



INTERIM REPORT FOR
FIRST HALF AND
SECOND QUARTER

2012

GJENSIDIGE BANK GROUP
GJENSIDIGE BANK ASA

GJENSIDIGE BANK GROUP HIGHLIGHTS

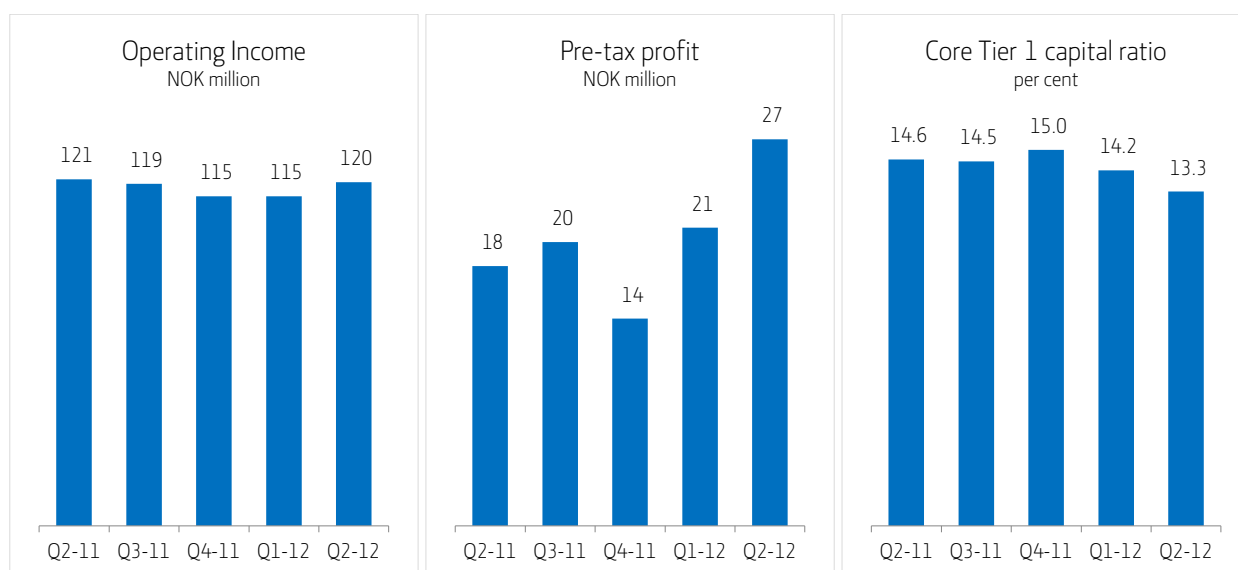
– FIRST HALF AND SECOND QUARTER OF 2012

DEVELOPMENT FIRST HALF YEAR

- Pre-tax profit: NOK 47.7 million (32.6)
- Operating income: NOK 234.4 million (235.9)
- Operating expenses: NOK 147.4 million (157.0)
- Cost / income ratio: 62.9 per cent (66.6)
- Credit losses and provisions: NOK 39.3 million (46.3)
- Return on equity: 7.5 per cent (5.2)
- Tier 1 common: NOK 1.2 billion (1.2) and Tier 1 common ratio 13.3 per cent (14.6)
- Gross lending: NOK 15.6 billion (14.6)
- Customer deposits: NOK 10.4 billion (9.4)

DEVELOPMENT IN THE QUARTER

- Pre-tax profit: NOK 26.9 million (18.1)
- Operating income: NOK 119.7 million (120.7)
- Operating expenses: NOK 72.4 million (81.8)
- Credit losses and provisions: NOK 20.4 mill(20.7)
- Return on equity: 8.4 per cent (5.6)



INTERIM REPORT FOR FIRST HALF AND SECOND QUARTER OF 2012

GJENSIDIGE BANK GROUP

DEVELOPMENT FIRST HALF YEAR

EARNINGS PERFORMANCE

Profit before tax expense was NOK 47.7 million (32.6). Lower expenses and improved credit performance were the main drivers for the positive development. Fair value adjustments lead to slightly decreased revenues. Excluding one time items, the bank's earnings increased with 18.1 per cent year to date.

OPERATING INCOME

Total income in the first half of the year was NOK 234.4 million (235.9).

Net interest and credit commission income was NOK 214.1 million (213.7). The growth in the customer portfolio compensated the increase in the interest expenses.

Net interest income relative to total assets was 2.52 per cent (2.73). The reduction was a result of increased interest expenses and a greater proportion of secured loans compared to prior year. Increased loans portfolio compensated for the reduction in revenues arising from the decrease in the net interest margin.

Net financial income and other income were NOK 20.2 million (22.2). The increase in customer related commission income was offset by lower revenue recognition from the previously acquired written-off unsecured lending portfolio.

