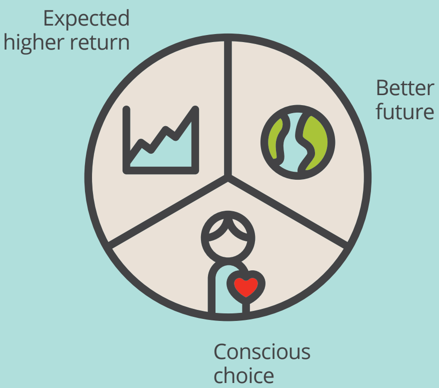
storebrand

We invest your money in sustainable companies because we expect that they are more profitable and provide you with a better pension.



Head of Sustainability Filippa Bergin ensures that your pension is managed in a sustainable way.

Annual Report 2014

Content

History of Storebrand

1767–1919: ROOTS

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

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

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

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

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

1917
The life insurance company Norske Folk is established.

1920–1969: GROWTH AND CONSOLIDATION

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

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

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

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

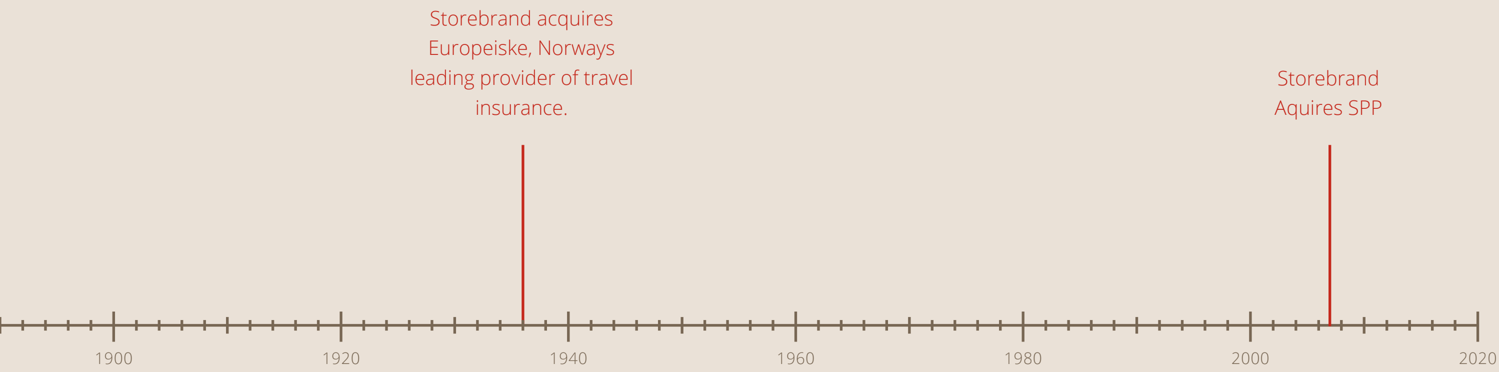
1963
Storebrand acquires Norske Fortuna. Brage and Fram merge to become the country’s largest life insurance company. Storebrand and Idun move into their own new premises in the restored Vest-Vika area of Oslo. Brage-Fram and Norske Folk follow their lead.

1970–1989: GROUP FORMATION

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

1983
The Norden Group and Storebrand merge.

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



1990–1999: CRISIS AND CHANGE

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

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

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

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

2000-2011: NEW CHALLENGES

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

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

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

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

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

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

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

2012: OUR CUSTOMERS RECOMMEND US

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

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

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

2014
New regulatory framework for private occupational pensions in Norway is introduced on 1 January. New maximum rates for defined contribution pensions are significantly higher. The new higher savings rates are well received by the corporate customers.

In April, the Financial Supervisory Authority of Norway issued guidelines for longevity reserve strengthening. Storebrand needs to strengthen its reserves by NOK 12.4 billion overall. At the end of 2014, a total of NOK 6.2 billion has been allocated.

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

The Act on paid-up policies with investment options entered into force on 1 September. For many of Storebrand's 400,000 paid-up policy customers, the new rules will make a better pension possible, because more long-term management of the pension assets will result in higher expected pension payments.

Storebrand has identified three sustainability trends that are becoming increasingly important for our investments

Population growth and scarcity of resources
Population growth increases pressure on natural resources, scarcity of, for example, water becomes a challenge.

Growth in emerging markets
Operating in emerging markets gives us different challenges than in industrialized countries. Natural disaster and corruption is part of the risk picture.

Changing consumer habits
Consumer awareness is increasing, resulting in higher demands on suppliers of goods and services.

As a pension asset manager with long-term commitments, we must understand how these trends will affect companies' finances ahead, to provide our customers good long-term returns.

Storebrand in brief

The Storebrand Group is the Nordic region's leading supplier of life insurance and pension, and delivers a comprehensive range of products to individuals, companies, municipalities and public enterprises. The Group consists of the following business areas: Savings, Guaranteed Pension, Insurance and Other. The Storebrand Group also consists of Customer Areas Norway and Sweden, which are the sales and marketing units in the two countries. The Group's main office is in Lysaker, Oslo.

HISTORY

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

EMPLOYEES

At the end of 2014, there were 2,232 employees in the Group, compared with 2,138 at the start of the year. Women represent 52 per cent of our employees. The average age of our employees is 40. The average term of service is 9 years. All employees of Storebrand are treated equally, regardless of age, gender, disability, religious beliefs, cultural background or sexual orientation.

CUSTOMERS

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

STOREBRAND'S STRATEGY

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

KEY FIGURES

(NOK million)	**2014**	2013	2012	2011	2010
Result before amortisation and tax	3,032	2,938	1,960	1,279	1,612
Return on equity	11%	12%	8%	6%	11%
Solvency margin Storebrand Life Group	175%	176%	162%	161%	164%
Total equity and liabilities	492,287	463,367	426,205	401,442	390,414
Equity	24,741	22,755	20,175	18,777	18,417
Earnings per ordinary share	4.61	4.41	2.25	1.51	3.30
Dividen per ordinary share	0.00	0.00	0.00	0.00	1.10

2014 Highlights

1st Quarter

HIGHER SAVINGS RATES FOR DEFINED CONTRIBUTION PENSIONS FROM 2014

At the turn of the year, the maximum rates for defined contribution pensions increased and became better adapted to the accrual rules in the new National Insurance Scheme. This means that it will be possible now for people to save up to 7 per cent of their salary up to 12 x the National Insurance basic amount "G", and additional contributions of 18.1 percent of salary between 7.1 and 12 "G" will be allowed. The new higher savings rates are well received by the corporate customers. The higher rates make it easier for companies with a defined benefit pension to offer a competitive defined contribution pension. Converting also ensures the company predictable costs. Some corporate customers that have a defined contribution pension at the old maximum rates would like to increase their rates.

2nd Quarter

STRENGTHENING OF LONGEVITY RESERVES

In April, the Financial Supervisory Authority of Norway issued guidelines for the longevity reserve strengthening. The life insurance companies must set aside more money in the lifelong guaranteed pension schemes because the longevity of Norwegians is increasing. Storebrand requires overall to strengthen its reserves by NOK 12.4 billion. At the end of 2014, a total of NOK 6.2 billion has been allocated.

NEW PENSION FUND CUSTOMERS

Storebrand won two new pension fund customers, the Municipality of Bærum and the Municipality of Tromsø, with NOK 7 billion in assets under management combined. Later in the year we also won the pension fund of the Municipality of Asker, with close to NOK 2 billion in assets under management.

SURPASSED NOK 500 BILLION IN ASSETS UNDER MANAGEMENT

Storebrand Asset Management surpassed NOK 500 billion in assets under management for the first time. The growth is driven by good sales, excess return on the portfolios and positive financial markets.

3rd Quarter

PAID-UP POLICIES WITH INVESTMENT CHOICE FINALLY INTRODUCED

The Group has over 400,000 customers with paid-up policies totalling over NOK 90 billion. For many of Storebrand's customers, the new rules will make a better pension possible, because more long-term management of the pension assets will result in higher expected pension payments. Storebrand offered investment from 15 October, and the level of interest was good.

FEDERATION OF NORWEGIAN PROFESSIONAL ASSOCIATIONS BECOMES A NEW CUSTOMER

Akademikerne (Federation of Norwegian Professional Associations) chose Storebrand as a new partner for insurance from 2015. DNB has previously had the contract for many years. The membership represents a total of 110,000 potential customers.

PENSION EXPRESS ON TOUR AGAIN

After last year's success with the "Pension Express", Storebrand embarked on a bus tour to spread knowledge about pensions. A bus filled with biodiesel and pension advisors visited workplaces in a total of 19 cities in Norway.

4th Quarter

GOOD RETURN FOR THE DEFINED CONTRIBUTION PENSION CUSTOMERS

The Norwegian defined contribution customers with the most common savings profile, Storebrand Balanced Pension, earned a return of 10.9 per cent on their pensions in 2014. The asset management business achieved an overall excess return of NOK 2.2 billion for the customers in 2014.

LETTER OF INTENT WITH STATOIL

In December, Statoil and Storebrand signed a letter of intent to provide defined contribution pensions to all of Statoil's 13,400 employees who have more than 15 years left until retirement age. This is by far the largest single defined contribution pension contract in the market.

LOWER COSTS AND IMPROVED SOLIDITY

The cost programme has been carried out in accordance with the goal of NOK 400 million in lower costs during the period 2012-2014. The operating costs for 2014 declined 2 per cent compared with the previous year. In spite of the falling interest rates, the Solvency II margin is estimated to be a robust 148 per cent at the end of the year.

Interview with the CEO

How was this last year for you?
The year 2014 was an eventful year. We continue to deliver a good return to our customers, and we have successfully grown our core business – pension savings – both in Norway and Sweden. A highlight was undoubtedly when we won the tender to provide a defined contribution pension for 13,400 employees of Statoil towards the end of the year. This is by far the largest defined contribution pension contract in the Norwegian market, and it confirms our leading market position.

We have also seen that we have been successful in offering attractive solutions to the employees in companies with a occupational pension from Storebrand, and we have acquired 11,000 net new retail customers during the year.

The year is otherwise marked by a number of important clarifications in the pension area. From a situation with a great deal of uncertainty, we now have the long-awaited clarifications concerning Solvency II, increasing longevity and paid-up policies with investment choice, which is something that is good to take with us into 2015.

Storebrand delivered a group result of 3,032 million for 2014, up from NOK 2,938 million for 2013. How would you describe Storebrand's financial results in the year that has passed?
We reported a good profit for 2014, with continued strong growth in defined contribution pensions and a good return to our customers in the corporate market. We are seeing strong interest in pensions and paid-up policies with investment choice among our retail customers. In addition, reduced costs and forceful Solvency II adaptation are important keywords for the year that has passed.

What results are you the most and least satisfied with?
The results generally follow the development of the balance sheet, and a growing proportion of the results are generated by non-guaranteed savings.

If I had to point out something in particular, it would be the good asset management results, where we surpassed NOK 500 billion in assets under management during the year. I am impressed by how we have successfully combined growth, efficiency improvement and the achievement of results during the period. In 2015, I would like to see even greater growth in insurance.

The analysts are concerned about the low interest rate level being challenging for Storebrand, since the company guarantees the return for a large portion of the customers' pension assets. What actions are Storebrand taking to continue to earn money, even if the interest rates remain low?
The most important action is that we continue to shift the balance sheet from products with guaranteed interest rates to products without a guarantee. In the private sector, there is still a great influx of companies who want to convert to defined contribution pensions, while we have transferred NOK 10 billion out of occupational pensions in the public sector during the year. We have won contracts for pension funds for a corresponding amount at the same time.

This, in combination with the fact that we have reduced our cost base considerably in recent years, is the long-term solution for the challenge related to the low interest rate level.

In addition, we have built up a portfolio of bonds with a long term to maturity that we will hold until maturity. This currently represents almost half of our guaranteed portfolio, and we can obtain a good return from this over the next 6-7 years. This gives us extra security with regard to interest rate guarantees and the need to strengthen reserves due to the increasing longevity of the population.

Over time, we will have to refinance portions of the portfolio at lower levels than before, but this is completely manageable as long as it takes place at the same time as a larger portion of the balance sheet shifts towards products without guaranteed interest rates.

After many years of uncertainty, it is now clear that the new European solvency regulations for the life insurance companies, Solvency II, will be introduced in Norway in 2016. How important has it been to finally have a clarification concerning this?
A clear regulatory framework is a prerequisite for our business, which lives off of delivering a good, long-term return. We have waited several years for a final clarification concerning Solvency II, and now we know the scale that will be used to assess us.

Having said that, it was nothing that we were not prepared for here. We have adapted our business to Solvency II over the last three-year period, and we are well on our way. What is new now is that we have a specific date for the introduction, as well as transitional rules for Norway, to work with.

A higher life expectancy in the population is a challenge for the life insurance companies, which have to set aside more money to cover additional years of pension payments. This spring, the Financial Supervisory Authority of Norway announced that the companies will be given seven years to set aside enough money for this. This is significantly shorter than what the industry has argued for earlier. What do you think about this?
We accept what the supervisory authority decides, even though we would like to have had more time. We have been through a period of strong result generation and good opportunities to build up buffers in the Group, which means that we have been able to strengthen reserves at an early point in time. Of our total required strengthening of reserves of NOK 12.4 billion, we have already set aside NOK 6.2 billion at the end of 2014. This is a level that we are comfortable with.

"Norway is practically the only country in Europe that does not have a proper scheme for tax-motivated private pension savings. We will continue to stress the importance of this: Individuals have been given more responsibility for their own pension, now they also need the tools required to influence

their pension."

Odd Arild Grefstad
Group CEO

This autumn, the regulations for paid-up policies with investment options entered into force. Storebrand is the only company allowing all gainfully employed customers to trade in their guarantee. While the other companies are waiting until they have finished strengthening their longevity reserves, Storebrand is using equity to allow the customers to convert. Why are you doing this?
What is the most important is the fact that the new rules will give many of our customers an opportunity to receive a better pension. For many individuals – young employees in particular – this is clearly a better alternative than being locked into a solution with a guaranteed low return over many years.

Now that the legislation has finally allowed investment choice, I think that it is important for us as a leading pension provider to actually offer this to our customers. A consequence of this is the fact that we are willing to put our equity on the table in order to give everyone this opportunity. I myself have a paid-up policy from a prior employer, and I was never in doubt about choosing investment options.

At the same time, I would like to point out that we place very high demands on our own advisory services. All the customers that contact us receive good objective information, so that they are better able to make the choice that is the most correct for him or her. We see that the guarantee is of genuine value to older employees, and we recommend investment options only to those who can expect significantly higher pension payments by trading in their guarantee.

How much has this cost the company in the form of equity in 2014?
In 2014, a total of 3,500 customers with paid-up policies valued at just under NOK 1 billion converted to policies with investment options. In total, this has cost us around NOK 30 million.

You have repeatedly criticised the current rules for the management of paid-up policies, with an annual guarantee that forces the suppliers to manage long-term money in a short-term manner. What expectations do you have for the authorities doing something about the regulations for guaranteed paid-up policies?
For those who have quite a few years before retirement age, policies with investment choice are a very good solution. We know at the same time that most of the paid-up policy holders are over 50 years of age and have a short period of time until retirement or are already retired. They are locked into a product with an unreasonable regulatory framework in relation to the new solvency regulations, and no one benefits from this.

There has been some focus on this recently: Calculations from Øystein Medlien in Grieg Investor, published in VG last year, showed that the socio-economic losses associated with guaranteed returns in defined benefit schemes totalled NOK 550 billion. Common sense dictates that something must be done about the requirements for annual guarantees to make the management of the guaranteed products better for the customers, and I have faith that this is something the authorities will be looking at.

In the autumn of 2014, Storebrand published the figures for its capital situation under the coming Solvency II regulations for the first time. At the end of the 3rd quarter of 2014, the company had a solvency ratio of approximately 125. What targets have you set for the solvency ratio in connection with the introduction of Solvency II in 2016?
We have an expressed target of a level of 130 per cent from 2016. When the results were published for year-end 2014, the Solvency II margin was 148 per cent. We are expecting a development in our business, including the effects of transitional rules, which would indicate that we should exceed our target of 130 per cent in 2016.

There is nevertheless no escaping from the fact that enduring low interest rates is challenging for the life insurance companies. Even if the regulatory solvency ratio up until 2016 is not very sensitive to interest rate fluctuations, this will affect the solvency ratio without transitional rules.

During the year there have been several important clarifications concerning the regulatory framework in the pension area. In January, new higher savings rates for defined contribution pensions were introduced. How has interest in the new savings rates been?
It is clear that many companies have been sitting on the fence and waiting for new better savings rates, and the level of interest has been very good. As much as 12 per cent of the new annual savings premiums for defined contribution pensions are from contracts with savings rates that are higher than the old maximum rates. In total, approximately 650 companies have chosen new, higher savings rates.

The main point is that the new savings rates for defined contribution pensions give the customers greater freedom of choice and greater flexibility – regardless of which pension scheme they choose.

Is this the end of defined benefit pensions in the private sector?
No, defined benefit pensions in the private sector will be with us for a long time to come. Many companies have closed defined benefit schemes, where the number of members decline for each year that passes, but where it will still take 15-20 years before the defined benefit scheme is phased completely out.

It is precisely this opportunity to provide a combination of various pension solutions that is one of our greatest competitive advantages. Many companies have changed their pension schemes in recent years, and they desire of course a transition that is as seamless as possible. We have unique experience and competence here, and that is probably one of the primary reasons why we are winning in the battle for pension customers.

The new Occupational Pensions Act from 2014 allows companies to choose a third alternative to the traditional occupational pension schemes: A hybrid model, which contains elements of both a defined contribution and defined benefit pension. What sort of market do you see for this product in the future?
The new hybrid model may have a broad area of impact in sectors with contractual pensions or other matters that make a direct transition from a defined benefit to defined contribution pension scheme challenging. An obvious example is the employers' association Virke (Enterprise Federation of Norway), which has, for example, entered into a collective wage agreement for a hybrid pension with Fagforbundet (Norwegian Union of Municipal and General Employees).

In the longer term, it is exciting to think of the hybrid model as an opportunity to reform the entire public service pension system. This is something that will emerge sooner or later in order to harmonise the pension systems in the private and public sectors. The hybrid model, with lifelong disbursements and opportunities for wage inflation adjustment, may be a solution.

You have repeatedly sought better schemes for private pension savings. The Government has also stated that this is something they want to do something about. Were you disappointed when this was not mentioned in the government budget?
I find it to be unreasonable that the level of the company's pension scheme determines how much of a tax allowance or not applies to your savings. If you are employed in a company with a minimum contribution rate of 2 per cent, then you should have an opportunity to fill up the rest yourself. Norway is practically the only country in Europe that does not have a proper scheme for tax-motivated private pension savings. We will continue to stress the importance of this: Individuals have been given more responsibility for their own pension, now they also need the tools required to influence their pension.

We understand at the same time that the Government would like to look at this in the context of the broader ongoing discussion on taxation. With the Scheel Committee's report on the table, we expect the Government to follow up on their declaration and propose more concrete solutions for private pension savings in the government budget for 2016.

In the autumn of 2012 you introduced a cost programme with target savings of NOK 400 million in annual costs by 2015. What is the status of this work?
The cost programme has ended now, and we achieved the targets we set. I am humbled and impressed by the effort and willingness to change demonstrated by all those involved.

Having said this, it does not in any way mark the end of cost efficiency improvement. On the contrary: Now there is a continuous efficiency improvement process that is carried out, and we have set new goals to ensure that we reach our target of a cost/income level of 60.

Storebrand has qualified as the only financial company in the world for a place on the Dow Jones Sustainability Index for 15 years in a row. What does work with sustainability mean to you?
There is all reason to be very proud of what we have achieved in this area, but we should not rest on our laurels. We will continue to invest more in companies that are financially healthy and sound, have good internal practices and are well-positioned to meet the challenges of the future. This is closely associated with the fact that we invest money with a very long time horizon. The money that is saved for pensions today will often not be used until after 40-50 years, and we are dependent then on being invested in companies that deliver good results and returns over many years.

Storebrand has invested over NOK 4.5 billion in green bonds, which makes the Group one of the largest participants in this market in Europe. Will you invest more in green bonds in 2015?
Yes, we are happy to invest in green bonds, provided they are of good quality. They are loans that are earmarked for the financing of smart business development, such as energy efficiency improvement or renewable energy. The market is still very small, but there has been strong growth in green bonds over the last year. This is one of very few innovations in the bond market over recent decades, an asset class that will play an ever more important role in adaptation to more sustainable business and industry.

Storebrand has previously aired the idea of sustainability labelling of equity funds. Is this anything that we will see in 2015?
Yes, this is something that we will launch early in 2015. We already have good tracking on which companies we will invest more in and which we will stay away from, but most of our customers do not relate to individual companies – they relate to funds. To make our sustainability message even more accessible to most people, we will start to label funds. This will set a new standard in the market with a view to transparency and a focus on sustainability, and it will make it easier for our customers to make informed choices.

THE GLOBAL COMPACT
WE SUPPORT

Sustainability

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 provider 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: AN INTEGRAL PART OF OUR CORE OPERATIONS

At Storebrand, sustainability is fully integrated into everything we do. 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 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.

CUSTOMER IN FOCUS

As a provider of pension savings, we must be able to apply a long-term perspective to our thinking and actions. We have been working with sustainable investments for almost 20 years, 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. We also focus on the selection of companies that have managed to adapt and see the opportunities that sustainable products provide. 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. Every year we make many large purchases, and our goal is to increase the proportion of suppliers with eco-labelling. 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.

At present the Group has excluded (number) 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 certified emission allowances.

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 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 (GRI 4). Our main office in Oslo has held environmental certification from the Eco-Lighthouse Foundation for several years now.

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. The dialogue is partly achieved through our annual discussions with players on sustainability matters. We are active in key sustainability organisations like UNEP FI, Norsif, Swesif and the Swedish Sustainable Value Creation collaborative project for investors. Storebrand is also a member of Swedish Leadership for Sustainable Development (SLSD) together with over 20 of Sweden's largest listed companies. The network is coordinated by the SLSD, and its aim is to develop specific projects and models for work on sustainable development. In 2014, Storebrand/SPP facilitated an anti-corruption workshop together with the network and contributed to an anti-corruption working group.

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.

COMMUNITY ENGAGEMENT

The Group's commitment to local communities has manifested itself in the You Can competition. 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. Storebrand also supports the annual charitable "TV-aksjonen" campaign. This year the support went to Norwegian People's Aid and the organisation's projects to secure clean and readily accessible water in developing countries.

Among the best 15 years in a row

Storebrand is one of 16 companies in the world to have made it on the Dow Jones Sustainability Index 15 years in a row. This is good news for everyone who has their pension assets with us.

A major international ranking of sustainability, the Dow Jones Sustainability Index, celebrated its 15th anniversary in 2014, and highlighted the fact that 16 of the companies have been on the list every year since the start of the index. Storebrand – along with BMW and Deutsche Bank for example – is one of these companies.

Not surprisingly, we also find the pharmaceutical company Novo Nordisk on this list. It is one of the world's leading companies for the treatment of diabetes and has worked strategically with sustainability for many years and is therefore a company in which we invest pension assets.

SUSTAINABLE COMPANIES ENSURE A GOOD PENSION

In addition to financial analysis, Storebrand uses sustainability analysis as a tool for investing smarter. Large volumes of information on 2,500 listed companies are collected for analysis, and the companies are assigned points based on how sustainable they are. Simply put, Storebrand sells the companies that rank the poorest and buy more of the companies that do well. Novo Nordisk is a company that is ranked highly by Storebrand.

Novo Nordisk has entered into a strategic partnership to reach out with diabetes treatment in, for example, Bangladesh. The training of health personnel has both improved the quality of the treatment and made the patient's everyday life easier, while strengthening the company's position and contributing to higher sales at the same time. It is companies like this that Storebrand would like to invest more in.

Another example from the list is BMW, which has been among the best companies in its industry in Storebrand's sustainability analyses. BMW work systematically to adapt their products to the needs resulting from increased urbanisation, stricter regulations and the consumers' desires for better and more sustainable products.

AN IMPORTANT JOB

As a pension provider, Storebrand has one main task: Generating a good, long-term return for our customers. Sustainability is profitable for our customers and contributes to a better world at the same time. Therefore sustainability is integrated across all our management services. It just makes good business sense.

Storebrand believes that a sustainable company is a company that combines innovative solutions to global challenges with its own profitable growth. Those who manage to do more, for a greater number of people, with fewer resources, will be the best investment choices for the future and provide a higher return in the long term.

It is very natural for a pension provider to have a long-term perspective. We have to pay our customers' pensions in 30, 40 or 50 years. Storebrand will therefore continue to be a leader in sustainable savings.

CERTIFIED BY:

WE SUPPORT:

QUALIFIED TO:

Climate adaptation: several steps closer to a green economy

Less palm oil and more hydropower in pension assets is one of many proofs of Storebrand's focus on more climate-friendly investments in 2014.

Extensive climate change due to man-made emission of greenhouse gases is the greatest challenge of our time. If the world is to succeed at limiting the increase in temperature on earth, all parts of society must make a contribution. As a long-term investor, Storebrand is prepared to assume its share of the responsibility and contribute to financing the solutions. The challenge lies in the fact that the use of fossil fuel is a very integral and important part of society's economic model. In order not to take too high a risk with our customers' pension assets, it is necessary that changes in the investment profile take place gradually. Investments in innovative solutions and influencing companies and the authorities in a more climate-friendly direction are just as important as the exclusion of companies that make a negative contribution to climate change.

REDUCING RISK

Storebrand continued its adaptation to a more climate-friendly investment profile in 2014. In addition to excluding companies that primarily produce coal and oil from oil sands, we have focused on other sectors and activities that emit large amounts of $CO2$ as part of their operations. In the utilities sector, Storebrand has excluded the companies that have the highest power generation from coal and petroleum as a percentage of their total revenues. The production of palm oil has been in the spotlight in recent years due to the significant negative impact on the environment and climate. Storebrand has decided to exclude palm oil producers that do not have good systems for reducing the negative impact of their operations. Storebrand/SPP has in total 49 climate exclusions as at 31 December 2014.

LOOKING FOR PALM OIL IN PENSION ASSETS

As a provider of savings and pensions, we are concerned about ensuring a long-term and good return for our customers. Climate change is the most comprehensive risk factor with respect to sustainability, and the preservation of forests, particularly rain forests, is completely essential in order to counteract climate change.

Since the establishment of new palm oil plantations is regarded as the greatest driving force behind the clearing of tropical forests, Storebrand only wants to invest in companies that are leading the industry in a more sustainable direction. In 2013, work started on a major study aimed in particular at palm oil plantations, because we saw that this was an industry with an unfortunate combination of high risk and poor practices. Our conclusion, after having taken a closer look at the operations of the plantation owners in our investment universe, was to exclude all the companies except one from January 2014.

INVESTING IN A SUSTAINABLE PRACTICE

The company Golden Agri Resources (GAR) was retained because it distinguished itself as a plantation owner. They have the leading standards in the industry for the establishment and operation of plantations. They have also participated in initiatives that contribute to moving the plantation operations in a sustainable direction.

Storebrand is not seeking to eliminate palm oil or similar products. Our goal is to influence changes in the companies' practices, and GAR is an example of this being possible. Storebrand would like to support the positive development in this area, because we believe that it is in the best interests of our customers.

In addition to the fact that Storebrand conducts analyses sector by sector, we also conduct thematic analyses, such as palm oil, to exclude companies that we do not want to invest in. By excluding companies we do not believe in, we reduce the level of risk in our customers' portfolios. In order to ensure a good return, we increase instead our investments in future-oriented companies, and help at the same time to influence the world in a more sustainable direction. Green bonds are a good example of this type of investment.

INVESTING IN OPPORTUNITIES: GREEN BONDS

The year 2014 was also the year when Storebrand seriously stepped up its investments in green bonds. A green bond is a loan that is earmarked for the financing of sustainable projects. These bonds can, for example, finance energy efficiency improvement, development of renewable energy, or infrastructure for more efficient management of water and waste. The return on green bonds is completely on par with other bonds from the same issuer.

Green bonds only represent 0.4 per cent of the total bond market, but the market is experiencing a growing demand from institutional investors. In 2014, Storebrand increased its investments in green bonds by 4 billion NOK, which makes Storebrand one if the largest participants in this market in Europe.

Green bonds are still a relatively new form of investment, and there is not any international certification system yet. Therefore it is a prerequisite that all green bonds that Storebrand buys have been quality assured by an independent third party such as CICERO or DNV GL.

Green bonds are not just a very targeted and effective form of sustainable investment, they can also be an important contribution to growth in developing countries. In February 2014, Storebrand/SPP invested SEK 1 billion in a green bond issued by the African Development Bank (AfDB). AfDB is a global development bank with an AAA rating from the credit rating agencies Standard & Poors, Moody's, Fitch and Japan Credit Rating Agency. The bank lends out money to infrastructure projects for water, sewage and renewable energy.

Green bonds are in accordance with Storebrand/SPP's goal of contributing towards a greener and more sustainable development. Strong growth in the market is expected to continue, and whenever there are good issuers and quality assured projects, Storebrand/SPP will continue to expand its portfolio.

LOBBYING: CLIMATE SUMMIT IN NEW YORK

To ensure good, long-term returns for our customers, we must understand the effects of global and national changes on the companies' profitability. By participating in the public debate, Storebrand can share its experiences and influence the regulatory framework for trade and industry to stimulate green innovation.

As one of few listed companies, Storebrand participated at the UN Climate Summit in New York in September. Politicians, businesses and organisations met there to discuss the climate policy of the future, as a warm-up for the climate negotiations in Paris in 2015.

The focus of the meeting was on solutions, value creation and growth. Transition to a low-emission economy – also referred to as the green transition – is not just relevant for our climate, is mellom ordene. a prerequisite for reducing conflicts, improving food security, reducing epidemics, creating jobs and ensuring economic growth. Therefore it is also most certainly relevant for us as a manager of savings and pensions.

Storebrand was also represented at the Norwegian governments hearing on the Government Pension Fund Global's investments in coal companies. Storebrand explained how it had worked in connection with our own coal exclusions, why we thought this was an important investment decision, what limits we had set, and how we planned to develop the strategy further.

Sustainability labelling of funds

In 2014, the Storebrand Group introduced sustainability labelling for both internally and externally managed funds. The labelling was initially launched in Sweden for SPP's funds platform, and there are plans for a launch in Norway early in 2015.

An important part of Storebrand's sustainability strategy is to make sustainability close and relevant for our customers. Customers should be able to understand the value of our work in this area and themselves make active sustainable choices for their savings and pensions. In addition, sustainability labelling is an important internal tool. After we have calculated the sustainability level of our funds, we can follow their development over time and set clear targets for increasing the level. We can also identify funds with an improvement potential and implement targeted measures as required. When we also have detailed information on the companies in our externally managed funds, the information can be used for extensive lobbying efforts. We have a good dialogue with all of our external managers concerning specific companies in their funds.

BASED ON OUR PROPRIETARY SUSTAINABILITY RANKING

The system for the sustainability labelling of funds is based on Storebrand's proprietary sustainability rating of 2,400 companies. The rating gives the company a score of 0-100 based on financial robustness, sustainable operations and positioning for global trends. The most sustainable companies are those who are energy-efficiency, treat their employees well and offer sustainable products or services. A fund that owns many such companies will also have a high sustainability level. The calculation is also weighted so that the more the fund invests in the best companies, the higher the level.

The highest level a fund can achieve is level 10. What characterises funds that achieve a high level is the fact that they systematically choose companies based on sustainability criteria. Storebrand's sustainability fund, Storebrand Trippel Smart, is a good example. This fund selects the most sustainable companies in each sector, based on over 70 underlying indicators. Funds that primarily invest in industries with a low environmental impact, such as IT and Telecom, or in areas with strict government regulation, such as Scandinavia, score relatively high. The funds that score low have as a rule many companies that violate fundamental international conventions, invest heavily in countries with little regulation, or in high-risk industries such as gold and mining. The sustainability level gives accordingly a good indication of the underlying sustainability risk in the fund.

If we do not have adequate data to assess the fund's sustainability level, we use the average for funds of a similar type and investment style. Funds with financial instruments that are not included in the rating system are labelled N/A. Sustainability analysis of companies is a continuous process, and the companies' rating and the sustainability level of the funds is updated on a quarterly basis.

VERIFIED BY DNV GL

Storebrand's system for the sustainability labelling of funds has been developed over the course of several years and is the most comprehensive system of its kind in the market. To ensure confidence in the system and the transparency of our calculation methods, we engaged DNV GL, one of the world's largest certification companies to review our processes. DNV GL has reviewed our routines and governing documentation for the various activities that are included in the process related to sustainability labelling. DNV GL's conclusion was that the process is in accordance with the internal governing documents, and that these documents are robust and appropriate.

Storebrand has taken an important step towards making a complex area easier for the customers to understand and value with sustainability labelling. Consumers have long been able to buy groceries and electronics based on environmental criteria. Now they can also base their investment choices on sustainability. This is good for Storebrand, good for the financial sector and undoubtedly good for a more sustainable development of our society.

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

Olav Chen
Storebrand

Sustainabillity rate
The rating indicates how sustainable your savings are.

