TeliaSonera Försäkring AB

Annual Report 2013

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Administration Report

The Board of Directors and the President and CEO of TeliaSonera Försäkring AB hereby present the annual report for the period 01/01/2013–31/12/2013, the company's nineteenth year of business.

Organisation
The company is wholly owned by TeliaSonera AB (corp. reg. no. 556103-4249, registered office: Stockholm) and has its registered office in Stockholm. Its address is Stureplan 8, 106 63 Stockholm and its corporate registration number is 516401-8490.

The company provides insurance for fire and other damage to property and general liability to companies within the TeliaSonera Group. This takes place through both direct insurance and inward reinsurance.

Reinsurance contracts were signed on 1 June 2011 as two-year contracts that run until 31 May 2013. In 2012, all contracts were extended to 31 May 2014. The reinsurers under the contracts all have a financial strength resulting in a credit rating of A or better by Standard & Poor's.

Development during 2013
The company's operations have remained unchanged during the year in terms of branches of insurance. Motor vehicle damage as disaster cover for fire, water and natural disaster has been underwritten for the vehicles owned by the Geocell company in Georgia. There has been equivalent scope for Kcell in Kazakhstan since 2012. The customer base is limited to include only TeliaSonera AB's consolidated subsidiaries. No significant new customers were added during the year. The Nextgentel company in Norway was terminated on 01/02/2013 as it is no longer owned by TeliaSonera AB.

The company has an agreement in place with insurance company IF on a fronting arrangement in relation to the USA, Russia, Kazakhstan, Uzbekistan, Nepal and Tajikistan. IF has given notice that this agreement will not be extended. Work is underway to find a new partner. As an alternative, the company can also obtain an official rating from an international rating agency. If the problem is not resolved, it is likely that the company will not retain existing business from Kazakhstan, Nepal and Uzbekistan.

Significant events after the end of the year
A machine claim was incurred on 22/01/2014 in Fredhäll, Stockholm, with a claims reserve of SEK 12 million. The supplier of the damaged equipment has stated, following careful examination, that repairs are probably all that is required. If this is the case, it would mean a probable reduction in the reserve to less than SEK 1 million. While awaiting the written report, the reserve remains at SEK 12 million.

In total, outstanding claims have been settled with a settlement gain of SEK 3,525,000. Overall, this has produced a claims result of SEK -14,905,000 (SEK 11,324,000). The reserve for outstanding claims has increased from SEK 23,353,000 in 2012 to SEK 30,323,000 in 2013.

Liquidity and capital requirement
The company has good liquidity and good financial consolidation and is therefore well-prepared to cover additional risks in the future. The KPIs indicate a very good insurance operations business. The required solvency margin is SEK 32,560,000 (SEK 30,170,000) and the capital base is SEK 251,749,000 (SEK 251,440,000). The consolidation ratio is 790%.

Staff
TeliaSonera Försäkring AB is a specialist company in insurance and claims handling and does not have any employees of its own but does have access, via TeliaSonera AB, Corporate Insurance, to a permanent workforce of three people. Together, these provide broad specialist expertise with experience of both the Swedish and foreign insurance markets. In addition to its access to the Group's own resources, the company contracts specialist resources for assistance with such things as residual value recovery and claims handling. No remuneration has been paid to the President & CEO or Board members. The salaried employee who is also President & CEO of the Company receives a fixed and a variable remuneration for their employment from their employer TeliaSonera AB. The remuneration has no direct link to the insurance company's revenue or financial results.

The company's function for Compliance and Risk Management was outsourced during the year to Marsh Management Services AB.

Performance
Written premiums before outward reinsurance amounted to SEK 52,313,000 (SEK 55,246,000). Premiums ceded to reinsurers amounted to SEK -20,428,000 (SEK -20,702,000). The technical result from insurance operations was SEK 4,391,000 (SEK 34,955,000).
For the 2013 financial year, a provision has been made for a customer bonus of SEK 7,994,000 (SEK 8,216,000).

Financing operations returned a result of SEK 1,407,000 (SEK 2,657,000) before investment return transferred to non-life insurance operations of SEK 815,000 (SEK 1,074,000). The investment return has been calculated as 1.70% (1.86%) of the average technical provisions for own account; see Note 5.

The poorer financial results in 2013 and 2012 are mainly because of the increased negative unrealised market value adjustments and low returns on investments.

Operating expenses in 2013 amounted to SEK 6,361,000 (SEK 4,457,000), resulting in an expense ratio of 19%.

Earnings before appropriations and taxes amounted to SEK 4,983,000 (SEK 36,539,000).

Proposed appropriation of earnings

The following is at the disposal of the Annual General Meeting:

Retained earnings	SEK -596,373
Profit/loss for the year	SEK 3,632,288
Total	SEK 3,035,915

The Board of Directors and the President and CEO propose that the retained earnings be carried forward.

The results and financial position of TeliaSonera Försäkring AB are shown in the following income statement, balance sheet and notes.

A five-year summary and performance analysis, as well as KPIs, are provided below.

Five-year summary and KPIs

	2013	2012	2011	2010	2009
Profit					
Premiums earned, f.o.a.	32,868	34,180	33,309	32,205	32,961
Investment return, net in insurance operations	815	1,074	1,742	1,055	1,452
Claims incurred, f.o.a.	-14,905	11,324	4,353	-27,766	-7,402
Bonuses and discounts	-8,027	-8,216	-8,072	0	-8,476
Technical result from insurance operations	4,391	34,955	25,411	1,687	14,090
Profit/loss for the year	3,632	26,900	21,059	-489	13,298
Financial position					
Investment assets at fair value	268,785	323,512	333,712	309,074	320,195
Technical provisions, f.o.a.	51,191	44,630	70,660	70,906	58,899
Consolidation capital	251,749	251,440	251,431	251,386	250,279
Deferred taxes	10,717	10,646	12,719	12,719	12,719
Capital base	251,749	251,440	251,431	251,386	250,279
Required solvency margin	32,560	30,170	31,570	28,806	33,248
Solvency ratio	773 %	833 %	796 %	873 %	753 %
Insurance operations					
Claims ratio, f.o.a.	45 %	-33 %	-13 %	86 %	22 %
Expense ratio, f.o.a.	19 %	13 %	20 %	23 %	27 %
Combined ratio, f.o.a.	65 %	-20 %	7 %	109 %	49 %
Asset management					
Direct return	1.79 %	1.48 %	2.45 %	1.95 %	3.03 %
Total return	1.00 %	1.27 %	2.57 %	0.59 %	3.95 %
Financial position					
Consolidation ratio	790 %	728 %	745 %	802 %	751 %

Definitions

Claims ratio (f.o.a.)
Claims incurred as a percentage of premiums earned

Expense ratio (f.o.a.)
Operating expenses for insurance operations as a percentage of premiums earned

