

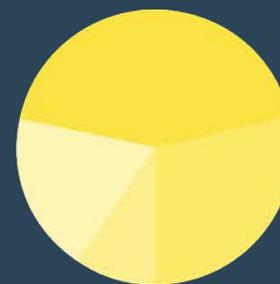


Gjensidige

Gjensidige Insurance Group

1st quarter results 2016

28 April 2016

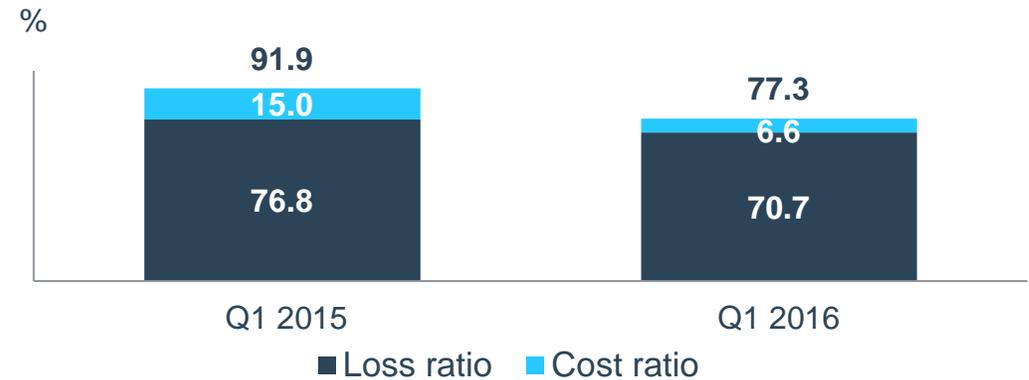




Record performance in yet another benign winter quarter

- Pre-tax profit NOK 1,609m
- Best-ever underwriting result NOK 1,251m
 - Non-recurring pension gain NOK 477m
 - Adjusted CR 86.0%
 - 7.7% premium growth
 - Favourable frequency claims development
 - Large losses well below expected level
 - Good cost control – adjusted cost ratio 15.3%
- Financial result NOK 324m, investment return 0.6%
- 19.0% return on equity*

Combined ratio



Pre-tax profit





Competitiveness maintained through operational excellence

- Balancing profitability and growth in Norway and Denmark
- Restructuring in Sweden and integration in the Baltics on track
- Continuous cost efficiency measures across the Group
- Further investments in digitalisation
- Product innovation in growth areas such as accident and health

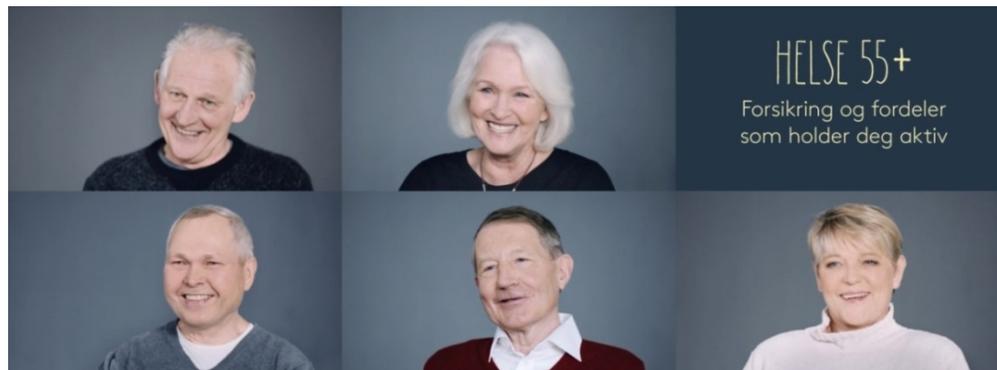




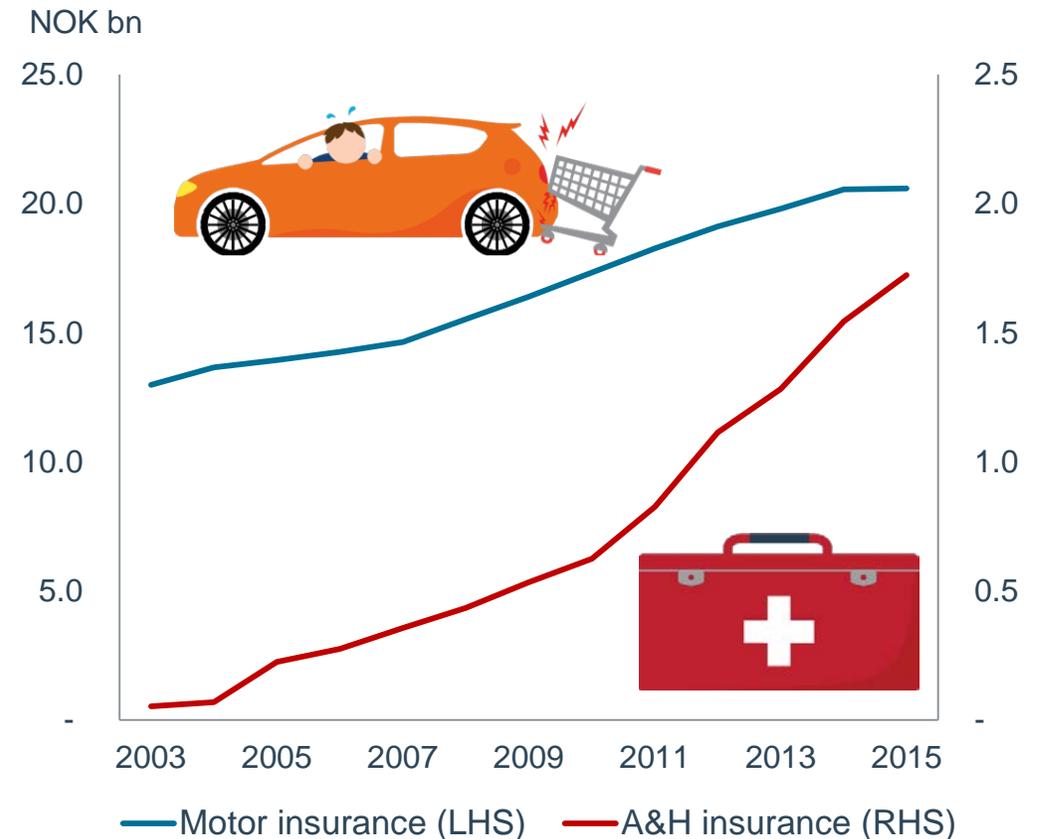
Technology, demography and customer behaviour drive change and influence Gjensidige's priorities

- Shift in product mix towards more accident and health insurance
- New partnerships and eco systems
- Value-adding services key element in overall offerings
- Scale increasingly important

Successful launch of innovative A&H product



Market premium volume, Norway





Financial performance



Strong underwriting result supported by a benign winter and favourable frequency claims development

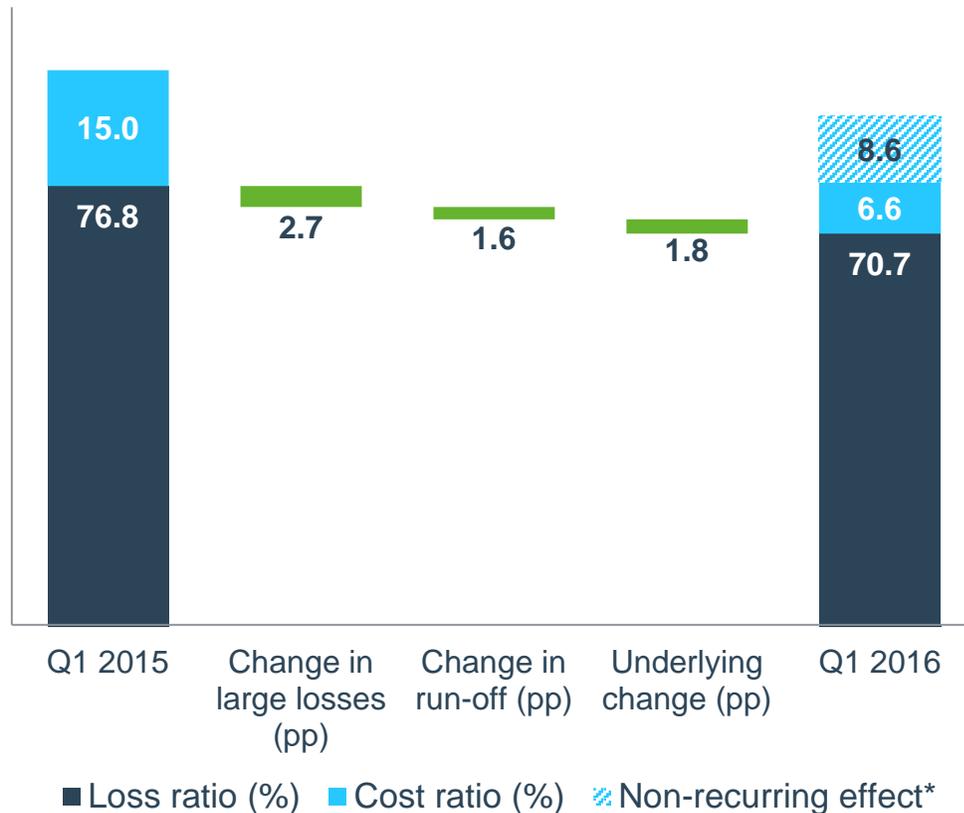


NOK m	Q1 2016	Q1 2015	FY 2015	FY 2014
Private	481	302	2 208	1 624
Commercial	317	163	1 441	1 140
Nordic	120	162	509	529
Baltics	(5)	(11)	(99)	1
Corporate Centre/costs related to owner	396	(69)	(332)	(322)
Corporate Centre/reinsurance	(58)	(131)	(270)	(110)
Underwriting result	1 251	417	3 457	2 862
Pension and savings	32	20	84	44
Retail Bank	79	78	304	254
Financial result from the investment portfolio	324	521	1 492	2 426
Amortisation and impairment losses of excess value	(66)	(37)	(210)	(170)
Other items	(10)	(11)	(78)	(16)
Profit/(loss) before tax expenses	1 609	987	5 050	5 400



