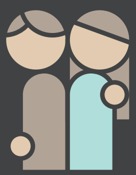

Most people insure their assets, but forget themselves and their families.

Liven Sandell
Storebrand

Annual Report 2014
Storebrand Livsforsikring AS

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

Storebrand's strategy is twofold. The Group aims to create profitable growth in the Savings and Insurance segments by providing good sustainable pension schemes for companies with a pension agreement with Storebrand, as well as products and additional solutions related to savings and insurance for the employees of these companies.

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 company actively adapts to the new European solvency regulations, Solvency II.

The year 2014 has been marked by strong competition in Storebrand's markets, a positive equity market, a challengingly low interest rate level and the clarification of important regulatory issues. 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.

GROWTH IN SAVINGS AND INSURANCE

Corporates and their current and former employees are the Group's main target group. In the corporate market, the Group has maintained its position as the market leader for defined contribution pensions in Norway, a position that was strengthened further when Storebrand signed a letter of intent with Statoil ASA in December. This is the largest defined contribution agreement in the market, in which Storebrand will provide a defined contribution pension for Statoil's employees. In addition to the acquisition of new customers, many of our existing corporate customers have chosen to take advantage of the opportunity that was introduced in 2014 to increase the contribution rates for their employees' pension savings.

In Sweden, SPP has a strong challenger role, and it has taken important steps in 2014 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 are 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 applies also to Storebrand, and from 1 January 2015 all of the employees in Norway will be members of a defined contribution pension scheme.

On 1 September, 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 launched this for its around 400,000 paid-up policy customers as early as 15 October. Storebrand is the only company that offers this to all of its 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. Good advice is important, and, both on our websites and over the phone, we focus on giving good advices 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 the year around 3,500 customers had done the same with just under NOK 1 billion.

MANAGEMENT OF GUARANTEED PENSION

Strengthening of longevity reserves on 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 a new mortality tariffs. The reason for the need to strengthen the reserves is the fact that Norwegians are expected to live longer than assumed earlier 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. In April 2014 Storebrand applied to the Financial Supervisory Authority of Norway for a seven-year escalation plan to cover the strengthening of reserves required as a result of the introduction of the new mortality tariffs. Storebrand should complete the strengthening of its reserves by the end of 2020.

It is expected that a minimum of 20 per cent or NOK 2.5 billion of the total required strengthening of the reserves shall be covered by the owner. It is assumed that some of this will be financed through the loss of profit for paid-up policies during the reserve build-up period with the present profit sharing model (20 per cent to the owner). The size of the owner's contribution depends on the length of the escalation plan, principles for building up the reserves, as well as the return and risk surpluses during the escalation period, and the pension scheme's portion of the build-up of reserves may thus exceed 20 per cent of the reserve strengthening requirement.

The company started strengthening the reserves in the accounts in 2011. In 2012, 2013 and 2014, Storebrand set aside as much as possible of its financial and risk profits. It must also be expected that during the period in which the reserves are being built up, all available profit will be set aside for strengthening reserves. A total of NOK 2.3 billion was set aside for 2014. Both the risk result and the risk equalisation reserve may be used to strengthen the longevity reserves. The risk equalisation reserve has not been used to strengthen the reserves in 2014, and NOK 0.1 billion less has been allocated to the risk equalisation reserve due to the fact that the risk result for the year has been used to strengthen the reserves. The required strengthening of reserves for group pensions is estimated to be NOK 6.2 billion or around 4 per cent of the premium reserves as at 31 December 2014. Read more about the strengthening of reserves by Storebrand Livsforsikring in Note 3.

Greater clarity in the regulations

The regulations that are adopted by the EU and Norwegian authorities are of great importance to Storebrand. Additional clarifications have been made in 2014 with regard to the introduction of Solvency II, strengthening of reserves for the new mortality basis and the regulations for occupational pensions and disability pensions in Norway. The changes and consequences for Storebrand are described from page 34.

One Storebrand Group with a new common brand platform

In our efforts to be the best provider of pension savings, the Group launched a new brand platform last spring. It tells what Storebrand is about and how the Group distinguishes itself from its competitors. Pension expertise and sustainable savings, combined with being on the customer's side, are three of the most important areas in which Storebrand aims to distinguish itself. Pensions are the Group's main business, and Storebrand is a world leader in the area of sustainable investments.

FINANCIAL TARGETS

In a period of low interest rates and building up of reserves for higher life expectancy, the profit sharing within group pensions is expected to be reduced. At the same time the bulk of the business is being shifted from guaranteed pensions to unit linked savings. The Board has established as a target that Storebrand shall adapt to the changes in the European solvency regulations without raising new equity. The target is a Solvency II margin of 130 per cent, including the use of transitional rules. We will report on this target throughout 2015.

SUBSIDIARIES AND ASSOCIATED COMPANIES

Storebrand Livsforsikring AS owns 100 per cent of Storebrand Holding AB, which in turn owns 100 per cent of SPP Konsern, SPP Liv Fondförsäkring AB and SPP Fonder AB. 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 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 a holding company for the Norwegian property company. The company is 100 per cent owned by Storebrand Livsforsikring AS.

Storebrand Eiendom AS manages properties for Storebrand and SPP both nationally and internationally. The company is 100 per cent owned by Storebrand Livsforsikring AS. Storebrand Livsforsikring AS also owns 100 per cent of Storebrand Realinvesteringer AS, there is no operation in this company.

Foran Real Estate in Latvia is 68 per cent owned by Storebrand Livsforsikring AS and 29 per cent by SPP Livförsäkring AB. The company invests in forests in Latvia.

RESULT

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 2014.

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.

NOK million	2014	2013
Fee and administration income	3 234	3 169
Risk result life & pensions	480	17
Insurance premiums f.o.a.	2 359	2 360
Claims f.o.a.	-1 693	-1 460
Operational cost	-2 061	-2 178
Financial result	398	161
Result before profit sharing	**2 718**	**2068**
Net profit sharing and loan losses	**53**	**368**
Provision longevity	-391	-
Result before amortisation	**2 379**	**2 437**

The result before amortisation for Storebrand Livsforsikring Group totalled NOK 2 379 million in 2014 compared with NOK 2 437 million in 2013. After amortisation, the result was NOK 2 601 million, up from NOK 2 199 million in 2013.

Total earnings from fees and administration showed a growth of 2 per cent for the year, after revenue growth from products with no interest rate guarantees and a decline from the guaranteed portfolio. The risk result in life & pensions was positively affected by dissolution of reserves in the Swedish business during the fourth quarter. Insurance premiums moved sideways in 2014.

The operating costs declined by NOK 334 million due to the transition from defined benefit to defined contribution pension schemes in the Norwegian business. The Group's cost programme also contributed to a reduction of the operating costs for the year.

Profit sharing and loan losses show a good underlying result performance. Changes were made to the actuarial assumptions in the Swedish business towards the end of the year, which had a negative effect on the result. The strengthening of the longevity reserves is charged directly to the result in the amount of NOK 391 million in 2014 and indirectly by means of lost profit sharing amounting to NOK 229 million. NOK 2 282 million has been set aside from customer returns for the year to strengthen the longevity reserves.

The income tax expense for 2014 totalled NOK 359 million. The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway (27 per cent) and the tax effects related to prior years.

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	2014	2013
Savings	426	298
Insurance	502	658
Guaranteed pensions	1 074	1 376
Other	377	105
Result before amortisation	**2 379**	**2 437**

Savings has been defined as a growth area for the Group. The result for the segment was 30 per cent higher in 2014 . The earnings growth is driven by higher assets under management and good sales.

The result is weaker than the previous year due to the substantial dissolution of reserves in the Swedish business in 2013. The underlying performance for the area is satisfactory.

Throughout 2014, fee and administration income for Guaranteed Pension 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.

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

Result

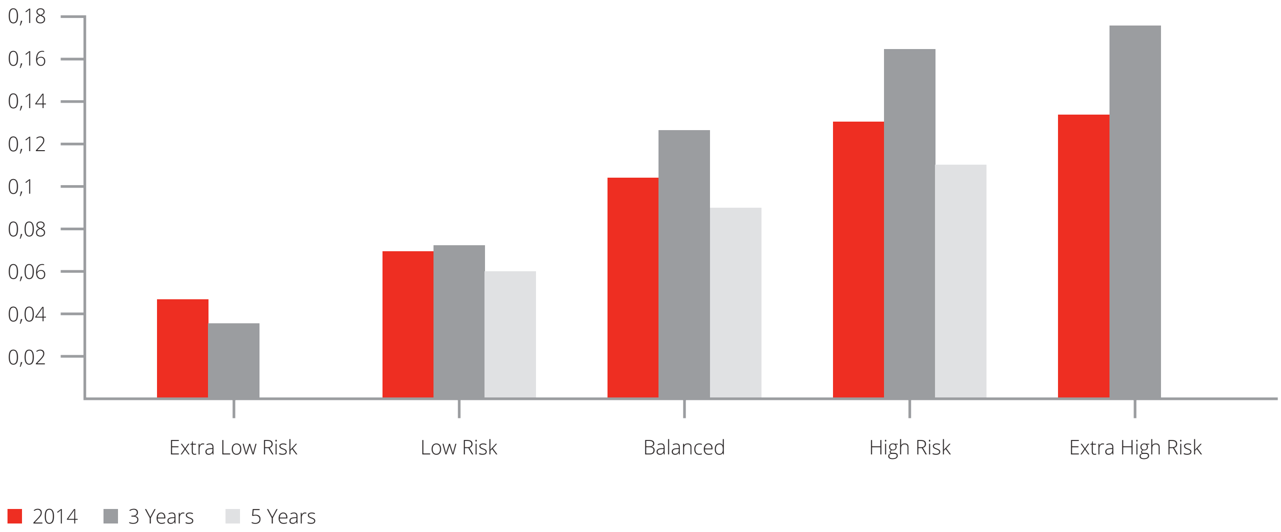
NOK million	2014	2013
Fee and administration income	1237	1040
Risk result life & pensions	-11	7
Insurance premiums f.o.a.	-	-
Claims f.o.a.	-	-
Operational cost	-801	-752
Financial result	-	-
Result before profit sharing	**425**	**296**
Net profit sharing and loan losses	1	2
Provision longevity		
Result before amortisation	**426**	**298**

The profit for Savings totalled NOK 426 million in 2014, an increase of 30 per cent compared with 2013 . The earnings improvement is primarily attributed to volume growth. Cost reducing measures also provide a positive effect, while increasing volume, means increasing sales costs.

Total fee and administration income increased by 19 per cent from 2013 to 2014. The measures implemented to improve efficiency and realise savings linked to the Group's cost programme have reduced the cost level, while volume growth led to higher volume-related costs. [3)]

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 is increasing 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, rising equity markets contribute to further growth through solid returns on the premium reserves. The combined growth in customer assets for the Group's defined contribution pension products was 23 per cent in 2014, compared with the previous year.

1) Adjusted for non-recurring effects related to pensions in 2014 and 2013. Without adjustment for these effects, the increase would be 43 per cent.
2) Adjusted for non-recurring effects related to pensions in 2014 and 2013. Without adjustment for these effects, the increase would be 43 per cent.
3) The Group's transition from a defined benefit to defined contribution pension scheme for its own employees resulted in a positive non-recurring effect on costs in the amount of NOK 38 million in the segment for 2014.



BALANCE SHEET AND MARKET TRENDS

Unit linked Premium income amounted to NOK 9.9 billion in 2014, which is marginally higher than 2013. Net transfers is significantly lower than in 2013, but still positive at NOK 77 million. While transfers in Norway significantly improved, the Swedish business made a negative contribution due to higher transfers out and less conversion from defined benefit to defined contribution pension schemes. Total reserves for non-guaranteed savings have grown by 23 per cent in 2014.

In the Norwegian market, Storebrand maintained its status as market leader for defined contribution schemes, with around 30 per cent of the market. Premium growth for occupational pensions was 16 per cent in 2014. This growth is primarily driven by the increasing portfolio, wage adjustments and higher savings rates, cf. higher maximum rates from 2014. 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. The new Occupational Pensions Act that entered into force on 1 January 2014 allows for the sale of so-called hybrid products. Due to market demand, Storebrand is planning to launch such products in 2015.

In the Swedish market, SPP is the third largest participant in terms of new sales of unit linked insurance in the other occupational pensions segment, with a market share of 14 per cent. Premium income is 4 per cent lower than in 2013 as a result of higher transfers out and lower conversion from defined benefit schemes. 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 (ITP scheme), and initiated activities that have had a positive effect. Other sales channels are showing net results that are somewhat lower in 2014.

Key figures Savings

		2014			2013
NOK million	**4Q**	**3Q**	**2Q**	**1Q**	4Q
Unit Linked Reserves	105 369	93 976	92 899	87 105	85 452
Unit Linked Premiums	2 594	2 483	2 347	2 463	2 273

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.

Result

NOK million	2014	2013
Fee and administration income		
Risk result life & pensions		
Insurance premiums f.o.a.	2 359	2 360
Claims f.o.a.	-1 693	-1 460
Operational cost	-279	-343
Financial result	115	102
Result before profit sharing	**502**	**658**
Net profit sharing and loan losses	-	-
Provision longevity		
Result before amortisation	**502**	**658**

	2014				2013
	4Q	3Q	2Q	1Q	4Q
Claims ratio	80%	74%	74%	59%	70%
Cost ratio	-1%	16%	17%	16%	9%
Combined ratio	**79%**	**90%**	**91%**	**75%**	**79%**

The Insurance result before amortisation was NOK 502 million (NOK 658 million) for the year with an overall combined ratio of 84 per cent (76 percent in 2013). The insurance premiums moved sideways in 2014. The claims ratio is at a satisfactory level, the increase over the previous year is due to the dissolution of reserves in Sweden in 2013. The costs were reduced by NOK 64 million compared with the previous year. Without the adjustments for the positive non-recurring effects related to pensions in 2014, the costs increased with NOK 32 million (9 per cent compared with 2013). The underlying profitability and efficiency is good and shows a satisfactory development.

The combined risk result is stable with a claims ratio of 72 per cent (62 per cent in 2013). A higher than normal number of new incidents of disability during the year gave a weaker risk result for the life risk products in Norway and Sweden.

The cost percentage was 12 per cent for the year (15 per cent in 2013). Like the previous year, changes to the pension scheme for the Storebrand Group's own employees had a positive effect on the costs. This year the change is linked to the transition from defined benefit to defined contribution schemes and amounts to NOK 96 million. Adjusted for this non-recurring effect, the cost percentage would be 16 per cent in 2014. To strengthen the level of competitiveness and improve cost effectiveness, an active effort is being made to increase the degree of automation, digitization and sourcing of services, as well as the utilisation of the economies of scale provided by increased volume.

The investment portfolio of Insurance amounts to NOK 4.3 billion, which is primarily invested in fixed income securities with a short to medium duration. The return on financial assets for the full year is good as a result of the lower interest rates and good financial markets.

BALANCE SHEET AND MARKET TRENDS

In the fourth quarter, Storebrand signed a major agreement with Akademikerne (Federation of Norwegian Professional Associations) to provide insurance for 11 out of 13 of the federation's organisations. The agreement encompasses approximately 110,000 members, and it ensures that Storebrand will have a solid position in the organisational market. The contract entered into force on 1 January 2015 and will make a positive contribution to future growth.

Storebrand Livsforsikring 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 particular in the employee insurance, where there are many participants in the market. Total annual premiums at the end of 2014 amounted to NOK 2.4 billion, NOK 0.6 billion of which is from the retail market and NOK 1.8 billion of which is from the corporate market.

Storebrand enjoys a well-established position in the retail market for personal insurance and is in a challenger position within P&C insurance. The growth in personal insurance was stable and in line with general market growth.

The corporate market is generally a 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. Changes in the regulatory framework may result in changes in the future premium volume. In Sweden, the disability trend has been downward for a long period of time, which has led to reduced premiums in general. As a response to this and to strengthen competitiveness, the disability premium in SPP was reduced by 30 per cent in the first quarter

Portfolio Premium (annual)

	2014				2013
NOK million	4Q	3Q	2Q	1Q	4Q
Individual life *	591	581	571	564	561
Group life **	734	741	731	754	804
Pension related disability insurance ***	1 087	1 084	1 081	1 027	1 045
Portfolio premium	**2 413**	**2 406**	**2 383**	**2 344**	**2 410**

* 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.

Result

NOK million	2014	2013
Fee and administration income	1 842	2 013
Risk result life & pensions	483	7
Insurance premiums f.o.a.	-	-
Claims f.o.a.	-	-
Operational cost	-921	-1 016
Financial result	-	-
Result before profit sharing	**1 404**	**1 003**
Net profit sharing and loan losses	61	373
Provision longevity	-391	-
Result before amortisation	**1 074**	**1 376**

RESULT

The profit for Guaranteed Pension totalled NOK 1 074 million in 2014, which was a decline of NOK 302 million compared with 2013.

Fee and administration income has performed throughout 2014 consistent with the fact that a large part of the portfolio is mature and in long-term decline. The income was NOK 1 842 in 2014, which represents a reduction of 8.5 per cent compared with the previous year. The reduction in income is attributed, for example, to the fact that public sector insured solutions are being discontinued in Norway. A total of approximately NOK 21 billion was transferred out, including transfers completed early in 2015. After this, NOK 2.7 billion in reserves remains in public sector occupational pension schemes.

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. The risk result made a significant contribution to the result in 2014, amounting to NOK 483 million. The result is marked by the dissolution of reserves in SPP (Swedish business) totalling NOK 461 million. Most of this arose towards the end of the year.

In the Norwegian business, NOK 98 million of the risk result that would have normally been transferred to the risk equalisation reserve and the owner's result, was allocated to the longevity reserves. In addition, the disability reserves were strengthened in 2014.

The result from net profit sharing is generated by the Swedish business and amounted to NOK 61 million for 2014, compared with NOK 373 million for 2013. In 2014, the new mortality assumptions and adjusted estimates for future costs in the portfolio had a negative effect on the profit sharing result. This entailed overall a reduction in the result due to the allocated deferred capital contributions of NOK 253 million.

The Financial Supervisory Authority of Norway determined in March 2013 that a new mortality tariff would be introduced for group pension insurance in life insurance companies and pension funds effective from 1 January 2014. This requires increased premiums and higher insurance technical reserves to cover future liabilities. In April 2014, the final guidelines for the escalation plans were clarified. The Norwegian business is therefore prioritising the build-up of buffers and reserves instead of profit sharing between customers and owners. In 2014, NOK 2 282 million of the profit from the financial and risk results was allocated to strengthen the longevity reserves.

The strengthening of the longevity reserves was charged directly to the result in the amount of NOK 391 million in 2014 and indirectly by means of lost profit sharing amounting to NOK 229 million. This includes NOK 31 million to strengthen the longevity reserves for paid-up policies as a result of conversion to paid-up policies with investment options. In addition, there is the effect from the risk equalisation reserve mentioned above.

BALANCE SHEET AND MARKET TRENDS

Customer reserves for guaranteed pensions totalled NOK 264 billion at the end of 2014, which corresponds to the level at the start of the year. Transfers from guaranteed pensions have amounted to NOK 14.2 billion in 2014, compared with NOK 9.0 billion in the previous year. The transfers took place primarily in the first and third quarters in connection with the fact that Storebrand discontinued public sector occupational pension insurance in Norway. From the fourth quarter of 2014, the customers were given an offer to convert from paid-up policies to paid-up policies with investment options, and insurance reserves of NOK 0.9 billion were converted by the end of 2014. Premium income from guaranteed pensions was NOK 9.9 billion in 2014. This represents a decline of close to 10 per cent, compared with 2013. The majority of products are closed for new business and the customers' choices about transferring from guaranteed to non-guaranteed products are in line with the Group's strategy.

Premium income (excluding transfers)

NOK million	2014	2013
Defined benefit (fee-based)	7 337	8 189
Paid-up policies	101	89
Traditional individual capital and pension	287	306
SPP guaranteed products	2 127	2 320
Total	**9 852**	**10 903**

	2014				2013
NOK million	4Q	3Q	2Q	1Q	4Q
Guaranteed reserves	264 290	257 425	263 370	289 799	264 125
Guaranteed reseves in % of total reserves	71.5%	73.3%	73.9%	74.9%	75.6%
Transfer out of guaranteed reserves	1 496	5 506	104	7 192	967
Buffer capital in % of customer reserves Storebrand	6.6%	4.8%	4.6%	4.2%	4.8%
Buffer capital in % of customer reserves SPP	15.0%	15.0%	15.1%	14.6%	15.1%

OTHER

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

Result

NOK million	2014	2013
Fee and administration income	156	116
Risk result life & pensions	8	3
Insurance premiums f.o.a.	-	-
Claims f.o.a.	-	-
Operational cost	-60	-66
Financial result	283	59
Result before profit sharing	**387**	**111**
Net profit sharing and loan losses	-10	-7
Provision longevity		
Result before amortisation	**377**	**105**

The profit for Other activities was NOK 377 million for 2014, compared with NOK 105 million for 2013. This increase can primarily be explained by financial result.

The Storebrand Livsforsikring Group is funded by a combination of equity and subordinated loans. The proportion of subordinated loans of approximately 24 per cent and interest costs comprise a net amount of approximately NOK 100 million for the quarter at the current interest rate level. The financial result includes the return on the company portfolios in Storebrand Livsforsikring and SPP. The financial result is weaker due to a lower return in the company portfolios.

CAPITAL SITUATION AND RISK

CAPITAL SITUATION

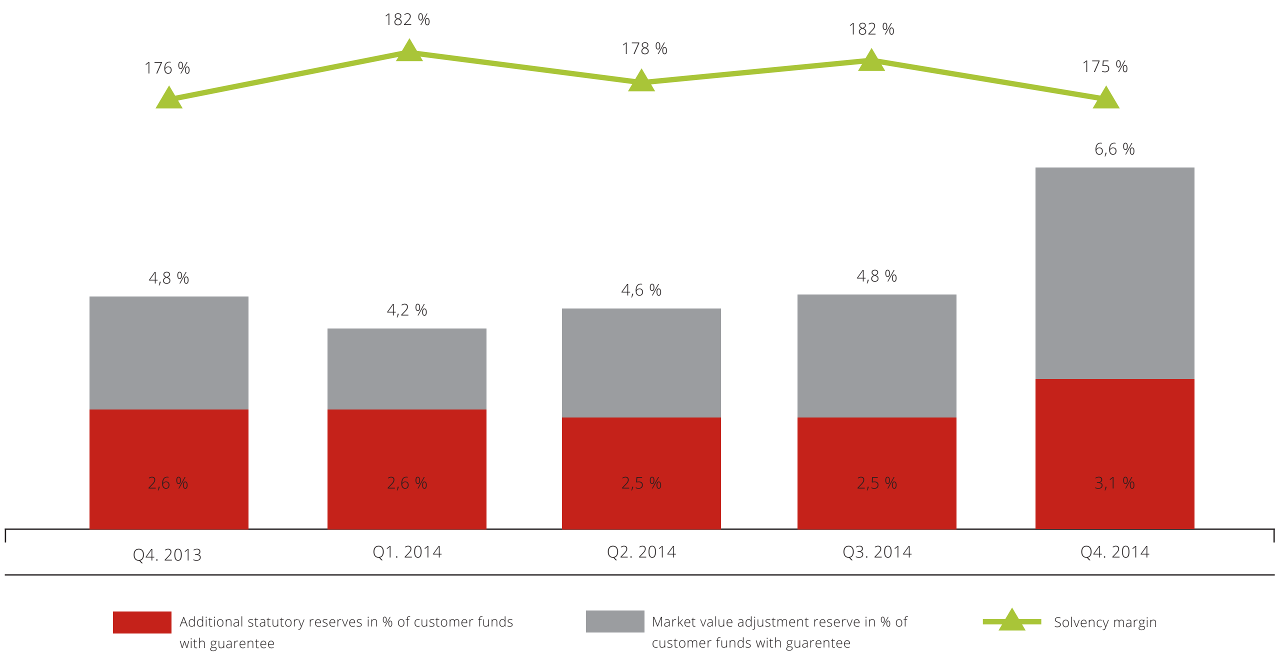
Storebrand pays particular attention to the levels of equity and loans in the Group, which are continually and systematically optimised. The level is adjusted for the financial risk and capital requirements. The growth and composition of business segments are important driving forces behind the need 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 2014 the A level rating from Standard & Poor's remained unchanged. In December 2014 Mood's Investor Service downgraded its rating of Storebrand Livsforsikring AS from A3 to Baa1, while the outlook changed from negative to stable. Moody's justified the downgrade of Storebrand Livsforsikring AS with low interest rates combined with highly capital-consumptive paid-up policies. Moody's outlook ("stable") reflects its expectation that the group's management actions will over time strengthen the group's economic capitalisation from current levels.

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 Basel 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.

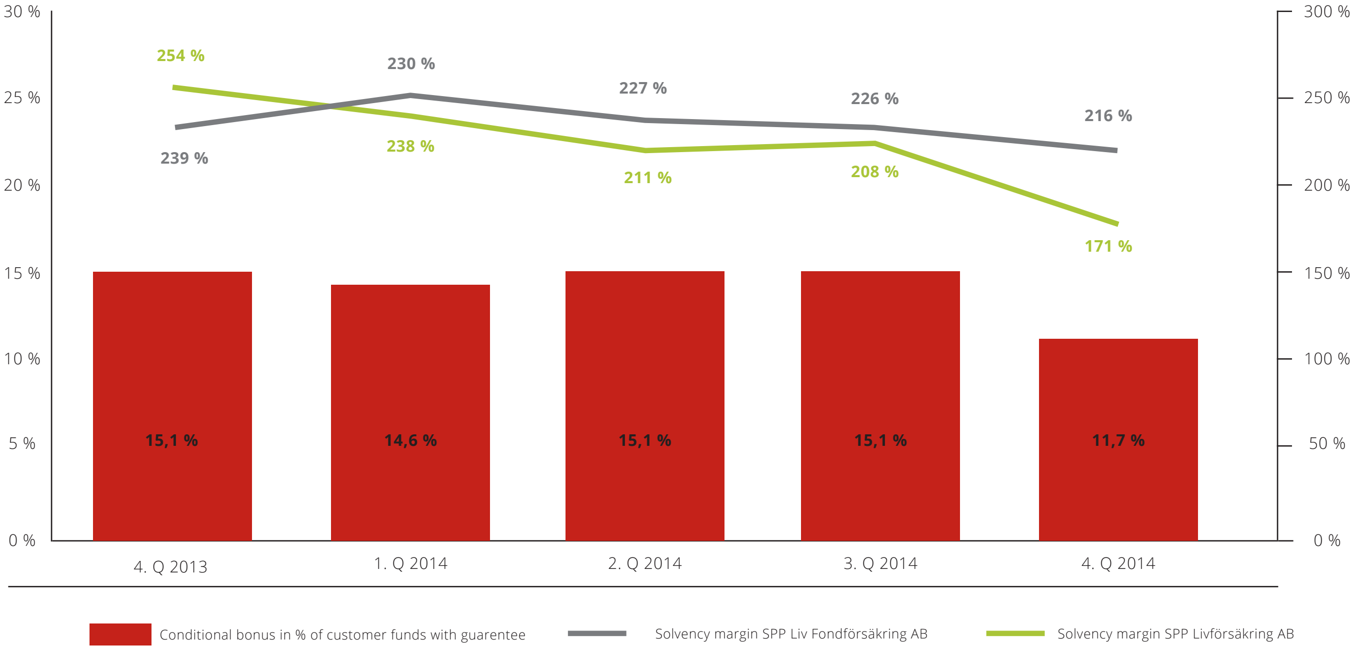
The Solvency II solvency regulations will be introduced in 2016. The measures implemented, such as risk reduction, strengthening of longevity reserves and changed technical insurance assumptions throughout 2014, make the company more robust in relation to the future solvency regulations. For 2014, the Solvency II margin is estimated to be 148 per cent, including the current interpretation of the transitional rules.

NOK million	2010	2011	2012	2013	2014
Equity	15 069	15 031	15 385	16 467	19 312
Subordinated loan capital	6 642	6 630	6 468	6 632	7 117
Risk equalisation fund	287	469	640	776	829
Market value adjustment reserve	1 971		1 027	3 823	5 814
Additional statutory reserves (ASR)	5 439	5 422	5 746	4 458	5 118
Conditional bonus (CB)	11 503	10 038	11 264	14 167	11 281
Reserves on bonds held to maturity	732	1 757	5 225	5 160	13 364
Profit carried forward	1 067	742	1 105	2 619	1 830
Total	**42 710**	**40 109**	**46 860**	**54 102**	**64 664**

The Life Insurance Group's solidity capital increased with NOK 10.6 billion during 2014. In addition to the profit for the year (NOK 1.8 billion) the main contribution was the increased market value adjustment reserve (NOK 2.0 billion). The buffers in the form of conditional bonuses in SPP were reduced with NOK 2.9 billion. The additional statutory reserves comprised NOK 5.1 billion at the end of the year, an increase of NOK 0.7 billion, largely due to allocation of the year's profit. The excess value of held-to-maturity valued at amortised cost increased by NOK 8.2 billion during the year and totalled NOK 13.4 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 2014 amounted to NOK 4.5 billion and are not included in the solvency capital.



The Storebrand Livsforsikring Group's solvency margin (Solvency I) declined from 176 per cent to 175 per cent at the end of the year. Falling interest rates and the exclusion of a subordinated loan of SEK 700 million has made a negative contribution. A fall in the interest rate level increases the insurance liabilities in the solvency calculations. The valuation principles used in solvency calculations at a national level are applied in the Group calculations. The Swedish Financial Supervisory Authority decided on 5 December to withdraw permission to include a subordinated loan of SEK 700 million in the solvency capital. Storebrand has appealed this decision to the Administrative Court of Appeals in Sweden. Until a final decision has been made, the loan cannot be included as primary capital. If Storebrand is successful, the solvency margin will be strengthened by approximately 5 percentage points. The profit for the year and higher additional statutory reserves had a positive effect on the solvency margin.



SPP Livförsäkring AB's solvency margin (Solvency I) declined from 254 per cent to 171 per cent at the end of the year, while SPP Liv Fondförsäkring AB's solvency margin was down from 239 per cent to 216 per cent. Falling interest rates and changes in capital base as well as group contribution of SEK 0.6 billion, have made a negative contribution.

RISK

Storebrand's 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. The overall aim is for the Group to receive adequate payment for assuming the risk in relation to defined rates of return.

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. 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.

As a business requiring a licence, the Storebrand Group and the individual companies are subject to supervision by the Ministry of Finance. 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. The future Solvency II regulations expand and formalise the requirements for risk management.

The majority of Storebrand's risk is from liabilities related to the products. The Group's activities consist of three business areas with very different result and risk drivers: Savings, Insurance and Guaranteed Pension.

SAVINGS

The Savings business area comprises products without guaranteed interest rates for pension savings. The area includes defined contribution pensions in Norway and Sweden, supplemental pension solutions and asset management.

