Interim report

Storebrand Livsforsikring

(unaudited)

storebrand

Storebrand Livsforsikring Group

4th quarter 2014

Contents

FINANCIAL PERFORMANCE BUSINESS AREAS

FINANCIAL STATEMENTS/NOTES

Storebrand Livsforsikring Group

Storebrand 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 2014.

Result Storebrand Livsforsikring Group

	2014				2013	1.1 - 31.12	
NOK million	4Q	3Q	2Q	1Q	4Q	2014	2013
Fee and administration income	839	838	768	790	846	3,234	3,169
Risk result life & pensions	323	37	45	75	17	480	17
Insurance premiums f.o.a.	603	581	585	590	620	2,359	2,360
Claims f.o.a.	-481	-431	-435	-347	-433	-1,693	-1,460
Operational cost	-282	-580	-611	-588	-471	-2,061	-2,178
Financial result	6	91	167	135	38	398	161
Result before profit sharing	**1,008**	**535**	**519**	**656**	**618**	**2,718**	**2,068**
Net profit sharing and loan losses	-360	99	196	118	96	53	368
Provision longevity	-121	-90	-90	-90		-391	
Result before amortisation	**527**	**543**	**625**	**684**	**713**	**2,379**	**2,437**

Result before amortisation was NOK 527m (NOK 713m) in the fourth quarter 2014 and NOK 2 379m (NOK 2 437m) year to date. The figures in parentheses are from the corresponding period last year.

Result Storebrand Livsforsikring Group per line of business

	2014				2013	1.1 - 31.12	
NOK million	4Q	3Q	2Q	1Q	4Q	2014	2013
Savings	115	141	80	90	89	426	298
Insurance	85	90	117	210	154	502	658
Guaranteed pensions	227	233	313	302	448	1,074	1,376
Other	101	79	116	81	22	377	105
Result before amortisation	**527**	**543**	**625**	**684**	**713**	**2,379**	**2,437**

Comparative figures have been restated following the change in the segments, see note 4.

Savings has been defined as a growth area for the Group. The result for the segment was 43% higher in 2014. The earnings growth is driven by higher assets under management and good sales. Defined contribution pensions continue to grow in Norway and Sweden since an increasing number of companies are choosing to convert from defined benefit schemes to defined contribution schemes. In addition, a solid return of 23% contributed to growth in customer reserves. The unit linked business area in Norway showed earnings growth of 15% in the 4th quarter and 24% for the full year, compared with the same periods last year. The corresponding earnings growth for the Swedish business was 18 and 21%, respectively.

Insurance reports a total combined ratio of 79% for the quarter (79%). The risk result during the quarter was weak with a loss ratio of 80% (70%). For the full year 2014, the loss ratio was 72% (62%). A higher than normal number of new incidents of disability during the quarter gave a weaker risk result for the life risk products in both Norway and Sweden.

Throughout 2014, fee and administration income for Guaranteed Pension has performed consistent with the fact that a large part of the portfolio is mature and in long-term decline. Income was NOK 457m (NOK 535m) for the 4th quarter and NOK 1,842m (NOK 2,013m) for the full year. In 2014, income fell by 8.5% compared with last year. The reduction in income is attributed, to the fact that Storebrand is exiting insured solutions in the public sector in Norway.

1) The abbreviations NOK for Norwegian kroner, m for million and bn for billion are used throughout the report.

The result from net profit sharing is generated in the Swedish business and amounted to minus NOK 357m in the 4th quarter and NOK 61m for 2014. The Norwegian business is prioritizing the build-up of buffers and reserves instead of profit sharing between customersand owners.

Market and sales performance

The shift from products with guaranteed interest rates to unit linked insurance products continues in the life insurance businesses. Storebrand started to allow the conversion of paid-up policies into paid-up policies with investment choice on 15 October. Altogether, 3,500 customers and just under NOK 1b was converted to paid-up policies with investment choice.

In Norway, Storebrand is the market leader in defined contribution schemes, with 30% of the market share of gross premiums written[1)]. There is strong competition in the market for defined contribution pensions. Storebrand signed a letter of intent in the 4th quarter to provide Statoil with a defined contribution pension scheme. SPP is the third largest actor in the Swedish unit linked insurance market in the segment Other Occupational Pension with a market share of 14% of new contracts.

Capital situation and taxes

The Storebrand Life Insurance Group's solvency margin was 175% at the end of the quarter. This represents a decline of 6.8 percentage points during the quarter. This decline is attributed primarily to the fall in long-term interest rates in Sweden, as well as the exclusion of a subordinated loan of SEK 700m in the solvency capital. A reduction in the level of interest rates increases the insurance liabilities in the solvency calculation for the Swedish part of the business.

In 2016 the new solvency regulation, Solvency II, is implemented. Measures such as risk reduction, reserve strengthening for longevity and strong buffer building through 2014 makes the company more robust in relation to future solvency regulation. For 2014, Solvency II margin is estimated at 148 percent, including current interpretation of the proposed transition rules.

The income tax cost for 2014 was NOK 359m. 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%).

The accrual effects between the quarters give a low income tax expense of NOK 12 for the 4th quarter.

Strenghtening reserves for a higher projected life expectancy

For 2014, NOK 2.7b was set aside for increased expected longevity, which entails that the remaining need to strengthen reserves for group pensions is estimated to be NOK 6.2 billion or around 4% of the premium reserves as at 31 December 2014. The company started strengthening the reserves in the accounts in 2011. In 2012, 2013 and 2014, Storebrand set aside as much as possible of its financial and risk profits. The strengthening of reserves for increased longevity has been charged directly to the Guaranteed Pension result in the amount of NOK 121m for the quarter and NOK 391m for the full year 2014, and indirectly by means of lost profit sharing in the amount of NOK 229m for 2014. In addition, the risk result of NOK 98m for 2014, which was added to the risk equalization reserve, is excluded.

Changed segment reporting

Beginning with the first quarter of 2014, sickness insurance, oneyear life assurance and survivor insurance at SPP have been transferred from the Guaranteed Pension segment to the Insurance segment. The historical figures have been reworked and reflect the changes above.

[1)] Premium income as at the 3rd quarter of 2014. Source: Finance Norway and Insurance Sweden.

Savings

Good earnings growth driven primarily by growth in assets under management. Good cost control and solid excess return for asset management.

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

Savings

	2014				2013	1.1 - 31.12	
NOK million	4Q	3Q	2Q	1Q	4Q	2014	2013
Fee and administration income	323	329	299	285	281	1,237	1,040
Risk result life & pensions	-10	7	-7	-2	3	-11	7
Operational cost	-199	-195	-213	-194	-196	-801	-752
Result before profit sharing	**114**	**142**	**80**	**90**	**88**	**425**	**296**
Net profit sharing and loan losses	1	-0	0	1	1	1	2
Result before amortisation	**115**	**141**	**80**	**90**	**89**	**426**	**298**

Result

Savings reported a result for the 4th quarter of NOK 115 m (89 m) and NOK 426 m (NOK 298 m) for the full year 2014. NOK 38 m of the improved result is related to disposable cost effects related to the Group's transition to defined contribution pensions for its own employees. Volume growth accounts for the income growth. Cost-reducing measures also give a positive effect, while increasing volume entails higher selling costs.

Defined contribution pensions are growing in Norway and Sweden since more and more companies are converting to defined contribution schemes. In addition, good return rates contributed to growth in customer reserves. Income from non-guaranteed life insurance-related savings in the 4th quarter and for the full year has been 17% and 23% higher than the corresponding periods last year.

Total fee- and administration income increased by 19 % in 2014 compared with the same period last year. Efficiency improvement and savings according to the Group's cost program reduces the cost growth, despite higher volumes. Selling costs and shared corporate costs increased, however, as a result of the increasing volume. The result for 2014 shows an improvement of 43% compared with last year. Adjusted for non-recurring effects related to pension costs, the result improvement is 30%.

Balance sheet and market trends

Premium income for non-guaranteed life insurance-related savings was NOK 2.6b for the 4th quarter and NOK 9.9b for the full year 2014. The volume is marginally higher than the same periods last year as a result of a lower conversion volume and negative migration in the Swedish business. New sales are 4% higher than in 2013. Total reserves within unit linked insurance have increased 23% over the last year.

In Norway, Storebrand is the market leader in defined contribution schemes with 30% of the market share of gross premiums written. Higher maximum limits for company savings for employees have contributed to growth in 2014, in addition to an increasing portfolio and wage adjustments. There is strong competition in the market for defined contribution pensions, and Storebrand expects that this will continue.

SPP is the third largest actor in the Swedish unit linked insurance market in the segment Other Occupational Pension with a market share of 14% of new contracts. In 2013, SPP was chosen to be one of several suppliers in the largest pension platform in Sweden (ITP scheme), and this has had a significant positive effect on new sales in 2014. Sales through other sales channels have, however, declined overall, and new sales is at approximately the same level as in 2013.

Savings

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

Insurance

Weaker risk result due to higher incidents of disability. Negative financial result for the quarter, but a satisfactory return for the full year.