Underlying loss ratio improvement of 1.8 percentage points

Loss ratio development Q1 2015 – Q1 2016



Key drivers

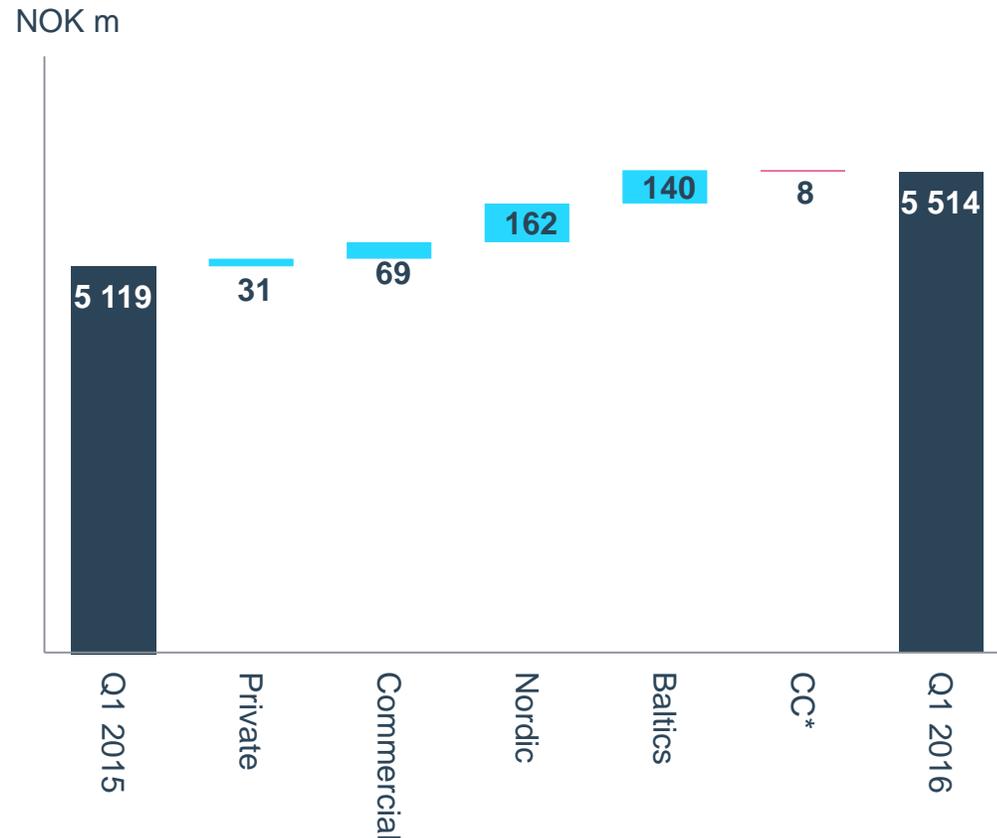
- Group cost ratio excluding Baltics and non-recurring pension-related income 14.3% (14.6%)
- Positive frequency claims development in Norway
 - In particular for private motor and property
 - For most commercial products
- Good profitability in Denmark and improving profitability in Sweden
 - Weaker profitability in commercial motor
 - More normal claims development in agriculture

* The removal of an annual minimum regulation clause for pension payments in the defined benefit plan contributed with a non-recurring income of NOK 477m, reducing the operating expenses and hence affecting the cost ratio with 8.6 percentage points.



Solid premium growth of 7.7 per cent

Premium development Q1 2015 – Q1 2016



Key drivers - premium development

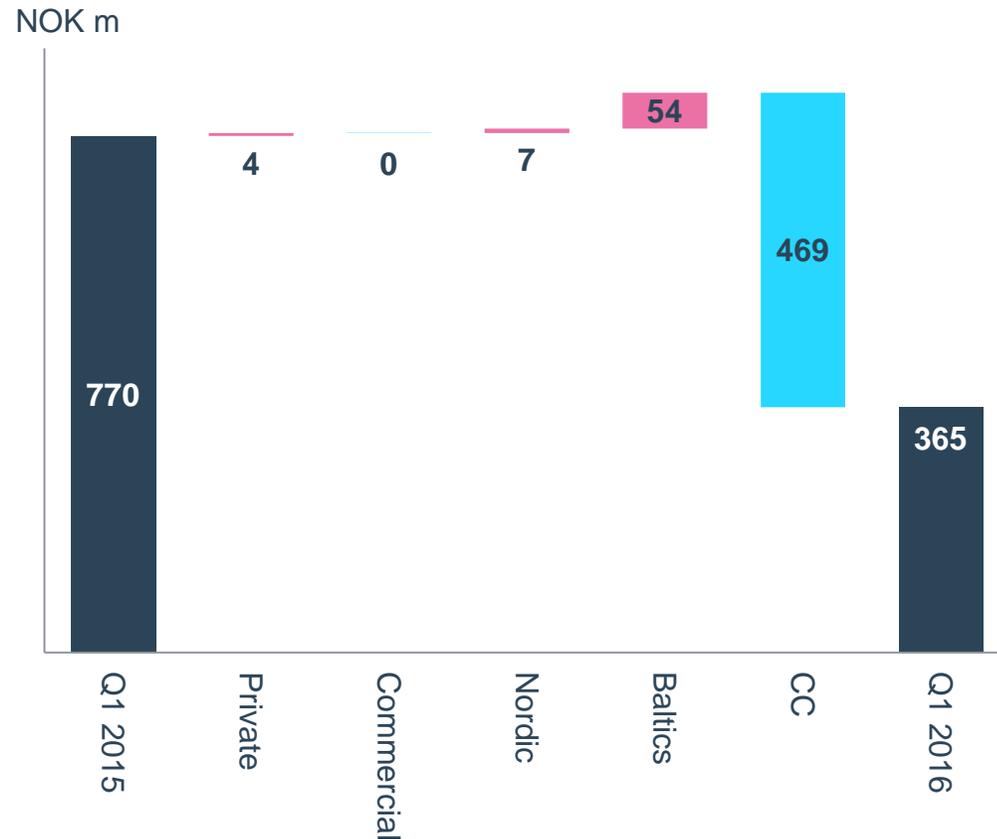
- Private +1.6% mainly due to premium increases
- Commercial +4.0% positively affected by large new contract contributing NOK 50m
- Nordic +12.9% driven by currency and Mondux
 - Underlying earned premiums stable
 - Denmark +1.7% organic growth (local currency)
 - Negative growth in Sweden due to repricing
- Baltics +112.9% driven by PZU and currency
 - Solid +12.0% underlying growth driven by new distribution activities and customer concepts

* CC = corporate centre



Continued good cost control – NOK 477m non-recurring income

Cost development Q1 2015 – Q1 2016



Key drivers - cost development

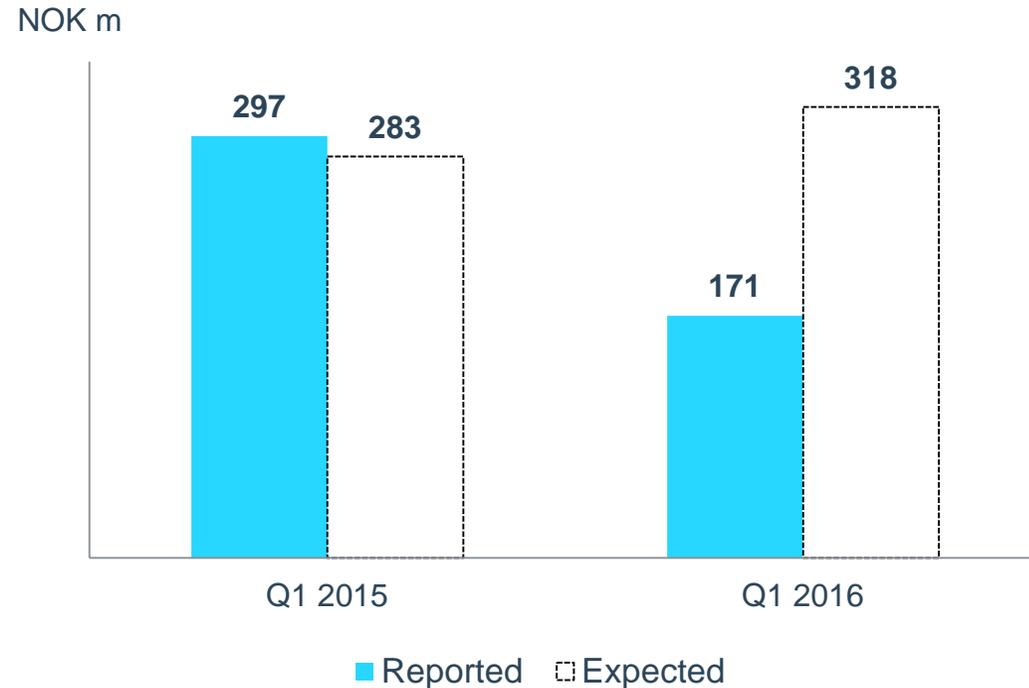
- Non-recurring income related to change in defined benefit pension plan
- Cost increase in Baltics mainly due to a higher run rate in the PZU portfolio, combined with integration costs and investments