Combined ratio (f.o.a.)
Sum of the claims ratio and the expense ratio

Direct return
Investment income as a percentage of a weighted average of the investment assets at fair value

Total return
Total investment income plus realised and unrealised changes in value as a percentage of a weighted average of the investment assets at fair value

Consolidation capital
Sum of shareholders' equity, untaxed reserves and the surplus value of investment assets not recognised on the balance sheet

Consolidation ratio
Consolidation capital/(Written premiums - premiums ceded to reinsurers)

f.o.a.
For own account

Income statement

Technical account for non-life insurance operations	Note	2013	2012
Premiums earned (after outward reinsurance)			
Written premiums before outward reinsurance	Note 3	52,313	55,246
Premiums ceded to reinsurers	Note 4	-20,428	-20,702
Change in provisions for unearned premiums and unexpired risks	Note 17	983	-475
Reinsurer's share of Change in provisions for unearned premiums and unexpired risks		0	111
Total premiums earned f.o.a.		32,868	34,180
Allocated investment return transferred from financing operations	Note 5	815	1,074
Other technical income f.o.a.		2	1,051
Claims incurred f.o.a.			
Claims paid			
Before outward reinsurance		-8,293	-13,552
Change in Provisions for outstanding claims			
Before outward reinsurance		-6,612	24,876
Reinsurer's share of provisions for outstanding claims		0	0
Total claims incurred f.o.a.	Note 6	-14,905	11,324
Bonuses and discounts (f.o.a.)		-8,027	-8,216
Operating expenses	Note 7	-6,361	-4,457
Other technical expenses f.o.a.		-	-
Technical result from non-life insurance operations		4,391	34,956
Non-technical account			
Technical result from non-life insurance operations		4,391	34,956
Investment income	Note 8	5,688	6,594
Investment expenses	Note 9	-1,778	-1,646
Unrealised loss on investment assets	Note 10	-2,503	-2,291
Allocated investment return transferred to non-life insurance operations	Note 5	-815	-1,074
		592	1,583
Profit/loss before appropriations and tax		4,983	36,539
Provision/Dissolution of security reserve	Note 11	-320	-31
Income before taxes		4,663	36,508
Tax on profit/loss for the year	Note 12	-1,031	-9,607
PROFIT/LOSS FOR THE YEAR		**3,632**	**26,900**

Comprehensive income

	2013	2012
Profit/loss for the year	3,632	26,900
Other comprehensive income	-	-
Total comprehensive income	**3,632**	**26,900**

Performance analysis

	Note	Direct insurance, Swedish risks			Direct insurance, foreign risks	Inward reinsurance	Total
		Business & property	Liability	Transport			
Premiums earned	(a)	7,554	3,287	403	10,903	10,720	32,868
Allocated investment return transferred from financing operations		195	85	10	256	268	815
Other technical income (f.o.a.)		0.4	0.2	0.0	0.5	0.5	2
Claims incurred (f.o.a.)	(b)	-1,386	169	-166	-14,438	915	-14,905
Bonuses and discounts (f.o.a.)		-1,923	-841	-103	-2,517	-2,643	-8,027
Operating expenses		-784	-343	-42	-1,432	-3,761	-6,361
Technical result from insurance operations		**3,658**	**2,359**	**102**	**-7,228**	**5,501**	**4,391**
Settlement result		**2,082**	**71**	**11**	**-1,823**	**3,185**	**3,525**
Technical provisions, before outward reinsurance							
Unearned premium reserve		4,884	2,266	256	6,976	7,040	21,423
Provisions for outstanding claims		2,902	3,772	19	18,030	5,600	30,323
Provisions for bonuses and discounts		1,915	837	103	2,507	2,632	7,994
Total technical provisions before outward reinsurance		**9,702**	**6,875**	**378**	**27,513**	**15,272**	**59,740**
Reinsurer's share of technical provisions							
Unearned premium reserve		1,913	829	93	2,896	2,819	8,550
Provisions for outstanding claims		0	0	0	0	0	0
Total reinsurer's share of technical provisions		**1,913**	**829**	**93**	**2,896**	**2,819**	**8,550**

Notes to the Performance analysis for non-life insurance operations

	Business & property	Liability	Transport	Direct insurance, foreign risks	Inward reinsurance	Total
Note A – Premiums earned (f.o.a.)						
Written premiums	12,532	5,478	673	16,405	17,224	52,313
Premiums ceded to reinsurers	-4,894	-2,139	-263	-6,406	-6,726	-20,428
Change in provisions for unearned premiums and unexpired risks	-84	-51	-7	904	222	983
Reinsurer's share of change in provisions for unearned premiums and unexpired risks	0	0	0	0	0	0
Total premiums earned (f.o.a.)	**7,554**	**3,287**	**403**	**10,903**	**10,720**	**32,868**
Note B – Claims incurred (f.o.a.)						
Claims paid						
Before outward reinsurance	-1,126	-1,713	-162	-4,017	-1,275	-8,293
Reinsurer's share	0	0	0	0	0	0
Total claims paid	**-1,126**	**-1,713**	**-162**	**-4,017**	**-1,275**	**-8,293**
Change in provisions for outstanding claims						
Before outward reinsurance	-260	1,882	-4	-10,420	2,190	-6,612
Reinsurer's share	0	0	0	0	0	0
Total change in provisions for outstanding claims	**-260**	**1,882**	**-4**	**-10,420**	**2,190**	**-6,612**
Total claims incurred (f.o.a.)	**-1,386**	**169**	**-166**	**-14,438**	**915**	**-14,905**

Balance sheet, assets

Assets	**Note**	**2013-12-31**	**2012-12-31**
Investment assets			
Investments in Group companies and associates			
Interest-bearing securities issued by,			
and loans to, Group companies	Note 13	211,535	242,861
Other financial investment assets			
Bonds and other interest-bearing securities	Note 14	57,249	80,651
Total investment assets		268,785	323,512
Reinsurer's share of technical provisions			
Unearned premiums and unexpired risks		8,550	8,550
Outstanding claims		-	-
Total reinsurer's share of technical provisions		8,550	8,550
Receivables			
Reinsurance receivables		1,373	2,327
Other receivables	Note 15	1,474	1,833
Total receivables		2,847	4,160
Other assets			
Cash at bank and in hand	Note 22	36,470	6,059
Total other assets		36,470	6,059
Prepaid expenses and accrued income			
Accrued interest income		2,154	1,964
Prepaid acquisition costs		1,320	1,064
Other prepaid expenses and accrued income		0	33
Total prepaid expenses and accrued income	Note 16	3,474	3,061
TOTAL ASSETS		**320,125**	**345,342**