OPERATING EXPENSES

Operating expenses were NOK 147.4 million (157.0). The improvement reflects the one time costs with changes in the organization made last year and the insourcing of the services previously purchased from Sparebanken Sogn og Fjordane, completed at the end of 2011. The process of rating Gjensidige Bank ASA and Gjensidige Bank Boligkreditt AS, together with the growth in the volume of the business, generated an increase in the expenses.

Cost / income ratio was 62.9 per cent (66.6), driven by the decline in expenses.

CREDIT LOSSES AND PROVISIONS

The bank expensed NOK 39.3 million (46.3) in group provisioning, individual provisioning and losses. The positive development versus prior year was a result of improved customer repayments on impaired assets.

Annualized credit losses and provisions as a percentage of gross lending were 0.52 per cent (0.63). The reduction was due to a positive development in the credit quality of the loans portfolio.

Gross loans in default over 30 days amounted to NOK 335.7 million (269.7). The increase is attributed primarily to the transition of the unsecured consumer loans portfolio to IFRS accounting rules after it was purchased from Citibank at the end of 2009. Gross loans in default over 30 days are 2.2 per (1.8). The provisioning level on the impaired assets measured by the non-performing loans (NPL) coverage ratio was at 71.9 per cent (67.7).

The loss situation is in line with expectations.

LENDING AND DEPOSIT GROWTH

Gross lending increased with 6.7 percent, amounting to NOK 15,575.7 million (14,596.7) at the end of the period. The bank's deposits increased with 10.9 percent, to NOK 10,396.5 million (9,378.6) at the end of the period. Deposits to loans ratio was 66.7 percent (64.3).

CAPITAL ADEQUANCY

At the end of the period, the Gjensidige Bank Group had a capital adequacy ratio of 13.3 per cent (14.6). The ratio was 15.0 per cent at the end of 2011.

The decline is according to the Bank's expectations and is primarily attributed to growth in the lending volumes.

At the end of the period the net equity and subordinated loan capital amounted to NOK 1,209.0 million (1,154.5).

The Bank has a 12 per cent target level for core capital ratio.

DEBT SECURITIES ISSUED

Net issues of debt securities amounted to NOK 5,451.0 million at the end of the period (4,497.5). The total nominal value of the securities issued by the Bank is NOK 5,449.0 million, out of which NOK 1,084.0 million will mature during 2012.

The Bank issued covered bonds totaling NOK 500.0 million during the second quarter and NOK 1.0 billion in the first half of 2012. The new issuance was entirely placed in the market.

Gjensidige Bank ASA has a reserve of covered bonds totaling NOK 884.1 million, issued by Gjensidige Bank Boligkreditt AS. Of this reserve, NOK 249.0 million is utilized in the swap arrangement with Norges Bank (the central bank of Norway).

LIQUIDITY

At the end of the quarter, the Gjensidige Bank Group had net liquid assets of NOK 2,769.8 million, divided between NOK 737.1 million in bank deposits and NOK 2,032.7 million in bonds, certificates and money market funds. NOK 595.0 million of these assets were investments in covered bonds from Gjensidige Bank Boligkreditt AS (eliminated in the consolidated accounts) that were not utilised in the swap arrangement with Norges Bank. Some of these assets are listed on the Oslo Alternative Bond Market (ABM). The net liquid assets are at an adequate level that covers the debt payments that will fall due over the next 24 months.

Deposits to loans ratio was 66.7 per cent (64.3), as result of higher increase in deposits as compared to the loans balance.

Q2 2012 COMPARED WITH Q2 2011

EARNINGS PERFORMANCE

Profit before tax expense was NOK 26.9 million (18.1). Improved expenses were the main driver for the positive development. Credit losses and provisions remained at prior year's level while the

development in the assets at fair value lead to marginally lower revenues.

The bank's profitability is on a positive trend, with an increase in earnings of NOK 6.1 million from the first quarter of 2012.

OPERATING INCOME

Total income in the quarter was NOK 119.7 million (120.7).

Net interest and credit commission income amounted to NOK 108.8 million (107.8). The growth in customer portfolio compensated the less favourable development on the funding side. The net interest income is higher than prior quarter as well, as result of improved margin and increase in loans portfolio.

Net interest income relative to total assets was 2.51 per cent (2.74), driven by increased interest expenses and a greater proportion of secured loans compared to prior year.

Net other operating income was 10.9 million (12.9). The increase in customer related commission income was offset by lower revenue recognition from the previously acquired written-off unsecured lending portfolio. The Bank terminated one of the swap agreements it had with Norges Bank, with a short term negative impact on the quarter's income.

OPERATING EXPENSES

Operating expenses were NOK 72.4 million (81.8). The improvement reflects the one time costs with changes in the organization made last year and the insourcing of the services previously purchased from Sparebanken Sogn og Fjordane, completed at the end of 2011. The process of rating Gjensidige Bank ASA and Gjensidige Bank Boligkreditt AS, together with the growth in the volume of the business, generated an increase in the expenses.

