

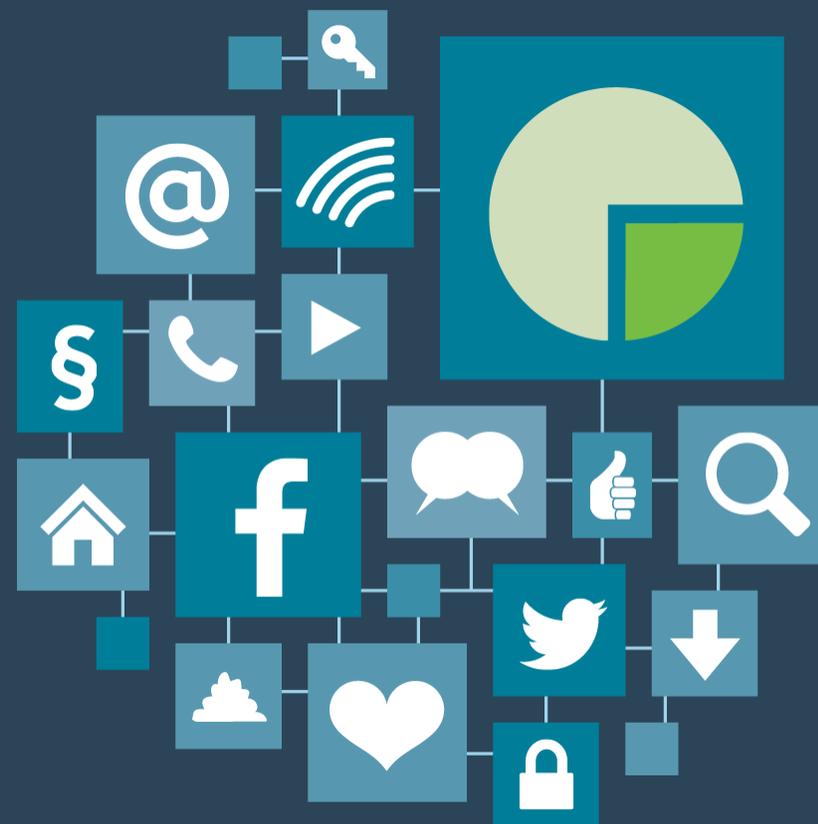


Gjensidige

Gjensidige Forsikring Group

2nd quarter results 2017

14 July 2017

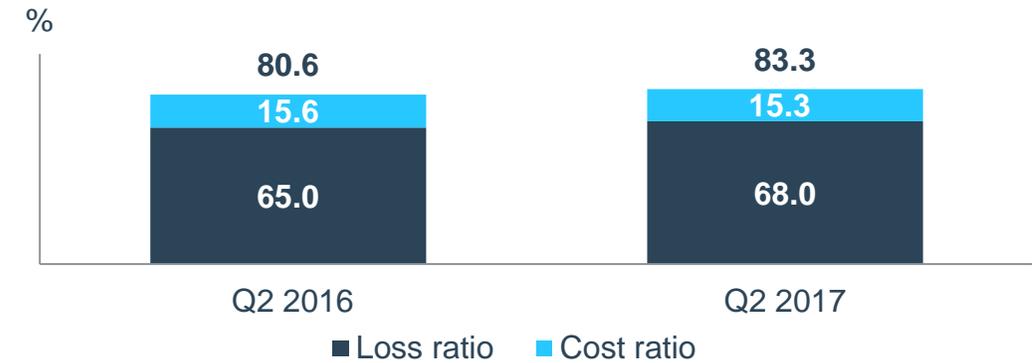




Solid second-quarter result

- Pre-tax profit NOK 1,503m
- Underwriting result NOK 972m
 - Combined ratio 83.3%
 - Premium growth 5.2%
 - Satisfactory overall frequency claims level and low large losses
 - Cost ratio 15.3% and good cost control
- Financial result NOK 470m, investment return 0.9%
- 21.1% return on equity*

Combined ratio



Pre-tax profit



* Annualised, YTD

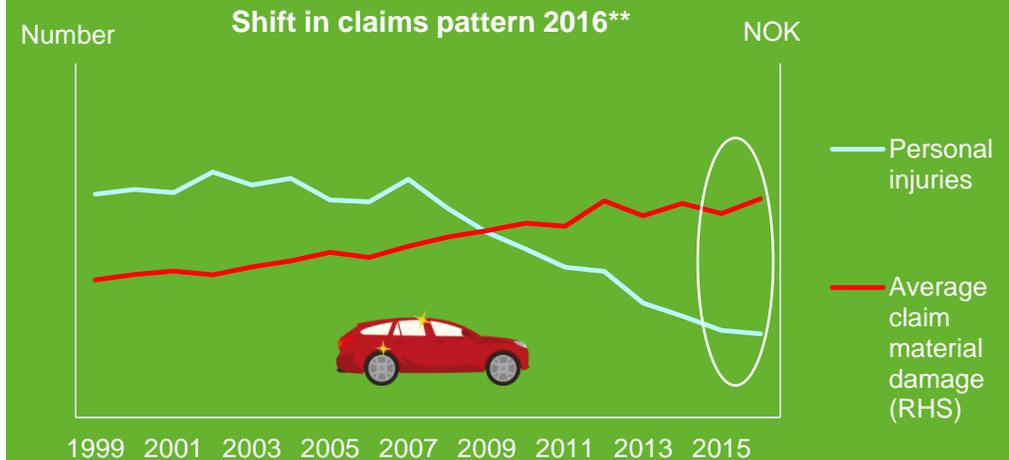


Operational excellence key priority - profitability before growth

- Continued strong profitability in Norway
 - Motor insurance market closely monitored, relevant pricing measures taken
- Bank and Pension serve strategic purposes
 - # 5 position in car financing, strong growth
- On track to improve profitability in Denmark
- Sweden and the Baltics approaching profitability according to plan
- Evaluating IT core system for long-term competitiveness

Key-facts private motor market dynamics in Norway*

- Average age per car ~ 11 years
- ~7 per cent of the car population is hybrid/ electric
- >50 per cent of new cars registered in 2017 are hybrid/ electric



Key-facts GJF private motor claims experience in Norway***

- ~15-20% higher claims frequency for electric cars
- ~10-20% higher average claim for electric/ hybrid cars
- 3-4% expected claims inflation



Superior customer experiences create loyalty

Examples

New/ renewed partner agreements



- Renewal: Hunters and Fishermen Organisation (NJFF) 113,000 members
- New: Sea Rescue Society (RS) 120,000 members

Record-fast travel claims handling



- Only 1.6 seconds claims handling time via Gjensidige claims app
- Applying for world-record with Guinness World Records

2017 customer dividend 14%*



- 7 out of 10 customers say that the model contributes to their loyalty
- ~40% of non-customers consider becoming a customer due to model

Retention Private segment: 89 / 92 per cent**

* Distributed by the Gjensidige Foundation to general insurance customers in Norway. Per cent relative to insurance premiums paid in 2016.

** Retention for the whole portfolio and loyalty/ affinity portfolio respectively. The latter represents 86 per cent of premiums.



Financial performance



Strong results from Norwegian operation

- measures in place to improve international operation

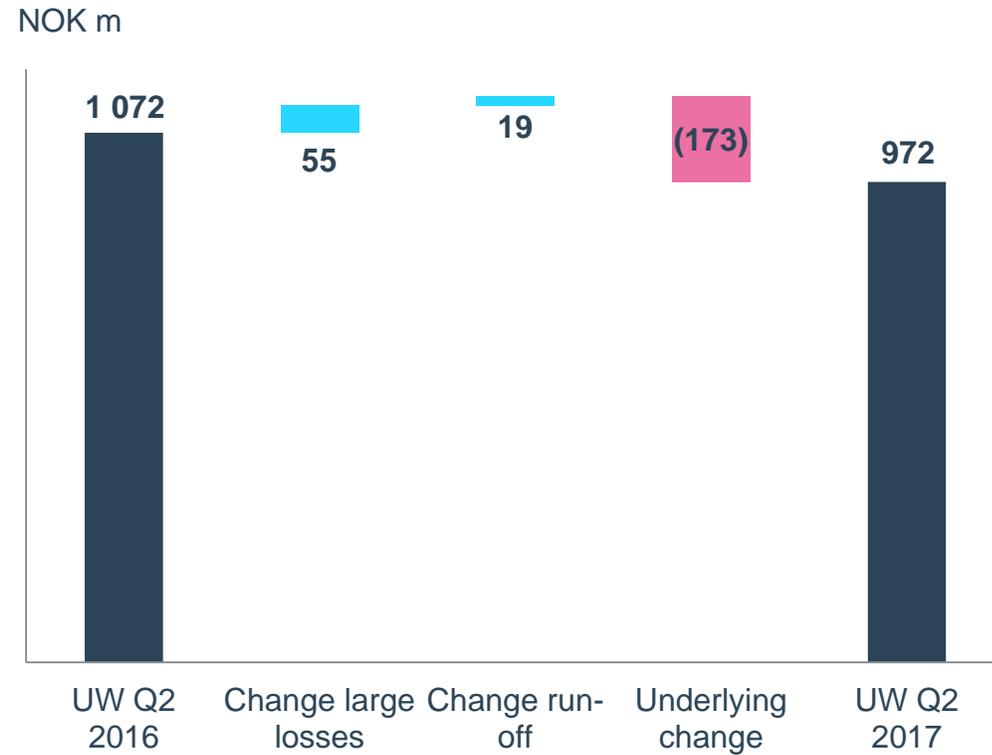


NOK m	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Private	645	630	1 164	1 111
Commercial	469	531	819	848
Nordic	2	48	(27)	167
Baltics	(19)	(36)	(31)	(41)
Corporate Centre/costs related to owner	(72)	(83)	(132)	313
Corporate Centre/reinsurance	(52)	(18)	(88)	(76)
Underwriting result	972	1 072	1 705	2 322
Pension	23	24	54	52
Retail Bank	122	119	224	200
Financial result from the investment portfolio	470	570	1 036	893
Amortisation and impairment losses of excess value	(66)	(65)	(126)	(131)
Other items	(19)	(9)	(26)	(19)
Profit/(loss) before tax expenses	1 503	1 709	2 868	3 318

