storebrand

Most people insure their assets, but forget themselves and their families.

Vivi Carlsen
Storebrand

Annual Report 2015
Storebrand Livsforsikring AS

Content

Report of the board of directors

HIGHLIGHTS

Storebrand Livsforsikring has its main business in Norway with its head office located in Lysaker in Bærum municipality. Storebrand Livsforsikring is the largest business in Storebrand Group.

Storebrand Livsforsikring aims to be the best provider of pension savings. The Group offers products within life insurance to private individuals, companies and public sector entities in Norway and Sweeden. The Group is divided into the segments Savings, Insurance, Guaranteed Pension and Other.

Storebrand Livsforsikring's strategy is twofold. 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 companies are offered digital and customer-oriented products within savings and insurance. Our philosophy is simple. We are successful when recommended by our customers. Therefore, the follow-up of feedback from customers is one of the Group's core tasks.

Storebrand aims at the same time 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, delivered a competitive and sustainable return to its customers and increased its customer reserves to over NOK 395 billion throughout the year. Storebrand Livsforsikring Group has successfully entered into Solvency II in 2016 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.

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MANAGEMENT OF GUARANTEED PENSION

Strengthening of longevity reserves ahead of schedule

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.

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.

SUBSIDIARIES AND ASSOCIATED COMPANIES

Storebrand Livsforsikring AS owns 100 per cent of Storebrand Holding AB, which in turn owns 100 per cent of SPP Pension & Försäkring AB and SPP Spar AB and SPP Konsult AB. SPP Liv Fondförsäkring AB and SPP Livförsäkring has merged with effect from 1 January 2015. New name of the merged company is SPP Pension & Försäkring AB (publ). SPP Fonder AB is sold from Storebrand Holding AB to Storebrand Asset Management with effect from 1 January 2015. SPP is a leading Swedish supplier of life insurance and occupational pensions. SPP supplies unit-linked products, traditional insurance and defined-benefit pension products as well as consultancy services that cover occupational pensions and insurance and administration solutions for municipalities and other organisations. Together, Storebrand and SPP will become the leading life insurance and pension provider in the Nordic region. SPP's head office is located in Stockholm.

Storebrand Livsforsikring AS owns 89,6 per cent of Benco Insurance Holding BV, which in turn owns Nordben Life and Pension Insurance Company Ltd. in Guernsey and Euroben Life and Pension Ltd with its head office in Dublin. The companies offer pension products to multinational companies.

Through its subsidiaries Aktuar Systemer AS and Storebrand Pensjonstjenester AS, Storebrand offers deliveries within actuarial services, system solutions and all types of services associated with the operation of pension funds.

In 2005 Storebrand Livsforsikring AS set up a branch in Sweden. The branch manages pension insurance policies and unit-linked agreements in the Swedish market in accordance with the Norwegian Insurance Act. New sales no longer take place in the branch. In 2008 the branch was operational integrated with SPP.

Storebrand Finansiell Rådgivning AS was established as a wholly owned subsidiary by Storebrand Livsforsikring AS in order to satisfy legal changes within financial advice (the MiFid directive) which entered into force on 1 November 2007.

Storebrand Eiendom Holding AS is in 2015 liquidated and Storebrand Eiendom Trygg AS, Storebrand Eiendoms Vekst AS, Storebrand Eiendom Utvikling AS and Storebrand Eiendom Invest AS is established as holding companies for the Norwegian property operations. The companies are 100 per cent owned by Storebrand Livsforsikring AS.

Storebrand Eiendom AS manages properties for Storebrand and SPP both nationally and internationally. The company is sold to Storebrand Asset Management with effect from 1 January 2015. Storebrand Realinvesteringer AS and Storebrand Livsforsikring AS has merged with effect from 1 January 2015.

Foran Real Estate in Latvia is 70 per cent owned by Storebrand Livsforsikring AS and 29 per cent by SPP Livförsäkring AB. The company inves-ts in forests in Latvia.

PROFIT

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed Storebrand ASA. For information about the Storebrand Group's result please refer to the Storebrand Group's annual report for 2015.

The official financial statements of the Storebrand Livsforsikring Group are prepared in accordance with the International Financial Reporting Standards (IFRS), while the official financial statements of Storebrand Livsforsikring AS are prepared in accordance with the Annual Accounts Regulations for Insurance Companies.

Storebrand Livsforsikring Group

NOK Million	2015	2014
Fee and administration income	3 283	3 336
Risk result life & pensions	80	480
Insurance premiums f.o.a	2 680	2 359
Claims f.o.a	- 2 076	- 1 693
Operational costs	- 2 613	- 2 156
Financial result	378	392
Profit before profit sharing	**1 733**	**2 717**
Net profit sharing	- 389	54
Profit before amortisation and reserve strengthening	**1 344**	**2 770**
Strengthening of longevity reserves	- 1 764	- 391
Profit before amortisation	**- 420**	**2 739**

Storebrand Livsforsikring achieved a group result before amortisation and reserve strengthening of NOK 1,344 million (NOK 2,770 million) for 2015. The profit before tax was NOK - 806 million (NOK 1,999 million). The figures in parentheses show the corresponding period last year.

Fee and administration income decreased 1.6 per cent for the year. 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. Adjusted for discontinued business, the income increased 8 per cent. The risk result was NOK 80 million in 2015, significantly lower compared with the previous year. The reason for the change is attributed to a positive non-recurring effect in connection with reserve releases in 2014.

The operating costs in 2015 have been affected by provisions for restructuring costs, while changes in the pension scheme entailed a cost reduction in 2014. In addition, the costs are driven by the growth initiatives within the Savings and Insurance segments. Strengthening of competitiveness through continued efficiency improvement is a priority task. In the 4th quarter, Storebrand entered into a strategic partnership with Cognizant, which included part-ownership of Storebrand Baltic UAB.

A shift in the discount rate and longevity reserve strengthening had a negative impact on the result for 2015.

The Group had taxable accounting income of NOK 2,096 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, which increases the tax expense for 2015 by NOK 31 million.

RESULT BY BUSINESS AREA

The segments in the reporting are: Savings, Insurance, Guaranteed Pensions and Other.

The presentation of result by area is exclusive internal transactions.

NOK Million	2015	2014
Savings	395	433
Insurance	379	502
Guaranteed pensions	329	1 465
Other	241	370
Profit before amortisation and provision	**1 344**	**2 770**
Strengthening of longevity reserves	- 1 764	- 391
Profit before amortisation	**- 420**	**2 739**

Comparitive figures have been restated following the change in segment, see not 5

Savings is a growth area for the Storebrand group. The result for the segment is reduced compared with 2014 driven by higher costs, including the above mentioned provisions for restructuring. SPP Fonder AB and Storebrand Eiendom AS is no longer part of the Storebrand Livsforsikring Group, which lowers the result compared to the previous year.

The Insurance segment delivered weaker result compared with 2014, marked by reserve strengthening of NOK 100 million for defined contribution.

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.

SAVINGS

The Savings business area encompasses products that offer savings for retirement with no explicit interest rate guarantees. The business area consists of defined contribution pensions and similar unit-linked products in Norway and Sweden

Profit

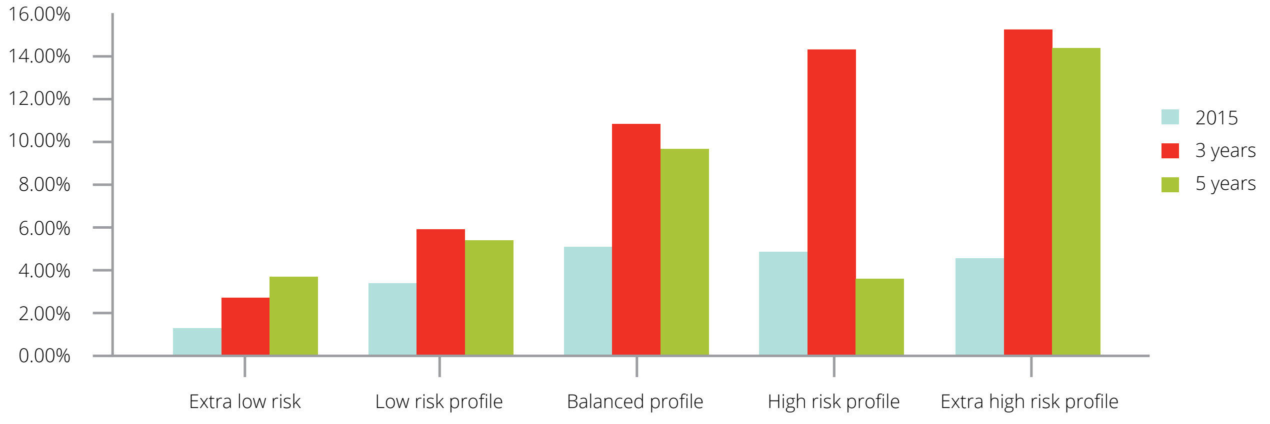
NOK Million	2015	2014
Fee and administration income	1 393	1 338
Risk result life & pensions	-3	-11
Operational cost	-966	-897
Profit before profit sharing	**395**	**431**
Net profit sharing	1	2
Profit before amortisation	**395**	**433**

Comperative figures have been restated following the change in the segment, see note 5.

The Savings segment reported a profit of NOK 395 million for 2015, which is a reduction of 8 per cent compared with 2014. The result is driven by volume and income growth from unit linked and the asset management.

Fee and administration income increased 4 per cent from 2014 to 2015. Adjusted for non-recurring restructuring costs of NOK 26 million in 2015 and the positive effect from the changes in pension scheme of NOK 70 million in 2014, the nominal cost level is in line with the previous year.

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-based schemes. This increases both the number of members and the current premium payments and management volume in the defined contribution-based 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.



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 (defined benefit scheme), and it initiated activities that have had a positive effect in 2015.

Key figures Savings

NOK Million	2015	2014
Unit Linked-reserves	128 117	105 369
Unit Linked-premiums	3 185	2 594

INSURANCE
The Insurance business area encompasses personal risk products in the Norwegian and Swedish retail market and employee insurance and pensions-related insurance in the Norwegian and Swedish corporate market.

NOK Million	2015	2014
Insurance premiums f.o.a.	2 680	2 359
Claims f.o.a.	-2 076	-1 693
Operational cost	-395	-279
Financial result	170	115
Profit before amortisation	**379**	**502**

Insurance delivered a profit before amortisation of NOK 379 million (NOK 502 million) for 2015. Overall combined ratio for the year was 92 per cent (84 per cent). Premium income increased 14 per cent compared with the previous year. The cost percentage was down 1 percentage points compared to the previous year.[1] The underlying profitability and efficiency are good and show satisfactory development.

[1] Adjusted for non-recurring restructuring costs of NOK 13 million and the positive effect from the changes in pension scheme of NOK 75 million in 2014.

	2015	2014
Claims ratio	77 %	72 %
Cost ratio	15 %	12 %
Combined ratio	92 %	84 %

The combined risk result gives a claims ratio of 77 per cent (72 per cent). The market for defined contribution pensions is very competitive and the price for disability pension is a key competition parameter. In addition, the unemployment and disability rates are showing a negative trend. Therefore, the reserves in pension-related group disability insurance have been strengthened by NOK 100 million. An effort is being made at the same time to strengthen the profitability, including higher prices for unprofitable customers.

The cost percentage was 15 per cent (12 per cent) for the year. As for 2014, the costs are impacted by non-recurring effects. In 2014, changes in the pension scheme entailed a cost reduction of NOK 75 million. In 2015, restructuring costs in both Norway and Sweden of NOK 13 million had a negative effect. Adjusted for non-recurring effects for both years, the cost percentage shows an underlying positive trend with a reduction of 1 percentage points from 15 per cent in 2014 to 14 per cent in 2015. To strengthen competitiveness and increase cost efficiency, Storebrand is working actively to increase automation, digitization, sourcing of services and utilization of scale benefits of increased volume.

The investment portfolio of Insurance in Norway amounts to NOK 4.9 billion, which is primarily invested in fixed income securities with a short or medium duration. The financial income shows a satisfactory return for the year.

Balance sheet and market trends

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 2.7 billion, NOK 0.6 billion of which is from the retail market and NOK 2.1 billion of which is from the corporate market.

The corporate market is generally a more mature market. For risk cover in connection with defined contribution pensions in Norway, growth is expected in future that is 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.

Profit Premium (annual)

NOK Million	2015	2014
Individual life *	617	591
Group life **	943	734
Pension related disability insurance ***	1 159	1 087
Portfolio premium	**2 719**	**2 413**

* Individual life disability insurance

** Group disability, workers compensation insurance

*** DC disability risk premium Norway and disability risk Sweden

GUARANTEED PENSIONS

The Guaranteed pension business area includes long-term pension savings products that give customers a guaranteed rate of return. 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 & pensions	89	483
Operational cost	- 1 156	- 921
Profit before profit sharing	**711**	**1 404**
Net profit sharing	- 382	61
Profit before amortisation and reserve strengthening	**329**	**1 465**
Strenghtening of longevity reserves	- 1 764	- 391
Profit before amortisation	**- 1 435**	**1 074**

The profit 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 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.

The profit sharing profit 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 minus NOK 265 million. Otherwise, the profit sharing profit 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 252 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 7.5 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 (exclusive transfers)

NOK Million	2015	2014
Defined Benefit	5 477	7 337
Paid-up polices	113	101
Individual life and pension	277	287
Guaranteed products SPP	1 597	1 796
Total	**7 465**	**9 251**

Guaranteed pension

NOK Million	2015	2014
Guaranteed reserves	266 979	264 290
Guaranteed reservers in % of total reserves	67.6 %	71.5 %
Transfer out of guaranteed reserves	7 729	14 823
Buffer capital in % of customer reserves Storebrand	5.8 %	6.6 %
Buffer capital in % customer reserves SPP	7.6 %	11.7 %

OTHER

Under Other, the company portfolios and smaller daughter companies with Storebrand Life Insurance and SPP are reported. In addition, the result associated with the activities at BenCo is included.

NOK Million	2015	2014
Fee and administration income	113	156
Risk result life & pensions	- 6	8
Operational cost	- 66	- 60
Financial result	207	276
Profit before profit sharing	**249**	**380**
Net profit sharing	- 7	- 10
Profit before amortisation and reserve strenghtening	**241**	**370**

Comparative figures have been restated following the change in segment, see note 5.

The profit before profit sharing and loan losses for the Other segment activities was NOK 249 million for 2015, compared with NOK 380 million for 2014. The decline is due to reduction of fee and administration income from businesses being wound down over a long-term and a weaker financial result.

The Storebrand Livsforsikring 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. The financial result is weaker due to a lower return in the company portfolios.

In addition, NOK 183 million has been recognised in the financial result as the minority interest's share of the gain in connection with the agreed sale of property.

CAPITAL SITUATION AND RISK

CAPITAL SITUATION

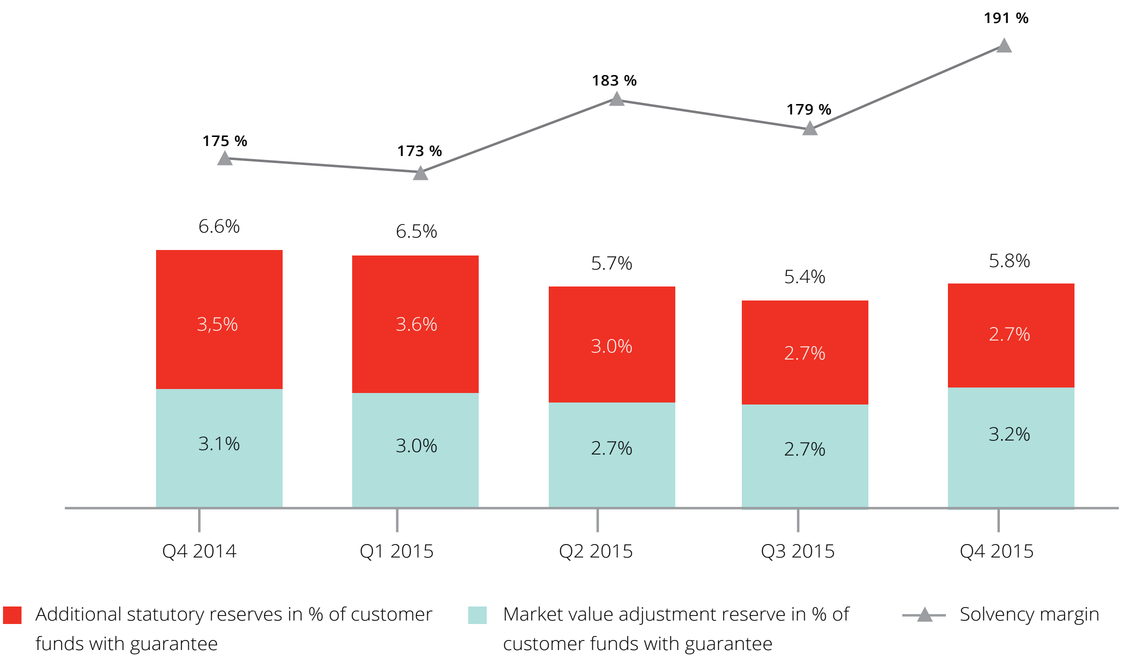
Storebrand pays particular attention to the levels of equity and loans in the Group, which are continually and systematically optimised. The level is adjusted for the financial risk and capital requirements. The growth and composition of business segments are important driving forces behind the need 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 and in accordance with Solvency I of at least 150 per cent. Storebrand Livsforsikring AS also aims to achieve an A level rating. At the end of 2015 Storebrand Livsforsikring AS had a rating with a stable outlook BBB + from Standard & Poor's and Baa1 from Moody's.

Norwegian life insurance companies must satisfy two sets of capital adequacy requirements – one set that monitors the company's assets (Basel) and one set that monitors liabilities (Solvency I). With effect from 2008, life insurance companies in Norway are subject to new regulations on capital adequacy that are an adaptation of the new capital adequacy rules for banks (through Basle II). The Basel regulations, combined with Solvency I are expected to apply to life insurance companies until the introduction of the common European capital adequacy regulations for insurance company, Solvency II.

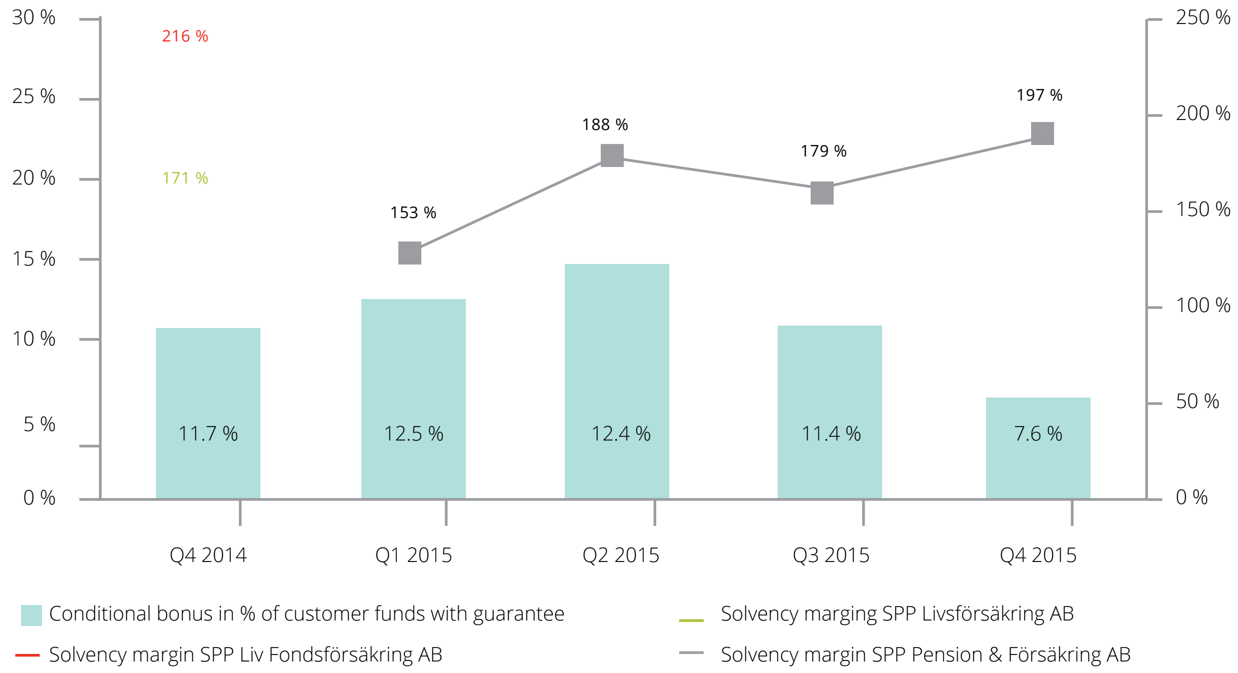
The Solvency II solvency regulations will be introduced in 2016. The measures implemented, such as risk reduction, strengthening of longevity reserves and changed technical insurance assumptions throughout 2015, contributed to the company being able to enter 2016 without raising new equity. The Group's 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 Livsforsikring Group was calculated to be 174 per cent (without transitional rules, the solvency margin is estimated to be 125 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 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.

