Opportunities for a
Better pension.

Annual Report of Storebrand ASA
2013

storebrand

Content

1950: The bookkeeping department

History of Storebrand

1767–1919: ROOTS

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

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

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

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

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

1917
The life insurance company Norske Folk is established.

1920–1969: GROWTH AND CONSOLIDATION

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

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

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

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

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

1970–1989: GROUP FORMATION

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

1983
The Norden Group and Storebrand merge.

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

1990–1999: CRISIS AND CHANGE

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

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

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

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

2013: Everyone sits in an open floor plan at Storebrand's offices at Lysaker. The 35,000 m2 building is interconnected by lifts, stairs and walkways.

2000–2011: NEW CHALLENGES

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

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

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

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

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

2009
Storebrand confirms it has been in talks about a possible merger with Gjensidige. The talks conclude without result.

2010
Storebrand emerges from the financial crisis in good shape. Storebrand works hard to prepare both employees and customers for the new pensions reform which comes into effect on 1 January 2011.

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

2011
A new group organisation lays the groundwork to make it easier to be a customer in Storebrand.

The debt crisis and uncertainty in the eurozone are causing considerable anxiety and turbulence in the financial markets. Storebrand's results for the year have been affected by these disturbances.

2012
Storebrand launches its new vision in January: "Recommended by our customers". Six customer promises, a new position and adjusted core values are also introduced.

Storebrand's CEO of 12 years, Idar Kreutzer, resigns to become the new Managing Director of the Norwegian Financial Services Association. Odd Arild Grefstad is appointed as the new CEO.

Storebrand begins comprehensive change work associated with capital effectiveness, cost reductions, customer orientation and commercialization. The measures will ensure that the group generates value for customers, employees and shareholders.

2013
New regulations for private occupational pension in Norway are adopted in 2013, and will enter into force on 01.01.2014. This allows flexible product solutions and higher savings rates for defined contribution pension. This will give both employers and retail market customers interesting options in the future. Storebrand works actively to meet the coming changes. Customer needs, profitability and framework conditions are at the heart of the Group's work with a new Norwegian occupational pension.

A new group organisation is presented in June. Nordic units and a split between business areas experiencing growth and a business areas with guarantees is the hallmark of the new organization, with the business areas Customer Area Norway, Customer Area Sweden, Savings and Asset Management, Insurance, Guaranteed Pension, Business Support and Economics and Finance. Two new Managing Directors are introduced: Staffan Hansén becomes the new head of Savings and Asset Management and Hege Hodnesdal becomes the new head of Insurance.

Better pension.

At Storebrand we work to give our customers the opportunity for a Better pension. For us, pension is a matter of helping companies to find the solutions that suite them, and enable the individual to see the opportunities that are available. In addition to saving solutions we also include risk solutions as a part of achieving a Better pension - security for the occurrence of the unexpected though good risk coverage.

We consider it to be our responsibility to enable companies and individuals to make the best choices. Our knowledge of pensions and financial expertise, in conjunction with our focus on the customer's needs inform these efforts. We work to create sustainable solutions and ensuring that we have industry-leading digital tools that enable our costumers to communicate with us in an easy and straightforward manner. We believe that these combined measures give our customers the opportunity for a Better pension.

We have launched three different customer concepts that will make it easier to find information, products and services that meet the companies' and their employees requirements.

Storebrand Plus
– for those who are managers

- individual pension advice with follow ups
- Keeps the manager informed about important events
- Pension meetings for your employees

Storebrand Advantage
– for people with an occupational pension with Storebrand

- Updated information about your pension and the opportunities you have to affect your own saving for retirement
- Overview of your pension figure
- Favourable conditions on many Storebrand products

Storebrand Pension Figure
– full overview of your pension

- Calculate your pension figure
- Gather your pension agreements in one place to obtain a full overview
- Increase your pension figure

Storebrand in brief

The Storebrand Group offers a broad range of 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. The Storebrand Group also comprises two sales and marketing units in Norway and Sweden. The group's head office is at Lysaker near Oslo.

HISTORY

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

EMPLOYEES

At the end of 2013, the group had 2,138 employees, compared to 2,250 at the beginning of the year. All employees of Storebrand are treated equally, regardless of age, gender, disability, religious beliefs, cultural background or sexual orientation.

CUSTOMERS

1.8 million people have a customer relationship with Storebrand. Our vision is to serve them so well that we are "Recommended by our customers".

STOREBRAND'S STRATEGY:
Storebrand's ambition is to be the best provider of pension savings. Our most important customers are corporates with pension in Storebrand and their present and former employees. We provide sustainable solutions adapted to our customers' circumstances through our market and customer concepts.

NØKKELTALL

NOK million	2013	2012	2011	2010	2009
Result before amortisation and tax	2,935	1,960	1,279	1,612	1,245
Return on equity	12%	8%	6%	11%	8%
Solvency margin Storebrand Life Group	176%	162%	161%	164%	170%
Total equity and liabilities	450,381	420,182	401,442	390,414	336,159
Equity	22,514	19,936	18,777	18,417	17,217
Earning per ordinary share	4.41	2.25	1.51	3.30	2.08
Dividend per ordinary share	0.00	0.00	0.00	1.10	0.00

2013 Highlights

Q1

SIMPLIFYING THINGS FOR DEFINED-CONTRIBUTION PENSION CUSTOMERS

Storebrand has made life a little easier for customers with a defined-contribution pension plan thanks to its new "Lifecycle Portfolio" solution, which automatically adapts the equity percentage and risk to the customer's age. Customers are ensured a sensible balance between equity funds, property and fixed-income funds that changes through their lifetime. The proportion of equities is set at 80 per cent until the policyholder reaches the age of 43 years, after which it is gradually decreased down to 20 per cent by the time they turn 67.

CONFIRMING OUR POSITION AS A LEADER IN SUSTAINABILITY

Storebrand has been in the limelight throughout the year for its sustainability work and was consistently ranked among the leaders in several of the world's main sustainability indexes. Storebrand is number 6 on the Global 100 list, which ranks the 100 most sustainable companies in the world. Storebrand's work on sustainable investments was also recognised when we received the IAIR Award for Excellence in Sustainable Investments.

Q2

SATISFIED KEY ACCOUNT CUSTOMERS

Major companies with Storebrand pension schemes have achieved the market's highest customer satisfaction level in many years. In the latest Norwegian Customer Barometer survey conducted by BI (NKB), this area scored 78 on customer satisfaction. This is one of the highest scores NKB has ever recorded in the corporate market in any industry.

NEW GROUP ORGANISATION

Storebrand presents its new group organisation. The new organisation features Nordic units and distinguishes between business in growth and business with guarantees.

PURCHASER OF THE YEAR

Once again, Storebrand was voted environmental purchaser of the year. In its explanation, the jury said: "The winner has submitted a comprehensive purchasing report. The company uses a large proportion of ecologically sound Swan-labelled consumables and office supplies, they have implemented Swan-labelled cleaning in all of their locations, and they were one of the first companies to set requirements to the cleaning industry. They were thus pioneers in a process that has now resulted in major cleaning companies ensuring they are certified with the official Nordic Swan eco-label."

Q3

STOREBRAND PENSION FIGURES

Storebrand Pension Figures enables customers to gather all their pension assets in one place and calculate how much pension he / she will need, as well as providing customers with tips on what they can do to increase their pension amount.

Pension Figures provides an estimate of the total pension an individual can expect to receive from the National Insurance scheme, from employers and from their own private pension savings for the first 15 years of their retirement.

THE SOUTH-EASTERN NORWAY REGIONAL HEALTH AUTHORITY SWITCHED TO STOREBRAND

Storebrand Pensjonstjenester will provide the pension system, manage membership administration and be in charge of pension payments, as well as providing accounting services to the South-Eastern Norway Regional Health Authority's newly created pension fund. This new pension fund will have 56,000 members and total assets of NOK 14 billion.

SPP FONDER

SPP Fonder became 5th largest mutual funds provider in the Swedish market. AuM increased by 31 per cent in 2013.

Q4

ALL TIME HIGH IN STOREBRAND FONDENE

Storebrand Fondene AS's total assets have passed NOK 100 billion. The main growth drivers have been a shift to fund-based management and increasing volumes from defined-contribution pensions.

NEW OCCUPATIONAL PENSIONS ACT

On 5 December the Storting approved a new Occupational Pensions Act that comes into effect on 1 January 2014. The new Act introduces a number of changes. The Act largely implements the proposals recommended by the Banking Law Commission concerning the new hybrid models, which provide great flexibility in the design of pension solutions.

HIGHER OCCUPATIONAL PENSION CONTRIBUTIONS FROM 2014

In December, the new government announced that they intend to raise the maximum rates for defined-contribution pensions from 1 January 2014 to the level proposed for the new occupational pension product. This means that it will be possible for people to save up to 7 per cent of their salary up to 12 x the National Insurance basic amount "G", and will allow additional contributions of 18.1 percent of salary between 7.1 and 12 "G".

– We will make a difference for our customers

Interview with CEO Odd Arild Grefstad

"I think that it means something to our customers as well as the company's focus that everything we do concerns being best at pension savings."

Odd Arild Grefstad's first whole year as the CEO of Storebrand has been marked by reorganisation, cost cuts, unclear regulatory conditions and solid earnings growth. – It has been hectic, but a lot of fun, says the CEO himself.

Since Odd Arild Grefstad took over the reins at Storebrand from Idar Kreutzer in the summer of 2012, the company has undergone major changes. Here are his thoughts about the year that has passed – and what will happen in the future.

How has your time as the CEO been so far?
It has been hectic, but at the same time a lot of fun - not to mention a fantastic learning experience. I feel that we quickly defined a direction and a clear strategy, initially it was related to cost optimisation, but in the next round it was also related to commercialisation. We saw that we needed to strengthen our focus on the retail market, with a clear focus on pension savings. We also had to make better use of our existing position in the corporate market through our own loyalty programmes for the employees in the companies. The entire process has gone very quickly – the road from strategy to implementation has been short.

Are you surprised about how fast everything has gone?
Yes, I am surprised about how fast we managed to arrive at the strategic platform, and how much we were in agreement internally. I received confirmation during this process that this is a modern organisation with a high level of expertise. When the employees were told that we had to take powerful and drastic measures because the regulatory framework in our market is changing completely, there was a great deal of understanding.

You mention "powerful and drastic measures": Shortly after you took over as the CEO, in the summer of 2012, you launched an extensive cost programme with the aim of cutting the annual cost base by NOK 400 million by the end of 2014. Can you give me the status of this work?
The cost programme is following the plan, and I am very satisfied with this. I want to compliment the entire organisation, which has contributed to implementation of the plan in practice. We have become a flatter organisation, with shorter decision paths and less bureaucracy, which makes us more efficient.

I often talk with our customers, and what is pointed out as the strengths of Storebrand is our expertise and the manner in which we serve our customers – good customer service is a competitive advantage for us, and our customer satisfaction has increased further in 2013.

Storebrand delivered a group result of 2,935 million in 2013, up from NOK 1,960 million in 2012. How would you describe Strorebrand's financial results in the year that has passed?
I am very pleased with the results for 2013. In 2012 we did comprehensive measures to reduce costs and increase income. The results for 2013 show that the measures we have completed and still is working on are giving the desired effect. Our focus now is to keep the pace into 2014.

What results are you the most and least satisfied with?
I am pleased with a lot of things in 2013, but it is especially good to see that we have been able to create very strong return for our defined contribution customers and that we have been able to reduce costs. In 2014 I want us to succeed better with selling to individuals with occupational pension in Storebrand.

The new European solvency regulations for life insurance companies, Solvency II, have been pointed out as the greatest threat to how Norwegian life insurance companies operate today. Even though the industry has been working on adapting to these rules for several years, there is still a certain degree of uncertainty associated with them. How interruptive is this uncertainty?
Recently we have started to feel that things have fallen more in place. We know what the underlying drivers will be, we know what will affect solvency, and we have good models and devices for measuring and following this up at Storebrand. With the recent clarifications from Europe, there have been implemented measures to ensure that products with long guarantees turn out better than what was originally intended. This eases our situation. There is at the same time no doubt that paid-up policies have a weak position in relation to the new solvency regulations. Any changes related to paid-up policies are important to the industry and Storebrand. I am thinking then especially about paid-up policies with investment options, which will be a very good alternative to guaranteed paid-up policies.

One of the main reasons for earnings growth is the solid profit from the large pension portfolio with a guaranteed return. These are the products that the industry, pending the implementation of Solvency II, has said that it wants to get rid of. What do you think about this?
It is correct that a major portion of the earnings today is linked to the portfolio with a guarantee, and this is directly attributed to the fact that this is where most of the assets lie. Today, almost 70 per cent of the assets in Storebrand are linked to guaranteed products.

These products are, however, very capital-intensive under Solvency II. In the future, we will employ more resources to ensure that our customers stay with us on the journey from guaranteed to non-guaranteed products. In order to manage this,

we must ensure that we still have the best solutions, and we must stay ahead of the developments. The earnings will then come in the areas of non-guaranteed savings and insurance.

Storebrand gained a lot of attention in the media, both in Norway and abroad, in connection with its decision to withdraw from 19 companies with exposure to coal and oil sands last year. How important is work on sustainable investments to you?

Sustainability and the principles of UN global compact is part of Storebrand's DNA, and it is something that I'm passionate about. This has been one of our main priorities for almost two decades, and today we are a world leader in this field. In our analysis, we collect a large volume of information on 2,500 listed companies, and we score them based on 100 different indicators and compare and rank them to determine what companies are the best and which are the weakest when it comes to sustainability. Our aim is to invest in the most sustainable companies, because we expect that they will give the best results for our customers, society and the future.

In our core operations, pension savings, we talk about long time horizons: When we accept a pension agreement for a 20-year-old, we know that it could very well be a customer relationship that will last for 70 years.

We are convinced, for example, that companies that use less water and energy than their competitors, have lower air emissions, are attractive to the consumers, who to an increasing degree demand sustainable products, will be tomorrow's winners. When this also benefits our customers through a higher return, and benefits society through less pollution, it is then clear that this is something that's important to us.

Last summer Storebrand implemented major changes to the Group's organisation and management. What was the background for this?
With a new strategy in place, it was a natural next step for us to ensure that we have an organisation that supports our strategy in the best possible manner. Therefore, we made several changes to the Group's organisation last summer. There were several factors that played a role here:

We wanted to establish a clear distinction between business in growth and business with guarantees, without new sales. Therefore "Guaranteed Pensions" was made a separate business area.

It has been an aim to strengthen our customer orientation, with a clear responsibility for concept and product development in the customer areas. This is the background for the establishment of two customer areas, with total responsibility for the Norwegian and Swedish markets, respectively.

It has also been our aim to create a better integrated Nordic organisation, where we make better use of our resources across the national borders. With the exception of the customer areas, all the areas and functions should be Nordic.

How have the changes functioned in practice?
We have reduced the number of vertical levels of the organisation from seven to five. We have created a flatter organisation, and we have 12 per cent fewer managers now than before we started the reorganisation. In addition, we have gained a lot of dynamics through the introduction of new managers, and there has been a movement of employees through the announcement of modified positions in the organisation.

I feel that we have renewed ourselves during a period when our number of employees is declining. This is very important, because if anything is required in such a situation, it is a willingness to change, tempo and the capacity to execute. And I feel that we have the prerequisites to deliver that now.

2013 was marked by uncertainty surrounding the regulatory framework, but now it looks like more of the pieces are starting to fall into place, with a new occupational pension product in the private sector and increased savings rates for defined contribution pensions. How important have these clarifications been?
It was high time. Our customers have gone far too long without knowing what they can expect. There is still uncertainty whether the current defined benefit pensions will be discontinued or not, but it is an advantage now that there is an alternative in the form of a defined contribution pensions with higher savings rates.

It has been important for us to clarify the situation, so that we can concentrate on giving the best possible advice to our customers.

The industry waited a long time for the Act on paid-up policies with investment options to enter into force. Now that it looks like this is close to clarification, how do you think this market will develop?
As the largest company in the paid-up policy market, with a market share of over 40 per cent, it is clear that we are excited about this market. Some clarification remains about the product, but I expect that this will be an attractive product for the majority of our customers. If I were to point out a competitive advantage as a customer of Storebrand, it would be the fact that our "Recommended Pension" solution, which automatically assigns an equity percentage adapted to the customer's age, is very suitable for this product.

"Sustainability and the principles of UN global compact is part of Storebrand's DNA, and it is something that I'm passionate about."

This does not mean that everyone should choose paid up policies with investment options. However, there is no doubt that guaranteed paid-up policies, with their current regulatory framework, will yield a return corresponding to the guarantee, but no more than that either. This means in practice that customers will lock their money in at a guaranteed low return – in our portfolio this return is approximately 3.5 per cent on average.

You have yourself pointed out the need for better private pension schemes for private pension savings. What is a good scheme in your eyes?
It would be best if schemes are established with greater flexibility to participate in what we call "salary exchange", which means saving portions of one's gross salary through the company's pension scheme. It is seamless and an optimal manner in which to do it, but today the regulations in Norway are so restrictive compared with other countries that it is not practically possible to carry out.

The next best solution then is to have good tax incentives in a pure IPS (Individual Pension Savings) scheme. This would entail that the current savings limit of NOK 15,000 be raised and that tax neutrality be introduced as a minimum, so that the tax paid on withdrawal is at least not higher than the deduction allowed when the money is saved.

Storebrand has a stated aim to be the best company for pension savings. What are you doing specifically to satisfy this aim?
Among the large listed companies in Norway, we are the only one that has pensions as our primary focus. All our competitors in the market are bank-owned systems. I think that it means something to our customers as well as the company's focus that everything we do concerns "being best at pension savings." To ensure that we remain the best, there are several things we must deliver:

We must be very good at sustainability, find the right companies, avoid the companies that are not sustainable, but also be able to pick future winners based on the megatrends and challenges we envision ahead. These companies are also the solution to many of the challenges facing us, such as lack of water, corruption and pollution.

We must manage to make pensions easy for everyone. Our work on our pension calculator, which gives individuals the opportunity to get an overview of their future pension and savings needs, is an example of this. We must help people find answers to key questions: How much do you have, how much do you need and how much must you save?

THE GLOBAL COMPACT

WE SUPPORT

Comprehensive regulatory changes

The regulatory framework for occupational pensions is changing. Comprehensive effort is being made to adapt the Norwegian occupational pension regulation to the pension reform, the principles for the new Norwegian National Insurance, and new european solvency regulations (Solvency II). New hybrid products and maximum savings rates in defined-contribution pension became available on 1 January 2014.

NEW NORWEGIAN OCCUPATIONAL PENSION RULES

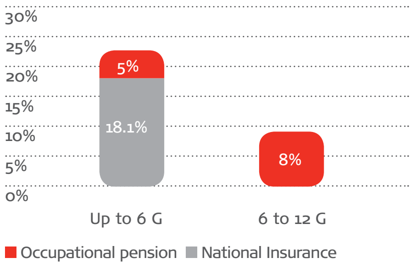
Comprehensive changes are being made to the Norwegian occupational pension rules in order to adapt them to the pension reform and the new National Insurance system introducing individual pension holdings, an all-years principle for vesting, the option of flexible pension and life expectancy adjustment.

In December 2013, the Storting passed a new occupational pension act that allows a new hybrid product onto the Norwegian market. It is based on the National Insurance principles of all-years accrual, annual contributions to pension holdings, mortality inheritance, flexible pension from the age of 62 and life expectancy adjustment. There are several options available for regulation of the pension. Pension holdings may be regulated according to the national salary growth (according to the National Insurance Basic Amount – G) or the company's salary growth. The product may also include an annual zero guarantee or individual investment option. The schemes may be time-limited, with disbursements until a minimum age of 80, or lifelong.

The maximum limits for saving in the hybrid product are 7 per cent of salaries up to 7.1[1] G and 25.1 per cent of salaries between 7.1 and 12 G. The Storting has decided that the costs of the pension schemes shall be kept outside the maximum limits for saving.

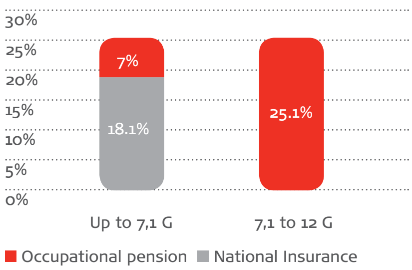
The rules regarding defined-contribution pension have also changed. The maximum savings rate has been raised to 7 per cent of income between 1 and 7.1 G and 25.1 per cent of income between 7.1 and 12 G. The maximum savings in a defined-contribution scheme pursuant to the Defined-contribution Pension Act is now the same as in the hybrid scheme pursuant to the Occupational Pensions Act.

Maximum savings rates before 2014



(income up to 7.1 G accrues National insurance pension)

New maximum savings rates



In NOU (Norwegian Official Report) 2012:3, the Banking Law Commission proposed changes that entailed a gradual discontinuing of defined-benefit pension over a three-year period. The Ministry of Finance did not propose rules regarding this in its bill Prop. 199L (2012-2013). It is therefore possible to continue defined-benefit pension schemes without it being adapted to the new National Insurance vesting system.

1) G Equals NOK 85 245

Defined-benefit pension is not in line with the principles of the new National Insurance. Defined-benefit pension schemes are based on the old National Insurance accrual rules. The schemes therefore will not provide compensation for reduced benefits in the new National Insurance as a result of introduction of a new vesting system and life expectancy adjustment. The intended predictability, a benefit level of 66 per cent of the final salary, is therefore not real.

The Banking Law Commission has been asked to study whether it is desirable and possible to develop a new defined-benefit pension product that is adapted to the new National Insurance system. The mandate contains a number of conditions that must be met for such a product. The vesting period must be at least 40 years, as an approach to the all-years vesting principle, and the pensions will be subject to life expectancy adjustment. The product must have a zero per cent calculation basis.

A final decision on the future of defined-benefit pension schemes will likely be made after the Banking Law Commission has submitted its report.

INDIVIDUAL PENSION SAVING

By individualising the National Insurance, where contributions are based on all years of salary, and where disbursements are adjusted for life expectancy, each person must adapt by either working more years or making their own saving arrangements. For many people, own pension savings will constitute an important part of the future's pension disbursements. Own savings will also provide security for people who are no longer able to work. It is therefore important that there are good schemes to stimulate saving. Better tax incentives may make individual pension saving like IPS (Individual Pension Saving) an option for many people. Another option may be additional saving in the collective scheme

National Insurance as a percentage of the final salary at the age of 67

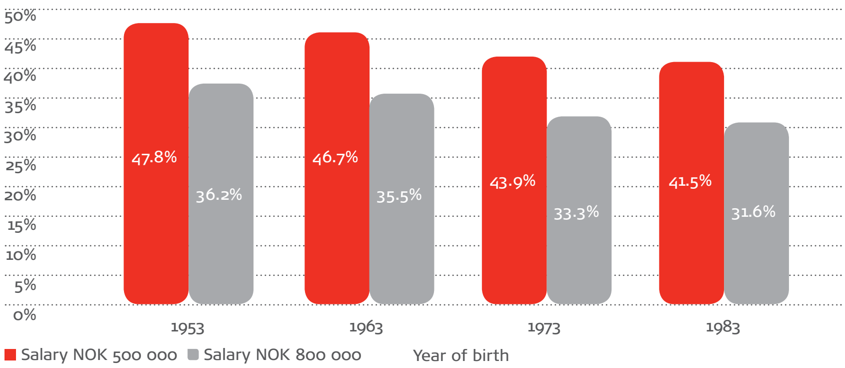


Illustration 2: The future decline in the National Insurance – a greater need for private saving

to which a person belongs.

Rules that allow individuals to convert their paid-up policy into investment options are expected to enter into force in early 2014. With appropriate long-term management of pension funds, the return may offer better pension disbursements than the original paid-up policy. Each person will also be freer to choose a disbursement profile that is adapted to their needs.

LONG TERM MANAGEMENT OF SAVINGS

A large majority of Norwegian employees already have defined-contribution pension schemes with individual investment options. As the new Occupational Pensions Act has now entered into force, together with a significantly higher limit for saving in defined-contribution schemes, further conversion is expected from guaranteed defined-benefit pension to defined contribution-based schemes with individual investment o'ptions. This allows better and more long-term management of pension funds, without the limitations imposed by the annual guarantee on the composition of investment portfolios for traditional pension products.

Most people with a defined-contribution pension scheme currently have a balanced profile for their pension saving, with half of the holdings in shares and half in fixed income securities. Very few people take advantage of the opportunity to change their risk profile, even though young employees in particular would benefit greatly from an even higher proportion of shares in their savings.

Storebrand has launched a new standard profile for our defined contribution-based pension schemes – Anbefalt Pensjon (Recommended Pension). This profile adapts the split between shares and fixed income securities to the member's age, so that the proportion of equities is high when the person is young, and is gradually reduced as they approach retirement age. This saving profile will also provide the basis for Storebrand's paid-up policy with investment option offering. The ability to take equity risk and thus achieve a higher expected pension for the customer over time is significantly better in these products, where the rules allow optimisation based on the consideration of a long-term return, like the Norwegian sovereign wealth fund, instead of meeting annual return guarantees.

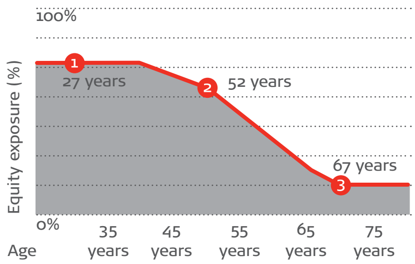


Illustration 3: Storebrand Recommended Pension

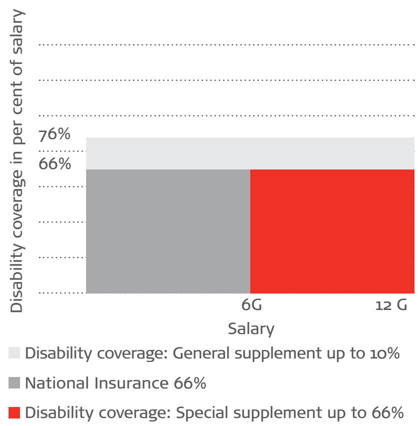
NEW DISABILITY COVERAGE IN COLLECTIVE OCCUPATIONAL PENSION

Where pension saving is intended to secure a retirement income, disability coverage secures income for the part of life where the person works. The new National Insurance in 2015 will entail changes to the rules regarding disability pension. The new disability pension will compensate the loss of income due to disability with a maximum of 66 per cent of income up to 6 G. No benefits will be granted for income above this amount. The taxation will also change so that disability benefits are taxed in the same way as regular earned income.

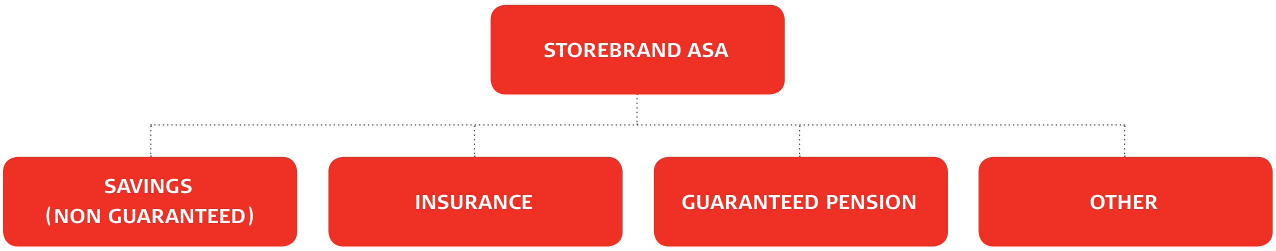
Employers can secure their employees through a collective scheme linked to occupational pension. The Banking Law Commission has presented a NOU (2013:12) that proposes rules for the private sector. It is now being circulated for consultation. The proposal means that a company can insure its employees with a general supplement of 10 per cent to the National Insurance. A special additional supplement is proposed of 66 per cent of income between 6 and 12 G, which is not covered by the National Insurance.

The new private sector disability pension has been proposed as pure risk coverage, where no reduction is made for lack of years of service. Employees' earned income may therefore be secured from the first day of work. The risk based product will not include the earning of paid-up policies.

Disability coverage – maximum benefits



Business Areas



Storebrand's ambition is to be the best provider of pension savings. The group offers a broad range of 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.

SAVINGS

Savings (non-guaranteed) comprises of non-guaranteed Defined Contribution in Norway and Sweden, Asset Management and Bank products to the retail market.

KEY FIGURES SAVINGS

NOK million	2013	2012	2011
Result before amortisation and tax	670	288	465
Unit Linked reserves	85,452	63,387	53,262
Unit Linked premiums	9,655	8,959	7,876
AuM Asset Management	487,384	442,162	413,950
Bank Retail Lending	23,906	23,734	22,289

INSURANCE

The Insurance business area includes the Group's risk products[1]. This business area offers health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee insurance and pensions-related insurance in the Norwegian corporate market.

KEY FIGURES INSURANCE

NOK million	2013	2012	2011
Result before amortisation and tax	492	417	285
Combined ratio	88%	90%	94%
Insurance premiums f.o.a.	2,868	2,510	2,317

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

GUARNANTEED PENSION

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.

KEY FIGURES GUARANTEED PENSION

NOK million	2013	2012	2011
Result before amortisation and tax	1,665	1,193	619
Guaranteed reserves	263,776	259,858	250,945
Buffer capital in % of customer reserves Storebrand	4.8%	4.0%	3.3%
Buffer capital in % of customer reserves SPP	15.1%	11.9%	10.0%

OTHER

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

KEY FIGURES OTHER

NOK million	2013	2012	2011
Result before amortisation and tax	108	62	-92
Net debt Storebrand ASA	9.4%	9.4%	11.7%

Sustainability

Storebrand's goal is to be the leader in sustainability in the Nordic region, and one of the foremost companies in the world in the area of sustainable investments.

Sustainable development is development that meets current needs, 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 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.

SUSTAINABILITY IS PART OF OUR DNA

At Storebrand, sustainability is fully integrated into our core operations. This means that in addition to financial parameters, we also take consideration of the social and environmental aspects of all decisions made within the group. All business areas and departments are responsible for integrating relevant sustainability issues into their activities, helping reduce their ecological footprint, and increasing our benefit to society.

It is our ambition that all employees of Storebrand are aware of the outcome of our sustainability work, and find it important. We are therefore pleased to see that in-house support for Storebrand's work increases every year. We believe that our 2,000 employees are our leading ambassadors for long-term sustainable saving and transition to a sustainable world.

SECURITY FOR OUR CUSTOMERS

As suppliers of pension saving, we must be able to apply a long-term perspective to our thinking and action. We have a long history of work with sustainable investments, and our strategy covers all investment classes. This is important in order to reduce the risk in our investments and for the customer to be able to feel assured that the investments live up to international norms and rules. Ethical and responsible advisory services for customers are of utmost importance at Storebrand. All financial advisers are trained in advisory service ethics and other relevant subjects every year to ensure that customers receive advice that secures their interests.

WE LIVE AS WE LEARN

The group makes high demands on the companies we invest in, and we make the same high demands on ourself. By making sustainability a clear requirement in our procurements, we play a role in the development of better and a larger number of sustainable products. We are a member of the Swan eco-label's purchaser club. In 2013 we received the Swan Award as Best Purchaser. At present the group has excluded 171 companies from investment, and these companies have been disqualified as suppliers to us for several years.

HR has a sharp focus on equal opportunities, development of talent, job satisfaction and a good working environment, and every department works to reduce our environmental footprint by constantly focusing on resource use. We offset our emissions arising from travel and energy consumption through the purchase of UN-certified emission reductions.

Our ethical rules are an important tool in our daily operation, and are followed up every year through training and monitoring. We also monitor and follow up work against financial crime and corruption.

We want to be transparent, and we are therefore reporting sustainability data to a number of sustainability indices, including the Carbon Disclosure Project, the Dow Jones Sustainability Index, Vigeo, Sustainalytics and FTSE4Good. Our sustainability reports follow the guidelines from the Global Reporting Initiative. Our main office in Oslo has held environmental certification from the Eco-Lighthouse Foundation for several years, and a process is currently under way to environmentally certify SPP's office in Stockholm.

STAKEHOLDER DIALOGUE

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. The dialogue is partly achieved through our annual discussions with players on sustainability matters. We are active in key sustainability organizations like UNEP FI, Norsif, Swesif and the Swedish Sustainable Value Creation collaborative project for investors.

The main channel for dialogue with the outside world is social media, where both Twitter and Facebook are important channels for feedback from relevant communities, and for availability for dialogue and questions.

KEY PRINCIPLES OF OUR WORK

Storebrand has signed the UN's principles for responsible business, 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's Principles for Responsible Investment (PRI) and the UN's Principles for Social Insurance (PSI). Both provide a basis for our sustainability strategy.

A guiding star for our work is the vision of a sustainable world in 2050 which we developed and supported several years ago, in collaboration with many other large companies within the framework of the World Business Council for Sustainable Development: *9 billion people are living well within the resource limits of the planet.*

A STRONG VOICE IN SOCIETY FOR SUSTAINABILITY AND A LONG-TERM PERSPECTIVE

Our ambition to be a leader in sustainability includes an ambition to be a strong voice in the public discourse, and also to form opinion. During the year, the sustainability team participated in over 175 debates, lectures, podcasts and events, which had an impact on the discourse, also in relation to investment in fossil fuels. We have conducted a dialogue with politicians and ministers on the measures required to achieve a more sustainable financial sector. In connection with the UN Climate Change Conference in Warsaw in November, two leading representatives of Storebrand wrote an open letter to the ministers of the environment in Norway and Sweden, presenting the financial sector's wish list in advance of the conference. This received great attention during the discussions.

COMMUNITY ENGAGEMENT

Storebrand has cooperated with the Norwegian Cancer Society in the fight against cancer for a number of years. In Sweden, SPP has cooperated with Fryshuset, which supports vulnerable children and young people, since 2011. This cooperation has, for example, contributed to increasing young people's knowledge and understanding of personal finance and the importance of long-term savings.

The Group's commitment to local communities has manifested itself in the You Can scholarship. Grants are awarded annually to projects or associations that require a small amount of money to start or develop an idea that can make the world a better place.

RECOGNITION OF OUR WORK

We aim to be a leader in sustainability in our industry. We are therefore proud that Storebrand qualified for the 15th year in a row for the Dow Jones Sustainability Index, as one of the ten per cent most sustainable companies in the world. Storebrand has also qualified for the TSE4Good and Global 100. This year we received the IAIR Award for Excellence in Sustainable Investments for our work with sustainable investments. We were also placed 11th by the Asset Owners Disclosure Project, which ranks the climate change work by investors around the world.

Read more about our sustainability scorecard reporting for 2013 on pages 170-172.

THE STOREBRAND GROUP'S SUSTAINABILITY GUIDELINES

Sustainability is integrated into Storebrand's assessments, our vision, our core values and our promises to customers. The following guidelines are fundamental to our work:

- The Group's ambition is to contribute to **solving society's problems** and to create sustainable development locally and globally through its products and services.
- The Group will **combine** profitable business operations with social, ethical and environmental goals and activities.
- We have **implemented requirements** with regard to sustainability, corporate social responsibility, environmental work and ethics within the Group and for all of our partners and suppliers.
- Sustainability must **run through our development of new** financial products and services, and must be fully integrated with our asset management.
- The Group will ensure a **constantly lower environmental impact** from our operations.
- We will actively seek to **prevent any activities that are harmful to society** and criminal acts in connection with our operations.
- The Group will have a **transparent management structure** in accordance with national and international corporate governance standards.
- Storebrand's goal is to be **the leader in sustainability in the Nordic region**, and one of the foremost companies in the world in the area of sustainable investments.
- All of the Storebrand Group's self-managed assets are subject to the Minimum Standard for Sustainable Investments, as defined by the executive management.

Certified by:

We support:

Qualified to:

Sustainable Investments

GREEN TRANSITION

Throughout 2013, the green transition has occupied an important place on the agenda of the financial industry. The focus is no longer just on niche investments in renewable energy, but rather on how the international financial sector as a whole manages climate risk. When the British organisation, the Carbon Tracker Initiative, presented its analysis of the carbon bubble, it was a catalyst for discussions on the valuation and pricing of listed companies.

If international climate policy is successful and we manage to limit global warming to two degrees Celsius, it will mean that a large proportion of the world's fossil reserves cannot be extracted as a source of energy or fuel. Some reserves will end up being worthless, in turn affecting the valuation of fossil exposed companies. To ensure stable, long-term returns for our customers, we must understand how global trends, such as the scarcity of resources and population growth will affect profitability in large, listed companies.

Climate change is likely the greatest global challenge of our time. The framework for business is already changing, through stricter regulation and greater unpredictability in the ecosystem services on which we are all dependent. Population growth and resource scarcity will likely have different impacts on different industries, regions and companies, making it more challenging to do business in the coming years. However, these challenges may also represent business opportunities for companies that are efficient, well-prepared and well-positioned with smart products and services.

INVEST MORE IN THE SOLUTIONS

The focus on sustainable investments is strategically important to the Group, as we believe that it is a prerequisite for creating stable long-term returns for our customers.

Therefore, Storebrand invests an increasing share of capital in the most sustainable securities. An analysis of companies' sustainability performance forms the basis for this work. In annual sector analyses, 2,500 companies are compared with their peers, and receive a rating from 0 to 100 comprising both risk and opportunities. The best companies are financially robust, and demonstrate good quality management systems and efficient use of resources. In addition, these companies seek profitable growth through products and services that contribute to sustainable development.

The Group aims to increase the average sustainability score for our largest portfolio of listed companies from 53 to 58 over a five year period from 2012 to 2017. As of 31 December 2013, the average score was 57. We have also defined a NOK 2,000 million target for assets under management in our flagship sustainability funds, Storebrand Trippel Smart and SPP Topp 100 during the same period. As of 31 December 2013, the amount was NOK 1,074 million.

The Group has also invested SEK 750 million in a climate bond issued by the European Investment Bank (EIB), which was the largest climate bond issued in Swedish kroner in 2013. A share of our customers pensions will thus be invested in renewable energy and energy efficiency projects, which are smart for the climate and pay attractive returns. Storebrands forestry investments in the Nordics, North-America and Africa also contribute to a reduction of greenhouse gases in the atmosphere.

REDUCED RISK – SECURITY FOR OUR CUSTOMERS

To ensure that our customers' savings are managed in the most sustainable manner possible, it is also necessary to reduce exposure to businesses that make a negative contribution. We therefore divest from companies that we believe are high risk– either through their core activities or due to lack of management and control. As of 31 December 2013, there was a total of 176 such companies.

A key component of this work is reducing exposure to fossil fuels:

- In the Oil and Gas sector, 13 coal mining companies have been excluded
- In the Oil and Gas sector, the six largest oil sands companies have been excluded
- In the Utilities sector, 10 companies have been excluded for basing their electricity production largely on coal.

To effectively limit greenhouse gas emissions, it is critical to preserve tropical rainforests. The production of palm oil is one of the main drivers of deforestation, and recently we have seen several indications of stricter regulation of this type of business globally. Therefore 11 palm oil plantation owners have been excluded from our portfolios as of 31 December 2013.

INFLUENCING IMPROVEMENT

Our main task is to secure long-term returns for our customers. Thus, we work systematically to increase our investments in assets that contribute to more sustainable development, while at the same time reducing the exposure to high risk companies. As an active owner, we engage in diaologue with several hundred listed companies on issues related to corporate governance, environmental management, anti-corruption and human rights. This work is of utmost importance in ensuring that the companies act in accordance with the interests of the owners. In 2013, we were in dialogue with 44 companies regarding sustainability risks, and we have seen significant improvements with four of these companies.

> "Pension is not an easy subject. Therefore this was a good and completely necessary review for me. The advice was straightforward, but thorough. At last I have obtained a good overview of my pension and how I should secure myself."
> Storebrand Pluss member

Storebrand Pluss

(Storebrand Plus)

– for those who are managers

In order to meet the manager's often complex requirements in a busy workday, we have developed Storebrand Pluss. This is a management program designed to provide comprehensive pension advice and follow ups of the manager's situation. Our skilled advisors who provide you with a full overview and good understanding of your pension.

You receive help in understanding the consequences of the new pension system, and what it means for you and your employees. We will provide you and your company with retirement saving solutions based on your requirements and needs.

Shareholder matters

2014 FINANCIAL CALENDAR

12 February:	Results 4Q 2013/ Embedded Value 2013
9 April:	Annual General Meeting
10 April:	Ex dividend date
7 May:	Results 1Q 2014
16 July:	Results 2Q 2014
29 October:	Results 3Q 2014
February 2015:	Results 4Q 2014

SHARE CAPITAL, RIGHTS ISSUES AND NUMBER OF SHARES

Shares in Storebrand are listed on Oslo Børs (Oslo Stock Exchange) with the ticker code STB. Storebrand ASA's share capital at the start of 2013 was NOK 2,249.5 million. The company has 449,909,891 shares with a par value of NOK 5. As at 31 December 2013 the company owned 2,716 273 of its own shares, 0.60 per cent of the total share capital. The company has not issued any options that can dilute the existing share capital.

SHAREHOLDERS

Storebrand ASA is one of the largest companies listed on Oslo Børs measured by number of shareholders. The company has shareholders from almost all the municipalities in Norway and from 43 countries. In terms of market capitalisation, Storebrand was the 15th largest company on Oslo Børs at the end of 2013.

SHARE PURCHASE SCHEME FOR EMPLOYEES

Since 1996 Storebrand ASA has given its employees an opportunity to purchase shares in the company. The purpose of the scheme is to involve the employees more closely in the company's value creation. In March 2013 each employee was given the opportunity to buy between 81 and 1637 shares in Storebrand at a price of NOK 24.42 per share. Around 14 per cent of the employees participated and purchased a total of 318,647 shares.

FOREIGN OWNERSHIP

As at 31 December 2013 total foreign ownership amounted to 53.7 per cent, compared with 50.0 per cent at the end of 2012.

TRADING VOLUME FOR SHARES IN STOREBRAND

569 million shares in Storebrand were traded in 2013, which is an reduction of 35.4 per cent over 2012. The trading volume in totalled NOK 17,067 million in 2013, down from NOK 21,924 million in 2012. In monetary terms Storebrand was the 16th most traded share on Oslo Børs in 2013. In relation to the average total number of shares, the turnover rate for shares in Storebrand was 126.5 per cent.

SHARE PRICE PERFORMANCE

Storebrand generated a total return of 41.3 per cent in 2013. The Oslo Børs OSEBX index rose 23.6 per cent for the corresponding period. Over the last 5 years, Storebrand has shown a total return of minus 29.7 per cent, while the European insurance index Beinsur showed a return of 22.4 per cent for the corresponding period.

DIVIDEND POLICY

Storebrand's dividend policy shall contribute towards providing shareholders with a competitive return and optimising the company's capital structure. The dividend to shareholders will normally represent more than 35 per cent of the full-year profit after tax, but before amortisation costs. The Group is in a situation where it needs to strengthen its reserves for higher life expectancy. Given this, the Board has decided to propose to the Annual General Meeting that no dividend be paid for 2013.

CAPITAL GAINS TAXATION

Rules on taxation of dividends and gains on shares held by private individuals are referred to as the "shareholder model". Dividends, less a standard deduction, are taxable, currently at a rate of 28 per cent. If shares are sold, any unused standard deduction can be deducted from the gain on the sale. The standard deduction is calculated on the basis of the cost price of the share multiplied by the average three-month interest rate on treasury bills, which is effectively a risk-free rate of interest. The interest rate for calculating deductions in 2013 has been set at 1.1 per cent.