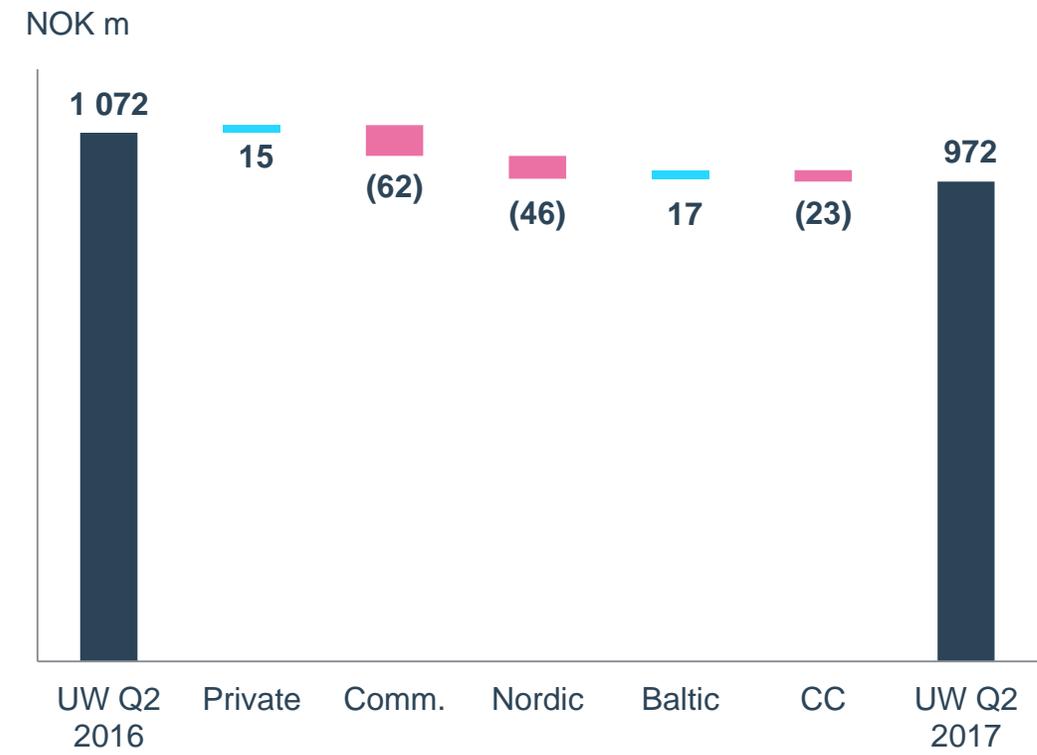


Solid underwriting result

Development in total UW result



Development in UW result per segment

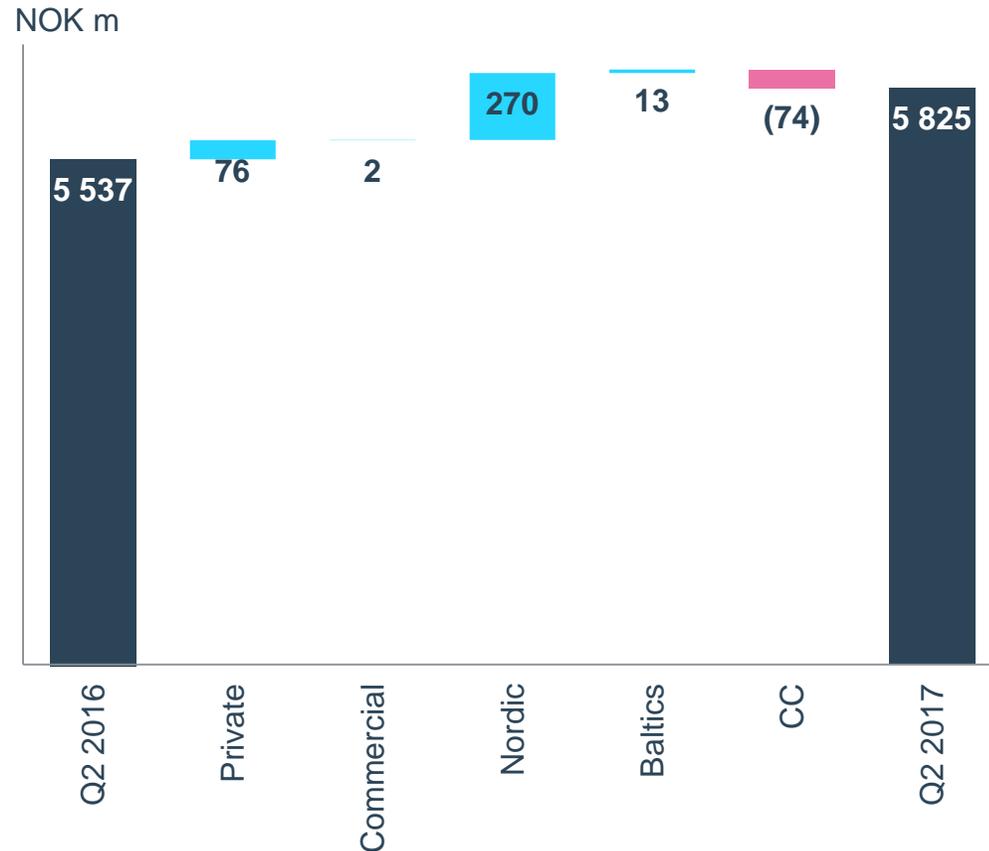


CC = corporate centre



Premium growth 5.2 per cent

Premium development



CC = corporate centre

Key drivers - premium development

- Private 3.7%
 - Underlying 3.4% adjusted for portfolio moved and one large contract not renewed
- Commercial 0.1%
 - A&H still soft, positive contribution from property
- Nordic 19.5%,
 - Underlying 4.6%, mainly driven by Sweden
- Baltics 5.2%,
 - Underlying 4.0%
- CC negatively affected by Vardia reinsurance and reinstatement premium



Loss ratio 68.0 per cent - underlying increase 3.5 pp adjusted for reinstatement premium

Loss ratio development



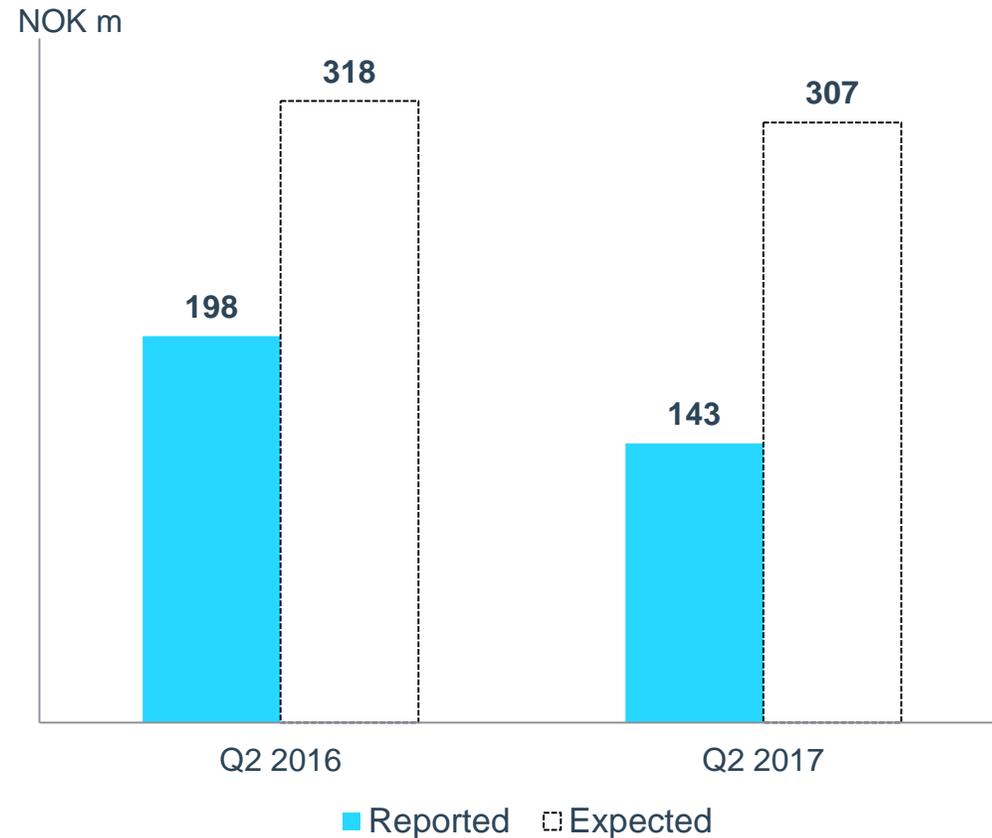
Key drivers

- Lower level of large losses
- Reinstatement premium 0.7 pp negative effect, not reflected in large losses
- Stable run-off effect
- Higher underlying frequency claims levels
 - Commercial A&H, motor and property in Norway
 - Commercial property in Denmark
 - Several medium sized claims in the Baltics

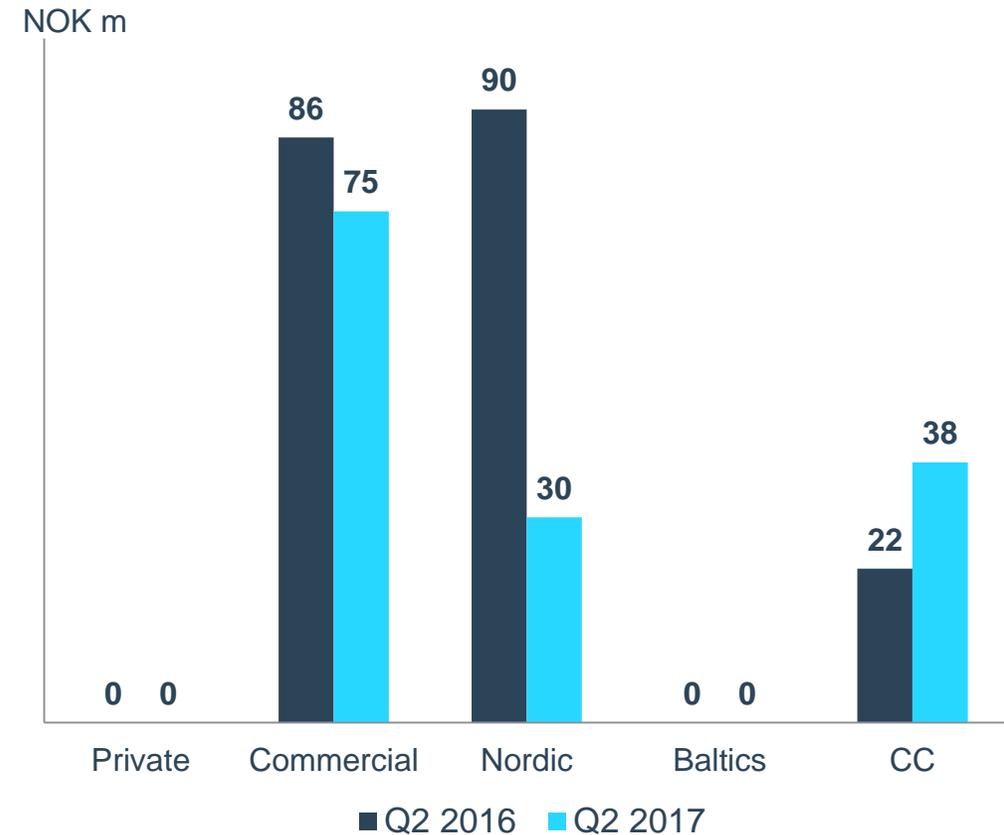


Large losses 2.5 percentage points - lower than expected level

Large losses – reported vs expected



Large losses per segment

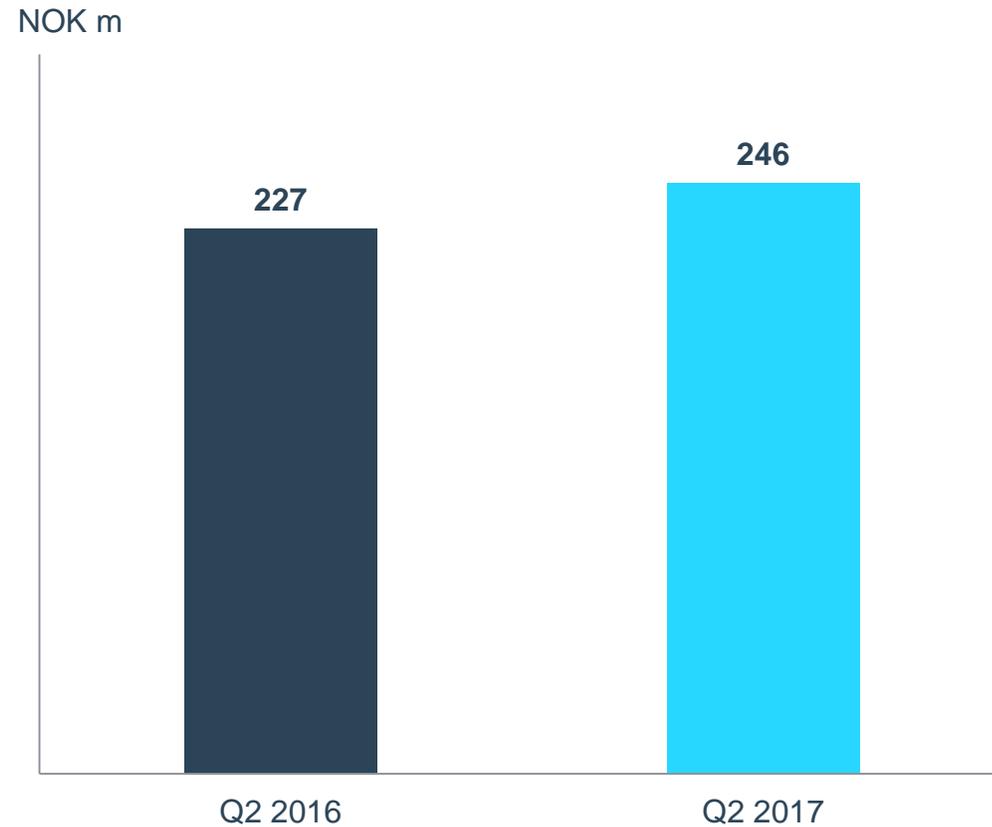


CC = corporate centre. Large losses: Losses > NOK 10m. Weather related large losses are included. Large losses in excess of NOK 30.0m are charged to the Corporate Centre while up to NOK 30m per claim is charged to the segment in which the large loss occurred. The Baltics segment has, as a main rule, a retention level of EUR 0.5m