For non-guaranteed pension products the customer has the financial market risk. In Norway, the disbursements are time-limited, and therefore Storebrand does not bear the risk from increased life expectancy. In Sweden a large portion of the portfolios have lifelong disbursements, but the customer can choose time-limited disbursements.

For Storebrand the risk for non-guaranteed pensions 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. Income is also reduced if customers choose to transfer or if increased competition results in more cost pressure. Market risk and exit risk are therefore the main risks for non-guaranteed pensions. There is also a risk linked to the fact that Storebrand's costs may increase.

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

INSURANCE

The Insurance business area is responsible for the Group's risk products. 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 2015 will give better cover from the National Insurance Scheme for new incidents of disability. Higher taxes on disability income will, however, entail that the disability cover is approximately at the same level as the old scheme. In 2015, new rules will be introduced for disability pensions in the occupational pension schemes in the private sector. All else being equal, these two factors may reduce the scope of the disability risk in the future. The Group also provides cover with death benefits, but Storebrand's risk from this is limited.

GUARANTEED PENSION

The Guaranteed Pension business area encompasses individual defined contribution (IF) and group defined benefit pensions (KF) in Sweden, and defined benefit occupational pensions (YTP), including paid-up policies and traditional individual pension products, in Norway. The greatest risks are financial market risk and life expectancy risk.

A common feature of the products is that Storebrand guarantees a minimum return. The level of the guarantee varies. In Sweden new premiums in IF have a 0.5 per cent guarantee, whereas existing reserves have up to a 5.2 per cent guarantee. In Norway, new premiums are accepted in 2014 with a 2.5 per cent guarantee, whereas existing portfolios primarily have guarantee levels of between 3 and 4 per cent. From 2015, new premiums will have a 2.0 per cent guarantee. Over time new premiums will contribute to the average guarantee level falling.

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 Norway, a new mortality tariff was introduced for defined benefit occupational pensions and paid-up policies from 2014. For the existing contracts, an application has been submitted for a 7-year escalation plan, and customer returns exceeding the guarantee can contribute to building up reserves. 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 build-up and revaluation of pension, it is necessary to take investment risk (market risk) beyond investing in secure fixed income securities. This is primarily done by investing in equities, property and credit bonds. It is possible to reduce market risk but then the probability of achieving the necessary level of return is reduced. The investment strategy and 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. Since pension disbursements may be many years in the future, the insurance liability is particularly sensitive to changes in interest rates. Risk management shall reduce this risk by undertaking investments with a corresponding level of interest rate sensitivity. In Sweden management of interest rate risk is based on this principle, but primarily targets the financial result. The yield curves in the financial statements and the solvency accounts are based on different principles.

In Norway, greater interest rate sensitivity from the investments will give increased risk that the return for the year is below the guarantee. Risk management must therefore balance the risk of the profit for the year being negatively affected by an increase in interest rates with the reinvestment risk if interest rates fall below the guarantee in the future. Accounting based on the amortised cost of long-term bonds is a key risk management tool.

Eliminating the interest rate risk in Norway is not possible. This is due to both product rules with annual guarantees and that there is not sufficient access to long bonds or interest rate swaps. The introduction of Solvency II will make the interest rate risk more visible in the solvency calculation.

Even if falling interest rates are positive for the investment return in the short term due to price appreciation for bonds, it is negative in the long term because it reduces the probability of achieving a return higher than the guarantee. Long-term interest rates have fallen a great deal throughout 2014, both in Norway and Sweden. In Sweden, short-term interest rates have fallen greatly. The central banks in both Norway and Sweden have indicated that interest rates will be kept low throughout 2015.

The extraordinary strong bond market in combination with good equity markets has yielded a very good return for the guaranteed customer portfolios in 2014. In Norway, most of the effect of the fall in interest rates was in the form of sharply higher excess amortised cost values reducing the risk that Storebrand's contribution to reserve strengthening is higher than expected.

The fall in interest rates has increased the risk that the return in future years will be lower than the interest rate guarantee. In Norway, the effect will be dampened in the coming years by a large proportion of amortised cost portfolios 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. From September 2014 amendments were adopted to allow the customers to choose to convert paid-up policies to paid-up policies with investment choice (FMI). Storebrand offered the product from October 2014. It is a prerequisite that the paid-up policy is fully reserved upon conversion, and any reserve shortfalls must be 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. For IF in Sweden, it is also possible for the customer to change to a product without a guaranteed return.

The bulk of guaranteed pension agreements have lifelong disbursements. These give higher disbursements if life span increases more than expected. Dynamic tariffs, that include a trend for increased lifespan, are the most important risk management tools. This has been introduced in Sweden and will be introduced in Norway from 2014 for defined benefit occupational pensions and paid-up policies. In December 2014, adjusted mortality assumptions were introduced in Sweden that entail a strengthening of the longevity reserves.

Over time the risk associated with long life can be reduced by changing the products. In Sweden a large portion of the portfolios have life-long disbursements with the accompanying risk of increasing lifespan, but the customer can make other choices. For many customers changing to time-limited disbursements or disbursement protection may provide greater benefit, at the same time as risk is reduced for Storebrand. In Norway, it is expected that some of the existing corporate customers with a defined benefit pension scheme will chose a defined contribution pension scheme with time-limited disbursements, and this will reduce the longevity risk linked to future premiums.

OTHER

Other comprises company portfolios and smaller subsidiaries in Storebrand Livsforsikring and SPP, including the activities of BenCo.
The assets in the company portfolios are invested at low risk, primarily in short-term interest-bearing securities with a high credit rating.

CHANGING REGULATIONS

The regulations that are adopted by the authorities are of great importance to Storebrand. Additional clarifications have been made in 2014 with regard to the introduction of Solvency II, reserve strengthening for the new mortality basis K2013 and the regulations for occupational pensions in Norway.

EUROPEAN REGULATIONS

Solvency II

Solvency II is a set of regulations covering solvency that will apply to all insurance companies in the EEA area. The regulations will be introduced from 1 January 2016.

The European supervisory authority EIOPA has made recommendations for ensuring continued progress in preparations for Solvency II. FSA determined that the recommendations shall be followed from and including 1 January 2014. This means that the requirements in Solvency II for business management and controls (pillar 2) will be phased in, including requirements for self-assessment of risk and solvency (ORSA), and that parts of the reporting requirements to the supervisory authorities (pillar 3) will be introduced for annual reporting. The capital requirements (pillar 1) and the reporting requirements for the market will not apply until the formal Solvency II implementation on 1 January 2016.

In the autumn of 2014, the Financial Supervisory Authority of Norway announced its recommendations for the use of the permanent measures and transitional rules in the Omnibus II Directive to facilitate adaptation to Solvency II for products with long guarantees. The directive recommends a yield curve spread to discount insurance liabilities (volatility adjustment) and a transitional period of up to 16 years with regard to the valuation of insurance liabilities. This transitional rule entails that an increase in the insurance liabilities as a result of Solvency II can be phased in on a linear basis over a period of maximum 16 years. This transitional rule should ease the transition to Solvency II for companies with long-term guaranteed annual returns, and it will have a significantly positive effect on paid-up policies.

The legislative implementation of Solvency II in Norway will take place through the new Act on Financial Undertakings and Financial Groups, which will be considered by the Storting in February 2015. The Financial Supervisory Authority of Norway has prepared draft regulations that have been circulated for consultative comments until 20 March 2015.

NORWEGIAN REGULATIONS

New mortality tariffs (K2013)

The Financial Supervisory Authority of Norway determined in March 2013 that a new mortality basis would be introduced for group pension insurance in life insurance companies and pension funds effective from 1 January 2014. This requires increased premiums and higher insurance technical reserves to cover future liabilities.

The Ministry of Finance sent a letter on 27 March 2014 to the Financial Supervisory Authority of Norway, which concluded that the reserve strengthening could not take place on a "joint and several" basis. This means that using the surplus of one contract to strengthen the reserves of other contracts cannot be permitted. The company's contribution of at least 20 per cent shall be added at the contract level. At the same time, the Ministry opened up the possibility of escalation plans with a duration longer than the five years that was established by the Financial Supervisory Authority of Norway earlier.

On 2 April 2014, the Financial Supervisory Authority of Norway announced the guidelines for the companies' strengthening of reserves for the new mortality basis. They opened up the possibility of escalation plans with a duration of up to seven years. Customer surpluses may be used to cover the required build-up of reserves. It has been clarified that surpluses cannot be used on a joint and several basis. Surpluses on a specific contract cannot be used to cover this contract's required strengthening of reserves. A minimum of 20 per cent of the total required strengthening of reserves should be covered by the company with equal contributions each year. The company's contribution shall be added at the contract level.

Maximum technical interest rate for life insurance

On 26 June, the Financial Supervisory Authority of Norway decided to reduce the maximum technical interest rate for life insurance from 2.5 per cent to 2 per cent. This change was made effective from 1 January 2015 and entails that new premiums from this point in time shall be set based on the new interest rate basis.

New Occupational Pensions Act and higher maximum limits for defined contribution pensions

The legislation governing occupational pensions in Norway has undergone a series of amendments in order to adapt them to the National Insurance reform. The Occupational Pensions Act entered into force on 1 January 2014. The new Act allows for a defined contribution hybrid product. At the same time, the maximum contribution rates for defined contribution pensions were increased to the same level as in the Occupational Pensions Act, i.e. 7 per cent of salaries up to 12 G (G = National Insurance base amount) with the option of a supplement of up to 25.1 per cent of salaries between 7.1 G and 12 G in order to compensate for the fact that the National Insurance Scheme does not give any pension entitlement for incomes in excess of 7.1 G.

The Banking Law Commission has been given a mandate to study whether it is desirable and possible to establish a form of defined benefit group retirement pension, adapted to the new age accrual in the National Insurance scheme. The report from this study will be submitted to the Ministry of Finance in early 2015.

Disability pension in private occupational pension schemes

On 12 December, the Ministry of Finance introduced a bill to establish new rules for disability pensions in the occupational pension schemes in the private sector. It is expected that the bill will be considered by the Storting in the spring of 2015 and that new regulations will enter into force by the end of 2015.

The new disability product will give 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 another agreement is made.

The National Insurance Scheme's disability benefit constitutes 66 per cent of income up to 6 G. The Ministry of Finance proposes that company-paid disability pensions can also account for up to 3 per cent of employment income up to 12 G, in addition to a supplement of 0.25 G limited to 6 per cent of the member's pay basis. As in the National Insurance scheme, it introduces curtailment if the disabled person has 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

Norsk Industri (Federation of Norwegian Industries) and Fellesforbundet (Norwegian United Federation of Trade Unions) agreed during the main bargaining period to study various issues related to the employees' influence over their occupational pension schemes. This applies to co-determination with respect to the investment and management of the assets, how accrued pensions will be protected when changing jobs, consequences for already established schemes, and the possibility for employees to save on their own on an individual basis. Virke (Enterprise Federation of Norway) and Handel og Kontor (Union of Employees in Commerce and Offices) will conduct a corresponding study.

Paid-up policies with investment choice

The regulations that allow customers to convert guaranteed paid-up policies to policies with investment choice entered into force on 1 September 2014.

The authorities require that paid-up policies are fully reserved for the new mortality basis before they can be converted to paid-up policies with investment choice. Rules have been stipulated for the use of a so-called technical interest rate of up to 3 per cent for the calculation of the annual payments from paid-up policies with investment options (applies also to hybrids in accordance with the new Occupational Pensions Act). This provides more attractive payment profiles, with higher payments during the first years, compared with the original proposal. Rules concerning information and advisory services have been stipulated. The financial industry has also prepared an industry agreement for advisory services in connection with conversion to paid-up policies with investment choice.

Storebrand allowed the conversion of guaranteed paid-up policies to policies with investment choice from 15 October, and it is the only company to offer investment choice for all employed paid-up policy customers.

Public service pensions

The public sector occupational pension schemes have not yet been adapted to the new National Insurance Scheme principles of all-years accrual and flexible pension withdrawal with an opportunity to combine employment and pensions without any reduction of the pension. A longevity adjustment has been introduced, but employees in the public sector born in 1958 or earlier have been given an individual guarantee that the combined benefits from the National Insurance Scheme and occupational pensions will represent at least 66 per cent upon a full contribution period. It is still not clear what will happen with the pension for employees born in 1959 or later.

The Government's political platform states: "The Government will continue its implementation of the pension reform in both the private and public sectors. This means, for example, that they will find solutions that reduce the differences between the pension systems in the private and public sectors together with the parties in working life."

It is expected that the Government will start a process related to this by the end of 2015.

Act on Financial Undertakings and Financial Groups

The Ministry of Finance introduced a bill for a new Act on Financial Undertakings and Financial Groups on 20 June 2014. The Storting is expected to consider and adopt this bill in January of 2015. (Business and industry policy will reconcile this item when the Act has been adopted by the Stortinget)

The bill entails a comprehensive structural reorganisation of much of Norway's financial legislation. It also implements the new Solvency II regulations in Norwegian law. Substantive changes are also proposed to rules on the use of names by financial undertakings, banks' obligations regarding the handling of cash, the organisation of customer service and the handling of customer information in financial groups. In addition the bill proposes repealing the current requirements regarding supervisory boards and control committees. The rules on outsourcing were implemented on 1 July 2014.

SWEDISH REGULATIONS

Gransbo report

The Swedish authorities have commissioned two official reports to assess whether occupational pensions should be treated in accordance with the EU rules IORP (Occupational Pension Directive) or the Solvency II rules. Both the Barr report from 2012 and the Gransbo report submitted on 27 August conclude that Swedish life insurance companies can choose to treat their occupational pension operations in accordance with IORP, and thus be subject to the same capital requirements as pension funds for this part of their business. The report proposes using the capital requirement in Solvency I as a starting point, supplemented with special risk-based capital requirements.

It is proposed that the rules enter into force on 1 January 2016. The companies will be given the opportunity to choose until 1 January 2017. The proposal has been circulated for consultation, and a bill is expected to be submitted in the middle of January 2015.

Proposal to ban commissions

The Ministry of Finance's report "DS 2014:22 Reinforcing consumer protection in insurance mediation" proposed strengthening consumer protection by regulating the use of commissions. In its consultation comments, the Swedish Financial Supervisory Authority Finansinspektionen proposed prohibiting certain types of commission and requested that the regulatory provisions be delegated to Finansinspektionen. The report has been linked now with the work to implement MIFID II in Swedish law. This report is expected on 31 January 2015, with consultation in the spring of 2015.

Sustainability

The Storebrand Group has worked systematically and purposefully on sustainability for almost 20 years. Sustainability is both one of Storebrand's six customer promises and one of the Group's three principal messages. This illustrates how highly we prioritise this work. Storebrand strengthened this focus further in 2014. The aim is to ensure that our corporate and retail customers perceive sustainability to be a differentiating factor.

Fundamental principles

Storebrand has signed the UN's principles for responsible business operation, the Global Compact. These principles provide a foundation for our sustainability guidelines. We support the UN's human rights conventions, the UN's environmental conventions, the ILO's core conventions and the UN Convention against Corruption. We have also signed the UN Principles for Responsible Investment (PRI) and the UN Principles for Sustainable Insurance (PSI).

Sustainable development is characterised 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.

Global trends such as population growth and the scarcity of resources, growth in emerging economies and demand for sustainable products will increasingly have an impact on business and industry in the future. We believe that the companies that create business opportunities by solving global and local social problems will be the winners of the future.

Sustainable operations

The Group makes high demands on the companies we invest in, and we make the same demands on ourself 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 analysis will impact Storebrand's sustainability strategy, priorities and consumption of resources in the years to come. Indicators and targets in the sustainability scorecard 2015-16 will also be based on the analysis.

By making sustainability a clear requirement in our selection of suppliers, Storebrand will contribute to more numerous and better sustainable products. We are a member of the Swan eco-label's purchaser club. 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.

Every department is tasked with minimising 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 programme and Verified Carbon Standard. In 2014, Storebrand established cooperation with Wildlife Works for the purchase of emission allowances from the Kasigau Wildlife Corridor in Kenya, a threatened forest area of high biological importance.

Our ethical rules are an important tool in our daily operation, 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. How well the rules are complied with is followed up by an ethics indicator, which is reported and quantified annually in the Group's sustainability scorecard.

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.

We want to be transparent, and submit annual reports to a number of sustainability indices, including the Carbon Disclosure Project, the Dow Jones Sustainability Index, Vigeo, Sustainalytics and FTSE4Good. In 2014, Storebrand was one of 16 companies in the world who have been a DJSI World member since the start for 15 years in a row. Our sustainability reports follow the guidelines from the Global Reporting Initiative – G4 guidelines.

On the Corporate Knights Inc. list of the 100 most sustainable companies in the world, Storebrand is number 20 and is thus ranked as the most sustainable company in Norway.

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. All products and the choice of building materials were approved by Sundahus.

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.

As part of the effort to make sustainability close and relevant for our customers, Storebrand launched the sustainability labelling of funds in the Group's Swedish funds platform in 2014. The labelling of funds is based on Storebrand's own sustainability rating of 2,400 companies, and it should make it easier for our customers to make sustainable fund choices. This will also be launched in Norway early in 2015.

The minimum standard for sustainable investments was renamed the Storebrand Standard in 2014. The purpose of the name change was to clarify that this is Storebrand's own standard and stress that this is not a low level, but actually the strictest minimum requirements in the market. The Storebrand Standard applies to Storebrand's self-managed assets. The requirements apply to both equities and bonds, in Norway 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 2014, we intensified our efforts to reduce our exposure to companies that cause major climate damage. At the end of 2014, 49 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 2014, 171 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.

Sustainability in 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.

Reporting and management systems
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 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.

Dialogue with the outside world
We have 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 2014, the subject of this dialogue was sustainability and consumer behaviour.

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 organisations, 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.

Human resources and the working environment
Diversity
The Group has increased its diversity along the same lines as society in general. In 2014, the Group received a score of 83 out of 100 in an internal questionnaire regarding the Group's level of ambition and work with diversity. This is up from 81 for the previous year. The Group works systematically with the composition of the employees to ensure that it reflects our society in general. Storebrand Livsforsikring had 1,575 employees in the Group at year end, compared to 1,532 at the start of the year. The average age at Storebrand Livsforsikring Group remains unchanged at 43 years, and the average seniority increased from 6 to 8 years.

At the end of the year, 43 per cent of the managers in the Storebrand Livsforsikring Group were women, and 50 per cent of the employees are women. In SPP 53 per cent of the managers are 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 communication and change management. The aim is to ensure that future competence requirements are met, employer branding and that the best managers in the financial sector work for Storebrand. Professional and administrative competence shall have equal status with regard to salary levels and career opportunities. There should be a good balance between women and men at all levels of the company, and Storebrand will therefore strive to have more women in the governing bodies, managerial positions and specialist positions. This will be ensured through various development and training programmes. 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 2014, 43 per cent of Storebrand Livsforsikring AS' board members were women. The proportion in the 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)
The numbers from the MTI survey showed a positive trend. The MTI score for job satisfaction improved from 69 in 2013 to 71 in 2014. Job satisfaction is measured by looking at a combination of the satisfaction and motivation scores, and it is affected indirectly by seven priority areas. This is considered very positive. The employer's reputation among the employees has improved by two points. 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 over 2014.

The employees' confidence in their immediate superior and assessment of cooperation in the organisation has increased throughout the year, from an already high level.

Absence due to illness
The absence due to illness rate has been stable for many years or declined somewhat. This trend is continuing. The absence due to illness rate for Storebrand Livsforsikring was 3.6 per cent in 2014, 3.7 per cent in 2013 and 4.1 per cent in 2012: The absence due to illness rate for SPP was 3.3 per cent and 1.4 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 more than 2,825 occasions in 2014 and have also provided training guidance and workplace assessments for employees. Health checks and the health clinics, as well as health insurance for all employees, are making a positive contribution to the low absence due to illness rate.

Employees at the head office in Norway can work out in the spinning room, weights room and in a separate sports hall during and outside of working hours. As many as 65 per cent of the employees in Norway are members of Storebrand Sport. All employees in Sweden are members of SPP Leisure, where they have 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 organised training.

No injuries to people, property damage, or accidents were reported in the Storebrand Group in 2014.

Ethics and trust
Trust is the lifeblood of Storebrand. 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. Every year all the managers must confirm in writing that they have discussed ethics and ethical dilemmas, information security, financial crime and HES in department meetings.

Employees take the company's e-learning course on ethics. The Group has a mandatory ethics course for managers, which includes money laundering and corruption. A total of 16 such courses were held in 2014. Managers work with dilemmas taken from everyday life at Storebrand. Small e-learning modules in ethics are also distributed to all the employees.

The company's authorised financial advisors complete a specially tailored training programme in ethics.

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 2014, 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 by 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 for individuals and a greater restructuring capacity for the Group.

The Group offers e-learning courses and classroom courses on different subjects. In 2014, 1,300 employees completed e-learning courses and 1,500 have participated in classroom courses on technical insurance subjects.

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. In 2014, a programme was arranged for intermediate managers that focused on the consequences of the Group's strategic goals and actions plans on the role of the manager. In 2014, 20 managers completed the programme that has lasted for over a year. A new group of managers started the same programme in the autumn of 2014.

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.

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 2014, one of them a strategy seminar. The work of the Board is regulated by special rules of procedure for the Board. Storebrand ASA's board has established two advisory committees: the Compensation Committee and Audit Committee.

CHANGES IN THE BOARD AND MANAGEMENT

Else-Lill Grønli (employee representative) has retired from the Board and Bodil Cathrine Valvik (employee representative) has been elected as new member.

OUTLOOK

Earnings performance

Storebrand has a strategy of pursuing growth in non-guaranteed products, where the results are less affected by short-term fluctuations in the financial markets. In 2014, premium income from non-guaranteed products was greater than the premium income from guaranteed products for the first time. Growth in defined contribution schemes is expected to continue as a result of new customers, wage adjustments and the possibility of higher savings rates in Norway.

Interest rates have fallen throughout 2014 and the 10-year swap rate is at historically low levels in both Norway and Sweden. The interest rate level has continued to fall in January as a result of the expansive monetary policy in Europe. Storebrand has adapted to the lower interest rates through building up buffer capital, risk reduction on the investment side and changes to the products. The solvency level improved during the period, which shows that the Group is robust in relation to low interest rates in the long term. The level of the annual interest rate guarantee will decline over time. In the long term, enduring low interest rates are challenging for insurance companies that have to cover an annual interest rate guarantee.

Conversions from defined benefit to defined contribution pension schemes entails the issuance of paid-up policies, which reduces the Group's earnings. The termination of activities related to defined benefit pensions for the public sector and the business bank will also result in lower income for a transitional period.

Storebrand's results will during the period from 2014 to 2020 be burdened by a minimum of 20 per cent of the costs associated with strengthening the reserves for higher expected longevity. The final amount will, among other things, depend on risk results and returns to the customer portfolios. The building up of reserves for higher projected life expectancy is described in further detail in the introduction and in Note 3.

Storebrand is in a period of major regulatory and market-related changes in the pension area. Sales have been good and the customers have received a good return on their pension assets. Storebrand has implemented a cost programme over recent years that has reduced the Group's annual costs by NOK 400 million. 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 interest rate guarantees of the products. Risk management has therefore high priority in the management of the Group. In addition, the disability and life expectancy trends are key risks.

STOREBRAND LIVSFORSIKRING AS

The result before tax was NOK 1 260 million in 2014 (NOK 2 001 million in 2013). Results are discussed under each individual segment. The following factors have had an effect on the company accounts, but no effect on the consolidated accounts. In 2014, an impairment loss of NOK 286 million was recognised on the subsidiary BenCo. Interest on subordinated loans to Storebrand Holding AB is recognised with NOK 383 million in 2014 (NOK 435 million in 2013).

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 of NOK 930 million is proposed:

Other equity:	NOK 877 million
Risk equalisation fund:	NOK 53 million

Lysaker, 10 February 2015
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

Contents - Notes

Statement of Comprehensive Income Storebrand Livsforsikring Group 1. January - 31. December

NOK million	Note	2014	2013 [1)]
Technical account:			
Gross premiums written		22 106	23 106
Reinsurance premiums ceded		- 76	- 86
Premium reserves transferred from other companies	18	2 434	4 962
Premiums for own account	**15,16**	**24 464**	**27 982**
Income from investments in subsidiaries, associated companies and joint-controlled companies	33	24	29
Interest income and dividends etc. from financial assets	19	8 149	7 612
Net operating income from real estate	20	1 127	1 139
Changes in investment value	19	8 573	739
Realised gains and losses on investments	19	4 303	27
Total net income from investments in the collective portfolio	**15**	**22 176**	**9 546**
Income from investments in subsidiaries, associated companies and joint-controlled companies	33	1	
Interest income and dividends etc. from financial assets	19	249	305
Net operating income from real estate	20	62	81
Changes in investment value	19	11 032	9 996
Realised gains and losses on investments	19	904	785
Total net income from investments in the investment selection portfolio	**15**	**12 248**	**11 167**
Other insurance related income	**15,21**	**1 739**	**1 394**
Gross claims paid		-18 097	-18 533
Claims paid - reinsurance		10	42
Gross change in claims reserve		- 122	9
Premium reserves etc. transferred to other companies	18	-17 176	-10 889
Claims for own account	**15**	**-35 386**	**-29 372**
To (from) premium reserve, gross	43	-2 450	5 926
To/from additional statutory reserves	43	- 710	1 047
Change in value adjustment fund	43	-1 992	-2 796
Change in premium fund, deposit fund and the pension surplus fund	43	- 14	- 23
To/from technical reserves for non-life insurance business	43	- 29	- 57
Change in conditional bonus	43	3 487	-1 924
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	18	- 4	106
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**15**	**-1 711**	**2 278**
Change in premium reserve		-18 735	-18 079
Change in other provisions			- 133
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**15,43**	**-18 735**	**-18 212**
Profit on investment result		- 120	
Risk result allocated to insurance contracts		- 46	
Other allocation of profit		- 25	- 3

NOK million	Note	2014	2013 [1]
Funds allocated to insurance contracts	**15**	**- 190**	**- 3**
Management expenses		- 386	- 360
Selling expenses	23	- 719	- 589
Change in pre-paid direct selling expenses	23	2	19
Insurance-related administration expenses (incl. commissions for reinsurance received)		-1 095	-1 375
Insurance-related operating expenses	**15**	**-2 198**	**-2 305**
Other insurance related expenses	**15,27**	**- 459**	**- 262**
Technical insurance profit		**1 949**	**2 213**
Non-technical account			
Income from investments in subsidiaries, associated companies and joint-controlled companies	33	15	74
Interest income and dividends etc. from financial assets	19	439	442
Net operating income from real estate	20	62	65
Changes in investment value	19	60	26
Realised gains and losses on investments	19	187	- 17
Net income from investments in company portfolio		**763**	**590**
Other income	**22**	**510**	**426**
Management expenses		- 37	- 35
Other costs	28	-1 185	-1 134
Management expenses and other costs linked to the company portfolio		**-1 222**	**-1 169**
Profit or loss on non-technical account		**50**	**- 152**
Profit before tax		**1 999**	**2 061**
Tax costs	**29**	**- 359**	**- 70**
Profit before other comprehensive income		**1 640**	**1 992**
Change in actuarial assumptions		- 344	10
Change in value adjustment reserve own buildings		51	154
Profit/loss cash flow hedging		168	
Adjustment of insurance liabilities		- 22	- 154
Tax on other profit elements not to be classified to profit/loss		32	12
Total other profit elements not to be classified to profit/loss		**- 115**	**22**
Translation differences		136	840
Total other profit elements that may be classified to profit /loss		**136**	**840**
Total other profit elements		**22**	**862**
Total comprehensive income		**1 661**	**2 854**
Profit is attributable to:			
Minority share of profit		24	17
Majority share of profit		1 616	1 973
Comprehensive income is attributable to:			
Minority share of profit		28	30
Majority share of profit		1 634	2 824

1) As a result of the change in accounting principles, the comparative figures are restated. See details in Note 1 Accounting Principles.