Cost / income ratio was 60.5 per cent (67.8) driven by the decline in expenses.

CREDIT LOSSES AND PROVISIONS

The bank expensed NOK 20.4 million (20.7) in group provisioning, individual provisioning and losses. The portfolio performance was in line with prior year's performance levels.

Annualized credit losses and provisions as a percentage of gross lending were 0.54 per cent (0.58) during the quarter.

LENDING AND DEPOSIT GROWTH

Loan growth was NOK 485.0 million kroner (348.8). Deposits growth was NOK 281.5 million (88.1).

KEY RISK AND UNCERTAINTY FACTORS

The Bank's financial risk mainly includes credit, liquidity and interest rate risk. Risk is reported monthly and is assessed in accordance with the principles, strategies and thresholds on risk defined by the Board. Credit risk represents the risk of losses arising from customers and other counterparties failing to repay their debts when they are due. The Bank uses risk classification models to calculate the risk associated with its exposure to customers. The Bank considers its loan performance to be satisfactory and monitors its portfolio closely.

Liquidity risk is the risk that the Bank will be unable to meet all its financial obligations when they are due, or be unable to fund its lending activities. The Bank established the legal framework that allows it to attract liquidity from the external market. Also, in order to reduce the risk, liquidity forecasts are continuously updated and reviewed. The liquidity reserve the Bank currently has gives the necessary time for implementing measures in a situation of acute liquidity freeze.

Interest rate risk is the risk that equity will fall in value as a result of unexpected changes in the interest rate levels in the market. Such changes in the interest rate levels may lead to a fall in the market value of fixed-interest assets.

Alternatively, the market value of fixed-interest debt/liabilities may increase. The Bank's exposure to general interest rate levels shall be kept low in relation to its core capital.

FUTURE PROSPECTS

The trends in both earnings and balance sheet are positive indications that the Bank is on the right path towards increased profitability by building a sound customer foundation and supported by a rightfully dimensioned organization. The positive trend in terms of both earnings and customer relationships is expected to continue in the second half of 2012.

The Board evaluates the current results for Gjensidige Bank ASA as satisfactory and appreciates positively the development prospects the Bank has.

Oslo, 16. July 2012

Mats Gottschalk
Chairman of the Board

Per Kumle

Kari Mørk

Marianne B. Einarsen

Rune Vossseteig

Hans O. Harén
CEO

PROFIT & LOSS ACCOUNT AND BALANCE SHEET

GJENSIDIGE BANK GROUP

PROFIT & LOSS ACCOUNT

NOK thousand	Note	Q2 2012	Q2 2011	1.1.-30.6.2012	1.1.-30.6.2011	Full Year 2011
Interest income etc.		233,113	216,325	466,661	431,056	886,653
Interest costs etc.		124,294	108,533	252,516	217,328	455,807
Net interest income		108,819	107,792	214,147	213,728	430,846
Commission income and income from bank services		6,551	5,066	11,921	9,672	20,773
Commission costs and costs of bank services		1,059	1,190	2,144	2,475	5,182
Income from other financial investments		1,970	3,002	5,650	4,984	9,953
Other operating income		3,398	6,015	4,795	10,016	13,411
Net other operating income		10,860	12,892	20,222	22,196	38,954
Total income		119,679	120,684	234,369	235,924	469,801
Wages, salaries and general administration expenses		55,431	62,525	116,666	117,744	231,488
Depreciation of fixed assets		7,013	6,638	14,096	12,957	27,185
Other operating expenses		9,948	12,680	16,624	26,348	50,202
Total operating expenses		72,392	81,843	147,386	157,049	308,875
Profit / (loss) before loan losses		47,287	38,841	86,983	78,875	160,926
Loss & provisioning	4	20,372	20,748	39,300	46,309	94,159
Profit / (loss) before tax expense		26,916	18,093	47,683	32,566	66,767
Tax expense		7,536	5,066	13,351	9,119	18,134
PROFIT / (LOSS) FOR THE PERIOD		19,379	13,027	34,331	23,448	48,633
Earnings per share (NOK) (basic and diluted)		22.1	14.9	39.2	26.8	55.5