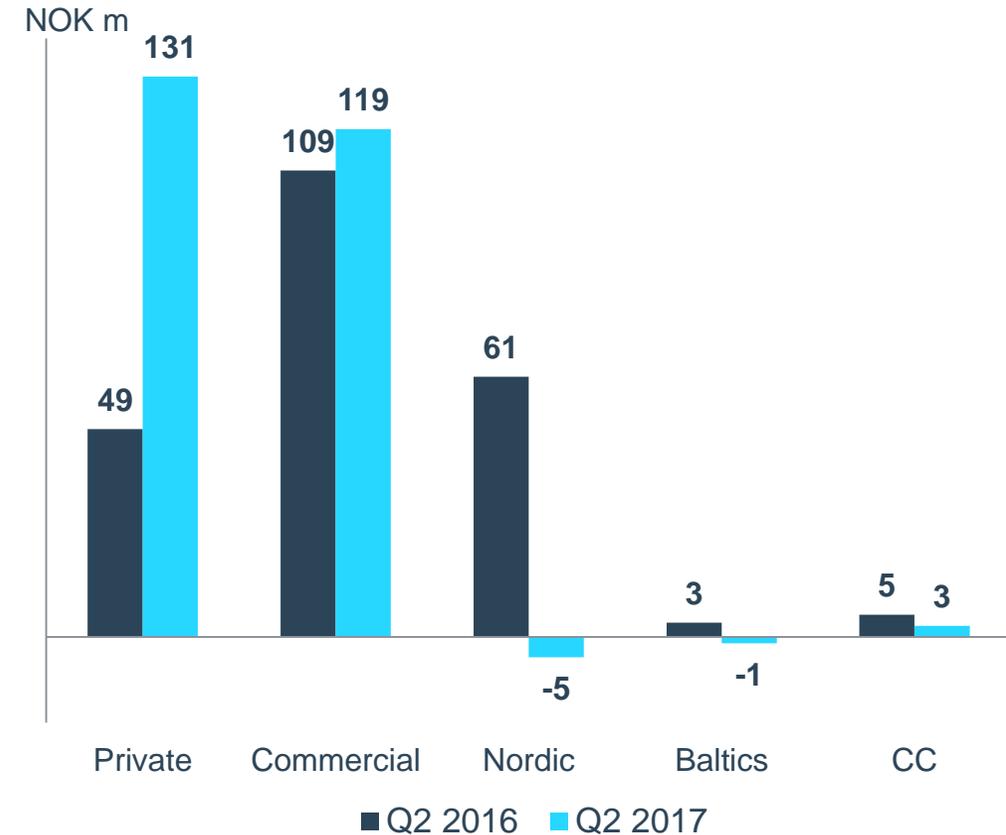


Run-off gains 4.2 percentage points - close to expected level

Run-off net



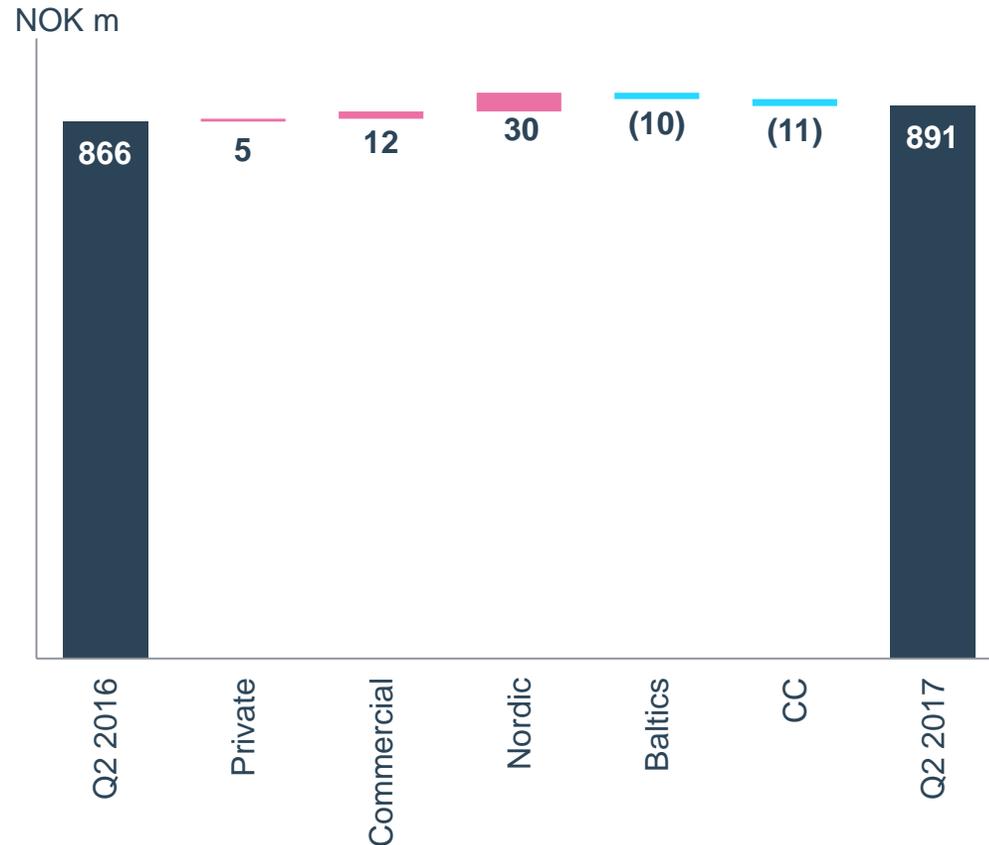
Run-off net per segment





Continued good cost control - cost ratio 15.3 per cent

Cost development



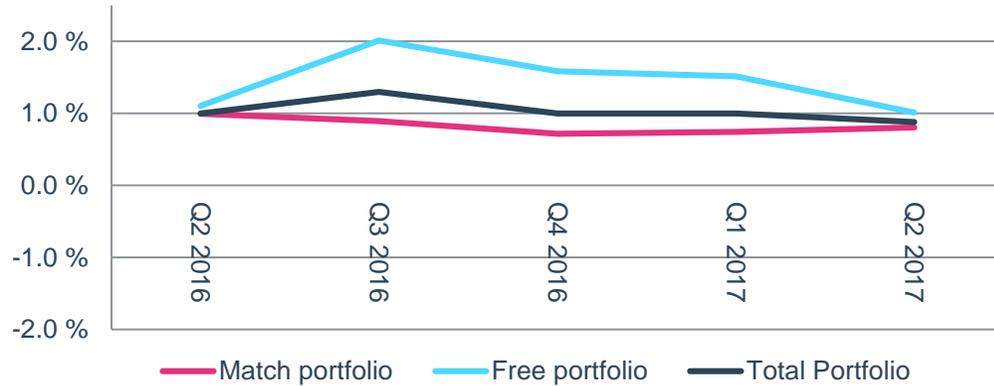
Key drivers - cost development

- Nordic: Increase due to Vardia and Mølholm acquisitions
- Cost ratio 15.3% or 14.4% excluding Baltics

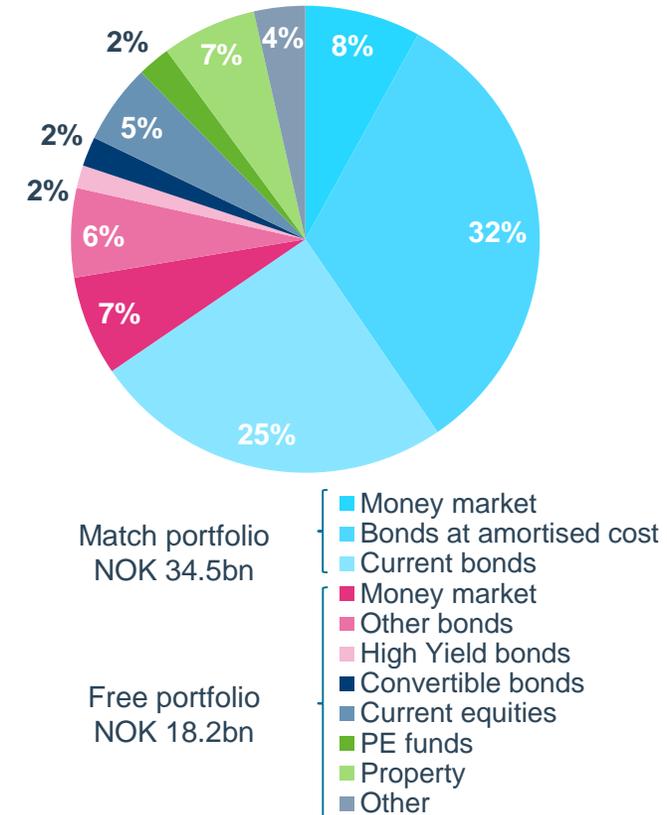


Satisfactory investment return of 0.9 per cent

Investment return (%)



Portfolio mix as at 30.06.2017



Investment return, free portfolio

Q2 2017	%
Fixed income	0.8
Current equities	2.8
PE funds	2.2
Property	1.8
Total free portfolio	1.0

Solid development in bank and pension operations - supporting general insurance retention in Norway



