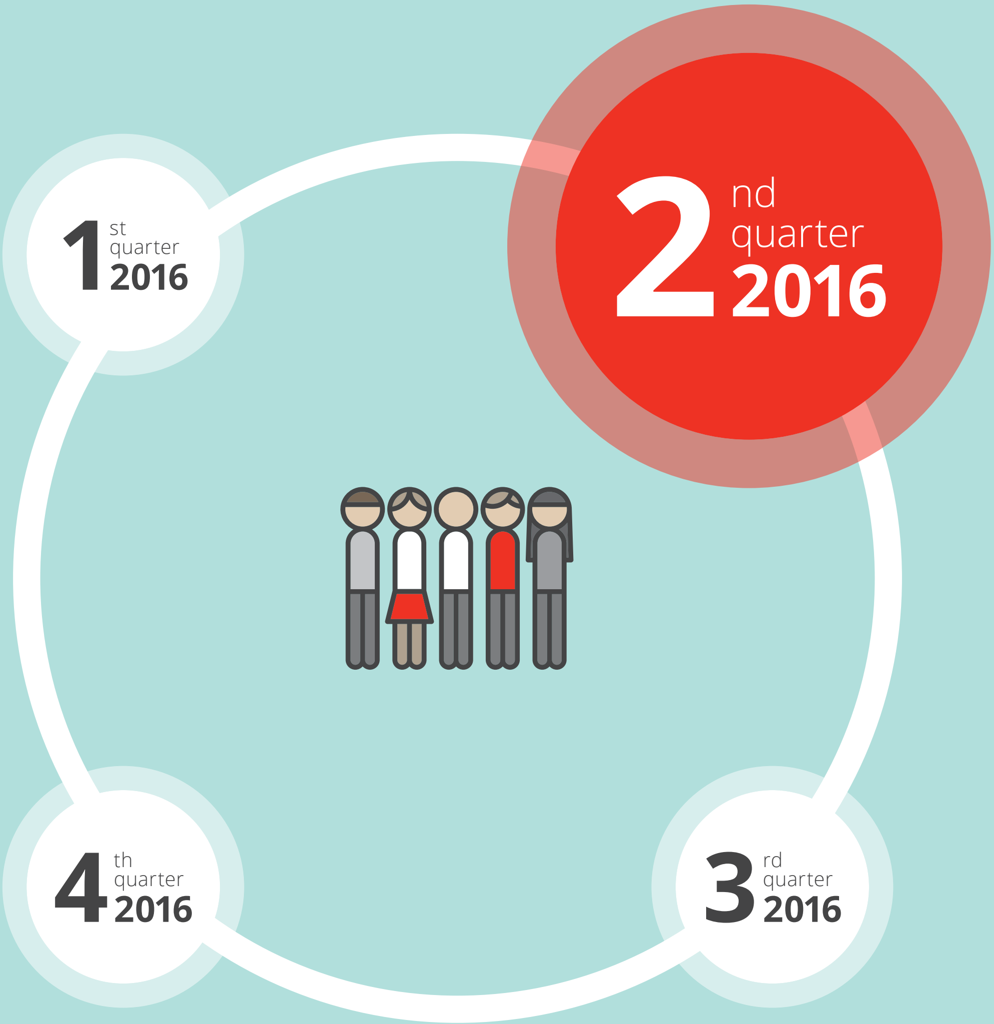
storebrand



Interim report 2016

Storebrand Group

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Storebrand Group

- **Group result[1] of NOK 798 million for the second quarter.**
- **The result is charactarised by good cost control and strong financial results**
- **Solvency margin of 172%**

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

GROUP RESULT[2]

	2016	2015				01.01 - 30.06		Full year
(NOK million)	2Q	1Q	4Q	3Q	2Q	2016	2015	2015
Fee and administration income	1 005	1 052	1 160	1 046	1 065	2 058	2 111	4 317
Risk result life & pensions	-6	24	-23	40	54	18	63	80
Insurance premiums f.o.a.	962	947	934	894	947	1 909	1 813	3 642
Claims f.o.a.	-726	-728	-791	-697	-683	-1 453	-1 334	-2 822
Operational cost	-698	-803	-912	-755	-799	-1 501	-1 602	-3 268
Financial result	200	187	178	-90	76	387	156	244
Result before profit sharing and loan losses	739	678	547	440	661	1 417	1 207	2 193
Net profit sharing and loan losses	60	-133	-271	-167	-51	-73	8	-431
Result before amortisation and longevity	**798**	**546**	**275**	**272**	**610**	**1 344**	**1 215**	**1 762**
Provision longevity	-	-	-1 362	-96	-151	-	-306	-1 764
Amortisation and write-downs of intangible assets	-114	-115	-120	-108	-103	-230	-208	-437
Result before tax	684	430	-1 207	67	356	1 114	701	-438
Tax	31	-120	2 008	-3	-97	-89	-184	1 821
Sold/liquidated business	-	-	-0	-0	-0	-	-0	-0
Profit after tax	**715**	**311**	**801**	**64**	**258**	**1 025**	**517**	**1 382**

The Group profit before amortisation and reserve strengthening was NOK 798m[3] (NOK 610m) for the 2nd quarter and NOK 1,344m for the year to date (NOK 1,215m). The figures in parentheses are from the corresponding period last year.

Fees and administration income have been reduced by 5.1% year to date, adjusted for foreign currency effects, compared with the same period last year. Income within guaranteed pension products in long-term decline is reduced by 14,2%. Income within the Savings segments increased by 3,8%. Costs have been impacted by a non-recurring effect relating to the derecognition of disability liabilities for Storebrand's own pension scheme. This had a positive effect of NOK 98m for the quarter in the form of reduced costs. The effect is described per segment in the report. Adjusted for foreign currency effects and the non-recurring effect associated with own pension schemes, costs in 1H were reduced by NOK 40m from the same period last year. Storebrand has the ambition of reducing costs by NOK 300-400m by the end of 2018. Volume growth within the Savings and Insurance segments has resulted in a larger part of the Group's costs being allocated to the segments. The costs in the Guaranteed Pensions segment were correspondingly reduced.

[1] Result before strengthening of longevity reserves, amortisation and taxes.
[2] The income statement is based on reported IFRS results for the individual group companies. The statement differs from the official accounts layout.
[3] The abbreviations NOK for Norwegian kroner, m for million, bn for billion and % for per cent are used throughout the report.

GROUP RESULT BY RESULT AREA

	2016		2015			01.01 - 30.06		Full year
(NOK million)	2Q	1Q	4Q	3Q	2Q	2016	2015	2015
Savings - non-guaranteed	241	279	301	264	237	520	455	1 020
Insurance	153	122	17	120	192	275	351	488
Guaranteed pension	237	15	-110	20	183	252	419	329
Other result	167	130	68	-133	-3	297	-10	-75
Result before amortisation and longevity	**798**	**546**	**275**	**272**	**610**	**1 344**	**1 215**	**1 762**

The Savings segment reported a profit of NOK 241m for the 2nd quarter (NOK 237m) and NOK 520m year to date. This corresponds to an increase of 1.7% compared with the same quarter last year and 14.3% year to date. The result was positively affected by the derecognition of disability reserves. Adjusted for this, the profit was somewhat reduced due to increased allocated costs.

The Insurance segment reported a profit of NOK 153m (NOK 192m) and NOK 275m year to date. The combined risk result gives a claims ratio for the quarter of 75% (72%) and a combined ratio of 90% (87%). The result was positively affected by the derecognition of disability reserves. Adjusted for this, the combined ratio was 92% for the quarter.

The Guaranteed Pension segment reported a profit of NOK 237m (NOK 183m) and NOK 252m for the year to date. The result was positively affected by the derecognition of disability reserves, adjusted cost allocation and a strong financial result in the Swedish business.

The financial performance in the Other segment of NOK 167m (NOK -3m) was characterised by strong returns in the company portfolios, derecognition of disability liabilities and dividends from Visa Norge recognised as income.

CAPITAL SITUATION AND TAXES

The Solvency II regulations were introduced on 1 January 2016. The Group's target solvency margin in accordance with the new regulations is a minimum of 150%, including use of the transitional rules. The solvency margin for the Storebrand group was calculated at 172% at the end of the 2nd quarter. Without transitional rules, the solvency margin is 122%. Storebrand uses the standard model for the calculation of Solvency II. Lower interest rates in both Norway and Sweden have a negative impact on the Solvency II margin. Changes to the regulations, methods and interpretations may be made that could affect the Solvency II margin in the future.

Tax costs in the first six months are estimated based on an expected effective tax rate for 2016. The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway (25%), and it varies from quarter to quarter depending on each legal entity's contribution to the Group result. The tax rate is calculated to be in the range of 19-23% for the year. Sales of property completed during the first half of the year have resulted in taxable temporary differences connected with these properties being reversed, which reduces the income tax expense as of 30 June. For more information on calculation of the income tax expense for the quarter, see Note 9 to the accounts.

STRENGTHENING RESERVES FOR INCREASED LONGEVITY

In the 4th quarter of 2015, Storebrand decided to charge the remaining estimated direct contribution to expected increased longevity. The remaining reserve strengthening is expected to be covered by the surplus return and loss of profit sharing.

MARKET AND SALES PERFORMANCE

Sales of savings products, loans and insurance products are good. Storebrand has been successful with the sale of retail market products to employees with an occupational pension from Storebrand. In Norway, Storebrand is the market leader in defined contribution schemes with 34% of the market share of gross premiums written. SPP is the fifth largest actor in the Other Occupational Pensions segment with a market share of 11% measured by premium income from unit linked insurance.[2)]

Financial targets	Target	Actua (1H)
Return on equity (after tax)[1)]	> 10 %	9,5 %
Dividend [1)]	> 35 %	
Solvency II margin Storebrand Group	> 150 %	172 %

GROUP - KEY FIGURES

	2016		2015			01.01 - 30.06		Full year
(NOK million)	2Q	1Q	4Q	3Q	2Q	2016	2015	2015
Earnings per share[1)]	1,83	0,93	1,65	0,37	0,80	2,76	1,58	3,61
Equity	27 000	26 538	26 946	25 982	25 275	27 000	25 275	26 946
ROE, annualised[1)]	12,9 %	6,5 %	15,6 %	2,8 %	5,9 %	9,5 %	5,9 %	7,3 %
Solvency II	172 %	175 %	168 %	146 %	NA	172 %	NA	168 %

[1)] After tax, adjusted for write-downs and amortisation of intangible assets.
[2)] Premium income per first quarter 2016. Source: Finans Norge and Svenska Forsäkring

Savings

Increased earnings due to increased income

The Savings business area includes products for retirement savings with no interest rate guarantees. The area includes defined contribution pensions in Norway and Sweden, asset management and bank products to private individuals.

