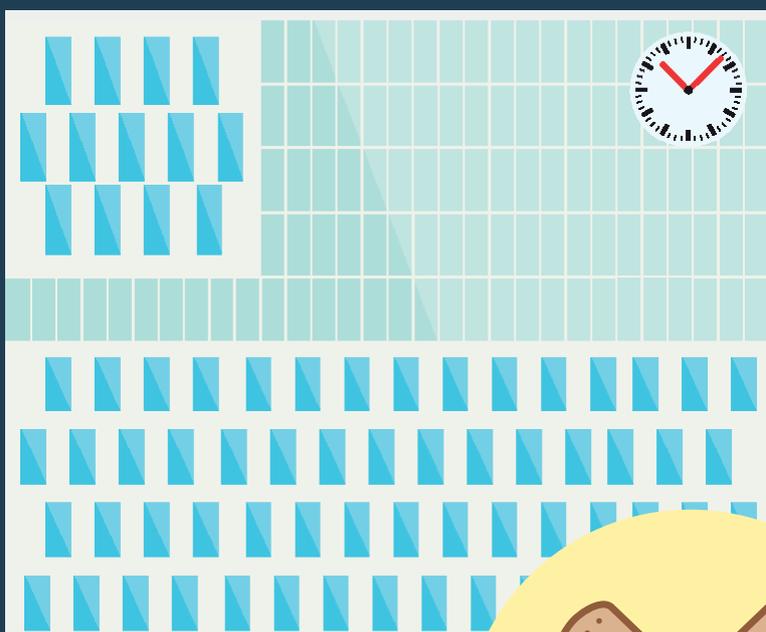




Gjensidige

Interim Report 2nd quarter and first half-year 2014

Gjensidige Insurance Group



Group highlights

First half-year and second quarter 2014

In the following, figures in brackets indicate the amount or percentage for the corresponding period last year.

The year to date

Group

- Profit/loss before tax expense: NOK 2,903.9 million (1,617.6)
- Profit per share: NOK 4.46 (2.42)

General Insurance

- Earned premiums: NOK 9,968.8 million (9,103.7)
- Underwriting result: NOK 1,300.1 million (791.4)
- Combined ratio: 87.0 (91.3)
- Cost ratio: 15.1 (15.5)
- Financial result: NOK 1,507.0 million (777.5)

Second quarter

Group

- Profit/loss before tax expense: NOK 1,747.9 million (1,076.9)
- Profit per share: NOK 2.61 (1.78)

General Insurance

- Earned premiums: NOK 5,061.5 million (4,646.6)
- Underwriting result: NOK 951.0 million (448.5)
- Combined ratio: 81.2 (90.3)
- Cost ratio: 14.9 (15.3)
- Financial result: NOK 744.6 million (604.6)

Profit performance Group

NOK million	2 q. 2014	2 q. 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
General Insurance Private	471.4	292.6	750.1	511.2	1,305.5
General Insurance Commercial	372.4	190.1	542.0	342.9	992.9
General Insurance Nordic	165.9	106.3	271.7	170.9	342.3
General Insurance Baltics	7.7	9.4	1.2	11.1	35.7
Corporate Centre/costs related to owner	(83.8)	(74.2)	(157.0)	(151.8)	(299.4)
Corporate Centre/reinsurance ¹	17.5	(75.8)	(107.9)	(92.9)	(357.4)
Underwriting result general insurance²	951.0	448.5	1,300.1	791.4	2,019.6
Pension and Savings	19.7	13.6	40.6	23.3	49.9
Retail Bank	71.6	43.1	133.5	91.0	191.0
Financial result from the investment portfolio ³	744.6	604.6	1,507.0	777.5	2,480.9
Amortisation and impairment losses of excess value – intangible assets	(36.0)	(32.4)	(72.5)	(63.9)	(161.7)
Other items	(3.0)	(0.4)	(4.8)	(1.7)	(5.5)
Profit/(loss) for the period before tax expense	1,747.9	1,076.9	2,903.9	1,617.6	4,574.1
Key figures general insurance					
Large losses ⁴	139.1	231.3	429.7	377.7	906.6
Run-off gains/(losses) ⁵	89.1	28.5	152.6	62.2	299.6
Loss ratio ⁶	66.3 %	75.1 %	71.9 %	75.8 %	74.0 %
Cost ratio ⁷	14.9 %	15.3 %	15.1 %	15.5 %	15.3 %
Combined ratio ⁸	81.2 %	90.3 %	87.0 %	91.3 %	89.2 %

¹ Large losses in excess of NOK 30.0 million are charged to the Corporate Centre, while claims of less than NOK 30.0 million are charged to the segment in which the large losses occurred. The segment Baltics has, as a main rule, a retention level of EUR 0.5 million. Large losses allocated to the Corporate Centre amounted to NOK 51.2 million (114.4) year to date and NOK 10.3 million (83.4) in the quarter. Moreover, accounting items related to written reinsurance and reinstatement premium are included.

² Underwriting result general insurance = earned premiums - claims incurred etc. - operating expenses

³ Excluding return on financial assets in Pension and Savings and Retail Bank.

⁴ Large losses = loss events in excess of NOK 10.0 million. Expected large losses for the quarter was NOK 266.0 million.

⁵ Run-off gains/(losses) = changes in estimates from earlier periods. Reserving is based on best estimate, and expected run-off result over time is zero.

⁶ Loss ratio = claims incurred etc./earned premiums

⁷ Cost ratio = insurance related operating expenses/earned premiums

⁸ Combined ratio = loss ratio + cost ratio

Solid growth in premiums and record strong underwriting result

Group profit performance

Year to date development

Gjensidige Insurance Group recorded a profit before tax expense of NOK 2,903.9 million (1,617.6). The profit from general insurance operations measured by the underwriting result was NOK 1,300.1 million (791.4). For the investment portfolio, the return on financial assets was 2.6 per cent (1.4), or NOK 1,507.0 million (777.5).

The tax expense amounted to NOK 676.0 million (409.7), corresponding to an effective tax rate of 23.3 per cent (25.3). The effective tax rate is influenced to a large extent by realised and unrealised gains from equity investments in the EEA.

The profit after tax expense was NOK 2,227.8 million (1,207.9), corresponding to NOK 4.46 (2.42) per share.

The underwriting result was positively influenced by a solid 9.5 per cent growth in premiums, favourable underlying frequency claims development and good cost control. This was largely due to a favourable weather situation, combined with good control of customer and risk selection and pertaining risk pricing.

Earned premiums in the Private segment increased by 5.2 per cent in the first half-year compared with the corresponding period last year, mainly as a result of premium increases. The underwriting result increased as a result of a positive frequency claims development.

Earned premiums in the Commercial segment increased by 4.4 per cent as a result of growth in both the Norwegian and Swedish portfolios. Good underlying frequency claims development contributed to the increase in the underwriting result.

In the Nordic segment, earned premiums increased by 32.5 per cent (21.0 per cent in local currency), primarily as a result of new portfolios (Gouda and Solid) acquired in 2013 and growth in the number of commercial customers. The underwriting result was better than in the corresponding period last year, mainly as a result of growth in premiums and a favourable frequency claims development.

The growth in premiums in the Baltics segment was 10.5 per cent (0.8 per cent in local currency). The underwriting result was weaker than in the corresponding period last year, largely as a result of a weaker run-off result.

The Retail Bank's profit performance was good in the period, driven by volume growth and efficient operations. Pension and Savings also recorded a positive profit performance.

The investment portfolio yielded a higher return than in the same period last year, also when adjusted for the impairment loss on the Storebrand investment in the first quarter 2013. With the exception of convertible bonds, other asset classes in the free portfolio contributed to the increased return.

Development during the quarter

The Group recorded a profit before tax expense for the quarter of NOK 1,747.9 million (1,076.9). The profit from general insurance operations measured by the underwriting result was NOK 951.0 million (448.5). For the investment portfolio, the return on financial assets was 1.3 per cent (1.1), or NOK 744.6 million (604.6). The profit after tax expense was NOK 1,304.8 million (891.3), corresponding to NOK 2.61 (1.78) per share.

The record strong underwriting result was driven by solid 8.9 per cent growth in premiums, good underlying frequency claims development and a low proportion of large losses. Both the Retail Bank and Pension and Savings have improved their profit performance since the same period last year as a result of volume growth. The financial result in the quarter was satisfactory.

Equity and capital adequacy

The Group's equity amounted to NOK 21,879.7 million (23,680.5) at the end of the period. The annualised return on equity before tax expense year to date was 23.9 per cent (13.1). The capital adequacy was 19.1 per cent (16.3), and the solvency margin was 352.9 per cent (542.2). The lower solvency margin is largely due to the reclassification of the investment in

SpareBank 1 SR-Bank from associated company to ordinary equity investment.

Available capital in excess of the risk-based requirement calculated using the Group's internal model constitutes the Group's economic excess capital. In addition, a deduction is made for the higher of the calculated additional capital required to maintain the current rating (including a five per cent buffer) and the capital required to meet the statutory capital adequacy requirements. Any additional capital represents a strategic buffer and excess capital. At the end of the period, this amounted to NOK 2.1 billion. This amount does not include the profit for the year to date.

Other matters

Capitalisation interest rate

At the end of October/beginning of November 2014, the Norwegian Supreme Court is expected to pronounce a judgment that is relevant to the stipulation of the capitalisation interest rate used when calculating the present value of claims for future losses. Approximately two to three per cent of Gjensidige's provisions for claims could be affected by a lower capitalisation interest rate than the current five per cent. A potential change in case law is one of several uncertainty factors that are taken into account when stipulating the provisions for claims.

Letter from the Financial Supervisory Authority of Norway concerning Solvency II

In a letter of 19 June 2014, the Finance Supervisory Authority has informed the Ministry of Finance about some of its assessments relating to the implementation of the Solvency II Directive in Norwegian law. Among other things, the letter contains assessments relating to the special Norwegian provisions arrangements, i.e. the natural perils fund, the guarantee scheme and security provisions. All of the above-mentioned provisions are included in the IFRS equity in the consolidated financial statements, and are thus also included in the Group's qualifying funds ¹ in the internal model and the S&P model.

According to the Financial Supervisory Authority's assessment, the natural perils fund and the guarantee scheme provision can not be part of the solvency capital. In Gjensidige's view, the economic realities must form the basis for assessing the different equity elements in a Solvency II perspective, and is therefore of the opinion that special Norwegian provisions that are actually an equity element must be treated as solvency capital. The company will endeavour that the Ministry of Finance's final decision is in line with this view. In Proposition No 125L concerning the Act relating to financial undertakings, the Ministry stated that the natural perils fund and the guarantee scheme will be dealt with as a separate matter.

In its letter, the Financial Supervisory Authority also refers to unresolved tax issues in connection with the transition to the Solvency II Directive. They are primarily related to the tax valuation of the actuarial provisions. Pursuant to the assessment principles in the Solvency II Directive, actuarial provisions are expected to be a lower amount. They also include the security provision, which is included as part of the actuarial provisions in both the company and tax accounts. Pursuant to current practice, the same value is used for the actuarial provisions in the company and tax accounts. If the tax valuation of the actuarial provisions is adapted to the assessment principles set out in the Solvency II Directive, this could have significant tax consequences.

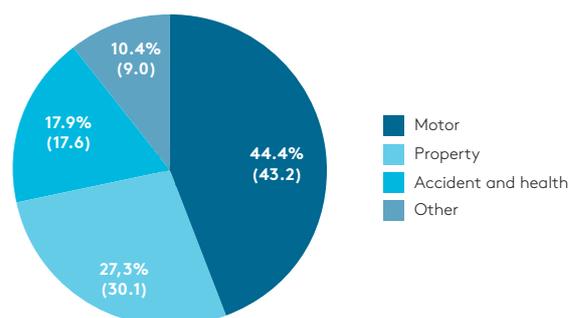
The A rating from Standard & Poor's is the most binding capital requirement for Gjensidige. Assuming that the internal model is approved for use in the solvency calculations, this is also expected to be the case after the Solvency II Directive enters into force. There is still considerable regulatory uncertainty relating to Solvency II, and allowance for this is made through the strategic buffer.

Other matters mentioned in the Financial Supervisory Authority's letter relating to the capital requirement for credit exposure to municipalities / county authorities and life insurance products in the general insurance companies are not regarded as being particularly relevant to Gjensidige.

¹ It is pointed out that deferred tax liability, including for the security provision and the guarantee scheme, will not be realised in a financially stressed situation, and that this is used as the basis for calculating qualifying funds.

Product groups Private

Earned premiums year to date (same period last year)



General Insurance Private

Year to date development

The underwriting result for the year to date increased to NOK 750.1 million (511.2). The main reason for the increase was good growth in premiums combined with a favourable frequency claims development. The combined ratio was 81.1 (86.4).

Earned premiums ended at NOK 3,964.0 million (3,768.2). The increase was due to premium increases. The number of customers at the end of the period was at approximately the same level as at the end of the same period in 2013, and Gjensidige's competitiveness remained good in a market characterised by somewhat increased competition.

