

Interim Report 2015

Storebrand Livsforsikring AS

(unaudited)

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This document may contain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Storebrand Group's control. As a result, the Storebrand Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in these forward-looking statements. Important factors that may cause such a difference for the Storebrand Group include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) market related risks such as changes in equity markets, interest rates and exchange rates, and the performance of financial markets generally. The Storebrand Group assumes no responsibility to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make.

Storebrand Livsforsikring Group

Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 4th quarter result please refer to the Storebrand Group's interim report for the 4th quarter of 2015.

PROFIT STOREBRAND LIVSFORSIKRING GROUP

NOK million	2015				2014	1.1 - 31.12	
	4Q	3Q	2Q	1Q	4Q	2015	2014
Fee and administration income	815	828	829	811	873	3,283	3,336
Risk result life & pensions	-23	40	54	9	323	80	480
Insurance premiums f.o.a.	687	640	709	645	603	2,680	2,359
Claims f.o.a.	-610	-483	-513	-471	-481	-2,076	-1,693
Operational cost	-729	-600	-638	-645	-289	-2,613	-2,156
Financial result	252	-68	85	109	-21	378	392
Profit before profit sharing	392	357	527	458	1,007	1,733	2,717
Net profit sharing and loan losses	-247	-164	-41	63	-359	-389	54
Profit before amortisation and provision longevity	145	193	486	521	648	1,344	2,770
Provision longevity	-1,362	-96	-151	-154	-121	-1,764	-391
Profit before amortisation	-1,217	96	335	366	527	-420	2,379

The result before amortisation was NOK -1,217m (NOK 527m) for the 4th quarter and NOK -420m (NOK 2,379m) for the full year 2015. The figures in parentheses show the corresponding period last year. Fee and administration income decreased 6.6% compared with the same quarter last year. For the full year the decrease was 1.6%. Adjusted for discontinued business, the income increased 21% for the 4th quarter and 8% for the full year. Premium income for non-guaranteed savings was NOK 3.2bn in the 4th quarter, an increase of 25% compared with the 4th quarter of 2014.

The operating costs were NOK 729 m (NOK 289m) for the quarter and NOK 2,613m (NOK 2,156m) for the full year. The operating costs in the 4th quarter have been affected by provisions for restructuring costs of NOK 80m, while changes in the pension scheme entailed a cost reduction of NOK 355m in the 4th quarter of 2014. Adjusted for

this, the underlying cost increase was 0.9% in 2015.

Strengthening of competitiveness through continued efficiency improvement is a priority task. In the 4th quarter, Storebrand entered into strategic partnership with Cognizant. The aim of this partnership is to establish a foundation for customer-oriented development of the Group's IT solutions and enhance the efficiency of our operations.

The result in the 4th quarter is marked by reserve strengthening of NOK 100m for defined contribution pensions and a negative effect of NOK 265m on the the profit sharing result. In addition, NOK 1,362 has been allocated for longevity reserves for higher expected longevity during the quarter.

PROFIT STOREBRAND LIVSFORSIKRING GROUP PER LINE OF BUSINESS

NOK million	2015				2014	1.1 - 31.12	
	4Q	3Q	2Q	1Q	4Q	2015	2014
Savings	64	140	107	85	142	395	433
Insurance	-19	101	149	148	85	379	502
Guaranteed pensions	-110	20	183	236	348	329	1,465
Other	210	-68	47	52	74	241	370
Profit before amortisation and provision longevity	145	193	486	521	648	1,344	2,770
Provision longevity	-1,362	-96	-151	-154	-121	-1,764	-391
Profit before amortisation	-1,217	96	335	366	527	-420	2,379

The Savings segment reported a result of NOK 64m (NOK 142m) for the 4th quarter and NOK 395m (NOK 433m) for the full year. The decrease in earnings is due to the non-recurring restructuring costs in 4th quarter 2015 and the positive effect from the changes in pension scheme in 4th quarter 2014. In addition, SPP Fonder AB is no longer a part of the Storebrand Livsforsikring Group, which in turn reduces the profit compared to last year.

The Insurance segment delivered a result of NOK -19m (NOK 85m) for the quarter and NOK 379m (NOK 502m) for the full year. The result is marked by reserve strengthening of NOK 100m for defined contribution pensions

The result from the Guaranteed Pension segment was NOK -110m (NOK 348m). In the 4th quarter, new cost assumptions and a new yield curve adapted to Solvency II were introduced in the models. This has had an impact of minus NOK 265m on the profit sharing result. In addition, NOK 1,362 has been allocated for longevity reserves for higher expected longevity. Reserve strengthening is presented on a separate line for the segment and in the group table.

Financial performance in the Other segment has been affected by the low interest rate level. In addition, NOK 171m has been recognised in the financial result as the minority interest's share of the gain in connection with the sale of property during the quarter.

CAPITAL SITUATION AND TAXES

The Storebrand Life Insurance Group's solvency margin (Solvency I) was 191% at the end of the 4th quarter, an improvement of 12 percentage points during the quarter. This increase is attributed primarily to the stronger solvency of SPP as a result of adaptations to Solvency II, which also has a positive impact on Solvency I. The solvency margin improved by 16 percentage points in 2015.

The solvency II regulations were introduced on 1 January 2016. The Group's target solvency margin in accordance with the new regulations is 130%, including use of the transitional rules. At the end of the 4th quarter, the solvency position for Storebrand Livsforsikring AS was calculated to be 174% (without transitional rules, the solvency margin is estimated to be 125%). Storebrand uses the standard model for the calculation of Solvency II. During the quarter, the models that are used to calculate Solvency II were updated to reflect the current business and regulations. In particular, a change in the model related to the risk-reducing capacity of deferred tax has been taken into account, which has a positive impact of approximately 17 percentage points on the Solvency II figures. Lower interest rates in Norway and a change in the yield curve have a negative impact on the Solvency II margin. Changes to the regulations, methods and interpretations may occur that can affect the Solvency II margin in the future.

The Storebrand Livsforsikring Group had a accounting tax income of NOK 2,097m for the 4th quarter and NOK 1,967m for the full year 2015. Storebrand has reduced the exposure to property in its customer portfolios in recent years. In order to enhance the efficiency of the operations and improve the risk management for the remaining property exposure, Storebrand Eiendom Holding AS was dissolved in December 2015. The taxable loss on the dissolution of the company entails in isolation a taxable accounting income of approximately NOK 1.7bn. In December 2015, the Storting agreed to reduce the company tax rate from 27 to 25 percent with effect from 1 January 2016. When deferred tax / tax assets are recognised on the balance sheet, 25 per cent is therefore used, which increases the income tax expense for 2015 by NOK 31m.

STRENGTHENING OF RESERVES FOR LONGEVITY

Due to the development of longevity, Storebrand has needed to strengthen its reserves for increased longevity. At the end of the 3rd quarter, the estimated remaining required reserve strengthening was NOK 1.4bn for the period from the 4th quarter of 2015 to 2020, inclusive. Storebrand has decided to charge the remaining estimated direct contribution in the 4th quarter of 2015. For the full year, the combined direct contribution was NOK 1.8bn for increased longevity. Funds from the risk equalisation reserve accounted for NOK 0.8bn of this. Storebrand expects thus that the direct impact on results for increased longevity has been completed and that the remaining reserve strengthening will be covered by the surplus return and the elimination of profit sharing. For more information on strengthening the reserves for increased longevity, see note 3.

MARKET AND SALES PERFORMANCE

Sales of savings products and loans are good. Storebrand has been successful with the sale of retail market products to employees with an occupational pension from Storebrand. Over half of the customers who purchase retail products are employed in companies with an occupational pension from Storebrand. In Norway, Storebrand is the market leader in defined contribution schemes with 34% of the market share of gross premiums written.

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

Savings

Non-recurring effects had a negative impact on the result

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.

SAVINGS

NOK million	4Q	2015			2014	01.01 - 31.12	
		3Q	2Q	1Q	4Q	2015	2014
Fee and administration income	333	372	345	343	356	1 393	1 338
Risk result life & pensions	1	-5	4	-4	-10	-3	-11
Operational cost	-270	-228	-243	-255	-206	-996	-897
Profit before profit sharing	64	140	107	84	141	395	431
Net profit sharing and loan losses					1	1	2
Profit before amortisation	64	140	107	85	142	395	433

PROFIT

The Savings segment reported a result of NOK 64m for the 4th quarter (NOK 142m) and NOK 395m for the full year (NOK 433m). Fee and administration income increased 4.1% compared to prior year. Adjusted for the sales of SPP Fonder AB and Storebrand Eiendom AS, the growth was 21% for 4th quarter and 8% for the full year.

