Gjensidige Insurance Group

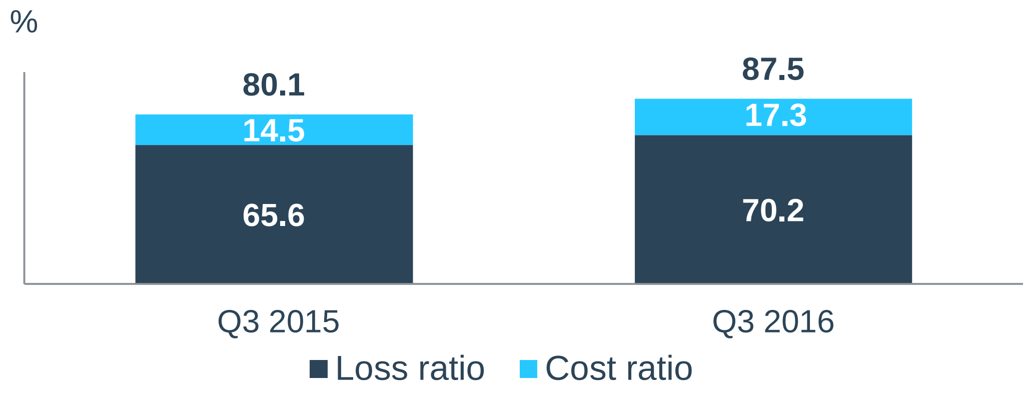
3rd quarter results 2016

26 October 2016

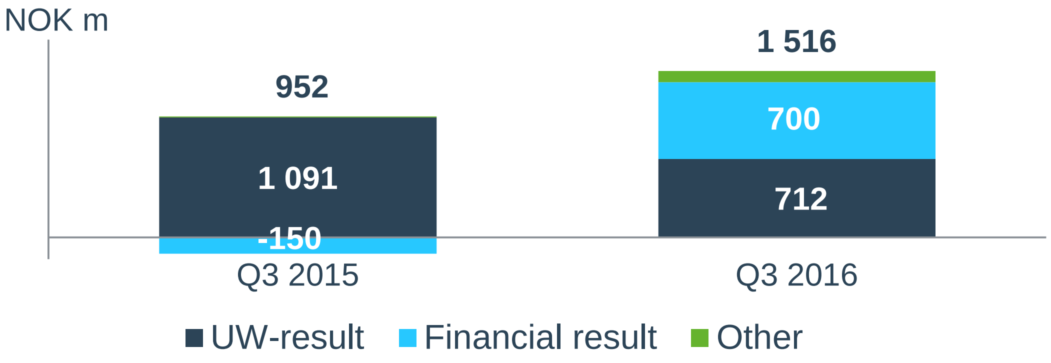
A strong third quarter

- Pre-tax profit NOK 1,516m
- Underwriting result NOK 712m
  - Combined ratio 87.5%, (85.4% adjusted for one-off)
  - 4.3% premium growth
  - Good underlying frequency claims development
  - Level of run-off and large losses as expected
  - Good cost control – cost ratio 17.3% (15.2% adjusted for one-off)
- Solid contributions from bank and pension operations with pre-tax profit of NOK 178m
- Financial result NOK 700m, investment return 1.3%
- 21.7% return on equity*

Combined ratio



Pre-tax profit



* Annualised, YTD

Q3 2016 including one-off restructuring cost NOK 120m

Further optimising of capital structure - special dividend NOK 4.00 per share

- Successful NOK 1.0bn RT1 issue
- Sale SR-Bank shares with ~NOK 300m capital effect
- Special dividend NOK 4.00 per share corresponding to a total NOK 2bn
  - Excess capital distribution
  - Adopted based on existing Board authorisation
  - Ex-date: 1 November 2016

Dividend policy

Regular

- High and stable dividends
- Pay-out ratio over time of at least 70% of profit after tax
- Expected future capital need taken into account when determining the size of the dividend

Special

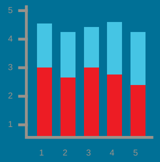
- Excess capital above the targeted capitalisation will be paid out over time

Operational strategic priorities

Digital customer experiences

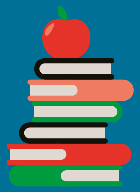
- ✓ The best online customer experiences in the Nordic general insurance market

Business intelligence and analytics



- ✓ Analytical use of data to ensure attractive value propositions and profitable operations

Organisational capabilities



- ✓ Business-driven development of people and organisation

Preparing for a strong position in a growing market for health and personal insurance

Set to ensure future competitiveness

- Organisational changes to strengthen analytical capacity, digital customer offerings, marketing and CRM
- Changes in Group management
- Cost efficiency measures to create room for strategic investments
  - Reduction 190 FTEs in staff and support functions

Targets unchanged

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 2-4 years and normalised large losses impact. Beyond the next 2-4 years, the target is 90-93 given 0 pp run-off.

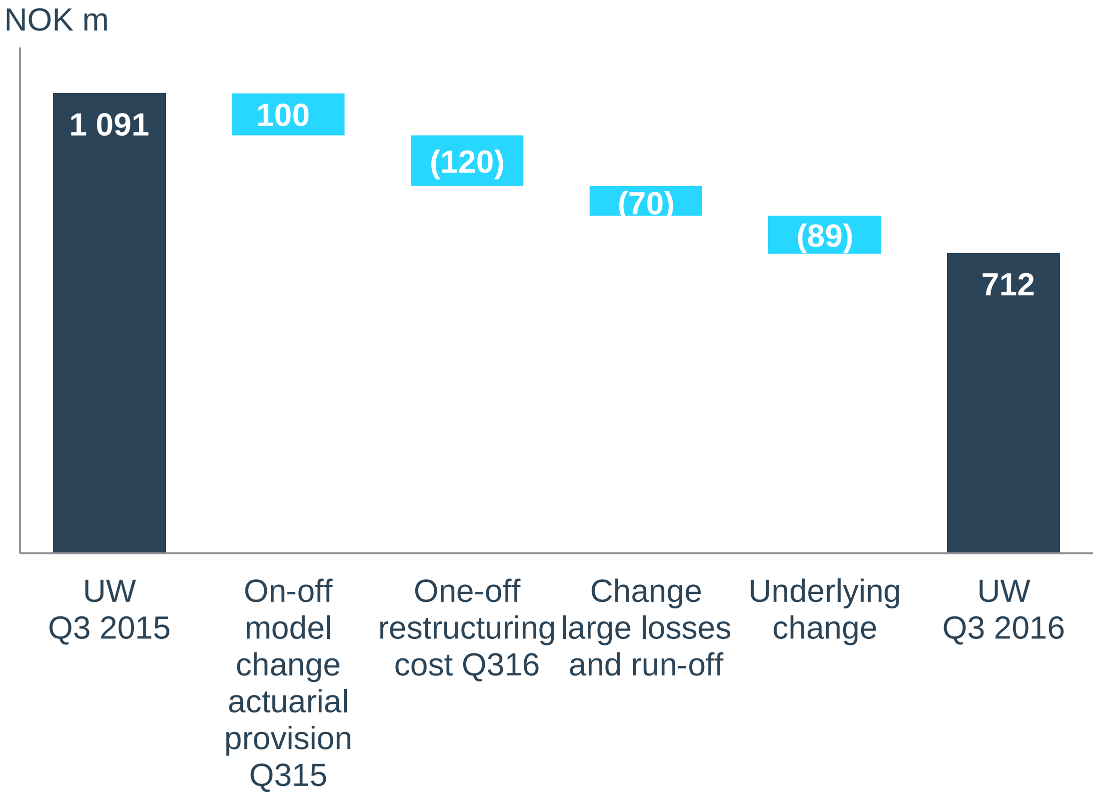
Financial performance

Strong year-to-date and third quarter results

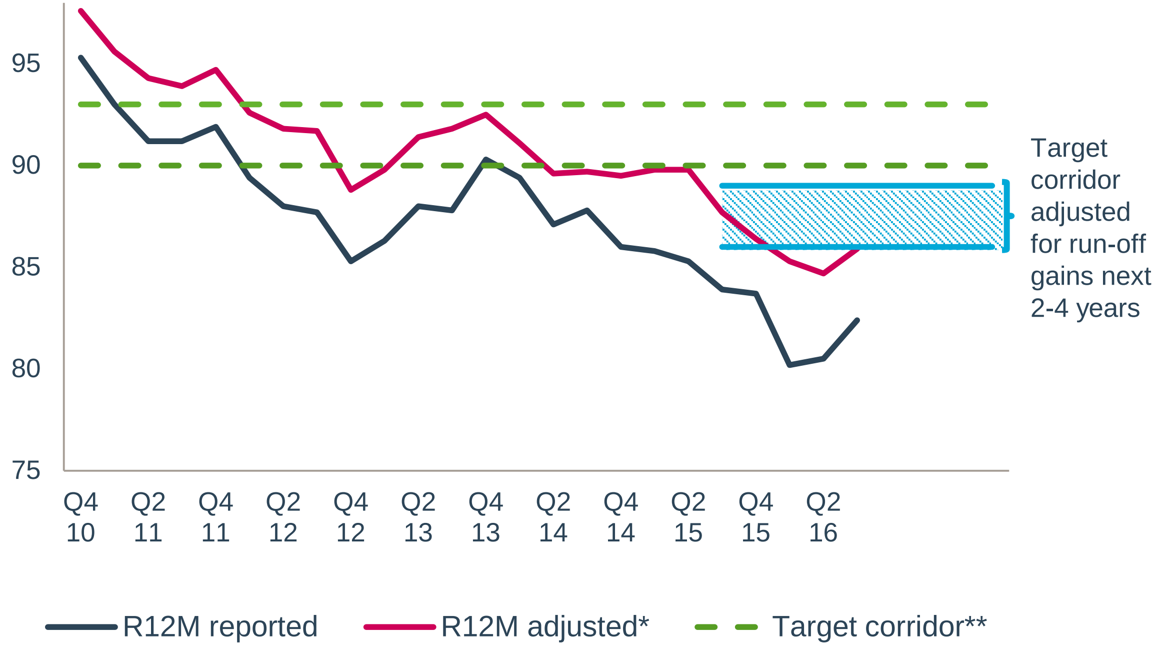
NOK m	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Private	536	687	1 647	1 569
Commercial	401	419	1 249	1 038
Nordic	60	140	227	443
Baltics	(21)	(17)	(63)	(34)
Corporate Centre/costs related to owner	(196)	(77)	118	(229)
Corporate Centre/reinsurance	(67)	(61)	(144)	(209)
Underwriting result	**712**	**1 091**	**3 034**	**2 578**
Pension and savings	39	19	97	61
Retail Bank	139	57	334	221
Financial result from the investment portfolio	700	(150)	1 594	882
Amortisation and impairment losses of excess value	(64)	(53)	(194)	(127)
Other items	(11)	(13)	(30)	(35)
Profit/(loss) before tax expenses	**1 516**	**952**	**4 834**	**3 579**

Underwriting result development affected by one-offs - frequency claims level stable and benign

