



Gjensidige

Gjensidige Forsikring Group

3rd quarter 2019 results

23 October 2019





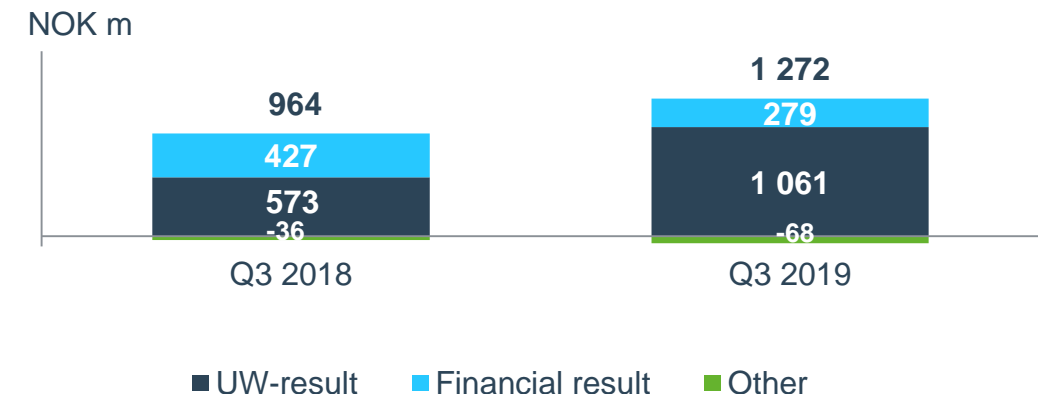
Strong third quarter results

- Pre-tax profit NOK 1,272m
- Underwriting result NOK 1,061m
 - 3.3% premium growth
 - Effective pricing and re-underwriting measures
 - Lower large losses than expected
 - Slightly higher run-off gains than expected
 - Good cost control
- Financial result NOK 279m, return 0.5%
- Return on equity 21.6%¹⁾ excluding gain on sale of Gjensidige Bank

Combined ratio



Pre-tax profit



¹⁾ Annualised, YTD

This presentation contains alternative performance measures (APMs). APMs are described on www.gjensidige.no/reporting in document named APMs Gjensidige Forsikring Group Q3 2019.

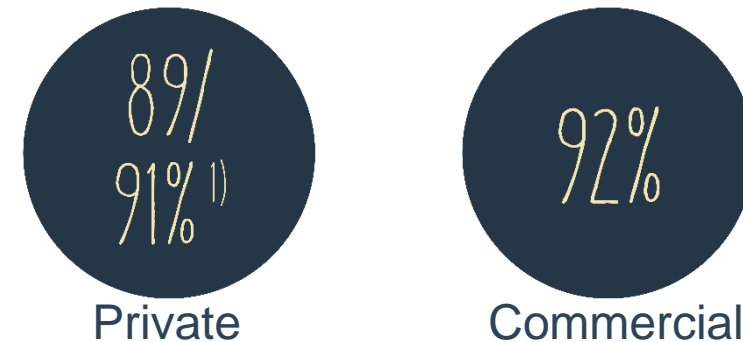


Operational highlights

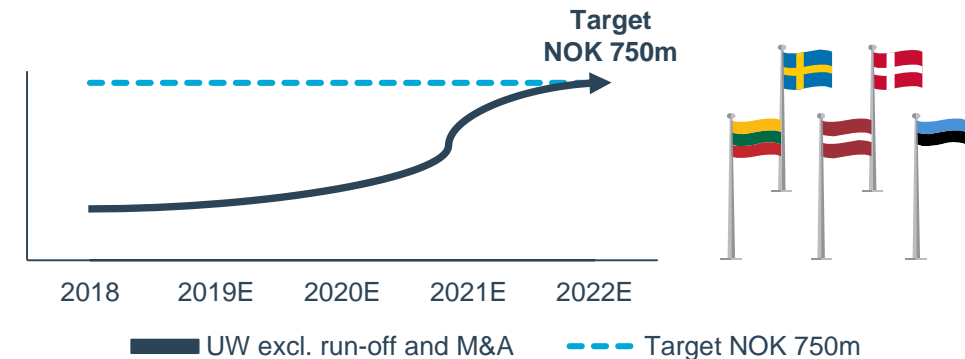
- focus on improved profitability

- Maintaining superior position in Norway
 - Effective pricing and re-underwriting
 - Strong competitiveness
 - Positive trend for new sales in Private
 - Strong growth in earned premiums in Commercial
 - Good progress in Nordea cooperation
- Continued efforts to increase profits outside Norway
 - Common recipe for all segments - local adaptations
 - Focus on analytics, digitalisation and automation of customer interaction and processes

High customer retention in Norway



Outside Norway - back-end loaded progress



¹⁾ Retention for the whole portfolio and loyalty/ affinity portfolio respectively. The latter represents 85 per cent of premiums.



Continued top reputation in finance sector in Norway - including within social responsibility

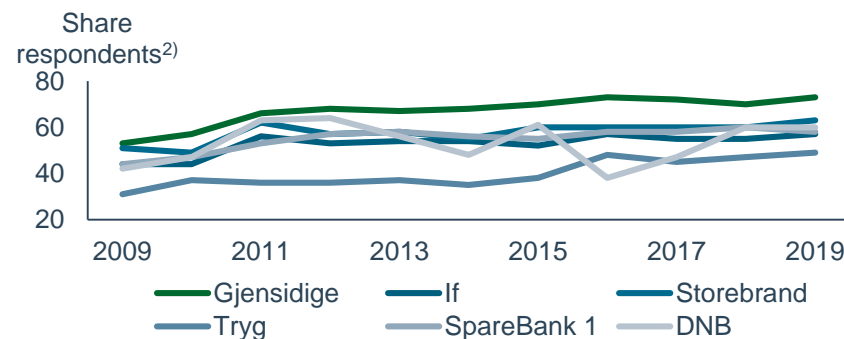
Superior reputation in Ipsos ranking¹⁾ - again

- No 1 overall reputation in the finance sector
 - No 6 independent of sector
- No 1 reputation in social responsibility and moral in the finance sector

New ESG initiatives always high on the agenda

- Improved risk assessments and claims prevention based on deeper insights in climate impacts
- Online mental counselling for adolescents
- ESG-tracking of suppliers

Overall reputation - finance sector



Top 3 ESG focus areas



1) Ipsos Reputation-survey, includes 109 companies in Norway, in 10 different sectors. Survey criteria: overall impression; social responsibility and moral; economy and profitability; marketing and information; environmental focus.

2) Share of respondents who responded: very / quite good impression

Financial performance





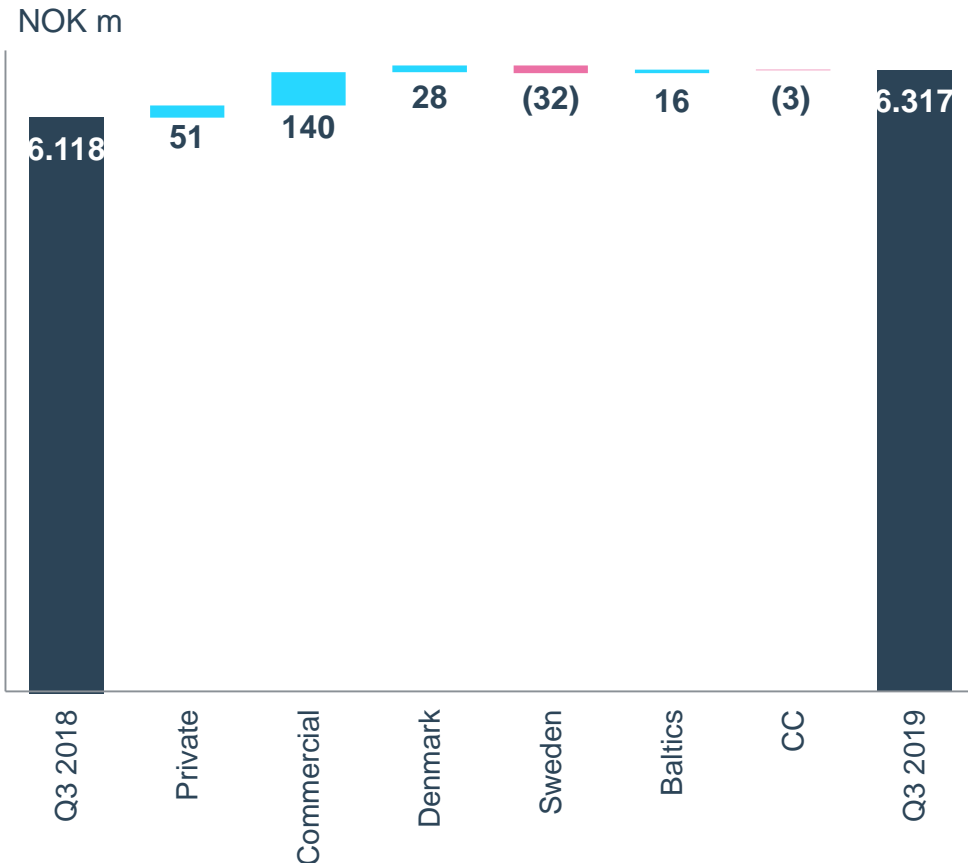
Continued strong improvement in Norway and underlying progress according to plan outside Norway

NOK m	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Private	495	409	1 475	1 124
Commercial	475	136	1 302	513
Denmark	176	161	500	310
Sweden	22	9	58	33
Baltics	21	31	42	51
Corporate Centre - costs related to owner	(76)	(133)	(227)	(299)
Corporate Centre - reinsurance	(54)	(39)	(32)	(40)
Underwriting result	1 061	573	3 117	1 691
Pension	43	40	136	110
Financial result from the investment portfolio	279	426	1 474	1 052
Amortisation and impairment losses of excess value	(68)	(62)	(193)	(201)
Other items	(44)	(15)	1 492	(49)
Profit/(loss) before tax expenses	1 272	964	6 025	2 604



3.3 per cent premium growth

Premium development



CC = corporate centre

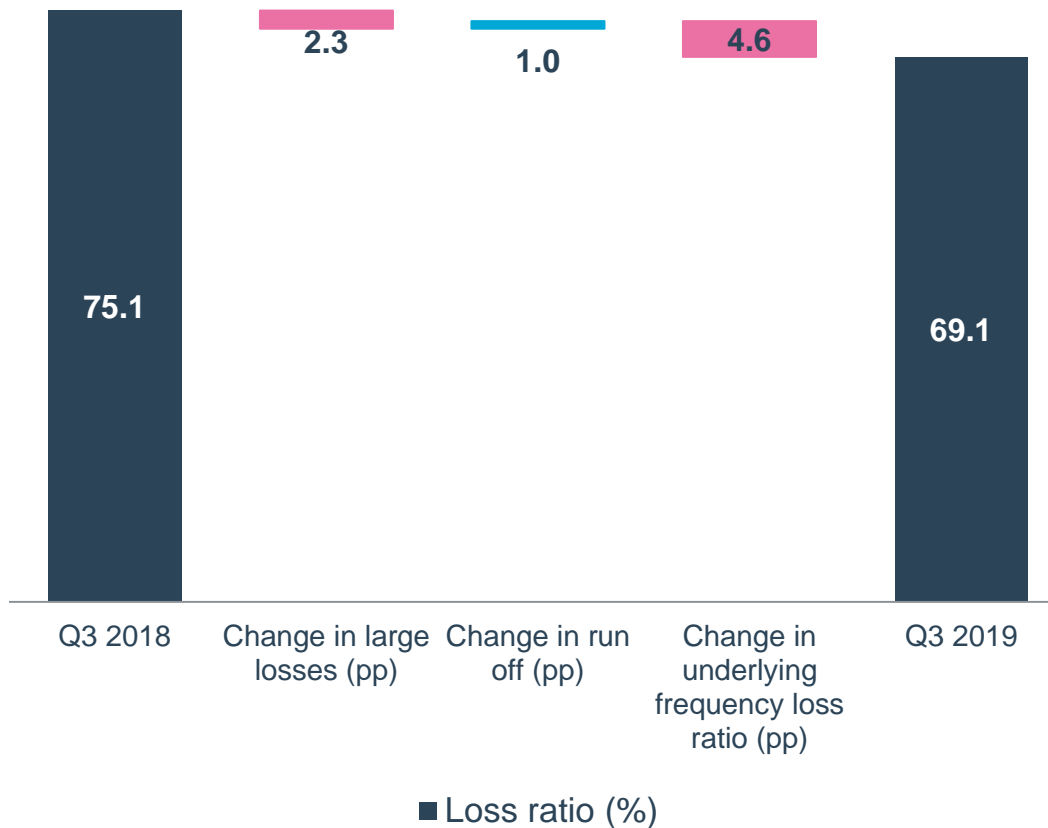
Key drivers - premium development

- Private +2.2%
 - Price driven
- Commercial +7.2%
 - Price driven
- Denmark +2.3%
 - Negative 0.4% in local currency, driven by repricing and re-underwriting
- Sweden -8.7%
 - Negative 9.3% in local currency, driven by repricing and re-underwriting
- Baltics +5.7%
 - Positive 2.8% in local currency, driven by price and volume growth



