Storebrand

Embedded Value 2008

March 2009

Analyst presentation

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Reduced MCEV 2008

- 2008 embedded value earnings of NOK - 5.2 billion*, - 20% return on restated MCEV 2007, -29% on reported MCEV 2007
- Introduction of CNHR reduces the MCEV with NOK 3.0 billion for the restatement of MCEV 2007
- Challenging financial markets gives negative economic variances of 7.1 billion
- Positive operating earnings of 1.8 billion
- Strong VNB numbers from Storebrand life, negative in SPP due to turnaround

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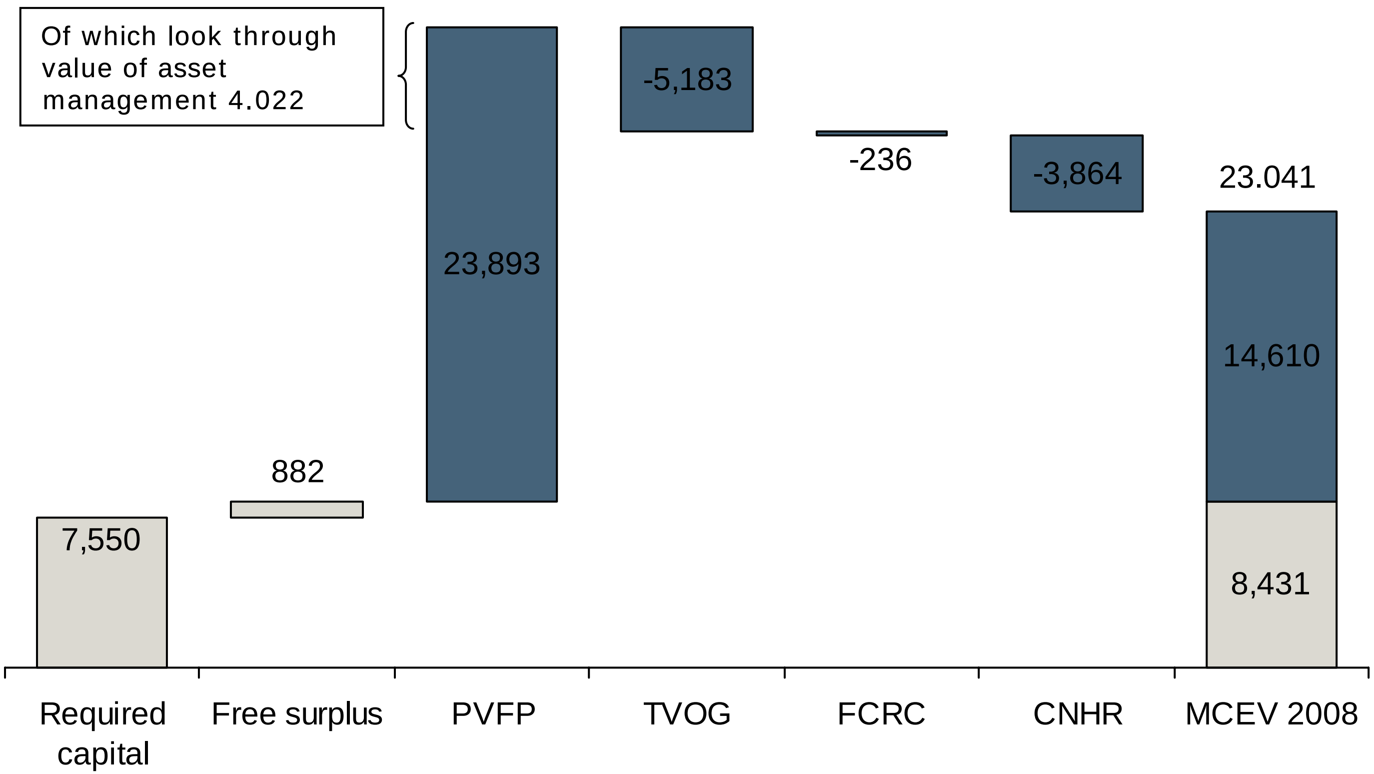
*) EV earnings: change in EV plus any dividends paid and less any capital injections

2008 MCEV analysis – Storebrand Life Group

NOK million



PVFP – Present value of future profits
TVOG – Time value of financial options and guarantees
FCRC – Frictional costs of required capital
CNHR – Cost of residual non hedgeable risk

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Cost of residual non-hedgeable risk (CNHR)