SAVINGS - NON GUARENTEED

	2016	2015				01.01 - 30.06		Full year
(NOK million)	2Q	1Q	4Q	3Q	2Q	2016	2015	2015
Fee and administration income	636	697	761	646	627	1 333	1 255	2 662
Risk result life & pensions	8	-2	1	-5	4	6	0	-3
Operational cost	-407	-412	-455	-381	-394	-819	-802	-1 638
Financial result	0	0	0	0	0	0	0	0
Result before profit sharing and loan losses	**238**	**283**	**307**	**261**	**238**	**521**	**453**	**1022**
Net profit sharing and loan losses	3	-4	-6	3	-0	-1	2	-1
Result before amortisation	**241**	**279**	**301**	**264**	**237**	**520**	**455**	**1 020**

RESULTS

The Savings segment reported a profit of NOK 241m for the 2nd quarter and NOK 520m year to date, corresponding to an earnings growth of 1.7% for the quarter and 14.3% year to date. Fee and administration income increased by 1.4% during the quarter and 6% year to date compared to the same period last year. Income growth is driven by the customers' conversion from defined benefit to defined contribution pension schemes in combination with new business and higher savings rates. In addition, volume growth and transaction-based fees in asset management contributed to growth. Increased competition gives a reduction in the net interest income in the Bank's retail market. For the quarter, net interest income was 1.16 % of average total assets compared with 1.23 % for the same period last year. For the Norwegian Unit Linked products, increased competition contributes to pressure on margins, while there are relatively stable margins in the Swedish business and Asset Management.

The volume growth in the Savings segment contributes to increased costs. During the 2nd quarter there were costs that had a positive effect of NOK 34m in connection with the transition to a new disability pension scheme for the Group's employees.

BALANCE SHEET AND MARKET TRENDS

Premium income for non-guaranteed savings was NOK 3.5bn in the 2nd quarter, an increase of 17% from the same period last year. Total reserves within unit linked insurance have increased by 9% over the last year and amounted to NOK 128bn at the end of the quarter. Assets under management in the United Linked business in Norway increased NOK 8.7bn (18%) relative to the 2nd quarter of 2015. The growth is driven by premium payments on existing contracts, returns and conversion from defined benefit schemes. In Norway, Storebrand is the market leader in defined contribution schemes with 34% of the market share of gross premiums written.

In the Swedish market, SPP is the fifth largest actor in the segment Other Occupational Pensions with a market share of 11% measured by premium income from Unit Linked insurance. Turbulent equity markets at the start of the year contributed to a slight decline in the growth rate and, from the 2nd quarter of 2015, there was an increase in customer assets of SEK 2bn (3%).

Storebrand Asset Management's assets under management have increased by NOK 17bn from the 2nd quarter last year to NOK 569bn. This growth was driven by sales and returns.

The lending portfolio in the retail market is developing positively and grew by NOK 4bn from the end of the year and NOK 5bn from the 2nd quarter of 2015. The portfolio consists of low-risk home mortgages. NOK 3.7 billion is managed in Storebrand Life Insurance's balance sheet.

SAVINGS - KEY FIGURES

	2016		2015		
(NOK million)	2Q	1Q	4Q	3Q	2Q
Unit linked Reserves	127 876	125 434	128 117	118 695	117 452
Unit linked Premiums	3 541	3 693	3 185	3 168	3 028
AuM Asset Management	568 956	567 218	571 425	562 136	551 587
Retail Lending	30 775	28 425	26 861	25 417	24 833

Insurance

Good new business in the organisational market, weakened results within death and disability.

Insurance has responsibility for the Group's risk products in Norway and Sweden[1] . The unit provides health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee-related and pension-related insurance in the Norwegian and Swedish corporate markets.

INSURANCE

	2016		2015			01.01 - 30.06		Full year
(NOK million)	2Q	1Q	4Q	3Q	2Q	2016	2015	2015
Insurance premiums f.o.a.	962	947	934	894	947	1 909	1 813	3 642
Claims f.o.a.	-726	-728	-791	-697	-683	-1 453	-1 334	-2 822
Operational cost	-135	-144	-151	-122	-136	-279	-264	-538
Financial result	52	47	25	45	64	99	136	206
Result before profit sharing and loan losses	153	122	17	120	192	275	351	488
Result before amortisation	**153**	**122**	**17**	**120**	**192**	**275**	**351**	**488**
Claims ratio	75 %	77 %	85 %	78 %	72 %	76 %	74 %	77 %
Cost ratio	14 %	15 %	16 %	14 %	15 %	15 %	15 %	15 %
Combined ratio	**90 %**	**92 %**	**101 %**	**92 %**	**87 %**	**91 %**	**88 %**	**92 %**

RESULTS

Insurance delivered a profit before amortization of NOK 153m (NOK 192m) for the 2nd quarter and NOK 275m year to date. The total combined ratio for the quarter was 90% (87%). Adjusted for positive cost effects, the combined ratio was 92% for the quarter. Premium income increased 2% in the quarter and 5% year to date compared with the same period last year.

The total risk result gives a claims ratio of 75% (72%). A weak risk result within disability and death characterised the risk result during the period. The P&C insurance portfolio showed a positive underlying risk performance, and the portfolio reported good results. Group disability pensions delivered a satisfactory result for the quarter, but was characterised by low premium income and has had a weak result year to date. The market for defined contribution pensions is very competitive and the price for disability pension is a key competition parameter. Efforts are still being made to strengthen the profitability, including repricing of unprofitable customers. A strong disability result driven by a low number of reported injuries and gains from derecognition provided a good result for insurance in Sweden.

As planned, increased volumes and ambitions of growth have resulted in higher allocated costs for the insurance area and the underlying cost percentage was 16% in the 2nd quarter. Positive non-recurring effects relating to changes in the pension scheme of Storebrands employees of NOK 23m gave a reported cost percentage of 14% (15%) for the 2nd quarter.

[1] Health insurance is owned 50% each by Storebrand ASA and Munich Health.

The investment portfolio of Insurance in Norway amounts to NOK 6.9bn, which is primarily invested in fixed income securities with a short or medium duration. The financial income for the life insurance business has shown satisfactory returns, while the P&C business has been positively affected by reduced credit spreads.

BALANCE SHEET AND MARKET TRENDS

Storebrand has been very successful in the retail market, and the premium income has increased by 5% year to date compared with the corresponding period in 2015. This growth is driven by competitive prices, and simple and relevant products, as well as good cover. The agreement with Akademikerne (Federation of Norwegian Professional Associations), which entered into force in 2015, also ensures Storebrand a solid position in the organisational market and sales of individual coverage to the Akademiker portfolio are an important impetus for continued growth. During the quarter, Storebrand passed 10,000 customers in the Akademiker portfolio. This demonstrates that we offer products that are attractive and in demand among the association's members. The rate of sales is stable and we expect continued growth in the Akademiker portfolio in the future. Health-related insurance is growing and Storebrand is succeeding well in the market.

For risk cover in connection with defined contribution pensions in Norway, growth is driven by conversions from defined benefit to defined contribution pensions. The new disability pension regulations, which entered into force on 1 January 2016, have resulted in a lower premium volume.

INSURANCE - KEY FIGURES

	2016		2015		
(NOK million)	2Q	1Q	4Q	3Q	2Q
P&C & Individual life*)	1 726	1 700	1 675	1 657	1 607
Health & Group life **)	1 481	1 493	1 493	1 477	1 471
Pension related disability insurance Nordic***)	1 253	1 204	1 159	1 141	1 098
Total written premiums	**4 460**	**4 397**	**4 327**	**4 275**	**4 176**
Investment portfolio	6 946	6 950	6 399	6 512	6 124

* Individual life and accident, property and casualty insurance
** Group accident, occupational injury and health insurance
*** Nordic disability cover related to defined contribution pensions

Guaranteed pension

Income reduction in line with portfolio developement. Profit sharing result in the quarter driven by good return.

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

GUARANTEED PENSION

	2016		2015			01.01 - 30.06		Full year
(NOK million)	2Q	1Q	4Q	3Q	2Q	2016	2015	2015
Fee and administration income	383	404	460	428	457	787	889	1 777
Risk result life & pensions	-10	4	7	20	47	-6	63	89
Operational cost	-192	-271	-333	-266	-281	-464	-558	-1 156
Financial result								
Result before profit sharing and loan losses	**180**	**137**	**134**	**182**	**223**	**317**	**394**	**711**
Net profit sharing and loan losses	57	-122	-244	-162	-40	-65	24	-382
Result before amortisation and longevity	**237**	**15**	**-110**	**20**	**183**	**252**	**419**	**329**
Provision longevity			-1 362	-96	-151		-306	1 764

RESULTS

Fee and administration income has performed consistent with the fact that a large part of the portfolio is mature and in long-term decline. Income was NOK 383m (NOK 457m) in the 2nd quarter and NOK 787m (NOK 889m) year to date, equivalent to a reduction of 11% year to date compared with the same period last year. Operating costs in the 2nd quarter and for the year to date were lower than previous quarters, driven by a positive disability effect of NOK 39m and lower sales and distribution costs.

The risk result was minus NOK 10m (NOK 47m) in the 2nd quarter and minus NOK 6m (NOK 63m) year to date. In the Norwegian business, the risk result was characterised by reserve strengthening based in the introduction of the new group disability pension and the general disability development in the portfolio. The risk result in the Swedish business was lower in the 2nd quarter due to weaker longevity results.

The result from profit sharing is generated in the Swedish business and amounted to NOK 57m (minus NOK 40m) in the 2nd quarter and minus NOK 65m (NOK 24m) year to date. The profit sharing result primarily consists of the derecognition of equity provisions for contracts without sufficient customer assets (deferred capital contribution - DCC), as well as profit sharing. The good development in the credit and property portfolio and the development in long-term interest rates, resulted in reduced DCC provisions and good profit sharing in the 2nd quarter.

The Norwegian business is prioritising the build-up of buffers and reserves instead of profit sharing between customers and owners.

BALANCE SHEET AND MARKET TRENDS

The majority of products are closed for new business, and the customers' choices about transferring from guaranteed to non-guaranteed products are in line with the Group's strategy. As of the 2nd quarter, customer reserves for guaranteed pensions amounted to NOK 266bn, which is the same level as the previous quarter and at the start of the year. The total premium income for guaranteed pensions (excluding transfers) was NOK 1.3bn (NOK 1.6bn) in the 2nd quarter, which corresponds to a reduction of 20%. This is a decrease of 18% for the year to date. Transfers out from the guaranteed pension were NOK 2.8bn (NOK 6.5bn) year to date.

In the Norwegian business, paid-up policies are the only guaranteed pension portfolio experiencing growth and amounted to NOK 112.1bn as of the 2nd quarter, an increase of NOK 8.3bn year to date, which is equivalent to 8.0%. From and including the 4th quarter of 2014, the customers were given an offer to convert from traditional paid-up policies to paid-up policies with investment choice. Paid-up policies with investment choice, which are included in the Savings segment, amounted to NOK 4.9bn as of the 2nd quarter. Reserves for defined benefit pensions amounted to NOK 49.2bn at the end of the 2nd quarter, a decline of NOK 6.7bn since the end of the year.

