 %</b>

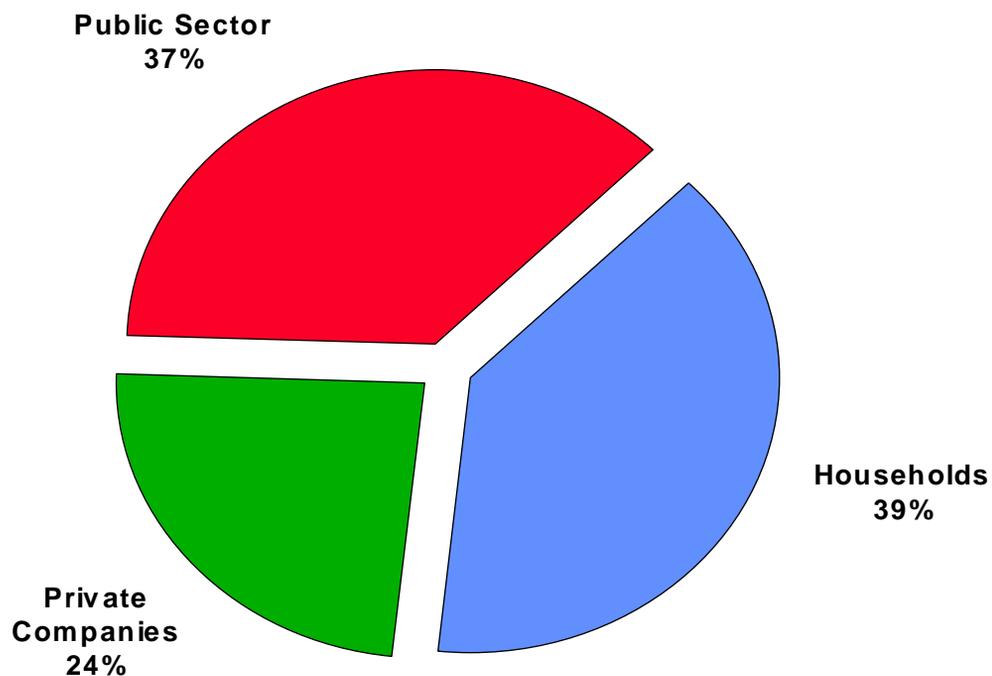
# Storebrand Life Group

## Premium (incl. transfer of reserves to the Company)

NOK mill.	01.01. - 31.03.		01.01.- 31.12.97
	1998	1997	
Collective pension	2,311	2,137	4,074
Group life	165	170	345
Individual endowment	530	358	1,71
Individual pension	189	259	1,158
<b>Total premium income</b>	<b>3,195</b>	<b>2,925</b>	<b>7,287</b>

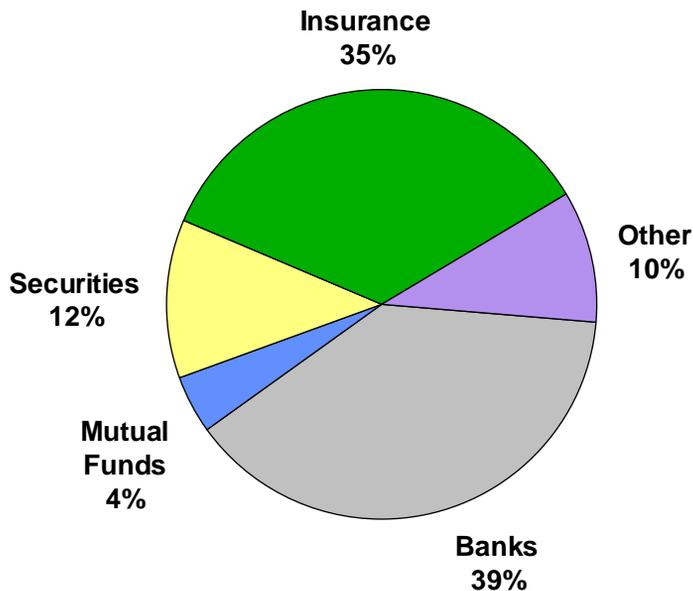
# Total Financial Assets in Norway 1996

NOK 2 257 billion (GBP188 billion)

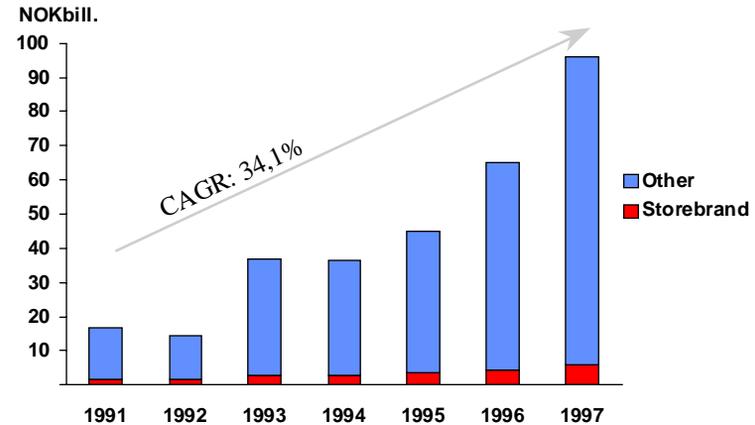


# Households' Savings Market

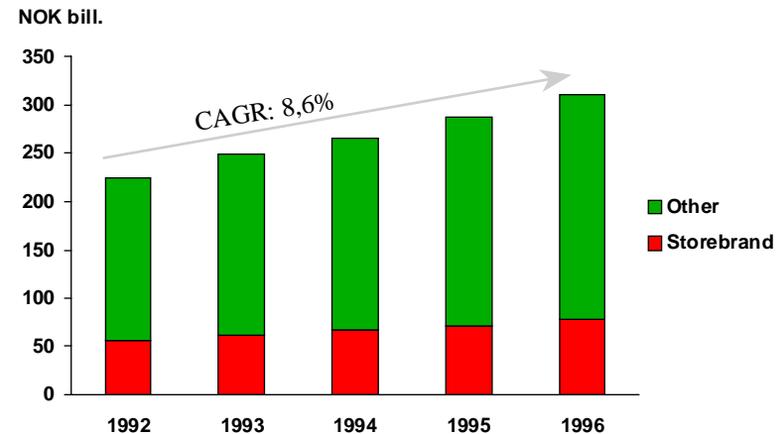
**Households' financial assets**  
**NOK 880 billion 1996 (GBP 73 billion)**



## Mutual Funds



## Insurance



# Market Trends

- **An increasing proportion of private and public savings capital invested in equities**
- **Increased globalization of the Norwegian wealth management**
- **Increased international competition**
- **Increased specialization of functions**
- **Increased scope and demands for innovation in product range**
- **Increased cost focus and pressure on profit margins**
- **Increased utilization of information systems and technology**
- **Increased competition on personnel resources**
- **Public authorities' regulations a constraint**