Development in underwriting result Q3 2015 – Q3 2016



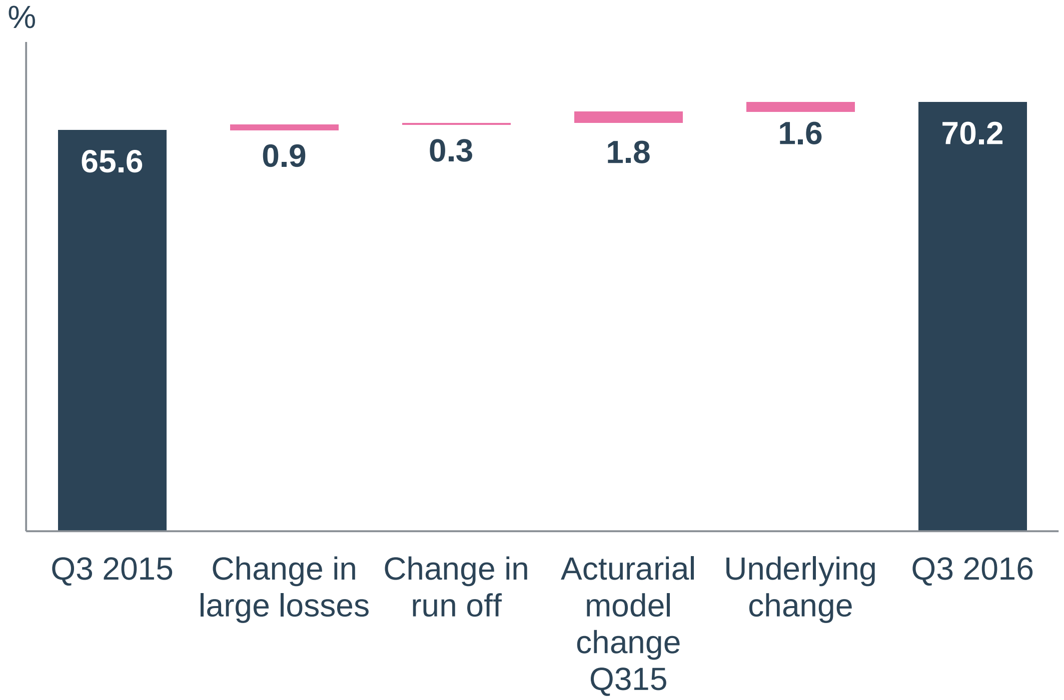
R12M combined ratio development



*Adjusted for one-offs, assumes 0 run-off until Q315 and NOK800m per year from and including Q315, and normalised large losses. **Long-term target corridor assumes 0 run-off and and normalised large losses

Underlying change in loss ratio 1.6 percentage points - partly due to short period of heavy rains in Norway

Loss ratio development Q3 2015 – Q3 2016

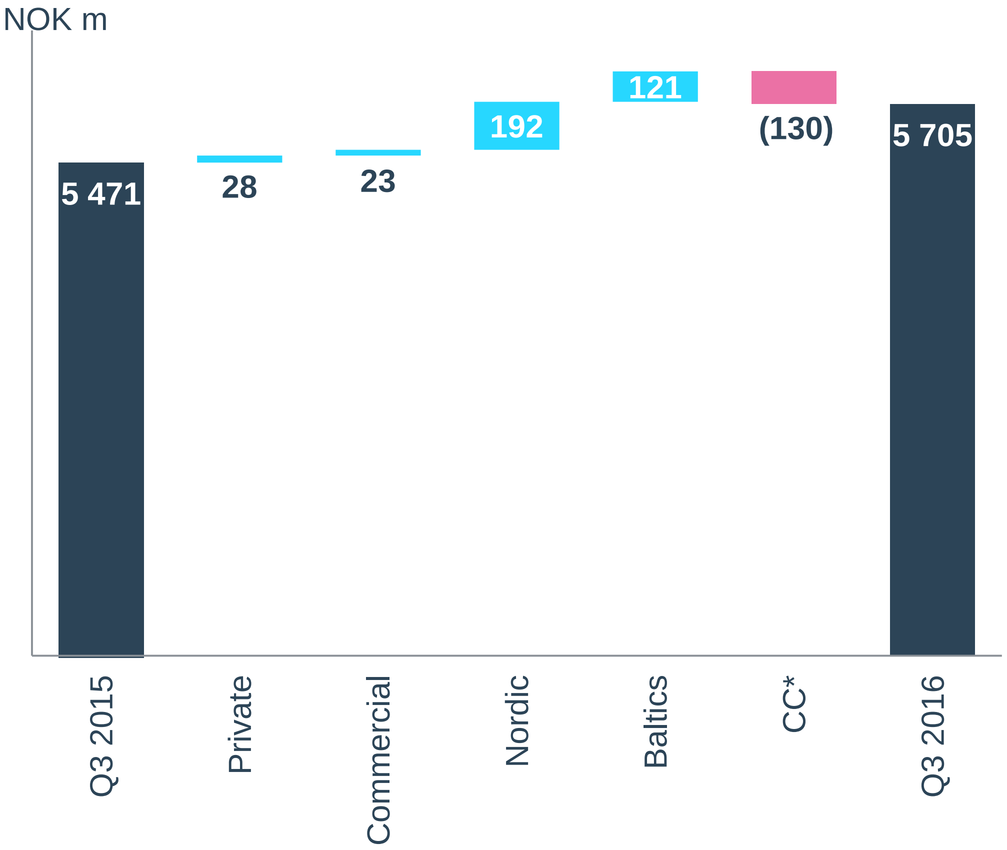


Key drivers – underlying loss ratio development

- Heavy rains in Norway affecting property products
- Random quarterly variations
- Overall stable and benign frequency claims level for main portfolios and products
  - Nordic segment adversely affected by Vardia, change in provision modelling for product insurance and higher loss ratio on commercial property
  - Satisfactory profitability improvement in Sweden (excluding Vardia) and the Baltics

Premium growth of 4.3 per cent

Premium development Q2 2015 – Q2 2016



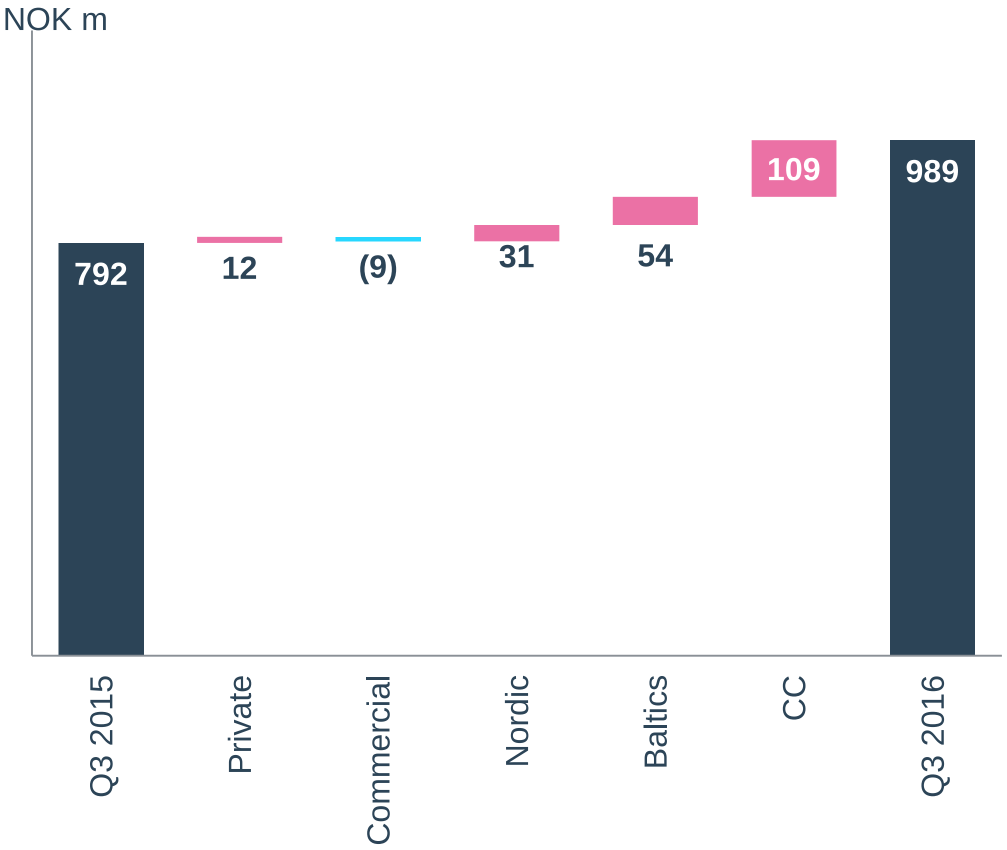
Key drivers - premium development

- Private +1.3%
- Commercial +1.3%
- Nordic +14.0% driven by acquisitions and currency
  - Underlying +2.0%
- Baltics +86.4% driven by PZU Lietuva
  - Underlying +4.9%
- Change in CC is mainly driven by reinsurance in Vardia

* CC = corporate centre

Good cost control
- increase driven by acquisitions and one-off restructuring cost

Cost development Q3 2015 – Q3 2016



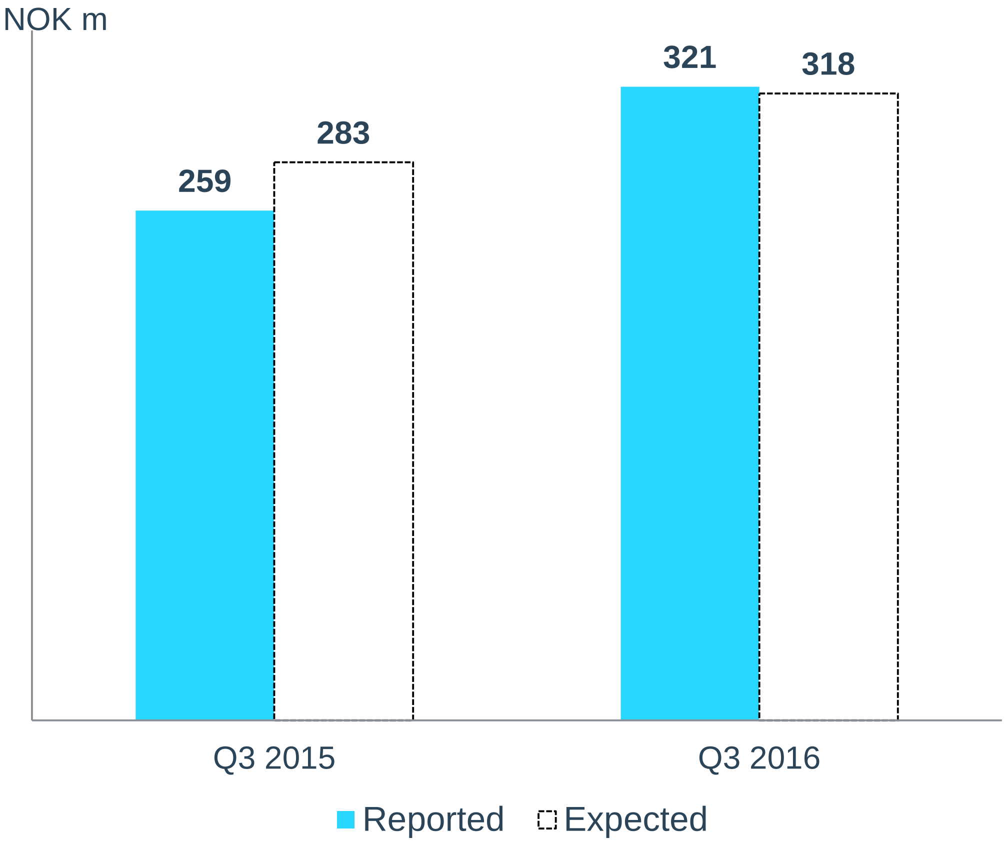
Key drivers - cost development

- Nordic segment: Increase due to Vardia
- Baltics segment: Increase due to higher expense run-rate in PZU Lietuva
  - Synergies are being realised and expense base decreasing
- CC: One-off restructuring cost NOK 120m
- Cost ratio 14.1% adjusted for one-off and excluding the Baltics
  - Reported cost ratio 15.2% adjusted for one-off