Guaranteed portfolios in the Swedish business totalled SEK 90.6bn as of the 2nd quarter, which corresponds to an increase of SEK 3.2bn year to date.

GUARANTEED PENSION - KEY FIGURES

	2016		2015		
(NOK million)	2Q	1Q	4Q	3Q	2Q
Guaranteed reserves	265 504	266 113	266 979	263 198	258 825
Guaranteed reserves in % of total reserves	67,5 %	68,0 %	67,6 %	68,9 %	68,8 %
Net transfers	-621	-2 201	-398	-855	-1 438
Buffer capital in % of customer reserves Norway	6,3 %	5,9 %	5,8 %	5,4 %	5,7 %
Buffer capital in % of customer reserves Sweden	6,3 %	6,6 %	7,6 %	11,1 %	12,4 %

Other/Eliminations

The result for Storebrand ASA is reported under Other, as well as the result for the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. In addition, the results associated with lending to commercial enterprises by Storebrand Bank and the activities in BenCo are reported in this segment. Group eliminations are reported in a separate table below.

RESULT EXCLUDING ELIMINATIONS

	2016		2015			01.01 - 30.06		Full year
(NOK million)	2Q	1Q	4Q	3Q	2Q	2016	2015	2015
Fee and administration income	53	17	17	31	35	70	80	129
Risk result life & pensions	-4	22	-31	25	3	18	-0	-6
Operational cost	-30	-42	-50	-46	-43	-72	-91	-188
Financial result	148	140	153	-135	12	288	20	38
Result before profit sharing and loan losses	**167**	**137**	**89**	**-124**	**8**	**305**	**8**	**-27**
Net profit sharing and loan losses	-0	-7	-21	-8	-11	-7	-19	-48
Result before amortisation	**167**	**130**	**68**	**-133**	**-3**	**297**	**-10**	**-75**

ELIMINATIONS

	2016		2015			01.01 - 30.06		Full year
(NOK million)	2Q	1Q	4Q	3Q	2Q	2016	2015	2015
Fee and administration income	-66	-66	-78	-60	-55	-133	-114	-251
Operational cost	66	66	78	60	55	133	114	251
Financial result								
Result before profit sharing and loan losses								

In the Other segment there was an underlying decrease in fee and administration income as a result of the downscaling of corporate banking. The result for the quarter was positively affected by a dividend from VISA Norge of NOK 25 million recognised as income.

The financial result for the Other segment includes the company portfolios of SPP and Storebrand Life Insurance, and the financial result of Storebrand ASA.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. With the interest rate levels at the end of the 2nd quarter of 2016, quarterly interest expenses of approximately NOK 90m are expected. The company portfolios in the Norwegian and Swedish life insurance companies amounted to NOK 20.7bn at the end of the 1st half year.

The investments are primarily in interest-bearing securities in Norway and Sweden with short maturities. The Norwegian company portfolio reported a return of 0.8% for the quarter. The Swedish company portfolio provided a combined return of 0.4% for the Swedish business during the quarter.

Balance sheet, solidity and capital adequacy

Solvency margin of 172%

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

STOREBRAND GROUP

The Solvency II margin in the Storebrand Group was 172% at the end of the 2nd quarter, a decrease of 3 percentage points during the quarter.

STOREBRAND ASA

Storebrand ASA held liquid assets of approximately NOK 2.3bn at the end of the quarter. Liquid assets consist primarily of short-term fixed income securities. Storebrand ASA's total interest-bearing liabilities were NOK 2.7bn at the end of the quarter. This corresponds to a net debt-equity ratio of 2.3%. A bond loan of NOK 555m matured on 5 April. The next maturity date for bond debt is in May 2017. In addition to the liquidity portfolio, the company has an unused credit facility of EUR 240m that runs until December 2019.

Storebrand ASA owned 0.36% (1,631,387) of the company's treasury shares at the end of the quarter.

STOREBRAND LIVSFORSIKRING GROUP[1)]

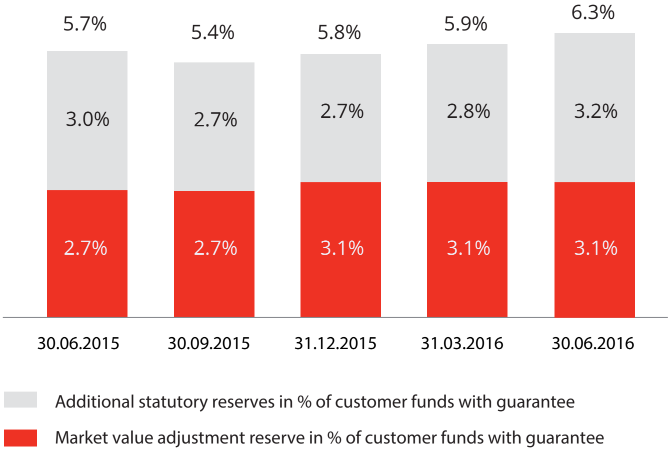
The solidity capital totalled NOK 61.4bn at the end of the 1st half year of 2016, an increase of NOK 0.9bn in the second quarter and 0.4bn year to date mainly due to reduced customer buffers in the Swedish business and increased customer buffers in the Norwegian business.

STOREBRAND LIVSFORSIKRING AS

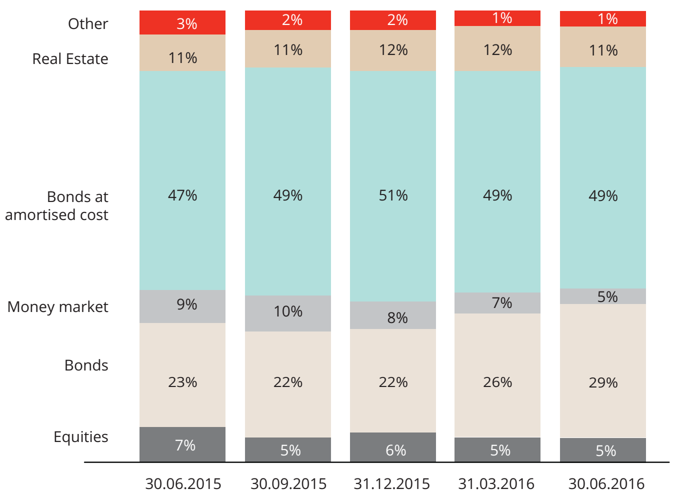
The market value adjustment reserve increased by NOK 0.5bn during the 2nd quarter and NOK 0.7bn year to date, and amounted to NOK 5.2bn at the end of the 1st half of 2016. The additional statutory reserves increased by NOK 0.1bn during the quarter and are unchanged year to date. The additional statutory reserves totalled NOK 5.2bn at the end of the first half of 2016. Excess value of held-to-maturity bonds that are assessed at amortised cost are increased by NOK 0.4bn during the 2nd quarter and NOK 1.8bn year to date, comprising NOK 12.4bn year to date. The increase was due to lower interest rates. The excess value of bonds at amortised cost is not included in the financial statements.

Customer assets increased by NOK 3.9bn in the 2nd quarter and NOK 5.7bn for the year to date due to positive returns. Customer assets totalled NOK 235bn at the end of the 1st half year of 2016. Customer assets within non-guaranteed savings increased NOK 2.8bn during the 2nd quarter and NOK 4.2bn for the year to date. Guaranteed customer assets increased by NOK 1.1bn during the 2nd quarter and NOK 1.5bn year to date.

CUSTOMER BUFFERS



ALLOCATION OF GUARANTEED CUSTOMER ASSETS

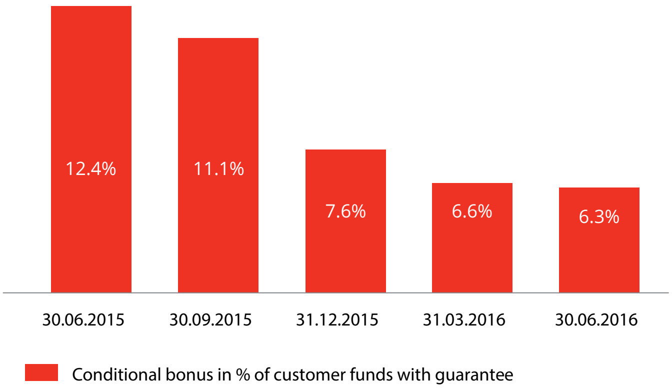


[1)] Storebrand Life Insurance, SPP and BenCo.

[2)] Consists of equity, subordinated loan capital, market value adjustment reserve, risk equalisation reserve, unrealised gains/losses on bonds at amortised cost, additional statutory reserves, conditional bonuses and retained earnings.

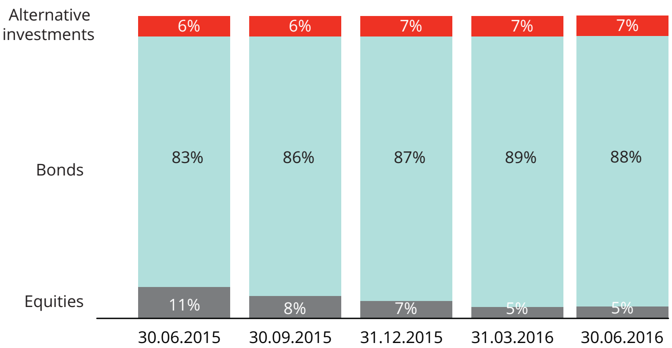
SPP

CUSTOMER BUFFERS - SPP



The buffer capital amounted to NOK 5.3bn (NOK 9.3bn) as of the 1st half year. The decrease was due to lower interest rates.

ALLOCATION OF GUARANTEED CUSTOMER ASSETS



Total assets under management in SPP were NOK 154bn as of the 1st half year. This corresponds to a decrease of 1.3% compared with the 1st quarter of 2016. For customer assets in non-guaranteed savings, assets under management totalled NOK 69.8bn as of the 2nd quarter, which corresponds to a decrease of 0.5% compared to the 1st quarter of 2016.

STOREBRAND BANK

The lending portfolio in the retail market, including loans managed on behalf of Storebrand Livforsikring AS, increased during the 1st half of 2016 by NOK 4.0 bn to NOK 30.8 bn . Retail market loans in the Bank Group amounted to NOK 27.1 bn. The corporate market portfolio continues to fall as planned. The volume of corporate market loans syndicated to Storebrand Livsforsikring AS amounted to NOK 2.0 bn (NOK 2.1 bn) at the end of the half year. Gross lending to customers in the Bank Group totalled NOK 29.2 bn (NOK 29.4 bn) year to date.

The bank experienced a decrease in risk-weighted assets of NOK 0.4 bn during the 1st half of 2016. The Storebrand Bank Group had a net capital base of NOK 2.6 bn at the end of the first half of the year. The capital adequacy ratio was 17.7% and the pure core capital adequacy ratio was 15.8% at the end of the 2nd quarter of 2016, compared with 17.1% and 15.2%, respectively, at the end of 2015.