BALANCE SHEET

NOK thousand	Note	30.06.2012	30.06.2011	31.12.2011
ASSETS				
Cash and claims from central banks		53,307	308,734	336,896
Loans to and claims from credit institutions		683,761	65,543	36,855
Loans to and claims from customers	2	15,575,658	14,596,735	15,019,023
-Write-downs	4	(212,703)	(151,371)	(187,788)
Net loans to customers		15,362,955	14,445,364	14,831,235
Repossessed assets				75
Certificates, bonds and other interest-bearing		963,203	515,830	654,596
Shares (and other securities with variable yield)		474,521	447,300	501,738
Intangible assets		58,019	66,135	65,176
Fixed assets		2,701	3,568	2,918
Other assets		4,434	3,490	10,466
Advance payments and accrued income		68,387	44,628	48,849
Total assets		17,671,289	15,900,591	16,488,805
LIABILITIES				
Liabilities to credit institutions	6	218,143	513,108	513,108
Deposits and liabilities to customers	2	10,396,462	9,378,632	9,776,236
Liabilities opened for the issue of securities	3	5,451,042	4,497,519	4,824,449
Other liabilities		65,716	54,302	36,829
Accrued costs and advance payment of income		227,083	209,248	59,682
Provision for commitments and costs		11,491	4,417	11,491
Total liabilities		16,369,937	14,657,226	15,221,796
EQUITY				
Share capital		876,000	876,000	876,000
Premium reserve		332,192	332,192	332,192
Other paid-in equity		3,779	3,779	3,789
Other equity		89,381	31,394	55,028
Total equity		1,301,351	1,243,365	1,267,009
Total liabilities and equity		17,671,289	15,900,591	16,488,805

COMPONENTS OF OTHER COMPREHENSIVE INCOME GJENSIDIGE BANK GROUP

NOK thousand	Q2 2012	Q2 2011	1.1.-30.6.2012	1.1.-30.6.2011	Full Year 2011
Profit for the period	19,379	13,027	34,331	23,448	48,633
Other components of profit / loss					
Actuarial gains and loss on pensions					(2,192)
Share-based payment transactions settled in equity	11		11		
Tax on other result components					614
Total other profit / loss components	11		11		(1,579)
TOTAL PROFIT / LOSS FOR THE PERIOD	19,390	13,027	34,342	23,448	47,054

STATEMENT OF CHANGES IN EQUITY GJENSIDIGE BANK GROUP

NOK thousand	Share capital	Premium reserve Fund	Other paid-in CCAPITAL	Total paid-in CCAPITAL	Other equity The CCAPITAL	Total equity The CCAPITAL
Equity 1.1.2011	876,000	332,192	73,780	1,281,972	7,946	1,289,918
Group contributions paid (after tax) 1.1.-30.6.2011			(70,001)	(70,001)		(70,001)
Share-based payment transactions settled in equity						
Profit for the period 1.1.-30.6.2011					23,448	23,448
Other components of profit / loss						
Implementing pension liability						
Actuarial gains and loss on pensions						
Tax on other result components						
Total other profit/loss components						
Total profit / loss for the period 1.1.-30.6.2011					23,448	23,448
Equity as of 30.6.2011	876,000	332,192	3,779	1,211,971	31,394	1,243,365
Total profit / loss for the period 1.7.-31.12.2011					25,185	25,185
Group contribution paid (after tax) 1.7.-31.12.2011						
Share-based payment transactions settled in equity					38	38
Other components of profit / loss						
Actuarial gains and loss on pensions					(2,192)	(2,192)
Tax on other result components					614	614
Total other profit/loss components 1.7.-31.12.2011					(1,579)	(1,579)
Equity as of 31.12.2011	876,000	332,192	3,779	1,211,971	55,038	1,267,009
Equity 1.1.2012	876,000	332,192	3,779	1,211,971	55,038	1,267,009
Group contribution paid (after tax) 1.1.-30.6.2012						
Share-based payment transactions settled in equity					11	11
Profit for the period 1.1.-30.6.2012					34,331	34,331
Other components of profit / loss						
Actuarial gains and loss on pensions						
Tax on other result components						
Total other profit/loss components						
Total profit / loss for the period 1.1.-30.6.2012					34,331	34,331
Equity as of 30.6.2012	876,000	332,192	3,779	1,211,971	89,381	1,301,351
No. shares at end of period	876,000					