Balance sheet, shareholders' equity, provisions and liabilities

Shareholders' equity, provisions and liabilities	Note	2013-12-31	2012-12-31
Shareholders' equity			
Restricted equity			
Share capital, 2,000,000 shares with a par value of SEK 100 per share		200,000	200,000
Retained earnings		-596	-23,853
Profit/loss for the year		3,632	26,900
Total equity		203,036	203,047
Untaxed reserves			
Security reserve		48,713	48,393
Total untaxed reserves		48,713	48,393
Technical provisions (before outward reinsurance)			
Unearned premiums and unexpired risks	Note 17	21,423	21,612
Outstanding claims	Note 18	30,323	23,353
Bonuses and discounts		7,994	8,216
Total technical provisions (before outward reinsurance)		59,740	53,180
Other provisions			
Pensions and similar obligations	Note 19	2,895	2,929
Total other provisions		2,895	2,929
Liabilities			
Reinsurance payables		66	2
Other liabilities	Note 20	4,700	36,904
Total liabilities		4,766	36,906
Accrued expenses and prepaid income			
Reinsurer's share of prepaid acquisition costs		747	747
Other accrued expenses and prepaid income	Note 21	228	142
Total accrued expenses and prepaid income		975	888
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**320,125**	**345,342**

Memorandum items			
Pledged assets and equivalent securities provided for own liabilities and for provisions for reported liabilities			
Assets registered for technical provisions (f.o.a.)			
Bonds and other interest-bearing securities		57,249	80,651
Cash at bank and in hand		36,470	6,059
TOTAL	Note 22	**93,720**	**86,710**
Other pledged assets and equivalent securities		**None**	**None**
Contingent liabilities	Note 23	**64**	**64**
Commitments		**None**	**None**

TeliaSonera Försäkring AB – 2013

Changes in equity

2013	Budget equity Share capital	restricted equity Retained earnings	Profit/loss for the year	Total equity
Opening balance as at 1 January 2013	**200,000**	**-23,853**	**26,900**	**203,047**
Group contributions paid		-4,671		**-4,671**
Tax effect of Group contributions		1,028		**1,028**
Total transactions recognised in shareholders' equity	**200,000**	**-27,496**	**26,900**	**199,404**
Profit/loss for the year			3,632	**3,632**
Total income and expenses reported for 2013	**200,000**	**-27,496**	**30,532**	**203,036**
Appropriation of earnings for 2012		26,900	-26,900	**0**
Closing balance as at 31 December 2013	**200,000**	**-596**	**3,632**	**203,036**

2012	Budget equity Share capital	restricted equity Retained earnings	Profit/loss for the year	Total equity
Opening balance as at 1 January 2012	**200,000**	**-17,990**	**21,059**	203,069
Group contributions paid	-	-36,529	-	**-36,529**
Tax effect of Group contributions	-	9,607	-	9,607
Total transactions recognised in shareholders' equity	**0**	**-26,922**	**0**	**-26,922**
Profit/loss for the year	-	-	26,900	26,900
Total income and expenses reported for 2012	**0**	**-26,922**	**26,900**	**-22**
Appropriation of earnings for 2011	-	21,059	-21,059	0
Closing balance as at 31 December 2012	**200,000**	**-23,853**	**26,900**	**203,047**

TeliaSonera Försäkring AB is a wholly owned subsidiary of TeliaSonera AB.

Cash flow statement

	2013	2012
Operating activities		
Insurance operations		
Premiums paid in	52,221	51,169
Claims paid	-8,499	-12,170
Payments relating to operating expenses (commission)	-402	-436
Commission received	1,777	1,771
Bonus	-8,282	-7,695
Total	**36,815**	**32,639**
Reinsurer's share of		
Premiums paid in	-20,670	-20,702
Investing activities		
Interest received on interest-bearing securities	5,301	6,417
Realised gains on investment assets (net)	196	21
Net investments in investing activities, interest-bearing	20,963	-153,187
Other cash flow from operating activities	-5,510	-5,412
Cash flow from operating activities	**37,095**	**-140,224**
Financing activities		
Group contributions	-36,529	-28,514
Cash flow from financing activities	**-36,529**	**-28,514**
Interest paid	-7	-13
Taxes paid	-1,053	132
Cash flow for the year	**-494**	**-168,619**
Cash and cash equivalents at beginning of year	88,920	260,138
Exchange differences in cash at bank and in hand	-421	-2,599
Cash and cash equivalents at end of year	88,005	88,920
Change in cash and cash equivalents	**-494**	**-168,619**

Cash and cash equivalents are defined as cash pool balances as well as cash at bank and in hand.
The cash flow statement has been prepared in accordance with the direct method.

Overview of notes

Accounting policies and Risks

Note 1. Accounting policies

Basic accounting policies
The Annual Report has been prepared in accordance with the Swedish Annual Accounts for Insurance Companies Act and the Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual accounts for insurance companies, FFFS 2008:26, as amended.

The Swedish Financial Supervisory Authority's regulation FFFS 2008:26 means that International Financial Reporting Standards (IFRS) are applicable to the preparation of the financial statements, subject to the restrictions and additions that arise from Swedish law, RFR 2 and FFFS 2008:26.

All reports prepared in compliance with the above require the use of a number of significant accounting estimates. Furthermore, the management is required to make certain assessments upon application of the accounting policies. Those areas that involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant for the annual accounts are indicated in the point *Significant accounting estimates and assumptions* on page 19.

The Annual Report was approved for publication by the Board on 17 March 2014. The income statement and balance sheet will be put forward for adoption at the Annual General Meeting on 3 April 2014.

New and amended standards applied in 2013
None of the IFRS or IFRIC interpretations that are compulsory for the first time for the financial year that commenced 1 January 2013 have had any significant impact on TeliaSonera Försäkring AB's income statement or balance sheet.

IFRS 13 "Fair Value Measurement" aims to make fair value measurement more consistent and less complex by providing a precise definition and a common source in IFRS for fair value measurement and related disclosures. The standard provides guidance on fair value measurement for all types of assets and liabilities, both financial and non-financial. The requirements do not extend the scope of when fair value is to be applied, but provide guidance on how it is to be applied where other IFRS require or permit fair value measurement.

Additional disclosure requirements as a result of changes to IFRS 7 (see under the heading *Other standards applied)* and increased disclosure requirements under IFRS 13 are described in note 25.

New standards, revisions and interpretations of existing standards that have not yet entered into force and have not been applied early by the company
A number of new standards and interpretations come into effect for financial years beginning after 1 January 2013, which have not been applied in the preparation of these financial statements. None of these are expected to have any significant impact on the company's financial statements, with the exception of the following:

IFRS 9 "Financial Instruments" addresses the classification, measurement and recognition of financial assets and liabilities. IFRS 9 was issued in November 2010 for financial assets and in October 2011 for financial liabilities and replaces those parts of IAS 39 that deal with the classification and measurement of financial instruments. IFRS 9 states that financial assets are to be classified in two different categories: measurement at fair value or measurement at amortised cost. Classification is determined at initial recognition on the basis of the company's business model and the characteristics of the contractual cash flows. There are no major changes for financial liabilities compared with IAS 39. The most significant change relates to liabilities measured at fair value. For these, the portion of the change in fair value that is attributable to the liability's credit risk is to be recognised in other comprehensive income instead of profit or loss, provided that this does not cause an accounting mismatch. The company intends to apply the new standard no later than the financial year beginning 1 January 2015 and has not yet evaluated the effects.

