

# Delivering superior customer experiences and stable returns

Capital Markets Day  
25 November 2014





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# Agenda

## 13:00 Presentations



### **Delivering superior customer experience and stable returns**

Helge Leiro Baastad, CEO



### **Strategy for profitable growth and sustainable competitiveness**

Mats Gottschalk, EVP Strategy/M&A and banking, pension and savings



### **Building customer loyalty and preference**

Cecilie Ditlev-Simonsen, EVP Brand management, communications, marketing and web



### **Profitable growth through multi-channel distribution**

Sigurd Austin, EVP Commercial

## 14:20 Break

## 14:50 Presentations



### **Leveraging skills and insight for optimal risk selection and pricing**

Martin Danielsen, EVP Product and price  
Kristen Aanesen, SVP Motor



### **Leveraging skills and technology for cost efficient and customised claims handling**

Kaare Østgaard, EVP Claims and IT



### **Delivering stable returns**

Catharina Hellerud, CFO

## 16:10 Q&A session

## 16:50 Final remarks

## 17:00 Drinks with management



Gjensidige

# Delivering superior customer experiences and stable returns

Helge Leiro Baastad,  
Chief Executive Officer

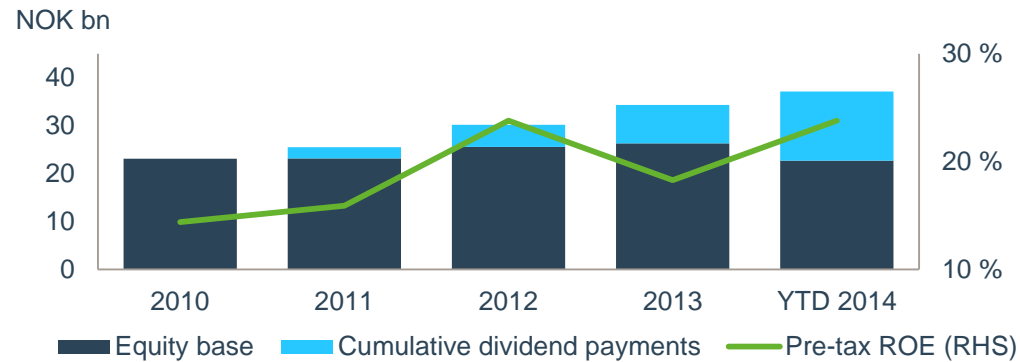


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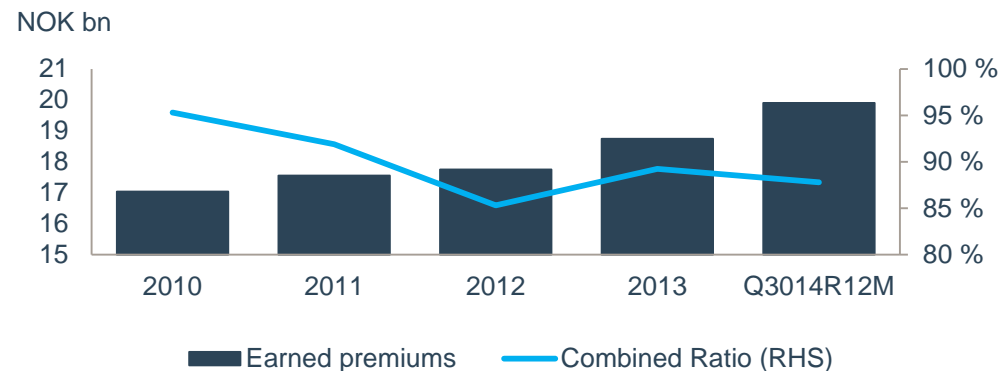


# Strong value creation since listing in 2010 and ambitious financial targets towards 2018

## Strong value creation driven by...



## ...solid growth, underwriting and cost discipline



## Delivering on financial targets

	Delivered (avg. since IPO)	Targets towards 2018
Return on equity	19 % (pre-tax) ✓	15 % (post-tax)
Combined ratio	90 %* (~87% disc.) ✓	90-93 % (~87-90 % disc.)
Cost ratio	15 % (Q314 R12M) ✓	~15 %
Dividends	80 %** ✓	>70 % (high and stable)

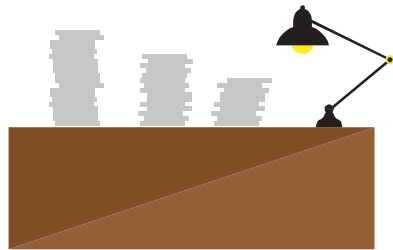
\* Including run-off gains of ~2 %-points

\*\* Excluding NOK 5bn pay-out of excess capital

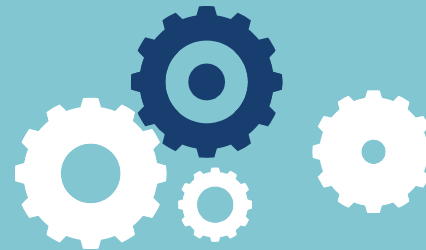


# Continuously adapting to – and driving – change

2005



2012





# Becoming the most customer-oriented general insurer in the Nordic region

## Strategy for profitable growth

- Strengthen leadership position in Norway
- Strengthen foundation for profitable growth in the Nordic and Baltic markets

## Key performance indicators

- Customer satisfaction
- Share of digital customers
- Online claims reporting
- Claims cost reductions
- Customer retention
- Number of customers with more than 4 insurance products

## Customer orientation

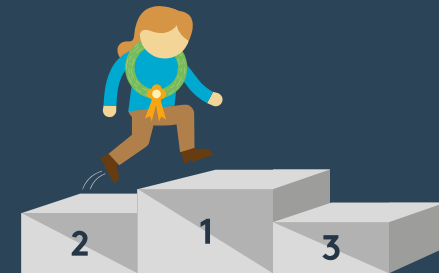
- Attracting customers and building loyalty through superior customer experiences

## Analytically-driven processes

- Improving operations through skills, insight and technology

## Efficient operations

- Maintaining underwriting, cost and capital discipline



# Strategy for profitable growth and sustainable competitiveness

Mats C. Gottschalk,  
Executive Vice President, Strategy/M&A and banking, pension and savings

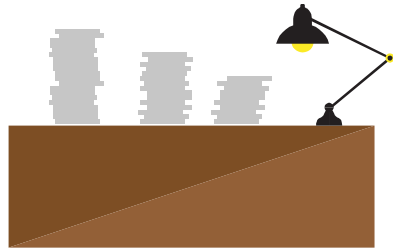




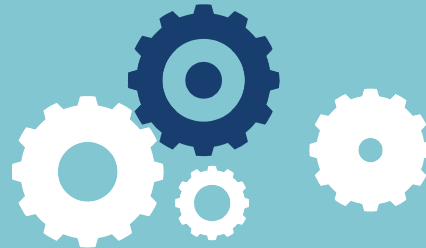


# Continuously adapting to – and driving – change

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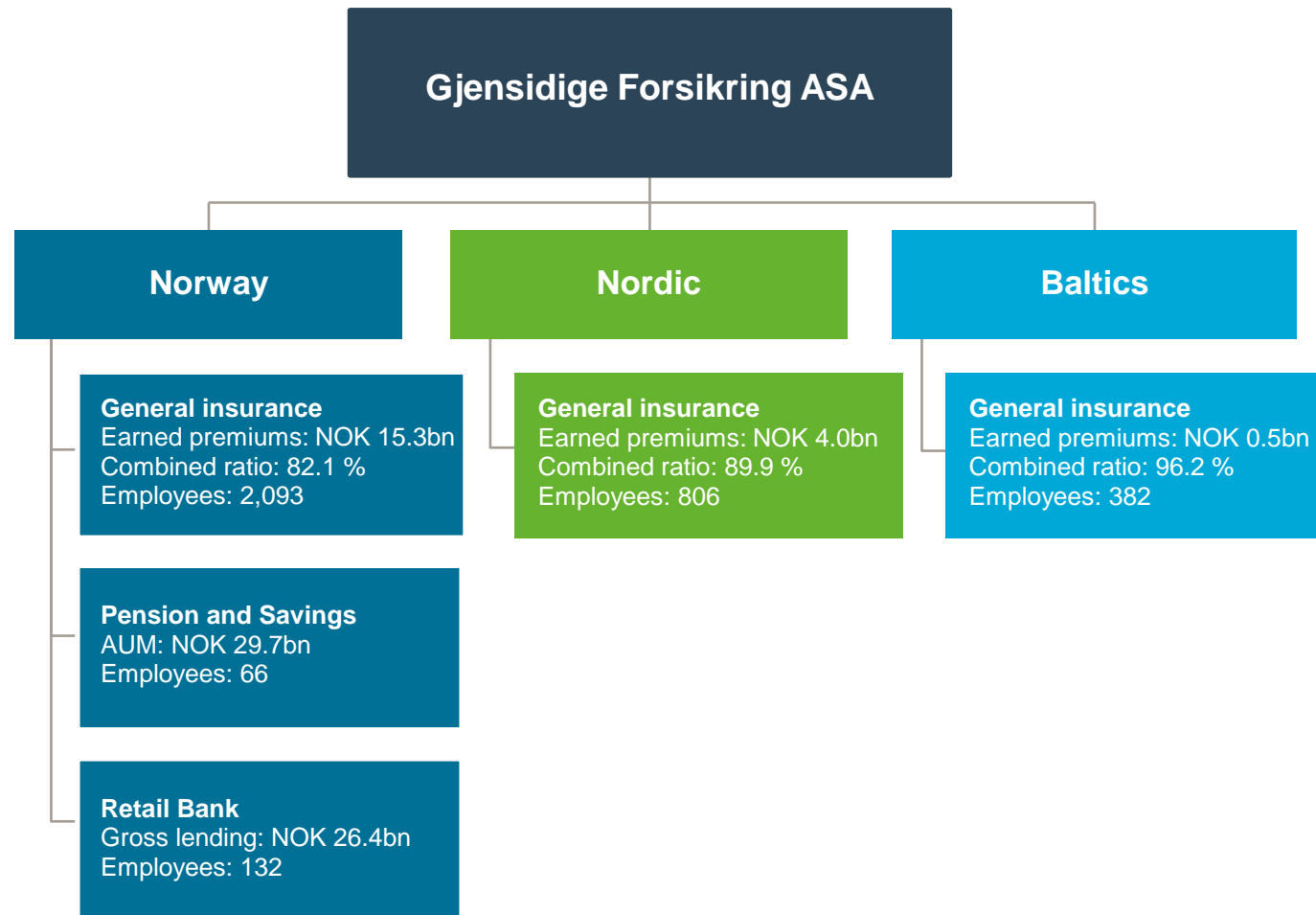
- Inefficient operating models
- Market share rivalry
- Niche sector
- High interest rates

- Pricing discipline
- Efficient operating models
- Competitive industry
- Low interest rates

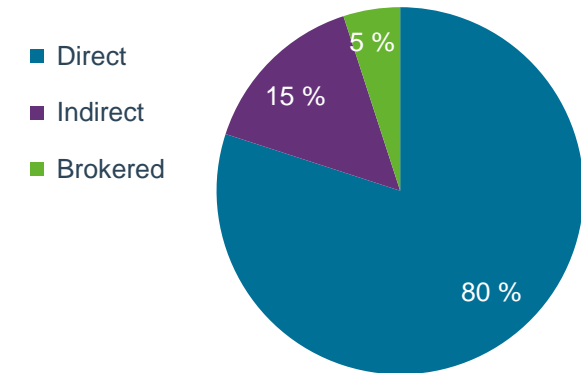
- Digitalisation and analytics
- Multi-channel distribution
- Lean business models
- Low interest rates



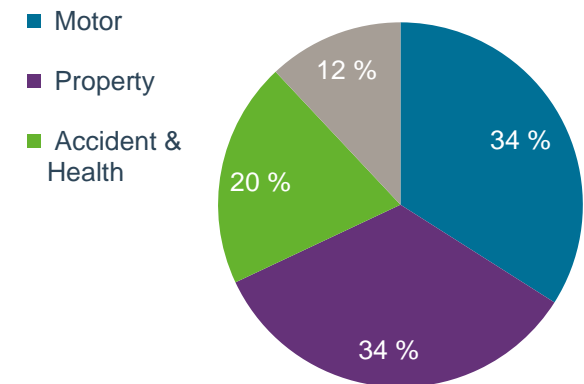
# Gjensidige today: Diversified general insurer – highly competitive and profitable



## 80 % direct distribution



## Diversified product mix

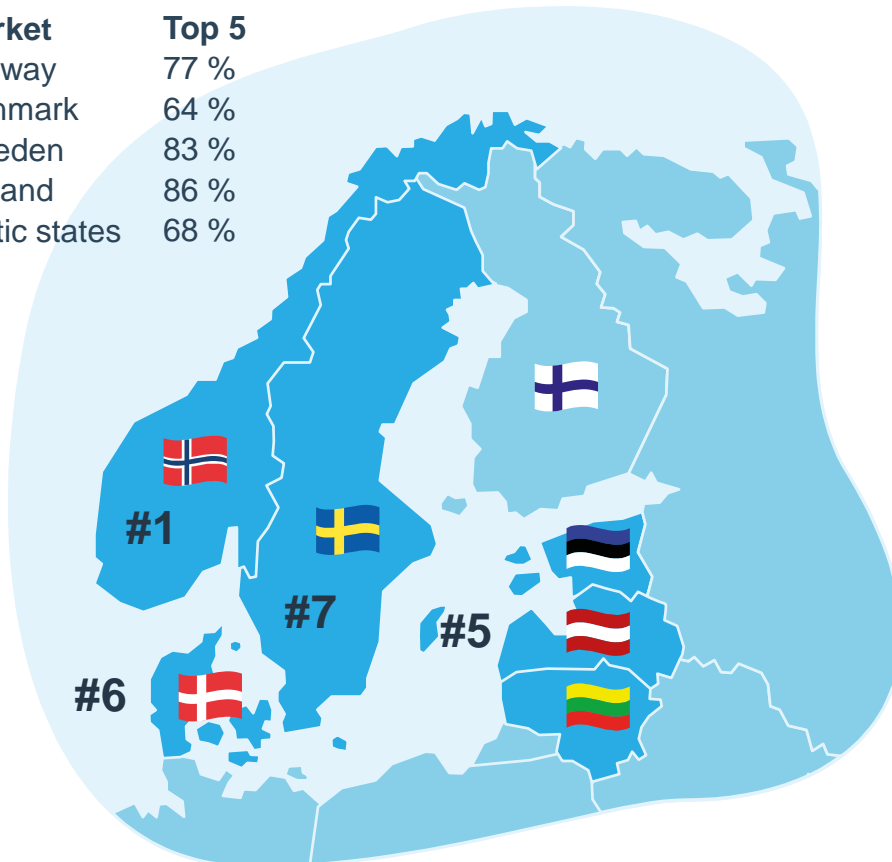


# Market leader in Norway and the second-largest general insurer in the Nordic/Baltic region



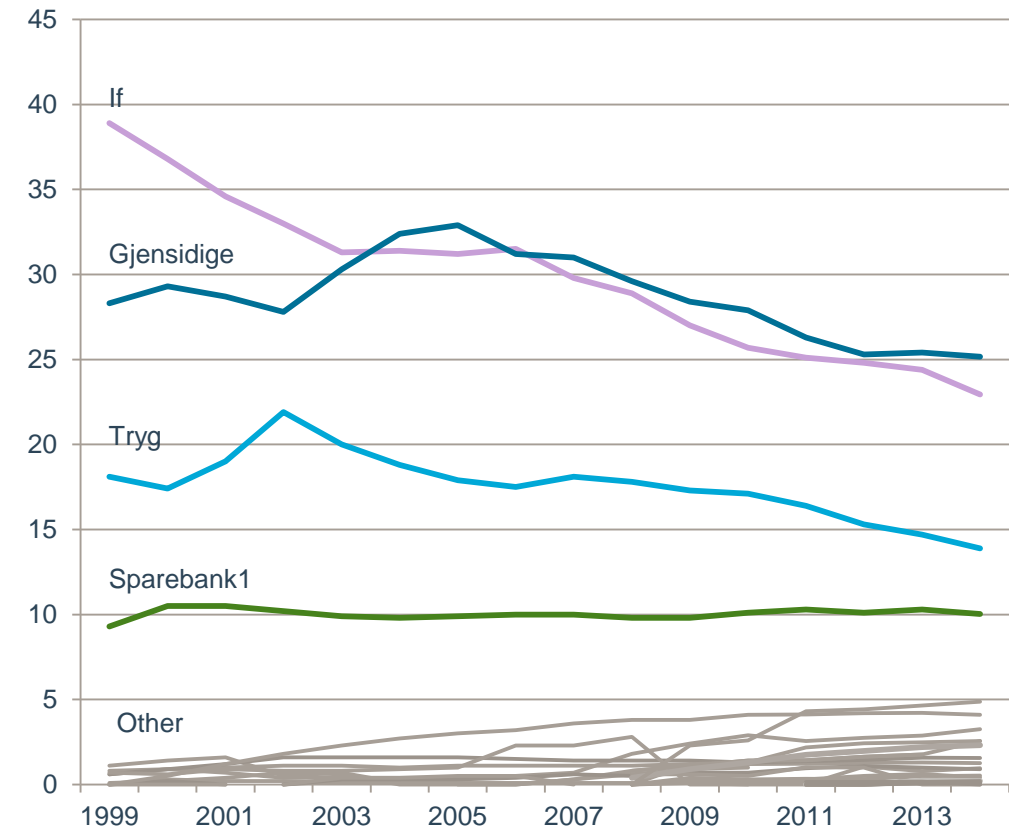
## Consolidated markets

Market	Top 5
Norway	77 %
Denmark	64 %
Sweden	83 %
Finland	86 %
Baltic states	68 %



Consolidated market shares for the 5 largest players in each market. Position in each country based on Q32014 Norway, Q32013 Denmark, Q22014 Sweden and Baltics. #2 position in Nordic/Baltic region based on reported net earned premiums YTD Q32014

## Stable GJF market share development in Norway



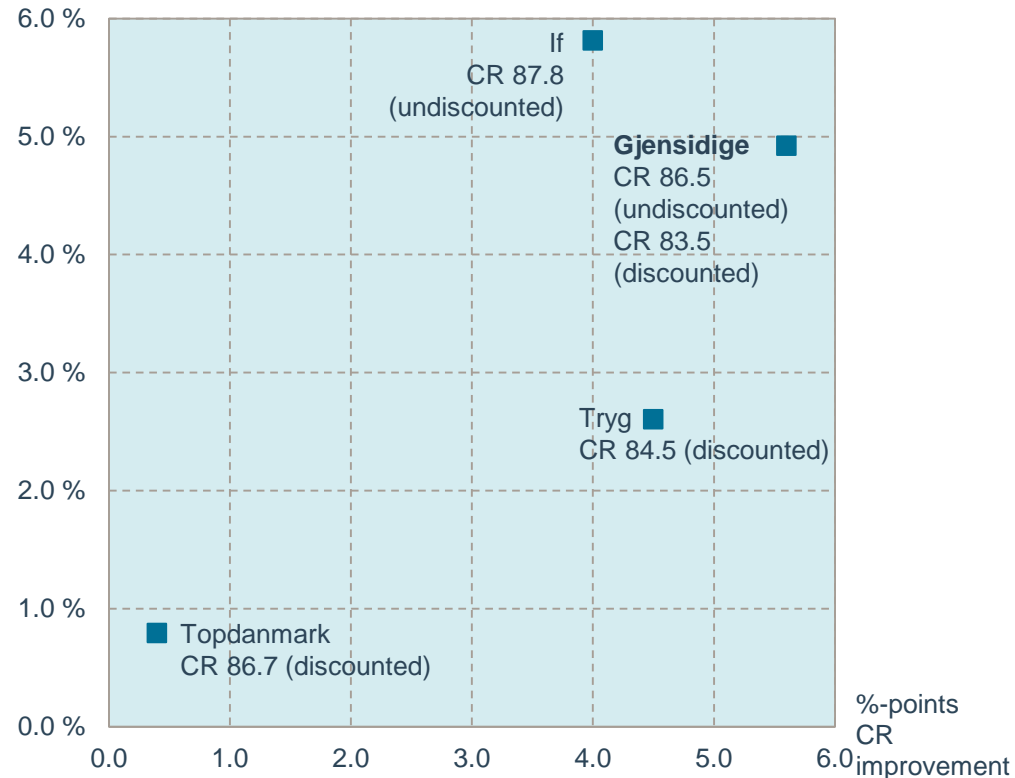
Source: Finance Norway. 27 companies in "Other" category Q314.



# Balancing growth and profitability

## Premium growth and CR improvement

GWP CAGR  
2009-2013



Source: Company reports. CR improvement calculated for 2009-2013. Actual CR is YTD Q32014.

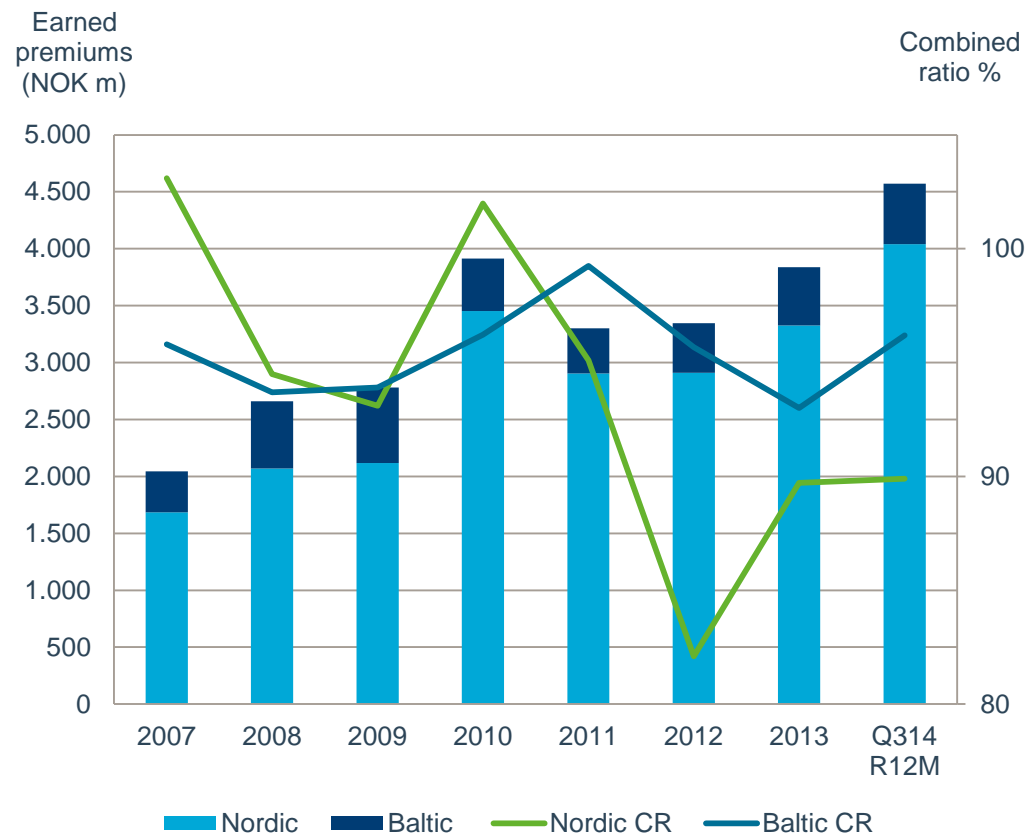
## Key differentiators

- Multi-channel distribution model
- Comprehensive pricing and risk selection programmes
- Streamlined claims handling processes
- Cost discipline and operational efficiency
- Robust and cost-effective technology



# Successful growth strategy – 25 % of premiums now come from operations outside Norway

## Proven Nordic/Baltic operating track record



## Key achievements

- Critical size and scalable platform for further growth
- Group functions across geographical boundaries
- Consolidated infrastructure across the Nordic countries

Figures prior to 2011 are not restated according to the changes in segments made in April 2013. Figures prior to 2009 are not restated according to the changes in segments and large losses reporting made in May 2011.



# Realising strategy for profitable growth

## Strengthening leading position in Norway

- Invest in core business activities
  - Business infrastructure and analytics
  - Market pricing
  - Efficient claims processes
- Leverage operating and product platform
  - Financing solutions through Gjensidige Bank
  - Pensions, risk and savings solutions
- Enhance competitive position through existing and new partners

## Further growth in Nordic and Baltic markets

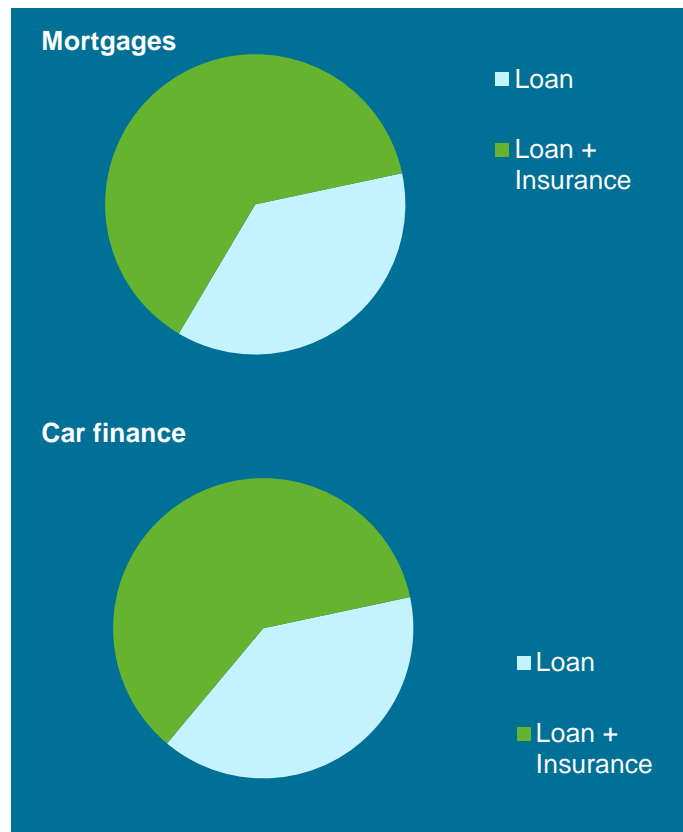
- Adapt and apply core Gjensidige operating principles
  - Multi-channel distribution
  - Tariff programmes
  - CRM capabilities
  - Claims handling
  - Fully adopting systems and architecture
- Pursue bolt-on M&A opportunities for further scale and capabilities
  - Complementing organic growth initiatives



# Broad range of services strengthens competitive advantage in Norway

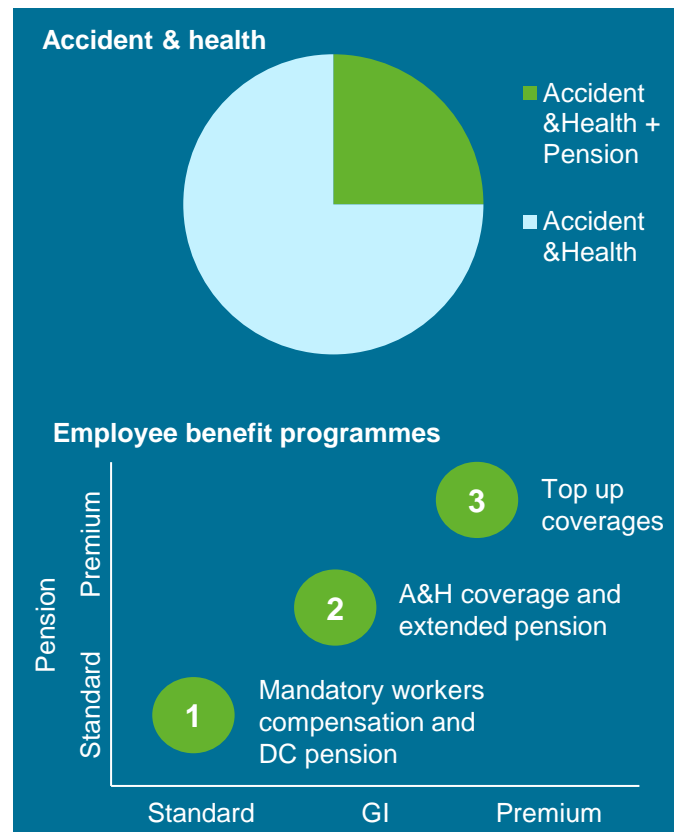
## Examples

### Fast growing retail bank - access to new customers



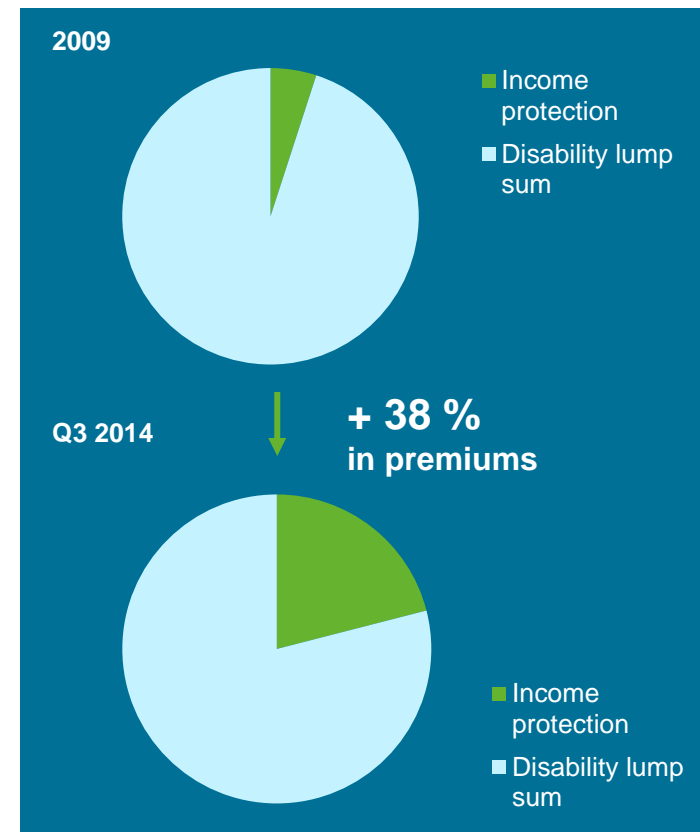
Based on number of customers with loan and insurance as at 30.09.2014

### DC pensions strengthen SME customer relationships



Based on number of SME customers with Accident&Health covers as at 30.09.2014

### Disability product redefined - assuring market leader position



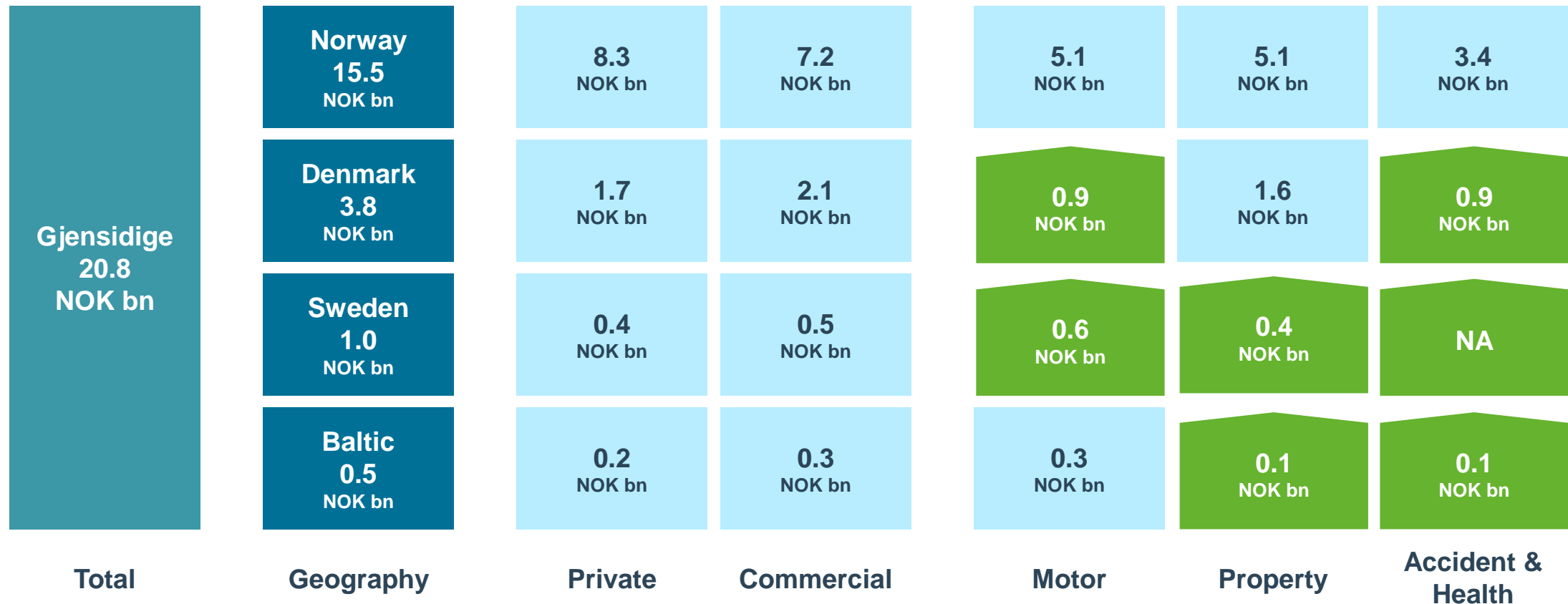
Based on GWP



# Replicating the Gjensidige formula across markets

Illustration

Focusing growth initiatives on complementary product and market segments



Green boxes illustrate potential growth areas within core product groups. All figures represent current Gjensidige GWP Q314 R12M.