Improved loss ratio mainly due to profitability measures and more favourable weather conditions in Norway

Loss ratio development



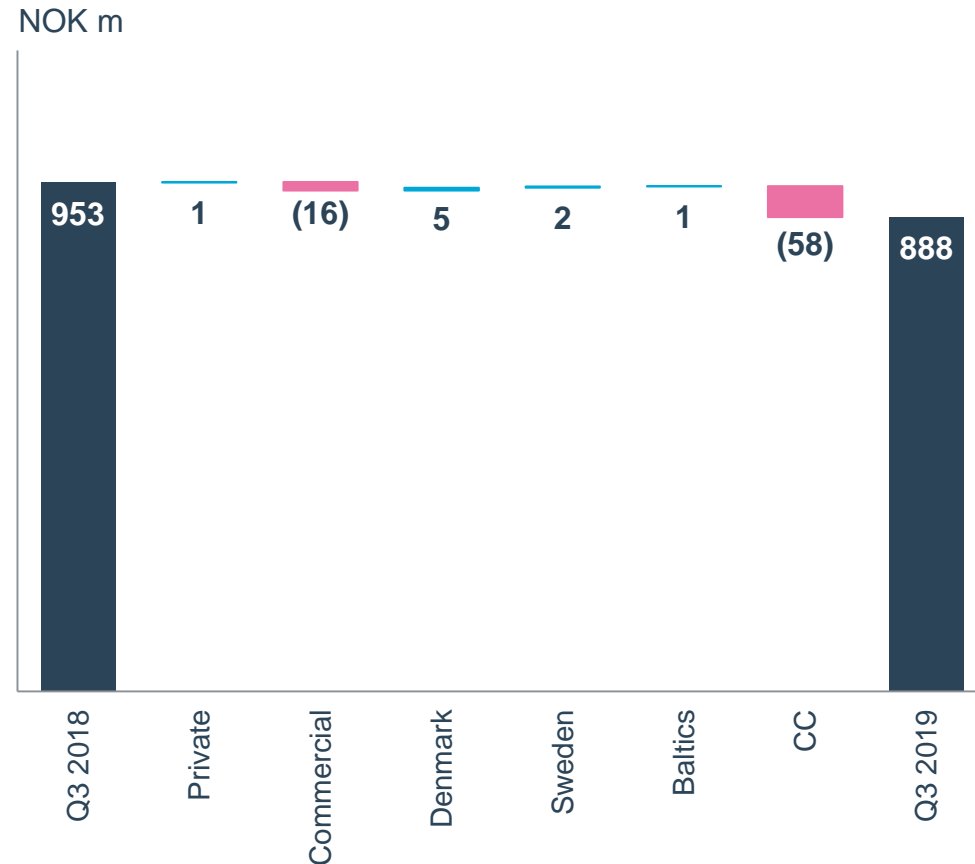
Key drivers

- Improved underlying frequency loss ratio
 - Effective pricing and re-underwriting measures
 - Better weather conditions
- Lower large losses
- Lower run-off gains
 - Loss reserves confirmed by third party



Continued good cost control - cost ratio 14.1 per cent

Cost development



CC = corporate centre

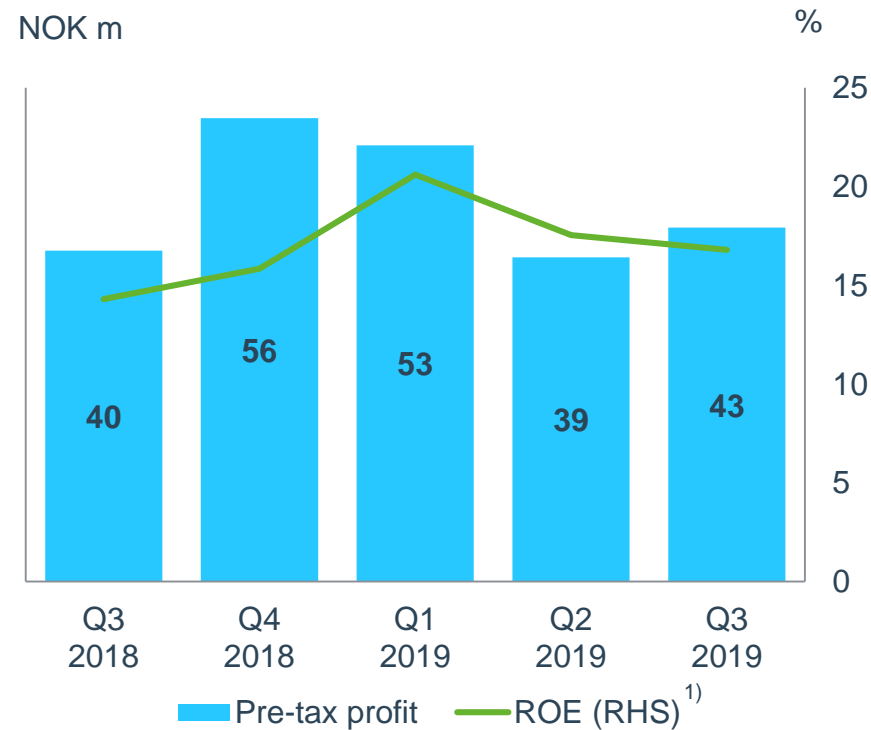
Key drivers – cost development

- Strong cost discipline across the Group
- Cost ratio 13.3 per cent excluding Baltics



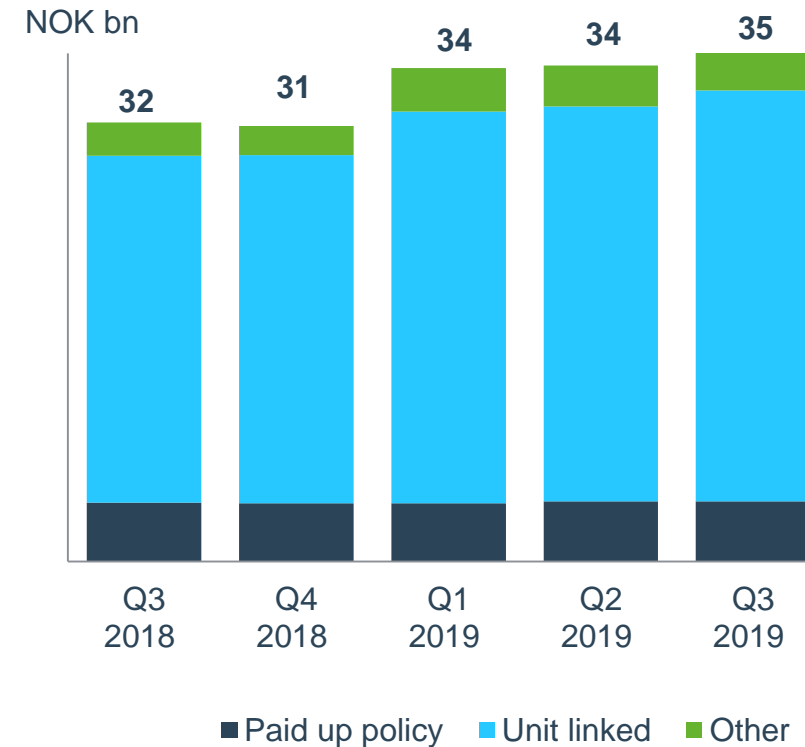
Solid profit for Pension business

Profit and return



¹⁾ Annualised YTD

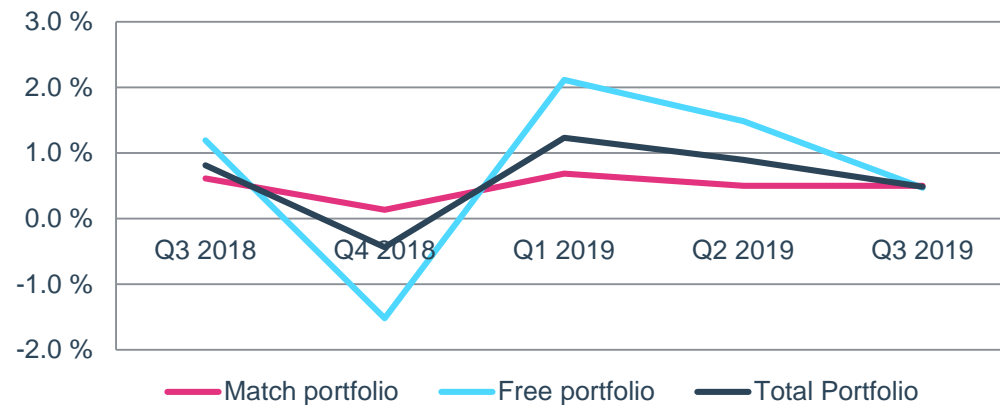
Assets under management





Investment return of 0.5 per cent, reflecting market conditions

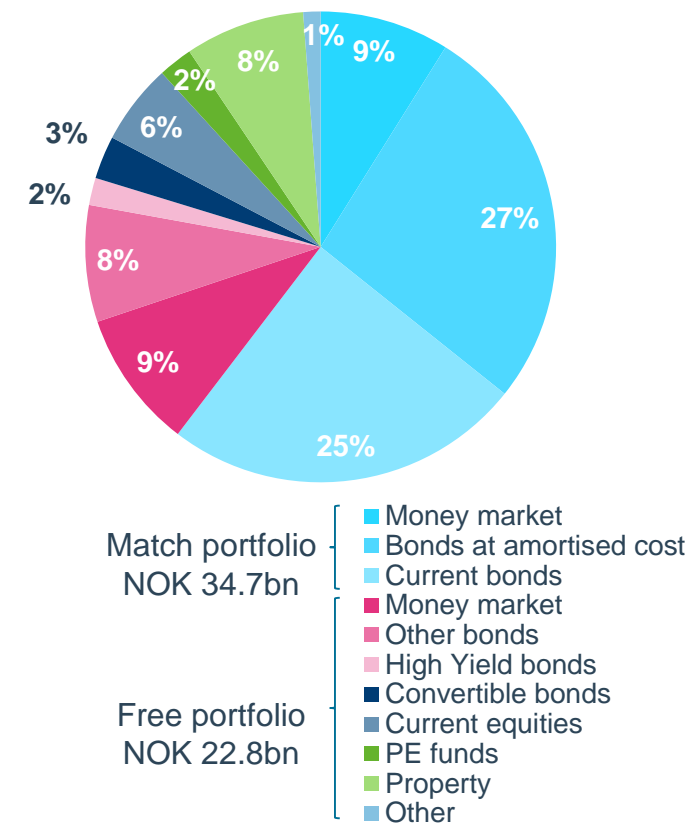
Investment return



Investment return, free portfolio

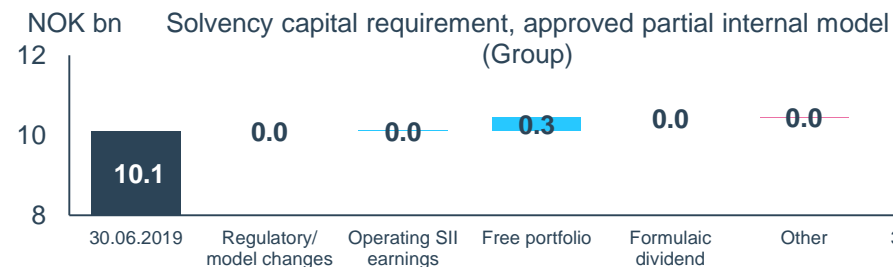
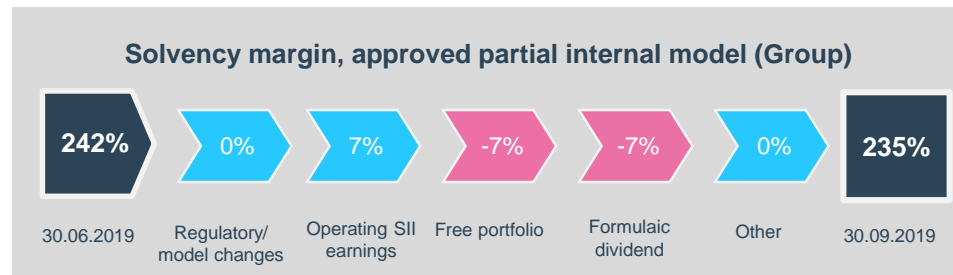
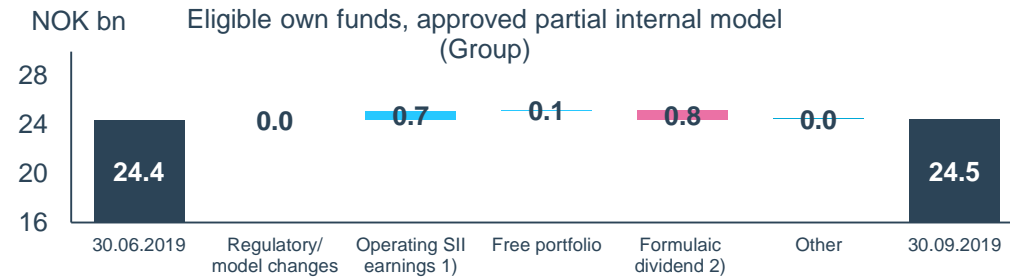
Q3 2019	%
Fixed income	0.3
Current equities	0.1
PE funds	0.6
Property	1.9
Total free portfolio	0.5

