

# Interim Report

## 3rd quarter 2018

### Gjensidige Forsikring Group



# Group highlights

## Third quarter 2018

In the following, the figures in brackets indicate the amount or percentage for the corresponding period last year.

### Year-to-date

#### Group

- Profit/loss before tax expense: NOK 2,603.9 million (4,221.3)
- Earnings per share: NOK 4.83 (7.04)

#### General Insurance

- Earned premiums: NOK 17,971.6 million (17,428.8)
- Underwriting result: NOK 1,691.4 million (2,854.7)
- Combined ratio: 90.6 (83.6)
- Cost ratio: 15.3 (15.2)
- Financial result: NOK 1,052.0 million (1,513.4)

### Third quarter

#### Group

- Profit/loss before tax expense: NOK 964.0 million (1,578.1)
- Earnings per share: NOK 1.75 (2.63)

#### General Insurance

- Earned premiums: NOK 6,118.1 million (6,056.4)
- Underwriting result: NOK 573.4 million (1,150.2)
- Combined ratio: 90.6 (81.0)
- Cost ratio: 15.6 (14.7)
- Financial result: NOK 426.5 million (477.3)

### Profit performance Group

NOK millions	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
General Insurance Private	408.7	643.4	1,123.7	1,807.0	2,200.0
General Insurance Commercial	136.4	501.1	512.6	1,320.3	1,634.8
General Insurance Denmark	160.9	153.3	309.9	213.3	284.0
General Insurance Sweden	9.3	(6.9)	32.7	(93.6)	(91.6)
General Insurance Baltics	31.0	4.6	51.1	(26.5)	(7.2)
Corporate Centre/costs related to owner	(133.3)	(56.3)	(298.9)	(188.5)	(272.4)
Corporate Centre/reinsurance <sup>1</sup>	(39.5)	(89.2)	(39.8)	(177.4)	(337.5)
<b>Underwriting result general insurance <sup>2</sup></b>	<b>573.4</b>	<b>1,150.2</b>	<b>1,691.4</b>	<b>2,854.7</b>	<b>3,410.1</b>
Pension	40.2	21.6	110.3	75.8	103.7
Financial result from the investment portfolio <sup>3</sup>	426.5	477.3	1,052.0	1,513.4	2,002.6
Amortisation and impairment losses of excess value – intangible assets	(61.5)	(62.6)	(201.0)	(188.6)	(261.3)
Other items	(14.6)	(8.4)	(48.8)	(34.2)	(38.3)
<b>Profit/(loss) before tax expense <sup>4</sup></b>	<b>964.0</b>	<b>1,578.1</b>	<b>2,603.9</b>	<b>4,221.3</b>	<b>5,216.8</b>

#### Key figures general insurance

Large losses <sup>5</sup>	319.0	70.7	753.9	318.0	577.4
Run-off gains/(losses) <sup>6</sup>	340.7	243.5	972.9	729.7	1,030.3
Loss ratio <sup>7</sup>	75.1%	66.3%	75.2%	68.5%	70.1%
Cost ratio <sup>8</sup>	15.6%	14.7%	15.3%	15.2%	15.3%
Combined ratio <sup>9</sup>	90.6%	81.0%	90.6%	83.6%	85.4%

<sup>1</sup> Large losses in excess of NOK 30.0 million are charged to the Corporate Centre, while claims of less than NOK 30.0 million are charged to the segment in which the large losses occur. As a main rule, the Baltics segment has a retention level of EUR 0.5 million, while, from 1 January 2018, the Swedish segment has a retention level of NOK 10 million. Large losses allocated to the Corporate Centre amounted to NOK 163.4 million (61.9) for the year to date and NOK 67.5 million (10.4) in the quarter. Accounting items related to written reinsurance and reinstatement premiums are also included.

<sup>2</sup> Underwriting result general insurance = earned premiums - claims incurred etc. - operating expenses

<sup>3</sup> Excluding the return on financial assets in Pension and Retail Bank.

<sup>4</sup> The profit before tax expense is presented for the continuing operation (excluding Gjensidige Bank).

<sup>5</sup> Large losses = loss events in excess of NOK 10.0 million. Expected large losses for the quarter were NOK 295.0 million.

<sup>6</sup> Run-off gains/(losses) = changes in estimates from earlier periods. Provisions are based on best estimates, and the expected run-off result over time is zero.

<sup>7</sup> Loss ratio = claims incurred etc./earned premiums

<sup>8</sup> Cost ratio = insurance-related operating expenses/earned premiums

<sup>9</sup> Combined ratio = loss ratio + cost ratio

# Results impacted by extraordinary weather conditions

## Group profit performance

Gjensidige Forsikring Group recorded a profit before tax expense of NOK 2,603.9 million (4,221.3) for the year to date. The result does not include the profit from Gjensidige Bank, as this is now recorded as a discontinued operation, in accordance with IFRS 5. The closing of the bank sale is expected to take place in the first quarter 2019.

The profit from general insurance operations measured by the underwriting result was NOK 1,691.4 million (2,854.7), corresponding to a combined ratio of 90.6 (83.6). A provision of NOK 80.0 million was made in the third quarter to cover restructuring costs relating to a reduction of eight local branches in Norway and restructuring initiatives in Denmark and Sweden, among other things resulting in a reduction of 58 full-time equivalent positions. The provision is recognised in the Corporate Centre.

The return on financial assets was 2.0 per cent (2.8) or NOK 1,052.0 million (1,513.4).

The tax expense amounted to NOK 516.0 million (977.5), resulting in an effective tax rate of 19.8 per cent (23.2). The effective tax rate was influenced by realised and unrealised gains and losses on equity investments in the EEA.

The profit after tax expense from continuing and discontinued operations was NOK 2,412.2 million (3,517.2) and the corresponding earnings per share were NOK 4.83 (7.04).

Earned premiums from general insurance increased to NOK 18.0 billion (17.4) for the year to date.

The underwriting result was significantly impacted by extraordinary weather conditions in Norway, with a harsh and long winter followed by an unusually hot and dry summer as well as storms and heavy rainfall during the third quarter. The weather-related deviation in frequency claims for motor, property and agriculture insurance for the year to date, considering historical average levels, is estimated to be ~ NOK 530-660 million. Large losses were also higher than in the same period last year, partly driven by the weather conditions. However, the overall large loss level was still somewhat lower than the expectation level. Run-off gains were somewhat higher than anticipated.

Earned premiums in the Private segment increased by 2.2 per cent. The underwriting result declined due to an unfavourable frequency claims development, reflecting the extraordinary weather conditions as well as increased claims inflation for motor insurance in Norway and higher large losses.

Earned premiums in the Commercial segment increased by 3.2 per cent. A lower underwriting result was mainly due to an unfavourable frequency claims development driven by the extraordinary weather conditions and higher large losses.

In the Danish segment, earned premiums increased by 3.0 per cent (decreased by 0.5 per cent in local currency), reflecting the acquisition of Mølholm. Underlying growth was negative. The improvement in the underlying result was primarily due to higher run-off gains and lower large losses.

In the Swedish segment, earned premiums decreased by 6.3 per cent (decreased by 3.6 per cent in local currency). The underwriting

result improved due to higher run-off gains and a more favourable cost development and lower underlying frequency claims.

Earned premiums in the Baltic segment increased by 1.0 per cent (decreased by 2.8 per cent in local currency). The underwriting result improved mainly as a result of, lower underlying frequency claims, higher run-off gains and a favourable cost development.

The Pension segment generated a record high profit for the period.

The return on financial assets was lower than in the same period last year, primarily due to lower contributions from bonds in both the match and free portfolios and current equities and property in the free portfolio.

The Retail Bank's profit increased as a result of a one-off gain from the sale of a non-performing portfolio of loans.

## Development during the quarter

The Group recorded a profit before tax expense of NOK 964.0 million (1,578.1) for the quarter. The result does not include the profit from Gjensidige Bank. The profit from general insurance operations measured by the underwriting result was NOK 573.4 million (1,150.2), corresponding to a combined ratio of 90.6 (81.0). Adjusted for the NOK 80.0 million restructuring provision, the result was NOK 653.4 million. The return on financial assets was 0.8 per cent (0.9), or NOK 426.5 million (477.3).

The profit after tax expense from continuing and discontinued operations was NOK 873.1 million (1,312.7) and the corresponding earnings per share were NOK 1.75 (2.63).

The decline in the underwriting result was driven by 1.0 per cent growth in premiums, offset by a significant weather-related increase in frequency claims, primarily for property and agriculture insurance lines in Norway as well as the underlying claims inflation for Norwegian motor insurance. The deviation in weather-related frequency for property and agricultural claims for the third quarter, considering historical average levels, is estimated to ~ NOK 130-160 million. This includes NOK 80 million relating to estimated claims for damages to crops. Large losses increased, partly related to weather, and were somewhat higher than the expectation level. Run-off gains increased and were somewhat higher than anticipated.

The Pension segment generated record profits for the quarter, driven by customer growth and an increase in assets under management.

The financial return in the quarter was lower than in the same period last year, with lower contributions from bonds and current equities.

The Retail Bank recorded a lower result compared with the same quarter last year, due to higher operating expenses, increased acquisition costs and lower gains on financial instruments.

## Equity and capital position

The Group's equity amounted to NOK 22,233.9 million (22,720.3) at the end of the period. The annualised return on equity was 15.0 per cent (22.4).

The solvency margins at the end of the period were:

- Legal perspective <sup>1</sup>: 181 per cent
- Own Partial Internal Model <sup>2</sup>: 197 per cent

The legal perspective reflects the version of the partial internal model approved by the Financial Supervisory Authority of Norway (FSA) in the first quarter 2018, which will be applied going forward instead of the previously reported Standard Formula perspective. All else being equal, the solvency margin in the legal perspective will decrease by approximately 10pp since the FSA requires the implementation of further changes to the model by the end of 2018.

Based on a recommendation from the FSA, the reported solvency margins from the third quarter 2018 reflect the solvency best estimate claims provisions. The solvency margins for the legal perspective and the own partial internal model perspective would have been 157 and 170 per cent respectively, if the communicated expected run-off gains through 2022, estimated at NOK 1 billion per year, were not fully recognised in claims provisions.

Total comprehensive income for the year-to-date is included in the solvency calculations, minus a formulaic dividend pay-out ratio of 70 per cent of net profit.

The pro-forma legal solvency margin as of 30 September 2018, assuming the sale of Gjensidige Bank ASA, is estimated to be 262 per cent.

Gjensidige has an 'A' rating from Standard & Poor's.

The regulatory uncertainties described below under "Other matters" are not expected to affect annual regular dividends.

## Other matters

### Gjensidige Bank discontinued operations

Gjensidige Bank is reported as a discontinued operation from the third quarter 2018, in accordance with IFRS 5 requirements regarding non-current assets held for sale and discontinued operations. The profit and loss after tax expense for Gjensidige Bank is reported separately from the profit and loss after tax expense for continuing operations in the consolidated income statement. Comparable figures have been restated. The assets and liabilities of Gjensidige Bank are reported separately from continuing operations in the consolidated statement of financial position. Comparable figures are not restated. Additional information is provided in note 11.

### Update on Solvency II-related regulatory uncertainties

In the first quarter, Gjensidige applied the Partial Internal Model (PIM) approved by the Financial Supervisory Authority of Norway (FSA) as the new legal perspective. Endeavours will continue to be made to obtain approval for Gjensidige's own partial internal model in future.

There is still some uncertainty about how capital requirements and qualifying funds will be calculated under the Solvency II rules.

There is uncertainty relating to whether the guarantee scheme provision will be included in qualifying funds. The Financial Supervisory Authority of Norway (FSA) takes the view that the guarantee scheme provision should be treated as a liability, and this is reflected in the reported solvency margins. In Gjensidige's opinion, special Norwegian provisions that are actually an equity

element must be treated as solvency capital. Gjensidige will continue to make endeavours to ensure that the regulations are in line with this view. A consultation paper from the Ministry of Finance dated 31 January 2018 proposes a change in the guarantee scheme arrangement that could lead to an increase of approximately NOK 70 million in the guarantee scheme provisions. This could potentially have a negative capital effect. Based on this, the uncertainty concerning available capital related to the guarantee scheme provision is in the range of NOK (0.1) to 0.5 billion.

In connection with the consultation paper on changes to the tax regulation mentioned below, it is estimated that the new tax regulation could potentially have a negative effect on solvency capital for the Group in the range NOK 0.7 – 1.3 billion, with a best estimate being NOK 0.7 billion relating to the security provision. The unlikely worst case also reflects deferred tax on the natural peril capital.

Moreover, EIOPA has proposed several changes to the solvency capital calculations. The most material changes for Gjensidige would be the criteria specified for calculating the risk-reducing effect of deferred tax as previously communicated, and the suggested changes in the stress parameters for interest rates.

If approved, these changes could potentially increase the capital requirement.

The criteria specified for calculating the risk-reducing effect of deferred tax is expected to have no impact given the current balance sheet, but there could be a negative impact if the solvency margin were to decrease materially. A decision clarifying the rules regarding the risk-reducing effect suggested by EIOPA is expected in 2018.

Changed stress parameters for interest rates in the standard formula as proposed by EIOPA would have a negative capital effect of NOK 0.3 to 0.6 billion. Note that transitional rules are proposed so that the changes can be implemented over a three-year period.

### Tax regulation in Norway

On 7 February 2018, the Norwegian Ministry of Finance issued an expected consultation paper about changes to the tax regulation for insurance and pension companies in Norway with potential effect from and including 2018. The proposals were mirrored in the Government's budget proposal submitted to the Norwegian Parliament on 8 October 2018. The preliminary assessment of the proposed regulation is that there will be an increase of NOK ~0.7 billion in the Group's tax payments evenly distributed over the next 10 years. This is mainly related to the security provision. There will be no effect on the tax expense since a provision has already been made.

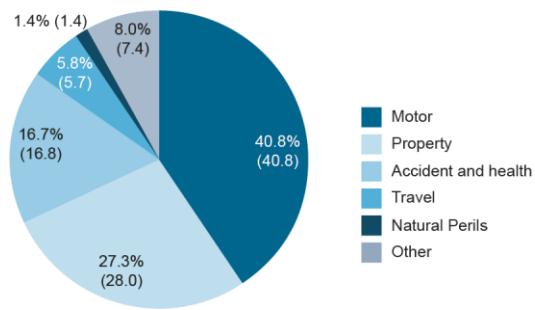
Furthermore, there could be a change in the tax expense and deferred tax if the proposed tax changes relating to the natural perils capital and the guarantee scheme provision are implemented. In the best case, there will be a reduction of deferred tax and tax expense of ~ NOK 0.2 billion in 2018, if the deferred tax related to the guarantee scheme provision is to be dissolved. In the worst case, it will be necessary to increase the deferred tax and tax expense by ~ NOK 0.6 billion in 2018, if deferred tax related to the natural perils capital is to be recognised. If the Government's budget proposal for the insurance industry is approved, our best case scenario, described above, will incur.

<sup>1</sup> Regulatory approved partial internal model

<sup>2</sup> Partial internal model with own calibration

## Product groups Private

Gross earned premiums year to date (same period last year)



## General Insurance Private

### Year-to-date development

The underwriting result was NOK 1,123.7 million (1,807.0). The decline was mainly driven by unfavourable frequency claims development for property and motor, in addition to higher large losses. The combined ratio was 82.8 (71.7).

Earned premiums increased to NOK 6,532.3 million (6,393.0). All main product lines recorded higher premiums compared with the same period last year, driven by price increases. Gjensidige's competitive position remained strong despite continued intense competition.

Claims incurred amounted to NOK 4,572.0 million (3,776.7). The loss ratio was 70.0 (59.1). Property showed an increase in the loss ratio following the harsh and long-lasting winter, with significantly larger amounts of snow in the southern and south-eastern parts of Norway, regions where Gjensidige has a high market share. The loss ratio for property insurance was further impacted by fires and water damage related to the dry summer followed by heavy rainfall and storms towards the end of the third quarter. The loss ratio for motor increased as a result of the difficult driving conditions during the winter as well as underlying claims inflation driven by structural changes in the Norwegian vehicle fleet and the new bonus model which reduces the threshold for reporting claims. Accident and health recorded an improved loss ratio.

Gjensidige still expects around 6 per cent motor claims inflation in 2018, excluding the weather effects recorded in the first half of 2018. Increased pricing measures have been initiated since the

start of the year to mitigate the effects of inflation. The measures will be reflected in the accounts over a period of 12-24 months from implementation, which means that motor profitability is expected to reach a turning point during the first half of 2019.

Operating expenses amounted to NOK 836.5 million (809.3), which translates into a cost ratio of 12.8 (12.7).

### Development during the quarter

The underwriting result was NOK 408.7 million (643.4). The decline was primarily a result of unfavourable frequency claims development in motor and property as well as higher large losses. The combined ratio was 82.1 (71.1).

Earned premiums were NOK 2,279.0 million (2,228.9), with all main product lines recording an increase.

Claims incurred amounted to NOK 1,572.7 million (1,295.1). The loss ratio was 69.0 (58.1). The increase was mainly driven by a high level of losses in property insurance, as a result of fires caused by lightning and damages caused by heavy rainfalls and storms during the quarter. Moreover, motor insurance continued to show a lower profitability level.

Operating expenses amounted to NOK 297.6 million (290.4) and the cost ratio was 13.1 (13.0).

## General Insurance Private

NOK millions	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
Earned premiums	2,279.0	2,228.9	6,532.2	6,393.0	8,516.5
Claims incurred etc.	(1,572.7)	(1,295.1)	(4,572.0)	(3,776.7)	(5,226.2)
Operating expenses	(297.6)	(290.4)	(836.5)	(809.3)	(1,090.3)
<b>Underwriting result</b>	<b>408.7</b>	<b>643.4</b>	<b>1,123.7</b>	<b>1,807.0</b>	<b>2,200.0</b>
Amortisation and impairment losses of excess value – intangible assets	(4.3)	(4.7)	(13.2)	(17.6)	(22.2)
Large losses <sup>1</sup>	54.8		106.9	10.2	32.3
Run-off gains/(losses) <sup>2</sup>	103.8	112.5	401.8	366.1	473.2
Loss ratio <sup>3</sup>	69.0%	58.1%	70.0%	59.1%	61.4%
Cost ratio <sup>4</sup>	13.1%	13.0%	12.8%	12.7%	12.8%
Combined ratio <sup>5</sup>	82.1%	71.1%	82.8%	71.7%	74.2%

<sup>1</sup> Large losses = loss events in excess of NOK 10.0 million. Claims incurred in excess of NOK 30.0 million per event are charged to the Corporate Centre.