IFRIC 21 "Levies" clarifies the recognition of an obligation to pay a tax or charge that is not income tax. The interpretation clarifies what the obligating event is that triggers the obligation to pay the tax or charge and when such a liability is to be recognised. The company intends to apply IFRIC 21 for the financial year beginning 1 January 2014 and has not yet evaluated the full effect on the financial statements.

None of the other IFRS or IFRIC interpretations that have not yet entered into force are expected to have any significant impact on the company.

Other standards applied

IAS 1 Presentation of Financial Statements (revised).
TeliaSonera Försäkring AB applies the revised IAS 1 standard as of 1 January 2010.

IFRS 7 Financial Instruments – Disclosures (amendment).
The amendment requires increased disclosures about measurement at fair value and liquidity risk. In particular, the amendment requires disclosure of fair value measurement at each level in a measurement hierarchy. As this amendment only involves additional disclosures, it has no impact on the financial results. TeliaSonera Försäkring AB applies the revised IFRS 7 standard as of January 2009.

Currency

The company's functional currency is Swedish kronor and the financial statements are presented in current income and expenses in foreign currency, which are translated at the exchange rates prevailing on the date each was recognised in the accounts. All assets and liabilities have been translated at the exchange rate on the balance sheet date.

Insurance contracts

The insurance contracts have been analysed in order to classify them in accordance with IFRS 4 Insurance Contracts. An insurance contract is a contract under which the company accepts significant insurance risk by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. A financial contract is a contract that does not transfer any significant insurance risk. All contracts in the company are classified as insurance contracts.

Related party transactions

The company classifies related parties as follows:
* Group companies
* Key persons in senior positions
* Other related parties

Group companies comprise the parent company TeliaSonera AB and all subsidiaries of TeliaSonera AB. Key persons in senior positions comprise the President & CEO. No other related parties have been identified.

Policies applied to items on the balance sheet

<u>Prepaid acquisition costs</u>
Costs that have a clear link to the signing of insurance contracts are recognised as an asset under the heading prepaid acquisition costs.

Commissions are accrued in line with the accrual of unearned premiums.

The company does not currently have any selling expenses with a direct link to insurance contracts.

<u>Cash and cash equivalents</u>
Cash and cash equivalents consist of the company's bank balances on accounts that form part of TeliaSonera AB's cash pool structure, as well as cash at bank and in hand. Bank accounts are listed on the balance sheet under the item Investments in Group companies. Cash at bank and in hand includes short-term investments of up to three months.

<u>Technical provisions</u>
Technical provisions consist of Provisions for unearned premiums and unexpired risks, Provisions for outstanding claims and for Bonuses and discounts.

Provisions for unearned premiums are made pro rata temporis. Provisions for unearned premiums and unexpired risks are intended to cover anticipated claims expenses and operating expenses during the remaining contractual life of the insurance contract entered into. If the premium level is deemed inadequate to cover future claims expenses and operating expenses, a provision is made for unexpired risks.

Provisions for outstanding claims are made according to the policyholder's requirements, less deductible. Provisions for outstanding claims must cover the anticipated future payments to be made for all claims incurred. Provisions for outstanding claims also include those claims that have not yet been reported. For these claims, a so-called IBNR (incurred but not reported) provision is made. The IBNR provision is generally calculated using statistical methods.

The changes for the period resulting from the translation of items at the exchange rate on the balance sheet date are recognised in the income statement as net exchange difference under the item Investment return.

The calculation of Discounts for Intragroup corporate customers is based on the premiums paid less the claims paid and provisions for outstanding claims and claims handling. Discounts are based on any surplus from operations after maximum provisions in untaxed reserves and as of 1 January 2009 are capped in accordance with a Board decision at 15% of gross written premiums.

In the financial statements for 2013, provisions were made for discounts of SEK 7,994,000 and in 2012 provisions were made of SEK 8,216,000.

<u>Reinsurance</u>
For outward reinsurance, the benefits to which the company is entitled under the contract are recognised as an asset under the heading Reinsurer's share of technical provisions.

<u>Financial assets and liabilities</u>
Financial instruments reported on the assets side on the balance sheet include trade receivables, loan receivables and interest-bearing securities. On the liabilities side are trade payables and borrowings.

<u>Classification and measurement of financial assets and liabilities</u>
Financial instruments are initially recognised at cost equivalent to the fair value of the instrument plus transaction costs, except those financial assets measured at fair value through profit or loss, which are recognised at fair value excluding transaction costs. A financial instrument is classified on the basis of the purpose for which the instrument was acquired. The three alternatives are given below. A financial instrument's classification determines how it is measured.

I) Financial assets measured at fair value through profit or loss
This category consists of financial assets that the company has chosen to place in this category, the "fair value option" in IAS 39, and which are measured at fair value through profit or loss. The fair value on the balance sheet date is equal to the published quoted prices on an active market. This category includes other financial investment assets, which comprise bonds and treasury bills.

Information about how investment assets and risks arising from these are managed and what impact these risks have on the company's financial position has been provided in accordance with IFRS 7 ("Financial Instruments: Disclosures").

II) Loan and trade receivables
Loan and trade receivables are financial instruments with fixed payments that are not quoted on an active market and are not held for trading. They are recognised at amortised cost. This category includes receivables, trade receivables, cash at bank and in hand and internal accrued interest income and loans to Group companies. Loans to Group companies consist of promissory notes issued by TeliaSonera AB and cash and cash equivalents comprising bank accounts that form part of the cash pool structure and have TeliaSonera AB as the counterparty.

III) Financial liabilities
Trade payables, Intragroup derivatives and liabilities relating to Group contributions are included in this category.

Policies applied to items in the income statement
In the income statement, the results from insurance operations are divided into a technical result and a non-technical result, which is attributable primarily to asset management. The items included in the technical result relate to operations as an insurance provider; in other words the transfer of insurance risk as defined in IFRS 4 Insurance Contracts.

Recognition in the income statement follows the principle of gross recognition of inward and outward insurance.

<u>Written premiums</u>
A premium means the remuneration that an insurance company receives from the policyholder in order to accept the transfer of insurance risk. Written premiums are recognised in the income statement when the premium falls due.

<u>Premiums earned</u>
The portion of written premiums that is attributable to the reporting period is recognised as premiums earned. The portion of written premiums that relates to periods after the balance sheet date is allocated to a premium reserve on the balance sheet.

<u>Allocated investment return transferred from financing operations</u>
The total investment return is recognised in the non-technical result. A portion of the investment return is transferred to the technical result. This portion is 1.70% (1.86%) of the average technical provisions for own account; see Note 5. The required rate of return is equivalent to the average return on the financial assets.