COMPLIANCE

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

INVESTOR RELATIONS

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

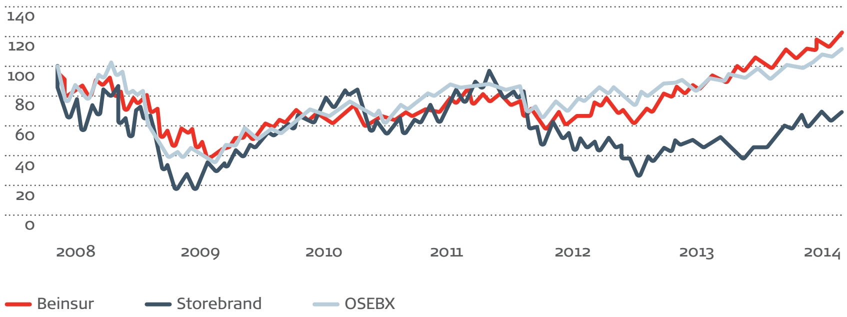
GENERAL MEETING

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

SHAREHOLDERS' CONTACT WITH THE COMPANY

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

Share price development

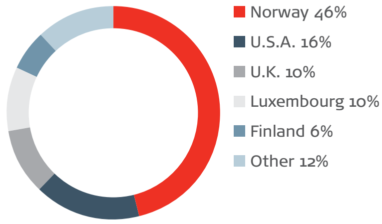


Storebrand share	2013	2012	2011	2010	2009
Highest closing price (NOK)	39.00	31.02	54.5	48.3	40.8
Lowest closing price (NOK)	22.39	16.62	25.2	31.3	12.15
Closing price on 31.12 (NOK)	37.90	26.82	31.1	43.6	39.56
Market cap 31.12 (NOK million)	17,052	12,067	13,992	19,638	17,798
Annual turnover (1,000 shares)	569,138	881,216	627,854	593,986	510,873
Annual daily turnover (1,000 shares)	2,286	3,511	2,481	2,357	2,035
Annual turnover (NOK million)	17,067	21,924	25,386	23,114	14,157
Rate of turnover (%)	126.5	195.9	140	132	114
Number of ordinary shares 31.12 (1,000 shares)	449,910	449,910	449,910	449,910	449,910
Earnings per ordinary share (NOK)	4.41	2.25	1.51	3.30	2.08
Dividend per ordinary share (NOK)	0	0	0	1.1	0
Total return (%)	41.3	-14	-27	10	136

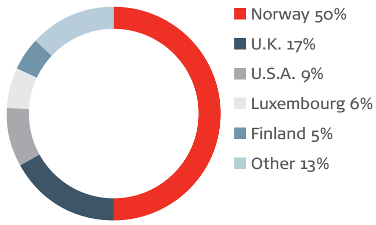
Historical share prices have been adjusted to take account of the split between shares and subscription rights implemented in 2007.

	20 largest shareholders as of 31 December 2013	Account	Number of shares	%	Country
1	Gjensidige Forsikring		90,458,254	20.11	NOR
2	Folketrygdfondet		27,434,768	6.10	NOR
3	Franklin Templeton		17,770,569	3.95	LUX
4	Varma Mutual Pension		12,518,694	2.78	FIN
5	Clearstream Banking	Nominee	12,430,517	2.76	LUX
6	Skandinaviska Enskilda	Nominee	11,608,506	2.58	SWE
7	Local Tapiola Mutual		10,000,000	2.22	FIN
8	J.P. Morgan Chase BA	Nominee	8,932,264	1.99	USA
9	The Northern Trust C	Nominee	8,011,969	1.78	GBR
10	MSF-Mutual European		7,664,955	1.70	USA
11	Skagen Global		7,500,000	1.67	NOR
12	Prudential Assurance		7,116,821	1.58	GBR
13	The Northern Trust	Nominee	6,568,404	1.46	GBR
14	State Street Bank	Nominee	5,968,446	1.33	USA
15	State Street Bank	Nominee	5,648,252	1.26	USA
16	J.P. Morgan Chase Bank	Nominee	5,443,410	1.21	SWE
17	Verdipapirfondet DNB		5,276,430	1.17	NOR
18	J.P. Morgan Chase Bank	Nominee	5,112,299	1.14	GBR
19	J.P. Morgan Chase Bank	Nominee	4,950,000	1.10	USA
20	J.P. Morgan Chase Bank	Nominee	4,286,585	0.95	GBR

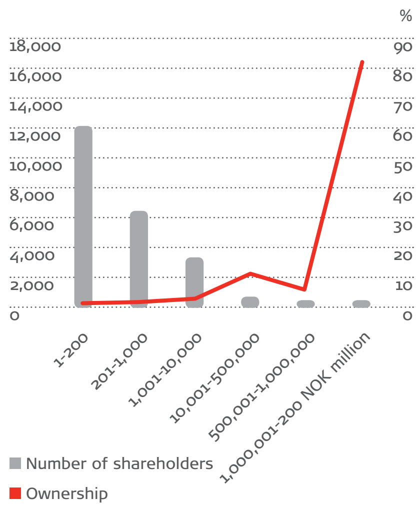
Shares by country 2013



Shares by country 2012



Shareholders by number of shares and ownership as per 31.12.13



Report of the Board of Directors

HIGHLIGHTS

Storebrand's ambition is to be the best provider of pension savings. The group offers a broad range of 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 and Guaranteed pension and Other.

Greater clarity in relation to the framework conditions for occupational pensions, a changed organisational structure and a shift from products with guaranteed interest rates to unit linked insurance products are the keywords for Storebrand in 2013.

Storebrand Group's strategy is two-pronged. The Group shall be the best at savings for pensions and at the same time effectively manage the part of business operations that consists of pension savings with guaranteed interest rates. In June the Group launched a new customer- and market-adapted group organisation that is designed to support the strategy. The overall objectives of the organisation are to separate growing businesses and businesses with guarantees, strengthen our customer orientation, establish Nordic areas of responsibility and ensure a simple organisation with fewer deliveries and a significantly lower cost level.

STRONG RESULT IMPROVEMENT

Storebrand's group profit before amortization of intangible assets and tax for 2013 was 2 935 million, an improvement of 975 million from 1960 million in 2012. The result is the highest in Storebrand's history. The improved performance is due to revenue growth in all of the Group's business and strong cost control with reduced costs.

THE BEST COMPANY FOR PENSION SAVINGS

The Group has implemented a number of measures aimed at ensuring customers see us as an attractive choice. The commercial work is further strengthened through the establishment of the business units Customer area Norway and Customer area Sweden. The product responsibility for unit linked insurance and the responsibility for innovation and concept and product development is delegated to the customer areas in order to ensure closeness to the customers and as few levels as possible in the organisation.

A changing public pension system and a shift from defined benefit to defined contribution in both Norway and Sweden, leads to increased responsibility for saving for retirement for the individuals. New digital solutions with governments and pension providers, provides employees an overview of their pension in a simple way. This gives both the individual the opportunity to influence their own pension, but also gives the pension providers a unique opportunity to provide savings and insurance advice on individualized basis.

Pension savings are the core of Storebrand's business activities. It concerns more than saving for retirement. Securing future income through good insurance solutions and repayment of loans is for example closely related to the work of being best at saving for pensions. Storebrand seeks to create good customer experiences where customers can receive advice tailored to their life situation. The customers should be able to contact us through the sales or service channel of their choosing. This means that the advice, prices and impression customers get should be the same in all of Storebrand's distribution channels: the internet, social media, telephone calls, letters and face-to-face meetings.

One of the Group's customer promises is that all of our products and relationships shall be sustainable. During 2013 these efforts have been further strengthened with the aim of developing sustainable investments as a differentiating factor. The Group garnered significant attention in both domestic and international media when in June it became known that Storebrand had excluded 19 coal and oil sands companies from all investments.

In Sweden SPP Fonder grew to become the fifth largest fund company in 2013, with growing market shares within pension insurance and fund savings for institutional clients and private individuals. In Norway Storebrand retains its market-leading position within private occupational pensions. Premium income from non-guaranteed products is rising. In the work of being best at saving for pensions the focus on Storebrand Pension Figures plays a key role in Norway. Storebrand's website, storebrand.no, enables customers to gather all their pension assets in one place and calculate how much pension they will receive, how much they would like and how they can bridge the gap and thereby increase their pension amount.

To date over 60,000 people have established their pension figure by logging in to their online account at storebrand.no. This has led to an increase in the sale of savings agreements.

MANAGEMENT OF GUARANTEED BUSINESS OPERATIONS

Storebrand has assembled all products that include long-term saving for retirement, where customers have a guaranteed return or performance on the savings funds into the unit Guaranteed pensions. Storebrand has NOK 264 billion in guaranteed reserves as of 31 December 2013. Assembling these into a single unit provides a sound basis for managing the salient risks, namely financial market risk and life expectancy risk. By gathering the expertise associated with products with guaranteed interest rates, Storebrand is seeking to ensure good customers handling and competitive returns on the pension funds. The unit will also have a leading role in the Group's adaptation to Solvency II.

As part of the adaptation to Solvency II and the work on capital effectiveness, the Group has worked actively to inform and advise customers with guaranteed products about the opportunity to transfer to fund-based products both in Norway and Sweden. This work will be particularly important when it is possible to move paid-up policies to products with investment choice. This is expected to occur in 2014, please see the section on amendments to the Norwegian occupational pension rules for further information. The customer promise of providing recommendations that are best suited to you and your situation is a leading principle in all customer dialogue and will be particularly important in relation to Storebrand's advice on paid-up policies and investment choice.

In June 2012 the Group launched a cost programme that is intended to reduce the annual costs by NOK 400 million by 2014. A number of measures have been implemented in 2013 and the effects have contributed to an improvement in financial performance during the year.

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. This, in conjunction with new tax rules, contributed to the Board of Directors of Storebrand ASA setting new financial targets in February 2013.

The Board has established as a target that Storebrand shall adapt to the changing framework conditions without raising more equity. The Board is maintaining a distribution target for a normal situation of more than 35 per cent of the result after tax, but before amortisation costs. The dividend policy states that dividends shall be adjusted such that the Group is assured the right capital structure.

In addition Storebrand has the following financial targets:

	Targets	Status per 31.12.2013
Return on equity (after tax)[1]	>10%	12.1%
Dividend rate of Group result after tax	>35%	0
Solvency margin Life Insurance Group[2]	>150%	176%
Rating Storebrand Life Insurance	A-level	A-

1) (Result after tax adjusted for amortisation costs)/(opening equity - dividends paid - half of repurchased shares during the year).

2) Solvency margin pursuant to solvency I regulations.

The Board has set a target for the cost programme to reduce Group costs by a total of NOK 400 million. Accordingly, the costs for 2014 shall not exceed NOK 3.5 billion.

GROUP FINANCIAL RESULTS FOR 2013

The Storebrand Group prepares its consolidated financial statements in accordance with the EU approved International Financial Reporting Standards (IFRS). The financial statements of the parent company, Storebrand ASA, are prepared pursuant to Norwegian accounting law. IFRS are not applied to the company's financial statements.

From the second quarter of 2013 Storebrand has reorganised its financial reporting. The new reporting format is designed with the intention of clarifying the company's strategy. The reporting clearly sets out key figures that show how the company is realising its strategy. The new segments in the reporting are: Savings, Insurance, Guaranteed Pensions and Other.

GROUP RESULT PER BUSINESS AREA

NOK million	2013	2012
Savings (non-guaranteed)	670	288
Insurance	492	417
Guaranteed pension	1,665	1,193
Other	108	62
Result before amortisation and write-downs	**2,935**	**1,960**

All the business areas delivered stronger financial performance in 2013. Savings and Insurance are defined as growth areas in Storebrand's strategy, and are areas that should grow as a result of greater business volume. During 2013 the financial performance of these business areas was strengthened both as a result of increased business and also due to streamlining operations and lower costs.

Guaranteed Pensions represent approximately 75 per cent of the balance sheet, and is a business area that will be gradually scaled down. However it is important to maintain earnings from these products during a transitional phase. In 2013 the results have been bolstered due to price rises relating to the guaranteed interest rate premium, but also from a good return on indexing fees and profit sharing, primarily for guaranteed products in Sweden.

From 2013 Storebrand has also reported results categorised by type of costs. The results differentiate between "fixed" fees such as administration and insurance premiums and more volatile earnings such as profit sharing.

GROUP RESULT

NOK million	2013	2012
Fee and administration income	4,355	3,907
Risk result life & pensions	298	335
Insurance premiums f.o.a.	2,868	2,510
Claims f.o.a.	-2,098	-1,774
Operational cost	-2,983	-3,647
Financial result	79	177
Result before profit sharing and loan losses	2,519	1,508
Net profit sharing and loan losses	416	451
Result before amortisation and write-downs	**2,935**	**1,960**
Amortisation and write-downs of intangible assets	-741	-401
Result before tax	2,194	1,559
Tax	-214	-550
Sold/liquidated business	-4	3
Profit after tax	**1,976**	**1,012**

Financial performance figures for 2013 show that the results have improved both due to growth in earnings from fees and administration and from insurance premiums of 11 and 14 per cent respectively, but also from a nominal reduction in costs of 18 per cent. In 2012 the costs included a non-recurring charge of NOK 195 million in connection with restructuring. Costs in 2013 are reduced by a total of NOK 275 million due to both non-recurring income in connection with amended pension liabilities, and a provision that was made for the changed distribution model. Accordingly, the real nominal cost reduction is 6 per cent.

As a result of the Corporate market in the Bank being wound up, goodwill in the bank has been written down by NOK 300 million in 2013.

Property sales executed during 2013 have led to a reduction in the tax-increasing temporary differences connected with these properties. This gives a low tax cost in 2013.

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

BUSINESS AREAS

SAVINGS

Savings consists of products that include savings for pensions without guaranteed interest rates. The area includes defined contribution pensions in Norway and Sweden, asset management and bank products to private individuals.

SAVINGS

NOK million	2013	2012
Fee and administration income	1,888	1,638
Risk result life & pensions	7	3
Operational cost	-1,279	-1,417
Financial result	-	-
Result before profit sharing and loan losses	616	224
Net profit sharing and loan losses	54	63
Result before amortisation	**670**	**288**

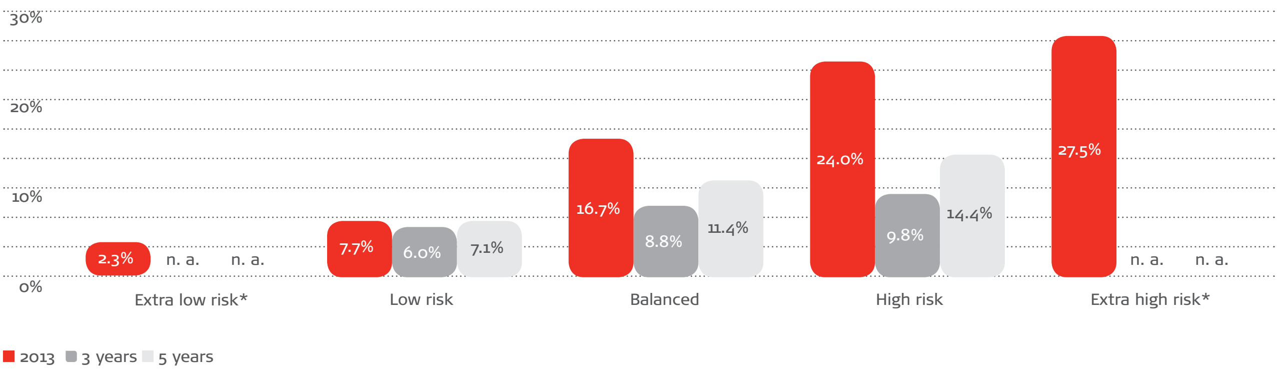
RESULTS

The profit for Savings totalled NOK 670 million in 2013, an increase of 133 per cent compared with 2012. The improvement in profit is due to a combination of earnings growth in all parts of the business, improved margins in banking and cost-reducing measures.

Total earnings from fees and administration have shown a growth of about 15 per cent in 2013 in comparison with 2012. A number of measures have been initiated for rationalisation and savings with respect to the Group's cost programme. Operating expenses have been reduced by NOK 138 million in comparison with 2012. Of the NOK 138 million in reduced costs, NOK 72 million is attributed to a positive non-recurring effect from restructuring the pension plan for own employees. Increased sales have led to higher distribution costs.

Defined contribution pensions are undergoing 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 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. This gives a total growth in earnings for the Group's defined contribution pension products of 26 per cent in 2013 in comparison with the previous year.

Return on defined contribution pension standard portfolios in ITP



Gross annual average return (geometric)

Storebrand Bank is a direct bank which offers a wide spectrum of banking services to the retail market. The banking business shows solid growth in the retail market in 2013, both within deposits and lending. At the same time, the interest margin increased to 1.21 per cent in 2013 compared with 1.02 per cent in 2012. These effects provide a significant boost in income. The loan portfolio in the retail market remains stable at approximately NOK 24 billion. This primarily consists of low-risk home mortgages. Lending losses in 2013 totalled NOK 7.2 million.

The asset management business area provides a full range of savings and investment products for institutional, external and internal customers in both Norway and Sweden, as well as securities funds for the retail market. Of the actively managed equity and combination funds and portfolios, as many as 88 per cent delivered a better return than their benchmark index. All the fixed-income funds beat their reference indexes in 2013. The investment portfolios have achieved a solid total additional return of NOK 3.2 billion in 2013. Assets under management have risen by 10 per cent during 2013 to NOK 487 billion at the end of the year. Customers' reallocation from equities to products with lower risks and lower margins reduces the income margins, but the strong Swedish krona is contributing to net income growth within asset management of approximately 6 per cent.

BALANCE SHEET AND MARKET TRENDS

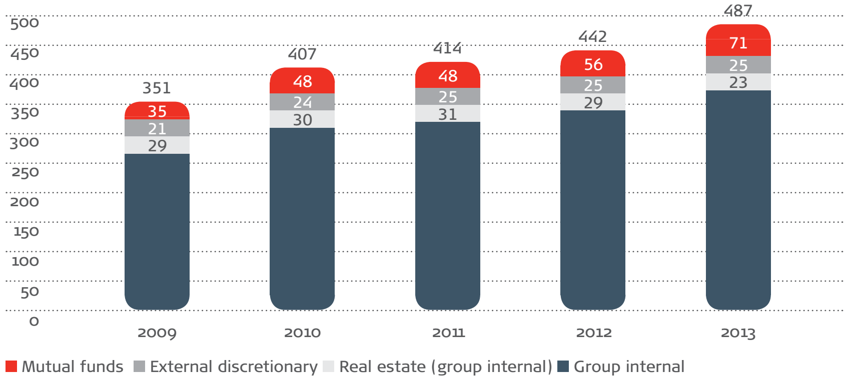
Premium income for non-guaranteed life insurance-related saving amounts to NOK 9.7 billion in 2013, an increase of 8 per cent compared with 2012. Both the Norwegian and Swedish businesses have a positive cumulative net inflow of transfers in 2013 of around NOK 0.7 billion. Total reserves within unit linked have grown by 35 per cent from 2012.

In the Norwegian market, Storebrand is the market leader in defined contribution schemes, with around 30 per cent of the market. Premium growth within occupational pensions was 17 per cent for Storebrand in 2013. There is strong competition in the market for defined contribution pensions. Storebrand expects that this will persist in consequence of the significant dynamic in the market, driven by factors that include changes in the regulations for occupational pensions. From 2014 a significant increase will be introduced to the companies' maximum limits for employees savings in defined contribution pensions. The increased limits are expected to give further growth in the Norwegian premium reserves for defined contribution pensions in the future. On 1 January 2014 the new occupational pension act came into force. It allows for the sale of so-called hybrid products. Storebrand is continuously assessing whether the company will offer these products, based on dialogue with the customers.

In the Swedish market SPP's market share for new subscriptions to unit linked insurance within the Other occupational pensions segment is nearly 15 per cent. Premium growth within unit linked insurance was 17 per cent in 2013. This means that SPP is the third largest enterprise in this market, measured by new sales. SPP's sales of unit linked insurance show an increase of 50 per cent from 2012, and it is the company's internal sales channels that have recorded the greatest increases. SPP was selected in 2013 to be one of several suppliers to the largest pension platform in Sweden (the ITP Plan) and activities to increase customer contact have been commenced in connection with this.

For the asset management business, assets under management increased by NOK 45 billion in 2013. A total of NOK 18 billion of the increase has been due to the strengthening of the Swedish krona, whereas the growth in general has been driven by good financial markets, additional returns and new sales. At year-end assets under management amounted to NOK 487 billion, comprising mutual funds, funds-in-funds, individual portfolios for fund management companies, insurance companies, pension funds, municipalities, institutional investors and investment companies. For assets under management, see the graph on the next page.

Assets under management (NOK bn)



KEY FIGURES - SAVINGS

NOK million	2013	2012
Unit Linked Reserves	85,452	63,387
Unit Linked Premiums	9,655	8,959
AuM Asset Management	487,384	442,162
Retail Lending	23,906	23,734

INSURANCE

Insurance has responsibility for the Group's risk products . The unit provides treatment insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee- and pension-related insurances in the Norwegian corporate market. forsikringer i det norske bedriftsmarkedet.

INSURANCE

NOK million	2013	2012
Insurance premiums f.o.a.	2,868	2,510
Claims f.o.a.	-2,098	-1,774
Operational cost	-413	-470
Financial result	135	150
Result before profit sharing and loan losses	492	417
Net profit sharing and loan losses	-	-
Result before amortisation	**492**	**417**

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

The Insurance result was NOK 357 million (NOK 267 million) for the year with an overall combined ratio of 88 per cent (90 per cent). The Insurance result reflects a good underlying risk performance in the portfolio combined with efficient operations within the organisation. The unit continued to grow steadily with a 14 per cent increase in premium income compared with the previous year.

The profit before amortisation was NOK 492 million (NOK 417 million) for the year, which represents an improvement of NOK 75 million from 2012. Insurance's financial performance was good throughout the year.

INSURANCE

NOK million	2013	2012
Claims ratio[1]	73%	71%
Cost ratio[1]	15%	19%
Combined ratio	88%	90%

1) For own account.

The risk result is stable with a claims ratio of 73 per cent (71 per cent). Average claims and frequency are as expected and the risk performance for mortality and disability risk is good. The exception is within group pensions (risk coverage in connection with defined contribution pensions) where the risk result is weak.

The year has been marked by significant variability in the weather, starting with a mild and stable winter in Southern Norway, followed by a period of heavy rainfall in Eastern Norway. The last months of the year have been characterised by several storms. Total natural perils in 2013 amounted to NOK 9 million but is offset by the good underlying risk performance. The P&C insurance portfolio has both a lower frequency and average claim than in previous years.

The cost percentage was 15 per cent (19 per cent) for the year. The amendment to the pension rules for Storebrand Group's employees and former employees entailed a positive non-recurring effect of NOK 55 million. The cost percentage after adjusting for this non-recurring effect is 17 per cent. The cost base will be further streamlined through increased automation of end-to-end processes, sourcing of services and exploitation of economies of scale with greater volume, in addition to increased sales via cost-effective and direct-based channels.

Insurance's investment portfolio comprises NOK 5.42 billion and is mainly invested in fixed income securities with a short to medium term duration. The return on the portfolio is satisfactory but a little weaker than in 2012 when gains from realisations were high.

BALANCE SHEET AND MARKET TRENDS

Storebrand Insurance offers a broad range of products to the retail and corporate markets. Profitability in the market remains good, but competition is perceived to be growing in the retail market particularly within the P&C insurance segment. Additionally, in the larger tender competitions the price pressures are high and it is challenging to maintain the level of profitability. Total annual premiums at the end of 2013 amounted to NOK 3.2 billion, NOK 1.3 billion of which is from the retail market and NOK 1.9 billion of which is from the corporate market. The greatest growth in 2013 was within the retail market where efforts aimed at employees in the corporate relationship have given a good effect.

Storebrand has an established position in the retail market for personal insurance and a challenger position for P&C insurance (motor vehicle and property). Growth in personal insurance is stable and in accordance with the general market growth. The sale of P&C insurance is still increasing and takes place primarily through direct channels. This contributes to a cost-effective distribution model.

The corporate market is in general a mature market with the exception of health insurance which is a market still exhibiting strong growth. Measured by annual premiums, Storebrand is one of the market leaders within health insurance. With regard to other employee insurance segments, Storebrand is one of several large companies. For risk coverage in connection with defined contribution pensions relatively high growth is expected in the future driven by conversions from defined benefit to defined contribution based pensions.

Customers' demand for product solutions that cover a selection of health and personal insurance, as well as disability coverage, is expected to increase. This is driven by the desire of companies to reduce sick leave, increase job satisfaction and reduce overall insurance costs.

GUARANTEED PENSIONS

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

GUARANTEED PENSIONS

NOK million	2013	2012
Fee and administration income	2,115	1,861
Risk result life & pensions	288	318
Operational cost	- 1,111	-1,375
Financial result	-	-
Result before profit sharing and loan losses	1,292	804
Net profit sharing and loan losses	373	389
Result before amortisation	**1,665**	**1,193**

RESULTS

The profit for Guaranteed Pensions totalled NOK 1,665 million in 2013, an increase of NOK 472 million compared with 2012. Revenues rose primarily due to price adjustments at the start of the year. Large parts of the Group's cost programme encompass Guaranteed Pensions, and the costs were reduced by a total of NOK 264 million, of which NOK 106 million is a positive non-recurring effect due to restructuring the pension plan for own employees.

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 moderate increase in reserves. Work is actively being done to inform customers of the consequences of converting to non-guaranteed saving, both in the Norwegian and Swedish businesses.

Earnings from fees and administration show an increase of almost 14 per cent in 2013 compared with the previous year. The underlying reason for this growth is that the Norwegian business has recorded a solid increase in income driven by the price of interest rate guarantee / profit margin risk. In addition, other administration incomes within group pensions have also been maintained. Both elements are driven by low conversion from defined benefit to defined contribution pensions due to the market awaiting new regulations.

Overall revenue growth in 2013 is significantly above the expected future trend, viewed in light of the fact that a large part of the portfolio is mature and reducing over the long-term. Clarifications within the occupational pension regulations in the Norwegian market will likely mean that more customers choose to transfer to defined contribution-based pension schemes.

The risk result gives a substantial contribution to the income statement but is a little weaker in 2013 compared with the previous year. Within group defined benefit pensions in Norway, it is the disability and reactivation result (disabled persons who return to working life) in particular that is impacting positively, while the longevity result remains negative. In the Swedish business it is also risk coverage related to disability that is contributing most to the risk results.

The result from net profit sharing has primarily been generated in the Swedish business. The portfolio that is open to new sales (denoted P250) has contributed to the income statement through profit sharing. Furthermore, good value performance in the defined benefit-based portfolios in SPP led to the company calculating an indexing fee. . The indexing fee totalled NOK 153 million for the year. Amendments to the deferred capital contribution (DCC) have also made a positive contribution to the profit figures. The Norwegian business is prioritising the build-up of buffers and reserves for the higher expected life expectancy, instead of profit sharing between clients and owners.

BALANCE SHEET AND MARKET TRENDS

Customer reserves for guaranteed pensions comprise as at the fourth quarter NOK 264 billion, representing growth during the last 12 months of 1.5 per cent.

Transfers from guaranteed pensions have amounted to NOK 10 billion in 2013 compared with NOK 4.1 billion in the previous year. Storebrand's discontinuation of defined benefit pensions for the public sector in Norway is behind the greatest part of the transfers. In addition, customers have chosen to move to defined contribution-based products with higher expected returns.

The premium incomes for guaranteed pensions were NOK 10.9 billion in 2013, a reduction of almost 10 per cent compared with 2012. 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 INCOMES (EXCLUDING TRANSFERS)

NOK million	2013	2012
Defined Benefit (fee based) Storebrand	8,189	9,104
Paid-up policies Storebrand	89	79
Individual life and pension	306	377
SPP guaranteed products	2,320	2,422
Total	**10,903**	**11,983**

KEY FIGURES GUARANTEED PENSION

NOK million	2013	2012
Guaranteed reserves	263,776	259,858
Guaranteed reseves in % of total reserves	75.5%	80.4%
Transfer out of guaranteed reserves	9,955	4,074
Buffer capital in % of customer reserves SBL	4.8%	4.0%
Buffer capital in % of customer reserves SPP	15.1%	11.9%

OTHER ACTIVITIES

The result for Storebrand ASA is reported under Other, as well as the result for the company portfolios and smaller subsidiaries.. In addition, the result associated with lending to commercial enterprises by Storebrand Bank and the activities at BenCo are also included.

OTHER

NOK million	2013	2012
Fee and administration income	353	408
Risk result life & pensions	3	14
Operational cost	-180	-385
Financial result	-57	27
Result before profit sharing and loan losses	118	63
Net profit sharing and loan losses	-11	-1
Result before amortisation and write-downs	**108**	**62**

The profit for Other activities is NOK 108 million for 2013, up from NOK 62 million in 2012. The improvement in profit is attributed primarily to low costs and the sale of SPP Liv Pensionstänst AB.

Fee and administration income was softened by reduced activity associated with lending to corporate market customers. The income was reduced due to lower lending volume, however it was first and foremost due to lower fees associated with the arranging and issuance of corporate market loans. Revenues from BenCo totalled NOK 116 million in 2013, down from NOK 130 million in 2012.

The operating expenses have been reduced by NOK 205 million from 2012, of which NOK 119 million is attributed to a positive non-recurring effect related to the amended pension plan for own employees. An additional factor is that costs have been reduced due to workforce reductions within the Corporate market in the bank. Cost measures in the Group have also reduced the costs in Storebrand ASA and BenCo.

Goodwill linked to Storebrand Bank was written down by NOK 322 million (from NOK 422 million to NOK 100 million). This goodwill arose as a result of the acquisition of Finansbanken in 1999, a bank that dealt primarily with corporate market loans. As a result of the discontinuation of corporate market operations in the bank, it was acknowledged that the value could no longer be justified.

The financial result includes the return in the company portfolios of Storebrand Livsforsikring and SPP, the financial result of Storebrand ASA as well as the net result for subsidiaries currently being wound up and started up at SPP. The sale of SPP Liv Pensionstänst AB to KPA affects the result for 2013 positively by NOK 55 million. The financial result is primarily weakened due to a lower return in the company portfolio in SPP as a result of lower short term interest rates in Sweden. The result is also negatively affected by start-up costs associated with establishing the product concept Investment savings account. The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. The proportion of subordinated loans of approximately 25 per cent and interest charges comprise a net amount of approximately NOK 120 million per quarter at the current interest rate level. The company portfolios comprised NOK 20.3 billion at the end of the year. The investments are primarily in short-term interest-bearing securities in Norway and Sweden.

CHANGING REGULATIONS

For Storebrand the change in framework conditions is important. During 2013 important clarifications for the Group have been made in several areas. Further clarifications are expected during 2014.

NEW EUROPEAN SOLVENCY REGULATIONS (SOLVENCY II)

Solvency II is a set of rules covering solvency that will apply to all insurance companies in the EEA area. It now seems clear that final adoption in the EU Parliament will take place in early 2014, and that the regulations will be introduced beginning in 2016. Transitional rules are being introduced that allow for the difference between the value of insurance liabilities under Solvency II and Solvency I at the time of transition to be used to increase the solvency capital. The transitional period may be up to 16 years, during which the contribution to increased solvency capital is phased out on a straight-line basis. The transitional rules may be applied to parts of the business.

It also allows for a supplement to the yield curve that is used to discount the insurance liabilities, through a supplement to the swap yield curve. The supplement corresponds to an illiquidity premium on the investment side called a volatility adjustment. A proposal has been made to give the individual national authorities the competence to decide the length and arrangement of use of the transitional period and the level of the permanent measures to adapt Solvency II to long-term guarantees.

As the proposed regulation is currently worded it is somewhat better suited to companies that have long-term return guarantees than was previously the case. The significance of the transitional rules will largely depend on the level of interest rates at the time Solvency II is introduced. A higher yield curve through the volatility adjustment will also contribute to reducing the significance of the transitional rules, because the difference between the Solvency II and Solvency I liabilities, which may increase the solvency capital, is reduced.

The European supervisory authority (EIOPA) has introduced formal requirements for preparations for Solvency II with effect from 1 January 2014. This involves the requirements in Solvency II for business management and controls (pillar 1) being 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) be introduced and reported on annually as at 31 December 2014, with reporting to the Financial Supervisory Authority of Norway in week 22 of 2015. The capital requirements (pillar 2) and the reporting requirements for the market will not apply before formal Solvency II implementation in 2016.

AMENDMENTS TO THE NORWEGIAN OCCUPATIONAL PENSION RULES

NEW MORTALITY BASIS K2013

In March 2013 the Financial Supervisory Authority of Norway presented a new mortality basis for group pension insurance, K2013. The new mortality basis is dynamic, i.e. it incorporates expectations for additional growth in life expectancy. K2013 is therefore regarded as being more robust than K2005, which is a static tariff. K2013 is applicable from 1 January 2014.

For new accrual of defined benefit-based occupational pensions, the introduction of K2013 entails that the premiums for such schemes are increased by an average of about 10 per cent. For already accrued defined benefit-based occupational pensions, the introduction of K2013 entails a need to increase reserves by about NOK 12.5 billion for Storebrand (approximately 8 per cent of the premium reserves). During the period 2011-2012 Storebrand has allocated NOK 4.3 billion for the building up of future reserves. For 2013 NOK 0.5 billion was set aside. NOK 0.5 billion is used to reserve transferred contracts in 2013 and in January 2014.

Due to the substantial required build-up of reserves the Financial Supervisory Authority of Norway will allow for reserve-building periods that should not exceed five years. Customer surplus may be used to cover the required build-up of reserves. A minimum of 20 per cent of the total required build-up of reserves should be covered by the company with equal contributions each year. 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. This will likely be clarified in the guidelines for the escalation plans that are expected from the Financial Supervisory Authority of Norway at the start of 2014.

NEW OCCUPATIONAL PENSION ACT

In December 2013 the Storting approved the proposal by the Ministry of Finance for a new occupational pension act. The new law builds on the Banking Law Commission's proposal in NOU 2012:13.

The new occupational pension act allows for a new hybrid product in the Norwegian market. The hybrid product is adapted to the new

National Insurance. It is based on all-years accrual, annual contributions to pension holdings, mortality inheritance, flexible pension from the age of 62, and longevity adjustment. Different regulation mechanisms are now possible. Pension holdings may be regulated according to the national salary growth (according to the National Insurance Basic Amount – G), the company's salary growth or actual returns. The product may also have an annual zero guarantee or individual investment option. The schemes may be time-limited, with disbursements until a minimum age of 80, or lifelong.

The new occupational pension act came into force from 1 January 2014.

HIGHER MAXIMUM LIMITS FOR DEFINED CONTRIBUTION PENSIONS

The rules regarding defined contribution pensions have also changed. From 1 January 2014 the maximum frameworks for saving for a defined contribution pension have been set to 7 per cent of income between 1 and 7.1 G and 25.1 per cent of income between 7.1 and 12 G. This means that as much can be saved in a defined contribution scheme pursuant to the defined contribution pensions act as in a hybrid scheme pursuant to the occupational pension act.

TRANSITIONAL RULES – A NEW DEFINED BENEFIT PRODUCT

In NOU 2013:3, the Banking Law Commission proposed changes that entailed a gradual discontinuing of defined benefit pension over a three-year period. The Ministry of Finance did not follow this up in its bill Prop. 199L (2012-2013). The rules therefore make it possible to keep defined benefit pension schemes without adaptation to the new National Insurance accrual system. In the draft legislation the Ministry of Finance writes that the Banking Law Commission is given a mandate to study whether it is desirable and possible to establish a form of defined benefit-based group retirement pension, adapted to the new age accrual in the National Insurance scheme.

The Banking Law Commission proposed converting accrued rights in the defined benefit schemes into a pension holding pursuant to the new occupational pension act. These should be managed in accordance with the new regulations, at the same time as the guaranteed benefits were continued. The proposal covered both group schemes and paid-up policies. The proposal from the Banking Law Commission, and adaptations that were proposed by the Financial Supervisory Authority of Norway and Finance Norway during the consultation round, would have contributed to a better adaptation of the paid-up policies to Solvency II. However the proposal was complicated and met a lot of resistance in the public consultation round. The ministry has not followed up these parts of the Banking Law Commission's report. It means that the discontinuation of defined benefit schemes due to the transition to defined contribution pensions or a new hybrid product will be based on the issuance of paid-up policies.

In connection with the future work on defined benefit based pension schemes the ministry will assess whether there is a need for additional rules for the transition between the pension schemes.

PAID-UP POLICIES WITH INVESTMENT OPTIONS

In 2012 the Storting adopted amendments to legislation that allow the customers to choose to convert paid-up policies to paid-up policies with investment options. Since the legislation has not yet come into force, there is a need to clarify how the conversion will be handled during the building up of reserves to K2013. In November 2013 the ministry sent a memorandum from the Financial Supervisory Authority of Norway for consultation. The following is proposed here:

- The requirement that paid-up policies that are converted to investment options must have a full build-up of reserves to K2013. The companies may use equity for this purpose. The companies may choose whether such a build-up of reserves (beyond what follows from the escalation plan) will take place, but there must exist objective criteria for what customers are given and not given such an offer.
- The opportunity to use a technical, non-guaranteed calculation interest rate when determining the annual pension benefits from the paid-up policy with investment options. It gives a more appropriate disbursement profile, avoiding disbursements that are too low in the early years and strong growth in the disbursements with rising age.
- Provisions relating to advisory services.

Clarification of these points is expected in early 2014, and the law is expected to enter into force at that time.

DISABILITY PENSION IN PRIVATE OCCUPATIONAL PENSION SCHEMES

On 4 December 2013 the Banking Law Commission delivered NOU 2013:12 "Disability pension in private occupational pension schemes". The proposal has been distributed for consultation until 6 March 2014. The proposal is an adaptation to the National Insurance scheme where disability benefits are amended from 2015. The new disability product will give the right to a disability pension without curtailment after the period of service. As a result of this, as a general rule paid-up policy rights related to a disability pension will not be earned either. However the proposal allows for companies that wish for such accrual of paid-up policy to be able to choose it.

National Insurance disability benefit constitutes 66 % of income up to 6 G. The Banking Law Commission proposes that disability pension may constitute up to 10 per cent of earned income up to 12 G. In addition, the company may insure up to 66 % of income between 6 and 12 G. As in the National Insurance scheme it introduces curtailment for earned income over 0.4 G. In addition, it is planned that prior accrued rights, both from the public sector and the private sector, will be coordinated with the new disability pension.

AMENDMENTS TO REGULATIONS IN SWEDEN

A 2013 report on higher retirement age in Sweden ("pensjonsaldersutredningen") proposed a new longevity adjustment for pensions. This entails that the different age limits in connection with pensions be adjusted upwards in line with the increase in projected life expectancy in the population and shall encourage successively higher retirement ages. Another report in 2013, Crossroads for the premium pension ("Veivalg for premiepensjonen"), proposed adjusting the Swedish premium pension system with a reduced funds dividend.

In Sweden work is also being undertaken on a report that will look into proposals for how the MiFID II directive should be incorporated into Swedish legislation. It is expected that this will lead to reductions for insurance agents paid by commission in the Swedish market.

Work has also begun on drawing up a report that will propose amendments to the tax regulations, which will lead to greater tax neutrality between different pension solutions. A report is also being prepared on incorporating the occupational pension directive (IORP II) and Solvency II into Swedish legislation that will affect capital adequacy requirements for the occupational pension providers.

All of these reports are expected to be completed in 2014 and will be considered by the government after the election in September 2014.

RISK AND CAPITAL SITUATION

RISK

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

The company's total risk picture is monitored continuously, using tools such as the supervisory authorities' Risk-based Supervision (RBT) in Norway, Traffic light reporting in Sweden, and self-developed risk goals. The self-developed risk goals are monitored on a daily basis.

All parts of the company are exposed to operational risk. Operational risk is direct or indirect losses due to inadequate or failing internal processes or systems, human error or external events. Storebrand seeks to reduce operational risk by having plain routines, clear descriptions of responsibilities and documented authorisations. In addition, Internal Audit carries out independent checks through audit projects adopted by the Board. The greatest operational risks are associated with regulatory changes and major IT projects and their accompanying risk of operational and business impacts and failures in customer service and deficiencies in advisory services. The executive management conducts annual risk assessments which result in an overview of risks and improvement measures. The risk assessments are presented to and considered by the boards of the individual companies and the Group's Board of Directors.

Through the insurance business Storebrand has the risk of there being more and/or bigger insurance disbursements than anticipated. Both Storebrand's customers and Storebrand as a company have risks associated with financial market performance, particularly for the pension products. The banking business is exposed to credit risk. In the new organisation the Group's business activities are divided into three principal areas with very different risk and result drivers: Guaranteed Pensions, Saving and Insurance.

GUARANTEED PENSIONS

Guaranteed pensions include both individual (IF) and group pensions (KF) in Sweden and defined benefit-based occupational pensions include paid-up policies and traditional individual pension products in Norway. The salient 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 taken in with a 2.5 per cent guarantee, whereas existing portfolios primarily have guarantee levels of between 3 and 4 per cent. 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 lifetime tariff is being introduced for defined benefit pensions and paid-up policies from 2014. For the existing reserve there is a 5 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.

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 accounts and the solvency accounts are based on different principles. The transition to a common yield curve for financial and solvency accounts in SPP will reduce the interest rate risk, and this will be regarded as part of the adaptation to Solvency II. From 2014 the solvency yield curve in Sweden is based on the Solvency II 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. Hold-to-maturity accounting of long-term bonds is a key risk management tool. Closing interest rate risk in Norway is not an available alternative. 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 from 1 January 2016 will draw more attention to the interest rate risk in the solvency calculation.

Even though rising interest rates are negative for investment return in the short term due to capital losses on bonds, they are positive over the long term due to increasing the likelihood of achieving a return that is higher than the guarantee. During 2013 long-term interest rates have risen in both Norway and Sweden. But short-term interest rates have fallen, and the central banks are expected to keep interest rates low during 2014 as well.

KF in Sweden adjusts disbursements for inflation, and that gives an inflation risk. This is reduced by having parts of the portfolio invested in inflation-linked bonds.

Good equity markets have contributed positively to the return on the guaranteed portfolios in 2013, but falling interest rates have given a capital loss on bonds with the result that the return has been weak for the Swedish guaranteed portfolios with low equity percentages. In Norway the return has been above the guarantee for all portfolios with the exception of paid-up policies. The return above the guarantee for 2013 that is utilised to cover the build-up of reserves for long lives amounted to NOK 0.5 billion. Rising long-term interest rates during 2013, particularly in Sweden, have improved the solvency position.

Changes in occupational pension schemes in Norway will reduce the risk over time since defined benefit-based schemes are replaced by defined contribution pensions or hybrid schemes without a guaranteed return. The restructuring has the greatest effect on new premiums, while existing reserves will continue as paid-up policies. For paid-up policy customers it will also be possible to choose to convert to a product with investment choice. For many customers it will give a higher expected return and thus larger pension disbursements. In the short term the transition is limited by the fact that it is a condition that the reserves must be fully built up to the new lifetime tariff before the customer can select investment choice. For IF in Sweden it is 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. In principle this risk can be reduced by buying reinsurance. In practice, reinsurance of long life risk is not available on acceptable terms. 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 YTP and paid-up policies.

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 the proposal for new occupational pension products (hybrid) entails that the lifetime risk is limited to the disbursement period. It is also expected that some of the current defined benefit customers will choose defined contribution pensions with time-limited disbursements.

SAVING (BANK AND ASSET MANAGEMENT)

Saving comprises products without guaranteed interest rates for pension savings. The area includes defined contribution pensions in Norway and Sweden, supplemental pension solutions, asset management and bank products to private individuals.

