Nordben Life and Pension Insurance Co. Limited

Annual report and accounts

For the year ended

31 December 2013

Registered Number: 14861

Nordben Life and Pension Insurance Co. Limited

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Company Information

Registered office and business address:	Harbour House, South Esplanade, St Peter Port, Guernsey, GY1 1AP, Channel Islands
Company Secretary:	Susan Garrett
Appointed Actuary:	Colin Murray, Towers Watson, Trinity Point, 10-11 Leinster Street South, Dublin 2, Ireland
Auditor:	Deloitte LLP, PO Box 137, Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3HW, Channel Islands
Bankers:	Barclays Private Clients International Limited, PO Box 41, Le Marchant House, Le Truchot, St Peter Port, Guernsey, GY1 3BE, Channel Islands
Legal:	Carey Olsen, PO Box 98, Carey House, Les Banques, St Peter Port, Guernsey, GY1 4YZ, Channel Islands
Investment Manager and Investment Advisor:	Storebrand Asset Management AS, Professor Kohts vei 9, PO Box 484, 1327 Lysaker, Norway
Main reinsurers:	Hannover Ruckversicherung AG, Stockholm Branch, Hantverkargatan 25, PO Box 22085, 10422 Stockholm, Sweden Mandatum Life Insurance Company Limited, Bulevardi 56, FI-00101 Helsinki, Finland
Trustee:	Kleinwort Benson (Guernsey) Trustees Limited, PO Box 44, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 3BG, Channel Islands

Nordben Life and Pension Insurance Co. Limited
Directors' report

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2013.

Nordben Life and Pension Insurance Co. Limited ("the Company") is licensed under Section 7 of The Insurance Business (Bailiwick of Guernsey) Law, 2002 to carry on long-term and general insurance business, including domestic business.

Principal activity

The principal activity is to provide group life and disability insurance products to globally mobile employees, expatriate and third country nationals working for Nordic industry.

The remainder of the Company's products were closed to new business in 2013.

Ordinary Shareholder

	% Ordinary Shares
BenCo Insurance Holding B.V. (BenCo)	100

BenCo is owned by; Storebrand Livsforsikring AS (89.96%), Mandatum Life (6.49%) and Varma Mutual Insurance Company (3.55%).

Storebrand ASA, a company registered in Norway, is regarded as the Company's ultimate controlling party.

Dividend

The Board approved a special dividend of SEK 90,000,000, which was paid in May 2013.

The special dividend of SEK 90,000,000 was contingent on the Shareholder agreeing to the issue of 900,000 ordinary unpaid shares of SEK 100 per share by the Company. Therefore the Company increased its authorised and issued share capital from 841,660 to 1,741,660 shares of SEK 100 per share in May 2013 upon agreement from the Shareholder with 900,000 ordinary shares of SEK 100 per share uncalled.

In 2012 dividends totalling SEK 221,883,160 were approved and paid to the Shareholder.

The Directors are recommending to the Shareholders that a dividend of SEK 20,000,000 be paid in May 2014 in respect of the 2013 result, which is in line with the dividend policy approved by the Board.

Directors

The Directors as at 29 April 2014 are shown below:

Lars Fitger (Chairman) - Director, Strategic Holdings, SPP Liv Fondforsakring AB (Publ)

Johan Gunnarson - Independent Non-Executive Director, Bliwa Livförsäkring (appointed 22 April 2013)

Paul Cutter - CEO of Euroben Life & Pension Limited

Risto Honkanen - Senior Vice President Sales and Strategic Alliances, Mandatum Life Insurance Company Limited

Kristian Solum – Senior Business Analyst, Vice President, Product Development of Storebrand Livsforsikring AS

Nordben Life and Pension Insurance Co. Limited
Directors’ report (continued)

Directors (continued)

Nicholas Slinn – CEO of Nordben Life and Pension Insurance Co. Limited (appointed 4 March 2014)

Björn C Andersson and Arve Myrvang tendered their resignation on 22 April 2013.

Nicholas Slinn was appointed as General Manager to the Company in April 2009. His title was amended to Chief Executive Officer (CEO) with effect from 1 January 2014 to bring consistency of job titles within the Storebrand Group. He was appointed to the Board following a review of the balance between directors who are employees of the owners of the Shareholder, those independent of the Shareholder and those with executive responsibilities within the international business of the Storebrand Group.

The Board aims for a Nordic corporate governance model whilst respecting the requirements and laws in Guernsey and its evolving corporate governance regulations.

Business review

Profit for the year was SEK 20.3M, which was lower than expectations due to a weak Underwriting Result and was lower than the 2012 profit of SEK 44.9M, as explained in this review.

Administration income fell by 3.6% to SEK 63.4M (2012 – SEK 65.8M) reflecting a reduction in policyholder funds.

Administration expenses were 10.4% lower than in 2012 at SEK 46.4M (2012 – SEK 51.8M), mainly as a result of lower personnel costs.

The Underwriting Result fell sharply from SEK 22.3M in 2012 to SEK 3.4M as a result of increased death claims.

The Company’s shareholder capital which averaged SEK 226M over the year (2012: SEK448M) continues to be invested in short-dated Swedish Government bonds, government guaranteed bonds and high grade credit bonds. The Shareholder funds are also invested in forward foreign exchange contracts as the Shareholder assets held for solvency purposes are denominated in SEK whereas the level of required solvency is determined from the liabilities the Company holds in various currencies. The investment return on these assets net of investment charges and foreign exchange losses was SEK 0.7M (2012 – SEK 8.3M).

The Company’s premium decreased from SEK 820.9M in 2012 to SEK 479.9M in 2013, which reflected the decision to focus on group life and disability and close the Company’s other products to new business.

Key performance indicators (KPIs)

The Board monitors the progress of the Company by reference to the following KPIs:

SEK millions	**2013**	**2012**	
Premium income	**480**	**821**	Premium from insurance and investment contracts
Administration result	**17**	**14**	Administration income less operating expenses
Movement in expense provision	**(3)**	**(1)**	Movement in the expense provision
Underwriting result	**3**	**22**	Result from Life and Disability insurance business
Policyholders' funds	**7,867**	**7,915**	Policyholders' funds under management at end of year
Return on equity	**8.96%**	**10.04%**	Profit for year after tax in relation to average shareholder’s funds

The figures within the Business review and the Key performance indicators have been reconciled to the figures prepared under United Kingdom Generally Accepted Accounting Practice. These unaudited reconciliations have been included at the back of this Annual Report and Accounts on pages 66 and 67 for the benefit of the readers.

Future outlook

In 2014 the Company will continue to focus on implementing its strategic aim of being the leading provider of group life and disability insurance solutions to globally mobile employees, expatriate and third country nationals working for Nordic industry.

The Company will also focus on running off its closed business efficiently and profitably.

Principal risks and uncertainties

The process of risk management is addressed through a framework of policies, working instructions, regulatory procedures and internal controls. This is undertaken by Executive Management (constituting the highest level of operational management), risk management function and internal audit function. Compliance with regulation, legal and ethical standards is a high priority for the Company. The Board is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively. Apart from those policies reserved for Board approval the remaining policies, working instructions and regulatory procedures are subject to Committee/Executive Management approval and ongoing review.

The Company has developed a framework for identifying the risks to which it is exposed, the probability of their occurrence and their economic impact.

The principal risks from the Company's insurance business arise from being able to pay its obligations to policyholders as they fall due. Market and other risks, relating to those financial assets supporting the Company's policyholder liabilities, are closely monitored on a continuous basis. In addition, the Company is exposed to financial risks arising primarily from the investments that it holds. These risks are discussed in Note 7.

As a result of the change in the Company's strategy the business is now less diversified, in terms of the market within which it operates (Nordic only, with exception of non-Nordic business emanating from IGP and Insurope) as well as the products and solutions it offers (essentially group life and disability insurance). The Directors, based on various business projections and after discussions with the owner companies of the Shareholder, are satisfied that the outlook is sustainable where acceptable levels of profitability can be achieved.

Going concern basis

The financial statements have been prepared on a going concern basis. The Directors believe that this basis is appropriate as the Company has net assets significantly in excess of its regulatory solvency requirement. The Company along with its subsidiary undertakings, Nordben Pension Trustees Limited and Nordben Nominees Limited ("the Group") are not dependent on any external finance or support from group companies and are expected to have adequate resources to continue in operational existence for the foreseeable future.

Statement of disclosure of information to the Auditor

Each of the persons who is a Director at the date of approval of the financial statements confirms that:

a) so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and

b) the Director has taken all steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of The Companies (Guernsey) Law, 2008.

Nordben Life and Pension Insurance Co. Limited
Directors' report (continued)

Auditor

Deloitte LLP is currently appointed as the Company's Auditor and Deloitte AS is the group auditor of Storebrand Livsforsikring AS.

A resolution for the reappointment of Deloitte LLP will be provided at the next annual general meeting.

Licence conditions

The Company is licensed by the Guernsey Financial Services Commission (the "Commission") and the following conditions have been imposed on the Company's licence:

a) As set out under Section 12 of the Insurance Business (Bailiwick of Guernsey) Law, 2002 the Company is required to appoint a Guernsey-based trustee who shall be responsible for safeguarding the Company's assets and assets representing at least 90% of policyholder liabilities must be held in trust. The Company requires the appointed trustee to report full details of the assets held by it to the Commission on a quarterly basis. The Company's Trustee is Kleinwort Benson (Guernsey) Trustees Limited.

   The condition covered an instruction issued some time ago by the Commission regarding the need for the Trustee to inform the Commission if the Company instructs a withdrawal of more than 5% of the market value of the assets held within any one period of one month.

   With effect from 1 April 2013, the Company strengthened its policyholder protection arrangements by increasing the percentage of unit-linked policyholder liabilities that must be held in trust to 100%. In addition, only unit-linked funds can be applied in respect of unit-linked business and non-unit-linked funds applied in respect of non-unit-linked business. These amendments have not been imposed on the Company's licence.

b) The Insurance Business (Bailiwick of Guernsey) Law, 2002 requires 100% of the assets covering the solvency margin to be approved assets as defined in the Insurance Business (Approved Assets) Regulations, 2008 unless otherwise agreed with the Commission. The Company received approval from the Commission that the assets in the participating funds are not required to be approved assets.

c) The writing of general insurance business is restricted to no more than 5% of the Company's annual premium income. In 2013 the Company issued a Professional Indemnity to its subsidiary, Nordben Pension Trustees Limited, and to its sister company Nordic International Benefits Limited. Previously, the Company had written no general insurance business.

No new conditions were imposed on the Company's licence during the year.

Equal opportunities

The Directors recognise the benefits of having an equal opportunities policy which encourages all staff to make the most of their careers. The Directors are committed to the principles and practice of equal opportunities and requires the support of every employee in achieving this aim.

Training and development

The Company is committed to the training and development of all its employees and provides an environment which supports learning and development opportunities both internally and externally in order to enable members of staff to maximise their potential and their contribution to the objectives of the Company.

A number of key Nordben staff hold professional qualifications in their relevant field of expertise including insurance and accountancy. In addition, a number of staff are currently training towards achieving professional qualifications.

Health and safety

The Directors are committed to providing a safe and healthy work place for all employees.

By order of the Board

Signature: ______________________

Name: **Nicholas Slinn (Director)**

Date: 29th April 2014

Nordben Life and Pension Insurance Co. Limited

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 and The Insurance Business (Bailiwick of Guernsey) Law, 2002. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's websites. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Nordben Life and Pension Insurance Co. Limited
Corporate governance

Corporate Governance refers to the manner in which the Company's business is directed and controlled. It encompasses the means by which the Board and Executive Management are held accountable and responsible for their actions and includes corporate discipline, transparency, independence, accountability, responsibility, fairness and social responsibility.

The Company ensures that it meets the requirements of the Licensed Insurers' Corporate Governance Code (the "Insurers' Code"), which was revised in 2008 to meet the requirements of the revised Insurance Core Principles approved by the International Association of Insurance Supervisors in October 2003 (IAIS Core Principles).

The Company is a licensed insurer following the Insurers' Code and as such is deemed to comply with the corporate governance code issued by the Commission for all financial services companies, effective from 1 January 2012.

The fundamental principles that are incorporated into the Insurers' Code include corporate governance, internal control, risk assessment and management, insurance activity, liabilities, investments, derivatives and similar commitments, capital adequacy and solvency and fraud.

The Insurers' Code is divided into five main parts as follows:

Part 1: Introduction
Part 2: Responsibilities of the Board
Part 3: Internal Control and Risk Assessment and Management Systems
Part 4: Annual Review
Part 5: Definitions

Set out below is a brief summary of how the Company addresses each part of the Insurers' Code.

Part 1: Introduction

The Board has taken into account the size, nature and complexity of the business of the Company when discharging its responsibilities to determine which specific provisions of the Insurers' Code to apply and how the principles set out in the Insurers' Code are adopted. The Company has not adopted the provisions which relate to companies managed by licensed insurance managers as these provisions are not applicable to the Company because it employs its own management and staff.

Part 2: Responsibilities of the Board

Management and control
The Board has a set of defined strategic objectives along with a business plan that is approved annually by the Board. The Board has approved a document entitled "Management and control at Nordben – overall guidance" (the "Guidance Document"), which was based on the Storebrand ASA [1] document entitled "Management and control at Storebrand".

The Guidance Document outlines the strategies implemented including investment and underwriting strategies and documents how the strategic objectives, policies, working instructions and regulatory procedures are to be adopted. The Guidance Document also establishes procedures for monitoring and evaluating the progress made towards achieving the set objectives and policies.

Executive Management
The Executive Management constitutes the highest level of operational management and is made up of the CEO, the Chief Financial Officer and the Company Secretary, Compliance and Risk Officer. The Executive Management is responsible for ensuring that the Company addresses the following as effectively as possible:

[1] Storebrand ASA is the ultimate controlling entity of the Company.

Part 2: Responsibilities of the Board (continued)

Executive Management (continued)

- Implementation of the Company's strategy
- Value creation and profitability
- Developing a good control environment

The Executive Management is a team lead by the CEO in which the individual members take decisions for or within their areas of responsibility on the basis of the authorities set by the Board, the Company's vision and values, financial targets and guidance documents.

The Board has approved a Remuneration Policy for the Executive Management. The Chairman in conjunction with the CEO is responsible for determining appropriate levels of remuneration for Executive Management. In addition, they have the responsibility for the appointments, consideration of succession planning and, where necessary, removing Executive Management. No bonuses are currently paid and in the future any bonuses would be subject to Board approval. Any changes to the remuneration for the Senior Managers, Managers and other staff are approved by the CEO.

Conduct of the Board

The Board manages the business of the Company and met four times in 2013. A number of matters, which are documented in the Guidance Document, are specifically reserved for its approval.

The Board has ensured that collectively it has sufficient knowledge, skills, experience, commitment and independence to oversee the Company.

Members of the Board receive documentation of the matters to be discussed ahead of each Board Meeting and the Board ensures that it has access to all relevant information.

The Shareholder considers the balance between directors who are employees of the owners of the Shareholder and those independent of the Shareholder.

It is the responsibility of the Chairman to ensure that the Board carries out its responsibilities effectively and separately from Management. Care is taken to ensure that no individual or small group of individuals can dominate the Board's decisions. In respect of Board reserved powers Executive Management has been advised that they are to take instructions from the Board rather than an individual Director unless the Board has ratified that instruction and requested a Director to implement it.

The Board manages ethics and conflicts of interest and any associated declarations.

The Board has established a corporate governance management structure to promote effective and prudent management and keeps the matter of corporate governance under review. It has been agreed by the Board that in addition to ongoing activities, reports, etc., corporate governance is considered to be an important issue and opportunities are given to the Board Members to raise questions on corporate governance issues.

During 2013 the Group made no political donations however the Group made a number of small donations to local Guernsey charities and organisations.

An Actuary has been appointed (the "Appointed Actuary") as required under Section 40 of The Insurance Business (Bailiwick of Guernsey) Law, 2002. The Appointed Actuary is invited to attend each Board Meeting and granted access to all relevant information. Actuarial reports are made available to both Executive Management and the Board. The Board delegates the management of reserving risk to the Appointed Actuary. The Company's Appointed Actuary is responsible for establishing that there are adequate technical provisions. The Company's Appointed Actuary also carries out stress testing on the adequacy of capital resources on a regular basis for a range of adverse scenarios and where appropriate the technical provisions are increased.

Part 2: Responsibilities of the Board (continued)

Committees
The Board reviewed its Committee structure to reflect a change in the business strategy and a simplification of the business following the closure of many of its business lines.

It was agreed to disband the following committees:

- The Risk and Compliance Committee with the operational risk being managed by Executive Management and the high level risks carefully monitored by the Board;
- The Anti-Money Laundering Committee as the Company's products were closed to new business in 2013 apart from the Group Risk business and that all high level matters would be dealt with directly by the Board; and
- The Investment Committee once changes were made to the investment strategy to "de risk" and to closely match the liabilities.

The Board-appointed committees are as follows:

Audit Committee
The Audit Committee reviews the terms of engagement of the external auditors, reviews the external audit plan and puts forward recommendations to the Board such as the overall audit approach and approval of the Annual report and accounts as well as meeting with the external auditors to discuss audit findings. The Audit Committee also directs and monitors internal audit. Audit Committee meetings occur at least twice a year.

Ernst and Young have been appointed as the Group's Internal Auditors.

Insurance Risk Committee
The Board has established an Insurance Risk Committee in order to monitor and control the Company's underwriting strategy and reinsurance strategy with meetings occurring on a monthly basis.

Investment Committee.
An Investment Committee was established by the Board in order to monitor and control the Company's investment strategy. The Investment Committee was supported by Storebrand Asset Management. The Investment Committee has now been disbanded following changes being made to the investment strategy to "de risk" and to closely match the liabilities.

Strategic objectives
The Board reviews at least annually (and often more regularly) the following strategic objectives: a) investment; b) underwriting; c) reinsurance; d) internal controls; e) operational risk; f) compliance with relevant laws, regulations, codes etc.

Investment
Particular attention is paid to the issues of duration and interest rate matching, resilience testing and changing investment conditions.

The Senior Manager, Actuarial reviews the weekly investment report and provides feedback on the investment report provided by the Investment Manager. The Investment Manager has assisted the Company in setting, implementing and monitoring the investment strategy for assets backing the Company's discretionary participation contracts and some shareholder funds.

