



GJENSIDIGE



**Gjensidige
Insurance Group
Q3 2011**



I. Highlights

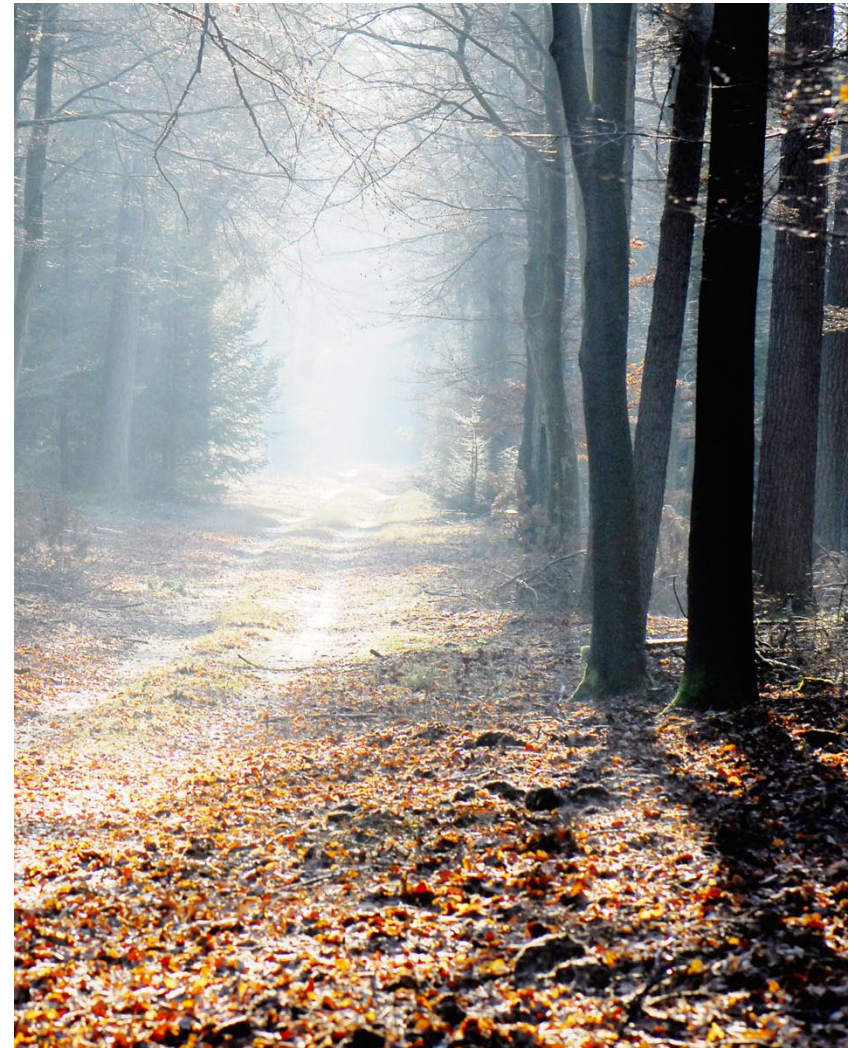
II. Pricing and tariff development

III. Financial performance

IV. Investment performance

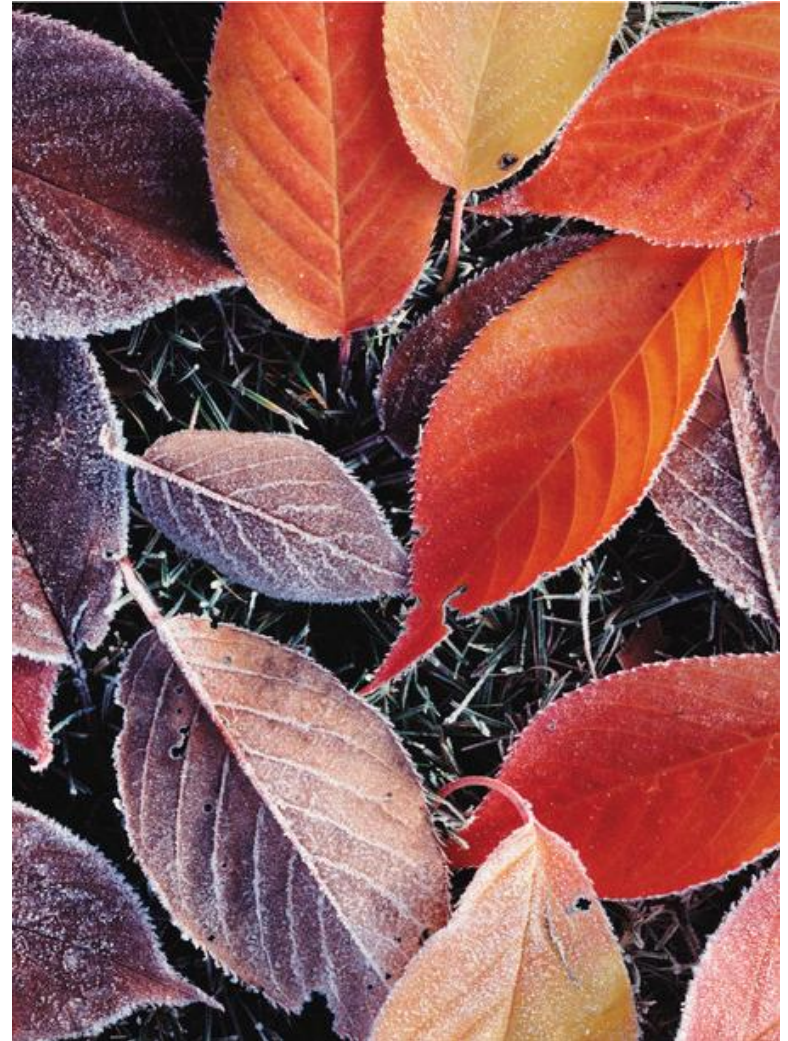
V. Outlook and priorities

Supplementary information





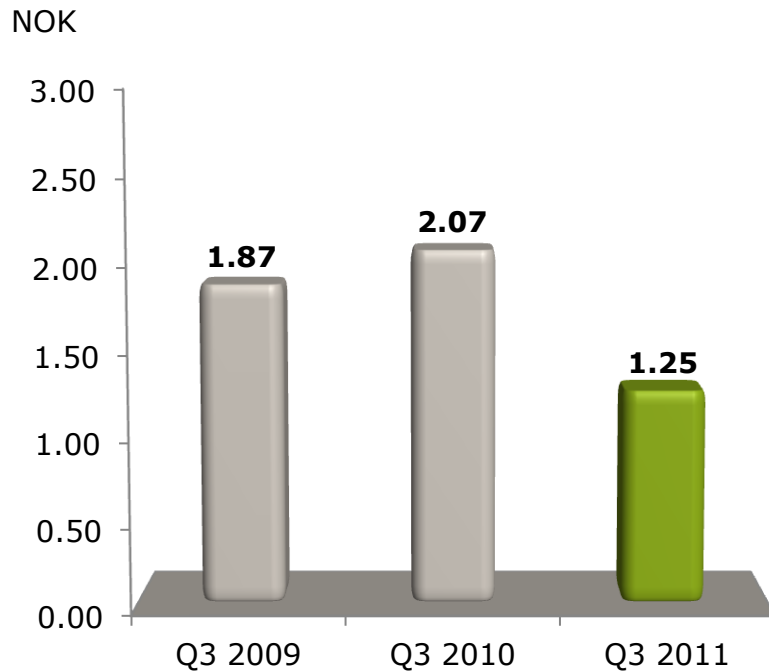
- Strong insurance results – solid operations support the financial targets
 - Private: Lower reduction in number of customers and improved quality in the customer portfolio
 - Commercial: Positive premium development seen last quarter is strengthened
 - Nordic: Good results adjusted for torrential rain and reinsurance premium
 - Baltic: Improved market conditions and premium increases
- Investment result impacted by unrest in the market
- Effect of terrorist actions NOK 30m





Strong insurance results in the third quarter as well

Earnings per share



Earnings per share for Q3 2009 and Q3 2010 is calculated as profit after tax expenses divided by 500m shares.