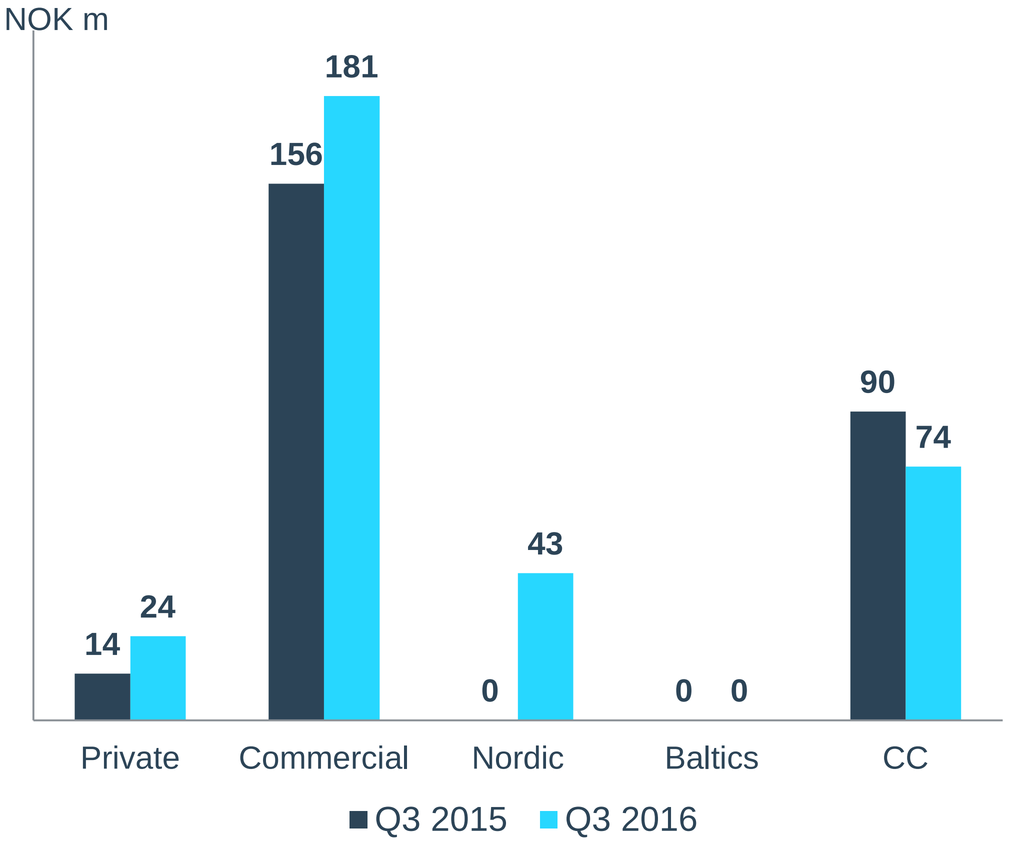
* CC = corporate centre

Normal level of large losses

Large losses – reported vs expected



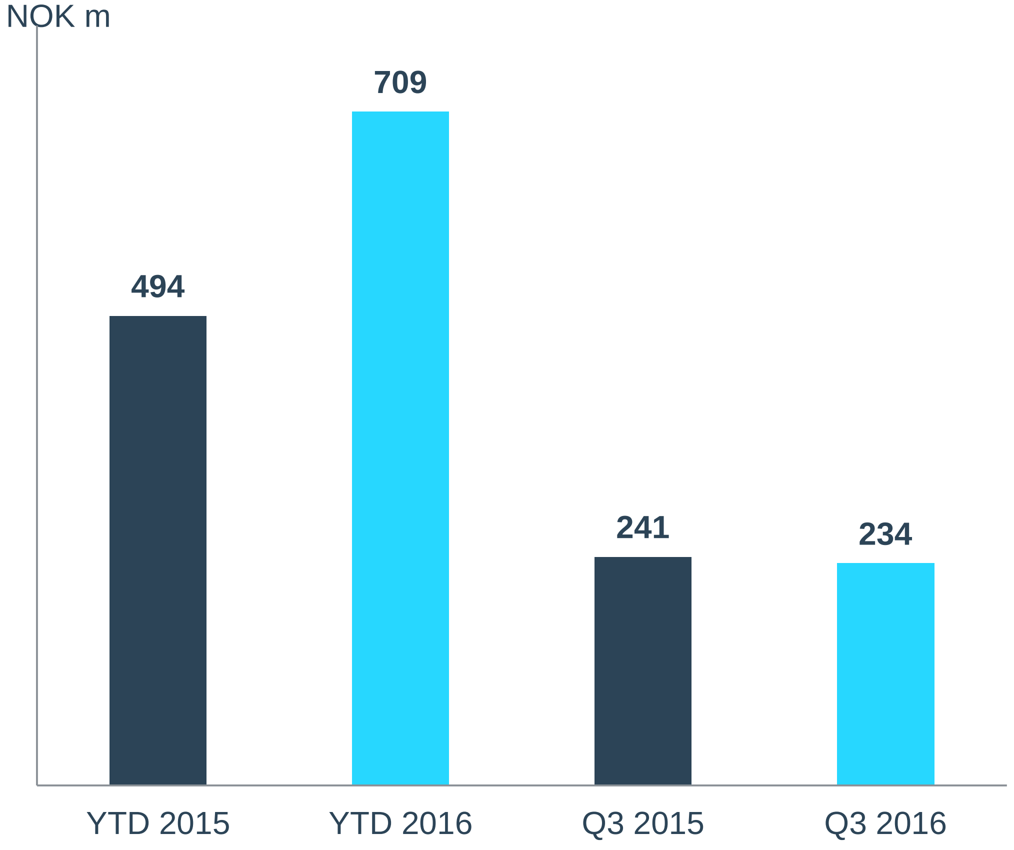
Large losses per segment



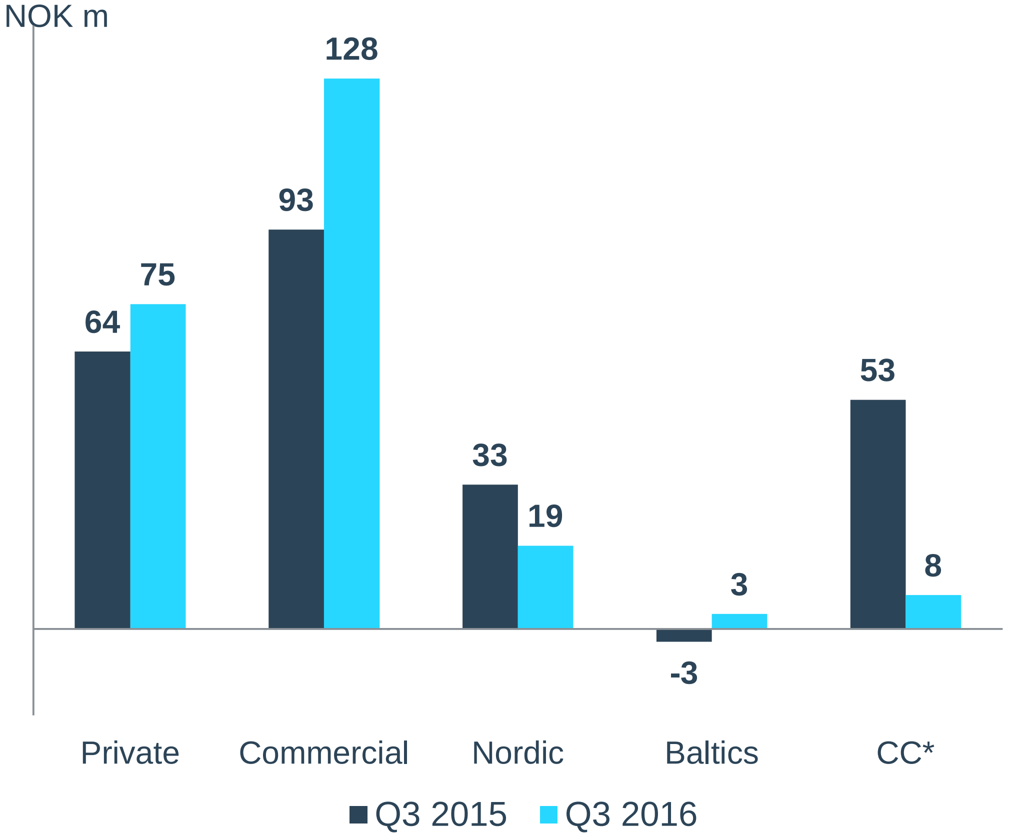
* Large losses: Losses > NOK 10m. Weather related large losses are included. Large losses in excess of NOK 30.0m are charged to the Corporate Centre while up to NOK 30m per claim is charged to the segment in which the large loss occurred. The Baltics segment has, as a main rule, a retention level of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

Impact of 4.1 percentage points from run-off gains

Run-off net



Run-off net per segment



* CC = corporate center

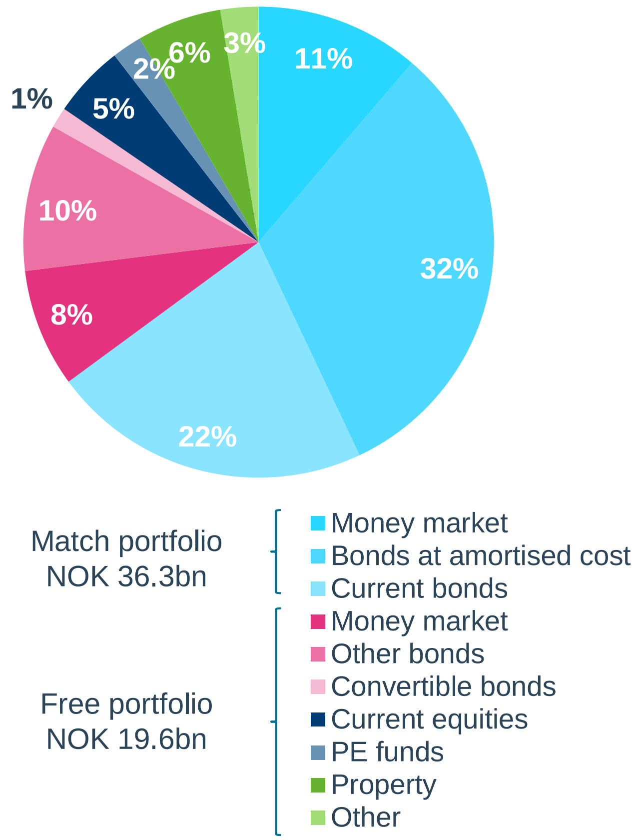
Investment return of 1.3 per cent

Investment return (%)

Investment return, free portfolio

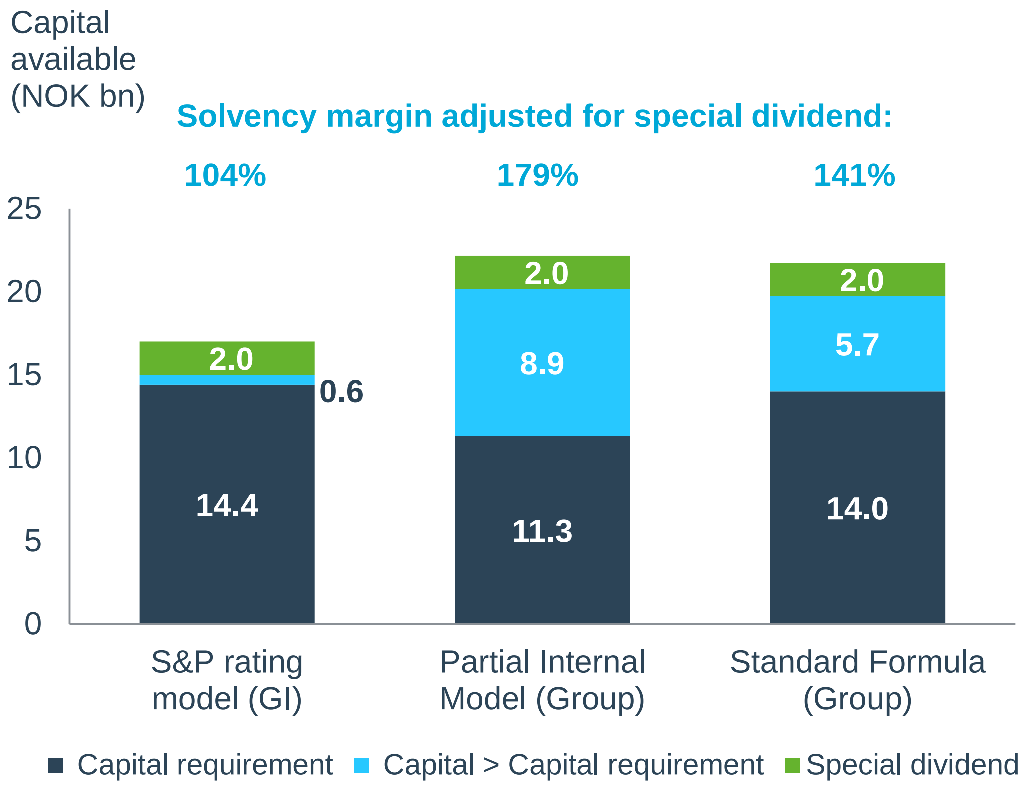
Q3 2016	%
Fixed income	1.7
Current equities	5.8
PE funds	1.6
Property	1.5
Total free portfolio	**2.0**

Portfolio mix as at 30.09.2016



Strong capital position
- continued capital discipline

Strong capital position



Capital discipline

- Capital efficiency improved further through Tier 1 debt issuance and dividend decision
- S&P strategic buffer NOK 0.9bn
  - Including the capital effect of ~NOK 300m from sale of SR-bank shares in October (margin 106%)
- Capital buffers within risk appetite
  - Adjusted for adopted special dividend of NOK 2.0bn
  - Solvency margins 183% (PIM) and 144% (SF) when including guarantee scheme

Figures as at 30.09.2016. 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 183% and 144%, respectively. The figures related to the S&P rating model are based on Gjensidige's interpretations of the model. Total comprehensive income is included in the calculations, minus a formulaic dividend pay-out ratio of 70 per cent of net profit.