- Cost of non hedgeable risk of 3,864 millions in 2008
- Non-financial non-hedgeable risks:
  1. Operational risk / Uncertainty
  2. Insurance risk
- Financial non-hedgeable risks:
  1. Credit risk / counterparty risk
  2. Taken specially allowance for the extrapolation method applied to derive the initial yield curve

Where no direct assessment of the risks was possible, risk capital components have been derived using the QIS4 approach

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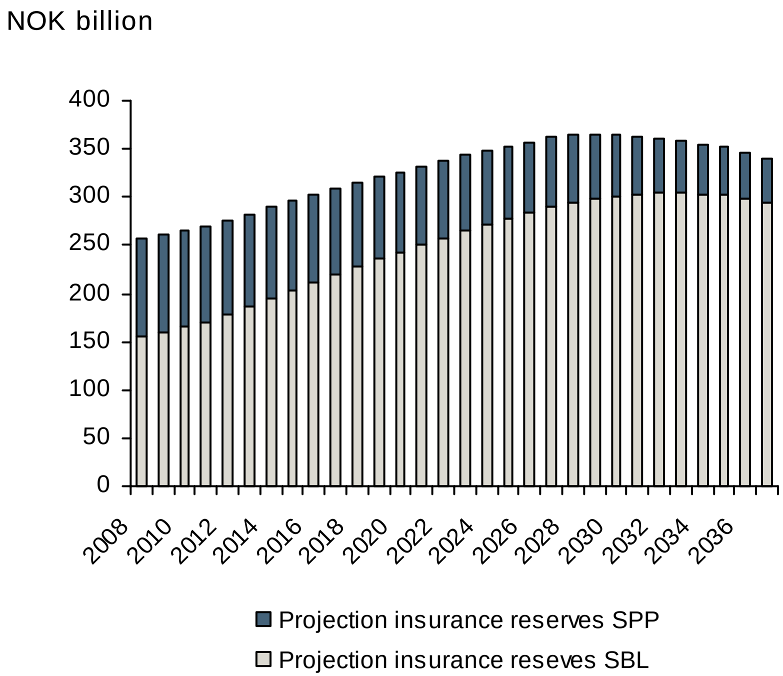
Asset Management look through value



Look through value of 4,022 millions, stable development from 2007

- 3,098 millions in look through value in SBL
- 924 millions in look through value in SPP
- Reserves projected to increase over the next 22 years
- Value tend to be high because of framework where you discount fixed fees on risk free rates

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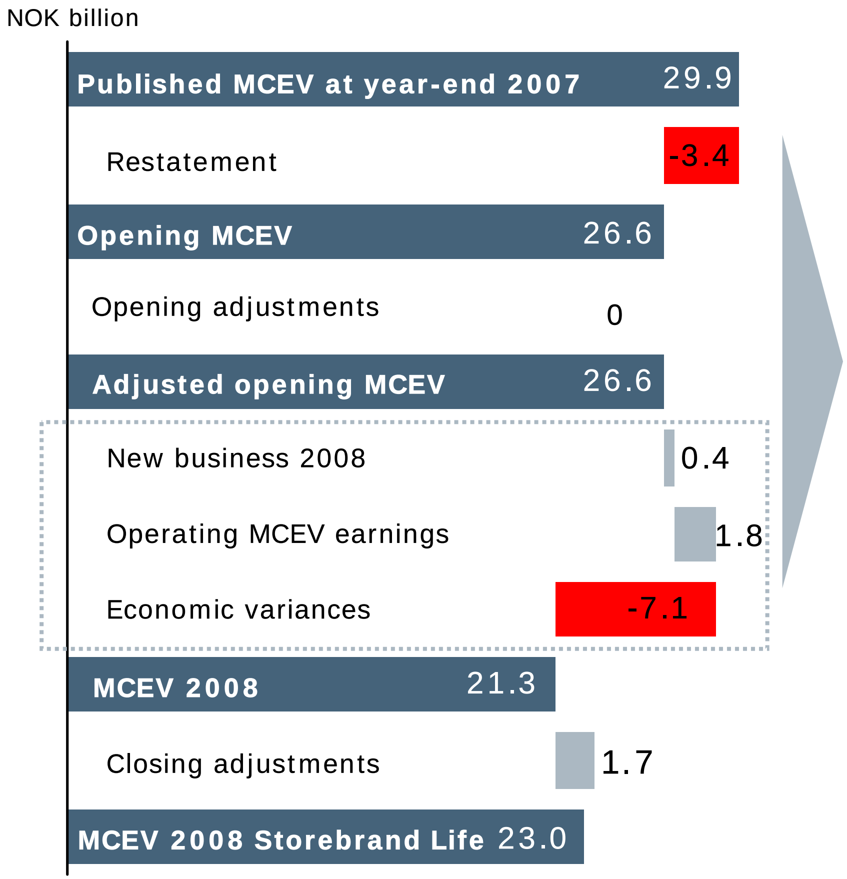
2008 MCEV earnings
– Storebrand Life Group