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

	2014				2013	1.1 - 31.12	
NOK million	4Q	3Q	2Q	1Q	4Q	2014	2013
Insurance premiums f.o.a.	603	581	585	590	620	2,359	2,360
Claims f.o.a.	-481	-431	-435	-347	-433	-1,693	-1,460
Operational cost	7	-91	-100	-95	-58	-279	-343
Financial result	-44	31	66	63	25	115	102
Result before profit sharing	**85**	**90**	**117**	**210**	**154**	**502**	**658**

Comparative figures have been restated following the change in the segment, see note 4.

Result

In Q4 Insurance delivered a result before amortisation of NOK 85 m (154 m) and 502 m (658 m) for the full year 2014. The combined ratio was 84 % (76 %).

The combined risk result for the quarter was weaker with a loss ratio of 80% (70%), 72% (62%) for the full year 2014. A higher than normal number of new incidents of disability during the quarter reduced the risk result for the life risk products in both Norway and Sweden.

The cost percentage comprised minus 1% (9%) for the 4th quarter, and 12% (15%) for the full year. Transition to a new pension scheme for Storebrand Group employees in Norway has resulted in a positive effect of NOK 96m. Adjusted for non-recurring the cost percentage for the quarter was 15%. To strengthen competitiveness and increase cost efficiency, we are working actively to increase automation, digitization and sourcing of services and utilization of scale benefits of increased volume.

The investment portfolio of Insurance in Norway amounts to NOK 4.3bn, which is primarily invested in fixed income securities with a short to medium duration. The negative financial result in the quarter is explained by increase market value reserves in life insurance company where the insurance funds are invested. For the full year 2014, the portfolio has yielded good returns.

Balance sheet and market trends

Premium for own account amounts to NOK 603m (NOK 620m) for 4th quarter and NOK 2 359m (NOK 2 360m) for the full year.

In the 4th quarter, Storebrand signed an agreement with Akademikerne [Federation of Norwegian Professional Associations] to provide insurance for 11 out of 13 of the federation's organizations. The agreement encompasses approximately 110,000 members, and it ensures Storebrand of a solid position in the organizational market. The contract entered into force on 1 January 2015 and will make a positive contribution to future growth.

Premium income increased 5% in the retail market, compared with the corresponding quarter last year.

For risk cover in connection with defined contribution pensions in Norway, growth is expected in future that is driven by conversions from defined benefit to defined contribution pensions. Changes in the regulatory framework may result in changes in the future premium volume. In addition, competition is strong with increasing pressure on the margins. In Sweden, the disability trend has been downward for a long period of time, which has led to reduced premiums in general.

Insurance - Key figures

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

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

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

Guaranteed pension

Quarter marked by special effects in the risk and profit sharing result

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

Guaranteed pension

	2014				2013	Full year	
NOK million	4Q	3Q	2Q	1Q	4Q	2014	2013
Fee and administration income	457	471	439	474	535	1,842	2,013
Risk result life & pensions	331	26	48	78	16	483	7
Operational cost	-84	-275	-281	-281	-199	-921	-1,016
Financial result	-	-	-	-	-	-	-
Result before profit sharing and loan losses	705	222	206	272	352	1,404	1,003
Net profit sharing and loan losses	-357	101	197	120	96	61	373
Provision longevity	-121	-90	-90	-90	-	-391	-
Result before amortisation	227	233	313	302	448	1,074	1,376

Comparative figures have been restated following the change in the segment, see note 4.

Fee and administration income has performed throughout 2014 consistent with the fact that a large part of the portfolio is mature and in long-term decline. Income was NOK 457m (NOK 535m) for the 4th quarter and NOK 1,842m (NOK 2,013m) for the full year 2014. In 2014, income fell by 8.5% compared with last year. The reduction in income ispartially attributed, to the fact that Storebrand is exiting insured solutions in the public sector in Norway. After transfers carried out early in 2015, NOK 2.7 billion remains in the reserves in public sector occupational pension schemes.

Operating costs for the quarter have been influenced by positive effects related to changes in the Group's pension scheme[1)].

The risk result was NOK 331m (NOK 16m) for the 4th quarter and NOK 483m (NOK 7m) for the full year. A dissolution of reserves in SPP amounting to NOK 322m was carried out in the 4th quarter. In the Norwegian business, NOK 98m of the risk result that would have normally gone to the risk equalization reserve was allocated to the longevity reserve during the quarter. In addition, a strengthening of the disability reserve was also carried out in the 3rd quarter. The underlying death, disability and longevity risk has been stable during the quarter.

The result from net profit sharing is generated in the Swedish business and amounted to minus NOK 357m in the 4th quarter and NOK 61m for 2014. In the 4th quarter, the profit sharing result was affected negatively by the new mortality assumptions for individual age groups and adjusted for the expected investment income tax. These changes strengthen future financial performance and solvency. This entailed overall a negative contribution to the result from deferred capital contributions of NOK 253m. The underlying profit sharing result for SPP is strong and amounted to NOK 313m for the year. This is attributed to the positive performance of the equity and credit portfolios.

The Norwegian business is prioritizing the build-up of buffers and reserves instead of profit sharing between customers and owners. For the full year, NOK 2,282m of the profit for the year from the financial and risk results has been allocated to strengthening the longevity reserve. NOK 121m has been charged to the result for the owner in the 4th quarter and NOK 391m has been charged for the full year 2014 for increased longevity. A longevity reserve of NOK 31m for paid-up policies as a result of conversion to paid-up policies with investment options has been included in the 4th quarter.

[1)] *The costs have been reduced by NOK 210m as a result of the introduction of a new pension scheme. This is a non-recurring effect for the quarter.*

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. As at the 4th quarter, customer reserves for guaranteed pensions totalled NOK 264bn (NOK 264bn), which represents an increase of NOK 6.8bn overall for the 4th quarter and a flat performance for 2014. Transfers from guaranteed pensions totaled NOK 14.2bn (NOK 9.0bn) for the full year, and they took place primarily in the 1st and 3rd quarters in connection with migration in the public sector in Norway. From the 4th quarter of 2014, the customers were given an offer to convert from paid-up policies to paid-up policies with investment choice, and insurance reserves of NOK 0.9bn were converted by the end of 2014. The premium income for the 4th quarter was NOK 1.6bn (NOK 1.9bn) and NOK 9.9bn (NOK 10.9bn) for the full year, which corresponds to a decline of 10% in 2014.

Guaranteed pension - Key figures

	2014				2013
NOK million	4Q	3Q	2Q	1Q	4Q
Guaranteed reserves	264,290	257,425	263,370	259,799	264,125
Guaranteed reserves in % of total reserves	71.5%	73.3%	73.9%	74.9%	75.6%
Transfer out of guaranteed reserves	1,496	5,506	104	7,095	816
Buffer capital in % of customer reserves Storebrand	6.6%	4.8%	4.6%	4.2%	4.8%
Buffer capital in % of customer reserves SPP	11.7%	15.0%	15.1%	14.6%	15.1%

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

Other

	2014				2013	1.1 - 31.12	
NOK million	4Q	3Q	2Q	1Q	4Q	2014	2013
Fee and administration income	59	37	30	30	30	156	116
Risk result life & pensions	2	4	3	-1	-2	8	3
Operational cost	-7	-19	-17	-17	-17	-60	-66
Financial result	50	60	101	73	13	283	59
Result before profit sharing	104	82	117	84	24	387	111
Net profit sharing and loan losses	-3	-2	-1	-3	-2	-10	-7
Result before amortisation	101	79	116	81	22	377	105

The operating costs for the segment have been reduced compared to the same period last year. The reduction is related to disposable cost effects related to the Group's transition to defined contribution pensions for its own employees.

The financial result for the Other includes the net return from the company portfolios of SPP and Storebrand Livsforsiking 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. he company portfolios comprised NOK 19.8bn at the end of the 4th quarter. The investments are primarily in short-term interest-bearing securities in Norway and Sweden.

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

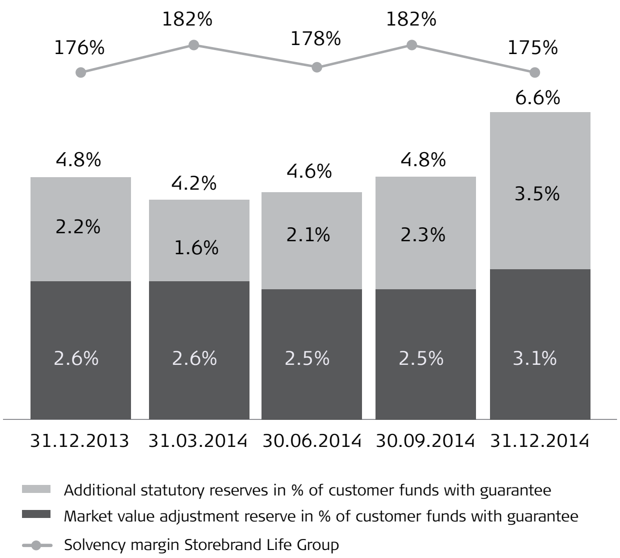
The Storebrand Life Insurance Group's solvency margin was 175% at the end of the quarter. This represents a decline of 6.8 percentage points during the quarter. This decline is attributed primarily to the fall in long-term interest rates in Sweden, as well as the exclusion of a subordinated loan of SEK 700m from the solvency capital. The Swedish Financial Supervisory Authority decided on 5 December to withdraw permission to include a subordinated loan of SEK 700m in the solvency capital. Storebrand has appealed this decision to the Administrative Court of Appeals in Sweden. Until a final decision has been made, the loan cannot be included as primary capital. If Storebrand is successful in its appeal, the solvency margin will be strengthened by approximately 5 percentage points. Growth in additional statutory reserves and the quarterly result have had a positive effect on the solvency margin during the quarter.

