

Oslo 12 July 2019

A strong second quarter result

The second quarter 2019 result was strong, with the improvement from the corresponding quarter last year primarily driven by improved and good profitability for Norwegian motor insurance and more favourable weather conditions in Norway. The Group continued to put through significant profitability measures across all segments. The annualised return on equity year-to-date was 23.5 per cent excluding the gain on the sale of Gjensidige Bank.

Gjensidige Forsikring Group recorded a profit before tax of NOK 1,722.9 million (1,034.9) for the quarter. The profit from general insurance operations measured by the underwriting result was NOK 1,257.6 million (706.8), corresponding to a combined ratio of 79.3 (88.2). The return on financial assets was 0.9 per cent (0.7) or NOK 512.9 million (370.7). The profit after tax was NOK 1,341.5 million (1,004.6). Earnings per share amounted to NOK 2.68 (2.01).

-We are very satisfied with delivering a strong quarter, which reflects a clear improvement in our underlying profitability, to a large extent due to strong and effective profitability measures. Going forward we will continue to develop our unique position in Norway and strengthen our profitability and growth in Denmark, Sweden and the Baltics, says CEO Helge Leiro Baastad.

The underwriting result was driven by 1.6 per cent growth in earned premiums, an improved underlying frequency loss ratio, higher run-off gains and lower large losses. The underlying frequency loss ratio improved primarily due to profitability measures implemented for motor insurance in Norway and improved weather conditions compared to last year, which impacted the property insurance lines.

The Pension operation recorded increased profit due to higher net operating income, partly offset by lower returns on property investments. The financial return in the quarter was higher than in the same period last year. All asset classes contributed positively in the quarter.

The Group recorded a profit before tax of NOK 4,753.6 million (1,639.9) for the first half-year. The sale of Gjensidige Bank was completed on 1 March, with proceeds of approximately NOK 5.6 billion and a gain for the Group of NOK 1.6 billion recorded in the first quarter. The profit before tax expense excluding this gain was NOK 3,169.1 million.

The profit from the general insurance operations measured by the underwriting result was NOK 2,055.7 million (1,118.0), corresponding to a combined ratio of 82.9 (90.6). The return on financial assets was 2.1 per cent (1.2) or NOK 1,195.1 million (625.5). The profit after tax from continuing and discontinued operations was NOK 4,127.2 million (1,539.1) and the corresponding earnings per share were NOK 8.25 (3.08).

Highlights second quarter 2019 (second quarter 2018):

- Profit/loss before tax: NOK 1,722.9 million (1,034.9)
- Earnings per share: NOK 2.68 (2.01)
- Earned premiums: NOK 6,082.8 million (5,987.2)
- Underwriting result: NOK 1,257.6 million (706.8)
- Combined ratio: 79.3 (88.2)
- Cost ratio: 14.9 (15.2)
- Financial result: NOK 512.9 million (370.7)

Special factors and events:

- Dividend for 2018 was paid on 9 April 2019: NOK 3,550 million, corresponding to NOK 7.10 per share

Highlights year to date 2019 (year to date 2018):

- Profit/loss before tax: NOK 4,753.6 million (1,639.9)
- Earnings per share: NOK 8.25 (3.08)
- Earned premiums: NOK 12,019.5 million (11,853.5)
- Underwriting result: NOK 2,055.7 million (1,118.0)
- Combined ratio: 82.9 (90.6)
- Cost ratio: 14.9 (15.2)
- Financial result: NOK 1,195.1 million (625.5)

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 3,900 employees and offer insurance products in Norway, Denmark, Sweden and the Baltic states. In Norway, we also offer pension and savings. Operating income was NOK 26 billion in 2018, while total assets were NOK 157 billion.