Income growth is driven by the customers' conversion from defined-benefit to defined-contribution pension schemes in combination with good sales and higher savings rates.

Adjusted for non-recurring restructuring costs of NOK 26m in 2015 and cost reduction effects on pension scheme changes in 2014 of NOK 70m, the nominal cost level is in line with last year.

BALANCE SHEET AND MARKET TRENDS

Premium income for non-guaranteed savings was NOK 3.2bn in the 4th quarter, an increase of 25% compared with the 4th quarter of 2014. The overall increase for the full year was 24%. Total reserves within unit linked insurance have increased 22% over the last year. Assets under management in the United Linked business in Norway increased NOK 12bn (29%) relative to the 4th quarter of 2014. The growth is driven by premium payments on existing contracts, returns and conversion from defined benefit schemes. In Norway, Storebrand is the market leader in defined contribution schemes with 34% of the market share of gross premiums written.

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

SAVINGS- KEY FIGURES

NOK million	4Q	2015			2014
		3Q	2Q	1Q	4Q
Unit Linked Reserves	128,117	118,695	117,452	115,816	105,369
Unit Linked Premiums	3,231	3,153	3,035	2,871	2,594

Insurance

Continued strong top line growth, but a weak quarterly result due to strengthened reserves

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

INSURANCE

NOK million	4Q	2015			2014	01.01 - 31.12	
		3Q	2Q	1Q	4Q	2015	2014
Insurance premiums f.o.a.	687	640	709	645	603	2,680	2,359
Claims f.o.a.	-610	-483	-513	-471	-481	-2,076	-1,693
Operational cost	-111	-89	-99	-96	7	-395	-279
Financial result	15	33	52	70	-44	170	115
Profit before amortisation	-19	101	149	148	85	379	502

PROFIT

Insurance delivered a result before amortisation of NOK 19m (NOK 85m) for the 4th quarter, and NOK 379m (NOK 502m) for the full year. Overall combined ratio for the quarter was 105% (79%), while the combined ratio for the year was 92% (84%). Premium income increased 13.6% compared with the previous year.

The combined risk result gives a claims ratio of 89% (80%) in the 4th quarter. For the full year 2015, the claims ratio was 77% (72%). The market for defined contribution pensions is very competitive and the price for disability pension is a key competition parameter. In addition, the unemployment and disability rates are showing a negative trend. Therefore, the reserves in pension-related group disability insurance have been strengthened by NOK 100m during the quarter. An effort is being made at the same time to strengthen the profitability, including higher prices for unprofitable customers.

The cost percentage was 16% (-1%) for the 4th quarter, and 15% (12%) for the full year. Restructuring costs in both Norway and Sweden impacted the cost percentage during the quarter. There were significant positive effects related to the change in the pension scheme in the corresponding period last year. Adjusted for non-recurring effects for both years, the cost percentage shows an underlying positive trend with a reduction of 1 percentage points from 15% in 2014 to 14% in 2015.

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

BALANCE SHEET AND MARKET TRENDS

Premium for own account amounts to NOK 687m (NOK 630m) for 4th quarter and NOK 2,680m (NOK 2 359m) for the full year.

Personal insurance shows less growth, while employee insurance increases significantly. The latter is explained by a few major contracts and the new agreement with Akademikerne (Federation of Norwegian Professional Associations), which entered into force on 1 January 2015.

For risk cover in connection with defined contribution pensions in Norway, growth is expected in future that is driven by conversions from defined benefit to defined contribution pensions. The new disability pension regulations, which entered into force on 1 January 2016, will entail lower premium volumes in the future.

INSURANCE - KEY FIGURES

NOK million	4Q	2015			2014
		3Q	2Q	1Q	4Q
Individual life *	617	610	605	598	591
Group life **	943	941	942	935	734
Pension related disability insurance ***	1,159	1,141	1,098	1,071	1,057
Portfolio premium	2,719	2,692	2,646	2,604	2,383

* Individual life disability insurance ** Group disability, workers compensation insurance *** DC disability risk premium Norway and disability risk Sweden

NOK million	4Q	2015			2014
		3Q	2Q	1Q	4Q
Claims ratio	89%	76%	72%	73%	80%
Cost ratio	16%	14%	14%	15%	-1%
Combined ratio	105%	89%	86%	88%	79%

Guaranteed pension

Non-recurring effects related to future use of equity for longevity reserves in the Norwegian business and a change in the modelling of the financial result in the Swedish business have had a significantly negative impact on the result.

The Guaranteed Pension business area includes long-term pension savings products that give customers a guaranteed rate of return. The area includes defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurance.

GUARANTEED PENSION

(NOK million)	2015				2014	01.01 - 31.12	
	4Q	3Q	2Q	1Q	4Q	2015	2014
Fee and administration income	460	428	457	432	457	1,777	1,842
Risk result life & pensions	7	20	47	16	331	89	483
Operational cost	-333	-266	-281	-277	-84	-1,156	-921
Profit before profit sharing	134	182	223	171	705	711	1,404
Net profit sharing and loan losses	-244	-162	-40	64	-357	-382	61
Profit before amortisation and provision longevity	-110	20	183	236	348	329	1,465
Provision longevity	-1,362	-96	-151	-154	-121	-1,764	-391
Profit before amortisation	-1,472	-76	32	81	227	-1,435	1,074

PROFIT

Fee and administration income has performed consistent with the fact that a large part of the portfolio is mature and in long-term decline. Income was NOK 460m (NOK 457m) for the 4th quarter and NOK 1,777m (NOK 1,842m) for the full year 2015. In 2015, income fell by 3.5% compared with 2014. Adjusted for foreign currency effects and minor non-recurring effects in the individual portfolio in the 4th quarter, the underlying income reduction is 6.6%. The operating costs in the 4th quarter have been affected by provisions for restructuring costs of NOK 41m, while changes in the pension scheme entailed a cost reduction of NOK 210m in the 4th quarter of 2014. Adjusted for this, the costs have been reduced in 2015 compared with the previous year.

The risk result was NOK 7m (331m) for the 4th quarter and NOK 89m (NOK 483m) year to date. The reason for the decline from 2014 is attributed to a positive non-recurring effect of NOK 322m in the 4th quarter of 2014. The risk result in the 4th quarter was somewhat weaker than previous quarters in 2015 due to weaker results in the Swedish business.

The profit sharing result is generated in the Swedish business and amounted to minus NOK 244m (minus NOK 357m) in the 4th quarter and minus NOK 382m (61m) in 2015. In the 4th quarter, new cost assumptions and a new yield curve adapted to Solvency II were introduced in the models. This has had an impact of minus NOK 265m on the profit sharing result. Otherwise, most of the portfolio

in SPP have showed a negative return in the 4th quarter due to rising interest rates and a weak credit market performance. Overall, this gives lower profit sharing between customers and companies than in previous quarters and in 2014, while the indexing fees in the group insurance portfolio amounted to NOK 127m in 2015 (NOK 160m). Due to a lower degree of consolidation, no indexing fees are expected in 2016.

The Norwegian business is prioritising the build-up of buffers and reserves instead of profit sharing between customers and owners. Allocations have been made for the estimated future direct use of equity and the risk equalisation reserve related to longevity reserve strengthening in the 4th quarter. This gives a cost for longevity reserves of NOK 1,362m (121m) for the 4th quarter and NOK 1,764m (391m) for the full year 2015.

BALANCE SHEET AND MARKET TRENDS

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. Customer reserves for guaranteed pensions amounted to NOK 267bn at the end of the 4th quarter, compared with NOK 264bn at the start of the year. Adjusted foreign currency effects, there is, however, a 2.1% reduction in reserves throughout the year. Paid-up policies are the only guaranteed portfolio that is growing, and it totalled NOK 103.8bn at the end of the 4th quarter, which corresponds to an increase of NOK 11.3bn and 12.2% throughout 2015. Defined benefit pensions in Norway have declined by NOK 11.8bn throughout the year, corresponding to 17.5%, and amounted to NOK 55.9bn at the end of the year.