2008 embedded value earnings of NOK - 5,230 million - 20% RoEV

- Opening balance reduced by introduction of new methodology
- Positive VNB from Norwegian operations
- Economic variances influenced by challenging financial markets
- Closing adjustments consist of capital injections and currency effects

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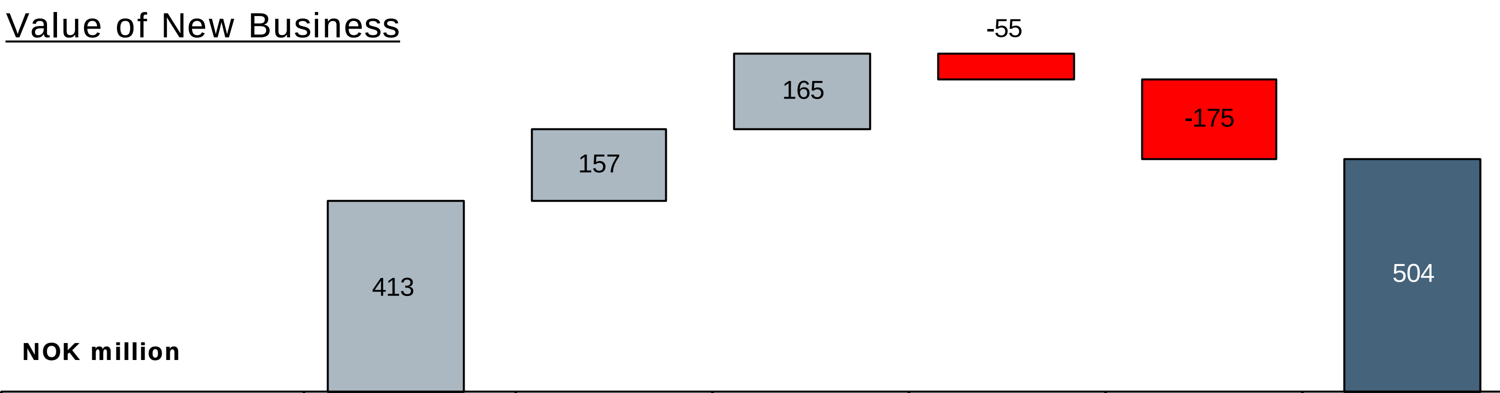
Strong value of New Business - Storebrand Life



	Traditional, individual, fee based	DC & Unit Linked	Risk	FCRC	CNHR	Total VNB
APE (NOK mill)	863 (890)	528 (248)	192 (49)	NA	NA	**1,583 (1,187)**
APE margin (%)	48% (41%)	30% (45%)	86% (55%)	NA	NA	**32% (42%)**
PVNBP	10,387 (10679)	5,954 (2398)	651 (540)	NA	NA	**16,992 (13,617)**
Margin on PVNBP	4.0% (3.4%)	2.6% (4.7%)	25.3% (5.0%)	NA	NA	**3.0% (3.7%)**

Numbers in brackets are 2007 numbers. These have not been restated and are hence not comparable on the total numbers. APE margin for 2008 before FCRC and CNHR are 46% and on margin on PVNBP 4.3%.