Gjensidige Bank AS



Gjensidige Pensjonsforsikring AS

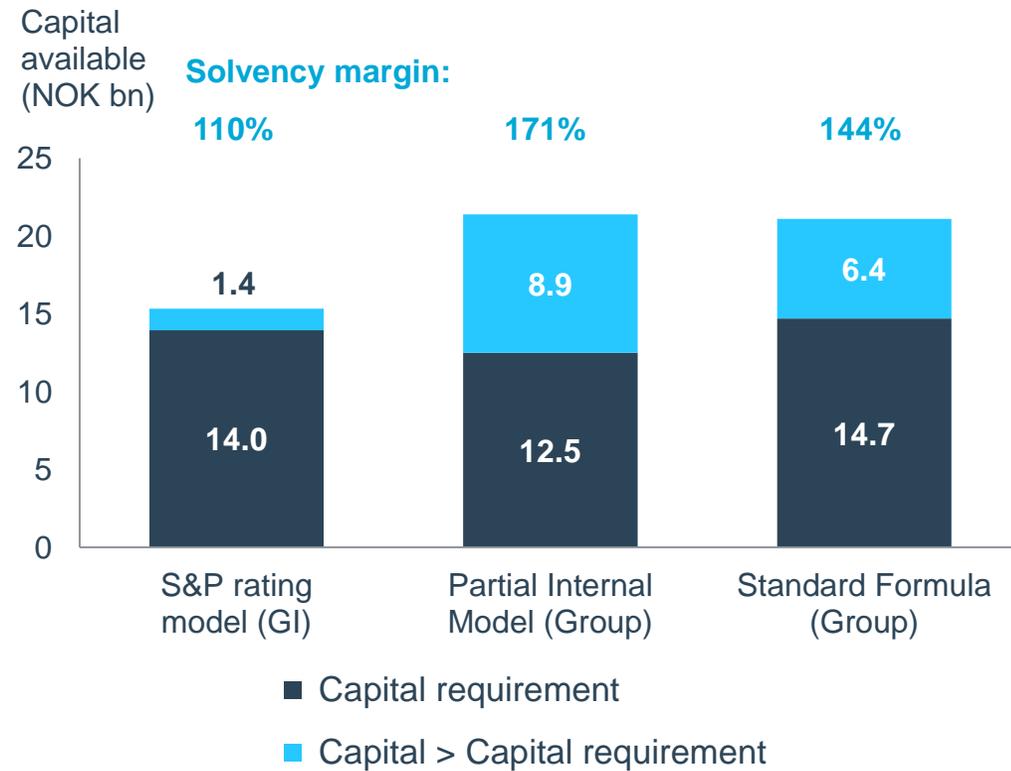


*Annualised YTD **Pre-tax profit 2016 including GPS holding AS



Strong capital position - continued capital discipline

Strong capital position



Capital discipline

- Capital buffers well within risk appetite
- Solvency margins 174% (PIM) and 147% (SF) when including guarantee scheme
- PIM approval expected in 2017

Figures as at 30.06.2017. The Solvency II regulation is principle based. Calculations are based on Gjensidige's understanding of the Solvency II regulation and how it is implemented in Norway, including the current view of the Norwegian FSA on the guarantee provision. If the Guarantee provision had been treated as solvency capital, the Group's PIM and SF solvency margins would be 174% and 147%, respectively. The figures related to the S&P rating model are based on Gjensidige's interpretations of the model. The figures are adjusted for a formulaic dividend pay-out ratio of 70 per cent of net profit.



Concluding remarks

Key takeaways

- Solid result and competitiveness
- Profitability before growth
- Sweden and the Baltics on track
- Continuously developing the operation – balancing cost and investments
- Strong capital position

Targets

Return on equity	>15%
Combined ratio	86-89%*
Cost ratio	~15%
Dividends	Nominal high and stable (>70%)



* Combined ratio target on an undiscounted basis, assuming ~4 pp run-off gains next 2.5-4.5 years and normalised large losses impact. Beyond the next 2.5-4.5 years, the target is 90-93 given 0 pp run-off.





Roadshows and conferences post Q2 2017 results

Date	Location	Participants	Event	Arranged by
23 August	Oslo	CEO Helge Leiro Baastad CFO Jostein Amdal Head of IR Janne Flessum IRO Katharina Hesbø	Group lunch Roadshow	DNB
24 August	Stockholm	CEO Helge Leiro Baastad Head of IR Janne Flessum	Roadshow	Pareto
30 August	Amsterdam	Head of IR Janne Flessum	Roadshow	ABG
31 August	Milano - Lugano	Head of IR Janne Flessum	Roadshow	KBW
6 September	Paris	CEO Helge Leiro Baastad Head of IR Janne Flessum	Roadshow	HSBC
6-7 September	Zurich - Geneve	CFO Jostein Amdal IRO Katharina Hesbø	Roadshow	Danske Bank
11 September	Oslo	Group management Head of IR Janne Flessum IRO Katharina Hesbø	Sell-side analyst meeting	Gjensidige
19 September	Stavanger - Bergen	CFO Jostein Amdal IRO Katharina Hesbø	Roadshow	Arctic
26 September	London	CEO Helge Leiro Baastad Head of IR Janne Flessum	BofAML Financials CEO Conference	BofAML



Appendix



General insurance – cost ratio and loss ratio per segment



Private



Commercial



Nordic



Baltics

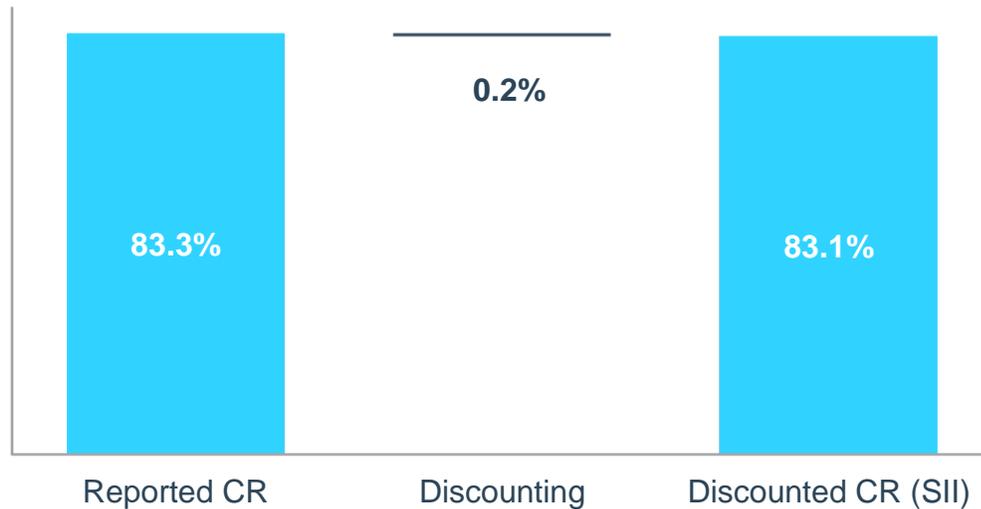




Effect of discounting of claims provisions

Assuming Solvency II regime

Effect of discounting on CR – Q2 2017



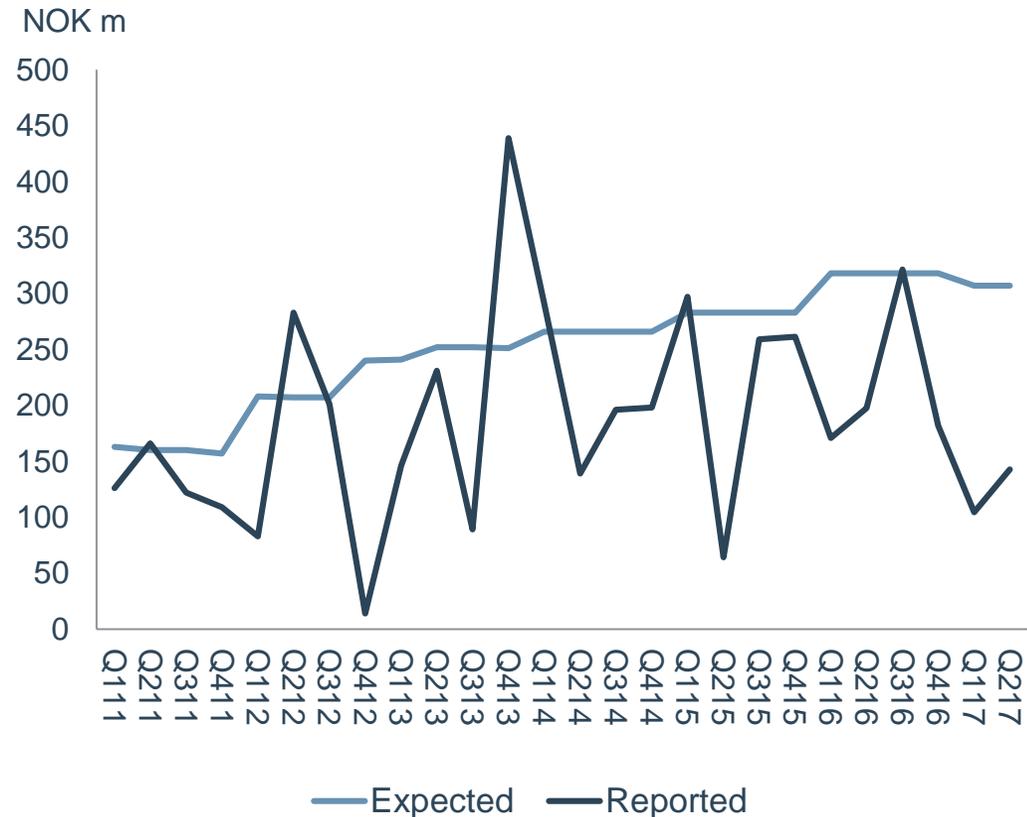
Assumptions

- Only claims provisions are discounted (i.e. premium provisions are undiscounted)
- Swap rates in Norway, Sweden and Denmark
- Euroswap rates in the Baltic countries