Portfolio mix as at 30.09.2019





Strong capital position – continued capital discipline



- Solid capitalisation
 - FSA approved partial internal model 235%
 - Own partial internal model 283%
- Capital buffers well within risk appetite
- Solvency target range tightened to 150-200%

¹⁾ Operating SII earnings comprise SII underwriting result and SII financial result of the match portfolio after tax

²⁾ Based on 80 per cent pay-out ratio according to dividend policy



Moving ahead on operational targets

Metric	Status Q3 2019	Target 2022
Customer satisfaction (CSI)	78.1	> 78, Group
Customer retention	90%	> 90%, Norway
	79%	> 85%, outside Norway
Sales effectiveness	+ 6.8%	+ 10%, Group
Automated tariffs	35%	100%, Group
Digital claims reporting	69%	80%, Norway
Claims straight-through processing	18%	64%, Norway
Claims cost	Annual reporting	Reduce by NOK 500 million, Group
Claims related CO2-intensity	Annual reporting	Reduce year by year, Group

- Focus on digital customer interactions
- Simplification is key to enhanced efficiency
- Process optimisation and automation necessary to secure sufficient agility



Concluding remarks

- Strong third quarter result
- Implemented significant pricing measures in Norway
- Progress outside Norway according to plan
- Operational efficiency
- Strong capital position
- Sustainability at the core of our business

Annual financial targets 2019-2022

Metric	Target
Combined ratio	86-89% ¹⁾
Cost ratio	<15%
Solvency margin (PIM)	150-200%
ROE after tax	>20% ¹⁾
UW result outside Norway	NOK 750m (in 2022) ²⁾
Dividends	Nominal high and stable (and >80 % over time)

¹⁾ Assuming annual run-off gains ~NOK 1 billion through 2022. Corresponds to 90-93 per cent given zero run-off gains post 2022.

²⁾ Excluding run-off

Appendix





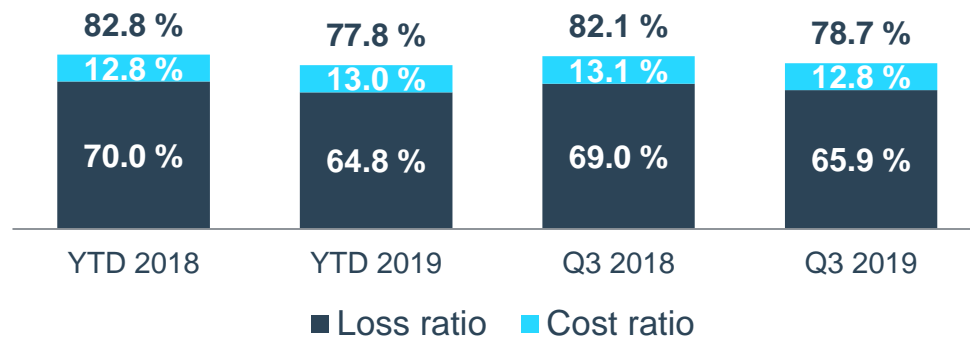
Roadshows and conferences post Q3 2019 results

Date	Location	Participants	Event	Arranged by
23 October	Oslo	CEO Helge Leiro Baastad CFO Jostein Amdal Head of IR Mitra H. Negård	Roadshow	Pareto
24 October	London	CFO Jostein Amdal IRO Kjetil Gill Østvold	Roadshow	Bank of America Merrill Lynch
24 October	Paris	CEO Helge Leiro Baastad Head of IR Mitra H. Negård	Roadshow	Carnegie
24 October	Amsterdam, Brussels	EVP Janne Flessum Chief accountant Karen-Elise Christoffersen	Roadshow	Carnegie
31 October	Stockholm	CEO Helge Leiro Baastad Head of IR Mitra H. Negård	Roadshow	SEB
1 November	Frankfurt	CFO Jostein Amdal IRO Kjetil Gill Østvold	Roadshow	Handelsbanken
26 November	Milano, Lugano	EVP Janne Flessum IRO Kjetil Gill Østvold	Roadshow	Barclays
27 November	Munich	EVP Janne Flessum IRO Kjetil Gill Østvold	Roadshow	Nordea

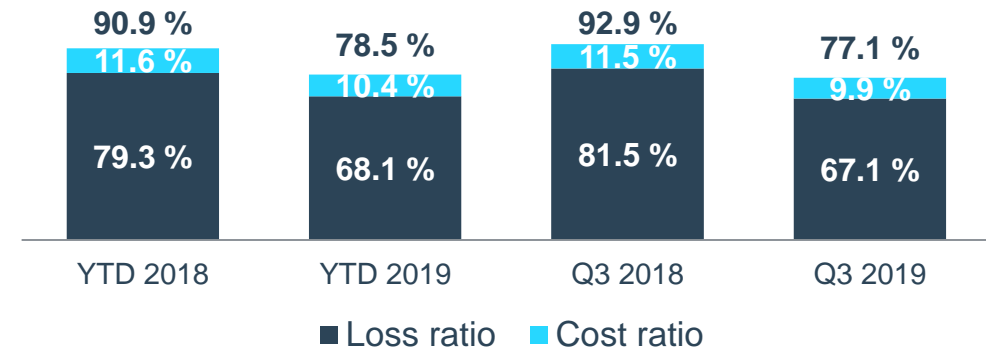
General insurance – cost ratio and loss ratio per segment



Private



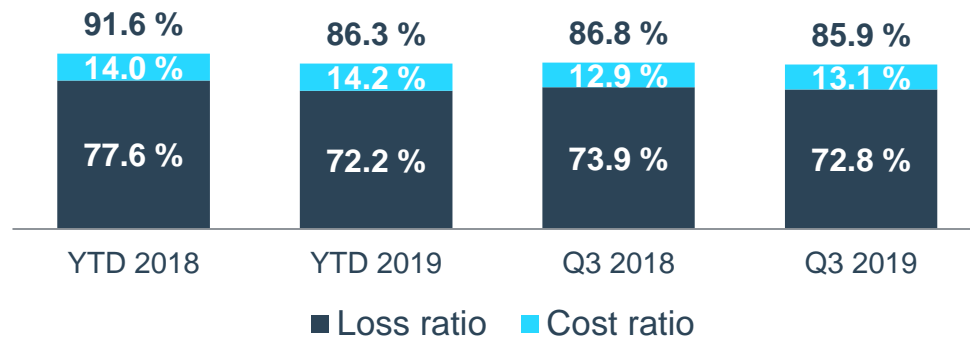
Commercial



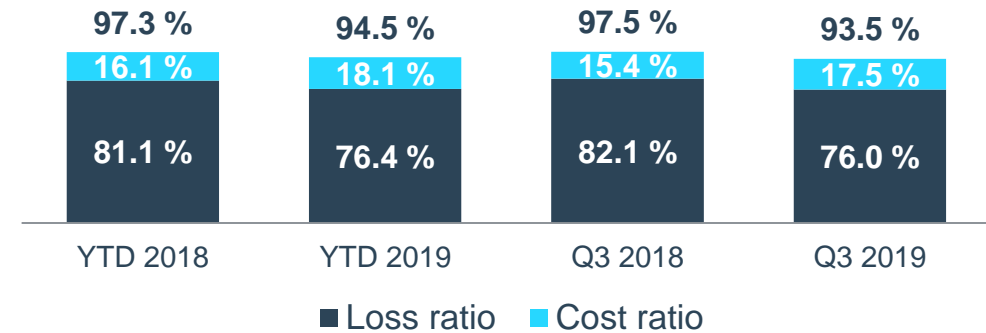
General insurance – cost ratio and loss ratio per segment (cont'd)



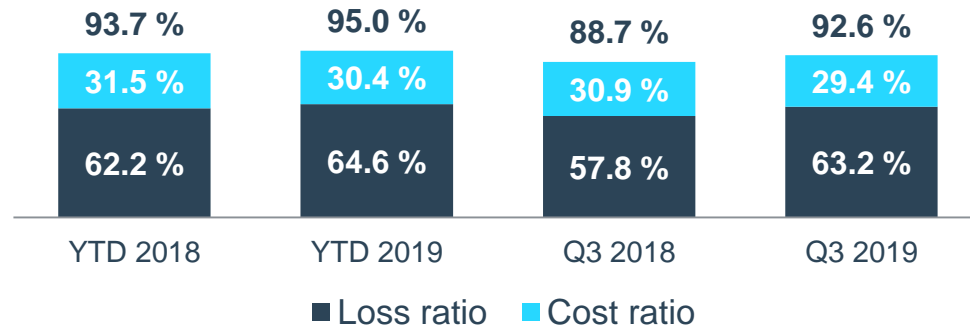
Denmark



Sweden



Baltics

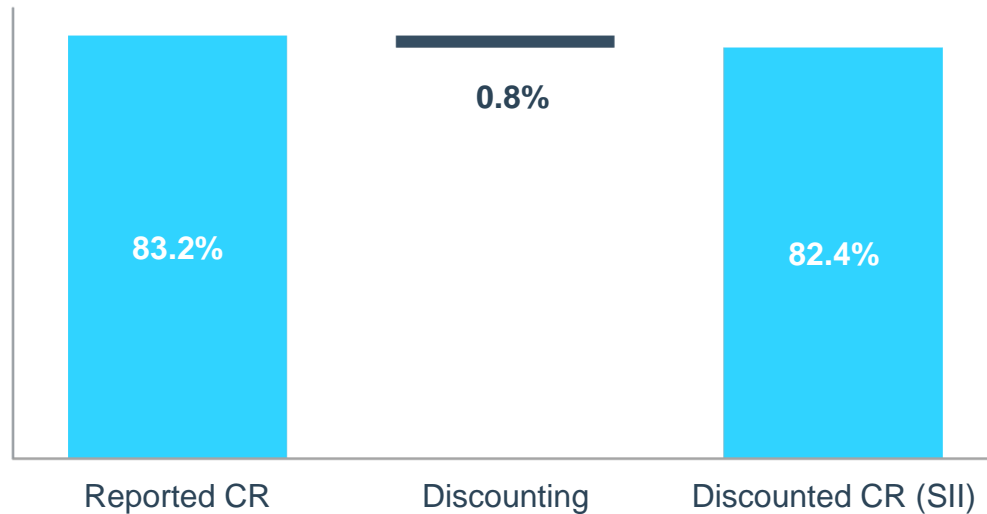




Effect of discounting of claims provisions

Assuming Solvency II regime

Effect of discounting on CR – Q3 2019



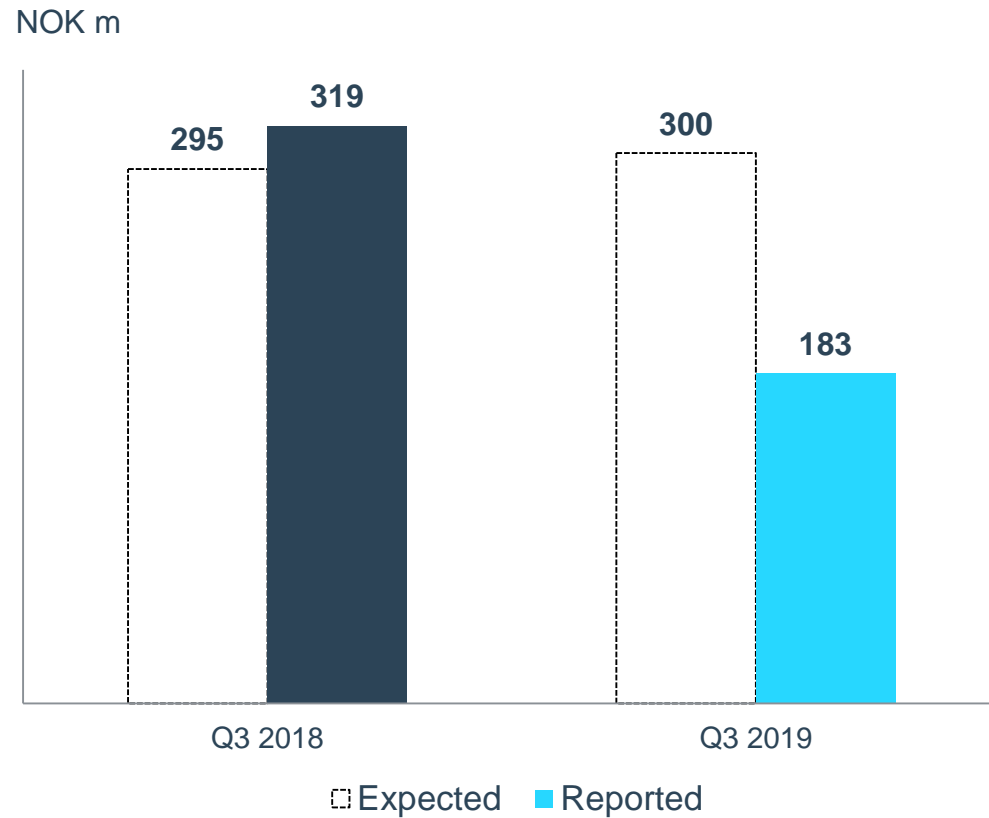
Assumptions

- Only claims provisions are discounted (i.e. premium provisions are undiscounted)
- Swap rates in Norway, Sweden and Denmark
- Euroswap rates in the Baltic countries