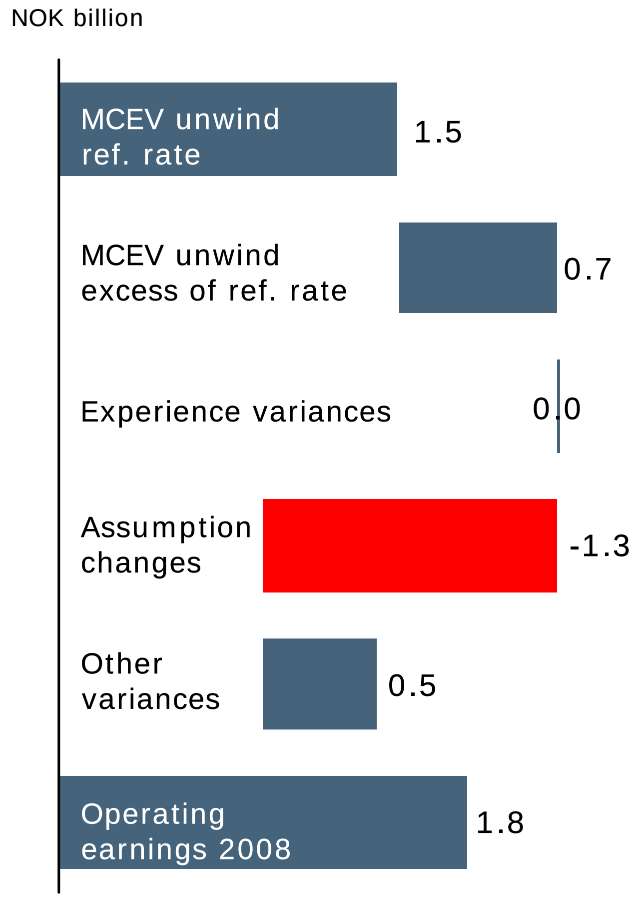
VNB = Value of New Business
APE - Annualised Premium Equivalent = Annualised regular premium + 10% of single premium
PVNBP – Present value of new business premiums

Challenging value of new business - SPP

2008 VNB of NOK -109 million in Swedish operations

- Cost reduction programs introduced
- LEAN processes to stream line processes and reduce unit cost
- Product development
- Increased sales through a more efficient sales organisation

Operating MCEV earnings



Comments

- Unwind of MCEV in 2008 exceeds reference rate
- Negative assumption changes mainly stem from higher modeled costs in SPP
- Other variances positively influenced by the implementation of dynamic risk management in SPP

Weak economic variances after turbulent year in financial markets

- Negative economic variances of 7.1 billion
- Influenced by:
  1. Reduced buffer capital from equity fall
  2. Lower interest rates
  3. Increased volatility
  4. Allowance for tax in SPP

NOK million	Sensitivities 2007	Movements 2008	Expected economic variances
Interest rate -1%	-2,846	-1,7%	-4,840
Equity market values -10%	-1,586	-40%	-6,340
Total			-11,180

Table shows sensitivities from 2007 multiplied with actual market development in 2008. It is taken assumptions that the sensitivity is linear, equity movements relates to MSCI world index, interest rates on average in Norway and Sweden.

MCEV sensitivities 2008 - Storebrand life group

NOK million	MCEV 2007	MCEV 2008
Base	**29,940**	**23,041**
100 basis point pa increase in the interest rate	5 %	13 %
100 basis point pa decrease in the interest rate	-10 %	-23 %
10% decrease in equity/property capital	-7 %	-16 %
10% decrease in equity capital	-5 %	-6 %
25% increase in equity/property implied volatilities	NA	-6 %
25% increase in swaption implied volatilities	NA	-8 %
10% decrease in maintenance expenses	2 %	8 %
10% proportionate decrease in lapse rates	3 %	2 %
Mortality rates -5% - annuity business	-2 %	-4 %
Mortality rates -5% - life business	1 %	0 %
Salary and expense inflation + 0.5%	1 %	1 %
Required capital equal to minimum level of solvency capital	NA	0 %

Notes:

1 Group sensitivities are not a simple addition if Storebrand Life and SPP sensitivities, Group level capital and synergies effects would also impact the Group level sensitivities

2 The sensitivity regarding decrease in lapse rates were in 2007 calculated as an increase of 10%. For comparison it is showed as a positive number here

3 The effect of existing hedging assets has been reflected

4 Sensitivities for 2007 are not updated to reflect restated values. 2007 VNB only includes Norwegian operations

5 Change in market value of unit funds not considered

MCEV sensitivities new business 2008 - Storebrand life group

NOK million	VNB 2007	VNB 2008
Base	**503**	**395**
100 basis point pa increase in the interest rate	0 %	31 %
100 basis point pa decrease in the interest rate	-6 %	-73 %
10% decrease in equity/property capital	-20 %	-9 %
10% decrease in equity capital	-1 %	-10 %
25% increase in equity/property implied volatilities	NA	-10 %
25% increase in swaption implied volatilities	NA	-15 %
10% decrease in maintenance expenses	3 %	14 %
10% proportionate decrease in lapse rates	8 %	14 %
Mortality rates -5% - annuity business	0 %	-2 %
Mortality rates -5% - life business	4 %	3 %
Salary and expense inflation + 0.5%	5 %	3 %
Required capital equal to minimum level of solvency capital	NA	5 %