Group profit

- Pre-tax profit in the quarter of NOK 773m (NOK 1,312m)

General insurance

- Flat development in premium income
- Underwriting result of NOK 570m (NOK 562m)
- Satisfactory development in operating expenses

Other

- Pension and savings has entered into agreements to acquire portfolios
- Financial income of NOK 230m (NOK 792m)

Value creation

- 16.6 per cent pre-tax return on equity year-to-date (annualised)



- CR target 90-93 from 2011 is unchanged
- Continuous focus on costs and profitability
- Implemented changes
 - Claims handling project NOK 400-500m
 - Cost reduction project NOK 300-400m
 - Nordic functions
 - Integration of the Danish operations
- Ongoing and future changes
 - Simplification of product structure
 - Automation and self service
 - Tariff project



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Pricing and tariff development

Martin Danielsen, EVP Product and price



Past position

- Good customer selection through
 - local presence
 - local knowledge
- Position challenged by
 - new customer behaviour
 - new distribution channels
 - increasing competition
- Traditionally not a leader with modern pricing tools and techniques



2008-2011: Tariff program

- New statistical models, new pricing model, new IT system (rating engine)
- Customer data, claims data and external data
- Micro segments



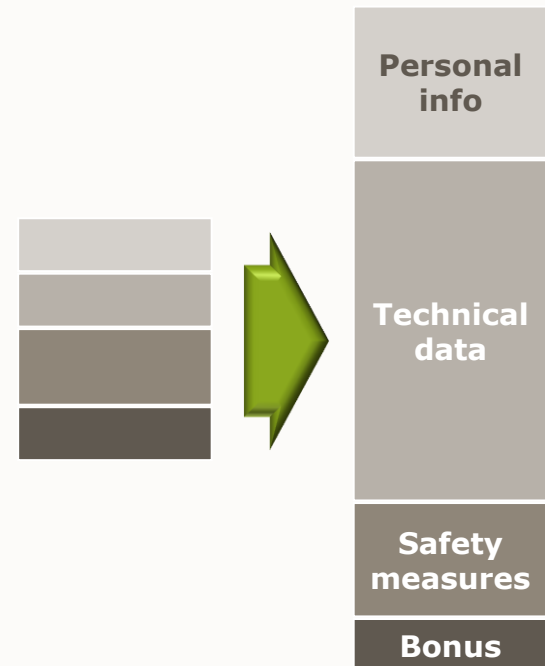
Elements of a tariff project

- New pricing model
- New integrated rating engine
- Database building and new analytical methods
- Geo-demographic model, micro segments
- Conversion strategy and optimization

New tariffs

- Private car – September 2009
- Private homeowners, content, cabins – June 2010
- Commercial car – June 2010
- Trucks – March 2011
- Commercial property – June 2011
- Private travel insurance – October 2011

Many more, and more high-quality parameters





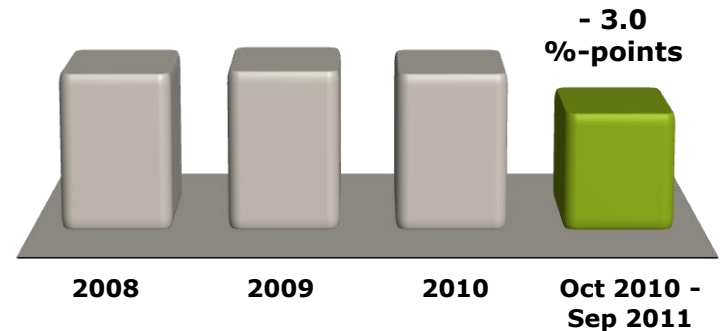
Three years after start-up: Indication of important positive effects

- Major shifts in micro-segment pricing
- Ensuring profitability in previously "bad segments"
- Improving competitiveness in "good segments"

New tariffs:

- Better risk selection
- Segmentation by factors currently not used by competitors

Example: Private cars Development in loss ratio



Future developments

- Other important product areas in Norway
- Continuous improvements
- Implementation in Denmark and Sweden



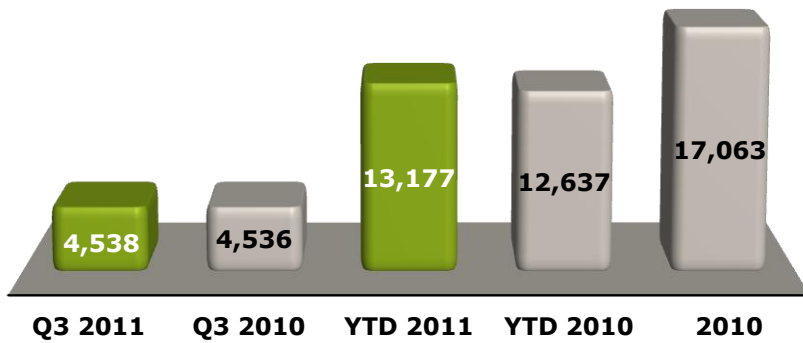
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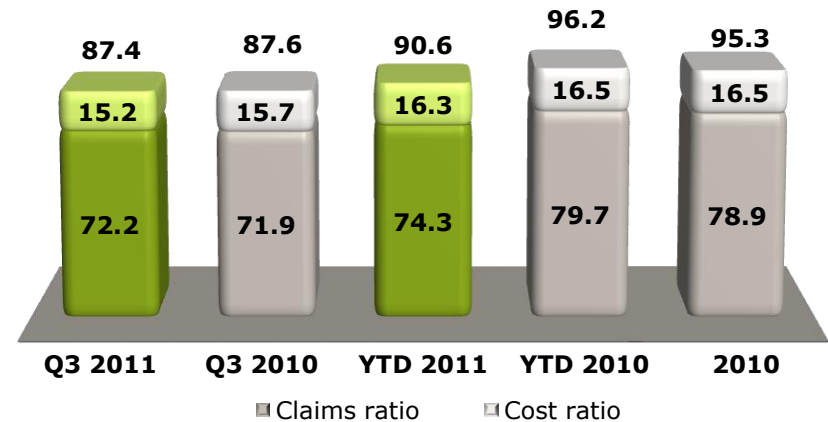
Financial performance



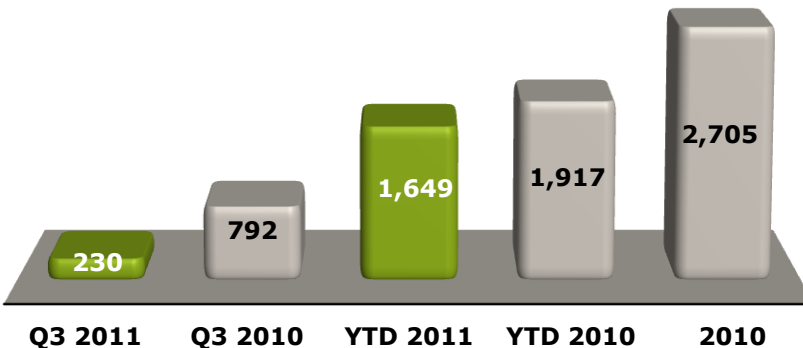
Earned premiums – General insurance (NOKm)



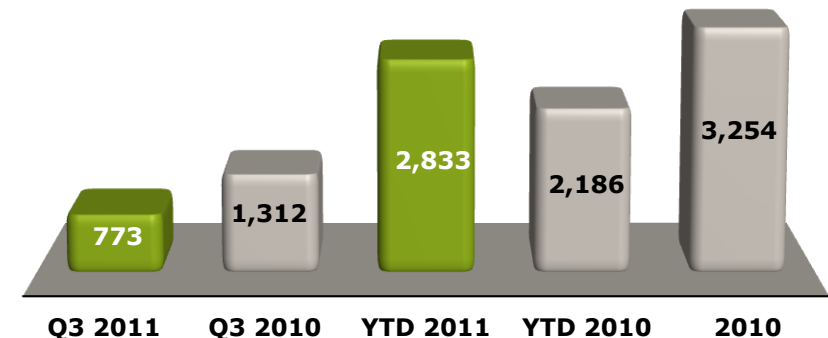
Combined ratio – General insurance (%)



