

Oslo, 25 October 2018

Results impacted by extraordinary weather conditions

Gjensidige Forsikring Group recorded a profit before tax of NOK 964.0 million (1,578.1) for the quarter. The result does not include the profit from Gjensidige Bank, as this now is recorded as a discontinued operation. 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 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).

- Results were significantly impacted by claims following the extreme weather, which continued into the third quarter, in addition to the expected deterioration of profitability in our Norwegian motor insurance line. However, we are very pleased with the positive development outside Norway. Going forward we will strengthen our efforts to improve profitability through price adjustments, cost-efficient operations and the best customer experiences in the Nordic market, CEO Helge Leiro Baastad says.

- I am very pleased with our handling of the customers in this situation with an extraordinary claims volume. This has provided us with an opportunity to show that claims handling is a competitive advantage, Baastad says.

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.

Year to date the Group recorded a profit before tax of NOK 2,603.9 million (4,221.3). The result does not include the profit from Gjensidige Bank. 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). The return on financial assets was 2.0 per cent (2.8) or NOK 1,052.0 million (1,513.4). The profit after tax 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).

Highlights third quarter 2018 (third quarter 2017)

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

Highlights year to date 2018 (year to date 2017)

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

This information is subject to disclosure under the Norwegian Securities Act section §5-12.

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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.