<sup>2</sup> Run-off gains/(losses) = changes in estimates from previous years

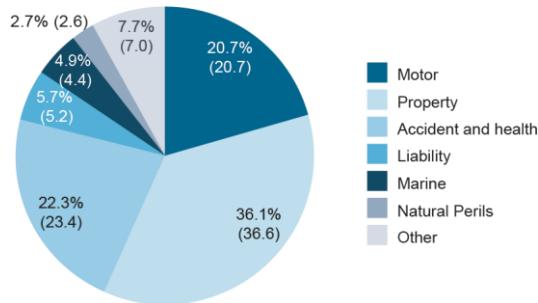
<sup>3</sup> Loss ratio = claims incurred etc./earned premiums

<sup>4</sup> Cost ratio = operating expenses/earned premiums

<sup>5</sup> Combined ratio = loss ratio + cost ratio

## Product groups Commercial

Gross earned premiums year to date (same period last year)



## General Insurance Commercial

### Year-to-date development

The underwriting result was NOK 512.6 million (1,320.3). The decrease was driven by an unfavourable frequency claims development and higher large losses. The combined ratio was 90.9 (75.9).

Earned premiums increased to NOK 5,650.2 million (5,473.2) mainly due to new business initiatives and solid renewals throughout the year for most product lines, especially motor, property and liability insurance. Ongoing pricing initiatives are starting to contribute to premium growth. Price increases and adjustments of terms and conditions will continue.

Claims incurred amounted to NOK 4,480.9 million (3,529.0), translating into a loss ratio of 79.3 (64.5). This significant increase, despite higher run-off gains, was driven by higher claims for the motor, property and agriculture lines of business.

Motor and property were significantly impacted by the severe winter conditions. Property was further affected by damages resulting from heavy rainfall and storms during the third quarter.

The hot and dry weather this summer resulted in significant damages to agricultural crops in Norway. Damages to crops in Norway related to drought are to a large extent covered by the Norwegian Government. However, Gjensidige covers parts of the damages, beyond compensation from the Government. Due to the particular process, whereby Government compensation is a prerequisite for forwarding claims to Gjensidige, and the fact that the deadline for applications to the Government is 31 October, there is limited visibility on the outcome for Gjensidige at this point in time. Gjensidige has recorded a claims cost of NOK 80 million, relating to crop damage, in the third quarter of 2018.

Motor insurance was negatively impacted by underlying claims inflation. Pricing measures were stepped up from the first quarter and will continue going forward, with the aim of closing the gap to the underlying claims inflation. It takes 12-24 months to see the full effect of price increases in the results. Motor profitability is expected to reach a turning point during the first half of 2019.

Operating expenses amounted to NOK 656.6 million (623.9), corresponding to a cost ratio of 11.6 (11.4).

### Development during the quarter

The underwriting result was NOK 136.4 million (501.1). The decrease mainly reflects unfavourable frequency claims development as well as higher large losses. The combined ratio was 92.9 (73.1).

Earned premiums amounted to NOK 1,932.5 million (1,860.0). Most product areas recorded an increase, primarily driven by price increases.

Claims incurred amounted to NOK 1,574.1 million (1,155.9) and the loss ratio was 81.5 (62.1). The impact from both underlying frequency claims and large losses were higher than in the corresponding quarter last year, when profitability was unusually strong. Property insurance was adversely impacted by claims related to damage resulting from heavy rainfall and storms. Incurred claims in the third quarter of 2018 include NOK 80 million related to estimated claims for damage to crops.

Operating expenses amounted to NOK 222.1 million (202.9) and the cost ratio was 11.5 (10.9).

## General Insurance Commercial

NOK millions	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
Earned premiums	1,932.5	1,860.0	5,650.2	5,473.2	7,300.5
Claims incurred etc.	(1,574.1)	(1,155.9)	(4,480.9)	(3,529.0)	(4,825.6)
Operating expenses	(222.1)	(202.9)	(656.6)	(623.9)	(840.1)
<b>Underwriting result</b>	<b>136.4</b>	<b>501.1</b>	<b>512.6</b>	<b>1,320.3</b>	<b>1,634.8</b>
Large losses <sup>1</sup>	186.7	37.6	411.2	127.3	195.2
Run-off gains/(losses) <sup>2</sup>	145.1	108.9	378.6	345.1	452.9
Loss ratio <sup>3</sup>	81.5%	62.1%	79.3%	64.5%	66.1%
Cost ratio <sup>4</sup>	11.5%	10.9%	11.6%	11.4%	11.5%
Combined ratio <sup>5</sup>	92.9%	73.1%	90.9%	75.9%	77.6%

<sup>1</sup> Large losses = loss events in excess of NOK 10.0 million. Claims incurred in excess of NOK 30.0 million per event are charged to the Corporate Centre.

<sup>2</sup> Run-off gains/(losses) = changes in estimates from previous years

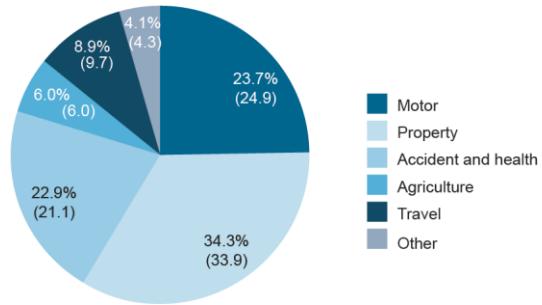
<sup>3</sup> Loss ratio = claims incurred etc./earned premiums

<sup>4</sup> Cost ratio = operating expenses/earned premiums

<sup>5</sup> Combined ratio = loss ratio + cost ratio

## Product groups Denmark

Gross earned premiums year to date (same period last year)



## General Insurance Denmark

### Year-to-date development

The underwriting result was NOK 309.9 million (213.3). The increase in the underwriting result was driven by higher run-off gains and lower large losses. The combined ratio was 91.6 (94.0).

Earned premiums amounted to NOK 3,678.6 million (3,570.8). Adjusted for currency effects of NOK 126.3 million, earned premiums decreased somewhat. Mølholm contributed NOK 394.2 million (212.9). The underlying reduction in earned premiums was driven by various pricing and risk selection measures in the SME and agriculture portfolio, which were partly offset by growth in private insurance lines.

Claims incurred amounted to NOK 2,853.0 million (2,851.0). Adjusted for currency effects of NOK 100.2 million and Mølholm, claims incurred decreased significantly compared with the same period last year, mainly driven by higher run-off gains and lower large losses. The loss ratio was 77.6 (79.8).

Operating expenses amounted to NOK 515.7 million (506.5). Adjusted for currency effects of NOK 17.9 million, operating expenses decreased, reflecting changes in private lines distribution. The cost ratio was 14.0 (14.2).

### Development during the quarter

The underwriting result was NOK 160.9 million (153.3). The increase in the underwriting result was mainly due to lower large losses, higher run-off gains and lower operating expenses, which were partly counteracted by a weaker underlying frequency claims development. The combined ratio was 86.8 (87.9).

Earned premiums decreased to NOK 1,221.8 million (1,269.4). Currency effects increased earned premiums by NOK 32.8 million. The negative growth was mainly driven by various pricing and risk selection measures in the commercial lines.

Claims incurred decreased to NOK 903.2 million (947.5). Currency effects increased incurred claims by NOK 23.3 million. The loss ratio was 73.9 (74.6). The lower loss ratio was driven by higher run-off gains and lower large losses, which were partly counteracted by a weaker underlying frequency claims development for private motor and commercial property insurance.

Operating expenses decreased to NOK 157.7 million (168.5). Currency effects increased operating expenses by NOK 4.2 million. The cost ratio was 12.9 (13.3).

## General Insurance Denmark

NOK millions	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
Earned premiums	1,221.8	1,269.4	3,678.6	3,570.8	4,827.4
Claims incurred etc.	(903.2)	(947.5)	(2,853.0)	(2,851.0)	(3,863.0)
Operating expenses	(157.7)	(168.5)	(515.7)	(506.5)	(680.3)
<b>Underwriting result</b>	<b>160.9</b>	<b>153.3</b>	<b>309.9</b>	<b>213.3</b>	<b>284.0</b>
Amortisation and impairment losses of excess value – intangible assets	(36.1)	(38.2)	(122.5)	(112.1)	(153.1)
Large losses <sup>1</sup>		21.7	42.3	87.6	87.6
Run-off gains/(losses) <sup>2</sup>	44.9	32.5	109.0	53.6	98.9
Loss ratio <sup>3</sup>	73.9%	74.6%	77.6%	79.8%	80.0%
Cost ratio <sup>4</sup>	12.9%	13.3%	14.0%	14.2%	14.1%
Combined ratio <sup>5</sup>	86.8%	87.9%	91.6%	94.0%	94.1%

<sup>1</sup> Large losses = loss events in excess of NOK 10.0 million. Claims incurred in excess of NOK 30.0 million per event are charged to the Corporate Centre.

<sup>2</sup> Run-off gains/(losses) = changes in estimates from previous years

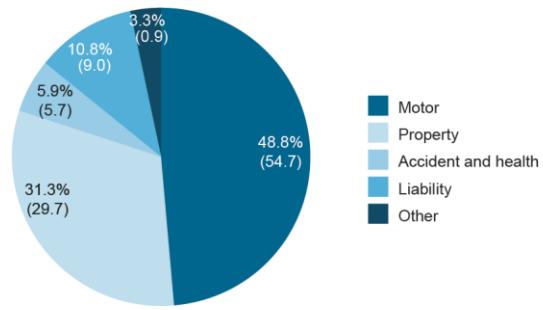
<sup>3</sup> Loss ratio = claims incurred etc./earned premiums

<sup>4</sup> Cost ratio = operating expenses/earned premiums

<sup>5</sup> Combined ratio = loss ratio + cost ratio

## Product groups Sweden

Gross earned premiums year to date (same period last year)



## General Insurance Sweden

### Year-to-date development

The underwriting result increased to NOK 32.7 million (minus 93.6). The improvement was driven by an improved underlying claims development, increased run-off gains and lower operating expenses. The combined ratio was 97.3 (107.3).

Earned premiums amounted to NOK 1,206.7 million (1,287.6). Currency effects contributed NOK 35.5 million to the decline. The decrease in local currency was driven by repricing measures in the private insurance lines.

Claims incurred amounted to NOK 979.2 million (1,144.9). Currency effects reduced claims incurred by NOK 31.6 million. The loss ratio was 81.1 (88.9). The lower loss ratio was driven by an improved underlying claims development for both the private and commercial portfolio due to improved pricing and risk selection, as well as increased run-off gains.

Negotiations with partners and quality improvements are expected to contribute to improved profitability going forward.

Operating expenses decreased to NOK 194.8 million (236.3), of which NOK 6.5 million was due to currency effects. The underlying improvement was due to the integration of Vardia's operations. The cost ratio improved to 16.1 (18.4).

### Development during the quarter

The underwriting result increased to NOK 9.3 million (minus 6.9), driven by improved underlying frequency claims and cost development, partly counteracted by higher large losses and lower run-off gains.

Earned premiums amounted to NOK 374.8 million (443.1). Currency effects reduced earned premiums by NOK 25.3 million. The underlying decrease was explained by the loss of one large unprofitable account in the private portfolio, lower new sales and lower renewal rates due to high premium increases.

Claims incurred decreased to NOK 307.8 million (372.4), of which currency effects contributed NOK 22.2 million to the decline. The loss ratio was 82.1 (84.1). Higher large losses and lower run-off gains were offset by an improved underlying frequency claims development in the private portfolio.

Operating expenses were NOK 57.8 million (77.5). Currency effects reduced operating expenses by NOK 4.6 million. The cost ratio improved to 15.4 per cent (17.5), driven by the Vardia integration.

## General Insurance Sweden

NOK millions	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
Earned premiums	374.8	443.1	1,206.7	1,287.6	1,736.1
Claims incurred etc.	(307.8)	(372.4)	(979.2)	(1,144.9)	(1,491.9)
Operating expenses	(57.8)	(77.5)	(194.8)	(236.3)	(335.8)
<b>Underwriting result</b>	<b>9.3</b>	<b>(6.9)</b>	<b>32.7</b>	<b>(93.6)</b>	<b>(91.6)</b>
Amortisation and impairment losses of excess value – intangible assets	(17.1)	(16.0)	(53.3)	(48.0)	(71.1)
Large losses <sup>1</sup>	10.0		30.0	30.0	40.6
Run-off gains/(losses) <sup>2</sup>	3.1	7.7	25.0	(21.8)	(5.7)
Loss ratio <sup>3</sup>	82.1%	84.1%	81.1%	88.9%	85.9%
Cost ratio <sup>4</sup>	15.4%	17.5%	16.1%	18.4%	19.3%
Combined ratio <sup>5</sup>	97.5%	101.5%	97.3%	107.3%	105.3%

<sup>1</sup> Large losses = loss events in excess of NOK 10.0 million. Claims incurred in excess of NOK 10.0 million per event are charged to the Corporate Centre.

<sup>2</sup> Run-off gains/(losses) = changes in estimates from previous years

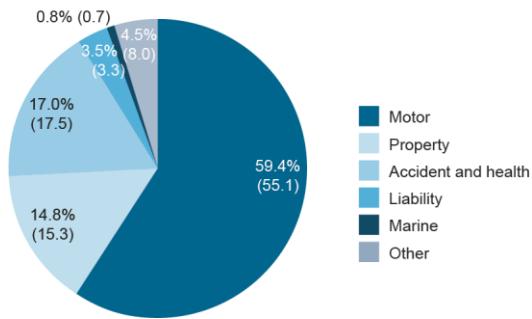
<sup>3</sup> Loss ratio = claims incurred etc./earned premiums

<sup>4</sup> Cost ratio = operating expenses/earned premiums

<sup>5</sup> Combined ratio = loss ratio + cost ratio

## Product groups Baltics

Gross earned premiums year to date (same period last year)



## General Insurance Baltics

### Year-to-date development

The underwriting result increased to NOK 51.1 million (minus 26.5), driven by improvement in underlying claims, higher run-off gains and a favourable cost development. The combined ratio was 93.7 (103.3).

Earned premiums amounted to NOK 810.8 million (803.1). Currency effects increased earned premiums by NOK 30.8 million. The decrease, adjusted for currency effects, was a result of portfolio restructuring and repricing.

Claims incurred amounted to NOK 504.1 million (567.6). Currency effects increased claims incurred by NOK 21.8 million. The loss ratio was 62.2 (70.7). The significant improvement was the result of improved tariffs, portfolio restructuring, efficient claims handling processes, and increased run-off gains.

Operating expenses amounted to NOK 255.5 million (262.0). Currency effects increased operating expenses by NOK 10.0 million, and the underlying improvement was mainly due to restructuring and cost saving initiatives. The cost ratio improved to 31.5 per cent (32.6).

### Development during the quarter

The underwriting result increased to NOK 31.0 million (4.6), driven by an improvement in underlying claims and cost development as well as higher run-off gains. The combined ratio was 88.7 per cent (98.3).

Earned premiums amounted to NOK 273.9 million (276.7). Currency effects increased earned premiums with NOK 8.1 million. The underlying decrease was driven by loss of volume due to repricing.

Claims incurred were NOK 158.4 million (185.0). Currency effects increased claims incurred by NOK 5.3 million. The loss ratio improved to 57.8 per cent (66.9), mainly driven by portfolio restructuring and an improved underlying claims level, as well as increased run-off gains.

Operating expenses amounted to NOK 84.5 million (87.1). Currency effects increased operating expenses by NOK 2.5 million. The cost ratio improved to 30.9 per cent (31.5).

## General Insurance Baltics

NOK millions	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
Earned premiums	273.9	276.7	810.8	803.1	1,074.7
Claims incurred etc.	(158.4)	(185.0)	(504.1)	(567.6)	(736.0)
Operating expenses	(84.5)	(87.1)	(255.5)	(262.0)	(345.9)
<b>Underwriting result</b>	<b>31.0</b>	<b>4.6</b>	<b>51.1</b>	<b>(26.5)</b>	<b>(7.2)</b>
Amortisation and impairment losses of excess value – intangible assets	(3.6)	(3.6)	(10.9)	(10.8)	(14.5)
Large losses <sup>1</sup>			0.9	0.9	0.9
Run-off gains/(losses) <sup>2</sup>	9.9	4.2	22.3	8.3	22.0
Loss ratio <sup>3</sup>	57.8%	66.9%	62.2%	70.7%	68.5%
Cost ratio <sup>4</sup>	30.9%	31.5%	31.5%	32.6%	32.2%
Combined ratio <sup>5</sup>	88.7%	98.3%	93.7%	103.3%	100.7%

<sup>1</sup> Large losses = loss events in excess of EUR 0.5 million. Claims incurred in excess of this per event are as a rule charged to the Corporate Centre.

<sup>2</sup> Run-off gains/(losses) = changes in estimates from previous years

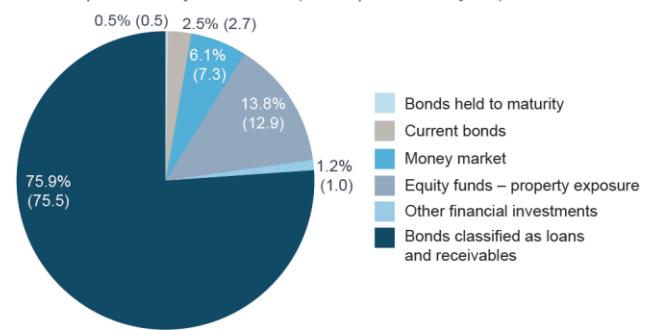
<sup>3</sup> Loss ratio = claims incurred etc./earned premiums

<sup>4</sup> Cost ratio = operating expenses/earned premiums

<sup>5</sup> Combined ratio = loss ratio + cost ratio

## Asset allocation the group policy portfolio

Earned premiums year to date (same period last year)



## Pension

### Year-to-date development

Increased operating revenues continued to contribute to a significant growth in earnings. The profit before tax expense was NOK 110.3 million (75.8).

Administration fees were NOK 107.2 million (100.3) driven by a growing customer portfolio. Insurance income was NOK 48.6 million (33.7), which was also a consequence of an increased number of customers in addition to the strengthening of IBNR reserves last year. Management income increased to NOK 110.2 million (90.6) as a result of growth in assets under management.

Operating expenses increased to NOK 181.3 million (173.4), driven by increased distribution costs due to higher business volume.

Net financial income, including returns on both the group policy portfolio and the corporate portfolio, amounted to NOK 25.7 million (24.6). The company's share of the profit relating to the paid-up policy portfolio was allocated in its entirety as a provision for longevity. The recognised return on the paid-up policy portfolio was 4.53 per cent (2.80). The improvement was related to non-recurring effects due to the changed classification of unrealised gains relating to property investments. The average annual interest guarantee was 3.3 per cent.

Assets under management have increased by NOK 3,012.5 million since year end 2017. Total pension assets under management amounted to NOK 31,711.5 million (27,326.5) including the group policy portfolio of NOK 6,474.3 million (5,875.3).

### Development during the quarter

The pension segment reported a record high quarterly profit before tax expense of NOK 40.2 million (21.6).