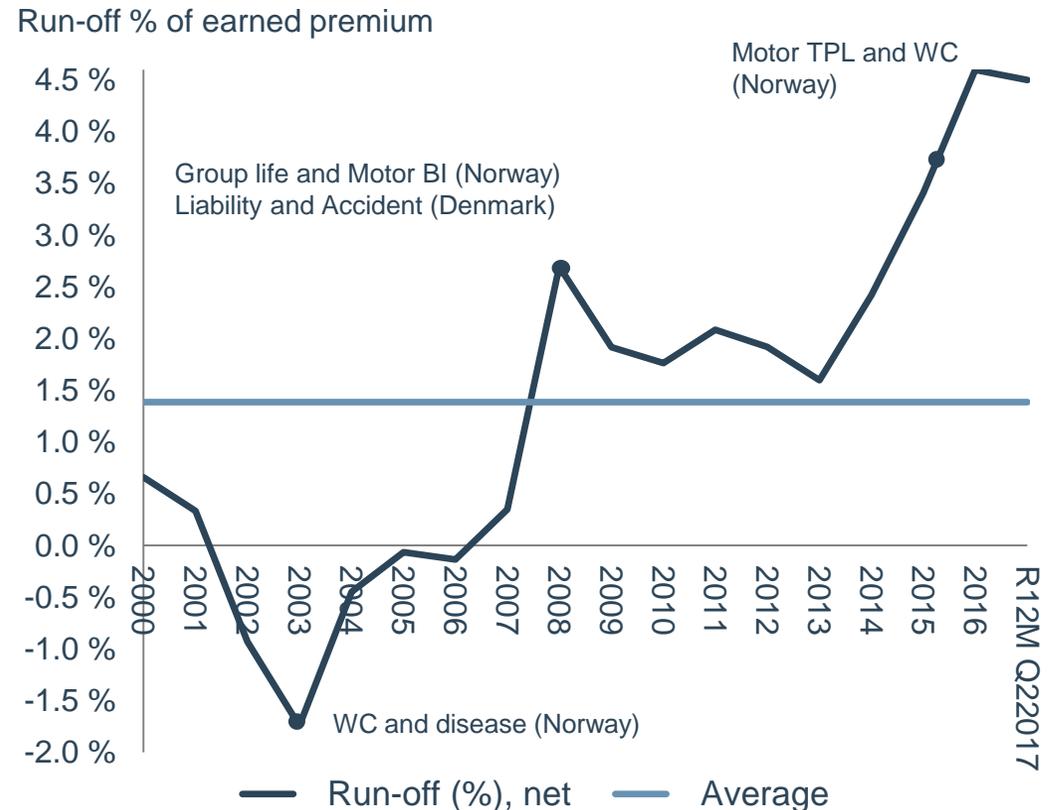


Large losses and run-off development

~ NOK 1.2bn in large losses* expected annually



Expected annual run-off gains of ~4 pp next 2.5-4.5 years

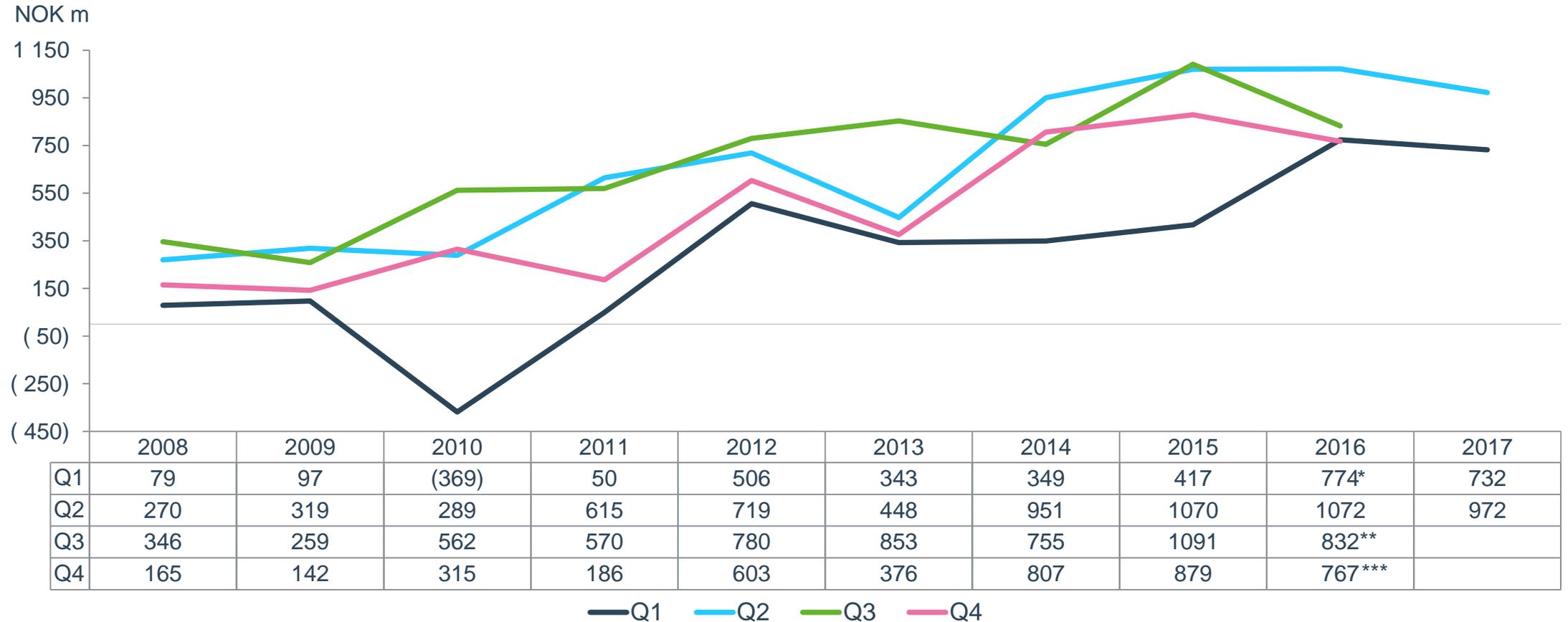


* Losses >NOK 10m. From and including 2012, the numbers include weather related large losses.



Quarterly underwriting results

General Insurance



*Reported UW result for Q1 2016 was NOK 1,251m. Adjusted for a non-recurring income of NOK 477m related to the pension plans, the UW result was NOK 774m.

** Reported UW result for Q3 2016 was NOK 712m. Adjusted for a non-recurring NOK 120m restructuring cost the UW result was NOK 832m.

*** Reported UW result for Q4 2016 was NOK 700m. Adjusted for a non-recurring NOK 44m increase in provision for restructuring cost and NOK 23m provision for increased pay-roll tax the UW result was NOK 767m



Investment strategy supporting high and stable nominal dividends

- Match portfolio
 - Duration and currency matching versus technical provisions (undiscounted)
 - Credit element for increased returns
 - Some inflation hedging
- Free portfolio
 - Compounding and focused on absolute returns
 - Dynamic risk management
 - Tactical allocation
 - Active management fixed income and equities
 - Normal risk premiums basis for asset allocation and use of capital

Key characteristics

- Limited risk appetite
- Currency hedging vs NOK ~ 100%
 - Limit +/- 10% per currency
- Marked-to-market recognition
 - Except bonds at amortised cost
- Stable performance





Investment portfolio

- asset classes and relevant benchmarks

Asset class	Investments, key elements*	Benchmark
Match portfolio		
Money market	Norwegian money market	ST1X index
Bonds at amortised cost	Government and corporate bonds	EXOGEN
Current bonds	Mortgage, sovereign and corporate bonds, investment grade bond funds and loan funds containing secured debt	IBOX COR 1-3 yrs QW5C index
Free portfolio		
Money market	Norwegian money market	ST1X index
Other bonds	IG bonds in internationally diversified funds externally managed and current bonds	Global Agg Corp LGCPTRUH index
High Yield bonds	Internationally diversified funds externally managed	BOAML global HY HWIC index
Convertible bonds	Internationally diversified funds externally managed	BOAML global 300 conv VG00 index / EXOGEN
Current equities	Mainly internationally and domestic diversified funds externally managed	MSCIAC NDUEACWF index
PE funds	Oil/ oil-service/ general (Norwegian and Nordic funds)	OSEBX index / oil price
Property	50% of Oslo Areal	IPD index Norway / EXOGEN
Other	Miscellaneous	

*See quarterly report for a more detailed description

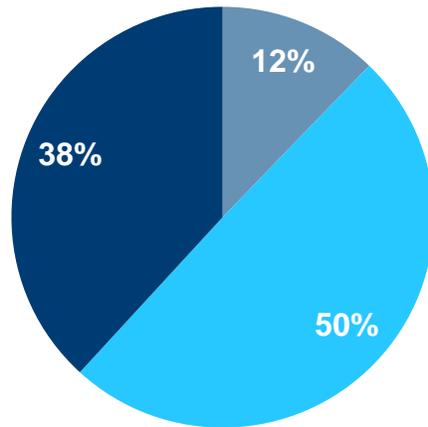


Asset allocation

As at 30.06.2016

Match portfolio

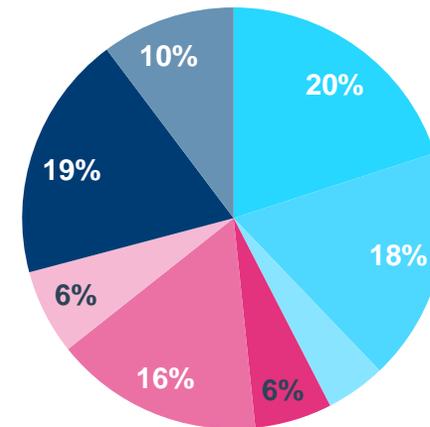
- Carrying amount: NOK 34.5bn
- Average duration: 3.5 years



- Money market
- Bonds at amortised cost
- Current bonds

Free portfolio

- Carrying amount: NOK 18.2bn
- Average duration fixed-income instruments: 2.1 years

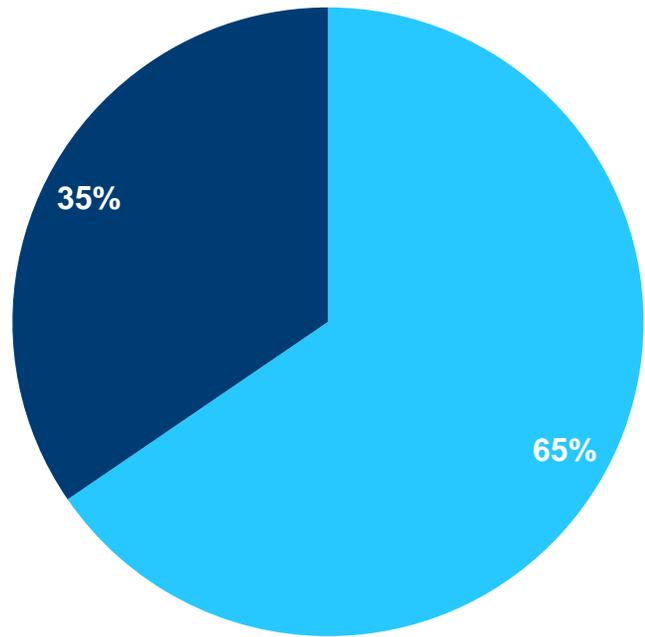


- Money market
- High Yield
- Current equities
- Property
- Other bonds
- Convertible bonds
- PE-funds
- Other



Stable contribution from the match portfolio

Asset allocation as at 30.06.2017



■ Match portfolio ■ Free portfolio

Quarterly investment returns*



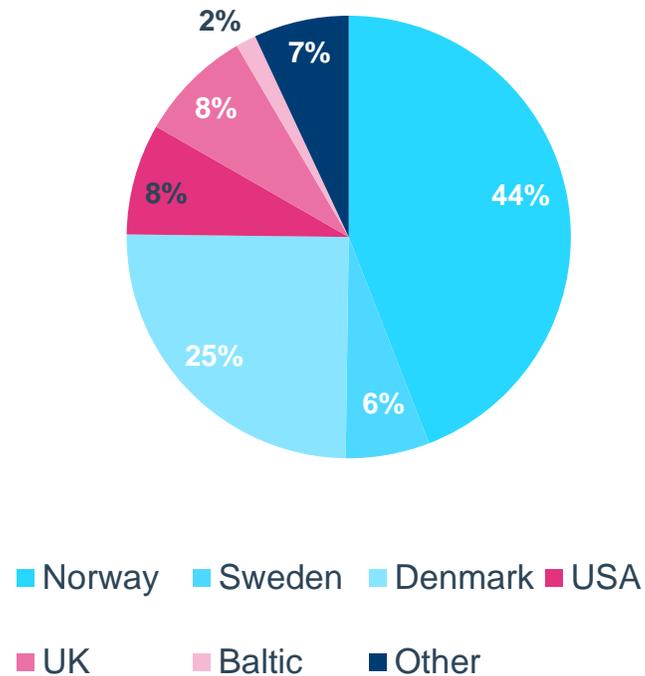
— Match portfolio — Free portfolio *

* Prior to 2014 former associated companies were not included in the Free portfolio.