Underwriting
The Board has established an underwriting policy that includes pricing which is approved and reviewed annually by the Board that enables the Company to evaluate the risks being underwritten and establish and maintain an adequate level of premium.

Reinsurance
The Board has established a reinsurance policy including reinsurer credit risk and diversification policies. The recoverability of amounts due from reinsurers, including reinsurance technical provisions, is reviewed by the Insurance Risk Committee. Monitoring procedures have been implemented.

Part 2: Responsibilities of the Board (continued)

Strategic objectives (continued)

Internal controls
The Board has established a system of regular reporting on the effectiveness of internal controls and, with the assistance of Executive Management, ensures that any internal control deficiencies have been identified, reported and addressed properly.

The Company's complaint procedure is compliant with the Insurers' Code. All complaints are dealt with in line with the complaints procedure. Any significant complaints are described, explained and then discussed by the Board.

During 2013, all new complaints raised were addressed. The Board is committed to ensuring that information reasonably requested by a policyholder is not withheld. Furthermore, the Board seeks to improve policyholder awareness and knowledge through various mechanisms such as clear policy documentation, product literature and a website which is easy to use.

Operational risk
The Company's risk appetite is set by the Board and Executive Management monitors and controls the Company's operational risk.

Compliance with relevant laws, regulations, codes, etc.
The Board has managed its responsibilities regarding compliance with all relevant legislation through an effective compliance regime with the assistance of the Board-appointed Compliance Officer and the Board-appointed Money Laundering Reporting Officer (MLRO). This includes the establishment of ethical procedures and controls.

The Company carries out verification of business irrespective of the source of business. All employees are trained in the Company's anti-money laundering procedures, vigilance policy and the reporting of suspicious transactions.

Part 3: Internal control and risk assessment and management systems

Internal controls are designed to provide reasonable assurance regarding the achievement of objectives in the following categories; effectiveness and efficiency of operations, reliability of financial reporting and compliance with all applicable laws and regulations.

The control procedures cover key operational risks, including the following: solvency, market conduct, delegation, safeguarding of assets, money laundering, compliance and documentation of procedures.

The Company has an internal control system that is adequate for the size, nature and complexity of the Company's business, which has been approved by the Board.

Executive Management reviews the internal procedures (which are also reviewed by the Internal Audit Function) and liaises with external audit. The external audit team meets with the Audit Committee to ensure the audit plan is focused on the higher risk areas of the business. Changes and improvements in the internal control system may be recommended to the Board and are made where considered appropriate.

A risk assessment and management system has been implemented to ensure that all significant risks have been identified, measured, monitored and controlled effectively.

The Board have set a risk appetite and the risk management policy, which is upheld by Executive Management. A range of risks are considered that are appropriate to the nature and complexity of the Company's business including the following; underwriting, credit, market, liquidity, legal, business, regulatory, crime, systems and operations, information and communication technology, disaster and reputational risks. Executive Management considers the strategic and operational risks on an ongoing basis.

Part 3: Internal control and risk assessment and management systems (continued)

The setting of key risk indicators and regular reporting assists Executive Management to be aware of key issues.

Policies, working instructions and regulatory procedures have been implemented, which include procedures for monitoring and controlling the Company's assets and which also takes into account the risks outlined in Appendix 2 of the Insurers' Code. Management Control Reports are issued regularly to Management that highlight any salient matters or compliance breaches occurring on any of these internal policies approved by the Board, Committee or Executive Management.

Executive Management on the Board's instruction considers risk management and internal controls on a regular basis during the year and a full risk control assessment is undertaken and reviewed annually when considering the topics for the Internal Audit Plan and this is tabled at the Audit Committee Meeting.

Part 4: Annual Review

The Board undertakes an annual review to ensure compliance with the Insurers' Code. A signed checklist as confirmation of compliance with the Insurers' Code is submitted to the Commission annually with the Annual Return.

Part 5: Definitions

This section of the Insurers' Code defines the specific terminology that has been used in the Insurers' Code.

Independent auditor's report to the members of Nordben Life and Pension Insurance Co. Limited

We have audited the consolidated financial statements of Nordben Life and Pension Insurance Co. Limited for the year ended 31 December 2013 which comprise the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement and the related notes 1 to 54. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities set out on page 7 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008 and The Insurance Business (Bailiwick of Guernsey) Law, 2002.

Independent auditor’s report to the members of Nordben Life and Pension Insurance Co. Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where Schedule 3 of The Insurance Business (Bailiwick of Guernsey) Law, 2002 requires us to report to you if in our opinion:

The information given in the Company’s annual return is inconsistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants
St Peter Port, Guernsey

29th April 2014

Note: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether changes have occurred to the financial information since first published. These matters are the responsibility of the Directors but no control procedures can provide absolute assurance in this area.

Legislation in Guernsey governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Nordben Life and Pension Insurance Co. Limited

Consolidated profit and loss account

for the year ended 31 December 2013

Technical account – long-term business

SEK thousands

	Notes	2013	2012
Premiums, net of reinsurance			
Gross premiums written	**10,11**	320,329	332,828
Outward reinsurance premiums	**10**	(68,953)	(50,997)
		251,376	281,831
Investment income	**10**	178,186	194,911
Net realised (losses)/gains on financial assets	**10**	(35,311)	52,915
Net fair value gains on assets at fair value through profit or loss	**10**	252,826	181,196
Exchange differences on retranslation	**10**	62,374	(192,794)
Other technical income, net of reinsurance	**10**	11,266	7,431
Investment contracts' losses	**10**	(260,181)	(112,378)
		460,536	413,112
Claims incurred, net of reinsurance			
Claims paid			
Gross amount	**10**	(353,050)	(244,623)
Amount attributed to insurance pooling arrangements and reinsurers	**10**	12,502	4,820
		(340,548)	(239,803)
Change in the provision for claims			
Gross amount	**10**	8,491	(7,884)
Amount attributed to insurance pooling arrangements and reinsurers	**10**	12,000	(2,645)
		20,491	(10,529)
		(320,057)	(250,332)
Change in other technical provisions, net of reinsurance			
Long-term business provision, net of reinsurance			
Gross amount	**10**	151,340	(83,596)
Reinsurers' share	**10**	-	-
		151,340	(83,596)
Other technical provisions, net of reinsurance			
Technical provisions for linked liabilities	**10**	(188,993)	(24,321)
		(37,653)	(107,917)
Gross technical income		102,826	54,863
Fee income on investment contracts	**10**	13,349	14,066
Net operating expenses	**10**	(46,283)	(53,241)
Investment expenses and charges	**10**	(19,068)	(12,723)
Other technical charges, net of reinsurance	**10**	(44,783)	(38,849)
Transfer (to)/from the non-distributable reserve	**5, 10, 34**	(2,712)	576
Transfer from the fund for future appropriations	**5, 10, 35**	15,444	71,031
Balance on the long-term business technical account		**18,773**	**35,723**

The notes on pages 20 to 66 form part of these financial statements.

Nordben Life and Pension Insurance Co. Limited
Consolidated profit and loss account
for the year ended 31 December 2013

Non-technical account

SEK thousands

	Notes	2013	2012
Balance on the long-term business technical account		**18,773**	**35,723**
Investment income		2,031	8,690
Exchange differences on retranslation		(116)	(304)
Net realised (losses)/gains on financial assets		(2,314)	499
Net fair value gains/(losses) on assets at fair value through profit or loss		1,073	(254)
Investment expenses and charges (net of rebates)		(180)	(456)
Other income		1,946	1,678
Other charges		(889)	(636)
Profit before tax		**20,324**	**44,940**
Taxation	**19**	(72)	-
Profit for the financial year		**20,252**	**44,940**
Dividends	**20**	(90,000)	(221,883)
Retained result for the financial year		**(69,748)**	**(176,943)**

The Group had no material recognised gains or losses during the year other than those reflected in the profit and loss account above. The above results have been derived from continuing activities.

The notes on pages 20 to 66 form part of these financial statements.

Nordben Life and Pension Insurance Co. Limited
Consolidated balance sheet
as at 31 December 2013

Assets

SEK thousands

	Notes	2013	2012
Financial Assets			
Held to cover non-linked liabilities - insurance contracts	**21**	4,178,589	4,192,912
Held to cover linked liabilities - insurance contracts	**22.1**	1,726,224	1,536,143
Held to cover linked liabilities - investment contracts	**22.2**	1,916,138	1,967,975
		7,820,951	7,697,030
Reinsurers' share of technical provisions			
Long-term business provision		-	-
Technical provisions for linked liabilities		-	-
		-	-
Loans and receivables			
Debtors arising out of direct insurance operations	**24**	19,591	20,211
Debtors arising out of insurance pooling and reinsurance operations	**25**	20,140	25,184
Other debtors	**26**	7,500	8,235
		47,231	53,630
Other assets			
Tangible assets	**29**	1,362	1,529
Cash at bank and in hand	**30**	358,715	393,625
		360,077	395,154
Prepayments and accrued income			
Accrued interest		74,087	93,656
Other prepayments and accrued income		1,399	1,377
		75,486	95,033
Total assets		**8,303,745**	**8,240,847**

The notes on pages 20 to 66 form part of these financial statements.

Nordben Life and Pension Insurance Co. Limited
Consolidated balance sheet
as at 31 December 2013

Liabilities and equity

SEK thousands

	Notes	2013	2012
Capital and reserves			
Called up share capital	31	84,166	84,166
Profit and loss account	32	96,784	166,532
Distributable equity reserve		180,950	250,698
Non-distributable equity reserve	34	11,525	8,813
Total shareholder's funds	33	192,475	259,511
Fund for future appropriations	35	289,670	305,114
Technical provisions for long-term business and claims outstanding			
Long-term business provision		3,734,792	3,886,133
Claims outstanding		50,470	58,961
	37	3,785,262	3,945,094
Technical provisions for linked liabilities	38	1,868,304	1,679,311
Financial liabilities for investment contracts	39	1,912,389	1,976,877
Provisions for other risks and charges		-	-
Deposits received from reinsurers		-	-
Creditors			
Creditors arising out of direct insurance operations	41	34,467	41,644
Creditors arising out of insurance pooling and reinsurance operations	42	19,296	16,493
Other creditors including taxation and social insurance	43	201,882	16,803
		255,645	74,940
Total liabilities and equity		**8,303,745**	**8,240,847**

Approved by the Board on 29 April 2014 and signed on its behalf by

Signature:

Name: **Nicholas Slinn (Director)**

Date: 29th April 2014

The notes on pages 20 to 66 form part of these financial statements.

Nordben Life and Pension Insurance Co. Limited

Consolidated cash flow statement

(excluding policyholders' funds) for the year ended 31 December 2013

SEK thousands

	Notes	2013	2012
Operating activities			
Net cash inflow from operating activities	**44**	41,335	48,050
Capital expenditure and financial investments			
Purchase of tangible fixed assets	**29**	(548)	(114)
Equity dividends			
Equity dividends paid	**20**	(90,000)	(221,883)
Net cash outflow in the year		**(49,213)**	**(173,947)**
Net cash outflow was applied as follows:			
Net portfolio investments	**45.1**	(19,054)	(193,708)
(Decrease)/increase in cash holdings	**45.1**	(30,159)	19,761
Net investment of cash flows		**(49,213)**	**(173,947)**

Returns on investments are included within net cash inflow from operating activities.

The notes on pages 20 to 66 form part of these financial statements.

1. Basis of presentation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings, Nordben Pension Trustees Limited and Nordben Nominees Limited (together the "Group"), and have been prepared under the historical cost convention as modified by the revaluation of investments and derivatives, and in accordance with applicable United Kingdom Accounting Standards, and with the Association of British Insurers Statement of Recommended Practice on Accounting for Insurance Business ("ABI SORP") dated December 2005 (as amended in December 2006).

The consolidated financial statements have been prepared on a going concern basis. The Directors believe that this basis is appropriate as the Group has net assets significantly in excess of its regulatory solvency requirement, is not dependent on any external finance or support from other group companies and is expected to continue to have adequate resources to continue in operational existence for the foreseeable future.

The consolidated profit and loss account comprises a long-term business technical account (life insurance, disability insurance, pension and annuity business) and a non-technical account, which includes the result of the Group's non-insurance business activities. The balance (profit on insurance business activities) from the long-term business technical account is then included in the non-technical account and combined with the Group's non-insurance business (principally pension trustee services) to determine the profit for the financial year.

The effects of all transactions between Group entities are eliminated in full in the consolidated financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements.

2. Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. Details of the wholly-owned subsidiaries are included in Note 23. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intragroup balances and transactions, and any unrealised gains arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of assets transferred.

3. Segmental reporting

The primary segmental information is presented for product lines as this reflects the dominant source and nature of the Group's risks and returns.

4. Adoption of new accounting standards

No new accounting standards were adopted during the year by the Company.

From 1 January 2015, existing UK GAAP is being rescinded and entities can report under either IFRS or the new Financial Reporting Standard (FRS 102 The Financial Reporting Standard applicable on the UK and Republic of Ireland) in conjunction with FRS 103 Insurance Contracts. FRS 103 is largely based on IFRS 4 Insurance Contracts, and broadly allows entities to continue with their current accounting for insurance contracts if they wish, or to make certain improvements.

FRS 103 and its implementation guidance draws on FRS 27 Life Assurance and the ABI SORP, both of which will be withdrawn when FRS 103 becomes effective. It is expected that,this standard will not have any significant impact on how insurance contracts are accounted for the Group. However, it is expected to significantly increase the level of disclosures required, as these will have to comply broadly with the existing requirements of IFRS 4.

The Financial Reporting Council anticipates that the standard will have a limited life and expects to revise the standard once the IASB has issued its updated standard on insurance contracts (IFRS 4 Phase 2) and changes in the regulatory regime for insurers (Solvency II) have been finalised.

4. Adoption of new accounting standards (continued)

As a result of the above proposals Management have made a recommendation to the Audit Committee in April 2014 to determine which reporting framework to adopt. All implications on financial reporting have been considered as part of the decision-making process and the Group intends to adopt FRS 102 from 1 January 2015.

5. Significant accounting policies

5.1 Insurance accounting policies

5.1.1 Classification of insurance and investment contracts

The Company issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts which contain significant insurance risk or contracts designated as discretionary participation contracts. A discretionary participation contract entitles the policyholder to receive bonuses as a supplement to guaranteed benefits.

The Annuity Plan, Level Plan, Flex Plan, Save Invest Plan, Triple C Plan and Corporate Triple C Plan are discretionary participation contracts.

The Company defines significant insurance risk as the possibility of having to pay significant additional benefits on the occurrence of an insured event than the benefits payable if the insured event did not occur.

The Company's Group Life, Group Disability, Group Accident and International Term contracts ("Risk-only contracts") and the Individual Plan (General Conditions dated 1 April 1990) both meet this criteria with the latter having an insured death benefit in excess of 10% of the paid single premium.

Investment contracts are those contracts that transfer financial risks with no significant insurance risk and are not designated as discretionary participation contracts.

The Unit Linked Plan, Individual Plan (General Conditions dated on or after 1 January 1993), Living Annuity Plan, Executive Portfolio Bond and International Investment Plan are investment contracts.

Premiums
Premiums are accounted for on an accruals basis. Single premiums are those where there is a contractual obligation for the payment of only one premium, whilst annual premiums are those where there is a contractual obligation for the payment of premium on a regular basis.

5.1.2 Insurance and discretionary participation contracts

Plan substitution
Where plans are substituted by the policyholder or contracts are vested these transactions are reflected as premium only to the extent that they give rise to incremental premiums and are not reflected as claims.

Transfers of plans between insurance contracts are excluded from premiums and from claims. Transfers of plans from insurance contracts to investment contracts are reflected as claims under insurance contracts. Transfers of plans from investment contracts to insurance contracts are reflected as premiums under insurance contracts.

Claims incurred
Claims incurred include maturities, annuities or pensions, disabilities, deaths and surrenders/withdrawals.

Maturity claims are accounted for when the claim becomes due for payment.

Annuities, pensions in payment, survivor pensions and disability pensions are accounted for when each relevant instalment is due for payment.

The Company maintains a cut-off date for death, disability, accident and total/partial permanent disability claims. For

5. Significant accounting policies (continued)

5.1.2 Insurance and discretionary participation contracts (continued)

the 2013 accounting reference period this date was 31 January 2014. Claims arising prior to or in 2013 and notified before the claim cut-off date are adjusted for in the accounting reference period. However, if the Company is notified of a material claim arising prior to or in 2013 but reported after the claim cut-off date but before the approval of these accounts the claim would be accounted for in the accounting reference period. If the claim is subsequently verified as invalid prior to the claim cut-off date it will be reversed in the accounting reference period.

Surrenders/withdrawals are accounted for when paid or, if earlier, on the date when the liability ceases to be included within the long-term business provision and/or the technical provision for linked liabilities.

Claims payable include related internal and external claims handling costs.

Reinsurance recoveries are accounted for in the same period as the related claims.

Bonuses
Annual bonuses are declared and credited each year to Flex Plan, Level Plan, Save Invest Plan, Triple C Plan, Corporate Triple C policies and Annuity Plans entitled to increases.

These annual increases or bonuses increase policy benefits and, once credited, become guaranteed. Annual increases or bonuses declared effective from 1 January following the balance sheet date are applied to the technical account – long-term business ("technical account") within the "Change in other technical provisions, net of reinsurance" line in the financial year preceding the date of declaration.

Long-term business provision
The long-term business provision is determined by the Company's Appointed Actuary following his annual financial investigation into the Company in accordance with Section 41 of The Insurance Business (Bailiwick of Guernsey) Law, 2002 as described in Note 36.

Level Plan and Annuity Plan
The provision for the above plans is calculated using the net premium method and applying the valuation rates of interest shown in Note 36.

For discretionary participation contracts, where appropriate, implicit provision is made for future bonuses by means of a reduction in the valuation rate of interest.

The Company offers annuity plans with annual discretionary bonuses and with fixed benefits. The valuation rates of interest used are detailed in Note 36. The assumptions to which the estimation of the provision is particularly sensitive are the assumed valuation rate of interest to discount the provision (which may include a provision for future bonuses) and the assumed future mortality experience of policyholders.

Flex Plan and Save Invest Plan
The provision for the above plans has been calculated as the total amount of the policyholders' accumulation accounts at the balance sheet date. The provision includes the bonus declared as a result of the current valuation. No provision is made for future bonuses.