# Households' Savings Market

## Products

## Success Factors

### Individual

#### Individual Saving Plans

- direct investments
- mutual funds
- private pension plans
- bank savings

- ✓ Distribution strength
- ✓ Brand
- ✓ Selling skills
- ✓ Product Scope
- ✓ Return

### "Instividual"

#### Company Schemes

- defined contribution

- ✓ Return
- ✓ Relationship building
- ✓ Distribution
- ✓ Investment philosophy and process
- ✓ Risk management and control
- ✓ Investment product
- ✓ Client- Service
- ✓ Branding
- ✓ Critical Mass
- ✓ Reporting

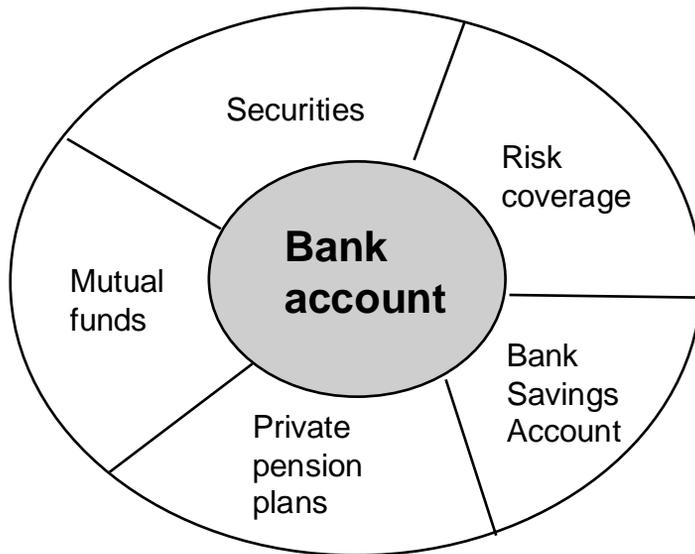
### Institutional

- defined benefit
  - group pension plans
  - pension funds

# Households' Savings Market

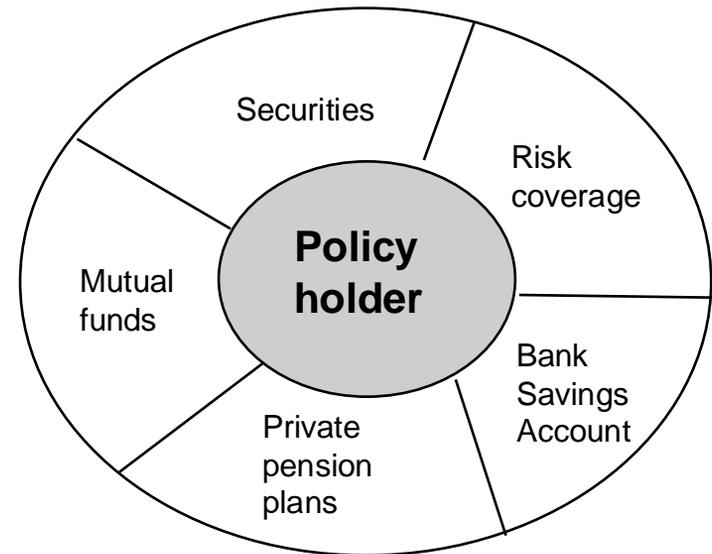
## Strategic Market Gateways

### Bancassurance



- Storebrand Bank established 1996
- Proposed merger with Christiania Bank

### Leveraging Existing Policyholders



- Pioneer defined contribution contract 1998 with 8500 employees
- Worksite Marketing through existing company clients
- Loading existing lifeagents network with a full range of savings & investment products

# Storebrand Investment Management

→ 1994

1995-1997

1998 →

**Traditional division  
within the Life company**

**Establishing the  
Business system**

**Evolution of a new  
Business Area**

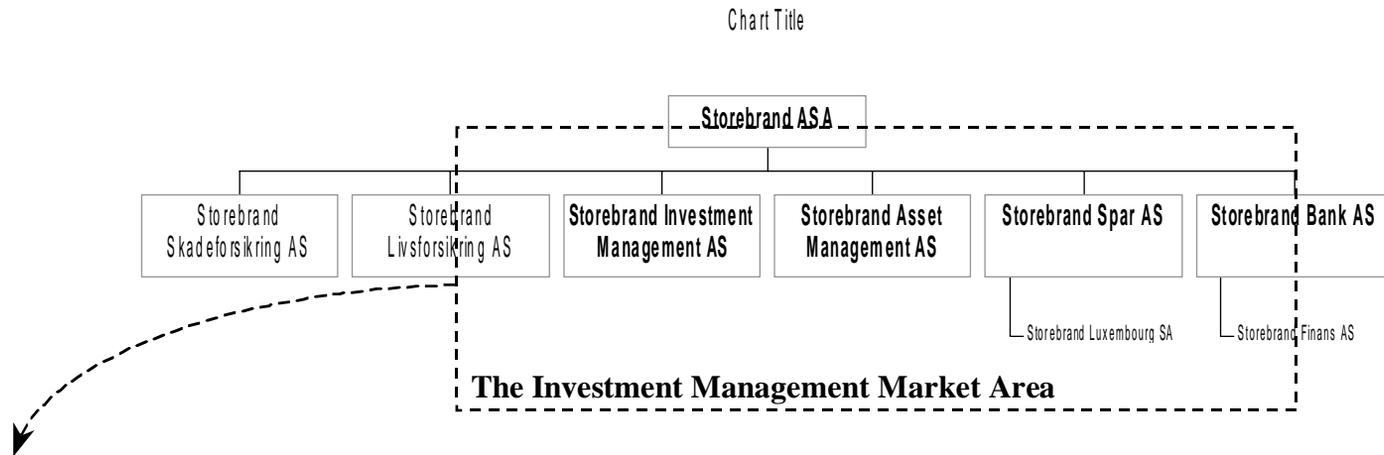
- **Cost-center**
- **Domestic**
- **Group Capital**

- **Quality and Control Structure**
- **IS/IT**
- **Key Personnel**
- **Relative investor**
  - **Investment Discipline**
  - **Investment Process**
- **Global Investment Universe**
- **Economies of scale**

- **Aggressive Strategy development**
- **Market oriented product development**
  - **Value**
  - **Themes**
- **Customer Perspective**
- **Financial Perspective**

# The Investment Management Area

## Legal Structure



### ***Storebrand Investment Management AS***

- Active management of the Storebrand Group's investment portfolios (NOK 94 Billion)