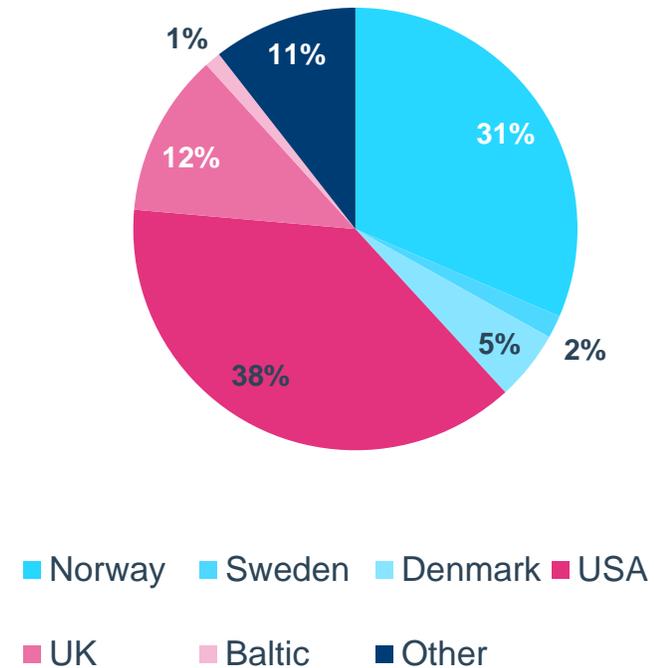


Balanced geographical exposure

Match portfolio



Free portfolio, fixed-income instruments





Credit and counterparty risk

Credit exposure

- The portfolio consists mainly of securities in rated companies with high creditworthiness (Investment grade)
- Issuers with no official rating are mainly Norwegian savings banks, municipalities, credit institutions and power producers and distributors

Total fixed income portfolio

Split - Rating	Match portfolio		Free portfolio	
	NOK bn	%	NOK bn	%
AAA	11.6	33.4	0.8	9.6
AA	3.4	9.9	1.1	12.9
A	5.4	15.5	2.4	27.2
BBB	1.8	5.1	1.8	20.6
BB	0.5	1.5	0.5	6.2
B	1.7	5.0	0.5	6.1
CCC or lower	0.0	0.0	0.1	1.0
Internal rating*	7.1	20.6	0.8	8.7
Unrated	3.2	9.1	0.7	7.8
Fixed income portfolio	34.6	100.0	8.8	100.0

Split - Counterparty	Match portfolio		Free portfolio	
	NOK bn	%	NOK bn	%
Public sector	3.8	11.1	0.9	10.5
Bank/financial institutions	18.5	53.5	4.2	47.1
Corporates	12.3	35.4	3.7	42.4
Total	34.6	100.0	8.8	100.0



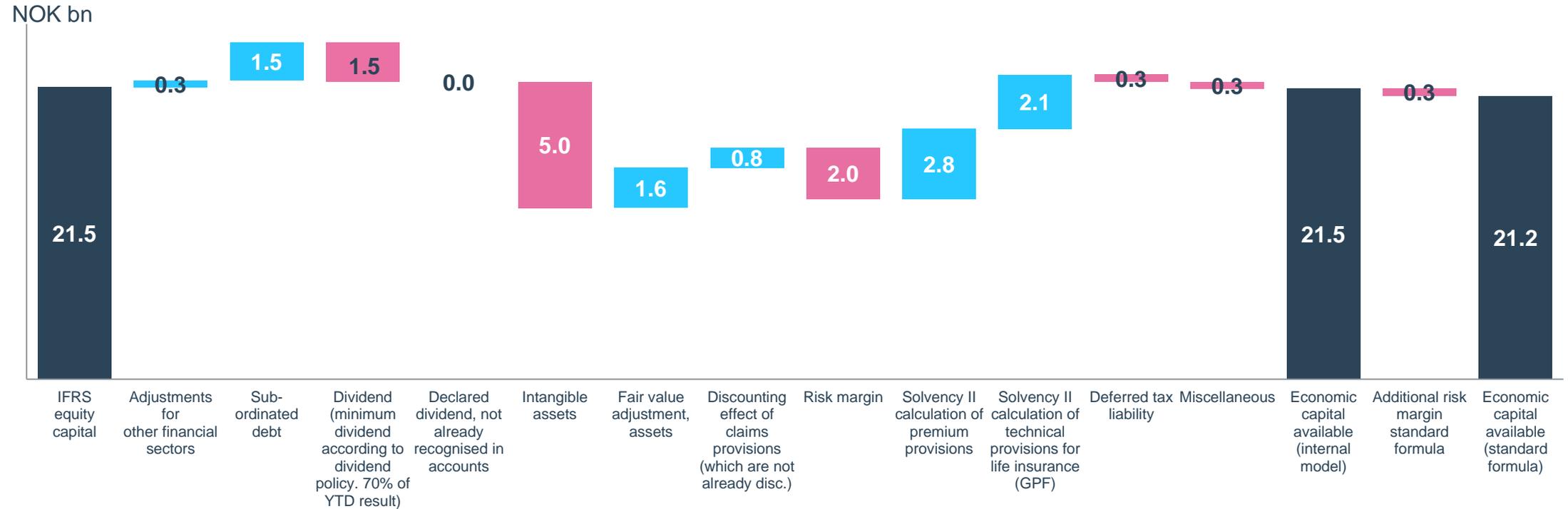
Overview capitalisation

(NOK bn)	SF (Group)	SF (general insurance)	PIM (Group)	PIM (general insurance)	Rating model (general insurance)	Gjensidige Bank	Gjensidige Pensjonsforsikring
Capital available	21.2	15.1	21.5	15.4	15.3	3.9	2.0
Capital requirement	14.7	10.0	12.5	7.8	14.0	3.7	1.5
Solvency margin	144%	151%	171%	198%	110%	104%	129%

Figures as at 30.06.2017. The Solvency II regulation is principle based. Calculations are based on Gjensidige's understanding of the Solvency II regulation and how it is implemented in Norway, including the current view of the Norwegian FSA on the guarantee provision. If the Guarantee provision had been treated as solvency capital, the Group's PIM and SF solvency margins would be 174% and 147%, respectively. The figures related to the S&P rating model are based on Gjensidige's interpretations of the model. The figures are adjusted for a formulaic dividend pay-out ratio of 70 per cent of net profit. Allocation of capital to Gjensidige Bank is based on 16.5 per cent capital adequacy ratio.



Solvency II economic capital available



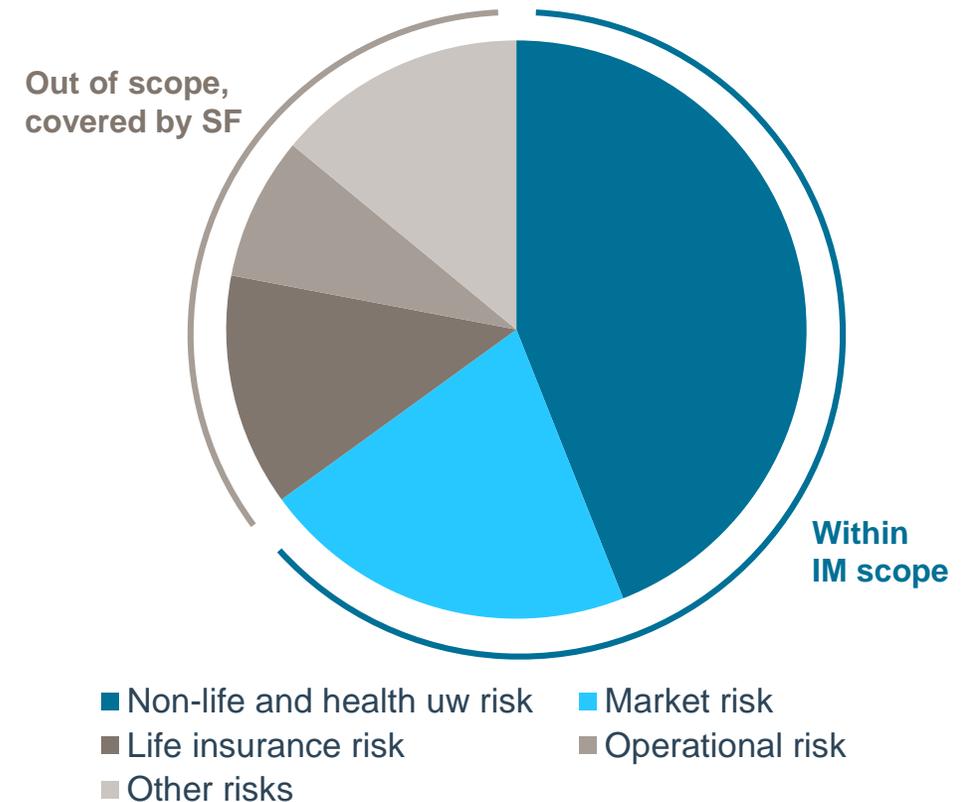
Figures as at 30.06.2017. GPF = Gjensidige Pensjonsforsikring. The Solvency II regulation is principle based. Calculations are based on Gjensidige's understanding of the Solvency II regulation and how it is implemented in Norway, including the current view of the Norwegian FSA on the guarantee provision. Deferred tax: All differences in valuation of assets and liabilities are adjusted for tax. No tax is assumed on the security provision. Miscellaneous: Main effects are related to the guarantee scheme provision and different valuation of Oslo Areal



Solvency II capital requirements

NOK bn	PIM	SF
Capital available	21.5	21.2
Capital charge for non-life and health uw risk	6.3	8.0
Capital charge for life uw risk	1.5	1.5
Capital charge for market risk	6.8	7.2
Capital charge for counterparty risk	0.5	0.5
Diversification	-4.8	-4.0
Basic SCR	10.3	13.2
Operational risk	1.0	1.0
Adjustments (risk-reducing effect of deferred tax)	-2.5	-3.2
Gjensidige Bank	3.7	3.7
Total capital requirement	12.5	14.7
Surplus	8.9	6.4
Solvency ratio	171 %	144 %

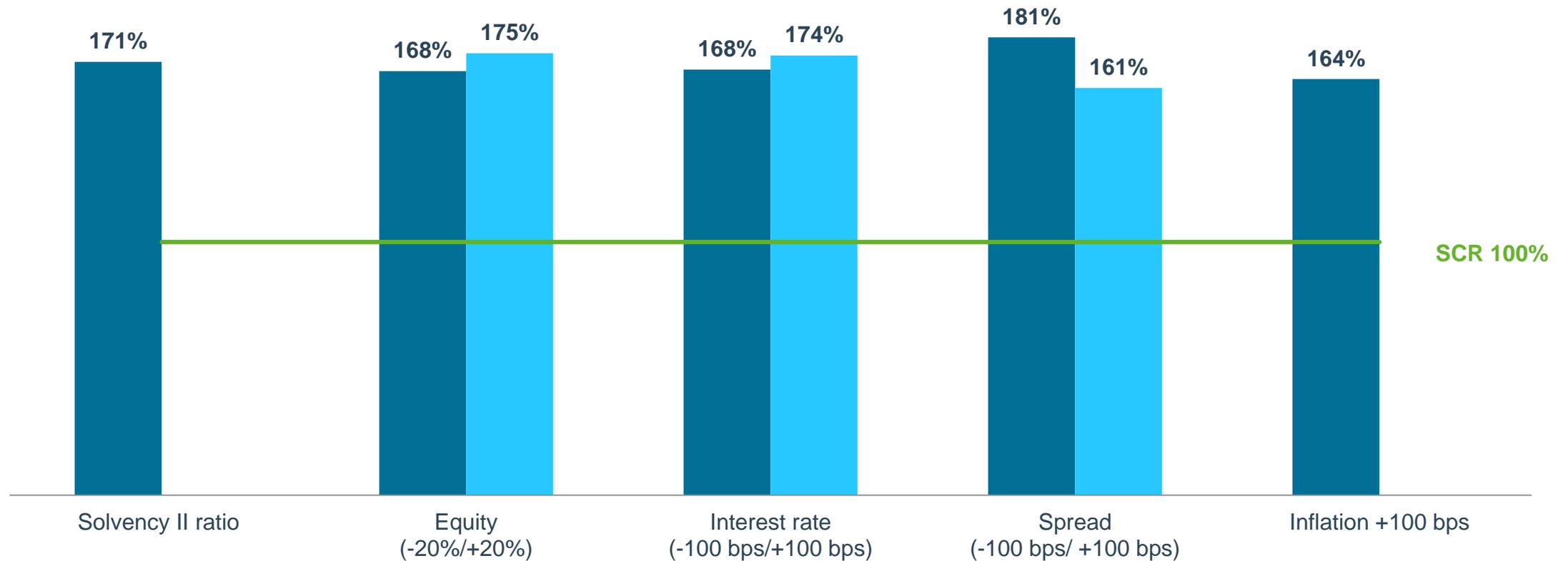
Scope internal model



Figures as at 30.06.2017 The Solvency II regulation is principle based. Calculations are based on Gjensidige's understanding of the Solvency II regulation and how it is implemented in Norway, including the current view of the Norwegian FSA on the guarantee provision. If the Guarantee provision had been treated as solvency capital, the Group's PIM and SF solvency margins would 174% and 147%, respectively. The figures are adjusted for a formulaic dividend pay-out ratio of 70 per cent of net profit. Allocation of capital to Gjensidige Bank is based on 16.5 per cent capital adequacy ratio. Pie chart is based on allocated capital for the specified risk types within the Gjensidige Group excl. Gjensidige Bank.