Guaranteed portfolios in the Swedish business totalled NOK 91.8bn, which corresponds to an increase of NOK 4.0bn. The increase is attributed to the foreign exchange fluctuations, while the underlying

performance shows a declining trend. Transfers out from guaranteed pensions have totalled NOK 7.7bn (14.8bn) in 2015 and NOK 0.5bn (2.2bn) in the 4th quarter.

From the 4th quarter of 2014, the customers were given an offer to convert from traditional paid-up policies to paid-up policies with investment options. Paid-up policies with investment options, which are included in the Savings segment, totalled NOK 4.6bn at the end of the year, an increase of approximately NOK 0.3bn in the 4th quarter.

The total premium income for guaranteed pensions (excluding transfers) was NOK 7.5bn (9.5bn) in 2015 and NOK 1.3bn (1.8bn) in the 4th quarter. This represents a decline of 22% for the full year.

GUARANTEED PENSION - KEY FIGURES

(NOK million)	4Q	2015			2014
		3Q	2Q	1Q	4Q
Guaranteed reserves	266,979	263,198	258,825	261,277	264,290
Guaranteed reserves in % of total reserves	67.6 %	68.9 %	68.8 %	69.3 %	71.5 %
Transfer out of guaranteed reserves	398	855	1,438	5,037	2,229
Buffer capital in % of customer reserves Storebrand	5.8 %	5.4 %	5.7 %	6.5 %	6.6 %
Buffer capital in % of customer reserves SPP	7.6 %	11.1 %	12.4 %	12.5 %	11.7 %

Other

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

PROFIT

NOK million	4Q	2015			2014		01.01 - 31.12	
		3Q	2Q	1Q	4Q	2015	2014	
Fee and administration income	22	28	27	36	59	113	156	
Risk result life & pensions	-31	25	3	-4	2	-6	8	
Operational cost	-15	-18	-16	-16	-7	-66	-60	
Financial result	236	-101	34	39	23	207	276	
Profit before profit sharing	212	-66	48	54	77	249	380	
Net profit sharing and loan losses	-2	-2	-1	-2	-3	-7	-10	
Profit before amortisation	210	-68	47	52	74	241	370	

In the Other segment, the decline in fee and administration income shows a declining trend due to BenCo's business being wound down over a long-term. The risk result for the quarter was negatively affected by reserve strengthening.

The financial result for the Other includes the net return from the company portfolios of SPP and Storebrand Livsforsikring as well as the net result for subsidiaries.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. The proportion of subordinated loans of approximately 24% and interest charges comprise a net amount of approximately NOK 100m for the quarter at the current interest rate

level. The company portfolios comprised NOK 20.9bn at the end of the 4th quarter. The investments are primarily in interest-bearing securities in Norway and Sweden with a short time to maturity. The Norwegian company portfolio reported a return of 0.6% for the quarter and 1.8% for the full year. The Swedish company portfolio is invested in fixed income securities that have negative interest rates in some cases. Overall this resulted in a return of 0.1% in the Swedish business.

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

Balance sheet, solidity and capital adequacy

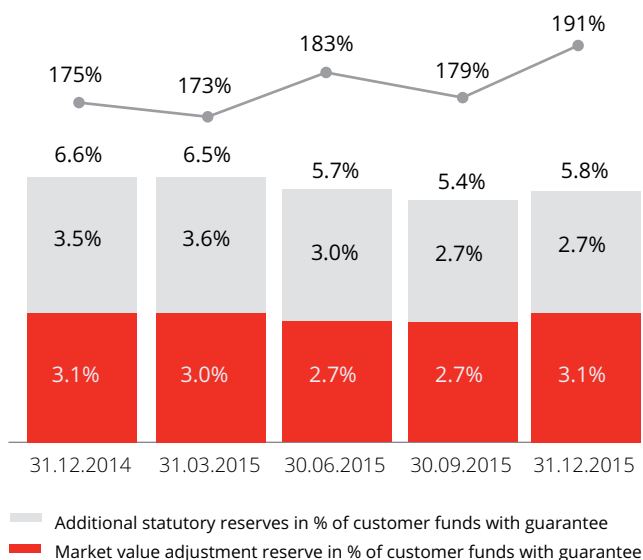
Continuous monitoring and active risk management is a core area of Storebrand's business. Risk and solidity are both followed up on at the Group level and in the legal entities. Regulatory requirements for financial strength and risk management follow to a large extent the legal entities. The section is thus divided up by legal entities.

STOREBRAND LIFE INSURANCE GROUP

The Storebrand Life Insurance Group's solvency margin was 191% at the end of the 4th quarter, an increase of 11.7 percentage points during the quarter. Year to date, the solvency margin has improved by 15.8 percentage points.

The solidity capital¹⁾ amounted to NOK 61.0bn at the end of the 4th quarter of 2015, a reduction of NOK 3.0bn in the 4th quarter, primarily as a result of the lower customer buffers in the Swedish business, counteracted to some extent by the higher customer buffers in the Norwegian business. The excess value of held-to-maturity bonds that are assessed at amortised cost declined NOK 0.5bn in the 4th quarter and NOK 2.8bn year to date.

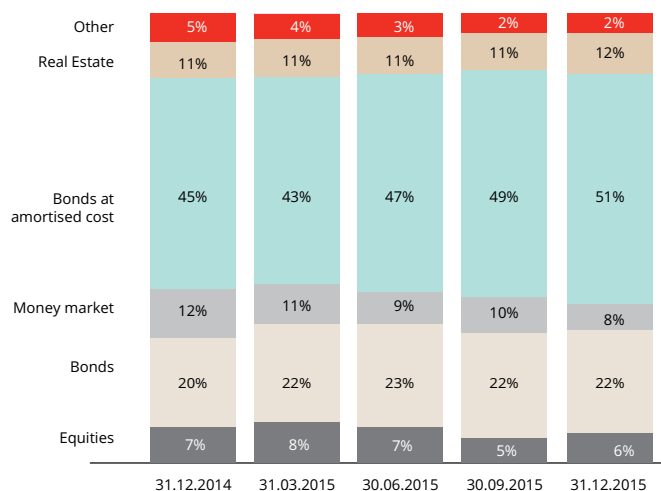
SOLIDITY



STOREBRAND LIVSFORSIKRING AS

The market value adjustment reserve increased by NOK 0.2bn in the 4th quarter and NOK 1.3bn year to date, and it amounted to NOK 4.5bn at the end of the 4th quarter of 2015. The additional statutory reserves increased by NOK 0.7bn during the quarter and are unchanged year to date. The additional statutory reserves for the year declined due to the conversion of paid-up policies with investment options and increased due to the fact that the interest result for the year of NOK 0.7bn was allocated to additional statutory reserves. The additional statutory reserves totalled NOK 5.2bn at the end of the 4th quarter of 2015. The excess value of held-to-maturity bonds that are assessed at amortised cost declined NOK 0.5bn in the 4th quarter and NOK 2.8bn year to date, amounting to NOK 10.6bn at the end of the 4th quarter. The decline is attributed to rising interest rates. The excess value of bonds at amortised cost is not included in the financial statements.

ALLOCATION OF GUARANTEED CUSTOMER ASSETS IN NORWAY

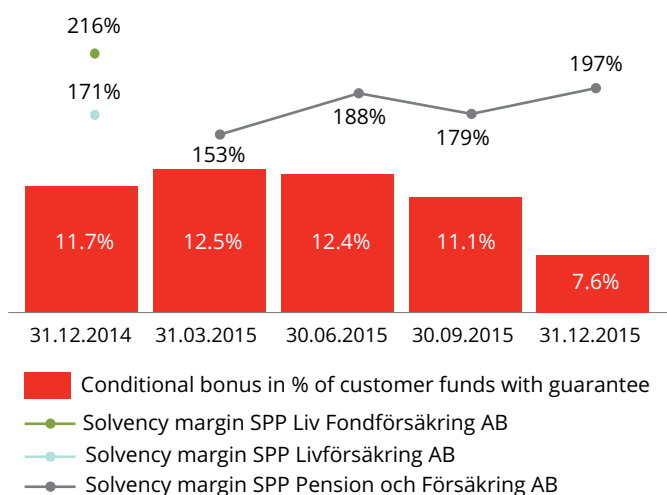


Customer assets increased NOK 6.3bn in the 4th quarter and NOK 10.6bn for the full year due to the strong financial markets. Customer assets totalled NOK 229bn at the end of the 4th quarter of 2015. Customer assets within non-guaranteed Savings increased NOK 3.8bn in the 4th quarter and NOK 12.0bn for the full year 2015. Guaranteed customer assets increased NOK 2.5bn in the 4th quarter and declined NOK 1.4bn for the full year 2015.