### ***Storebrand Asset Management AS***

- Active management of discretionary external accounts (NOK 2,6 Billion)

### ***Storebrand SPAR AS***

- Management of domestic mutual funds (NOK 6 Billion)

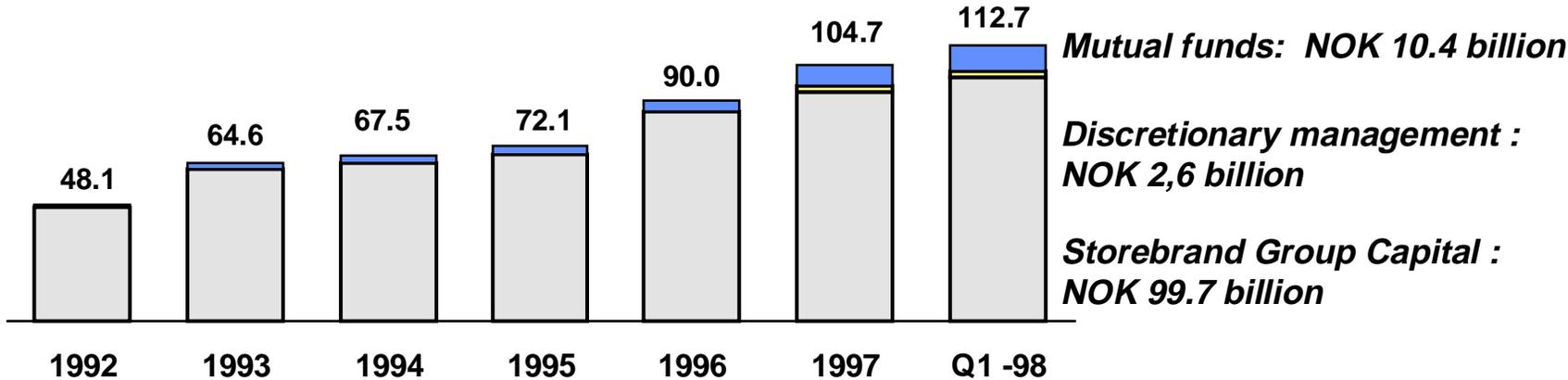
### ***Storebrand Luxembourg S.A.***

- Management of international mutual funds (NOK 3 Billion)