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. For the new hybrid product the main rule is lifelong disbursements, but the risk for the pension provider is limited to the disbursement period. In Sweden a large portion of the portfolios have lifelong disbursements, but the customer can choose time-limited disbursements.

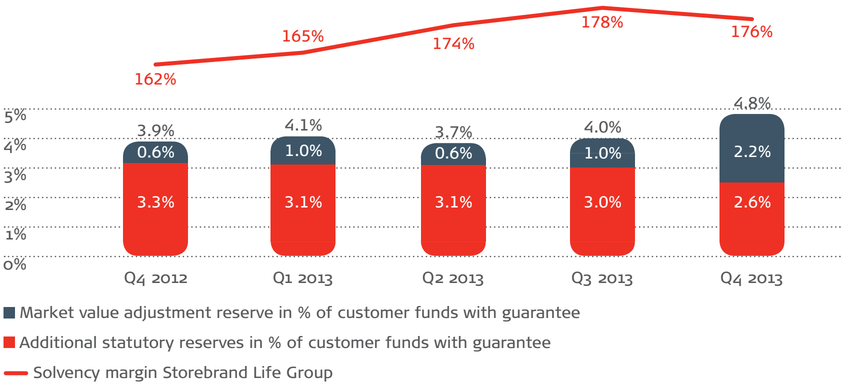
For Storebrand the risk for non-guaranteed pensions is primarily related to future income and cost changes. This is therefore an indirect market risk, because negative investment returns will reduce future incomes. Incomes are also reduced if the customer chooses to leave. Market risk and exit risk are therefore the main risks for non-guaranteed pensions. There is also a risk that costs may increase.

In 2013 the return has been very favourable for non-guaranteed pensions due to strong equity markets.

Asset management offers active management and the management of fund-in-fund structures for the customer's account and risk. Operational risk and compliance risk are regarded as the main risk factors for the company. The most common types of operational risk in the asset management business are errors that occur in the trading and settlement process, pricing errors, breaches of investment mandates, erroneous reporting and faults in core systems. Compliance risk is linked to compliance with legislation and regulations. Special attention is therefore paid to risks associated with amendments to relevant legislation. The company performs important monitoring tasks for its customers in accordance with the management agreements they sign. Investment portfolios are monitored on a daily basis in relation to a wide range of investment restrictions.

Its market risk is low since investments in securities are restricted to investing surplus liquidity. Its own investments are in Norwegian government papers. However, the company's results are indirectly affected by developments in the securities markets, primarily through fees being linked to the market value of assets under management. Some equity funds, like Delphi Global, also have performance-related management fees. Higher management fees are charged if the fund beats the benchmark index in a calendar year. If the fund loses against the benchmark index, lower management fees are charged. Furthermore, a weak return can affect the customers' capacity

Buffer capital in % of customer funds and solvency margin Storebrand Life Insurance



and willingness to take risks through actively managed mandates, as well as affect the customers' asset composition, which in turn can result in a shift from products with high margins to products with lower margins.

The risk in Storebrand Bank is closely monitored in accordance with guidelines for risk management and internal control that have been approved by the Board. The bank's appetite for risk is expressed through the risk strategy, which is designed to support the goals of the business. Policy documents stating the measurement parameters are prepared for each form of risk defined in the guidelines. Developments in these parameters are followed up through risk reporting to the Bank's board.

The most important risk factors for the banking activities are credit risk and liquidity risk. The bank group is also exposed to operational risk, compliance risk and financial market risk to some extent.

The bank has established good liquidity buffers and attaches great importance to having a balanced funding structure in relation to the various maturities and issuances in various markets.

The bank group's aggregate market risk through interest rate and exchange rate exposure and the maximum risk of loss on its liquidity portfolio are restricted through low exposure limits. Nor does the bank have an active equity portfolio.

Compliance is monitored closely and the bank group seeks to reduce operational risk through systematic risk reviews of all of the bank's activities. These are carried out at least quarterly and when projects start or special events occur.

The credit quality of the retail market portfolio is considered very good. Almost the entire portfolio is secured on property. The portfolio's high collateral coverage indicates a limited risk of loss. The loan to value ratio for the mortgages is relatively low. Only a very limited number of loans exceed 80 per cent of their market value. Such loans are generally only given if the customers can provide additional collateral.

Due to a Group level prioritisation of capital use in Storebrand and a strategic assessment of the future direction for the Group, the corporate market segment in the bank is no longer being prioritised as a core business activity and will be scaled down and ultimately discontinued.

The credit quality of the corporate market portfolio is considered good. The portfolio entirely consists of mortgages for commercial properties. Mortgage-backed loans in which running cash flows cover the loan's interest charges account for around 75 per cent of total exposure (loans and lines of credit). The remainder of the portfolio consists of mortgage-backed loans in connection with property development. The cash flow loans are characterised by a well-diversified tenant profile and good lease durations. Such loans ensure cash flow for the bank from the tenants. At the same time, the buildings provide collateral. Tenant diversification ensures the corresponding diversification of cash flow risk. This considerably minimises the overall risk in the portfolio. Development projects involve somewhat greater risk and the total exposure here is around NOK 2.8 billion. This segment is largely composed of loans to construction projects in the housing and office sector in and around the central Oslo region.

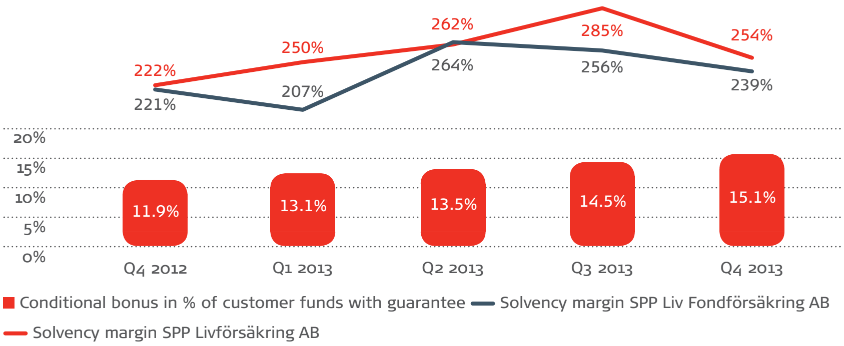
INSURANCE

Insurance includes Storebrand Forsikring AS and Storebrand Helseforsikring AS and one-year risk covers written by Storebrand Livsforsikring and SPP.

For Storebrand Forsikring AS insurance risk is the greatest risk. A one percentage point rise or fall in the claims ratio will amount to about a NOK 30 million improvement or impairment in the 2013 result. To limit the impact, several risk-reducing measures have been introduced. Ahead of events the most important risk-reducing measures are the underwriting regulations and risk pricing. After events the risk is limited by reinsurance contracts. The need for reinsurance is assessed for each product range in relation to the volatility of the risk results.

The largest exposures relate to property fires and contents, third party liability for motor, personal risk in group life, and occupational

Buffer capital in % of customer funds and solvency margin SPP



injury and disability pensions. To reduce the risk in these areas, Storebrand has entered into reinsurance contracts with sound reinsurers.

Insurance has low financial market risk due to a conservative investment profile. The investment portfolios are invested primarily in fixed income securities with short to medium term durations and a low credit risk. The durations of assets and liabilities are well matched.

For one-year risk products the main risk is disability risk, including health insurance in Sweden. Storebrand has the risk of there being more disability cases than expected and/or that fewer disabled persons are fit to work again (reactivation). In Sweden political factors (waiting periods) have affected the risk. There is also coverage that provides payment in the event of death.

Compliance and operational risk are monitored closely and systematically as part of the daily management by the unit through regular reviews of identified risk areas, risk assessments of new projects and evaluations of the causes of incidents.

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 goal is to achieve a solvency margin ratio for the life insurance business of more than 150 per cent. Storebrand Livsforsikring AS also aims to achieve an A level rating. The Group's parent company has established a goal to achieve a net debt-equity ratio of zero over time.

Storebrand ASA has only one class of share. All shares have equal rights and are freely negotiable. The company is not aware of the existence of agreements between shareholders that limit rights to sell shares or to exercise related voting rights.

The Group's primary capital, which consists of equity, subordinated loans and market value adjustment reserve, additional statutory reserves, conditional bonus and other solvency capital in life insurance, amounted to NOK 54.1 billion at year-end, compared with NOK 46.9 billion a year earlier.

The solvency capital in the life insurance group increased by NOK 7.2 billion in 2013. In addition to the profit for the year (NOK 2.6 billion) the main contributions were the increased market value adjustment reserve (NOK 2.8 billion) and increased buffers in the form of a conditional bonus in SPP (NOK 2.9 billion). The additional statutory reserves comprised NOK 4.5 billion at the end of the year, a reduction of NOK 1.3 billion for the year, largely due to drawing on the additional statutory reserves in consequence of low returns having been recognised for paid-up policies. The excess value of held-to-maturity bonds valued at amortised cost increased by NOK 0.1 billion in 2013 and totalled NOK 5.2 billion at year-end. The excess value of held-to-maturity bonds is not included in the financial statements. Total reserves for long lives as per 31 December 2013 amounted to NOK 4.5 billion and are not included in the solvency capital.

The Storebrand Life Insurance Group's solvency margin increased from 162 per cent to 176 per cent at the end of the year. The solvency margin is positively affected by the profit for the year and increased long-term interest rates in Sweden. As at 31 December 2013 the yield curve for discounting the Swedish insurance liabilities in the solvency calculation was changed. This led to a fall in the Group's solvency margin of about 8 percentage points. The new yield curve is better suited to the yield curve that will be utilised under Solvency II. The valuation principles used in solvency calculations at a national level are applied in the Group calculations.

SPP Livförsäkring AB's solvency margin was 254 per cent and SPP Liv Fondförsäkring AB's solvency margin was 239 per cent at the end of the year, compared with 222 per cent and 221 per cent respectively in 2012. Increased long-term interest rates have led to the value of insurance liabilities in the solvency calculation being reduced and solvency capital being higher, at the same time as the changed yield curve has had a negative contribution.

At the end of 2013, the Storebrand Bank Group had pure core capital adequacy of 12.8 per cent, and a capital adequacy of 13.6 per cent. The Bank Group therefore meets the new legal requirements for capital adequacy including buffer capital requirements.

The Storebrand Group's capital adequacy ratio was 13.1 per cent. The core (tier I) capital ratio was 10.1 per cent as per 31 December 2013.

Storebrand Livsforsikring AS, Storebrand ASA, Storebrand Bank ASA and Storebrand Boligkreditt AS had the same rating from Moody's and Standard & Poor's respectively that they had at the end of the preceding year. However due to the new lifetime tariff, the future prospects for the ratings relating to Storebrand Livsforsikring and Storebrand ASA were changed from stable to negative in March.

RATING

	Rating agency	
	Moody's	**S&P**
Storebrand ASA	Baa3 (N)	BBB (N)
Storebrand Livsforsikring AS	A3 (N)	A- (N)
Storebrand Bank ASA	Baa1 (N)	BBB+ (N)
Storebrand Boligkreditt AS	Aaa	Not applicable

P = positive outlook, S = stabile outlook, N = Negative outlook.

Storebrand ASA had total liquid assets amounting to NOK 1.8 billion at the end of 2013 and also has an unused credit facility of EUR 240 million. Storebrand ASA (the holding company) had total interest bearing liabilities that amounted to NOK 3.5 billion at the end of the year. Storebrand ASA has a NOK 837 million bond that matures in 2014 and in 2013 redeemed a NOK 479 million bond, bought back a total of NOK 263 million bonds, and issued new bonds worth NOK 750 million. Storebrand ASA's debt is normally refinanced well before maturity.

SUSTAINABILITY

The Storebrand Group has worked systematically and purposefully on sustainability for almost 20 years. Sustainable products and relationships are one of Storebrand's customer promises and form an integral part of the Group's brand. During 2013 Storebrand has further strengthened its work on sustainability with the aim of delivering on our customer promise relating to sustainability, and ensuring that sustainability is a differentiating factor that brings us closer to our vision: "Recommended by our customers".

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). Both these sets of principles underpin our sustainability strategy.*

A guiding star for our work is the vision of a sustainable world in 2050 which we developed and supported, in collaboration with many other large enterprises within the framework of the World Business Council for Sustainable Development. The vision: where 9 billion people live well and within the limits of the planet.

WE LIVE AS WE LEARN

The Group makes high demands on the companies we invest in, and we make the same demands on ourself and our suppliers. By making sustainability a clear requirement in our selection of suppliers we play a role in the development of more numerous and better sustainable products. We are a member of the Swan eco-label's purchaser club. In 2013 we received the Swan Award as Best Purchaser. At present the Group has excluded 176 companies from investment, and these companies are also automatically disqualified as suppliers to the Group.

Every department works to minimise our environmental footprint by focusing on resource use. The emissions we still cause, arising from travel and energy use, are offset through the purchase of UN-certified emission reductions.

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. The extent to which the rules are complied with is followed up by an ethics indicator. Each year targets are established for the indicator and performance is reported 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. In 2013 an internal analysis of Storebrand's anti-corruption work was conducted. The analysis uncovered a need to further develop the existing systems. This includes an expanded risk analysis of the Group to ensure efficient resource use and risk-adapted training that will be conducted in 2014.

HR is responsible for Group employees being familiar with and aware of what the ethical rules mean in colleagues' day-to-day work, through measures such as e-learning, dilemma training, group work, and the question and answer service on the intranet. The ethical rules support the Group's corporate values, which should form the basis of employee appraisals. 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. Our sustainability reports follow the guidelines from the Global Reporting Initiative. Our head office in Oslo holds an environmental certification from the Eco-Lighthouse Foundation, and a process is currently under way to environmentally certify SPP's head office in Stockholm.

SUSTAINABLE INVESTMENTS

Storebrand's minimum standard for sustainable investments applies to all Storebrand's own funds and pension portfolios. 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 that violate Storebrand's self-defined minimum standard for sustainability.

The following topics are covered by the minimum standard:
- Human rights, workers' rights and international law
- Corruption and financial crime
- Serious climate and environmental damage
- Controversial weapons: land mines, cluster munitions, 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 2013 **176 companies are excluded** from investments.

Active ownership is exercised to influence companies in the direction of sustainability and to get to grips with challenges related to global environmental, social and governance (ESG) trends.

SUSTAINABILITY IN INSURANCE

Insurance, by its nature, is an instrument of a sustainable society, in that it provides financial security to customers if an accident were to occur. Storebrand Insurance works with sustainability across two dimensions, through beneficial pricing when the customers show sustainable attitudes and 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 attitudes and actions. 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 personal 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 more quickly and thereby reduce the risk of permanent disability are positive for the individual, the insurance company and society. An important instrument in this context is health insurance where we can quickly establish dialogue with the employee and consider courses of treatment to ensure expeditious return to work.

Storebrand Forsikring aims to be the natural choice for customers when they are thinking about sustainability. We shall strengthen our customer communication and raise the visibility of work that is currently being undertaken, both in relation to prevention of injuries and product development. We will show customers what opportunities they have to choose socially responsible alternatives within insurance as well. We will carry this out by emphasising what customers can do, through both large and small measures, to contribute to a continued sustainable society in the future. Our aim is to help to change customers' behaviour, which in turn contributes to increased sustainability within environmental, social and financial matters.

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.

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 Sustainable Value Creation collaborative project for investors.

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.

STOREBRAND GROUP'S SUSTAINABILITY GUIDELINES

Sustainability is integrated into Storebrand's values, our vision, core values and promises to customers. The following guidelines are fundamental to our work:

- The Group's ambition is to contribute to **solving society's problems** and to create sustainable development locally and globally through its products and services.
- The Group will **combine** profitable operations with social, ethical and environmental goals and activities.
- We have **implemented requirements** with regard to sustainability, corporate social responsibility, environmental work and ethics within the Group and for all of our partners and suppliers.
- Sustainability must **run through the development of new** financial products and services, and must be fully integrated with our asset management.
- The Group will constantly ensure **reduced environmental emissions** from our operations.
- We will actively seek to **prevent any activities that are harmful to society** and criminal acts in connection with our operations.
- The Group will have a **transparent management structure** that lives up to national and international corporate governance standards.
- Storebrand's goal is to be **a leader in sustainability in the Nordic region**, and one of the foremost companies in the world in the area of sustainable investments.
- All of the Storebrand Group's self-managed assets are subject to the minimum standard for sustainable investments.

For further information on our sustainability work refer to the section on sustainability on page 16, the section on sustainable investments on page 18 and the Sustainability Scorecard on page 170.

HUMAN RESOURCES AND THE WORKING ENVIRONMENT

DIVERSITY

Storebrand works purposefully to strengthen the trend and attain an equal distribution between women and men in all areas and at all levels of the company. The company has participated in the project "Battle of the Numbers" with both Norwegian and Swedish participants. The aim of the project has been to create the conditions for diversity by increasing the proportion of women in operational management positions.

50 per cent of Storebrand ASA's board members are women in 2013, compared with 44 per cent in the previous year. The proportion of women on the subsidiaries' boards is 39 per cent and in the executive management it is 38 per cent, compared to 22 per cent in the previous year. At the end of the year, women accounted for 44 per cent of people with managerial responsibilities in the Group and the ratio of women to men was 51/49. In SPP 53 per cent of the managers are women. The positive trend in the proportion of women relative to men is a result of the systematic work of identifying future managerial candidates and promoting an even gender distribution.

Like society in general, the company has developed in the direction of greater cultural diversity. The company received 81 points out of a possible 100 in a survey on ambition levels and work on diversity. Storebrand does not discriminate on the basis of age, gender, disability or cultural background and gives everyone access to the workplace on the same terms.
Due to the recruitment freeze, staffing reductions and restructuring processes during 2013 the age composition has changed and the average age has risen from 41 to 43. The average term of service is 6 years.Storebrand has 2,138 members of staff in the Group at year-end. This is a reduction of 112 employees in comparison with the start of the year.

Storebrand's head office is located at Professor Kohts vei 9 in Lysaker in the municipality of Bærum. Storebrand's Swedish business, SPP, operates from the business address: Vasagatan 10, Stockholm, Sweden.

ANNUAL EMPLOYEE SURVEY (MTI)

The MTI for the year recorded a total score for job satisfaction that was unchanged from 2012 for the Group's employee satisfaction index. Job satisfaction is a combination of satisfaction and motivation, which is indirectly affected by seven priority areas. The employer's reputation among the employees has improved. As many as 90 % of the employees consider it to be valuable that the Storebrand Group will take a leading position within sustainability. The results show a continued high level of trust for the immediate manager and good collaboration in the organisation.

The survey also showed that there continues to be strong interest among the employees in skills training and personal development, and this will be followed up in the individual action plans in 2014.

SICK LEAVE

The Group's sick leave rate has been stable for several years. The sick leave rate for the Group as a whole in 2013 was 3.5 per cent: it was 3.9 per cent in Norway, 2.7 per cent in SPP and 2.8 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 HES course in which part of the training involves following up illnesses.

Storebrand's own health clinic in Norway provided treatment on more than 3,000 occasions in 2013 and has also provided training guidance and workplace assessments for employees. Health checks, the health clinic, as well as health insurance for all employees are positively contributing to the low sick leave.

Employees at the head office in Norway can work out in the spinning room, weights room and in a separate sports hall during working hours. More than 60 per cent of 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 2013.

ETHICS AND TRUST

Trust is the lifeblood of Storebrand. 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 departmental meetings. Employees take the company's e-learning course on ethics. The company's authorised financial advisors complete a specially tailored training programme in ethics.

SKILLS

The company's vision, customer promises and core values constitute the heart of company culture. In conjunction they contribute to underpinning priorities with a customer focus for both managers and employees.

During 2013 the company has continued the work of making day-to-day working life a good arena for learning and development. The company has focused on management development in particular. Work has been undertaken on change management to strengthen implementation of the strategy and the work on improving employee appraisals is also well under way. Work has gone into giving employees an appreciation of their own role and mastering skills throughout the year. This will help employees to more easily be able to understand how to prioritise, what support they need and how they can develop themselves both professionally and personally in order to contribute to achieving goals. Among the measures that have been implemented in 2013 are giving managers training in constructive feedback, increasing the frequency of performance appraisals and follow-up conversations, removing the grading system for measuring performance and introducing an annual departmental review of skills and employees. In this way it is easier to obtain an overview of future skills requirements and career wishes. Further improving customer relations forms an important part of achieving our vision: "Recommended by our customers". Training programmes on customer communication and sales are therefore continued from 2013.

CORPORATE GOVERNANCE

Storebrand's executive management and Board of Directors review Storebrand's corporate governance policies annually. Storebrand established corporate governance policies in 1998. Storebrand reports on the Group's 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 (most recently amended on 23 October 2012). For further information on Storebrand's corporate governance and a statement of company management in accordance with section 3-3b of the Norwegian Accounting Act, refer to a separate description on page 48 of the annual report.

The Board carried out an evaluation in 2013, in which the executive management participated. A total of 13 board meetings and one board seminar on Solvency II were held in 2013. The work of the Board is regulated by special rules of procedure for the Board. The Board has established two advisory committees: the Compensation Committee and Audit Committee.

During 2013 the following changes to the membership of Storebrand's corporate bodies took place:

Board of Directors: Ann Mari Gjøstein (employee representative), Birgitte Nielsen and John S. Dueholm have retired from the Board. Gyrid Skalleberg Ingerø, Heidi Storruste (employee representative), Laila Dahlen and Terje Vareberg have been elected as new members.

Board of Representatives: Anne Lise Aukner (previously substitute member) was elected as a new member. Morten Fon stepped down from the Board of Representatives.

Control Committee: Re-election.

Nomination Committee: Re-election.

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

OUTLOOK

EARNINGS PERFORMANCE

Low interest rates are challenging for insurance companies that have to cover an annual interest rate guarantee. The interest rates increased in 2013, while credit spreads for bonds narrowed. There are still investment opportunities in the bond market with an expected return that exceeds the interest rate guarantee. Storebrand has a strategy of pursuing growth in products where the results are less affected by short-term fluctuations in the financial markets. Financial performance will also be impacted by the future changes in the regulations for Norwegian occupational pensions and how the customers will choose to adapt to these changes. Growth is still expected in Storebrand's core markets, driven by low unemployment and good wage growth.

Storebrand is continuously adapting to enhance its competitiveness and earnings from its business operations. Among other things, through a cost programme that aims to reduce the Group's costs by at least NOK 400 million before the end of 2014.

Storebrand's results will in the period from 2014 include a minimum 20 per cent cost related to the reserving for higher life expectancy. Part of this will occur through a reduced profit sharing.

RISK

Storebrand is exposed to several types of risk through its business areas. Trends in interest rates and the property and equity markets are assessed 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 is therefore a prioritised core area for the group. In addition, the disability and life expectancy trends are key risks.

REGULATORY CHANGES IN PRIVATE OCCUPATIONAL PENSIONS

Occupational pension statutes in Norway will undergo a series of changes in order to adapt them to National Insurance reforms.
The Norwegian Parliament (Storting) passed the Ministry of Finance's proposed new act for occupational pensions. The new Occupational Pensions Act will give rise to a hybrid product in the Norwegian market. This hybrid product is adapted to the new National Insurance Scheme. It is based on the National Insurance principles of all-years accrual, annual contributions to pension holdings, death inheritance, flexible pension from the age of 62 and longevity adjustments. The new Act does not change anything about benefits already earned through a defined benefit pension scheme. The Act does not solve the challenges related to paid-up policies under Solvency II as described in NOU 2012:3.

The maximum limits for contributions to the hybrid product are 7 per cent of salaries up to 7.1 G and 25.1 per cent of salaries between 7.1 and 12 G. At the same time as the Storting passed a new Occupational Pensions Act, it also increased the maximum limits for defined contribution pensions to the same levels. The new Occupational Pensions Act and the higher maximum limits for defined contribution pensions, entered into force on 1 January 2014.

The Banking Law Commission published its report NOU 2013:12 Disability Pensions in Private Pension Schemes on 4 December 2013. The deadline for the submission of comments is 6 March. It is expected that new regulations will enter into force from 2015, at the same time as new disability benefits will be introduced to the National Insurance Scheme.

On 25 November, the Ministry of Finance distributed a memorandum on paid-up policies with investment choice from the Financial Supervisory Authority of Norway for comments until 17 January 2014. It is proposed here that the paid-up policies should have full reserves in accordance with K2013 before they can be converted to policies with investment choice. The Financial Supervisory Authority of Norway also proposes regulatory provisions that require the pension fund to give the paid-up policy holder written examples illustrating how great a return a given investment portfolio for a given age group must at least have in order to achieve certain pension benefits. It is expected that the statutory amendments that will allow paid-up policies with investment choice will enter into force by the end of 2014.

SOLVENCY II

Solvency II is a set of rules covering solvency that will apply to all insurance companies in the EEA area. It appears to be clear now that final adoption by the EU Parliament could occur in early 2014, and that the regulations will be introduced from 2016. Transitional rules will probably be introduced that will allow the difference between the value of the insurance liabilities after Solvency II and Solvency I at the time of the transition to increase the solvency capital. It will also allow a mark-up on the yield curve that is used to discount the insurance liabilities. The way in which the proposed regulations are formulated, they are somewhat better adapted now to companies that have long-term guaranteed annual returns, especially if the authorities choose to exploit the opportunities permitted by the transitional rules.

FUTURE RESERVES FOR A HIGHER LIFE EXPECTANCY

In March 2013 the Financial Supervisory Authority of Norway published a new mortality basis for group pension insurance, K2013. The new mortality basis is dynamic, i.e. it incorporates an expectation that mortality will fall further in the future.

For defined benefit occupational pensions that have already been earned, the introduction of K2013 entails the need to build up reserves of approximately NOK 12.5 billion for Storebrand (approximately 8 per cent of the premium reserve). A build-up period will be permitted, which should, in the opinion of the Financial Supervisory Authority of Norway, not exceed five years from the start in 2014. At present, the transitional rules are unclear, however it will be permitted to use customer surpluses to cover increased reserves combined with a minimum coverage of 20 per cent from the company. The size of the owner's contribution is dependent on the length of the build-up plan, principles for building up reserves and the financial and risk profit during the build-up period, and the pension fund's share of the build-up of reserves can thus exceed 20 per cent of the reserves required. This will probably be clarified in the guidelines for the build-up plans that were announced by the Financial Supervisory Authority of Norway as being available early in 2014.

During the period from 2011 to 2012, a total of NOK 4.3 billion has been set aside for the future build-up of reserves from customer surpluses. NOK 0.5 billion will be set aside for 2013. NOK 0.5 billion has been used to build up reserves on contracts transferring out of Storebrand in 2013 and January 2014. The Group also has other buffers and reserves that may be utilised to build up reserves, depending upon the final regulations.

OFFICIAL FINANCIAL STATEMENTS OF STOREBRAND ASA

The annual accounts of Storebrand ASA have been prepared based on the going concern principle.

Storebrand ASA's official financial statements, which are prepared pursuant to Norwegian accounting law, show a result before tax of NOK 377 million, compared with minus NOK 66 million in 2012.

Group contributions from investments in subsidiaries amounted to NOK 626 million, a NOK 406 million increase compared with 2012. Net financial items include a write-down of the shares in Storebrand Bank ASA of NOK 137 million. Operating expenses in 2013 show a positive figure of NOK 6 million, this is attributed to a non-recurring income of NOK 116 million relating to a change in the pension plan scheme.

STOREBRAND ASA RESULT NGAAP

NOK million	2013	2012
Group contribution and dividends	626	220
Net financial items	-256	-106
Operating expenses	6	-180
Pre-tax profit/loss	**377**	**-66**
Tax	-96	-135
Profit for the year	**281**	**-200**
Allocations		
To/from other equity	281	-200
Total allocations	**281**	**-200**

ALLOCATION OF THE PROFIT FOR THE YEAR

The profit for the year ended 31 December 2013 for Storebrand ASA was NOK 281 million in comparison with minus NOK 200 million in 2012. As described above the Board is maintaining the previous dividend rate target.

The Group is in a situation where it needs to strengthen its reserves for higher life expectancy. Given this, the Board has decided to propose to the Annual General Meeting that no dividend be paid and that the net profit for 2013 be allocated to other equity.

NOK million	2013	2012
Profit for the year	281	-200
Allocations		
Transferred to/from other equity	281	-200
Total allocations	**281**	**-200**

Lysaker, 11 February 2014
Board of Directors of Storebrand ASA
Translation - not to be signed

Birger Magnus
Chairman of the Board

Monica Caneman
Laila S. Dahlen
Gyrid Skalleberg Ingerø

Jon Arnt Jacobsen
Halvor Stenstadvold
Terje Vareberg

Kirsti Valborgland Fløystøl
Knut Dyre Haug
Heidi Storruste

Odd Arild Grefstad
CEO

Corporate governance

Good corporate governance is important to ensure that an enterprise can achieve its defined goals, including best possible utilisation of resources and good value creation in the company. Storebrand focuses strongly on continuous improvement of the Group's overall decision-making processes and the day-to-day management of the company.

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

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

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

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

(No deviations from the Code of Practice)

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

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

Storebrand's principal focus within sustainability is sustainable investments. The Group has worked with sustainability systematically and in a goal-oriented manner for almost 20 years, and this work is based on the Group's vision and core values. The Group's sustainability guidelines are based on the principles set forth in the UN Global Compact and the UN's Principles for Responsible Investment. See the separate article in the annual report on page 18.

The Group has its own code of ethics, as well as guidelines for whistle-blowing, social events, combating corruption, etc. An employee survey was conducted within the Group in 2013, and this survey showed that on a scale of 0-100, employees gave an average score of 93 when asked whether they had a clear picture of the importance of the ethical guidelines in their day-to-day work.

2. BUSINESS

(No deviations from the Code of Practice)

Storebrand ASA is the parent company in a financial group. The company's statutory object is to manage its equity interests in the Group in compliance with the current legislation. The Group's main business areas comprise pension and life insurance, asset management, banking and P&C insurance. The full text of the Articles of Association can be found on the Group's website at www.storebrand.no.

The market is kept informed of the Group's goals and strategies through quarterly investor presentations and other specialised presentations, such as the Capital Markets Days. You can read more about the company's goals and main strategies on page 22.

3. EQUITY AND DIVIDENDS

(Deviation from the Code of Practice)

The Board continually monitors the company's capital solidity in light of its goals, strategy and risk profile. You can read more about Storebrand's capital situation and solvency on page 39 of the Board of Directors' Report. The Board has adopted a dividend policy that states that the dividend paid to shareholders shall normally amount to more than 35 per cent of the profit for the year after tax, but before amortisation costs. The dividend shall be adjusted such that the Group is assured the right capital structure. The dividend is set by the Annual General Meeting (AGM), based on a proposal put forward by the Board. Read more about Storebrand's dividend policy on page 23.

Storebrand ASA would like to have various tools available for its efforts to maintain an optimal capital structure for the Group. At the 2013 Annual General Meeting, the Board was granted authorisation to increase the share capital through issuing new shares for a total maximum value of NOK 224,954,945. This authorisation may be used for the acquisition of businesses in consideration for new shares or increasing the share capital by other means. The Board of Directors may decide to waive the shareholders' preferential rights to subscribe for new shares in accordance with the authorisation. This authorisation may be used for one or more new issues. The authorisation is valid until the next Annual General Meeting.

At the same Annual General Meeting, the Board was authorised to buy back shares for a maximum value of NOK 224,954,945. The total holdings of treasury shares must, however, never exceed 10 per cent of the Group's share capital. The buyback of treasury shares may be a tool for the distribu-

Storebrand focuses strongly on continuous improvement of the Group's overall decision-making processes and the day-to-day management of the company.

tion of surplus capital to shareholders in addition to dividends. In addition, each year Storebrand ASA sells shares to employees from its own holdings in connection with the share purchase scheme and long-term incentive schemes for employees in the Group. It is accordingly appropriate to authorise the Board to buy shares in the market to cover the aforementioned needs or any other needs. The authorisation is valid until the next Annual General Meeting.

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

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

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

(No deviations from the Code of Practice)

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

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

The share capital has not been increased in 2013, but an authorisation has been granted to increase the share capital, cf. section 3 above. The Board of Directors may decide to waive the shareholders' preferential rights in connection with share capital increases.

For a complete report on shareholder matters, see page 20.

5. FREELY NEGOTIABLE SHARES

(No deviations from the Code of Practice)

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

6. GENERAL MEETINGS AND CONTROL COMMITTEE

(No deviations from the Code of Practice)

General Meeting

Pursuant to the company's Articles of Association, Storebrand ASA's Annual General Meeting shall be held by the end of June each year. The 2013 Annual General Meeting was held on 17 April. All shareholders with a known address will receive notice of the Annual General Meeting, which will be sent out no later than 21 days before the Annual General Meeting. The deadline for registration is three working days before the Annual General Meeting.

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

This provision in the Articles of Association deviates from the main rule in chapter 5 of the Norwegian Public Limited Companies Act that the annual accounts, directors' report, auditor's report, Board of Representatives' statement and the Board's statement on the remuneration of executive personnel shall be sent to all shareholders no later than one week prior to the Annual General Meeting. The Board's proposal to amend the Articles of Association on this point was justified by a desire to achieve environmental benefits and cost savings.

The Articles of Association were amended at the 2011 Annual General Meeting to allow shareholders to vote in advance by means of electronic communication, cf. section 5-8b of the Norwegian Public Limited Companies Act. The right to vote in advance was exercised for the first time at the Annual General Meeting in 2012 and the practice continued in 2013. This arrangement allows the shareholders to vote in advance without being represented at the Annual General Meeting and thus enables as many shareholders as possible to exert an influence on the company by exercising their voting rights.

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

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

The Annual General Meeting makes decisions concerning the following:

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

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

Control Committee

Storebrand is legally required to have a Control Committee. Storebrand ASA, Storebrand Livsforsikring AS, Storebrand Forsikring AS, Storebrand Bank ASA and Storebrand Boligkreditt AS share a committee, which consists of five members and an alternate member, all of which are elected by the Annual General Meeting. The alternate member attends all the Control Committee meetings. The composition of the committee is identical for Storebrand ASA and all of the aforementioned subsidiaries or group companies. The committee is independent of the respective boards and management of the companies. The term of office is two years. The Control Committee is responsible for ensuring the Group conducts its activities in a prudent and proper manner. The committee ensures that the Group complies with all relevant legislation and regulations, and that it operates in accordance with the Articles of Association and resolutions adopted by the Group's decision-making bodies. The committee is entitled to look into any matter and has access to all relevant documentation and information. The committee has the power to demand information from any employee and any member of the governing bodies. The committee held nine meetings in 2013 and reports semi-annually on the committee's work to the Board of Representatives, most recently in September 2013.

The Storebrand Group believes a good working partnership with the Control Committee is important.

7. NOMINATION COMMITTEE

(No deviations from the Code of Practice)

Storebrand ASA's Articles of Association regulate the Nomination Committee, which consists of four members and an observer elected by the employees. The chairman of the Nomination Committee and the other members are elected by the Annual General Meeting. The Articles of Association stipulate that the chairman of the Board of Representatives shall be a permanent member of the Nomination Committee, if the person concerned has not already been elected by the Annual General Meeting. An employee representative will also participate as a permanent member in discussions and recommendations concerning the election of the chairman and deputy chairman of the Board of Representatives and the Chairman of the Board, as well as in other contexts where this would be natural pursuant to an invitation from the chairman of the committee.

The Nomination Committee is independent of the Board and management, and its composition aims to ensure broad representation of the shareholders' interests. Storebrand does not have any written provisions concerning the rotation of Nomination Committee members. The Articles of Association stipulate that the Nomination Committee should work in accordance with the rules of procedure adopted by the Annual General Meeting. The Nomination

Committee's rules of procedure were adopted at the 2010 Annual General Meeting. In accordance with the rules of procedure, the Nomination Committee shall focus, for example, on the following when preparing nominations for representatives for the companies' governing and controlling bodies: competence, experience, capacity, gender distribution, independence and the interests of the community of shareholders. More information about the members has been published on the Group's website. The Nomination Committee reviews the annual appraisal of the work of the Board and is responsible for proposing candidates to the Board of Representatives, Boards, Control Committee and Nomination Committee, and the remuneration for the members of these bodies. The Committee's members are also members of the nomination committees of Storebrand Livsforsikring AS, Storebrand Bank ASA and Storebrand Boligkreditt AS.

The Nomination Committee held seven meetings in 2013, and prepared, for example, nominations for the election of new members to the Board of Representatives, Control Committee and boards of the group companies. The Nomination Committee also prepared elections that will be held in 2014.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

(No deviations from the Code of Practice)

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

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

The Articles of Association stipulate that between five and seven board members shall be elected by the Board of Representatives based on nominations from the Nomination Committee. Two members, or three members if the Board of Representatives elects six or seven directors, shall be elected by and from among the employees. The board members are elected for one year at a time. The day-to-day management is not represented on the Board of Directors. After the ordinary election of board members in May 2013, the Board of Directors consists of ten members (five men and five women).

None of the members elected by the Board of Representatives have any employment, professional or consultancy relationship with the Group beyond their appointment to the Board of Directors. The backgrounds of the individual board members are described on page 60 of the annual report and on the Group's website. The composition of the Board satisfies the independence requirements set forth in the Code of Practice. There are few instances of disqualification during the consideration of matters by the Board. The Board's assessment of each board member's independence is commented on in the overview of governing and controlling bodies on page 62. An overview of the number of shares in the Storebrand Group owned by members of governing bodies as at 31 December 2013 is included in the notes to the financial statements for Storebrand ASA (Information on related parties) on page 120.

9. THE WORK OF THE BOARD OF DIRECTORS

(No deviations from the Code of Practice)

Board's duties

The Board meets at least 11 times a year. In 2013 a total of 12 board meetings were held, one of which was held at the subsidiary SPP in Stockholm, and one of which was held at Storebrand Baltic in Vilnius. In addition, a board seminar on Solvency II was held for new board members. The Group's future strategy is discussed at the Board's annual strategy meeting, which establishes guidelines for the management's preparation of plans and budgets in connection with the annual financial plan, which must be approved by the Board. The Board shall stay informed about Storebrand's financial position and development, and it shall ensure that the company's value creation and profitability are safeguarded in the best possible manner on behalf of the owners. The Board shall also ensure that the activities are subjected to adequate control and ensure that the Group has adequate capital based on the scope of, and risks associated with, its activities. The attendance records of individual board members are provided in the overview of the governing and controlling bodies on page 60. The work of the Board is regulated by special rules of procedure for the Board, which are reviewed annually. In order to ensure sound and well-considered decisions, importance is attached to ensuring that meetings of the Board are well prepared so that all the members can participate in the decision-making process. The Board prepares an annual schedule for its meetings and the topics it will consider. The agenda for the next board meeting is normally presented to the Board based on the approved schedule for the year and a list of matters carried forward from previous meetings. The final agenda is fixed in consultation with the Chairman of the Board. Time is set aside at each board meeting to evaluate the meeting without the management present. The Board is entitled to appoint external advisers to help it with its work whenever it deems this necessary. The Board has also drawn up instructions for the CEO.

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

Board committees

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

The Remuneration Committee assists the Board with all matters concerning the CEO's remuneration. The committee monitors the remuneration of the Group's executive personnel, and proposes guidelines for the fixing of the executive personnel's remuneration and the Board's statement on the fixing of the executive personnel's remuneration, which is presented to the Annual General Meeting each year. In addition, the committee safeguards the areas required by the Remuneration Regulation. The Compensation Committee held five meetings in 2013.
The Audit Committee assists the Board by reviewing, evaluating and, where necessary, proposing appropriate measures with respect to the Group's overall controls, financial and operational reporting, risk management, and internal and external auditing. The Audit Committee held eight meetings in 2013. The external and internal auditors participate in the meetings. The majority of the committee's members are independent of the Group. The Board has found that it is appropriate to have a combined Remuneration Committee for the entire Storebrand Group.

10. RISK MANAGEMENT AND INTERNAL CONTROL

(No deviations from the Code of Practice)

Management and control

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

Storebrand ASA's Board has drawn up instructions for the Group's subsidiaries that are to ensure that they implement and comply with the Group's management and control policies and guidelines.

The Group's corporate responsibility guidelines summarise how corporate responsibility is an integral part of the Group's management and control processes for investments, product development, purchasing, employee monitoring and internal operations. The Group's corporate sustainability goals are adopted by the Board, and the sustainability scorecard is followed up by the Group's executive management team The Group also complies with the GRI (Global Reporting Initiative) international reporting standard. The results are audited by the Group's external auditor, see the auditor's report on page 169. For the 15th year in a row the Group qualified for the international Dow Jones Sustainability Index, which includes the top 10 per cent most sustainable companies within all industries on a global basis.

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

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

Risk management and internal control

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

The Group's financial and operational goals are defined annually in a board-approved business plan. The business plan builds on separate decisions on the Group's risk strategy, investment strategies, and business areas and includes three-year financial forecasts, budgets and action plans. The Board of Directors receives ongoing reports on the status of the strategy implementation.

Storebrand Compass is the company's monitoring tool and provides comprehensive reports for management and the Board concerning financial and operational targets for earnings, risk and solvency.

Risk assessment forms part of the managerial responsibilities in the organisation. The purpose of this is to identify, assess and manage risks that can hamper a unit's ability to achieve its goals. Developments in the financial markets are important risk factors in relation to the Group's earnings and solvency position. In addition to assessing the effects of sudden shifts in the equity markets or interest rates (stress tests), scenario analysis is used to estimate the effect of various sequences of events in the financial markets on the Group's financial performance and solvency. This is important input for the Board's general discussion about risk appetite and risk allocation.

Assessment of operational risks is linked to a unit's ability to achieve goals and implement plans. The process covers both the risk of incurring losses and failing profitability linked to economic downturns, changes in the general conditions, changed customer behaviour, etc., and the risk of incurring losses due to inadequate or failing internal processes, systems, human error or external events.

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

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

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

Financial information and the Group's accounting process

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

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

A series of risk assessment and control measures have been established in connection with the preparation of the financial statements. Specific reporting instructions are drawn up each quarter and communicated to the subsidiaries. Internal meetings are held prior to the subsidiaries' reporting, as well as meetings in which the external auditor participates, to identify risk factors and measures linked to significant accounting items or other factors. Corresponding quarterly meetings are also held with various specialist areas in the Group that play an important role in the assessment and appraisal of insurance obligations, investment properties and financial instruments, including lending. These meetings particularly focus on any changes in the market, specific situations relating to individual investments, transactions and operational factors, etc. Valuations associated with significant accounting items and any changes to policies, etc., are described in a separate document (Valuation Items Memo). The Board's Audit Committee conducts a preparatory review of interim financial statements and annual financial statements, focusing in particular on the discretional valuations and estimations that have been made prior to consideration by the Board. The external auditor attends meetings of the Board as required and meetings of the Board's Audit Committee.

Monthly and quarterly operating reports are prepared in which the results per business area and product area are analysed and assessed against set budgets. Particular attention is paid to analysing the development of the financial results, risk results and administration results. The operating reports are reconciled against other financial reporting. Otherwise, continuous reconciliation of specialist systems, etc. takes place against the accounting system.

11. REMUNERATION OF THE BOARD OF DIRECTORS

(No deviations from the Code of Practice)

The Annual General Meeting fixes the Board's annual remuneration on the basis of the recommendations of the Nomination Committee. The fees paid to the members of the Board are not linked to earnings, option schemes or similar arrangements. The members of the Board and Board Committees do not receive incentive-based remuneration; instead they receive a fixed annual compensation. The shareholder-elected members of the Board do not participate in the company's pension schemes. None of the shareholder-elected members of the Board carry out any duties for the company beyond their appointment to the Board. More detailed information on the remuneration, loans and shareholdings of board members can be found in notes 25 (Group) and 6 (ASA) of the notes to the accounts. Board members are encouraged to hold shares in the company.