NOK Million	2011	2012	2013	2014	2015
Equity	15 031	15 385	16 467	19 312	22 390
Subordinated loan capital	6 630	6 468	6 632	7 117	7 333
Risk equalisation fund	469	640	776	829	142
Market value adjustment reserve		1 027	3 823	5 814	4 520
Additional statutory reserves	5 442	5 746	4 458	5 118	5 160
Conditional bonus	10 038	11 264	14 167	11 281	9 336
Reserves on bonds held to maturity	1 757	5 225	5 160	13 364	10 581
Profit carried forward	742	1 105	2 619	1 830	1 549
Total	**40 109**	**46 860**	**54 102**	**64 664**	**61 011**

The Life Insurance Group's solidity capital decreased with NOK 3.7 billion during 2015. Conditional bonuses in SPP were reduced with NOK 1.9 billion primarily attributed to the change in the discount rate for the insurance liabilities. The additional statutory reserves comprised NOK 5.2 billion at the end of the year, in line with the prior year. The additional statutory reserves for the year declined due to the conversion of paid-up policies with investment options and increased due to the fact that the interest result for the year of NOK 0.7 billion was allocated to additional statutory reserves. The excess value of held-to-maturity valued at amortised cost decreased by NOK 2.8 billion during the year and totalled NOK 10.6 billion at year-end. The excess value of held-to-maturity bonds is not included in the financial statements. Total reserves for longevity as per 31 December 2015 amounted to NOK 5.8 billion and are not included in the solvency capital.



The Storebrand Life Insurance Group's solvency margin increased from 175 per cent to 191 per cent during the year. The solvency margin is positively affected by the result for the year and the shift in the change in the discount rate in the Swedish business.



The solvency margin of SPP Pension & Försäkring AB was 197 per cent at year end. The increase is attributed primarily to the change in the discount rate in the Swedish business. Group contributions of SEK 0.2 billion had a negative impact on the solvency.

RISK

Storebrand Livsforsikrings business is to assume and manage various risks in a deliberate, controlled and responsible manner, at the expense of 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 Livsforsikring 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 Livsforsikring's risk is from liabilities related to the products. The Group's result and risk are followed up and reported as four areas with very different result and risk drivers: Savings, Insurance, Guaranteed Pension and Other.

SAVINGS

Savings consists of unit linked insurance in Storebrand Livsforsikring.

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.

INSURANCE

Insurance consists of risk products. 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.

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 the company portfolios and smaller subsidiaries in Storebrand Life Insurance and SPP. In addition, this segment comprises the activities of BenCo.

The company portfolios are invested at low risk, primarily in short-term interest-bearing securities with a high credit rating. BenCo's business is primarily a long-term discontinued business.

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.
The Government will continue to work on:

- Value-added tax on fee-based services.
- 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.

SUBSTAINABILITY

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. Storebrand Livsforsikring Group had 1,555 employees at year end in comparison with the start of the year with 1,575 employees. The average age is unchanged at 45 years and the average seniority has increased from 8 to 10 years.

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, 43 per cent of Storebrand Livsforsikring AS's board members were women, unchanged from the previous years. The proportion in the Storebrand's group executive management is 38 per cent, which is the same as the previous year. 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 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 Storebrand Livsforsikring as a whole in 2015 was 3.5 per cent: it was 3.6 per cent in 2014 and 3.7 per cent in 2013. SPP's illness rate was 3.1 per cent 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 Livsforsikring's systems for internal control and risk management of the accounting process comply with Storebrand Group's guidelines. 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 to be found in Storebrand Group's annual report.

The work of the Board is regulated by special rules of procedure for the Board. The Board of Storebrand ASA has also adopted an executive "2014 Steering Document for Risk Management and Internal Control at Storebrand" and a set of instructions for the Boards of subsidiary companies. These documents describe how guidelines, plans and strategies adopted by the Group's Board of Directors are expected to be followed, as well as how risk management and control is to be performed in the Group. The Board in Storebrand ASA has established three advisory committees: the Compensation Committee, Audit Committee and Risk Committee.

Storebrand Livsforsikring's articles of association stipulate that the company shall have the same nomination committee as Storebrand ASA, and hence is part of Storebrand Group's process for appointing and replacing Board members.

Storebrand Livsforsikring has no provisions in the articles of associations nor has it issued any authorities that allow the Board to resolve that the company shall repurchase or issue own shares or equity capital certificates.

A total of eleven board meetings were held in 2015, one of them a strategy seminar.

CONTROL COMMITTEE AND BOARD OF REPRESENTATIVES DISBANDED
The Control Committee and Board of Representatives for Storebrand Livsforsikring were disbanded effective 1 January 2016 pursuant to the new Act on Financial Undertakings and Financial Groups.

CHANGES IN THE BOARD AND MANAGEMENT
There have been no changes in the Board or management.

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.

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.

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 3. 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 174 per cent (without the transitional rules the solvency margin is estimated at 125 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.

RISK

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 interestrate 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.

STOREBRAND LIVSFORSIKRING AS

The profit before tax was NOK 371 million (NOK 1 260 million). Profit are discussed under each individual segment. The following factors have had an effect on the company accounts, but no effect on the consolidated accounts. There are received dividends and group contributions from subsidiaries of 717 million in 2015. Gain on sales of Storebrand Eiendom is 96 million. Interest on subordinated loans to Storebrand Holding AB is recognised with NOK 279 million (NOK 383 million) in 2015.

APPLICATION OF THE YEAR'S RESULT

The Board confirms that the financial statements were prepared on the basis of a going concern assumption.

The following application of the profit is proposed:

Other equity:	NOK 2 782 million
Risk equalisation fund:	NOK -686 million
Total	**NOK 2 095 million**

Lysaker, 16 February 2016
The Board of Directors of Storebrand Livsforsikring AS

Translation - not to be signed

Odd Arild Grefstad
- Chairman of the Board -

Peik Norenberg | Tove Margrete Storrødvann | Bodil Cathrine Valvik

Erik Haug Hansen | Inger Johanne Bergstøl | Jan Otto Risebrobakken

Geir Holmgren
- Chief Executive Officer -

Financial statement and notes

Storebrand Livsforsikring Group
Statement of comprehensive income
1. January - 31. December

NOK Million	Note	2015	2014
Technical account			
Gross premiums written		22 770	22 106
Reinsurance premiums ceded		-107	-76
Premium reserves transferred from other companies	17	1 835	2 434
Premiums	14	**24 497**	**24 464**
Income from investments in subsidiaries, associated companies and joint-controlled companies	32	121	24
Interest income and dividends etc. from financial assets	18	7 138	8 149
Net operating income from real estate	19	829	1 127
Changes in investment value	18	-4 500	8 573
Realised gains and losses on investments	18	4 762	4 303
Total net income from investments in the collective portfolio	14	**8 349**	**22 176**
Income from investments in subsidiaries, associated companies and joint-controlled companies	32	13	1
Interest income and dividends etc. from financial assets	18	216	249
Net operating income from real estate	19	70	62
Changes in investment value	18	732	11 032
Realised gains and losses on investments	18	3 462	904
Total net income from investments in the investment portfolio	14	**4 493**	**12 248**
Other insurance related income	14, 20	**1 694**	**1 739**
Gross claims paid		-17 693	-18 097
Claims paid - reinsurance		29	10
Gross change in claims reserve		-140	-122
Premium reserves etc. transferred to other companies	17	-6 698	-17 176
Claims for own account	14	**-24 502**	**-35 386**
To (from) premium reserve, gross	3	451	-2 450
To (from) additional statutory reserves	41	-358	-710
Change in value adjustment fund	41	1 295	-1 992
Change in premium fund, deposit fund and the pension surplus fund	41	-9	-14
To/from technical reserves for non-life insurance business		-40	-29
Change in conditional bonus		3 050	3 487
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	17	-57	-4
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	14, 41	**4 332**	**-1 711**
Change in premium reserve		-16 011	-18 735
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	14, 41	**-16 011**	**-18 735**
Profit on investement result		-329	-120
Risk result allocated to insurance contracts		-53	-46
Other allocation of profit		-6	-25
Funds allocated to insurance contracts	14, 41	**-388**	**-190**
Management expenses		-388	-386
Selling expenses	22	-808	-719
Change in pre-paid direct selling expenses	22	-1	2
Insurance-related administration expenses (incl. commissions for reinsurance received)		-1 523	-1 095
Insurance-related operating expenses	14	**-2 720**	**-2 198**
Other insurance related expenses	14, 26	**-416**	**-459**
Technical insurance profit		**-672**	**1 949**

NOK Million	Note	2015	2014
Non-technical account			
Income from investments in subsidiaries, associated companies and joint-controlled companies	32	77	15
Interest income and dividends etc. from financial assets	18	261	439
Net operating income from real estate	19	225	62
Changes in investment value	18	-106	60
Realised gains and losses on investments	18	99	187
Net income from investments in company portfolio		**556**	**763**
Other income	21	**381**	**510**
Management expenses		-22	-37
Other costs	27	-1 049	-1 185
Management expenses and other costs linked to the company portfolio		**-1 072**	**-1 222**
Profit or loss on non-technical account		**-134**	**50**
Profit before tax		**-806**	**1 999**
Tax costs	28	1 967	-359
Profit before other comprehensive income		**1 161**	**1 640**
Change in actuarial assumptions		-126	-344
Change in value adjustment reserve own buildings		180	51
Profit/loss cash flow hedging		27	168
Adjustment of insurance liabilities		-180	-22
Tax on other profit elements not to be classified to profit/loss		32	32
Total other profit elements not to be classified to profit/loss		**-67**	**-115**
Translation differences		750	136
Total other profit elements that may be classified to profit/loss		**750**	**136**
Total other profit elements		**683**	**22**
Total Comprehensive Income		**1 844**	**1 661**
Profit is attributable to			
Majority share of profit		964	1 616
Minority share of profit		197	24
Comprehensive income is atributable to			
Majority share of profit		1 640	1 634
Minority share of profit		204	28

Storebrand Livsforsikring Group
Statement of financial position
31. December

NOK Million	Note	2015	2014
Assets			
Assets in company portfolio			
Goodwill	29	837	808
Other intangible assets	29	4 602	4 583
Total intangible assets		**5 439**	**5 391**
Real estate at fair value	31	335	4 456
Real estate for own use	31		68
Equities and units in subsidiaries, associated companies and joint-controlled companies	32	255	243
Lending	10,11,13, 30	2	2
Bonds at amortised cost	11,13, 30, 33	2 674	1 877
Equities and other units at fair value	13, 30, 34	87	95
Bonds and other fixed-income securities at fair value	11, 13, 30, 35	22 604	20 410
Derivatives at fair value	13, 30, 36	1 264	966
Other financial assets	13, 30, 37	294	217
Total investments		**27 513**	**28 335**
Reinsurance share of insurance obligations		**112**	**124**
Receivables in connection with direct business transactions		2 596	3 554
Receivables in connection with reinsurance transactions		11	3
Receivables with group company		64	21
Other receivables	39	1 822	793
Total receivables		**4 494**	**4 372**
Tangible fixed assets	38	462	408
Cash, bank	30	2 117	4 568
Tax assets	28	551	
Minority interests in consolidated security funds			4 109
Other assets designated according to type		789	710
Total other assets		**3 919**	**9 796**
Deferred acquisition costs		557	509
Other pre-paid costs and income earned and not recived		106	125
Total pre-paid costs and income earned and not received		**663**	**634**
Total assets in company portfolio		**42 139**	**48 652**
Assets in customer portfolios			
Real estate at fair value	31	22 035	20 392
Real estate for own use	31	2 732	2 430
Equities and units in subsidiaries, associated companies and joint-controlled companies	32	1 320	40
Loans to and securities issued by subsidiaries, associated companies	32	41	11
Bonds held to maturity	11,13,30,33	15 648	15 131
Bonds at amortised cost	11,13,30,33	73 434	64 136
Lending	10,11,13,30	6 017	4 679
Equities and other units at fair value	13,30,34	22 737	35 108
Bonds and other fixed-income securities at fair value	11,13,30,35	135 733	134 957
Financial derivatives at fair value	13,30,36	2 978	4 669
Other financial assets	13,30,37	3 900	3 148
Total investments in collective portfolio		**286 575**	**284 702**

NOK Million	Note	2015	2014
Real estate at fair value	31	2 045	1 571
Real estate for own use	31	156	84
Equities and units in subsidiaries, associated companies and joint-controlled companies	32	146	
Equities and other units at fair value	13, 30, 34	101 739	83 226
Bonds and other fixed-income securities at fair value	11, 13, 30, 35	25 920	22 619
Financial derivatives at fair value	13, 30, 36	9	45
Other financial assets	13, 30, 37	264	260
Total investments in investment selection portfolio		**130 279**	**107 805**
Total assets in customer portfolio		**416 854**	**392 508**
Total assets		**458 994**	**441 160**
Equity and liabilities			
Share capital		3 540	3 540
Share premium		9 711	9 711
Total paid in equity		**13 251**	**13 251**
Risk equalisation fund		142	829
Other earned equity		9 724	7 433
Minority's share of equity		576	421
Total earned equity		**10 442**	**8 683**
Perpetual subordinated loan capital		2 829	3 381
Dated subordinated loan capital		3 158	2 440
Hybrid tier 1 capital		1 503	1 503
Total subordinated loan capital and hybrid tier 1 capital	**9,13,30**	**7 489**	**7 324**
Premium reserves		264 937	257 358
Additional statutory reserves		5 160	5 118
Market value adjustment reserve		4 520	5 814
Claims allocation		1 168	1 016
Premium fund, deposit fund and the pension surplus fund		2 713	3 047
Conditional bonus		9 336	11 281
Other technical reserve		655	627
Total insurance obligations in life insurance - contractual obligations	**40,41**	**288 488**	**284 261**
Premium reserve		129 741	107 103
Claims allocation		1	1
Total insurance obligations in life insurance - investment portfolio separately	**40,41**	**129 742**	**107 103**
Pension liabilities etc.	23	217	287
Deferred tax	28	200	1 736
Other provisions for liabilities			4
Total provisions for liabilities		**417**	**2 027**
Liabilities in connection with direct insurance		1 356	2 338
Liabilities in connection with reinsurance		29	31
Financial derivatives	13,30,36	3 020	4 279
Liabilities to group companies		38	22
Minority interest in consolidated securities funds			4 109
Other liabilities	42	4 117	7 114

NOK Million	Note	2015	2014
Total liabilities		**8 560**	**17 894**
Other accrued expenses and received, unearned income		605	616
Total accrued expenses and received, unearned income		**605**	**616**
Total equity and liabilities		**458 994**	**441 160**

Lysaker, 16 February 2016
The Board of Directors of Storebrand Livsforsikring AS

Translation - not to be signed

Odd Arild Grefstad
- Chairman of the Board -

Peik Norenberg

Tove Margrete Storrødvann

Bodil Cathrine Valvik

Erik Haug Hansen

Inger Johanne Bergstøl

Jan Otto Risebrobakken

Geir Holmgren
- Chief Executive Officer -

Statement of change in equity Storebrand Livsforsikring Group

NOK Million	Share capital	Share premium	Total paid in equity	Risk equisation fund	Other equity	Minority interests	Total equity
Equity at 31.12.2013	**3 540**	**9 711**	**13 251**	**776**	**5 844**	**402**	**20 273**
Profit for the period				53	1 563	24	1 640
Total other profit elements					18	4	22
Total comprehensive income for the period				**53**	**1 581**	**28**	**1 661**
Equity transactions with the owner:							
Group contributions						-2	-2
Other					8	-7	1
Equity at 31.12.2014	**3 540**	**9 711**	**13 251**	**829**	**7 432**	**421**	**21 933**
Profit for the period				-686	1 651	197	1 161
Total other profit elements					676	7	683
Total comprehensive income for the period				**-686**	**2 326**	**204**	**1 844**
Equity transactions with owner							
Group contributions					-19	-25	-44
Minority buyout						-25	-25
Other					-16		-16
Equity at 31.12.2015	**3 540**	**9 711**	**13 251**	**142**	**9 724**	**576**	**23 693**

1) Includes undistituable funds in security reserves amounting NOK 157 million.

Statement of cash flow Storebrand Livsforsikring
1. January - 31. December

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
2014	2015	NOK Million	2015	2014
		Cash flow from operational activities		
21 945	25 150	Net received - direct insurance	18 116	14 964
-19 957	-19 191	Net claims/benefits paid - direct insurance	-10 462	-12 644
-14 742	-4 863	Net receipts/payments - policy transfers	-3 621	-11 634
-2 197	-2 720	Net receipts/payments operations	-1 488	-1 033
3 705	-1 420	Net receipts/payments - other operational activities	2 001	888
-11 247	**-3 045**	**Net cash flow from operational activities before financial assets**	**4 547**	**-9 460**
-1 170	-1 337	Net receipts/payments - lending to customers	-1 337	-1 243
15 963	5 164	Net receipts/payments - financial assets	-3 137	11 990
-850	-1 555	Net receipts/payments - real estate activities		
210	-756	Net change bank deposits insurance customers	-786	601
14 153	**1 516**	**Net cash flow from operational activities from financial assets**	**-5 260**	**11 347**
2 907	**-1 529**	**Net cash flow from operational activities**	**-713**	**1 888**
		Cash flow from investment activities		
	217	Net payments - sale/purchase of subsidiaries	108	
131	-257	Net payments - purchase/capitalisation associated companies		
-1 585		Net payments - sale/purchase of insurance portfolios		
-100	-186	Net receipts/payments - sale/purchase of fixed assets	-38	-33
-1 554	**-226**	**Net cash flow from investment activities**	**70**	**-33**
		Cash flow from investment activities		
1 765	997	Net payments - sale/purchase of subsidiaries	997	1 094
-1 700	-1 000	Net payments - purchase/capitalisation associated companies	-1 000	-1 700
-453	-455	Net payments - sale/purchase of insurance portfolios	-455	-453
-2	-25	Net receipts/payments - sale/purchase of fixed assets		
-390	**-484**	**Net cash flow from investment activities**	**-459**	**-1 059**
962	**-2 239**	**Net cash flow for the period**	**-1 102**	**797**
-13 191	-3 755	of which net cash flow for the period before financial assets	4 158	-10 551
962	-2 239	Net movement in cash and cash equivalent assets	-1 102	797
	-135	Cash at start of the period sold companies		
3 823	4 785	Cash and cash equivalent assets at start of the period	2 336	1 540
4 785	**2 411**	**Cash and cash equivalent assets at the end of the period**	**1 234**	**2 336**

Storebrand Livsforsikring AS
Statement of Comprehensive income
1. January - 31. December