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

Scorecard Sustainability – results

	Status 2013	Status 2014	Target 2013-2014
GOVERNANCE			
Solvency margin of Storebrand Life Insurance	176%	175%	> 150%
Dow Jones Sustainability Index	75 points	74 points	80 points
Prevention and detection of fraud, money laundering, and corruption	Partially maintained	Partially maintained	Maintained
SOCIAL			
Customers			
Average sustainability score for the life balance sheet investments[1]	57 of 100 points	73 of 100 points	65 of 100 points
Volume sustainability fund – - Storebrand Trippel Smart - Global Topp 100[1]	1074 NOK million	1856 NOK million	850 NOK million
Net Promoter Score[2]	-32	-34	Improve with -3 points
Customers experience that all our relationships, solutions and measures are sustainable[3]	54 of 100 points	53 of 100 points	60 of 100 point
Processing time for complaints	69% within 3 weeks	65% within 3 weeks	70% within 3 weeks
Employees			
Ethics work in the Group[4]	90%	88%	85%
Sick Leave	3,5%	3,4%	3,5%
Employee job satisfaction	69 of 100 points	71 of 100 points	71 of 100 points
Proportion of female managers	44%	45%	Within 40-60%
Diversity	77 of 100 points	79 of 100 points	77 of 100 points
Employees' awareness and support of Storebrand's corporate responsibility work	84%	85%	86%
Suppliers			
Environmental requirements for suppliers[5]	57%	57%	50% av aktive hovedavtaler har miljø i avtalen
ENVIRONMENTAL			
Society			
CO^2-emissions (metric tonnes)[6]	0.95 tons/FTE	0.98 tons/FTE	Stable level
Air travel (individual flights)[7]	4.4 individual flights/FTE	5.9 individual flights/FTE	Stable level
Head office: Energy consumption Water consumption Waste – rate of recycling	 185 kWh/m² 0,33 m3/m² 78%	 169 kWh/ m² 0,34 m3/m² 85%	 Stable Stable 72%
Managed properties: Energy consumption Water consumption Waste – rate of recycling	 215 kWh/m² 0,43 m3/m² 62%	 197 kWh/m² 0,34 m3/m² 63%	 Reduce 6 % Stable 62%
Externally managed properties: Energy consumption	 232 kWh/m²	 223 kWh/m²	 Reduce 5 % to 226 kWh/m²
Environmental certification of managed properties	75%	71%	100% certified
Paper consumption[8]	57 tons	46 tons	Reduce 10%

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:

	Mål 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)[9]	Top 3 in the industry, retail and corporate, Norway and Sweden
Volume Sustainability fund - Storebrand Trippel Smart - SPP Global Topp 100	2,000 NOK mill
Employee job statisfaction	73 of 100 points

SUSTAINABLE INVESTMENTS

	2013	2014
Number of dialogues with companies on violations of the Minimum standard	44	41
Number of external managers contacted about violations of the Minimum standard	18	10
Number of excluded companies[10]	176	171
Violation of human rights and international law	27	31
Corruption and financial crime	16	13
Environmental degradation	46	49
Controversial weapons[10]	26	22
Low sustainability rating – companies	44	36
Tobacco	21	25
Low sustainability rating – soverigns	30	30
Number of included companies	36	33

1) New calcuation method , please refer to definiton on www.storebrand.no/site/stb.nsf/pages/rapportering.html

2) Standardized method of assessment, applies to Norway Retail only.

3) Assessment for Norway Retail only. Result for 2013 is changed due to yearly calculation not Q4 result.

4) 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.

9) Retail customers, Result 2013 is revised to use yearly average and not Q4 result

10) Some companies are excluded based on more than one criterion

ABOUT OUR WORK ON SUSTAINABILITY

Storebrand has signed the UN Global Compact on responsible business practices. The principles encompass human rights, labor 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 (GRI4) guidelines as a tool for reporting on sustainability. Our reporting practice is essentially in accordance with GRI's reporting principles and satisfies level Core. Storebrand desires transparency and requires compliance and quality in its sustainability work. The results have therefore been reviewed and certified by Deloitte AS. This increases the credibility of the reporting and data, and also engenders greater internal confidence that the information has been collected, analyzed, 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.

Shareholder matters

SHARE CAPITAL, RIGHTS ISSUES AND NUMBER OF SHARES

Shares in Storebrand are listed on Oslo Børs (Oslo Stock Exchange) with the ticker code STB. Storebrand ASA's share capital at the start of 2014 was NOK 2,249.5 million. The company has 449,909,891 shares with a par value of NOK 5. As at 31/12/2014 the company owned 2,410,792 of its own shares, which corresponds to 0.53 per cent of the total share capital. The company has not issued any options that can dilute the existing share capital.

SHAREHOLDERS

Storebrand ASA is one of the largest companies listed on Oslo Børs measured by the number of shareholders. The company has shareholders from almost all the municipalities in Norway and from 44 countries In terms of market capitalisation, Storebrand was the 16th largest company on Oslo Børs at the end of 2014.

SHARE PURCHASE SCHEME FOR EMPLOYEES

Every year since 1996 Storebrand ASA has given its employees an opportunity to purchase shares in the company through a share purchase scheme. The purpose of the scheme is to involve the employees more closely in the company's value creation. In March 2014 each employee was given the opportunity to buy between 211 and 1124 shares in Storebrand at a price of NOK 35.58 per share. Around 14 per cent of the employees participated and subscribed for a total of 305,481 shares.

FOREIGN OWNERSHIP

As at 31 December 2014, total foreign ownership amounted to 62.7 per cent, compared with 53.7 per cent at the end of 2013. Trading volume for shares in Storebrand A total of 546 million shares in Storebrand were traded in 2014, which is a reduction of 4 per cent from 2013. The trading volume in monetary terms totalled NOK 19,123 million in 2014, an increase from NOK 17,067 million in 2013. In monetary terms Storebrand was the 16th most traded share on Oslo Børs in 2014. In relation to the average total number of shares, the turnover rate for shares in Storebrand was 121.4 per cent.

SHARE PRICE PERFORMANCE

Storebrand generated a total return (including dividends) of -23 per cent in 2014. During the corresponding period, the Oslo Børs OSEBX index rose 5 per cent, while the European insurance index Beinsur showed a return of 9 per cent for the corresponding period.

DIVIDEND POLICY

The Board has established as a target that Storebrand shall adapt to the changes in the European solvency regulations without raising new equity. The target is a Solvency II margin of at least 130 per cent, including the use of transitional rules. We will report on this target throughout 2015. The Board is maintaining a payout target in a normal situation of more than 35 per cent of the result after tax, but before amortisation costs. The dividend policy states that dividends shall be adjusted such that the Group is assured the right capital structure.

CAPITAL GAINS TAXATION

On 1 January 2006, new rules came into force in Norway concerning the taxation of dividends and gains on shares held by private individuals. The new rules are referred to as the "shareholder model". Under the shareholder model, dividends, less a standard deduction, are taxable, currently at a rate of 27 per cent. If shares are sold, any unused standard deduction can be deducted from the gain on the sale. The standard deduction is 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 2014 has been set at 0.9 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.

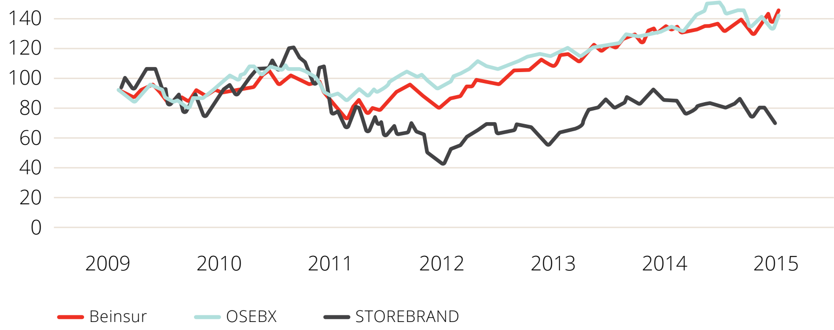
GENERAL MEETING

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

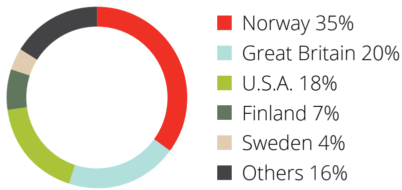


(NOK million)	2014	2013	2012	2011	2010	2009
Highest closing price (NOK)	**40,65**	**39**	**31,02**	**54,5**	**48,3**	**40,8**
Lowest closing price (NOK)	27,52	22,39	16,62	25,2	31,3	12,15
Closing price on 31/12 (NOK)	29,9	37,9	26,82	31,1	43,6	39,56
Market cap 31/12 (NOK million)	13 137	17 052	12 067	13 992	19 638	17 798
Annual turnover (1000s of shares)	546 156	569 138	881 216	627 854	593 986	510 873
Average daily turnover (1000s of shares)	2 185	2 286	3 511	2 481	2 357	2 035
Annual turnover (NOK million)	19 123	17 067	21 924	25 386	23 114	14 157
Rate of turnover (%)	121,4	126,5	195,9	140	132	114
Number of ordinary shares 31/12 (1000s of shares)	449 910	449 910	449 910	449 910	449 910	449 910
Earnings per ordinary share (NOK)	4,61	4,41	2,25	1,51	3,3	2,08
Dividend per ordinary share (NOK)	**0**	**0**	**0**	**0**	**1,1**	**0**
Total return (%)	**-23**	**41,3**	**-14**	**-27**	**10**	**136**

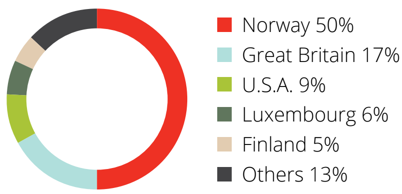
Historical share prices have been adjusted to take account of the split between shares and subscription rights carried out in 2007.

20 largest shareholders as of 31 December 2014	Account	Number of shares	%	Country
1 Folketrygdfondet	Ordinær	44,418,277	9.87	NOR
2 Franklin Templeton	Ordinær	19,403,229	4.31	LUX
3 Skagen Global	Ordinær	13,799,450	3.06	NOR
4 Prudential Assurance	Ordinær	13,797,949	3.06	GBR
5 Ilmarinen Mutual Pension	Ordinær	13,790,000	3.06	FIN
6 Clearstream Banking	Nominee	12,487,467	2.77	LUX
7 J.P. Morgan Chase Bank	Nominee	12,129,027	2.69	USA
8 Skandinaviska Enskilda	Nominee	9,759,108	2.16	SWE
9 J.P. Morgan Chase Bank	Nominee	8,555,926	1.90	GBR
10 Franklin Mutual Series	Ordinær	7,664,955	1.70	USA
11 State Street Bank	Nominee	7,142,017	1.58	USA
12 The Bank of New York	Nominee	7,065,389	1.57	DEU
13 Danske Invest Norske	Ordinær	7,050,932	1.56	NOR
14 Elo Mutual Pension Insurance	Ordinær	7,000,000	1.55	FIN
15 J.P. Morgan Chase Bank	Nominee	6,402,357	1.42	GBR
16 State Street Bank	Nominee	6,400,054	1.42	USA
17 Varma Mutual Pension	Ordinær	5,352,895	1.18	FIN
18 J.P. Morgan Chase Bank	Nominee	5,300,000	1.17	USA
19 DnB NOR Bank ASA	Ordinær	5,240,177	1.16	NOR
20 UBS AG	Nominee	4,931,999	1.09	CHE

SHARES BY COUNTRY 2014



SHARES BY COUNTRY 2013



Financial calendar	
11 February	Results 4Q 2014
15 April	Annual General Meeting
16 April	Ex dividend date
29 April	Results 1Q 2015 Embedded Value 2014
15 July	Results 2Q 2015
28 October	Results 3Q 2015
February 2016	Results 4Q 2015

Directors' Report 2014

HIGHLIGHTS

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

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

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

The year 2014 has been marked by strong competition in Storebrand's markets, a positive equity market, a challengingly low interest rate level and the clarification of important regulatory issues. Storebrand's response has been to continue to work at being the best provider of pension savings, in combination with further capital efficiency improvements and cost reductions.

Storebrand has seen continued strong growth for unit linked savings, delivered a competitive and sustainable return to its customers and increased its assets under management to over NOK 500 billion throughout the year. According to plan, the Group has realised cost reductions of NOK 400 million, announced the Group's Solvency II position and a forecast that the Group will achieve its goal of adapting to Solvency II by 2016 without raising new equity.

GROWTH IN SAVINGS AND INSURANCE

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

In Sweden, SPP has a strong challenger role, and it has taken important steps in 2014 to make its work with sustainability more visible as a factor that distinguishes SPP from its competitors. The SPP brand has grown stronger, and the sales of unit linked pension savings to companies are increasing.

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

On 1 September, the Norwegian authorities gave around one million Norwegians the opportunity to exchange their paid-up policies with a guarantee for paid-up policies with investment choice. Storebrand launched this for its around 400,000 paid-up policy customers as early as 15 October. Storebrand is the only company that offers this to all of its employed paid-up policy customers. This gives many customers an opportunity to manage their pension assets, which may give them a higher return and thus a better pension. Good advice is important, and, both on our websites and over the phone, we focus on giving good advice and recommendations adapted to each individual customer. Storebrand's CEO, Odd Arild Grefstad, was the first customer to switch to a paid-up policy with investment choice, and by the end of the year around 3,500 customers had done the same with just under NOK 1 billion.

MANAGEMENT OF GUARANTEED PENSION

Strengthening of longevity reserves on schedule

Storebrand reported a need to strengthen its reserves by a total of NOK 12.4 billion based on the decision by the Financial Supervisory Au-

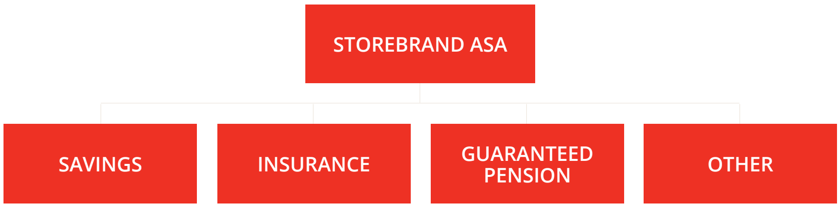


Figure: Storebrands business areas include the segments Savings, Insurance, Guaranteed Pension and Other.

thority of Norway in March 2013 to introduce a new mortality tariffs. The reason for the need to strengthen the reserves is the fact that Norwegians are expected to live longer than assumed earlier in combination with the fact that Storebrand has insurance liabilities with lifelong disbursements. This requires increased premiums and higher insurance technical reserves to cover future liabilities. In April 2014 Storebrand applied to the Financial Supervisory Authority of Norway for a seven-year escalation plan to cover the strengthening of reserves required as a result of the introduction of the new mortality tariffs. Storebrand should complete the strengthening of its reserves by the end of 2020.

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

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

Greater clarity in the regulations

The regulations that are adopted by the EU and Norwegian authorities are of great importance to Storebrand. Additional clarifications have been made in 2014 with regard to the introduction of Solvency II, strengthening of reserves for the new mortality basis and the regulations for occupational pensions and disability pensions in Norway. The changes and consequences for Storebrand are described from page 33.

ONE STOREBRAND GROUP WITH A NEW COMMON BRAND PLATFORM

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

FINANCIAL TARGETS

In a period of low interest rates and building up of reserves for higher life expectancy, the profit sharing within group pensions is expected to be reduced. At the same time the bulk of the business is being shifted from guaranteed pensions to unit linked savings. The Board has established as a target that Storebrand shall adapt to the changes in the European solvency regulations without raising new equity. The target is a Solvency II margin of 130 per cent, including the use of transitional rules. We will report on this target throughout 2015. The Board is maintaining a dividend payout target in a normal situation of more than 35 per cent of the result after tax, but before amortisation costs. The dividend policy states that dividends shall be adjusted such that the Group is assured the right capital structure.

Storebrand has the following financial targets:

(NOK million)	Targets	**Status 2014**
Return on equity (after tax)	>10%	**10.8%**
Dividend rate of Group result after tax	>35%	-
Solvency margin Life Insurance Group	>150%	175%
Rating Storebrand Life Insurance	A	A-/Baa1

GROUP FINANCIAL RESULTS FOR 2014

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

GROUP RESULT

(NOK million)	2014	2013
Fee and administration income	4,272	4,253
Risk result life and pension	480	17
Insurance premiums f.o.a.	3,115	3,034
Claims f.o.a.	-2,226	1,940
Operating costs	-2,617	-2,938
Financial result	363	97
Result before profit sharing and loan losses	**3,387**	**2,522**
Net profit sharing and loan losses	36	416
Provision for longevity	-391	
Group result before amortisation	**3,032**	**2,938**
Amortisation and write-downs of intangible assets.	-431	-739
Group result before tax	2,601	2,199
Income tax expenses	-516	-209
Sold / discontinued business	-1	-4
Result after tax	**2,085**	**1,987**

The Storebrand Group's group result before write-downs and amortisation of intangible assets was NOK 3,032 million in 2014, compared with NOK 2,938 million in 2013. After amortisation, the result was NOK 2,601 million compared with NOK 2,199 million in 2013. Fee and administration income increased 0.5 per cent for the year. Adjusted for discontinued business, the annual growth rate is 5 per cent. The underlying income performance is marked by higher income from products without guaranteed interest rates and a decline in income from products with guaranteed interest rates. The dissolution of reserves in the Swedish business in the fourth quarter had a positive impact on the risk result for life and pension. Insurance premiums increased by 2.7 percent in 2014.

The operating costs declined by NOK 571 million due to the transition from defined benefit to defined contribution pension schemes in the Norwegian business. The underlying operating costs for 2014 declined 2 per cent compared with the previous year[1]. The cost programme contributed to a reduction of the operating costs for the year, and Storebrand has successfully reduced its operating costs by NOK 400 million in accordance with the target that was announced since 2012.

Profit sharing and loan losses show a good underlying result performance. Changes were made to the actuarial assumptions in the Swedish business towards the end of the year, which had a negative effect on the result. The strengthening of the longevity reserves is charged directly to the result in the amount of NOK 391 million in 2014 and indirectly by means of lost profit sharing amounting to NOK 229 million. NOK 2,282 million has been set aside from customer returns for the year to strengthen the longevity reserves. The income tax expense for 2014 totalled NOK 516 million. The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway (27 per cent) and the tax effects related to prior years.

1) Adjusted for the non-recurring effects related to pensions in 2014 and pensions and restructuring in 2013. For more information on the total effect of the change to the pension scheme, see Note 25. Without adjustment for these effects, the cost reduction would be 11 per cent. Comments regarding the development of the result figures in the report are exclusive of the aforementioned effects.

GROUP RESULT BY BUSINESS AREA

(NOK million)	2014	2013
Savings	1,047	670
Insurance	675	774
Guaranteed Pension	1,074	1,376
Other	236	119
Result before amortisation	**3,032**	**2,938**

Savings has been defined as a growth area for the Group. The result for the segment was 44 per cent higher in 2014[2]. The earnings growth is driven by higher assets under management and good sales.

Insurance shows good underlying profitability and growth in P & C and health insurance. The result is weaker than the previous year due to the substantial dissolution of reserves in the Swedish business in 2013. The underlying performance for the area is satisfactory.

Throughout 2014, fee and administration income for Guaranteed Pension has performed consistent with the fact that a large part of the portfolio is mature and in long-term decline. It is expected that the contribution to the result will decline over time.

BUSINESS AREAS

SAVINGS

The Savings business area includes products for retirement savings with no interest rate guarantees. The business area consists of defined contribution pensions in Norway and Sweden, asset management and retail banking products.

(NOK million)	2014	2013
Fee and administration income	2,148	1,888
Risk result life and pension	-11	7
Operating costs	-1,151	-1,279
Financial result	-	
Result before profit sharing and loan losses	**987**	**616**
Net profit sharing and loan losses	60	54
Result before amortisation	**1,047**	**670**

2) Adjusted for the positive non-recurring effects related to pensions in 2014 and pensions in 2013. Without adjustment for these effects, the increase would be 56 per cent.

Results

The profit for Savings totalled NOK 1,047 million in 2014, which is an increase of 44 per cent compared with 2013[3]. The earnings improvement is attributed to a combination of volume and income growth in all parts of the business, good average margins in banking and good cost control.

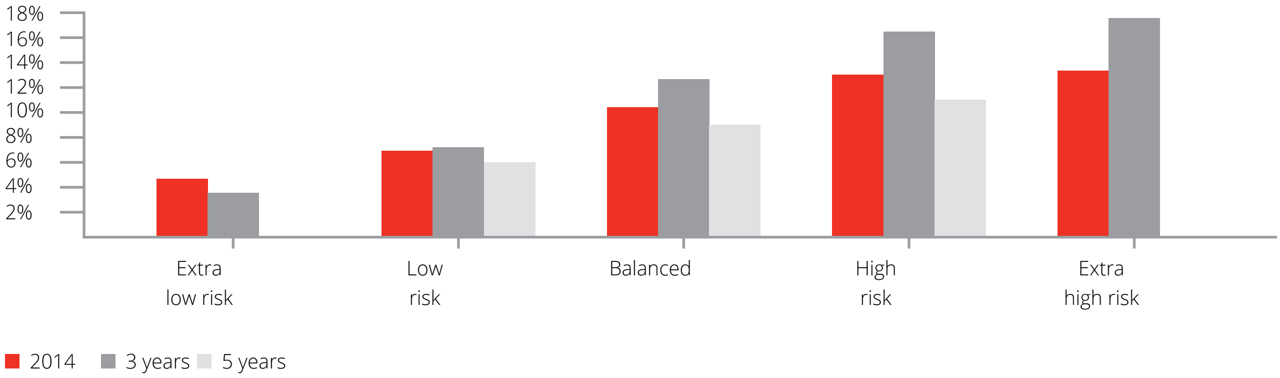
Total fee and administration income increased by 14 per cent from 2013 to 2014, which is approximately the same growth level as the previous year. Adjusted for non-recurring effects related to pension costs in both 2014 and 2013, the nominal cost level remains more or less unchanged over the last year. Higher distribution costs and increasing volume-related costs in accordance with the growth increased the costs, while the measures implemented to improve efficiency and realise savings linked to the Group's cost programme have reduced the cost level[4].

Defined contribution pensions continue to show strong growth due to a steadily rising number of companies choosing to convert from defined benefit schemes to defined contribution-based schemes. This is increasing both the number of members and the current premium payments and management volume in the defined contribution-based pension schemes in both Norway and Sweden. In addition, rising equity markets contribute to further growth through solid returns on the premium reserves. The combined growth in customer assets for the Group's defined contribution pension products was 23 per cent in 2014, compared with the previous year.

3) Adjusted for the positive non-recurring effects related to pensions in 2014 and pensions in 2013. Without adjustment for these effects, the increase would be 56 per cent.

4) The Group's transition from a defined benefit to defined contribution pension scheme for its own employees resulted in a positive non-recurring effect on costs in the amount of NOK 187 million in the segment for 2014.

RETURN ON DEFINED CONTRIBUTION PENSION STANDARD PORTFOLIOS IN NORWAY



The retail bank is a direct bank that offers a wide spectrum of banking services to the retail market. Strong interest rate margins at the start of the year yield an average margin of 1.22 per cent overall for 2014. The deposit portfolio grew by NOK 1.1 billion, while the lending portfolio remains stable at approximately NOK 24 billion. This primarily consists of low-risk home mortgages. The reversal of prior provisions gives a reversal of lending losses of NOK 1.3 million in 2014.

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 mutual funds for the retail market. Of the actively managed equity and combination products, 83 per cent delivered a better return than their benchmark indices. Of the fixed income funds, 79 per cent beat their benchmark indices. The customers' investment portfolios have achieved a a combined excess return of NOK 2.2 billion in 2014. Assets under management rose by 10 per cent in 2014 to NOK 535 billion at the end of the year. Good volume growth from both external and internal customers resulted in 10 per cent income growth in the asset management area, compared with 2013.

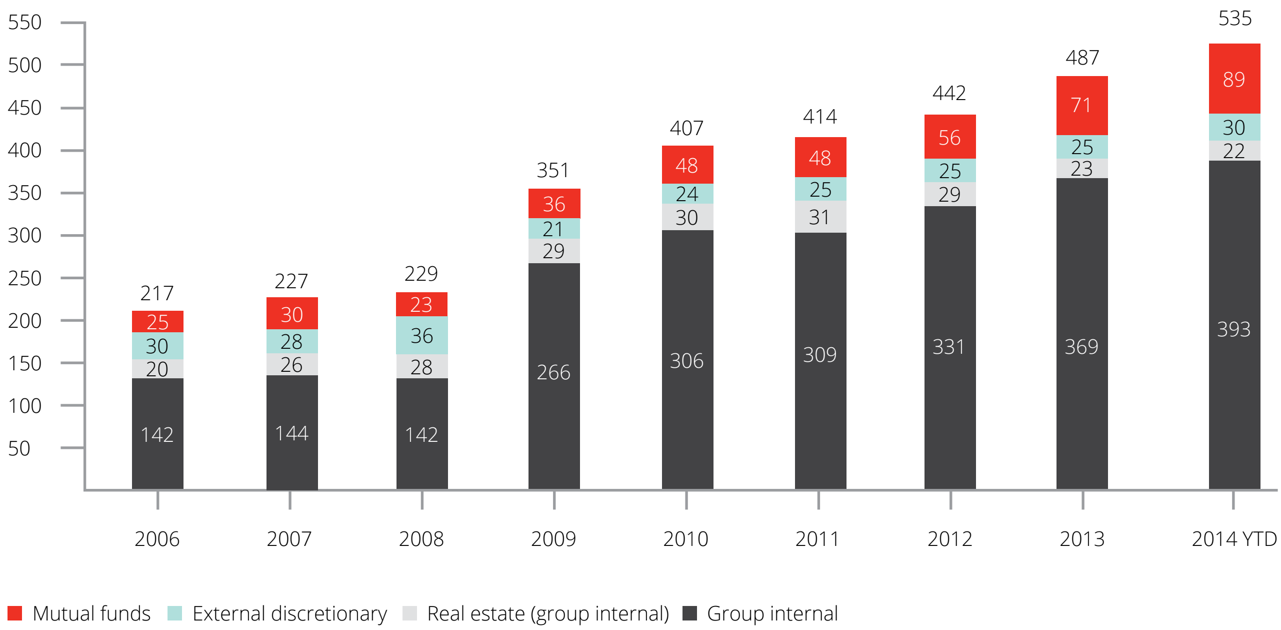
Balance sheet and market trends

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

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

In the Swedish market, SPP is the third largest participant in the Swedish market in terms of new sales of unit linked insurance in the other occupational pensions segment, with a market share of 14 per cent. Premium income is 4 per cent lower than in 2013 as a result of higher transfers out and lower conversion from defined benefit schemes. New sales remain at approximately the same level as the previous year. In 2013, SPP was chosen to be one of several suppliers in the largest pension platform in Sweden (ITP scheme), and initiated activities that have had a positive effect. Other sales channels are showing net results that are somewhat lower in 2014.

ASSETS UNDER MANAGEMENT (NOK BN)



The asset management business increased its assets under management by NOK 47 billion in 2014. This growth is primarily attributed to good new sales, particularly in the Swedish fund business, as well as a good return on the customer assets. At year end assets under management amounted to NOK 535 billion, comprising mutual funds and funds-in-funds, as well as individual portfolios for insurance companies, pension funds, municipalities, institutional investors and investment companies. For assets under management, see the graph above.

Key figures Savings	**2014**	2013
Unit linked reserves	105,369	85,452
Unit linked premiums	9,887	9,655
Assets under management	534,523	487,384
Retail lending	23,894	23,906

INSURANCE

Insurance has responsibility for the Group's risk products in Norway and Sweden[5]. The unit provides health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee-related and pension-related insurance in the Norwegian and Swedish corporate markets.

Results

(NOK million)	2014	2013
Insurance premiums f.o.a.	3,115	3,034
Claims f.o.a.	-2,226	-1,940
Operating costs	-387	-463
Financial result	173	143
Result before amortisation	**675**	**774**

The Insurance result was NOK 502 million (NOK 631 million) for the year with an overall combined ratio of 84 per cent (79 per cent in 2013). The insurance premiums increased by 2.7 per cent in 2014. The claims ratio is at a satisfactory level, the increase over the previous year is due to the dissolution of reserves in Sweden in 2013. The costs were reduced by 2 per cent compared with the previous year[6]. The underlying profitability and efficiency is good and shows a satisfactory development. The Group result before amortisation was NOK 675 million for the year (NOK 774 million in 2013).

Key figures – Insurance	2014	2013
Claims ratio	71%	64%
Cost ratio	13%	15%
Combined ratio	84%	79%

The combined risk result is stable with a claims ratio of 71 per cent (64 per cent in 2013). A higher than normal number of new incidents of disability during the year gave a weaker risk result for the life risk products in Norway and Sweden. For the P&C insurance portfolio, the underlying risk performance improved and the portfolio reported good results. The claims frequency is lower than previous years, but the average claim is stable. The overall natural perils result was NOK -0.9 million, which is offset by the good underlying risk performance.

The cost percentage was 13 per cent for the year (15 per cent in 2013). Like the previous year, changes to the pension scheme for the Storebrand Group's own employees had a positive effect on the costs. This year the change is linked to the transition from defined benefit to defined contribution schemes and amounts to NOK 120 million, while last year, when the pension regulations were amended, the effect was NOK 55 million. Adjusted for this non-recurring effect, the cost percentage would be 16 per cent in 2014 (16 per cent in 2013). To strengthen the level of competitiveness and improve cost effectiveness, an active effort is being made to increase the degree of automation, digitisation and sourcing of services, as well as the utilisation of the economies of scale provided by increased volume.

The investment portfolio of Insurance in Norway amounts to NOK 5.7 billion, which is primarily invested in fixed income securities with a short to medium duration. The booked return for the quarter has been weak. Some of the insurance reserves in this area are co-invested with the group portfolio. This is attributed to the fact that a significant portion of the cover provided is legally under Storebrand Livsforsikring AS. By being co-invested with the group portfolio, over time the return on financial assets will be greater than what would have been achieved in a short-term fixed income portfolio. The return on financial assets for the full year is good as a result of the lower interest rates and good financial markets.

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

6) Adjusted for the positive non-recurring effects related to pensions in 2014 and pensions in 2013. Without adjustment for these effects, the reduction would be 16 per cent.

Balance sheet and market trends

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

Storebrand Insurance offers a broad range of products to the retail market in Norway, as well as the corporate market in both Norway and Sweden. Profitability in the market is still considered good in general, but competition is increasing. We see this in particular in the employee insurance, where there are many participants in the market. Total annual premiums at the end of 2014 amounted to NOK 3.7 billion, NOK 1.4 billion of which is from the retail market and NOK 2.3 billion of which is from the corporate market.

Storebrand enjoys a well-established position in the retail market for personal insurance and is in a challenger position within P&C insurance. The growth in personal insurance was stable and in line with general market growth. The sale of P&C insurance is still increasing and takes place primarily through direct channels, which contributes to a cost-effective distribution model.

The corporate market is generally a mature market. Health insurance, which is still a market with strong growth, is an exception. Measured by premiums written, Storebrand is one of the market leaders in health insurance. With regard to other employee insurance segments, Storebrand is one of several large companies. For risk cover in connection with defined contribution pensions in Norway, growth is expected in future that is driven by conversions from defined benefit to defined contribution pensions. Changes in the regulatory framework may result in changes in the future premium volume. In Sweden, the disability trend has been downward for a long period of time, which has led to reduced premiums in general. As a response to this and to strengthen competitiveness, the disability premium in SPP was reduced by 30 per cent in the first quarter.

GUARANTEED 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.

(NOK million)	2014	2013
Fee and administration income	1,842	2,013
Risk result life and pension	483	7
Operating costs	-921	-1,016
Financial result		
Result before profit sharing and loan losses	**1,404**	**1,003**
Net profit sharing and loan losses	61	373
Longevity reserves	-391	
Result before amortisation	**1,074**	**1,376**

Results

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

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

New subscriptions for guaranteed pensions have been closed for most products, however, premium payments and the accumulation of returns for existing customers is leading to a long-term decline in reserves.

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

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

The result from net profit sharing is generated by the Swedish business and amounted to NOK 61 million for 2014, compared with NOK 373 million for 2013. In 2014, the new mortality assumptions and adjusted estimates for future costs in the portfolio have a negative effect on the profit sharing result. This entailed overall a reduction in the result due to the allocated deferred capital contributions of NOK 253 million.
The Financial Supervisory Authority of Norway determined in March 2013 that a new mortality tariffs would be introduced for group pension insurance in life insurance companies and pension funds effective from 1 January 2014. This requires increased premiums and higher insurance technical reserves to cover future liabilities. In April 2014, the final guidelines for the escalation plans were clarified. The Norwegian business is therefore prioritising the build-up of buffers and reserves instead of profit sharing between customers and owners. In 2014, NOK 2,282 million of the profit from the financial and risk results was allocated to strengthen the longevity reserves.

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

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

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

Key figures – Guaranteed Pension	**2014**	2013
Guaranteed reserves	264,290	264,125
Guaranteed reserves as a % of total reserves	71%	75%
Transfer out of guaranteed reserves	14,201	9,658
Customer buffers as a % of customer portfolios at Storebrand	6,6%	4,8%
Customer buffers as a % of customer portfolios at SPP	11.7%	15.1%

OTHER RESULTS

(NOK million)	2014	2013
Fee and administration income	282	353
Risk result life and pension	8	3
Operating costs	-158	-180
Financial result	190	-46
Result before profit sharing and loan losses	**322**	**129**
Net profit sharing and loan losses	-85	-11
Result before amortisation	**236**	**119**

The profit for Other activities was NOK 236 million for 2014, compared with NOK 119 million for 2013. This increase can primarily be explained by the non-recurring effect related to the change to the pension agreement for the Group's own employees. Fee and administration income was weaker due to discontinuation of the business bank.

The operating costs have been reduced 14 per cent in 2014, adjusted for changes in the pension scheme in 2014 and 2013, as a result of the effects of the cost programme and downscaling of the corporate bank.

