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A year significantly impacted by extraordinary weather conditions and high run-off gains – The board proposes dividend of NOK 7.10 per share

Gjensidige Forsikring Group recorded a profit before tax of NOK 1,661.2 million (995.5) for the fourth quarter. The result does not include the profit from Gjensidige Bank. The profit from general insurance operations measured by the underwriting result was NOK 1,914.4 million (555.4), corresponding to a combined ratio of 68.5 (90.7). The profit was impacted by high run-off gains of NOK 1.4 billion (0.3). Excluding this the underwriting result was NOK 530.3 million (254.8), corresponding to a combined ratio of 91.3 (95.7). The return on financial assets was minus 0.4 per cent (0.9), or minus NOK 231.0 million (489.2). The profit after tax from continuing and discontinued operations was NOK 1,304.2 million (1,002.1) and the corresponding earnings per share were NOK 2.61 (2.01).

-The improvement in the underwriting result compared with the fourth quarter 2017 was a result of significantly more run-off gains following an in-depth review of our claims reserves. In addition, premium growth and a more favourable underlying profitability, particularly for motor in Norway contributed to the increase in profits. Our operations outside Norway continued to show good progress, and our strong cost discipline resulted in a decline in the cost ratio, says CEO Helge Leiro Baastad.

- We are not satisfied with the underlying results for 2018, even when adjusting for the extraordinary weather effects. However, the proposed dividend is in line with last year, confirming our commitment of delivering high and stable nominal dividends to our shareholders, Baastad says.

Earned premiums in the quarter rose 1.9 per cent compared with the fourth quarter 2017, driven by ongoing price increases, particularly for motor in Norway. In addition to the run-off gains mentioned above and somewhat lower large losses, a more favourable underlying frequency claims situation also contributed to the increase in the underwriting result.

The Pension segment generated higher profits in the quarter, mainly due to non-recurring items.

The financial return in the quarter was lower than in the same period the previous year, with negative returns from corporate bonds and current equities, partly offset by positive contributions from properties, PE, government bonds and some hedging-instruments.

The Retail Bank recorded a lower result compared with the same quarter the previous year due to a non-recurring positive impact from the sale of the impaired unsecured loans portfolio in the fourth quarter 2017, as well as non-recurring items among other things related to the sale of the bank. There was also an underlying decrease, driven by lower income and higher expenses.

The Group recorded a profit before tax of NOK 4,265.0 million (5,216.8) for the year. The result does not include the profit from Gjensidige Bank. The profit from general insurance operations measured by the underwriting result was NOK 3,605.8 million (3,410.1), corresponding to a combined ratio of 85.0 (85.4). The profit was positively impacted by high run-off gains of NOK 2.4 billion (1.0). Adjusted for this, the underwriting result was 1,248.9 million (2,379.8), corresponding to a combined ratio of 94.8 (89.8). The return on financial assets was 1.5 per cent (3.7) or NOK 820.9 million (2,002.6). The profit after tax from continuing and discontinued operations was NOK 3,716.4 million (4,519.3) and the corresponding earnings per share were NOK 7.44 (9.05). Earned premiums from general insurance increased to NOK 24.1 billion (23.4) for the year.

Highlights fourth quarter 2018 (fourth quarter 2017)

- Profit/loss before tax: NOK 1,661.2 million (995.5)
- Earnings per share: NOK 2.61 (2.01)
- Earned premiums: NOK 6,081.2 million (5,969.5)
- Underwriting result: NOK 1,914.4 million (555.4)
- Combined ratio: 68.5 (90.7)
- Cost ratio: 14.8 (15.8)
- Financial result: NOK negative 231.0 million (489.2)

Proposed dividend

- Proposed regular dividend: NOK 3,550 million (3,550)
- Proposed regular dividend per share: NOK 7.10 (7.10)

Highlights year to date 2018 (year to date 2017)

- Profit/loss before tax: NOK 4,265.0 million (5,216.8)
- Earnings per share: NOK 7.44 (9.05)
- Earned premiums: NOK 24,052.8 million (23,398.3)
- Underwriting result: NOK 3,605.8 million (3,410.1)
- Combined ratio: 85.0 (85.4)
- Cost ratio: 15.2 (15.3)
- Financial result: NOK 820.9 million (2,002.6)

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 26 billion in 2018, while total assets were NOK 157 billion.