NOK Million	Note	2015	2014
Technical account			
Gross premiums written		16 235	15 495
Reinsurance premiums ceded		-26	-25
Premium reserves transferred from other companies	17	1 155	1 088
Premiums for own account	14,15	**17 364**	**16 559**
Income from investments in subsidiaries, associated companies and joint-controlled companies	32	2 157	1 549
of which from investment in real estate companies		2 105	1 481
Interest income and dividends etc. from financial assets	18	4 945	5 497
Changes in investment value	18	-1 201	1 986
Realised gains and losses on investments	18	1 768	2 067
Total net income from investments in the collective portfolio	14	**7 669**	**11 100**
Income from investments in subsidiaries, associated companies and joint-controlled companies	32	223	92
of which from investment in real estate companies		223	91
Interest income and dividends etc. from financial assets	18	203	236
Changes in investment value	18	-2 075	2 373
Realised gains and losses on investments	18	3 315	792
Total net income from investments in the investment selection portfolio	14	**1 666**	**3 492**
Other insurance related income	14,20	**388**	**256**
Gross claims paid		-9 432	-10 468
Claims paid - reinsurance		17	8
Gross change in claims reserve	41	-144	-132
Premium reserves etc. transferred to other companies	17	-4 776	-12 722
Claims for own account	14	**-14 335**	**-23 315**
To (from) premium reserve, gross	3, 41	-24	5 141
To/from additional statutory reserves	41	-358	-710
Change in value adjustment fund	41	1 295	-1 992
Change in premium fund, deposit fund and the pension surplus fund	41	-9	-14
To/from technical reserves for non-life insurance business	41	-44	-33
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	17	-57	-4
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	14	**802**	**2 389**
Change in premium reserve		-12 056	-7 788
Change in other provisions	14,41	**-12 056**	**-7 788**
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	41	-329	-120
Change in premium reserve	41	-53	-46
Change in other provisions			-19
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	14	**-382**	**-185**
Management expenses		-152	-134
Sales expenses	22	-361	-312
Other insurance related expenses after reinsurance share Technical insurance profit		-974	-587
Insurance-related operating expenses	14	**-1 488**	**-1 033**
Other insurance related expenses after reinsurance share	14,26	**-354**	**-434**
Technical insurance profit		**-727**	**1 041**

NOK Million	Note	2015	2014
Non-technical account			
Income from investments in subsidiaries, associated companies and joint-controlled companies	32	1 306	-196
of which from investment in real estate companies		105	74
Interest income and dividends etc. from financial assets	18	522	699
Changes in investment value	18	-116	21
Realised gains and losses on investments	18	-297	125
Net income from investments in company portfolio		**1 415**	**649**
Other income	21	**32**	**26**
Management expenses		-13	-13
Other costs	27	-337	-442
Total management expenses and other costs linked to the company portfolio		**-350**	**-456**
Profit or loss on non-technical account		**1 098**	**219**
Profit before tax		**371**	**1 260**
Tax cost	28	**1 815**	**-279**
Profit before other comprehensive income		**2 186**	**981**
Change in actuarial assumptions		-145	-264
Profit/loss cash flow hedging		27	168
Adjustment of insurance liabilities			29
Tax on other profit elements not to be classified to profit/loss		34	18
Total other profit elements not to be classified to profit/loss		**-84**	**-49**
Translation differences		-7	-3
Total other profit elements that may be classified to profit /loss		**-7**	**-3**
Total other profit elements		**-91**	**-51**
Total comprehensive income		**2 095**	**930**

Storebrand Livsforsikring AS
Statement of financial position
31. December

NOK Million	Note	2015	2014
Assets			
Assets in company portfolio			
Other intangible assets	29	201	176
Total intangible assets		**201**	**176**
Equities and units in subsidiaries, associated companies and joint-controlled companies	32	16 232	10 193
of which investment in real estate companies			1 013
Loans to and securities issued by subsidiaries, associated companies	32		6 728
Lending	10,11,13,30	2	2
Bonds at amortised cost	11,13,30,33	2 674	1 877
Equities and other units at fair value	13,30,34	64	63
Bonds and other fixed-income securities at fair value	11,13,30,35	9 787	8 451
Derivatives at fair value	13,30,36	1 264	964
Other financial assets	13,30,37	246	177
Total investments		**30 268**	**28 454**
Reinsurance share of insurance obligations		**129**	**143**
Receivables in connection with direct business transactions		2 469	3 204
Receivables in connection with reinsurance transactions		11	3
Receivables with group company		66	24
Other receivables	39	129	180
Total receivables		**2 677**	**3 411**
Tangible fixed assets	38	14	20
Cash, bank	30	988	2 159
Tax assets	28	400	
Total other assets		**1 402**	**2 178**
Other pre-paid costs and income earned and not received		12	15
Total pre-paid costs and income earned and not received		**12**	**15**
Total assets in company portfolio		**34 689**	**34 378**
Assets in customer portfolios			
Equities and units in subsidiaries, associated companies and joint-controlled companies	32	22 149	20 185
of which investment in real estate companies		21 352	19 462
Bonds held to maturity	11,13,30,33	15 648	15 131
Bonds at amortised cost	11,13,30,33	73 434	64 136
Lending	10,11,13,30	6 017	4 679
Equities and other units at fair value	13,30,34	12 226	21 884
Bonds and other fixed-income securities at fair value	13,30,35	48 114	53 118
Financial derivatives at fair value	11,13,30,36	225	246
Other financial assets	13,30,37	2 002	1 206
Total investments in collective portfolio		**179 815**	**180 586**
Equities and units in subsidiaries, associated companies and joint-controlled companies	33	2 424	1 721
of which investment in real estate companies		2 424	1 721
Equities and other units at fair value	13,30,34	32 041	23 367
Bonds and other fixed-income securities at fair value	11,13,30,35	19 747	17 250
Financial derivatives at fair value	13,30,36	9	45
Other financial assets	13,30,37	179	189
Total investments in investment selection portfolio		**54 400**	**42 573**
Total assets in customer portfolios		**234 215**	**223 159**
Total assets		**268 903**	**257 537**

NOK Million	Note	2015	2014
Equity and liabilities			
Share capital		3 540	3 540
Share premium		9 711	9 711
Total paid in equity		**13 251**	**13 251**
Risk equalisation fund		142	829
Other earned equity		9 727	6 946
Total earned equity		**9 869**	**7 774**
Perpetual subordinated loan capital		2 096	2 714
Dated subordinated loan capital		3 158	2 440
Hybrid tier 1 capital		1 503	1 503
Total subordinated loan capital and hybrid tier 1 capital	9,13,30	**6 756**	**6 656**
Premium reserves		165 921	165 374
Additional statutory reserves		5 160	5 118
Market value adjustment reserve		4 520	5 814
Claims allocation		1 038	895
Premium fund, deposit fund and the pension surplus fund		2 713	3 047
Other technical reserve		829	799
Other insurance obligations in life insurance - contractual obligations	40,41	**180 181**	**181 048**
Premium reserve		53 894	41 892
Claims allocation		1	1
Total insurance obligation in life insurance - investment portfolio separately	40,41	**53 894**	**41 893**
Pension liabilities etc.	23	196	174
Deferred tax	28		1 449
Other provisions for liabilities		1	
Total provisions for liabilities		**196**	**1 623**
Liabilities in connection with direct insurance		935	1 497
Financial derivatives	13,30,36	1 797	3 023
Liabilities to group companies		50	10
Other liabilities	42	1 722	437
Total liabilities		**4 504**	**4 968**
Other accrued expenses and received, unearned income		251	324
Total accrued expenses and received, unearned income		**251**	**324**
Total equity and liabilities		**268 903**	**257 537**

Lysaker, 16 February 2016
The Board of Directors of Storebrand Livsforsikring AS

Translation - not to be signed

Odd Arild Grefstad
- Chairman of the Board -

Peik Norenberg | Tove Margrete Storrødvann | Bodil Cathrine Valvik

Erik Haug Hansen | Inger Johanne Bergstøl | Jan Otto Risebrobakken

Geir Holmgren
- Chief Executive Officer -

Statement of change in equity
Storebrand Livsforsikring AS

NOK Million	Share capital [1]	Share premium reserve	Total paid in equity	Risk equalisation fund	Other equity	Total equity
Equity at 31.12.2013	**3 540**	**9 711**	**13 251**	**776**	**6 069**	**20 096**
Profit for the period				53	928	981
Total other profit elements					-51	-51
Total comprehensive income for the period				**53**	**877**	**930**
Equity at 31.12.2014	**3 540**	**9 711**	**13 251**	**828**	**6 946**	**21 025**
Profit for the period				-686	2 873	2 186
Total other profit elements					-91	-91
Total comprehensive income for the period				**-686**	**2 782**	**2 095**
Other					-1	-1
Equity at 31.12.2015	**3 540**	**9 711**	**13 251**	**142**	**9 727**	**23 120**

1) 35 404 200 shares of NOK 100 par value.

Notes

Note 01 Company information and accounting policies

1. COMPANY INFORMATION

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

For the parent company, subsidiaries that are included in the group portfolio are recognised according to the equity method, while subsidiaries that are included in the company portfolio are recognised according to the cost method. For subsidiaries that prepare accounts in accordance with principles other than those that apply to the insurance company, the subsidiary's financial statements are restated to comply with the principles under which the insurance company's accounts are prepared.

The consolidated financial statements combine Storebrand Livsforsikring AS and companies where Storebrand Livsforsikring AS 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 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.

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.

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.

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.

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.

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

Profit for policyholders

Guaranteed return of the premium reserve and the premium fund and other returns to customers are recorded under the item guaranteed returns and allocations to policyholders

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 02 | 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 265 million 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 03 Strengthening longevity reserves for Storebrand Life Insurance

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

Of the financial and risk profit for group pensions for the year, NOK 1,954 million 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 2.2 billion.

- 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.

NOK Million	Defined benefit pension private sector	Paid-up polices	Total
Status 31.12.2014	- 1 623	- 4 607	- 6 230
Change in portfolio	500	- 126	374
From equity	490	448	938
From risk equalisation reserve		776	776
Preliminary allocation strengthening longevity reserves	454	1 500	1 954
Status 31.12.2015	**- 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.

NOK Million	Defines 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 31.12.2015	**960**	**150**	**1752**	**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 04 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 05 Segments

CHANGES IN SEGMENT REPORTING

From Q2 2015, certain subsidiaries in Norway and Sweden changed from the segment Other to Savings. The results of the other subsidiaries are also previously shown as net results, but is modified to show the gross results. Historical figures have been restated.

SAVINGS

Consists of products that include long-term saving for retirement with no explicit long-term interest rate guarantees. The area includes fundbased insurance (Unit Linked and defined contribution pensions) to individuals and companies in Norway and Sweden. In addition also includes certain other subsidiaries.

INSURANCE

Insurance is responsible for the group's insurance risk products. The unit provides personal risk products in the Norwegian and Swedish retail market and employee- and pension-related insurances in the Norwegian and Swedish corporate market

GUARANTEED PENSION

Guaranteed pension consists of products that include long-term saving for retirement, where customers have a guaranteed return or performance of savings funds. The area includes defined contribution pensions in Norway and Sweden, paid-up policies and individual capital and pension insurances.

OTHER

Under the category 'Other', the performance of the company's portfolios in Storebrand Livsforsikring and SPP are reported. It also includes results related to operations in subsidiaries including BenCo, which through Nordben and Euroben offer pension products to multi-national companies.

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.

The figures for previous periods have been restated.

Profit and loss accounts

NOK Million	2015	2014
Savings	395	433
Insurance	379	502
Guaranteed pension	329	1 465
Other	241	370
Profit before amortisation and reserve strengthening	**1 344**	**2 770**
Provision longevity	-1 764	-391
Profit before amortisation	**-420**	**2 379**
Amortisation intangible assets	-386	-380
Profit before tax	**-806**	**1 999**

Segment reporting at 31.12

	Savings		Insurance		Guaranteed pension	
NOK Million	2015	2014	2015	2014	2015	2014
Fee and administration income	1 393	1 338			1 777	1 842
Risk result life & pensions	-3	-11			89	483
Insurance premium f.o.a.			2 680	2 539		
Claims f.o.a.			-2 076	-1 693		
Operational cost	-996	-897	-395	-279	-1 156	-921
Financial result			170	115		
Profit before sharing	**395**	**431**	**379**	**502**	**711**	**1 404**
Net profit sharing	1	2			-382	61
Profit before amortisation and reserve strengthening	**395**	**433**	**379**	**502**	**-1 764**	**-391**
Strengthening of longevity reserves						
Profit before amortisation	**395**	**433**	**379**	**502**	**-1 435**	**-1 074**
Amortisation of intangible assets						
Profit before tax	**395**	**433**	**379**	**502**	**-1 435**	**1 074**

	Other		Storebrand Livsforsikring Group	
NOK Million	2015	2014	2015	2014
Fee and administration income	113	156	3 283	3 336
Risk result life & pensions	-6	8	80	480
Insurance premium f.o.a.			2 680	2 539
Claims f.o.a.			-2 076	-1 693
Operational cost	-66	-60	-2 613	-2 156
Financial result	207	276	378	392
Profit before sharing	**249**	**380**	**1 733**	**2 714**
Net profit sharing	-7	-10	-389	54
Profit before amortisation and reserve strengthening	**241**	**370**	**1 344**	**2 770**
Strengthening of longevity reserves			-1 764	-391
Profit before amortisation	**241**	**370**	**-420**	**2 379**
Amortisation of intangible assets			-386	-380
Profit before tax	**241**	**370**	**-806**	**1 999**

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.

Restatement of comparative figures

	Full year 2014		
NOK Million	Reported figures	Change in segment	Revised figures
Savings	426	7	433
Insurance	502		502
Guaranteed pension	1 465		1 465
Other	377	-7	370
Profit before amortisation and reserve strengthening	**2 770**	**0**	**2 770**
Strengthening of longevity reserves	-391		-391
Profit before amortisation	**2 379**	**0**	**2 379**
Amortisation intangible assets	-380		-380
Profit before tax	**1 999**	**0**	**1 999**

Note 06 Risk management and internal control

Storebrand's income and results 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 the Storebrand Group, responsibility for risk management and internal control is an integral part of management responsibility.

ORGANISATION OF THE 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 07 Insurance risks

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. Uførhet – Risiko for feil estimering av fremtidig sykdom og uførhet. Det vil være usikkerhet knyttet til fremtidig utvikling av uførhet.
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 and accident 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.

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 in Norway, 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) 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 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.

	Storebrand Livsforsikring		SPP	
NOK Million	2015	2014	2015	2014
Survival	-130	61	51	-119
Death	266	261	8	81
Disability	313	411	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 08

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

NOK Million	Customer portfolios with interest guarantee	Customer portfolios without interest 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.

Financial assets and liabilities in foreign currencies as of 31.12.

	Storebrand Livsforsikring Group				Storebrand Livsforsikring AS [2]			
	Balance sheet items excluding currency derivatives	Fcorward contracts	Net position		Balance sheet items excluding currency derivatives	Fcorward contracts	Net position	
NOK Million	Net in balance sheet	Net sales	In currency	In NOK	Net in balance sheet	Net sales	In currency	In NOK
CAD	70	-124	-54	-347	56	-104	-48	-305
CHF	82	-48	34	301	46	-35	12	103
DKK	1 716		1 716	2 210				
EUR	771	-813	-41	-397	497	-652	-155	-1 490
GBP	151	-111	40	527	72	-88	-15	-202
HKD	143	-546	-404	-461	111	-311	-200	-229
JPY	18 321	-24 438	-6 116	-450	14 262	-21 000	-6 738	-496
SEK	167 767	6 986	174 753	183 475	18 452	-6 383	12 068	12 671
USD	1 732	-2 495	-764	-6 760	1 174	-2 017	-843	-7 457
NOK [1]	12 897		12 897	12 897	9 192		9 192	9 192
Other currencies				24				-17
Insurance liabilities in foreign currency	-176 070		-176 070	-184 858	-504		-504	-529
Total net currency position 2015				**6 161**				**11 241**
Total net currency position 2014				**7 820**				**10 766**

[1] Equity and bond funds denominated in NOK with foreign currency exposure in i.a. EUR and USD NOK 9.2 billion
[2]Including foreign subsidiaries in EUR and SEK

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 are closed out no later than the day after they arose. In addition, separate limits have been defined so that active 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 investment strategy.

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:

Guaranteed return in per cent	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%	3.5%	0.5%
0%	0.2%	0.6%
Total	**100%**	**100%**

Average interest rate guarantee in per cent	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	**3.32 %**	**3.33 %**

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.

Guaranteed return in per cent	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 %
Total	**100%**	**100%**

Avrage 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	**2.86 %**	**2.88 %**

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 BT	7 924	
Interest rate risk	2 722	34 %
Equity 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 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 09

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.

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.

STOREBRAND LIVSFORSIKRING GROUP

Undiscounted cash flows for financial liabilities

NOK Million	0-6 months	6-12 months	1-3 years	3-5 years	over 5 years	Total value	Book value
Subordinated loan capital	-289	-92	-2 222	-2 281	-4 721	-9 605	-7 489
Other current liabilities	-6 145					-6 145	-6 145
Uncalled residual liabilities Limited partnership	-3 922					-3 922	
Total financial liabilities 2015	**-10 357**	**-92**	**-2 222**	**-2 281**	**-4 721**	**-19 672**	**-13 634**
Derivatives related to funding 2015	117	-41	28	69	187	361	1 137
Total financial liabilities 2014	**-19 937**	**-77**	**-680**	**-2 712**	**-4 778**	**-28 184**	**-21 559**

The agreed remaining term provides limited information about the company's liquidity risk since the vast majority of investment assets can be realised more quickly in the secondary market than the agreed remaining term. The cash flow from perpetual subordinated loans is calculated up to the first call.

Specification of subordinated loan capital and hybrid tier 1 capital

NOK Million	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS	1 500	NOK	Variable	2018	1 503
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1 000	NOK	Fixed	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
Total subordinated loan capital and hybrid tier 1 capital 2015					**7 489**
Total subordinated loan capital and hybrid tier 1 capital 2014					**7 324**

STOREBRAND LIVSFORSIKRING AS

Undiscounted cash flows for financial liabilities

NOK Million	0-6 months	6-12 months	1-3 years	3-5 years	over 5 years	Total value	Book value
Subordinated loan capital	-281	-83	-2 187	-1 538	-4 721	-8 809	-6 756
Other current liabilities	-2 958					-2 958	-2 958
Uncalled residual liabilities Limited partnership	-3 145					-3 145	
Total financial liabilities 2015	**-6 384**	**-83**	**-2 187**	**-1 538**	**-4 721**	**-14 912**	**-9 715**
Derivatives related to funding 2015	117	-41	28	69	187	361	1 137
Total financial liabilities 2014	**-6 854**	**-68**	**-644**	**-2 015**	**-4 778**	**-14 358**	**-8 925**

The agreed remaining term provides limited information about the company's liquidity risk since the vast majority of investment assets can be realised more quickly in the secondary market than the agreed remaining term. The cash flow from perpetual subordinated loans is calculated up to the first call.

Note 10 Lending and counterparty risk

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.

LENDING

STOREBRAND LIVSFORSIKRING GROUP

CORPORATE MARKET

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.

Commitments by customer groups

NOK Million	Lending to and receivables from customers	Impaired commitments	Individual write-downs	Net defaulted commitments
Development of building projects	928			
Sale and operation of real estate	4 899	66	5	61
Wage-earners and others	2			
Other	200			
Total	**6 029**	**66**	**5**	**61**
- Individual write-downs	5			
+ Group write-downs	5			
Total lending to and receivables from customers 2015	**6 019**	**66**	**5**	**61**
Total lending to and receivables from customers 2014	**4 682**			

COUNTERPARTY RISK

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.

STOREBRAND LIVSFORSIKRING GROUP

Investments subjected to netting agreements/CSA

	Booked value fin. assets	Booked value fin. liabilities	Net booked fin. assets/liabilities	Collateral Cash (+/-)	Securities (+/-)	Net exposure
Total counterparts 2015	4 252	3 020	1 231	2 275	-606	-437
Total counterparts 2014	5 662	4 279	1 382	2 484	-1 084	-18

STOREBRAND LIVSFORSIKRING AS

Investments subjected to netting agreements/CSA

	Booked value fin. assets	Booked value fin. liabilities	Net booked fin. assets/liabilities	Collateral Cash (+/-)	Securities (+/-)	Net exposure
Total counterparts 2015	1 499	1 797	-298	894	-722	-471
Total counterparts 2014	1 255	3 023	-1 769	206	-1 807	-168

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.

Underlying investments in funds managed by Storebrand is included in the tables.