Administration fees increased to NOK 36.7 million (33.9) as a result of a growing customer portfolio. Insurance income was NOK 16.9 million (9.4). Adjusted for a strengthening of provisions in the third quarter 2018, the increase was NOK 1.5 million. Management income increased to NOK 37.5 million (31.4), reflecting an increase in assets under management.

Operating expenses were NOK 61.9 million (58.6).

Net financial income increased to NOK 11.0 million (5.5) as a result of increased return on property investments.

## Pension

NOK millions	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
Administration fees	36.7	33.9	107.2	100.3	134.6
Insurance income	16.9	9.4	48.6	33.7	36.3
Management income etc.	37.5	31.4	110.2	90.6	130.4
Operating expenses	(61.9)	(58.6)	(181.3)	(173.4)	(227.3)
<b>Net operating income</b>	<b>29.2</b>	<b>16.1</b>	<b>84.6</b>	<b>51.2</b>	<b>74.0</b>
Net financial income	11.0	5.5	25.7	24.6	29.7
<b>Profit/(loss) before tax expense</b>	<b>40.2</b>	<b>21.6</b>	<b>110.3</b>	<b>75.8</b>	<b>103.7</b>
Run-off gains/(losses) <sup>1</sup>					
Operating margin <sup>2</sup>	32.09%	21.61%	31.81%	22.80%	24.55%
Recognised return on the paid-up policy portfolio <sup>3</sup>			4.53%	2.80%	3.75%
Value-adjusted return on the paid-up policy portfolio <sup>4</sup>			3.41%	3.53%	4.47%

<sup>1</sup> Run-off gains/(losses) = changes in estimates from previous years

<sup>2</sup> Operating margin = net operating income/(administration fees + insurance income + management income etc.)

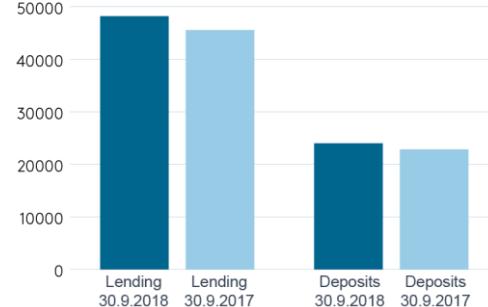
<sup>3</sup> Recognised return on the paid-up policy portfolio = realised return on the portfolio

<sup>4</sup> Value-adjusted return on the paid-up policy portfolio = total return on the portfolio

## Deposits and lending

Year to date (same period last year)

NOK million



## Retail Bank (discontinued operation)

With reference to IFRS 5, Gjensidige Bank will be reported as discontinued operation from the third quarter 2018. Please refer to page 4 and note 11 for further details.

### Year-to-date development

The profit before tax expense increased to NOK 432.4 million (364.8) as a result of a gain of NOK 128.0 million on the sale of a portfolio of impaired and written-off unsecured loans during the year. Excluding the impact of this sale, the profit before tax expense was NOK 304.4 million. The decrease was driven by increased acquisition costs, higher operating expenses, lower gains on financial instruments and write-downs and losses.

Net interest income amounted to NOK 760.2 million (720.6). The improvement was driven by lending growth.

Net commission income and other income amounted to NOK 2.5 million (50.9). The decrease was the result of higher acquisition costs driven by business growth and lower gains on financial instruments.

The net interest margin was 1.90 per cent (2.01). The decrease was driven by the portfolio mix and increase in financing cost.

Operating expenses were NOK 339.6 million (294.9). The increase was driven by a NOK 11.1 million one-off charge relating to the termination of the agreement for distribution through the financial offices in Gjensidige's Private segment, as well as increased expenses driven by business growth. The cost/ income ratio was 44.5 per cent (38.2).

Total write-downs and losses resulted in an income of NOK 9.4 million (a loss of 111.8), mainly driven by the effects described for the unsecured lending portfolio. Total write-downs and losses, excluding the impact of the sale of a portfolio of non-performing loans, amounted to NOK 114.7 million. The new IFRS rules have been implemented and last year's financials are therefore not directly comparable. The transition from IAS 39 to IFRS 9 rules led to an increase of NOK 13.9 million in the losses and provisioning balance at the beginning of the year. The impact was charged directly to equity, after adjusting for the impact of tax.

Write-downs and losses were minus 0.03 per cent (0.35) of average gross lending. Excluding the impact of the sale of the non-performing portfolio, write-downs and losses were 0.32 per cent of average gross lending. The weighted average loan-to-value ratio<sup>1</sup> was estimated to be 60.7 per cent (60.7) for the mortgage portfolio.

Gross lending increased by 8.0 per cent and amounted to NOK 49,169.1 million (45,540.1) at the end of the period. Deposits increased by 3.0 per cent, reaching NOK 23,558.2 million (22,863.8). The deposits-to-loans ratio was 47.9 per cent (50.2).

The accounting principle for fixed interest customer loans changed from amortised cost to fair value after the implementation of IFRS 9. The one-time effect of this change of principle was positive and amounted to NOK 19.4 million before tax in the first quarter. It was charged directly to equity after adjusting for tax.

As result of the Share Purchase Agreement between Gjensidige Forsikring ASA and Nordea, S&P Global Ratings placed its 'A' long-term and 'A-1' short-term issuer credit ratings for Gjensidige Bank ASA and its subsidiary Gjensidige Bank Boligkreditt AS, on Credit Watch with positive implications. The change took place on 4 July.

<sup>1</sup> The loan-to-value ratio estimate is calculated on the basis of the exposure on the reporting date and the property valuation, including any higher priority pledge(s), at the time the loan was approved.

## Development during the quarter

The profit before tax expense decreased to NOK 92.9 million (140.3). The decrease was the result of higher operating expenses, increased acquisition costs and lower gains on financial instruments.

Net interest income amounted to NOK 254.1 million (256.1).

Net commission income and other income amounted to minus NOK 1.2 million (17.2). The decrease was a result of higher acquisition costs driven by business growth and lower gains on financial instruments.

Operating expenses amounted to NOK 128.4 million (88.0). The increase was driven by a NOK 11.1 million one-off charge in

relation to the termination of the agreement for distribution through the financial offices in Gjensidige's Private segment, and business growth. The cost/income ratio increased to 50.8 per cent (32.2)

Total write-downs and losses amounted to NOK 31.7 million (45.0), primarily related to the unsecured lending portfolio. The decrease was driven by improved portfolio quality. The new IFRS rules have been implemented and last year's financials are therefore not directly comparable.

Gross lending growth was NOK 963.1 million (1,275.9). Deposits decreased by NOK 507.9 million (710.0).

## Retail Bank

NOK millions	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
Interest income and related income	440.4	417.7	1,288.3	1,200.5	1,631.7
Interest expenses and related expenses	(186.2)	(161.6)	(528.2)	(479.9)	(639.4)
<b>Net interest income</b>	<b>254.1</b>	<b>256.1</b>	<b>760.2</b>	<b>720.6</b>	<b>992.3</b>
Net commission income and other income	(1.2)	17.2	2.5	50.9	42.9
<b>Total income</b>	<b>253.0</b>	<b>273.3</b>	<b>762.6</b>	<b>771.5</b>	<b>1,035.2</b>
Operating expenses	(128.4)	(88.0)	(339.6)	(294.9)	(412.5)
Write-downs and losses	(31.7)	(45.0)	9.4	(111.8)	(10.3)
<b>Profit/(loss) before tax expense</b>	<b>92.9</b>	<b>140.3</b>	<b>432.4</b>	<b>364.8</b>	<b>612.3</b>
Net interest margin, annualised <sup>1</sup>			1.90%	2.01%	2.03%
Write-downs and losses, annualised <sup>2</sup>			(0.03%)	0.35%	0.02%
Cost/income ratio <sup>3</sup>	50.8%	32.2%	44.5%	38.2%	39.8%

<sup>1</sup> Net interest margin, annualised = net interest income/average total assets

<sup>2</sup> Write-downs and losses, annualised = write-downs and losses/average gross lending

<sup>3</sup> Cost/income ratio = operating expenses/total income

## Management of financial assets and properties

The Group's investment portfolio includes all investment funds in the Group, except for investment funds in the Pension and Retail Bank segments. The investment portfolio is split into two parts: a match portfolio and a free portfolio. The match portfolio is intended to correspond to the Group's technical provisions. It is invested in fixed-income instruments with a duration and currency that match the duration and currency of the technical provisions. The free portfolio consists of various assets. The allocation of assets in this portfolio must be seen in connection with the Group's capitalisation and risk capacity, as well as the Group's risk appetite at all times. Results from the use of derivatives for tactical and risk management purposes are assigned to the respective asset classes. Currency risk in the investment portfolio is generally hedged close to 100 per cent, within a permitted range of +/- 10 per cent per currency.

At the end of the period, the investment portfolio totalled NOK 52.7 billion (53.5). The financial result as of the third quarter was NOK 1,052.0 million (1,513.4), which corresponds to a return on total assets of 2.0 per cent (2.8).

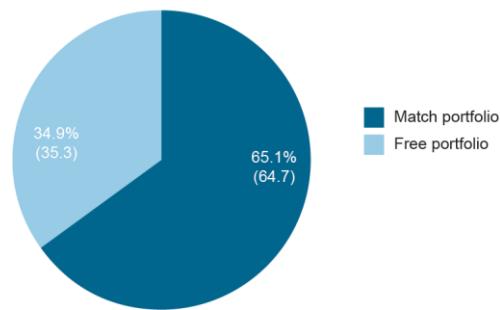
### Match portfolio

The match portfolio amounted to NOK 34.4 billion (34.6). The portfolio yielded a return of 1.9 per cent (2.2), excluding changes in the value of the bonds recognised at amortised cost.

Bonds recognised at amortised cost amounted to NOK 15.6 billion (17.0). Unrealised excess value amounted to NOK 0.8 billion (1.3) at the end of the period. The reinvestment rate for new investments

### Portfolio split

At the end of the period (same period last year)



in the portfolio of bonds held at amortised cost was approximately 3.3 per cent on average for the year to date, and the running yield was 3.8 per cent at the end of the period.

The average duration of the match portfolio was 3.4 years. The average term to maturity for the corresponding insurance liabilities was 3.6 years. The distribution of counterparty risk and credit rating is shown in the charts on page 15. Securities without an official credit rating amounted to NOK 11.2 billion (10.0). Of these securities, 4.4 per cent (8.0) were issued by Norwegian savings banks, while the remainder were mostly issued by Norwegian power producers and distributors, property companies, industry and municipalities. Bonds with a coupon linked to the development of the Norwegian consumer price index accounted for 6.4 per cent (10.2) of the match portfolio.

The geographical distribution <sup>1</sup> of the match portfolio is shown in the chart on the next page.

<sup>1</sup> The geographical distribution is related to issuers and does not reflect actual currency exposure.

## Financial assets and properties

NOK millions	Result Q3		Result 1.1.-30.9.		Carrying amount 30.9.	
	2018	2017	2018	2017	2018	2017
<i>Match portfolio</i>						
Money market	15.1	17.8	45.7	69.3	4,916.2	4,513.9
Bonds at amortised cost	158.3	164.2	491.6	517.6	15,619.1	16,985.1
Current bonds <sup>1</sup>	37.5	38.8	123.1	170.5	13,816.9	13,108.1
<b>Match portfolio total</b>	<b>211.0</b>	<b>220.7</b>	<b>660.4</b>	<b>757.4</b>	<b>34,352.3</b>	<b>34,607.0</b>
<i>Free portfolio</i>						
Money market	6.0	6.9	21.4	31.4	4,256.1	4,193.8
Other bonds <sup>2</sup>	7.1	23.0	(52.2)	80.3	2,642.2	3,248.0
High yield bonds <sup>3</sup>	9.3	14.0	6.5	49.9	455.4	848.9
Convertible bonds <sup>3</sup>	8.8	13.4	40.6	70.8	716.8	1,037.9
Current equities <sup>4</sup>	84.7	114.1	132.4	311.1	3,775.3	3,108.3
PE funds	87.7	43.9	174.1	90.7	1,292.1	1,223.9
Property	54.9	40.8	162.2	216.7	3,968.6	3,463.2
Other <sup>5</sup>	(42.9)	0.4	(93.3)	(94.8)	1,290.0	1,735.0
<b>Free portfolio total</b>	<b>215.5</b>	<b>256.6</b>	<b>391.6</b>	<b>756.1</b>	<b>18,396.5</b>	<b>18,859.0</b>
<b>Financial result from the investment portfolio</b>	<b>426.5</b>	<b>477.3</b>	<b>1,052.0</b>	<b>1,513.4</b>	<b>52,748.8</b>	<b>53,466.1</b>
Financial income in Pension	11.0	5.5	25.7	24.6		
Interest expense on subordinated debt Gjensidige Forsikring ASA	(7.7)	(7.3)	(22.9)	(22.9)		
<b>Net income from investments</b>	<b>429.7</b>	<b>475.5</b>	<b>1,054.8</b>	<b>1,515.1</b>		

<sup>1</sup> The item includes discounting effects of the insurance liabilities in Denmark and Sweden, and a mismatch between interest rate adjustments on the liability side in Denmark and the corresponding interest rate hedge. Investments include mortgage, sovereign and corporate bonds, investment grade bond funds and loan funds containing secured debt.

<sup>2</sup> The item includes investment grade and current bonds. Investment grade bonds are investments in internationally diversified funds that are externally managed.

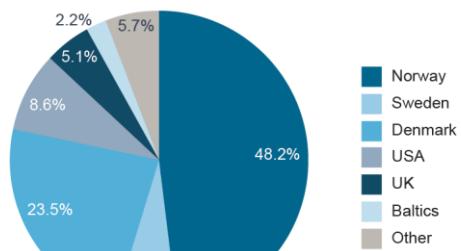
<sup>3</sup> Investments in internationally diversified funds that are externally managed.

<sup>4</sup> Investments mainly in internationally diversified funds that are externally managed. In addition, there is negative derivative exposure of NOK 354.7 million.

<sup>5</sup> The item includes currency hedging related to Gjensidige Sweden and Gjensidige Denmark, lending, paid-in capital in Gjensidige Pensjonskasse, profit/loss effects from a total return swap with Gjensidige Pensjonskasse, hedge funds, commodities and finance-related expenses.

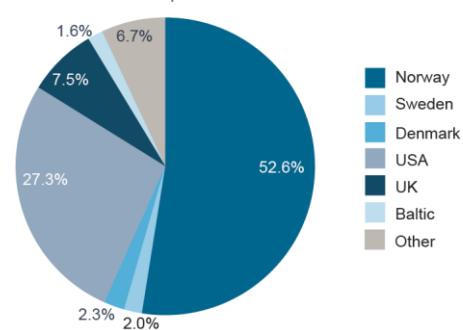
## Geographic distribution match portfolio

At the end of the period



## Geographic distribution fixed income instruments in free portfolio

At the end of the period



### Free portfolio

The free portfolio amounted to NOK 18.4 billion (18.9) at the end of the period. The return was 2.1 per cent (3.9).

#### Fixed-income instruments

The fixed-income instruments in the free portfolio amounted to NOK 8.1 billion (9.3), of which money market investments, including cash, accounted for NOK 4.3 billion (4.5). The rest of the portfolio was invested in international bonds (investment grade, high yield and convertible bonds). The total fixed-income portfolio yielded a return of 0.2 per cent (2.3). The rise in the interest rate level and increase in credit spreads had a negative impact on returns.

At the end of the period, the average duration in the portfolio was approximately 1.7 years. The distribution of counterparty risk and credit rating is shown in the charts on the next page. Securities without an official credit rating amounted to NOK 2.0 billion (1.9). Of these securities, 14.6 per cent (16.5) were issued by Norwegian savings banks, while the remainder were mostly issued by Norwegian power producers and distributors, property companies, industry and municipalities.

The geographical distribution <sup>1</sup> of the fixed-income instruments in the free portfolio is shown in the chart above.

#### Equity portfolio

The total equity exposure at the end of the period was NOK 5.1 billion (4.3), of which NOK 3.8 billion (3.1) consisted of current equities and NOK 1.3 billion (1.2) of PE funds. The return on current equities was 3.8 per cent (10.8). The result was influenced by a non-recurring gain of NOK 52 million on the sale of a single stock holding. The market for equities in general was up approximately 5 per cent measured by MSCIW (developed market global index), whereas emerging market equities were down about 8 per cent. The return on PE funds was 13.8 per cent (7.8).

#### Property portfolio

At the end of the period, the exposure to commercial real estate in the portfolio was NOK 4.0 billion (3.5). The property portfolio yielded a return of 4.2 per cent (6.4).

<sup>1</sup> The geographical distribution is related to issuers and does not reflect actual currency exposure.

## Return per asset class

Per cent	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
<i>Match portfolio</i>					
Money market	0.3	0.4	1.0	1.5	1.8
Bonds at amortised cost	1.0	1.0	3.0	3.0	4.0
Current bonds <sup>1</sup>	0.3	0.3	0.9	1.3	1.6
<b>Match portfolio total</b>	<b>0.6</b>	<b>0.6</b>	<b>1.9</b>	<b>2.2</b>	<b>2.8</b>
<i>Free portfolio</i>					
Money market	0.2	0.2	0.5	0.7	0.8
Other bonds <sup>2</sup>	0.3	0.7	(1.9)	2.4	3.1
High yield bonds <sup>3</sup>	2.1	1.7	1.4	5.7	6.1
Convertible bonds <sup>3</sup>	0.9	1.3	3.8	6.7	7.6
Current equities <sup>4</sup>	2.3	3.8	3.8	10.8	15.1
PE funds	6.9	3.7	13.8	7.8	8.4
Property	1.4	1.2	4.2	6.4	9.7
Other <sup>5</sup>	(3.4)	0.0	(6.5)	(5.7)	(8.1)
<b>Free portfolio total</b>	<b>1.2</b>	<b>1.4</b>	<b>2.1</b>	<b>3.9</b>	<b>5.3</b>
<b>Return on financial assets</b>	<b>0.8</b>	<b>0.9</b>	<b>2.0</b>	<b>2.8</b>	<b>3.7</b>

<sup>1</sup> The item includes discounting effects of the insurance liabilities in Denmark and Sweden, and a mismatch between interest rate adjustments on the liability side in Denmark and the corresponding interest rate hedge. Investments include mortgage, sovereign and corporate bonds, investment grade bond funds and loan funds containing secured debt.

<sup>2</sup> The item includes investment grade and current bonds. Investment grade bonds are investments in internationally diversified funds that are externally managed.

<sup>3</sup> Investments in internationally diversified funds that are externally managed.

<sup>4</sup> Investments mainly in internationally diversified funds that are externally managed. In addition, there is negative derivative exposure of NOK 354.7 million.

<sup>5</sup> The item includes currency hedging related to Gjensidige Sweden and Gjensidige Denmark, lending, paid-in capital in Gjensidige Pensjonskasse, profit/loss effects from a total return swap with Gjensidige Pensjonskasse, hedge funds, commodities and finance-related expenses.