### ***Business Unit Large Life Clients***

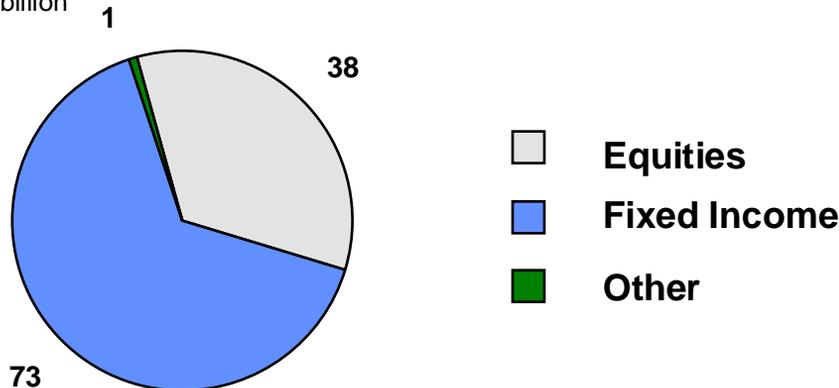
# Assets Under Management 1992-97

NOK Billion



Split by instrument, Q1 -98

NOK billion

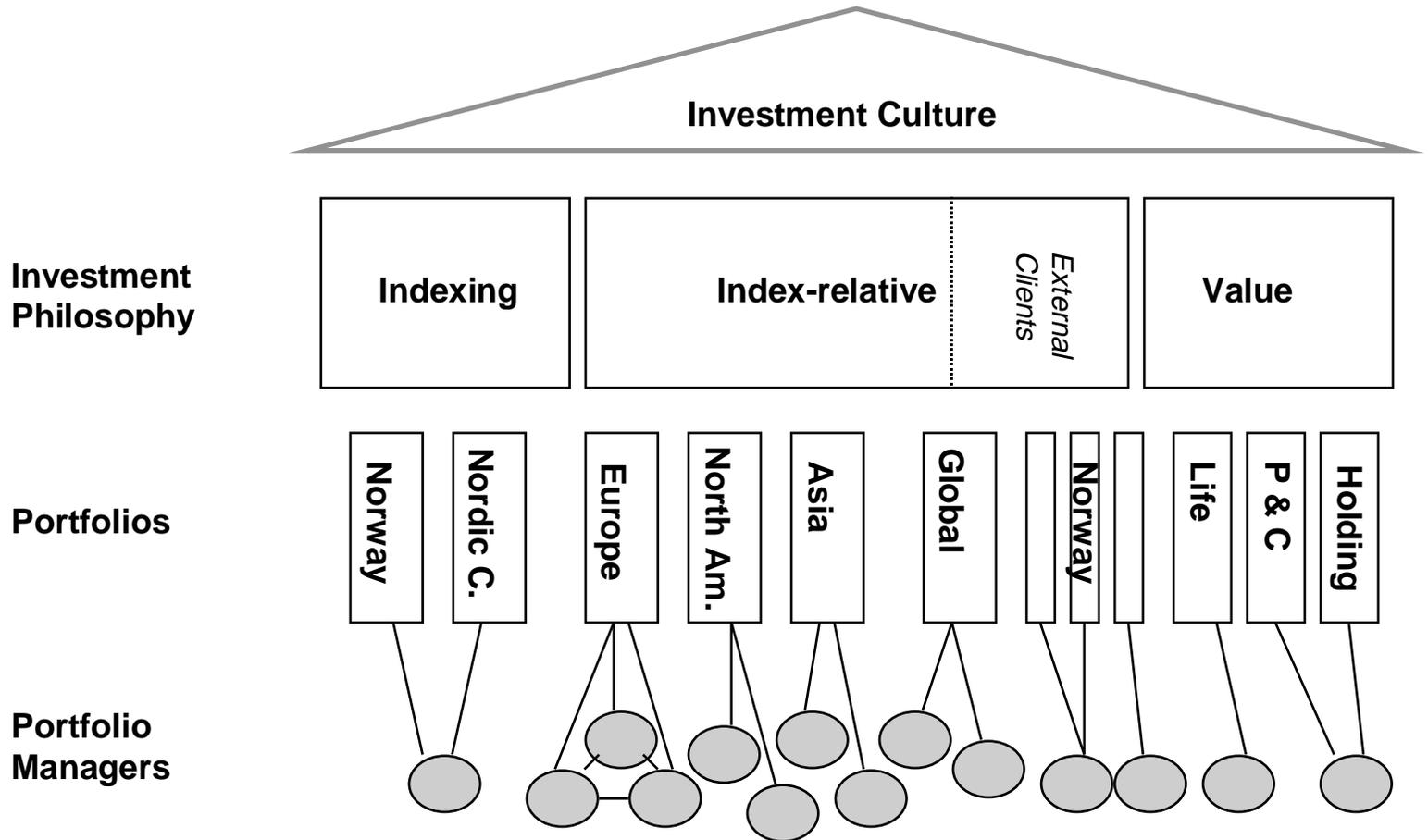


# Storebrand Investment Management

## *Critical Success Factors*

- Sufficient distribution strength in the entire business area
- Storebrand as a strong investment management brand
- Competitive performance in both internal and external portfolios and mutual funds
- Innovative and creative product development
- First class customer service with strong communication skills
- Proactive risk management with first class market/instrument knowledge
- Attract, retain and develop the best competence in the market
- A strong IS/IT environment with future-oriented system solutions
- Competitive, cost efficient operations

# Storebrand's Investment Philosophy

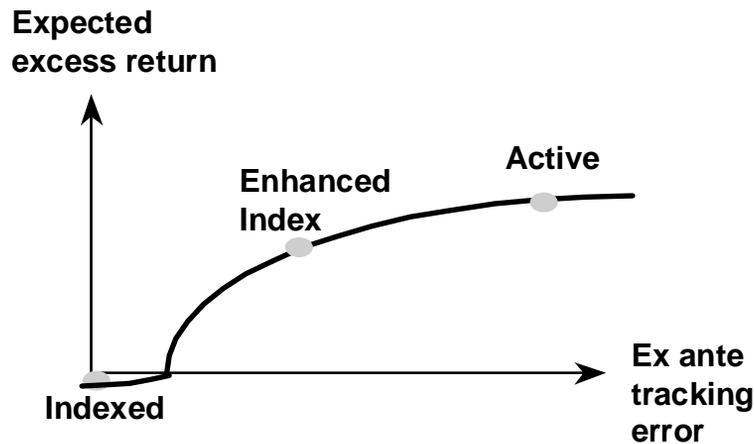


# Investment Culture

- **Systematic and disciplined/based on fundamental analysis**
- **Long-term view**
- **Team-oriented, no 'star culture'**
- **Global**
- **Independent**
- **High ethical standards**

# Index-relative Investment Philosophy

- Seeks to maximize expected return for a given risk mandate
- Each portfolio consists of three subportfolios within each country with a core-satellites strategy:
  - Core
  - Active bets
  - Futures overlay for tactical asset allocation and cash management

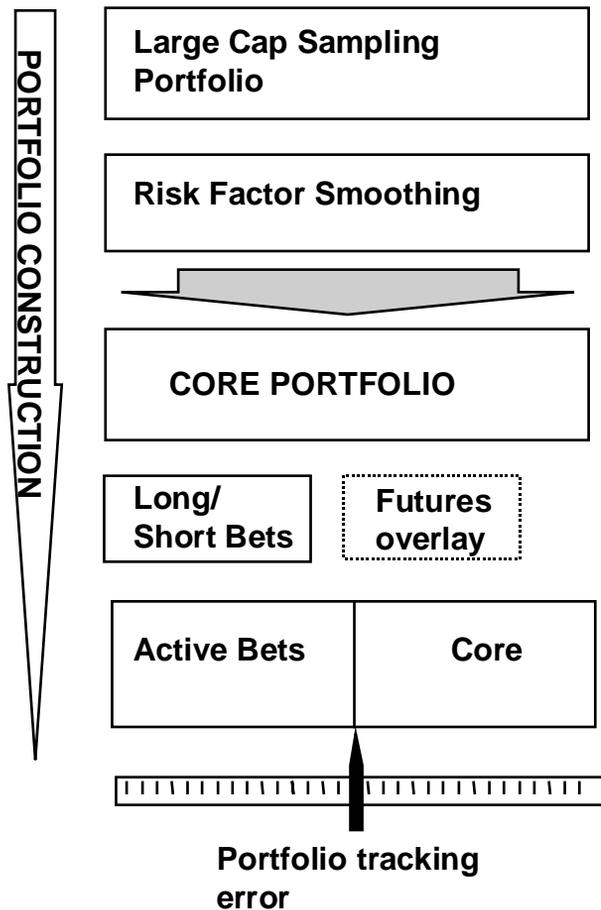


Core	100%	70-80%	40-50%
Satellites	0%	30-20%	60-50%

Allocation of risk capital to the different subportfolios varies from country to country, based on our evaluation of the

- efficiency of the price formation in each of the markets in question (curvature of line in exhibit=information ratio)
- expected return in each market

# Portfolio Construction Process



- Starts off with a portfolio reflecting the top 80% of the index market capitalization
- Smooth this portfolio taking most important risk factors into consideration
  - Emphasis on sector neutrality
  - Secondary focus on country
- A futures overlay is used to implement efficiently tactical asset allocation decisions
- The proportion of the portfolio in core vs active bets is fit to the risk mandate given by the client
  - tracking error increases when proportion in core is reduced relative to proportion in active bets

# The Investment Control Structure

## Portfolio Manager

- investment mandates
- benchmark indices
- model portfolio
- ethical guidelines

## Risk Control & Compliance

- risk limits
- benchmark indices
- position monitoring
- performance reporting
- data validation

## Accounting & Settlement

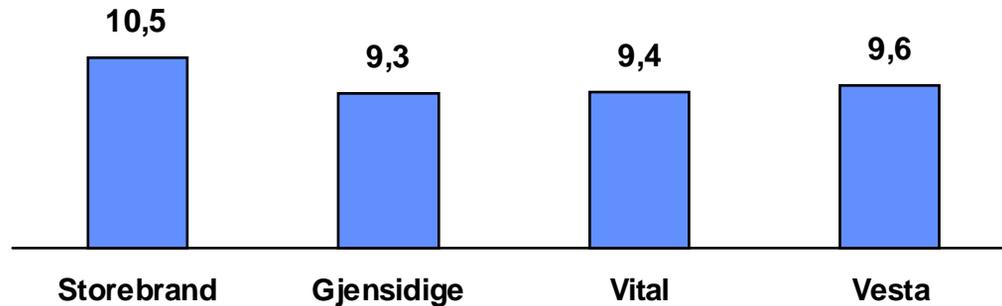
- capital management
- liquidity
- valuation
- settlement
- financial accounting