Concluding remarks

Key takeaways

- Strong competitive position and good profitability
- Continued cost discipline
- Strong capital position

Targets

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

* Combined ratio target on an undiscounted basis, assuming ~4 pp run-off gains next 2-4 years and normalised large losses impact. Beyond the next 2-4 years, the target is 90-93 given 0 pp run-off.

Tiden går
Gjensidige består

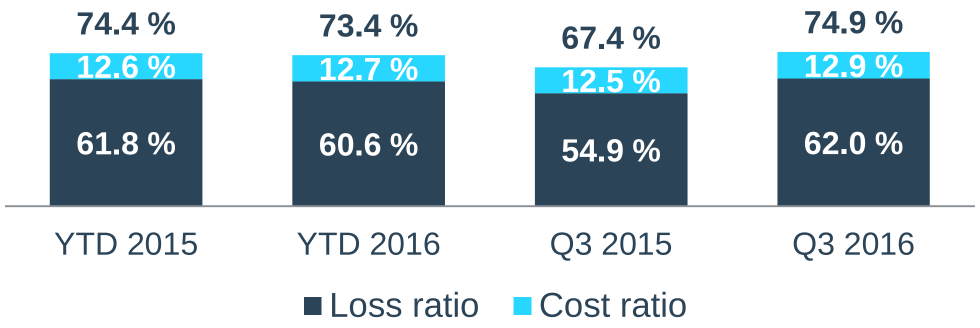
Roadshows and conferences post Q3 2016 results

Date	Location	Participants	Event	Arranged by
26 October 2016	Oslo	CEO Helge Leiro Baastad CFO Jostein Amdal	Interim presentation	Gjensidige
26 October 2016	Oslo	CEO Helge Leiro Baastad CFO Jostein Amdal Head of IR Janne Flessum	Group lunch Roadshow	Sparebank 1
27 October 2016	London	CEO Helge Leiro Baastad CFO Jostein Amdal Head of IR Janne Flessum	Roadshow	Arctic Securities
2 November 2016	Copenhagen	CFO Jostein Amdal IRO Katharina Hesbø	Roadshow	ABG Sundal Collier
9-10 November 2016	Zürich and Geneve	CFO Jostein Amdal IRO Katharina Hesbø	Roadshow	Danske Bank
24 November 2016	Frankfurt	CEO Helge Leiro Baastad Head of IR Janne Flessum	Roadshow	Nordea
25 November 2016	Milan	CEO Helge Leiro Baastad Head of IR Janne Flessum	Roadshow	KBW
6 December 2016	London	CEO Helge Leiro Baastad Head of IR Janne Flessum	European Conference	Berenberg