* CC = corporate centre

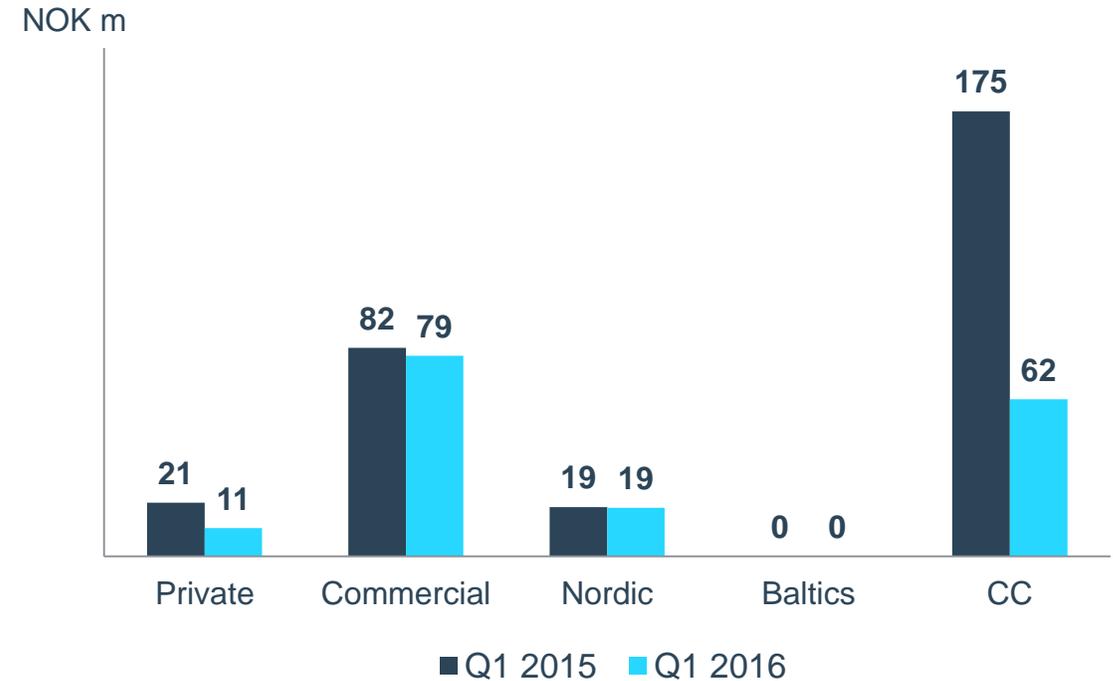


Large losses lower than expected – NOK 68m related to natural perils

Large losses – reported vs expected



Large losses per segment



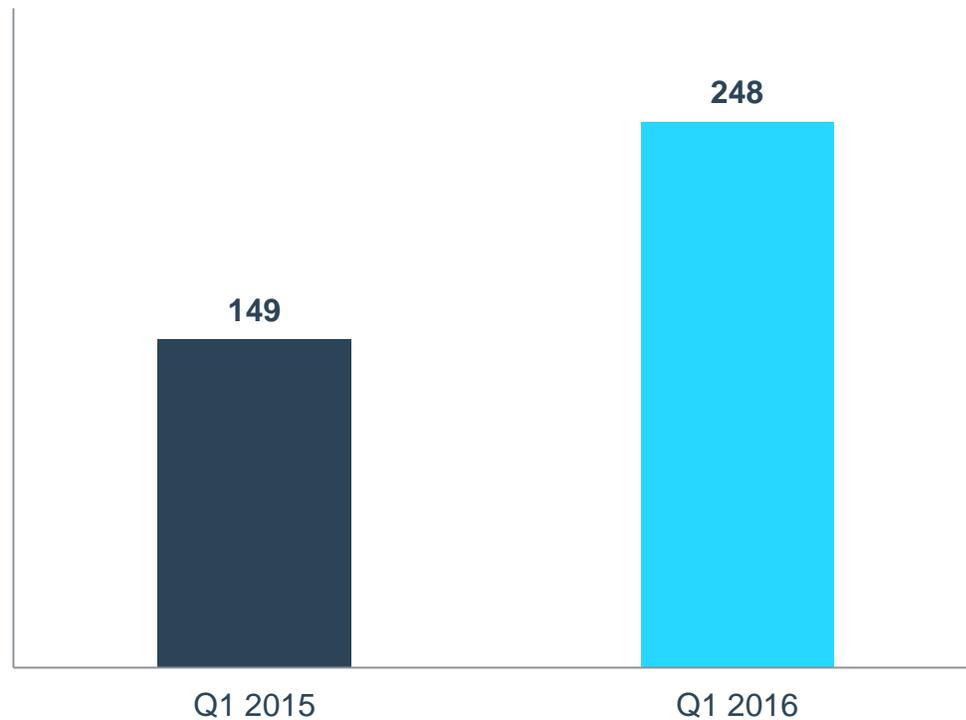
* Large losses: Losses > NOK 10m. Weather related large losses are included. Large losses in excess of NOK 30.0m are charged to the Corporate Centre while up to NOK 30m per claim is charged to the segment in which the large loss occurred. The Baltics segment has, as a main rule, a retention level of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



Impact of 4.5 percentage points from run-off gains

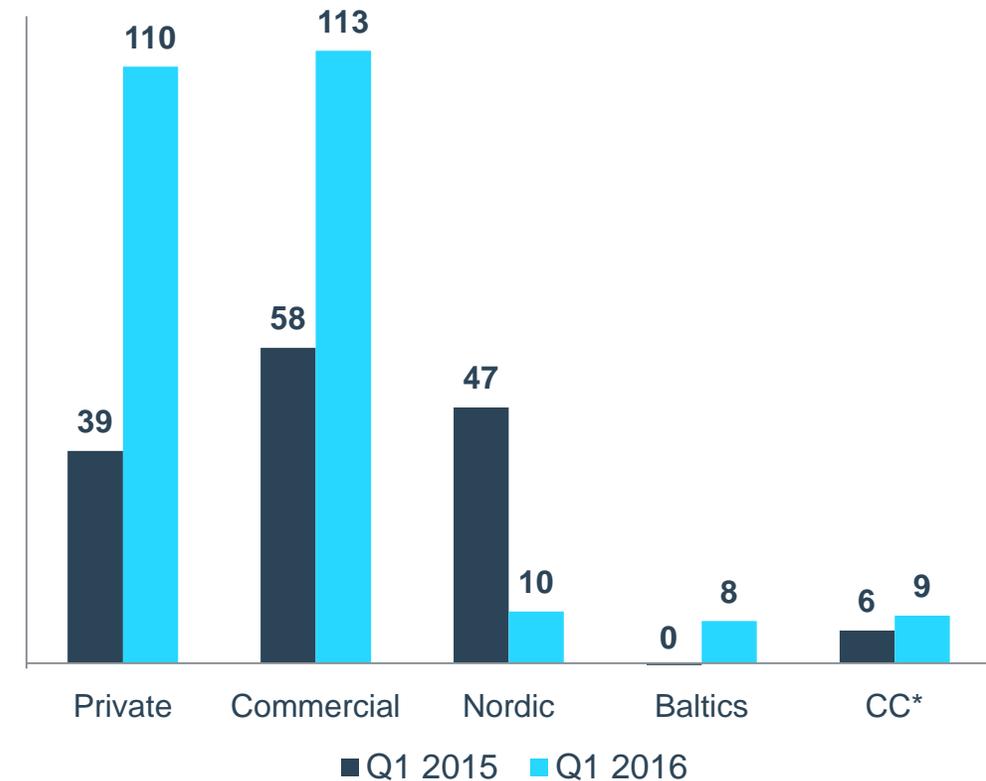
Run-off net

NOK m



Run-off net per segment

NOK m

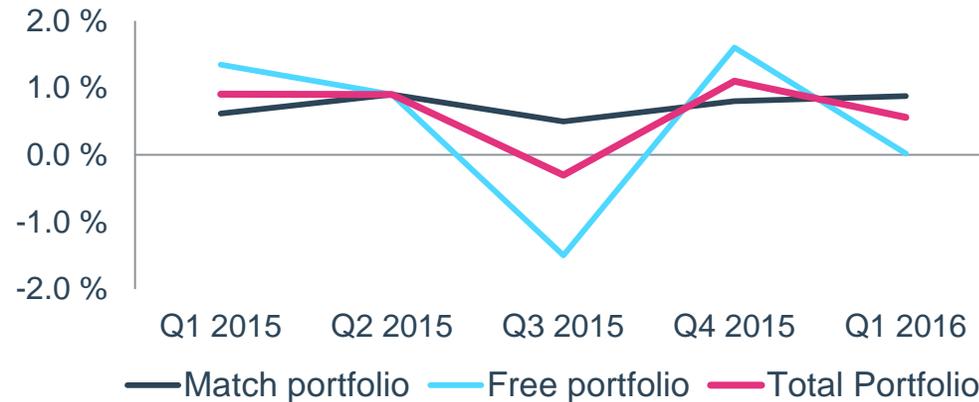


* CC = corporate center



Investment return of 0.6 per cent - negative contribution from the PE portfolio

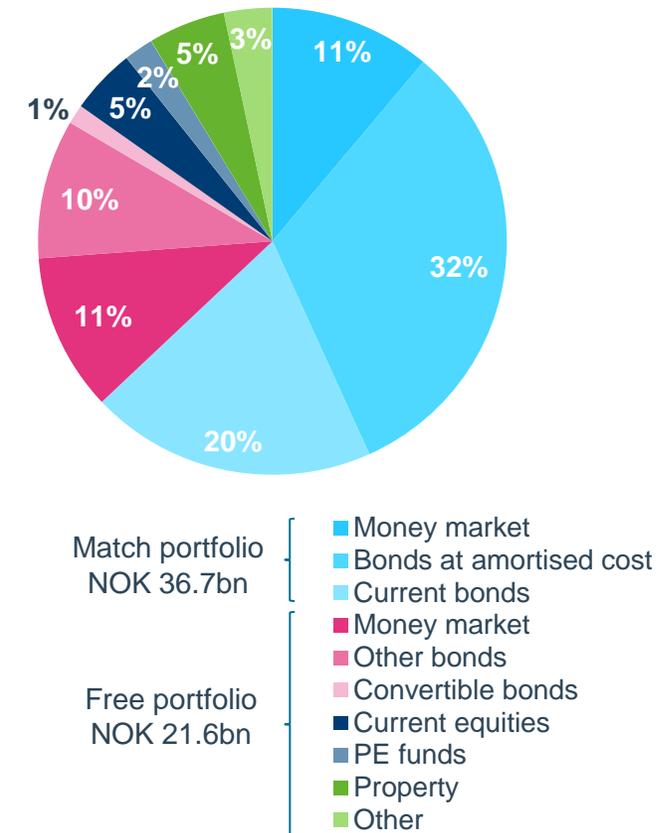
Investment return (%)



Investment return, free portfolio

Q1 2016	%
Fixed income	1.5
Current equities	(0.6)
PE funds	(10.7)
Property	1.6
Total free portfolio	0.0

Portfolio mix as at 31.03.2016

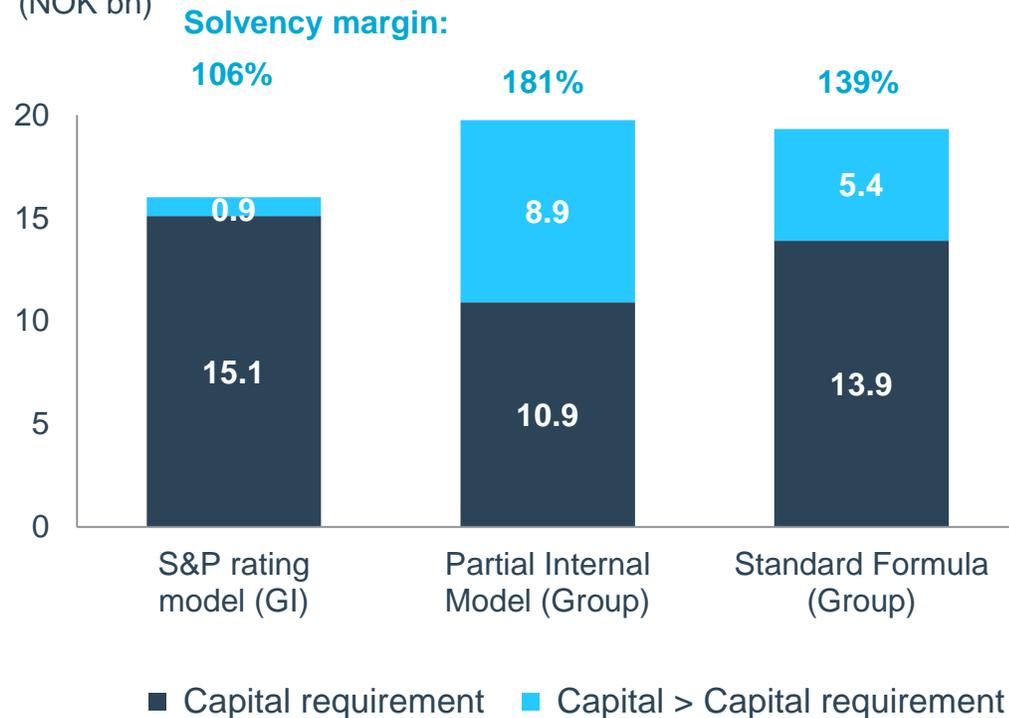




Strong capital position - continued capital discipline going forward

Strong capital position

Capital available (NOK bn)



Capital discipline

- Capital buffers well within risk appetite
- Improve capital efficiency further through Tier 1 issuance in 2016 given reasonable market conditions
- Partial internal model application expected during 1H 2016
- Changed principles in calculation of solvency capital
 - Guarantee provision treated as a liability in line with the FSA's view
 - Gjensidige still expects it to be solvency capital
 - Changed deferred tax calculations

Figures as at 31.03.2016. The Solvency II regulation is principle based. Calculations are based on Gjensidige's understanding of the Solvency II regulation and how it is implemented in Norway, including the current view of the Norwegian FSA on the guarantee provision. If the Guarantee provision had been treated as solvency capital, the Group's PIM and SF solvency margins would be 185% and 142%, respectively. The figures related to the S&P rating model are based on Gjensidige's interpretations of the model.