Triple C Plan and Corporate Triple C Plan
The provision for the EUR, SEK, SEK Skilstaf and NOK Triple C plans has been calculated as the greater of:

a) the present value of the maturity value using yields based on matching assets and an appropriate margin for investment expenses and the Shareholder's charge; and

b) the current surrender value payable at the balance sheet date.

The provision for the CHF, DKK, GBP and USD Triple C / Corporate Triple C plans has been calculated as the greater of:

5. Significant accounting policies (continued)

5.1.2 Insurance and discretionary participation contracts (continued)

a) the present value of the maturity value plus the cost of the maturity guarantee as determined using a Black-Scholes method; and

b) the current surrender value payable at the balance sheet date.

It has been assumed that the guarantee under each policy is a maturity guarantee equal to the accumulated account at the balance sheet date projected to maturity at the guaranteed bonus rate applicable. The provision includes the bonus declared as a result of the current valuation. The maturity value for Corporate Triple C plans has been calculated assuming the term to maturity of these plans is in line with the average term to maturity of the Triple C plans.

Risk benefits
A provision for risk benefits is held in respect of the mortality and disability benefits attached to the Risk-only contracts (not including International Term), Flex Plan and Triple C Plan products, and the disability benefits attached to the Level Plan product.

International Term
A provision is calculated using a gross premium valuation method. Expected benefit payments (net of reinsurance recoverable) and expected premium income (net of reinsurance) are projected at each future time-step and a provision is held to cover any shortfall between expected future income and outgo. The interest rate used to discount the cash flows is based on the return on the assets held in respect of International Term liabilities. The results from the gross premium valuation method are reviewed to ensure that they are at least as prudent as those that would have been obtained from a net premium valuation method.

Individual Plan (General Conditions dated 1 April 1990)
The provision for these plans where benefits are linked to specific pools of assets is calculated as the number of units attaching to each policy multiplied by the appropriate unit price at the balance sheet date plus the value of the death benefit under the plans.

Reinsurance
The Company seeks to reduce its exposure to potential losses by reinsuring certain levels of mortality and morbidity risk with reinsurers.

The reinsurers, with respect to mortality risks, pay the Company their share of a lump sum payable on the death of an insured life, whilst in the event of a pension becoming payable upon the death of an insured life the reinsurers pay the Company their share of the capital value of the pension on the basis of appropriate mortality rates and interest rates.

Accordingly, the Company bears future longevity and investment risks in respect of such claims.

The reinsurers, with respect to morbidity risks, pay the Company their share of a lump sum payable on the incapacity of an insured life, whilst in the event of a pension becoming payable on the incapacity of an insured life the reinsurers, depending on the agreed arrangements, either:

a) pay the Company their share of the capital value of the pension on the basis of appropriate mortality rates and interest rates. In the event of the insured life ceasing to be incapacitated in the first five years the Company must repay to the reinsurers an appropriate share of the capital value of the pension. Accordingly, the Company bears investment risks in respect of such claim amounts; or

b) deposit with the Company their share of the capital value of the pension on the basis of appropriate mortality and interest rates. The Company deducts from the deposit the reinsurer's share of the periodic pension payments. In the event of the insured life ceasing to be incapacitated the Company must repay the unused part of the deposit. Accordingly, the Company only bears investment risks in respect of its retained share of such claims.

5. Significant accounting policies (continued)

5.1.2 Insurance and discretionary participation contracts (continued)

The Company accounts for reinsurance as follows:

Outward reinsurance premiums are accounted for when due for payment and are shown in the technical account gross of reinsurance commissions.

For “Claims incurred, net of reinsurance” the reinsurers’ share is the share of the claims paid attributed to the reinsurers for the period.

For “Change in the provision for claims” the amount payable by the reinsurers or insurers of the Insurope Network or paid to the reinsurers or insurers of the Insurope Network in the period is shown as the change in the provision for claims attributed to insurance pooling arrangements and reinsurers.

Reinsurance commissions are included in the “Other technical income, net of reinsurance” line.

Reinsurers’ share of technical provisions relates to the reinsurers’ share of the valuation reserve in respect of disability claims in the course of payment.

Amounts recoverable under reinsurance contracts are assessed for impairment at each balance sheet date. If objective evidence of impairment exists reinsurance assets are reduced to the level at which they are considered to be recoverable and an impairment loss is recognised in the technical account.

Fund for future appropriations
The fund for future appropriations represents all discretionary participation funds for which the allocation between discretionary participation contract policyholders and the shareholder has not been determined at the balance sheet date.

Transfers between the fund for future appropriations and the technical account represent the changes in these unallocated amounts between balance sheet dates.

5.1.3 Investment contracts

Revenue
Amounts received from and paid to policyholders of investment contracts are accounted for as deposits received (or repaid) and are not included in premium or claims in the technical account. Transfers of plans between investment contracts are excluded from premiums and from claims.

Investment contract policies are charged for policy administration services and these fees are recognised as income in the accounting period in which the services are rendered. Initial fees, which exceed the level of recurring fees and relate to the future provision of services, are deferred and amortised over the anticipated period in which services are to be provided.

Long-term business provision
The long-term business provision is determined by the Company’s Appointed Actuary following his annual financial investigation into the Company in accordance with Section 41 of The Insurance Business (Bailiwick of Guernsey) Law, 2002 as described in Note 36.

The provision for these plans, where benefits are linked to specific pools of assets, is calculated as the number of units attaching to each policy multiplied by the appropriate unit price at the balance sheet date.

5.1.4 Expense provision

A cash flow projection is undertaken for each policy and product category (excluding Risk-only contracts) as detailed in Note 36.2 (a) and Note 36.2 (b) to establish whether or not future inflows are sufficient to cover future outflows. A certain proportion of the total expenses for each product category is allocated as being directly attributable to each

5. Significant accounting policies (continued)

5.1.4 Expense provision (continued)

policy and the remainder of the expenses are considered overheads. Where the margins on a policy are insufficient to cover these directly attributable expenses an additional provision is included in the long-term business provision. For policies where margins exceed the expenses the excess income over expenses may be used to cover the overheads. This provision is calculated for each product line assuming that all policies are paid up and no new business is written.

The expense provision is held in Sterling but as the presentational currency of the Group is the Swedish Krona it is also sensitive to exchange rate movements. Movements in the expense provision are displayed in the "Long-term business provision, net of reinsurance" line in the technical account.

5.1.5 Non-distributable reserve

On the recommendation of the Appointed Actuary the Board has established a non-distributable reserve within the Shareholder's funds. The reserve forms part of the long-term business fund and relates to the Shareholder's funds which cannot be distributed to the Shareholder in the form of dividends. Transfers to/from the non-distributable reserve are shown in the technical account.

The non-distributable reserve consists of the following:

- The total expense provision for investment contracts.

- An additional reserve calculated where the expense provision for each policy and product (excluding Risk-only contracts) is subjected to a "resilience test" as detailed in Note 36.2 (f).

  The resilience test calculates whether an additional reserve is needed to cover the future outflows of the Company in certain adverse scenarios. The additional reserve is sensitive to the assumed level of policy maintenance expenses, the assumed expense inflation rate and the assumed valuation rate of interest to discount the provision.

- An additional reserve where the expense provision is also tested against a scenario as detailed in Note 36.2 (g) where the Company is closed to all new business. If the scenario results in the need for a higher provision than the expense provision the excess is held as an additional reserve.

5.1.6 Deferred acquisition costs

For insurance contracts acquisition costs comprise all direct and indirect costs arising from writing the contracts which are incurred during a financial period. Costs are deferred to the extent that they are recoverable out of future margins. The rate of amortisation of deferred acquisition costs on such contracts is proportional to the future margins emerging in respect of the related policies, over the lifetime of the policies.

For investment contracts, deferred acquisition costs comprise all incremental costs that are directly relating to the writing of the contract which are incurred during a financial period and are deferred to the extent that they are recoverable out of future margins. Such deferred acquisition costs are amortised uniformly over the lifetime of the policy.

Annual impairment reviews are performed to identify whether there are any circumstances that might indicate impairment. If such circumstances exist, the carrying values are adjusted to the recoverable amounts and any resulting impairment losses are charged to the technical account.

5.2 Foreign currency translation

The functional and presentational currency of the Group is the Swedish Krona.

5. Significant accounting policies (continued)

5.2.1 Technical account

The Company issues insurance and investment contracts in a number of currencies and accordingly funds are maintained for each contract type and currency within the long-term business fund. The currency of each fund ("source currency") is typically the currency in which premiums are paid and claims settled.

In addition a shareholder's fund is maintained. This fund is credited with the charges and fees to which the Company is entitled under the terms and conditions of the insurance and investment contracts and debited with the expenses of operating the Company's life business. The income and expense cash flows are in a mixture of currencies; however, the currency in which the Company is financed is the Swedish Krona and the Company has therefore determined the source currency of the Shareholder's fund to be the Swedish Krona.

Transactions in foreign currencies within each fund are converted into the source currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the relevant source currency at the rate of exchange ruling at the balance sheet date. Exchange gains and losses on the retranslation and settlement during the period of foreign currency monetary assets and liabilities are recognised in the profit and loss account of the fund in the period in which they arise.

The assets and liabilities of the funds are translated from their respective source currencies into Swedish Krona using the year end exchange rates, and their income and expenses using the average exchange rates for the year to the extent that they are not materially different to the transactions based rates. Unrealised gains or losses resulting from translation of the source currencies to Swedish Krona, except for insurance liabilities, are included in the technical account in the "Exchange differences on retranslation" line. Exchange differences on retranslation of the insurance liabilities of the long term business account are included in the technical account within the "Change in other technical provisions, net of reinsurance" line.

Exchange differences on retranslation are not attributable to, and do not affect, the assets and liabilities of the long-term business account.

The year end exchange rates used for converting the results of each fund from their respective source currencies into Swedish Krona are as follows:

Currency	2013	2012
Danish Krone	0.8430	0.8699
Euro	0.1130	0.1166
Norwegian Krone	0.9446	0.8555
Pound Sterling	0.0940	0.0946
Swedish Krona	1.0000	1.0000
Swiss Franc	0.1385	0.1407
United States Dollar	0.1557	0.1537

5.2.2 Non-technical account

The non-technical account shows the result from long-term business (in essence the result from the Shareholder's fund in the technical account, the underwriting result in respect of Risk-only contracts, the movement in the expense provision and non-distributable reserve), net investment income from shareholder's funds and other income and charges related to the Group's non-insurance business.

The Shareholder's assets are mainly denominated in Swedish Krona therefore the Company has determined the functional currency of the fund to be the Swedish Krona. Transactions in foreign currencies are converted into the source currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Swedish Krona at the rates of exchange ruling at the balance sheet date. Exchange gains and losses on the translation and settlement during the period of foreign currency assets and liabilities are recognised in the non-technical account.

5. Significant accounting policies (continued)

5.3 Financial instruments

5.3.1 Classification of financial assets

The Group classifies its investments into the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss
A financial asset is classified into the ‘financial assets at fair value through profit or loss’ category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit taking, or is so designated by management. Derivatives are also classified as financial assets at fair value through profit or loss unless they are designated as hedges.

Financial assets designated as at fair value through profit or loss at inception are those that are:

a) held to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as ‘an accounting mismatch’) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or

b) managed and whose performance is evaluated on a fair value basis. The Group’s investment strategy is to invest in equity and debt securities, and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

Regular way purchases and sales of financial assets are recognised on trade date (i.e. the date on which the Group commits to purchase or sell the asset). Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributed to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the appropriate profit or loss account.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of these financial assets are included in the technical and non-technical account (together the “consolidated profit and loss account”) in the period in which they arise.

The translation differences on monetary securities are recognised in the consolidated profit and loss account; non-monetary securities are translated to Swedish Krona at the transaction date and not subsequently retranslated.

Interest on securities is recognised in the consolidated profit and loss account on an accruals basis. Dividends on equity instruments are recognised in the consolidated profit and loss account when the Group’s right to receive payments is established. Both are included within the “Investment income” line.

The fair values of quoted investments are based on current mid prices. If the market for a financial asset is not active the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions and relying as little as possible on entity-specific inputs and in any event for “linked liability insurance & investment contracts” (i.e. Unit Linked Plan, Individual Plan (General Conditions dated 1 April 1990), Individual Plan (General Conditions dated on or after 1 January 1993), Living Annuity Plan, Executive Portfolio Bond and International Investment Plan) a basis which is consistent with the recognised liability.

5. Significant accounting policies (continued)

5.3.1. Classification of financial assets (continued)

The fair values of quoted investments are based on current mid prices. If the market for a financial asset is not active the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions and relying as little as possible on entity-specific inputs and in any event for "linked liability insurance & investment contracts" (i.e. Unit Linked Plan, Individual Plan (General Conditions dated 1 April 1990), Individual Plan (General Conditions dated on or after 1 January 1993), Living Annuity Plan, Executive Portfolio Bond and International Investment Plan) a basis which is consistent with the recognised liability.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to their original terms (see Note 5.3.2 for the accounting policy on impairment). Management considers that the carrying amounts of assets held at amortised cost approximate fair value.

5.3.2 Impairment of assets

The carrying values of the Company's and Group's assets, except those designated as fair value through profit or loss, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If impairment is indicated the asset's recoverable amount (being the greater of fair value less cost to sell and value in use assessed by reference to discounted future cash flows) is estimated. An impairment loss is recognised in the technical account to the extent that the carrying value of an asset exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment is not considered for those assets held at fair value through profit or loss.

5.3.3 Derivative financial instruments and hedge accounting

Derivative financial instruments include forward foreign exchange contracts, interest rate swaps and currency swaps.

All derivatives are initially recognised in the balance sheet at their fair value, which usually represents their cost. They are subsequently remeasured at their fair value with the method of recognising movements in this value depending on whether they are designated as hedging instruments and, if so, the nature of the item being hedged. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities on the balance sheet as they do not represent the fair value of these transactions. These amounts are disclosed in Note 28.

Forward foreign exchange contracts
Foreign exchange contracts, which include spot and forward contracts, represent agreements to exchange the currency of one country for the currency of another country at an agreed price and settlement date.

The Company's main purpose for using these contracts is to reduce the impact of currency changes on the level of required solvency capital the Shareholder needs to hold. The Shareholder assets held for solvency purposes are denominated in SEK whereas the level of required solvency is determined from the liabilities the Company holds in various currencies. At the balance sheet date forward foreign exchange contracts were also held in relation to linked liability insurance & investment contracts.

5. Significant accounting policies (continued)

5.3.3. Derivative financial instruments and hedge accounting (continued)

Interest rate and currency swaps
Interest rate swaps are contractual agreements between two parties to exchange periodic payments in the same currency, each of which is computed on a different interest rate basis, on a specified notional amount. Most interest rate swaps involve the net exchange of payments calculated as the difference between the fixed and floating rate interest payments. Interest rate swaps are initially recognised in the balance sheet at their fair value, which usually represents their cost. They are subsequently remeasured at their fair value. Fair values are obtained by using discounted cash flow model valuation techniques. All interest rate swaps are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

The Group utilises interest rate swaps, the purpose of which is to alter the duration of an asset within the discretionary participation contracts' funds.

Currency swaps, in their simplest form, are contractual agreements that involve the exchange of both periodic and final amounts in two different currencies. These contracts may include the net exchange of principal. Exposure to gain or loss on these contracts will increase or decrease over their respective lives as a function of maturity dates, interest and foreign exchange rates, and the timing of payments.

Currency swaps are used within the investment portfolio of a linked liability insurance contract. The value of these currency swaps is immaterial and is reported in Note 28 in conjunction with forward exchange rate contracts.

5.3.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5.4 Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. It excludes cash balances held for investment purposes under investment contracts.

5.5 Tangible assets

Tangible assets are capitalised and depreciated on a straight line basis over their estimated useful lives. The principal rates used for this purpose are as follows:

Leasehold improvements	10%	Fixtures and fittings	15%
Computer equipment and software	33%	Office equipment	25%

5.6 Pensions costs

The Company operates a defined contribution scheme. Contributions to the scheme are charged to the technical account.

5.7 Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying assets are classified as operating leases. Payments made under operating leases are charged to the technical account as incurred over the lease term.

5.8 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not assets of the Group and are not included in the financial statements.

6. Critical accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the following financial year. Estimates and judgments are continually being evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances but which may not necessarily be borne out of practice. The most significant areas of estimation and judgment are in respect of the long term business provision and in particular with regard to the provision of reserves for expenses. Please refer to Notes 36 to 39.

7. Management of country risk and financial risk

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Board has set a risk appetite and a compliance and risk management policy which are upheld by Executive Management. A range of risks appropriate to the nature and complexity of the Company's business, including country risk and financial risk, are considered by Executive Management on an ongoing basis.

The Board has set an investment policy that covers the investment approach for the Shareholder's funds and the assets held in respect all the Company's products.

The Company's has appointed an Investment Manager who manages the assets in respect of the discretionary participation contracts and Shareholder funds. The Company also has in place agreements with other investment managers to manage the assets for its linked liability insurance & investment contracts.

The Investment Manager actively manages its portfolio of investments and exposures, monitoring performance and market data on a daily basis and repositioning investments to remain in line with the investment policy and risk appetite of the Company and the Shareholder. The Investment Manager provides the Company with daily information on the performance and exposure of the managed assets, which Senior Management reviews. Any significant issues are raised with the Executive Management and, where appropriate, the Board.

The other investment managers invest assets for the Company's linked liability insurance & investment contracts either: in regulated mutual funds; in unregulated pools (which adopt an investment strategy consistent with that for regulated mutual funds); or in-line with investment guidelines agreed by the Company.

7.1 Country risk

The Company is exposed to country risk through its financial assets, financial liabilities (investment contracts), reinsurance assets and insurance liabilities. In particular the key country risks are that the Company's financial assets are locked up or frozen by government action or that a country will be unable or unwilling to repay its debts.

During 2013 there has been continued uncertainty surrounding the creditworthiness of some sovereign states and financial institutions, with exposure to the sovereign debt of those states giving rise to country risk. Volatility in the financial markets coupled with the threat of further adverse developments in both the Eurozone and globally therefore requires continued focus in addressing this risk. The majority of the Company's country risk is attributable to Sweden, Denmark, USA, Germany and Norway.

The Investment Manager monitors the exposure to countries for the discretionary participation contracts' portfolios and Shareholder's funds, ensuring that they are in line with the investment policy. Any significant issues are raised with the Executive Management and, where appropriate, the Board.

7.2 Financial risk

The Company is exposed to financial risk through its financial assets, financial liabilities (investment contracts), reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts.