Outlook

FINANCIAL PERFORMANCE
Storebrand is the market leader for the sale of pension solutions to Norwegian businesses. Defined contribution plans are the dominant solution for pension savings in Norway. The market for defined contribution pensions is growing and an increasing number of companies are choosing to increase pension savings for their employees. Storebrand also has a strong challenger role for the sale of pension solutions to Swedish businesses. Continued growth is expected in the Savings segment. Asset management is an important business area in this segment that contributes to growth.

Many businesses are choosing to convert existing defined benefit schemes to defined contribution schemes, which entails the issuance of paid-up policies that reduce the Group's earnings. Some of the companies choose to continue the defined benefit schemes for older employees, and the discontinuation of these schemes will therefore take place gradually over a longer period of time. The Guaranteed Pensions segment is in a long-term run-off.

The loyalty programme for employees of companies that have a pension scheme with Storebrand contributes to growth in banking products and P&C insurance. Sales and advisory services for retail customers who are saving for a pension with Storebrand will be an important area of focus in the future. This contributes to expected growth within the Savings and Insurance segment.

Target has been set that total nominal costs shall be lower in 2018 compared with the level at the end of 2015. Storebrand will still make selected investments in growth. The partnership with Cognizant is expected to provide lower costs for the Group in the coming years. Cognizant will also contribute to innovation and digital development that will provide better and more efficient customer service. There is margin pressure within the Savings and Insurance segments. Cost reductions and adaptations in the business will therefore establish a good foundation for profitable growth in the future.

MARKET TRENDS
Following the referendum in the United Kingdom regarding EU membership on 23 June we have seen major movements in the financial markets. The broad fall in the stock markets and the outcome in the credit market in the days following the referendum were largely reversed before the end of the quarter. Some sectors, particularly those associated with the development in the domestic markets in the United Kingdom, are still experiencing weak price developments. Storebrand has low exposure to these markets. The greatest impact from Brexit has been the fall in European interest rates. This has consequences for guaranteed pension portfolios, but is counteracted by the building up of buffer capital and adjustments in the investment portfolio.

The interest and credit markets are strongly influenced by the monetary policy in Europe. The European Central Bank is purchasing large numbers of corporate bonds. During the second quarter, bonds were also purchased that were issued by European insurance companies. This has resulted in a contraction in the credit spreads for this type of debt. The finance sector is also characterised by the weak capitalisation of some European banks in combination with weakened credit portfolios. Measures to remedy weak economic growth in Europe and the continued increasing of monetary stimulus will most likely mean continued low interest rates in the future.

RISK
Trends in interest rate levels are deemed to be important risk factors that can affect the group's results. Storebrand has adapted to the low interest rates through building up buffer capital, risk reduction on the investment side and changes to the products. Over time the level of the annual interest rate guarantee will be reduced. In the long term, enduring low interest rates will represent a risk for products with guaranteed interest rates running at a loss, and it is therefore important to deliver a return that exceeds the interest rate guarantee associated with the products. Storebrand has therefore adjusted its assets by building a robust portfolio with bonds at amortised cost to achieve the guaranteed interest rate. The performance of the property and equity markets is also considered a significant risk factor that affects the Group's results.

CONSULTATION – ULTIMATE FORWARD RATE IN SOLVENCY II
The European Insurance and Occupational Pensions Authority (EIPOA) is conducting a consultation process regarding the methodology for determining the Ultimate Forward Rate (UFR) which, together with market interest rates, is used to determine the discount rates in Solvency II. The UFR is the combined total of an expected real interest rate (common for all currencies) and expected inflation (currency specific). Changes are proposed that, as a whole, entail that

the UFR for NOK is reduced from 4.2% to 3.7%. It is proposed that this reduction is phased in by a maximum of 20 basis points annually such that the level will not be 3.7% until June 2019. If the proposal is approved, this will result in a lower solvency margin for Storebrand. The effect will depend on the interest rates.

EIOPA has proposed the use of ”buckets” for expected inflation. For Norway this will involve rounding the inflation component down from 2.5% to 2%. If a country-specific inflation target was used as a basis, this would increase the UFR for NOK by 0.5% compared with the current proposal.

The deadline for submission is 18 July 2016. EIOPA will then make a final decision of the methodology for determining the UFR.

REPORT OF OCCUPATIONAL PENSIONS IN THE PRIVATE SECTOR

In connection with the waage settlement in the private sector, the Government has committed to conducting a report on occupational pensions in cooperation with the parties in business and industry. This work will include:

- If employees should be entitled to establish a personal pension account with a pension provider selected by the employee.
- An employee’s right to individual additional savings.
- Issues relating to managing of pensions when changing jobs.
- The age and income from which contributions should start and the duration of the employment required to be able to receive contributions.

Further assessments will be reviewed by the government in cooperation with the unions and industry federations. Storebrand has pointed out that a system of individual retirement accounts may be introduced on the basis of existing pension accounts in defined contribution pension schemes.

TAX

In connection with the Storting’s tax reform process, the following decisions were handed down relating to the taxation of financial undertakings:

”A finance tax will be introduced from 2017. This is a tax on the added value from financial services and is viewed in light of the sector being exempt from value added tax.”

The specific proposal will be presented by the Government in the 2017 national budget in October.

SOLVENCY

The new European solvency regulations, Solvency II, entered into force on 1 January 2016 and will apply to all insurance companies in the EEA. Storebrand reports a solvency ratio based on the new rules of 172% (without the transitional rules the solvency margin is calculated at 122%). The regulatory minimum level is 100%. The solvency level shows that the Group is robust in relation to low interest rates for a long period of time. The investment strategy is adapted to the development in the insurance liabilities. The return is expected to exceed the risk free interest rate and contribute to increased solvency over time. The development of interest rates, credit spreads, property and equity values affects the solvency margin. A gradual improvement is expected in the underlying solvency margin in the coming years. This is primarily due to the end of strengthening of reserves for increased life expectancy and expected profits in the Group.

DIVIDEND

Storebrand has established a framework for capital management linking dividends to the solvency ratio. The goal is a solvency ratio above 150%, including transitional provisions. The solvency ratio at the end of the second quarter was 172%. A minimum level for dividend payments is a solvency ratio excluding transition rules of 110%. The solvency ratio excluding transition rules by the end of the second quarter was 122%. Dividends will normally represent over 35% of group profit before amortization after tax. Minimum half dividend is expected for 2016.

Lysaker, 13 July 2016

Storebrand Group

Income statement

(NOK million)	Note	2Q 2016	2Q 2015	01.01 - 30.06 2016	01.01 - 30.06 2015	Full year 2015
Premium income		5 899	5 814	14 185	14 040	25 459
Net interest income - banking activities		95	95	183	188	377
Net income from financial assets and real estate for the company:						
- equities and other units at fair value		17	5	8	3	5
- bonds and other fixed-income securities at fair value		169	30	292	98	7
- financial derivatives at fair value		60	29	8	53	127
- bonds at amortised cost		27	25	53	47	89
- real estate		13	36	10	68	294
- profit from investments in associated companies/joint controlled operation		16	3	26	3	34
Net income from financial assets and real estate for the customers:						
- equities and other units at fair value		2 740	-3 059	-1 294	8 091	7 072
- bonds and other fixed-income securities at fair value		1 957	-677	3 004	1 885	4 426
- financial derivatives at fair value		1 229	-1 362	4 691	-2 479	-5 179
- bonds at amortised cost		961	925	2 017	1 824	4 083
- interest income lending		66	28	118	65	108
- real estate		564	750	1 225	1 268	2 407
- profit from investments in associated companies		51	38	92	62	134
Other income		457	718	1 419	1 429	2 500
Total income		**14 322**	**3 397**	**26 035**	**26 643**	**41 945**
Insurance claims		-5 762	-5 168	-13 738	-14 276	-25 247
Change in insurance liabilities		-6 785	2 226	-11 060	-9 389	-15 998
To/from buffer capital		-1	1 141	2 242	253	3 930
Losses from lending/reversal of previous losses		3	-10	-5	-17	-45
Operating costs	7, 8	-657	-906	-1 612	-1 810	-3 686
Other costs		-203	-115	-307	-251	-439
Interest expenses		-118	-107	-211	-245	-462
Total costs before amortisation		**-13 524**	**-2 938**	**-24 691**	**-25 734**	**-41 947**
Group profit before amortisation		**798**	**459**	**1 344**	**909**	**-2**
Amortisation of intangible assets		-114	-103	-230	-208	-437
Group pre-tax profit		**684**	**356**	**1 114**	**701**	**-438**
Tax cost	9	31	-97	-89	-184	1 821
Profit/loss for the period		**715**	**258**	**1 025**	**517**	**1 382**
Profit/loss for the period attributable to:						
Share of profit for the period - shareholders		705	255	1 007	501	1 178
Share of profit for the period - hybrid capital investors		3	3	5	3	9
Share of profit for the period - minority		7		13	13	196
Total		**715**	**258**	**1 025**	**517**	**1 382**
Earnings per ordinary share (NOK)		1,57	0,57	2,25	1,12	2,63
Average number of shares as basis for calculation (million)				448,0	447,5	447,6
There is no dilution of the shares						

Storebrand Group
Statement of comprehensive income

	2Q		01.01 - 30.06		Full year
(NOK million)	2016	2015	2016	2015	2015
Profit/loss for the period	**715**	**258**	**1 025**	**517**	**1 382**
Change in actuarial assumptions	-11	1	-11	-4	-187
Adjustment of value of properties for own use	149	45	171	5	180
Gains/losses from cash flow hedging	-9	-48	-18	-67	27
Total comprehensive income elements allocated to customers	-149	-45	-171	-5	-180
Tax on other result elements not to be classified to profit/loss		13		18	49
Total other result elements not to be classified to profit/loss	-19	-33	-29	-53	-111
Translation differences foreign exchange	-231	105	-468	-124	760
Unrealised gains on financial instruments available for sale	-3		-3		9
Tax on other result elements that may be classified to profit/loss		2		2	2
Total other result elements that may be classified to profit/loss	-234	107	-471	-122	771
Total other result elements	**-254**	**73**	**-499**	**-175**	**660**
Total comprehensive income	**461**	**331**	**526**	**341**	**2 042**
Total comprehensive income attributable to:					
Share of total comprehensive income - shareholders	454	326	512	326	1 830
Share of total comprehensive income - hybrid capital investors	3	3	5	3	9
Share of total comprehensive income - minority	5	3	9	12	203
Total	**461**	**331**	**526**	**341**	**2 042**