12. REMUNERATION OF EXECUTIVE PERSONNEL

(No deviations from the Code of Practice)

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

The Storebrand Group has chosen to only pay fixed salaries to employees for whom control functions make up a large part of their duties. This is to ensure independence in the execution of the control functions. For other executive personnel and employees who influence the company's risk, as defined by the authorities, the most important objectives of the bonus model are for the bonuses to guide their actions so that they are generally commensurate with the owners' long-term interests, promote good management and control of the company's risk, counteract high levels of risk-taking, and act as an incentive for long-term value creation and contribution towards good profitability.

Specific goals are set annually for how the company's creation of value shall finance bonuses. The financing is calculated based on the creation of value over the last two years and the value creation target is based on the risk-adjusted result. The bonuses awarded are also determined by the unit's and individual's results in addition to the creation of value. The units' results are measured by means of a scorecard, which incorporates both quantitative and qualitative goals, and these goals are both financial and operational. The employees' performance is followed up by a special monitoring system, in which performance is measured in relation to both the execution of individual action plans and compliance with the Storebrand Group's corporate policies. The unit and individual results are weighted the same, and the maximum total goal achievement is 150 per cent. The unit's scorecard and the individual's action plan are directly linked to the strategy adopted by the Board. This helps to further strengthen agreement between the owners and the management.

For Norwegian executive personnel half of the awarded bonus is paid in cash, while the remaining half is converted to a number of synthetic shares based on a weighted average price before payment. The number of shares is registered in a share bank and will remain there for three years. Actual shares are not purchased. At the end of the period an amount corresponding to the market price of the shares awarded is paid. Half of the amount paid (after tax) from the share bank is used to purchase actual shares in Storebrand with a lock-in period of 3 years. No payments are made from the share bank until the end of the 3-year period, even if the employee withdraws from the scheme or leaves the company.

The "target bonus" shall account for 20-40 per cent of the fixed salary. The bonus awarded for a given year is subject to a fixed ceiling and cannot exceed 90 per cent of the fixed salary. More detailed information about the remuneration of executive personnel may be found in notes 25 (Group) and 6 (ASA) and in the statement on the fixing of salaries and other compensation for executive personnel, which is included in the notice of the Annual General Meeting, which is available at www.storebrand.no. Executive personnel are encouraged to hold shares in the Group, even beyond the lock-in period.

13. INFORMATION AND COMMUNICATIONS

(No deviations from the Code of Practice)

The Board has issued guidelines for the company's reporting of financial and other information and for contact with shareholders other than through the Annual General Meeting. The Group's financial calendar is published on the Internet and in the company's annual report. Financial information is published in the quarterly and annual reports, as described under section 10 – Financial information and the Group's accounting process. Any documentation that is published will be available on the company's website. All reporting is based on the principle of transparency and takes into account the need for the equal treatment of all participants in the securities markets and the rules concerning good stock exchange practice. Further information may be found on page 20. Storebrand has its own guidelines for handling insider information, see also section 10 – *Management and control*, above.

14. TAKEOVERS

(No deviations from the Code of Practice)

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

15. AUDITOR

(No deviations from the Code of Practice)

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

OTHER

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

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

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

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

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

> "I am very satisfied with the pension scheme and that Storebrand sends feedback on how my pension is doing. It is great that I can go in to my account and obtain an overview of the pension and insurance policies."
> Storebrand Fordel customer

Storebrand Fordel

(Storebrand Advantage)

– for individuals with an occupational pension with Storebrand

Your pension savings is one of the best employee benefits given to you by your employer. Yet many employees are not familiar with what pension plan they have.

Through the customer programme Storebrand Fordel we inform and teach the employees more about pension. At storebrand.no/fordel the employee will find the company's own website. The website provides an overview of the benefits that the employee has, information and pension news and what tricks and tips the employee can use to influence their own pension.

Management

ODD ARILD GREFSTAD (48)

CEO
NUMBER OF SHARES: 55,406

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

LARS AA. LØDDESØL (49)

GROUP CFO
NUMBER OF SHARES: 39,708

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

HEIDI SKAARET (52)

COO
NUMBER OF SHARES: 1,637

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

ROBIN KAMARK (50)

CCO,
CUSTOMER AREA NORWAY
NUMBER OF SHARES: 11,637

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

GEIR HOLMGREN (41)

MANAGING DIRECTOR, GUARANTEED PENSION
NUMBER OF SHARES: 6,097

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

SARAH MCPHEE (59)

MANAGING DIRECTOR, CUSTOMER AREA SWEDEN
NUMBER OF SHARES: 43,360

McPhee has worked for SPP since 2009. She has broad experience from the financial sector and has held executive positions at AMF Pension, Fjärde AP-Fonden and GE Capital Norden.

HEGE HODNESDAL (42)

MANAGING DIRECTOR, INSURANCE
NUMBER OF SHARES: 10,633

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

STAFFAN HANSÉN (48)

MANAGING DIRECTOR, SAVINGS
NUMBER OF SHARES: 3,967

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

Board of Directors

BIRGER MAGNUS (58)

BOARD CHAIRMAN OF STOREBRAND ASA SINCE 2009.

ATTENDED 12 OUT OF 12 BOARD MEETINGS IN 2013. NUMBER OF SHARES: 20,000

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

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

MONICA CANEMAN (59)

BOARD MEMBER OF STOREBRAND ASA SINCE 2011.

ATTENDED 12 OUT OF 12 BOARD MEETINGS IN 2013. NUMBER OF SHARES: 0

Caneman previously worked at SEB as Deputy CEO and Member of the Group Executive committee. Her previous roles have included Head of Corporates & Institutions, Head of Retail Services and Head of Nordic and Baltic Operations.

Caneman is Chairman of the Board of Fourth Swedish National Pension Fund, Arion Bank hf. and Big Bag AB. She is a Board Member of SAS AB, Poolia AB, Intermail AS, Schibsted Sverige AB and MySafety AB.

LAILA S. DAHLEN (44)

BOARD MEMBER OF STOREBRAND ASA SINCE 2013.

ATTENDED 12 OUT OF 12 BOARD MEETINGS IN 2013. NUMBER OF SHARES: 0

Dahlen is CFO/COO at Finn.no AS.

Dahlen has previously been a consultant for Kelkoo and Norsk Tipping. COO at Kelkoo/Yahoo London, VP Marketplace at Yahoo Europe, London, Regional Manager at Kelkoo Stockholm, Country Manager at Kelkoo Stockholm, VP International Operations at Kelkoo Paris and Manager at PricewaterhouseCoopers. Dahlen is chairman of the board of Eiendomsprofil AS and Penger.no AS.

GYRID SKALLEBERG INGERØ (46)

BOARD MEMBER OF STOREBRAND ASA SINCE 2013.

ATTENDED 12 OUT OF 12 BOARD MEETINGS IN 2013. NUMBER OF SHARES: 0

Ingerø is CFO at Telenor Norge AS. She has previously been CFO at Opplysningen 1881 AS, CFO / IR Head at Komplett ASA, CFO at Reiten & Co. ASA, Senior Manager at KPMG, and worked for the Nordea Group audit department.

Ingerø is a Board Member of Opplysningen 1881 AS and Sporveien i Oslo AS.

JON ARNT JACOBSEN (56)

BOARD MEMBER OF STOREBRAND ASA SINCE 2009.

ATTENDED 11 OUT OF 12 BOARD MEETINGS IN 2013. NUMBER OF SHARES: 6,500

Jacobsen is the Procurement Director at Statoil ASA. He has previously worked as Executive Vice President of Refining & Marketing and CFO at Statoil ASA. Jacobsen has held various positions at Den norske Bank ASA: Head of Oil Section, Corporate Customer Division, Head of Industrial Section, Corporate Customer Division, Head of Industrial and Financial Institutions Corporate Customer Division, General Manager of Singapore Branch with responsibility for DNB's operations in ASEAN.

HALVOR STENSTADVOLD (69)

BOARD MEMBER OF STOREBRAND ASA SINCE 2000.

ATTENDED 10 OUT OF 12 BOARD MEETINGS IN 2013. NUMBER OF SHARES: 8,645

Stenstadvold is an independent adviser. His previous roles have included member of Orkla's executive management, Managing Director of Orkla's corporate staff functions, Senior VP at Christiania Bank and Parliamentary Secretary.

Stenstadvold is Chairman of the Board of SOS Barnebyer and the Henie Onstad Art Centre, as well as a Board Member of Navamedic ASA, Statkraft SF and Statskraft AS, Kongsberg Automotive ASA, SOS USA and SOS International.

TERJE VAREBERG (65)

BOARD MEMBER OF STOREBRAND ASA SINCE 2013.

ATTENDED 11 OUT OF 12 BOARD MEETINGS IN 2013. NUMBER OF SHARES: 0

Vareberg has his own consulting business. His previous positions have included CEO at Sparebank1 SR-Bank, Group Director at Statoil ASA and CEO at Agro Fellesslakteri.

Vareberg is Chairman of the Boards of Norsk Hydro ASA, NorDan AS, T.S. Eiendom AS, Malthus AS, I-Park AS, Solstad Trading AS and Lærdal AS. Member of the Boards of Solstad Offshore ASA, Energy Ventures AS, Lærdal Finans AS and Farsund Vekst AS.

KIRSTI VALBORGLAND FLØYSTØL (33)

EMPLOYEE-ELECTED BOARD MEMBER OF STOREBRAND ASA SINCE 2010.

ATTENDED 12 OUT OF 12 BOARD MEETINGS IN 2013. NUMBER OF SHARES: 3,709

Valborgland Fløystøl is a project manager for Business Development at Storebrand. She has previously worked as project manager at Storebrand Livsforsikrings AS, key account manager, Storebrand Livsforsikring AS and corporate trainee, Storebrand ASA.

KNUT DYRE HAUG (57)

EMPLOYEE-ELECTED BOARD MEMBER OF STOREBRAND ASA SINCE 2006.

ATTENDED 12 OUT OF 12 BOARD MEETINGS IN 2013. NUMBER OF SHARES: 11,963

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

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

HEIDI STORRUSTE (48)

BOARD MEMBER OF STOREBRAND ASA SINCE 2013.

ATTENDED 12 OUT OF 12 BOARD MEETINGS IN 2013. NUMBER OF SHARES: 2,865

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

Storruste has previously worked at Storebrand Bank ASA as a project manager at the Product and Development department, process owner at the Development department, and senior consultant at the Credit Department Retail.
Her previous positions include Gjensidige Bank AS, Incentiva Resultautvikling DA and Sparebankenes Kredittselskap AS.

Storruste is the head of Storebrand's employee representative board.

Members of Storebrand's corporate bodies

BOARD OF REPRESENTATIVES

CHAIRMAN:
Terje R. Venold (2,031)

DEPUTY CHAIRMAN:
Vibeke Hammer Madsen (0)

MEMBERS (ELECTED BY SHAREHOLDERS):
Terje Andersen (4,000)
Anne-Lise Aukner (0)
Trond Berger (837)
Maalfrid Brath (8,063)
Helge Leiro Baastad (0)
Tore Eugen Kvalheim (0)
Marianne Lie (0)
Olaug Svarva (0)
Pål Syversen (0)
Karen Helene Ulltveit-Moe (0)

MEMBERS (ELECTED BY EMPLOYEES):
Per-Erik Hauge (2,018)
Tor Haugom (1,647)
Nina Hjellup (4,756)
May Helene Moldenhauer (275)
Rune Pedersen (9,550)
Trond Thire (2,499)

DEPUTY MEMBERS (ELECTED BY SHAREHOLDERS):
Jostein Furnes (0)
Mats Gottschalk (0)
Lars Tronsgaard (0)

DEPUTY MEMBERS (ELECTED BY EMPLOYEES)
Joachim Ales (1,595)

BOARD OF DIRECTORS OF STOREBRAND ASA

CHAIRMAN:
Birger Magnus (20,000)

MEMBERS (ELECTED BY SHAREHOLDERS):
Monica Caneman (0)
Laila S. Dahlen (0)
Gyrid Skalleberg Ingerø (0)
Jon Arnt Jacobsen (6,500)
Halvor Stenstadvold (8,645)
Terje Vareberg (0)

MEMBERS (ELECTED BY EMPLOYEES):
Kirsti Valborgland Fløystøl[1] (3,709)
Knut Dyre Haug[1] (11,963)
Heidi Storruste[1] (2,865)

AUDIT COMMITTEE

CHAIRMAN:
Halvor Stenstadvold (8,645)

MEMBERS:
Monica Caneman (0)
Knut Dyre Haug (11,963)

REMUNERATION COMMITTEE

CHAIRMAN:
Birger Magnus (20,000)

MEMBERS:
Gyrid Skalleberg Ingerø (0)
Heidi Storruste (2,865)

CONTROL COMMITTEE

CHAIRMAN:
Elisabeth Wille (163)

DEPUTY CHAIRMAN:
Finn Myhre (0)

MEMBERS:
Anne Grete Steinkjer (1,800)
Harald Moen (595)
Ole Klette (0)

DEPUTY MEMBER:
Tone Margrethe Reierselmoen (1,734)

ELECTION COMMITTEE

CHAIRMAN:
Terje R. Venold (2,031)

MEMBERS (ELECTED BY EMPLOYEES):
Helge Leiro Baastad (0)
Kjetil Houg (0)
Olaug Svarva (0)

OBSERVER (ELECTED BY EMPLOYEES):
Rune Pedersen (9,550)

1) Not independent, see page 51 regarding corporate governance
( ) Number of shares

> "Over 700,000 Norwegians have now found their pension figures and by this started to build an overview of their pension."
> Storebrand's pension calculator, *December 2013*

Storebrand Pensjonstall

(Storebrand Pension Figure)

– full overview of your pension

With our new digital service, anyone with a Storebrand pension can log in to view their pension figure. You can gather all your pension agreements here, providing you with a full overview. In addition, you will receive advice on simple actions you can take to increase your pension figure.

Through Storebrand Pensjonstall we want to create interest around the topic of pensions, as well as lower the barriers for people to familiarise themselves with their own pension. It is only then you can evaluate and take actions to get the best possible retirement. Your pension figure is defined as the total amount of money that you will live on, on the day you stop working. It consists of your pension from the National Insurance scheme, the pension from your employer and your own savings.

Annual account and notes to the financial statement

Content

Storebrand Group

Profit and Loss Account 1 January - 31 December

NOK million	Note	2013	2012
Net premium income	14	28,675	27,822
Net interest income - banking activities	15	547	490
Net income from financial assets and real estate for the company:			
- equities and other units at fair value	16	8	
- bonds and other fixed-income securities at fair value	16	422	658
- financial derivatives at fair value	16	24	9
- net income from bonds at amortised cost	16	59	101
- net income from real estate	16	41	33
- result from investments in associated companies	33	74	-3
Net income from financial assets and real estate for the customers:			
- equities and other units at fair value	16	16,772	6,487
- bonds and other fixed-income securities at fair value	16	2,942	9,351
- financial derivatives at fair value	16	-3,598	772
- net income from bonds at amortised cost	16	3,526	3,712
- net interest income lending		130	111
- net income from real estate	16	907	679
- result from investments in associated companies	33	29	48
Other income	18	2,316	2,207
Total income		**52,875**	**52,479**
Insurance claims for own account	19	-30,004	-22,870
Change in insurance liabilities	20	-12,176	-20,066
To/from buffer capital	21	-3,568	-2,675
Losses from lending/reversal of previous losses	22	-11	8
Operating costs	23,24,25,26	-3,310	-4,003
Other costs incl. currency bank	27	-296	-233
Interest expenses	28	-576	-680
Total costs before amortisation and write-downs		**-49,941**	**-50,519**
Profit before amortisation and write-downs		**2,935**	**1,960**
Amortisation and write-downs of intangible assets	30	-741	-401
Group pre-tax profit		**2,194**	**1,559**
Tax cost	29	-214	-550
Result after tax sold/wound up business		-4	3
Profit/loss for the year		**1,976**	**1,012**
Profit/loss for the year due to:			
Majority's share of profit		1,971	1,006
Minority's share of profit		5	6
Total		**1,976**	**1,012**
Earnings per ordinary share (NOK)		4.41	2.25
Average number of shares as basis for calculation (million)		447.1	446.7
There is no dilution of the shares			

Storebrand Group

Statement of total comprehensive income 1 January - 31 December

NOK million	2013	2012
Profit/loss for the year	**1,976**	**1,012**
Other result elements		
Change in pension experience adjustments	-340	443
Adjustment of value of properties for own use	154	89
Total comprehensive income elements allocated to customers	-154	-89
Tax on other result elements not to be classified to profit/loss	104	-142
Total other result elements not to be classified to profit/loss	-236	301
Translation differences	840	-103
Total other result elements that may be classified to profit/loss	840	-103
Total other result elements	**604**	**198**
Total comprehensive income	**2,580**	**1,210**
Total comprehensive income due to:		
Majority's share of total comprehensive income	2,564	1,207
Minority's share of total comprehensive income	16	3
Total	**2,580**	**1,210**

Storebrand Group

Statement of Financial Position

NOK million	Note	31.12.13	31.12.12
Assets company portfolio			
Deferred tax assets	29	1	38
Intangible assets	30	5,993	6,102
Pension assets	24	1	152
Tangible fixed assets	31	119	144
Investments in associated companies	33,34	205	121
Receivables from associated companies	33,34		69
Financial assets at amortised cost:			
- Bonds	10,35,36	3,052	2,146
- Bonds held to maturity	10,35,36	347	222
- Lending to financial institutions	10,35	152	255
- Lending to customers	10,35,37	33,637	35,306
Reinsurers' share of technical reserves	38	151	155
Real estate at fair value	8,39	1,084	1,208
Real estate for own use	39	66	58
Other assets	40	64	64
Accounts receivable and other short-term receivables	35,41	1,890	2,172
Financial assets at fair value:			
- Equities and other units	8,13,35,42	82	53
- Bonds and other fixed-income securities	8,10,13,35,43	23,485	21,496
- Derivatives	10,13,35,44	1,091	1,313
Bank deposits	10,35	4,077	3,297
Total assets company		**75,498**	**74,372**
Assets customer portfolio			
Tangible fixed assets	31	354	303
Investments in associated companies	33,34	34	115
Receivables from associated companies	33,34	186	596
Financial assets at amortised cost:			
- Bonds	10,35,36	63,919	54,557
- Bonds held to maturity	10,35,36	14,773	10,496
- Lending to customers	10,35,37	3,508	3,842
Real estate at fair value	8,39	23,091	27,515
Real estate for own use	39	2,425	2,173
Biological assets	40	626	535
Accounts receivable and other short-term receivables	35,41	3,531	2,699
Financial assets at fair value:			
- Equities and other units	8,13,35,42	92,615	72,166
- Bonds and other fixed-income securities	8,10,13,35,43	165,071	164,208
- Derivatives	10,13,35,44	1,129	2,745
Bank deposits	10,35	3,619	3,859
Total assets customers		**374,883**	**345,810**
Total assets		**450,381**	**420,182**

NOK million	Note	31.12.13	31.12.12
Equity and liabilities			
Paid in capital		11,720	11,718
Retained earnings		10,705	8,119
Minority interests		88	98
Total equity		**22,514**	**19,936**
Subordinated loan capital	9,35	7,409	7,075
Buffer capital	46	22,447	18,037
Insurance liabilities	46,47	348,314	324,089
Pension liabilities	24	958	1,239
Deferred tax	29	833	721
Financial liabilities:			
- Liabilities to financial institutions	9,13,35	1,028	2,499
- Deposits from banking customers	9,13,35,48	20,728	19,860
- Securities issued	9,35	17,000	18,033
- Derivatives company portfolio	10,13,35,44	632	632
- Derivatives customer portfolio	10,13,35,44	1,911	725
Other current liabilities	9,35,49	6,605	7,327
Liabilities sold/liquidated business		1	10
Total liabilities		**427,867**	**400,247**
Total equity and liabilities		**450,381**	**420,182**

Lysaker 11 February 2014
Board of Directors of Storebrand ASA
Translation - not to be signed

Birger Magnus
Chairman of the Board

Monica Caneman

Laila S. Dahlen

Gyrid Skalleberg Ingerø

Jon Arnt Jacobsen

Halvor Stenstadvold

Terje Vareberg

Kirsti Valborgland Fløystøl

Knut Dyre Haug

Heidi Storruste

Odd Arild Grefstad
Cheif Executive Officer

Storebrand Group

Reconciliation of Group's equity

	Majority's share of equity									
	Paid in capital				Retained earnings					
NOK million	Share capital[1]	Own shares	Share premium	Total paid in equity	Pension experience adjustments	Restatement differences	Other equity[2]	Total retained earnings	Minority interests	Total equity
Equity at 31 December 2011	**2,250**	**-17**	**9,485**	**11,717**	**-748**	**216**	**7,460**	**6,929**	**132**	**18,777**
Profit for the period							1,006	1,006	6	1,012
Change in pension experience adjustments					301			301		301
Translation differences						-100		-100	-3	-103
Total other result elements					301	-100		200	-3	197
Total comprehensive income for the period					301	-100	1,006	1,206	3	1,210
Equity transactions with owners:										
Own shares		2		2			22	22		24
Share issue									-26	-26
Purchase of minority interests							-6	-6	-11	-17
Other							-32	-32	-1	-32
Equity at 31 December 2012	**2,250**	**-16**	**9,485**	**11,718**	**-447**	**116**	**8,451**	**8,119**	**98**	**19,936**
Profit for the period							1,971	1,971	5	1,976
Change in pension experience adjustments					-236			-236		-236
Translation differences						829		829	11	840
Total other result elements					-236	829		593	11	604
Total comprehensive income for the period					-236	829	1,971	2,564	16	2,580
Equity transactions with owners:										
Own shares		2		2			24	24		26
Provision for dividend									-27	-27
Purchase of minority interests							-5	-5		-5
Other							1	1	3	4
Equity at 31 December 2013	**2,250**	**-14**	**9,485**	**11,720**	**-683**	**945**	**10,442**	**10,705**	**88**	**22,514**

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

2) Includes undistributable funds in the risk equalisation fund amounting to NOK 776 million and security reserves amounting NOK 259 million.

The risk equalisation reserve can only be used to increase allocations to the premium reserve with regard to risk linked to persons. The risk equalisation reserve and contingency reserves are not considered liabilities for accounting purposes in accordance with IFRS and are included in equity in their entirety. Allocations to the risk equalisation reserve and contingency reserves are tax deductible when the allocations are made, and these deductions are treated as permanent differences between the financial and tax accounts in accordance with IAS 12 so that provisions are not made for deferred tax related to permanent differences

Equity changes with the result for the individual period, equity transactions with the owners and items recognised in the total comprehensive income. The share premium and other equity is evaluated and managed together. The share premium and other equity may be used in accordance with the provisions of the Public Limited Liabilities Company Act.

The own shares column shows the nominal values of the holding of own shares. The amount paid in excess of the equity's nominal value is booked as a reduction in other equity, such that the entire cost price for own shares is deducted from the Group's equity. A positive amount on the "own shares" line is due to own shares being used in the shares scheme for employees.

Storebrand pays particular attention to the active management of equity in the Group. This management is tailored to the business-related financial risk and capital requirements in which the composition of its business areas and their growth will be an important driver for the Group's capital requirements. The goal of the capital management is to ensure an effective capital structure and reserve an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new equity, this is procured by the holding company Storebrand ASA, which is listed on the stock exchange and the Group's parent company.

Storebrand is a financial group subject to statutory requirements regarding primary capital under both the capital adequacy regulations and the solvency margin regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand, these legal requirements carry the greatest significance in its capital management.

The Group's goals are to achieve a solvency margin in life and pensions of more than 150 per cent over time. In general, the equity of the Group can be managed without material restrictions if the capital requirements are met and the respective legal entities have adequate solidity. Capital can be transferred from foreign legal entities with the consent of local supervisory authorities.

For further information on the Group's fulfilment of the capital requirements, see note 54.

Storebrand Group

Cash flow analysis 1 January - 31 December

NOK million	2013	2012
Cash flow from operational activities		
Net receipts - insurance	18,672	22,888
Net payments compensation and insurance benefits	-19,252	-18,904
Net receipts/payments - transfers	-5,927	-751
Receipts - interest, commission and fees from customers	1,697	1,673
Payments - interest, commission and fees to customers	-556	-534
Payment of income tax	-4	-5
Payments relating to operations	-2,850	-3,430
Net receipts/payments - other operational activities	1,163	-1,643
Net cash flow from operations before financial assets and banking customers	**-7,057**	**-706**
Net receipts/payments - lending to customers	2,011	-2,739
Net receipts/payments - deposits bank customers	795	1,424
Net receipts/payments - mutual funds	2,393	1,359
Net receipts/payments - real estate investments	5,562	743
Net change in bank deposits insurance customers	241	1,330
Net cash flow from financial assets and banking customers	**11,002**	**2,117**
Net cash flow from operational activities	**3,945**	**1,411**
Cash flow from investment activities		
Net payments - sale/capitalisation of group companies		9
Net receipts/payments - sale/purchase of property and fixed assets	-6	-7
Net receits/payments - sale/purchase of fixed assets	-254	-236
Net receits/payments - purchase/capitalization of associated companies and joint ventures	407	-130
Net cash flow from investment activities	**147**	**-364**
Cash flow from financing activities		
Payments - repayments of loans	-2,156	-2,678
Receipts - new loans	1,250	5,925
Payments - interest on loans	-557	-718
Receipts - subordinated loan capital	2,372	149
Payments - repayment of subordinated loan capital	-2,366	-400
Payments - interest on subordinated loan capital	-473	-412
Net receipts/payments - lending to and claims from other financial institutions	-1,470	-3,521
Receipts - issuing of share capital	9	11
Payments - dividends	-26	-42
Net cash flow from financing activities	**-3,416**	**-1,687**
Net cash flow for the period	**675**	**-640**
- of which net cash flow in the period before financial assets and banking customers	-10,327	-2,757
Net movement in cash and cash equivalents	675	-640
Cash and cash equivalents at start of the period for new companies		-25
Cash and cash equivalents at start of the period	3,552	4,218
Currency translation differences	2	-1
Cash and cash equivalents at the end of the period[1]	**4,229**	**3,552**
[1)] **Consist of:**		
Lending to financial institutions	152	255
Bank deposits	4,077	3,297
Total	**4,229**	**3,552**

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

OPERATIONAL ACTIVITIES

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

INVESTMENT ACTIVITIES

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

FINANCING ACTIVITIES

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

KONTANTER/KONTANTEKVIVALENTER

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

Notes

Storebrand Group

NOTE 1 - COMPANY INFORMATION AND ACCOUNTING POLICIES

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

The asset side of the Group's statement of financial position comprises, for the most part, financial instruments and investment properties. Investment properties are recognised at fair value. A large majority of the financial instruments are recognised 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 recognised 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 cost less an annual amortisation and write-down.

The liabilities side of the Group's balance sheet comprises, for the most part, financial instruments (liabilities) and provisions relating to future pension and insurance payments (technical insurance reserves). With the exception of derivatives that are measured at fair value, the majority of the financial liabilities are 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 premium calculation rate. Recognised liabilities relating to Swedish insurance contracts with interest guarantees are discounted at markets rates. 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 provisions, value adjustment reserve and conditional bonus.

The accounting policies are described in more detail below.

2. COMPANY INFORMATION

Storebrand ASA is a Norwegian public limited company that is listed on the Oslo Stock Exchange. The consolidated financial statements for 2013 were approved by the Board of Directors on 11 February 2014.

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

3. THE 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.

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

USE OF ESTIMATES IN PREPARING THE ANNUAL FINANCIAL STATEMENTS

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

4. CHANGES IN ACCOUNTING POLICIES

No significant changes have been made to the accounting policies in 2013.

Due to the amendment to IAS 1 Presentation of financial statements the presentation of items included in the Statement of Total Comprehensive Income has been changed in 2013. The Statement specifies the items:

- items that in subsequent periods will be reclassified to the profit or loss when certain conditions are met,
- as well as items that will not subsequently be reclassified to the profit or loss.

This amendment has not had any significant effect on the consolidated financial statements.

IFRS 13 *Fair value measurement* has been applicable in 2013 and has entailed an expanded disclosure requirement in the notes associated with accounting information on fair values. Furthermore, amendments have been made to IAS 19R Pensions for own employees which entail additional requirements for the disclosure of gross revenue and cost items.

The changes described above have not had any significant effect on the consolidated financial statements.

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 released in June 2013. A potential standard will most likely be ready in 2015. It is uncertain when this will be implemented, but 2017 and 2018 can be alternatives, since due to the considerable expected implementation work for the companies an implementation period of three years is expected (prior periods must be restated).

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, a changed result, changed value of the insurance liabilities and could impact on the equity.

Another important standard for Storebrand's consolidated financial statements will be IFRS9 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. The applicable date is not set.

In 2014 the following new standards will have an effect on the consolidated financial statements: IFRS 10 Consolidated Financial Statements, and IFRS11 Joint Arrangements. A larger share of the Group's investments is expected to be consolidated due to IFRS 10 and it is also expected that jointly-controlled companies will be recognised in accordance with the equity method instead of being recognised in accordance with the proportionate consolidation method. The incorporation of these standards is not expected to involve major changes with regard to the Group's equity or result.

Other amendments to the IFRS regulations that apply or can be applied to IFRS accounts that are prepared after 1 January 2014 are listed below. The amendments are not expected to have any significant effect on the consolidated financial statements.

- Amendments in IAS 39: Amendments in the rules for replacing the counterparty when hedge accounting
- Amendments in IAS 36: Disclosure requirements for recoverable amounts - intangible assets/goodwill
- Amendments in IAS 32: Revised offsetting rules

5. CONSOLIDATION

The consolidated financial statements combine Storebrand ASA and companies where Storebrand ASA has a controlling interest. A controlling influence is normally achieved when the Group owns, either directly or indirectly, more than 50 per cent of the shares in the company and the Group is in a position to exercise actual 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.

Storebrand Livsforsikring AS, Storebrand Asset Management AS, Storebrand Bank ASA and Storebrand Forsikring AS are significant subsidiaries owned directly by Storebrand ASA. Storebrand Livsforsikring AS also owns the Swedish holding company Storebrand Holding AB, which in turn owns SPP 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).

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 included in the 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 COMBINATIONS

The acquisition method is applied when accounting for business combinations. The acquisition cost is measured at fair value plus any costs directly attributable to the acquisition. Any expenses relating to the issuance of shares are not included in the acquisition cost, and 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 additional 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. Interests in joint ventures are consolidated in accordance with the proportionate consolidation method, which includes the share of revenues, expenses, assets and liabilities in the appropriate lines in the financial statements.

For investments, including when purchasing investment properties, a decision is made as to whether the purchase is subject to IFRS 3 regulations for business combinations. 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 additional value and a provision is not allocated for deferred tax as would have occurred in a business combination.

7. INCOME RECOGNITION

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

NET INTEREST INCOME - BANKING
Interest income is recognised in profit or loss using the effective interest method.

INCOME FROM PROPERTIES AND FINANCIAL ASSETS
Income from properties and financial assets is described in Sections 9 and 10.

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

8. GOODWILL AND INTANGIBLE ASSETS

Additional value on the acquisition of a business that is not directly attributable to assets or liabilities on 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 pertinent future cash flows is less than the carrying value, goodwill will be written down to its fair value. Reversal of an impairment loss for goodwill is prohibited even if information later comes to light showing that there is no longer a need for the write-down or the impairment loss has been reduced. Goodwill is allocated to the relevant cash flow generating units that are expected to benefit from the acquisition so that it can subsequently be tested for impairment. Cash flow generating units are identified according to operational segments.

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

Intangible assets with limited useful economic 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.

9. ARTICLES OF ASSOCIATION. 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, pursuant to IFRS 4, every time the financial statements are presented. The test conducted in Storebrand's consolidated financial statements looks at the calculated present values of cash flows to the contract issuer, often called the *embedded value*. The liability adequacy test was carried out prior to the implementation of IFRS.

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

10. INVESTMENT PROPERTIES

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

Investment properties primarily consist of centrally located office buildings, shopping centres and logistics buildings. Properties leased to tenants outside the Group are classified as investment properties. In the case of properties partly occupied by the Group for its own use and partly let to tenants, the identifiable tenanted portion is treated as an investment property.

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 or the financial liability if it is not a financial asset or a financial 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
Refer to the definition of fair value in section 9. 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 knowledgeable and independent 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 at 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, investments held to maturity
- Financial assets, loans and receivables
- Financial assets, available for sale

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, or on initial recognition is part of a portfolio of identified financial instruments that are managed together and has 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 (FVO)
A significant proportion of Storebrand's financial instruments are classified in the category of *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 that
- the financial assets form part of a portfolio that is managed and reported on a fair value basis

The accounting treatment for trading is the same as that used for the Group (the instruments are valued at fair value and the changes in value are entered in the income statement.

Investments held to maturity
Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity and that a company has the intention and ability to hold to maturity, with the exclusion of:
- assets that are designated in initial recognition as assets at fair value through profit or loss, and
- assets that are defined as loans and receivables.

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of such 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 as 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 in relation to insurance contracts with interest rate guarantees 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 IAS39 Financial Instruments, but follow the accounting standard IFR34 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. 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 recorded directly through total comprehensive income (OCI), 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.

11-5. FINANCIAL LIABILITIES

Su'bsequent to initial recognition, all financial liabilities are measured at amortised cost using an effective interest method, or at fair value.

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 pertinent capitalised intangible assets, reference must also be made to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and so-called embedded value calculations.

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

12-1. GENERAL – LIFE INSURANCE

Claims for own account

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

Changes in insurance liabilities

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

Insurance liabilities

Premium reserve

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. Premium tariffs are based on the observed level of mortality and disability in the population with the addition of security margins that take into account, inter alia, 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 policies, the present value of all future administration costs is allocated in full to the premium reserve. In the case of policies 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. On the other hand, a substantial proportion of the Swedish insurance contracts have a guaranteed return up to the time of the pension payments.

Insurance liabilities, special investments portfolio

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

Claims reserve

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

Transfers of premium reserves, etc. (transfers)

Transfers of premium reserves resulting from transfers of policies between insurance companies are recorded in the profit and loss account as net premiums for own account in the case of reserves received and claims for own account in the case of reserves paid out. The recognition of 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, the conditional bonus and the year's profit. 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/ liabilities until the transfer takes place.

Selling costs

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

12-2. LIFE INSURANCE – NORWAY

Additional statutory reserves

The company is allowed to make additional statutory allocations to the insurance reserves in order to ensure the solvency of its life insurance business. The maximum additional statutory provision is set as the difference between the premium reserve calculated on the basis of a guaranteed return on policies outstanding, and the premium reserve calculated based on the actual guaranteed return in the policies. The Financial Supervisory Authority of Norway has specified a limit for the additional statutory reserves that applies to each policy. This is defined as the premium reserve for the policy multiplied by twice the guaranteed rate for the policy.

However, the company is allowed to apply a higher multiple of the basic interest rate than that defined by the Financial Supervisory Authority of Norway. The allocation to additional statutory reserves is a conditional allocation to policyholders that is recognised in the profit and loss account as a statutory reserve and accordingly reduces net profit. Additional statutory reserves can be used to meet a shortfall in the individual customer's guaranteed return, and are shown in the profit and loss account in the item to/ from additional statutory reserves. The amount released cannot exceed the equivalent of one year's interest rate guarantee.

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.

Insurance liabilities, special investments portfolio (multi-year interest rate guarantee)

If a return guarantee is linked to a special investments portfolio, a supplementary provision is made to cover the guarantee obligation. The supplementary provision to cover the company's liability pursuant to section 11-1, fourth paragraph, of the Companies Pension Act shall equal the difference between the capitalised value of the company's liabilities vis-à-vis the insured, calculated pursuant to section 9-16 of the Insurance Act and the value of the investment portfolio.

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).

Building-up reserves for long lives

Based on the expected increase in life expectancy, a new mortality basis will be introduced from and including 1.1.2014 which will significantly increase the need for reserves. An escalation period will be permitted, which should not exceed five years from the start in 2014 in the opinion of the Financial Supervisory Authority of Norway. At present, the transition rules are unclear, however it will be permitted to use customer surplus returns to cover increased reserves combined with a minimum coverage of 20 per cent from the shareholders. The details of the plans for building-up the reserves have yet to be established and these will have an effect on the pension schemes' contributions. 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 this expected cover by the owner as at 31.12.2013.

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 the terms in question up to 10 years, which is the longest term for which the liquidity of the swap interest rates is considered adequate. For cash flows with a term of over 20 years, a normal interest rate is determined as the sum total of assumptions for inflation, real interest rates and maturity premium – based on assessments made by actors such as Riksbanken and the National Institute of Economic Research. For cash flows between 10 and 20 years, discount rates that are the weighted average of the observed 10-year rate and the specified 20-year rate are used.

A normal rate is fixed for other cash flows. This is the sum of the long-term inflation assumptions, real interest rate and risk premium.

Reserves for unfixed insurance cases

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

Conditional bonus

The conditional bonus arises when the value of customer assets is higher than the present value of the liabilities, and thus covers the portion of the insurance capital that is not guaranteed. In the case of contracts where customer assets are lower than liabilities, the owners' result is charged via deferred capital contribution allocations. The conditional bonus and deferred capital contribution are recognised on the same line in the statement of financial position.

12-4. P&C INSURANCE

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

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

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

The insurance companies in the Group are subject to their own specific legal requirements for technical insurance reserves, including security reserves etc. In Storebrand's consolidated financial statements, security reserves with high security margin 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. With effect from 1 January 2011, the Storebrand Group in Norway provides it employees with defined contribution pension schemes. Up until 31 December 2010, Storebrand had a defined benefit scheme for its Norwegian employees. The Norwegian defined benefit scheme was closed to new members with effect from 1 January 2011, and existing members could elect to transfer to the defined contribution scheme. From and including 2013, Storebrand has also been a part of the Norwegian contractual early retirement (AFP) pension scheme The Norwegian contractual early retirement pension scheme is considered to be a defined-benefit scheme, however there is insufficient adequate quantitative information for being able to estimate reliable accounting liabilities and costs.

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

13-1. 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/losses and the effects of changes in assumptions are included in the total comprehensive income in the income statement for the period in which they occur. The effects of changes in the pension scheme are recognised on an ongoing basis, unless the changes are conditional upon accrued future pension entitlements. In which case the benefit is 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 the total comprehensive income.

From and including 31 December 2012, a discount rate derived from high quality corporate bonds has been used as the discount rate. Government bond rates were used earlier. See note 24 for further details.

The Group has insured and an uninsured pension schemes. The insured scheme in Norway is managed by the Group. Premiums relating to own employees are eliminated in the premium income in the Group result.

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 fixtures 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 other 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 related 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 change in deferred tax and is based on the accounting standard IAS 12 Income Taxes. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly through total comprehensive income (OCI). 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. PROVISION FOR DIVIDENDS

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

17. LEASING

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

18. STATEMENT OF CASH FLOWS

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

19. BIOLOGICAL ASSETS

Pursuant to IAS 41, investments in forestry are 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.

20. SHARE-BASED REMUNERATION

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

NOTE 2 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Actual results may differ from these estimates.

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

LIFE INSURANCE IN GENERAL

In the consolidated accounts, insurance liabilities with a guaranteed interest rate are included, but using different principles in the Norwegian and the Swedish activities. An immaterial asset (value of business in-force – VIF) linked to the insurance contracts in the Swedish activities is also included. This asset relates to Storebrand's purchase of SPP (acquisition of a business). There are several factors that may have an impact on the size of the insurance liabilities including VIF, such as biometric factors relating to higher life expectancy and invalidity, as well as the development of future costs and legal aspects, such as amendments to legislation and judgments handed down in court cases etc. In the long term, a low interest rate will represent a challenge for insurance contracts with a guaranteed interest rate and, together with a reduced customer buffer, can 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 a general 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 values and goodwill related to the value of the SPP Group's insurance contracts were capitalised, while the SPP Group's recognised insurance reserves were maintained in Storebrand's consolidated financial statements. These excess values (Value of business in-force) are tested for their adequacy together with the associated capitalised selling costs and insurance liabilities. The test is satisfied if the recognised liabilities in the financial statements are greater than or equal to the net liabilities valued at an estimated market value, included 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 2013, and they have thus no impact on the financial statements for 2013. 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 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.

In the Norwegian life insurance activities, a significant share of the insurance contracts have a series of 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.

The Financial Supervisory Authority of Norway has decided to introduce a new mortality basis, (K2013), for group pension insurance in life insurance companies and pension funds with effect from 2014. Under certain conditions, the building-up of reserves for new tariffs during a time-limited period can be charged to the running return in the customer portfolios. However, the owner's equity will also be charged. Any deficient future return in connection with this may increase the reduction in the owner's future profit. There will be uncertainty relating to future returns and to the owner's future charge. See note 3 for further information about this.

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 interest rate. 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 exercising judgment, especially in periods with turbulent finance markets.

Key elements included in valuations that require exercising judgment 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.

In 2013, there was growing uncertainty regarding the pricing of Storebrand Bank's fixed-rate loans recorded at fair value in which there is a large variation in the interest rate conditions offered by banks, while the demand for fixed-rate loans has decreased. As a result, it has been more difficult to find observable conditions.

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

FINANCIAL INSTRUMENTS AT AMORTISED COST

Financial instruments valued at amortised cost are 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 7 for further information about insurance risk.

INTANGIBLE ASSETS

Goodwill and 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 secured and unsecured pension schemes (direct pensions). The operating arrangements are primarily related to pensions for salaries over 12G and early retirement pensions. The pension liability calculations are undertaken by actuaries. Any changes to these estimates including forecast salary growth, withdrawal of early retirement pension, termination of employment and the discount rate can have a substantial effect on the recognised pension liabilities relating to own employees. Estimates of future real interest rates, real salary growth, future adjustments to the National Insurance base amount and future inflation, withdrawal of pensions etc. are subject to significant uncertainty. There will also be uncertainty about whether the defined benefit scheme for the employees will exist in the future or whether the schemes will be changed.

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. The 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 could 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 - BUILDING-UP RESERVES FOR LONG LIFE EXPECTANCY FOR STOREBRAND LIFE INSURANCE

In a letter of 8 March 2013, the Financial Supervisory Authority of Norway determined that a new lifetime tariff, K2013, would be introduced for group pension insurance in life insurance companies and pension funds effective from 2014. In its press release, the Financial Supervisory Authority of Norway stated that expected increases in life expectancy are a challenge for life insurance companies and pension funds. This requires increased premiums and higher insurance technical reserves so as to have sufficient funds to cover future liabilities.

The new lifetime tariff will significantly increase the need for reserves and an escalation period will be permitted. The escalation period shall apply from 2014 and the Financial Supervisory Authority of Norway is of the view that this should not have a duration of more than five years. This allows for customer surpluses to be used to cover the increased provision requirements, but the Financial Supervisory Authority of Norway states that "a minimum of 20 per cent of the total requirement for the building-up of reserves should be covered by pension funds."

The required build-up of reserves for group pensions is estimated to be NOK 12.7 billion or around 8 per cent of the premium reserves as of 31.12.2013. Taking into consideration contracts that have given notice of transfer as of 31.12.2013, the required reserves are NOK 12.5 billion. The company started a build-up of reserves in the accounts from and including 2011. In 2012 and 2013 Storebrand set aside as much as possible of its profits from financial and risk. It must also be expected that during the period in which reserves are built-up, all available profit will be set aside for building-up reserves. As of 31.12.2013, NOK 4.5 billion has been set aside.

It is expected that a minimum of 20 per cent or NOK 2.5 billion of the total required build-up of 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% 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 requirement.

