storebrand

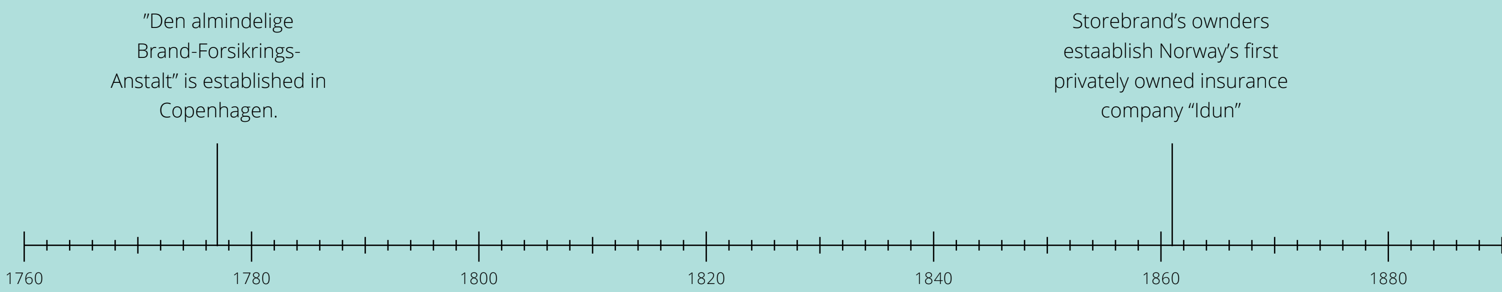
By putting the customer first and investing sustainably Storebrand will be best at saving for retirement

Wenche Martinussen is working continuously to simplify pension for our customers

Annual Report 2015

Content

History of Storebrand



1767–1919: ROOTS

1767
”Den almindelige Brand-Forsikrings-Anstalt” is established in Copenhagen.

1814
Following the split from Denmark, management of the fire insurance scheme is transferred to Christiania, as the capital of Norway was called at that time. In 1913 the scheme is converted into a public sector company called Norges Brannkasse.

1847
On 4 May 1847, the P&C insurance company ”Christiania Almindelige Brand-forsikrings-Selskab for Varer og Effecter” is incorporated by private subscription. The company is referred to as Storebrand.

1861
Storebrand’s owners establish Idun, the first privately owned life insurance company in Norway.

1867
The P&C insurance company Norden is established as a competitor to Storebrand.

1917
The life insurance company Norske Folk is established.

1920–1969: GROWTH AND CONSOLIDATION

1923
Storebrand acquires nearly all of the shares in Idun. The rest, with a couple of exceptions, are acquired during the 1970s.

1925
Storebrand changes its name from ”Christiania Almindelige Forsikrings-Aksjeselskap” (renamed in 1915) to ”Christiania Almindelige Forsikrings-Aksjeselskap Storebrand”. This name is kept until 1971.

1936
Storebrand acquires Europeiske, the leading travel insurance company in Norway.

1962
Storebrand initiates a new wave of acquisitions and mergers by acquiring Norrøna, which was experiencing financial problems.

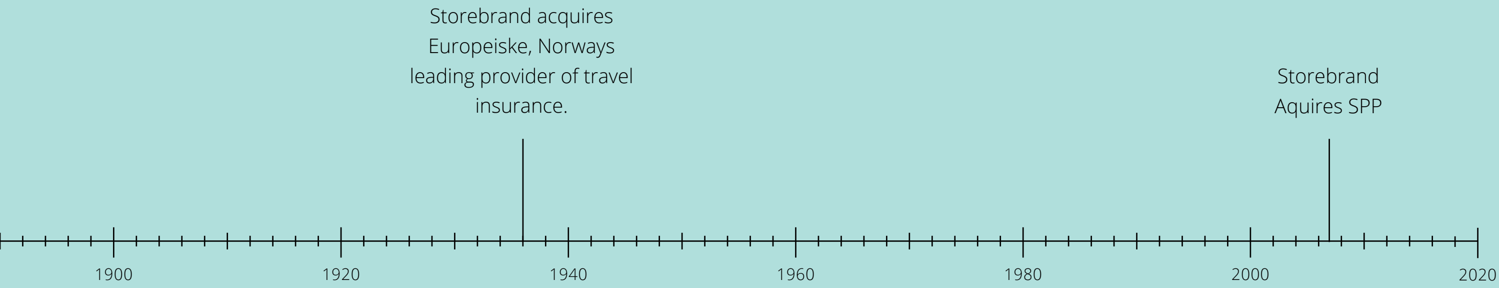
1963
Storebrand acquires Norske Fortuna. Brage and Fram merge to become the country’s largest life insurance company. Storebrand and Idun move into their own new premises in the restored Vest-Vika area of Oslo. Brage-Fram and Norske Folk follow their lead.

1970–1989: GROUP FORMATION

1978
Storebrand changes its logo and introduces “the link” as an easily recognisable trademark. The formal name of the holding company is changed to A/S Storebrand-gruppen.

1983
The Norden Group and Storebrand merge.

1984
Norske Folk and Norges Brannkasse market themselves as a single entity under the name UNI Forsikring.



1990–1999: CRISIS AND CHANGE

1990
Storebrand and UNI Forsikring agree to merge, and the merger receives official permission in January 1991.

1992
UNI Storebrand's negotiations with Skandia concerning establishing a major Nordic company fail to reach agreement.

1996
The company changes its name to Storebrand ASA and establishes Storebrand Bank ASA.

1999
Storebrand, Skandia and Pohjola consolidate their P&C insurance activities in the new Nordic, Swedish registered company, If Skadeförsäkring AB. Storebrand sells its stake five years later.

2000-2011: NEW CHALLENGES

2000
Norwegian and international stock markets fall sharply from September 2000 to February 2003.

2005
The Storting, the Norwegian parliament, rules that all companies must have an occupational pension scheme in place by 2007. Storebrand responds to the challenge with its new product, Storebrand Folkepensjon.

2006
Storebrand decides to return to P&C-insurance.

2007
Storebrand acquires SPP, the Swedish life insurance and pensions provider, from Handelsbanken and forms the leading life insurance and pensions provider in the Nordic region.

2008
The financial crisis in the USA spreads to the global financial markets and during 2008 the New York Stock Exchange (Dow Jones DJIA) falls by 34 per cent and the Oslo Stock Exchange by 54 per cent.

2010
Storebrand's new energy efficient head office gains a lot of attention. The building is awarded the acclaimed 2010 City Prize by the real estate industry. The head office receives eco-lighthouse certification.

2011
A new group organisation lays the groundwork to make it easier to be a customer in Storebrand. The debt crisis and uncertainty in the eurozone are causing considerable anxiety and turbulence in the financial markets. Storebrand's results for the year have been affected by these disturbances.

2012: OUR CUSTOMERS RECOMMEND US

Storebrand launches a new vision: "Our customers recommend us", six customer promises, a new position and adjusted core values.

Odd Arild Grefstad is appointed as the new CEO. Comprehensive change work associated with capital effectiveness, cost reductions, customer orientation and commercialization is initiated. The measures will ensure that the Group generates value for customers, employees and shareholders.

2013
A new group organisation is presented in June. Nordic units and distinguishing between business in growth and business with guarantees are key elements.

2014
New regulatory framework for private occupational pensions in Norway is introduced on 1 January. New maximum rates for defined contribution pensions are significantly higher.

Storebrand Asset Management surpasses NOK 500 billion in assets under management for the first time.

The Act on paid-up policies with investment choice entered into force on 1 September. Storebrand is the only provider of paid up policies.

2015
Storebrand consolidates its position as market leader in pension and sign new contracts on defined contribution to major players such as NHO and NRK. In January 2015 the agreement with Statoil entered into force to deliver defined contribution to its employees.

In October Storebrand Bank launches fixed-rate loans with 20 years maturity. Meanwhile, Storebrand market's lowest interest rates on loans with 3, 5 and 10-year maturity, with nominal interest rates from 2.10 percent.

In November Storebrand signs a strategic partnership with the US IT company Cognizant, which simultaneously acquires 66 percent of Storebrand Baltic. The partnership will lay the foundation for an even more customer-oriented development of the Group's IT solutions.

Rating

Score 79 out of 100
Ranked 9 out of 148 in insurance

Score 76 out of 100
Percentile ranking: 79
Included in dow jones europe and dow jones world indices

Disclosure score: 100 out of 100
Disclosure band: B

Ranked A

Ranked 20 out of 100
most sustainable insurance company in the world

Signatory of

Certified

Storebrand in brief

Storebrand aims to be the best provider of pension savings. The Group offers products within life insurance, property and casualty insurance, asset management and banking to private individuals, companies and public sector entities. The Group is divided into the segments Savings, Insurance, Guaranteed Pension and Other.

HISTORY

Storebrand's history can be traced back to 1767. The company has supplied occupational pension to Norwegian employees since 1917, the same year that Storebrand's fully-owned subsidiary SPP was established in Sweden. Storebrand Bank ASA was established in 1996. In 2006, P&C insurance was relaunched as an offering to the retail market customers and selected parts of the corporate market.

EMPLOYEES

At the end of 2014, there were 2,298 employees in the Group, compared with 2,223 at the start of the year. Women represent 51 % of our employees. The average age of our employees is 40. The average term of service is 9 years. All employees of Storebrand are treated equally, regardless of age, gender, disability, religious beliefs, cultural background or sexual orientation.

CUSTOMERS

40 thousand corporate customers and 1,9 million individuals have a customer relationship with Storebrand. Our vision is to serve them so well that we are "Recommended by our customers".

STOREBRAND'S STRATEGY

Storebrand's ambition is to be the best at saving for pensions. Our most important customers are corporates, employees and former employees with pensions from Storebrand. We will supply sustainable solutions adapted to the customers' individual situation through market and customer concepts, so that each person receives a better pension.

NØKKELTALL

NOK million	**2015**	2014	2013	2012	2011
Group result before amortisation and reserve strengthening	1,762	3,423	2,938	1,960	1,279
Return on equity	7%	11%	12%	8%	6%
Solvency margin (%)	191%	175%	176%	162%	161%
Total equity and liabilities	521,329	492,287	463,367	426,205	401,442
Equity	26,946	24,741	22,755	20,175	18,777
Earnings per ordinary share	2.63	4.61	4.41	2.25	1.51
Dividend per ordinary share	0.00	0.00	0.00	0.00	0.00

2015 Highlights

1st Quarter

RECOGNITION FOR OUR WORK ON SUSTAINABILITY

Storebrand named as the world's 20th most sustainable company by Corporate Knights in conjunction with the World Economic Forum in Davos. Swedish Söderberg & Partners marks Storebrand/SPP best in its report on sustainable mutual funds, and a report by The Future in Our Hands highlights Storebrand as a market leader in sustainable savings.

STRONG GROWTH IN INSURANCE

Storebrand delivers very good quarterly results for the insurance business. Growth is driven by strong sales agreement with Akademikerne, which entered into force on 1 January 2015 and includes 110,000 members.

2nd Quarter

CLIMATE ACCOUNTING AND SUSTAINBILITY AWARDS

Storebrand has signed Montreal Carbon Pledge, an international initiative ahead of the climate summit in Paris in December 2015. This means that the Group must estimate the fossil footprint of all private equity funds and making information available to everyone. In June Storebrand received the award "Best Use of ESG" (Enviroment, Social, Governance) in the Nordics from Institutional Investor.

10,000 POLICIES WITH INVESTMENT CHOICE

In the second quarter, customers have switched to paid up policies with investment choice at total value of 1.2 billion. Exceeding 10,000 paid-up customers in total.

3rd Quarter

NEW, CUSTOMER ORIENTED GROUP ORGANISATION

Storebrand takes a new step in customer orientation by establishing overall operating and product areas within the Group. Staffan Hansen, former head of Asset Management, replaces Sarah McPhees position as CEO of SPP, while Jan Erik Saugestad takes over as Executive Vice President for Asset Management.

AMONG THE BEST IN THE WORLD ON SUSTAINABILITY

For the 16th year in a row, Storebrand has gained a place on the Dow Jones Sustainability Index. Dow Jones emphasizes the companies' ability to manage sustainability trends in a way that strengthens their long-term profitability, and Storebrand is one of 15 companies worldwide that have been qualified to index every year since its inception in 1999.

4th Quarter

NHO CHOOSES STOREBRAND

NHO and Storebrand agree on a new and expanded agreement on pensions to NHO's members through 2021. The deal is the biggest in the Norwegian pensions market, and consolidates Storebrand's position as market leader.

CLIMATE REPORT TO THE PRIME MINISTER

Storebrand is together with other leading industry players among the initiators of the climate report "Norway 203040 - Business Opportunities". The report was presented to the Prime Minister Erna Solberg and Climate and Environment Tine Sundtoft at Storebrand, Lysaker, 20 October.

RESTRUCTURING AND COST REDUCTION

In October, the Group communicates restructuring. It is expected a reduction of 65 FTEs. It will also be necessary for staff reduction in other parts of the Group in 2016.

Interview with the CEO

How was this last year for you?
"We continue to deliver a good return to our customers, and we have successfully grown our non-guaranteed business – both in Norway and Sweden. We have increased the rate of change in 2015, by, for example, entering into partnership with the US IT company Cognizant. This cooperation will provide our customers with more innovative solutions and the Group with cost reductions.

We have implemented structural changes in our organisation and established a shared service organisation. We are doing so in order to make it easier to be and remain a customer of Storebrand, and to strengthen our competitiveness. These changes have been challenging, but it is incredibly fun to see how quickly and constructively our employees have responded.

In 2015, there have been many major pension agreements out for tender, and we have won a majority of them. The pension agreement with the Confederation of Norwegian Enterprise (NHO) was the largest.
I think that we have been very successful in stepping on both the gas and brakes in our business. In our non-guaranteed business, we are stepping on the gas and growing. We are at the same time braking in the guaranteed business in a good way."

Storebrand delivered a Group result before amortisation and reserve strengthening of NOK 1,762 million for 2015, down from NOK 3,423 million for 2014. How would you describe Storebrand's financial results in the year that has passed?
"The 2015 results have been marked by many non-recurring effects, such as an extraordinary strengthening of reserves for increased longevity. The margins in the guaranteed business have been falling for a long time due to low interest rates and longevity reserve strengthening. Therefore it is incredibly important that we have good, profitable growth in our non-guaranteed business.

What has been the most important this year in the eyes of the analysts has been adaptation to Solvency II, which was introduced from 1 January 2016. I am very satisfied with the job we have done here, and the Solvency II results we have delivered so far have been good."

What results are you the most and least satisfied with?
"I am the most satisfied with strong growth and good profitability in our non-guaranteed business, with premium income growth of 25 per cent for defined contribution pensions and unit linked insurance in Norway and Sweden.

I am the least satisfied with the fact that the paid-up policy problem remains unsolved. Both the customers and we are suffering under rigid rules, which force us to manage long-term pension money in a short-term manner.

We have not achieved our growth targets for the banking business in 2015, but we see that the arrows are pointing in the right direction at the end of 2015. In 2016, we have great expectations that we will grow in the home mortgage loan market, particularly in fixed-rate lending and home mortgages for young people. And we are the only bank where you are young until age 40."

The shareholders are concerned about the low interest rate level being challenging for Storebrand, since the company guarantees the return for a large portion of the customers' pension assets. What actions is Storebrand taking to continue to fulfil customer commitments and earn money, even if the interest rates remain low?
"We have taken many actions to remain robust in a low interest rate environment. We continue to shift our balance sheet from products with guaranteed interest rates to products without a guarantee. Our costs are being reduced. We have built up a portfolio of bonds with a long term to maturity that we will hold until maturity over a period of several years. Together with property, these bonds will provide an ongoing, secure return, which will cover the interest rate guarantee and strengthening of longevity reserves – but probably not more than that. We expect to achieve a four per cent annual return on the paid-up policy portfolio until 2020. After 2020, the interest rate guarantee for our guaranteed portfolios will be reduced from the current 3.5 per cent to around 3 per cent, which we are comfortable with in the current situation."

Solvency II, the new European solvency regulations for life insurance companies, was introduced in Norway in January 2016. What is the practical importance of the regulations entering into force to Storebrand?
"This ensures clarity in important framework conditions related to our Group's capital situation. It is a major advantage for analysts and shareholders.

Solvency II consists of regulations that provide important incentives for management of the life portfolios. The old regulations did not take how the pension assets were invested into consideration. Now there are different risk weightings for the various asset classes. If you take more risk, then you must provide more equity. This is the right way to go. One can of course discuss the level and transitional rules, but it is the right direction."

With the transitional rules, Storebrand has a Solvency II ratio as high as 168 per cent at the end of the 4th quarter, compared with a target of at least 130 per cent. Is this not excessively good and indicative of the fact that one could have "relaxed" a little with regard to the adaptations?
"No. We have not overdone it here. The adaptations have been necessary. Over time the effect of the transitional rules will diminish, and then the solvency ratio without transitional rules must increase to 130 per cent. At present, we are at 124 per cent, without transitional rules, and during the transitional

"In an increasingly individualised pension market, it is important to succeed in the retail market. I am very happy to welcome more than 26 000 new retail customers to Storebrand in 2015. More than half of the customer growth comes from people with their occupational pension plans in Storebrand, indicating that we succeed in offering relevant and attractive private financial solutions."

Odd Arild Grefstad
Konsernsjef

period of 16 years we must increase this to 130 per cent – so we must continue to increase our equity in the future.
Also note that we have not paid a dividend to our shareholders since 2010. We are not adequately capitalised until we are able to pay a normal dividend. When we start to pay a dividend, we would like to do so every year. The Board of Directors proposes, as is known, that no dividend be paid for 2015, but a dividend is planned for 2016."

A higher life expectancy in the population is a challenge for the life insurance companies, which have to set aside more money to cover additional years of pension payments. The authorities have given the industry a deadline of 2020 to set aside an adequate amount of money. Storebrand chose nevertheless to accelerate the strengthening of reserves for increased longevity, so that the full impact of increased longevity on the results was recognised by the end of the 2015 financial year. Why?
"We had an opportunity to complete the owner's share of the reserve strengthening now, and we did so. Now, we will not have to take these provisions into account in future quarters. Note that the changed allocation is only an accrual and does not entail any change in the expected use of equity. We expect accordingly that the remaining reserve strengthening will be covered by the surplus return on the customers' assets and elimination of profit sharing."

Storebrand has entered into several major agreements with corporate customers and organisations in 2015. The largest agreement was an expansion of the pension cooperation with the Confederation of Norwegian Enterprise (NHO). How important is this agreement to Storebrand?
"It is a very important agreement. NHO with its 20,000 member companies is a very important partner to us. The agreement entrenched our position as the market leader for defined contribution pensions. We are looking forward to providing NHO members with market-leading and customer-friendly solutions.

We have also had an agreement to provide pensions to NHO's member companies earlier. This agreement has now been expanded and extended to the end of 2021. While the old agreement was aimed primarily at small and medium-sized enterprises that have requested the minimum scheme, the new agreement is formulated so that it is also attractive to large companies. The agreement will also be very competitive for higher savings rates and contain new digital customer-friendly services – which our other customers will also benefit well from. We have therefore great confidence that the volume associated with the agreement will increase quickly in the future, and that the NHO customers will continue to be among our most satisfied corporate customers."

Another major agreement is the insurance agreement with the Federation of Norwegian Professional Associations (Akademikerne), which entered into force on 1 January 2015. This agreement encompasses 110,000 members. How many of Akademikerne's members have availed themselves of the offers in the agreement with Storebrand so far?
"First off, I would like to say that it is really satisfying that Akademikerne have chosen us. Akademikerne is a large, attractive and demanding customer group with substantial insurance needs. Up until now, we have received NOK 225 million in group insurance agreements. These are agreements that have primarily been transferred from DnB, but we have also entered into some new group agreements. In addition, we have received NOK 80 million from new sales of individual agreements, distributed across 8,000 new private customers. Sales to date are better than our expectations, so we are very satisfied with how it has started.

After a demanding start in the first quarter with long call waiting times, we are now receiving good feedback from Akademikerne's member organisations. This agreement is the main reason for the strong growth we have experienced in the insurance area, with premium growth of 17 per cent for the past year.".

Increasing life expectancy, low interest rates and new capital requirements through Solvency II have made the management of paid-up policies very challenging. This came to a head in 2015, when the paid-up policy company Silver was forced to submit an application to the authorities for exemption from the introduction of Solvency II. What does this say about the challenges facing paid-up policies as a product?
"Silver finds itself in a very special situation. The rest of the Norwegian insurance business finds itself in a very different situation. We have used five years to prepare for Solvency II and we are well-positioned now. We have abandoned guaranteed products and implemented hard cost cuts. In addition, we have built up a robust asset side that matches our liability side. We started to set aside funds to strengthen the longevity reserves very early. We are carrying our paid-up policy portfolio in a good way.

Having said this: Paid-up policies in isolation are a major problem – both for the customers and the life insurance companies. For the companies, the challenge lies in a high level of working capital. Due to the guaranteed annual return, we must manage long-term pension money in a short-term manner. This gives a guaranteed, but low return – and thus a poor pension for our customers.

Paid-up policies with investment options are a good alternative for many, but not everyone. We recommend investment options only to those who can expect significantly higher pension payments by trading in their guarantee. Since October 2014, almost NOK 5 billion of the paid-up policy funds distributed across around 18,000 agreements have been converted to investment options. That sounds like a lot, but during the same period, our guaranteed paid-up policies increased from NOK 80 to 95 billion, in other words, three times as much. Investment options do in other words not solve the paid-up policy problem. It may also be said that we are expecting significantly lower conversion in the future, since most of the interested paid-up policy customers have already converted to investment options."

How can the paid-up policy problem be solved?
"All common sense dictates that something must be done about the requirements for annual guarantees to make the management of the guaranteed products better for the customers. I still have faith that this is something the authorities will be looking at, but very little has happened so far. Replacing the guaranteed annual return with a final guarantee and introducing a flexible buffer fund would help a lot. It would create better economics for the paid-up policy product – both for the customers and life insurance companies."

The argument against a final guarantee has been that the transfer market did not function, since a paid-up policy could be inadequately reserved during certain periods and can then not be transferred.
"Yes, I have heard that, but it is not a very weighty argument. Paid-up policies can regardless not be transferred today – there are no companies that will accept a paid-up policy that has not been fully reserved and has in addition a high annual interest rate guarantee. In Sweden, however, there is a final guarantee scheme and a functioning transfer market at the same time.

As a company, we can sweat through annual guarantees and low interest rates, but it is not very favourable for our paid-up policy customers – who are losing purchasing power every year."

The Ministry of Labour and Social Affairs has announced that public service pensions will be changed and adapted to the pension reform. Is it possible that Storebrand will be a provider of a new public service pension?
"We are carefully following the developments and are ready to enter and create competition in this market if provisions are made for such. We are already a major actor in the market for pension funds for the local authorities in Norway. And we are one of two pension providers that have already introduced a hybrid pension variant. The hybrid model, with lifelong disbursements and opportunities for wage inflation adjustment, may be a good solution for the public sector."

The shift from guaranteed to non-guaranteed business continues while the customers' needs and habits are also changing at the same time. This past year Storebrand has changed the corporate organisation, while parts of the Group have been undergoing restructuring. Can you tell us something about the reason for this?
"The reason for the changes is to make it easier to become and remain a customer of Storebrand. You should feel like you are a single customer of Storebrand even if you have several products. This summer we took therefore a new step in customer orientation by establishing comprehensive customer service and product areas. The changes will pave the way for a better customer experience and greater profitability."

"Increased competition and lower margins mean that we must streamline our organisation. We have communicated a cost/income target level of below 60, and we are currently at 59.6. This autumn we therefore announced a restructuring of our sales and marketing organisation – Customer Area Norway – and we have reduced the workforce by 65 full-time equivalents. There will also be a need for workforce reductions in other parts of the Group in 2016. These are demanding processes for those involved, but completely necessary in order to be competitive in the future as well."

Storebrand has entered into a long-term strategic partnership agreement with the US IT company Cognizant. This agreement encompasses Storebrand Baltic, in which the partners have shared ownership and cooperate on operations and development. Why such cooperation?
"We cannot be best at everything. We must focus on what is close to our customers and make use of partners when others are better than us. Cognizant is a world-leader in its field, and, together, we can give our work on innovation and digitisation of the Group's services a boost. This will result in better and more innovative solutions for our customers, and cost reductions for the Group."

Storebrand has qualified as the only financial company in the world for a place on the Dow Jones Sustainability Index for 16 years in a row. What does work on sustainability mean to you?
"Sustainability is part of Storebrand's DNA, and it is something that I am very proud of. We will be celebrating 250 years in business in 2017, and that is an occasion we must mark properly. The idea on which Storebrand was founded was to solve one of society's challenges – the fact that Norwegians did not have any safety net if their house burned down. Today, the challenge is to distribute a lifetime income so that you will have something to live on during the last 20-30 years of your life – and that you are insured during this time. Our business is based on solving important social challenges, and trust is our lifeblood. We manage pension funds for 50-60 years – and our customers must trust that we will be here in 50 years. With such a long horizon, we are dependent on the world developing in a sustainable direction. Therefore, we attach a great deal of importance to investing all of our customers' pension funds of NOK 571 billion in sustainable companies.

My dream is that as consumers we become just as concerned about the content of our pension savings as we are of the origin labelling of meat and sustainable coffee."

Climate challenge: Storebrand's climate commitment in the customer's interest

CHANGING ROLE OF THE FINANCE SECTOR

The year 2015 was a fateful year for climate change globally. Climate change and climate adaptation are issues that are discussed in the boardrooms of most major companies. The finance and insurance industry is not an exception. On the contrary, there are increasingly higher requirements for how the financial sector selects investments to reduce climate impact, to increase sustainable investments and to report climate impact in a transparent manner.

This affects Storebrand, and Storebrand has implemented measures for reporting on climate impact, handling climate-related risk, safeguarding climate-related opportunities and influencing the financial sector in a positive direction.

One example of a climate-related issue that affects investors is the price of carbon emissions, where a growing share of global emissions is being priced now through emission allowance trading. This entails consequences for investors in industries that have a significant climate impact. Companies attempt to handle this through using internal carbon prices.

In a report published by Barclays Bank at the end of 2015, "An in-depth look at COP21 and the long-term implications for the energy industry", the value of income from fossil fuels that risk becoming “stranded assets”, i.e. worthless, if we actually reduce our climate impact and achieve the two degree target, estimated at the staggering amount of USD 34 trillion, USD 22 trillion of which is in the oil industry. This is a risk that must be handled by responsible investors.

Another example of a climate effect that affects company results, and is thus relevant to investors, is the effect of increased precipitation. Around a third of the GDP of EU members is weather-dependent. This applies, for example, to the food industry, where two-thirds of the products are sold to a lesser extent if the weather is poor, and the construction industry, where it is more complex and expensive to handle cement when the temperature falls below five degrees.

In the autumn of 2015, Governor Mark Carney of the Bank of England made an appearance at the insurance company Lloyds of London, where, as a representative for the central bank, he pointed out that the climate crisis is a systemic risk to the entire finance sector, with regard to both investments and risk insurance.

The risk insurance industry is directly affected by climate-related damage, as well as claims for compensation from those who are affected by climate change.

Mark Carney points out that transparency and the publication of reports is one of the ways forward to handle this risk, and this is supported by many initiatives that are relevant to Storebrand. In Sweden, one is looking, for example, into the possibility of forcing fund companies, fund markets and others to disclose sustainability information at the fund level, and a large number of small and medium-sized companies will be required to report on sustainability. Storebrand has reported on climate impact since 2008, and we have published sustainability reports since 1995.

Storebrand acts proactively both as an investor and an actor in the finance sector.

STOREBRAND DRIVES DEVELOPMENT IN THE FINANCE SECTOR

Storebrand's commitment is about helping to solve the challenges of the future on behalf of the customers. We are contributing our experience and professionalism in all of our roles. As an investor, we are creating value through our sustainability analysis. Storebrand’s most important goal as a pension provider is for our customers to receive the best possible pension when they become pensioners. Many of our customers will not be taking this step until 30 to 40 years. A long-term perspective is thus essential to good management. When we look at how society has developed over time, there are many things to be satisfied with. Increased longevity, a better standard of living, and a rapid development of health services have marked many countries.

Storebrand sees at the same time that the greatest threat to a further development of our living standard is climate change. The changes are man-made, distributed across the entire planet and represent the greatest challenge of our time. If we are to avoid the worst effects of climate change and limit the increase in temperature on earth to less than two degrees, all sectors of the economy must adapt without delay. Higher energy efficiency, emission-free transport, renewable energy production and smart infrastructure are all keys to such adaptation.

STOREBRAND COOPERATES AND ENGAGES INTERNATIONALLY

Storebrand will influence and cooperate with the finance sector, which is one of the most important individual factors associated with adaptation. Climate change is the greatest political and economic challenge in history, and we have very little time. Little time to develop solutions, implement them and reverse an emission trend that has existed for 200 years. Storebrand will thus be in the forefront of this work. We will inspire others, safeguard our customers’ pensions and play an active role in safeguarding our common future.

The year 2015 was the year of the major climate conference in Paris, COP21. Storebrand took up the global challenge by participating in two important measures that focused on understanding and reducing climate impact and investments.

COP21

Storebrand was involved in the climate conference in Paris. Storebrand presented its methods for adapting its product range to higher value creation and a lower climate impact.

MONTREAL PLEDGE

In 2015, Storebrand signed the Montreal Pledge. Our signature entails that Storebrand has undertaken to calculate the carbon footprint of its equity funds and publish the results. We are doing this together with many other leading finance actors.

The Montreal Pledge is supported by both the UN Principles for Responsible Investment (UNPRI) and the United Nations Environment Programme Finance Initiative (UNEP FI).

Storebrand supports the use of carbon footprints in spite of the fact that the calculation methods and data quality suffer from teething problems. The carbon footprint is an important complement to Storebrand's comprehensive and extensive sustainability analysis of the entire assets under management. The carbon footprint illustrates a snapshot of the emissions from a particular company, and Storebrand's comprehensive analysis shows a picture of the future emissions from the same company. Both analyses are part of our efforts to reduce the climate impact of our investments.

CARBON FOOTPRINT

The indicators are calculated for 30 equity funds and their respective indices. In addition, the Carbon Footprint, is calculated for five equity portfolios.

The first Carbon Footprint calculation was made in 2005 for funds at the end of Q1 2015.

The first announcement was made in the first quarter of 2016.

PORTFOLIO DECARBONISATION COALITION

In 2015, Storebrand became a member of the Portfolio Decarbonisation Coalition. This was also an initiative taken by the United Nations Environment Programme Finance Initiative (UNEP FI). Membership in the group entails not only that Storebrand undertakes to publish the carbon footprint of equity investments, but also to reduce it. In 2015, Storebrand also implemented two additional measures to reduce the climate impact and create value for its pension customers. Storebrand increased the sustainability level for the entire equities portion of the guaranteed management and also sold an additional 23 coal-producing companies. Storebrand reduced its annual estimated carbon footprint by approximately 350,000 tonnes of carbon dioxide.

This is in addition to the measures that Storebrand has already implemented and systematically carries out for the entire assets under management within the framework of sustainability analysis, which are described in greater detail below.

CARBON DISCLOSURE PROJECT AND THE SWEDISH MINISTRY OF FINANCE

Storebrand has reported to the Carbon Disclosure Project (CDP) for a long time, but we are also cooperating with the organisation as an investor. Together with CDP, Storebrand seeks as an owner to increase carbon reporting from major listed companies. Increased reporting gives Storebrand and other investors a better basis for assessing assets and is one of the key elements for handling the climate crisis in the financial sector. Storebrand also contributed during the year to a study headed by the Ministry of Finance in Sweden, the purpose of which was to increase sustainability and climate reporting at the fund level to the end customer.

CARBON-NEUTRAL STOREBRAND

Storebrand has itself been carbon neutral since 2008. This means that we have goals to reduce our own carbon footprint attributed, for example, to the electricity we buy for our offices and travel on official business. We reduce our carbon footprint through buying renewable electricity and origin-labelled heating, through systematically working with our properties and engaging in a dialogue with tenants, as well as increasing the use of technology for video conferences, etc., in order to reduce travel between our various head offices.

The carbon footprint we nevertheless contribute to is compensated for through purchasing emission allowances in a high-quality project in Kenya: Wildlife Works Kasigua corridor. This is a project within the framework of Redd+ that aims to protect important forests in developing countries, forests that absorb the amount of carbon dioxide that is equivalent to the emission allowance.

Storebrand has chosen to compensate for emissions through Redd+, since logging corresponds to approximately 20 per cent of the global greenhouse gas emissions. This is more than the global transport sector.

Redd+ not only provides carbon compensation, but also several other positive effects for the local communities where the projects exist. The Wildlife Works Kasigua corridor (http://www.wildlifeworks.com/) has protected the survival of species and created employment opportunities for the local population, for example.

Storebrand has reported its climate impact through the Carbon Disclosure Project (CDP) since 2008. In 2015, Storebrand was once again rewarded with inclusion in the CDP Leadership Index for its own transparency with regard to its climate impact.

Sustainable management of pension funds

As a finance company and major investor, Storebrand has an important role to play. With 20 years of experience in sustainable investments, Storebrand has been in the forefront of adapting its portfolios to climate risk. If the world is to achieve the two degree target, energy production with substantial greenhouse gas emissions will no longer be competitive, and thus a poor investment financially. Our sustainability analysis and the actions we take encompass the entire assets under management, which totalled over NOK 570 billion at the end of the 4th quarter of 2015.

Therefore, we have identified the most carbon-exposed companies, primarily those engaged in oil sands and coal, and excluded them from our investments. In addition, we have focused our attention on the other part of the climate equation. Rain forests, which are often referred as the lungs of the world, are being logged at breakneck speed. Forests absorb CO2 from the atmosphere, and if they disappear, the temperature will rise more rapidly and the weather patterns will change. We have identified palm oil plantations as one of the greatest causes of deforestation and exclude those who do not operate sustainably.

Avoiding climate risk is necessary in order to safeguard our customers' money. However, if we want to make the money grow quickly, we must also take advantage of the climate opportunities. Storebrand has integrated climate in its sustainability rating of 2,500 companies, and we are actively looking for companies that deliver innovative and sustainable products. New types of investment, such as green bonds, are experiencing significant growth and help channel money towards climate-friendly solutions.

61 COMPANIES WERE EXCLUDED ON CLIMATE CRITERIA AT THE END OF THE 4TH QUARTER OF 2015

COAL EXCLUSIONS

Storebrand has made an effort to reduce its exposure to coal since 2013, and, at the end of the 4th quarter of 2015, Storebrand had excluded 61 companies due to an excessive climate impact, including 40 coal companies.

Climate change is one of the most comprehensive risk factors with regard to sustainability. Two-thirds of the identified fossil energy reserves cannot be used if the world is to achieve the two degree target, according to the IEA. With the high CO2 emissions related to the combustion of coal, it is natural that the world shift away from this form of energy. Due to regulations, requirements for increased energy efficiency, decentralisation production of power and competition from newer and cleaner sources of energy, the outlook for companies with significant coal revenues is poor.

40 companies have been excluded due to coal exposure.

OIL SANDS EXCLUSIONS

Storebrand finds oil sands to be problematic with regard to the emission of greenhouse gases, consumption of water, emission of chemicals, loss of biological diversity, problems associated with restoration of the areas after production ends, as well as fundamental human rights. In our opinion, the challenges are so great that it will not be possible to engage in these operations in a sustainable manner.

Comparisons between oil sands and other oil production show that the climate impact from oil sands production is far higher than conventional oil production.

Since Storebrand reduced its exposure to oil sands as early as in 2013, there have also been strong financial arguments against oil sands. As recently as in November 2014, Carbon Tracker published a report estimating that 92 per cent of the future oil sands production will require USD 80/bbl to break even, and even a higher assumed market price in order to be approved. Without speculating in future oil prices, it will be difficult to justify the majority of oil sands production financially with a lower oil price.

8 companies have been excluded due to oil sand exposure.

PALM OIL EXCLUSIONS

The use of palm oil in food and other consumables has been strongly criticised over a long period of time. In Norway, the focus has primarily been on the negative health effect of palm oil in foodstuffs.

With climate issues as our most important challenge, the rainforest is a key factor in counteracting the accumulation of CO2 in the atmosphere, and palm oil production contributes strongly to deforestation of rainforest. The main argument is a desire to reduce exposure to activities that are a significant contributor to climate change in order to avoid risk in the investment portfolio. The risk is two-fold: a changed regulatory framework for the industry can result in companies loosing their licence to operate, in addition to a shift in demand towards palm oil that is produced based on sustainable principles. This exists to a very limited extent today.

13 companies have been excluded due to palm oil exposure.

SUSTAINABILITY ANALYSIS

A large part of Storebrand's global equity exposure in the pension portfolios is index-managed. Early in 2015, this traditional index-linked management was replaced by near-index-linked management with a focus on sustainability. Research showed that it was possible to increase the degree of sustainability in a portfolio without significantly increasing the index variation. Storebrand is convinced that there is a positive correlation between sustainable companies and returns. The weighted score for the new near-index linked management is approximately 77 of 100 points, versus approximately 68 of 100 points for index-linked management. CO2 emissions have declined by around 18 per cent, since there is a correlation between sustainable companies and the consumption of resources. The expected index variation remains almost unchanged.

All companies are analysed based on sustainability within the framework of a sectoral analysis. Climate has been incorporated into the sectoral analyses based on to what extent the sector to which the companies belong contributes to climate change. The analysis consists of two main components: The practice analysis and the positioning analysis. In the practice analysis, an assessment is made of how good the company's current sustainability and climate work is, and in the positioning analysis the focus is on the company's opportunities and risks related to climate change and future regulations. Some companies in the energy sector are subject, for example, to the risk with stranded assets, and they are therefore measured based on to what extent they invest in coal production or oil sands, for example. The analysis encompasses thousands of companies and each company is given a sustainability rating that is used in all investment decisions. Storebrand increases the weight of companies that have a high sustainability rating, even in near-index linked products.

GREEN BONDS

Storebrand is one of the largest investors in Europe in so-called green bonds, a new financial instrument that enables the lender to not only choose who will be able to borrow money, but also what the money will be used for. Green bonds offer the same financial terms as ordinary bonds, but they have the added dimension of contributing to a green transition.

These bonds also encompass climate bonds and social bonds.

Green bonds encompass projects that are typically in the areas of renewable energy, energy efficiency (including efficient buildings), sustainable waste management, sustainable property development (including forestry and agriculture), preservation of biological diversity, low-emission transport, water treatment and the supply of drinking water. Green bonds should – as a rule – include a third-party assessment.

Storebrand's ambition is that the portfolio of green bonds will result in genuine improvements, i.e. has a clearly positive effect on the environment and society, and exhibit good financial quality at the same time. Storebrand will conduct an annual review of the portfolio's holdings to ensure that the reporting is in accordance with our quality requirements. Both financial reporting and impact reporting will be assessed by the investment team and sustainability analysts, respectively.

IMPACT INVESTING

Storebrand/SPP has invested over NOK 400 million in developing markets in sectors such as microfinance, agriculture and health. The aim of the investments is to achieve a competitive return for our customers and contribute at the same time to a sustainable development in impoverished countries. This strategy focuses on finding profitable companies in fast-growing sectors that contribute to solving social and environmental problems, in areas such as women's access to financial services, health care for persons with low to medium income and transitioning to sustainable agriculture.

In addition to ordinary financial reporting, we follow up and report on these investments based on social factors to ensure that our investments reach the right target group. This reporting takes place on an annual basis in cooperation with the external managers. The factors that are measured, include gender distribution, geographic distribution and how much we contribute to various productive sectors in the local economy. In addition, we measure the percentage of our external managers who have signed the UNPR.

MARKET PERSPECTIVE – NORWEGIAN PENSION AND SAVINGS MARKET

The Norwegian pension market has been changing in recent years, and individuals have been given greater responsibility for their own pensions. In combination with an increase in sustainable products and services, this has resulted in an increased demand for sustainable products. However, the implementation of sustainability in our main products is just as important to us, especially the main products we recommend to a broad customer base.

The majority of our private customers are placed by default in the pension portfolio we call "Recommended Pension". Now we have moved almost half of the equity exposure in these funds in a more sustainable direction. The way we do this is by optimising the largest holding, an index fund, with sustainability as the recommended parameter. We use our ESG analysis as the basis and optimise the portfolio based on the ESG analysis. In practice, this means that we manage to create an index fund that scores significantly higher on sustainability and has a significantly lower carbon footprint, which is good for both our customers and the planet.

Storebrand is an important driving force for more sustainable products and services in the Norwegian market, and our goal is to be a pioneer and lead Norwegian consumers in a more sustainable direction.

MARKET PERSPECTIVE – SWEDISH PENSION MARKET

In the Swedish market, Storebrand is seeing increased interest from savers with regard to sustainable savings. Customers have in general become more aware, and they make more sustainable choices on a daily basis. The sale of ecological foods increased, for example, by 38 per cent in 2014, and the forecasts state that we will be seeing an increasingly this year as well. Making a conscious decision on savings will become an increasing obvious choice as awareness grows. Seven out of ten stated in an opinion poll conducted by Clint/WWD that they want to have their savings and pension money in a portfolio with sustainable investments.

PRODUCTS LAUNCHED IN 2015 TO MEET THE DEMAND FOR SUSTAINABLE SAVINGS
With regard to the offerings in sustainable savings, Storebrand envisions several theme products related to sustainability, such as water. SPP took in the Parvest Aqua fund from the funds market, a fund that invests in companies engaged in the water sector with a good sustainability profile. The major trend that SPP sees and follows itself is the fact that the sustainability analysis applies to the entire assets under management.

SPP follows the pension market's demand for simplicity and transparency in savings and launched a new fund family in 2015, SPP Mix, with four reasonably priced global funds that take sustainable savings to a completely new and more accessible level. The SPP Mix funds invest in other funds and build on the Group's market view, as well as the Group's overall expertise in asset management, sustainability and fund selection. SPP's new Mix funds will make it even easier for our pension savers to select individually adapted savings based on individual risk preferences and benefit at the same time from Storebrand's/SPP's high standard for sustainable investments. After the change in SPP's existing investment services to Mix funds, the total volume of the funds is NOK 3.3 billion.

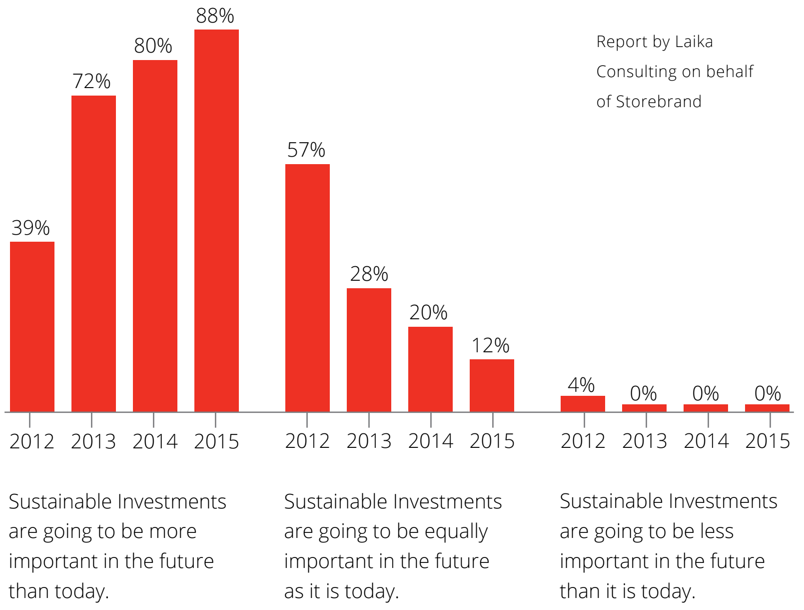
MARKET PERSPECTIVE – INSTITUTIONAL DEMAND FOR SUSTAINABLE ASSET MANAGEMENT

The requirements investors place on the managers are continuously developing. In the long-term perspective, it can easily be said that public institutions have gone from the "value of the resources should be higher at the end of the year than at the beginning of the year" to being increasingly more precise with regard to what strategies, risks and other conditions are used and accepted in the asset management. The development of how Storebrand Asset Management's customers and investors view the concept of sustainability and ethics in general has gone from believing that one had to choose between a return on the one side and ethics and sustainability on the other side, to an increasing number of individuals viewing the sustainability analysis as a natural part of the fundamental analysis. Investors see a connection between the question of sustainability, which is not visible in a purely financial analysis, and the future profitability and risk of the investments. The investor will understand and control how one is positioned in the investments in relation to climate issues, corruption risk, resource efficiency, labour law issues, etc.

The Swedish institutional capital is estimated at NOK 5,500 billion and is distributed among pension and insurance companies, AP funds, non-profit organisations, distributing foundations and other capital owners. Storebrand Asset Management estimates that some form of requirement is stipulated with regard to sustainability or ethics for the management of over 70 per cent of this capital in both Sweden and Norway. What is even more interesting is the fact that the capital owners seeking new asset managers are increasingly stipulating requirements for how the intended asset manager will take sustainability into account. According to the Swedish Fund Expert Index, SFEI, a survey conducted annually since 2009 for the purpose of surveying trends within the funds industry, funds experts consider sustainability to be an issue that is increasingly becoming important in connection with the selection of funds.

All the acquisitions Storebrand Asset Management was involved in in 2015 contain some form of sustainability analysis. Investors have already incorporated or will incorporate sustainability as part of their investment strategies in different ways. In addition to the common denominator of seeking to avoid risk and comply with international conventions, the clearest and strongest trend is the fact that the investors will better understand how one is exposed to fossil fuels. During the past year, risk associated with climate change has taken more and more of the focus. The winner of the future in relation to the challenges and opportunities associated with long-term global sustainable growth will be found through sustainability analyses.

WILL SUSTAINABLE INVESTMENTS BECOME MORE IMPORTANT IN THE FUTURE?



Report by Laika Consulting on behalf of Storebrand

In order to accommodate this interest in sustainable savings, SPP Fund launched the “SPP Green Bond Fund” in March 2015. Storebrand has a strong position globally within the asset class, since Storebrand has invested in green bonds in connection with the life insurance management since 2011. At the end of 2014, Storebrand was one of the five largest investors in the world in green bonds. The fund invests in green bonds, which are investments were the money is earmarked for climate-promoting investments. Such investments may include the construction of energy-efficient properties, investments in renewable energy, such as wind and sun, investments in more efficient transport, and improvements to water treatment plants. The funds that are invested should generate a return that can be compared with an ordinary bond investment and also go towards investments in a more sustainable future. During the first four months of the fund, Storebrand Asset Management raised a total of SEK 1 billion from external investors, in spite of the prevailing low interest rate environment.

Storebrand Asset Management still has discussions with investors on the development and launch of several cutting edge products, which are in the very forefront with regard to sustainable asset management in Sweden and Norway, and this further strengths our position. However, the most important reason why Storebrand Asset Management is regarded as having one of the strongest positions in asset management and sustainability in Sweden and Norway is the fact that Storebrand Asset Management has integrated sustainability analysis into its management and seeks to offer its customers a complete platform for value-adding asset management.

Scorecard for Sustainability 2015

Transparency

	Result 2014	Result 2015	Target 2015
Solvencymargin in Storebrand Livsforsikring	175%	191%	> 150% (Solvens I)
Dow Jones Sustainability Index	74 points	76 points	76 points

Trust in the financial sector

	Result 2014	Result 2015	Target 2015
Net Promoter Score[1]			
Customer satisfaction:			
Norway	-34	-32	Top 3 in the industry
Sweden	n/a	-49	Top 3 in the industry
Customers experience that all our relationships, solutions and measures are sustainable[2]	53 of 100 points	53 of 100 points	60 of 100 points
Processing time for complaints	65% within 3 weeks	61% within 3 weeks	70% within 3 weeks

Ethics and anti-corruption

	Result 2014	Result 2015	Target 2015
Number of employees that complete e-learning courses			
Ethics	136 employees	211 employees	200 employees
Corruption	327 employees	235 employees	200 employees

191%

Solvency margin in Storebrand Livsforsikring.

3.3%

Sick leave in 2015.

76

76 points in the Dow Jones Sustainability Index.

Human capital

	Result 2014	Result 2015	Target 2015
Sick leave	3.4%	3.3%	3.5%
Employee job satisfaction	71 of 100 points	71 of 100 points	72 of 100 points
Proportion of female managers	45%	42%	Within 45-60%
Diversity	79 of 100 points	87 of 100 points	85 of 100 points
Employees awareness and support of Storebrands work on sustainability	85%	85%	86%

Climate change

	Result 2014	Result 2015	Target 2015
Storebrand Anbefalt Pensjon – Sustainability rating Equity[3]	n/a	3.79% points above market average	+ 5% points above market average
SPP Fondsförsäkring – Total sustainability rating Fondstorget[3]	n/a	58.5%	Increase in rating
Guaranteed Pension[3]			
Equity: Aggregated sustainability rating	n/a	68 of 100 points	70 of 100 points
Real estate: Aggregated sustainability rating	58 of 100 points	59 of 100 points	59 of 100 points
Environmental requirements to suppliers	57%	64%	65% of active contracts have environmental criteria
CO2-emissions pr. FTE	0.98 tons/FTE	0.83 tons/FTE	0.93 tons/FTE
Number of flights pr.FTE	5.9 flights/FTE	5.3 flights/FTE	4.4 flights/FTE

Resource effectiveness

	Result 2014	Result 2015	Target 2015
Main office Norway and Sweden[4]			
Energy consumption	156 kWh/ m2	153 kWh/ m2	154 kWh/m2
Water consumption	0.38 m3/m2	0.35 m3/m2	0.38 m3/m2
Waste rate of recycling	82%	81%	82%
Paper consumption	26 tons	33 tons	25 tons
Real estate			
Energy consumption[5]	209 kWh/ m2	197 kWh/ m2	203 kWh/m2
Water consumption	0.31 m3/m2	0.29 m3/m2	0.30 m3/m2
Environmental certification of managed properties	86%	93%	100%

Long term goals

Sustainability is a long term issue. Therefore Storebrand has supported our two-year goals with long-term five-year goals. The following targets have been set for the main areas within the Groups long-term commitments to sustainability:

	Target 2013-2017
Dow Jones Sustainability Index	Qualified for the Index
Guaranteed Pension Equity: Aggregated sustainability rating Real estate: Aggregated sustainability rating	 70 of 100 points 59%
Customers experience that all our relationships, solutions and measures are sustainable	60 of 100 points Two out of three customers shall experience that we deliver on customer promise number 3.
Net Promoter Score (NPS)	Top 3 in the industry, corporate and private in Norway and Sweden.
Employee satisfaction	71 of 100 points

Sustainable Investments

	2014	2015
Number of companies in breach of the Storebrand Standard	41	49
Number of external managers contacted about violations of the Storebrand standard	10	8
Number of excluded companies[6]	171	180
Violation of human rights and international law	31	28
Corruption and financial crime	13	12
Environmental degradation	49	67
Controversial weapons	22	21
Low sustainability rating - companies	36	35
Tobacco	25	24
Number of countries excluded – low sustainability rating	30	29
Number of included companies	33	25

OUR WORK ON SUSTAINABILITY

Storebrand has signed the UN Global Compact on responsible business practices. The Global Compact's principles encompass human rights, labour standards, and environment and anti-corruption standards. We support the UN Principles for Responsible Investment (PRI) and the UN Principles for Sustainable Insurance (PSI). Storebrand has been a driving force behind the development of the World Business Council for Sustainable Developments Vision 2050, and we are thus working towards a world in 2050 where "9 billion people are living well within the resource limits of the planet". Our sustainability work is regulated by guidelines that are revised annually and adopted by the Board of Storebrand ASA.