STATEMENT OF CASH FLOW

GJENSIDIGE BANK GROUP

NOK thousand	1.1.-30.6.2012	1.1.-30.6.2011	Full Year 2011
Operating activities			
Net payment of loans to customers	(556,635)	(477,250)	(899,538)
Net payment of deposits by customers	620,226	258,628	656,232
Payment of interest from customers	439,535	415,611	848,274
Payment of interest to customers	(3,831)	(1,602)	(281,507)
Net payment of interest from credit institutions etc.	2,911	2,231	(8,967)
Taxes paid	(2,900)	(2,896)	(2,896)
Net other commission income	14,573	17,213	29,003
Payment to operations	(133,290)	(144,092)	(281,690)
Net paid/received upon purchase and sale of financial instruments and interest-bearing securities	(275,740)	(156,910)	(349,687)
Net cash flow from operating activities	104,849	(89,067)	(290,777)
Investment activities			
Net purchase of intangible assets and fixed assets	(6,723)	(15,420)	(23,405)
Net cash flow from investment activities	(6,723)	(15,420)	(23,405)
Financing activities			
Net paid(-)/received when taking loans from credit institutions, bonds and certificates	331,629	(265,550)	61,381
Net payment of interest on financing activities	(72,871)	(76,175)	(169,641)
Net paid(-)/received for other short-term positions	6,433	37,544	13,249
Net intragroup contribution/dividend received		(74,070)	(74,070)
Net cash flow from financing activities	265,190	(378,250)	(169,080)
Total cash flow	363,317	(482,737)	(483,263)
Cash flow for the period			
Liquid assets at start of period	373,751	857,014	857,014
Liquid assets at end of period	737,068	374,277	373,751
Net payment made(-)/received of cash	363,317	(482,737)	(483,263)
Specification of liquid assets			
Claims from central banks	53,307	308,734	36,896
Deposits with financial institutions	683,761	65,543	336,855
Liquid assets in statement of cash flow	737,068	374,277	373,751

The analysis of cash flow displays payments made and received of cash and cash equivalents throughout the year. The analysis has been adjusted for items which do not initiate cash flow, such as provisions, depreciation and write-down of loans and guarantees. Cash flow is classified as operating activities, investment activities or financing activities. The liquid assets are defined as cash and claims from central banks and loans to and claims from credit institutions.

NOTES

GJENSIDIGE BANK GROUP

1 ACCOUNTING POLICIES

The Gjensidige Bank Group comprises Gjensidige Bank ASA and its subsidiary Gjensidige Bank Boligkreditt AS. The Group prepares its accounts in accordance with international financial reporting standards (IFRS) and the interim accounts for the first half year have been prepared in accordance with IAS 34 - Interim reports. The same accounting principles and calculation methods have been used as last annual report. For more detailed information on accounting principles, we refer to the annual report for 2011 for Gjensidige Bank ASA.

The IFRS and interpretations that have been released until 16 July 2012, the use of which is not mandatory as at 30 June 2012; i.e. IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IAS 27, IAS 28, and amendments to IAS 12, IAS 32, IFRS 1 and IFRS 7 is expected, based on assessments made so far, not to have a significant impact on reported figures.

Preparation of the interim accounts involves the use of assessments, estimates and assumptions that affect the use of accounting policies and recognised amounts for assets and liabilities, revenues and expenses. Actual results may deviate from these estimates. The most material assessments connected with the use of the company's accounting policies and the key sources of uncertainty in the estimates are the same in preparing the interim accounts as in the annual accounts for 2011.

The Gjensidige Bank Group was established in the third quarter of 2009 with the establishment of Gjensidige Bank Boligkreditt AS. Share capital totals NOK 143 million and Gjensidige Bank ASA owns all shares. The company was established with the objective of taking over parts of the loan portfolio in Gjensidige Bank ASA with the aim of issuing covered bonds.

All amounts are shown in NOK thousand unless otherwise indicated. Due to rounding differences, figures and percentages may not exactly add up to totals indicated.

2 SEGMENT INFORMATION

NOK thousand	30.06.2012	31.03.2012	31.12.2011	30.09.2011	30.06.2011	31.03.2011	31.12.2010	30.09.2010
Deposit from customers divided per sector and industry								
Employees etc.	10,396,462	10,114,971	9,776,236	9,251,249	9,378,632	9,290,546	9,120,004	7,897,256
Total deposits	10,396,462	10,114,971	9,776,236	9,251,249	9,378,632	9,290,546	9,120,004	7,897,256
Loans to customers divided per sector and industry								
Employees etc.	15,575,658	15,090,658	15,019,023	14,751,485	14,596,735	14,247,902	14,119,485	13,574,812
Gross loans	15,575,658	15,090,658	15,019,023	14,751,485	14,596,735	14,247,902	14,119,485	13,574,812

3 LIABILITIES ON THE ISSUE OF SECURITIES

NOK thousand	Nominal value			Book value		
	30.06.2012	30.06.2011	31.12.2011	30.06.2012	30.06.2011	31.12.2011
Bonded debt	5,505,000	4,300,000	4,900,000	5,497,329	4,294,899	4,891,462
- Own non-amortised certificates/bonds	(356,000)	(100,000)	(375,000)	(356,579)	(99,930)	(375,508)
Debt securities at amortised cost	5,149,000	4,200,000	4,525,000	5,140,750	4,194,969	4,515,954
Certificate debt and other short-term borrowings						
Bonded debt	300,000	300,000	300,000	310,292	302,550	308,495
- Own non-amortised certificates/bonds						
Securities issued determined at fair value	300,000	300,000	300,000	310,292	302,550	308,495
Total debt securities	5,449,000	4,500,000	4,825,000	5,451,042	4,497,519	4,824,449
Certificate and bond debt divided on due date (nominal value):				30.06.2012	30.06.2011	31.12.2011
2011					200,000	
2012				1,084,000	1,750,000	1,475,000
2013				1,015,000	500,000	1,200,000
2014				1,675,000	1,300,000	1,575,000
2015				375,000	675,000	275,000
2016				300,000	75,000	300,000
2017				1,000,000		
Total debt securities (nominal value)				5,449,000	4,500,000	4,825,000
New issues to date in 2012				1,000,000		
Repayments to date in 2012				500,000		