Concluding remarks

Key takeaways

- Balancing strong profitability with growth
- Competitiveness maintained through operational excellence
- Adapting to – and driving – future customer preferences and market development

Targets

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



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



**Tiden går
Gjensidige består**

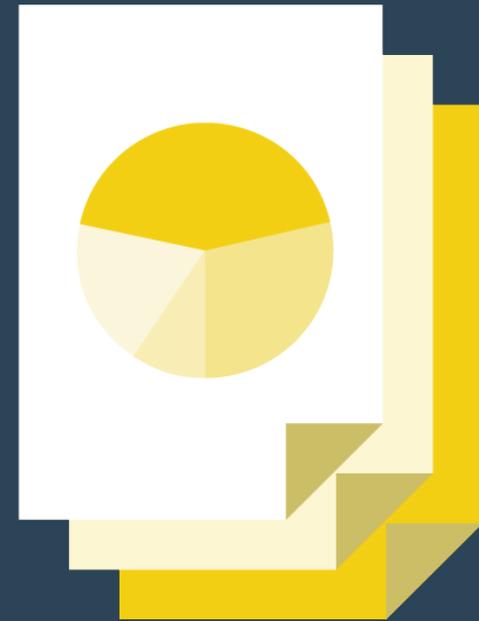


Roadshows post Q1 2016 results

Date	Location	Participants	Event	Arranged by
28 April 2016	Oslo	CEO Helge Leiro Baastad CFO Catharina Hellerud	Interim presentation	Gjensidige
28 April 2016	Oslo	CEO Helge Leiro Baastad CFO Catharina Hellerud Head of IR Janne Flessum	1:1 meetings	Swedbank
29 April 2016	London	CFO Catharina Hellerud IRO Anette Bolstad IRO Katharina Hesbø	Roadshow	Nordea
3 May 2016	Milan	Head of IR Janne Flessum	Roadshow	Nordea
4 May 2016	Paris	CEO Helge Leiro Baastad Head of IR Janne Flessum IRO Katharina Hesbø	Roadshow	ABG Sundal Collier
9 May 2016	Copenhagen	EVP Nordic Kim Rud-Petersen IRO Anette Bolstad	Roadshow	Danske Bank
19 May 2016	London	CFO Catharina Hellerud IRO Anette Bolstad IRO Katharina Hesbø	European Select Franchise Conference	Barclays
2 June 2016	Stockholm	CFO Catharina Hellerud Head of IR Janne Flessum IRO Katharina Hesbø	Navigating the Nordics Seminar	Danske Bank
7 June 2016	Paris	CEO Helge Leiro Baastad IRO Anette Bolstad	European Financials Conference	Goldman Sachs
17 June 2016	Frankfurt	CFO Catharina Hellerud EVP Private Norway Hege Yli Melhus Ask Head of IR Janne Flessum	Roadshow	Exane BNP Paribas



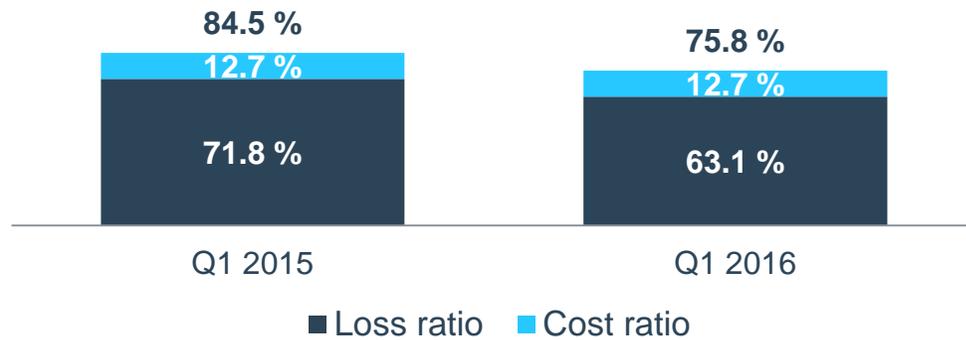
Appendix



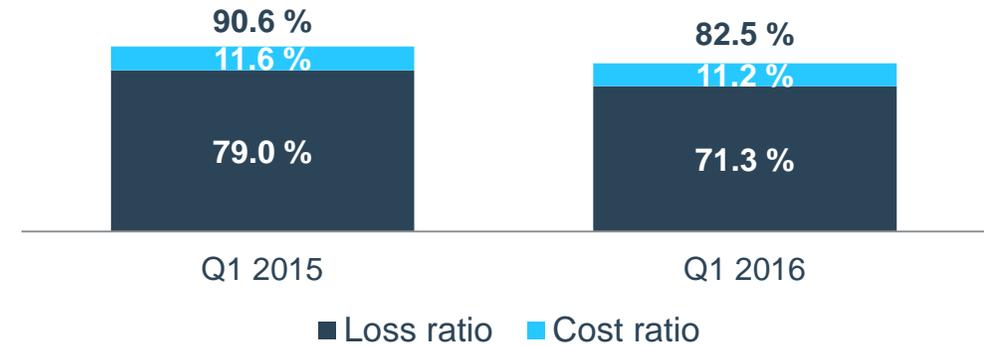
General insurance – cost ratio and loss ratio per segment