## Counterparty risk fixed income instruments

At the end of the period



## Credit rating fixed income instruments

At the end of the period



## Development during the quarter

The financial result for the total investment portfolio was NOK 426.5 million (477.3) in the quarter. This corresponds to a return on financial assets of 0.8 per cent (0.9).

The match portfolio yielded 0.6 per cent (0.6), excluding changes in the value of the portfolio valued at amortised cost.

The return on the free portfolio was 1.2 per cent (1.4). The positive return was primarily driven by returns on the investments in PE-funds, equities and property.

## Organisation

The Group had a total of 3,695 employees at the end of the third quarter, compared with 3,740 at the end of the second quarter. The discontinued operation, Gjensidige Bank, had a total of 170 employees at the end of the quarter, whereas the continuing operations had a total of 3,525 employees.

The composition of the Group's employees broke down as follows: 1,869 (1,885) in general insurance operations in Norway, 170 (171) in Gjensidige Bank, 62 (61) in Gjensidige Pensjonsforsikring, 731 (751) in Denmark, 291 (306) in Sweden and 572 (566) in the Baltic states (excluding agents). The figures in brackets refer to the number of employees at the end of the second quarter.

## Events after the balance sheet date

No significant events have occurred after the end of the period.

## Outlook

Gjensidige Group's financial and solvency targets as well as the dividend policy have been subject to a review. Except for changing the cost ratio target from ~15 per cent to < 15 per cent, the targets and dividend policy are only adjusted to reflect that Gjensidige Bank (discontinued operations) will be excluded from the Group from early 2019. If for some reason the bank sale was to be cancelled, the targets and dividend policy will not be adjusted, except from the change in cost ratio target.

The Group's annual financial and solvency targets for the period 2019 through 2022, given disposal of the bank, are as follows:

- Combined ratio between 86 and 89 per cent (undiscounted)
  - Corresponding to 90 to 93 per cent given zero run-off gains
  - Average annual run-off gains of ~NOK 1 billion are still expected through 2022
- Cost ratio <15 per cent

- Solvency margin based on the Partial Internal Model (both regulatory approved and model with internal calibration) between 135 and 200 per cent
  - The solvency margin should remain in the upper half of the range in order to support an 'A' rating, stable regular dividends over time, financial flexibility for smaller acquisitions and organic growth not financed through retained earnings, as well as providing a buffer for regulatory changes.
- Return on equity after tax > 20 per cent
  - Corresponding to > 16 per cent excluding run-off gains

Gjensidige targets high and stable nominal dividends to its shareholders, and a payout ratio over time of at least 80 per cent 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 pay out excess capital.

These are financial targets, and should not be regarded as guidance for any specific quarter or year. Gjensidige will endeavour to strike a balance between good profitability and increased investments in order to ensure strong competitiveness going forward. Unexpected circumstances relating to the weather and the proportion of large losses and run-off gains or losses can contribute to a combined ratio that is above or below the annual target range.

Organic growth is expected to be in line with nominal GDP growth in Gjensidige's market areas in the Nordic countries and the Baltic states over time. In addition, profitable growth will be achieved by pursuing a disciplined acquisition strategy, as has been done successfully in the past.

There is always considerable uncertainty associated with the assessment of future developments. However, the Board remains confident in Gjensidige's ability to deliver solid earnings- and dividend growth over time.

The sale of Gjensidige Bank will, upon closing, have a temporary negative impact on the Group's return on equity, until the proceeds have been reinvested in value-enhancing opportunities or returned to shareholders. The gain on the sale will be excluded from the basis for calculating the payout ratio for regular dividends.

It is Gjensidige's ambition to become the most customer-oriented general insurance company in the Nordic region, based on profitable operations and a leading position. The strategic priorities are:

- Digital customer experiences
- Business intelligence and analytics
- Building organisational capabilities

To support the three strategic priorities and ensure strong competitiveness in the future, efficiency measures are being taken to create room for increased investments, primarily in the fields of technology, competence development and brand strength.

Efforts will be intensified to deliver the best digital customer experiences in the Nordic general insurance industry. To support this, Gjensidige is currently in a blue-print process for a new core system. The investment in a new core system is expected to be handled within the current cost ratio target, and will be made step-by-step, starting with Denmark, then Sweden and finally Norway.

At the same time, Gjensidige intends to increase its presence in the growing market for health and personal insurance.

Competition is still strong in the Norwegian general insurance market. Gjensidige has managed to capitalise on its position as market leader in Norway, and its competitiveness remains good. It has strengthened its leading position relative to its main competitors in parallel with delivering good profitability and high customer satisfaction over time. The growth rate is expected to remain subdued in the short to medium term, although an uptick in inflation and growth will lead to increased insurance premiums. Continued efforts to maintain and further strengthen Gjensidige's position in the Norwegian market will be prioritised, with particular focus on improving the profitability performance in motor insurance, ensuring cost-efficiency and improving digital customer experiences. At the same time, new, profitable opportunities for growth will be

considered in the Nordic region and the Baltic states to ensure good utilisation of a scalable business model and best practice. Strong emphasis will also be placed on further developing cooperation with partners and distributors.

Geopolitical uncertainty, low interest rates and financial challenges in several key economies, reflect an uncertain economic situation. Gjensidige has a robust investment strategy, although returns are affected by challenging market conditions. The Group is financially sound and has a high proportion of its business in the Norwegian general insurance market. The macroeconomic outlook in the Nordic region and the outlook for Gjensidige's operations are still regarded as good.

There are still some outstanding uncertainties relating to changes to the regulatory framework conditions for the financial sector in Norway and internationally.

The Group has satisfactory capital buffers in relation to internal risk models, statutory solvency requirements and its target rating. The Board considers the Group's capital situation and financial strength to be good.

Oslo, 24 October 2018

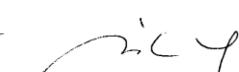
The Board of Gjensidige Forsikring ASA

  
Gisele Marchand  
Chair

  
Per Arne Bjørge

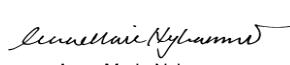
  
Eivind Elnan

  
John Giverholt

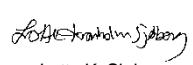
  
Vibeke Krag

  
Gunnar Mjåtvædt

  
Hilde Merete Nafstad

  
Anne Marie Nyhammer

  
Terje Seljeseth

  
Lotte K. Sjøberg

  
Helge Leiro Baastad  
CEO

# Consolidated income statement

NOK millions	Notes	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
<b>Operating income</b>						
Earned premiums from general insurance	4	6,118.1	6,056.4	17,971.6	17,428.8	23,398.3
Earned premiums from pension		459.7	521.4	1,581.2	1,350.9	1,832.7
Other income including eliminations		39.6	32.2	115.8	94.0	135.1
<b>Total operating income</b>	<b>3</b>	<b>6,617.4</b>	<b>6,610.0</b>	<b>19,668.6</b>	<b>18,873.8</b>	<b>25,366.1</b>
<b>Net income from investments</b>						
Results from investments in associates and joint ventures		50.7	31.5	189.9	139.1	255.8
Interest income and dividend etc. from financial assets		250.6	247.2	771.0	778.3	1,024.8
Net changes in fair value on investments (incl. property)		331.4	(299.8)	122.4	(359.6)	(355.1)
Net realised gain and loss on investments		(167.7)	521.9	63.2	1,043.6	1,196.0
Expenses related to investments		(35.3)	(25.1)	(91.8)	(86.4)	(119.3)
<b>Total net income from investments</b>	<b>429.7</b>	<b>475.5</b>	<b>1,054.8</b>	<b>1,515.1</b>	<b>2,002.2</b>	
<b>Total operating income and net income from investments</b>		<b>7,047.1</b>	<b>7,085.5</b>	<b>20,723.4</b>	<b>20,388.9</b>	<b>27,368.4</b>
<b>Claims</b>						
Claims incurred etc. from general insurance	5, 6	(4,591.7)	(4,013.7)	(13,522.2)	(11,933.3)	(16,401.7)
Claims incurred etc. from pension		(406.1)	(478.1)	(1,425.5)	(1,216.9)	(1,661.8)
<b>Total claims</b>		<b>(4,997.8)</b>	<b>(4,491.9)</b>	<b>(14,947.7)</b>	<b>(13,150.2)</b>	<b>(18,063.5)</b>
<b>Operating expenses</b>						
Operating expenses from general insurance		(953.0)	(892.5)	(2,758.0)	(2,640.8)	(3,586.5)
Operating expenses from pension		(61.9)	(58.6)	(181.3)	(173.4)	(227.3)
Other operating expenses		(8.9)	(1.9)	(31.5)	(14.7)	(12.9)
Amortisation and impairment losses of excess value - intangible assets		(61.5)	(62.6)	(201.0)	(188.6)	(261.3)
<b>Total operating expenses</b>		<b>(1,085.3)</b>	<b>(1,015.6)</b>	<b>(3,171.9)</b>	<b>(3,017.4)</b>	<b>(4,088.1)</b>
<b>Total expenses</b>		<b>(6,083.1)</b>	<b>(5,507.5)</b>	<b>(18,119.6)</b>	<b>(16,167.6)</b>	<b>(22,151.6)</b>
<b>Profit/(loss) before tax expense</b>	<b>3</b>	<b>964.0</b>	<b>1,578.1</b>	<b>2,603.9</b>	<b>4,221.3</b>	<b>5,216.8</b>
Tax expense		(160.5)	(370.6)	(516.0)	(977.5)	(1,156.6)
<b>Profit/(loss) from continuing operations</b>		<b>803.5</b>	<b>1,207.4</b>	<b>2,087.9</b>	<b>3,243.8</b>	<b>4,060.2</b>
Profit/(loss) from discontinued operations	11	69.7	105.2	324.3	273.5	459.1
<b>Profit/(loss) from continuing and discontinued operations</b>		<b>873.1</b>	<b>1,312.7</b>	<b>2,412.2</b>	<b>3,517.2</b>	<b>4,519.3</b>
<b>Profit/(loss) attributable to:</b>						
Owners of the company continuing operations		803.5	1,207.2	2,089.1	3,245.8	4,064.0
Owners of the company discontinued operations		69.7	105.2	324.3	273.5	459.1
Non-controlling interests		0.0	0.2	(1.2)	(2.0)	(3.8)
<b>Total</b>		<b>873.1</b>	<b>1,312.7</b>	<b>2,412.2</b>	<b>3,517.2</b>	<b>4,519.3</b>
<b>Earnings per share from continuing and discontinued operations, NOK (basic and diluted)</b>		<b>1.75</b>	<b>2.63</b>	<b>4.83</b>	<b>7.04</b>	<b>9.05</b>
Earnings per share from continuing operations, NOK (basic and diluted)		1.61	2.41	4.18	6.49	8.13

# Consolidated statement of comprehensive income

NOK millions	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
<b>Profit/(loss) from continuing and discontinued operations</b>	<b>873.1</b>	<b>1,312.7</b>	<b>2,412.2</b>	<b>3,517.2</b>	<b>4,519.3</b>
<b>Components of other comprehensive income</b>					
<b>Items that are not reclassified subsequently to profit or loss</b>					
Remeasurement of the net defined benefit liability/asset					(340.2)
Share of other comprehensive income from associates and joint ventures					(0.7)
Tax on items that are not reclassified to profit or loss					85.1
<b>Total items that are not reclassified subsequently to profit or loss</b>					<b>(255.9)</b>
<b>Items that may be reclassified subsequently to profit or loss</b>					
Exchange differences from foreign operations	(37.3)	(113.3)	(337.0)	285.5	577.2
Tax on items that may be reclassified to profit or loss	5.0	17.2	55.8	(44.8)	(88.2)
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>(32.3)</b>	<b>(96.1)</b>	<b>(281.2)</b>	<b>240.7</b>	<b>489.1</b>
<b>Total components of other comprehensive income of continuing operations</b>	<b>(32.3)</b>	<b>(96.1)</b>	<b>(281.2)</b>	<b>240.7</b>	<b>233.2</b>
Total components of other comprehensive income of discontinued operations					(1.8)
<b>Total comprehensive income from continuing and discontinued operations</b>	<b>840.8</b>	<b>1,216.6</b>	<b>2,131.0</b>	<b>3,758.0</b>	<b>4,750.7</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the company continuing operations	771.2	1,111.1	1,807.9	3,486.5	4,297.2
Owners of the company discontinued operations	69.7	105.2	324.3	273.5	457.3
Non-controlling interests		0.2	(1.2)	(2.0)	(3.8)
<b>Total</b>	<b>840.8</b>	<b>1,216.6</b>	<b>2,131.0</b>	<b>3,758.0</b>	<b>4,750.7</b>

# Consolidated statement of financial position

NOK millions	Notes	30.9.2018	30.9.2017	31.12.2017
<b>Assets</b>				
<b>Financial assets</b>				
Goodwill		3,430.0	3,421.6	3,557.4
Other intangible assets		1,286.0	1,441.1	1,472.2
Deferred tax assets		10.4	23.7	11.3
Investments in associates and joint ventures		2,845.4	1,741.7	1,859.4
Interest-bearing receivables from joint ventures		1,971.7	1,690.1	1,620.1
Owner-occupied property, plant and equipment		261.2	310.7	290.1
Pension assets		206.0	488.7	206.0
Assets held for sale	11	54,639.1		
<b>Total assets</b>		<b>153,912.1</b>	<b>146,466.2</b>	<b>149,072.4</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		1,000.0	1,000.0	1,000.0
Share premium		1,430.0	1,430.0	1,430.0
Natural perils capital		2,449.0	2,415.2	2,333.4
Guarantee scheme provision		638.3	628.9	638.3
Perpetual Tier 1 capital Gjensidige Bank (held for sale)		369.9		
Other equity		16,346.2	17,226.4	18,283.4
<b>Total equity attributable to owners of the company</b>		<b>22,233.4</b>	<b>22,700.5</b>	<b>23,685.1</b>
Non-controlling interests		0.5	19.8	18.0
<b>Total equity</b>		<b>22,233.9</b>	<b>22,720.3</b>	<b>23,703.1</b>
<b>Provision for liabilities</b>				
Subordinated debt		1,497.9	1,947.2	1,947.3
Premium reserve in life insurance		6,187.2	5,628.9	5,784.9
Provision for unearned premiums, gross, in general insurance		10,727.6	10,606.6	9,961.4
Claims provision, gross	7	30,603.5	31,148.5	31,322.7
Other technical provisions		390.1	353.0	339.6
Pension liabilities		552.4	506.6	578.3
Other provisions		289.3	288.7	328.6
<b>Financial liabilities</b>				
Financial derivatives	8	515.2	751.3	584.9
Deposits from and liabilities to customers	8		22,863.8	23,765.7
Interest-bearing liabilities	8		23,542.1	23,083.4
Other liabilities	8	2,826.5	1,021.0	1,265.2
Current tax		469.0	1,021.5	1,131.5
Deferred tax liabilities		909.6	969.3	1,076.8
Liabilities related to direct insurance and reinsurance	8	740.6	1,118.6	1,132.8
Liabilities in life insurance with investment options	8	25,178.3	21,342.9	22,565.5
Accrued expenses and deferred income	8	373.5	636.0	500.8
Liabilities held for sale	11	50,417.7		
<b>Total liabilities</b>		<b>131,678.2</b>	<b>123,745.9</b>	<b>125,369.3</b>
<b>Total equity and liabilities</b>		<b>153,912.1</b>	<b>146,466.2</b>	<b>149,072.4</b>

# Consolidated statement of changes in equity

NOK millions	Share capital	Own shares	Share premium	Other paid-in capital	Perpetual Tier 1 capital	Exchange differences	Re-measurement of the net defined benefit liab./asset	Other earned equity	Total equity
<b>Equity as at 31.12.2016 attributable to owners of the company</b>	<b>1,000.0</b>	<b>(0.1)</b>	<b>1,430.0</b>	<b>39.2</b>	<b>1,298.3</b>	<b>113.5</b>	<b>(1,702.0)</b>	<b>20,127.2</b>	<b>22,306.3</b>
Non-controlling interests as at 31.12.2016									19.8
<b>Equity as at 31.12.2016</b>									<b>22,326.0</b>
<b>1.1.-31.12.2017</b>									
<b>Comprehensive income</b>									
Profit/(loss) (the controlling interests' share)					45.9			4,477.2	4,523.1
Total components of other comprehensive income				0.3		488.4	(256.6)	(0.7)	231.3
<b>Total comprehensive income</b>				<b>0.3</b>	<b>45.9</b>	<b>488.4</b>	<b>(256.6)</b>	<b>4,476.5</b>	<b>4,754.4</b>
<b>Transactions with owners of the company</b>									
Own shares			0,0					(9.4)	(9.4)
Paid dividend								(3,399.6)	(3,399.6)
Remeasurement of the net defined benefit liability/asset of liquidated companies						22.0		(22.0)	
Equity-settled share-based payment transactions				8.8					8.8
Perpetual Tier 1 capital					70.5			(0.6)	69.8
Perpetual Tier 1 capital - interest paid					(45.3)				(45.3)
<b>Total transactions with owners of the company</b>		<b>0,0</b>		<b>8.8</b>	<b>25.2</b>	<b>0,0</b>	<b>22.0</b>	<b>(3,431.5)</b>	<b>(3,375.6)</b>
<b>Equity as at 31.12.2017 attributable to owners of the company</b>	<b>1,000.0</b>	<b>0,0</b>	<b>1,430.0</b>	<b>48.2</b>	<b>1,369.4</b>	<b>602.0</b>	<b>(1,936.7)</b>	<b>21,172.2</b>	<b>23,685.1</b>
Non-controlling interests as at 31.12.2017									18.0
<b>Equity as at 31.12.2017</b>									<b>23,703.1</b>
Adjustment due to amendment to IFRS 2					8.5				8.5
Adjustment on initial application of IFRS 9 in the bank							4.2		4.2
<b>Equity as at 1.1.2018</b>									<b>23,715.8</b>
<b>1.1.-30.9.2018</b>									
<b>Comprehensive income</b>									
Profit/(loss) (the controlling interests' share)					35.2			2,378.2	2,413.4
Total components of other comprehensive income				0.2		(280.7)	(0.3)		(281.2)
<b>Total comprehensive income</b>				<b>(0.2)</b>	<b>35.2</b>	<b>(280.7)</b>	<b>(0.3)</b>	<b>2,378.2</b>	<b>2,132.2</b>
<b>Transactions with owners of the company</b>									
Own shares			0,0					(8.7)	(8.7)
Paid dividend								(3,549.9)	(3,549.9)
Equity-settled share-based payment transactions				4.3					4.3
Perpetual Tier 1 capital					0.5			(0.5)	
Perpetual Tier 1 capital - interest paid					(35.1)				(35.1)
Net effect of purchase of non-controlling interests								(7.2)	(7.2)
<b>Total transactions with owners of the company</b>		<b>0,0</b>		<b>4.3</b>	<b>(34.6)</b>			<b>0,0</b>	<b>(3,566.2)</b>
<b>Equity as at 30.9.2018 attributable to owners of the company</b>	<b>1,000.0</b>	<b>0,0</b>	<b>1,430.0</b>	<b>60.9</b>	<b>1,370.0</b>	<b>321.2</b>	<b>(1,936.9)</b>	<b>19,988.3</b>	<b>22,233.4</b>
Non-controlling interests as at 30.9.2018									0.5
<b>Equity as at 30.9.2018</b>									<b>22,233.9</b>
<b>1.1.-30.9.2017</b>									
<b>Comprehensive income</b>									
Profit/(loss) (the controlling interests' share)					34.5			3,484.7	3,519.2
Total components of other comprehensive income				0.1		240.6			240.7
<b>Total comprehensive income</b>				<b>0.1</b>	<b>34.5</b>	<b>240.6</b>		<b>3,484.7</b>	<b>3,760.0</b>
<b>Transactions with owners of the company</b>									
Own shares			0,0					(7.4)	(7.4)
Paid dividend								(3,399.6)	(3,399.6)
Remeasurement of the net defined benefit liability/asset of liquidated companies						5.9		(5.9)	
Equity-settled share-based payment transactions				5.5					5.5
Perpetual Tier 1 capital					70.3			(0.5)	69.8
Perpetual Tier 1 capital - interest paid					(34.1)				(34.1)
<b>Total transactions with owners of the company</b>		<b>0,0</b>		<b>5.5</b>	<b>36.2</b>			<b>5.9</b>	<b>(3,413.3)</b>
<b>Equity as at 30.9.2017 attributable to owners of the company</b>	<b>1,000.0</b>	<b>0,0</b>	<b>1,430.0</b>	<b>44.8</b>	<b>1,369.0</b>	<b>354.2</b>	<b>(1,696.1)</b>	<b>20,198.6</b>	<b>22,700.5</b>
Non-controlling interests as at 30.9.2017									19.8
<b>Equity as at 30.9.2017</b>									<b>22,720.3</b>