Storebrand Group
Statement of financial position

(NOK million)	Note	30.06.16	30.06.15	31.12.15
Assets company portfolio				
Deferred tax assets		918		957
Intangible assets and excess value on purchased insurance contracts		5 319	5 475	5 810
Tangible fixed assets		61	80	71
Investments in associated companies		429	421	385
Financial assets at amortised cost:				
- Bonds	6	3 396	2 798	3 454
- Lending to financial institutions	6	326	231	123
- Lending to customers	6,10	27 688	26 798	28 049
Reinsurers' share of technical reserves		144	141	134
Real estate at fair value	6	51	681	335
Real estate for own use	6		73	
Biological assets		64	64	64
Accounts receivable and other short-term receivables		3 060	2 313	2 722
Financial assets at fair value:				
- Equities and other units	6	112	89	114
- Bonds and other fixed-income securities	6	28 612	28 503	29 123
- Derivatives	6	1 551	1 112	1 715
- Lending to customers	6,10	1 449	1 163	1 215
Bank deposits		3 055	2 869	3 009
Minority interests in consolidated securities funds		16 130	23 921	23 044
Total assets company portfolio		**92 365**	**96 730**	**100 323**
Assets customer portfolio				
Tangible fixed assets		467	371	429
Investments in associated companies		1 797	1 187	1 465
Receivables from associated companies		39	11	41
Financial assets at amortised cost:				
- Bonds	6	74 145	67 493	73 434
- Bonds held-to-maturity	6	15 620	15 108	15 648
- Lending to customers	6,10	10 596	2 941	6 017
Real estate at fair value	6	22 326	22 082	24 081
Real estate for own use	6	2 894	2 669	2 887
Biological assets		719	635	725
Accounts receivable and other short-term receivables		3 128	1 467	2 999
Financial assets at fair value:				
- Equities and other units	6	117 212	120 028	124 476
- Bonds and other fixed-income securities	6	161 064	160 364	161 653
- Derivatives	6	5 778	3 205	2 988
Bank deposits		5 209	4 618	4 164
Total assets customer portfolio		**420 994**	**402 180**	**421 006**
Total assets		**513 360**	**498 910**	**521 329**

Continue next page

Storebrand Group
Statement of financial position (continue)

(NOK million)	Note	30.06.16	30.06.15	31.12.15
Equity and liabilities				
Paid-in capital		11 726	11 724	11 724
Retained earnings		14 984	12 987	14 477
Hybrid capital		226	226	226
Minority interests		65	339	520
Total equity		**27 000**	**25 275**	**26 946**
Subordinated loan capital	5, 6	7 611	7 281	7 766
Buffer capital	11	16 748	21 551	19 016
Insurance liabilities		399 939	377 630	400 211
Pension liabilities		351	533	465
Deferred tax		184	1 237	200
Financial liabilities:				
- Liabilities to financial institutions	5, 6	505	6	416
- Deposits from banking customers	6	16 575	18 764	17 825
- Securities issued	5, 6	16 697	13 853	15 475
- Derivatives company portfolio		350	657	851
- Derivatives customer portfolio		1 367	1 827	2 501
Other current liabilities		9 902	6 376	6 614
Minority interests in consolidated securities funds		16 130	23 921	23 044
Total liabilities		**486 360**	**473 635**	**494 383**
Total equity and liabilities		**513 360**	**498 910**	**521 329**

Storebrand Group
Statement of changes in equity

	Majority's share of equity									
(NOK million)	Share capital [1]	Own shares	Share premium	Total paid in equity	Restatement differences	Other equity [2]	Total retained earnings	Hybrid capital[3]	Minority interests	Total equity
Equity at 31 December 2014	**2 250**	**-12**	**9 485**	**11 722**	**1 078**	**11 574**	**12 652**		**366**	**24 741**
Profit for the period						1 178	1 178	9	196	1 382
Total other profit elements					753	-100	653		7	660
Total comprehensive income for the period					**753**	**1 078**	**1 830**	**9**	**203**	**2 042**
Equity transactions with owners:										
Own shares		2		2		21	21			23
Hybrid capital classified as equity						2	2	226		228
Paid out interest hybrid capital								-9		-9
Dividend paid									-25	-25
Purchase of minority interests									-25	-25
Other						-28	-28		1	-28
Equity at 31 December 2015	**2 250**	**-10**	**9 485**	**11 724**	**1 831**	**12 646**	**14 477**	**226**	**520**	**26 946**
Profit for the period						1 007	1 007	5	13	1 025
Total other profit elements					-464	-31	-495		-4	-499
Total comprehensive income for the period					**-464**	**976**	**512**	**5**	**9**	**526**
Equity transactions with owners:										
Own shares		2		2		26	26			28
Hybrid capital classified as equity						1	1			1
Paid out interest hybrid capital								-6		-6
Dividend paid									-5	-5
Purchase of minority interests						-18	-18		-460	-478
Other						-14	-14			-14
Equity at 30 June 2016	**2 250**	**-8**	**9 485**	**11 726**	**1 367**	**13 617**	**14 983**	**226**	**65**	**27 000**

[1]) 449,909,891 shares with a nominal value of NOK 5.
[2]Includes undistributable funds in the risk equalisation fund amounting to NOK136 million and security reserves amounting NOK 47 million.
[3] Perpetual hybrid tier 1 capital classified as equity.

Equity at 31 December 2014	**2 250**	**-12**	**9 485**	**11 722**	**1 078**	**11 574**	**12 652**		**366**	**24 741**
Profit for the period						501	501	3	13	517
Total other profit elements					-121	-53	-174		-1	-175
Total comprehensive income for the period					**-121**	**448**	**326**	**3**	**12**	**341**
Equity transactions with owners:										
Own shares		2		2		21	21			23
Hybrid capital classified as equity						-1	-1	226		225
Paid out interest hybrid capital								-3		-3
Dividend paid									-16	-16
Purchase of minority interests									-25	-25
Other						-12	-12		1	-11
Equity at 30 June 2015	**2 250**	**-10**	**9 485**	**11 724**	**957**	**12 030**	**12 987**	**226**	**339**	**25 275**

Storebrand Group
Statement of cash flow

(NOK million)	1.1 - 30.06 2016	2015
Cash flow from operational activities		
Net receipts premium - insurance	10 428	16 714
Net payments compensation and insurance benefits	-10 326	-10 474
Net receipts/payments - transfers	-3 293	-3 953
Receipts - interest, commission and fees from customers	446	575
Payments - interest, commission and fees to customers	-55	-56
Payments relating to operations	-1 520	-1 609
Net receipts/payments - other operational activities	1 118	-898
Net cash flow from operations before financial assets and banking customers	**-3 202**	**299**
Net receipts/payments - lending to customers	-4 422	2 197
Net receipts/payments - deposits bank customers	-1 299	-728
Net receipts/payments - mutual funds	8 447	-2 037
Net receipts/payments - real estate investments	2 534	-312
Net change in bank deposits insurance customers	-1 046	-1 210
Net cash flow from financial assets and banking customers	**4 214**	**-2 090**
Net cash flow from operational activities	**1 012**	**-1 791**
Cash flow from investment activities		
Net receipts - sale of subsidaries	64	
Net payments - purchase of group companies	-7	-41
Net receits/payments - sale/purchase of fixed assets	-156	-81
Net receits/payments - sale/purchase of associated companies and joint ventures	-337	3
Net cash flow from investment activities	**-436**	**-119**
Cash flow from financing activities		
Payments - repayments of loans	-3 630	-2 453
Receipts - new loans	3 700	2 504
Payments - interest on loans	-194	-208
Receipts - subordinated loan capital		997
Payments - repayment of subordinated loan capital		-1 000
Payments - interest on subordinated loan capital	-282	-378
Net receipts/payments - lending to and claims from other financial institutions	90	
Receipts - issuing of share capital / sale of shares to own employees	14	-3
Payments - repayment of share capital		-13
Payments - dividends	-5	10
Payments - interest on hybrid capital	-5	-16
Net cash flow from financing activities	**-312**	**-560**
Net cash flow for the period	**263**	**-2 470**
- of which net cash flow in the period before financial assets and banking customers	-3 951	-377
Net movement in cash and cash equivalents	263	-2 470
Cash and cash equivalents at start of the period for new/sold out companies	-13	
Cash and cash equivalents at start of the period	3 132	5 570
Cash and cash equivalents at the end of the period [1]	**3 381**	**3 100**
1) Consist of:		
Lending to financial institutions	326	231
Bank deposits	3 055	2 869
Total	**3 381**	**3 100**

Notes to the interim accounts Storebrand Group

Note 01 Accounting policies

The Group's interim financial statements include Storebrand ASA, subsidiaries, and associated companies. The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements.

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2015 annual report, and the interim financial statements are prepared with respect to these accounting policies.

There is none new or amended accounting standards that entered into effect as at 1 January 2016 that have caused significant effects on Storebrand's interim financial statements.

Note 02 Estimates

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

Actual results may differ from these estimates

A description of the most critical estimates and judgements that can affect recognised amounts appears in the 2015 annual financial statements in note 2, strengthening longevity reserves for Storebrand Life Insurance in note 3, insurance risk in note 7, valuation of financial instruments at fair value is described in note 13 and in the interim financial statements note 13 Solvency II.

Note 03 Segments

Storebrand's operation include the business areas Savings, Insurance , Guaranteed Pension and Other.

Savings
Consists of products that include saving for retirement with no explicit interest rate guarantees. The area includes defined contribution pensions in Norway and Sweden, asset management and bank products to private individuals.

Insurance
Insurance is responsible for the group's risk products in Norway and Sweden. The unit provides treatment insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee- and pension-related insurances in the Norwegian and Swedish corporate market.

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

Other
Under the other category, the result from Storebrand ASA and the result from the company's portfolios in Storebrand Livsforsikring and SPP are reported. In addition, the results linked to lending to business activities in Storebrand Bank, the operation in BenCo and minority in securities' fund are included. The elimination of intra-group transactions that have been included in the other segments has also been included.