STOREBRAND LIVSFORSIKRING GROUP

CREDIT RISK BY COUNTERPART

Bonds and other fixed-income securities at fair value
Category by issuer or guarantor

NOK Million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total Fair Value
Government and government guaranteed bonds	40 309	13 207	346	478	118	54 458
Credit bonds	170	8 042	25 036	24 469	3 803	61 520
Mortgage and asset backed securities	37 534	3 148	3 506	3 575	1 372	49 135
Supranational organisations	3 492	435	2 067	3 294	181	9 469
Total interest bearing securities stated by rating	**81 505**	**24 833**	**30 955**	**31 816**	**5 473**	**174 582**
Bond funds not managed by Storebrand						8 745
Non-interest bearing securities managed by Storebrand						931
Total 2015	**81 505**	**24 833**	**30 955**	**31 816**	**5 473**	**184 257**
Total 2014	**86 421**	**20 409**	**28 033**	**27 355**	**6 232**	**177 987**

Interest bearing securities at amortised cost
Category of issuer or guarantor

NOK Million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total Fair Value
Government and government guaranteed bonds	2 236	6 833	1 151	1 144	962	12 327
Credit bonds	1 103	10 760	14 247	6 957	5 035	38 102
Mortgage and asset backed securities	25 818	2 683	945	498	2 943	32 887
Supranational organisations	8 205	6 284	1 158	3 110	264	19 021
Total 2015	**37 362**	**26 559**	**17 501**	**11 709**	**9 205**	**102 336**
Total 2014	**43 131**	**22 123**	**16 524**	**8 809**	**3 921**	**94 507**

COUNTERPARTIES

NOK Million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total Fair value
Derivatives	2 174	1 840	220		127	4 361
Of which derivatives in bond funds, managed by Storebrand	102	7				109
Total derivatives excluding derivatives in bond funds 2015	**2 072**	**1 833**	**220**		**127**	**4 252**
Total derivatives excluding derivatives in bond funds 2014	**1 798**	**3 631**	**251**			**5 680**
Bank deposits	4 820	2 165	1	27	58	7 071
Of which bank deposits in bond funds, managed by Storebrand	495					495
Total bank deposits excluding bank deposits in bond funds 2015	4 325	2 165	1	27	58	6 575
Total bank deposits excluding bank deposits in bond funds 2014	**4 687**	**3 436**	**40**	**26**		**8 190**

Rating classes based on Standard & Poors.
NIG = Non-investment grade.

STOREBRAND LIVSFORSIKRING AS

CREDIT RISK BY COUNTERPARTY

Bonds and other fixed-income securities at fair value
Category by issuer or guarantor

NOK Million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total Fair value
Government and government guaranteed bonds	14 836	1 658	95	391		16 980
Credit bonds	169	3 282	14 169	21 373	2 244	41 237
Mortgage and asset backed securities	7 885	427	16	3 575	853	12 755
Supranational organisations		87	1 401	2 210	181	3 879
Total interest bearing securities stated by rating	**22 890**	**5 455**	**15 680**	**27 548**	**3 279**	**74 851**
Bond funds not managed by Storebrand						1 540
Non-interest bearing securities managed by Storebrand						1 255
Total 2015	**22 890**	**5 455**	**15 680**	**27 548**	**3 279**	**77 647**
Total 2014	**26 208**	**6 228**	**15 834**	**23 164**	**4 447**	**78 819**

INTEREST BEARING SECURITIES AT AMORTISED COST
Category of issuer or guarantor

NOK Million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total Fair value
Government and government guaranteed bonds	2 236	6 833	1 151	1 144	962	12 327
Credit bonds	1 103	10 760	14 247	6 957	5 035	38 102
Mortgage and asset backed securities	25 818	2 683	945	498	2 943	32 887
Supranational organisations	8 205	6 284	1 158	3 110	264	19 021
Total 2015	**37 362**	**26 559**	**17 501**	**11 709**	**9 205**	**102 336**
Total 2014	**43 131**	**22 123**	**16 524**	**8 809**	**3 921**	**94 507**

Counterparties

NOK Million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total Fair value
Derivatives		1 360	23	97	127	1 607
Of which derivatives in bond funds, managed by Storebrand		101	7			108
Total derivatives excluding derivatives in bond funds 2015		1 259	16	97	127	1 499
Total derivatives excluding derivatives in bond funds 2014		1 020	140	94	0	1 255
Bank deposits		3 853			58	3 911
Of which bank deposits in bond funds, managed by Storebrand		495				495
Total bank deposits excluding bank deposits in bond funds 2015		**3 358**			**58**	**3 415**
Total bank deposits excluding bank deposits in bond funds 2014		**3 692**		**40**		**3 732**

Rating classes based on Standard & Poors.
NIG = Non-investment grade.

Note 12 Concentrations of risk

Most of the risk for the Storebrand Group relates to the guaranteed life insurance businesses. These risks are consolidated in the Storebrand Life Insurance Group which includes the Norwegian life insurance business (Storebrand Livsforsikring AS), the Swedish life insurance businesses (SPP Livförsäkring AB and SPP Liv Fondförsäkring AB) and the business in Ireland and Guernsey (BenCo).

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.
The insurance business primarily has a credit risk relating to bonds with significant geographical and industry-related diversification, while lending is mostly exposed to direct loans for residential property in NorwayThere 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.
In the short term, an interest rate increase will negatively impact on the returns for the life insurance companies.

Note 13 Valuation of financial instruments and properties

Loans to customers:
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.

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 2015	Fair value 2014	Book value 2015	Book value 2014
Financial assets							
Lending to customers			6 016	6 016	4 671	6 019	4 682
Bonds held to maturity		17 578		17 578	17 794	15 648	15 131
Bonds classified as loans and receivables		84 758		84 758	76 713	76 107	66 012
Total fair value 2015		**102 336**	**4 671**	**108 353**		**97 774**	
Total fair value 2014		**99 178**			**99 178**		**85 825**
Financial liabilities							
Subordinated loan capital		7 432		7 432	7 549	7 489	7 324
Total fair value 2015		**7 432**		**7 432**		**7 489**	
Total fair value 2014		**7 549**			**7 549**		**7 324**

VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE 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.

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.

Real estate 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 real estates

The investment real estates primarily consist of office buildings located in Oslo and Stockholm and shopping centres in Southern Norway.

<u>Office properties and shopping centres in Norway:</u>

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
<u>Risk premium, adjusted for:</u>

- Type of real estate
- 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.

<u>External appraisals:</u>

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.

STOREBRAND LIVSFORSIKRING GROUP

NOK Million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total Fair value 2015	Fair value 2014
Assets					
Equities and units					
- Equities	17 605	578	2 468	20 651	20 646
- Fund units	286	93 866	9 399	103 550	96 832
- Real estate fund			362	362	952
Total equities and units 2015	**17 890**	**94 444**	**12 228**	**124 563**	
Total equities and units 2014	**17 776**	**87 929**	**12 724**		**118 429**
Bonds and other fixed income securities					
- Government and government guaranteed bonds	27 509	22 612		50 121	54 687
- Credit bonds	30	25 396	358	25 784	24 162
- Mortgage and asset backed bonds		44 415		44 415	41 824
- Supranational and agency	45	5 456		5 501	6 575
- Bond funds	821	57 616		58 437	50 739
Total bonds and other fixed income securities 2015	**28 405**	**155 494**	**358**	**184 257**	
Total bonds and other fixed income securities 2014	**36 171**	**141 476**	**339**		**177 987**
Derivatives:					
- Interest rate derivatives		1 775		1 775	4 514
- Currency derivatives		-544		-544	-3 113
Total derivatives 2015		**1 232**		**1 232**	
- derivatives with a positive market value		4 252		4 252	
- derivatives with a negative market value		-3 020		-3 020	
Total derivatives 2014		**1 401**			**1 401**
Real estate:					
- real estate at fair value			24 415	24 415	26 419
- real estate for own use			2 887	2 887	2 583
Total real estate 2015			**27 302**	**27 302**	
Total real estate 2014			**29 001**		**29 001**

Movements between quoted prices and observable assumptions

NOK Million	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 in the last measuring period.
On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities in the last measuring period.

Movement level 3

NOK Million	Equities	Fund units	Real estate fund	Credit bonds	Real estate	Real estate for own use
Book value 01.01	2 414	9 359	952	339	26 419	2 583

Net profit/loss	188	1 515	80	41	1 583	183
Supply/disposal	299	806	1	16	1 180	16
Sales/overdue/settlement	-481	-2 563	-671	-64	-101	4
To quoted prices and observable assumptions		58				12
Translation differences	48	223		26	291	104
Other*)					-4 956	-14
Book value 31.12.15	**2 468**	**9 399**	**362**	**358**	**24 415**	**2 887**

*) Includes derecognition of NOK 4,927 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 LIVSFORSIKRING AS

NOK Million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total fair value 2015	Fair value 2014
Assets					
Equities and units					
- Equities	12 209	124	1 780	14 114	11 321
- Fund units		23 033	6 822	29 855	33 041
- Real estate fund			362	362	952
Total equities and units 2015	**12 209**	**23 157**	**8 964**	**44 330**	
Total equities and units 2014	**9 336**	**26 236**	**9 742**		**45 314**
Bonds and other fixed income securities					
- Government and government guaranteed bonds	13 215			13 215	17 859
- Credit bonds		8 832	77	8 908	10 744
- Mortgage and asset backed bonds		10 623		10 623	9 777
- Supranational and agency		511		511	1 065
- Bond funds		44 390		44 390	39 374
Total bonds and other fixed income securities 2015	**13 215**	**64 356**	**77**	**77 647**	
Total bonds and other fixed income securities 2014	**17 859**	**60 886**	**74**		**78 819**
Derivatives:					
- Interest rate derivatives		178		178	1 013
- Currency derivatives		-476		-476	-2 782
Total derivatives 2015		**-298**		**-298**	
- derivatives with a positive market value		1 499		1 499	
- derivatives with a negative market value		-1 797		-1 797	
Total derivatives 2014		**-1 769**			**-1 769**

Movements between quoted prices and observable assumptions

NOK Million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	6	21

Movements from level 1 to level 2 reflect reduced sales value in the relevant equities in the last measuring period.
On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities in the last measuring period.

Movements level 3

NOK Million	Equities	Fund units	Real estate fund	Credit bonds
Book value 01.01	1 779	7 012	952	74
Net profit/loss	103	1 212	80	15
Supply/disposal	17	602	1	
Sales/overdue/settlement	-119	-2 063	-671	-13
From quoted prices and observable assumptions		58		
Book value 31.12.15	**1 780**	**6 822**	**362**	**77**

SENSITIVITY ASSESSMENTS

EQUITIES

Equity level 3 consist primarily of forestry investments 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 cost 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.

	Storebrand Livsforsikring Group Change in value at change in discount rate		Storebrand Livsforsikring AS Change in value at change in discount rate	
NOK Million	Increase + 25 bp	Decrease - 25 bp	Increase + 25 bp	Decrease - 25 bp
Change in fair value as at 31.12.15	-102	110	-92	99
Change in fair value as at 31.12.14	-72	77	-63	68

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.

	Storebrand Livsforsikring Group Change MSCI World		Storebrand Livsforsikring AS Change MSCI World	
NOK Million	Increase +10%	Decrease - 10%	Increase +10%	Decrease - 10%
Change in fair value as at 31.12.15	395	-395	320	-320
Change in fair value as at 31.12.14	291	-291	211	-211

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.

	Storebrand Livsforsikring Group Change in value underlying real estates		Storebrand Livsforsikring AS Change in value underlying real estates	
NOK Million	Increase +10%	Decrease - 10%	Increase +10%	Decrease - 10%
Change in fair value as at 31.12.15	100	-99	100	-99
Change in fair value as at 31.12.14	250	-247	250	-247

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.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change MSCI World		Change MSCI World	
NOK Million	Increase +10%	Decrease - 10%	Increase +10%	Decrease - 10%
Change in fair value as at 31.12.15	15	-15	4	-4
Change in fair value as at 31.12.14	15	-15	4	-4

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.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change in required rate of return		Change in required rate of return	
NOK Million	0.25%	-0.25%	0.25%	-0.25%
Change in fair value as at 31.12.15	-1 180	1 306	-988	1 086
Change in fair value as at 31.12.14	-1 288	1 203	-1 172	1 071

Note 14 Profit and Loss account by class of business

NOK Million	Group pension private insurance	Group pension public insurance	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance
Premium income	13 914	396	788	1 734	197	335
Net income from financial assets – collective portfolio	6 734	117	42	185	565	25
Net income from financial assets with investment choice	1 224			204	238	
Other insurance related income	319	3	1	30	35	
Claims	-7 269	-3 953	-534	-939	-1 505	-135
– of which agreements terminated/withdrawals from endowment policies	-136	-135		-438	-19	
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	-3 291	3 467	-131	78	713	-34
Changes in insurance obligations recognised in the profit and Loss account with investment choice	-11 170			-852	-34	
Funds allocated to insurance contracts						
contractual obligations	-315			-58	-10	
Insurance related operating costs	-949	-72	-71	-186	-145	-64
Other insurance related costs	-307	-20	-22	-3	-2	-1
Technical result 2015	**-1 110**	**-62**	**73**	**194**	**53**	**125**
Technical result 2014	**649**	**8**	**97**	**169**	**18**	**101**

NOK Million	Storebrand Livs-forsikring AS	Security reserves classified as equity in IFRS	BenCo	SPP	Storebrand Livsforsikring Group
Premium income	17 364		178	6 955	24 497
Net income from financial assets – collective portfolio	7 669		432	307	8 349
Net income from financial assets with investment choice	1 666		56	2 759	4 493
Other insurance related income	388		57	1 249	1 694
Claims	-14 335		-1 561	-8 606	-24 502
– Of which agreements terminated/withdrawals from endowment policies	-728			93	-635
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	802	4	115	3 328	4 332
Changes in insurance obligations recognised in the Profit and Loss account with investment choice	-12 056		854	-4 809	-16 011
Funds allocated to insurance contracts					
contractual obligations	-382		-6		-388
Insurance related operating costs	-1 488		-88	-1 093	-2 720
Other insurance related costs	-354			-61	-416
Technical result 2015	**-727**	**4**	**37**	**29**	**-672**
Technical result 2014	**1 041**	**4**	**86**	**807**	**1 949**

Endowment insurance

NOK Million	Profit allocation	Not eligible for profit allocation	Investment choice	2015	2014
Premium income	258	425	1 051	1 734	1 160
Net income from financial assets – collective portfolio	129	56		185	242
Net income from financial assets with investment choice			204	204	306
Other insurance related income	1		29	30	26
Claims	-426	-117	-397	-939	-1 841
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	184	-105		78	92
Changes in insurance obligations recognised in the					
Profit and Loss account with investment choice			-852	-852	337
Funds allocated to insurance contracts					
contractual obligations	-58			-58	-7
Insurance related operating costs	-79	-78	-28	-186	-142
Other insurance related costs	-2	-1		-3	-3
Technical result	**7**	**180**	**7**	**194**	**169**

Annuity/pension insurance

NOK Million	Profit allocation	Investment choice	2015	2014
Premium income	26	171	197	214
Net income from financial assets – collective portfolio	565		565	765
Net income from financial assets with investment choice		238	238	364
Other insurance related income	3	32	35	29
Claims	-1 158	-347	-1 505	-1 579
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	713		713	497
Changes in insurance obligations recognised in the Profit and Loss account with investment choice		-34	-34	-147
Funds allocated to insurance contracts				
contractual obligations	-10		-10	-12
Insurance related operating costs	-103	-42	-145	-112
Other insurance related costs	-2		-2	-1
Technical result	**36**	**17**	**53**	**18**

Group pension private insurance

NOK Million	Defined benefit without investment choice	Paid-up policies	Defined contribution with investment choice	Not eligible for profit allocation	2015	2014
Premium income	5 205	-3 527	11 384	852	13 914	12 805
Net income from financial assets – collective portfolio	2 124	4 561		49	6 734	9 419
Net income from financial assets with investment choice			1 224		1 224	2 822
Other insurance related income	22	20	275		319	201
Claims	-2 051	-3 927	-1 275	-17	-7 269	-7 302
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	-4 745	2 289		-835	-3 291	-8 129
Changes in insurance obligations recognised in the Profit and Loss account with investment choice			-11 170		-11 170	-7 978
Funds allocated to insurance contracts						
contractual obligations	-310	-4			-315	-160
Insurance related operating costs	-294	-342	-225	-88	-949	-664
Other insurance related costs	-207	-2	-47	-51	-307	-367
Technical result	**-256**	**-931**	**166**	**-90**	**-1 110**	**649**

Group pension public insurance

NOK Million	Defined benefit without investment choice	2015	2014
Premium income	396	396	1 493
Net income from financial assets – collective portfolio	117	117	605
Other insurance related income	3	3	1
Claims	-3 953	-3 953	-11 946
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	3 467	3 467	9 973
Funds allocated to insurance contracts contractual obligations			-6
Insurance related operating costs	-72	-72	-48
Other insurance related costs	-20	-20	-65
Technical result	**-62**	**-62**	**8**

Note 15 Profit analysis by class of insurance

NOK Million	Group pension private insurance	Group pension public insurance	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance	Storebrand Livsforsikring AS		Security reserves as equity in IFRS		BenCo	SPP	Storebrand Livsforsikring Group	
							2015	2014	2015	2014	2015	2015	2015	2014
Financial income [1]	9 113	165	61	405	850	35	10 630	12 521			210	981	11 821	19 144
Guaranteed yield	-6 344	-163	-3	-366	-698	-1	-7 575	-9 669			-217	-1 296	-9 088	-16 210
- of which transferred to premium fund	-8	-1					-9	-14			-128	-2 257	-2 395	-108
Investment result before drawing on buffer capital	2 769	2	58	39	152	34	3 055	2 852			-7		3 048	2 934
To/from additional statutory reserves and buffer capital	-492	-2		-7	-117		-619	-633				-315	-934	-633
Investment result after drawing on additional statutory reserves and buffer reserves	**2 277**	**-0**	**58**	**32**	**35**	**34**	**2 436**	**2 220**			**-7**	**-315**	**2 114**	**2 301**
Risk premium	375	58	661	549	-81	271	1 833	1 752			-3	380	2 210	2 143
Risk addition	-345	-57	-660	-309	139	-178	-1 410	-1 025			2	-256	-1 664	-880
Net reinsurance etc. [1]	-77		-8			6	-81	-151				-3	-83	-155
Risk result	**-47**	**1**	**-7**	**239**	**58**	**99**	**342**	**576**			**-1**	**121**	**463**	**1 108**
Administration premium	1 073	25	93	159	117	56	1 524	1 496			110	1 433	3 067	2 624
Operating expenses	-949	-72	-71	-186	-145	-64	-1 488	-1 033			-66	-1 210	-2 763	-1 883
Administration result	**124**	**-48**	**22**	**-27**	**-28**	**-8**	**36**	**463**			**44**	**224**	**304**	**742**
Other results [2]	**-1 954**			**8**	**-3**		**-1 950**	**-2 287**	**4**	**-8**			**-1 960**	**-2 271**
Premium for guaranteed interest	**370**	**26**					**396**	**463**					**396**	**463**
Risk profit	**150**	**9**					**159**	**182**					**159**	**182**
Gross result for sector	**918**	**-11**	**73**	**252**	**63**	**125**	**1 420**	**1 617**	**4**	**-8**	**37**	**29**	**1 475**	**2 525**
Investment result and risk result to policyholders	-315			-58	-10		-382	-185					-382	-185
Owners contribution to strengthen the longevity reserve	-938	-50					-988	-391					-988	-391
Covered by the risk equalisation fund	-776						-776						-776	
Profit for the year	**-1 110**	**-62**	**73**	**194**	**53**	**125**	**-727**	**1 041**	**4**	**-8**	**37**	**29**	**-671**	**1 949**

1) The items other insurance-related income (in note 14) and other insurance-related costs (in note 14) are allocated in accordance with their purpose.