# Consolidated statement of cash flows

NOK millions	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
<b>Cash flow from operating activities</b>			
Premiums paid, net of reinsurance	23,929.0	22,601.5	29,645.8
Claims paid, net of reinsurance	(14,890.2)	(13,444.0)	(18,398.9)
Net payment of loans to customers	(3,091.6)	(4,261.7)	(4,912.2)
Net payment of deposits from customers	(207.5)	1,593.5	2,495.3
Payment of interest from customers	1,191.5	1,113.6	1,509.0
Payment of interest to customers	(89.2)	(55.6)	(257.2)
Net receipts/payments of premium reserve transfers	(1,024.1)	(907.6)	(1,231.2)
Net receipts/payments from financial assets	(280.3)	(843.3)	(1,812.3)
Net receipt/payments on sale/acquisition of investment property		97.1	97.1
Operating expenses paid, including commissions	(3,462.7)	(3,471.0)	(4,283.3)
Taxes paid	(1,247.9)	(1,274.2)	(1,250.4)
Net other receipts/payments	196.3	74.3	116.4
<b>Net cash flow from operating activities</b>	<b>1,023.2</b>	<b>1,222.4</b>	<b>1,718.1</b>
<b>Cash flow from investing activities</b>			
Net receipts/payments from sale/acquisition of subsidiaries and associates/joint venture	(34.3)	(496.6)	(502.6)
Net receipts/payments on sale/acquisition of owner-occupied property, plant and equipment and intangible assets	(302.4)	(251.1)	(328.1)
Net receipts/payments on sale/acquisition of customer portfolios - intangible assets		(3.9)	(3.9)
<b>Net cash flow from investing activities</b>	<b>(336.7)</b>	<b>(751.6)</b>	<b>(834.6)</b>
<b>Cash flow from financing activities</b>			
Payment of dividend	(3,549.9)	(3,459.9)	(3,459.9)
Net receipts/payments on subordinated debt incl. interest	(31.0)	(32.4)	(42.3)
Net receipts of capital from non-controlling interests		2.1	2.1
Net receipts/payments on loans to credit institutions	2,768.2	3,925.3	3,462.4
Net receipts/payments on other short-term liabilities	6.3	(18.6)	(53.1)
Net receipts/payments on interest on funding activities	(256.3)	(230.8)	(308.8)
Net receipts/payments on sale/acquisition of own shares	(8.7)	(9.1)	(11.1)
Tier 1 issuance/installments		70.0	70.0
Tier 1 interest payments	(43.8)	(42.9)	(56.8)
<b>Net cash flow from financing activities</b>	<b>(1,115.1)</b>	<b>203.8</b>	<b>(397.5)</b>
Effect of exchange rate changes on cash and cash equivalents	(34.3)	21.5	40.5
<b>Net cash flow</b>	<b>(462.9)</b>	<b>696.2</b>	<b>526.5</b>
Cash and cash equivalents at the start of the period	2,685.2	2,158.7	2,158.7
Cash and cash equivalents at the end of the period	2,222.3	2,854.9	2,685.2
<b>Net cash flow</b>	<b>(462.9)</b>	<b>696.2</b>	<b>526.5</b>
<b>Specification of cash and cash equivalents</b>			
Deposits with central banks	59.6	411.8	229.6
Cash and deposits with credit institutions	2,162.7	2,443.1	2,455.6
<b>Total cash and cash equivalents</b>	<b>2,222.3</b>	<b>2,854.9</b>	<b>2,685.2</b>
<b>Specification of cash and cash equivalents from discontinued operations</b>			
Deposits with central banks	59.6	411.8	229.6
Cash and deposits with credit institutions	260.8	270.0	200.4
<b>Total cash and cash equivalents from discontinued operations</b>	<b>320.4</b>	<b>681.8</b>	<b>430.1</b>
<b>Specification of cash and cash equivalents from continuing operations</b>			
Cash and deposits with credit institutions	1,901.9	2,173.1	2,255.2
<b>Total cash and cash equivalents from continuing operations</b>	<b>1,901.9</b>	<b>2,173.1</b>	<b>2,255.2</b>
<b>Cash flows from discontinued operations</b>			
Net cash flow from operating activities	(2,597.4)	(3,368.9)	(3,034.5)
Net cash flow from investing activities	(21.6)	(13.7)	(21.4)
Net cash flow from financing activities	2,509.3	3,944.3	3,366.1
<b>Total cash flows from discontinued operations</b>	<b>(109.7)</b>	<b>561.8</b>	<b>310.2</b>

# Notes

## 1. Accounting policies

The consolidated financial statements as of the third quarter of 2018, concluded on 30 September 2018, comprise Gjensidige Forsikring ASA and its subsidiaries (collectively referred to as the Group) and the Group's holdings in associated companies. Except for the changes described below, the accounting policies applied in the interim report are the same as those used in the annual report for 2017.

The consolidated financial statements as of the third quarter of 2018 have been prepared in accordance with IFRS and IAS 34 Interim Financial Reporting. The interim report does not include all the information required in a complete annual report and should be read in conjunction with the annual report for 2017.

From the third quarter 2018 IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are implemented, due to the sale of Gjensidige Bank.

### New standards adopted

#### IFRS 15 Recognition of revenue for customers (2014)

The standard did not have a significant effect on Gjensidige's financial statements.

#### IFRS 9 Financial instruments (2014)

Gjensidige Bank implemented IFRS 9 from 1 January 2018, and there were two implementation effects. The new impairment requirements increased the bank's provision for expected credit losses by NOK 13.8 million. Further, the fixed interest loans to customers were reclassified from amortised cost to fair value, with an effect of increased value of NOK 19.4 million. The net implementation effect of NOK 4.2 million (after tax) was recognised in the opening balance.

### New standards and interpretations not yet adopted

A number of new standards, changes to standards and interpretations have been issued for financial years beginning after 1 January 2018. They have not been applied when preparing these consolidated financial statements. Those that may be relevant to Gjensidige are mentioned below. Gjensidige does not plan early implementation of these standards.

#### IFRS 9 Financial instruments (2014)

IFRS 9 introduces new requirements for the classification and measurement of financial assets, including a new expected loss model for the recognition of impairment losses, and changed requirements for hedge accounting.

IFRS 9 contains three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through profit or loss. Financial assets will be classified either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss, depending on how they are managed and which contractual cash flow properties they have. IFRS 9 introduces a new requirement regarding financial liabilities earmarked at fair value where changes in fair value that can be attributed to the liabilities' credit risk are presented in other comprehensive income rather than over profit or loss.

Impairment provisions according to IFRS 9 shall for the bank be measured using an expected loss model, instead of an incurred loss model as in IAS 39. The impairment rules in IFRS 9 will be applicable to all financial assets measured at amortised cost or at fair value with the changes in fair value recognised in other comprehensive income. In addition, loan commitments, financial guarantee contracts and lease receivables are within the scope of the standard. The measurement of the provision for expected credit

losses on financial assets depends on whether the credit risk has increased significantly since initial recognition. At initial recognition and if the credit risk has not increased significantly, the provision should equal 12-month expected credit losses. If the credit risk has increased significantly, the provision should equal lifetime expected credit losses. This dual approach replaces today's collective impairment model.

IFRS 9 is effective from 1 January 2018.

#### Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (2016)

IFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 1 January 2018. The amendments to IFRS 4 permit entities that predominantly undertake insurance activities the option to defer the effective date of IFRS 9 until 1 January 2021. The effect of such a deferral is that the entities concerned may continue to report under the existing standard, IAS 39 Financial Instruments. In addition, the insurance sector of a financial conglomerate is allowed to defer the application of IFRS 9 until 1 January 2021, where all of the following conditions are met:

- no financial instruments are transferred between the insurance sector and any other sector of the financial conglomerate other than financial instruments that are measured at fair value with changes in fair value recognised through the profit or loss account by both sectors involved in such transfers;
- the financial conglomerate states in the consolidated financial statements which insurance entities in the group are applying IAS 39;
- disclosures requested by IFRS 7 are provided separately for the insurance sector applying IAS 39 and for the rest of the group applying IFRS 9.

Gjensidige has decided to make use of this exception.

#### IFRS 16 Leases (2016)

IFRS 16 requires all contracts that qualify under its definition as a lease to be reported on a lessee's balance sheet as right of use assets and lease liabilities. Earlier classification of leases as either operating leases or finance leases are removed. Short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements. A lessee shall recognise a right-of-use asset and a lease liability. The interest effect of discounting the lease liability shall be presented separately from the depreciation charge for the right-of-use asset. The depreciation expense will be presented with the group's other depreciations, whereas the interest effect of discounting will be presented as a financial item. IFRS 16 is effective 1 January 2019. The standard is expected to have an effect on the group's financial statements, significantly increasing the group's recognised assets and liabilities and potentially affecting the presentation and timing of recognition of charges in the income statement. A rough estimate of expected amount to be recognised as a lease liability at the time of implementation is NOK 1 billion. However, the amount is subject to great uncertainty.

#### IFRS 17 Insurance Contracts (2017)

IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. IFRS 17 is a complex standard that includes some fundamental differences to current accounting for liability measurement and profit recognition. Insurance contracts will be recognised at a risk-adjusted present value of the future cash flows plus an amount representing the unearned profit in the group of contracts (the contractual service margin). If a group of contracts is or become loss-making, the loss will be recognised immediately. Insurance revenue, insurance service expenses and insurance finance income or expenses will be presented separately. IFRS 17

is effective 1 January 2021. The standard is expected to have an effect on the group's financial statements, significantly changing the measurement and presentation of income and expenses.

Based on our preliminary assessments and based on Gjensidige's current operations, other amendments to standards and interpretation statements will not have a significant effect.

The preparation of interim accounts involves the application of assessments, estimates and assumptions that affect the use of accounting policies and the amounts recognised for assets and liabilities, revenues and expenses. The actual results may deviate from these estimates. The most material assessments involved in applying the Group's accounting policies and the most important sources of uncertainty in the estimates are the same regarding preparing the interim report as in the annual report for 2017.

## 2. Seasonal variations

For some insurance products, seasonal premiums are used. This is because the incidence of claims is not evenly distributed throughout the year, but follows a stable seasonal pattern. Normally, premium income (earned premiums) is accrued evenly over the period of insurance, but for products with a seasonal pattern, premium income must also be allocated according to the incidence of claims. Gjensidige Forsikring has a seasonal premium for the following products: pleasure craft, snowmobiles and motorcycles. For example, for motorcycles, earned premiums for the period from April to September amount to a full 85 per cent of the annual premiums.

Comparable figures are based on IFRS. All amounts are shown in NOK millions unless otherwise indicated. Due to rounding-off differences, figures and percentages may not exactly add up to the exact total figures.

Notes are presented on a Group level. Separate notes for Gjensidige Forsikring ASA (GF ASA) is not presented as GF ASA is the material part of the Group and therefore the notes for the Group give a sufficient presentation of both the Group and GF ASA.

A complete or limited audit of the interim report has not been carried out.

Another consequence of a seasonal premium is that if the customer cancels the insurance contract before the renewal date, only the portion of the seasonal premium is refunded for which the Company did not bear any risk. For motorcycle insurance taken out on 1 April, but cancelled on 1 October, the policyholder will only be refunded 15 per cent of the annual premium, even though the insurance was in effect only for six months.

### 3. Segment information

Gjensidige Bank was discontinued from the third quarter 2018 and is no longer a separate segment in Gjensidige Group. The segment information reported does therefore not include amounts for Gjensidige Bank. Please see note 11 for further details.

The Group's core operations comprise the segments general insurance Private, Commercial, Denmark, Sweden and Baltics. The Group also has operations in the Pension segment.

The segments are evaluated regularly by Gjensidige's senior group management based on financial and operational information specially prepared for each segment for the purpose of following up performance and allocating necessary resources.

Segment income is defined as earned premiums for general insurance and earned premiums and other income for Pension.

The segment result is defined as the underwriting result for general insurance and the profit before tax expense for Pension.

With effect from 1 January 2018 the former Nordic segment has been divided into two new segments: Denmark and Sweden. Comparable figures are changed accordingly.

	Segment income <sup>2</sup>		Claims, interest expenses, loss etc.		Operating expenses		Net income from investments		Segment result/profit/(loss) before tax expense		
Third quarter	NOK millions	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
General Insurance Private	2,279.0	2,228.9	(1,572.7)	(1,295.1)	(297.6)	(290.4)				408.7	643.4
General Insurance Commercial	1,932.5	1,860.0	(1,574.1)	(1,155.9)	(222.1)	(202.9)				136.4	501.1
General Insurance Denmark	1,221.8	1,269.4	(903.2)	(947.5)	(157.7)	(168.5)				160.9	153.3
General Insurance Sweden	374.8	443.1	(307.8)	(372.4)	(57.8)	(77.5)				9.3	(6.9)
General Insurance Baltics	273.9	276.7	(158.4)	(185.0)	(84.5)	(87.1)				31.0	4.6
Pension	497.2	552.8	(406.1)	(478.1)	(61.9)	(58.6)	11.0	5.5	40.2	21.6	
Eliminations etc. <sup>1</sup>	38.2	(20.9)	(75.6)	(57.7)	(203.7)	(130.6)	418.8	470.1	177.6	260.8	
<b>Total</b>	<b>6,617.4</b>	<b>6,610.0</b>	<b>(4,997.8)</b>	<b>(4,491.9)</b>	<b>(1,085.3)</b>	<b>(1,015.6)</b>	<b>429.7</b>	<b>475.5</b>	<b>964.0</b>	<b>1,578.1</b>	

	Segment income <sup>2</sup>		Claims, interest expenses, loss etc.		Operating expenses		Net income from investments		Segment result/profit/(loss) before tax expense		
1.1.-30.9.	NOK millions	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
General Insurance Private	6,532.2	6,393.0	(4,572.0)	(3,776.7)	(836.5)	(809.3)				1,123.7	1,807.0
General Insurance Commercial	5,650.2	5,473.2	(4,480.9)	(3,529.0)	(656.6)	(623.9)				512.6	1,320.3
General Insurance Denmark	3,678.6	3,570.8	(2,853.0)	(2,851.0)	(515.7)	(506.5)				309.9	213.3
General Insurance Sweden	1,206.7	1,287.6	(979.2)	(1,144.9)	(194.8)	(236.3)				32.7	(93.6)
General Insurance Baltics	810.8	803.1	(504.1)	(567.6)	(255.5)	(262.0)				51.1	(26.5)
Pension	1,691.4	1,441.6	(1,425.5)	(1,216.9)	(181.3)	(173.4)	25.7	24.6	110.3	75.8	
Eliminations etc. <sup>1</sup>	98.7	(95.5)	(133.0)	(64.1)	(531.5)	(406.0)	1,029.1	1,490.5	463.4	924.9	
<b>Total</b>	<b>19,668.6</b>	<b>18,873.8</b>	<b>(14,947.7)</b>	<b>(13,150.2)</b>	<b>(3,171.9)</b>	<b>(3,017.4)</b>	<b>1,054.8</b>	<b>1,515.1</b>	<b>2,603.9</b>	<b>4,221.3</b>	

<sup>1</sup> Eliminations etc. consist of internal eliminations and other income and expenses not directly attributable to one single segment, and large losses of NOK 163.4 million (61.9) for the year to date and 67.5 million (10.4) in the quarter. Interest on subordinated debt is included in Net income from investments.

<sup>2</sup> There is no significant income between the segments at this level in 2018 and 2017.

### 4. Earned premiums from general insurance

NOK millions	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
Earned premiums, gross	6,292.7	6,183.2	18,503.7	17,943.8	24,083.0
Ceded reinsurance premiums	(174.5)	(126.9)	(532.1)	(515.0)	(684.7)
<b>Total earned premiums, net of reinsurance</b>	<b>6,118.1</b>	<b>6,056.4</b>	<b>17,971.6</b>	<b>17,428.8</b>	<b>23,398.3</b>

### 5. Claims incurred etc. from general insurance

NOK millions	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
Gross claims	(4,679.4)	(3,987.9)	(13,678.5)	(12,395.4)	(16,891.7)
Claims, reinsurers' share	87.6	(25.8)	156.3	462.1	490.0
<b>Total claims incurred etc. from general insurance</b>	<b>(4,591.7)</b>	<b>(4,013.7)</b>	<b>(13,522.2)</b>	<b>(11,933.3)</b>	<b>(16,401.7)</b>

## 6. Run-off gain/(loss) from general insurance

NOK millions	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
Earned premiums from general insurance	6,118.1	6,056.4	17,971.6	17,428.8	23,398.3
Run-off gain/(loss) for the period, net of reinsurance <sup>1</sup>	340.7	243.5	972.9	729.7	1,030.3
In per cent of earned premiums from general insurance	5.6	4.0	5.4	4.2	4.4

<sup>1</sup> Run-off gains/(losses) from general insurance includes run-off from the general insurance segments in addition to run-off on Corporate Centre/reinsurance.