4 LOSS ON LOANS AND GUARANTEES

NOK thousand	30.06.2012	30.06.2011	31.12.2011
Change for the period in individual write-downs	338	79	(509)
Change for the period in Group impairment	24,577	34,144	71,161
Confirmed loss for the period covered by previous write-downs	(1,430)	731	662
Confirmed loss for the period without previous indirect write-downs	27,588	14,901	37,794
Opening for the period with confirmed losses from previous periods	(11,773)	(3,546)	(14,949)
= Loan losses for the period	39,300	46,309	94,159
Provision for loss on loans and guarantees			
Individual write-down at start of period	165	685	685
+ Increase in ind. write-down of position where write-down has been made previously	225	351	38
- Reversal of ind. write-down from previous periods		227	542
+ Write-down of position where ind. write-down has not been carried out previously	113	686	646
- Confirmed loss for the period where previous ind. write-down has been made		731	662
Individual write-down at end of period	503	764	165
Confirmed loss for the period	26,158	15,632	38,456
Group write-down at the start of the period	187,624	116,463	116,463
+ Change for the period in Group impairment	24,577	34,144	71,161
Group write-down at the end of the period	212,201	150,607	187,624
Total write-down at end of period	212,704	151,371	187,789
Total write-down at end of period adjusted*	278,960	217,627	254,045
Defaulted positions and positions exposed to loss			
Defaulted loans			
Gross default over 30 days	335,713	269,686	325,749
-individual write-down	503	764	165
Net default loans	335,210	293,736	325,584
Loss severity	0.1 %	0.3 %	0.1 %
Other positions exposed to loss			
Positions exposed to loss (not defaulted)			
- Individual write-downs			
Net other positions exposed to loss			
Loss severity			

* Adjusted balance includes the group impairment of the acquired consumer loan portfolio

5 CAPITAL ADEQUACY

NOK thousand			
Subordinated loan capital	30.06.2012	30.06.2011	31.12.2011
Share capital and premium reserve fund	1,208,192	1,208,192	1,208,192
Other equity	58,828	11,725	58,817
Equity	1,267,020	1,219,917	1,267,009
Interim results included in core capital			
Deduction			
Goodwill and other intangible assets	(52,671)	(64,673)	(59,829)
Deferred tax asset	(5,348)	(713)	(5,348)
Group contributions			
Core capital	1,209,001	1,154,531	1,201,832
Net equity and sub-ordinated loan capital	1,209,001	1,154,531	1,201,832
Credit risk:			
Of which:			
Institutions	7,384	1,586	788
Enterprises	1,760	1,258	944
Mass market positions	258,168	222,843	221,721
Positions secured by mortgage	369,217	345,441	356,457
Overdue positions	45,022	37,722	38,463
Covered bonds	4,363		1,119
Shares in securities' fund	7,592	7,157	8,028
Other positions	128	656	1,163
Total minimum requirement credit risk	693,634	616,663	628,683
Operational risk	49,417	28,754	28,754
Deduction:			
Group write-down	(16,976)	(11,909)	(15,010)
Minimum requirement equity and subordinated loan capital	726,075	633,508	642,427
Surplus subordinated capital	482,926	521,023	559,405
Basis of calculation balance sheet items not included in trading portfolio	7,348,933	6,755,005	6,990,400
Basis of calculation off balance sheet items not included in trading portfolio	1,321,486	952,143	868,134
Risk-weighted assets (calculation basis for capital adequacy ratio)	9,076,584	7,918,594	8,030,340
Capital adequacy			
Capital adequacy	13.3 %	14.6 %	15.0 %
Core capital adequacy	13.3 %	14.6 %	15.0 %

6 CLOSELY RELATED PARTIES

Gjensidige Forsikring ASA, Gjensidige Bank ASA and Gjensidige Bank Boligkreditt AS are considered to be closely related parties. All transactions and agreements with these parties are carried out in accordance with arm's length principles.

Significant transactions with closely related parties as of 30.6.2012 are as follows:

Gjensidige Bank ASA has purchased services from Gjensidige Forsikring ASA of NOK 12.8 million and the balances is NOK 0.7 million.