ABOUT SUSTAINABILITY REPORTING

Storebrand has published environmental and corporate social responsibility reports since 1995, and these reports have been integrated into the Group's annual report since 2008. Storebrand uses the Global Reporting Initiative (GRI) version G4 guidelines as a tool for reporting on sustainability. Our reporting practice is essentially in accordance with GRI's reporting principles and satisfies level CORE. Storebrand desires transparency and requires compliance and quality in its sustainability work. The results have therefore been reviewed and certified by Deloitte AS. Their conclusion may be found in the auditor's report on page 158 of the annual report. This increases the credibility of the reporting and data, and also engenders greater internal confidence that the information has been collected, analysed, and the quality assured in a proper manner. Additional information regarding the reporting process and the individual scorecard indicators, as well as the GRI Index table for the indicators that Storebrand is reporting on can be found on www.storebrand.no under sustainability.

ABOUT SCORECARD FOR SUSTAINABILITY

The sustainability scorecard shows the sustainability indicators defined by the Group – those that are the most important for Storebrand to report to the stock market. They are a key element in the reports submitted to relevant indices, such as the Dow Jones Sustainability Index and FTSE4Good. The Group's sustainability manager owns and follows up the sustainability scorecard. Ownership of the indicators is well-established within the Group. The sustainability manager and executive vice presidents for the business areas jointly set targets for Storebrand's sustainability work. Interim status reports are submitted to the executive management, and annual reports are submitted to the Board of Directors.

1) Standard method for measuring customer satisfaction.
2) Applies only to retail makret Norway.
3) New indicator
4) Result 2014 is changed due to results from main office in Sweden is included in the scorecard from 2015.
5) Externally managed and Own property is reported as one under Real estate starting in 2015.
6) Some companies are excluded on more than one criteria.

Shareholder matters

SHARE CAPITAL, RIGHTS ISSUES AND NUMBER OF SHARES

Shares in Storebrand are listed on Oslo Børs (Oslo Stock Exchange) with the ticker code STB. Storebrand ASA's share capital at the start of 2015 was NOK 2,249.5 million. The company has 449,909,899 shares with a par value of NOK 5. As at 31/12/2015 the company owned 2,062 721 of its own shares, which corresponds to 0.46 per cent of the total share capital. The company has not issued any options that can dilute the existing share capital.

SHAREHOLDERS

Storebrand ASA is one of the largest companies listed on Oslo Børs measured by the number of shareholders. The company has shareholders from almost all the municipalities in Norway and from 48 countries In terms of market capitalisation, Storebrand was the 12th largest company on Oslo Børs at the end of 2015.

SHARE PURCHASE SCHEME FOR EMPLOYEES

Every year since 1996 Storebrand ASA has given its employees an opportunity to purchase shares in the company through a share purchase scheme. The purpose of the scheme is to involve the employees more closely in the company's value creation. In March 2015 each employee was given the opportunity to buy between 255 and 1358 shares in Storebrand at a price of NOK 29,46 per share. Around 14 per cent of the employees participated and subscribed for a total of 288 916 shares.

FOREIGN OWNERSHIP

As at 31 December 2015, total foreign ownership amounted to 64.55 per cent, compared with 62.7 per cent at the end of 2014.

TRADING VOLUME FOR SHARES IN STOREBRAND

A total of 707 million shares in Storebrand were traded in 2015, which is An Increase of 29 per cent from 2014. The trading volume in monetary terms totalled NOK 20.907 million in 2015, an increase from NOK 19.123 million in 2014. In monetary terms Storebrand was the 13th most traded share on Oslo Børs in 2015. In relation to the average total number of shares, the turnover rate for shares in Storebrand was 157.3 per cent.

SHARE PRICE PERFORMANCE

Storebrand generated a total return (including dividends) of 19.7 per cent in 2015. During the corresponding period, the Oslo Børs OSEBX index rose 5.9 per cent, while the European insurance index Beinsur showed a return of 12.3 per cent for the corresponding period.

DIVIDEND POLICY

The Board has established as a target that Storebrand shall adapt to the changes in the European solvency regulations without raising new equity. The target is a Solvency II margin of at least 130 per cent, including the use of transitional rules. We will report on this target throughout 2016. The Board is maintaining a distribution target in a normal situation of more than 35 per cent of the result after tax, but before amortisation costs. The dividend policy states that dividends shall be adjusted such that the Group is assured the right capital structure.

CAPITAL GAINS TAXATION

On 1 January 2006, new rules came into force in Norway concerning the taxation of dividends and gains on shares held by private individuals. The new rules are referred to as the “shareholder model”. Under the shareholder model, dividends, less a standard deduction, are taxable, currently at a rate of 27 per cent. If shares are sold, any unused standard deduction can be deducted from the gain on the sale. The standard deduction is set by regulation of the Ministry of Finance at the beginning of the fiscal year. It is calculated on the basis of five year government bonds less taxes (five year government bond x 73 %).

COMPLIANCE

As one of the country's leading financial institutions, Storebrand is dependent on maintaining an orderly relationship with the financial markets and supervisory authorities. The company therefore places particular emphasis on ensuring that its routines and guidelines satisfy the formal requirements imposed by the authorities on securities trading. In this context the company has prepared internal guidelines for insider trading and own account trading based on the current legislation and regulations. The company has its own compliance system to ensure that the guidelines are observed.

INVESTOR RELATIONS

Storebrand attaches importance to comprehensive and efficient communication with financial markets. Maintaining a continuous dialogue with shareholders, investors and analysts both in Norway and internationally is a high priority. The group has a special investor relations unit responsible for establishing and coordinating contact between the company and external parties such as the stock exchange, analysts, shareholders and other investors. All interim reports, press releases and presentations of interim reports are published on Storebrand's website www.storebrand.no/ir.

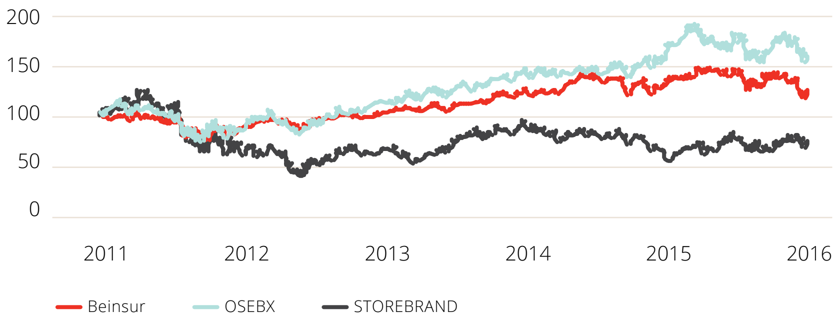
GENERAL MEETING

Storebrand has one class of shares, each share carrying one vote. The company holds its AGM each year by the end of June. Shareholders who wish to attend the general meeting must notify the company no later than 4:00 p.m. three business days before the general meeting. Shareholders who do not give notice of attendance before the deadline expires will be able to attend the general meeting, but not vote.

SHAREHOLDERS' CONTACT WITH THE COMPANY

Shareholders should generally contact the operator of their securities account for questions or notification of changes, such as address changes.

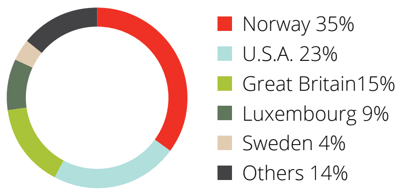
SHARE PRICE DEVELOPMENT



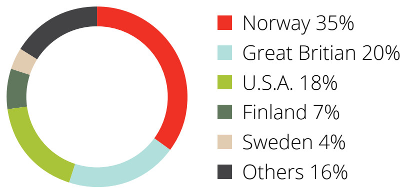
Storebrand-share	2015	2014	2013	2012	2011	2010
Highest closing price (NOK)	35.98	40.65	39	31.02	54.5	48.3
Lowest closing price (NOK)	23.21	27.52	22.39	16.62	25.2	31.3
Closing price on 31.12 (NOK)	34.95	29.9	37.9	26.82	31.1	43.6
Market cap 31.12. (NOK mill.)	15,724	13,137	17,052	12,067	13,992	19,638
Annual turover (1000s of shares)	707,870	546,156	569,138	881,216	627,854	593,986
Average daily turnover (1000s of hsares)	2,820	2,185	2,286	3,511	2,481	2,357
Annual turnover (NOK mill.)	20,907	19,123	17,067	21,924	25,386	23,114
Rate of return (%)	157.3	121.4	126.5	195.9	140	132
Number of ordinary shares 31.12 (1000s of shares)	449,910	449,910	449,910	449,910	449,910	449,910
Earnings per ordinary share (NOK)		4.61	4.41	2.25	1.51	3.3
Dividend per ordinary share (NOK)	0	0	0	0	0	1.1
Total return (%)	**19.7**	**-23**	**41.3**	**-14**	**-27**	**10**

Historical share prices have been adjusted to take account of the split between shares and subscription rights carried out in 2007.

EIERANDEL PER LAND 2015



EIERANDEL PER LAND 2014



20 largest shareholders as of 31 December 2015	Account	Number of shares	%	Country
Folketrygdfondet		44,418,277	9.69	NOR
J.P. Morgan Chase Ba Nordea Treaty Accoun		19,403,229	4.15	LUX
J.P. Morgan Chase Ba A/C US Resident Non		13,799,450	3.13	NOR
Skandinaviska Enskil A/C Clients Account		13,797,949	2.70	GBR
Clearstream Banking		13,790,000	2.50	FIN
Prudential Assurance HSBC Bank Plc	Nominee	12,487,467	2.22	LUX
J.P. Morgan Bank LUX JPML SA RE CLT Frank	Nominee	12,129,027	2.10	USA
The Bank of New York BNY Mellon	Nominee	9,759,108	1.91	SWE
DnB NOR MARKETS, AKS DNB Bank ASA	Nominee	8,555,926	1.66	GBR
State Street BANK AN A/C Client Omnibus F		7,664,955	1.65	USA
Franklin Mutual Seri BNY Mellon SA/NV	Nominee	7,142,017	1.58	USA
J.P. Morgan Chase Ba A/C BBH INTL Explore	Nominee	7,065,389	1.47	DEU
UBS Stiwzerland AG Sparnord		7,050,932	1.46	NOR
Goldman Sachs & Co E Goldman Sachs & Co		7,000,000	1.46	FIN
J.P. Morgan Chase Ba European Resident OM	Nominee	6,402,357	1.26	GBR
State Street Bank & S/A SSB Client Omni	Nominee	6,400,054	1.19	USA
Euroclear Bank S.A./ 25% Clients		5,352,895	1.15	FIN
State Street BANK & A/C Client Fund Numb	Nominee	5,300,000	1.12	USA
Verdipapirfondet KLP		5,240,177	1.11	NOR
ELO Mutual Pension I C/O Handelsbanken CU	Nominee	4,931,999	1.11	CHE

Financial Calendar 2016	
17 February	Results 4Q 2015
13 April	Annual General Meeting
14 April	Ex dividend date
27 April	Results 1Q 2016
13 May	Capital Markets Day
14 July	Results 2Q 2016
26 October	Results 3Q 2016
February 2017	Results 4Q 2016

Directors' Report

HIGHLIGHTS

Storebrand aims to be the best provider of pension savings. The Group offers products within life insurance, property and casualty insurance, asset management and banking to private individuals, companies and public sector entities. The Group is divided into the segments Savings, Insurance, Guaranteed Pension and Other.

Storebrand's strategy is twofold. Firstly, the Group aims to create profitable growth in the Savings and Insurance segments by providing good sustainable pension and insurance schemes for companies in Norway and Sweden. The employees of our corporate customers are offered digital and customer-centric products within savings, insurance and banking. Our philosophy is simple. We are successful when customers recommend us. Therefore, the follow-up of feedback from customers is one of the Group's core tasks.

Secondly, Storebrand aims to manage the portion of the business that consists of pension savings with guaranteed interest rates in the Guaranteed Pension segment. This area is in a long-term decline. Companies are requesting products with guaranteed interest rates to a lesser extent, and these products are capital-intensive for the life insurance companies during periods of low interest rates. The Group's first priority in this area is to ensure the accrual of pensions for our customers by means of robust systems for risk-taking, while the Group actively adapts to the new European solvency regulations, Solvency II, and to strengthen the reserves due to the increased longevity of the population.

The year 2015 has been marked by strong competition in Storebrand's markets, a nervous equity market, a historically low interest rate level and the clarification of important framework conditions. Storebrand's response has been to continue to work at being the best provider of pension savings, in combination with further capital efficiency improvements and cost reductions.

Storebrand has seen continued strong growth for unit linked savings, has delivered a competitive and sustainable return to its customers and increased its assets under management to over NOK 571 billion throughout the year. The Group has reached the targeted cost income level of 60 per cent. Furthermore, the Group have successfully entered into Solvency II without raising new equity capital.

GROWTH IN SAVINGS AND INSURANCE

Companies and their current and former employees are the Group's main target. In the corporate market, the Group has maintained its position as the market leader for defined contribution pensions in Norway. In November, Storebrand won the tendering round for the largest pension agreement in the Norwegian pension market with the Confederation of Norwegian Enterprise (NHO). The agreement strengthened Storebrand's position as the market leader.

In Sweden, SPP has a strong challenger role, and it has taken important steps in 2015 to make its work with sustainability more visible as a factor that distinguishes SPP from its competitors. The SPP brand has grown stronger, and the sales of unit linked pension savings to companies is increasing.

A growing number of Norwegian companies are choosing to convert from defined benefit to defined contribution pensions due to a desire for predictable costs and higher expected pensions for employees. This also applies to Storebrand, and from 1 January 2015 all of the employees in Norway received defined contribution pensions.

In 2014, the Norwegian authorities gave around one million Norwegians the opportunity to exchange their paid-up policies with a guarantee for paid-up policies with investment choice. Storebrand is the only company that offers this to all of its working employed paid-up policy customers. This gives many customers an opportunity to manage their pension assets, which may give them a higher return and thus a better pension. Approximately NOK 4.7 billion was transferred to paid-up policies with investment choice since the start. Good advice is important, and, both on our websites and over the phone, we focus on giving good advice and recommendations adapted to each individual customer. Storebrand's CEO, Odd Arild Grefstad, was the first customer to switch to a paid-up policy with investment choice, and by the end of 2015 around 18,200 agreements had been converted to paid-up policies with investment choice.

MANAGEMENT OF GUARANTEED PENSION

Storebrand reported a need to strengthen its reserves by a total of NOK 12.4 billion based on the decision by the Financial Supervisory Authority of Norway in March 2013 to introduce new mortality rates. The reason for the need to strengthen the reserves is the fact that

Norwegians are expected to live longer in combination with the fact that Storebrand has insurance liabilities with lifelong disbursements. This requires increased premiums and higher insurance technical reserves to cover future liabilities. Storebrand has received approval for a seven-year escalation plan, starting from 2014.

A minimum of 20 per cent or NOK 2.5 billion of the total required strengthening of the reserves will be covered by the owner. The company started to strengthen the reserves in its accounts in 2011. From 2012 to 2015, Storebrand set aside as much as possible of its financial and risk profits. During the period, Storebrand set aside NOK 2.2 billion in equity contributions, NOK 1.4 billion of which was set aside directly from equity, while NOK 0.8 billion was from lost profit sharing for paid-up policies. In addition, NOK 0.8 billion was set aside from the risk equalization reserve.

Storebrand expects that the direct impact on results for increased longevity has been completed and that the remaining reserve strengthening will be covered by the surplus return, risk surplus and the elimination of profit sharing. For more information on the strengthening of reserves for increased longevity refer to Storebrand Life Insurance in Note 3.

FINANCIAL TARGETS

In a period of low interest rates and strengthening of reserves for higher projected life expectancy, lower earnings within group pensions are expected. At the same time the bulk of the business is being shifted from guaranteed pensions to unit linked savings. Storebrand has succeeded in its goal to adapt to changes in the European solvency regulations without raising new equity. The target of a Solvency II margin of greater than 130 per cent, including the use of transitional rules, has been achieved. We will report on this target throughout 2016 as well. Storebrand has successfully entered Solvency II without raising new equity, and has a strong solvency position of 168 percent, and 124 percent without transitional rules. The solvency margin without transitional rules is expected to increase further in 2016 due to profits, active risk management, and other measures. After several years of Solvency II implementation and reserve strengthening for longevity, it is the opinion of the Board that the company is in a normalized situation. At the same time, falling interest rates and volatile financial markets negatively affect the solvency margin and increase the risk of managing guaranteed reserves. There is approximately NOK 2 billion left of longevity reserve strengthening, to be covered from excess investment return. After an overall assessment, the Board proposes that no dividend is paid for 2015, but plan to pay dividend for 2016.

The Board is maintaining a distribution target in a normal situation of more than 35 per cent of the result after tax, but before amortisation costs. The dividend policy states that dividends shall be adjusted such that the Group is assured the right capital structure.

Storebrand has the following financial targets:

(NOK million)	Mål	**Status 2015**
Return on equity	>10%	7.3%
Dividend ratio (after tax)	>35%	-
Solvency II margin	>130%	168%
Rating Storebrand Life Insurance	A	BBB+/Baa1

GROUP FINANCIAL RESULTS FOR 2015

The Storebrand Group prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). Storebrand's business is divided into the following segments: Savings, Insurance, Guaranteed Pension and Other.

GROUP RESULT

NOK million	2015	2014
Fee- and administration income	4,317	4,160
Risk result life and pension	80	480
Insurance premiums f.o.a	3,642	3,115
Clailms f.o.a	-2,822	-2,226
Operating costs	2,193	3,423
Financial result	244	349
Result before profit sharing and loan losses	2,193	3,431
Net profit sharing and loan losses	-431	-8
Provision for longevity	**1,762**	**3,423**
Group result before amortisation	-1,764	-391
Amoritisation and write-down of intangible assets	-437	-431
Group result before tax	-438	2,601
Income tax expenses	1,821	-516
Sold/discontinued business	-0	-1
Result after tax	**1,382**	**2,085**

Storebrand achieved a group result before amortisation and reserve strengthening of NOK 1,762 million (NOK 3,423 million) for 2015. The group result after tax was NOK 1,382 million (NOK 2,085 million). The figures in parentheses show the corresponding period last year.

Fee and administration income increased 3.8 per cent for the year. Adjusted for discontinued business, the annual growth rate is 8.2 per cent. The underlying income performance is marked by higher income from products without guaranteed interest rates and a decline in income from products with guaranteed interest rates.

Storebrand has set a target for costs as a percentage of income of less than 60 per cent. In the fourth quarter, the 12-month rolling average was 59.6 per cent[1]. The costs increased 0.3 per cent based on a 12-month rolling average. Strengthening of competitiveness through continued efficiency improvement is a priority. In the 4th quarter, Storebrand entered into a strategic partnership with Cognizant, which included part-ownership of Storebrand Baltic UAB. The aim of this partnership is to establish a foundation for a customer-centric development of the Group's IT solutions and enhance the efficiency of our operations.

The result is marked by significant items. Costs of NOK 97 million related to reorganisation and the sale of business were charged to the accounts. Costs for 2014 were positively affected by an income of NOK 571 million as a result of changes in Storebrand's own pension scheme.

The Group had taxable accounting income of NOK 1,821 million in 2015. Storebrand has reduced the exposure to property in its customer portfolios in recent years. In order to enhance the efficiency of the operations and improve the risk management for the remaining property exposure, Storebrand Eiendom Holding AS was dissolved in December 2015. The taxable loss on the dissolution of the company entails in isolation a taxable accounting income of approximately NOK 1.7 billion. In December 2015, the Storting agreed to reduce the company tax rate from 27 to 25 per cent with effect from 1 January 2016. Therefore, 25 per cent is used when recognising deferred tax/tax assets. Combined, this gives a group result after tax of NOK 1,382 million (NOK 2,085 million) for the full year.

The other significant items are described under each reporting segment.

1) f.o.a: For own account

GROUP RESULT BY BUSINESS AREA

NOK million	2015	2014
Savings	1,020	1,091
Insurance	488	675
Guaranteed Pension	329	1465
Other	-75	193
Result before amortisation and reserve strengthening	1,762	3,423

The Savings segment has been defined as a growth area for the Group. Adjusted for non-recurring effects in the 4th quarter in 2014 and 2015 the earnings growth for the year is 16 %. The earnings growth is driven by higher assets under management and good sales.

Insurance reported good premium income growth. The result is marked by reserve strengthening for disability cover related to defined contribution pensions of NOK 100 million and costs related to reorganisation.

Throughout 2015, fee and administration income in the Guaranteed Pension segment has performed consistent with the fact that a large part of the portfolio is mature and in long-term decline. It is expected that the contribution to the result will decline over time. NOK 1,764 million was charged to the result for the use of equity for longevity reserves for higher expected longevity. A shift in the discount rate and other changes in the prerequisites for the Swedish business had a negative impact of NOK 265 million on the result.

Financial performance in the Other segment is marked by the fact that the bank's corporate market portfolio is being discontinued. The return on the company portfolios has been affected by the low interest rate level. In addition, NOK 171 million has been recognised in the financial result as the minority interest's share of the gain in connection with the sale of property.

BUSINESS AREAS

SAVINGS
Savings consists of products that encompass savings for pensions, without interest rate guarantees. The business area consists of defined contribution pensions in Norway and Sweden, asset management and retail banking products.

NOK million	2015	2014
Fee and administration income	2,662	2,375
Risk result life and pensions	-3	-11
Operating costs	-1,638	-1,289
Result before profit sharing and loan losses	**1,022**	**1,075**
Net profit sharing and loan losses	-1	16
Result before amortisation	**1,020**	**1,091**

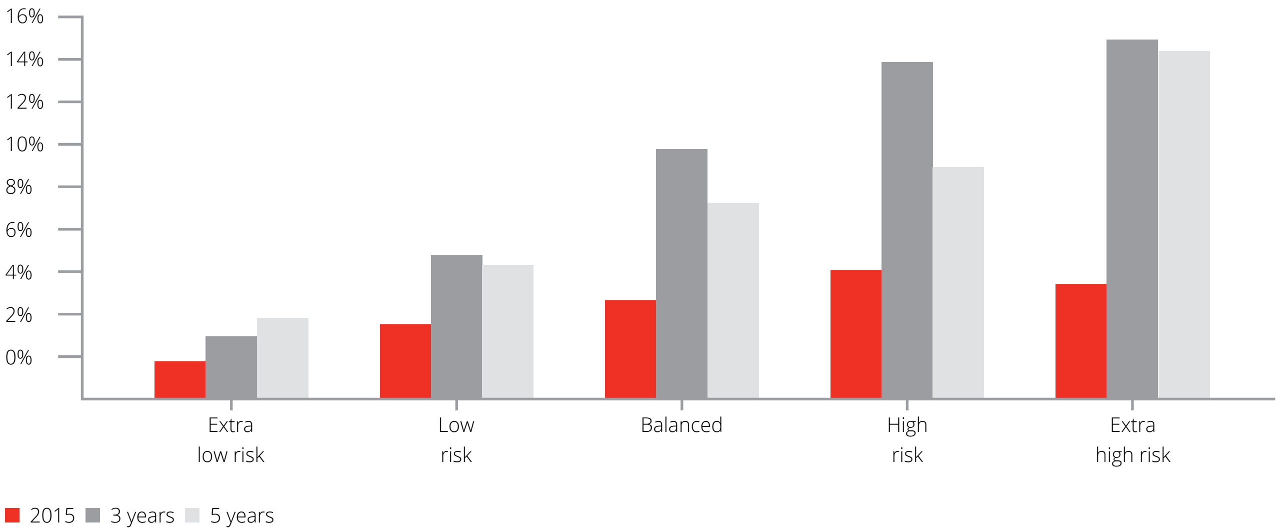
Results
The result for Savings was NOK 1,020 million for 2015. Adjusted for non-recurring effects in the 4th quarter of 2014 and 2015, there was earnings growth of 16 per cent for the full year[1]. The earnings improvement is driven by volume and income growth within unit linked insurance and asset management.

Total fee and administrative income has increased by 12 per cent from 2014 to 2015. Adjusted for non-recurring effects related to pension costs in 2014 and restructuring costs in 2015, the nominal cost level increased in accordance with the volume growth, which is attributed to higher distribution costs and other volume-related costs.

1) There was a positive impact of NOK 187 million on the cost line in 2014 due to a change in the pension scheme for its own employees.
There was an impact of NOK -28 million on the same line in 2015 due to restructuring costs.

Defined contribution pensions continue to show strong growth due to a steadily rising number of companies choosing to convert from defined benefit schemes to defined contribution schemes. This increases both the number of members and the current premium payments and management volume in the defined contribution pension schemes in both Norway and Sweden, in addition to growth through the return on premium reserves. The combined growth in customer assets for the Group's defined contribution pension products was 22 per cent in 2015, compared with the previous year.

RETURN ON DEFINED CONTRIBUTION PENSION STANDARD PORTFOLIOS IN DC SCHEME



Storebrand Bank's retail market is a direct bank that offers a wide spectrum of banking services to the retail market. Increased competition and weakened lending margins have reduced the net interest income throughout the year. The lending portfolio grew by NOK 2.4 billion, while the deposit portfolio declined by NOK 1.1 billion. The lending portfolio consists primarily of low-risk home mortgages.

The asset management business area provides a broad range of savings and investment products for institutional, external and internal customers in both Norway and Sweden, as well as securities funds for the retail market. Of the actively managed equity and combination products, 38 per cent delivered a better return than their benchmark indices. Of the fixed income funds, 36 per cent beat their benchmark indices. The customers' investment portfolios have achieved a combined excess return of NOK 1.0 billion in 2015. Assets under management rose by 7 per cent in 2015 to NOK 571 billion at the end of the year. Good volume growth from both external and internal customers resulted in 12 per cent income growth in the asset management area, compared with 2014. Storebrand is making an active effort to increase the level of sustainability in the portfolios. This work is described in more detail in a separate section of the report.

Balance sheet and market trends

Premium income amounted to NOK 12.3 billion in 2015, which is NOK 2.4 billion higher than in 2014. Net migration is significantly higher than in 2014 and amounted to NOK 2.8 billion. While migration in Norway improved significantly, the Swedish business made a negative contribution due to higher transfers out and less conversion from products with a guarantee to products with investment choice. Total reserves for non-guaranteed life insurance-related savings have grown by 22 per cent over 2014.

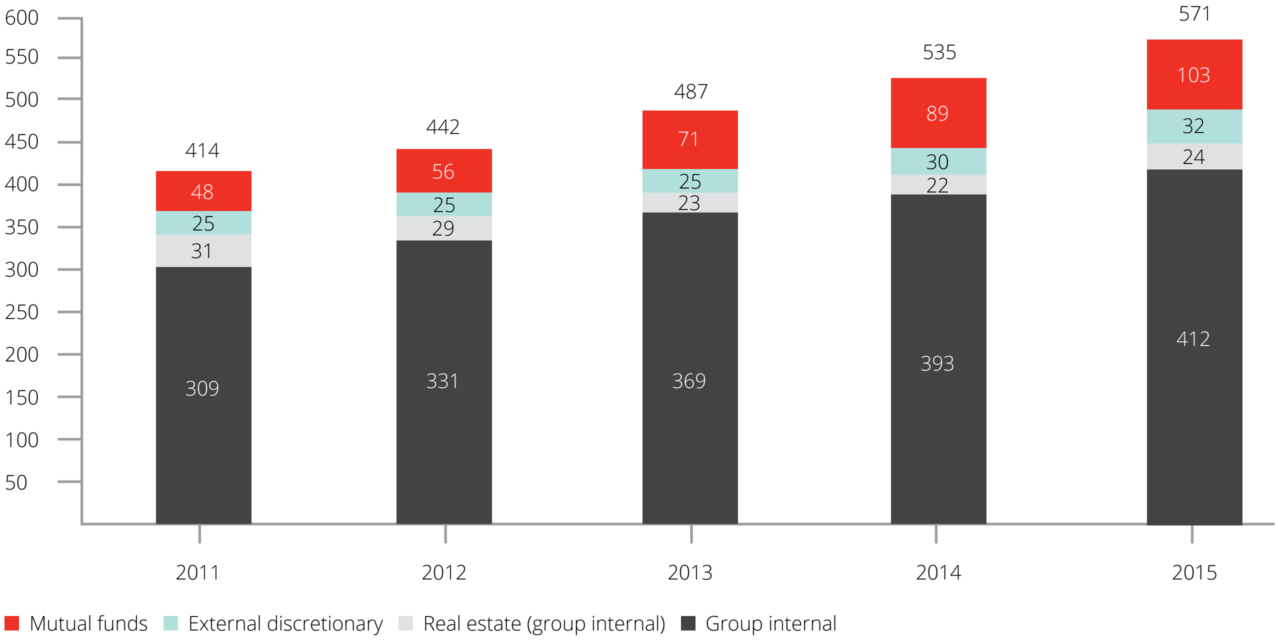
In the Norwegian market, Storebrand maintained its position as the market leader for defined contribution schemes, with around 34 per cent of the market. Premium growth for defined contribution occupational pensions was 32 per cent in 2015. The growth is driven by good sales to new customers and sales of higher savings rates, in addition to growth from wage adjustments. There is strong competition in the market for defined contribution pensions, and Storebrand expects that this will continue as a result of the significant dynamics in the market. Storebrand has launched a hybrid product on the market and regards this product as important with respect to positioning in relation to the changes that are taking place in public service pensions.

In the Swedish market, SPP is the fifth largest actor measured by premium income from unit linked insurance and safe custody insurance in the Other Occupational Pension Insurance segment, with a market share of 11 per cent.

Premium income is 4 per cent higher than in 2014, driven by new sales and the return.

New sales remain at approximately the same level as the previous year. In 2013, SPP was chosen to be one of several suppliers in the largest pension platform in Sweden (DC scheme), and it initiated activities that have had a positive effect in 2015.

ASSETS UNDER MANAGEMENT (NOK BN)



The asset management business increased its assets under management by NOK 37 billion in 2015. This growth is primarily attributed to good new sales, particularly in the Swedish fund business, as well as a good return on the customer assets. At year end assets under management amounted to NOK 571 billion, comprising mutual funds and funds-in-funds, as well as individual portfolios for insurance companies, pension funds, municipalities, institutional investors and investment companies. For assets under management, see the graph above.

Key figures Savings NOK million	**2015**	2014
Unit linked reserves	128,117	105,369
Unit linked premiums	12.324	9,887
Assets under management	571,425	534,523
Retail lending	26,861	24,441

INSURANCE

Insurance is responsible for the Group's risk products in Norway and Sweden[2]. The unit provides health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee-related and pension-related insurance in the Norwegian and Swedish corporate markets.

2) Health insurance is owned 50 per cent each by Storebrand ASA and Munich Health.

Results

(NOK million)	2015	2014
Insurance premiums f.o.a.	3,642	3,115
Claims f.o.a.	-2,822	-2,226
Operating costs	-538	-387
Financial result	206	173
Result before amortisation	**488**	**675**

The Insurance result was NOK 488 million (NOK 675 million) for the full year with an overall combined ratio of 92 per cent (84 per cent in 2014). The insurance premiums increased by 17 per cent in 2015. The solid premium growth is driven by good sales of individual property and casualty insurance policies and the new agreement with Akademikerne (Federation of Norwegian Professional Associations) that entered into force on 1 January 2015. The claims ratio increased, which is attributed primarily to strengthened reserves. The cost percentage was reduced by two percentage points compared with the previous year[3]. The underlying profitability and efficiency is good and shows a satisfactory development.

Key figures	2015	2014
Claims ratio	77%	71%
Cost ratio	15%	13%
Combined ratio	92%	84%

The combined risk result is satisfactory, with a claims ratio of 77 per cent (71 per cent in 2014). The market for defined contribution pensions is very competitive and the price for disability pension is a key competition parameter. In addition, we are seeing a negative unemployment and disability rate trend. Therefore, the reserves in pension-related group disability insurance were strengthened by NOK 100 million this year. An effort is being made at the same time to strengthen the profitability, including higher prices for unprofitable customers. The underlying risk performance is still good in the P&C insurance portfolio, but claims inflation is increasing somewhat. The overall natural perils result was NOK -10 million, which contributes to the higher claims ratio.

The cost percentage was 15 per cent for the year (13 per cent in 2014). The costs have been impacted by non-recurring effects as they were in the previous year. In 2014, changes in the pension scheme for the Storebrand Group's own employees entailed a significant positive non-recurring effect of NOK 120 million. In 2015, the non-recurring effects related to restructuring costs in Norway and Sweden amounted to NOK 20 million. Adjusted for these non-recurring effects, the cost percentage would be 14 per cent in 2015 (16 per cent in 2014). To strengthen the level of competitiveness and improve cost effectiveness, an active effort is being made to increase the degree of automation, digitization and sourcing of services, as well as the utilization of the economies of scale provided by increased volume.

The investment portfolio of Insurance in Norway totals NOK 6.4 billion, which is primarily invested in fixed income securities with a short and medium term duration.

Balance sheet and market trends

Storebrand Insurance offers a broad range of products to the retail market in Norway, as well as the corporate market in both Norway and Sweden. Profitability in the market is still considered good in general, but competition is increasing. We see this in connection with both employee insurance and risk cover related to defined contribution pensions in Norway, where the competition is strong and price is an important competition parameter. Total annual premiums at the end of 2015 amounted to NOK 4.3 billion, NOK 1.7 billion of which is from the retail market and NOK 2.6 billion of which is from the corporate market.

3) Adjusted for the negative non-recurring effects related to reorganisation in 2015 and positive non-recurring effects related to pensions in 2014.

Storebrand enjoys a well-established position in the retail market for personal insurance and is in a challenger position within P&C insurance. Storebrand has succeeded in the retail market this year with premium income growth of 18 per cent compared with the previous year. In 2015, the P&C insurance portfolio surpassed NOK 1 billion at the same time as the number of P&C customers exceeded 100,000. These were two important milestones for the company. This growth is driven by competitive prices, and simple and relevant products, as well as good cover. The new agreement with Akademikerne (Federation of Norwegian Professional Associations), which entered into force on 1 January 2015, also ensures Storebrand of a solid position in the organisational market and contributes to good growth. The growth in personal insurance was stable and in line with the general market growth.

The corporate market is generally a more mature market. Health insurance, which is still a market with good growth, is an exception. Measured by premiums written, Storebrand is one of the market leaders in health insurance. For risk cover in connection with defined contribution pensions in Norway, future growth is expected to be driven by conversions from defined benefit to defined contribution pensions. The new regulations, which entered into force on 1 January 2016, will entail a somewhat lower premium volume in the future. In Sweden, the disability trend has been downward for a long period of time, which has led to reduced premiums in general.

GUARANTEED PENSION

Guaranteed pensions consist of products encompassing long-term savings for pensions, where the customers have a guaranteed return or benefit on the saved funds. The business area covers defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurance.

NOK million	**2015**	2014
Fee and administration income	1,777	1,842
Risk result life and pensions	89	483
Operating costs	-1,156	-921
Result before profit sharing and loan losses	**711**	**1,404**
Net profit sharing and loan losses	-382	61
Result before amortisation and reserve strengthening	**329**	**1,465**
Strengthening of longevity reserves	-1,764	-391

The result for Guaranteed Pension before amortisation and reserve strengthening totalled NOK 329 million in 2015, which was a decline of NOK 1,136 million compared with 2014. The results in 2015 were impacted negatively by large, special items related to provisions for the use of equity for reserve strengthening due to increased longevity in the Norwegian business and a change in the assumptions for the financial result in the Swedish business.

Fee and administration income has performed throughout 2015 consistent with the fact that a large part of the portfolio is mature and in long-term decline. The income was NOK 1,777 million in 2015, compared with NOK 1,842 million in the previous year. In 2015, income declined 3.5 per cent compared with 2014, but adjusted for foreign currency effects and a minor non-recurring effect, the reduction in income was 6.6 per cent. New subscriptions for guaranteed pensions have been closed for most products, however, premium payments and the accumulation of returns for existing customers is leading to a long-term decline in reserves.

In the fourth quarter of 2015, operating costs were impacted by restructuring costs of NOK 41 million, while changes in Storebrand's pension scheme entailed a cost reduction of NOK 210 million in the same quarter of 2014. Adjusted for these two effects, the costs have declined in 2015, compared with the previous year.

The risk result was NOK 89 million in 2015, compared with NOK 483 million in the previous year. The reason for the change from 2014 is attributed to a positive non-recurring effect of NOK 322 million in 2014 in connection with reserve releases in the Swedish business.

The profit sharing result is generated by the Swedish business and amounted to minus NOK 382 million for 2015, compared with NOK 61 million for 2014. In the 4th quarter of 2015, new estimates for future costs were introduced to the portfolio, and new yield curves adapted to Solvency II were introduced in the models. This has resulted in a combined effect on the profit sharing result of NOK 265 million. Otherwise, the profit sharing result is affected by the performance of the interest rate, credit and equity markets. Due to a moderate return on the portfolios, the company's share of the profit sharing has been low in 2015. The indexing fees are not influenced directly by the financial market performance and amounted to NOK 128 million in 2015, compared with NOK 160 million in the previous year.

The Norwegian business is prioritising the build-up of buffers and reserves instead of profit sharing between customers and owners. Allocations have been made for the estimated future direct use of equity and the risk equalisation reserve related to longevity reserve strengthening at the end of 2015. This gives an overall reserve strengthening cost of minus NOK 1,764 million for 2015. In addition, NOK 292 million has been set aside in lost profit sharing from paid-up policies. This is the owner's share of the surplus return in excess of the interest rate guarantee that has been used to strengthen the reserves for increased longevity.

Balance sheet and market trends

Customer reserves for guaranteed pensions amounted to NOK 267 billion at the end of 2015, compared with NOK 264 billion at the start of the year. Adjusted for foreign currency effects, there is, however, a 2.0 per cent reduction in reserves throughout the year. Transfers from guaranteed pensions have amounted to NOK 7.8 billion in 2015, compared with NOK 14.8 billion in the previous year. From the end of 2014, the customers were given an offer to convert from traditional paid-up policies to paid-up policies with investment choice, and insurance reserves for paid-up policies with investment choice amounted to NOK 4.6 billion at the end of 2015 and are included in the Savings segment.

Premium income from guaranteed pensions (excluding transfers) was NOK 7.8 billion in 2015. This represents a decline of 22 per cent, compared with 2014. The majority of products are closed for new business and the customers' choices about transferring from guaranteed to non-guaranteed products are in line with the Group's strategy.

Premium income (excluding transfers)	**2015**	2014
Defined benefit pensions	5,477	7,337
Paid-up policies	113	101
Traditional individual capital and pension	277	287
SPP guaranteed products	1,599	2,127
Total	**7,467**	**9,852**

Key figures – Guaranteed Pension	**2015**	2014
Guaranteed reserves	266,979	264,290
Guaranteed reserves as a % of total reserves	67.6%	71%
Transfer out of guaranteed reserves	-7,729	-14,823
Customer buffers as a % of customer portfolios at Storebrand	5.8%	6.6%
Customer buffers as a % of customer portfolios at SPP	7.6%	11.7%

OTHER RESULTS

The result for Storebrand ASA is reported under Other, as well as the result for the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. In addition, the results associated with lending to commercial enterprises by Storebrand Bank and the activities at BenCo are reported in this segment. Group eliminations are reported in a separate table below.

Result

NOK million	2015	2014
Fee and administration income	129	233
Risk result life and pensions	-6	8
Operating costs	-188	-138
Financial result	38	175
Result before profit sharing and loan losses	**-27**	**278**
Net profit sharing and loan losses	-48	-85
Result before amortisation	**-75**	**193**

Eliminations

NOK million	2015	2014
Fee and administration income	-251	-289
Operating costs	251	289
Financial result	-	-
Result before profit sharing and loan losses	**-**	**-**

The result before amortisation for the Other segment activities was NOK -75 million for 2015, compared with NOK 193 million for 2014. The reason for the decline in the fee and administration income in 2015 is primarily linked to discontinuation of corporate banking.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. The interest costs comprise a net amount of approximately NOK 90 million for the quarter at the current interest rate level. The financial result includes the return on the company portfolios in Storebrand Life Insurance and SPP, as well as the financial result of Storebrand ASA. The financial result is weaker due to a lower return in the company portfolios.

In addition, NOK 171 million has been recognised in the financial result as the minority interest's share of the gain in connection with the sale of property.

CAPITAL SITUATION, RATING AND RISK

CAPITAL SITUATION

Storebrand pays particular attention to the levels of equity and loans in the Group on a continued and systematic basis. The level is adjusted for the financial risk and capital requirements. The growth and composition of business segments are important driving forces behind the need for capital. The purpose of capital management is to ensure an efficient capital structure and ensure an appropriate balance between internal goals and regulatory requirements. The Group's target is to achieve a solvency margin ratio in accordance with Solvency II of at least 130 per cent. Storebrand Livsforsikring AS also aims to achieve an A level rating. The Group's parent company has established a target to achieve a net debt-equity ratio of zero over time. Storebrand ASA has only one class of share. All shares have equal rights and are freely negotiable. The company is not aware of the existence of agreements between shareholders that limit rights to sell shares or to exercise related voting rights.

The Storebrand Life Insurance Group’s solvency margin (Solvency I) increased from 175 per cent to 191 per cent at the end of the year.

The Solvency II regulation will be introduced in 2016. Measures implemented during 2015, which included risk reduction, longevity reserve strengthening and changed technical insurance assumptions, contributed to the company being able to enter 2016 without raising new equity. The Group’s target solvency margin in accordance with the new regulations is 130 per cent, including use of the transitional rules. At the end of the 4th quarter, the solvency position for the Storebrand Group was calculated to be 168 per cent (without transitional rules, the solvency margin is estimated to be 124 per cent). Storebrand uses the standard model for the calculation of Solvency II. In 2015, the models that are used to calculate Solvency II were updated to reflect the current business and regulations. In particular, a change in the model related to the risk-reducing capacity of deferred tax has made a positive impact. Lower interest rates in Norway and a change in the yield curve have had a negative impact on the Solvency II margin. Changes to the regulations, methods and interpretations may occur that can affect the Solvency II margin in the future.

The Life Insurance Group's solidity capital, which consists of equity, subordinated loans, market value adjustment reserves, additional statutory reserves, conditional bonus and risk equalisation reserves, amounted to NOK 61.0 billion at year end, compared with NOK 64.7 billion at the previous year end. The conditional bonus declined by NOK 1.9 billion, due, among other things, to the change in the discount rate and insurance liabilities in SPP. The additional statutory reserves amounted to NOK 5.2 billion at the end of the year, essentially unchanged for the year. The additional statutory reserves declined due to conversion to paid-up policies with investment choice, but increased due to the allocation of the profit for the year. The excess value of bonds valued at amortised cost declined due to lower interest rates by NOK 2.8 billion this year and amounted to NOK 10.6 billion as at 31 December. The excess value of bonds at amortised cost is not included in the financial statements.

At the end of 2015, the Storebrand Bank Group had a core capital adequacy of 13.8 per cent, and a capital adequacy of 17.1 per cent. The bank group has adapted to the new capital requirements and aims to comply with the applicable buffer capital requirements at any given time. The company has satisfactory financial strength and liquidity based on its operations. The bank group, the parent bank, and the residential mortgage company all satisfy current statutory requirements.

Capital adequacy and the core (tier 1) capital ratio for the Storebrand Group at the end of the year were 14.3 per cent and 11.9 per cent, respectively. In accordance with the new solvency rules for financial groups, Storebrand ASA (holding) will no longer be subject to the capital adequacy regulations from 31 January 2016, and Storebrand ASA will then only report Solvency II for the Group.

Storebrand ASA (holding) held liquid assets of NOK 2.4 billion at the end of the year. Liquid assets consist primarily of short-term fixed income securities. Storebrand ASA's (holding) total interest-bearing liabilities were NOK 3.3 billion at the end of the year. This corresponds to a net debt-equity ratio of 4.8 per cent. The next maturity date for bond debt is in April 2016. In 2015, Storebrand redeemed outstanding bond debt with a total nominal value of NOK 671 million and raised a new 3-year senior unsecured bank loan of NOK 800 million. During the first half of 2016 it is expected internal dividends of NOK 436 million from subsidiaries. The liquidity situation in the holding company is materially strengthened in the last five years, and the company has a robust liquidity buffer.

RATING

Storebrand Livsforsikring AS, Storebrand ASA and Storebrand Boligkreditt AS had the same rating from Moody's at the end of the previous year. Moody's upgraded Storebrand Bank's credit rating from Baa2 to Baa1 in May 2015. Standard & Poor's downgraded its credit rating of Storebrand Livsforsikring AS from A- to BBB+ in July 2015. Storebrand ASA's rating was derived from Storebrand Life Insurance's rating and was adjusted downwards to BBB-. The outlook for the rating of Storebrand Life Insurance and Storebrand ASA was changed at the same time from negative to stable. S&P justified the downgrade of Storebrand Livsforsikring AS by low interest rates combined with a capital-intensive paid-up policy portfolio. S&P points out that the Storebrand Group has implemented good measures, but that changes in the external factors are affecting the risk situation. The outlook for the company is considered stable and reflects an expectation that the company will strengthen its economic capital from the current level. S&P's credit rating of Storebrand Bank remained unchanged during the period.

RISK

Storebrand's business is to assume and manage various risks in a deliberate, controlled and responsible manner, concerning both the customers and the owners.

For insurance and pension products, Storebrand receives payment from companies and individuals to assume the risk that various insured events will occur. For pension products, it is necessary to assume financial market risk to create a return on pension assets. The banking business entails a risk of loan losses. In all parts of the business, operational risk arises due to errors that can inflict losses on customers and/or costs on Storebrand.

Risk management is about looking at both the positive and negative aspects of risk. Risk-taking should contribute to Storebrand achieving its strategic and commercial targets, including customers receiving a competitive return on their pension products and that Storebrand receives adequate payment for assuming risk in relation to defined rates of return.

As a business requiring a license, the Storebrand Group and the individual companies are subject to supervision by the Financial Supervisory Authority of Norway. Risk management must satisfy the formal requirements pursuant to legislation and other regulations. The level of risk-taking shall be in accordance with the regulatory requirements and other needs of customers, shareholders, lenders, rating companies, etc. Undesired incidents shall be limited.

From 1 January 2016, the Group and the Group's insurance companies are subject to the Solvency II regulations, which expand and formalise the requirements for risk management. In Norway, the regulations are laid down in the Act on Financial Undertakings and Financial Groups and the Solvency II Regulations.

The majority of Storebrand's risk is from liabilities related to the products. The Group's result and risk are followed up and reported as four areas with different result and risk drivers: Savings, Insurance, Guaranteed Pension and Other.

SAVINGS
Savings consists of unit linked insurance, asset management business and the retail market part of the banking business.

For unit linked insurance, the customer bears the financial market risk. The disbursements are generally time limited, and therefore Storebrand bears low risk from increased life expectancy.

For Storebrand, the risk for unit linked insurance is primarily related to future income and cost changes. There is therefore an indirect market risk, because negative investment returns will reduce future income, without a corresponding reduction in costs. Incomes are also reduced if the customer chooses to leave. Market risk, particularly equity price risk and exit risk are therefore the greatest risks to unit linked insurance. There is also a risk that costs may increase.

The asset management business offers active and passive management and the management of fund-in-fund structures for the customer's account and risk. Operational risks, including compliance with regulations, are regarded as the greatest risks.

The greatest risks for the banking business are credit risk and liquidity risk. Practically the entire lending portfolio to private individuals is secured by a mortgage on real property.

INSURANCE
Insurance consists of risk products and property and casualty insurance. The price can normally be changed on an annual basis if there are any changes in the risk situation.

The greatest risk is the disability risk. Storebrand has the risk of there being more disability cases than expected and/or that fewer disabled persons are fit to work again (reactivation). The restructuring of disability cover in Norway's National Insurance Scheme from 1 January 2016 will give better cover from the National Insurance Scheme for new incidents of disability. All else being equal, this will reduce the scope of Storebrand's disability risk in the future. Storebrand also provides cover with death benefits, but Storebrand's risk from this is very limited. Storebrand's disability cover can generally be priced on an annual basis.

In property and casualty insurance, most of the risk is linked to the development of claims payments from car and home insurance.

GUARANTEED PENSION
Guaranteed Pension comprises savings and pension products with guaranteed interest rates in Norway and Sweden. The greatest risks are financial market risk and life expectancy risk.

A common feature of the products is that Storebrand guarantees a minimum return. In Norway, the return must exceed the guarantee in each year, while in Sweden it is sufficient to achieve the guaranteed return as an average. In Sweden, new premiums have a 0.5 per cent guarantee, whereas existing reserves have up to a 5.2 per cent guarantee. In Norway, new premiums are taken in with a 2.0 per cent guarantee, and pensions are adjusted upwards with a 0.5 per cent guarantee. The existing portfolio has primarily guarantee levels ranging from 3 to 4 per cent. Over time, new premiums and possible upward adjustment will contribute to the average guarantee level falling.

A new mortality tariff was introduced for defined benefit pensions and paid-up policies from 2014. For the existing reserves, the Financial Supervisory Authority of Norway has approved a seven-year escalation plan, and customer returns exceeding the guarantee can contribute to reserve strengthening. During the escalation period, it gives an increase in risk that may be compared with increasing the interest rate guarantee. Storebrand's contribution must be at least 20 per cent of the overall reserve strengthening.

In order to achieve sufficient returns from the customer portfolios to cover the guarantee, reserve strengthening and any pension revaluation, it is necessary to take investment risk (market risk). This is primarily done by investing in equities, property and corporate bonds. The percentage of equities declined throughout 2015, while investments in corporate bonds increased.

Interest rate risk is in a special position because changes in interest rates also affect the value of the insurance liability under Solvency II. Since pension disbursements may be many years in the future, the insurance liabilities are particularly sensitive to changes in interest rates, and they should ideally be balanced with the interest rate sensitivity of the investments. It is not possible to eliminate the interest rate risk in Norway, but accounting at amortised cost makes it possible to reduce the risk associated with the solvency position without increasing the risk from the annual guarantee. In Sweden, there is better agreement between the interest rate sensitivity of assets and liabilities.

For 2015, the return on the guaranteed customer portfolios has been positive. In Norway, the return has been adequate to cover the guarantee plus the expected contribution to reserve strengthening. Interest rates have fallen throughout 2015, particularly on the short end of the yield curve. In Sweden, the money market rate is negative. Norges Bank has indicated that interest rates will be kept low for several years to come. Falling interest rates increase Storebrand's risk, because it reduces the probability of achieving a return higher than the guarantee. In Norway, the effect will be dampened in the coming years by a large proportion of the investments being bonds held at amortised cost that will greatly benefit from securities purchased at interest rate levels higher than the current levels.

Changes in occupational pension schemes in Norway will reduce the risk of low interest rates over time, since defined benefit-based schemes are replaced by defined contribution pensions or hybrid schemes without a guaranteed return over zero per cent. The change in the market has the greatest effect on new contributions, while existing reserves will continue as paid-up policies.