The solvency margin declined 1.4 percentage points during the year. The main reason for this weakening occurred during the fourth quarter and is attributed to the exclusion of the loan granted by SPP and falling interest rates in Sweden. A fall in the interest rate level increases the insurance liabilities in the solvency calculations.

Capital adequacy and core (tier 1) capital adequacy for the Storebrand Group at the end of the 4th quarter were 13.0% and 10.3%, respectively, a decrease of 0.3% and increase of 0.1%, respectively, during the quarter.

The solvency capital1) comprised NOK 64.7bn at the end of the 4th quarter of 2014, an increase of NOK 2.8bn during the 4th quarter and NOK 10.6bn for the year as a result, among other things, of increased customer buffers and the profit for the year. The conditional bonus declined by NOK 1.8bn.

Solidity

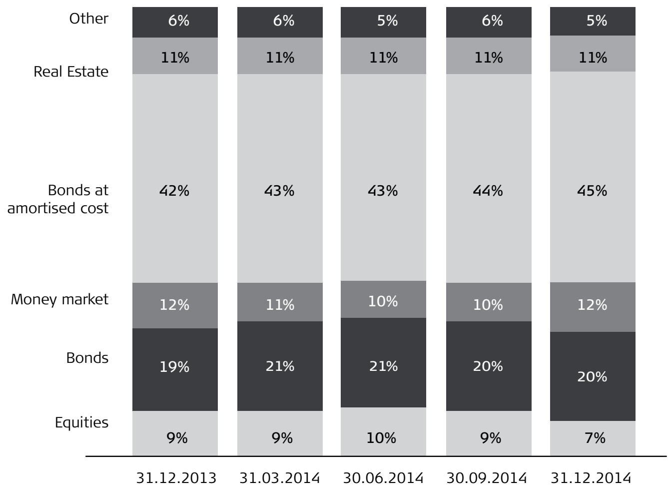


Storebrand Livsforsikring AS

The additional statutory reserves totaled NOK 5.1bn at the end of the year, which is an increase of NOK 0.7bn for the year that is attributed primarily to allocation of the profit for the year. Excess value of held-to-maturity bonds that are assessed at amortised cost increased NOK 8.2bn during the year and totaled NOK 13.4bn as at 31 December. The excess value of held-to-maturity bonds is not included in the financial statements. The longevity reserves as at 31 December 2014 totaled NOK 4.5bn and are not included in the solvency capital.

Customer assets increased by NOK 3.2bn during the 4th quarter and NOK 4.4bn for the full year and amounted to NOK 218bn at the end of the 4th quarter of 2014. Customer assets within nonguaranteed savings increased by NOK 3.3bn during the 4th quarter and NOK 7.8bn for the full year 2014 and total NOK 42bn.

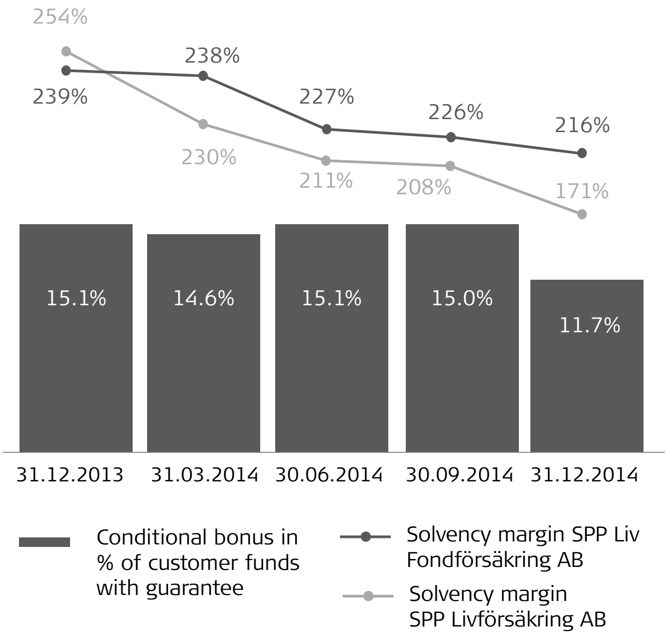
Asset allocation in customer portfolios with interest rate guarantee



[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

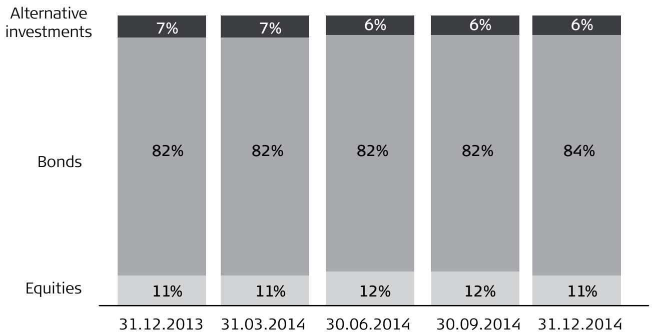
Solidity



The solvency margin of SPP Livförsäkring AB was 171% (254%) and 216% (239%) in SPP Liv Fondförsäkring AB at the end of the year. The solvency margin of SPP Livförsäkring AB weakened from 254% to 208% during the year, compared with the 4th quarter of 2013. Lower interest rates and changes in the capital base are the reason for this, in addition to a group contribution of SEK 0.6bn in the 4th quarter, which has contributed to a reduction of the solvency.

The buffer capital (conditional bonus) declined during the quarter and totals SEK 9.5bn.

Allocation guaranteed customer assets Sweden



Total customer assets in SPP were NOK 151bn in the 4th quarter, an increase of 11% during the quarter. Non-guaranteed customer assets increased 15% to NOK 63.4bn during the quarter.

Outlook

Earnings performance

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

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

Conversions from defined benefit to defined contribution pensions result in an issuance of paid-up policies which reduces the group's earnings. Termination of activities related to defined benefit pensions for the public sector and commercial lending, is expected to negatively affect income in a transition period.

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

Storebrand is going through a period with large changes to the regulatory framework and in the marked for life and pensions. The sale has been good and the customers have had a good performance on their pension assets. Storebrand has implemented a cost program over recent years which has reduced the group's annual costs by NOK 400m. Cost reductions and adaption of the business have made a solid foundation for profitable growth going forward.

Risk

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

Regulatory changes

Act on financial undertakings and financial groups

The Ministry of Finance introduced a bill for a new Act on financial undertakings and financial groups in June 2014. The Storting is expected to consider and adopt this bill in the first quarter of 2015.

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

Solvency II

The new European solvency regulations enter into force on 1 January 2016 and apply to all the insurance companies in the EU and EEA. In the autumn of 2014, the Financial Supervisory Authority of Norway announced its recommendations for the use of the permanent measures and transitional rules in the Omnibus II Directive to facilitate adaptation to Solvency II for products with long guarantees. The directive recommends a yield curve spread to discount insurance liabilities (volatility adjustment) and a transitional period of 16 years with regard to the valuation of insurance liabilities. This transitional rule entails that an increase in the insurance liabilities as a result of Solvency II can be phased in on a linear basis over a period of maximum 16 years. This transitional rule should ease the transition to Solvency II for companies with long-term guaranteed annual returns, and it will have a significantly positive effect on paid-up policies. The Financial Supervisory Authority of Norway has prepared draft regulations that the Ministry of Finance has circulated for consultative comments until 20 March 2015. The final regulations will be issued by the Ministry of Finance.

New regulations for disability pensions

Before Christmas, the Ministry of Finance introduced a bill to establish new rules for disability pensions in the occupational pension schemes in the private sector. It is expected that the bill will be considered by the Storting in the spring of 2015 and that new regulations will enter into force by the end of 2015. The new disability product will give the right to a disability pension regardless of earnings after the period of service, as opposed to the current regulations. Upon resignation and termination of employment, the right to a paid-up policy with disability benefits will be cancelled unless this is agreed. The National Insurance disability benefit constitutes 66% of income up to 6 G. The Ministry of Finance proposes that company-paid disability pensions can also account for up to 3% of employment income up to 12 G, in addition to a supplement of 0.25 G limited to 6% of the member's pay basis. As in the National Insurance scheme, it introduces curtailment for earned income over 0.4 G. In addition, it is planned that prior accrued rights, both from the public sector and the private sector, will be coordinated with the new disability pension.