Statement of financial position Storebrand Livsforsikring Group 31. December

NOK million	Note	2014	31.12.2013 [1)]	1.1.2013 [1)]
Assets				
Assets in company portfolio				
Goodwill	30	808	798	724
Other intangible assets	30	4 583	4 882	4 754
Total intangible assets		**5 391**	**5 679**	**5 478**
Real estate at fair value	32	4 456	3 581	3 470
Real estate for own use	32	68	66	58
Equities and units in subsidiaries, associated companies and joint-controlled companies	33	243	205	121
Loans to and securities issued by subsidiaries, associated companies	33			69
Lendings	10,14,31	2	3	4
Bonds held to maturity	10,14,31,34		347	222
Bonds at amortised cost	10,14,31,34	1 877	1 510	1 156
Equities and other units at fair value	14,31,35	95	74	44
Bonds and other fixed-income securities at fair value	14,31,36	20 410	17 439	15 716
Derivatives at fair value	10,14,31,37	966	364	255
Other financial assets	14,31,38	217	305	126
Total investments		**28 335**	**23 895**	**21 242**
Reinsurance share of insurance obligations		**124**	**142**	**144**
Receivables in connection with direct business transactions		3 554	2 722	101
Receivables in connection with reinsurance transactions		3	28	7
Receivables with group company		21	28	23
Other receivables		793	1 472	3 653
Total receivables		**4 372**	**4 249**	**3 783**
Tangible fixed assets	39	408	419	388
Cash, bank	10,31	4 568	3 517	2 938
Tax assets	29			38
Minority interest in consolidated securities funds		4 109	690	1 044
Other assets designated according to type	41	710	690	599
Total other assets		**9 796**	**5 317**	**5 008**
Pre-paid direct selling expenses		509	510	443
Other pre-paid costs and income earned and not received		125	101	90
Total pre-paid costs and income earned and not received		**634**	**611**	**533**
Total assets in company portfolio		**48 652**	**39 893**	**36 188**

NOK mill.	Note	2014	31.12.2013 [1)]	1.1.2013 [1)]
Assets in customer portfolios				
Real estate at fair value	32	20 392	19 409	23 541
Real estate for own use	32	2 430	2 322	2 066
Equities and units in subsidiaries, associated companies and joint-controlled companies	33	40	34	115
Loans to and securities issued by subsidiaries, associated companies	33	11	186	597
Bonds held to maturity	10,14,31,34	15 131	14 773	10 496
Bonds at amortised cost	10,14,31,34	64 136	63 919	54 557
Lendings	10,14,31,35	4 679	3 436	3 702
Equities and other units at fair value	14,31,35	35 108	34 629	27 152
Bonds and other fixed-income securities at fair value	14,31,36	134 957	133 203	139 040
Financial derivatives at fair value	10,14,31,37	4 669	1 048	2 575
Other financial assets	14,31,38	3 148	3 357	3 462
Total investments in collective portfolio		**284 702**	**276 316**	**267 304**
Real estate at fair value	32	1 571	1 447	1 952
Real estate for own use	32	84	103	107
Lendings	10,14,31,34		73	140
Equities and other units at fair value	14,31,35	83 226	67 984	51 383
Bonds and other fixed-income securities at fair value	14,31,36	22 619	21 871	18 799
Financial derivatives at fair value	10,14,31,37	45	81	169
Other financial assets	14,31,38	260	262	397
Total investments in investment selection portfolio		**107 805**	**91 821**	**72 946**
Total assets in customer portfolio		**392 508**	**368 136**	**340 250**
Total assets		**441 160**	**408 029**	**376 439**
Equity and liabilities				
Share capital		3 540	3 540	3 540
Share premium		9 711	9 711	9 711
Total paid in equity		**13 251**	**13 251**	**13 251**
Risk equalisation fund		829	776	640
Other earned equity		7 433	5 844	3 223
Minority's share of equity		421	402	388
Total earned equity		**8 683**	**7 022**	**4 251**
Perpetual subordinated loan capital		2 830	2 787	5 142
Dated subordinated loan capital		2 991	2 540	
Hybrid tier 1 capital		1 503	1 502	1 502
Total subordinated loan capital and hybrid tier 1 capital	**9,14,31**	**7 324**	**6 829**	**6 643**
Premium reserves		257 358	250 567	245 333
Additional statutory reserves		5 118	4 279	5 489
Market value adjustment reserve		5 814	3 823	1 027
Claims allocation		1 016	891	837
Premium fund, deposit fund and the pension surplus fund		3 047	3 184	3 394
Conditional bonus		11 281	14 167	11 264
Other technical reserve		627	616	561
Total insurance obligations in life insurance - contractual obligations	**43,44**	**284 261**	**277 526**	**267 905**
Premium reserve		107 103	91 887	72 751

NOK million	Note	2014	31.12.2013 [1)]	1.1.2013 [1)]
Claims allocation		1	1	1
Additional statutory reserves			179	257
Premium fund, deposit fund and the pension surplus fund			330	487
Total insurance obligations in life insurance - investment portfolio separately	**43,44**	**107 103**	**92 396**	**73 495**
Pension liabilities etc.	24	287	575	839
Period tax liabilities		1 736	1 441	1 377
Other provisions for liabilities		67	108	115
Total provisions for liabilities		**2 090**	**2 123**	**2 331**
Liabilities in connection with direct insurance		2 338	1 353	1 317
Liabilities in connection with reinsurance		31	36	4
Financial derivatives	14, 31, 37	4 279	2 122	755
Liabilities to group companies		22	13	14
Minority interest in consolidated securities funds		4 109	690	1 044
Other liabilities	45	7 051	4 233	4 950
Total liabilities		**17 831**	**8 447**	**8 085**
Other accrued expenses and received, unearned income		616	435	478
Total accrued expenses and received, unearned income		**616**	**435**	**478**
Total equity and liabilities		**441 160**	**408 029**	**376 439**

Lysaker, 10 February 2015
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

	Majority's share of equity						
NOK million	Share capital	Share premium	Total paid in equity	Risk equalisation fund	Other equity [1)]	Minority interests	Total equity [2)]
Equity at 31.12.2012	3 540	9 711	13 251	640	3 223	388	17 502
Profit for the period				136	1 837	19	1 992
Total other profit elements					852	11	862
Total comprehensive income for the period				**136**	**2 689**	**30**	**2 854**
Equity transactions with owner:							
Group contributions					- 85	- 27	- 112
Other					17	13	30
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 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**

1) Includes undistributable funds in security reserves amounting NOK 154 million.

2) As a result of the change in accounting principles, the comparative figures are restated. See details in Note 1 Accounting Principles.

Cash flow analysis Storebrand Livsforsikring 1. January - 31. December

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
2013	2014	NOK million	2014	2013
		Cash flow from operational activities		
22 142	21 945	Net received - direct insurance	14 964	15 393
-18 440	-19 957	Net claims/benefits paid - direct insurance	-12 644	-12 153
- 751	-14 742	Net receipts/payments - policy transfers	-11 634	373
-2 599	-2 197	Net receipts/payments operations	-1 033	-1 591
-2 920	3 705	Net receipts/payments - other operational activities	888	- 147
-2 568	**-11 247**	**Net cash flow from operational activities before financial assets**	**-9 460**	**1 874**
- 831	-1 170	Net receipts/payments - lendings to customers	-1 243	- 831
2 350	15 963	Net receipts/payments - financial assets	11 990	- 508
728	- 850	Net receipts/payments - real estate activities		
1 588	210	Net change bank deposits insurance customers	601	66
3 835	**14 153**	**Net cash flow from operational activities from financial assets**	**11 347**	**-1 273**
1 267	**2 907**	**Net cash flow from operational activities**	**1 888**	**602**
		Cash flow from investment activities		
- 173	131	Net payments - sale/purchase of insurance portfolios		- 523
	-1 585	Net payments - purchase/capitalisation associated companies		
- 130	- 100	Net receipts/payments - sale/purchase of fixed assets	- 33	- 47
- 303	**-1 554**	**Net cash flow from investment activities**	**- 33**	**- 570**
		Cash flow from financing activities		
- 930	1 765	Payment of subordinated loan capital	1 094	
550		Payment of issued share capital		550
	-1 700	Repayment of subordinated loan capital	-1 700	
- 382	- 453	Payments - interest on subordinated loan capital	- 453	- 382
- 226	- 2	Payment of group contributions		- 200
- 988	**- 390**	**Net cash flow from financing activities**	**-1 059**	**- 32**
- 24	**962**	**Net cash flow for the period**	**797**	**0**
-3 859	-13 191	of which net cash flow for the period before financial assets	-10 551	1 273
- 24	962	Net movement in cash and cash equivalent assets	797	
3 088	3 823	Cash and cash equivalent assets at start of the period	1 540	1 517
3 064	**4 785**	**Cash and cash equivalent assets at the end of the period**	**2 336**	**1 517**

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

NOK million	Note	2014	2013
Technical account:			
Gross premiums written		15 495	15 918
Reinsurance premiums ceded		- 25	- 22
Premium reserves transferred from other companies	18	1 088	3 010
Premiums for own account	**15,16**	**16 559**	**18 906**
Income from investments in subsidiaries, associated companies and joint-controlled companies		1 549	952
of which from investment in real estate companies		1 481	733
Interest income and dividends etc. from financial assets	19	5 497	4 452
Changes in investment value	19	1 986	2 764
Realised gains and losses on investments	19	2 067	- 206
Total net income from investments in the collective portfolio	**15**	**11 100**	**7 962**
Income from investments in subsidiaries, associated companies and joint-controlled companies		92	68
of which from investment in real estate companies		91	56
Interest income and dividends etc. from financial assets	19	236	287
Changes in investment value	19	2 373	3 319
Realised gains and losses on investments	19	792	771
Total net income from investments in the investment selection portfolio	**15**	**3 492**	**4 445**
Other insurance related income	**14, 21**	**256**	**217**
Gross claims paid		-10 468	-11 809
Claims paid - reinsurance		8	30
Gross change in claims reserve		- 132	- 3
Premium reserves etc. transferred to other companies	18	-12 722	-7 585
Claims for own account	**15**	**-23 315**	**-19 367**
To (from) premium reserve, gross	43	5 141	120
To/from additional statutory reserves	43	- 710	1 047
Change in value adjustment fund	43	-1 992	-2 796
Change in premium fund, deposit fund and the pension surplus fund	43	- 14	- 23
To/from technical reserves for non-life insurance business	43	- 33	- 63
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	18	- 4	106
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**15**	**2 389**	**-1 610**
Change in premium reserve		-7 788	-7 459
Change in other provisions			- 133
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**15, 39**	**-7 788**	**-7 593**
Profit on investment result		- 120	
Risk result allocated to insurance contracts		- 46	
Other allocation of profit		- 19	- 85
Funds allocated to insurance contracts	**15**	**- 185**	**- 85**
Management expenses		- 134	- 134
Selling expenses	23	- 312	- 351
Insurance-related administration expenses (incl. commissions for reinsurance received)		- 587	- 688
Insurance-related operating expenses	**15**	**-1 033**	**-1 173**
Other insurance related expenses after reinsurance share	**15, 27**	**- 434**	**- 204**
Technical insurance profit		**1 041**	**1 498**

NOK million	Note	2014	2013
Non-technical account			
Income from investments in subsidiaries, associated companies and joint-controlled companies		- 196	251
of which from investment in real estate companies		74	34
Interest income and dividends etc. from financial assets	19	699	659
Changes in investment value	19	21	11
Realised gains and losses on investments	19	125	35
Net income from investments in company portfolio		**649**	**956**
Other income	**22**	**26**	**26**
Management expenses		- 13	- 11
Other costs	28	- 442	- 468
Total management expenses and other costs linked to the company portfolio		**- 456**	**- 479**
Profit or loss on non-technical account		**219**	**503**
Profit before tax		**1 260**	**2 001**
Tax costs	**29**	**- 279**	**- 57**
Profit before other comprehensive income		**981**	**1 944**
Change in actuarial assumptions		- 264	- 51
Profit/loss cash flow hedging		168	
Adjustment of insurance liabilities		29	
Tax on other profit elements not to be classified to profit/loss		18	13
Total other profit elements not to be classified to profit/loss		**- 49**	**- 38**
Translation differences		- 3	- 2
Total other profit elements that may be classified to profit/loss		**- 3**	**- 2**
Total other profit elements		**- 51**	**- 40**
Total comprehensive income		**930**	**1 904**

Statement of financial position Storebrand Livsforsikring AS 31. Desember

NOK million	Note	2014	2013
Assets			
Assets in company portfolio			
Other intangible assets	30	176	144
Total intangible assets		**176**	**144**
Equities and units in subsidiaries, associated companies and joint-controlled companies	33	10 193	10 482
of which investment in real estate companies		1 013	1 268
Loans to and securities issued by subsidiaries, associated companies	33	6 728	7 351
Lendings	10, 14, 31, 34	2	3
Bonds held to maturity	10, 14, 31, 34		347
Bonds at amortised cost	10, 14, 31, 35	1 877	1 510
Equities and other units at fair value	14, 31, 35	63	50
Bonds and other fixed-income securities at fair value	14, 31, 36	8 451	6 888
Derivatives at fair value	10, 14, 31, 37	964	362

NOK million	Note	2014	2013
Other financial assets	14, 31, 38	177	259
Total investments		**28 454**	**27 253**
Reinsurance share of insurance obligations		**143**	**163**
Receivables in connection with direct business transactions		3 204	2 682
Receivables in connection with reinsurance transactions		3	28
Receivables with group company		24	97
Other receivables		180	629
Total receivables		**3 411**	**3 436**
Tangible fixed assets	39	20	35
Cash, bank	12, 38	2 159	1 280
Total other assets		**2 178**	**1 316**
Other pre-paid costs and income earned and not received		15	31
Total pre-paid costs and income earned and not received		**15**	**31**
Total assets in company portfolio		**34 378**	**32 343**
Assets in customer portfolios			
Equities and units in subsidiaries, associated companies and joint-controlled companies	33	20 185	20 285
of which investment in real estate companies		19 462	28 948
Bonds held to maturity	10, 14, 31, 34	15 131	14 773
Bonds at amortised cost	10, 14, 31, 34	64 136	63 919
Lendings	10, 14, 31, 35	4 679	3 436
Equities and other units at fair value	14, 31, 35	21 884	19 716
Bonds and other fixed-income securities at fair value	14, 31, 36	53 118	54 195
Financial derivatives at fair value	10, 14, 31, 37	246	161
Other financial assets	14, 31, 38	1 206	1 769
Total investments in collective portfolio		**180 586**	**178 253**
Equities and units in subsidiaries, associated companies and joint-controlled companies	33	1 721	1 600
of which investment in real estate companies		1 721	1 587
Lendings	10, 14, 31, 35		73
Equities and other units at fair value	14, 31, 35	23 367	18 803
Bonds and other fixed-income securities at fair value	14, 31, 36	17 250	17 846
Financial derivatives at fair value	10, 14, 31, 37	45	81
Other financial assets	14, 31, 38	189	227
Total investments in investment selection portfolio		**42 573**	**38 630**
Total assets in customer portfolios		**223 159**	**216 883**
Total assets		**257 537**	**249 227**
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		829	776
Other earned equity		6 946	6 069
Total earned equity		**7 774**	**6 845**
Perpetual subordinated loan capital		2 163	2 787
Dated subordinated loan capital		2 991	2 540
Hybrid tier 1 capital		1 503	1 502

NOK million	Note	2014	2013
Total subordinated loan capital and hybrid tier 1 capital	**9, 14, 31**	**6 656**	**6 829**
Premium reserves		165 374	165 873
Additional statutory reserves		5 118	4 279
Market value adjustment reserve		5 814	3 823
Claims allocation		895	763
Premium fund, deposit fund and the pension surplus fund		3 047	3 184
Other technical reserve		799	786
Total insurance obligations in life insurance - contractual obligations	**43, 44**	**181 048**	**178 708**
Premium reserves		41 892	38 700
Claims allocation		1	1
Additional statutory reserves			179
Premium fund, deposit fund and the pension surplus fund			330
Total insurance obligations in life insurance - investment portfolio separately	**43, 44**	**41 893**	**39 209**
Pension liabilities etc.	24	174	432
Period tax liabilities	29	1 449	1 190
Other provisions for liabilities		63	63
Total provisions for liabilities		**1 686**	**1 685**
Liabilities in connection with direct insurance		1 497	846
Liabilities in connection with reinsurance			2
Financial derivatives	14, 31, 37	3 023	438
Liabilities to group companies		10	6
Other liabilities	45	374	1 160
Total liabilities		**4 905**	**2 453**
Other accrued expenses and received, unearned income		324	248
Total accrued expenses and received, unearned income		**324**	**248**
Total equity and liabilities		**257 537**	**249 227**

Lysaker, 10 February 2015
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 31.12.2012	3 540	9 711	13 251	640	4 301	18 192
Profit for the period				136	1 809	1 944
Total other profit elements					-40	-40
Total comprehensive income for the period				**136**	**1 768**	**1 904**
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**

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

Note 01 Company information and accounting policies

1. COMPANY INFORMATION

Storebrand Livsforsikring AS owns the Swedish holding company Storebrand Holding AB, which in turn owns SPP Livförsäkring AB and SPP Liv Fondförsäkring AB. On acquiring the Swedish activities in 2007, the authorities instructed Storebrand to make an application to maintain a group structure by the end of 2009. Storebrand has submitted an application to maintain the current group structure, and it is of the opinion that it is natural to see possible changes in the group structure in light of the upcoming solvency framework (Solvency II).

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

The asset side of the Group's statement of financial position is mostly comprised of financial instruments and investment properties. Investment properties are recognised at fair value. 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 valued at amortised cost are largely related to Norwegian pension liabilities with guaranteed interest rates. In addition, the majority of loans are valued at amortised cost. Capitalised intangible assets, which mainly comprise excess value relating to insurance contracts upon a business combination, are also recognised on the balance sheet. This excess value is recognised at historical cost less annual amortisation and write-down.

The liabilities side of the Group's balance sheet is mostly comprised of financial instruments (liabilities) and provisions relating to future pension and insurance payments (technical insurance reserves). With the exception of derivatives that are stated at fair value, the majority of the financial liabilities are stated at amortised cost. Technical insurance reserves must be adequate and cover liabilities relating to issued insurance contracts. Various methods and principles are used when assessing the reserves for different insurance contracts. A considerable part of the insurance liabilities relate to insurance contracts with interest guarantees. Recognised liabilities relating to Norwegian insurance contracts with interest guarantees are discounted at the basic interest rate. Recognised liabilities relating to Swedish insurance contracts with interest guarantees are discounted at the market rate. 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.

The accounting policies are described in more detail below.

3. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The accounting policies applied in the Group accounts are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

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).

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.

The accounting policies are described in more detail below.

4. CHANGES IN ACCOUNTING POLICIES

The "Regulation on the annual accounts etc. of insurance companies" allows to a large extent use of international accounting standards - IFRS. No changes have been made to the accounting policies in 2014 that have had a significant impact on the profit for the year.

There are new and amended accounting standards that came into effect on 1 January 2014, and Storebrand has implemented IFRS 10 with effect from the same date. The effect is discussed in more detail below.

IFRS 10 – CONSOLIDATED FINANCIAL STATEMENTS

IFRS 10 replaces the parts of IAS 27 that address consolidated financial statements and include in addition companies for special purposes that were previously addressed in SIC-12.

IFRS 10 establishes a model for evaluating control that will apply to all companies, and the content of the control concept has changed in IFRS 10 in relation to IAS 27 and will entail an increased degree of assessment of units that are controlled by the company. Control exists when the investor has power over the investment object and possesses the right to variable yields from the investment object and simultaneously possesses the power and possibility to steer activities in the investment object that affect the yield.

In the Group's financial statements, securities funds in which Storebrand has an ownership percentage of around 40 per cent or more, and which are also managed by management companies within the Storebrand Group, are consolidated 100 per cent on the balance sheet. Minority ownership interests in consolidated securities funds are shown on one line for assets and correspondingly on one line for liabilities. In consequence of other investors in the funds being able to request redemption of their ownership interests from the respective funds, such are deemed to be minority interests that are classified as liabilities in Storebrand's consolidated financial statements.

One of the Investments in the Group, which was previously treated as a joint venture, is now assessed to be a subsidiary in accordance with IFRS 10. Pursuant to IFRS 10, this company is consolidated 100 per cent.

The tables below shows the impact of IFRS 10 on the accounting lines that are affected by the changes.

Profit and loss account

	Year 2013		
NOK million	Reported	Effect IFRS 10	Revised figures
Net operating income from real estate	54	11	65
Profit or loss on non-technical account	**-163**	**11**	**-152**
Profit before tax	**2 050**	**11**	**2 061**

	1/1/2013			31/12/2013		
NOK million	Reported	Effect IFRS 10	Revised figures	Reported	Effect IFRS 10	Revised figures
Real estate at fair value - company portfolio	1 208	2 262	3 470	1 084	2 497	3 581
Real estate at fair value - collective portfolio	25 401	-1 860	23 541	21 478	-2 068	19 409
Real estate at fair value - investment selection portfolio	2 114	- 162	1 952	1 614	- 167	1 447
Minority interest in consolidated securities funds		1 044	1 044		690	690
Total assets	**375 155**	**1 284**	**376 439**	**407 078**	**952**	**408 029**
Equity and liabilities						
Minority interests	148	240	388	141	262	403
Total equity	**17 262**	**240**	**17 502**	**20 011**	**262**	**20 273**
Minority interest in consolidated securities funds		1 044	1 044		690	690
Total equity and liabilities	**375 155**	**1 284**	**376 439**	**407 078**	**952**	**408 029**

IFRS 12 – DISCLOSURE OF INTERESTS IN OTHER ENTITIES

IFRS 12 applies to entities that have interests in subsidiaries, joint ventures and associates. This standard replaces the disclosure requirements that previously followed from IAS 27, IAS 28 and IAS 31.

Changes to other accounting standards

There are also other amendments to the IFRS regulations with effect from, or that can voluntarily be applied from, 1 January 2014, but which have not had any significant effect on the consolidated financial statements.

New standards and changes in standards that are effective from annual periods beginning on or after January 1, 2015

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 new Exposure Draft (ED) was published in June 2014. A new standard will probably be ready in 2015. It is uncertain when this will be implemented. We assume that the standard will not be implemented until 2018 at the earliest. It is assumed that the standard will most likely 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 cash flows' risk
- A supplement is added for the risk margin
- When entering into a contract, the expected profit is also set aside as a liability (contractual residual margin) and 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, net income, valuation of insurance liabilities and could impact equity.

Another important standard for Storebrand's consolidated financial statements will be IFRS 9 Financial Instruments. Among other things, the standard deals with classification of financial instruments (use of fair value and amortised cost) and rules for writing down financial instruments. No implementation date has been decided.

No new accounting standards that will have a significant impact on Storebrand's consolidated financial statements are expected to be implemented in 2015.

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 include Storebrand Livsforsikring AS and the subsidiaries in which Storebrand Livsforsikring has a controlling influence. Controlling influence is normally achieved when the Group owns, directly or indirectly, more than 50 per cent of the shares in the company, and the Group is able to exercise control over the company. Minority interests are included in the Group's equity, unless there are options or other conditions that entail that minority interests are assessed as liabilities.

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 based on the arm's length principle.

6. BUSINESS COMBINATION

The acquisition method is applied when accounting for acquisition of businesses. The acquisition cost is measured at fair value plus any costs directly attributable to the acquisition. Any expenses relating to the issuing of shares are not included in the acquisition cost, but are charged to equity.

Identifiable tangible and intangible assets acquired and liabilities assumed are valued at fair value on the date of acquisition. If the acquisition costs exceed the value of the identified assets and liabilities, the difference is recognised in the financial statements as goodwill. With acquisitions of less than 100 per cent of a business, 100 per cent of the added value and value shortfall are recognised in the statement of financial position with the exception of goodwill, of which only Storebrand's share is included.

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.

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 these purchases are not regarded as an acquisition of a business, the acquisition method pursuant to IFRS 3 Business combinations is not applied, and therefore a determination is not made of any added value and a provision is not allocated for deferred tax as would have occurred in a business combination

7. REVENUE 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 are 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

When acquiring a business, excess values that cannot be allocated to identified assets or liabilities at the date of the acquisition is classified as goodwill on the statement of financial position. Goodwill is valued 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 estimated 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 according to operational segments.

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 finite usefull lives are valued at acquisition cost less accumulated amortisation and any write-downs. The useful life and amortisation method are reassessed 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 indefinite usefull lives are not amortised, but are tested for impairment annually or whenever there are indications that the value has been impaired.

9. LIABILITY ADEQUACY TEST FOR INSURANCE LIABILITIES AND RELATED EXCESS VALUES

When insurance contracts are purchased as part of a business combination, the insurance liabilities are recognised on the basis of the underlying company's accounting policies. Excess value linked to these liabilities, often referred to as the value of business in-force (VIF), is recognised as an asset. A liability adequacy test must be conducted of the insurance liability, including VIF, according to IFRS 4 Insurance Contracts, 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 mentioned as the embedded value. The liability adequacy test was carried out prior to the implementation of IFRS.

10. INVESTMENT PROPERTIES

Investment properties are valued 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. Changes in fair value are recognised as they occur. Income from leases is recognised on an ongoing basis.

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.

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. Normal purchases and sales of financial instruments are recorded 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 in 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.

In calculating the fair value of loans the current market rate on similar loans is used. Changes in credit risk are taken into account.

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 Storebrand's financial assets 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

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 the same for the group held for trading (the instruments are assessed at the fair value and changes in value are listed on 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 carried 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.

Available for sale

Financial assets are classified as available for sale if they are non-derivative financial assets that are designated as available for sale or are not classified as a) loans and receivables, b) investments held to maturity, or c) financial assets at fair value through profit or loss.

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 treated 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 assessed 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 relate to the hedged risk are applied to the book value of the item and are 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.

Storebrand Livsforsikring uses the regulations govering hedging of net investments in respect of the investment in the subsidiary SPP.

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 accounts the technical insurance reserves in the respective subsidiaries, calculated on the basis of the individual countries' particular laws, are included. This also applies to insurance contracts acquired via business combinations. In such cases, positive excess values, cf. IFRS 4 no. 31b), are capitalised as intangible assets.

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

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

12.1 GENERAL – LIFE INSURANCE

Claims for own account

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

Changes in insurance liabilities

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

Insurance liabilities

Premium reserve

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/transfer value of insurance contracts prior to any fees for early surrender/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 1-year interest guarantee, meaning that the guaranteed return must be achieved every year. In Sweden guaranteed rates are used to derive guaranteed benefits but there are no annual interest rate guarantees.

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 cost/income takes place at 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. These additional reserves are distributed among the contracts and can be used to cover a negative interest result up to the interest rate guarantee. 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 in 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).

Strengthening of longevity reserves

In a letter dated 8 March 2013 the Financial Supervisory Authority of Norway (Finanstilsynet) determined that a new mortality basis, K2013, would be introduced for group pension insurance schemes in life insurance companies and pension funds with effect from 2014. This requires increased premiums and higher insurance technical reserves to cover future liabilities. On 2 April 2014 the Norwegian Financial Supervisory Authority published guidelines for escalation plans for provisions for long life, based on a letter from the Norwegian Ministry of Finance dated 27 March 2014. The period strengthening of longevity reserves may have a duration of up to 7 years (up to and including 2020). The reserves may be funded using the excess return in customer portfolios, but the pension scheme must cover a minimum of 20 per cent of the total requirement for the building-up of reserves. Read more about this in note 3. For accounting purposes, the expected cover by the owner in the future will be considered a reduction in the expected future surplus, and no special provisions have been made for the expected total cover by the owner that will accrue from 31 December 2014. The assessment will also take into account the projected future returns.

12.3 LIFE INSURANCE SWEDEN

Life insurance reserves

Since 2009, SPP has used a cash flow model for the calculation of insurance liabilities with interest rate guarantees. The model discounts cash flows by observed swap interest rates for terms up to 10 years, which is the longest term for which the liquidity of the Swedish swap market is considered adequate. A normed interest rate is determined as the sum of the long-term assumptions for inflation (2 per cent), real rate of interest (2 per cent) and term premium (0.5 per cent) – based on assessments made by actors such as the Swedish central bank Riksbanken and the National Institute of Economic Research. For cash flows longer than 20 years, an interest rate is used that is based on the normed interest rate, but adjusted by 25 % of the difference between the normed 10-years interest rate (4.0 %) and the higher of the 10-year government bond or swap interest rate. For cash flows between 10 and 20 years, discount rates are interpolated linearly. For the annual report and accounts for 2014, the 20-year rate has been set at 3.8 per cent.

Claim reserves

The reserves for incurred insurance events consist of reserves for disability pensions, both those reported but not settled and the ones incurred but not reported (IBNR), and reserves for claim handling expenses. When assessing the reserves for disability pensions, a risk-free market interest rate is used, which takes into account future indexation where applicable.

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 corresponds to the part of the insurance capital that is not guaranteed. In case 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 *claim 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. Employees in Norway employed on or after 1 January 2011 have a defined-contribution pension. Most of the other employees in Norway have had a defined-benefit pension. In the fourth quarter of 2014 it was decided to discontinue the defined-benefit scheme for most employees in Norway with effect from 31 December 2014 and replace it with a defined-contribution scheme. 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 accounting obligations and costs.

In Sweden, SPP has agreed, in accordance with the Finance Companies' Service Pension Plan (BTP Plan), defined benefit collective pension plans for its employees. The employees' pension is thereby calculated as a certain percentage of the employees' final salary.

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. Items previously recognised in total comprehensive income are not reclassified. The effects of changes in the pension scheme are recognised on an ongoing basis, unless the changes are conditional upon accrued future pension entitlements. The effects are apportioned on a straight line basis until the entitlement has been fully earned. The employer's National Insurance contributions are included as part of the pension liability and are included in the actuarial gains/losses shown in total comprehensive income.

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 assessed in accordance with 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 valued at acquisition cost less accumulated depreciation and any write-downs.

Properties used for the Group's own activities are recorded 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 first applied to 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-downs 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 evaluated 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 in total comprehensive income. 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 Storebrand Eiendom Holding AS, 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. LEASING

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

17. 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.

18. BIOLOGICAL ASSETS

Pursuant to IAS 41, investments in forestry are considered biological assets. Biological assets are assessed 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.

19. 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 they 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 intangible asset (value of business in force – VIF) linked to the insurance contracts in the Swedish activities is also included. This asset is related to Storebrand's acquisition 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 judgements 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). For the Swedish insurance liabilities with a guaranteed interest rate, the discount is based on an estimated swap yield curve, where portions of the yield curve are not liquid. The non-liquid portion of the yield curve has been estimated based on long-term expectations regarding real interest rates and inflation.

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 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 value related to the value of the SPP Group's insurance contracts was 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 2014, and they have thus no impact on the results in the financial statements for 2014. There will be uncertainty related to the valuation of these capitalised values and the value of related technical insurance reserves.

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. 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 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.

INVESTMENT PROPERTIES

Investment properties are valued 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 professional 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.

FINANCIAL INSTRUMENTS AT AMORTISED COST

Financial instruments valued at amortised cost are assessed 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 recognised at amortised cost. See note 14 for further information about valuation of financial instruments and real estate.

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 assessed 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 for life insurance companies. Calculations of deferred tax and tax expenses are based on 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 assessed in each case and will be based on legal considerations.

Note 3 Strengthening longevity reserves for Storebrand Livsforsikring

In a letter dated 8 March 2013, the Financial Supervisory Authority of Norway (Finanstilsynet) determined that a new mortality tariff, K2013, would be introduced for group pension insurance schemes in life insurance companies and pension funds with effect from 2014. This requires increased premiums and higher insurance technical reserves to cover future liabilities.

On 2 April 2014 the Norwegian Financial Supervisory Authority published guidelines for escalation plans for provisions for long life, based on a letter from the Norwegian Ministry of Finance dated 27 March 2014. Guidelines for strengthening longevity reserves

- The period for strenghtening reserves may have a duration of up to seven years (up to and including 2020). Applications for strengthening periods for reserves must be approved by the Financial Supervisory Authority of Norway.
- The strengthening of reserves may be funded with excess returns in customer portfolios. Surplus return in one contracts cannot be used to strengthen reserves on other contracts (no "solidarity").
- The insurance companies should contribute at least 20 per cent of the increase in reserves. Allocations shall be made to every contract.
- The strengthening of reserves must as a minimum be linear over the course of the escalation period.

In April 2014 Storebrand applied to the Financial Supervisory Authority of Norway for a seven-year escalation plan to cover the strengthening of reserves required as a result of the introduction of the new mortality basis.

In addition the authorities have stipulated that conversion of paid-up policies into paid-up policies with investment options must be done on full reserves, i.e. that the reserves for paid-up policies must be fully built up before the paid-up policies can be converted. Storebrand has decided that deficient reserves can be boosted by contracts where the owner wishes to convert to a policy with investment options and the contract has inadequate reserves prior to the expiry of the seven-year escalation plan. Since the launch of paid-up policies with investment options in the fourth quarter of 2014, Storebrand has injected approximately NOK 31 million in connection with conversion.

On 27 October the Financial Supervisory Authority of Norway sent a letter to all the life insurance companies and pension funds about the more detailed guidelines on strengthening reserves and the use of excess return in customer portfolios and equity contributions. Storebrand has asked for clarification regarding equity contributions for contracts that were already fully reserved on 31 December 2013. The Financial Supervisory Authority of Norway has clarified that reserves for contracts that are fully reserved shall be given the equity contribution "as soon as possible" and not via an escalation plan of up to seven years. Storebrand has relied on three years.

When transferring a group pension insurance contract to another pension plan, the insurance cash value of the contract shall as a minimum correspond to the level in the escalation plan that the ceding company will have achieved at the time of transition.