# Return 1997

## Life Companies

### Value-adjusted return

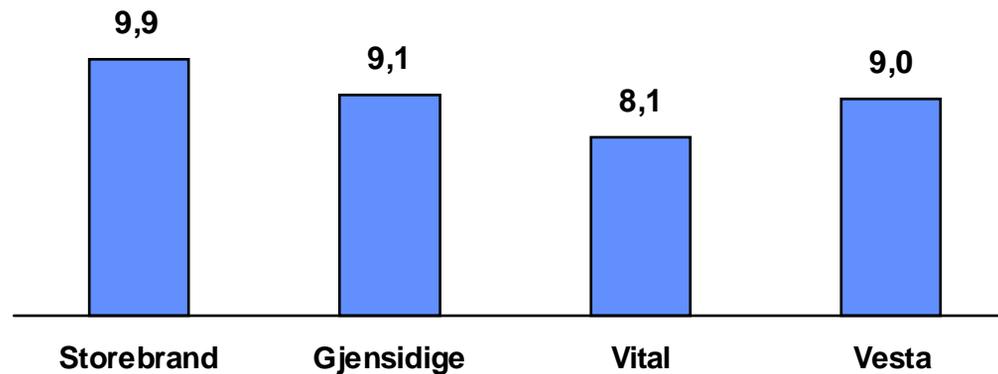
Percent



Gross financial income adjusted for unrealized gains as a %-age of average total assets incl. unrealized gains

### Book return

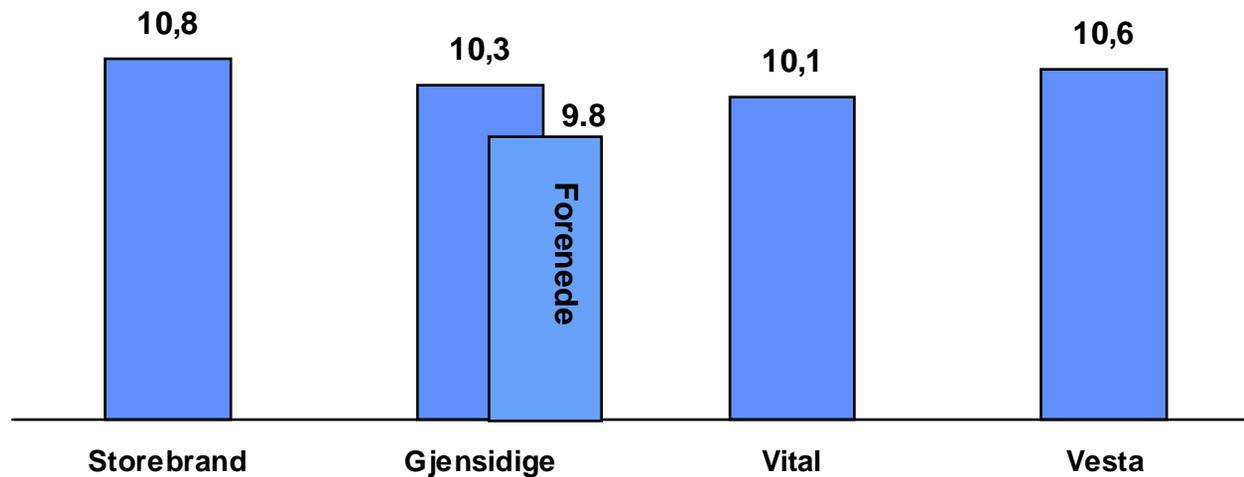
Percent



Gross book financial income as a %-age of average total assets at book value

# Value Adjusted Return 1993-97

Life Companies, percent



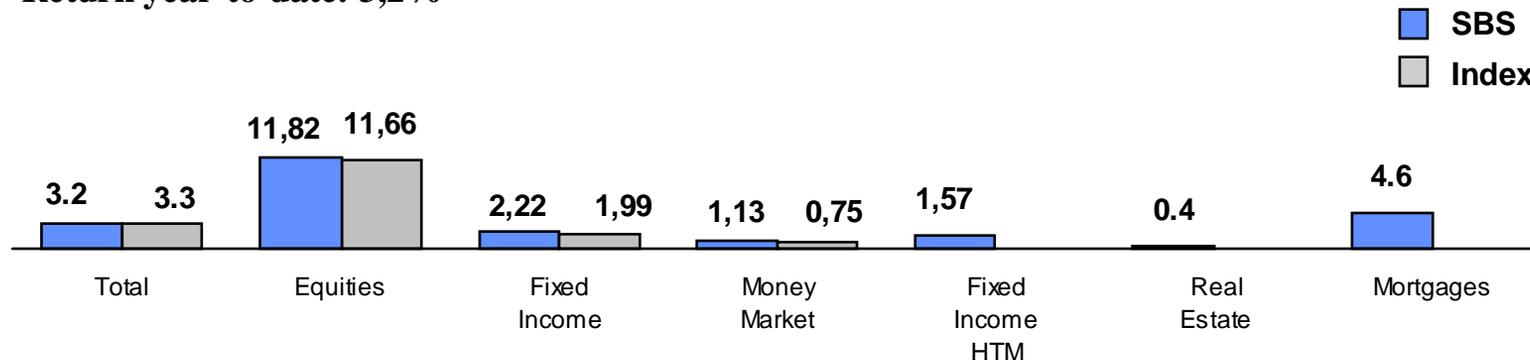
Gross financial income adjusted for unrealized gains as a %-age of average total assets incl. unrealized gains