2) The item consists of a provision for long life, additional statutory reserves and security reserves

Endowment insurance

NOK Million	Profit allocation Policy-holders	Profit allocation Owner	Not eligible for profit allocation Policy-holders	Not eligible for profit allocation Owner	Investment choice Policy-holders	Investment choice Owner	2015 Policy-holders	2015 Owner	2014 Policy-holders	2014 Owner
Administration result	-20			-11		5	-20	-7		19
Investment result	31			7			31	8	6	18
Risk result	53			184		2	53	186	51	134
Profit allocation	-7	7					-7	7	3	-3
To/from additional statutory reserves and buffer capital	-7						-7		-52	
Other	8						8			
Technical result	**58**	**7**	**0**	**180**	**0**	**7**	**58**	**194**	**7**	**169**

Annuity/pension insurance

NOK Million	Profit allocation Policy-holders	Profit allocation Owner	Investment choice Policy-holders	Investment choice Owner	2015 Policy-holders	2015 Owner	2014 Policy-holders	2014 Owner
Administration result	-45			17	-45	17	-7	16
Investment result	152				152		44	
Risk result	58				58		60	2
Profit allocation	-36	36			-36	36		
To/from additional statutory reserves and buffer capital	-117				-117		-83	
Other	-3				-3		-2	
Technical result	**10**	**36**		**17**	**10**	**53**	**12**	**18**

Group pension private insurance

NOK Million	Defined benefit without investment choice Policy-holders	Defined benefit without investment choice Owner	Paid-up policies Policy-holders	Paid-up policies Ow-ner	Defined contribu-tion with invest-ment choice Policy-holders	Defined contribu-tion with invest-ment choice Owner	Not eligible for profit allocation Policy-holders	Not eligible for profit allocation Owner	2015 Policy-holders	2015 Owner	2014 Policy-holders	2014 Owner
Administration result		-9		-47		173		7		124		334
Investment result	1 222		1 480			-4		70	2 703	67	2 548	27
Risk result	61	40	-2	51		-3		-194	59	-106	248	11
Premium for guaranteed interest and risk profit		493						26		520		567
To/from additional statutory reserves and buffer capital	-523		30						-492		-374	
Other	326	-780	-1 342	-934					-1 017	-1 714	-1 972	-291
Technical result	**1 087**	**-256**	**166**	**-931**		**166**		**-90**	**1 252**	**-1 110**	**451**	**649**

Group pension public insurance

NOK Million	Defined benefit without investment choice Policy-holders	Owner	2015 Policy-holders	Owner	2014 Policy-holders	Owner
Administration result		-48		-48		30
Investment result	2		2		151	
Premium for guaranteed interest and risk profit		36		36		78
To/from additional statutory reserves and buffer capital	-2		-2		-123	
Other	50	-50	50	-50	78	-100
Technical result	**50**	**-62**	**50**	**-62**	**106**	**8**

Note 16 Sales of insurance (new business)

NOK Million	Group pension private insurance	Group life insurance	Endowment insu-rance	Annuity/ pension insurance	Non-life insurance	Storebrand Livsforsikring Group
2015	1 132	2	515	4	6	1 658
2014	136	8	341	4	16	506

Sales consist of new and additional sales, with deductions for policies where the first premium has not been paid. Premium reserves transferred to the company (note 17) are not included in these figures.

Note 17 Transfers of insurance reserves

NOK Million	Group pension private insu-rance	Group pension public insurance	Endowment insurance	Annuity/ pension insurance	Storebrand Livsforsikring AS 2015	2014
Funds received						
Premium reserve	1 008		2	144	1 155	1 088
Additional statutory reserves	-57				-57	-4
Transfers of premium reserve etc.	**951**		**2**	**144**	**1 098**	**1 084**
Premium funds	141					
Number of policies/customers	706	2	27	214	949	865
Funds transferred out						
Premium reserve	-1 091	-3 387	-34	-44	-4 556	-12 452
Additional statutory reserves	-10	-164		-1	-175	-269
Value adjustment fund	-45				-45	-1
Transfers of premium reserve etc.	**-1 146**	**-3 551**	**-34**	**-45**	**-4 776**	**-12 722**
Premium funds	-59	-257			-15	-422
Number of policies/customers	4 459	94	75	194	4 822	1 631

Note 18 Net financial income

NOK Million	Storebrand Livsforsikring Group 2015	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring AS 2015	Storebrand Livsforsikring AS 2014
Interest lending	111	171	390	555
Interest bank	42	73	26	36
Interest bonds and other fixed-income securities at fair value	2 596	3 599	1 267	1 836
Interest bonds amortised cost	3 877	3 809	3 877	3 809
Interest derivatives	670	565	26	17
Interest income other	-218	-147	-221	-144
Equity dividends	538	767	305	323
Total interest income and equity dividends etc. financial assets	**7 615**	**8 837**	**5 670**	**6 431**
Revaluation of real estate	1 578	433		
Revaluation of equities	-1 118	11 135	-2 668	2 220
Revaluation bonds and other fixed-income securities at fair value	-2 237	3 898	-752	2 034
Revaluation derivatives	-2 097	4 200	28	127
Total revaluation on investments	**-3 874**	**19 666**	**-3 392**	**4 381**
Profit on real estate		-10		6
Profit on equities	7 622	5 783	5 842	4 660
Profit on bonds and other fixed-income securities at fair value	2 018	1 919	411	586
Profits on derivatives	-5 943	-2 979	-5 253	-2 985
Profit on bonds at amortised cost	218	9	215	7
Profit on other investments	-3		-3	
Currency gains, equities	33	3 064		2 080
Currency gains, bonds and other fixed-income securities at fair value	2 034	787	2 375	416
Currency gains, derivatives	2 312	-3 326	1 251	-1 940
Currency gains, bonds at amortised cost	78	59	78	59
Currency gains, other	-46	88	-129	95
Total gains and losses on financial assets	**8 322**	**5 394**	**4 786**	**2 985**
Interest costs subordinated loans	337	442	337	442
Total interest costs	**337**	**442**	**337**	**442**

Note 19 Net income from real estate

NOK Million	Storebrand Livsforsikring Group 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 liabilities		-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

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 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 20 Other insurance related income

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK Million	2015	2014	2015	2014
Interest income insurance	5	7	5	7
Management fee	802	682		
Other insurance relates fees	68	33	6	
Indexing fees	127	160		
Administration fees		85		
Return commissions	609	416	369	231
Other income	83	355	8	19
Total other insurance related income	**1 694**	**1 739**	**387**	**256**

Note 21 Other income

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK Million	2015	2014	2015	2014
Interest income on management bank deposits	14	26	14	26
Management fees, asset management		150		
Revenue from companies other than insurance	348	254		
Other income	20	80	19	
Total other income	**381**	**510**	**32**	**26**

Note 22 Sales cost

NOK Million	Storebrand Livsforsikring Group 2015	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring AS 2015	Storebrand Livsforsikring AS 2014
Salaries and personnel costs own sales resources	-293	-246	-453	-400
Other sales costs own resources	-49	-41	-198	-171
Commissions to external distributors	-19	-25	-158	-148
Total sales costs	**-361**	**-312**	**-808**	**-719**
Change in deferred acquisition costs			-1	2

Note 23 Pension costs and pension liabilities

STOREBRAND LIVSFORSIKRING GROUP

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 lifelong 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 acco-rdance 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 56,900 in 2014 and will be SEK 58,100 in 2015, 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 BTP1 pension plan has a two-part premium structure: 2.5 per cent of the pensionable salary up to and including 7.5 x the basic income amount ("innkomstbasebelopp") is subject to mandatory investment arrangements. This part is always placed in long-term, secure investments, and individuals cannot influence this investment. The optional part constitutes 2.0 per cent of the pensionable salary up to and including 7.5 x the basic income amount and 30 per cent of any salary between 7.5 and 30 x the basic income amount.

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. In July 2015 a new CEO was appointed with a retirement age of 65. In addition to the BTP1 pension described above, the CEO has a supplementary defined-contribution pension plan with SPP. The premium amounts to 20 per cent of the salary in excess of 30 x the basic income amount.

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	1 014	934
Fair value of pension assets	-923	-813
Net pension liabilities/assets insured scheme	**91**	**121**
Present value of unsecured liabilities	126	166
Net pension liabilities recognised in statement of financial position	**217**	**288**

Includes employer contributions on net under-financed liabilities in the gross liabilities

BOOKED IN STATEMENT OF FINANCIAL POSITION

NOK Million	2015	2014
Pension liabilities	217	288

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

NOK Million	2015	2014
Net pension liabilities 01.01	1 101	2 195
Pensions earned in the period	48	94
Pension cost recognised in period	33	88
Estimate deviations	50	380
Gain/loss on insurance reductions		-79
Pensions paid	-108	-72
Changes to pension scheme	-33	-1 498
Pension liabilities additions/disposals and currency adjustments	58	9
Payroll tax of employer contribution, assets	-9	-16
Net pension liabilities 31.12	**1 140**	**1 101**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK Million	2015	2014
Pension assets at fair value 01.01	813	1 620
Expected return	26	57
Estimate deviation	-38	30
Gain/loss on insurance reductions		-79
Premiums paid	101	159
Pensions paid	-20	-40
Changes to pension scheme		-941
Pension liabilities additions/disposals and currency adjustments	42	8
Payroll tax of employer contribution, assets	-1	-1
Net pension assets 31.12	**923**	**813**

Expected premium payments (pension assets) in 2016	34
Expected premium payments (contributions) in 2016	188
Expected early retirement scheme payments in 2016	18
Expected payments from operations (uninsured scheme) in 2016	-13

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE/SPP COMPOSED AT 31.12:

	Storebrand Livsforsikring AS		SPP Pension & Försäkring AB	
NOK Million	2015	2014	2015	2014
Real estate	12 %	10 %	6 %	5 %
Bonds at amortised cost	45 %	40 %		
Mortgage loans and other loans	11 %			
Equities and units	27 %	15 %	8 %	9 %
Bonds	4 %	28 %	86 %	83 %
Certificates		8 %		
Other short-term financial assets				3 %
Total	**100 %**	**100 %**	**100 %**	**100 %**
Realised return on assets	5.4 %	5.4 %	0 %	11.6 %

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Livsforsikring and SPP.

Financial instruments are measured at three different levels. Allocation of the different classes of financial instruments at levels are shown in note 13.

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOW:

NOK Million	2015	2014
Current service cost	49	95
Net interest cost/expected return	18	-14
Changes to pension scheme		-560
Total for defined benefit schemes	**67**	**-479**
The period's payment to contribution scheme	185	146
The period's payment to contractual pension	11	
Net pension cost recognised in profit and loss account in the period	**196**	**146**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK Million	2015	2014
Actuarial loss (gain) - change in discount rate	-69	393
Actuarial loss (gain) - change in other financial assumptions	-8	-125
Actuarial loss (gain) - experience DBO		31
Loss (gain) - experience Assets	126	80
Investment management cost	36	-41
Asset ceiling - asset adjustment	2	12
Remeasurements loss (gain) in the period	**88**	**350**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

	Storebrand Livsforsikring AS		SPP Pension & Försäkring AB	
NOK Million	2015	2014	2015	2014
Discount rate [1]	2.7 %	3.0 %	3.5 %	3.0 %
Expected earnings growth	2.3 %	3.0 %	3.5 %	3.5 %
Expected annual increase in social security pensions	2.3 %	3.0 %	3.0 %	3.0 %
Expected annual increase in pensions payment		0.1 %	2.0 %	2.0 %
Disability table	KU	KU		
Mortality table	K2013BE	K2013BE	DUS14	DUS14

1) A discount rate of 2.5 per cent p.a. has been used for portions of the pension liabilities for the Norwegian companies

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.

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

The following estimates are based on facts and circumstances as of 31 December 2014 and are calculated for each individual when all other assumptions are kept constant.

Sweden	Discount rate		Expected earnings growth		Expected annual increase in pensions payment	DMortality - change in expected life expectancy	
NOK Million	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 %

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 been estimated at +/- 0.5 per cent of the pension liabilities.

STOREBRAND LIVSFORSIKRING AS

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 lifelong 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.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

NOK Million	2015	2014
Present value of insured pension liabilities	233	135
Fair value of pension assets	-158	-118
Net pension liabilities/assets insured scheme	**76**	**17**
Present value of unsecured liabilities	120	156
Net pension liabilities recognised in statement of financial position	**196**	**174**

Includes employer contributions on net under-financed liabilities in the gross liabilities

BOOKED IN STATEMENT OF FINANCIAL POSITION:

NOK Million	2015	2014
Pension liabilities	196	174

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

NOK Million	2015	2014
Net pension liabilities 01.01	291	1 330
Pensions earned in the period	24	65
Pension cost recognised in period	7	55
Estimate deviations	127	255
Pensions paid	-87	-46
Changes to pension scheme		-1 356
Payroll tax of employer contribution, assets	-8	-13
Net pension liabilities 31.12	**354**	**291**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK Million	2015	2014
Pension assets at fair value 01.01	118	898
Expected return	3	29
Estimate deviation	-18	-9
Premiums paid	58	91
Pensions paid	-3	-24
Changes to pension scheme		-866
Net pension assets 31.12	**158**	**118**

Expected premium payments (pension assets) in 2016	1
Expected premium payments (contributions) in 2016	78
Expected early retirement scheme payments in 2016	15
Expected payments from operations (uninsured scheme) in 2016	8

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE COMPOSED AT 31.12:

	Storebrand Livsforsikring AS	
	2015	2014
Real estate	12 %	10 %
Bonds at amortised cost	45 %	40 %
Mortgage loans and other loans	11 %	
Equities and units	27 %	15 %
Bonds	4 %	28 %
Certificates		8 %
Total	**100 %**	**100 %**
Realised return on assets	5.4 %	5.4 %

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Livsforsikring.

Financial instruments are measured at three different levels. Allocation of the different classes of financial instruments at levels are shown in note 13.

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOWS

NOK Million	2015	2014
Current service cost	24	66
Net interest cost/expected return	4	26
Total for defined benefit schemes	**28**	**-78**
The period's payment to contribution scheme	57	17
The period's payment to contractual pension	9	
Net pension cost recognised in profit and loss account in the period	**94**	**-65**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK Million	2015	2014
Actuarial loss (gain) - change in discount rate		241
Actuarial loss (gain) - change in other financial assumptions		-16
Actuarial loss (gain) - experience DBO	127	30
Loss (gain) - experience Assets	17	-1
Investment management cost	2	10
Remeasurements loss (gain) in the period	**145**	**51**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

NOK Million	2015	2014
Discount rate [1)]	2.7 %	3.0 %
Expected earnings growth	2.3 %	3.0 %
Expected annual increase in social security pensions	2.25 %	3.00 %
Expected annual increase in pensions payment		0.1 %
Disability table	KU	KU
Mortality table	K2013BE	K2013BE

1) A discount rate of 2.5 per cent p.a. has been used for portions of the pension liabilities for the Norwegian companies

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

Risikoen for 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 been estimated at +/- 0.5 per cent of the pension liabilities.

Note 24 Remuneration of senior employees and elected officers of company

Geir Holmgren is CEO of Storebrand Livsforsikring AS. He has a guaranteed salary for 12 months after the ordinary period of notice. All work-related income including consulting assignments will be deducted. He has an agreement on a performance-related bonus which is linked to the Group's value-based management system (see item 3 below).

The company has no obligations towards the Chairman of the Board in the event of resignation or change of succession. The company pays management liability insurance for its board members.

Storebrand has set up a bonus scheme for employees. The bonus scheme is linked to the company's value creation as well as individual performances.

NOK thousand	Ordinary salary	Bonus earned in 2014 [1]	Other benefits [2]	Total remuneration for the year	Post termination salary (months)	Loan [3]	No. of shares owned [4]
Geir Holmgren	3 219	193	3 413	689	12	5 051	14 677
Lars Aa. Løddesøl	4 219	198	4 417	987	18	9 627	48 631
Heidi Skaaret	3 317	183	3 500	858	12	3 600	15 542
Hege Hodnesdal	2 645	166	2 811	498	12		17 892
Robin Kamark	4 670	182	4 853	1 480	18	2 981	43 134
Arne Hove	1 727	147	1 875	391		2 549	
Staffan Hansèn	3 632	11	3 643	825	12		12 848
Sarah McPhee	2 404	34	2 438	1 996	18		55 954
Total 2015	**25 834**	**1 116**	**26 950**	**7 723**		**23 807**	**208 678**
Total 2014	21 086	896	29 431	8 212		22 156	227 460

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.
2) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.
3) Loan up to NOK 3.5 million hold ordinary employee terms while excess loan amount 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

NOK thousand	Remuneration	No. of shares owned 1)	Loan
Board of Directors			
Odd Arild Grefstad	5 541	70 152	4 599
Bodil Cathrine Valvik	89	328	
Inger Johanne Bergstøl	200		
Jan Otto Risebrobakken		6 302	6 606
Tove Margrete Storrødvann	200		
Peik Norenberg	200		
Erik Haug Hansen	152	6 417	3 500
Total 2015	**6 381**	**83 199**	**14 705**
Sum 2014	7 694	71 088	14 182
Control committee 2)			
Elisabeth Wille	339	747	
Harald Moen	244	595	
Ole Klette	244		
Tone Margrethe Reierselmoen	244	1 734	317
Finn Myhre	287		3 213
Anne Grete Steinkjer	244	1 800	
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

2) The Control Committee covers all the Norwegian companies in the Group which are required to have a control committee. Storebrand Livsforsikring liquidated the Control Committee in 2015.

Note 25 Remuneration paid to auditors

The remuneration paid to Deloitte AS and coadjutant companies amounts to:

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group		
NOK Million	2015	2014	Deloitte	2015	2014
Statutory audit	1.9	2.1	8.8	8.8	8.3
Other reporting duties			0.8	0.8	0.7
Tax advice		0.1	1.3	1.3	1.2
Other non-audit services	0.6	0.2	1.1	1.1	1.5
Total remuneration to auditors	**2.5**	**2.4**	**11.9**	**11.9**	**11.6**

The amounts are excluding VAT.

Note 26 Other insurance related expenses

NOK Million	Storebrand Livsforsikring Group 2015	2014	Storebrand Livsforsikring AS 2015	2014
Pooling	95	115	72	115
Interest cost for insurance	48	91	48	91
Management fee discount	41	27	41	27
Administration reserve for paid up policies	162	185	162	185
Losses on policyholders	9			
Other expenses	61	41	32	17
Total other insurance related expenses	**416**	**459**	**354**	**434**

Note 27 Other costs

NOK Million	Storebrand Livsforsikring Group 2015	2014	Storebrand Livsforsikring AS 2015	2014
Borrowing costs	353	460	337	442
Amortisation of intangible assets	386	380		
Operational costs - non insurance	310	345		
Total other costs	**1 049**	**1 185**	**337**	**442**

Note 28 Tax

NOK Million	Storebrand Livsforsikring Group 2015	2014	Storebrand Livsforsikring AS 2015	2014
Tax payable	-1	-5		
Deferred tax	1 968	-354	1 816	-279
Total tax charge	**1 967**	**-359**	**1 816**	**-279**

RECONCILIATION OF EXPECTED AND ACTUAL TAX COST

NOK Million	Storebrand Livsforsikring Group 2015	2014	Storebrand Livsforsikring AS 2015	2014
Ordinary pre-tax profit	-806	1 999	371	1 260
Expected income tax at nominal rate	218	-540	-100	-340
Tax effect of				
realised/unrealised shares	1 918	10	1 932	-73
share dividends received	1	6	176	6
associated companies		-2		
permanent differences	-304	147	-177	30
recognition/write-down of tax assets	152	13		
change in tax rate	-31		-29	
Changes from previous years	14	6	14	98
Total tax charge	**1 967**	**-359**	**1 816**	**-279**
Effective tax rate 1)	244 %	18 %	-490 %	22 %

CALCULATION OF DEFERRED TAX ASSETS AND DEFERRED TAX ON TEMPORARY DIFFERENCES AND LOSSES CARRIED FORWARD

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK Million	2015	2014	2015	2014
Tax-increasing temporary differences				
Securities	11 133	12 645	11 133	12 645
Real estate 2)	10 391	8 972	10 248	8 389
Operating assets	2	7		
Other	944	781		
Total tax-increasing temporary differences	**22 470**	**22 405**	**21 381**	**21 034**
Tax-reducing temporary differences				
Operating assets	-50	-10	-13	-12
Provisions	-4 568	-6 551	-4 563	-6 538
Accrued pension liabilities	-205	-189	-196	-174
Other	-21	-157		
Total tax-reducing temporary differences	**-4 844**	**-6 907**	**-4 772**	**-6 723**
Carry forward losses	-19 025	-9 389	-18 207	-8 941
Total tax loss and assets carried forward	**-19 025**	**-9 389**	**-18 207**	**-8 941**
Basis for net deferred tax and tax assets	**-1 400**	**6 109**	**-1 598**	**5 370**
Write-down of basis for deferred tax assets		322		
Net basis for deferred tax and tax assets 3)	**-1 400**	**6 431**	**-1 598**	**5 370**
Net deferred tax assets/liabilities in balance sheet	**-350**	**1 736**	**-400**	**1 450**
Recognised in balance sheet				
Deferred tax assets	551		400	
Deferred tax	200	1 736		1 450

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.