Claims incurred amounted to NOK 2,709.2 million (2,752.2). The loss ratio was 68.3 (73.0). The motor product in particular had a lower loss ratio than in the same period last year, partly as a result of the favourable weather situation during the period, but also because of an underlying lower frequency level than is normally expected. There were only minor changes in the loss ratio for other product areas compared with the corresponding period last year.

Operating expenses amounted to NOK 504.7 million (504.9), and the cost ratio was 12.7 (13.4).

Development during the quarter

The underwriting result for the quarter increased to NOK 471.4 million (292.6). The improvement is due to a combination of higher earned premiums and a favourable frequency claims development. The combined ratio was 76.8 (84.9).

Earned premiums amounted to NOK 2,029.5 million (1,933.6). The positive trend in earned premiums was due to premium increases. Earned premiums increased in all product areas.

Claims incurred amounted to NOK 1,303.4 million (1,382.5). The loss ratio was 64.2 (71.5). The motor product in particular showed a good claims development during the period, but all the other main products also recorded a lower loss ratio than in the same period last year. The weather in the quarter was stable, with little precipitation.

Operating expenses amounted to NOK 254.6 million (258.5), and the cost ratio was 12.5 (13.4).

General Insurance Private

NOK million	2 q. 2014	2 q. 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Earned premiums	2,029.5	1,933.6	3,964.0	3,768.2	7,799.0
Claims incurred etc.	(1,303.4)	(1,382.5)	(2,709.2)	(2,752.2)	(5,466.5)
Operating expenses	(254.6)	(258.5)	(504.7)	(504.9)	(1,027.0)
Underwriting result	471.4	292.6	750.1	511.2	1,305.5
Amortisation and impairment losses of excess value – intangible assets	(3.0)	(2.4)	(6.0)	(4.8)	(9.5)
Large losses ¹	13.5	24.7	40.8	24.7	49.9
Run-off gains/(losses) ²	29.7	19.9	65.6	32.8	65.0
Loss ratio ³	64.2 %	71.5 %	68.3 %	73.0 %	70.1 %
Cost ratio ⁴	12.5 %	13.4 %	12.7 %	13.4 %	13.2 %
Combined ratio ⁵	76.8 %	84.9 %	81.1 %	86.4 %	83.3 %

¹ Large losses = loss event in excess of NOK 10.0 million. Claims incurred in excess of NOK 30.0 million per event are charged to the Corporate Centre.

² Run-off gains/(losses) = changes in estimates from earlier periods

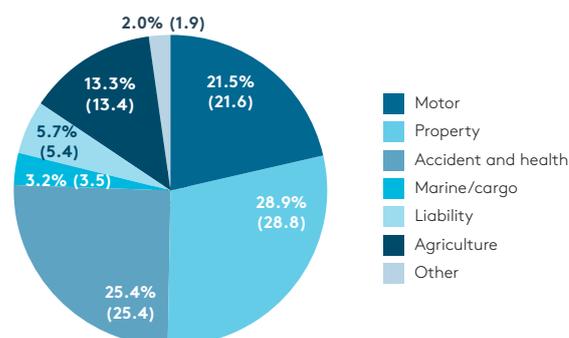
³ Loss ratio = claims incurred etc./earned premiums

⁴ Cost ratio = operating expenses/earned premiums

⁵ Combined ratio = loss ratio + cost ratio

Product groups Commercial

Earned premiums year to date (same period last year)



General Insurance Commercial

Year to date development

The underwriting result for the year to date increased to NOK 542.0 million (342.9). The increase was largely due to a combination of good growth in premiums and a good underlying frequency claims development. The combined ratio was 84.9 (90.0).

Earned premiums increased to NOK 3,593.7 million (3,441.8). Both the Norwegian and the Swedish portfolios showed a positive development. The development in earned premiums was particularly positive for the property, assets / interruption losses and liability products in Norway, and for property in Sweden. The growth was negatively affected by a deliberate reduction of the municipal portfolio. Multi-channel distribution and streamlined processes have resulted in a high level of activity in the segment.

Claims incurred amounted to NOK 2,637.3 million (2,685.5) and the loss ratio ended at 73.4 (78.0). The improvement was due to a good underlying frequency claims development for most of the main products and a favourable weather situation during the period.

Operating expenses amounted to NOK 414.4 million (413.4), which corresponds to a cost ratio of 11.5 (12.0).

Development during the quarter

The underwriting result for the quarter increased to NOK 372.4 million (190.1). The increase was due to growth in premiums combined with a good frequency claims development and a lower proportion of large losses. The combined ratio was 79.4 (89.1).

Earned premiums increased to NOK 1,810.3 million (1,744.3). The growth was particularly positive for the motor, property and assets / interruption losses products.

Claims incurred amounted to NOK 1,229.4 million (1,354.5), which corresponds to a loss ratio of 67.9 (77.7). A good frequency claims development, particularly for the property and motor products, and lower large losses, contributed to a lower loss ratio than in the corresponding period last year. The weather in the quarter was stable, with little precipitation.

Operating expenses amounted to NOK 208.5 million (199.7), and the cost ratio was 11.5 (11.4).

General Insurance Commercial

NOK million	2 q. 2014	2 q. 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Earned premiums	1,810.3	1,744.3	3,593.7	3,441.8	7,021.8
Claims incurred etc.	(1,229.4)	(1,354.5)	(2,637.3)	(2,685.5)	(5,207.6)
Operating expenses	(208.5)	(199.7)	(414.4)	(413.4)	(821.3)
Underwriting result	372.4	190.1	542.0	342.9	992.9
Large losses ¹	82.4	123.3	243.1	210.4	346.6
Run-off gains/(losses) ²	(7.9)	2.8	29.3	14.1	120.2
Loss ratio ³	67.9 %	77.7 %	73.4 %	78.0 %	74.2 %
Cost ratio ⁴	11.5 %	11.4 %	11.5 %	12.0 %	11.7 %
Combined ratio ⁵	79.4 %	89.1 %	84.9 %	90.0 %	85.9 %

¹ Large losses = loss event in excess of NOK 10.0 million. Claims incurred in excess of NOK 30.0 million per event are charged to the Corporate Centre.

² Run-off gains/(losses) = changes in estimates from earlier periods

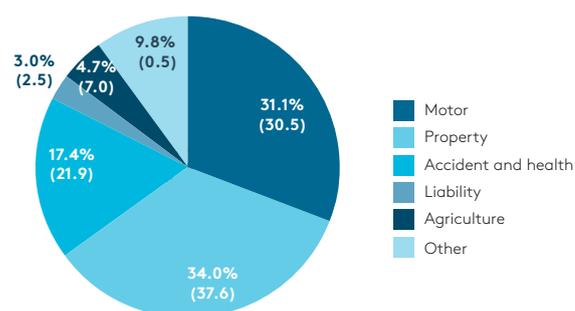
³ Loss ratio = claims incurred etc./earned premiums

⁴ Cost ratio = operating expenses/earned premiums

⁵ Combined ratio = loss ratio + cost ratio

Product groups Nordic

Earned premiums year to date (same period last year)



General Insurance Nordic

Year to date development

The underwriting result for the year to date increased to NOK 271.7 million (170.9). The increase was largely due to good growth in premiums and a better underlying frequency claims development. The combined ratio was 87.0 (89.1).

Earned premiums increased to NOK 2,084.8 million (1,573.0). Of the increase, NOK 150.7 million was due to changes in the exchange rate. The increase in premiums over and above exchange rate effects was due to the acquisition of the Gouda and Solid portfolios in 2013 and an increase in the number of new commercial customers. Earned premiums from the two acquired portfolios amounted to approximately NOK 300 million for the year to date. The integration and optimisation of the two portfolios is expected to contribute to somewhat lower earned premiums going forward.

Claims incurred amounted to NOK 1,467.8 million (1,135.2). Of the increase, NOK 108.4 million was due to changes in the exchange rate. The loss ratio was 70.4 (72.2). The lower loss ratio was largely due to an improvement in the underlying frequency claims development, especially for the motor and property products. The effect of increased run-off gains was counteracted by an increase in large losses.

Operating expenses were NOK 345.3 million (266.9). Of the increase, NOK 25.5 million was due to changes in the exchange rate. The cost ratio was 16.6 (17.0). The distribution model in Gouda means a somewhat higher proportion of commission costs, which has a negative effect on the cost ratio.

Development during the quarter

The underwriting result for the quarter increased to NOK 165.9 million (106.3). The improvement was due to a combination of higher earned premiums and a good underlying frequency claims development. The combined ratio was 84.1 (86.8).

Earned premiums amounted to NOK 1,044.7 million (808.1). Of the increase, NOK 60.4 million was due to changes in the exchange rate. The increase in premiums over and above exchange rate effects was due to the acquisition of the Gouda and Solid portfolios in 2013 and to an increase in the number of new commercial customers. Earned premiums from the two acquired portfolios amounted to approximately NOK 150 million in the quarter.

Claims incurred amounted to NOK 707.6 million (556.0). Of the increase, NOK 40.1 million was due to changes in the exchange rate. The loss ratio was 67.7 (68.8). The lower loss ratio was the result of a good underlying frequency claims development. The effect of increased run-off gains was counteracted by an increase in large losses.

Operating expenses amounted to NOK 171.2 million (145.8). Of the increase, NOK 11.2 million was due to changes in the exchange rate. The remaining increase was largely due to the acquired business. The cost ratio was 16.4 (18.0) and the underlying cost development was good.

General Insurance Nordic

NOK million	2 q. 2014	2 q. 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Earned premiums	1,044.7	808.1	2,084.8	1,573.0	3,326.4
Claims incurred etc.	(707.6)	(556.0)	(1,467.8)	(1,135.2)	(2,417.0)
Operating expenses	(171.2)	(145.8)	(345.3)	(266.9)	(567.1)
Underwriting result	165.9	106.3	271.7	170.9	342.3
Amortisation and impairment losses of excess value – intangible assets	(31.7)	(28.9)	(63.9)	(56.8)	(147.2)
Large losses ¹	32.9		92.9	24.6	132.8
Run-off gains/(losses) ²	53.6	15.8	108.1	32.0	130.8
Loss ratio ³	67.7 %	68.8 %	70.4 %	72.2 %	72.7 %
Cost ratio ⁴	16.4 %	18.0 %	16.6 %	17.0 %	17.0 %
Combined ratio ⁵	84.1 %	86.8 %	87.0 %	89.1 %	89.7 %

¹ Large losses = loss event in excess of NOK 10.0 million. Claims incurred in excess of NOK 30.0 million per event are charged to the Corporate Centre.

² Run-off gains/(losses) = changes in estimates from earlier periods

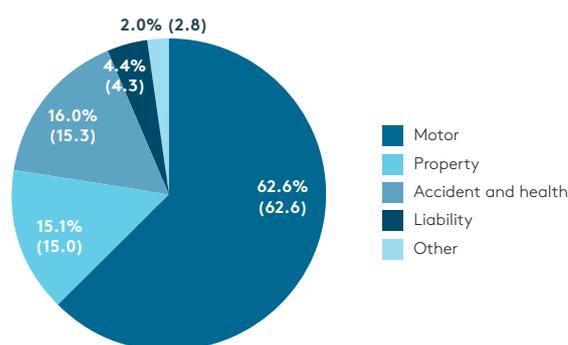
³ Loss ratio = claims incurred etc./earned premiums

⁴ Cost ratio = operating expenses/earned premiums

⁵ Combined ratio = loss ratio + cost ratio

Product groups Baltics

Earned premiums year to date (same period last year)



General Insurance Baltics

Year to date development

The underwriting result for the year to date was NOK 1.2 million (11.1). The reduction was due to a weaker run-off result. The combined ratio was 99.5 (95.4).

Earned premiums amounted to NOK 265.7 million (240.4). Of the increase, NOK 23.2 million was due to changes in the exchange rate. The development in earned premiums was negatively affected by the loss of a large commercial customer. Profitability is given priority in a market with considerable price competition.

Claims incurred amounted to NOK 193.4 million (164.8). Of the increase, NOK 15.9 million was due to changes in the exchange rate. The loss ratio was 72.8 (68.5). The loss ratio increased primarily as the result of a run-off loss in the current year, compared with a run-off gain in the same period last year.

The nominal operating expenses amounted to NOK 71.0 million (64.5). Of the increase, NOK 6.2 million was due to changes in the exchange rate. The cost ratio was 26.7 (26.8).

Development during the quarter

The underwriting result for the quarter was NOK 7.7 million (9.4). The combined ratio was 94.2 (92.4).

Earned premiums amounted to NOK 131.3 million (124.0). Of the increase, NOK 9.5 million was due to changes in the exchange rate. The loss of a major commercial customer in the first quarter had a negative effect on earned premiums. Earned premiums relating to accidents and travel showed a positive development, while earned premiums relating to motor insurance showed a weaker development.

Claims incurred amounted to NOK 88.8 million (81.6). Of the increase, NOK 6.1 million was due to changes in the exchange rate. The loss ratio was 67.6 (65.8). It increased as a result of an underlying negative claims development for motor insurance.

Operating expenses were NOK 34.9 million (33.0). Changes in the exchange rate resulted in an increase of NOK 2.5 million. The cost ratio was 26.6 (26.6).