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

CAPITAL SITUATION AND RISK

CAPITAL SITUATION

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

The Storebrand Life Insurance Group's solvency margin (Solvency I) declined from 176 per cent to 175 per cent at the end of the year. Falling interest rates and the exclusion of a subordinated loan of SEK 700 has made a negative contribution. A fall in the interest rate level increases the insurance liabilities in the solvency calculations. The valuation principles used in solvency calculations at a national level are applied in the Group calculations. The Swedish Financial Supervisory Authority decided on 5 December to withdraw permission to include a subordinated loan of SEK 700 million in the solvency capital. Storebrand has appealed this decision to the Administrative Court of Appeals in Sweden. Until a final decision has been made, the loan cannot be included as primary capital. If Storebrand is successful, the solvency margin will be strengthened by approximately 5 percentage points. The profit for the year and higher additional statutory reserves had a positive effect on the solvency margin.
The Solvency II solvency regulations will be introduced in 2016. The measures implemented, such as risk reduction, strengthening of longevity reserves and changed technical insurance assumptions throughout 2014, make the company more robust in relation to the future solvency regulations. For 2014, the Solvency II margin is estimated to be 148 per cent, including the current interpretation of the transitional rules.

The Life Insurance Group's solidity capital, which consists of equity and subordinated loans, as well as the market value adjustment reserves, additional statutory reserves, conditional bonus and other solvency capital in the life insurance business, amounted to NOK 64.7 billion at year end, compared with NOK 54.1 billion a year earlier. In addition to the profit for the year of NOK 1.8 billion, the NOK 2.0 billion increase in the market value adjustment reserve, higher additional statutory reserves of NOK 0.7 billion and a higher excess value in bonds held at amortised cost of NOK 8.2 billion contributed to this. The conditional bonus was, however, reduced by NOK 2.9 billion, primarily as a result of the falling interest rate level in Sweden. For further information, see Note 53 in the financial statements.

At the end of 2014, the Storebrand Bank Group had pure core capital adequacy of 13.3 per cent, and a capital adequacy of 15.0 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 per cent. The core (tier I) capital ratio was 10.3 per cent as at 31 December 2014.

Storebrand ASA had total liquid assets amounting to NOK 1.7 billion at the end of 2014 and also has an unused credit facility of EUR 240 million. The credit facility was renegotiated in December 2014 and will remain in effect until December 2019. Storebrand ASA (the holding company) had total interest bearing liabilities that amounted to NOK 3.1 billion at the end of the year. The first maturity date for the bond loans is in 2016. During the year, the company redeemed bond loans totalling NOK 837 million and issued a new five-year bond loan of NOK 500 million. Storebrand ASA's debt is normally refinanced well before maturity.

RATING

Storebrand Livsforsikring AS, Storebrand ASA, Storebrand Bank ASA and Storebrand Boligkreditt AS had the same rating from Standard & Poor's at the end of the preceding year. In December 2014, Moody's Investor Service downgraded its credit rating from A3 to Baa1 for Storebrand Livsforsikring AS and from Baa1 to Baa2 for Storebrand Bank. Storebrand ASA's rating was derived from Storebrand Life Insurance's rating and was adjusted downwards to Ba1. The outlook for the rating of Storebrand Life Insurance and Storebrand ASA was changed at the same time from negative to stable, while Storebrand Bank maintained its negative credit rating outlook. Moody's justified the downgrade of Storebrand Livsforsikring AS by low interest rates combined with a capital-intensive paid-up policy portfolio. Moody's outlook ("stable") reflects an expectation that the measures implemented by the company will strengthen the economic capital from the current level over time.

RISK

Storebrand's business is to assume and manage various risks in a deliberate, controlled and responsible manner, at the expense of both the customers and the owners. The overall aim is for the Group to receive adequate payment for assuming the risk in relation to defined rates of return.

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

Risk management is about looking at both the positive and negative aspects of risk. Risk-taking should contribute to Storebrand achieving its strategic and commercial targets, including customers receiving a competitive return on their pension products.

As a business requiring a licence, the Storebrand Group and the individual companies are subject to supervision by the Ministry of Finance. Risk management must satisfy the formal requirements pursuant to legislation and other regulations. The level of risk-taking shall be in accordance with the regulatory requirements and other needs of customers, shareholders, lenders, rating companies, etc. Undesired incidents shall be limited. The future Solvency II regulations expand and formalise the requirements for risk management.

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

SAVINGS

The Savings business area comprises products without guaranteed interest rates for pension savings. The area includes defined contribution pensions in Norway and Sweden, supplemental pension solutions, 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. In Sweden a large portion of the portfolios have lifelong disbursements, but the customer can choose time-limited disbursements.

For Storebrand the risk for non-guaranteed pensions is primarily related to future income and cost changes. There is therefore an indirect market risk, because negative investment returns will reduce future income, without a corresponding reduction in costs. Income is also reduced if customers choose to transfer or if increased competition results in more cost pressure. Market risk and exit risk are therefore the main risks for non-guaranteed pensions. There is also a risk linked to the fact that Storebrand's costs may increase.

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

The most important risk factors for the banking activities are credit risk and liquidity risk. Practically the entire lending portfolio to private individuals is secured by a mortgage on real estate.

INSURANCE

The Insurance business area is responsible for the Group's risk products. Storebrand has the risk of there being more disability cases than expected and/or that fewer disabled persons are fit to work again (reactivation). The restructuring of disability cover in Norway's National Insurance Scheme from 1 January 2015 will give better cover from the National Insurance Scheme for new incidents of disability. Higher taxes on disability income will, however, entail that the disability cover is approximately at the same level as the old scheme. In 2015, new rules will be introduced for disability pensions in the occupational pension schemes in the private sector. All else being equal, these two factors may reduce the scope of the disability risk in the future. The Group also provides cover with death benefits, but Storebrand's risk from this is limited.

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

GUARANTEED PENSION

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

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

In Norway, the return must exceed the guarantee in each year, while in Sweden it is sufficient to achieve the guaranteed return as an average. In Norway, a new mortality tariff was introduced for defined benefit occupational pensions and paid-up policies from 2014. For the existing contracts, an application has been submitted for a 7-year escalation plan, and customer returns exceeding the guarantee can contribute to building up reserves. During the escalation period, it gives an increase in risk that may be compared with increasing the interest rate guarantee. Storebrand's contribution must be at least 20 per cent of the overall reserve strengthening.

In order to achieve sufficient returns from the customer portfolios to cover the guarantee, reserve build-up and revaluation of pension, it is necessary to take investment risk (market risk) beyond investing in secure fixed income securities. This is primarily done by investing in equities, property and credit bonds. It is possible to reduce market risk but then the probability of achieving the necessary level of return is reduced. The investment strategy and risk management must balance these considerations, including the effect on the required rate of return from the required build-up of reserves. Dynamic risk management of the equity percentage is also utilised.

Interest rate risk is in a special position because changes in interest rates also affect the value of the insurance liability. Since pension disbursements may be many years in the future, the insurance liability is particularly sensitive to changes in interest rates. Risk management shall reduce this risk by undertaking investments with a corresponding level of interest rate sensitivity. In Sweden management of interest rate risk is based on this principle, but primarily targets the financial result. The yield curves in the financial statements and the solvency accounts are based on different principles.

In Norway, greater interest rate sensitivity from the investments will give increased risk that the return for the year is below the guarantee. Risk management must therefore balance the risk of the profit for the year being negatively affected by an increase in interest rates with the reinvestment risk if interest rates fall below the guarantee in the future. Accounting based on the amortised cost of long-term bonds is a key risk management tool. Eliminating the interest rate risk in Norway is not possible. This is due to both product rules with annual guarantees and that there is not sufficient access to long bonds or interest rate swaps. The introduction of Solvency II will make the interest rate risk more visible in the solvency calculation.

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

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

The fall in interest rates has increased the risk that the return in future years will be lower than the interest rate guarantee. In Norway, the effect will be dampened in the coming years by a large proportion of amortised cost portfolios that will greatly benefit from securities purchased at interest rate levels higher than the current levels.

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

Paid-up policies have a particularly high risk in a low interest rate scenario, because there are very limited opportunities for changing the price or terms. From September 2014 amendments were adopted to allow the customers to choose to convert paid-up policies to paid-up policies with investment choice (FMI). Storebrand offered the product from October 2014. It is a prerequisite that the paid-up policy is fully reserved upon conversion, and any reserve shortfalls must be covered by Storebrand. Upon conversion to a paid-up policy with investment choice the financial market performance risk passes to the customer, but, for many customers, this will give a higher expected return and thus larger pension payments. For IF in Sweden, it is also possible for the customer to change to a product without a guaranteed return.

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

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

OTHER

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

The assets in Storebrand ASA and the company portfolios are invested at low risk, primarily in short-term interest-bearing securities with a high credit rating.

Lending to commercial enterprises will be discontinued and is being downscaled. The lending volume on its own balance sheet has been reduced, at the same time as the relative credit risk has increased somewhat as a result of loans with the highest credit quality being syndicated to Storebrand Life Insurance.

REGULATORY CHANGES

CHANGING REGULATIONS

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

EUROPEAN REGULATIONS

Solvency II

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

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

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

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

NORWEGIAN REGULATIONS

New mortality tariffs (K2013)

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

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

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

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

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

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

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

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

The National Insurance Scheme's disability benefit constitutes 66 per cent of income up to 6 G. The Ministry of Finance proposes that company-paid disability pensions can also account for up to 3 per cent of employment income up to 12 G, in addition to a supplement of 0.25 G limited to 6 per cent of the member's pay basis. As in the National Insurance scheme, it introduces curtailment if the disabled person has earned income over 0.4 G. In addition, it is planned that prior accrued rights, both from the public sector and the private sector, will be coordinated with the new disability pension.

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

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

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

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

Public service pensions

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

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

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

Act on Financial Undertakings and Financial Groups

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

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

SWEDISH REGULATIONS

Gransbo report

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

It is proposed that the rules enter into force on 1 January 2016. The companies will be given the opportunity to choose until 1 January 2017. The proposal has been circulated for consultation, and a bill is expected to be submitted in the middle of January 2015. (uncertain whether this will be ready before the accounts are "printed", business and industry policy)

Proposal to ban commissions

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

SUSTAINABILITY

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

FUNDAMENTAL PRINCIPLES

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

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

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

SUSTAINABLE OPERATIONS

The Group makes high demands on the companies we invest in, and we make the same demands on ourself and our suppliers. Knowledge of what sustainability areas are the most important to Storebrand is a prerequisite for being able to make high relevant demands. In 2014, Storebrand conducted a materiality analysis, the purpose of which was to obtain a picture of what subjects are material to Storebrand. The analysis identified the following materialities: industry distrust, climate change, corruption and financial crime, as well as overexploitation of natural resources. The analysis will impact Storebrand's sustainability strategy, priorities and consumption of resources in the years to come. Indicators and targets in the sustainability scorecard 2015-16 will also be based on the analysis.

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

Every department is tasked with minimising our environmental footprint by focusing on the consumption of resources. The emissions that we nevertheless have, through travel and the consumption of energy, are compensated for through purchasing verified emission allowances within the framework of the REDD programme and Verified Carbon Standard. In 2014, Storebrand established cooperation with Wildlife Works for the purchase of emission allowances from the Kasigau Wildlife Corridor in Kenya, a threatened forest area of high biological importance.

Our ethical rules are an important tool in our daily operation, and are followed up every year through training and monitoring. Management teams at all levels of the Group discuss ethical dilemmas and review the rules at least annually. How well the rules are complied with is followed up by an ethics indicator, which is reported and quantified annually in the Group's sustainability scorecard.

The Group's rules relating to anti-corruption, notification and work against internal fraud are included in the ethical rules and apply to all employees and consultants that work for Storebrand. A notification channel has been established that connects directly to an external partner if the employee wishes to send notification anonymously. Information on notification routines is available to all employees on the Group intranet.

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

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

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

Our head office in Oslo holds environmental certification from the Eco-Lighthouse Foundation, and SPP's new head office in Stockholm was certified at the Sweden Green Building Council "Gold" level and the "Excellent" BREAAM level in 2014. All products and the choice of building materials were approved by Sundahus.

SUSTAINABLE INVESTMENTS

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

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

The minimum standard for sustainable investments was renamed the Storebrand Standard in 2014. The purpose of the name change was to clarify that this is Storebrand's own standard and stress that this is not a low level, but actually the strictest minimum requirements in the market. The Storebrand Standard applies to Storebrand's self-managed assets. The requirements apply to both equities and bonds, in Norway and internationally. The standard means that we exclude individual companies that are in violation of international norms and conventions or are among the poorest 10 per cent of the companies in high-risk industries. In 2014, we intensified our efforts to reduce our exposure to companies that cause major climate damage. At the end of 2014, 49 companies were excluded on the basis of climate criteria.

The following areas are covered by the Storebrand standard:

- Human rights, workers' rights and international law
- Corruption and financial crime
- Serious climate and environmental damage
- Controversial weapons: land mines, cluster munitions and nuclear weapons
- Tobacco
- We also exclude the companies that are the worst performers in relation to sustainability and climate measures in high-risk industries.
- As at 31 December 2014, 171 companies have been excluded from investment.

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

TAX POLICY

In 2014 Storebrand developed a policy for tax and public fees. This policy clarifies Storebrand's attitudes towards tax issues and is an integral part of the Group's ethical guidelines. The policy is as follows:

"Storebrand shall observe the tax legislation in the countries where the Group operates. In the event of transactions or arrangements where Storebrand does not perceive the law to be adequately clear, information shall be disclosed to the tax authorities. In some situations, an attempt will be made to clarify the issue in advance through dialogue or the request for a binding advance statement. The local regulations, as well as relevant guidelines and standards, including IFRS are observed for tax reporting.

Storebrand invests globally on behalf of our customers to ensure a well-diversified portfolio, and we are concerned about the companies in which investments are made being sustainable. This also implies that an attempt shall be made to avoid investing in companies that are involved in corruption and financial crime, including tax evasion."

SUSTAINABILITY IN INSURANCE

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

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

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

REPORTING AND MANAGEMENT SYSTEMS

The Group has published environmental reports since 1995, and sustainability reports based on the tripartite bottom line (finances, corporate social responsibility and the environment) since 1999. The sustainability reporting has been an integral part of the annual report and audited by an independent party since 2008. Storebrand follows the guidelines of the Global Reporting Initiative (GRI G4 guidelines) for reporting.

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

DIALOGUE WITH THE OUTSIDE WORLD

We have an impact on our society, and our society has an impact on us. Our sustainability work relies on a close dialogue with key players in society. Each year we arrange a dialogue with stakeholders in which we answer questions and receive feedback on what is expected of us and our work on sustainability. In 2014, the subject of this dialogue was sustainability and consumer behaviour.

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

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

STOREBRAND GROUP'S SUSTAINABILITY GUIDELINES

Sustainability is integrated into Storebrand's values, our vision, core values and promises to customers. In 2014, we expanded our guidelines so that they also encompass the insurance business. Work on sustainability in insurance has been ongoing for a number of years, and we would like to make this part of our sustainability work visible now. The following guidelines are fundamental to our work:

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

HUMAN RESOURCES AND THE WORKING ENVIRONMENT

DIVERSITY

The Group has increased its diversity along the same lines as society in general. In 2014, the Group received a score of 83 out of 100 in an internal questionnaire regarding the Group's level of ambition and work with diversity. This is up from 81 for the previous year. The Group works systematically with the composition of the employees to ensure that it reflects our society in general. The average age at Storebrand is 40, and the average seniority is 9 years. Storebrand had 2,232 employees in the Group at year end. This is an increase of 94 employees in comparison with the start of the year.

At the end of the year, 45 per cent of the managers in the Group were women, and 52 per cent of the employees are women. In SPP 53 per cent of the managers are women. This positive trend is a result of our systematic efforts to identify future managerial candidates and promote even gender distribution. There has been a focused effort on management development in the areas of communication and change management. The aim is to ensure that future competence requirements are met, employer branding and that the best managers in the financial sector work for Storebrand. Professional and administrative competence shall have equal status with regard to salary levels and career opportunities. There should be a good balance between women and men at all levels of the company, and Storebrand will therefore strive to have more women in the governing bodies, managerial positions and specialist positions. This will be ensured through various development and training programmes. No significant salary differences have been identified that can be attributed to gender discrimination. Moreover, this is something that the company will follow up and measure regularly.

In 2014, 40 per cent of Storebrand ASA's board members were women. The proportion on the subsidiaries' boards is 41 per cent, and, in the executive management, it is 38 per cent, which is the same as the previous year.

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

ANNUAL EMPLOYEE SURVEY (MTI)

The numbers from the MTI survey showed a positive trend. The MTI score for job satisfaction improved from 69 in 2013 to 71 in 2014. Job satisfaction is measured by looking at a combination of the satisfaction and motivation scores, and it is affected indirectly by seven priority areas. This is considered very positive. The employer's reputation among the employees has improved by two points. When the employees are asked whether they think that it is valuable that the Storebrand Group desires to have a leading position in sustainability, the trend is still positive, with an improvement over 2014.

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

ABSENCE DUE TO ILLNESS

The Group's absence due to illness rate has been stable for many years or declined somewhat. This trend is continuing. The absence due to illness rate for the Group as a whole in 2014 was 3.4 per cent: it was 3.8 per cent in Norway, 3.3 per cent in SPP and 1.4 per cent in Storebrand Baltic.

Storebrand Norway has been an "inclusive workplace" (IA) company since 2002, and the Group's managers have over the years built up good routines for following up sick employees. All managers with Norwegian employees must complete a mandatory HSE course, in which part of the training involves following up illnesses.

Storebrand's health clinics at the head office in Norway provided treatment on more than 2,825 occasions in 2014 and have also provided training guidance and workplace assessments for employees. Health checks and the health clinics, as well as health insurance for all employees, are making a positive contribution to the low absence due to illness rate.

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

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

ETHICS AND TRUST

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

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

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

SKILLS

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

At Storebrand, all of the employees should have an opportunity to develop in step with the company's needs. In 2014, the company has focused on the fact that the greatest and most important part of skills development takes place through facilitating development as part of the

everyday work. Skills development should take place be assigning challenging tasks to employees in their positions, and that they are allowed to develop themselves for new requirements and tasks. The professional competence of employees should be made broader, so that it can contribute to greater adaptability for individuals and a greater restructuring capacity for the Group.
The Group offers e-learning courses and classroom courses on different subjects. In 2014, 1,300 employees completed e-learning courses and 1,500 have participated in classroom courses on technical insurance subjects.

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

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

CORPORATE GOVERNANCE

Storebrand's executive management and Board of Directors review Storebrand's corporate governance policies annually. Storebrand established principles for corporate governance in 1998. Storebrand reports on the policies and practice for corporate governance in accordance with section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance of 30 October 2014. For further information on Storebrand's corporate governance, reference is made to a separate article on page 47 of the annual report.

The Board carried out an evaluation in 2014, in which the executive management participated. A total of eleven board meetings were held in 2014. 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 2014 the following changes to the membership of Storebrand's corporate bodies took place:

Board of Directors of Storebrand ASA: Jon Arnt Jacobsen and Kirsti Valborgland (employee representative) have retired from the Board. Martin Skancke and Arne Fredrik Håstein (employee representative) have been elected as new members.

Board of Representatives: Arne Giske, Arild M. Olsen, Jostein Furnes (former alternate member), Caroline Burum Brekke (employee representative) and Hanne Seim Grave (employee representative) have been elected as new members. Joakim Gjersøe, Per Otto Dyb, Cathrine Kjenner Forsland (employee representative) and Alina Jakubenaite (employee representative) have been elected as new alternate members.

Helge Leiro Baastad, Tore Eugen Kvalheim, Karen Helene Ulltveit-Moe, Terje Andersen, Mats Gottschalk (alternate member), Lars Tronsgaard (alternate member), Tor Haugom (employee representative), Per-Erik Hauge (employee representative) and Joachim Ales (employee representative) have retired from the Board of Representatives.
Control Committee: Re-election.

Nomination Committee: Harald Espedal has been elected as a new member. Helge Leiro Baastad retired from the Nomination Committee.
The Board wishes to thank the retiring members of the Board of Directors and Board of Representatives for their valuable contributions to the Group.

OUTLOOK

EARNINGS PERFORMANCE

Earnings performance

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

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

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

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

Storebrand is in a period of major regulatory and market-related changes in the pension area. Sales have been good and the customers have received a good return on their pension assets. Storebrand has implemented a cost programme over recent years that has reduced the Group's annual costs by NOK 400 million. Cost reductions and adaptations in the business have established a good foundation for profitable growth in the future.

RISK

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

OFFICIAL FINANCIAL STATEMENTS OF STOREBRAND ASA

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

Storebrand ASA is the holding company in the Storebrand Group, and the accounts have been prepared in accordance with the Norwegian Accounting Act, generally accepted accounting policies in Norway, and the Norwegian Regulations relating to annual accounts, etc. for insurance companies. Storebrand ASA reported a profit before tax of NOK 351 million in 2014, compared with NOK 377 million in 2013. Group contributions from investments in subsidiaries amounted to NOK 490 million, compared with NOK 626 million in 2013. The operating costs in 2014 were NOK 38 million, which is lower than normal and attributed to an income of NOK 48 million from the change in the pension scheme.

STOREBRAND ASA INCOME STATEMENT

(NOK million)	**2014**	2013
Group contribution and dividends	490	626
Net financial items	-102	-256
Operating costs	-38	6
Pre-tax profit/loss	**351**	**377**

(NOK million)	2014	2013
Tax	-77	-96
Profit for the year	**273**	**281**

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	2014	2013
Profit for the year	273	281
Change in actuarial gains or losses	-93	-317
Tax on other income statement components	25	82
Total other income statement elements	**-68**	**-235**
Total comprehensive profit/loss	**206**	**46**

ALLOCATION OF THE PROFIT FOR THE YEAR

The profit for the year ended 31 December 2014 for Storebrand ASA was NOK 273 million, compared with NOK 281 million for 2013.

The Group is in a situation where it needs to strengthen its reserves for higher life expectancy and adapt to new European solvency regulations. The Board has accordingly decided to propose to the Annual General Meeting that no dividend be paid and that the net profit for 2014 be allocated to other equity.

(NOK million)	2014	2013
Profit for the year	273	281
Allocations		
Transferred to/from other equity	273	281
Total allocations	**273**	**281**

Lysaker, 10 February 2015
Board of Directors of Storebrand ASA

Birger Magnus
Chairman of the board

Monica Caneman **Laila S. Dahlen** **Gyrid Skalleberg Ingerø**

Martin Skancke **Halvor Stenstadvold** **Terje Vareberg**

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

Odd Arild Grefstad
Cheif Executive Officer

Corporate governance

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

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

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

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

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

The Board of Directors of Storebrand ASA has decided that the company will comply with the Norwegian Code of Practice for Corporate Governance and discusses compliance with the Code of Practice in the Board of Directors' Report on page 43. Storebrand complies with the Code of Practice without any significant exceptions. One minor deviation has been accounted for below under section 3.

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

Storebrand's principal focus within sustainability is sustainable investments. Storebrand has worked with sustainability systematically and in a goal-oriented manner for almost 20 years. This work is clearly based on Storebrand's vision and core values Storebrand'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 12-16.

Storebrand has its own code of ethics. Guidelines for whistle-blowing, social events, combating corruption, etc. have also been established. Based on the employee survey conducted in 2014, the employees gave a score of 86 (scale of 1-100) concerning 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 Storebrand in compliance with the current legislation. Storebrand's main business areas comprise savings, insurance and guaranteed pensions. The full text of the Articles of Association may be found on the Group's website at www.storebrand.no.

The market is kept informed of Storebrand's goals and strategies through quarterly result presentations and other thematic presentations, such as the Capital Markets Days. The latter event was held on 26 November 2014. You can read more about the company's goals and main strategies on page 23.

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

The Group's Board of Directors 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 35 of the Board of Directors' Report. The Board has adopted a dividend policy that states that the dividend paid to shareholders shall normally amount to at least 35 per cent of the profit for the year after tax, but before amortisation costs. The dividend shall be adjusted such that Storebrand is assured the right capital structure. The dividend is set by the General Meeting, based on a proposal put forward by the Group's Board of Directors. The General Meeting may, by simple majority, authorise the Board of Directors to distribute a dividend pursuant to Amendments to Section 8-1, second paragraph of the Norwegian Public Limited Companies Act (entered into force on 1 July 2014). This shall be based on the annual financial statements adopted by the General Meeting. This authorisation may not be granted for a period longer than until the next Annual General Meeting. In addition, the authorisation shall be based on the adopted dividend policy. The General Meeting will not be requested to provide such authorisation in 2015. Read more about Storebrand's dividend policy on page 20.

Storebrand ASA would like to have various tools available for its efforts to maintain an optimal capital structure for Storebrand. At the 2014 Annual General Meeting, the Group's Board of Directors was granted authorisation to increase the share capital through issuing new shares for a total maximum value of NOK 224,954,945. This authorisation may be used for the acquisition of businesses in consideration for new shares or increasing the share capital by other means. The Group's Board of Directors may decide to waive the shareholders' preferential rights to subscribe for new shares in accordance with the authorisation. The authorisation may be used for one or more new issues. The authorisation is valid until the next Annual General Meeting.

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

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

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

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

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

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

The share capital has not been increased in 2014, 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 MEETING AND CONTROL COMMITTEE (NO DEVIATIONS FROM THE CODE OF PRACTICE)

General Meeting

Pursuant to the Articles of Association, Storebrand ASA's General Meeting shall be held by the end of June each year. The 2014 Annual General Meeting was held on 9 April. All shareholders with a known address will receive notice of the General Meeting, which will be sent out no later than 21 days prior to the General Meeting. The deadline for registration is three working days before the General Meeting.

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

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 arrangement gives the shareholders an opportunity to vote without being represented at the General Meeting. As many shareholders as possible are thus allowed to exert an influence on the company by exercising their voting rights.

All shareholders may participate at the

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

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

- The General Meeting makes decisions concerning the following:
- Approval of the annual report, financial statements and any dividend proposed by the Board.
- Statement on the fixing of remuneration to executive personnel
- Election of shareholder representatives to the Board of Representatives and members of the Nomination Committee and the Control Committee.
- Remuneration of the Board of 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 General Meeting.

Control Committee

Certain companies in the Storebrand Group are 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 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 that Storebrand conducts its activities in a prudent and proper manner, and this includes ensuring that the group complies with all current legislation and regulations, the companies' Articles of Association and resolutions adopted by decision-making bodies. The committee is entitled to look into any matter at Storebrand and has access to any 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 2014 and reports semi-annually on the committee's work to the Board of Representatives, most recently in September 2014.

A legislative amendment is expected in 2015 that will make the control committee requirement optional. Storebrand will conduct a detailed evaluation of the possible discontinuation of the Control Committee as a result of the legislative amendment.

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

Storebrand's Articles of Association regulate the Nomination Committee, which consists of four members and an observer elected by the employees.

The chairman of the Nomination Committee and the other members are elected by the General Meeting. The Articles of Association 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 General Meeting. In addition to the shareholder-elected members, a representative for the employees shall participate as a permanent member of the committee in discussions and nominations concerning the election of the Chairman and Deputy Chairman of the Board of Representatives and the Chairman of the Board, as well as in other contexts where it is deemed natural, upon receiving notice from the Chairman of the Committee (as an observer in the latter case).

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

The Articles of Association stipulate that the Nomination Committee should work in accordance with the rules of procedure adopted by the General Meeting. The Nomination Committee's rules of procedure were adopted at the 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 contacts the company's 15 largest shareholders annually and requests that they propose candidates for the company's Board of Representatives, Control Committee, Nomination Committee and Board of Directors. A corresponding request to the shareholders is published on the company's website.

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

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

The Nomination Committee held 16 meetings in 2014. In the spring of 2014, the Committee nominated candidates for new members of the Board of Representatives, Control Committee, Nomination Committee and boards of the relevant group companies. In the autumn of 2014, the Nomination Committee started work on the elections that are to be held by the General Meeting and Board of Representatives in the spring of 2015.

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

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

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

The Articles of Association stipulate that between five and seven board members shall be elected by the Board of Representatives based on nominations from the Nomination Committee. Two members, or three members if the Board of Representatives elects six or seven directors, shall be elected by and from among the employees. The board members are elected for one year at a time. The day-to-day management is not represented on the Board of Directors. After a by-election to fill a vacancy on the Board of Directors in September 2014, the Board of Directors consisted of ten members (six men and four women).

None of the members elected by the Board of Representatives have any employment, professional or consultancy relationship with Storebrand beyond their appointment to the Board of Directors. The backgrounds of the individual board members are described on page 56 of the annual report and on the Group's website. The composition of the Board of Directors satisfies the independence requirements set forth in the Code of Practice. There are few instances of disqualification during the consideration of matters by the Board. The Board's assessment of each board member's independence is commented on in the overview of governing and controlling bodies on page 58. An overview of the number of shares in Storebrand ASA owned by members of governing bodies as at 31 December 2014 is included in the notes to the financial statements for Storebrand ASA (Information on related parties) on page 156.

A legislative amendment is expected in 2015 that will eliminate the board of representatives requirement and make it optional in the form of establishing a so-called corporate assembly. Storebrand will conduct a detailed evaluation of the possible discontinuation of the Board of Representatives and subsequent establishment of a corporate assembly.

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 2014, a total of 11 board meetings were held, one of which was held at the subsidiary SPP in Stockholm. Storebrand's future strategy is discussed at the Board's annual strategy meeting, which establishes guidelines for the management's preparation of plans and budgets in connection with the annual financial plan, which must be approved by the Board. The Board shall stay informed about Storebrand's financial position and development, and it shall ensure that the company's value creation and profitability are safeguarded in the best possible manner on behalf of the owners. The Board shall also ensure that the activities are subjected to adequate control and ensure that

Storebrand has adequate capital based on the scope of, and risks associated with, its activities. The attendance records of individual board members are provided in the overview of the governing and controlling bodies on page 58. 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 Storebrand's executive personnel, and proposes guidelines for the fixing of the executive personnel's remuneration and the Board's statement on the fixing of the executive personnel's remuneration, which is presented to the General Meeting each year. In addition, the committee safeguards the areas required by the Remuneration Regulation. The Compensation Committee held five meetings in 2014.

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 seven meetings in 2014. The external and internal auditors participate in the meetings. The majority of the Committee's members are independent of the company. The Board of Directors has found that it is appropriate to have a combined Remuneration Committee for all of Storebrand.

Storebrand has applied for exemption from the requirement of establishing a separate risk committee

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

MANAGEMENT AND CONTROL

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

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

Storebrand's corporate responsibility guidelines summarise how corporate responsibility is an integral part of Storebrand's management and control processes for investments, product development, purchasing, employee monitoring and internal operations. Storebrand's corporate sustainability goals are adopted by the Board, and the sustainability scorecard is followed up by the Group's executive management team Storebrand also complies with the GRI (Global Reporting Initiative) international reporting standard. The results are audited by Storebrand's external auditor, see the auditor's report on page 159. For the 16th year in a row, Storebrand qualified for the international Dow Jones Sustainability Index, which includes the top 10 per cent most sustainable companies within all industries on a global basis.

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

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

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

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

Storebrand Compass is the company's monitoring tool, and it provides comprehensive reports for management and the Board concerning financial and operational targets. In addition, the Board of Directors receives risk reports from the risk management function, which monitors the development of key figures for risk, solidity, etc.

Risk assessment forms part of the managerial responsibilities in the organisation. The purpose of this is to identify, assess and manage risks that can hamper a unit's ability to achieve its goals. Developments in the financial markets are important risk factors in relation to Storebrand's earnings and solvency position. In addition to assessing the effects of sudden shifts in the equity markets or interest rates (stress tests), scenario analysis is used to estimate the effect of various sequences of events in the financial markets on Storebrand's financial performance and solvency. This provides important premises for the Board's general discussion 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 Storebrand'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 directly to the CEO. The CRO function is responsible for supporting the Board and group management team with respect to the establishment of a risk strategy and operationalisation of the setting of limits and risk monitoring across Storebrand'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.

Storebrand has a common internal audit function, which conducts an independent review of the robustness of the management model. The internal audit function's instructions and annual plan are determined by the Board pursuant to the current legislation, regulations and international standards. The internal audit function produces quarterly reports for the boards of the respective Storebrand companies 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 Storebrand's risk managers comply with the regulations relating to remuneration in financial institutions. The CRO and employees with control functions related to risk management, internal control and compliance only have fixed salaries.

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

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

A series of risk assessment and control measures have been established in connection with the preparation of the financial statements. 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 Storebrand 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 by 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 General Meeting fixes the Board's remuneration annually on the basis of the recommendations of the Nomination Committee. The fees paid to the members of the Board are not linked to earnings, option schemes or similar arrangements. Members of the Board and Board Committees do not receive incentive-based remuneration; instead they receive a fixed annual compensation, either per year or per meeting the member attends, or a combination of such remuneration. The shareholder-elected members of the Board do not participate in the company's pension schemes. None of the shareholder-elected members of the Board carry out any duties for the company beyond their appointment to the Board. More detailed information on the compensation, loans and shareholdings may be found in notes 26 (Group) and 6 (ASA). Board members are encouraged to hold shares in the company.

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

The Board determines the structure of the remuneration of executive personnel at Storebrand, and a statement on the fixing of remuneration (executive remuneration statement) is presented to the General Meeting. The executive remuneration statement shall clearly specify which guidelines are binding and which are advisory. From 2015, the General Meeting shall vote separately on the binding and advisory guidelines. 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.

Storebrand 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 Storebrand's core values. 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 26 (Group) and 6 (ASA) and in the Board's statement on the fixing of salaries and other compensation for executive personnel, which is included in the notice of the General Meeting and available at www.storebrand.no. Executive personnel are encouraged to hold shares in Storebrand ASA, even beyond the lock-in period.