2) 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).

3) 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 om purchased insurance contracts

STOREBRAND LIVSFORSIKRING GROUP

NOK Million	IT- systems	Intangible assets Value of business in force	Other intangible assets	Goodwill	2015	2014
Acquisition cost 01.01	323	9 482	759	808	11 372	11 151
Additions in the period:						
Developed in-house	73				73	64
Purchased separately	28				28	
Disposals in the period	-8		-122	-47	-177	
Currency differences	1	912	73	76	1 062	151
Other changes	-8				-8	5
Acquisition cost 31.12	**410**	**10 394**	**710**	**837**	**12 351**	**11 152**
Accumulated depreciation & write-downs 01.01	-147	-5 309	-525		-5 981	-5 472
Amortisation in the period	-49	-321	-65		-435	-413
Disposals in the period	8		88		96	
Translation differences from converting foreign units	-1	-542	-57		-600	-91
Other changes	8	10	-10		8	-5
Accumulated depreciation & write-downs 31.12	**-181**	**-6 162**	**-568**		**-6 912**	**-5 472**
Book value 31.12	**229**	**4 232**	**142**	**837**	**5 439**	**5 391**

SPECIFICATION OF INTANGIBLE ASSETS

NOK Million	Useful economic life	Depreciation rate	Depreciation method	Book value 2015
IT- systems	5 år	20 %	Straight line	229
Value of business inforce SPP	20 år	5 %	Straight line	4 232
Other intangible assets	5 år	20 %	Straight line	142

GOODWILL DISTRIBUTED BY BUSINESS ACQUISITION

NOK Million	Acquisition cost 01.01	Book value 01.01	Additions/ disposals	Translation differences	Book value 31.12
SPP	808	808	-47	76	837
Total	**808**	**808**	**-47**	**76**	**837**

STOREBRAND LIVSFORSIKRING AS

NOK Million	IT systems	Total 2015	Total 2014
Acquisition cost 01.01	316	316	247
Additions in the period:			
Developed in-house	73	73	64
Other changes	-8	-8	5
Acquisition cost 31.12	**382**	**382**	**316**
Accumulated depreciation & write-downs 01.01	-140	-140	-103
Amortisation in the period	-49	-49	-32
Other changes	8	8	-5
Accumulated depreciation & write-downs 31.12	**-181**	**-181**	**-140**
Book value 31.12.	**201**	**201**	**176**

NOK Million	Useful economic life	Depreciation rate	Depreciation method	Book value 2015
IT systems	5 years	20 %	Straight line	201

IMPAIRMENT OF INTANGIBLE ASSETS AND GOODWILL

Storebrand Livsforsikring AS acquired SPP Pension & Försäkring 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 2025, 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.

Note 30 Classification of financial assets and liabilities

STOREBRAND LIVSFORSIKRING AS

NOK Million	Lending and receivables	Investments, held to maturity	Fair value, held for sale	Fair value, FVO	Liabilities at amortised cost	Total
Financial assets						
Bank deposits	3 415					3 415
Shares and units				44 330		44 330
Bonds and other fixed-income securities	76 107	15 648		77 647		169 402
Lending to customers	6 019					6 019
Accounts receivable and other short-term receivables	2 677					2 677
Derivatives			1 499			1 499
Total financial assets 2015	**88 218**	**15 648**	**1 499**	**121 977**		**227 342**
Total financial assets 2014	77 837	15 131	1 255	124 133		218 356
Financial liabilities						
Subordinated loan capital					6 756	6 756
Derivatives			1 797			1 797
Other current liabilities					2 958	2 958
Total financial liabilities 2015			**1 797**		**9 714**	**11 511**
Total financial liabilities 2014			3 023		8 862	11 886

STOREBRAND LIVSFORSIKRING GROUP

NOK Million	Lending and receivables	Investments, held to maturity	Fair value, held for sale	Fair value, FVO	Liabilities at amortised cost	Total
Financial assets						
Bank deposits	6 576					6 576
Shares and units				124 563		124 563
Bonds and other fixed-income securities	76 107	15 648		184 257		276 012
Lending to customers	6 019					6 019
Accounts receivable and other short-term receivables	5 157					5 157
Derivatives			4 252			4 252
Total financial assets 2015	**93 859**	**15 648**	**4 252**	**308 819**		**422 578**
Total financial assets 2014	83 894	15 131	5 680	296 416		401 121
Financial liabilities						
Subordinated loan capital					7 489	7 489
Derivatives			3 020			3 020
Other current liabilities					6 145	6 145
Total financial liabilities 2015			**3 020**		**13 634**	**16 654**
Total financial liabilities 2014			4 279		21 559	25 838

Note 31 | Real estate

TYPE OF REAL ESTATE

NOK Million	31.12.15	31.12.14	31.12.15 Required rate of return % 1)	31.12.15 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	4	135 661
Rest of Greater Oslo	6 100	9 200	7.5-8.4	4	338 267
Office buildings in Sweden	1 494	1 002		10	51 598
Shopping centres (including parking and storage)					
Oslo-Vika/Filipstad Brygge					
Rest of Greater Oslo	574	1 177	8.5	3	39 260
Rest of Norway	5 522	5 775	7.2-8.6	4	162 053
Car parks					
Multi-storey car parks in Oslo	741	691	7.7		27 393
Cultural/conference centres in Sweden	323	321		15	18 757
Other real estate:					
Housing Sweden [2)]	473	314		4	10 369
Trading Sweden [2)]	485	336		7	20 880
Hotel Sweden 2)	1 257	1 052		12	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 (including 2.5 per cent inflation)
2) All of the properties in Sweden are appraised externally. This 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 Livsforsikring 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.
Storebrand Eiendomsfond Norge KS invests exclusively in real estate at fair value.

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 addition to the figures that has been finalised
Sales: Sales valued at NOK 3,100 million 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	2 604	2 599
Acquisition cost closing balance	2 623	2 604
Accumulated depreciation and write-downs opening balance	-475	-410
Accumulated depreciation and write-downs closing balance	-520	-475
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 32 Investments in subsidiaries and associated companies

SPECIFICATION OF SUBSIDIARIES WITH SUBSTANTIAL MINORITY (100% FIGURES)

NOK Million	BenCo	Værdals-bruket	Ulven Holding AS	BenCo	Værdals-bruket	Ulven Holding AS
Assets	19 204	227	3 233	18 333	223	2 873
Liabilities	18 570	4	281	17 638	4	187
Equity - majority	570	167	2 502	625	164	2 421
Equity - minority	64	56	450	69	55	266
Ownership interest - minority	10	25	10	10 %	25 %	10 %
Voting rights as a percentage of the total number of shares	10	25	10	10 %	25 %	10 %
Income	726	21	130	2 487	29	144
Profit after tax	33	4	332	93	10	116
Other income and cost					-4	
Total comprehensive income	**33**	**4**	**332**	**93**	**6**	**116**
Dividend paid to minority	17		9	2		25

OWNERSHIP INTERESTS IN ASSOCIATED COMPANIES STOREBRAND LIVSFORSIKRING GROUP

NOK Million	Business location	Ownership interest	Book value 31.12
Norsk Pensjon AS	Oslo	25 %	4
Inntre Holding AS	Steinkjær	34 %	58
Formuesforvaltning AS	Oslo	21.3 %	167
Handelsbodarna i Sverige Fastighets AB	Stockholm	50.0 %	38
Visit Karlstad AB	Karlstad	16.0 %	0
Storebrand Eiendomsfond Norge KS	Oslo	23 %	1 427
Försäkringsgirot AB	Stockholm	25 %	27
Associated companies Storebrand Livsforsikring Group			**1 720**

RECEIVABLES FOR ASSOCIATED COMPANIES

NOK Million	2015	2014
Handelsboderna i Sverige Fastighets AB	41	11
Total	**41**	**11**

OWNERSHIP INTERESTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES STOREBRAND LIVSFORSIKRING GROUP

NOK Million	2015	2014
Proportion of the profit	150	40
Interest income	1	11
Realised change in value	57	14
Unrealised change in value	3	-25
Total	**212**	**40**

All transactions with associates are made on normal commercial term.

OWNERSHIP INTERESTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES STOREBRAND LIVSFORSIKRING AS

NOK Million			Book value 31.12	
Selskap	Interest in %	Voting interest in %		2014
Aktuar Systemer AS, Professor Kohts vei 9, 1327 Lysaker			6	6
Storebrand Pensjonstjenester AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	9	7
AS Værdalsbruket, 7660 Vuku	74.9	74.9	54	54
Storebrand Eiendom AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0		12
Storebrand Holding AB, Stockholm	100.0	100.0	15 400	8 337
Storebrand Finansiell Rådgivning AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	90	90
Storebrand Eiendom Holding AS, Professor Kohts vei 9, 1327 Lysaker				22 196
Storebrand Eiendom Trygg AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	10 838	

Storebrand Eiendom Vekst AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	6 118	
Storebrand Eiendom Utvikling AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	5 333	
Storebrand Eiendomsfond Invest AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	1 487	
Storebrand Realinvesteringer AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0		1
Benco Insurance Holding BV, Nederland	90.0	90.0	539	539
Foran Real Estate, Latvia[1)]	70.1	70.1	797	723
Subsidiaries			**40 671**	**31 966**
Norsk Pensjon AS, Hansteensgate 2, 0253 Oslo	25.0	25.0	4	4
Formuesforvaltning AS, Henrik Ibsens gate 53, 0255 Oslo	21.3	21.3	130	130
Associated companies Storebrand Livsforsikring AS			**134**	**133**
Total investment in subsidiaries and associated companies			**40 805**	**32 099**
Subsidiaries classified as equities at fair value in the collective portfolio				
SBL Direct Investments 2006-2008 Ltd - Class B-1	100	100	84	160
SBL Vintage 1999 Ltd - Class B-1	100	100	2	26
SBL Vintage 2001 Ltd - Class B-1	100	100	1	8

1) SPP Pension & Försäkring AB owns 29.3 percent of the shares in Foran Real Estate. Storebrand Livsforsikring Group owns a total of 99.4 percent in Foran Real Estate

LOANS TO AND SECURITIES ISSUED BY SUBSIDIARIES AND ASSOCIATED COMPANIES STOREBRAND LIVSFORSIKRING AS

NOK Million	2015	2014
Storebrand Holding AB -subordinated capital		6 728
Total		**6 728**

The loan is converted into shares in 2015.

INCOME FROM SUBSIDIARIES AND ASSOCIATED COMPANIES STOREBRAND LIVSFORSIKRING AS

NOK Million	2015	2014
Proportion of the result	2 439	1 659
Interest income	279	383
Received group contribution and dividends	721	16
Realised change in value	96	
Unrealised change in value		-286
Unrealised foreign exchange gains/losses	430	56
Total	**3 965**	**1 828**

All transactions with subsidiaries and associated companies are on market terms.

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	10 587	12 327	12 649	14 730
Credit bonds	31 713	33 443	16 418	18 492
Mortgage and asset backed securities	18 210	21 120	18 722	22 284
Supranational organisations	15 597	17 868	18 223	21 207
Total bonds at amortised cost	**76 107**	**84 758**	**66 012**	**76 713**
Modified duration		6.1		5.7
Average effective yield	4.3 %	2.4 %	4.8 %	2.1 %

BONDS HELD TO MATURITY

	2015		2014	
NOK Million	Book value	Fair value	Book value	Fair value
Credit bonds	4 284	4 659	4 284	4 895
Mortgage and asset backed securities	10 326	11 767	9 809	11 673
Supranational organisations	1 038	1 152	1 038	1 225
Total bonds at amortised cost	**15 648**	**17 578**	**15 131**	**17 794**
Modified duration		6.2		6.9
Average effective yield	4.5 %	2.8 %	4.5 %	2.3 %

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

Equities and other units

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Eguities in Norwegian companies			
Finance industry			
ABG Sundal Collier	961095026	1	1
DnB	981276957	129	127
Total finance industry Norwegian		**130**	**128**
Other equities			
AS Kristiania Byggeselskap for Smaaleiligheter	833090852	8	8
Borregaard ASA	998753562	9	9
Det Norske Oljeselskap ASA	989795848	11	11
Europris ASA	997639588	11	11
Gjensidige Forsikring ASA	995568217	30	30
Marine Harvest	964118191	41	41
NMI AS under stiftelse	993147044	12	12
NMI Frontier Fund KS	993147044	30	30
NMI Fund III KS	993147044	12	12
NMI Global Fund KS	993147044	45	45
Nordic Trustee ASA	963342624	49	49
Norsk Hydro	914778271	57	55
Norstat AS	992058323	27	
Norwegian Air Shuttle	965920358	20	20
Opera Software	974529459	10	10
Orkla	910747711	51	50
Raufoss Næringspark	982791049	191	
SalMar	960514718	14	14
Schibsted A	933739384	20	20
Schibsted B	933739384	28	28
Statoil ASA	923609016	170	166
Storebrand Infrastruktur ASA	991853545	9	9
Storebrand Optimer ASA	989183001	9	9
Storebrand Privat Investor ASA	988603252	61	61
Telenor	982463718	124	123
Tomra Systems	927124238	10	10
Veidekke	958995369	9	9
Wilh. Wilhelmsen ASA	995216604	10	10
XXL ASA	995306158	12	12
Yara International	986228608	86	86
Andre aksjer		102	91
Totalt other Norwegian equities		**1 276**	**1 040**

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Equities in foreing companies			
Finance industry			
3I Group		2	2
ACE Ltd		18	14
Aegon		7	5
Aflac Inc.		20	16
Allianz SE (Societas Europeae)		43	32
Allstate Corp		17	14
American Express		27	22
American International Group		34	27
American International Group (warrants 01/2021)		2	1
Ameriprise Financial		10	8
Assicurazioni General		11	8
Aust & Nz Bank Group		32	26
Aviva PLC		24	19
Axa		37	29
Banca Monte dei Paschi Siena		1	1
Banco Bilbao Vizcaya Argentaria S.A.		19	14
Banco Comercial Portugues		1	1
Banco de Sabadell		6	5
Banco Popular ESP		4	4
Banco Populare		4	3
Banco Santander		20	14
Bank of America Corp		76	61
Bank of East Asia		1	1
Bank of Montreal		22	18
Bank of New York Mellon		26	21
Bank of Nova Scotia		30	24
Barclays Bank		21	15
Barratt Developments Plc		3	3
BNP Paribas		33	25
BOC Hong Kong Holdings		7	6
Brookfield Asset Management		5	2
Canadian Imperial Bank of Commerce		19	16
Capitaland		9	7
Charles Schwab Corp		13	10
Chubb Corp		6	5
Citigroup		82	67
City Developments		6	5
CK Hutchison Holdings Ltd		15	11
Comerica Inc		14	12
Commerzbank AG		4	3
Commonwealth Bank of Australia		54	42
Credit Agricole		9	7
Credit Suisse Group RG		19	14

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Daiwa Securities		3	3
Danske Bank A/S		17	13
DBS Group Holdings Limited		5	3
Deutsche Boerse		8	6
Discover Financial		10	7
Goldman Sachs		44	36
H&R Block		2	2
Hang Seng Bank		10	8
Hartford Financial Services		16	12
Henderson Land		4	3
Hong Kong Exchanges & Clearing		17	13
HSBC Holdings (GBP)		70	52
Hufvudstaden A		16	
Huntington Bancshares		4	3
Hysan Development		4	3
Industrivaerden A		35	
IGM Financial Inc		1	1
Industrivaerden A		10	
Industrivaerden C		6	
Ing-Group		16	11
Insurance Australia Group		7	5
Intesa SanPaolo		23	17
Intesa Sanpaolo SPA		2	2
Intrium Justitia		10	
Investor AB-B		36	
J.P Morgan Chase and Co		120	97
JC Decaux		3	2
JM AB		9	
KBC GROEP NV		12	10
Keppel Corp		1	1
Kerry Group Plc-A		1	
Keycorp		8	6
Kinnevik Investment B		32	2
Kungsleden		2	
Legal & General Group		18	14
Lend Lease Group		4	3
Lloyds Banking Group PLC		24	17
Lundbergforetagen B		18	
Macquarie GP LTD		3	2
Manulife Financial		12	9
Marsh & Mclennan Cos		18	14
Mastercard Inc - Class A		43	33
Metlife		15	12
Mirvac Group (REIT)		10	8
Mitsubishi Estate		11	9
Mitsubishi UFJ Holdings Group		32	24

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Mitsui Fudosan		14	12
Mizuho Financial Group		23	17
Moody's		7	5
Morgan Stanley		15	12
Muenchener Rueckversicherungs RG		29	24
National Australian Bank		31	25
National bank of Canada		4	3
Nomura Holdings		14	11
Nordea Bank AB (SEK)		167	14
Northern Trust Corporation		21	18
Orix		7	5
Overseas-Chinese Bank		1	
PNC Financial Services		18	14
Power Corp. of Canada		0	
Progressive Corp		10	8
Prudential		24	17
Prudential Financial Inc		20	16
Regions Financial		3	2
Resona Holdings		11	9
Royal Bank of Canada		44	36
Royal Bank of Scotland		3	2
Royal Sun & Alliance Insurance		4	4
Sampo Oyj		1	
Scentre Group (REIT)		4	4
Schroders		3	1
Shire PLC		15	11
Singapore Exchange		4	4
Skandinaviska Enskilda Banken A		88	10
Societe Generale		20	16
Standard Chartered		14	11
State Street		20	16
Stockland (REIT)		12	10
Sumitomo Mitsui Financial Group		20	15
Sun Life Financial Inc		4	3
Suntrust Banks		1	0
Svenska Handelsbanken A		92	7
Swedbank AB (A shs)		103	5
Swire Pacific		4	3
Swire Properties Ltd		1	
Swiss Re Ltd		15	12
Swiss Reinsurance		2	0
Taylor Wimpey		5	5
The Travelers Companies, Inc.		12	9
Tokio Marine Holdings, Inc.		20	16
UBS Group AG		33	25
UniCredit SPA		5	3

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Unione di Banche Italiane SCPA (UBI Banca)		5	4
United Overseas Bank		1	
US Bancorp		36	29
Visa Inc - Class A shares		60	47
Wells Fargo		121	97
Westpac Banking Corp		46	37
Wharf		5	4
Zurich Financial Services AG		10	7
Total finance industry foreign		**2 841**	**1 769**
Other equities			
3M CO		43	34
ABB (CHF)		26	20
ABB (SEK)		40	
Abbott Laboratories		26	20
Abbvie		46	37
Accenture PLC		37	29
Acuity Brands Inc		14	12
Adecco		13	11
Adidas AG		13	10
Adobe Systems		28	22
Aeon Co. Ltd		13	10
Aetna		18	14
AIA GROUP LTD		29	22
Air Products & Chemicals		11	8
Akzo Nobel		12	10
Alexion Pharmaceuticals, Inc.		14	11
Alfa Laval		32	7
Allergan Plc		52	41
Alphabet Inc Class A		94	75
Alphabet Inc Class C		106	85
Amazon Com		123	98
Amcor		20	17
American Water Works Co Inc		19	17
Amgen		56	44
Anheuser-Busch Inbev		41	29
Anthem Inc		19	15
Aon Corp		11	8
Apple Inc		265	212
Applied Materials		13	11
Aramark		10	10
Arm Holdings		12	8
ASML Holding NV (new)		16	12
Assa Abloy B		97	11
Astellas PharmaR		21	16
Astrazeneca (GBP)		46	34