General Insurance Baltics

NOK million	2 q. 2014	2 q. 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Earned premiums	131.3	124.0	265.7	240.4	510.8
Claims incurred etc.	(88.8)	(81.6)	(193.4)	(164.8)	(342.5)
Operating expenses	(34.9)	(33.0)	(71.0)	(64.5)	(132.5)
Underwriting result	7.7	9.4	1.2	11.1	35.7
Amortisation and impairment losses of excess value – intangible assets	(1.3)	(1.2)	(2.6)	(2.3)	(4.8)
Large losses ¹			1.7	3.7	3.7
Run-off gains/(losses) ²	0.4	0.8	(3.6)	9.7	10.0
Loss ratio ³	67.6 %	65.8 %	72.8 %	68.5 %	67.1 %
Cost ratio ⁴	26.6 %	26.6 %	26.7 %	26.8 %	25.9 %
Combined ratio ⁵	94.2 %	92.4 %	99.5 %	95.4 %	93.0 %

¹ Large losses = loss event in excess of NOK 10.0 million. Claims incurred in excess of EUR 0.5 million per event are, as a main rule, charged to the Corporate Centre.

² Run-off gains/(losses) = changes in estimates from earlier periods

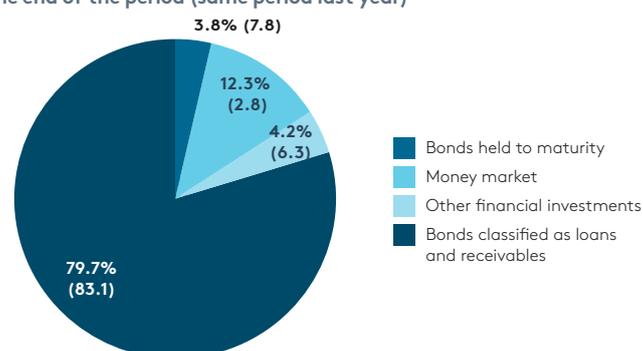
³ Loss ratio = claims incurred etc./earned premiums

⁴ Cost ratio = operating expenses/earned premiums

⁵ Combined ratio = loss ratio + cost ratio

Asset allocation the group policy portfolio

At the end of the period (same period last year)



Pension and Savings

Year to date development

The profit before tax expense for the year to date increased to NOK 40.6 million (23.3). This positive development was largely due to an increase in revenues as a result of growth in the customer portfolio and assets under management.

Net insurance revenue in the period amounted to NOK 69.1 million (62.3). The increase was due to increased administration revenues as a result of growth in the portfolio for defined contribution pensions.

The management income increased to NOK 46.5 million (38.5) as a result of growth in assets under management, for both the pensions and savings areas.

Operating expenses were NOK 92.8 million (89.6). The increase was mainly due to increased sales commission.

Financial income amounted to NOK 17.8 million (12.1). This includes the return on the group policy portfolio and corporate portfolio. The reason for the growth was a higher return on the rest of the group policy portfolio as a result of increased claims provisions and the realisation of gains on bonds in the first quarter. The Company's share of the financial profit on the paid-up policy portfolio was allocated in its entirety as a provision¹ for higher life expectancy.

At the end of the period, the assets under management in the pension operations amounted to NOK 15,369.6 million (12,562.1). Of this amount, the group policy portfolio accounted for NOK 3,765.1 million (3,356.6).

The recognised return on the paid-up policy portfolio was 2.19 per cent (2.28) in the period. The average annual interest guarantee is 3.6 per cent.

Assets under management for the savings operations amounted to NOK 13,344.6 million (11,158.5) at the end of the period.

The total assets under management increased by NOK 2,863.9 million (3,241.8), amounting to NOK 28,714.1 million (23,720.6) at the end of the period.

Development during the quarter

The profit before tax expense for the quarter increased to NOK 19.7 million (13.6). Net insurance revenue amounted to NOK 35.0 million (31.1) and the management income was NOK 23.0 million (19.7). The improvement was largely related to the pension operations and was due to portfolio growth.

Operating expenses amounted to NOK 45.9 million (44.1), while financial income amounted to NOK 7.6 million (6.9).

¹ Total provisions at the start of the year amounted to NOK 114.2 million, and the total provision need up to and including 2018 is approximately NOK 250 million.

Pension and Savings

NOK million	2 q. 2014	2 q. 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Earned premiums	288.2	219.7	568.5	428.5	904.0
Claims incurred etc.	(253.1)	(188.6)	(499.4)	(366.2)	(779.7)
Net insurance revenue	35.0	31.1	69.1	62.3	124.4
Management income etc.	23.0	19.7	46.5	38.5	82.2
Operating expenses	(45.9)	(44.1)	(92.8)	(89.6)	(182.0)
Net operating income	12.0	6.7	22.8	11.2	24.6
Net financial income	7.6	6.9	17.8	12.1	25.3
Profit/(loss) before tax expense	19.7	13.6	40.6	23.3	49.9
Run-off gains/(losses) ¹					
Operating margin ²	20.78%	13.13%	19.72%	11.11%	11.89%
Recognised return on the paid-up policy portfolio ³			2.19%	2.28%	4.57%
Value-adjusted return on the paid-up policy portfolio ⁴			2.27%	2.32%	4.67%

¹ Run-off gains/(losses) = changes in estimates from earlier periods

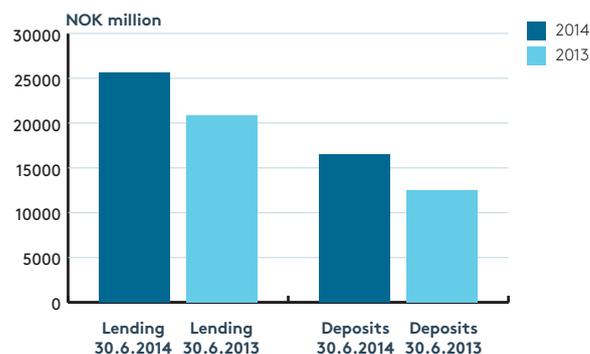
² Operating margin = net operating income/(net insurance revenue + management income etc.)

³ Recognised return on the paid-up policy portfolio = realised return of the portfolio

⁴ Value-adjusted return on the paid-up policy portfolio = total return of the portfolio

Deposits and lending

At the end of the period (same period last year)



Retail Bank

Development during the year

Profit before tax expense year to date increased to NOK 133.5 million (91.0). The positive development was mainly a result of increased net interest income, coming from the growth in customer lending. The improvement was somewhat reduced by the increase in expenses driven by business growth.

Net interest income was NOK 295.2 million (258.7), primarily driven by higher customer lending growth. Net commission income and other income were NOK 35.3 million (20.5). The growth was mainly related to increased gains from financial instruments. There was also a slight increase in the customer related commission income and the gains from the previously written off portion of the acquired unsecured lending portfolio.

Net interest margin was 2.16 percent (2.59). The decline was a result of significant growth in the secured lending in the past 12 months.

Operating expenses were NOK 166.3 million (156.6). The increase was driven by volume growth and running costs related to the car financing product launched during 2013. Cost/income ratio was 50.3 per cent (56.1).

Total write-downs and losses were NOK 30.7 million (31.5), predominantly related to the unsecured lending portfolio. Annualized write-downs and losses in per cent of average gross lending were 0.25 per cent (0.34). The decline was driven by an increased share of secured loans in the total lending portfolio.

The weighted average loan to value¹ was estimated at 61.5 per cent (63.2) for the mortgage portfolio.

Gross lending increased by 22.7 per cent year over year, amounting to NOK 25,643.9 million (20,899.0) at the end of the period. Deposits increased by 32.6 per cent year over year, reaching NOK 16,516.6 million (12,460.4) at the end of the period. Deposits to loans ratio was 64.4 per cent (59.6).

There was good access to external financing.

The bank issued a subordinated loan amounting to NOK 250.0 million during the second quarter, among other things to comply with more stringent capital requirements from 1 July 2014.

Development during the quarter

Profit before tax expense for the quarter increased to NOK 71.6 million (43.1). The positive development was mainly a result of increased net interest income and income from financial instruments. Operating expenses and write-downs and losses were somewhat lower than prior year.

Net interest income was NOK 147.1 million (132.3), driven by the growth in customer lending. Net commission income and other income were NOK 18.8 million (10.1). The increase was mainly a result of increased gains from financial instruments.

Operating expenses were NOK 80.7 million (82.5). Cost/income ratio was 48.7 per cent (58.0).

Total write-downs and losses were NOK 13.6 million (16.8), predominantly coming from the unsecured lending portfolio.

Gross lending growth was NOK 1,092.2 million (2,661.0) during the quarter while the increase in the deposits was NOK 844.5 million (973.4).

¹ The loan to value estimate is calculated based on the exposure at the reporting date and the property valuation at the time the loan was approved, including any higher priority pledge(s).

Retail Bank

NOK million	2 q. 2014	2 q. 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Interest income and related income	328.6	270.1	654.1	523.0	1,135.0
Interest expenses and related expenses	(181.6)	(137.9)	(358.9)	(264.3)	(588.9)
Net interest income	147.1	132.3	295.2	258.7	546.1
Net commission income and other income	18.8	10.1	35.3	20.5	53.3
Total income	165.8	142.3	330.5	279.2	599.5
Operating expenses	(80.7)	(82.5)	(166.3)	(156.6)	(341.3)
Write-downs and losses	(13.6)	(16.8)	(30.7)	(31.5)	(67.1)
Profit/(loss) before tax expense	71.6	43.1	133.5	91.0	191.0
Net interest margin, annualised ¹			2.16%	2.59%	2.42%
Write-downs and losses, annualised ²			0.25%	0.34%	0.32%
Cost/income ratio ³	48.7%	58.0%	50.3%	56.1%	56.9%

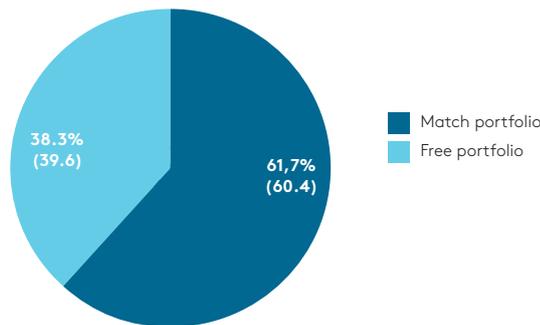
¹ Net interest margin, annualised = net interest income/average total assets

² Write-downs and losses, annualised = write-downs and losses/average gross lending

³ Cost/income ratio = operating expenses/total income

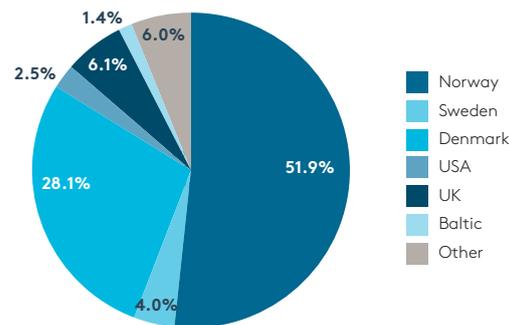
Portfolio split

At the end of the period (same period last year)



Geographic distribution match portfolio

At the end of the period



Management of financial assets and properties

The Group's investment portfolio includes all investment funds in the Group except for investment funds in the Pension and Savings and Retail Bank segments. The investment portfolio consists of two parts: a match portfolio and a free portfolio. The match portfolio is intended to correspond to the Group's actuarial provisions. It is invested in fixed-income instruments whose duration is adapted to match the disbursement of the actuarial provisions. The free portfolio consists of various assets. The allocation of assets in this portfolio must be seen in connection with the Group's capitalisation and pertaining risk capacity, as well as the Group's ongoing risk management.

Year to date development

At the end of the first half-year, the investment portfolio totalled NOK 54,3 billion (55.5). The reduction in the portfolio must be seen in conjunction with the disbursement of excess capital in May. The financial result for the year to date amounted to NOK 1,507.0 million (777.5), which corresponds to a return on financial assets of 2.6 per cent (1.4). The result for the first half-year 2014 was somewhat better than for the first half-year last year, also when last year's result is corrected for the accounting impairment loss on the investment in Storebrand.

Match portfolio

The match portfolio amounted to NOK 33.5 billion (33.6). The portfolio yielded a return of 1.7 per cent (1.7) excluding changes in the value of the part of the portfolio recognised at amortised cost. Unrealised excess value from bonds valued at amortised cost amounted to NOK 1,598.8 million (1,022.0) at the end of the period.

The average duration of the match portfolio was 3.5 years. The average duration to maturity for corresponding insurance debt was 3.7 years. The distribution of counterparty risk and credit rating is shown in the charts on pages 11 and 12. Securities without an official credit rating amounted to NOK 9.3 billion. Of these securities, 22.2 per cent were issued by Norwegian savings banks, while the remainder were mostly issued by Norwegian power producers and distributors, property companies or government-guaranteed companies. A third-party internal rating existed for 75.0 per cent of the portfolio without an official rating. Bonds with a coupon that is adjusted on the basis of the development in the Norwegian consumer price index accounted for 13.0 per cent of the match portfolio.