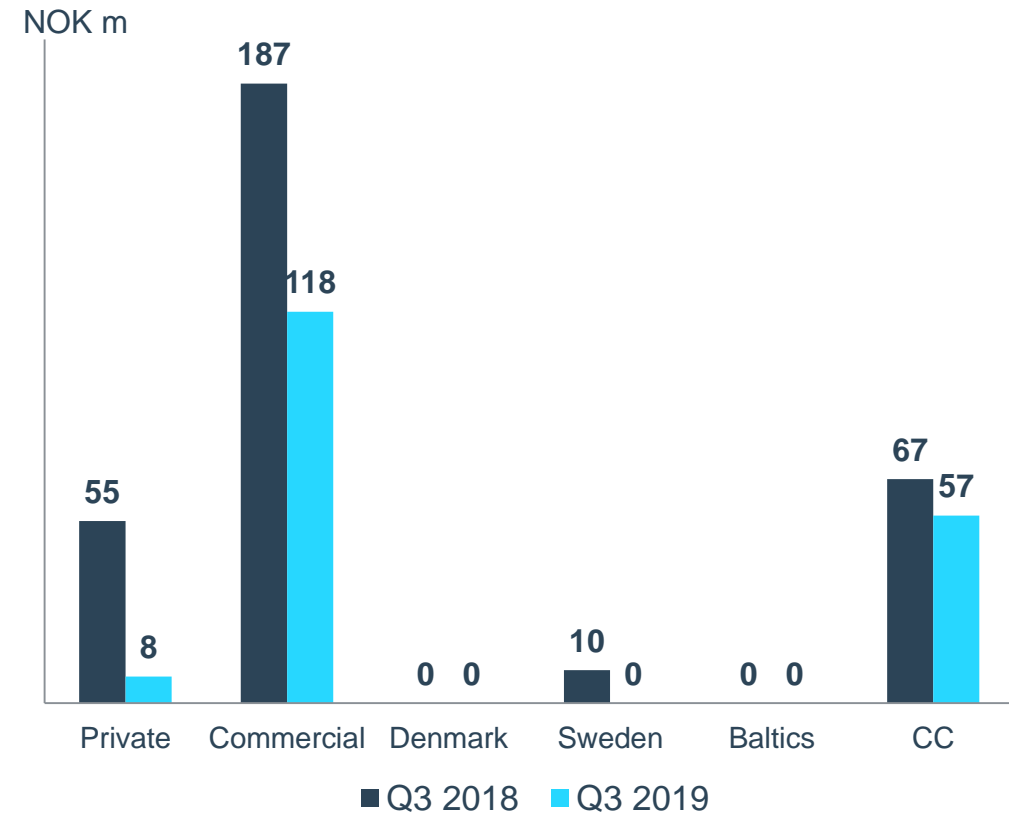


Large losses 2.9 percentage points - lower than expected

Large losses – reported vs expected



Large losses per segment

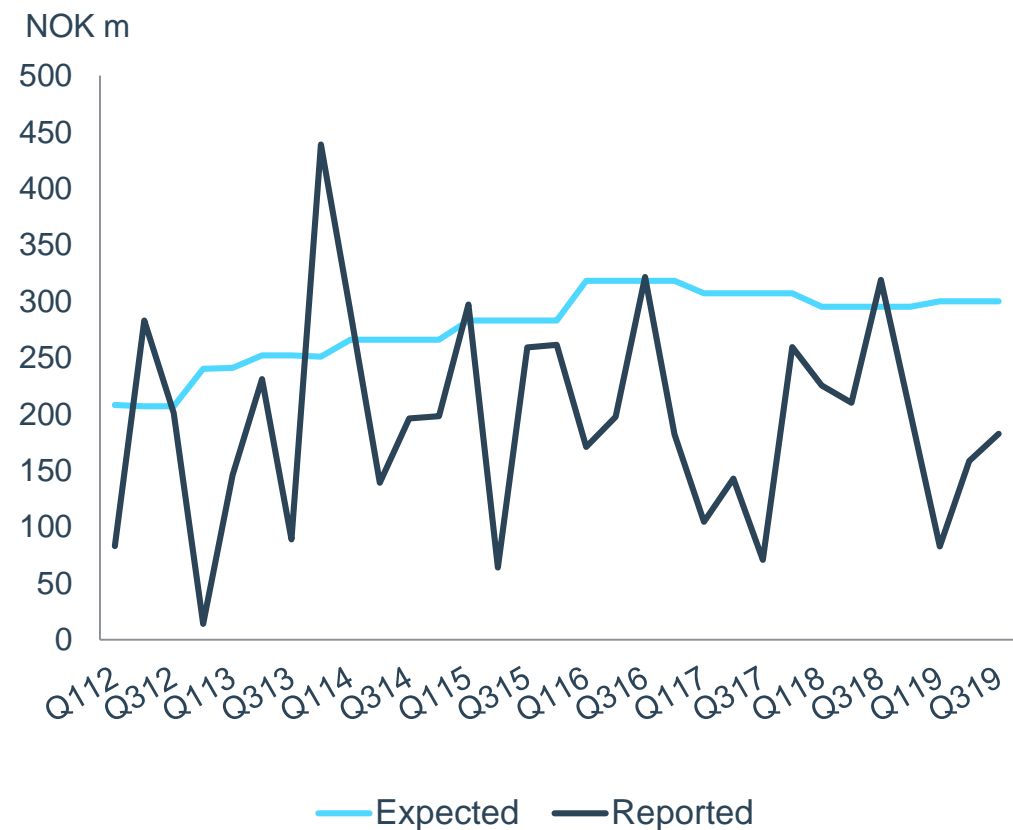


CC = corporate centre. Large losses: Losses > NOK 10m. Weather related large losses are included. Large losses in excess of NOK 30m are charged to the Corporate Centre while up to NOK 30m per claim is charged to the segment in which the large loss occurred. The Baltics segment has, as a main rule, a retention level of EUR 0.5m. The Sweden segment has a retention level of NOK 10m.