Return on financial assets (NOKm)



Profit before tax expenses (NOKm)





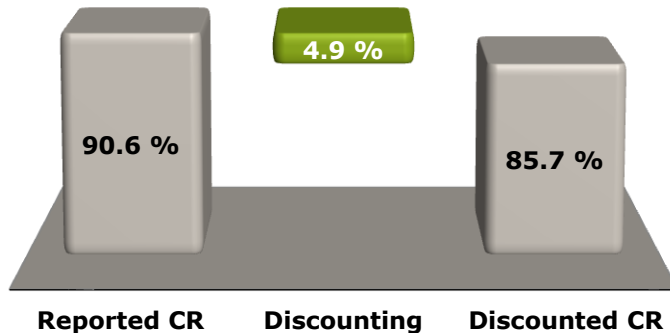
NOKm	Q3 2011	Q3 2010	YTD 2011	YTD 2010	2010
Private Norway	434	368	957	434	662
Commercial Norway	172	179	417	191	369
Nordic	(8)	30	47	(30)	(70)
Baltic	8	7	(0)	14	17
Corporate centre	(36)	(22)	(186)	(129)	(181)
Underwriting result	570	562	1,235	481	796
Pension and savings	3	(9)	17	(27)	(28)
Online retail banking	20	14	52	29	33
Return on financial assets	230	792	1,649	1,917	2,705
Amortisation and impairment losses of excess value	(43)	(43)	(133)	(206)	(254)
Other items	(7)	(3)	13	(9)	2
Profit/ (loss) before tax exp.	773	1,312	2,833	2,186	3,254



Effect of discounting on CR Q3 2011



Effect of discounting on CR YTD 2011

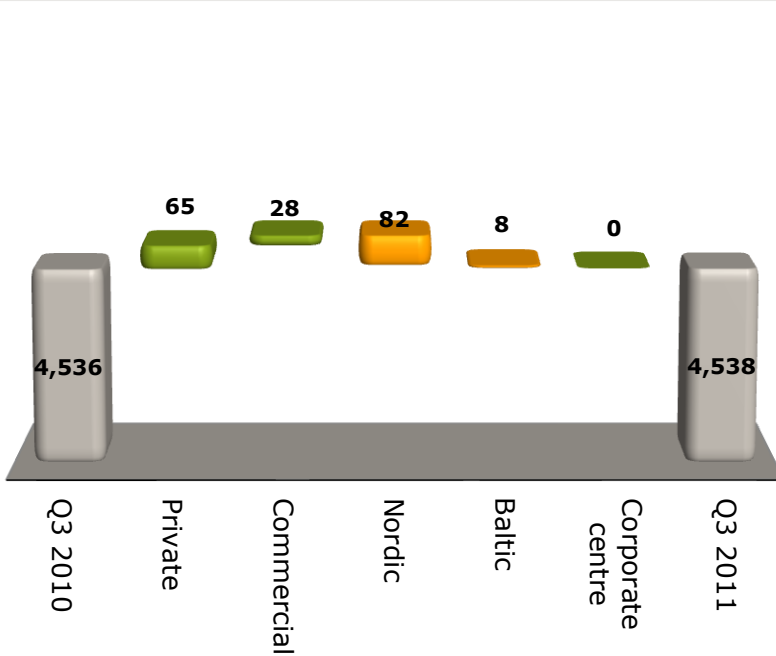


Assumptions

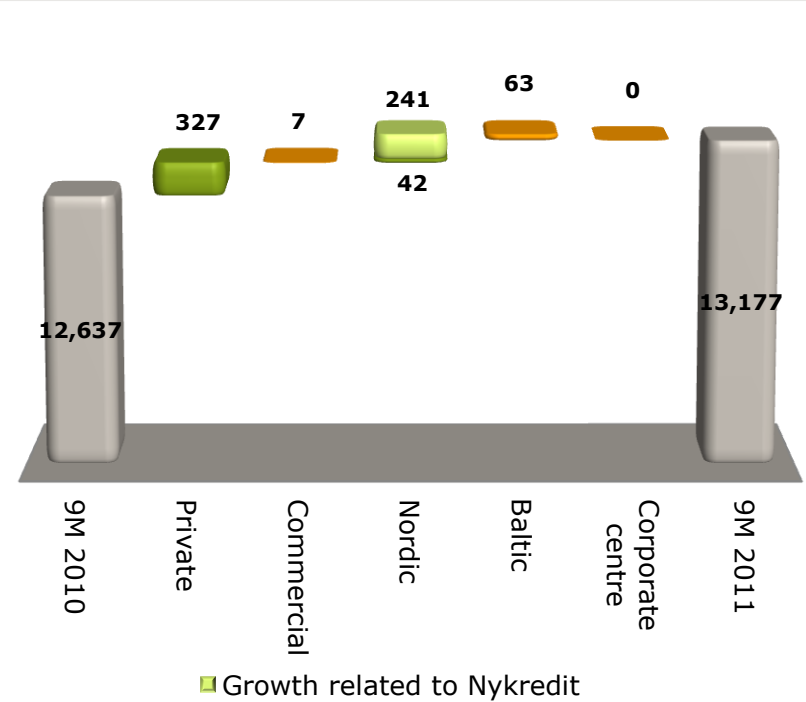
- Only technical provisions are discounted (i.e. premium provisions are undiscounted)
- Swap rates in Norway and Sweden
- Interest rate set by the Danish FSA in Denmark
- Euroswap rates in the Baltic countries



Development in earned premiums
Q3 2010 – Q3 2011



Development in earned premiums
9M 2010 – 9M 2011





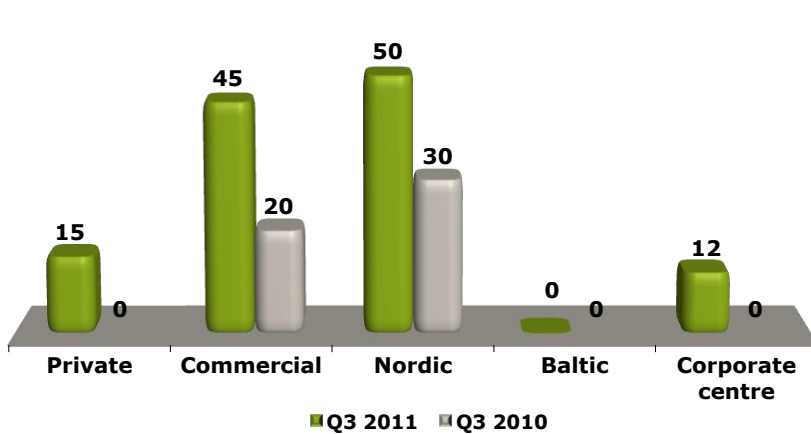
Q3 2011 (Q3 2010)

	Reported claims figures	Expected large losses	Actual large losses
Claims	NOK 3,279m (NOK 3.260m)	NOK 160m	NOK 122m (NOK 50m)
Loss ratio	72.2% (71.9%)	3.5%	2.7% (1.1%)

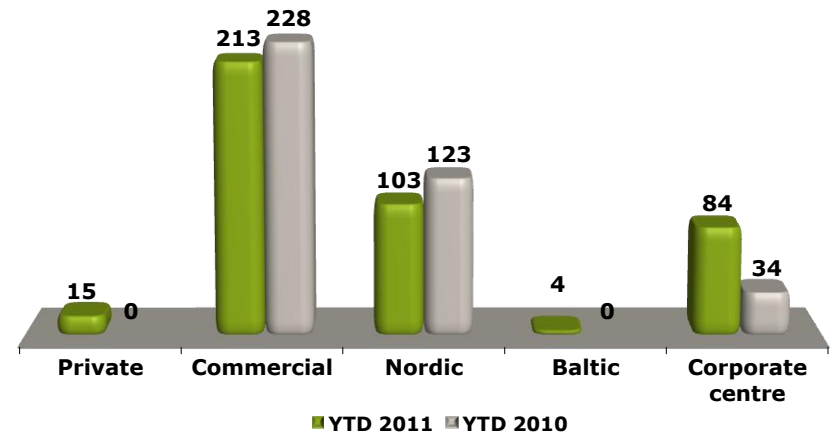
YTD 2011 (YTD 2010)