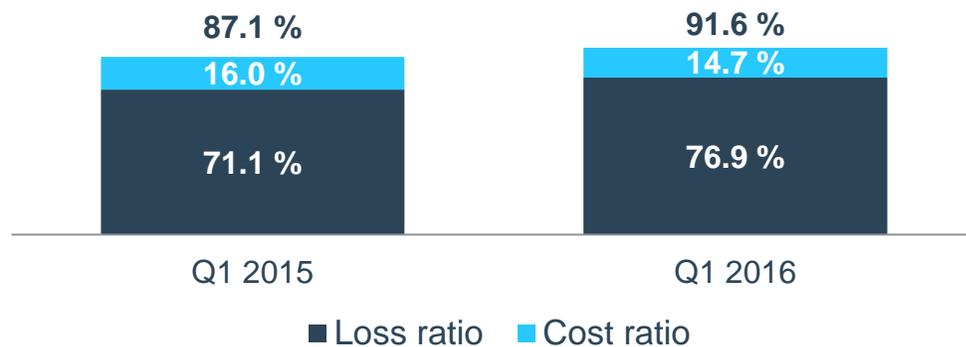
Private



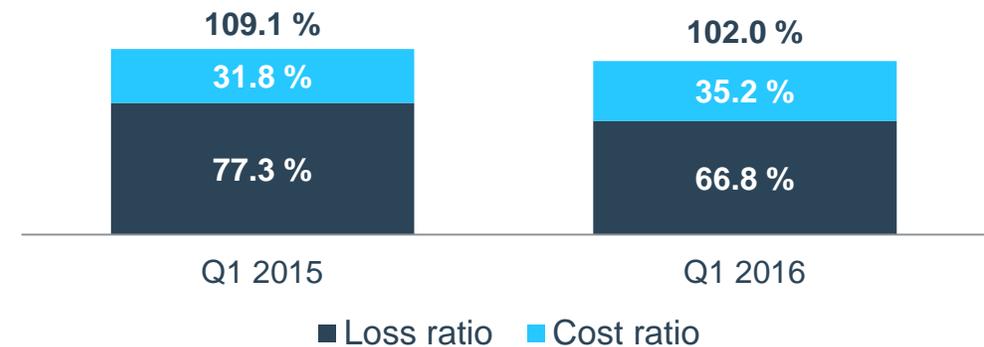
Commercial



Nordic



Baltics

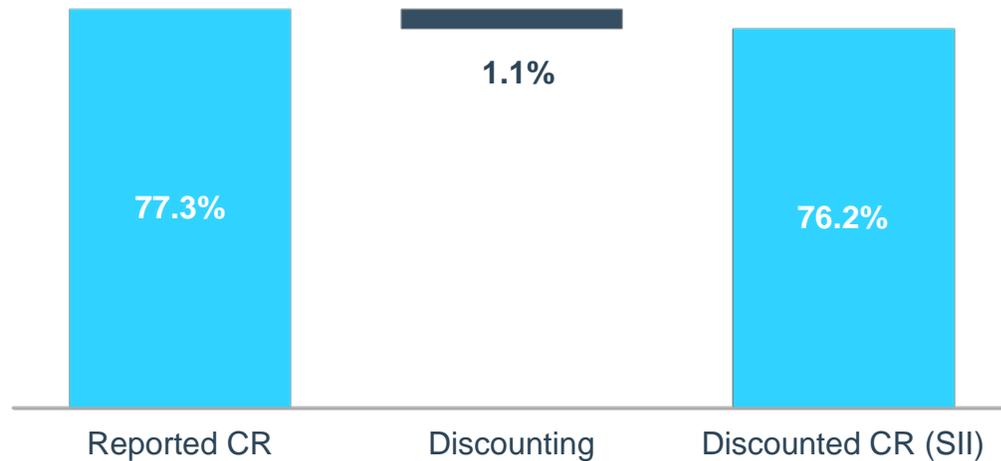




Effect of discounting of claims provisions

Assuming Solvency II regime

Effect of discounting on CR – Q1 2016



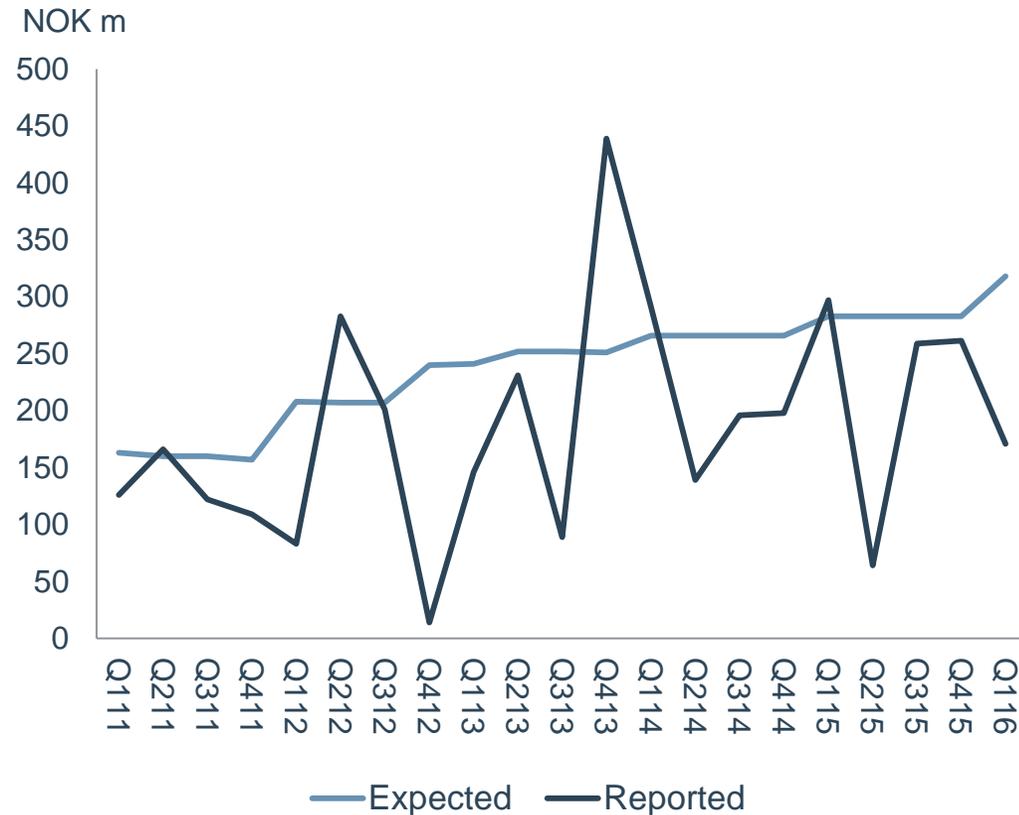
Assumptions

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

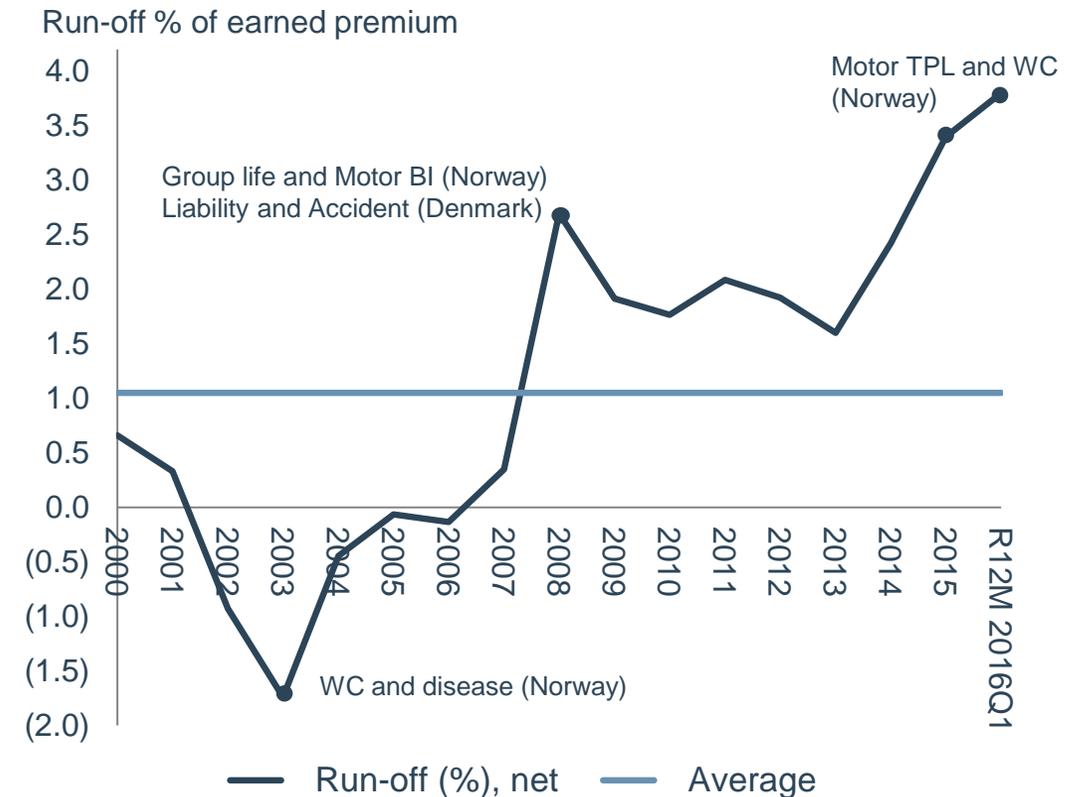


Large losses and run-off development

~ NOK 1.3bn in large losses* expected annually



Expected annual run-off gains of ~NOK 800m next 2.5-4.5 years

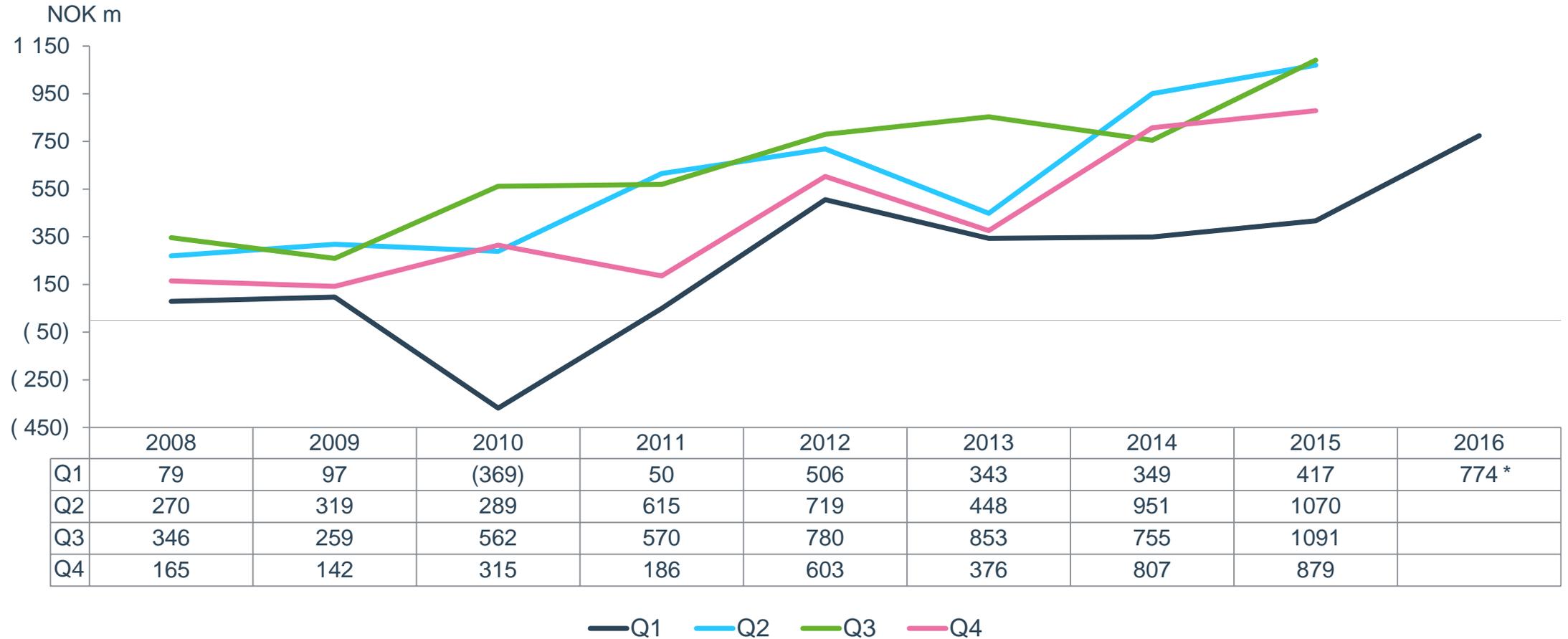


* Losses >NOK 10m. From and including 2012, the numbers include weather related large losses.



Quarterly underwriting results

General Insurance



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

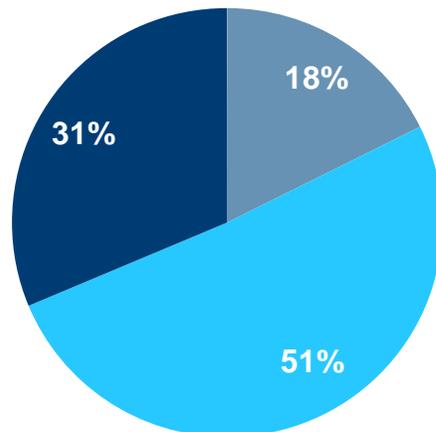


Asset allocation

As at 31.03.2016

Match portfolio

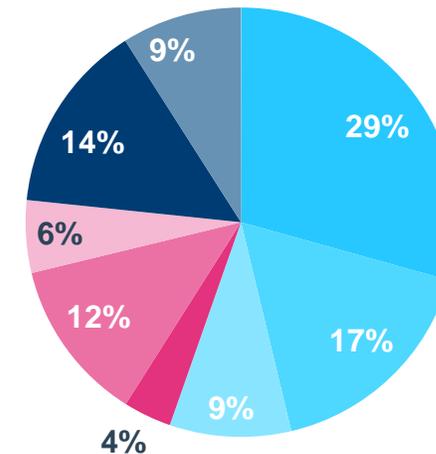
- Carrying amount: NOK 36.7bn
- Average duration: 3.5 years



- Money market
- Bonds at amortised cost
- Current bonds

Free portfolio

- Carrying amount: NOK 21.6bn
- Average duration fixed-income instruments: 3.1 years

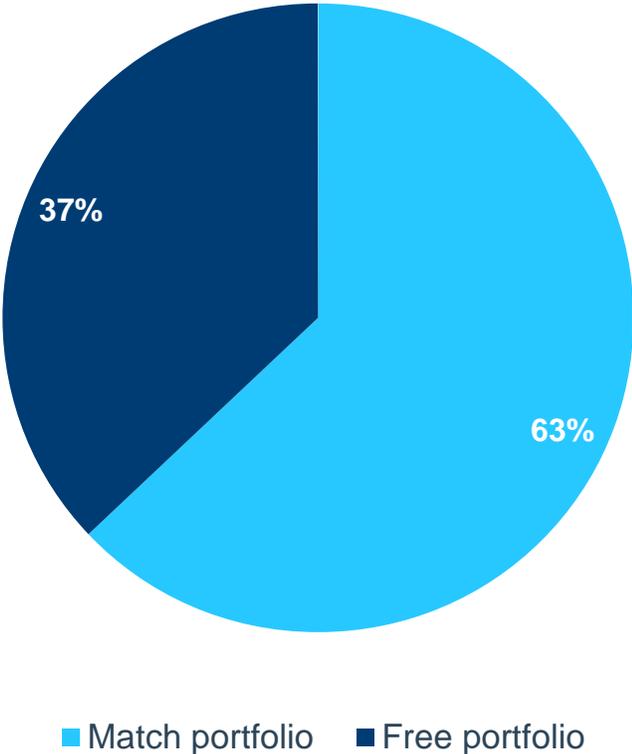


- Money market
- High Yield
- Current equities
- Property
- Other bonds
- Convertible bonds
- PE-funds
- Other