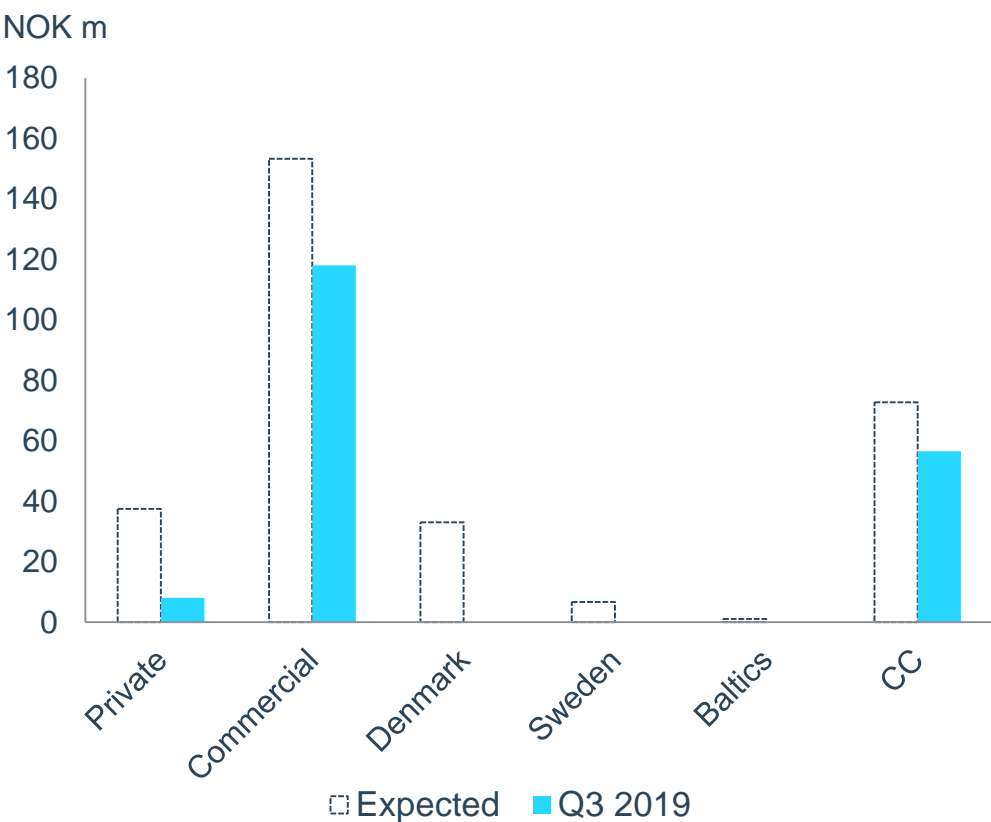


Large losses development

~ NOK 1.2bn in large losses expected annually



Large losses per segment – actual vs expected

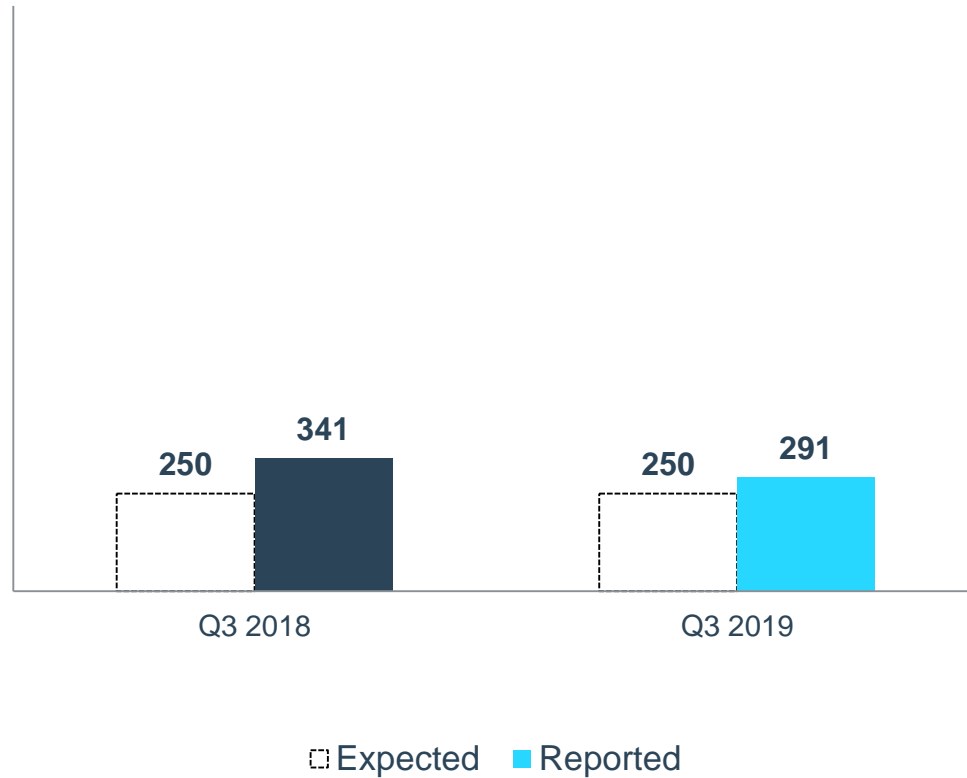




Run-off gains 4.6 percentage points - higher than expected

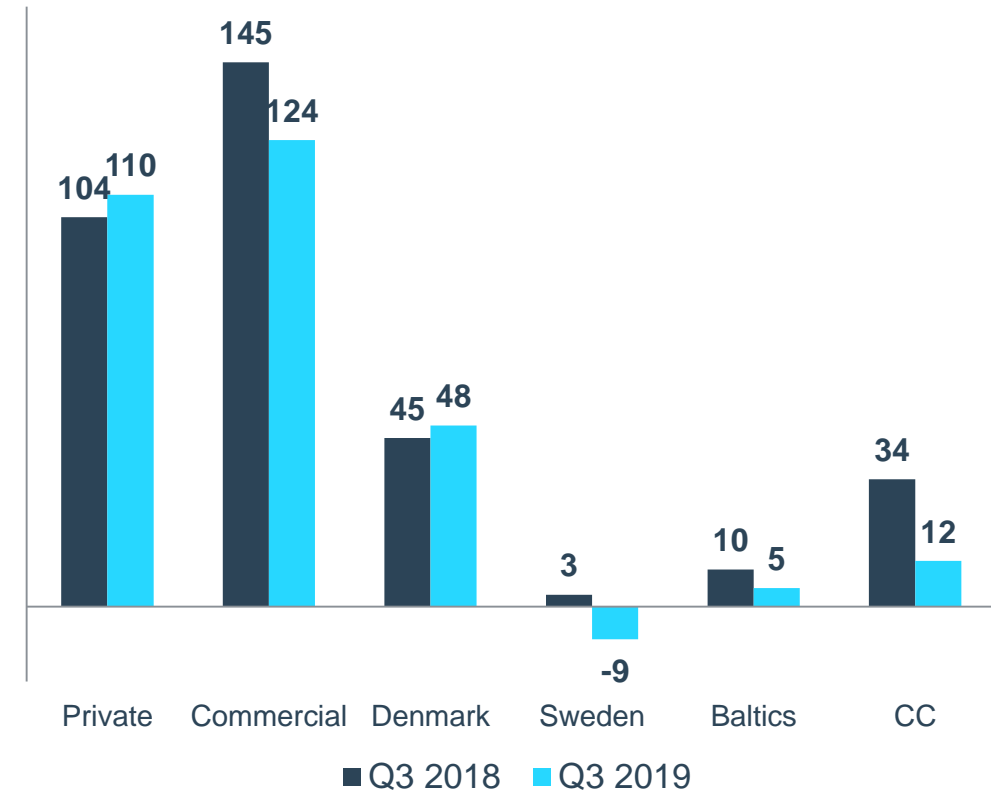
Run-off net

NOK m



Run-off net per segment

NOK m

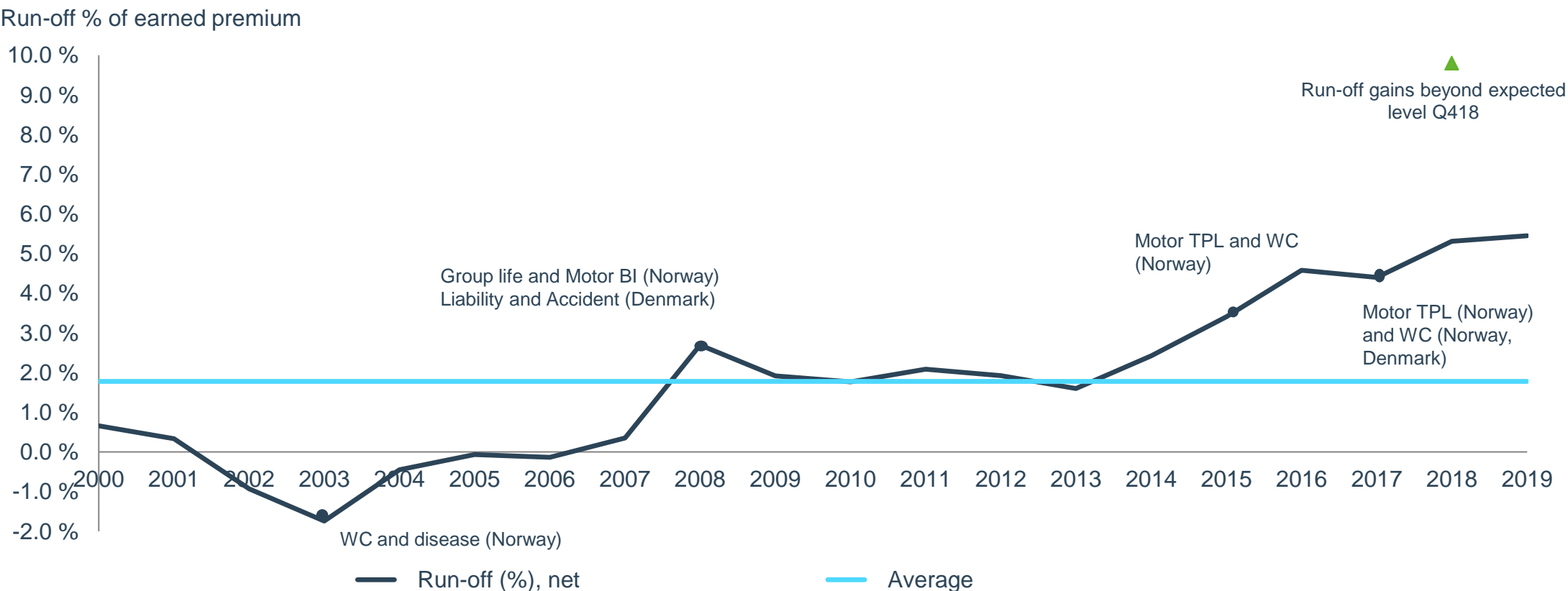


CC = corporate centre



Run-off development

Expected average annual run-off gains of ~4 pp (~NOK 1bn) through 2022

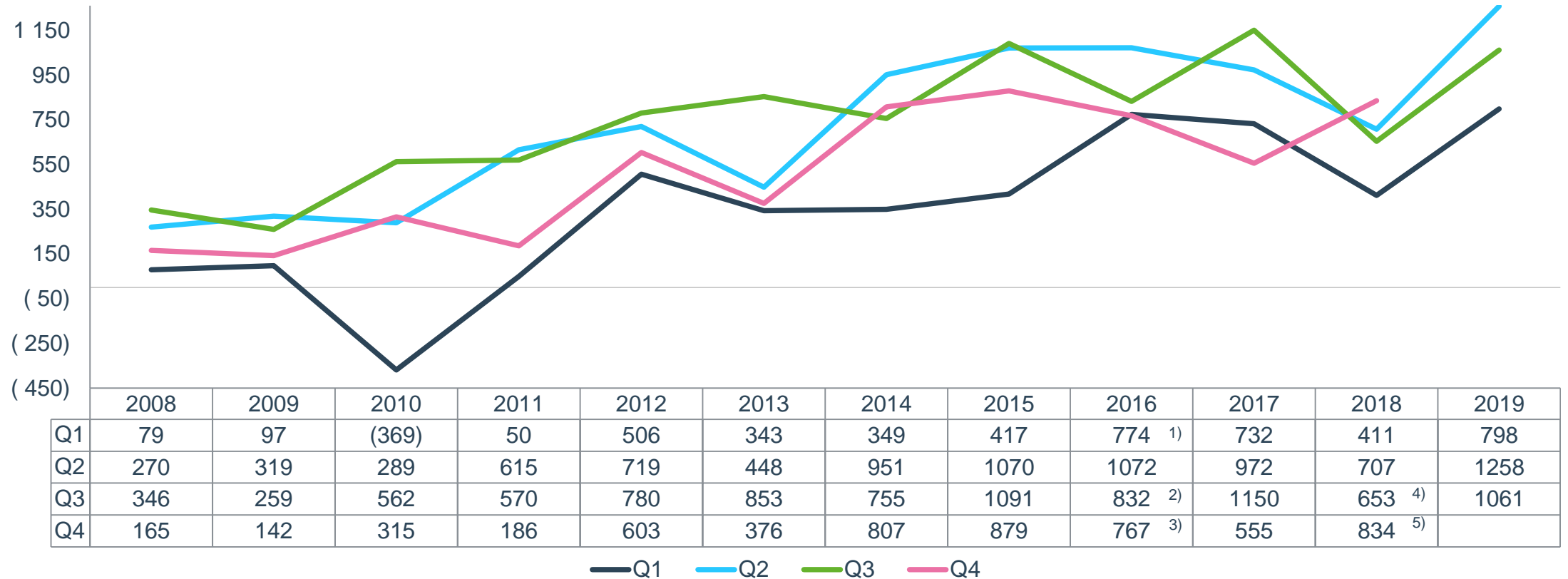




Quarterly underwriting results

Seasonality in Nordic general insurance

NOK m



¹⁾ Reported UW result for Q1 2016 was NOK 1,251m. Adjusted for a non-recurring income of NOK 477m related to the pension plans, the UW result was NOK 774m.

²⁾ Reported UW result for Q3 2016 was NOK 712m. Adjusted for a non-recurring NOK 120m restructuring cost the UW result was NOK 832m.

³⁾ Reported UW result for Q4 2016 was NOK 700m. Adjusted for a non-recurring NOK 44m increase in provision for restructuring cost and NOK 23m provision for increased pay-roll tax the UW result was NOK 767m.

⁴⁾ Reported UW result for Q3 2018 was NOK 573m. Adjusted for a non-recurring NOK 80m restructuring cost the UW result was NOK 653m.

⁵⁾ Reported UW result for Q4 2018 was NOK 1,914m. Adjusted for the extra run-off gains of NOK 1.1bn the UW result was NOK 834m.

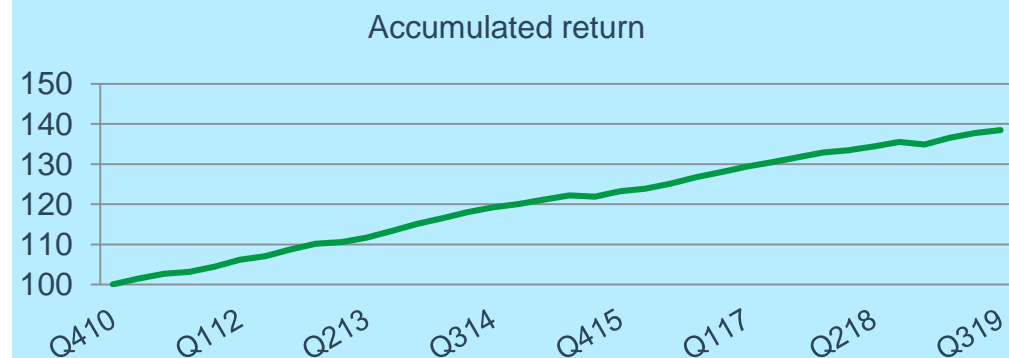
Investment strategy supporting high and stable nominal dividends



- Match portfolio
 - Duration and currency matching versus technical provisions (undiscounted)
 - Credit element for increased returns
 - Some inflation hedging
- Free portfolio
 - Compounding and focused on absolute returns
 - Dynamic risk management
 - Tactical allocation
 - Active management fixed income and equities
 - Normal risk premiums basis for asset allocation and use of capital

Key characteristics

- Limited risk appetite
- Currency hedging vs NOK ~ 100%
 - Limit +/- 10% per currency
- Marked-to-market recognition
 - Except bonds at amortised cost
- Stable performance





Investment portfolio

- asset classes and relevant benchmarks

Asset class	Investments, key elements ¹⁾	Benchmark
Match portfolio		
Money market	Norwegian money market	ST1X index
Bonds at amortised cost	Government and corporate bonds	Yield provided in quarterly reports
Current bonds	Mortgage, sovereign and corporate bonds, investment grade bond funds and loan funds containing secured debt	IBOX COR 1-3 yrs QW5C index
Free portfolio		
Money market	Norwegian money market	ST1X index
Other bonds	IG bonds in internationally diversified funds externally managed and current bonds	Global Agg Corp LGCPTRUH index
High Yield bonds	Internationally diversified funds externally managed	BOAML global HY HWIC index
Convertible bonds	Internationally diversified funds externally managed	BOAML global 300 conv VG00 index / Exogen factors
Current equities	Mainly internationally and domestic diversified funds externally managed	MSCIAC NDUEACWF index
PE funds	Oil/ oil-service/ general (Norwegian and Nordic funds)	OSEBX index / oil price
Property	50% of Oslo Areal	IPD index Norway / Exogen factors
Other	Miscellaneous	