It has previously been a requirement that contracts must be fully reserved upon transition. The Ministry of Finance decided in October that the transition value shall follow the escalation plan. If more has been set aside, this shall follow with the transition.

There is yet to be clarification of the final conditions around the building-up of reserves and requirements for provisions when converting paid-up policies with guaranteed returns to paid-up policies with investment choice.

On 26 November 2013, the Financial Supervisory Authority of Norway sent a letter to Finance Norway which stated that the aim was to prepare guidelines for escalation at the start of 2014. The letter is a follow-up to the Financial Supervisory Authority of Norway's letter of 8 March 2013 to all life insurance companies and pension funds concerning a new mortality basis for group pension insurance, (K2013), which outlined assumptions that shall be used when determining the new mortality basis for group pension insurance. It is assumed that the mortality basis shall be introduced with effect no later than 1 January 2014. A more detailed description of K2013 is provided in the Insurance Risk note (note 7).

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 from guaranteed pensions in the segment note (note 5) below.

PRICE OF RETURN GUARANTEE AND PROFIT RISK (FEE INCOMES) - STOREBRAND LIFE INSURANCE
The return guarantees in group pension insurance with a return guarantee must be priced upfront. The level of the return guarantee, size of the buffer capital (additional statutory reserves and unrealised gains), and the investment risk of the portfolio in which the pensions assets are invested determines the price that the customer pays for his or her return guarantee. Return guarantees are priced on the basis of the risk to which the equity is exposed. Group pension customers can choose an investment profile with a low propor-

tion of equities, which normally results in a lower risk of losses and lower expected return. A larger proportion of equities will normally result in a higher expected return, but also a higher price for the return guarantee. The insurance company bears all the downside risk, and must carry reserves against the policy if the buffer reserves are insufficient or unavailable.

Customers can choose long-term contracts with guarantee periods of up to 5 years. Prices for multi-year return guarantees will be lower than for an annual return guarantee over the same period. However, there is a requirement that the liabilities to the insured must at all times be covered by adequate technical insurance reserves, and that, if necessary, equity can also be used to ensure adequate reserves during the agreement period. Greater contractual freedom exists between the customer and the company in the regulations pertaining to multi-year return guarantees. For example, customers can pledge their own buffer capital as collateral for returns under the calculated interest rate applied to the insurance. Such an increase in the customer's risk also reduces the total price of the return guarantee charged to the customer. These contracts shall be phased out in 2014.

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

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

RISK RESULT
The risk result consists of premiums the company charges to cover insurance risks less the actual costs in the form of insurance reserves and payments for insured events such as death, pensions, disability and accidents.

STOREBRAND LIFE INSURANCE
In the case of group defined benefit pensions and paid-up policies, any positive risk result passes to the customers, while any deficit in the risk result must, in principle, be covered by the insurance company. However, up to half of any risk profit on a particular line of insurance may be retained in a risk equalisation fund. A deficit due to risk elements can be covered by the risk equalisation fund. The risk equalisation fund can, as a maximum, amount to 150 per cent of the total annual risk premium. The risk equalisation fund is classified as equity in the balance sheet.

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

PROFIT SHARING

STOREBRAND LIVSFORSIKRING
A modified profit sharing regime was introduced for old and new individual policies 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 LIVFÖRSÄKRING
If the total return on assets in one calendar year for a premium determined insurance (DC portfolio) exceeds the guaranteed interest, profit sharing will be triggered. When profit sharing is triggered, 90 per cent of the total return on assets passes to the policyholder and 10 per cent on the company. The company's share of the total return on assets is included in the financial result.

In the case of defined benefit contracts (DB portfolio), the company is entitled to charge an indexing fee if the group profit allows the indexing of the insurance, up to a maximum equalling the change in the consumer price index (CPI). The indexing is based on the return from 1 October until 30 September. Half of the fee is charged if the pensions can be indexed by the entire change in the CPI. The entire fee can be charged if the paid-up policies can also be indexed by the entire change in the CPI. A 100 per cent fee equals 0.8 per cent of the insurance capital.

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

NOTE 5 - SEGMENTS

During the second quarter of 2013, Storebrand changed its corporate organization to include the business areas of Savings, Insurance, Guaranteed Pensions and Other. These business areas will be the main lines for financial reporting by segment.

SAVINGS

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

INSURANCE

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

GUARANTEED PENSIONS

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

OTHER

Under the "Other" category, the result from Storebrand ASA and the result from the company's portfolios in Storebrand Livsforsikring and SPP are reported. In addition, this includes, among other things, the result associated with lending to commercial enterprises by Storebrand Bank and the activities at BenCo which consists of the subsidiaries Euroben and Nordben.

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.

NOK million	2013	2012
Savings	670	288
Insurance	492	417
Guaranteed pension	1,665	1,193
Other	108	62
Group result	**2,935**	**1,960**
Write-downs and amortization of intangible assets	-741	-401
Group pre-tax profit	**2,194**	**1,559**

NOK million	Savings 2013	Savings 2012	Insurance 2013	Insurance 2012	Guaranteed pension 2013	Guaranteed pension 2012
Fee and administration income	1,888	1,638			2,115	1,861
Risk result life & pensions	7	3			288	318
Insurance premiums f.o.a			2,868	2,510		
Claims f.o.a			-2 098	-1 774		
Operational cost	-1,279	-1,417	-413	-470	-1,111	-1,375
Financial result			135	150		
Result before profit sharing and loan losses	**616**	**224**	**492**	**417**	**1,292**	**804**
Net profit sharing and loan losses	54	63			373	389
Group result before amortization	**670**	**288**	**492**	**417**	**1,665**	**1,193**
Write-downs and amortization of intangible assets[1]						
Group pre-tax profit	**670**	**288**	**492**	**417**	**1,665**	**1,193**
Assets	110,067	89,102	5,533	4,441	274,406	271,202
Liabilities	96,951	68,112	4,944	3,905	266,303	263,869

NOK million	Other 2013	Other 2012	Storebrand Group 2013	Storebrand Group 2012
Fee and administration income	353	408	4,355	3,907
Risk result life & pensions	3	14	298	335
Insurance premiums f.o.a			2,868	2,510
Claims f.o.a			-2,098	-1,774
Operational cost	-180	-385	-2,983	-3,647
Financial result	-57	27	79	177
Result before profit sharing and loan losses	**118**	**63**	**2,519**	**1,508**
Net profit sharing and loan losses	-11	-1	416	451
Group result before amortization	**108**	**62**	**2,935**	**1,960**
Write-downs and amortization of intangible assets[1]			-741	-401
Group pre-tax profit	**108**	**62**	**2,194**	**1,559**
Assets	60,374	55,437	450,381	420,182
Liabilities	59,669	64,360	427,867	400,247

1) Write-downs and amortization of intangible assets are included in Storebrand Group

GEOGRAPHICAL PRESENCE

The Storebrand Group are represented in the following countries:

Segment/Country	Norway	Sweden	Lithuania	Ireland	Guernsey	Latvia
Savings	X	X				
Insurance	X	X				
Guaranteed pension	X	X				
Other	X	X	X	X	X	X

KEY FIGURES BY BUSINESS AREA

NOK million	2013	2012
Group		
Earnings per ordinary share	4.41	2.25
Equity	22,514	19,936
Savings		
Premium income Unit Linked	9,655	8,959
Unit Linked reserves	85,452	63,387
AuM asset management	487,384	442,162
Retail lending	23,906	23,734
Insurance		
Total written premiums	12,414	11,214
Claims ratio	73%	71%
Cost ratio	15%	19%
Combined ratio	88%	90%
Guaranteed pension		
Guaranteed reserves	263,776	259,858
Guaranteed reserves in % of total reserves	75.5%	80.4%
Transfer out of guaranteed reserves	9,955	4,074
Buffer capital in % of customer reserves SBL[1]	4.8%	4.0%
Buffer capital in % of customer reserves SPP[2]	15.1%	11.9%
Solidity		
Capital adequancy Storebrand Group	13.4%	11.7%
Solidity capital (Storebrand Life Group)[3]	54,102	46,860
Capital adequancy (Storebrand Life Group)	13.6%	12.2%
Solvendy margin (Storebrand Life Group)	176%	162%
Solvency margin (SPP Life Insurance AB)	254%	222%
Capital adequacy Storebrand Bank	13.6%	11.8%
Core Capital adequacy Storebrand Bank	12.8%	11.2%

1) Additional statutory reserves + market value adjustment reserve

2) Conditional bonuses

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

NOTE 6 - RISK MANAGEMENT AND INTERNAL CONTROL

Storebrand's income is dependent on external factors that are associated with uncertainty. The most important external risk factors are the development of the capital markets and changes in life expectancy in the Norwegian and Swedish populations. Certain internal operational factors can also result in losses, e.g. errors in the management of the customers' assets.

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

ORGANISATION OF RISK MANAGEMENT

The Group's organisation of 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 Storebrand ASA have overall responsibility for, and will ensure that, the Storebrand Group has established an effective and suitable system for risk management and internal control.

THE FIRST LINE OF DEFENCE

As the **first line of defence**, the **Group management have ownership** of and responsibility for risk management and handling as well as compliance with regulations and internal controls.

The basis for good internal control is a good control environment represented by the attitudes, integrity, values and ethics of the board, management and employees as well as the formal and operational organisation of the business:

- Risk management and internal control must be a continual process performed by the board, management and employees and integrated into the day-to-day management and running of the company.
- Good risk management and internal control require work with objectives, strategies and action plans, identifying and evaluating risk, reporting and prioritising and implementing improvement measures.
- Good risk management and internal control are characterised by good communication and information between all levels in the organisation and adequate control measures. Examples are internal regulations, descriptions of routines, instructions and authorisations, technological protection, certifications, votes, management reporting, and business methods (contracts, insurance, currency hedging etc.).

Managers at all levels in the organisation are responsible for risks, risk management and internal control within their own area of responsibility, and shall continuously assess the implementation of risk management and internal control. The units' own risk-control functions must be organised in such a way that they can perform their duties in an objective and independent manner. It is essential to emphasise sufficient independence for the control functions in order to prevent possible conflicts of interest. Situations in which individuals are responsible for a decision-making process for which they also act as control function must be avoided.

All managers at level 2 and level 3, as well as the managing directors at lower organisational levels, must each year confirm compliance with risk management and internal control through a separate manager confirmation.

SECOND LINE OF DEFENCE - RISK AND CONTROL FUNCTIONS

As the **second line of defence**, the CRO, compliance and actuarial functions shall **support** the board and management's responsibility with processes for:

1. Identifying, measuring, controlling and reporting risks (CRO).
2. Compliance with laws, **regulations** and other relevant regulatory framework. (Compliance function)
3. Correct valuation of **insurance liabilities** (Actuarial function)

The boards of Storebrand ASA and the subsidiaries are responsible for there being second line of defence risk and control functions adapted to the types of businesses in the respective companies (consideration of proportionality). Guidelines for the functions are included in the guiding documents that are stipulated by the respective boards. The managing directors of the Group companies are responsible for establishing functions within their respective companies in cooperation with the Group CRO. The principal model is that the second line of defence risk and control functions in the subsidiaries are functionally affiliated with the Group CRO. The functions shall be able to report directly to the respective boards and may only be terminated after the approval of the board.

The Group CRO reports to the CEO, independent of the members of the Group management. The board of Storebrand ASA stipulates guidelines for the responsibility and duties of the function.

THIRD LINE OF DEFENCE - INTERNAL AUDIT

As a **third line of defence**, the internal audit shall give the boards of relevant Group companies **confirmation** of the practicality and effectiveness of the organisation's assessment and management of risk, including how the first and second lines of defence are functioning.

FURTHER INFORMATION ABOUT THE MANAGEMENT OF THE FINANCIAL MARKET RISK IN CERTAIN AREAS

Below follows a description of the special situation concerning risk management of life insurance linked to the relationship between customers and the owner.

Life insurance

The composition of the financial assets is determined by the company's investment strategy. The investment strategy establishes guidelines and limits for the company's risk management, credit exposure, counterparty exposure, currency risk, the use of derivatives, and requirements regarding the liquidity in the asset portfolio. The objectives of this dynamic risk management 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, the company expects to create good returns both for individual years and over time. However, financial risks are assumed in order to achieve returns in excess of the interest rate guarantee, primarily by means of equities, corporate bonds and alternative investments.

The proportion of equities in the portfolios is dynamically adjusted based on their risk bearing capacity, in order to dampen the effect of falling markets and at the same time participate in rising markets.

Given the current investment portfolio and dynamic risk management strategy, the annual return for the main product groups will normally fluctuate between 2 per cent and 6 per cent. Smaller portions of the portfolio are invested in profiles with somewhat lower and somewhat higher market risk. Dynamic risk management and hedging transactions reduce the likelihood of a low investment return. If the investment return is not sufficient to meet the guaranteed interest rate, the shortfall will be met by using 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. The share capital is invested with a low market risk. The financial risk related to contracts in the unit-link and defined contribution pension product categories is borne by the insured person himself/herself, and the insured person can also choose the risk profile himself/herself.

The investment strategy and the main pillars of risk management:

- asset allocation that results in a good return over time
- continuous implementation of risk management measures in the customer portfolio through dynamic risk management

Storebrand Life Insurance

A significant proportion of savings products in the Norwegian life insurance business incorporate a guaranteed annual return. Financial risk relates primarily to the ability to meet the customers' guaranteed return, which for the majority of the products applies for one year at a time. Therefore, risk management in this business aims to reduce the probability of the return falling below the annual guaranteed return for the various product groups in any single year.

The company's total risk picture is monitored continuously, using tools such as the Financial Supervisory Authority of Norway's Risk-based Supervision and self-developed risk goals.

SPP Livförsäkring

In SPP, the portfolios are divided into defined benefit pensions, defined contribution pensions and unit link contracts, and both defined benefit pensions and defined contribution pensions have associated guaranteed returns. In portfolios with a guaranteed return, the differences in the investments' and the insurance liabilities' interest rate sensitivity is minimised and the short-term interest risk is therefore substantially reduced.

In traditional insurance with an interest rate guarantee, SPP bears the risk of achieving a return equal to the guaranteed interest on the policyholders' assets 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 total return exceeds the guaranteed yield. In the case of some products a certain degree of consolidation, i.e. the assets are greater than the present value of the liabilities by a certain percentage, is required in order for the owner to have earnings. If the assets in an insurance contract in the company are smaller than the market value of the liability, an equity contribution is allocated that reflects this shortfall. This is termed a deferred capital contribution (DCC) and changes in its size are recognised in the profit and loss account as they occur. The contracts' buffer capital must be intact in order for profit sharing to represent a net income for the owner. 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, however, recognised in the profit and loss account.

NOTE 7 - INSURANCE RISK

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

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

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

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

In 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, accident insurance and health insurance. For occupational injury, the risk is first and foremost potential errors in the assessment of the level of provisions, because the number of claim years can be up to 25 years. The risk within critical illness, cancer, accident and health insurance is considered to be very low based on the volume and underlying volatility of the products. Within P&C insurance, the risk of house fire and personal injury for motor vehicle insurance constitute the main risks.

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

DESCRIPTION OF PRODUCTS

Group contracts

Savings

1. *Group defined contribution pensions* are pensions where the premium is stated as a percentage of pay, while the payments depend on the actual added return.
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 pension payments guaranteed as a percentage of the final salary from an agreed 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.

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. Health and P&C insurance contracts are group contracts with lump sum payments for occupational injury insurance, critical illness, cancer insurance, child insurance or accident insurance 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. It is offered to waive premiums/payments 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

The development in results in recent years has revealed 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: These are the initial mortality, safety margin and future increase in life expectancy. Initial mortality is determined based on actual mortality in the insurance portfolio in the period from 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 when it is introduced.

In the case of group pension insurance in Norway, the premiums for traditional retirement and survivor coverage follow the industry tariff K2005 until and including 31.12.2013 and from 2014 will follow the new industry tariff, K2013. Premiums for disability pensions are based on the company's own experience. Expense premiums are determined annually with a view to securing full cover for the next year's expected costs.

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

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

Insurance

Tariffs for group life insurance and certain risk insurances within group pensions also depend on the industry/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.

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

Management of insurance risk

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

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

Large claims or special events constitute a major risk for all products. The largest claims will typically be in the group life, occupational injury and personal injury (motor vehicle accidents) segments.

The company manages its insurance risk through a variety of reinsurance programmes. Through catastrophe reinsurance (excess of loss), the company covers losses (single claims and reserves provisions) where a single event causes more than 3 deaths or disability cases. This cover is also subject to an upper limit. Surplus reinsurance on life policies covers death and disability risk that exceeds the maximum risk amount for own account the company practices. 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 in the various legal entities and also states the effect of reinsurance and pooling on the result.

SPECIFICATION OF RISK RESULT

	Life Insurance		BenCo		SPP	
NOK million	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Survival	-62	-118	-2	4	-147	-90
Death	364	350	2		87	84
Disability	242	428	3	11	277	140
Reinsurance		-51			-3	2
Pooling	-41	-74			-5	-3
Other	-10	-6	-1	-1	-57	15
Total risk result	**493**	**529**	**3**	**13**	**152**	**149**

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

NOTE 8 - FINANCIAL MARKET RISK

Market risk is the risk of incurring losses on open positions in financial instruments due to changes in market variables and/or market conditions within a specified time horizon. Therefore, market risk is the risk of price changes in the financial markets, including changes in interest rates, and in the currency, equity, property or commodity markets, affecting the value of the company's financial instruments. Storebrand continuously monitors market risk using a range of evaluation methods. The potential for losses in the investment portfolio on a one-year horizon is calculated and the portfolios are stress tested pursuant to the statutorily defined stress tests as well as internal models.

GUARANTEED PENSIONS

Guaranteed rate (discount rate)

Storebrand Life Insurance

The Financial Supervisory Authority of Norway sets the highest basic interest rate permitted for new policies and for new members/new accrual of benefits in group pension insurance. The highest basic interest rate for new policies was set at 3 per cent in 1993 and subsequently reduced to 2.75 per cent for policies entered into after 1 January 2006. The highest basic interest rate for new members/new accrual of benefits in group pension insurance was reduced from 4 per cent to 3 per cent with effect from annual renewals in 2004. The basic interest rate has been set at 2.5 per cent for new contracts from 2011. The Financial Supervisory Authority of Norway proposed a reduction in the basic interest rate to 2.0 per cent from 1.1.2014, however the Ministry of Finance decided to keep the basic interest rate unchanged at 2.5 per cent. The basic interest rate is the annual guaranteed return to the customers.

The percentage distribution of the insurance reserves by the various basic annual interest rates as at 31.12.2013 is:

INTREST RATE GUARANTEE IN PER CENT

	2013	2012
6%	0.3%	0.3%
5%	0.4%	0.5%
4%	50.7%	48.4%
3.4%	1.7%	3.0%
3%	35.2%	36.7%
2.75%	1.5%	1.6%
2.50%	9.7%	5.1%
0%	0.5%	4.4%

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

	2013	2012
Individual endowment insurance	3.2%	3.2%
Individual pension insurance	3.8%	3.8%
Group pension insurance	3.0%	3.1%
Group pension insurance	3.5%	3.6%
Paid-up policy	0.3%	0.2%
Total	**3.3%**	**3.4%**

SPP LIVFÖRSÄKRING

The guaranteed interest rate is determined by the insurance company. The guaranteed interest rate 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 equivalent to that in Norway.

The pension funds are managed in five different profiles depending on the guaranteed interest rate:

INTEREST RATE GUARANTEE IN PER CENT

	2013	2012
3.0% DB	45.5%	44.1%
1.25 - 2.5%	17.4%	14.2%
2.75 - 4.0%	18.6%	20.8%
4.5 - 5.2%	18.5%	20.8%

In Norway, a new lifetime tariff will be introduced for defined benefit pensions and paid-up policies from 2014. For the existing reserve there is a 5 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.

To achieve adequate returns it is necessary to take an investment risk (market risk).This is primarily done by investing in shares, 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 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 which entails that the financial result has a 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.

In Norway, greater interest rate sensitivity from the investments will give increased risk that the return is below the guarantee. 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.

SAVINGS

For non-guaranteed pension products, the customer has the financial market risk.

The market risk for non-guaranteed pensions is primarily related to the risk that future income and costs will change. There is therefore an indirect market risk, because negative investment returns, particularly as a result of weak stock markets, will reduce future incomes.

INSURANCE

There is a low market risk for the insurance area because the majority of investments are in short-term fixed-interest securities with a high credit rating.

SENSITIVITY ANALYSES

Guaranteed pensions

The stress tests were applied to the investment portfolio as at 31.12.2013 and the outcome shows the estimated effect on profits for one stress after the other for the year as a whole. The analysis was done with immediate individual stresses, i.e. a class of assets experiences a day with sharp market fluctuations, and the associated effect on the result.

Storebrand Life Insurance has used Risk-based Supervision (RBS), the Financial Supervisory Authority of Norway's official reporting document. The stresses were as follows: shares +/- 20 per cent, interest rates +/- 150 basis points, property +/- 12 per cent, foreign currency +/- 12 per cent, spread based on rating and duration. The buffer capital for market risk consists of, additional statutory reserves that can be recognised as income in 2014, market value adjustment reserve and the unrealised gain reserve. SPP Livförsäkring has used the traffic light, the official reporting document of Finansinspectionen.

Since it is the immediate market changes that are shown in the tables below, the dynamic risk management for the Group's life insurance companies will not affect the outcome. If it is assumed that the market changes occur over a period of time, then dynamic risk management would reduce the effect of the negative outcomes and reinforce the positive to some extent.

The stresses were applied individually, but the overall market risk has used the correlations between the stresses, and thus it is less than the sum of the individual stresses. In addition to the negative result effect for the owner, the expected building up of buffer capital will, to a substantial degree, fall away in the negative stress tests. In the case of the positive stress tests, greater building up of buffer capital is also assumed, in addition to the positive result effects for the owner in the form of the market value adjustment reserve, additional statutory reserves and conditional bonuses.

The effect on the result of 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 on the owner's result will be very limited.

Changes in market risk that arise during the course of 1 year and the buffer capital's coverage of the market risks will be as presented below, based on the statement of financial position as at 31.12.2013:

STOREBRAND LIFE INSURANCE

Change in market value 2013	NOK million	Percentage of buffer
Buffer for market risk from RBT	7,165	
Interest rate risk	2,206	31%
Equity price risk	4,537	63%
Property price risk	2,577	36%
Foreign exchange risk	297	4%
Spread risk	1,766	25%
Market risk (correlated)	**8,430**	

SPP

Change in market value 2013	SEK million	Percentage of buffer
Buffer for market risk	7,676	
Interest rate risk	-95	-1%
Equity price risk	2,056	27%
Property price risk	636	8%
Foreign exchange risk	176	2%
Spread risk	1,757	23%
Market risk (correlated)	**4,027**	

STOREBRAND LIFE INSURANCE

The stress tests were carried out in the entire company portfolio and all investment profiles with a guaranteed return and the effect of each stress changes the expected return in each profile. For the negative stress tests (equities down, interest rates up and property down) the return in some individual profiles will fall below the guarantee. The guarantee and buffer situation for each contract will then determine how much equity the company may have to use if the return stays at this level for 2014. Beyond the need for utilising equity to cover returns below the guarantee, it is changes in the profit sharing for paid-up policies and individual contracts, as well as returns and interest expenses in the company portfolio that deviate most from the expected result for 2014. The effect of negative stresses has declined since last year. The most important reason for this is the increased customer buffers in the life portfolios.

SPP LIVFÖRSÄKRING

The note that shows the effect on the result/equity shows the effect on the financial result excluding profit sharing. Not all changes in market value affect the financial result. The part of the market value change that affects the result is the part that cannot be offset against the profit already earned by the customers (conditional bonuses).

OTHER OPERATIONS

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

NOTE 9 - LIQUIDITY RISK

Liquidity risk is the risk that the company will not have sufficient liquidity to meet its payment obligations when they fall due, or that the company will not be able to sell securities at acceptable prices. Storebrand Life Insurance's and SPP's insurance liabilities are long-term and are usually known long before they fall due, but a solid liquidity buffer is still important for withstanding unforeseen events.

Liquidity risk is one of the most important risk factors in banking activities. The company's risk strategy establishes general limits for how much liquidity risk the bank group is willing to accept. A policy has been drawn up specifying principles for liquidity management, minimum liquidity reserves and financing indicators for measuring liquidity risk. In addition to this, an annual funding strategy and funding plan are drawn up that set out the overall limits for the bank's funding activities.

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

In addition to clear strategies and the risk management of liquidity reserves in each subsidiary, the Group's holding company has established a liquidity buffer. The development of the liquid holdings is continuously monitored at the Group level in relation to internal limits. A particular risk for Storebrand ASA is 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 in the ASA, an adequate liquidity buffer and credit agreements with banks which the company can draw on if necessary.

NON-DISCOUNTED CASH FLOWS AND FINANCIAL LIABILITIES

NOK million	0-6 months	6-12 months	1-3 years	3-5 years	> 5 years	Total value	Book value
Subordinated loan capital	2,079	338	1,652	2,286	3,383	9,739	7,409
Liabilities to financial institutions	1,030					1,030	1,028
Deposits from bank customers	20,724	3	1			20,728	20,728
Debt raised from issuance of securities	1,664	1,283	7,668	5,758	1,956	18,329	17,000
Other current liabilities[1]	6,924					6,924	6,605
Uncalled residual liabilities Limited partnership	4,031					4,031	
Unused credit lines lending	4,071					4,071	
Lending commitments	77					77	
Total financial liabilities 2013	**40,602**	**1,624**	**9,321**	**8,044**	**5,340**	**64,931**	**52,770**
Derivatives related to funding 2013	**-313**	**112**	**-270**	**-67**	**-98**	**-637**	**-57**
Total financial liabilities 2012	41,585	1,129	15,537	9,206	3,769	71,226	54,793

1) Of which the minority interests in Storebrand Eiendomsfond KS amounts to NOK 2,342 million. After 3 years, participants can present a demand for redemption every year. Redemption is conditional on a total demand of NOK 100 million. The redemption sum is set at 98.75 per cent of value-adjusted equity. See also note 49.

The agreed maturity provides limited information on the company's liquidity risk, since the vast majority of the investment assets can be realised faster in the secondary market than the agreed maturity indicates.

In the case of perpetual subordinated loans the cash flow is calculated through to the first call date

SPECIFICATION OF SUBORDINATED LOAN CAPITAL

NOK million	Nominal value	Currency	Interest	Maturity	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Bank ASA	107	NOK	Fixed	2014	110
Storebrand Bank ASA	168	NOK	Variable	2014	169
Storebrand Bank ASA	150	NOK	Variable	2018	150
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,502
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,086
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1 701
Date subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	2,540
Storebrand Bank ASA	150	NOK	Variable	2017	151
Total subordinated loans and hybrid tier 1 capital 2013					**7,409**
Total subordinated loans and hybrid tier 1 capital 2012					7,075

SPESIFICATION OF LIABILITIES TO FINANCIAL INSTITUTIONS

	Book value	
NOK million	2013	2012
Call date		
2013		512
2014	1,028	990
2015		997
Total liabilities to financial institutions	**1,028**	**2,499**

SPECIFICATION OF DEBT RAISED THROUGH ISSUANCE OF SECURITIES

	Book value	
NOK million	2013	2012
Call date		
2013		1,287
2014	2,454	3,375
2015	3,206	3,263
2016	3,875	3,374
2017	4,520	4,523
2018	952	500
2019	1,687	1,710
2020	306	
Total debt raised through issuance of securities	**17,000**	**18,033**

The concluded loan agreements contain standard covenants. In 2013, Storebrand Bank ASA and Storebrand Boligkreditt AS met all terms and conditions with respect to concluded loan agreements. In accordance with the loan programme in Storebrand Boligkreditt AS, the company's overcollateralisation requirement is satisfied 109.5 per cent.

CREDIT FACILITIES

Storebrand ASA has an unused credit facility of EUR 240 million.

FACILITIES FOR STOREBRAND BOLIGKREDITT AS

Storebrand Bank has two overdraft facilities with Storebrand Boligkreditt AS. One of the agreements is used for general operations, such as the acquisition of home mortgages from Storebrand Bank. The other agreement may be used for repayment of interest and principal on bonds with pre-emptive rights and related derivatives. At all times, the size of the available credit facility should cover the interest and repayment of bonds with pre-emptive rights for the coming 12 months.

NOTE 10 - CREDIT RISK

Credit risk is the risk of incurring losses due to a counterparty's unwillingness or inability to meet its obligations. Maximum limits for credit exposure to individual debtors 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. The Group has entered into framework agreements with all counterparties to reduce the risk inherent in outstanding derivative transactions. These regulate, inter alia, how collateral is to be pledged against changes in market values which are calculated on a daily basis.

Bonds and derivatives are presented below by rating and lending by customer groups.

CREDIT RISK BROKEN DOWN BY COUNTERPARTY

BONDS AND OTHER FIXED-INCOME SECURITIES AT FAIR VALUE

Category by issuer or guarantor	AAA	AA	A	BBB	NIG	Total
NOK million	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Government and government guaranteed bonds	56,373	7,550	161	246	720	65,050
Credit bonds	218	4,304	21,553	15,910	5,010	46,994
Mortgage and asset backed securities	37,739	5,925	1,638	3,516	637	49,456
Supernational organisations	4,154	313	2,499	2,238	349	9,553
Total interest bearing securities stated by rating	**98,484**	**18,092**	**25,851**	**21,910**	**6,716**	**171,052**
Bond funds not managed by Storebrand						14,819
Non-interest bearing securities managed by Storebrand						2,685
Total 2013	**98,484**	**18,092**	**25,851**	**21,910**	**6,716**	**188,557**
Total 2012	107,280	21,425	26,013	15,655	3,740	185,704

INTEREST BEARING SECURITIES AT AMORTISED COST

Category of issuer or guarantor	AAA	AA	A	BBB	NIG	Total
NOK million	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Government and government guaranteed bonds	17,326	10,267		1,018	1,825	30,435
Credit bonds	391	4,367	13,384	5,980	576	24,699
Mortgage	26,495	4,737	907			32,139
Total 2013	**44,212**	**19,371**	**14,291**	**6,998**	**2,401**	**87,273**
Total 2012	43,587	16,442	9,101	2,351	1,169	72,650

COUNTERPARTIES

Category of issuer or guarantor	AAA	AA	A	BBB	Other	NIG	Total
NOK million	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Derivatives		798	1,235	382			2,415
Of Which derivatives in bond funds, managed by Storebrand		17	177				194
Total derivatives excluding derivatives in bond funds 2013		**780**	**1,058**	**382**			**2,221**
Total derivatives excluding derivatives in bond funds 2012	1,975	417	1,086	579			4,057
Bank deposits	36	5,928	2,053	483	24	24	8,549
Of Which derivatives in bond funds, managed by Storebrand		853					853
Total bank deposits excluding bank deposits excluding bank deposits in bond funds 2013	**36**	**5,075**	**2,053**	**483**	**24**	**24**	**7,695**
Total bank deposits excluding bank deposits in bond funds 2012	35	5,262	1,271	556	-35	68	7,157
Lending to financial institutions		109	44				152

Rating classes based on Standard & Poors's.

NIG = Non-investment grade.

CREDIT RISK FOR THE LOAN PORTFOLIO

COMMITMENTS BY CUSTOMER GROUPS

NOK million	Lending to and receivables from customers	Guarantees	Unused credit-lines	Total commitments	Unimpaired commitments	Impaired commitments	Individual write-downs	Net defaulted commitments
Development of building projects	1,379	33	62	1,473				
Sale and operation of real estate	9,326	181	237	9,744		287	39	249
Other service providers	2,017	32	90	2,139	2			2
Wage-earners and others	24,192		3,642	27,834	108	67	30	145
Others	344	31	31	406	1	3	2	1
Total	**37,258**	**277**	**4,061**	**41,597**	**111**	**356**	**70**	**397**
- Individual write-downs	-83			-83				
+ Group write-downs	-30			-30				
Total lending to and receiveables from customers 2013	**37,145**	**277**	**4,061**	**41,484**	**111**	**356**	**70**	**397**
Total lending to and receiveables from customers 2012	39,148	276	5,251	44,675	185	115	105	195

The division into customer groups is based on Statistics Norway's standard for sector and business grouping. The placement of the individual customer is determined by the customer's primary business.

CREDIT EXPOSURE LENDING

Loans to the corporate market constitute about one-third of the loan portfolio. Loans to the retail market constitute about two-thirds of the portfolio.

Loans to income-generating properties constitute about 75 per cent of the corporate market portfolio and about 14 per cent are loans to property development. The loans are primarily localised in greater Oslo. Loans to the corporate market amount to over NOK 13 billion. Furthermore, we have approximately NOK 435 million in undrawn credit lines and just under NOK 280 million in guarantees. The portfolios' collateral is for the most part in commercial properties.

In the retail market, most of the loans are secured by means of home mortgages. Of NOK 23.9 billion in loans in the retail market portfolio, approximately NOK 23.6 billion has been lent in home loans, with just over NOK 2.5 billion in undrawn credit lines. Total exposure to home loans is therefore almost NOK 26.1 billion and other exposure in the retail market portfolio amounts to approximately NOK 1.4 billion. Customers are checked in accordance with policies, and their ability and willingness to service the loan is evaluated using a liquidity calculation and a risk classification model.

The average weighted loan-to-value ratio (LVR) for retail market loans is approximately 55 per cent for home loans, and approximately 94 per cent of the home loans are within an 80 per cent LVR. About 98 per cent are within a 90 per cent LVR. About 55 per cent of the home loans are within a 60 per cent LVR. The portfolio is considered to have a low credit risk.

TOTAL COMMITTMENTS BY REMAINING TERM

	2013				2012			
NOK million	Loans to and receivables from customers	Guarantees	Unused credit line	Total commitments	Loans to and receivables from customers	Guarantees	Unused credit line	Total commitments
Up to one month	5		4	9	78		3	81
1-3 months	643		15	659	261		15	276
3 months - 1 year	954	30	203	1,187	1,560	9	132	1,701
1-5 years	10,332	182	1,555	12,069	9,057	244	2,446	11,747
More than 5 years	25,324	65	2,284	27,674	28,335	23	2,655	31,014
Total gross commitments	**37,258**	**277**	**4,061**	**41,597**	**39,292**	**276**	**5,251**	**44,819**

Loans are deemed to be non-performing when a credit line is overdrawn for more than 90 days and when a down-payment loan is in arrears of more than 90 days and the amount is at least NOK 2,000.

CREDIT RISKS BY CUSTOMER GROUPS

NOK million	Gross non-performing commitments	Individual write-downs	Net non-performing commitments	Total recognised value changes during the period
Sale and operation of real estate	287	39	249	-7
Other service providers	2		2	
Wage-earners and others	175	30	145	-11
Others	3	2	1	-17
Total 2013	**468**	**70**	**397**	**-35**
Total 2012	266	105	161	2

In the case of default, Storebrand Bank ASA will sell the securities or repossess the properties if this is most suitable. The bank has two repossessed properties that are held as part of the Storebrand Bank Group in separate subsidiaries, and internal transactions are eliminated in the normal manner.

NOTE 11 - CONCENTRATIONS OF RISK

Most of the risk for the Storebrand ASA Group relates to the guaranteed life insurance businesses. These risks are consolidated in the Storebrand Life Insurance Group which includes the Norwegian life insurance business (Storebrand Livsforsikring AS), the Swedish life insurance businesses (SPP Livförsäkring AB and SPP Liv Fondförsäkring AB) and the business in Ireland and Guernsey (BenCo). Other companies directly owned by Storebrand ASA that are exposed to significant risks are Storebrand Forsikring AS, Storebrand Helseforsikring AS, Storebrand Asset Management AS and Storebrand Bank ASA.

In the life insurance businesses, most of the risk is taken on behalf of the customers. The total risk must therefore be viewed in connection with the extent to which a negative outcome affects the owner. For other companies, the entire risk will affect the owner.

For the life insurance businesses, the greatest risks are largely the same for Norway and Sweden. The market risk will depend significantly on global circumstances that influence the investment portfolios in all businesses. The insurance risk may be different for the various companies, and long life in particular can be influenced by universal trends.

Both the insurance business and the banking business are exposed to credit risk. The insurance business primarily has a credit risk relating to bonds with significant geographical and industry-related diversification, while the bank is mostly exposed to direct loans for homes and 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 7 - financial market risk. The banking business has little direct exposure to risk types other than credit, however a negative market for Norwegian commercial property, which the life insurance business is exposed to, would increase the risk of default and loss for corporate market loans in the banking business.

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

The risk from the P&C insurance and health insurance risk in Storebrand Skadeforsikring AS and Storebrand Helseforsikring AS has a low correlation with the risk from the rest of the businesses in the Group.

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

NOTE 12 - REGULATORY MATTERS

SOLVENCY II

Solvency II is a set of rules covering solvency that will apply to all ¬insurance companies in the EU and the EEC area. It is expected that final adoption in the EU Parliament could occur in early 2014, and that the regulations will be introduced from1 January 2016. The plan is

for transitional rules of up to16 years for the phasing-in of Solvency II valuation of the insurance liability. This also allows for a supplement on the discount interest rate.
The European supervisory authority (EIOPA) has introduced formal requirements for preparations for Solvency II with effect from 1 January 2014. This involves the requirements in Solvency II for business management and controls (pillar 2) being 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) be introduced as at 31.12.2014. The capital requirements (pillar 1) and the reporting requirements for the market will not apply before formal Solvency II implementation in 2016.

THE OCCUPATIONAL PENSION REGULATIONS

New group occupational pension

Occupational pension statutes in Norway are undergoing a series of changes in order to adapt them to National Insurance reforms. The Occupational Pensions Act will enter into force from 2014. The new Act allows for a defined contribution-based hybrid product with the possibility of premiums of up to 7 per cent of loans up to 7.1 G and 25.1 percent of salaries between 7.1 and 12 G. The product shall have mortality inheritance and gender-differentiated premiums will be used as a basis. The pension payments can be lifelong or time-limited for at least10 years and until a minimum age of 80. The company can choose whether the occupational pension is to include wage adjustment, zero guarantee or individual investment choices . The product's management of the life expectancy risk and interest rate risk are well adapted to Solvency II.

Existing group occupational pension

The maximum contribution rates for defined contribution pensions have been increased/harmonised to the same level as in the Act relating to occupational pensions.

In the hearing for the Banking Law Commission's proposed amendments to the regulations for guaranteed benefits (referred to in NOU 2013:3), measures were proposed for better adaptation to Solvency II. The Ministry of Finance did not follow this up in its bill Prop. 199L 2012-2013.

In the draft legislation the Ministry of Finance writes that the Banking Law Commission is given a mandate to study whether it is desirable and possible to establish a form of defined benefit-based group retirement pension, adapted to the new age accrual in the National Insurance scheme. In connection with this work, the Ministry will assess whether there is a need for additional rules for the transition between the pension schemes.

Paid-up policies with investment options

The Act relating to paid-up policies with investment options was approved by the Storting on 10 December 2012, however will enter into force during 2014. The Ministry of Finance submitted for consultation a proposal that conversion can first take place in accordance with the escalation to mortality basis K2013 and more detailed rules pertaining to information and advisory requirements for paid-up policies with investment options. The deadline for submissions was set for 17 January 2014. The Ministry of Finance then asked the Financial Supervisory Authority of Norway to assess and propose more detailed rules regarding disbursement profiles. These will also be submitted for consultation.

GROUP RISK COVER (DISABILITY PENSIONS)

On 4 December 2013 the Banking Law Commission delivered NOU 2013:12 "Disability pension in private occupational pension schemes". The proposal is an adaptation to the National Insurance scheme where disability benefits are amended from 2015. The new disability product will give the right to a disability pension regardless of earnings after the period of service. Upon resignation and termination of employment, the right to a paid-up policy will be cancelled unless this is agreed.

National Insurance disability benefit constitutes 66 % of income up to 6 G. The Banking Law Commission proposes that disability pension may constitute up to 10 per cent of earned income up to 12 G. In addition, the company may insure up to 66 % of income between 6 and 12 G. As in the National Insurance scheme it introduces curtailment for earned income over 0.4 G. In addition, it is planned that prior accrued rights, both from the public sector and the private sector, will be coordinated with the new disability pension.

NOTE 13 - VALUATION OF FINANCIAL INSTRUMENTS AND PROPERTIES

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	Level 2	Level 3		
NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	31 December 2013	31 December 2012
Assets:					
Equities and units					
- Equities	12,969	471	3,269	16,708	12,771
- Fund units	167	66,905	1,327	68,399	51,972
- Private equity fund investments		241	6 132	6 373	6,090
- Real estate fund			1 217	1 217	1,387
Total equities and units	**13,135**	**67,617**	**11,945**	**92,697**	
Total equities and units 2012	9,305	51,325	11,589		72,220
Lending to customers[1]			1,289	1,289	
Lending to customers 2012[1]		1,241			1,241
Bonds and other fixed-income securities					
- Government and government guaranteed bonds	26,374	35,951		62,325	51,879
- Credit bonds	20	24,402	1,669	26,091	26,721
- Mortage and asset backed securities		45,483		45,483	43,780
- Supernational organisations	159	7,157		7,316	3,757
- Bond funds	717	46,625		47,342	59,568
Total bonds and other fixed-income securities	**27,270**	**159,618**	**1,669**	**188,557**	
Total bonds and other fixed-income securities 2012	25,388	159,084	1,233		185,704
Derivatives:					
- Interest derivatives		-358		-358	2,106
- Currency derivatives		36		36	594
Total derivates		**-322**		**-322**	
- of which derivatives with a positive market value		2,211		2,211	4,057
- of which derivatives with a negative market value		-2,533		-2,533	-1,356
Total derivatives 2012		2,701			2,701
Real Estate:					
Investment properties			24,175	24,175	28,723
Owner-occupied properties			2,491	2,491	2,231
Total real estate			**26,666**	**26,666**	
Total real estate 2012			30,954		30,954
Liabilities:					
Liabilities to financial institutions[1]		997		997	1,986
Liabilities 2012[1]		1,986			1,986

1) Includes lending to customers/liabilities to financial institutions classified at fair value through profit and loss

MOVEMENTS BETWEEN QUOTED PRICES AND OBSERVABLE ASSUMPTIONS

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	52	65

Level 1 encompasses listed equities that over the previous six months have experienced a daily average turnover equivalent to approx. MNOK 20 or more. Movements from level 1 to level 2 reflect reduced sales value in the relevant equities in the last measuring period. On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities in the last measuring period.

SPECIFICATION OF PAPERS PURSUANT TO VALUATION TECHNIQUES (NON-OBSERVABLE ASSUMPTIONS)

NOK million	Equities	Fund units	Private equity fund	Real estate fund	Lending to customers	Credit bonds	Investment properties	Owner-occupied properties
Book value 01.01	2,958	1,695	5,406	1,372		1,233	28,723	2,231
Net gains/losses on financial instruments	170	504	1,076	-2,490	-7	573	3	88
Supply	533	902	391	2,598	42	156	538	85
Sales	-537	-1,492	-816	-278	-123	-420	-5,202	
Transferred to/from non-observable assumptions to/from observable assumptions		-382	11	15	1,377	80		
Translation differences	145	100	64			47	113	88
Book value 31.12.13	**3,269**	**1,327**	**6,132**	**1,217**	**1,289**	**1,669**	**24,175**	**2,491**

Fixed-rate loans to customers, which are valued at fair value (FVO) for accounting purposes, have been moved from level 2 to level 3 in 1st quarter as uncertainty related to the stipulation of the market's margin requirements for such loans is considered to have increased.