	Reported claims figures	Expected large losses	Actual large losses
Claims	NOK 9,792m (NOK 10,073m)	NOK 466m	NOK 419m (NOK 384m)
Loss ratio	74.3% (79.7%)	3.5%	3.2% (3.0%)

Actual large losses – by business area

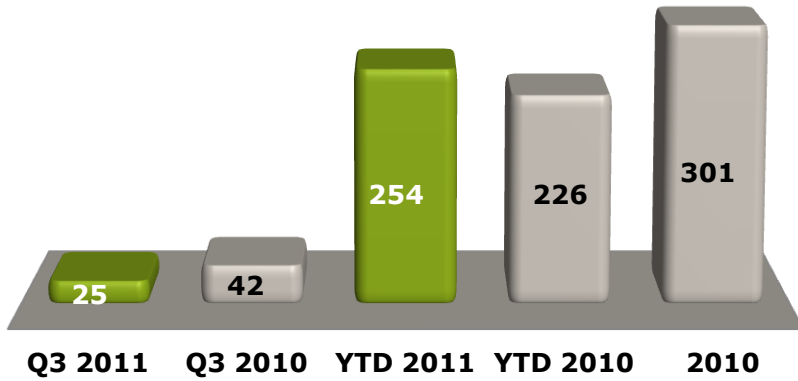


Actual large losses – by business area

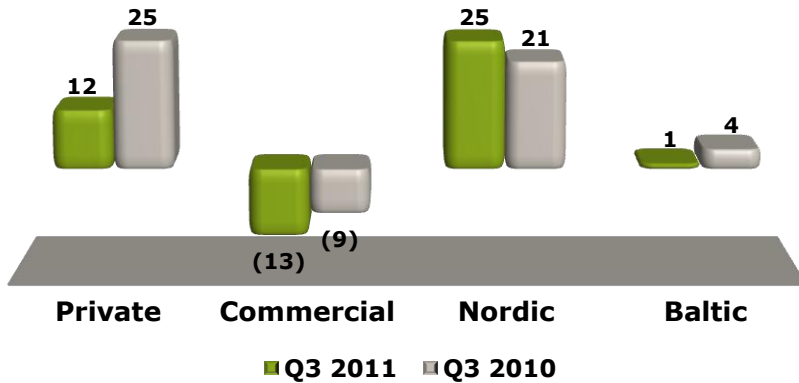




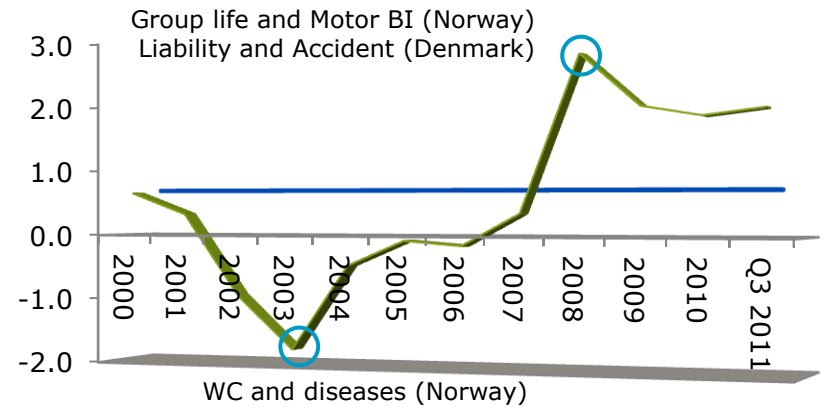
Run-off (NOKm)



Run-off per segment (NOKm)