¹⁾ 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.

SPP

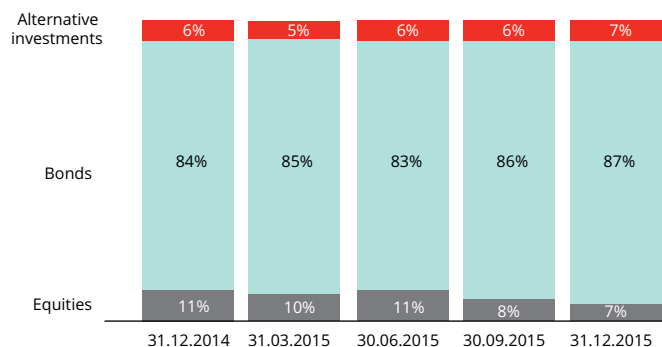
SOLIDITY



The solvency margin of SPP Pension og Försäkring AB was 197% for the 4th quarter.

The buffer capital totalled NOK 6.5bn (9.6bn) in the 4th quarter. The decline is attributed primarily to the shift in the yield curve in the Swedish business.

ALLOCATION OF GUARANTEED CUSTOMER ASSETS IN SPP



Total assets under management in SPP were NOK 157.6bn. This corresponds to an increase of 7% compared with the 4th quarter of 2014. For customer assets in non-guaranteed savings, assets under management totalled NOK 72.3bn at the end of the 4th quarter, which corresponds to an increase of 14%, compared with the 4th quarter of 2014.

Outlook

REGULATORY CHANGES

SOLVENCY II

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

NEW REGULATIONS FOR DISABILITY PENSIONS

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

PRIVATE OCCUPATIONAL PENSIONS

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

PUBLIC SERVICE PENSIONS

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

RISK MANAGEMENT

Storebrand is exposed to several types of risk through its business areas. Trends in interest rates and the property and equity markets are deemed to be the most significant risk factors that can affect the Group's result. Over time, it is important to be able to deliver a return that exceeds the interest rate guarantees of the products. Risk management is therefore a prioritised core area for the group. In addition, the disability and life expectancy trends are key risks.

FINANCIAL PERFORMANCE AND RISK

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

Many businesses are choosing to convert old defined benefit schemes to defined contribution schemes, which entails the issuance of paid-up policies that reduce the Group's earnings. Some of the companies choose to continue the defined benefit schemes for older employees, and the discontinuation of these schemes will therefore take place gradually over a longer period of time. Storebrand is in a period of strengthening the longevity reserves for the defined benefit schemes and paid-up policies, and the result will therefore be charged a minimum of 20% of the costs related to reserve strengthening. Storebrand charged the remaining estimated direct equity contribution for reserve strengthening to the results in 2015. The final amount will, among other things, depend on risk results and returns on the customer portfolios. The strengthening of reserves for higher projected life expectancy is described in further detail in the introduction and in Note 3.

The Solvency II regulations were introduced from the turn of the year, and Storebrand Livsforsikring Group reports a solvency ratio based on the new rules of 174% (without the transitional rules the solvency margin is estimated at 125%). The regulatory minimum level is 100%. The solvency level shows that the Group is robust in relation to low interest rates for a long period of time. The development of interest rates, credit spreads, property and equity values affects the solvency margin. It is expected a gradual improvement in the underlying solvency margin in the years ahead. This is mainly due to short term obligations, reserve strengthening for longevity and expected increase in profit generation.

The return for customers in 2015 was 4.1% for the largest portfolio of defined contribution pensions and 5.2% for guaranteed pension products in Norway. The return is marked by the fact that we are experiencing historically low interest rate levels in Norway and the rest of Europe. Storebrand has adapted to the low interest rates through building buffer capital, risk reduction on the investment side and changes to the products. Over time the level of the annual

interest rate guarantee will be reduced. In the long term, enduring low interest rates will represent a risk for products with guaranteed interest rates running at a loss, and it is therefore important to deliver a return that exceeds the interest rate guarantee associated with the products. Storebrand has adjusted its assets by building a robust portfolio with bonds at amortised cost to achieve the guaranteed interest rate return. The performance of the property and equity markets is also considered a significant risk factor that affects the Group's results.

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

Lysaker, 16 February 2016
Board of directors Storebrand Livsforsikring AS

Storebrand Livsforsikring Group

Statement of Comprehensive income

NOK million	Q4		01.01 - 31.12	
	2015	2014	2015	2014
Technical account:				
Gross premiums written	4,972	4,777	22,770	22,106
Reinsurance premiums ceded	-16	-10	-107	-76
Premium reserves transferred from other companies	261	588	1,835	2,434
Premiums for own account	5,217	5,355	24,497	24,464
Income from investments in subsidiaries, associated companies and joint-controlled companies	121	10	121	24
Interest income and dividends etc. from financial assets	1,313	1,517	7,138	8,149
Net operating income from real estate	88	323	829	1,127
Changes in investment value	-252	3,154	-4,500	8,573
Realised gains and losses on investments	1,293	570	4,762	4,303
Total net income from investments in the collective portfolio	2,564	5,574	8,349	22,176
Income from investments in subsidiaries, associated companies and joint-controlled companies	3	1	13	1
Interest income and dividends etc. from financial assets	291	332	216	249
Net operating income from real estate	4	24	70	62
Changes in investment value	3,835	4,562	732	11,032
Realised gains and losses on investments	433	-224	3,462	904
Total net income from investments in the investment selection portfolio	4,567	4,694	4,493	12,248
Other insurance related income	370	460	1,694	1,739
Gross claims paid	-4,581	-4,472	-17,693	-18,097
Claims paid - reinsurance	10	4	29	10
Gross change in claims reserve	-2	-111	-140	-122
Premium reserves etc. transferred to other companies	-812	-1,988	-6,698	-17,176
Claims for own account	-5,384	-6,567	-24,502	-35,386
To (from) premium reserve, gross	-4,717	-4,801	451	-2,450
To/from additional statutory reserves	-654	-851	-358	-710
Change in value adjustment fund	-168	-2,002	1,295	-1,992
Change in premium fund, deposit fund and the pension surplus fund	-5	-12	-9	-14
To/from technical reserves for non-life insurance business	27	37	-40	-29
Change in conditional bonus	2,942	2,743	3,050	3,487
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/ pension funds	-1	-9	-57	-4
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	-2,576	-4,897	4,332	-1,711
Change in premium reserve	-6,851	-7,019	-16,011	-18,735
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-6,851	-7,019	-16,011	-18,735
Profit on investment result	-329	-120	-329	-120
Risk result allocated to insurance contracts	-53	-46	-53	-46
Other allocation of profit	-2	-21	-6	-25
Unallocated profit	1,949	3,552		
Funds allocated to insurance contracts	1,565	3,365	-388	-190
Management expenses	-98	-92	-388	-386
Selling expenses	-258	-93	-808	-719
Change in pre-paid direct selling expenses	1		-1	2

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Storebrand Livsforsikring Group