The value of fixed-rate loans is determined by agreed cash flows discounted over the remaining fixed-rate period at a discount rate that is adjusted for an estimate of the market's margin requirements. No negative development in the borrower's ability to repay, or negative development in underlying collateral securities has been observed.

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 15 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 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 of 31 December 2013, the equity investments are stated on the basis of value adjusted equity reported by external sources. Comprehensive external valuations were carried out for the largest forestry investments as of 31 December 2013 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 estimated correlation 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 of 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.

INDIRECT REAL ESTATE INVESTMENTS

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, internal estimates are made of the changes in value based on developments in the market and by conferring with the respective managers.

INVESTMENT PROPERTIES

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

Office buildings 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. Storebrand has an average occupancy rate in the office property portfolio of 92-99 per cent. 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.

Shopping centres in Norway:
For the shopping centres, the value of the properties is calculated based on a market-related yield. In instances in which there is knowledge of significant changes in the expected cash flow in future years, this is taken into consideration in the valuation.

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 2013, 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.

SENSITIVITY ASSESSMENTS
Forestry investments are characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and costs growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discount rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return. As a reasonable alternative assumption with regard to the required rate of return used, a change in the discount rate of 0.25 per cent would result in an estimated change of around 4.6 per cent in value, depending on the maturity of the forest and other factors.

	Change in value at change in discout rate	
	Increase +25bp	**Decrease -25bp**
Increase/decrease in fair value per 31.12.2013	NOK Million -151.4	NOK Million 155.9

PRIVATE EQUITY INVESTMENTS
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. Storebrand's private equity portfolio has an estimated Beta relative to the MSCI World (Net – currency hedged to NOK) of around 0.5.

	Change in value underlying real estates	
	Increase +10%	**Decrease -10%**
Increase/decrease in fair value per 31.12.2013	NOK Million 340.6	NOK Million -340.6

INDIRECT REAL ESTATE INVESTMENTS
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 54 per cent on average.

	Change in value underlying real estates	
	Increase +10%	**Decrease -10%**
Increase/decrease in fair value per 31.12.2013	NOK Million 307.2	NOK Million -289.6

LOANS TO CUSTOMERS

	Change in marketspread	
Increase/decrease in fair value	+10bp	-10bp
Change in fair value	-3.89	3.91

INVESTMENT 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.

VALUATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

	Level 1	Level 2	Level 3				
NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	Total fair value 31.12.13	Total fair value 13.12.12	Book value 31.12.13	Book value 31.12.12
Financial assets							
Loans to and due from financial institutions		152		152	255	152	255
Lending to customers		35,771		35,771	37,771	35,856	37,907
Bonds held to maturity		15,942		15,942	11,689	15,120	10,718
Bonds classified as loans and recieveables	1,242	70,071		71,313	60,962	66,971	56,703
Total fair value 31.12.12	1,156	109,521					
Financial liabilities							
Debt raised by issuance of securities		17,228		17,228	18,249	17,000	18,033
Liabilities to financial institutions		31		31	513	31	513
Deposits from banking customers		20,728		20,728	19,860	20,728	19,860
Subordinated loan capital		7,956		7,956	7,111	7,409	7,075
Total fair value 31.12.12		42,196	3,537				

LOANS TO CUSTOMERS/LIABILITIES TO CREDIT INSTITUTIONS/LIABILITIES ESTABLISHED BY ISSUING SECURITIES FOR STOREBRAND BANK:

The fair value of loans to customers with adjustable interest is valued at book value. However, the fair value of loans to corporate customers with margin loans is lower than the book value because certain loans run with lower margins that they would have done if they had been taken up as of 31.12.2013. The value shortfall is calculated by discounting the difference between the agreed margin and the current market price over the remaining duration. In addition, the fair value is adjusted for individual write-downs. The fair value of loans, liabilities to credit institutions and liabilities established by the issuing of securities is based on valuation techniques. The valuation techniques use yield curves and credit spreads from external suppliers, however with the exception of loans which are valued using spreads for equivalent new loans.

BONDS 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 2013.

LIABILITIES ESTABLISHED BY ISSUING SECURITIES FOR STOREBRAND ASA:

The bonds are either valued based on our theoretical models, with an issuer-specific credit spread over swap rates and valued based on registered trades, or prices quoted by brokers.

SUBORDINATED LOAN CAPITAL:

The fair value of subordinated loan capital is valued based on registered trades of the bonds and prices quoted by brokers.

NOTE 14 - PREMIUM INCOME

NOK million	2013	2012
Savings:		
Unit Linked Storebrand Life Insurance	6,015	6,169
Unit Linked SPP	6,250	4,172
Total savings	**12,265**	**10,341**
Of which premium reserve transferred to company	2,610	1,341
Insurance:		
P&C & Individual life[1]	1,374	1,212
Health & Group life[2]	826	839
Pension related disability insurance[3]	675	636
Total insurance	**2,875**	**2,687**
Of which premium reserve transferred to company		40
Guaranteed pension:		
Defined Benefit (fee based) Storebrand Life Insurance	10,482	11,111
Paid-up policies Storebrand Life Insurance	110	253
Traditional individual life and pension Storebrand Life Insurance	310	385
SPP Guaranteed Products	2,354	2,495
Total guaranteed pension	**13,256**	**14,244**
Of which premium reserve transferred to company	2,352	2,234
Other:		
BenCo	473	747
Total other	**473**	**747**
Eliminations	-193	-197
Total net premium income	**28,675**	**27,822**
Of which premium reserve transferred to company	4,962	3,615

1) Individual life and disability, property and caualty insurance

2) Group life, workers comp. And health insurance

3) DC disability risk result Norwegian line of business

NOTE 15 - NET INTEREST INCOME - BANKING ACTIVITIES

NOK million	2013	2012
Fixed income and similar income from lending to and receivables from financial institutions	18	13
Fixed income and similar income from lending to and receivables from customers	1,443	1,436
Fixed income and similar income from commercial paper, bonds, and other interest-bearing paper	81	97
Other interest income and similar income	7	7
Total interest income[1]	**1,549**	**1,553**
Interest and similar costs from liabilities to financial institutions	-34	-104
Interest and similar costs from deposits from and liabilities to customers	-552	-520
Interest and similar costs from issued securities	-373	-408
Interest and similar costs from subordinated loan capital	-26	-29
Other interest costs and similar costs	-17	-1
Total interest costs[2]	**-1,002**	**-1,063**
Total net interest income	**547**	**490**
1) The total interest income for lending, etc, that is not stated at fair value.	1,352	1,300
2) The total interest costs for deposits, etc, that are not stated at fair value.	-973	-995

INTEREST COSTS AND VALUE CHANGES ON BORROWING AT FAIR VALUE (FVO):

NOK million	2013	2012
Interest expenses funding FVO	-28	-67
Changes in value of funding FVO	1	2
Net costs borrowing at fair value (FVO)	**-27**	**-65**

NOTE 16 - NET INCOME ANALYSED BY CLASS OF FINANCIAL INSTRUMENT

NOK million	Share dividend and interest income etc. financial assets	Net gains and losses on financial assets	Net revaluation on investments	Total 2013	Of which Company	Of which Customer	2012
Profit on equities and units	897	3,039	12,844	16,780	8	16,772	6,488
Profit on bonds and other fixed-income securities at fair value	3,422	-58		3,365	422	2,942	10,009
Profit on financial derivatives	385	-1,836	-2,123	-3,574	24	-3,598	781
Total gains and losses on financial assets at fair value	**4,704**	**1,145**	**10,722**	**16,571**	**455**	**16,116**	**17,278**
- of which FVO (fair value option)	4,319	2,981	12,845	20,146	432	19,714	16,312
- of which trading	385	-1 836	-2 123	-3 575	24	-3 598	787
- of which available-for-sale							144
Net income lendings and accounts receivable	2,948	85		3,033	50	2,983	3,320
Net income held to maturity	556	-3		552	9	543	493
Total gains and losses, bonds at amortised cost	**3,504**	**81**		**3,585**	**59**	**3,526**	**3,814**

NOTE 17 - NET INCOME FROM REAL ESTATE

NOK million	2013	2012
Rent income from real estate[1]	1,723	1,941
Operating costs (including maintenance and repairs) relating to real estate that have provided rent income during the period[2]	-318	-386
Result minority defined as liabilitites	-130	-117
Total	**1,274**	**1,438**
Realised gains/losses	-330	-26
Change in fair value	4	-700
Total income real estate	**948**	**712**
1) Of which real estate for own use	141	74
2) Of which real estate for own use	-24	-4

Allocation by company and customers:		
Company	41	33
Customer	907	679
Total income from real estate	**948**	**712**

NOTE 18 - OTHER INCOME

NOK million	2013	2012
Fee and commission income, banking	82	85
Fee and commission expense, banking	-12	-14
Net fee and commission income, banking	**70**	**71**
Management fees, asset management	372	308
Interest income on bank deposits	194	100
Other insurance related income	1,346	1,158
Other revenue from companies other than banking and insurance	378	452
Other income	-45	118
Total other income	**2,316**	**2,207**

NOTE 19 - INSURANCE CLAIMS FOR OWN ACCOUNT

NOK million	2013	2012
Savings:		
Unit Linked Storebrand Life Insurance	-2,812	-2,427
Unit Linked SPP	-1,943	-1,445
Total savings	**-4,755**	**-3,872**
Of which premium reserve transferred to company	-1,886	-1,584
Insurance:		
P&C & Individual life[1]	-697	-590
Health & Group life[2]	-604	-591
Pension related disability insurance[3]	8	-71
Total insurance	**-1,293**	**-1,252**
Of which premium reserve transferred to company		-28
Guaranteed pension:		
Defined Benefit (fee based) Storebrand Life Insurance	-10,194	-5,324
Paid-up policies Storebrand Life Insurance	-2,873	-2,894

NOK million	2013	2012
Traditional individual life and pension Storebrand Life Insurance	-2,826	-3,384
SPP Guaranteed Products	-7,138	-5,342
Total guaranteed pension	**-23,031**	**-16,944**
Of which premium reserve transferred to company	-9,003	-2,753
Other:		
BenCo	-924	-802
Total other	**-924**	**-802**
Total net premium income	**-30,004**	**-22,870**
Of which premium reserve transferred to company	-10,889	-4,366

1) Individual life and disability, property and caualty insurance

2) Group life, workers comp. And health insurance

3) DC disability risk result Norwegian line of business

The table below shows the anticipated compensation payments (excluding repurchase and payment).

DEVELOPMENT IN EXECTED INSURANCE CLAIM PAYMENTS - LIFE INSURANCE

NOK billion	Storebrand Life Insurance	SPP	BenCo
0-1 year	-12	-7	-2
1-3 years	-22	-14	-3
> 3 years	-175	-108	-11
Total	**-209**	**-129**	**-16**

DEVELOPMENT IN INSURANCE CLAIM PAYMENT - P&C INSURANCE, EXLUSIVE RUN-OFF

NOK million	2008	2009	2010	2011	2012	2013	Total
Calculated gross cost of claims							
At end of the policy year	193	290	417	472	512	616	
- one year later	195	295	396	450	491		
- two years later	199	289	398	433			
- three years later	199	287	398				
- four years later	199	289					
- five years later	200						
Calculated amount 31.12.13							
Total disbursed to present	194	275	367	399	431	431	2,097
Claims reserve	6	14	31	34	61	185	330
Claims reserve for previous years (before 2008)							1

The table shows the development in the estimate for occurred insurance claims over time and the remaining claims reserve.

NOTE 20 - CHANGE IN INSURANCE LIABILITIES - LIFE INSURANCE

NOK million	Storebrand Life Insurance	BenCo	SPP	Eliminations	2013	2012
Guaranteed return	-5,737	-124	-2,290		-8,151	-8,134
Other changes in premium reserves customer funds with guaranteed return	6,584	68	8,153	261	15,065	771
Change in premium reserve customer funds without guaranteed return	-7,443	38	-10,954		-18,360	-12,203
Change in premuim fund/ pensioners surplus fund	-23	311			288	-82
Profit sharing	-218				-218	-182
Change in allocations, risk products	-801				-801	-235
Change in insurance liabilities - life insurance	**-7,638**	**293**	**-5,092**	**261**	**-12,176**	**-20,066**

NOTE 21 - CHANGE IN BUFFER CAPITAL

NOK million	2013	2012
Change in market value adjustment reserve	-2,796	-1,027
Change in additional statutory reserves	1,152	-190
Change in conditional bonuses	-1,924	-1,458
Total change in buffer capital	**-3,568**	**-2,675**

NOTE 22 - LOSSES FROM LENDINGS AND REVERSAL OF PREVIOUS LOSSES

NOK million	2013	2012
Write-downs/income recognition for lending and guarantees for the period		
Change in individual loan write-downs for the period	35	6
Change in grouped loan write-downs for the period	9	14
Other corrections to write-downs	5	-4
Realised losses on loans where provisions have previously been made	-78	-9
Realised losses on loans where no provisions have previously been made	-3	-6
Recovery of loan losses realised previously	21	6
Write-downs/income recognition for lending and guarantees for the period	**-11**	**8**
Interest on written down loans recognised as income	**5**	**10**

NOTE 23 - OPERATING COSTS AND NUMBER OF EMPLOYEES

OPERATING COSTS

NOK million	2013	2012
Personnel costs[1]	-1,816	-2,385
Amortisation	-144	-118
Other operating costs	-1,350	-1,500
Total operating costs	**-3,310**	**-4,003**

1) Includes in 2013 income of NOK 385 million relating to a change in the pension scheme. See note 24 for a more detailed description.

NUMBER OF EMPLOYEES

	2013	2012
Number of employees 31.12	2,138	2,250
Average number of employees	2,185	2,234
Number of person-years 31.12	2,107	2,217
Average number of person-years	2,154	2,196

Storebrand Helseforsikring is 50% owned by Storebrand. Employees are added by 50%.

NOTE 24 - PENSION COSTS AND PENSION LIABILITIES

Storebrand Group has country-specific pension schemes.

Storebrand's employees in Norway have both a defined contribution pension scheme and a defined benefit pension scheme that have been established in Storebrand Livsforsikring AS. From 1 January 2011 the defined benefit scheme was closed to new members. At the same date a defined contribution pension scheme was established. The contribution based scheme applies to all new employees from 1 January 2011 and to those who chose to transfer from a defined benefit to a defined contribution pension arrangement. In the case of the defined contribution scheme, the cost is equal to the period's contribution to the employees' pension savings, which amounts to 5 per cent of the contribution basis between 1G and 6G (G = National Insurance Scheme basic amount as at 31 December 2013, amounting to NOK 85,245), plus 8 per cent of the contribution basis between 6G and 12G, as well as the defined-contribution scheme that is funded from operations that annually comprises 20 per cent of the contribution basis for salaries over 12G. The contributions are deposited in the employees' pension accounts each month. The future pension depends upon the amount of the contributions and the return on pension savings.

The employees who are members of the defined benefit pension scheme have the right to 70 percent of the pensionable salary on the date of retirement when calculated benefits from the National Insurance are included. Full pension entitlement is reached after 30 years of membership in the pension scheme. The cost for the period shows the employees' accrued future pension entitlements during the financial year.

From 1 January 2013 Storebrand has been included in the AFP contractual pension scheme. The private AFP contractual pension scheme shall be accounted for as a defined-benefit multi-purpose scheme and is financed through annual premiums that are determined to be one per cent of salary between 1 and 7.1 G. There is no information available for recognising the new liability in the statement of financial position. Storebrand employees in Norway also have an existing right to retire at 65 years of age and receive a pension directly from the company until they reach 67 years of age. A provision is made in the accounts relating to direct pensions.

The pension for employees aged between 65 and 67 years old and pensions linked to salaries over 12 G are paid out directly from the companies and apply to both members of the defined contribution scheme and the defined benefit scheme. A guarantee has been granted for earned pensions on salaries over 12 G for employees retiring before the age of 65. The pension conditions are determined by the pension regulations. Storebrand is obliged to have an occupational pension scheme pursuant to the Act relating to mandatory occupational pensions.

The company's pension scheme satisfies the requirements of the Act. All the members of the pension schemes have an 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 56,600 in 2013 and will be SEK 56,900 in 2014, 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 part. As to this part, 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, which implies that the company pays 35 per cent of the CEO's fixed salary in pension premiums. In addition, he has a predefined pension plan that implies a lifetime 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 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	2013	2012
Present value of insured pension liabilities	3,429	3,613
Fair value of pension assets	-3,397	-3,224
Changes in the net defined benefit pension liabilities in the period	33	389
Asset ceiling	216	
Present value of unsecured liabilities	709	698
Net pension liabilities recognised in statement of financial position	**957**	**1 087**

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

BOOKED IN STATEMENT OF FINANCIAL POSITION

NOK million	2013	2012
Pension assets	1	153
Pension liabilities	958	1 239

ESTIMATE DEVIATIONS RECOGNISED AGAINST EQUITY

NOK million	2013	2012
Year's change in estimate deviation included in equity	-236	301
Accumulated estimate deviations included in equity	-683	-447

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

NOK million	2013	2012
Net pension liabilities 01.01	4,311	4,770
Pensions earned in the period	153	223
Pension cost recognised in period	169	146
Estimate deviations	83	-537
Pensions paid	-246	-228
Changes to pension scheme	-409	
Pension liabilities additions/disposals and currency adjustments	102	-42
Payroll tax of employer contribution, assets	-24	-21
Net pension liabilities 31.12	**4,138**	**4,312**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2013	2012
Pension assets at fair value 01.01	3,224	3,187
Expected return	125	132
Estimate deviation	-42	-90
Premiums paid	199	223
Pensions paid	-200	-197
Pension liabilities additions/disposals and currency adjustments	90	-30
Net pension assets 31.12	**3,397**	**3,225**

Expected premium payments (pension assets) in 2014	**214**
Expected premium payments (contributions) in 2014	**76**
Expected AFP early retirement scheme payments in 2014	**16**
Expected payments from operations (uninsured scheme) in 2014	**45**

Pension assets are based on the financial assets held by Storebrand Life Insurance/SPP composed at 31.12:

	Storebrand Life Insurance		SPP	
NOK million	2013	2012	2013	2012
Real estate	12%	17%	6%	4%
Bonds at amortised cost	48%	35%		
Mortgage loans and other loans	2%	2%		
Equities and units	16%	14%	11%	10%
Bonds	20%	18%	83%	79%
Certificates	2%	14%		
Other short-term financial assets				7%
Total	**100%**	**100%**	**100%**	**100%**

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

Realised return on assets	3.3%	5.8%	1.4%	6.3%

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

NOK million	2013	2012
Current service cost	154	223
Net interest cost/expected return	43	15
Changes to pension scheme	-409	1
Total for defined benefit schemes	**-212**	**238**
The period's payment to contribution scheme	87	45
Net pension cost recognised in profit and loss account in the period	**-124**	**284**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK million	2013
Actuarial loss (gain) - change in discount rate	-62
Actuarial loss (gain) - change in other financial assumptions	-43
Actuarial loss (gain) - change in mortality table	267
Actuarial loss (gain) - experience DBO	-83
Loss (gain) - experience Assets	18
Investment management cost	26
Asset ceiling - asset adjustment	219
Remeasurements loss (gain) in the period	**340**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

	Storebrand Life Insurance		SPP	
	2013	2012	2013	2012
Discount rate	4.0%	4.0%	4.0%	3.5%
Expected return on pension fund assets in the period	4.0%	4.0%	4.0%	3.5%
Expected earnings growth	3.3%	3.3%	3.5%	3.5%
Expected annual increase in social security pensions	3.5%	3.3%	3.0%	3.0%
Expected annual increase in pensions in payment	0.1%	1.5%	2.0.%	2.0%
Disability table	KU	KU		
Mortality table	K2013BE	K2005	DUS06	DUS06

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 particularly subject to a 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 as of 31 December 2013 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. This conclusion is based on the regular activity that takes place in both the primary and secondary markets, as well as the transparency that exists due to the fact that the trades observed on the exchange are close to the indicative levels quoted by the banks. Broad participation by all of the largest bond brokers in the reporting system of the Norwegian Mutual Fund Association (VFF) supports the reliability of the available data. Reference is also made to the advice from the Norwegian Accounting Standards Board in in January 2014 in which use of the covered bond rate as the discount rate was discussed.

In 2013 Storebrand (Norway) has amended the pension rules in the collective schemes for employees and former employees of the company. The change entails that pensions in payment are no longer annually adjusted by a minimum of 80 per cent of the change in the consumer price index. This entails that pensions will only be increased if there is a sufficient profit in the premium reserve for the pensioners in accordance with the principal rule in the Act relating to Company Pension Schemes. This gives a positive non-recurring effect in the profit or loss in 2013 which is shown in the pension costs as a change to the scheme.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

ACTUARIAL ASSUMPTIONS:

In Norway, there are standardised assumptions for mortality/disability trends, and other demographic factors, that have been prepared by Finance Norway. In a letter of 8 March, the Financial Supervisory Authority of Norway determined that a new mortality basis K2013 would be introduced for group pension insurance in life insurance companies and pension funds effective from 2014. Based on the expected increase in life expectancy, the new mortality basis will entail an increase in the pension liabilities in accordance with IAS 19. The pension funds will not increase correspondingly due to the escalation period the life insurance companies have received.

Storebrand has used the mortality table K2013BE in the actuary calculations as of 31 December 2013, while K2005 was used for the previous year. The effect of the increased pension liabilities in accordance with K2013E is included in the actuarial gains/losses that are charged to the total comprehensive income.

The average employee turnover rate is 2-3 per cent for the entire work force as a whole, and falling turnover with increasing age is assumed.

The actuarial assumptions in Sweden follow the industry's mutual mortality table DUS06 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 2013 and are calculated for each individual when all other assumptions are kept constant.

	Discount rate		Expected earnings growth/G-growth		Mortality - change in expected life expectancy	
	1.0%	**-1.0%**	**1.0%**	**-1,0 %**	**+1 year**	**-1 year**
Percentage change in pension						
Norway						
Pension liabilities	-13%	16%	7%	-6%	4-5%	-4-5%
The period's net pension costs	-22%	30%	16%	-13%	4-5%	-4-5%
Sweden						
Pension liabilities	-19%	25%	5%	-5%	5%	-5%
The period's net pension costs	-18%	24%	9%	-6%	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 in the discount rate will, in isolation, entail an increase in the pension liabilities.

NOTE 25 - REMUNERATION TO SENIOR EMPLOYEES AND ELECTED OFFICERS OF THE COMPANY

NOK thousand	Ordinary salary	Bonus paid	Other benefits[1]	Post termination salary (months)	Pension accrued for the year	Present value of pension[2]	Loan	Interest rate at 31.12.13*	Repayment period*
Senior employees									
Odd Arild Grefstad	3,975	622	166	24	1,086	19,986	3,500	2.25%	2036
Lars Aa. Løddesøl	3,875		182	18	1,187	14,457	10,352	2.25-4.85%	2014-2041
Heidi Skaaret	2,533	105	167	12	591	163	7,206	2.25-3.8%	2022-2042
Robin Kamark	3,660		167	18	903	200	4,574	2.25-3.75%	2015-2043
Geir Holmgren	2,146	203	175	12	424	6,817			
Hege Hodnesdal	1,575	200	148	12	519	4,856	6,000	2.25%	2042
Hans Aasnæs	4,639	697	176	18	787	14,487	1,700	2.25%	2027
Gunnar Rogstad	2,580	430	169	18	578	5,203			
Truls Nergaard	3,320	359	177	18	768	3,528	3,900	2.25-4.15%	2022-2042
Sarah McPhee[3]	3,927	483	64	18	3,907	6,771			
Staffan Hansén	2,743	150	48	12	481	2,710			
Total 2013	**34,973**	**3,246**	**1,637**		**11,231**	**79,178**	**37,233**		
Total 2012	29,926	2,219	1,280		9,743	76,192	43,847		

* Intervals indicate that there are several loans with differing interest rates and repayment periods.

NOK thousand	No. of shares owned[4]	Bonus earned in 2013[5]	Bonus to be paid in 2014	Bonus transferred to share bank in 2014
Odd Arild Grefstad	55,406	1,911	956	1,897
Lars Aa. Løddesøl	39,708			
Heidi Skaaret	1,637	1,086	543	647
Robin Kamark	11,637	1,568	784	784
Geir Holmgren	6,097	1,086	543	843
Hege Hodnesdal	10,633	422	300	338
Hans Aasnæs	63,037	2,111	1,055	2,233
Gunnar Rogstad	119,401	1,206	603	1,322
Truls Nergaard	16,295	1,086	543	1,142
Sarah McPhee	43,360	1,894	1,650	2,360
Staffan Hansén	3,967	995	398	970
Total 2013	**371,178**	**13,365**	**7,374**	**12,535**

NOK thousand	Remuneration	No. of shares owned[2]	Loan	Interest rate at 31.12.13*	Repayment period*
Board of Directors					
Birger Magnus	571	20,000			
Halvor Stenstadvold	405	8,645			
Birgitte Nielsen	194				
Jon Arnt Jacobsen	297	6,500			
Monica Caneman	441				
John Staunsberg Dueholm	180				
Gyrid Skalleberg Ingerø	156				
Terje Vareberg	149				
Laila S. Dalen	248				
Ann-Mari Gjøstein	163	258			
Heidi Storruste	235	2,865	2,442	2.25%	2019-2037
Knut Dyre Haug	379	11,963	3,377	2.25%	2030-2038
Kirsti Valborgland Fløystøl	297	3,709	3,478	2.25%	2041
Total 2013	**3,713**	**53,940**	**9,297**		
Total 2012	3,723	49,438	13,531		
Control Committee[6]					
Elisabeth Wille	328	163			
Harald Moen	236	595			
Ole Klette	236				
Finn Myhre	277		3,696	3.94%	2025-2029
Anne Grete Steinkjer	236	1,800			
Tone Margrethe Reierselmoen	236	1,734	415	4.40%	2,021
Total 2013	**1,549**	**4,292**	**4,111**		
Total 2012	1,520	4,292	5,864		

* Intervals indicate that there are several loans with differing interest rates and repayment periods.

1) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.

2) Assumes employment at Storebrand when they reach retirement age. The amount is not reduced with pension funds secured in the scheme. See the assumptions for wage growth and other assumptions that are used in the calculations in note 24.

3) 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.

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.

5) Earned bonus at 31.12.13 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 priice. 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.

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

Loans to Group employees totalled NOK 2.398 million.

STOREBRAND ASA – THE BOARD OF DIRECTORS' STATEMENT ON THE FIXING OF THE SALARY AND OTHER REMUNERATION FOR SENIOR EMPLOYEES

The Board of Directors of Storebrand ASA has had a special Compensation Committee since 2000. The Compensation Committee is tasked with providing a recommendation to the Board of Directors concerning all matters to do with the Company's remuneration of its Chief Executive Officer. The Committee is responsible for keeping itself informed and proposing guidelines for the determination of remuneration for executive employees in the Group. In addition, the Committee is an advisory body for the CEO with respect to remuneration regimes that cover all employees in the Storebrand Group, including Storebrand's bonus system and pension scheme. The Compensation Committee satisfies the follow-up requirements set forth in the Compensation Regulations.

1. ADVISORY GUIDELINES FOR THE COMING FINANCIAL YEAR

Storebrand aims to base remuneration on competitive and stimulating principles that help attract, develop and retain highly qualified staff. Optimised financial remuneration helps create a performance culture with clear goals for all employees, and correct assessments by managers, who differentiate between performances that are good and less good.

Financial remuneration should be designed to:
1. Help support continuous improvement, stimulate internal cooperation and create a value-based performance culture
2. Help focus the efforts of employees
3. Ensure that the Group's strategy and plans provide the basis for the goals and requirements set for the employees' performance
4. Ensure that remuneration is based on long-term thinking, balanced goal-oriented management and real value creation
5. Ensure that remuneration is based on an assessment of the individual's results and compliance with corporate principles
6. Facilitate a clear, transparent and team-based process for setting goals and goal structures.
7. Ensure that both the development of financial remuneration and job requirements are embedded in the employee's role, responsibilities and influence in the Group. Ensure that the composition and level of the components of the financial remuneration are balanced and in line with the market

The salaries of executive employees are determined based on the position's responsibilities and complexity. Regular comparisons are made with corresponding positions in the market in order to adjust the pay level to the market. Storebrand does not wish to be a pay leader in relation to the sector.

Senior employees at Storebrand may, in addition to their fixed salary, receive remuneration in the form of an annual bonus, participation in the Group's group pension scheme, as well as other personal benefits. Senior employees may also be entitled to a severance pay arrangement, which guarantees that they will receive their salary less other income for a specified period of up to 24 months upon the conclusion of their employment.

2. BINDING GUIDELINES FOR SHARES, SUBSCRIPTION RIGHTS, OPTIONS, ETC. FOR THE COMING 2014 FINANCIAL YEAR

2.1 Bonus scheme

Executive employees and employees who influence the Company's risk are divided into two categories with regard to financial remuneration. Executive employees for whom accounting and control functions make up a large part of their duties receive fixed salaries only. The other executive employees have a bonus scheme linked to value creation in the Group, in the unit and through the performances of individual employees.

The Storebrand Group's bonus scheme for the 2014 financial year complies with the regulations laid down by the Ministry of Finance on 1 December 2010 relating to remuneration schemes in financial institutions. The bonus scheme is robust with regard to ensuring the overall goals of increasing the correspondence between the owners' and executives' incentives, and helping to ensure that management does not take inappropriately large risks.

Main structure of the bonus scheme

The main structure of the bonus scheme consists of the following elements:
- Funding
- Allocation
- Payment

The bonus is funded by the value created in the Group, while the allocation of the bonus is dependent upon the value created in the unit and the employee's own performance.

Funding

Specific quantitative goals for how the value creation in the Company will fund bonuses are set each year. The value creation target is based on the risk-adjusted result, which excludes market dependent-results and profit sharing. Significant one-time effects must also be eliminated by adjustment. Funding is calculated on the basis of value creation in the last two years. For 2014 the value creation will be an average of the percentage of goals achieved in 2013 and 2014. The overall group result must also be in excess of a predetermined level to prevent curtailment of bonus earnings based on the risk-adjusted result. Negative group profit before tax gives a full deduction and zero bonus. In addition, an RoE (before tax) greater than 5 per cent and satisfactory financial strength are required.

The Board of Storebrand ASA sets the target that determines how the risk-adjusted value creation will fund the bonus.

Allocation

The allocation result depends on both the unit's result and individual target attainment. A unit's value creation is measured using a scorecard that is based on the unit's strategic, financial and operational targets. The scorecard incorporates both quantitative and qualitative targets. Specific targets are also set each year with respect to the senior employees' performance, which is documented using a special monitoring system. The unit's result and individual target attainment are weighted equally.

Over time the target bonus for senior employees should be between 20 and 40 per cent of their fixed salary. The maximum target attainment for funding and allocation is 150 per cent, respectively. Senior employees' bonus entitlements are calculated using the following formula:

Target bonus level x Funding result x Allocation result

The maximum possible bonus entitlement is 90 per cent of the annual fixed salary. For senior employees in STB Bank, 50 per cent is the maximum.

Payment of the bonus
Of the variable remuneration of the CEO and senior employees, 50 per cent of the allocated bonus will be paid in cash, and 50 per cent will be converted to a number of synthetic shares. The number of shares will be registered in a share bank and will remain there for three years. At the end of the three-year period, an amount corresponding to the market price of the allotted shares will be paid. Half of the amount paid, after tax, from the share bank is to be used to purchase actual shares in Storebrand ASA at the market price with a new lock-in period of 3 years. No payments are made from the share bank until the end of the 3-year period, even if the employee withdraws from the scheme or leaves the company, but the payment will be made on the date that was specified at the time the allocation was made.

In special circumstances, the Board of Directors may decide to completely eliminate or partially reduce the number of shares in the share bank. Such circumstances may include when it is subsequently proven that the employee or entity did not fulfil the result criteria, or when the entity's or Group's financial position has drastically weakened.

2.2 Pension scheme
The Company shall arrange and pay for an ordinary group pension insurance for all employees from the date of employment and in accordance with the applicable pension rules at any given time.

2.3 Termination pay
The Chief Executive Officer and executive vice presidents are entitled to termination pay if their contracts are terminated by the Company. Entitlement to severance pay is also triggered by resignation if this is due to substantial organisational changes or equivalent situations that make it unreasonable for the employee to remain in his or her position. If the employment is brought to an end due to a gross breach of duty or other material non-performance of the employment contract, the provisions in this section do not apply.

Deductions are made to the severance pay for all work-related income, including fees from the provision of services, offices held, etc. The severance pay corresponds to the pensionable salary at the end of the employment, excluding any bonus schemes. The CEO is entitled to 24 months of severance pay. Other executive vice presidents are entitled to 18 months of severance pay.

2.4 Employee share programme
Like other employees in Storebrand, executive employees have an opportunity to purchase a limited number of shares in Storebrand ASA at a discount in accordance with the share programme for employees.

3. STATEMENT ON THE SENIOR EMPLOYEE REMUNERATION POLICY IN THE PREVIOUS FINANCIAL YEAR

The senior employee remuneration policy established for 2013 has been observed. The annual independent assessment of the guidelines and the practising of these guidelines in connection with bonuses for the 2013 qualifying year and with payment in 2014, are carried out in the first six months of 2014.

4. STATEMENT CONCERNING THE EFFECTS OF SHARE-BASED REMUNERATION AGREEMENTS ON THE COMPANY AND SHAREHOLDERS
In accordance with the guidelines above, half of the amount paid from the share bank shall be used to purchase shares in Storebrand ASA at the market price with a new 3-year lock-in period.

Senior employees thereby have up to 6 years of withheld bonus and substantial exposure to the company's share price.

In the opinion of the Board, this does not have any negative effect on the company and the shareholders, given the structure of the scheme and the size of each Group director's portfolio of shares in Storebrand ASA.

NOTE 26 - REMUNERATION PAID TO AUDITORS

THE REMUNERATION PAID TO DELOITTE AS AND COADJUTANT COMPANIES AMOUNTS TO:

NOK million	2013	2012
Statutory audit	10.2	12.6
Other reporting duties	1.3	1.1
Tax advice	1.6	1.8
Other non-audit services	1.3	0.5
Total remuneration to auditors	**14.3**	**16.0**

The amounts are excluding VAT.

NOTE 27 - OTHER COSTS

NOK million	2013	2012
Pooling	-66	-94
Interest costs, insurance	-39	-34
Insurance related costs	-94	-56
Other costs	-97	-49
Total other costs	**-296**	**-233**

NOTE 28 - INTEREST EXPENSES

NOK million	2013	2012
Interest expense - funding	-136	-170
Interest expense - subordinated loans	-440	-510
Total interest expenses[1]	**-576**	**-680**

1) Interest expenses for Storebrand Bank are included in net interest income for banking enterprises.

NOTE 29 - TAX

TAX COST IN THE RESULT

NOK million	2013	2012
Tax payable	-6	-10
Deferred tax	-209	-540
Total tax charge	**-214**	**-550**

RECONCILIATION OF EXPECTED AND ACTUAL TAX COST

NOK million	2013	2012
Ordinary pre-tax profit	2,194	1,559
Expected income tax at nominal rate	-614	-437
Tax effect of		
realised/unrealised shares	11	-38
permanent differences	344	-6
recognition/write-down of tax assets	-68	-224
change in tax rules	24	
Changes from previous years	89	153
Total tax charge	**-214**	**-550**
Effective tax rate[1]	10%	35%

1) The effective tax rate for 2013 is affected by certain factors that are not related to the result for 2013.

During the year, property shares were sold (covered by the exemption method) which resulted in a reduction in tax-increasing temporary differences and related allocations for deferred tax being reversed.

The tax cost 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	2013	2012
Tax-increasing temporary differences		
Securities[1]	9,764	3,486
Real estate[1]	8,030	8,032
Operating assets	26	262
Pre-paid pensions	3	3
Gains/losses account	206	258
Other	941	874
Total tax-increasing temporary differences	**18,970**	**12,913**
Tax-reducing temporary differences		
Securities[1]	-233	-678
Operating assets	-35	-34
Provisions	-4,476	-1,165
Accrued pension liabilities	-863	-1,046
Securities liabilities		-9
Gains/losses account	-21	-26
Other	-61	-284
Total tax-reducing temporary differences	**-5,689**	**-3,242**
Carryforward losses	-10,442	-7,317
Benfits carried forward		-758
Total tax loss and assets carried forward	**-10,442**	**-8,075**
Basis for net deferred tax and tax assets	**2,840**	**1,596**
Write-down of basis for deferred tax assets	242	843
Net basis for deferred tax and tax assets[1]	**3,082**	**2,439**
Net deferred tax assets/liabilities in balance sheet	**833**	**683**
Recognised in balance sheet		
Deferred tax assets	1	38
Deferred tax	833	721

1) In December 2013, the Storting agreed to reduce the company tax rate from 28 to 27 per cent with effect from 1 January 2014. Therefore, 27 per cent is used when recognising deferred tax/tax assets. The effect of the reduction in the tax rate entails a reduced tax expense for 2013 equivalent to NOK 24 million.

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 7.6 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 2.2 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

NOK million	Intangible assets: Brand names	IT systems	Customer lists	VIF[1]	Goodwill	2013	2012
Acquisition cost 01.01,	202	522	508	8 469	1 350	11 051	10 983
Additions in the period							
- Developed internally		75				75	
- Purchased separately		56				56	74
Disposals in the period		-19				-19	-6
Currency differences on converting foreign units	18	1	53	882	73	1 027	
Other changes							
Acquisition cost 31.12	**220**	**634**	**560**	**9 352**	**1 424**	**12 189**	**11 051**
Accumulated depreciation and write-downs 01.01	-92	-292	-257	-4 159	-149	-4 949	-4 613
Write-downs in the period					-311	-311	-2
Amortisation in the period[2]	-24	-79	-55	-303		-461	-421
Disposals in the period		12				12	13
Currency differences on converting foreign units	-10	-1	-29	-448		-487	75
Other changes							
Acc. depreciation and write-downs 31.12	**-126**	**-361**	**-340**	**-4 910**	**-460**	**-6 196**	**-4 949**
Book value 31.12	**94**	**273**	**220**	**4 442**	**964**	**5 993**	**6 102**

1) Value of business-in-force, the difference between market value and book value of the insurance liabilities in SPP.

2) NOK 31 million was classified as depreciation under operating costs.

INTANGIBLE ASSETS LINKED TO ACQUISITION OF SPP

Storebrand Livsforsikring AS acquired SPP Livförsäkring AB and its subsidaries 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 relvant cash-flow generating units. Recoverable amounts are established by calculating the enterprise's utility value. The development of future administration results, risk results and financial results for SPP will affect its utility value. In calculating the utility value, the management have made use of budgets and forecasts approved by the Board for the next three years.

The forecast for the various result elements are based on the development in recent years, effects of measures during the forecast period, as well as assumptions regarding the normalised development of the financial markets based on the current finacial strategy and applicable market interest rates. The administration result is expected to show a positive development as the result of greater cost effectiveness, and growth in the sales of products and services that are cost-effective to manage and require less capital. The primary drives of improved results will be the return on total assets, underlying inflation and wage growth in the market. The utility value is calculated using a required rate of return after tax of 8 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.

INTANGIBLE ASSETS LINKED TO THE BANKING BUSINESS

A cash flow based valuation based on the expected pre-tax result is used when calculating the utility value of the banking business. The calculation is based on budgets and forecasts approved by the Board for the next three years.

In 2013 the board of SB Bank approved a liquidation plan for the bank's commercial activities. The cash flow analysis has used the development in the bank's business portfolio as approved in this plan. The cash flow is based on two elements, profit/loss after tax to equity and change in expected regulatory tying-up of capital. It is also assumed that all capital in addition to regulatory tied-up capital, can be withdrawn at the end of each period. For the period after 2016, a growth rate of 2.5 per cent has been used for the retail market which is also included in the calculation of the terminal value..

The required rate of return to equity is calculated based on the capital asset pricing model (CAPM). Long-term risk-free interest is set at the interest rate for 10 year Norwegian government bonds. The market's risk premium is set at 5 per cent and this is in line with the risk premium in the Norwegian market. Beta of 1.0 is based on observed beta for Norwegian banks, adjusted for the risk profile for Storebrand Bank

The executive management has valued the recoverable amount for goodwill as of 31 December 2013 and concluded with a write-down of NOK 300 million and were of the view that the valuation and key assumptions used represent a reasonable level that takes into consideration the uncertainty of the figures.

Goodwill relating to the acquisition of Hadrian Eiendom has been written down by NOK 11 million based on the impairment test carried out as of 31 December 2013.

SPECIFICATION OF INTAGIBLE ASSETS

NOK million	Useful economic life	Depr. rate	Depr. method	Book value 2013
Brand name SPP	10 years	10%	Straight line	76
Brand name (Hadrian Eiendom)	5 years	20%	Straight line	18
IT systems	3 -8 years	20%	Straight line	274
Customer lists SPP	10 years	10%	Straight line	220
Value of business in force SPP	20 years	5%	Straight line	4,442
Total				**5,029**

GOODWILL DISTRIBUTED BY BUSINESS ACQUISITION

NOK million	Business area	Acquisition cost 01.01	Accumulated depreciation 01.01	Book value 01.01	Supply/ disposals/ currency effect	Write-downs	Book value 31.12
Delphi Fondsforvaltning	Savings	35	-4	32			32
Storebrand Bank ASA	Other	563	-141	422		-300	122
SPP	Guarant. pension/ Savings	737		724	73		798
Other	Other	24	-1	23		-11	12
Total		**1 359**	**-146**	**1 201**	**73**	**-311**	**964**

Goodwill is not amortised, but is tested annually for impairment.

NOTE 31 - TANGIBLE FIXED ASSETS

NOK million	Equipment	Fixtures and fittings	Real estate	2013	2012
Book value 01.01	50	92	305	447	423
Additions	6	11	10	27	67
Disposals		-1	-6	-6	-2
Value adjustment recognised through the balance sheet			6	6	20
Depreciation	-29	-17		-46	-47
Write-downs in the period			2	2	4
Currency differences from converting foreign units		2	41	43	-16
Other changes					-2
Book value 31.12	**27**	**87**	**359**	**473**	**447**

NOK million	Equipment	Fixtures and fittings	Real estate	2013	2012
Acquisition cost opening balance	180	145	309	634	631
Acquisition cost closing balance	186	158	362	706	636
Accumulated depreciation and write-downs opening balance	-130	-53	-3	-186	-208
Accumulated depreciation and write-downs closing balance	-159	-70	-4	-233	-189
Allocation by company and customers:					
Tangible fixed assets - company				119	144
Tangible fixed assets - customers				354	303

DEPRECIATION PLAN AND FINANCIAL LIFETIME:

Depreciation method:	Straight line
Equipment	4-6 years
Vehicles	6 years
Fixtures & fittings	4-8 years

NOTE 32 - TANGIBLE FIXED ASSETS - OPERATIONAL LEASING

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	3		
Lease 1 - 5 years	15	23	
Lease > 5 years	152	596	264
Total	**169**	**620**	**264**

AMOUNT THROUGH PROFIT AND LOSS ACCOUNT

NOK million	2013	2012
Lease payments through profit and loss account	166	154

This primarily concerns lease of office buildings at Lysaker and in Stockholm, as well as some movables. The lease regarding office buildings durate from 2013 until 2019 for buildings in Norway and from 2013 to 2023 for buildings in Sweden, both with an optional renewal.