Notes:

1 Group sensitivities are not a simple addition if Storebrand Life and SPP sensitivities, Group level capital and synergies effects would also impact the Group level sensitivities

2 The sensitivity regarding decrease in lapse rates were in 2007 calculated as an increase of 10%. For comparison it is showed as a positive number here

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Embedded Value Storebrand Group 2008

NOK million	31.12.2007 Group	31.12.2007 Group (restated)	31.12.2008 Group
ANAV	7,478	6,984	8,431
PVFP[1]	28,412	27,558	23,893
Cost of holding capital	-248	-236	-236
Cost of volatility	-5,701	-4,709	-5,183
Cost of residual non hedgeable risks	-	-3,044	-3,864
Total MCEV Storebrand Life	29,940	26,554	23,041
ANAV other businesses[2]	2,635	2,635	1,319
Storebrand Group Embedded value	32,575	29,189	24,360
Embedded value per share[3]	NOK 73.3	NOK 65.7	NOK 54.7

Notes:
1 PVFP including look-through in 2007, restated 2007 and 2008 of respectively 4,156, 4,148 and 4022
2 Includes IFRS shareholders' equity less intangible assets for businesses not included in the MCEV analysis
Storebrand Asset Management tangible equity adjusted to avoid double counting
3 Based on 444.6m shares for 2007, 445,3m shares for 2008

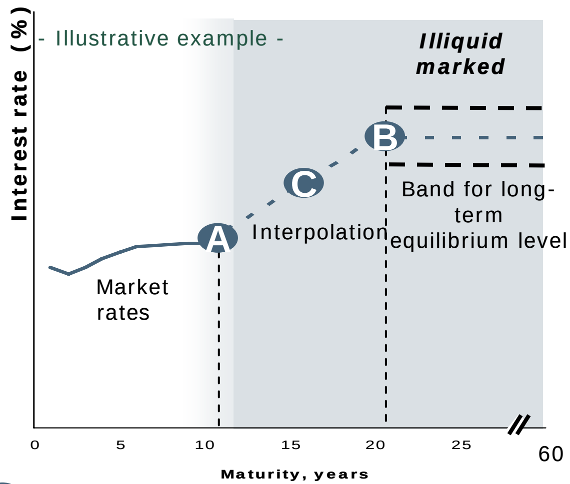
Embedded Values 2007 – 2008 - Storebrand Life Group

NOK million	MCEV 2007 (restated)	MCEV 2008
Total shareholder surplus at market value comprising	6,984	8,431
- required capital	8,389	7,550
- free surplus	-1,405	882
Present value of future profits	27,558	23,893
Time value of financial options and guarantees	-4,709	-5,183
Frictional cost of required capital	-236	-236
Cost of residual non hedgeable risks	-3,044	-3,864
Embedded Value	**26,554**	**23,041**
Look through value included in the PVFP	4,148	4,022

Reduction in MCEV value of NOK 3,513

- Shareholders free surplus of 882 million, due to 160% solvency ratio at year end
- Decrease in PVFP is mainly due to decreased interest rate
- TVOG increases due to both decreased interest rates and increased volatility
- CNHR increase is mainly due to lower interest rates in 2008

Economic assumptions



A Market interest rates

- Applied to the liquid part of the interest rate curve up to 10 years

B Long-term equilibrium level

- Applied where no functioning market exists
- Based on assumptions for growth in real economy, inflation and risk premium

C Interpolation between A and B

- Linear interpolation used between 10 and 20 years

Comments

- Storebrand does not consider the quoted swap rates for NOK and SEK as a robust basis for embedded value calculations or other valuations. Storebrand have hence introduced an alternative method to discount liabilities above 10 years

Spot Yield curve applied in the MCEV calculations

	2008				2007			
	NOK		SEK		NOK		SEK	
	mark to market	mark to model	mark to market	mark to model	mark to market	mark to model	mark to market	mark to model
1	2,8%	2,8%	1,8%	1,8%	5,9%	5,9%	4,7%	4,7%
2	2,9%	2,9%	2,0%	2,0%	5,7%	5,7%	4,7%	4,7%
3	3,1%	3,1%	2,4%	2,4%	5,5%	5,5%	4,7%	4,7%
5	3,9%	3,9%	2,9%	2,9%	5,4%	5,4%	4,8%	4,8%
10	4,7%	4,7%	3,2%	3,2%	5,5%	5,5%	4,9%	4,9%
20	4,7%	5,1%	3,2%	4,3%	5,5%	5,3%	4,9%	4,7%
30	4,4%	5,1%	2,8%	4,3%	5,3%	5,3%	4,8%	4,7%