¹⁾ See quarterly report for a more detailed description

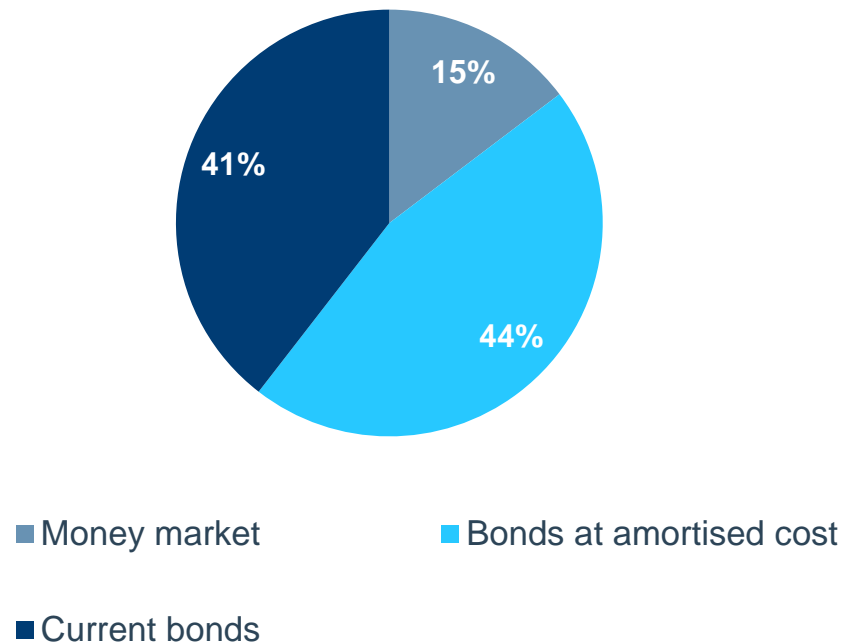


Asset allocation

As at 30.09.2019

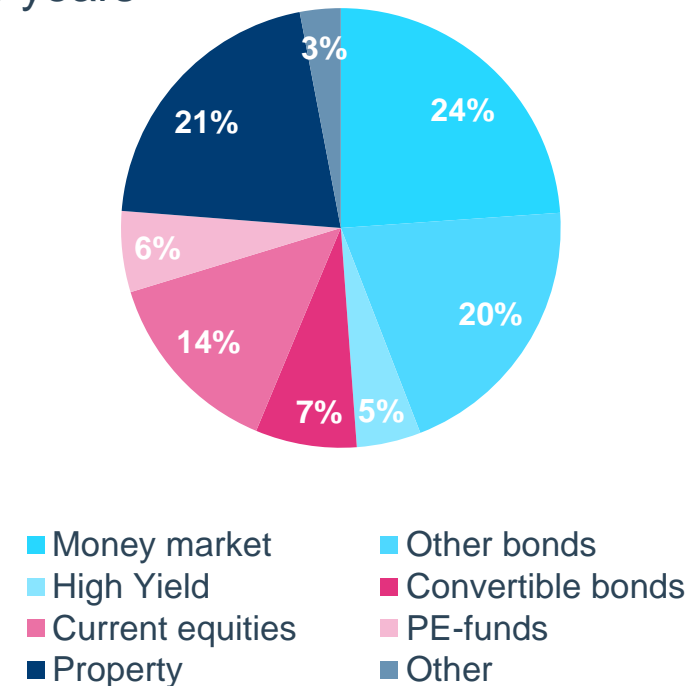
Match portfolio

- Carrying amount: NOK 34.7bn
- Average duration: 3.4 years



Free portfolio

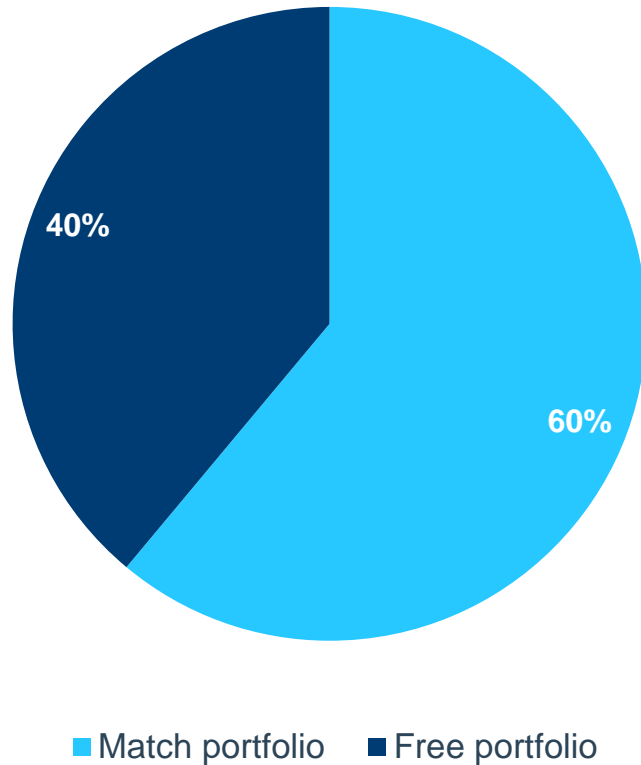
- Carrying amount: NOK 22.8bn
- Average duration fixed-income instruments: 3.3 years



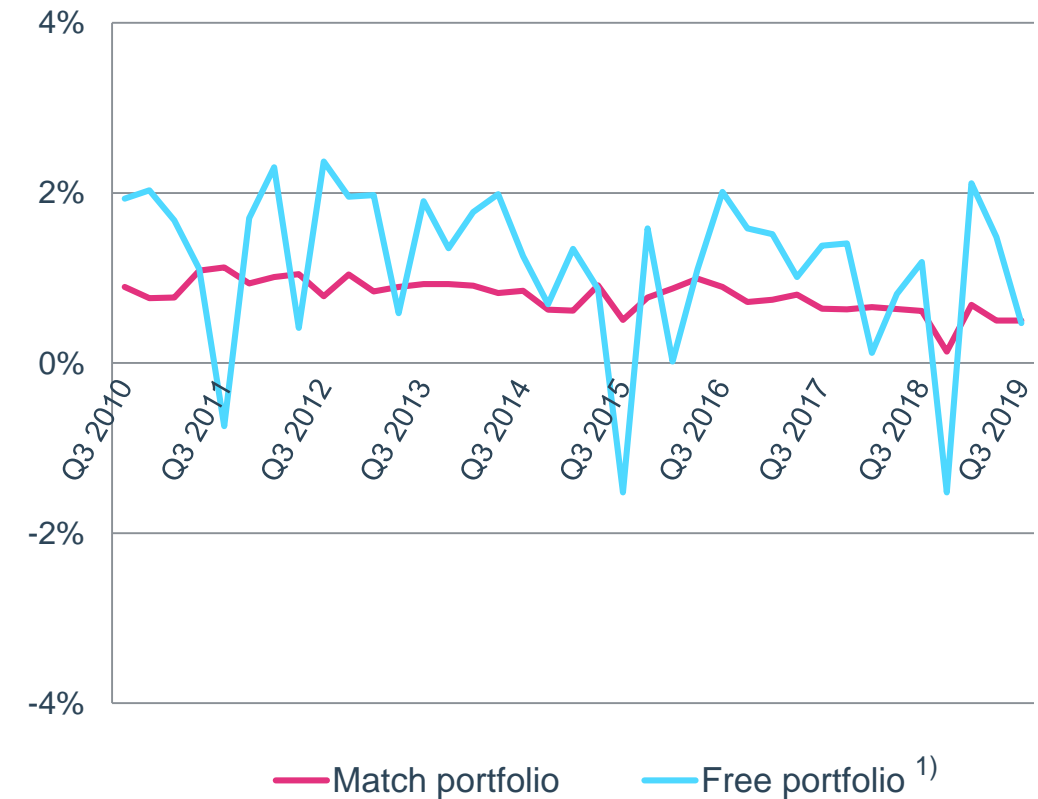


Contribution from the match portfolio

Asset allocation as at 30.09.2019



Quarterly investment returns

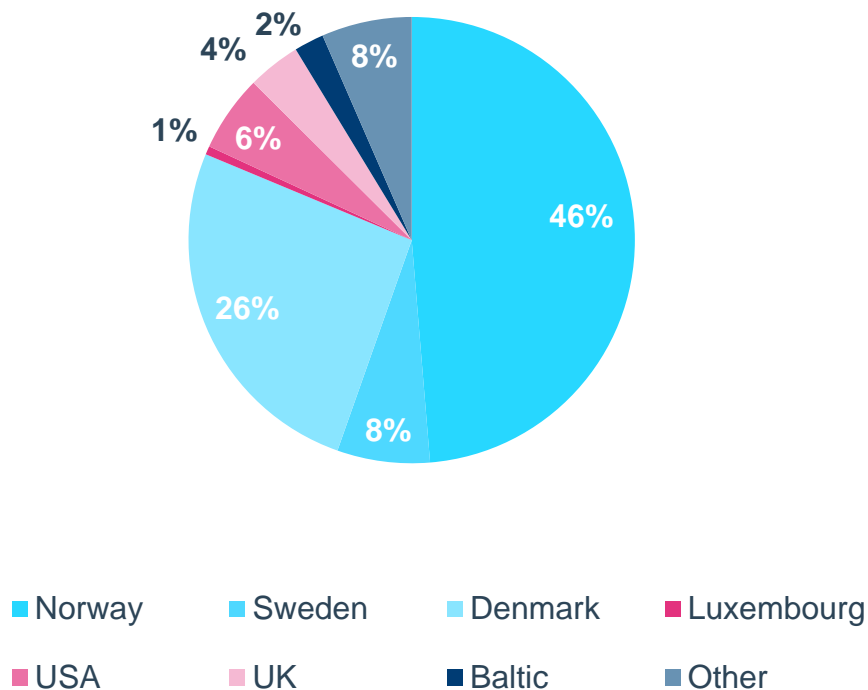


¹⁾ Prior to 2014 former associated companies were not included in the Free portfolio.

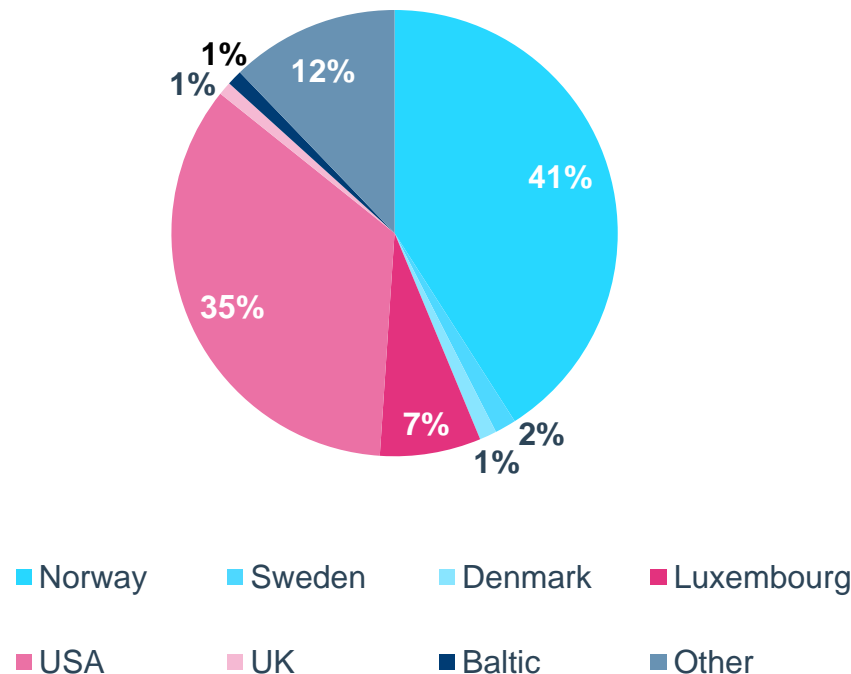


Balanced geographical exposure

Match portfolio



Free portfolio, fixed-income instruments





Credit and counterparty risk

Credit exposure

- The portfolio consists mainly of securities in rated companies with high creditworthiness (Investment grade)
- Issuers with no official rating are mainly Norwegian savings banks, municipalities, credit institutions and power producers and distributors

Total fixed income portfolio

Split - Rating	Match portfolio		Free portfolio	
	NOK bn	%	NOK bn	%
AAA	11.1	32.1	1.4	11.2
AA	3.4	9.8	2.3	17.9
A	6.1	17.6	2.7	21.1
BBB	3.9	11.3	1.8	14.3
BB	0.4	1.2	0.9	6.7
B	1.3	3.8	0.6	4.4
CCC or lower	0.1	0.2	0.1	0.7
Internal rating ¹⁾	5.4	15.7	1.9	14.6
Unrated	2.9	8.4	1.2	9.1
Fixed income portfolio	34.7	100.0	12.8	100.0

Split - Counterparty	Match portfolio		Free portfolio	
	NOK bn	%	NOK bn	%
Public sector	4.5	13.1	4.5	35.3
Bank/financial institutions	17.2	49.6	4.6	36.0
Corporates	13.0	37.3	3.7	28.8
Total	34.7	100.0	12.8	100.0



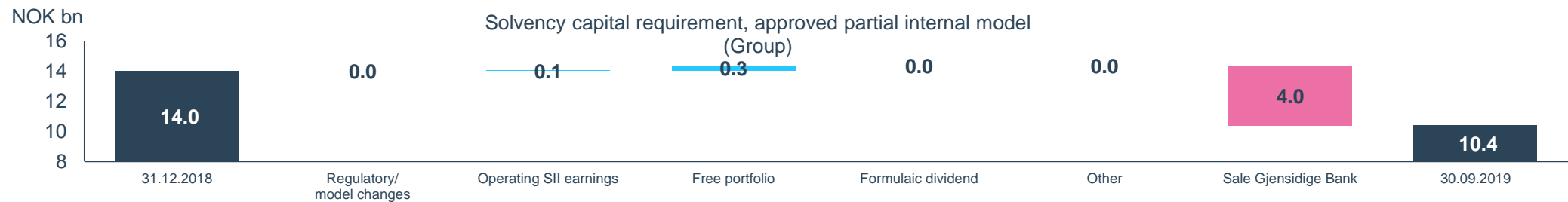
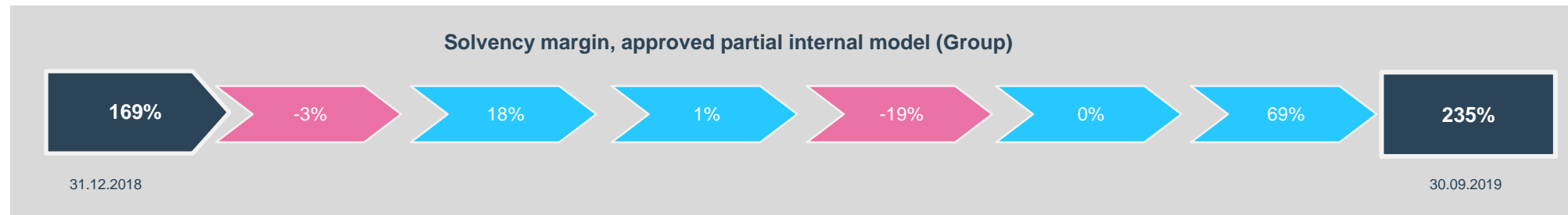
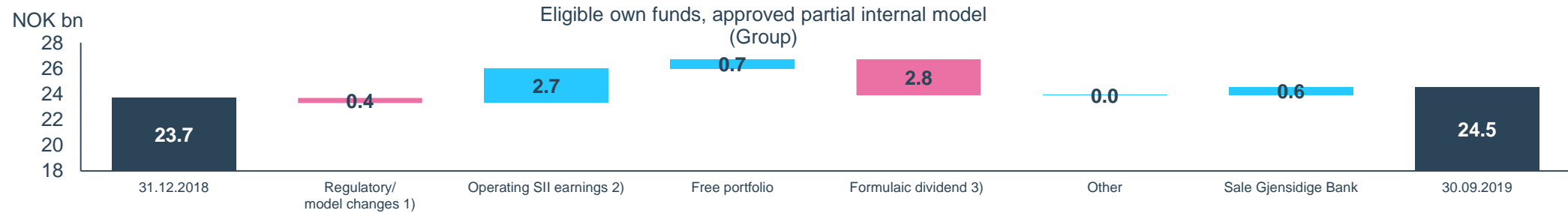
Capital position per operational areas