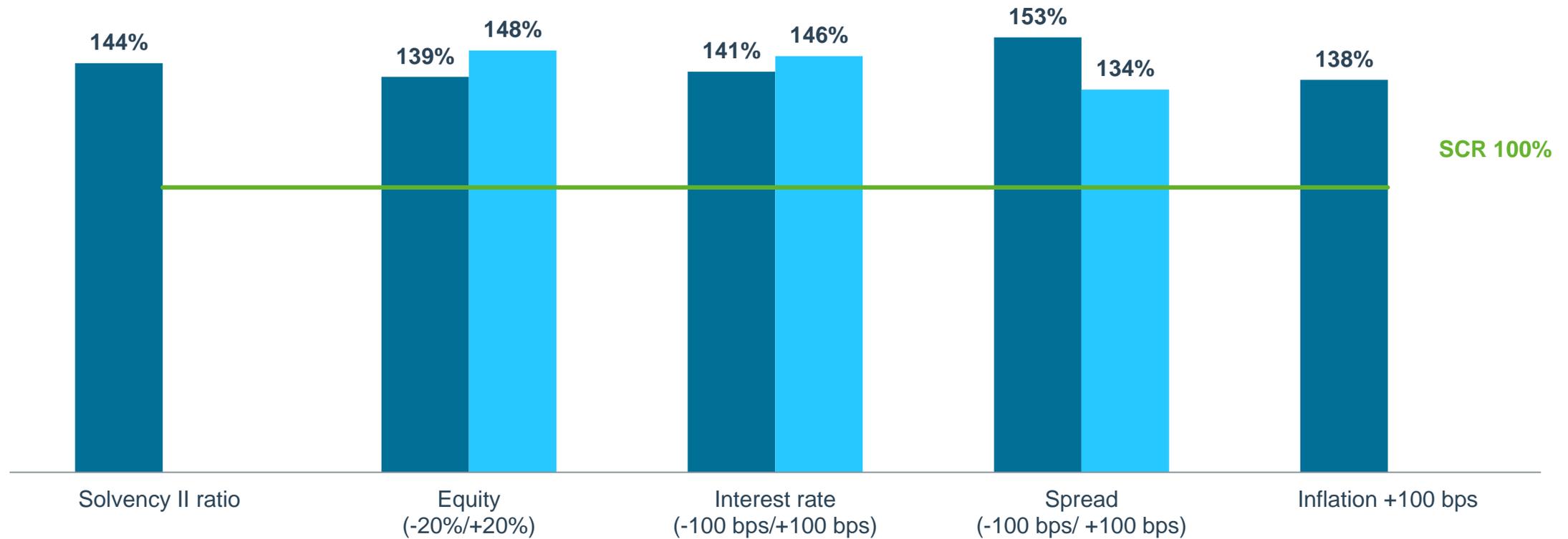
Solvency II sensitivities PIM



Figures as at 30.06.2017. Calculations are based on Gjensidige's understanding of the Solvency II regulation and how it is implemented in Norway, including the current view of the Norwegian FSA on the guarantee provision. If the Guarantee provision had been treated as solvency capital, the Group's PIM solvency margin would be 174%. Total comprehensive income is included in the calculations, minus a formulaic dividend pay-out ratio of 70 per cent of net profit. UFR-sensitivity is very limited.



Solvency II sensitivities SF

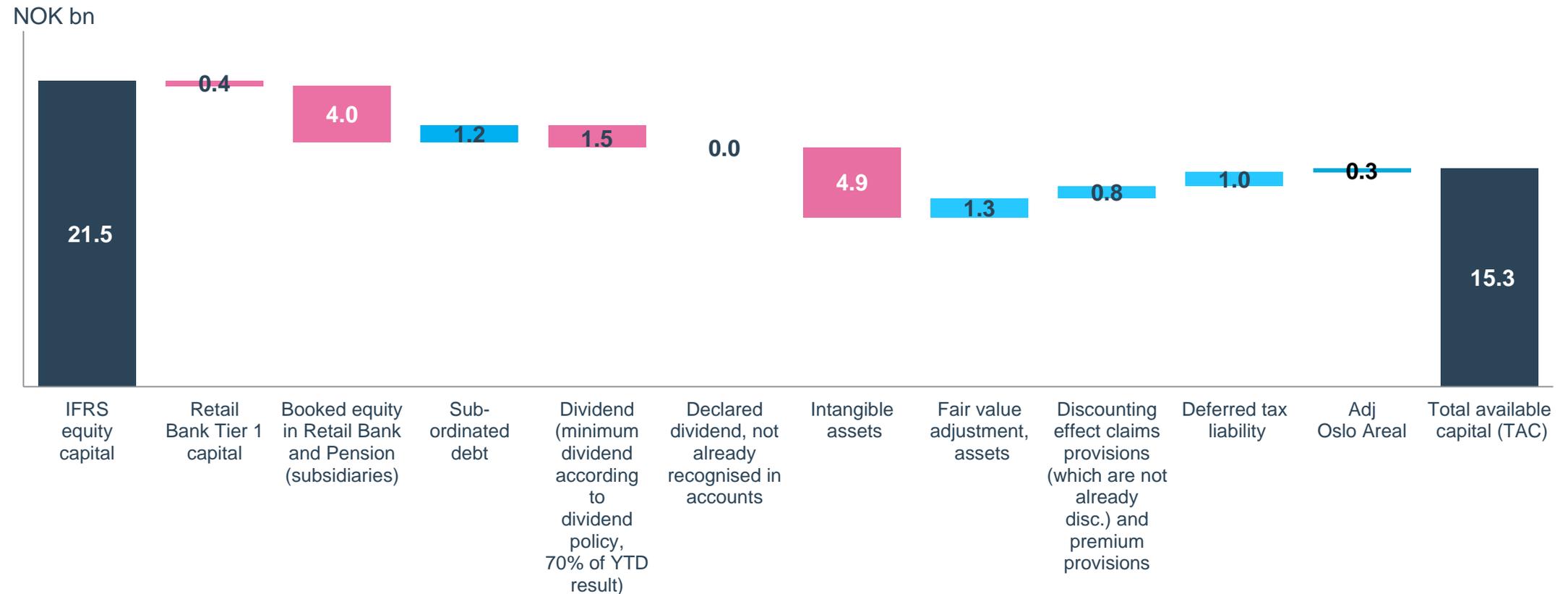


Figures as at 30.06.2017. Calculations are based on Gjensidige's understanding of the Solvency II regulation and how it is implemented in Norway, including the current view of the Norwegian FSA on the guarantee provision. If the Guarantee provision had been treated as solvency capital, the Group's SF solvency margin would be 147%. Total comprehensive income is included in the calculations, minus a formulaic dividend pay-out ratio of 70 per cent of net profit. UFR-sensitivity is very limited.



S&P total available capital

Bridging the gap between IFRS equity and available capital



Figures as at 30.06.2017. The figures related to the S&P rating model are based on Gjensidige's interpretations of the model. Note that the rating perspective is based on the balance sheet of the Group's general insurance operations.



S&P capital requirement

	NOK bn
Total capital charge for asset risk	6.9
Total capital charge for insurance risk	8.9
Total gain diversification	(1.1)
Quantitative credit	(0.7)
Total capital requirement A-rating	14.0

Figures as at 30.06.2017. The figures related to the S&P rating model are based on Gjensidige's interpretations of the model. Note that the rating perspective is based on the balance sheet of the Group's general insurance operations.



Subordinated debt capacity

Principles for capacity

	Intermediate Equity Content		Constraint
S&P	25% of TAC		For the general insurance group, both Solvency II Tier 1 and Tier 2 instruments are classified as Intermediate Equity Content. Capital must be regulatory eligible in order to be included.
	T1	T2	Constraint
SII	Max 20% of Tier 1 capital	Max 50% of SCR less other T2 capital items	Must be satisfied at group and solo level

Capacity and utilisation

- Tier 1 remaining capacity is NOK 1.6bn
 - Utilised Tier 1 debt capacity: NOK 1.0bn
- Tier 2 capacity is fully utilised for the insurance group assuming PIM approval
 - Utilised sub debt: NOK 1.5bn*
 - Utilised natural perils fund and guarantee scheme: NOK 3.0bn

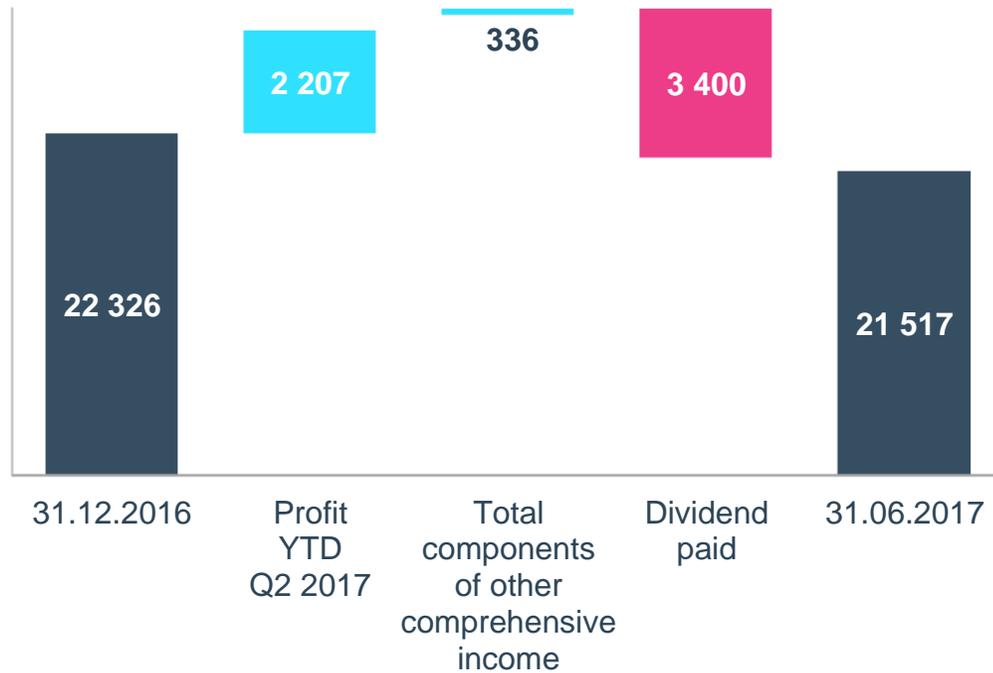
Figures as at 30.06.2017. The Solvency II regulation is principle based. Calculations are based on Gjensidige's understanding of the Solvency II regulation and how it is implemented in Norway. However, the FSA's view on the Guarantee provision as a liability for solvency purposes has not been reflected in the debt capacity figures, as Gjensidige still assumes that the Guarantee provision will count as solvency capital.