NOK 2.3 billion is being allocated from the financial and risk results for 2014, NOK 2.1 billion of which is from the financial result. Both the risk result and the risk equalisation reserve may be used to strengthen the longevity reserves. The risk equalisation reserve has not been used to strengthen the reserves in 2014, and NOK 0.1 billion less has been allocated to the risk equalisation reserve due to the fact that the risk result for the year has been used to strengthen the reserves. The required strengthening of reserves for group pensions is estimated to be NOK 6.2 billion or around 4 per cent of the premium reserves as at 31 December 2014. The company started strengthening the reserves in the accounts in 2011. In 2012, 2013 and 2014, Storebrand set aside as much as possible of its financial and risk profits. It must also be expected that during the period in which the reserves are being built-up, all available profit will be set aside for strengthening reserves.

It is expected that a minimum of 20 per cent, corresponding to NOK 2.5 billion, of the total required strengthening of reserves shall be covered by the owner. It is assumed that some of this will be funded through the loss of profit for paid-up policies during the reserve strengthening period with the present profit sharing model (20 per cent to the owner). The size of the owner's contribution depends on the length of the escalation plan, principles for building up the reserves, as well as the return and risk surpluses during the escalation period, and the pension scheme's portion of the build-up of reserves may thus exceed 20 per cent of the reserve strengthening requirement.

The table below shows the estimated effects on net profit for Storebrand for different average recognised expected returns during the period. If booked annual returns were lower than 4 per cent, the Storebrand's charges would increase significantly. The effect on net profit is estimated on the basis of a simulation model calibrated such that the average annual return corresponds to the returns in the table. The estimate assumes that the annual expected risk outcome for customers can be used to strengthen the reserves in cases where the equity contribution is higher than 20 per cent. The expected total and annual effect on net profit does not include loss of anticipated profit sharing related to paid-up policies. There is a degree of uncertainty associated with the estimates.

Annual booked return	Expected total result effect before tax	Annual total result effect before tax
4.0%	2 950	420
4.5%	1 640	230
5.0%	930	130

The strengthening of reserves for increased longevity is charged directly to the result in the amount of NOK 391 million for 2014 (NOK 31 million of which is related to the conversion of paid-up policies with investment options) and indirectly by means of lost profit sharing amounting to NOK 229 million. The actual charge of NOK 360 million in the annual financial statements for 2014 is based on the same method that has also been used to calculate the sensitivities in the table above.

Note 4 Generation of profit from guaranteed pensions

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

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

The return guarantee 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 pension assets are invested determine the price that the customer pays for the 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.

In recent years Storebrand has had group pension contracts with an agreement on own investment portfolios of up to five years. By 1 January 2014 all such agreements had been terminated without renewal.

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. Among other things, operating expenses consist of personnel costs, return fees, marketing expenses, commissions and IT costs.

STOREBRAND LIVSFORSIKRING

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

SPP LIFE INSURANCE

The administration result is in its entirety passed on to the shareholders.

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 LIVSFORSIKRING

In the case of group defined-benefit pensions and paid-up policies, any positive risk-result is passed on 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.

SPP LIFE INSURANCE

The risk result is in its entirety passed on to the shareholders.

PROFIT SHARING

Storebrand Livsforsikring

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 Life Insurance

If the total return on assets in one calendar year for a defined contribution contract (DC portfolio) exceeds the contract's guaranteed interest, profit sharing will be triggered. In the case 90 per cent of the total return on assets is allocated to the policyholder whereas the remaining 10 per cent are passed on to shareholders. The shareholders' 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 indexation fee in case the portfolio's consolidation allows for the indexation of benefits. Indexation can equal up to the annual change in Swedish consumer price index (CPI), measured between the previous two September months. Benefits under payout are indexed if the portfolio's consolidation per 30 September exceeds 107 per cent, and subsequently half of the fee is charged. The whole fee is charged if the portfolio's consolidation per 30 September exceeds 120 per cent, in which case even paid-up policies are indexed. The total fee equals 0.8 per cent of the portfolio's insurance capital.

The guaranteed liability is calculated on a monthly basis. If the guaranteed liability for a single policy exceeds the policy's insurance capital, the difference is reserved in form of so called deferred capital contribution. At the time of the retirement the insurance capital is compared to the policy's guaranteed value and any deficit is financed in form of a realised capital contribution. Capital contribution are even realised when in case the insurance capital during the pay-out period no longer is sufficient to finance the policy's guaranteed benefit. Changes in the deferred capital contribution are included in the financial result.

Note 5 Segments

CHANGES IN SEGMENT REPORTING

Beginning 1 January 2014, certain follow-ups including sickness insurance, one-year life assurance and survivor insurance at SPP have been transferred from the Guaranteed Pension segment to Insurance. The result for these products, will beginning 1 January 2014, be reported under Insurance. In addition, new accounting standards IFRS 10 have been implemented, which is described in further detail in note 1 Accounting policies.

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 and management companies Storebrand Eiendom AS, SPP Fonder AB and Storebrand Realinvesteringer AS.

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. Minority in mutual funds and real estate funds are also included in the segment Other.

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 ACCOUNT

	2013			
NOK million	Reported figures	Changes in IFRS	Change in segment	Revised figures
Savings	298			298
Insurance	369		289	658
Guaranteed pension	1 665		- 289	1 376
Other	94	11		105
Group result before amortisation	**2 426**	**11**	**0**	**2 437**
Amortisation intangible assets	- 375			- 375
Pre-tax profit	**2 050**	**11**	**0**	**2 062**

STATEMENT OF FINANCIAL POSITION

	01/01/2013				31/12/2013			
NOK million	Reported figures	Changes in IFRS	Change in segment	Revised figures	Reported figures	Changes in IFRS	Change in segment	Revised figures
Savings	64 583			64 583	85 261			85 261
Insurance	3 074			3 074	3 992			3 992
Guaranteed pension	271 202			271 202	274 406			274 406
Other	36 296	1 284		37 580	43 418	952		44 370
Total asset	**375 155**	**1 284**		**376 439**	**407 077**	**952**		**408 029**
Savings	55 358			55 358	83 984			83 984
Insurance	3 074			3 074	3 992			3 992
Guaranteed pension	263 869			263 869	266 303			266 303
Other	35 592	1 044		36 636	32 788	690		33 478
Total liabilities	**357 893**	**1 044**		**358 937**	**387 067**	**690**		**387 757**

	1.1 - 31.12	
NOK million	2014	2013
Savings	426	298
Insurance	502	658
Guaranteed pension	1 074	1 376
Other	377	105
Group result before amortisation	**2 379**	**2 437**
Amortisation intangible assets	- 380	- 375
Pre-tax profit	**1 999**	**2 061**

SEGMENT INFORMATION 31.12

	Savings		Insurance		Guaranteed pension	
NOK million	2014	2013	2014	2013	2014	2013
Fee and administration income	914	759			1 384	1 478
Risk result life & pensions	- 1	4			152	- 9
Insurance premiums f.o.a.			1 756	1 739		
Claims f.o.a.			-1 212	-1 027		
Operational cost	- 602	- 555	- 286	- 285	- 837	- 818
Financial result			159	77		
Result before profit sharing	**311**	**208**	**417**	**504**	**699**	**651**
Net profit sharing	1	1			418	276
Provision longevity					- 270	
Result before amortisation	**312**	**209**	**417**	**504**	**847**	**928**
Amortisation of intangible assets						
Pre-tax profit	**312**	**209**	**417**	**504**	**847**	**928**
Assets	107 366	85 261	5 243	3 992	276 806	274 406
Liabilities	106 005	83 984	5 243	3 992	270 123	266 303

	Other		Storebrand Livsforsikring Group	
NOK million	2014	2013	2014	2013
Fee and administration income	97	86	2 395	2 323
Risk result life & pensions	6	5	157	
Insurance premiums f.o.a.			1 756	1 739
Claims f.o.a.			-1 212	-1 027
Operational cost	- 53	- 49	-1 778	-1 707
Financial result	233	46	393	123
Result before profit sharing	**283**	**87**	**1 709**	**1 451**
Net profit sharing	- 6	- 5	412	273
Provision longevity			- 270	
Result before amortisation	**276**	**82**	**1 852**	**1 723**
Amortisation of intangible assets	- 380	- 375	- 380	- 375
Pre-tax profit	**- 104**	**- 293**	**1 472**	**1 348**
Assets	51 744	44 370	441 160	408 029
Liabilities	37 855	33 478	419 226	387 756

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

The boards of Storebrand ASA and relevant subsidiaries are responsible for ensuring that independent control functions are in place for risk management (Chief Risk Officer), compliance and for valuation of the insurance liabilities (Actuary). The independent control functions are organised directly under the companies' managing director and report to the respective company's board.

Functionally, 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 the efficiency of the various lines of defence.

Note 07 Insurance risk

Insurance risk is the risk of higher than expected payments and/or unfavourable changes in the value of an insurance liability due to the actual development differing from what was expected when premiums or provisions were calculated. Traditional life and pension insurance are offered as both group and individual contracts. Contracts are also offered in which the customer has the choice of investment. The insurance risk in Norway is largely standardised between the contracts in the same industry as a result of detailed regulation from the authorities. In Sweden, the framework conditions for insurance contracts entail major differences between the contracts within the same industry. The risk of long life expectancy is the greatest insurance risk in the Group. Other risks include risk of disability and risk of mortality. The life insurance risks are:

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

In the Guaranteed Pensions segment, the Group has a significant insurance risk relating to long life expectancy for group and individual insurance agreements. In addition, there is an insurance risk associated with disability and pensions left to spouses and/or children. The disability coverage in Guaranteed Pensions is primarily sold together with a retirement pension. The risk of mortality is low in Guaranteed Pensions when viewed in relation to other risks. SPP has the possibility to change 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.

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

In the Insurance segment the Group has a life 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 and accident 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 five-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.
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 that can be linked includes retirement and survivor pensions. In addition, there can be a link to a group disability pension in Norway.
4. Paid-up policies are individual contracts with accrued rights that are issued upon withdrawal from or termination of group defined-benefit pension agreements. In Norway, holders of a paid-up policy can choose to convert their paid-up policy to a paid-up policy without a guarantee and with investment options (paid-up policy with investment options).

Insurance

5. Group life consists of group contracts that are offered in Norway with lump-sum payments in the event of death or disability.
6. P&C insurance contracts are group contracts with lump sum payments for occupational injury insurance, critical illness, cancer insurance, child insurance or accident insurance that are offered in Norway.

INDIVIDUAL CONTRACTS

Savings

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

Guaranteed pensions

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.
4. In Sweden, disability coverage is offered with a waiver of premiums and guaranteed ongoing payments. This is most common as an addition to pension insurance.

Insurance

5. 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.

RISK PREMIUMS AND TARIFFS

Guaranteed pensions

There is a need for strengthening 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 lifetime tariff (K2013) has been developed for group insurance. 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 will thus be a dynamic tariff.

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

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

Risk premiums for defined benefit contracts in Sweden are based on collective assumptions, based on collective's distribution of age, gender and family composition. Risk premiums for defined contribution contracts are determined individually based on age and gender.

In 2014 SPP revised the mortality assumptions used 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. As a result of the review only minor adjustments were performed which resulted in a strengthening of the reserves for guaranteed insurance liabilities by some SEK 215 million for the IF portfolio (defined contribution) and SEK 325 million for the KF portfolio (defined benefit), which is mainly covered by conditional bonus. In case the conditional bonus is not sufficient deferred capital contribution have been increased, leading to a financial result of minus SEK 85 million.

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.

With effect from 2015, gender-neutral premiums for individual life insurance contracts will be incorporated into the Insurance Activity Act. 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 questionnaire. 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 questionnaire, 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 two deaths or disability cases. This cover is also subject to an upper limit. A reinsurance agreement for life policies covers death and disability risk that exceeds the maximum risk amount for own account the company practises. The company's maximum risk amount for own account is relatively high, and the risk reinsured is therefore relatively modest.

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

Risk result

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

Specification of risk result	Storebrand Livsforsikring AS		SPP	
NOK million	2014	2013	2014	2013
Survival	61	-62	-119	-147
Death	261	364	81	87
Disability	411	242	93	277
Reinsurance	-37		-4	-3
Pooling	-114	-41	-1	-5
Other	-4	-10	476	-57
Total risk result	**577**	**493**	**526**	**152**

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 risks

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 equity 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 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, meaning Storebrand is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand's profit indirectly. Income is based mainly 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 risk-reduction 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. Long-term interest rates have fallen a great deal throughout 2014, both in Norway and Sweden. In Sweden, short-term interest rates have also fallen significantly. The central banks in both Norway and Sweden have indicated that interest rates will be kept low throughout 2015. The fall in interest rates has increased the risk that the return in future years will be lower than the interest rate guarantee. 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 is reduced by a large proportion of hold-to-maturity portfolios that will benefit from securities purchased at interest rate levels higher than the current levels.

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

ASSET ALLOCATION

	Customer portfolios with guarantee	Customer portfolios without guarantee	Company portfolios
Other	2%	0%	0%
Real estate	9%	4%	4%
Bonds at amortised cost	30%	0%	7%
Money market	4%	9%	13%
Bonds	47%	32%	77%
Equities	8%	54%	0%
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 is borne by the insured person, and the insured person can choose the risk profile. Storebrand's role is to offer an attractive, 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 equity 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. 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 on an annual basis 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.

GUARANTEED CUSTOMER PORTFOLIOS IN MORE DETAIL

Storebrand Livsforsikring

The annual guaranteed return to the customers follows the basic interest rate. The Financial Supervisory Authority of Norway sets the highest permitted basic interest rate for new policies and for new members and new accrual of benefits in group pension insurance. The basic interest rate has been set at 2.5 per cent for new contracts and new premiums from 2011. The Ministry of Finance has decided to change the basic interest rate to 2.0 per cent from 1 January 2015. As part of the adaptation to Solvency II, the Financial Supervisory Authority of Norway has proposed repealing the Regulations on maximum basic interest rate from 1 January 2016.

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

Customer portfolio divided on annual guaranteed return

Interest rate	2014	2013
6%	0.3 %	0.3 %
5%	0.4 %	0.4 %
4%	51.4 %	50.7 %
3.4 %	0.7 %	1.7 %
3%	32.6 %	35.2 %
2.75%	1.4 %	15 %
2.50%	12.1 %	9.7 %
2.0 %	0.5 %	
0%	0.6 %	0.5 %

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, current legislation permits the equivalent of up to one year's guaranteed return for the individual policy to be covered by transfers from the policy's additional statutory reserves.

Average interest rate guarantee in per cent	2014	2013
Individual endowment insurance	3.2 %	3.2 %
Individual pension insurance	3.9 %	3.8 %
Group pension insurance	3.0 %	3.0 %
Paid-up policy	3.5 %	3.5 %
Group life insurance	0.2 %	0.3 %
Total	**3.33%**	**3.28%**

A new mortality tariff has been introduced for defined-benefit pensions and paid-up policies from 2014. For the existing reserve Storebrand has applied for a seven-year escalation plan, and customer returns exceeding the guarantee can contribute to building up reserves. 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 (market risk). This is primarily done by investing in equities, property and credit 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 allocation is also utilised.

Interest rate risk is in a special position because changes in interest rates also affect the value of the insurance liability. 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 for return 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 Life 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. Profit sharing becomes relevant in SPP if the return exceeds the guaranteed yield. The contracts' buffer capital must be intact in order for profit sharing to represent a net income for the owner. In the case of some products, a certain degree of consolidation, i.e. that 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 linked to 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.

Customer portfolio divided on annual guaranteed return

Interest rate	2014	2013
5.20%	14.4 %	14.7 %
4.50%	0.5 %	0.5 %
4.00%	1.6 %	1.7 %
3.00%	49.0 %	49.6 %
2.75%	6.6 %	6.3 %
2.70%	0.1 %	0.1 %
2.50%	6.5 %	7.0 %
1.60%	5.8 %	5.9 %
1.50%	4.7 %	4.6 %
1.20%	4.2 %	4.9 %
0.50%	3.2 %	2.6 %
0%	3.3 %	2.0 %

Average interest rate guarantee in per cent	2014	2013
Individual pension insurance	3.0 %	3.1 %
Group pension insurance	2.6 %	2.7 %
Individual occupational pension insurance	3.1 %	3.1 %
Total	**2.88%**	**2.93%**

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, entailing that the financial result has low interest rate risk. However, because the solvency accounts are based on a different yield curve, an interest rate risk relating to solvency then arises.

SENSITIVITY ANALYSES

The tables show the reduction in the buffer capital for Storebrand Livsforsikring 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 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 2014. Products without a guaranteed return, primarily defined-contribution pensions and unit linked, are 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 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 Livsforsikring

Change in market value 2014	NOK million	Percentage of buffer
Buffer for market risk from RBT	9 160	
Interest rate risk	3 303	36%
Equity price risk	3 907	43%
Property price risk	2 480	27%
Foreign exchange risk	413	5%
Spread risk	2 141	23%
Market risk (correlated)	**8 480**	

Based on the stress test, Storebrand Livsforsikring has an overall market risk of NOK 8.5 billion, while the buffer capital totals NOK 9.2 billion. The buffer capital consists of additional statutory reserves that can be used for 2015, the market value adjustment reserve and the unrealised gain reserve 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 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 Life Insurance

Change in market value 2014	SEK million	Percentage of buffer
Buffer for market risk	5 245	
Interest rate risk	167	3%
Equity price risk	1 772	34%
Property price risk	644	12%
Foreign exchange risk	150	3%
Spread risk	1 367	26%
Market risk (correlated)	**3 554**	

Based on the stress test, SPP has an overall market risk of NOK 3.6 billion, while the buffer capital totals NOK 5.2 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 businesses

The other companies in the Storebrand Livsforsikring Group are not included in the sensitivity analysis, as there is little market risk in these areas. The assets of these companies are 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 life insurance companies, the insurance liabilities are long term and the cash flows are usually known long before they fall due. A robust liquidity buffer is nevertheless important to be able to withstand unforeseen events.

In line with statutory requirements separate liquidity strategies have been drawn up. 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	-1 382	-77	-680	-2 712	-4 778	-9 628	-7 324
Other current liabilities [1]	-14 235					-14 235	-14 235
Uncalled residual liabilities Limited partnership	-4 321					-4 321	
Total financial liabilities 2014	**-19 937**	**- 77**	**- 680**	**-2 712**	**-4 778**	**-28 184**	**-21 559**
Derivatives related to funding 2014	**138**	**- 85**	**30**	**31**	**148**	**262**	**964**
Total financial liabilities 2013	-12 294	- 43	-1 639	-1 975	-3 370	-19 322	-17 044

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.

1) Of which the minority interests in Storebrand Eiendomsfond KS amount to NOK 3.167 million. Also see note 45.

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	2015	1 067
Storebrand Livsforsikring AS	1 100	NOK	Variable	2024	1 096
SPP Livförsäkring AB	700	SEK	Variable	2019	667
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	2 991
Total subordinated loan capital and hybrid tier 1 capital 2014					**7 324**
Total subordinated loan capital and hybrid tier 1 capital 2013					6 829

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	-1 373	- 68	- 644	-2 015	-4 778	-8 877	-6 656
Other current liabilities	-2 269					-2 269	-2 269
Uncalled residual liabilities Limited partnership	-3 212					-3 212	
Total financial liabilities 2014	**-6 854**	**- 68**	**- 644**	**-2 015**	**-4 778**	**-14 358**	**-8 925**
Derivatives related to funding 2014	**138**	**- 85**	**30**	**31**	**148**	**262**	**964**
Total financial liabilities 2013	-7 426	- 43	-1 639	-1 975	-3 370	-14 453	-9 154

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 bank deposits or failure of counterparties to perform under reinsurance agreements or financial derivatives. Credit losses related to the securities portfolio are categorised as market risk and are discussed in note 8 Financial market risk.

STOREBRAND LIVSFORSIKRING GROUP

Lending
Commitments by customer groups

NOK million	Lending to and receivables from customers
Sale and operation of real estate	4 679
Wage-earners and others	2
Total 2014	**4 682**
Total 2013	3 512

Storebrand Livsforsikring AS have a syndicate agreement with Storebrand Bank. The loans that are syndicated to Storebrand Livsforsikring have first priority within 60 per cent.

COUNTERPARTY

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 subject to netting agreements/CSA

				Collateral		
NOK million	Booked value fin. assets	Booked value fin. liabilites	Net booked fin. assets/ liabilities	Cash (+/-)	Securities (+/-)	Net exposure
Total counterparts 2014	**5 662**	**4 279**	**1 382**	**2 484**	**-1 084**	**-18**
Total counterparts 2013	1 493	2 122	-629	269	-1 198	301

STOREBRAND LIVSFORSIKRING AS

Investments subject to netting agreements/CSA

				Collateral		
NOK million	Booked value fin. assets	Booked value fin. liabilites	Net booked fin. assets/ liabilities	Cash (+/-)	Securities (+/-)	Net exposure
Total counterparts 2014	**1 255**	**3 023**	**-1 769**	**206**	**-1 807**	**-168**
Total counterparts 2013	604	438	166	220	-292	237

Note 11

Currency exposure

FINANCIAL ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

	Storebrand Livsforsikring Group				Storebrand Livsforsikring AS			
	Balance sheet items excluding currency derivatives	Forward contracts	Net position		Balance sheet items excluding currency derivatives	Forward contracts	Net position	
NOK mill.	Net in balance sheet	Net sales	in currency	in NOK	Net in balance sheet	Net sales	in currency	in NOK
AUD	55	- 93	- 39	- 237	31	- 74	- 42	- 260
CAD	75	- 163	- 88	- 569	45	- 136	- 91	- 589
CHF	83	- 81	1	8	34	- 66	- 32	- 243
DKK	1 978	- 114	1 864	1 990	33	- 114	- 82	- 99
EUR	905	- 961	- 57	- 5	636	- 777	- 141	-1 405
GBP	131	- 185	- 54	- 636	75	- 154	- 79	- 927
HKD	144	- 508	- 365	- 353	83	- 316	- 233	- 225
ILS	8		8	16	8		8	16
JPY	16 482	-30 199	-13 717	- 858	9 698	-25 371	-15 673	- 980
NZD	147	- 147	1	4	147	- 147		1
SEK	166 103	738	166 841	159 511	19 342	-6 533	12 809	11 986
SGD	13	- 16	- 3	- 17	8	- 16	- 9	- 49
USD	1 844	-2 962	-1 118	-8 405	1 008	-2 379	-1 371	-10 280
NOK [1)]	18 131		18 131	18 138	14 347		14 347	14 347
Insurance liabilities in SPP og BenCo in foreign currency				**-166 862**				
Total net currency position 2014				**1 726**				**11 290**
Total net currency position 2013				1 405				10 577

1) Equity and bond funds denominated in NOK with foreign currency exposurein i.a. EUR and USD NOK 14 billion.

STOREBRAND LIVSFORSIKRING

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.

Note 12

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 when there are no published ratings.

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

STOREBRAND LIVSFORSIKRING GROUP

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	46 969	10 681	142	1 261		59 053
Credit bonds	64	4 816	23 591	20 196	3 229	51 896
Mortgage and asset backed securities	35 042	4 585	2 550	3 198	2 041	47 415
Supernational organisations	4 347	327	1 750	2 700	962	10 086
Total interest bearing securities stated by rating	**86 421**	**20 409**	**28 033**	**27 355**	**6 232**	**168 449**
Bond funds not managed by Storebrand						7 767
Non-interest bearing securities managed by Storebrand						1 771
Total 2014	**86 421**	**20 409**	**28 033**	**27 355**	**6 232**	**177 987**
Total 2013	94 955	17 156	24 823	21 481	6 606	172 514

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	3 925	7 523	1 146	1 178	958	14 730
Credit bonds	443	4 869	12 202	5 358	515	23 387
Mortgage and asset backed securities	27 752	2 786	972		2 448	33 957
Supernational organisations	11 010	6 944	2 204	2 274		22 432
Total 2014	**43 131**	**22 123**	**16 524**	**8 809**	**3 921**	**94 507**
Total 2013	42 696	19 341	14 291	6 980	2 401	85 709

Counterparties

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Other Fair Value	NIG Fair value	Total Fair value
Derivatives		1 837	3 693	251			5 782
of which derivatives in bond funds, managed by Storebrand		39	62				101
Total derivatives excluding derivatives in bond funds 2014		**1 798**	**3 631**	**251**			**5 680**
Total derivatives excluding derivatives in bond funds 2013		737	755				1 493
Bank deposits		5 783	3 436	40	26		9 286
of which bank deposits in bond funds, managed by Storebrand		1 096					1 096
Total bank deposits excluding bank deposits in bond funds 2014		**4 687**	**3 436**	**40**	**26**		**8 190**
Total bank deposits excluding bank deposits in bond funds 2013	16	4 922	1 996	483	0	24	7 442

Rating classes based on Standard & Poors's.
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	18 289	2 263	142	1 217		21 911
Credit bonds	63	2 394	14 337	16 587	2 597	35 978
Mortgage and asset backed securities	7 856	1 570		3 177	1 154	13 757
Supernational organisations			1 354	2 184	697	4 235
Total interest bearing securities stated by rating	**26 208**	**6 228**	**15 834**	**23 164**	**4 447**	**75 881**
Bond funds not managed by Storebrand						1 392
Non-interest bearing securities managed by Storebrand						1 546
Total 2014	**26 208**	**6 228**	**15 834**	**23 164**	**4 447**	**78 819**
Total 2013	31 877	4 323	15 083	18 106	5 807	78 930

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	3 925	7 523	1 146	1 178	958	14 730
Credit bonds	443	4 869	12 202	5 358	515	23 387
Mortgage and asset backed securities	27 752	2 786	972		2 448	33 957
Supernational organisations	11 010	6 944	2 204	2 274		22 432
Total 2014	**43 131**	**22 123**	**16 524**	**8 809**	**3 921**	**94 507**
Total 2013	42 696	19 341	14 291	6 980	2 401	85 709

Counterparties

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total Fair value
Derivatives		1 060	202	94		1 356
of which derivatives in bond funds, managed by Storebrand		39	62			101
Total derivatives excluding derivatives in bond funds 2014		**1 020**	**140**	**94**		**1 255**
Total derivatives excluding derivatives in bond funds 2013		393	211			604
Bank deposits		4 788		40		4 828
of which bank deposits in bond funds, managed by Storebrand		1 096				1 096
Total bank deposits excluding bank deposits in bond funds 2014		**3 692**		**40**		**3 732**
Total bank deposits excluding bank deposits in bond funds 2013		3 512		0	24	3 536

Rating classes based on Standard & Poors's.

NIG = Non-investment grade.

Note 13 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 Livsforsikring 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 longevity in particular can be influenced by universal trends.

Insurance business is exposed to credit risk. The insurance business primarily has a credit risk relating to bonds with significant geographical and industry-related diversification, while the loans are mostly exposed to direct loans for commercial property in Norway. There is no significant concentration risk across bonds and loans.

The financial market and investment risks are largely related to the customer portfolios in the life insurance business. The risk associated with a negative outcome in the financial market is described and quantified in note 8, Financial market risk.

In the short term, an interest rate increase will negatively impact the returns for the life insurance companies. An interest rate increase can also result in loan customers having lower debt-servicing capacity and increased losses for loans.

In the asset management business, the principal risk is operational risk in the form of behaviour that can trigger claims and/or impact on reputation. Since the asset management business is the principal manager of the insurance businesses, errors in asset management could result in errors in the insurance businesses.

Note 14 Valuation of financial instruments and properties

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 2014

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

NOK million	Quoted prices (Level 1)	Observable assumptions (Level 2)	Non-observable assumptions (Level 3)	Total fair value 31.12.14	Total fair value 31.12.13	Book value 31.12.14	Book value 31.12.13
Financial assets							
Lending to customers		4 671		4 671	3 489	4 682	3 512
Bonds held to maturity		17 794		17 794	15 942	15 131	15 120
Bonds classified as loans and receivables		76 713		76 713	69 767	66 012	65 429
Total fair value 2014		**99 178**					
Total fair value 2013	1 141	88 057					
Financial liabilities							
Subordinatd loan capital		7 549		7 549	7 368	7 324	6 829
Total fair value 2014		**7 549**					
Total fair value 2013		7 368					

VALUATION OF FINANCIAL INSTRUMENTS AND PROPERTIES AT FAIR VALUE

The Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Fund units are generally valued at the updated official NAV prices when such prices exist. Bonds are generally valued based on prices obtained from Reuters and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by a selected brokerage firm.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters and Bloomberg.

The Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Group categorises financial instruments valued at fair value on three different levels, which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

LEVEL 1: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF QUOTED PRICES FOR IDENTICAL ASSETS IN ACTIVE MARKETS

This category encompasses listed equities that over the previous three months have experienced average daily trading equivalent to approximately NOK 20 million or more. Based on this, the equities are regarded as sufficiently liquid to be included at this level. Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1. When it comes to derivatives, standardised stock index futures and interest rate futures will also be included at this level.

LEVEL 2: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF OBSERVABLE MARKET INFORMATION NOT COVERED BY LEVEL 1

This category encompasses financial instruments that are valued on the basis of market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Moreover, interest rate and foreign exchange swaps, 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.

UNLISTED EQUITIES – INCLUDING FORESTRY

The external valuations are based on models that include non-observable assumptions. Besides the external valuations that have been conducted as at 31 December 2014, 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 2014, and these form the basis for the valuation of the company's investments.

PRIVATE EQUITY

The majority of Storebrand's private equity investments are investments in private equity funds. The Group also has a number of direct investments. Private equity investments are considered long-term investments where Storebrand expects to benefit by its involvement through the duration of the projects.

The investments in private equity funds are stated on the basis of the values reported by the funds. Most private equity 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. These market effects are 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 direct private equity investments, the valuation is based on either recently conducted transactions 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. Companies that are in a start-up phase, have undergone previous expansions, or which are undergoing structural changes for some other reasons that make them harder to price in relation to a reference group will be stated at the lowest of cost or estimated value.

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.

PROPERTY FUNDS

Indirect real estate investments are primarily investments in funds with underlying real estate investments where Storebrand's intention is to own the investments throughout the fund's lifetime. Real estate funds are valued on the basis of information received from the individual fund manager.

Most managers' report on a quarterly basis and the most common method used by the individual fund managers is an external quarterly valuation of the fund's assets. This involves the manager calculating a net asset value (NAV). Funds often report NAV with a quarter's delay in relation to the preparation of Storebrand's financial statements. In order to take account of the changes in value in the last quarter, preliminary estimates by the fund companies are used.

INVESTMENT PROPERTIES

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

Office properties and shopping centres in Norway:

When calculating fair value, Storebrand uses an internal cash flow model. Net cash flows for the individual property are discounted by an individual required rate of return. A future income and expense picture for the first 10 years has been estimated for the office properties and a final value has been calculated for the end of the 10th year based on market rent and normal operating costs for the property. In the net income stream, consideration has been made to existing and future loss of income due to vacancy, necessary investments and an assessment of the future development in the market rent. The majority of contracts have a duration of five or ten years. The cash flows from these lease agreements (contractual rent) are included in the valuations. To estimate the long-term, future non-contractual rental incomes, a forecasting model has been developed. The model is based on historical observations in Dagens Næringsliv's property index (adjusted by CPI) and market estimates. A long-term, time-weighted average of the annual observations is calculated in which the oldest observations are weighted with the lowest importance. For non-contractual rent in the short-term, the current rental prices and market situation are used.