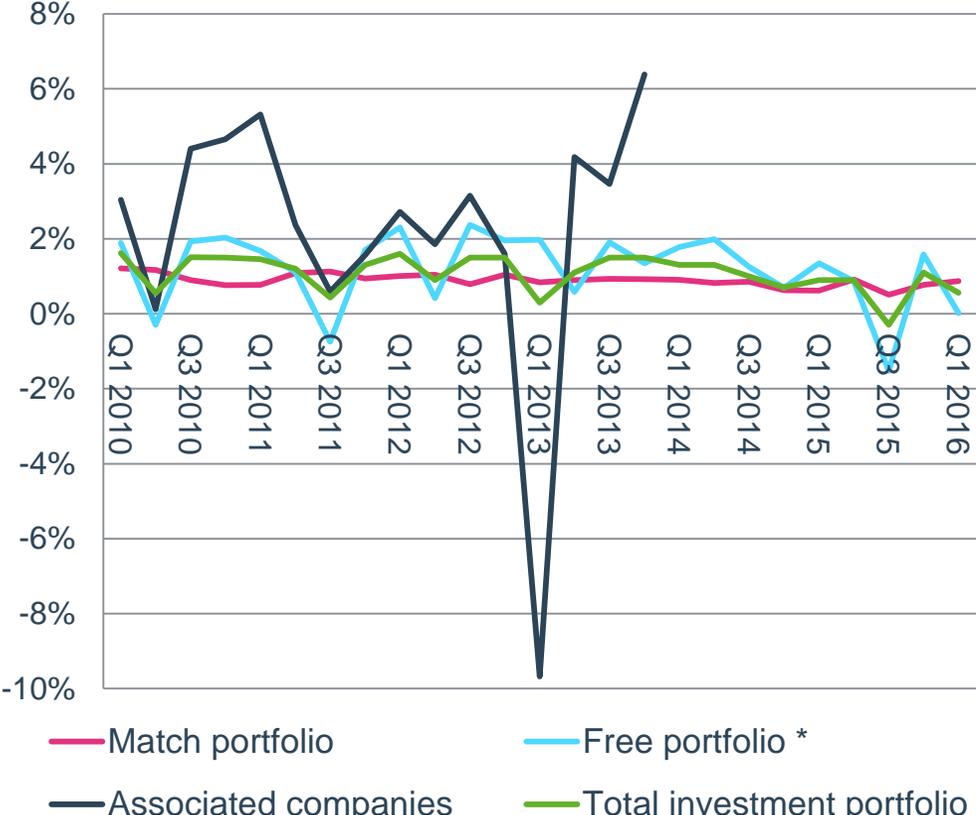


Stable contribution from the match portfolio

Asset allocation as at 31.03.2016



Quarterly investment returns*

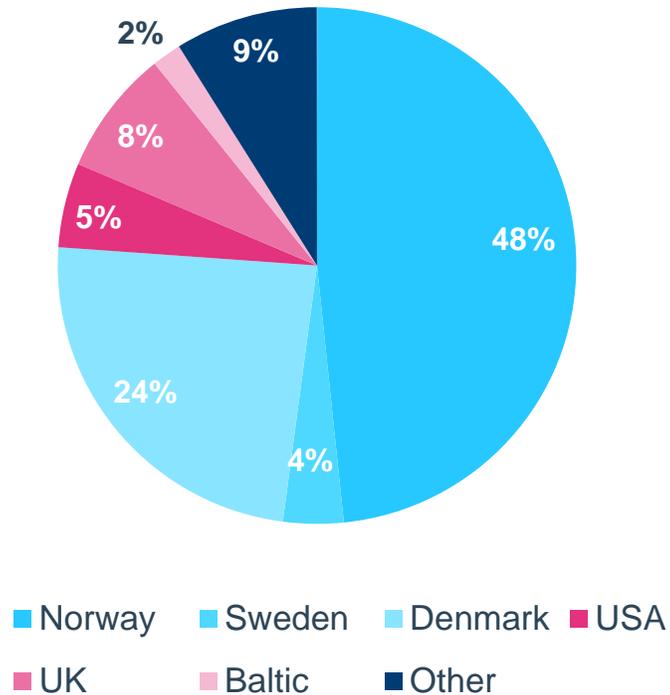


* From and including 2014 former associated companies are included in the Free portfolio. The investment in STB was sold in Q1 2014. From and including Q2 2014 the investment in SRBANK was classified as an ordinary share

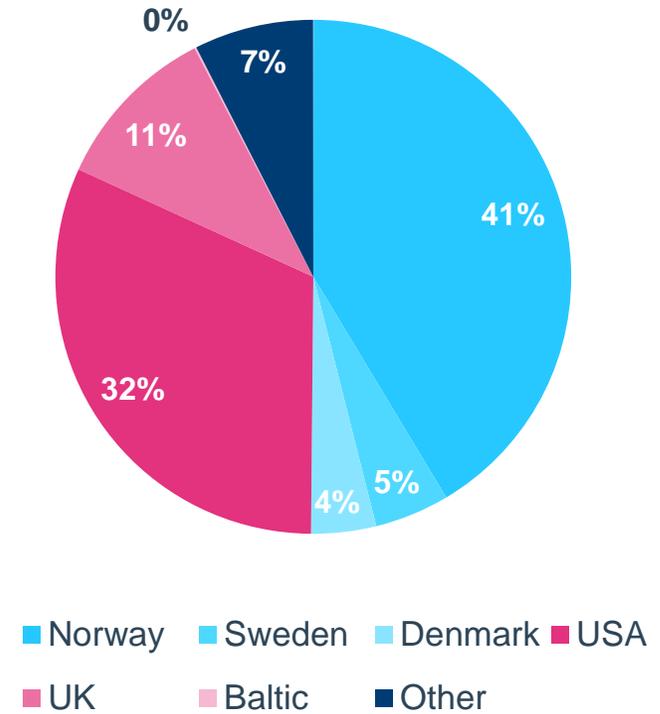


Balanced geographical exposure

Match portfolio



Free portfolio, fixed-income instruments





Credit and counterparty risk

Credit exposure

- The portfolio consists mainly of securities in rated companies with high creditworthiness (Investment grade)
- Issuers with no official rating are mainly Norwegian savings banks, municipalities, credit institutions and power producers and distributors
- Relevant benchmark for high yield and investment grade are international, wide HY and IG indices
- Generally, foreign-exchange risk in the investment portfolio is hedged close to 100 per cent, within a permitted limit of +/- ten per cent per currency

Total fixed income portfolio

Split – Rating	Match portfolio		Free portfolio	
	NOK bn	%	NOK bn	%
AAA	10.6	28.8	1.3	10.3
AA	3.8	10.4	1.7	13.7
A	7.7	20.9	3.1	24.3
BBB	1.9	5.1	1.6	12.9
BB	0.7	1.8	1.2	9.2
B	0.8	2.1	0.9	7.2
CCC or lower	0.0	0.0	0.1	1.0
Internal rating*	7.4	20.2	2.2	17.6
Unrated	3.9	10.7	0.5	3.9
Fixed income portfolio	36.8	100.0	12.7	100.0

Split - Counterparty	Match portfolio		Free portfolio	
	NOK bn	%	NOK bn	%
Public sector	3.6	9.7	2.8	21.9
Bank/financial institutions	21.4	58.2	5.2	40.9
Corporates	11.8	32.0	4.7	37.2
Total	36.8	100.0	12.7	100.0

Figures as at 31.03.2016. * Internal rating – rating by third party



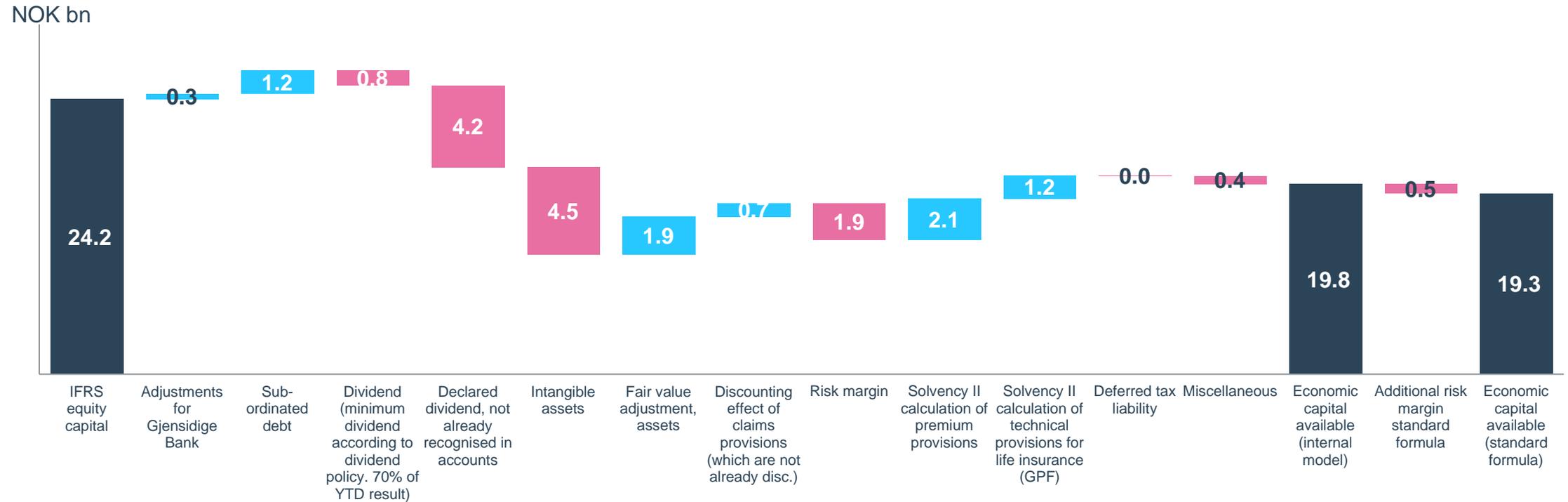
Overview capitalisation

(NOK bn)	SF (Group)	SF (general insurance)	PIM (Group)	PIM (general insurance)	Rating model (general insurance)	Gjensidige Bank & Gjensidige Investeringsrådgivning	Gjensidige Pensjonsforsikring
Capital available	19.3	14.8	19.8	15.1	16.0	3.1	1.0
Capital requirement	13.9	9.7	10.9	7.4	15.1	3.0	1.1
Solvency margin	139%	153%	181%	203%	106%	102%	94%

Figures as at 31.03.2016. The Solvency II regulation is principle based. Calculations are based on Gjensidige's understanding of the Solvency II regulation and how it is implemented in Norway, including the current view of the Norwegian FSA on the guarantee provision. If the Guarantee provision had been treated as solvency capital, the Group's PIM and SF solvency margins would be 185% and 142%, respectively. The figures related to the S&P rating model are based on Gjensidige's interpretations of the model. Allocation of capital to Gjensidige Bank is based on 15.5 per cent capital adequacy ratio. Allocation of capital to Gjensidige Investeringsrådgivning is based on 8 per cent capital adequacy ratio. Gjensidige has applied for a two year transitional period to meet the solvency requirement for Gjensidige Pensjonsforsikring.



Solvency II economic capital available



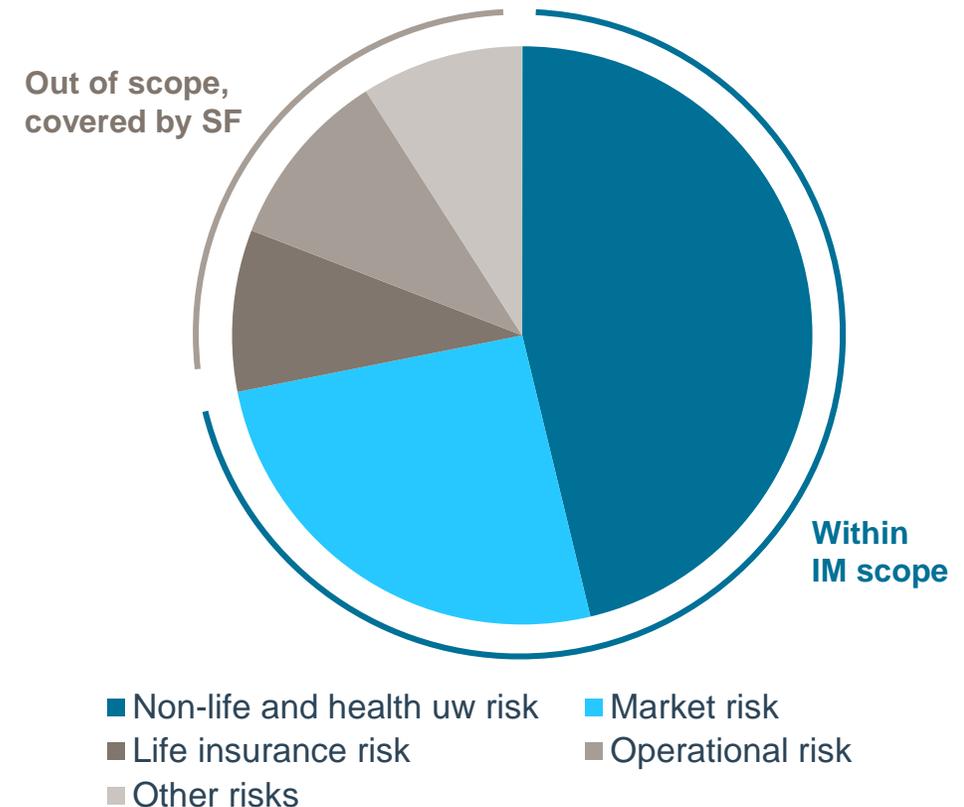
Figures as at 31.03.2016. GPF = Gjensidige Pensjonsforsikring. The Solvency II regulation is principle based. Calculations are based on Gjensidige's understanding of the Solvency II regulation and how it is implemented in Norway, including the current view of the Norwegian FSA on the guarantee provision. Deferred tax: All differences in valuation of assets and liabilities are adjusted for tax. No tax is assumed on the security provision. Miscellaneous: Main effects are related to the guarantee scheme provision and different valuation of Oslo Areal.