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Astrazeneca (SEK)		42	
AT&T Inc		96	77
Atlas Copco A		79	3
Atlas Copco B		32	4
Autoliv Inc		37	0
Autozone		12	9
AVAGO Tecnologies Ltd		12	9
AvalonBay Communities Inc (REIT)		23	19
Avery Dennison Corp		14	11
Baker Hughes		10	8
Bakkafrost P/F		17	17
Ball Corp		19	16
BASF SE		43	33
Baxalta Inc		11	9
Bayer AG Namens-Actien O.N		51	39
Bayerische Motor Werke		20	15
Becton Dickinson & Co		24	20
Berkshire Hathaway B		41	33
BG Group		24	18
BHP Billiton AUD		23	18
BHP Billiton GBP		15	11
Biogen Inc		34	28
Blackrock		18	16
Boston Properties Inc (REIT)		22	19
Boston Scientific		14	11
BP Plc		47	35
Brambles Ltd		11	9
Bridgestone		12	9
Bristol-Myers Squibb		56	45
British Land Co PLC (REIT)		12	10
Broadcom Corporation		20	15
Brown-Forman Corp B		9	9
BT Group		40	31
CA Inc		12	10
Campbell Soup		14	12
Canadian National Railway		23	19
Canon		18	14
Cardinal Health		11	9
Carrefour		11	8
Celgene Corp		39	30
Centrica		13	10
Cerner Corp		10	8
Chevron Corp		69	55
Cigna Corp		16	12
Cisco Systems		72	59
Clorox Corp		17	14

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Cms Energy Corp		34	29
Coca-Cola		97	79
Cognizant Tech Solutions		14	11
Colgate Palmolive		29	24
Coloplast B		10	8
Comcast Corp A		70	57
Compagnie Financiere Richemont SA		25	19
Conocophilips		27	24
Consolidated Edison		21	17
Costco Wholesale		29	22
CSL (AU0000CSLDA0)		16	12
CSX		12	10
Cummins		12	10
CVS Health		48	39
Dai Nippon Printing		13	11
Daimler		37	27
Daiwa House Industry		17	14
Danaher Corp		17	14
Danone		19	13
Deere & Co		13	11
Delphi Automotive PLC		14	11
Denso		15	12
Deutsche Post		15	11
Deutsche Telecom		38	30
Diageo		42	32
Dominion Resources		14	11
Dow Chemical		20	16
DuPont (E.I) De Nemours		31	27
East Japan Railway		16	12
Eaton Corp PLC		18	15
Ebay		16	12
Ecolab		25	21
Edison International		21	17
Eisai		11	9
Electrolux B		26	3
EMC		30	24
Emerson Electric		11	9
Enbridge		27	23
Enel		22	17
Entergy		18	15
EOG Resources		13	10
Equity Residential (REIT)		13	11
Ericsson LM-B SHS		140	12
Essex Property Trust Inc		11	9
Essilor International		25	20
Estee Lauder Cos A		11	8

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Exelon		20	16
Express Scripts Common		29	23
Exxon Mobil		149	120
Facebook Inc.		96	77
Fanuc Corporation		12	9
Fast Retailing		11	9
Fedex Corp		16	12
Ferrovial SA		11	9
FNF Group		14	12
Ford Motor Co		27	22
Gartner Inc		12	10
Geberit AG Reg		22	18
General Electric		140	114
General Mills		25	21
General Motors Co		16	12
Gilead Sciences Inc		61	53
Givaudan		11	9
GlaxoSmithkline		52	39
Halliburton		14	11
Hancock Timberland VIII Inc		402	402
HCP Inc (REIT)		20	17
Henkel AG & Co KGaA (pref shs)		12	10
Hennes & Mauritz B		182	13
Hershey Foods Common		15	13
Hexagon B SEK		42	
Home Depot		84	68
Honda Motor		15	12
Humana Inc		11	9
Iberdrola		18	14
Illinois Tool Works		14	11
Inditex SA		25	19
Ingersoll-Rand PLC		12	10
Intel		85	69
International Business Machines Corp		69	56
Interpublic Group		10	9
Intuit		16	13
Investor AB-A		64	
Itochu Corp		10	8
Johnsen & Johnsen		145	118
Johnson Controls		17	14
Kao		19	14
KDDI Corp		21	16
Kellogg Co		17	14
KERING		13	10
Kimberly-Clark		32	26
Kinder Morgan		13	10

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Koninklijke Ahold NV		12	9
Koninklijke Philips		17	13
Kraft Heinz Co/The		22	18
Kroger		23	18
L Brands Inc		13	10
L-3 Communication Holdings Inc		22	18
Legrand		16	13
Liberty Global PLC (C shs)		12	10
Lilly Eli		44	35
Linde		12	9
llumina Inc		12	10
Loblaw		11	9
L'Oreal SA		35	28
Lowe's Cos Inc		34	27
LyondellBasell Industries -Cl A		11	9
Man SE		14	12
Manpower Group		10	9
Marathon Petroleum		16	13
Markel Corp		9	9
McDonald's Corp		46	36
McGraw Hill		13	11
McKesson Corp		21	17
Medtronic PLC		63	53
Merck & Co		75	61
Microsoft		185	148
Mitsubishi Electric		12	9
Mondelez International Inc		36	29
Monsanto		24	19
Murata Manufacturing		14	11
National Grid Plc		36	27
Nestle		123	94
Netflix Inc		20	15
Next		12	10
Nextera Energy Inc		21	16
Nielsen Holdings PLC		14	12
Nike B		39	31
Nissan Motor		12	9
Nokia A		16	12
NordEnergie Renewables AS		66	66
Novartis		98	74
Novo-Nordisk B		57	43
NTT DoCoMo		18	15
NVIDIA		12	9
NXP Semiconductors NV		8	8
Occidental Petroleum		23	19
Oracle Corporation		62	50

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Orange		18	13
Osaka Gas		21	17
Panasonic Corp		12	9
PAYPAL HOLDINGS INC		20	16
Pepsico Inc		79	64
Pernod-Ricard		19	14
Pfizer		95	77
PG&E Corp.		35	29
Phillips 66 Corp		16	12
Plum Creek Timber Co Inc (REIT)		16	14
PPG Industries		11	8
Praxair		22	19
Precision Castparts		16	11
Price (T. Rowe) Group		16	13
Principal Financial Grp		12	9
Procter & Gamble		108	87
Prologis Inc (REIT)		19	15
Qualcomm		43	35
Reckitt Benckiser		32	23
Red Electrica		11	9
Regency Centers Corp (REIT)		13	11
Regeneron Pharmaceuticals, Inc.		18	13
Relx NV		19	16
Relx Plc		20	16
Renault		11	9
Repsol SA		11	9
Roche Holding Genuss		93	71
Rockwell Automation		13	11
Ross Stores		11	8
Royal Caribbean Cruises NOK		46	46
Royal Dutch Shell A (GBP)		43	33
Royal Dutch Shell B (GBP)		28	21
SabMiller PLC		24	17
Salesforce.Com Inc		19	14
Sandvik		44	4
Sanofi		53	40
Sap SE		44	34
SBL Direct Investments 2006-2008 Ltd - Class B-1		0	84
Schlumberger		40	32
Schneider Electric		20	15
Sealed Air		11	9
Sempra Energy		27	23
Shiseido		10	8
Siemens		44	33
Simon Property Group Inc (REIT)		14	10
Skanska B		37	6

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Skf Svenska Kullager Fabrikker B		27	2
Sky Plc		16	12
Snap-On		11	10
Softbank Group Corp		19	15
Sony		18	14
Starbucks Corp		46	36
Stryker Corp		19	15
Subsea 7 S A		20	20
Svenska Bostadsfonden Institution 1 AB		58	
Svenska Celloulosa AB-B SHS		80	7
Symantec		13	11
Synchrony Financial		31	28
Syngenta		17	13
Sysco Corp		12	9
Takeda Pharmaceutical		24	18
Target Corporation		26	21
Taumata Plantations Ltd.		986	986
TE Connectivity		14	13
Telefonica		18	13
Telenet Group Holding N.V.		10	8
Telus Corp		12	12
Terna Rete Elettrica Nazionale SpA		19	16
Tesco		14	11
Tesla Motors, Inc		11	9
Teva Pharmaceutical Ind Ltd		26	22
Texas Instruments		34	27
The Priceline Group Inc		26	21
Thermo Fisher Scientific Inc		20	16
Thomson Reuters Corp		10	9
Time Warner		28	23
Time Warner Cable Common Stock		19	15
TJX Companies		25	21
Toronto - Dominion Bank (CAD)		43	35
Toyota Motor		90	71
Unibail-Rodamco SE (REIT)		22	17
Unilever GB		50	40
Unilever NL		34	25
Union Pacific Corp		32	26
United Health Group		50	40
United Parcel Services		36	32
United Technologies		57	47
United Utilities Water PLC		13	10
Valeant Pharmaceuticals International Inc		13	10
Valero Energy		19	15
Verizon Communications		87	70
Vertex Pharmaceuticals Inc		12	9

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Vestas Wind System		14	11
VF Corp		11	8
Vinci		15	11
Vivendi		12	9
Vodafone Group		46	35
Volvo B		75	7
Vornado Realty Trust (REIT)		16	14
Walgreens Boots Alliance Inc		29	23
Walt Disney		81	65
Waste Mangement		17	14
Waters Corp		13	10
Weyerhaeuser Co (REIT)		17	15
Whole foods Market		11	9
Wolters Kluwer		11	9
Woolworth Australia		29	24
WPP Plc		25	20
Wyndham Worldham Corporation		9	8
Xcel Energy		20	16
Xylem Inc		11	9
Yahoo		11	9
Other equities		**4 806**	**2 384**
Total other equities foreign		**16 383**	**11 177**
Total equities		**20 631**	**14 114**
Of which listed equities		18 163	12 333
Units			
Aberdeen European Shopping Property Fund		51	
AEW European Property Investors		117	14
Allianz Europe Small Cap AT EUR		119	
AXA European Office Income Venture		8	8
AXA European Retail Income Venture		49	49
Bain Capital Fund VII P581&P985_ALT_INV		26	26
BlackRock Asia Property Fund III (MGPA)		163	163
Blackrock Global Allocation		86	
BlackRock Global SmallCap Fund A2		45	17
BlackRock World Energy		68	
Blackrock World Gold		29	
Brookside Cayman PA Ltd.		10	10
Carnegie Sverige		119	
Catella Hedge		546	
Cicero World 0-100		639	
Cicero World 0-40		47	
CS Infra SICAR		561	
Delphi Emerging		115	115
Delphi Europe		215	215
Delphi Global		635	635

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Delphi Kombinasjon		18	18
Delphi Nordic		558	558
Delphi Norge		243	243
DNB Sweden Micro Cap		329	
East Capital Eastern Europe		123	13
East Capital Russian Fund		90	14
EISER Infrastructure Capital Equity Partners 1-B		329	329
Enter Sverige		794	
European Equity Fund		49	
Fidelity Asian Special Situations		386	
Fidelity China Focus		117	
Finethic Microfinance fund Class D (SICAV-SIF)		45	
Fondsfinans Spar		15	15
Franklin India Fund		246	28
Frogmore Real Estate Partners L.P.		96	96
FSN Capital Limited Partnership II		15	15
Global Microfinance Equity Offshore Fund, L.P.		18	11
Handelsbanken Latinamerikafond		13	13
Heitman European Property Partners III		10	10
Henderson Global Technology		71	
Invesco Global Real Estate USD		112	
INVESCO PRC Equity Fund		49	49
ISHARES MSCI EUROPE		126	
JP Morgan Global Focus		428	
JPMorgan Emerging Markets Small Cap Fund		88	
JPMorgan Japan 50 Equity Fund		46	32
Lannebo Mixfond		348	
Lannebo Småbolag		898	
Menlo Ventures IX secondary		137	2
Menlo Ventures IX_ALT_INV		18	18
Mobilis Mix		108	
Monyx Strategi Balanserad AC		128	
Monyx Strategi Sverige-Världen AC		210	
Monyx Strategi Trygghet AC		161	
Morgan Stanley EMEA EUR		40	
Navigera		30	
Navigera Aktier		784	
Navigera Balans		759	
Navigera Dynamica 90		421	
Navigera Tillväxt		637	
NLI Eiendomsinvest		8	8
Ospreie Special Opportunities Ltd		25	25
Parvest Global Environment		153	
Rockspring TransEuro Property Ltd. Partnership III		8	8
Rural Impulse Fund II S.A., SICAV-SIF - Class A		31	15
Schroder Frontier Markets Equity		42	9

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
SHB Amerikafond		143	
SHB Europa Selektiv		176	
SHB Latinamerikafond		122	
SHB Nordiska småbolagsfond		427	
SHB Tillväxtmarknadsfond		287	
Skagen Global Fund		986	394
Skagen Kon-Tiki		719	369
SPDR MSCI ACWI ETF		36	
SPP Aktiefond Europa		1 379	0
SPP Aktiefond Global		1 189	1
SPP Aktiefond Global Sustainability		1 101	
SPP Aktiefond Japan		374	1
SPP Aktiefond Stabil - class A		436	366
SPP Aktiefond Sverige		3 423	5
SPP Aktiefond USA		2 101	
SPP Bygga		1 801	
SPP Emerging Markets SRI		4 324	3 135
SPP Generation 40-tal		2 676	
SPP Generation 50-tal		11 012	
SPP Generation 60-tal		13 141	
SPP Generation 70-tal		5 411	
SPP Generation 80-tal		564	
SPP Global Topp 100		183	
SPP Global Topp 100		337	
SPP Leva		623	
SPP Mix 100		282	
SPP Mix 20		603	
SPP Mix 50		350	
SPP Mix 80		2 681	
Standard Life GARS		60	
Storebrand Aksje Innland		158	158
Storebrand Delphi Europa		67	
Storebrand Delphi Norden		344	
Storebrand Delphi Verden		92	
Storebrand Emerging Private Equity Markets 2007 B3		341	341
Storebrand Emerging Private Equity Markets B3		514	514
Storebrand Global Indeks I		1 172	1 135
Storebrand Global Multifaktor		6 186	6 186
Storebrand Global Multifaktor NOK		50	
Storebrand Global Verdi		349	349
Storebrand Indeks Alle Markeder		941	941
Storebrand Indeks Norge		2 809	2 809
Storebrand Indeks Nye Markeder		72	72
Storebrand Int. Private Eq. 15 Ltd - Class B-4		58	58
Storebrand International Private Equity 13 - B-3		68	
Storebrand International Private Equity 13 - B-4		306	287

NOK Million	Organisation number	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Storebrand International Private Equity 14 - B-2		53	
Storebrand International Private Equity 14 - B-4		257	257
Storebrand International Private Equity IV - B2		165	152
Storebrand International Private Equity IX - B3		328	47
Storebrand International Private Equity V Ltd - B3		465	447
Storebrand International Private Equity VI Ltd -B3		552	532
Storebrand International Private Equity VII Ltd-B1		8	8
Storebrand International Private Equity VII Ltd-B3		648	622
Storebrand International Private Equity VIII LtdB3		983	514
Storebrand International Private Equity X - B-2		43	
Storebrand International Private Equity X - B-3		772	551
Storebrand International Private Equity XI - B-2		49	
Storebrand International Private Equity XI - B-3		1 162	931
Storebrand International Private Equity XII - B-2		44	
Storebrand International Private Equity XII - B-3		151	
Storebrand International Private Equity XII - B-4		652	652
Storebrand Multi Strategy Limited - class C-5		29	
Storebrand Multi Strategy Ltd- class C-3_ALT_INV		65	65
Storebrand Nordic Private Equity III Ltd.		142	118
Storebrand Norge I		2 996	2 996
Storebrand Norwegian Private Equity 2006 Ltd. - B3		148	148
Storebrand Norwegian Private Equity 2007 Ltd. - B3		136	136
Storebrand Special Opportunities Ltd. - C3		98	98
Storebrand Trippel Smart		1 381	1 381
Storebrand Vekst		32	32
Storebrand Verdi		146	146
T Rowe Price US Smaller Companies		118	
T.Rowe Price Asian ex-Japan Equity Fund		50	50
T.Rowe Price U.S. Large-Cap Value Equity A		95	46
Trygghet 75		3 053	
Trygghet 80		2 652	
Trygghet 85		853	
Trygghet 90		318	
Wand Partners		25	25
Wellington Global Health Care Equity Portfolio		876	255
Winter Street Opportunities Fund L.P.		32	32
Other units		877	82
Total units		**103 932**	**30 216**
Total equities and other units		**124 562**	**44 330**

Note 35 Bonds and other fixed-income securities

STOREBRAND LIVSFORSIKRING GROUP

NOK Million	2015 Fair value	2014 Fair value
Government and government-guaranteed bonds	50 121	54 687
Credit bonds	25 784	24 162
Mortgage and asset backed securities	44 415	41 824
Supranational organizations	5 500	6 575
Bond funds	58 438	50 739
Total bonds and other fixed-income securities	**184 257**	**177 987**

	Storebrand Livsforsikring AS	SPP Pension & Försäkring AB	Euroben Life and Pension ltd.
Modified duration	2.69	1.70	2.14
Average effective yield	2.5 %	0.4 %	0.2 %

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.

STOREBRAND LIVSFORSIKRING AS

NOK Million	2015 Fair value	2014 Fair value
Government and government-guaranteed bonds	13 215	17 859
Credit bonds	8 908	10 744
Mortgage and asset backed securities	10 623	9 777
Supranational organizations	511	1 065
Bond funds	44 390	39 374
Total bonds and other fixed-income securities	**77 647**	**78 819**

Note 36 Derivates

Storebrand Livsforsikring makes active use of financial derivatives. Derivative contracts are used in particular to make effective use of exposure to investment risk in order to create the potential for a sound long-term risk-adjusted investment return. Derivatives often provide a quicker, simpler and cheaper way to increase or reduce exposure to specific risks, and can also be used to protect the investment portfolio against adverse developments. The individual share and bond portfolios use financial derivatives to manage the overall risk exposure within the limits applied. Definitions of the various derivatives contracts used can be found in the "Terms and expressions" section.