## 7. Claims provision, gross from general insurance

NOK millions	30.9.2018	30.9.2017	31.12.2017
Claims provision, gross, as at 1 January	31,322.7	31,357.4	31,357.4
Additions from acquisitions		73.8	115.7
Claims for the year	14,646.0	13,283.8	18,104.9
Claims incurred in prior years, gross	(964.0)	(881.6)	(1,200.9)
Claims paid	(13,942.0)	(12,909.4)	(17,728.0)
Discounting of claims provisions	52.0	42.6	70.5
Change in discounting rate	(39.9)	(102.9)	(66.0)
Other changes		(43.9)	(43.9)
Exchange differences	(471.3)	328.6	713.0
<b>Claims provision, gross, at the end of the period</b>	<b>30,603.5</b>	<b>31,148.5</b>	<b>31,322.7</b>
Discounted claims provision, gross - annuities	5,852.9	5,895.0	6,127.1
Nominal claims provision, gross - annuities	6,434.2	6,673.9	6,855.7

The claims provisions shall cover future claims payments. The claims provisions for insurances with annuity payments are converted to present value (discounted), whereas other provisions are undiscounted.

The reason why the claims provisions for annuities are discounted is due to very long cash flows and substantial future interest income. The claims for occupational injuries in Denmark are paid either as annuities or as lump-sum indemnities (which are calculated mainly as discounted annuities). Therefore, it is most expedient to regard the whole portfolio as annuities. For Swedish MTPL personal injuries are paid as lifelong annuities. The discount rate used is a swap interest rate.

## 8. Financial assets and liabilities

### Fair value

Financial assets and liabilities measured at fair value are carried at the amount each asset/liability can be settled to in an orderly transaction between market participants at the measurements date at the prevailing market conditions.

Different valuation techniques and methods are used to estimate fair value depending on the type of financial instruments and to which extent they are traded in active markets. Instruments are classified in their entirety in one of three valuation levels in a hierarchy based on the lowest level input that is significant to the fair value measurement in its entirety.

The different valuation levels and which financial assets/liabilities that are included in the respective levels are accounted for below.

#### Quoted prices in active markets

Quoted prices in active markets are considered the best estimate of an asset/liability's fair value. A financial asset/liability is considered valued based on quoted prices in active markets if fair value is estimated based on easily and regularly available prices and these prices represent actual and regularly occurring transactions at arm's length principle. Financial assets/liabilities valued based on quoted prices in active markets are classified as level one in the valuation hierarchy.

The following financial assets are classified as level one in the valuation hierarchy

- Listed shares
- Norwegian government/government backed bonds and other fixed income securities
- Exchange traded funds

#### Valuation based on observable market data

When quoted prices in active markets are not available, the fair value of financial assets/ liabilities is preferably estimated based on valuation techniques which are based on observable market data.

A financial asset/liability is considered valued based on observable market data if fair value is estimated with reference to prices that are not quoted, but are observable either directly (as prices) or indirectly (derived from prices).

The following financial assets/liabilities are classified as level two in the valuation hierarchy

- Currency derivatives, equity options and forward rate agreements, in which fair value is derived from the value of underlying instruments. These derivatives are valued using common valuation techniques for derivatives (option pricing models etc.).
- Equity funds, bond funds, hedge funds and combination funds, in which fair value is estimated based on the fair value of the underlying investments of the funds.
- Bonds, certificates or index bonds that are unlisted, or that are listed but where transactions are not occurring regularly. The unlisted instruments in this category are valued based on observable yield curves and estimated credit spreads where applicable.

- Interest-bearing liabilities (banking activities) measured at fair value. These liabilities are valued based on observable credit spreads.
- Listed subordinated debt where transactions are not occurring regularly.

#### Valuation based on non-observable market data

When neither quoted prices in active markets nor observable market data is available, the fair value of financial assets/liabilities is estimated based on valuation techniques which are based on non-observable market data.

A financial asset/liability is considered valued based on non-observable market data if fair value is estimated without being based on quoted prices in active markets or observable market data. Financial assets/liabilities valued based on non-observable market data are classified as level three in the valuation hierarchy.

The following financial assets are classified as level three in the valuation hierarchy

- Unlisted private equity investments. The private equity investments that are not organised as funds are valued using cash flow analysis, price multiples and recent market transactions. The private equity investments that are organised as funds are valued based on NAV (Net Asset Value) as reported by the fund administrators in accordance with IPEV guidelines (International Private Equity and Venture Capital Valuation). Because of late reporting from the funds, the NAV from the previous quarterly reporting is used in estimating fair value. The NAV is then assessed for discretionary adjustments based on objective events since the last reporting date. Objective events may be the development in underlying values of listed companies since the last reporting, changes in regulations or substantial market movements.
- Real estate funds. The real estate funds are valued based on reported NAV values as reported by the fund administrators. Because of late reporting from the funds, the NAV values from the previous quarterly reporting are used in estimating fair value.

#### The valuation process for financial assets classified as level three

In consultation with the Investment Performance and Risk Measurement department, the Chief Investment Officer decides which valuation models will be used when valuing financial assets classified as level three in the valuation hierarchy. The models are evaluated as required. The fair value and results of the investments and compliance with the stipulated limits are reported weekly to the Chief Financial Officer and Chief Executive Officer, and monthly to the Board.

#### Sensitivity financial assets level three

The sensitivity analysis for financial assets that are valued based on non-observable market data shows the effect on profits of realistic and plausible market outcomes. General market downturns or a worsening of the outlook can affect expectations of future cash flows or the applied multiples, which in turn will lead to a reduction in value. A fall in value of ten per cent is deemed to be a realistic and plausible market outcome for shares and similar interests, as well as bonds and other securities with a fixed return that are included in level three of the valuation hierarchy.

NOK millions	Carrying amount as at 30.9.2018	Fair value as at 30.9.2018	Carrying amount as at 30.9.2017	Fair value as at 30.9.2017
<b>Financial assets</b>				
<i>Financial derivatives</i>				
Financial derivatives at fair value through profit or loss	431.5	431.5	857.2	857.2
<i>Financial assets at fair value through profit or loss, designated upon initial recognition</i>				
Shares and similar interests	6,530.8	6,530.8	7,133.7	7,133.7
Bonds and other fixed income securities	26,165.4	26,165.4	30,201.5	30,201.5
Shares and similar interests in life insurance with investment options	22,043.5	22,043.5	18,976.9	18,976.9
Bonds and other fixed income securities in life insurance with investment options	3,134.7	3,134.7	2,366.0	2,366.0
<i>Financial assets held to maturity</i>				
Bonds held to maturity	384.6	387.5	1,620.1	1,656.3
<i>Loans and receivables</i>				
Bonds and other fixed income securities classified as loans and receivables	20,184.5	21,083.0	19,829.1	21,362.4
Loans	2,072.8	2,072.8	46,871.1	46,896.5
Receivables related to direct operations and reinsurance	6,911.4	6,911.4	6,135.5	6,135.5
Other assets and receivables	693.6	693.6	1,029.3	1,029.3
Prepaid expenses and earned, not received income	109.4	109.4	236.7	236.7
Cash and cash equivalents	1,901.9	1,901.9	2,854.9	2,854.9
<b>Total financial assets</b>	<b>90,564.1</b>	<b>91,465.5</b>	<b>138,111.9</b>	<b>139,706.7</b>
<b>Financial liabilities</b>				
<i>Financial derivatives</i>				
Financial derivatives at fair value through profit or loss	515.2	515.2	751.3	751.3
<i>Financial liabilities at fair value through profit or loss, designated upon initial recognition</i>				
Debt in life insurance with investment options	25,178.3	25,178.3	21,342.9	21,342.9
<i>Financial liabilities at amortised cost</i>				
Subordinated debt	1,497.9	1,493.8	1,947.2	1,968.2
Deposits from and liabilities to customers, bank			22,863.8	22,863.8
Interest-bearing liabilities			23,542.1	23,452.7
Other liabilities	2,826.5	2,826.5	1,021.0	1,021.0
Liabilities related to direct insurance	740.6	740.6	1,118.6	1,118.6
Accrued expenses and deferred income	373.5	373.5	636.0	636.0
<b>Total financial liabilities</b>	<b>31,132.0</b>	<b>31,127.9</b>	<b>73,222.8</b>	<b>73,154.5</b>
<b>Gain/(loss) not recognised in profit or loss</b>		<b>905.4</b>		<b>1,663.1</b>

#### Valuation hierarchy 2018

The table shows a valuation hierarchy where financial assets/liabilities are divided into three levels based on the method of valuation.

NOK millions	Level 1	Level 2	Level 3	Total	
	Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data		
<b>Financial assets</b>					
<i>Financial derivatives</i>					
Financial derivatives at fair value through profit or loss		431.5		431.5	
<i>Financial assets at fair value through profit or loss, designated upon initial recognition</i>					
Shares and similar interests	114.7	5,109.6	1,306.5	6,530.8	
Bonds and other fixed income securities	12,393.5	13,028.1	743.8	26,165.4	
Shares and similar interests in life insurance with investment options	22,023.3	20.2		22,043.5	
Bonds and other fixed income securities in life insurance with investment options	3,119.2	15.6		3,134.7	
<i>Financial assets at amortised cost</i>					
Bonds held to maturity	251.1	136.3		387.5	
Bonds and other fixed income securities classified as loans and receivables		21,079.2	3.8	21,083.0	
Loans		0.0	2,072.8	2,072.8	
<b>Financial liabilities</b>					
<i>Financial derivatives</i>					
Financial derivatives at fair value through profit or loss		515.2		515.2	
<i>Financial liabilities at fair value through profit or loss, designated upon initial recognition</i>					
Debt in life insurance with investment options	25,142.5	35.8		25,178.3	
<i>Financial liabilities at amortised cost</i>					
Subordinated debt		1,493.8		1,493.8	

#### Valuation hierarchy 2017

The table shows a valuation hierarchy where financial assets/liabilities are divided into three levels based on the method of valuation.

NOK millions	Level 1	Level 2	Level 3	Total	
	Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data		
<b>Financial assets</b>					
<i>Financial derivatives</i>					
Financial derivatives at fair value through profit or loss		857.2		857.2	
<i>Financial assets at fair value through profit or loss, designated upon initial recognition</i>					
Shares and similar interests	103.3	4,758.2	2,272.2	7,133.7	
Bonds and other fixed income securities	11,108.7	18,420.3	672.5	30,201.5	
Shares and similar interests in life insurance with investment options	18,965.8	11.1		18,976.9	
Bonds and other fixed income securities in life insurance with investment options	2,350.8	15.1		2,366.0	
<i>Financial assets at amortised cost</i>					
Bonds held to maturity	370.7	1,285.6		1,656.3	
Bonds and other fixed income securities classified as loans and receivables		21,362.4		21,362.4	
Loans			46,896.5	46,896.5	
<b>Financial liabilities</b>					
<i>Financial derivatives</i>					
Financial derivatives at fair value through profit or loss		751.3		751.3	
<i>Financial liabilities at fair value through profit or loss, designated upon initial recognition</i>					
Debt in life insurance with investment options	21,316.6	26.2		21,342.9	
<i>Financial liabilities at amortised cost</i>					
Subordinated debt		1,968.2		1,968.2	
Interest-bearing liabilities		23,452.7		23,452.7	

Reconciliation of financial assets valued based on non-observable market data (level 3) 2018

NOK millions	As at 1.1.2018	Net realised/ unrealised gains recognised in profit or loss	Trans- fers into/out of level 3				Cur- rency effect	As at 30.9.2018	Amount of net realised/ unrealised gains recognised in profit or loss that are attributable to instruments held as at 30.9.2018
			Purch- ases	Sales	Settle- ments				
Shares and similar interests	2,211.8	43.3	100.8	(137.5)		(911.7)	(0.3)	1,306.5	67.6
Bonds and other fixed income securities	904.3	48.4		(176.0)			(32.9)	743.8	
<b>Total</b>	<b>3,116.2</b>	<b>91.7</b>	<b>100.8</b>	<b>(313.5)</b>		<b>(911.7)</b>	<b>(33.2)</b>	<b>2,050.3</b>	<b>67.6</b>

Sensitivity of financial assets valued based on non-observable market data (level 3) 2018

NOK millions	Sensitivity
Shares and similar interests	Change in value 10% 130.7
Bonds and other fixed income securities	Change in value 10% 74.4
<b>Total</b>	<b>205.0</b>

Reconciliation of financial assets valued based on non-observable market data (level 3) 2017

NOK millions	As at 1.1.2017	Net realised/ unrealised gains recognised in profit or loss	Trans- fers into/out of level 3				Cur- rency effect	As at 30.9.2017	Amount of net realised/ unrealised gains recognised in profit or loss that are attributable to instruments held as at 30.9.2017
			Purch- ases	Sales	Settle- ments				
Shares and similar interests	2,307.0	(63.7)	127.1	(98.4)			0.2	2,272.2	(77.1)
Bonds and other fixed income securities	1,333.5	49.6	87.9	(833.4)			34.9	672.5	
<b>Total</b>	<b>3,640.5</b>	<b>(14.1)</b>	<b>215.0</b>	<b>(931.8)</b>			<b>35.1</b>	<b>2,944.7</b>	<b>(77.1)</b>

Sensitivity of financial assets valued based on non-observable market data (level 3) 2017

NOK millions	Sensitivity
Shares and similar interests	Change in value 10% 227.2
Bonds and other fixed income securities	Change in value 10% 67.3
<b>Total</b>	<b>294.5</b>

## 9. Contingent liabilities

NOK millions	30.9.2018	30.9.2017	31.12.2017
<b>Guarantees and committed capital</b>			
Gross guarantees	0.1	0.1	0.1
Committed capital, not paid	687.4	1,684.0	1,392.5

As part of its ongoing financial management Gjensidige has committed, but not paid up to NOK 687.4 million (1,684.0) in loan funds containing secured debt and various private equity and real estate funds, over and above the amounts recognised in the balance sheet.

Gjensidige Forsikring is liable externally for any insurance claim arising in the cooperating mutual fire insurers' fire insurance operations.

According to the agreement with Gjensidige Pensjonskasse the return, if not sufficient to cover the pension plans guaranteed interest rate, should be covered from the premium fund or through contribution from Gjensidige Forsikring.

## 10. Related parties

There have not been any significant transactions with related parties other than ordinary current agreements conducted at arm's length distance.

## 11. Discontinued operations

On 2 July Gjensidige Forsikring ASA entered into a share purchase agreement with Nordea for the sale of Gjensidige Bank ASA. The agreed purchase price was NOK 5.5 billion, subject to certain adjustments based on the performance of the bank until closing of the transaction. Closing is expected to take place within Q1 2019, subject to customary regulatory approvals. Gjensidige Forsikring ASA is expected to record an estimated gain of approximately NOK 1.9 billion upon closing of the transaction.

Gjensidige Bank ASA, together with its subsidiary Gjensidige Bank Boligkredit AS, constitute the segment Retail Bank. An analysis of income and expenses from the discontinued operation can be found in the table on page 11. Additional amounts are presented in the table below.

NOK millions	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
<b>Income statement</b>					
Profit /(loss) before tax expense	92.9	140.3	432.4	364.8	612.3
Tax expense	(23.2)	(35.1)	(108.1)	(91.3)	(153.2)
<b>Profit /(loss) after tax expense from discontinued operations (attributable to owners of the company)</b>	<b>69.7</b>	<b>105.2</b>	<b>324.3</b>	<b>273.5</b>	<b>459.1</b>
<b>Earnings per share from discontinued operations, NOK (basic and diluted)</b>	<b>0.14</b>	<b>0.21</b>	<b>0.65</b>	<b>0.55</b>	<b>0.92</b>
<b>Financial position</b>					
Cash and claims from central banks		59.6	411.8	229.6	
Net loans and receivables to credit institutions		260.8	270.0	200.5	
Net loans and receivables to customers		48,918.0	45,070.9	45,875.9	
Sertificates, bonds etc.		4,951.7	4,981.1	4,957.5	
Other assets		448.9	294.0	271.3	
<b>Total assets</b>	<b>54,639.1</b>	<b>51,027.8</b>	<b>51,534.8</b>		
Deposits from and liabilities to customers		23,558.2	22,863.8	23,765.7	
Debt through issuance of securities		25,641.6	23,542.1	23,083.4	
Subordinated loans		549.8	449.7	449.8	
Other liabilities		668.1	453.6	336.4	
Perpetual Tier 1 capital instrument		369.9	369.5	369.6	
Other equity		3,851.5	3,349.0	3,530.0	
<b>Total equity and liabilities</b>	<b>54,639.1</b>	<b>51,027.8</b>	<b>51,534.8</b>		
<b>Cash flows</b>					
Net cash flows from operating activities		(2,597.4)	(3,368.9)	(3,034.5)	
Net cash flows from investing activities		(21.6)	(13.7)	(21.4)	
Net cash flows from financing activities		2,509.4	3,931.9	3,353.6	
<b>Net cash flow for the period</b>	<b>(109.7)</b>	<b>549.4</b>	<b>297.7</b>		