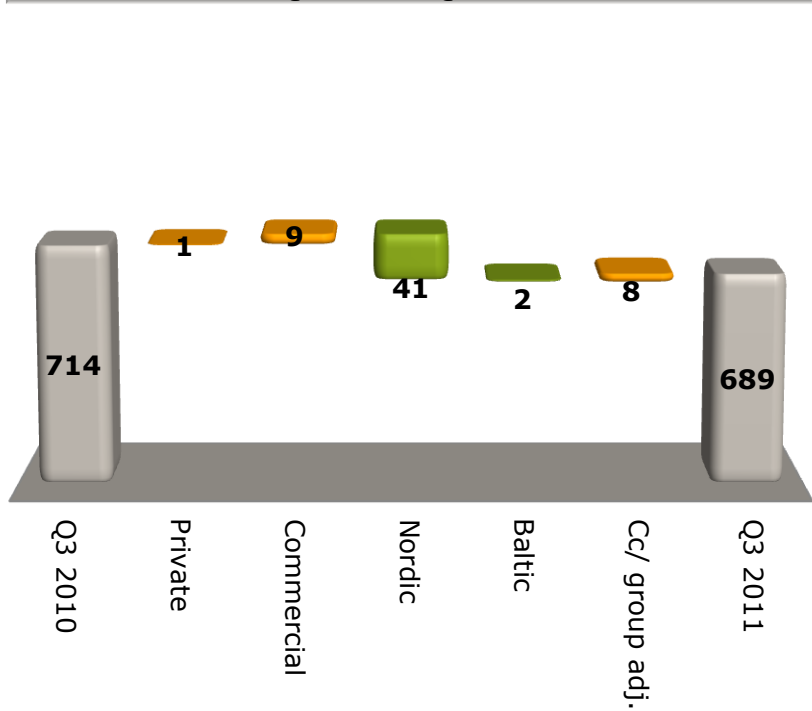
Run-off % of earned premium



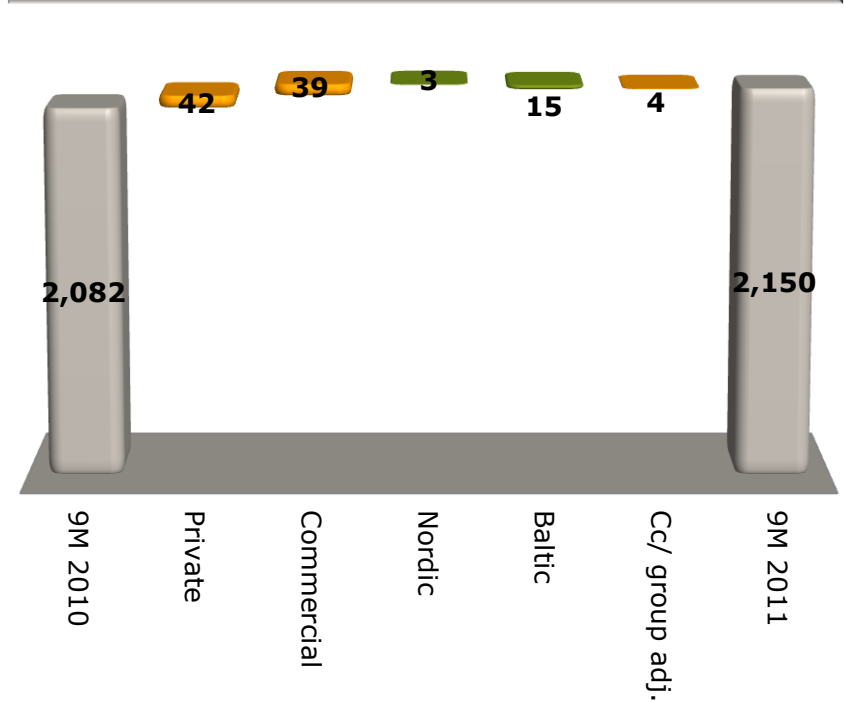
■ Run-off (%), net ■ Average



Cost development (NOKm)
Q3 2010-Q3 2011



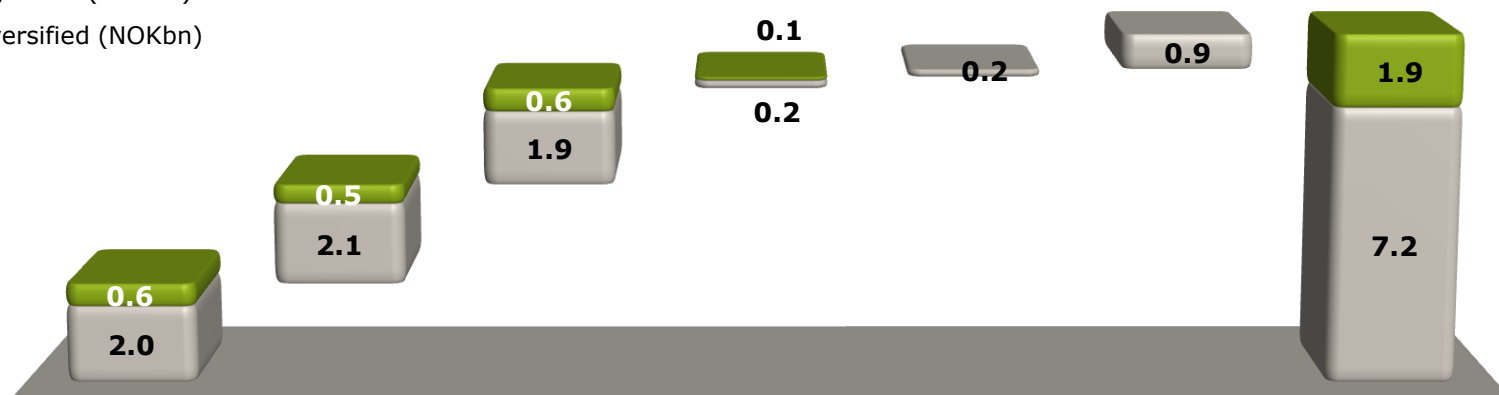
Cost development (NOKm)
9M 2010 - 9M2011





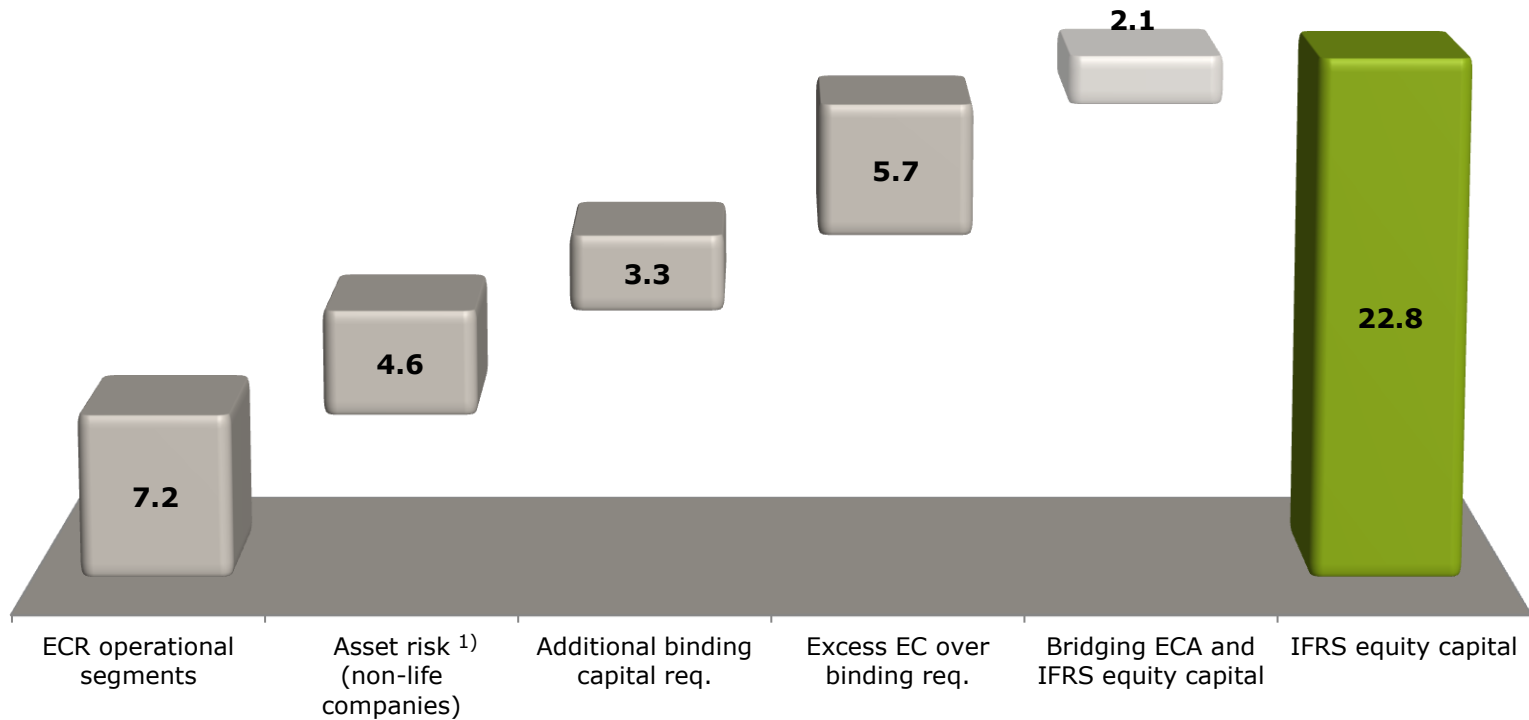
Economic capital allocation per 30 September 2011 Operational segments

- Allocated diversification between segments (NOKbn)
- Diversified (NOKbn)



NOKm	Private Norway	Commercial Norway	Nordic	Baltic	Pension and savings	Online retail banking	Total ECR operational segments
ECR ¹⁾²⁾³⁾	2,580	2,616	2,419	302	160	936	9,013
Underwriting result Q3 2011	434	172	(8)	8			
Profit/loss before tax Q3 2011, support products					3	20	
Claims provisions, gross, as at 30 Sept 2011	10,022	12,057	7,039	178	140		

1) Allocation of economic capital to general insurance segments is calculated using Gjensidige's internal model. The allocation reflects capital requirements based on internal assessments of insurance risk and market risk. Market risk is intended to be minimized due to the assumption of a replicating portfolio of financial instruments, appropriate to the term, nature and currency of the liability cashflows. The internal model is being developed to be Solvency II compliant. The allocation also reflects operational risk and reinsurer counterparty risk, in line with the current proposal for the Solvency II Standard model. 2) Allocation of capital to Pension and savings and Online retail banking is based on 8 per cent and 12 per cent capital adequacy respectively.



1) Asset risk reflects two components: The market and credit risk for the asset exposures not assumed to be financing the general insurance liabilities, and any risk due to the actual asset portfolio backing the liabilities deviating from the replicating portfolio. Any diversification between asset risk and insurance risk is therefore implicitly allocated within asset risk.