The geographical distribution¹ of the match portfolio is shown in the above chart.

¹ The geographical distribution is related to issuers and does not reflect the actual currency exposure.

Financial assets and properties

NOK million	Result 2 q.		Result 1.1.-30.6.		Carrying amount 30.6.	
	2014	2013	2014	2013	2014	2013
<i>Match portfolio</i>						
Money market	25.3	28.1	54.7	39.8	5,632.2	4,590.6
Bonds at amortized cost	221.4	275.0	454.2	540.4	18,548.0	20,579.4
Current bonds ¹	24.2	(0.7)	63.3	8.0	9,367.4	8,387.9
Match portfolio total	271.0	302.4	572.2	588.2	33,547.6	33,557.9
<i>Free portfolio</i>						
Money market	25.8	21.8	62.5	46.9	4,021.5	4,368.4
Other bonds ²	60.6	(18.6)	134.5	26.5	4,324.4	2,717.8
Convertible bonds ³	7.2	28.2	30.7	64.2	440.3	976.9
Current equities ⁴	231.8	204.0	379.4	(169.8)	3,648.8	6,789.2
PE funds	55.2	26.9	141.8	123.4	1,809.7	1,633.4
Property	104.3	54.7	172.9	125.1	5,417.3	5,027.1
Other ⁵	(11.4)	(14.7)	13.0	(27.0)	1,132.8	445.7
Free portfolio total	473.7	302.2	934.9	189.3	20,794.9	21,958.6
Financial result from the investment portfolio	744.6	604.6	1,507.0	777.5	54,342.5	55,516.5
Financial income in Pension and Savings and Retail Bank	20.7	10.9	41.7	22.3		
Net income from investments	765.3	615.6	1,548.8	799.8		

¹ The item includes the discounting effects of insurance obligations in Denmark and mismatch between interest rate adjustments on the liability side in Denmark, versus the interest rate hedge.

² The item consist of total investment grade, high yield and current bonds. Investment grade and high yield are investments in internationally diversified funds externally managed.

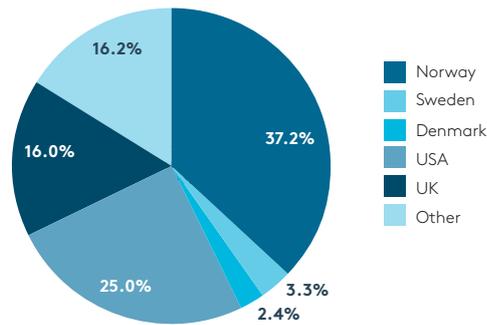
³ Investments in internationally diversified funds externally managed.

⁴ The item include the investment in SpareBank 1 SR-Bank and effect on profit of the sale of shares in Storebrand.

⁵ The item includes currency hedging of Gjensidige Sverige, Gjensidige Baltic and Gjensidige Danmark, and lendings, paid-in capital in Gjensidige Pensjonskasse, hedge funds and finance related expenses.

Geographic distribution fixed income instruments in free portfolio

At the end of the period



Free portfolio

The free portfolio amounted to NOK 20.8 billion (22.0) at the end of the period. The return was 3.8 per cent (0.8).

Fixed-income instruments

The fixed-income instruments in the free portfolio amounted to NOK 8.8 billion (8.1). The portfolio yielded a return of 2.1 per cent (1.5). Investment grade, convertible and high yield bonds yielded a good return during the period, even though the return on the convertible bonds was somewhat lower than in the corresponding period in 2013.

The average duration of the portfolio was approximately 1.1 years at the end of the period. The distribution of counterparty risk and credit rating is shown in the charts on this and the next page. Securities without an official credit rating amounted to NOK 1.3 billion. Of these securities, 25.0 per cent were issued by Norwegian savings banks, while the remainder were mostly issued by Norwegian power producers and distributors, property companies or government-guaranteed companies. A third-party internal rating existed for 70.4 per cent of the portfolio without an official rating.

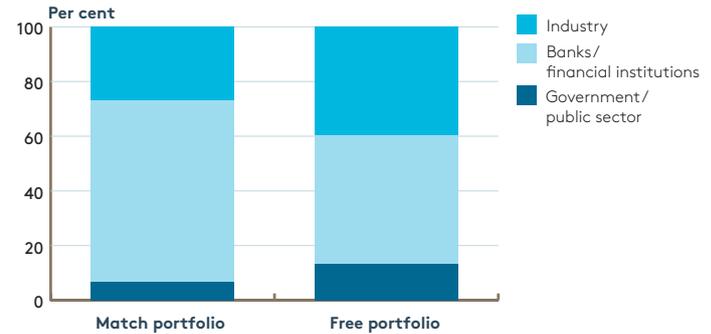
The geographical distribution¹ of the fixed-income instruments in the free portfolio is shown in the chart above.

Equity portfolio

The total equity exposure at the end of the period was NOK 5.5 billion (8.4), of which NOK 3.6 billion (6.8) were current equities and NOK 1.8

Counterparty risk fixed income instruments

At the end of the period



billion (1.6) PE funds. The return on current equities was 8.2 per cent (a negative return of 2.6). This includes the return on derivatives used for hedging purposes. The shareholding in SpareBank 1 SR-Bank is recognised at market value with effect from the second quarter. Gjensidige is no longer represented on the bank's board and the bank is no longer defined as an associated company for accounting purposes. The market value of the investment amounted to NOK 1,582.4 million at the end of the period. The investment yielded an accounting profit of NOK 208.8 million in the first half-year. This includes the profit of NOK 82.0 million from the period as an associated company, as well as the gain of NOK 126.8 million in connection with its reclassification at market value. The return on current equities also includes a gain of NOK 115.0 million on the sale of the Storebrand holding in the first quarter. The return on the PE funds was 8.2 per cent (8.2).

Property portfolio

At the end of the period, the property portfolio amounted to NOK 5.4 billion (5.0). The property portfolio yielded a return of 3.2 per cent (2.5). The return on directly owned properties was good. The general required rate of return in connection with the valuation of the properties was 6.5 per cent (6.5). The individual valuations resulted in a net increase in value of NOK 48.0 million. External valuations of 75 per cent of the property value were carried out at the end of the period. The portfolio is concentrated in office properties in Oslo, but it also includes office properties in other Norwegian towns and cities.

¹ The geographical distribution is related to issuers and does not reflect the actual currency exposure.

Return per asset class

NOK million	2 q. 2014	2 q. 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
<i>Match portfolio</i>					
Money market	0.6	0.6	1.2	0.9	1.9
Bonds at amortized cost	1.1	1.3	2.3	2.5	5.1
Current bonds ¹	0.3		0.7	0.1	0.7
Match portfolio total	0.8	0.9	1.7	1.7	3.6
<i>Free portfolio</i>					
Money market	0.4	0.4	1.0	0.9	1.7
Other bonds ²	1.5	(0.7)	3.4	0.9	4.1
Convertible bonds ³	1.7	3.0	4.6	7.0	16.5
Current equities ⁴	6.3	3.1	8.2	(2.6)	8.2
PE funds	3.1	1.7	8.2	8.2	10.3
Property	1.9	1.1	3.2	2.5	5.7
Other ⁵	(0.6)	(1.6)	0.6	(3.0)	(9.8)
Free portfolio total	2.0	1.3	3.8	0.8	5.4
Return on financial assets	1.3	1.1	2.6	1.4	4.3

¹ The item includes the discounting effects of insurance obligations in Denmark and mismatch between interest rate adjustments on the liability side in Denmark, versus the interest rate hedge.

² The item consist of total investment grade, high yield and current bonds. Investment grade and high yield are investments in internationally diversified funds externally managed.

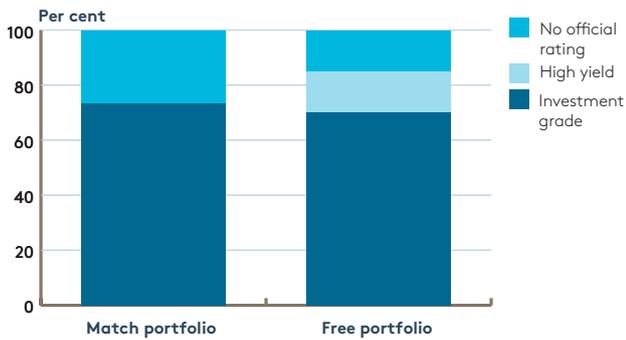
³ Investments in internationally diversified funds externally managed.

⁴ The item include the investment in SpareBank 1 SR-Bank and effect on profit of the sale of shares in Storebrand.

⁵ The item includes currency hedging of Gjensidige Sverige, Gjensidige Baltic and Gjensidige Danmark, and lendings, paid-in capital in Gjensidige Pensjonskasse, hedge funds and finance related expenses.

Credit rating fixed income instruments

At the end of the period



Development during the quarter

The financial result for the total investment portfolio was NOK 744.6 million (604.6) in the quarter. This resulted in a return on financial assets of 1.3 per cent (1.1).

The return on the match portfolio was 0.8 per cent (0.9), excluding changes in the value of the portfolio valued at amortised cost. The return on the free portfolio was 2.0 per cent (1.3). This improvement was due to a better return on most asset classes, with the exception of convertible bonds.

Key risk and uncertainty factors

Emphasis is placed on clear lines of reporting and division of responsibility in the organisation of the business. Risk assessments are carried out on a regular basis, and the status is reported quarterly to the management.

Insurance risk

General insurance operations account for the lion's share of the Group's business and risk. The result of the general insurance operations is affected by developments in the portfolio and premium levels, as well as by developments in the frequency and the average size of claims and the extent of large individual claims or events.

The insurance markets in which the Group operates will continue to be characterised by strong competition. The risk of the general premium level not being satisfactory is monitored continuously. The same applies to developments in the frequency and average size of claims, and methods are continuously being developed in order to set prices more precisely.

The reinsurance programme is decided on the basis of the need to protect the equity against loss events over and above an amount deemed to be justifiable, and the need to reduce fluctuations in earnings. The insurance risk is deemed to be moderate based on the reinsurance coverage the Group has purchased.

The Group continuously endeavours to set the actuarial provisions at the correct level. There is nonetheless an inherent risk that the actuarial provisions will be insufficient. In order to reduce this risk, regular efforts are made to improve the actuarial methods used. External actuaries are used at times to conduct independent reviews of the provisions. The external reviews have confirmed that the actuarial provisions are sufficient, and that the risk of substantial run-off losses is low.

Financial risk

Financial investments are vulnerable to changes in macroeconomic factors and more short-term changes in the market's appetite for risk. At the end of the period, the financial investments largely consisted of fixed-income investments, property and equities. Continuous monitoring of the financial performance in relation to adopted performance requirements and the expected development of profit performance, combined with a large proportion of highly liquid assets, makes it possible to adapt the risk level quickly in the event of negative developments. This entails a moderate fluctuation risk for future financial results.

A framework has been adopted for necessary access to liquid funds for all the group companies, and there is a substantial liquidity reserve in Gjensidige Forsikring ASA. Liquidity forecasts are prepared continuously in order to reduce the risk. The liquidity risk for the Group as a whole is deemed to be small.

The Group is exposed to credit risk through investments in the bond and money market and through its lendings, including in the Retail Bank, as well as in connection with outstanding claims against the Group's reinsurers. Limits have been set for credit operations, and reinsurers are required to have at least an «A-» rating from Standard & Poor's or an equivalent rating. Credit losses have been very low so far.

The capital situation

New solvency regulations will be introduced for the insurance industry in Europe with effect from 1 January 2016. For Gjensidige, they will replace both Solvency I and the capital adequacy regulations. Some important issues are still awaiting clarification as regards how the new solvency regulations are to be adapted to conditions in Norway. For further description, see page 3 in the report.

Organisation

The Group had a total of 3,422 employees at the end of the second quarter, compared with 3,465 employees at the end of the first quarter.

The number of employees broke down as follows: 2,046 (2,057) in general insurance operations in Norway, 135 (135) in Gjensidige Bank, 64 (66) in Gjensidige Pensjon og Sparing, 629 (637) in Denmark, 166 (163) in Sweden and 382 (407) in the Baltic States (excluding agents). (The figures in brackets refer to the number of employees at the end of the first quarter 2014.)

Events after the balance sheet date

No significant events have occurred after the end of the period.

Outlook

In October 2013, Gjensidige communicated a target return on equity after tax expense of 15 per cent with effect from 2015. Gjensidige's profitability target for general insurance operations is unchanged, and, over time, the annual combined ratio shall be within the corridor 90-93.

Competition remains strong, and is increasing to some extent, in the Norwegian general insurance market, particularly from established financial players that are increasingly focusing on general insurance. Gjensidige's competitiveness is regarded as good, with a solid growth in premiums and volume combined with good profitability. The work of retaining and strengthening the customer base and the company's position in the Norwegian market continues unabated. At the same time, new profitable opportunities for growth in the rest of the Nordic countries and in the Baltics are continuously assessed. Emphasis is placed on strong and close cooperation with partners and distributors.