Statement of Comprehensive income continue

NOK million	Q4		01.01 - 31.12	
	2015	2014	2015	2014
Insurance-related administration expenses (incl. commissions for reinsurance received)	-420	-110	-1,523	-1,095
Insurance-related operating expenses	-774	-296	-2,720	-2,198
Other insurance related expenses	-66	-239	-416	-459
Technical insurance profit	-1,369	430	-672	1,949
Non-technical account				
Income from investments in subsidiaries, associated companies and joint-controlled companies	-26	5	77	15
Interest income and dividends etc. from financial assets	504	94	261	439
Net operating income from real estate	185	24	225	62
Changes in investment value	-469	-3	-106	60
Realised gains and losses on investments	57	28	99	187
Net income from investments in company portfolio	251	148	556	763
Other income	58	173	381	510
Management expenses	-4	-10	-22	-37
Other costs	-254	-310	-1,049	-1,185
Management expenses and other costs linked to the company portfolio	-258	-320	-1,072	-1,222
Profit or loss on non-technical account	51	1	-134	50
Profit before tax	-1,318	431	-806	1,999
Tax costs	2,097	-12	1,967	-359
Profit before other comprehensive income	778	420	1,161	1,640
Change in actuarial assumptions	-117	-330	-126	-344
Change in value adjustment reserve own buildings	165		180	51
Profit/loss cash flow hedging	4	168	27	168
Adjustment of insurance liabilities	-165	30	-180	-22
Tax on other profit elements not to be classified to profit/loss	38	32	32	32
Total other profit elements not to be classified to profit/loss	-75	-101	-67	-115
Translation differences	283	647	750	136
Total other profit elements that may be classified to profit /loss	283	647	750	136
Total other profit elements	209	546	683	22
TOTAL COMPREHENSIVE INCOME	987	965	1,844	1,661
Profit is attributable to:				
Majority share of profit	597	410	964	1,616
Minority share of profit	181	10	197	24
Comprehensive income is attributable to:				
Majority share of profit	804	947	1,640	1,634
Minority share of profit	184	18	204	28

Storebrand Livsforsikring Group

Statement of financial position

NOK million	31.12.2015	31.12.2014
ASSETS		
ASSETS IN COMPANY PORTFOLIO		
Goodwill	837	808
Other intangible assets	4,602	4,583
Total intangible assets	5,439	5,391
Real estate at fair value	335	4,456
Real estate for own use		68
Equities and units in subsidiaries, associated companies and joint-controlled companies	255	243
Lendings	2	2
Bonds at amortised cost	2,674	1,877
Equities and other units at fair value	87	95
Bonds and other fixed-income securities at fair value	22,604	20,410
Derivatives at fair value	1,264	966
Other financial assets	294	217
Total investments	27,513	28,335
Reinsurance share of insurance obligations	112	124
Receivables in connection with direct business transactions	2,596	3,554
Receivables in connection with reinsurance transactions	11	3
Receivables with group company	64	21
Other receivables	1,822	793
Total receivables	4,494	4,372
Tangible fixed assets	462	408
Cash, bank	2,117	4,568
Tax assets	551	
Minority interest in consolidated securities funds		4,109
Other assets designated according to type	789	710
Total other assets	3,919	9,796
Pre-paid direct selling expenses	557	509
Other pre-paid costs and income earned and not received	106	125
Total pre-paid costs and income earned and not received	663	634
Total assets in company portfolio	42,139	48,652
Assets in customer portfolios		
Real estate at fair value	22,035	20,392
Real estate for own use	2,732	2,430
Equities and units in subsidiaries, associated companies and joint-controlled companies	1,320	40
Loans to and securities issued by subsidiaries, associated companies	41	11
Bonds held to maturity	15,648	15,131
Bonds at amortised cost	73,434	64,136
Lendings	6,017	4,679
Equities and other units at fair value	22,737	35,108
Bonds and other fixed-income securities at fair value	135,733	134,957
Financial derivatives at fair value	2,978	4,669
Other financial assets	3,900	3,148
Total investments in collective portfolio	286,575	284,702

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Storebrand Livsforsikring Group

Statement of financial position continue

NOK million	31.12.2015	31.12.2014
Real estate at fair value	2,045	1,571
Real estate for own use	156	84
Equities and units in subsidiaries, associated companies and joint-controlled companies	146	
Equities and other units at fair value	101,739	83,226
Bonds and other fixed-income securities at fair value	25,920	22,619
Financial derivatives at fair value	9	45
Other financial assets	264	260
Total investments in investment selection portfolio	130,279	107,805
Total assets in customer portfolio	416,854	392,508
TOTAL ASSETS	458,994	441,160
Equity and liabilities		
Share capital	3,540	3,540
Share premium	9,711	9,711
Total paid in equity	13,251	13,251
Risk equalisation fund	142	829
Other earned equity	9,724	7,433
Minority's share of equity	576	421
Total earned equity	10,442	8,683
Perpetual subordinated loan capital	2,829	3,381
Dated subordinated loan capital	3,158	2,440
Hybrid tier 1 capital	1,503	1,503
Total subordinated loan capital and hybrid tier 1 capital	7,489	7,324
Premium reserves	264,937	257,358
Additional statutory reserves	5,160	5,118
Market value adjustment reserve	4,520	5,814
Claims allocation	1,168	1,016
Premium fund, deposit fund and the pension surplus fund	2,713	3,047
Conditional bonus	9,336	11,281
Other technical reserve	655	627
Total insurance obligations in life insurance - contractual obligations	288,488	284,261
Premium reserve	129,741	107,103
Claims allocation	1	1
Total insurance obligations in life insurance - investment portfolio separately	129,742	107,103
Pension liabilities etc.	217	287
Deffered tax	200	1,736
Other provisions for liabilities		4
Total provisions for liabilities	417	2,027
Liabilities in connection with direct insurance	1,356	2,338
Liabilities in connection with reinsurance	29	31

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Storebrand Livsforsikring Group

Statement of financial position continue

NOK million	31.12.2015	31.12.2014
Financial derivatives	3,020	4,279
Liabilities to group companies	38	22
Minority interest in consolidated securities funds		4,109
Other liabilities	4,117	7,114
Total liabilities	8,560	17,894
Other accrued expenses and received, unearned income	605	616
Total accrued expenses and received, unearned income	605	616
TOTAL EQUITY AND LIABILITIES	458,994	441,160

Storebrand Livsforsikring Group

Statement of change in equity

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

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

Storebrand Livsforsikring

Statement of cash flow 1. January - 31. December

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

Storebrand Livsforsikring AS

Statement of Comprehensive income

NOK million	Q4		01.01 - 31.12	
	2015	2014	2015	2014
Technical account:				
Gross premiums written	3,280	3,216	16,235	15,495
Reinsurance premiums ceded	-2	-3	-26	-25
Premium reserves transferred from other companies	215	329	1,155	1,088
Premiums for own account	3,493	3,542	17,364	16,559
Income from investments in subsidiaries, associated companies and joint-controlled companies	628	732	2,157	1,549
of which from investment in real estate companies	950	659	2,105	1,481
Interest income and dividends etc. from financial assets	791	768	4,945	5,497
Changes in investment value	658	2,057	-1,201	1,986
Realised gains and losses on investments	574	-628	1,768	2,067
Total net income from investments in the collective portfolio	2,650	2,930	7,669	11,100
Income from investments in subsidiaries, associated companies and joint-controlled companies	71	49	223	92
of which from investment in real estate companies	108	49	223	91
Interest income and dividends etc. from financial assets	287	326	203	236
Changes in investment value	1,146	1,218	-2,075	2,373
Realised gains and losses on investments	363	-290	3,315	792
Total net income from investments in the investment selection portfolio	1,868	1,303	1,666	3,492
Other insurance related income	107	66	388	256
Gross claims paid	-2,342	-2,467	-9,432	-10,468
Claims paid - reinsurance	5	1	17	8
Gross change in claims reserve	-2	-112	-144	-132
Premium reserves etc. transferred to other companies	-328	-1,385	-4,776	-12,722
Claims for own account	-2,667	-3,963	-14,335	-23,315
To (from) premium reserve, gross	-3,153	-586	-24	5,141
To/from additional statutory reserves	-609	-853	-358	-710
Change in value adjustment fund	-168	-2,002	1,295	-1,992
Change in premium fund, deposit fund and the pension surplus fund	-5	-12	-9	-14
To/from technical reserves for non-life insurance business	32	45	-44	-33
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/ pension funds	-1	-9	-57	-4
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	-3,904	-3,418	802	2,389
Change in premium reserve	-3,821	-3,312	-12,056	-7,788
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-3,821	-3,312	-12,056	-7,788
Profit on investment result	-329	-120	-329	-120
Risk result allocated to insurance contracts	-53	-46	-53	-46
Other allocation of profit		-19		-19
Unallocated profit	1,949	3,552		
Funds allocated to insurance contracts	1,567	3,367	-382	-185
Management expenses	-39	-36	-152	-134
Selling expenses	-123	135	-361	-312
Insurance-related administration expenses (incl. commissions for reinsurance received)	-267	-97	-974	-587
Insurance-related operating expenses	-429	2	-1,488	-1,033
Other insurance related expenses after reinsurance share	-46	-233	-354	-434
Technical insurance profit	-1,182	284	-727	1,041