Cost of volatility
- modelled using stochastic simulations

Implied volatilities for option on 10 year swaps at the money

Duration	2008 NOK	2008 SEK	2007 NOK	2007 SEK
1	13.8%	13.7%	12.3%	12.6%
5	11.9%	12.5%	11.6%	12.6%
10	11.1%	12.2%	11.3%	12.5%
20	na	na	10.5%	11.6%

Implied Equity Volatilies

	2008				2007			
	Storebrand Life			SPP	Storebrand Life			SPP
Duration	International Equities	Domestic Equities	Real Estate	Int. and domestic equities	International Equities	Domestic Equities	Real Estate	Int. and domestic equities
1	23.0%	32.0%	7.0%	23.7%	19.0%	24.0%	6.0%	19.9%
10	26.0%	28.0%	6.5%	25.8%	22.0%	28.0%	7.0%	23.9%

Comments

- The stochastic scenarios have been calibrated to average (over 2008) implied volatilities of swaptions at the money
- Various equity indices are considered in the stochastic models
  - equity volatilities are based on implied volatilities of equity options at the money
  - 2008 volatilities are based on average implied volatilities over the year 2008
  - real estate volatility is based on historic market data

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Frictional cost of holding required capital

- The amount of required capital for Storebrand Life has been set as the greater of
  - Norwegian regulatory requirement
    - Banking requirement (Basel I)
    - EU minimum solvency (Solvency I)
  - internal requirement based on obtaining a targeted rating
- For SPP, the required capital has been set as 150% of the EU minimum requirement

Capital requirement	**Regulatory requirement**	**Internal requirement**
2005	NOK 3.1 bn	NOK 3.7 bn
2006	NOK 4.1 bn	NOK 4.0 bn
2007 Storebrand Life	NOK 4.3 bn	NOK 3.9 bn
2008 Storebrand Life	NOK 3.4 bn	NOK 4.7 bn
2007 SPP	NOK 3.9 bn	NOK 5.3 bn
2008 SPP	NOK 4.1 bn	NOK 5.8 bn

- The cost of holding required capital is calculated as the frictional cost on capital
  - due to an effective tax rate of 0%, the cost of capital only reflects the cost of future asset management expenses on required capital

External opinion 2008

- Tillinghast, the insurance consulting business of Towers Perrin, reviewed the methodology and assumptions used to determine the 2008 embedded value results. The review covered the European Embedded Value as at 31 December 2008, the value of 2008 new business, the analysis of 2008 embedded value earnings and the sensitivities of the embedded value and new business value using a market consistent approach. It also covered the restated embedded value as at 31 December 2007.
- Towers Perrin has concluded that the methodology and assumptions used comply with the EEV Principles and Guidance, and in particular that:
  - the methodology makes allowance for the aggregate risks in the covered business through the bottom-up methodology as described in the additional disclosure document, which includes a stochastic allowance for the cost of financial options and guarantees, and a level of required capital based on regulatory and internal capital requirements and an allowance for the cost of non-hedgeable risks;
  - the operating assumptions have been set with appropriate regard to past, current and expected future experience;
  - the economic assumptions used are internally consistent and consistent with observable market data and where no deep and liquid markets exist are appropriately modeled; and
  - for participating business, the assumed bonus rates and the allocation of profit between policyholders and shareholders are consistent with the projection assumptions, established company practice and local market practice
- Towers Perrin has also performed limited high-level checks on the results of the calculations and has confirmed that any issues discovered do not have a material impact on the disclosed embedded values and new business values. Towers Perrin has not, however, performed detailed checks on the models and processes involved
- Towers Perrin notes that the results as at 31 December 2008
  - are based on a zero tax rate in accordance with the current taxation regime relating to income and capital gains on European (EEA) equities
  - The subordinated debt has been deducted from the EEV at book value rather than on a market value basis, as disclosed in Section III.
- In arriving at these conclusions, Towers Perrin has relied on data and information provided by Storebrand. This opinion is made solely to Storebrand in accordance with the terms of Towers Perrin's engagement letter. To the fullest extent permitted by applicable law, Towers Perrin does not accept or assume any responsibility, duty of care or liability to anyone other than Storebrand for or in connection with its review work, the opinions it has formed, or for any statement set forth in this opinion.

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