An individual required rate of return is determined for each property. The required rate of return is viewed in connection with the related cash flow for the property. The knowledge available about the market's required rate of return, including transactions and appraisals, is used when determining the cash flow.

The required rate of return is divided into the following elements:

Risk-free interest

- Risk premium, adjusted for:
- Type of property
- Location
- Structural standard
- Environmental standard
- Duration of contract
- Quality of tenant
- Other factors such as transactions and perception in the market, vacancy and general knowledge about the market and the individual property.

External appraisals:

A methodical approach is taken to a selection of properties that are to be appraised each quarter so that all properties are appraised at least every three years. In 2014, appraisals corresponding to about 70 per cent of Storebrand's property portfolio in Norway were obtained.

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)	31.12.14	31.12.13
Assets:					
Equities and units					
- Equities	17 500	732	2 414	20 646	16 706
- Other fund units	276	87 197	9 359	96 832	84 763
- Real estate fund			952	952	1 217
Total equities and units	**17 776**	**87 929**	**12 724**	**118 429**	
Total equities and units 2013	13 135	77 607	11 945		102 687
Bonds and other fixed-income securities					
- Government and government guaranteed bonds	35 278	19 409		54 687	61 602
- Credit bonds	24	23 798	339	24 162	24 238
- Mortgage and asset backed securities		41 824		41 824	42 296
- Supranational organisations	27	6 548		6 575	7 167
- Bond funds	841	49 898		50 739	37 211
Total bonds and other fixed-income securities	**36 171**	**141 476**	**339**	**177 987**	
Total bonds and other fixed-income securities 2013	27 170	143 674	1 669		172 513
Derivatives:					
- Interest derivatives		4 514		4 514	- 664
- Currency derivatives		-3 113		-3 113	35
Total derivatives 2014		**1 401**		**1 401**	
- of which derivatives with a positive market value		5 680		5 680	1 493
- of which derivatives with a negative market value		-4 279		-4 279	-2 122
Total derivatives 2013		- 629			- 629
Real Estate:					
Investment properties			26 419	26 419	24 175
Owner-occupied properties			2 583	2 583	2 491
Total real estate 2014			**29 001**	**29 001**	
Total real estate 2013			26 928		26 928

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	11	237
Bonds and other fixed-income securities		738

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

Specification of papers pursuant to valuation techniques (non-observable assumptions)

NOK million	Equities	Other fund units	Real estate fund	Credit bonds	Investment properties	Owner-occupied properties
Book value 01.01	20	21		8	21	15
Net gains/losses on financial instruments					764	41
Supply	2 414	9 359	952	339	26 419	2 583
Book value 31.12.14	**2 434**	**9 380**	**952**	**348**	**27 204**	**2 638**

Storebrand Livsforsikring AS

NOK million	Quoted prices (Level 1)	Observable assumptions (Level 2)	Non-observable assumptions (Level 3)	31.12.14	31.12.13
Assets:					
Equities and units					
- Equities	9 336	206	1 779	11 321	6 086
- Other fund units		26 030	7 012	33 041	25 840
- Real estate fund			952	952	1 217
Total equities and units	**9 336**	**26 236**	**9 742**	**45 314**	
Total equities and units 2013	4 246	25 425	8 898		33 143
Bonds and other fixed-income securities					
- Government and government guaranteed bonds	17 859			17 859	22 906
- Credit bonds		10 670	74	10 744	11 446
- Mortgage and asset backed securities		9 777		9 777	10 080
- Supranational organisations		1 065		1 065	1 511
- Bond funds		39 374		39 374	32 987
Total bonds and other fixed-income securities	**17 859**	**60 886**	**74**	**78 819**	
Total bonds and other fixed-income securities 2013	14 818	63 053	1 058		78 930
Derivatives:					
- Interest derivatives		1 013		1 013	324
- Currency derivatives		-2 782		-2 782	- 158
Total derivatives 2014		**-1 769**		**-1 769**	
- of which derivatives with a positive market value		-1 769		-1 769	604
- of which derivatives with a negative market value		1 255		1 255	- 438
Total derivatives 2013		166			166

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	2
Bonds and other fixed-income securities		738

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

Specification of papers pursuant to valuation techniques (non-observable assumptions)

NOK million	Equities	Other fund units	Real estate fund	Credit bonds
Book value 01.01	1 705	5 976	1 217	1 058
Net gains/losses on financial instruments	227	1 789	149	22
Supply	14	557	15	1
Sales	- 167	-1 311	- 429	-1 007
Book value 31.12.14	**1 779**	**7 012**	**952**	**74**

SENSITIVITY ASSESSMENTS

EQUITIES

Under equity, it is primarily forests that are investments at level 3. Forestry investments are characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and costs growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discount rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return. As a reasonable alternative assumption with regard to the required rate of return used, a change in the discount rate of 0.25 per cent would result in an estimated change of around 3.75 per cent in value, depending on the maturity of the forest and other factors.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change in value at change in discount rate		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 per 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 0.5.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change in value underlying real estates		Change in value underlying real estates	
NOK million	Increase + 10%	Decrease - 10%	Increase + 10%	Decrease - 10%
Change in fair value per 31.12.14	291	-291	211	-211

Property funds

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 51 per cent on average.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change in value underlying real estates		Change in value underlying real estates	
NOK million	Increase + 10%	Decrease - 10%	Increase + 10%	Decrease - 10%
Change in fair value per 31.12.14	250	-247	250	-247

Financial and corporate 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 per 31.12.14	15	-15	4	-4

Real estate

The sensitivity assessment of property applies both to investment 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 per 31.12.14	-1 288	1 203	-1 172	1 071

Note 15 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
Premium income	12 805	1 493	573	1 160	214
Net income from financial assets – collective portfolio	9 419	605	40	242	765
Net income from financial assets with investment choice	2 822			306	364
Other insurance related income	201	1		26	29
Claims	-7 302	-11 946	- 488	-1 841	-1 579
of which agreements terminated/withdrawals from endowment policies	- 109	- 413		-2 584	- 54
Changes in insurance obligations recognised in the Profit and Loss account - contractual obligations	-8 129	9 973	- 9	92	497
Changes in insurance obligations recognised in the Profit and Loss account - with investment choice	-7 978			337	- 147
Funds allocated to insurance contracts - contractual obligations	- 160	- 6		- 7	- 12
Insurance related operating costs	- 664	- 48	- 23	- 142	- 112
Other insurance related costs	- 367	- 65	3	- 3	- 1
Technical result 2014	**649**	**8**	**97**	**169**	**18**
Technical result 2013	838	179	134	189	18

NOK million	Non-life insurance	Storebrand Livsforsikring AS	Security reserves classified as equity in IFRS	BenCo	SPP	Storebrand Livsforsikring Group
Premium income	313	16 559		275	7 630	24 464
Net income from financial assets – collective portfolio	28	11 100		1 714	9 396	22 176
Net income from financial assets with investment choice		3 492		120	8 633	12 248
Other insurance related income	1	256		365	1 117	1 739
Claims	- 160	-23 315		-1 643	-10 428	-35 386
of which agreements terminated/withdrawals from endowment policies		-3 160			66	-3 094
Changes in insurance obligations recognised in the Profit and Loss account - contractual obligations	- 36	2 389	4	-1 143	-3 056	-1 711
Changes in insurance obligations recognised in the Profit and Loss account - with investment choice		-7 788		515	-11 461	-18 735
Funds allocated to insurance contracts - contractual obligations		- 185		- 5		- 190
Insurance related operating costs	- 44	-1 033		- 112	-1 000	-2 197
Other insurance related costs	- 1	- 434			- 24	- 459
Technical result 2014	**101**	**1 041**	**4**	**86**	**807**	**1 949**
Technical result 2013	140	1 498	6	39	652	2 213

ANALYSIS BY PROFIT-SHARING MODEL

Endowment insurance

NOK mill.	Profit allocation	Not eligible for profit allocation	Investment choice	2014	2013
Premium income	263	410	487	1 160	1 449
Net income from financial assets – collective portfolio	178	63		242	248
Net income from financial assets with investment choice			306	306	384
Other insurance related income			25	26	33
Claims	- 633	- 93	-1 115	-1 841	-3 189
Changes in insurance obligations recognised in the Profit and Loss account - contractual obligations	259	- 167		92	1 057
Changes in insurance obligations recognised in the Profit and Loss account - with investment choice			337	337	441
Funds allocated to insurance contracts - contractual obligations	- 7			- 7	- 60
Insurance related operating costs	- 61	- 56	- 25	- 142	- 168
Other insurance related costs	- 3	- 1		- 3	- 6
Technical result	**- 3**	**156**	**15**	**169**	**189**

Annuity/pension insurance

NOK mill.	Profit allocation	Investment choice	2014	2013
Premium income	31	183	214	402
Net income from financial assets – collective portfolio	765		765	754
Net income from financial assets with investment choice		364	364	513
Other insurance related income	1	28	29	29
Claims	-1 205	- 374	-1 579	-1 684
Changes in insurance obligations recognised in the Profit and Loss account - contractual obligations	497		497	683
Changes in insurance obligations recognised in the Profit and Loss account - with investment choice		- 147	- 147	- 547
Funds allocated to insurance contracts - contractual obligations	- 12		- 12	- 25
Insurance related operating costs	- 75	- 37	- 112	- 104
Other insurance related costs	- 1		- 1	- 3
Technical result	**0**	**18**	**18**	**18**

Group pension private insurance

NOK million	Defined benefit without investment choice	Paid-up policies	Defined contribution with invest-ment choice	Not eligible for profit allocation	2014	2013
Premium income	5 913	- 609	6 782	720	12 805	13 903
Net income from financial assets – collective portfolio	3 902	5 471		46	9 419	6 129
Net income from financial assets with investment choice			2 822		2 822	3 530
Other insurance related income	13	3	184		201	150
Claims	-2 426	-3 392	-1 479	- 5	-7 302	-6 362
Changes in insurance obligations recognised in the Profit and Loss account - contractual obligations	-6 189	-1 336		- 604	-8 129	-8 200
Changes in insurance obligations recognised in the Profit and Loss account - with investment choice			-7 978		-7 978	-7 450
Funds allocated to insurance contracts - contractual obligations	- 150	- 9			- 160	
Insurance related operating costs	- 209	- 238	- 158	- 59	- 664	- 709
Other insurance related costs	- 270	- 5	- 39	- 53	- 367	- 154
Technical result	**584**	**- 114**	**133**	**46**	**649**	**838**

Group pension public insurance

NOK million	Defined benefit without investment choice	2014	2013
Premium income	1 493	1 493	2 208
Net income from financial assets – collective portfolio	605	605	744
Net income from financial assets with investment choice			18
Other insurance related income	1	1	4
Claims	-11 946	-11 946	-7 588
Changes in insurance obligations recognised in the Profit and Loss account - contractual obligations	9 973	9 973	4 934
Changes in insurance obligations recognised in the Profit and Loss account - with investment choice			- 38
Funds allocated to insurance contracts - contractual obligations	- 6	- 6	
Insurance related operating costs	- 48	- 48	- 87
Other insurance related costs	- 65	- 65	- 16
Technical result	**8**	**8**	**179**

Note 16 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
Financial income 1)	10 552	530	35	477	904	24
Guaranteed yield	-7 976	- 379	- 2	- 453	- 860	
- of which transferred to premium fund	- 7	- 6				
Investment result before drawing on buffer capital	2 576	151	34	24	44	24
To/from additional statutory reserves and buffer capital	- 374	- 123		- 52	- 83	
Investment result after drawing on additional statutory reserves and buffer reserves	**2 201**	**28**	**34**	**- 28**	**- 39**	**24**
Risk premium	483	55	508	531	- 89	264
Risk addition	- 102	- 54	- 496	- 346	151	- 178
Net reinsurance etc. 1)	- 121		- 5			- 25
Risk result	**260**	**0**	**8**	**185**	**62**	**61**
Administration premium	998	78	79	161	121	60
Operating expenses	- 664	- 48	- 23	- 142	- 112	- 44
Administration result	334	30	55	19	9	15
Other results 2)	-2 263	- 22			- 2	
Premium for guaranteed interest	411	53				
Risk profit	157	25				
Gross result for sector	**1 099**	**114**	**97**	**176**	**30**	**101**
Investment result and risk result to policyholders	- 160	- 6		- 7	- 12	
Owners contribution to strengthen the longevity reserve	- 291	- 100				
Profit for the year	**649**	**8**	**97**	**169**	**18**	**101**

1) The items other insurance-related income (in note 15) and other insurance-related costs (in note 15) are allocated in accordance with their purpose.

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

NOK mill.	Storebrand Livsforsikring AS 2014	Storebrand Livsforsikring AS 2013	Security reserves classified as equity in IFRS 2014	Security reserves classified as equity in IFRS 2013	BenCo 2014	SPP 2014	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring Group 2013
Financial income [1]	12 521	9 577			1 143	5 480	19 144	11 544
Guaranteed yield	-9 669	-9 923			-1 145	-5 396	-16 210	-11 906
of which transferred to premium fund	- 14	- 23			- 94		- 108	- 23
Investment result before drawing on buffer capital	2 852	- 345			- 3	84	2 934	- 362
To/from additional statutory reserves and buffer capital	- 633	932					- 633	932
Investment result after drawing on additional statutory reserves and buffer reserves	**2 220**	**587**			**- 3**	**84**	**2 301**	**571**
Risk premium	1 752	1 455			9	382	2 143	1 905
Risk addition	-1 025	- 922			- 3	148	- 880	-1 208
Net reinsurance etc. [1]	- 151	- 41				- 4	- 155	- 44
Risk result	**576**	**493**			**6**	**526**	**1 108**	**653**
Administration premium	1 496	1 550			142	987	2 624	2 563
Operating expenses	-1 033	-1 173			- 60	- 790	-1 883	-1 641
Administration result	463	377			82	197	742	923
Other results [2]	-2 287	- 454	4	6			-2 271	- 430
Premium for guaranteed interest	463	513					463	513
Risk profit	182	201					182	201
Gross result for sector	**1 617**	**1 716**	**4**	**6**	**86**	**807**	**2 525**	**2 431**
Investment result and risk result to policyholders	- 185	- 218					- 185	- 218
Owners contribution to strengthen the longevity reserve	- 391						- 391	
Profit for the year	**1 041**	**1 498**	**4**	**6**	**86**	**807**	**1 949**	**2 213**

1) The items other insurance-related income (in note 15) and other insurance-related costs (in note 15) 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	2014 Policy-holders	2014 Owner	2013 Policy-holders	2013 Owner
Administration result				6		13		19	2	4
Investment result	6			18			6	18	42	20
Risk result	51			133		2	51	134	61	138
Profit allocation	3	-3					3	-3	-28	28
To/from additional statutory reserves and buffer capital	-52						-52		-15	
Other									-2	
Technical result	**7**	**-3**		**156**		**15**	**7**	**169**	**60**	**189**

Annuity/pension insurance

NOK million	Profit allocation Policy-holders	Profit allocation Owner	Investment choice Policy-holders	Investment choice Owner	2014 Policy-holders	2014 Owner	2013 Policy-holders	2013 Owner
Administration result	-7			16	-7	16	-5	20
Investment result	44				44		182	
Risk result	60			2	60	2	-15	1
Profit allocation							4	-4
To/from additional statutory reserves and buffer capital	-83				-83		-141	
Other	-2				-2			
Technical result	**12**	**0**		**18**	**12**	**18**	**25**	**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 Owner	Defined contribution with investment choice Policy-holders	Defined contribution with investment choice Owner
Administration result		125		35		147
Investment result	1 327		1 222			- 14
Risk result	119	41	130	11		
Premium for guaranteed interest and risk profit		548				
Profit allocation						
To/from additional statutory reserves and buffer capital	- 302		- 72			
Other	- 863	- 130	-1 109	- 161		
Technical result	**280**	**584**	**170**	**- 114**		**133**

Group pension private insurance

NOK million	Not eligible for profit allocation Policy-holders	Not eligible for profit allocation Owner	2014 Policy-holders	2014 Owner	2013 Policy-holders	2013 Owner
Administration result		27		334		294
Investment result		41	2 548	27	- 817	30
Risk result		- 41	248	11	95	- 79
Premium for guaranteed interest and risk profit		20		567		610
Profit allocation					- 12	12
To/from additional statutory reserves and buffer capital			- 374		1 088	
Other			-1 972	- 291	- 210	- 30
Technical result		**46**	**451**	**649**	**143**	**838**

Group pension public insurance

NOK million	Defined benefit without investment choice Policy-holders	Owner	2014 Policy-holders	Owner	2013 Policy-holders	Owner
Administration result		30		30		23
Investment result	151		151		149	
Risk result					53	53
Premium for guaranteed interest and risk profit		78		78		104
Profit allocation						
To/from additional statutory reserves and buffer capital	-123		-123			
Other	78	-100	78	-100	-212	
Technical result	**106**	**8**	**106**	**8**	**-11**	**179**

Note 17 Sales of insurance (new business)

NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance	Storebrand Livsforsikring Group
2014	136		8	341	4	16	506
2013	172		3	693	5	11	885

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 18) are not included in these figures.

Note 18 Transfers of insurance reserves

NOK million	Group pension private insurance	Group pension public insurance	Endowment insurance	Annuity/ pension insurance	Storebrand Livsforsikring AS 2014	2013
Funds received						
Premium reserve	920	4	6	159	1 088	3 010
Additional statutory reserves	-4				-4	106
Transfers of premium reserve etc.	**916**	**4**	**6**	**159**	**1 084**	**3 116**
Premium funds						33
Number of policies/customers	507	5	61	292	865	1 191
Funds transferred out						
Premium reserve	-1 513	-10 788	-68	-82	-12 452	-7 429
Additional statutory reserves	-6	-263			-269	-155
Value adjustment fund	-1				-1	-1
Transfers of premium reserve etc.	**-1 520**	**-11 051**	**-68**	**-83**	**-12 722**	**-7 585**
Premium funds						
Number of policies/customers	1 071	171	118	271	1 631	2 287

Note 19

Net financial income

NOK million	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring Group 2013	Storebrand Livsforsikring AS 2014	Storebrand Livsforsikring AS 2013
Interest lending	171	158	555	566
Interest bank	73	188	36	38
Interest bonds and other fixed-income securities at fair value	3 599	3 345	1 836	1 172
Interest bonds amortised cost	3 809	3 500	3 809	3 500
Interest derivatives	565	385	17	39
Interest income other	- 147	- 115	- 144	- 96
Equity dividends	767	897	323	179
Total interest income and equity dividends etc. financial assets	**8 837**	**8 360**	**6 431**	**5 398**
Revaluation of real estate	433	4		
Revaluation of equities	11 135	12 843	2 220	5 318
Revaluation bonds and other fixed-income securities at fair value	3 898		2 034	878
Revaluation derivatives	4 200	-2 085	127	- 101
Total revaluation on investments	**19 666**	**10 761**	**4 381**	**6 095**
Profit on real estate	- 10	- 330	6	
Profit on equities	5 783	2 250	4 660	1 791
Profit on bonds and other fixed-income securities at fair value	1 919	- 224	586	- 425
Profits on derivatives	-2 979	-2 690	-2 985	-2 688
Profit on bonds at amortised cost	9	1	7	1
Currency gains, equities	3 064	789	2 080	1 050
Currency gains, bonds and other fixed-income securities at fair value	787	169	416	712
Currency gains, derivatives	-3 326	838	-1 940	75
Currency gains, bonds at amortised cost	59	85	59	85
Currency gains, other	88	- 94	95	- 1
Total gains and losses on financial assets	**5 394**	**795**	**2 985**	**600**
Interest costs subordinated loans	442	468	442	468
Total interest costs	**442**	**468**	**442**	**468**

Note 20

Net income from real estate

NOK million	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring Group 2013
Rent income from real estate [1]	1 693	1 734
Operating costs (including maintenance and repairs) relating to real estate that have provided rent income during the period [2]	- 282	- 318
Result minority defined as liabilitites	- 160	- 130
Total	**1 251**	**1 285**
Realised gains/losses	- 10	- 330
Change in fair value	433	4
Total income real estate	**1 674**	**959**
1) Of which real estate for own use	169	141
2) Of which real estate for own use	- 71	- 24

Note 21 Other insurance related income

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2014	2013	2014	2013
Interest income insurance	7	66	7	6
Management fee	682	647		
Other insurance relates fees	33	36		
Indexing fees	160	147		
Administration fees	85	56		
Return comissions	416	172	231	171
Other income	355	270	19	41
Total other insurance related income	**1 739**	**1 394**	**256**	**217**

Note 22 Other income

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2014	2013	2014	2013
Interest income on management bank deposits	26	26	26	26
Management fees, asset management	150	133		
Revenue from companies other than insurance	254	246		
Other income	80	23		
Total other income	**510**	**427**	**26**	**26**

Note 23 Sales cost

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2014	2013	2014	2013
Salaries and personnel costs own sales resources	-400	-240	-246	-131
Other sales costs own resources	-171	-232	-41	-149
Commissions to external distributors	-148	-117	-25	-70
Total sales costs	**-719**	**-589**	**-312**	**-351**
Change in pre-paid direct selling expenses	2	19		

Note 24 Pension costs and pension liabilities

STOREBRAND LIVSFORSIKRING GROUP

Storebrand Group has country-specific pension schemes.

On 28 October 2014 the Board of Directors of Storebrand ASA decided to change the pension scheme for its own employees from a defined-benefit to a defined-contribution plan with effect from 1 January 2015. Up until 31 December 2014, Storebrand in Norway has had both a defined-contribution and a defined-benefit scheme. The defined-benefit scheme was closed to new members from 1 January 2011, and a defined-contribution scheme was established from the same point in time. In connection with the transition to a defined-contribution pension the employees will be issued with a traditional paid-up policy for the rights accrued in the guaranteed pension scheme. This has been taken into account in the pension liabilities at 31 December 2014. There are certain obligations related to people on sick leave and partially disabled employees for whom the defined-benefit scheme will continue to apply for a period.

According to IAS 19 assets and liabilities linked to the defined-benefit scheme shall be derecognised when a non-reversible decision has been made to discontinue a defined-benefit scheme (and it is not replaced by a similar scheme). The assumptions used in the calculations must be updated and the effects of this must be recognised in total comprehensive income. Effects that were recognised in total comprehensive income in previous periods shall not be reclassified to profit or loss (IAS 19.122). Gains and losses on derecognition are recognised through profit or loss.

For the uninsured insurance liabilities for salaries over 12 G, employees have been offered cash release of the accrued rights, payable at the beginning of 2015, with the exception of executive management employees, who will receive payments spread over five years. These uninsured insurance liabilities were included in the statement of financial position at 31 December 2014. There are also defined-benefit liabilities in the statement of financial position related to direct pensions for certain former employees and former board members.

The new defined-contribution scheme that comes into effect from 1 January 2015 has the following components and premiums:

- 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 88 370 at 31 December 2014)
- 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

For the defined-contribution scheme up until 31 December 2014 the saving rates were 5 per cent of salary between 1 and 6 G, 8 per cent of salary between 6 and 12 G, plus a defined-contribution scheme funded through operations that amounts to 20 per cent of the contribution basis for salaries above 12 G per year.

From 1 January 2013 Storebrand has been a member of the AFP contractual early retirement pension scheme. The private AFP pension scheme shall be accounted for as a defined-benefit multi-employer scheme and is financed through annual premiums that are set at 1 per cent of salary between 1 and 7.1 G. There is no reliable information available for recognition of the new liability in the statement of financial position. Storebrand employees in Norway who were born before 1 January 1956 can choose between drawing a contractual early retirement pension (AFP) or retiring at the age of 65 and receiving a direct pension from the company until they reach the age of 67. Payment of AFP is lifelong, and employees can choose to receive an AFP pension from the age of 62 and still continue to work. Storebrand's direct pension scheme with payment between the age of 65 and 67 has been discontinued for other employees.

All members of the pension schemes have associated survivor's and disability cover.

The pension plan for employees in SPP follows the plan for bank employees in Sweden. The ordinary retirement age is 65 in accordance with the pension agreement between the Employer's Association of the Swedish Banking Institutions (BAO) and the trade unions that are part of BTP. The amount is 10 per cent of the annual salary up to 7.5 times the basic income amount, which was SEK 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 retirement age for SPP's CEO is 62 years. The CEO is also covered by a defined-contribution pension plan, whereby the company pays 35 per cent of the CEO's fixed salary in pension premiums. In addition, he has a predefined pension plan with a lifelong pension of 16.25 per cent of the fixed salary in the interval from 30 to 50 times the "basic income amount". The retirement pension from age 62 to 65 amounts to 65 per cent of the fixed salary, limited to a maximum of SEK 4 045 000. The pension terms comply otherwise with the pension agreement between BAO and the Union of Financial Sector Employees or SACO, respectively (BTP plan). The company secures its pension liabilities through the payment of insurance premiums during the employment period.

The pension for the employees of Nordben Life and Pension Insurance Company LTD and Euroben Life and Pension LTD is covered by a defined-contribution scheme. In addition, the employees of Nordben are covered by a lump sum upon death during their period of service.

Reconciliation of pension assets and liabilities in the statement of financial position

NOK million	2014	2013
Present value of insured pension liabilities	934	1 821
Fair value of pension assets	-813	-1 620
Net pension liabilities/assets insured scheme	121	201
Present value of unsecured liabilities	166	374
Net pension liabilities recognised in statement of financial position	**288**	**575**

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

Booked in statement of financial position

NOK million	2014	2013
Pension liabilities	288	575

Changes in the net defined benefit pension liabilities in the period

NOK million	2014	2013
Net pension liabilities 01.01	2 195	2 258
Pensions earned in the period	94	114
Pension cost recognised in period	88	90
Estimate deviations	380	- 59
Gain/loss on insurance reductions	- 79	
Pensions paid	- 72	- 60
Changes to pension scheme	-1 498	- 229
Pension liabilities additions/disposals and currency adjustments	9	102
Payroll tax of employer contribution, assets	- 16	- 21
Net pension liabilities 31.12	**1 101**	**2 195**

Changes in the fair value of pension assets

NOK million	2014	2013
Pension assets at fair value 01.01	1 620	1 418
Expected return	57	56
Estimate deviation	30	- 49
Gain/loss on insurance reductions	- 79	
Premiums paid	159	145
Pensions paid	- 40	- 39
Changes to pension scheme	- 941	
Pension liabilities additions/disposals and currency adjustments	8	90
Payroll tax of employer contribution, assets	- 1	- 1
Net pension assets 31.12	**813**	**1 620**

Expected premium payments (pension assets) in 2015	51
Expected premium payments (contributions) in 2015	189
Expected AFP early retirement scheme payments in 2015	17
Expected payments from operations (uninsured scheme) in 2015	25

Pension assets are based on the financial assets held by Storebrand Livsforsikring/SPP composed at 31.12

	Storebrand Livsforsikring AS		SPP Livförsäkring AB	
	2014	2013	2014	2013
Real estate	10%	12%	5%	6%
Bonds at amortised cost	40%	48%		
Mortgage loans and other loans		2%		
Equities and units	15%	16%	9%	11%
Bonds	28%	20%	83%	83%
Certificates	8%	2%		
Other short-term financial assets	0%	0%	3%	
Total	**100%**	**100%**	**100%**	**100%**
Realised return on assets	5.4 %	3.3 %	11.6 %	1.4 %

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 14.

Net pension cost booked to profit and loss account, specified as follows

NOK million	2014	2013
Current service cost	95	114
Net interest cost/expected return	-14	33
Changes to pension scheme	-560	-229
Gain/loss on insurance reductions		1
Total for defined benefit schemes	**-479**	**-80**
The period's payment to contribution scheme	146	80
Net pension cost recognised in profit and loss account in the period	**-333**	**-1**

Other Comprehensive Income (OCI) in the period

NOK million	2014	2013
Actuarial loss (gain) - change in discount rate	393	-62
Actuarial loss (gain) - change in other financial assumptions	-125	-23
Actuarial loss (gain) - change in mortality table		111
Actuarial loss (gain) - change in other demographic assumptions	31	
Actuarial loss (gain) - experience DBO	80	-90
Loss (gain) - experience Assets	-41	40
Investment management cost	12	12
Asset ceiling - asset adjustment		3
Remeasurements loss (gain) in the period	**350**	**-10**

Main assumptions used when calculating net pension liability 31.12

	Storebrand Livsforsikring AS		SPP Livförsäkring AB	
	2014	2013	2014	2013
Discount rate [1]	3.0 %	4.0 %	3.0 %	4.0 %
Expected earnings growth	3.0 %	3.3 %	3.5 %	3.5 %
Expected annual increase in social security pensions	3.0 %	3.5 %	3.0 %	3.0 %
Expected annual increase in pensions payment	0.1 %	0.1 %	2.0 %	2.0 %
Disability table	KU	KU		
Mortality table	K2013BE	K2013BE	DUS14	DUS06

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.

IAS 19.78 states that high-quality corporate bond rates shall be used as the discount rate. In countries where there is no deep market for such bonds, the government bond rates shall be used. Storebrand has applied the covered bond rate at 31 December 2014 as the discount rate. Based on the market and volume development observed, the Norwegian covered bond market must be perceived as a deep market in relation to the provisions in IAS 19, in the opinion of Storebrand.

In 2013 Storebrand (Norway) amended the pension rules in the collective schemes for employees and former employees of the company. The change entailed that pensions in payment no longer have a provision concerning annual adjustment by a minimum of 80 per cent of the change in the consumer price index. 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 2014.

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

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.

	Discount rate		G-growth	
Norway	0.5 %	-0.5 %	0.5 %	-0.5 %
Percentage change in pension liabilities	-8%	10%	5%	-4%

Sweden	Discount rate 1.0 %	Discount rate -1.0 %	Expected earnings growth 1.0 %	Expected earnings growth -1.0 %	Expected annual increase in pensions payment 1.0 %	Expected annual increase in pensions payment -1.0 %	Mortality- change in expected life expectancy +1 year	Mortality- change in expected life expectancy -1 year
Percentage change in pension:								
Pension liabilities	-20%	26%	5%	-6%	15%	-13%	4%	-4%
The period's net pension costs	-33%	21%	4%	-22%	3%	-23%	-8%	-14%

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.

Pension costs and pension liabilities

STOREBRAND LIVSFORSIKRING AS

Storebrand Group has country-specific pension schemes.
On 28 October 2014 the Board of Directors of Storebrand ASA decided to change the pension scheme for its own employees from a defined-benefit to a defined-contribution plan with effect from 1 January 2015. Up until 31 December 2014, Storebrand in Norway has had both a defined-contribution and a defined-benefit scheme. The defined-benefit scheme was closed to new members from 1 January 2011, and a defined-contribution scheme was established from the same point in time. In connection with the transition to a defined-contribution pension the employees will be issued with a traditional paid-up policy for the rights accrued in the guaranteed pension scheme. This has been taken into account in the pension liabilities at 31 December 2014. There are certain obligations related to people on sick leave and partially disabled employees for whom the defined-benefit scheme will continue to apply for a period.