(NOK bn)	Approved partial internal model (Group)	Approved partial internal model (general insurance)	Own partial internal model (Group)	Own partial internal model (general insurance)	Gjensidige Pensjonsforsikring
Capital available	24.5	22.2	24.6	22.3	2.5
Capital requirement	10.4	9.2	8.7	7.5	1.9
Solvency margin	235%	241%	283%	298%	137%

Figures as at 30.9.2019. The legal perspective is the regulatory approved version of the partial internal model. Solvency margins reflect best estimate reserves. Total comprehensive income for the year-to-date is included in the solvency calculations, minus a formulaic dividend pay-out ratio of 80 per cent of net profit (excluding the gain from Gjensidige Bank).



Capital generation year to date



1) Principle change in calculation of risk margin after tax

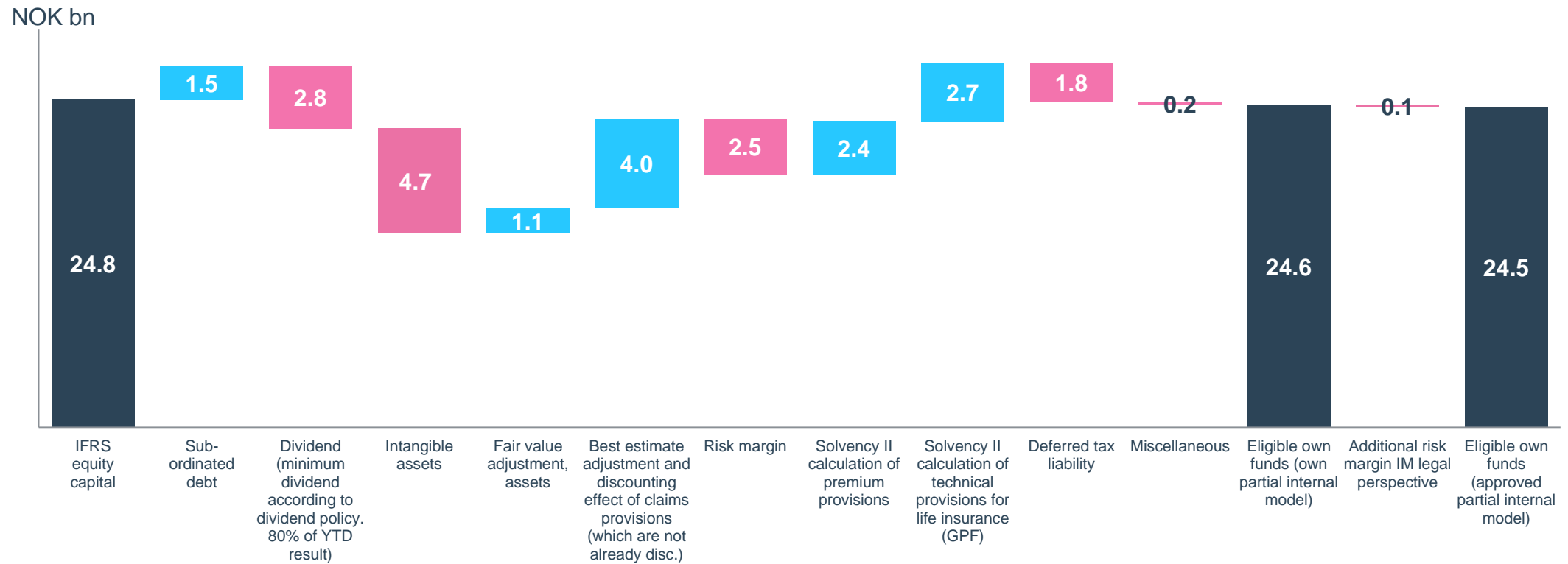
2) Operating SII earnings comprise SII underwriting result and SII financial result of the match portfolio after tax

3) Based on 80 per cent pay-out ratio according to dividend policy



Solvency II economic capital available

Bridging the gap between IFRS equity and Solvency II capital



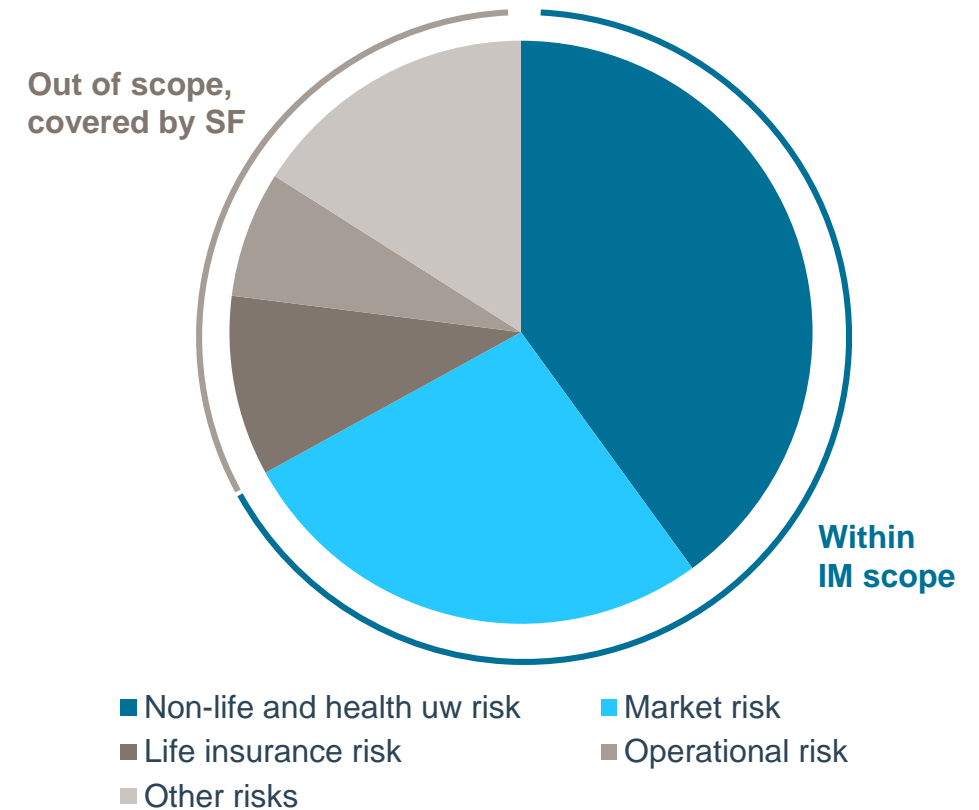
Figures as at 30.9.2019. GPF = Gjensidige Pensjonsforsikring. Deferred tax: All differences in valuation of assets and liabilities are adjusted for tax. Tax is assumed on the security provision. Miscellaneous: Main effects are related to the guarantee scheme provision and different valuation of Oslo Areal.



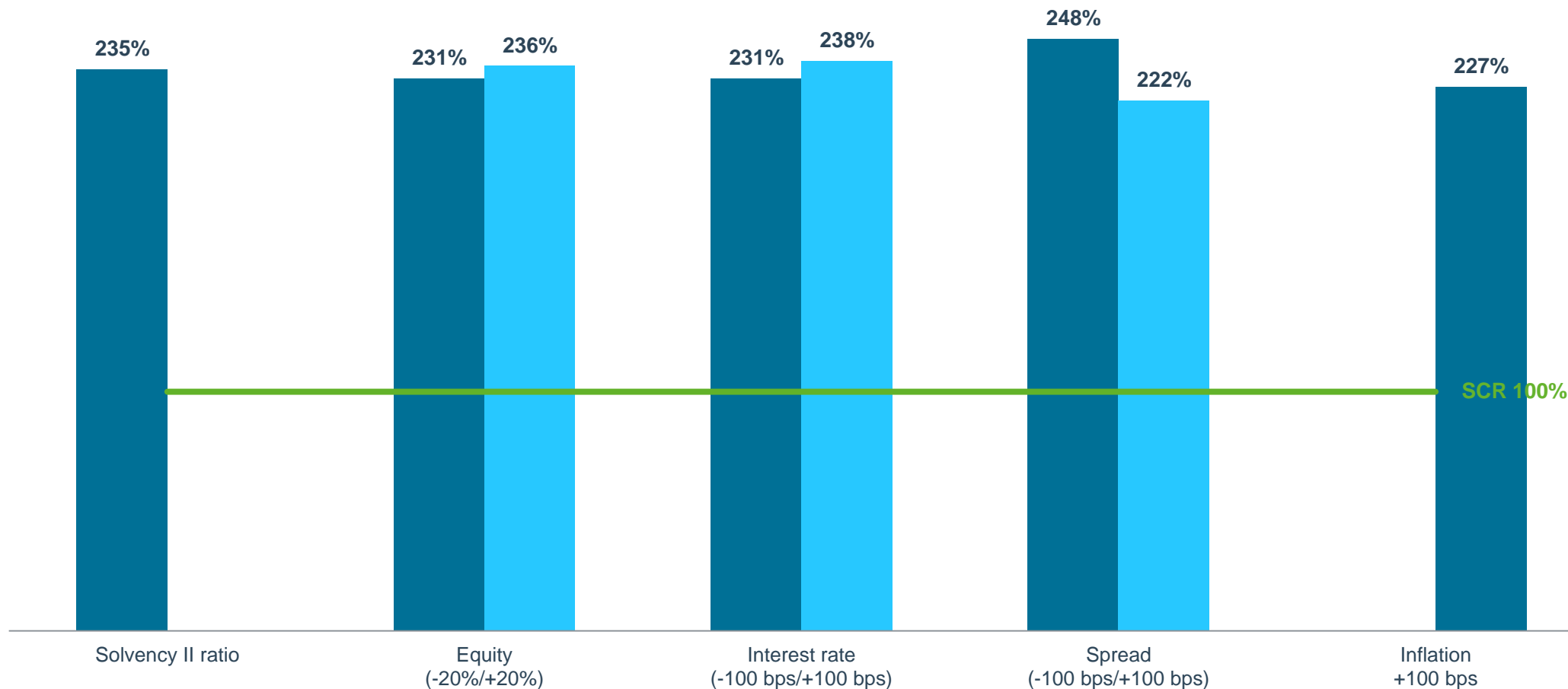
Solvency II capital requirements

NOK bn	Approved partial internal model (Group)	Own partial internal model (Group)
Eligible own funds	24.5	24.6
Capital charge for non-life and health uw risk	7.3	6.2
Capital charge for life uw risk	1.8	1.8
Capital charge for market risk	7.7	6.6
Capital charge for counterparty risk	0.6	0.6
Diversification	(4.9)	(5.0)
Basic SCR	12.6	10.3
Operational risk	0.8	0.8
Adjustments (loss-absorbing capacity of deferred tax)	(3.0)	(2.5)
Total solvency capital requirement	10.4	8.7
Surplus	14.1	15.9
Solvency ratio	235%	283%

Scope regulatory approved PIM



Solvency II sensitivities for the approved partial internal model



Figures as at 30.9.2019. The legal perspective is the regulatory approved version of the partial internal model. Solvency margins reflect best estimate reserves. Total comprehensive income for the year-to-date is included in the solvency calculations, minus a formulaic dividend pay-out ratio of 80 per cent of net profit (excluding the gain from Gjensidige Bank). UFR-sensitivity is very limited.