# Creating future value through disciplined M&A

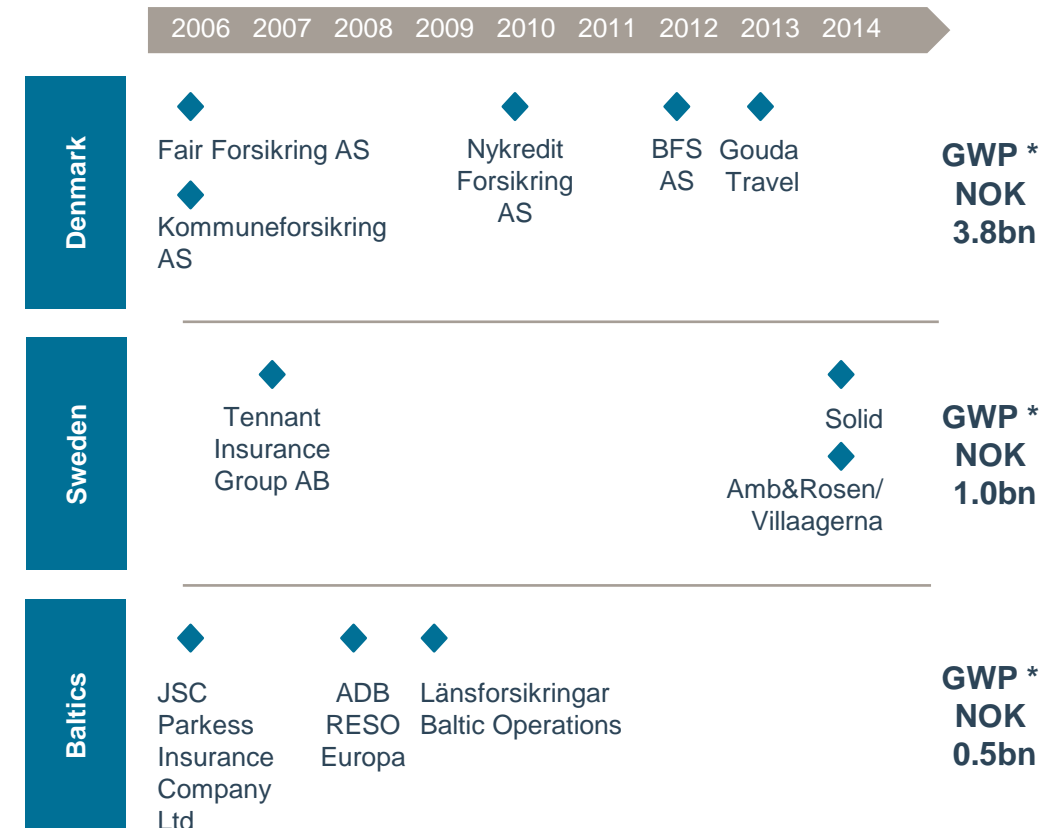
## Principles and priorities

- Identify complementary distribution, partnerships and product segments
- Leverage operating and technology platform
- Contribute to Group operating and financial targets
  - Target CR 90-93 within 2-3 years
  - Discounted cash flow based valuation

## Unified business model

- Sales, service and claims integrated into brand, business processes and best practice
- Support functions covered by Group functions
- Insurance portfolio migration to Gjensidige systems and tariffs

## Growth outside Norway through targeted acquisitions



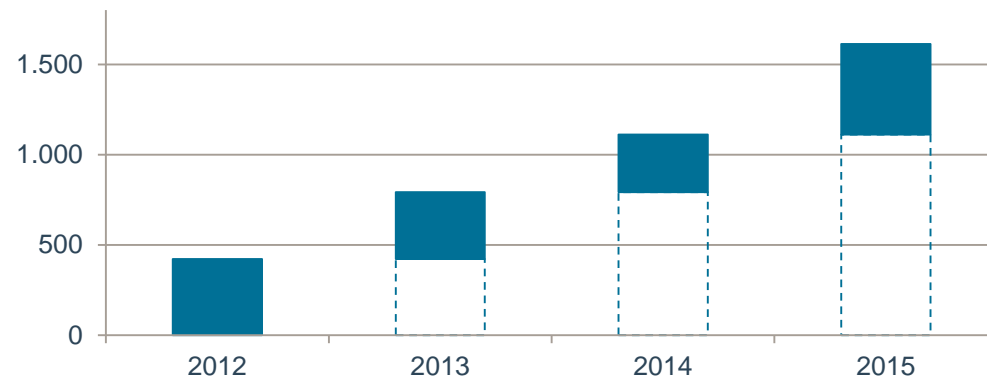
\* Q314 R12M



# Continued strong customer retention - partnership agreements support customer inflow and loyalty

## Strategic partnership agreements give access to more than 1.5 million members

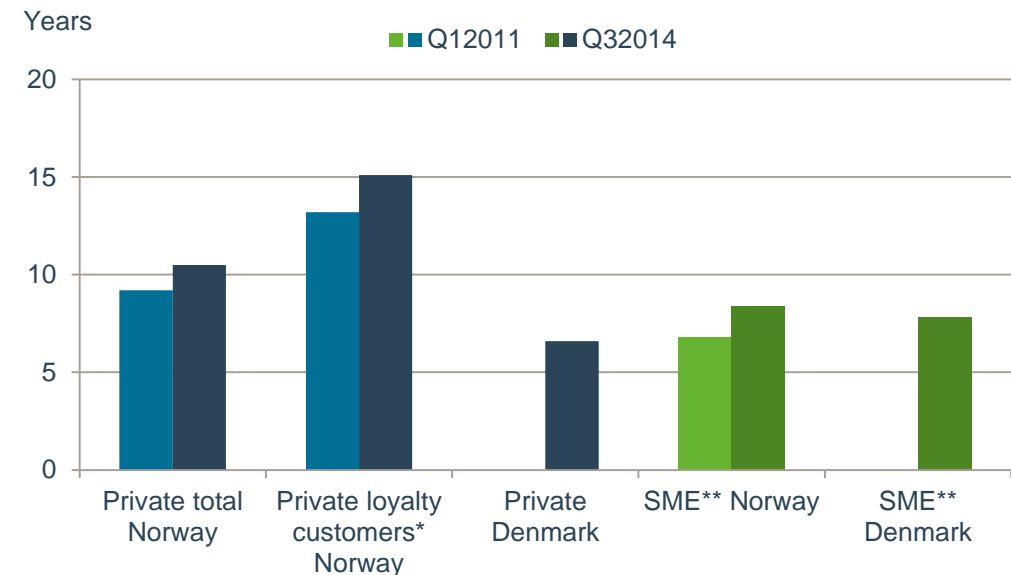
Number of members  
in 1,000



- Four new partnership agreements the last two years
  - Newly signed agreement - Norwegian Automobile Federation (NAF) in November 2014\* with 500,000 members
  - Agreement with Swedish Homeowners Association (Villaägarnas Riksförbund) in 2014 with 300,000 members

\* The agreement with NAF will be effective from 2015

## Strong and improved customer retention



- High retention rate per customer
  - Potential for further increase in Denmark
- High number of products per customer
  - Average 4.3 products per private loyalty customer in Norway\*
- Retention cost 1/3 of acquisition cost

\*Affinity/ loyalty customers. \*\* SME customers not including agricultural customers



# Key priorities towards 2018

## Pillars for profitable growth

**Customer orientation**

**Analytically-driven  
processes**

**Efficient operations**

## Strategic priorities

Enhance and expand multi-channel  
distribution model

Develop value-adding services for  
loyalty and preference

Further digitalise business  
and customer processes

Strengthen business intelligence  
and analytics infrastructure

Build dynamic  
organisational capabilities



Gjensidige

# Building customer loyalty and preference

Cecilie Ditlev-Simonsen, Executive Vice President

Brand management, communications, marketing and web



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# Customer orientation in a nutshell





# The Gjensidige experience – our framework for customer orientation

## Our promises

- We keep our promises
- We always deliver quality
- We make the complicated simple
- We ensure that the customer is satisfied



## The customer experience

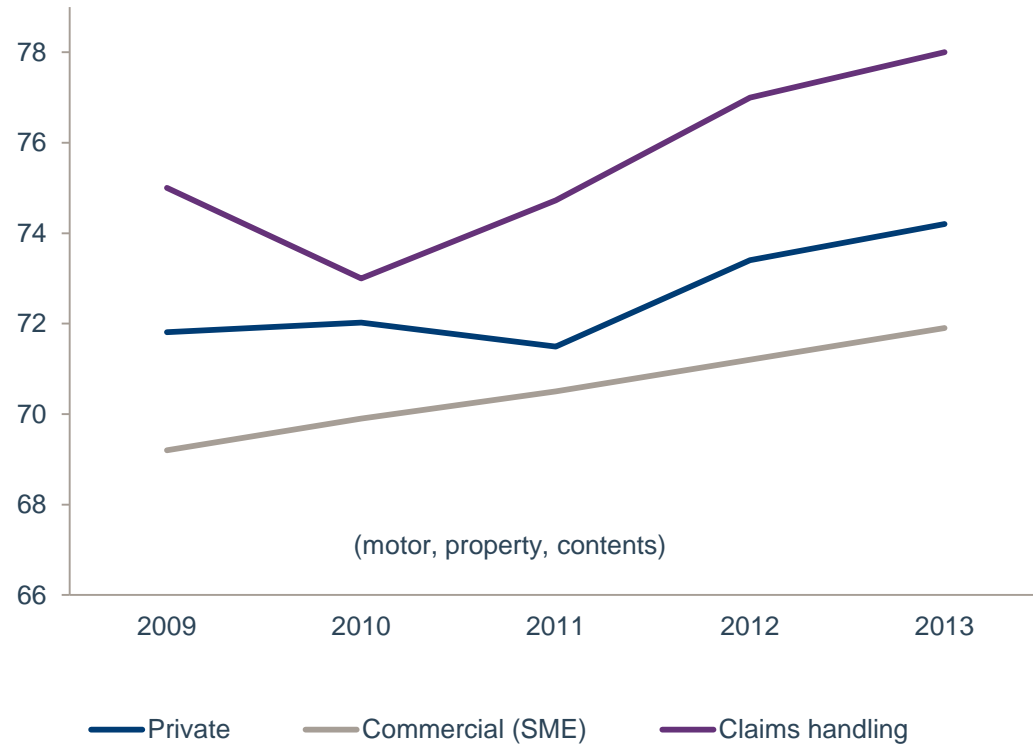
- Knows me
- Cares about me
- Makes things easy for me
- Helps me



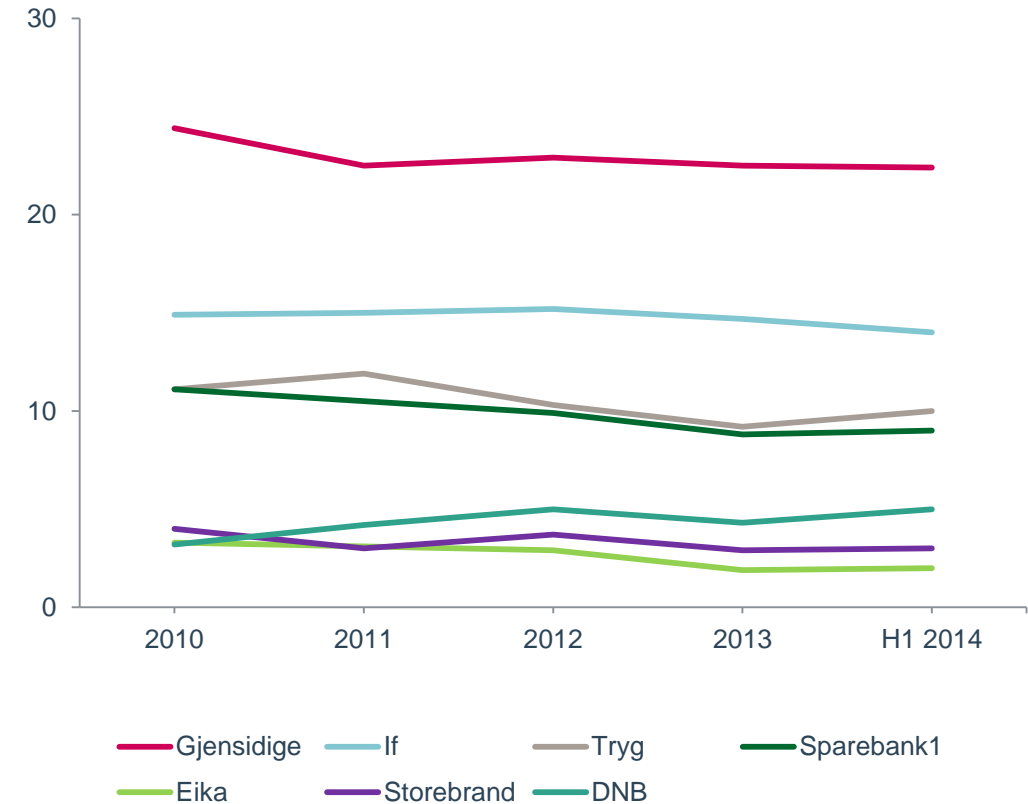


# Record-high customer satisfaction and stable preference level in an increasingly competitive market

## Gjensidige customer satisfaction, Norway



## Preference first half 2014, Norway



Sources: Customer satisfaction surveys: IPSOS/MMI 2009-2013, Claims: TNS Gallup 2009-2011/Gjensidige 2012-2013

Source: Ipsos MMI for Gjensidige: Peer and brand surveys 2010-2014, Private Norway



# What are customers looking for?

## Price, claims and service are key considerations when selecting insurer



Which importance do the following elements have for you in choosing insurance company?  
Source: TNS Gallup, March/April 2014 (retail market, Norway)

## Reputation key for customers choosing us – customer dividend increasingly important



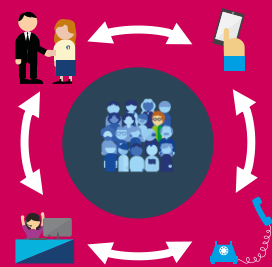
Elements that have large importance when choosing Gjensidige over other companies  
Source: Ipsos MMI, autumn 2012 and 2014 (Private Norway)



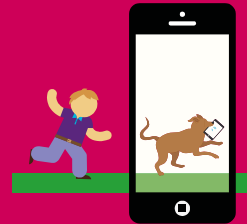


# Digitalisation drives customers' behaviour and our own priorities: Easier for customers, easier for us

## Multi-channel availability



## Individual value propositions



## Outside-in perspective



- 50 % of insurance customers use the internet as part of the purchasing process
- >9 million visits to web portals annually
- 2.6 million phone calls and >3 million log-ins to internet portals in Norway and Denmark annually
- Analytics, next best action and marketing for customised advice and offerings

BUILDING CUSTOMER LOYALTY



# Digital services: Everyday value to customers - and business opportunities for us

## Guide for used car shoppers: Useful tips for them - leads for us



- 260,000 used cars bought via finn.no\* every year
- 76,000 visits first 2 months
- Value-adding service for lead generation, loyalty and positioning

## Weather alerts reduce damage and ensure relevance



Great tool! Helped us prepare and prevent damages to farm road during flood.

Customer

## Online health declaration forms for speedier processing and better data quality



- 50 % reports filed online
- 93 % of customers say they find it easier to file online form
- Better data quality improve internal processes

\* Internet sales portal in Norway



# Get them young, keep them long...





# Get them young, keep them long...

## Products and services for young drivers



New app to register miles driven during practice period to qualify for premium discount

## New contents and travel products for young adults



28 % (content) and 8 % (travel) sales increase during campaign periods in the spring and autumn 2014

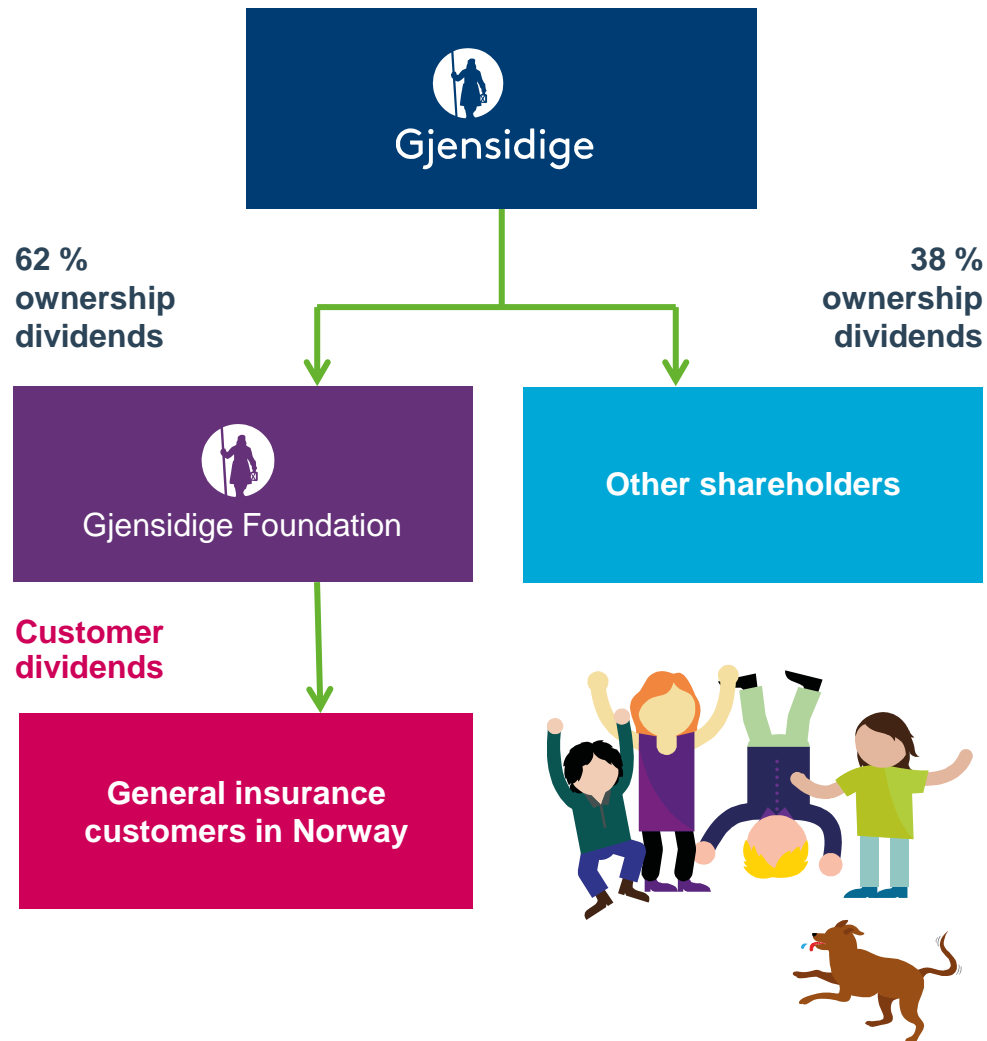
## Customer dialogue in social media – focus on parents with toddlers



Content based on input from parents



# Unique customer dividend model in Norway builds loyalty and differentiates Gjensidige from peers



- The Gjensidige Foundation passes on dividends to its members = Gjensidige's general insurance customers
  - 15 % of premiums paid in 2012 and 2013
- New surveys\* confirms effect on loyalty
  - 77 % of our customers say model contributes to decision to stay with Gjensidige
- Foundation charity donations contribute to Gjensidige's brand value

\*Customer dividend makes me want to remain a Gjensidige customer/campaign effect survey Norstat for Gjensidige, Q414.



# Key priorities towards 2018

- Deliver superior customer experiences
- Improve preference and loyalty among younger customers
- Increase investments in marketing and analytical CRM
- Develop value-adding services for everyday relevance

## Key performance indicators

Customer satisfaction: 77  
(73.6 per year-end 2013)

Share of digital customers\*: 75 %  
(56 % per Q3 2014)

\* Number of customers accepting electronic documents



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# Profitable growth through multi-channel distribution

Sigurd Austin,  
Executive Vice President, Commercial



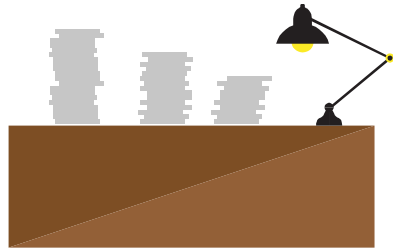
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# Continuously adapting to – and driving – change

2005



2012



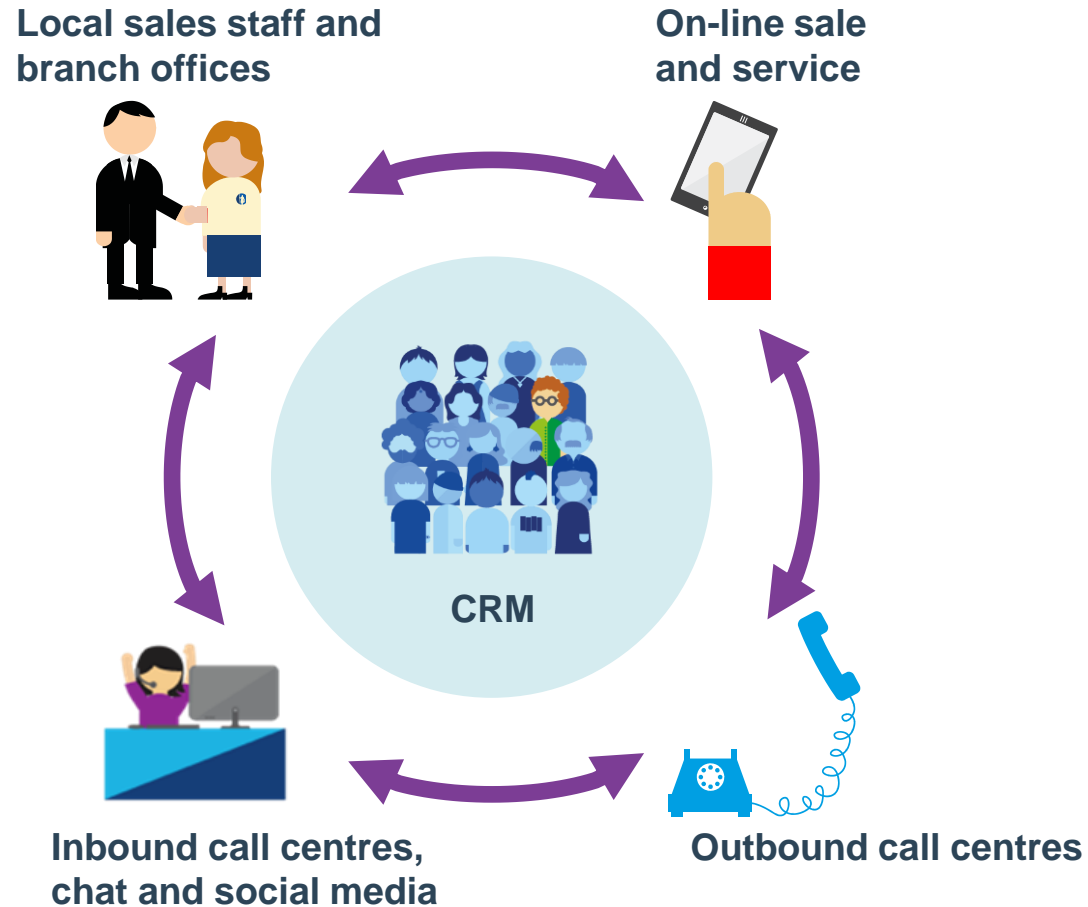
- Local offices and variable service levels
- Terms based on personal relations
- Customer preferences based on family traditions

- Automated work processes
- Multi-channel sales and service
- Self-service solutions
- Customer orientation

- Seamless multi-channel distribution
- Predictive analytics
- Risk management
- Analytical CRM



# Multi-channel distribution model contributes to cost efficiency and best in class profitability

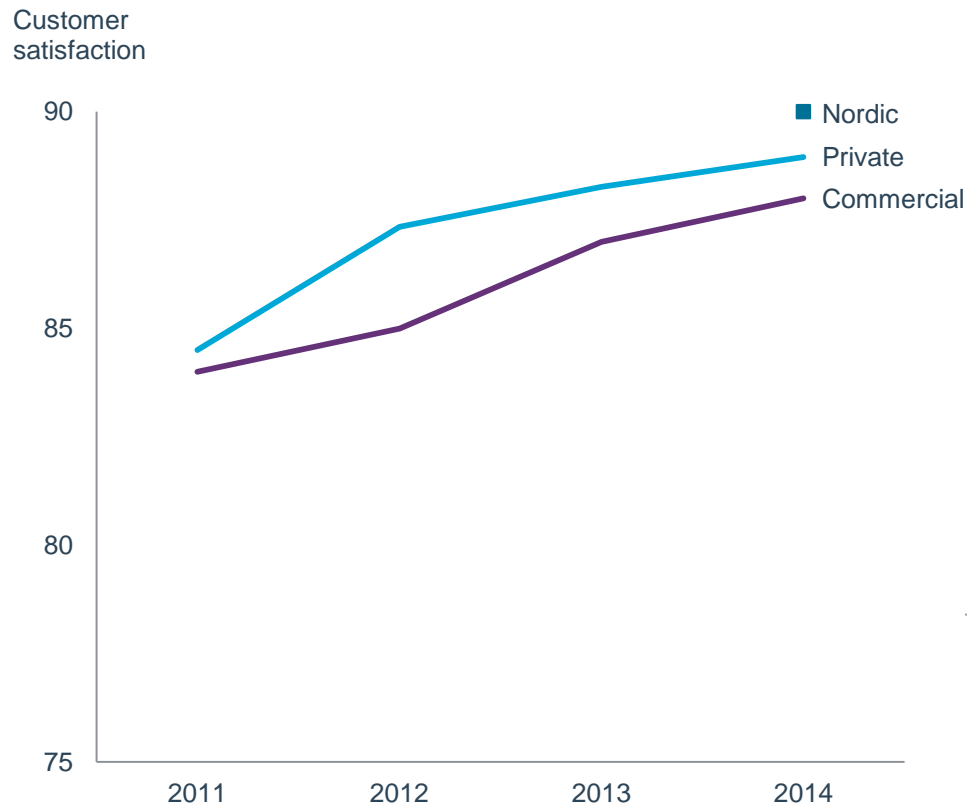


- 80 % direct distribution by Gjensidige
- Efficient sales processes
- Analytical CRM based on customer needs, channel strengths and measured impact

# Consistent customer experiences across channels drive customer satisfaction and business value



## Customers who have a positive experience buy more and stay longer\*



## Average customer touch-point satisfaction\*\*



\* Customer satisfaction responses on all customer touch points with sales force

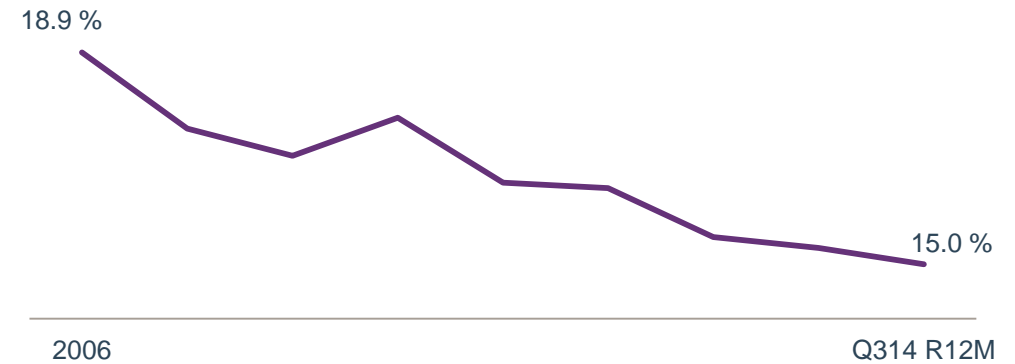
\*\* Touch point surveys in Norway. Customer churn and average premium increase 12 months after customer touch point



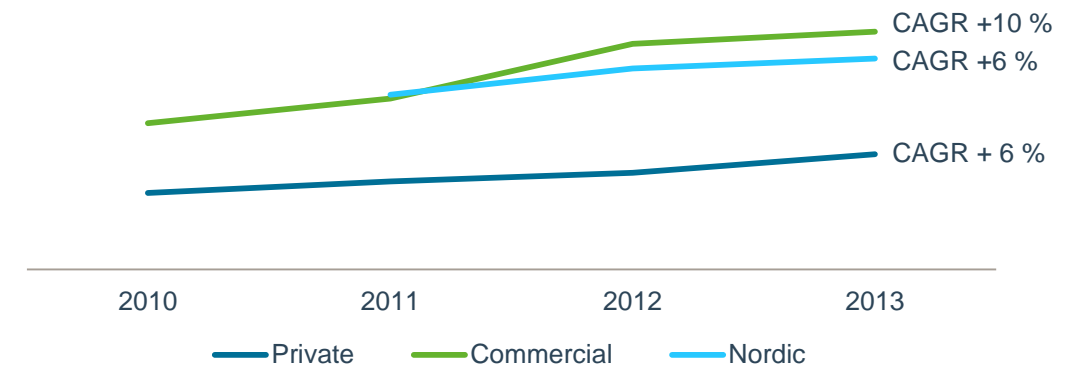
# Better work processes mean lower costs

- 70 % of retail customers in Norway part of loyalty and affinity programs
- Initiatives to increase number of products per customer
- Skills development, training and performance management

## Cost ratio reduced to 15 %



## Increased sales per employee\*

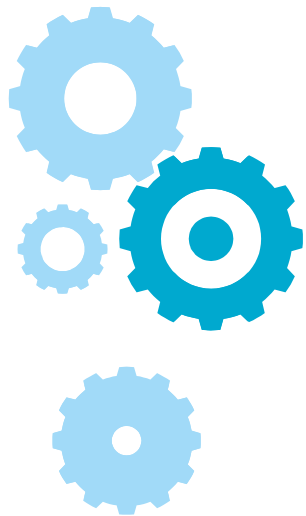


\* Private; Outbound sales centre, Commercial and Nordic; Inbound call centre



# Increased profits through portfolio management and individual customer scoring

## Customer data mining



## Customer profitability modelling



- Analytics applied to predict customer profitability
- Price optimisation
- Portfolio optimisation
- Prioritisation of activities



## Targeted sales activities improve portfolio profitability in Private\*



\* Loss ratio R12M for all active customers vs customers leaving Gjensidige

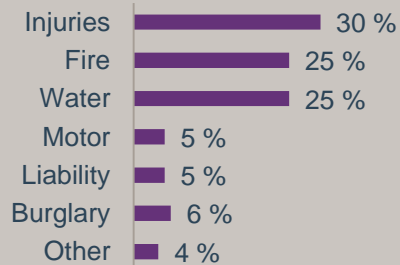


# Reduced losses through risk management and value predictions for commercial customers

## Customer data mining

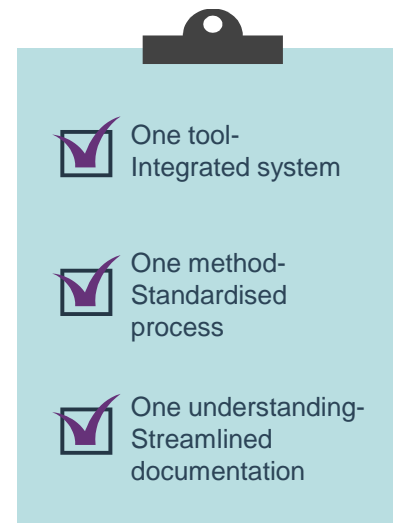
- 750 industries analysed
- Claims and customer data
- Underwriting, claims and product experience

### Claims cause



### Root cause

## RM questionnaire per industry



## Customer scoring



## Measures

## Customer action

Pay higher premium

Choose other insurer

Implement risk-reducing initiatives



# Key priorities towards 2018

- Leverage best practice within CRM and multi-channel distribution across Nordic
- Optimise traffic management through seamless multi-channel distribution models
- Continuous focus on profitability through improved pricing models and risk selection tools

## Key performance indicators

Maintain high retention levels

Maintain number of customers with >4 products

Customer touch point satisfaction: 90



BREAK



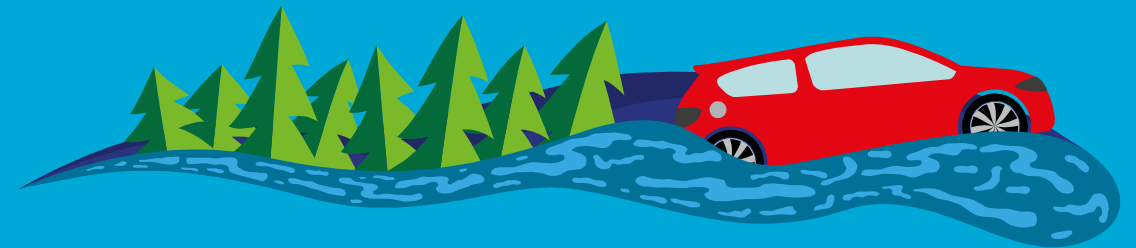


WELCOME BACK!

# Leveraging skills and insight for optimal risk selection and pricing

Martin Danielsen,  
Executive Vice President, Product and price

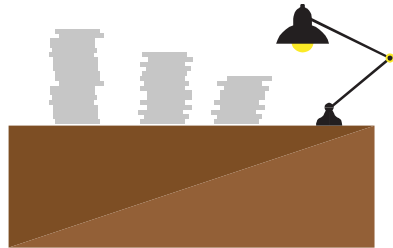
Krister Aanesen,  
Senior Vice President, Motor



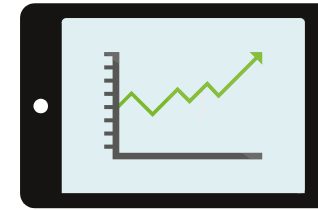
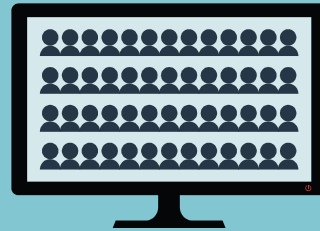


# Continuously adapting to – and driving – change

2005



2012



- Pricing and risk selection based on local knowledge
- Limited number of pricing parameters

- Tariff programme from 2008
- Pricing process efficiency
- Underwriting discipline and profitability management
- Product simplification

- Advanced analytics and predictive modelling
- Tariff deployment in Nordic segment
- Continuous improvements



# Risk selection based on unique data-sets increases competitive advantage

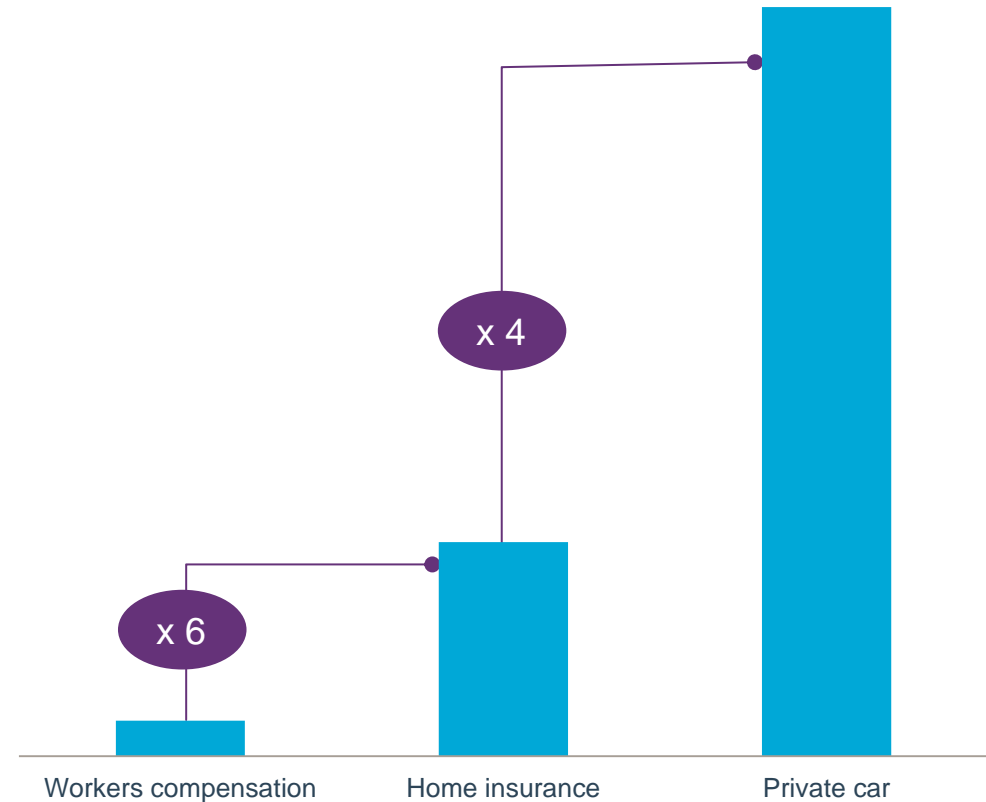
## High-frequency products

- Scale allows for prompt and appropriate response to market changes
- Data provide basis for right price also on niche products

## Low-frequency or long-tailed products

- Long-time series of data key to understanding risk
- Up to 10 years of data included when setting new tariff model

## Relative claims frequency for selected products

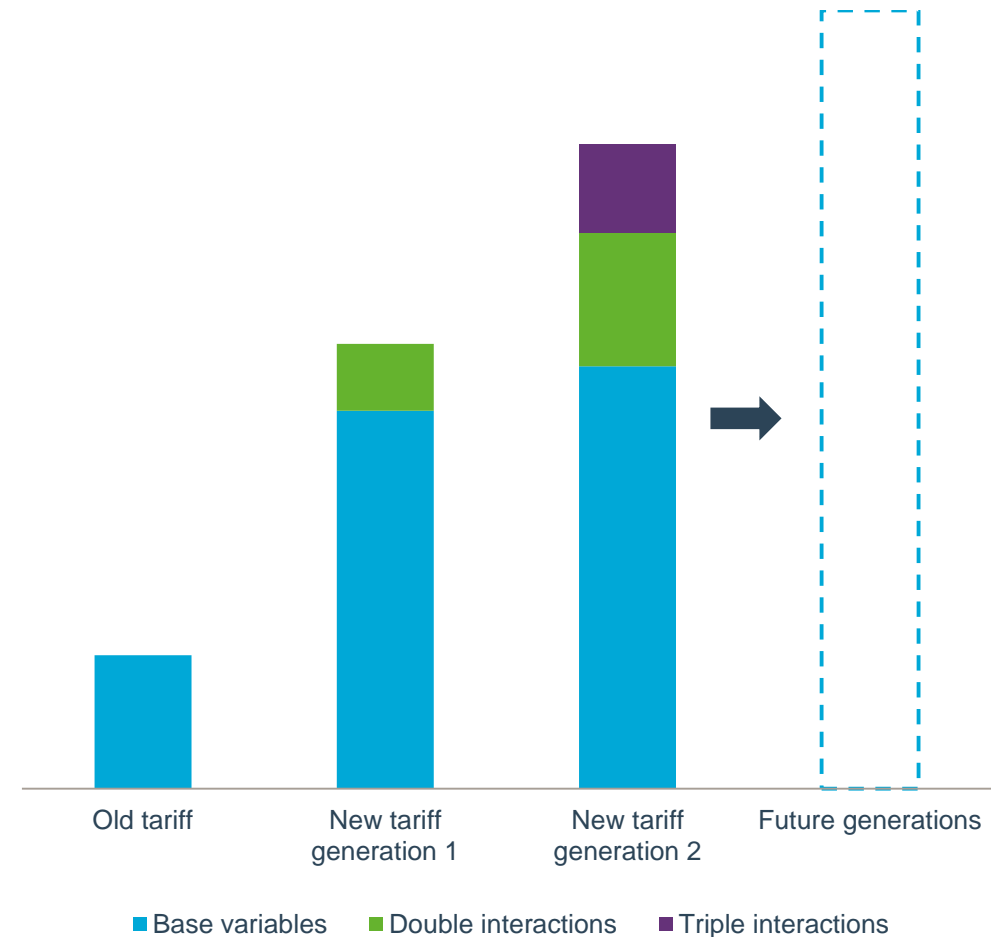




# Product and pricing strategy influenced by increasing number of parameters

## Typical elements included in tariff

- Technical data of object
- Geography and demographics
- Customer characteristics
- Claims history
- Safety measures
- Interactions between rating factors





# Gjensidige has developed an advanced model for granular and accurate pricing

## Price model

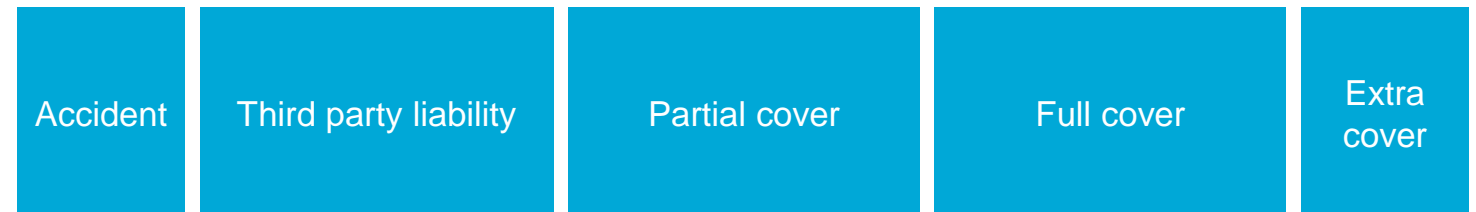
Risk price
+ Operation costs
+ Reinsurance costs
- Investment income
+ Capital cost
= <b>Technical price</b>
+/- Market optimisation
+/- Renewal moderation
= <b>Tariff price</b>
+/- Discounts
= <b>Annual premium</b>