According to IAS 19 assets and liabilities linked to the defined-benefit scheme shall be derecognised when a non-reversible decision has been made to discontinue a defined-benefit scheme (and it is not replaced by a similar scheme). The assumptions used in the calculations must be updated and the effects of this must be recognised in total comprehensive income. Effects that were recognised in total comprehensive income in previous periods shall not be reclassified to profit or loss (IAS 19.122). Gains and losses on derecognition are recognised through profit or loss.

For the uninsured insurance liabilities for salaries over 12 G, employees have been offered cash release of the accrued rights, payable at the beginning of 2015, with the exception of executive management employees, who will receive payments spread over five years. These uninsured insurance liabilities were included in the statement of financial position at 31 December 2014. There are also defined-benefit liabilities in the statement of financial position related to direct pensions for certain former employees and former board members.

The new defined-contribution scheme that comes into effect from 1 January 2015 has the following components and premiums:
-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 88,370 at 31 December 2014)
-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

For the defined-contribution scheme up until 31 December 2014 the saving rates were 5 per cent of salary between 1 and 6 G, 8 per cent of salary between 6 and 12 G, plus a defined-contribution scheme funded through operations that amounts to 20 per cent of the contribution basis for salaries above 12 G per year.

From 1 January 2013 Storebrand has been a member of the AFP contractual early retirement pension scheme. The private AFP pension scheme shall be accounted for as a defined-benefit multi-employer scheme and is financed through annual premiums that are set at 1 per cent of salary between 1 and 7.1 G. There is no reliable information available for recognition of the new liability in the statement of financial position. Storebrand employees in Norway who were born before 1 January 1956 can choose between drawing a contractual early retirement pension (AFP) or retiring at the age of 65 and receiving a direct pension from the company until they reach the age of 67. Payment of AFP is lifelong, and employees can choose to receive an AFP pension from the age of 62 and still continue to work. Storebrand's direct pension scheme with payment between the age of 65 and 67 has been discontinued for other employees.

All members of the pension schemes have associated survivor's and disability cover.

Reconciliation of pension assets and liabilities in the statement of financial position

NOK million	2014	2013
Present value of insured pension liabilities	135	984
Fair value of pension assets	-118	-898
Net pension liabilities/assets insured scheme	**17**	**86**
Present value of unsecured liabilities	156	346
Net pension liabilities recognised in statement of financial position	**174**	**432**

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

Booked in statement of financial position

NOK million	2014	2013
Pension liabilities	174	432

Changes in the net defined benefit pension liabilities in the period

NOK million	2014	2013
Net pension liabilities 01.01	1 330	1 412
Pensions earned in the period	65	77
Pension cost recognised in period	55	56
Estimate deviations	255	17
Pensions paid	- 46	- 42
Changes to pension scheme	-1 356	- 178
Payroll tax of employer contribution, assets	- 13	- 12
Net pension liabilities 31.12	**291**	**1 330**

Changes in the fair value of pension assets

NOK million	2014	2013
Pension assets at fair value 01.01	898	840
Expected return	29	33
Estimate deviation	-9	-34
Premiums paid	91	82
Pensions paid	-24	-23
Changes to pension scheme	-866	
Net pension assets 31.12	**118**	**898**

Expected premium payments (pension assets) in 2015	6
Expected premium payments (contributions) in 2015	69
Expected AFP early retirement scheme payments in 2015	14
Expected payments from operations (uninsured scheme) in 2015	9

Pension assets are based on the financial assets held by Storebrand Livsforsikring composed at 31.12

NOK million	2014	2013
Real estate	10%	17%
Bonds at amortised cost	40%	35%
Mortgage loans and other loans		2%
Equities and units	15%	14%
Bonds	28%	18%
Certificates	8%	14%
Total	**100%**	**100%**
Realised return on assets	5.4 %	3.3 %

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 14.

Net pension cost booked to profit and loss account, specified as follows

NOK million	2014	2013
Current service cost	66	77
Net interest cost/expected return	26	22
Changes to pension scheme	-489	-178
Total for defined benefit schemes	**-397**	**-78**
The period's payment to contribution scheme	17	13
Net pension cost recognised in profit and loss account in the period	**-381**	**-65**

Other Comprehensive Income (OCI) in the period

NOK million	2014	2013
Actuarial loss (gain) - change in discount rate	241	
Actuarial loss (gain) - change in other financial assumptions	-16	-21
Actuarial loss (gain) - change in mortality table		97
Actuarial loss (gain) - experience DBO	30	-58
Loss (gain) - experience Assets	-1	24
Investment management cost	10	10
Remeasurements loss (gain) in the period	**264**	**51**

Main assumptions used when calculating net pension liability 31.12

	2014	2013
Discount rate [1)]	3.0 %	4.0 %
Expected earnings growth	3.0 %	3.3 %
Expected annual increase in social security pensions	3.00%	3.50%
Expected annual increase in pensions payment	0.1 %	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.

IAS 19.78 states that high-quality corporate bond rates shall be used as the discount rate. In countries where there is no deep market for such bonds, the government bond rates shall be used. Storebrand has applied the covered bond rate at 31 December 2014 as the discount rate. Based on the market and volume development observed, the Norwegian covered bond market must be perceived as a deep market in relation to the provisions in IAS 19, in the opinion of Storebrand.

In 2013 Storebrand (Norway) amended the pension rules in the collective schemes for employees and former employees of the company. The change entailed that pensions in payment no longer have a provision concerning annual adjustment by a minimum of 80 per cent of the change in the consumer price index.

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 2014.

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.

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.

	Discount rate		G-growth	
	0.5 %	-0.5 %	0.5 %	-0.5 %
Percentage change in pension liabilities	-8%	10%	5%	-4%

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 25

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	2 495	1 384	178	4 057	12		7 221
Lars Aa. Løddesøl 5)	3 869	308	182	4 359	18	10 158	40 832
Heidi Skaaret 5)	2 557	1 384	167	4 109	12	5 750	2 761
Hege Hodnesdal	2 724			2 724	18		119 401
Robin Kamark	3 790	1 999	167	5 957	18	3 625	12 761
Arne Hove	1 651		136	1 787		2 623	
Sarah McPhee 5)	3 999	2 374	65	6 438	18		44 484
Sum 2014	**21 086**	**7 448**	**896**	**29 431**		**22 156**	**227 460**
Sum 2013	17 289	6 056	973	24 318		30 826	113 072

1) Earned bonus at 31.12.14. Senior executives are contractually entitled to performance related bonuses. 50% of the earned bonus is paid in cash. The remaining amount is converted to synthetic shares based on the market price. These are registered in a share bank with a lock-in period of three years. At the end of three years, the value of the synthetic share is calculated at a new market price. Half of the amount paid from the share bank shall, after tax, be used to purchase shares in Storebrand ASA at market price, with a new three-year lock -in period.
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 loanamount hold market rate.
4) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act section 7-26.

NOK thousand	Pension accrued for the year	Estimated pension liabilities at 31 December 2014	Value of paid-up policies issued at 1 January 2015 1)	Settlement value of direct in excess of 12G/transferred to pension account 2) 5)	Accounting gain for Storebrand from discontinuation of defined benefit pensions (before compesation) 3)	Value of compensation to employees 4) 5)
Geir Holmgren	562	9 970	1 465	4 111	4 394	576
Lars Aa. Løddesøl	1 252	18 157	1 851	8 396	7 909	3 465
Heidi Skaaret	677	1 579		928	651	
Hege Hodnesdal		3 718		3 718		
Robin Kamark	1 123	2 627		1 667	961	
Arne Hove 7)	453	1 736	506	671	559	525
Sarah McPhee 6)	4 146	7 361				
Sum 2014	**8 212**	**45 147**	**3 823**	**19 490**	**14 474**	**4 565**
Sum 2013	7 926	34 501				

1) Paid-up policies related to guaranteed pension scheme for salaries below 12G issued on 1 January 2015.

2) Redemption of pension rights earned in excess of 12G.

3) Estimated gain for Storebrand before value of compensation related to transition to defined contribution pensions. This is calculated as the "Estimated pension liabilities as at 31 December 2014" minus "Value of paid-up policies issued as at 1 January 2015" minus "Settlement value of direct pension in excess of 12G".

4) Compensation related to the transition to defined contribution pensions is estimated based on Storebrand's general compensation model.

5) Total amount will be transferred to a pension account with one-fifth of the annual added interest. The amount will be taxed as wage income and the net amount after tax will be transferred to a pension account ("Extra Pension" product).

6) The retirement age for SPP's CEO is 62 years old. SPP's CEO is covered by a defined contribution based scheme in addition to a defined benefits scheme.

NOK thousand	Remuneration	No. of shares owned [1]	Loan
Board			
Odd Arild Grefstad	6 854	56 530	5 114
Bodil Cathrine Valvik	89	1 839	1 702
Inger Johanne Bergstøl	200		
Jan Otto Risebrobakken		6 302	3 866
Tove Margrete Storrødvann	200		
Peik Norenberg	200		
Erik Haug Hansen	152	6 417	3 500
Total 2014	**7 694**	**71 088**	**14 182**
Total 2013	4 917	65 765	16 039
Control Commitee [2]			
Elisabeth Wille	332	163	
Harald Moen	239	595	
Ole Klette	239		
Tone Margrethe Reierselmoen	239	1 734	368
Finn Myhre	280		2 390
Anne Grete Steinkjer	239	1 800	
Total 2014	**1 566**	**4 292**	**2 757**
Total 2013	1 549	4 292	4 111

1) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.

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

Note 26 Remuneration paid to auditors

The remuneration paid to Deloitte AS and coadjutant companies amounts to

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group			
NOK million	2014	2013	Deloitte	Other auditors	2014	2013
Statutory audit	2.1	1.3	8.3		8.3	6.9
Other reporting duties			0.7		0.7	1.0
Tax advice	0.1	0.5	1.2		1.2	1.5
Other non-audit services	0.2	0.2	1.4	0.1	1.5	0.3
Total remuneration to auditors	**2.4**	**2.0**	**11.5**	**0.1**	**11.6**	**9.7**

The amounts are excluding VAT.

Note 27 Other insurance related expenses

NOK million	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring Group 2013	Storebrand Livsforsikring AS 2014	Storebrand Livsforsikring AS 2013
Pooling	115	66	115	41
Interest cost for insurance	91	39	91	39
Management fee discount	27	19	27	19
Administration reserve for paid up policies	185	89	185	89
Losses on policyholders		39		
Other expenses	41	10	17	17
Total other insurance related expenses	**459**	**262**	**434**	**204**

Note 28 Other costs

NOK million	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring Group 2013	Storebrand Livsforsikring AS 2014	Storebrand Livsforsikring AS 2013
Borrowing costs	460	468	442	468
Amortisation of intangible assets	380	375		
Operational costs - non insurance	345	291		
Total other costs	**1 185**	**1 134**	**442**	**468**

Note 29 Tax

NOK million	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring Group 2013	Storebrand Livsforsikring AS 2014	Storebrand Livsforsikring AS 2013
Tax payable	-5	-2		
Deferred tax	-354	-68	-279	-57
Total tax charge	**-359**	**-70**	**-279**	**-57**

Reconciliation of expected and actual tax cost

NOK million	2014	2013	2014	2013
Ordinary pre-tax profit	1 999	2 050	1 260	2 001
Expected income tax at nominal rate	-540	-574	-340	-560
Tax effect of				
realised/unrealised shares	10	10	-73	2
share dividends received	6		6	66
associated companies	-2			86
permanent differences	147	346	30	218
recognition/write-down of tax assets	13	13		
change in tax rules		46		46
Changes from previous years	6	89	98	86
Total tax charge	**-359**	**-70**	**-279**	**-57**
Effective tax rate [1]	18%	3%	22%	3%

1) The effective tax rate is influenced by the fact that the Group has operations in various countries with tax rates that are different from Norway (27 per cent). In addition, the income tax expense is also influenced by tax effects relating to previous years.

Calculation of deferred tax assets and deferred tax on temporary differences and losses carried forward

NOK million	2014	2013	2014	2013
Tax-increasing temporary differences				
Securities	12 645	9 743	12 645	9 743
Real estate	8 972	8 030	8 389	7 595
Operating assets	7	7		
Pre-paid pensions		3		
Other	781	802		
Total tax-increasing temporary differences	**22 405**	**18 584**	**21 034**	**17 339**
Tax-reducing temporary differences				
Securities		- 233		- 233
Operating assets	- 10	- 13	- 12	- 7
Provisions	-6 551	-4 409	-6 538	-4 371
Accrued pension liabilities	- 189	- 479	- 174	- 432
Gains/losses account		- 14		- 13
Other	- 157	- 41		- 39
Total tax-reducing temporary differences	**-6 907**	**-5 189**	**-6 723**	**-5 095**
Carryforward losses	-9 389	-8 301	-8 941	-7 836
Total tax loss and assets carried forward	**-9 389**	**-8 301**	**-8 941**	**-7 836**
Basis for net deferred tax and tax assets	6 109	5 094	5 370	4 408
Write-down of basis for deferred tax assets	322	242		
Net basis for deferred tax and tax assets	6 431	5 336	5 370	4 408
Net deferred tax assets/liabilities in balance sheet	1 736	1 441	1 450	1 190
Recognised in balance sheet				
Deferred tax assets				
Deferred tax	1 736	1 441	1 450	1 190

The Group's tax-increasing temporary differences also include temporary differences linked to the Group's investment properties. These properties are for the most part recorded in the Norwegian life insurance company's customer portfolios and recorded in the accounts of Storebrand Eiendom Holding AS (SEH), which is owned by Storebrand Livsforsikring AS. If these companies 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 8.4 billion), are included in the Group's temporary differences, on which deferred tax is calculated at a nominal tax rate of 27 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).

The equity includes a risk equalisation reserve that can only be used to cover a negative risk result. Tax deductions related to the build-up of this reserve are treated as a permanent difference between the financial and tax accounts. See "Reconciliation of the Group's equity" for more details concerning this.

Note 30 Intangible assets and goodwill

Storebrand Livsforsikring Group

NOK million	Brand names	IT- systems	Customer lists	Value of business in force	Other intangible assets	Goodwill	2014	2013
	Intangible assets							
Acquisition cost 01.01	189	254	550	9 352	10	798	11 151	10 057
Additions in the period:								
Developed internally		64					64	75
Disposals in the period								- 8
Currency differences	3		8	130		11	151	1 027
Other changes		5					5	- 8
Acquisition cost 31.12	**192**	**323**	**557**	**9 482**	**10**	**808**	**11 372**	**11 152**
Accumulated depreciation and write-downs 01.01	- 113	- 110	- 330	-4 910	- 9		-5 472	-4 579
Amortisation in the period	- 46	- 32	- 17	- 317			- 413	- 407
Disposals in the period								9
Translation differences from converting foreign units	- 4		- 5	- 82			- 91	- 487
Other changes		- 5					- 5	
Accumulated depreciation and write-downs 31.12	**- 163**	**- 147**	**- 352**	**-5 309**	**- 10**		**-5 981**	**-5 472**
Book value 31.12	**29**	**176**	**205**	**4 173**	**0**	**808**	**5 391**	**5 679**

Specification of intangible assets

NOK million	Useful economic life	Depreciation rate	Depreciation method	Book value 2014	Book value 2013
Brand name SPP	10 years	10%	Straight line	29	76
IT systems	5 years	20%	Straight line	176	144
Customer lists SPP	10 years	10%	Straight line	205	220
Value of business in force SPP	20 years	5%	Straight line	4 173	4 442

Goodwill distributed by business acquisition

NOK million	Acquisition cost 01.01	Book value 01.01	Translation differences	Book value 31.12
SPP	798	798	11	808
Total	**798**	**798**	**11**	**808**

Goodwill is tested annually for impairment.

Storebrand Livsforsikring AS

NOK million	IT- systems	Total 2014	Total 2013
Acquisition cost 01.01	247	247	180
Additions in the period:			
Developed internally	64	64	75
Disposals in the period			-7
Other changes	5	5	
Acquisition cost 31.12	**316**	**316**	**247**
Accumulated depreciation and write-downs 01.01	-103	-103	-72
Amortisation in the period	-32	-32	-31
Other changes	-5	-5	
Accumulated depreciation and write-downs 31.12	**-140**	**-140**	**-103**
Book value 31.12.	**176**	**176**	**144**

NOK million	Lifetime	Depreciation rate	Depreciation method	Book value 31.12
IT - systems	5 years	20%	Straight line	176

IMPAIRMENT TESTING OF INTANGIBLE ASSETS AND GOODWILL

Storebrand Livsforsikring AS acquired SPP Livförsäkring AB and its subsidiaries in 2007. The majority of the intangible assets associated with SPP comprise the value of in-force business (VIF), for which a separate liability adequacy test has been performed in accordance with the requirements of IFRS 4. In order to determine whether goodwill and other intangible assets associated with SPP have suffered an impairment in value, estimates are made of the recoverable amount for the relevant cash-flow generating units. Recoverable amounts are established by calculating the enterprise's utility value. SPP is regarded as a single cash flow generating unit, and the development of future administration results, risk results and financial results for SPP will affect its utility value. In calculating the utility value, budgets and forecasts approved by the Board for the next three years have been used.

The forecast for the various result elements is based on the development in recent years. Assessments have been made for the period from 2015 to 2024, and the annual growth for each element in the income statement has been estimated. The primary drivers of improved 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 7.2 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.

Note 31 Classification of financial assets and liabilities

Storebrand Livsforsikring AS

NOK million	Lendings and receivables	Investments, held to maturity	Fair value, held for sale	Fair value, FVO	Liabilities at amortised cost	Total
Financial assets						
Bank deposits	3 732					3 732
Shares and units				45 314		45 314
Bonds and other fixed-income securities	66 012	15 131		78 819		159 963
Lending to customers	4 682					4 682
Accounts receivable and other short-term receivables	3 411					3 411
Derivatives			1 255			1 255
Total financial assets 2014	**77 837**	**15 131**	**1 255**	**124 133**		**218 356**
Total financial assets 2013	75 913	15 120	604	117 499		209 136
Financial liabilities						
Subordinated loan capital					6 656	6 656
Derivatives			3 023			3 023
Other current liabilities					2 206	2 206
Total financial liabilities 2014			**3 023**		**8 862**	**11 886**
Total financial liabilities 2013			438		9 091	9 529

Storebrand Livsforsikring Group

NOK million	Lendings and receivables	Investments, held to maturity	Fair value, held for sale	Fair value, FVO	Liabilities at amortised cost	Total
Financial assets						
Bank deposits	8 193					8 193
Shares and units				118 429		118 429
Bonds and other fixed-income securities	66 012	15 131		177 987		259 130
Lending to customers	4 682					4 682
Accounts receivable and other short-term receivables	5 006					5 006
Derivatives			5 680			5 680
Total financial assets 2014	**83 894**	**15 131**	**5 680**	**296 416**		**401 121**
Total financial assets 2013	81 243	15 120	1 493	275 200		373 056
Financial liabilities						
Subordinated loan capital					7 324	7 324
Derivatives			4 279			4 279
Other current liabilities					14 235	14 235
Total financial liabilities 2014			**4 279**		**21 559**	**25 838**
Total financial liabilities 2013			2 122		13 006	15 128

Note 32 Real estate

Type of real estate			31/12/14			
NOK mill.	31/12/14	31/12/13	Required rate of return % 2)	Average duration of lease (years) 4)	m2	Leased amount in % 1)
Office buildings (including parking and storage):						
Oslo-Vika/Filipstad Brygge	6 499	6 196	7.5-8.4	4.2	135 788	85%
Rest of Greater Oslo	9 200	7 148	8.1-10.0	6.5	521 997	95%
Rest of Norway		2 477				
Office buildings in Sweden	1 002	985		11.0	40 586	99%
Shopping centres (including parking and storage)						
Rest of Greater Oslo	1 177	1 176	8.8-9.6	3.5	66 519	92%
Rest of Norway	5 775	5 234	7.4-8.5	3.8	213 949	97%
Car parks						
Multi-storey car parks in Oslo	691	671	7.9	2.0	27 393	100%
Cultural/conference centres in Sweden	321	390				
Other real estate:						
Real estate Sweden 3)						
Housing Sweden 3)	314	109		4.6	10 369	100%
Trading Sweden 3)	336			7.4	17 680	100%
Hotel Sweden 3)	1 052			12.6	22 486	99%
Real estate Norway	51	50				
Total investment real estate 5)	**26 419**	**24 437**	**7.9**		**1 056 767**	
Real estate for own use	2 583	2 491			59 693	96% / 99%
Total real estate	**29 002**	**26 928**	**7.9**		**1 116 460**	

1) Occupancy rate is calculated based on the floor space. The high vacancy rate in Vika / Aker Brygge is attributed, however, to vacancy related to renovation projects in Ruseløkkveien.

2) The real estate are valued on the basis of the following effective required rate of return (including 2.5 per cent inflation):

3) All of the properties in Sweden are appraised externally. This appraisal is based on the required rates of return in the market.

4) The average duration of the leases has been calculated proportionately based on the value of the individual properties.

5) The minority interests of Storebrand Eiendomsfond Norge KS represent NOK 3 230.6 million of this amount.

Transactions:

Purchases: Further SEK 70 million of property acquisitions in SPP has been agreed in 4 quarter in addition to the figures that has been finalised and included in the financial statements as of 31 December 2014

Sales: No further sales has been agreed on in Storebrand/SPP in addition to the figures that has been finalised and included in the financial statements as of 31 December 2014

Tangible fixed assets and properties for own use

NOK million	2014	2013
Book value 01.01	2 491	2 231
Additions	13	85
Disposals	-9	
Revaluation booked in balance sheet	74	88
Addition via acquisition/merger		
Depreciation	-64	-66
Write-ups due to write-downs in the period	63	66
Write-downs in the period		
Write-downs reversed in period		
Currency differences from converting foreign units	15	88
Other change		
Book value 31.12	**2 583**	**2 491**
Acquisition cost opening balance	2 595	2 511
Acquisition cost closing balance	2 599	2 595
Accumulated depreciation and write-downs opening balance	-346	-279
Accumulated depreciation and write-downs closing balance	-410	-346
Allocation by company and customers:		
Properties for own use - company	68	66
Properties for own use - customers	2 514	2 425
Total	**2 583**	**2 491**
Depreciation method:	Straight line	
Depreciation plan and financial lifetime:	50 year	

Note 33 Investments in subsidiaries and associated companies

IFRS 10 establishes a model for evaluating control that will apply to all companies, and the content of the control concept has changed in IFRS 10 in relation to IAS 27 and will entail an increased degree of assessment of units that are controlled by the company. Control exists when the investor has power over the investment object and possesses the right to variable yields from the investment object and simultaneously possesses the power and possibility to steer activities in the investment object that affect the yield.

In the Group's financial statements, securities funds in which Storebrand has an ownership percentage of around 40 per cent or more, and which are also managed by management companies within the Storebrand Group, are consolidated 100 per cent on the balance sheet. Minority ownership interests in consolidated securities funds are shown on one line for assets and correspondingly on one line for liabilities. In consequence of other investors in the funds being able to request redemption of their ownership interests from the respective funds, such are deemed to be minority interests that are classified as liabilities in Storebrand's consolidated financial statements.

Investors in Storebrand Eiendomsfond Norge KS can submit a redemption request annually. The equity attributable to minority interests is classified as a liability in the consolidated financial statements.

Specification of subsidaries with substantial minority (100% figures)

	2014			
NOK million	BenCo	Foran	Værdalsbruket	Ulven Holding AS
Assets	18 333	1 139	223	2 873
Liabilities	17 638	71	4	187
Equity - majority	625	1 037	164	2 421
Equity - minority	69	31	55	266
Ownership interest - minority	10%	3%	25%	10%
Voting rights as a percentage of the total number of shares	10%	3%	25%	10%
Income	2 487	69	29	144
Result after tax	93	43	10	116
Other income and cost			- 4	
Total comprehensive income	**93**	**43**	**6**	**116**
Dividend paid to minority	2			25

Ownership interests in associated companies and joint ventures Storebrand Livsforsikring Group

NOK million	Business location	Ownership interest	Acquisition cost	Book value 01.01	Additions/ disposals	Share of profit	Share of other income and costs
Norsk Pensjon AS	Oslo	25%	5	4			
Inntre Holding AS	Steinkjær	34%	2	48		11	
Formuesforvaltning AS	Oslo	21.3 %	147	153		5	
Handelsboderna i Sverige Fastighets AB	Stockholm	50%	7	35		26	-21
Försäkringsgirot AB	Karlstad	16%	2		24	-2	
Total ownership interests in associated companies and joint venture			**164**	**240**	**24**	**40**	**-21**

Receivables for associated companies and joint ventures

NOK million	2014	2013
Handelsboderna i Sverige Fastighets AB	11	186
Total	**11**	**186**

Income from associated companies and joint ventures

NOK million	2014	2013
Proportion of the result	40	14
Interest income	11	20
Realised change in value	14	57
Unrealised change in value	-25	12
Total	**40**	**102**

All transactions with associates are made on normal commercial terms

Ownership interests in associated companies and joint ventures Storebrand Livsforsikring AS

NOK million	Interest in %	Voting interest in %	Book value 31.12 2014	2013
Companies				
Aktuar Systemer AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	6	6
Storebrand Pensjonstjenester AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	7	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	12
Storebrand Holding AB, Stockholm	100.0	100.0	8 337	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 [1]	100.0	100.0	22 196	22 265
Storebrand Realinvesteringer AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	1	1
Benco Insurance Holding BV, Nederland	90.0	90.0	539	825
Foran Real Estate, Latvia [2]	67.8	67.8	723	637
Subsidiaries			**31 966**	**32 233**
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			**133**	**133**
Total investment in subsidiaries and associated companies			**32 099**	**32 367**
Subsidiaries classified as equities at fair value in the collective portfolio				
SBL Direct Investments 2006-2008 Ltd - Class B-1 [1]	100	100	160	141
SBL Vintage 1999 Ltd - Class B-1 [1]	100	100	26	39
SBL Vintage 2001 Ltd - Class B-1 [1]	100	100	8	19

1) Including group contributions

2) SPP Livförsäkring AB owns 29.3 percent of the shares in Foran Real Estate. Storebrand Livsforsikring Group owns a total of 97.1 percent in Foran Real Estate"

Loans to and securities issued by subsidiaries and associated companies Storebrand Livsforsikring AS

NOK million	2014	2013
Storebrand Holding AB - subordinated capital	6 728	7 351
Total	**6 728**	**7 351**

Note 34

Bonds at amortised cost

Lending and receivables

NOK million	2014 Book value	2014 Fair value	2013 Book value	2013 Fair value
Government and government-guaranteed bonds	12 649	14 730	15 297	16 084
Credit bonds	16 418	18 492	16 451	17 246
Mortgage and asset backed securities	18 722	22 284	18 983	20 716
Supranational organisations	18 223	21 207	14 698	15 722
Total bonds at amortised cost	**66 012**	**76 713**	**65 429**	**69 767**
Modified duration		5.7		6.0
Average effective yield	4.8 %	2.1 %	4.8 %	3.7 %

Bonds held to maturity

NOK million	2014 Book value	2014 Fair value	2013 Book value	2013 Fair value
Credit bonds	4 284	4 895	4 277	4 310
Mortgage and asset backed securities	9 809	11 673	9 814	10 605
Supranational organisations	1 038	1 225	1 029	1 028
Total bonds at amortised cost	**15 131**	**17 794**	**15 120**	**15 942**
Modified duration		6.9		7.3
Average effective yield	4.5 %	2.3 %	4.6 %	3.9 %

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 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 35 Equity and other units

NOK million	Storebrand Livsforsikring Group Fair value	Storebrand Livsforsikring AS Fair value
Finance industry		
ABG Sundal Collier	2	2
Aegon	6	3
Aflac Inc.	11	7
Ageas (BE)	2	2
AIA GROUP LTD	26	15
Allianz SE (Societas Europeae)	32	17
American Express	32	19
American International Group	34	20
Ameriprise Financial	12	7
Amp Ltd.	6	3
Annaly Capital Mngmt (Reit)	2	2
Aon Corp	10	6
Assicurazioni General	9	6
ASX Ltd	2	2
Aust & Nz Bank Group	28	16
Axis Capital Holdings	3	2
Banco Bilbao Vizcaya Argentaria, S.A.	23	13
Banco de Sabadell	4	2
Banco Popular ESP	3	2
Banco Populare	2	1
Banco Santander	41	23
Bank Kyoto	2	1
Bank of America Corp	70	42
Bank of East Asia	2	1
Bank of Montreal	18	11
Bank of New York Mellon	16	10
Bank of Nova Scotia	26	16
Bank of Yokohama	3	2
Barclays Bank	23	13
BB&T Corp	9	6
Bendigo and Adelaine Bank	2	2
Berkshire Hathaway B	65	39
Blackrock	16	11
BNP Paribas	27	15
BOC Hong Kong Holdings	5	3
Brookfield Asset Management	15	9
Canadian Imperial Bank of Commerce	12	7
Capital One Financial	17	10
Cheung Kong Holdings	11	6
Chiba Bank	4	2
Cincinnati Finc. Corp	3	2
Citigroup	64	62
CME Group Inc/IL	11	7
CNP Assurances	1	1

Comerica Inc	5	4
Commerzbank AG	6	3
Commonwealth Bank of Australia	44	25
Credit Agricole	6	3
Credit Saison	1	1
Credit Suisse Group RG	15	8
Dai-Ichi Life Insurance	7	4
Daiwa Securities	4	3
Danske Bank A/S	9	5
DBS Group Holdings Limited	11	7
Deutsche Bank	17	9
Deutsche Boerse	7	4
Diamond Lease	1	1
Discover Financial	13	8
DnB	283	280
Erste Group Bank AG	3	2
Everest Re Group	3	3
Fairfax Financial Holdings Inc	6	4
Fifth Third Bancorp	7	5
Friends Life Group Limited	5	2
Fukuoka Financial Group	1	1
Gjensidige Forsikring ASA	64	64
Goldman Sachs	28	17
Goodman Ltd	4	2
Great West Lifeco	4	2
Hammerson Plc (Reit)	4	2
Hang Seng Bank	5	3
Hartford Financial Services	11	7
Hong Kong Exchanges & Clearing	11	6
HSBC Holdings GB	71	40
ICAP	1	1
Ing-Group	21	12
Insurance Australia Group	4	3
Intact Financial Corp	4	3
Intercontinental Exchange Inc	14	9
Intesa SanPaolo	16	8
Invesco Ltd USA	9	6
J.P Morgan Chase and Co	83	50
JAPAN EXCHANGE GROUP INC	2	2
JM AB	12	
Joyo Bank	3	1
Julius Baer Holding Reg	5	3
KBC GROEP NV	6	3
Klepierre	4	2
Legal & General Group	10	6
Lend Lease Group	2	2
Leucadia National Corp	3	3
Lincoln National Corp	3	
Lloyds Banking Group PLC	25	14