Paid-up policies have a particularly high risk in a low interest rate scenario, because there are very limited opportunities for changing the price or terms. The size of the paid-up policy portfolio will increase in the coming years, since the companies are eliminating defined benefit schemes. In the autumn of 2014, customers were allowed to choose to convert paid-up policies to paid-up policies with investment choice. Storebrand has offered the product since October 2014, and, up until the end of 2015, approximately NOK 5 billion has been converted. It is a prerequisite that the paid-up policy is fully reserved upon conversion, and any reserve shortfalls are covered by Storebrand. Upon conversion to a paid-up policy with investment choice the financial market performance risk passes to the customer, but, for many customers, this will give a higher expected return and thus larger pension payments. In around half of the guaranteed portfolio in Sweden, the customers have an option to switch to a product without a guaranteed annual return.

The bulk of guaranteed pension agreements have lifelong disbursements. These give higher disbursements if life span increases more than expected. The risk is reduced by the use of dynamic tariffs that include an increased longevity trend.

OTHER

Other comprises Storebrand ASA, as well as the company portfolios and smaller subsidiaries in Storebrand Life Insurance and SPP. In addition, this segment comprises lending to commercial enterprises by Storebrand Bank and the activities of BenCo.

The assets in Storebrand ASA and the company portfolios are invested at low risk, primarily in short-term interest-bearing securities with a high credit rating. Lending to commercial enterprises in Storebrand Bank will be discontinued and is being downscaled. The concentration risk in the portfolio will increase when the portfolio is discontinued.

REGULATORY CHANGES

CHANGING REGULATIONS

The regulations that are adopted by the authorities are of great importance to Storebrand. Solvency II will be introduced on 1 January 2016, after the statutory provisions that implement the EU directives into Norwegian law have been adopted by the Norwegian Parliament and the Ministry of Finance has clarified how the transitional rules are to apply. Questions related to pensions have also been placed on the agenda by the parties in working life through special pension reports. Proposals that are put forward during this process may be of importance to the occupational pension market in the future.

EUROPEAN REGULATIONS

Solvency II

The Norwegian authorities have implemented the Omnibus II Directive, which allows both permanent measures and transitional rules in Norwegian law. The companies can apply a yield curve spread to discount insurance liabilities (volatility adjustment). A transitional period of 16 years has also been allowed for the valuation of insurance liabilities. This entails that an increase in the insurance liabilities as a result of Solvency II will be phased in on a linear basis over a period of maximum 16 years. The regulations allow the companies to use the transitional scheme only for individual portfolios (uniform risk groups). However, a "floor rule" has also been introduced, which entails that the Solvency II reserves cannot be lower during the transitional period than the technical insurance reserves pursuant to the Insurance Activity Act.

Regulations on information and advisory services

During the coming years, new EU regulations will strengthen consumer protection through more stringent requirements for information and independent advisory services. This applies to the following directives: MiFID II (sales and advisory services for funds and banking products), PRIIPs (product information on complex savings products) and IDD (product information, as well as sales and advisory services for insurance products). The new regulations are expected to enter into force during the period from 2017 to 2018.

The Ministry of Finance has appointed a committee that will propose the implementation of MiFID II in Norwegian law. The committee has a deadline of 24 June 2016 to submit its report. Work to implement PRIIPs and IDD in Norwegian law has not yet been initiated.

NORWEGIAN REGULATIONS

Taxation rules for insurance companies

The Ministry of Finance has initiated a process to assess the taxation rules for insurance companies. One proposal is to change the taxation rules for insurance companies so that they are in agreement for tax purposes with the Solvency II requirements for technical insurance reserves that were circulated for consultation in the spring of 2015. During the consultation period, the proposal was criticized for not being studied thoroughly enough. The Ministry of Finance concluded therefore that changes would not be implemented for 2016, and that work would continue on a comprehensive review of the taxation rules for insurance companies. Any changes will not take effect until the 2017 tax year at the earliest.

Value-added tax on financial services

In the tax reform that was presented in connection with the government budget for 2016, the Government proposed following up the Scheel Committee's proposal to introduce value-added tax on financial services. It is estimated that this would result in revenues of NOK 3.5 billion for the government and contribute thus to financing the overall reductions in corporate and personal taxation that the reform entails.

Regjeringen vil arbeide videre med:

- Value-added tax on fee-based services.
- Property and casualty insurance: A solution is outlined in which value-added tax is based on the difference between premium income and claims payments.
- Life insurance: It is considered more challenging to introduce value-added tax on life insurance. It is pointed out that no other country has included life insurance in the value-added tax system. Reference is made to the fact that in the continuing work, a distinction must be established between property and casualty insurance, which is to be subject to value-added tax, and other types of insurance, such as life insurance, which are not to be included in the value-added tax obligation.
- Tax on margin income, such as interest rate margins.

The Government aims to put forward a proposal to the Storting in connection with the 2017 budget at the earliest. However, it is pointed out in the report that a great deal of work remains before a proposal can be circulated for consultation and put forward to the Storting.

Disability pension in private occupational pension schemes

The Norwegian Parliament has adopted new rules for disability pensions in the occupational pension schemes in the private sector. The rules will enter into force on 1 January 2016, and there will be a one-year transitional arrangement.

The new disability product gives entitlement to a disability pension regardless of earnings after the period of service, as opposed to the current regulations. Upon resignation and termination of employment, the right to a paid-up policy with disability benefits will be cancelled unless this is agreed.

The National Insurance Scheme's disability benefit constitutes 66 per cent of income up to 6 G (G = National Insurance basic amount). The Ministry of Finance proposes that company-paid disability pensions can also account for up to 3 per cent of earned income up to 12 G, with an optional supplement of up to 0.25 G. The company may also insure up to 66 per cent of income between 6 and 12 G, where the National Insurance Scheme does not provide cover. As in the National Insurance scheme, it introduces curtailment for earned income over 0.4 G. In addition, it is planned that prior accrued rights, both from the public sector and the private sector, will be coordinated with the new disability pension.

Parties in working life are studying occupational pension schemes

During the wage settlement in 2014, the Federation of Norwegian Industries (NHO) and the Norwegian United Federation of Trade Unions (LO) agreed to study certain aspects of occupational pensions. The Enterprise Federation of Norway and Union of Employees in Commerce and Offices (also LO) agreed on an identical study mandate. Based on the Defined Contribution Pensions Act, the parties were, among other things, to study the employees' right of co-determination over the investment and management of pension assets, maintenance of pension accrual in connection with changing jobs, and the employees' opportunity to make contributions to their own pensions on an individual basis.

The Norwegian United Federation of Trade Unions (LO) and Federation of Norwegian Industries (NHO) have agreed on a joint statement, in which they propose that individual pension accounts be established and that the employees be entitled themselves to choose a provider and management. They also propose that employees should be able to save the difference between the company's savings level and the permitted maximum level themselves. The Union of Employees in Commerce and Offices (LO) and the Enterprise Federation of Norway have reached agreement and maintain their positions for and against the standardization of occupational pensions.

The reports may form the basis for the wage settlement in 2016.

Public service pensions

The Ministry of Labour and Social Affairs published on 18 December 2015 a report that proposed possible models for a new occupational pension in the public sector. The goal was to establish a transition for occupational pension schemes in the public sector that is based on the principles of the pension reform, such as all-years accrual, flexible pensions and longevity adjustments.

The proposal is a lifelong net scheme, without coordination with the National Insurance Scheme's retirement pension, with gender-neutral premiums. The report has not proposed much in the way of transitional rules and an early retirement option (Public Sector AFP).

This will be a topic in the coming collective wage negotiations in the public sector, perhaps as early as 2016.

SWEDISH REGULATIONS

Ban on commissions

The Securities Market Report on the Implementation of MiFID II in Swedish Law (SOU 2015:2) proposed a comprehensive ban on receiving payments/commissions from parties other than the consumer for advisory services in connection with investments and portfolio management. This has been justified by the fact that if parties other than the consumer have paid for the service, it can be questioned whether the advisory services are independent and in the best interest of the consumer. The Swedish Financial Supervisory Authority states in its report of 3 February 2016, "A Necessary Step for Improving Savings" proposed a total ban on all types of commissions. It is expected that a bill will be introduced to the Swedish Parliament in 2016.

Tax on occupational pensions

The report "Occupational Pensions – Act on Safeguarding Pension Commitments and Taxation Rules (SOU 2015:68)" proposes to change and modernise certain rules related to the taxation, transfer, amalgamation and payment of pensions. The report also discusses the taxation of life insurance companies, and whether the taxation should be shifted from a standardised investment income tax to ordinary taxation of profit. However, it is proposed that the taxation of life insurance companies should be studied further in a separate report.

The consultation period ended recently, and it has been proposed that it enter into force from 1 January 2017. It is not clear when the authorities will publish the report on the taxation of life insurance companies that has been announced.

SUSTAINABILITY IN THE STOREBRAND GROUP

The Storebrand Group has worked systematically and purposefully on sustainability for almost 20 years. Our sustainability work originated in asset management, where sustainability is currently a fundamental pillar of Storebrand's investment strategy. Sustainability is one of Storebrand's six customer promises and one of the Group's three principal messages. Storebrand strengthened this focus further in 2015.

STRATEGIC FOCUS

As a leading pension provider in the Nordics Storebrand has a long term perspective on sustainability. Storebrand believes that to prioritize sustainability in the pension portfolios give good returns for both customers and shareholders.

Storebrand has a history that goes back 248 years in time. Storebrand founded the insurance industry in Norway after the great city fire of 1767. Storebrand has worked since then on meeting and solving the challenges of society up until the present, where we are the market leader for sustainable investments. Today, each individual customer can readily choose the sustainability level of their investments, and pension portfolios are guided actively towards a higher level of sustainability through internal analyses.

In 2015, Storebrand endorsed two global UN initiatives prior to the Climate Summit in Paris. These initiatives were the Montreal Pledge and the Portfolio Decarbonisation Coalition. The aim is to measure and revise the carbon footprint of our investments and to reduce this footprint. In the second half of 2015, Storebrand reduced its estimated carbon footprint from equity investments by approximately 350,000 ton.

Storebrand increased its investments in the companies that contribute to creating value in a sustainable economy through transferring large portions of its equity investments in the guaranteed portfolio to "ESG enhanced". In this manner, we avoid investments in companies with significant sustainability risks, in addition to increasing the percentage of companies with a higher sustainability rating. Storebrand reduced its carbon footprint in the "ESG Enhanced" portfolio to 2.0 kg CO2e/NOK 100. MSCI World had in comparison 2.6 kg CO2e/NOK 100 as at Q3 2015.

In 2016, Storebrand will develop its work further, as well as its fundamental strategy for sustainability, guidelines for sustainability and scorecard for sustainability to reduce the environmental and climate footprint and increase the benefit of sustainability.

FUNDAMENTAL PRINCIPLES

Storebrand bases its work on sustainability and sustainable investments on global standards for environmental and human rights. For example, the UN principles for responsible business operation, the Global Compact. These principles provide a foundation for our sustainability guidelines. We also support the UN human rights conventions, UN environmental conventions, ILO Core Conventions, UN Convention against Corruption and the UN Guidelines for Business and Human Rights. We have also signed the UN Principles for Responsible Investment (PRI) and the UN Principles for Sustainable Insurance (PSI).

Sustainable development is characterized by development that meets the needs of the current generation, without being at the expense of opportunities for future generations to satisfy their needs. For Storebrand, sustainability is a matter of our own long-term business outlook and security for our customers. As a supplier of pension saving solutions, it is essential that we are able to take a long-term perspective and generate a return for our customers, without making a negative impact on the world in which our customers will retire.

Storebrand also exploits the opportunities to create better business in a sustainable economy through its own sustainable investments and by analyzing global trends such as population growth and scarcity of resources, growth in emerging economies and the demand for sustainable products will increasingly affect the business community in the future.

DIALOGUE WITH STAKEHOLDERS

Storebrand has an impact on our society, and our society has an impact on us. Our sustainability work relies on a close dialogue with key players in society. Each year we arrange a dialogue with stakeholders in which we answer questions and receive feedback on what is expected of us and our work on sustainability. In 2015, the subject of this dialogue was what information on investments and savings that important stakeholders would like to be disclosed.

The dialogue with stakeholders was held during the Arendal Week, where Storebrand was present for the first time. In addition, Storebrand was represented as usual at the Almedalen Week in Sweden.

We want to be available and open to everyone and during the year we have met many upper secondary school students, contributed to a number of project assignments in Norwegian, Swedish and international universities as well as contributed to research. We are active in key sustainability organizations, such as UNEP FI, Norsif, Swesif and the Swedish investment collaboration, Sustainable Value Creation. In addition, Storebrand is a member of Swedish Leadership for Sustainable Development (SLSD) together with over 20 of Sweden's largest listed companies. The network is coordinated by the SLSD, and its aim is to develop specific projects and models for work on sustainable development. The main channel for dialogue with the outside world is social media. Both Twitter and Facebook are important channels for feedback from relevant communities, and for availability for dialogue and questions.

The Group places high demands on the companies we invest in, and we place the same demands on ourselves and our suppliers. Knowledge of what sustainability areas are the most important to Storebrand is a prerequisite for being able to make high relevant demands. In 2014, Storebrand conducted a materiality analysis, the purpose of which was to obtain a picture of what subjects are material to Storebrand. The analysis identified the following materialities: industry distrust, climate change, corruption and financial crime, as well as overexploitation of natural resources. The stakeholder dialogue in 2015 confirms the importance of the sustainability strategy and focus on calculating and revising the carbon footprint of our investments. Additional information can be found on www.storebrand.no under our work on sustainability.

STOREBRAND'S OWN ENVIRONMENTAL AND CARBON FOOTPRINT

All the units in the Group are tasked with minimizing our environmental footprint by focusing on the consumption of resources. The emissions that we nevertheless have, through travel and the consumption of energy, are compensated for through purchasing verified emission allowances within the framework of the REDD program and Verified Carbon Standard. Storebrand cooperates with Wildlife Works on the purchase of emission allowances from the Kasigau Wildlife Corridor in Kenya, a threatened forest area of high biological importance.

By making sustainability a clear requirement in our selection of suppliers, Storebrand will contribute to more numerous and better sustainable products. Companies that are exclusively on the investment side will also be automatically disqualified as suppliers to the Group. In connection with procurement processes, Storebrand has had a number of conversations on sustainability with relevant suppliers, in which we expressed clear expectations of an improvement potential.

MANAGEMENT AND ORGANISATION OF SUSTAINABILITY WORK

Storebrand's sustainability work is governed by sustainability guidelines and followed up through the sustainability scorecard.

The *scorecard for sustainability* is a collection of goals that reflect our sustainability ambitions to our customers, owners, employees, suppliers and partners. The *scorecard for sustainability* contains goals that regulate our work with respect to finances, corporate social responsibility and the environment based on two-year and five-year periods. The goals and development of our *scorecard for sustainability* is part of our annual report. All of the goals on the *scorecard for sustainability* have a responsible executive vice president, and their progression is followed up each quarter by the executive management. The *scorecard for sustainability* is adopted by the Board of Directors of Storebrand ASA.

Early in 2015, Storebrand revised its sustainability scorecard to include key products for Storebrand in Sweden and Norway. The aim is to increase the sustainability level of various forms of investment. Storebrand's influence is greatest through the investment of pension assets in other companies.

Storebrand also has ethical rules, which are an important tool in our daily operations, and are followed up every year through training and monitoring. Management teams at all levels of the Group discuss ethical dilemmas and review the rules at least annually. The Group's rules relating to anti-corruption, notification and work against internal fraud are included in the ethical rules and apply to all employees and consultants that work for Storebrand. A notification channel has been established that connects directly to an external partner if the employee wishes to send notification anonymously. Information on notification routines is available to all employees on the Group intranet.

The HR Department is responsible for ensuring that the Group's employees are familiar with and aware of what the ethical rules mean in the employees' day-to-day work. This is accomplished through measures such as e-learning, dilemma training, group work, and the question and answer service on the intranet. The HR director has the overall responsibility for the ethical rules.

REPORTING AND TRANSPARENCY

In 2015, the Group implemented several measures to increase transparency and reporting on sustainability to stakeholders and customers. In addition to the existing reporting, Storebrand disclosed in 2015 what companies have been excluded from our investments based on our analysis of sustainability and Storebrand's standard for sustainable investments.

The Group has published environmental reports since 1995, and sustainability reports based on the tripartite bottom line (finances, corporate social responsibility and the environment) since 1999. The sustainability reporting has been an integral part of the annual report and audited by an independent party since 2008. Storebrand follows the guidelines of the Global Reporting Initiative (GRI G4 guidelines) for reporting. The sustainability scorecard, in the same manner as additional reporting, such as materiality analyses and information on the current sustainability, is included in Storebrand's annual report and our website (www.storebrand.no). In 2015, Storebrand started work on the development of reports on the carbon footprint of the Group's investments. Quarterly reporting was implemented from the third quarter of 2015.

We want to be transparent, and submit annual reports to a number of sustainability indices, including the Carbon Disclosure Project, Dow Jones Sustainability Index (DJSI), Vigeo and Sustainalytics. In 2015, Storebrand was one of 16 companies in the world who have been a DJSI World member since the start for 16 years in a row.

On the *Corporate Knights Inc*. list of the 100 most sustainable companies in the world, Storebrand is number 24 and is thus ranked as one of the world's most sustainable insurance companies.

Our head office in Oslo holds environmental certification from the Eco-Lighthouse Foundation, and SPP's new head office in Stockholm was certified at the Sweden Green Building Council "Gold" level and the "Excellent" BREAAM level in 2014.

SUSTAINABILITY OF PRODUCTS AND SERVICES

Storebrand is continuously improving the sustainability level of our products and services.

Sustainable investments

Storebrand has a significant influence through its investments in thousands of companies in all sectors and regions of the world. We believe that sustainability is about investing in companies that are positioned for major opportunities inherent to a transition to a green economy. Our sustainability team continuously analyses 2,400 companies and assigns a sustainability rating ranging from 0 to 100. This rating is available to the managers and used to calculate the sustainability level for both internal and external funds.

The rating is available at the fondstorget website in Norway and Sweden as an aid to help our customers select sustainable funds.

The Storebrand Standard, the strictest minimum requirements in the market, applies to all of Storebrand's self-managed assets. The requirements apply to both equities and bonds, in Norway, Sweden and internationally. The standard means that we exclude individual companies that are in violation of international norms and conventions or are among the poorest 10 per cent of the companies in high-risk industries.

In 2015, we intensified our efforts to reduce our exposure to companies that cause major climate damage and increased the percentage of investments in companies with a higher sustainability rating.

Storebrand increased its sustainability score in equity investments in the guaranteed portfolio to 68 per cent and reduced its carbon footprint by 2.0 kg CO_2e/NOK 100. At the end of 2015, 70 companies were excluded on the basis of climate criteria.

The following areas are covered by the Storebrand standard:

- Human rights, workers' rights and international law
- Corruption and financial crime
- Serious climate and environmental damage
- Controversial weapons: land mines, cluster munitions and nuclear weapons
- Tobacco
- We also exclude the companies that are the worst performers in relation to sustainability and climate measures in high-risk industries.
- As at 31 December 2015, 180 companies have been excluded from investment.

Active ownership is exercised to influence companies in the direction of sustainability and to get to grips with challenges related to global sustainability trends. Influencing the companies in our portfolio takes place both through direct contact and cooperation with our external managers and through UNPRI.

Sustainable insurance

Storebrand Insurance contributes to creating a sustainable society by providing financial security to customers if an accident were to occur. Storebrand Insurance works with sustainability in two dimensions: Through beneficial pricing when the customers show sustainable behaviours and by developing products and concepts intended to prevent injury, disability and health problems. Storebrand monitors whether our corporate customers run their businesses on the basis of socially responsible principles. For example, a company that is working well in the areas of health, environment and safety will be rewarded in the form of a lower price on employee insurance. In this way we want to stimulate sustainability in our customers' operations.

Storebrand wants to focus in particular on the prevention of injury, disability and health problems. Insurance concepts that actively help employees who become ill to return to work quickly and thereby reduce the risk of permanent disability are positive for the individual, society and the insurance company. An important instrument in this context is health insurance, where we can establish dialogue with the employee and implement a course of treatment to bring the employee back to work quickly.

Storebrand Insurance shall strengthen our customer communication and raise the visibility of work that is currently being undertaken, both in relation to the prevention of injuries and product development. We will show customers what opportunities they have to choose socially responsible alternatives within insurance as well. We will carry this out by emphasising what customers can do, through both large and small measures, to contribute to a sustainable society. Our aim is for our customers to have a more sustainable behaviour with respect to social and financial matters, as well as the environment.

Storebrand Group's sustainability guidelines

- Storebrand's ambition is to contribute to solving society's problems and to create sustainable development locally and globally through our products and services.
- Storebrand will combine profitable business operations with social, ethical and environmental goals and activities.
- Storebrand makes demands with regard to sustainability, corporate social responsibility, environmental work and ethics within the Group and for all of our partners and suppliers.
- Sustainability must permeate our development of new financial products and services, and it must be fully integrated with our asset management.
- Storebrand's goal is to be leading in sustainability in the Nordic region and one of the foremost companies in the world in the area of sustainable investments.
- All of the Storebrand Group's self-managed assets are subject to the Storebrand Standard, a minimum standard for sustainable investments, as defined by the executive management.
- Storebrand shall integrate sustainability considerations in our insurance business, in the area of product development, customer service and marketing.
- Storebrand shall ensure a continuously lower environmental impact from our operations.
- Storebrand shall actively seek to prevent any activities that are harmful to society or criminal acts taking place in connection with our operations.
- Storebrand shall have a transparent management structure in accordance with national and international corporate governance standards.

HUMAN RESOURCES AND THE WORKING ENVIRONMENT

DIVERSITY

The company has increased its diversity along the same lines as society in general. The company received a score of 85 out of 100 in an employee survey regarding our work with diversity. This is up from 83 for the previous year. Our ambitions include systematic work and an employee composition that reflect society as a whole. The average age at Storebrand is 40, and the average seniority is 9 years. Storebrand had 2,298 employees in the Group at year end. This is an increase of 75 employees in comparison with the start of the year.

At the end of the year, 42 per cent of the managers in the Group were women, and 51 per cent of the employees were women. In SPP, 52 per cent of the managers were women. This positive trend is a result of our systematic efforts to identify future managerial candidates and promote even gender distribution. There has been a focused effort on management development in the areas of strategic and operative management, communication and change. The aim is to ensure that future competence requirements are met, to develop Storebrand to meet the changing needs of society and the market. No significant salary differences have been identified that can be attributed to gender discrimination. Moreover, this is something that the company will follow up and measure regularly.

In 2015, 40 per cent of Storebrand ASA's board members were women. The proportion of women on the subsidiaries' boards is 49 per cent and in the executive management it is 25 per cent.

The company seeks to ensure equal treatment and opportunities for all the internal and external recruitment and development processes. The head office in Lysaker is a universal design building.

ANNUAL EMPLOYEE SURVEY (MTI)

Storebrand conducts an employee survey every year. The results from the survey shows, in general, that Storebrand scores above average for the industry. The Group sees a clear connection between the employees' commitment and high job satisfaction, which results in better customer experiences and satisfaction.

The job satisfaction numbers have been stable from 2014 to 2015. The employer's reputation has also been positive and stable, and the numbers for loyalty, dependability and dedication among Storebrand's employees are very good.

When the employees are asked whether they think that it is valuable that the Storebrand Group desires to have a leading position in sustainability, the trend is still positive, with an improvement from 2014 to 2015.

The results show that employees have a high level of trust in their immediate manager and score high for collaboration in the organization. The Group also has good results for the employees' satisfaction with their job content, as well as learning and development.

ABSENCE DUE TO ILLNESS

The Group's absence due to illness rate has been stable at a low level for many years or declined somewhat. This trend is continuing. The absence due to illness rate for the Group as a whole in 2015 was 3.3 per cent: it was 3.8 per cent in Norway, 3.1 per cent in SPP and 1.6 per cent in Storebrand Baltic. Storebrand Norway has been an "inclusive workplace" (IA) company since 2002, and the Group's managers have over the years built up good routines for following up sick employees. All managers with Norwegian employees must complete a mandatory HSE course, in which part of the training involves following up illnesses.

Storebrand's health clinics at the head office in Norway provided treatment on 2,526 occasions in 2015 and have also provided training guidance and workplace assessments for employees. The two health clinics at Lysaker Park, as well as good health insurance for all employees, are positive contributors to Storebrand's low rate of absence due to illness.

Employees at the head office in Norway can work out in the spinning room, weights room and in a separate sports hall during working hours. 65 per cent of the employees in Norway are members of Storebrand Sport. In Sweden, all the employees are members of SPP Leisure, where everyone has access to subsidised exercise and wellness. Like in the head office in Norway, employees have access to a training facility with a variety of activities and organized training.

No injuries to people, property damage, or accidents were reported in the Storebrand Group in 2015.

ETHICS AND TRUST

Trust is the lifeblood of Storebrand, and we work systemically to live up to high ethical standards. We must maintain order in our own house. The company sets strict requirements concerning high ethical standards for the Group's employees. The Group has a common code of ethics that is available on our intranet in three languages. Notification routines, brochures, anonymous postbox, dilemma bank, question and answer summaries and presentations are all available to employees on the intranet, so that awareness of and reflection on the subject is high on everyone's agenda. Every year all the managers must confirm in writing that they have discussed ethics and ethical dilemmas, information security, financial crime and HSE in departmental meetings.

Employees take the company's e-learning course on ethics. In 2015, 252 employees took the course, and 311 took the anti-corruption course. A total of 1,815 employees have taken this ethics course. The Group also has a mandatory ethics course for managers, which includes money laundering and corruption. A total of 10 such courses were held in 2015. Managers work with dilemmas taken from everyday life at Storebrand. The company's authorised financial advisers complete a specially tailored training programme. Small e-learning modules in ethics are also sent on an ongoing basis to employees throughout the year.

SKILLS

A high level of skill is one of Storebrand's most important factors for success, and it forms the foundation for renewed growth. At Storebrand, skills are synonymous with the ability that each individual employee has to perform and manage certain tasks and situations. This ability is based on knowledge and experience, skills, motivation and personality. Storebrand's core expertise should be pensions, sustainable savings and customer orientation.

At Storebrand, all of the employees should have an opportunity to develop in step with the company's needs. In 2015, the company has focused on the fact that the greatest and most important part of skills development takes place through facilitating development as part of the everyday work. Skills development should take place be assigning challenging tasks to employees in their positions, and that they are allowed to develop themselves for new requirements and tasks. The professional competence of employees should be made broader, so that it can contribute to greater adaptability and a greater restructuring capacity for the Group.

The company's vision, customer promises and core values constitute the heart of company culture. In conjunction they contribute to underpinning customer orientation for both managers and employees. The Storebrand Academy is the Group's initiative for custom management development programmes. A new group started in 2015 with 20 capable managers. The course lasts for one year.

CORPORATE GOVERNANCE

Storebrand's executive management and Board of Directors review Storebrand's corporate governance policies annually. Storebrand established principles for corporate governance in 1998. Storebrand reports on the policies and practice for corporate governance in accordance with Section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance of 30 October 2014. For further information on Storebrand's corporate governance, reference is made to a separate article on page 49 of the annual report. The Board carried out an evaluation in 2015, in which the executive management participated. A total of ten board meetings were held in 2015. The work of the Board is regulated by special rules of procedure for the Board. The Board has established three advisory committees: the Compensation Committee, Audit Committee and Risk Committee. In 2015, the following changes to the membership of Storebrand's corporate bodies took place:

Board of Directors of Storebrand ASA: Halvor Stenstadvold, Terje Vareberg and Monica Caneman retired from the Board. Karin Bing Orgland, Nils Are Karstad Lysø and Håkon R. Fure were elected as new members.

Board of Representatives: Hans Henrik Klouman, Håkon Reistad Fure and Cathrine Kjenner Forsland (formerly an alternate employee representative) were elected as new members. Tone M. Reierselmoen and Kari Birkeland (employee representative) were elected as new alternates.

Håkon R. Fure and May Helene Moldenhauer (employee representative) resigned from the Board of Representatives. In connection with the implementation of new financial undertaking in 2016 the Board of representatives is suggested discontinued. A decision will be made at the Annual General Meeting in 2016.

The Control Committee was re-elected in 2015, but a decision was made to disband the Control Committee as of 1 January 2016.

Nomination Committee: Leif Ola Rød and Per Otto Dyb were elected as new members. Kjetil Houg and Harald Espedal resigned from the Nomination Committee.

The Board wishes to thank the retiring members of the Board of Directors and Board of Representatives for their valuable contributions to the Group.

OUTLOOK

REGULATORY CHANGES

Solvency II

The new European solvency regulations, Solvency II, entered into force on 1 January 2016 and will apply to all the insurance companies in the EEA. The Financial Supervisory Authority of Norway has approved Storebrand's application to use the transitional rules for technical insurance reserves.

New regulations for disability pensions

The disability pension rules for private occupational pension schemes adapted to the new National Insurance Scheme and entered into force on 1 January 2016. Companies have been given one year to adapt their pension plans to the new scheme.

Private occupational pensions

The Norwegian United Federation of Trade Unions and the Federation of Norwegian Industries reported on occupational pensions based on a mandate from the collective wage bargaining in 2014. The parties proposed in a joint statement of 19 January to introduce a scheme whereby employees can open an individual pension account that the employers can make contributions to. Employees will thus be able to gather all their pension rights from defined contribution schemes in
such a pension account, and they will be free to choose a provider. The parties also propose that amendments to the legislation should be made so that employees would be able to save the difference between the permitted maximum rates and the employer's level of contribution on an individual basis.

Public service pensions

In December 2015, the Ministry of Labour and Social Affairs proposed amendments to occupational pensions in the public sector. A net scheme with all-years accrual, gender-neutral premiums and lifelong disbursements, which can be combined with earned income, is proposed. The Government will discuss the proposal with the parties, and it is expected that the subsequent process will be clarified within a short period of time.

RISK MANAGEMENT

Storebrand is exposed to several types of risk through its business areas. Trends in interest rates and the property and equity markets are deemed to be the most significant risk factors that can affect the Group's result. Over time, it is important to be able to deliver a return that exceeds the interest rate guarantees of the products. Risk management has therefore high priority in the management of the Group. In addition, the disability and life expectancy trends are key risks. The risk associated with the business is described in greater detail in a separate section earlier in the report.

FINANCIAL PERFORMANCE AND RISK

Storebrand is the market leader for the sale of pension solutions to Norwegian businesses. Storebrand achieved particularly good growth in the sales of defined contribution pensions in 2015, and it is the clear market leader now with a market share of 34 per cent. The market for defined contribution pensions is growing and an increasing number of companies are choosing to increase pension savings for their employees. Defined contribution plans are the dominant solution for pension savings in Norway, and the growth here is expected to continue. Storebrand also has a strong challenger role for the sale of pension schemes to Swedish businesses with a market share of 11 per cent.

Storebrand achieved good customer growth in the retail market in 2015, and the Group gained around 26,400 net new customers during the year. In particular, the loyalty programme for employees of companies that have a pension scheme with Storebrand contributes to growth in P&C insurance and banking products. Sales and advisory services for retail customers who are saving for a pension with Storebrand will be an important area of focus in the future.

Many businesses are choosing to convert old defined benefit schemes to defined contribution schemes, which entails the issuance of paid-up policies that reduce the Group's earnings. Some of the companies choose to continue the defined benefit schemes for older employees, and the discontinuation of these schemes will therefore take place gradually over a longer period of time. Storebrand is in a period of strengthening the longevity reserves for the defined benefit schemes and paid-up policies, and the result will therefore be charged a minimum of 20 per cent of the costs related to reserve strengthening. Storebrand charged the remaining estimated direct equity contribution for reserve strengthening to the results in 2015. The final amount will, among other things, depend on risk results and returns on the customer portfolios. The strengthening of reserves for higher projected life expectancy is described in further detail in the introduction and in Note [x]. The disability and life expectancy trend are key risk to the Group.

The Solvency II regulations were introduced from the turn of the year, and Storebrand reports a solvency ratio based on the new rules of 168 per cent (without the transitional rules the solvency margin is estimated at 124 per cent). The regulatory minimum level is 100 per cent. The solvency level shows that the Group is robust in relation to low interest rates for a long period of time. The development of interest rates, credit spreads, property and equity values affects the solvency margin. The underlying solvency margin is expected to increase in the years to come. This is mainly due to shorter duration of liabilities, reserve strengthening for longevity and expected result generation in the Group.

The return for customers in 2015 was 4.1 per cent for the largest portfolio of defined contribution pensions and 5.2 per cent for guaranteed pension products in Norway. The return is marked by the fact that we are experiencing historically low interest rate levels in Norway and the rest of Europe. Storebrand has adapted to the low interest rates through building up buffer capital, risk reduction on the investment side and changes to the products. Over time the level of the annual interest rate guarantee will be reduced. In the long term, enduring low interest rates will represent a risk for products with guaranteed interest rates running at a loss, and it is therefore important to deliver a return that exceeds the interest rate guarantee associated with the products. The performance of the property and equity markets is also considered a significant risk factor that affects the Group's results.

Storebrand has entered into a strategic cooperation project with Cognizant, which will take over Storebrand's service centre in the Baltics and deliver service and settlement services to the Group in the coming years. Cooperation will strengthen delivery to customers by means of a larger centre of expertise and greater efficiency. In 2016, this cooperation will require a greater effort and resources in order to make the transition successful, but the partnership is expected to provide lower costs for the Group in the coming years. A reduction of the workforce has been carried out in the Norwegian and Swedish businesses in 2015, and this lays the foundation for lower costs. Cost reductions and adaptations in the business have established a good foundation for profitable growth in the future.

OFFICIAL FINANCIAL STATEMENTS OF STOREBRAND ASA

Pursuant to Norwegian accounting legislation, the Board of Storebrand ASA confirms that the company meets the conditions for preparing the financial statements on the basis of a going concern assumption. The Board is not aware of any events of material importance to the annual and consolidated financial statements that have occurred since the balance sheet date.

Storebrand ASA is the holding company in the Storebrand Group, and the accounts have been prepared in accordance with the Norwegian Accounting Act, generally accepted accounting policies in Norway, and the Norwegian Regulations relating to annual accounts, etc. for insurance companies.

Storebrand ASA reported a profit before tax of NOK 333 million in 2015, compared with NOK 351 million in 2014. Group contributions from investments in subsidiaries amounted to NOK 519 million, compared with NOK 490 million in 2014. The operating costs for 2015 are higher than in 2014, and this is attributed to income in 2014 from a change in the pension scheme.

STOREBRAND ASA INCOME STATEMENT

NOK million	**2015**	2014
Group contribution and dividends	519	490
Net financial items	-93	-102
Operating costs	-93	-38
Pre-tax profit/loss	**333**	**351**
Tax	-81	-77
Profit for the year	**252**	**273**

STATEMENT OF COMPREHENSIVE INCOME

NOK million	**2015**	2014
Profit for the year	252	273
Other income statement elements that cannot subsequently be reclassified through the income statement.		
Change in actuarial gains or losses	-18	-93
Tax on other income statement components	5	25
Total other income statement elements	**-14**	**-68**
Total comprehensive profit/loss	**238**	**206**

ALLOCATION OF THE PROFIT FOR THE YEAR

The profit for the year ended 31 December 2015 for Storebrand ASA was NOK 252 million, compared with NOK 273 million for 2014.

Storebrand has successfully entered Solvency II without raising new equity, and has a strong solvency position of 168 percent, and 124 percent without transitional rules. The solvency margin without transitional rules is expected to increase further in 2016 due to profits, active risk management, and other measures. After several years of Solvency II implementation and reserve strengthening for longevity, it is the opinion of the Board that the company is in a normalized situation. At the same time, falling interest rates and volatile financial markets negatively affect the solvency margin and increase the risk of managing guaranteed reserves. There is approximately NOK 2 billion left of longevity reserve strengthening, to be covered from excess investment return. After an overall assessment, the Board accordingly decided to propose to the Annual General Meeting that no dividend be paid and that the net profit for 2015 be allocated to other equity.

ALLOCATION OF THE PROFIT FOR THE YEAR - STOREBRAND ASA

NOK million	**2015**	2014
Profit for the year	252	273
Allocations		
Transferred to other reserves	252	273
Total allocations	**252**	**273**

Lysaker, 16 February 2016
Board of Directors of Storebrand ASA
Translation - not to be signed

Birger Magnus
Chairman of the Board

Karin Bing Orgland **Laila S. Dahlen** **Gyrid Skalleberg Ingerø**

Martin Skancke **Håkon Reistad Fure** **Nils Are Karstad Lysø**

Arne Fredrik Håstein **Knut Dyre Haug** **Heidi Storruste**

Odd Arild Grefstad
CEO

Corporate governance

Good corporate governance is important to ensure that an enterprise can achieve its defined goals, including best possible utilisation of resources and good value creation. The Storebrand Group ("Storebrand") works continuously on improving both the overall decision-making processes and the day-to-day management of the company.

Storebrand's corporate governance principles have been laid down in accordance with the Norwegian Code of Practice for Corporate Governance. The management and the Board of Directors of Storebrand conduct an annual review of Storebrand's adopted corporate governance policies and compliance therewith. Storebrand reports in accordance with section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance.

STATEMENT IN ACCORDANCE WITH THE NORWEGIAN CODE OF PRACTICE FOR CORPORATE GOVERNANCE

The statement below describes how Storebrand complies with the 15 sections of the Code of Practice.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE (NO DEVIATIONS FROM THE CODE OF PRACTICE)

The Board of Directors of Storebrand ASA has decided that the company will comply with the Norwegian Code of Practice for Corporate Governance and discusses compliance with the Code of Practice in the Board of Directors' Report on page 44. Storebrand complies with the Code of Practice without any significant exceptions. One minor deviation has been accounted for below under section 3.

Storebrand's corporate values are described through its vision and core values. Combined they provide a common direction and goals for Storebrand. The vision describes the enterprise's goals and ambitions. The three core values characterise what Storebrand stands for as a company. Further discussion and clarification of Storebrand's corporate values may be found on the Group's website.

Storebrand's principal focus within sustainability is sustainable investments. Storebrand has worked with sustainability systematically and in a goal-oriented manner for over 20 years. This work is clearly based on Storebrand's vision and core values Storebrand's sustainability guidelines are based, for example, on the principles set forth in the UN Global Compact and the UN Principles for Responsible Investment. See the separate article in the annual report on page 39.

Storebrand has its own code of ethics. Guidelines for whistle-blowing, social events, combating corruption, etc. have also been established.

2. BUSINESS (NO DEVIATIONS FROM THE CODE OF PRACTICE)

Storebrand ASA is the parent company in a financial group, and its statutory object is to manage its equity interests in Storebrand's subsidiaries in compliance with the current legislation. Storebrand's main business areas comprise savings, insurance and guaranteed pensions. The full text of the Articles of Association may be found on the Group's website at www.storebrand.no.

The market is kept informed of Storebrand's goals and strategies through quarterly investor presentations and other specialised presentations. You can read more about the company's goals and main strategies on page 25.

3. EQUITY AND DIVIDENDS (DEVIATION FROM THE CODE OF PRACTICE)

The Board of Storebrand ASA ("Group's Board of Directors") continually monitors the Storebrand's capital solidity in light of its goals, strategy and risk profile. You can read more about Storebrand's capital situation and solvency on page 33 of the Board of Directors' Report. The Board has adopted a dividend policy that states that the dividend paid to shareholders shall normally amount to at least 35 per cent of the profit for the year after tax, but before amortisation costs. The dividend shall be adjusted such that Storebrand is assured the right capital structure. The dividend is set by the General Meeting, based on a proposal put forward by the Group's Board of Directors. The General Meeting may, by simple majority, authorise the Board of Directors to distribute a dividend pursuant to Section 8-1, second paragraph of the Norwegian Public Limited Companies Act (entered into force on 1 July 2014). This shall be based on the annual financial statements adopted by the General Meeting. This authorisation may not be granted for a period longer than until the next Annual General Meeting. In addition, the authorisation shall be based on the adopted dividend policy. The General Meeting will not be requested to provide such authorisation in 2016. Read more about Storebrand's dividend policy on page 22.

Storebrand ASA would like to have various tools available for its efforts to maintain an optimal capital structure for Storebrand. At the 2015 Annual General Meeting, the Group's Board of Directors was granted authorisation to increase the share capital through issuing new shares for a total maximum value of NOK 224,954,945. This authorisation may be used for the acquisition of businesses in consideration for new shares or increasing the share capital by other means. The Group's Board of Directors may decide to waive the shareholders' preferential rights to subscribe for new shares in accordance with the authorisation. The authorisation may be used for one or more new issues. The authorisation is valid until the next Annual General Meeting.

At the same General Meeting, the Group's Board of Directors was authorised to buy back shares for a maximum value of NOK

224,954,945. The total holdings of treasury shares must, however, never exceed 10 per cent of the share capital. The buyback of treasury shares may be a tool for the distribution of surplus capital to shareholders in addition to dividends. In addition, each year Storebrand ASA sells shares to employees from its own holdings in connection with the share purchase scheme and long-term incentive schemes for employees of Storebrand. Accordingly, it is appropriate to authorise the Board of Directors to buy shares in the market to cover the aforementioned needs or any other needs. The authorisation is valid until the next Annual General Meeting.

Otherwise, there are no provisions in Storebrand ASA's Articles of Association that regulate the buyback or issuance of shares.

Deviation from the Code of Practice: The Board's authorisations to increase the share capital and buy back shares are not completely limited to defined purposes. No provisions have been made for the General Meeting to vote on each individual purpose to be covered by the authorisations.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES (NO DEVIATIONS FROM THE CODE OF PRACTICE)

Storebrand ASA has only one class of shares. Storebrand has no specific restrictions on the ownership of shares or voting rights beyond the restrictions imposed by the Financial Institutions Act. The management and Board of Directors of Storebrand focus strongly on the equal treatment of shareholders through their work.

The general competence rules for board members and executive personnel may be found in the rules of procedure for the Board of Storebrand ASA, rules of procedure for the boards of subsidiaries, instructions for the CEO and the Group's code of ethics. Board members must inform the company if they have direct or indirect material interests in an agreement concluded by one of the companies in the Storebrand Group. The Board shall ensure that an independent third party assesses the value of transactions that are not insubstantial in nature. Furthermore, the rules of procedure for the Board stipulate that no board member may participate in discussions or a decision concerning matters that are of such material importance to them or a close associate that the member must be regarded as having a conspicuous personal or special financial interest in the matter. Each board member has a responsibility to continuously assess whether or not such a situation exists. Transactions with close associates involving Storebrand's employees and other officers of the Group are regulated by Storebrand's code of ethics. Employees shall on their own initiative immediately report conflicts of interest that may arise to their immediate superior as soon as they become aware of such a situation. In general, an employee is defined as disqualified if circumstances exist that could result in others questioning the person's impartiality in relation to matters other than Storebrand's interests.

The share capital has not been increased in 2015, but an authorisation has been granted to increase the share capital, cf. section 3 above. The Board of Directors may decide to waive the shareholders' preferential rights in connection with share capital increases.

For a complete report on shareholder matters, see page 22.

5. FREELY NEGOTIABLE SHARES (NO DEVIATIONS FROM THE CODE OF PRACTICE)

Shares in Storebrand ASA are listed on Oslo Børs (Oslo Stock Exchange). The shares are freely negotiable, and the Articles of Association do thus not contain any restrictions with regard to the negotiability of the shares. All the shares carry equal rights, cf. section 4 above.

6. GENERAL MEETING AND CONTROL COMMITTEE (NO DEVIATIONS FROM THE CODE OF PRACTICE)

General Meeting

Pursuant to the Articles of Association, Storebrand ASA's General Meeting shall be held by the end of June each year. The 2015 Annual General Meeting was held on 15 April. All shareholders with a known address will receive notice of the General Meeting, which will be sent out no later than 21 days prior to the General Meeting. The deadline for registration is three working days before the General Meeting.

At the 2010 Annual General Meeting, the Articles of Association were amended so that the requirement in the Norwegian Public Limited Companies Act or the Articles of Association that documents concerning matters to be considered at the General Meeting must be sent to the shareholders does not apply if the documents are made available to the shareholders on the company's website. This also applies to documents that are to be included in or attached to the notice of the general meeting pursuant to the Norwegian Public Limited Companies Act or the Articles of Association. A shareholder may nevertheless request that the documents concerning the items to be discussed are sent free of charge.

All shareholders may participate at the General Meeting. It is also possible to vote by proxy. Provisions have been made so that the proxy form is linked to each individual item to be considered. We will seek whenever possible to design the form so that it allows voting for candidates who are to be elected. The voting rules for the General Meeting allow separate votes for each member of the various bodies. Further information about voting in advance, use of proxies and shareholders' rights to have matters discussed at the Annual General Meeting is available in the notice of the Annual General Meeting and on Storebrand's website.

Storebrand's Articles of Association stipulate that the chairman of the Board of Representatives shall chair the Annual General Meeting. The Chairman of the Board, at least one representative from the Nomination Committee and the external auditor must attend the Annual General Meeting. The CEO, executive management team and the Group Legal Director participate from the management. General Meeting minutes are available on the Group's website.

The General Meeting makes decisions concerning the following:

- Approval of the annual report, financial statements and any dividend proposed by the Board.
- Statement on the fixing of remuneration to executive personnel
- Election of shareholder representatives to the Board of Representatives and members of the Nomination Committee and the Control Committee.
- Remuneration of the Board of Represent atives, Nomination Committee and Control Committee.
- Election of an external auditor and fixing the auditor's remuneration.
- Any matters listed on the agenda en closed with the notice of the meeting.

Decisions are generally made on the basis of an ordinary majority. Pursuant to Norwegian law, however, a special majority is required for certain decisions, including decisions about setting aside pre-emptive rights in connection with any share issues, mergers, demergers, amendments to the Articles of Association or authorisations to increase or reduce the share capital. Such decisions require approval by at least two-thirds of both the votes cast and the share capital represented at the General Meeting.

Control Committee

At the Annual General Meeting in 2015, it was resolved to disband the Control Committee from the point in time when the new Act on Financial Undertakings and Financial Groups enters into force. The Act entered into force on 1 January 2016, whereupon the Control Committee was disbanded.

7. NOMINATION COMMITTEE (NO DEVIATIONS FROM THE CODE OF PRACTICE)

Storebrand ASA's Articles of Association regulate the Nomination Committee, which consists of four members and an observer elected by the employees. The chairman of the Nomination Committee and the other members are elected by the General Meeting. The Articles of Association have stipulated that the chairman of the Board of Representatives shall be a permanent member of the Nomination Committee, if the person concerned has not already been elected by the General Meeting. In addition to the shareholder-elected members, a representative for the employees shall participate as a permanent member of the committee in discussions and nominations concerning the election of the Chairman and Deputy Chairman of the Board of Representatives and the Chairman of the Board, as well as in other contexts where it is deemed natural, upon receiving notice from the Chairman of the Committee (as an observer in the latter case).

The Nomination Committee is independent of the Board and management, and its composition aims to ensure broad representation of the shareholders' interests. Two of the Committee's members are not members of the Board of Representatives. Storebrand does not have any written provisions concerning the rotation of Nomination Committee members, but in recent years members of the Nomination Committee have been replaced as a matter of course due to changes in the shareholder composition.

The Articles of Association stipulate that the Nomination Committee should work in accordance with the rules of procedure adopted by the General Meeting. The Nomination Committee's rules of procedure were adopted at the 2015 Annual General Meeting. In accordance with the rules of procedure, the Nomination Committee shall, for example, give attention to the following when preparing nominations for representatives for the companies' governing and controlling bodies: competence, experience, capacity, gender distribution, independence and the interests of the community of shareholders. More information about the members has been published on the Group's website. The Nomination Committee contacts the company's 15 largest shareholders annually and requests that they propose candidates for the company's Board of Representatives, Control Committee, Nomination Committee and Board of Directors. A corresponding request to the shareholders is published on the company's website.

The Nomination Committee is tasked with proposing candidates and fees for the Board of Representatives, Control Committee and Nomination Committee, through recommendations to the General Meeting, and proposing candidates and fees for the Board of Directors, through recommendations to the Board of Representatives. The Nomination Committee for Storebrand ASA is also the nomination committee for the group companies Storebrand Livsforsikring AS, Storebrand Bank ASA and Storebrand Boligkreditt AS.

An attempt is made to adapt the remuneration of the members of the Nomination Committee to the nature of the tasks and time spent on committee work.

The Nomination Committee held eight meetings in 2015. In the spring of 2015, the Committee nominated candidates for new members of the Board of Representatives, Control Committee, Nomination Committee and boards of the relevant group companies. In the autumn of 2015, the Nomination Committee started work on the elections that are to be held by the General Meeting (and any existing Board of Representatives) in the spring of 2016.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE (NO DEVIATIONS FROM THE CODE OF PRACTICE)

The Board of Representatives elects the Board's members and supervises the management of the company by the Board and CEO. Storebrand is legally required to have a corporate assembly – the Board of Representatives. It has 18 members, 12 of whom are elected by the General Meeting and six by the Group's employees. Members are elected for a two-year term, so that half the members are up for election each year. It is a statutory requirement that the members elected by the General Meeting shall reflect the company's stakeholders, customer structure and function in society. The company's shareholders are broadly represented through the elections that are held.

The duties of the Board of Representatives include making recommendations to the General Meeting regarding the Board's proposed annual report and financial statements, electing between five and seven shareholder-elected board members, including the Chairman of the Board, fixing the remuneration paid to board members, prescribing the rules of procedure for the Control Committee's work, and considering reports from the Control Committee. The Board of Representatives is entitled to make recommendations to the Board on any matter.

The Articles of Association stipulate that between five and seven board members shall be elected by the Board of Representatives based on nominations from the Nomination Committee. Two members, or three members if the Board of Representatives elects six or seven directors, shall be elected by and from among the employees. The board members are elected for one year at a time. The day-to-day management is not represented on the Board of Directors. At the end of 2015, the Board of Directors consisted of ten members (six men and four women).

None of the members elected by the Board of Representatives have any employment, professional or consultancy relationship with Storebrand beyond their appointment to the Board of Directors. The backgrounds of the individual board members are described on page 60 of the annual report and on the Group's website. The composition of the Board of Directors satisfies the independence requirements set forth in the Code of Practice. There are few instances of disqualification during the consideration of matters by the Board. The Board's assessment of each board member's independence is commented on in the overview of governing and controlling bodies on page 62. An overview of the number of shares in Storebrand ASA owned by members of governing bodies as at 31 December 2015 is included in the notes to the financial statements for Storebrand ASA (Information on related parties) on page 138. None of the board members have held office for more than ten years.

The Act on Financial Undertakings and Financial Groups, which entered into force on 1 January 2016, revoked the requirement of having a board of representatives. At the same time, the establishment of a so-called corporate assembly was made optional. The Board of Directors proposes to the Annual General Meeting that no corporate assembly be established.

9. THE WORK OF THE BOARD OF DIRECTORS (NO DEVIATIONS FROM THE CODE OF PRACTICE)

Board's duties

In 2015, a total of 10 board meetings were held, one of which was held at the subsidiary SPP in Stockholm. Storebrand's future strategy is discussed at the Board's annual strategy meeting, which establishes guidelines for the management's preparation of plans and budgets in connection with the annual financial plan, which must be approved by the Board. The Board shall stay informed about Storebrand's financial position and development, and it shall ensure that the company's value creation and profitability are safeguarded in the best possible manner on behalf of the owners. The Board shall also ensure that the activities are subjected to adequate control and ensure that Storebrand has adequate capital based on the scope of, and risks associated with, its activities. The attendance records of individual board members are provided in the overview of the governing and controlling bodies on page 62. The work of the Board is regulated by special rules of procedure for the Board, which are reviewed annually. In order to ensure sound and well-considered decisions, importance is attached to ensuring that meetings of the Board are well prepared so that all the members can participate in the decision-making process. The Board prepares an annual schedule for its meetings and the topics it will consider. The agenda for the next board meeting is normally presented to the Board based on the approved schedule for the year and a list of matters carried forward from previous meetings. The final agenda is fixed in consultation with the Chairman of the Board. Time is set aside at each board meeting to evaluate the meeting without the management present. The Board is entitled to appoint external advisers to help it with its work whenever it deems this necessary. The Board has also drawn up instructions for the CEO.