<u>Other technical income</u>
In 2013, this item contains only commission income on old pension insurance policies.

<u>Claims incurred</u>
Claims incurred comprise claims paid and changes in the balance of Technical provisions. Payments made to policyholders during the financial year on the basis of insurance contracts or claims incurred,

irrespective of when the claim was incurred, are recognised as claims paid. Changes in the balance of *Technical provisions* are recognised exclusive of exchange rate fluctuations, which are recognised as investment return.

Operating expenses
The operating expenses for the period are recognised in the technical result in the income statement. Expenses for claims handling form part of the administrative expenses of insurance operations but are recognised under claims incurred in the income statement. Any acquisition costs and accrual of these are also included in the operating expenses. The operating costs of asset management are recognised in the non-technical result. Operating expenses are recognised as they are incurred, with the exception of acquisition costs, which are recognised as an asset and accrued over the life of the insurance contract.

Results of asset management
The item *Investment income* refers to the investment return on investment assets. This item includes interest income on loans to Group companies and other financial investment assets and any foreign exchange gains (net). Under *Investment expenses*, expenses relating to investment assets are recognised, such as asset management expenses, interest expenses and any foreign exchange losses (net). *Unrealised gains or losses on investment assets* comprise the difference between the amortised cost and fair value of other financial investment assets. Estimates and assessments are evaluated continuously and are based on historical experience and other factors, including anticipated future events that are considered reasonable under the prevailing conditions.

Significant accounting estimates and assumptions
The insurance company makes estimates and assumptions regarding the future. The accounting estimates that derive from these will, by definition, rarely correspond to the actual outcome. It is primarily the calculation of technical provisions and the valuation of investment assets that involve a significant risk of essential adjustments to the carrying amounts of assets and liabilities over the next financial year and these are outlined below.

Technical provisions
Technical provisions are calculated using methods that involve making various assumptions. There is particular uncertainty with regard to the actual outcome for the portion of provisions that relates to claims incurred but not reported; see risks below.

Fair value of financial instruments
The insurance company's holdings of bonds and treasury bills are measured at fair value.

Significant assessments in the application of the company's accounting policies
The insurance company measures the majority of its financial assets at fair value.

Policies applied to the cash flow statement
The cash flow statement has been prepared in accordance with the direct method.

Note 2. Risks

General information about risks
The company manages risks using internal rules in the form of governance documents (e.g. authorisation instructions, financial management guidelines, underwriting guidelines, claims reserve guidelines) and internal monitoring in the form of procedures to ensure good internal control. The Board of Directors has ultimate responsibility for effective risk control within the company and decides annually on whether any updates to the governance documents are required. They have also assigned Internal Audit with the task of examining the company annually on the basis of the written governance documents and presenting the results to the Board of Directors. Together with the company, Internal Audit has produced a risk document containing known risks. The risks are evaluated from two perspectives: partly in terms of the probability of the event occurring and partly in terms of its impact. The two perspectives are balanced and assessed using a special model.

As the company only insures consolidated subsidiaries of the TeliaSonera Group, the company's insurance risks are limited to those risks of the TeliaSonera Group that are assumed through insurance contracts. The company is reinsured for both individual disaster claims and an unfavourable cumulative claims outcome over time.

During the year, the company has agreed both direct insurance and inward reinsurance within property, transport, interruption, property crime and liability.

The company is exposed to underwriting risk, claims reserve risk, claims outcome risk, liquidity risk, market risk, credit risk and operational risk. These risks can be grouped under the headings Insurance-related risks, Investment risks and Operational risks. The main risks at the company are underwriting risk, provisions risk and claims outcome risk.

Underwriting risk relates to the pricing of insurance contracts and the inherent uncertainty associated with these contracts.

Claims reserve risk means the risk of the value of the technical provisions being too low.

Claims outcome risk means the risk of the claims outcome in the company's insurance portfolio being unfavourable, in other words higher than the anticipated value.

Market risk refers to the risk of the factors that influence the value of financial assets developing in what is a negative way for the company.

Liquidity risks in this sense concern access to financing. If there is a liquidity shortfall, this can have a negative impact on ordinary business operations and put the company at risk of being unable to fulfil its day-to-day payment obligations.

Credit risk means the risk of a counterparty failing to fulfil its payment obligations.

Operational risk is defined as the risk of losses as a result of inappropriate or ineffective internal processes or procedures, human error, defective systems or external events. This definition also includes legal risk and reputational risk.

Insurance-related risks

Underwriting risk

The company follows internal guidelines in order to ensure the correct evaluation and quantifying of the risk underwritten. The guidelines also specify which sums insured and categories of risk can be accepted. Where possible, the evaluations are also based on actuarial calculations.

Claims reserve risk

The company manages the claims reserve risk by following the company's claims reserve instructions when determining the technical provisions. The provisions are regularly reviewed by the company's actuary.

Reinsurance risk

The company has a reinsurance programme that aims to provide protection against both larger individual claims and a high frequency of smaller claims and thereby avoid major negative impacts on results.

Claims outcome risk

The company has a relatively unbalanced insurance portfolio, which contains large individual risks in relation to the overall size of the portfolio. The insured portfolio is therefore characterised by a high degree of volatility, which means that a single insurance claim may have a highly noticeable impact on the company's results. The company manages the volatility in the claims outcome through reinsurance, by having sufficient reserves and by having an adequate capital base.

Sensitivity analysis insurance risks

The maximum liability for the company expressed in SEK thousand is:

Fire and other damage to property	
Per claim	15,000
Per 12-month period	30,000

The following are in addition to the above:
1. The difference between the deductible for the claims and the limit for reinsurance aggregate cover is SEK 20,000–250,000. The reinsurance aggregate cover is for the amount in excess of a supposed deductible of SEK 300,000. In a normal year, there are 40–50 claims.
2. The company's share in the Norwegian Natural Perils Pool, which can result in a maximum claims expense of approximately SEK 175,000 (SEK 340,000) per insurance event.

*General liability and other property damage**	
Per claim	15,000
Per 12-month period	30,000

The following are in addition to the above:
The difference between the deductible for the claims and the limit for reinsurance aggregate cover. The policyholder's deductible is SEK 50,000. The reinsurance aggregate cover is for the amount in excess of a supposed deductible of SEK 300,000. In a normal year, there are 2–4 claims.

*The company purchases outward reinsurance as a joint contract for General liability and Other property damage.

In the sensitivity analysis performed for the Company's insurance portfolio, the sensitivity has been calculated with regard to point risks, distribution risks and so-called real disaster risks. Point risks refer to the risk of the consequence of a given outcome changing. Distribution risks refer to the risk of an unfavourable outcome, in excess of the expected outcome. Real disaster risks refer to natural disasters or cumulative risks. The analysis has been performed using a stress test, where a given percentage change in the relevant parameter has been assumed or a probability expressed as a percentage has been calculated.