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

(NOK million)	2Q 2016	2Q 2015	01.01 - 30.06 2016	01.01 - 30.06 2015	Year 2015
Savings	241	237	520	455	1 020
Insurance	153	192	275	351	488
Guaranteed pension	237	183	252	419	329
Other	167	-3	297	-10	-75
Group profit before amortisation and longevity	**798**	**610**	**1 344**	**1 215**	**1 762**
Provision longevity		-151		-306	-1 764
Group profit before amortisation	**798**	**459**	**1 344**	**909**	**-2**
Amortisation of intangible assets	-114	-103	-230	-208	-437
Group pre-tax profit	**684**	**356**	**1 114**	**701**	**-438**

SEGMENT INFORMATION AS OF 2Q

	Savings		Insurance		Guaranteed pension	
	Q2		Q2		Q2	
(NOK million)	2016	2015	2016	2015	2016	2015
Fee and administation income	636	627			383	457
Risk result life & pensions	8	4			-10	47
Insurance premiums f.o.a			962	947		
Claims f.o.a			-726	-683		
Operational cost	-407	-394	-135	-136	-192	-281
Financial result			52	64		
Result before profit sharing and loan losses	**238**	**238**	**153**	**192**	**180**	**223**
Net profit sharing and loan losses	3				57	-40
Group profit before amortisation and longevity	**241**	**237**	**153**	**192**	**237**	**183**
Provision longevity						-151
Group profit before amortisation	**241**	**237**	**153**	**192**	**237**	**32**
Amortisation of intangible assets [1]						
Group pre-tax profit						

	Other		Storebrand Group	
	Q2		Q2	
(NOK million)	2016	2015	2016	2015
Fee and administation income	-14	-20	1 005	1 065
Risk result life & pensions	-4	3	-6	54
Insurance premiums f.o.a			962	947
Claims f.o.a			-726	-683
Operational cost	37	12	-698	-799
Financial result	148	12	200	76
Result before profit sharing and loan losses	**167**	**8**	**739**	**661**
Net profit sharing and loan losses		-11	60	-51
Group profit before amortisation and longevity	**167**	**-3**	**798**	**610**
Provision longevity				-151
Group profit before amortisation	**167**	**-3**	**798**	**459**
Amortisation of intangible assets [1]			-114	-103
Group pre-tax profit			**684**	**356**

[1] Amortization of intangible assets are included in Storebrand Group

SEGMENT INFORMATION AS OF 01.01 - 30.06

(NOK million)	Savings 30.06.16	Savings 30.06.15	Insurance 30.06.16	Insurance 30.06.15	Guaranteed pension 30.06.16	Guaranteed pension 30.06.15
Fee and administation income	1 333	1 255			787	889
Risk result life & pensions	6				-6	63
Insurance premiums f.o.a			1 909	1 813		
Claims f.o.a			-1 453	-1 334		
Operational cost	-819	-802	-279	-264	-464	-558
Financial result			99	136		
Profit before profit sharing and loan losses	**521**	**453**	**275**	**351**	**317**	**394**
Net profit sharing and loan losses	-1	2			-65	24
Group profit before amortisation and longevity	**520**	**455**	**275**	**351**	**252**	**419**
Provision longevity						-306
Group profit before amortisation	**520**	**455**	**275**	**351**	**252**	**113**
Amortisation of intangible assets [1)]						
Group pre-tax profit						

(NOK million)	Other 30.06.16	Other 30.06.15	Storebrand Group 30.06.16	Storebrand Group 30.06.15
Fee and administation income	-62	-33	2 058	2 111
Risk result life & pensions	18		18	63
Insurance premiums f.o.a			1 909	1 813
Claims f.o.a			-1 453	-1 334
Operational cost	61	23	-1 501	-1 602
Financial result	288	20	387	156
Profit before profit sharing and loan losses	**305**	**8**	**1 417**	**1 207**
Net profit sharing and loan losses	-7	-19	-73	8
Group profit before amortisation and longevity	**297**	**-10**	**1 344**	**1 215**
Provision longevity				-306
Group profit before amortisation	**297**	**-10**	**1 344**	**909**
Amortisation of intangible assets [1)]			-230	-208
Group pre-tax profit			**1 114**	**701**

[1)] Amortization of intangible assets are included in Storebrand Group

KEY FIGURES BY BUSINESS AREA

(NOK million)	2Q 2016	1Q 2016	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014	3Q 2014
Group								
Earnings per ordinary share [1]	2,25	0,67	2,63	1,25	1,12	0,55	4,61	3,06
Equity	27 000	26 538	26 946	25 982	25 275	24 745	24 741	23 618
Savings								
Premium income Unit Linked [2]	3 541	3 693	3 185	3 168	3 028	2 865	2 594	2 483
Unit Linked reserves	127 876	125 434	128 117	118 695	117 452	115 816	105 369	93 976
AuM asset management	568 956	567 218	571 425	562 136	551 587	557 989	534 523	502 840
Retail lending	30 775	28 425	26 861	25 417	24 833	24 100	24 441	24 391
Insurance								
Total written premiums	4 462	4 397	4 327	4 275	4 176	4 053	3 699	3 657
Claims ratio [2]	75%	77%	85%	78%	72%	75%	85%	78%
Cost ratio [2]	14%	15%	16%	14%	15%	15%	16%	14%
Combined ratio [2]	90%	92%	101%	92%	87%	90%	101%	92%
Guaranteed pension								
Guaranteed reserves	265 504	266 113	266 979	263 198	258 825	261 277	264 290	257 425
Guaranteed reseves in % of total reserves	67,5%	68,0%	67,6%	68,9%	68,8%	69,3%	71,5%	73,3%
Net transfer out of guaranteed reserves [2]	621	2 201	398	855	1 438	5 037	2 229	5 452
Buffer capital in % of customer reserves Storebrand Life Group [3]	6,3%	5,9%	5,8%	5,4%	5,7%	6,5%	6,6%	4,8%
Buffer capital in % of customer reserves SPP [4]	6,3%	6,6%	7,6%	11,1%	12,4%	12,5%	15,0%	15,0%
Solidity								
Solvency II [5]	172%	175%						
Solidity capital (Storebrand Life Group) [6]	61 439	60 513	61 011	64 020	62 293	66 052	64 664	61 904
Capital adequacy Storebrand Bank	17,7%	17,3%	17,1%	16,7%	16,3%	15,8%	15,0%	17,9%
Core Capital adequacy Stobrand Bank	15,8%	15,4%	15,2%	14,9%	14,5%	14,0%	13,3%	16,2%

[1]) Accumulated
[2] Quarterly figures
[3] Additional statutory reserves + market value adjustment reserve
[4] Conditional bonuses
[5] See note 13 for specification of Solvency II
[6] The term solidity capital encompasses equity, subordinated loan capital, the risk equalisation fund, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.

Note 04 Financial market risk and insurance risk

Risks are described in the annual report for 2015 in note 7 (Insurance risk), note 8 (Financial market risk), note 9 (Liquidity risk), note 10 (Lending and counterparty risk), note 11 (Credit exposure) and note 12 (Concentration of risk).

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

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

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

The market risk in the company portfolios has a direct impact on Storebrand's profit, as does the market risk from the financial assets of Storebrand ASA and the subsidiaries that are not life insurance companies.

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

For customer portfolios with a guarantee, the net risk for Storebrand will be lower than the gross market risk. The extent of measures to reduce risk depends on several factors, the most important being the size and flexibility of the customer buffers and level and duration of the return guarantee. If the investment return is not sufficiently high to meet the guaranteed interest rate, the shortfall will be met by using customer buffers in the form of risk capital built up from previous years' surpluses. Risk capital primarily consists of unrealised gains, additional statutory reserves and conditional bonuses. The owner is responsible for meeting any shortfall that cannot be covered.
For guaranteed customer portfolios, the risk is affected by changes in the interest rate level. Falling interest rates are positive for the investment return in the short term due to price appreciation for bonds, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee.

The stock market has been turbulent during the first half year, with significant price falls both early in the year and in June. In June it was the effect of the Brexit referendum that caused uncertainty. The stock market fell around 10 per cent in two days, but much of the fall was later reversed. Overall for the second quarter and the first half year, the stock market has not experienced much of a change, but European finance stocks have had weak price developments. The credit market has had almost the same trend as the stock market.

Interest rates have fallen during the second quarter and first half year. The 10-year interest swap rate has fallen by approximately 0.5 per cent in Norway and 0.9 in Sweden to record low levels. Short-term interest rates have also fallen, driven by new interest rate cuts and other stimulus measures by the central banks. Due to the majority of the interest rate investments in the Norwegian customer portfolios being held at amortised cost, the fall in interest rates has a limited effect on expected returns in the short term. However, with the present interest rates, new bond investments provide a lower return than the average interest rate guarantee. Brexit also resulted in major movements in the currency market, particularly a strong weakening of the British pound. A high degree of currency hedging in the portfolio means that the exchange rate fluctuations have had a modest effect on results and risk.

The interest rate sensitivity (duration) of the investments has increased somewhat during the first half year in both Norway and Sweden. Other than this, there have been minor changes in investment allocations.

Guaranteed portfolios in both Norway and Sweden have had good returns in the second quarter and first half year due to price appreciation for bonds and good returns on property investments. In Norway, the return is more than adequate in relation to what has been used as the basis for the plan for the strengthening of reserves. Lower interest rates have resulted in an increase in the excess value of bonds that are assessed at amortised cost. In Sweden, the increase in value of the insurance liabilities has been somewhat higher than the increase in value of assets due to the fall in interest rates. This has primarily manifested itself in the form of reduced customer buffers (conditional bonuses)

Insurance risk is the risk of higher than expected payments and/or an unfavourable change in the value of an insurance liability due to actual developments deviating from what was expected when premiums or provisions were calculated. Most of the insurance risk for the group is related to life insurance. Long life expectancy is the greatest risk because increased longevity means that the guaranteed benefits must be paid over a longer period. There are also risks related to disability and death.

The insurance risk is almost unchanged during the first half year.

Note 05 Liquidity risk

SPECIFICATION OF SUBORDINATED LOAN CAPITAL

(NOK million)	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Hybrid tier 1 capital [1]					
Storebrand Livsforsikring AS	1 500	NOK	Variable	2018	1 503
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1 000	NOK	Variable	2 020	999
Storebrand Livsforsikring AS	1 100	NOK	Variable	2 024	1 098
SPP Pension & Försäkring AB	700	SEK	Variable	2 019	689
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	3 045
Storebrand Bank ASA	150	NOK	Variable	2017	151
Storebrand Bank ASA	125	NOK	Variable	2019	126
Total subordinated loans and hybrid tier 1 capital 30.06.16					**7 611**
Total subordinated loans and hybrid tier 1 capital 30.06.15					7 281
Total subordinated loans and hybrid tier 1 capital 31.12.15					7 766

[1]) In addition, Storebrand Bank ASA has issued hybrid tier 1 capital bonds/hybrid capital that is classified as equity. See the statement of changes in equity.

SPECIFICATION OF LIABILITIES TO FINANCIAL INSTITUTIONS

	Book value		
(NOK million)	30.06.16	30.06.15	31.12.15
Maturity			
2015		6	
2016	505		416
Total liabilities to financial institutions	**505**	**6**	**416**

SPECIFICATION OF SECURITIES ISSUED

	Book value		
(NOK million)	30.06.16	30.06.15	31.12.15
Call date			
2015		52	
2016	200	2 821	1 922
2017	4 119	4 539	4 311
2018	4 065	2 245	4 068
2019	2 775	2 266	2 246
2020	3 234	1 929	2 928
2021	2 303		
Total securities issued	**16 697**	**13 853**	**15 475**

The loan agreements contain standard covenants. Storebrand is in compliance with all relevants covenants in 2016.

Under the loan programme in Storebrand Boligkreditt AS the company's overcollateralisation requirement of 109.5 per cent was fulfilled.

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

Facilities for Storebrand Boligkreditt AS
The bank has two credit facilities with Storebrand Boligkreditt AS. One of these is an ordinary overdraft facility of up to NOK 6 billion. This has no fixed expiry date, but may be terminated by the bank with 15 months' notice. The other facility must at all times be sufficient to cover interest and principal on covered bonds and related derivatives for the next 31 days. The credit facility is not revocable by the bank until three months after the maturity of the longest covered bonds and related derivatives.