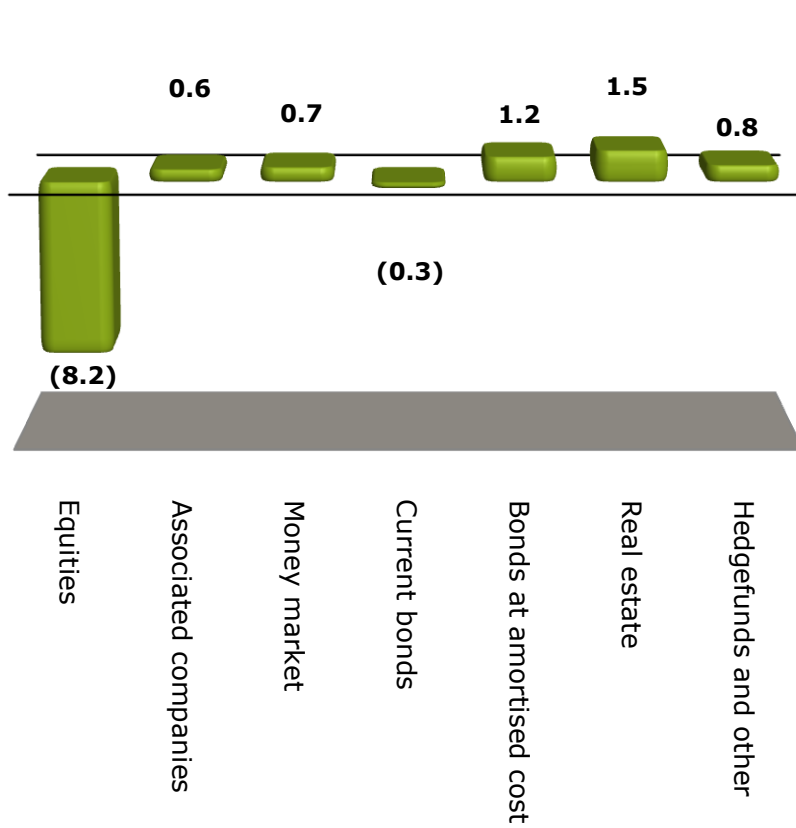
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Investment performance

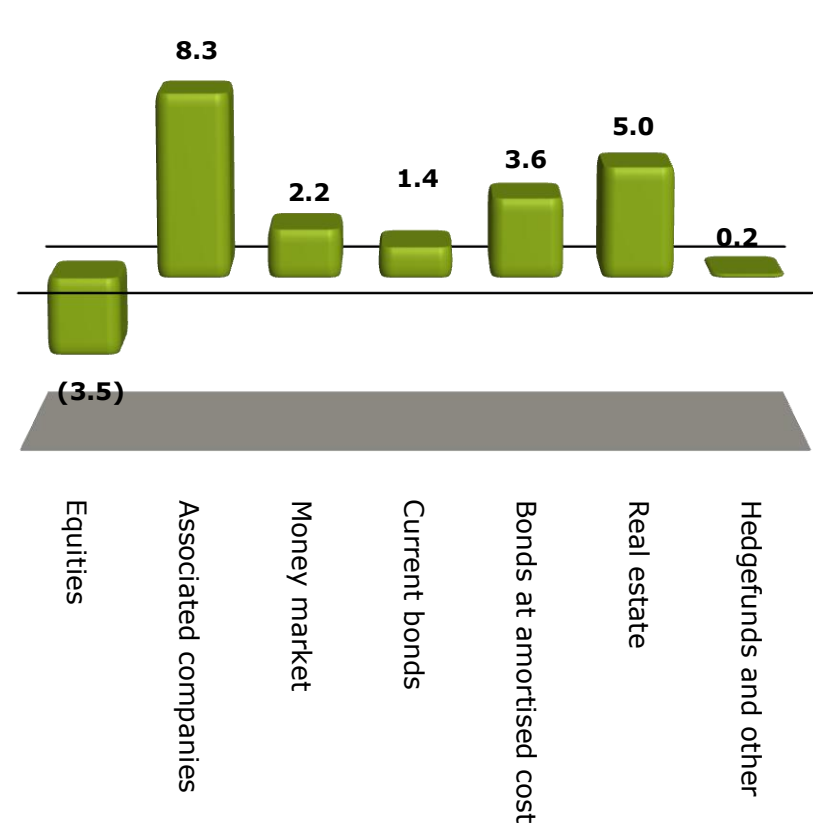


Investment performance 0.4 per cent for the quarter

Return per asset class (%)
Q3 2011

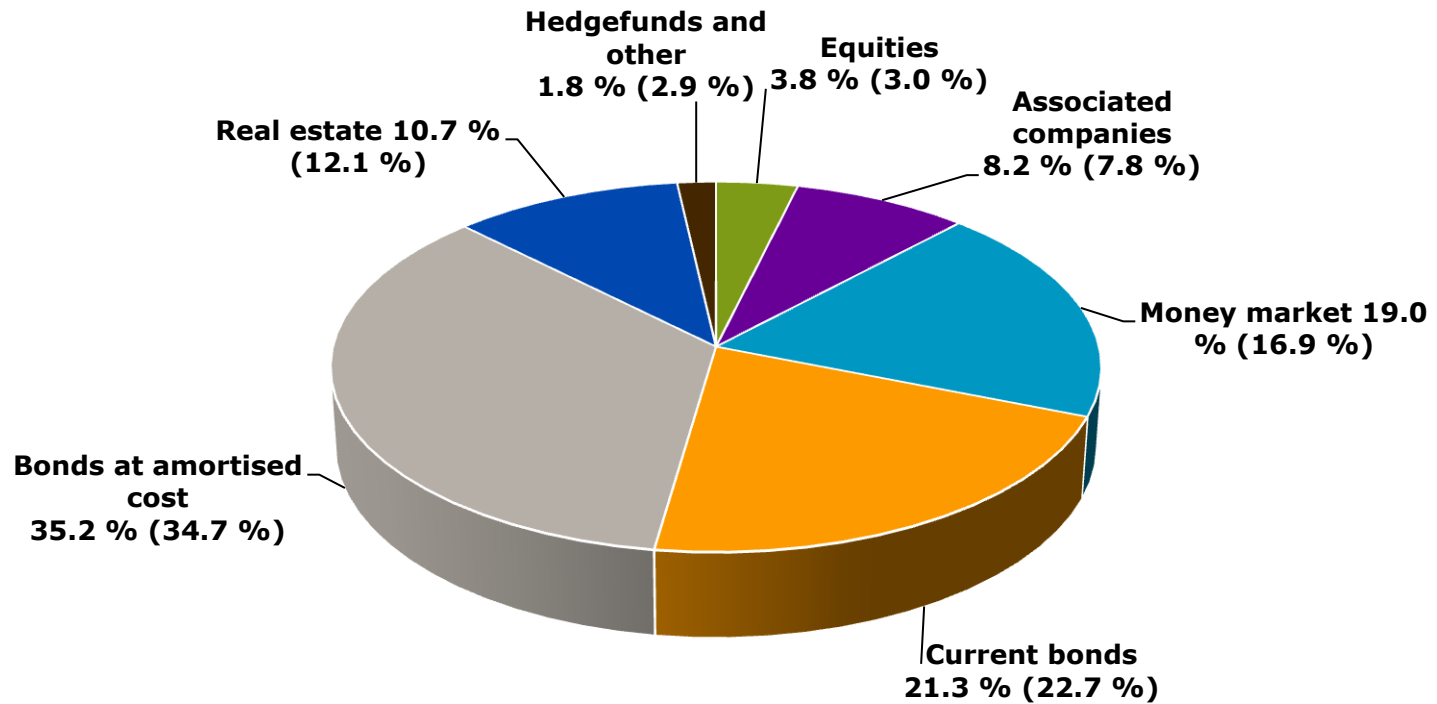


Return per asset class (%)
YTD 2011





Asset allocation 30 September 2011 (30 September 2010)



Carrying amount NOK 53.282m (52.754m)