The impact this has on the results and on shareholders' equity is shown below.

Point risks

(SEK thousand)	Increase as a percentage	Impact on results and shareholders' equity
Claim frequency	10.0%	-963
Average claim amount	10.0%	-963
Claim inflation	1.0%	-551

Parameter risk refers to the risk of incorrect assessment of the claims outcome for the remaining contract period as a result of incorrect assumptions.

Claim inflation means the indexation of a claim amount.

Separate reporting of market risks
A change in the market interest rate of 1% would have the following effect on results and shareholders' equity.

Distribution risks
The probability of more than 50 per cent of the capital base being eroded as a result of an unfavourable claims outcome during the reporting period has been deemed negligible following actuarial calculations. The probability of more than the opening premium reserve being used to cover claims during the remainder of the contractual period for current contracts is 2.1 per cent.

Real disaster risks
The company is exposed to real disaster risks. The reinsurance is tailored to this, however, and the company's net exposure per individual event is limited to a retention.

Concentration of insurance risk
The company's underwriting risks are widely spread geographically. Its customers are located in three different parts of the world. For example, the largest single insured asset in the property portfolio represents less than 2 per cent of the total insured asset volume. As all of the company's customers are consolidated subsidiaries of TeliaSonera AB, there is a considerable cumulative risk in many cases. The cumulative risk is managed using the internal insurance system. The reinsurance is also fully tailored to bear the cumulative risk.

(SEK thousand)	Increase/ decrease as a percentage	Impact on results and shareholders' equity
Assets	1.0%	-1,354
Technical provisions	-1.0%	551

This claims triangle shows gross figures for all the branches of insurance combined.

Claims year (SEK thousand)	2006	2007	2008	2009	2010	2011	2012	2013	Total
Estimated final claims expense at the end of the claims year (Gross)	32,350	34,794	16,357	25,957	44,517	22,915	14,066	18,788	**209,743**
									0
One year later	17,026	20,794	9,916	22,090	15,846	12,397	17,548	-	**115,618**
Two years later	11,972	16,929	8,372	21,586	13,938	9,897	-	-	**82,694**
Three years later	11,628	16,077	4,706	8,716	12,614	-	-	-	**53,741**
Four years later	11,159	15,731	5,870	7,697	-	-	-	-	**40,456**
Five years later	10,899	15,301	4,284	-	-	-	-	-	**30,485**
Six years later	10,490	14,726	-	-	-	-	-	-	**25,216**
Seven years later	10,488	-	-	-	-	-	-	-	**10,488**
									0
Estimated final claims expense at 31/12/2013	10,488	14,726	4,284	7,697	12,614	9,897	17,548	18,788	**96,041**
Acc. claims paid	10,488	14,601	3,388	6,666	11,945	9,053	7,418	2,161	**65,719**
Provisions for outstanding claims	0	125	896	1,031	669	844	10,131	16,627	**30,323**
Accumulated surplus/deficit (settlement result)	21,863	20,068	12,072	18,261	31,903	13,018	-3,483	0	**113,702**
Ditto as a % of initial claims expense	67.6%	57.7%	73.8%	70.3%	71.7%	56.8%	-24.8%	0.0%	**54.2%**

Liquidity risk in relation to insurance operations
The company's liquidity risks are limited, as the premiums are received in advance and the cash flow is monitored monthly. The reinsurance premiums are paid three months after the majority of the company's premium invoices have been sent to the customers. This means that liquidity is well adapted to the payment terms of the reinsurance premiums. As all ceding is to large, well-consolidated, international reinsurance companies with a high rating, the liquidity risk is considered to be limited. If there is any need for a larger quantity of liquid funds, the company has the option to sell short-term securities.

Credit risks in insurance operations
Exposure to credit risks relates primarily to reinsurers, partly in the form of reinsurance receivables and partly through the reinsurers' share of outstanding claims. The credit risk is nevertheless deemed insignificant, as all outward reinsurance is with reinsurance companies with a high and stable credit rating and a good ability to pay claims. The creditworthiness of all reinsurers is assessed and the results reported to the Board of Directors at each Board meeting. The credit risk in relation to premium receivables from policyholders is limited, as the insurance contract can be cancelled if payment is not made.

Investment-related risks
The company has a securities portfolio, which at 31 December 2013 had a value of SEK 93,720,000 (SEK 86,710,000). The portfolio contains the following categories of security:

-Government bonds
-Treasury bills
-Cash, bank (short-term deposit at bank)

For the value of each category, see notes 14 and 22.

Credit risks in relation to investments
The company manages the interest rate risk and the price risk for its investments by following internal investment guidelines and continuously monitoring investment activities. It must be possible for a minimum of SEK 10 million to be made available as liquid funds within 30 days. Investments for the purpose of debt coverage are made predominantly in government bonds. Holdings of this type of security involve a negligible credit risk, as they are issued by the government. They are recognised under the heading Other financial investments on the assets side on the balance sheet. A smaller proportion of debt coverage is in the form of short-term deposits at banks. These are recognised in the category Cash at bank and in hand. Other investment assets are Intragroup.

Currency risks in relation to investments
The company applies currency matching between technical provisions and investments. Those investments that are not matched by a provision in another currency are made in Swedish kronor.

Exchange rate exposure in relation to investment assets, SEK thousand

	USD	DKK	NOK	EUR
Treasury bills	0	0	0	0
Deposit, bank	13,017	7,252	6,454	9,748

Currency risk, i.e. the impact of a change in the exchange rate of 10%, SEK thousand

+/-	USD	DKK	NOK	EUR
Treasury bills	0	0	0	0
Deposit, bank	1,302	725	645	974

Sensitivity analysis in relation to investment risks
In the sensitivity analysis performed for TeliaSonera Försäkring, the sensitivity has been calculated with regard to a change in the market interest rate and the general credit risk. The analysis has been performed using a stress test, where a given percentage change in the relevant parameter has been assumed.

The impact these changes have on the results and on shareholders' equity is shown in the table below.

SEK thousand	Increase/ decrease in %	Change in income statement & shareholders' equity
Change as a result of:		
- Increased market interest rates	+1%	-1,353
- General credit risk (change in spread)	+0.5%	-13
- Exchange rates	-10%	1,360

The table below shows how the company is exposed to interest rate risk in relation to the term of interest-bearing assets and liabilities.