The Board conducts an annual evaluation of its work and methods, which provides a basis for changes and measures. The results of the Board's evaluation are made available to the Nomination Committee, which uses the evaluation in its work.

Board committees

The Board of Directors has established three sub-committees in the form of a Compensation Committee, Audit Committee and Risk Committee. The committees consist of three to four board members, two to three shareholder-elected board members and one-employee elected board member. This helps ensure thorough and independent consideration of matters that concern internal control, financial reporting and the remuneration of executive personnel. The committees are preparatory and advisory working committees and assist the Board with the preparation of items for consideration. Decisions are made, however, by the full Board. The committees are able to hold meetings and consider matters on their own initiative without the involvement of the company's management.

The Remuneration Committee assists the Board with all matters concerning the CEO's remuneration. The committee monitors the remuneration of Storebrand's executive personnel, and proposes guidelines for the fixing of the executive personnel's remuneration and the Board's statement on the fixing of the executive personnel's remuneration, which is presented to the General Meeting each year. In addition, the committee safeguards the areas required by the Compensation Regulations in Norway and Sweden. The Compensation Committee held four meetings in 2015.

The Audit Committee assists the Board by reviewing, evaluating and, where necessary, proposing appropriate measures with respect to the Group's overall controls, financial and operational reporting, risk management/control, and internal and external auditing. The Audit Committee has held seven meetings in 2015, including a joint meeting with the Risk Committee. The external and internal auditors participate in the meetings. The majority of the Committee's members are independent of the company. The Board of Directors has found that it is appropriate to have a combined Remuneration Committee for all of Storebrand.

The Risk Committee was established in 2015. The main task of the Committee is to prepare matters to be considered by the Group's Board of Directors in the area of risk, with a special focus on Storebrand's risk appetite and risk strategy. The Committee should contribute forward-looking decision-making support related to the Board's discussion of risk taking, financial forecasts and the treatment of risk reporting. The Risk Committee has held four meetings in 2015, including a joint meeting with the Audit Committee. Storebrand has applied for exemption from the requirement to establish a special risk committee in subsidiaries in which this may be required pursuant to the Act on Financial Undertakings and Financial Groups.

10. RISK MANAGEMENT AND INTERNAL CONTROL (NO DEVIATIONS FROM THE CODE OF PRACTICE)

Management and control

The Group's Board of Directors has drawn up general policies and guidelines for management and control. These policies deal with the Board's responsibility for determining Storebrand's risk profile, approval of the organisation of the business, assignment of areas of responsibility and authority, requirements concerning reporting lines and information, and risk management and internal control requirements. The Board's and CEO's areas of responsibility are defined in the rules of procedure for the Board and instructions for the CEO, respectively. The Group's Board of Directors has drawn up instructions for Storebrand's subsidiaries that are to ensure that they implement and comply with the Group's management and control policies and guidelines.

Storebrand's sustainability guidelines summarise how the work is an integral part of Storebrand's overarching objectives and management and control processes. The guidelines encompass all parts of Storebrand's business activities, including investing, product development, purchasing, follow-up of employees and internal operations. Storebrand's sustainability goals are adopted by the Group's Board of Directors, and the sustainability scorecard is followed up by the Group's executive management team semi-annually. Storebrand also complies with the international reporting standard GRI (Global Reporting Initiative, version G4) and uses integrated reporting. The results are audited by Storebrand's external auditor, see the auditor's report on page 158.
For the 17th year in a row, Storebrand qualified for the international Dow Jones Sustainability Index, which includes the top 10 per cent most sustainable companies within all industries on a global basis.

The investor relations guidelines ensure reliable, timely and identical information to investors, lenders and other stakeholders in the securities market.

As an extension of the general policies and guidelines, a code of ethics has been drawn up that applies to all employees and representatives of Storebrand, in addition to corporate rules for areas such as risk management, internal control, financial reporting, handling inside information and share trading by primary insiders. Guidelines and information about information security, contingency plans, measures against money laundering and other financial criminality have also been drawn up. Storebrand is subject to statutory supervision in the countries where it has operations that require a licence, including the Financial Supervisory Authority of Norway, as well as its own supervisory bodies and external auditor.

Risk management and internal control

The assessment and management of risk are integrated into Storebrand's corporate governance. This management system shall ensure that there is a correlation between goals and actions at all levels of Storebrand and the overall policy of creating value for Storebrand's shareholders. The system is based on a balanced scorecard, which reflects both short-term and long-term value creation in Storebrand.

Storebrand's financial and operational goals are defined annually in a board-approved business plan. The business plan builds on separate decisions on risk strategy and investment strategies, and includes three-year financial forecasts, budgets and action plans. The Board of Directors receives ongoing reports on the status of the strategy implementation.
Storebrand Compass is the company's monitoring tool, and it provides comprehensive reports for management and the Board concerning financial and operational targets. In addition, the Board of Directors receives risk reports from the risk management function, which monitors the development of key figures for risk, solidity, etc.

Risk assessment forms part of the managerial responsibilities in the organisation. The purpose of this is to identify, assess and manage risks that can hamper a unit's ability to achieve its goals. The process covers both the risk of incurring losses and failing profitability linked to economic downturns, changes in the general conditions, changed customer behaviour, etc., and the risk of incurring losses due to inadequate or failing internal processes, systems, human error or external events. Developments in the financial markets are important risk factors in relation to Storebrand's earnings and solvency position. In addition to assessing the effects of sudden shifts in the equity markets or interest rate levels (stress tests), scenario analysis is used to estimate the effect of various sequences of events in the financial markets on Storebrand's financial performance and solvency. This provides important premises for the Board's general discussion of risk appetite, risk allocation and capital adequacy. For example, the ORSA risk assessment looks three years into the future, but contains assessments that also have a longer perspective.

The responsibility for Storebrand's control functions for risk management and internal control lies in the CRO function under the management of the Group CRO. The Group CRO reports directly to the CEO. The CRO function is responsible for supporting the Board and group management team with respect to the establishment of a risk strategy and operationalisation of the setting of limits and monitoring of risk raking across Storebrand's business areas. In addition, this function is responsible for managing the value-based management system and coordinating the financial planning process, as well as the management's risk assessment and internal control reporting.

Storebrand has a common internal audit function, which conducts an independent review of the robustness of the management model. The internal audit function's instructions and annual plan are determined by the Board pursuant to the current legislation, regulations and international standards. The internal audit function produces quarterly reports for the boards of the respective Storebrand companies.

The appraisal of Storebrand employees forms an integral part of the value-based management system and is designed to ensure that the Group's strategies are implemented. The policies for earning and paying any variable remuneration to Storebrand's risk managers comply with the regulations relating to remuneration in financial institutions, cf. Section 12 below. The CRO and employees with control functions related to risk management, internal control and compliance only have fixed salaries.

Financial information and Storebrand's accounting process

Storebrand publishes four interim financial statements, in addition to the ordinary annual financial statements. The financial statements shall satisfy legal and regulatory requirements and be prepared in accordance with the adopted accounting policies and published according to the schedule adopted by the Board of Storebrand ASA.

Storebrand's consolidated financial statements are prepared by the Consolidated Financial Statements unit, which reports to the Group's CFO. Key executives in the Consolidated Financial Statements unit receive a fixed annual remuneration that is not affected by Storebrand's financial earnings. The work involved in the preparation of the financial statements is organised in such a way that the Consolidated Financial Statements unit does not carry out valuations of investment assets. Instead it exercises a control function in relation to the accounting processes of the group companies.

A series of risk assessment and control measures have been established in connection with the preparation of the financial statements. Valuations associated with significant accounting items and any changes to policies, etc., are described in a separate document (Valuation Items Memo). The Board's Audit Committee conducts a preparatory review of interim financial statements and annual financial statements, focusing in particular on the discretional valuations and estimations that have been made prior to consideration by the Board.

Monthly and quarterly operating reports are prepared in which the results by business area and product area are analysed and assessed against set budgets. The operating reports are reconciled against other financial reporting.

11. REMUNERATION OF THE BOARD OF DIRECTORS (NO DEVIATIONS FROM THE CODE OF PRACTICE)

The General Meeting fixes the Board's remuneration annually on the basis of the recommendations of the Nomination Committee. The fees paid to the members of the Board are not linked to earnings, option schemes or similar arrangements. Members of the Board and Board Committees do not receive incentive-based remuneration; instead they receive a fixed annual compensation, either per year or per meeting the member attends, or a combination of such remuneration. The shareholder-elected members of the Board do not participate in the company's pension schemes. None of the shareholder-elected members of the Board carry out any duties for the company beyond their appointment to the Board. More detailed information on the compensation, loans and shareholdings may be found in notes 119 (Group) and 147 (ASA). Board members are encouraged to hold shares in the company.

12. REMUNERATION OF EXECUTIVE PERSONNEL (NO DEVIATIONS FROM THE CODE OF PRACTICE)

The Board determines the structure of the remuneration of executive personnel at Storebrand, and a statement on the fixing of remuneration (executive remuneration statement) is presented to the General Meeting. The executive remuneration statement shall clearly specify which guidelines are binding and which are advisory. The General Meeting shall vote separately on the binding and advisory guidelines. The remuneration consists of fixed salaries, variable remuneration, pension schemes and other fringe benefits deemed to be natural in a financial group. The aim of the remuneration is to motivate greater efforts to ensure long-term value creation and resource utilisation in the company. In the opinion of the Board the overall remuneration shall be competitive, but not leading. An annual assessment is carried out based on external market data to ensure remuneration is adequate in relation to equivalent positions in the market.

Storebrand shall have an incentive model that supports the Group's strategy, with emphasis on the customer's interests and long-term perspective, an ambitious model of cooperation, as well as transparency that enhances the Storebrand's reputation. Storebrand will therefore largely emphasise fixed salaries as an instrument of financial compensation, and make use of variable remuneration only to a limited extent. The Group's executive personnel, as defined in detail in the regulatory framework, receive only a fixed salary. The Group's executive management team use a percentage of their fixed salaries to purchase shares in Storebrand with a lock-in period of three years. This is to clarify that the Group's top management act in accordance with the long-term interests of the owners.

The employees' performance is followed up by a special monitoring system. The unit's and individual's action plans are directly linked to the strategy adopted by the Board of Directors. This helps to further strengthen agreement between the owners and the management.

More detailed information about the remuneration of executive personnel may be found in notes 119 (Group) and 147 (ASA) and in the Board's statement on the fixing of salaries and other remuneration to executive personnel, which is included in the notice of the General Meeting and available at www.storebrand.no. Executive personnel are encouraged to hold shares in Storebrand ASA, even beyond the lock-in period.

13. INFORMATION AND COMMUNICATIONS (NO DEVIATIONS FROM THE CODE OF PRACTICE)

The Board has issued guidelines for the company's reporting of financial and other information and for contact with shareholders other than through the General Meeting. Storebrand's reporting with regard to sustainable investments goes beyond the statutory requirements. Storebrand's financial calendar is published on the Internet and in the company's annual report. Financial information is published in the quarterly and annual reports, as described under Section 10 – Financial information and Storebrand's accounting process. Any documentation that is published will be available on the company's website. All reporting is based on the principle of transparency and takes into account the need for the equal treatment of all participants in the securities markets and the rules concerning good stock exchange practice. Further information may be found on page 22. Storebrand has its own guidelines for handling insider information, see also section 10 – *Management and control, above.*

14. TAKEOVERS (NO DEVIATIONS FROM THE CODE OF PRACTICE)

The Board of Directors has prepared guidelines for how to act in the event of a possible takeover bid for the company. These guidelines are based on the Board of Directors ensuring the transparency of the process and that all the shareholders are treated equally and given an opportunity to evaluate the bid that has been made. It follows from the guidelines that the Board of Directors will evaluate the bid¬ and issue a statement on the Board's opinion of the bid, in addition to obtaining a valuation from an independent expert. Moreover, the Board will in the event of any takeover bid¬ seek whenever possible to maximise the shareholders' assets. The guidelines cover the situation before and after a bid is made.

15. AUDITOR (NO DEVIATIONS FROM THE CODE OF PRACTICE)

The external auditor is elected by the General Meeting and is responsible for the financial auditing. The external auditor issues an auditor's report in connection with the annual financial statements and conducts limited audits of the interim financial statements. The external auditor attends board meetings in which interim financial statements are reviewed, all meetings of the Control Committee, and all meetings of the Audit Committee, unless the items on the agenda do not require the presence of the auditor. In 2007, the Board decided that the external auditor must rotate the partner responsible for the audit assignment every seven years. The external auditor's work and independence are evaluated every year by the Board's Audit Committee. Deloitte has been elected by Storebrand ASA's General Meeting as the company's external auditor. The other companies in Storebrand use the same auditor as Storebrand ASA.

OTHER

As one of the largest investors in the Norwegian stock market, Storebrand has considerable potential influence over the development of listed companies. Storebrand attaches importance to exercising its ownership in listed companies on the basis of straightforward and consistent ownership principles that also focus on sustainability. Storebrand applies the Norwegian Code of Practice for Corporate Governance in this role. Storebrand has had an administrative Corporate Governance Committee since 2006. The Committee is responsible for ensuring good corporate governance across Storebrand. Storebrand has issued guidelines with respect to employees holding positions of trust in external companies, which regulate, for example, the number of external board positions.

Further information on Storebrand's corporate governance can be found at www.storebrand.no > About Storebrand > Facts on Storebrand, where we have also published an overview of the members of Storebrand's governing and controlling bodies, CVs for the members of Storebrand ASA's Board of Directors, the Articles of Association, and ownership policies.

STATEMENT IN ACCORDANCE WITH SECTION 3-3B, SECOND PARAGRAPH OF THE NORWEGIAN ACCOUNTING ACT

A summary of the matters that Storebrand is to report on in accordance with Section 3-3b, second paragraph of the Norwegian Accounting Act follow here. The points follow the numbering used in the provision.

1. The principles for Storebrand's corporate governance have been prepared in accordance with Norwegian law, and they are based on the Norwegian Code of Practice for Corporate Governance published by the Norwegian Corporate Governance Board (NUES).
2. The Norwegian Corporate Governance Board's Code of Practice is available at www.nues.no.
3. Any deviations from the Code of Practice are commented on under each section in the statement above, see the deviations discussed in section 3.
4. A description of the main elements of Storebrand's systems for internal control and risk management related to the financial reporting process is discussed in section 10 above.
5. Provisions in the Articles of Association that refer to the provisions in chapter 5 of the Norwegian Public Limited Companies Act with regard to the general meeting are discussed in section 6 above.
6. The composition of the governing bodies and a description of the main elements in the current rules of procedure and guidelines can be found in sections 6, 7, 8 and 9 above.
7. The provisions in the Articles of Association that regulate the appointment and replacement of board members are discussed in section 8 above.
8. Provisions in the Articles of Association and authorisations granting the board the authority to buy back or issue the Group's own shares are discussed in section 3 above.

We help our customers to make choices that can give them better pension.

Liven Joramo Sandell
Storebrand

Management

ODD ARILD GREFSTAD (1965)

CEO

S 70,152

Grefstad has worked for the Storebrand Group since 1994. His Roles have included Group CFO; Head of sales and marketing unit, and Managing Director of Storebrand Livsforsikring AS. Grefstad previously worked as an external auditor for Arthur Andersen.

LARS AA. LØDDESØL (1964)

GROUP CFO

S 48,631

Løddesøl has worked for the Storebrand Group since 2001, including Managing Director at Storebrand Livsforsikring AS, Deputy Managing Director at Storebrand Bank ASA, and Group Finance Director. Løddesøl previously worked for Citibank and SAS.

HEIDI SKAARET (1961)

COO

S 15,312

Skaaret joined the Storebrand Group in the autumn of 2012. She previously held the roles of Managing Director at Lindorff Group AB, Country Manager at Ikano Bank SE, Senior Vice President at DNB, and Financial Services Officer at Bank of America.

ROBIN KAMARK (1963)

MANAGING DIRECTOR CUSTOMER AREA NORWAY

S 41,544

Kamark started working in the Storebrand Group in the autumn of 2012. He previously worked for the SAS Group as Chief Commercial Officer, and held other executive positions.

Number of shares Ⓢ

GEIR HOLMGREN (1972)

MANAGING DIRECTOR CUSTOMER SERVICE

Ⓢ 14,677

Holmgren has worked for the Storebrand Group since 1997 in executive roles in the area of life and pension insurance. He has long experience with business policy issues through roles at Storebrand and positions on the board of the Norwegian Financial Services Association for the last ten years.

HEGE HODNESDAL (1972)

MANAGING DIRECTOR PRODUCT

Ⓢ 9,480

Hodnesdal has worked for the Storebrand Group since 1996. She began as a corporate trainee, and has extensive experience as an executive in the area of strategy, business development, P&C insurance, and life and pension insurance.

STAFFAN HANSÉN (1965)

MANAGING DIRECTOR CUSTOMER AREA SWEDEN

Ⓢ 12,348

Hansén has worked at the Storebrand Group since 2006, primarily as Investment Director at SPP. He also managed Storebrand Asset Management and Storebrand Bank. He previously worked at Alfred Berg and Svenska Handelsbanken.

JAN ERIK SAUGESTAD (1965)

EXECUTIVE VICE PRESIDENT ASSET MANAGEMENT

Ⓢ 8,607

Saugestad has worked for the Storebrand Group since 1999, primarily within asset management as portfolio manager and investment director. He previously worked in Handelsbanken Markets, Nordea Markets and Marsoft Capital

Storebrand ASA Board

BIRGER MAGNUS (1955)

BOARD CHAIRMAN OF STOREBRAND ASA SINCE 2009

M 10/10
S 20,000

Magnus' previous roles include Executive Vice President at Schibsted ASA and Partner at McKinsey & Co.

He is Chairman of the Boards of Hafslund ASA and BMenu A/S, Board Member of Aschehoug, Kristian Gerhard Jebsens Gruppen, SAS Group AB, Harvard Business Publishing, WeVideo Inc., and the foundations Kristian Gerhard Jebsen and Active Against Cancer.

LAILA S. DAHLEN (1968)

BOARD MEMBER OF STOREBRAND ASA SINCE 2013

M 9/10
S 5,000

Dahlen is CFO/COO at Finn.no AS.

Dahlen has previously been a consultant for Kelkoo and Norsk Tipping. COO at Kelkoo/Yahoo London, VP Marketplace at Yahoo Europe, London, Regional Manager at Kelkoo Stockholm, Country Manager at Kelkoo Stockholm, VP International Operations at Kelkoo Paris and Manager at Pricewaterhouse Cooper.

GYRID SKALLEBERG INGERØ (1967)

BOARD MEMBER OF STOREBRAND ASA SINCE 2013

M 8/10
S 0

Ingerø is CFO at Telenor Norge AS.

She has previously been CFO at Opplysningen 1881 AS, CFO /IR Head at Komplett ASA, CFO at Reiten & Co. ASA, Senior Manager at KPMG, and worked for the Nordea Group Audit Department. Ingerø is a Board Member of Opplysningen 1881 AS and Sporveien i Oslo AS.

MARTIN SKANCKE (1966)

BOARD MEMBER OF STOREBRAND ASA SINCE 2014

M 10/10
S 11,414

Martin Skancke has his own consulting business.

His previous positions include Special Advisor in Storebrand, Head of Asset Management Department of the Norwegian Ministry of Finance, Director General at the office of the Prime Minister and Head of the Domestic Policy Department and Advisor in McKinsey& Co Chairman of Principles of Responsible Investments (PRI) and Fronteer Solutions AS. Chairman of Kommunalbanken AS, Norfund and BeCuriou Private Travel.

KARIN BING ORGLAND (1959)

BOARD MEMBER OF STOREBRAND ASA SINCE 2015

M 6/10
S 0

Orgland's previous roles include Director at DnB as well as several leader positions within DnB.

Board member at Boligselskapet INI AS Grønland, Norwegian Finans Holding AS, HAV Eiendom AS, Norske Skog AS, Grieg Seafood ASA and Røisheim Eiendom. Orlgand is Board Chairman GIEK Røisheim Hotell and Berghammeren AS.

Board meetings (M)
Number of shares (S)

HÅKON REISTAD FURE (1987)

BOARD MEMBER OF STOREBRAND ASA SINCE 2015

(M) 2/10
(S) 18,500

Fure is Partner at Magni Partners.

Previous positions include DnB Markets, Equity Research- Head of Bank and Insurance

NILS ARE KARSTAD LYSØ (1968)

BOARD MEMBER STOREBRAND ASA SINCE 2015

(M) 6/10
(S) 0

Lysø is CEO at The Norwegian Opera and Ballet.

Previous positions include CEO of Moods of Norway, Vice President and member of management at Aker ASA and CEO of Aker Capital, and Partner at McKinsey & Company.

Lysø is a Board member of Heidenreich Holding AS and Board Chairman of Lyssen AS.

KNUT DYRE HAUG (1955)

EMPLOYEE-ELECTED BOARD MEMBER OF STOREBRAND ASA SINCE 2006

(M) 9/10
(S) 12,642

Dyre Haug is a pension economist at Storebrand AS. He has previously worked as Marketing Director at Sparebank 1 Livsforsikring and the BI Centre for Financial Education.

He is Chairman of the Board of the Housing Foundation Youth Housing in Asker, a Board Member of Asker and Bærum Housing Cooperative, member of the Council for Banking, Insurance and Finance Studies (BI) , member of the Professional Council for Financial Education in Europe, Manager of the Project to Coordinate Competence in the Financial Services Industry and deputy on the Asker municipal council.

ARNE FREDRIK HÅSTEIN (1973)

EMPLOYEE-ELECTED BOARD MEMBER OF STOREBRAND ASA SINCE 2014

(M) 10/10
(S) 2,111

Håstein is Product Specialist Pension & Savings at Storebrand.

Håstein has previously worked as Product Manager for Delphi Funds, Key Account Manager in Storebrand Asset Management, Senior Financial Advisor in Fokus Bank and Financial Advisor in Storebrand Livsforsikring AS.

HEIDI STORRUSTE (1965)

EMPLOYEE-ELECTED BOARD MEMBER OF STOREBRAND ASA

(M) 10/10
(S) 2,865

Storruste is the Senior Union Representative for Employees and Head of the Finance Sector Union of Norway at Storebrand.

Storruste has previously worked at Storebrand Bank ASA as a Project Manager at the Product and Development department, and Senior Consultant at the Credit Department Retail. Her previous positions include Gjensidige Bank AS, Incentiva Resultatutvikling DA and Sparebankenes Kredittselskap AS.

Storruste is the Head of Storebrand's Employee Representative Board

Members of Storebrand's corporate bodies

BOARD OF REPRESENTATIVES

CHAIRMAN
Terje R. Venold

DEPUTY CHAIRMAN
Vibeke Hammer Madsen

MEMBERS (ELECTED BY SHAREHOLDERS)
Anne-Lise Aukner
Trond Berger
Maalfrid Brath
Jostein Furnes
Arne Giske
Hans Henrik Klouman
Marianne Lie
Arild M. Olsen
Olaug Svarva
Pål Syversen

DEPUTY MEMBERS (ELECTED BY SHAREHOLDERS)
Per Otto Dyb
Joakim Gjersøe
Tone M. Reierselmoen

MEMBERS (ELECTED BY EMPLOYEES)
Caroline Burum Brekke
Cathrine Kjenner Forsland
Hanne Seim Grave
Nina Hjellup
Rune Pedersen
Trond Thire

DEPUTY MEMBERS (ELECTED BY EMPLOYEES)
Kari Birkeland
Alina Jakubenaite

BOARD OF DIRECTORS OF STOREBRAND ASA

CHAIRMAN
Birger Magnus

MEMBERS (ELECTED BY SHAREHOLDERS)
Laila S. Dahlen
Håkon Reistad Fure
Gyrid Skalleberg Ingerø
Nils Are Karstad Lysø
Karin Bing Orgland
Martin Skancke

MEMBERS (ELECTED BY EMPLOYEES)
Knut Dyre Haug
Arne Fredrik Håstein
Heidi Storruste

RISK COMMITTEE

CHAIRMAN
Martin Skancke

MEMBERS
Håkon Reistad Fure
Nils Are Karstad Lysø

AUDIT COMMITTEE

CHAIRMAN
Karin Bing Orgland

MEMBERS
Martin Skancke
Knut Dyre Haug

REMUNERATION COMMITTEE

CHAIRMAN
Birger Magnus

MEMBERS
Håkon Reistad Fure
Gyrid Skalleberg Ingerø
Heidi Storruste

CONTROL COMMITTEE

CHAIRMAN
Elisabeth Wille

DEPUTY CHAIRMAN
Finn Myhre

MEMBERS
Ole Klette
Harald Moen
Anne Grete Steinkjer

DEPUTY MEMBER
Tone Margrethe Reierselmoen

ELECTION COMMITTEE

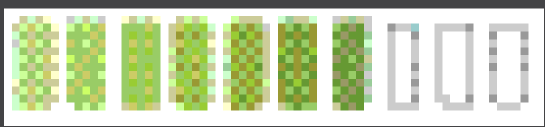
CHAIRMAN
Terje R. Venold

MEMBERS (ELECTED BY SHAREHOLDERS)
Leif Ola Rød
Per Otto Dyb
Olaug Svarva

OBSERVER (ELECTED BY EMPLOYEES)
Rune Pedersen

Storebrand's customers should be confident that we see sustainability trends and invest in the companies that adapt to these. Therefore, we use sustainability analysis in addition to traditional financial analysis.

Olav Chen
Storebrand



Sustainabillity rate
The rating indicates how sustainable your savings are.

Storebrand analysis team provides companies in our portfolios with a sustainability score from 0-100. This makes it easier for our investment managers to choose the companies that will be the best investment choices for a good pension.

Our goal is to provide customers good pension for decades ahead. Therefore, we think long-term and manage assets sustainably.

Matthew Smith
Storebrand

Annual account and notes to the financial statement Content

Storebrand Group
Profit and Loss Account

NOK million	Note	2015	2014
Premium income	14	25,459	25,220
Net interest income - banking activities	15	377	462
Net income from financial assets and real estate for the company:			
- equities and other units at fair value	16	5	17
- bonds and other fixed-income securities at fair value	16	7	774
- financial derivatives at fair value	16	127	-208
- bonds at amortised cost	16	89	90
- real estate	16	294	92
- profit from investments in associated companies/joint controlled operation	31	34	40
Net income from financial assets and real estate for the customers:			
- equities and other units at fair value	16	7,072	20,735
- bonds and other fixed-income securities at fair value	16	4,426	9,516
- financial derivatives at fair value	16	-5,179	-1,328
- bonds at amortised cost	16	4,083	3,784
- interest income lending		108	171
- real estate	16	2,407	1,582
- profit from investments in associated companies	31	134	25
Other income	18	2,500	2,698
Total income		**41,945**	**63,669**
Insurance claims	19	-25,247	-35,918
Change in insurance liabilities	3,20	-15,998	-21,417
To/from buffer capital	21	3,930	781
Losses from lending	22	-45	-74
Operating costs	23,24,25,26	-3,686	-2,913
Other costs	27	-439	-498
Interest expenses		-462	-597
Total costs before amortisation and write-downs		**-41,947**	**-60,637**
Profit before amortisation and write-downs		**-2**	**3 032**
Amortisation and write-downs of intangible assets	29	-437	-431
Group pre-tax profit		**-438**	**2 601**
Tax cost	28	1,821	-516
Profit after tax sold/wound up business			-1
Profit/loss for the year		**1,382**	**2,085**
Profit/loss for the year due to:			
Share of profit for the period - shareholders		1,178	2,063
Share of profit for the period - hybrid capital investors		9	
Share of profit for the period - minority		196	22
Total		**1,382**	**2,085**
Earnings per ordinary share (NOK)		2.63	4.61
Average number of shares as basis for calculation (million)		447.6	447.4

There is no dilution of the shares

Storebrand Group
State of total Comprehensive income

NOK million	Note	2015	2014
Profit/loss for the year		**1,382**	**2,085**
Change in actuarial assumptions		-187	-522
Adjustment of value of properties for own use		180	51
Gains/losses from cash flow hedging	43	27	168
Total comprehensive income elements allocated to customers		-180	-22
Tax on other result elements not to be classified to profit/loss		49	80
Total other result elements not to be classified to profit/loss		-111	-245
Translation differences		760	138
Unrealised gains on financial instruments held for trading		9	
Tax on other result elements that may be classified to profit/loss		2	-1
Total other result elements that may be classified to profit/loss		771	137
Total other result elements		**660**	**-109**
Total comprehensive income		**2,042**	**1,976**
Total comprehensive attribute to:			
Share of total comprehensive income - shareholders		1,830	1,950
Share of total comprehensive income - hybrid capital investors		9	
Share of total comprehensive income - minority		203	26
Total		**2,042**	**1,976**

Storebrand Group
Statement of Financial Position

NOK million	Note	2015	2014
Assets company portfolio			
Deferred tax assets	28	957	
Intangible assets and excess value on purchased insurance contracts	29	5,810	5,710
Tangible fixed assets	30	71	91
Investments in associated companies	31	385	381
Financial assets at amortised cost:			
- Bonds	10,32,33	3,454	2,883
- Lending to financial institutions	10,32	123	207
- Lending to customers	10,32,34	28,049	27,479
Reinsurers' share of technical reserves		134	144
Real estate at fair value	8,35	335	4,456
Real estate for own use	35		68
Other assets		64	64
Accounts receivable and other short-term receivables	32,36	2,722	1,522
Financial assets at fair value:			
- Equities and other units	8,13,32,37	114	109
- Bonds and other fixed-income securities	8,10,13,32,38	29,123	26,699
- Derivatives	10,13,32,39	1,715	1,741
- Lending to customers		1,215	989
Bank deposits	10,32	3,009	5,266
Minority interests in consolidated securities funds		23,044	17,036
Total assets company portfolio		**100,323**	**94,846**
Assets customer portfolio			
Tangible fixed assets	30	429	363
Investments in associated companies	31	1,465	40
Receivables from associated companies	31	41	11
Financial assets at amortised cost:			
- Bonds	10,32,33	73,434	64,136
- Bonds held-to-maturity	10,32,33	15,648	15,131
- Lending to customers	10,32,34	6,017	4,679
Real estate at fair value	8,35	24,081	21,963
Real estate for own use	35	2,887	2,514
Biological assets		725	646
Accounts receivable and other short-term receivables	32,36	2,999	3,928
Financial assets at fair value:			
- Equities and other units	8,13,32,37	124,476	118,334
- Bonds and other fixed-income securities	8,10,13,32,38	161,653	157,576
- Derivatives	10,13,32,39	2,988	4,714
Bank deposits	10,32	4,164	3,405
Total assets customer portfolio		**421,006**	**397,441**
Total assets		**521,329**	**492,287**

NOK million	Note	2015	2014
Equity and liabilities			
Paid-in capital		11,724	11,722
Retained earnings		14,477	12,652
Hybrid capital		226	
Minority interests		520	366
Total equity		**26,946**	**24,741**
Subordinated loan capital	9,32	7,766	7,826
Buffer capital	40	19,016	22,213
Insurance liabilities	40,41	400,211	369,963
Pension liabilities	24	465	555
Deferred tax	28	200	1,228
Financial liabilities:		0	0
- Liabilities to financial institutions	9,13,32	416	19
- Deposits from banking customers	9,13,32	17,825	19,358
- Securities issued	9,32	15,475	13,986
- Derivatives company portfolio	10,13,32,39	851	884
- Derivatives customer portfolio	10,13,32,39	2,501	3,941
Other current liabilities	9,32,42	6,614	10,537
Minority interests in consolidated securities funds		23,044	17,036
Total liabilities		**494,383**	**467,546**
Total equity and liabilities		**521,329**	**492,287**

Lysaker, 16 February 2016
Board of Directors of Storebrand ASA
Translation - not to be signed

Birger Magnus
Chairman of the Board

Karin Bing Orgland

Laila S. Dahlen

Gyrid Skalleberg Ingerø

Martin Skancke

Håkon Reistad Fure

Nils Are Karstad Lysø

Arne Fredrik Håstein

Knut Dyre Haug

Heidi Storruste

Odd Arild Grefstad
CEO

Storebrand Group
Statement of changes in equity

	Majority's share of equity									
NOK million	Share capital[1]	Own shares	Share premium	**Total paid in equity**	Restatement difference	Other equity[2]	**Total retained earnings**	Hybrid capital	Minority interests	**Total equity**
Equity at 31 December 2013	**2,250**	**-14**	**9,485**	**11,720**	**945**	**9,760**	**10,705**		**350**	**22,775**
Profit for the period						2,063	2,063		22	2,085
Total other profit elements					133	-246	-112		4	-109
Total comprehensive income for the period					**133**	**1,817**	**1,950**		**26**	**1,976**
Equity transactions with owners:										
Own shares		2		2		18	18			20
Dividend paid									-2	-2
Purchase of minority interests						-21	-21			-21
Other						-1	-1		-7	-8
Equity at 31 December 2014	**2,250**	**-12**	**9,485**	**11,722**	**1,078**	**11,574**	**12,652**		**366**	**24,741**
Profit for the period						1,178	1,178	9	196	1,382
Total other profit elements					753	-100	653		7	660
Total comprehensive income for the period					**753**	**1,078**	**1,830**	**9**	**203**	**2,042**
Equity transactions with owners:										
Own shares		2		2		21	21			23
Hybrid capital classified as equity[3]						2	2	226		228
Paid out interest hybrid capital								-9		-9
Dividend paid									-25	-25
Purchase of minority interests									-25	-25
Other						-28	-28		1	-28
Equity at 31 December 2015	**2,250**	**-10**	**9,485**	**11,724**	**1,831**	**12,646**	**14,477**	**226**	**520**	**26,946**

1) 449,909,891 shares with a nominal value of NOK 5.

2) Includes undistributable funds in the risk equalisation fund amounting to NOK 161 million and security reserves amounting NOK 294 million.

3) Storebrand Bank ASA has two hybrid tier 1 capital bonds that were issued in 2013 and 2014 for NOK 150m and NOK 75m, respectively. The instruments are perpetual, but the bank can repay the capital at given times, not before 5 years after issuance at the earliest. The interest rate on the loans is adjustable plus a margin of 3.30% and 3.95%, respectively. The instruments are included in the core (tier 1) capital and are hybrid capital instruments in accordance with Section 3a of the Calculation Regulations. Storebrand Bank ASA has the right to not pay interest to the investors. These hybrid tier 1 capital bonds are included as hybrid capital within the Group's equity as of the 2nd quarter 2015. Interest after tax is not included in the income statement, but is presented directly in the equity. Accrued interest is included in the hybrid capital.

Storebrand Group
Cash flow analysis

NOK million	2015	2014
Cash flow from operational activities		
Net receipts premium - insurance	26 125	22 693
Net payments compensation and insurance benefits	-19 827	-20 457
Net receipts/payments - transfers	-4 863	-14 742
Receipts - interest, commission and fees from customers	1 101	1 352
Payments - interest, commission and fees to customers	-315	-523
Payments relating to operations	-3 296	-2 679
Net receipts/payments - other operational activities	-1 069	3 896
Net cash flow from operations before financial assets and banking customers	**-2 145**	**-10 461**
Net receipts/payments - lending to customers	-2 191	4 181
Net receipts/payments - deposits bank customers	-1 533	-1 370
Net receipts/payments - mutual funds	5 887	15 944
Net receipts/payments - real estate investments	-1 548	-850
Net change in bank deposits insurance customers	-756	210
Net cash flow from financial assets and banking customers	**-141**	**18 116**
Net cash flow from operational activities	**-2 286**	**7 655**
Cash flow from investment activities		
Net receipts - sale of subsidaries		15
Net payments - purchase of group companies		-4
Net receits/payments - sale/purchase of fixed assets	-212	-168
Net receipts/payments - sale of insurance portfolios		-1 585
Net receits/payments - sale/purchase of associated companies and joint ventures	-257	131
Net cash flow from investment activities	**-469**	**-1 612**
Cash flow from financing activities		
Payments - repayments of loans	-2 763	-3 295
Receipts - new loans	3 702	496
Payments - interest on loans	-393	-495
Receipts - subordinated loan capital	997	1 965
Payments - repayment of subordinated loan capital	-1 033	-1 976
Payments - interest on subordinated loan capital	-469	-484
Net receipts/payments - lending to and claims from other financial institutions	396	-1 002
Receipts - issuing of share capital	10	11
Payments - dividends	-25	-2
Payments - repayment of hybrid capital	-9	
Net cash flow from financing activities	**413**	**-4 783**
Net cash flow for the period	**-2 341**	**1 260**
- of which net cash flow in the period before financial assets and banking customers	-2 200	-16 858
Net movement in cash and cash equivalents	-2 341	1 260
Cash and cash equivalents at start of the period	5 473	4 213
Cash and cash equivalents at the end of the period[1]	**3 132**	**5 473**
1) Consist of:		
Lending to financial institutions	123	207
Bank deposits	3 009	5 266
Total	**3 132**	**5 473**

The cash flow analysis shows the Group's cash flows for operational, investment and financial activities pursuant to the direct method. The cash flows show the overall change in means of payment over the year.

OPERATIONAL ACTIVITIES

A substantial part of the activities in a financial group will be classified as operational. All receipts and payments from insurance activities are included from the insurance companies, and these cash flows are invested in financial assets that are also defined as operational activities. One subtotal is generated in the statement that shows the net cash flow from operations before financial assets and banking customers, and one subtotal that shows the cash flows from financial assets and banking customers. This shows that the composition of net cash flows from operational activities for a financial group includes cash flows from both operations and investments in financial assets. The life insurance companies' balance sheets include substantial items linked to the insurance customers that are included on the individual lines in the cash flow analysis. Since the cash flow analysis is intended to show the change in cash flow for the company, the change in bank deposits for insurance customers is included on its own line in operating activities to neutralise the cash flows associated with the customer portfolio in life insurance.

INVESTMENT ACTIVITIES

Includes cash flows for holdings in group companies and tangible fixed assets.

FINANCING ACTIVITIES

Financing activities include cash flows for equity, subordinated loans and other borrowing that helps fund the Group's activities. Payments of interest on borrowing and payments of share dividends to shareholders are financial activities.

CASH/CASH EQUIVALENTS

Cash/cash equivalents are defined as claims on central banks and claims on financial institutions without notice periods for the company portfolio. The amount does not include claims on financial institutions linked to the insurance customers portfolio, since these are liquid assets that not available for use by the Group.

Notes
Storebrand Group

Note 1 - Corporate information and accounting policies

1. COMPANY INFORMATION

Storebrand ASA is a Norwegian public limited company that is listed on the Oslo Stock Exchange. The consolidated financial statements for 2015 were approved by the Board of Directors of Storebrand ASA on 16 February 2016.

The Storebrand Group offers a comprehensive range of insurance and asset management services, as well as securities, banking and investment services, to private individuals, companies, municipalities, and the public sector. The Storebrand Group consists of the business areas Guaranteed Pensions, Savings, Insurance and Other. The Group's head office is located at Professor Kohts vei 9, in Lysaker, Norway.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR MATERIAL STATEMENT OF FINANCIAL POSITION ITEMS

The asset side of the Group's statement of financial position comprises, for the most part, financial instruments and investment properties.

A large majority of the financial instruments are measured at fair value (the fair value option is used), whilst other financial instruments that are included in the categories Loans and receivables and Held to maturity are measured at amortised cost. Financial instruments measured at amortised cost are largely related to Norwegian pension liabilities with annual interest rate guarantee. In addition, the majority of loans are measured at amortised cost.

Investment properties are measured at fair value

The statement of financial position also includes capitalised intangible assets, which consist essentially of excess value related to insurance contracts acquired as part of a business combination and are associated with the acquisition of the Swedish group Storebrand Holding Group (SPP) in 2007. This excess value is measured at historical cost less annual amortisation and write-downs.

The liabilities side of the Group's balance sheet comprises, for the most part, financial instruments (liabilities) and provisions relating to future pension and insurance payments (technical insurance reserves). With the exception of derivatives that are measured at fair value, the majority of the financial liabilities are measured at amortised cost.

Technical insurance reserves must be adequate and cover liabilities relating to issued insurance contracts. Various methods and principles are used in the Group when assessing the reserves for different insurance contracts. A considerable part of the insurance liabilities relate to insurance contracts with interest guarantees. The recognised liabilities related to Norwegian insurance contracts with guaranteed interest rates are discounted by the basic interest rate (which corresponds to the guaranteed return / interest rate) for the respective insurance contracts.

The recognised liabilities related to the Swedish insurance contracts with guaranteed interest rates in the subsidiary SPP are discounted by an observable market interest rate and by an estimated market interest rate when no observable interest rate is available. The yield curve that is used was changed in the fourth quarter of 2015 and now corresponds essentially to the interest rate that is used in the Solvency II calculations.

In the case of unit-linked insurance contracts, reserves for the savings element in the contracts will correspond to the value of related asset portfolios.

Due to the fact that the customers' assets in the life insurance business (guaranteed pension) have historically yielded a return that has exceeded the increased value in guaranteed insurance liabilities, the excess amount has been set aside as customer buffers (liabilities), including in the form of additional reserves, value adjustment reserve and conditional bonus.

3. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The accounting policies applied in the consolidated financial statements are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances. There is no required use of uniform accounting policies for insurance contracts.

Storebrand ASA's consolidated financial statements are presented using EU-approved International Financial Reporting Standards (IFRS) and related interpretations, as well as other Norwegian disclosure requirements laid down in legislation and regulations.

USE OF ESTIMATES IN PREPARING THE ANNUAL FINANCIAL STATEMENTS

The preparation of the annual financial statements in accordance with IFRS requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See Note 2 for further information.

4. CHANGES IN ACCOUNTING POLICIES

New accounting standards that have a significant impact on the consolidated financial statements have not been implemented in 2015. For changes in estimates, see Note 2 for further information.

NEW STANDARDS AND CHANGES IN STANDARDS THAT HAVE NOT COME INTO EFFECT

IASB has been working for several years on a new accounting standard for insurance contracts, which is often referred to as IFRS 4 Phase II. A possible new standard will probably be ready in 2020, but this is uncertain. It is assumed that the standard will require that the recognised value of insurance contracts shall consist of the following components:

- Probability weighted estimate of future contributions and payments related to the contracts
- The cash flows are discounted by an interest rate that reflects the risk of the cash flows
- A supplement is added for the risk margin
- When entering into a contract, the expected profit is also set aside as a liability. This is recognised as income over the duration of the contract (provided that the contract is not considered to be a loss contract on the issuing date).

The introduction of a new standard for insurance contracts may have a significant impact on Storebrand's consolidated financial statements. Implementation will result in changes in the income statements, a changed result, changed value of the insurance liabilities and could impact on the equity.

IFRS 9 Financial Instruments is another important standard for Storebrand's consolidated financial statements. Among other things, the standard deals with classification of financial instruments (use of fair value and amortised cost) and rules for the measurement and write-down of financial instruments. It can be expected that this standard will enter into force as of 2018, but it is also possible that this standard will not apply to the insurance-dominated group until IFRS 4 Phase 2 enters into force.

No new accounting standards that will have a significant impact on Storebrand's consolidated financial statements are expected to be implemented in 2016.

5. CONSOLIDATION

The consolidated financial statements combine Storebrand ASA and companies where Storebrand ASA has a controlling interest. Minority interests are included in the Group's equity, unless there are options or other conditions that entail that minority interests are measured as liabilities.

Storebrand Livsforsikring AS, Storebrand Asset Management AS, Storebrand Bank ASA and Storebrand Forsikring AS are significant subsidiaries owned directly by Storebrand ASA. Storebrand Livsforsikring AS also owns the Swedish holding company Storebrand Holding AB, which in turn owns SPP Pension & Försäkring AB (publ). In connection with the acquisition of the Swedish business in 2007, the authorities instructed Storebrand to make an application to maintain a group structure by the end of 2009. Storebrand has filed an application to main the existing group structure.

Investments in associated companies (normally investments of between 20 per cent and 50 per cent of the company's equity) in which the Group exercises significant influence are consolidated in accordance with the equity method. Investments in joint ventures are recognised in accordance with the equity method.

Storebrand consolidates certain funds in the Group’s statement of financial position when the requirement for control pursuant to IFRS 10 has been met. This encompasses funds in which Storebrand has an ownership interest of approximately 40 per cent or more, which are managed by companies in the Storebrand Group. In the Group's accounts, such funds are consolidated fully in the statement of financial position, and the minority ownership interests are shown on a line for assets and on a corresponding line for liabilities. Other investors in the relevant funds are considered to be minority interests, since they can demand redemption of their ownership interests, and the are classified as liabilities in the consolidated financial statements of Storebrand.

CURRENCIES AND TRANSLATION OF FOREIGN COMPANIES' ACCOUNTS

The Group's presentation currency is Norwegian kroner. Foreign companies included in the Group which use a different functional currency are translated into Norwegian kroner. The income statement figures are translated using an average exchange rate for the year and the statement of financial position is translated using the exchange rate prevailing at the end of the financial year. As differences will arise between the exchange rates applied when recording items in the statement of financial position and the income statement, any translation differences are recognised in total comprehensive income.

ELIMINATION OF INTERNAL TRANSACTIONS

Internal receivables and payables, internal gains and losses, interest, dividends and similar between companies in the Group are eliminated in the consolidated financial statements. Transactions between customer portfolios and the life insurance company's or other Group unit portfolios are not eliminated in the consolidated accounts. Pursuant to the life insurance regulations, transactions with customer portfolios are carried out a fair value.

6. BUSINESS COMBINATIONS

The acquisition method is applied when accounting for acquisition of businesses. The consideration is measured at fair value. The direct acquisition expenses are recognised when they arise, when the exception of expenses related to raising debt or equity (new issues).

When making investments, including purchasing investment properties, a decision is made as to whether the purchase constitutes acquisition of a business pursuant to IFRS 3. When such acquisitions are not regarded as an acquisition of a business, the acquisition method pursuant to IFRS 3 Business Combinations is not applied, and a provision is not set aside for deferred tax as would have occurred in a business combination.

7. INCOME RECOGNITION

PREMIUM INCOME
Net premium income includes the year's premiums written (including savings elements), premium reserves transferred and ceded reinsurance. Annual premiums are generally accrued on a straight-line basis over the coverage period. Fees for issuing Norwegian interest guarantees and profit element risk are included in the premium income and are recognised correspondingly as premium income.

NET INTEREST INCOME – BANKING
Interest income is recognised in the income statement using the effective interest method.

INCOME FROM PROPERTIES AND FINANCIAL ASSETS
Income from properties and financial assets is described in Sections 10 and 11.

OTHER INCOME
Fees are recognised when the income can be measured reliably and earned, fixed fees are recognised as income in line with delivery of the service, and performance fees are recognised as income once the success criteria have been met.

8. GOODWILL AND INTANGIBLE ASSETS

Added value when acquiring a business that cannot be directly attributed to assets or liabilities on the date of the acquisition is classified as goodwill on the statement of financial position. Goodwill is measured at acquisition cost on the date of the acquisition. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset.

Goodwill is not amortised, instead it is tested for impairment. Goodwill is reviewed for impairment if there are indications that its value has become impaired. The review is conducted at least annually and determines the recoverable amount of goodwill.

If the discounted present value of the pertinent future cash flows is less than the carrying value, goodwill will be written down to its fair value. Reversal of an impairment loss for goodwill is prohibited even if information later comes to light showing that there is no longer a need for the write-down or the impairment loss has been reduced. Goodwill is allocated to the relevant cash flow generating units that are expected to benefit from the acquisition so that it can subsequently be tested for impairment. Cash flow generating units are identified in accordance with the legal entity.

Goodwill arising from the acquisition of interests in associated companies is included in investments in associated companies, and tested annually for impairment in the assessment of book value.

Intangible assets with limited useful economic lives are measured at acquisition cost less accumulated amortisation and any write downs. The useful life and amortisation method are measured each year. With initial recognition of intangible assets in the statement of financial position, it must be demonstrated that probable future economic benefits attributable to the asset will flow to the Group. The cost of the asset must also be measured reliably. The value of an intangible asset is tested for impairment when there are indications that its value has been impaired. In other respects intangible assets are subject to write-downs and reversals of write-downs in the same manner as described for tangible fixed assets.

9. ADEQUACY TEST FOR INSURANCE LIABILITIES AND RELATED EXCESS VALUES

An adequacy test must be conducted of the insurance liability, including the capitalised related excess value (often referred to as the value of Business in Force, VIF) pursuant to IFRS 4, every time the financial statements are presented. The test conducted in Storebrand's consolidated financial statements looks at the calculated present values of cash flows to the contract issuer, often called the embedded value. The liability adequacy test was carried out prior to the implementation of IFRS.

Intangible assets with unlimited useful economic lives are not amortised, but are tested for impairment annually or whenever there are indications that the value has been impaired.

10. INVESTMENT PROPERTIES

Investment properties are measured at fair value Fair value is the amount for which an asset could be exchanged between well-informed, willing parties in an arm's length transaction.

Investment properties primarily consist of centrally located office buildings, shopping centres and logistics buildings. Properties leased to tenants outside the Group are classified as investment properties. In the case of properties partly occupied by the Group for its own use and partly let to tenants, the identifiable tenanted portion is treated as an investment property. All properties that are owned by the customer portfolios are measured at fair value and the changes in value are allocated to the customer portfolios.

11. FINANCIAL INSTRUMENTS

11-1. GENERAL POLICIES AND DEFINITIONS

Recognition and derecognition

Financial assets and liabilities are included in the statement of financial position from such time Storebrand becomes party to the instrument's contractual terms and conditions. Ordinary purchases and sales of financial instruments are recognised on the transaction date. When a financial asset or a financial liability is initially recognised in the financial statements, it is valued at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset/liability if it is not a financial asset/liability at fair value through profit or loss.

Financial assets are derecognised when the contractual right to the cash flow from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

Financial liabilities are derecognised in the statement of financial position when they cease to exist, i.e. once the contractual liability has been fulfilled, cancelled or has expired.

Definition of amortised cost

Subsequent to initial recognition, held-to-maturity investments, loans and receivables as well as financial liabilities not at fair value in profit or loss, are measured at amortised cost using the effective interest method. The calculation of the effective interest rate involves estimating all cash flows and all contractual terms of the financial instruments (for example early repayment, call options and equivalent options). The calculation includes all fees and margins paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Definition of fair value

The fair value of financial assets listed on a stock exchange or on another regulated market in which regular trading takes place is determined as the bid price on the last trading day up to and including the reporting date.

If a market for a financial instrument is not active, fair value is determined by using valuation techniques. Such valuation techniques make use of recent arm's length market transactions between independent, unrelated, and well informed parties where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and options pricing models. If a valuation technique is in common use by participants in the market and this method has proved to provide reliable estimates of prices actually achieved in market transactions, this method is used.

IMPAIRMENT OF FINANCIAL ASSETS

For financial assets carried at amortised cost, an assessment is made on each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that impairment has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not occurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate calculated at initial recognition). The amount of the loss is recognised in profit or loss.