Note 06 Valuation of financial instruments and investment properties

The Group categorises financial instruments valued at fair value on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 13 in the financial statements for 2015.

The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

VALUATION OF FINANCIAL INSTRUMENTS TO AMORTISED COST

(NOK million)	Fair value 30.06.16	Fair value 31.12.15	Book value 30.06.16	Book value 31.12.15
Financial assets				
Loans to and due from financial institutions	326	123	326	123
Lending to customers	38 237	34 032	38 284	34 066
Bonds held to maturity	18 088	17 578	15 619	15 648
Bonds classified as loans and receivables	87 495	85 540	77 541	76 888
Total	**144 146**	**137 273**	**131 770**	**126 725**
Financial liabilities				
Debt raised by issuance of securities	16 723	15 428	16 697	15 475
Liabilities to financial institutions	6	12	6	12
Deposits from banking customers	16 575	17 825	16 575	17 825
Subordinatd loan capital	7 563	7 826	7 611	7 766
Total	**40 867**	**41 091**	**40 889**	**41 078**

VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total fair value 30.06.16	Total fair value 31.12.15
Assets:					
Equities and units					
- Equities	17 377	551	1 157	19 085	20 661
- Other fund units	235	89 414	8 296	97 944	103 566
- Real estate fund			296	296	362
Total equities and units	**17 612**	**89 965**	**9 748**	**117 325**	
Total equities and units 2015	17 890	94 461	12 237		124 589
Lending to customers [1)]			**1 449**	**1 449**	
Lending to customers 2015 [1)]			1 215		1 215
Bonds and other fixed-income securities					
- Government and government guaranteed bonds	29 562	21 157		50 718	51 117
- Credit bonds	29	23 399	291	23 719	27 504
- Mortage and asset backed securities		47 003		47 003	48 000
- Supranational organisations	43	5 269		5 311	5 575
- Bond funds	729	62 196		62 924	58 579
Total bonds and other fixed-income securities	**30 361**	**159 023**	**291**	**189 676**	
Total bonds and other fixed-income securities 2015	28 792	161 626	358		190 776
Derivatives:					
- Interest derivatives		5 964		5 964	1 895
- Currency derivatives		-353		-353	-543
Total derivatives		**5 612**		**5 612**	
- of which derivatives with a positive market value		7 329		7 329	4 703
- of which derivatives with a negative market value		-1 658		-1 658	-3 351
Total derivatives 2015		1 352			1 352

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total fair value 30.06.16	Total fair value 31.12.15
Real Estate:					
Investment properties			22 377	22 377	24 415
Owner-occupied properties			2 894	2 894	2 887
Total real estate			**25 271**	**25 271**	
Total real estate 2015			27 302		27 302
Liabilities:					
Liabilities to financial institutions [1]		499		499	404
Liabilities 2015 [1]		404			404

[1] Includes lending to customers/liabilities to financial institutions classified at fair value through profit and loss

There is no significant movements between level 1 and level 2 in this quarter.

FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE - LEVEL 3

(NOK million)	Equities	Other fund units	Real estate fund	Lending to customers	Credit bonds	Investment properties	Owner-occupied properties
Book value 01.01.16	**2 473**	**9 399**	**362**	**1 215**	**361**	**24 417**	**2 887**
Net gains/losses on financial instruments	-53	-425	-26		-18	22	3
Supply	-188	347		360	15	327	10
Sales	-1 043	-875	-40	-126	-50	-2 863	
Transferred to/from non-observable assumptions to/from observable assumptions		2					
Translation differences	-32	-153			-17	-239	-80
Other						714	73
Book value 30.06.16	**1 157**	**8 296**	**296**	**1 449**	**291**	**22 377**	**2 894**

SENSITIVITY ASSESSMENTS

Sensitivity assessments of investments on level 3 are described in note 13 in the 2015 annual financial statements. There is no significant changes in sensitivity in this quarter.

Note 07 Operating costs

(NOK million)	2Q 2016	2Q 2015	01.01 - 30.06 2016	01.01 - 30.06 2015	Year 2015
Personnel costs	-352	-516	-850	-1 048	-2 181
Amortisation	-35	-37	-71	-68	-137
Other operating costs	-269	-353	-691	-694	-1 368
Total operating costs	**-657**	**-906**	**-1 612**	**-1 810**	**-3 686**

Note 08 Pension scheme for own employees

In 2014, the defined benefit pension scheme for employees at Storebrand in Norway was changed after the decision was made to transition to a defined contribution pension scheme. These pension liabilities were largely derecognised in 2014. Reference is made to the specific information regarding this in the notes to the financial statements for 2014 and 2015.

In connection with new rules for disability pensions in the Norwegian Occupational Pensions Act, Storebrand has altered the disability pension scheme for own employees in Norway effective from 1 June 2016. The survivor coverage associated with the pension scheme came to an end from the same date. Allocated liabilities relating to this previous coverage have been recognised as income in the financial statements for the second quarter of 2016. For the Storebrand Group this constitutes a net positive effect on equity of NOK 98 million before tax and is recognised in the income statement as reduced costs.

Note 09 Tax

The income tax expense has been estimated based on an expected effective tax rate per legal entity for 2016. There will be uncertainty associated with these estimates. The tax rate for the group will vary from quarter to quarter depending on the individual legal entities' contribution to earnings. The net income tax expense for the quarter and year reflects effects that each give a higher or lower effective tax rate

In the first half year, tax-free sales of investment properties have been carried out where previously allocations have been made for deferred tax. The reversal of this deferred tax, as well as other changes relating to estimates, is taken into consideration in the income tax expense as of the second quarter of 2016.

Note 10 Lending

(NOK million)	30.06.16	30.06.15	31.12.15
Corporate market[1)]	8 922	6 024	8 399
Retail market	30 874	24 950	26 981
Gross lending	**39 796**	**30 974**	**35 379**
Write-down of lending losses	-64	-72	-98
Net lending [2)]	**39 732**	**30 903**	**35 281**
1) Of which Storebrand Bank	1 983	3 083	2 372
2) Of which lending in customer portfolio	10 596	2 941	6 017

In the first half year of 2016, Storebrand Bank ASA sold mortgages totalling NOK 3.7 billion to sister company Storebrand Livsforsikring AS. The mortgages were sold on commercial terms.

NON-PERFORMING AND LOSS-EXPOSED LOANS

(NOK million)	30.06.16	30.06.15	31.12.15
Non-performing and loss-exposed loans without identified impairment	89	98	87
Non-performing and loss-exposed loans with identified impairment	98	104	166
Gross non-performing loans	**188**	**202**	**253**
Individual write-downs	-29	-49	-63
Net non-performing loans	**159**	**153**	**190**

Note 11 Buffer capital

(NOK million)	30.06.16	30.06.15	31.12.15
Additional statutory reserves	5 198	4 505	5 160
Market adjusment reserves	5 244	4 930	4 520
Conditional bonuses	6 306	12 115	9 336
Total	**16 748**	**21 551**	**19 016**

The excess value of held-to-maturity bonds valued at amortised cost totalled NOK 12.420 million at the end of the 2nd quarter 2016 - an increase of NOK 1.839 million since the turn of the year.

The excess value of bonds at amortised cost is not included in the financial statements.

Note 12 Contingent liabilities

(NOK million)	30.06.16	30.06.15	31.12.15
Guarantees	49	72	49
Unused credit limit lending	3 844	3 746	3 763
Uncalled residual liabilities re limited partnership	3 944	3 878	4 264
Loan commitment retail market	3 157		1 981
Loan commitment corporate market		21	
Total contingent liabilities	**10 994**	**7 717**	**10 058**

Guarantees principally concern payment guarantees and contract guarantees.
Unused credit facilities concern granted and unused overdrafts and credit cards, as well as unused facility for credit loans secured by property.

Storebrand Group companies are engaged in extensive activities in Norway and abroad and may become a party in legal disputes. Please also refer to note 2 and note 45 in the 2015 annual report.

Note 13 Solvency II

The Storebrand Group is an insurance-dominated, cross-sectoral financial group with capital requirements in accordance with Solvency II. Storebrand calculates Solvency II according to the standard method as defined in the Solvency II Regulations.

Solvency II entered into force on 1 January 2016. In accordance with the Solvency II regulations, the first complete Solvency II annual report for 2016 will be reported to the financial markets in the first 6 months of 2017.

Consolidation is carried out in accordance with Section 18-2 of the Norwegian Act relating to Financial Undertakings and Financial Groups.

The solvency capital requirement and minimum capital requirement for the group are calculated in accordance with Section 46 (1)-(3) of the Solvency II Regulations using the standard method and include the effect of the transitional arrangement for shares pursuant to Section 58 of the Solvency II Regulations.

The models used as a basis for the calculation of capital requirements and solvency capital are based on a number of require-ments and assumptions that are partly specified in the regulations and partly interpreted by Storebrand based on the regulations. The most important assumptions and estimates in the calculation relate to the risk-reducing capacity of deferred tax, future margins and reserve developments, as well as modelling of future developments in the financial markets. The assumptions and estimates are reviewed on an ongoing basis and re based on historical experience and expexctations of future events and represent the management's best judgement at the time the financial statement were prepared. Changes to the regulations, methods and interpretations may be made that could affect the Solvency II margin in the future.

The solvency capital largely appears as net assets in the Solvency II balance sheet with the addition of eligible subordinated loans and deducted for own shares and ineligible minority interests. The solvency capital is therefore significantly different to book equity in the financial statements. Technical insurance reserves are calculated in accordance with the standard method and include the effect of the transitional arrangement pursuant to Section 56 (1) - (6) of the Solvency II Regulations. The transitional arrangement entails that the increase in the value of the technical insurance reserves is phased in gradually over a period of 16 years. The composition of solvency capital appears in the table below.

The solvency capital is divided into three capital groups in accordance with Section 6 of the Solvency II Regulations. Group 1 capital consists of paid-in capital and reconciliation reserve [1]. It also includes perpetual subordinated loans (perpetual hybrid Tier 1 capital) with up to 20 per cent of Group 1 capital.

Other subordinated loans (time limited) and risk equalisation reserve are categorised as Group 2 capital. Group 2 capital can cover up to 50 per cent of the solvency capital requirement and up to 20 per cent of the minimum capital requirement. Eligible minority interests and deferred tax assets are categorised as Group 3 capital. Group 3 capital can cover up to 15 per cent of the solvency capital requirement. Group 3 capital cannot be used to cover the minimum capital requirement.

Subordinated loans issued prior to 17 January 2015 are covered by a transitional arrangement that will continue until 2026 and during this period these loans will qualify as Group 1 capital despite them not fully satisfying the requirements for viable capital in the Solvency II regulations.

The companies in the group governed by CRD IV are included in the group's solvency capital and solvency capital requirements with their respective primary capital and capital requirements.