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Storebrand Livsforsikring AS

Statement of Comprehensive income continue

NOK million	Q4		01.01 - 31.12	
	2015	2014	2015	2014
Non-technical account				
Income from investments in subsidiaries, associated companies and joint-controlled companies	511	33	1,306	-196
of which from investment in real estate companies	45	33	105	74
Interest income and dividends etc. from financial assets	537	182	522	699
Changes in investment value	-482	-22	-116	21
Realised gains and losses on investments	-330	24	-297	125
Net income from investments in company portfolio	235	217	1,415	649
Other income	10	7	32	26
Management expenses	-3	-3	-13	-13
Other costs	-82	-140	-337	-442
Total management expenses and other costs linked to the company portfolio	-85	-144	-350	-456
Profit or loss on non-technical account	160	80	1,098	219
Profit before tax	-1,022	364	371	1,260
Tax costs	2,051	56	1,815	-279
Profit before other comprehensive income	1,029	420	2,186	981
Change in actuarial assumptions	-145	-264	-145	-264
Profit/loss cash flow hedging	4	168	27	168
Adjustment of insurance liabilities				29
Tax on other profit elements not to be classified to profit/loss	38	47	34	18
Total other profit elements not to be classified to profit/loss	-103	-50	-84	-49
Translation differences	-1	3	-7	-3
Total other profit elements that may be classified to profit /loss	-1	3	-7	-3
Total other profit elements	-103	-47	-91	-51
TOTAL COMPREHENSIVE INCOME	926	373	2,095	930

Storebrand Livsforsikring AS

Statement of financial position

NOK million	31.12.2015	31.12.2014
Assets		
Assets in company portfolio		
Other intangible assets	201	176
Total intangible assets	201	176
Equities and units in subsidiaries, associated companies and joint-controlled companies	16,232	10,193
of which investment in real estate companies		1,013
Loans to and securities issued by subsidiaries, associated companies		6,728
Lendings	2	2
Bonds at amortised cost	2,674	1,877
Equities and other units at fair value	64	63
Bonds and other fixed-income securities at fair value	9,787	8,451
Derivatives at fair value	1,264	964
Other financial assets	246	177
Total investments	30,268	28,454
Reinsurance share of insurance obligations	129	143
Receivables in connection with direct business transactions	2,469	3,204
Receivables in connection with reinsurance transactions	11	3
Receivables with group company	66	24
Other receivables	129	180
Total receivables	2,677	3,411
Tangible fixed assets	14	20
Cash, bank	988	2,159
Tax assets	400	
Total other assets	1,402	2,178
Other pre-paid costs and income earned and not received	12	15
Total pre-paid costs and income earned and not received	12	15
Total assets in company portfolio	34,689	34,378
Assets in customer portfolios		
Equities and units in subsidiaries, associated companies and joint-controlled companies	22,149	20,185
of which investment in real estate companies	21,352	19,462
Bonds held to maturity	15,648	15,131
Bonds at amortised cost	73,434	64,136
Lendings	6,017	4,679
Equities and other units at fair value	12,226	21,884
Bonds and other fixed-income securities at fair value	48,114	53,118
Financial derivatives at fair value	225	246
Other financial assets	2,002	1,206
Total investments in collective portfolio	179,815	180,586
Equities and units in subsidiaries, associated companies and joint-controlled companies	2,424	1,721
of which investment in real estate companies	2,424	1,721
Equities and other units at fair value	32,041	23,367
Bonds and other fixed-income securities at fair value	19,747	17,250
Financial derivatives at fair value	9	45
Other financial assets	179	189
Total investments in investment selection portfolio	54,400	42,573
Total assets in customer portfolios	234,215	223,159
TOTAL ASSETS	268,903	257,537

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Storebrand Livsforsikring AS

Statement of financial position continue

NOK million	31.12.2015	31.12.2014
Equity and liabilities		
Share capital	3,540	3,540
Share premium	9,711	9,711
Total paid in equity	13,251	13,251
Risk equalisation fund	142	829
Other earned equity	9,727	6,946
Total earned equity	9,869	7,774
Perpetual subordinated loan capital	2,096	2,714
Dated subordinated loan capital	3,158	2,440
Hybrid tier 1 capital	1,503	1,503
Total subordinated loan capital and hybrid tier 1 capital	6,756	6,656
Premium reserves	165,921	165,374
Additional statutory reserves	5,160	5,118
Market value adjustment reserve	4,520	5,814
Claims allocation	1,038	895
Premium fund, deposit fund and the pension surplus fund	2,713	3,047
Other technical reserve	829	799
Total insurance obligations in life insurance - contractual obligations	180,181	181,048
Premium reserves	53,894	41,892
Claims allocation	1	1
Total insurance obligations in life insurance - investment portfolio separately	53,894	41,893
Pension liabilities etc.	196	174
Deferred tax		1,449
Other provisions for liabilities	1	
Total provisions for liabilities	196	1,623
Liabilities in connection with direct insurance	935	1,497
Financial derivatives	1,797	3,023
Liabilities to group companies	50	10
Other liabilities	1,722	437
Total liabilities	4,504	4,968
Other accrued expenses and received, unearned income	251	324
Total accrued expenses and received, unearned income	251	324
TOTAL EQUITY AND LIABILITIES	268,903	257,537

Storebrand Livsforsikring AS

Statement of change in equity

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

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

Notes to the interim accounts

Note 01 | Accounting policies

The Group's interim financial statements include Storebrand Livsforsikring AS, subsidiaries and associated companies. The financial statements are prepared in accordance with the "Regulation on the annual accounts etc. of insurance companies" for the parent company and the consolidated financial statements in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements.

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2014 annual report, and the interim financial statements are prepared with respect to these accounting policies.

There is none new or amended accounting standards that entered into effect as at 1 January 2015 that have caused significant effects on Storebrand's interim financial statements.

Note 02 | Estimates

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

Actual results may differ from these estimates.

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

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

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

In Storebrand's life insurance activities, a change in the estimates related to technical insurance reserves, financial instruments or investment properties allocated to life insurance customers will not necessarily affect the owner's result, but a change in the estimates and valuations may affect the owner's result. A key factor will be whether the assets of the life insurance customers,

including the return for the year, exceed the guaranteed liabilities. This will apply in particular to the guaranteed Norwegian obligations that are being built up to meet increased life expectancy in the future. Read more about this in note 3.

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

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

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

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 LIFE

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 secured and unsecured pension schemes (pension over operations). 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 customer portfolios in life insurance companies. Calculation of deferred tax assets, deferred tax liabilities and the income tax expense is based on the interpretation of rules and estimates. The actual numbers may be different.

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

Strengthening longevity reserves for Storebrand Life Insurance

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

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

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

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

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

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

- Public sector defined benefit pensions: Setting aside provisions for the estimated future direct use of equity was completed in the 2nd quarter and totalled NOK 50 million.
- Private sector defined benefit pensions: In the 4th quarter, provisions were set aside for the estimated future direct use of equity during the reserve strengthening period for a total of NOK 683m and NOK 780m for the full year.

- Paid-up policies: In the 4th quarter, provisions were set aside for the estimated future direct use of equity and charges to the risk equalisation reserve during the reserve strengthening for a total of NOK 680m and NOK 934m for the year, NOK 776m of which was from the risk equalisation reserve and NOK 158m of which was from equity.