# Storebrand Skadeforsikring AS

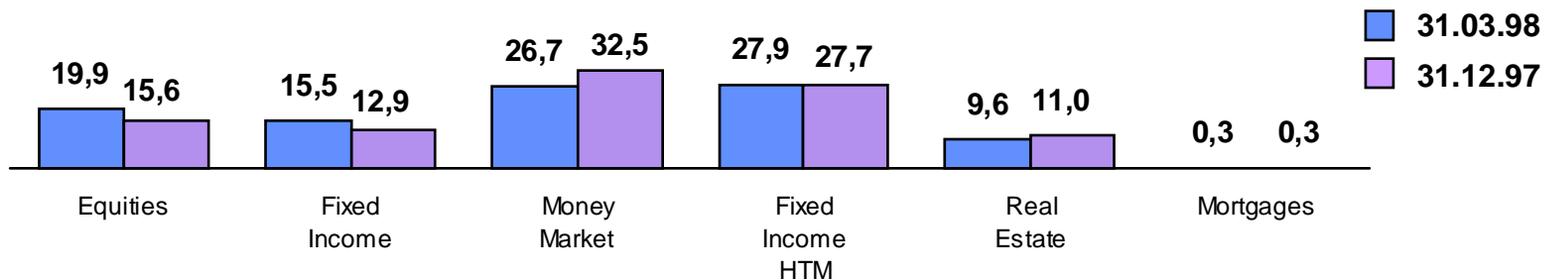
## Asset Management 1. quarter 1998

**Annualized return: 13,4%**

**Return year-to-date: 3,2%**



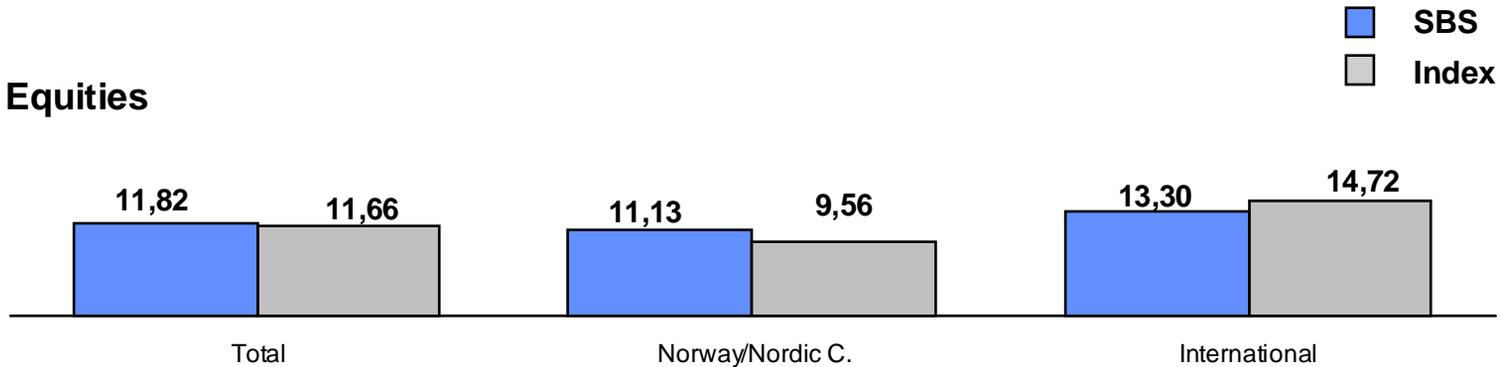
### Asset Allocation



# Storebrand Skadeforsikring AS

## Performance 1. quarter 1998

### Equities



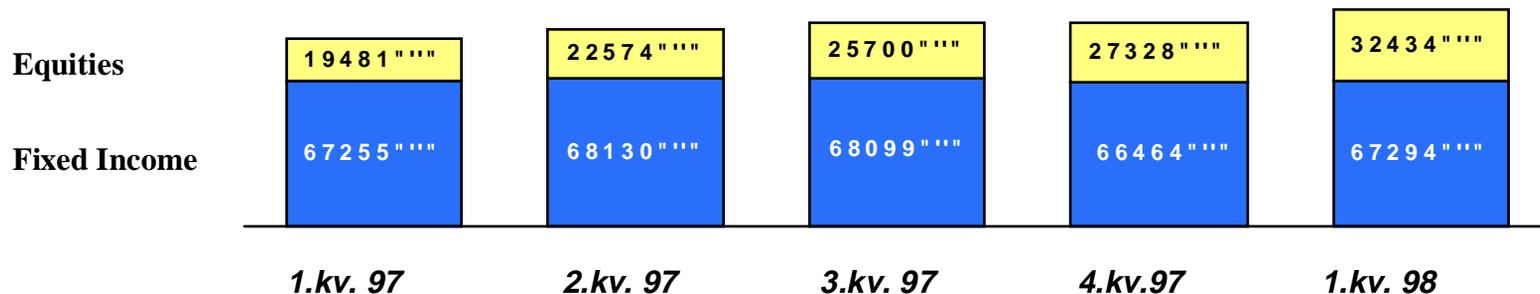
### Rentebærende



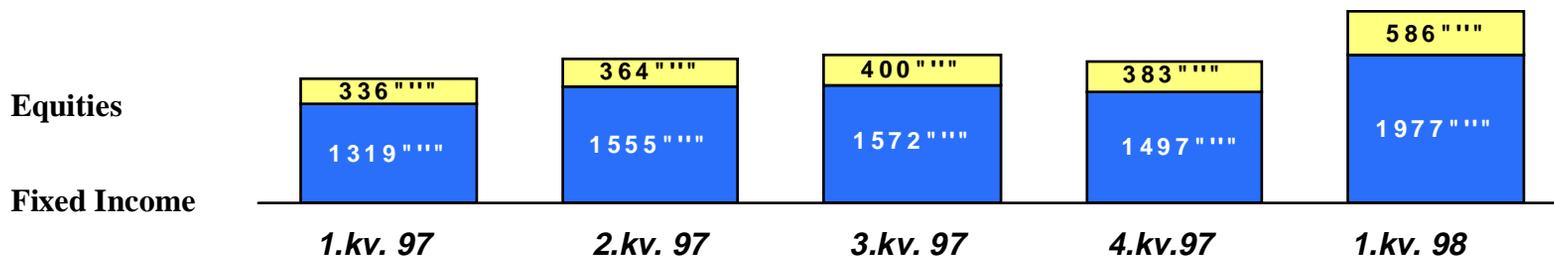
# Storebrand Investment Management

## NOK 112 billions under management

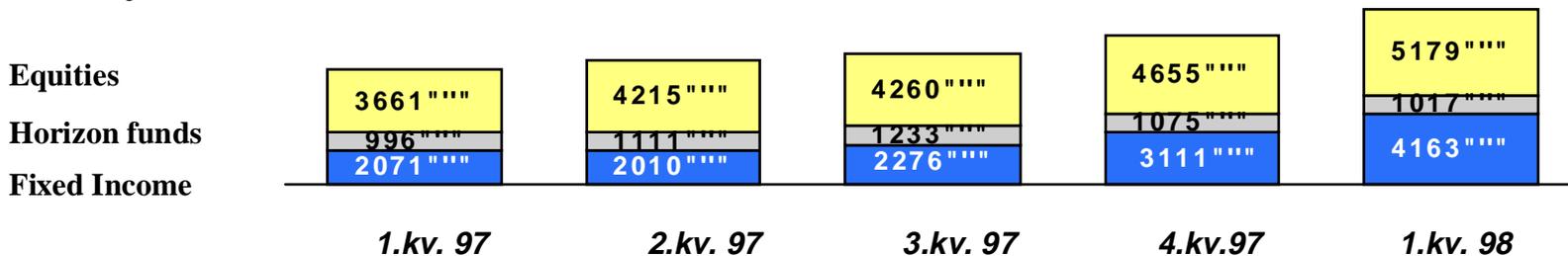