Losses expected as a result of future events, no matter how likely, are not recognised.

11-2. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS ARE CLASSIFIED INTO ONE OF THE FOLLOWING CATEGORIES:

- Financial assets held for trading
- Financial assets at fair value through profit or loss in accordance with the fair value option (FVO)
- Financial assets held to maturity
- Financial assets, loans and receivables

HELD FOR TRADING

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling or repurchasing it in the near term, is part of a portfolio of identified financial instruments that are managed together and there is evidence of a recent actual pattern of short-term profit-taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

With the exception of derivatives, only a limited proportion of the Storebrand Group's financial instruments fall into this category.

Financial assets held for trading are measured at fair value at the reporting date, with all changes in their fair value recognised in profit or loss.

AT FAIR VALUE THROUGH PROFIT OR LOSS IN ACCORDANCE WITH THE FAIR VALUE OPTION (FVO)

A significant proportion of Storebrand's financial instruments are classified in the category fair value through profit or loss because:

- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities, or
- the financial assets form part of a portfolio that is managed and reported on a fair value basis

The accounting is equivalent to that of the held for trading category (the instruments are measured at fair value and changes in value are recognised in the income statement).

INVESTMENTS HELD TO MATURITY

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity and that a company has the intention and ability to hold to maturity, with the exclusion of:

- assets that are designated in initial recognition as assets at fair value through profit or loss, and
- assets that are defined as loans and receivables.

Assets held to maturity are recognised at amortised costs using the effective interest method. The category is used in the Norwegian life insurance business in relation to insurance contracts with interest rate guarantees.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of assets that the company intends to sell immediately or in the near term that are classified as held for trading and those that the company upon initial recognition designates at fair value through profit or loss.

Loans and receivables are recognised at amortised cost using the effective interest method. The category is used in the Norwegian life insurance business linked to insurance contracts with a guaranteed interest rate, and in the banking business.

Loans and receivables that are designated as hedged items are subject to measurement under the hedge accounting requirements.

11-3. DERIVATIVES

DEFINITION OF A DERIVATIVE

A derivative is a financial instrument or other contract within the scope of IAS 39, with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the 'underlying')
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors
- it is settled at a future date.

ACCOUNTING TREATMENT OF DERIVATIVES THAT ARE NOT HEDGING

Derivatives that do not meet the criteria for hedge accounting are recognised as financial instruments held for trading. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

The majority of the derivatives used routinely for asset management fall into this category.

Some of the Group's insurance contracts contain embedded derivatives such as interest rate guarantees. These insurance contracts do not follow the accounting standard IAS 39 Financial Instruments, but follow the accounting standard IFRS 4 Insurance Contracts, and the embedded derivatives are not continually measured at fair value.

11-4. HEDGE ACCOUNTING

FAIR VALUE HEDGING

Storebrand uses fair value hedging, where the items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss or are included in total comprehensive income. Changes in the value of the hedged item that are attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised through profit or loss.

HEDGING OF NET INVESTMENTS

Hedging of net investments in foreign businesses is recognised in the accounts in the same way as cash flow hedging. Gains and losses on the hedging instrument that relate to the effective part of the hedging are recognised through total comprehensive income, while gains and losses that relate to the ineffective part are recognised immediately in the accounts in the profit and loss account. The total loss or gain in equity is recognised in the profit and loss account when the foreign business is sold or wound up.

COMBINED FAIR VALUE AND CASH FLOW HEDGING

Some borrowing in foreign currency is hedged by means of hedging instruments (derivatives). The cash flows in the hedged item coincide with the cash flows of the hedging instruments. Derivatives are recognised at fair value. Hedge accounting is carried out by dividing the hedge into fair value hedging of the interest and a cash flow hedging of the margin. Net changes in the value of the cash flow hedge are recognised in the Statement of Total Comprehensive Income.

11-5. FINANCIAL LIABILITIES

Subsequent to initial recognition, all financial liabilities are primarily measured at amortised cost using an effective interest method.

12. ACCOUNTING FOR THE INSURANCE BUSINESS

The accounting standard IFRS 4 Insurance Contracts addresses the accounting treatment of insurance contracts. The Storebrand Group's insurance contracts fall within the scope of this standard. IFRS 4 is meant to be a temporary standard and it allows the use of non-uniform principles for the treatment of insurance contracts in consolidated financial statements. In the consolidated financial statements, the technical insurance reserves in the respective subsidiaries are included, as calculated on the basis of the laws of the individual countries. This also applies to insurance contracts acquired via business combinations. In such cases, positive excess value, cf. IFRS 4 no. 31b), are capitalised as assets.

Pursuant to IFRS 4, the technical insurance reserves must be adequate. When assessing the adequacy associated with recognised acquired insurance contracts, including pertinent capitalised intangible assets, reference must also be made to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and so-called embedded value calculations.

An explanation of the accounting policies for the most important technical insurance reserves can be found below.

12-1. GENERAL – LIFE INSURANCE

CLAIMS FOR OWN ACCOUNT

Claims for own account comprise claims settlements paid out, less reinsurance received, premium reserves transferred to other companies, reinsurance ceded and changes in claims reserves. Claims not settled or paid out are provided for by allocation to the claims reserve under the item, changes in insurance liabilities.

CHANGES IN INSURANCE LIABILITIES

These comprise premium savings that are taken to income under premium income and that are paid under claims. This item also includes guaranteed returns on the premium reserve and the premium fund, as well as returns to customers beyond the guarantees.

INSURANCE LIABILITIES

Premium reserve

The premium reserve represents the present value of the company's total insurance liabilities, including future administration costs in accordance with the individual insurance contracts, after deducting the present value of agreed future premiums. In the case of individual account policies with flexible premium payments, the total policy value is included in the premium reserve. The premium reserve is equivalent to 100 per cent of the guaranteed surrender or transfer value of insurance contracts prior to any fees for early surrender or transfer and the policies' share of the market value adjustment reserve.

The premium reserve is calculated using the same assumptions as those used to calculate premiums for the individual insurance contracts, i.e. assumptions about mortality and disability rates, interest rates and costs. In addition, the provisions are increased due to expected increased life expectancy. Premium tariffs are based on the observed level of mortality and disability in the population with the addition of security margins that include expected future developments in this respect.

The premium reserve includes reserve amounts for future administration costs for all lines of insurance including settlement costs (administration reserve). In the case of paid-up contracts, the present value of all future administration costs is allocated in full to the premium reserve. In the case of contracts with future premium payments, a deduction is made for the proportion of future administration costs expected to be financed by future premium receipts.

A substantial proportion of the Norwegian insurance contracts have a one-year interest guarantee, meaning that the guaranteed return must be achieved every year. A substantial proportion of the Swedish insurance contracts have a guaranteed return up to the time of the pension payments.

Insurance liabilities, special investments portfolio

The insurance reserves allocated to cover liabilities associated with the value of the special investments portfolio must always equal the value of the investments portfolio assigned to the contract. The proportion of profit in the risk result is included. The company is not exposed to investment risk on customer assets, since the customers are not guaranteed a minimum return. The only exception is in the event of death, when the beneficiaries are repaid the amount originally paid in for annuity insurance and for guaranteed account (Garantikonto).

Claims reserve

This comprises amounts reserved for claims either occurred but not yet reported or reported but not yet settled (IBNR and RBNS). The reserve only covers amounts which might have been paid in the accounting year had the claim been settled.

Transfers of premium reserves, etc. (transfers)

Transfers of premium reserves resulting from transfers of policies between insurance companies are recorded in the profit and loss account as net premiums for own account in the case of reserves received and claims for own account in the case of reserves paid out. The recognition of costs and income takes place on the date the insured risk is ceded. The premium reserve in the insurance liabilities is reduced/increased on the same date. The premium reserve transferred includes the policy's share of additional statutory reserves, the market value adjustment reserve, conditional bonus and the profit for the year. Transferred additional reserves are not shown as part of premium income, but are reported separately as changes in insurance liabilities. Transferred amounts are classified as current receivables or liabilities until the transfer takes place.

Selling costs

Selling costs in the Norwegian life insurance business are expensed, whilst in the Swedish subsidiaries selling costs are recorded in the statement of financial position and amortised.

12-2. LIFE INSURANCE – NORWAY

ADDITIONAL STATUTORY RESERVES

The company is allowed to make allocations to the additional statutory reserves to ensure the solvency of its life insurance business. In the event that the company does not achieve a return that equals the basic interest rate in any given year, the allocation can be reversed from the contract to enable the company to meet interest rate guarantee. This will result in a reduction in the additional statutory reserves and a corresponding increase in the premium reserve for the contract. For allocated annuities, the additional statutory reserves are paid in instalments over the disbursement period.

If additional reserves allocated to a contract entail that the total additional statutory reserves exceed 12 per cent of the premium reserve linked to the contract, the excess amount is assigned to the contract as surplus.

PREMIUM FUND, DEPOSIT RESERVE AND PENSIONERS' SURPLUS FUND

The premium fund contains premiums prepaid by policyholders as a result of taxation regulations for individual and group pension insurance and allocated profit shares. Credits and withdrawals are not recognised through the profit and loss account but are taken directly to the statement of financial position.

The pensioners' surplus fund comprises surplus assigned to the premium reserve in respect of pensions in group payments. The fund is applied each year as a single premium payment to secure additional benefits for pensioners.

MARKET VALUE ADJUSTMENT RESERVE
The current year's net unrealised gains/losses on financial assets at fair value in the group portfolio in Storebrand Livsforsikring AS are allocated to/reversed from the market value adjustment reserve in the statement of financial position assuming the portfolio has a net unrealised excess value. The portion of the current year's net unrealised gains/losses on financial current assets denominated in foreign currencies that can be attributed to fluctuations in exchange rates is not transferred to the market value adjustment reserve. Similarly, the change in the value of the hedging instrument is not transferred to the market value adjustment reserve, but is charged directly to the profit and loss account. The foreign exchange fluctuations associated with investments denominated in foreign currencies are largely hedged through foreign exchange contracts on a portfolio basis. Pursuant to accounting standard for insurance contracts (IFRS 4) the market value adjustment reserve is shown as a liability.

RISK EQUALISATION RESERVE
Up to 50 per cent of the risk result for group pensions and paid-up policies can be allocated to the risk equalisation fund to cover any future negative risk result. The risk equalisation reserve is not considered to be a liability according to IFRS and is included as part of the equity (undistributable equity). See Note 3, for further information on the use of the risk equalisation reserve to strengthen the longevity reserves.

STRENGTHENING OF LONGEVITY RESERVES
As is evident from Note 3 to the annual financial statements for 2015 concerning the strengthening of longevity reserves, charges to the owner during the reserve strengthening period will be dependent on a minimum level for the future return on customer portfolios, as well as other conditions and prerequisites. There is still some uncertainty associated with the estimated future charges.

12-3. LIFE INSURANCE SWEDEN

LIFE INSURANCE RESERVES
In the fourth quarter of 2015, the discount rate (discount rate model) that is used to discount insurance reserves with guaranteed interest rates in SPP was changed. This change is considered to be an estimate change. The life insurance reserves are estimated as the present value of the expected future guaranteed payments, administrative expenses and taxes, discounted by the current risk-free interest rate. A nominal risk-free interest rate is used to discount pure endowment insurance and health insurance in defined benefit schemes. For other risk insurance, a risk-free real interest rate, or nominal risk-free interest rate, is used in combination with the assumed inflation.

The discount rate used is essentially calculated by the same methods used for calculation of the discount rate under Solvency II:
- For terms to maturity up to 10 years, the discount rate is determined based on the quoted swap interest rates, adjusted for both credit risk (credit adjustment) and illiquidity (volatility adjustment). The credit and volatility adjustment is based on the most recently available values that are published by EIOPA. The adjustments used as at 31 December 2015 amount to -10 bp for credit adjustment and 6 bp for volatility adjustments.
- For terms to maturity in excess of 20 years, a long-term forward price is determined based on the sum of the long-term assumptions for inflation and real interest rates. The long-term assumptions are based on information from independent Swedish institutions, such as the Swedish central bank Riksbanken and the National Institute of Economic Research. As at 31 December 2015, the long-term inflation and long-term real interest rate assumptions were 2.0 per cent and 2.2 per cent, respectively.
- For terms to maturity ranging from 10 to 20 years, interpolated forward interest rates are used to ensure a smooth transition from the most recent liquid market interest rate (at the 10-year point) to the long-term forward interest rate. As at 31 December 2015, the interpolation was carried out by means of the so-called Smith-Wilson model.

The discount rate curve used earlier (prior to the change) was determined based on the unadjusted quoted swap interest rates for terms to maturity up to 10 years, and a long-term spot rate that represented the sum of the long-term assumptions for inflation, real interest rate and forward premium for terms to maturity in excess of 20 years, and a linear interpolation of the spot rates for terms to maturity ranging from 10 to 20 years.

When calculating the life insurance reserves, the estimated future administrative expenses that may reasonably be expected to arise and can be attributed to the existing insurance contracts are taken into account. The expenses are estimated according to the company's own cost analyses and are based on the actual operating costs during the the most recent year. Projection of the expected future costs follow the same principles on which Solvency II is based. Any future cost-rationalisation measures are not taken into account.

RESERVES FOR UNDETERMINED INSURANCE EVENTS
The reserves for incurred insurance events consist of reserves for disability pensions, established claims, unestablished claims and claims processing reserves. When assessing the reserves for disability pensions, a risk-free market interest rate is used, which takes into account future index adjustment of the payments. In addition, provisions are made for calculated claims that have been incurred but not reported (IBNR).

CONDITIONAL BONUS AND DEFERRED CAPITAL CONTRIBUTION
The conditional bonus arises when the value of customer assets is higher than the present value of the liabilities, and thus covers the portion of the insurance capital that is not guaranteed. In the case of contracts where customer assets are lower than liabilities, the owners' result is

charged via deferred capital contribution allocations. The conditional bonus and deferred capital contribution are recognised on the same line in the statement of financial position.

12-4. P&C INSURANCE

Costs related to insurance claims are recognised when the claims occur. The following allocations have been made:

Reserve for unearned premium for own account concerns on-going policies that are in force at the time the financial statements were closed and is intended to cover the contracts' remaining risk period.

The *claims reserve* is a reserve for expected claims that have been reported, but not settled. The reserve also covers expected claims for losses that have been incurred, but have not been reported at the expiry of the accounting period. The reserve includes the full amount of claims reported, but not settled. A calculated provision is made in the reserve for claims incurred but not reported (IBNR) and claims reported but not settled (RBNS). In addition, claims reserves shall include a separate provision for future claims on losses that have not been settled.

The insurance companies in the Group are subject to their own specific legal requirements for technical insurance reserves, including security reserves, etc. In the consolidated financial statements, security reserves are not defined as liabilities and are thus not recognised in the Group’s equity. The technical insurance reserves shall be adequate pursuant to IFRS 4.

13. PENSION LIABILITIES FOR OWN EMPLOYEES

Storebrand Group has country-specific pension schemes for its employees. The schemes are recognised in the accounts in accordance with IAS 19. In Norway, the pension scheme from 1 January 2015 changed from a defined benefit to a defined contribution scheme. The effect of this change was recognised in the accounts as at 31 December 2014. Storebrand is a member of the Norwegian contractual early retirement (AFP) pension scheme. The Norwegian AFP scheme is regarded as a defined-benefit scheme, but there is insufficient quantitative information to be able to estimate reliable liabilities and costs for accounting purposes.

In Sweden, SPP has, in accordance with the Finance Companies' Service Pension Plan (BTP Plan), predefined collective pension plans for its employees. A group defined-benefit pension implies that an employee is guaranteed a certain pension based on the pay scale at the time of retirement on termination of the employment.

13-1. DEFINED-BENEFIT SCHEME

Pension costs and pension obligations for defined benefit pension schemes are determined using a linear accrual formula and expected final salary as the basis for the entitlements, based on assumptions about the discount rate, future salary increases, pensions and National Insurance benefits, future returns on pension plan assets as well as actuarial estimates of mortality, disability and voluntary early leavers. The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the expected return on pension plan assets.

Actuarial gains and losses and the effects of changes in assumptions are recognised in total comprehensive income in the income statement for the period in which they occur. The Group has insured and uninsured pension schemes. The insured scheme in Norway is managed by the Group. Employees who resign before reaching retirement age or leave the scheme will be issued ordinary paid-up policies. The paid-up policies that are included in technical insurance reserves are measured in accordance with the accounting standard IFRS 4.

13-2. DEFINED-CONTRIBUTION SCHEME

The defined contribution pension scheme involves the Group in paying an annual contribution to the employees' collective pension savings. The future pension will depend upon the size of the contribution and the annual return on the pension savings. The Group does not have any further work-related obligations after the annual contribution has been paid. No provisions are made for ongoing pension liabilities for these types of schemes. Defined-contribution pension schemes are recognised directly in the financial statements.

14. TANGIBLE FIXED ASSETS

The Group's tangible fixed assets comprise equipment, fixtures and fittings, IT systems and properties used by the Group for its own activities.

Equipment and fittings are measured at acquisition cost less accumulated depreciation and any write-downs.

Properties used for the Group's own activities are measured at appreciated value less accumulated depreciation and write-downs. The fair value of these properties is tested annually in the same way as described for investment properties. The increase in value for buildings used by the Group for its own activities is recognised through total comprehensive income. Any write-down of the value of such a property is recognised first in the revaluation reserve for increases in the value of the property in question. If the write-down exceeds the revaluation reserve for the property in question, the excess is expensed over the profit and loss account.

The write-down period and method are reviewed annually to ensure that the method and period being used both correspond to the useful economic life of the asset. The disposal value is similarly reviewed. Properties are split into components if different parts have different useful economic lives. The depreciation period and method of depreciation are measured then separately for each component.

The value of a tangible fixed asset is tested when there are indications that its value has been impaired. Any impairment losses are charged to the income statement as the difference between the carrying value and the recoverable amount. The recoverable amount is the greater of the fair value less costs of sale and the value in use. On each reporting date a determination is made as to whether to reverse previous impairment losses on non-financial assets

15. TAX

The tax expense in the income statement comprises current tax and changes to deferred tax and is based on the accounting standard IAS 12 Income Taxes. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities.

Deferred tax is calculated on the basis of the Group's tax loss carryforwards, deductible temporary differences and taxable temporary differences. The Group's tax-increasing temporary differences also include temporary differences linked to the Group's investment properties. These properties are primarily found in the Norwegian life company's customer portfolio and in companies that are owned by holding companies, which in turn is directly owned by Storebrand Livsforsikring AS. Even though these property companies are included in the customer portfolio and can be sold virtually free of tax, the tax-increasing temporary differences linked to the underlying properties which are also included in the Norwegian tax group, are included in the Group's temporary differences where provisions have been made for deferred tax. See also Section 6 above, which concerns business combinations.

16. PROVISION FOR DIVIDENDS

Pursuant to IAS 10, which deals with events after the balance sheet date, proposed dividends/group contributions are classified as equity until approved by the general meeting.

17. LEASING

A lease is classified as a finance lease if it essentially transfers the risk and rewards incident to ownership. Other leases are classified as operating leases. Storebrand has no financial lease agreements.

18. STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the direct method and shows cash flows grouped by sources and use. Cash is defined as cash, receivables from central banks and receivables from credit institutions with no agreed period of notice. The statement of cash flows is classified according to operating, investing and financing activities.

19. BIOLOGICAL ASSETS

Pursuant to IAS 41, investments in forestry are measures as biological assets. Biological assets are measured at fair value, which is defined based on alternative fair value estimates, or the present value of expected net cash flows. Changes in the value of biological assets are recognised in the profit and loss account. Ownership rights to biological assets are recognised at the point in time when the purchase agreement is signed. Annual income and expenses are calculated for forestry and outlying fields.

20. SHARE-BASED REMUNERATION

Storebrand Group has share-based remuneration for key personnel. Valuation is made on the basis of recognised valuation models adjusted to the characteristics of the actual options. The value determined on the date of the allocation is accrued in the income statement over the option's vesting period with a corresponding increase in equity. The amount is recognised as an expense and is adjusted to reflect the actual number of share options earned. The vesting period is the period of time from when the scheme is established until the options are fully vested.

Note 2 - Critical accounting estimates and judgements

In preparing the Group's financial statements the management are required to make judgements, estimates and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statements were prepared.

Actual results may differ from these estimates.

The Group's critical estimates and judgements that could result in material adjustment of recognised amounts are discussed below.

LIFE INSURANCE IN GENERAL

In the consolidated accounts, insurance liabilities with a guaranteed interest rate are included, but using different principles in the Norwegian and the Swedish activities. An immaterial asset (value of business in-force – VIF) linked to the insurance contracts in the Swedish activities is also included. This asset relates to Storebrand's purchase of SPP (acquisition of a business). There are several factors that may have an impact on the size of the insurance liabilities including VIF, such as biometric factors relating to higher life expectancy, future returns and invalidity, as well as the development of future costs and legal aspects, such as amendments to legislation and judgments handed down in court cases, etc. In the long term, a low interest rate will represent a challenge for insurance contracts with a guaranteed interest rate and, together with a reduced customer buffer, may have an impact on the amount recorded that is linked to the insurance contracts. The Norwegian insurance contracts with guaranteed interest rates are discounted at the premium calculation rate (around 3.3 per cent on average). The Swedish insurance liabilities with guaranteed interest rates have been discounted by a yield curve that coincides with the Solvency II yield curve, see Section 12.3 in Note 1 for changes in estimates. In 2015, new cost assumptions and a new yield curve adapted to Solvency II were introduced in the models. This has had an impact of minus NOK 265m on the profit sharing result.

In accordance with the accounting standard IFRS 4 Insurance Contracts, the insurance liabilities that are included shall be adequate and a liability adequacy test shall be performed. The Norwegian insurance liabilities are calculated in accordance with special Norwegian rules, including the Insurance Activity Act and regulations. For the Norwegian life insurance liabilities a test is performed at an general overall level by conducting an analysis based on the Norwegian premium reserve principles. The established analysis is based on the assumptions that apply correspondingly to the calculation of embedded value, in which the company uses the best estimates for the future basic elements based on the current experience. The test entails then that the company analyses the current margins between the assumptions used as a basis for reserves and the assumptions in the Embedded Value analysis. This test was also performed for the introduction of IFRS.

Upon the acquisition of the Swedish insurance group SPP, excess values and goodwill related to the value of the SPP Group's insurance contracts were capitalised, while the SPP Group's recognised insurance reserves were maintained in Storebrand's consolidated financial statements. These excess values (Value of business in-force) are tested for their adequacy together with the associated capitalised selling costs and insurance liabilities. The test is satisfied if the recognised liabilities in the financial statements are greater than or equal to the net liabilities valued at an estimated market value, including the expected owner's profit. In this test, the embedded value calculations and IAS 37 are taken into account. A key element of this assessment involves calculating future profit margins using embedded value calculations. Embedded value calculations will be affected by, among other things, volatility in the financial markets, interest rate expectations and the amount of buffer capital. Storebrand satisfies the adequacy tests for 2015, and they have thus no impact on the results in the financial statements for 2015.

In Storebrand's life insurance activities, a change in the estimates related to technical insurance reserves, financial instruments or investment properties allocated to life insurance customers will not necessarily affect the owner's result, but a change in the estimates and valuations may affect the owner's result. A key factor will be whether the assets of the life insurance customers, including the return for the year, exceed the guaranteed liabilities. This will apply in particular to the guaranteed Norwegian obligations that are being built up to meet increased life expectancy in the future. Read more about this in Note 3.

In the Norwegian life insurance activities, a significant share of the insurance contracts have annual interest rate guarantees. Changes in estimates and valuations may entail a change in the return on the customer portfolios. Depending on the size of any impairment in value, such impairment may be offset by a reduction in the market value adjustment reserve and additional statutory reserves, so that the effect on the owner's result may be limited. Correspondingly, increases in values could, to a large extent, increase the size of such funds.

In the Swedish activities (SPP) there are no contracts with an annual interest rate guarantee. However, there are insurance contracts with a terminal value guarantee. These contracts are discounted by a market-based calculated interest rate where parts of the yield curve used are not liquid. Changes in the discount rate may have a significant impact on the size of the insurance liabilities and impact the results. If the associated customer assets have a higher value than the recognised value of these insurance liabilities, then the difference will represent a conditional customer allocated fund – conditional bonus (buffer capital). Changes in the assumptions for future administrative expenses (cost assumptions) may also have a significant impact on the recognised insurance liabilities. Changes in estimates and valuations may entail a change in the return on the customer portfolios. Depending on the size of any impairment in value, such impairment may be offset by a reduction in the conditional bonus, so that the effect on the owner's result may be limited. If the value of the individual insurance contract is higher than the associated customer assets, the owner will have to cover the deficient capital.

There are also insurance contracts without an interest guarantee in the life insurance activities in which customers bear the return guarantee. Changes in estimates and valuations may entail a change in the return on the associated customer portfolios. The recognition of such value changes does not directly affect the owner's result. However, a change in the estimates related to risk cover (disability and death) will affect the owner's result.

INVESTMENT PROPERTIES

Investment properties are measured at fair value The commercial real estate market in Norway is not particularly liquid, nor is it transparent. Uncertainty will be linked to the valuations, and they require exercise of professional judgement, especially in periods with turbulent finance markets.

Key elements included in valuations that require exercising judgement are:
- Market rent and vacancy trends
- Quality and duration of rental income
- Owners' costs
- Technical standard and any need for upgrading
- Discount rates for both certain and uncertain cash flows, as well as residual value

FINANCIAL INSTRUMENTS AT FAIR VALUE

There will be some uncertainty associated with the pricing of financial instruments, particularly instruments that are not priced in an active market. This is particularly true for the types of securities priced on the basis of non-observable assumptions, and for these investments various valuation techniques are applied in order to fix fair value. These include private equity investments, investments in foreign properties, and other financial instruments where theoretical models are used in pricing. Any changes to the assumptions could affect recognised amounts. The majority of such financial instruments are included in the customer portfolio.

There is uncertainty linked to fixed-rate loans recorded at fair value, due to variation in the interest rate terms offered by banks and since individual borrowers have different credit risk.

Reference is also made to Note 13 in which the valuation of financial instruments at fair value is described in more detail.

FINANCIAL INSTRUMENTS AT AMORTISED COST

Financial instruments valued at amortised cost are measured on the reporting date to see whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A certain degree of judgement must be used in assessing whether impairment has occurred and the amount of the impairment loss. Uncertainty grows when there is turmoil in financial markets. The assessments include credit, market and liquidity risk. Changes in assumptions for these factors will affect an assessment of whether impairment is indicated. There will thus be uncertainty concerning the recognised amounts of individual and group write-downs. This will apply to provisions relating to loans in the private and the corporate markets and to bonds that are measured at amortised cost.

OTHER INTANGIBLE ASSETS WITH UNDEFINED USEFUL ECONOMIC LIVES

Goodwill and other intangible assets with undefined useful economic lives are tested annually for impairment. Goodwill is allocated to the Group's cash generating units. The test's valuation method involves estimating cash flows arising in the relevant cash flow generating unit, as well as applying the relevant discount rate. Tangible fixed assets and other intangible assets are measured annually to ensure that the method and time period used correspond with economic realities.

PENSIONS FOR OWN EMPLOYEES

The present value of pension obligations depends upon the financial and demographic assumptions used in the calculation. The assumptions must be realistic, mutually consistent and up to date as they should be based on a cohesive set of estimates about future financial performance. The Group has both insured and uninsured pension schemes (direct pensions). There will be uncertainty associated with these estimates.

DEFERRED TAX

The consolidated accounts contain significant temporary differences between the values of assets for accounting purposes and for tax purposes. The current Norwegian tax regulations have been applied when calculating deferred tax in the Norwegian business. This will apply, for example, in particular to investments in foreign companies assessed as partnerships and investments in property. The actual income tax expense will also depend on the form in which the underlying assets will be realised, including whether there will be future input and share transactions. There are also different tax rules between companies that are part of the Norwegian business, whereby the Norwegian tax exemption method does not apply to customer portfolios in life insurance companies. Calculation of deferred tax assets, deferred tax liabilities and the income tax expense is based on the interpretation of rules and estimates. Actual figures may differ from estimates.

CONTINGENT LIABILITIES

The companies in the Storebrand Group operate an extensive business in Norway and abroad, and may become a party to litigations. Contingent liabilities are measured in each case and will be based on legal considerations.

Note 3 - Strengthening longevity reserves for Storebrand Life Insurance

In 2015, the Financial Supervisory Authority of Norway approved Storebrand's application for an escalation plan for reserves in accordance with K2013, including use of the risk equalisation reserve and equity.

In general, approval has been granted to use up to seven years to complete the strengthening of reserves through the application of profit and direct equity contributions. The maximum reserve strengthening period is from 1 January 2014 to 1 January 2021. For contracts that are or will be fully reserved during the escalation period, the remaining equity contributions must be paid within three years and not later than 1 January 2021. For contracts that have been transferred to a new provider of public sector occupational pension schemes with termination of risk from the end of 2013, Storebrand has provided the remaining equity contribution to the contract immediately. The risk result will be used in its entirety for strengthening the longevity reserves for contracts that are not fully reserved.

In 2015, a decision was made to set aside provisions for the total estimated direct use of equity and the risk equalisation reserve for reserve strengthening (beyond the expected costs related to conversion to paid-up policies with investment options). The estimates are exposed with uncertainty.

In 2015, the direct equity contribution was NOK 988m. In addition, Storebrand has used funds accumulated in the risk equalisation reserve from 2008 to 2013 (NOK 776m) as a contribution to financing the strengthening of reserves in 2015. Overall, a total of NOK 1,764m has been charged to equity in 2015.

Of the financial and risk profit for group pensions for the year, NOK 1,954m has been used to strengthen the longevity reserves for group pensions.

As at 31 December 2015, the remaining required reserve strengthening for the portfolio is NOK 2.2bn.

- Public sector defined benefit pensions: Setting aside provisions for the estimated future direct use of equity was completed in the 2nd quarter and totalled NOK 50 million for the full year.
- Private sector defined benefit pensions: Provisions set aside for the estimated future direct use of equity during the reserve strengthening period totalled NOK 780 million for the full year.
- Paid-up policies: Provisions set aside for the estimated future direct use of equity and charges to the risk equalisation reserve during the reserve strengthening period totalled NOK 934 million for the year, NOK 776 million of which was from the risk equalisation reserve and NOK 158 million of which was from other equity.

The table below shows the remaining reserve strengthening for private sector defined benefit pensions and paid-up policies as at 31 December 2015.

Strengthening longevity	Defined benefit pension Private Sector	Paid-up policies	**Totalt**
Status 31.12.14	-1,623	-4,607	-6,230
Change in portfolio	500	-126	374
From equity	490	448	938
From risk equilisation reserve		776	776
Preliminary allocation strengthening longevety reserves	454	1,500	1,954
Status 31.12.15	**-179**	**-2,010**	**-2,188**
Remaining strengthening longevity in per cent of premium reserve	0.4%	2.0%	1.5%

The table below shows total use of the risk equalisation reserve and equity contributions (both directly and through lost profit sharing) as at 31 December 2015.

Use of equity and risk equalisation reserve - accumulated	Defined benefit pension Private Sector	Defined benefit pension Public Sector	Paid-up policies	Paid-up policies w/ investment choice	Total
Direct contribution from equity	910	150	280	39	1,379
Indirect contribution from equity (lost profit sharing paid-up policies)			776		776
Direct contribution from risk equalisation reserve			620	156	776
Indirect contribution from risk equalisation reserve	50		76		126
Reduced profit - accumulated 31.12.15	**960**	**150**	**1 752**	**195**	**3,057**

- Direct equity contributions: Charged to equity (20 per cent share of the escalation plan).
- Indirect equity contributions: Share of the financial profit for paid-up policies (20 per cent share of the escalation plan) that could have been transferred to the owner and is included as part of the reserve.
- Direct contributions from the risk equalisation reserve: Reduction of the risk equalisation reserve (undistributable equity) that is part of the reserve.
- Indirect contributions from the risk equalisation reserve: Share of the risk surplus from contracts with inadequate reserves that would have normally been transferred to the risk equalisation reserve.

SENSITIVITY

In the estimate for the direct use of equity, an average booked return of 4.5 per cent has been assumed. It is expected that the remaining use of equity will be covered through the lost profit sharing from paid-up policies. A higher booked return will to a limited extent reduce the expected direct use of equity, since the largest portion is required to use equity. The lower booked return will at the same time lead to an increased direct use of equity. A 0.5 percentage point reduction in the annual expected booked return will increase the direct use of equity by approximately NOK 400 million. The probability of the direct use of equity exceeding NOK 400 million is estimated at approximately 25 per cent.

Note 4 - Generation of profit from guaranteed pensions

The profit and loss account for Storebrand includes result elements relating to both customers and owners. There is a description of the content of profit generation for the owner from guaranteed pensions in the segment note (Note 5) below.

PRICE OF RETURN GUARANTEE AND PROFIT RISK (FEE INCOMES) – STOREBRAND LIFE INSURANCE

The return guarantees in group pension insurance with a return guarantee must be priced upfront. The level of the return guarantee, the size of the buffer capital (additional statutory reserves and unrealised gains), and the investment risk of the portfolio in which the pensions assets are invested determine the price that the customer pays for his or her return guarantee. Return guarantees are priced on the basis of the risk to which the equity is exposed. The insurance company bears all the downside risk and must carry reserves against the policy if the buffer reserves are insufficient or unavailable.

ADMINISTRATION RESULT

The administration result is the difference between the income paid by customers pursuant to the tariff and the company's actual operating costs. The income consists of fees based on the size of customer assets, premium volumes or numbers in the form of unit prices. Among other things, operating expenses consist of personnel costs, return fees, marketing expenses, commissions and IT costs.

STOREBRAND LIFE INSURANCE

The administration result line includes all products apart from traditional individual products with profit sharing.

SPP PENSION & INSURANCE

The administration result for all insurance products is paid to or charged to the result allocated to owners.

RISK RESULT

The risk result consists of premiums the company charges to cover insurance risks less the actual costs in the form of insurance reserves and payments for insured events such as death, pensions, disability and accidents. After the introduction of the new mortality tariff in 2013 (K2013), the need for increased reserves was identified, see Note 3.

STOREBRAND LIFE INSURANCE

In the case of group defined benefit pensions and paid-up policies, any positive risk¬ result passes to the customers, while any deficit in the risk result must, in principle, be covered by the insurance company. However, up to half of any risk profit on a particular line of insurance may be retained in a risk equalisation fund. A deficit due to risk elements can be covered by the risk equalisation fund. The risk equalisation fund can, as a maximum, amount to 150 per cent of the total annual risk premium. The risk equalisation fund is classified as equity in the balance sheet. After the introduction of the new mortality tariff in 2013 (K2013), the need for increased reserves was identified, some of which can be covered by the risk equalisation fund, see Note 3.

SPP PENSION & INSURANCE

The risk result is paid to the owners in its entirety for all insurance products.

PROFIT SHARING

Storebrand Life Insurance

A modified profit-sharing regime was introduced for old and new individual contracts that have left group pension insurance policies (paid-up policies), which allows the company to retain up to 20 per cent of the profit from returns after any allocations to additional statutory reserves. The modified profit-sharing model means that any negative risk result can be deducted from the customers' interest profit before sharing, if it is not covered by the risk equalisation fund.

Individual endowment insurance and pensions written by the Group prior to 1 January 2008 will continue to apply the profit rules effective prior to 2008. New contracts may not be established in this portfolio. The Group can retain up to 35 per cent of the total result after allocations to additional statutory reserves.

Any negative returns on customer portfolios and returns lower than the interest guarantee that cannot be covered by additional statutory reserves must be covered by the company's equity and will be included in the net profit-sharing and losses line.

SPP PENSION & INSURANCE

If the total return on assets in one calendar year for a premium-determined insurance (IF portfolio) exceeds the guaranteed interest, profit sharing will be triggered. When profit sharing is triggered, 90 per cent of the total return on assets passes to the policyholder and 10 per cent to the company. The company's share of the total return on assets is included in the financial result.

In the case of defined-benefit contracts (KF portfolio), the company is entitled to charge an indexing fee if the group profit allows the indexing of the insurance. Indexing is allowed up to a maximum equalling the change in the consumer price index (CPI) between the previous two Septembers. Pensions that are paid out are indexed if the consolidated figures on 30 September exceed 107 per cent, and half of the fee is charged. The whole fee is charged if the consolidated figures on 30 September exceed 120 per cent, in which case paid-up policies can also be included. The total fee equals 0.8 per cent of the insurance capital.

The guaranteed liability is continuously monitored. If the guaranteed liability is higher than the value of the assets, a provision must be made in the form of a deferred capital contribution. If the assets are lower than the guaranteed liability when the insurance payments start, the company supplies capital up to the guaranteed liability in the form of a realised capital contribution. Changes in the deferred capital contribution are included in the financial result.

Note 5 - Segments

Storebrand's business is divided into the following segments: Savings, Insurance, Guaranteed Pension and Other.

CHANGES IN SEGMENTS

Storebrand has made minor changes related to segment reporting in 2015. Figures for previous periods have been reworked, see the table with reworked comparative figures at the bottom of the note.

SAVINGS

Consists of products that include long-term saving for retirement with no interest rate guarantees. The area includes defined contribution pensions in Norway and Sweden, asset management and bank products for private individuals.

INSURANCE

Insurance has responsibility for the Group's risk products in Norway and Sweden. The unit provides treatment insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian and Swedish retail markets and employee-related and pension-related insurance in the Norwegian and Swedish corporate markets.

GUARANTEED PENSION

Guaranteed pensions consist of products encompassing long-term savings for pensions, where the customers have a guaranteed return or benefit on the saved funds. The area includes defined contribution pensions in Norway and Sweden, paid-up policies and individual capital and pension insurances.

OTHER

Under the "Other" category, the result from Storebrand ASA and the result from the company's portfolios in Storebrand Life Insurance and SPP are reported. In addition, this includes, among other things, lending to commercial enterprises by Storebrand Bank and the activities at BenCo, as well as minority interests in securities funds and property funds. The elimination of intra-group transactions that have been included in the other segments has also been included.

RECONCILIATION AGAINST THE OFFICIAL PROFIT AND LOSS ACCOUNT

The results in the segments are reconciled against the Group result before amortisation and write-downs of intangible assets. The corporate profit and loss account includes gross income and gross costs linked to both the insurance customers and owners. In addition, the savings elements are included in premium income and in costs related to insurance. The various segments are to a large extent followed up in the follow-up of net profit margins, including follow-up of risk and administration results. The result lines that are used in segment reporting will therefore not be identical with the result lines in the corporate profit and loss account.

NOK million	**2015**	2014
Savings	1,020	1,091
Insurance	488	675
Guaranteed pension	329	1 465
Other	-75	193
Group profit before amortization and longevity	**1,762**	**3,423**
Provision longeveiy	-1,764	-391
Group profit before amortization	**-2**	**3,032**
Amortization of intangible assets	-437	-431
Group pre-tax profit	**-438**	**2,601**

	Savings		**Insurance**		**Guaranteed pension**	
NOK million	**2015**	2014	**2015**	2014	**2015**	2014
Fee and administration income	2,662	2,375			1,777	1,842
Risk result life & pensions	-3	-11			89	483
Insurance premiums f.o.a.			3,642	3,115		
Claims f.o.a.			-2,822	-2,226		
Operational cost	-1,638	-1,289	-538	-387	-1,156	-921
Financial result			206	173		
Group profit before profit sharing and loan losses	**1,022**	**1,075**	**488**	**675**	**711**	**1,404**
Net profit sharing and loan losses	-1	16			-382	61
Group profit before amortization and longevity	**1,020**	**1,091**	**488**	**675**	**329**	**1,465**
Provision longevity					-1 764	-391
Group profit before amortization	**1,020**	**1,091**	**488**	**675**	**-1,435**	**1,074**
Amortization of intangible assets[1]						
Group pre-tax profit						

	Other		**Storebrand Group**	
NOK million	**2015**	2014	**2015**	2014
Fee and administration income	-123	-57	4,317	4,160
Risk result life & pensions	-6	8	80	480
Insurance premiums f.o.a.			3,642	3,115
Claims f.o.a.			-2,822	-2,226
Operational cost	63	151	-3,268	-2,446
Financial result	38	175	244	349
Group profit before profit sharing and loan losses	**-27**	**278**	**2,193**	**3,431**
Net profit sharing and loan losses	-48	-85	-431	-8
Group profit before amortization and longevity	**-75**	**193**	**1,762**	**3,423**
Provision longevity			-1,764	-391
Group profit before amortization	**-75**	**193**	**-2**	**3,032**
Amortization of intangible assets[1]			-437	-431
Group pre-tax profit			**-438**	**2,601**

1) Amortization of intangible assets are included in Storebrand Group

In 2015 a total of NOK 776 million has been used from the risk equalisation reserve for the strengthening of longevity reserves. A corresponding amount, which was previously set aside and charged to the owner in connection with the strengthening of reserves, was also reversed. This is presented on a net basis on the line for provision longevity in the table above.

RESTATED FIGURES

PROFIT AND LOSS

	Year 2014		
NOK million	Raported figures	**Change in segment**	Restated figures
Savings	1,047	44	1,091
Insurance	675		675
Guaranteed pension	1,074		1,074
Other	236	-44	193
Group profit before amortization	**3,032**		**3,032**
Amortization of intangible assets	-431		-431
Group pre-tax profit	**2,601**		**2,601**

The Storebrand Group are represented in the following countries:

NOK million	Norway	Sweden	Lithuania	Ireland	Guernsey
Savings	X	X			
Insurance	X	X			
Guaranteed pension	X	X			
Other	X	X	X	X	X

KEY FIGURES BY BUSINESS AREA

NOK million	**2015**	2014
Group		
Earnings per ordinary share	2,63	4,61
Equity	26,946	24,741
Savings		
Premium income Unit Linked	12,324	9,887
Unit Linked reserves	128,117	105,369
AuM asset management	571,425	534,523
Retail lending	26,861	24,441
Insurance		
Total written premiums	4,327	3,699
Claims ratio	77%	71%
Cost ratio	15%	13%
Combined ratio	92%	84%
Guaranteed pension		
Guaranteed reserves	266,979	264,290
Guaranteed reserves in % of total reserves	67.6%	71.5%
Transfer out of guaranteed reserves	7,729	14,823
Buffer capital in % of customer reserves Storebrand Life Group[1]	5.8%	6.6%
Buffer capital in % of customer reserves SPP[2]	7.6%	11.7%

NOK million	2015	2014
Solidity		
Capital adequacy Storebrand Group	14.3%	13.0%
Solidity capital Storebrand Life Group[1]	61,011	64,664
Capital adequacy Storebrand Life Group	15.1%	13.5%
Solvency margin Storebrand Life Group	191%	175%
Solvency margin SPP Life Insurance AB	197%	171%
Capital adequacy Storebrand Bank	17.1%	15.0%
Core Capital adequacy Storebrand Bank	15.2%	13.3%

1) Additional statutory reserves + market value adjustment reserve

2) Conditional bonuses

3) The term solidity capital encompasses equity, subordinated loan capital, the risk equilisation fund, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accured profit.

Note 6 - Risk management and internal control

Storebrand's income and performance are dependent on external factors that are associated with uncertainty. The most important external risk factors are the developments in the financial markets and changes in life expectancy in the Norwegian and Swedish populations. Certain internal operational factors can also result in losses, e.g. errors linked to the management of the customers' assets or payment of pension.

Continuous monitoring and active risk management are therefore core areas of the Group's activities and organisation. The basis for risk management is laid down in the Board's annual review of the strategy and planning process, which sets the risk appetite, risk targets and overriding risk limits for the operations. In Storebrand Group, responsibility for risk management and internal control is an integral part of management responsibility.

ORGANISATION OF RISK MANAGEMENT

The Group's organisation of the responsibility for risk management follows a model based on three lines of defence. The objective of the model is to safeguard the responsibility for risk management at both company and Group level.

The boards of directors of both Storebrand ASA and the group companies have the overall responsibility for limiting and following up the risks associated with the activities. The boards set annual limits and guidelines for risk-taking in the company, receive reports on the actual risk levels, and perform a forward-looking assessment of the risk situation.

Managers at all levels in the company are responsible for risk management within their own area of responsibility. Good risk management requires targeted work on objectives, strategies and action plans, identification and assessment of risks, documentation of processes and routines, prioritisation and implementation of improvement measures, and good communication, information and reporting.

INDEPENDENT CONTROL FUNCTIONS

Independent control functions have been established for risk management for the business (Risk Management Function / Chief Risk Officer), for compliance with the regulations (Compliance Function), for ensuring the insurance liabilities are calculated correctly (Actuary Function) and for the bank's lending. The functions have been established for both the Storebrand Group (the Group) and all of the companies requiring a licence. The independent control functions are organised directly under the companies' managing director and report to the respective company's board.

In terms of function the independent control functions are affiliated with the Group CRO, which is organised directly under the CEO and reports to the board of directors of Storebrand ASA. The Group CRO shall ensure that all significant risks are identified, measured and appropriately reported. The Group CRO function shall be actively involved in the development of the Group's ¬risk strategy and maintain a holistic view of the company's risk¬ exposure. This includes responsibility for ensuring compliance with the relevant regulations for risk management and the consolidated companies' operations.

The internal audit function is organised directly under the Board and shall provide the boards of the relevant consolidated companies with confirmation concerning the appropriateness and effectiveness of the company's risk management, including how well the various lines of defence are working.

Note 7 - Insurance risk

Insurance risk is the risk of higher than expected payments and/or unfavourable changes in the value of an insurance liability due to the actual development differing from what was expected when premiums or provisions were calculated. Traditional life and pension insurance are offered as both group and individual contracts. Contracts are also offered in which the customer has the choice of investment.

The insurance risk in Norway is largely standardised between the contracts in the same industry as a result of detailed regulation from the authorities. In Sweden, the framework conditions for insurance contracts entail major differences between the contracts within the same industry.

The risk of long life expectancy is the greatest insurance risk in the Group. Other risks include the risk of disability and risk of mortality. The life insurance risks are:

1. Long life expectancy – The risk of erroneously estimating life expectancy and future pension payments. Historical developments have shown that an increasing number of people attain retirement age and live longer as pensioners than was previously the case. There is a great deal of uncertainty surrounding future mortality development. In the event of longer life expectancy beyond that assumed in the premium tariffs, the owner could risk higher charges on the owner's result in order to cover necessary statutory provisions.
2. Disability – The risk of erroneous estimation of future illness and disability. There will be uncertainty surrounding the future development of disability.
3. Death – The risk of erroneous estimation of mortality or erroneous estimation of payment to surviving relatives. Over the last few years, a decrease in mortality and fewer young surviving relatives have been registered, compared with earlier years.

In the Guaranteed Pensions segment, the Group has a significant insurance risk relating to long life expectancy for group and individual insurance agreements. In addition, there is an insurance risk associated with disability and pensions left to spouses and/or children. The disability coverage in Guaranteed Pensions is primarily sold together with a retirement pension. The risk of mortality is low in Guaranteed Pensions when viewed in relation to other risks. In SPP it is possible to change the future premiums, reducing the risk significantly. In Norway it is also possible to change the future premiums of group policies, but only for new accumulation, entailing reduced risk.

Occupational pension agreements (hybrid) are reported in the Guaranteed Pension segment. This is a small portfolio with limited insurance risk.

In the Savings segment the Group has a low insurance risk.

In the Insurance segment, the Group has an insurance risk associated with disability and death. In addition, there are insurance risks associated with occupational injury, critical illness, cancer insurance, child insurance, accident insurance and health insurance. For occupational injury, the risk is first and foremost potential errors in the assessment of the level of provisions, because the number of claim years can be up to 25 years. The risk within critical illness, cancer, accident and health insurance is considered to be limited based on the volume and underlying volatility of the products. Within P&C insurance, the risk of house fire and personal injury for motor vehicle insurance constitute the main risks.

The Other segment includes the insurance risk at BenCo. BenCo offers pension products to multinational companies through Nordben and Euroben. The insurance risk at BenCo primarily relates to group life insurance, early retirement pensions and pensions for expatriate employees. These are defined-benefit pensions that can be time-limited or lifelong. Many of the agreements have short durations, typically 5 year early retirement pensions, and the insurance risk is therefore limited.

DESCRIPTION OF PRODUCTS

GROUP CONTRACTS

Savings

1. Group defined-contribution pensions are pensions where the premium is stated as a percentage of pay, while the payments depend on the actual added return. Customers have the option of choosing a guaranteed annual return.
2. Pension capital certificates are individual contracts with accrued rights that are issued upon withdrawal from or termination of group defined-contribution pension agreements.

Guaranteed pensions

3. Group defined-benefit pensions are guaranteed pension benefits as a percentage of the final salary from a specified age for as long as the insured person lives. Alternatively, it can be agreed that the pension will end at a specified age. The product is offered within the private sector. Cover options that can be chosen include retirement, disability (including premium/contribution waivers) and survivor pensions. Paid-up policies (Sweden only) remain in the group contract.
4. Paid-up policies (Norway only) are individual contracts with accrued rights that are issued upon withdrawal from or termination of group defined-benefit pension agreements. Holders of a paid-up policy can choose to convert their paid-up policy to a paid-up policy with investment options.

Insurance – lump-sum payments (Norway only)

5. Group life consists of group contracts with lump-sum payments in the event of death or disability.
6. Health and P&C insurance contracts are group contracts with lump-sum payments for occupational injury insurance, critical illness, cancer insurance, child insurance or accident insurance.
7. Disability and survivor products in the payment phase without accrual of a paid-up policy.

INDIVIDUAL CONTRACTS

Savings

1. Individual unit-linked insurance is endowment insurance or allocated annuity in which the customer bears the financial risk. Related cover can be linked in the event of death.

Guaranteed Pension

2. Individual allocated annuity or pension insurance provides guaranteed payments for as long as the insured person lives. Alternatively, it can be agreed that the pension will end at a specified age. Premiums or payments may be waived in the event of disability. The product can be linked to disability pensions.
3. Individual endowment insurance provides lump sum payments in the event of attaining a specified age, death or disability.

Insurance

4. Individual P&C insurance contracts are individual contracts with lump-sum payments in the event of critical illness, cancer insurance, child insurance or accident insurance.
5. Disability and survivor products without savings

RISK PREMIUMS AND TARIFFS

Guaranteed pensions

There was a need to strengthen the premium reserves as they relate to long life expectancy for Norwegian group defined-benefit pensions, including paid-up policies. The need for reserves applies in general to products that involve a guaranteed benefit, but the impact varies depending on the product composition and characteristics, as well as amendments to regulations, as a result of the pension reform, for example.

A new mortality tariff for group insurance (K2013) was developed in 2014. The tariff is based on three elements: Initial mortality, safety margin and future increase in life expectancy. Initial mortality is determined on the basis of actual mortality in the insurance portfolio in the period 2005–2009. The safety margin will take into account the difference in mortality based on income, random variation in mortality and the company's margins. The future increase in life expectancy entails that the projected life expectancy is also dependent on the year of birth. Today's 50-year-olds are not expected to live as long as 50-year-olds in 20 years' time. This factor is referred to as dynamic improvement in life expectancy. K2013 is thus a dynamic tariff.

Starting from 2014 group pension insurance schemes in Norway follow the premiums for traditional retirement and survivor coverage in the industry tariff K2013. The premiums for disability pensions are based on the company's own experience. Expense premiums are determined annually with a view to securing full cover for the next year's expected costs.