Loews Corp	7	4
M & T Bank Corp	5	3
Manulife Financial	14	9
Mapfre SA	1	1
Marsh & Mclennan Cos	14	8
Mastercard Inc - Class A	32	19
Mediobanca SpA	3	1
Metlife	22	14
Mitsubishi UFJ Holdings Group	28	16
Mitsui Fudosan	10	5
Mizuho Financial Group	15	8
Moody's	9	5
Morgan Stanley	22	13
MS&AD Insurance Group Holdings	5	3
Muenchener Rueckversicherungs RG	14	7
Nasdaq Stock Market Inc	4	
National Australian Bank	22	14
National bank of Canada	7	4
Natixis	3	3
NKSJ Holding Inc	4	2
Nomura Holdings	8	5
Nordea Bank AB	228	8
Northern Trust Corporation	5	3
Orix	7	4
Overseas-Chinese Bank	9	5
Partnerre	4	2
Peoples United Financial	2	1
PNC Financial Services	16	10
Power Corp. of Canada	4	3
Power Financial Corp	3	2
Price (T. Rowe) Group	8	5
Principal Financial Grp	7	4
Progressive Corp	7	5
Prudential Financial Inc	27	15
QBE Insurance Group	5	3
RBS Holdings NV	6	
Regions Financial	9	6
Royal Bank of Canada	37	23
Royal Bank of Scotland	6	3
Royal Sun & Alliance Insurance	2	1
Sampo Oyj	8	4
Schroders	3	2
Schwab (Charles)	15	9
Scor Regroupe	3	2
Segro plc (REIT)	1	1
Shizuoka Bank	3	1
Skandinaviska Enskilda Banken A	133	4
Societe Generale	15	8
Sparebanken Midt-Norge G	16	16

Standard Chartered	13	7
Standard Life Plc	6	4
Sumitomo Mitsui Financial Group	18	10
Sun Life Financial Inc	7	5
Suncorp Group Holding	7	3
Suntrust Banks	11	7
Suruga Bank	2	2
Svenska Handelsbanken A	141	5
Swedbank AB A-shares	152	5
Swiss Life RG	7	2
Swiss Re Ltd	8	7
T&D HOLDINGS	3	2
Toronto - Dominion Bank CAD	35	20
UBS Group AG	25	14
UniCredit SPA	10	6
Unione di Banche Italiane SCPA (UBI Banca)	2	2
United Overseas Bank	10	6
Unum Group	4	3
US Bancorp	29	17
Visa Inc - Class A shares	33	29
Wells Fargo	97	58
Westfield Corp	6	3
Westpac Banking Corp	31	18
Wheelock	2	1
Willis Group Holdings Ltd	4	2
XL Group Plc	4	3
Zurich Financial Services AG	20	10
Total finance industry	**3 113**	**1 642**
Other Equities		
3M CO	40	23
3I Group	4	2
A.P Moeller - Maersk A/S	8	5
Aarhuskarlshamn AB	7	
ABB CH	19	11
ABB SE	70	
Abbott Laboratories	26	15
Abbvie	42	25
Accenture PLC	23	14
Actelion	5	3
Activision Blizzard	5	3
Adecco	4	2
Adidas AG	6	3
Adobe Systems	15	9
ADT Corp/The	4	2
Aetna	12	7
Aggreko	4	2
Agilent Technologies	7	4
Agnico	3	2

Air Liquide	22	12
Air Products & Chemicals	14	8
Airgas Inc.	8	5
Aisin Seiki	4	3
Ajinomoto	5	3
Akastor ASA	4	4
Aker	15	15
Aker Solutions ASA	18	18
Akzo Nobel	6	3
Alcatel-Lucent	4	2
Alcoa	8	6
Alexion Pharmaceuticals, Inc.	16	10
Alfa Laval	35	2
Allergan Inc	34	22
Alliant Energy Corp	5	4
Allstate Corp	15	9
Altera Corp	5	3
Alumina	3	3
Amadeus IT HoldingOLDING SA-A Shs	7	3
Amazon Com	45	27
Amcor	6	3
Amec Foster Wheeler PLC	4	3
American Tower Corp (REIT)	16	10
Amerisourcebergen	11	7
Ametek	7	5
Amgen	48	29
Amphenol Corp Cl A	11	6
Anadarko Petroleum	18	11
Analog Devices	8	5
Anglo American Plc	5	9
Anglo American Plc	11	
Anheuser-Busch Inbev	39	22
Anthem Inc	14	9
Antofagasta Plc	8	5
Apache Corp	9	5
Apple Inc	245	147
Applied Materials	13	8
Arc Resources Ltd	9	6
ArcelorMittal	5	2
Archer-Daniels-Midland	13	8
Arm Holdings	8	5
Aryzta AG Ord	4	2
Asahi Group Holdings Ltd	7	4
Asahi Kasei Corporation	6	3
Asics Corp	3	3
ASML Holding NV (new)	16	9
Assa Abloy B	105	5
Associated British Foods	12	6
Astellas PharmaR	12	7

Astrazeneca GBP	36	20
Astrazeneca SEK	20	
AT&T Inc	83	38
Atlantia SPA	25	3
Atlas Copco	173	8
Atrium Ljungberg	9	
Aurizon Holdings Limited	3	2
Austevoll Seafood	4	4
Autodesk	7	4
Autoliv Inc	44	4
Automatic Data Processing	18	10
Avalonbay Communities (REIT)	12	7
Aviva PLC	10	6
Axa	18	10
Axfood	11	
B/E Aerospace Inc	7	7
B2HOLDING AS	9	9
Baker Hughes	10	6
Bakkafrost P/F	31	31
Ball Corp	10	6
Bard (C.R.)	5	4
BASF SE	30	17
Baxter International	14	8
Bayer AG Namens-Actien O.N	45	25
Bayerische Motor Werke	23	13
Baytex Energy Corp	4	3
Bce	6	3
Becton Dickinson & Co	11	7
Bed Bath & Beyond Inc	5	4
Best Buy	6	4
Betsson	8	
BG Group	19	11
BHP Billiton AUD	33	18
BHP Billiton GBP	25	14
Billerudkorsnas aktiebolag	8	
Biogen Idec Inc	30	18
Boliden Limited B	27	
Borgwarner	9	4
Borregaard ASA	27	27
Boston Properties (REIT)	9	5
Boston Scientific	7	4
Bouvet	6	6
BP Plc	45	25
Brambles Ltd	6	3
Brenntag AG	5	3
Bristol-Myers Squibb	39	23
British Land (REIT)	5	3
Broadcom Corporation	11	7
BT Group	22	12

Bunge	6	4
Bunzl Plc	5	4
Burberry Group	6	4
BW LPG Ltd	8	8
C.H. Robinson Worldwide INC	7	5
CA Inc	5	3
Calpine	6	5
Cameco Corp	5	3
Cameron International	6	4
Campbell Soup	5	3
Canadian National Railway	27	16
Canadian Pacific Railway Ltd	15	9
Canadian Tire Corp Ltd	4	3
Canadian Utilities Ltd A	7	4
Canon	15	9
Cap Gemini	6	3
Capita Plc	6	4
Capitamall Trust (REIT)	3	2
Cardinal Health	14	9
Carefusion Corp	5	4
Carlsberg B	4	2
Carmax	6	4
Carnival USD	7	4
Carrefour	8	5
Casino Guichard-Perrachon	3	2
Castellum	19	
Caterpillar	20	12
CBS Corp class B	11	7
CDK Global Inc	3	2
Celgene Corp	35	21
CenterPoint Energy	6	4
Central Japan Railway	11	6
Centrica	9	5
Centurylink Inc	10	6
Cerner Corp	9	5
CF Industries Holdings Inc	7	4
CGI Group Inc	5	4
Chesapeake Energy Corp	5	3
Chevron Corp	78	47
Chipotle Mexican Grill Inc	9	6
Christian Dior	8	4
Chubb Corp	9	6
Chugoku Electric Power	4	3
Church & Dwight Co Inc	8	5
Cie de St-Gobain	10	6
Cigna Corp	10	6
Citrix	6	3
Clorox Corp	8	5
CLP Holdings	7	4

Coach	5	3
Cobham	8	4
Coca-Cola	68	40
Cognizant Tech Solutions	14	8
Colgate Palmolive	27	16
Coloplast B	5	3
Comcast Corp A	49	29
Comcast Corp-Special	8	5
Compagnie Financiere Richemont SA	21	11
Compass Group	15	8
Conagra	8	5
Concho Resources Inc	5	3
Conocophilips	31	18
Consolidated Edison	10	6
Continental	16	9
Corning	13	8
Costco Wholesale	26	17
Covidien PLC	18	11
Crescent Point Energy	10	6
CRH	7	3
Crown Castle Intl Corp	12	7
Crown Holdings Inc	5	4
CSL (AU0000CSLDA0)	15	8
CSX	16	10
Cummins	12	7
CVS Health	43	26
Dai Nippon Printing	3	2
Daiichi Sankyo	4	2
Daikin Industries	7	4
Daimler	14	10
Daito Trust Const	4	3
Daiwa House Industry	6	3
Danaher Corp	20	12
Danone	18	10
Darden Restaurants	6	4
Dassault Systeme	4	3
Data Respons	7	7
Davita Healthcare Partners	7	4
Deere & Co	12	7
Delta Air Lines	9	6
Denso	10	6
Dentsply Iinternational	4	2
Dentsu	4	2
Det Norske Oljeselskap ASA	15	15
Deutsche Post	13	7
Deutsche Telecom	21	12
Devon Energy	10	7
Devry Education Group Inc	6	
Diageo	31	20

DirecTV	17	11
Discovery Communications, Inc. - C	4	3
DNO International ASA	38	38
Dollar Tree Inc	8	5
Dolphin Group ASA	4	4
Dominion Resources	20	12
Dover	6	4
Dow Chemical	22	13
Dr Pepper Snapple Group Inc	10	6
Dte Energy Corp	10	7
Duke Energy Corp	26	16
DuPont (E.I) De Nemours	28	17
E.ON SE	13	7
East Japan Railway	12	7
Eaton Corp PLC	15	9
Ebay	23	13
Ecolab	13	8
Edison International	10	6
Edwards Lifescienc	6	4
Eisai	4	2
Electrolux B	47	2
Electronic Arts	6	4
Elekta B	22	
EMC	25	15
Emerson Electric	17	10
Enbridge	31	18
Encana Corp	9	5
Enel	12	6
ENI	23	13
Entergy	10	7
EOG Resources	21	12
EQT Corporation	6	4
Equifax	5	4
Equity Residental Properties REIT	14	9
Ericsson LM-B SHS	224	8
Essilor International	10	5
Estee Lauder Cos A	7	4
Exelis Inc	5	
Exelon	13	8
Expedia	4	3
Experian	7	4
Express Scripts Common	25	15
Exxon Mobil	144	86
F5 Networks Inc	8	6
Fabege AB	10	
Facebook Inc.	57	34
Family Dollar Stores	5	3
Fanuc Corporation	12	7
Fast Retailing	7	4

Fastenal Co	6	4
Fedex Corp	18	11
Ferrovial SA	4	2
Fiat Chrysler Automobiles NV	4	2
Fidelity National Informatio	10	6
First Quantum Minerals	5	3
Fiserv	11	7
Fletcher Building	3	2
Flextronics International Ltd	5	4
FMC Corp	4	3
FMC Technologies	7	5
Ford Motor Co	21	13
Fortum	4	2
Franklin	8	5
Fresenius Medical Care AG and KGAA	5	3
Fresenius SE	9	5
Fresnillo Plc	5	3
Frontier Communications	4	3
Fuji Heavy Industries	8	5
Fujifilm	7	4
Fujitsu Ltd	4	2
Galaxy Entertainment Group	6	3
Galp Energia SGPS SA-B shrs	4	2
Gap	7	4
Gas Naturale	4	2
GDF Suez	14	7
Gea Group	4	3
Geberit AG Reg	8	5
General Electric	96	57
General Growth PPTYS (REIT)	8	6
General Mills	13	8
General Motors Co	16	10
Genuine Parts	10	6
Gildan Activewear	4	2
Gilead Sciences Inc	54	32
Givaudan	8	5
GlaxoSmithkline	41	22
Goldcorp Inc	9	6
Google Class A	55	33
Google New Shares	57	34
Grainger (WW)	7	4
Green Mountain Coffee Roasters Inc.	7	4
Green Resources	42	
Groupe Bruxelles Lambert	4	3
Groupe Eurotunnel S.A.	4	2
H&R Block	5	4
Halliburton	13	8
Hancock Timberland VIII Inc	337	337
Harley-Davidson	7	4

Harris Corporation	6	3
HCP (Reit)	9	5
Health Care Reit Inc	12	7
Heineken	8	5
Henderson Land	3	2
Henkel AG & KGAA	4	2
Henkel AG + Co. KGAA	9	6
Hennes & Mauritz B	278	8
Hershey Foods Common	8	5
Hess Corp	7	5
Hexagon B SEK	49	2
Hexagon Composites	7	7
Hitachi	15	8
Holcim	7	4
HollyFrontier Corp	3	2
Holmen B	14	0
Home Depot	54	32
Hong Kong & China Gas	6	3
Hospira	6	4
Host Hotels & Resorts (Reit)	10	7
Hoya Corporation	9	5
Hufvudstaden A	16	
Humana Inc	10	6
Husqvarna B	18	2
Hutchison Whampoa	11	6
Iberdrola	15	8
ICA Gruppen AB	8	
Illinois Tool Works	16	10
Inditex SA	12	6
Industrivaerden A	39	
Industrivaerden C	8	
Infineon	5	3
Ingersoll-Rand PLC	9	6
Inpex Holdings Inc	4	2
Intel	67	40
Intercontinal Hotels	6	4
International Business Machines Corp	55	33
International Flavors & Fragrances	5	4
International Paper	12	8
Intertek Group	5	2
Intrium Justitia	14	
Intuit	11	7
Intuitive Surgical	9	5
Investor AB-A	56	
Investor AB-B	74	5
Iron Mountain	4	3
Israel Chemicals Ltd	3	3
Isuzu Motors Ltd	4	3
Jfe Holdings	4	3

Johnsen & Johnsen	107	63
Johnson Controls	13	8
Johnson Matthey	7	4
Juniper Networks	7	5
JX Holdings Inc	3	2
Kao	10	5
KDDI Corp	14	8
Kellogg Co	7	4
Keppel Corp	6	3
KERING	9	5
Keyence	9	5
Keysight Technologies Inc	3	2
Kimberly-Clark	19	12
Kimco Realty Corp (REIT)	6	4
Kinder Morgan	32	20
Kingfisher	6	3
Kirin Holdings Company Limited	7	4
Kla-Tencor	6	4
Kobe Steel	3	2
Kohls Corp	7	5
Komatsu	8	4
Kone Oyj	6	3
Kongsberg Gruppen	17	17
Koninklijke Ahold NV	5	3
Koninklijke DSM NV	4	2
Koninklijke KPN NV	4	2
Koninklijke Philips	11	6
Kr.A Byggeselskap For Småleil.	9	9
Kraft Foods Group Inc	15	9
Kroger	17	10
Kubota	8	4
Kuehne & Nagel Intl. AG-Reg	3	2
Kyocera	6	3
L Brands Inc	10	7
Lafarge	7	4
Land Securities REIT	5	3
Las Vegas Sands Corp	8	5
Leggett & Platt	5	4
Legrand	8	4
Lerøy Seafood	15	15
LGT Crown European Buyout Opportunities II	229	
Liberty Global	20	13
Liberty Media-Interactive Series A.	7	4
Lilly Eli	31	18
Linde	15	8
Lindt & Spruengli AG-Reg	6	4
Linear Technology	5	4
Link Real Estate Investment	6	4
LINKEDIN CORP - A	8	6

llumina Inc	12	8
Loblaw	8	5
London Stock Exchange	5	4
Loomis AB B	6	
L'Oreal SA	18	10
Lowe's Cos Inc	27	17
Lundbergforetagen B	15	
Lundin Mining Corp - SE	5	
Lundin Petroleum	19	
Luxottica Group	5	3
LyondellBasell Industries -Cl	12	8
Macquarie GP LTD	7	4
Macys Inc.	12	8
Magna A	12	7
Magseis ASA	5	5
Makita Corp	3	2
Mallinckrodt Plc	7	4
Marathon Oil Corp.	9	5
Marathon Petroleum	11	6
Marine Harvest	90	90
Marks & Spencer	5	3
Marriott Intl	12	8
Marubeni	7	4
Marvell Technology Group	3	3
Mattel	5	4
Maxim Integrated Products	4	3
Mazda Motor Corp	6	4
McCormick & Co	4	4
McDonald's Corp	35	21
McGraw Hill	11	6
McKesson Corp	22	13
Mead Johnson Nutrition Co. - A	10	6
Meadwestvaco Corp	6	4
Meda AB-A	23	
Medtronic	26	16
Meggitt Plc	5	4
Merck & Co	69	41
Metro Inc	8	5
MGM Resorts international	4	4
Michelin B	9	5
Microchip Tecnology	5	3
Micron Technology	17	10
Microsoft	134	79
Millicom Intl. Cellular SDR	30	3
Mirvac Group	3	2
Mitsubishi Chemical Holdings	4	2
Mitsubishi Electric	9	5
Mitsubishi Estate	11	6
Mitsubishi Heavy Industries	8	4

Mitsubishi Motors	4	2
Mitsui	12	7
Modern Times Group B	9	
Molson Coors Brewing USA	10	7
Mondelez International Inc	23	14
Monsanto	25	15
Monster Beverage Corporation	7	5
Murata Manufacturing	9	6
Murphy Oil	4	3
Mylan Laboratories	10	6
National Grid Plc	25	14
National Oilwell Varco Inc.	12	8
Navient Corp	5	3
Ncc B	17	
Nec Corp	3	2
Nestle	94	52
Net Entertainment NE AB	11	
Netapp INC	8	5
Netflix Inc	8	5
Newmont Mining	8	5
News Corporation	3	2
Next	8	4
Nextera Energy Inc	19	11
NGK Spark Plug	3	2
Nibe Industrier	9	
Nidec	5	3
Nike B	27	16
Nintendo	4	3
Nippon Building Fund	4	2
Nippon Steel and Sumiotomo	6	4
Nisource Inc	8	6
Nissan Motor	9	6
Nisshin Seifun Group	3	2
Nitto Denko	3	2
NMI AS under stiftelse	10	10
NMI Frontier Fund KS	19	19
NMI Fund III KS	9	9
NMI Global Fund KS	39	39
Noble Corp	3	2
Noble Energy	6	4
Nokia A	12	7
NordEnergie Renewables AS	68	68
Nordic Capital Partner II	43	43
Nordic Semiconductor	32	32
Nordic Trustee ASA	38	38
Nordstrom	7	4
Norfolk Southern Corp	14	9
Norsk Hummer	4	2
Norsk Hydro	196	195

Norstat Holding AS	59	
Northeast Utilities	10	6
Norwegian Air Shuttle	39	39
Novartis	81	45
Novo-Nordisk B	33	19
Novozymes B	5	4
NRG Energy	5	3
NTT	8	5
Ntt Data	3	2
NTT DoCoMo	9	6
Nucor Corp	7	5
NVIDIA	6	4
Occidental Petroleum	24	15
Odfjell Drilling Ltd	4	4
Old Mutual	6	3
Omnicom Group	9	6
Omron	5	3
Omv	4	2
ONEOK INC	6	4
Opera Software	66	66
Oracle Corporation	60	36
Orange	14	8
O'Reilly Automotive Inc	11	7
Oriental Land	5	3
Origin Energy	5	3
Orkla	73	73
Osaka Gas	3	2
Otsuka Holdings Co LTD	6	3
Paccar	11	7
Panasonic Corp	10	6
Parker Hannifin	12	7
Paychex	8	5
Pearson	6	4
Pentair Ltd	8	5
Pepco Holdings	6	5
Pepsico Inc	55	33
Pernod-Ricard	13	7
Perrigo Co	14	10
Petroleum Geo-Services	22	22
Pfizer	76	45
PG&E Corp.	12	8
Phillips 66 Corp	15	9
Phonect AS	19	
Pinnacle West Capital	6	4
Pioneer Natural Resources	9	6
Porsche AG Pfd	5	5
PPG Industries	16	9
PPL Corp	12	7
Praxair	18	10

Precision Castparts	27	14
Procter & Gamble	91	54
Prologis Inc REIT	10	6
Prosafe	12	12
Prosieben Sat1 Media Npv	3	3
Public Service Enterprise Gp	10	6
Public Storage Common REIT	9	5
Publicis Groupe	7	4
Q-Free	3	3
Qualcomm	47	28
QUANTA SERVICES INC	5	4
Quest Diagnostics	6	4
Rakuten	4	2
Randgold Resources	6	3
Range Resources Corp	4	3
Raufoss Næringspark	187	
REC Silicon ASA	10	10
Reckitt Benckiser	27	16
Red Electrica	4	3
Red Hat Inc	7	5
Reed Elsevier Plc	20	12
Regeneron Pharmaceuticals, Inc.	14	10
Renault	7	4
Repsol SA	13	7
Republic Services	6	3
Resona Holdings	4	3
RioCan Real Estate Investment Trust	6	4
Roche Holding Genuss	73	41
Rockwell Automation	8	5
Rogers Communications B	5	3
Roper Industries	10	6
Ross Stores	11	7
Royal Caribbean Cruises NOK	113	111
Royal Dutch Shell A	57	31
Royal Dutch Shell B	35	20
Rwe	6	4
SabMiller PLC	28	16
Safeway	7	4
Sage Group PLC/The	5	3
Salesforce.Com Inc	14	9
SalMar	32	32
Sandisk Corp	13	8
Sands China Ltd	5	3
Sandvik	64	2
Sanofi	41	23
Santos	3	2
Sap SE	27	15
Saputo	7	4
SBL Direct Investments 2006-2008 Ltd - Class B-1		160

SBL Vintage 1999 Ltd - Class B-1		26
SBL Vintage 2001 Ltd - Class B-1		8
Scentre Group REIT	6	3
Schibsted	92	92
Schlumberger	41	25
Schneider Electric	19	11
SeaDrill Ltd	28	27
Seagate Technology	13	8
Sealed Air	7	4
Secom	6	3
Sekisui House	4	2
Selvaag Bolig AS	11	11
Sempra Energy	15	9
SES - FDR	5	3
Severn Trent Water	5	3
SGS	3	2
Sherwin-Williams Co	15	9
Shimano	5	3
Shin-Etsu Chemical	11	6
Shionogi	3	2
Shire PLC	17	9
Siemens	38	21
Simon Property Group REIT	22	13
Singapore Press Holdings	3	2
Singapore Telecom	10	6
Sirius XM Holdings Inc	4	3
Skanska B	56	3
Skf Svenska Kullager Fabrikker B	51	2
Skistar B	5	
Sky Plc	8	4
SMC	7	4
Smith & Nephew	9	4
Smiths Group	3	2
Smucker (JM) CO	5	3
Snam SPA	3	2
Sodexho	5	3
Softbank Corp	22	13
Sonova Holding AG	4	2
Sony	8	4
Southern	20	12
Southwest Airlines	5	4
Spektra Energy Corp	13	7
SSAB AB	7	
SSE PLC	14	8
ST Jude Medical Inc	8	5
Stanley Black and Decker Inc	8	5
Staples	5	3
Starbucks Corp	24	14
Starwood Hotels and Resorts	9	5

State Street	12	8
Statoil ASA	375	371
Stockland	3	2
Stolt Nielsen	10	10
Stora Enso OYJ-R	5	
Storebrand Infrastruktur ASA	10	10
Storebrand Optimer ASA	9	9
Storebrand Privat Investor ASA	129	129
Stryker Corp	13	8
Subsea 7 S A	50	50
Sumitomo	8	4
Sumitomo Chemical	3	2
Sumitomo Electric	5	3
Sumitomo Metal Mining	4	2
Sumitomo Mitsui Trust Holdings	5	3
Sumitomo Realty & Dev	5	3
Suzuki Motor	6	3
Svenska Bostadsfonden Institution 1 AB	51	
Svenska Celloulosa AB-B SHS	75	2
Swatch Group	6	4
Swisscom	6	3
Symantec	8	5
Syngenta	10	6
Sysco Corp	12	7
Takeda Pharmaceutical	13	7
Talisman Energy	7	4
Target Corporation	20	12
Taumata Plantations Ltd.	856	856
TDK Corp	3	2
TE Connectivity	12	7
Technip SA	4	2
Teck Resources Ltd B	4	2
Tele2 B	47	2
Telefonica	24	14
Telenor	302	299
Telstra Corp	9	5
Telus Corp	5	3
Tenaris	3	2
Teradata Corp	3	3
Tesco	12	7
Tesla Motors, Inc	6	6
Teva Pharmaceutical Ind Ltd	19	12
Texas Instruments	15	13
TGS-NOPEC Geophysical Company	18	18
The Priceline Group Inc	22	14
The Travelers Companies, Inc.	14	9
The Williams Companies, Inc	14	8
Thermo Fisher Scientific Inc	20	12
Thomson Reuters Corp	4	3

ThyssenKrupp	5	3
Tiffany & Co	6	4
Time Warner	28	17
Time Warner Cable Common Stock	17	11
TJX Companies	21	13
Tokio Marine Holdings, Inc.	8	5
Tokyo Electron	5	3
Tokyo Gas	6	4
Tokyu Corp	4	2
Toray Industries	6	3
Toshiba	7	4
Toyota Industries	5	3
Toyota Motor	65	39
Transurban Group	7	4
Trelleborg B	9	
Tripadvisor	5	3
TUI AG	3	2
Twenty-First Century Fox News - A	21	12
Twenty-First Century Fox News B	5	5
Tyco International	11	7
UCB	3	2
Unibail-Rodamco SE	14	8
Unibet Group PLC-SDR	14	
Unilever GB	27	16
Unilever NL	27	14
Union Pacific Corp	42	25
United Health Group	38	22
United Parcel Services	31	19
United Technologies	30	30
Valeant Pharmaceuticals International Inc	19	11
Valero Energy	14	6
Ventas Inc (REIT)	11	7
VERDANE CAPITAL III	16	
Verisign	10	
Verizon Communications	65	43
Vertex Pharmaceuticals Inc	12	7
VF Corp	15	9
Viacom INC ClassB	10	7
Vinci	11	6
Vivendi	13	7
Vmware Inc - Class A	4	3
Vodafone Group	35	20
Volkswagen	24	12
Volvo A	75	
Volvo B	52	3
Vornado Realty Trust (REIT)	8	5
Vulcan Materials	7	6
Wallenstam Byggnads AB-B shs	18	
Wallgreen	26	16

Walt Disney	59	35
Waste Mangement	10	6
Waters Corp	4	3
Weifa ASA	10	10
Weir Group Plc	5	3
West Japan Railway	4	2
Western Digital Corp	15	9
Western Union Co/The	4	3
Weston	4	2
Weyerhauser REIT	8	5
Wharf	5	3
Whitbread	6	4
Whole foods Market	10	6
Wihlborgs Fastigheter AB	17	
Wilh. Wilhelmsen Holding ASA	31	30
Wolseley	10	5
Woodside Petroleum	10	6
Woolworth Australia	12	7
WPP 2012	12	7
Wynn Resorts	5	3
Xcel Energy	9	6
Xerox	9	6
Xilink	5	3
XXL ASA	5	5
Yahoo	19	11
Yahoo! Japan	3	2
Yakult Honsha Co Ltd	5	3
Yara International	173	172
Yum Brands	13	8
Zi-Lift	14	
Zimmer Holdings	8	4
ZOETIS INC	5	5
Other equities	2 229	369
Total Other Equities	**17 694**	**9 704**
Total Equities	**20 807**	**11 346**
Of which listed equities	13 362	7 588
Units		
Aberdeen Eiendomsfond Asia	7	7
Aberdeen European Shopping Property Fund	129	
AEW European Property Investors	38	38
Allianz Europe Small Cap AT EUR	40	
Apax Europe V - E, L.P. Secondary	7	7
Apax France VI	20	20
AXA Alternative Property Income Venture	85	85
AXA European Office Income Venture	21	21
AXA European Retail Income Venture	72	72
Belair (Lux) USD side pocket 2	9	5
BlackRock Asia Property Fund III (MGPA)	132	132

Blackrock Global Allocation	81	
Blackrock Global Small Cap	26	
BlackRock Global SmallCap Fund A2	14	14
Blackrock World Energy	14	
Blackrock World Gold	27	
Blackrock World Mining	35	
Carlyle Europe Real Estate Partners L.P. III	205	205
Carnegie Sverige	210	
Catella Hedge	336	
Cicero World 0-100	506	
Cicero World 0-40	44	
Cicero World 0-80	151	
Corestate German Residential Fund (CGR)	424	1
Delphi Emerging	219	149
Delphi Europe	144	144
Delphi Global	612	612
Delphi Nordic	289	289
Delphi Norge	306	306
DNB Sweden Micro Cap	99	
East Capital Eastern Europe	13	13
East Capital Russian Fund	62	8
East Capital Östeuropa	118	
EISER Infrastructure Capital Equity Partners 1-B	343	343
Enter Sverige	890	
EPISO	14	
EQT IV ISS Co-Investment LP	53	53
Fidelity Asian Special Situations	450	
Fidelity China Focus	125	
Fidelity Emerging Europe, Mid East & Africa	45	
Finethic Microfinance fund Class D (SICAV-SIF)	37	
Fondsfinans Spar	17	17
Franklin India Fund	486	34
Frogmore Real Estate Partners L.P.	94	94
FSN Capital Limited Partnership II	18	18
Global Microfinance Equity Offshore Fund, L.P.	14	9
Grainger Gres1	6	6
Handelsbanken Latinamerikafond	18	18
Heitman European Property Partners III	52	52
Henderson PFI	208	208
Industri Kapital 2000 Fund	16	
Invesco Global Real Estate USD	20	
INVESCO PRC Equity Fund	56	56
ISHARES MSCI EUROPE	87	
JP Morgan Africa	17	
JP Morgan Global Focus	607	
JPMorgan Emerging Markets Small Cap Fund	79	
JPMorgan Japan 50 Equity Fund	37	25
JRS GROWTH	15	
Knighthead Offshore Fund Ltd	33	33