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

Strengthening longevity	Defined benefit pension Private Sector	Paid-up policies	Total
Status 31.12.14	-1,623	-4,607	-6,230
Change in portfolio	500	-126	374
From equity	490	448	938
From risk equalisation reserve		776	776
Preliminary allocation strengthening longevity reserves	454	1,500	1,954
Status 31.12.15	-179	-2,010	-2,188
Remaining strengthening longevity in per cent of av premium reserve	0,4%	2,0%	1,5%

Use of equity and risk equalisation reserve - accumulated	Defined benefit pension Private Sector	Defined benefit pension Public Sector	Paid-up policies	Total
Direct contribution from equity	910	150	319	1,379
Indirect contribution from equity (lost profit sharing paid-up policies)			776	776
Direct contribution from risk equalisation reserve			776	776
Indirect contribution from risk equalisation reserve	50		76	126
Reduced profit - accumulated 31.12.15	960	150	1,947	3,057

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

SENSITIVITY

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

Note 04

Segments – result by business area

CHANGES IN SEGMENT REPORTING

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

SAVINGS

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

INSURANCE

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

GUARANTEED PENSION

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

OTHER

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

RECONCILIATION WITH THE OFFICIAL PROFIT AND LOSS ACCOUNTING

Results in the segments are reconciled with the corporate results before amortization and write-downs of intangible assets. The corporate profit and loss account includes gross income and gross costs linked to both the insurance customers and owners. In addition are the savings element 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	Q4		1.1 - 31.12	
	2015	2014	2015	2014
Savings	64	140	395	433
Insurance	-19	101	379	502
Guaranteed pension	-110	20	329	1,465
Other	210	-68	241	370
Profit before amortisation and provision longevity	145	193	1,344	2,770
Provision longevity	-1,362	-121	-1,764	-391
Profit before amortisation	-1,217	71	-420	2,379
Amortisation intangible assets	-102	-96	-386	-380
Profit before tax	-1,318	-25	-806	1,999

SEGMENT INFORMATION AS AT Q4

NOK million	Savings		Insurance		Guaranteed pension	
	2015	2014	2015	2014	2015	2014
Fee and administration income	333	372			460	428
Risk result life & pensions	1	-5			7	20
Insurance premiums f.o.a.			687	640		
Claims f.o.a.			-610	-483		
Operational cost	-270	-228	-111	-89	-333	-266
Financial result			15	33		
Profit before profit sharing	64	140	-19	101	134	182
Net profit sharing					-244	-162
Profit before amortisation and provision longevity	64	140	-19	101	-110	20
Provision longevity					-1,362	-121
Profit before amortisation	64	140	-19	101	-1,472	-101
Amortisation of intangible assets						
Profit before tax	64	140	-19	101	-1,472	-101

NOK million	Other		Storebrand Livsforsikring Group	
	2015	2014	2015	2014
Fee and administration income	22	28	815	828
Risk result life & pensions	-31	25	-23	40
Insurance premiums f.o.a.			687	640
Claims f.o.a.			-610	-483
Operational cost	-15	-18	-729	-600
Financial result	236	-101	252	-68
Profit before profit sharing	212	-66	392	357
Net profit sharing	-2	-2	-247	-164
Profit before amortisation and provision longevity	210	-68	145	193
Provision longevity			-1,362	-121
Profit before amortisation	210	-68	-1,217	71
Amortisation of intangible assets			-102	-96
Profit before tax	210	-68	-1,318	-25

SEGMENT INFORMATION AS AT 31.12

NOK million	Savings		Insurance		Guaranteed pension	
	2015	2014	2015	2014	2015	2014
Fee and administration income	1,393	1,338			1,777	1,842
Risk result life & pensions	-3	-11			89	483
Insurance premiums f.o.a.			2,680	2,359		
Claims f.o.a.			-2,076	-1,693		
Operational cost	-996	-897	-395	-279	-1,156	-921
Financial result			170	115		
Profit before profit sharing	395	431	379	502	711	1,404
Net profit sharing	1	2			-382	61
Profit before amortisation and provision longevity	395	433	379	502	329	1,465
Provision longevity					-1,764	-391
Profit before amortisation	395	433	379	502	-1,435	1,074
Amortisation of intangible assets						
Profit before tax	395	433	379	502	-1,435	1,074

NOK million	Other		Storebrand Livsforsikring Group	
	2015	2014	2015	2014
Fee and administration income	113	156	3,283	3,336
Risk result life & pensions	-6	8	80	480
Insurance premiums f.o.a.			2,680	2,359
Claims f.o.a.			-2,076	-1,693
Operational cost	-66	-60	-2,613	-2,156
Financial result	207	276	378	392
Profit before profit sharing	249	380	1,733	2,717
Net profit sharing	-7	-10	-389	54
Profit before amortisation and provision longevity	241	370	1,344	2,770
Provision longevity			-1,764	-391
Profit before amortisation	241	370	-420	2,379
Amortisation of intangible assets			-386	-380
Profit before tax	241	370	-806	1,999

RESTATEMENT OF COMPARATIVE FIGURES

NOK million	Q4 2014			31.12.14		
	Reported figures	Change in segment	Revised figures	Reported figures	Change in segment	Revised figures
Savings	115	27	142	426	7	433
Insurance	85		85	502		502
Guaranteed pension	348		348	1,465		1,465
Other	101	-27	74	377	-7	370
Profit before amortisation and provision longevity	648		648	2,770		2,770
Provision longevity	-121		-121	-391		-391
Profit before amortisation	527		527	2,379		2,379
Amortisation intangible assets	-96		-96	-380		-380
Profit before tax	431		431	1,999		1,999

A total of NOK 776m has been used from the risk equalisation reserve for the strengthening of longevity reserves at the end of the 4th quarter. During the quarter, a corresponding amount, which was previously set aside and charged to other earned equity in connection with the strengthening of reserves, was also reversed. This is presented on a net basis on the line for provision longevity in the table above.

Note 05 | Financial market risk and insurance risk

Risks are described in the annual report for 2014 in note 7 (Insurance risk), note 8 (Financial market risk), note 9 (Liquidity risk), note 10 (Lending and counterparty risk), note 11 (Currency exposure), note 12 (Credit exposure) and note 13 (Concentration of risk).

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

The most significant market risks for Storebrand are share market risk, credit risk, property price risk, interest rate risk and exchange rate risk. For the life insurance companies, the financial assets are invested in a variety of sub-portfolios. Market risk affects Storebrand's income and profit differently in the different portfolios. There are three main types of sub-portfolio: company portfolios, customer portfolios without a guarantee and customer portfolios with a guarantee.

The market risk in the company portfolios and the subsidiaries that are not life insurance companies or included in the customer portfolios has a direct impact on Storebrand's profit.

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

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

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. Most of the Group's insurance risk is related to life insurance. Longevity is the greatest risk, since longer life expectancy entails that guaranteed benefits must be paid for a longer period of time. There is also risk related to disability and death. Insurance risk remains largely unchanged throughout the year.

Note
06

Liquidty risk

SPECIFICATION OF SUBORDINATED LOAN CAPITAL

NOK million	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,503
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,000	NOK	Variable	2020	999
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,097
SPP Livsforsikring AB	700	SEK	Variable	2019	732
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	3,158
Total subordinated loan capital and hybrid tier 1 capital					7,489
31.12.2015					7,489
Total subordinated loan capital and hybrid tier 1 capital					7,324
31.12.2014					7,324

Note
07

Valuation of financial instruments and real estate

The Group categorises financial instruments valued at fair value on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 14 in the financial statements for 2014.

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.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

NOK million	Fair value 31.12.15	Fair value 31.12.14	Book value 31.12.15	Book value 31.12.14
Financial assets				
Lending to customers	6,016	4,671	6,019	4,682
Bonds held to maturity	17,578	17,794	15,648	15,131
Bonds classified as loans and receivables	84,758	76,713	76,107	66,012
Financial liabilities				
Subordinated loan capital	7,432	7,549	7,489	7,324

VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE
STOREBRAND LIVSFORSIKRING GROUP

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total 31.12.2015	Total 31.12.2014
Assets					
Equities and units					
- Equities	17,605	578	2,468	20,651	20,646
- Fund units	286	93,866	9,399	103,550	96,832
- Real estate fund			362	362	952
Total equities and units	17,890	94,444	12,228	124,563	
Total equities and units 31.12.14	17,776	87,929	12,724		118,429
Bonds and other fixed income securities					
- Government and government guaranteed bonds	27,509	22,612		50,121	54,687
- Credit bonds	30	25,396	358	25,784	24,162
- Mortgage and asset backed bonds		44,415		44,415	41,824
- Supranational and agency	45	5,456		5,501	6,575
- Bond funds	821	57,616		58,437	50,739
Total bonds and other fixed income securities	28,405	155,494	358	184,257	
Total bonds and other fixed income securities 31.12.14	36,171	141,476	339		177,987
Derivatives:					
- Interest rate derivatives		1,775		1,775	4,514
- Currency derivatives		-544		-544	-3,113
Total derivatives		1,232		1,232	
- derivatives with a positive market value		4,252		4,252	
- derivatives with a negative market value		-3,020		-3,020	
Total derivatives 31.12.14		1,401			1,401
Real estate:					
- real estate at fair value			24,415	24,415	26,419
- real estate for own use			2,887	2,887	2,583
Total real estate			27,302	27,302	
Total real estate 31.12.14			29,001		29,001