Lysaker, 10 February 2015

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT

	Q4		1.1 - 31.12	
NOK million	2014	2013	2014	2013[1)]
TECHNICAL ACCOUNT:				
Gross premiums written	4,777	4,542	22,106	23,106
Reinsurance premiums ceded	-10	-14	-76	-86
Premium reserves transferred from other companies	588	920	2,434	4,962
Premiums for own account	**5,355**	**5,447**	**24,464**	**27,982**
Income from investments in subsidiaries, associated companies and joint-controlled companies	10	10	24	29
Interest income and dividends etc. from financial assets	1,517	1,647	8,149	7,612
Net operating income from real estate	323	242	1,127	1,139
Changes in investment value	3,154	2,740	8,573	739
Realised gains and losses on investments	570	-663	4,303	27
Total net income from investments in the collective portfolio	**5,574**	**3,976**	**22,176**	**9,546**
Income from investments in subsidiaries, associated companies and joint-controlled companies	1		1	
Interest income and dividends etc. from financial assets	332	309	249	305
Net operating income from real estate	24	17	62	81
Changes in investment value	4,562	3,270	11,032	9,996
Realised gains and losses on investments	-224	561	904	785
Total net income from investments in the investment selection portfolio	**4,694**	**4,157**	**12,248**	**11,167**
Other insurance related income	**460**	**395**	**1,739**	**1,394**
Gross claims paid	-4,472	-4,486	-18,097	-18,533
Claims paid - reinsurance	4	19	10	42
Gross change in claims reserve	-111	41	-122	9
Premium reserves etc. transferred to other companies	-1,988	-1,280	-17,176	-10,889
Claims for own account	**-6,567**	**-5,705**	**-35,386**	**-29,372**
To (from) premium reserve, gross	-4,801	-19	-2,450	5,926
To/from additional statutory reserves	-851	604	-710	1,047
Change in value adjustment fund	-2,002	-2,062	-1,992	-2,796
Change in premium fund, deposit fund and the pension surplus fund	-12	4	-14	-23
To/from technical reserves for non-life insurance business	37	22	-29	-57
Change in conditional bonus	2,743	-497	3,487	-1,924
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/ pension funds	-9	71	-4	106
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**-4,897**	**-1,876**	**-1,711**	**2,278**
Change in premium reserve	-7,019	-5,599	-18,735	-18,079
Change in other provisions		-133		-133
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-7,019**	**-5,732**	**-18,735**	**-18,212**
Profit on investment result	-120		-120	
Risk result allocated to insurance contracts	-46		-46	
Other allocation of profit	-21		-25	-3
Uanallocated profit	3,552	636		
Funds allocated to insurance contracts	**3,365**	**636**	**-190**	**-3**

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT CONTINUE

	Q4		01.01 - 31.12	
NOK million	2014	2013	2014	2013[1]
Management expenses	-92	-119	-386	-360
Selling expenses	-324	-200	-719	-589
Change in pre-paid direct selling expenses		4	2	19
Insurance-related administration expenses (incl. commissions for reinsurance received)	120	-203	-1,095	-1,375
Insurance-related operating expenses	**-296**	**-518**	**-2,198**	**-2,305**
Other insurance related expenses	**-239**	**-153**	**-459**	**-262**
Technical insurance result	**430**	**627**	**1,949**	**2,213**
NON-TECHNICAL ACCOUNT				
Income from investments in subsidiaries, associated companies and joint-controlled companies	5	-1	15	74
Interest income and dividends etc. from financial assets	94	117	439	442
Net operating income from real estate	24	17	62	65
Changes in investment value	-3	17	60	26
Realised gains and losses on investments	28	-51	187	-17
Net income from investments in company portfolio	**148**	**99**	**763**	**590**
Other income	**173**	**-6**	**510**	**426**
Management expenses	-10	-10	-37	-35
Other costs	-310	-94	-1,185	-1,134
Management expenses and other costs linked to the company portfolio	**-320**	**-104**	**-1,222**	**-1,169**
Profit or loss on non-technical account	**1**	**-11**	**50**	**-152**
Profit before tax	**431**	**616**	**1,999**	**2,061**
Tax costs	**-12**	**-118**	**-359**	**-70**
Profit before other comprehensive income	**420**	**498**	**1,640**	**1,992**
Change in pension experience adjustments	-330	3	-344	10
Change in value adjustment reserve own buildings		95	51	154
Profit/loss cash flow hedging	168		168	
Adjustment of insurance liabilities	30	-95	-22	-154
Tax on other result elements not to be classified to profit/loss	32	12	32	12
Total other result elements not to be classified to profit/loss	**-101**	**15**	**-115**	**22**
Translation differences	647	76	136	840
Total other result elements that may be classified to profit /loss	**647**	**76**	**136**	**840**
Total other result elements	**546**	**91**	**22**	**862**
TOTAL COMPREHENSIVE INCOME	**965**	**589**	**1,661**	**2,854**
PROFIT IS DUE TO:				
Minority share of profit	10	4	24	17
Majority share of profit	410	494	1,616	1,973
COMPREHENSIVE INCOME IS DUE TO:				
Minority share of profit	18	5	28	30
Majority share of profit	947	584	1,634	2,824

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

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION

NOK million	31.12.2014	31.12.2013[1)]	01.01.2013[1)]
ASSETS			
ASSETS IN COMPANY PORTFOLIO			
Goodwill	808	798	724
Other intangible assets	4,583	4,882	4,754
Total intangible assets	**5,391**	**5,679**	**5,478**
Real estate at fair value	4,456	3,581	3,470
Real estate for own use	68	66	58
Equities and units in subsidiaries, associated companies and joint-controlled companies	243	205	121
Loans to and securities issued by subsidiaries, associated companies			69
Lendings	2	3	4
Bonds held to maturity		347	222
Bonds at amortised cost	1,877	1,510	1,156
Equities and other units at fair value	95	74	44
Bonds and other fixed-income securities at fair value	20,410	17,439	15,716
Derivatives at fair value	966	364	255
Other financial assets	217	305	126
Total investments	**28,335**	**23,895**	**21,242**
Reinsurance share of insurance obligations	**124**	**142**	**144**
Receivables in connection with direct business transactions	3,554	2,722	101
Receivables in connection with reinsurance transactions	3	28	7
Receivables with group company	21	28	23
Other receivables	793	1,472	3,653
Total receivables	**4,372**	**4,249**	**3,783**
Tangible fixed assets	408	419	388
Cash, bank	4,568	3,517	2,938
Tax assets			38
Minority interest in consolidated securities funds	4,109	690	1,044
Other assets designated according to type	710	690	599
Total other assets	**9,796**	**5,317**	**5,008**
Pre-paid direct selling expenses	509	510	443
Other pre-paid costs and income earned and not received	125	101	90
Total pre-paid costs and income earned and not received	**634**	**611**	**533**
Total assets in company portfolio	**48,652**	**39,893**	**36,188**
ASSETS IN CUSTOMER PORTFOLIO			
Real estate at fair value	20,392	19,409	23,541
Real estate for own use	2,430	2,322	2,066
Equities and units in subsidiaries, associated companies and joint-controlled companies	40	34	115
Loans to and securities issued by subsidiaries, associated companies	11	186	597
Bonds held to maturity	15,131	14,773	10,496
Bonds at amortised cost	64,136	63,919	54,557
Lendings	4,679	3,436	3,702
Equities and other units at fair value	35,108	34,629	27,152
Bonds and other fixed-income securities at fair value	134,957	133,203	139,040
Financial derivatives at fair value	4,669	1,048	2,575
Other financial assets	3,148	3,357	3,462
Total investments in collective portfolio	**284,702**	**276,316**	**267,304**

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	31.12.2014	31.12.2013[1)]	1.1.2013[1)]
Real estate at fair value	1,571	1,447	1,952
Real estate for own use	84	103	107
Lendings		73	140
Equities and other units at fair value	83,226	67,984	51,383
Bonds and other fixed-income securities at fair value	22,619	21,871	18,799
Financial derivatives at fair value	45	81	169
Other financial assets	260	262	397
Total investments in investment selection portfolio	**107,805**	**91,821**	**72,946**
Total assets in customer portfolio	**392,508**	**368,136**	**340,250**
TOTAL ASSETS	**441,160**	**408,029**	**376,439**
EQUITY AND LIABILITIES			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Total paid in equity	**13,251**	**13,251**	**13,251**
Risk equalisation fund	829	776	640
Other earned equity	7,433	5,844	3,223
Minority's share of equity	421	402	388
Total earned equity	**8,683**	**7,022**	**4,251**
Perpetual subordinated loan capital	2,830	2,787	5,142
Dated subordinated loan capital	2,991	2,540	
Hybrid tier 1 capital	1,503	1,502	1,502
Total subordinated loan capital and hybrid tier 1 capital	**7,324**	**6,829**	**6,643**
Premium reserves	257,358	250,567	245,333
Additional statutory reserves	5,118	4,279	5,489
Market value adjustment reserve	5,814	3,823	1,027
Claims allocation	1,016	891	837
Premium fund, deposit fund and the pension surplus fund	3,047	3,184	3,394
Conditional bonus	11,281	14,167	11,264
Unallocated profit to insurance contracts	3,552		
Other technical reserve	627	616	561
Total insurance obligations in life insurance - contractual obligations	**284,261**	**277,526**	**267,905**
Premium reserve	107,103	91,887	72,751
Claims allocation	1	1	1
Additional statutory reserves		179	257
Premium fund, deposit fund and the pension surplus fund		330	487
Total insurance obligations in life insurance - investment portfolio separately	**107,103**	**92,396**	**73,495**
Pension liabilities etc.	287	575	839
Period tax liabilities	1,736	1,441	1,377
Other provisions for liabilities	67	108	115
Total provisions for liabilities	**2,090**	**2,123**	**2,331**