The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

Nordben Life and Pension Insurance Co. Limited

Notes to the Financial Statements (continued)

7. Management of country risk and financial risk (continued)

7.1 Financial risk (continued)

These risks arise from open positions in interest rate, currency and equity markets, all of which are exposed to general and specific market movements. The risks that the Company primarily faces, due to the nature of its investments and liabilities, are interest rate risk and equity price risk.

The Company has not materially changed the processes to manage its financial risks from previous periods other than utilising forward foreign exchange contracts to reduce the impact of currency changes on the level of required solvency capital the Shareholder needs to hold and improving the method of matching some Triple C Plan liabilities.

The following tables summarise the asset composition of the variety of contracts, insurance and Shareholder's funds (on a company-only presentational basis) as at 31 December 2013 and 31 December 2012 respectively. Linked liability insurance & investment contracts have been excluded from the table. Debtor and creditor balances include interfund balances that have not been eliminated for presentational purposes in the note.

SEK thousands	Discretionary participation contracts	Risk-only contracts	Shareholder's technical fund	Shareholder's non-technical fund	Total
	2013	2013	2013	2013	2013
Assets					
Debt securities					
Government					
< 6 months	525,886	-	-	50,964	576,850
6 months to 1 year	505,123	-	-	-	505,123
1 year to 2 years	245,570	-	-	-	245,570
2 years to 5 years	460,793	-	31,419	50,337	542,549
> 5 years	1,696,299	-	-	-	1,696,299
Non-government					
1 year to 2 years	-	-	-	29,939	29,939
2 years to 5 years	-	-	-	8,072	8,072
> 5 years	150,616	-	-	-	150,616
Shares and mutual funds:					
Relating to equity exposure	301,954	-	-	-	301,954
Relating to debt exposure	112,733	-	-	-	112,733
Derivative financial instruments	8,505	-	-	378	8,883
	4,007,479	-	31,419	139,690	4,178,588
Cash and cash equivalents:	80,727	105,677	15,971	1,610	203,985
Tangible assets	-	-	1,362	-	1,362
Investment in subsidiary	-	-	-	2,315	2,315
Debtors:	-	-	-	-	
Debtors - profit commission	3,553	6,368	-	-	9,921
Debtors – reinsurers	-	4,229	-	-	4,229
Debtors – other	79,989	33,790	38,954	228,257	380,990
Total assets	**4,171,748**	**150,064**	**87,706**	**371,872**	**4,781,390**
Liabilities and equity					
Policyholders' liabilities:					
Flex Plan	1,170,984	-	-	-	1,170,984
Triple C Plan	1,694,172	-	-	-	1,694,172
Level Plan	444,429	-	-	-	444,429
Annuity Plan	385,002	-	-	-	385,002
Creditors - reinsurance	1,641	-	-	-	1,641
Creditors – other	185,850	82,240	52,365	190,728	511,183
Reserve for risk benefits	-	67,824	-	-	67,824
Reserves for shareholder's reinsurance of mortality and disability insurance risks within discretionary participation contracts	-	-	-	-	-
Expense and mortality reserve	-	-	23,816	-	23,816
Non-distributable reserve	-	-	11,525	-	11,525
Distributable equity reserve	-	-	-	181,144	181,144
Reserve funds	289,670	-	-	-	289,670
Total liabilities and equity	**4,171,748**	**150,064**	**87,706**	**371,872**	**4,781,390**

7. Management of country risk and financial risk (continued)

7.2 Financial risk (continued)

SEK thousands	Discretionary participation contracts	Risk-only contracts	Shareholder's technical fund	Shareholder's non-technical fund	Total
	2012	2012	2012	2012	2012
Assets					
Debt securities					
Government					
< 6 months	782,637	-	-	25,953	808,590
6 months to 1 year	335,642	-	-	-	335,642
1 year to 2 years	525,391	-	-	101,189	626,580
2 years to 5 years	526,809	-	-	63,336	590,145
> 5 years	1,218,740	-	-	-	1,218,740
Non-government					
1 year to 2 years	-	-	-	-	-
2 years to 5 years	-	-	-	-	-
> 5 years	172,372	-	-	-	172,372
Shares and mutual funds:			-	-	
Relating to equity exposure	274,856	-	-	-	274,856
Relating to debt exposure	154,250	-	-	-	154,250
Derivative financial instruments	11,737	-	-	-	11,737
	4,002,434	-	-	190,478	4,192,912
Cash and cash equivalents:	91,829	112,425	44,734	2,873	251,861
Tangible assets	-	-	1,529	-	1,529
Investment in subsidiary	-	-	-	2,063	2,063
Debtors:					-
Debtors - profit commission	1,414	4,824			6,238
Debtors – reinsurers	-	3,547	-	-	3,547
Debtors – other	87,620	31,301	57,390	107,923	284,234
Total assets	**4,183,297**	**152,097**	**103,653**	**303,337**	**4,742,384**
Liabilities and equity					
Policyholders' liabilities:					
Flex Plan	1,264,975	-	-	-	1,264,975
Triple C Plan	1,631,943	-	-	-	1,631,943
Level Plan	514,639	-	-	-	514,639
Annuity Plan	443,096	-	-	-	443,096
Creditors - reinsurance	759				759
Creditors – other	22,771	85,005	70,376	52,224	230,376
Reserve for risk benefits	-	61,274	-	-	61,274
Reserves for shareholder's reinsurance of mortality and disability insurance risks within discretionary participation contracts	-	5,818	-	-	5,818
Expense and mortality reserve	-	-	24,464	-	24,464
Non-distributable reserve	-	-	8,813	-	8,813
Distributable equity reserve	-	-	-	251,113	251,113
Reserve funds	305,114	-	-	-	305,114
Total liabilities and equity	**4,183,297**	**152,097**	**103,653**	**303,337**	**4,742,384**

7.2.1 Market risk

For the linked liability insurance & investment contracts the Company matches all the assets on which the unit prices are based with assets in the respective contract's portfolio. Therefore the Board is of the opinion that these contracts do not give rise to material market risk.

However, for certain linked liability insurance & investment contracts, the death benefit the Company is required to pay is the value of the plan at the date of death. This exposes the Company, in the event of death, to market risk. This risk is managed by maintaining appropriate reserves, by having the ability to constrain the plans' investment strategy and to charge the plans' appropriate mortality premiums.

The market risks for discretionary participation contracts, Risk-only contracts, Shareholder's technical fund ("STF") and Shareholder's non-technical fund ("SNTF") are addressed below.

7. Management of country risk and financial risk (continued)

7.2.1 Market risk (continued)

The Company assesses that had policyholders' funds' assets increased/decreased in value by 5% the Company's profit would have increased / decreased by SEK 1,404,029 (2012 – SEK 1,894,501). The increase / decrease will have an impact on the amount that the Shareholder can take by way of shareholder charges.

7.2.1.1 Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities from which the Company is predominantly exposed to fair value interest risk.

In respect of the discretionary participation contracts, the EUR, NOK, SEK Skilstaf and SEK Triple C Plan policyholders' funds' guaranteed liabilities are matched by cash-flows, and updated quarterly. For the other Level Plan, Annuity Plan, Triple C Plan and Corporate Triple C Plan policyholder funds, Senior Management monitor interest rate risk by calculating the mean duration of the assets and the liabilities to policyholders. The mean duration is an indication of the sensitivity of the assets and liabilities to changes in current interest rates. The mean duration of the liabilities is determined by discounting the liabilities by a market rate of interest. The Investment Manager aims to broadly match the mean duration (including the surrender value floor) of its liabilities by investing in appropriately dated fixed interest assets and by utilising derivative financial instruments.

Due to the dual guarantee (i.e. the current surrender value, or the present value of the maturity plus the cost of the guaranteed bonus) in Triple C there is a shift in liability interest rate sensitivity at an interest rate corresponding to an average guarantee rate. This is managed by continuously adjusting the interest rate sensitivity of the fixed income portfolios. In order to reduce the number of trades required the Company allows for a tolerance level for the deviation of interest rate sensitivity of ± 2 years.

The gap between the mean duration of the assets and the mean duration of the liabilities is calculated quarterly. Significant gaps are normally limited by means of buying and selling fixed interest securities of different durations. As such Management has concluded that there is no material interest rate sensitivity. However, if the discretionary participation contracts were not sufficiently funded the Shareholder would be obliged to meet the underlying guaranteed benefits.

For Flex Plan and Save Invest Plan the mean duration of the assets that back the liabilities is 1.58 years (2012 – 1.35 years). The mean duration of policyholders' liabilities if held to the maturity of the contract is 15.51 years (2012 – 15.75 years). However, the contracts can be surrendered before maturity for a cash surrender value specified in the contractual terms and conditions, typically the policyholders' accumulated accounts at the date of surrender. The valuation liability at the balance sheet date is taken as the value of the accumulated accounts and has a duration of zero. Accordingly the duration of the assets is kept to a low level and an appropriate reserve fund is maintained.

For the EUR, NOK, SEK Skilstaf and SEK Triple C Plans, the aggregated mean duration of the fixed interest assets that notionally back the guaranteed policyholder liabilities is 11.5 years (2012 – 5.2 years). The aggregated mean duration of the guaranteed policyholder liabilities is 12.3 years (2012 – 13.2 years).

For the other Triple C, Corporate Triple C, Annuity and Level Plans the aggregated mean duration of the cash and fixed interest assets that notionally back the total policyholder liabilities is 10.6 years (2012 – 11.4 years). The aggregated mean duration of the policyholder liabilities (including the surrender value floor) is 13.0 years (2012 – 14.0 years).

In order to address interest rate risk, and to the extent permitted in the Company's investment policy approved by the Board, the Company is able to use derivatives in the discretionary participation contracts. At the balance sheet date the only derivative being utilised by the discretionary participation contracts is an interest rate swap for duration management.

In relation to Risk-only contracts there is no material interest rate risk as the Company maintains all of the funds' financial assets in cash or cash equivalents. The Shareholder's funds in the STF and SNTF are invested in short

7. Management of country risk and financial risk (continued)

7.2.1.1 Interest rate risk (continued)

duration fixed income securities and therefore have a limited interest rate risk. In the SNTF the duration of the Shareholder's funds is 0.16 years (2012 – 0.15 years). A 2% increase/decrease in interest rates would result in a loss/profit of SEK 436,075 (2012 – SEK 559,474).

7.2.1.2 Equity price risk

Equity price risk is borne by the Triple C Plan, Corporate Triple C Plan, Annuity Plan and Level Plan discretionary participation contracts as a result of their holdings in equity investments. Investments are equity exchange traded funds and equity funds and are classified as financial assets at fair value through profit and loss. The risk is managed by the use of an asset liability driven allocation strategy which adjusts the exposure to equities to be broadly equivalent to the investment reserves, i.e. assets backing guaranteed liabilities do not have an equity price risk. However, if these discretionary participation contracts were not sufficiently funded the Shareholder would be obliged to meet the underlying guaranteed benefits.

Exposure to equities in aggregate are monitored in order to ensure compliance with the Company's investment policy and the investment management agreement. The Company has a defined investment policy which is approved by the Board and sets limits on the Company's exposure to equities both by market and in aggregate.

Investment matters including impacts of changes to equity prices are monitored on an ongoing basis by Senior Management and overseen by the Executive Management. An investment report is tabled at each Board meeting and significant decisions are made by the Board. Senior Management and the Investment Manager develop, implements and monitors investment strategy with input from the Appointed Actuary.

There is no equity price risk for the Flex Plan and Save Invest Plan discretionary participation contracts, Risk-only contract funds, STF and SNTF because these funds do not currently invest in equities. Management believes the Shareholder is not directly exposed to any material equity price sensitivity although equity price risk sensitivity impacts the fund for future appropriations for which transfers are made to the Shareholder. There is also no equity price risk in linked liability insurance & investment contracts because changes in the value of equity securities match the liability to the policyholders who bear all equity price risk under these contracts.

7.2.1.3 Currency risk

Currency risk is a form of market risk that arises from the potential change in the exchange rate of one currency against another. This risk can impact the value of assets, investments, and their related interest and dividend payment streams, especially those securities denominated in foreign currency.

There is no material currency risk for discretionary participation contracts as the assets and liabilities of each fund are generally matched in source currency.

The Risk-only contracts are issued in various currencies. The Company is exposed to currency risk to the extent that claims (after reinsurance recoveries) may exceed net premiums collected in that currency. This risk is not seen as material compared to the underlying insurance risks underwritten.

For the STF the Company is exposed to currency risk due to administration income being generated in seven currencies whilst the majority of expenses are settled in Sterling. If Sterling had been 10% stronger against the other currencies during the year, expenses for 2013 would have been increased by approximately SEK 3.5M (2012: SEK 3.5M).

During the year the Company utilised forward foreign exchange contracts to hedge currencies to reduce the impact of currency changes on the level of required solvency capital the Shareholder needs to hold.

7.2.2 Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due and at the agreed terms. The credit risk is monitored on a daily basis by the Investment Manager, on a quarterly basis by Management and the

7. Management of country risk and financial risk (continued)

7.2.2 Credit risk (continued)

Board approve any change in credit policy.

The creditworthiness of banks and reinsurers is monitored quarterly by reviewing credit and financial strength ratings provided by rating agencies and other publicly available information. Counterparty default risk is considered by Senior Management on a gross basis (unless a net basis is contractually agreed) and findings are reported to the Appointed Actuary on an annual basis.

The discretionary participation contracts are exposed to credit risk in respect of amounts due from bond issuers, bank's derivative counterparties and reinsurers. In line with mandates agreed by the Company the Investment Manager manages the level of credit risk it accepts by placing limits on its total holdings by credit ratings, its exposure to a single counterparty and by investing in high grade government bonds.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as an insurer. If a reinsurer fails to pay a claim the Company remains liable for the payment to the policyholder.

Under the Company's reinsurance arrangements the reinsurer is required to pay the Company on the death or incapacity of an insured life their share of the capitalised value of the pension on the basis of appropriate mortality rates and interest rates. The insurer and reinsurer settle premiums and claims within 40-60 days of each calendar quarter end.

In addition, under some of the Company's reinsurance arrangements the reinsurer is required to pay the Company reinsurance profit commission on an annual/biennial basis.

Furthermore, the Company has reinsurance cover for losses arising from catastrophic events through participation in a catastrophe reinsurance program arranged by the Storebrand Group. In the event of a claim arising from a catastrophic event, the Company would be at risk of the reinsurers participating in the catastrophe reinsurance program defaulting on the resulting reinsurance recoveries.

The Risk-only contract funds are exposed to credit risk in respect of amounts due from banks and reinsurers.

The STF and SNTF are exposed to credit risk in respect of amounts due from Swedish government bonds with an AAA rating, bond issuers and banks. In line with mandates agreed by the Company the Investment Manager manages the level of credit risk by placing limits on the proportions held by credit rating.

In relation to assets backing linked liability insurance & investment contracts Senior Management deem that there is no material credit risk to the Company. Furthermore, Senior Management believe that there is no material credit risk for the Company should an investment manager, mutual fund or other institution default in its obligations to the Company as the assets backing linked liability insurance & investment contracts are held in segregated client accounts and cannot be made available to the creditors of the counterparty upon their liquidation (with the exception of assets held with Svenska Handelsbanken AB (publ) after the balance sheet date (as detailed in Note 54)). The Company monitors the credit risk of such counterparties on a quarterly basis, ensures that counterparties are regulated in a jurisdiction acceptable to the Company and seeks to obtain controls documentation on an annual basis.

There is the risk of loss of assets held in custody due to the negligence or fraudulent action of a custodian or of a sub-custodian. On an annual basis the Company obtains controls documentation to confirm the ongoing protection of policyholder assets and obtains confirmation that such custodians or sub-custodians are fit and proper to perform their role, that they continue to be regulated in a jurisdiction acceptable to the Company and that policyholder assets continue to be held in segregated accounts from other assets under custody or from the custodian's/sub-custodian's own assets. The Company or Trustee (in relation to assets held under trust) may also demand the immediate withdrawal of assets from one custodian or sub-custodian to another.

Senior management have applied appropriate mean annual issuer-weighted corporate default rates (as recognised by Moody's) to all assets exposed to custodian risk and have concluded that the risk is immaterial.

7. Management of country risk and financial risk (continued)

7.2.2 Credit risk (continued)

Overall, the concentration of credit risk is substantially unchanged compared to the prior year. No financial assets are past due or impaired at the reporting date and management expects no losses from non-performance by these counterparties. The Company maintains strict controls on derivative financial instruments by both amount and term. The amount, subject to credit risk at any one time, is linked to the current fair value of derivative financial instruments.

The assets bearing credit risk as at 31 December 2013 and 31 December 2012 are summarised below together with analysis by credit rating taken from ratings agencies approved by the Commission:

SEK thousands	**Discretionary participation contracts 2013**	**Risk-only contracts 2013**	**Shareholder's technical fund 2013**	**Shareholder's non-technical fund 2013**	**Total 2013**
Debt securities	3,648,752	-	32,178	139,312	3,820,242
Mutual funds relating to debt securities	112,733	-	-	-	112,733
Mutual funds relating to equity exposure	301,954	-	-	-	301,954
Derivative and financial instruments	8,505	-	-	378	8,883
Assets arising from profit commissions	3,553	6,368	-	-	9,921
Assets arising from reinsurance contracts	-	4,229	-	-	4,229
Cash at bank and in hand	80,727	105,677	15,971	1,610	203,985
Total assets bearing credit risk	**4,156,224**	**116,274**	**48,149**	**141,300**	**4,461,947**
AAA	2,843,560	-	-	134,242	2,977,802
AA	796,686	4,609	32,178	5,070	838,543
A	97,738	43,901	15,962	1,988	159,589
BBB	92,139	5,988	-	-	98,127
Below BBB or not rated	326,101	61,776	9	-	387,886
Total assets bearing credit risk	**4,156,224**	**116,274**	**48,149**	**141,300**	**4,461,947**

SEK thousands	**Discretionary participation contracts 2012**	**Risk-only contracts 2012**	**Shareholder's technical fund 2012**	**Shareholder's non-technical fund 2012**	**Total 2012**
Debt securities	3,635,639	-	-	190,848	3,826,487
Mutual funds relating to debt securities	154,250	-	-	-	154,250
Mutual funds relating to equity exposure	274,856	-	-	-	274,856
Derivative and financial instruments	11,737	-	-	-	11,737
	1,414	4,824	-	-	6,238
Assets arising from reinsurance contracts	-	3,547	-	-	3,547
Cash at bank and in hand	91,829	107,601	44,734	2,873	247,037
Total assets bearing credit risk	**4,169,725**	**115,972**	**44,734**	**193,721**	**4,524,152**
AAA	2,634,933	-	-	134,962	2,769,895
AA	1,012,441	-	-	5,089	1,017,530
A	91,829	107,601	44,734	53,671	297,835
BBB	82,499	-	-	-	82,499
Below BBB or not rated	348,022	8,371	-	-	356,393
Total assets bearing credit risk	**4,169,724**	**115,972**	**44,734**	**193,722**	**4,524,152**

7.2.3 Liquidity risk

Liquidity risk is the risk that cash may not be available at a reasonable cost to pay obligations when due.