Assets

(SEK thousand)	0–2 years	2–5 years	5– years	Total
Bonds	37,048	20,201	0	57,249
Treasury bills	-	-	-	0
Total assets	**37,048**	**20,201**	**0**	**57,249**

Liabilities

(SEK thousand)	0–2 years	2–5 years	5– years	Total
Provisions for claims (undiscounted)	17,336	11,051	1,936	30,323

Reserves for outstanding claims

Currency (translated into SEK thousand)	0–2 years	2–5 years	5– years	Total (undiscounted)	Discounted
SEK	4,226	3,963	1,469	9,658	
EUR	2,155	1,435	308	3,899	
NOK	3,310	1,904	71	5,285	
DKK	3,843	2,634	78	6,555	
GBP	18	21	10	49	
USD	3,784	1,093	0	4,878	
TOTAL (IN SEK THOUSAND)	**17,336**	**11,051**	**1,936**	**30,323**	**29,859**

Operational risks

Operational risks include administrative risks. These constitute access to competent personnel and to adequate IT support. The company is operated by personnel contracted from TeliaSonera AB, Corporate Insurance. The staff have many years of experience in insurance and experience of running the company's operations. There is a risk in terms of the extremely limited number of people involved. On the insurance side, there are two people who know the business. As of July 2012, the finance function is outsourced to an external specialist supplier. This supplier has organised the work so that there is always access to backup resources. The company's IT support is a system specially developed for the insurance industry by an external IT supplier. All of the company's databases are stored through the parent company's IT system, with backups made automatically every evening.

The quality of accounting is ensured by developed control functions in existing working documents.

The company's control over processes, procedures and governance documents is subject to continuous review internally and in conjunction with both the internal and the external auditors. The internal auditors perform an annual audit based on the governance documents and present this to the Board of Directors, while the external auditors carry out two reviews per year. One is of the annual report and underlying accounting records and the other is of various processes.

Capital management

The company must always have sufficient capital to be able to compensate its policyholders if any insurance event occurs.

The company follows the Group's investment guidelines, which stipulate that investments must be made principally in interest-bearing securities.

The company has reserved capital in the form of a security reserve in accordance with FFFS 2013:8. The insurance company allocates profits to this reserve in order to be able to release funds if subsequently required to address any negative result in the insurance operations.

TeliaSonera Försäkring has an obligation under FRL Chapter 6, Section 3, to prepare a debt coverage register of the assets that will cover the technical provisions for own account. This is compiled monthly and is available if requested by the Swedish Financial Supervisory Authority.

The insurance business is a well-regulated industry with formal rules on minimum capital and capital structure.

The company's financial position is reported regularly to the Swedish Financial Supervisory Authority. The company fulfils the regulatory minimum capital requirements.

The capital base is SEK 251,749,000 (SEK 251,440,000) and the required solvency margin is SEK 32,560,000 (SEK 30,170,000).

Notes to the company’s financial statements

Note 3. Written premiums before outward reinsurance

	2013	2012
Direct insurance contracts signed in:		
Sweden	18,684	18,320
Other EEA countries	16,405	18,710
Inward reinsurance	17,224	18,216
Total written premiums	**52,313**	**55,246**

Note 4. Premiums ceded to reinsurers

	2013	2012
Premiums ceded to reinsurers	-20,428	-20,702
Total premiums ceded to reinsurers	**-20,428**	**-20,702**

Note 5. Allocated investment return transferred from financing operations

The investment return from insurance operations has been calculated as 1.70% (1.86%) of the average technical provisions for own account. The required rate of return has been calculated as interest income paid during the year relative to the average fair value of investment assets and cash at bank and in hand.

Note 6. Claims incurred (f.o.a.)

Claims paid	2013	2012
Insurance losses paid	-8,033	-13,153
Claims handling expenses	-260	-399
Total	**-8,293**	**-13,552**
Change in technical provisions		
Change in provisions for outstanding claims		
Change for the year	-6,281	23,673
of which operating expenses for claims settlement	-332	1,203
Total	**-6,612**	**24,876**
Total claims incurred f.o.a.	**-14,905**	**11,324**

The settlement result is SEK 3,525,000, of which SEK 2,164,000 relates to direct Swedish risks, SEK -1,823,000 relates to direct foreign risks and SEK 3,185,000 to inward reinsurance.

Note 7. Operating expenses

	2013	2012
Acquisition costs	-1,473	-960
Change in prepaid acquisition costs (+/-)	156	-51
Administration expenses	-5,045	-3,446
Total	**-6,361**	**-4,457**
Specification of total operating expenses		
Operating expenses for insurance operations as above	-6,361	-4,457
Claims paid, claims settlement as in note 6	-260	-399
Total operating expenses	**-6,621**	**-4,856**
Of which:		
Personnel expenses 1)	-36	-98
Depreciation/amortisation	-	-
Net commission	-1,316	-1,011
Audit expenses 2)	-91	-93
Other	-4,918	-3,255
Total operating expenses	**-6,361**	**-4,457**

1) The company has no employees. SEK 36,000 (SEK 98,000) relates to pension expenses. No remuneration has been paid to the President & CEO or Board members. The salaried employee who is also President & CEO of the company receives a fixed and a variable remuneration for their employment from their employer TeliaSonera AB. The level of remuneration is not linked to the insurance company's revenue or financial results; in other words there is no connection with the insurance company's risk-taking. The variable remuneration is linked to TeliaSonera AB's overall financial targets. There is also a smaller amount of variable remuneration linked to the insurance company's operational goals.

2) Audit expenses

2) Audit expenses	2013	2012
PricewaterhouseCoopers		
Audit fees	-91	-93
Total	**-91**	**-93**

Note 8. Investment income

	2013	2012
Interest income, bonds and other interest-bearing securities	3,263	2,061
Interest income, Group companies	2,423	2,969
Other interest income	0	0
Capital gains, net	2	21
Total investment income	**5,688**	**5,051**

Note 9. Investment expenses

	2013	2012
Interest expenses, Group companies	-6	-7
Other interest expenses	-145	-136
Exchange losses, net	-1,626	-1,502
Total investment expenses	**-1,778**	**-1,645**

Note 10. Unrealised gains/losses on investment assets

	2013	2012
Bonds	-2,503	-748
Total	**-2,503**	**-748**

Note 11. Appropriations

	2013	2012
Dissolution/Provision of security reserve	-320	-31
Total	**-320**	**-31**

Note 12. Tax on profit/loss for the year

	2013	2012
Tax on profit/loss for the year	-1,028	-9,607
Tax in respect of prior years	-3	-
Tax expense for the year	**-1,031**	**-9,607**
	2013	**2012**
Reported income before taxes	4,663	36,507
Tax expense at applicable tax rate	-1,026	-9,601
Tax effect of non-deductible expenses	-5	-6
Tax effect of non-taxable income	3	0
Tax on profit/loss for the year according to the income statement	**-1,028**	**-9,607**
	2013	**2012**
Current tax recognised in shareholders' equity for the year amounts to		
Tax effect of Group contributions	-1,028	-9,607
Total	**-1,028**	**-9,607**

Note 13. Interest-bearing securities, issued and loans from Group companies

	2013	2012
Receivables at TeliaSonera AB, Treasury.		
Group loans	160,000	160,000
Cash pool:		
Handelsbanken	51,535	82,861
Total interest-bearing, Group companies	**211,535**	**242,861**

Note 14. Bonds and other interest-bearing securities

	2013	2012
Amortised cost	55,867	77,778
Of which Swedish government	55,867	56,922
Of which foreign governments	-	20,857
Fair value	57,249	80,651
of which Swedish government	57,249	59,833
Of which foreign governments	-	20,818
Nominal value	55,000	75,980
Value in excess of book value		
Positive difference as a result of book value exceeding nominal value	2,249	4,671

All securities are listed.