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	31.12.2014	31.12.2013[1]	1.1.2013[1]
Liabilities in connection with direct insurance	2,338	1,353	1,317
Liabilities in connection with reinsurance	31	36	4
Financial derivatives	4,279	2,122	755
Liabilities to group companies	22	13	14
Minority interest in consolidated securities funds	4,109	690	1,044
Other liabilities	7,051	4,233	4,950
Total liabilities	**17,831**	**8,447**	**8,085**
Other accrued expenses and received, unearned income	616	435	478
Total accrued expenses and received, unearned income	**616**	**435**	**478**
TOTAL EQUITY AND LIABILITIES	**441,160**	**408,029**	**376,439**

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

RECONCILIATION OF CHANGE IN EQUITY

	Majority's share of equity						
NOK million	Share capital	Share premium	Total paid in equity	Risk equ-alisation fund	Other equity[1]	Minority interests	Total equity[2]
Equity at 31.12.2012	**3,540**	**9,711**	**13,251**	**640**	**3,223**	**388**	**17,502**
Profit for the period				136	1,837	19	1,992
Total other profit elements					852	11	862
Total comprehensive income for the period				**136**	**2,689**	**30**	**2,854**
Equity transactions with owner:							
Group contributions					-85	-27	-112
Other					17	13	30
Equity at 31.12.2013	**3,540**	**9,711**	**13,251**	**776**	**5,844**	**402**	**20,273**
Profit for the period				53	1,563	24	1,640
Total other profit elements					18	4	22
Total comprehensive income for the period				**53**	**1,581**	**28**	**1,661**
Equity transactions with owner:							
Group contributions						-2	-2
Other					8	-7	1
Equity at 31.12.2014	**3,540**	**9,711**	**13,251**	**829**	**7,432**	**421**	**21,933**

[1] Includes undistributable funds in security reserves amounting NOK 154 million.
[2] As a result of the change in accounting principles, the comparative figures are restated. See details in Note 1 Accounting Principles.

Storebrand Livsforsikring

CASH FLOW ANALYSIS 1. JANUARY - 31. DECEMBER

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
2013	2014	NOK million	2014	2013
		Cash flow from operational activities		
22,142	21,945	Net received - direct insurance	14,964	15,393
-18,440	-19,957	Net claims/benefits paid - direct insurance	-12,644	-12,153
-751	-14,742	Net receipts/payments - policy transfers	-11,634	373
-2,599	-2,197	Net receipts/payments operations	-1,033	-1,591
-2,920	3,705	Net receipts/payments - other operational activities	888	-147
-2,568	**-11,247**	**Net cash flow from operational activities before financial assets**	**-9,460**	**1,874**
-831	-1,170	Net receipts/payments - lendings to customers	-1,243	-831
2,350	15,963	Net receipts/payments - financial assets	11,990	-508
728	-850	Net receipts/payments - real estate activities		
1,588	210	Net change bank deposits insurance customers	601	66
3,835	**14,153**	**Net cash flow from operational activities from financial assets**	**11,347**	**-1,273**
1,267	**2,907**	**Net cash flow from operational activities**	**1,888**	**602**
		Cash flow from investment activities		
	-1,585	Net payments - sale/purchase of insurance portfolios		
-173	131	Net payments - purchase/capitalisation associated companies		-523
-130	-100	Net receipts/payments - sale/purchase of fixed assets	-33	-47
-303	**-1,554**	**Net cash flow from investment activities**	**-33**	**-570**
		Cash flow from financing activities		
-930	1,765	Payment of subordinated loan capital	1,094	
550		Payment of issued share capital		550
	-1,700	Repayment of subordinated loan capital		
-382	-453	Payments - interest on subordinated loan capital	-1,700	-382
-226	-2	Payment of group contributions	*-453*	*-200*
-988	**-390**	**Net cash flow from financing activities**	**-1,059**	**-32**
-24	*962*	**Net cash flow for the period**	*797*	*0*
-3,859	-13,191	of which net cash flow for the period before financial assets	-10,551	1,723
-24	962	Net movement in cash and cash equivalent assets	797	*0*
3,088	3,823	Cash and cash equivalent assets at start of the period	1,540	1,517
3,064	**4,785**	**Cash and cash equivalent assets at the end of the period**	**2,336**	**1,517**

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT

	Q4		01.01 - 31.12	
NOK million	2014	2013	2014	2013
TECHNICAL ACCOUNT:				
Gross premiums written	3,216	2,948	15,495	15,918
Reinsurance premiums ceded	-3		-25	-22
Premium reserves transferred from other companies	329	426	1,088	3,010
Premiums for own account	**3,542**	**3,374**	**16,559**	**18,906**
Income from investments in subsidiaries, associated companies and joint-controlled companies	732	161	1,549	952
of which from investment in real estate companies	968	188	1,481	733
Interest income and dividends etc. from financial assets	768	820	5,497	4,452
Changes in investment value	2,057	2,028	1,986	2,764
Realised gains and losses on investments	-628	-457	2,067	-206
Total net income from investments in the collective portfolio	**2,930**	**2,553**	**11,100**	**7,962**
Income from investments in subsidiaries, associated companies and joint-controlled companies	49	11	92	68
of which from investment in real estate companies	65	15	91	56
Interest income and dividends etc. from financial assets	326	305	236	287
Changes in investment value	1,218	784	2,373	3,319
Realised gains and losses on investments	-290	540	792	771
Total net income from investments in the investment selection portfolio	**1,303**	**1,640**	**3,492**	**4,445**
Other insurance related income	**66**	**57**	**256**	**217**
Gross claims paid	-2,467	-2,780	-10,468	-11,809
Claims paid - reinsurance	1	15	8	30
Gross change in claims reserve	-112	30	-132	-3
Premium reserves etc. transferred to other companies	-1,385	-489	-12,722	-7,585
Claims for own account	**-3,963**	**-3,223**	**-23,315**	**-19,367**
To (from) premium reserve, gross	-586	-325	5,141	120
To/from additional statutory reserves	-853	940	-710	1,047
Change in value adjustment fund	-2,002	-2,062	-1,992	-2,796
Change in premium fund, deposit fund and the pension surplus fund	-12	4	-14	-23
To/from technical reserves for non-life insurance business	45	27	-33	-63
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	-9	71	-4	106
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**-3,418**	**-1,344**	**2,389**	**-1,610**
Change in premium reserve	-3,312	-2,329	-7,788	-7,459
Change in other provisions		-133		-133
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-3,312**	**-2,462**	**-7,788**	**-7,593**
Profit on investment result	-120		-120	
Risk result allocated to insurance contracts	-46		-46	
Other allocation of profit	-19	-85	-19	-85
Uanallocated profit	3,552	636		
Funds allocated to insurance contracts	**3,367**	**552**	**-185**	**-85**

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT CONTINUE

	Q4		01.01 - 31.12	
NOK million	2014	2013	2014	2013
Management expenses	-36	-35	-134	-134
Selling expenses	-95	-128	-312	-351
Insurance-related administration expenses (incl. commissions for reinsurance received)	134	-24	-587	-688
Insurance-related operating expenses	**2**	**-187**	**-1,033**	**-1,173**
Other insurance related expenses after reinsurance share	**-233**	**-131**	**-434**	**-204**
Technical insurance result	**284**	**828**	**1,041**	**1,498**
NON-TECHNICAL ACCOUNT				
Income from investments in subsidiaries, associated companies and joint-controlled companies	33	265	-196	251
of which from investment in real estate companies	48	9	74	34
Interest income and dividends etc. from financial assets	182	188	699	659
Changes in investment value	-22	19	21	11
Realised gains and losses on investments	24	3	125	35
Net income from investments in company portfolio	**217**	**476**	**649**	**956**
Other income	**7**	**4**	**26**	**26**
Management expenses	-3	-3	-13	-11
Other costs	-140	-85	-442	-468
Total management expenses and other costs linked to the company portfolio	**-144**	**-88**	**-456**	**-479**
Profit or loss on non-technical account	**80**	**392**	**219**	**503**
Profit before tax	**364**	**1,220**	**1,260**	**2,001**
Tax costs	**56**	**-207**	**-279**	**-57**
Profit before other comprehensive income	**420**	**1,013**	**981**	**1,944**
Change in pension experience adjustments	-264	-51	-264	-51
Profit/loss cash flow hedging	168		168	
Adjustment of insurance liabilities	29		29	
Tax on other result elements not to be classified to profit/loss	18	12	18	13
Total other result elements not to be classified to profit/loss	**-49**	**-39**	**-49**	**-38**
Translation differences	2	-1	-3	-2
Total other result elements that may be classified to profit /loss	**2**	**-1**	-3	-2
Total other result elements	**-47**	**-39**	-51	-40
TOTAL COMPREHENSIVE INCOME	**373**	**973**	**930**	**1,904**