The group-wide programmes for analytical pricing, customer and risk selection and the simplification of products and processes will continue. Continuous investments are being made in innovative digital service solutions in order to meet customer needs. Considerable attention is being devoted to measures aimed at rationalising operations and thereby ensuring continued good competitiveness. High priority is given to continuous competence-raising measures in order to ensure that Gjensidige remains an attractive place to work and that it has the right composition of expertise going forward.

Uncertainty about the international economic situation, combined with financial challenges in several key economies, remains a source of uncertainty for Gjensidige as well. Gjensidige has a robust investment strategy, however, and is financially sound and has a high proportion of its business in the Norwegian general insurance market.

The macroeconomic situation with respect to the Norwegian general insurance operations is still regarded as good. The Danish property market is improving, and the Baltic economies show positive development. Falling interest rates however is a challenge with regards to the return on the bond portfolio.

There is still uncertainty relating to changes to the framework conditions for the financial sector in Norway and internationally. The Solvency II regulations are expected to be implemented in Norway in 2016. Gjensidige will endeavour that the introduction of the regulations is based on economic realities. New Norwegian pension legislation entered into force on 1 January 2014.

The Group has substantial capital buffers in relation to internal risk models, statutory capital adequacy requirements and its target rating. The Board considers the Group's capital situation and financial strength to be good.

Oslo, 14 July 2014

The Board of Gjensidige Forsikring ASA

Inge K. Hansen

Chairman

Gunnhild H. Andersen

Trond Vegard Andersen

Hans-Erik F. Andersson

Per Arne Bjørge

Kjetil Kristensen

Gisele Marchand

Gunnar Mjåtvedt

Tine G. Wollbekk

Mette Rostad

Helge Leiro Baastad

CEO

Consolidated income statement

NOK million	Notes	2 q. 2014	2 q. 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Operating income						
Earned premiums from general insurance	4	5,061.5	4,646.6	9,968.8	9,103.7	18,736.9
Earned premiums from pension		288.2	219.7	568.5	428.5	904.0
Interest income etc. from banking operations		328.6	270.1	654.1	523.0	1,135.0
Other income including eliminations		28.4	26.9	58.7	52.1	108.5
Total operating income	3	5,706.8	5,163.3	11,250.1	10,107.4	20,884.5
Net income from investments						
Results from investments in associates		23.2	195.8	192.3	(281.8)	192.7
Operating income from property		83.6	82.5	170.3	167.1	331.6
Interest income and dividend etc. from financial assets		321.9	402.9	659.8	780.2	1,495.6
Net changes in fair value on investments (incl. property)		184.6	(246.7)	(97.6)	(25.3)	1,006.0
Net realised gain and loss on investments		202.0	215.0	719.1	228.1	(321.0)
Expenses related to investments		(49.9)	(33.9)	(95.1)	(68.5)	(166.7)
Total net income from investments		765.3	615.6	1,548.8	799.8	2,538.1
Total operating income and net income from investments		6,472.1	5,778.8	12,798.9	10,907.2	23,422.6
Claims, loss etc.						
Claims incurred etc. from general insurance	5,6	(3,357.9)	(3,487.3)	(7,167.2)	(6,901.6)	(13,859.6)
Claims incurred etc. from pension		(253.1)	(188.6)	(499.4)	(366.2)	(779.7)
Interest expenses etc. and write-downs and losses from banking operations		(195.2)	(154.7)	(389.6)	(295.9)	(656.0)
Total claims, interest expenses, loss etc.		(3,806.2)	(3,830.5)	(8,056.2)	(7,563.7)	(15,295.3)
Operating expenses						
Operating expenses from general insurance		(752.5)	(710.8)	(1,501.5)	(1,410.7)	(2,857.8)
Operating expenses from pension		(45.9)	(44.1)	(92.8)	(89.6)	(182.0)
Operating expenses from banking operations		(80.7)	(82.5)	(166.3)	(156.6)	(341.3)
Other operating expenses		(2.7)	(1.5)	(5.7)	(4.9)	(10.4)
Amortisation and impairment losses of excess value - intangible assets		(36.0)	(32.4)	(72.5)	(63.9)	(161.7)
Total operating expenses		(917.9)	(871.4)	(1,838.9)	(1,725.8)	(3,553.2)
Total expenses		(4,724.2)	(4,701.9)	(9,895.1)	(9,289.6)	(18,848.5)
Profit/(loss) for the period before tax expense	3	1,747.9	1,076.9	2,903.9	1,617.6	4,574.1
Tax expense		(443.1)	(185.7)	(676.0)	(409.7)	(903.5)
Profit/(loss) for the period		1,304.8	891.3	2,227.8	1,207.9	3,670.6
Earnings per share, NOK (basic and diluted)		2.61	1.78	4.46	2.42	7.34

Consolidated statement of comprehensive income

NOK million	2 q. 2014	2 q. 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Profit/(loss) for the period	1,304.8	891.3	2,227.8	1,207.9	3,670.6
Components of other comprehensive income					
Items that are not reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset			(70.0)		19.6
Share of other comprehensive income from associates	(4.8)	3.6	(50.9)	102.6	102.2
Tax on items that are not reclassified to profit or loss			18.9		12.5
Total items that are not reclassified subsequently to profit or loss	(4.8)	3.6	(102.0)	102.6	134.3
Items that may be reclassified subsequently to profit or loss					
Exchange differences from foreign operations	60.0	190.8	21.2	264.6	450.8
Share of exchange differences from associates		95.4	(142.4)	70.3	128.7
Exchange differences from hedging of foreign operations	(50.7)	(162.4)	(16.8)	(221.8)	(376.0)
Tax on items that may be reclassified to profit or loss	6.7	45.5	3.5	62.1	85.3
Total items that may be reclassified subsequently to profit or loss	16.0	169.3	(134.4)	175.3	288.8
Total components of other comprehensive income	11.2	172.9	(236.4)	277.8	423.1
Total comprehensive income for the period	1,316.0	1,064.2	1,991.4	1,485.8	4,093.7

Consolidated statement of financial position

NOK million	Notes	30.6.2014	30.6.2013	31.12.2013
Assets				
Goodwill		2,657.2	2,394.4	2,562.2
Other intangible assets		1,130.4	1,146.9	1,138.2
Deferred tax assets		4.8	5.1	5.0
Investments in associates		42.9	4,890.0	4,772.0
Owner-occupied property		278.8	199.0	288.5
Plant and equipment		306.0	164.6	249.5
Investment properties	8	5,004.4	4,660.5	4,644.3
Pension assets		302.6		0.0
Financial assets				
Financial derivatives	7	138.7	136.7	219.9
Shares and similar interests	7	6,959.8	5,259.7	6,023.4
Bonds and other securities with fixed income	7	24,689.9	19,893.0	22,398.0
Bonds held to maturity	7	2,938.2	7,830.0	5,211.3
Loans and receivables	7	44,454.8	36,758.6	42,692.4
Assets in life insurance with investment options		11,545.0	9,131.1	10,330.6
Reinsurance deposits		0.6	0.8	0.8
Reinsurers' share of insurance-related liabilities in general insurance, gross		980.8	785.7	727.9
Receivables related to direct operations and reinsurance		5,623.5	5,097.9	4,290.5
Other receivables		454.5	270.9	509.2
Prepaid expenses and earned, not received income		169.8	122.8	153.3
Cash and cash equivalents		3,044.5	3,648.6	2,729.4
Total assets		110,727.1	102,396.3	108,946.3
Equity and liabilities				
Equity				
Share capital		999.9	999.8	999.9
Share premium		1,430.0	1,430.0	1,430.0
Other equity		19,449.8	21,250.7	23,857.9
Total equity		21,879.7	23,680.5	26,287.8
Provision for liabilities				
Subordinated loan		250.0		
Premium reserve in life insurance		3,152.9	2,929.6	3,064.6
Provision for unearned premiums, gross, in general insurance		10,566.0	9,745.8	7,984.6
Claims provision, gross	9	32,138.5	30,452.4	31,749.6
Other technical provisions		164.6	157.4	139.9
Pension liabilities		482.8	113.4	109.8
Other provisions		167.8	188.5	164.3
Financial liabilities				
Financial derivatives	7	321.6	649.4	347.0
Deposits from and liabilities to customers	7	16,516.6	12,460.4	14,938.3
Interest-bearing liabilities	7	9,724.0	8,685.7	9,771.6
Other liabilities	7	868.9	917.3	952.2
Current tax		332.1	937.2	726.4
Deferred tax liabilities		1,266.7	1,248.8	1,340.6
Liabilities related to direct insurance	7	742.9	605.9	654.8
Liabilities in life insurance with investment options		11,545.0	9,131.1	10,330.6
Accrued expenses and deferred income	7	607.0	492.8	384.1
Total liabilities		88,847.4	78,715.8	82,658.5
Total equity and liabilities		110,727.1	102,396.3	108,946.3

Consolidated statement of changes in equity

NOK million	Share capital		Share premium	Other paid-in capital	Exchange differences	Remeasurement of the net defined benefit	Other earned equity	Total equity
	Own shares	liab./asset						
Equity as at 31.12.2012	1,000.0	(0.1)	1,430.0	13.7	(245.3)	(1,323.7)	24,743.2	25,617.7
1.1.-31.12.2013								
Profit/(loss) for the period							3,670.6	3,670.6
Components of other comprehensive income								
Items that are not reclassified subsequently to profit or loss								
Remeasurement of the net defined liability/asset						19.6		19.6
Share of other comprehensive income from associates							102.2	102.2
Tax on items that are not reclassified to profit or loss						(23.7)	36.2	12.5
Total items that are not reclassified subsequently to profit or loss						(4.1)	138.4	134.3
Items that may be reclassified subsequently to profit or loss								
Exchange differences from foreign operations					451.2	(0.4)		450.8
Share of exchange differences from foreign operations							128.7	128.7
Exchange differences from hedging of foreign operations					(376.0)			(376.0)
Tax on items that may be reclassified to profit or loss					85.3			85.3
Total items that may be reclassified subsequently to profit or loss					160.5	(0.4)	128.7	288.8
Total components of other comprehensive income					160.5	(4.5)	267.1	423.1
Total comprehensive income for the period					160.5	(4.5)	3,937.7	4,093.7
Own shares			0.0				(5.3)	(5.3)
Paid dividend							(3,424.5)	(3,424.5)
Equity-settled share-based payment transactions				6.2				6.2
Equity as at 31.12.2013	1,000.0	(0.1)	1,430.0	19.8	(84.8)	(1,328.2)	25,251.1	26,287.8
1.1.-30.6.2014								
Profit/(loss) for the period							2,227.8	2,227.8
Components of other comprehensive income								
Items that are not reclassified subsequently to profit or loss								
Remeasurement of the net defined liability/asset						(70.0)		(70.0)
Share of other comprehensive income of associates							(50.9)	(50.9)
Tax on items that are not reclassified to profit or loss						18.9		18.9
Total items that are not reclassified subsequently to profit or loss						(51.1)	(50.9)	(102.0)
Items that may be reclassified subsequently to profit or loss								
Exchange differences from foreign operations					21.2			21.2
Share of exchange differences from associates							(142.4)	(142.4)
Exchange differences from hedging of foreign operations					(16.8)			(16.8)
Tax on items that may be reclassified to profit or loss					3.5			3.5
Total items that may be reclassified subsequently to profit or loss					7.9		(142.4)	(134.4)
Total components of other comprehensive income					7.9	(51.1)	(193.2)	(236.4)
Total comprehensive income for the period					7.9	(51.1)	2,034.6	1,991.4
Own shares		(0.0)					(4.3)	(4.3)
Paid dividend							(6,399.1)	(6,399.1)
Equity-settled share-based payment transactions				3.9				3.9
Equity as at 30.6.2014	1,000.0	(0.1)	1,430.0	23.8	(76.9)	(1,379.3)	20,882.3	21,879.7

NOK million	Share capital	Own shares	Share premium	Other paid-in capital	Exchange differences	Remeasurement of the net defined benefit liab.asset	Other earned equity	Total equity
1.1.-30.6.2013								
Profit/(loss) for the period							1,207.9	1,207.9
Components of other comprehensive income								
Items that are not reclassified subsequently to profit or loss								
Remeasurement of the net defined liability/asset								
Share of other comprehensive income of associates							102.6	102.6
Tax on items that are not reclassified to profit or loss								
Total items that are not reclassified subsequently to profit or loss							102.6	102.6
Items that may be reclassified subsequently to profit or loss								
Exchange differences from foreign operations					264.6			264.6
Share of exchange differences from associates							70.3	70.3
Exchange differences from hedging of foreign operations					(221.8)			(221.8)
Tax on items that may be reclassified to profit or loss								
Total items that may be reclassified subsequently to profit or loss					42.8		132.4	175.3
Total components of other comprehensive income					42.8		235.0	277.8
Total comprehensive income for the period					42.8		1,443.0	1,485.8
Own shares							(3.2)	(3.3)
Equity-settled share-based payment transactions					4.7			4.7
Equity as at 30.6.2013	1,000.0	(0.2)	1,430.0	18.4	(125.2)	(1,838.7)	23,196.1	23,680.5