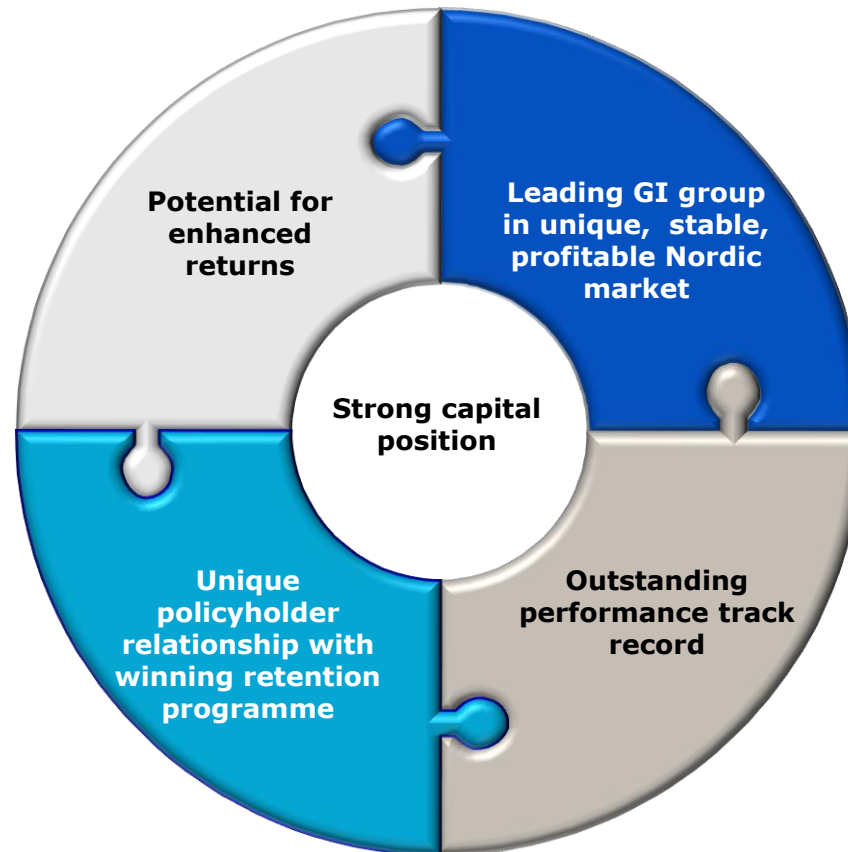
Geographical split of the fixed income portfolio

- The fixed income portfolio amounts to NOK 40.3bn, mainly exposed towards our general insurance markets
- The PIIGS exposure is NOK 357m towards Italy and Spain

Country	Share (%)
Norway	49.9
Denmark	19.2
Sweden	7.0
USA	8.1
Great Britain	4.4
Germany	2.2
Finland	1.9
Switzerland	1.4
Baltics	1.0
France	0.8
Other	4.0



- Focus on further improving customer experience through
 - increased accessibility
 - simpler products and services
 - new self-service solutions
- Continuous efforts to ensure optimal tariff rating
- Unrest in the financial markets could have an effect on the financial return in the fourth quarter
- Solid capital situation and financial strength



Sustainable profitability – high, stable dividend



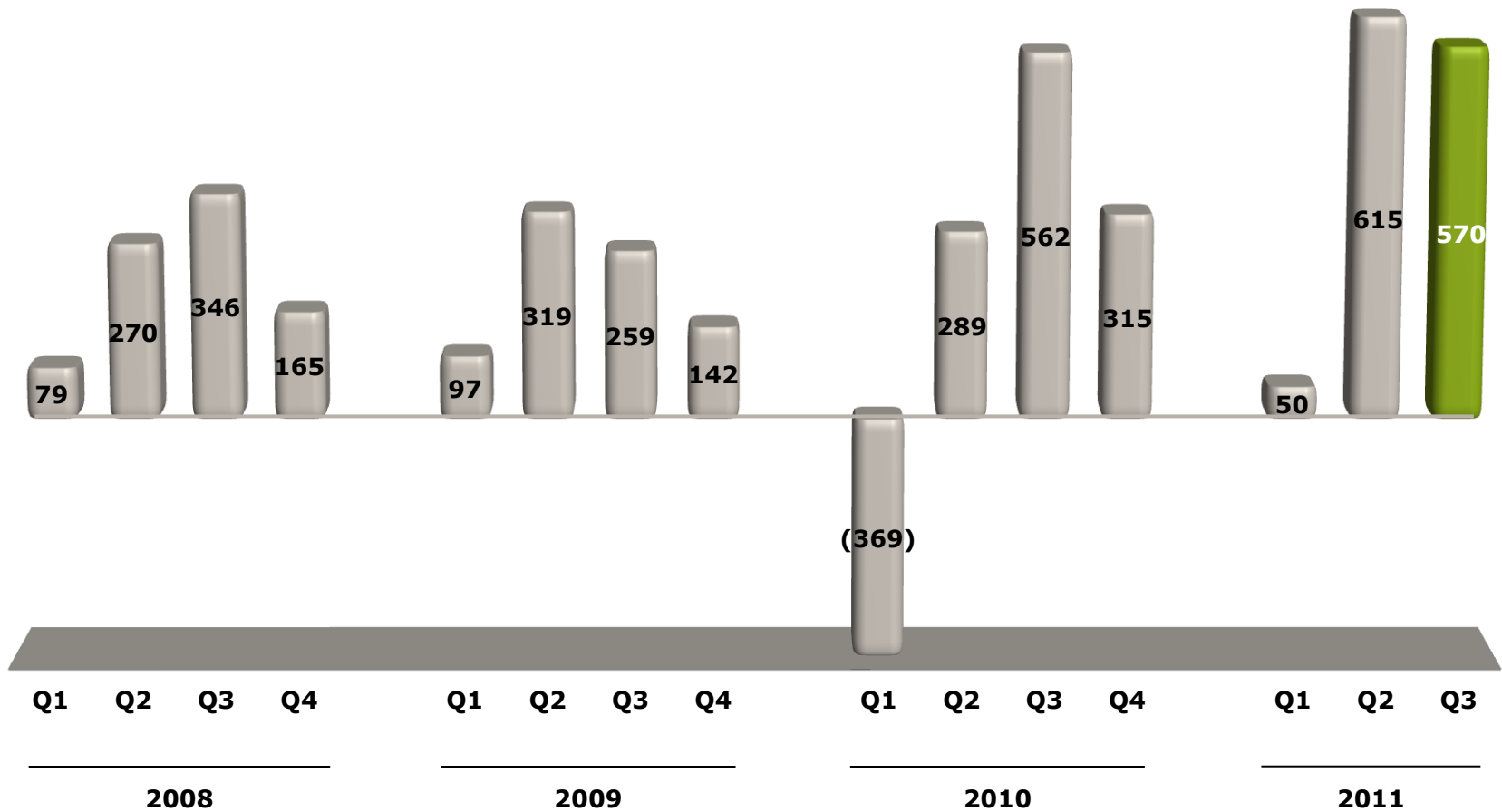
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A photograph of a modern office interior. In the foreground, a large, bright, circular light fixture is out of focus. In the background, two people, a man and a woman, are looking up at the ceiling. The ceiling features a grid of square vents and a large, bright, circular light fixture. The overall scene is brightly lit and modern.

Supplementary information



NOKm	Q3 2011	Q3 2010	YTD 2011	YTD 2010	2010
Earned premiums, total	4,679	4,617	13,557	12,899	17,399
Loss ratio, general insurance	72.2	71.9	74.3	79.7	78.9
Cost ratio, general insurance	15.2	15.7	16.3	16.5	16.5
UW result, general insurance	570	562	1,235	481	796
Net income from investments	241	804	1,684	1,945	2,748
Profit/ (loss) before tax	773	1,312	2,833	2,186	3,254
Profit for the period	623	1,036	2,172	1,788	2,950





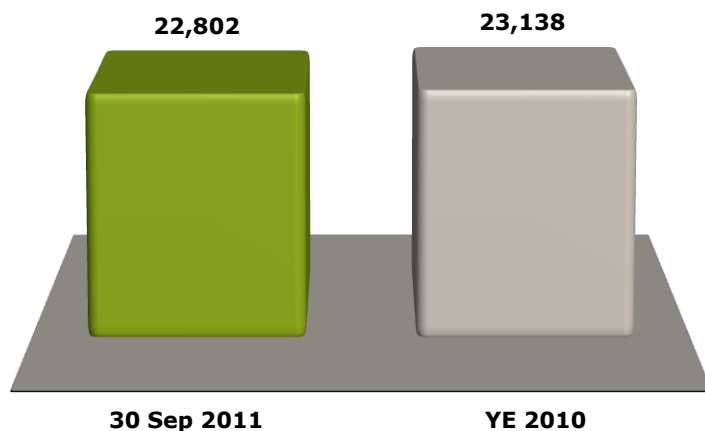
Credit exposure

- The portfolio consists mainly of securities in rated companies with high creditworthiness (Investment grade)
- Non-public rated insurers are mainly Norwegian savings banks, municipals, credit institutions and power producers and distributors