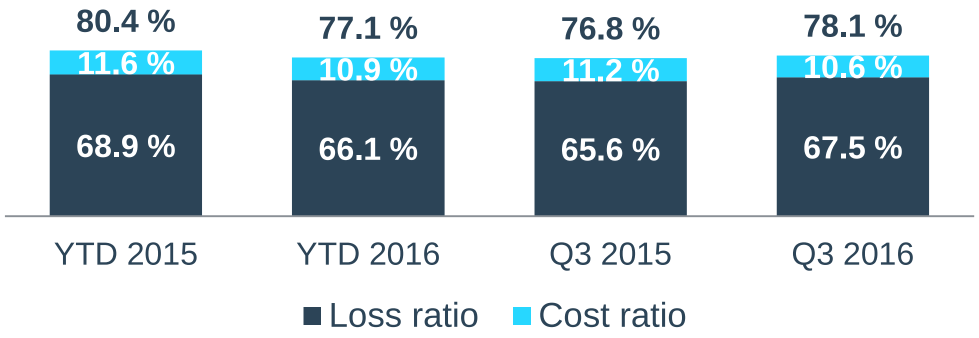
Appendix

General insurance – cost ratio and loss ratio per segment

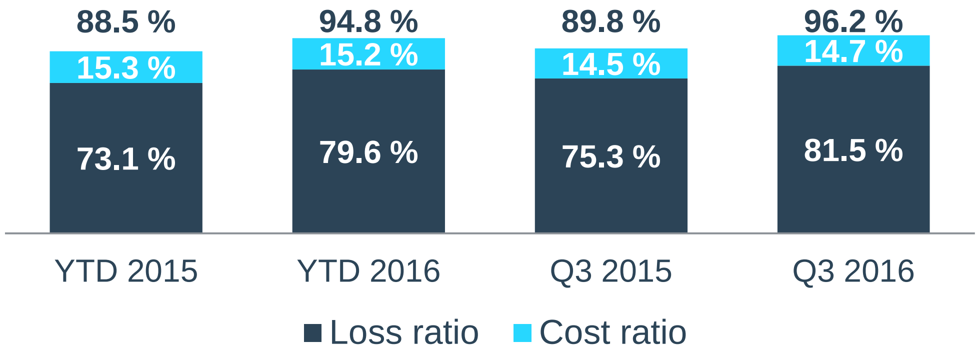
Private



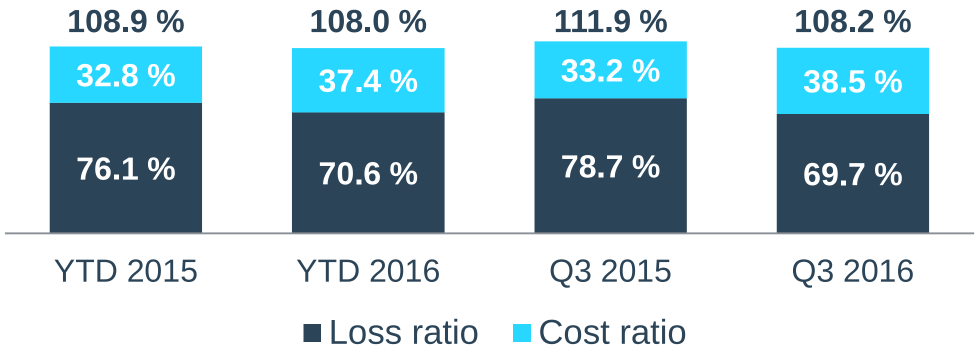
Commercial



Nordic



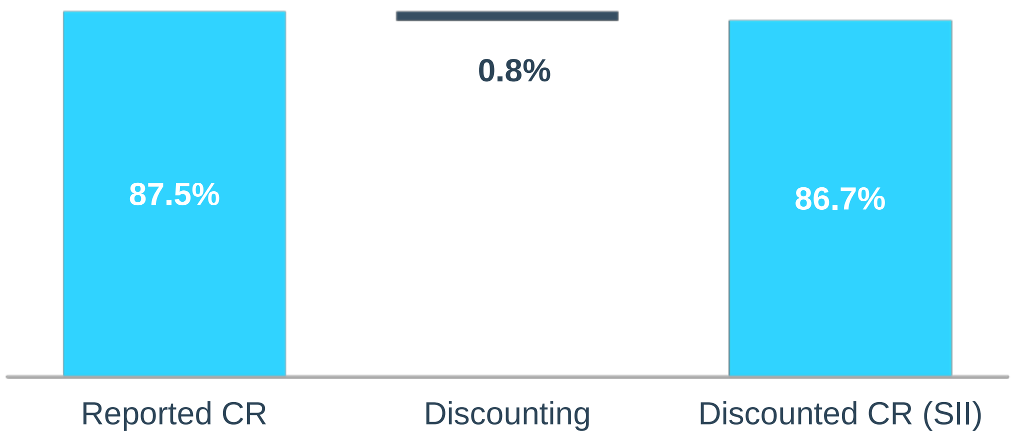
Baltics



Effect of discounting of claims provisions

Assuming Solvency II regime

Effect of discounting on CR – Q3 2016

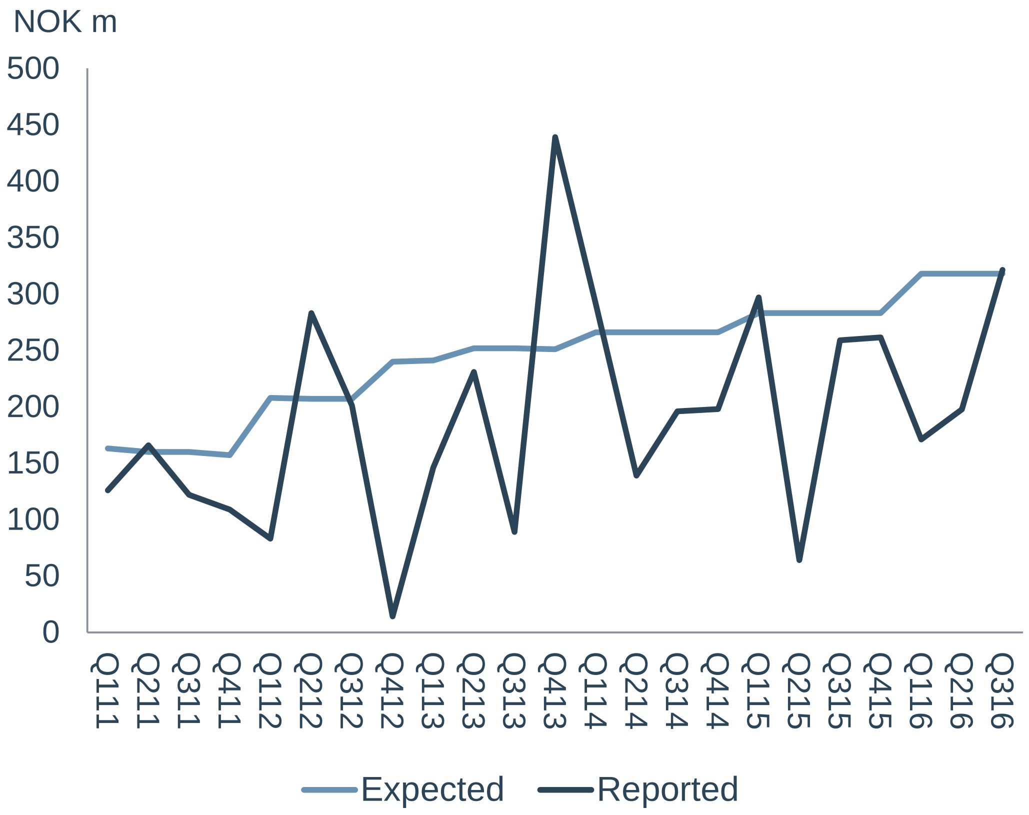


Assumptions

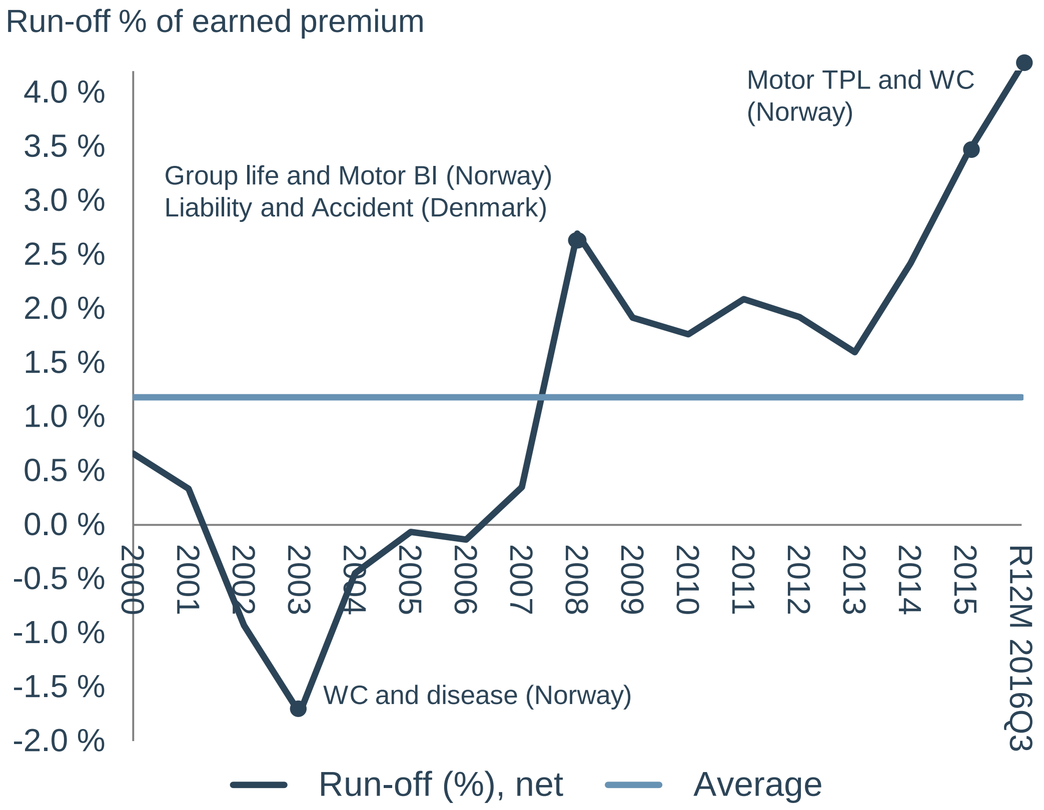
- Only claims provisions are discounted (i.e. premium provisions are undiscounted)
- Swap rates in Norway, Sweden and Denmark
- Euroswap rates in the Baltic countries

Large losses and run-off development

~ NOK 1.3bn in large losses* expected annually



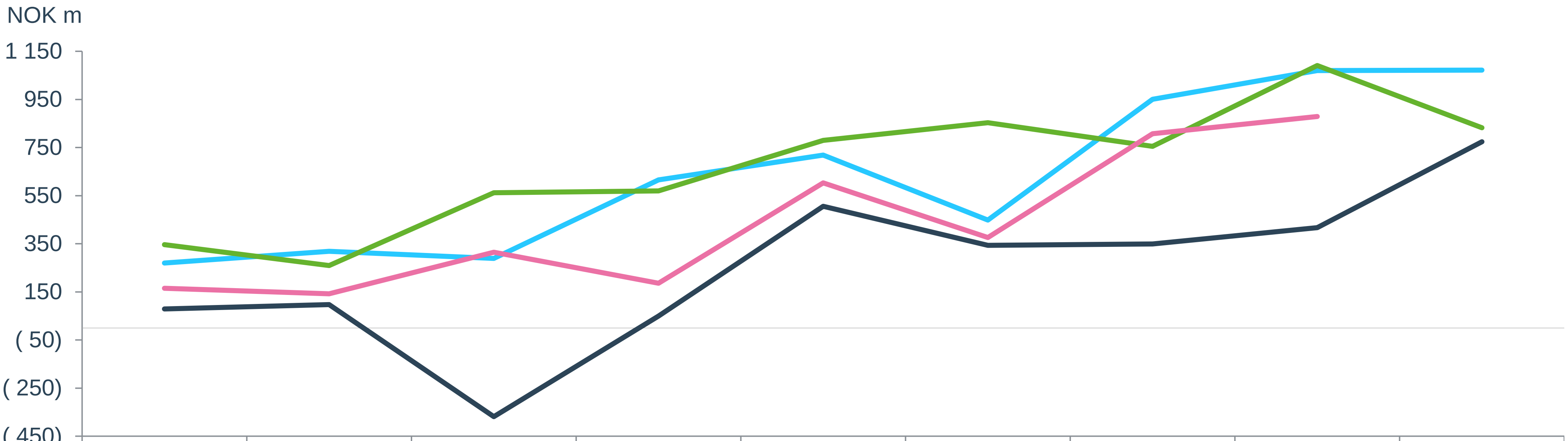
Expected annual run-off gains of ~NOK 800m next 2-4 years



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

Quarterly underwriting results

General Insurance



	2008	2009	2010	2011	2012	2013	2014	2015	2016
Q1	79	97	(369)	50	506	343	349	417	774 *
Q2	270	319	289	615	719	448	951	1070	1072
Q3	346	259	562	570	780	853	755	1091	832 **
Q4	165	142	315	186	603	376	807	879	

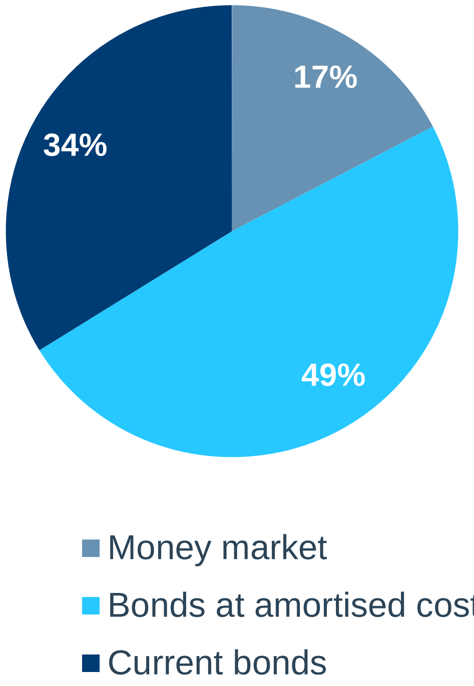
Q1 Q2 Q3 Q4

*Reported UW result for Q1 2016 was NOK 1,251m. Adjusted for a non-recurring income of NOK 477m related to the pension plans, the UW result was NOK 774m.
** Reported UW result for Q3 2016 was NOK 712m. Adjusted for a non-recurring NOK 120m restructuring cost the UW result was NOK 832m.

Asset allocation
As at 30.09.2016

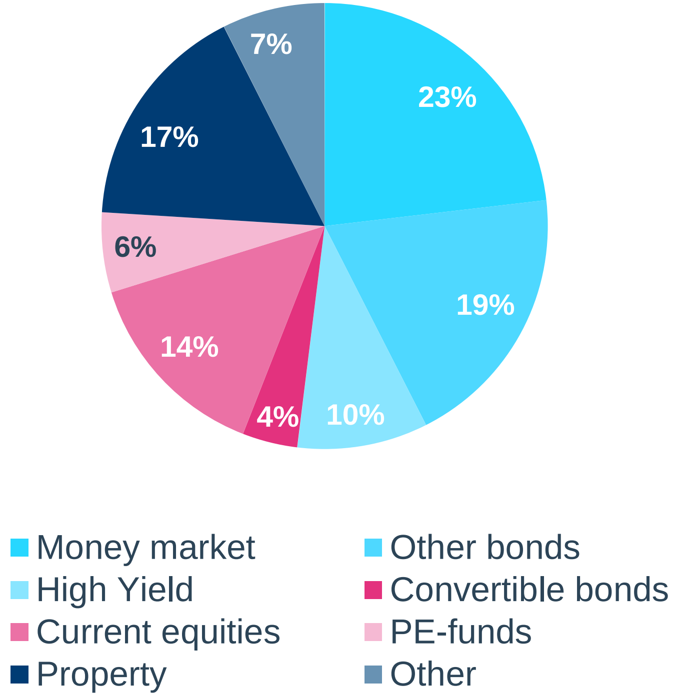
Match portfolio

- Carrying amount: NOK 36.3bn
- Average duration: 3.5 years



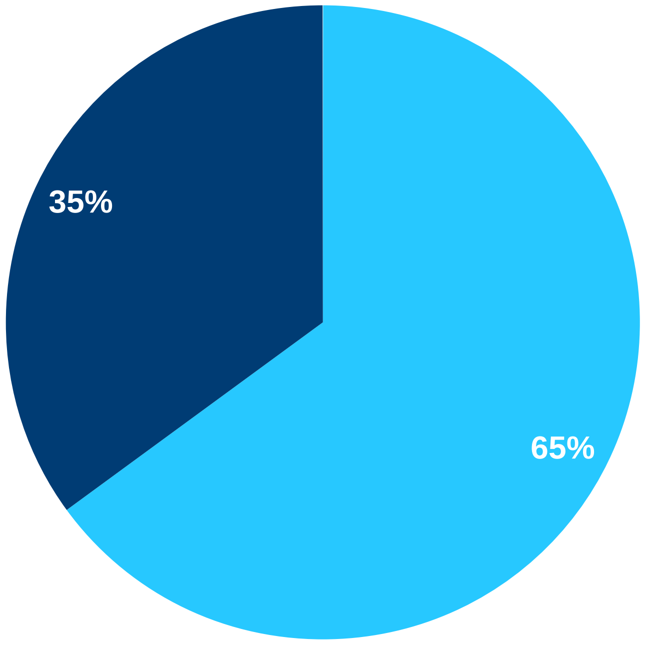
Free portfolio

- Carrying amount: NOK 19.6bn
- Average duration fixed-income instruments: 3.2 years