At the time Gjensidige Bank Boligkreditt AS was established, an agreement was signed with Gjensidige Bank ASA regarding the provision of services relating to loan servicing and the running of the company. In addition Gjensidige Bank Boligkreditt AS was granted a long-term credit facility of up to NOK 350 million. Utilized credit is per 30.6.2012 NOK 221.9 million. Revenue and interest on these

agreements amounts to NOK 5.3 million. These items have been eliminated in the consolidated financial statements.

The CEO of Gjensidige Bank Boligkreditt AS is outsourced to Gjensidige Bank ASA with 40 per cent of the position. Expenses related to this agreement amounts to NOK 0.3 million and have been eliminated in the consolidated financial statements.

Gjensidige Bank ASA has invested NOK 844.1 million in covered bonds issued by Gjensidige Bank Boligkreditt AS, of which NOK 249.0 million is used in Norges Bank's swap arrangement. Interest on bonds amounted to NOK 14.1 million and is eliminated on the consolidated financial statements.

Gjensidige Bank Boligkreditt AS has deposits with Gjensidige Bank ASA of NOK 206.8 million and interest totals NOK 2.2 million. Both items have been eliminated on the consolidated financial statements.

7 CONTINGENT LIABILITIES AND SECURITY

NOK thousand	30.06.2012	30.06.2011	31.12.2011
Loan commitment	2,137,664	1,487,725	1,140,168
Unutilised overdraft facility	2,172,415	1,760,021	2,125,170
Total contingent liabilities	4,310,079	3,247,746	3,265,338
Securities offered as security for loans/ overdraft facility in Norges Bank	518,437	745,650	1,064,097
Securities provided as security for the swap arrangement of treasury bills for covered bonds	249,024	586,559	586,559
Guarantee declaration Bankenes Sikringsfond		3,426	
Total securities provided	767,461	1,335,635	1,650,656

The accounts for the period have not been audited.

DECLARATION

DECLARATION FROM THE BOARD OF DIRECTORS AND CEO

The Board of Directors and CEO have today reviewed and approved Gjensidige Bank ASA interim report and consolidated financial statements for the period 1 January to 30 June 2012.

We declare to the best of our knowledge that the financial statements for Gjensidige Bank ASA for the period 1 January to 30 June 2012 is prepared in accordance with applicable accounting standards, and that the information in the financial statements give a true picture of the assets, liabilities, financial position and results of the group. Furthermore, the interim report provides a fair view of important events in the accounting period and their impact on the financial statements, the most important risk- and safety factors the company are facing in the next accounting period and the related parties significant transactions.

Oslo, 16. July 2012

Mats Gottschalk
Chairman of the Board

Per Kumle

Kari Mørk

Marianne B. Einarsen

Rune Vossseteig

Hans O. Harén
CEO

QUARTERLY EARNINGS PERFORMANCE

GJENSIDIGE BANK GROUP

NOK thousand	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Interest income etc.	233,113	233,548	230,455	225,142	216,325	214,731	209,679	204,254
Interest costs etc.	124,294	128,220	121,942	116,537	108,533	108,796	106,316	100,932
Net interest income	108,819	105,327	108,513	108,605	107,792	105,936	103,362	103,323
Commission income and income from bank services	6,551	5,370	5,536	5,565	5,066	4,606	8,532	10,976
Commission costs and costs of bank services	1,059	1,084	1,327	1,380	1,190	1,285	1,275	1,249
Income from other financial investments	1,970	3,680	1,683	3,286	3,002	1,982	(2,678)	(2,931)
Other operating income	3,398	1,398	384	3,011	6,015	4,001	6,790	100
Total income	119,679	114,690	114,790	119,086	120,684	115,240	114,731	110,219
Salary and general administration costs	55,431	61,234	55,127	58,617	62,525	55,218	65,638	58,650
Depreciation of fixed assets	7,013	7,084	7,216	7,012	6,638	6,320	5,212	4,596
Other operating costs	9,948	6,677	13,630	10,224	12,680	13,668	12,525	11,478
Total operating costs	72,392	74,995	75,973	75,852	81,843	75,206	83,375	74,724
Result before loss	47,287	39,695	38,817	43,234	38,841	40,034	31,357	35,495
Write-down on loans	(20,372)	(18,929)	(24,388)	(23,463)	(20,748)	(25,561)	(27,644)	(21,396)
Profit before tax for the period	26,916	20,767	14,429	19,771	18,093	14,473	3,713	14,098

KEY FIGURES

GJENSIDIGE BANK GROUP

NOK thousand		1.1.-30.6.2012	1.1.-30.6.2011	Full Year 2011
Net interest as a percentage of average administration capital ¹⁾	%	2.52	2.73	2.71
Loss costs as a percentage of gross loans-annualised	%	0.52	0.63	0.65
Non-performing loans as a percentage of gross loans	%	2.16	1.82	2.17
Return on equity - annualised ²⁾	%	7.47	5.18	5.22
Deposit-to-loan ratio at the end of the period ³⁾	%	66.7	64.3	65.1
Capital adequacy ⁴⁾	%	13.3	14.6	15.0
Cost / Income ratio	%	62.9	66.6	65.7
Average assets under management	NOK thousand	17,070,782	15,802,307	15,921,782
Average number of FTEs	Number	120	130	123
Registered customers at end of period	Number	103,255	94,858	98,183