Solvency II capital requirements

NOK bn	PIM	SF
Capital available	19.8	19.3
Capital charge for non-life and health uw risk	5.6	7.9
Capital charge for life uw risk	1.1	1.1
Capital charge for market risk	6.2	7.1
Capital charge for counterparty risk	0.5	0.5
Diversification	(4.2)	(3.7)
Basic SCR	9.1	12.9
Operational risk	1.1	1.1
Adjustments (risk-reducing effect of deferred tax)	(2.2)	(3.2)
Gjensidige Bank/Gjensidige Investeringsrådgivning	3.0	3.0
Total capital requirement	10.9	13.9
Solvency ratio	181%	139%

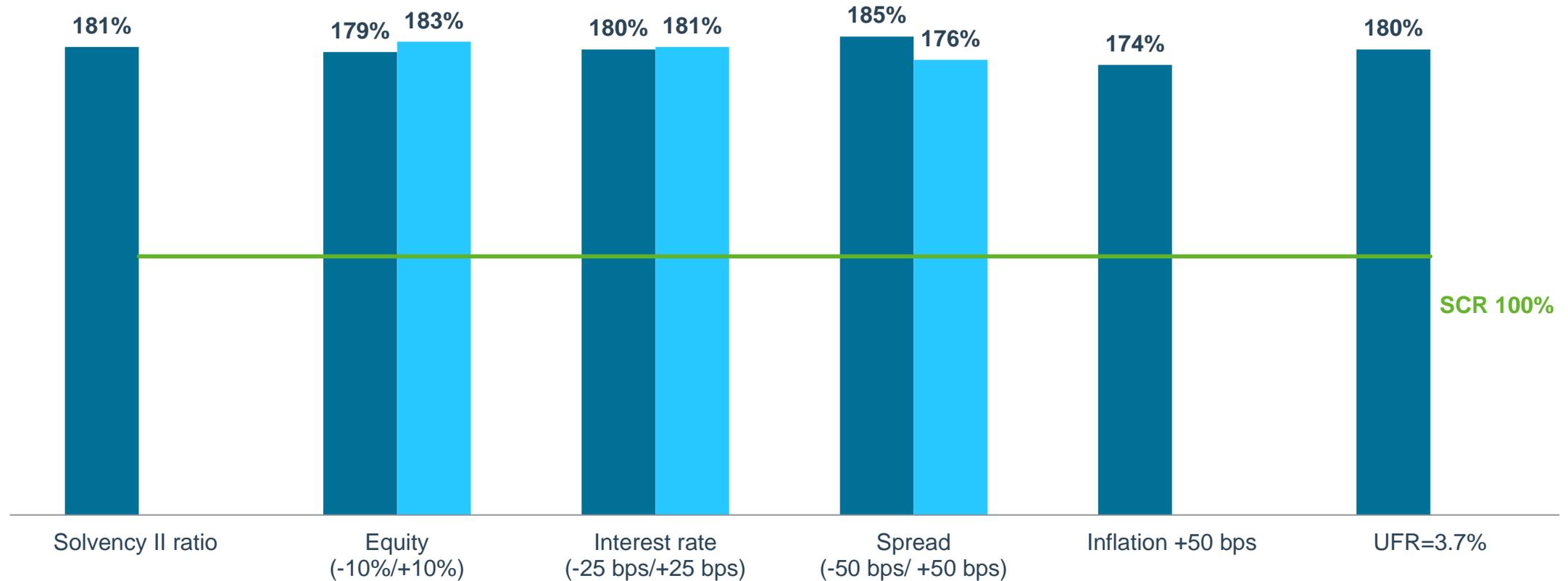
Scope internal model



Figures as at 31.03.2016. The Solvency II regulation is principle based. Calculations are based on Gjensidige's understanding of the Solvency II regulation and how it is implemented in Norway, including the current view of the Norwegian FSA on the guarantee provision. If the Guarantee provision had been treated as solvency capital, the Group's PIM and SF solvency margins would be 185% and 142%, respectively. Allocation of capital to Gjensidige Bank is based on 15.5 per cent capital adequacy ratio. Pie chart is based on allocated capital for the specified risk types within the Gjensidige Group excl. Gjensidige Bank and Gjensidige Investeringsrådgivning .



Solvency II sensitivities PIM



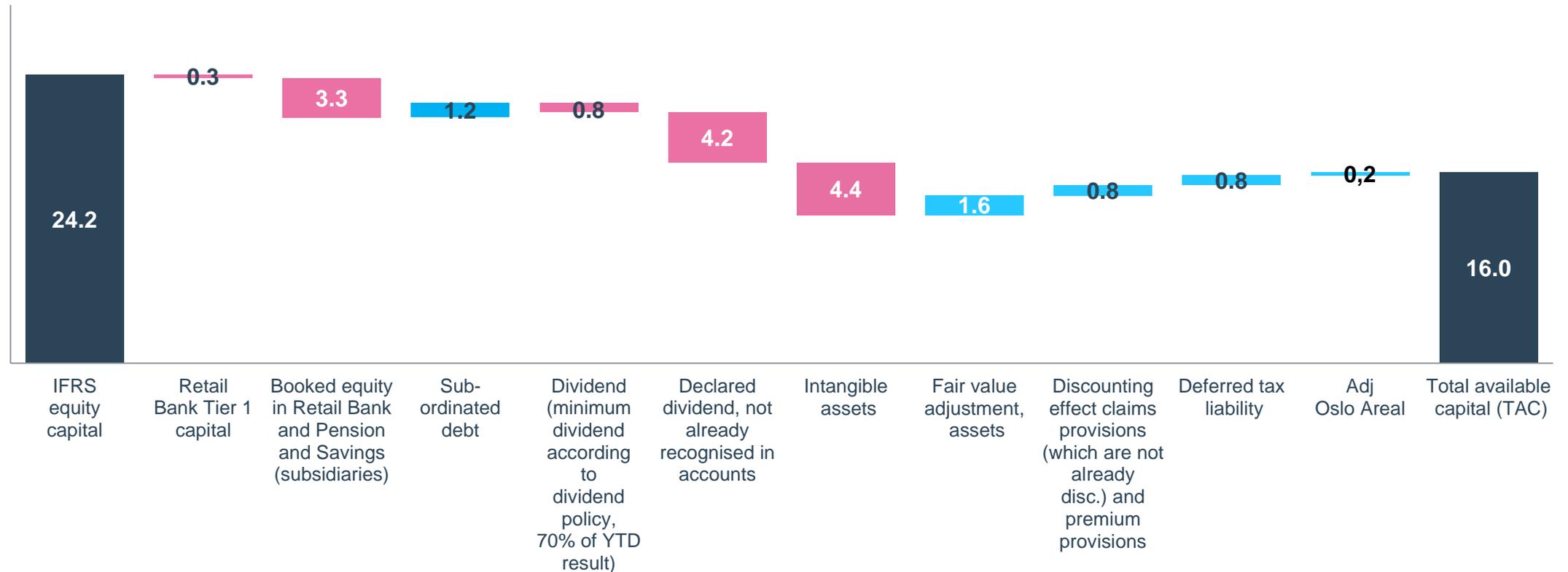
Figures as at 31.03.2016. Calculations are based on Gjensidige's understanding of the Solvency II regulation and how it is implemented in Norway, including the current view of the Norwegian FSA on the guarantee provision. If the Guarantee provision had been treated as solvency capital, the Group's PIM solvency margins would be 185%.



S&P total available capital

Bridging the gap between IFRS equity and available capital

NOK bn



Figures as at 31.03.2016. The figures related to the S&P rating model are based on Gjensidige's interpretations of the model. Note that the rating perspective is based on the balance sheet of the Group's general insurance operations.



S&P capital requirement

	NOK bn
Total capital charge for asset risk	7.4
Total capital charge for insurance risk	9.8
Total gain diversification	(1.2)
Quantitative credit	(0.9)
Total capital requirement A-rating	15.1

Figures as at 31.03.2016. The figures related to the S&P rating model are based on Gjensidige's interpretations of the model. Note that the rating perspective is based on the balance sheet of the Group's general insurance operations.



Subordinated debt capacity

Principles for capacity

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

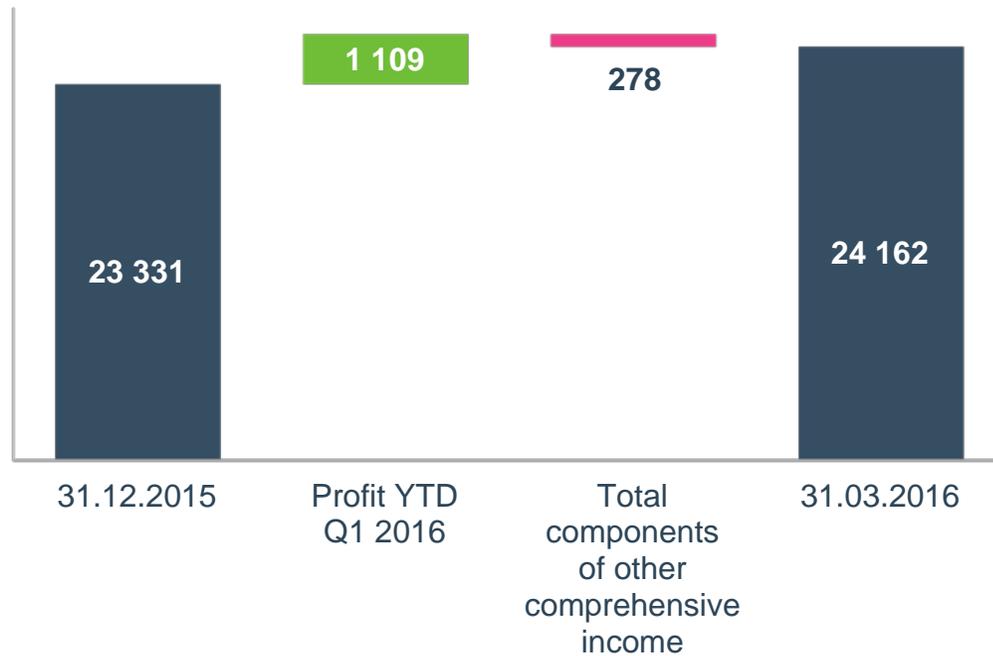
Capacity and utilisation

- Overall capacity for subordinated debt constrained by S&P (general insurance group)
 - Total capacity: NOK 4.0bn
 - Utilised Tier 2: NOK 1.2bn
 - Capacity Tier 1: NOK 2.8bn
- Tier 2 capacity constrained by SII SCR
 - The Tier 2 capacity is fully utilised in GJF ASA assuming PIM approval
 - Utilised sub debt: NOK 1.2bn
 - Utilised natural perils fund and guarantee scheme: NOK 2.7bn