Consolidated statement of cash flows

NOK million	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Cash flow from operating activities			
Premiums paid, net of reinsurance	12,562.5	12,735.0	23,080.0
Claims paid, net of reinsurance	(7,584.8)	(6,707.2)	(13,554.2)
Net payment of loans to customers	(1,450.0)	(3,574.7)	(6,869.7)
Net payment of deposits from customers	1,578.3	880.0	3,357.8
Payment of interest from customers	622.0	491.1	1,073.0
Payment of interest to customers	(20.1)	(9.6)	(369.3)
Net receipts/payments on premium reserve transfers	(275.2)	(235.8)	(472.4)
Net receipts/payments from financial assets	1,058.2	405.5	(2,534.1)
Net receipts/payments from properties	159.6	68.5	234.8
Net receipt/payments on sale/aquisition of investment property	(325.0)	(107.1)	(135.7)
Operating expenses paid, including commissions	(1,626.1)	(1,631.6)	(3,639.2)
Taxes paid	(1,187.2)	(895.0)	(1,338.5)
Net other receipts/payments	25.3	24.7	39.9
Net cash flow from operating activities	3,537.4	1,443.7	(1,127.7)
Cash flow from investing activities			
Net receipts/payments from sale/aquisition of subsidiaries and associates	3,208.2	(12.5)	628.8
Net receipts/payments on sale/aquisition of owner-occupied property, plant and equipment	(120.1)	(24.1)	(24.7)
Dividends from investments in associates	42.4	39.7	39.7
Net cash flow from investing activities	3,130.4	3.1	643.8
Cash flow from financing activities			
Payment of dividend	(6,399.1)	(3,424.5)	(3,424.5)
Net receipts/payments on loans to credit institutions	141.5	3,330.3	4,433.5
Net receipts/payments on other short-term liabilities	12.7	(1.5)	(13.5)
Net receipts/payments on interest on funding activities	(103.4)	(59.4)	(153.1)
Net receipts/payments on sale/acquisition of own shares	(4.3)	(3.3)	(5.3)
Net cash flow from financing activities	(6,352.6)	(158.3)	837.2
Effect of exchange rate changes on cash and cash equivalents	(0.2)	28.6	44.6
Net cash flow for the period	315.1	1,317.1	397.9
Cash and cash equivalents at the start of the period	2,729.4	2,331.5	2,331.5
Cash and cash equivalents at the end of the period	3,044.5	3,648.6	2,729.4
Net cash flow for the period	315.1	1,317.1	397.9
Specification of cash and cash equivalents			
Deposits with central banks	153.6	526.3	875.6
Cash and deposits with credit institutions	2,890.9	3,122.3	1,853.9
Total cash and cash equivalents	3,044.5	3,648.6	2,729.4

Notes

1. Accounting policies

The consolidated financial statements as of the second quarter of 2014, concluded on 30 June 2014, comprise Gjensidige Forsikring and its subsidiaries (collectively referred to as the Group) and the Group's holdings in associated companies. The accounting policies applied in the interim report is the same as those used in the annual report for 2013.

The consolidated financial statements as of the second quarter of 2014 have been prepared in accordance with IFRS and IAS 34 Interim Financial Reporting. The interim report does not include all the information required in complete annual report and should be read in conjunction with the annual report for 2013. The following International Financial Reporting Standards (IFRS) and interpretation statements published up until 14 July 2014 have been implemented:

- IFRS 10 Consolidated Financial Statements (2011) have entailed that Gjensidige has changed its accounting principle to determine if it has control over, and therefore will consolidate other entities, based on a new model of control. The change has not had effect on Gjensidige's financial statements.

Based on our preliminary assessments and on the basis of Gjensidige's current operations, other amendments to standards and interpretation statements will not have a material effect.

The preparation of interim accounts involves the application of assessments, estimates and assumptions that affect the use of accounting policies and recognised amounts for assets and liabilities, revenues and expenses. The actual results may deviate from these estimates. The most material assessments involved in applying the Group's accounting policies and the most important sources of uncertainty in the estimates are the same in connection with preparing the interim report as in the annual report for 2013.

Comparable figures are based on IFRS. All amounts are shown in NOK million unless otherwise indicated. Due to rounding-off differences, figures and percentages may not exactly add up to the exact total figures.

A complete or limited review of the interim report has not been carried out.

2. Seasonal variations

For some insurance products, seasonal premiums are used. This is because the incidence of claims is not evenly distributed throughout the year, but follows a stable seasonal pattern. Normally, premium income (earned premiums) is accrued evenly over the period of insurance, but for products with a seasonal pattern, premium income must also be allocated according to the incidence of claims. Gjensidige Forsikring has a seasonal premium for the following products: pleasure craft, snow-mobiles and motorcycles. For example for motorcycles, earned premiums for the period from April to September amount to a full 85 per cent of the annual premiums.

Another consequence of a seasonal premium is that if the customer cancels the insurance contract before the renewal date, only the portion of the seasonal premium is refunded for which the Company did not bear any risk. For motorcycle insurance taken out on 1 April, but cancelled on 1 October, the policyholder will only be refunded 15 per cent of the annual premium, even though the insurance was in effect only for six months.

3. Segment information

The Group's core operations comprise the segments general insurance Private, Commercial, Nordic and Baltics. The Group also has operations in the Pension and Savings and Retail Bank segments.

The segments are evaluated regularly by Gjensidige's senior group management based on financial and operational information specially prepared for each segment for the purpose of following up performance and allocating necessary resources.

Segment income is defined as earned premiums for general insurance, earned premiums and management income etc. for Pension and Savings and interest income and related income and other income for Retail Bank.

The segment result is defined as the underwriting result for general insurance, and the profit before tax expense for Pension and Savings and Retail Bank.

General insurance																
Second quarter	Private		Commercial		Nordic		Baltics		Pension and Savings		Retail Bank		Eliminations etc. ¹		Total	
NOK million	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment income																
Segment income – external	2,029.5	1,933.6	1,810.3	1,744.3	1,044.7	808.1	131.3	124.0	311.1	239.4	334.4	276.2	45.5	37.7	5,706.8	5,163.3
Segment income – group ²																
Total segment income	2,029.5	1,933.6	1,810.3	1,744.3	1,044.7	808.1	131.3	124.0	311.1	239.4	334.4	276.2	45.5	37.7	5,706.8	5,163.3
- Claims, interest expenses, loss etc.	(1,303.4)	(1,382.5)	(1,229.4)	(1,354.5)	(707.6)	(556.0)	(88.8)	(81.6)	(253.1)	(188.6)	(195.2)	(154.7)	(28.7)	(112.7)	(3,806.2)	(3,830.5)
- Operating expenses	(254.6)	(258.5)	(208.5)	(199.7)	(171.2)	(145.8)	(34.9)	(33.0)	(45.9)	(44.1)	(80.7)	(82.5)	(122.2)	(107.8)	(917.9)	(871.4)
+ Net income from investments									7.6	6.9	13.0	4.1	744.6	604.6	765.3	615.6
Segment result/profit/(loss) before tax expense	471.4	292.6	372.4	190.1	165.9	106.3	7.7	9.4	19.7	13.6	71.6	43.1	639.3	421.8	1,747.9	1,076.9

General insurance																
1.1.-30.6.	Private		Commercial		Nordic		Baltics		Pension and Savings		Retail Bank		Eliminations etc. ¹		Total	
NOK million	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment income																
Segment income – external	3,964.0	3,768.2	3,593.7	3,441.8	2,084.8	1,573.0	265.7	240.4	615.0	467.0	665.4	533.3	61.5	83.6	11,250.1	10,107.4
Segment income – group ²																
Total segment income	3,964.0	3,768.2	3,593.7	3,441.8	2,084.8	1,573.0	265.7	240.4	615.0	467.0	665.4	533.3	61.5	83.6	11,250.1	10,107.4
- Claims, interest expenses, loss etc.	(2,709.2)	(2,752.2)	(2,637.3)	(2,685.5)	(1,467.8)	(1,135.2)	(193.4)	(164.8)	(499.4)	(366.2)	(389.6)	(295.9)	(159.4)	(163.9)	(8,056.2)	(7,563.7)
- Operating expenses	(504.7)	(504.9)	(414.4)	(413.4)	(345.3)	(266.9)	(71.0)	(64.5)	(92.8)	(89.6)	(166.3)	(156.6)	(244.3)	(229.9)	(1,838.9)	(1,725.8)
+ Net income from investments									17.8	12.1	24.0	10.2	1,507.0	777.5	1,548.8	799.8
Segment result/profit/(loss) before tax expense	750.1	511.2	542.0	342.9	271.7	170.9	1.2	11.1	40.6	23.3	133.5	91.0	1,164.8	467.2	2,903.9	1,617.6

¹ Eliminations etc. consist of internal eliminations and other income and expenses not directly attributable to one single segment.

² There is no significant income between the segments at this level in 2014 and 2013.

4. Earned premiums from general insurance

NOK million	2 q. 2014	2 q. 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Gross premiums written	4,266.6	4,045.1	12,677.4	11,602.0	19,631.4
Ceded reinsurance premiums	(82.0)	(89.9)	(443.6)	(436.9)	(567.2)
Premiums written, net of reinsurance	4,184.6	3,955.3	12,233.8	11,165.2	19,064.2
Change in gross provision for unearned premiums	894.5	727.8	(2,471.2)	(2,262.2)	(323.7)
Change in provision for unearned premiums, reinsurers' share	(17.5)	(36.5)	206.2	200.7	(3.6)
Total earned premiums from general insurance	5,061.5	4,646.6	9,968.8	9,103.7	18,736.9

5. Claims incurred etc. from general insurance

NOK million	2 q. 2014	2 q. 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Gross paid claims	(3,530.1)	(3,180.9)	(7,319.4)	(6,350.5)	(12,758.7)
Paid claims, reinsurers' share	125.4	26.8	201.2	109.1	332.8
Change in gross provision for claims	153.5	(231.9)	64.2	(454.8)	(1,283.4)
Change in provision for claims, reinsurers' share	(102.8)	(51.2)	(98.1)	(112.6)	44.4
Premium discounts and other profit agreements	(4.0)	(50.1)	(15.2)	(92.9)	(194.8)
Total claims incurred etc. from general insurance	(3,357.9)	(3,487.3)	(7,167.2)	(6,901.6)	(13,859.6)

6. Run-off gain/(loss) from general insurance

NOK million	2 q. 2014	2 q. 2013	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
Earned premiums from general insurance	5,061.5	4,646.6	9,968.8	9,103.7	18,736.9
Run-off gain/(loss) for the period, net of reinsurance ¹	89.1	28.5	152.6	62.2	299.6
In per cent of earned premiums from general insurance	1.8	0.6	1.5	0.7	1.6

¹Run-off gains/(losses) from general insurance includes run-off from the general insurance segments in addition to run-off on Corporate Centre/reinsurance.

7. Financial assets and liabilities

Fair value

Financial assets and liabilities measured at fair value are carried at the amount each asset/liability can be settled to in an orderly transaction between market participants at the measurement date.

Different valuation techniques and methods are used to estimate fair value depending on the type of financial instruments and to which extent they are traded in active markets. Instruments are classified in their entirety in one of three valuation levels in a hierarchy on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Below the different valuation levels and which financial assets/liabilities are included in the respective levels are accounted for.

Quoted prices in active markets

Quoted prices in active markets are considered the best estimate of an asset/liability's fair value. A financial asset/liability is considered valued based on quoted prices in active markets if fair value is estimated based on easily and regularly available prices and these prices represent actual and regularly occurring transactions at arm's length distance. Financial assets/liabilities valued based on quoted prices in active markets are classified as level one in the valuation hierarchy.

The following financial assets/liabilities are classified as level one in the valuation hierarchy

- Listed shares
- Norwegian government/government backed bonds and other fixed income securities
- Exchange traded funds

Valuation based on observable market data

When quoted prices in active markets are not available, the fair value of financial assets/liabilities is preferably estimated on the basis of valuation techniques based on observable market data.

A financial asset/liability is considered valued based on observable market data if fair value is estimated with reference to prices that are not quoted, but are observable either directly (as prices) or indirectly (derived from prices).

The following financial assets/liabilities are classified as level two in the valuation hierarchy

- Currency futures, equity options, forward rate agreements and currency swaps, in which fair value is derived from the value of underlying instruments. These derivatives are valued using common valuation techniques for derivatives (option pricing models etc.).
- Equity funds, bond funds, hedge funds and combination funds, in which fair value is estimated based on the fair value of the underlying investments of the funds.
- Bonds, certificates or index bonds that are unlisted, or that are listed but where transactions are not occurring regularly. The unlisted instruments in this category are valued based on observable yield curves and estimated credit spreads where applicable.
- Interest-bearing liabilities (banking activities) measured at fair value. These liabilities are valued based on observable credit spreads.

Valuation based on non-observable market data

When neither quoted prices in active markets nor observable market data is available, the fair value of financial assets/liabilities is estimated based on valuation techniques which are based on non-observable market data.

A financial asset/liability is considered valued based on non-observable market data if fair value is estimated without being based on quoted prices in active markets or observable market data. Financial assets/liabilities valued based on non-observable market data are classified as level three in the valuation hierarchy.