For individual insurance, the premiums for death risk and long life expectancy risk are based on tariffs produced by insurance companies on the basis of their shared experience. This applies to both endowment and pension insurance. Disability premiums are based on the company's own experience.

The risk premium for group insurance in Sweden is calculated as an equalised premium within the insurance group, based on the group distribution of age and gender, as well as the requirement for coverage of next of kin. The risk premium for individual insurance is determined individually and is based on age and gender.

In 2014, SPP revised the mortality assumptions it uses to calculate insurance technical reserves. The company's assumptions are based on the general mortality tariff DUS 06, adjusted for the company's own observations.

Insurance

Tariffs for group life insurance and certain risk insurances within group pensions also depend on the industry or occupation, in addition to age and gender. Group life insurance also applies tariffs based on claims experience. The company's standard tariff for group life insurance, both for life and disability cover, is based on the company's own experience.

From December 2014, Storebrand has priced new individual endowment policies without taking gender into account. In other words, gender will not be considered when calculating the premium.

For P&C insurance (occupational injury, property and motor vehicle) the tariffs are based on the company's own experiences.

Management of insurance risk

Insurance risk is monitored separately for every line of insurance in the current insurance portfolio. The development of the risk results is followed throughout the year. For each type of risk, the ordinary risk result for a period represents the difference between the risk premiums the company has collected for the period and the sum of provisions and payments that must be made for insured events that occur in the period. The risk result takes into account insured events that have not yet been reported, but which the company, on the basis of experience, assumes have occurred.

When writing individual risk cover, the customer is subject to a health check. The result of the health check is reflected in the level of premium quoted. When arranging group policies with risk cover, all employees of small companies are subject to a health check, while for companies with many employees a declaration of fitness for work is required. Underwriting also takes into account the company's industrial category, sector and sickness record.

Large claims or special events constitute a major risk for all products. The largest claims will typically be in the group life, occupational injury and personal injury (motor vehicle accidents) segments.
The company manages its insurance risk through a variety of reinsurance programmes. Through catastrophe reinsurance (excess of loss), the company covers losses (single claims and reserves provisions) where a single event causes more than 2 deaths or disability cases. This cover is also subject to an upper limit. A reinsurance agreement for life policies covers death and disability risk that exceeds the maximum risk amount for own account the company practises. The company's maximum risk amount for own account is relatively high, and the risk reinsured is therefore relatively modest.

The company also manages its insurance risk through international pooling. This implies that multinational corporate customers can equalise the results between the various units internationally. Pooling is offered for group life and risk cover within group defined-benefit and defined-contribution pensions.

Risk result

The table below specifies the risk result for the largest entities in the Group and also states the effect of reinsurance and pooling on the result.

SPECIFICATION OF RISK RESULT

	Storebrand Life Insurance AS		SPP	
NOK million	**2015**	2014	**2015**	2014
Survival	-130	61	51	-119
Death	266	261	8	81
Disability	313	410	79	93
Reinsurance	-9	-37	-3	-4
Pooling	-72	-114	-2	-1
Other	-26	-4	-13	476
Total risk result	**342**	**577**	**121**	**526**

The risk result for Storebrand Livsforsikring AS in the table above shows the total risk result before distribution to customers and the owner. See Note 4 on risk result for the principles for distributing the risk result between customers and the owner.

Note 8 - Financial market risk

Market risk means changes in the value of assets as a result of unexpected volatility or changes in prices on the financial markets.
It also refers to the risk that the value of the insurance liability develops differently to that of the assets.

The most significant market risks for Storebrand are share market risk, credit risk, property price risk, interest rate risk and exchange rate risk.

For the life insurance companies, the financial assets are invested in a variety of sub-portfolios. Market risk affects Storebrand's income and profit differently in the different portfolios. There are three main types of sub-portfolio: company portfolios, customer portfolios without a guarantee (unit linked insurance) and customer portfolios with a guarantee.

The market risk in the company portfolios has a direct impact on the profit.

The market risk in customer portfolios without a guarantee is at the customers' risk and expense, meaning Storebrand is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand's profit indirectly. Income is based largely on the size of the reserves, while the costs tend to be fixed. Lower returns on the financial market than expected will therefore have a negative effect on Storebrand's income and profit.

For customer portfolios with a guarantee, the net risk for Storebrand will be lower than the gross market risk. The extent of measures to reduce risk depends on several factors, the most important being the size and flexibility of the customer buffers and level and duration of the return guarantee. If the investment return is not sufficiently high to meet the guaranteed interest rate, the shortfall will be met by using customer buffers in the form of risk capital built up from previous years' surpluses. Risk capital primarily consists of unrealised gains, additional statutory reserves and conditional bonuses. The owner is responsible for meeting any shortfall that cannot be covered. This is described in more detail in the section below on guaranteed customer portfolios.

For guaranteed customer portfolios, the risk is affected by changes in the interest rate level. Falling interest rates are positive for the investment return in the short term due to price appreciation for bonds, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee. Interest rates have fallen throughout 2015, particularly on the short end of the yield curve. In Sweden, the money market rate is negative. Norges Bank has indicated that interest rates will be kept low for several years to come. Paid-up policies have a particularly high risk in a low interest rate scenario, because there are very limited opportunities for changing the price or terms. In Norway, the effect of low interest rates will be dampened by a large proportion of amortised cost portfolios that will greatly benefit from securities purchased at interest rate levels higher than the current levels.

The composition of the financial assets within each sub-portfolio is determined by the company's investment strategy. The investment strategy also establishes guidelines and limits for the company's risk management, credit exposure, counterparty exposure, currency risk, use of derivatives, and requirements regarding liquidity.

ASSET ALLOCATION

	Customer portfolios with guarantee	Customer portfolios without guarantee	Company portfolios
Other	1%		
Real estate	11%		
Bonds at amortised cost	35%		11%
Money market	2%	3%	50%
Bonds	41%	17%	39%
Equities	10%	79%	1%
Total	**100%**	**100%**	**100%**

Storebrand aims to take low financial risk for the company portfolios, and most of the funds were invested in short and medium-term fixed income securities with low credit risk.

The financial risk related to customer portfolios without a guarantee (unit linked insurance) is borne by the insured person, and the insured person can choose the risk profile. Storebrand's role is to offer a good, broad range of funds, to assemble profiles adapted to different risk profiles, and to offer systematic reduction of risk towards retirement age. The most significant market risks are share market risk and exchange rate risk.

The most significant market risks facing guaranteed customer portfolios are linked to equity risk, interest rate risk, credit risk and property price risk. The percentage of equities declined throughout 2015, while investments in corporate bonds increased. In Norway most of the credit risk is linked to securities, which are carried at amortised cost. This reduces the risk to the company's profit significantly. Equity risk is managed by means of dynamic risk management, the objectives of which are to maintain good risk-bearing capacity and to adjust the financial risk to the company's financial strength. By exercising this type of risk management, Storebrand expects to create good returns both for individual years and over time.

For company portfolios and guaranteed customer portfolios, most of the assets that are in currencies other than the domestic currency are hedged. This limits the currency risk from the investment portfolio. In the consolidated financial statements, the value of assets and results from the Swedish operations are affected by changes in the value of the Swedish krona. Storebrand Livsforsikring AS has hedged part of the value of SPP.

NOK million	Balance sheet items excluding Net in balance sheet	Forward contracts Net sales	Net position in currency	in NOK
DKK	1,716		1,716	2,210
EUR	754	-793	-39	-375
GBP	151	-111	40	527
SEK	167,782	6,986	174,769	183,492
USD	1,710	-2,473	-763	-6,757
NOK[1]	12,897		12,897	12,897
Other currency types				-933
Insurance liabilities in foreign exchange	-176,070		-176,070	-184,858
Total net currency positions 2015				**6,203**
Total net currency positions 2014				7,844

1) Equity and fixed income funds denominated in NOK with foreign currency exposure to EUR and USD, for example, amount to NOK 9.2 billion.

The table above shows the currency positions as at 31 December 2015. Currency exposure is associated primarily with the life insurance business.

STOREBRAND LIFE INSURANCE:
The company hedges most of the foreign exchange risk in the customer portfolios on an ongoing basis. Foreign exchange risk exists primarily as a result of investments in international securities, as well as subordinated loans in a foreign currency to a certain extent. Hedging is performed by means of forward foreign exchange contracts at the portfolio level, and the currency positions are monitored continuously against a total limit. Negative currency positions can be taken. Storebrand employs a currency hedging principle called block hedging, which makes the execution of currency hedging more efficient.

SPP:
SPP uses currency hedging for its investments to a certain degree. Currency exposure may be between 0 and 30 per cent in accordance with the inestment strategy.

BANKING BUSINESS:
Storebrand Bank ASA hedges net balance sheet items by means of forward contracts.

Guaranteed customer portfolios in more detail

STOREBRAND LIFE INSURANCE
The annual guaranteed return to the customers follows the basic interest rate. In 2015, new premiums were taken in with a basic interest rate of 2.0, and pensions were adjusted upwards with a basic interest rate of 0.5 per cent.

The percentage distribution of the insurance reserves by the various basic annual interest rates as at 31 December is as follows:

INTEREST RATE

	2015	2014
6%	0.3%	0.3%
5%	0.4%	0.4%
4%	50.4%	51.4%
3.4%	0.6%	0.7%
3%	31.0%	32.6%
2.75%	1.5%	1.4%
2.50%	11.7%	12.1%
2.00%	3.5%	0.5%
0.50%	0.2%	0.0%
0%	0.6%	0.6%

AVERAGE INTEREST RATE GUARANTEE IN PER CENT

NOK million	2015	2014
Individual endowment insurance	3.4%	3.2%
Individual pension insurance	3.9%	3.9%
Group pension insurance	2.9%	3.0%
Paid-up policy	3.5%	3.5%
Group life insurance	0.1%	0.2%
Total	**3.3%**	**3.3%**

There is no interest rate guarantee for premium funds, defined-contribution funds, pensioners' surplus funds and additional statutory reserves.

The interest rate guarantee must be fulfilled on an annual basis. If the company's investment return in any given year is lower than the guaranteed interest rate, the equivalent of up to one year's guaranteed return for the individual policy can be covered by transfers from the policy's additional statutory reserves.

A new mortality tariff (K2013) has been introduced for group pensions and paid-up policies from 2014. For the existing reserves, the Financial Supervisory Authority of Norway has approved a seven-year escalation plan, and customer returns exceeding the guarantee can contribute to reserve strengthening. During the escalation period, it gives an increase in risk that may be compared with increasing the interest rate guarantee. At least 20 per cent of the individual customer's building up of reserves must be covered by Storebrand.

To achieve adequate returns, it is necessary to take an investment risk. This is primarily done by investing in shares, property and corporate bonds. It is possible to reduce market risk in the short term, but then the probability of achieving the necessary level of return is reduced. The risk management must balance these considerations, including the effect on the required rate of return from the required build-up of reserves. Dynamic risk management of the equity percentage is also utilised.

Interest rate risk is in a special position, because changes in interest rates also affect the value of the insurance liability (even if the book value of the Norwegian liabilities with guaranteed interest rates is not recognised at market value). Since pension disbursements may be many years in the future, the insurance liability is particularly sensitive to changes in interest rates. In the Norwegian business, greater interest rate sensitivity from the investments will entail increased risk that the return is below the guaranteed level. The risk management must therefore balance the risk of the profit for the year (interest rate increase) with the reinvestment risk if interest rates fall below the guarantee in the future. Bonds at amortised cost are an important risk management tool.

SPP PENSION & INSURANCE

The guaranteed interest rate is determined by the insurance company and is used when calculating the premium and the guaranteed benefit. The guaranteed interest rate does not entail that there is an annual minimum guarantee for the return as is the case in Norway.

SPP bears the risk of achieving a return equal to the guaranteed interest on the policyholders' assets over time and that the level of the contracts' assets is greater than the present value of the insurance liabilities. For individual defined contribution pensions (IF), SPP will receive profit sharing income if the return exceeds the guaranteed interest rate. The contracts' buffer capital must be intact in order for profit sharing to represent a net income for SPP. For group defined benefit pensions (KF), a certain degree of consolidation, i.e. the assets are greater than the present value of the liabilities by a certain percentage, is required in order for the owner to receive profit sharing income.

If the assets in an insurance contract in the company are smaller than the market value of the liability, an equity contribution is allocated that reflects this shortfall. This is termed a deferred capital contribution (DCC) and changes in its size are recognised in the profit and loss account as they occur. When the contracts' assets exceed the present value of the liabilities, a buffer, which is termed the conditional bonus, is established. Changes in this customer buffer are not recognised in the profit and loss account.

Interest rate	2015	2014
5.20%	12.7%	14.4%
4.50%	0.4%	0.5%
4.00%	1,4 %	1.6%
3.00%	49.7%	49.0%
2.75%	6.9%	6.6%
2.70%	0.1%	0.1%
2.50%	6.8%	6.5%
1.60%	5.4%	5.8.%
1.50%	3.9%	4.7.%
1.20%	4.6%	4.2%
0.50%	4.0%	3.2%
0%	3.9%	3.3 %

Average interest rate guarantee in per cent	2015	2014
Individual pension insurance	3.0%	3.0%
Group pension insurance	2.6%	2.6%
Individual occupational pension insurance	3.1%	3.1%
Total	**2.9%**	**2.9%**

In the Swedish operations management of interest rate risk is based on the principle that the interest rate risk from assets shall correspond to the interest rate risk from the insurance liabilities.

SENSITIVITY ANALYSES

The tables show a reduction in the buffer capital for Storebrand Life Insurance and SPP as a result of immediate value changes related to financial market risk. The buffer capital consists of customer buffers where changes do not affect the company's result. Due to the fact that the buffer capital is not evenly distributed among the customers, a negative effect on the result for the owner will arise before all the buffers have been exhausted. The effect of the stresses on the result will be significantly lower than a change in the buffer capital. This is described in more detail under the individual companies.

The stresses have been applied to the company portfolio and guaranteed customer portfolios as at 31 December 2015. Unit linked insurance without a guaranteed annual return is not included in the analysis. For these products, the customers bear the market risk and the effect of a falling market will not directly affect the buffer capital or result.

The amount of stress is the same that is used for Risk-Based Supervision (RBS), the official reporting tool of the Financial Supervisory Authority of Norway. The stresses include a 20 per cent fall in shares, 12 per cent fall in property, 12 per cent appreciation in currency and a fall in corporate bonds based on the ratings and duration. For interest rates, the stresses include both an increase and fall of 150 basis points, where the most negative is used.

Because it is the immediate market changes that are calculated, dynamic risk management will not affect the outcome. If it is assumed that the market changes occur over a period of time, then dynamic risk management would reduce the effect of the negative outcomes and reinforce the positive to some extent.

The stresses are applied individually, but the overall market risk is less than the sum of the individual stresses, because diversification is assumed. The correlation between the stresses is the same that is used for RBS.

STOREBRAND LIFE INSURANCE

Change in market value 2015	NOK million	Percentage of buffer
Buffer for market risk from RBT	7,924	
Interest rate risk	2,722	34%
Equity price risk	2,397	30%
Property price risk	2,850	36%
Foreign exchange risk	280	4%
Spread risk	2,571	32%
Market risk (correlated)	**7 ,500**	

Based on the stress test, Storebrand Life Insurance has an overall market risk of NOK 7.5 billion, while the buffer capital totals NOK 7.9 billion. The buffer capital consists of additional statutory reserves that can be used for 2016, the market value adjustment reserve and the net unrealised gain in the company portfolio.

The greatest risks are linked to the equity price risk, interest rate risk (higher rates), property price risk and credit risk (spread risk).

The stress tests were carried out on all investment profiles with a guaranteed return and the effect of each stress changes the expected return in each profile. If the stress causes the return to fall below the guarantee, it will have a negative impact on the result for the owner if the buffer is not adequate. Other negative effects on the result are a lower return from the company portfolio and that there is no profit sharing from paid-up policies and individual contracts.

SPP PENSION & INSURANCE

Change in market value 2015	SEK million	Percentage of buffer
Buffer for market risk	5,343	
Interest rate risk	-787	-15%
Equity price risk	1,279	24%
Property price risk	684	13%
Foreign exchange risk	2,005	38%
Spread risk	360	7%
Market risk (correlated)	**3,294**	

Based on the stress test, SPP has an overall market risk of SEK 3.3 billion, while the buffer capital totals SEK 5.3 billion. The buffer capital consists of the conditional bonus (accrued customer surpluses) minus deferred capital contributions.

The greatest risks are related to the equity price risk, credit risk and property price risk.

The stress tests were carried out on all investment profiles with a guaranteed return and the effect of each stress changes the expected return in each profile. The buffer situation for the individual contracts will determine if all or portions of the fall in value will affect the financial result. Only the portion of the fall in value that cannot be settled against the surpluses that the customers have already accrued will be charged to the result. In addition, the reduced profit sharing or loss of the indexing fees may affect the financial result.

OTHER OPERATIONS

The other companies in the Storebrand Life Insurance Group are not included in the sensitivity analysis, as there is little market risk in these areas. The equity of these companies is invested with little or no allocation to high-risk assets, and the products do not entail a direct risk for the company as a result of price fluctuations in the capital market.

Note 9 - Liquidity risk

Liquidity risk is the risk that the company is unable to fulfil its obligations without incurring substantial additional expenses in the form of reduced prices for assets that must be realised, or in the form of especially expensive financing.

For the insurance companies, the life insurance companies in particular, the insurance liabilities are long-term and the cash flows are generally known long before they fall due. In addition, liquidity is required to handle payments related to operations, and there are liquidity needs related to derivative contracts. The liquidity risk is handled by liquidity forecasts and the fact that portions of the investments are in very liquid securities, such as government bonds. The liquidity risk is considered low based on these measures.

Liquidity risk is one of the most important risk factors for the banking business, and the regulations stipulate requirements for liquidity management and liquidity indicators. The guidelines for liquidity risk specify the principles for liquidity management, minimum liquidity reserves and financing indicators for measuring liquidity risk. In addition to this, an annual funding strategy and funding plan are being drawn up that set out the overall limits for the bank's funding activities.

Separate liquidity strategies have also been drawn up for other subsidiaries in accordance with the statutory requirements. These strategies specify limits and measures for ensuring good liquidity and a minimum allocation to assets that can be sold at short notice. The strategies define limits for allocations to various asset types and mean the companies have money market investments, bonds, equities and other liquid investments that can be disposed of as required.

In addition to clear strategies and the risk management of liquidity reserves in each subsidiary, the Group's holding company has established a liquidity buffer. The development of the liquid holdings is continuously monitored at the Group level in relation to internal limits. A particular risk is the fact that during certain periods the financial markets can be closed for new borrowing. Measures for minimising the liquidity risk are to maintain a regular maturity structure for the loans, low costs, an adequate liquidity buffer and credit agreements with banks which the company can draw on if necessary.

UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES[1]

NOK million	0-6 months	6-12 months	1-3 years	3-5 years	> 5 years	**Total value**	Book value
Subordinated loan capital[2]	295	97	2,381	2,409	4,721	9,903	7,766
Liabilities to financial institutions	416					416	416
Deposits from bank customers	17,825					17,825	17,825
Debt raised from issuance of securities	4,147	212	8,918	5,640		18,917	15,475
Other current liabilities	6,736					6,736	6,614
Uncalled residual liabilities Limited partnership	3,922					3,922	
Unused credit lines lending	3,728					3,728	
Lending commitments	1,981					1,981	
Total financial liabilities 2015	**39,050**	**309**	**11,299**	**8,049**	**4,721**	**63,428**	**48,095**
Derivatives related to funding 2015	-103	-22	-131	-126	-186	-568	-1,256
Total financial liabilities 2014	41,498	410	9,488	6,891	5,104	63,392	51,726

1) Liabilities for which repayment may be demanded immediately are included in the 0-6 month column.
2) In the case of perpetual subordinated loans the cash flow is calculated through to the first call date.

SPECIFICATION OF SUBORDINATED LOAN CAPITAL

NOK million	Nominal value	Currency	Interest	Maturity	Book value
Issuer					
Hybrid tier 1 capital[1]					
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,503
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,000	NOK	Variable	2020	999
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,097
SPP Pension & Försäkring AB	700	SEK	Variable	2019	732
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	3,158
Storebrand Bank ASA	150	NOK	Variable	2017	151
Storebrand Bank ASA	125	NOK	Variable	2019	126
Total subordinated loans and hybrid tier 1 capital 2015					**7,766**
Total subordinated loans and hybrid tier 1 capital 2014					7,826

1) In addition, Storebrand Bank ASA has issued hybrid tier 1 capital bonds/hybrid capital that is classified as equity. See the statement of changes in equity.

SPESIFICATION OF LIABILITIES TO FINANCIAL INSTITUTIONS

	Book value	
NOK million	2015	2014
Call date		
2015		19
2016	416	
Total liabilities to financial institutions	**416**	**19**

SPECIFIC OF DEBT RAISED THROUGH ISSUANCE OF SECURITIES

	Book value	
NOK million	2015	2014
Call date		
2015		1,706
2016	1,922	3,606
2017	4,311	4,542
2018	4,068	1,539
2019	2,246	2,267
2020	2,928	327
Total debt raised through issuance of securities	**15,475**	**13,986**

The loan agreements contain standard covenants. Storebrand is in compliance with all relevants covenants in 2015.

In accordance with the loan programme in Storebrand Boligkreditt AS, the company's overcollateralisation requirement is satisfied at 109.5 per cent.

Credit facilities
Storebrand ASA has an unused credit facility of EUR 240 million.

Facilities for Storebrand Boligkreditt AS
The bank has two credit facilities with Storebrand Boligkreditt AS. One of these is an ordinary overdraft facility of up to NOK 6 billion. This has no fixed expiry date, but may be terminated by the bank with 15 months' notice. The other facility must at all times be sufficient to cover interest and principal on covered bonds and related derivatives for the next 12 months. The credit facility is not revocable by the bank until three months after the maturity of the longest covered bonds and related derivatives.

Note 10 - Lending and counterparty risk derivatives

Storebrand is exposed to risk of losses as a result of counterparties not fulfilling their debt obligations. This risk includes losses on lending, but also losses related to the failure of counterparties to fulfil their financial derivative contracts. Credit losses related to the securities portfolio are categorised as market risk and are discussed in Note 8 financial market risk.

CREDIT RISK FOR THE LOAN PORTFOLIO

COMMITMENTS BY CUSTOMER GROUPS

NOK million	Lending to and receivables from customers	Guarantees	Unused credit-lines	Total commitments	Unimpaired commitments	Impaired commitments	Individual write-downs	Net defaulted commitments
Development of building projects	957	2		959				
Sale and operation of real estate	6,550	46		6,596		98	38	60
Other service providers	697		2	698				
Wage-earners and others	26,810	1	3,702	30,513	83	65	24	124
Others	366		25	391	5	2	1	6
Total	**35,379**	**49**	**3,728**	**39,157**	**87**	**166**	**63**	**190**
- Individual write-downs	-63			-63				
+ Group write-downs	-36	-1		-36				
Total lending to and receivables from customers 2015	**35,281**	**49**	**3,728**	**39,058**	**87**	**166**	**63**	**190**
Total lending to and receivables from customers 2014	33,147	90	3,844	37,081	77	76	33	120

The division into customer groups is based on Statistics Norway's standard for sector and business grouping. The placement of the individual customer is determined by the customer's primary business.

LENDING

As a result of group priorities regarding use of capital at Storebrand and a strategic assessment of the future direction of the Group, the Corporate Market segment at the bank is no longer prioritised as a core activity, and will be run down and eventually wound up.

The lending-portfolio consists of income-generating properties and development properties with few customers and few defaults, and there is comprehensive and complex risk assessment of debtors. The Corporate Market portfolio is generally secured on commercial property.

In the retail market, most of the loans are secured by means of home mortgages. There are housing loans amounting to about NOK 26.6 billion with an additional NOK 2.6 billion in unused credit facilities. Total loans and credit facilities in housing are therefore about NOK 29.2 billion. Customers are evaluated according to their capacity and intent to repay the loan. In addition to their capacity to service debt, customers are checked regarding policy regulations, and customers are scored using a scoring model.

The weighted average loan-to-value ratio for retail market loans is approximately 58 per cent on home loans. Over 84 per cent of home loans have a loan to value ratio within 80 per cent and approximately 97 per cent are within a 90 per cent loan to value ratio. About 49 per cent of the home loans are within a 60 per cent LVR. The portfolio is regarded as having a low to moderate credit risk in accordance with the bank's risk appetite.

TOTAL COMMITMENTS BY REMAINING TERM

NOK million	2015 Loans to and receivables from customers	2015 Guarantees	2015 Unused credit line	2015 Total commitments	2014 Loans to and receivables from customers	2014 Guarantees	2014 Unused credit line	2014 Total commitments
Up to one month	215			215	250	3	13	266
1 - 3 months	214		1	215	2,783	86	36	2,905
3 months - 1 year	701	3	62	767	1,603		24	1,628
1 -5 years	7,961	46	994	9,000	27,419	1	3,740	31,160
More than 5 years	26,288		2,671	28,959	1,144	1	31	1,176
Total gross commitments	**35,379**	**49**	**3,728**	**39,157**	**33,200**	**90**	**3,844**	**37,134**

Commitments are regarded as non-performing and loss exposed when a credit facility has been overdrawn for more than 90 days and when an instalment loan has arrears older than 90 days and the amount is at least NOK 2000.

CREDIT RISKS BY CUSTOMER GROUPS

NOK million	Gross non-performing commitments	Individual write-downs	Net non-perform-ing commit-ments	Total recognised value changes during the period
Sale and operation of real estate	32	34	-1	24
Wage-earners and others	148	24	124	1
Others	7	1	6	
Total 2015	**187**	**58**	**129**	**25**
Total 2014	153	33	120	-50

In the case of default, Storebrand Bank ASA will sell the securities or repossess the properties if this is most suitable.

COUNTERPARTY RISK

NOK million	Booked value fin. assets	Booked value fin. liabilites	Net booked fin. assets/ liabilities	Collateral Cash (+/-)	Collateral Securities (+/-)	Net exposure
Investments subject to netting agreements	**4,451**	**3,351**	**1,100**	**2,275**	**-206**	**-941**
Investments not subject to netting agreements	252		252			
Total 2015	**4,703**	**3,351**	**1,352**			

The Group has entered into framework agreements with all its counterparties to reduce the risk inherent in outstanding derivative transactions. These regulate how collateral is to be pledged against changes in market values that are calculated on a daily basis, among other things.

TOTAL ENGAGEMENT AMOUNT BY REMAINING TERM TO MATURITY

NOK million	2015 Loans to and receivables from customers	2015 Guarantees	2015 Unused credit line	2015 Total commitments	2014 Loans to and receivables from customers	2014 Guarantees	2014 Unused credit line	2014 Total commitments
Overdue 1 - 30 days	465	18	5	488	871		4	875
Overdue 31 - 60 days	89			90	110			110
Overdue 61 - 90 days	30			31	60		1	61
Overdue more than 90 days	87		1	88	76		1	77
Total	**672**	**18**	**6**	**696**	**1,117**		**6**	**1,123**

Note 11 - Credit exposure

The maximum limits for credit exposure to individual counterparties and for overall credit exposure to rating categories are set by the boards of the individual companies in the Group. Particular attention is paid to ensuring diversification of credit exposure in order to avoid concentrating credit exposure on any particular debtors or sectors. Changes in the credit standing of debtors are monitored and followed up. Thus far, the Group has used published credit ratings wherever possible, supplemented by the company's own credit evaluation.

CREDIT RISK BY COUNTERPARTY

BONDS AND OTHER FIXED-INCOME SECURITIES AT FAIR VALUE
Category by issuer or guarantor

	AAA	AA	A	BBB	NIG	Total
NOK million	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Government and government guaranteed bonds	40,945	13,611	346	478	118	55,497
Credit bonds	170	8,316	26,141	24,881	3,809	63,316
Mortgage and asset backed securities	40,965	3,178	3,532	3,654	1,392	52,722
Supernational organisations	3,492	435	2,142	3,295	181	9,544
Total interest bearing securities stated by rating	**85,571**	**25,540**	**32,161**	**32,307**	**5,500**	**181,079**
Bond funds not managed by Storebrand						8,745
Non-interest bearing securities managed by Storebrand						953
Total 2015	**85,571**	**25,540**	**32,161**	**32,307**	**5,500**	**190,776**
Total 2014	89,776	21,893	29,080	27,730	6,247	184,275

INTEREST BEARING SECURITIES AT AMORTISED COST
Category of issuer or guaranteer

	AAA	AA	A	BBB	NIG	Total
NOK million	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Government and government guaranteed bonds	2,638	6,833	1,151	1,144	962	12,728
Credit bonds	1,103	10,760	14,247	6,957	5,035	38,102
Mortgage and asset backed securities	26,119	2,713	945	498	2,993	33,267
Supernational organisations	8,205	6,284	1,158	3,110	264	19,021
Total 2015	**38,064**	**26,589**	**17,501**	**11,709**	**9,255**	**103,118**
Total 2014	44,114	22,153	16,524	8,809	3,921	95,521

COUNTERPARTIES

	AAA	AA	A	BBB	Other	NIG	Total
NOK million	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Derivatives		2,230	2,021	436		127	4,813
Of which derivatives in bond funds, managed by Storebrand		102	7				109
Total derivatives excluding derivatives in bond funds 2015		**2,127**	**2,014**	**436**		**127**	**4,703**

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Other Fair value	NIG Fair value	Total Fair value
Total derivatives excluding derivatives in bond funds 2014		1,846	3,923	686			6,455
Bank deposits	189	5,245	2,222	1	40	58	7,754
Of which bank deposits in bond funds, managed by Storebrand		495					495
Total bank deposits excluding bank deposits in bond funds 2015	**189**	**4,750**	**2,222**	**1**	**40**	**58**	**7,259**
Total bank deposits excluding bank deposits in bond funds 2014	181	4,870	3,523	40	56		8,671
Lending to financial institutions		72	51				123

Rating classes based on Standard & Poor's.

NIG = Non-investment grade.

Note 12 - Concentrations of risk

Most of the risk for the Storebrand Group relates to the guaranteed pension products in the life insurance companies. These risks are consolidated in the Storebrand Life Insurance Group, which includes the Storebrand Livsforsikring AS, SPP Livförsäkring AB and the business in Ireland and Guernsey (BenCo). Other companies directly owned by Storebrand ASA that are exposed to significant risks are Storebrand Forsikring AS, Storebrand Helseforsikring AS, Storebrand Asset Management AS and Storebrand Bank ASA.

In the life insurance businesses, most of the risk is taken on behalf of the customers. The total risk must therefore be viewed in connection with the extent to which a negative outcome affects the owner. For other companies, the entire risk will affect the owner.

For the life insurance businesses, the greatest risks are largely the same in Norway and Sweden. The market risk will depend significantly on global circumstances that influence the investment portfolios in all businesses. The insurance risk may be different for the various companies, and long life in particular can be influenced by universal trends.

Both the insurance business and the banking business are exposed to credit risk. The insurance business primarily has a credit risk relating to bonds with significant geographical and industry-related diversification, while the bank is mostly exposed to direct loans for residential property in Norway. In addition, the bank has exposure to lending in the corporate market, primarily related to property. There is no significant concentration risk across bonds and loans.

The financial market and investment risks are largely related to the customer portfolios in the life insurance business. The risk associated with a negative outcome in the financial market is described and quantified in Note 8, financial market risk. The banking business has little direct exposure to types of risk other than credit.

In the short term, an interest rate increase will negatively impact on the returns for the life insurance companies. An interest rate increase can also result in bank customers having lower debt-servicing capacity and increased losses for the banking business.

The risk from the P&C insurance and health insurance risk in Storebrand Skadeforsikring AS and Storebrand Helseforsikring AS has a low correlation with the risk from the rest of the businesses in the Group.

In the asset management business, the principal risk is operational risk in the form of behaviour that can trigger claims and/or impact on reputation. Since the asset management business is the principal manager of the insurance businesses, errors in asset management could result in errors in the insurance businesses.

Note 13 - Valuation of financial instruments and properties

VALUATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

Loans to customers/liabilities to credit institutions/liabilities established by issuing securities for Storebrand Bank:
The fair value of loans to customers with adjustable interest is valued at book value. However, the fair value of loans to corporate customers with margin loans is lower than the book value because certain loans run with lower margins that they would have done if they had been taken up as at 31 December 2015. The value shortfall is calculated by discounting the difference between the agreed margin and the current market price over the remaining duration. In addition, the fair value is adjusted for write-downs. The fair value of loans, liabilities to credit

institutions and liabilities established by the issuing of securities is based on valuation techniques. The valuation techniques use yield curves and credit spreads from external suppliers, with, however, the exception of loans which are valued using spreads for equivalent new loans.

Bonds and subordinated loans at amortised cost:
As a main rule, the fair value for the bonds is based on the prices obtained from Reuters and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by a selected brokerage firm. The write-down test that was carried out has not resulted in the need for any write-downs in 2015.

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	**Total fair value 31.12.15**	Total fair value 31.12.14	**Book value 31.12.15**	Book value 31.12.14
Financial assets							
Loans to and due from financial institutions		123		123	207	123	207
Lending to customers		25,702	8,330	34,032	32,107	34,066	32,158
Bonds held to maturity		17,578		17,578	17,794	15,648	15,131
Bonds classified as loans and receivables		85,540		85,540	77,727	76,888	67,019
Total fair value 31.12.15		**128,943**	**8,330**	**137,273**			
Total fair value 31.12.14	101	127,734			127,835		
Financial liabilities							
Debt raised by issuance of securities		15,428		15,428	14,156	15,475	13,986
Liabilities to financial institutions		12		12	19	12	19
Deposits from banking customers		17,825		17,825	19,358	17,825	19,358
Subordinatd loan capital		7,709		7,709	8,072	7,766	7,826
Total fair value 31.12.15		**40,973**		**40,973**			
Total fair value 31.12.14		41,606			41,606		

VALUATION OF FINANCIAL INSTRUMENTS AND PROPERTIES AT FAIR VALUE

The Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Fund units are generally valued at the updated official NAV prices when such prices exist. Bonds are generally valued based on prices obtained from Reuters and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by a selected brokerage firm.
Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters and Bloomberg.

The Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Group categorises financial instruments valued at fair value on three different levels, which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

LEVEL 1:
FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF QUOTED PRICES FOR IDENTICAL ASSETS IN ACTIVE MARKETS
This category encompasses listed equities that over the previous three months have experienced average daily trading equivalent to approximately NOK 20 million or more. Based on this, the equities are regarded as sufficiently liquid to be included at this level. Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1. When it comes to derivatives, standardised stock index futures and interest rate futures will also be included at this level.

LEVEL 2:

FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF OBSERVABLE MARKET INFORMATION NOT COVERED BY LEVEL 1

This category encompasses financial instruments that are valued on the basis of market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Moreover, interest rate and foreign exchange swaps, as well as non-standardised interest rate and foreign exchange derivatives are classified as level 2. Fund investments, with the exception of private equity funds, are generally classified as level 2, and encompass equity, interest rate, and hedge funds.

LEVEL 3:

FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF INFORMATION THAT IS NOT OBSERVABLE IN ACCORDANCE WITH LEVEL 2

Equities classified as level 3 encompass investments in primarily unlisted/private companies. These include investments in forestry, real estate, microfinance and infrastructure. Private equity is generally classified as level 3 through direct investments or investments in funds.

The types of mutual funds classified as level 3 are discussed in more detail below with a reference to the type of mutual fund and the valuation method. Storebrand is of the opinion that the valuation method used represents a best estimate of the mutual fund's market value.

Equities

Of the shares at level 3, forestry represents most of the value. The external valuations are based on models that include non-observable assumptions. Besides the external valuations that have been conducted as at 31 December 2015, the equity investments are valued based on the value-adjusted equity reported by external sources. Comprehensive external valuations were carried out for the largest forestry investments as at 31 December, and these form the basis for the valuation of the company's investments. Of the equities in addition to forestry, it is primarily direct investments in private equity that are at level 3.

In the case of direct private equity investments, the valuation is based on either the most recent transaction or a model in which a company that is in continuous operation is assessed by comparing the key figures with equivalent listed companies or groups of equivalent listed companies. In some cases, the value is reduced by a liquidity discount, which can vary from investment to investment.

Fund units

Of the fund units, its is primarily private equity investments and property funds that represent the majority at level 3. Moreover, there are also some other types of funds, such as infrastructure funds and microfinance funds here. The majority of Storebrand's private equity investments are investments in private equity funds. These fund investments are valued based on the value reported by the funds. Most of the funds report on a quarterly basis, while a few report less often. For investments where Storebrand has not received an updated valuation by the time the annual financial statements are closed, the last valuation received will be used and adjusted for cash flows and any market effects during the period from the last valuation up to the reporting date. The market effect is estimated on the basis of the type of valuations made of the companies in the underlying funds; the financial performance of relevant indexes, adjusted for the estimated beta between the relevant company and the relevant index.

In the case of investments in which Storebrand participates as a co-investor together with a leading investor that conducts a valuation, and no recent transactions exist, Storebrand will use this value after it has been quality assured. In the case of investments for which Storebrand has not received an up-to-date valuation as at 31 December from a leading investor by the time the annual financial statements are closed, the previous valuation is used and adjusted for any market effects during the period from the last valuation up to the reporting date. In those cases where no valuation is available from a leading investor in the syndicate, a separate valuation will be made, as described above.

Loans to customers

The value of fixed-rate loans is determined by discounting the agreed cash flows over the remaining maturity by the current discount rate adjusted for market spread. The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the remaining lock-in period for the underlying loans. The market spread that is used on the date of the balance sheet is determined by assessing the market conditions, market price and the associated swap interest rate.

Financial and corporate bonds

Among the bonds at level 3, we find microfinance investments structured as loans. They are measured at amortised cost. In addition, we also find a few private equity investments organised as loans here, and they are valued correspondingly as private equity and described otherwise under fund units. There is also a bond issued by Amagerbanken that is in default, and it is assumed that this will be paid out as communicated by Norsk Tillitsmann.

Property funds

Indirect real estate investments are primarily investments in funds with underlying real estate investments where Storebrand's intention is to own the investments throughout the fund's lifetime. Real estate funds are valued on the basis of information received from the individual fund manager.

Most managers' report on a quarterly basis and the most common method used by the individual fund managers is an external quarterly valuation of the fund's assets. This involves the manager calculating a net asset value (NAV). Funds often report NAV with a quarter's delay in relation to the preparation of Storebrand's financial statements. In order to take account of the changes in value in the last quarter, preliminary estimates by the fund companies are used.

Investment properties

The investment properties primarily consist of office buildings located in Oslo and Stockholm and shopping centres in Southern Norway.
Office properties and shopping centres in Norway:
When calculating fair value, Storebrand uses an internal cash flow model. Net cash flows for the individual property are discounted by an individual required rate of return. A future income and expense picture for the first 10 years has been estimated for the office properties and a final value has been calculated for the end of the 10th year based on market rent and normal operating costs for the property. In the net income stream, consideration has been made to existing and future loss of income due to vacancy, necessary investments and an assessment of the future development in the market rent. The majority of contracts have a duration of five or ten years. The cash flows from these lease agreements (contractual rent) are included in the valuations. To estimate the long-term, future non-contractual rental incomes, a forecasting model has been developed. The model is based on historical observations in Dagens Næringsliv's property index (adjusted by CPI) and market estimates. A long-term, time-weighted average of the annual observations is calculated in which the oldest observations are weighted with the lowest importance. For non-contractual rent in the short-term, the current rental prices and market situation are used.

An individual required rate of return is determined for each property. The required rate of return is viewed in connection with the related cash flow for the property. The knowledge available about the market's required rate of return, including transactions and appraisals, is used when determining the cash flow.

The required rate of return is divided into the following elements:

Risk-free interest

Risk premium, adjusted for:

- Type of property
- Location
- Structural standard
- Environmental standard
- Duration of contract
- Quality of tenant
- Other factors such as transactions and perception in the market, vacancy and general knowledge about the market and the individual property.

External appraisals:

A methodical approach is taken to a selection of properties that are to be appraised each quarter so that all properties are appraised at least every three years. In 2015, appraisals were obtained for all the properties in Storebrand's property portfolio in Norway.

In SPP, appraisals are obtained for all of the wholly owned property investments.

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	**Total fair value 31.12.15**	Total fair value 31.12.14
Assets:					
Equities and units					
- Equities	17,605	579	2,477	20,661	20,659
- Other fund units	286	93,882	9,399	103,566	96,832
- Real estate fund			362	362	952
Total equities and units	**17,890**	**94,461**	**12,237**	**124,589**	
Total equities and units 2014	17,776	87,942	12,724		118,443
Lending to customers[1]			1,215	1,215	
Lending to customers 2014[1]			989		989
Bonds and other fixed-income securities					
- Government and government guaranteed bonds	27,897	23,221		51,117	56,213
- Credit bonds	30	27,116	358	27,504	25,282
- Mortage and asset backed securities		48,000		48,000	45,194
- Supranational organisations	45	5,530		5,575	6,699
- Bond funds	821	57,759		58,579	50,886
Total bonds and other fixed-income securities	**28,792**	**161,626**	**358**	**190,776**	
Total bonds and other fixed-income securities 2014	36,435	147,501	339		184,275
Derivatives:					
Interest derivatives		1,895		1,895	4,744
Currency derivatives		-543		-543	-3,114
Total derivatives		**1 352**		**1 352**	
- of which derivatives with a positive market value		4,703		4,703	6,457
- of which derivatives with a negative market value		-3,351		-3,351	-4,826
Total derivatives 2014		1,631			1,631
Real Estate:					
Investment properties			24,415	24,415	26,419
Owner-occupied properties			2,887	2,887	2,583
Total real estate			**27,302**	**27,302**	
Total real estate 2014			29,001		29,001
Liabilities:					
Liabilities to financial institutions[1]		404		404	
Liabilities 2014[1]					

1) Includes lending to customers/liabilities to financial institutions classified at fair value through profit and loss

MOVEMENTS BETWEEN QUOTED PRICES AND OBSERVABLE ASSUMPTIONS

(NOK mill)	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	10	97

Movements from level 1 to level 2 reflect reduced sales value in the relevant equities and bonds in the last measuring period. On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities and bonds in the last measuring period.

FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE - LEVEL 3

(NOK mill)	Equities	Other fund units	Real estate fund	Lending to customers	Credit bonds	Investment properties	Owner-occupied properties
Book value 01.01.15	2,414	9,359	952	989	339	26,419	2,583
Net gains/losses on financial instruments	197	1,515	80	-7	41	1,583	183
Supply	299	806	1	553	16	1,180	16
Sales	-481	-2,563	-671	-320	-64	-101	4
Transferred to/from non-observable assumptions to/from observable assumptions		58					12
Translation differences	48	223			26	291	104
Other[1]						-4,956	-14
Book value 31.12.15	**2,477**	**9,399**	**362**	**1,215**	**358**	**24,415**	**2,887**

1) Includes derecognition of NOK 4927 million in Storebrand Eiendomsfond Norge KS. As of 31.12.15, Storebrand Life Insurance had NOK 1 427 million invested in Storebrand Eiendomsfond Norge KS. This investment is classified as "Investment in Associated Companies" in the Consolidated Financial Statements. Storebrand Eiendomsfond Norge KS invests exclusively in real estate at fair value.

SENSITIVITY ASSESSMENTS

EQUITIES

It is primarily investments in forests that are classified under equity at level 3. Forestry investments are characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and costs growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discount rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return. As a reasonable alternative assumption with regard to the required rate of return used, a change in the discount rate of 0.25 per cent would result in an estimated change of around 4.27 per cent in value, depending on the maturity of the forest and other factors.

	Change in value at change in discount rate	
(NOK mill)	Increase + 25 bp	Decrease - 25 bp
Change in fair value per 31.12.15	-102	110
Change in fair value per 31.12.14	-72	77

OTHER FUND UNITS

Large portions of the portfolio are priced using comparable listed companies, while smaller portions of the portfolio are listed. The valuation of the private equity portfolio will thus be sensitive to fluctuations in global equity markets. The private equity portfolio has an estimated Beta relative to the MSCI World (Net – currency hedged to NOK) of around 0.45.

	Change MSCI World	
(NOK mill)	Increase + 10 %	Decrease - 10 %
Change in fair value per 31.12.15	395	-395
Change in fair value per 31.12.14	291	-291

REAL ESTATE FUND

The valuation of indirect property investments will be sensitive to a change in the required rate of return and the expected future cash flow. The indirect property investments are leveraged structures. The portfolio is leveraged 58 per cent on average.

	Change in value underlying real estates	
(NOK mill)	Increase + 10 %	Decrease - 10 %
Change in fair value per 31.12.15	100	-99
Change in fair value per 31.12.14	250	-247

LENDING TO CUSTOMERS

Fixed-rate lending is valued at fair value. The value of these loans is determined by discounting the agreed cash flows over the remaining fixed-interest-rate period. The discount rate is the associated swap curve adjusted for the market spread.

	Change in marketspread	
(NOK mill)	+ 10 bp	- 10 bp
Change in fair value per 31.12.15	-4	4
Change in fair value per 31.12.14	-3	3

CREDIT BONDS

Level 3 financial and corporate bonds include microfinance funds, private equity debt funds and convertible bonds.
They are not priced by a discount rate as bonds normally are, and therefore these investments are included in the same sensitivity test as private equity.

	Change MSCI World	
(NOK mill)	Increase + 10 %	Decrease - 10 %
Change in fair value per 31.12.15	15	-15
Change in fair value per 31.12.14	15	-15

REAL ESTATE

The sensitivity assessment for real estate includes both investments properties and owner occupied properties.

The valuation of property is particularly sensitive to a change in the required rate of return and the expected future cash flow. A change of 0.25 per cent in the required rate of return when everything else remains unchanged will result in a change in the value of Storebrand's property portfolio of approximately 4.5 per cent. About 25 per cent of the property's cash flow is linked to lease contracts that have been entered into. This entails that the changes in the uncertain parts of the cash flow of 1 per cent will mean a change in value of 0.75 per cent.

	Change in required rate of return	
(NOK mill)	+0,25 %	-0,25 %
Change in fair value per 31.12.15	-1,180	1,306
Change in fair value per 31.12.14	-1,288	1,203

Note 14 - Premium income

NOK million	**2015**	2014
Savings:		
Unit Linked Storebrand Life Insurance	12,606	7,452
Unit Linked SPP	5,027	5,486
Total savings	**17,632**	**12,938**
Of which premium reserve transferred to company	5,309	3,052
Insurance:		
P&C & Individual life[1]	1,722	1,479
Health & Group life[2]	788	573
Pension related disability insurance	1,170	1,051
Total insurance	**3,680**	**3,103**
Of which premium reserve transferred to company	23	

NOK million	2015	2014
Guaranteed pension:		
Defined Benefit (fee based) Storebrand Life Insurance	5,601	7,415
Paid-up policies Storebrand Life Insurance	-3,527	-618
Traditional individual life and pension Storebrand Life Insurance	284	294
SPP Guaranteed Products	1,609	1,812
Total guaranteed pension	**3,968**	**8,903**
Of which premium reserve transferred to company	-3,497	-618
Other:		
BenCo	178	275
Total other	**178**	**275**
Total premium income	25,459	25,220
Of which premium reserve transferred to company	1,835	2,434

1) Individual life and disability, property and caualty insurance

2) Group life, workers comp. And health insurance

Note 15 - Net interest income - Bank

NOK million	2015	2014
Total interest income	949	1 328
Total interest costs[1]	-572	-866
Total net interest income Bank	**377**	**462**

1) Interest costs for other companies are included in the line "Interest expenses" in the Profit and Loss

Note 16 - Net income analysed by class of financial instrument

NOK million	Share dividend and interest income etc. financial assets	Share dividend and interest income etc. financial assets	Net revaluation on investments	Total 2015	Of which Company	Of which Customer	2014
Profit on equities and units	538	7,657	-1,118	7,076	5	7,072	20,751
Profit on bonds and other fixed-income securities at fair value	2,673	4,051	-2,291	4,433	7	4,426	10,290
Profit on financial derivatives	673	-3,592	-2,132	-5,051	127	-5,179	-1,536
Total gains and losses on financial assets at fair value	**3,884**	**8,116**	**-5,542**	**6,458**	**139**	**6,319**	**29,505**
- of which FVO (fair value option)	3,181	11,687	-3,385	11,483	-14	11,497	31,056
- of which trading	673	-3,568	-2,124	-5,019	159	-5,179	-1,583
Net income lendings and accounts receivable	3,194	292		3,486	89	3,397	3,196
Net income held to maturity	686			686		686	679
Total gains and losses, bonds at amortised cost	**3,880**	**292**		**4,172**	**89**	**4,083**	**3,874**

Note 17 - Net income from real estate

NOK million	2015	2014
Rent income from real estate[1]	1,364	1,693
Operating costs (including maintenance and repairs) relating to real estate that have provided rent income during the period[2]	-240	-282
Result minority defined as liabilitites		-160
Total	**1,124**	**1,251**
Realised gains/losses		-10
Change in fair value	1,578	433
Total income real estate	**2,701**	**1,674**
1) Of which real estate for own use	174	169
2) Of which real estate for own use	37	-71
Allocation by company and customers:		
Company[3]	294	92
Customer	2,407	1,582
Total income from real estate	**2,701**	**1,674**

3) In one of the property companies in the Norwegian business there is a minority interest of less than 10 per cent, and the majority interest is included in the customer portfolio of the Norwegian life insurance company.

The minority interest is included in the Group's income statement, statement of financial position and equity, and this minority interest's share of the profit is attributed to a gain related to investment properties.

Note 18 - Other income

NOK million	2015	2014
Fee and commission income, banking	52	72
Fee and commission expense, banking	-11	-15
Net fee and commission income, banking	**41**	**57**
Management fees, asset management	587	506
Interest income on bank deposits	48	102
Net foreign exchange gains/losses banks	-43	104
Management fees	802	682
Indexing fees	127	160
Return commissions/Kick-back	609	416
Insurance related income	93	84
Revenue from companies other than banking and insurance	304	254
Other income	-66	333
Total other income	**2,500**	**2,698**

Note 19 - Insurance claims

NOK million	2015	2014
Savings:		
Unit Linked Storebrand Life Insurance	-2,019	-2,968
Unit Linked SPP	-3,050	-2,659
Total savings	**-5,069**	**-5,627**
Of which premium reserve transferred to company	-2,505	-2,975
Insurance:		
P&C & Individual life[1]	-997	-786
Health & Group life[2]	-534	-488
Pension related disability insurance	-159	-108
Total insurance	**-1,690**	**-1,382**
Of which premium reserve transferred to company	-14	
Guaranteed pension:		
Defined Benefit (fee based) Storebrand Life Insurance	-6,003	-14,419
Paid-up policies Storebrand Life Insurance	-3,927	-3,344
Traditional individual life and pension Storebrand Life Insurance	-1,584	-1,838
SPP Guaranteed Products	-5,414	-7,666
Total guaranteed pension	**-16,927**	**-27,267**
Of which premium reserve transferred to company	-4,179	-14,201
Other:		
BenCo	-1,561	-1,643
Total other	**-1,561**	**-1,643**
Total net premium income	**-25,247**	**-35,918**
Of which premium reserve transferred to company	-6,698	-17,176

1) Individual life and disability, property and caualty insurance
2) Group life, workers comp. And health insurance

The table below shows the anticipated compensation payments

DEVELOPMENT IN EXECTED INSURANCE CLAIM PAYMENTS - LIFE INSURANCE

NOK billion	Storebrand Life Insurance	SPP	BenCo
0-1 year	9	7	2
1-3 years	18	19	3
> 3 years	198	133	10
Total	**224**	**160**	**15**

DEVELOPMENT IN INSURANCE CLAIM PAYMENT - P&C INSURANCE, EXLUSIVE RUN-OFF

NOK million	2010	2011	2012	2013	2014	2015	Total
Calculated gross cost of claims							
At end of the policy year	327	369	391	461	513	690	
- one year later	308	350	373	482	506		
- two years later	311	334	364	478			
- three years later	311	326	357				
- four years later	306	321					
- five years later	303						

NOK million	2010	2011	2012	2013	2014	2015	Total
Calculated amount 31.12.15							
Total disbursed to present	291	304	332	414	443	417	2,202
Claims reserve	12	17	25	64	63	273	454
Claims reserve for previous years (before 2010)							8

The overview shows the development in the estimate for occurred insurance claims over time and the remaining claims reserve.