## Example: Private car tariff

8 different models



5 different models



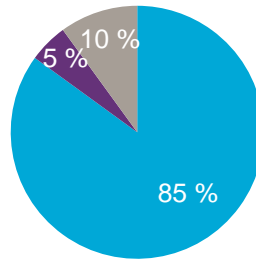


# Complex tariff model applied to increasing number of product portfolios

## Share of premiums on new tariff\*

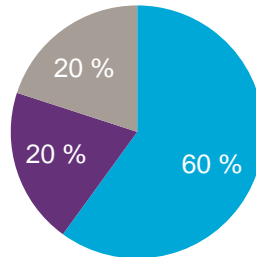
### Private

NOK 8.0bn earned premiums Q314 R12M



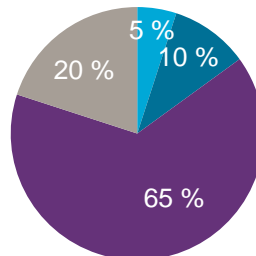
### Commercial

NOK 7.3bn earned premiums Q314 R12M



### Nordic

NOK 4.0bn earned premiums Q314 R12M



## Status

- Most existing portfolios converted to new tariffs - not only new sales

## Potential

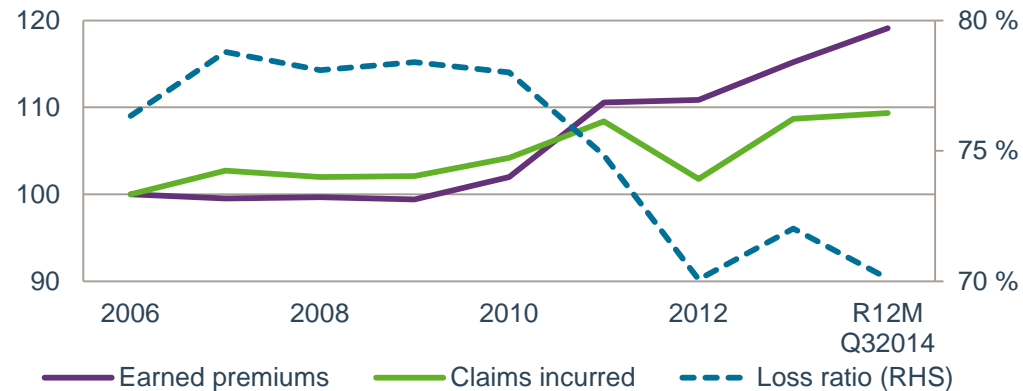
- Further effects from new tariffs will materialise over coming years
- Introducing new tariffs in Nordic segment
- Continuous improvement of models
  - Reflecting market changes, new products, technology shifts
  - Improved analytical skills, new variables, combinations etc.
  - Improved market pricing skills

\* Estimates

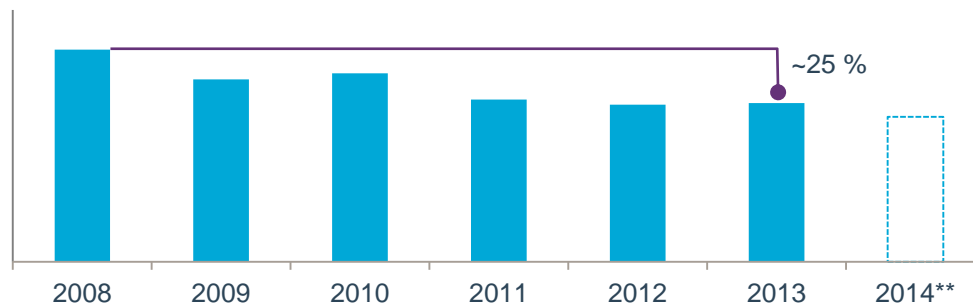


# Better risk selection – key driver for improved profitability and competitiveness

## Positive effects on total Norwegian portfolio\*



## Example: 25 % claims frequency reduction trucks



- Redistribution of premiums between risk and customer segments
  - Ensuring good profitability in less profitable segments
  - Improving competitiveness in attractive segments
- Resulted in higher-quality portfolio
  - Higher proportion of customers with more products and lower claims ratio
- Further effects from new tariffs and updates will materialise over time

\* Figures prior to Q1 2011 are not restated according to the changes in segments made in April 2013. Figures prior to Q1 2009 are not restated according to the changes in segments and large losses reporting made in May 2011. Earned premiums and claims incurred rebased to 100 in 2006. \*\* 12m rolling as per Q314



# Systematic profitability management to improve portfolio performance



- Rigorous and detailed follow-up of claims and portfolio development of all products
- Profitability management according to capital allocation, based on internal model
- Follow-up of underwriting and risk management procedures





# Portfolio price level managed on a forward-looking basis

## Risk price, key drivers

### Current underlying claims level

- Actual claims level
- Weather incidents
- Large claims
- Short term volatility

### Claims prognosis

- Underlying frequency development
- Underlying cost inflation
- Efficiency measures
- Coverage changes
- Technical development

## Other pricing factors

- Allocated costs
- Required capital costs
- Adjustments, e.g. risk management
- Competition and price sensitivity

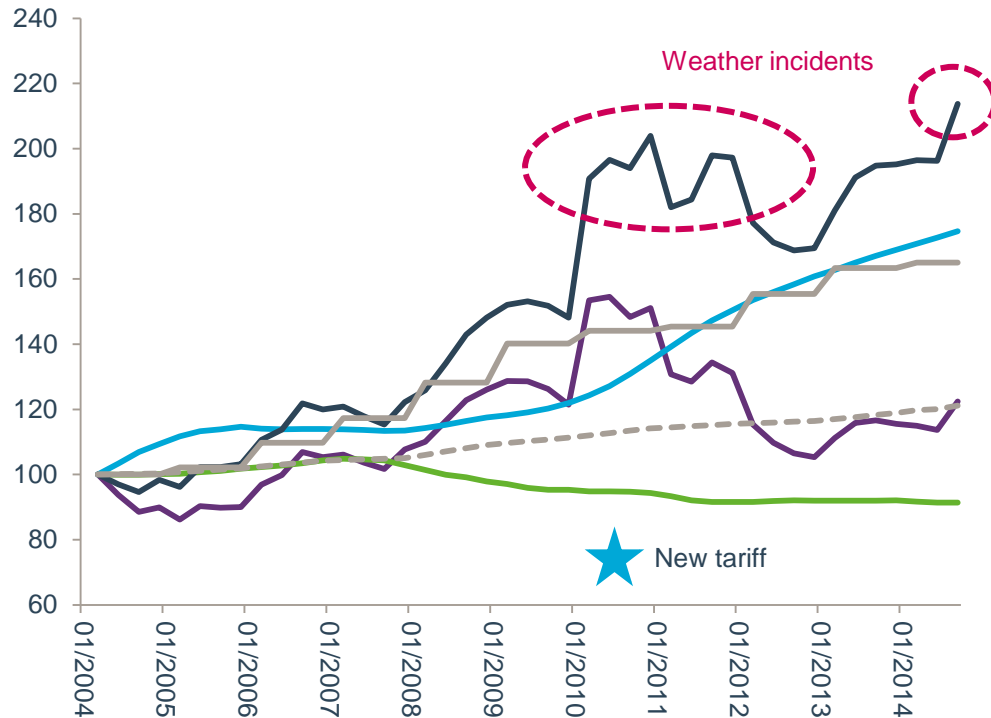
## Price level next 12-24 months

- Indexation
- General price adjustments
- Differentiated adjustments



# Private homes in Norway: Improved ability to realise price increases in recent years without losing volume

Example



— Claims percentage\*

— Avg. Premium\*

— Building index

— Portfolio, no. of homes

— Avg. claims cost (per object)\*

— Consum price index

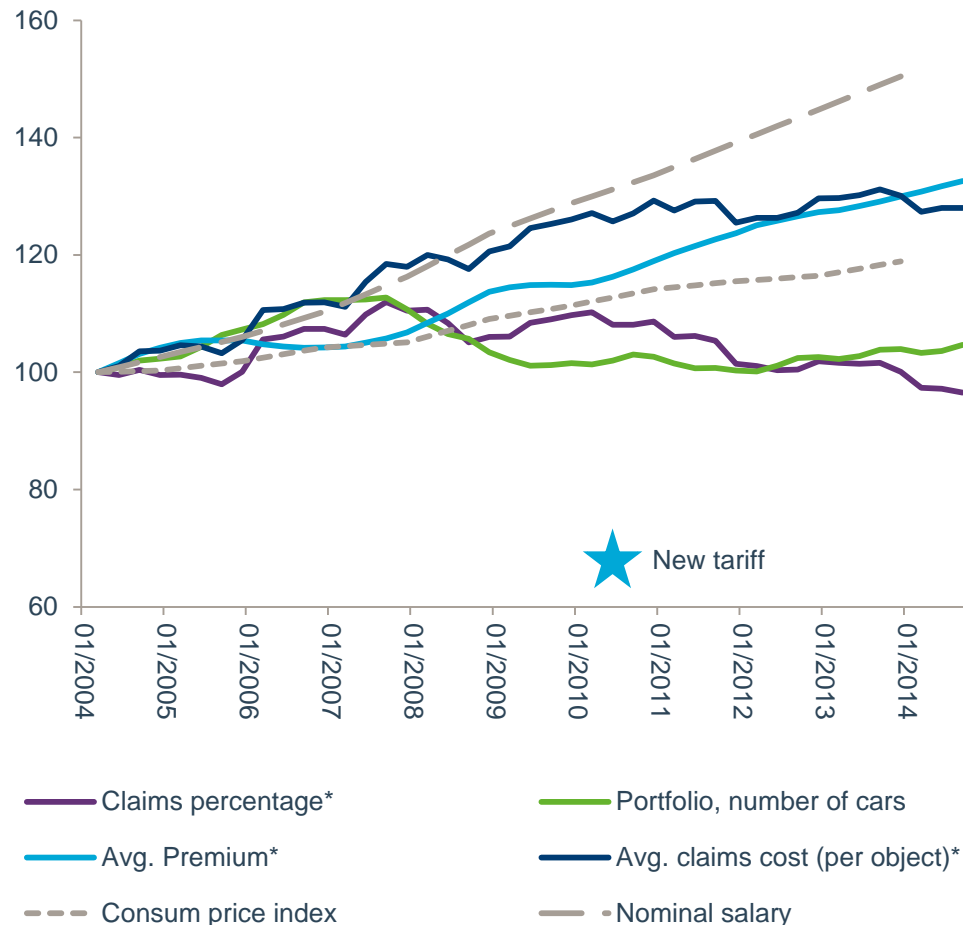
All numbers indexed, Q1 2004=100  
\*12m rolling

- Actual claims development volatile
  - Weather – seasonality and incidents
  - Inherent volatility, e.g. large claims
- Significant underlying claims inflation
  - Increased technical standards
  - High inflation – wages and other input factors
  - Expected claims inflation going forward ~4 %
  - However, claims above normal in 2014
- Over time, price increases should compensate for expected claims inflation
- Continued need for premium increases going into 2015
  - Smooth increases vs building index



# Private cars in Norway: Combining premium increases and increasing volumes in recent years

## Example

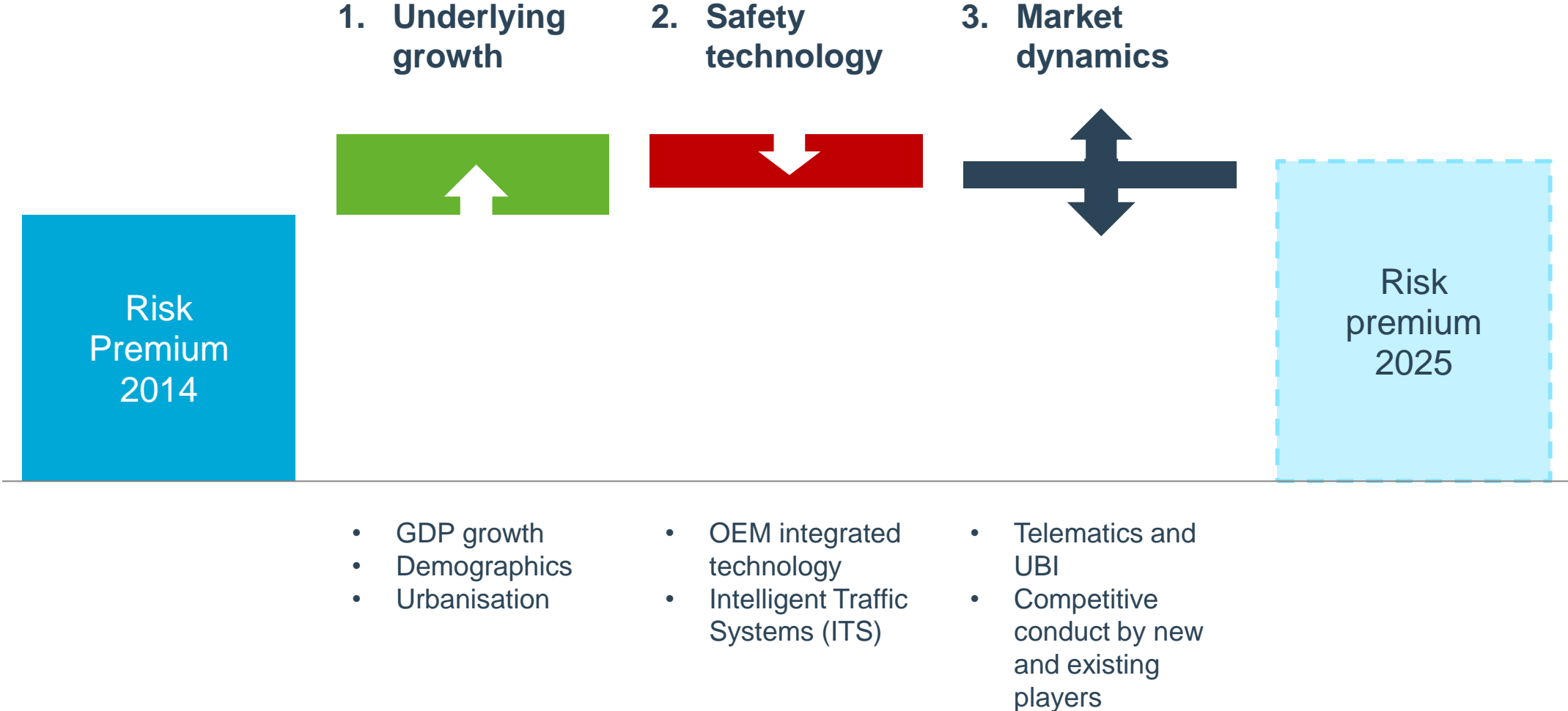


- Indication of lower total claims inflation
  - Underlying inflation significant, e.g. repair cost
  - Indication of downward shift in frequencies, driven by safer cars and roads
  - Expected claims inflation going forward ~ 2 %
  - Benign weather situation in 2012 and 2014
- Over time, price increases should compensate for expected claims inflation
- Lower, selective premium increases entering 2015
  - Continued room for price initiatives in attractive segments, e.g. through car dealer channel

# Three drivers will influence the Nordic motor insurance market



Illustration





# Dynamic motor markets will require effective distribution networks and CRM capabilities

Despite moderate top line growth rates...

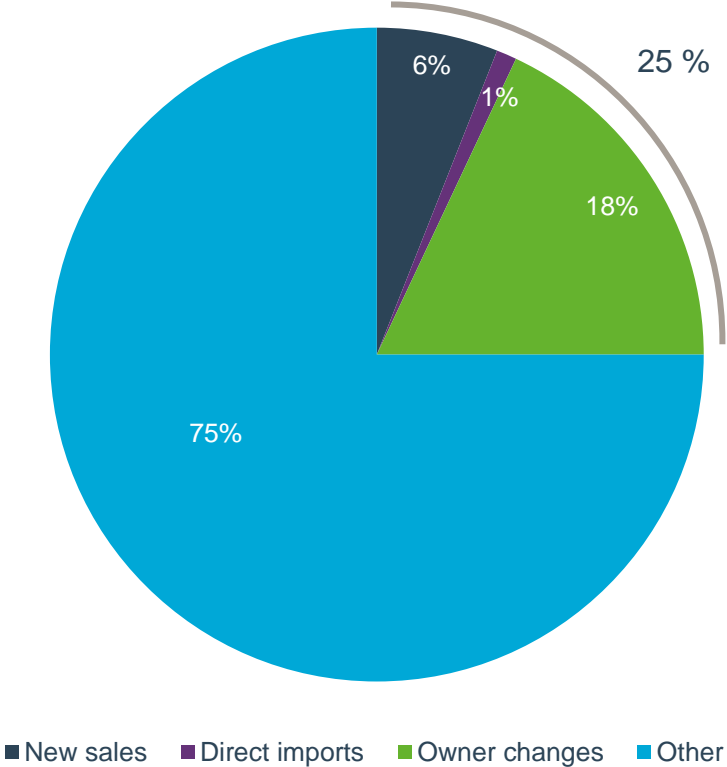
YoY growth in registered vehicles\*



\*Sources: Statistics Norway; Statistics Sweden; Statistics Denmark.

...25 % of all vehicles are in movement each year

Vehicle population, Norway\*\*



\*\*Sources: Statistics Norway; Norwegian Road Federation.

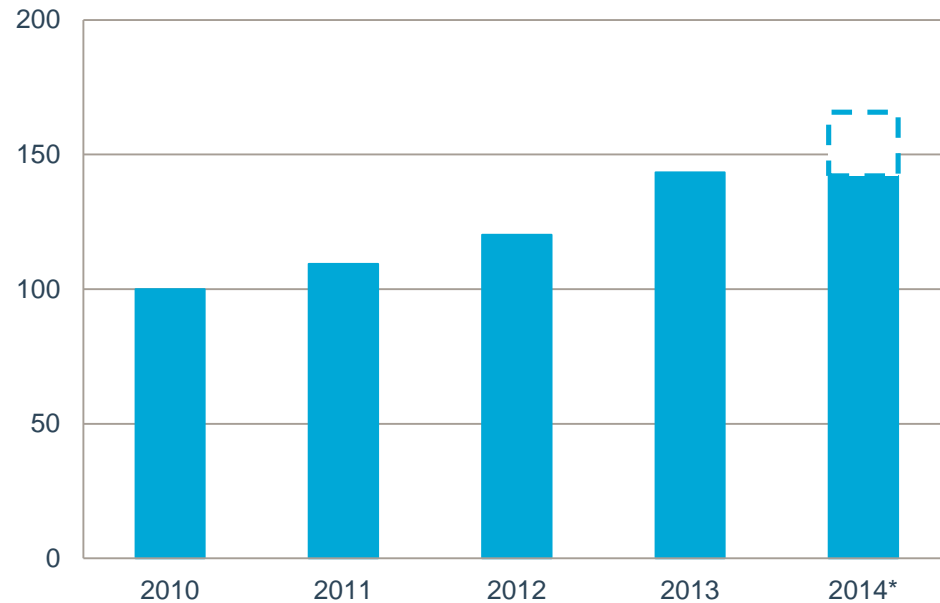


# Tailored products and solutions developed to strengthen position with car dealers in Norway

Example

## Gjensidige sales in car dealer channel

Restated as  
index  
2010=100



Market share  
new cars  
(private)\*\*

Year	Market share (%)
2010	17.3 %
2011	17.3 %
2012	17.9 %
2013	18.6 %
2014*	19.2 %

## Background

- Traditional strength in second-hand car market
- Program launched in 2009 to strengthen position in dealer market

## Status

- Seven tailored products for targeted segments
  - Private and commercial customers
  - Smaller growth segments
- Digital sales solution also covers motor financing

## Focus areas

- Further develop solutions and overall position
- Further improve customer offerings

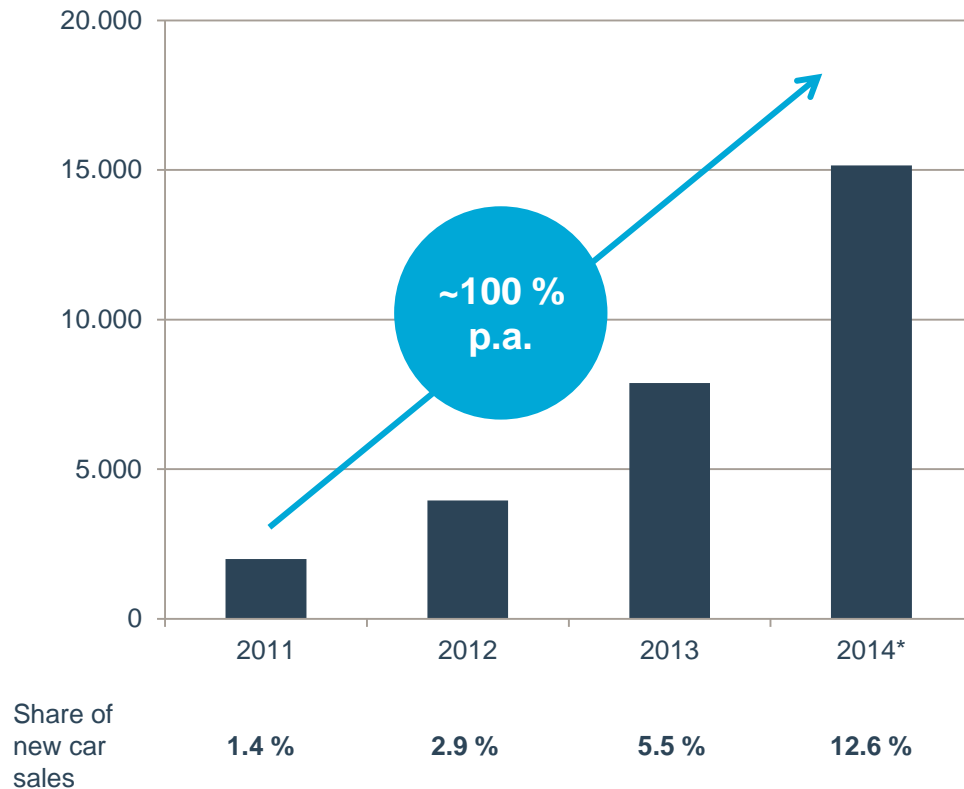
\* YTD per 1 November 2014. Stapled line refers to FY 2014 estimate. \*\*Source: Norwegian Road Federation.



# Disciplined risk selection and prompt action applied to meet new electric vehicle trend

Example

## Annual electric vehicle (EV) sales in Norway\*\*



## Market context

- Growth driven by legislation and economics
- Competitors priced EVs 30-40 % below our risk view

## Our approach

- Risk model used to identify attractive customers
- Build sufficient scale to develop experience on EVs

## Outcome

- Risk exposure contained
- Continuously refining risk view

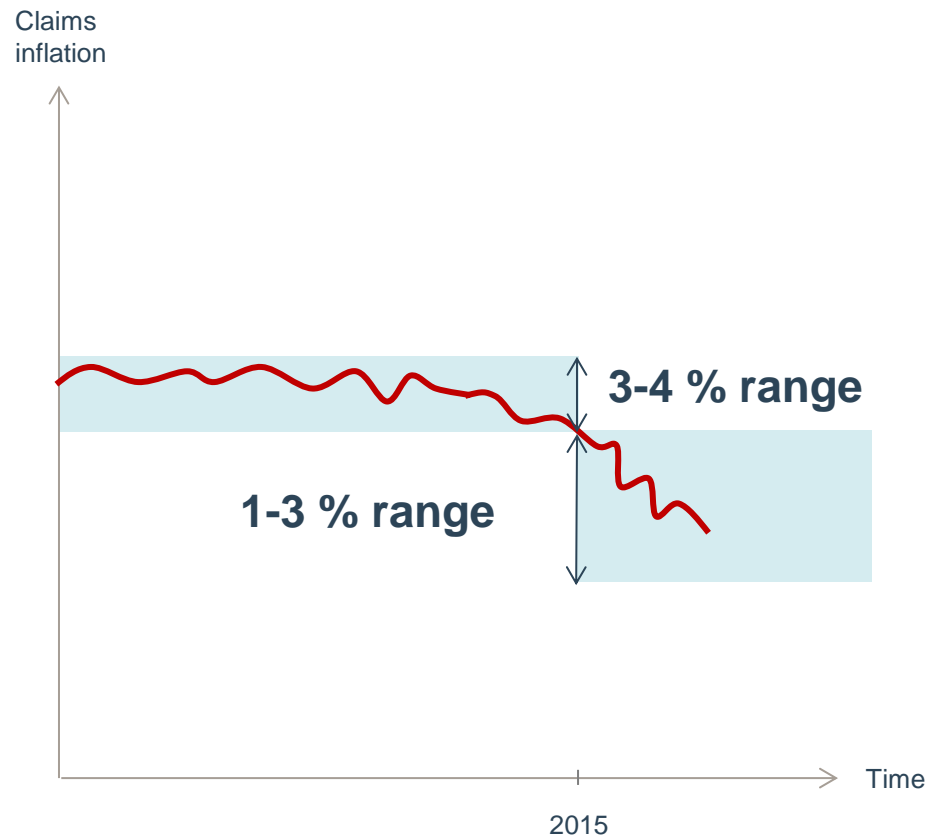
\* YTD per 1 November 2014. \*\*Source: Norwegian Road Federation.





# New safety technology in cars likely to affect claims inflation

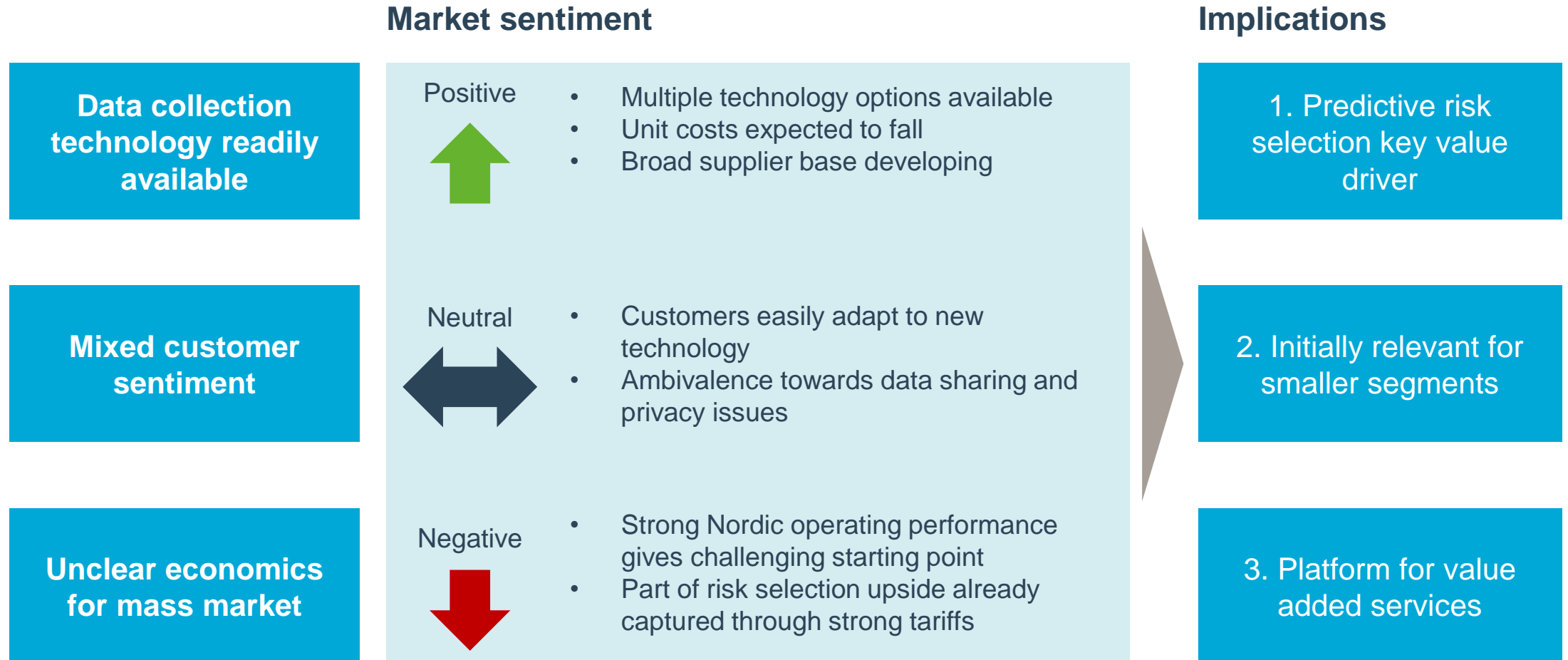
## Expected trend – motor claims inflation



- Safety technology reduces frequency and severity
- Total motor risk premium could be reduced by up to 15 % by 2020
- Key uncertainties around timing and effect remain
  - Deployment rate of new technologies
  - Impact of adverse change in driver behaviour due to false sense of security



# Outlook for telematics in the Nordic markets





# Key priorities towards 2018

- Continued underwriting discipline – “market leader must lead”
- Continued leadership in tariff development and risk selection
- Leverage analytical insight and data across all operations
- Ensure further pan-Nordic integration and development
- Assess and execute targeted initiatives within telematics

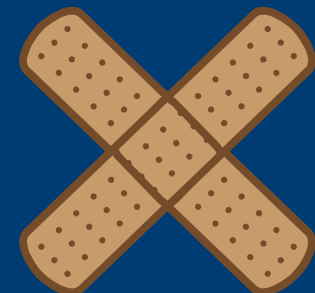


Gjensidige

# Leveraging skills and technology for cost-efficient and customised claims handling

Kaare S. Østgaard,  
Executive Vice President, Claims and IT

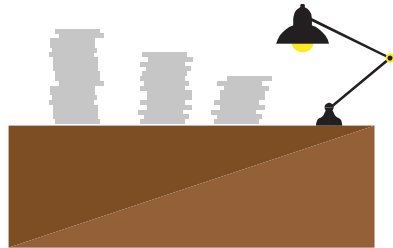
Capital Markets Day  
25 November 2014



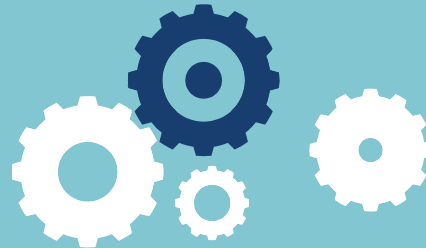


# Continuously adapting to – and driving – change

2005



2012



- Fragmented and inflexible organisation
- Inconsistent customer experiences
- Inefficient claims handling
- Excess claims payments

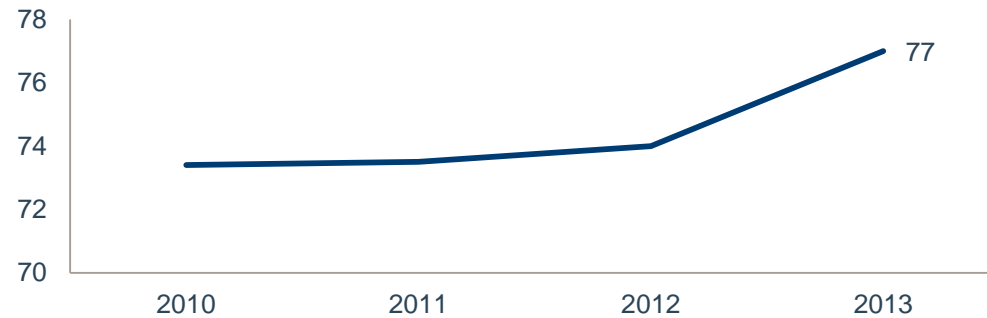
- Customer orientation
- Improved operational efficiency
- Focus on claims cost reduction

- Improving customer experience
- Improving operational efficiency
- Reducing claims costs
- Utilising predictive analytics
- Sharing best practice across Nordics

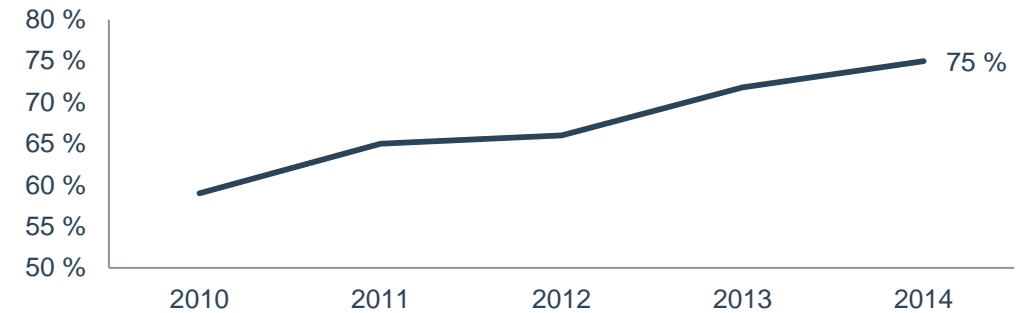


# Systematic approach to increase employee and customer satisfaction levels

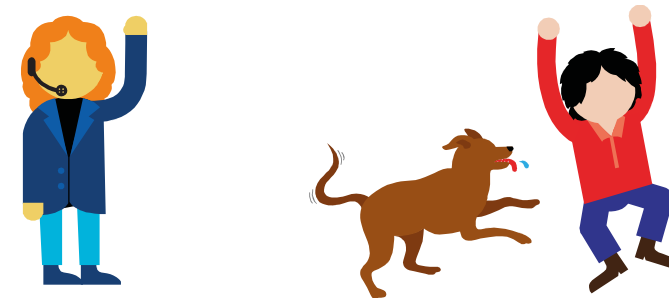
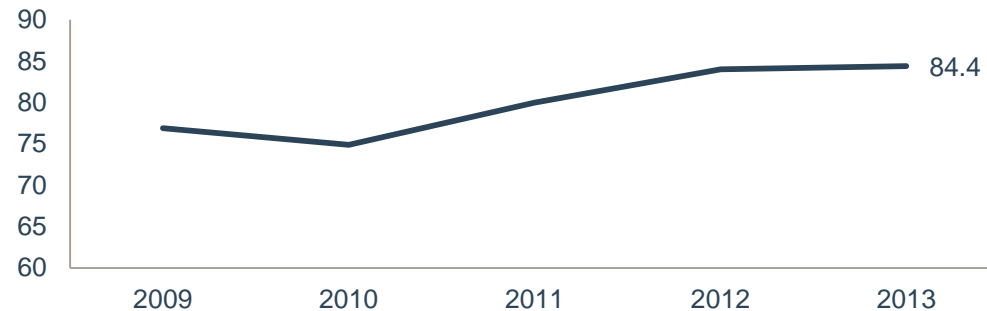
## Skill development/training positively affects claims employee satisfaction\*



## Automation and self service ensure speedier claims handling (24 hours)\*\*\*



## Customer touch point satisfaction with claims has improved steadily\*\*



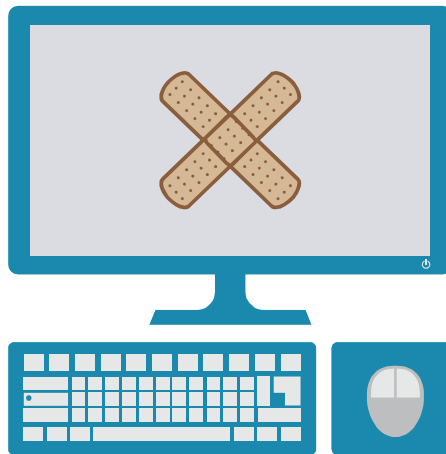
\* Annual index: Stamina Census for Gjensidige \*\* Internal survey: customer touch point satisfaction  
\*\*\* Percentage of high-frequency claims settled within 24 hours in Norway



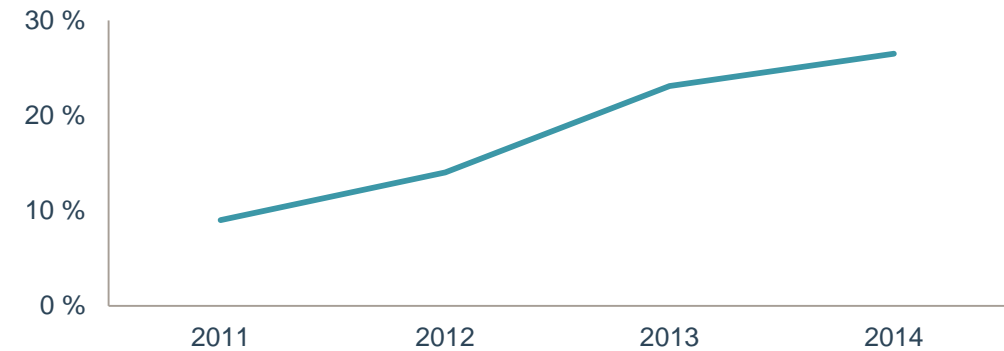
# Improved operational efficiency has reduced cost per claim by 10 %

## Leading claims technology introduced 2010-2014

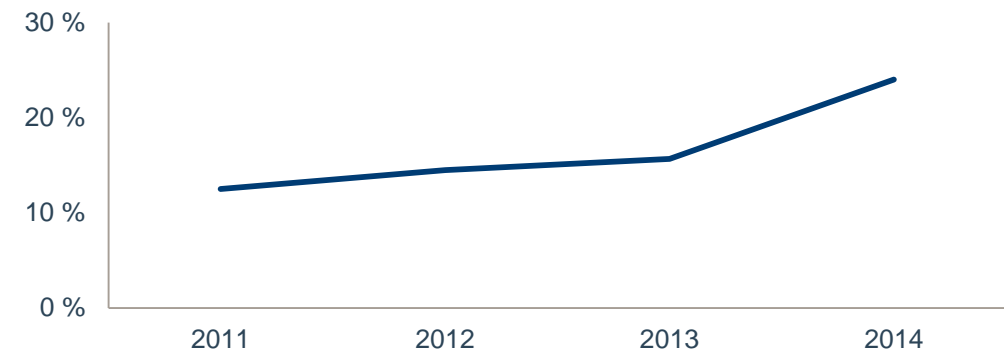
- CRM system
- Process guides
- Automation
- Self-service solutions