The discretionary participation contracts primarily invest in liquid government bonds and also invest in investment-

7. Management of country risk and financial risk (continued)

7.2.3 Liquidity risk (continued)

graded corporate bonds, exchange traded funds, bond funds and equity funds. The Company also monitors its cash flows in order to be able to meet expected surrenders and maturity payments as they fall due.

In relation to the Risk-only contracts the Company holds assets in liquid call accounts and short-dated deposits to meet claim payments or reinsurance premium payments. In the event that claims (after reinsurance recoveries) exceed premiums in a given period, the Company would transfer money from the SNTF to the fund.

The Company bears no liquidity risk for the assets backing linked liability insurance and investment contracts because the Company does not pay the policyholders until the assets have been realised. The assets are typically quoted securities and are easily realisable. However, when the asset cannot be realised the contract permits the transfer of the asset to the policyholders.

The Company holds assets for the STF in liquid call accounts to meet expenses. In the event that expenses exceed income in a given period, the Company loans cash from its SNTF (see below) to the STF.

The assets can be readily realised in the SNTF as the Company invests in liquid short dated instruments and retains sufficient cash to meet unexpected transfers to the STF.

The liquidity of the above funds is formally monitored on a monthly basis through management cash flow meetings.

8. Management of insurance risk

Capital management
The Company maintains the Shareholder’s and policyholders’ funds in a consistent manner with the Company’s risk appetite, the regulatory and market requirements of its business.

The Company is subject to regulatory capital tests and also employs internal assessments to allocate capital and manage risk. The Company meets all of these requirements and has sufficient resources and financial strength.

In reporting financial strength, capital and solvency is measured in accordance with Guernsey Law and as prescribed by regulations or instructions issued by the Commission.

Capital management policies and objectives
The Company’s objectives in managing its capital are:

a) to manage the Shareholder’s and policyholders’ funds in a consistent manner with the Company’s risk appetite and in accordance with the Investment Policy;
b) to satisfy the requirements of the Shareholder and the Commission, as well as the expectations of policyholders; and
c) to meet the Company’s internal solvency target.

The Company’s internal solvency target is to hold sufficient capital to meet the greater of:

- 150% of the Minimum Solvency Capital Requirement as required under The Insurance Business (Bailiwick of Guernsey) Law, 2002;
- 175% of the Company’s estimate of the capital that would be required to meet the minimum solvency requirement calculated on a notional EU basis; or
- The Company’s Own Solvency Capital Assessment.

As in the prior year the Company had sufficient capital to meet all three internal solvency targets as at the balance sheet date.

8. Management of insurance risk (continued)

Restrictions on available capital resources

The Company is required to hold sufficient capital to meet the minimum margin of solvency under The Insurance Business (Bailiwick of Guernsey) Law, 2002, known as the Minimum Solvency Capital Requirement ("MSCR"). The MSCR is calculated as 2.5% of total technical provisions excluding technical provisions for linked liabilities.

There is a regulatory requirement for the Company to maintain adequate capital and liquidity. The Commission has issued a guidance note on the Own Risk and Solvency Assessment, the process of a licensed insurer determining its own level of capital resources for solvency purposes. The Company's own assessments of its solvency margin requirements will be referred to as the Own Solvency Capital Assessment ("OSCA"). This can be compared with the MSCR. If the OSCA is higher than the MSCR the Commission retains the right to require the insurer to maintain the higher of the OSCA and the MSCR.

The Commission requires that the OSCA, together with supporting rationale, is submitted annually to the Commission by 30 April, together with the Annual Return. Additionally, where there has been a material business plan change with an impact on solvency a revised OSCA should be provided at the time the change is notified to the Commission.

The approach to the calculation of the OSCA is not prescribed. However, guidance has been issued on some of the areas to be considered and the format of the report. The suitability of the capital available should also be considered. The process used by the Company when calculating its OSCA is to follow the latest EU Solvency II standard formula technical specifications and to supplement these with an assessment of other risks which fall outside the standard formula.

The Company's available capital is subject to certain restrictions. In particular, no transfers from the long-term business fund can take place other than from an established surplus identified from an actuarial valuation of the fund.

The Company's total available capital resources as at 31 December 2013 and 31 December 2012 are summarised below (based on Company information only):

Available capital resources
Capital statement table – 2013
SEK thousands

	Discretionary participation contracts	Other life business	Life business shareholder's funds	Total life business
Shareholder's funds				
Distributable equity reserve	-	-	181,145	181,145
Non-distributable equity reserve	-	-	11,525	11,525
	-	-	192,670	192,670
Other qualifying capital				
Fund for future appropriations	289,670	-	-	289,670
	289,670	-	192,670	482,340
Regulatory adjustments				
Non-distributable equity reserve	-	-	(11,525)	(11,525)
Total available capital resources	289,670	-	181,145	470,815
MSCR	-	-	102,186	102,186
Overall surplus capital over MSCR	289,670	-	78,959	368,629
Analysis of policyholders' liabilities				
Discretionary participation contracts	3,717,438	-	-	3,717,438
Risk-only contracts	-	67,824	-	67,824
Unit-linked	-	3,780,693	-	3,780,693
Total technical liabilities	**3,717,438**	**3,848,517**	**-**	**7,565,955**

8. Management of insurance risk (continued)

Restrictions on available capital resources (continued)

Available capital resources

Capital statement table – 2012

SEK thousands

	Discretionary participation contracts	Other life business	Life business shareholder's funds	Total life business
Shareholder's funds				
Distributable equity reserve	-	-	251,113	251,113
Non-distributable equity reserve	-	-	8,813	8,813
	-	-	259,926	259,926
Other qualifying capital				
Fund for future appropriations	305,114	-	-	305,114
	305,114	-	259,926	565,040
Regulatory adjustments				
Non-distributable equity reserve	-	-	(8,813)	(8,813)
Total available capital resources	305,114	-	251,113	556,227
MSCR	-	-	106,503	106,503
Overall surplus capital over MSCR	305,114	-	144,610	449,724
Analysis of policyholders' liabilities				
Discretionary participation contracts	3,878,002	-	-	3,878,002
Risk-only contracts	-	67,092	-	67,092
Unit-linked	-	3,656,188	-	3,656,188
Total technical liabilities	**3,878,002**	**3,723,280**	**-**	**7,601,282**

The Company's total available capital resources, which are represented by distributable shareholder's funds, are SEK 470,815,000 (2012 – SEK 556,227,000) of which SEK 289,670,000 (2012 – SEK 305,114,000) is held by the discretionary participation funds. The capital held within the discretionary participation funds is constrained by regulatory requirements. This means it may not be possible for the capital to be used to provide funding for group life and disability business.

At the balance sheet date, the Company had 17 discretionary participation funds and these are aggregated and shown separately in the capital statement above. The Company's other life insurance business is shown in the aggregate.

The total available capital resources for the discretionary participation funds include the fund for future appropriations. The allocation of the fund for future appropriations between policyholders and the Shareholder has not been determined. The fund for future appropriations represents capital resources of the discretionary participation funds and is available to meet some regulatory and other solvency requirements of the funds and, in certain circumstances, additional liabilities that may arise. For example, the Company has reserved the right to increase the level of the Shareholder charge on the discretionary participation funds subject to the approval of the Appointed Actuary and the Board.

The fund for future appropriations is however deemed not available to meet the MSCR. As such, the MSCR is met from the Shareholder's funds, which are held primarily outside the long-term business fund and shown separately in the capital statement above.

The business-held Shareholder's funds as a multiple of MSCR have decreased significantly in 2013 due to a special dividend of SEK 90,000,000 paid in May 2013. However the payment of this special dividend was contingent upon the Shareholder agreeing to the issue of 900,000 ordinary shares to the value of SEK 100 per share by the Company. The issue of shares was initiated at the time of payment of the dividend.

8. Management of insurance risk (continued)

Restrictions on available capital resources (continued)
The movement in the Company's total available capital resources for the years 2013 and 2012 are summarised below:

Movement in capital resources
SEK thousands

	Discretionary participation contracts	Other life business and shareholder's funds	Total life business
Balance at 1 January 2013	305,114	251,113	556,227
Effect of exchange rate variations	(57)	(379)	(436)
Effect of investment variations	(70,359)	219	(70,140)
Effect of changes in assumptions	123,843	(1,867)	121,976
Risk fund adjustment	-	3,445	3,445
Fund charge	(19,928)	19,928	-
Surplus distribution	(56,090)	-	(56,090)
New business	-	-	-
Other factors	7,147	(1,314)	5,833
Payment of ordinary dividends	-	(90,000)	(90,000)
Balance at 31 December 2013	**289,670**	**181,145**	**470,815**
Balance at 1 January 2012	376,145	426,942	803,087
Effect of exchange rate variations	(6,686)	(244)	(6,930)
Effect of investment variations	112,634	9,014	121,648
Effect of changes in assumptions	(91,979)	(869)	(92,848)
Risk fund adjustment	-	22,319	22,319
Fund charge	(21,134)	21,134	-
Surplus distribution	(58,841)	-	(58,841)
New business	(19)	-	(19)
Other factors	(5,006)	(5,300)	(10,306)
Payment of ordinary dividends	-	(221,883)	(221,883)
Balance at 31 December 2012	**305,114**	**251,113**	**556,227**

Capital resource sensitivities
The capital position is sensitive to changes in market conditions, due to both changes in the value of assets and the effect that changes in investment conditions may have on the value of liabilities. It is also sensitive to assumptions and experience relating to mortality and, to a lesser extent, expenses.

The most significant sensitivities arise from the following five risks:

a) Market risk in relation to the discretionary participation funds, which would arise if the return from the investments supporting these funds were lower than assumed for reserving. This risk has been reduced in the year by improving the method of matching some Triple C Plan liabilities.

b) Market risk in relation to the discretionary participation funds, which would arise if adverse changes in the value of assets supporting the funds could not be fully reflected in payments to policyholders because of the effect of guarantees. This risk has been reduced in the year by improving the method of matching some Triple C Plan liabilities.

c) Mortality and morbidity risk in relation to Risk-only business which would arise if the mortality or morbidity of the insured lives were heavier than that assumed, possibly because of an epidemic or catastrophe.

d) Credit risk in relation to Risk-only business which would arise if a reinsurer defaulted on its commitments to the Company, possibly because of an epidemic or catastrophe causing business failure.

e) Expense risk arising from the variation in the expenses incurred in servicing insurance or investment contracts.

8. Management of insurance risk (continued)

Capital resource sensitivities (continued)

The timing of any impact on capital would depend on the interaction of past experience and assumptions about future experience. In general, if experience had deteriorated or was expected to deteriorate and management were not expected to reduce the future impact, then assumptions relating to future experience would be changed to reflect it. In this way liabilities would be increased to anticipate the future impact of the worse experience with an immediate impact on the capital positions.

Examples of possible management actions to reduce future impacts include changes to bonus rates, changes to discretionary surrender terms, cost-cutting initiatives and cancelling Risk-only contracts.

9. Fair value estimation

The table below discloses by level fair value measurements for financial instruments held at fair value in the balance sheet by using the following fair value measurement hierarchy:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as price) or indirectly (that is, derived from prices) (Level 2).

3. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's assets and liabilities (excluding insurance contract liabilities) measured at fair value at 31 December 2013:

SEK thousands

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
- debt securities	3,592,019	240,447	-	3,832,466
- shares and mutual funds	211,965	125,275	-	337,240
- derivatives	-	8,883	-	8,883
Assets held to cover linked liabilities	1,341,102	2,044,336	257,330	3,642,768
Total	**5,145,086**	**2,418,941**	**257,330**	**7,821,357**
Financial liabilities at fair value through profit or loss:				
- investment contracts	-	1,912,389	-	1,912,389
Total	**-**	**1,912,389**	**-**	**1,912,389**

The following table presents the Company's assets and liabilities (excluding insurance contract liabilities) measured at fair value at 31 December 2012:

SEK thousands

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
- debt securities	3,176,372	300,841	-	3,477,213
- shares and mutual funds	304,777	36,561	-	341,338
- derivatives	-	11,737	-	11,737
Assets held to cover linked liabilities	1,255,893	1,973,606	275,553	3,505,052
Total	**4,737,042**	**2,322,745**	**275,553**	**7,335,340**
Financial liabilities at fair value through profit or loss:				
- investment contracts	-	1,967,975	-	1,967,975
Total	**-**	**1,967,975**	**-**	**1,967,975**

9. Fair value estimation (continued)

The fair value of financial instruments traded in active markets is based on quoted mid prices at the balance sheet date, as described in Note 5.3.1 These instruments are included in Level 1. Instruments included in Level 1 comprise listed equities, debt instruments and exchange traded funds.

If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The Company includes investments in mutual funds within Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Valuation techniques used to value financial instruments are described in Note 5.3.1.

There were no transfers between Level 1 and Level 2 during 2013 or 2012.

The following table summarises the changes in Level 3 instruments for the year ended 31 December 2013:

SEK thousands	Unquoted equities 2013	Unquoted equities 2012
Opening balance	275,553	141,525
Net amount acquired and disposed during the year	(22,177)	155,851
Profit/(losses) recognised in the profit or loss	3,954	(21,823)
Closing balance	**257,330**	**275,553**

The financial statements include holdings in unlisted shares, which are measured at fair value. Fair value is estimated by applying the net asset value to the number of shares held. The fair value changes to holdings in the unlisted shares relating to insurance contracts are reported through the consolidated profit and loss account whereas the fair value changes to holdings in the unlisted shares relating to investment contracts are not reported through the consolidated profit and loss account. For contracts that are classified as investment contracts the fair value of the assets is linked to the value of the liabilities.

10. Technical account – long-term business by product

The following tables present the technical account – long-term business disaggregated across the policyholders' funds for the years ended 31 December 2013 and 31 December 2012:

Nordben Life and Pension Insurance Co. Limited

Notes to the Financial Statements (continued)

10. Technical account – long-term business by product (continued)

SEK thousands

	Notes	Discretionary participation contracts	Risk-only contracts	Linked liability insurance & investment contracts		Shareholder's technical fund	Total
				Investments held at risk of insurance contract holders	Investments held at risk of investment contract holders		
		2013	2013	2013	2013	2013	2013
Premiums, net of reinsurance							
Gross premiums written		191,065	129,264	-	-	-	320,329
Outward reinsurance premiums		(12,869)	(56,084)	-	-	-	(68,953)
		178,196	73,180	-	-	-	251,376
Investment Income	A	128,637	231	31,800	16,756	762	178,186
Net realised (losses)/gains on financial assets		(51,167)	-	(69,044)	97,263	-	(22,948)
Net fair value gains/(losses) on assets at fair value through profit or loss	A	(133,750)	-	227,769	146,738	(293)	240,464
Exchange differences on retranslation		(982)	(2,704)	56,438	9,695	(73)	62,374
Other technical income, net of reinsurance		3,634	7,632	-	-	-	11,266
Investment contracts' losses	B	-	-	-	(260,181)	-	(260,181)
		124,568	78,339	246,963	10,271	396	460,537
Claims incurred, net of reinsurance							
Claims paid							
Gross amount		(266,526)	(36,593)	(45,703)	-	(4,228)	(353,050)
Amount attributed to insurance pooling arrangements and reinsurers		172	12,330	-	-	-	12,502
		(266,354)	(24,263)	(45,703)	-	(4,228)	(340,548)
Change in the provision for claims							
Gross amount		8,491	-	-	-	-	8,491
Amount attributed to insurance pooling arrangements and reinsurers		-	12,000	-	-	-	12,000
		8,491	12,000	-	-	-	20,491
		(257,863)	(12,264)	(45,703)	-	(4,228)	(320,057)
Change in other technical provisions, net of reinsurance							
Long-term provision, net of reinsurance							
Gross amount		151,575	(732)	-	-	497	151,340
Reinsurers' share		-	-	-	-	-	-
		151,575	(732)	-	-	497	151,340
Other technical provisions, net of reinsurance							
Technical provisions for linked liabilities		-	-	(189,143)	-	150	(188,993)
		151,575	(732)	(189,143)	-	647	(37,653)
Gross technical income		**18,280**	**65,343**	**12,117**	**10,271**	**(3,185)**	**102,827**
Fee Income on investment contracts		-	-	-	13,349	-	13,349
Investment expenses and charges		(5,720)	-	(3,076)	(10,272)	-	(19,068)
Other technical charges, net of reinsurance		(76)	(39,426)	(3,423)	-	(1,858)	(44,783)
Transfer (to)/from the non-distributable reserve		-	-	-	-	(2,712)	(2,712)
Transfer from the fund for future appropriations		15,444	-	-	-	-	15,444
Balance on the long-term business technical account before net operating expenses	C	**27,928**	**25,917**	**5,618**	**13,348**	**(7,755)**	**65,057**
Net operating expenses	D						(46,283)
Balance on the long-term business technical account							**18,774**

A - The investment income and the net fair value gains/(losses) on assets at fair value through profit or loss represent the whole of the investment income arising in the Company's long-term business fund. The investment income and the net fair value gains/(losses) on assets at fair value through profit or loss shown in the non-technical account arise from the Shareholder's funds held in the non-technical account.

B - Investment contracts' benefits are accrued to the account of the contract holder as the fair value of the net movement arising from the underlying assets. All the contracts in this category are designated as fair value through profit or loss and were designated to this category upon initial recognition.

C – Balance on the long-term business technical account before net operating expenses includes underwriting profit, ½% shareholder charges and fee income on investment contracts.