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

The Board has issued guidelines for the company's reporting of financial and other information and for contact with shareholders other than through the General Meeting. Storebrand's financial calendar is published on the Internet and in the company's annual report. Financial information is published in the quarterly and annual reports, as described under section 10 – Financial information and Storebrand's accounting process. Any documentation that is published will be available on the company's website. All reporting is based on the principle of transparency and takes into account the need for the equal treatment of all participants in the securities markets and the rules concerning good stock exchange practice. Further information may be found on page 47. Storebrand has its own guidelines for handling insider information, see also section 10 – Management and control, above.

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

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

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

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

OTHER

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

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

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

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

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

Management

ODD ARILD GREFSTAD (49)

CEO

Ⓢ 56,530

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 (50)

GROUP CFO

Ⓢ 40,832

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 (53)

COO

Ⓢ 2,761

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 (51)

**CCO,
CUSTOMER AREA NORWAY**

Ⓢ 12,761

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.

Ⓢ Number of shares

GEIR HOLMGREN (42)

MANAGING DIRECTOR, GUARANTEED PENSION

Ⓢ 7,221

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 (60)

MANAGING DIRECTOR, CUSTOMER AREA SWEDEN

Ⓢ 44,484

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 (43)

MANAGING DIRECTOR, INSURANCE

Ⓢ 5,133

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 (49)

MANAGING DIRECTOR, SAVINGS

Ⓢ 3,591

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

Storebrand ASA Board

BIRGER MAGNUS (60)

BOARD CHAIRMAN OF STOREBRAND ASA SINCE 2009

Ⓜ 11/11
Ⓢ 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 (61)

BOARD MEMBER OF STOREBRAND ASA SINCE 2011

Ⓜ 11/11
Ⓢ 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 (45)

BOARD MEMBER OF STOREBRAND ASA SINCE 2013

Ⓜ 11/11
Ⓢ 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.

GYRID SKALLEBERG INGERØ (48)

BOARD MEMBER OF STOREBRAND ASA SINCE 2013.

Ⓜ 11/11
Ⓢ 0

Ingerø is CFO at Telenor Norge AS.

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

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

MARTIN SKANCKE (49)

BOARD MEMBER OF STOREBRAND ASA SINCE 2014

Ⓜ 2/11
Ⓢ 1,414

Martin Skancke has his own consulting business.

His previous positions include Special advisor in Storebrand, Head of Asset Management Department of the Norwegian Ministry of Finance, Director General at the office of the Prime Minister and Head of the Domestic Policy Department and Advisor in McKinsey&Co

Chairman of Principles of Responsible Investments (PRI) and Fronteer Solutions AS. Chairman of Kommunalbanken AS, Norfund and beCuriou Private Travel.

Ⓜ Board meetings
Ⓢ Number of shares

HALVOR STENSTADVOLD (71)

BOARD MEMBER OF STOREBRAND ASA SINCE 2000

Ⓜ 11/11
Ⓢ 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

Ⓜ 10/11
Ⓢ 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.

KNUT DYRE HAUG (60)

EMPLOYEE-ELECTED BOARD MEMBER OF STOREBRAND ASA SINCE 2006

Ⓜ 11/11
Ⓢ 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.

ARNE FREDRIK HÅSTEIN (42)

EMPLOYEE-ELECTED BOARD MEMBER OF STOREBRAND ASA SINCE 2014

Ⓜ 7/11
Ⓢ 1,511

Product Specialist Pensions & Savings at Storebrand

Håstein has previously worked as product manager for Delphi Funds, key account manager in Storebrand Asset Management, senior financial advisor in Fokus Bank AS and financial advisor/senior financial advisor in Storebrand Livsforsikring AS.

HEIDI STORRUSTE (50)

BOARD MEMBER OF STOREBRAND ASA SINCE 2013

Ⓜ 11/11
Ⓢ 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 (3,031)

DEPUTY CHAIRMAN
Vibeke Hammer Madsen (0)

MEMBERS (ELECTED BY SHAREHOLDERS)
Terje Andersen (4,500)
Anne-Lise Aukner (0)
Trond Berger (837)
Maalfrid Brath (8,063)
Jostein Furnes (0)
Arne Giske (0)
Marianne Lie (0)
Arild M. Olsen (200)
Olaug Svarva (0)
Pål Syversen (0)

DEPUTY MEMBERS (ELECTED BY SHAREHOLDERS)
Per Otto Dyb (0)
Joakim Gjersøe (0)

MEMBERS (ELECTED BY EMPLOYEES)
Caroline Burum Brekke (1,666)
Hanne Seim Grave (0)
Nina Hjellup (5,880)
May Helene Moldenhauer (275)
Rune Pedersen (10,674)
Trond Thire (0)

DEPUTY MEMBERS (ELECTED BY EMPLOYEES)
Cathrine Kjenner Forsland (0)
Alina Jakubenaite (8,109)

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)
Martin Skancke (1,414)
Halvor Stenstadvold (8,645)
Terje Vareberg (0)

MEMBERS (ELECTED BY EMPLOYEES)
Knut Dyre Haug (11,963)
Arne Fredrik Håstein (1,511)
Heidi Storruste (2,865)

AUDIT COMMITTEE

CHAIRMAN
Halvor Stenstadvold (8,645)

MEMBER
Monica Caneman (0)
Knut Dyre Haug (11,963)

REMUNERATION COMMITTEE

CHAIRMAN
Birger Magnus (20,000)

MEMBER
Gyrid Skalleberg Ingerø (0)
Heidi Storruste (2,865)

CONTROL COMMITTEE

CHAIRMAN
Elisabeth Wille (163)

DEPUTY CHAIRMAN
Finn Myhre (0)

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

DEPUTY MEMBER
Tone Margrethe Reierselmoen (1,734)

ELECTION COMMITTEE

CHAIRMAN
Terje R. Venold (3,031)

MEMBER (ELECTED BY SHAREHOLDERS)
Harald Espedal (0)
Kjetil Houg (0)
Olaug Svarva (0)

OBSERVER (ELECTED BY EMPLOYEES)
Rune Pedersen (10,674)

Life expectancy increases by 12 minutes per hour. Our commitment lasts a lifetime.

To responsibly manage our customers' pension, we must invest in those companies who recognize that the world is changing and that adapts to these changes. We believe that the companies that manage to do more, for more people, with less use of resources, will be the best investment for the future. This can provide higher expected long-term returns

Storebrand shall be the best provider of saving for retirement. That means we must be the best in sustainable savings.

Storebrand is working to invest more of my money in the most sustainable companies. It gives good sense for both return and for the future.

Kristina Picard
Storebrand

Annual account and notes to the financial statement

Content

Storebrand Group

Profit and Loss Account 1 January - 31 December

(NOK million)	Note	2014	2013[1]
Net premium income	15	25,220	28,656
Net interest income - banking activities	16	462	547
Net income from financial assets and real estate for the company:			
- equities and other units at fair value	17	17	8
- bonds and other fixed-income securities at fair value	17	774	417
- financial derivatives at fair value	17	-208	22
- bonds at amortised cost	17	90	59
- real estate	17	92	52
- profit from investments in associated companies/joint controlled operation	34	40	89
Net income from financial assets and real estate for the customers:			
- equities and other units at fair value	17	20,735	16,772
- bonds and other fixed-income securities at fair value	17	9,516	2,942
- financial derivatives at fair value	17	-1,328	-3,598
- bonds at amortised cost	17	3,784	3,526
- interest income lending		171	130
- real estate	17	1,582	907
- profit from investments in associated companies	34	25	29
Other income	19	2,698	2,316
Total income		**63,669**	**52,874**
Insurance claims for own account	20	-35,918	-29,851
Change in insurance liabilities	21	-21,417	-12,369
To/from buffer capital	22	781	-3,568
Losses from lending/reversal of previous losses	23	-74	-11
Operating costs	24,25,26,27	-2,913	-3,265
Other costs	28	-498	-296
Interest expenses	29	-597	-576
Total costs before amortisation and write-downs		**-60,637**	**-49,937**
Profit before amortisation and write-downs		**3,032**	**2,938**
Amortisation and write-downs of intangible assets	31	-431	-739
Group pre-tax profit		**2,601**	**2,199**
Tax cost	30	-516	-209
Profit after tax sold/wound up business		-1	-4
Profit/loss for the year		**2,085**	**1,987**
Profit/loss for the year attributable to:			
Majority's share of profit		2,063	1,971
Minority's share of profit		22	16
Total		**2,085**	**1,987**

Earnings per ordinary share (NOK)		4.61	4.41
Average number of shares as basis for calculation (million)		447.4	447.1
There is no dilution of the shares			

1) In consequence of the changes to the principles, the comparative figures have been restated. See further information in note 1 Accounting policies.

Storebrand Group
Statement of total comprehensive income 1 January - 31 December

(NOK million)	Note	2014	2013
Profit/loss for the year		**2,085**	**1,987**
Change in actuarial assumptions		-522	-340
Adjustment of value of properties for own use		51	154
Gains/losses from cash flow hedging	49	168	
Total comprehensive income elements allocated to customers		-22	-154
Tax on other result elements not to be classified to profit/loss		80	104
Total other result elements not to be classified to profit/loss		**-245**	-236
Translation differences		138	840
Tax on other result elements that may be classified to profit/loss		-1	
Total other result elements that may be classified to profit/loss		137	840
Total other result elements		**-109**	**604**
Total comprehensive income		**1,976**	**2,591**
Total comprehensive income attributable to:			
Majority's share of total comprehensive income		1,950	2,564
Minority's share of total comprehensive income		26	27
Total		**1,976**	**2,591**

Storebrand Group
Statement of Financial Position 1 January - 31 December

(NOK million)	Note	31.12.14	31.12.2013[1]	31.12.2012[1]
Assets company portfolio				
Deferred tax assets	30		1	38
Intangible assets and excess value on purchased insurance contracts	31	5,710	5,987	6,096
Pension assets	25		1	152
Tangible fixed assets	32	91	118	143
Investments in associated companies	34	381	333	251
Receivables from associated companies	34			69
Financial assets at amortised cost:				
- Bonds	10,35,36	2,883	3,052	2,146
- Bonds held-to-maturity	10,35,36		347	222
- Lending to financial institutions	10,35	207	152	255
- Lending to customers	10,35,37	27,426	32,348	34,065
Reinsurers' share of technical reserves	38	144	151	155
Real estate at fair value	8,39	4,456	3,581	3,459
Real estate for own use	39	68	66	58
Other assets	40	64	64	64
Accounts receivable and other short-term receivables	35,41	1,575	1,833	2,125
Financial assets at fair value:				
- Equities and other units	8,14,35,42	109	82	53
- Bonds and other fixed-income securities	8,10,14,35,43	26,699	23,294	21,312
- Derivatives	10,14,35,44	1,741	1,090	1,313
- Lending to customers		989	1,289	1,241
Bank deposits	10,35	5,266	4,067	3,279
Minority interests in consolidated securities funds		17,036	12,863	5,909
Total assets company portfolio		**94,846**	**90,720**	**82,406**
Assets customer portfolio				
Tangible fixed assets	32	363	354	303
Investments in associated companies	34	40	34	115
Receivables from associated companies	34	11	186	596
Financial assets at amortised cost:				
- Bonds	10,35,36	64,136	63,919	54,557
- Bonds held-to-maturity	10,35,36	15,131	14,773	10,496
- Lending to customers	10,35,37	4,679	3,508	3,842
Real estate at fair value	8,39	21,963	20,856	25,504
Real estate for own use	39	2,514	2,425	2,173
Biological assets	40	646	626	535
Accounts receivable and other short-term receivables	35,41	3,928	3,531	2,699
Financial assets at fair value:				
- Equities and other units	8,14,35,42	118,334	102,613	78,535
- Bonds and other fixed-income securities	8,10,14,35,43	157,576	155,074	157,839
- Derivatives	10,14,35,44	4,714	1,129	2,745
Bank deposits	10,35	3,405	3,619	3,859
Total assets customers portfolio		**397,441**	**372,648**	**343,799**
Total assets		**492,287**	**463,367**	**426,205**
Equity and liabilities				
Paid in capital		11,722	11,720	11,718

(NOK million)	Note	31.12.14	31.12.2013[1]	31.12.2012[1]
Retained earnings		12,652	10,705	8,119
Minority interests		366	350	337
Total equity		**24,741**	**22,775**	**20,175**
Subordinated loan capital	9,35	7,826	7,409	7,075
Buffer capital	45	22,213	22,447	18,037
Insurance liabilities	45,46	369,963	348,204	323,996
Pension liabilities	25	555	953	1,234
Deferred tax	30	1,228	825	717
Financial liabilities:				
- Liabilities to financial institutions	9,14,35	19	1,028	2,499
- Deposits from banking customers	9,14,35,47	19,358	20,728	19,860
- Securities issued	9,35	13,986	17,000	18,033
- Derivatives company portfolio	10,14,35,44	884	632	632
- Derivatives customer portfolio	10,14,35,44	3,941	1,911	725
Other current liabilities	9,35,48	10,537	6,592	7,315
Minority interests in consolidated securities funds		17,036	12,863	5,909
Total liabilities		**467,546**	**440,592**	**406,029**
Total equity and liabilities		**492,287**	**463,367**	**426,205**

1) In consequence of the changes to the principles, the comparative figures have been restated. See further information in note 1 Accounting policies.

Lysaker, 10. February 2015
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**

Martin Skancke | **Halvor Stenstadvold** | **Terje Vareberg**

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

Odd Arild Grefstad
Cheif Executive Officer

Storebrand Group
Reconciliation of Group's equity

	Majority's share of equity								
(NOK million)	Share capital [1]	Own shares	Share premium	**Total paid in equity**	Restatement differences	Other equity [2]	**Total retained earnings**	Minority interests	**Total equity [3]**
Equity at 31 December 2012	**2,250**	**-16**	**9,485**	**11,718**	**116**	**8,004**	**8,119**	**337**	**20,175**
Profit for the period						1,971	1,971	16	1,987
Total other result elements					829	-236	593	11	604
Total comprehensive income for the period					**829**	**1,735**	**2,564**	**27**	**2,591**
Equity transactions with owners:									
Own shares		2		2		24	24		26
Share issue								-27	-27
Purchase of minority interests						-5	-5		-5
Other						1	1	13	14
Equity at 31 December 2013	**2,250**	**-14**	**9,485**	**11,720**	**945**	**9,760**	**10,705**	**350**	**22,775**
Profit for the period						2,063	2,063	22	2,085
Total other result elements					133	-246	-112	4	-109
Total comprehensive income for the period					**133**	**1,817**	**1,950**	**26**	**1,976**
Equity transactions with owners:									
Own shares		2		2		18	18		20
Provision for dividend								-2	-2
Purchase of minority interests						-21	-21		-21
Other						-1	-1	-7	-8
Equity at 31 December 2014	**2,250**	**-12**	**9,485**	**11,722**	**1,078**	**11,574**	**12,652**	**366**	**24,741**

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

2) Includes undistributable funds in the risk equalisation fund amounting to NOK 829 million and security reserves amounting NOK 270 million.

3) In consequence of the changes to the principles, the comparative figures have been restated. See further information in note 1 Accounting policies.

Storebrand Group
Cash flow analysis 1 January - 31 December

(NOK million)	2014	2013
Cash flow from operational activities		
Net receipts - insurance	22,693	18,460
Net payments compensation and insurance benefits	-20,457	-19,103
Net receipts/payments - transfers	-14,742	-5,927
Receipts - interest, commission and fees from customers	1,352	1,697
Payments - interest, commission and fees to customers	-523	-556
Payments relating to operations	-2,679	-2,791
Net receipts/payments - other operational activities	3,894	1,163
Net cash flow from operations before financial assets and banking customers	**-10,463**	**-7,057**
Net receipts/payments - lending to customers	4,181	2,011
Net receipts/payments - deposits bank customers	-1,370	795
Net receipts/payments - mutual funds	15,944	2,394
Net receipts/payments - real estate investments	-850	5,562
Net change in bank deposits insurance customers	210	241
Net cash flow from financial assets and banking customers	**18,116**	**11,003**
Net cash flow from operational activities	**7,653**	**3,945**
Cash flow from investment activities		
Net payments - sale/capitalisation of group companies	15	
Net receipts/payments - sale/purchase of property and fixed assets	-4	-6
Net receits/payments - sale/purchase of fixed assets	-168	-251
Net receipts/payments - sale of insurance portfolios	-1,585	
Net receits/payments - purchase/capitalization of associated companies and joint ventures	131	407
Net cash flow from investment activities	**-1,612**	**150**
Cash flow from financing activities		
Payments - repayments of loans	-3 295	-2 156
Receipts - new loans	496	1 250
Payments - interest on loans	-495	-557
Receipts - subordinated loan capital	1 965	2 372
Payments - repayment of subordinated loan capital	-1 976	-2 366
Payments - interest on subordinated loan capital	-484	-473
Net receipts/payments - lending to and claims from other financial institutions	-1 002	-1 470
Receipts - issuing of share capital	11	9
Payments - dividends	-2	-26
Net cash flow from financing activities	**-4 783**	**-3 416**
Net cash flow for the period	**1 259**	**679**
- of which net cash flow in the period before financial assets and banking customers	-16 858	-10 324
Net movement in cash and cash equivalents	1 259	679
Cash and cash equivalents at start of the period	4 213	3 539
Currency translation differences	2	2
Cash and cash equivalents at the end of the period [1)]	**5 473**	**4 219**

1) Consist of:		
Lending to financial institutions	207	152
Bank deposits	5 266	4 067
Total	**5 473**	**4 219**

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

OPERATIONAL ACTIVITIES

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

INVESTMENT ACTIVITIES

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

FINANCING ACTIVITIES

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

CASH/CASH EQUIVALENTS

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

Noter
Storebrand konsern

Note 01 Company information and accounting policies

1. COMPANY INFORMATION

Storebrand ASA is a Norwegian public limited company that is listed on the Oslo Stock Exchange. The consolidated financial statements for 2014 were approved by the Board of Directors on 10 February 2015.

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

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

The asset side of the Group's statement of financial position comprises, for the most part, financial instruments and investment properties. Investment properties are recognised at fair value. A large majority of the financial instruments are measured at fair value (the fair value option is used), whilst other financial instruments that are included in the categories Loans and receivables and Held to maturity are measured at amortised cost. Financial instruments valued at amortised cost are largely related to Norwegian pension liabilities with guaranteed interest rates. In addition, the majority of loans are valued at amortised cost. Capitalised intangible assets, which mainly comprise excess value relating to insurance contracts upon a business combination, are also recognised on the balance sheet. This excess value is recognised at historical cost less annual amortisation and write-down.

The liabilities side of the Group's balance sheet 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 stated at fair value, the majority of the financial liabilities are stated at amortised cost. Technical insurance reserves must be adequate and cover liabilities relating to issued insurance contracts. Various methods and principles are used when assessing the reserves for different insurance contracts. A considerable part of the insurance liabilities relate to insurance contracts with interest guarantees. Recognised liabilities relating to Norwegian insurance contracts with interest guarantees are discounted at the basic interest rate. Recognised liabilities relating to Swedish insurance contracts with interest guarantees are discounted at the market rate. In the case of unit-linked insurance contracts, reserves for the savings element in the contracts will correspond to the value of related asset portfolios. Due to the fact that the customers' assets in the life insurance business (guaranteed pension) have historically yielded a return that has exceeded the increased value in guaranteed insurance liabilities, the excess amount has been set aside as customer buffers (liabilities), including in the form of additional reserves, value adjustment reserve and conditional bonus.

The accounting policies are described in more detail below.

3. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

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

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

USE OF ESTIMATES IN PREPARING THE ANNUAL FINANCIAL STATEMENTS.
The preparation of the annual financial statements in accordance with IFRS requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See note 2 for further information.

4. CHANGES IN ACCOUNTING POLICIES

No changes have been made to the accounting policies in 2014 that have had a significant impact on the profit for the year.

There are new and amended accounting standards that came into effect on 1 January 2014, and Storebrand has implemented IFRS 10 and IFRS 11 with effect from the same date. Their effect for the Group is discussed in more detail below.

IFRS 10 – CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

IFRS 11 – JOINT ARRANGEMENTS

In accordance with IFRS 11, the equity method will be used for the consolidation of joint ventures. With consolidation using the equity method, the result after tax is included on one line, and this brings about an altered content for the Group result before tax and tax expense in relation to consolidation using the proportionate consolidation method. This has resulted in a change in the consolidation of Storebrand Helseforsikring AS, which was previously consolidated using the proportionate consolidation method.

IFRS 12 – DISCLOSURE OF INTERESTS IN OTHER ENTITIES

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

The tables below show the effect of IFRS 10/11 for the lines in the accounts that are affected of the changes.

	01.01 - 31.12.2013		
(NOK million)	Reported figures	Effekt IFRS 10 and IFRS 11	Restated figures
Net premium income	28,675	-19	28,656
Bonds and other fixed-income securities at fair value	422	-5	417
Financial derivatives at fair value	24	-3	22
Net income from real estate	41	11	52
Result from investments in associated companies/joint controlled operation	74	15	89
Other income	2,316	-0	2,316
Insurance claims for own account	-30,004	152	-29,851
Change in insurance liabilities	-12,176	-193	-12,369
Operating costs	-3,310	45	-3,265
Other costs	-296	1	-296
Profit before amortisation and write-downs	**2,935**	**3**	**2,938**
Amortisation and write-downs of intangible assets	-741	2	-739
Group pre-tax profit	**2,194**	**5**	**2,199**
Tax cost	-214	6	-209
Profit/loss for the period	**1,976**	**11**	**1,987**

(NOK million)	31.12.2013 Restated figures	Effekt IFRS 10 og IFRS 11	Omarbeidet	31.12.2012 Restated figures	Effekt IFRS 10 og IFRS 11	Omarbeidet
Intangible assets	5,993	-6	5,987	6,102	-6	6,096
Tangible fixed assets	119	-1	118	144	-1	143
Investments in associated companies	205	128	333	121	130	251
Lending to customers at amortised cost	33,637	-1,289	32,348	35,306	-1,241	34,065
Real estate at fair value	24,175	262	24,437	28,723	240	28,963
Accounts receivable and other short-term receivables	1,890	-57	1,833	2,172	-47	2,125
Bonds and other fixed-income securities	23,485	-191	23,294	21,496	-184	21,312
Derivatives	1,091	-1	1,090	1,313		1,313
Lending to customers at fair value		1,289	1,289		1,241	1,241
Bank deposits	4,077	-10	4,067	3,297	-18	3,279
Minority interests in consolidated securities funds		12,863	12,863		5,909	5,909
Total assets	**450,381**	**12,986**	**463,367**	**420,182**	**6,022**	**426,205**
Equity and liabilities						
Minority interests	88	262	350	98	240	337
Total equity	**22,514**	**262**	**22,775**	**19,936**	**240**	**20,175**
Insurance liabilities	348,314	-110	348,204	324,089	-94	323,996
Pension liabilities	958	-5	953	1,239	-6	1,234
Deferred tax	833	-9	825	721	-5	717
Other current liabilities	6,605	-14	6,591	7,327	-22	7,305
Minority interests in consolidated securities funds		12,863	12,863		5,909	5,909
Total equity and liabilities	**450,381**	**12,986**	**463,367**	**420,182**	**6,023**	**426,205**

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

New standards and changes in standards that are effective from annual periods begining on or after January 1st 2015
IASB has been working for several years on a new accounting standard for insurance contracts, which is often referred to as IFRS 4, Phase II. A new Exposure Draft (ED) was published in June 2014. A new standard will probably be ready in 2015. It is uncertain when this will be implemented. We assume that the standard will not be implemented until 2018 at the earliest.
It is assumed that the standard will most likely require that the recognised value of insurance contracts shall consist of the following components:

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

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

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

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

5. CONSOLIDATION

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. The latter two companies are going to be merged in 2015. In connection with the acquisition of 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 recognised in total comprehensive income.

Elimination of internal transactions

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

6. BUSINESS COMBINATION

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

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

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

When making investments, including purchasing investment properties, a decision is made as to whether the purchase constitutes acquisition of a business pursuant to IFRS 3. When these purchases are not regarded as an acquisition of a business, the acquisition method pursuant to IFRS 3 Business combinations is not applied, and therefore a determination is not made of any added value and a provision is not allocated for deferred tax as would have occurred in a business combination.

7. REVENUE RECOGNITION

PREMIUM INCOME

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

NET INTEREST INCOME – BANKING

Interest income is recognised in the income statement using the effective interest method.

INCOME FROM PROPERTIES AND FINANCIAL ASSETS

Income from properties and financial assets are described in Sections 10 and 11.

OTHER INCOME

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

8. GOODWILL AND INTANGIBLE ASSETS

when acquiring a business, excess values that cannot be allocated to identified assets or liabilities at the date of the acquisition is classified as goodwill on the statement of financial position. Goodwill is valued at acquisition cost on the date of the acquisition. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset.

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

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

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

Intangible assets with finite useful 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. LIABILITY ADEQUACY TEST FOR INSURANCE LIABILITIES AND RELATED EXCESS VALUES

When insurance contracts are purchased as part of a business combination, the insurance liabilities are recognised on the basis of the underlying company's accounting policies. Excess value linked to these liabilities, often referred to as the value of business in-force (VIF), is recognised as an asset. A liability adequacy test must be conducted of the insurance liability, including VIF, according to IFRS 4 Insurance Contracts, every time the financial statements are presented. The test conducted in Storebrand's consolidated financial statements looks at the calculated present values of cash flows to the contract issuer, often mention as the embedded value. The liability adequacy test was carried out prior to the implementation of IFRS.

Intangible assets with infinite useful 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 well-informed, willing parties in an arm's length transaction. Changes in fair value are recognised as they occur. Income from leases is recognised on an ongoing basis.

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

11. FINANCIAL INSTRUMENTS

11-1. GENERAL POLICIES AND DEFINITIONS

RECOGNITION AND DERECOGNITION

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

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

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

DEFINITION OF AMORTISED COST

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

DEFINITION OF FAIR VALUE

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

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

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

FINANCIAL ASSETS ARE CLASSIFIED INTO ONE OF THE FOLLOWING CATEGORIES:

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

HELD FOR TRADING

A financial asset is held for trading if:

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

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

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

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

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

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

The accounting is the same for the group held for trading (the instruments are assessed at the fair value and changes in value are listed on the income statement).

INVESTMENTS HELD TO MATURITY

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

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

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

LOANS AND RECEIVABLES

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

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

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

11-3. DERIVATIVES

DEFINITION OF A DERIVATIVE

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

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

ACCOUNTING TREATMENT OF DERIVATIVES THAT ARE NOT HEDGING

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

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

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

11-4. HEDGE ACCOUNTING

FAIR VALUE HEDGING

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

HEDGING OF NET INVESTMENTS

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

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

11-5. FINANCIAL LIABILITIES

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

12. ACCOUNTING FOR THE INSURANCE BUSINESS

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

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

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

12-1. GENERAL – LIFE INSURANCE

CLAIMS FOR OWN ACCOUNT

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

CHANGES IN INSURANCE LIABILITIES

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

INSURANCE LIABILITIES

Premium reserve

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

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

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

A substantial proportion of the Norwegian insurance contracts have a 1-year interest guarantee, meaning that the guaranteed return must be achieved every year. In Sweden guaranteed rates are used to derive guaranteed benefits but there are no annual interest rate guarantees.

INSURANCE LIABILITIES, SPECIAL INVESTMENTS PORTFOLIO

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

CLAIMS RESERVE

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

TRANSFERS OF PREMIUM RESERVES, ETC. (TRANSFERS)

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

SELLING COSTS

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

12-2. LIFE INSURANCE – NORWAY

ADDITIONAL STATUTORY RESERVES

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

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

PREMIUM FUND, DEPOSIT RESERVE AND PENSIONERS' SURPLUS FUND

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

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

MARKET VALUE ADJUSTMENT RESERVE

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

RISK EQUALISATION RESERVE

Up to 50 per cent of the risk result for group pensions and paid/up policies can be allocated in the risk equalisation fund to cover any future negative risk result. The risk equalisation reserve is not considered to be a liability according to IFRS and is included as part of the equity (undistributable equity).

STRENGTHENING OF LONGEVITY RESERVES

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

12-3. LIFE INSURANCE SWEDEN

LIFE INSURANCE RESERVES

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

CLAIM RESERVES

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

CONDITIONAL BONUS AND DEFERRED CAPITAL CONTRIBUTION

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

12-4. P&C INSURANCE

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

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

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

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

13. PENSION LIABILITIES FOR OWN EMPLOYEES

Storebrand Group has country-specific pension schemes for its employees. The schemes are recognised in the accounts in accordance with IAS 19. Employees in Norway employed on or after 1 January 2011 have a defined-contribution pension. Most of the other employees in Norway have had a defined-benefit pension. In the fourth quarter of 2014 it was decided to discontinue the defined-benefit scheme for most employees in Norway with effect from 31 December 2014 and replace it with a defined-contribution scheme. Storebrand is a member of the Norwegian contractual early retirement (AFP) pension scheme.

The Norwegian AFP scheme is regarded as a defined-benefit scheme, but there is insufficient quantitative information to be able to estimate reliable accounting obligations and costs.

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

13-1. DEFINED-BENEFIT SCHEME

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

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

The Group has insured and uninsured pension schemes. The insured scheme in Norway is managed by the Group. Employees who resign before reaching retirement age or leave the scheme will be issued ordinary paid-up policies. The paid-up policies that are included in technical insurance reserves are assessed in accordance with accounting standard IFRS 4.

13-2. DEFINED-CONTRIBUTION SCHEME

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

14. TANGIBLE FIXED ASSETS

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

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

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

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

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

15. TAX

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

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

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

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

Note 02 Critical accounting estimates and judgements

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

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

LIFE INSURANCE IN GENERAL

In the consolidated accounts, insurance liabilities with a guaranteed interest rate are included, but using different principles in the Norwegian and the Swedish activities. An intangible asset (value of business in force – VIF) linked to the insurance contracts in the Swedish activities is also included. This asset is related to Storebrand's acquisition of SPP (acquisition of a business). There are several factors that may have an impact on the size of the insurance liabilities including VIF, such as biometric factors relating to higher life expectancy, future returns and invalidity, as well as the development of future costs and legal aspects, such as amendments to legislation and judgments handed down in court cases, etc. In the long term, a low interest rate will represent a challenge for insurance contracts with a guaranteed interest rate and, together with a reduced customer buffer, may have an impact on the amount recorded that is linked to the insurance contracts. The Norwegian insurance contracts with guaranteed interest rates are discounted at the premium calculation rate (around 3.3 per cent on average). For the Swedish insurance liabilities with a guaranteed interest rate, the discount is based on an estimated swap yield curve, where portions of the yield curve are not liquid. The non-liquid portion of the yield curve has been estimated based on long-term expectations regarding real interest rates and inflation.

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

Upon the acquisition of the Swedish insurance group SPP, excess value related to the value of the SPP Group's insurance contracts was capitalised, while the SPP Group's recognised insurance reserves were maintained in Storebrand's consolidated financial statements. These excess values (Value of business in-force) are tested for their adequacy together with the associated capitalised selling costs and insurance liabilities. The test is satisfied if the recognised liabilities in the financial statements are greater than or equal to the net liabilities valued at an estimated market value, including the expected owner's profit. In this test, the embedded value calculations and IAS 37 are taken into account. A key element of this assessment involves calculating future profit margins using embedded value calculations. Embedded value calculations will be affected by, among other things, volatility in the financial markets, interest rate expectations and the amount of buffer capital. Storebrand satisfies the adequacy tests for 2014, and they have thus no impact on the results in the financial statements for 2014. There will be uncertainty related to the valuation of these capitalised values and the value of related technical insurance reserves.

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

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

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

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

INVESTMENT PROPERTIES

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

Key elements included in valuations that require professional judgement are:

- Market rent and vacancy trends
- Quality and duration of rental income
- Owners' costs
- Technical standard and any need for upgrading
- Discount rates for both certain and uncertain cash flows, as well as residual value

FINANCIAL INSTRUMENTS AT FAIR VALUE

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

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

See also note 14 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.

OTHER INTANGIBLE ASSETS WITH UNDEFINED USEFUL ECONOMIC LIVES

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

PENSIONS FOR OWN EMPLOYEES

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

DEFERRED TAX

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

CONTINGENT LIABILITIES

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

Note 03 Strenghtening longevity reserves for Storebrand Life Insurance

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

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

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

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

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

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

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

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

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

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

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

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

Note 04 Generation of profit from guaranteed pensions

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

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

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

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

ADMINISTRATION RESULT

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

STOREBRAND LIFE INSURANCE

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

SPP LIFE INSURANCE

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

RISK RESULT

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

STOREBRAND 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 LIFE INSURANCE

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

PROFIT SHARING

Storebrand Livsforsikring

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

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

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

SPP Life Insurance

If the total return on assets in one calendar year for a defined contribution contract (DC portfolio) exceeds the contract's guaranteed interest, profit sharing will be triggered. In the case 90 per cent of the total return on assets is allocated to the policyholder whereas the remaining 10 per cent are passed on shareholders. The shareholders' share of the total return on assets is included in the financial result.

In the case of defined-benefit contracts (KF portfolio), the company is entitled to charge an indexation fee in case the portfolio's consolidation allows for the indexation of benefits. Indexation can equal up to the annual change in Swedish consumer price index (CPI), measured between the previous two September months. Benefits under payout are indexed if the portfolio's consolidation per 30 September exceeds 107 per cent, and subsequently half of the fee is charged. The whole fee is charged if the portfolio's consolidation per 30 September exceeds 120 per cent, in which case even paid-up policies are indexed. The total fee equals 0.8 per cent of the portfolio's insurance capital.

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

Note 05 Segments

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

CHANGES IN SEGMENTS

Beginning 1 January 2014, certain follow-ups including sickness insurance, one-year life assurance and survivor insurance at SPP have been transferred from the Guaranteed Pension segment to Insurance. The result for these products will beginning 1 January 2014 be reported under Insurance. In addition, new the accounting standards IFRS 10 and IFRS 11 have been implemented, which is described in further detail in note 1 Accounting policies. Figures for previous periods have been restated, see the table with reworked comparative figures at the bottom of the note.