### Storebrand companies' assets



### Discretionary management



### Mutual funds

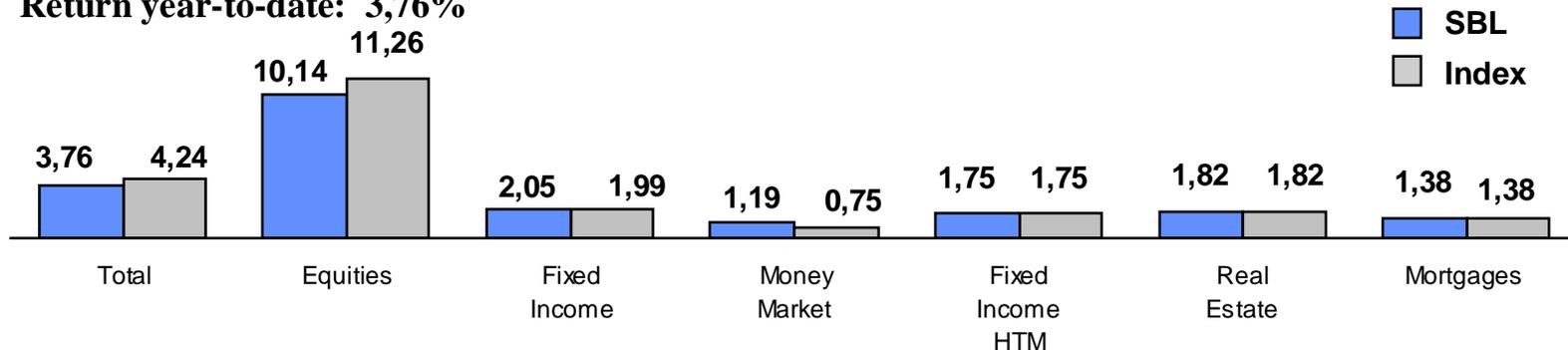


# Storebrand Livsforsikring AS

## Asset Management 1. quarter 1998

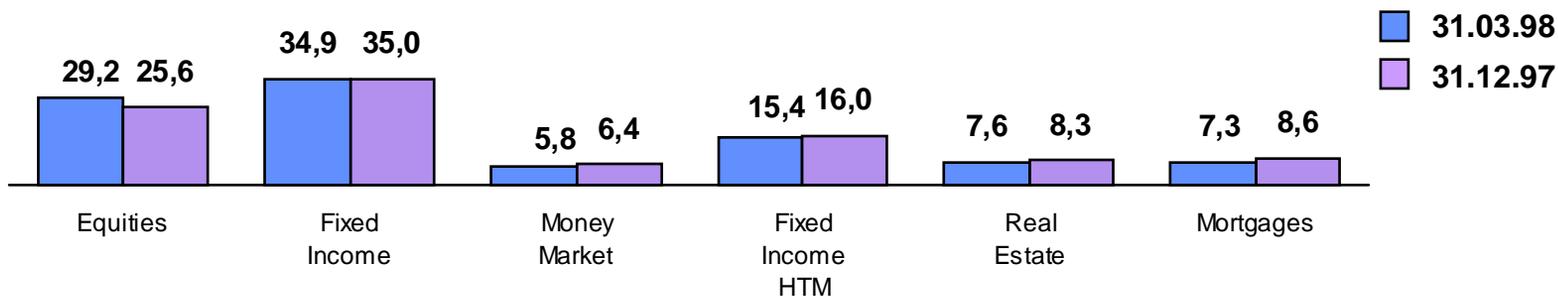
**Annualized return: 15,91%**

**Return year-to-date: 3,76%**



### Asset Allocation

Percent of sum investment funds



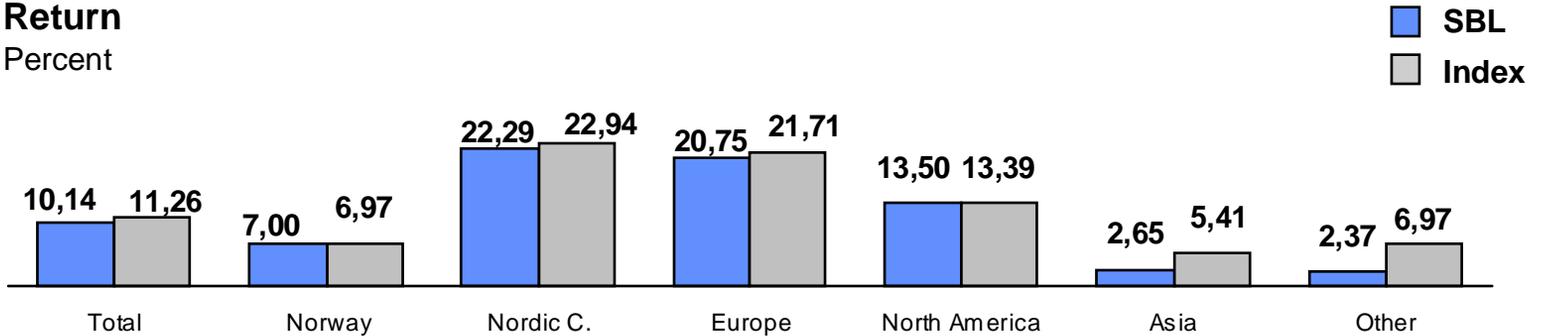
Note: Including derivate positions, the exposure towards equities amounts to 27,4% of total investment funds