D – Net operating expenses comprise of acquisition costs of SEK 2,322,000 (2012 – SEK 4,135,000) and administrative costs of SEK 43,961,000 (2012 – SEK 49,106,000). Included within net operating expenses above is SEK 5,930,000 (2012 – SEK 5,789,000) relating to Risk-only contract administration expenses. Total expenses incurred by the Company were SEK 52,369,000 (2012 – SEK 57,639,000), which consists of the net operating expenses above, other technical charges of SEK 1,858,000 (2012 – 1,565,000) and claims handling fees of SEK 4,228,000 (2012 – 2,833,000).

Nordben Life and Pension Insurance Co. Limited

Notes to the Financial Statements (continued)

10. Technical account – long-term business by product (continued)

SEK thousands

	Discretionary participation	Risk-only contracts	Linked liability insurance & investment contracts		Shareholder's technical fund	Total
			Investments held at risk of insurance contract holders	Investments held at risk of investment contract holders		
	2012	2012	2012	2012	2012	2012
Premiums, net of reinsurance						
Gross premiums written	212,301	121,111	(584)	-	-	332,828
Outward reinsurance premiums	(14,785)	(36,212)	-	-	-	(50,997)
	197,516	84,899	(584)	-	-	281,831
Investment Income	154,070	564	31,150	8,865	262	194,911
Net realised gains/(losses) on financial assets	67,281	4	8,018	(22,388)	-	52,915
Net fair value gains/(losses) on assets at fair value through profit or loss	(62,714)	-	100,160	143,750	-	181,196
Exchange differences on retranslation	(106,812)	(3,473)	(67,345)	(14,987)	(177)	(192,794)
Other technical income, net of reinsurance	1,649	5,782	-	-	-	7,431
Investment contracts' losses	-	-	-	(112,378)	-	(112,378)
	250,990	87,776	71,399	2,862	85	413,112
Claims incurred, net of reinsurance						
Claims paid						
Gross amount	(181,943)	(24,780)	(35,067)	-	(2,833)	(244,623)
Amount attributed to insurance pooling arrangements and reinsurers	471	4,349	-	-	-	4,820
	(181,472)	(20,431)	(35,067)	-	(2,833)	(239,803)
Change in the provision for claims						
Gross amount	(7,884)	-	-	-	-	(7,884)
Amount attributed to insurance pooling arrangements and reinsurers	-	(2,645)	-	-	-	(2,645)
	(7,884)	(2,645)	-	-	-	(10,529)
	(189,356)	(23,076)	(35,067)	-	(2,833)	(250,332)
Change in other technical provisions, net of reinsurance						
Long term provision, net of reinsurance						
Gross amount	(96,332)	13,316	-	-	(580)	(83,596)
Reinsurers' share	-	-	-	-	-	-
	(96,332)	13,316	-	-	(580)	(83,596)
Other technical provisions, net of reinsurance						
Technical provisions for linked liabilities	-	-	(23,687)	-	(634)	(24,321)
	(96,332)	13,316	(23,687)	-	(1,214)	(107,917)
Gross technical income	**(34,698)**	**78,016**	**12,645**	**2,862**	**(3,962)**	**54,863**
Fee Income on investment contracts	-	-	-	14,066	-	14,066
Investment expenses and charges	(6,499)	-	(3,360)	(2,864)	-	(12,723)
Other technical charges, net of reinsurance	(1,078)	(32,464)	(3,742)	-	(1,565)	(38,849)
Transfer from/(to) the non-distributable reserve	-	-	-	-	576	576
Transfer from/(to) fund for future appropriations	71,031	-	-	-	-	71,031
Balance on the long-term business technical account before net operating expenses	**28,756**	**45,552**	**5,543**	**14,064**	**(4,951)**	**88,964**
Net operating expenses						(53,241)
Balance on the long-term business technical account						**35,723**

11. Segmental analysis

Insurance and discretionary participation contracts

Where regular premiums are received other than annually the reported regular new business premiums are calculated on an annualised basis. Products substituted due to the exercise of standard contract terms or due to an amendment to a Group Insurance Agreement are not included in the premium statistics.

From 1 January 2013 the principal activity is to provide group life and disability insurance products to globally mobile employees, expatriate and third country nationals working for Nordic industry. The remainder of the Company's products were closed to new business at that time.

Nordben Life and Pension Insurance Co. Limited
Notes to the Financial Statements (continued)

11. Segmental analysis (continued)

Gross premiums written

SEK thousands

	2013	2012
Annuity Plan	367	2,153
Flex Plan	15,997	20,595
Level Plan	2,565	2,207
Triple C Plan, Corporate Triple C Plan	172,136	187,346
Individual Plan	-	(584)
Risk-only contracts	129,264	121,111
Gross premiums written	**320,329**	**332,828**

Gross new premiums written

SEK thousands

		2013	2012
Comprising	-Individual business	10,890	12,365
	-Group contracts	2,480	5,844
Gross new premiums written		**13,370**	**18,209**

SEK thousands

	Regular premiums		Single premiums	
	2013	**2012**	**2013**	**2012**
Annuity Plan				
- Individual	-	-	-	1,077
Triple C Plan, Corporate Triple C Plan				
- Individual	10,792	9,554	98	1,734
- Group	402	-	-	-
	11,194	**9,554**	**98**	**2,811**
Risk-only contracts				
- Group	2,078	5,844	-	-
	2,078	**5,844**	**-**	**-**
Gross new premiums written	**13,272**	**15,398**	**98**	**2,811**

Investment contracts

Gross benefits written

SEK thousands

	2013	2012
Individual Plan	47,204	453
Living Annuity Plan	3,500	127,541
Executive Portfolio Bond	968	535
International Investment Plan	-	255,861
Unit Linked Plan	107,932	103,707
Gross benefits written	**159,604**	**488,097**

SEK thousands

		2013	2012
Comprising	-Individual business	1,285	264,251
	-Group contracts	1,484	2,427
Gross new benefits written		**2,769**	**266,678**

Nordben Life and Pension Insurance Co. Limited
Notes to the Financial Statements (continued)

11. Segmental analysis (continued)

Gross new benefits written

SEK thousands

	Regular premiums		Single premiums	
	2013	**2012**	**2013**	**2012**
Individual Plan				
- Individual	-	-	316	328
International Investment Plan				
- Individual	-	-	-	255,937
Living Annuity Plan				
- Individual	-	-	-	7,451
Executive Portfolio Bond				
- Individual	-	-	969	535
Unit Linked Plan				
- Individual	-	-	-	-
- Group	1,484	2,427	-	-
Gross new benefits written	**1,484**	**2,427**	**1,285**	**264,251**

12. Cost borne by discretionary participation contracts

SEK thousands

	2013	**2012**
Investment expenses	5,672	6,157
Trustee expenses	261	270
	5,933	**6,427**

Storebrand Kapitalforvaltning AS, who provided asset management and investment advisory services during the year, merged with Storebrand Fondene AS on 5 December 2013, with Storebrand Fondene AS as the acquiring company. At the same time Storebrand Fondene AS changed its name to Storebrand Asset Management AS.

Investment expenses are fees for the provision of asset management and investment advisory services, both of which were provided by Storebrand Kapitalforvaltning AS (now known as Storebrand Asset Management AS) for the year. The fees disclosed are net of rebates amounting to SEK 486,796.24 (2012: SEK nil).

Trustee expenses are the fees charged by Kleinwort Benson (Guernsey) Trustees Limited, the third party trustee.

13. Auditor's remuneration

The Company audit fees and expenses amounted to SEK 891,800 (2012 – SEK 930,375) and are included in the technical account.

14. Commissions and introducers' fees

Total commissions and introducers' fees accounted for by the Company during the year amounted to SEK 11,243,729 (2012 – SEK 12,012,872) and are included in the technical account.

15. Staff costs

SEK thousands

	2013	**2012**
Wages and salaries	18,747	19,986
Guernsey social insurance costs	1,207	1,288
Other pension costs	769	803
The average number of persons including part time employees employed by the Company during the year	38	40

16. Directors' emoluments

The Directors were paid fees of SEK 856,610 for the year ended 31 December 2013 (2012 – SEK 887,641).

17. Pension costs

From 1 January 1993 the Company has funded a pension scheme providing benefits based on the contributions to that scheme. In addition, the pension scheme provides a lump sum in the event of an employee dying in service. This benefit is insured with a United Kingdom insurance company. Those funds are independent of the finances of the Company. All contributions and premiums for death-in-service benefits are charged to staff costs against the profit of the Company for the year in which the contributions and premiums are made. The charge for the current year was SEK 769,252 (2012 - SEK 803,159).

18. Profit for the financial year

SEK thousands

	2013	2012
Profit for the financial year is stated after charging:		
Depreciation	781	1,056
Operating lease payments for premises	2,305	2,432

19. Taxation

The Company and its subsidiaries were taxable in Guernsey at the company standard rate of 0% until 31 December 2012. As of 1 January 2013 Guernsey expanded the company intermediate rate of income tax to include licensed insurers (in respect of domestic business) and licensed fiduciaries. Therefore, with effect from 1 January 2013, the Company will be taxable at 10% in respect of domestic insurance business and its subsidiary Nordben Pension Trustees Limited will be taxable at 10% under the Guernsey intermediate income tax rate.

As at 31 December 2013 taxation due from the Group amounted to SEK 72,000 (2012: Nil.)

20. Dividends

The Board approved a special dividend of SEK 90,000,000, which was paid in May 2013.

The special dividend of SEK 90,000,000 was contingent on the Shareholder agreeing to the issue of 900,000 ordinary unpaid shares of SEK 100 per share by the Company. Therefore the Company increased its authorised and issued share capital from 841,660 to 1,741,660 shares of SEK 100 per share in May 2013 upon agreement from the Shareholder with 900,000 ordinary shares of SEK 100 per share uncalled.

In 2012 dividends totalling SEK 221,883,160 were approved and paid to the Shareholder.

The Directors are recommending to the Shareholders that a dividend of SEK 20,000,000 be paid in May 2014 in respect of the 2013 result, which is in line with the dividend policy approved by the Board.

21. Financial assets held to cover non-linked liabilities – insurance contracts

SEK thousands

	2013	2012
Market value		
Shares and mutual funds	414,687	429,106
Debt securities	3,755,019	3,752,069
Derivatives	8,883	11,737
	4,178,589	**4,192,912**

SEK thousands

	2013	2012
Cost		
Shares and mutual funds	394,218	318,682
Debt securities	3,764,776	3,851,530
Derivatives	-	-
	4,158,994	**4,170,212**

The above investments relate to the following funds:

SEK thousands

	2013	2012
Flex Plan and Save Invest Plan policyholders' funds		
Shares and mutual funds	77,447	87,768
Debt securities	1,278,569	1,214,933
	1,356,016	**1,302,701**
Triple C Plan, Corporate Triple C Plan, Annuity Plan and Level Plan policyholders' funds		
Shares and mutual funds	337,240	341,338
Debt securities	2,305,719	2,346,658
Derivatives	8,505	11,737
	2,651,464	**2,699,733**
Shareholder's non-technical fund		
Debt securities	139,312	190,478
Derivatives	378	-
	139,690	**190,478**
Shareholder's technical fund		
Debt securities	31,419	**-**
	31,419	**-**
	4,178,589	**4,192,912**

A mutual fund means units in unit trusts, OEICS and UCITS investing in fixed interest securities or equities.

Included in debt securities of the Triple C Plan, Corporate Triple C Plan, Annuity Plan and Level Plan above is an unlisted debt instrument issued by Municipality Finance plc. As at 31 December 2013 the Company, on the advice of the Investment Manager, valued the instrument at SEK 134,519,562 (2012 – SEK 153,551,855) using discounted cash flows.

The above investments are managed by Storebrand Asset Management AS.

22. Financial Assets

22.1 Held to cover linked liabilities – insurance contracts

SEK thousands

	2013	2012
Fixed interest securities	480,726	527,094
Equities		
- Quoted	560,290	465,837
- Unquoted	53,479	37,445
Units in mutual funds		
- Equities	379,145	293,218
- Fixed interest securities	252,576	212,569
Derivatives	8	(20)
	1,726,224	**1,536,143**

The cost of the above investments at 31 December 2013 was SEK 1,438,856,298 (2012 – SEK 1,497,146,787).

The above investments are managed by:

SEK thousands

	2013	2012
Nordea Bank S.A.	1,503,958	1,329,206
Others (investment managers managing less than SEK 150 million)	222,266	206,937
	1,726,224	**1,536,143**

22.2 Held to cover linked liabilities – investment contracts

SEK thousands

	2013	2012
Fixed interest securities and cash	266,124	222,988
Equities		
- Quoted	182,378	150,811
- Unquoted	175,072	106,360
Units in mutual funds		
- Cash	28,323	4,451
- Equities	576,873	626,730
- Fixed interest securities	74,175	52,781
- Balanced (Fixed interest/Equity)	12,248	-
Investment pools		
- Cash	296,651	324,016
- Equities	10,059	8,756
- Fixed interest securities	95,608	161,929
- Balanced (fixed interest/equity)	132,959	122,810
Other investments	2,801	111,927
Cash available for investment	62,313	75,407
Derivatives	959	(56)
Net amount due to brokers	(405)	(935)
	1,916,138	**1,967,975**

The cost of the above investments at 31 December 2013 was SEK 1,486,194,495 (2012 - SEK 1,677,865,505).

22.2 Held to cover linked liabilities – investment contracts (continued)

SEK thousands

	2013	2012
Unit Linked Plan		
Units in mutual funds		
- Cash	28,323	4,451
- Equities	383,596	459,999
- Fixed interest securities	5,958	3,712
- Balanced (Fixed interest/Equity)	12,248	-
Investment pools		
- Cash	296,651	324,016
- Equities	10,059	8,757
- Fixed interest securities	95,608	161,928
- Balanced (fixed interest/equity)	132,959	122,810
Cash available for investment	1,011	1,447
Net amount due to brokers	(405)	(935)
	966,008	**1,086,186**

SEK thousands

	2013	2012
***Other investment contracts**		
Fixed interest securities (incl. mutual funds)	334,341	272,058
Equities (incl. mutual funds)	550,727	423,900
Other investments	2,801	111,927
Cash available for investment	61,302	73,960
Derivatives	959	(56)
	950,130	**881,789**
Total investment contracts	**1,916,138**	**1,967,975**

*****Other investment contracts include Individual Plan, Living Annuity Plan, Executive Portfolio Bond and International Investment Plan.

Mutual funds refer to units in unit trusts, OEICS and UCITS investing in fixed interest securities or equities.

Investment pools were set up for the Company by Svenska Handelsbanken S A, Luxembourg (“SHSAL”). The investment pools are operated in a similar way to a mutual fund and are used by the Company in relation to the Nordben Unit Linked Plan linked to Handelsbanken Funds. The assets underlying the investment pools were held by SHSAL under a Luxembourg Fiduciary Agreement. The agreement entitled the Company to withdraw the value of the investment pools in cash by giving notification to SHSAL.

SHSAL merged with its parent company, Svenska Handelsbanken AB (publ) (“SHABP”), a Swedish company, on 2 January 2014. As a result of the merger, SHABP replaced SHSAL as the fiduciary owner of the assets under the agreement. As the assets are now subject to Swedish law (which does not recognise the concept of fiduciary assets), the Company recognise the risk the assets could be used to satisfy the creditors of SHABP in the event that it became insolvent. The Company is expecting this counterparty credit risk to be eliminated in early 2015 and will regularly monitor the credit rating of SHABP until the risk been removed.

The above investments are managed by:

SEK thousands

	2013	2012
Svenska Handelsbanken AB	1,090,716	1,269,615
Coutts and Co	239,651	217,371
Others (investment managers managing less than SEK 150 million)	585,771	480,989
	1,916,138	**1,967,975**

23. Investment in subsidiaries

Nordben Pension Trustees Limited ("NPTL") was established in 1987 and acts as Corporate Trustee to pension funds and provident funds. NPTL is wholly owned by the Company and is incorporated in Guernsey. NPTL is licensed under The Regulations of Fiduciaries, Administration Business and Company Directors etc, (Bailiwick of Guernsey) Law, 2000.

The Company entered into a loan agreement with NPTL on 30 December 2011. Under this agreement the Company made a loan of £250,000 (SEK 2,659,255) to NPTL. The loan is unsecured and the rate of interest applicable to the loan will be agreed each year to reflect deposit rates charged by UK clearing banks. The loan is repayable upon 12 months notice from the date of the Company's request. NPTL has the right to decline repayment if it is subject to any legal action, either actual or potential. At the year end loan interest of SEK 32,594 (2012: 48,680) was due from NPTL to the Company.

Nordben Nominees Limited ("NNL") was established in 2011 to complement the services offered by the Company. NNL was primarily established to act as nominee of policies issued by the Company. NNL is wholly-owned by the Company and is incorporated in Guernsey. NNL is exempt from the requirement to have its accounts audited under Section 255 of The Companies (Guernsey) Law, 2008.

At the balance sheet date there was unpaid share capital of £25,000 (2012: £25,000) amounting to SEK 265,925 due from the Company.

24. Debtors arising out of direct insurance operations

SEK thousands

	2013	2012
Due from policyholders	19,591	20,211
	19,591	**20,211**

25. Debtors arising out of insurance pooling and reinsurance operations

SEK thousands

	2013	2012
Due from intermediaries	12,241	19,192
Due from related parties	7,900	5,992
	20,141	**25,184**

26. Other debtors

SEK thousands

	2013	2012
Due from policyholders	5,103	5,932
Due from intermediaries	693	655
Due from related parties	59	23
Deferred acquisition costs	527	711
Other debtors	1,118	914
	7,500	**8,235**

27. Deferred acquisition costs

SEK thousands

	Insurance contracts	Investment contracts
Balance at 1 January 2012	-	-
Acquisition costs deferred on inwards business	937	-
Amortisation	(226)	-
Balance at 31 December 2012	**711**	**-**
Acquisition costs deferred on inwards business	-	-
Amortisation	(184)	-
Balance at 31 December 2013	**527**	**-**

27. Deferred acquisition costs (continued)

The deferred acquisition costs relate to International Term product commission costs accrued during 2011, the benefits of which are obtained throughout the life of the product. In accordance with ABI SORP December 2005 (as amended 2006), these acquisition costs have been deferred and will be amortised over the expected life of the product.