## Claims reported online increased to 26 %\*



## Fully-automated claims handling has doubled\*\*



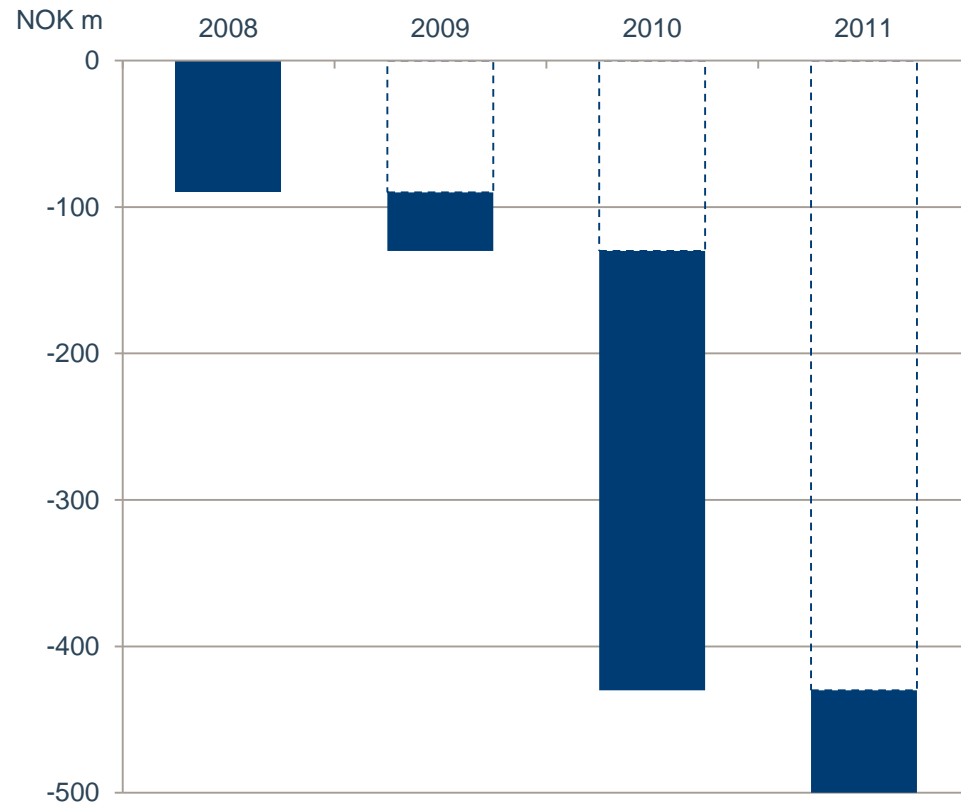
\* Share of all retail claims, in Norway, reported online (web/mobile)

\*\* Share of fully automated handled claims in Norway

# 400 measures reduced claims cost by NOK 500 million from 2008 to 2011



## Accumulated claims cost reductions with full annual effect from 2011



## Key cost reduction measures

- Preventing claims costs
  - E.g. fraud detection
- Leveraging procurement power to reduce sourcing cost
  - E.g. steering more than 80 % of all motor claims to preferred repair shops in Norway
  - E.g. reducing the number of vendors from 28,000 to 8,000
- Ensuring cost-efficient claims resolution
  - E.g. through specialist handling of large claims

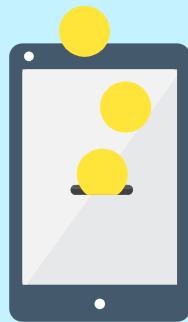




# More improvements underway

## Priorities

- Improvement in customer dialogue
- More self service and automation
- Optimisation of quality, procurement and processes



## Critical success factors

- Utilisation of new technology
- Best practice sharing
- Predictive analytics
- Segmentation, skills development and optimal resource allocation

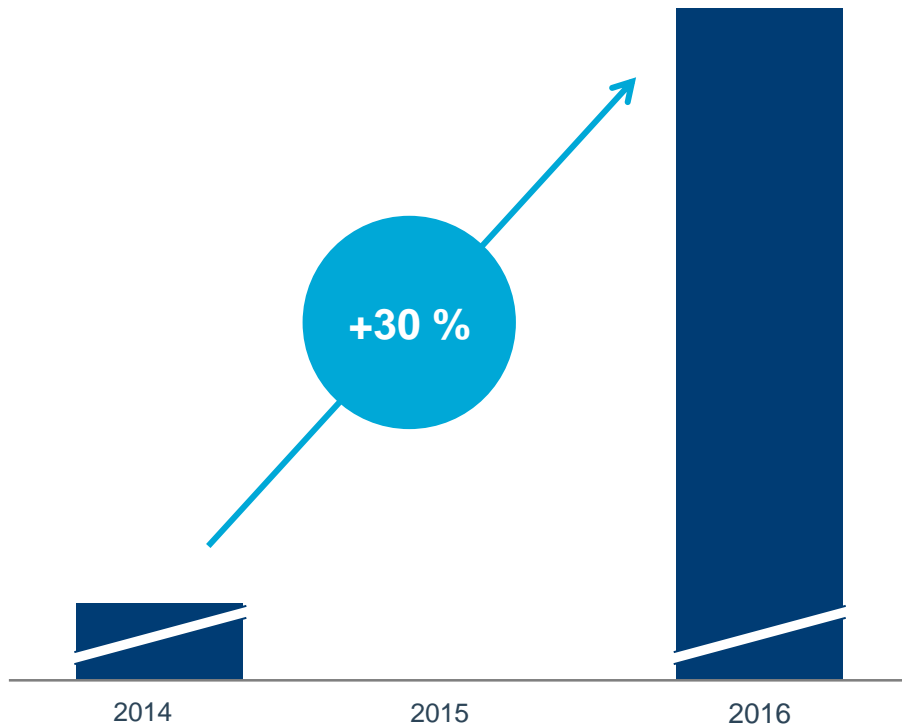




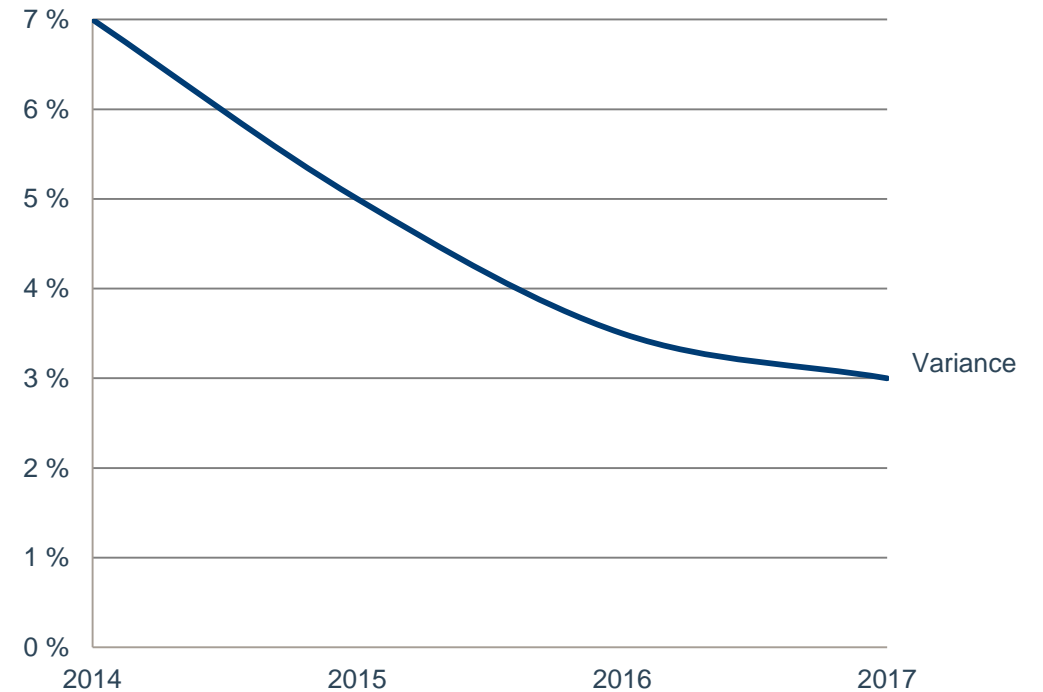
# Using predictive analytics to avoid and reduce claims cost

Example

Expected increase in detection of motor fraud attempts\* using predictive analytics



Variance\*\* between vendors' and Gjensidige's claims cost estimates being reduced through predictive analytics



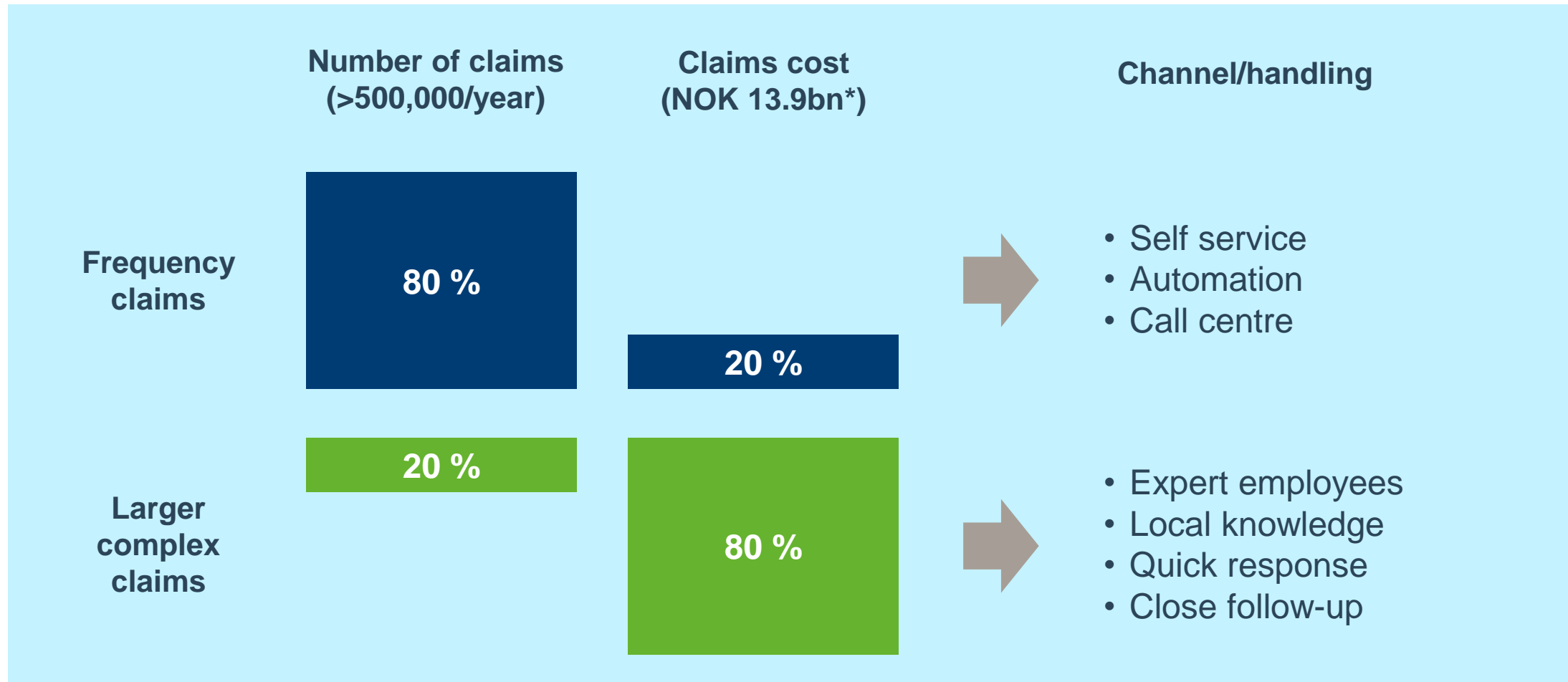
\* Defined as number of motor fraud cases detected and investigated in Norway

\*\* Defined as variance between the vendor calculation and Gjensidige in property claims in Norway



# Technology improves claims segmentation and handling

Example



\* 2013 claims incurred general insurance, group figures.



# Reducing claims cost by additional NOK 400-500 million

## Annual reduction in handling cost per claim\*

- Handling cost per claim to be reduced by 10 % towards 2018



## Annual claims cost reductions by 2018\*\*



\* Before inflation

\*\* Effect from 2015 and full effect from 2018. Before inflation



# Key priorities towards 2018

- Increase competitive advantage through analytics, infrastructure, technology and skills
- Leverage best practice and scale across the Nordics
- Deliver superior customer experiences

## Key performance indicators

Reduce claims cost NOK 400-500 million

Reduce handling cost per claim by 10 %

Share of frequency claims reported online: >50 %  
(26 % per Q3 2014)

Share of frequency claims solved in 24 hours: >80 %  
(75 % per Q3 2014)



Gjensidige

# Delivering stable returns

Catharina Hellerud,  
Chief Financial Officer

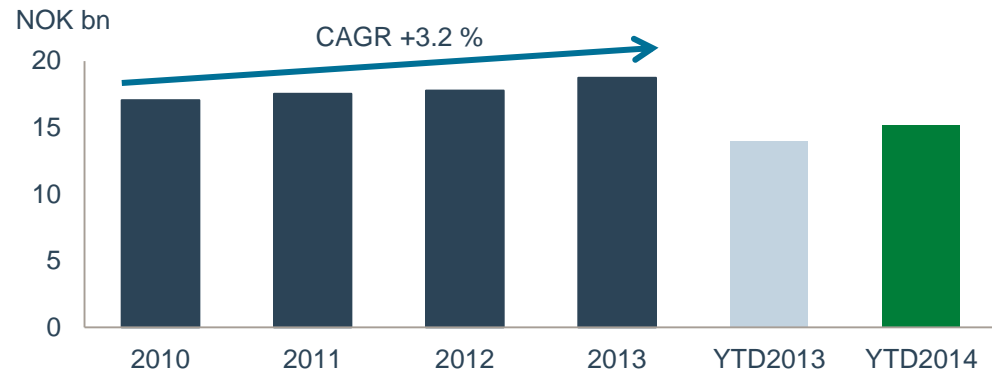


Capital Markets Day  
25 November 2014

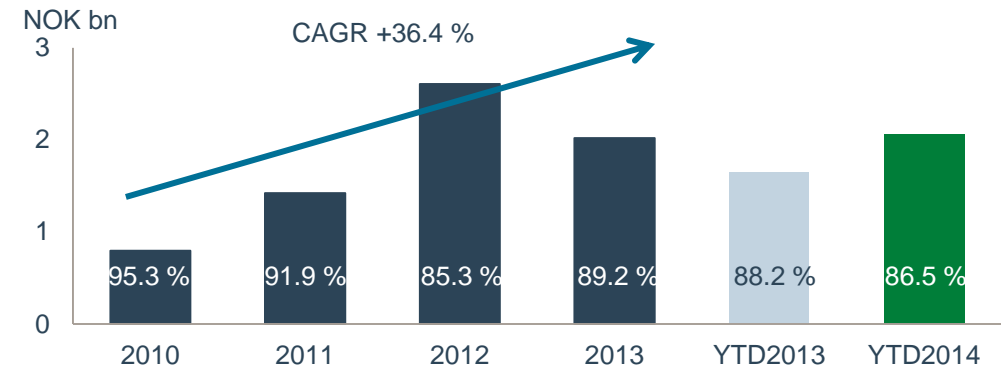
# Gjensidige has delivered consistently strong returns since listing in 2010



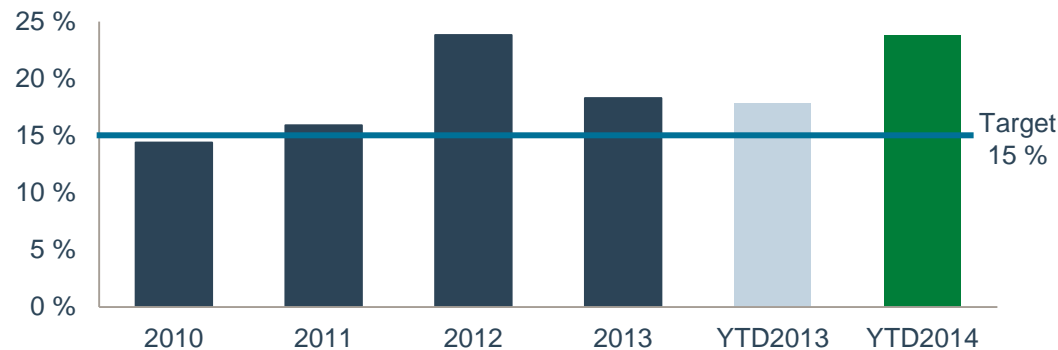
## Earned premiums



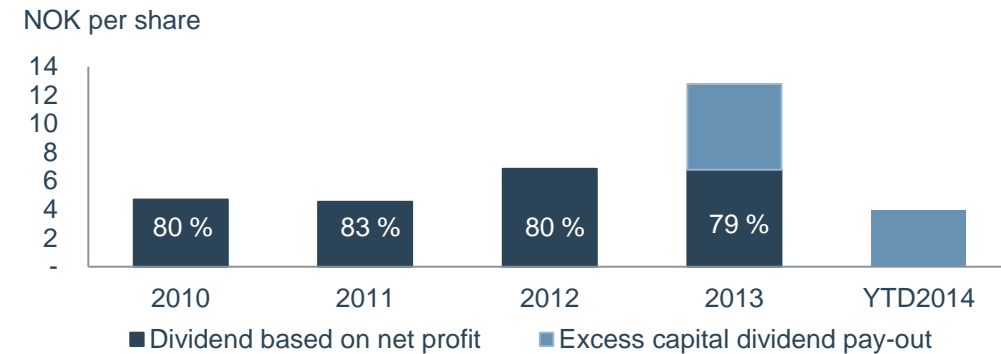
## Underwriting result and combined ratio



## Pre-tax ROE



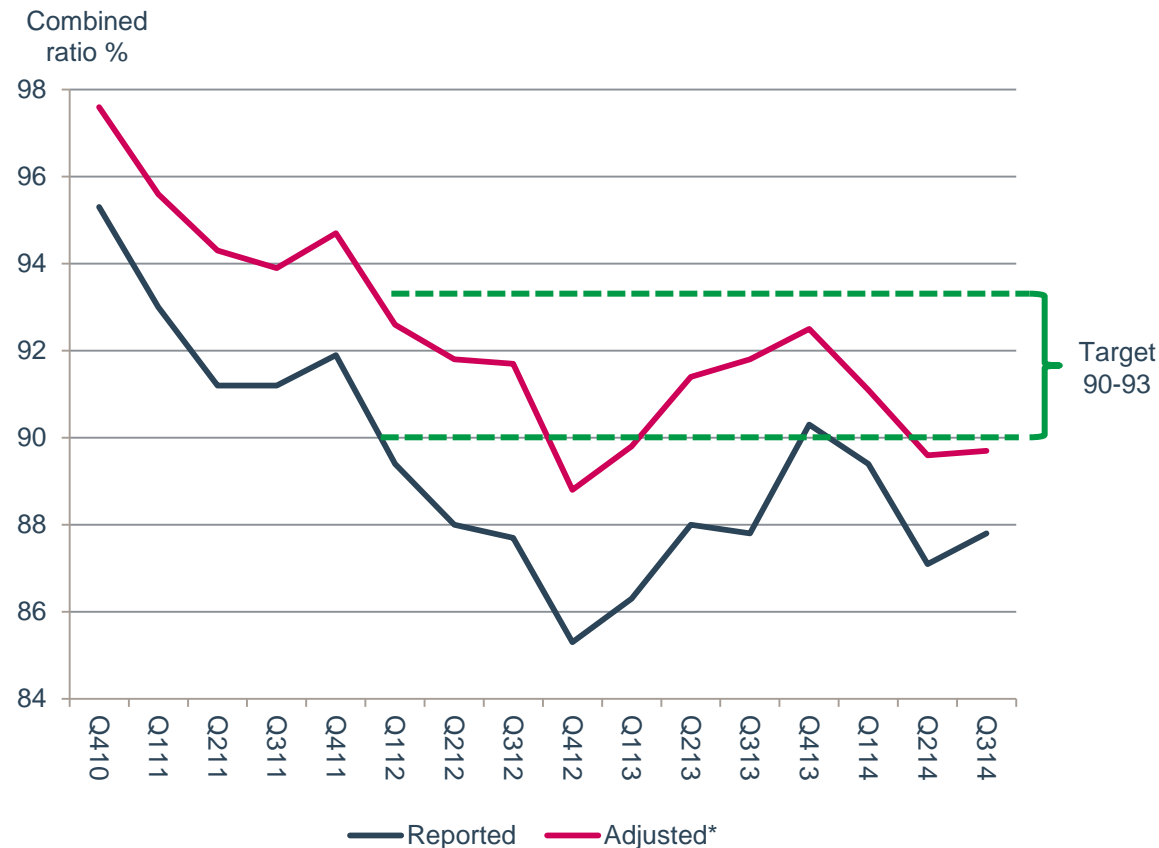
## Dividends



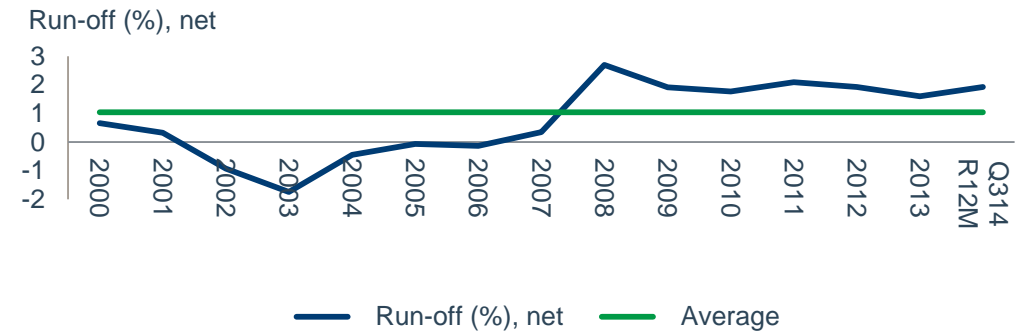


# Ambitious CR 90-93 target is maintained towards 2018

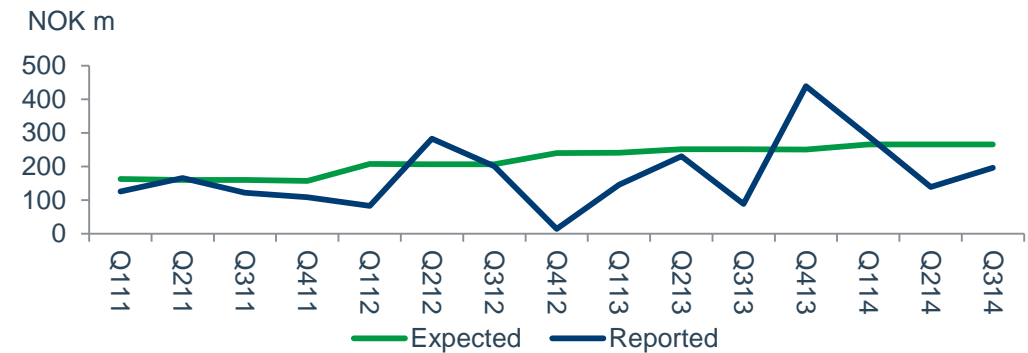
## R12M CR adjusted within target corridor



## Best estimate reserving



## ~ NOK 1bn in large losses\*\* expected annually



\* Adjusted to reflect 0 % run-off and expected large losses effects

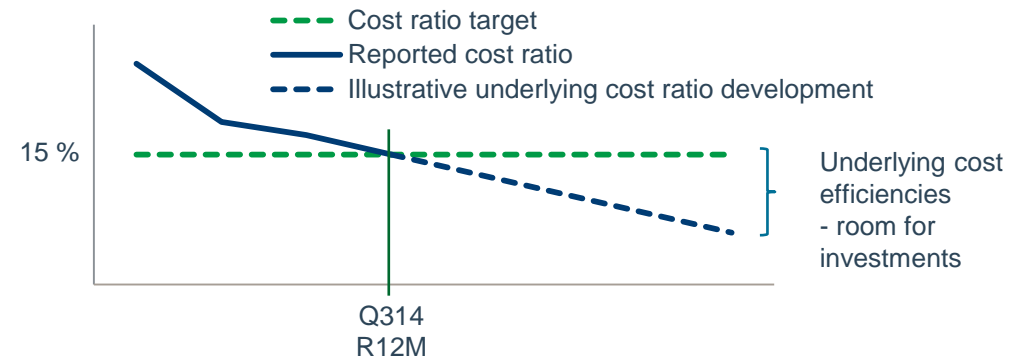
\*\* Losses > NOK 10m. From and including 2012, the numbers include weather related large losses.



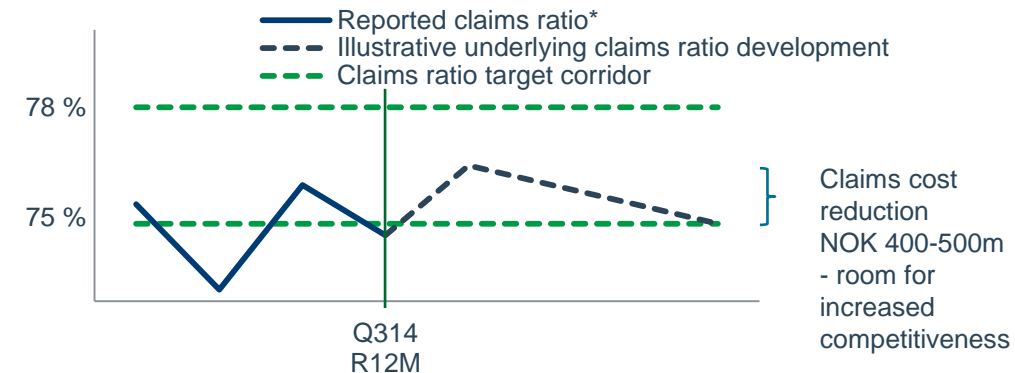


# Combination of cost reductions and strategic investments will ensure sustainable competitiveness and future growth

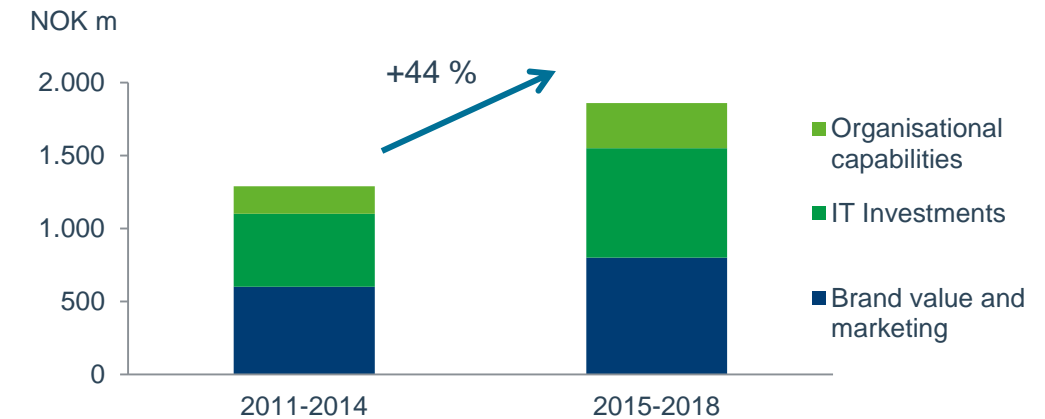
## Continued improvements in underlying cost ratio



## Continued improvements in underlying claims ratio



## Investments in IT and strategic initiatives



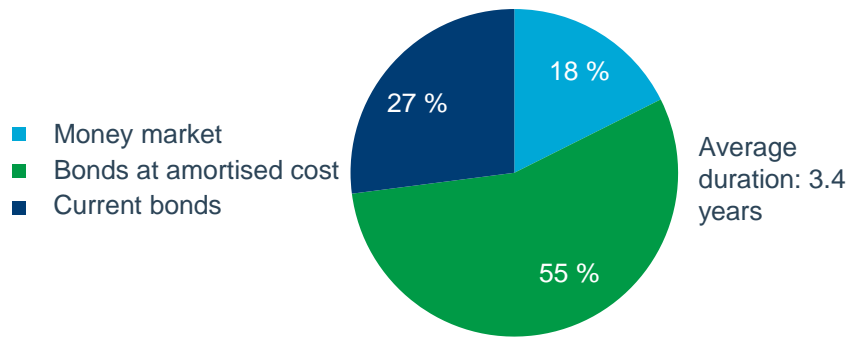
- Enhance and expand multi-channel distribution
- Value-adding services and brand value
- Digitalisation of businesses and customer processes
- Infrastructure for business intelligence and analytics
- Dynamic organisational capabilities

\* Adjusted to reflect 0 % run-off and expected large losses effects

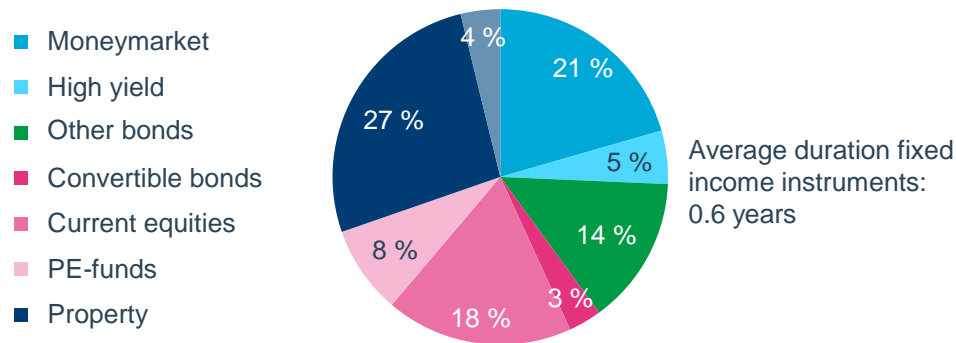


# Balanced investment portfolio will contribute to stable returns

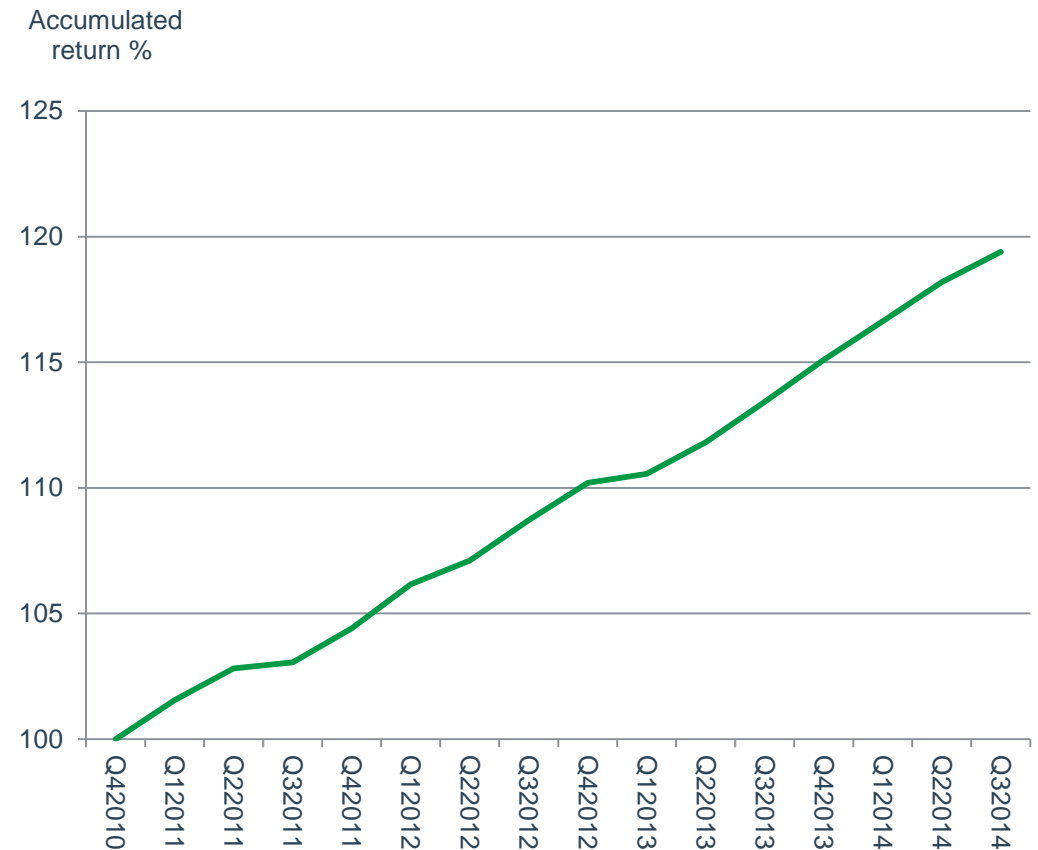
## Match portfolio: NOK 33.3bn



## Free portfolio: NOK 21.8bn



## Accumulated investment return since 2010



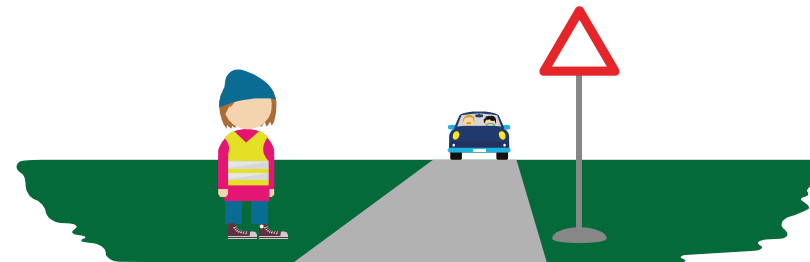


# Clearly defined levels of risk appetite

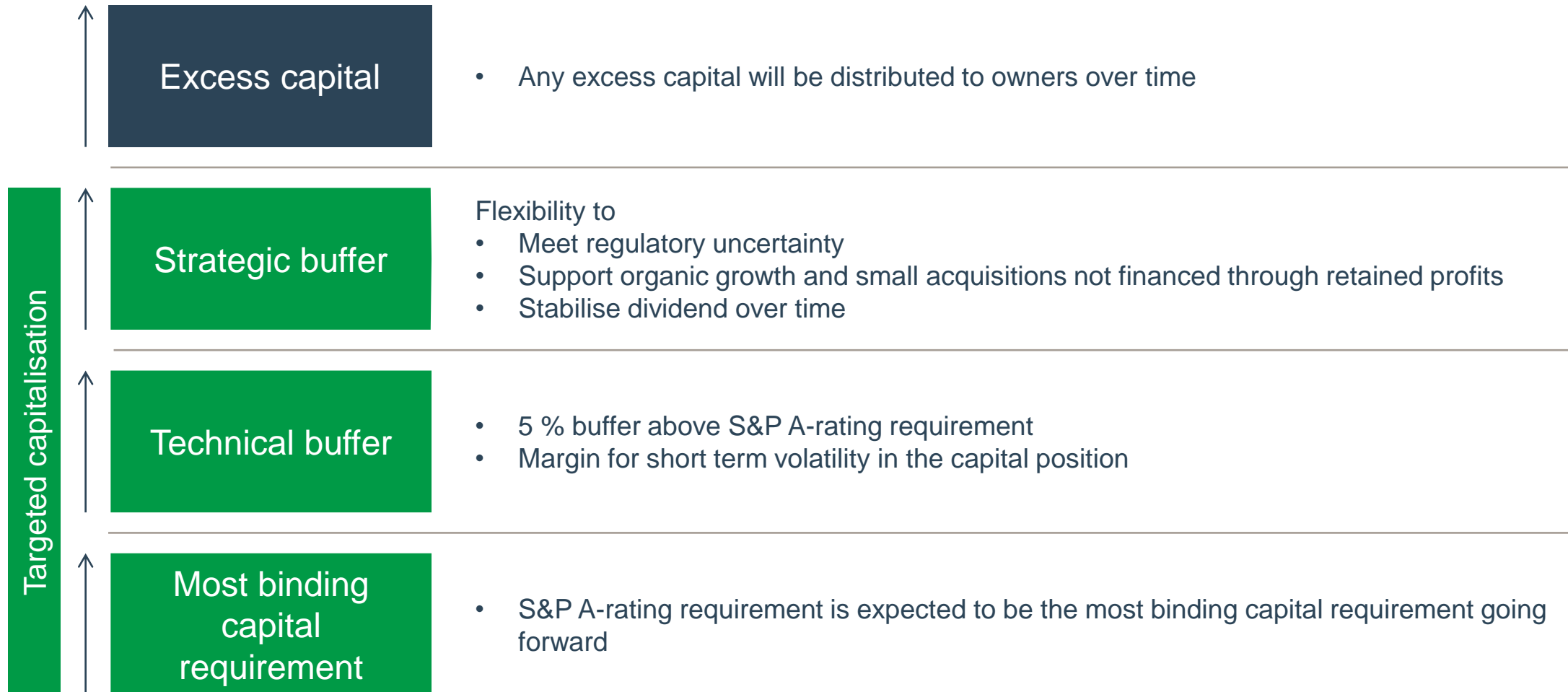
- Systematic risk management process throughout entire organisation