Lannebo Mixfond	244	
Lannebo Småbolag	641	
Lynx Dynamic	148	
Macquarie European Infrastructure Fund II	487	487
Menlo Ventures IX	27	27
Mobilis Aktiv	102	
Navigera Aktier	653	
Navigera Balans	634	
Navigera Dynamica 90	226	
Navigera Tillväxt	633	
Odin Offshore	18	
Partners Group L. Private Equity	22	
Parvest Global Environment	50	
Rockspring TransEuro Property Ltd. Partnership III	18	18
Rural Impulse Fund II S.A., SICAV-SIF - Class A	26	13
Schroder Frontier Markets Equity	74	16
SHB Amerikafond	132	
SHB Europa Selektiv	195	
SHB IT-fond	93	
SHB Latinamerikafond	170	
SHB Norden Aggressiv	56	
SHB Nordiska småbolagsfond	343	
SHB Tillväxtmarknadsfond	335	
Skagen Global Fund	1 057	390
Skagen Kon-Tiki	1 753	1 269
SPP Aktiefond Europa	1 023	
SPP Aktiefond Global Sustainability	777	
SPP Aktiefond Japan	772	
SPP Aktiefond Stabil	625	364
SPP Aktiefond Sverige	71	6
SPP Aktiefond USA	2 855	4
SPP Bygga	1 742	
SPP Emerging Markets SRI	3 822	1 902
SPP Fonder AB	984	
SPP Generation 40-tal	2 588	
SPP Generation 50-tal	10 228	
SPP Generation 60-tal	11 851	
SPP Generation 70-tal	4 800	
SPP Generation 80-tal	469	
SPP Global Topp 100	212	
SPP Global Topp 100	300	
SPP Leva	728	
SPP Mix	1 614	
Storebrand Aksje Innland	222	222
Storebrand Delphi Europa	56	
Storebrand Delphi Norden	164	
Storebrand Delphi Verden	362	
Storebrand Emerging Private Equity Markets 2007 B3	370	370
Storebrand Emerging Private Equity Markets B3	502	502

Storebrand Global Indeks I	8 397	8 340
Storebrand Global Multifaktor	4 458	4 458
Storebrand Global Verdi	355	355
Storebrand Indeks Alle Markeder	740	740
Storebrand Indeks Norge	2 012	2 012
Storebrand Indeks Nye Markeder	50	50
Storebrand International Private Equity 13	232	178
Storebrand International Private Equity 14	76	60
Storebrand International Private Equity IV	272	252
Storebrand International Private Equity IX	340	48
Storebrand International Private Equity V Ltd	509	489
Storebrand International Private Equity VI Ltd	670	646
Storebrand International Private Equity VII Ltd	834	801
Storebrand International Private Equity VIII Ltd	1 164	611
Storebrand International Private Equity X	654	442
Storebrand International Private Equity XI	735	564
Storebrand International Private Equity XII	522	402
Storebrand Multi Strategy Limited	492	314
Storebrand Nordic Private Equity III Ltd.	161	133
Storebrand Norge	29	29
Storebrand Norge I	2 160	2 160
Storebrand Norwegian Private Equity 2006 Ltd.	184	184
Storebrand Norwegian Private Equity 2007 Ltd.	153	153
Storebrand Optima Norge	21	21
Storebrand Selecta Limited	21	21
Storebrand Special Opportunities II Ltd.	37	37
Storebrand Special Opportunities Ltd.	131	131
Storebrand Trippel Smart	1 037	1 037
Storebrand Vekst	28	28
Storebrand Verdi	169	169
T Rowe Price US Smaller Companies	129	
T. Rowe Price US Large Cap Value Equity	112	
T.Rowe Price Asian ex-Japan Equity Fund	54	54
T.Rowe Price U.S. Large-Cap Value Equity A	57	57
Trygghet 75	2 453	
Trygghet 80	2 186	
Trygghet 85	634	
Trygghet 90	222	
Verdane V B K/S	11	11
Wand Partners	71	71
Wellington Global Health Care Equity Portfolio	582	149
Winter Street Opportunities Fund L.P.	42	42
WWB Isis Fund, L.P.	13	4
Other units not specified	814	32
Total units	**97 622**	**33 967**
Total equities and other units	**118 429**	**45 313**

Note 36 Bonds and other fixed-income securities

Storebrand Livsforsikring Group

NOK million	2014 Fair value	2013 Fair value
Government and government-guaranteed bonds	54 687	61 602
Credit bonds	24 162	24 238
Mortgage and asset backed securities	41 824	42 296
Supranational organizations	6 575	7 167
Bond funds	50 739	37 210
Total bonds and other fixed-income securities	**177 987**	**172 513**

	Storebrand Livsforsikring AS	SPP Livförsäkring AB	Euroben Life and Pension ltd.
Modified duration	2.39	1.70	2.80
Average effective yield	1.9 %	0.4 %	0.4 %

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	2014 Fair value	2013 Fair value
Government and government-guaranteed bonds	17 859	22 906
Credit bonds	10 744	11 446
Mortgage and asset backed securities	9 777	10 080
Supranational organizations	1 065	1 511
Bond funds	39 374	32 987
Total bonds and other fixed-income securities	**78 819**	**78 930**

Note 37 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 fiancial. assets/ liabilities	Amounts that can, but are not presented net in the balance sheet: Interest derivatives	Amounts that can, but are not presented net in the balance sheet: Fiancial. liabilities	Net amount
Interest derivatives	52 721	5 490	992	16	4 474	84	4 514
Currency derivatives	50 604	172	3 288	2	6	3 122	-3 113
Total derivatives 2014		**5 661**	**4 279**	**19**	**4 481**	**3 206**	**1 401**
Total derivatives 2013		1 493	2 122		528	1 401	-629

1) Values 31.12.

Storebrand Livsforsikring AS

NOK million	Gross nominal volume [1]	Gross booked value financial assets	Gross booked value financial liabilities	Amounts that can, but are not presented net in the balance sheet: Interest derivatives	Amounts that can, but are not presented net in the balance sheet: Fiancial. liabilities	Net amount
Interest derivatives	5 235	1 111	98	1 087	74	1 013
Currency derivatives	41 206	144	2 926		2 782	-2 782
Total derivatives 2014		**1 255**	**3 023**	**1 087**	**2 856**	**-1 769**
Total derivatives 2013		604	438	70	235	166

1) Values 31.12.

Note 38 Other financial assets

NOK million	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring Group 2013	Storebrand Livsforsikring AS 2014	Storebrand Livsforsikring AS 2013
Bank deposits in company portfolio	217	305	177	259
Bank deposits collective customer portfolio	3 148	3 357	1 206	1 769
Bank deposits investment choice customer portfolio	260	262	189	227
Other financial assets	**3 625**	**3 924**	**1 573**	**2 255**

Note 39 Tangible fixed assets

Storebrand Livsforsikring Group

NOK million	Equipment	Vehicles	Fixtures & fittings	Real estate	2014	2013
Book value 01.01	20	1	44	354	419	388
Additions	4		5	20	29	21
Disposals	-1			-72	-73	-5
Revaluation booked in balance sheet				24	24	6
Depreciation	-15	-1	-12		-27	-37
Write-ups/ write-downs in the period						2
Currency differences from converting foreign units				35	35	43
Other changes					1	
Book value 31.12	**8**	**1**	**37**	**361**	**408**	**419**
Acquisition cost opening balance	121	3	90	354	568	502
Acquisition cost closing balance	124	4	95	361	585	568
Accumulated depreciation and write-downs opening balance	-101	-2	-46		-149	-113
Accumulated depreciation and write-downs closing balance	-116	-3	-58		-176	-149

Depreciation plan and financial lifetime

Deprecation plan	Straight line
Equipment	4 år
Vehicles	6 år
Fixtures & fittings	4 år
Real estate	50 år

Storebrand Livsforsikring AS

NOK million	Equipment	Fixtures & fittings	2014	2013
Book value 01.01	16	19	35	58
Additions	1		1	2
Disposals	-1		-1	
Depreciation	-11	-5	-16	-24
Book value 31.12	**5**	**14**	**19**	**35**
Acquisition cost opening balance	99	42	142	140
Acquisition cost closing balance	99	42	142	142
Accumulated depreciation and write-downs opening balance	-83	-23	-107	-83
Accumulated depreciation and write-downs closing balance	-94	-28	-123	-107

Depreciation plan and financial lifetime

Deprecation plan	Straight line
Equipment	4 år
Fixtures	4 år

Note 40

Tangible fixed assets - operational leasing

STOREBRAND LIVSFORSIKRING GROUP

Minimum future payments on operational leases for fixed assets are as follows

NOK million	Minimum lease payment < 1 year	Minimum lease payment 1 - 5 years	Minimum lease payment > 5 years
Lease < 1 year	1		
Lease 1 - 5 years	106	378	
Lease > 5 years	42	167	124
Total	**149**	**545**	**124**

Amount through profit and loss account

NOK million	2014	2013
Lease payments through profit and loss account	153	137

This primarily concerns lease of office buildings at Lysaker , as well as some movables. Lease of IT-systems are not included.
The lease regarding office buildings have a remaining duration from 2015 until 2019 for buildings in Norway with an optional renewal and a remaining duration from 2015 to 2023 for buildings in Sweden.

STOREBRAND LIVSFORSIKRING AS

Minimum future payments on operational leases for fixed assets are as follows

NOK million	Minimum lease payment < 1 year	Minimum lease payment 1 - 5 years	Minimum lease payment > 5 years
Lease 1 - 5 years	80	305	
Total	**80**	**305**	

Amount through profit and loss account

NOK million	2014	2013
Lease payments through profit and loss account	80	72

This primarily concerns lease of office buildings at Lysaker , as well as some movables. Lease of IT-systems are not included.

Note 41 Other assets – biological assets

NOK million	2014	2013
Book value 01.01	690	599
Additions due to purchases/new planting (forest)	26	7
Disposals	-64	-3
Translation difference	53	74
Change in fair value less sales expenses	5	13
Book value 31.12	**710**	**690**

Other assets booked in the balance sheet consist of forests in the subsidiaries AS Værdalsbruket and Foran Real Estate SIA in Latvia.

Note 42 Other receivables

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2014	2013	2014	2013
Accounts receivable - not insurance related	191	88		
Claims on insurance brokers	118	611	110	573
Sales credit in real estate		75		
Outstanding tax	41	307		
Other current receivables	443	391	70	56
Total other receivables	**793**	**1 472**	**180**	**629**

Note 43 Insurance liabilities by class of business

NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endow-ment insurance	Annuity/ pension insurance	Non-life insurance	Storebrand Livsforsikring AS 2014	Storebrand Livsforsikring AS 2013
Premium reserve	177 120	7 234	560	6 555	15 797		207 266	204 573
- of which RBNS	267	4	137	59	12		479	403
- of which IBNR	685	122	254	711	19		1 790	831
- of which premium income received in advance	1 605	83	109	68			1 864	1 859
Additional statutory reserves	3 798	449		221	649		5 118	4 458
Market value adjustment reserve	5 106	229	21	106	338	15	5 814	3 823
Premium fund	2 273	320					2 593	3 159
Deposit fund	452						452	350
Pensioners' surplus fund	2						2	4
Claims reserve	71	9	441	364	11		895	763
- of which RBNS	16		400	182	5		603	497
- of which IBNR	55	9	40	182	6		292	266
Conditional bonus								
Other technical reserves						799	799	786
Total insurance liabilities	**188 822**	**8 241**	**1 022**	**7 246**	**16 795**	**814**	**222 940**	**217 917**

	Security reserves classified as equity in IFRS		BenCo		SPP		Storebrand Livsforsikring Group	
NOK million	2014	2013	2014	2013	2014	2013	2014	2013
Premium reserve			15 249	13 465	141 946	124 416	364 460	342 454
- of which RBNS							479	403
- of which IBNR							1 790	831
- of which premium income received in advance							1 864	1 859
Additional statutory reserves							5 118	4 458
Market value adjustment reserve							5 814	3 823
Premium fund							2 593	3 159
Deposit fund							452	350
Pensioners' surplus fund							2	4
Claims reserve			50	49	71	79	1 017	892
- of which RBNS							603	497
- of which IBNR							292	266
Conditional bonus			2 134	3 157	9 147	11 010	11 281	14 167
Other technical reserves	-173	-171					627	616
Total insurance liabilities	**-173**	**-171**	**17 433**	**16 671**	**151 164**	**135 505**	**391 365**	**369 923**

Endowment insurance

NOK million	Profit allocation	Not eligible for profit allocation	Investment choice	2014	2013
Premium reserve	2 481	1 083	2 991	6 555	7 088
Additional statutory reserves	221			221	189
Market value adjustment reserve	80	26		106	42
Claims reserve	264	100		364	325
Total insurance liabilities	**3 047**	**1 209**	**2 991**	**7 246**	**7 644**

Annuity/pension insurance

NOK million	Profit allocation	Investment choice	2014	2013
Premium reserve	12 258	3 539	15 797	16 407
Additional statutory reserves	649		649	619
Market value adjustment reserve	338		338	108
Claims reserve	10	1	11	7
Total insurance liabilities	**13 255**	**3 540**	**16 795**	**17 141**

Group pension private insurance

NOK million	Defined benefit without invest-ment choice	Paid-up policies	Defined contribution with investment choice	Not eligible for profit allocation	2014	2013
Premium reserve	52 401	88 152	35 362	1 205	177 120	163 225
Additional statutory reserves	2 047	1 752		-1	3 798	3 151
Market value adjustment reserve	2 459	2 621		26	5 106	3 476
Premium fund	2 103	16		155	2 273	2 624
Deposit fund	452				452	350
Pensioners' surplus fund	2				2	4
Claims reserve	32	22		17	71	53
Total insurance liabilities	**59 496**	**92 563**	**35 362**	**1 401**	**188 822**	**172 883**

Group pension public insurance

NOK million	Defined benefit without investment choice	2014	2013
Premium reserve	7 234	7 234	17 299
Additional statutory reserves	449	449	499
Market value adjustment reserve	229	229	150
Premium fund	320	320	536
Claims reserve	9	9	2
Total insurance liabilities	**8 241**	**8 241**	**18 485**

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

NOK billion	Storebrand Livsforsikring AS	BenCo	SPP
0-1 year	10	4	8
1-5 years	20	1	16
More than 5 years	182	11	118
Total	**212**	**15**	**142**

Non-life insurance

NOK million	Storebrand Livsforsikring AS 2014	2013
Reinsurance share of technical insurance reserves	143	163
Total assets	**143**	**163**
Premium reserve	48	44
Claims reserve	579	572
- of which RBNS	75	
- of which IBNR	503	
Security reserve	173	171
Total assets	**799**	**786**
Market value adjustment reserve	15	16
Total insurance liabilities	**814**	**802**

Market value adjustment reserve

NOK million	2014	2013	Change 2014
Equities and units	3 023	2 869	154
Bond and other fixed income securities	2 791	954	1 837
Total	**5 814**	**3 823**	**1 992**

Note 44 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	165 873	4 279	3 823	763	3 184
Changes in insurance obligations recognised in the Profit and Loss account					
2.1 Net realised reserves	- 5 141	78	1 992	132	14
2.2 Profit on the return					120
2.3 The risk profit allocated to the insurance agreements	9				36
2.4 Other allocation of profit	19				
2.5 Changes in insurance obligations from comprehensive income		603			
Total changes in insurance obligations recognised in the Profit and Loss account	**- 5 112**	**681**	**1 992**	**132**	**170**
Non-realised changes in insurance liabilities					
3.1 Transfers between funds	4 613	158			334
3.2 Transfers to/from the company					- 640
Total non-realised changes in insurance liabilities	**4 613**	**158**			**- 306**
Book value 31.12	**165 374**	**5 118**	**5 814**	**895**	**3 047**

NOK million	Other technical reserves non-life insurance	Total Storebrand Livs-forsikring AS 2014	Total Storebrand Livs-forsikring AS 2013
Book value 01.01	786	178 708	173 669
Changes in insurance obligations recognised in the Profit and Loss account			
2.1 Net realised reserves	33	- 2 894	1 719
2.2 Profit on the return		120	
2.3 The risk profit allocated to the insurance agreements		46	
2.4 Other allocation of profit		19	85
2.5 Changes in insurance obligations from comprehensive income		603	
Total changes in insurance obligations recognised in the Profit and Loss account	**33**	**- 2 106**	**1 804**
Non-realised changes in insurance liabilities			
3.1 Transfers between funds		5 106	3 534
3.2 Transfers to/from the company	- 20	- 660	- 300
Total non-realised changes in insurance liabilities	**- 20**	**4 446**	**3 235**
Book value 31.12	**799**	**181 048**	**178 708**

Insurance obligations in life insurance - investment choice portfolio separately

NOK million	Premium-reserve	Additional statutory reserves	Claims allocation	Premium-, deposit-, and pension surplus fund
Book value 01.01	38 700	179	1	330
Changes in insurance obligations recognised in the Profit and Loss account				
2.1 Net realised reserves	7 788			
2.2 Profit on the return				
2.5 Changes in insurance obligations from comprehensive income	1			
Total changes in insurance obligations recognised in the Profit and Loss account	**7 790**			
Non-realised changes in insurance liabilities				
3.1 Transfers between funds	- 4 598	- 179		- 330
3.2 Transfers to/from the company				
Total non-realised changes in insurance liabilities	**- 4 598**	**- 179**		**- 330**
Book value 31.12	**41 892**	**0**	**1**	**0**

NOK mill.	Total Storebrand Livsforsikring AS 2014	Of which with multiannual guarantee return	Sum Storebrand Livsforsikring AS 2013
Book value 01.01	39 209	7 287	35 447
Changes in insurance obligations recognised in the Profit and Loss account			
2.1 Net realised reserves	7 788		7 460
2.2 Profit on the return			133
2.5 Changes in insurance obligations from comprehensive income	1		
Total changes in insurance obligations recognised in the Profit and Loss account	**7 790**		**7 593**
Non-realised changes in insurance liabilities			
3.1 Transfers between funds	- 5 106	- 7 287	- 3 534
3.2 Transfers to/from the company			- 295
Total non-realised changes in insurance liabilities	**- 5 106**	**- 7 287**	**- 3 830**
Book value 31.12	**41 893**	**0**	**39 210**

Note 45 Other current liabilities

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2014	2013	2014	2013
Accounts payable	99	121	39	42
Minority Storebrand Eiendomsfond KS [1]	3 167	2 342		
Received collateral	2 513	269	235	220
Debt broker	416	450	41	403
Other current liabilities	855	1 052	59	495
Total other current liabilities	**7 051**	**4 233**	**374**	**1 160**

1) As of January 2014 the partisipants are able to claim redemption on a yearly basis.
The redemption are conditioned to a total demand of NOK 100 million. The redemption amounts to 98,75 % of VEK. See note 9.

Note 46 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 reconised in the income statement.
The effectiveness of hedging is monitored at the individual security level.

Storebrand utilises cash flow hedging of its credit margin. The hedged items are liabilities that are measured at amortised cost. Derivatives are recognised at fair value in the accounts. The proportion of the gain or loss on the hedging instrument that is deemed to be effective hedging is recognised in total comprehensive income. The proportion is subsequently reclassified to profit or loss in step with the hedged item's effect on earnings.

Hedging instrument/hedged item

	2014					2013			
		Book value [1]					Book value [1]		
NOK million	Contract/ nominal value	Assets	Liabilities	Booked	Recognised in compri-hensive income	Contract/ nominal value	Assets	Liabilities	Booked
Interest rate swaps	3 276	964		-203	795	3 273	363		166
Subordinated loans	-3 238		-4 058	209	-627	-3 273		-3 626	-140

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

	2014			2013		
		Book value 1)			Book value 1)	
NOK million	Contract/ nominal value	Assets	Liabilities	Contract/ nominal value	Assets	Liabilities
Currency derivatives	-6 619		-278	-7 203		-145
Underlying items		6 728			7 351	

1) Book values 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 reconised in the income statement.
The effectiveness of hedging is monitored at the individual security level.

Storebrand utilises cash flow hedging of its credit margin. The hedged items are liabilities that are measured at amortised cost. Derivatives are recognised at fair value in the accounts. The proportion of the gain or loss on the hedging instrument that is deemed to be effective hedging is recognised in total comprehensive income. The proportion is subsequently reclassified to profit or loss in step with the hedged item's effect on earnings.

Hedging instrument/hedged item

	2014					2013			
		Book value 1)					Book value 1)		
NOK million	Contract/ nominal value	Interest rate swaps	Liabilities	Booked	Recognised in compri- hensive income	Contract/ nominal value	Assets	Liabilities	Booked
Interest rate swaps	3 276	964		-203	795	3 273	363		166
Subordinated loans	-3 238		-4 058	209	-627	-3 273		-3 626	-140

1) Book values at 31.12.

Note 47 Collateral

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2014	2013	2014	2013
Collateral for Derivatives trading	2 617	5 373	1 767	938
Collateral received in connection with Derivatives trading	-3 250	- 477	- 206	- 220
Total received and pledged collateral	**- 633**	**4 896**	**1 561**	**718**

Collateral pledged in connection with futures and options are regulated on a daily basis in the daily margin clearing on individual contracts.

Note 48 Contingent liabilities

NOK million	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring Group 2013	Storebrand Livsforsikring AS 2014	Storebrand Livsforsikring AS 2013
Uncalled residual liabilities re limited partnership	4 321	4 038	3 212	3 022
Total contingent liabilities	**4 321**	**4 038**	**3 212**	**3 022**

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

Note 49 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 25 Remuneration of senior employees and elected officers and note 33 Parent company's holding of equities in subsidiaries and associated companies.

	2014		2013	
NOK million	Sale/purchase of services	Receivables/ liabilities [1]	Sale/purchase of services	Receivables/ liabilities [1]
Group Companies:				
Storebrand ASA	40	-7	69	-6
Storebrand Bank ASA	72	1	87	6
Storebrand Asset Management AS	-184	-15	-178	-2
Storebrand Forsikring AS	78	20	80	17
Storebrand Baltic NUF	1		1	
Others:				
Debt minorities real estate fund		-3 167		-2 342

1) See Note 45 for discussion on minorities in real estate fund.

Note 50 Capital adequacy

NOK million	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring Group 2013	Storebrand Livsforsikring AS 2014	Storebrand Livsforsikring AS 2013
Share capital	3 540	3 540	3 540	3 540
Other equity	18 393	16 471	17 485	16 556
Equity	**21 934**	**20 011**	**21 025**	**20 096**
Hybrid tier 1 capital	1 500	1 500	1 500	1 500
Goodwill and other intangible assets	- 5 519	- 5 807	- 176	- 144
Risk equalisation fund	- 829	- 776	- 829	- 776
Capital adequacy reserve		- 96		
Deductions for investments in other financial institutions	- 1	- 1	- 1	- 1
Interest rate adjustment of insurance obligations	- 2 170	- 1 081		
Secuity reserves	- 153	- 150		
Other equity	- 31	- 71	- 71	- 68
Core capital (tier 1)	**14 731**	**13 530**	**21 449**	**20 607**
Hybrid tier 1 capital				
Perpetual subordinated capital	2 100	2 700	2 100	2 700
Ordinary primary capital	2 238	2 238	2 238	2 238
Capital adequacy reserve		- 96		
Deductions for investments in other financial institutions	- 1	- 1	- 1	- 1
Tier 2 capital	**4 337**	**4 841**	**4 337**	**4 937**
Net primary capital	**19 068**	**18 371**	**25 786**	**25 544**
Calculation base by class of risk weighting	**429 349**	**406 605**	**228 381**	**251 409**
Risk weight 0%	76 660	70 093	46 223	41 920
Risk weight 10%	65 642	66 222	36 038	36 770
Risk weight 20%	73 294	79 261	45 774	50 445
Risk weight 50%	10 509	10 170	6 904	6 983
Risk weight 100%	85 786	87 567	77 609	78 073
Risk weight 150%	7 696	6 509	6 238	5 391
Assets held in respect of life insurance contracts with investment choice	109 761	86 781	9 595	31 826
Weighted assets in the statement of financial position	**139 143**	**133 403**	**107 090**	**104 342**
Weighted interest rate and FX contracts	5 514	4 494	3 517	3 213
Cross holding deduction for shares in other financial institutions	- 2	- 195	- 2	- 2
Unrealised gains on financial current assets	- 3 601	- 3 073	- 3 601	- 3 073
Risk weighted calculation base	**141 053**	**134 630**	**107 003**	**104 481**
Capital adequacy ratio	**13.5 %**	**13.6 %**	**24.1 %**	**24.4 %**
Core (tier 1) capital ratio	**10.4 %**	**10.0 %**	**20.0 %**	**19.7 %**

Note 51 Solvency margin

NOK million	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring Group 2013	Storebrand Livsforsikring AS 2014	Storebrand Livsforsikring AS 2013
Solvency margin requirement	12 632	11 974	7 823	7 634
Solvency margin capital	22 110	21 055	28 402	27 107
Solvency margin	**175.0 %**	**175.8 %**	**363.0 %**	**355.1 %**

Specification of solvency margin capital

NOK million	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring Group 2013	Storebrand Livsforsikring AS 2014	Storebrand Livsforsikring AS 2013
Net primery capital	19 068	18 371	25 786	25 544
50 % of additional statutory reserves	2 559	2 229	2 559	2 229
50 % of risk equalisation fund	414	388	414	388
Counting security reserve	69	67	69	67
Reduction i tier 2 capital eligible for inclusion in solvency capital			- 427	-1 121
Solvency capital	**22 110**	**21 055**	**28 402**	**27 107**

Note 52 Return on capital

Storebrand Livsforsikring AS

	2014		2013		2012		2011		2010	
	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 %	6.3 %	3.0 %	4.6 %	5.6 %	6.2 %	4.6 %	3.4 %	4.9 %	6.1 %
As portfolio:										
Group defined benefit public	4.3 %	4.2 %								
Group defined benefit private	5.4 %	6.6 %								
Group defined benefit low			3.8 %	4.2 %	5.9 %	6.1 %	6.4 %	4.5 %	4.5 %	5.5 %
Group defined benefit standard			3.3 %	5.3 %	5.8 %	6.8 %	4.5 %	2.8 %	4.6 %	6.5 %
Group defined benefit high					5.7 %	7.1 %	4.7 %	2.2 %	4.9 %	7.4 %
Swedish branch	6.5 %	6.9 %	3.7 %	5.1 %	4.9 %	5.6 %	5.9 %	4.8 %	3.8 %	4.9 %
Paid-up policies	5.4 %	6.4 %	2.2 %	4.0 %	5.4 %	5.7 %	4.7 %	3.8 %	4.9 %	6.0 %
Individual	4.1 %	5.8 %	4.9 %	5.4 %	5.7 %	6.0 %	3.6 %	3.2 %	6.0 %	6.0 %

	2014	2013	2012	2011	2010
Return on capital company portfolio	5.0 %	4.2 %	5.4 %	5.1 %	5.8 %

Note 53 Number of employees

	Storebrand Livsforsikring Group 2014	Storebrand Livsforsikring Group 2013	Storebrand Livsforsikring AS 2014	Storebrand Livsforsikring AS 2013
Number of employees 31.12	1 575	1 532	812	829
Average number of employees	1 577	1 594	817	867
Fulltime equivalent positions 31.12	1 556	1 506	801	816
Average number of fulltime equivalents	1 552	1 567	805	853

The Chief actuary's report

Insurance fund and risk equalisation fund

With reference to the annual report for 2014 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, 10 February 2015

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
- Declaration by the Members of the Board and the CEO

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 2014 financial year and as per 31 December 2014.

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 2014 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 2014. 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, 10 February 2015
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

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Til generalforsamlingen i Storebrand Livsforsikring AS

REVISORS BERETNING

Uttalelse om årsregnskapet

Vi har revidert årsregnskapet for Storebrand Livsforsikring AS som består av selskapsregnskap og konsernregnskap. Selskapsregnskapet består av balanse per 31. desember 2014, oppstilling over totalresultat, oppstilling over endringer i egenkapital og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger. Konsernregnskapet består av balanse per 31. desember 2014, oppstilling over totalresultat, oppstilling over endringer i egenkapital og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Styret og daglig leders ansvar for årsregnskapet

Styret og daglig leder er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge for selskapsregnskapet og i samsvar med International Financial Reporting Standards som fastsatt av EU, for konsernregnskapet, og for slik intern kontroll som styret og daglig leder finner nødvendig for å muliggjøre utarbeidelsen av et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Revisors oppgaver og plikter

Vår oppgave er å gi uttrykk for en mening om dette årsregnskapet på bakgrunn av vår revisjon. Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder International Standards on Auditing. Revisjonsstandardene krever at vi etterlever etiske krav og planlegger og gjennomfører revisjonen for å oppnå betryggende sikkerhet for at årsregnskapet ikke inneholder vesentlig feilinformasjon.

En revisjon innebærer utførelse av handlinger for å innhente revisjonsbevis for beløpene og opplysningene i årsregnskapet. De valgte handlingene avhenger av revisors skjønn, herunder vurderingen av risikoene for at årsregnskapet inneholder vesentlig feilinformasjon, enten det skyldes misligheter eller feil. Ved en slik risikovurdering tar revisor hensyn til den interne kontrollen som er relevant for selskapets utarbeidelse av et årsregnskap som gir et rettvisende bilde. Formålet er å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll. En revisjon omfatter også en vurdering av om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene utarbeidet av ledelsen er rimelige, samt en vurdering av den samlede presentasjonen av årsregnskapet.

Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon om selskapsregnskapet og vår konklusjon om konsernregnskapet.

Konklusjon om selskapsregnskapet

Etter vår mening er selskapsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av den finansielle stillingen til Storebrand Livsforsikring AS per 31. desember 2014 og av selskapets

Deloitte.

resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Konklusjon om konsernregnskapet

Etter vår mening er konsernregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av den finansielle stillingen til konsernet Storebrand Livsforsikring AS per 31. desember 2014 og av konsernets resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med International Financial Reporting Standards som fastsatt av EU.

Uttalelse om øvrige forhold

Konklusjon om årsberetningen og om redegjørelser om foretaksstyring og samfunnsansvar

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet og i redegjørelsene om foretaksstyring og samfunnsansvar, forutsetningen om fortsatt drift og forslaget til anvendelse av overskuddet er konsistente med årsregnskapet og er i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 10. februar 2015
Deloitte AS

Henrik Woxholt

Henrik Woxholt
statsautorisert revisor

Control Committee's Statement

Storebrand Livsforsikring AS
Control Committee's Statement – 2014

At its meeting on 24 February 2015, the Control Committee of Storebrand Livsforsikring AS has reviewed the Board of Director's proposed Annual Report and Accounts for 2014 of Storebrand Livsforsikring AS.

With references to the auditor's report of 10 February 2015 the Control Committee recommends that the Annual Reports and Accounts proposed be adopted as the Annual Report and Accounts of Storebrand Livsforsikring AS for 2014.

Lysaker, 24 February 2015

Translation - *not to be signed*

Elisabeth Wille
Chairman of the Control Committee

Board of Representatives' Statement

Insurance fund and risk equalisation fund

The Board of Directors' proposal for the Annual Report and Accounts, together with the Auditor's report and the Control Committee's statement have, in the manner required by law, been presented to the Board of Representatives in meeting on 4 March 2015.

The Board of Representatives recommends that the Annual General Meeting approve the Board of Directors proposal for the Annual Report and Accounts of Storebrand Livsforsikring AS and Storebrand Livsforsikring Group.

The Board of Representatives has no observations regarding the Board's proposed allocation of Storebrand Livsforsikring AS' profit for the year.

Lysaker, 4 March 2015

Translation - *not to be signed*

Terje Venold
Chairman of the Board of Representatives

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.

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storebrand