28. Derivative financial instruments

The following tables provide a detailed breakdown of the contractual or notional amounts and the fair values of the Group's derivative financial instruments outstanding as at 31 December 2013 and 31 December 2012:

31 December 2013

SEK thousands	Notional principals		Fair values	
	Positive values	**Negative values**	**Assets**	**Liabilities**
Financial derivatives at fair value through profit or loss for linked liabilities				
Option	275	-	250	-
Forward exchange rate and swap contracts	29,700	(28,729)	1,000	(32)
	29,975	**(28,729)**	**1,250**	**(32)**
Financial derivatives at fair value through profit or loss for non-linked liabilities				
Interest rate swap	52,932	(52,932)	8,505	-
	52,932	**(52,932)**	**8,505**	-
Financial derivatives at fair value through profit or loss for Shareholder's liabilities				
Forward exchange rate contracts	109,386	109,008	838	(460)
	109,386	**109,008**	**838**	**(460)**

At year end the Group held one interest rate swap (2012 – one).

31 December 2012

SEK thousands	Notional principals		Fair values	
	Positive values	**Negative values**	**Assets**	**Liabilities**
Financial derivatives at fair value through profit or loss for linked liabilities				
Option	-	-	-	-
Forward exchange rate and swap contracts	19,173	(19,245)	10	(85)
	19,173	**(19,245)**	**10**	**(85)**
Financial derivatives at fair value through profit or loss for non-linked liabilities				
Interest rate swap	58,803	(58,803)	11,737	-
	58,803	**(58,803)**	**11,737**	-
Financial derivatives at fair value through profit or loss for Shareholder's liabilities				
Forward exchange rate contracts	-	-	-	-
	-	-	-	-

Nordben Life and Pension Insurance Co. Limited
Notes to the Financial Statements (continued)

29. Tangible assets

SEK thousands

	Leasehold improvements	Office equipment	Computer equipment & software	Fixtures & fittings	Total
Cost or valuation					
At 1 January 2013	7,464	44	5,363	2,586	15,457
Additions	261	-	313	39	613
Disposals	-	-	(30)	(33)	(63)
At 31 December 2013	**7,725**	**44**	**5,646**	**2,592**	**16,007**
Depreciation					
At 1 January 2013	6,638	44	4,858	2,388	13,928
Charge for the year	293	-	395	93	781
Disposals	-	-	(31)	(33)	(64)
At 31 December 2013	**6,931**	**44**	**5,222**	**2,448**	**14,645**
Net book value at 31 December 2013	**794**	**-**	**424**	**144**	**1,362**
Net book value at 31 December 2012	**826**	**-**	**505**	**198**	**1,529**

30. Cash at bank and in hand

SEK thousands

	2013	2012
Flex Plan and Save Invest Plan	26,787	36,713
Triple C Plan, Corporate Triple C Plan, Annuity Plan and Level Plan	53,940	55,116
Risk-only contracts	105,677	112,425
Individual Plan (1st April 1990)	150,775	137,675
Shareholder		
- Technical	15,971	44,734
- Non technical	5,565	6,962
	358,715	**393,625**

31. Called up share capital

SEK thousands

	2013	2012
Authorised		
Ordinary shares of SEK 100 each	174,166	84,166
Issued, called and fully paid		
Ordinary shares of SEK 100 each	84,166	84,166
Issued, uncalled and unpaid		
Ordinary shares of SEK 100 each	90,000	-

During the year the Shareholder agreed to the issue of 900,000 ordinary unpaid shares of SEK 100 per share by the Company. Therefore the Company increased its authorised and issued share capital from 841,660 to 1,741,660 shares of SEK 100 per share in May 2013 with 900,000 ordinary shares of SEK 100 per share uncalled.

32. Profit and loss account

SEK thousands

	2013	2012
At 1 January	166,532	343,475
Retained loss for the year	(69,748)	(176,943)
At 31 December	**96,784**	**166,532**

33. Reconciliation of movements in Shareholder's funds

SEK thousands	Share capital	Non-distributable reserve	Profit & loss account	Cash flow hedge reserve	Total
At 1 January 2012	84,166	9,389	343,475	(1,259)	435,771
Profit for the financial year			44,940	-	44,940
Dividend paid	-	-	(221,883)	-	(221,883)
Cash flow hedge reserve	-	-	-	1,259	1,259
Transfer to non-distributable reserve	-	(576)	-	-	(576)
At 31 December 2012	**84,166**	**8,813**	**166,532**	**-**	**259,511**
At 1 January 2013	84,166	8,813	166,532	-	259,511
Profit for the financial year	-	-	20,252	-	20,252
Dividend paid	-	-	(90,000)	-	(90,000)
Transfer to non-distributable reserve	-	2,712	-	-	2,712
At 31 December 2013	**84,166**	**11,525**	**96,784**	**-**	**192,475**

34. Non-distributable reserve

On the recommendation of the Appointed Actuary the Board has established a non-distributable reserve within the Shareholder's funds. The reserve forms part of the long-term business fund and is the additional reserve by the Directors against the impact of an adverse movement in asset values and on currency movements on the expense provision as well as further reserve held for a closed to new business scenario. The reserve has been deemed as unavailable for distribution to the Shareholder in the normal course of business. The balance of the account is maintained at the recommended level by making transfers to or from the technical account as necessary. As at 31 December 2013 the amount of the non-distributable reserve stood at SEK 11,524,646 (2012 - SEK 8,813,177).

35. Fund for future appropriations

The fund for future appropriations represents all discretionary participation funds for which the allocation between discretionary participation contract policyholders and the Shareholder has not been determined at the balance sheet date. The following table presents the fund for future appropriations as at the balance sheet date:

SEK thousands	2013	2012
Investment reserve funds relating to:		
Flex Plan and Save Invest Plan	68,607	88,950
Triple C Plan and Corporate Triple C Plan	70,007	94,940
Annuity Plan and Level Plan	151,056	121,224
	289,670	**305,114**

36. Long-term business provision

36.1 Principal valuation assumptions

From 1 January 2013 the principal activity is to provide group life and disability insurance products to globally mobile employees, expatriate and third country nationals working for Nordic industry. The remainder of the Company's products were closed to new business at that time. Due to the size and maturity of the existing book of business this has not at this time resulted in any major changes to the principal valuation assumptions underlying the calculation of the long-term business provision. However, the margin of prudence (refer to note 36.2 (d)) in the per policy expense assumptions was increased to reflect the additional uncertainty around future business volumes and mix.

The principal assumptions underlying the calculation of the long-term business provision for all contracts as at 31 December 2013 are as follows:

36. Long-term business provision (continued)

36.1 Principal valuation assumptions (continued)

a) The long-term business provision in respect of retirement benefits for Flex Plan policies is calculated as the total amount of the policyholders' accumulated accounts.

b) The larger Triple C Plan funds (EUR, SEK, SEK Skilstaf and NOK) were restructured in 2013 and this led to changes in the valuation methodology and assumptions for these funds. The long-term business provision in respect of retirement benefits for these policies is now calculated as the greater of:

(i) the present value of the maturity value using yields based on matching assets and an appropriate margin for investment expenses and the Shareholder's charge; and
(ii) the current surrender value payable at the balance sheet date.

The valuation interest rates used to calculate the present value of the maturity value as at 31 December 2013 are as follows:

EURO Maturity (months)	Valuation interest rate (% per annum)	SEK and SEK Skilstaf Maturity (months)	Valuation interest rate (% per annum)	NOK Maturity (months)	Valuation interest rate (% per annum)
0	(0.23)	0	0.27	0	0.85
33	0.44	4	0.50	16	1.24
66	1.14	30	1.21	41	2.15
104	1.70	62	1.53	89	2.39
162	1.93	83	1.73	> 113	3.37
192	2.09	101	1.91		
246	2.15	118	2.41		
> 318	2.16	> 221	2.65		

Assumptions for the previous year have not been included as the impact of the change in method was calculated using the change in assumption for the old method of calculating liabilities.

c) The long-term business provisions in respect of retirement benefits for the CHF, DKK, GBP and USD Triple C Plans and Corporate Triple C Plan policies have not changed and are still calculated as the greater of:

(i) the present value of the maturity value plus the cost of the guaranteed bonus; and
(ii) the current surrender value payable at the balance sheet date.

The maturity value for Corporate Triple C plans has been calculated assuming the term to maturity of these plans is in line with the average term to maturity of the Triple C plans. The cost of the guaranteed bonus is obtained using Black-Scholes methodology. The assumptions underlying the Black-Scholes method are set out below. Note that the valuation yield has been based on the yield earned on the underlying assets (the "Earned Rate") and the yield on government bonds of appropriate duration and in the relevant currency (the "Government Bond Rate"). The following method has been used to derive the valuation interest rate:

Minimum { (Government Bond Rate + Earned Rate) / 2, Government Bond Rate }

Also note that assumptions for the EUR, SEK, SEK Skilstaf and NOK Triple C Plan policies are given as they have been used in calculating the impact of the change in approach.

	Risk-free yield (% per annum)		Dividend yield (% per annum)		Historical volatility of assets (% per annum)	
Currency	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Danish Krone	1.29	0.82	0.60	0.60	0.94	1.08
Pound Sterling	3.03	2.48	0.60	0.60	8.22	8.83
Swiss Franc	1.27	0.69	0.60	0.60	4.88	4.59
United States Dollar	2.56	1.81	0.60	0.60	5.15	5.48

36. Long-term business provision (continued)

36.1 Principal valuation assumptions (continued)

d) The long-term business provision in respect of Level Plan policies, and Annuity Plan policies and Pensions in Payment is calculated as the difference between the present value of the prospective benefit and the present value of the future net premiums payable in respect of that benefit. The valuation rates of interest used are shown below:

	Valuation rates of interest (% per annum)					
	Level Plan polices		Annuity Plan policies and Pensions in Payment			
			eligible for discretionary increases		not eligible for discretionary increases	
Currency	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Euro	1.97	1.23	(0.22)	(1.02)	(0.16)	n/a
Norwegian Krone	2.58	1.60	1.08	0.10	2.58	1.60
Pound Sterling	2.19	1.83	0.13	(0.33)	2.73	2.48
Swedish Krona	2.28	1.54	0.48	(0.33)	0.59	1.29
Swiss Franc	0.97	0.40	(1.78)	(2.24)	(0.33)	(0.34)
United States Dollar	1.54	(0.28)	(0.24)	(1.44)	2.36	1.49

e) The long-term business provision in respect of Individual Plan (General conditions dated 1 April 1990) policies is calculated as the unit reserve equal to the sum of each fund's asset values plus the additional mortality reserve in respect of the death benefit payable under the plans.

f) The long-term business provision in respect of Individual Plan (General conditions dated 1 January 1993 or afterwards), Living Annuity Plan, Executive Portfolio Bond and International Investment Plan policies is calculated as the unit reserve equal to the sum of each fund's asset values.

g) The long-term business provision in respect of Unit Linked Plan and Group Unit Linked Plan policies is calculated as the surrender value at selling price of the units allocated to each policy as at the balance sheet date.

h) The long-term business provision in respect of Risk-only policies (not including International Term or business written through the Insurope pooling network) is calculated as that part of the premium paid for

life assurance and disability benefits prior to the balance sheet date in respect of a period at risk after the balance sheet date (i.e. the unearned risk premium reserve) together with an additional amount equivalent to 5% (2012: 5%) of the annual mortality risk premiums and 17.5% (2012: 17.5%) of the annual disability risk premiums (net of reassurance) earned in the preceding year (i.e. an IBNR reserve). The long-term business provision in respect of business written through the Insurope pooling network is the risk premium collected in the year up to the balance sheet date (i.e. monies which will be paid to the network in the following year).

i) The long-term business provision in respect of the International Term product is calculated using a gross premium valuation. Expected benefit payments (net of reinsurance) and expected premium income (net of reinsurance) is projected at each future time-step and a reserve is held to cover any shortfall between expected future income and outgo. The valuation interest rate for International Term was 0.00% (2012: 0.00%). The results from the gross premium valuation method are reviewed to ensure they are at least as prudent as those that would have been obtained from a net premium valuation method.

j) The valuation mortality assumptions are shown below:

36. Long-term business provision (continued)

36.1 Principal valuation assumptions (continued)

Product	Valuation mortality assumptions 2013	2012
Level Plan, Annuity Plan and Pensions in Payment	75% PNMA00 (for males) 75% PNFA00 (for females) projected using an average of the medium cohort and long cohort projections subject to a minimum improvement of 1.75% per annum	75% PNMA00 (for males) 75% PNFA00 (for females) projected using an average of the medium cohort and long cohort projections subject to a minimum improvement of 1.75% per annum
International Term	Non-Smokers: 31.25% G82 M (for males) 31.25% G82 F (for females) Smokers: 62.50% G82 M (for males) 62.50% G82 F (for females)	Non-Smokers: 31.25% G82 M (for males) 31.25% G82 F (for females) Smokers: 62.50% G82 M (for males) 62.50% G82 F (for females)
All other products	100% PNMA00 (for males) 100% PNFA00 (for females) projected using an average of the medium cohort and long cohort projections subject to a minimum improvement of 1.75% per annum	100% PNMA00 (for males) 100% PNFA00 (for females) projected using an average of the medium cohort and long cohort projections subject to a minimum improvement of 1.75% per annum

36.2 Expense provision

a) In addition to holding a provision for the current accrued value of the benefits the Appointed Actuary has investigated whether a per policy expense provision is required to meet any projected shortfall of administration charges over attributable expenses met within the long-term business fund for all products except Risk-only products. Where required an expense provision is held. The annual per policy expenses assumed in the cash flow projections are set out below for the relevant products:

Product	Annual attributable expense assumptions 2013	2012
Flex Plan, Triple C Plan and Corporate Triple C Plan	SEK 503 per policy per annum	SEK 501 per policy per annum
Level Plan, Annuity Plan and Pensions in Payment	SEK 885 per policy per annum plus an additional SEK 212.74 per annuity payment	SEK 942 per policy per annum plus an additional SEK 213.00 per annuity payment
Individual Plan (general conditions dated 1 April 1990)	SEK 425.00 – SEK 134,250.00 per policy per annum	SEK 329.00 – SEK 60,498.00 per policy per annum
Individual Plan (general conditions dated 1 January 1993 or afterwards)	SEK 99.00 – SEK 56,551.00 per policy per annum	SEK 752.00 – SEK 43,414.00 per policy per annum
Living Annuity Plan and Executive Portfolio Bond	SEK 4,022 – SEK 35,867 per policy per annum	SEK 1,319 – SEK 59,841 per policy per annum
International Investment Plan	SEK 43,781 – SEK 100,309 per policy per annum	SEK 2,081 per policy per annum
Unit Linked Plan and Group Unit Linked Plan	SEK 557 per policy per annum	SEK 577 per policy per annum

For Individual Plan, Living Annuity Plan, Executive Portfolio Bond and International Investment Plan policies the attributable expenses have been determined on an individual policy basis and are within the ranges shown above. It is assumed that an annual administration charge of 0.5% per annum will apply to Triple C Plan, Corporate Triple C Plan, Flex Plan, Level Plan, and Annuity Plan and Pensions in Payment which are eligible for discretionary increases. Further, an annual charge of GBP 50 on Triple C Plan paid-up policies which have an account value less than GBP 10,000 is taken (both the charge and the threshold increase

36. Long-term business provision (continued)

36.2 Expense provision (continued)

annually in line with GBP inflation). It is assumed that these charges and the charges applicable to each Individual Plan, Living Annuity Plan, Executive Portfolio Bond, International Investment Plan, Unit Linked Plan and Group Unit Linked Plan policy will be available to meet expenses.

b) In addition to a per policy expense provision, aggregate expense provision calculations were carried out whereby the Appointed Actuary has investigated for each product category except Risk-only products whether a provision is required to meet any projected shortfall of "excess income" compared with non-attributable expenses within the long-term business fund and, accordingly, an expense provision is held. The excess income is the sum of the excess (if any) of the annual administration charge or charges over the per policy expenses. The total expense provision for each product is the sum of the per policy and aggregate components. The assumed annual non-attributable expenses are given below for the relevant products:

	Annual non-attributable expense assumption	
Product category	**2013**	**2012**
Flex Plan, Triple C Plan and Corporate Triple C Plan	SEK 5,754,014	SEK 5,938,153
Level Plan, Annuity Plan and Pensions in Payment	SEK 447,546	SEK 485,749
Individual Plan, Living Annuity Plan, International Investment Plan and Executive Portfolio Bond	SEK 1,898,622	SEK 1,517,059
Unit Linked Plan and Group Unit Linked Plan	SEK 2,980,114	SEK 3,274,488

c) The assumed expense inflation rate is 3.75% per annum (2012: 3.25%).

d) The discount rate for the purpose of expense provision calculations is 1.30% per annum (2012: 1.00%), based on the yield on assets backing the expense provision as at 31 December 2013 less a margin for prudence. It is also assumed that foreign exchange rates remain constant over the projection period.

The asset growth rates used in calculating the expense provision for discretionary participation products are based on the weighted average yields on the assets backing each of the currency policyholder funds as at 31 December 2013 with an upper limit of the yield on 10 year government bonds in the relevant currency. The asset growth rate for the linked liability products is 3% per annum, which reflects the nature of the underlying assets.

e) The main valuation lapse assumptions for the purpose of the expense provision calculations are shown below:

	Lapse rate (% per annum)	
Product	**2013**	**2012**
Flex Plan	1.00	1.00
Triple C Plan	1.50	1.50
Level Plan, Annuity Plan and Pensions in Payment	0.00	0.00
Individual Plan and Living Annuity Plan	7.50	7.50
Individual Plan (general conditions dated 1 January 1993 or afterwards) and Living Annuity Plan	7.50	7.50
Executive Portfolio Bond and International Investment Plan	0.00	0.00
Unit Linked Plan and Group Unit Linked Plan	2.75	2.75

f) The expense provision is also subjected to resilience tests to ensure that the provision held is adequate to cover future liabilities under three adverse scenarios. The scenarios include falls in equity values, changes in fixed interest yields and changes to foreign exchange rates. Expense provisions are recalculated under these resilience scenarios and the most onerous result is used.

g) The expense provision is also further tested against a scenario where the Company is closed to new business. Expense provisions are recalculated under this scenario and the most onerous result is used. The expense provision can be split between: the basic expense provision (which assumes that asset values, foreign exchange rates and fixed interest yields are unchanged); the resilience component (which shows the

36. Long-term business provision (continued)

36.2 Expense provision (continued)

additional part of the provision needed to cover the changes in asset values, foreign exchange rates and fixed interest yields); and the closed to new business component (which additionally assumes the Company is closed to new business).

h) No expense provision is held in respect of Risk-only policies (excluding International Term) as they are short term contracts renewable annually. No expense provision is held in respect of International Term policies as the provision calculated under 34.1(h) includes an allowance for expenses.

i) The provision calculated under 36.1 above, together with any provision required to meet future expenses calculated above under 36.2 (excluding the resilience component and the closed to new business component), form part of the technical provision. The resilience component calculated under 36.2 (f) and the closed to new business component calculated under 36.2(g) above are held as a non-distributable reserve within the long-term business fund.