1) Net interest as per cent, annualised = net interest and credit commission income/average total assets

2) Return on equity, annualised = profit before tax / average equity during the period

3) Deposit-to-loan ratio = deposits as a percentage of gross lending

4) Capital adequacy = equity and subordinated loan capital / basis of calculation for credit risk, market risk and operational risk

PROFIT & LOSS ACCOUNT AND BALANCE SHEET

GJENSIDIGE BANK ASA

PROFIT & LOSS ACCOUNT

NOK thousand	Q2 2012	Q2 2011	1.1.-30.6.2012	1.1.-30.6.2011	Full Year 2011
Interest income etc.	200,193	203,235	408,236	406,971	824,070
Interest costs etc.	102,430	99,214	211,655	200,952	409,771
Net interest income	97,763	104,021	196,581	206,018	414,299
Commission income and income from bank services	6,217	4,951	11,434	9,473	20,309
Commission costs and costs of bank services	1,059	1,190	2,144	2,475	5,182
Income from other financial investments	1,970	3,002	5,650	4,984	9,953
Other operating income	3,878	6,215	5,691	10,385	14,447
Net other operating income	11,006	12,978	20,631	22,366	39,527
Total income	108,770	116,999	217,212	228,385	453,826
Wages, salaries and general administration expenses	55,077	62,379	115,799	117,394	230,713
Depreciation of fixed assets	6,852	6,578	13,776	12,637	26,544
Other operating expenses	9,167	12,187	15,260	25,339	48,423
Total operating expenses	71,097	81,043	144,835	155,370	305,680
Profit / (loss) before loan losses	37,673	35,956	72,377	73,015	148,146
Loss & provisioning	20,372	20,411	38,117	46,121	93,084
Profit / (loss) before tax expense	17,301	15,544	34,260	26,893	55,062
Tax expense	4,844	4,352	9,593	7,530	14,857
PROFIT / (LOSS) FOR THE PERIOD	12,457	11,192	24,667	19,363	40,205
Earnings per share (NOK) (basic and diluted)	14.2	12.8	28.2	22.1	45.9

BALANCE SHEET

NOK thousand	30.06.2012	30.06.2011	31.12.2011
ASSETS			
Cash and claims from central banks	53,307	308,734	336,896
Loans to and claims from credit institutions	883,598	233,688	234,421
Loans to and claims from customers	11,002,977	11,682,466	11,472,591
-Write-downs	(208,892)	(149,631)	(185,161)
Net loans to customers	10,794,084	11,532,835	11,287,430
Repossessed assets			75
Certificates, bonds and other interest-bearing	1,757,320	1,464,694	1,603,460
Shares (and other securities with variable yield)	474,521	447,300	501,738
Ownership interest in group companies	290,030	220,030	220,030
Intangible assets	57,847	65,422	64,684
Fixed assets	2,701	3,568	2,918
Other assets	4,434	3,490	10,466
Advance payments and accrued income	70,056	47,621	50,855
Total assets	14,387,899	14,327,381	14,312,973
LIABILITIES			
Liabilities to credit institutions	424,919	614,388	705,666
Deposits and liabilities to customers	10,396,462	9,378,632	9,776,236
Liabilities opened for the issue of securities	2,002,901	2,750,629	2,481,544
Other liabilities	61,450	52,714	33,417
Accrued costs and advance payment of income	215,353	295,258	53,974
Provision for commitments and costs	11,491	4,417	11,491
Total liabilities	13,112,575	13,096,037	13,062,328
EQUITY			
Share capital	876,000	876,000	876,000
Premium reserve	332,192	332,192	332,192
Other paid-in equity	3,789	3,789	3,789
Other equity	63,342	19,363	38,665
Total equity	1,275,323	1,231,344	1,250,645
Total liabilities and equity	14,387,899	14,327,381	14,312,973



GJENSIDIGE

gjensidige.com

Gjensidige is a leading Nordic insurance group built by customers, for customers. The Group has been listed on the Oslo Stock Exchange since 2010. For nearly 200 years, we have worked passionately to secure the lives, health and assets for of our customers. We have about 3,100 employees and offer insurance products in Norway, Denmark, Sweden and the Baltic states. In Norway, we also offer banking, pension and savings. Gjensidige Bank, which is a wholly-owned subsidiary of Gjensidige Forsikring ASA, offers electronic distribution of day-to-day banking services and consumer financing. The Group's operating income was NOK 19.4 billion in 2011, while total assets was NOK 88.5 billion.

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