MOVEMENTS BETWEEN QUOTED PRICES AND OBSERVABLE ASSUMPTIONS

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	10	97

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

MOVEMENT LEVEL 3

NOK million	Equities	Fund units	Real		Real estate	
			estate fund	Credit bonds	Real estate	for own use
Book value 01.01	2,414	9,359	952	339	26,419	2,583
Net profit/loss	188	1,515	80	41	1,583	183
Supply/disposal	299	806	1	16	1,180	16
Sales/overdue/settlement	-481	-2,563	-671	-64	-101	4
To quoted prices and observable assumptions		58				12
Translation differences	48	223		26	291	104
Other*)					-4,954	-14
Book value 31.12.15	2,468	9,399	362	358	24,417	2,887

*) Includes derecognition of NOK 4,927 million in Storebrand Eiendomsfond Norge KS. As of 31.12.15, Storebrand Life Insurance had NOK 1,427 million invested in Storebrand Eiendomsfond Norge KS. This investment is classified as "Investment in Associated Companies" in the Consolidated Financial Statements. Storebrand Eiendomsfond Norge KS invests exclusively in real estate at fair value

SENSITIVITY ASSESSMENTS

Equities

Equity level 3 consist primarily of forestry investments characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and cost growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discount rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return. As a reasonable alternative assumption with regard to the required rate of return used, a change in the discount rate of 0.25 per cent would result in an estimated change of around 4.27 per cent in value, depending on the maturity of the forest and other factors.

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

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. Storebrand's private equity portfolio has an estimated Beta relative to the MSCI World (Net – currency hedged to NOK) of around 0.45.

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

Credit bonds

Credit bonds on level 3 consists of microfinance fund, private equity debt fund and convertible bonds. The pricing of these bonds do not follow the normal pricing of bonds by using the discount rate, but are included in the sensitivity test used on private equity investments.

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

Real estate fund

The valuation of indirect property investments will be sensitive to a change in the required rate of return and the expected future cash flow. The indirect property investments are leveraged structures. The portfolio is leveraged 58 per cent on average.

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

Investment real estate and real estate for own use

The valuation of real estate 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 real estate 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.

NOK million	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change in required rate of return		Change in required rate of return	
	Increase + 0,25%	Decrease -0,25%	Increase + 0,25%	Decrease -0,25%
Change in fair value as at 31.12.15	-1,180	1,306	-988	1,086
Change in fair value as at 31.12.14	-1,288	1,203	-1,172	1,071

STOREBRAND LIVSFORSIKRING AS

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total	Total
				31.12.2015	31.12.2014
Assets					
Equities and units					
- Equities	12,209	124	1,780	14,114	11,321
- Fund units		23,033	6,822	29,855	33,041
- Real estate fund			362	362	952
Total equities and units	12,209	23,157	8,964	44,330	
Total equities and units 31.12.14	9,336	26,236	9,742		45,314
Bonds and other fixed income securities					
- Government and government guaranteed bonds	13,215			13,215	17,859
- Credit bonds		8,832	77	8,908	10,744
- Mortgage and asset backed bonds		10,623		10,623	9,777
- Supranational and agency		511		511	1,065
- Bond funds		44,390		44,390	39,374
Total bonds and other fixed income securities	13,215	64,356	77	77,647	
Total bonds and other fixed income securities 31.12.14	17,859	60,886	74		78,819
Derivatives:					
- Interest rate derivatives		178		178	1,013
- Currency derivatives		-476		-476	-2,782
Total derivatives		-298		-298	
- derivatives with a positive market value		1,499		1,499	
- derivatives with a negative market value		-1,797		-1,797	
Total derivatives 31.12.14		-1,769			-1,769

MOVEMENTS BETWEEN QUOTED PRICES AND OBSERVABLE ASSUMPTIONS

NOK million	From quoted prices to observable assumptions	From observable assumpti- ons to quoted prices
Equities and units	6	21

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

MOVEMENT LEVEL 3

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

Note 08

Tax

Storebrand Livsforsikring Group reported a taxable accounting income of NOK 2,097m for the 4th quarter, and a taxable accounting income of NOK 1,967m for the full year 2015. Storebrand has reduced the exposure to property in its customer portfolios in recent years. In order to enhance the efficiency of the operations and improve the risk management for the remaining property exposure, Storebrand Eiendom Holding AS was dissolved in December 2015. Since the shares owned by the customer portfolio are not encompassed by the exemption method, the taxable loss on dissolution of the company entails in isolation a taxable accounting income of approximately NOK 1.7bn.

The net income tax expense for the quarter and year also reflects effects that each give a higher or lower effective tax rate, such as the use of the risk equalisation reserve (higher) and the capitalisation of deferred tax assets related to the Swedish business (lower). 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).

In December 2015, the Storting agreed to reduce the company tax rate from 27 to 25 percent with effect from 01 January 2016. When deferred tax / tax assets are recognised on the balance sheet, 25 per cent is therefore used, which increases the income tax expense for 2015 by NOK 31 million.

Note 09

Contigent liabilities

NOK million	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	31.12.15	31.12.14	31.12.15	31.12.14
Uncalled residual liabilities concerning Limited Partnership	3,922	4,321	3,145	3,212
Total contingent liabilities	3,922	4,321	3,145	3,212

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

Note 10 | Capital adequacy

NOK million	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	31.12.15	31.12.14	31.12.15	31.12.14
Share capital	3,540	3,540	3,540	3,540
Other equity	20,152	18,393	19,579	17,485
Equity	23,693	21,934	23,120	21,025
Hybrid tier 1 capital	1,500	1,500	1,500	1,500
Goodwill and other intangible assets	-5,564	-5,519	-201	-176
Risk equalisation fund	-142	-829	-142	-829
Tax assets	-551		-400	
Deduction for investments in other financial institutions		-1		-1
Interest adjustment insurance reserves SPP	-998	-2,170		
Security reserve		-153		
Other	-195	-31	-3	-71
Core (tier 1) capital	17,743	14,731	23,874	21,449
Perpetual subordinated loan capital	2,100	2,100	2,100	2,100
Dated subordinated loan capital	2,238	2,238	2,238	2,238
Deductions for investments in other financial institutions		-1		-1
Tier 2 capital	4,338	4,337	4,338	4,337
Net primary capital	22,081	19,068	28,213	25,786
Risk weighted calculation base	146,006	141,053	105,910	107,003
Capital adequacy ratio	15.1 %	13.5 %	26.6 %	24.1 %
Core (tier 1) capital ratio	12.2 %	10.4 %	22.5 %	20.0 %

Note 11 | Solvency margin

NOK million	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	31.12.15	31.12.14	31.12.15	31.12.14
Solvency margin requirements	13,098	12,632	8,122	7,823
Solvency margin capital	24,995	22,110	30,657	28,402
Solvency margin	190.8 %	175.0 %	377.5 %	363.0 %

SPECIFICATION OF SOLVENCY MARGIN CAPITAL

NOK million	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	31.12.15	31.12.14	31.12.15	31.12.14
Net primary capital	22,081	19,068	28,213	25,786
50% of additional statutory reserves	2,580	2,559	2,580	2,559
50% of risk equalisation fund	71	414	71	414
Counting security reserve	71	69	71	69
Adjustments in Tier 2 capital eligible for inclusion in solvency capital			-277	-427
Other adjustments	192			
Solvency capital	24,995	22,110	30,657	28,402

Note 12 | Information about related parties

Storebrand conducts transactions with related parties as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with management and related parties are stipulated in notes 25 and 49 in the 2014 annual report.

Storebrand Life Insurance at the end of the fourth quarter beyond normal commercial transactions had no significant transactions with related parties except that SPP Fonder AB is sold from Storebrand Holding AB to Storebrand Asset Mangement AS in January 2015 and Storebrand Eiendom AS is sold from Storebrand Livsforsikring AS to Storebrand Asset Mangement AS in October 2015.

Financial calendar 2016



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

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