36.3 Impact of valuation assumption changes

The impact of valuation assumption changes is to decrease the long-term business provision by SEK 175M (2012: increase of SEK 104M) to SEK 3,785M. The increase in valuation interest rates accounts for most of the decrease.

The long-term business provision is sensitive to changes in the principal assumptions adopted. For example, a reduction in the valuation rates of interest of 1% for each currency would increase the long-term business provision by SEK 160M (2012: increase of SEK 293M) from SEK 3,785M to SEK 3,945M. However, the assets supporting the long-term business provision would increase by SEK 269M (2012: SEK 232M).

The expense provision (inclusive of the resilience component and the closed to new business component) is sensitive to changes in the principal assumptions adopted. For example, a reduction in the valuation rates of interest of 2% for each currency would increase the expense provision by SEK 21.0M (2012: increase of SEK 20.9M) from SEK 35.3M to SEK 56.3M. However, the assets supporting the expense provision would increase by SEK 2.1M (2012: Nil). Note that this impact is not symmetric and an increase in the valuation rates of interest of 2% would decrease the expense provision by SEK 11.0M (2012: decrease of SEK 11.1M). However, the assets supporting the expense provision would decrease by SEK 1.9M (2012: Nil).

37. Technical provisions for long-term business and claims outstanding

SEK thousands

	2013	2012
Flex Plan and Save Invest Plan	1,170,984	1,264,975
Triple C Plan and Corporate Triple C Plan	1,694,172	1,631,943
Annuity Plan and Level Plan	829,431	957,735
Risk-only contracts	67,824	67,092
Expense reserve	22,851	23,349
	3,785,262	**3,945,094**

38. Technical provisions for linked liabilities

	2013	2012
Individual Plan (1 April 1990)	1,867,339	1,678,196
Expense and mortality reserve	965	1,115
	1,868,304	**1,679,311**

39. Financial liabilities for investment contracts

SEK thousands

	2013	2012
Individual Plan	449,224	375,146
Living Annuity Plan	47,241	152,691
Unit Linked Plan and Group Unit Linked Plan	966,010	1,086,183
Executive Portfolio Bond	101,931	47,259
International Investment Plan	347,983	315,598
	1,912,389	**1,976,877**

The technical provisions in Notes 37, 38 and 39 have been determined by the Appointed Actuary as part of the actuarial valuation of the Company carried out at 31 December 2013.

40. Long-term business fund

The long-term business fund comprises the technical provisions for long-term business, including claims outstanding, and the non-distributable reserve and a fund for future appropriations. Within the non-distributable reserve a closed to new business reserve amounting to SEK 2,479,000 (2012: Nil) has been determined by the Appointed Actuary. Distributions from the fund may only be made as laid down in The Insurance Business (Bailiwick of Guernsey) Law, 2002. The technical provisions have been disclosed in accordance with UK GAAP, and in particular, the ABI SORP.

As at 31 December 2013 the long term business fund amounted to SEK 7,867,150,000 (2012 - SEK 7,915,209,000) made up as follows:

SEK thousands

	2013	2012
Technical provisions for long-term business and claims outstanding	3,785,262	3,945,094
Technical provisions for linked liabilities	1,868,304	1,679,311
Technical provisions for investment contracts	1,912,389	1,976,877
Non-distributable reserve	11,525	8,813
Fund for future appropriations	289,670	305,114
	7,867,150	**7,915,209**

The following amounts have been included in the long-term business provision in respect of policyholders' bonuses:

SEK thousands

	2013	2012
Flex Plan and Save Invest Plan	16,965	21,762
Triple C Plan and Corporate Triple C Plan	22,080	27,252
Level Plan, Annuity Plan and Pensions in Payment	15,670	10,640
	54,715	**59,654**

41. Creditors arising out of direct insurance operations

SEK thousands

	2013	2012
Due to policyholders	34,467	36,225
Due to intermediaries	-	5,419
	34,467	**41,644**

42. Creditors arising out of insurance pooling and reinsurance operations

SEK thousands

	2013	2012
Due to intermediaries	19,296	14,704
Due to related parties	-	1,789
	19,296	**16,493**

43. Other creditors including taxation and social insurance

SEK thousands

	2013	2012
Due to policyholders	188,049	7,987
Due to intermediaries	1,044	716
Due to related parties	3,091	3,185
Other creditors	9,698	4,915
	201,882	**16,803**

Other creditors include tax payable in the next 12 months and social insurance.

44. Reconciliation of profit for the financial year to net cash inflow

SEK thousands

	2013	2012
Profit for the financial year	20,325	44,940
Depreciation charges	781	1,046
Movement in other assets/liabilities	19,156	1,808
Unrealised losses on investments	1,073	254
Loss on disposal of fixed assets	-	2
Net cash inflow from operating activities	**41,335**	**48,050**

45.1. Movement in opening and closing portfolio investments, net of financing (including the Shareholder's and non-linked policyholders' investments)

SEK thousands

	2013	2012
(Decrease)/increase in Shareholder's cash holdings	(30,159)	19,761
Decrease in Shareholder's portfolio investments	(19,054)	(193,708)
Movement arising from cash flows	(49,213)	(173,947)
Increase in non-linked policyholders' portfolio investments	176,604	76,047
Changes in market value and exchange rates	(169,019)	15,045
Total movements in portfolio investments, net of financing	(41,628)	(82,855)
Portfolio investments, net of financing at 1 January	4,232,871	4,315,726
Portfolio investments, net of financing at 31 December	**4,191,243**	**4,232,871**

45.2. Movement in opening and closing portfolio investments, net of financing (including the Shareholder's and non-linked policyholders' investments)

SEK thousands

	At 1 Jan 2013	Cash flow	Long-term business	Changes to market values and currency	At 31 Dec 2013
Net cash at bank and in hand	51,696	(30,159)	-	-	21,537
Shares and other variable yield securities	274,856	-	(25,473)	165,304	414,687
Loans, debt securities and other fixed income	3,906,319	(19,054)	202,077	(334,323)	3,755,019
	4,232,871	**(49,213)**	**176,604**	**(169,019)**	**4,191,243**

Nordben Life and Pension Insurance Co. Limited
Notes to the Financial Statements (continued)

46. Movement in Shareholder's cash

Non-technical fund
SEK thousands

	2013	2012
Cash and bank balance		
at 1 January	782	2,091
at 31 December	1,610	2,873
Increase in cash holdings	**828**	**782**

47. Shareholder's portfolio investments

SEK thousands

	2013	2012
Purchase of portfolio investments		
Loans, debt securities and other fixed income securities	580,040	1,088,910
	580,040	1,088,910
Sale of portfolio investments		
Loans, debt securities and other fixed income securities	(599,094)	(1,282,618)
	(599,094)	(1,282,618)
Net cash outflow on portfolio investments	**(19,054)**	**(193,708)**

48. Operating lease commitments

At 31 December 2013 the Company had a lease agreement in respect of its premises. The lease expires on 4 November 2019. The annual commitments under this non-cancellable operating lease are GBP 195,350 (SEK 2,077,942). The annual rent under the agreement was reviewed in 2013 and will be reviewed every three years thereafter.

49. Ultimate controlling party

Storebrand ASA, a company registered in Norway, is regarded as the Company's ultimate controlling party.

50. Related party transactions

Storebrand Livsforsikring AS, Norway

Storebrand Livsforsikring AS ("SLAS") is a related company that is wholly-owned by Storebrand ASA and owns an 89.96% holding in BenCo Insurance Holding B.V., the Company's sole shareholder.

The relationship between the Company and SLAS was governed by a Co-operation Agreement until 31 December 2013. Fees amounting to SEK 2,561,820 (2012 – SEK 2,684,654) were paid to SLAS in relation to inwards referrals under the Co-operation Agreement. An Introducer's agreement became effective from 1 January 2014 to more accurately reflect the relationship between the Company and SLAS.

SLAS subcontracts the provision of certain services to the Group for which SLAS paid the Group SEK 582,991 (2012 - SEK 625,705).

The Company reviews accumulations of risk and models potential losses arising from catastrophic events therefore catastrophe protection has been put in place through participation in a catastrophe reinsurance programme held by SLAS. Premiums amounting to SEK 158,795 (2012 – SEK 175,341) were paid to SLAS.

50. Related party transactions (continued)

Storebrand Asset Management AS, Norway (previously known as Storebrand Kapitalforvaltning AS)

Storebrand Asset Management AS is a related company that is wholly-owned by Storebrand ASA.

Storebrand Kapitalforvaltning AS, who provided asset management and investment advisory services during the year, merged with Storebrand Fondene AS on 5 December 2013, with Storebrand Fondene AS as the acquiring company. At the same time Storebrand Fondene AS changed its name to Storebrand Asset Management AS ("SAM").

The Company entered into the following arm's length transactions:

a) The Unit Linked Plan is linked to some mutual funds managed by SAM. SAM pay the Company a rebate and management charge for the funds, the amount of which varies from fund to fund but amounted to SEK 108,969 (2012 – SEK 62,440).

b) The management of insurance assets relating to the discretionary participation contracts and the shareholder's funds. Investment management fees amounting to SEK 3,529,369 (2012 – SEK 3,813,935) were paid for this service.

c) The investment advisory services, previously provided to the Company by SPP, were taken over by SAM (previously known as Storebrand Kapitalforvaltning AS) during the course of 2012. Fees amounting to SEK 2,500,000 (2012 – 1,250,000) were paid for these services.

SPP Livförsäkring AB, Sweden

SPP Livförsäkring AB ("SPP") is a related company that is wholly-owned by SLAS.

The Company entered into a Co-operation Agreement. The Agreement gives rights to SPP in the Swedish market. Fees amounting to SEK 2,969,888 (2012 – SEK 3,128,862) were paid to SPP in relation to inwards referrals under the Co-operation Agreement.

Mandatum Life Insurance Company Limited, Finland

Mandatum Life Insurance Company Limited ("Mandatum") owns an 6.49% holding in BenCo Insurance Holding B.V., the Company's sole shareholder.

The relationship between the Company and Mandatum is governed by a Co-operation Agreement. The Agreement grants Mandatum the right to introduce clients to the Company. Fees amounting to SEK 1,047,451 (2012 - SEK 2,131,253) were paid to Mandatum in relation to inwards referrals under the Co-operation Agreement.

The Company entered into the following arm's length transactions:

a) An arm's length reinsurance arrangement under which it ceded a proportion of its mortality and disability risks up to a specific limit. Reinsurance premiums amounting to SEK 30,291,653 (2012 - SEK 14,087,462) were paid to Mandatum.

   The Company was due reinsurance recoveries and commissions from Mandatum at the year end amounting to SEK 12,832,769 (2012 - SEK 4,096,058).

b) An agreement exists with Mandatum Life for a group life plan for certain employees. The premiums payable to Nordben under this plan amounted to SEK 412,658 (2012 - SEK 938,933).

50. Related party transactions (continued)

Nordic International Benefits Trust Limited

Nordic International Benefits Trust Limited, the Company's sister company, is 100% owned by BenCo Insurance Holding B.V., the Company's sole shareholder.

The Company provides professional indemnity insurance to Nordic International Benefits Trust Limited. The premium paid to the Company in 2013 amounted to SEK 53,185 (2012: Nil).

Directors' transactions

No contracts of significance existed at any time during the year in which a Director was materially interested or which required disclosure as a related party transaction under FRS 8, 'Related Party Disclosure'.

51. Contingencies and related obligations

Consistent with FRS 12, "provisions, contingent liabilities and contingent assets", appropriate provision has been made in the financial statements where the Company has an obligation from the events or activities described below but not for contingent liabilities.

Guarantees and commitments
At the balance sheet date the Company had no contractual guarantees and commitments in place. As at 31 December 2012 the Company had placed collateral of USD 10,000,000 to J P Morgan in respect of a series of future contracts the Company had entered into with J P Morgan. This was released to the Company in January 2013.

Shareholder's support of the long term business fund
The Company is liable to meet its obligations to policyholders even if the assets of the long-term business fund are insufficient to do so. The assets represented by the fund for future appropriations, in the long-term business fund, could be materially depleted over time, by, for example, a significant or sustained equity market downturn or significant changes in interest rates. In the circumstance that the depletion of the excess assets within the long-term business fund was such that the Company's ability to satisfy policyholders' reasonable expectations was adversely affected, it might become necessary to contribute the Shareholder's funds to the long-term business fund to provide financial support.

52. Margin of solvency

The Minimum Solvency Capital Requirement ("MSCR") required under The Insurance Business (Bailiwick of Guernsey) Law, 2002 as at 31 December 2013 was SEK 102,186,000 (2012 - SEK 106,503,000). That is 2.5% of total technical provisions excluding technical provisions for linked liabilities.

As at 31 December 2013, the Shareholder's funds of SEK 177,619,000 (2012 - SEK 250,698,000) were available to meet the MSCR.

53. Approved assets

The Insurance Business (Bailiwick of Guernsey) Law, 2002 generally requires 100% of the assets to maintain the solvency margin are approved assets as defined in the Insurance Business (Approved Assets) Regulations, 2008. However, the Commission may give permission in writing for a relevant licensee to maintain the margin of solvency, fully or in part, by way of assets which are not approved, as it sees fit.

The approved asset requirements are intended to limit permitted assets to those such as cash, certificates of deposits, listed debt securities, other listed securities and net accounts receivable. There are restrictions on the quality of the counterparties but investment may be through collective investment schemes investing in these types of assets.

Property linked funds are not required to meet the approved asset requirements. The Company received dispensation from the Commission that the participating funds be treated in the same way as property linked funds

53. Approved assets (continued)

for the purpose of the approved asset requirements. Therefore, the assets in the discretionary participation funds do not necessarily meet the approved asset requirements. However, the Shareholders' assets covering the minimum solvency margin requirement are required to be approved assets and do meet the relevant requirements.

54. Post balance sheet events

The Directors are recommending to the Shareholders that a dividend of SEK 20,000,000 be paid in May 2014 in respect of the 2013 result, which is in line with the dividend policy approved by the Board.

At the beginning of 2013, the Storebrand Group established a trust company in Guernsey, called Nordic International Benefits Trust Limited ("NIB") which acts as trustee for International Pension Plans. As a result some corporate clients with International Pension Plan policies with the Company have transferred or are in the process of transferring their Pension Plans to NIB . Since 31 December 2013, the full surrender value of Pension Plan policies (not including Corporate Triple C Plans (detailed below)) transferred to NIB is SEK 138,978,126 (2012: nil).

As a result of deciding to close the Triple C Plan product to new business and as part of the overall de-risking process, the Company gave notice of termination to the trustees of all the Corporate Triple C Plans in January 2014. The Company paid the accumulated account values of these Plans to policyholders in February 2014. The total amount paid to policyholders was SEK 468,817,787 (2012: nil).

In relation to Unit Linked Plan assets investment pools were set up for the Company by Svenska Handelsbanken S A, Luxembourg. The assets underlying the investment pools were held by Svenska Handelsbanken S A, Luxembourg under a Luxembourg Fiduciary Agreement.

Svenska Handelsbanken S A, Luxembourg merged with its parent company, Svenska Handelsbanken AB (publ) ("SHABP"), a Swedish company, on 2 January 2014. As a result of the merger, SHABP replaced Svenska Handelsbanken S A, Luxembourg as the fiduciary owner of the assets under the agreement. As the assets are now subject to Swedish law (which does not recognise the concept of fiduciary assets), the Company recognises the risk that the assets may not be segregated from Svenska Handelsbanken AB's own assets and could be used to satisfy the creditors of SHABP in the event that it became insolvent. The Company is expecting this counterparty credit risk to be eliminated in early 2015, and will regularly monitor the credit rating of SHABP until the risk been removed.

Nordben Life and Pension Insurance Co. Limited

Unaudited reconciliation of the Group's business review to the consolidated profit and loss account

SEK thousands

	Note	2013	2012
Profit before tax		**20,324**	**44,940**
Consisting of;			
Administraton Income		**63,435**	**65,810**
Expenses		**(46,439)**	**(51,849)**
Underwriting result		**3,445**	**22,319**
Investment result		**732**	**8,314**
Movement in expense provision		**(1,837)**	**(893)**
Other income/expenses		**989**	**1,239**
		20,325	**44,940**
Administration Income			
Discretionary participation contracts (incl 1/2% income)	**10**	27,927	28,755
Risk-only contracts (including underwriting result)		19,987	39,766
Less: underwriting result		(3,445)	(22,319)
Linked liability insurance contracts	**10**	5,618	5,542
Fee income on investment contracts	**10**	13,348	14,066
		63,435	**65,810**
Administration Expenses			
Net operating expenses	**10**	(46,283)	(53,241)
Shareholder's claims handling expenses	**10**	(4,228)	(2,832)
Expenses relating to subsidiary company	**10**	(1,858)	(1,565)
Expenses recharged to Risk-only contracts	**10**	5,930	5,789
		(46,439)	**(51,849)**
Underwriting Result			
Risk-only contracts balance on technical account	**10**	25,917	45,553
Risk-only contracts administration Income		(16,542)	(17,445)
Expenses recharged to Risk-only contracts	**10**	(5,930)	(5,789)
		3,445	**22,319**
Investment Result			
Investment income		2,031	8,690
Realised gains/(losses)		(2,314)	499
Unrealised (losses)/gains		1,073	(254)
Investment expenses		(180)	(456)
Foreign exchange and other expenses		122	(165)
		732	**8,314**

Nordben Life and Pension Insurance Co. Limited

Unaudited reconciliation of the Group's key performance indicators to the consolidated profit and loss account and balance sheet

SEK millions

	Note	2013	2012
Administration Result			
Administration income		63	66
Administration expenses		(46)	(52)
		17	**14**
Movement in Expense Provision			
Basic expense provision	**37/38**	24	24
Non-distributable reserve	**40**	12	9
		36	33
Movement in expense provision		**(3)**	**(1)**
Policyholders' Funds			
Long-term business fund	**40**	**7,867**	**7,915**
Return on equity			
Profit for the financial year		20,252	44,940
Total average shareholder's funds (adjusted) *		225,994	447,641
Percentage		**8.96%**	**10.04%**