NOTE 33 - INVESTMENTS AND RECEIVABLES IN ASSOCIATED COMPANIES

AMOUNT FROM THE FINANCIAL STATEMENTS IN ASSOCIATED COMPANIES (100%)

NOK million	2013	2012
Income		
Formuesforvalting AS	383	313
Visit Karlstad	44	31
Handelsbodarna AB	63	58
NREP Logistics ab (publ)		145

NOK million	2013	2012
Result		
Formuesforvalting AS	43	-1
Visit Karlstad	-1	-7
Handelsbodarna AB	-2	-4
NREP Logistics ab (publ)		79
Assets		
Formuesforvalting AS	373	345
Visit Karlstad	14	13
Handelsbodarna AB	742	686
NREP Logistics ab (publ)		2 560
Liabilities		
Formuesforvalting AS	105	206
Visit Karlstad	15	20
Handelsbodarna AB	740	684
NREP Logistics ab (publ)		2 367

OWNERSHIP INTERESTS IN ASSOCIATED COMPANIES

NOK million	Ownership interest	Acquisition cost	Book value 01.01	Additions/ disposals	Share of profit	Share of other income and costs	Book value 31.12
Norsk Pensjon AS	25.0%		4				4
Inntre Holding	34.3%	2	41		7	-1	48
Formuesforvaltning	21.3%	147	76	67	10		153
Handelsboderna i Sverige Fastighets AB	50.0%	7	23		-1	12	35
NREP Logistics ab (publ)	0.0%		92	-89	-3		
Visit Karlstad	16.0%	2		1		-1	
Total		**159**	**236**	**-21**	**14**	**11**	**240**
Booked in the statement of financial position							
Investments in associated companies - company			121				205
Investments in associated companies - customers			115				34
Total investments in associated companies			**236**				**240**

RECEIVABLES FOR ASSOCIATED COMPANIES

NOK million	2013	2012
Formuesforvaltning AS		69
Handelsbodarna AB	186	168
NREP Logistics ab (publ)		428
Total	**186**	**665**
Receivables in associated companies - company		69
Receivables in associated companies - customers	186	596
Total receivables for associated companies	**186**	**665**

INCOME FROM ASSOCIATED COMPANIES

NOK million	2013	2012
Proportion of the result	14	32
Interest income	20	42
Realised change in value	57	-1
Unrealised change in value	12	-29
Total	**102**	**45**
Allocation by company and customers		
Receivables in associated companies - company	74	-3
Receivables in associated companies - customers	29	48
Total receivables from associated companies	**102**	**45**

NOTE 34 - JOINT VENTURES

Joint Ventures are businesses the Group operates together with external partners.

THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THE FOLLOWING COMPANIES WITH THE AMOUNTS SHOWN

NOK million	2013	2012
Income		
Storebrand Helseforsikring AS	221	189
Group result		
Storebrand Helseforsikring AS	23	29
Assets		
Storebrand Helseforsikring AS	266	258
Liabilities		
Storebrand Helseforsikring AS	138	121

OWNERSHIP INTEREST

	2013	2012
Storebrand Helseforsikring AS	50%	50%

NOTE 35 - CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

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	7,695					7,695
Shares and units				92,697		92,697
Bonds and other fixed-income securities	66,971	15,120		188,557		270,648
Lending to financial institutions	152					152
Lending to customers	35,856			1,289		37,145
Accounts receivable and other short-term receivables	5,420					5,420
Derivatives			2,220			2,220
Total financial assets 2013	**116,096**	**15,120**	**2,220**	**282,543**		**415,979**
Total financial assets 2012	106,892	11,409	4,057	258,474		380,833

NOK million	Lendings and receivables	Investments, held to maturity	Fair value, held for sale	Fair value, FVO	Liabilities at amortised cost	Total
Financial liabilities						
Subordinated loan capital					7,409	7,409
Liabilities to financial institutions				997	31	1,028
Deposits from banking customers					20,728	20,728
Securities issued					17,000	17,000
Derivatives			2,104	438		2,543
Other current liabilities				14	6,591	6,605
Total financial liabilities 2013			**2,104**	**1,449**	**51,760**	**55,313**
Total financial liabilities 2012			1,356	1,986	52,807	56,150

NOTE 36 - BONDS AT AMORTISED COST

LENDING AND RECEIVABLES

NOK million	2013 Nominal value	2013 Acquisition cost	2013 Book value	2013 Fair value	2012 Book value	2012 Fair value
Government and government-guaranteed bonds	15,646	15,789	16,024	16,811	16,839	17,718
Credit bonds	15,647	16,037	16,451	17,246	10,494	11,195
Mortgage and asset backed securities	19,262	19,296	19,797	21,534	19,804	21,733
Supranational organisations	14,230	14,307	14,698	15,722	9,566	10,316
Total bonds at amortised cost	**64,785**	**65,429**	**66,971**	**71,313**	**56,703**	**60,962**
Storebrand Bank						
Modified duration				0.13		0.12
Average effective yield				1.9%		2.1%
Storebrand Life Insurance						
Modified duration				6.02		5.86
Average effective yield			4.8%	3.7%	5.0%	3.7%
Distribution beween company and customers						
Lending and receivables company			3,052		2,146	
Lending and receivables customers with guarantee			63,919		54,557	
Total			**66,971**		**56,703**	

BONDS HELD TO MATURITY

	2013			
NOK million	Nominal value	Acquisition cost	Book value	Fair value
Credit bonds	4,211	4,215	4,277	4,310
Mortgage and asset backed securities	9,634	9,631	9,814	10,605
Supranational organisations	1,000	998	1,029	1,028
Total bonds at amortised cost	**14,845**	**14,844**	**15,121**	**15,942**
Modifed duration				7.3
Average effective yield			4.6%	3.9%
Distribution beween company and customers:				
Bonds held to maturity - company			347	
Bonds held to maturity - customers with guarantees			14,773	
Total			**15,121**	

A yield is calculated for each bond, based on both the paper's book value and the observed market price (fair value). For fixed income securities with no observed market prices the effective interest rate is calculated on the basis of of the fixed interest rate period and classification of the individual security with respect to liquidity and credit risk. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

NOTE 37 - LENDINGS TO CUSTOMERS

LENDINGS

NOK million	2013	2012
Corporate market	13,318	15,517
Retail market	23,940	23,775
Gross lending	**37,258**	**39,292**
Write-downs of lending losses	-113	-144
Net lending	**37,145**	**39,148**

NON-PERFORMING AND LOSS-EXPOSED LOANS

NOK million	2013	2012
Non-performing and loss-exposed loans without identified impairment	111	185
Non-performing and loss-exposed loans with identified impairment	356	115
Gross non-performing loans	**468**	**300**
Individual write-downs	-83	-105
Net non-performing loans	**385**	**195**

For further information about lending, see note 10 credit risk.

NOTE 38 - REINSURER'S SHARE OF TECHNICAL RESERVES

NOK million	2013	2012
Book value 01.01	155	176
Change in premium and claims reserves	-4	-21
Book value 31.12	**151**	**155**

See note 46 and 47 for liabilities.

NOTE 39 - REAL ESTATE

TYPE OF REAL ESTATE

NOK million	31.12.2013	31.12.2012	31.12.2013 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	6,196	6,205	7,6-8,7	4	140,900	90%
Rest of Greater Oslo	6,886	8,168	8,5-10,3	7	494,925	94%
Rest of Norway	2,477	2,459	8,1-9,5	7	122,168	98%
Office buildings in Sweden	985	729		6	40,861	99%
Shopping centres (including parking and storage)						
Rest of Greater Oslo	1,176	1,151	8,1-8,4	3	66,519	93%
Rest of Norway	5,234	8,952	7,7-9,6	3	183,120	91%
Car parks						
Multi-storey car parks in Oslo	671	650	7,9	3	27,393	100%
Cultural/conference centres in Sweden	390	359		16	18,757	100%
Other real estate:						
Real estate Sweden[3]	109			15	3,369	100%
Real estate Norway	50	50				
Total investment real estate	**24,175**	**28,723**			**1,098,012**	
Real estate for own use	2,491	2,231		8	70,640	100%
Total real estate	**26,666**	**30,954**			**1,168,652**	

1) The leased amount is calculated in relation to floor space.

2) The real estate are valued on the bsis 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.

TRANSACTIONS:

Purchases: Further SEK 278 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 2013

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 2013

PROPERTIES FOR OWN USE

NOK million	2013	2012
Book value 01.01	2,231	1,460
Additions	85	461
Revaluation booked in balance sheet	88	
Depreciation	-66	-50
Write-ups due to write-downs in the period	66	50
Write-downs in the period		-86
Currency differences from converting foreign units	88	-3
Other change		399
Book value 31.12	**2,491**	**2,231**
Acquisition cost opening balance	2,511	1 479
Acquisition cost closing balance	2,595	2,510
Accumulated depreciation and write-downs opening balance	-279	-19
Accumulated depreciation and write-downs closing balance	-346	-279
Allocation by company and customers:		
Properties for own use - company	66	58
Properties for own use - customers	2,425	2,173
Total	**2,491**	**2,231**

Depreciation method:	Straight line
Depreciation plan and financial lifetime:	50 years

NOTE 40 - BIOLOGICAL ASSETS

NOK million	2013	2012
Book value 01.01	599	616
Additions due to purchases/new planting (forest)	7	6
Disposals	-3	
Translation difference	74	-30
Change in fair value less sales expenses	13	6
Book value 31.12	**690**	**599**

Biological assets booked in the statement of financial statement consist of forests in the subsidiaries AS Værdalsbruket and Foran Real Estate SIA in Latvia.

NOTE 41 - ACCOUNTS RECEIVABLE AND OTHER SHORT-TERM RECEIVABLES

NOK million	2013	2012
Accounts receivable	3,141	2,032
Interest earned/pre-paid expenses	272	349
Claims on insurance brokers	611	1,055
Outstanding tax	307	
Sales credit in real estate	75	250
Pre-paid commisions (operation in Sweden)	510	443
Other current receivables	505	741
Book value 31.12	**5,420**	**4,871**
Allocation by company and customers:		
Accounts receivable and other short-term receivables - company	1,890	2,172
Accounts receivable and other short-term receivables - customers	3,531	2,699
Total	**5,420**	**4,871**

AGE DISTRIBUTION FOR ACCOUNTS RECEIVABLE, ETC 31.12 (GROSS)

	2013		2012	
NOK million	Accounts receivable	Receivables in connection with reinsurance	Accounts receivable	Receivables in connection with reinsurance
Receivables not fallen due	3,119	53	2,013	13
Past due 1 - 30 days	21		15	
Past due 31 - 60 days	2		6	
Gross accounts receivable/receivables from reinsurance	**3,143**	**53**	**2,034**	**13**
Provisions for losses 31.12	-2		-2	
Net accounts receivable/receivables from reinsurance	**3,141**	**53**	**2,032**	**13**

NOTE 42 - EQUITIES AND UNITS

	2013		2012
NOK million	**Acquisition cost**	**Fair value**	**Fair value**
Equities	12,850	16,708	12,731
Fund units	55,162	68,399	52,069
Private Equity fund investments	4,846	6,373	6,032
Indirect real estate funds	2,320	1,217	1,387
Total equities and units	**75,177**	**92,697**	**72,219**
Allocation by company and customers:			
Equities and units - company		82	54
Equities and units - customers with guarantee		34,629	27,152
Equities and units - customers without guarantee		57,987	45,014
Sum		**92,697**	**72,219**

See note 10.

NOTE 43 - BONDS AND OTHER FIXED-INCOME SECURITIES

	2013		2012
NOK million	**Acquisition cost**	**Fair value**	**Fair value**
Government and government-guaranteed bonds	61,829	62,325	51,579
Credit bonds	25,755	26,091	26,738
Mortgage and asset backed securities	45,243	45,483	43,779
Supranational organizations	7,274	7,313	3,757
Bond funds	44,297	47,346	59,851
Total bonds and other fixed-income securities	**184,398**	**188,558**	**185,704**
Allocation by company and customers:			
Bonds and other fixed-income securities - company		23,485	21,496
Bonds and other fixed-income securities - customers with guarantee		131,198	142,313
Bonds and other fixed-income securities - customers without guarantee		33,874	21,895
Total		**188,558**	**185,704**

	Fair value					
NOK million	**Storebrand Life Insurance**	**SPP Life Insurance**	**Euroben**	**Storebrand Bank**	**Storebrand Insurance**	**Storebrand ASA**
Modified duration	2.1	1.9	3.3	0.2	0.2	0.3
Average effective yield	2.7%	1.9%	1.9%	1.8%	2.2%	2.0%

The effective yield for each security is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

NOTE 44 - DERIVATIVES

NOMINAL VOLUME

Financial derivatives are related to underlying amounts which are not recognised in the statement of financial position. In order to quantify the scope of the derivatives, reference is made to amounts described as the underlying nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of derivatives, and provides some indication of the size of the position and risk the derivative presents.

Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume provides some indication of the risk exposure. However , nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives. Unlike gross nominal volume, the calculation of net nominal volume also takes into account which direction of market risk exposure the instrument represents by differentiating between long (asset) positions and short (liability) positions.

A long position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. For currency derivatives, a long position results in a positive change in value if the relevant exchange rate strengthens against the NOK. Average gross nominal volume are based on daily calculations of gross nominal volume.

NOK million	Gross nominal volume[1]	Gross booked value fin. assets	Gross booked value fin. liabilities	Net booked fin. assets/ liabilities	Amounts that can, but are not presented net in the balance sheet		Net amount
					Fin. assets	Fin. liabilities	
Equity derivatives	1,181						
Interest derivatives	72,666	1,791	2,149		113	1,029	-358
Currency derivatives	45,471	429	394		437	382	35
Total derivater 31.12.13	**119,319**	**2,221**	**2,543**		**550**	**1,411**	**-322**
Total derivater 31.12.12	28,371	4,057	1,356				2,701
Distribution between company and customers:							
Derivatives - company							459
Derivatives - customers with guarantee							-863
Derivatives - customers wit-hout guarantee							81
Total							**-322**

The above table includes net positions in indirect investments.

1) Values 31.12.

INVESTMENTS SUBJECT TO NETTING AGREEMENTS/CSA

NOK million	Booked value fin. assets	Booked value fin. liabilites	Net booked fin. assets/ liabilities	Collateral		Net exposure
				Cash (+/-)	Securities (+/-)	
Barclays Bank Plc	169	154	15	27		-11
Credit Suisse International	19	7	13	17		-4
Danske Bank A/S	146	215	-69		-113	44
Deutcshe Bank AG	191	253	-63		-156	93
DNB Bank ASA	314	274	40		-145	185
J.P. Morgan Securities Plc	12	4	8			8
Nordea Bank Finland Plc	688	1,003	-315	205	-612	92
Skandinaviska Enskilda Banken AB	145	280	-135		-136	1
Svenska Handelsbanken AB	23	35	-12		-28	15
Swedbank AB	8	3	6	5		1
The Royal Bank Of Scotland PLC	29	34	-5	15	-9	-11
Nordea Bank Norge ASA	33	227	-195		382	187
Customer	391	2	389			389
Other	53	51	2			-23
Total counterparts	**2,221**	**2,543**	**-322**	**269**	**-817**	**964**

NOTE 45 - CURRENCY EXPOSURE

FINANCIAL ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

	Balance sheet items excluding currency derivatives	Forwad contracts	Net position	
NOK million	**Net in balance sheet**	**Net sales**	**in currency**	**in NOK**
AUD	49	-97	-48	-260
CAD	61	-144	-84	-478
CHF	74	-92	-18	-120
DKK	1,650	-79	1,571	1,771
EUR	1,112	-971	141	1,185
GBP	119	-188	-69	-688
HKD	120	-469	-349	-273
ILS	4		4	7
ITL	42		42	
LTL	8		8	19
JPY	13,412	-26,419	-13,007	-751
NZD	146	-148	-2	-12
SEK[1]	151,310	709	152,018	143,600
SGD	11	-15	-4	-19
USD	2,116	-3,200	-1,084	-6,560
NOK[2]	34,289		34,289	34,289
Insurance liabilities in foreign currency				-152,176
Total net currency positions 2013				**19,535**
Total net currency positions 2012				14,466

1) SEK 2,9 billion are related to SPP/Benco

2) Equity and bond funds denominated in NOK with foreign currency exposurein i.a. EUR and USD NOK 34 billion.

STOREBRAND LIFE INSURANCE

The company hedges most of the foreign exchange risk in the customer portfolios on an ongoing basis. Foreign exchange risk exists primarily as a result of investments in international securities, as well as subordinated loans in a foreign currency to a certain extent. Hedging is performed by means of forward foreign exchange contracts at the portfolio level, and the currency positions are monitored continuously against a total limit. Negative currency positions are closed out no later than the day after they arose. In addition, separate limits have been defined so that active currency positions can be taken. Storebrand employs a currency hedging principle called block hedging, which makes the execution of currency hedging more efficient.

SPP:

SPP uses currency hedging for its investments to a certain degree. Currency exposure may be between 50 and 100 per cent in accordance with the investment strategy.

BANKING BUSINESS:

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

NOTE 46 - TECHNICAL INSURANCE RESERVES - LIFE INSURANCE

SPECIFICATION OF BALANCE SHEET ITEMS CONSERNING LIFE INSURANCE

NOK million	Group defined benefits fee-based	Group investment with choise and Unit-Linked fee based	Paid-up policies profit sharing	Individual profit sharing	Risk products[1]	Life and Pensions Norway 2013	Guaranteed products	Unit Linked SPP	Total SPP 2013	BenCo	Total Storebrand Group 2013	Total Storebrand Group 2012
Additional statutory reserves	2,380		1,270	808		4,458	11,010		11,010		15,467	5,746
Conditional bonus						0				3,157	3,157	11,264
Market value adjustment reserve	1,969		1,637	143	73	3,823					3,823	1,027
Total buffer capital	**4,350**		**2,907**	**951**	**73**	**8,281**	**11,010**		**11,010**	**3,157**	**22,447**	**18,037**

The excess value of bonds valued at amortised cost totalled NOK 5.160 million at the end of the 4th quarter, a decrease of NOK 65 million since the turn of the year.

The excess value of bonds at amortised cost is not included in the financial statements.

Premium reserve	74,869	34,102	77,403	15,841	2,358	204,573	73,068	51,349	124,416	13,465	342,455	318,084
- of which RBNS	99		22	29	292	443					443	573
- of which IBNR	136		215	35	445	831					831	538
- of which premium income received in advance	797		369	64	680	1,910					1,910	956
Pension surplus fund	4					4					4	22
Premium fund/deposit fund	3,009		18		482	3,509					3,509	3,858
Other technical reserves					616	616					616	561
- of which RBNS					63	63					63	76
- of which IBNR					509	509					509	449

NOK million	Group defined benefits fee-based	Group investment with choise and Unit-Linked fee based	Paid-up policies profit sharing	Individual profit sharing	Risk products[1]	Life and Pensions Norway 2013	Guaranteed products	Unit Linked SPP	Total SPP 2013	BenCo	Total Storebrand Group 2013	Total Storebrand Group 2012
- of which premium income received in advance												37
Claims reserve	23	1	19	225	495	763	79	0	79	49	891	837
- of which RBNS	10		-2	112	351	470					470	498
- of which IBNR	14		21	113	144	292				5	297	262
Total insurance liabilities - life insurance	**77,905**	**34,103**	**77,441**	**16,066**	**3,951**	**209,465**	**73,147**	**51,349**	**124,495**	**13,514**	**347,475**	**323,363**

1) Including personal risk and employee insurance of the Insurance segment.

CHANGE IN INSURANCE LIABILITIES - LIFE INSURANCE

NOK million	Group defined benefits fee-based	Group investment with choise and Unit-Linked fee based	Paid-up policies profit sharing	Individual profit sharing	Risk products[1]	Life and Pensions Norway	Guaranteed products	Unit Linked SPP	Total SPP 2012	BenCo	Total Storebrand Group
Book value 01.01	84,847	27,509	69,481	17,874	2,461	202,173	72,267	36,481	108,747	12,443	323,363
Net premium income	10,482	6,015	110	310	1,988	18,906	2,354	6,250	8,604	154	27,663
Net financial income	4,110	4,152	3,000	948	197	12,407	1,197	6,663	7,860	280	20,546
Insurance claims for own account	-10,194	-2,812	-2,873	-2,826	-661	-19,367	-7,138	-1,943	-9,081	-485	-28,933
Change in exchange rates							7,530	3,801	11,331	-5,713	5,618
Other changes	-11,340	-762	7,723	-239	-35	-4,654	-3,063	97	-2,965	6,836	-783
Book value 31.12	**77,905**	**34,103**	**77,441**	**16,066**	**3,951**	**209,465**	**73,147**	**51,349**	**124,495**	**13,514**	**347,475**

1) Including personal risk and employee insurance of the Insurance segment.

MARKET VALUE ADJUSTMENT RESERVE

NOK million	2013	2012	Change 2013	Change 2012
Equities	2 869	701	2 168	701
Interest-bearing	954	326	628	326
Total market value adjustment reserves at fair value	**3 823**	**1 027**	**2 796**	**1 027**

See note 47 for insurance liabilities - P&C.

NOTE 47 - TECHNICAL INSURANCE RESERVES - P&C INSURANCE

INSURANCE LIABILITIES

NOK million	P&C	Health	2013	2012
Reserve for undischarged risk				
Non-earned gross premiums	342	87	429	370
The Norwegian FSA's minimum requirement	342	87	429	370
Gross claims reserves	370	20	390	326
The Norwegian FSA's minimum requirement	329	20	349	278
Gross claims liabilities	**329**	**20**	**349**	**278**
Administration reserve	17	3	20	18
The Norwegian FSA's minimum requirement	17	1	18	16

By gross liability is meant the company's expected future compensation payments for insurance claims that occurred on the date the financial statements were closed, however were not settled.

CHANGE IN GROSS INSURANCE LIABILITIES

NOK million	2013	2012
Book value 01.01	727	606
Change in premium and claims reserves	108	117
Change in administration reserve	2	3
Exchange rate changes	2	0
Book value 31.12	**839**	**727**

ASSETS AND LIABILITIES - P&C INSURANCE

NOK million	2013	2012
Reinsurance share of insurance technical reserves	9	11
Total assets	**9**	**11**
Premium reserve	429	370
Claims reserve	390	339
- fo which RBNS	180	122
- of which IBNR	210	201
Administration reserve	20	18
Total liabilities	**839**	**727**

See note 46 for insurance liabilities - life insurance.

NOTE 48 - DEPOSITS FROM BANKING CUSTOMERS

NOK million	2013	2012
Corporate market	8,186	7,549
Retail market	12,542	12,311
Total	**20,728**	**19,860**

NOTE 49 - OTHER CURRENT LIABILITIES

NOK million	2013	2012
Accounts payable	137	199
Accrued expenses/appropriations	522	401
Other appropriations	169	204
Governmental fees and tax withholding	285	356
Collateral received derivates	269	1,717
Liabilities in connection with direct insurance	1,379	1,387
Liabilites to broker	450	283
Minority real estate fund[1]	2,342	2,022
Other current liabilities	1,053	758
Book value 31.12	**6,605**	**7,327**

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.

SPECIFICATION OF RESTRUCTURING RESERVES

NOK million	2013	2012
Book value 01.01	183	11
Increase in the period	104	205
Amount recognised against reserves in the period	-114	-34
Reversal of previous allocations due to estimate discrepancies.	-16	
Book value 31.12	**157**	**183**

NOTE 50 - HEDGE ACCOUNTING

FAIR VALUE HEDGING OF INTEREST RISK

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, except in the case of structured bond loans where effectiveness is monitored at the portfolio level. Each portfolio consists of swaps and hedging items that mature within the same half-year period.

HEDGING INSTRUMENT/HEDGED ITEM – FAIR VALUE HEDGING

NOK million	2013				2012			
		Book value[1]				Book value[1]		
	Contract/ nominal value	Assets	Liabilities	Booked	Contract/ nominal value	Assets	Liabili-ties	Booked
Interest rate swaps	8,526	687		45	9,083	690		-15
Subordinated loans	-3,166		-3,516	-137	-3,473		-4,152	42
Debt raised through issuance of securities	5,147		5,498	118	-5,610		-6,099	-30

1) Book value as at 31.12.

CURRENCY HEDGING OF NET INVESTMENT IN SPP

In 2013, 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 - CASH FLOW

NOK million	2013			2012		
		Book value[1]			Book value[1]	
	Contract/ nominal value	Assets	Liabilities	Contract/ nominal value	Assets	Liabilities
Currency derivatives	7,203		145	6,582		6
Underlying items		7,351			6,748	

1) Book values at 31.12.

NOTE 51 - COLLATERAL

NOK million	2013	2012
Collateral for Derivatives trading	5,373	2,209
Collateral received in connection with Derivatives trading	-477	-1,717
Total received and pledged collateral	**4,896**	**492**

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

NOK million	2013	2012
Book value of bonds pledged as collateral for the bank's lending from Norges Bank	1,499	1,854
Total	**1,499**	**1,854**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to the regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges bank. Storebrand Bank ASA has none F-loan in Norges Bank as per 31.12.2013.

Of total loans of NOK 37 billion , NOK 14.7 billion has been mortgaged in connection with the issuing of covered bonds (covered bond rate) in Storebrand Boligkreditt AS.

Loans in Storebrand Boligkreditt AS are security for covered bonds (covered bond rate) issued in the company and these assets are therefore mortgaged through the bondholder's preferential right to the security holding in the company. Storebrand Boligkreditt AS has over-collateralisation (OC) of 26 per cent, however committed OC is 9.5 per cent. Storebrand Boligkreditt AS therefore has security that is NOK 2 billion more than what is committed in the loan programme.

NOTE 52 - CONTINGENT LIABILITIES

NOK million	2013	2012
Guarantees	242	226
Unused credit limit lending	4,060	5,250
Uncalled residual liabilities re limited partnership	4,038	5,317
Other liabilities/lending commitments	77	796
Total contingent liabilities	**8,417**	**11,589**

Guarantees principally concern payment guarantees and contract guarantees.

Unused credit facilities concern granted and unused overdrafts and credit cards, as well as unused facility for credit loans secured by property.

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

KAUPTHING BANK

Storebrand Luxembourg SA (Storebrand) is being sued by the bankruptcy estate of Kaupthing Bank HF with a demand for payment of USD 11,812,109 plus interest and costs. Storebrand received the writ of summons on 25 June 2012. The claim is primarily against Guy Butler Ltd., secondarily against RBC Europe Limited, and thereafter against Storebrand. The case pertains to a sale of bonds with a nominal value of USD 11,000,000 issued by Kaupthing Bank HF (US48632FAC59), which was performed by Storebrand Active Credit Fund in September 2008. The complainant submits that Kaupthing Bank HF was the real or final buyer of the bonds and that this is therefore a case of forced repayment of a debt that can be reversed. It is assumed that the case will be subject to a legal substantive discussion at the earliest in 1st quarter 2014. No provisions have been made relating to this lawsuit.

EQUITY INDEX BONDS

An external legal assessment has been obtained with respect to Supreme Court judgements relating to structured products, and possibly the extent of the judgement, to determine the significance for Storebrand Bank's complaints now under consideration by the Norwegian Financial Services Complaints Board and complaints directly from customers. No concrete errors or defective performances of such significance have been discovered that they are believed to have had a decisive influence on the investors' investment decisions.

NOTE 53 - SECURITIES LENDING AND BUY-BACK GUARANTEES

COVERED BONDS - STOREBRAND BANK GROUP

NOK million	2013	2012
Book value of covered bonds	2,760	2,763
Book value associated with financial liabilities	997	1,986

Transferred financial assets consist of swap agreements with the state through the Ministry of Finance concerning the posting of financial collateral (see note 51). The swap agreements are entered into through auctions that are administrated by Norges Bank. In the swap arrangement, the state sells treasury bills to the bank through a time-restricted swap for covered bonds. The bank can either keep the treasury bill and receive payment from the state when the bill falls due for repayment, or it may sell the treasury bill in the market. When bills matures within the term of the swap agreement, the bank must purchase new bills from the state at the price that is determined by the market price for treasury bills. This roll-over will be on-going throughout the entire term of the agreement. Upon expiry of the swap agreement, the bank is obliged to purchase the covered bonds back from the state at the same price that the state purchased them for. Storebrand Bank ASA will receive the returns on the transferred covered bonds.

NOTE 54 - CAPITAL ADEQUACY AND SOLVENCY REQUIREMENTS

The Storebrand Group is a cross-sectoral financial group with capital requirements pursuant to Basel I/II (capital cover) and capital adequacy rules on a consolidated basis. According to the rules on solvency, margin requirements are calculated for the insurance companies in the Group, while for the other companies a capital requirement in relation to the capital adequacy rules is calculated. The calculations in the tables below are in accordance with the §7 of the Regulations concerning capital ratios on a consolidated basis etc.

Primary capital may consist of core capital and supplementary capital. According to the Regulations for calculating primary capital, core capital is significantly different from shareholders' equity in the accounts. The table below shows a reconciliation of core capital relative to equity. Issued hybrid tier 1 capital may account for 15 per cent of the core (tier 1) capital, while any amount exceeding 15 per cent may be included in the tier 2 capital. The core capital will be adjusted for the valuations that are used as the basis for credit calculations at a national level for foreign companies. (§4, 7th paragraph of the Regulations concerning capital adequacy.) For Storebrand Holding AB this will entail an adjustment of SPP AB's estimated insurance liabilities for which a different yield curve is used for credit assessment than is used in the financial accounts. Supplementary capital that consists of subordinated debt may not exceed 100 per cent of core capital, while time limited subordinated debt may not exceed 50 per cent of core capital.

The standard method is used for credit risk and market risk, and the basic method for operational risk. New capital requirements for banks came into force on 1 July 2013. The overall requirements for core tier 1 capital and equity and subordinated loan capital are 9 and 12.5 per cent respectively as of 1 July 2013, and 10 and 13.5 per cent respectively as of 1 July 2014. Additionally, it has been indicated that a counter-cyclical capital buffer of up to 2.5 percent core tier 1 capital will be introduced from the second half of 2014. Insurance companies in the Group are included in the capital adequacy of a capital requirement under the Basel I regulations.

In a cross-sectoral financial group, the sum of primary capital and other solvency margin capital, covers the sum of the solvency margin requirement for insurance operations and primary capital requirements for credit institutions and securities business. In the solvency margin requirement used for the insurance companies, this requirement is calculated as 4 per cent of gross insurance fund. This applies to both Norwegian and Swedish operations. In Sweden, the requirement also includes 1 per cent of the conditional bonus and 0.1-0.3 per cent of mortality risk in the insurance funds. The solvency margin capital for insurance differs slightly from the primary

PRIMARY CAPITAL IN CAPITAL ADEQUACY

NOK million	2013	2012
Share capital	2,250	2,250
Other equity	20,264	17,686
Equity	**22,514**	**19,936**
Conditional bonus	1,927	1,779
Interest rate adjustment of insurance obligations	-1,081	-1,454
Goodwill and other intangible assets	-6,111	-6,213
Deferred tax assets	-1	-38
Risk equalisation fund	-776	-640
Deductions for investments in other financial institutions	-1	-3
Secuity reserves	-301	-267
Minimum requirement reassurance allocation	-4	-5
Capital adequacy reserve	-96	-141
Other equity	-31	-109
Core capital (tier 1)	**16,038**	**12,844**
Perpetual subordinated capital	2,700	4,901
Ordinary primary capital	2,388	149
Deduction for investments in other financial institutions	-1	-3
Capital adequacy reserve	-96	-141
Supplementary capital	**4,990**	**4,907**
Net primary capital	**21,029**	**17,751**

MINIMUM REQUIREMENTS PRIMARY CAPITAL IN CAPITAL ADEQUACY

NOK million	2013	2012
Credit risk		
Of which by business area		
Capital requirement insurance	10,813	10,218
Capital requirement banking	1,613	1,845
Capital requirements securities undertakings	103	10
Other capital requirements	-35	-27
Total minimum capital requirements credit risk	**12,494**	**12,046**
Operational risk	99	117
Deductions	-18	-26
Minimum requirements primary captial	**12,575**	**12,137**
Capital adequacy ratio	**13.4%**	**11.7%**
Core (tier 1) captial ratio	**10.2%**	**8.5%**

SOLVENCY REQUIREMENTS FOR CROSS-SECTORAL FINANCIAL GROUPS

NOK million	2013	2012
Requirements re primary capital and solvency capital		
Capital requirements Storebrand Group from capital adequacy statement	12,575	12,137
- capital requirements insurance companies	-10,813	-10,218
Capital requirements pursuant to capital adequacy regulations	1,762	1,919
Buffer requirements (4.5%)	991	
Requirements re solvency margin capital insurance	12,140	11,737
Total requirements re primary capital and solvency capital	**14,892**	**13,656**
Primary capital and solvency capital		
Net primary capital	**21,029**	**17,751**
Change in solvency capital for insurance in relation to primary capital		
Other solvency capital	**2,750**	**3,315**
Total primary capital and solvency capital	**23,779**	**21,066**
Surplus solvency capital	**8,886**	**7,410**

NOTE 55 - INFORMATION ABOUT CLOSE ASSOCIATES

Companies in the Storebrand Group have transactions with close associates who are shareholders in Storebrand ASA and senior employees. These are transactions that are part of the products and services offered by the Group's companies to their customers. The transactions are entered into on commercial terms and include occupational pensions, private pensions savings, P&C insurance, leasing of premises, bank deposits, lending, asset management and fund saving. See note 25 for further information about senior employees.

Storebrand ASA's largest owner is Gjensidige Forsikring with an ownership interest of 20,1 per cent. Storebrand Kapitalforvaltning AS sells some management services to Gjensidige Forsikring. These services are provided on normal commercial conditions.

Internal transactions between group companies are eliminated in the consolidated financial statements, with the exception of transactions between the customer portfolio in Storebrand Livsforsikring AS and other units in the Group. See note 1 Accounting Policies for further information.

For further information about close associates, see notes 33, 34 and 49.

Storebrand ASA

Profit and loss account

NOK million	Note	2013	2012
Operating income			
Income from investments in subsidiaries	2	626	220
Net income and gains from financial instruments:			
- bonds and other fixed-income securities	3	49	67
- financial derivatives/other financial instruments	3	-14	13
Other financial instruments		2	1
Operating income		**663**	**300**
Interest expenses		-136	-170
Other financial expenses	8	-156	-17
Operating costs			
Personnel costs	4,5,6	83	-26
Amortisation	13	-1	-1
Other operating costs		-76	-152
Total operating costs		**6**	**-180**
Total costs		**-286**	**-366**
Pre-tax profit		**377**	**-66**
Tax	7	-96	-135
Profit for year		**281**	**-200**
Allocations			
Other equity		281	-200
Total allocations		**281**	**-200**

Storebrand ASA

Statement of financial position

NOK million	Note	31.12.13	31.12.12
Fixed assets			
Deferred tax assets	7	458	472
Pension assets	5	1	152
Tangible fixed assets	13	30	31
Shares in subsidiaries	8	17,241	17,351
Total fixed assets		**17,729**	**18,007**
Current assets			
Owed within group	18	519	220
Lending to group companies	18	17	17
Other current receivables		23	51
Investments in trading portfolio:			
- bonds and other fixed-income securities	10,12	1 757	1 754
- financial derivatives/other financial instruments	11,12,16	33	52
Bank deposits		37	48
Total current assets		**2,386**	**2,143**
Total assets		**20,115**	**20,150**
Equity and liabilities			
Share capital	14	2,250	2,250
Own shares	14	-14	-16
Share premium reserve	14	9,485	9,485
Total paid in equity		**11,720**	**11,718**
Other equity	14	4,644	4,591
Total equity	14	**16,365**	**16,310**
Non-current liabilities			
Pension liabilities	5	156	155
Securities issued	15,16	3,476	3,492
Total non-current liabilities		**3,632**	**3,648**
Current liabilities			
Financial derivatives	11	10	
Debt within group	18	34	127
Other current liabilities		74	65
Total current liabilities		**118**	**192**
Total equity and liabilities		**20,115**	**20,150**

Lysaker 11 February 2014
Board of Directors of Storebrand ASA
Translation - not to be signed

Birger Magnus
Chairman of the Board

Monica Caneman

Laila S. Dahlen

Gyrid Skalleberg Ingerø

Jon Arnt Jacobsen

Halvor Stenstadvold

Terje Vareberg

Kirsti Valborgland Fløystøl

Knut Dyre Haug

Heidi Storruste

Odd Arild Grefstad
Cheif Executive Officer

Storebrand ASA

Cash flow statement

NOK million	2013	2012
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	44	84
Net receipts/payments - securities at fair value	-10	-504
Payments relating to operations	-128	-210
Net receipts/payments - other operational activities	334	474
Net cash flow from operational activities	**240**	**-157**
Cash flow from investment activities		
Net payments - sale/capitalisation of subsidiaries	-119	315
Net receipts/payments - sale/purchase of property and fixed assets	-119	315
Cash flow from financing activities		
Payments - repayments of loans	-743	-909
Receipts - new loans	750	850
Payments - interest on loans	-148	-187
Receipts - issuing of share capital	9	11
Net cash flow from financing activities	**-132**	**-236**
Net cash flow for the period	**-11**	**-78**
Net movement in cash and cash equivalents	-11	-78
Cash and cash equivalents at start of the period	48	126
Cash and cash equivalents at the end of the period	**37**	**48**

Notes
Storebrand ASA

NOTE 1 - ACCOUNTING POLICIES

The financial statements of Storebrand ASA have been prepared in accordance with the Norwegian Accounting Act, generally accepted accounting policies in Norway, and the Norwegian Regulations relating to annual accounts, etc. for insurance companies. Storebrand ASA does not apply IFRS to the company's financial statements.

USE OF ESTIMATES AND DISCRETIONARY ASSUMPTIONS
In preparing the annual financial statements, Storebrand has made assumptions and used estimates that affect the reported value of assets, liabilities, revenues, costs, as well as the information provided on contingent liabilities. Future events may cause these estimates to change. Such changes will be recognised in the financial statements when there is a sufficient basis for using new estimates.

CLASSIFICATION AND VALUATION POLICIES
Assets and liabilities have been valued in accordance with the general valuation rules of the Norwegian Accounting Act. Assets intended for permanent ownership and use are classified as fixed assets, and assets and receivables due for payment within one year are classified as current assets. Equivalent policies have been applied to liability items.

PROFIT AND LOSS ACCOUNT AND STATEMENT OF FINANCIAL POSITION
Storebrand ASA is a holding company with subsidiaries in the fields of insurance, banking and asset management. The layout plan in the Regulations relating to annual financial statements etc. for insurance companies has not been used. A layout plan that complies with the Norwegian Accounting Act has been used.

DIVIDENDS AND GROUP CONTRIBUTIONS
In the company's accounts, investments in subsidiaries and associated companies are valued at the acquisition cost less any write-downs. Storebrand ASA's primary income is the return on capital invested in subsidiaries. Group contributions and dividends received in respect of these investments are therefore recorded as ordinary operating income. Proposed and approved dividends and group contributions from subsidiaries at the end of the year are recognised in the financial statements of Storebrand ASA as income in that financial year.

A prerequisite for recognition is that this is income earned by a subsidiary that Storebrand owns. Otherwise, this is recorded as an equity transaction. This means that the ownership interest in the subsidiary is reduced by dividends or group contributions that are received.

TANGIBLE FIXED ASSETS
Tangible fixed assets for own use are recognised at acquisition cost less accumulated depreciation. Write-downs are made if the book value exceeds the recoverable amount of the asset.

PENSION LIABILITIES FOR A COMPANY'S OWN EMPLOYEES
The company uses the Norwegian standard for pensions accounting NRS 6, which permits the use of IAS 19 Employee Benefits.

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

The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the expected return on pension plan assets.

Actuarial gains or losses and the effect of changes in assumptions are recognised directly against equity. The effect of changes in the pension plan is recognised on an ongoing basis, unless the changes are conditional upon the future accrual of pension entitlements. The effect is distributed on a straight-line basis over the period until the benefit is fully accrued. The employer's National Insurance contributions are included as part of the pension liability and as part of the actuarial gains/losses shown in the total comprehensive income.

As of 31 December 2013 an interest rate derived from high quality corporate bonds is used as the discount rate. See note 5 for further details.

TAX
The tax cost in the profit and loss account consists of tax payable and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded on the balance sheet to the extent it is considered likely that the company will have sufficient taxable profit in the future to make use of the tax asset. Deferred tax is applied directly against equity to the extent that it relates to items that are themselves directly applied against equity.

CURRENCY
Current assets and liabilities are translated at the exchange rate on the balance sheet date. Shares held as fixed assets are translated at the exchange rate on the date of acquisition.

FINANCIAL INSTRUMENTS

Equities and units

Investments in subsidiaries and associated companies are valued at cost less any write-down of value. The need to write down is assessed at the end of each accounting period.

Other equities and units are valued at fair value. For securities listed on an exchange or other regulated market, fair value is determined as the bid price on the last trading day immediately prior to or on the balance sheet date.

Any repurchase of own shares is dealt with as an equity transaction, and own shares (treasury stock) are presented as a reduction in equity.

Bonds and other fixed income securities

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 accounts, it is valued at fair value plus, in the case of a financial asset or a financial liability that is not at fair value through profit or loss, transaction costs directly related to the acquisition or issue of the financial asset or financial liability.

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 associated with ownership of the asset is transferred.

Bonds and other fixed income securities are recognised at fair value. Fair value is the amount for which an asset could be sold for, or a liability settled with, between knowledgeable, willing parties in an arm's length transaction. For financial assets that are listed on an exchange or other regulated market place, fair value is determined as the bid price on the last trading day up to and including the balance sheet date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

Financial derivatives

Financial derivatives are recognised at fair value. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

Bond loans

Bond loans are recorded at amortised cost using the effective interest rate method. The amortised cost includes the transaction costs on the date of issue.

ACCOUNTING TREATMENT OF DERIVATIVES AS HEDGING

Fair value hedging

Storebrand uses fair value hedging, and the hedged items are fixed rate funding measured at amortised cost. Derivatives that fall within this category are recognised at fair value through profit or loss. Changes in the value of the hedged item that relate to the hedged risk are applied to the book value of the item and recognised through profit or loss.

NOTE 2 - INCOME FROM INVESTMENTS IN SUBSIDIARIES

NOK million	2013	2012
Storebrand Bank ASA	253	100
Storebrand Asset Management AS	275	120
Storebrand Finansiell Rådgivning AS	85	
Storebrand Helseforsikring AS	14	
Total	**626**	**220**

Group contribution from Storebrand ASA, see note 8

NOTE 3 - NET INCOME FOR VARIOUS CLASSES OF FINANCIAL INSTRUMENTS

NOK million	Dividend/ interest income	Net gain/ loss on realisation	Net unrealised gain/loss	Total 2013	2012
Net income from bonds and other fixed income securities	44	-8	13	49	67
Net income from financial derivatives			-14	-14	13
Net income and gains from financial assets at fair value	**44**	**-8**	**-1**	**35**	**79**
– of which FVO (Fair Value Option)	44	-8	13	49	66
– of which trading			-14	-14	13

NOTE 4 - PERSONNEL COSTS

NOK million	2013	2012
Ordinary wages and salaries	-15	-18
Employer's social security contributions	-8	-9
Personnel costs[1]	114	7
Other benefits	-9	-7
Total	**83**	**-26**

1) See the spesification in note 5

NOTE 5 - PENSIONS COSTS AND PENSION LIABILITIES

Storebrand's employees in Norway have both a defined contribution pension scheme and a defined benefit pension scheme that have been established in Storebrand Livsforsikring AS. From 1 January 2011 the defined benefit scheme was closed to new members. At the same date a defined contribution pension scheme was established. The contribution based scheme applies to all new employees from 1 January 2011 and to those who chose to transfer from a defined benefit to a defined contribution pension arrangement. In the case of the defined contribution scheme, the cost is equal to the period's contribution to the employees' pension savings, which amounts to 5 per cent of the contribution basis between 1G and 6G (G = National Insurance Scheme basic amount as at 31 December 2013, amounting to NOK 85,245), plus 8 per cent of the contribution basis between 6G and 12G, as well as the defined-contribution scheme that is funded from operations that annually comprises 20 per cent of the contribution basis for salaries over 12G. The contributions are deposited in the employees' pension accounts each month. The future pension depends upon the amount of the contributions and the return on pension savings

The employees who are members of the defined benefit pension scheme have the right to 70 percent of the pensionable salary on the date of retirement when calculated benefits from the National Insurance are included. Full pension entitlement is reached after 30 years of membership in the pension scheme. The cost for the period shows the employees' accrued future pension entitlements during the financial year.