SAVINGS

Consists of products that include long-term saving for retirement with no interest rate guarantees. The business area consists of defined contribution pensions in Norway and Sweden, asset management and retail banking products.

INSURANCE

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

GUARANTEED PENSION

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

OTHER

Under the "Other" category, the result from Storebrand ASA and the result from the company's portfolios in Storebrand Livsforsikring and SPP are reported. In addition, this includes, among other things, lending to commercial enterprises by Storebrand Bank and the activities at BenCo, as well as minority interests in securities funds and property funds.

RECONCILIATION WITH THE OFFICIAL PROFIT AND LOSS ACCOUNTS

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

(NOK million)	2014	2013
Savings	1,047	670
Insurance	675	774
Guaranteed pension	1,074	1,376
Other	236	119
Group result	**3,032**	**2,938**
Write-downs and amortization of intangible assets	-431	-739
Group pre-tax profit	**2,601**	**2,199**

	Savings		Insurance		Guaranteed pension	
(NOK million)	2014	2013	2014	2013	2014	2013
Fee and administation income	2,148	1,888			1,842	2,013
Risk result life & pensions	-11	7			483	7
Insurance premiums f.o.a			3,115	3,034		
Claims f.o.a			-2,226	-1,940		
Operational cost	-1,151	-1,279	-387	-463	-921	-1,016
Financial result			173	143		
Result before profit sharing and loan losses	**987**	**616**	**675**	**774**	**1,404**	**1,003**
Net profit sharing and loan losses	60	54			61	373
Provision longevity					-391	
Group result before amortization	**1,047**	**670**	**675**	**774**	**1,074**	**1,376**
Write-downs and amortization of intangible assets[1]						
Group pre-tax profit						
Assets	132,052	110,067	6,835	5,395	276,806	274,406
Liabilities	119,973	96,951	6,144	4,806	270,123	266,303
Equity	12,079	13,116	691	588	6,683	8,104

	Other		Storebrand Group	
(NOK million)	2014	2013	2014	2013
Fee and administation income	282	353	4,272	4,253
Risk result life & pensions	8	3	480	17
Insurance premiums f.o.a			3,115	3,034
Claims f.o.a			-2,226	-1,940
Operational cost	-158	-180	-2,617	-2,938
Financial result	190	-46	363	97
Result before profit sharing and loan losses	**322**	**129**	**3,387**	**2,522**
Net profit sharing and loan losses	-85	-11	36	416
Provision longevity			-391	
Group result before amortization	**236**	**119**	**3,032**	**2,938**
Write-downs and amortization of intangible assets[1]			-431	-739
Group pre-tax profit			**2,601**	**2,199**

(NOK million)	Other 2014	Other 2013	Storebrand Group 2014	Storebrand Group 2013
Assets	76,594	73,499	492,287	463,367
Liabilities	71,307	72,532	467,546	440,592
Egenkapital	5,287	967	24,741	22,775

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

RESTATED FIGURES

PROFIT AND LOSS

	Year 2013			
(NOK million)	Reported figures	Change IFRS	Change in segment	Restated figures
Savings	670			670
Insurance	492	-8	289	774
Guaranteed pension	1 665		-289	1,376
Other	108	11		119
Group result before amortization	**2,935**	**3**		**2,938**
Write-downs and amortization of intangible assets	-741	2		-739
Group pre-tax profit	**2,194**	**5**		**2,199**

STATEMENT OF FINANCIAL POSITION

	31/12/13		
(NOK million)	Reported figures	Change IFRS	Restated figures
Savings	110,067		110,067
Insurance	5,533	-138	5,395
Guaranteed pension	274,406		274,406
Other	60,374	13,124	73,499
Assets	**450,381**	**12,986**	**463,367**
Savings	96,951		96,951
Insurance	4,944	-138	4,806
Guaranteed pension	266,303		266,303
Other	59,669	12,863	72,532
Liabilities	**427,867**	**12,725**	**440,592**

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)	2014	2013
Group		
Earnings per ordinary share	4.61	4.41
Equity	24,741	22,775
Savings		
Premium income Unit Linked	9,887	9,655
Unit Linked reserves	105,369	85,452
AuM asset management	534,523	487,384
Retail lending	23,894	23,906
Insurance		
Total written premiums	3,699	3,569
Claims ratio	71%	64%
Cost ratio	13%	15%
Combined ratio	84%	79%
Guaranteed pension		
Guaranteed reserves	264,290	264,125
Guaranteed reseves in % of total reserves	71.5%	75.6%
Transfer out of guaranteed reserves	14,201	9,958
Buffer capital in % of customer reserves Storebrand Life Group[1]	6.6%	4.8%
Buffer capital in % of customer reserves SPP[2]	11.7%	15.1%
Solidity		
Capital adequacy Storebrand Group	13.0%	13.4%
Solidity capital (Storebrand Life Group)[3]	64,664	54,102
Capital adequacy (Storebrand Life Group)	13.5%	13.6%
Solvency margin (Storebrand Life Group)	175%	176%
Solvency margin (SPP Life Insurance AB)	171%	254%
Capital adequacy Storebrand Bank	15.0%	13.6%
Core Capital adequacy Stobrand Bank	13.3%	12.8%

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 accrued profit.

Note 06 Risk management and internal control

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

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

ORGANISATION OF THE RISK MANAGEMENT

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

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

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

INDEPENDENT CONTROL FUNCTIONS

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

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

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

Note 07 Insurance risk

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

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

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

1. Long life expectancy – The risk of erroneously estimating life expectancy and future pension payments. Historical developments have shown that an increasing number of people attain retirement age and live longer as pensioners than was previously the case. There is a great deal of uncertainty surrounding future mortality development. In the event of longer life expectancy beyond that assumed in the premium tariffs, the owner could risk higher charges on the owner's result in order to cover necessary statutory provisions.

2. Disability – The risk of erroneous estimation of future illness and disability. There will be uncertainty surrounding the future development of disability.

3. Death – The risk of erroneous estimation of mortality or erroneous estimation of payment to surviving relatives. Over the last few years, a decrease in mortality and fewer young surviving relatives have been registered, compared with earlier years.

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

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

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

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

DESCRIPTION OF PRODUCTS

GROUP CONTRACTS

Savings

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

Guaranteed pensions

3. Group defined-benefit pensions are guaranteed pension benefits as a percentage of the final salary from a specified age for as long as the insured person lives. Alternatively, it can be agreed that the pension will end at a specified age. The product is offered within the private sector. Cover that can be linked includes retirement and survivor pensions. In addition, there can be a link to a group disability pension in Norway.
4. Paid-up policies are individual contracts with accrued rights that are issued upon withdrawal from or termination of group defined-benefit pension agreements. In Norway, holders of a paid-up policy can choose to convert their paid-up policy to a paid-up policy without a guarantee and with investment options (paid-up policy with investment options).

Insurance

5. Group life consists of group contracts that are offered in Norway with lump-sum payments in the event of death or disability.
6. 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. Premiums or payments may be waived in the event of disability. The product can be linked to disability pensions.
3. Individual endowment insurance provides lump sum payments in the event of attaining a specified age, death or disability.
4. In Sweden, disability coverage is offered with a waiver of premiums and guaranteed ongoing payments. This is most common as an addition to pension insurance.

Insurance

5. Individual P&C insurance contracts are individual contracts with lump-sum payments in the event of critical illness, cancer insurance, child insurance or accident insurance.

RISK PREMIUMS AND TARIFFS

Guaranteed pensions

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

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

Starting from 2014 group pension insurance schemes in Norway follow the premiums for traditional retirement and survivor coverage in the industry tariff K2013. The premiums for disability pensions are based on the company's own experience. Expense premiums are determined annually with a view to securing full cover for the next year's expected costs.
For individual insurance, the premiums for death risk and long life expectancy risk are based on tariffs produced by insurance companies on the basis of their shared experience. This applies to both endowment and pension insurance. Disability premiums are based on the company's own experience.

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

In 2014 SPP revised the mortality assumptions used to calculate insurance technical reserves. The company's assumptions are based on the general mortality tariff DUS 06, adjusted for the company's own observations. As a result of the review only minor adjustments were performed which resulted in a strengthening of the reserves for guaranteed insurance liabilities by some SEK 215 million for the IF portfolio (defined contribution) and SEK 325 million for the KF portfolio (defined benefit), which is mainly covered by conditional bonus. In case the conditional bonus is not sufficient deferred capital contribution have been increased, leading to a financial result of minus SEK 85 million.

Insurance

Tariffs for group life insurance and certain risk insurances within group pensions also depend on the industry or occupation, in addition to age and gender. Group life insurance also applies tariffs based on claims experience. The company's standard tariff for group life insurance, both for life and disability cover, is based on the company's own experience.
With effect from 2015, gender-neutral premiums for individual life insurance contracts will be incorporate into the Insurance Activity Act. From December 2014, Storebrand has priced new individual endowment policies without taking gender into account. In other words, gender will not be considered when calculating the premium.

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

Management of insurance risk

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

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

Large claims or special events constitute a major risk for all products. The largest claims will typically be in the group life, occupational injury and personal injury (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 two deaths or disability cases. This cover is also subject to an upper limit. A reinsurance agreement for life policies covers death and disability risk that exceeds the maximum risk amount for own account the company practises. The company's maximum risk amount for own account is relatively high, and the risk reinsured is therefore relatively modest.

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

RISK RESULT

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

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

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

Note 08 Financial market risk

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

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

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

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

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

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

For guaranteed customer portfolios, the risk is affected by changes in the interest rate level. Falling interest rates are positive for the investment return in the short term due to price appreciation for bonds, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee. Long-term interest rates have fallen a great deal throughout 2014, both in Norway and Sweden. In Sweden, short-term interest rates have also fallen significantly. The central banks in both Norway and Sweden have indicated that interest rates will be kept low throughout 2015. The fall in interest rates has increased the risk that the return in future years will be lower than the interest rate guarantee. Paid-up policies have a particularly high risk in a low interest rate scenario, because there are very limited opportunities for changing the price or terms. In Norway, the effect of low interest rates is reduced by a large proportion of hold-to-maturity portfolios that will benefit from securities purchased at interest rate levels higher than the current levels.

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

ASSET ALLOCATION

	Customer portfolios with guarantee	Customer portfolios without guarantee	Company portfolios
Other	2%	0%	0%
Real estate	9%	4%	4%
Bonds at amortised cost	30%	0%	7%
Money market	4%	9%	13%
Bonds	47%	32%	77%
Equities	8%	54%	0%
Total	**100%**	**100%**	**100%**

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

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

The most significant market risks facing guaranteed customer portfolios are linked to equity risk, interest rate risk, credit risk and property price risk. In Norway most of the credit risk is linked to securities, which are carried at amortised cost. This reduces the risk to the company's profit significantly. Equity risk is managed by means of dynamic risk management, the objectives of which are to maintain good risk-bearing capacity and to adjust the financial risk to the company's financial strength. By exercising this type of risk management, Storebrand expects to create good returns both on an annual basis and over time.

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

GUARANTEED CUSTOMER PORTFOLIOS IN MORE DETAIL

STOREBRAND LIVSFORSIKRING

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

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

Interest rate	2014	2013
6%	0.3%	0.3%
5%	0.4%	0.4%
4%	51.4%	50.7%
3.4 %	0.7%	1.7%
3%	32.6%	35.2%
2.75%	1.4%	1.5%
2.50%	12.1%	9.7%
2.00%	0.5%	
0%	0.6%	0.5%

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

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

Average interest rate guarantee in per cent	2014	2013
Individual endowment insurance	3.2%	3.2%
Individual pension insurance	3.9%	3.8%
Group pension insurance	3.0%	3.0%
Paid-up policy	3.5%	3.5%
Group life insurance	0.2%	0.3%
Total	**3.3%**	**3.3%**

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

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

Interest rate risk is in a special position because changes in interest rates also affect the value of the insurance liability. Since pension disbursements may be many years in the future, the insurance liability is particularly sensitive to changes in interest rates. In the Norwegian business, greater interest rate sensitivity from the investments will entail increased risk for return below the guaranteed level. The risk management must therefore balance the risk of the profit for the year (interest rate increase) with the reinvestment risk if interest rates fall below the guarantee in the future. Bonds at amortised cost are an important risk management tool.

SPP LIFE INSURANCE

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

SPP bears the risk of achieving a return equal to the guaranteed interest on the policyholders' assets over time and that the level of the contracts' assets is greater than the present value of the insurance liabilities. Profit sharing becomes relevant in SPP if the return exceeds the guaranteed yield. The contracts' buffer capital must be intact in order for profit sharing to represent a net income for the owner. In the case of some products, a certain degree of consolidation, i.e. that the assets are greater than the present value of the liabilities by a certain percentage, is required in order for the owner to receive profit-sharing income.

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

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

Average interest rate guarantee in per cent	2014	2013
Individual pension insurance	3.0%	3.1%
Group pension insurance	2.6%	2.7%
Individual occupational pension insurance	3.1%	3.1%
Total	**2.9%**	**2.9%**

In the Swedish operations management of interest rate risk is based on the principle that the interest rate risk from assets shall correspond to the interest rate risk from the insurance liabilities, entailing that the financial result has low interest rate risk. However, because the solvency accounts are based on a different yield curve, an interest rate risk relating to solvency then arises.

SENSITIVITY ANALYSES

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

The stresses have been applied to the company portfolio and guaranteed customer portfolios as at 31 December 2014. Products without a guaranteed return, primarily defined-contribution pensions and unit linked, are not included in the analysis. For these products, the customers bear the market risk and the effect of a falling market will not directly affect the buffer capital or result.

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

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

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

STOREBRAND LIFE INSURANCE

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

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

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

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

SPP LIFE INSURANCE

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

Based on the stress test, SPP has an overall market risk of NOK 3.6 billion, while the buffer capital totals NOK 5.2 billion. The buffer capital consists of the conditional bonus (accrued customer surpluses) minus deferred capital contributions.

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

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

Other businesses

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

Note 09 Liquidity risk

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

For the life insurance companies, the insurance liabilities are long term and the cash flows are usually known long before they fall due. A robust liquidity buffer is nevertheless important to be able to withstand unforeseen events.

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 banking 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 being 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 is the fact that during certain periods the financial markets can be closed for new borrowing. Measures for minimising the liquidity risk are to maintain a regular maturity structure for the loans, low costs, an adequate liquidity buffer and credit agreements with banks which the company can draw on if necessary.

UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES

(NOK million)	0-6 months	6-12 months	1-3 years	3-5 years	over 5 years	Total value	Book value
Subordinated loan capital	1,382	90	871	3,081	4,789	10,212	7,826
Liabilities to financial institutions	19					19	19
Deposits from bank customers	19,358					19,358	19,358
Debt raised from issuance of securities	1,887	321	8,618	3,810	315	14,950	13,986
Other current liabilities[1]	10,656					10,656	10,537
Uncalled residual liabilities Limited partnership	4,321					4,321	
Unused credit lines lending	3,844					3,844	
Lending commitments	31					31	
Total financial liabilities 2014	**41,498**	**410**	**9,488**	**6,891**	**5,104**	**63,392**	**51,726**
Derivatives related to funding 2014	**-181**	**21**	**-144**	**-131**	**-182**	**-617**	**-767**
Total financial liabilities 2013	40,588	1,624	9,321	8,044	5,340	64,917	52,756

1) Of which the minority interests in Storebrand Eiendomsfond KS amount to NOK 3,167 million. See also note 49. 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	150	NOK	Variable	2018	150
Storebrand Bank ASA	75	NOK	Variable	2019	76
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,503
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,067
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,096
SPP Livsförsikring AB	700	SEK	Variable	2019	667
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	2,991
Storebrand Bank ASA	150	NOK	Variable	2017	151
Storebrand Bank ASA	125	NOK	Variable	2019	126
Total subordinated loans and hybrid tier 1 capital 2014					**7,826**
Total subordinated loans and hybrid tier 1 capital 2013					7,409

SPESIFICATION OF LIABILITIES TO FINANCIAL INSTITUTIONS

	Book value	
(NOK million)	2014	2013
Call date		
2014		1,028
2015	19	
Total liabilities to financial institutions	**19**	**1,028**

SPECIFICATION OF DEBT RAISED THROUGH ISSUANCE OF SECURITIES

	Book value	
(NOK million)	**2014**	2013
Call date		
2014		2,454
2015	1,706	3,206
2016	3,606	3,875
2017	4,542	4,520
2018	1,539	952
2019	2,267	1,687
2020	327	306
Total debt raised through issuance of securities	**13,986**	**17,000**

Loan agreements entered into are subject to standard covenants. The terms and conditions have been satisfied for all signed loan agreements in 2014. In accordance with the loan programme in Storebrand Boligkreditt AS the company's requirements for excess pledges is 109.5 per cent satisfied.

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

Facilities for Storebrand Boligkreditt AS
Storebrand Bank have 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 Lending and counterparty risk

Storebrand is exposed to risk of losses as a result of counterparties not fulfilling their debt obligations. This risk includes losses on lending in the bank, but also losses related to bank deposits or failure of counterparties to perform under reinsurance agreements or financial derivatives. Credit losses related to the securities portfolio are categorised as market risk and are discussed in note 8 financial market risk.

CREDIT RISK FOR THE LOAN PORTFOLIO

COMMITMENTS BY CUSTOMER GOUPS

(NOK million)	Lending to and receiv-ables from customers	Guarantees	Unused credit-lines	Total commit-ments	Unimpaired commit-ments	Impaired commit-ments	Individual write-downs	Net defaulted commit-ments
Development of building projects	250	3	13	266				
Sale and operation of real estate	7,434	86	36	7,556	10		10	
Other service providers	1,153		24	1,177				
Wage-earners and others	24,141	1	3,740	27,881	64	76	23	118
Others	169	1	31	201	3	1	1	2
Total	**33,148**	**90**	**3,844**	**37,082**	**77**	**76**	**33**	**120**

(NOK million)	Lending to and receiv-ables from customers	Guarantees	Unused credit-lines	Total commit-ments	Unimpaired commit-ments	Impaired commit-ments	Individual write-downs	Net defaulted commit-ments
- Individual write-downs	-33			-33				
+ Group write-downs	-21			-21				
Total lending to and receivables from customers 2014	**33,094**	**90**	**3,844**	**37,028**	**77**	**76**	**33**	**120**
Total lending to and receivables from customers 2013	37,145	277	4,061	41,484	111	356	70	397

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

LENDING

Storebrand has decided to wind up the corporate market at the bank. Lending to commercial enterprises has decreased significantly in 2014 and constitutes some 16 per cent of the bank's total lending volume.

Loans to the corporate market (drawn) total almost NOK 9.3 billion. There is also about NOK 108 million in unused credit facilities and about NOK 90 million in guarantees. Loans to income-generating properties constitute some NOK 7.9 billion of the corporate market portfolio, while construction loans represent approximately NOK 0,9 million. The loans are primarily localised in greater Oslo. The portfolio's collateral is for the most part in commercial properties.

In the retail market, most of the loans are secured by means of home mortgages. There are housing loans amounting to about NOK 23.8 billion with an additional NOK 2.6 billion in unused credit facilities. Total loans and credit facilities in housing are therefore about NOK 26.4 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 54 per cent for home loans, and just over 90 per cent of the home loans are within an 80 per cent LVR. About 97 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

	2014				2013			
(NOK million)	Loans to and receiva-bles from customers	Guaran-tees	Unused credit line	Total com-mit-ments	Loans to and receivables from customers	Guarantees	Unused credit line	Total com-mit-ments
Up to one month	14			14	5		4	9
1 - 3 months	293	1	34	328	643		15	659
3 months - 1 year	1 719	39	23	1 781	954	30	203	1 187
1 -5 years	6 795	47	1 013	7 855	10 332	182	1 555	12 069
More than 5 years	24 328	2	2 773	27 104	25 324	65	2 284	27 674
Total gross commitments	**33 148**	**90**	**3 844**	**37 082**	**37 258**	**277**	**4 061**	**41 597**

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 commit-ments	Total recognised value changes during the period
Sale and operation of real estate	10	10		-41
Wage-earners and others	140	23	118	-8
Others	3	1	2	-1
Total 2014	**153**	**33**	**120**	**-50**
Total 2013	468	70	397	-35

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.

COUNTERPARTY RISK

INVESTMENTS SUBJECT TO NETTING AGREEMENTS/CSA

				Collateral		
(NOK million)	Booked value fin. assets	Booked value fin. liabilites	Net booked fin. assets/ liabilities	"Cash (+/-)"	Securities (+/-)	Net exposure
Total counterparts	**6,397**	**4,825**	**1,572**	**2,484**	**-1,084**	**172**

The Group has entered into framework agreements with all its counterparties to reduce the risk inherent in outstanding derivative transactions. These regulate how collateral is to be pledged against changes in market values that are calculated on a daily basis, among other things.

OVERDUE COMMITMENTS
Age distribution of overdue commitments without impairment

	2014				2013			
(NOK million)	Loans to and receiv-ables from customers	Guarantees	Unused credit line	Total commit-ments	Loans to and receiv-ables from customers	Guarantees	Unused credit line	Total com-mit-ments
Overdue 1 - 30 days	871		4	875	797	22	4	823
Overdue 31 - 60 days	110			110	164		1	165
Overdue 61- 90 days	60		1	61	28		1	29
Overdue more than 90 days	76		1	77	111		1	111
Sum	**1,117**		**6**	**1,123**	**1,100**	**22**	**6**	**1,127**

Note 11 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	55	-93	-39	-237
CAD	75	-163	-88	-569
CHF	83	-81	1	8
DKK	1,978	-114	1,864	1,989
EUR	882	-939	-57	-5
GBP	131	-185	-54	-636
HKD	144	-508	-365	-353
ILS	8		8	16
LTL	8		8	21
JPY	16,482	-30,199	-13,716	-858
NZD	147	-147	1	4
SEK	166,106	739	166,845	159,515
SGD	13	-16	-3	-17
USD	1,814	-2,932	-1,118	-8,405
NOK[1]	18,131		18,131	18,138
Insurance liabilities in SEK				-166,862
Total net currency positions 2014				**1,750**
Total net currency positions 2013				1,435

2) Equity and bond funds denominated in NOK with foreign currency exposurein i.a. EUR and USD NOK 14,3 billion.

The table above shows the currency positions as at 31 December 2014. The currency exposure is primarily related to investments in the Norwegian and Swedish life insurance business.

STOREBRAND LIFE INSURANCE:
The company hedges most of the foreign exchange risk in the customer portfolios on an ongoing basis. Foreign exchange risk exists primarily as a result of investments in international securities, as well as subordinated loans in a foreign currency to a certain extent. Hedging is performed by means of forward foreign exchange contracts at the portfolio level, andt the currency positions are monitored continously against a total limit. Negative currency positions are closed out no later than the day after they arose. In addition, separate limits have been defined so that active currency positions can be taken. Storebrand employs a currency hedging principle called block hedging, which makes the execution of currency hedging more efficient.

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

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

Note 12 Credit exposure

The maximum limits for credit exposure to individual counterparties and for overall credit exposure to rating categories are set by the boards of the individual companies in the Group. Particular attention is paid to ensuring diversification of credit exposure in order to avoid concentrating credit exposure on any particular debtors or sectors. Changes in the credit standing of debtors are monitored and followed up. Thus far, the Group has used published credit ratings wherever possible, supplemented by the company's own credit evaluation when there are no published ratings.

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	Sum
(NOK million)	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Government and government guaranteed bonds	47,421	10,908	142	1,261		59,732
Credit bonds	64	5,717	24,487	20,493	3,234	53,994
Mortgage and asset backed securities	37,944	4,941	2,576	3,276	2,051	50,788
Supernational organisations	4,347	327	1,874	2,700	962	10,211
Total interest bearing securities stated by rating	**89,776**	**21,893**	**29,080**	**27,730**	**6,247**	**174,725**
Bond funds not managed by Storebrand						7,767
Non-interest bearing securities managed by Storebrand						1,783
Total 2014	**89,776**	**21,893**	**29,080**	**27,730**	**6,247**	**184,275**
Total 2013	98,436	18,079	25,800	21,837	6,710	178,368

INTEREST BEARING SECURITIES AT AMORTISED COST

Category of issuer or guarantor

	AAA	AA	A	BBB	NIG	Sum
(NOK million)	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Government and government guaranteed bonds	4,554	7,523	1,146	1,178	958	15,359
Credit bonds	443	4,869	12,202	5,358	515	23,387
Mortgage and asset backed securities	28,106	2,816	972		2,448	34,343
Supernational organisations	11,010	6,944	2,204	2,274		22,432
Total 2014	**44,114**	**22,153**	**16,524**	**8,809**	**3,921**	**95,521**
Total 2013	44,212	19,371	14,291	6,998	2,401	87,273

COUNTERPARTIES

	AAA	AA	A	BBB	Øvrige	NIG	Sum
(NOK million)	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	2014
Derivatives		1 885	3 985	686			6 557
Of which derivatives in bond funds, managed by Storebrand		39	62				101
Total derivatives excluding derivatives in bond funds 2014		**1 846**	**3 923**	**686**			**6 455**
Total derivatives excluding derivatives in bond funds 2013		779	1 058	382			2 220
Bank deposits	181	5 966	3 523	40	56		9 767
Of which bank deposits in bond funds, managed by Storebrand		1 096					1 096
Total bank deposits excluding bank deposits in bond funds 2014	**181**	**4 870**	**3 523**	**40**	**56**		**8 671**
Total bank deposits excluding bank deposits in bond funds 2013	36	5 067	2 051	483	24	24	7 686
Lending to financial institutions		153	54				207

Rating classes based on Standard & Poors's.

NIG = Non-investment grade.

Note 13 Concentrations of risk

Most of the risk for the Storebrand Group relates to the guaranteed life insurance businesses. These risks are consolidated in the Storebrand 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 in Norway and Sweden. The market risk will depend significantly on global circumstances that influence the investment portfolios in all businesses. The insurance risk may be different for the various companies, and longevity in particular can be influenced by universal trends.

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 8, 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 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 14 Valuation of financial instruments and investment properties

VALUATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total fair value 31.12.14	Total fair value 31.12.13	Book value 31.12.14	Book value 31.12.13
Financial assets							
Loans to and due from financial institutions		207		207	152	207	152
Lending to customers		32,055		32,055	35,771	32,105	35,856
Bonds held to maturity		17,794		17,794	15,942	15,131	15,120
Bonds classified as loans and receivables		77,727		77,727	71,313	67,019	66,971
Total fair value 31.12.14		**127,782**		**127,782**			
Total fair value 31.12.13	1,242	121,937			123,179		
Financial liabilities							
Debt raised by issuance of securities		14,156		14,156	17,228	13,986	17,000
Liabilities to financial institutions		19		19	31	19	31
Deposits from banking customers		19,358		19,358	20,728	19,358	20,728
Subordinatd loan capital		8,072		8,072	7,956	7,826	7,409
Total fair value 31.12.14		**41,606**		**41,606**			
Total fair value 31.12.13		45,943			45,943		

Loans to customers/liabilities to credit institutions/liabilities established by issuing securities for Storebrand Bank:
The fair value of loans to customers with adjustable interest is valued at book value. However, the fair value of loans to corporate customers with margin loans is lower than the book value because certain loans run with lower margins that they would have done if they had been taken up as at 31 December 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, with, however, the exception of loans which are valued using spreads for equivalent new loans.

Bonds and subordinated loans at amortised cost:
As a main rule, the fair value for the bonds is based on the prices obtained from Reuters and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by a selected brokerage firm. The write-down test that was carried out has not resulted in the need for any write-downs in 2014.

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	**31/12/14**	31/12/13
Assets:					
Equities and units					
- Equities	17 500	746	2 414	20 659	16 708
- Other fund units	276	87 197	9 359	96 832	84 770
- Real estate fund			952	952	1 217
Total equities and units	**17 776**	**87 942**	**12 724**	**118 443**	
Total equities and units 2013	13 136	77 615	11 945		102 695
Lending to customers[1]			**989**	**989**	
Lending to customers 2013[1]			1 289		1 289

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	31/12/14	31/12/13
Bonds and other fixed-income securities					
- Government and government guaranteed bonds	35 543	20 670		56 213	62 312
- Credit bonds	24	24 919	339	25 282	25 966
- Mortage and asset backed securities		45 194		45 194	45 433
- Supranational organisations	27	6 672		6 699	7 313
- Bond funds	841	50 045		50 886	37 344
Total bonds and other fixed-income securities	**36 435**	**147 501**	**339**	**184 275**	
Total bonds and other fixed-income securities 2013	27 270	149 429	1 669		178 368
Derivatives:					
- Interest derivatives		4 744		4 744	-358
- Currency derivatives		-3 113		-3 113	35
Total derivatives		**1 631**		**1 631**	
- of which derivatives with a positive market value		6 457		6 457	2 211
- of which derivatives with a negative market value		-4 826		-4 826	-2 533
Total derivatives 2013		-323			-323
Real Estate:					
Investment properties			26 419	26 419	24 437
Owner-occupied properties			2 583	2 583	2 491
Total real estate			**29 001**	**29 001**	
Total real estate 2013			26 928		26 928
Liabilities:					
Liabilities to financial institutions [1]					997
Liabilities 2013 [1]		997			997

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	11	237
Bonds and other fixed-income securities		738

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

FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE - LEVEL 3

(NOK million)	Equities	Other fund units	Real estate fund	Lending to cus-tomers	Credit bonds	Investment properties	Owner-occupied properties
Book value 01.01	3,273	7,541	1,217	1,289	1,669	24,176	2,491
Net gains/losses on financial instruments	460	2,327	149	20	34	-54	3
Supply	98	817	15	28	73	1,998	41
Sales	-1,442	-1,630	-429	-348	-1,445	-486	-9
Transferred to/from non-observable assump-tions to/from observable assumptions	4	282					
Translation differences	20	21			8	21	15
Other						764	41
Book value 31.12.14	**2,414**	**9.359**	**952**	**989**	**339**	**26,419**	**2,583**

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

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

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

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

LEVEL 3: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF INFORMATION THAT IS NOT OBSERVABLE IN ACCORDANCE WITH LEVEL 2

Equities classified as level 3 encompass investments in primarily unlisted/private companies. These include investments in forestry, real estate, microfinance and infrastructure. Private equity is generally classified as level 3 through direct investments or investments in funds.

The types of mutual funds classified as level 3 are discussed in more detail below with a reference to the type of mutual fund and the valuation method. Storebrand is of the opinion that the valuation method used represents a best estimate of the mutual fund's market value.

Unlisted equities – including forestry

The external valuations are based on models that include non-observable assumptions. Besides the external valuations that have been conducted as at 31 December 2014, the equity investments are valued based on the value-adjusted equity reported by external sources. Comprehensive external valuations were carried out for the largest forestry investments as at 31 December 2014, and these form the basis for the valuation of the company's investments.

Private equity

The majority of Storebrand's private equity investments are investments in private equity funds. The Group also has a number of direct investments. Private equity investments are considered long-term investments where Storebrand expects to benefit by its involvement through the duration of the projects. The investments in private equity funds are stated on the basis of the values reported by the funds. Most private equity funds report on a quarterly basis, while a few report less often. For investments where Storebrand has not received an updated valuation by the time the annual financial statements are closed, the last valuation received will be used and adjusted for cash flows and any market effects during the period from the last valuation up to the reporting date. These market effects are estimated on the basis of the type of valuations made of the companies in the underlying funds; the financial performance of relevant indexes, adjusted for the estimated beta between the relevant company and the relevant index.

In the case of direct private equity investments, the valuation is based on either recently conducted transactions or a model in which a company that is in continuous operation is assessed by comparing the key figures with equivalent listed companies or groups of equivalent listed companies. In some cases, the value is reduced by a liquidity discount, which can vary from investment to investment. Companies that are in a start-up phase, have undergone previous expansions, or which are undergoing structural changes for some other reasons that make them harder to price in relation to a reference group will be stated at the lowest of cost or estimated value.

In the case of investments in which Storebrand participates as a co-investor together with a leading investor that conducts a valuation, and no recent transactions exist, Storebrand will use this value after it has been quality assured. In the case of investments for which Storebrand has not received an up-to-date valuation as at 31 December from a leading investor by the time the annual financial statements are closed, the previous valuation is used and adjusted for any market effects during the period from the last valuation up to the reporting date. In those cases where no valuation is available from a leading investor in the syndicate, a separate valuation will be made, as described above.

Property funds

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

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

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

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

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

The required rate of return is divided into the following elements:
Risk-free interest
Risk premium, adjusted for:
- Type of property
- Location
- Structural standard
- Environmental standard
- Duration of contract
- Quality of tenant
- Other factors such as transactions and perception in the market, vacancy and general knowledge about the market and the individual property.

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

In SPP appraisals are obtained for all of the wholly owned property investments.

SENSITIVITY ASSESSMENTS

Equities
Under equities, it is primarily forestry that is invested at level 3. Forestry investments are characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and costs growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discount rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return. As a reasonable alternative assumption with regard to the required rate of return used, a change in the discount rate of 0.25 per cent would result in an estimated change of around 3.25 per cent in value, depending on the maturity of the forest and other factors.

	Change in value at change in discount rate	
(NOK million)	Increase + 25 bp	Decrease - 25 bp
Change in fair value per 31.12.14	-72	77

Other fund units

Large portions of the portfolio are priced using comparable listed companies, while smaller portions of the portfolio are listed. The valuation of the private equity portfolio will thus be sensitive to fluctuations in global equity markets. The private equity portfolio has an estimated Beta relative to the MSCI World (Net – currency hedged to NOK) of around 0.5.