Subordinated debt capacity

Principles for capacity

	Intermediate Equity Content		Constraint
S&P	25% of TAC		For the general insurance group, both Solvency II Tier 1 and Tier 2 instruments are classified as Intermediate Equity Content. Capital must be regulatory eligible in order to be included.
	T1	T2	Constraint
SII	Max 20% of Tier 1 capital	Max 50% of SCR less other T2 capital items	Must be satisfied at group and solo level

Capacity and utilisation

- Tier 1 remaining capacity is NOK 2.9-3.8bn
 - Utilised Tier 1 debt capacity: NOK 1.0bn
- Tier 2 capacity is fully utilised for the insurance group
 - Utilised sub debt: NOK 1.5bn¹⁾
 - Utilised natural perils fund and guarantee scheme: NOK 3.2bn



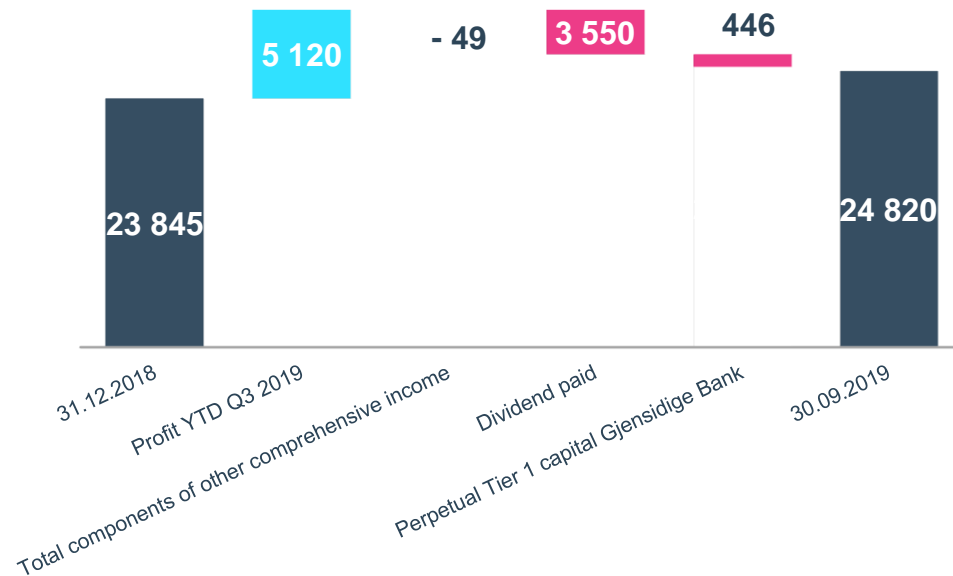
Reduced Solvency II regulatory uncertainty

Element	Solvency surplus effect (NOK bn)	Comment
Guarantee scheme provision	~ (0.1) – 0.5	Increase in provision suggested, no news regarding treatment in Solvency II

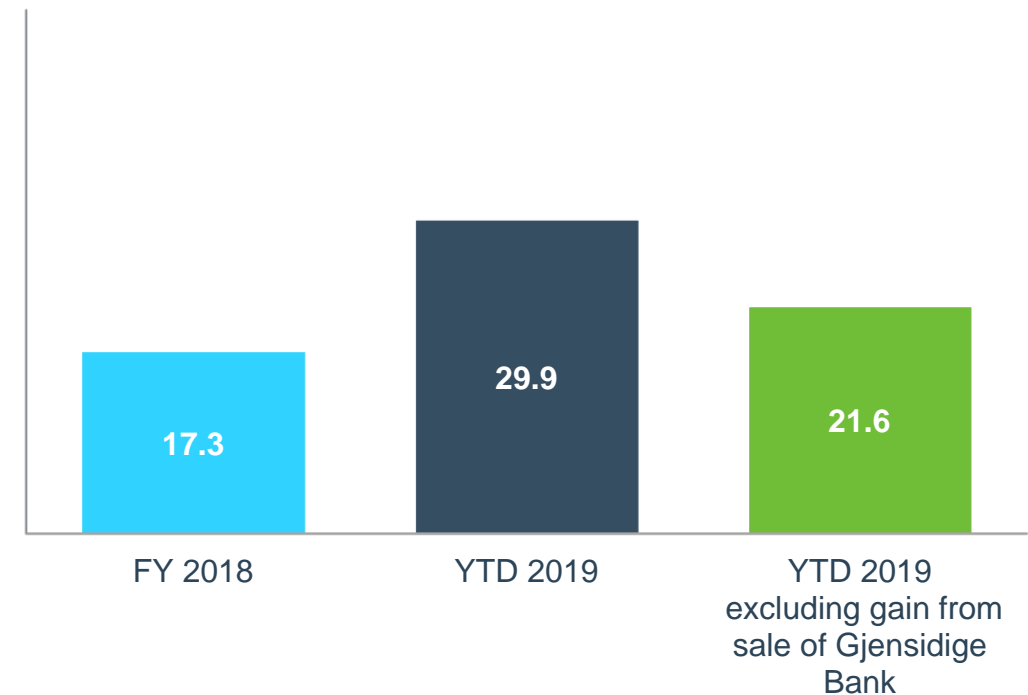


Annualised return on equity 21.6 per cent excluding gain from sale of Gjensidige Bank

Equity (NOK m)



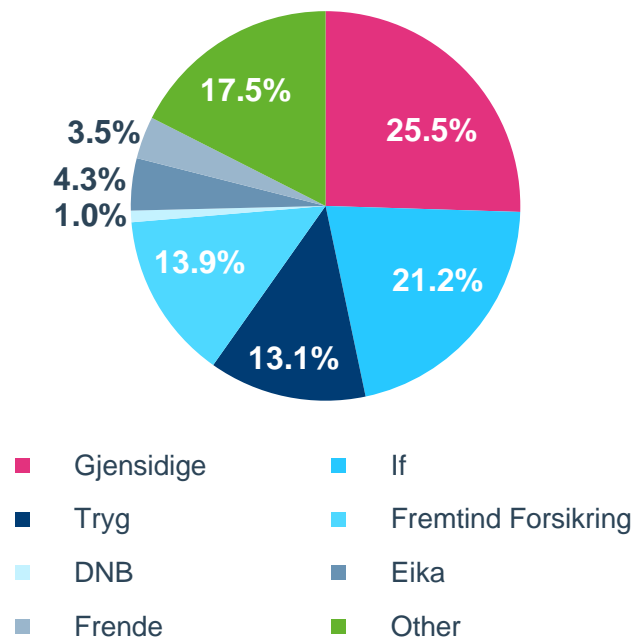
Annualised return on equity (%)



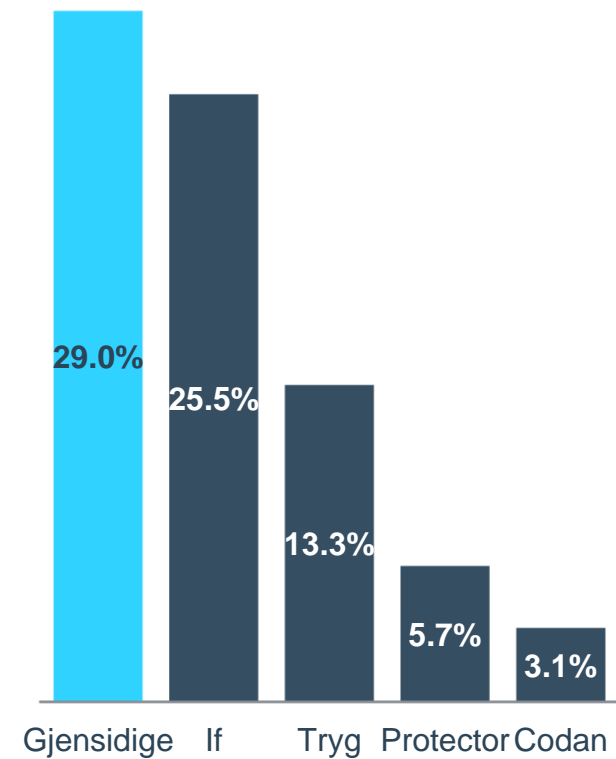


Market leader in Norway

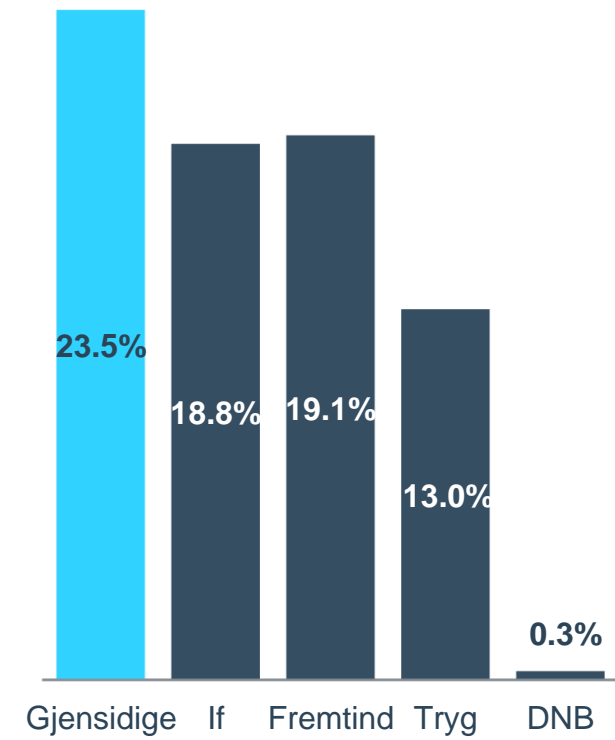
Market share – Total market



Market share – Commercial



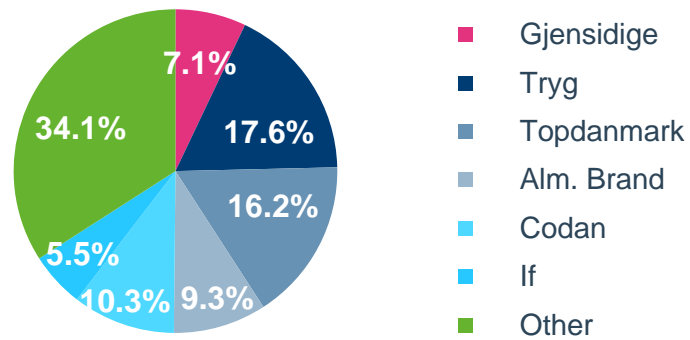
Market share – Private



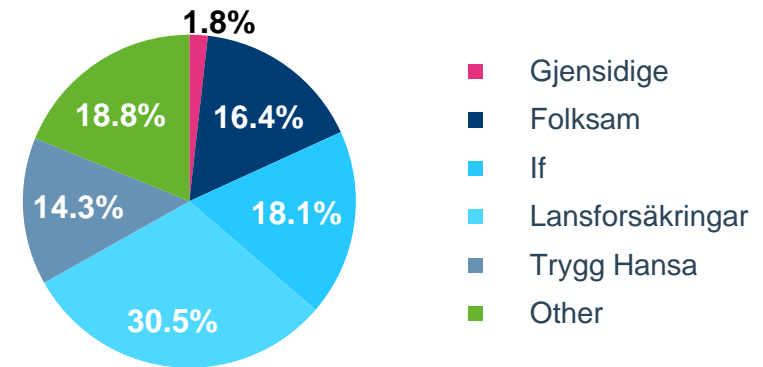


Growth opportunities outside Norway

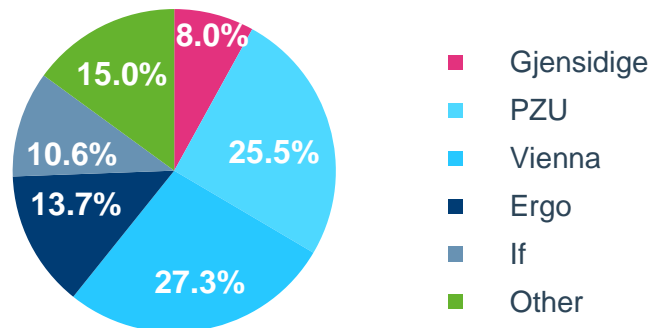
- Market shares Denmark



- Market shares Sweden



- Market shares Baltics



Sources: Insurance Sweden, 2nd quarter 2019 (Gjensidige including Vardia), The Danish Insurance Association 3rd quarter 2018. Baltics Insurance Supervisory Authorities of Latvia and Lithuania, Estonia Statistics, competitor reports, and manual calculations, 2nd quarter 2019

Ownership



10 largest shareholders¹⁾

No	Shareholder	Stake (%)
1	Gjensidigestiftelsen	62.2
2	Folketrygdfondet	4.0
3	Deutsche Bank	3.7
4	Caisse de Depot et Placement du Quebec	3.0
5	BlackRock Inc	2.5
6	Nordea	1.4
7	Societe Generale	1.2
8	ORIX Corporation	1.0
9	The Vanguard Group, Inc	1.0
10	State Street Corporation	1.0
Total 10 largest		81.0

Geographical distribution of shares²⁾



Gjensidige Foundation ownership policy:

- Long term target holding: >60%
- Can accept reduced ownership ratio in case of acquisitions and capital issues when in accordance with Gjensidige's overall strategy

¹⁾ Shareholder list based on analysis performed by Orient Capital Ltd of the register of shareholders in the Norwegian Central Securities Depository (VPS) as per 30 September 2019. This analysis provides a survey of the shareholders who are behind the nominee accounts. There is no guarantee that the list is complete. ²⁾ Distribution of shares excluding share held by the Gjensidige Foundation (Gjensidigestiftelsen).



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Notes



Notes



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