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION

NOK million	31.12.2014	31.12.2013
ASSETS		
ASSETS IN COMPANY PORTFOLIO		
Other intangible assets	176	144
Total intangible assets	**176**	**144**
Equities and units in subsidiaries, associated companies and joint-controlled companies	10,193	10,482
of which investment in real estate companies	1,013	1,268
Loans to and securities issued by subsidiaries, associated companies	6,728	7,351
Lendings	2	3
Bonds held to maturity		347
Bonds at amortised cost	1,877	1,510
Equities and other units at fair value	63	50
Bonds and other fixed-income securities at fair value	8,451	6,888
Derivatives at fair value	964	362
Other financial assets	177	259
Total investments	**28,454**	**27,253**
Reinsurance share of insurance obligations	**143**	**163**
Receivables in connection with direct business transactions	3,204	2,682
Receivables in connection with reinsurance transactions	3	28
Receivables with group company	24	97
Other receivables	180	629
Total receivables	**3,411**	**3,436**
Tangible fixed assets	20	35
Cash, bank	2,159	1,280
Total other assets	**2,178**	**1,316**
Other pre-paid costs and income earned and not received	15	31
Total pre-paid costs and income earned and not received	**15**	**31**
Total assets in company portfolio	**34,378**	**32,343**
ASSETS IN CUSTOMER PORTFOLIOS		
Equities and units in subsidiaries, associated companies and joint-controlled companies	20,185	20,285
of which investment in real estate companies	19,462	28,948
Bonds held to maturity	15,131	14,773
Bonds at amortised cost	64,136	63,919
Lendings	4,679	3,436
Equities and other units at fair value	21,884	19,716
Bonds and other fixed-income securities at fair value	53,118	54,195
Financial derivatives at fair value	246	161
Other financial assets	1,206	1,769
Total investments in collective portfolio	**180,586**	**178,253**

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	31.12.2014	31.12.2013
Equities and units in subsidiaries, associated companies and joint-controlled companies	1,721	1,600
of which investment in real estate companies	1,721	1,587
Lendings		73
Equities and other units at fair value	23,367	18,803
Bonds and other fixed-income securities at fair value	17,250	17,846
Financial derivatives at fair value	45	81
Other financial assets	189	227
Total investments in investment selection portfolio	**42,573**	**38,630**
Total assets in customer portfolios	**223,159**	**216,883**
TOTAL ASSETS	**257,537**	**249,227**
EQUITY AND LIABILITIES		
Share capital	3,540	3,540
Share premium	9,711	9,711
Total paid in equity	**13,251**	**13,251**
Risk equalisation fund	829	776
Other earned equity	6,946	6,069
Total earned equity	**7,774**	**6,845**
Perpetual subordinated loan capital	2,163	2,787
Dated subordinated loan capital	2,991	2,540
Hybrid tier 1 capital	1,503	1,502
Total subordinated loan capital and hybrid tier 1 capital	**6,656**	**6,829**
Premium reserves	165,374	165,873
Additional statutory reserves	5,118	4,279
Market value adjustment reserve	5,814	3,823
Claims allocation	895	763
Premium fund, deposit fund and the pension surplus fund	3,047	3,184
Other technical reserve	799	786
Total insurance obligations in life insurance - contractual obligations	**181,048**	**178,708**
Premium reserves	41,892	38,700
Claims allocation	1	1
Additional statutory reserves		179
Premium fund, deposit fund and the pension surplus fund		330
Total insurance obligations in life insurance - investment portfolio separately	**41,893**	**39,209**

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	31.12.2014	31.12.2013
Pension liabilities etc.	174	432
Period tax liabilities	1,449	1,190
Other provisions for liabilities	63	63
Total provisions for liabilities	**1,686**	**1,685**
Liabilities in connection with direct insurance	1,497	846
Liabilities in connection with reinsurance		2
Financial derivatives	3,023	438
Liabilities to group companies	10	6
Other liabilities	374	1,160
Total liabilities	**4,905**	**2,453**
Other accrued expenses and received, unearned income	324	248
Total accrued expenses and received, unearned income	**324**	**248**
TOTAL EQUITY AND LIABILITIES	**257,537**	**249,227**

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING AS

NOK million	Share capital [1]	Share premium	Total paid in equity	Risk equalisation fund	Other equity	Total equity
Equity at 31.12.2012	**3,540**	**9,711**	**13,251**	**640**	**4,301**	**18,192**
Profit for the period				136	1,809	1,944
Total other profit elements					-40	-40
Total comprehensive income for the period				**136**	**1,768**	**1,904**
Equity at 31.12.2013	**3,540**	**9,711**	**13,251**	**776**	**6,069**	**20,096**
Profit for the period				53	928	981
Total other profit elements					-51	-51
Total comprehensive income for the period				**53**	**877**	**930**
Equity at 31.12.2014	**3,540**	**9,711**	**13,251**	**828**	**6,946**	**21,025**

[1] *35 404 200 shares of NOK 100 par value.*

Notes to the interim accounts

NOTE 1: 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 2013 annual report, and the interim financial statements are prepared with respect to these accounting policies with the exceptions discussed in more detail below.

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

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

IFRS 10 establishes a model for evaluating control that will apply to all companies, and the content of the control concept has changed in IFRS 10 in relation to IAS 27 and will entail an increased degree of assessment of units that are controlled by the company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

Changes to other accounting standards
There are also other amendments to the IFRS regulations with effect from, or that can voluntary be applied from 1 January 2014. These changes have not had any material impact on Storebrand's interim financial statements.

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

	Q4 2013			Year 2013		
NOK million	Reported	Effect IFRS 10	Revised figures	Reported	Effect IFRS 10	Revised figures
Net operating income from real estate	15	2	17	54	11	65
Profit or loss on non-technical account	**-13**	**2**	**-11**	**-163**	**11**	**-152**
Profit before tax		**2**	**2**	**2,050**	**11**	**2,061**

Notes to the interim accounts

Statement of financial position

NOK million	01.01.13 Reported	01.01.13 Effect IFRS 10	01.01.13 Revised figures	31.12.13 Reported	31.12.13 Effect IFRS 10	31.12.13 Revised figures
Real estate at fair value - company portfolio	1,208	2,262	3,470	1,084	2,497	3,581
Real estate at fair value - collective portfolio	25,401	-1,860	23,541	21,478	-2,068	19,409
Real estate at fair value - investment selection portfolio	2,114	-162	1,952	1,614	-167	1,447
Minority interest in consolidated securities funds		1,044	1,044		690	690
Total assets	**375,155**	**1,284**	**376,439**	**407,078**	**952**	**408,029**
Equity and liabilities						
Minority interests	148	240	388	141	262	403
Total equity	**17,262**	**240**	**17,502**	**20,011**	**262**	**20,273**
Minority interest in consolidated securities funds		1,044	1,044		690	690
Total equity and liabilities	**375,155**	**1,284**	**376,439**	**407,078**	**952**	**408,029**

NOTE 2: ESTIMATES

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

Actual results may differ from these estimates.

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

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

In accordance with the accounting standard IFRS 4 Insurance Contracts, the insurance liabilities that are included shall be adequate and a liability adequacy test shall be performed. The Norwegian insurance liabilities are calculated in accordance with special Norwegian rules, including the Insurance Activity Act and regulations. For the Norwegian life insurance liabilities a test is performed at a general level by conducting an analysis based on the Norwegian premium reserve principles. The established analysis is based on 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 2014, and they have thus no impact on the financial statements for 2014. There will be uncertainty related to the valuation of these capitalised values and the value of related technical insurance reserves.

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

In the Norwegian life insurance activities, a significant share of the insurance contracts have 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. 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 estimates and valuations may entail a change in the return on the customer portfolios. Depending on the size of any impairment in value, such impairment may be offset by a reduction in the conditional bonus, so that the effect on the owner's result may be limited. If the value of the individual insurance contract is higher than the associated customer assets, the owner will have to cover the deficient capital.

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

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

Key elements included in valuations that require professional judgement are:
- Market rent and vacancy trends
- Quality and duration of rental income
- Owners' costs
- Technical standard and any need for upgrading
- Discount rates for both certain and uncertain cash flows, as well as residual value

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

Notes to the interim accounts

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

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

The strengthening of reserves for increased longevity is charged directly to the results with NOK 391 million in 2014 and indirectly by means of lost profit sharing amounting to NOK 229 million.

[1] *Amounts in NOK mill.*

NOTE 3: STRENGTHENING LONGEVITY RESERVES FOR STOREBRAND LIFE INSURANCE

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 4: SEGMENTS – RESULT BY BUSINESS AREA

Changes in accounting policies and segment reporting
Beginning 1 January 2014, certain follow-ups including sickness insurance, one-year life assurance and survivor insurance at SPP have been transferred from the Guaranteed Pension segment to Insurance.

Savings
Consists of products that include long-term saving for retirement with no explicit long-term interest rate guarantees. The area includes fundbased insurance (Unit Linked and defined contribution pensions) to individuals and companies in Norway and Sweden and management companies Storebrand Eiendom AS, SPP Fonder AB and Storebrand Realinvesteringer AS.