# Quarterly earnings performance

NOK millions	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	2018	2018	2018	2017	2017	2017	2017	2016	2016
Earned premiums from general insurance	6,118.1	5,987.2	5,866.3	5,969.5	6,056.4	5,824.7	5,547.7	5,685.6	5,705.5
Other income	499.2	595.0	602.8	522.9	553.6	352.2	539.1	476.5	440.2
<b>Total operating income</b>	<b>6,617.4</b>	<b>6,582.1</b>	<b>6,469.1</b>	<b>6,492.3</b>	<b>6,610.0</b>	<b>6,177.0</b>	<b>6,086.8</b>	<b>6,162.1</b>	<b>6,145.6</b>
<b>Total net income from investments</b>	<b>429.7</b>	<b>370.4</b>	<b>254.7</b>	<b>487.1</b>	<b>475.5</b>	<b>471.0</b>	<b>568.6</b>	<b>541.5</b>	<b>709.2</b>
<b>Total operating income and net income from investments</b>	<b>7,047.1</b>	<b>6,952.5</b>	<b>6,723.8</b>	<b>6,979.5</b>	<b>7,085.5</b>	<b>6,648.0</b>	<b>6,655.4</b>	<b>6,703.6</b>	<b>6,854.8</b>
Claims incurred etc. from general insurance	(4,591.7)	(4,371.0)	(4,559.5)	(4,468.4)	(4,013.7)	(3,961.7)	(3,957.9)	(4,013.8)	(4,004.3)
Claims incurred etc. from pension	(406.1)	(503.0)	(516.4)	(444.9)	(478.1)	(282.6)	(456.2)	(387.1)	(371.2)
<b>Total claims etc.</b>	<b>(4,997.8)</b>	<b>(4,874.0)</b>	<b>(5,075.9)</b>	<b>(4,913.3)</b>	<b>(4,491.9)</b>	<b>(4,244.2)</b>	<b>(4,414.1)</b>	<b>(4,400.9)</b>	<b>(4,375.5)</b>
Operating expenses from general insurance	(953.0)	(909.3)	(895.7)	(945.7)	(892.5)	(890.7)	(857.6)	(971.3)	(989.4)
Other operating expenses	(132.3)	(134.3)	(147.3)	(124.9)	(123.1)	(132.1)	(121.5)	(120.0)	(115.7)
<b>Total operating expenses</b>	<b>(1,085.3)</b>	<b>(1,043.6)</b>	<b>(1,043.0)</b>	<b>(1,070.7)</b>	<b>(1,015.6)</b>	<b>(1,022.8)</b>	<b>(979.0)</b>	<b>(1,091.3)</b>	<b>(1,105.1)</b>
<b>Total expenses</b>	<b>(6,083.1)</b>	<b>(5,917.6)</b>	<b>(6,118.8)</b>	<b>(5,984.0)</b>	<b>(5,507.5)</b>	<b>(5,267.0)</b>	<b>(5,393.1)</b>	<b>(5,492.2)</b>	<b>(5,480.6)</b>
<b>Profit/(loss) for the period before tax expense</b>	<b>964.0</b>	<b>1,034.9</b>	<b>605.0</b>	<b>995.5</b>	<b>1,578.1</b>	<b>1,381.0</b>	<b>1,262.2</b>	<b>1,211.4</b>	<b>1,374.2</b>
<b>Underwriting result general insurance</b>	<b>573.4</b>	<b>706.8</b>	<b>411.2</b>	<b>555.4</b>	<b>1,150.2</b>	<b>972.3</b>	<b>732.2</b>	<b>700.4</b>	<b>711.8</b>
NOK millions	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	2016	2016	2015	2015	2015	2015	2014	2014	2014
Earned premiums from general insurance	5,536.8	5,514.0	5,493.5	5,471.2	5,188.1	5,119.2	5,214.4	5,203.6	5,061.5
Other income	315.1	338.1	498.6	357.4	333.4	364.0	481.8	264.5	310.9
<b>Total operating income</b>	<b>5,851.9</b>	<b>5,852.2</b>	<b>5,992.1</b>	<b>5,828.6</b>	<b>5,521.5</b>	<b>5,483.2</b>	<b>5,696.3</b>	<b>5,468.1</b>	<b>5,372.4</b>
<b>Total net income from investments</b>	<b>573.9</b>	<b>328.0</b>	<b>618.7</b>	<b>(156.5)</b>	<b>508.0</b>	<b>518.1</b>	<b>363.1</b>	<b>560.0</b>	<b>752.3</b>
<b>Total operating income and net income from investments</b>	<b>6,425.8</b>	<b>6,180.2</b>	<b>6,610.8</b>	<b>5,672.1</b>	<b>6,029.4</b>	<b>6,001.3</b>	<b>6,059.4</b>	<b>6,028.1</b>	<b>6,124.7</b>
Claims incurred etc. from general insurance	(3,599.6)	(3,898.1)	(3,734.7)	(3,588.0)	(3,341.8)	(3,933.0)	(3,607.9)	(3,695.3)	(3,357.9)
Claims incurred etc. from pension	(250.2)	(275.1)	(432.8)	(286.4)	(263.1)	(293.5)	(423.3)	(203.7)	(253.1)
<b>Total claims etc.</b>	<b>(3,849.8)</b>	<b>(4,173.2)</b>	<b>(4,167.5)</b>	<b>(3,874.3)</b>	<b>(3,604.9)</b>	<b>(4,226.5)</b>	<b>(4,031.2)</b>	<b>(3,899.1)</b>	<b>(3,611.1)</b>
Operating expenses from general insurance	(865.6)	(365.2)	(879.5)	(792.3)	(776.1)	(769.6)	(799.3)	(753.2)	(752.5)
Other operating expenses	(119.7)	(114.7)	(176.0)	(111.1)	(93.8)	(95.8)	(118.4)	(110.6)	(84.7)
<b>Total operating expenses</b>	<b>(985.2)</b>	<b>(479.9)</b>	<b>(1,055.5)</b>	<b>(903.4)</b>	<b>(869.9)</b>	<b>(865.4)</b>	<b>(917.7)</b>	<b>(863.9)</b>	<b>(837.3)</b>
<b>Total expenses</b>	<b>(4,835.1)</b>	<b>(4,653.1)</b>	<b>(5,223.0)</b>	<b>(4,777.7)</b>	<b>(4,474.8)</b>	<b>(5,091.9)</b>	<b>(4,949.0)</b>	<b>(4,762.9)</b>	<b>(4,448.3)</b>
<b>Profit/(loss) for the period before tax expense</b>	<b>1,590.8</b>	<b>1,527.1</b>	<b>1,387.7</b>	<b>894.4</b>	<b>1,554.6</b>	<b>909.3</b>	<b>1,110.4</b>	<b>1,265.2</b>	<b>1,676.4</b>
<b>Underwriting result general insurance</b>	<b>1,071.6</b>	<b>1,250.7</b>	<b>879.2</b>	<b>1,091.0</b>	<b>1,070.2</b>	<b>416.5</b>	<b>807.2</b>	<b>755.0</b>	<b>951.0</b>

# Key figures

In addition to the financial statements according to IFRS, Gjensidige uses different alternative performance measures (APM) to present the business in a more relevant way for its different stakeholders. The alternative performance measures have been used consistent over time, and relevant definitions have been disclosed. Comparable figures are provided for all alternative performance measures.

		Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
<b>Gjensidige Forsikring Group</b>						
Equity	NOK millions		22,233.9	22,720.3	23,703.1	
Equity per share	NOK		44.5	45.4	47.4	
Earnings per share in the period, basic and diluted <sup>1</sup>	NOK	1.75	2.63	4.83	7.04	9.05
Return on equity, annualised <sup>2</sup>	%			15.0	22.4	21.3
Return on tangible equity, annualised <sup>3</sup>	%			19.5	28.9	27.5
Return on financial assets <sup>4</sup>	%	0.8	0.9	2.0	2.8	3.7
Total eligible own funds to meet the group SCR (legal) <sup>5</sup>	NOK millions		24,957.6	20,734.2	21,052.5	
Group SCR margin (legal) <sup>6</sup>	%		181.4	152.3	137.5	
Total eligible own funds to meet the minimum consolidated group SCR (legal) <sup>7</sup>	NOK millions		17,334.8	14,756.2	13,980.9	
Minimum consolidated group SCR margin (legal) <sup>8</sup>	%		348.3	282.0	256.2	
<b>Gjensidige Forsikring ASA</b>						
Total eligible own funds to meet the SCR (legal) <sup>9</sup>	NOK millions		23,420.6	20,154.4	18,877.4	
SCR margin (legal) <sup>10</sup>	%		252.0	198.5	168.5	
Total eligible own funds to meet the MCR (legal) <sup>11</sup>	NOK millions		20,618.2	17,676.3	16,281.4	
MCR margin (legal) <sup>12</sup>	%		493.0	386.9	346.3	
Issued shares, at the end of the period	Number		500,000,000	500,000,000	500,000,000	
<b>General Insurance</b>						
<i>Gross premiums written</i>						
Private	NOK millions	2,041.9	1,955.5	6,967.8	6,717.5	8,614.5
Commercial	NOK millions	1,312.4	1,200.5	6,257.7	5,973.3	7,637.0
Denmark	NOK millions	907.1	918.4	4,087.7	3,794.9	4,941.9
Sweden	NOK millions	234.6	365.6	1,163.6	1,345.2	1,761.9
Baltics	NOK millions	272.3	290.8	841.2	819.6	1,074.9
Corporate Centre/reinsurance	NOK millions	0.0	(45.7)	105.7	51.7	47.2
Total	NOK millions	4,768.3	4,685.0	19,423.6	18,702.4	24,077.5
Premiums, net of reinsurance <sup>13</sup>	%			96.6	96.6	97.1
<i>Earned premiums</i>						
Private	NOK millions	2,279.0	2,228.9	6,532.2	6,393.0	8,516.5
Commercial	NOK millions	1,932.5	1,860.0	5,650.2	5,473.2	7,300.5
Denmark	NOK millions	1,221.8	1,269.4	3,678.6	3,570.8	4,827.4
Sweden	NOK millions	374.8	443.1	1,206.7	1,287.6	1,736.1
Baltics	NOK millions	273.9	276.7	810.8	803.1	1,074.7
Corporate Centre/reinsurance	NOK millions	36.1	(21.7)	93.1	(98.9)	(56.9)
Total	NOK millions	6,118.1	6,056.4	17,971.6	17,428.8	23,398.3
<i>Loss ratio <sup>14</sup></i>						
Private	%	69.0	58.1	70.0	59.1	61.4
Commercial	%	81.5	62.1	79.3	64.5	66.1
Denmark	%	73.9	74.6	77.6	79.8	80.0
Sweden	%	82.1	84.1	81.1	88.9	85.9
Baltics	%	57.8	66.9	62.2	70.7	68.5
Total	%	75.1	66.3	75.2	68.5	70.1
<i>Cost ratio <sup>15</sup></i>						
Private	%	13.1	13.0	12.8	12.7	12.8
Commercial	%	11.5	10.9	11.6	11.4	11.5
Denmark	%	12.9	13.3	14.0	14.2	14.1
Sweden	%	15.4	17.5	16.1	18.4	19.3
Baltics	%	30.9	31.5	31.5	32.6	32.2
Total	%	15.6	14.7	15.3	15.2	15.3
<i>Combined ratio <sup>16</sup></i>						
Private	%	82.1	71.1	82.8	71.7	74.2
Commercial	%	92.9	73.1	90.9	75.9	77.6
Denmark	%	86.8	87.9	91.6	94.0	94.1
Sweden	%	97.5	101.5	97.3	107.3	105.3
Baltics	%	88.7	98.3	93.7	103.3	100.7
Total	%	90.6	81.0	90.6	83.6	85.4
Combined ratio discounted <sup>17</sup>	%	89.5	80.0	89.4	83.2	84.8

		Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
<b>Pension</b>						
Assets under management pension, at the end of the period	NOK millions			31,711.5	27,326.5	28,699.0
of which the group policy portfolio	NOK millions			6,474.3	5,875.3	6,018.4
Operating margin <sup>18</sup>	%	32.09	21.61	31.81	22.80	24.55
Recognised return on the paid-up policy portfolio <sup>19</sup>	%			4.53	2.80	3.75
Value-adjusted return on the paid-up policy portfolio <sup>20</sup>	%			3.41	3.53	4.47
Share of shared commercial customers <sup>21</sup>	%			67.8	69.4	69.3
Return on equity, annualised <sup>2</sup>	%			14.3	11.1	11.0
<b>Retail Bank (discontinued operations)</b>						
Gross lending, addition in the period	NOK millions	963.1	1,275.9	3,112.9	4,290.6	4,806.6
Deposits, addition in the period	NOK millions	(507.9)	710.0	(207.5)	1,593.5	2,495.3
Gross lending, at the end of the period	NOK millions			49,169.1	45,540.1	46,056.1
Deposits, at the end of the period	NOK millions			23,558.2	22,863.8	23,765.7
Deposits-to-loan ratio at the end of the period <sup>22</sup>	%			47.9	50.2	51.6
Assets under management, at the end of the period	NOK millions			7,297.6	15,320.0	15,975.1
Net interest margin, annualised <sup>23</sup>	%			1.90	2.01	2.03
Write-downs and losses, annualised <sup>24</sup>	%			(0.03)	0.35	0.02
Cost/income ratio <sup>25</sup>	%	50.8	32.2	44.5	38.2	39.8
Shared customers' share of gross lending <sup>26</sup>	%			72.0	77.4	75.0
Capital adequacy ratio <sup>27</sup>	%			17.9	17.7	18.1
Tier 1 capital ratio <sup>28</sup>	%			15.8	15.8	16.2
Common equity Tier 1 capital ratio <sup>29</sup>	%			14.4	14.2	14.7
Return on equity, annualised <sup>2</sup>	%			11.4	11.5	14.2

<sup>1</sup> Earnings per share from continuing and discontinued operations, basic and diluted = the shareholders' share of the profit or loss from continuing and discontinued operations/average number of outstanding shares in the period

<sup>2</sup> Return on equity, annualised = Shareholders' share of net profit for the period/average shareholders' equity for the period, annualised

<sup>3</sup> Return on tangible equity, annualised = Shareholders' share of net profit for the period/average shareholders' equity for the period adjusted for intangible assets, annualised

<sup>4</sup> Return on financial assets = net financial income in per cent of average financial assets including property, excluding Pension and Retail Bank

<sup>5</sup> Total eligible own funds to meet the group SCR (legal) = Total eligible own funds to meet the group SCR based on the regulatory approved Partial Internal Model. Total comprehensive income is included, less a formulaic dividend pay-out ratio in first, second and third quarter of 70 per cent of net profit.

<sup>6</sup> Group SCR margin (legal) = Ratio of total eligible own funds to group SCR based on the regulatory approved Partial Internal Model

<sup>7</sup> Total eligible own funds to meet the minimum consolidated group SCR (legal) = Total eligible own funds to meet the minimum consolidated group SCR based on the regulatory approved Partial Internal Model. Total comprehensive income is included, less a formulaic dividend pay-out ratio in first, second and third quarter of 70 per cent of net profit.

<sup>8</sup> Minimum consolidated group SCR margin (legal) = Ratio of eligible own funds to minimum consolidated group SCR based on the regulatory approved Partial Internal Model

<sup>9</sup> Total eligible own funds to meet the SCR (legal) = Total eligible own funds to meet the SCR for Gjensidige Forsikring ASA based on the regulatory approved Partial Internal Model. Total comprehensive income is included, less a formulaic dividend pay-out ratio in first, second and third quarter of 70 per cent of net profit of the Group.

<sup>10</sup> SCR margin (legal) = Ratio of total eligible own funds to SCR for Gjensidige Forsikring ASA based on the regulatory approved Partial Internal Model

<sup>11</sup> Total eligible own funds to meet the MCR (legal) = Total eligible own funds to meet the MCR for Gjensidige Forsikring ASA based on the regulatory approved Partial Internal Model. Total comprehensive income is included, less a formulaic dividend pay-out ratio in first, second and third quarter of 70 per cent of net profit of the Group.

<sup>12</sup> MCR margin (legal) = Ratio of eligible own funds to MCR for Gjensidige Forsikring ASA based on the regulatory approved Partial Internal Model

<sup>13</sup> Premiums, net of reinsurance = gross premiums written, net of reinsurance/gross premiums written (general insurance)

<sup>14</sup> Loss ratio = claims incurred etc./earned premiums

<sup>15</sup> Cost ratio = operating expenses/earned premiums

<sup>16</sup> Combined ratio = loss ratio + cost ratio

<sup>17</sup> Combined ratio discounted = combined ratio if claims provisions had been discounted

<sup>18</sup> Operating margin = net operating income/(administration fees + insurance income + management income etc.)

<sup>19</sup> Recognised return on the paid-up policy portfolio = realised return on the portfolio

<sup>20</sup> Value-adjusted return on the paid-up policy portfolio = total return on the portfolio

<sup>21</sup> Shared customers = customers having both pension and general insurance products with Gjensidige

<sup>22</sup> Deposit-to-loan ratio = deposits as a percentage of gross lending

<sup>23</sup> Net interest margin, annualised = net interest income/average total assets

<sup>24</sup> Write-downs and losses, annualised = write-downs and losses/average gross lending

<sup>25</sup> Cost/income ratio = operating expenses/total income

<sup>26</sup> Shared customers = customers having both bank and general insurance products with Gjensidige

<sup>27</sup> Capital adequacy ratio = net primary capital/risk-weighted assets. The result of the period is not included in the calculation for the quarters, with the exception of fourth quarter.

<sup>28</sup> Tier 1 capital ratio = Tier 1 capital/risk-weighted assets. The result of the period is not included in the calculation for the quarter, with the exception of fourth quarter.

<sup>29</sup> Common equity Tier 1 capital ratio = common equity Tier 1 capital/risk-weighted assets. The result of the period is not included in the calculation for the quarter, with the exception of fourth quarter.