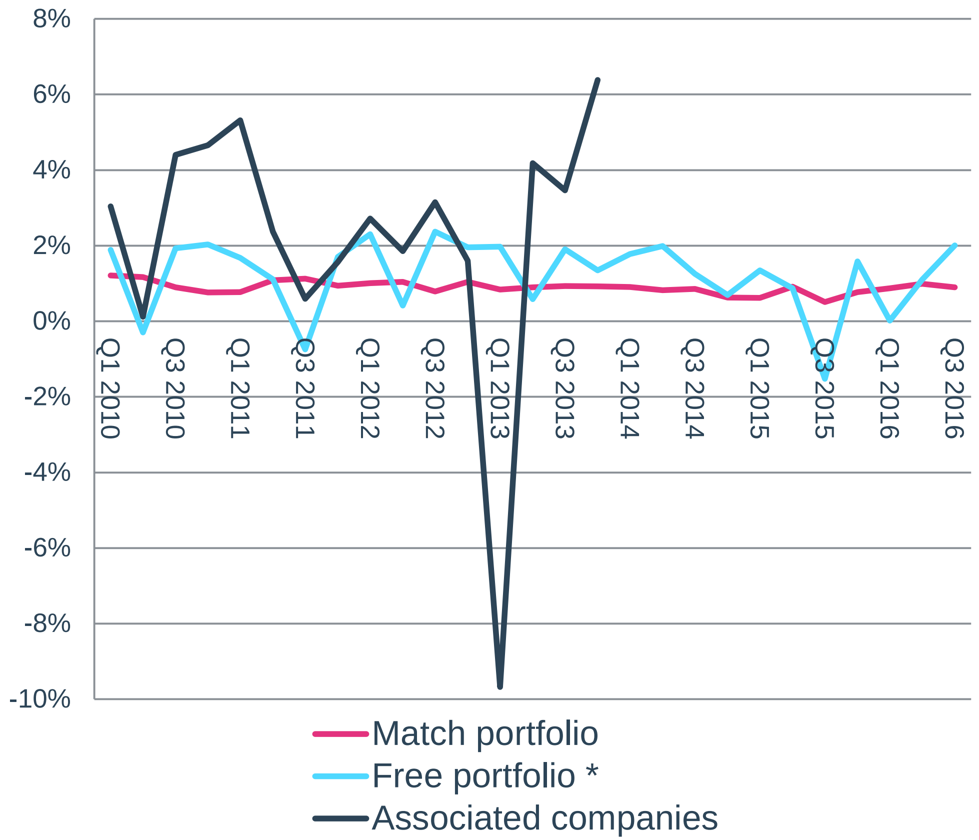


Stable contribution from the match portfolio

Asset allocation as at 30.09.2016



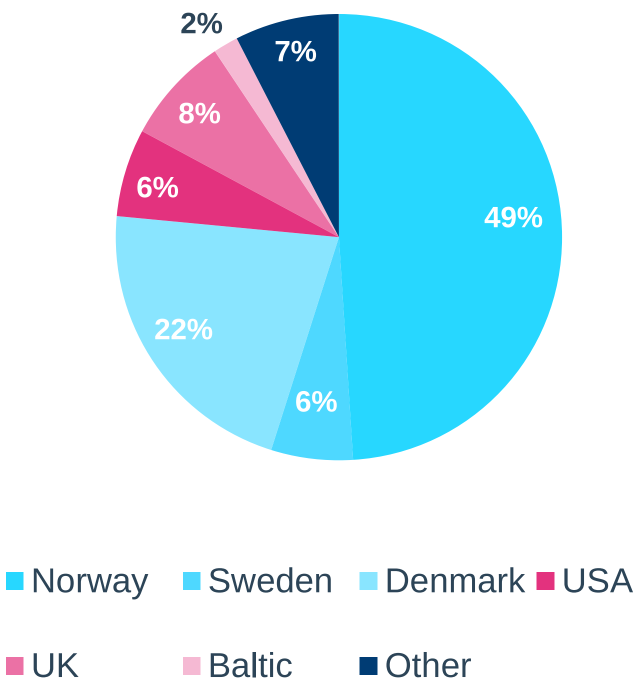
Quarterly investment returns*



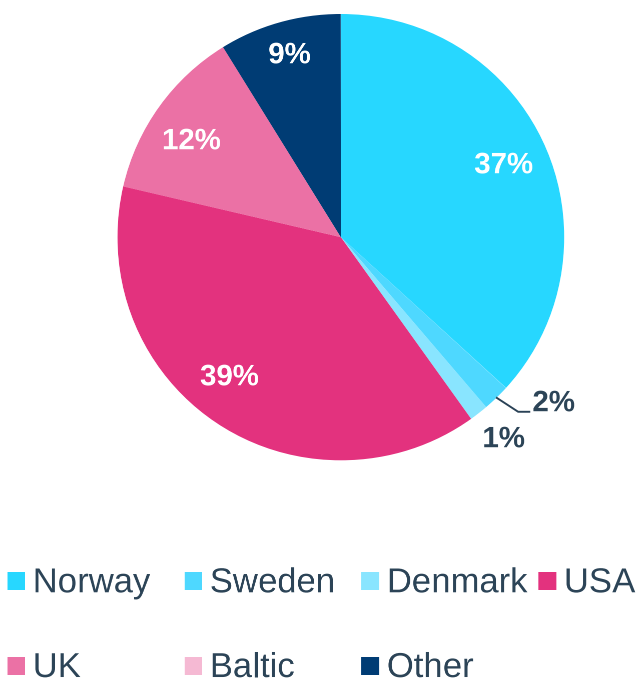
* From and including 2014 former associated companies are included in the Free portfolio. The investment in STB was sold in Q1 2014. From and including Q2 2014 the investment in SRBANK was classified as an ordinary share

Balanced geographical exposure

Match portfolio



Free portfolio, fixed-income instruments



Figures as at 30.09.2016. Geographical distribution relates to issuers and does not reflect actual currency exposure

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	10.7	29.4	1.1	10.1
AA	3.8	10.5	1.3	11.4
A	6.1	16.9	2.6	24.1
BBB	1.9	5.1	1.9	17.5
BB	0.6	1.5	1.0	9.3
B	1.2	3.2	0.8	7.7
CCC or lower	0.0	0.0	0.2	1.4
Internal rating*	8.0	22.0	1.4	13.0
Unrated	4.1	11.3	0.6	5.5
Fixed income portfolio	36.2	100.0	11.0	100.0

Split - Counterparty	Match portfolio		Free portfolio	
	NOK bn	%	NOK bn	%
Public sector	4.8	13.1	1.9	17.7
Bank/financial institutions	19.6	54.0	4.4	39.8
Corporates	11.9	32.9	4.7	42.6
Total	36.2	100.0	11.0	100.0

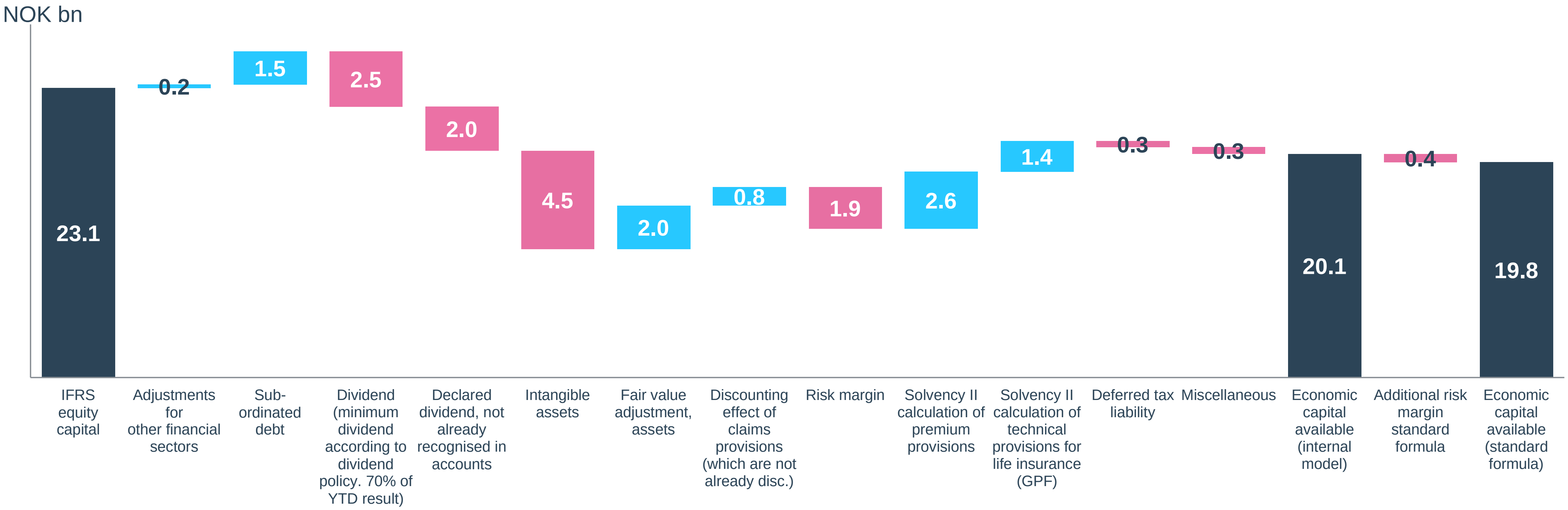
Figures as at 30.09.2016. * Internal rating – rating by third party

Overview capitalisation

(NOK bn)	SF (Group)	SF (general insurance)	PIM (Group)	PIM (general insurance)	Rating model (general insurance)	Gjensidige Bank & Gjensidige Investerings-rådgivning	Gjensidige Pensjons-forsikring
Capital available	19.8	14.7	20.1	15.2	15.0	3.3	1.6
Capital requirement	14.0	10.0	11.3	7.2	14.4	3.3	1.3
Solvency margin	**141%**	**148%**	**179%**	**211%**	**104%**	**100%**	**123%**

Figures as at 30.09.2016. 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 183% and 144%, respectively. The figures related to the S&P rating model are based on Gjensidige's interpretations of the model. Total comprehensive income is included in the calculations, minus a formulaic dividend pay-out ratio of 70 per cent of net profit. Allocation of capital to Gjensidige Bank is based on 16 per cent capital adequacy ratio. Allocation of capital to Gjensidige Investeringsrådgivning is based on 8 per cent capital adequacy ratio.

Solvency II economic capital available

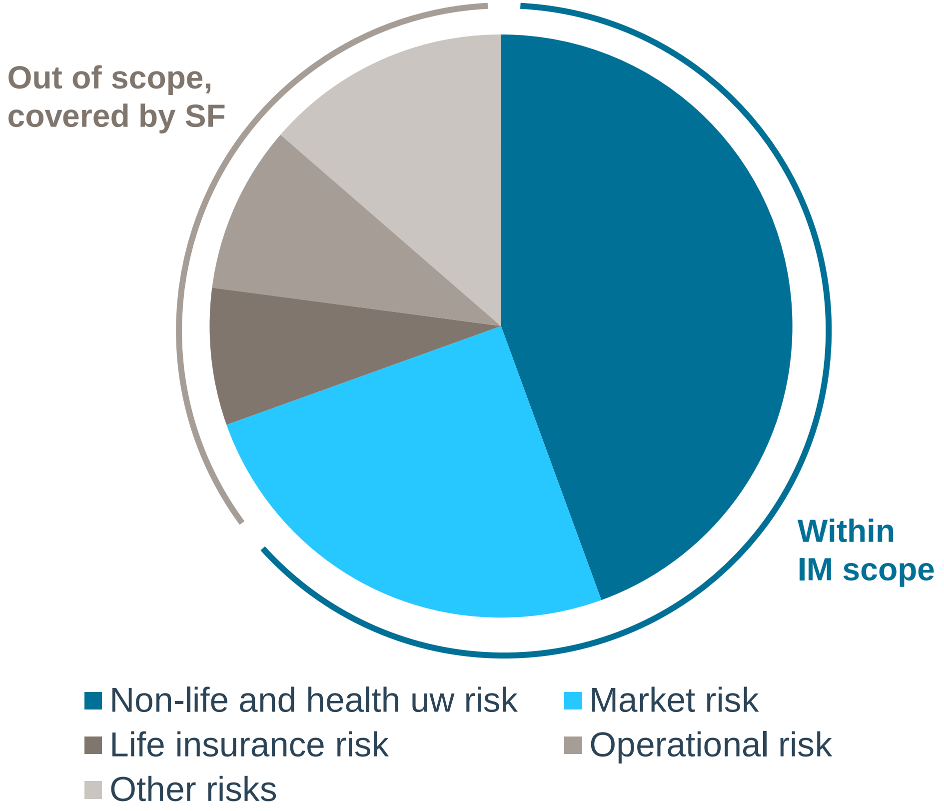


Figures as at 30.09.2016. GPF = Gjensidige Pensjonsforsikring. The Solvency II regulation is principle based. Calculations are based on Gjensidige's understanding of the Solvency II regulation and how it is implemented in Norway, including the current view of the Norwegian FSA on the guarantee provision**.** Deferred tax: All differences in valuation of assets and liabilities are adjusted for tax. No tax is assumed on the security provision. Miscellanious: 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	**20.1**	**19.8**
Capital charge for non-life and health uw risk	5.8	8.1
Capital charge for life uw risk	1.3	1.3
Capital charge for market risk	6.2	6.9
Capital charge for counterparty risk	0.4	0.4
Diversification	(4.4)	(3.8)
Basic SCR	**9.2**	**12.9**
Operational risk	1.0	1.0
Adjustments (risk-reducing effect of deferred tax)	(2.2)	(3.2)
Gjensidige Bank/Gjensidige Investeringsrådgivning	3.3	3.3
Total capital requirement	**11.3**	**14.0**
Solvency ratio	**179%**	**141%**