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

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

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

Reconciliation 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.

Notes to the interim accounts

NOK million	Q4 2014	Q4 2013	1.1 - 31.12 2014	1.1 - 31.12 2013
Savings	115	89	426	298
Insurance	85	154	502	658
Guaranteed pension	227	448	1,074	1,376
Other	101	22	377	105
Group result before amortisation	**527**	**713**	**2,379**	**2,437**
Amortisation intangible assets	-96	-96	-380	-375
Pre-tax profit	**431**	**617**	**1,999**	**2,061**

Segment information as of Q4

	Savings		Insurance		Guaranteed pension	
NOK million	2014	2013	2014	2013	2014	2013
Fee and administration income	329	268			471	491
Risk result life & pensions	7				26	-31
Insurance premiums f.o.a.			581	597		
Claims f.o.a.			-431	-262		
Operational cost	-195	-190	-91	-94	-275	-272
Financial result			31	28		
Result before profit sharing	**142**	**78**	**90**	**268**	**222**	**188**
Net profit sharing		1			101	105
Provision longevity					-90	
Result before amortisation	**141**	**78**	**90**	**268**	**233**	**293**
Amortisation of intangible assets						
Pre-tax profit	**141**	**78**	**90**	**268**	**233**	**293**

	Other		Storebrand Livsforsikring Group	
NOK million	2014	2013	2014	2013
Fee and administration income	37	28	838	787
Risk result life & pensions	4	-4	37	-35
Insurance premiums f.o.a.			581	597
Claims f.o.a.			-431	-262
Operational cost	-19	-17	-580	-574
Financial result	60	71	91	98
Result before profit sharing	**82**	**78**	**535**	**611**
Net profit sharing	-2	-1	99	105
Provision longevity			-90	
Result before amortisation	**79**	**77**	**543**	**716**
Amortisationof intangible assets	-96	-96	-96	-96
Pre-tax profit	**-16**	**-19**	**448**	**620**

Notes to the interim accounts

Segment information as at 31.12

	Savings		Insurance		Guaranteed pension	
NOK million	2014	2013	2014	2013	2014	2013
Fee and administration income	914	759			1,384	1,478
Risk result life & pensions	-1	4			152	-9
Insurance premiums f.o.a.			1,756	1,739		
Claims f.o.a.			-1,212	-1,027		
Operational cost	-602	-555	-286	-285	-837	-818
Financial result			159	77		
Result before profit sharing	**311**	**208**	**417**	**504**	**699**	**651**
Net profit sharing	1	1			418	276
Provision longevity					-270	**0**
Result before amortisation	**312**	**209**	**417**	**504**	**847**	**928**
Amortisation of intangible assets						
Pre-tax profit	**312**	**209**	**417**	**504**	**847**	**928**
Assets	107,366	85,261	5,243	3,992	276,806	274,406
Liabilities	106,005	83,984	5,243	3,992	270,123	266,303

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

Restated segment figure

Profit and loss account

	Q4				01.01 - 31.12			
NOK million	Reported figures	Changes in IFRS	Change in segment	Revised figures	Reported figures	Changes in IFRS	Change in segment	Revised figures
Savings	89			89	298			298
Insurance	121		33	154	369		289	658
Guaranteed pension	481		-33	448	1,665		-289	1,376
Other	20	2		22	94	11		105
Group result before amortisation	**711**	**2**		**714**	**2,426**	**11**		**2,437**
Amortisation intangible assets	-97			-97	-375			-375
Pre-tax profit	**615**	**2**		**617**	**2,050**	**11**		**2,061**

Notes to the interim accounts

Statement of financial position

NOK million	1.1.2013 Reported figures	1.1.2013 Changes in IFRS	1.1.2013 Change in segment	1.1.2013 Revised figures	31.12.2013 Reported figures	31.12.2013 Changes in IFRS	31.12.2013 Change in segment	31.12.2013 Revised figures
Savings	64,583			64,583	85,261			85,261
Insurance	3,074			3,074	3,992			3,992
Guaranteed pension	271,202			271,202	274,406			274,406
Other	36,296	1,284		37,580	43,418	952		44,370
Total assets	**375,155**	**1,284**		**376,439**	**407,077**	**952**		**408,029**
Savings	55,358			55,358	83,984			83,984
Insurance	3,074			3,074	3,992			3,992
Guaranteed pension	263,869			263,869	266,303			266,303
Other	35,592	1,044		36,636	32,788	690		33,478
Total liabilities	**357,893**	**1,044**		**358,937**	**387,067**	**690**		**387,757**

NOTE 5: FINANCIAL MARKET RISK AND INSURANCE RISK

Risks are described in the annual report for 2013 in note 7 (Insurance risk), note 8 (Financial market risk), note 9 (Liquidity risk), note 10 (Credit risk), and note 11 (Concentration risk). Conditions that affect the risks are also described in note 2 (Significant accounting estimates and approximate valuations).

As regards strengthening longevity reserves for Storebrand Life Insurance, this is described in note 3 (Strengthening longevity reserves for Storebrand Life Insurance).

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 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. Long-term interest rates have fallen a great deal throughout 2014, both in Norway and Sweden. In Sweden, short-term interest rates have fallen greatly. The central banks in both Norway and Sweden have indicated that interest rates will be kept low throughout 2015. The fall in interest rates has increased the risk that the return in future years will be lower than the interest rate guarantee. Paid-up policies have a particularly high risk in a low interest rate scenario, because there are very limited opportunities for changing the price or terms. In Norway, the effect of low interest rates is reduced by a large proportion of hold-to-maturity portfolios that will benefit greatly from securities purchased at interest rate levels higher than the current levels.

Insurance risk remains mainly unchanged throughout the year.

Notes to the interim accounts

NOTE 6: LIQUIDTY RISK

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

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

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

In addition to clear strategies and the risk management of liquidity reserves in each subsidiary, the Group's holding company has established a liquidity buffer. The development of the liquid holdings is continuously monitored at the Group level in relation to internal limits. A particular risk is that during certain periods the financial markets can be closed for new borrowing. Measures for minimising the liquidity risk are to maintain a regular maturity structure for the loans, low costs, an adequate liquidity buffer and credit agreements with banks which the company can draw on if necessary.

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate (fixed/variable)	Call date	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS 08/18 FRN	1,500	NOK	Variable	2018	1,503
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,067
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,096
SPP Livförsäkring AB	700	SEK	Variable	2019	667
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	2,991
Total subordinated loan capital and hybrid tier 1 capital 31.12.2014					**7,324**
Total subordinated loan capital and hybrid tier 1 capital 31.12.2013					**6,829**

NOTE 7: LENDING AND COUNTERPARTY RISK

Storebrand is exposed to risk of losses as a result of counterparties not fulfilling their debt obligations. This risk includes losses on lending in the bank, but also losses related to bank deposits or failure of counterparties to perform under reinsurance agreements or financial derivatives. Credit losses related to the securities portfolio are categorised as market risk and are discussed in note 5 financial market risk.

Please also refer to note 10 Credit risk in the 2013 annual report.

Notes to the interim accounts

NOTE 8: 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 13 in the financial statements for 2013. 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 31.12.14	Fair value 31.12.13	Book value 31.12.14	Book value 31.12.13
Financial assets				
Lending to customers	4,671	3,489	4,682	3,512
Bonds held to maturity	17,794	15,942	15,131	15,120
Bonds classified as loans and receivables	76,713	69,767	66,012	65,429
Financial liabilities				
Subordinated loan capital	7,549	7,368	7,324	6,829

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 31.12.2014	Total 31.12.2013
Assets					
Equities and units					
- Equities	17,500	732	2,414	20,646	16,706
- Fund units	276	87,197	9,359	96,832	84,764
- Real estate fund			952	952	1,217
Total equities and units	**17,776**	**87,929**	**12,724**	**118,429**	
Total equities and units 31.12.13	**13,135**	**77,607**	**11,945**		**102,687**
Bonds and other fixed income securities					
- Government and government guaranteed bonds	32,666	19,904		52,571	61,602.1
- Credit bonds	276	24,401	339	25,017	24,237.7
- Mortgage and asset backed bonds		41,824		41,824	42,295.9
- Supranational and agency	819	7,578		8,398	7,166.9
- Bond funds		50,178		50,178	37,210.3
Total bonds and other fixed income securities	**33,762**	**143,886**	**339**	**177,987**	
Total bonds and other fixed income securities 31.12.13	**27,170**	**143,674**	**1,669**		**172,513**
Derivatives:					
- Interest rate derivatives		4,514		4,514	-664
- Currency derivatives		-3,113		-3,113	35
Total derivatives		**1,401**		**1,401**	
- derivatives with a positive market value		5,680		5,680	
- derivatives with a negative market value		-4,279		-4,279	
Total derivatives 31.12.13		**-629**			**-629**
Real estate:					
- real estate at fair value				26,419	24,175
- real estate for own use				2,583	2,491
Total real estate				**29,001**	
Total real estate 31.12.13			**26,928**		**26,928**

Notes to the interim accounts

Movements between quoted prices and observable assumptions

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

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

Movement level 3

NOK million	Equities	Fund units	Real estate fund	Credit bonds	Real estate	Real estate for own use
Book value 01.01	**3,273**	**7,541**	**1,217**	**1,669**	**24,176**	**2,491**
Net profit/loss	460	2,327	149	34	-54	3
Supply/disposal	98	817	15	73	1,998	41
Sales/overdue/settlement	-1,442	-1,630	-429	-1,445	-486	-9
To quoted prices and observable assumptions	4	282				
Translation differences	20	21		8	21	15
Other					**764**	**41**
Book value 31.12.14	**2,414**	**9,359**	**952**	**339**	**26,419**	**2,583**

SENSITIVITY ASSESSMENTS
Storebrand Livsforsikring Group

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

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

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 0.5.