Note 20 - Change in insurance liabilities - life insurance

NOK million	Storebrand Life Insurance	BenCo	SPP	Eliminations	2015	2014
Guaranteed return	-5,472	-134	-2,257		-7,863	-8,267
Other changes in premium reserves customer funds with guaranteed return[1]	6,564	1,417	1,882	83	9,946	6,560
Change in premium reserve customer funds without guaranteed return	-12,056		-4,809		-16,865	-19,249
Change in premuim fund/pensioners surplus fund	-9	333			323	505
Profit sharing	-382				-382	-185
Change in allocations, risk products	-1,157				-1,157	-781
Change in insurance liabilities - life insurance	**-12,513**	**1,615**	**-5,183**	**83**	**-15,998**	**-21,417**

1) Including strengthening of longevity reserves, see

Note 21 - Change in buffer capital

NOK million	2015	2014
Change in market value adjustment reserve	1,295	-1,992
Change in additional statutory reserves	-415	-714
Change in conditional bonuses	3,050	3,487
Total change in buffer capital	**3,930**	**781**

Note 22 - Losses from lendings[1]

NOK million	2015	2014
Write-downs/income recognition for lending and guarantees for the period		
Change in individual loan write-downs for the period	-24	50
Change in grouped loan write-downs for the period	-20	10
Other corrections to write-downs		5
Realised losses on loans where provisions have previously been made		-138
Realised losses on loans where no provisions have previously been made	-16	-1
Recovery of loan losses realised previously	1	1
Write-downs/income recognition for lending and guarantees for the period	**-58**	**-74**

1) Losses from lendings related to the customer portfolio are included in the line Net interest income lending	-13	

Note 23 - Operating costs and number of employees

OPERATING COSTS

NOK million	2015	2014
Personnel costs	-2,181	-1,433
Amortisation	-137	-113
Other operating costs	-1,368	-1,367
Total operating costs	**-3,686**	**-2,913**

NUMBER OF EMPLOYEES[1]

	2015	2014
Number of employees 31.12	2,298	2,232
Average number of employees	2,261	2,202
Number of person-years 31.12	2,274	2,208
Average number of person-years	2,236	2,174

1) Including Storebrand Helseforsikring with 100 per cent.

Note 24 - Pension costs and pension liabilities

Storebrand Group has country-specific pension schemes. The employees of Storebrand in Norway have a defined contribution pension scheme for their retirement pension effective 1 January 2015. Until the end of 2014, Storebrand in Norway had both defined contribution and defined benefit pension schemes dependent on when the employees of the Group were hired. The effect of this change in the pension scheme was recognised in the annual financial statements for 2014

The premiums and components for the defined-contribution scheme are the following :

- Saving starts from the first krone of salary
- Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" is NOK 90,068 at 31 December 2015)
- In addition 13 per cent of salary between 7.1 and 12 G is saved
- Savings rate for salary over 12 G is 20 per cent

All members of the pension schemes have associated survivor's and disability cover that is accounted for as a defined benefit pension scheme. There are also defined benefit liabilities in the statement of financial position related to direct pensions for certain former employees and former board members

Employees and former employees who had had a salary in excess of 12G (G = National Insurance Scheme basic amount) until 31 December 2014 were offered a cash redemption option for their accrued rights with payment at the start of 2015. For employees who were a part of the executive management team, these payments were distributed over 5 years.

The Norwegian companies participate in the Joint Scheme for Collective Agreement Pensions (AFP). The private AFP scheme provides a life-long supplement to an ordinary pension and is a multi-employer pension scheme, but there is no reliable information available for inclusion of this liability on the statement of financial position. The scheme is financed by means of an annual premium that is defined as a percentage of salaries from 1 G to 7.1 G, and the premium rate was 2.4% in 2015. Storebrand employees in Norway who were born before 1 January 1956 can choose between drawing an AFP scheme pension or retiring at the age of 65 and receiving a direct pension from the company until they reach the age of 67. Employees can choose to receive benefits from the AFP scheme from the age of 62 and still continue to work.

The pension plan for employees in SPP follows the plan for bank employees in Sweden. The ordinary retirement age is 65 in accordance with the pension agreement between the Employer’s Association of the Swedish Banking Institutions (BAO) and the trade unions that are part of

BTP. The amount is 10 per cent of the annual salary up to 7.5 times the basic income amount, which was SEK 58 100 in 2015 and will be SEK 59 300 in 2016, 65 per cent of the annual salary in the interval from 7.5 to 20, and 32.5 per cent in the interval from 20 to 30. No retirement pension is paid for the portion of salary in excess of 30 times the "basic income amount". Full pension entitlement is reached after 30 years of membership in the pension scheme. In addition to the defined-benefit part, the BTP plan has a smaller defined-contribution component. Here the employees can decide themselves how assets are to be invested (traditional insurance or unit-linked insurance). The defined-contribution part is 2 per cent of the annual salary.

The retirement age for SPP's CEO is 62 years. The CEO is also covered by a defined-contribution pension plan, whereby the company pays 35 per cent of the CEO's fixed salary in pension premiums. In addition, he has a predefined pension plan with a lifelong pension of 16.25 per cent of the fixed salary in the interval from 30 to 50 times the "basic income amount". The retirement pension from age 62 to 65 amounts to 65 per cent of the fixed salary, limited to a maximum of SEK 4,045,000. The pension terms comply otherwise with the pension agreement between BAO and the Union of Financial Sector Employees or SACO, respectively (BTP plan). The company secures its pension liabilities through the payment of insurance premiums during the employment period.

The pension for the employees of Nordben Life and Pension Insurance Company LTD and Euroben Life and Pension LTD is covered by a defined-contribution scheme. In addition, the employees of Nordben are covered by a lump sum upon death during their period of service.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

NOK million	**2015**	2014
Present value of insured pension liabilities	1,142	1,016
Fair value of pension assets	-1,010	-886
Net pension liabilities/assets insured scheme	132	130
Present value of unsecured liabilities	333	425
Net pension liabilities recognised in statement of financial position	**465**	**555**

Includes employer contributions on net under-financed liabilities in the gross liabilities

BOOKED IN STATEMENT OF FINANCIAL POSITION

NOK million	**2015**	2014
Pension liabilities	465	555

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

NOK million	**2015**	2014
Net pension liabilities 01.01	1,457	4,128
Pensions earned in the period	58	126
Pension cost recognised in period	42	163
Estimate deviations	112	583
Gain/loss on insurance reductions		-236
Pensions paid	-207	-252
Changes to pension scheme	-33	-3,011
Pension liabilities additions/disposals and currency adjustments	58	-36
Payroll tax of employer contribution, assets	-12	-24
Net pension liabilities 31.12	**1,475**	**1,441**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2015	2014
Pension assets at fair value 01.01	888	3,391
Expected return	28	114
Estimate deviation	-44	-159
Gain/loss on insurance reductions		-188
Premiums paid	121	216
Pensions paid	-22	-194
Changes to pension scheme		-2,252
Pension liabilities additions/disposals and currency adjustments	42	-40
Payroll tax of employer contribution, assets	-3	-1
Net pension assets 31.12	**1,010**	**886**

Expected premium payments (pension assets) in 2016	36	
Expected premium payments (contributions) in 2016	220	
Expected AFP early retirement scheme payments in 2016	21	
Expected payments from operations (uninsured scheme) in 2016	5	

Pension assets are based on the financial assets held by Storebrand Life Insurance/SPP composed at 31.12:

	Storebrand Life Insurance		SPP	
NOK million	2015	2014	2015	2014
Real estate	12%	10%	6%	5%
Bonds at amortised cost	45%	40%		
Equities and units	11%	15%	8%	9%
Bonds	27%	28%	86%	83%
Certificates	4%	8%		
Other short-term financial assets				3%
Total	**100%**	**100%**	**100%**	**100%**

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Life Insurance and SPP.

Realised return on assets	**5.4%**	**5.4%**	**0%**	**11.6%**

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOWS

NOK million	2015	2014
Current service cost	59	127
Net interest cost/expected return	25	5
Changes to pension scheme[1]		-809
Total for defined benefit schemes	**83**	**-677**
The period's payment to contribution scheme	215	148
The period's payment to contractual pension	17	148
Net pension cost recognised in profit and loss account in the period	**315**	**-382**

1) See also note 23 Operating costs

ANALYSIS OF ACTUARIAL LOSS (GAIN) IN THE PERIOD

NOK million	2015	2014
Actuarial loss (gain) - change in discount rate	-69	563
Actuarial loss (gain) - change in other financial assumptions	-8	-139
Actuarial loss (gain) - change in other demographic assumptions		31
Actuarial loss (gain) - experience DBO	193	126
Loss (gain) - experience Assets	41	133
Investment management cost	3	26
Asset ceiling - asset adjustment		-216
Remeasurements loss (gain) in the period	**160**	**526**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

	Storebrand Life Insurance		SPP	
NOK million	2015	2014	2015	2014
Discount rate	2.7%	3.0%	3.5%	3.0%
Expected earnings growth	2.25%	3.0%	3.5%	3.5%
Expected annual increase in social security pensions	2.25%	3.0%	3.0%	3.0%
Expected annual increase in pensions payment	0.0%	0.1%	2.0%	2.0%
Disability table	KU	KU		
Mortality table	K2013BE	K2013BE	DUS14	DUS14

FINANCIAL ASSUMPTIONS:
The financial assumptions have been determined on the basis of the regulations in IAS 19. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are subject to a particularly high degree of uncertainty.

In Norway, a discount rate based on covered bonds is used. Based on the market and volume trends observed, the Norwegian covered bond market must be perceived as a deep market.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

ACTUARIAL ASSUMPTIONS:
In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. With effect from 2014 a new mortality basis, K2013, has been introduced for group pension insurance in life insurance companies and pension funds. Storebrand has used the mortality table K2013BE (best estimate) in the actuarial calculations at 31 December 2015.

The average employee turnover rate is 2–3 per cent for the entire workforce as a whole, and falling turnover with increasing age is assumed.

The actuarial assumptions in Sweden follow the industry's mutual mortality table DUS14 adjusted for corporate differences. The average employee turnover rate is estimated to be 4 per cent p.a.

SENSITIVITY ANALYSIS PENSION CALCULATIONS
Storebrand's risk associated with the pension scheme relates to the changes in the financial and actuarial assumptions that must be used in the calculations and the actual return on the pension funds. The pension liabilities are particularly sensitive to changes in the discount rate. A reduction of the discount rate will in isolation entail an increase in pension liabilities. For the Norwegian companies that have converted to defined contribution pensions as of 1 January 2015, the sensitivity has not been calculated, and the figures below illustrate the sensitivity for the Swedish companies.

The following estimates are based on facts and circumstances as of 31 December 2015 and are calculated for each individual when all other assumptions are kept constant.

SWEDEN

NOK million	Discount rate		Expected earnings growth		Expected annual increase in pensions payment	Mortality - change in expected life expectancy	
	1.0%	-1.0%	1.0%	-1.0%	1.0%	+1 year	- 1 year
Percentage change in pension:							
- Pension liabilities	-15%	24%	1%	-4%	14%	3%	-3%
- The period's net pension costs	-4%	54%	30%	9%	37%	22%	15%

Note 25 - Remuneration to senior employees and elected officers of the company

(NOK tusen.)	Ordinary salary[1]	Other benefits[2]	Total remuneration for the year	Pension accrued for the year	Post termination salary (months)	Loan[3]	No. of shares owned[4]
Senior employees							
Odd Arild Grefstad	5,360	181	5,541	1,155	24	4,599	70,152
Lars Aa. Løddesøl	4,219	198	4,417	987	18	9,627	48,631
Sarah McPhee	2,404	34	2,438	1,996	18		55,954
Geir Holmgren	3,219	193	3,413	689	12	5,051	14,677
Robin Kamark	4,670	182	4,853	1,480	18	2,981	43,134
Heidi Skaaret	3,317	183	3,500	858	12	3,600	15,542
Staffan Hansén	3,632	11	3,643	825	12		12,848
Hege Hodnesdal	2,645	166	2,811	498	12		17,892
Jan Erik Saugestad	3,810	145	3,955	890	12	1,200	8,607
Total 2015	**33,277**	**1 294**	**34,571**	**9,377**		**27,058**	**287,437**
Total 2014	25,949	1 117	39,925	10,075		27,646	182,245

1) Storebrand discontinued target bonuses for executive personnel in 2015. Portions of the former target bonus were converted to fixed salary and accounted for a large portion of the fixed salary increase from 2014 to 2015. See Note 26 in the annual report for 2014 for further information on compensation and payments for accrued rights related to the pension scheme change as of 1 January 2015.
2) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.
3) Employees can borrow up to NOK 3,5 million with subsidised rates while excess loanamount hold market rate.
4) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.

(NOK tusen.)	Remuneration	No. of shares owned[1]	Loan
Board of Directors			
Birger Magnus	599	20,000	
Gyrid Skalleberg Ingerø	337		
Laila S. Dahlen	307	5,000	
Martin Skancke	422	11,414	
Håkon Reistad Fure	133	18,500	
Nils Are Karstad Lysø	181		
Karin Bing Orgland	245		
Halvor Stenstadvold	222	8,643	
Monica Caneman	246		
Terje Vareberg	152		
Heidi Storruste	337	2,865	2,800
Knut Dyre Haug	403	12,642	1,784
Arne Fredrik Håstein	307	2,111	3,462
Total 2015	**3,889**	**81,175**	**8,046**
Total 2014	3,702	50,435	8,316

(NOK tusen.)	Remuneration	No. of shares owned[1]	Loan
Control Committee[2]			
Elisabeth Wille	339	747	
Harald Moen	244	595	
Ole Klette	244		
Finn Myhre	287		3,213
Anne Grete Steinkjer	244	1,800	
Tone Margrethe Reierselmoen	244	1,734	317
Total 2015	**1,602**	**4,876**	**3,531**
Total 2014	1,566	4,292	2,757

1) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.

2) The Control Committee covers all the Norwegian companies in the Group which are required to have a control committee. Storebrand liquidates the Control Committee as of 1.1.2016.

Loans to Group employees totalled NOK 2.467 million.

THE BOARD'S STATEMENT ON THE FIXING OF SALARIES AND OTHER REMUNERATION TO EXECUTIVE PERSONNEL

The Board of Directors of Storebrand ASA has had a dedicated Compensation Committee since 2000. The Compensation Committee is tasked with making a recommendation to the Board of Directors concerning all matters regarding the company's remuneration of its Chief Executive Officer. The Committee is responsible for keeping itself informed and proposing guidelines for the fixing of remuneration to executive personnel in the Group. The Committee is also an advisory body to the CEO with respect to remuneration regimes that cover all employees in the Storebrand Group, including Storebrand's bonus system and pension scheme. The Compensation Committee satisfies the follow-up requirements set forth in the remuneration schemes.

1. ADVISORY GUIDELINES FOR THE COMING FINANCIAL YEAR

Storebrand aims to base remuneration on competitive and motivating principles that help attract, develop and retain highly qualified staff.

Storebrand shall have an incentive model that supports the Group's strategy, with emphasis on the customer's interests and long-term perspective, an ambitious model of cooperation, as well as transparency that enhances the Group's reputation. Therefore the company will primarily stress a fixed salary as a means of overall financial compensation, and utilise variable remuneration to a limited extent.

The salaries of executive personnel are determined based on the position's responsibilities and level of complexity. Regular comparisons are made with corresponding positions in the market in order to adjust the pay level to the market. Storebrand does not wish to be a pay leader in relation to the industry.

Bonus scheme

The Group's executive management team and executive personnel who have a significant influence on the company's risk receive only fixed salaries. Other employees may in addition to fixed salary be awarded a discretionary bonus of 5-15% of fixed salary.

Pension scheme

The company shall arrange and pay for an ordinary group pension insurance common to all employees, from the moment employment commences, and in accordance with the pension rules in force at any given time. As of 2015, the company has defined contribution pension schemes for all its employees. This applies both to salaries above and below 12 G (G = the National Insurance base amount).

In connection with the transition from defined-benefit to defined-contribution schemes, compensation schemes were established for employees who were estimated to have a poorer position after the change. These schemes provide monthly additional savings for employees for a maximum of 36 months. Additional savings are taxed as wage income.

For the Group's executive management team, the estimated cash value of the pension rights for salaries in excess of 12G that had already been earned prior to the change will be paid out over a period of five years. The payment period is fixed regardless of whether the employee leaves the company before the end of this period.

Severance pay

The Chief Executive Officer and executive vice presidents are entitled to severance pay if their contracts are terminated by the Company. Entitlement to a severance package is also available if the employee decides to leave the company due to substantial changes in the organisation, or equivalent circumstances, which result in the individual being unable to naturally continue in his position. If the employment is brought to an end due to a gross breach of duty or other material non-performance of the employment contract, the provisions in this section do not apply.

Deductions are made to the severance package for all work-related income, including fees from the provision of services, offices held, etc. The severance package corresponds to the pensionable salary at the end of employment, excluding any bonus schemes. The CEO is entitled to 24 months of severance pay. Other executive vice presidents are entitled to 18 months of severance pay.

2. BINDING GUIDELINES FOR SHARES, SUBSCRIPTION RIGHTS, OPTIONS, ETC. FOR THE COMING 2016 FINANCIAL YEAR

To ensure that the executive management team has incentive schemes that coincide with the long-term interests of the owners, a proportion of the fixed salary will be linked to the purchase of physical STB shares with a lock-in period of three years. The purchase of shares will take place once a year.

Like other employees of Storebrand, executive employees have an opportunity to purchase a limited number of shares in Storebrand ASA at a discount in accordance with the share programme for employees.

3. STATEMENT ON THE EXECUTIVE EMPLOYEE REMUNERATION POLICY DURING THE PREVIOUS FINANCIAL YEAR

The executive employee remuneration policy established for 2015 has been observed. The annual independent assessment of the guidelines and the practising of these guidelines in connection with bonuses to be paid in 2016 will be carried out during the first half of 2016.

4. STATEMENT ON THE EFFECTS OF SHARE-BASED REMUNERATION AGREEMENTS ON THE COMPANY AND THE SHAREHOLDERS

A proportion of the executive management's fixed salary will be linked to the purchase of physical STB shares with a lock-in period of three years. The purchase of shares will take place once a year.

In the opinion of the Board of Directors, this has a positive effect on the company and the shareholders, given the structure of the scheme and the size of each executive vice president's portfolio of shares in Storebrand ASA.

Note 26 - Remuneration paid to auditors

The remuneration paid to Deloitte AS and coadjutant companies amounts to:

NOK million	**2015**	2014
Statutory audit	14.1	11.8
Other reporting duties	2.1	1.6
Tax advice	2.4	1.2
Other non-audit services	0.3	1.6
Total remuneration to auditors	**18.9**	**16.1**

The amounts are excluding VAT.

Note 27 - Other costs

NOK million	**2015**	2014
Pooling	-95	-115
Incurance related costs	-312	-319
Other costs	-32	-64
Total other costs	**-439**	**-498**

Note 28 - Tax

TAX COST IN THE RESULT

NOK million	2015	2014
Tax payable	-20	-7
Change in deferred tax	1,841	-509
Total tax charge	**1,821**	**-516**

RECONCILIATION OF EXPECTED AND ACTUAL TAX COST

NOK million	2015	2014
Ordinary pre-tax profit	-438	2,601
Expected income tax at nominal rate (27 per cent)	118	-702
Tax effect of		
realised/unrealised shares	1,918	10
share dividends received	-11	6
associated companies		-2
permanent differences	-311	153
Tax-free group contribution	12	
recognition/write-down of tax assets	152	13
change in tax rate	-73	
Changes from previous years	15	6
Total tax charge	**1,821**	**-516**
Effective tax rate[1]	415%	20%

1) Storebrand has reduced the exposure to property in its customer portfolios in recent years. In order to enhance the efficiency of the operations and improve the risk management for the remaining property exposure, Storebrand Eiendom Holding AS was dissolved in December 2015. Since the shares owned by the customer portfolio are not encompassed by the exemption method, the taxable loss on dissolution of the company entails in isolation a taxable income of approximately NOK 1.7 billion.

The equity includes a risk equalisation reserve, and tax deductions related to the build-up of this reserve are treated as a permanent difference between the financial and tax accounts (see further information on this under "Reconciliation of the Group's equity"). Use of the fund will in isolation entail a higher effective tax rate.

The effective tax rate is also affected by the fact that the Group has operations in countries with tax rates that are different from Norway (27 per cent). In addition, the income tax expense is also influenced by tax effects relating to previous years.

CALCULATION OF DEFERRED TAX ASSETS AND DEFERRED TAX ON TEMPORARY DIFFERENCES AND LOSSES CARRIED FORWARD

NOK million	2015	2014
Tax-increasing temporary differences		
Securities	11,133	12,646
Real estate[1]	10,391	8,972
Operating assets	64	7
Gains/losses account	132	165
Other	999	883
Total tax-increasing temporary differences	**22,719**	**22,673**
Tax-reducing temporary differences		
Securities	-105	-23
Operating assets	-73	-39
Provisions	-4,635	-6,648
Accrued pension liabilities	-427	-425
Gains/losses account	-6	-6
Other	-26	-191
Total tax-reducing temporary differences	**-5,273**	**-7,332**
Carryforward losses	-20,468	-11,117
Total tax loss and assets carried forward	**-20,468**	**-11,117**
Basis for net deferred tax and tax assets	**-3,021**	**4,225**
Write-down of basis for deferred tax assets	1	323
Net basis for deferred tax and tax assets	**-3,020**	**4,547**
Net deferred tax assets/liabilities in balance sheet[1,2]	**-756**	**1,228**
Recognised in balance sheet		
Deferred tax assets	957	
Deferred tax	200	1,228

1) The Group's tax-increasing temporary differences also include temporary differences linked to the Group's investment properties. These properties are primarily found in the Norwegian life company's customer portfolio and in companies that are owned by holding companies, which in turn is owned by Storebrand Livsforsikring AS. If these limited companies that own the properties were to be sold, they could be disposed of practically tax-free.
The tax-increasing temporary differences related to the difference between the fair value and taxable value of investment properties that have arisen during the period of ownership (around NOK 10.2 billion), are included in the Group's temporary differences, on which deferred tax is calculated at a nominal tax rate of 25 per cent. In accordance with IAS 12, no provisions have been set aside for deferred tax related to temporary differences that existed when companies were acquired and the transaction was not defined as a business transfer (basis of around NOK 2.1 billion).

2) In December 2015, the Storting agreed to reduce the company tax rate from 27 to 25 percent with effect from 01 January 2016. Therefore, 25 percent is used when recognising deferred tax/tax assets.

Note 29 - Intangible assets and excess value on purchased insurance contracts

NOK million	Intangible assets: IT systems	Intangible assets: VIF[1]	Intangible assets: Other intangible assets	Goodwill	2015	2014
Acquisition cost 01.01,	670	9,482	759	1,274	12,185	12,022
Additions in the period						
- Developed internally	79				79	64
- Purchased separately	45				45	63
Disposals in the period	-9				-9	-126
Currency differences on converting foreign units	1	912	71	74	1,058	151
Other changes	-4				-4	10
Acquisition cost 31.12	**781**	**10,394**	**829**	**1,349**	**13,353**	**12,185**
Accumulated depreciation and write-downs 01.01	-336	-5,309	-525	-305	-6,474	-6,035
Write-downs in the period	-6				-6	-12
Amortisation in the period[2]	-84	-321	-75		-479	-451
Disposals in the period	9				9	120
Currency differences on converting foreign units	-1	-542	-57		-600	-91
Other changes	8	10	-10		8	-5
Acc. depreciation and write-downs 31.12	**-409**	**-6,162**	**-666**	**-305**	**-7,543**	**-6,474**
Book value 31.12	**372**	**4,232**	**163**	**1,044**	**5,810**	**5,710**

1) Value of business-in-force, the difference between market value and book value of the insurance liabilities in SPP.
2) NOK 48,8 million was classified as depreciation under operating costs.

INTANGIBLE ASSETS LINKED TO ACQUISITION OF SPP
Storebrand Livsforsikring AS acquired SPP Livförsäkring AB and its subsidiaries in 2007. The majority of the intangible assets associated with SPP comprise the value of in-force business (VIF), for which a separate liability adequacy test has been performed in accordance with the requirements of IFRS 4. In order to determine whether goodwill and other intangible assets associated with SPP have suffered an impairment in value, estimates are made of the recoverable amount for the relevant cash-flow generating units. Recoverable amounts are established by calculating the enterprise's utility value. SPP is regarded as a single cash flow generating unit, and the development of future administration results, risk results and financial results for SPP will affect its utility value.

In calculating the utility value, the management have made use of budgets and forecasts approved by the Board for the next three years (2016 to 2018). The management has made assessments for the period from 2019 to 2024, and the annual growth for each element in the income statement has been estimated. The primary drivers of improved long-term results will be the return on total assets, underlying inflation and wage growth in the market (which drive premium growth). The utility value is calculated using a required rate of return after tax of 7.1 per cent. The required rate of return is calculated based on the risk-free interest rate and added to a premium that reflects the risk of the business..

Calculations related to the future will be uncertain. The value will be affected by various growth parameters, expected return and what required rate of return is assumed, etc. It is pointed out that the aim of the calculations is to ensure adequate reliability that the utility value, cf. IAS 36, is not lower than the recognised value in the accounts. Simulation with reasonable, as well as conservative, assumptions indicates a value for the investment that justifies the book value.

INTANGIBLE ASSETS LINKED TO THE BANKING BUSINESS
A cash flow based valuation based on the expected result after tax is used when calculating the utility value of the banking business. In the spring of 2014, the board of the bank approved a liquidation plan for the bank's corporate market portfolio. This liquidation has been taken into account in the financial plan. In addition, budgets and forecasts approved by the Board for the next three years (2016 to 2018) are used as the basis for the valuation.

The cash flow is based on two elements, profit/loss after tax to equity and change in expected regulatory tying-up of capital. It is also assumed that all capital in addition to regulatory tied-up capital, can be withdrawn at the end of each period. For the period after 2018, a growth rate of 2.5 percent has been used for the retail market which is also included in the calculation of the terminal value. The required rate of return to equity is calculated based on the capital asset pricing model (CAPM). Long-term risk-free interest is set at the interest rate for 10 year Norwegian government bonds. The market's risk premium is set at 5 percent and this is in line with the risk premium in the Norwegian market.

Since it has been decided that the corporate market activities will be discontinued, a different beta has been used for the retail and corporate markets. The retail portfolio consists of a well-diversified home mortgage portfolio with a low loan-to-value ratio and very limited risk. It is therefore natural to assume that the risk premium for this portion of the business is lower than the rest of the market. The beta has been set at 0.8 in the calculations, which corresponds to the average beta for regional banks in Europe. The risk in the corporate market portfolio is correspondingly higher, since it consists of a smaller portfolio with larger individual commitments. In order to reflect this risk, the beta has been set at 1.5 in the calculations. The use of two different required rates of return is particularly important in relation to the terminal value, in which it is expected that only the retail part will endure.

There will be uncertainty related to the assumptions that have been made in the valuation. The value will be affected by the assumptions for the interest rate margin, expected losses on lending, growth parameters and capital requirements, as well as what required rate of return is assumed, etc. It is pointed out that the aim of the calculations is to ensure adequate reliability that the utility value, cf. IAS 36, is not lower than the recognised value in the accounts. Simulation with reasonable, as well as conservative, assumptions indicates a value for the investment that justifies the book value.

SPECIFICATION OF INTAGIBLE ASSETS

NOK million	Useful economic life	Depr. rate	Depr. method	**Book value 2015**
Brand name SPP	10 years	10%	Straight line	
SPP Fonder	10 years	10%	Straight line	20
IT systems	3-8 years	20%	Straight line	372
Customer lists SPP	10 years	10%	Straight line	
Value of business in force SPP	20 years	5%	Straight line	4,232
Other intangible assets	5 years	20%	Straight line	142
Total				**4,766**

GOODWILL DISTRIBUTED BY BUSINESS ACQUISITION

NOK million	Business area	Acquisition cost 01.01	Accumulated write-downs 01.01	Book value 01.01	Supply/disposals/ currency effect	**Book value 31.12**
Delphi Fondsforvaltning	Savings	35	-4	32		32
SPP Fonder	Savings				46	46
Storebrand Bank ASA	Other	422	-300	122		122
SPP	Guarant. pension/Savings	737		808	29	837
Other	Other	8	-1	7		7
Total		**1,202**	**-305**	**969**	**75**	**1,043**

Goodwill distributed by business acquisition.

Note 30 - Tangible fixed assets

NOK million	Vehicles/ equipment	Real estate	**2015**	2014
Book value 01.01	89	365	454	473
Additions	11	15	26	31
Disposals	-1	-4	-5	-75
Value adjustment recognised through the balance sheet		26	26	24
Depreciation	-26		-26	-36
Currency differences from converting foreign units	1	25	26	35
Other changes	-2		-2	1
Book value 31.12	**72**	**428**	**500**	**454**

Depreciation plan and financial lifetime:	Straight line
Vehicles/equipment	3-10 years
Fixtures & fittings	3-8 years
Real estate	15 years

Note 31 - Investments in other companies

Applies to subsidiaries with a significant minority, associated companies and joint ventures.

IFRS 10 establishes a model for evaluating control that will apply to all companies, and the content of the control concept has changed in IFRS 10 in relation to IAS 27 and will entail an increased degree of assessment of units that are controlled by the company. Control exists when the investor has power over the investment object and possesses the right to variable yields from the investment object and simultaneously possesses the power and possibility to steer activities in the investment object that affect the yield.

In the Group's financial statements, securities funds in which Storebrand has an ownership percentage of around 40 per cent or more, and which are also managed by management companies within the Storebrand Group, are consolidated 100 per cent on the balance sheet. Minority ownership interests in consolidated securities funds are shown on one line for assets and correspondingly on one line for liabilities. In consequence of other investors in the funds being able to request redemption of their ownership interests from the respective funds, such are deemed to be minority interests that are classified as liabilities in Storebrand's consolidated financial statements.

SPECIFICATION OF SUBSIDARIES WITH SUBSTANTIAL MINORITY (100% FIGURES)

	2015	
NOK million	Benco	Ulven
Assets	19,204	3,233
Liabilities	18,570	281
Equity - majority	570	2,502
Equity - minority	64	450
Ownership intereest - minority	10.0%	9.9%
Voting rights as a percentage of the total number of shares	10.0%	9.9%
Income	726	130
Result after tax	33	332
Total comprehensive income	33	332
Dividend paid to minority	17	9

The sale of Ulven AS to OBOS has been agreed on, and the agreed handover will be on 1 February 2016. .

SPECIFICATION OF ASSOCIATED COMPANIES AND JOINT VENTURES CLASSIFED AS SUBSTANTIAL (100% FIGURES)

	2015
NOK million	Storebrand Helseforsikring AS
Accounting method	Equity-method
Type of operation	Insurance
Type of interest	Joint venture
Current assets	622
Fixed assets	16
Short term liabilities	39
Long term liabilities	338
Cash and cash equivalents	33
Income	569
Result after tax	29
Other income and costs	-3
Total comprehensive income	26
Dividend paid	41

OWNERSHIP INTERESTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

NOK million	Business location	Ownership interest	Book value 31.12
Associated companies			
Norsk Pensjon AS	Oslo	25.0%	4
Inntre Holding AS	Steinkjær	34.3%	58
Formuesforvaltning AS	Oslo	21.3%	167
Handelsboderna i Sverige Fastighets AB	Stockholm	50.0%	38
Visit Karlstad AB	Karlstad	16.0%	
Storebrand Eiendomsfond Norge KS	Oslo	22.6%	1,427
Försäkringsgirot AB	Stockholm	25.0%	27
Joint ventures			
Storebrand Helseforsikring AS	Lysaker	50,0%	130
Total			**1,850**
Booked in the statement of financial position			
Investments in associated companies - company			385
Investments in associated companies - customers			1,465
Total			**1,850**

RECEIVABLES FOR ASSOCIATED COMPANIES AND JOINT VENTURES

NOK million	2015	2014
Handelsboden Örebro Rävgräva 4:4 AB	41	
Handlesbodarna i Sverige Fatighets AB		11
Total	**41**	**11**
Allocation by company and customers		
Receivables in associated companies - customers	41	11
Total receivables for associated companies	**41**	**11**

INCOME FROM ASSOCIATED COMPANIES AND JOINT VENTURES

NOK million	2015	2014
Proportion of the result	164	65
Interest income	1	11
Realised change in value		14
Unrealised change in value	3	-25
Total	**168**	**65**
Allocation by company and customers		
Income from associated companies - company	34	40
Income from associated companies - customers	134	25
Total receivables from associated companies	**168**	**65**

Note 32 - Classification of financial assets and liabilities

NOK million	Lendings and receivables	Investments, held to maturity	Fair value, held for sale	Fair value, FVO	Available for sale	Liabilities at amortised cost	Total
Financial assets							
Bank deposits	7,173						7,173
Shares and units				124,580	9		124,589
Bonds and other fixed-income securities	76,888	15,648		190,776			283,312
Lending to financial institutions	123						123
Lending to customers	34,066			1,215			35,281
Accounts receivable and other short-term receivables	5,721						5,721
Derivatives			4,703				4,703
Total financial assets 2015	**123,971**	**15,648**	**4,703**	**316,571**	**9**		**460,902**
Total financial assets 2014	113,505	15,131	6,455	303,707			438,799
Financial liabilities							
Subordinated loan capital						7,766	7,766
Liabilities to financial institutions				404		12	416
Deposits from banking customers						17,825	17,825
Securities issued						15,475	15,475
Derivatives			3,351				3,351
Other current liabilities						6,614	6,614
Total financial liabilities 2015			**3,351**	**404**		**47,691**	**51,446**
Total financial liabilities 2014			4,825			51,727	56,551

Note 33 - Bonds at amortised cost

LENDING AND RECEIVABLES

	2015		2014	
NOK million	**Book value**	**Fair value**	Book value	Fair value
Government and government-guaranteed bonds	10,988	12,728	13,276	15,359
Credit bonds	31,713	33,443	16,418	18,492
Mortgage and asset backed securities	18,591	21,500	19,102	22,669
Supranational organisations	15,597	17,868	18,223	21,207
Total bonds at amortised cost	**76,888**	**85,540**	**67,019**	**77,727**

STOREBRAND BANK

Modified duration		0.2		0.1
Average effective yield		1.4%		1.5%

STOREBRAND LIFE INSURANCE

Modified duration		6.1		5.7
Average effective yield	4.3%	2.4%	4.8%	2.1%

DISTRIBUTION BEWEEN COMPANY AND CUSTOMERS

Lending and receivables company	3,454		2,883	
Lending and receivables customers with guarantee	73,434		64,136	
Total	**76,888**		**67,019**	

BONDS HELD TO MATURITY

NOK million	2015 Book value	2015 Fair value
Credit bonds	4,284	4,659
Mortgage and asset backed securities	10,326	11,767
Supranational organisations	1,038	1,152
Total bonds at amortised cost	**15,648**	**17,578**
Modifed duration		6.2
Average effective yield	4.5%	2.8%
Distribution beween company and customers:		
Bonds held to maturity - customers with guarantees	15,648	
Total	**15,648**	

A yield is calculated for each bond, based on both the paper's book value and the observed market price (fair value). For fixed income securities with no observed market prices the effective interest rate is calculated on the basis of of the fixed interest rate period and classification of the individual security with respect to liquidity and credit risk. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

Note 34 - Lendings to customers

LENDINGS

NOK million	2015	2014
Corporate market	8,399	8,647
Retail market	26,981	24,553
Gross lending	**35,379**	**33,200**
Write-downs of lending losses	-98	-54
Net lending	**35,281**	**33,147**

NON-PERFORMING AND LOSS-EXPOSED LOANS

NOK million	2015	2014
Non-performing and loss-exposed loans without identified impairment	87	76
Non-performing and loss-exposed loans with identified impairment	100	77
Gross non-performing loans	**187**	**153**
Individual write-downs	-58	-33
Net non-performing loans	**129**	**120**

For further information about lending, see note 10 lending and counterparty risk.

Note 35 - Real estate

			31.12.15	31.12.15	
NOK million	31.12.15	31.12.14	Required rate of return %[1]	Average duration of lease (years)[3]	m2
Office buildings (including parking and storage):					
Oslo-Vika/Filipstad Brygge	7,394	6,499	7,0-8,0	3.9	135,661
Rest of Greater Oslo	6,100	9,200	7,5-8,4	3.6	338,267
Office buildings in Sweden	1,494	1,002		9.9	51,598
Shopping centres (including parking and storage)					
Rest of Greater Oslo	574	1,177	8,5	3.0	39,260
Rest of Norway	5,522	5,775	7,2-8,6	4.0	162,053

NOK million	31.12.15	31.12.14	31.12.15 Required rate of return %[1]	Average duration of lease (years)[3]	m2
Car parks					
Multi-storey car parks in Oslo	741	691	7,7		27,393
Cultural/conference centres in Sweden	323	321		15.4	18,757
Other real estate:					
Housing Sweden[2]	473	314		4.3	10,369
Trading Sweden[2]	485	336		7.1	20,880
Hotel Sweden[2]	1,257	1,052		11.6	22,486
Real estate Norway	51	51			
Total investment real estate[4]	**24,415**	**26,419**			**826,724**
Real estate for own use	2,887	2,583			59,541
Total real estate	**27,303**	**29,002**			**886,265**

1) The real estate are valued on the basis of the following effective required rate of return (included 2.5 per cent inflation)
2) All of the proporties in Sweden are appraised externally. The appraisal is based on the required rates of return in the market.
3) The average duration of the leases has been calculated proportionately based on the value of the individual properties.
4) Storebrand Eiendomsfond Norge KS is derecognized with NOK 4 927 million i 2015

As of 31.12.15, Storebrand Life Insurance had NOK 1 427 million invested in Storebrand Eiendomsfond Norge KS. The investment is classified as “Investment in Associated Companies” in the Consolidated Financial Statements. The investment is classified as “Investment in Associated Companies” in the Consolidated Financial Statements.

VACANCY

Norway

At the end of 2015, a total of 13.9 per cent (8.9 per cent) of the floor space in the investment properties was vacant.
Of the total vacancy, 6.8 per cent (3.3 per cent) is related to space that is unavailable for leasing due to ongoing development projects.

Sweden

At the end of 2015, there was practically no vacancy in the investment properties.

TRANSACTIONS

Purchases: No further property acquisitions has been agreed on in Storebrand/SPP in 4 quarter in addiition to the figures that has been finalised

Sales: Sales valued at NOK 3,100 have been agreed on, and it is expected that they will be completed in the 1st quarter of 2016.

TANGIBLE FIXED ASSETS AND PROPERTIES FOR OWN USE

NOK million	2015	2014
Book value 01.01	2,583	2,491
Additions	16	13
Disposals	4	-9
Revaluation booked in balance sheet	152	74
Depreciation	-45	-64
Write-ups due to write-downs in the period	43	63
Currency differences from converting foreign units	104	15
Other change	31	
Book value 31.12	**2,887**	**2,583**
Acquisition cost opening balance	2,599	2,595
Acquisition cost closing balance	2,619	2,599
Accumulated depreciation and write-downs opening balance	-410	-346
Accumulated depreciation and write-downs closing balance	-456	-410
Allocation by company and customers:		
Properties for own use - company		68
Properties for own use - customers	2 887	2 514
Total	**2 887**	**2 583**

Depreciation method:	Straight line	
Depreciation plan and financial lifetime:	50 years	

Note 36 - Accounts receivable and other short-term receivables

NOK million	2015	2014
Accounts receivable	3,159	4,057
Interest earned/pre-paid expenses	182	200
Fee earned	55	71
Activated sales costs (Swedish business)	557	509
Claims on insurance brokers	76	119
Client funds	65	70
Advance incometax	1,166	41
Other current receivables	461	383
Book value 31.12	**5,721**	**5,450**
Allocation by company and customers:		
Accounts receivable and other short-term receivables - company	2,999	1,522
Accounts receivable and other short-term receivables - customers	2,722	3,928
Total	**5,721**	**5,450**

AGE DISTRIBUTION FOR ACCOUNTS RECEIVABLE 31.12 (GROSS)

NOK million	2015	2014
Receivables not fallen due	3,135	4,024
Past due 1 - 30 days	25	28
Past due 31 - 60 days		4
Past due 61 - 90 days		1
Past due > 90 days		2
Gross accounts receivable/receivables from reinsurance	**3,160**	**4,058**
Provisions for losses 31.12	-2	-2
Net accounts receivable/receivables from reinsurance	**3,159**	**4,057**

Note 37 - Equities and units

NOK million	2015 Fair value	2014 Fair value
Equities	20,661	20,625
Fund units	98,816	92,164
Private Equity fund investments	4,751	4,702
Indirect real estate funds	362	952
Total equities and units	**124,589**	**118,443**
Allocation by company and customers:		
Equities and units - company	113	121
Equities and units - customers with guarantee	21,444	33,906
Equities and units - customers without guarantee	103,031	84,416
Sum	**124,589**	**118,443**

See note 11.

Note 38 - Bonds and other fixed-income securities

NOK million	2015 Fair value	2014 Fair value
Government and government-guaranteed bonds	50,898	55,675
Credit bonds	27,526	25,440
Mortgage and asset backed securities	45,959	43,255
Supranational organizations	7,812	9,019
Bond funds	58,580	50,887
Total bonds and other fixed-income securities	**190,776**	**184,275**
Allocation by company and customers:		
Bonds and other fixed-income securities - company	29,123	26,699
Bonds and other fixed-income securities - customers with guarantee	131,506	130,784
Bonds and other fixed-income securities - customers without guarantee	30,147	26,792
Total	**190,776**	**184,275**

	Fair value					
NOK million	Storebrand Life Insurance	SPP Pension & Insurance	Euroben	Storebrand Bank	Storebrand Insurance	Storebrand ASA
Modified duration	2.7	1.7	2.1	0.3	0.3	0.3
Average effective yield	2.5%	0.4%	0.2%	1.6%	1.9%	1.6%

The effective yield for each security is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

Note 39 - Derivatives

NOMINAL VOLUME

Financial derivatives are related to underlying amounts which are not recognised in the statement of financial position. In order to quantify the scope of the derivatives, reference is made to amounts described as the underlying nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of derivatives, and provides some indication of the size of the position and risk the derivative presents.

Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume provides some indication of the risk exposure. However , nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives. Unlike gross nominal volume, the calculation of net nominal volume also takes into account which direction of market risk exposure the instrument represents by differentiating between long (asset) positions and short (liability) positions.

A long position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. For currency derivatives, a long position results in a positive change in value if the relevant exchange rate strengthens against the NOK. Average gross nominal volume are based on daily calculations of gross nominal volume.

NOK million	Gross nominal volume[1]	Gross booked value fin. assets	Gross booked value fin. liabilities	Net booked fin. assets/ liabilities	Net amount taken into account netting agreements: Fin. assets	Net amount taken into account netting agreements: Fin. liabilities	Net amount
Interest derivatives	70,561	4,419	1,602		2,990	285	2,817
Currency derivatives	50,442	284	1,749		62	1,528	-1,466
Total derivater 31.12.15		**4,703**	**3,351**		**3,052**	**1,812**	**1,352**
Total derivater 31.12.14		6,437	4,825	19	4,481	3,206	1,631
Distribution between company and customers:							
Derivatives - company							865
Derivatives - customers with guarantee							1,103
Derivatives - customers without guarantee							-616
Total							**1,352**

1) Values 31.12.

Note 40 - Technical insurance reserves - life insurance

SPECIFICATION OF BALANCE SHEET ITEMS CONSERNING LIFE INSURANCE

NOK million	Guaranteed products	Unit Linked	Risk products[1]	BenCo	**Total Storebrand Group 2015**	Total Storebrand Group 2014
Additional statutory reserves	5,142		17		5,160	5,118
Conditional bonus	6,457			2,879	9,336	11,281
Market value adjustment reserve	4,461		59		4,520	5,814
Total buffer capital	**16,060**		**76**	**2,879**	**19,016**	**22,213**

The excess value of bonds valued at amortised cost totalled NOK 10 581 million at the end of the 4th quarter, a decrease of 2.783 million since the turn of the year.

The excess value of bonds at amortised cost is not included in the financial statements.

Premium reserve	249,456	128,117	1,709	15,395	394,678	364,460
Pension surplus fund	3				3	2
Premium fund/deposit fund	2,710				2,710	3,045
Other technical reserves			655		655	627
Claims reserve	493		618	57	1,168	1,017
Supplerende avsetning						
Total insurance liabilities - life insurance	**252,663**	**128,117**	**2,982**	**15,452**	**399,214**	**369,151**

1) Including personal risk and employee insurance of the Insurance segment.

MARKET VALUE ADJUSTMENT RESERVE

NOK million	2015	2014
Equities	2,074	3,023
Interest-bearing	2,446	2,791
Total market value adjustment reserves at fair value	**4,520**	**5,814**

See note 41 for insurance liabilities - P&C.

Note 41 - Technical insurance reserves - P&C insurance

ASSETS AND LIABILITIES - P&C INSURANCE

NOK million	2015	2014
Reinsurance share of insurance technical reserves	22	20
Total assets	**22**	**20**
Premium reserve	455	381
Claims reserve	518	411
Administration reserve	24	20
Total liabilities	**998**	**812**

See note 40 for insurance liabilities - life insurance.

Note 42 - Other current liabilities

NOK million	2015	2014
Accounts payable	182	108
Accrued expenses/appropriations	599	647
Other appropriations	253	147
Governmental fees and tax withholding	394	361
Collateral received derivates in cash	2,296	2,513
Liabilities in connection with direct insurance	1,413	2,369
Liabilites to broker	279	416
Minority real estate fund		3,167
Other current liabilities	1,198	809
Book value 31.12	**6,614**	**10,537**

SPECIFICATION OF RESTRUCTURING RESERVES

NOK million	2015	2014
Book value 01.01	86	157
Increase in the period	84	7
Amount recognised against reserves in the period	-64	-79
Book value 31.12	**105**	**86**

Note 43 - Hedge accounting

FAIR VALUE HEDGING OF THE INTEREST RATISK AND CASH FLOW HEDGING OF THE CREDIT MARGIN

Storebrand uses fair value hedging for interest risk. The hedged items are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value over profit or loss . Changes in the value of the hedged item that can be attributed to the hedged risk are adjusted in the book value of the hedged item and reconised in the income statement.

The effectiveness of hedging is monitored at the individual security level.

Storebrand utilises cash flow hedging of its credit margin. The hedged items are liabilities that are measured at amortised cost. Derivatives are recognised at fair value in the accounts. The proportion of the gain or loss on the hedging instrument that is deemed to be effective hedging is recognised in total comprehensive income. The proportion is subsequently reclassified to profit or loss in step with the hedged item's effect on earnings

HEDGING INSTRUMENT/HEDGED ITEM

	2015					2014				
	Contract/ nominal	Book value[1]			Recognised of comprehensive	Contract/ nominal	Book value[1]			Recognised of comprehensive
NOK million	value	Assets	Liabilities	Booked	income	value	Assets	Liabilities	Booked	income
Interest rate swaps	4,388	1,371		-33	234	6,482	1,279		-149	795
Subordinated loans	-2,238		-3,158	49	-207	-3,238		-4,058	209	-627
Debt raised through issuance of securities	2,115		2,352	30		3,207		3,531	-49	

1) Book values as at 31.12.

CURRENCY HEDGING OF NET INVESTMENT IN SPP

In 2015, Storebrand utilised cash flow hedging for the currency risk linked to Storebrand's net investment in SPP. 3 month rolling currency derivatives were used in which the spot element in these is used as the hedging instrument. The effective share of hedging instruments is recognised in total profit. The net investment in SPP is partly hedged and therefore the expectation is that future hedge effectiveness will be around 100 per cent.

HEDGING INSTRUMENT/HEDGED ITEM

	2015			2014		
	Contract/ nominal	Book value[1]		Contract/ nominal	Book value[1]	
NOK million	value	Assets	Liabilities	value	Assets	Liabilities
Currency derivatives	-6,706		-244	-6,619		-278
Underlying items		7,063			6,728	

1) Book values at 31.12.

Note 44 - Collateral

NOK million	2015	2014
Collateral for Derivatives trading	1,719	2,617
Collateral received in connection with Derivatives trading	-2,559	-3,250
Total received and pledged collateral	**-840**	**-633**

Collateral pledged in connection with futures and options are regulated on a daily basis in the daily margin clearing on individual contracts. Collatrals are received and given both as cash and securities.

NOK million	2015	2014
Book value of bonds pledged as collateral for the bank's lending from Norges Bank	651	651
Total	**651**	**651**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to the regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges bank. Storebrand Bank ASA has none F-loan in Norges Bank as per 31.12.2015.

Of total loans of NOK 29.3 billion , NOK 14.3 billion has been mortgaged in connection with the issuing of covered bonds (covered bond rate) in Storebrand Boligkreditt AS.

Loans in Storebrand Boligkreditt AS are security for covered bonds (covered bond rate) issued in the company and these assets are therefore mortgaged through the bondholder's preferential right to the security holding in the company. Storebrand Boligkreditt AS has over-collateralisation (OC) of 25 per cent, however committed OC is 9.5 per cent. Storebrand Boligkreditt AS therefore has security that is NOK 1.9 billion more than what is committed in the loan programme. Storebrand Bank ASA considers that the risk linked to the transfer level of home loans to Storebrand Boligkreditt AS is low.

Note 45 - Contigent liabilities

NOK million	2015	2014
Guarantees	49	90
Unused credit limit lending	3,763	3,784
Uncalled residual liabilities re limited partnership	3,922	4,321
Loan commitment corporate market[1]		31
Total contingent liabilities	**7,734**	**8,225**

1) Per 31 December 2015, Storebrand Bank has in addition NOK 2 billion in loan commitment to the retail market.

Guarantees principally concern payment guarantees and contract guarantees. Guarantees principally concern payment guarantees and contract guarantees.

Storebrand Group companies are engaged in extensive activities in Norway and abroad and may become a party in legal disputes.

Note 46 - Securities lending and buy-back guarantees

COVERED BONDS - STOREBRAND BANK GROUP

NOK million	2015	2014
Transferred bonds still recognised on the statement of financial position	403	
Liabilities related to the assets	404	

Transferred bonds that are included in buyback agreements (repos) are not derecognised, since all the risk and return on the securities is retained by Storebrand Bank ASA.

Note 47 - Capital adequacy and solvency requirements

The Storebrand Group is a cross-sectoral financial group with capital requirements pursuant to Basel I/II (capital cover) and capital adequacy rules on a consolidated basis. According to the rules on solvency, margin requirements are calculated for the insurance companies in the Group, while for the other companies a capital requirement in relation to the capital adequacy rules is calculated. The calculations in the tables below are in accordance with the §7 of the Regulations concerning capital ratios on a consolidated basis etc.