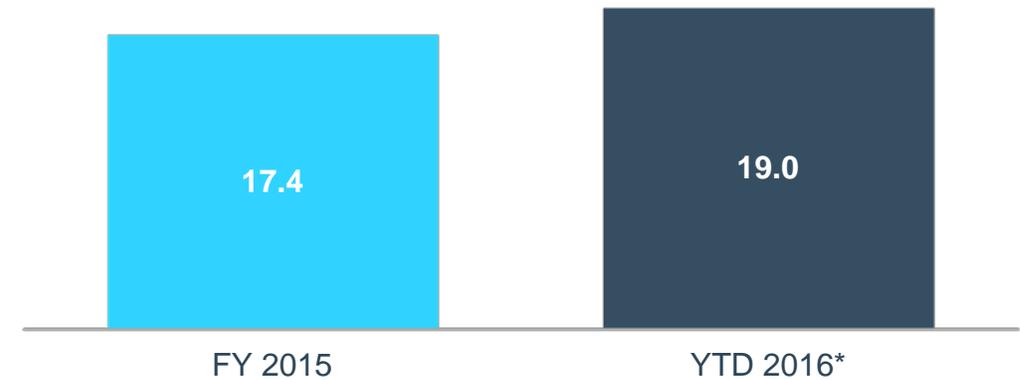


Annualised return on equity 19.0 per cent in Q1 2016

Equity (NOK m)



Return on equity (%)

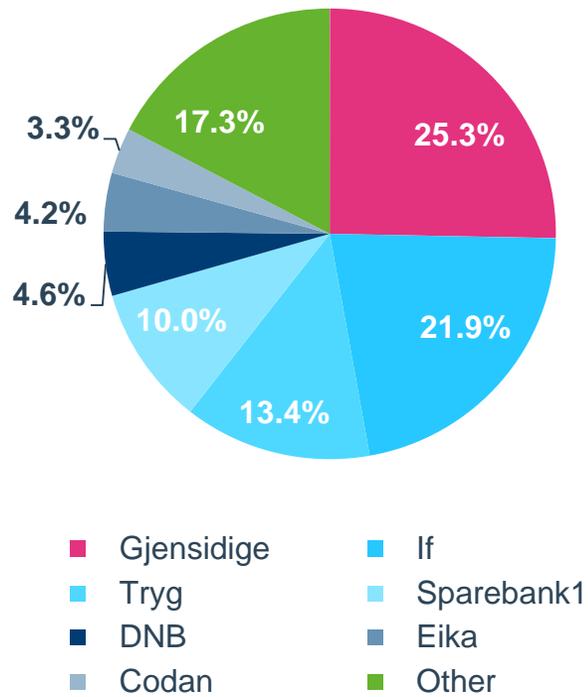


* Annualised

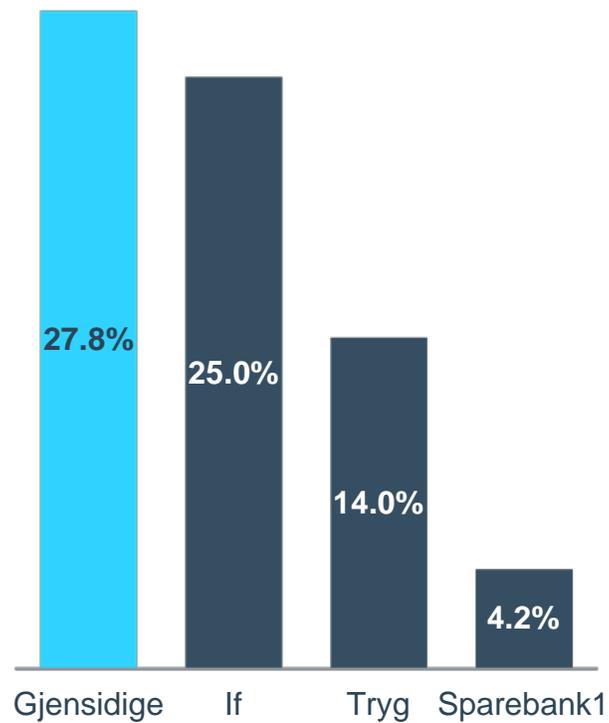


Market leader in Norway

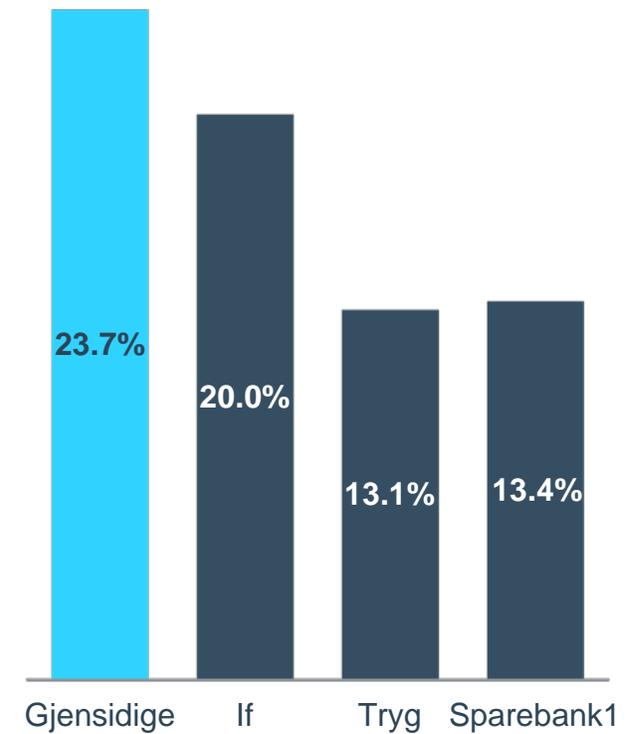
Market share – Total market



Market share – Commercial



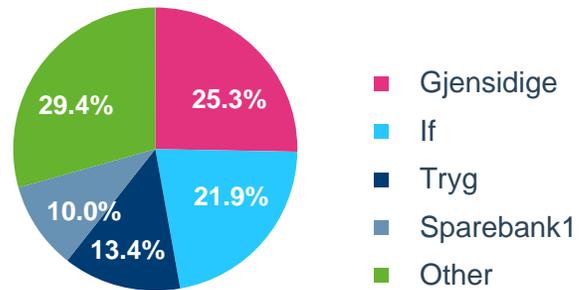
Market share – Private



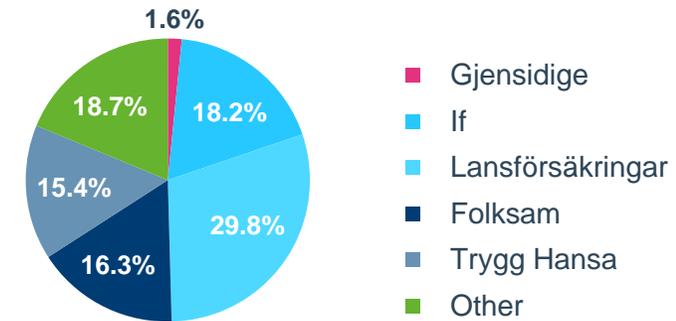


Nordic and Baltic growth opportunities

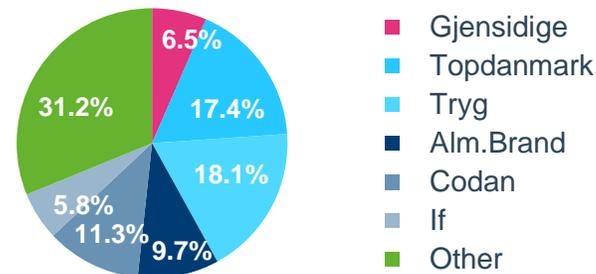
Market shares Norway



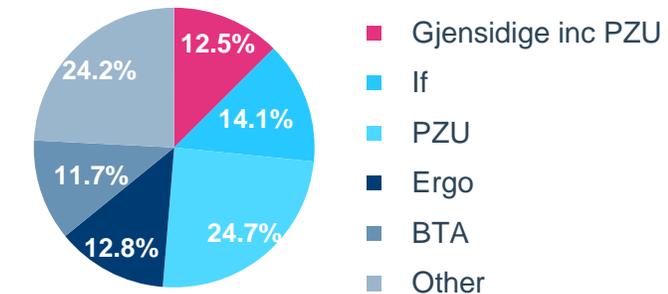
Market shares Sweden



Market shares Denmark



Market shares Baltics



Sources: Finance Norway, 4th quarter 2015. Insurance Sweden, 4th quarter 2015, The Danish Insurance Association 1st quarter 2015. Baltics Insurance Supervisory Authorities of Latvia and Lithuania, Estonia Statistics, competitor reports, and manual calculations, 4th quarter 2015 (Market shares Baltics reflect transactions closed in Q4 2015)

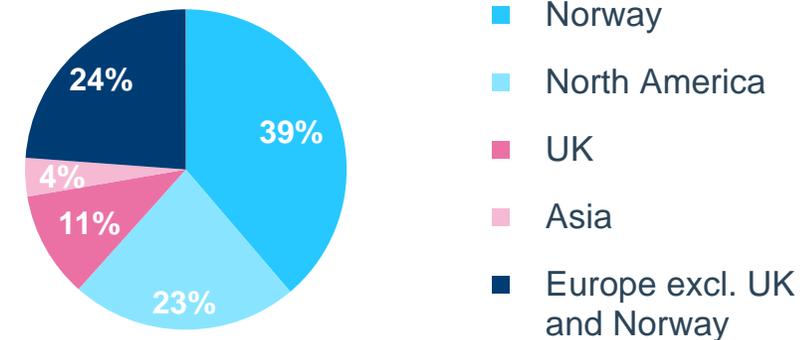


Ownership

10 largest shareholders*

No	Shareholder	Stake (%)
1	Gjensidigestiftelsen	62.2
2	Folketrygdfondet	4.4
3	Deutsche Bank	4.2
4	Danske Bank	2.7
5	Caisse de Depot et Placement du Quebec	2.5
6	BlackRock	1.5
7	Safe Investment Company	0.9
8	Thornburg Investment Mgt	0.8
9	State Street Corporation	0.8
10	DNB	0.8
Total 10 largest		80.7

Geographical distribution of shares**



Gjensidige Foundation ownership policy:

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

* Shareholder list based on analysis performed by Orient Capital Ltd of the register of shareholders in the Norwegian Central Securities Depository (VPS) as per 31 March 2016. This analysis provides a survey of the shareholders who are behind the nominee accounts. There is no guarantee that the list is complete. ** Distribution of shares excluding share held by the Gjensidige Foundation (Gjensidigestiftelsen).



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Notes



Notes



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