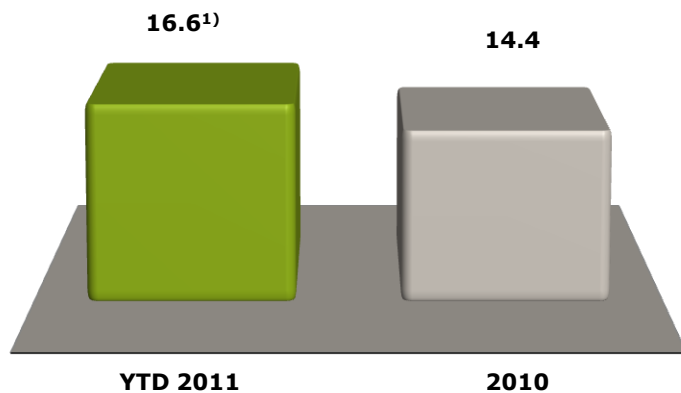
Split of fixed income portfolio per 30 Sept	NOKm	%
Money market instruments	10,121.5	25.1 %
Bonds:		
<i>Bonds at amortized cost</i>	18,766.7	46.6 %
<i>Bonds held for trading</i>	9,060.5	22.5 %
<i>Investment grade bonds (international)</i>	1,068.1	2.7 %
<i>High yield bond funds (international)</i>	1,243.5	3.1 %
Total bonds	30,138.9	74.9 %
Sum	40,260.3	100.0 %
Rating	NOKm	%
Investment grade	28,156.0	69.9 %
High yield	1,199.9	3.0 %
Non rated	10,904.4	27.1 %
Sum	40,260.3	100.0 %
Rating - including internal rating by Storebrand	NOKm	
Investment grade	35,500.5	88.2 %
High yield	1,199.9	3.0 %
Non rated	3,559.9	8.8 %
Sum	40,260.3	100.0 %
Split per sector	NOKm	%
Government and other public sector	7,369.0	18.3 %
Banks and financial institutions	24,340.1	60.5 %
Corporates	8,551.2	21.2 %
Sum	40,260.3	100.0 %



Equity (NOKm)



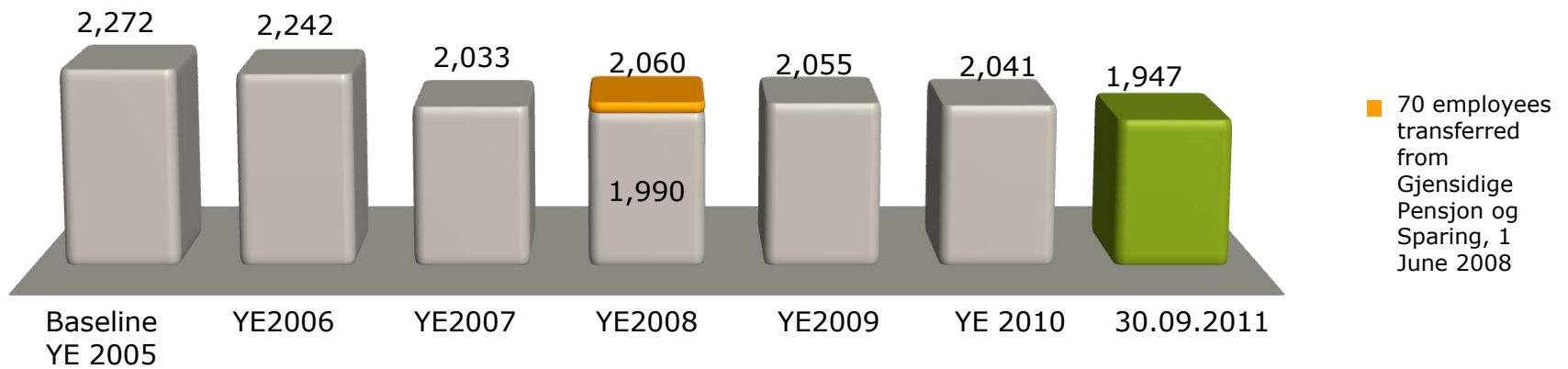
Pre-tax return on equity (%)



- Capital adequacy of 16.0 per cent (16.1 per cent year end 2010)
- Solvency margin of 579.9 per cent (581.2 prosent ved utløpet av 2010)



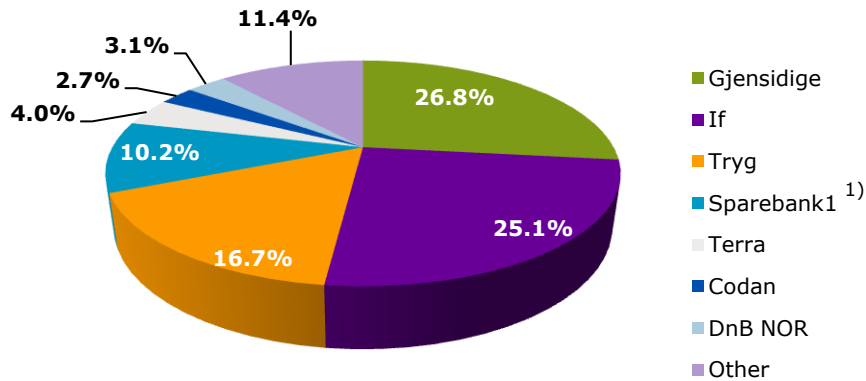
Employees, general insurance Norway



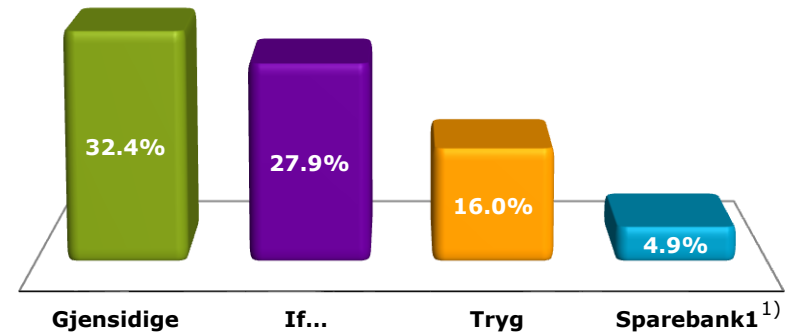


Market leader in Norway Across segments and most product lines

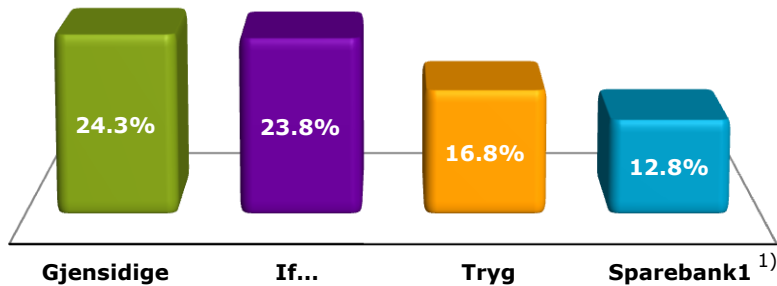
Market share – Total market



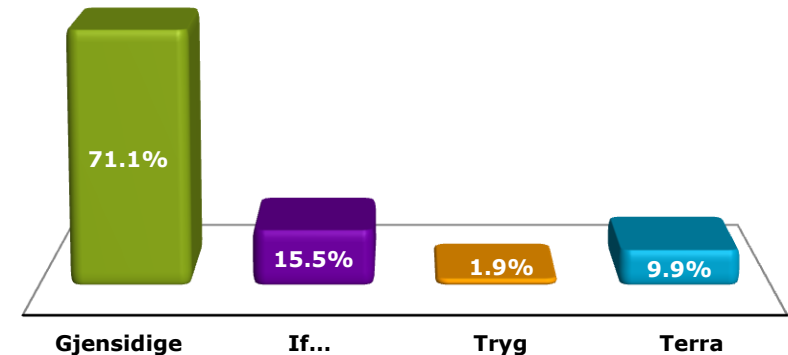
Market share - Commercial



Market share - Private



Market share – Agriculture (part of Commercial)





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