## Risk appetite

- Significant risk appetite within core area general insurance in the Nordic and Baltic countries
- Largest risk appetite in areas where Gjensidige has a solid track-record and proven skills
- Other business areas shall contribute to growth and profitability on a Group level, though within limited risk appetite
- Asset management is a support activity
  - The match portfolio should secure the interest rate, inflation and currency risk in the technical reserves
  - Remaining assets are invested to support the Group's return target within specified risk limits

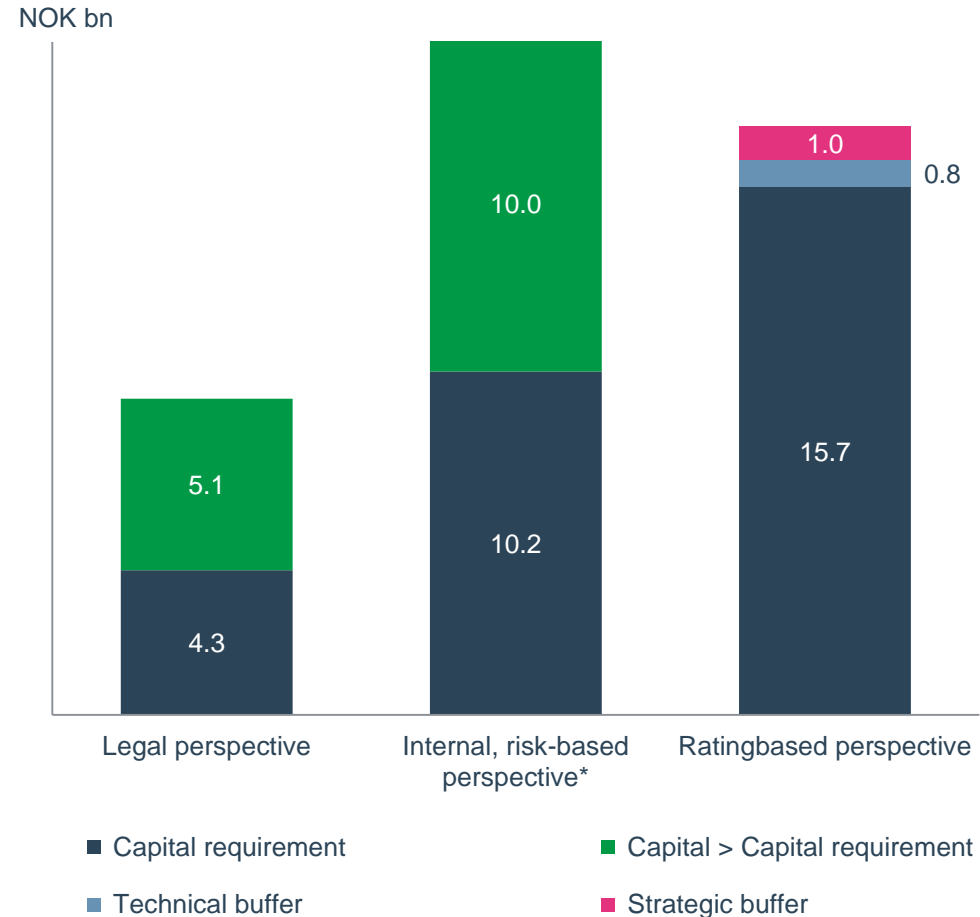


# Capital strategy reflects strong capital discipline and supports target of 15 % ROE after tax from 2015





# The capital position is solid



## Strategic buffer of NOK 1bn

- Will increase with retained profits at year-end

## Optimised balance sheet and capital structure during 2014

- Supports 15 % after tax ROE target from 2015

## Solvency II: regulatory uncertainties remain

- Full or partial approval
- Treatment of Norwegian natural perils fund and guarantee scheme
- Tax treatment related to discounting reserves
- Clarification expected during 2015, may affect sub-debt capacity

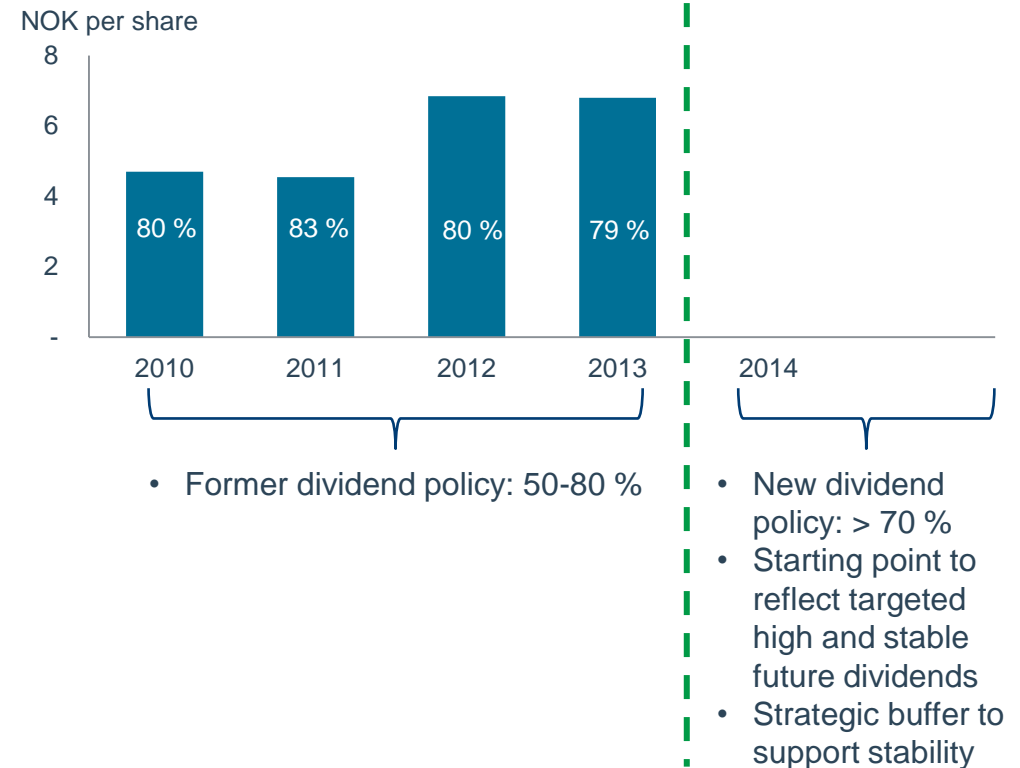
\* All numbers as at 30 September 2014. Strategic buffer takes into account the NOK 2bn dividend adopted in October and paid out in November.



# Gjensidige targets high and stable dividend pay-outs

- Pay-out ratio over time of at least 70 % of profit after tax
- When determining the size of the dividend, the expected future capital need will be taken into account
- Over time, Gjensidige will also distribute excess capital above the targeted capitalisation

## 2014 starting point for high and stable dividends\*



\* Dividends referring to annual dividends based on annual net profits. In addition, potential excess capital distribution may occur.



# Key priorities towards 2018

- Ensure efficient operations and cost discipline
- Make room for strategic investments to ensure continued competitiveness and profitable growth
- Maintain a disciplined capital strategy and attractive dividend policy

## Key performance indicators

Return on equity	>15 %	(after tax)
Combined ratio	90-93	(~87-90 discounted)
Cost ratio	~15 %	
Dividends	>70 %	(high and stable)



# Q&A



**Delivering superior customer experience and stable returns**

Helge Leiro Baastad, CEO



**Strategy for profitable growth and sustainable competitiveness**

Mats Gottschalk, EVP Strategy/M&A and banking, pension and savings



**Building customer loyalty and preference**

Cecilie Ditlev-Simonsen, EVP Brand management, communications, marketing and web



**Profitable growth through multi-channel distribution**

Sigurd Austin, EVP Commercial



**Leveraging skills and insight for optimal risk selection and pricing**

Martin Danielsen, EVP Product and price  
Kristen Aanesen, SVP Motor



**Leveraging skills and technology for cost efficient and customised claims handling**

Kaare Østgaard, EVP Claims and IT



**Delivering stable returns**

Catharina Hellerud, CFO





# Delivering superior customer experiences and stable returns

## Customer orientation

- Attracting customers and building loyalty through superior customer experiences

## Analytically-driven processes

- Improving operations through skills, insight and technology

## Efficient operations

- Maintaining underwriting, cost and capital discipline



## Financial targets towards 2018

Return on equity	>15 %	(after tax)
Combined ratio	90-93	(~87-90 discounted)
Cost ratio	~15 %	
Dividends	>70 %	(high and stable)

## Key performance indicators

- Customer satisfaction
- Share of digital customers
- Online claims reporting
- Claims cost reductions
- Customer retention
- Number of customers with more than 4 insurance products



THANK YOU



# Appendix





# Group Management

## Catharina Hellerud

Group Chief Financial Officer



- Group CFO since 2011
- Executive positions in Gjensidige since 2007
- 5 years at the Oslo Stock Exchange
- 8 years in Ernst & Young

## Hans Hanevold

Executive Vice President, Private



- Acting EVP Private since august 2014 for Hege Yli Melhus (maternity leave)
- Executive positions in Gjensidige since 1999
- 13 years at Sparebanken Nor

## Martin Danielsen

Executive Vice President, Product and price



- EVP Product and price since 2009
- Executive positions in Gjensidige since 2006
- 4 years in Storebrand/If
- 5 years in McKinsey

## Helge Leiro Baastad

Group Chief Executive Officer



- Group CEO since 2003
- Executive positions in Gjensidige since 1998
- 11 years in Jordan AS
- 3 years in Denofa and Lilleborg Fabrikker

## Sigurd Austin

Executive Vice President, Commercial



- EVP Commercial since 2011
- Executive positions in Gjensidige since 2003
- Executive positions in Norwegians armed forces

## Jørgen Ringdal

Executive Vice President, Group staff and general services



- EVP Group staff and general services since 2006
- Executive positions in Gjensidige since 1996
- 3 years at KPMG

## Mats C. Gottschalk

Executive Vice President, Strategy and M&A



- EVP Strategy and M&A since 2011
- 6 years in Goldman Sachs
- 5 years in J.P. Morgan

## Cecilie Ditlev-Simonsen

Executive Vice President, Brand management and communication



- EVP Brand management and communication since 2011
- 3 years in JKL Group AS
- 5 years in Norsk Hydro ASA
- 2 years in Korn Ferry Int'l/ Futurestep

## Kim Rud Petersen

Executive Vice President, International general insurance



- EVP International general insurance since 2010
- 3 years in KommuneForsikring A/S
- 7 years in AON Denmark A/S
- 10 years in Codan A/S

## Kaare Østgaard

Executive Vice President, Claims handling and IT



- EVP Claims handling and IT since 2011
- Executive positions in Gjensidige since 2004
- 4 years in ErgoGroup



# Other Gjensidige participants

## Krister Aanesen

*Senior Vice President, Motor*



- SVP Motor since 2013
- 8 years at McKinsey
- 5 years at Procter & Gamble

## Jostein Amdal

*Head of Risk and Capital Management*



- Head of Risk and Capital Management since 2005
- CIO since 2002
- 3 years at If

## Contacts



Janne Flessum  
Head of Investor Relations  
janne.flessum@gjensidige.no  
Mobile: +47 91 51 47 39



Øystein Thoresen  
Head of Media Relations  
oystein.thoresen@gjensidige.no  
Mobile: +47 95 23 33 82



Anette Bolstad  
Investor Relations Officer  
anette.bolstad@gjensidige.no  
Mobile: +47 41 67 77 22

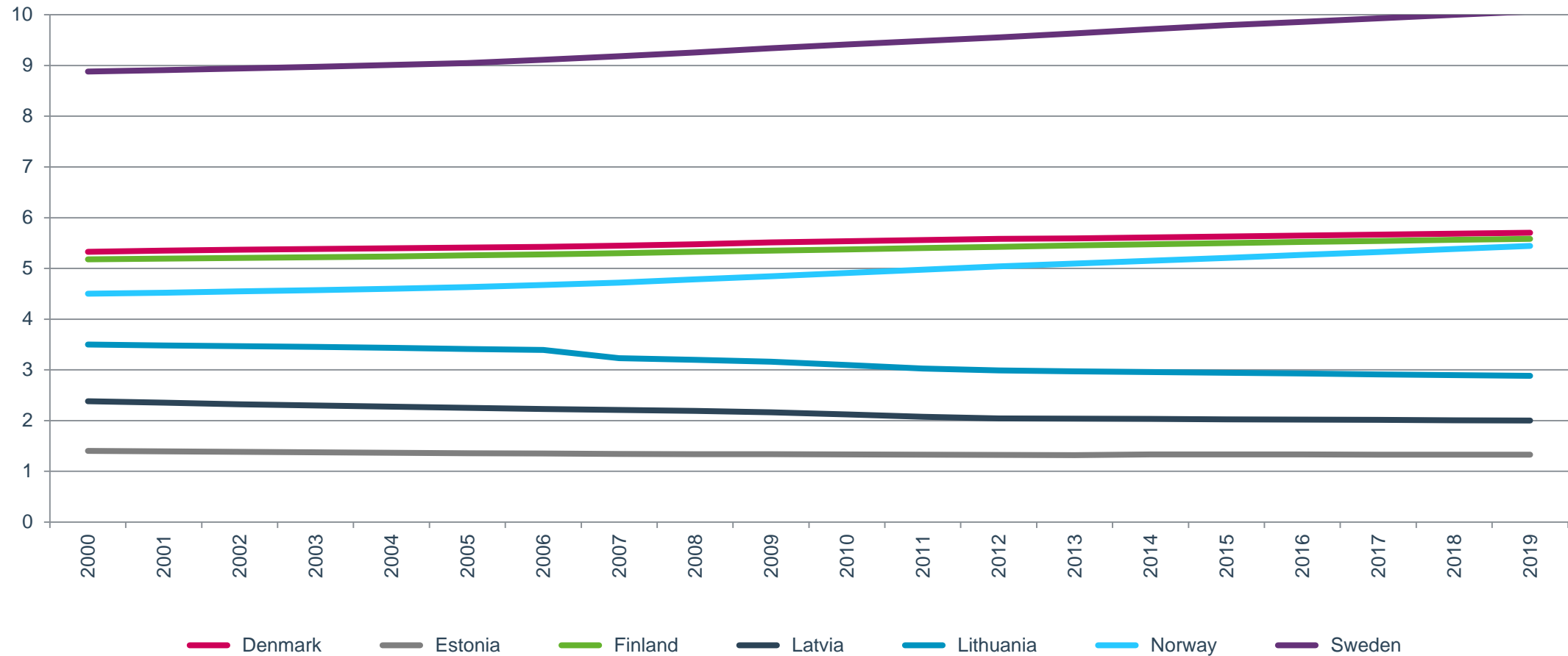


Linn Soltvedt  
Investor Relations Officer  
linn-therese.soltvedt@gjensidige.no  
Mobile: +47 41 11 05 55



# Population

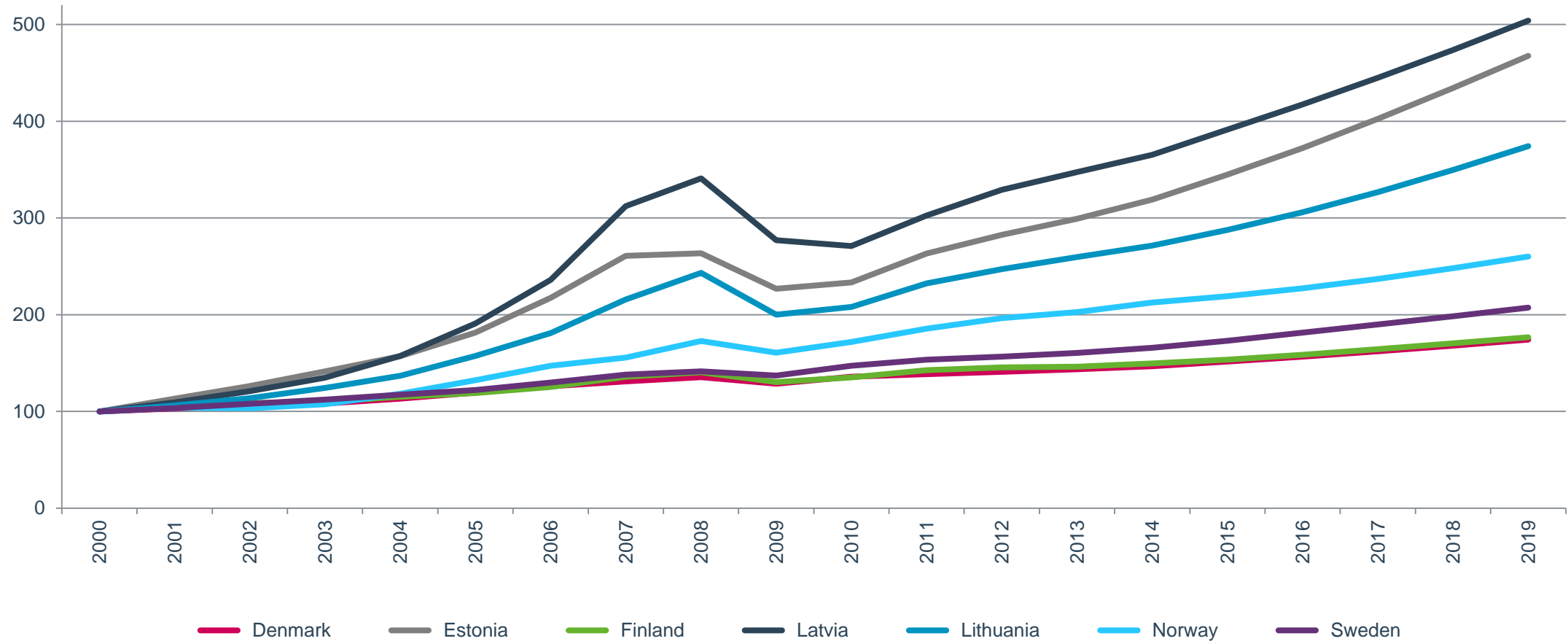
Population, million persons





# Nominal GDP

GDP growth

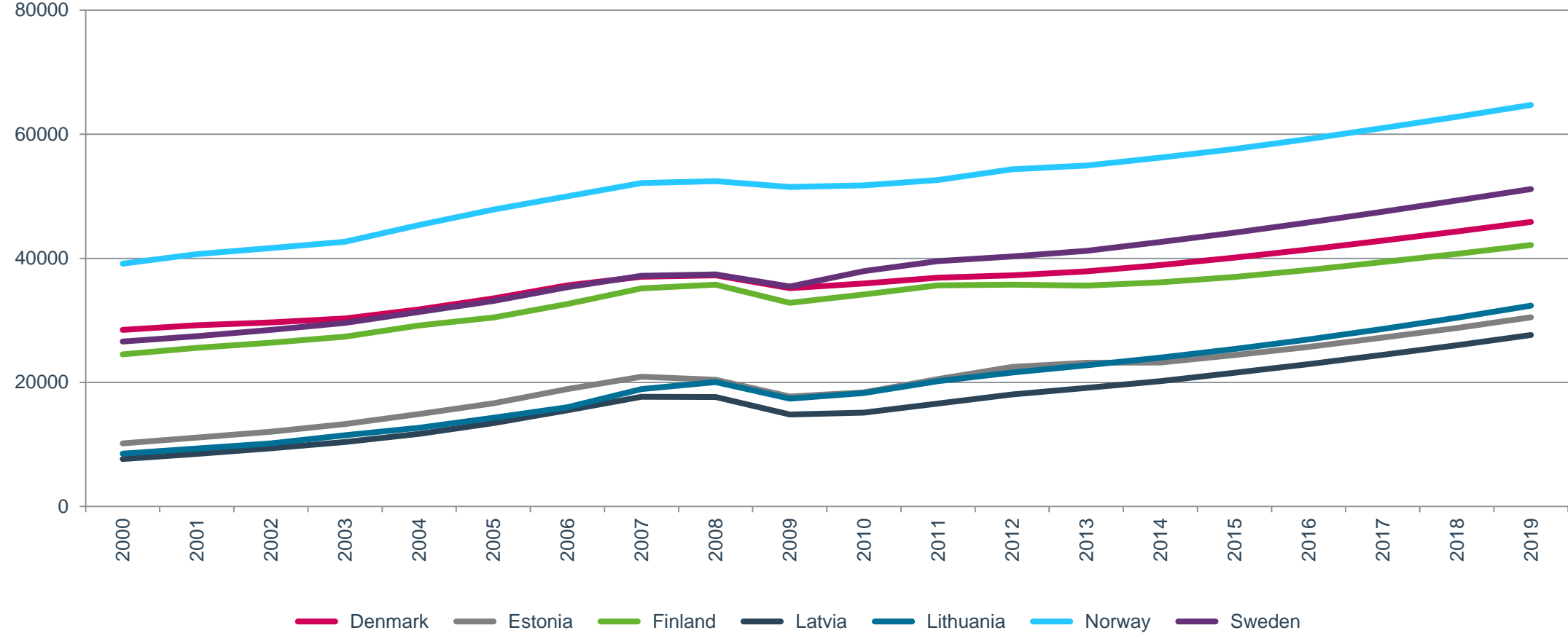


Source: IMF  
Indexed 2000=100

# GDP based on purchasing-power-parity (PPP) per capita GDP



Current international dollar \*



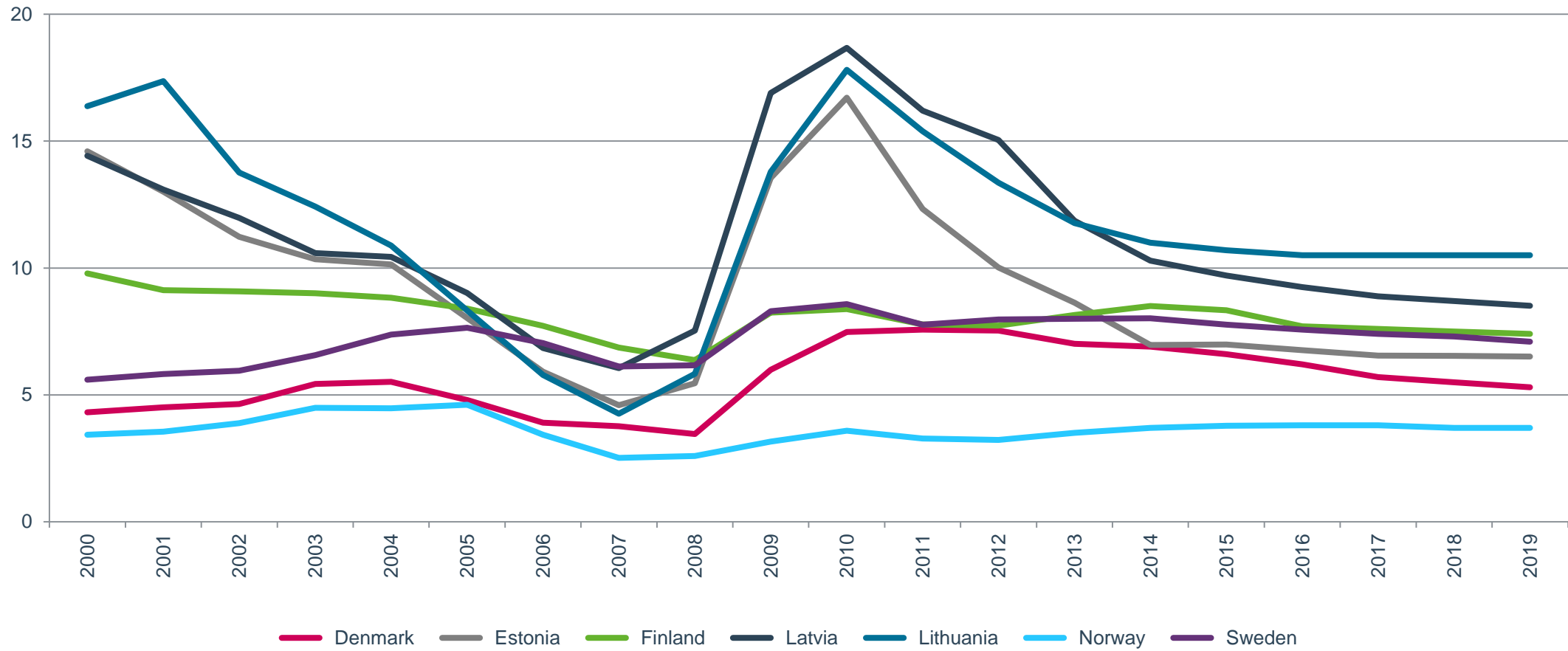
\*national currency converted to U.S. dollars using market exchange rates (yearly average)  
Source: IMF





# Unemployment

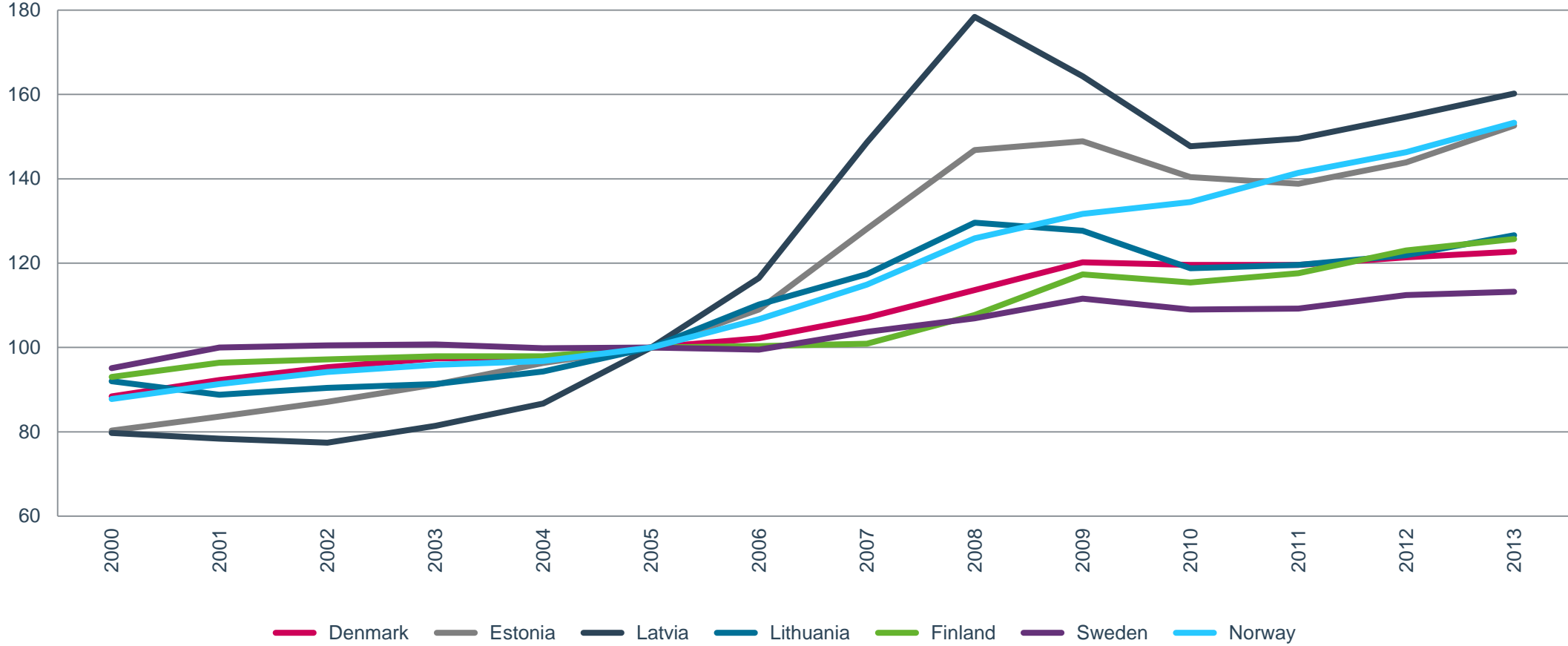
Unemployment rate in %





# Nominal labour costs

Unit labour costs

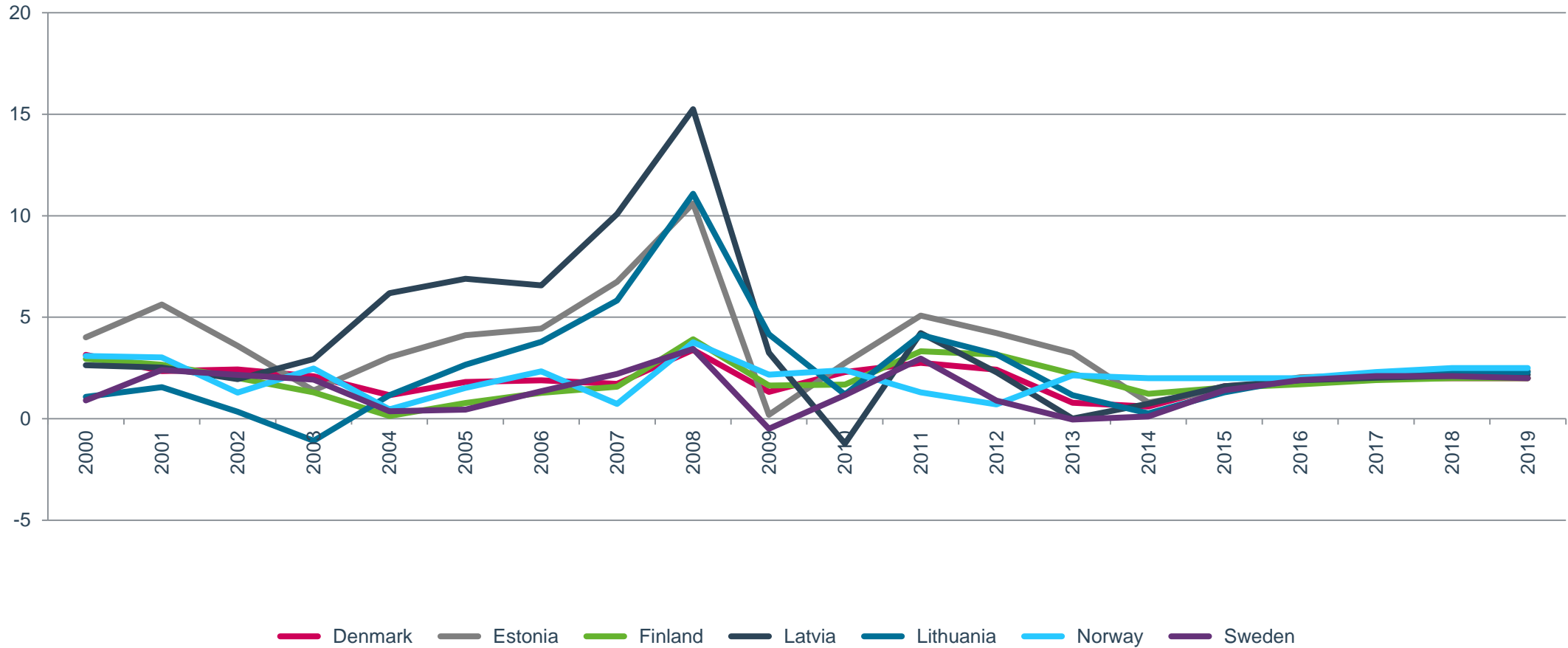


Source: Eurostat  
Indexed 2005=100



# Consumer price

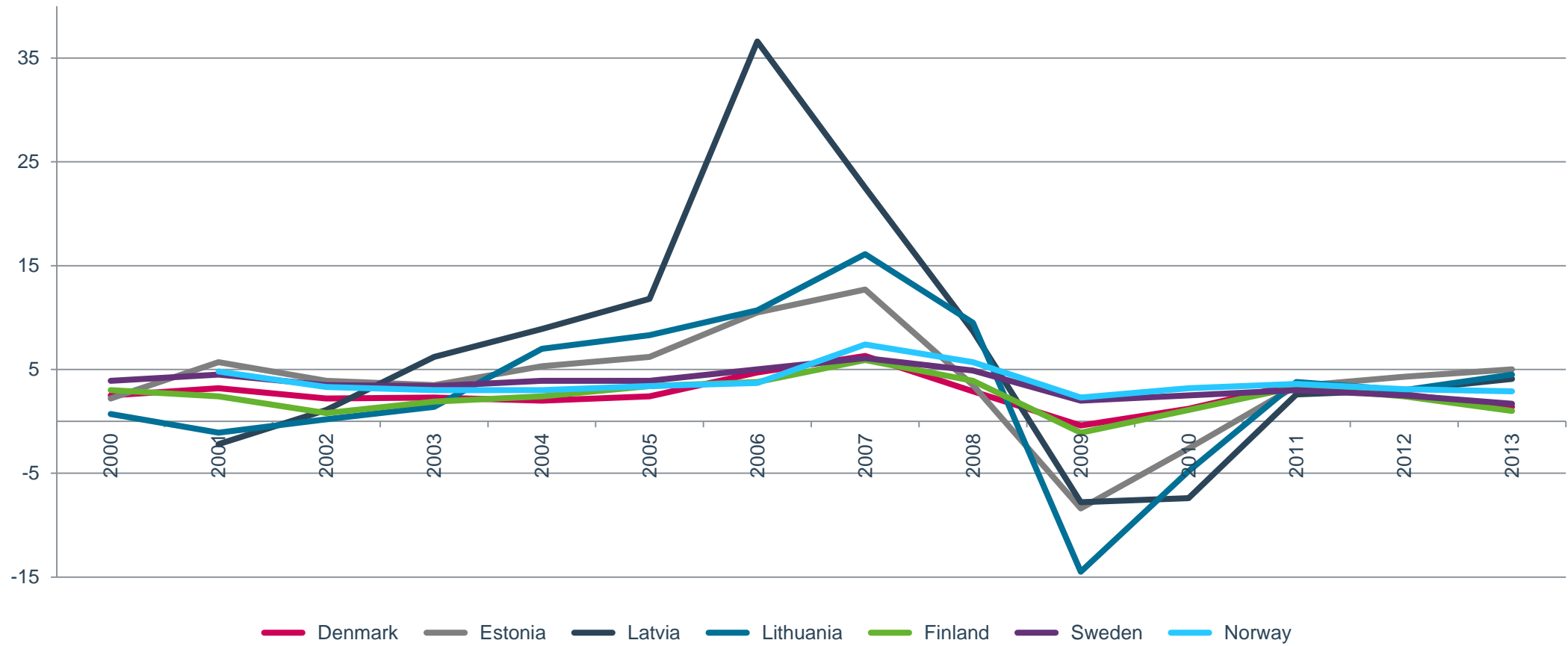
Avg consumer price inflation %





# Construction costs

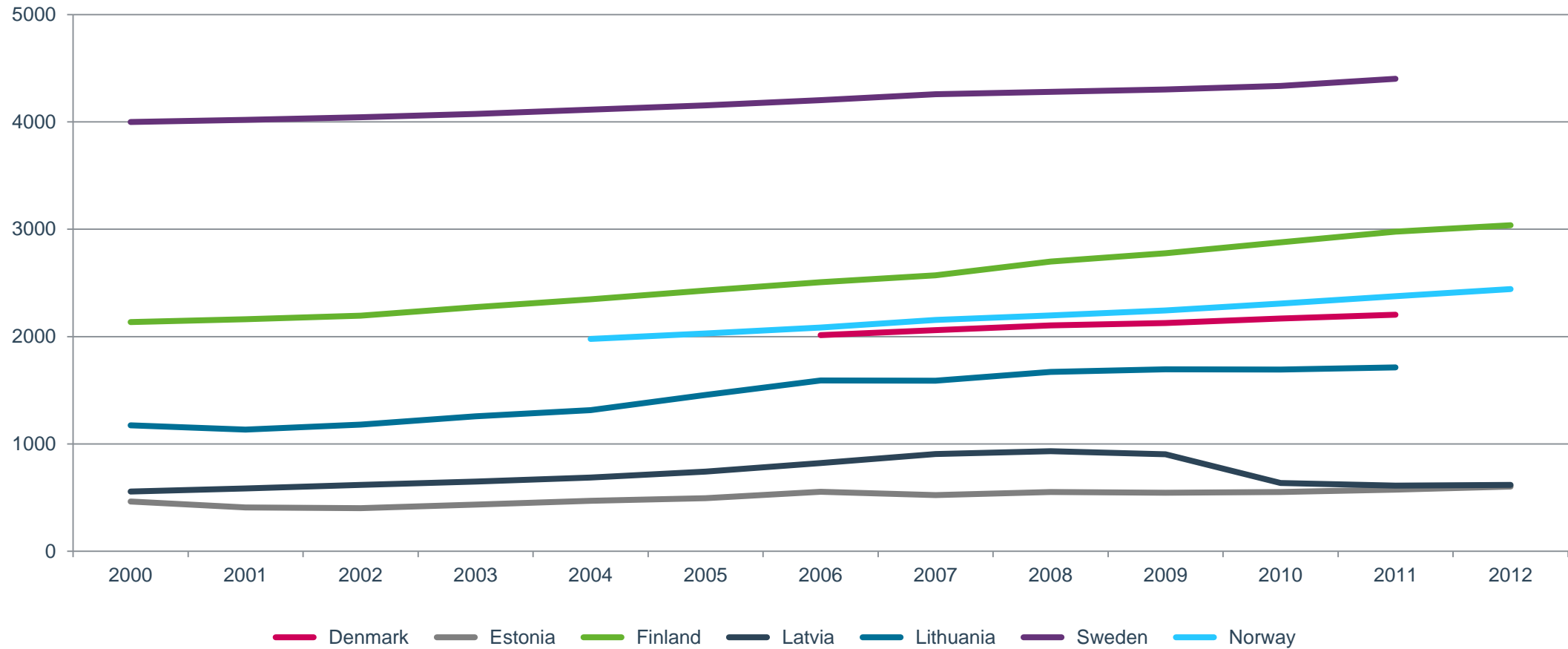
Construction costs\*  
percentage change