Scope internal model



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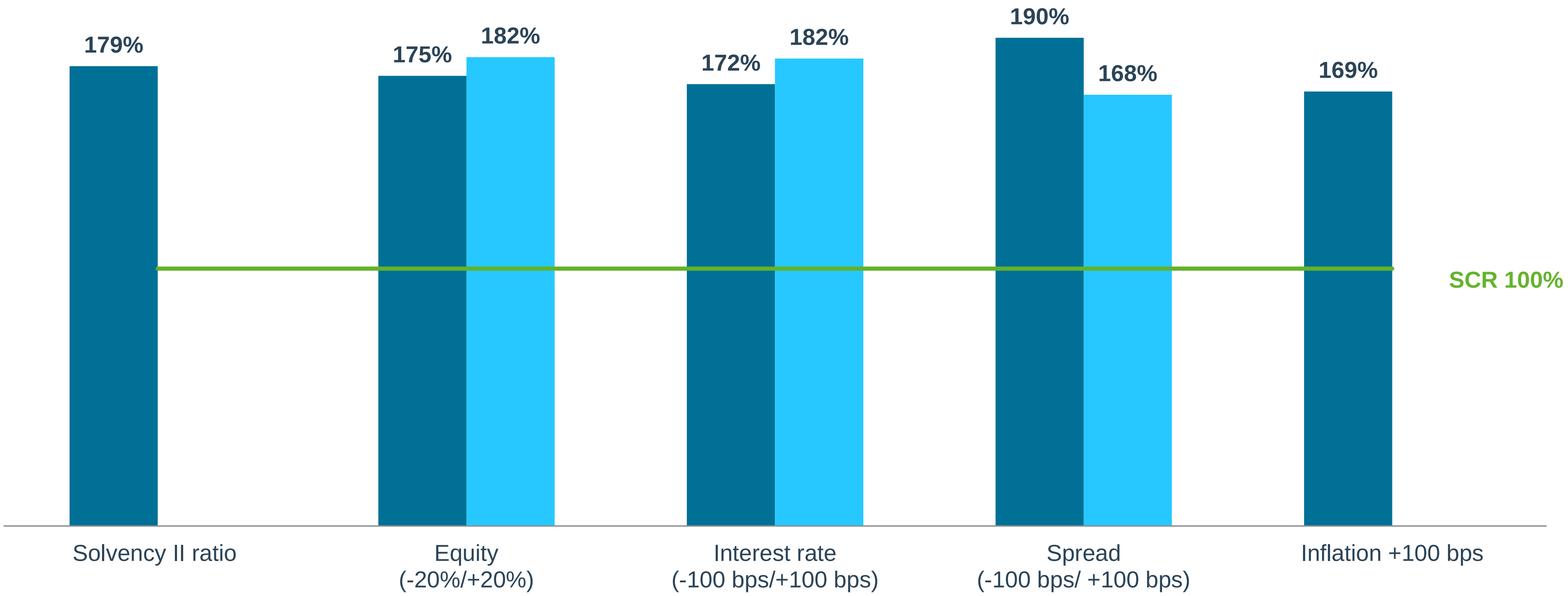
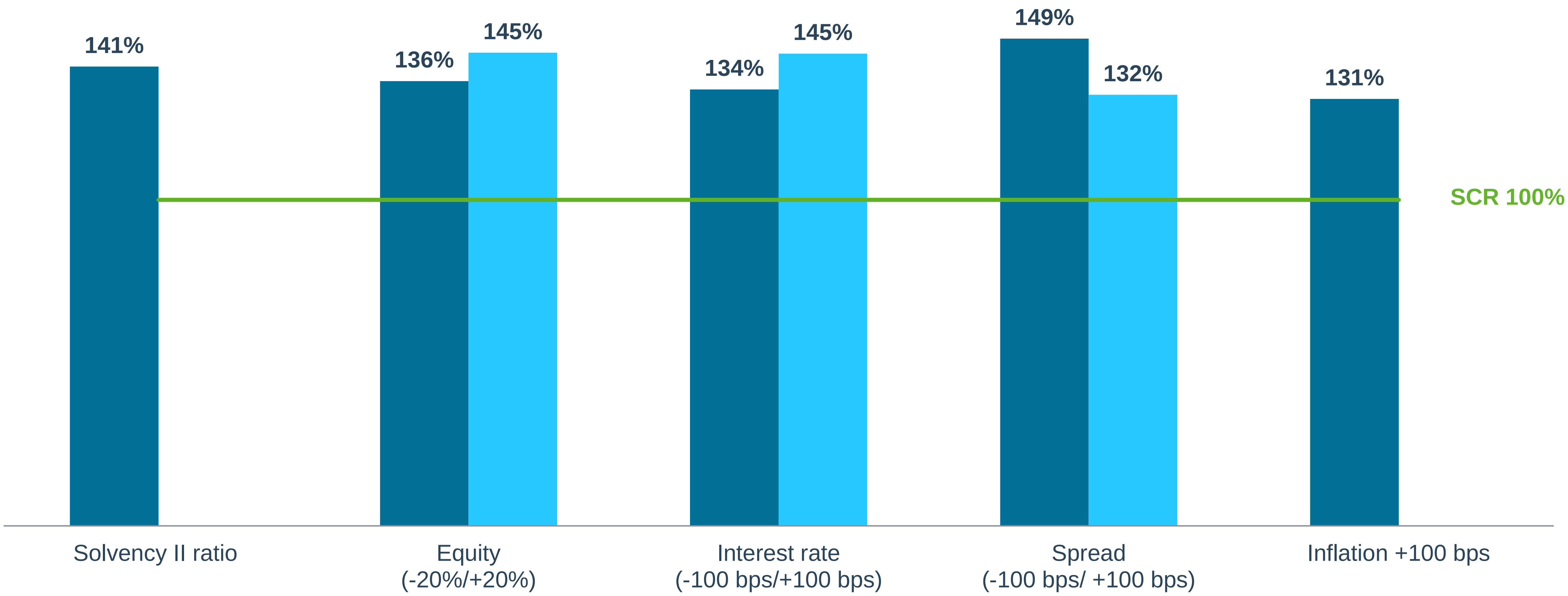
Solvency II sensitivities PIM



Figures as at 30.09.2016. 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 margin would be 183%. Total comprehensive income is included in the calculations, minus a formulaic dividend pay-out ratio of 70 per cent of net profit. UFR-sensitivity is very limited.

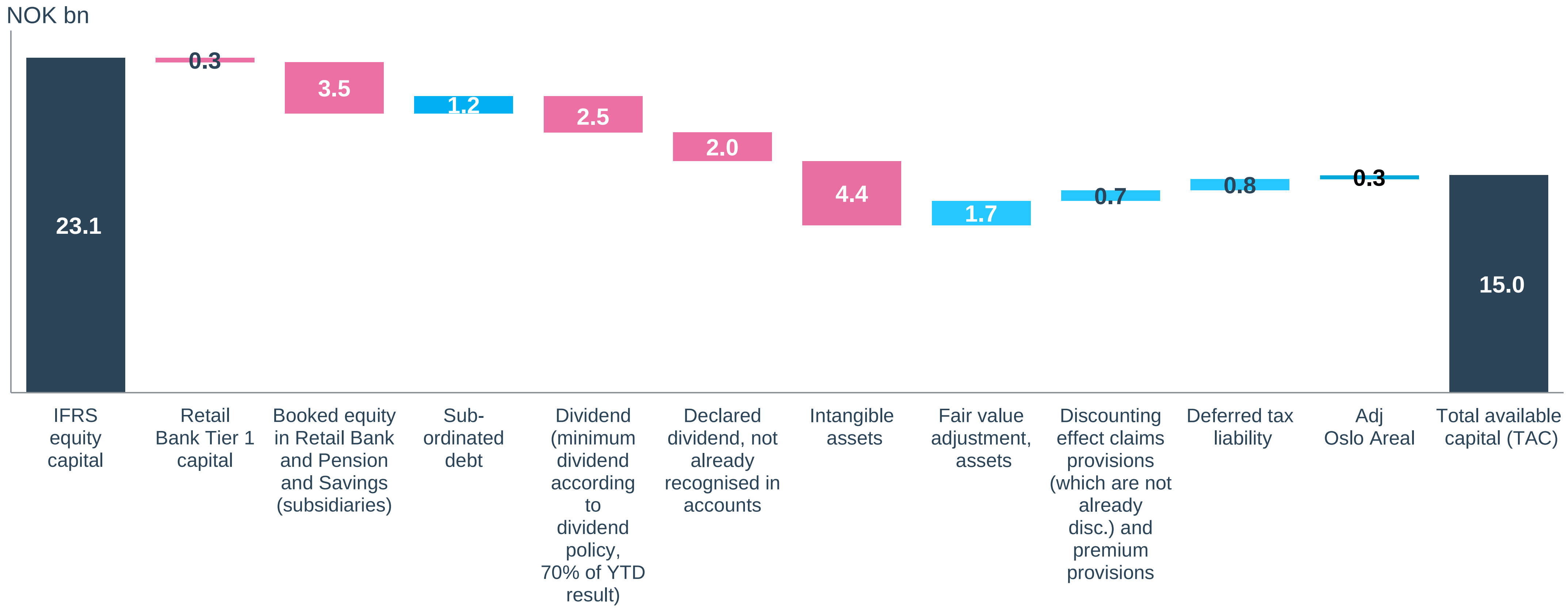
Solvency II sensitivities SF



Figures as at 30.09.2016. 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 SF solvency margin would be 144%. Total comprehensive income is included in the calculations, minus a formulaic dividend pay-out ratio of 70 per cent of net profit. UFR-sensitivity is very limited.

S&P total available capital

Bridging the gap between IFRS equity and available capital



Figures as at 30.09.2016. 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	7.3
Total capital charge for insurance risk	9.1
Total gain diversification	(1.2)
Quantitative credit	(0.9)
Total capital requirement A-rating	**14.4**

Figures as at 30.09.2016. 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

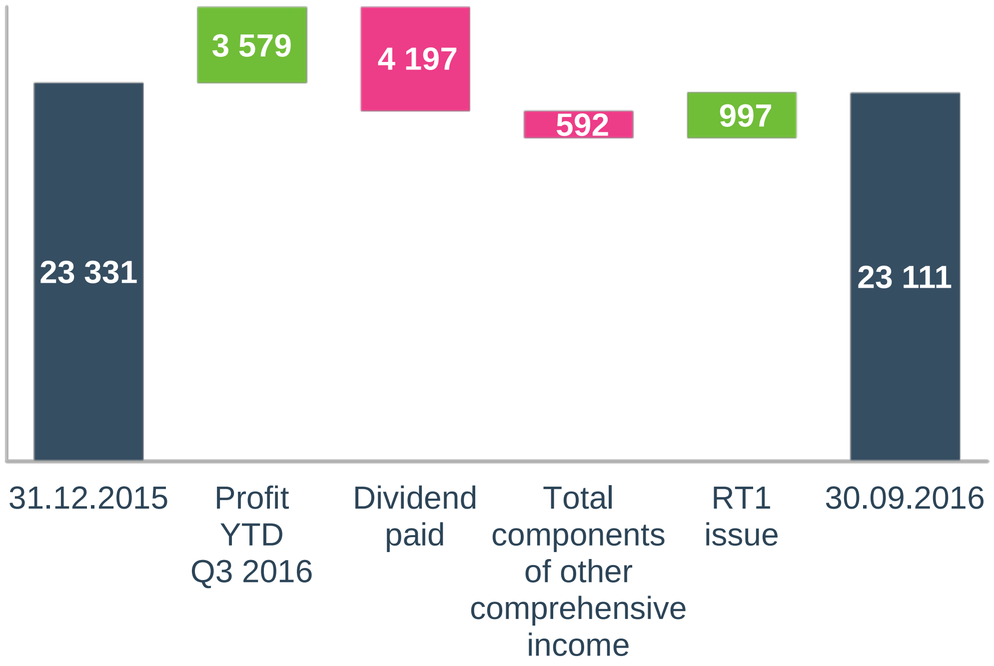
- Tier 1 remaining capacity is NOK 1.5bn
  - Utilised Tier 1 debt capacity: NOK 1.0bn
- Tier 2 capacity is fully utilised for the insurance group assuming PIM approval
  - Utilised sub debt: NOK 1.5bn*
  - Utilised natural perils fund and guarantee scheme: NOK 2.9bn

Figures as at 30.09.2016. 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. However, the FSA's view on the Guarantee provision as a liability for solvency purposes has not been reflected in the debt capacity figures, as Gjensidige still assumes that the Guarantee provision will count as solvency capital.