SOLVENCY CAPITAL

			30.06.16		
NOK million	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3
Share capital	2 250	2 250			
Share premium	9 485	9 485			
Reconciliation reserve	27 649	27 649			
Including the effect of the transitional arrangement	13 137	13 137			
Subordinated loans	6 649		2 545	4 104	
Deferred tax assets	844				844
Risk equalisation reserve	136			136	
Minority interests	57				57
Unavailable minority interests	-39				-39
Deductions for CRD IV subsidiaries	-2 883	-2 383	-225	-275	
Total basic solvency capital	**44 147**	**36 999**	**2 320**	**3 966**	**862**
Subordinated capital for subsidiaries regulated in accordance with CRD IV	2 883				
Total solvency capital	**47 030**				
Total solvency capital available to cover the minimum capital requirement	**41 269**	**36 999**	**2 320**	**1 949**	

[1] Profit earned that is included as equity in the financial statements must be replaced by the reconciliation reserve in the solvency balance. The reconciliation reserve also includes profit earned, but based on the valuation of assets and liabilities in the solvency balance. The reconciliation reserve will also include the present value of future profits. The value of future profits is implicitly included as a consequence of the valuation of the insurance liability.

The capital requirement in Solvency II appears as the total of changes in solvency capital calculated under different types of stress, less diversification. The largest part of the capital requirement appears from financial market stress and particularly relates to changes in interest rates and falls in the equity markets, as well as increased credit spreads. There is also the insurance risk, for which the most important capital requirement comes from stress relating to the transfer of existing customers within defined contribution pensions. The solvency capital requirement appears in the table below.

SOLVENCY CAPITAL REQUIREMENTS AND - MARGIN[1)]

NOK million	30.06.16
Market	23 002
Counterparty	515
Life	10 774
Health	739
P&C	285
Operational	1 502
Diversification	-7 123
Loss-absorbing tax effect	-4 852
Total solvency capital requirement - insurance company	**24 842**
Capital requirements for subsidiaries regulated in accordance with CRD IV	2 435
Total solvency capital requirement	27 277
Solvency margin with transitional rules	**172%**
Minimum capital requirement	**9 747**
Minimum margin	**423%**

1) As of the second quarter of 2016, Solvency II and the capital adequacy calculation in accordance with the conglomerate directive, give the same capital requirements and available capital.

Note 14 Information about related parties

Storebrand conducts transactions with related parties as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with management and related parties are stipulated in notes 25 and 48 in the 2015 annual report.

Storebrand had not carried out any material transactions other than normal business transactions with related parties at the close of the 2nd quarter 2016.

Storebrand ASA
Income statement

(NOK million)	2Q 2016	2Q 2015	01.01 - 30.06 2016	01.01 - 30.06 2015	Full year 2015
Operating income					
Income from investments in subsidiaries		21	12	21	519
Net income and gains from financial instruments:					
- bonds and other fixed-income securities	12	14	30	22	33
- financial derivatives/other financial instruments	-1	-6	2	-8	-4
Other financial instruments			54	1	1
Operating income	**11**	**29**	**97**	**35**	**550**
Interest expenses	-20	-26	-45	-55	-109
Other financial expenses	-2	-4	-9	-9	-15
Operating costs					
Personnel costs	-6	-8	-14	-15	-29
Amortisation					-1
Other operating costs	-12	-13	-24	-27	-63
Total operating costs	**-19**	**-22**	**-39**	**-42**	**-93**
Total costs	**-41**	**-51**	**-92**	**-107**	**-217**
Pre-tax profit	**-30**	**-23**	**5**	**-72**	**333**
Tax	21	12	15	25	-81
Profit for the period	**-9**	**-11**	**20**	**-47**	**252**

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	2Q 2016	2Q 2015	01.01 - 30.06 2016	01.01 - 30.06 2015	Full year 2015
Profit for the period	**-9**	**-11**	**20**	**-47**	**252**
Other result elements not to be classified to profit/loss					
Change in estimate deviation pension					-18
Tax on other result elements					5
Total other result elements					**-14**
Total comprehensive income	**-9**	**-11**	**20**	**-47**	**238**

Storebrand ASA
Statement of financial position

(NOK million)	30.06.16	30.06.15	31.12.15
Fixed assets			
Deferred tax assets	332	425	317
Tangible fixed assets	29	30	29
Shares in subsidiaries	17 102	17 038	17 095
Total fixed assets	**17 463**	**17 492**	**17 441**
Current assets			
Owed within group		3	511
Lending to group companies		18	
Other current receivables	59	31	21
Investments in trading portfolio:			
- bonds and other fixed-income securities	2 187	2 275	2 231
- financial derivatives/other financial instruments	38	33	28
Bank deposits	86	46	161
Total current assets	**2 370**	**2 406**	**2 952**
Total assets	**19 833**	**19 898**	**20 393**
Equity and liabilities			
Share capital	2 250	2 250	2 250
Own shares	-8	-10	-10
Share premium reserve	9 485	9 485	9 485
Total paid in equity	**11 726**	**11 724**	**11 724**
Other equity	5 137	4 820	5 105
Total equity	**16 863**	**16 544**	**16 829**
Non-current liabilities			
Pension liabilities	157	168	157
Securities issued	2 713	3 138	3 261
Total non-current liabilities	**2 869**	**3 307**	**3 418**
Current liabilities			
Debt within group			76
Other current liabilities	100	47	71
Total current liabilities	**100**	**48**	**147**
Total equity and liabilities	**19 833**	**19 898**	**20 393**

Storebrand ASA
Statement of changes in equity

(NOK million)	Share capital [1]	Own shares	Share premium	Other equity	Total equity
Equity at 31. December 2014	**2 250**	**-12**	**9 485**	**4 859**	**16 581**
Profit for the period				252	252
Total other result elements				-14	-14
Total comprehensive income				**238**	**238**
Own share bought back [2]		2		21	23
Employee share [2]				-12	-12
Equity at 31. December 2015	**2 250**	**-10**	**9 485**	**5 105**	**16 829**
Profit for the period				20	20
Total comprehensive income				**20**	**20**
Own share bought back [2]		2		26	28
Employee share [2]				-14	-14
Equity at 30. June 2016	**2 250**	**-8**	**9 485**	**5 137**	**16 863**

[1] 449 909 891 shares with a nominal value of NOK 5.
[2] In 2016, 431 334 shares are sold to own emplyees. Holding of own shares 30. June 2016 was 1 631 387 .

(NOK million)	Share capital [1]	Own shares	Share premium	Other equity	Total equity
Equity at 31. December 2014	**2 250**	**-12**	**9 485**	**4 859**	**16 581**
Profit for the period				-47	-47
Total comprehensive income				**-47**	**-47**
Own share bought back [2]		2		21	23
Employee share [2]				-12	-12
Equity at 30. June 2015	**2 250**	**-10**	**9 485**	**4 820**	**16 544**

Storebrand ASA
Statement of cash flow

	01.01 - 30.06	
(NOK million)	2016	2015
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	24	10
Net receipts/payments - securities at fair value	52	-651
Payments relating to operations	-61	-69
Net receipts/payments - other operational activities	522	763
Net cash flow from operational activities	**536**	**53**
Cash flow from investment activities		
Net receipts - sale of subsidiaries	64	
Net payments - sale/capitalisation of subsidiaries	-81	-41
Net cash flow from investment activities	**-17**	**-41**
Cash flow from financing activities		
Payments - repayments of loans	-555	
Receipts - new loans	1	4
Payments - interest on loans	-54	-61
Receipts - sold own shart to employees	14	10
Net cash flow from financing activities	**-594**	**-47**
Net cash flow for the period	**-75**	**-35**
Net movement in cash and cash equivalents	-75	-35
Cash and cash equivalents at start of the period	161	82
Cash and cash equivalents at the end of the period	**86**	**46**

Notes to the financial statements Storebrand ASA

Note 01 Accounting policies

The financial statements are presented in accordance with the accounting policies applied in the annual financial statements for 2015. The accounting policies are described in the 2015 annual report.
Storebrand ASA does not apply IFRS to the parent company's financial statements.

Note 02 Estimates

In preparing the interim accounts, Storebrand has used assumptions and estimates that affect reported amounts of assets, liabilities, revenues, and costs, and information in the notes to the financial statements. The final values realised may differ from these estimates.

Note 03 Bond and bank loans

(NOK million)	Interest rate	Currency	Net nominal value	30.06.16	30.06.15	31.12.15
Bond loan 2013/2020 [1]	Fixed	NOK	300	337	327	327
Bond loan 2011/2016	Variable	NOK	554		1 007	558
Bond loan 2012/2017	Variable	NOK	624	626	853	627
Bond loan 2013/2018	Variable	NOK	450	452	452	452
Bond loan 2014/2019	Variable	NOK	500	499	499	499
Bank loan 2015/2018	Variable	NOK	800	798		798
Total [2]				**2 713**	**3 138**	**3 261**

[1] 1) Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.
[2] Loans are booked at amortised cost zand include earned not due interest.
Signed loan agreements have standard covenant requirements. The terms and conditions have been redeemed pursuant to signed loan agreements.
Storebrand ASA has an unused drawing facility for EUR 240 million.

Storebrand ASA
Statement from the Board of Directors and the CEO

The Board of Directors and the Chief Executive Officer have today considered and approved the Interim report and Interim financial statements for Storebrand ASA and the Storebrand Group for the first six months of 2016 (Report for the first six months, 2016).

The Interim report has been prepared in accordance with the requirements of IAS, 34 Interim Financial Reporting as adopted by the EU and additional Norwegian requirements pursuant to the the Norwegian Securities Trading Act.

In the best judgement of the Board and the CEO, the financial statements for the first six months of 2016 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the parent company's and Group's assets, liabilities, financial standing and results as a whole as at 30 June 2016. In the best judgement of the Board and the CEO, the six-month report provides a fair and true overview of important events during the accounting period and their effects on the financial statements for the first six months for Storebrand ASA and the Storebrand Group. In the best judgement of the Board and the CEO, the descriptions of the most important elements of risk and uncertainty that the Group faces in the remaining six months, and a description of related parties' material transactions, also provide a true and fair view.

Lysaker, Norway, 13 July 2016
Board of Directors of Storebrand ASA

Birger Magnus
Chairman of the Board

Karin Bing Orgland
Laila S. Dahlen
Gyrid Skalleberg Ingerø

Martin Skancke
Håkon Reistad Fure
Nils Are Karstad Lysø

Arne Fredrik Håstein
Knut Dyre Haug
Heidi Storruste

Odd Arild Grefstad
Chief Executive Officer

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Translation from the original Norwegian version

To the Board of Directors of Storebrand ASA

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of financial position of Storebrand ASA (the Group) as of 30 June 2016, and the related income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the six-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by EU.

Oslo, 13 July 2016
Deloitte AS

Henrik Woxholt
State Authorized Public Accountant (Norway)

Translation has been made for information purposes only

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Financial calender 2016

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

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