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

STOREBRAND LIVSFORSIKRING GROUP

NOK Million	Gross nominal volume [1]	Gross booked value financial assets	Gross booked value financial liabilities	Net booked financial. assets/ liabilities	Amounts that can, but are not presented net in the balance sheet: Financial assets	Financial. liabilities	Net amount
Interest derivatives	60 203	3 968	1 271		2 962	285	2 697
Currency derivatives	50 401	284	1 749		62	1 528	-1 466
Total derivatives 2015		**4 252**	**3 020**		**3 024**	**1 812**	**1 232**
Total derivatives 2014		5 661	4 279	19	4 481	3 206	1 401

1) Values 31.12

STOREBRAND LIVSFORSIKRING AS

NOK Million	Gross nominal volume [1]	Gross booked value financial assets	Gross booked value financial liabilities	Net booked financial. assets/ liabilities	Amounts that can, but are not presented net in the balance sheet: Financial assets	Financial. liabilities	Net amount
Interest derivatives	8 872	1 322	96		1 311	84	1 227
Currency derivatives	41 983	176	1 701			1 525	-1 525
Total derivatives 2015		**1 499**	**1 797**		**1 311**	**1 609**	**-298**
Total derivatives 2014		1 255	3 023		1 087	2 856	-1 769

1) Values 31.12

Note 37 Other financial assets

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK Million	2015	2014	2015	2014
Bank deposits in company portfolio	294	217	246	177
Bank deposits collective customer portfolio	3 900	3 148	2 002	1 206
Bank deposits investment choice customer portfolio	264	260	179	189
Other financial assets	**4 458**	**3 625**	**2 427**	**1 573**

Note 38 Tangible fixed assets

STOREBRAND LIVSFORSIKRING GROUP

NOK Million	Equipment	Vehicles	Fixtures & fittings	Real estate	2015	2014
Book value 01.01	9	1	37	361	408	419
Additions	6		2	15	24	29
Disposals			-1		-1	-73
Revaluation booked in balance sheet				26	26	24
Depreciation	-7	-1	-12		-20	-27
Currency differences from converting foreign units			1	25	26	35
Other changes			-2		-2	1
Book value 31.12	**8**	**1**	**25**	**428**	**462**	**408**

DEPRECIATION PLAN AND FINANCIAL LIFETIME

Depreciation plan:	Straight line
Equipment	3-10 year
Fixtures & fittings	3-5 year
Real estate	15 year

STOREBRAND LIVSFORSIKRING AS

NOK Million	Equipment	Fixtures & fittings	2015	2014
Book value 01.01	5	14	20	35
Additions	4	1	5	1
Disposals				-1
Depreciation	-5	-5	-10	-16
Book value 31.12	**4**	**10**	**14**	**19**

DEPRECIATION PLAN AND FINANCIAL LIFETIME

Depreciation plan:	Straight line
Equipment	3–5 years
Fixtures & fittings	5 years

Note 39 Other receivable

NOK Million	Storebrand Livsforsikring Group 2015	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring AS 2015	Storebrand Livsforsikring AS 2014
Accounts receivable - not insurance related	97	191		
Receivables from brokers and clients 'fund	242	118	88	110
Prepaid return tax	1 166	41		
Other current receivables	317	443	41	70
Total other receivables	**1 822**	**793**	**129**	**180**

Note 40 Insurance liabilities by class of business

NOK Million	Group pension private insurance	Group pension public insu-rance	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance	Storebrand Livsforsikring AS 2015	Storebrand Livsforsikring AS 2014
Premium reserve	192 594	3 977	710	7 425	15 108		219 814	207 266
- of which RBNS	261	8	150	16	13		448	479
- of which IBNR	808	125	351	805	13		2 101	1 790
- of which premium income received in advance	1 737	23	152				1 912	1 864
Additional statutory reserves	3 993	240		211	716		5 160	5 118
Market value ad-justment reserve	4 047	61	19	92	288	13	4 520	5 814
Premium fund	2 042	193					2 235	2 593
Deposit fund	475						475	452
Pensioners' surplus fund	3						3	2
Claims reserve	87	64	517	365	6		1 039	895
- of which RBNS	68	1	450	182	3		706	603
- of which IBNR	18	63	66	183	3		333	292
Conditional bonus								
Other technical reserves						829	829	799
Total insurance liabilities	**203 240**	**4 534**	**1 246**	**8 093**	**16 120**	**842**	**234 075**	**222 940**

NOK Million	Security reserves classified as equity in IFRS 2015	2014	BenCo 2015	2014	SPP Pension & Försäkring 2015	2014	Storebrand Livsforsikring Group 2015	2014
Premium reserve			15 395	15 249	159 468	141 946	394 678	364 460
- of which RBNS							448	479
- of which IBNR							2 101	1 790
- of which premium income received in advance							1 912	1 864
Additional statutory reserves							5 160	5 118
Market value adjustment reserve							4 520	5 814
Premium fund							2 235	2 593
Deposit fund							475	452
Pensioners' surplus fund							3	2
Claims reserve			57	50	73	71	1 168	1 017
- of which RBNS							706	603
- of which IBNR							333	292
Conditional bonus			2 879	2 134	6 457	9 147	9 336	11 281
Other technical reserves	-175	-173					655	627
Total insurance liabilities	**-175**	**-173**	**18 331**	**17 433**	**165 998**	**151 164**	**418 229**	**391 365**

ENDOWMENT INSURANCE

NOK Million	Profit allocation	Not eligible for profit allocation	Investment choice	2015	2014
Premium reserve	2 389	1 192	3 844	7 425	6 555
Additional statutory reserves	211			211	221
Market value adjustment reserve	65	27		92	106
Claims reserve	264	102		365	364
Total insurance liabilities	**2 928**	**1 321**	**3 844**	**8 093**	**7 246**

ANNUITY/PENSION INSURANCE

NOK Million	Profit allocation	Investment choice	2015	2014
Premium reserve	11 536	3 572	15 108	15 797
Additional statutory reserves	716		716	649
Market value adjustment reserve	288		288	338
Claims reserve	6	1	6	11
Total insurance liabilities	**12 547**	**3 573**	**16 120**	**16 795**

GROUP PENSION PRIVATE INSURANCE

NOK Million	Defined benefit without investment choice	Paid-up policies	Defined contribution with investment choice	Not eligible for profit allocation	2015	2014
Premium reserve	44 812	99 973	46 478	1 331	192 594	177 120
Additional statutory reserves	1 908	2 068		17	3 993	3 798
Market value adjustment reserve	1 904	2 114		29	4 047	5 106
Premium fund	1 859	15		168	2 042	2 273
Deposit fund	475				475	452
Pensioners' surplus fund	3				3	2
Claims reserve	2	64		20	87	71
Total insurance liabilities	**50 964**	**104 233**	**46 478**	**1 565**	**203 240**	**188 822**

GROUP PENSION PUBLIC INSURANCE

NOK Million	Defined benefit without investment choice	2015	2014
Premium reserve	3 977	3 977	7 234
Additional statutory reserves	240	240	449
Market value adjustment reserve	61	61	229
Premium fund	193	193	320
Claims reserve	64	64	9
Total insurance liabilities	**4 534**	**4 534**	**8 241**

The table below shows the anticipated compensation payments (excl. repurchase and payment). The residual balance after 5 years is equal to the obligations.

TREND IN CLAIMS AND BENEFITS DISBURSED

	Storebrand Livsforsikring AS	BenCo	SPP
0-1 year	9	7	2
1-3 years	18	19	3
More than 3 years	198	133	10
Total	**224**	**160**	**15**

NON-LIFE INSURANCE

	Storebrand Livsforsikring AS	
NOK Million	2015	2014
Reinsurance share of technical insurance reserves	129	143
Total assets	**129**	**143**
Premium reserve	56	48
Claims reserve	598	579
- of which RBNS	85	75
- of which IBNR	514	503
Security reserve	175	173
Total assets	**829**	**799**
Market value adjustment reserve	13	15
Total insurance liabilities	**842**	**814**

MARKET VALUE ADJUSTMENT RESERVE

NOK Million	2015	2014	Endring 2015
Equities and units	2 074	3 023	-950
Bond and other fixed income securities	2 446	2 791	-345
Total	**4 520**	**5 814**	**-1 294**

Note 41 Change in insurance liabilities in life insurance

INSURANCE OBLIGATIONS IN LIFE INSURANCE - CONTRACTUAL OBLIGATIONS

NOK Million	Premium-reserve	Additional statutory reserves	Market value adjustment reserve	Claims allocation	Premium-, deposit-, and pension surplus fund
Book value 01.01	165 374	5 118	5 814	895	3 047
Changes in insurance obligations recognised in the Profit and Loss account					
2.1 Net realised reserves	24	358	-1 295	144	9
2.2 Profit on the return	73				256
2.3 The risk profit allocated to the insurance agreements	2				51
2.4 Other allocation of profit					
2.5 Changes in insurance obligations from comprehensive income					
Total changes in insurance obligations recognised in the Profit and Loss account	**100**	**358**	**-1 295**	**144**	**316**

Non-realised changes in insurance liabilities					
3.1 Transfers between funds	401	-316			-25
3.2 Transfers to/from the company					-626
Currency differences	46				
Total non-realised changes in insurance liabilities	**447**	**-316**			**-651**
Book value 31.12	**165 921**	**5 160**	**4 520**	**1 038**	**2 713**

NOK Million	Other technical reserves non-life insurance	Total Storebrand Livsforsikring AS 2015	Total Storebrand Livsforsikring AS 2014
Book value 01.01	799	181 048	178 708
Changes in insurance obligations recognised in the Profit and Loss account			
2.1 Net realised reserves	44	-715	-2 261
2.2 Profit on the return		329	120
2.3 The risk profit allocated to the insurance agreements		53	46
2.4 Other allocation of profit			19
2.5 Changes in insurance obligations from comprehensive income			-29
Total changes in insurance obligations recognised in the Profit and Loss account	**44**	**-333**	**-2 106**
Non-realised changes in insurance liabilities			
3.1 Transfers between funds		60	5 106
3.2 Transfers to/from the company	-14	-639	-665
Currency differences		46	5
Total non-realised changes in insurance liabilities	**-14**	**-534**	**4 446**
Book value 31.12	**829**	**180 181**	**181 048**

INSURANCE OBLIGATIONS IN LIFE INSURANCE - INVESTMENT CHOICE PORTFOLIO SEPARATELY

NOK Million	Premium-reserve	Claims allocation	Total Storebrand Livsforsikring AS 2015	Total Storebrand Livsforsikring AS 2014
Book value 01.01	41 892	1	41 893	39 209
Changes in insurance obligations recognised in the Profit and Loss account				
2.1 Net realised reserves	12 056		12 056	7 788
Total changes in insurance obligations recognised in the Profit and Loss account	**12 056**		**12 056**	**7 788**
Non-realised changes in insurance liabilities				
3.1 Transfers between funds	-60		-60	-5 106
Currency differences	5		5	1
Total non-realised changes in insurance liabilities	**-55**		**-55**	**-5 105**
Book value 31.12	**53 894**	**1**	**53 894**	**41 893**

Note 42 Other liabilities

NOK Million	Storebrand Livsforsikring Group 2015	2014	Storebrand Livsforsikring AS 2015	2014
Accounts payable	159	99	31	39
Governmental fees and tax withholding	361	63	75	63
Minority Storebrand Eiendomsfond KS		3 167		
Received collateral in cash	2 296	2 513	894	235
Debt broker	279	416	279	41
Other current liabilities	1 022	855	444	59
Total other current liabilities	**4 117**	**7 114**	**1 722**	**437**

Note 43 Hedge accounting

STOREBRAND LIVSFORSIKRING GROUP

Fair value hedging of the interest rate risk 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 recognised 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				
		Book value 1)					Book value 1)			
NOK Million	Contract/ nominal value	Assets	Liabilities	Booked	Recognised in comprehensive income	Contract/ nominal value	Assets	Liabilities	Booked	Recognised in comprehensive income
Interest rate swaps	2 273	1 137			234	3 276	964		-203	795
Subordinated loans	-2 238		-3 158	49	-207	-3 238		-4 058	209	-627

1) Book values as at 31.12.

Currency hedging of net investment in SPP

In 2014, 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		
		Book value [1)]			Book value [1)]	
NOK Million	Contract/ nominal value	Assets	Liabilities	Contract/ nominal value	Assets	Liabilities
Currency derivatives	-6 706		-244	-6 619		-278
Underlying items		7 063			6 728	

1) Book values as at 31.12.

STOREBRAND LIVSFORSIKRING AS

Fair value hedging of the interest rate risk 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 recognised 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				
		Book value [1)]					Book value [1)]			
NOK Million	Contract/ nominal value	Assets	Liabilities	Booked	Recognised in compre-hensive income	Contract/ nominal value	Assets	Liabilities	Booked	Recognised in compre-hensive income
Interest rate swaps	2 273	1 137			234	3 276	964		-203	795
Subordinated loans	-2 238		-3 158	49	-207	-3 238		-4 058	209	-627

1) Book value as at 31.12

Note 44 Collateral

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK Million	2015	2014	2015	2014
Collateral for Derivatives trading	1 719	2 617	722	1 767
Collateral received in connection with Derivatives trading	-2 559	-3 250	-894	-206
Total received and pledged collateral	**-840**	**-633**	**-172**	**1 561**

Collateral pledged in connection with futures and options are regulated on a daily basis in the daily margin clearing on individual contracts. Collateral is received and paid in the form of cash and securities.

Note 45 Contingent liabilities

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK Million	2015	2014	2015	2014
Uncalled residual liabilities re limited partnership	3 922	4 321	3 145	3 212
Total contingent liabilities	**3 922**	**4 321**	**3 145**	**3 212**

Storebrand Group companies are engaged in extensive activities in Norway and abroad and may become a party in legal disputes.

Note 46 Transactions with related parties

Companies in the Storebrand Livsforsikring Group have transactions with other companies in the Storebrand Group, senior employees and shareholders in Storebrand ASA. These are transactions that are a part of the products and services offered by the companies in the group to their customers. The transactions are entered into on commercial terms and include occupational pensions, private pensions savings, leasing of premises, and lending.

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 further description in Note 1 Accounting Principles.

Also see note 24 Remuneration of senior employees and elected officers and note 32 Parent company's holding of equities in subsidiaries and associated companies.

	2015		2014	
NOK Million	Sale/purchase of services	Receivables/ liabilities	Sale/purchase of services	Receivables/ liabilities
Group companies:				
Storebrand ASA	29	1	40	-7
Storebrand Bank ASA	34	-5	72	1
Storebrand Asset Management AS	-59	1	-184	-15
Storebrand Forsikring AS	79	31	78	20
Storebrand Baltic NUF	1	-3	1	
Others:				
Liability minority real estate fund				3 167

Note 47 Capital adequacy

NOK Million	Storebrand Livsforsikring Group 2015	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring AS 2015	Storebrand Livsforsikring AS 2014
Share capital	3 540	3 540	3 540	3 540
Other equity	20 152	18 393	19 579	17 485
Equity	**23 693**	**21 934**	**23 120**	**21 025**
Hybrid tier 1 capital	1 500	1 500	1 500	1 500
Goodwill and other intangible assets	-5 564	-5 519	-201	-176
Tax asset	-551		-400	
Risk equalisation fund	-142	-829	-142	-829
Capital adequacy reserve				
Deductions for investments in other financial institutions		-1		-1
Interest rate adjustment of insurance obligations	-998	-2 170		
Security reserves		-153		
Other equity	-195	-31	-3	-71
Core capital (tier 1)	**17 743**	**14 731**	**23 874**	**21 449**
Perpetual subordinated capital	2 100	2 100	2 100	2 100
Ordinary primary capital	2 238	2 238	2 238	2 238
Capital adequacy reserve				
Deductions for investments in other financial institutions		-1		-1
Tier 2 capital	**4 338**	**4 337**	**4 338**	**4 337**
Net primary capital	**22 081**	**19 068**	**28 213**	**25 786**
Calculation base by class of risk weighting	**453 624**	**429 349**	**227 983**	**228 381**
Risk weight 0%	52 485	76 660	28 905	46 223
Risk weight 10%	66 357	65 642	36 006	36 038
Risk weight 20%	86 828	73 294	53 418	45 774
Risk weight 35%				
Risk weight 50%	35 469	10 509	29 937	6 904
Risk weight 100%	70 609	85 786	60 827	77 609
Risk weight 150%	8 003	7 696	6 406	6 238
Assets held in respect of life insurance contracts with investment choice	133 873	109 761	12 484	9 595
Weighted assets in the statement of financial position	143 280	139 143	104 960	107 090
Weighted interest rate and FX contracts	4 958	5 514	3 513	3 517
Cross holding deduction for shares in other financial institutions		-2		-2
Unrealised gains on financial current assets	-2 563	-3 601	-2 563	-3 601
Basel II companies calculation base	330			
Risk weighted calculation base	**146 006**	**141 053**	**105 910**	**107 003**
Capital adequacy ratio	**15.1%**	**13.5 %**	**26.6 %**	**24.1 %**
Core (tier 1) capital ratio	**12.2 %**	**10.4 %**	**22.5 %**	**20.0 %**

Note 48 Solvency margin

NOK Million	Storebrand Livsforsikring Group 2015	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring AS 2015	Storebrand Livsforsikring AS 2014
Solvency margin requirement	13 098	12 632	8 122	7 823
Solvency margin capital	24 995	22 110	30 657	28 402
Solvency margin	**190.5 %**	**175.0 %**	**377.5 %**	**363.0 %**

SPECIFICATION OF SOLVENCY MARGIN CAPITAL

NOK Million	Storebrand Livsforsikring Group 2015	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring AS 2015	Storebrand Livsforsikring AS 2014
Net primary capital	22 081	19 068	28 213	25 786
50 % of additional statutory reserves	2 580	2 559	2 580	2 559
50 % of risk equalisation fund	71	414	71	414
Counting security reserve	71	69	71	69
Reduction i tier 2 capital eligible for inclusion in solvency capital	192		-277	-427
Solvency capital	**24 995**	**22 110**	**30 657**	**28 402**

Note 49 Return on capital

STOREBRAND LIVSFORSIKRING AS

	2015		2014		2013		2012		2011	
	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return
Contractual obligations total	5.2 %	4.3 %	5.2 %	6.3 %	3.0 %	4.6 %	5.6 %	6.2 %	4.6 %	3.4 %
As portfolio:										
Group defined benefit public	3.2 %	2.2 %	4.3 %	4.2 %						
Group defined benefit private	5.4 %	3.9 %	5.4 %	6.6 %						
Group defined benefit low					3.8 %	4.2 %	5.9 %	6.1 %	6.4 %	4.5 %
Group defined benefit standard					3.3 %	5.3 %	5.8 %	6.8 %	4.5 %	2.8 %
Group defined benefit high							5.7 %	7.1 %	4.7 %	2.2 %
Swedish branch	5.5 %	4.5 %	6.5 %	6.9 %	3.7 %	5.1 %	4.9 %	5.6 %	5.9 %	4.8 %
Paid-up policies	5.4 %	4.8 %	5.4 %	6.4 %	2.2 %	4.0 %	5.4 %	5.7 %	4.7 %	3.8 %
Individual	4.9 %	4.4 %	4.1 %	5.8 %	4.9 %	5.4 %	5.7 %	6.0 %	3.6 %	3.2 %

	2015	2014	2013	2012	2011
Return on capital company portfolio	3.0 %	5.0 %	4.2 %	5.4 %	5.1 %

Note 50 Number of employees

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	2015	2014	2015	2014
Number of employees 31.12	1 555	1 575	843	812
Average number of employees	1 545	1 577	826	817
Fulltime equivalent positions 31.12	1 534	1 556	830	801
Average number of fulltime equivalents	1 524	1 552	814	805

The Chief Actuary´s declaration

INSURANCE FUND AND RISK EQUALISATION FUND

With reference to the annual report for 2015 I confirm that the entered “Premium reserve”, “Additional statutory reserves” and “Insurance obligations in life insurance” in the Statement of financial position have all been calculated in accordance with the Act on Insurance Activity and satisfy the requirements of the Financial Services Authority of Norway. This is also valid for the “Risk equalisation fund”. From these calculations the corresponding allocations have been made in the Profit and Loss Account. The proposed allocations are in accordance with the Act on Insurance Activity.

Lysaker, 16 February 2016

Translation - not to be signed

Arne Kristian Hove
Chief Actuary

Declaration by the Members of the Board and the CEO

STOREBRAND LIVSFORSIKRING AS AND STOREBRAND LIVSFORSIKRING GROUP

On this date, the Board and CEO have discussed and approved the annual report and annual financial statements for Storebrand Livsforsikring AS and Storebrand Livsforsikring Group for the 2015 financial year and as per 31 December 2015.

The financial statements are prepared in accordance with the "Regulation on the annual accounts etc. of insurance companies" for the parent company and the consolidated financial statements are presented using EU-approved International Financial Reporting Standards (IFRS) and the additional requirements of the Securities Trading Act.

In the best judgment of the Board and CEO the annual financial statements and consolidated 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 assets, liabilities, financial standing and results as a whole of the parent company and the group as per 31 December 2015. In the best judgment of the Board and 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 and consolidated financial statements. In the best judgment of the Board and CEO the descriptions of the most important risk and uncertainty factors the group faces in the next accounting period, as well as the descriptions of related parties' significant transactions, also provide a fair and true overview.

Lysaker, 16 February 2016
The Board of Directors of Storebrand Livsforsikring AS

Translation – not to be signed

Odd Arild Grefstad
- Chairman of the Board -

Peik Norenberg	Tove Margrete Storrødvann	Bodil Cathrine Valvik
Erik Haug Hansen	Inger Johanne Bergstøl	Jan Otto Risebrobakken

Geir Holmgren
- 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 Livsforsikring AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Storebrand Livsforsikring AS, 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 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 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 Livsforsikring AS 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 Livsforsikring AS 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

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.

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

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.

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 reserves (incurred 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 any investment choice) less the guaranteed return.

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 and profit allocated to owner
See note 4.

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 policies.

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 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.

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.

Credit derivatives
Credit derivatives are financial contracts that transfer all or part of the credit risk associated with loans, bonds and similar instruments from the purchaser of the protection (seller of the risk) to the seller of the protection (purchaser of the risk). Credit derivatives are transferable instruments that make it possible to transfer the credit risk associated with particular assets to a third party without selling the assets.

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 payments.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/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.

Hovedkontor:

Professor Kohts vei 9

Postboks 474, 1327 Lysaker

Telefon 08880

storebrand.no