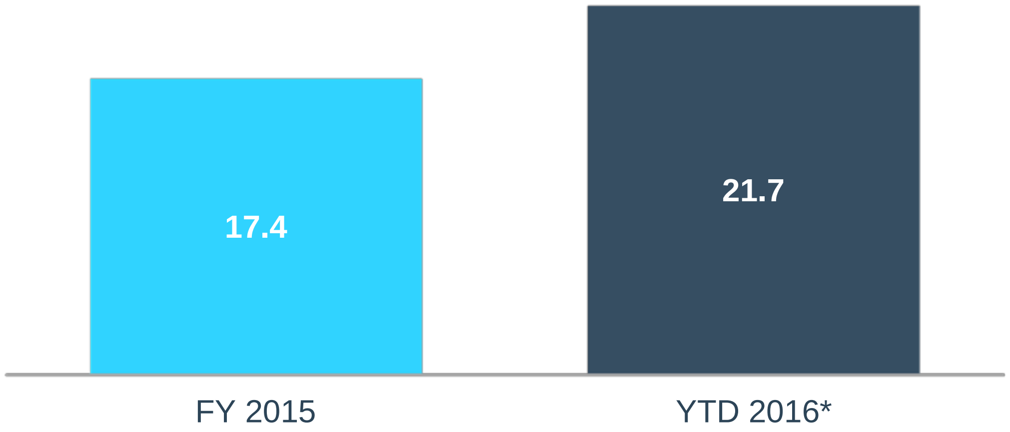
* Sub debt Gjensidige Forsikring ASA NOK 1.2bn, Gjensidige Pensjonsforsikring NOK 0.3bn

Annualised return on equity 21.7 per cent year-to-date

Equity (NOK m)



Return on equity (%)

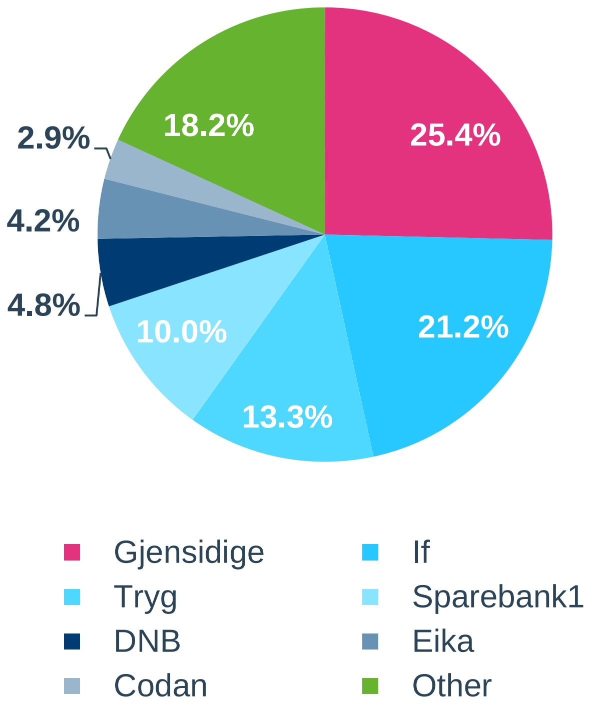


Bridge shows main elements in equity development

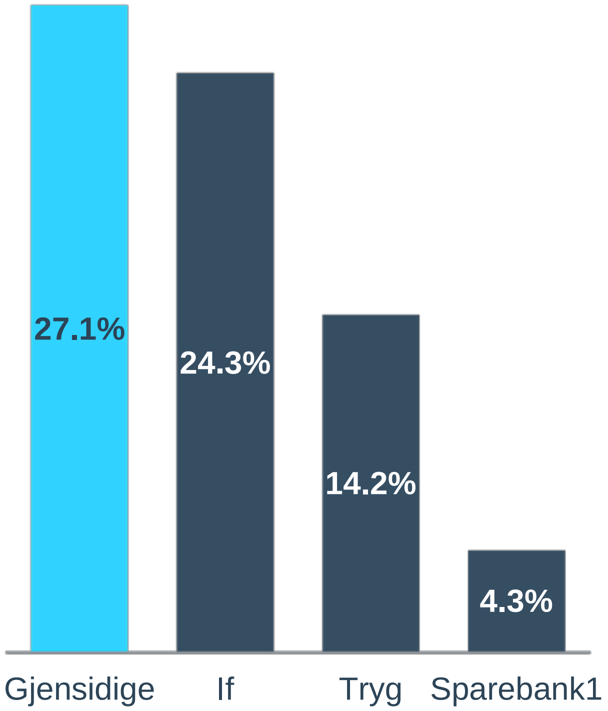
* Annualised

Market leader in Norway

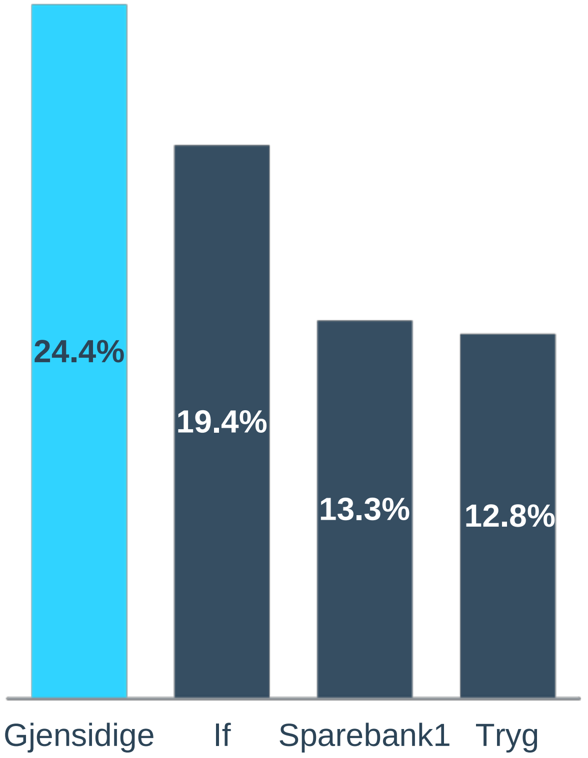
Market share – Total market



Market share – Commercial



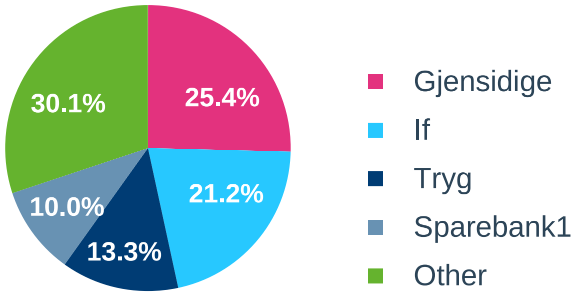
Market share – Private



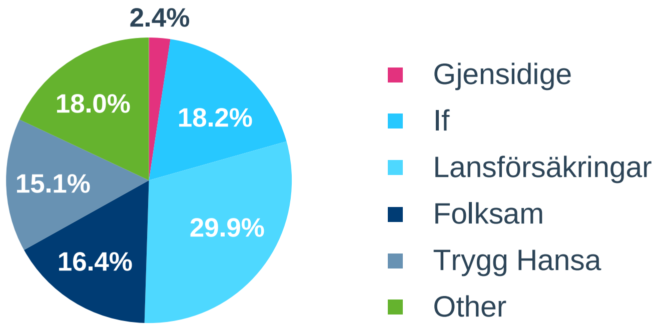
Source: Finance Norway, non-life insurance, 2nd quarter 2016

Nordic and Baltic growth opportunities

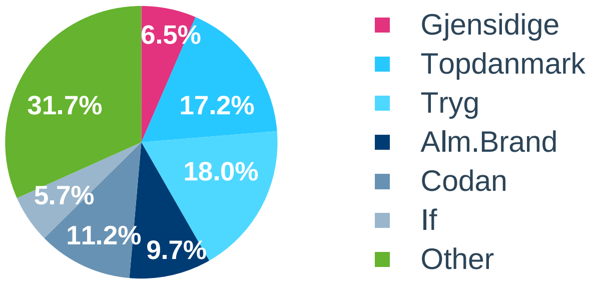
Market shares Norway



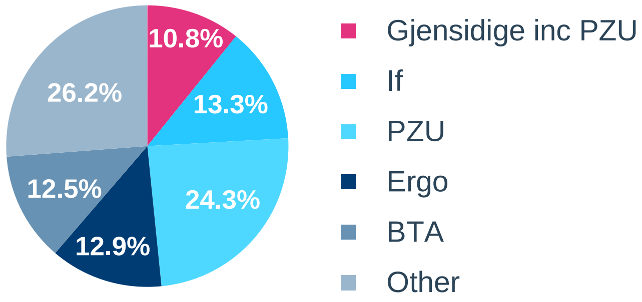
Market shares Sweden



Market shares Denmark



Market shares Baltics



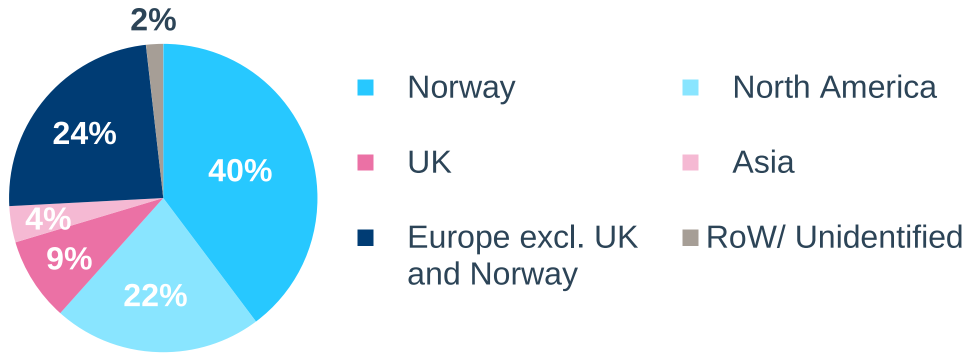
Sources: Finance Norway, 2nd quarter 2016. Insurance Sweden, 2nd quarter 2016 (Gjensidige including Vardia), The Danish Insurance Association 3rd quarter 2015. Baltics Insurance Supervisory Authorities of Latvia and Lithuania, Estonia Statistics, competitor reports, and manual calculations, 2nd quarter 2016

Ownership

10 largest shareholders*

No	Shareholder	Stake (%)
1	Gjensidigestiftelsen	62.2
2	Folketrygdfondet	4.5
3	Deutsche Bank	4.2
4	Danske Bank	2.9
5	Caisse de Depot et Placement du Quebec	2.7
6	BlackRock	1.6
7	State Street Corporation	0.8
8	DNB	0.8
9	The Vanguard Group	0.7
10	Safe Investment Company	0.7
	Total 10 largest	**81.2**

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 30 September 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

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