* Sub debt Gjensidige Forsikring ASA NOK 1.2bn, Gjensidige Pensjonsforsikring NOK 0.3bn

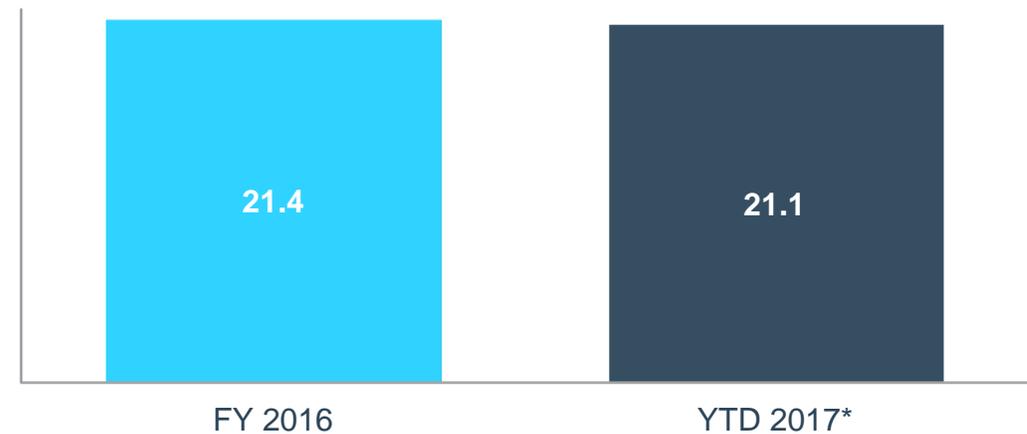


Annualised return on equity 21.1 per cent

Equity (NOK m)



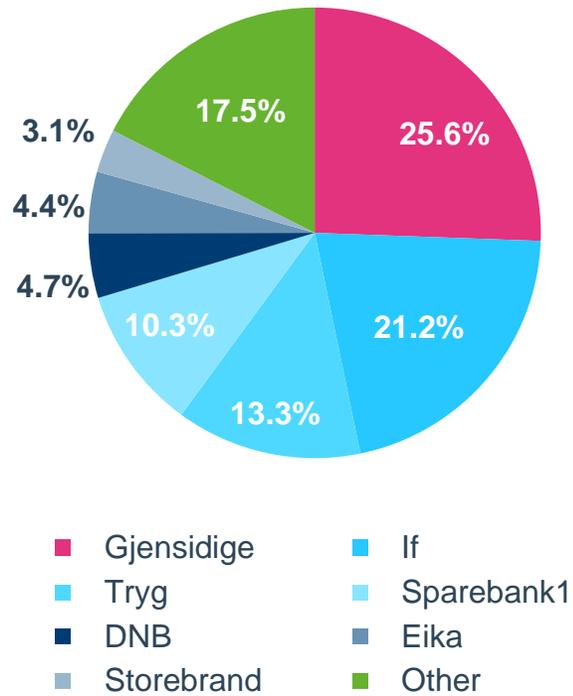
Return on equity (%)



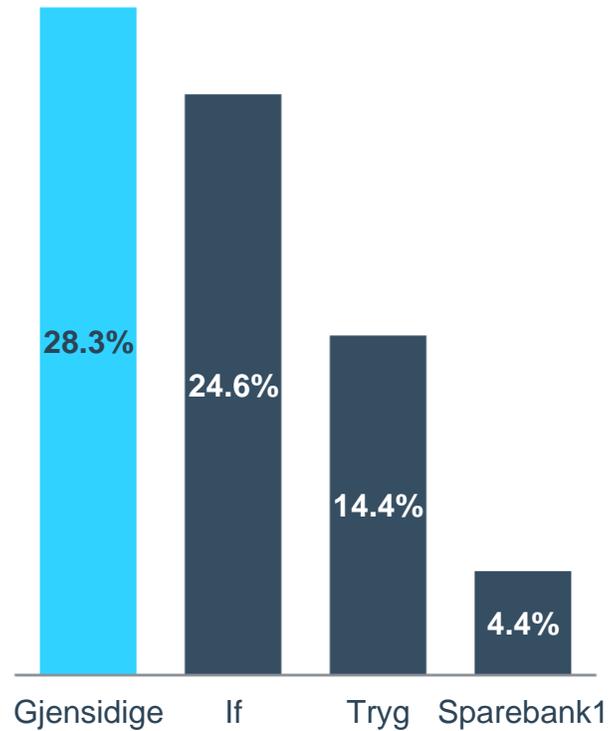


Market leader in Norway

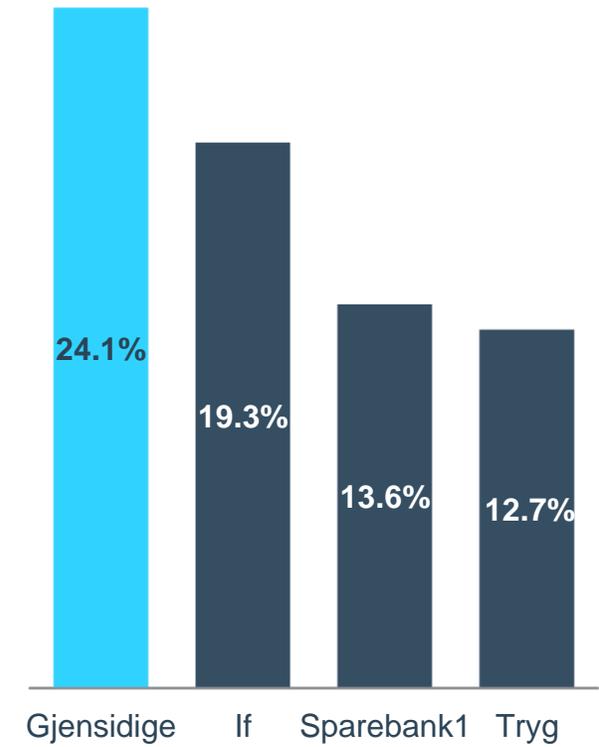
Market share – Total market



Market share – Commercial



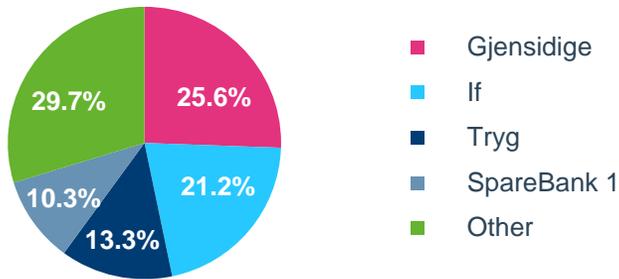
Market share – Private



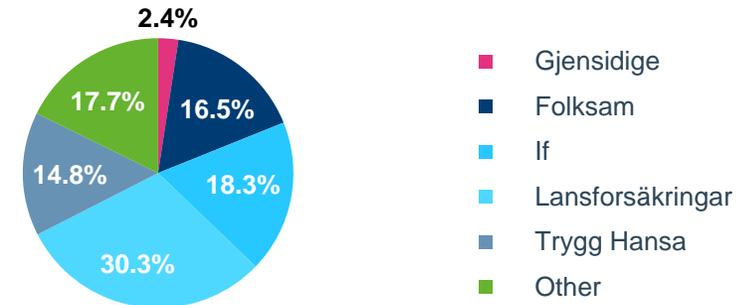


Nordic and Baltic growth opportunities

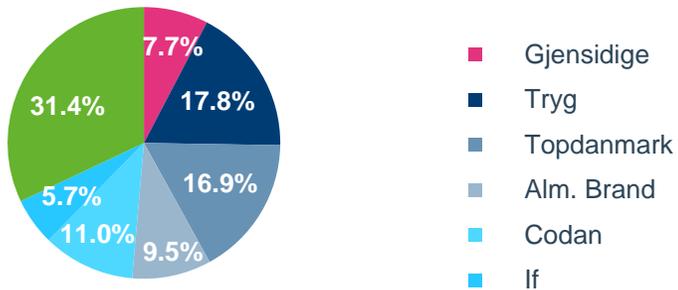
Market shares Norway



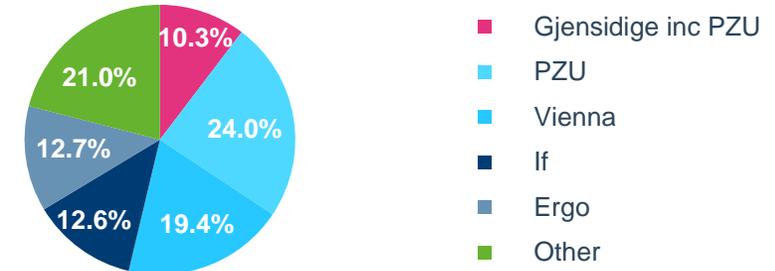
Market shares Sweden



Market shares Denmark



Market shares Baltics



Sources: Finance Norway, 1st quarter 2017. Insurance Sweden, 1st quarter 2017 (Gjensidige including Vardia), The Danish Insurance Association 2nd quarter 2016 (Gjensidige including Mølholm). Baltics Insurance Supervisory Authorities of Latvia and Lithuania, Estonia Statistics, competitor reports, and manual calculations, 1st quarter 2017

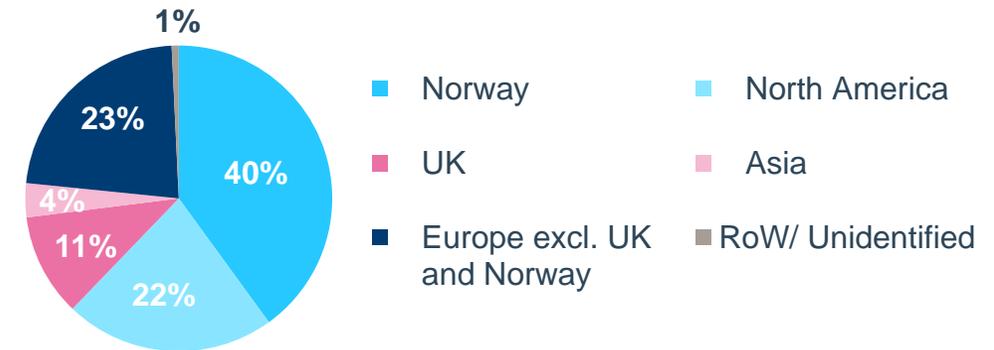


Ownership

10 largest shareholders*

No	Shareholder	Stake (%)
1	Gjensidigestiftelsen	62.2
2	Folketrygdfondet	3.9
3	Deutsche Bank	3.8
4	Caisse de Depot et Placement du Quebec	3.3
5	Danske Bank	2.8
6	BlackRock	1.8
7	KLP	1.0
8	State Street Corporation	0.8
9	The Vanguard Group	0.8
10	Safe Investment Company	0.6
Total 10 largest		81.0

Geographical distribution of shares**



Gjensidige Foundation ownership policy:

- Long term target holding: >60%
- Can accept reduced ownership ratio in case of acquisitions and capital issues when in accordance with Gjensidige's overall strategy

* Shareholder list based on analysis performed by Orient Capital Ltd of the register of shareholders in the Norwegian Central Securities Depository (VPS) as per 31 March 2017. This analysis provides a survey of the shareholders who are behind the nominee accounts. There is no guarantee that the list is complete. ** Distribution of shares excluding share held by the Gjensidige Foundation (Gjensidigestiftelsen).



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In addition to the financial statements according to IFRS, Gjensidige uses different alternative performance measures (APM) to present the business in a more relevant way for its different stakeholders. The alternative performance measures have been used consistent over time, and relevant definitions have been disclosed in the quarterly reports. Comparable figures are provided for all alternative performance measures in the quarterly reports.

Notes



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