# Quarterly earnings performance

NOK millions	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	2018	2018	2018	2017	2017	2017	2017	2016	2016
Earned premiums from general insurance	6,118.1	5,987.2	5,866.3	5,969.5	6,056.4	5,824.7	5,547.7	5,685.6	5,705.5
Other income	499.2	595.0	602.8	522.9	553.6	352.2	539.1	476.5	440.2
<b>Total operating income</b>	<b>6,617.4</b>	<b>6,582.1</b>	<b>6,469.1</b>	<b>6,492.3</b>	<b>6,610.0</b>	<b>6,177.0</b>	<b>6,086.8</b>	<b>6,162.1</b>	<b>6,145.6</b>
<b>Total net income from investments</b>	<b>429.7</b>	<b>370.4</b>	<b>254.7</b>	<b>487.1</b>	<b>475.5</b>	<b>471.0</b>	<b>568.6</b>	<b>541.5</b>	<b>709.2</b>
<b>Total operating income and net income from investments</b>	<b>7,047.1</b>	<b>6,952.5</b>	<b>6,723.8</b>	<b>6,979.5</b>	<b>7,085.5</b>	<b>6,648.0</b>	<b>6,655.4</b>	<b>6,703.6</b>	<b>6,854.8</b>
Claims incurred etc. from general insurance	(4,591.7)	(4,371.0)	(4,559.5)	(4,468.4)	(4,013.7)	(3,961.7)	(3,957.9)	(4,013.8)	(4,004.3)
Claims incurred etc. from pension	(406.1)	(503.0)	(516.4)	(444.9)	(478.1)	(282.6)	(456.2)	(387.1)	(371.2)
<b>Total claims etc.</b>	<b>(4,997.8)</b>	<b>(4,874.0)</b>	<b>(5,075.9)</b>	<b>(4,913.3)</b>	<b>(4,491.9)</b>	<b>(4,244.2)</b>	<b>(4,414.1)</b>	<b>(4,400.9)</b>	<b>(4,375.5)</b>
Operating expenses from general insurance	(953.0)	(909.3)	(895.7)	(945.7)	(892.5)	(890.7)	(857.6)	(971.3)	(989.4)
Other operating expenses	(132.3)	(134.3)	(147.3)	(124.9)	(123.1)	(132.1)	(121.5)	(120.0)	(115.7)
<b>Total operating expenses</b>	<b>(1,085.3)</b>	<b>(1,043.6)</b>	<b>(1,043.0)</b>	<b>(1,070.7)</b>	<b>(1,015.6)</b>	<b>(1,022.8)</b>	<b>(979.0)</b>	<b>(1,091.3)</b>	<b>(1,105.1)</b>
<b>Total expenses</b>	<b>(6,083.1)</b>	<b>(5,917.6)</b>	<b>(6,118.8)</b>	<b>(5,984.0)</b>	<b>(5,507.5)</b>	<b>(5,267.0)</b>	<b>(5,393.1)</b>	<b>(5,492.2)</b>	<b>(5,480.6)</b>
<b>Profit/(loss) for the period before tax expense</b>	<b>964.0</b>	<b>1,034.9</b>	<b>605.0</b>	<b>995.5</b>	<b>1,578.1</b>	<b>1,381.0</b>	<b>1,262.2</b>	<b>1,211.4</b>	<b>1,374.2</b>
<b>Underwriting result general insurance</b>	<b>573.4</b>	<b>706.8</b>	<b>411.2</b>	<b>555.4</b>	<b>1,150.2</b>	<b>972.3</b>	<b>732.2</b>	<b>700.4</b>	<b>711.8</b>
NOK millions	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	2016	2016	2015	2015	2015	2015	2014	2014	2014
Earned premiums from general insurance	5,536.8	5,514.0	5,493.5	5,471.2	5,188.1	5,119.2	5,214.4	5,203.6	5,061.5
Other income	315.1	338.1	498.6	357.4	333.4	364.0	481.8	264.5	310.9
<b>Total operating income</b>	<b>5,851.9</b>	<b>5,852.2</b>	<b>5,992.1</b>	<b>5,828.6</b>	<b>5,521.5</b>	<b>5,483.2</b>	<b>5,696.3</b>	<b>5,468.1</b>	<b>5,372.4</b>
<b>Total net income from investments</b>	<b>573.9</b>	<b>328.0</b>	<b>618.7</b>	<b>(156.5)</b>	<b>508.0</b>	<b>518.1</b>	<b>363.1</b>	<b>560.0</b>	<b>752.3</b>
<b>Total operating income and net income from investments</b>	<b>6,425.8</b>	<b>6,180.2</b>	<b>6,610.8</b>	<b>5,672.1</b>	<b>6,029.4</b>	<b>6,001.3</b>	<b>6,059.4</b>	<b>6,028.1</b>	<b>6,124.7</b>
Claims incurred etc. from general insurance	(3,599.6)	(3,898.1)	(3,734.7)	(3,588.0)	(3,341.8)	(3,933.0)	(3,607.9)	(3,695.3)	(3,357.9)
Claims incurred etc. from pension	(250.2)	(275.1)	(432.8)	(286.4)	(263.1)	(293.5)	(423.3)	(203.7)	(253.1)
<b>Total claims etc.</b>	<b>(3,849.8)</b>	<b>(4,173.2)</b>	<b>(4,167.5)</b>	<b>(3,874.3)</b>	<b>(3,604.9)</b>	<b>(4,226.5)</b>	<b>(4,031.2)</b>	<b>(3,899.1)</b>	<b>(3,611.1)</b>
Operating expenses from general insurance	(865.6)	(365.2)	(879.5)	(792.3)	(776.1)	(769.6)	(799.3)	(753.2)	(752.5)
Other operating expenses	(119.7)	(114.7)	(176.0)	(111.1)	(93.8)	(95.8)	(118.4)	(110.6)	(84.7)
<b>Total operating expenses</b>	<b>(985.2)</b>	<b>(479.9)</b>	<b>(1,055.5)</b>	<b>(903.4)</b>	<b>(869.9)</b>	<b>(865.4)</b>	<b>(917.7)</b>	<b>(863.9)</b>	<b>(837.3)</b>
<b>Total expenses</b>	<b>(4,835.1)</b>	<b>(4,653.1)</b>	<b>(5,223.0)</b>	<b>(4,777.7)</b>	<b>(4,474.8)</b>	<b>(5,091.9)</b>	<b>(4,949.0)</b>	<b>(4,762.9)</b>	<b>(4,448.3)</b>
<b>Profit/(loss) for the period before tax expense</b>	<b>1,590.8</b>	<b>1,527.1</b>	<b>1,387.7</b>	<b>894.4</b>	<b>1,554.6</b>	<b>909.3</b>	<b>1,110.4</b>	<b>1,265.2</b>	<b>1,676.4</b>
<b>Underwriting result general insurance</b>	<b>1,071.6</b>	<b>1,250.7</b>	<b>879.2</b>	<b>1,091.0</b>	<b>1,070.2</b>	<b>416.5</b>	<b>807.2</b>	<b>755.0</b>	<b>951.0</b>

# Income statement

## Gjensidige Forsikring ASA

NOK millions	Q3 2018	Q3 2017	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
<b>Premiums</b>					
Earned premiums, gross	5,873.5	5,765.0	17,250.6	16,881.2	22,601.2
Ceded reinsurance premiums	(173.6)	(128.0)	(521.1)	(506.8)	(677.1)
<b>Total earned premiums, net of reinsurance</b>	<b>5,699.9</b>	<b>5,637.0</b>	<b>16,729.5</b>	<b>16,374.4</b>	<b>21,924.1</b>
<b>General insurance claims</b>					
Gross claims	(4,417.2)	(3,689.9)	(12,832.0)	(11,625.0)	(15,808.7)
Claims, reinsurers' share	94.1	(34.3)	161.5	449.5	481.4
<b>Total claims incurred, net of reinsurance</b>	<b>(4,323.2)</b>	<b>(3,724.3)</b>	<b>(12,670.5)</b>	<b>(11,175.5)</b>	<b>(15,327.3)</b>
<b>Insurance-related operating expenses</b>					
Insurance-related administration expenses incl. commissions for received reinsurance and sales expenses	(932.3)	(858.6)	(2,702.5)	(2,543.1)	(3,469.1)
Received commission for ceded reinsurance and profit share	13.3	1.4	36.7	14.4	28.2
<b>Total insurance-related operating expenses</b>	<b>(919.0)</b>	<b>(857.2)</b>	<b>(2,665.8)</b>	<b>(2,528.7)</b>	<b>(3,440.9)</b>
<b>Profit/(loss) of technical account general insurance</b>	<b>457.7</b>	<b>1,055.5</b>	<b>1,393.2</b>	<b>2,670.3</b>	<b>3,155.9</b>
<b>Net income from investments</b>					
Income from investments in subsidiaries, associates and joint ventures		2.6	94.9	83.8	83.9
Impairment losses of investments in subsidiaries, associates and joint ventures			(76.0)	(49.4)	(49.4)
Interest income and dividend etc. from financial assets	241.2	247.2	753.7	826.3	1,107.4
Changes in fair value on investments	332.3	(312.0)	124.8	(373.9)	(368.1)
Realised gain and loss on investments	(162.6)	528.0	74.8	1,053.3	1,206.1
Administration expenses related to investments, including interest expenses	(36.0)	(32.8)	(97.2)	(167.6)	(239.6)
<b>Total net income from investments</b>	<b>374.9</b>	<b>433.0</b>	<b>874.9</b>	<b>1,372.5</b>	<b>1,740.3</b>
Other income	2.7	3.1	7.8	8.4	10.2
Other expenses	(8.8)	(8.8)	(27.6)	(30.3)	(41.2)
<b>Profit/(loss) of non-technical account</b>	<b>368.8</b>	<b>427.3</b>	<b>855.0</b>	<b>1,350.5</b>	<b>1,709.3</b>
<b>Profit/(loss) before tax expense</b>	<b>826.5</b>	<b>1,482.8</b>	<b>2,248.2</b>	<b>4,020.8</b>	<b>4,865.2</b>
Tax expense	(142.4)	(357.9)	(475.4)	(947.8)	(1,104.6)
<b>Profit/(loss) before components of other comprehensive income</b>	<b>684.1</b>	<b>1,124.9</b>	<b>1,772.8</b>	<b>3,073.0</b>	<b>3,760.6</b>
<b>Components of other comprehensive income</b>					
Items that are not reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset					(339.3)
Tax on items that are not reclassified to profit or loss					84.8
<b>Total items that are not reclassified subsequently to profit or loss</b>					<b>(254.5)</b>
Items that may be reclassified subsequently to profit or loss					
Exchange differences from foreign operation	(20.7)	(70.7)	(228.9)	183.4	359.9
Tax on items that may be reclassified to profit or loss	5.0	17.2	55.8	(44.8)	(88.2)
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>(15.7)</b>	<b>(53.5)</b>	<b>(173.1)</b>	<b>138.6</b>	<b>271.7</b>
<b>Total comprehensive income</b>	<b>668.4</b>	<b>1,071.4</b>	<b>1,599.7</b>	<b>3,211.6</b>	<b>3,777.9</b>

# Statement of financial position

## Gjensidige Forsikring ASA

NOK millions	30.9.2018	30.9.2017	31.12.2017
<b>Assets</b>			
Goodwill	1,767.5	1,619.6	1,843.4
Other intangible assets	997.3	951.2	1,068.8
<b>Total intangible assets</b>	<b>2,764.9</b>	<b>2,570.9</b>	<b>2,912.2</b>
<b>Investments</b>			
<i>Buildings and other real estate</i>			
Owner-occupied property	28.5	27.0	27.0
<i>Subsidiaries and associates</i>			
Shares in subsidiaries	3,744.0	6,307.1	6,297.3
Shares in subsidiaries, held for sale	2,366.5		
Shares in associates and joint ventures	1,086.9	1,086.9	1,086.9
Interest-bearing receivables on subsidiaries and joint ventures	1,971.7	1,690.1	1,620.1
<i>Financial assets measured at amortised cost</i>			
Bonds held to maturity	104.2	1,225.6	712.9
Loans and receivables	15,369.6	15,505.2	16,598.3
<i>Financial assets measured at fair value</i>			
Shares and similar interests (incl. shares and similar interests measured at cost)	6,471.1	6,300.1	6,553.7
Bonds and other fixed-income securities	22,139.1	21,581.0	21,974.7
Financial derivatives	431.5	727.8	549.2
Other investments	111.0		111.0
Reinsurance deposits	1,077.6	491.3	507.6
<b>Total investments</b>	<b>54,901.6</b>	<b>54,942.1</b>	<b>56,038.7</b>
<b>Reinsurers' share of insurance-related liabilities in general insurance, gross</b>			
Reinsurers' share of provision for unearned premiums, gross	160.3	142.3	41.4
Reinsurers' share of claims provision, gross	403.8	693.3	698.0
<b>Total reinsurers' share of insurance-related liabilities in general insurance, gross</b>	<b>564.2</b>	<b>835.6</b>	<b>739.5</b>
<b>Receivables</b>			
Receivables related to direct operations	6,471.5	5,294.2	5,318.7
Receivables related to reinsurance	70.0	429.7	148.5
Receivables within the group	46.6	26.8	49.1
Other receivables	471.4	904.5	822.5
<b>Total receivables</b>	<b>7,059.4</b>	<b>6,655.2</b>	<b>6,338.9</b>
<b>Other assets</b>			
Plant and equipment	210.4	255.9	236.2
Cash and cash equivalents	1,325.8	1,578.3	1,625.0
Pension assets	204.4	486.2	204.4
<b>Total other assets</b>	<b>1,740.7</b>	<b>2,320.4</b>	<b>2,065.6</b>
<b>Prepaid expenses and earned, not received income</b>			
Other prepaid expenses and earned, not received income	70.7	90.3	36.5
<b>Total prepaid expenses and earned, not received income</b>	<b>70.7</b>	<b>90.3</b>	<b>36.5</b>
<b>Total assets</b>	<b>67,101.4</b>	<b>67,414.5</b>	<b>68,131.4</b>

NOK millions	30.9.2018	30.9.2017	31.12.2017
<b>Equity and liabilities</b>			
<i>Paid in equity</i>			
Share capital	1,000.0	1,000.0	1,000.0
Share premium	1,430.0	1,430.0	1,430.0
Perpetual Tier 1 Capital	1,000.1	999.5	999.8
Other paid in equity	54.7	42.0	45.1
<b>Total paid in equity</b>	<b>3,484.8</b>	<b>3,471.5</b>	<b>3,474.9</b>
<i>Retained equity</i>			
<i>Funds etc.</i>			
Natural perils capital	2,449.0	2,415.2	2,333.4
Guarantee scheme provision	638.3	628.9	638.3
Other retained earnings	12,874.4	14,347.2	11,425.1
<b>Total retained earnings</b>	<b>15,961.7</b>	<b>17,391.3</b>	<b>14,396.8</b>
<b>Total equity</b>	<b>19,446.5</b>	<b>20,862.8</b>	<b>17,871.7</b>
Subordinated debt	1,198.2	1,197.9	1,198.0
<b>Insurance-related liabilities in general insurance, gross</b>			
Provision for unearned premiums, gross	10,080.1	9,423.5	8,769.5
Claims provision, gross	30,009.3	30,497.6	30,676.6
Provision for premium discounts and other profit agreements	68.3	63.3	66.5
<b>Total insurance-related liabilities in general insurance, gross</b>	<b>40,157.7</b>	<b>39,984.4</b>	<b>39,512.5</b>
<b>Provision for liabilities</b>			
Pension liabilities	550.5	487.9	552.2
Current tax	391.2	873.2	904.7
Deferred tax liabilities	984.0	1,001.0	1,122.5
Other provisions	284.4	281.3	319.3
<b>Total provision for liabilities</b>	<b>2,210.1</b>	<b>2,643.5</b>	<b>2,898.6</b>
<b>Liabilities</b>			
Liabilities related to direct insurance	361.7	277.8	646.9
Liabilities related to reinsurance	131.3	553.5	132.5
Financial derivatives	515.2	724.9	568.6
Accrued dividend			3,550.0
Other liabilities	2,742.4	871.2	1,131.5
Liabilities to subsidiaries and associates	30.6	4.9	298.8
<b>Total liabilities</b>	<b>3,781.2</b>	<b>2,432.3</b>	<b>6,328.2</b>
<b>Accrued expenses and deferred income</b>			
Other accrued expenses and deferred income	307.7	293.5	322.4
<b>Total accrued expenses and deferred income</b>	<b>307.7</b>	<b>293.5</b>	<b>322.4</b>
<b>Total equity and liabilities</b>	<b>67,101.4</b>	<b>67,414.5</b>	<b>68,131.4</b>

# Statement of changes in equity

## Gjensidige Forsikring ASA

NOK millions	Share capital	Own shares	Share premium	Other paid-in capital	Perpetual Tier 1 capital	Exchange differences	Re-measurement of the net defined benefit liab./asset	Other earned equity	Total equity
<b>Equity as at 31.12.2016</b>	<b>1,000.0</b>	<b>(0.1)</b>	<b>1,430.0</b>	<b>36.7</b>	<b>999.2</b>	<b>112.6</b>	<b>(1,678.7)</b>	<b>15,779.4</b>	<b>17,679.1</b>
<b>1.1.-31.12.2017</b>									
<b>Comprehensive income</b>									
Profit/(loss)					34.5			3,726.1	3,760.6
Total components of other comprehensive income				0.3		271.1	(254.1)		17.3
<b>Total comprehensive income</b>				<b>0.3</b>	<b>34.5</b>	<b>271.1</b>	<b>(254.1)</b>	<b>3,726.1</b>	<b>3,777.9</b>
<b>Transactions with owners of the company</b>									
Own shares		0,0						(9.4)	(9.4)
Accrued and paid dividend								(3,549.6)	(3,549.6)
Equity-settled share-based payment transactions				8.2					8.2
Perpetual Tier 1 capital					0.6			(0.6)	
Perpetual Tier 1 capital - interest paid					(34.6)				(34.6)
<b>Total transactions with owners of the company</b>		<b>0,0</b>		<b>8.2</b>	<b>(33.9)</b>			<b>(3,559.6)</b>	<b>(3,585.3)</b>
<b>Equity as at 31.12.2017</b>	<b>1,000.0</b>	<b>0,0</b>	<b>1,430.0</b>	<b>45.1</b>	<b>999.8</b>	<b>383.8</b>	<b>(1,932.8)</b>	<b>15,945.9</b>	<b>17,871.7</b>
Adjustment due to amendment to IFRS 2					5.5				5.5
<b>Equity as at 1.1.2018</b>	<b>1,000.0</b>	<b>0,0</b>	<b>1,430.0</b>	<b>50.6</b>	<b>999.8</b>	<b>383.8</b>	<b>(1,932.8)</b>	<b>15,945.9</b>	<b>17,877.2</b>
<b>1.1.-30.9.2018</b>									
<b>Comprehensive income</b>									
Profit/(loss)					26.0			1,746.8	1,772.8
Total components of other comprehensive income				0.2		(172.6)	(0.3)		(173.1)
<b>Total comprehensive income</b>				<b>(0.2)</b>	<b>26.0</b>	<b>(172.6)</b>	<b>(0.3)</b>	<b>1,746.8</b>	<b>1,599.7</b>
<b>Transactions with owners of the company</b>									
Own shares		0,0						(8.7)	(8.7)
Accrued and paid dividend								0.1	0.1
Equity-settled share-based payment transactions				4.3					4.3
Perpetual Tier 1 capital					0.5			(0.5)	
Perpetual Tier 1 capital - interest paid					(26.1)				(26.1)
<b>Total transactions with owners of the company</b>		<b>0,0</b>		<b>4.3</b>	<b>(25.7)</b>			<b>(9.1)</b>	<b>(30.4)</b>
<b>Equity as at 30.9.2018</b>	<b>1,000.0</b>	<b>0,0</b>	<b>1,430.0</b>	<b>54.7</b>	<b>1,000.1</b>	<b>211.1</b>	<b>(1,933.1)</b>	<b>17,683.6</b>	<b>19,446.5</b>
<b>1.1.-30.9.2017</b>									
<b>Comprehensive income</b>									
Profit/(loss)					26.1			3,046.9	3,073.0
Total components of other comprehensive income				0.1		138.5			138.6
<b>Total comprehensive income</b>				<b>0.1</b>	<b>26.1</b>	<b>138.5</b>		<b>3,046.9</b>	<b>3,211.6</b>
<b>Transactions with owners of the company</b>									
Own shares		0,0						(7.4)	(7.4)
Accrued and paid dividend								0.4	0.4
Equity-settled share-based payment transactions				5.2					5.2
Perpetual Tier 1 capital					0.5			(0.5)	
Perpetual Tier 1 capital - interest paid					(26.3)				(26.3)
<b>Total transactions with owners of the company</b>		<b>0,0</b>		<b>5.2</b>	<b>(25.8)</b>			<b>(7.4)</b>	<b>(28.0)</b>
<b>Equity as at 30.9.2017</b>	<b>1,000.0</b>	<b>0,0</b>	<b>1,430.0</b>	<b>42.0</b>	<b>999.5</b>	<b>251.2</b>	<b>(1,678.7)</b>	<b>18,818.8</b>	<b>20,862.8</b>



Gjensidige is a leading Nordic insurance group listed on the Oslo Stock Exchange. We have about 3,800 employees and offer insurance products in Norway, Denmark, Sweden and the Baltic states. In Norway, we also offer banking, pension and savings. Operating income was NOK 27 billion in 2017, while total assets were NOK 149 billion.

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