# Vehicle population

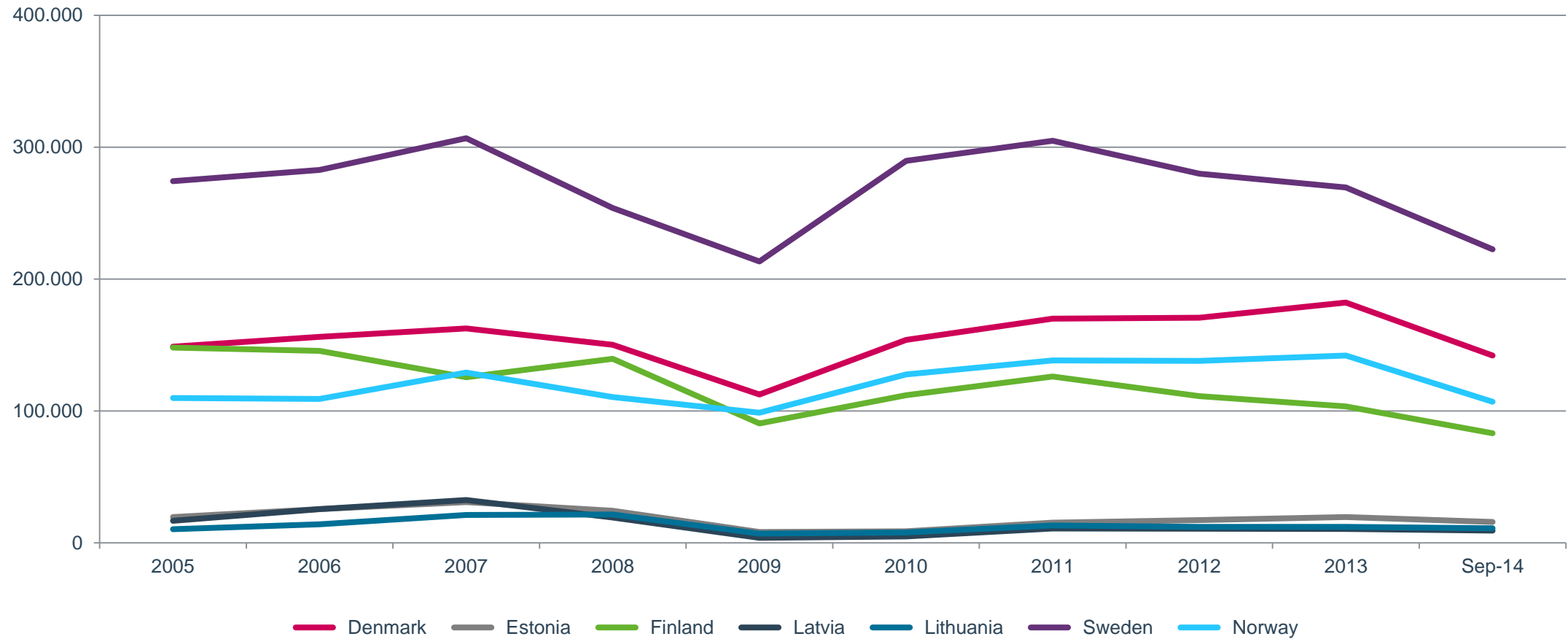
Number of passenger cars, in thousand





# New passenger cars

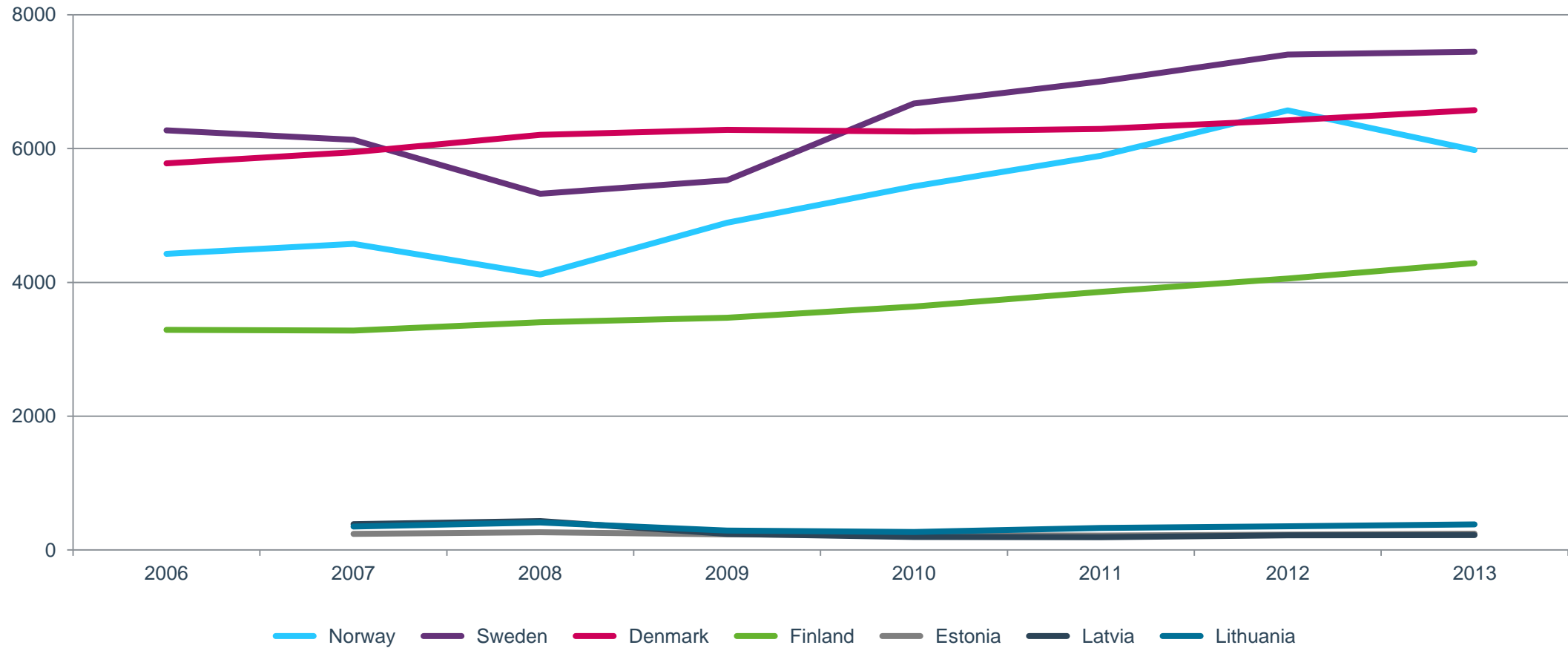
Registered new passenger cars





# General insurance premium volume

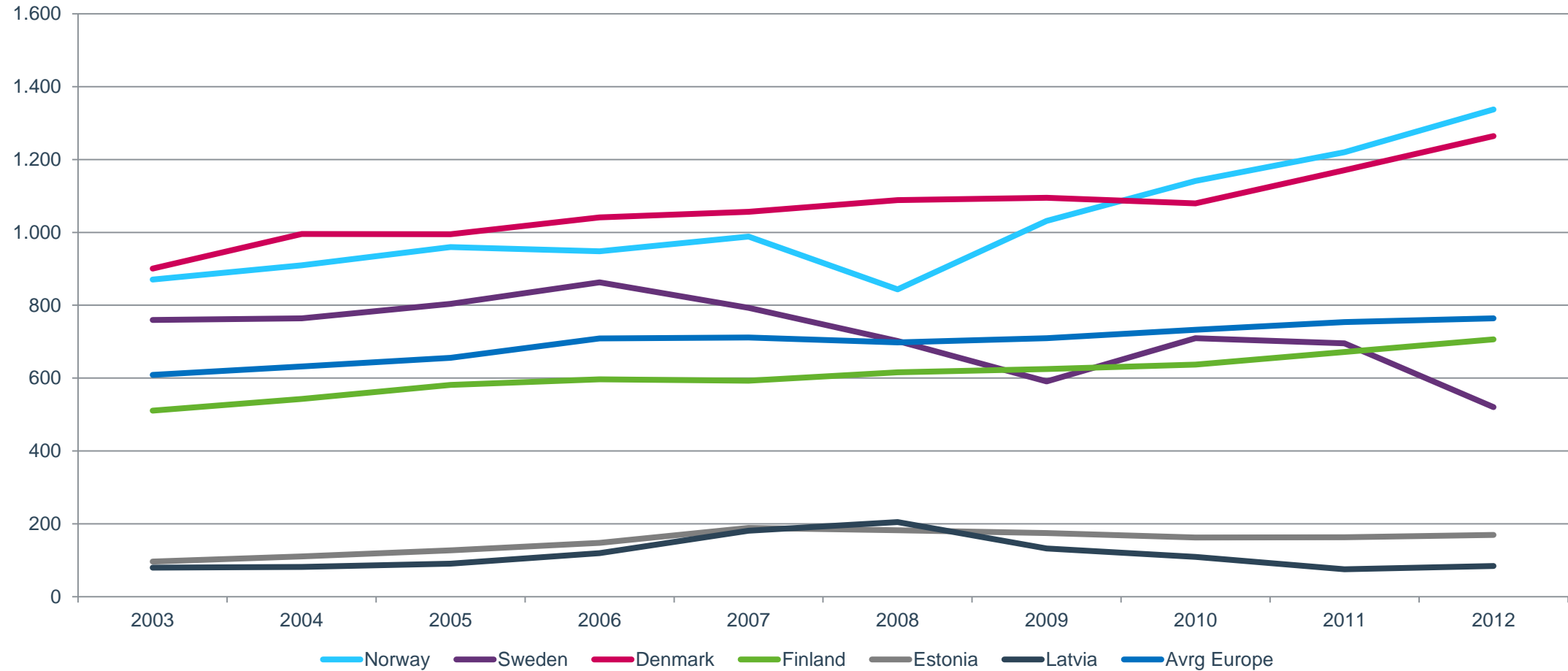
Premium volume in EurM





# General insurance density

Average non-life premium  
per capita(Euros)

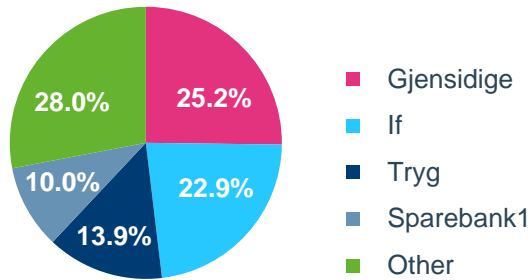




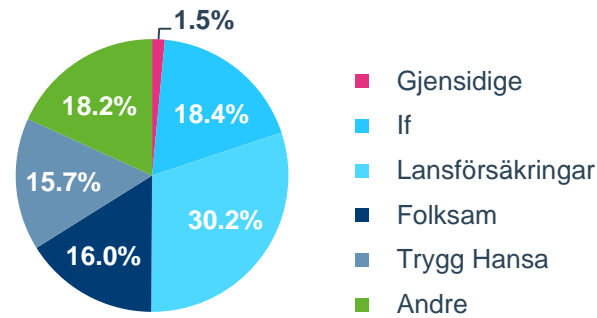


# General insurance market shares

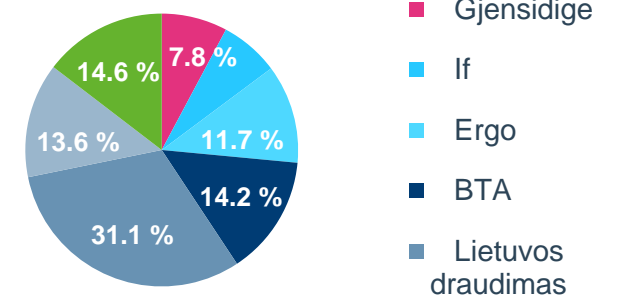
## Norway



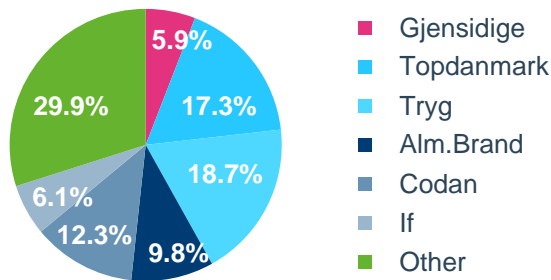
## Sweden



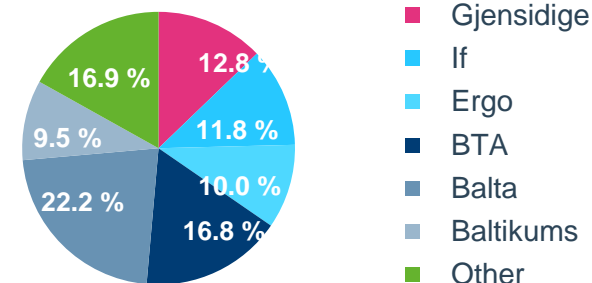
## Lithuania



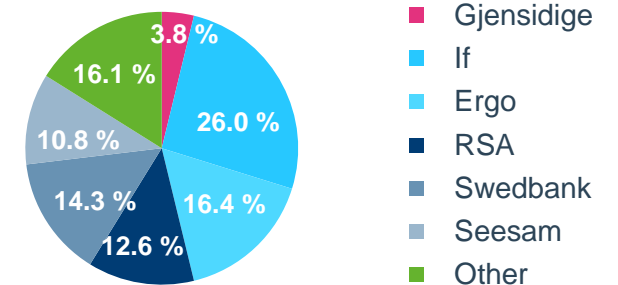
## Denmark



## Latvia



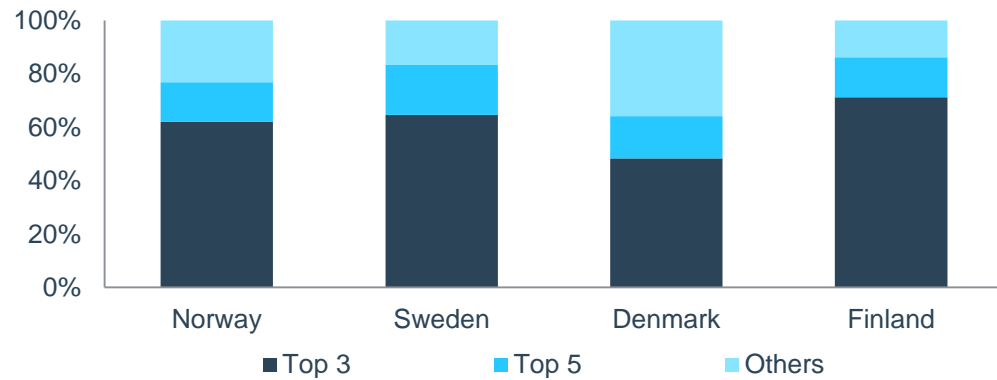
## Estonia



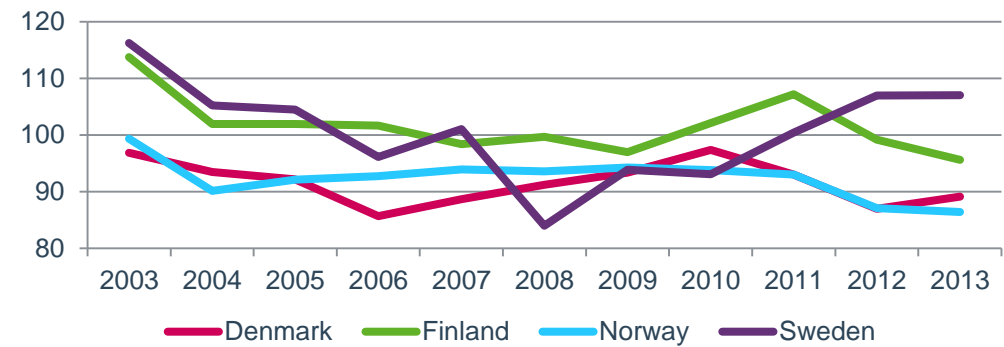


# General insurance market concentration and profitability

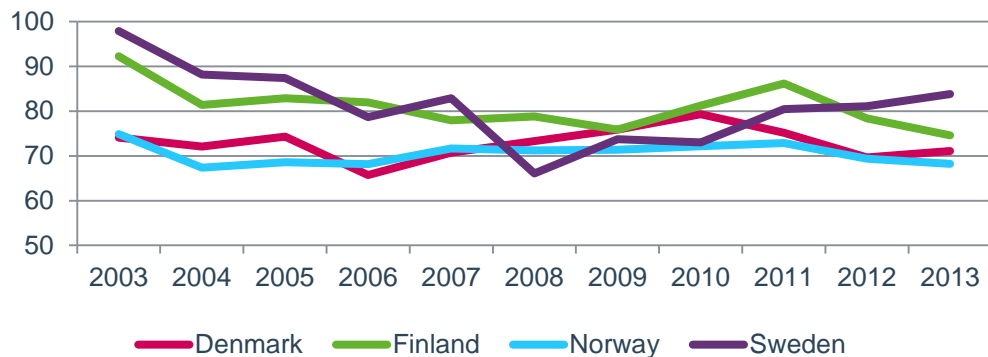
## Market concentration



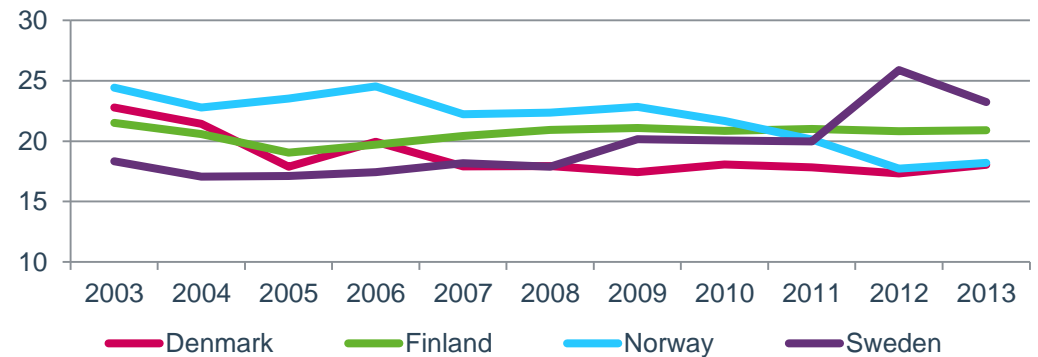
## Combined ratio development



## Loss ratio development

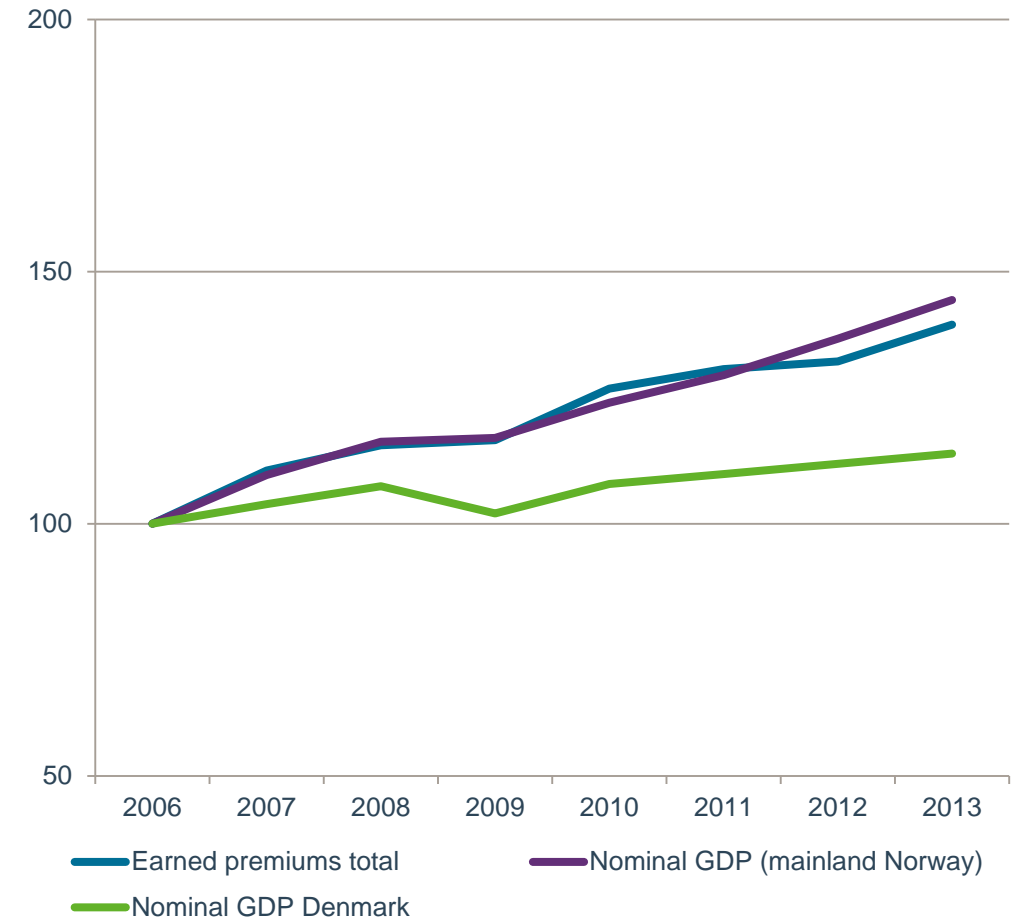
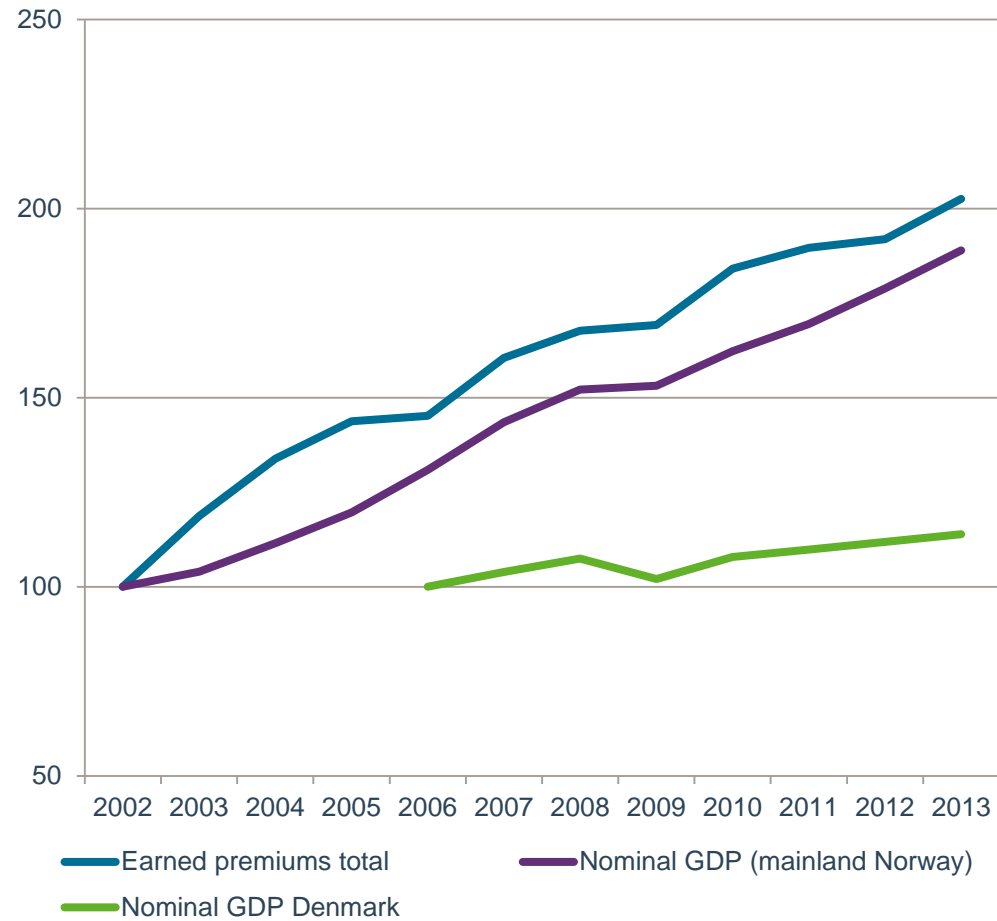


## Cost ratio development



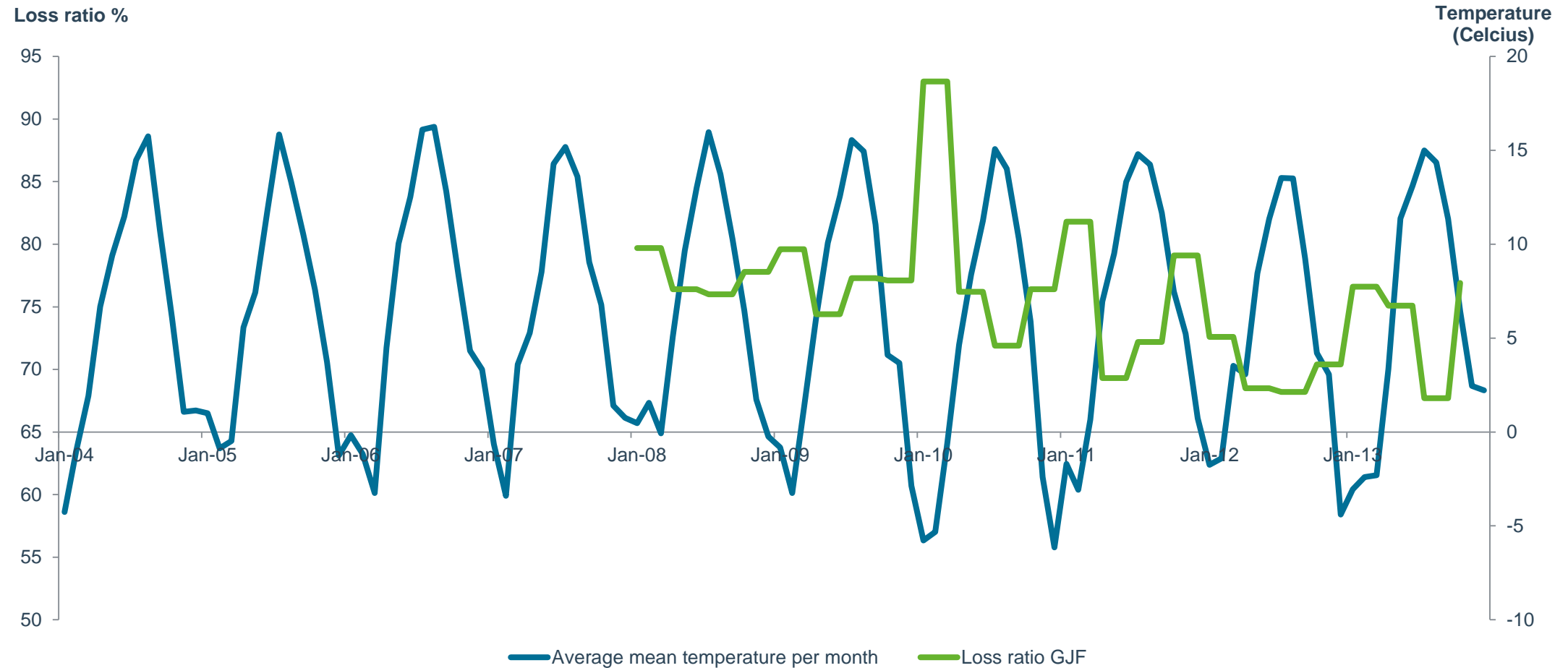


# GJF premium growth relative to GDP-growth





# Average temperatures in Norway vs GJF loss ratio



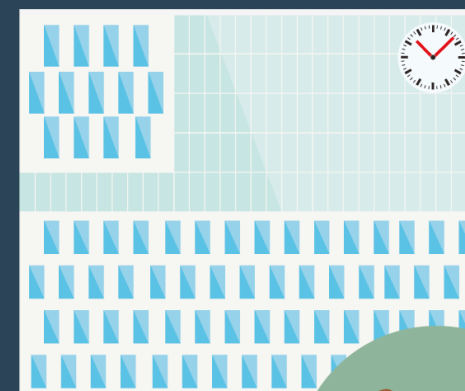
Source: Quarterly reports GJF, Meteorologisk institutt (eklima.no), average representative geographical areas (density and geography)



Gjensidige

# Gjensidige Insurance Group 3<sup>rd</sup> quarter 2014 result presentation

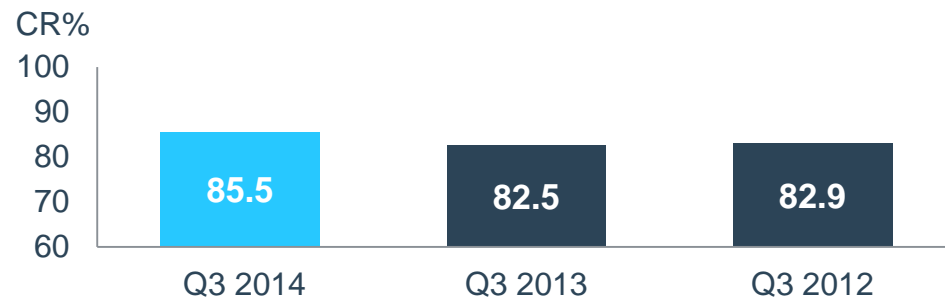
21 October 2014



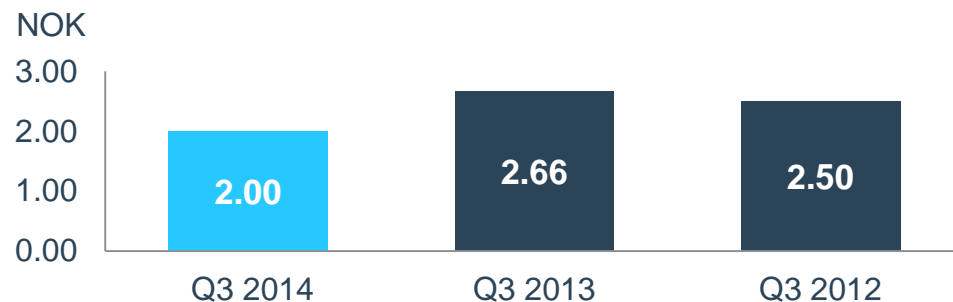


# Continued solid premium growth and good profit performance

## CR development



## Earnings per share



- Pre-tax profit NOK 1,337m
- Underwriting result NOK 755m
  - 6.9 % premium growth, underlying 3.2 %
  - Good underlying frequency claims development
  - More normal impact of large losses
  - Good cost control
- Financial result NOK 552m, 1.0% return
- 23.8% Pre-tax ROE\*

\* YTD, annualised



# Dividend for 2013 increased with NOK 2.0bn and financial targets continued

- New distribution excess capital NOK 2.0bn
  - Increased dividend for accounting year 2013
  - Ex dividend date 28 October 2014
- Balance sheet and capital optimisation through 2014
  - Sale of Storebrand
  - Distribution of excess capital NOK 3.0bn in May
  - Subordinated bond issue NOK 1.2bn

## Financial targets

Return on equity

**> 15 %**

(from and including 2015)

Combined ratio

**90-93 %**

Cost ratio

**~ 15 %**



# Update on capital position

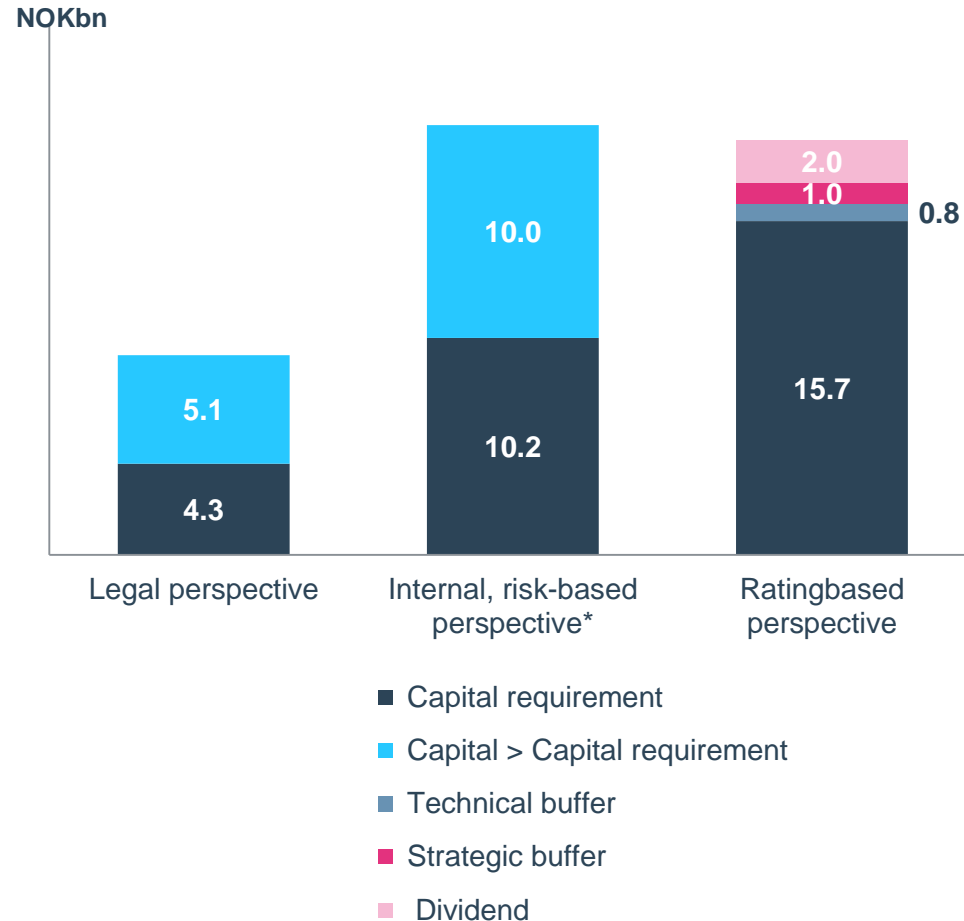






# Strategic buffer NOK 1.0bn

- will increase with retained profit at year end



- All perspectives adjusted for effect from subordinated debt issue and dividend adopted
- Underlying, small adjustments in capital requirement and excess capital

\* Based on our understanding of Solvency II where Natural Perils Fund and Guarantee scheme is included in Tier 2 capital



# Solvency II standard formula gives higher capital surplus than the rating perspective

Rating the most binding capital perspective also after implementation of Solvency II

NOKbn as at 30.06.2014	Standard formula	S&P
Available capital	20.2	18.3
Capital requirement (excluding buffers)	15.6	15.5
<b>Capital surplus</b>	4.6	2.8

## IFRS equity vs available capital

- Value adjustments assets: Intangible assets and excess value bonds at amortized cost
- Value adjustments liabilities: Discounting and risk margin loss provisions, deferred tax
- Assumes that Natural Perils Fund and Guarantee scheme provisions are available Solvency II capital
- Effects not included: Solvency II adjustments premium provisions, tax on capital requirement



# Still uncertainty around Solvency II

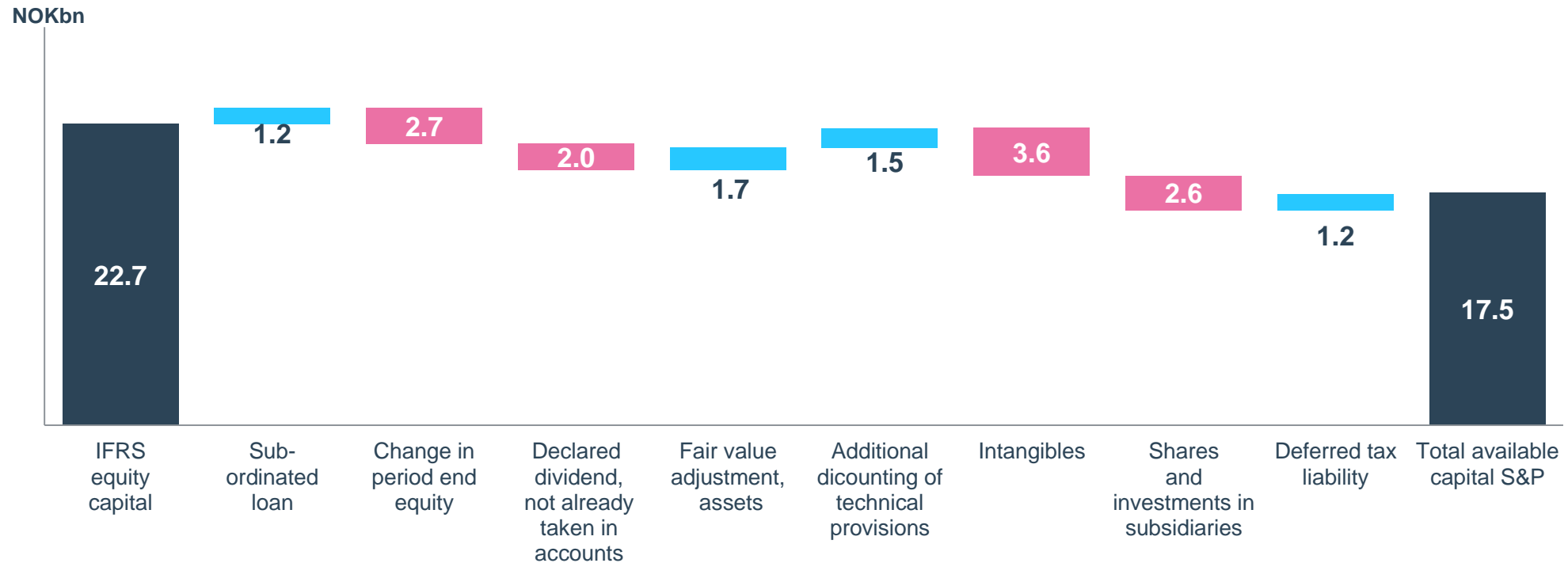
Element	Capital effect* NOKbn	Comment
Natural perils fund provision	~ (1.9)	Expected that Natural perils fund provision is included as capital, but partly as Tier 2 capital
Guarantee scheme provision	~ (0.6)	Expected that Guarantee scheme provision is included entirely as Tier2 capital
Tax on Solvency II valuation of claims provisions	~ (0.5)	If tax valuation includes discounting and risk margin, a tax charge will occur
Tax on release of security provisions	~ (0.7)	Release of security provisions may potentially result in a tax charge
Risk reducing effect of deferred tax	~ 1.0-2.0	Solvency II capital requirement shall be calculated after tax when future utilisation of tax position is probable
Solvency II valuation of premium provisions	~ 0.5-1.0	Solvency II premium provision shall be present value of future payments, profit element is added to capital. Capital requirement for lapse risk

In sum the balance of the above mentioned elements is expected to be positive for the legal capital surplus under Solvency II

\* Capital effect in the internal model



# Bridging IFRS capital to available capital in the S&P model



- S&P has an economic approach to capital in the same manner as Solvency II
- Capital requirement is calculated based on the balance sheet of the general insurance group
- Market value of assets and discounted value of liabilities
- Intangibles assets and investments in subsidiaries not general insurance are deducted



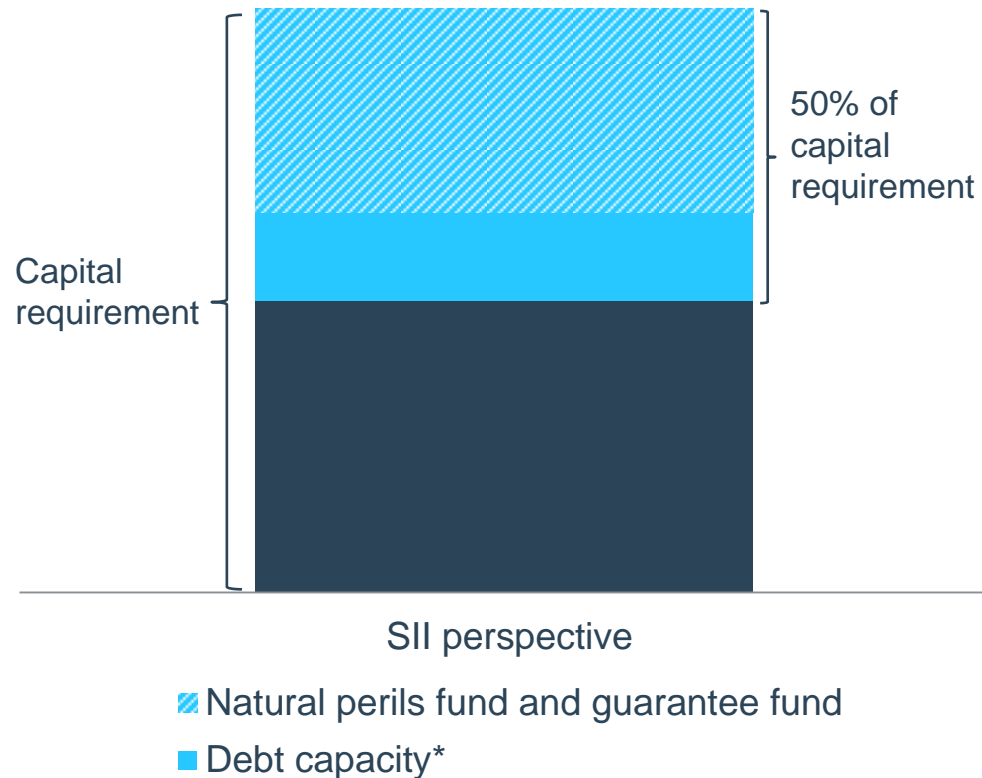
# Accumulation of capital requirement in the S&P model

<b>S&amp;P capital requirement</b>	
<b>30.09.2014</b>	<b>NOKbn</b>
Credit risk	1.8
Fixed income	1.1
Equities	3.4
Property	0.9
Other risk	0.3
<b>Investment risk</b>	<b>7.4</b>
Accident and health insurance	4.5
Motor	2.0
Property	2.5
Other products	0.4
<b>Insurance risk</b>	<b>9.4</b>
<b>Total capital requirement</b>	<b>16.9</b>
Diversification effect	(1.2)
Buffer 5%	0.8
<b>Total capital requirement included buffer</b>	<b>16.5</b>

- Credit risk depends on rating and maturity
- Capital requirement equities varies from 39% to 62%
- Equities includes SR-bank with a charge of NOK 0.8 bn
- Insurance risk is partly a requirement on provisions (9-26%) and partly on premium volume (13-30%)
- Own buffer to cover short term volatility in the capital position due to change in interest rates, currencies etc.