Primary capital may consist of core capital and supplementary capital. According to the Regulations for calculating primary capital, core capital is significantly different from shareholders' equity in the accounts. The table below shows a reconciliation of core capital relative to equity. Issued hybrid tier 1 capital may account for 15 per cent of the core (tier 1) capital, while any amount exceeding 15 per cent may be included in the tier 2 capital. The core capital will be adjusted for the valuations that are used as the basis for credit calculations at a national level for foreign companies. (§4, 7th paragraph of the Regulations concerning capital adequacy.) For Storebrand Holding AB this will entail an adjustment of SPP AB's estimated insurance liabilities for which a different yield curve is used for credit assessment than is used in the financial accounts. Supplementary capital that consists of subordinated debt may not exceed 100 per cent of core capital, while time limited subordinated debt may not exceed 50 per cent of core capital.

Overall requirements for core capital and primary capital for companies covered by CRD IV are 11 and 14.5 percent respectively as of 30 June 2015 through the introductin of countercyclical capital buffer by 1 percent. Insurance companies in the Group are included in the capital adequacy with a capital requirement under the Basel I regulations.

In a cross-sectoral financial group, the sum of primary capital and other solvency margin capital, covers the sum of the solvency margin requirement for insurance operations and primary capital requirements for credit institutions and securities business.In the solvency margin requirement used for the insurance companies, this requirement is calculated as 4 per cent of gross insurance fund. This applies to both Norwegian and Swedish operations. In Sweden, the requirement also includes 1 per cent of the conditional bonus and 0.1-0.3 per cent of mortality risk in the insurance funds. The solvency margin capital for insurance differs slightly from the primary capital that is used in the capital cover. The solvency capital includes a proportion of additional provisions and the risk equalization fund.

As of 1 January 2016, new solvency regulations, Solvens II are implemented.

PRIMARY CAPITAL IN CAPITAL ADEQUACY

NOK million	2015	2014
Share capital	2,250	2,250
Other equity	24,697	22,491
Equity	**26,946**	**24,741**
Hybrid tier 1 capital	1,500	1,725
Interest rate adjustment of insurance obligations	-998	-2,170
Goodwill and other intangible assets	-5,985	-5,844
Deferred tax assets	-864	-437
Risk equalisation fund	-142	-829
Deductions for investments in other financial institutions		-1
Security reserves	-336	-318
Minimum requirement reassurance allocation	-3	-4
Other	48	-33
Excess capital from third parties	-522	-245
Core (tier 1) capital	**19,645**	**16,584**
Perpetual subordinated capital	2,100	2,100
Ordinary primary capital	2,513	2,513
Deductions for investments in other financial institutions		-1
Excess capital from third parties	-681	-271
Tier 2 capital	**3,932**	**4,341**
Net primary capital	**23,577**	**20,925**
Adjustment capital from third parties	1,172	509
Net primary capital conglomeratecapital requirements	**24,750**	**21,434**

CALCULATION BASIS

NOK million	2015	2014
Insurance companies	146,838	142,066
Other companies	17,840	18,838
Total calculation basis for capital adequacy	**164,678**	**160,904**
Capital requirements		
Insurance companies	11,747	11,365
Other companies	2,587	2,543
Total capital requirements	**14,334**	**13,908**
Capital adequacy ratio	**14.3%**	**13.0%**
Core (tier 1) capital ratio	**11.9%**	**10.3%**

SOLVENCY REQUIREMENTS FOR CROSS-SECTORAL FINANCIAL GROUPS

NOK million	2015	2014
Requirements re primary capital and solvency capital		
Capital requirements excluding insurance (14.5%)	2,587	2,543
Requirements re solvency margin capital insurance	13,325	12,815
Total requirements re primary capital and solvency capital	**15,912**	**15,358**
Primary capital and solvency capital		
Net primary capital	24,750	21,434
Change in solvency capital for insurance in relation to primary capital		
Other solvency capital	2,994	3,111
Total primary capital and solvency capital	**27,744**	**24,546**
Surplus solvency capital	**11,832**	**9,188**

Note 48 - Information related parties

Companies in the Storebrand Group have transactions with related parties who are shareholders in Storebrand ASA and senior employees. These are transactions that are part of the products and services offered by the Group's companies to their customers. The transactions are entered into on commercial terms and include occupational pensions, private pensions savings, P&C insurance, leasing of premises, bank deposits, lending, asset management and fund saving. See note 25 for further information about senior employees.

Internal transactions between group companies are eliminated in the consolidated financial statements, with the exception of transactions between the customer portfolio in Storebrand Livsforsikring AS and other units in the Group. See note 1 Accounting Policies for further information.

For further information about close associates, see notes 31 and 42.

Storebrand ASA
Profit and loss account

NOK million	Note	2015	2014
Operating income			
Income from investments in subsidiaries	2	519	490
Net income and gains from financial instruments:			
- bonds and other fixed-income securities	3	33	45
- financial derivatives/other financial instruments	3	-4	6
Other financial instruments		1	1
Operating income		**550**	**543**
Interest expenses		-109	-136
Other financial expenses		-15	-19
Operating costs			
Personnel costs	4,5,6	-29	11
Amortisation	12	-1	-1
Other operating costs		-63	-48
Total operating costs		**-93**	**-38**
Total costs		**-217**	**-193**
Pre-tax profit		**333**	**351**
Tax	7	-81	-77
Profit for year		**252**	**273**

STATEMENT OF TOTAL COMPREHENSIVE INCOME

NOK million	Note	2015	2014
Profit for year		**252**	**273**
Other result elements not to be classified to profit/loss			
Change in estimate deviation pension		-18	-93
Tax on other result elements		5	25
Total other result elements		**-14**	**-68**
Total comprehensive income		**238**	**206**

Storebrand ASA
Statement of financial position

NOK million	Note	2015	2014
Fixed assets			
Deferred tax assets	7	317	400
Tangible fixed assets	12	29	30
Shares in subsidiaries	8	17,095	17,041
Total fixed assets		**17,441**	**17,470**
Current assets			
Owed within group	16	511	752
Lending to group companies	16		17
Other current receivables		21	32
Investments in trading portfolio:			
- bonds and other fixed-income securities	9,11	2,231	1,635
- financial derivatives/other financial instruments	10,11,14	28	31
Bank deposits		161	82
Total current assets		**2,952**	**2,548**
Total assets		**20,393**	**20,018**
Equity and liabilities			
Share capital		2,250	2,250
Own shares		-10	-12
Share premium reserve		9,485	9,485
Total paid in equity		**11,724**	**11,722**
Other equity		5,105	4,859
Total equity		**16,829**	**16,581**
Non-current liabilities			
Pension liabilities	5	157	168
Securities issued	13,14	3,261	3,128
Total non-current liabilities		**3,418**	**3,296**
Current liabilities			
Debt within group	16	76	43
Other current liabilities		71	98
Total current liabilities		**147**	**141**
Total equity and liabilities		**20,393**	**20,018**

Lysaker, 16 February 2016
Board of Directors of Storebrand ASA
Translation - not to be signed

Birger Magnus
Chairman of the Board

Karin Bing Orgland **Laila S. Dahlen** **Gyrid Skalleberg Ingerø**

Martin Skancke **Håkon Reistad Fure** **Nils Are Karstad Lysø**

Arne Fredrik Håstein **Knut Dyre Haug** **Heidi Storruste**

Odd Arild Grefstad
CEO

Storebrand ASA
Statement of changes in equity

NOK million	Share capital[1]	Own shares	Share premium	Other equity	Total equity
Equity at 31. December 2013	**2,250**	**-14**	**9,485**	**4,644**	**16,365**
Profit for the period				273	273
Total other result elements				-68	-68
Total comprehensive income				**206**	**206**
Own share bought back[2]		2		18	20
Employee share[2]				-9	-9
Equity at 31. December 2014	**2,250**	**-12**	**9,485**	**4,859**	**16,581**
Profit for the period				252	252
Total other result elements				-14	-14
Total comprehensive income				**238**	**238**
Own share bought back[2]		2		21	23
Employee share[2]				-12	-12
Equity at 31. December 2015	**2,250**	**-10**	**9,485**	**5,105**	**16,829**

1) 449 909 891 shares with a nominal value of NOK 5.

2) In 2015, 348 071 shares were sold to our own employees. Holding of own shares 31. December 2015 was 2 062 721.

Storebrand ASA
Cash flow statement

NOK million	**2015**	2014
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	39	61
Net receipts/payments - securities at fair value	-618	97
Payments relating to operations	-124	-107
Net receipts/payments - other operational activities	776	524
Net cash flow from operational activities	**73**	**576**
Cash flow from investment activities		
Net payments - sale/capitalisation of subsidiaries	-23	-35
Net cash flow from investment activities	**-23**	**-36**
Cash flow from financing activities		
Payments - repayments of loans	-671	-837
Receipts - new loans	802	496
Payments - interest on loans	-111	-166
Receipts - sold own shart to employees	10	11
Net cash flow from financing activities	**29**	**-495**
Net cash flow for the period	**79**	**45**
Net movement in cash and cash equivalents	79	45
Cash and cash equivalents at start of the period	82	37
Cash and cash equivalents at the end of the period	**161**	**82**

Notes
Storebrand ASA

Note 1 - Accounting policies

Storebrand ASA is the holding company of the Storebrand Group. The Storebrand Group is engaged in life and P&C insurance, banking and asset management, with insurance being the primary business. The financial statements of Storebrand ASA have accordingly been prepared in accordance with the Norwegian Accounting Act, generally accepted accounting policies in Norway, and the Norwegian Regulations relating to annual accounts, etc. for insurance companies. Storebrand ASA has used the simplified IFRS provisions in the regulations for recognition and measurement.

USE OF ESTIMATES AND DISCRETIONARY ASSUMPTIONS

In preparing the annual financial statements, Storebrand has made assumptions and used estimates that affect the reported value of assets, liabilities, revenues, costs, as well as the information provided on contingent liabilities. Future events may cause these estimates to change. Such changes will be recognised in the financial statements when there is a sufficient basis for using new estimates. The most important estimates and assessments are related to the valuation of the company's subsidiaries and the assumptions used for pension calculations.

CLASSIFICATION AND VALUATION POLICIES

Assets intended for permanent ownership and use are classified as fixed assets, and assets and receivables due for payment within one year are classified as current assets. Equivalent policies have been applied to liability items.

PROFIT AND LOSS ACCOUNT AND STATEMENT OF FINANCIAL POSITION

Storebrand ASA is a holding company with subsidiaries in the fields of insurance, banking and asset management. The layout plan in the Regulations relating to annual financial statements etc. for insurance companies has not been used, a custom layout plan has been used.

INVESTMENTS IN SUBSIDIARIES, DIVIDENDS AND GROUP CONTRIBUTIONS

In the company's accounts, investments in subsidiaries and associated companies are valued at the acquisition cost less any write-downs. The need to write down is assessed at the end of each accounting period. Storebrand ASA's primary income is the return on capital invested in subsidiaries. Group contributions and dividends received in respect of these investments are therefore recorded as ordinary operating income. Proposed and approved dividends and group contributions from subsidiaries at the end of the year are recognised in the financial statements of Storebrand ASA as income in that financial year.

A prerequisite for recognition is that this is income earned by a subsidiary that Storebrand owns. Otherwise, this is recognised as an equity transaction, which means that the ownership interest in the subsidiary is reduced by dividends or group contributions.

TANGIBLE FIXED ASSETS

Tangible fixed assets for own use are recognised at acquisition cost less accumulated depreciation. Write-downs are made if the book value exceeds the recoverable amount of the asset.

PENSION LIABILITIES FOR COMPANY'S OWN EMPLOYEES

Pension costs and pension obligations for defined-benefit pension schemes are determined using a linear accrual formula and expected final salary as the basis for the entitlements, based on assumptions about the discount rate, future salary increases, pensions and National Insurance benefits, future returns on pension plan assets as well as actuarial estimates of mortality, disability and voluntary early leavers.

The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the expected return on pension plan assets.

Actuarial gains or losses and the effect of changes in assumptions are recognised in other comprehensive income. The effects of changes in the pension scheme are recognised on an ongoing basis, unless the changes are conditional upon accrued future pension entitlements, The effects are apportioned on a straight line basis until the entitlement has been fully earned. The employer's National Insurance contributions are included as part of the pension liability and are included in the actuarial gains/losses shown in total comprehensive income.

TAX

The tax cost in the profit and loss account consists of tax payable and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded on the balance sheet to the extent it is considered likely that the company will have sufficient taxable profit in the future to make use of the tax asset. Deferred tax is applied directly against equity to the extent that it relates to items that are themselves directly applied against equity.

CURRENCY

Current assets and liabilities are translated at the exchange rate on the balance sheet date. Shares held as fixed assets are translated at the exchange rate on the date of acquisition.

FINANCIAL INSTRUMENTS

Equities and units

Equities and units are valued at fair value. For securities listed on an exchange or other regulated market, fair value is determined as the bid price on the last trading day immediately prior to or on the balance sheet date.

Any repurchase of own shares is dealt with as an equity transaction, and own shares (treasury stock) are presented as a reduction in equity.

Bonds and other fixed income securities

Bonds and other fixed income securities are included i the statement of financial position from such time the company becomes party to the instrument's contractual terms and conditions. Ordinary purchases and sales of financial instruments are recognised on the transaction date. When a financial asset or a financial liability is initially recognised in the financial statements, it is valued at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset/liability.

Financial assets are derecognised when the contractual right to the cash flows from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

Bonds and other fixed income securities are recognised at fair value. Fair value is the amount for which an asset could be sold for, or a liability settled with, between knowledgeable, willing parties in an arm's length transaction. For financial assets that are listed on an exchange or other regulated market place, fair value is determined as the bid price on the last trading day up to and including the balance sheet date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

Financial derivatives

Financial derivatives are recognised at fair value. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

Bond funding

Bond loans are recorded at amortised cost using the effective interest rate method. The amortised cost includes the transaction costs on the date of issue.

ACCOUNTING TREATMENT OF DERIVATIVES AS HEDGING

Fair value hedging

Storebrand uses fair value hedging, and the hedged items are fixed rate funding measured at amortised cost. Derivatives that fall within this category are recognised at fair value through profit or loss. Changes in the value of the hedged item that relate to the hedged risk are applied to the book value of the item and recognised through profit or loss.

Note 2 - Income from investments in subsidiaries

NOK million	**2015**	2014
Storebrand Bank ASA	79	190
Storebrand Asset Management AS	378	237
Storebrand Forsikring AS	31	45
Storebrand Baltic UAB	10	6
Storebrand Helseforsikring AS	21	13
Total	**519**	**490**

Group contribution from Storebrand ASA, see note 8

Note 3 - Net income for various classes of financial instruments

NOK million	Dividend/ interest income	Net gain/loss on realisation	Net unrealised gain/loss	**Total 2015**	2014
Net income from bonds and other fixed income securities	48	-1	-14	33	45
Net income from financial derivatives	3	-5	-2	-4	6
Net income and gains from financial assets at fair value	**51**	**-6**	**-15**	**29**	**52**
– of which FVO (Fair Value Option)	48	-1	-14	33	45
– of which trading	3	-5	-2	-4	6

Note 4 - Personnel costs

NOK million	2015	2014
Ordinary wages and salaries	-13	-13
Employer's social security contributions	-3	-4
Personnel costs[1]	-7	39
Other benefits	-7	-12
Total	**-29**	**11**

1) See the spesification in note 5

Note 5 - Pensions costs and pension liabilities

Storebrand Group has country-specific pension schemes.

The employees of Storebrand in Norway have a defined contribution pension scheme for their retirement pension effective 1 January 2015. Until the end of 2014, Storebrand in Norway had both defined contribution and defined benefit pension schemes dependent on when the employees of the Group were hired. The effect of this change in the pension scheme was recognised in the annual financial statements for 2014.

The premiums and components for the defined-contribution scheme are the following :

- Saving starts from the first krone of salary
- Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" is NOK 90,068 at 31 December 2015)
- In addition 13 per cent of salary between 7.1 and 12 G is saved
- Savings rate for salary over 12 G is 20 per cent

All members of the pension schemes have associated survivor's and disability cover that is accounted for as a defined benefit pension scheme. There are also defined benefit liabilities in the statement of financial position related to direct pensions for certain former employees and former board members .
Employees and former employees who had had a salary in excess of 12G (G = National Insurance Scheme basic amount) until 31 December 2014 were offered a cash redemption option for their accrued rights with payment at the start of 2015. For employees who were a part of the executive management team, these payments were distributed over 5 years.

The Norwegian companies participate in the Joint Scheme for Collective Agreement Pensions (AFP). The private AFP scheme provides a life-long supplement to an ordinary pension and is a multi-employer pension scheme, but there is no reliable information available for inclusion of this liability on the statement of financial position. The scheme is financed by means of an annual premium that is defined as a percentage of salaries from 1 G to 7.1 G, and the premium rate was 2.4% in 2015. Storebrand employees in Norway who were born before 1 January 1956 can choose between drawing an AFP scheme pension or retiring at the age of 65 and receiving a direct pension from the company until they reach the age of 67. Employees can choose to receive benefits from the AFP scheme from the age of 62 and still continue to work.

RECONSILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

NOK million	2015	2014
Present value of insured pension benefit liabilities	10	4
Pension assets at fair value	-13	-4
Net pension liabilities/assets for the insured schemes	-3	1
Present value of the uninsured pension liabilities	160	168
Net pension liabilities in the statement of financial position	**157**	**168**

BOOKED IN THE STATEMENT OF FINANCIAL POSITION:

NOK million	2015	2014
Pension liabilities	157	168

CHANGES IN THE NET DEFINED BENEFITS PENSION LIABILITIES IN THE PERIOD:

NOK million	2015	2014
Net pension liabilities 01.01	172	1,423
Net pension cost recognised in the period	1	2
Interest on pension liabilities	5	55
Gain/loss on insurance reductions		-48
Pension experience adjustments	27	136
Pensions paid	-35	-164
Changes to pension scheme		-1,229
Payroll tax of employer contribution		-3
Net pension liabilities 31.12	**170**	**172**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2015	2014
Pension assets at fair value 01.01	4	1,484
Expected return		48
Pension experience adjustments	9	-172
Premium paid	1	24
Pensions paid		-148
Changes to pension scheme		-1,229
Payroll tax of employer contribution		-3
Net pension assets 31.12	**13**	**4**

Expected premium payments are estimated to be NOK 1 million and the payments from operations are estimated to be NOK 14 million in 2016.

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE, WHICH ARE COMPOSED OF AS PER 31.12.:

NOK million	2015	2014
Properties and real estate	12%	10%
Bonds at amortised cost	45%	40%
Bonds	11%	15%
Commercial papers	27%	28%
Other short-term financial assets	4%	8%
Total	**100%**	**100%**
Booked returns on assets managed by Storebrand Life Insurance were:	**5.4%**	**5.4%**

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNTS IN THE PERIOD

NOK million	2015	2014
Net pension cost recognised in the period	1	2
Net interest/expected return	5	7
Changes to pension scheme		-48
Total for defined benefit schemes	**5**	**-39**
The period's payment to contribution scheme	2	
Net pension cost booked to profit and loss accounts in the period	**7**	**-39**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK million	2015	2014
Actuarial loss (gain) - change in discount rate		85
Actuarial loss (gain) - change in other financial assumptions		-1
Actuarial loss (gain) - experience DBO	27	52
Loss (gain) - experience Assets	-9	160
Investment management cost		12
Asset ceiling - asset adjustment		-216
Remeasurements loss (gain) in the period	**18**	**93**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY AS PER 31.12.

NOK million	2015	2014
Economic assumptions:		
Discount rate	2.7%	3.0%
Expected earnings growth	2.25%	3.0%
Expected annual increase in social security pension	2.25%	3.0%
Expected annual increase in pensions in payment	0.0%	0.1%
Disability table	KU	KU
Mortality table	K2013BE	K2013BE

FINANCIAL ASSUMPTIONS:

The financial assumptions have been determined on the basis of the regulations in IAS 19. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are subject to a particularly high degree of uncertainty.

In Norway, a discount rate based on covered bonds is used. Based on the market and volume trends observed, the Norwegian covered bond market must be perceived as a deep market.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

ACTUARIAL ASSUMPTIONS:

In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. With effect from 2014 a new mortality basis, K2013, has been introduced for group pension insurance in life insurance companies and pension funds. Storebrand has used the mortality table K2013BE (best estimate) in the actuarial calculations at 31 December 2015.

The average employee turnover rate is 2–3 per cent for the entire workforce as a whole, and falling turnover with increasing age is assumed.

The actuarial assumptions in Sweden follow the industry's mutual mortality table DUS14 adjusted for corporate differences. The average employee turnover rate is estimated to be 4 per cent p.a.

Note 6 - Remuneration of the CEO and elected officers of the company

NOK thousand	2015	2014
Chief Executive Officer[1]		
Salery	5,360	4,191
Bonus (performance-based)[2]		2,497
Other taxable benefits	181	165
Total remuneration	**5,541**	**6,854**
Pension costs[3]	1,155	1,006
Board of Representatives[4]	897	1,139
Control Committee[5]	1,722	1,565
Chairman of the Board	599	595
Board of Directors including the Chairman	3,889	3,702

NOK thousand	2015	2014
Remuneration paid to auditors		
Statutory audit	1,730	1,863
Other reporting duties	258	195
Other non-audit services	23	42

1) Odd Arild Grefstad is the CEO of Storebrand ASA and the amount stated in the note is the total remuneration from the Group. He has a guaranteed salary for 24 months after the ordinary period of notice. All work-related income including consulting assignments will be deducted.
2) Storebrand discontinued target bonuses for executive personnel in 2015. Portions of the former target bonus were converted to fixed salary and accounted for a large portion of the fixed salary increase from 2014 to 2015. See Note 26 in the annual report for 2014 for further information on compensation and payments for accrued rights related to the pension scheme change as of 1 January 2015.
3) Pension costs include accrual for the year. See also the description of the pension scheme in note 5.
4) Inclusive of remuneration to the Nomination Committee.
5) The Control Committee covers all the Norwegian companies in the group which are required to have a control committee. Storebrand liquidates the Control Committee as of 1.1.2016.

For further information on senior employees, the Board of Directors, the Control Committee and the Board's statement on fixing the salary and other remuneration of senior employees, see note 25 in the Storebrand Group.

Note 7 - Tax

THE DIFFERENCE BETWEEN THE FINANCIAL RESULTS AND THE TAX BASIS FOR THE YEAR IS PROVIDED BELOW

NOK million	2015	2014
Pre-tax profit	333	351
Dividend	-31	-19
Tax-free group contribution	-91	-45
Group contribution toward balance	22	21
Permanent differences	-17	-92
Change in temporary differences		23
Tax base for the year	**216**	**239**
- Use of losses carried forward	-216	-239
Payable tax		

TAX COST

NOK million	2015	2014
Payable tax	-	-
Change in deferred tax	-81	-77
Tax cost	**-81**	**-77**

CALCULATION OF DEFERRED TAX ASSETS AND DEFERRED TAX ON TEMPORARY DIFFERENCES AND LOSSES CARRIED FORWARD

NOK million	2015	2014
Tax increasing temporary differences		
Other	1	1
Total tax increasing temporary differences	**1**	**1**
Tax reducing temporary differences		
Securities	-17	-2
Operating assets	-1	-1
Provisions	-4	-5
Accrued pension liabilities	-157	-168
Gains/losses account	-5	-6
Total tax reducing temporary differences	**-183**	**-182**
Net tax increasing/(reducing) temporary differences	**-182**	**-181**
Losses carried forward	-1,086	-1,298
Net tax increasing/(reducing) temporary differences	**-1,267**	**-1,480**
Net deferred tax asset/liability in the statement of financial position	**317**	**400**
-of which changes in deferred tax assets recognised in the balance sheet	-1	19

RECONCILIATION OF TAX COST AND ORDINARY PROFIT

NOK million	2015	2014
Pre-tax profit	333	351
Expected tax at nominal rate (27%)	-90	-95
Tax effect of:		
'dividends received	8	5
'permanent differences	25	6
change in tax rules	-25	
capitalisation/write-down of deferred tax assets	1	6
Tax cost	**-81**	**-77**
Effective tax rate[1]	24%	22%

1) In December 2015, the Storting agreed to reduce the company tax rate from 27 to 25 percent with effect from 01 January 2016. Therefore, 25 percent is used when recognising deferred tax/tax assets.

Note 8 - Parent company's shares in subsidiaries and associated companies

NOK million	Business office	Interest/votes in %	Carrying amount 2015	2014
Subsidaries				
Storebrand Livsforsikring AS	Oslo	100%	13,703	13,703
Storebrand Bank ASA[1]	Oslo	100%	2,339	2,285
Storebrand Asset Management AS	Oslo	100%	595	595
Storebrand Forsikring AS	Oslo	100%	359	359
Storebrand Baltic UAB	Vilnius	100%	17	17
Jointly controlled/associated companies				
Storebrand Helseforsikring AS	Oslo	50%	78	78
AS Værdalsbruket[2]	Værdal	25%	4	4
Sum			**17,095**	**17,041**

1) Group contributions received of NOK 16 million have been recognised as the repayment of capital, while NOK 74 million have been recognised as capital contribution.

2) 74.9 per cent owned by Storebrand Livsforsikring AS.

Note 9 - Bonds and other fixed-income securities

	2015	2014
NOK million	Fair value	Fair value
State and state guaranteed	365	644
Company bonds	916	701
Covered bonds	877	108
Supranational organisations	72	181
Total bonds and other fixed-income securities	**2,231**	**1,635**
Modified duration	0,3	0,3
Average effective yield	1.6%	1.7%

Note 10 - Financial derivatives

NOK million	Gross nominal volume[1]	Gross booked value fin. assets	Gross booked fin. liabilities	Net amount
Interest rate swaps[1]	580	28		28
Total derivatives 2015	**580**	**28**		**28**
Total derivatives 2014	1,000	31		31

1) Used for hedge accounting, also see note 14

Note 11 - Financial risks

CREDIT RISK BY RATING

Short-term holdings of interest-bearing securities Category of issuer or guarantor NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Totalt Fair value
State and state guaranteed	54	312				365
Company bonds		54	768	95		916
Covered bonds	837	30			10	877
Supranational organisations			72			72
Total 2015	**891**	**395**	**840**	**95**	**10**	**2,231**
Total 2014	574	308	732	21		1,635

COUNTERPARTIES

NOK million	AA Fair value	A Fair value	Totalt Fair value
Derivatives	28		28
Bank deposits	128	33	161

The rating classes are based on Standard & Poors's

NIG = Non-investment grade.

INTEREST RATE RISK

Storebrand ASA has both interest-bearing securities and interest-bearing debt. A change in interest rates will have a limited effect on the company's equity.

LIQUIDITY RISK

Udiskonterte kontantstrømmer finansielle forpliktelser NOK million	0-6 months	6-12 months	1-3 years	3-5 years	> 5 years	Total value	Carrying amount
Securities issued/bank loans	597	50	2,009	837		3,494	3,261
Total financial liabilities 2015	**597**	**50**	**2,009**	**837**		**3,494**	**3,261**
Derivatives related to funding 2015	5	-10	-11	-11		-27	-26
Total financial liabilities 2014	49	64	2,005	1,017	315	3,449	3,128
Derivatives related to funding 2014	5	-9	-8	-8	-4	-24	-22

Storebrand ASA had as per 31 December 2015 liquid assets of NOK 2.4 billion.

CURRENCY RISK

Storebrand ASA has low currency risk

Note 12 - Tangible fixed assets

MASKINER, INVENTAR OG IT-UTSTYR

NOK million	2015	2014
Acquisition cost 01.01	35	35
Accumulated depreciation	-5	-5
Carrying amount 01.01	30	30
Depreciation/write-downs for the year	-1	-1
Carrying amount 31.12	**29**	**30**

Straight line depreciation periods for tangible fixed assets are as follows

Equipment. fixtures and fittings	4-8 years
IT systems	3 years

Note 13 - Bond and bank loans

NOK million	Intrest rate	Currency	Net nominal value	2015	2014
Bond loan 2014/2020[1]	Fixed	NOK	300	327	327
Bond loan 2011/2016[2]	Variable	NOK	554	558	999
Bond loan 2012/2017[2]	Variable	NOK	624	627	853
Bond loan 2014/2018	Variable	NOK	450	452	452
Bond loan 2015/2019	Variable	NOK	500	499	496
Bank loan 2015/2018	Variable	NOK	800	798	
Total bond and bank loans[3]				**3,261**	**3,128**

1) Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.
2) Parts of the loans are repurchased in 2015.
3) Loans are booked at amortised cost and include earned not due interest.

Signed loan agreements have standard covenant requirements. The terms and conditions have been redeemed persuant to signed loan agreements. Storebrand ASA has an unused drawing facility of EUR 240 million.

Note 14 - Hedge accounting

The company uses fair value hedging to hedge interest rate risk. The effectiveness of hedging is monitored at the individual security level.

SIKRINGSINSTRUMENT/SIKRINGSOBJEKT - VIRKELIG VERDISIKRING

	2015				2014			
	Contract/	Carrying amount[1]			Contract/	Carrying amount[1]		
NOK million	nominal value	Assets	Liabilities	Booked	nominal value	Assets	Liabilities	Booked
Interest rate swaps	300	27		-1	300	27		25
Securities issued	300		327	1	300		327	-21

1) Carrying amount 31.12.

Note 15 - Shareholders

THE 20 LARGEST SHAREHOLDERS[1]

NOK million	Ownership interest in %
Folketrygdfondet	9.7%
J.P.Morgan Chase Ba Nordea	4.2%
J.P.Morgan Chase BA A/C US	3.1%
Skandinaviska Enskilda A/C Clients	2.7%
Clearstream Banking	2.5%
Prudential Assurance HSBC Bank Plc	2.2%
J.P.Morgan Chase Bank Lux	2.1%
The Bank of New York BNY	1.9%
DnB NOR Markets	1.7%
State Street Bank AN A/C.	1.7%
Franklin Mutual Seri BNY Mellon SA/NV	1.6%
J.P. Morgan Chase Ba A/C BBH INTL EXPLORE	1.5%
UBS Switzerland AG	1.5%
Goldman Sachs & Co	1.5%
J.P.Morgan Chase Ba Eauropean	1.3%
State Street Bank & S/A SSB	1.2%
Euroclear Bank S.A	1.2%
State Street Bank & A/C Client	1.1%
Verdipapirfondet KLP	1.1%
Elo Mutual Pension I C/O	1.1%
Foreign ownership of total shares	64.5%

1) The summary includes Nominee (client account).

Note 16 - Information about close associates

NOK million	Number of shares[1]
Senior employees	
Odd Arild Grefstad	70,152
Lars Aa. Løddesøl	48,631
Sarah McPhee	55,954
Geir Holmgren	14,677
Robin Kamark	43,134
Heidi Skaaret	15,542
Staffan Hansén	12,348
Hege Hodnesdal	17,892
Jan Erik Saugestad	8,607
Board of Directors	
Birger Magnus	20,000
Gyrid Skalleberg Ingerø	
Laila S. Dahlen	5,000
Martin Skancke	11,414
Håkon Reistad Fure	18,500
Nils Are Karstad Lysø	
Karin Bing Ogland	
Heidi Storruste	2,865
Knut Dyre Haug	12,642
Arne Fredrik Håstein	2,111
Control Committee	
Elisabeth Wille	747
Finn Myhre	
Ole Klette	
Harald Moen	595
Anne Grete Steinkjer	1,800
Tone M. Reierselmoen (deputy member)	1,734

NOK million	Number of shares[1]
Board of Representatives	
Terje R. Venold	
Vibeke Hammer Madsen	
Anne-Lise Aukner	15,000
Trond Berger	837
Maalfrid Brath	8,063
Marianne Lie	702
Olaug Svarva	
Pål Syversen	
Jostein Furnes	
Arne Giske	216
Hans Henrik Klouman	1,637
Arild M. Olsen	200
Caroline Burum Brekke	1,666
Hanne Seim Grave	
Nina Hjellup	5,880
Rune Pedersen	19,532
Trond Thire	
Cathrine Kjenner Forsland	1,530

1) The summary shows the number of shares owned by the individual, as well as his or her immediate family and companies where the individual exercises signifi cant influence, confer the Accounting Act, Section 7-26.

TRANSACTIONS BETWEEN GROUP COMPANIES

NOK million	2015	2014
Profit and loss account items:		
Group contributions and dividends from subsidiaries	519	490
Purchase and sale of services (net)	-34	-38
Statement of financial position items:		
Subordinated loans to group companies		17
Due from group companies	511	752
Payable to group companies	76	43

Note 17 - Number of employees/person-years

NOK million	2015	2014
Number of employees	6	6
Number of full time equivalent positions	6	6
Average number of employees	6	7

Note 18 - Capital requirements

NOK million	2015	2014
Share capital	2,250	2,250
Other equity	14,579	14,332
Equity	**16,829**	**16,581**
Deferred tax assets	-271	-351
Core capital/net primary capital	**16,558**	**16,231**
Calculation basis	17,889	17,878
Capital requirementes	2,415	2,414
Capital adequacy ratio	**92.6%**	**90.8%**

Storebrand ASA and the Storebrand Group
- Declaration by the members of the Board and the CEO

On this date, the Board of Directors and the Chief Executive Officer have considered and approved the annual report and annual financial statements for Storebrand ASA and the Storebrand Group for the 2015 financial year and as at 31 December 2015 (2015 Annual Report).

The consolidated financial statements have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and the associated interpretations, as well as the other disclosure obligations stipulated in the Norwegian Accounting Act that must be applied as at 31 December 2015. The annual financial statements for the parent company have been prepared in accordance with the Norwegian Accounting Act, Norwegian Regulations relating to annual accounts, etc. for insurance companies and the additional requirements in the Norwegian Securities Trading Act. The annual report for the Group and parent company complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no. 16 as at 31 December 2015.

In the best judgment of the Board and the CEO, the annual financial statements for 2015 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the parent company's and Group's assets, liabilities, financial standing and results as a whole as at 31 December 2015. In the best judgment of the Board and the CEO, the annual report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements for Storebrand ASA and the Storebrand Group. In the best judgement of the Board and the CEO, the descriptions of the most important elements of risk and uncertainty that the group faces in the next accounting period, and a description of related parties' material

Lysaker, 16 February 2016
Board of Directors of Storebrand ASA
Translation - not to be signed

Birger Magnus
Chairman of the Board

Karin Bing Orgland

Laila S. Dahlen

Gyrid Skalleberg Ingerø

Martin Skancke

Håkon Reistad Fure

Nils Are Karstad Lysø

Arne Fredrik Håstein

Knut Dyre Haug

Heidi Storruste

Odd Arild Grefstad
Chief Executive Officer

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tlf: +47 23 27 90 00
Faks: +47 23 27 90 01
www.deloitte.no

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Storebrand ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2015, and the profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the statement of financial position as at 31 December 2015, and the profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Opinion on the financial statements for the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Storebrand ASA as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements for the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group Storebrand ASA as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and in the statements on Corporate Governance and Corporate Social Responsibility, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 16 February 2016
Deloitte AS

Henrik Woxholt
State Authorised Public Accountant (Norway)

Translation has been made for information purposes only

Storebrand ASA
The Board of Representatives' statement for 2015

The annual financial statements as proposed by the Board, the Board's report and the auditor's report have been submitted to the Board of Representatives on 7. March 2016, in the manner prescribed by the law.

The Board of Representatives recommends that Annual General Meeting approve the Board's annual report and accounts of Storebrand ASA and the Storebrand Group.

The Board of Representatives has no further comments to the Board's proposal regarding the allocation of the profit for the year of Storebrand ASA.

Lysaker, 7. March 2016
Translation - not to be signed.

Terje Venold
Chairman of the Board of Representatives

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
0103 Oslo
Norway

Tel: +47 23 27 90 00
Fax: +47 23 27 90 01
www.deloitte.no

Translation from the original Norwegian version

To the management of Storebrand ASA

AUDITOR'S REPORT - SUSTAINABILITY

We have reviewed the reporting on 2015 Corporate Sustainability Indicators presented in the "Scorecard for sustainability", pages 18 – 21 in the Annual Report 2015 Storebrand ASA (the Report). The selection of indicators and the information presented are the responsibility of and have been approved by the management of the Company. Our responsibility is to draw a conclusion based on our review.

We have based our work on the international standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews of employees responsible for the subject matters, as well as a review on a sample basis of supporting evidence.

We believe that our work provides an appropriate basis for us to conclude with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

Conclusion
Based on our review, nothing has come to our attention causing us not to believe that:

- Storebrand ASA has applied procedures, as summarized on page 21 in the Report, for the purpose of collecting, compiling and validating data for 2015 for the selected indicators, to be included in the presentation on page 18 – 21 in the Report.
- The information accumulated as a result of the procedures noted above for the selected indicators is consistent with the source documentation presented to us and appropriately reflected on the pages referred to above.
- Storebrand ASA applies a reporting practice for its reporting on sustainability aligned with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, version G4, reporting principles and the reporting fulfils application level Core according to the GRI guidelines. The GRI Index referred to on page 21 in the Report appropriately reflects where relevant information on each of the reported standard and specific disclosure indicators of the GRI guidelines is presented.

Oslo, 16 February 2016
Deloitte AS

Henrik Woxholt
State Authorized Public Accountant (Norway)

Frank Dahl
Deloitte Sustainability

Translation has been made for information purposes only.

Terms and expressions

GENERAL

SUBORDINATED LOAN CAPITAL
Subordinated loan capital is loan capital that ranks after all other debt. Subordinated loan capital forms part of the tier 2 capital for capital adequacy calculations.

DURATION
Average remaining term to maturity of the cash flow from interest-bearing securities. The modified duration is calculated based on the duration and expresses the sensitivity to the underlying interest rate changes.

EQUITY
Equity consists of paid-in capital, retained earnings and minority interests. Paid-in capital includes share capital, share premium reserve and other paid-in capital. Retained earnings include other equity and reserves.

EARNINGS PER ORDINARY SHARE
The earnings per share are calculated as the majority interest's share of the profit after tax divided by the number of shares. The number of shares included in the calculation is the average number of shares outstanding over the course of the year. If new shares are issued, the shares will be included from the date of payment.

CAPITAL ADEQUACY

PRIMARY CAPITAL
Primary capital is capital eligible to satisfy the capital requirements under the authorities' regulations. Primary capital may consist of core (tier 1) capital and tier 2 capital.

CAPITAL REQUIREMENTS
A capital requirement is calculated for credit risk, market risk and operational risk. The individual asset items and off-balance-sheet items are a assigned a risk weight based on the estimated risk they represent. The capital requirement is 8 per cent of the calculation basis for credit risk, market risk and operational risk.

CAPITAL ADEQUACY RATIO
Primary capital must at least equal the calculated capital requirement. The capital adequacy ratio is calculated by measuring the total primary capital in relation to the capital requirement of 8 per cent.

CORE (TIER 1) CAPITAL
Core (tier 1) capital is part of the primary capital and consists of the equity less the minimum requirement for reinsurance provisions in P&C insurance, goodwill, other intangible assets, net prepaid pensions, 50 per cent of any capital adequacy reserve, and cross-ownership deductions in other financial institutions. The core (tier 1) capital will be adjusted for the valuations that are used as the basis for credit calculations at a national level for foreign companies. For Storebrand Holding AB this will entail an adjustment of SPP AB's estimated insurance liabilities for which a different yield curve is used for credit assessment than is used in the financial accounts. Issued hybrid tier 1 capital may account for 15 per cent of the core (tier 1) capital, while any amount exceeding 15 per cent may be included in the tier 2 capital.

TIER 2 CAPITAL
Tier 2 capital is part of the primary capital and consists of subordinated loan capital and the portion of the hybrid tier 1 capital that is not counted as core (tier 1) capital. There is a 50 per cent deduction for any capital adequacy reserve and deduction for cross-ownership in other financial institutions. In order to be eligible as primary capital, tier 2 capital cannot exceed core (tier 1) capital. Perpetual subordinated loan capital, together with other tier 2 capital, cannot exceed 100 per cent of core (tier 1) capital, while dated subordinated loan capital cannot exceed 50 per cent of core (tier 1) capital. To be fully eligible as primary capital, the remaining term must be at least five years. If the remaining term is less, the eligible portion is reduced by 20 per cent per annum.

SOLVENCY II
Solvency II is a common set of European regulatory requirements for the insurance industry. Under Solvency II, the size of the capital requirement will be determined by the amount of risk the company is exposed to.

INSURANCE

REINSURANCE (REASSURANCE)
The transfer of part of the risk to another insurance company.

IBNR-AVSETNINGER (INCURED BUT NOT REPORTED)
Reserves for the compensation of insured events that have occurred, but not yet been reported to the insurance company.

RBNS RESERVES (REPORTED BUT NOT SETTLED)
Reserves for the compensation of reported, but not yet settled claims.

LIFE INSURANCE

RETURN ON CAPITAL
The booked return on capital shows net realised income from financial assets and changes in the value of real estate and exchange rate changes for financial assets, expressed as a percentage of the year's average capital in customer funds with guarantees and in the company portfolio, respectively. The market return shows the total income realised from financial assets, changes in the value of real estate and the year's change in unrealised gains or losses, expressed as a percentage of the year's average total capital in customer funds with guarantees and in the company portfolio, respectively, at market value.

GROUP CONTRACTS

Group defined benefit pensions (DB)
Guaranteed pension payments from a specified age for as long as the insured person lives. Alternatively, it can be agreed that the pension will end at a specified age. The product is offered in both the private and public sectors. The cover includes retirement, disability and survivor pensions.

Group defined contribution pensions (defined contribution – DC)
In group defined contribution pensions the premium is stated as a percentage of pay, while the payments are unknown. The customer bears all the financial risk during the saving period.

Group one-year risk cover
These products involve guaranteed payments upon death or disability, and a waiver of premiums in the event of disability.

Paid-up policies (benefit) and pension capital certificate (contribution)
These are contracts with earned rights that are issued upon withdrawal from or the termination of pension contracts.

Group life insurance
Group life insurance in which an insured sum is payable on the death of a member of the group. Such insurance can be extended to cover disability insurance.

Unit Linked
Life insurance offering an investment choice, whereby the customer can influence the level of risk and return by selecting in which funds assets are to be invested. Applies to both individual policies and group defined contribution pensions.

INDIVIDUAL CONTRACTS

Individual allocated annuity or pension insurance
Contracts with guaranteed payments for as long as the insured person lives. Alternatively, it can be agreed that the pension will end at a specified age.

Individual endowment insurance
Contracts involving a single payment in the event of attaining a specified age, death or disability.

Individual Unit Linked insurance
Endowment insurance or allocated annuity in which the customer bears the financial risk.

Contractual liabilities
Allocations to premium reserves for contractual liabilities shall, as a minimum, equal the difference between the capital value of the company's future liabilities and the capital value of future net premiums (prospective calculation method). Additional benefits due to an added surplus are included.

RESULT

Administration result
The administration result is the difference between the premiums paid by customers pursuant to the tariff and the company's actual operating costs. The income consists of fees based on the size of customer assets, premium volumes or numbers in the form of unit prices. Operating costs consist of, among other things, personnel costs, marketing, commissions and IT costs.

Financial result
The financial result consists of the net financial income from financial assets

for the group portfolio (group and individual products without investment choice) less the guaranteed return. In addition, there is the net return on the company capital, which consists of equity and subordinated loans. Any returns-based fees for asset management are included in the financial result.

Risk result
The risk result consists of premiums the company charges to cover insurance risks less the actual costs in the form of insurance reserves and payments for insured events such as death, pensions, disability and accidents.

Profit sharing.
See note 4, page 85.

OTHER TERMS
Insurance reserves - life insurance
For a more detailed description of the technical insurance reserves and accrual accounting for premiums and compensation, see note 1 – accounting for the insurance business, page 70..

Solidity capital
The term solidity capital includes equity, subordinated loan capital, market value adjustment reserve, additional statutory reserves, conditional bonuses, surplus/deficit related to bonds at amortised cost, risk equalisation fund and retained earnings. The solvency capital is also calculated as a percentage of total customer funds, excluding additional statutory reserves and conditional bonuses.

Solvency margin requirements
An expression of the risk associated with the insurance-related liabilities. Calculated on the basis of the insurance fund and the risk insurance sum for each insurance sector.

Solvency margin capital
Primary capital as in capital adequacy plus 50 per cent of additional statutory reserves and risk equalisation fund, plus 55 per cent of the lower limit for the contingency funds in P&C insurance.

Buffer capital
Buffer capital consists of the market value adjustment reserve, additional statutory reserves and conditional bonuses.

P&C INSURANCE

F.O.A.
Abbreviation for the term "for own account", i.e. before additions/deductions for reinsurance.

INSURANCE RESERVES – P&C INSURANCE
For a more detailed description of the technical insurance reserves and accrual accounting for premiums and compensation, see note 1 - accounting for the insurance business, pages 69.

INSURANCE (TECHNICAL) PROFIT/LOSS
Premium income less claims and operating costs.

COST RATIO
Operating expenses as a percentage of premiums earned.

CLAIMS RATIO
Claims incurred as a percentage of premiums earned.

COMBINED RATIO
The sum of the cost ratio and the claims ratio.

BANKING

LEVEL REPAYMENT LOAN
Periodic payments (representing both capital and interest) on a level repayment loan remain constant throughout the life of the loan.

ANNUAL PERCENTAGE RATE (APR)
The true interest rate calculated when all borrowing costs are expressed as an annual payment of interest in arrears. In calculating the APR, allowance must be made for whether interest is paid in advance or arrears, the number of interest periods per annum, and all the fees and commissions.

REAL RATE OF INTEREST
The return produced after allowing for actual or expected inflation. Preferably expressed as a nominal rate less the rate of inflation.

NET INTEREST INCOME
Total interest income less total interest expense. Often expressed as a percentage of average total assets.

INSTALMENT LOAN
An instalment loan is a loan on which the borrower makes regular partial repayments of principal in equal amounts throughout the repayment period. The borrower pays the sum of a fixed instalment amount and a reducing interest amount at each instalment date. Payments accordingly reduce over the life of the loan assuming a fixed interest rate.

FINANCIAL DERIVATIVES

The term "financial derivatives" embraces a wide range of financial instruments for which the current value and future price movements are determined by equities, bonds, foreign currencies or other traditional financial instruments. Derivatives require less capital than is the case for traditional financial instruments, such as equities and bonds, and are used as a flexible and cost-effective supplement to traditional instruments in portfolio management. Financial derivatives can be used to hedge against unwanted financial risks, or to create a desired risk exposure in place of using traditional financial instruments.

SHARE OPTIONS
The purchase of share options confers a right (but not an obligation) to buy or sell shares at a pre-determined price. Share options may be related to stock market indices as well as to specific individual stocks. The sale of share options implies the equivalent one-sided obligation. In general, exchange traded and cleared options are used.

STOCK FUTURES (STOCK INDEX FUTURES)
Stock futures contracts can be related to individual shares, but are normally related to stock market indices. Stock futures contracts are standardised futures contracts, which are exchange traded, and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily, and are settled on the following day.

CROSS CURRENCY SWAPS
A cross currency swap is an agreement to exchange principal and interest rate terms in different currencies. At the maturity of the contract, the principal and interest rate terms are exchanged back to the original currency. Cross currency swaps are used, for example, to hedge returns in a specific currency or to hedge foreign currency exposure.

FORWARD RATE AGREEMENTS (FRA)
FRAs are agreements to pay or receive the difference between an agreed fixed rate of interest and the actual rate for a fixed amount and period of time. This difference is settled at the start of the future interest period. FRA contracts are particularly appropriate for the management of short-term interest rate exposure.

INTEREST RATE FUTURES
Interest rate futures contracts are related to government bond rates or short-term benchmark interest rates. Interest rate futures are standardised contracts which are exchange traded and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily and settled on the following day.

Interest rate swaps/asset swaps
Interest rate swaps/asset swaps are agreements between two-parties to exchange interest rate terms for a specified period. This is normally an agreement to exchange fixed rate payments for floating rate. This instrument is used to manage or change the interest rate risk.

INTEREST RATE OPTIONS
Interest rate options can be related to either bond yields or money market rates. The purchase of interest rate options related to bonds (also known as bond options) confers a right (but not an obligation) to buy or sell bonds at a pre-determined price. Interest rate options can be used as a flexible instrument for the management of both long and short-term interest rate exposure.

FORWARD FOREIGN EXCHANGE CONTRACTS/FOREIGN EXCHANGE SWAPS
Forward foreign exchange contracts/swaps relate to the purchase or sale of a currency for an agreed price at a future date. These contracts are principally used to hedge the currency exposure arising from securities, bank deposits, subordinated loans and insurance reserves. These contracts also include spot foreign exchange transactions.

Storebrand Group companies

	Org. number	Interest
STOREBRAND ASA	916 300 484	
STOREBRAND LIVSFORSIKRING AS	**958 995 369**	100.0%
Storebrand Holding AB	556734-9815	100.0%
SPP Konsult AB	556045-7581	100.0%
SPP Spar AB	556892-4830	100.0%
SPP Pension & Försäkring AB	556401-8599	100.0%
SPP Fastigheter AB	556801-1802	100.0%
SPP Hyresförvaltning	556883-1340	100.0%
SPP Varumärkes AB	556594-9517	100.0%
Storebrand Eiendomsfond Invest AS	995 871 424	100.0%
Storebrand Eiendom Trygg AS	876 734 702	100.0%
Storebrand Eiendom Vekst AS	916 268 416	100.0%
Storebrand Eiendom Utvikling AS	990 653 402	100.0%
Storebrand Finansiell Rådgivning AS	989 150 200	100.0%
Aktuar Systemer AS	968 345 540	100.0%
Storebrand Pensjonstjenester AS	931 936 492	100.0%
Foran Real Estate, SIA[2]		97.1%
AS Værdalsbruket[1]	920 082 165	74.9%
Norsk Pensjon AS	890 050 212	25.0%
Benco Insurance Holding BV	34331716	89.96%
Euroben Life & Pension Ltd		100.0%
Nordben Life & Pension Insurance Co. Ltd		100.0%
STOREBRAND BANK ASA	**953 299 216**	100.0%
Storebrand Boligkreditt AS	990 645 515	100.0%
Bjørndalen Panorama AS	991 742 565	100.0%
Ring Eiendomsmegling AS	987 227 575	100.0%
MPV7 Holding AS	915 863 000	100.0%
STOREBRAND ASSET MANAGEMENT AS	**930 208 868**	100.0%
Storebrand Luxembourg S.A		99.8%
SPP Fonder AB	556397-8922	100.0%
Storebrand Fastigheter AB	556801-1802	100.0%
STOREBRAND BALTIC UAB	**330 661 912**	100.0%
Evoco UAB		50.0%
STOREBRAND FORSIKRING AS	**930 553 506**	100.0%
STOREBRAND HELSEFORSIKRING AS	**980 126 196**	50.0%

1) Storebrand ASA owns 25,1 percent and total owner share for Storebrand is 100 percent of AS Værdalsbruket.

2) SPP Pension & Försäkring AB owns 29,4 percent and Storebrand Livsforsikring AS owns 67,7 percent of Foran Real Estate IA.

Main office:
Professor Kohts vei 9
Postboks 500, 1327 Lysaker, Norway
Phone: +47 08880
storebrand.no

storebrand