The following financial assets are classified as level three in the valuation hierarchy

- Unlisted private equity-investments. The private equity investments that are not organized as funds are valued using cash flow analysis, price multiples and recent market transactions. The private equity investments that are organized as funds are valued based on NAV values (Net Asset Value) as reported by the fund administrators in accordance with IPEV guidelines (International Private Equity and Venture capital Valuation) set out by the Equity Venture Capital Association. The NAV values are estimated by the fund administrators by using the valuation techniques best suited to estimate fair value, given the actual circumstances of each underlying investment. Because of late reporting from the funds, the NAV values from the previous quarterly reporting are used in estimating fair value. These values are then adjusted for known events since the last reporting date. The typical known event is the increase/decrease in value on listed shares owned by a fund.
- Real estate funds. The real estate funds are valued based on reported NAV values as reported by the fund administrators. Because of late reporting from the funds, the NAV values from the previous quarterly reporting are used in estimating fair value.
- Gjensidige's paid-in capital in Gjensidige Pensjonskasse. The paid-in capital is valued at nominal value.

The valuation process for financial assets classified as level three

In consultation with the Investment Performance and Risk Measurement department, the Chief Investment Officer decides which valuation models will be used when valuing financial assets classified as level three in the valuation hierarchy. The models are evaluated as required. The fair value and results of the investments and compliance with the stipulated limits are reported weekly to the Chief Financial Officer and Chief Executive Officer, and monthly to the Board.

Sensitivity financial assets level three

The sensitivity analysis for financial assets that are valued on the basis of non-observable market data shows the effect on profits of realistic and plausible market outcomes. General market downturns or a worsening of the outlook can affect expectations of future cash flows or the applied multiples, which in turn will lead to a reduction in value. A fall in value of ten per cent is deemed to be a realistic and plausible market outcome for both equities and units and bonds and other securities with a fixed return that are included in level three of the valuation hierarchy.

NOK million	Carrying amount as at 30.6.2014	Fair value as at 30.6.2014
Financial assets		
<i>Financial derivatives</i>		
Financial derivatives at fair value through profit or loss	138.7	138.7
<i>Financial assets at fair value through profit of loss, initial recognition</i>		
Shares and similar interests	6,959.8	6,959.8
Bonds and other fixed income securities	24,689.9	24,689.9
Shares and similar interests in life insurance with investment options	10,411.4	10,411.4
Bonds and other fixed income securities in life insurance with investment options	1,133.6	1,133.6
<i>Financial assets held to maturity</i>		
Bonds held to maturity	2,938.2	3,175.4
<i>Loans and receivables</i>		
Bonds and other fixed income securities classified as loans and receivables	19,504.2	21,113.5
Loans	24,950.6	24,959.3
Receivables related to direct operations and reinsurance	5,623.5	5,623.4
Other receivables	454.5	454.6
Prepaid expenses and earned, not received income	169.8	169.8
Cash and cash equivalents	3,044.5	3,044.5
Total financial assets	100,018.6	101,873.9
Financial liabilities		
<i>Financial derivatives</i>		
Financial derivatives at fair value through profit or loss	284.9	284.9
Financial derivatives subject to hedge accounting	36.6	36.6
<i>Financial liabilities at amortised cost</i>		
Deposits from and liabilities to customers, bank	16,516.6	16,516.6
Interest-bearing liabilities	9,724.0	9,820.6
Other liabilities	868.9	868.9
Liabilities related to direct insurance	742.9	742.9
Accrued expenses and deferred income	607.0	607.0
Total financial liabilities	28,781.0	28,877.7
Gain/(loss) not recognized in profit or loss		1,758.6

Valuation hierarchy

The table shows a valuation hierarchy where financial assets/liabilities measured at fair value through profit or loss are divided into three levels based on the method of valuation.

NOK million	Level 1 Quoted prices in active markets	Level 2 Valuation techniques based on observable market data	Level 3 Valuation techniques based on non-observable market data	Total
Financial assets				
<i>Financial derivatives</i>				
Financial derivatives at fair value through profit or loss		138.7		138.7
<i>Financial assets at fair value through profit or loss, initial recognition</i>				
Shares and similar interests	1,618.8	3,106.8	2,234.2	6,959.8
Bonds and other fixed income securities	10,501.9	14,186.9	1.2	24,689.9
Shares and similar interests in life insurance with investment options	3,774.2	6,637.2		10,411.4
Bonds and other fixed income securities in life insurance with investment options	903.1	230.6		1,133.6
<i>Financial assets at amortised cost</i>				
Bonds held to maturity	402.7	2,772.6		3,175.4
Bonds and other fixed income securities classified as loans and receivables	228.8	20,883.7	1.1	21,113.5
Loans			24,959.3	24,959.3
Financial liabilities				
<i>Financial derivatives</i>				
Financial derivatives at fair value through profit or loss	74.2	210.7		284.9
Financial derivatives subject to hedge accounting		36.6		36.6
<i>Financial liabilities at amortised cost</i>				
Interest-bearing liabilities		7,243.7	2,577.0	9,820.6

Reconciliation of financial assets valued based on non-observable market data (level 3)

NOK million	As at 1.1.2014	Net realised/ unrealised gains recognised in profit or loss	Purch- ases	Sales	Settle- ments	Transfers into/out of level 3	As at 30.6.2014	Amount of net realised/ unrealised gains recognised in profit or loss that are attributable to instruments held as at 30.6.2014
Shares and similar interests	2,305.4	55.9	151.2	(278.3)			2,234.2	25.6
Bonds and other fixed income securities	1.2						1.2	
Total	2,306.6	55.9	151.2	(278.3)			2,235.3	25.6

Sensitivity of financial assets valued based on non-observable market data (level 3)

NOK million	Sensitivity
Shares and similar interests	Decrease in value 10 % 223.4
Bonds and other fixed income securities	Decrease in value 10 % 0.1
Total	223.5

8. Investment properties

The Group's valuation model is developed by the subsidiary Oslo Areal AS over multiple years. The valuation model has been used both in the quarterly financial statements and at year end. In addition, by half year and year end independent valuations from external advisors are gathered for selected parts of the portfolio. The assumptions in the model are reconciled against external observable property transactions.

The Group's valuation model values each property separately. The valuation model relies on a quarterly in arrears cash flow method. The most important inputs are yield, market rent, contractual rent, potentially vacant premises, the properties' long-term normalized operating costs and any investment requirements. The method maps all incomes and all expenses in a given investment horizon so that the net cash flow is given yearly for each property. Thereafter, the present value is calculated using this cash flow based on real yield adjusted for expected inflation. The present value of the cash flow and the present value of the remaining value compose the cash flow value of the property, and this is considered as the market value, as it would appear in an orderly transaction between market participants at the measurement date under current market conditions.

Yield is determined based on a normal required rate of return adjusted for the location of the property, type, technical standard and the

contracts. The normal required rate of return is determined from the required rate of return that can be derived from transactions in the market, and expectations of interest level and risk adjustment. The market rent is determined from existing contracts on the property and comparable properties, observations from contractual negotiations, requests for offers and information from realtors and Arealstatistikk's database. For the second quarter of 2014 parameters used for the portfolio are presented in the table below.

Determination of parameters implies a significant level of judgment. Emphasis is put on this judgment being consistent with that observed in the market and that the judgment is applied consistently from period to period. The table below shows how the sensitivity of the yield and the market rent affects the value of the portfolio, as it stands as at 30 June 2014.

The yield and market rent are the two most significant parameters with regard to the valuation. If the yield increases with 0.25 percentage points, the total property value is reduced by NOK 194.3 million. If the market rent is reduced by ten per cent, total property value is reduced by NOK 408.9 million.

Investment properties (level 3)

NOK million	30.6.2014	30.6.2013
As at 1 January	4,644.3	4,626.7
Additions	120.6	50.9
Additions through business combinations	331.9	302.0
Disposals	(137.3)	(257.2)
Net gains/(losses) from fair value adjustments	48.2	38.2
Transfer to owner-occupied property	(3.2)	(106.3)
Exchange differences		6.2
As at 30 June	5,004.4	4,660.5

Parameters

NOK	Yield	Average market rent	Average contractual rent	Average value per sqm.
Office	6.5 %	1,642.0	1,583.0	26,976.0

Sensitivity (level 3)

NOK million	Market rent reduced by 10%	Market rent as at 30.6.2014	Market rent increased by 10%
Yield increases by 0.25 percentage points	4,416.2	4,810.2	5,204.0
Yield 6.5 per cent	4,595.5	5,004.4	5,415.2
Yield decreases by 0.25 percentage points	4,789.6	5,216.8	5,643.8

9. Claims provision, gross

NOK million	30.6.2014	30.6.2013	31.12.2013
General insurance			
Claims provision, gross, as at 1 January	31,332.1	29,260.5	29,260.5
Additions from acquisitions	184.3		77.8
Claims for the year	7,386.3	6,914.0	14,348.9
Claims incurred in prior years, gross	(131.1)	(108.7)	(336.6)
Claims paid	(7,319.4)	(6,350.5)	(12,728.9)
Discounting of claims provisions	44.2	38.2	81.9
Change in discounting rate	118.2	(173.4)	(296.1)
Exchange differences	4.0	531.9	924.7
Claims provision, gross, at the end of the period	31,618.6	30,111.9	31,332.1
Pension			
Claims provision, gross, as at 1 January	417.5	301.8	301.8
Claims for the year	499.4	366.2	779.7
Claims incurred in prior years, gross	(0.9)	10.5	1.0
Claims paid	(123.7)	(102.2)	(212.5)
Transfer of pension savings	(272.4)	(235.8)	(452.4)
Claims provision, gross, at the end of the period	519.9	340.5	417.5
Group			
Claims provision, gross, as at 1 January	31,749.6	29,562.3	29,562.3
Additions from acquisitions	184.3		77.8
Claims for the year	7,885.7	7,280.2	15,128.6
Claims incurred in prior years, gross	(132.0)	(98.2)	(335.6)
Claims paid	(7,443.0)	(6,452.7)	(12,941.4)
Discounting of claims provisions	44.2	38.2	81.9
Change in discounting rate	118.2	(173.4)	(296.1)
Transfer of pension savings	(272.4)	(235.8)	(452.4)
Exchange differences	4.0	531.9	924.7
Claims provision, gross, at the end of the period	32,138.5	30,452.4	31,749.6
Discounted claims provision, gross - Gjensidige's workers' compensation insurance in Denmark	4,370.9	4,036.9	4,138.8
Undiscounted claims provision, gross - Gjensidige's workers' compensation insurance in Denmark	5,253.8	4,986.5	5,203.0

The claims provisions shall cover future claims payments. The claims provisions for Gjensidige's workers' compensation insurance in Denmark are converted to present value (discounted), whereas other provisions are undiscounted.

The reason why the claims provisions for Gjensidige's workers' compensation insurance in Denmark are discounted is that this portfolio consists exclusively of Danish workers' compensation business with very long payment flows and substantial future interest income.

The claims for occupational injuries in Denmark are paid either as annuities or as lump-sum indemnities (which are calculated mainly as

discounted annuities). Therefore, it is most expedient to regard the whole portfolio as annuities.

The discount rate used is the swap rate, which improves consistency between the valuation of assets and liabilities. Previously, a discount rate determined by Finanstilsynet (the Financial Supervisory Authority) in Denmark was used, but this was changed when Gjensidige Arbejdsskadeforsikring was set under supervision by Norwegian authority in the fourth quarter. The applied swap rate is consistent with market practice for the valuation of liabilities..

10. Contingent liabilities

NOK million	30.6.2014	30.6.2013	31.12.2013
Guarantees and committed capital			
Gross guarantees	0.1	0.1	0.1
Committed capital, not paid	2,665.8	1,231.4	1,100.6

As part of its ongoing financial management the Company has undertaken to invest up to NOK 2,665.8 million (1,231.4) in bond funds and various private equity and real estate investments, over and above the amounts recognized in the balance sheet.

There are contractual commitments regarding developing of investment properties amounting to NOK 100.0 million (338.0). The liability will fall due during the period until December 2014.

Gjensidige Forsikring is liable externally for any insurance claim arising in the cooperating mutual fire insurers' fire insurance operations.

According to the agreement with Gjensidige Pensjonskasse the return, if not sufficient to cover the pension plans guaranteed interest rate, should be covered from the premium fund or through contribution from Gjensidige Forsikring.

11. Related parties

There have not been any significant transactions with related parties other than ordinary current agreements conducted at arm's length distance.

Declaration

Today, the Board and the CEO have considered and approved the half-yearly report and the consolidated half-yearly accounts for Gjensidige Forsikring ASA for the period 1 January to 30 June 2014.

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2014 has been prepared in accordance with current accounting standards and gives a

true and fair view of the Group's assets, liabilities, financial position and result for the period viewed in their entirety. Furthermore that the interim management report includes a fair review of any significant events that arose during the six-month period and their effect on the half-yearly financial report, a description of the principal risks and uncertainties for the business in the following accounting period and related parties' significant transactions.