# Capacity subordinated debt limited by Solvency II perspective



- Debt capacity affected mainly by:
  - Treatment of Natural perils fund and Guarantee scheme provisions in SII
  - Final capital requirement in internal model SII
- Debt capacity in S&P rating perspective amounts to 25% of total available capital
  - Assuming that debt replaces equity

\* Based on our understanding of Solvency II where Natural Perils Fund and Guarantee scheme is included in Tier 2 capital



# Financial performance





# Good insurance result

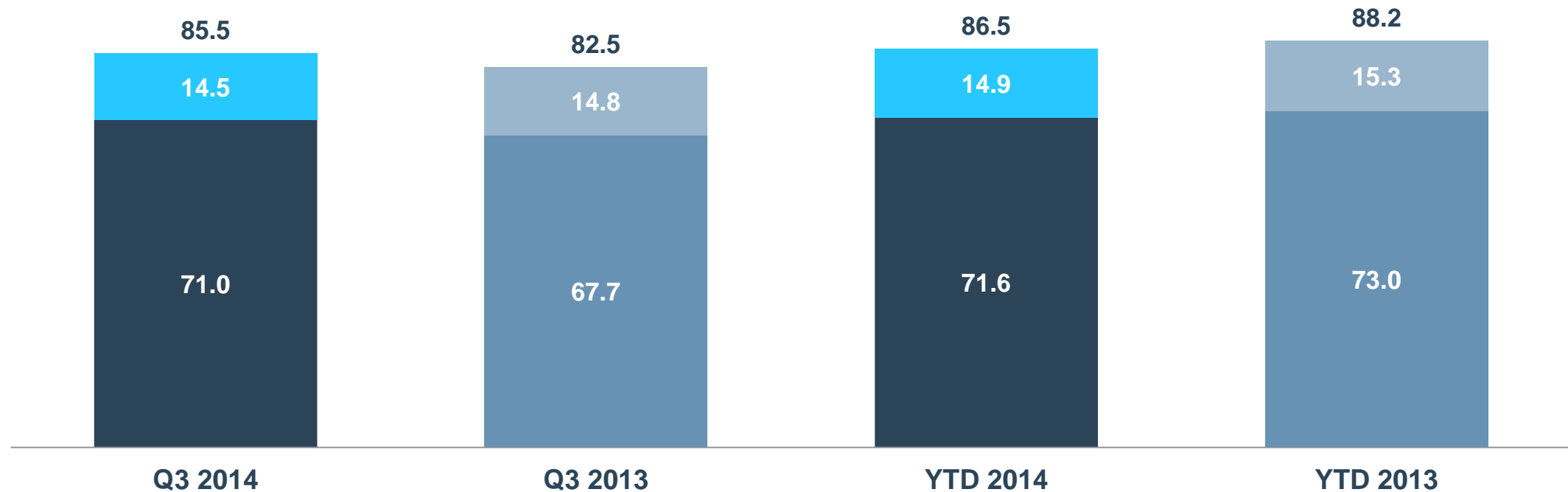
NOKm	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Private	425	402	1 175	913
Commercial	334	352	876	695
Nordic	92	125	363	296
Baltics	3	9	4	20
Corporate Centre/costs related to owner	(75)	(72)	(232)	(224)
Corporate Centre/reinsurance	(23)	37	(131)	(55)
<b>Underwriting result</b>	<b>755</b>	<b>853</b>	<b>2 055</b>	<b>1 644</b>
Pension and Savings	20	13	60	36
Retail Bank	71	50	205	141
Financial result	552	826	2 059	1 603
Amortisation and impairment losses of excess value	(58)	(66)	(131)	(130)
Other items	(3)	(2)	(8)	(3)
<b>Profit/(loss) before tax expenses</b>	<b>1 337</b>	<b>1 673</b>	<b>4 241</b>	<b>3 291</b>





# CR affected by somewhat more weather related claims in the quarter

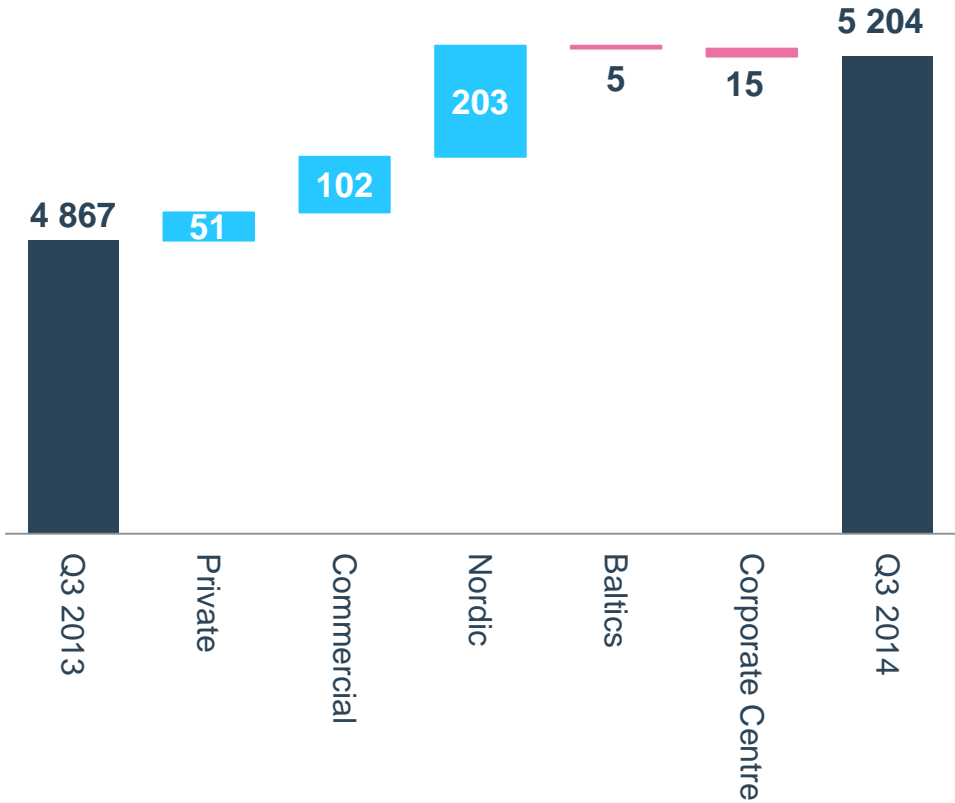
Combined ratio (%) – split loss ratio and cost ratio



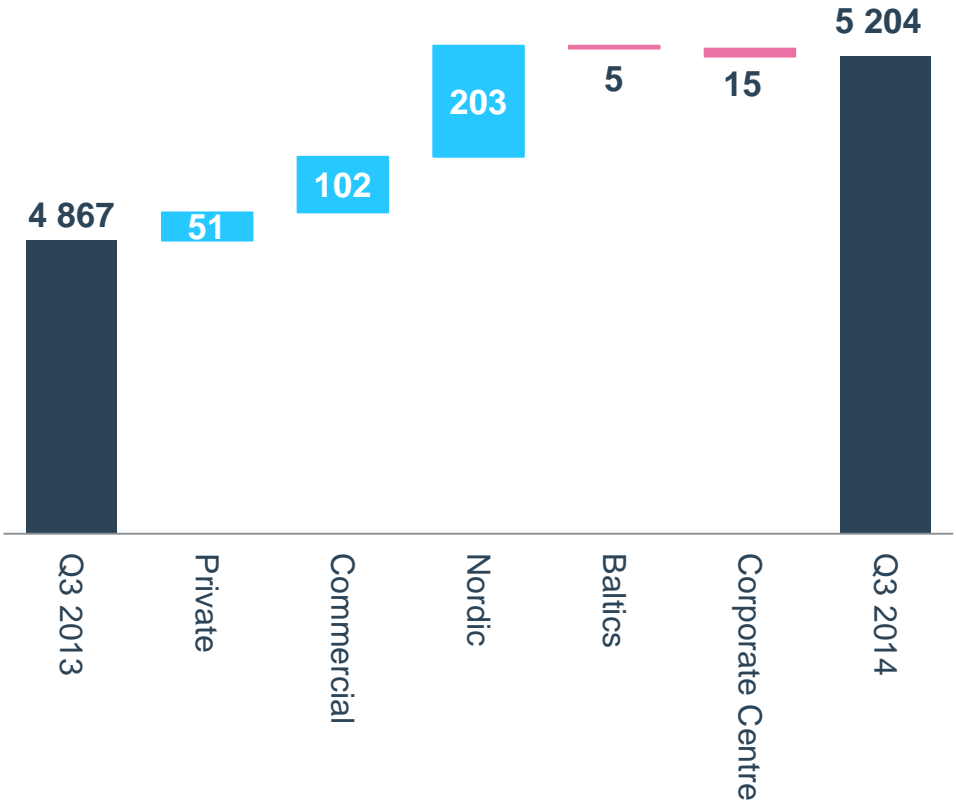


# Underlying premium growth of 3.2 % driven by premium increases and volume growth

Q3 2013 – Q3 2014



YTD 2013 – YTD 2014





# Increased impact from large losses, but less than expected

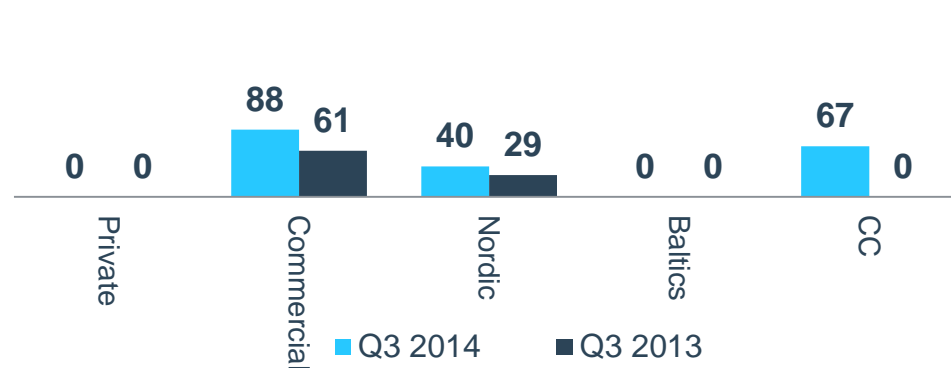
## Q3 2014 (Q3 2013)

NOKm	Reported claims figures	Expected large losses	Reported large losses
Claims	3 695 (3 294)	266	196 (89)
Loss ratio	71,0% (67,7%)	5,1%	3,8% (1,8%)

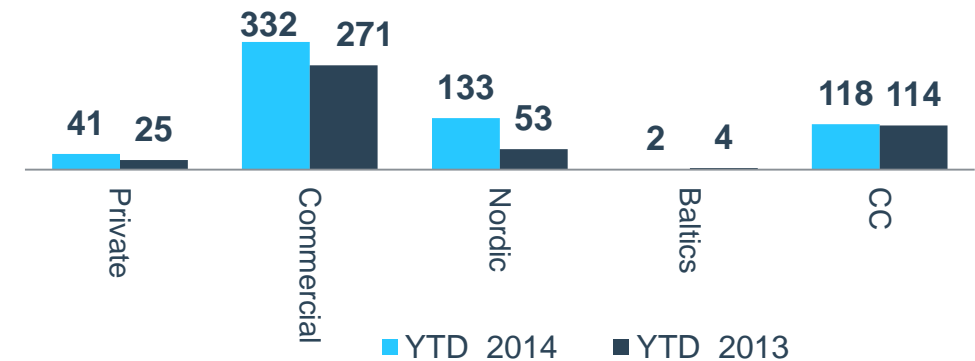
## YTD 2014 (YTD 2013)

NOKm	Reported claims figures	Expected large losses	Reported large losses
Claims	10 863 (10 195)	798	625 (467)
Loss ratio	71,6% (73,0%)	5,3%	4,1% (3,3%)

## Large losses per segment



## Large losses per segment

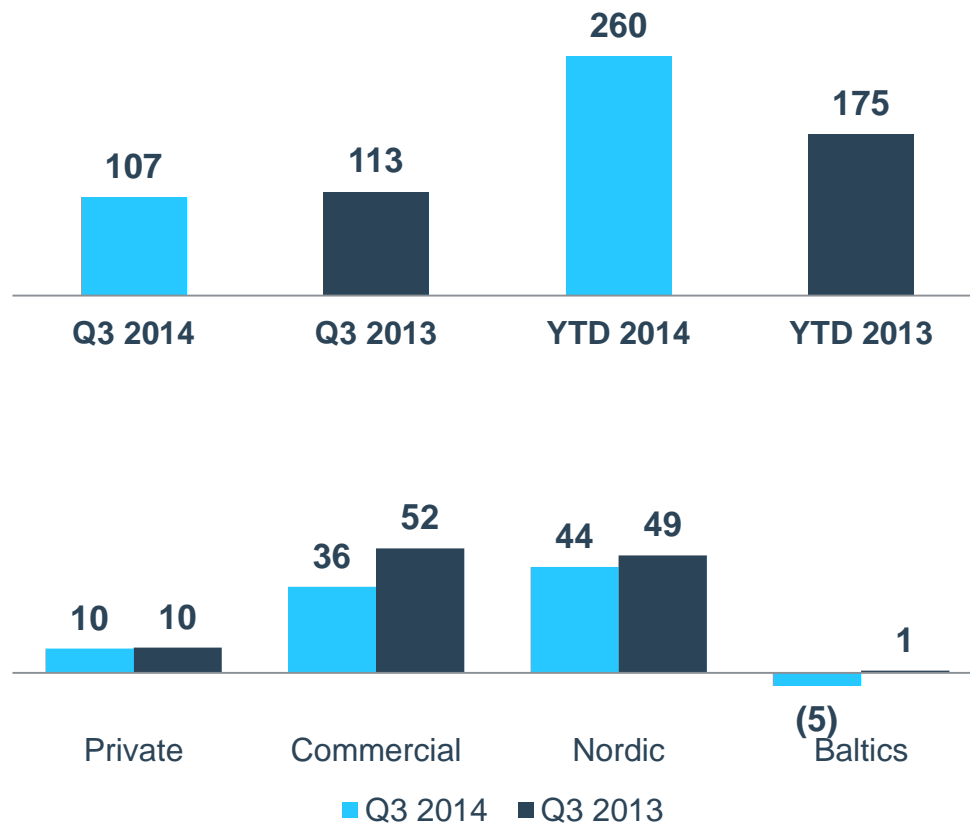


\* Loss event in excess of NOK 10m

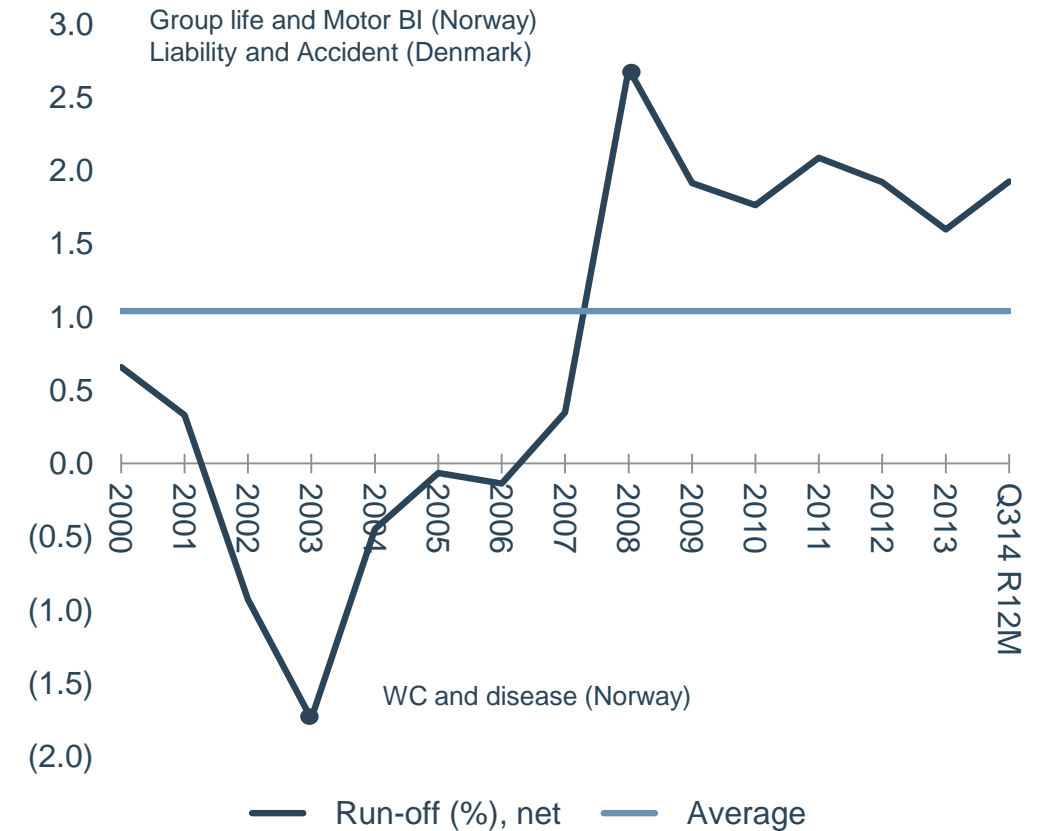


# Run-off gain

## Run-off net – general insurance\*



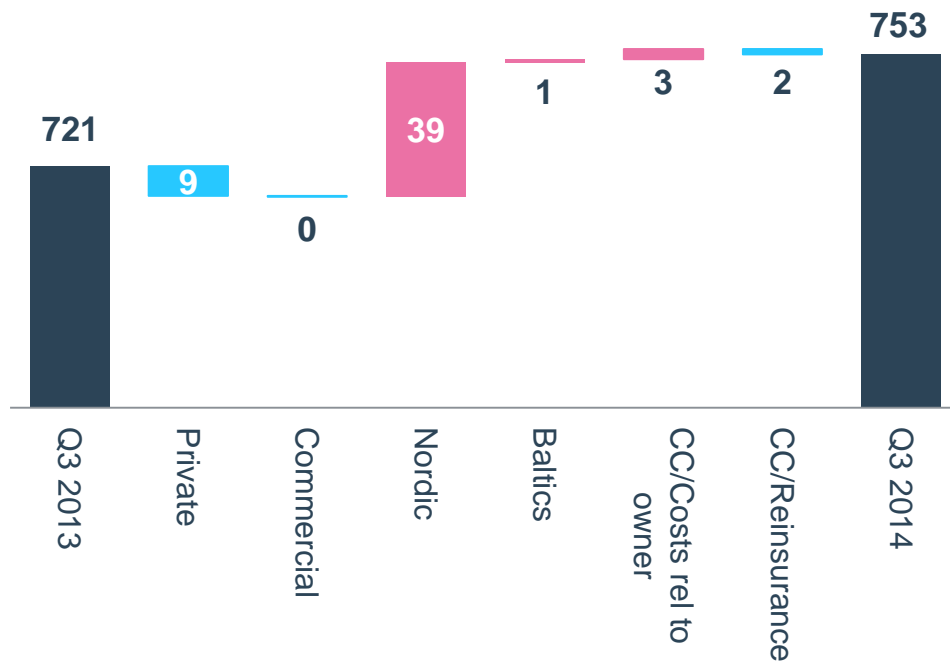
## Run-off % of earned premium



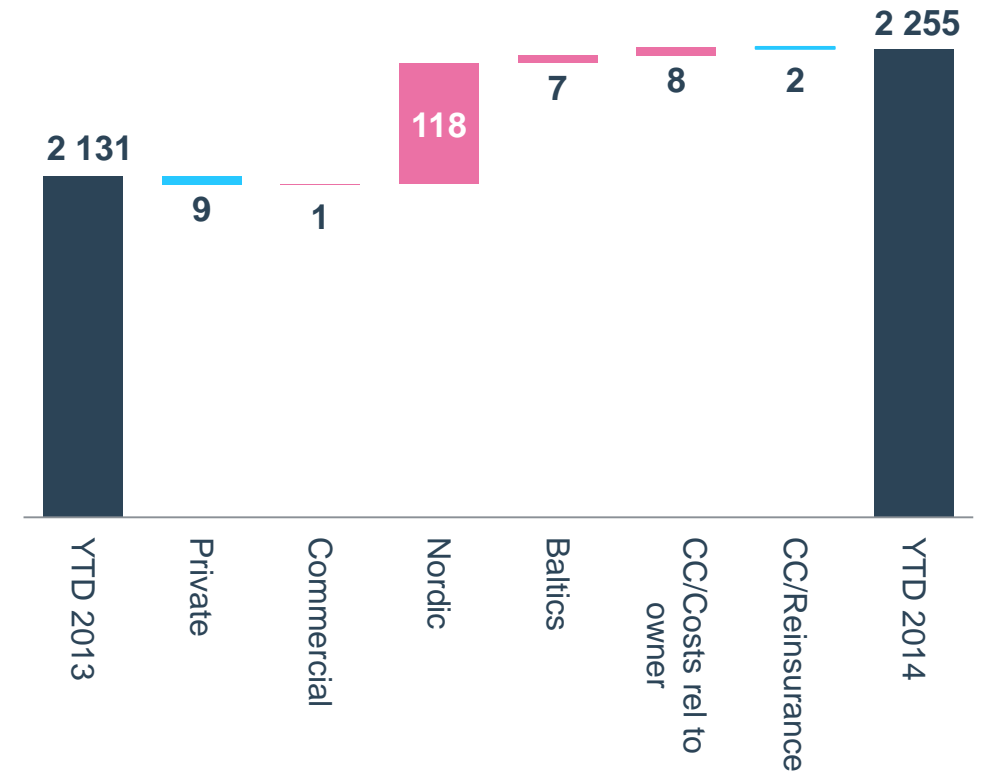


# Good underlying cost control - nominal increase mainly driven by acquisitions

## Q3 2013 – Q3 2014



## YTD 2013 – YTD 2014

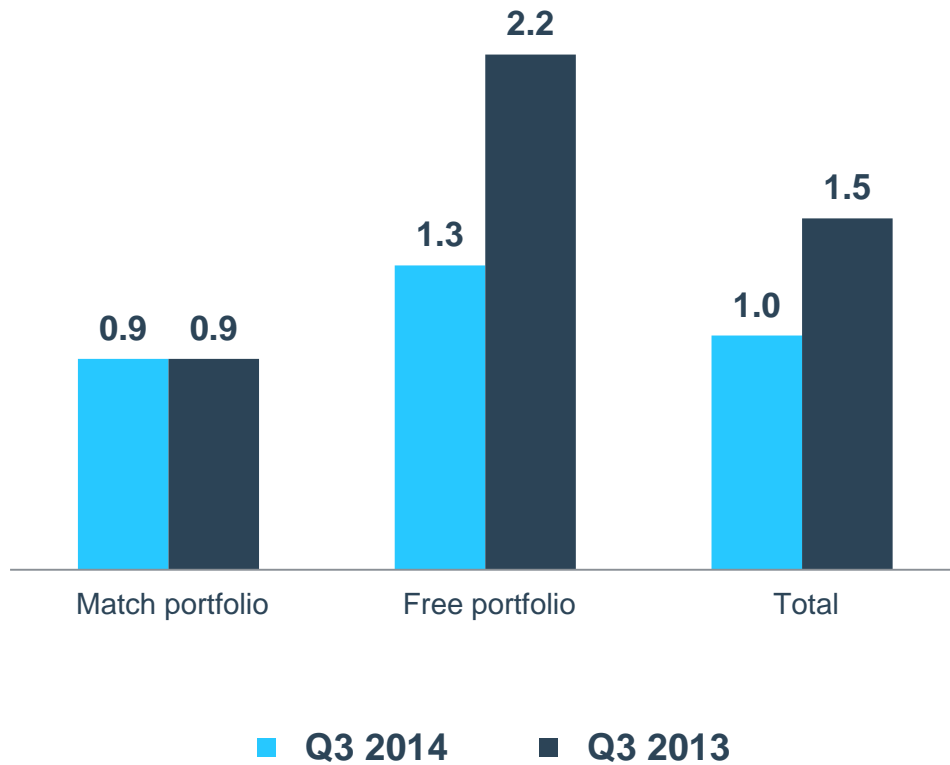




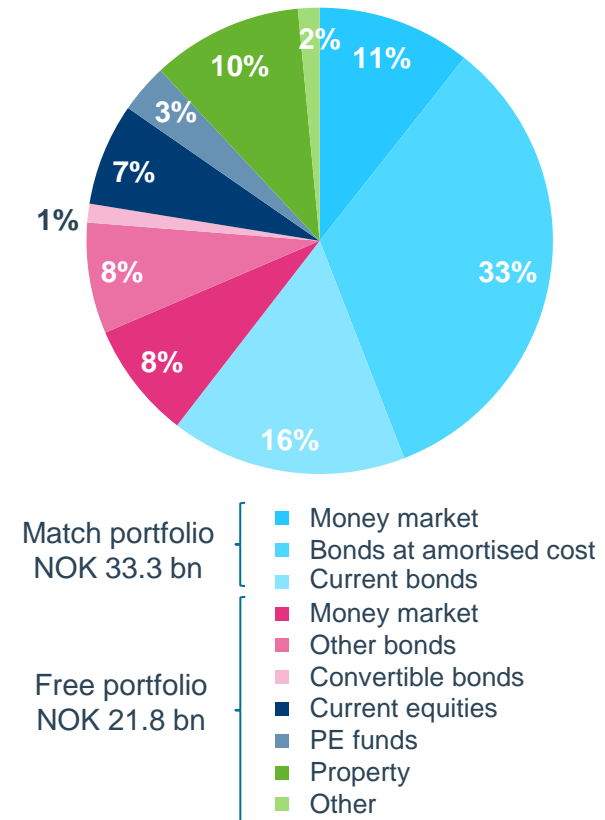
# Satisfactory 1.0 % return on financial assets

- falling interest rates a challenge

### Investment return (%)



### Portfolio mix





# Priorities

- Further develop cooperation with partners and distributors
- Ensure competitiveness through continued operational efficiency
- Continuously explore growth opportunities in the Nordic and Baltic countries
- Continued good balance sheet and capital management
- Engage in securing optimal framework conditions



# Appendix





# Key figures

## Group



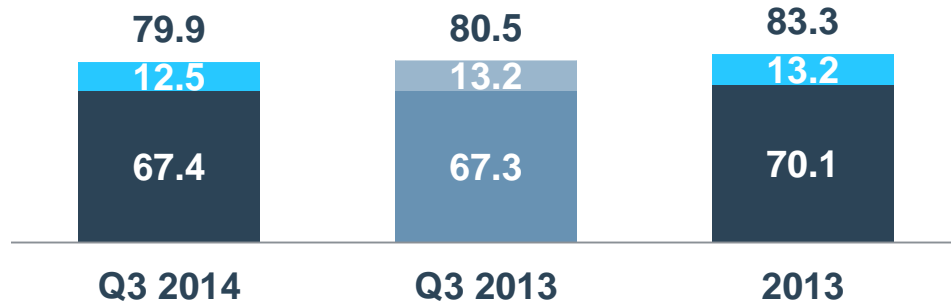
NOKm	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013	2012
Earned premiums, total	5 442	5 060	15 979	14 592	19 641	18 478
Loss ratio, General Insurance	71.0	67.7	71.6	73.0	74.0	69.9
Cost ratio, General Insurance	14.5	14.8	14.9	15.3	15.3	15.5
Underwriting result, General Insurance	755	853	2 055	1 644	2 020	2 608
Net income from investments	574	846	2 123	1 646	2 538	3 056
Profit/ (loss) before tax	1 337	1 673	4 241	3 291	4 574	5 634
Profit/ (loss) for the period	998	1 328	3 225	2 536	3 671	4 280



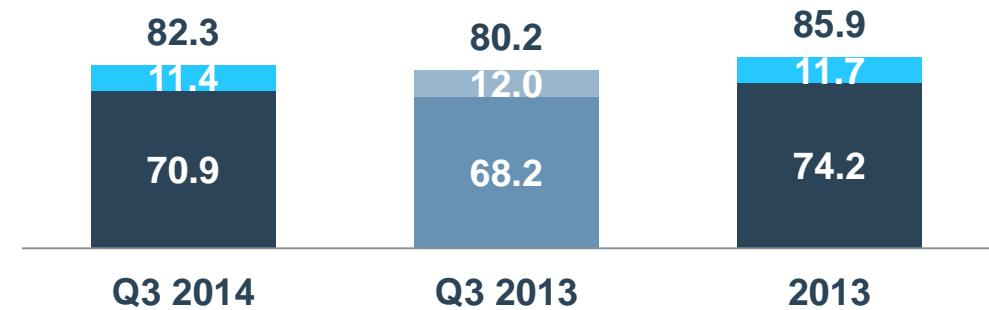
# Combined ratio (%)

General Insurance – cost ratio and loss ratio per segment

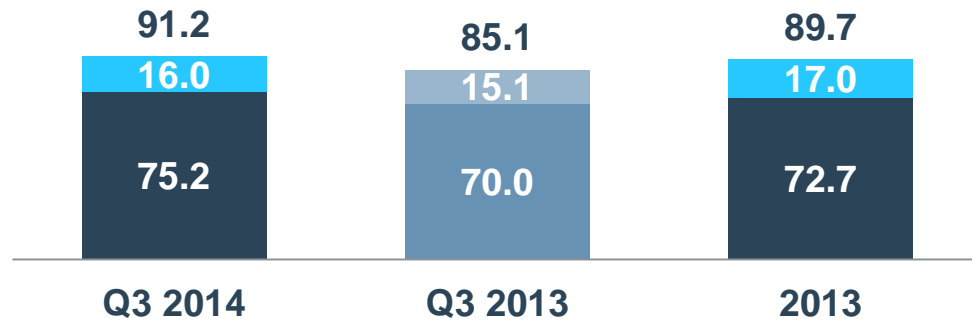
## Private



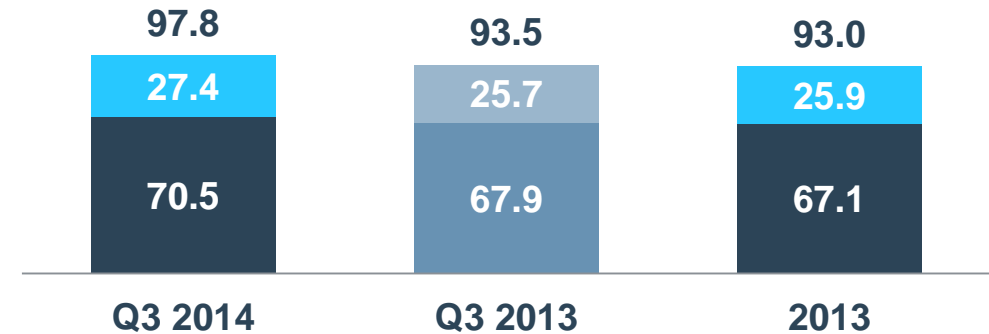
## Commercial



## Nordic



## Baltics

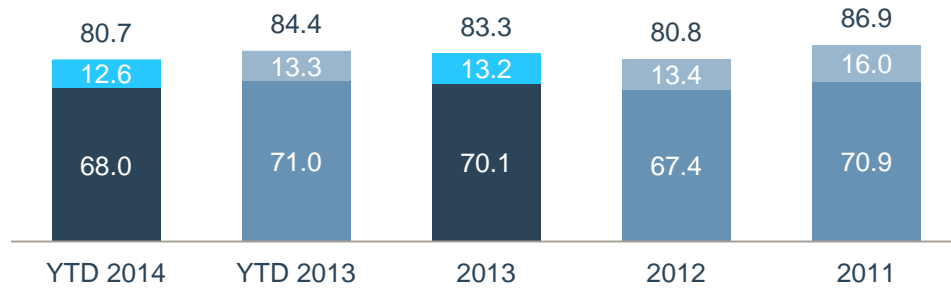




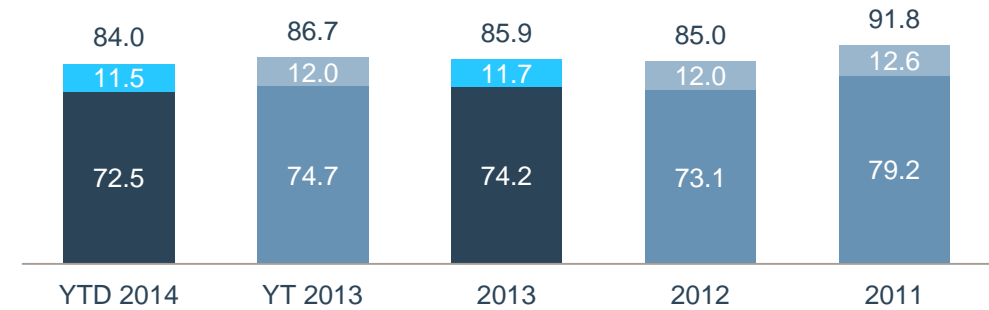
# Combined ratio (%)