From 1 January 2013 Storebrand has been included in the AFP contractual pension scheme. The private AFP contractual pension scheme shall be accounted for as a defined-benefit multi-purpose scheme and is financed through annual premiums that are determined to be one per cent of salary between 1 and 7.1 G. There is no information available for recognising the new liability in the statement of financial position. Storebrand employees in Norway also have an existing right to retire at 65 years of age and receive a pension directly from the company until they reach 67 years of age. A provision is made in the accounts relating to direct pensions.

The pension for employees aged between 65 and 67 years old and pensions linked to salaries over 12 G are paid out directly from the companies and apply to both members of the defined contribution scheme and the defined benefit scheme. A guarantee has been granted for earned pensions on salaries over 12 G for employees retiring before the age of 65. The pension conditions are determined by the pension regulations. Storebrand is obliged to have an occupational pension scheme pursuant to the Act relating to mandatory occupational pensions. The company's pension scheme satisfies the requirements of the Act.

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

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

NOK million	2013	2012
Present value of insured pension benefit liabilities	1,267	1,371
Pension assets at fair value	-1,484	-1,523
Net pension liabilities/assets for the insured schemes	-217	-152
Asset ceiling	216	
Present value of the uninsured pension liabilities	156	155
Net pension liabilities in the statement of financial position	**156**	**3**

BOOKED IN THE STATEMENT OF FINANCIAL POSITION:

NOK million	2013	2012
Pension assets	1	152
Pension liabilities	156	155

ESTIMATE DEVIATIONS RECOGNISED AGAINST EQUITY

NOK million	2013	2012
Year's change in estimate deviation included in equity	-235	65
Accumulated estimate deviations included in equity	-498	-263

CHANGES IN THE NET DEFINED BENEFITS PENSION LIABILITIES IN THE PERIOD:

NOK million	2013	2012
Net pension liabilities 01.01	1,526	1,763
Net pension cost recognised in the period	2	4
Interest on pension liabilities	58	52
Pension experience adjustments	125	-119
Pensions paid	-171	-173
Changes to pension scheme	-116	
Net pension liabilities 31.12	**1,423**	**1,526**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2013	2012
Pension assets at fair value 01.01.	1,523	1,614
Expected return	58	63
Pension experience adjustments	24	-29
Premium paid	33	35
Pensions paid	-154	-159
Net pension assets 31.12	**1,484**	**1,523**

Expected premium payments are estimated to be NOK 25 million and the payments from operations are estimated to be NOK 15 million in 2014.

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE, WHICH ARE COMPOSED OF AS PER 31.12.:

NOK million	2013	2012
Properties and real estate	12%	17%
Bonds at amortised cost	48%	35%
Equities and units	2%	2%
Bonds	16%	14%
Commercial papers	20%	18%
Other short-term financial assets	2%	14%
Total	**100%**	**100%**

Booked returns on assets managed by Storebrand Life Insurance were:	3.3%	5.8%

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNTS IN THE PERIOD

NOK million	2013	2012
Net pension cost recognised in the period	2	4
Net interest/expected return		-11
Changes to pension scheme	-116	
Net pension cost booked to profit and loss accounts in the period	**-114**	**-7**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK million	2013
Actuarial loss (gain) - change in other financial assumptions	-12
Actuarial loss (gain) - change in mortality table	118
Actuarial loss (gain) - experience DBO	19
Loss (gain) - experience Assets	-36
Investment management cost	13
Asset ceiling - asset adjustment	216
Remeasurements loss (gain) in the period	**317**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY AS PER 31.12.

NOK million	2013	2012
Economic assumptions:		
Discount rate	4.0%	4.0%
Expected return on pension fund assets in the period	4.0%	4.0%
Expected earnings growth	3.3%	3.3%
Expected annual increase in social security pension	3.5%	3.3%
Expected annual increase in pensions in payment	0.1%	1.5%
Disability table	KU	KU
Mortality table	K2013BE	K2005

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 particularly subject to a 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 as of 31 December 2013 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. This conclusion is based on the regular activity that takes place in both the primary and secondary markets, as well as the transparency that exists due to the fact that the trades observed on the exchange are close to the indicative levels quoted by the banks. Broad participation by all of the largest bond brokers in the reporting system of the Norwegian Mutual Fund Association (VFF) supports the reliability of the available data. Reference is also made to the advice from the Norwegian Accounting Standards Board in in January 2014 in which use of the covered bond rate as the discount rate was discussed.

In 2013 Storebrand (Norway) has amended the pension rules in the collective schemes for employees and former employees of the company. The change entails that pensions in payment are no longer annually adjusted by a minimum of 80 per cent of the change in the consumer price index. This entails that pensions will only be increased if there is a sufficient profit in the premium reserve for the pensioners in accordance with the principal rule in the Act relating to Company Pension Schemes. This gives a positive non-recurring effect in the profit or loss in 2013 which is shown in the pension costs as a change to the scheme.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

ACTUARIAL ASSUMPTIONS:
In Norway, there are standardised assumptions for mortality/disability trends, and other demographic factors, that have been prepared by Finance Norway. In a letter of 8 March, the Financial Supervisory Authority of Norway determined that a new mortality basis K2013 would be introduced for group pension insurance in life insurance companies and pension funds effective from 2014. Based on the expected increase in life expectancy, the new mortality basis will entail an increase in the pension liabilities in accordance with IAS 19. The pension funds will not increase correspondingly due to the escalation period the life insurance companies have received. Storebrand has used the mortality table K2013BE in the actuary calculations as of 31 December 2013, while K2005 was used for the previous year. The effect of the increased pension liabilities in accordance with K2013E is included in the actuarial gains/losses that are charged to the total comprehensive income.

The average employee turnover rate is 2-3 per cent for the entire work force as a whole, and falling turnover with increasing age is assumed.

NOTE 6 - REMUNERATION OF THE CEO AND ELECTED OFFICERS OF THE COMPANY

NOK thousand	2013	2012
Chief Executive Officer[1]		
Salery	3,975	3,854
Bonus (performance-based)[2]	622	320
Total remuneration	**4,597**	**4,174**
Other taxable benefits	166	172
Pension costs[3]	1,086	1,146
Board of Representatives	808	723
Control Committee[4]	1,549	1,520
Chairman of the Board	571	582
Board of Directors including the Chairman	3,713	3,723
Remuneration paid to auditors		
Statutory audit	1,394	1,453
Other reporting duties	196	
Other non-audit services	129	26

1) Odd Arild Grefstad is the CEO of Storebrand ASA and the amount stated in the note is the total remuneration from the Group. He has a guaranteed salary for 24 months after the ordinary period of notice. All work-related income including consulting assignments will be deducted.

2) Senior employees have a performance-related bonus agreement. 50% of the awarded 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 expiration of the three-year period the value of the synthetic shares is calculated with a new market price. Half of the amount paid from the share bank, after tax, shall be used to purchase shares in Storebrand ASA at the market price, with a new three-year lock-in period.

3) Pension costs relate to accrual for the year.

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

For further information on senior employees, the Board of Directors, the Control Committee and the Board's statement on fixing the salary and other remuneration of senior employees, see note 25 in the Storebrand Group.

NOTE 7 - TAX

THE DIFFERENCE BETWEEN THE FINANCIAL RESULTS AND THE TAX BASIS FOR THE YEAR IS PROVIDED BELOW.

NOK million	2013	2012
Pre-tax profit	377	-66
Dividend	-13	
Permanent differences	-375	91
Change in temporary differences	149	-148
Tax base for the year	**138**	**-123**
- Use of losses carried forward	-138	
Payable tax		**-123**

TAX COST

NOK million	2013	2012
Payable tax	-	-
Change in deferred tax	-96	-135
Tax cost	**-96**	**-135**

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

NOK million	2013	2012
Tax increasing temporary differences		
Pensions	1	152
Securities	1	2
Other	4	3
Total tax increasing temporary differences	**6**	**157**
Tax reducing temporary differences		
Operating assets	-1	-2
Provisions		-1
Accrued pension liabilities	-156	-155
Gains/losses account	-7	-9
Total tax reducing temporary differences	**-165**	**-167**
Net tax increasing/(reducing) temporary differences	**-159**	**-10**

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

NOK million	2013	2012
Losses carried forward	-1,537	-1,675
Allowances carried forward		-534
Write-down of deferred tax assets		534
Net tax increasing/(reducing) temporary differences	**-1,696**	**-1,685**
Net deferred tax asset/liability in the statement of financial position	**458**	**472**
- of which changes in deferred tax assets recognised in the balance sheet	82	-25

RECONCILIATION OF TAX COST AND ORDINARY PROFIT

NOK million	2013	2012
Pre-tax profit	377	-66
Expected tax at nominal rate (28%)	-105	18
Tax effect of:		
dividends received	4	
permanent differences	105	-25
change in tax rules	-17	
capitalisation/write-down of deferred tax assets	-82	-128
Tax cost	**-96**	**-135**
Effective tax rate	25%	-205%

NOTE 8 - PARENT COMPANY'S SHARES IN SUBSIDIARIES AND ASSOCIATED COMPANIES

NOK million	Business office	Interest/ votes in %	Carrying amount 2013	Carrying amount 2012
Subsidiaries				
Storebrand Livsforsikring AS	Oslo	100%	13,703	13,703
Storebrand Bank ASA[1]	Oslo	100%	2,546	2,652
Storebrand Asset Management AS[2]	Oslo	100%	534	539
Storebrand Skadeforsikring AS	Oslo	100%	359	359
Storebrand Baltic UAB	Vilnius	100%	17	17
Jointly controlled/associated companies				
Storebrand Helseforsikring AS	Oslo	50%	78	78
AS Værdalsbruket[3]	Værdal	25%	4	4
Sum			**17,241**	**17,351**

1) Group contributions in 2013 of NOK 31.4 million as capital contribution. The shares have been written down by NOK 137 million in 2013 due to a valuation based on the approved budgets for 2014-2016. In spring 2014, the board of Storebrand Bank approved a liquidation plan for the bank's commercial activities.

2) In 2013, Storebrand Fondene AS changed its name to Storebrand Asset Management AS and merged with Storebrand Kapitalforvaltning AS and Storebrand Leieforvaltning AS

3) 74.9 per cent owned by Storebrand Livsforsikring AS.

NOTE 9 - EQUITIES AND UNITS

NOK million	2013 Acquisition cost	2013 Fair value	2012 Acquisition cost	2012 Fair value
Unlisted equities	1		1	
Total equities	**1**		**1**	

NOTE 10 - BONDS AND OTHER FIXED-INCOME SECURITIES

NOK million	2013 Acquisition cost	2013 Fair value	2012 Fair value
State and state guaranteed	252	254	296
Company bonds	702	708	743
Covered bonds	664	665	632
Supranational organisations	130	130	83
Total bonds and other fixed-income securities	**1,748**	**1,757**	**1,754**
Modified duration		0.3	0.3
Average effective yield		2.0%	2.3%

NOTE 11 - FINANCIAL DERIVATIVES

NOK million	Gross nominal volume[1]	Gross booked value fin. assets	Gross booked fin. liabilities	Net booked fin. assets/ liabilities	Amounts that can, but are not presented net in the balance sheet: Fin. Assets	Amounts that can, but are not presented net in the balance sheet: Fin. Liabilities	Net amount
Interest rate swaps [1]	1,664	34	10		22	10	24
Total derivatives 2013	**1,664**	**34**	**10**		**22**	**10**	**24**
Total derivatives 2012	1,300	52					52

1) Used for hedge accounting, also see note 16

NOTE 12 - FINANCIAL RISKS

CREDIT RISK BY RATING

Short-term holdings of interest-bearing securities	AAA	AA	A	BBB	NIG	Totalt
Category of issuer or guarantor	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**	**Fair value**
NOK million						
State and state guaranteed	121	133				254
Company bonds			566	81	61	708
Covered bonds	609	56				665
Supranational organisations			130			130
Total 2013	**730**	**188**	**696**	**81**	**61**	**1,757**
Total 2012	593	335	713	78	36	1,754

Counterparties	AA	A	Totalt
NOK million	Fair value	Fair value	Fair value
Derivatives	9	14	24
Bank deposits	7	30	37

The rating classes are based on Standard & Poors's

NIG = Non-investment grade.

INTEREST RATE RISK

Storebrand ASA has both interest-bearing securities and interest-bearing debt. A change in interest rates will have a limited effect on the company's equity.

LIQUIDITY RISK

Undiscounted cash flows for financial liabilities	0-6 months	6-12 months	1-3 years	3-5 years	> 5 years	Total value	Carrying amount
NOK million							
Securities issued/bank loans	43	951	1,185	1,379	330	3,888	3,476
Total financial liabilities 2013	**43**	**951**	**1,185**	**1,379**	**330**	**3,888**	**3,476**
Derivatives related to funding 2013	-26	52	8	8	8	48	24
Total financial liabilities 2012	532	67	1,322	1,927		3,847	3,492
Derivatives related to funding 2012	-3	43	2			43	52

Storebrand ASA had as per 31 December 2013 liquid assets of NOK 1.8 billion.

CURRENCY RISK

Storebrand ASA has low currency risk.

NOTE 13 - TANGIBLE FIXED ASSETS

EQUIPMENT, FIXTURES & FITTINGS

NOK million	2013	2012
Acquisition cost 01.01	35	49
Accumulated depreciation	-3	-16
Carrying amount 01.01	31	32
Depreciation/write-downs for the year	-1	-1
Carrying amount 31.12	**30**	**31**

Straight line depreciation periods for tangible fixed assets are as follows	
Equipment. fixtures and fittings	4-8 years
IT systems	3 years

NOTE 14 - EQUITY

NOK million	Share capital[1]	Own shares	Share premium	Other equity	Equity 2013	Equity 2012
Equity 01.01	2,250	-16	9,485	4,591	16,310	16,434
Profit for the year				281	281	-200
Pension experience adjustments				-235	-235	65
Own shares bought back[2]		2		24	26	24
Employee share[2]				-17	-17	-13
Equity 31.12	**2,250**	**-14**	**9,485**	**4,644**	**16,365**	**16,310**

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

2) In 2013, 408 208 shares were sold to our own employees.

Holding of own shares 31 December 2013 was 2 716 273

NOTE 15 - BOND LOANS

NOK million	Intrest rate	Currency	Net nominal value	2013	2012
Bond loan 2009/2014[1]	Fixed	NOK	550	563	581
Bond loan 2009/2014[1]	Fixed	NOK	550	304	573
Bond loan 2010/2013[1]	Fixed	NOK	300	306	
Bond loan 2010/2013[1]	Fixed	NOK	200		209
Bond loan 2010/2013	Variable	NOK	279		279
Bond loan 2011/2016	Variable	NOK	1,000	998	998
Bond loan 2012/2017	Variable	NOK	850	853	853
Bond loan 2013/2018	Variable	NOK	450	452	
Total bond and bank loans[2]				**3,476**	**3,492**

1) Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.

2) Loans are booked at amortised cost and include earned not due interest.

Signed loan agreements have standard covenant requirements. The terms and conditions have been redeemed persuant to signed loan agreements. Storebrand ASA has an unused drawing facility of EUR 240 million.

NOTE 16 - HEDGE ACCOUNTING

The company uses fair value hedging to hedge interest rate risk. The effectiveness of hedging is monitored at the individual security level.

HEDGING INSTRUMENT/HEDGED ITEM – FAIR VALUE HEDGING

	2013				2012			
	Contract/ nominal value	Carrying amount[1]		Booked	Contract/ nominal value	Carrying amount[1]		Booked
NOK million		Assets	Liabilities			Assets	Liabilities	
Interest rate swaps	1,137	24		-19	1,300	52		-3
Securities issued	1,137		1,173	21	1,300		1,363	4

1) Carrying amount 31.12.

NOTE 17 - SHAREHOLDERS

THE 20 LARGEST SHAREHOLDERS[1]

	Eierandel i %
Gjensidige Forsikring	20.1%
Folketrygdfondet	6.1%
Franklin Templeton Exclusive	3.9%
Varma Mutual Pension Company	2.8%
Clearstream Banking S.A.	2.8%
Skandinaviska Enskilda Banken	2.6%
Tapiola Mutual Pensjon Insurance	2.2%
J.P.Morgan Chase Bank	2.0%
The Northern Trust Co.	1.8%
MSF-Mutual European Fund	1.7%
Skagen Global	1.7%
Prudential Assurance Comp. Ltd	1.6%
The Northern Trust Co.	1.5%
State Street Bank and Trust Co.	1.3%
State Street Bank and Trust Co.	1.3%
J.P.Morgan Chase Bank	1.2%
Verdipapirfondet DNB Norge	1.2%
J.P.Morgan Chase Bank	1.1%
J.P.Morgan Chase Bank	1.1%
J.P.Morgan Chase Bank	1.0%
Foreign ownership of total shares	53.7%

1) The summary includes Nominee (client account).

NOTE 18 - INFORMATION ABOUT CLOSE ASSOCIATES

	Number of shares[1]
Senior employees	
Odd Arild Grefstad	55,406
Lars Aa. Løddesøl	39,708
Sarah McPhee	43,360
Geir Holmgren	6,097
Robin Kamark	11,637
Heidi Skaaret	1,637
Staffan Hansén	3,967
Hege Hodnesdal	10,633
Board of Directors	
Birger Magnus	20,000
Halvor Stenstadvold	8,645
Jon Arnt Jacobsen	6,500
Monica Caneman	
Gyrid Skalleberg Ingerø	
Terje Vareberg	
Laila S. Dalen	
Heidi Storruste	2,865
Knut Dyre Haug	11,963
Kirsti Valborgland Fløystøl	3,709
Control Committee	
Elisabeth Wille	163
Finn Myhre	
Ole Klette	
Harald Moen	595
Anne Grete Steinkjer	1,800
Tone M. Reierselmoen (varamedlem)	1,734

	Number of shares[1]
Board of Representatives	
Terje R. Venold	2,031
Vibeke Hammer Madsen	
Terje Andersen	4,000
Anne-Lise Aukner	
Trond Berger	837
Maalfrid Brath	8,063
Helge Leiro Baastad	
Tore Eugen Kvalheim	
Marianne Lie	
Olaug Svarva	
Pål Syversen	
Karen Helene Ulltveit-Moen	
Per-Erik Hauge	2,018
Tor Haugom	1,647
Nina Hjellup	4,756
Rune Pedersen	9,550
Trond Thire	2,499
May Helene Moldenhauger	275

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

TRANSACTIONS BETWEEN GROUP COMPANIES

NOK million	2013	2012
Profit and loss account items:		
Group contributions and dividends from subsidiaries	626	220
Purchase and sale of services (net)	-66	-116
Interest		16
Statement of financial position items:		
Subordinated loans to group companies	17	17
Due from group companies	519	220
Payable to group companies	34	128

NOTE 19 - NUMBER OF EMPLOYEES/PERSON-YEARS

	2013	2012
Number of employees	9	11
Number of full time equivalent positions	9	11
Average number of employees	10	13

Storebrand ASA and the Storebrand Group

– Declaration by the members of the Board and the CEO

On this date, the Board of Directors and the Chief Executive Officer have considered and approved the annual report and annual financial statements for Storebrand ASA and the Storebrand Group for the 2013 financial year and as at 31 December 2013 (2013 Annual Report).

The consolidated financial statements have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and the associated interpretations, as well as the other disclosure obligations stipulated in the Norwegian Accounting Act that must be applied as at 31 December 2013. The annual financial statements for the parent company have been prepared in accordance with the Norwegian Accounting Act, Norwegian Regulations relating to annual accounts, etc. for insurance companies and the additional requirements in the Norwegian Securities Trading Act. The annual report for the Group and parent company complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no. 16 as at 31 December 2013.

In the best judgment of the Board and the CEO, the annual financial statements for 2013 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the parent company's and Group's assets, liabilities, financial standing and results as a whole as at 31 December 2013. In the best judgment of the Board and the CEO, the annual report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements for Storebrand ASA and the Storebrand Group. In the best judgement of the Board and the CEO, the descriptions of the most important elements of risk and uncertainty that the group faces in the next accounting period, and a description of related parties' material transactions, also provide a true and fair view.

Lysaker, 11 February 2014
Board of Directors of Storebrand ASA
Translation - not to be signed

Birger Magnus
Chairman of the Board

Monica Caneman

Laila S. Dahlen

Gyrid Skalleberg Ingerø

Jon Arnt Jacobsen

Halvor Stenstadvold

Terje Vareberg

Kirsti Valborgland Fløystøl

Knut Dyre Haug

Heidi Storruste

Odd Arild Grefstad
Chief Executive Officer

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tlf: +47 23 27 90 00
Faks: +47 23 27 90 01
www.deloitte.no

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Storebrand ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at December 31, 2013, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as The Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Deloitte.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements for the parent company
In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Storebrand ASA as at December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements for the group
In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group Storebrand ASA as at December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements
Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and in the statements on Corporate Governance and Corporate Social Responsibility, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, February 11, 2014
Deloitte AS

Ingebret G. Hisdal
State Authorised Public Accountant (Norway)

[Translation has been made for information purposes only]

Storebrand ASA

Statement of the Control Commitee and the Board of Representatives for 2013

STOREBRAND ASA – STATEMENT OF THE CONTROL COMMITTEE FOR 2013

At its meeting on 25 February 2014, the Control Committee of Storebrand ASA examined the annual accounts as proposed by the Board (consisting of the parent and consolidated financial statements) and the 2013 annual report for Storebrand ASA.

With reference to the auditor's report of 11 February 2014, the Control Committee finds that the proposed annual report and accounts can be adopted as Storebrand ASA's annual report and accounts for 2013.

Lysaker, 25 February 2014
Translation – not to be signed.

Elisabeth Wille
Chair of the Control Committee

STOREBRAND ASA – THE BOARD OF REPRESENTATIVES' STATEMENT FOR 2013

The annual financial statements as proposed by the Board, the Board's report, the auditor's report and the Control Committee's statement have been submitted to the Board of Representatives, in the manner prescribed by the law.

The Board of Representatives recommends that Annual General Meeting approve the Board's annual report and accounts of Storebrand ASA and the Storebrand Group.

The Board of Representatives has no further comments to the Board's proposal regarding the allocation of the profit for the year of Storebrand ASA.

Lysaker, 6. March 2014
Translation – not to be signed.

Terje R. Venold
Chairman of the Board of Representatives

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tlf: +47 23 27 90 00
Faks: +47 23 27 90 01
www.deloitte.no

Translation from the original Norwegian version

To the management of Storebrand ASA

AUDITOR'S REPORT

We have reviewed the reporting on 2013 Corporate Sustainability Indicators presented in the "Scorecard for sustainability", pages 170 - 172 in the Annual Report 2013 Storebrand ASA (the Report). The selection of indicators and the information presented are the responsibility of and have been approved by the management of the Company. Our responsibility is to draw a conclusion based on our review.

We have based our work on the international standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews of employees responsible for the subject matters, as well as a review on a sample basis of supporting evidence.

We believe that our work provides an appropriate basis for us to conclude with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

Conclusion

In conclusion, in all material respects, nothing has come to our attention that causes us not to believe that:

- Storebrand ASA has applied procedures, as summarized on page 171 in the Report, for the purpose of collecting, compiling and validating data for 2013 for the selected indicators, to be included in the presentation on pages 170 - 172 in the Report.
- The information accumulated as a result of the procedures noted above for the selected indicators is consistent with the source documentation presented to us and appropriately reflected on the pages referred to above.
- Storebrand ASA applies a reporting practice for its reporting on sustainability that is aligned with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines reporting principles and the reporting fulfils Application Level B+ according to the GRI guidelines. The GRI Index referred to on page 171 in the Report appropriately reflects where relevant information on each of the elements and performance indicators of the GRI guidelines is presented.

Oslo, 11 February, 2014
Deloitte AS

Ingebret Hisdal (signed)
State Authorized Public Accountant (Norway)

Frank Dahl (signed)
Deloitte Sustainability

Scorecard Sustainability - results

	Status 2012	Status 2013	Target 2013-2014
Economic Value Creation			
Shareholders			
Solvency margin of Storebrand Life Insurance	162%	176%	> 150%
Dow Jones Sustainability Index	79 points	75 points	80 points
Social Responsibility			
Customers			
UN's principles for responsible investments (UN PRI)[1]		Discontinued	Develop indicator + baseline assessment
Average sustainability score for the life balance sheet investments	Baseline assessment; score 53 of 100 points	57 of 100 points	55 of 100 points
Investments in microfinance - social impact[2]	-	Discontinued	
Volume sustainability fund – Storebrand Trippel Smart Global Topp 100[3]	481 NOK million	1074 NOK million	850 NOK million
Net Promoter Score[4]	Replaces previous indicators	- 32	-3
3rd Customer promise – All our relationships, solutions and measures are sustainable[5]	Baseline assessment; score 54 of 100 points	55 av 100 poeng	60 av 100 poeng
Prevention and detection of fraud, money laundering, and corruption	Maintained	Partially maintained	Maintained
Processing time for complaints	70% within 3 weeks	69% within 3 weeks	70% within 3 weeks
Employees			
Ethics work in the Group[6]	80%	90%	85%
Sick Leave	3.4%	3.5%	3.5%
Employee job satisfaction	69 of 100 points	69 of 100 points	71 of 100 points
Proportion of female managers	43%	44%	Within 40-60%
Diversity	77 of 100 points	77 of 100 points	77 of 100 points
Employees' awareness and support of Storebrand's corporate responsibility work	83%	84%	86%
Suppliers			
Environmental requirements for suppliers[7]	24%	57%	50% of main agreements contain environmental requirements
Environmental considerations			
Society			
CO_2-emissions (metric tonnes)[8]	0.97 tons/FTE	0.95 tons/FTE	Stable level
Air travel (individual flights)[9]	4.6 individual flights/FTE	4.4 individual flights/FTE	Stable level
Head office:			
Energy consumption	189 kWh/m²	185kWh/ m²	Stable
Water consumption	0.35 m³/m²	0.33 m³/m²	Stable
Waste – rate of recycling	69%	75%	72%
Managed properties:			
Energy consumption	234 kWh/m²	215 kWh/m²	Reduce 6%
Water consumption	0.44 m³/m²	0.43 m³/m²	Stable
Waste – rate of recycling	57 %	62 %	62%

	Status 2012	Status 2013	Target 2013-2014
Environmental considerations **Society**			
Externally managed properties: Energy consumption	238 kWh/m²	232 kWh/m²	Reduce 5 % to 226 kWh/ m²
Environmental certification of managed properties	75%	75%	100%
Paper consumption[10]	70 tons	57 tons	Reduce 10%

1) Status 2013 discontinued due to implementation of the new UNPRI model. Reporting will be resumed and new targets for 2014 set when the new model has been implemented with baseline assessment.

2) Discontinued. Indicator is included in the average sustainability score of the life and balance sheet investments.

3) Result in 2012 are for the period from the Fund was launched on 1 October 2012 to 31 December 2012. Assets under management in the sustainability fund SPP Global Top 100, including Storebrand Triple Smart.

4) Baseline assessment for 2012 applies to Norway Retail only.

5) Assessment for Norway Retail only.

6) Measures employee awareness, proportion of employees who complete e-learning course (every 3rd year), proportion who participate in dilemma training and proportion of managers who have reported on compliance with the code of ethics.

7) Results for 2012 applies to all contracts.

8) Results for 2012 is changed due to updated figures

9) Results for 2012 is updated with correct FTE figures

10) Results for 2012 is changed with updated information from the suppliers

ABOUT OUR WORK ON SUSTAINABILITY

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

ABOUT SUSTAINABILITY REPORTING

Storebrand has published environmental and corporate social responsibility reports since 1995, integrated into the Group's annual report since 2008. Storebrand uses the Global Reporting Initiative (GRI) guidelines as a tool for reporting on sustainability. Our reporting practice is essentially in accordance with GRI's reporting principles and satisfies level B+. See storebrand.no for references as to where information on the individual indicators can be found, and for whether they have been answered in full or in part. Further details regarding the scorecard indicators are also described here. Storebrand desires transparency and requires compliance and quality in its sustainability work. The results have therefore been reviewed and certified by Deloitte AS. This increases the credibility of the reporting and data, and also engenders greater internal confidence that the information has been collected, analysed, and the quality assured in a proper manner.

ABOUT THE SCORECARD

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

TARGETS 2013-2017

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

	Targets 2013-2017
Dow Jones Sustainability Index	Industry leader
Average sustainability score for the life balance sheet investments	58 of 100 points
3rd Customer promise – All our relationships, solutions and measures are sustainable.	67 of 100 points Two out of three customers should experience the deliverance of the 3rd customer promise.
Net Promoter Score (NPS)	Top 3 in the industry, retail and corporate, Norway and Sweden
Volume Sustainability fund - Storebrand Trippel Smart - SPP Global Topp 100	2 000 NOK million
Employee job statisfaction	73 of 100 points

SUSTAINABLE INVESTMENTS

	2013	2012
Number of dialogues with companies on violations of the Minimum standard	44	51
Number of external managers contacted about violations of the Minimum standard	18	12
Number of excluded companies[1]	176	120
Violation of human rights and international law	27	24
Corruption and financial crime	16	15
Environmental degradation	46	6
Controversial weapons[2]	26	20
Low sustainability rating – companies	44	40
Tobacco	21	21
Low sustainability rating – soverigns	30	32
Number of included companies	36	9

1) Some companies are excluded for more than one cirterion.

2)Previous classification of anti-personal mines, cluster munitions and nuclear weapons are reported as controversial weapons in 2013.

Terms and expressions

GENERAL

SUBORDINATED LOAN CAPITAL
Subordinated loan capital is loan capital that ranks after all other debt. Subordinated loan capital forms part of the tier 2 capital for capital adequacy calculations.

DURATION
Average remaining term to maturity of the cash flow from interest-bearing securities. The modified duration is calculated based on the duration and expresses the sensitivity to the underlying interest rate changes.

EQUITY
Equity consists of paid-in capital, retained earnings and minority interests. Paid-in capital includes share capital, share premium reserve and other paid-in capital. Retained earnings include other equity and reserves.

EARNINGS PER ORDINARY SHARE
The earnings per share are calculated as the majority interest's share of the profit after tax divided by the number of shares. The number of shares included in the calculation is the average number of shares outstanding over the course of the year. If new shares are issued, the shares will be included from the date of payment.

CAPITAL ADEQUACY

PRIMARY CAPITAL
Primary capital is capital eligible to satisfy the capital requirements under the authorities' regulations. Primary capital may consist of core (tier 1) capital and tier 2 capital.

CAPITAL REQUIREMENTS
A capital requirement is calculated for credit risk, market risk and operational risk. The individual asset items and off-balance-sheet items are a assigned a risk weight based on the estimated risk they represent. The capital requirement is 8 per cent of the calculation basis for credit risk, market risk and operational risk.

CAPITAL ADEQUACY RATIO
Primary capital must at least equal the calculated capital requirement. The capital adequacy ratio is calculated by measuring the total primary capital in relation to the capital requirement of 8 per cent.

CORE (TIER 1) CAPITAL
Core (tier 1) capital is part of the primary capital and consists of the equity less the minimum requirement for reinsurance provisions in P&C insurance, goodwill, other intangible assets, net prepaid pensions, 50 per cent of any capital adequacy reserve, and cross-ownership deductions in other financial institutions. The core (tier 1) capital will be adjusted for the valuations that are used as the basis for credit calculations at a national level for foreign companies. For Storebrand Holding AB this will entail an adjustment of SPP AB's estimated insurance liabilities for which a different yield curve is used for credit assessment than is used in the financial accounts. Issued hybrid tier 1 capital may account for 15 per cent of the core (tier 1) capital, while any amount exceeding 15 per cent may be included in the tier 2 capital.

TIER 2 CAPITAL
Tier 2 capital is part of the primary capital and consists of subordinated loan capital and the portion of the hybrid tier 1 capital that is not counted as core (tier 1) capital. There is a 50 per cent deduction for any capital adequacy reserve and deduction for cross-ownership in other financial institutions. In order to be eligible as primary capital, tier 2 capital cannot exceed core (tier 1) capital. Perpetual subordinated loan capital, together with other tier 2 capital, cannot exceed 100 per cent of core (tier 1) capital, while dated subordinated loan capital cannot exceed 50 per cent of core (tier 1) capital. To be fully eligible as primary capital, the remaining term must be at least five years. If the remaining term is less, the eligible portion is reduced by 20 per cent per annum.

SOLVENCY II
Solvency II is a common set of European regulatory requirements for the insurance industry. Under Solvency II, the size of the capital requirement will be determined by the amount of risk the company is exposed to.

INSURANCE

REINSURANCE (REASSURANCE)
The transfer of part of the risk to another insurance company.

IBNR-AVSETNINGER (INCURED BUT NOT REPORTED)
Reserves for the compensation of insured events that have occurred, but not yet been reported to the insurance company.

RBNS RESERVES (REPORTED BUT NOT SETTLED)
Reserves for the compensation of reported, but not yet settled claims.

LIFE INSURANCE

RETURN ON CAPITAL
The booked return on capital shows net realised income from financial assets and changes in the value of real estate and exchange rate changes for financial assets, expressed as a percentage of the year's average capital in customer funds with guarantees and in the company portfolio, respectively. The market return shows the total income realised from financial assets, changes in the value of real estate and the year's change in unrealised gains or losses, expressed as a percentage of the year's average total capital in customer funds with guarantees and in the company portfolio, respectively, at market value.

GROUP CONTRACTS
Group defined benefit pensions (DB)
Guaranteed pension payments from a specified age for as long as the insured person lives. Alternatively, it can be agreed that the pension will end at a specified age. The product is offered in both the private and public sectors. The cover includes retirement, disability and survivor pensions.

Group defined contribution pensions (defined contribution – DC)
In group defined contribution pensions the premium is stated as a percentage of pay, while the payments are unknown. The customer bears all the financial risk during the saving period.

Group one-year risk cover
These products involve guaranteed payments upon death or disability, and a waiver of premiums in the event of disability.

Paid-up policies (benefit) and pension capital certificate (contribution)
These are contracts with earned rights that are issued upon withdrawal from or the termination of pension contracts.

Group life insurance
Group life insurance in which an insured sum is payable on the death of a member of the group. Such insurance can be extended to cover disability insurance.

Unit Linked
Life insurance offering an investment choice, whereby the customer can influence the level of risk and return by selecting in which funds assets are to be invested. Applies to both individual policies and group defined contribution pensions.

INDIVIDUAL CONTRACTS
Individual allocated annuity or pension insurance
Contracts with guaranteed payments for as long as the insured person lives. Alternatively, it can be agreed that the pension will end at a specified age.

Individual endowment insurance
Contracts involving a single payment in the event of attaining a specified age, death or disability.

Individual Unit Linked insurance
Endowment insurance or allocated annuity in which the customer bears the financial risk.

Contractual liabilities
Allocations to premium reserves for contractual liabilities shall, as a minimum, equal the difference between the capital value of the company's future liabilities and the capital value of future net premiums (prospective calculation method). Additional benefits due to an added surplus are included.

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

Financial result
The financial result consists of the net financial income from financial assets

for the group portfolio (group and individual products without investment choice) less the guaranteed return. In addition, there is the net return on the company capital, which consists of equity and subordinated loans. Any returns-based fees for asset management are included in the financial result.

Risk result
The risk result consists of premiums the company charges to cover insurance risks less the actual costs in the form of insurance reserves and payments for insured events such as death, pensions, disability and accidents.

Profit sharing. See note 4, pages 86-88.

OTHER TERMS
Insurance reserves - life insurance
For a more detailed description of the technical insurance reserves and accrual accounting for premiums and compensation, see note 1 – accounting for the insurance business, pages 79-82.

Solidity capital
The term solidity capital includes equity, subordinated loan capital, market value adjustment reserve, additional statutory reserves, conditional bonuses, surplus/deficit related to bonds at amortised cost, risk equalisation fund and retained earnings. The solvency capital is also calculated as a percentage of total customer funds, excluding additional statutory reserves and conditional bonuses.

Solvency margin requirements
An expression of the risk associated with the insurance-related liabilities. Calculated on the basis of the insurance fund and the risk insurance sum for each insurance sector.

Solvency margin capital
Primary capital as in capital adequacy plus 50 per cent of additional statutory reserves and risk equalisation fund, plus 55 per cent of the lower limit for the contingency funds in P&C insurance.

Buffer capital
Buffer capital consists of the market value adjustment reserve, additional statutory reserves and conditional bonuses.

P&C INSURANCE

F.O.A.
Abbreviation for the term "for own account", i.e. before additions/deductions for reinsurance.

INSURANCE RESERVES – P&C INSURANCE
For a more detailed description of the technical insurance reserves and accrual accounting for premiums and compensation, see note 1 - accounting for the insurance business, pages 79-82.

INSURANCE (TECHNICAL) PROFIT/LOSS
Premium income less claims and operating costs.

COST RATIO
Operating expenses as a percentage of premiums earned.

CLAIMS RATIO
Claims incurred as a percentage of premiums earned.

COMBINED RATIO
The sum of the cost ratio and the claims ratio.

BANKING

LEVEL REPAYMENT LOAN
Periodic payments (representing both capital and interest) on a level repayment loan remain constant throughout the life of the loan.

ANNUAL PERCENTAGE RATE (APR)
The true interest rate calculated when all borrowing costs are expressed as an annual payment of interest in arrears. In calculating the APR, allowance must be made for whether interest is paid in advance or arrears, the number of interest periods per annum, and all the fees and commissions.

REAL RATE OF INTEREST
The return produced after allowing for actual or expected inflation. Preferably expressed as a nominal rate less the rate of inflation.

NET INTEREST INCOME
Total interest income less total interest expense. Often expressed as a percentage of average total assets.

INSTALMENT LOAN
An instalment loan is a loan on which the borrower makes regular partial repayments of principal in equal amounts throughout the repayment period. The borrower pays the sum of a fixed instalment amount and a reducing interest amount at each instalment date. Payments accordingly reduce over the life of the loan assuming a fixed interest rate.

FINANCIAL DERIVATIVES

The term "financial derivatives" embraces a wide range of financial instruments for which the current value and future price movements are determined by equities, bonds, foreign currencies or other traditional financial instruments. Derivatives require less capital than is the case for traditional financial instruments, such as equities and bonds, and are used as a flexible and cost-effective supplement to traditional instruments in portfolio management. Financial derivatives can be used to hedge against unwanted financial risks, or to create a desired risk exposure in place of using traditional financial instruments.

SHARE OPTIONS
The purchase of share options confers a right (but not an obligation) to buy or sell shares at a pre-determined price. Share options may be related to stock market indices as well as to specific individual stocks. The sale of share options implies the equivalent one-sided obligation. In general, exchange traded and cleared options are used.

STOCK FUTURES (STOCK INDEX FUTURES)
Stock futures contracts can be related to individual shares, but are normally related to stock market indices. Stock futures contracts are standardised futures contracts, which are exchange traded, and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily, and are settled on the following day.

CROSS CURRENCY SWAPS
A cross currency swap is an agreement to exchange principal and interest rate terms in different currencies. At the maturity of the contract, the principal and interest rate terms are exchanged back to the original currency. Cross currency swaps are used, for example, to hedge returns in a specific currency or to hedge foreign currency exposure.

FORWARD RATE AGREEMENTS (FRA)
FRAs are agreements to pay or receive the difference between an agreed fixed rate of interest and the actual rate for a fixed amount and period of time. This difference is settled at the start of the future interest period. FRA contracts are particularly appropriate for the management of short-term interest rate exposure.

INTEREST RATE FUTURES
Interest rate futures contracts are related to government bond rates or short-term benchmark interest rates. Interest rate futures are standardised contracts which are exchange traded and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily and settled on the following day.

Interest rate swaps/asset swaps
Interest rate swaps/asset swaps are agreements between two-parties to exchange interest rate terms for a specified period. This is normally an agreement to exchange fixed rate payments for floating rate. This instrument is used to manage or change the interest rate risk.

INTEREST RATE OPTIONS
Interest rate options can be related to either bond yields or money market rates. The purchase of interest rate options related to bonds (also known as bond options) confers a right (but not an obligation) to buy or sell bonds at a pre-determined price. Interest rate options can be used as a flexible instrument for the management of both long and short-term interest rate exposure.

FORWARD FOREIGN EXCHANGE CONTRACTS/FOREIGN EXCHANGE SWAPS
Forward foreign exchange contracts/swaps relate to the purchase or sale of a currency for an agreed price at a future date. These contracts are principally used to hedge the currency exposure arising from securities, bank deposits, subordinated loans and insurance reserves. These contracts also include spot foreign exchange transactions.

Storebrand Group Companies

	Org. number	Interest
Storebrand ASA	**916 300 484**	
Storebrand Livsforsikring	**958 995 369**	**100.0%**
Storebrand Holding AB		100.0%
SPP Spar AB		100.0%
SPP Konsult AB		100.0%
SPP Fonder AB		100.0%
SPP Liv Fondförsäkring AB		100.0%
SPP Livförsäkring AB		100.0%
SPP Varumärkes AB		100.0%
SPP Fastigheter AB		100.0%
Storebrand Eiendom AS	972 415 731	100.0%
Storebrand Eiendom Holding AS	989 976 265	100.0%
Storebrand Realinvesteringer AS	995 237 954	100. %
Storebrand Finansiell Rådgivning AS	989 150 200	100.0%
Aktuar Systemer AS	968 345 540	100.0%
Storebrand Pensjonstjenester AS	931 936 492	100.0%
Foran Real Estate, SIA[1]		97.1%
AS Værdalsbruket[1]	920 082 165	74.9%
Norsk Pensjon AS	890 050 212	25.0%
Benco Insurance Holding BV		89.96%
Euroben Life & Pension Ltd		100.0%
Nordben Life & Pension Insurance Co. Ltd		100.0%
Storebrand Bank ASA	**953 299 216**	**100.0%**
Storebrand Boligkreditt AS	990 645 515	100.0%
Bjørndalen Panorama AS	991 742 565	100.0%
Filipstad Tomteselskap AS	984 133 561	100.0%
Hadrian Eiendom AS	976 145 364	100.0%
Ring Eiendomsmegling AS	987 227 575	100.0%
Storebrand Kapitalforvaltning AS	**984 331 339**	**100.0%**
Storebrand Fondene AS	**930 208 868**	**100.0%**
Storebrand Luxembourg S.A.		99.8%
Storebrand Baltic UAB		**100.0%**
Evoco UAB		50.0%
Storebrand Forsikring AS	**930 553 506**	**100.0%**
Storebrand Helseforsikring AS	**980 126 169**	**50.0%**

1) SPP Livförsäkring AB owns 29.4 per cent and Storebrand Livsforsikring AS owns 67.7 per cent of SIA Front Real Estate.

2) Storebrand ASA owns 25.1 per cent, and the total stake in Storebrand is 100 per cent of AS Værdalsbruket.

Our Vision

Recommended by our customers

Find *your* pension figure at
Storebrand.no/pensjonstall

storebrand

HEADQUARTERS:
Professor Kohtsvei 9, P.O.box 500,
No-1327 Lysaker, Norway

TEL.:
+47 08880

www.storebrand.no