	Change MSCI World	
(NOK million)	Increase + 10 %	Decrease - 10 %
Change in fair value per 31.12.14	291	-291

Real estate fund

The valuation of indirect property investments will be sensitive to a change in the required rate of return and the expected future cash flow. The indirect property investments are leveraged structures. The portfolio is leveraged 51 per cent on average.

	Change in value underlying real estates	
(NOK million)	Increase + 10 %	Decrease - 10 %
Change in fair value per 31.12.14	250	-247

Lending to customers

Fixed-rate lending is valued at fair value. The value of these is determined by discounting future contractual cash flows using a discount rate that takes into account margin requirements (market spread).
The assumption for calculating the margin requirement is based on an assessment of market conditions at the end of the accounting period, and an assessment that would form the basis for an external investor's investment in a corresponding portfolio.

	Change in marketspread	
(NOK million)	+ 10 bp	Decrease - 10 %
Change in fair value per 31.12.14	-3	3

Credit bonds

Level 3 financial and corporate bonds include microfinance funds, private equity debt funds and convertible bonds.
They are not priced by a discount rate as bonds normally are, and therefore these investments are included in the same sensitivity test as private equity.

	Change MSCI World	
(NOK million)	Increase + 10 %	Decrease - 10 %
Change in fair value per 31.12.14	15	-15

Real Estate

The sensitivity assessment for properties includes both investments properties and owner occupied properties.
The valuation of property is particularly sensitive to a change in the required rate of return and the expected future cash flow. A change of 0.25 per cent in the required rate of return when everything else remains unchanged will result in a change in the value of Storebrand's property portfolio of approximately 4.5 per cent. About 25 per cent of the property's cash flow is linked to lease contracts that have been entered into. This entails that the changes in the uncertain parts of the cash flow of 1 per cent will mean a change in value of 0.75 per cent.

	Change in required rate of return	
(NOK million)	0.25%	-0.25%
Change in fair value per 31.12.14	-1,288	1,203

Note 15 Premium income

(NOK million)	2014	2013
Savings:		
Unit Linked Storebrand Life Insurance	7,452	6,015
Unit Linked SPP	5,486	6,250
Total savings	**12,938**	**12,265**
Of which premium reserve transferred to company		2,610
Insurance:		
P&C & Individual life[1]	1,479	1,374
Health & Group life[2]	573	614
Pension related disability insurance	1,051	951
Total insurance	**3,103**	**2,938**
Of which premium reserve transferred to company		
Guaranteed pension:		
Defined Benefit (fee based) Storebrand Life Insurance	7,415	10,482
Paid-up policies Storebrand Life Insurance	-618	110
Traditional individual life and pension Storebrand Life Insurance	294	310
SPP Guaranteed Products	1,812	2,078
Total guaranteed pension	**8,903**	**12,980**
Of which premium reserve transferred to company	**-618**	2,352
Other:		
BenCo	275	473
Total other	**275**	**473**
Total premium income	**25,220**	**28,656**
Of which premium reserve transferred to company	-618	4,962

1) Individual life and disability, property and caualty insurance

2) Group life, workers comp. And health insurance

Note 16 Net interest income - banking activities

(NOK million)	2014	2013
Fixed income and similar income from lending to and receivables from financial institutions	6	18
Fixed income and similar income from lending to and receivables from customers	1,233	1,443
Fixed income and similar income from commercial paper, bonds, and other interest-bearing paper	82	81
Other interest income and similar income	7	7
Total interest income [1)]	**1,328**	**1,549**
Interest and similar costs from liabilities to financial institutions	-8	-34
Interest and similar costs from deposits from and liabilities to customers	-508	-552
Interest and similar costs from issued securities	-302	-373
Interest and similar costs from subordinated loan capital	-31	-26
Other interest costs and similar costs	-18	-17
Total interest costs [2)]	**-866**	**-1,002**
Total net interest income	**462**	**547**

1) The total interest income for lending, etc, that is not stated at fair value.	1,140	1,352
2) The total interest costs for deposits, etc, that are not stated at fair value.	-838	-973

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

(NOK million)	**2014**	2013
Interest expenses funding FVO	-4	-28
Changes in value of funding FVO		1
Net costs borrowing at fair value (FVO)	**-4**	**-27**

Note 17 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 2014**	Of which Company	Of which Customer	2013
Profit on equities and units	767	8,848	11,137	20,751	17	20,735	16,780
Profit on bonds and other fixed-income securities at fair value	3,684	2,715	3,891	10,290	774	9,516	3,360
Profit on financial derivatives	565	-6,258	4,156	-1,536	-208	-1,328	-3,577
Total gains and losses on financial assets at fair value	**5,015**	**5,305**	**19,184**	**29,505**	**583**	**28,922**	**16,563**
- of which FVO (fair value option)	4,419	11,590	15,046	31,056	103		20,140
- of which trading	565	-6,283	4,135	-1,583	-42		-3,577
Net income lendings and accounts receivable	3,130	66		3,196	36	3,160	3,033
Net income held to maturity	679			679	55	624	552
Total gains and losses, bonds at amortised cost	**3,809**	**66**		**3,874**	**90**	**3,784**	**3,585**

Note 18 Net income from real estate

(NOK million)	**2014**	2013
Rent income from real estate [1]	1,693	1,734
Operating costs (including maintenance and repairs) relating to real estate that have provided rent income during the period [2]	-282	-318
Result minority defined as liabilitites	-160	-130
Total	**1,251**	**1,286**
Realised gains/losses	-10	-330
Change in fair value	433	4
Total income real estate	**1,674**	**959**
1) Of which real estate for own use	169	141
2) Of which real estate for own use	-71	-24
Allocation by company and customers:		
Company	92	52
Customer	1,582	907
Total income from real estate	**1,674**	**959**

Note 19 Other income

(NOK million)	2014	2013
Fee and commission income, banking	72	82
Fee and commission expense, banking	-15	-12
Net fee and commission income, banking	**57**	**70**
Management fees, asset management	506	505
Interest income on bank deposits	76	194
Net foreign exchange gains/losses banks	104	-93
Management fees	682	647
Indexing fees	160	147
Administration fees	85	56
Return commissions	416	172
Insurance related income	364	288
Revenue from companies other than banking and insurance	254	246
Other income	-6	84
Total other income	**2,698**	**2,316**

Note 20 Insurance claims for own account

(NOK million)	2014	2013
Savings:		
Unit Linked Storebrand Life Insurance	-2 968	-2 812
Unit Linked SPP	-2 659	-1 943
Total savings	**-5 627**	**-4 755**
Of which premium reserve transferred to company	-2 975	-1 886
Insurance:		
P&C & Individual life [1)]	-786	-697
Health & Group life [2)]	-488	-452
Pension related disability insurance	-108	-93
Total insurance	**-1 382**	**-1 242**
Of which premium reserve transferred to company		
Guaranteed pension:		
Defined Benefit (fee based) Storebrand Life Insurance	-14 419	-10 194
Paid-up policies Storebrand Life Insurance	-3 344	-2 873
Traditional individual life and pension Storebrand Life Insurance	-1 838	-2 826
SPP Guaranteed Products	-7 666	-7 037
Total guaranteed pension	**-27 267**	**-22 930**
Of which premium reserve transferred to company	-14 201	-9 003
Other:		
BenCo	-1 643	-924
Total other	**-1 643**	**-924**
Total net premium income	**-35 918**	**-29 851**
Of which premium reserve transferred to company	-17 176	-10 889

1) Individual life and disability, property and caualty insurance

2) Group life, workers comp. And health insurance

The table below shows the anticipated compensation payments

DEVELOPMENT IN EXECTED INSURANCE CLAIM PAYMENTS - LIFE INSURANCE

(NOK billion)	Storebrand Life Insurance	SPP	BenCo
0-1 year	10	8	4
1-3 years	20	16	
> 3 years	182	118	4
Total	**212**	**142**	**8**

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

(NOK million)	2009	2010	2011	2012	2013	2014	Sum
Calculated gross cost of claims							
At end of the policy year	218	327	369	391	461	513	
- one year later	221	308	350	373	482		
- two years later	214	311	334	364			
- three years later	213	311	326				
- four years later	215	306					
- five years later	214						
Calculated amount 31.12.14							
Total disbursed to present	206	288	303	326	403	312	1 838
Claims reserve	8	18	23	38	79	200	367
Claims reserve for previous years (before 2009)							7

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

Note 21 Change in insurance liabilities - life insurance

(NOK million)	Storebrand Life Insurance	BenCo	SPP	Eliminations	2014	2013
Guaranteed return	-5,949	-94	-2,223		-8,267	-8,150
Other changes in premium reserves customer funds with guaranteed return	11,842	-2,082	-3,295	94	6,560	14,738
Change in premium reserve customer funds without guaranteed return	-7,788		-11,461		-19,249	-18,360
Change in premuim fund/pensioners surplus fund	-14	518			505	288
Profit sharing	-185				-185	-85
Change in allocations, risk products	-781				-781	-801
Change in insurance liabilities - life insurance	**-2,874**	**-1,658**	**-16,979**	**94**	**-21,417**	**-12,369**

Note 22 Change in buffer capital

(NOK million)	2014	2013
Change in market value adjustment reserve	-1,992	-2,796
Change in additional statutory reserves	-714	1,152
Change in conditional bonuses	3,487	-1,924
Total change in buffer capital	**781**	**-3,568**

Note 23 Losses from lendings and reversal of previous losses

(NOK million)	2014	2013
Write-downs/income recognition for lending and guarantees for the period		
Change in individual loan write-downs for the period	50	35
Change in grouped loan write-downs for the period	10	9
Other corrections to write-downs	5	5
Realised losses on loans where provisions have previously been made	-138	-78
Realised losses on loans where no provisions have previously been made	-1	-3
Recovery of loan losses realised previously	1	21
Write-downs/income recognition for lending and guarantees for the period	**-74**	**-11**
Interest on written down loans recognised as income	**10**	**5**

Note 24 Operating costs and number of employees

OPERATING COSTS

(NOK million)	2014	2013
Personnel costs [1]	-1,433	-1,797
Amortisation	-113	-144
Other operating costs	-1,367	-1,324
Total operating costs	**-2,913**	**-3,265**

1) Includes net income from the change in the pension scheme of NOK 649 million in 2014 (includes cost compensation) and NOK 407 million in 2013.

NUMBER OF EMPLOYEES

	2014	2013
Number of employees 31.12	2,232	2,138
Average number of employees	2,202	2,185
Number of person-years 31.12	2,208	2,107
Average number of person-years	2,174	2,154

Note 25 Pension costs and pension liabilities

Storebrand Group has country-specific pension schemes.

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

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

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

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

- Saving starts from the first krone of salary
- Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" is NOK 88,370 at 31 December 2014)
- In addition 13 per cent of salary between 7.1 and 12 G is saved
- Savings rate for salary over 12 G is 20 per cent

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

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

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

The pension plan for employees in SPP follows the plan for bank employees in Sweden. The ordinary retirement age is 65 in accordance with the pension agreement between the Employer's Association of the Swedish Banking Institutions (BAO) and the trade unions that are part of BTP. The amount is 10 per cent of the annual salary up to 7.5 times the basic income amount, which was SEK 56,900 in 2014 and will be SEK 58,100 in 2015, 65 per cent of the annual salary in the interval from 7.5 to 20, and 32.5 per cent in the interval from 20 to 30. No retirement pension is paid for the portion of salary in excess of 30 times the "basic income amount". Full pension entitlement is reached after 30 years of membership in the pension scheme. In addition to the defined-benefit part, the BTP plan has a smaller defined-contribution component. Here the employees can decide themselves how assets are to be invested (traditional insurance or unit-linked insurance). The defined-contribution part is 2 per cent of the annual salary.

The retirement age for SPP's CEO is 62 years. The CEO is also covered by a defined-contribution pension plan, whereby the company pays 35 per cent of the CEO's fixed salary in pension premiums. In addition, he has a predefined pension plan with a lifelong pension of 16.25 per cent of the fixed salary in the interval from 30 to 50 times the "basic income amount". The retirement pension from age 62 to 65 amounts to 65 per cent of the fixed salary, limited to a maximum of SEK 4,045,000. The pension terms comply otherwise with the pension agreement between BAO and the Union of Financial Sector Employees or SACO, respectively (BTP plan). The company secures its pension liabilities through the payment of insurance premiums during the employment period.

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

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

(NOK million)	**2014**	2013
Present value of insured pension liabilities	1,016	3,422
Fair value of pension assets	-886	-3,391
Net pension liabilities/assets insured scheme	130	31
Asset ceiling		216
Present value of unsecured liabilities	425	706
Net pension liabilities recognised in statement of financial position	**555**	**952**

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

BOOKED IN STATEMENT OF FINANCIAL POSITION

(NOK million)	2014	2013
Pension assets		1
Pension liabilities	555	953

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

(NOK million)	2014	2013
Net pension liabilities 01.01	4,128	4,301
Pensions earned in the period	126	152
Pension cost recognised in period	163	168
Estimate deviations	583	82
Gain/loss on insurance reductions	-236	
Pensions paid	-252	-246
Changes to pension scheme	-3,011	-407
Pension liabilities additions/disposals and currency adjustments	-36	102
Payroll tax of employer contribution, assets	-24	-24
Net pension liabilities 31.12	**1,441**	**4,128**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

(NOK million)	2014	2013
Pension assets at fair value 01.01	3,391	3,220
Expected return	114	125
Estimate deviation	-159	-41
Gain/loss on insurance reductions	-188	
Premiums paid	216	197
Pensions paid	-194	-200
Changes to pension scheme	-2,252	
Pension liabilities additions/disposals and currency adjustments	-40	90
Payroll tax of employer contribution, assets	-1	
Net pension assets 31.12	**886**	**3,391**

Expected premium payments (pension assets) in 2015	54	
Expected premium payments (contributions) in 2015	216	
Expected AFP early retirement scheme payments in 2015	22	
Expected payments from operations (uninsured scheme) in 2015	43	

Pension assets are based on the financial assets held by Storebrand Life Insurance/SPP composed at 31.12:

	Storebrand Life Insurance		SPP	
	2014	2013	2014	2013
Real estate	10%	12%	5%	6%
Bonds at amortised cost	40%	48%		
Mortgage loans and other loans		2%		
Equities and units	15%	16%	9%	11%
Bonds	28%	20%	83%	83%
Certificates	8%	2%		
Other short-term financial assets			3%	
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

Bokført (realisert) avkastning av eiendelene	**5,4%**	**3,3%**	**11,6%**	**1,4%**

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

(NOK million)	**2014**	2013
Current service cost	127	153
Net interest cost/expected return	5	43
Changes to pension scheme	-809	-407
Total for defined benefit schemes	**-677**	**-212**
The period's payment to contribution scheme	148	87
"Net pension cost recognised in profit and loss account in the period"	**-530**	**-125**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIODN

(NOK million)	**2014**	2013
Actuarial loss (gain) - change in discount rate	563	-62
Actuarial loss (gain) - change in other financial assumptions	-139	-43
Actuarial loss (gain) - change in mortality table		267
Actuarial loss (gain) - change in other demographic assumptions	31	
Actuarial loss (gain) - experience DBO	126	-83
Loss (gain) - experience Assets	133	18
Investment management cost	26	26
Asset ceiling - asset adjustment	-216	219
Remeasurements loss (gain) in the period	**526**	**340**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

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

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

FINANCIAL ASSUMPTIONS:

The financial assumptions have been determined on the basis of the regulations in IAS 19. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are subject to a particularly high degree of uncertainty.

IAS 19.78 states that high-quality corporate bond rates shall be used as the discount rate. In countries where there is no deep market for such bonds, the government bond rates shall be used.

Storebrand has applied the covered bond rate at 31 December 2014 as the discount rate. Based on the market and volume development observed, the Norwegian covered bond market must be perceived as a deep market in relation to the provisions in IAS 19, in the opinion of Storebrand.

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

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

ACTUARIAL ASSUMPTIONS:

In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. With effect from 2014 a new mortality basis, K2013, has been introduced for group pension insurance in life insurance companies and pension funds. Storebrand has used the mortality table K2013BE (best estimate) in the actuarial calculations at 31 December 2014.

The average employee turnover rate is 2–3 per cent for the entire workforce as a whole, and falling turnover with increasing age is assumed.

The actuarial assumptions in Sweden follow the industry's mutual mortality table DUS14 adjusted for corporate differences. The average employee turnover rate is estimated to be 4 per cent p.a.

SENSITIVITY ANALYSIS PENSION CALCULATIONS

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

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

	Discount rate		Expected earnings growth		Expected annual increase in pensions payment	Mortality-change in expected life expectancy	
Sverige	1,0 %	-1,0 %	1,0 %	-1,0 %	1,0 %	+ 1 year	- 1 year
Percentage change in pension:							
- Pension liabilities	-20%	26%	5%	-6%	15%	4%	-4%
- The period's net pension costs	-33%	21%	4%	-22%	3%		-14%

Storebrand's risk associated with the pension scheme relates to the changes in the financial and actuarial assumptions that must be used in the calculations and the actual return on the pension funds. The pension liabilities are particularly sensitive to changes in the discount rate. A reduction of the discount rate will in isolation entail an increase in pension liabilities. For the Norwegian companies that have converted to defined contribution pensions as of 1 January 2015, the sensitivity has been estimated at +/- 0.5 per cent of the pension liabilities.

Note 26 Remuneration to senior employees and elected officers of the company

(NOK thousand)	Ordinary salary	Bonus earned in 2014 1)	Other benefits 2)	Total remuneration for the year	Post termination salary (months)	Loan3	No. of shares owned 4)
Senior employees							
Odd Arild Grefstad	4,191	2,497	165	6,854	24	5,114	56,530
Lars Aa. Løddesøl	3,869	308	182	4,359	18	10,158	40,832
Sarah McPhee	3,999	2,374	65	6,438	18		44,484
Geir Holmgren	2,495	1,384	178	4,057	12		7,221
Robin Kamark	3,790	1,999	167	5,957	18	3,625	12,761
Heidi Skaaret	2,557	1,384	167	4,109	12	5,750	2,761
Staffan Hansén	3,031	1,836	27	4,895	12		4,091
Hege Hodnesdal	2,016	1,076	164	3,256	12	3,000	13,565
Total 2014	**25,949**	**12,859**	**1,117**	**39,925**		**27,646**	**182,245**
Total 2013	34,973	13,365	1,637	49,975		37,233	371,178

1) Earned bonus at 31.12.14 Senior executives are contractually entitled to performance related bonuses. 50% of the earned bonus is paid in cash. The remaining amount is converted to synthetic shares based on the market 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.

2) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.

3) Loan up to NOK 3.5 million hold ordinary employee terms while excess loanamount hold market rate.

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

(NOK thousand)	Pension accrued for the year	Estimated pension liabilities at 31 December 2014	Value of paid-up policies issued at 1 January 2015[1]	Settlement value of direct in excess of 12G/ transferred to pension account[2, 5]	Accounting gain for Storebrand from discontinuation of defined benefit pensions (before compesation)[3]	Value of compensation to employees[4, 5]
Senior employees						
Odd Arild Grefstad	1,006	23,473	2,143	9,739	11,591	2,868
Lars Aa. Løddesøl	1,252	18,157	1,851	8,396	7,910	3,465
Sarah McPhee[6]	4,146	7,361				
Geir Holmgren	562	9,970	1,465	4,111	4,395	576
Robin Kamark	1,123	2,627		1,667	961	
Heidi Skaaret	677	1,579		928	651	
Staffan Hansén	748	3,393				
Hege Hodnesdal	561	6,986	611	3,108	3,268	693
Total 2014	**10,075**	**73,546**	**6,070**	**27,948**	**28,775**	**7,601**

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

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

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

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

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

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

(NOK thousand)	Remuneration	No. of shares owned [1]	Loan
Board of Directors			
Birger Magnus	595	20 000	
Halvor Stenstadvold	424	8 645	
Martin Skancke	109	1 414	
Jon Arnt Jacobsen	124		
Monica Caneman	443		
Arne Fredrik Håstein	197	1 839	1 676
Gyrid Skalleberg Ingerø	361		
Terje Vareberg	300		
Laila S. Dahlen	300		
Heidi Storruste	336	2 865	
Knut Dyre Haug	389	11 963	3 162
Kirsti Valborgland Fløystøl	124	3 709	3 478
Total 2014	**3 702**	**50 435**	**8 316**
Total 2013	3 713	53 940	9 297
Control Committee [2]			
Elisabeth Wille	332	163	
Harald Moen	239	595	
Ole Klette	239		
Finn Myhre	280		2 390
Anne Grete Steinkjer	239	1 800	
Tone Margrethe Reierselmoen	239	1 734	368
Total 2014	**1 566**	**4 292**	**2 757**
Total 2013	1 549	4 292	4 111

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

2) 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 2,527 million.

STOREBRAND ASA – THE BOARD'S STATEMENT ON THE FIXING OF SALARIES AND OTHER REMUNERATION TO EXECUTIVE PERSONNEL

The Board of Directors of Storebrand ASA has had a dedicated Compensation Committee since 2000. The Compensation Committee is tasked with making a recommendation to the Board of Directors concerning all matters regarding the Company's remuneration of its Chief Executive Officer. The Committee is responsible for keeping itself informed and proposing guidelines for the fixing of remuneration of executive personnel in the Group. The Committee is also an advisory body to the CEO with respect to remuneration¬ regimes that cover all employees in the Storebrand Group, including Storebrand's bonus system and pension scheme. The Compensation Committee satisfies the follow-up requirements set forth in the Compensation Regulations.

1. ADVISORY GUIDELINES FOR THE COMING FINANCIAL YEAR

Storebrand aims to base remuneration on competitive and motivating principles that help attract, develop and retain highly qualified staff.

Financial remuneration should be designed to:

1. Help strengthen our customer orientation and safeguarding the customer's overall needs with a view to avoiding conflicts of interest.
2. Stimulate internal cooperation and continuous improvement in order to create a performance culture
3. Contribute to focused efforts on the part of the employees
4. Ensure that the Group's strategy and plans provide the basis for the goals and requirements set for the employees' performance.
5. Is based on long-term thinking, balanced goal-oriented management and real value creation
6. Ensure that remuneration is based on an assessment of the individual's results and compliance with the core principles

7. Facilitate a process connected to establishing goals and goal structures that is clear, transparent and team-based.
8. Ensure that both the development of financial remuneration and job requirements are embedded in the employee's role, responsibilities and influence in the Group

Storebrand shall have an incentive model that supports the Group's strategy, with emphasis on the customer's interests and long-term perspective, an ambitious model of cooperation, as well as transparency that enhances the Group's reputation. Therefore the company will primarily stress a fixed salary as a means of overall financial compensation, and utilise variable remuneration to a limited extent.

The salaries of executive personnel are determined based on the position's responsibilities and level of complexity. Regular comparisons are made with corresponding positions in the market in order to adjust the pay level to the market. Storebrand does not wish to be a pay leader in relation to the industry.

Bonus scheme
The Storebrand Group's use of variable remuneration for the 2015 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 use of target bonuses has been discontinued from 2015.

The Group's executive management team and executive personnel who have a significant influence on the company's risk have exclusively a fixed salary. Other employees may be awarded a discretionary bonus of 5-15 per cent in addition to their fixed salary.

Pension scheme
The company shall arrange and pay for an ordinary group pension insurance common to all employees, from the moment employment commences, and in accordance with the pension rules in force at any given time. As of 2015, the company has defined contribution pension schemes for all its employees. This applies both to salaries above and below 12 G (G = the National Insurance base amount).

In connection with the transition from defined-benefit to defined-contribution schemes, compensation schemes were established for employees who were estimated to have a poorer position after the change. These schemes provide monthly additional savings for employees for a maximum of 36 months. Additional savings are taxed as wage income.

For the Group's executive management team, the estimated cash value of the pension rights for salaries in excess of 12G that had already been earned prior to the change will be paid out over a period of five years. The payment period is fixed regardless of whether the employee leaves the company before the end of this period.

Severance pay
The Chief Executive Officer and executive vice presidents are entitled to severance pay if their contracts are terminated by the Company. Entitlement to a severance package is also available if the employee decides to leave the company due to substantial changes in the organisation, or equivalent circumstances, which result in the employee being unable to naturally continue in his position. If the employment is brought to an end due to a gross breach of duty or other material non-performance of the employment contract, the provisions in this section do not apply.

Deductions are made to the severance package for all work-related income, including fees from the provision of services, offices held, etc. The severance package corresponds to pensionable salary at the end of the employment relationship, excluding any bonus schemes. The CEO is entitled to 24 months of severance pay. Other executive vice presidents are entitled to 18 months of severance pay.

2. BINDING GUIDELINES FOR SHARES, SUBSCRIPTION RIGHTS, OPTIONS, ETC. FOR THE COMING 2015 FINANCIAL YEAR
To ensure that the executive management team has incentive schemes that coincide with the long-term interests of the owners, a proportion of the fixed salary increase attributed to the discontinuation of the target bonus will be linked to the purchase of physical STB shares with a lock-in period of three years. The purchase of shares will take place once a year.

Like other employees of Storebrand, executive employees have an opportunity to purchase a limited number of shares in Storebrand ASA at a discount in accordance with the share programme for employees.

3. STATEMENT ON THE EXECUTIVE EMPLOYEE REMUNERATION POLICY DURING THE PREVIOUS FINANCIAL YEAR
The executive employee remuneration policy established for 2014 has been observed. The annual independent assessment of the guidelines and the practising of these guidelines in connection with bonuses for the 2014 qualifying year and with payment in 2015, is carried out in the first six months of 2015.

4. STATEMENT ON THE EFFECTS OF SHARE-BASED REMUNERATION AGREEMENTS ON THE COMPANY AND THE SHAREHOLDERS
A proportion of the executive management's fixed salary increase attributed to the discontinuation of the target bonus will be linked to the purchase of physical STB shares with a lock-in period of three years. The purchase of shares will take place once a year.

In the opinion of the Board of Directors, this has positive effects on the company and the shareholders, given the structure of the scheme and the size of each executive vice president's portfolio of shares in Storebrand ASA.

Note 27 Remuneration paid to auditors

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

(NOK million)	**2014**	2013
Statutory audit	11.8	10.2
Other reporting duties	1.6	1.3
Tax advice	1.2	1.6
Other non-audit services	1.6	1.3
Total remuneration to auditors	**16.1**	**14.3**

The amounts are excluding VAT.

Note 28 Other costs

(NOK million)	**2014**	2013
Pooling	-115	-66
Borrowing costs	-25	-5
Management costs	-29	-25
Interest costs for insurance	-91	-39
Management fee discounts	-27	-19
Administration reserves for paid-up policies	-185	-89
Other costs	-26	-53
Total other costs	**-498**	**-296**

Note 29 Interest expenses

(NOK million)	**2014**	2013
Interest expense - funding	-136	-136
Interest expense - subordinated loans	-460	-440
Total interest expenses [1]	**-597**	**-576**

1) Interest expenses for Storebrand Bank are included in net interest income for banking enterprises.

Note 30 Tax

TAX COST IN THE RESULT

(NOK million)	**2014**	2013
Tax payable	-7	-4
Deferred tax	-509	-205
Total tax charge	**-516**	**-209**

RECONCILIATION OF EXPECTED AND ACTUAL TAX COST

(NOK million)	2014	2013
Ordinary pre-tax profit	2,601	2,173
Expected income tax at nominal rate	-702	-608
Tax effect of		
realised/unrealised shares	10	11
share dividends received	6	
associated companies	-2	
permanent differences	153	344
recognition/write-down of tax assets	13	-68
change in tax rules		24
Changes from previous years	6	89
Total tax charge	**-516**	**-208**
Effective tax rate[1]	20%	10%

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

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

(NOK million)	2014	2013
Tax-increasing temporary differences		
Securities	12,646	9,763
Real estate[1]	8,972	8,030
Operating assets	7	26
Pre-paid pensions		3
Gains/losses account	165	206
Other	883	905
Total tax-increasing temporary differences	**22,673**	**18,933**
Tax-reducing temporary differences		
Securities	-23	-233
Operating assets	-39	-35
Provisions	-6,648	-4,476
Accrued pension liabilities	-425	-858
Gains/losses account	-6	-21
Other	-191	-61
Total tax-reducing temporary differences	**-7,332**	**-5,684**

(NOK million)	2014	2013
Carryforward losses	-11,117	-10,442
Total tax loss and assets carried forward	**-11,117**	**-10,442**
Basis for net deferred tax and tax assets	**4,225**	**2,808**
Write-down of basis for deferred tax assets	323	242
Net basis for deferred tax and tax assets 2)	**4,547**	**3,050**
Net deferred tax assets/liabilities in balance sheet	**1,228**	**824**
Recognised in balance sheet		
Deferred tax assets		1
Deferred tax	1,228	825

1) The Group's tax-increasing temporary differences also include temporary differences linked to the Group's investment properties. These properties are for the most part recorded in the Norwegian life insurance company's customer portfolios and recorded in the accounts of Storebrand Eiendom Holding AS (SEH), which is owned by Storebrand Livsforsikring AS. If these companies were to be sold, they could be disposed of practically tax-free. The tax-increasing temporary differences related to the difference between the fair value and taxable value of investment properties that have arisen during the period of ownership (around NOK 8.4 billion), are included in the Group's temporary differences, on which deferred tax is calculated at a nominal tax rate of 27 per cent. In accordance with IAS 12, no provisions have been set aside for deferred tax related to temporary differences that existed when companies were acquired and the transaction was not defined as a business transfer (basis of around NOK 2.1 billion).

The equity includes a risk equalisation reserve that can only be used to cover a negative risk result. Tax deductions related to the build-up of this reserve

Note 31 Intangible assets and excess value on purchased insurance contracts

	Intangible assets						
(NOK million)	Brand names	IT systems	Customer lists	VIF[1]	Goodwill	2014	2013
Acquisition cost 01.01,	220	607	561	9,352	1,283	12,022	10,886
Additions in the period							
- Developed internally		64				64	75
- Purchased separately		101				101	53
Disposals in the period	-31	-114			-19	-164	-19
Currency differences on converting foreign units	3		8	130	11	151	1,027
Other changes		10				10	
Acquisition cost 31.12	**192**	**669**	**568**	**9,482**	**1,274**	**12,185**	**12,022**
Accumulated depreciation and write-downs 01.01	-126	-340	-340	-4,910	-319	-6,035	-4,790
Write-downs in the period	-7				-5	-12	-311
Amortisation in the period[2]	-51	-66	-17	-317		-451	-459
Disposals in the period	24	76			19	120	12
Currency differences on converting foreign units	-4		-5	-82		-91	-487
Other changes		-5				-5	
Acc. depreciation and write-downs 31.12	**-163**	**-335**	**-363**	**-5,309**	**-305**	**-6,474**	**-6,035**
Book value 31.12	**29**	**334**	**205**	**4,173**	**969**	**5,710**	**5,987**

1) Value of business-in-force, the difference between market value and book value of the insurance liabilities in SPP.

2) NOK 32 million was classified as depreciation under operating costs.

INTANGIBLE ASSETS LINKED TO ACQUISITION OF SPP

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

The forecast for the various result elements is based on the development in recent years. Assessments have been made for the period from 2015 to 2024, and the annual growth for each element in the income statement has been estimated. The primary drivers of improved results will be the return on total assets, underlying inflation and wage growth in the market, which drive premium growth. The utility value is calculated using a required rate of return after tax of 7.2 per cent. The required rate of return is calculated based on the risk-free interest rate and added to a premium that reflects the risk of the business.

INTANGIBLE ASSETS LINKED TO THE BANKING BUSINESS

A cash flow based valuation based on the expected result after tax is used when calculating the utility value of the banking business. 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. In addition, the valuation is based on the budget adopted for 2015 and the associated forecasts for 2015 and 2016. The forecast assumes an improvement in results, which includes implementation of a cost programme and growth in other income based on the development shown and effort made in recent years. A cash flow based valuation has been made based on the forecasts. 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 percent has been used for the retail market which is also included in the calculation of the terminal value. The required rate of return to equity is calculated based on the capital asset pricing model (CAPM). Long-term risk-free interest is set at the interest rate for 10 year Norwegian government bonds. The market's risk premium is set at 5 percent and this is in line with the risk premium in the Norwegian market. Beta of 1.0 is based on observed beta for Norwegian banks, adjusted for the risk profile for Storebrand Bank.

Storebrand has assessed the recoverable amount of goodwill as at 31 December 2014 and concluded that no write-down is necessary. Sensitivity analyses have been conducted with respect to the assumptions regarding the development of results and required rate of return. Storebrand believes that the key assumptions made are reasonable.

SPECIFICATION OF INTAGIBLE ASSETS

(NOK million)	Useful economic life	Depr. rate	Depr. method	Book value 2014
Brand name SPP	10 years	10%	Straight line	29
IT systems	3-8 years	20%	Straight line	334
Customer lists SPP	10 years	10%	Straight line	205
Value of business in force SPP	20 years	5%	Straight line	4,173
Total				**4,741**

GOODWILL DISTRIBUTED BY BUSINESS ACQUISITION

(NOK million)	Business area	Acquisition cost 01.01	Accumulated write-downs 01.01	Book value 01.01	Supply/ disposals/ currency effect	Write-downs	Book value 31.12
Delphi Fondsforvaltning	Savings	35	-4	32			32
Storebrand Bank ASA	Other	422	-300	122			122
SPP	Guarant. pension/Savings	737		798	11		808
Other	Other	24	-12	12		-5	7
Total		**1,219**	**-316**	**964**	**11**	**-5**	**969**

Goodwill is not amortised, but is tested annually for impairment.