General Insurance – split by cost ratio and loss ratio per segment

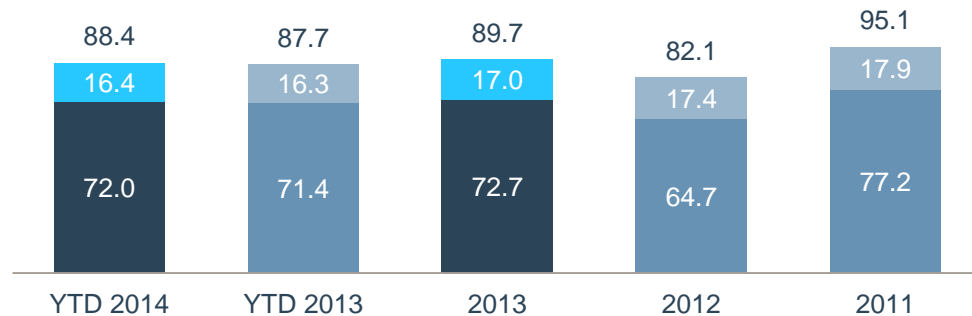
## Private



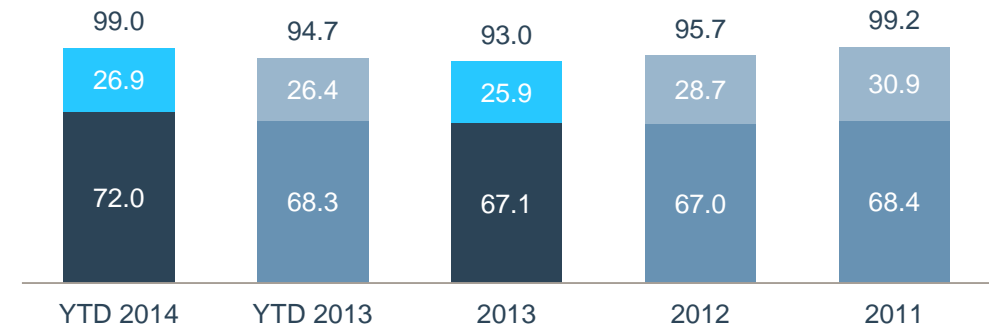
## Commercial



## Nordic



## Baltics

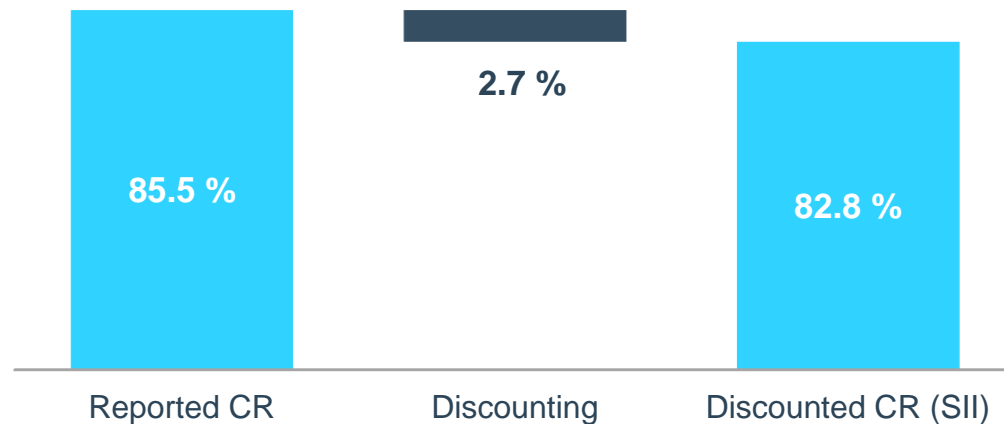




# Effect of discounting of loss provisions

Assuming Solvency II regime

## Effect of discounting on CR Q3 2014



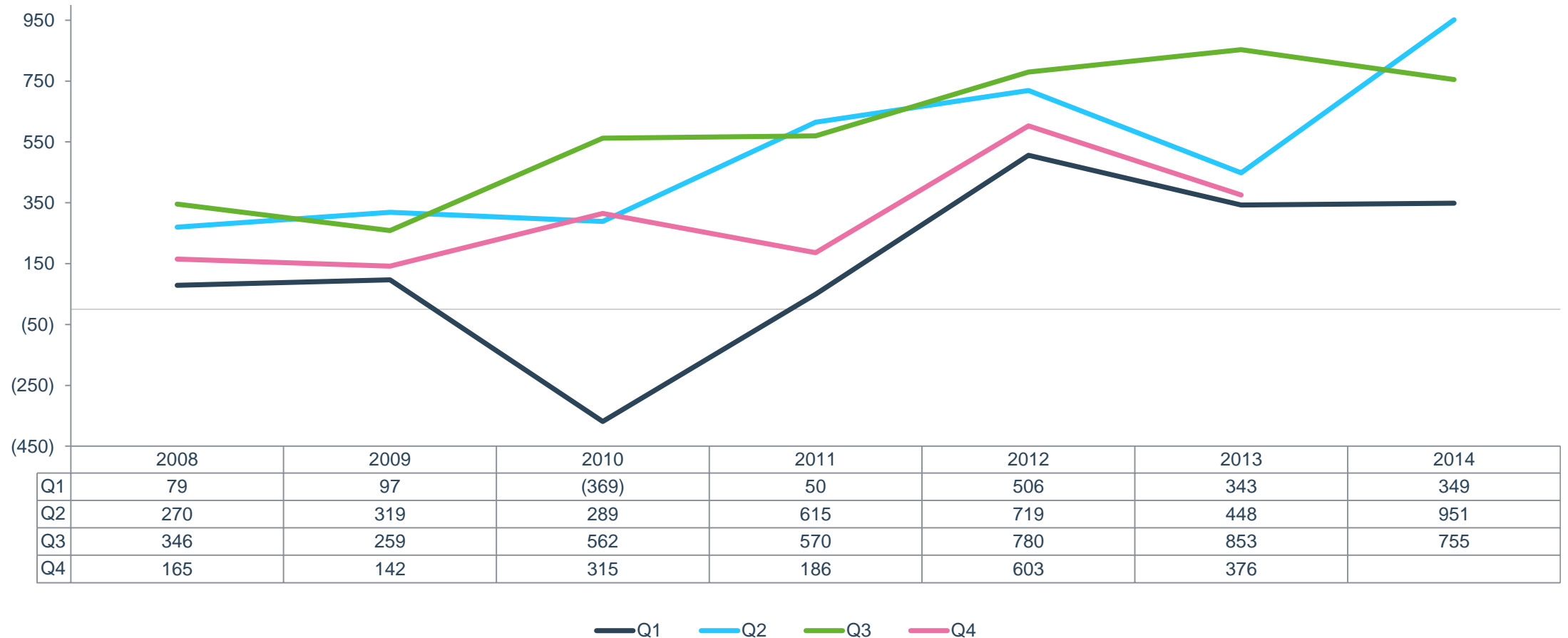
## Assumptions

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



# Quarterly underwriting results

## General Insurance

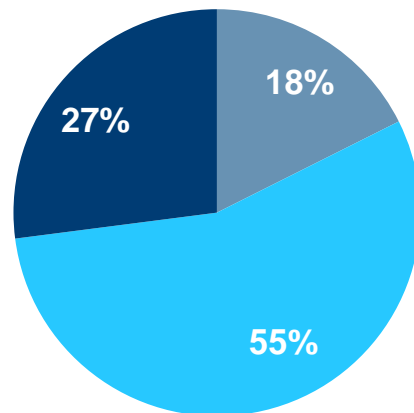




# Balanced investment portfolio

## Match portfolio

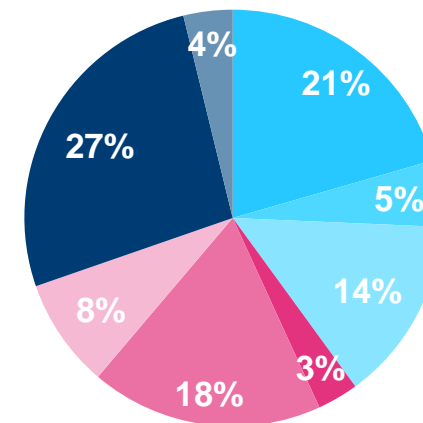
- Carrying amount: NOK 33.3bn
- Average duration: 3.4 years



- Money market
- Bonds at amortised cost
- Current bonds

## Free portfolio

- Carrying amount: NOK 21.8bn
- Average duration fixed income instruments: 0.6 years

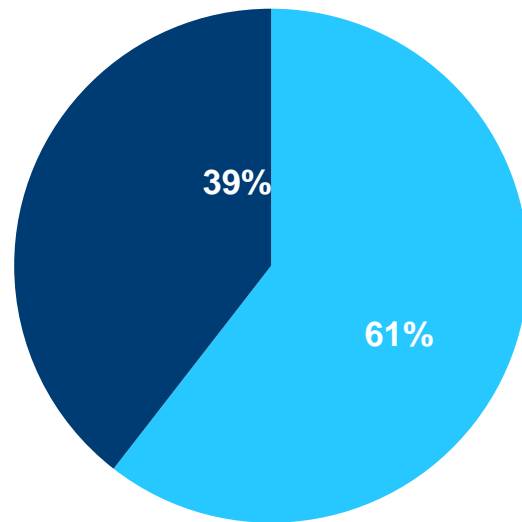


- Moneymarket
- Other bonds
- High yield
- Current equities
- PE-funds
- Property
- Convertible bonds
- Other



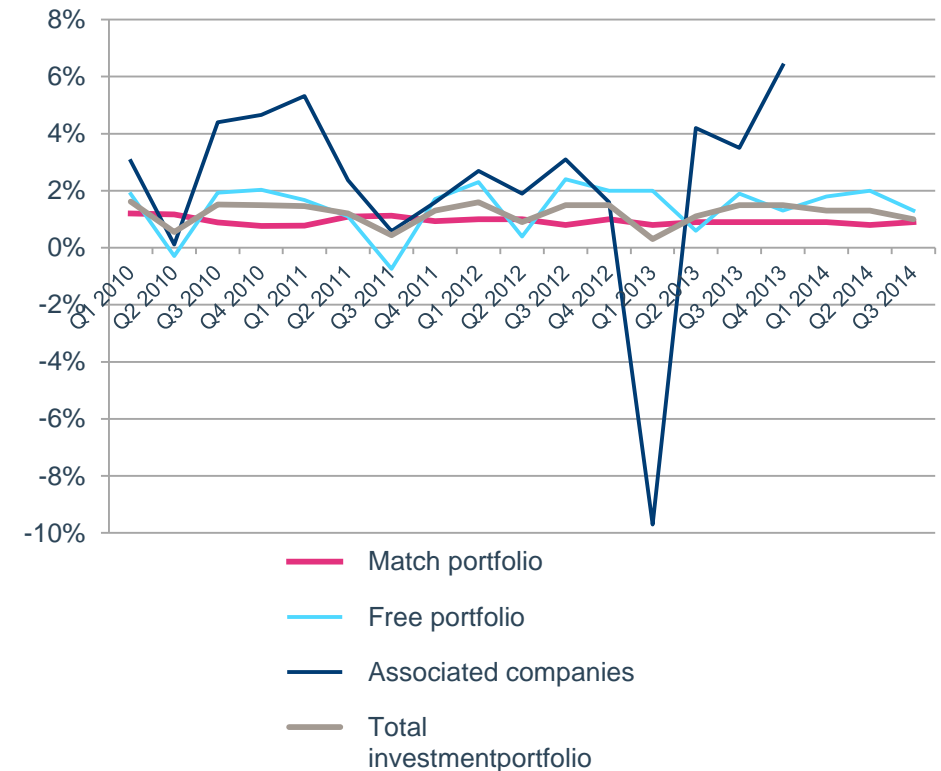
# Stable contribution from the match portfolio

## Asset allocation 30.09.2014



■ Match portfolio ■ Free portfolio

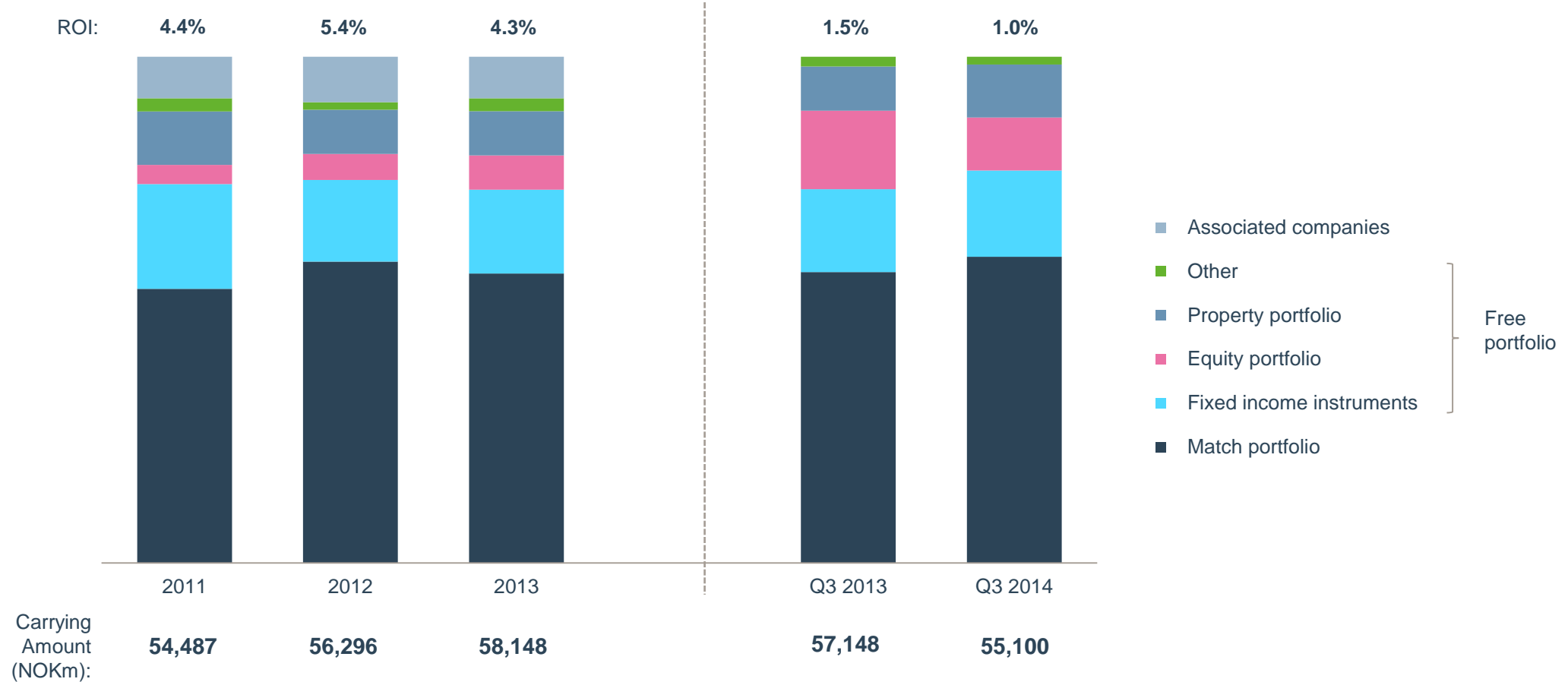
## Quarterly investment returns\*



\* 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 is classified as ordinary share



# Sound investment returns over time



From and including 2014, Associated companies are included in the Equity portfolio.





# Balanced geographical exposure

## Match portfolio

Country	Share (%)
Norway	52.4
Denmark	27.9
UK	6.0
Sweden	4.4
USA	1.6
Baltics	1.6
Other	6.0

## Free portfolio, fixed-income instruments

Country	Share (%)
Norway	35.9
USA	24.8
UK	12.0
Sweden	8.7
Denmark	2.0
Other	16.6



# 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, municipals, credit institutions and power producers and distributors
- Main part of the highest rated financial instruments are allocated to the match portfolio
- Relevant benchmark for high yield and investment grade are international, wide HY and IG indices

## Total fixed income portfolio

### Split of total fixed income portfolio - Rating

	NOK bn	
AAA	11.1	25.9 %
AA	1.9	4.5 %
A	14.3	33.4 %
BBB	2.6	6.1 %
BB	0.7	1.5 %
B	0.6	1.4 %
CCC eller lavere	0.1	0.3 %
Internal rating*	8.5	19.9 %
Unrated	3.0	7.0 %
<b>Fixed income portfolio</b>	<b>42.7</b>	<b>100.0 %</b>

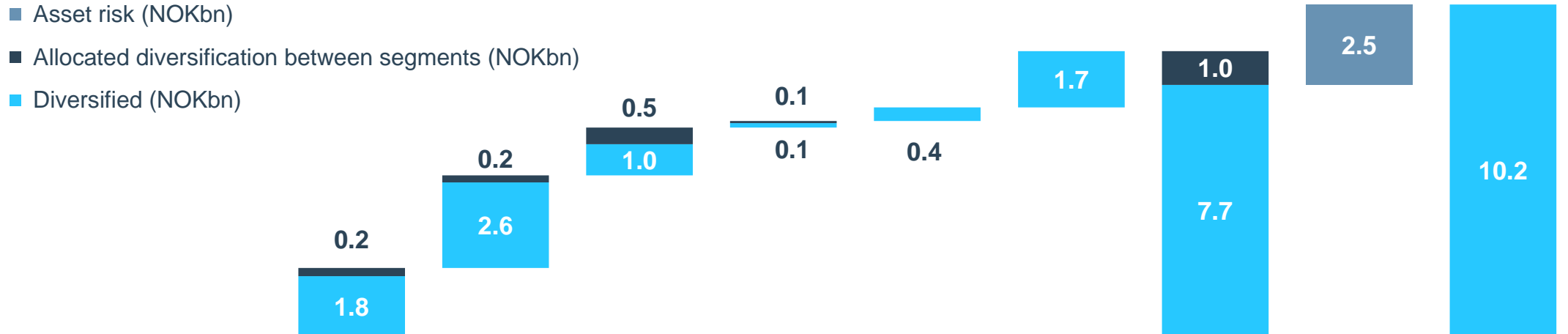
### Split of total fixed income portfolio - Counterparty

Public sector	3.8	8.9 %
Banks/ financial institutions	26.3	61.5 %
Corporates	12.6	29.6 %
<b>Total</b>	<b>42.7</b>	<b>100.0 %</b>



# Economic capital allocation

Internal risk-based requirement as at 30.09.2014



NOKm	Private	Commercial	Nordic	Baltics	Pension and Savings	Retail Bank	Total ECR operational segments	Asset risk	Total diversified incl. asset risk
ECR *,**	2 088	2 853	1 471	200	418	1 735	8 764	2 474	10 201
Underwriting result Q32014	425	334	92	3					
Pre-tax profit Q32014. other					20	71			
Claims provisions. gross. as at 30.09.2014	10 554	13 661	7 252	204	552				

\* 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.

\*\*Allocation of capital to Pension and Savings and Retail Bank is based on 10.0 per cent and 14.5 per cent capital adequacy, respectively.



# Available capital

Available capital in different perspectives	NOKbn
• Legal	9.4
• Rating based	17.5
• Internal risk-based*	20.2
<b>IFRS equity</b>	<b>22.7</b>

## Bridge IFRS capital to available capital S&P model

- Fair value adjustments
- Discounting effect claims provisions (which are not already discounted) and premium provisions
- Intangible assets are deducted
- Booked equity in Retail Bank and Pension and Savings (subsidiaries) is deducted
- Deferred tax liability is added
- Total comprehensive income YTD is not included (Q1-Q3)
- Declared dividend, not distributed, is deducted

## Bridge IFRS capital to available capital internal model

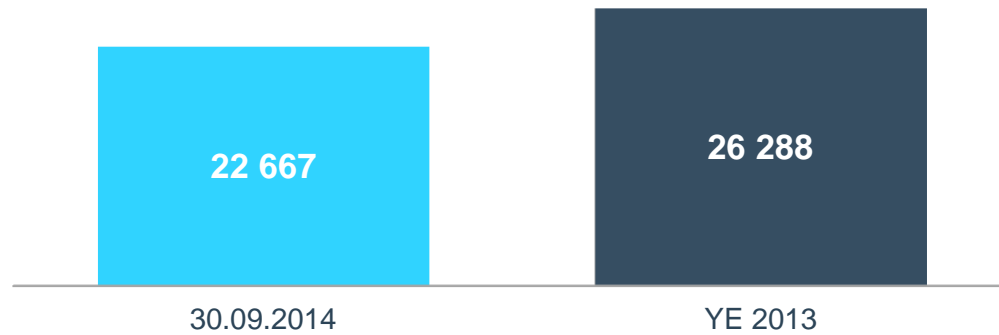
- Fair value adjustments
- Discounting effect of claims provisions (which are not already discounted)
- Intangible assets are deducted
- Deferred tax liability is added
- Total comprehensive income YTD is not included (Q1-Q3)
- Declared dividend, not distributed, is deducted

\* Based on our understanding of Solvency II where Natural Perils Fund and Guarantee scheme is included in Tier 2 capital



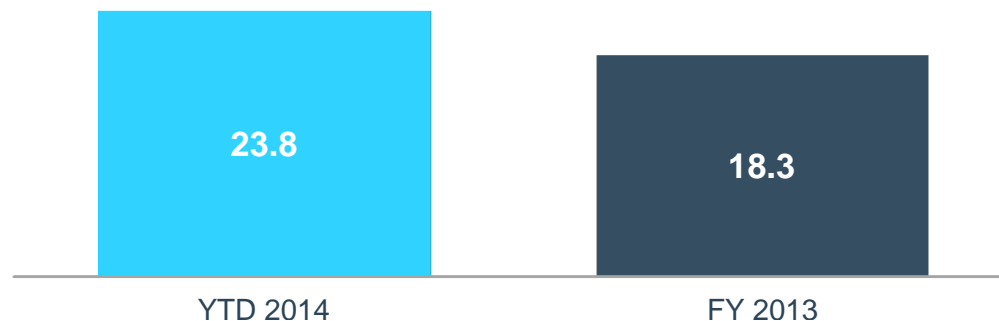
# Return on equity

## Equity (NOKm)



- Capital adequacy\*\* of 17.6 % per 30.09.2014 (15.9%)
- Solvency margin\*\* of 332.7% per 30.09.2014 (537.0%)

## Pre-tax return on equity (%)\*



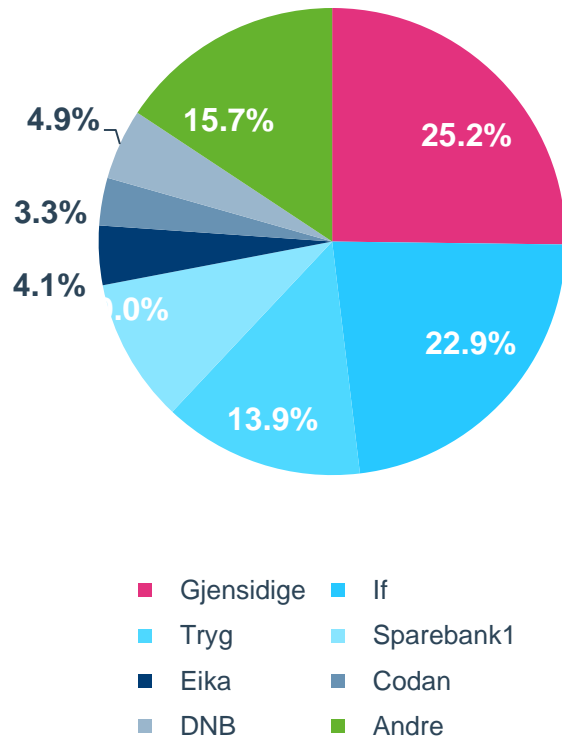
\*YTD, annualised

\*\*The calculation for the third quarter 2014 is adjusted for dividend approved 20 October 2014 and subordinated loan issued.

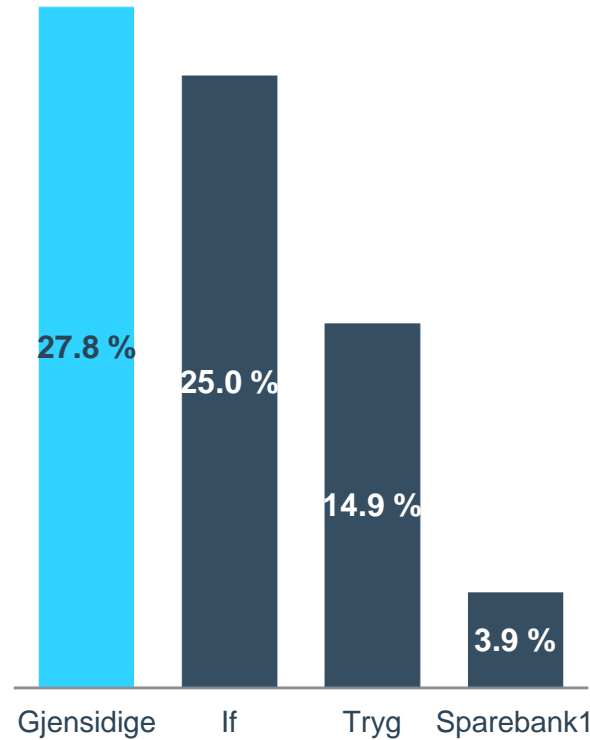


# Market leader in Norway

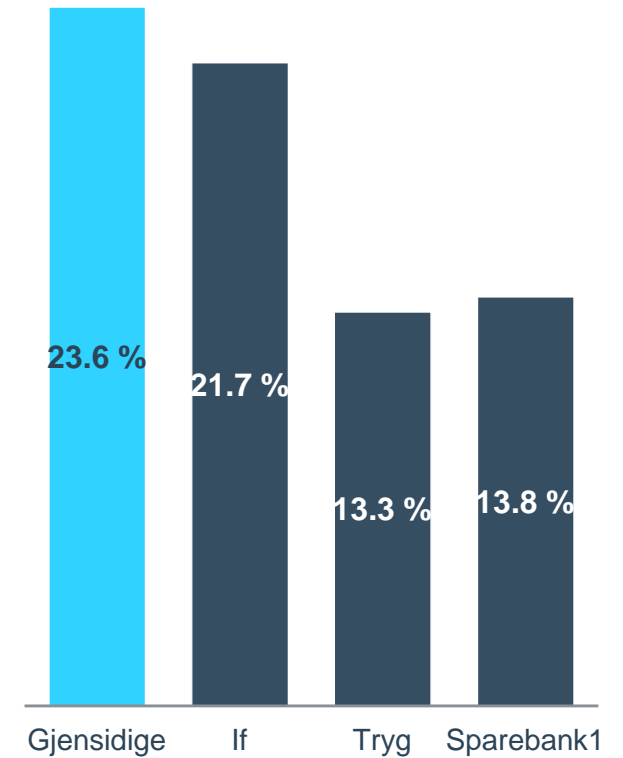
## Market share – Total market



## Market share – Commercial



## Market share – Private

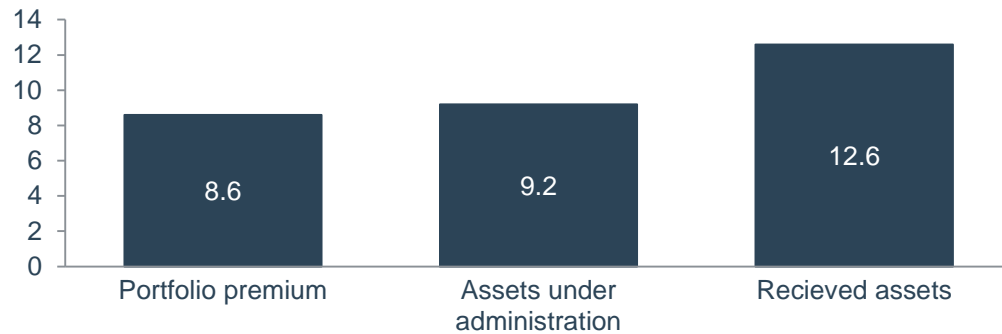


Source: Finance Norway, non-life insurance, 3rd quarter 2014. The Definition of Private and Commercial is adjusted to reflect Gjensidige's business model. Agriculture is defined as part of Commercial. From and including 1<sup>st</sup> quarter 2014 the products child-, disease- and treatment insurance is included in the statistics, something that affects total premium volume and market shares. From and including 2<sup>nd</sup> quarter 2014, Vardia is presented in the statistics, something that affects the total premium volume and market shares.

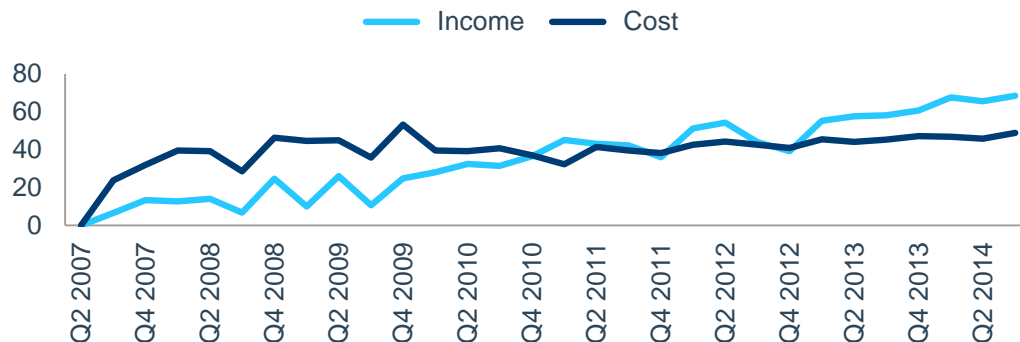


# Positive contribution from Pension and Savings

## Market shares (%)\*



## Income and cost development



- Fourth largest player with AUA NOK 29.7bn
- Defined contribution only, capital light model
- Significant market potential, supportive environment
- Support commercial general insurance customers in Norway
- Distribution through Gjensidige's multichannel model and selected partners
- Cost efficient and scalable set-up
- Support Group ROE-target

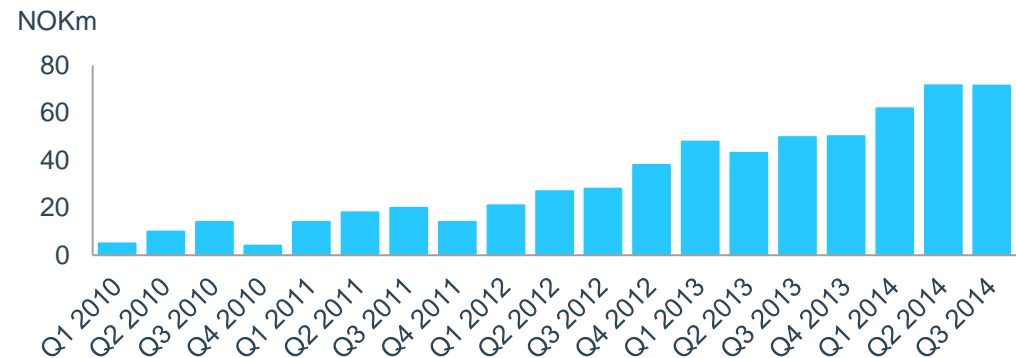
\* Source: Finance Norway per 30 June 2014



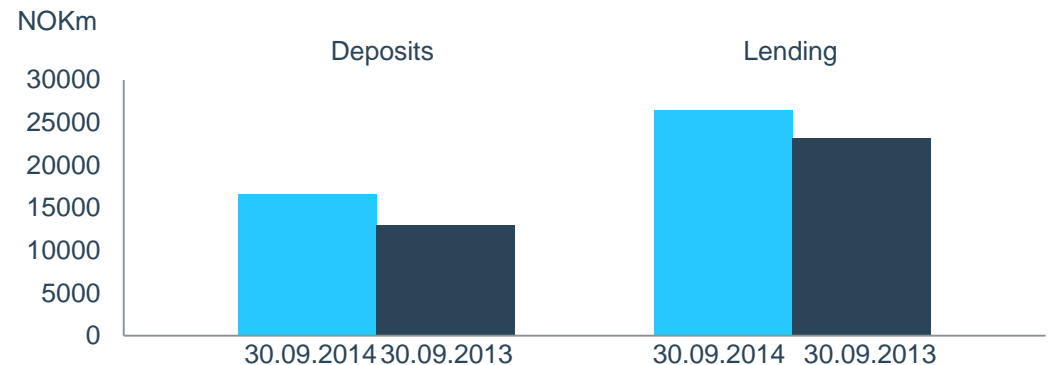
# Positive contribution from Retail Bank

- Support private general insurance customers in Norway
  - Secured and unsecured loans
  - Savings products
  - Current accounts
- Internet/call-centre distribution and sale through insurance sales offices
- Around 46% of the customers in the Retail Bank are insurance customers
- Financial targets
  - Support Group ROE-target

## Pre tax profit



## Deposits and Lending

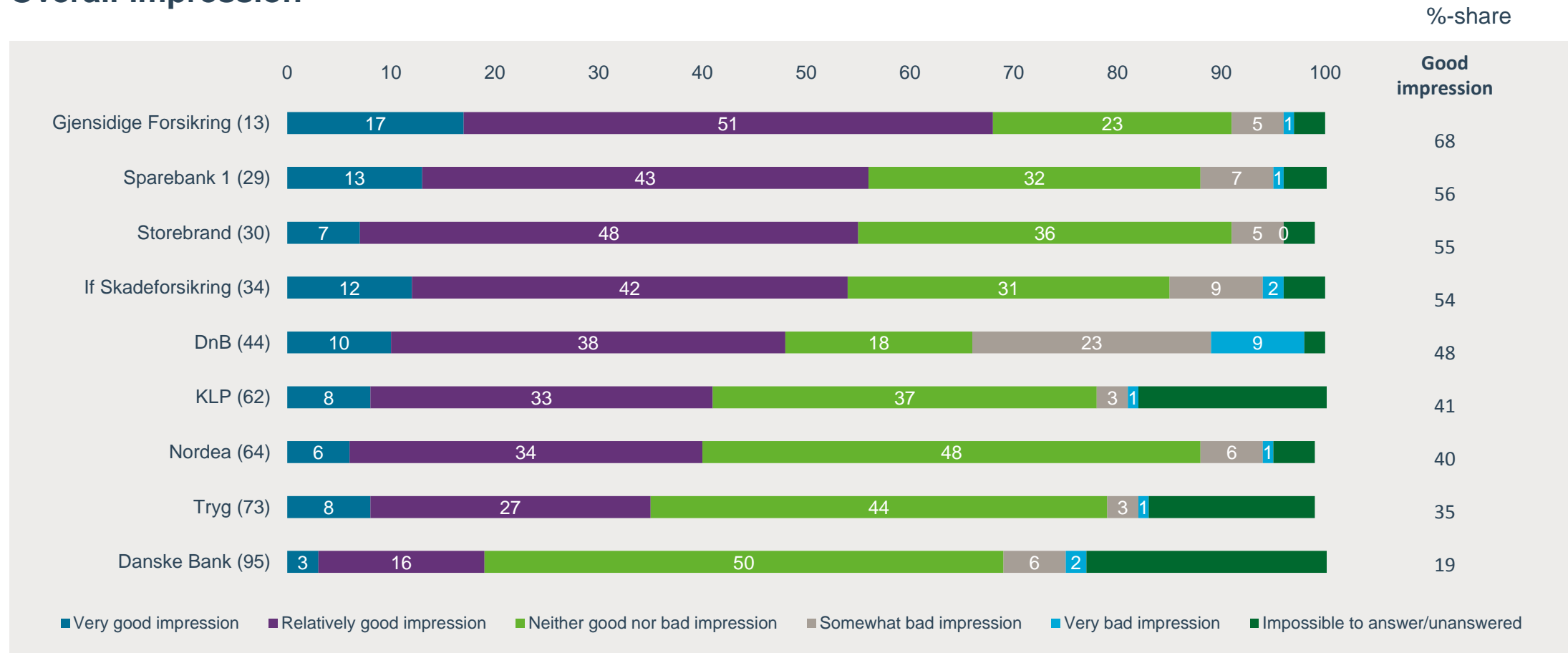




# Gjensidige has the best reputation among financial players in Norway



## Overall impression



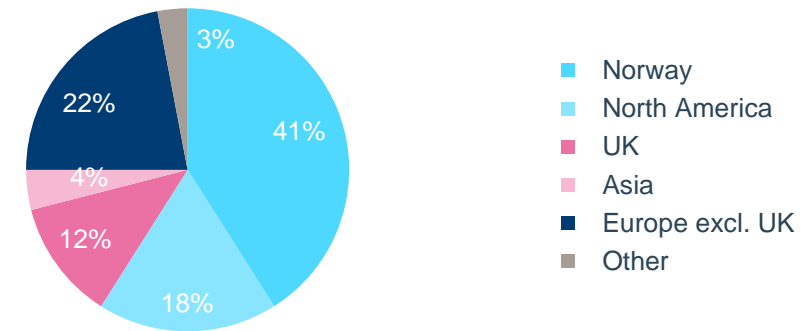


# Ownership

## 10 largest shareholders\*

No	Shareholder	Stake (%)
1	Gjensidigestiftelsen	62.2
2	Folketrygdfondet	5.0
3	Deutsche Bank	3.5
4	Standard Life	1.6
5	BlackRock	1.3
6	State Street Corporation	1.2
7	Danske Bank	1.1
8	Thornburg Inv. Mgmt	1.1
9	DNB Asset Management	1.0
10	SAFE Inv. Company	1.0
<b>Total 10 largest</b>		<b>79.0</b>

## Geographical distribution of free 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 2014. This analysis provides a survey of the shareholders who are behind the nominee accounts. There is no guarantee that the list is complete. \*\*) "Free shares" means total shares excluding shares owned by Gjensidigestiftelsen.

# Notes



# Notes



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