Note 15. Other receivables

	2013	2012
Tax assets	724	543
Other receivables, external	750	1,290
Total	**1,474**	**1,833**

Note 16. Prepaid expenses and accrued income

	2013	2012
Accrued interest income, external	1,627	1,627
Accrued interest income, Intragroup	527	337
Other prepaid expenses	0	33
Prepaid acquisition costs, external	1,320	1,064
Total	**3,474**	**3,061**

Note 17. Unearned premium reserve

	2013	2012
Change for the year		
Opening balance, premium reserve	21,612	22,405
Closing balance, premium reserve	-21,423	-21,612
Change in premium reserve	**189**	**793**
Exchange effect on premium reserve	794	-1,268
Change in premium reserve, excluding foreign exchange differences	**983**	**-475**

Note 18. Provisions for outstanding claims

	2013	2012
Claims incurred and reported	18,818	11,471
Claims incurred but not reported	10,061	10,769
Provisions for claims handling expenses	1,444	1,112
Total	**30,323**	**23,353**

Note 19. Pensions and similar obligations

	2013	2012
Pension liability	2,895	2,929
Total	**2,895**	**2929**

Note 20. Other liabilities

	2013	2012
Trade payables, external	17	363
Other liabilities, external	13	12
Group contributions	4,671	36,529
Total	**4,700**	**36,904**

Note 21. Accrued expenses and prepaid income

	2013	2012
Special payroll tax	25	31
Accrued premium taxes	136	45
Accrued expenses and prepaid income, external	68	66
Total	**228**	**142**

Note 22. Pledged assets and equivalent securities

(Pledged for own liabilities, such as provisions for reported liabilities)

	2013	2012
Bonds and other interest-bearing securities	57,249	80,651
Cash at bank and in hand	36,470	6,059
Total	**93,720**	**86,710**

The above assets have been pledged for the benefit of Group companies.

Note 23. Contingent liabilities

	2013	2012
Liability to FPG	64	64
Total	**64**	**64**

The above liabilities have been made for the benefit of Group companies.

Note 24. Information about agreements with related parties

The company purchases administrative services from TeliaSonera AB and the cost of these during the year was SEK 3,652,000 (SEK 2,480,000).

Note 25. Financial instruments by category

2013-12-31

Assets	Loan and trade receivables incl. items related to insurance contracts	Financial assets at fair value through profit or loss		Total fair value	Total cost
		Via identification	*Via trade*		
Bonds		57,249		57,249	60,159
Financial investment assets	211,535			211,535	211,535
Other receivables	1,474			1,474	1,474
Cash at bank and in hand	36,470			36,470	36,470
Accrued interest income	2,154			2,154	2,154
Total	**251,633**	**57,249**	**0**	**308,882**	**311,792**

Liabilities	Other financial assets, incl. assets related to insurance contracts	Assets at fair value through profit or loss		Total fair value	Total cost
Trade payables	95			95	95
Liabilities for Group contributions	4,671			4,671	4,671
Total	**4,766**	**0**	**0**	**4,766**	**4,766**

2012-12-31

Assets	Loan and trade receivables incl. items related to insurance contracts	Financial assets at fair value through profit or loss		Total fair value	Total cost
		Via identification	*Via trade*		
Bonds		80,651		80,651	82,682
Financial investment assets	242,861			242,861	242,861
Other receivables	1,833			0	0
Cash at bank and in hand	6,059			6,059	6,059
Accrued interest income	1,964			0	0
Total	**252,717**	**80,651**	**0**	**329,571**	**331,602**

Liabilities	Other financial assets, incl. assets related to insurance contracts	Assets at fair value through profit or loss		Total fair value	Total cost
Trade payables	377			377	377
Liabilities for Group contributions	36,529			36,529	36,529
Total	**36,906**	**0**	**0**	**36,906**	**36,906**

Fair value calculation

Information is provided about the valuation at fair value at the level in the following fair value hierarchy.

- Quoted prices (unadjusted) on active markets for identical assets or liabilities (level 1)
- Other observable data for the asset or liability other than the quoted prices included in level 1, either directly (i.e. as quoted prices) or indirectly (i.e. derived from quoted prices (level 2).
- Data for assets or liabilities that is not based on observable market data (i.e. non-observable data) (level 3).

The following table shows the company's assets and liabilities measured at fair value as at 31 December 2013.

Total assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Bonds	57,249	-	-	57,249

Note 26. Net gain or loss for the year for each category of financial instrument

	Financial assets at fair value through profit or loss				**Loan and trade receivables**	
	Via identification		Via trade			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Bonds	762	1,335	-	-	-	-
Cash at bank and in hand	-	-	-	-	2,416	2,962
Total	**762**	**1,335**	**-**	**-**	**2,416**	**2,962**

Note 27. Information about items in the income statement

Total non-life insurance	2013	2012
Gross written premiums	52,313	55,246
Gross earned premiums	53,296	54,771
Gross claims incurred	-14,905	11,324
Gross operating expenses	-6,361	-4,457
Result of outward reinsurance	-20,428	-20,591

Broken down by insurance category

Transport	2013	2012
Gross written premiums	1,484	1,403
Gross earned premiums	1,472	1,351
Gross claims incurred	-776	242
Gross operating expenses	-113	-113
Result of outward reinsurance	-579	-532

Fire and other damage to property	2013	2012
Gross written premiums	23,687	25,334
Gross earned premiums	24,305	24,775
Gross claims incurred	-15,502	8,242
Gross operating expenses	-1,757	-2,044
Result of outward reinsurance	-9,250	-9,451

General liability	2013	2012
Gross written premiums	9,918	10,293
Gross earned premiums	10,073	10,585
Gross claims incurred	457	318
Gross operating expenses	-730	-830
Result of outward reinsurance	-3,873	-3,747

Inward reinsurance	2013	2012
Gross written premiums	17,224	18,216
Gross earned premiums	17,446	18,060
Gross claims incurred	915	2,523
Gross operating expenses	-3,761	-1,470
Result of outward reinsurance	-6,726	-6,861

Signatures

Stockholm, 17 March 2014

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Håkan Jansson
Chairman of the Board of Directors

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Daniel Burström

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Agneta Wallmark

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Håkan Kvarnström

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Mats Gregorson
President and CEO

Our Auditors' Report was submitted on 13 March 2014

PricewaterhouseCoopers AB

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Eva Fällén
Authorised public accountant