Note 32 Tangible fixed assets

(NOK million)	Vehicles/ equipment	Fixtures & fittings	Real estate	2014	2013
Book value 01.01	27	87	359	473	447
Additions	4	7	20	31	27
Disposals	-1	-1	-73	-75	-6
Value adjustment recognised through the balance sheet			24	24	6
Depreciation	-19	-16		-36	-46
Write-downs in the period					2
Currency differences from converting foreign units			35	35	43
Other changes				1	
Book value 31.12	**12**	**77**	**365**	**454**	**472**
Acquisition cost opening balance	162	160	360	681	633
Acquisition cost closing balance	165	165	367	698	705
Accumulated depreciation and write-downs opening balance	-134	-45	4	-175	-186
Accumulated depreciation and write-downs closing balance	-154	-60	2	-211	-232
Allocation by company and customers:					
Tangible fixed assets - company				91	118
Tangible fixed assets - customers				363	354

Depreciation method:	Straight line
Vehicles/equipment	4 years
Fixtures & fittings	6 years
Real estate	50 years

Note 33 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	1		
Lease 1 - 5 years	136	490	
Lease > 5 years	42	167	124
Total	**179**	**657**	**124**

AMOUNT THROUGH PROFIT AND LOSS ACCOUNT

(NOK million)	2014	2013
Lease payments through profit and loss account	183	165

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

The lease regarding office buildings have a remaining duration from 2015 until 2019 for buildings in Norway with an optional renewal and a remaining duration from 2015 to 2023 for buildings in Sweden.

Note 34 Investments in other companies

Applies to subsidiaries with a significant minority, associated companies and joint ventures.

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

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

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

SPECIFICATION OF SUBSIDARIES WITH SUBSTANTIAL MINORITY (100% FIGURES)

	2014		
(NOK million)	Benco	Foran	Ulven Holding AS
Assets	18 333	1 139	2 873
Liabilities	17 638	71	187
Equity - majority	625	1 037	2 421
Equity - minority	69	31	266
Ownership intereest - minority	10%	3%	10%
Voting rights as a percentage of the total number of shares	10%	3%	10%
Income	2 487	69	144
Result after tax	93	43	116
Total comprehensive income	93	43	116
Dividend paid to minority	2		25

SPECIFICATION OF ASSOCIATED COMPANIES AND JOINT VENTURES CLASSIFED AS SUBSTANTIAL (100% FIGURES)

	2014
(NOK million)	**Storebrand Helseforsikring AS**
Accounting method	Equity-method
Type of operation	Insurance
Type of interest	Joint venture
Current assets	584
Fixed assets	14
Short term liabilities	34
Long term liabilities	288
Cash and cash equivalents	48
Income	499
Result after tax	50
Other income and costs	-5
Total comprehensive income	45
Dividend rereived	13

OWNERSHIP INTERESTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

(NOK million)	Business location	Ownership interest	Acquisition cost	Book value 01.01	Additions/ disposals	Share of profit	Share of other income and costs	Total comprehensive inome	Book value 31.12
Associated companies									
Norsk Pensjon AS	Oslo	25.0%	5	4					4
Inntre Holding AS	Steinkjær	34.3%	2	48		11		11	59
Formuesforvaltning AS	Oslo	21.3%	147	153		5		5	158
Handelsboderna i Sverige Fastighets AB	Stockholm	50.0%	7	35		26	-21	5	40
Försäkringsgirot AB	Karlstad	16.0%	2		24	-2		-2	22
Joint ventures									
Storebrand Helseforsikring AS	Lysaker	50.0%	78	128	-13	25	-3	23	138
Total			**241**	**368**	**12**	**65**	**-23**	**42**	**421**
Booked in the statement of financial position									
Investments in associated companies - company				333					381
Investments in associated companies - customers				34					40
Total				**368**					**421**

RECEIVABLES FOR ASSOCIATED COMPANIES AND JOINT VENTURES

(NOK million)	2014	2013
Handlesboderna i Sverige Fastighets AB	11	186
Total	**11**	**186**
Allocation by company and customers		
Receivables in associated companies - company		
Receivables in associated companies - customers	11	186
Total receivables for associated companies	**11**	**186**

INCOME FROM ASSOCIATED COMPANIES AND JOINT VENTURES

(NOK million)	2014	2013
Proportion of the result	65	14
Interest income	11	20
Realised change in value	14	57
Unrealised change in value	-25	12
Total	**65**	**102**
Allocation by company and customers		
Receivables in associated companies - company	40	74
Receivables in associated companies - customers	25	29
Total receivables from associated companies	**65**	**102**

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	8,671					8,671
Shares and units				118,443		118,443
Bonds and other fixed-income securities	67,019	15,131		184,275		266,425
Lending to financial institutions	207					207
Lending to customers	32,105			989		33,094
Accounts receivable and other short-term receivables	5,503					5,503
Derivatives			6 455			6,455
Total financial assets 2014	**113,505**	**15,131**	**6 455**	**303,707**		**438,799**
Total financial assets 2013	116,029	15,120	2 220	282,351		415,721
Financial liabilities						
Subordinated loan capital					7,826	7,826
Liabilities to financial institutions					19	19
Deposits from banking customers					19,358	19,358
Securities issued					13,986	13,986
Derivatives			4 825			4,825
Other current liabilities					10 537	10,537
Total financial liabilities 2014			**4 825**		**51,727**	**56,551**
Total financial liabilities 2013			1 356	1,972	52,807	56,136

Note 36 Bonds at amortised cost

LENDING AND RECEIVABLES

	2014		2013	
(NOK mill.)	**Balanseført verdi**	**Virkelig verdi**	Balanseført verdi	Virkelig verdi
Government and government-guaranteed bonds	13,276	15,359	16,024	16,811
Credit bonds	16,418	18,492	16,451	17,246
Mortgage and asset backed securities	19,102	22,669	19,797	21,534
Supranational organisations	18,223	21,207	14,698	15,722
Total bonds at amortised cost	**67,019**	**77,727**	**66,971**	**71,313**
Storebrand Bank				
Modified duration		0,1		0,1
Average effective yield		1,5%		1,9%
Storebrand Life Insurance				
Modified duration		5,7		6,0
Average effective yield	4,8%	2,1%	4,8%	3,7%
Distribution beween company and customers				
Lending and receivables company	2,883		3,052	
Lending and receivables customers with guarantee	64,136		63,919	
Total	**67,019**		**66,971**	

BONDS HELD TO MATURITY

	2014	
(NOK million)	Book value	Fair value
Credit bonds	4,284	4,895
Mortgage and asset backed securities	9,809	11,673
Supranational organisations	1,038	1,225
Total bonds at amortised cost	**15,131**	**17,794**
Modifed duration		6.9
Average effective yield	4.5%	2.3%
Distribution beween company and customers:		
Bonds held to maturity - company	15,131	
Total	**15,131**	

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)	2014	2013
Corporate market	9,251	13,318
Retail market	23,896	23,940
Gross lending	**33,148**	**37,258**
Write-downs of lending losses	-54	-113
Net lending	**33,094**	**37,145**

NON-PERFORMING AND LOSS-EXPOSED LOANS

(NOK million)	2014	2013
Non-performing and loss-exposed loans without identified impairment	76	111
Non-performing and loss-exposed loans with identified impairment	77	356
Gross non-performing loans	**153**	**468**
Individual write-downs	-33	-83
Net non-performing loans	**120**	**385**

For further information about lending, see note 10 Lending and counterparty risk.

Note 38 Reinsurer's share of technical reserves

(NOK million)	2014	2013
Book value 01.01	151	155
Change in premium and claims reserves	-7	-4
Book value 31.12	**144**	**151**

See note 45 and 46 for liabilities.

Note 39 Real estate

Type of real estate (NOK million)	31/12/14	31/12/13	31.12.14 Required rate of return % 2)	Average duration of lease (years) 4)	m²	Leased amount in % 1)
Office buildings (including parking and storage):						
Oslo-Vika/Filipstad Brygge	6,499	6,196	7.5-8.4	4.2	135,788	85%
Rest of Greater Oslo	9,200	7,148	8.1-10.0	6.5	521,997	95%
Rest of Norway		2,477				
Office buildings in Sweden	1,002	985		11.0	40,586	99%
Shopping centres (including parking and storage)						
Rest of Greater Oslo	1,177	1,176	8.8-9.6	3.5	66,519	92%
Rest of Norway	5,775	5,234	7.4-8.5	3.8	213,949	97%
Car parks						
Multi-storey car parks in Oslo	691	671	7.9	2.0	27,393	100%
Cultural/conference centres in Sweden	321	390				
Other real estate:						
Real estate Sweden[3]						
Housing Sweden[3]	314	109		4.6	10,369	100%
Trading Sweden[3]	336			7.4	17,680	100%
Hotel Sweden[3]	1,052			12.6	22,486	99%
Real estate Norway	51	50				
Total investment real estate[5]	**26,419**	**24,437**	**7.9**		**1,056,767**	
Real estate for own use	2,583	2,491			59,693	96%/99%
Total real estate	**29,002**	**26,928**	**7.9**		**1,116,460**	

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

2) The real estate are valued on the 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.

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

TRANSACTIONS:

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

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

TANGIBLE FIXED ASSETS AND PROPERTIES FOR OWN USE

(NOK million)	2014	2013
Book value 01.01	2 491	2 231
Additions	13	85
Disposals	-9	
Revaluation booked in balance sheet	74	88
Depreciation	-64	-66
Write-ups due to write-downs in the period	63	66
Currency differences from converting foreign units	15	88
Book value 31.12	**2 583**	**2 491**

(NOK million)	2014	2013
Acquisition cost opening balance	2 595	2 511
Acquisition cost closing balance	2 599	2 595
Accumulated depreciation and write-downs opening balance	-346	-279
Accumulated depreciation and write-downs closing balance	-410	-346
Allocation by company and customers:		
Properties for own use - company	68	66
Properties for own use - customers	2 514	2 425
Total	**2 583**	**2 491**
Depreciation method:	Straight line	
Depreciation plan and financial lifetime:	50 years	

Note 40 Biological assets

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

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)	2014	2013
Accounts receivable	4,057	3,088
Interest earned/pre-paid expenses	253	272
Prepaid commissions	509	53
Claims on insurance brokers	119	611
Prepaid direct selling costs		510
Outstanding tax	41	307
Other current receivables	524	522
Book value 31.12	**5,503**	**5,363**
Allocation by company and customers:		
Accounts receivable and other short-term receivables - company	1,575	1,833
Accounts receivable and other short-term receivables - customers	3,928	3,531
Total	**5,503**	**5,363**

AGE DISTRIBUTION FOR ACCOUNTS RECEIVABLE 31.12 (GROSS)

(NOK million)	2014	2013
Receivables not fallen due	4,024	3,066
Past due 1 - 30 days	28	21
Past due 31 - 60 days	4	2
Past due 61 - 90 days	1	
Past due > 90 days	2	
Gross accounts receivable/receivables from reinsurance	**4,058**	**3,090**
Provisions for losses 31.12	-2	-2
Net accounts receivable/receivables from reinsurance	**4,057**	**3,088**

Note 42 Equities and units

(NOK million)	2014 Fair value	2013 Fair value
Equities	20,625	16,708
Fund units	92,164	78,396
Private Equity fund investments	4,702	6,373
Indirect real estate funds	952	1,217
Total equities and units	**118,443**	**102,695**
Allocation by company and customers:		
Equities and units - company	121	82
Equities and units - customers with guarantee	33,906	34,629
Equities and units - customers without guarantee	84,416	67,984
Sum	**118 443**	**102 695**

See note 12.

Note 43 Bonds and other fixed-income securities

(NOK million)	2014 Fair value	2013 Fair value
Government and government-guaranteed bonds	55,775	62,312
Credit bonds	26,240	25,966
Mortgage and asset backed securities	44,601	45,433
Supranational organizations	6,772	7,313
Bond funds	50,887	37,345
Total bonds and other fixed-income securities	**184,275**	**178,369**
Allocation by company and customers:		
Bonds and other fixed-income securities - company	26,699	23,294
Bonds and other fixed-income securities - customers with guarantee	130,784	131,198
Bonds and other fixed-income securities - customers without guarantee	26,792	23,877
Total	**184,275**	**178,369**

	Fair value					
	Storebrand Life Insurance	SPP Life Insurance	Euroben	Storebrand Bank	Storebrand Insurance	Storebrand ASA
Modified duration	2.4	1.7	2.8	0.2	0.4	0.3
Average effective yield	1.9%	0.4%	0.4%	1.5%	1.8%	1.7%

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.

					Amounts that can, but are not presented net in the balance sheet		
(NOK million)	Gross nominal volume [1]	Gross booked value fin. assets	Gross booked value fin. liabilities	Net booked fin. assets/ liabilities	Fin. assets	Fin. liabilities	Net amount
Equity derivatives	4,573						
Interest derivatives	69,607	6,265	1,537	16	4,474	84	4,744
Currency derivatives	50,657	172	3,288	2	6	3,122	-3,113
Total derivater 31.12.14		**6,437**	**4,825**	**19**	**4,481**	**3,206**	**1,631**
Total derivater 31.12.13		2,220	2,543		550	1,411	-323
Distribution between company and customers:							
Derivatives - company							858
Derivatives - customers with guarantee							1,641
Derivatives - customers without guarantee							-868
Total							**1,631**

The above table includes net positions in indirect investments.

1) Values 31.12.

Note 45 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 *)	Life and Pensions Norway 2013	Guaranteed products	Unit Linked SPP	Total SPP 2013	BenCo	Total Storebrand Group 2014	Total Storebrand Group 2013
Additional statutory reserves	2,496		1,752	870	-1	5,118					5,118	15,467
Conditional bonus							9,147		9,147	2,134	11,281	3,157
Market value adjustment reserve	2,688		2,621	418	87	5,814					5,814	3,823
Total buffer capital	**5,184**		**4,373**	**1,288**	**87**	**10,932**	**9,147**		**9,147**	**2,134**	**22,213**	**22,447**

The excess value of bonds valued at amortised cost totalled NOK 13.364 million at the end of the 4th quarter, an increase of 8.204 million since the turn of the year.The excess value of bonds at amortised cost is not included in the financial statements.

(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 2014	Total Storebrand Group 2013
Premium reserve	59,635	41,892	88,152	14,739	2,847	207,266	78,470	63,476	141,946	15,249	364,460	342,455
- of which RBNS	130		-39	18	370	479					479	443
- of which IBNR	298		258	160	1,074	1,790					1,790	831
- of which premium income received in advance	687		405		709	1,800					1,800	1,910
Pension surplus fund	2					2					2	4
Premium fund/ deposit fund	2,875		16		155	3,045					3,045	3,509

(NOK million)	Group de-fined-ben-efits fee-based	Group in-vestment with choise and Unit-Linked fee based	Paid-up policies profit sharing	Individu-al profit sharing	Risk prod-ucts [1]	Life and Pensions Norway 2013	Guar-anteed prod-ucts	Unit Linked SPP	Total SPP 2013	BenCo	Total Store-brand Group 2014	Total Store-brand Group 2013
Other technical reserves					627	627					627	616
- of which RBNS												63
- of which IBNR												509
- of which premium income received in advance												
Claims reserve	41	1	22	274	558	895	71		71	50	1,017	891
- of which RBNS	13		-4	136	458	603					603	470
- of which IBNR	28	1	26	138	101	292	71		71	50	414	297
Supplerende avsetning												
Total insurance liabilities - life insurance	**62,553**	**41,893**	**88,190**	**15,014**	**4,186**	**211,835**	**78,541**	**63,476**	**142,017**	**15,299**	**369,151**	**347,475**

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 in-vestment with choise and Unit-Linked fee based	Paid-up policies profit sharing	Individu-al profit sharing	Risk prod-ucts [1]	Life and Pensions Norway	Guar-anteed prod-ucts	Unit Linked SPP	Total SPP 2012	BenCo	Total Store-brand Group
Book value 01.01	77,905	34,103	77,441	16,066	3,951	209,465	73,147	51,349	124,495	13,514	347,475
Net premium income	7,415	7,452	-618	294	2,016	16,559	1,812	5,486	7,298	273	24,130
Net financial income	4,532	3,492	5,446	944	178	14,592	9,396	8,633	18,029	1,793	34,415
Insurance claims for own account	-14,419	-2,968	-3,344	-1,838	-745	-23,315	-7,666	-2,659	-10,324	-1,640	-35,279
Change in exchange rates							1,196	1,181	2,377	-22	2,356
Other changes	-12,880	-187	9,265	-452	-1,213	-5,466	655	-514	141	1,380	-3,945
Book value 31.12	**62,553**	**41,893**	**88,190**	**15,014**	**4,186**	**211,835**	**78,541**	**63,476**	**142,017**	**15,299**	**369,151**

1) Including personal risk and employee insurance of the Insurance segment.

MARKET VALUE ADJUSTMENT RESERVE

(NOK million)	**2014**	2013	Change 2014	Change 2013
Equities	3,023	2,869	154	2,168
Interest-bearing	2,791	954	1,837	628
Total market value adjustment reserves at fair value	**5,814**	**3,823**	**1,992**	**2,796**

See note 46 for insurance liabilities - P&C.

Note 46 Technical insurance reserves - P&C insurance

INSURANCE LIABILITIES

(NOK million)	P&C	Sum 2014	2013
Reserve for undischarged risk			
Non-earned gross premiums	381	381	342
The Norwegian FSA's minimum requirement	381	381	342
Gross claims reserves	411	411	370
The Norwegian FSA's minimum requirement	335	335	329
Administration reserve	20	20	17
The Norwegian FSA's minimum requirement	20	20	17

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)	2014	2013
Book value 01.01	729	633
Change in premium and claims reserves	80	92
Change in administration reserve	3	2
Exchange rate changes		3
Book value 31.12	**812**	**729**

ASSETS AND LIABILITIES - P&C INSURANCE

(NOK million)	2014	2013
Reinsurance share of insurance technical reserves	20	9
Total assets	**20**	**9**
Premium reserve	381	342
Claims reserve	411	370
- fo which RBNS	211	180
- of which IBNR	199	190
Administration reserve	20	17
Total liabilities	**812**	**729**

See note 45 for insurance liabilities - life insurance.

Note 47 Deposits from banking customers

(NOK million)	2014	2013
Corporate market	5,701	8,186
Retail market	13,657	12,542
Total	**19,358**	**20,728**

Note 48 Other current liabilities

(NOK million)	2014	2013
Accounts payable	108	131
Accrued expenses/appropriations	647	648
Other appropriations	147	169
Governmental fees and tax withholding	361	282
Collateral received derivates	2,513	269
Liabilities in connection with direct insurance	2,369	1,377
Liabilites to broker	416	450
Minority real estate fund1)	3,167	2,342
Other current liabilities	809	923
Book value 31.12	**10,537**	**6,591**

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

SPECIFICATION OF RESTRUCTURING RESERVES

(NOK million)	2014	2013
Book value 01.01	157	183
Increase in the period		104
Amount recognised against reserves in the period	-79	-114
Reversal of previous allocations due to estimate discrepancies		-16
Book value 31.12	**78**	**157**

Note 49 Hedge accounting

FAIR VALUE HEDGING OF THE INTEREST RATE RISK AND CASH FLOW HEDGING OF THE CREDIT MARGIN

Storebrand uses fair value hedging for interest risk. The hedged items are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value over profit or loss . Changes in the value of the hedged item that can be attributed to the hedged risk are adjusted in the book value of the hedged item and reconised in the income statement.

The effectiveness of hedging is monitored at the individual security level.

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

HEDGING INSTRUMENT/HEDGED ITEM

	2014					2013			
	Contract/ nominal	Book value [1]			Recognised of comprehensive	Conract/ nominal	Book value [1]		
(NOK million)	value	Assets	Liabilities	Booked	income	value	Assets	Liabilities	Booked
Interest rate swaps	6,482	1,279		-149	795	8,526	687		45
Subordinated loans	-3,238		-4,058	209	-627	-3,166		-3,516	-137
Debt raised through issuance of securities	3,207		3,531	-49		5,147		5,498	118

1) Book values as at 31.12.

CURRENCY HEDGING OF NET INVESTMENT IN SPP

In 2014, Storebrand utilised cash flow hedging for the currency risk linked to Storebrand's net investment in SPP. 3 month rolling currency derivatives were used in which the spot element in these is used as the hedging instrument. The effective share of hedging instruments is recognised in total profit. The net investment in SPP is partly hedged and therefore the expectation is that future hedge effectiveness will be around 100 per cent.

HEDGING INSTRUMENT/HEDGED ITEM

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

1) Book values at 31.12.

Note 50 Collateral

(NOK million)	2014	2013
Collateral for Derivatives trading	2,617	5,373
Collateral received in connection with Derivatives trading	-3,250	-477
Total received and pledged collateral	**-633**	**4,896**

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

(NOK million)	2014	2013
Book value of bonds pledged as collateral for the bank's lending from Norges Bank	651	1,499
Total	**651**	**1,499**

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 31.12.2014.

Of total loans of NOK 28.4 billion , NOK 14.3 billion has been mortgaged in connection with the issuing of covered bonds (covered bond rate) in Storebrand Boligkreditt AS.

Loans in Storebrand Boligkreditt AS are security for covered bonds (covered bond rate) issued in the company and these assets are therefore mortgaged through the bondholder's preferential right to the security holding in the company.
Storebrand Boligkreditt AS has over-collateralisation (OC) of 35 per cent, however committed OC is 9.5 per cent. Storebrand Boligkreditt AS therefore has security that is NOK 2.8 billion more than what is committed in the loan programme. Storebrand Bank ASA considers that the risk linked to the transfer level of home loans to Storebrand Boligkreditt AS is low.

Note 51 Contingent liabilities

(NOK million)	2014	2013
Guarantees	90	242
Unused credit limit lending	2,050	4,060
Uncalled residual liabilities re limited partnership	4,321	4,038
Other liabilities/lending commitments	31	77
Total contingent liabilities	**6,491**	**8,417**

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. The writ of summons was received 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. There have been no significant developments in the case during 2014, and no provisions have been made relating to this lawsuit.

Note 52 Securities lending and buy-back guarantees

COVERED BONDS - STOREBRAND BANK GROUP

(NOK million)	2014	2013
Book value of covered bonds	2,934	2,760
Book value associated with financial liabilities		997

The financial assets transferred have consisted of swap agreements with the Norwegian state through the Ministry of Finance concerning the pledging of financial collateral. The swap agreements that were entered into by means of auctions administered by Norges Bank were redeemed in 2014.

Note 53 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 Basel Committee's standards for capital and liquidity management ("Basel III") have been made applicable to credit institutions and securities firms in the EEA area through the EU Capital Requirements Directive ("CRD IV"), and they are effective from 1 July 2014. For companies that are encompassed by CRD IV, the primary capital requirement is 13.5 per cent. Insurance companies in the Group are included in the capital adequacy with a capital requirement under the Basel I regulations.

In a cross-sectoral financial group, the sum of primary capital and other solvency margin capital, covers the sum of the solvency margin requirement for insurance operations and primary capital requirements for credit institutions and securities business. In the solvency margin requirement used for the insurance companies, this requirement is calculated as 4 per cent of gross insurance fund. This applies to both Norwegian and Swedish operations. In Sweden, the requirement also includes 1 per cent of the conditional bonus and 0.1-0.3 per cent of mortality risk in the insurance funds. The solvency margin capital for insurance differs slightly from the primary capital that is used in the capital cover. The solvency capital includes a proportion of additional provisions and the risk equalization fund.

PRIMARY CAPITAL IN CAPITAL ADEQUACY

(NOK million)	2014	2013[1]
Share capital	2,250	2,250
Other equity	22,491	20,264
Equity	**24,741**	**22,514**
Hybrid tier 1 capital	1,725	1,927
Interest rate adjustment of insurance obligations	-2,170	-1,081
Goodwill and other intangible assets	-5,844	-6,111
Deferred tax assets	-437	-1
Risk equalisation fund	-829	-776
Deductions for investments in other financial institutions	-1	-1
Secuity reserves	-318	-301
Minimum requirement reassurance allocation	-4	-4
Capital adequacy reserve		-96
Other equity	-33	-31
Core capital (tier 1)	**16,829**	**16,038**
Perpetual subordinated capital	2,100	2,700
Ordinary primary capital	2,513	2,388
Deduction for investments in other financial institutions	-1	-1
Capital adequacy reserve		-96
Tier 2 capital	**4,612**	**4,990**
Net primary capital	**21,441**	**21,029**
Excess capital from third parties	-516	
Net primary capital after third party deductions	**20,925**	**21,029**

CALCULATION BASIS

(NOK million)	2014	2013[1]
Insurance companies	142,066	135,163
Other companies	18,838	22,023
Total calculation basis for capital adequacy	**160,904**	**157,185**
Capital requirements		
Insurance companies	11,365	10,813
Other companies	2,543	2,753
Total capital requirements	**13,908**	**13,566**
Capital adequacy ratio	**13.0%**	**13.4%**
Core (tier 1) capital ratio	**10.3%**	**10.2%**

SOLVENCY REQUIREMENTS FOR CROSS-SECTORAL FINANCIAL GROUPS

(NOK million)	2014	2013[1]
Requirements re primary capital and solvency capital		
Capital requirements excluding insurance (13,5 %)	2,543	2,753
Requirements re solvency margin capital insurance	12,815	12,140
Total requirements re primary capital and solvency capital	**15,358**	**14,892**
Primary capital and solvency capital		
Net primary capital	21,441	21,029
Change in solvency capital for insurance in relation to primary capital		
Other solvency capital	3,111	2,750
Total primary capital and solvency capital	24,553	23,779
Surplus solvency capital	**9,195**	**8,886**

1) Corresponding figures are not changed

Note 54 Information about related parties

Companies in the Storebrand Group have transactions with related parties who are shareholders in Storebrand ASA and senior employees. These are transactions that are part of the products and services offered by the Group's companies to their customers. The transactions are entered into on commercial terms and include occupational pensions, private pensions savings, P&C insurance, leasing of premises, bank deposits, lending, asset management and fund saving. See note 26 for further information about senior employees.

Internal transactions between group companies are eliminated in the consolidated financial statements, with the exception of transactions between the customer portfolio in Storebrand Livsforsikring AS and other units in the Group. See note 1 Accounting Policies for further information.

For further information about close associates, see notes 34 and 48.

Storebrand ASA
Profit and loss account

(NOK million)	Note	2014	2013
Operating income			
Income from investments in subsidiaries	2	490	626
Net income and gains from financial instruments:			
- bonds and other fixed-income securities	3	45	49
- financial derivatives/other financial instruments	3	6	-14
Other financial instruments		1	2
Operating income		**543**	**663**
Interest expenses		-136	-136
Other financial expenses		-19	-156
Operating costs			
Personnel costs	4, 5, 6	11	83
Amortisation	12	-1	-1
Other operating costs		-48	-76
Total operating costs		**-38**	**6**
Total costs		**-193**	**-286**
Pre-tax profit		**351**	**377**
Tax	7	-77	-96
Profit for year		**273**	**281**

STATEMENT OF TOTAL COMPREHENSIVE INCOME

(NOK million)	Note	2014	2013
Profit for yeart		**273**	**281**
Other result elements not to be classified to profit/loss			
Change in estimate deviation pension		-93	-317
Tax on other result elements		25	82
Total other result elements		**-68**	**-235**
Total comprehensive income		**206**	**46**

Storebrand ASA
Statement of financial position

(NOK million)	Note	31.12.14	31.12.13
Fixed assets			
Deferred tax assets	7	400	458
Pension assets	5		1
Tangible fixed assets	12	30	30
Shares in subsidiaries	8	17,041	17,241
Total fixed assets		**17,470**	**17,729**
Current assets			
Owed within group	16	752	519
Lending to group companies	16	17	17
Other current receivables		32	23
Investments in trading portfolio:			
- bonds and other fixed-income securities	9,11	1,635	1,757
- financial derivatives/other financial instruments	10,11,14	31	33
Bank deposits		82	37
Total current assets		**2,548**	**2,386**
Total assets		**20,018**	**20,115**
Equity and liabilities			
Share capital		2,250	2,250
Own shares		-12	-14
Share premium reserve		9,485	9,485
Total paid in equity		**11,722**	**11,720**
Other equity		4,859	4,644
Total equity		**16,581**	**16,365**
Non-current liabilities			
Pension liabilities	5	168	156
Securities issued	13,14	3,128	3,476
Total non-current liabilities		**3,296**	**3,632**
Current liabilities			
Financial derivatives	10		10
Debt within group	16	43	34
Other current liabilities		98	74
Total current liabilities		**141**	**118**
Total equity and liabilities		**20,018**	**20,115**

Lysaker, 10. February 2015
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**

Martin Skancke **Halvor Stenstadvold** **Terje Vareberg**

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

Odd Arild Grefstad
Chief Executive Officer

Storebrand ASA
Reconciliation of equity

(NOK million)	Share capital[1]	Own shares	Share premium	Other equity	Total equity
Equity at 31. December 2012	**2,250**	**-16**	**9,485**	**4,591**	**16,310**
Profit for the period				281	281
Total other result elements				-235	-235
Total comprehensive income				**46**	**46**
Own share bought back[2]		2		24	26
Employee share[2]				-17	-17
Equity at 31. December 2013	**2,250**	**-14**	**9,485**	**4,644**	**16,365**
Profit for the period				273	273
Total other result elements				-68	-68
Total comprehensive income				206	206
Own share bought back[2]		2		18	20
Employee share[2]				-9	-9
Equity at 31. December 2014	**2,250**	**-12**	**9,485**	**4,859**	**16,581**

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

2) In 2014, 305 481 shares were sold to our own employees. Holding of own shares 31. December 2014 was 2 410 792.

Cash flow analysis Storebrand ASA
Cash flow statement

(NOK million)	2014	2013
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	61	44
Net receipts/payments - securities at fair value	97	-10
Payments relating to operations	-107	-128
Net receipts/payments - other operational activities	524	334
Net cash flow from operational activities	**576**	**240**
Cash flow from investment activities		
Net payments - sale/capitalisation of subsidiaries	-35	-119
Net cash flow from investment activities	**-36**	**-119**
Cash flow from financing activities		
Payments - repayments of loans	-837	-743
Receipts - new loans	496	750
Payments - interest on loans	-166	-148
Receipts - sold own shart to employees	11	9
Net cash flow from financing activities	**-495**	**-132**
Net cash flow for the period	**45**	**-11**
Net movement in cash and cash equivalents	45	-11
Cash and cash equivalents at start of the period	37	48
Cash and cash equivalents at the end of the period	**82**	**37**

Notes
Storebrand ASA

Note 01 Accounting policies

Storebrand ASA is the holding company of the Storebrand Group. The Storebrand Group is engaged in life and P&C insurance, banking and asset management, with insurance being the primary business. The financial statements of Storebrand ASA have accordingly been prepared in accordance with the Norwegian Accounting Act, generally accepted accounting policies in Norway, and the Norwegian Regulations relating to annual accounts, etc. for insurance companies. Storebrand ASA has used the simplified IFRS provisions in the regulations for recognition and measurement.

USE OF ESTIMATES AND DISCRETIONARY ASSUMPTIONS

In preparing the annual financial statements, Storebrand has made assumptions and used estimates that affect the reported value of assets, liabilities, revenues, costs, as well as the information provided on contingent liabilities. Future events may cause these estimates to change. Such changes will be recognised in the financial statements when there is a sufficient basis for using new estimates. The most important estimates and assessments are related to the valuation of the company's subsidiaries and the assumptions used for pension calculations.

CLASSIFICATION AND VALUATION POLICIES

Assets intended for permanent ownership and use are classified as fixed assets, and assets and receivables due for payment within one year are classified as current assets. Equivalent policies have been applied to liability items.

PROFIT AND LOSS ACCOUNT AND STATEMENT OF FINANCIAL POSITION

Storebrand ASA is a holding company with subsidiaries in the fields of insurance, banking and asset management. The layout plan in the Regulations relating to annual financial statements etc. for insurance companies has not been used, a custom layout plan has been used.

INVESTMENTS IN SUBSIDIARIES, DIVIDENDS AND GROUP CONTRIBUTIONS

In the company's accounts, investments in subsidiaries and associated companies are valued at the acquisition cost less any write-downs. The need to write down is assessed at the end of each accounting period. Storebrand ASA's primary income is the return on capital invested in subsidiaries. Group contributions and dividends received in respect of these investments are therefore recorded as ordinary operating income. Proposed and approved dividends and group contributions from subsidiaries at the end of the year are recognised in the financial statements of Storebrand ASA as income in that financial year.

A prerequisite for recognition is that this is income earned by a subsidiary that Storebrand owns. Otherwise, this is recognised as an equity transaction, which means that the ownership interest in the subsidiary is reduced by dividends or group contributions.

TANGIBLE FIXED ASSETS

Tangible fixed assets for own use are recognised at acquisition cost less accumulated depreciation. Write-downs are made if the book value exceeds the recoverable amount of the asset.

PENSION LIABILITIES FOR COMPANY'S OWN EMPLOYEES

Pension costs and pension obligations for defined-benefit pension schemes are determined using a linear accrual formula and expected final salary as the basis for the entitlements, based on assumptions about the discount rate, future salary increases, pensions and National Insurance benefits, future returns on pension plan assets as well as actuarial estimates of mortality, disability and voluntary early leavers.

The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the expected return on pension plan assets.

Actuarial gains or losses and the effect of changes in assumptions are recognised in other comprehensive income. The effects of changes in the pension scheme are recognised on an ongoing basis, unless the changes are conditional upon accrued future pension entitlements, The effects are apportioned on a straight line basis until the entitlement has been fully earned. The employer's National Insurance contributions are included as part of the pension liability and are included in the actuarial gains/losses shown in total comprehensive income.

TAX

The tax cost in the profit and loss account consists of tax payable and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded on the balance sheet to the extent it is considered likely that the company will have sufficient taxable profit in the future to make use of the tax asset. Deferred tax is applied directly against equity to the extent that it relates to items that are themselves directly applied against equity.

CURRENCY

Current assets and liabilities are translated at the exchange rate on the balance sheet date. Shares held as fixed assets are translated at the exchange rate on the date of acquisition.