# Storebrand Livsforsikring AS

## Equities

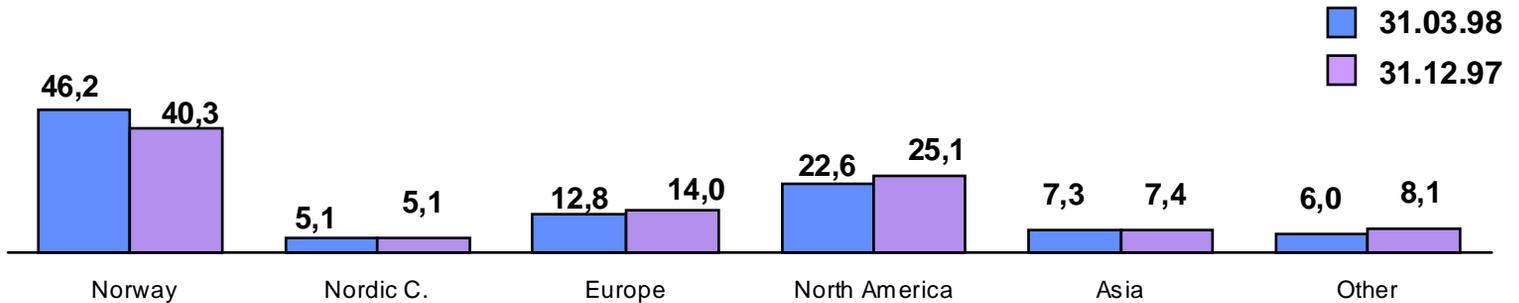
### Return

Percent



### Allocation

Percent of total equities

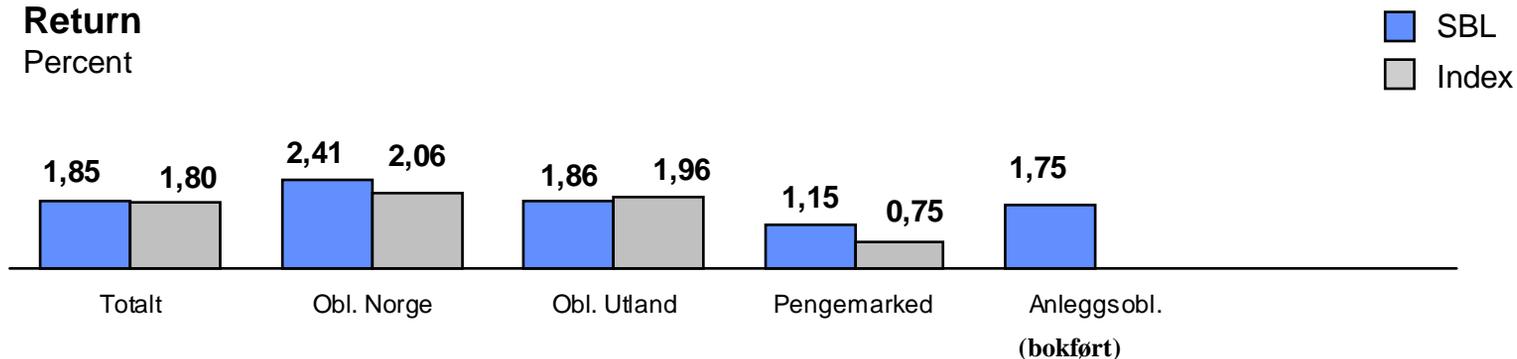


# Storebrand Livsforsikring AS

## Fixed Income

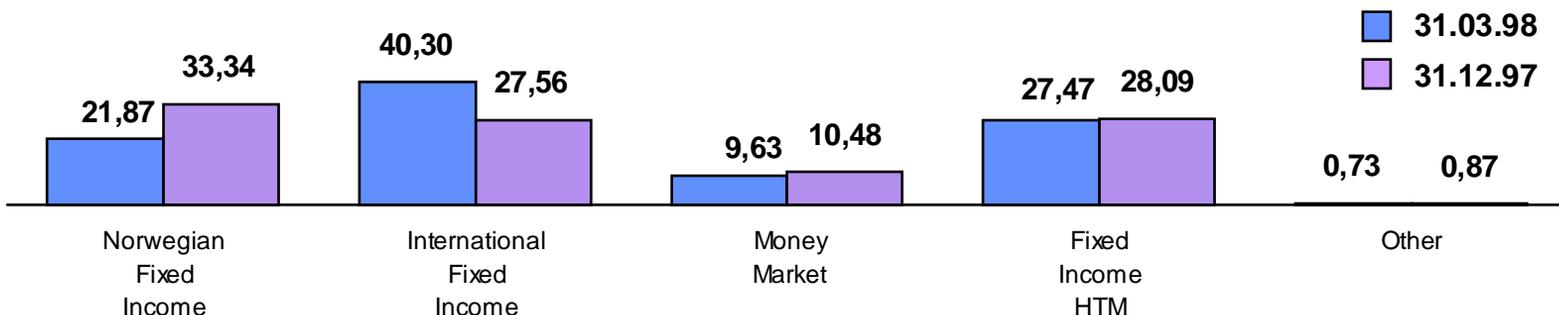
### Return

Percent



### Allocation

Percent of total fixed income



### Interest rate volatility pr. 31.03.98

Total based on marked values: NOK 2.500 mill. (2.223)

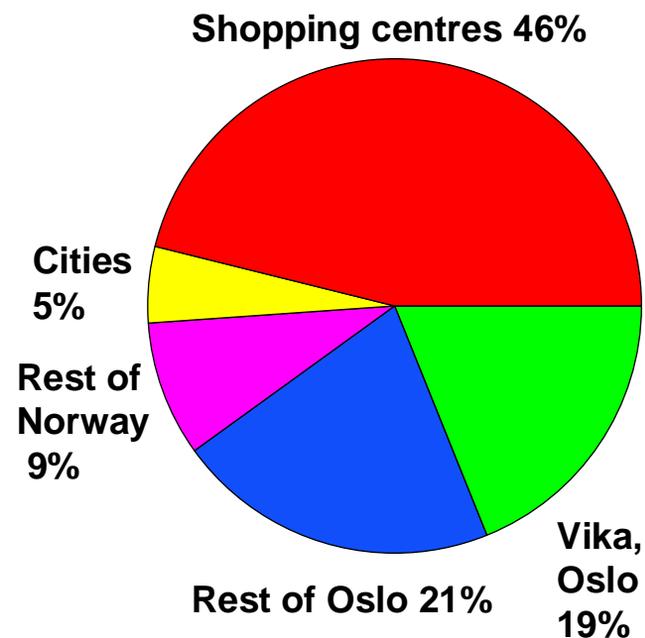
Accounting effect: NOK 1.815 mill. (1.536)

# Storebrand Livsforsikring AS

## Real estate fund

<b>Key figures</b>	<b>01.01.- 31.03.</b>		<b>31.12.97</b>
	<b>1998</b>	<b>1997</b>	
<b>The real estate fund:</b>			
Gross yield *)	1.9%	1.8%	7.6%
Growth in value	1.8%	1.5%	6.4%
<b>The fund's properties:</b>			
Operating result I **)	1.7%	1.7%	6.8%
<b>Total m2</b>	<b>695,000</b>	<b>706,000</b>	<b>676,000</b>
<b>Occupancy level</b>	<b>98.2%</b>	<b>97.6%</b>	<b>97.9%</b>

### Geographic allocation



\*) Gross yield calculation based on BISC-regulations compounded monthly

\*\* ) (Sum operating income - sum operating expenses) in % of average market value

# Storebrand Livsforsikring AS

## Loan fund

<b>Key figures</b>	<b>01.01.- 31.03.</b>		<b>31.12.97</b>
	<b>1998</b>	<b>1997</b>	
<b>Portfolio:</b>			
NOK mill.	7,000	9,800	7,800
Number of loans	26,800	34,600	28,900
<b>Growth in value</b>	1.4%	1.3%	5.3%
<b>Defaulted loans in %</b>	0.6%	0.5%	0.6%
<b>Change in loss prov. *)</b>	0.01%	-0.03%	0.01%

\*) % of average market value

### Loans with security in real estate by valuation limits

Within 60% of valuation: 71%