Oslo, 14 July 2014

The Board of Gjensidige Forsikring ASA

Inge K. Hansen
Chairman

Gunnhild H. Andersen

Trond Vegard Andersen

Hans-Erik F. Andersson

Per Arne Bjørge

Kjetil Kristensen

Gisele Marchand

Gunnar Mjåtvedt

Tine G. Wollebekk

Mette Rostad

Helge Leiro Baastad
CEO

Key figures

		2 q. 2014	2 q. 2013	1.1.-30.6. 2014	1.1.-30.6. 2013	1.1.-31.12. 2013
Gjensidige Insurance Group						
Return on financial assets	%	1.3	1.1	2.6	1.4	4.3
Equity	NOK million			21,879.7	23,680.5	26,287.8
Return on equity, annualised	%			23.9	13.1	18.3
Equity per share	NOK			43.8	47.4	52.6
Capital adequacy ratio	%			19.1	16.3	13.4
Solvency margin capital Gjensidige Forsikring ⁴	NOK million			11,562.3	16,292.0	12,843.5
Solvency margin Gjensidige Forsikring ⁵	%			352.9	542.2	421.8
Share capital						
Issued shares, at the end of the period	Number			500,000,000	500,000,000	500,000,000
Earnings per share in the period, basis and diluted ⁶	NOK	2.61	1.78	4.46	2.42	7.34
General insurance						
Market share non-marine insurance Norway (Finance Norway) per Q1 14	%			25.4	25.2	25.4
Gross premiums written						
Private	NOK million	1,889.3	1,874.0	4,647.6	4,318.8	8,013.8
Commercial	NOK million	1,456.9	1,451.4	4,851.7	4,652.0	7,416.5
Nordic	NOK million	795.2	591.6	2,768.2	2,205.2	3,505.0
Baltics	NOK million	125.1	133.9	266.5	263.1	532.7
Corporate Centre/reinsurance	NOK million		(5.9)	143.3	162.9	163.4
Total	NOK million	4,266.6	4,045.1	12,677.4	11,602.0	19,631.4
Premiums, net of reinsurance ⁷	%			96.5	96.2	97.1
Earned premiums						
Private	NOK million	2,029.5	1,933.6	3,964.0	3,768.2	7,799.0
Commercial	NOK million	1,810.3	1,744.3	3,593.7	3,441.8	7,021.8
Nordic	NOK million	1,044.7	808.1	2,084.8	1,573.0	3,326.4
Baltics	NOK million	131.3	124.0	265.7	240.4	510.8
Corporate Centre/reinsurance	NOK million	45.7	36.6	60.5	80.3	78.9
Total	NOK million	5,061.5	4,646.6	9,968.8	9,103.7	18,736.9
Loss ratio ⁸						
Private	%	64.2	71.5	68.3	73.0	70.1
Commercial	%	67.9	77.7	73.4	78.0	74.2
Nordic	%	67.7	68.8	70.4	72.2	72.7
Baltics	%	67.6	65.8	72.8	68.5	67.1
Total	%	66.3	75.1	71.9	75.8	74.0
Cost ratio ⁹						
Private	%	12.5	13.4	12.7	13.4	13.2
Commercial	%	11.5	11.4	11.5	12.0	11.7
Nordic	%	16.4	18.0	16.6	17.0	17.0
Baltics	%	26.6	26.6	26.7	26.8	25.9
Total	%	14.9	15.3	15.1	15.5	15.3
Combined ratio ¹⁰						
Private	%	76.8	84.9	81.1	86.4	83.3
Commercial	%	79.4	89.1	84.9	90.0	85.9
Nordic	%	84.1	86.8	87.0	89.1	89.7
Baltics	%	94.2	92.4	99.5	95.4	93.0
Total	%	81.2	90.3	87.0	91.3	89.2
Combined ratio discounted ¹¹	%	79.0	87.5	83.9	88.2	85.9

		2 q. 2014	2 q. 2013	1.1.-30.6. 2014	1.1.-30.6. 2013	1.1.-31.12. 2013
Pension and Savings						
Assets under management pension, at the end of the period	NOK million			15,369.6	12,562.1	13,953.8
of which the group policy portfolio	NOK million			3,765.1	3,356.6	3,553.2
Assets under management savings, at the end of the period	NOK million			13,344.6	11,158.5	11,896.4
Operating margin ¹²	%	20.78	13.13	19.72	11.11	11.89
Recognized return on the paid-up policy portfolio ¹³	%			2.19	2.28	4.57
Value-adjusted return on the paid-up policy portfolio ¹⁴	%			2.27	2.32	4.67
Customers with insurance agreements at the end of the period	%			84.6	85.0	84.6
Return on equity, annualised ²	%			14.7	9.3	6.8

Retail Bank

Gross lending, addition in the period	NOK million	1,092.2	2,661.0	1,450.0	3,574.7	6,869.7
Deposits, addition in the period	NOK million	844.5	973.4	1,578.3	880.0	3,357.8
Gross lending, at the end of the period	NOK million			25,643.9	20,899.0	24,193.9
Deposits, at the end of the period	NOK million			16,516.6	12,460.4	14,938.3
Deposits-to-loan ratio at the end of the period ¹⁵	%			64.4	59.6	61.7
Net interest margin, annualised ¹⁶	%			2.16	2.59	2.42
Write-downs and losses, annualised ¹⁷	%			0.25	0.34	0.32
Cost/income ratio ¹⁸	%	48.7	58.0	50.3	56.1	56.9
Customers with insurance agreements, at the end of the period	%			45.3	45.4	44.6
Capital adequacy ¹⁹	%			15.2	14.1	14.6
Core capital adequacy ²⁰	%			13.3	14.1	14.6
Return on equity, annualised ²	%			14.3	12.6	12.0

¹ Return on financial assets = net financial income in per cent of average financial assets including property, excluding Pension and Savings and Retail Bank

² Return on equity, annualised = profit before tax expense for the period/average equity for the period

³ Capital adequacy ratio = net subordinated capital/risk-weighted calculation basis, calculated on the basis of NGAAP for the Group. Profit for the period is not included in the calculation for the quarters, with the exception of fourth quarter.

⁴ Solvency margin capital is the sum of primary capital, according to the capital ratio calculation, and other solvency margin capital, which in Gjensidige Forsikring is security provision above 55 per cent of minimum requirement, 25 per cent of natural perils fund and a deduction for relevant discounting effects in claims provision. Profit for the period is not included in the calculation quarterly, except in the fourth quarter.

⁵ Solvency margin is solvency margin capital in per cent of solvency margin minimum requirement, where solvency margin minimum requirement is a measure of the inherent risk in the insurance related liabilities (in the company).

⁶ Earnings per share in the period = the shareholders' share of the profit or loss for the period/average number of outstanding shares in the period

⁷ Premiums, net of reinsurance = gross premiums written, net of reinsurance/gross premiums written (general insurance)

⁸ Loss ratio = claims incurred etc./earned premiums

⁹ Cost ratio = operating expenses/earned premiums

¹⁰ Combined ratio = loss ratio + cost ratio

¹¹ Combined ratio discounted = combined ratio if claims provisions had been discounted

¹² Operating margin = operating result/(net insurance-related income + management income etc.)

¹³ Recognized return on the paid-up policy portfolio = realised return of the portfolio

¹⁴ Value-adjusted return on the paid-up policy portfolio = total return of the portfolio

¹⁵ Deposit-to-loan ratio = deposits as a per centage of gross lending

¹⁶ Net interest margin, annualised = net interest income/average total assets

¹⁷ Write-downs and losses, annualised = write-downs and losses/average gross lending

¹⁸ Cost/income ratio = operating expenses/total income

¹⁹ Capital adequacy = primary capital/basis of calculation for credit risk, market risk and operational risk. Profit for the period is not included in the calculation for the quarters, with the exception of fourth quarter.

²⁰ Core capital adequacy = core capital/basis of calculation for credit risk, market risk and operational risk. Profit for the period is not included in the calculation for the quarters, with the exception of fourth quarter.

Quarterly earnings performance

NOK million	2 q. 2014	1 q. 2014	4 q. 2013	3 q. 2013	2 q. 2013	1 q. 2013	4 q. 2012	3 q. 2012	2 q. 2012
Earned premiums from general insurance	5,061.5	4,907.2	4,766.3	4,866.9	4,646.6	4,457.2	4,418.2	4,571.7	4,453.9
Other income	645.2	636.1	630.2	513.8	516.7	486.9	479.5	419.3	383.0
Total operating income	5,706.8	5,543.4	5,396.5	5,380.6	5,163.3	4,944.1	4,897.7	4,991.0	4,836.9
Total net income from investments	765.3	783.5	892.2	846.0	615.6	184.2	780.5	851.6	503.1
Total operating income and net income from investments	6,472.1	6,326.8	6,288.8	6,226.6	5,778.8	5,128.3	5,678.2	5,842.6	5,340.0
Claims incurred etc. from general insurance	(3,357.9)	(3,809.3)	(3,664.2)	(3,293.7)	(3,487.3)	(3,414.4)	(3,108.5)	(3,116.6)	(3,050.4)
Other claims, interest expenses, loss etc.	(448.3)	(440.7)	(440.8)	(332.8)	(343.2)	(318.9)	(321.6)	(294.3)	(234.1)
Total claims, interest expenses, loss etc.	(3,806.2)	(4,249.9)	(4,105.0)	(3,626.5)	(3,830.5)	(3,733.3)	(3,430.1)	(3,410.9)	(3,284.5)
Operating expenses from general insurance	(752.5)	(748.9)	(726.4)	(720.6)	(710.8)	(699.9)	(707.0)	(674.7)	(685.0)
Other operating expenses	(165.4)	(172.0)	(174.2)	(206.1)	(160.6)	(154.5)	(159.9)	(150.1)	(152.6)
Total operating expenses	(917.9)	(921.0)	(900.7)	(926.7)	(871.4)	(854.4)	(866.9)	(824.8)	(837.6)
Total expenses	(4,724.2)	(5,170.9)	(5,005.7)	(4,553.3)	(4,701.9)	(4,587.6)	(4,297.0)	(4,235.7)	(4,122.1)
Profit/(loss) for the period before tax expense	1,747.9	1,155.9	1,283.1	1,673.3	1,076.9	540.7	1,381.3	1,606.9	1,217.9
Underwriting result general insurance	951.0	349.1	375.7	852.5	448.5	342.9	602.7	780.3	718.5

NOK million	1 q. 2012	4 q. 2011	3 q. 2011	2 q. 2011	1 q. 2011	4 q. 2010	3 q. 2010	2 q. 2010	1 q. 2010
Earned premiums from general insurance	4,353.5	4,371.6	4,537.8	4,414.0	4,224.6	4,426.8	4,535.9	4,289.4	3,811.2
Other income	438.7	399.3	418.7	523.5	492.0	455.8	426.5	462.5	382.7
Total operating income	4,792.2	4,771.0	4,956.5	4,937.5	4,716.6	4,882.6	4,962.3	4,751.9	4,193.9
Total net income from investments	920.5	691.7	240.9	652.4	790.6	803.0	803.9	294.9	846.4
Total operating income and net income from investments	5,712.7	5,462.6	5,197.4	5,589.9	5,507.2	5,685.6	5,766.3	5,046.8	5,040.3
Claims incurred etc. from general insurance	(3,162.2)	(3,457.2)	(3,278.5)	(3,059.5)	(3,454.1)	(3,383.2)	(3,260.0)	(3,269.3)	(3,544.1)
Other claims, interest expenses, loss etc.	(300.0)	(277.5)	(254.8)	(239.1)	(216.6)	(191.9)	(187.0)	(215.4)	(148.7)
Total claims, interest expenses, loss etc.	(3,462.2)	(3,734.7)	(3,533.3)	(3,298.6)	(3,670.6)	(3,575.2)	(3,447.0)	(3,484.7)	(3,692.8)
Operating expenses from general insurance	(685.1)	(728.4)	(689.1)	(739.6)	(720.8)	(728.7)	(714.4)	(731.5)	(635.8)
Other operating expenses	(137.9)	(185.2)	(201.9)	(306.8)	(300.7)	(313.7)	(292.9)	(300.9)	(367.5)
Total operating expenses	(823.0)	(913.6)	(891.0)	(1,046.4)	(1,021.5)	(1,042.4)	(1,007.3)	(1,032.4)	(1,003.3)
Total expenses	(4,285.2)	(4,648.3)	(4,424.3)	(4,345.0)	(4,692.2)	(4,617.5)	(4,454.3)	(4,517.1)	(4,696.0)
Profit/(loss) for the period before tax expense	1,427.5	814.4	773.1	1,244.9	815.0	1,068.1	1,311.9	529.7	344.3
Underwriting result general insurance	506.2	186.0	570.2	615.0	49.7	314.9	561.5	288.6	(368.7)

Gjensidige is a leading Nordic insurance group built by customers, for customers. The Group is listed on the Oslo Stock Exchange. For nearly 200 years, we have worked passionately to secure the lives, health and assets of our customers. We have about 3,400 employees and offer insurance products in Norway, Denmark, Sweden and the Baltic states. In Norway, we also offer banking, pension and savings. Operating income was NOK 21 billion in 2013, while total assets was NOK 109 billion.

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