FINANCIAL INSTRUMENTS

Equities and units

Equities and units are valued at fair value. For securities listed on an exchange or other regulated market, fair value is determined as the bid price on the last trading day immediately prior to or on the balance sheet date.

Any repurchase of own shares is dealt with as an equity transaction, and own shares (treasury stock) are presented as a reduction in equity.

Bonds and other fixed income securities

Bonds and other fixed income securities are included i the statement of financial position from such time the company becomes party to the instrument's contractual terms and conditions. Ordinary purchases and sales of financial instruments are recognised on the transaction date. When a financial asset or a financial liability is initially recognised in the financial statements, it is valued at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset/liability.

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

Bonds and other fixed income securities are recognised at fair value.
Fair value is the amount for which an asset could be sold for, or a liability settled with, between knowledgeable, willing parties in an arm's length transaction. For financial assets that are listed on an exchange or other regulated market place, fair value is determined as the bid price on the last trading day up to and including the balance sheet date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

Financial derivatives

Financial derivatives are recognised at fair value. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

Bond funding

Bond loans are recorded at amortised cost using the effective interest rate method. The amortised cost includes the transaction costs on the date of issue.

ACCOUNTING TREATMENT OF DERIVATIVES AS HEDGING

Fair value hedging

Storebrand uses fair value hedging, and the hedged items are fixed rate funding measured at amortised cost. Derivatives that fall within this category are recognised at fair value through profit or loss. Changes in the value of the hedged item that relate to the hedged risk are applied to the book value of the item and recognised through profit or loss.

Note 02 Income from investments in subsidiaries

(NOK million)	2014	2013
Storebrand Bank ASA	190	253
Storebrand Asset Management AS	237	275
Storebrand Finansiell Rådgivning AS		85
Storebrand Forsikring AS	45	
Storebrand Baltic UAB	6	
Storebrand Helseforsikring AS	13	14
Total	**490**	**626**

Group contribution from Storebrand ASA, see note 8.

Note 03 Net income for various classes of financial instruments

(NOK million)	Dividend/inter-est income	Net gain/loss on realisation	Net unrealised gain/loss	Total 2014	2013
Net income from bonds and other fixed income securities	54	1	10	45	49
Net income from financial derivatives			7	6	-14
Net income and gains from financial assets at fair value	**54**	**1**	**-3**	**52**	**35**
– of which FVO (Fair Value Option)	54	1	-10	45	49
– of which trading			7	6	-14

Note 04 Personel costs

(NOK million)	2014	2013
Ordinary wages and salaries	-13	-15
Employer's social security contributions	-4	-8
Personnel costs[1]	39	114
Other benefits	-12	-9
Total	**11**	**83**

1) See spesification in note 5.

Note 05 Pension costs and pension liabilities

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

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

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

The new defined-contribution scheme that comes into effect from 1 January 2015 has the following components and premiums:
- Saving starts from the first krone of salary
- Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" is NOK 88,370 at 31 December 2014)
- In addition 13 per cent of salary between 7.1 and 12 G is saved
- Savings rate for salary over 12 G is 20 per cent

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

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

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

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

(NOK million)	2014	2013
Present value of insured pension benefit liabilities	4	1 267
Pension assets at fair value	-4	-1 484
Net pension liabilities/assets for the insured schemes	1	-217
Asset ceiling		216
Present value of the uninsured pension liabilities	168	156
Net pension liabilities in the statement of financial position	**168**	**156**

BOOKED IN THE STATEMENT OF FINANCIAL POSITION:

(NOK million)	2014	2013
Pension assets		1
Pension liabilities	168	156

CHANGES IN THE NET DEFINED BENEFITS PENSION LIABILITIES IN THE PERIOD:

(NOK million)	2014	2013
Net pension liabilities 01.01	1,423	1,526
Net pension cost recognised in the period	2	2
Interest on pension liabilities	55	58
Gain/loss on insurance reductions	-48	
Pension experience adjustments	136	125
Pensions paid	-164	-171
Changes to pension scheme	-1,229	-116
Payroll tax of employer contribution	-3	
Net pension liabilities 31.12	**172**	**1,423**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

(NOK million)	2014	2013
Pension assets at fair value 01.01.	1,484	1,523
Expected return	48	58
Pension experience adjustments	-172	24
Premium paid	24	33
Pensions paid	-148	-154
Changes to pension scheme	-1,229	
Payroll tax of employer contribution	-3	
Net pension assets 31.12	**4**	**1,484**

Expected premium payments are estimated to be NOK 2 million and the payments from operations are estimated to be NOK 14 million in 2015.

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE, WHICH ARE COMPOSED OF AS PER 31.12.:

(NOK million)	2014	2013
Properties and real estate	10%	12%
Bonds at amortised cost	40%	48%
Equities and units		2%
Bonds	15%	16%
Commercial papers	28%	20%
Other short-term financial assets	8%	2%
Total	**100%**	**100%**
Booked returns on assets managed by Storebrand Life Insurance were:	5.4%	3.3%

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNTS IN THE PERIOD

(NOK million)	2014	2013
Net pension cost recognised in the period	2	2
Net interest/expected return	7	
Changes to pension scheme	-48	-116
Total for defined benefit schemes	**-39**	**-114**
The period's payment to contribution scheme		
Net pension cost booked to profit and loss accounts in the period	**-39**	**-114**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

(NOK million)	2014	2013
Actuarial loss (gain) - change in discount rate	85	
Actuarial loss (gain) - change in other financial assumptions	-1	-12
Actuarial loss (gain) - change in mortality table		118
Actuarial loss (gain) - experience DBO	52	19
Loss (gain) - experience Assets	160	-36
Investment management cost	12	13
Asset ceiling - asset adjustment	-216	216
Remeasurements loss (gain) in the period	**93**	**317**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY AS PER 31.12.

(NOK million)	2014	2013
Economic assumptions:		
Discount rate[1]	3.0%	4.0%
Expected earnings growth	3.0%	3.3%
Expected annual increase in social security pension	3.0%	3.5%
Expected annual increase in pensions in payment	0.1%	0.1%
Disability table	KU	KU
Mortality table	K2013BE	K2013BE

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

FINANCIAL ASSUMPTIONS:

The financial assumptions have been determined on the basis of the regulations in IAS 19. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are subject to a particularly high degree of uncertainty.

IAS 19.78 states that high-quality corporate bond rates shall be used as the discount rate. In countries where there is no deep market for such bonds, the government bond rates shall be used.

Storebrand has applied the covered bond rate at 31 December 2014 as the discount rate. Based on the market and volume development observed, the Norwegian covered bond market must be perceived as a deep market in relation to the provisions in IAS 19, in the opinion of Storebrand.

In 2013 Storebrand (Norway) amended the pension rules in the collective schemes for employees and former employees of the company. The change entailed that pensions in payment no longer have a provision concerning annual adjustment by a minimum of 80 per cent of the change in the consumer price index.
Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

ACTUARIAL ASSUMPTIONS:
In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. With effect from 2014 a new mortality basis, K2013, has been introduced for group pension insurance in life insurance companies and pension funds. Storebrand has used the mortality table K2013BE (best estimate) in the actuarial calculations at 31 December 2014.

The average employee turnover rate is 2–3 per cent for the entire workforce as a whole, and falling turnover with increasing age is assumed.

Note 06 Remuneration of the CEO and elected officers of the company

(NOK thousand)	**2014**	2013
Chief Executive Officer[1]		
Salery	4,191	3,975
Bonus (performance-based)[2]	2,497	1,911
Other taxable benefits	165	166
Total remuneration	**6,854**	**6,052**
Pension costs[3]	1,006	1,086
Board of Representatives[4]	1,139	808
Control Committee[5]	1,565	1,549
Chairman of the Board	595	571
Board of Directors including the Chairman	3,702	3,713
Remuneration paid to auditors		
Statutory audit	1,863	1,394
Other reporting duties	195	196
Other non-audit services	42	129

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 include accrual for the year. See also the description of the pension scheme in note 5, and greater specification in note 26 under the Storebrand Group.

4) Inclusive of remuneration to the Nomination Committee.

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

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 07 | Tax

THE DIFFERENCE BETWEEN THE FINANCIAL RESULTS AND THE TAX BASIS FOR THE YEAR IS PROVIDED BELOW.

(NOK million)	2014	2013
Pre-tax profit	351	377
Dividend	-19	-13
Permanent differences	-115	-375
Change in temporary differences	23	149
Tax base for the year	**239**	**138**
- Use of losses carried forward	-239	-138
Payable tax		

TAX COST

(NOK million)	2014	2013
Payable tax	-	-
Change in deferred tax	-77	-96
Tax cost	**-77**	**-96**

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

(NOK million)	2014	2013
Tax increasing temporary differences		
Pensions		1
Securities		1
Other	1	4
Total tax increasing temporary differences	**1**	**6**
Tax reducing temporary differences		
Securities	-2	
Operating assets	-1	-1
Provisions	-5	
Accrued pension liabilities	-168	-156
Gains/losses account	-6	-7
Total tax reducing temporary differences	**-182**	**-165**
Net tax increasing/(reducing) temporary differences	**-181**	**-159**
Losses carried forward	-1,298	-1,537
Net tax increasing/(reducing) temporary differences	**-1,480**	**-1,696**
Net deferred tax asset/liability in the statement of financial position	**400**	**458**
-of which changes in deferred tax assets recognised in the balance sheet	19	82

RECONCILIATION OF TAX COST AND ORDINARY PROFIT

(NOK million)	2014	2013
Pre-tax profit	351	377
Expected tax at nominal rate (27%)	-95	-105
Tax effect of:		
'dividends received	5	4
'permanent differences	6	105
change in tax rules		-17
capitalisation/write-down of deferred tax assets	6	-82
Tax cost	**-77**	**-96**
Effective tax rate	22%	25%

Note 08 Parent company's shares in subsidiaries and associated companies

(NOK million)	Business office	Interest/ votes in %	Carrying amount 2014	2013
Subsidiaries				
Storebrand Livsforsikring AS	Oslo	100%	13,703	13,703
Storebrand Bank ASA[1]	Oslo	100%	2,285	2,546
Storebrand Asset Management AS[2]	Oslo	100%	595	534
Storebrand Forsikring AS	Oslo	100%	359	359
Storebrand Baltic UAB	Vilnius	100%	17	17
Jointly controlled/associated companies				
Storebrand Helseforsikring AS	Oslo	50%	78	78
AS Værdalsbruket[3]	Værdal	25%	4	4
Sum			**17,041**	**17,241**

1) Group contributions of NOK 261 million received have been recognised as the repayment of capital.

2) Group contribution in 2014 of NOK 41 million as capital contribution.

3) 74.9 per cent owned by Storebrand Livsforsikring AS.

Note 09 Bonds and other fixed-income securities

(NOK million)	Fair value 2014	Fair value 2013
State and state guaranteed	644	254
Company bonds	701	708
Covered bonds	108	665
Supranational organisations	181	130
Total bonds and other fixed-income securities	**1,635**	**1,757**
Modified duration	0.3	0.3
Average effective yield	1.7%	2.0%

Note 10 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	Fin. Liabilities	Net amount
Interest rate swaps[1]	1,000	31					31
Total derivatives 2014	**1,000**	**31**					**31**
Total derivatives 2013	1,664	34	10		22	10	24

1) Used for hedge accounting, also see note 16

Note 11 Financial risks

CREDIT RISK BY RATING

Short-term holdings of interest-bearing securities Category of issuer or guarantor (NOK million)	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Totalt Fair value
State and state guaranteed	58	123				181
Company bonds			624	21		644
Covered bonds	516	185				701
Supranational organisations			108			108
Total 2014	**574**	**308**	**732**	**21**		**1,635**
Total 2013	730	188	696	81	61	1,757

COUNTERPARTIES

(NOK million)	AA Fair value	A Fair value	Totalt Fair value
Derivatives		31	31
Bank deposits	15	67	82

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 (NOK million)	0-6 months	6-12 months	1-3 years	3-5 years	> 5 years	Total value	Carrying amount
Securities issued/bank loans	49	64	2,005	1,017	315	3,449	3,128
Total financial liabilities 2014	**49**	**64**	**2,005**	**1,017**	**315**	**3,449**	**3,128**
Derivatives related to funding 2014	5	-9	-8	-8	-4	-24	22
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

Storebrand ASA had as per 31 December 2014 liquid assets of NOK 1.7 billion.

Currency risk

Storebrand ASA has low currency risk.

Note 12 Tangible fixed assets

EQUIPMENT, FIXTURES & FITTINGS

(NOK million)	2014	2013
Acquisition cost 01.01	35	35
Accumulated depreciation	-5	-3
Carrying amount 01.01	30	31
Depreciation/write-downs for the year	-1	-1
Carrying amount 31.12	**30**	**30**

Straight line depreciation periods for tangible fixed assets are as follows	
Equipment. fixtures and fittings	4-8 years
IT systems	3 years

Note 13 Bond and bank loans

(NOK million)	Interest rate	Currency	Net nominal value	2014	2013
Bond loan 2009/2014[1]	Fixed	NOK	550		563
Bond loan 2009/2014[1]	Fixed	NOK	550		304
Bond loan 2013/2020[1]	Fixed	NOK	300	327	306
Bond loan 2011/2016	Variable	NOK	1000	999	998
Bond loan 2012/2017	Variable	NOK	850	853	853
Bond loan 2013/2018	Variable	NOK	450	452	452
Bond loan 2014/2019	Variable	NOK	500	496	
Total bond and bank loans[2]				**3,128**	**3,476**

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 14 Hedge accounting

The company uses fair value hedging to hedge interest rate risk. The effectiveness of hedging is monitored at the individual security level.

HEDGING INSTRUMENT/HEDGED ITEM – FAIR VALUE HEDGING

	2014				2013			
	Contract/ nominal	Carrying amount[1]			Contract/ nominal	Carrying amount[1]		
(NOK million)	value	Assets	Liabilities	Booked	value	Assets	Liabilities	Booked
Interest rate swaps	300	27		25	1,137	24		-19
Securities issued	300		327	-21	1,137		1,173	21

1) Carrying amount 31.12.

Note 15 Shareholders

DE 20 STØRSTE AKSJONÆRER[1]

	Ownership interest in %
Folketrygdfondet	9.9%
Franklin Templeton Exclusive	4.3%
Skagen Global	3.1%
Prudential Assurance HSBC Bank Plc	3.1%
Ilmarinen Mutual Pen BNY Mellon	3.1%
Clearstream Banking S.A.	2.8%
J.P.Morgan Chase Bank	2.7%
Skandinaviska Enskilda Banken	2.2%
J.P.Morgan Chase Bank	1.9%
Franklin Mutual Seri BNY Mellon SA/NV	1.7%
State Street Bank AN A/C.	1.6%
The Bank of New York	1.6%

	Ownership interest in %
Danske Invest Norske	1.6%
Elo Mutual Pension I C/O	1.6%
J.P.Morgan Chase Bank	1.4%
State Street Bank AN A/C.	1.4%
Varma Mutual Pension Company	1.2%
J.P.Morgan Chase BA A/C BBH	1.2%
DNB NOR Bank ASA	1.2%
UBS AG	1.1%
Foreign ownership of total shares	62.7%

1) The summary includes Nominee (client account).

Note 16 Information about close associates

	Number of shares[1]
Senior employees	
Odd Arild Grefstad	56,530
Lars Aa. Løddesøl	40,832
Sarah McPhee	44,484
Geir Holmgren	7,221
Robin Kamark	12,761
Heidi Skaaret	2,761
Staffan Hansén	4,091
Hege Hodnesdal	13,565
Board of Directors	
Birger Magnus	20,000
Halvor Stenstadvold	8,645
Martin Skancke	1,414
Monica Caneman	
Gyrid Skalleberg Ingerø	
Terje Vareberg	
Laila S. Dahlen	
Arne Fredrik Håstein	1,839
Heidi Storruste	2,865
Knut Dyre Haug	11,963
Control Committee	
Elisabeth Wille	163
Finn Myhre	
Ole Klette	
Harald Moen	595
Anne Grete Steinkjer	1,800
Tone M. Reierselmoen (deputy member)	1,734
Board of Representatives	
Terje R. Venold	
Vibeke Hammer Madsen	
Terje Andersen	4,000
Anne-Lise Aukner	14,249
Trond Berger	837
Maalfrid Brath	

	Number of shares[1]
Jostein Furnes	
Arne Giske	
Marianne Lie	
Olaug Svarva	
Pål Syversen	
Arild M. Olsen	
Caroline Burum Brekke	1,666
Hanne Seim Grave	
Nina Hjellup	5,880
Rune Pedersen	10,674
Trond Thire	
May Helene Moldenhauger	

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)	**2014**	2013
Profit and loss account items:		
Group contributions and dividends from subsidiaries	490	626
Purchase and sale of services (net)	55	-66
Statement of financial position items:		
Subordinated loans to group companies	17	17
Due from group companies	752	519
Payable to group companies	43	34

Note 17 Number of employees/person-years

	2014	2013
Number of employees	6	9
Number of full time equivalent positions	6	9
Average number of employees	7	10

Note 18 Capital requirements

(NOK million)	**2014**	2013
Share capital	2,250	2,250
Other equity	14,332	14,115
Equity	**16,581**	**16,365**
Deferred tax assets	-351	-458
Other equity		-1
Core capital/net primary capital	**16,231**	**15,906**
Calculation basis	17,878	17,903
Capital requirementes	2,414	2,417
Capital adequacy ratio	**90.8%**	**88.8%**

Storebrand ASA and the Storebrand Group
– Declaration by the members of the Board and the CEO

On this date, the Board of Directors and the Chief Executive Officer have considered and approved the annual report and annual financial statements for Storebrand ASA and the Storebrand Group for the 2014 financial year and as at 31 December 2014 (2014 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 2014. 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 2014.

In the best judgment of the Board and the CEO, the annual financial statements for 2014 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the parent company's and Group's assets, liabilities, financial standing and results as a whole as at 31 December 2014. 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, 10 February 2015
Board of Directors of Storebrand ASA.

Birger Magnus
Chairman of the Board

Monica Caneman **Laila S. Dahlen** **Gyrid Skalleberg Ingerø**

Martin Skancke **Halvor Stenstadvold** **Terje Vareberg**

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

Odd Arild Grefstad
Chief Executive Officer

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand ASA

INDEPENDENT AUDITOR’S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Storebrand ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2014, and the profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the statement of financial position as at 31 December 2014, and the profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director’s Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements for the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Storebrand ASA as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements for the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group Storebrand ASA as at 31 December 2014, 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, 10 February 2015
Deloitte AS

Henrik Woxholt
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 2014

STOREBRAND ASA - STATEMENT OF THE CONTROL COMMITEE FOR 2014

At its meeting on 24 February 2015, 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 2014 annual report for Storebrand ASA.

With reference to the auditor's report of 10 February 2015, the Control Committee finds that the proposed annual report and accounts can be adopted as Storebrand ASA's annual report and accounts for 2014.

Lysaker, 24. February 2015
Translation – not to be signed.

Elisabeth Wille
Chair of the Control Committee

STOREBRAND ASA - THE BOARD OF REPRESENTATIVES' STATEMENT FOR 2014

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, 4. March 2015
Translation – not to be signed.

Terje Venold
Chairman of the Board of Representatives

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To the management of Storebrand ASA

AUDITOR'S REPORT - SUSTAINABILITY

We have reviewed the reporting on 2014 Corporate Sustainability Indicators presented in the "Scorecard for sustainability", pages 18 – 19 in the Annual Report 2014 Storebrand ASA (the Report). The selection of indicators and the information presented are the responsibility of and have been approved by the management of the Company. Our responsibility is to draw a conclusion based on our review.

We have based our work on the international standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews of employees responsible for the subject matters, as well as a review on a sample basis of supporting evidence.

We believe that our work provides an appropriate basis for us to conclude with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

Conclusion
Based on our review, nothing has come to our attention causing us not to believe that:

- Storebrand ASA has applied procedures, as summarized on page 19 in the Report, for the purpose of collecting, compiling and validating data for 2014 for the selected indicators, to be included in the presentation on 18 – 19 in the Report.
- The information accumulated as a result of the procedures noted above for the selected indicators is consistent with the source documentation presented to us and appropriately reflected on the pages referred to above.
- Storebrand ASA applies a reporting practice for its reporting on sustainability aligned with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, version G4, reporting principles and the reporting fulfils Application Level Core according to the GRI guidelines. The GRI Index referred to on page 19 in the Report appropriately reflects where relevant information on each of the elements and performance indicators of the GRI guidelines is presented.

Oslo, 10 February 2015
Deloitte AS

Henrik Woxholt
State Authorized Public Accountant (Norway)

Frank Dahl
Deloitte Sustainability

Terms and expressions

GENERAL

SUBORDINATED LOAN CAPITAL
Subordinated loan capital is loan capital that ranks after all other debt. Subordinated loan capital forms part of the tier 2 capital for capital adequacy calculations.

DURATION
Average remaining term to maturity of the cash flow from interest-bearing securities. The modified duration is calculated based on the duration and expresses the sensitivity to the underlying interest rate changes.

EQUITY
Equity consists of paid-in capital, retained earnings and minority interests. Paid-in capital includes share capital, share premium reserve and other paid-in capital. Retained earnings include other equity and reserves.

EARNINGS PER ORDINARY SHARE
The earnings per share are calculated as the majority interest's share of the profit after tax divided by the number of shares. The number of shares included in the calculation is the average number of shares outstanding over the course of the year. If new shares are issued, the shares will be included from the date of payment.

CAPITAL ADEQUACY

PRIMARY CAPITAL
Primary capital is capital eligible to satisfy the capital requirements under the authorities' regulations. Primary capital may consist of core (tier 1) capital and tier 2 capital.

CAPITAL REQUIREMENTS
A capital requirement is calculated for credit risk, market risk and operational risk. The individual asset items and off-balance-sheet items are a assigned a risk weight based on the estimated risk they represent. The capital requirement is 8 per cent of the calculation basis for credit risk, market risk and operational risk.

CAPITAL ADEQUACY RATIO
Primary capital must at least equal the calculated capital requirement. The capital adequacy ratio is calculated by measuring the total primary capital in relation to the capital requirement of 8 per cent.

CORE (TIER 1) CAPITAL
Core (tier 1) capital is part of the primary capital and consists of the equity less the minimum requirement for reinsurance provisions in P&C insurance, goodwill, other intangible assets, net prepaid pensions, 50 per cent of any capital adequacy reserve, and cross-ownership deductions in other financial institutions. The core (tier 1) capital will be adjusted for the valuations that are used as the basis for credit calculations at a national level for foreign companies. For Storebrand Holding AB this will entail an adjustment of SPP AB's estimated insurance liabilities for which a different yield curve is used for credit assessment than is used in the financial accounts. Issued hybrid tier 1 capital may account for 15 per cent of the core (tier 1) capital, while any amount exceeding 15 per cent may be included in the tier 2 capital.

TIER 2 CAPITAL
Tier 2 capital is part of the primary capital and consists of subordinated loan capital and the portion of the hybrid tier 1 capital that is not counted as core (tier 1) capital. There is a 50 per cent deduction for any capital adequacy reserve and deduction for cross-ownership in other financial institutions. In order to be eligible as primary capital, tier 2 capital cannot exceed core (tier 1) capital. Perpetual subordinated loan capital, together with other tier 2 capital, cannot exceed 100 per cent of core (tier 1) capital, while dated subordinated loan capital cannot exceed 50 per cent of core (tier 1) capital. To be fully eligible as primary capital, the remaining term must be at least five years. If the remaining term is less, the eligible portion is reduced by 20 per cent per annum.

SOLVENCY II
Solvency II is a common set of European regulatory requirements for the insurance industry. Under Solvency II, the size of the capital requirement will be determined by the amount of risk the company is exposed to.

INSURANCE

REINSURANCE (REASSURANCE)
The transfer of part of the risk to another insurance company.

IBNR-AVSETNINGER (INCURED BUT NOT REPORTED)
Reserves for the compensation of insured events that have occurred, but not yet been reported to the insurance company.

RBNS RESERVES (REPORTED BUT NOT SETTLED)
Reserves for the compensation of reported, but not yet settled claims.

LIFE INSURANCE

RETURN ON CAPITAL
The booked return on capital shows net realised income from financial assets and changes in the value of real estate and exchange rate changes for financial assets, expressed as a percentage of the year's average capital in customer funds with guarantees and in the company portfolio, respectively. The market return shows the total income realised from financial assets, changes in the value of real estate and the year's change in unrealised gains or losses, expressed as a percentage of the year's average total capital in customer funds with guarantees and in the company portfolio, respectively, at market value.

GROUP CONTRACTS

Group defined benefit pensions (DB)
Guaranteed pension payments from a specified age for as long as the insured person lives. Alternatively, it can be agreed that the pension will end at a specified age. The product is offered in both the private and public sectors. The cover includes retirement, disability and survivor pensions.

Group defined contribution pensions (defined contribution – DC)
In group defined contribution pensions the premium is stated as a percentage of pay, while the payments are unknown. The customer bears all the financial risk during the saving period.

Group one-year risk cover
These products involve guaranteed payments upon death or disability, and a waiver of premiums in the event of disability.

Paid-up policies (benefit) and pension capital certificate (contribution)
These are contracts with earned rights that are issued upon withdrawal from or the termination of pension contracts.

Group life insurance
Group life insurance in which an insured sum is payable on the death of a member of the group. Such insurance can be extended to cover disability insurance.

Unit Linked
Life insurance offering an investment choice, whereby the customer can influence the level of risk and return by selecting in which funds assets are to be invested. Applies to both individual policies and group defined contribution pensions.

INDIVIDUAL CONTRACTS

Individual allocated annuity or pension insurance
Contracts with guaranteed payments for as long as the insured person lives. Alternatively, it can be agreed that the pension will end at a specified age.

Individual endowment insurance
Contracts involving a single payment in the event of attaining a specified age, death or disability.

Individual Unit Linked insurance
Endowment insurance or allocated annuity in which the customer bears the financial risk.

Contractual liabilities
Allocations to premium reserves for contractual liabilities shall, as a minimum, equal the difference between the capital value of the company's future liabilities and the capital value of future net premiums (prospective calculation method). Additional benefits due to an added surplus are included.

RESULT

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

Financial result
The financial result consists of the net financial income from financial assets

for the group portfolio (group and individual products without investment choice) less the guaranteed return. In addition, there is the net return on the company capital, which consists of equity and subordinated loans. Any returns-based fees for asset management are included in the financial result.

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

Profit sharing.
See note 4, page 85.

OTHER TERMS

Insurance reserves - life insurance
For a more detailed description of the technical insurance reserves and accrual accounting for premiums and compensation, see note 1 – accounting for the insurance business, page 70..

Solidity capital
The term solidity capital includes equity, subordinated loan capital, market value adjustment reserve, additional statutory reserves, conditional bonuses, surplus/deficit related to bonds at amortised cost, risk equalisation fund and retained earnings. The solvency capital is also calculated as a percentage of total customer funds, excluding additional statutory reserves and conditional bonuses.

Solvency margin requirements
An expression of the risk associated with the insurance-related liabilities. Calculated on the basis of the insurance fund and the risk insurance sum for each insurance sector.

Solvency margin capital
Primary capital as in capital adequacy plus 50 per cent of additional statutory reserves and risk equalisation fund, plus 55 per cent of the lower limit for the contingency funds in P&C insurance.

Buffer capital
Buffer capital consists of the market value adjustment reserve, additional statutory reserves and conditional bonuses.

P&C INSURANCE

F.O.A.
Abbreviation for the term "for own account", i.e. before additions/deductions for reinsurance.

INSURANCE RESERVES – P&C INSURANCE
For a more detailed description of the technical insurance reserves and accrual accounting for premiums and compensation, see note 1 - accounting for the insurance business, pages 69.

INSURANCE (TECHNICAL) PROFIT/LOSS
Premium income less claims and operating costs.

COST RATIO
Operating expenses as a percentage of premiums earned.

CLAIMS RATIO
Claims incurred as a percentage of premiums earned.

COMBINED RATIO
The sum of the cost ratio and the claims ratio.

BANKING

LEVEL REPAYMENT LOAN
Periodic payments (representing both capital and interest) on a level repayment loan remain constant throughout the life of the loan.

ANNUAL PERCENTAGE RATE (APR)
The true interest rate calculated when all borrowing costs are expressed as an annual payment of interest in arrears. In calculating the APR, allowance must be made for whether interest is paid in advance or arrears, the number of interest periods per annum, and all the fees and commissions.

REAL RATE OF INTEREST
The return produced after allowing for actual or expected inflation. Preferably expressed as a nominal rate less the rate of inflation.

NET INTEREST INCOME
Total interest income less total interest expense. Often expressed as a percentage of average total assets.

INSTALMENT LOAN
An instalment loan is a loan on which the borrower makes regular partial repayments of principal in equal amounts throughout the repayment period. The borrower pays the sum of a fixed instalment amount and a reducing interest amount at each instalment date. Payments accordingly reduce over the life of the loan assuming a fixed interest rate.

FINANCIAL DERIVATIVES

The term "financial derivatives" embraces a wide range of financial instruments for which the current value and future price movements are determined by equities, bonds, foreign currencies or other traditional financial instruments. Derivatives require less capital than is the case for traditional financial instruments, such as equities and bonds, and are used as a flexible and cost-effective supplement to traditional instruments in portfolio management. Financial derivatives can be used to hedge against unwanted financial risks, or to create a desired risk exposure in place of using traditional financial instruments.

SHARE OPTIONS
The purchase of share options confers a right (but not an obligation) to buy or sell shares at a pre-determined price. Share options may be related to stock market indices as well as to specific individual stocks. The sale of share options implies the equivalent one-sided obligation. In general, exchange traded and cleared options are used.

STOCK FUTURES (STOCK INDEX FUTURES)
Stock futures contracts can be related to individual shares, but are normally related to stock market indices. Stock futures contracts are standardised futures contracts, which are exchange traded, and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily, and are settled on the following day.

CROSS CURRENCY SWAPS
A cross currency swap is an agreement to exchange principal and interest rate terms in different currencies. At the maturity of the contract, the principal and interest rate terms are exchanged back to the original currency. Cross currency swaps are used, for example, to hedge returns in a specific currency or to hedge foreign currency exposure.

FORWARD RATE AGREEMENTS (FRA)
FRAs are agreements to pay or receive the difference between an agreed fixed rate of interest and the actual rate for a fixed amount and period of time. This difference is settled at the start of the future interest period. FRA contracts are particularly appropriate for the management of short-term interest rate exposure.

INTEREST RATE FUTURES
Interest rate futures contracts are related to government bond rates or short-term benchmark interest rates. Interest rate futures are standardised contracts which are exchange traded and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily and settled on the following day.

Interest rate swaps/asset swaps
Interest rate swaps/asset swaps are agreements between two-parties to exchange interest rate terms for a specified period. This is normally an agreement to exchange fixed rate payments for floating rate. This instrument is used to manage or change the interest rate risk.

INTEREST RATE OPTIONS
Interest rate options can be related to either bond yields or money market rates. The purchase of interest rate options related to bonds (also known as bond options) confers a right (but not an obligation) to buy or sell bonds at a pre-determined price. Interest rate options can be used as a flexible instrument for the management of both long and short-term interest rate exposure.

FORWARD FOREIGN EXCHANGE CONTRACTS/FOREIGN EXCHANGE SWAPS
Forward foreign exchange contracts/swaps relate to the purchase or sale of a currency for an agreed price at a future date. These contracts are principally used to hedge the currency exposure arising from securities, bank deposits, subordinated loans and insurance reserves. These contracts also include spot foreign exchange transactions.

Storebrand Group companies

	Org. number	Interest
STOREBRAND ASA	916 300 484	100.0%
STOREBRAND LIVSFORSIKRING AS	**958 995 369**	100.0%
Storebrand Holding AB	556734-9815	100.0%
SPP Spar AB	556892-4830	100.0%
SPP Konsult AB	556045-7581	100.0%
SPP Fonder AB	556397-8922	100.0%
SPP Liv Fondförsäkring AB	556401-8599	100.0%
SPP Livförsäkring AB	556401-8524	100.0%
SPP Fastigheter AB	556801-1802	100.0%
SPP Varumärkes AB	556594-9517	100.0%
Storebrand Eiendom AS	972 415 731	100.0%
Storebrand Fastigheter AB	556801-1802	100.0%
Storebrand Eiendom Holding AS	989 976 265	100.0%
Storebrand Realinvesteringer AS	995 237 954	100.0%
Storebrand Finansiell Rådgivning AS	989 150 200	100.0%
Aktuar Systemer AS	968 345 540	100.0%
Storebrand Pensjonstjenester AS	931 936 492	100.0%
Foran Real Estate, SIA[1]		97.1%
AS Værdalsbruket[2]	920 082 165	74.9%
Norsk Pensjon AS	890 050 212	25.0%
Benco Insurance Holding BV	34331716	89.96%
Euroben Life & Pension Ltd		100.0%
Nordben Life & Pension Insurance Co. Ltd		100.0%
STOREBRAND BANK ASA	**953 299 216**	100.0%
Storebrand Boligkreditt AS	990 645 515	100.0%
Bjørndalen Panorama AS	991 742 565	100.0%
Filipstad Tomteselskap AS	984 133 561	100.0%
Ring Eiendomsmegling AS	987 227 575	100.0%
STOREBRAND ASSET MANAGEMENT AS	**984 331 339**	100.0%
Storebrand Luxembourg S.A		99.8%
STOREBRAND BALTIC UAB	**330 661 912**	100.0%
Evoco UAB		50.0%
STOREBRAND FORSIKRING AS	**930 553 506**	100.0%
STOREBRAND HELSEFORSIKRING AS	**980 126 196**	50.0%

1) 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.

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storebrand