	Change MSCI World	
NOK million	Increase + 10 %	Decrease - 10 %
Change in fair value as at 31.12.14	291	-291

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.

	Change MSCI World	
NOK million	Increase + 10 %	Decrease - 10 %
Change in fair value as at 31.12.14	15	-15

Notes to the interim accounts

Real estate fund

The valuation of real estate funds will be sensitive to a change in the required rate of return and the expected future cash flow. The indirect real estate funds are leveraged structures. The portfolio is leveraged 65 per cent on average.

	Change in value underlying real estates	
NOK million	Increase + 10 %	Decrease - 10 %
Change in fair value as at 31.12.14	250	-247

Real estate

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 real estate´s cash flow is linked to lease contracts that have been entered into. This entails that the changes in the uncertain parts of the cash flow of 1 per cent will mean a change in value of 0.75 per cent.

	Change in required rate of return	
NOK million	0.25%	-0.25%
Change in fair value as at 31.12.14	-1,288	1,203

Valuation of financial instruments and real estate at fair value
Storebrand Livsforsikring AS

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total 31.12.2014	Total 31.12.2013
Assets					
Equities and units					
- Equities	9,336	206	1,779	11,321	6,086
- Fund units		26,030	7,012	33,041	31,266
- Real estate fund			952	952	1,217
Total equities and units	**9,336**	**26,236**	**9,742**	**45,314**	
Total equities and units 31.12.13	**4,246**	**25,425**	**8,898**		**38,569**
Bonds and other fixed income securities					
- Government and government guaranteed bonds	17,859			17,859	22,906
- Credit bonds		10,670	74	10,744	11,446
- Mortgage and asset backed bonds		9,777		9,777	10,080
- Supranational and agency		1,065		1,065	1,511
- Bond funds		39,374		39,374	32,987
Total bonds and other fixed income securities	**17,859**	**60,886**	**74**	**78,819**	
Total bonds and other fixed income securities 31.12.13	**14,818**	**63,053**	**1,058**		**78,930**
Derivatives:					
- Interest rate derivatives		1,013		1,013	324
- Currency derivatives		-2,782		-2,782	-158
Total derivatives		**-1,769**		**-1,769**	
- derivatives with a positive market value		1,255		1,255	
- derivatives with a negative market value		-3,023		-3,023	
Total derivatives 31.12.13		**166**			**166**

[1] *It is for the Norwegian companies used a discount rate of 2.5% on part of the pension liability.*

Notes to the interim accounts

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	10	2
Bonds and other fixed income securities		738

Movements from level 1 to level 2 reflect reduced sales value in the relevant equities 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	1,705	5,976	1,217	1,058
Net profit/loss	227	1,789	149	22
Supply/disposal	14	557	15	1
Sales/overdue/settlement	-167	-1,311	-429	-1,007
Book value 31.12.14	**1,779**	**7,012**	**952**	**74**

NOTE 9: PENSION SCHEMES FOR OWN EMPLOYEES

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

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

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

The new defined-contribution scheme that comes into effect from 1 January 2015 has the following components and premiums:
-Saving starts from the first krone of salary
-Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount “G” is NOK 88,370 at 31 December 2014)
-In addition 13 per cent of salary between 7.1 and 12 G is saved
-Savings rate for salary over 12 G is 20 per cent

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

Notes to the interim accounts

Main assumptions used when calculating net pension liability 31.12

	Storebrand Livsforsikring AS		SPP Livförsäkring AB	
	2014	2013	2014	2013
Discount rate 1)	3,0 %	4,0 %	3,0 %	4,0 %
Expected return on pension fund assets in the period		4,0 %		4,0 %
Expected earnings growth	3,0 %	3,3 %	3,5 %	3,5 %
Expected annual increase in social security pensions	3,0 %	3,5 %	3,0 %	3,0 %
Expected annual increase in pensions in payment	0,1 %	0,1 %	2,0 %	2,0 %
Disability table	KU	KU		
Mortality table	K2013BE	K2013BE	DUS14	DUS06

[1)] *It is for the Nowegian companies used a discount rate of 2.5% on part of the pension liability.*

NOTE 10: TAX

The tax cost for 2014 is NOK 359 million. The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway (27 per cent) and the tax effects related to prior years. The accrual effects between the quarters gives in isolation a low income tax expense of NOK 12 in the 4th quarter.

NOTE 11: 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 senior employees and close parties are stipulated in notes 22 and 44 in the 2013 annual report.

Storebrand Bank has decided to end its lending against commercial property. Partly as a part of this wound up, and to adapt to new capital adequacy rules, Storebrand Bank sold some commercial property portfolio to Storebrand Livsforsikring. Storebrand Livsforsikring wishes as part of the investment management of pension funds to invest more in corporate loans with good collateral that provides stable and good returns compared to investment with equivalent risk.

On 13. March 2014 Storebrand Livsforsikring entered into an agreement with Storebrand Bank for the transfer of loans of 1,7 billion with the acquisition on 25. March 2014. On 22. August 2014 a new agreement was entered into for the transfer of loans of 1.9 billion with the acquisition in September 2014. The portfolio were sold at fair value, corresponding to amortised cost.

NOTE 12: EQUITIES IN SUBSIDIARIES

In the second quarter equity investment in the subsidiary Benco, which are recognized in the accounts of Storebrand Livsforsikring, was written down by NOK 286 million to a value equal Benco's value in the consolidated financial statements. Corporate value is considered to provide an indication of the value in use. The impairment does not affect the consolidated financial statements of Storebrand Livsforsikring. There was no changes during the fourth quarter 2014.

NOTE 13: CONTIGENT LIABILITIES

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	31.12.14	31.12.13	31.12.14	31.12.13
Uncalled residual liabilities concerning Limitied Partnership	4,321	4,038	3,212	3,022
Total contigent liabilities	**4,321**	**4,038**	**3,212**	**3,022**

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

Notes to the interim accounts

NOTE 14: CAPITAL ADEQUACY

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	31.12.14	31.12.13	31.12.14	31.12.13
Share capital	3,540	3,540	3,540	3,540
Other equity	18,393	16,471	17,485	16,556
Equity	**21,934**	**20,011**	**21,025**	**20,096**
Hybrid tier 1 capital	1,500	1,500	1,500	1,500
Goodwill and other intangible assets	-5,519	-5,807	-176	-144
Risk equalisation fund	-829	-776	-829	-776
Capital adequacy reserve		-96		
Deduction for investments in other financial institutions	-1	-1	-1	-1
Interest adjustment insurance reserves SPP	-2,170	-1,081		
Security reserve	-153	-150		
Other	-31	-71	-71	-68
Core (tier 1) capital	14,731	13,530	21,449	20,607
Kjernekapital	**14 731**	**13 530**	**21 449**	**20 607**
Perpetual subordinated loan capital	2,100	2,700	2,100	2,700
Dated subordinated loan capital	2,238	2,238	2,238	2,238
Capital adequacy reserve		-96		
Deductions for investments in other financial institutions	-1	-1	-1	-1
Tier 2 capital	**4,337**	**4,841**	**4,337**	**4,937**
Net primary capital	**19,068**	**18,370**	**25,786**	**25,544**
Risk weighted calculation base	**141,053**	**134,630**	**107,003**	**104,481**
Capital adequacy ratio	**13.5 %**	**13.6 %**	**24.1 %**	**24.4 %**
Core (tier 1) capital ratio	**10.4 %**	**10.0 %**	**20.0 %**	**19.7 %**

NOTE 15: SOLVENCY MARGIN

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	31.12.14	31.12.13	31.12.14	31.12.13
Solvency margin requirements	12,632	11,974	7,823	7,634
Solvency margin capital	22,110	21,054	28,402	27,107
Solvency margin	175.0 %	175.8 %	363.0 %	355.1 %
Specification of solvency margin capital				

Specification of solvency margin capital

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	31.12.14	31.12.13	31.12.14	31.12.13
Net primary capital	19,068	18,370	25,786	25,544
50% of additional statutory reserves	2,559	2,229	2,559	2,229
50% of risk equalisation fund	414	388	414	388
Counting security reserve	69	67	69	67
Adjustments in Tier 2 capital eligible for inclusion in solvency capital	-	-	-427	-1,121
Solvency capital	**22,110**	**21,054**	**28,402**	**27,107**

Financial calender 2015

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

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