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Second quarter 2011: Good insurance results

Gjensidige Forsikring ASA's pre-tax profit was NOK 1,245 million in the second quarter, compared with NOK 530 million during the same period last year. Underwriting gave a profit of NOK 615 million, up from NOK 289 million in the second quarter 2010. A positive profitability trend in the Norwegian general insurance segments contributed significantly to the best-ever quarterly results in Gjensidige's general insurance business.

- The group's pre-tax profit for the year: NOK 1,245 million (NOK 530 million)
- Underwriting result: NOK 615 (NOK 289 million)
- Combined ratio: 86.1 (93.3)
- Financial return on the investment portfolio: NOK 640 million (NOK 289 million)
- Earned premiums increased by 2.9 per cent relative to the corresponding period last year.
- A positive profitability trend in the general insurance business with a cost ratio of 16.8 (17.1)
- The agreed sale of Hjelp24 will be completed in the third quarter

'The general insurance business in Norway experienced a very positive trend, in both the Private and Commercial segments, as a consequence of increased premium income, efficient operations and a reduction in claims incurred. The high level of customer satisfaction continues, and more sales and customer contact takes place electronically in accordance with our strategy to increase self-service,' says Helge Leiro Baastad, Chief Executive Officer.

'The establishment of Nordic functions will further improve customer service and standardisation of work processes throughout the group. Going forward, improving the profitability of our banking and international general insurance will have top priority,' Baastad says.

The net return on financial assets for the investment portfolio amounted to 1.2 per cent during the quarter, compared with 0.6 per cent in the second quarter 2010, among other things as a result of developments in the fixed-income portfolio. Property and associated companies yielded good returns during the quarter. The return on shares was also positive, despite a fall in the stock markets during the period. This was the result of a positive contribution from private equity and active positioning in short-term share investments.

The company's pre-tax profit for the first six months was NOK 2,060 million, compared with NOK 874 million during the same period in 2010. Measured in terms of the underwriting result, the general insurance business generated a profit of NOK 665 million during the first six months, compared with a loss of NOK 80 million during the same period last year. Net financial return on the investment portfolio amounted to 2.7 per cent during the first six months, compared with 2.2 per cent during the same period last year.

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Gjensidige Forsikring ASA is Norway's largest general insurance company with a market share of 27.6 percent in 2010. The group also offers banking, pension and saving products and health care services in Norway and general insurance in Denmark, Sweden and the Baltic countries. The company has approximately 3,800 employees, whereof 2,900 work in Norway. Operating income in 2009 was NOK 18.8 billion, while total assets constituted NOK 84 billion.