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Best ever second quarter result

Strong retention, effective pricing measures and solid renewals resulted in continued high premium growth in the second quarter and a further improvement in the underlying underwriting result. The investment return in the second quarter was high, reflecting the financial market rebound. The Group's long term outlook remains good. The capital position is significantly stronger than what is needed to support the business. The Board maintains its intention to distribute dividends to shareholders as soon as the situation allows.

Gjensidige Forsikring Group recorded a profit before tax of NOK 2,476.8 million (1,722.9) for the quarter. The profit from general insurance operations measured by the underwriting result was NOK 1,343.8 million (1,257.6), corresponding to a combined ratio of 80.1 (79.3). The return on financial assets was 1.9 per cent (0.9) or NOK 1,158.5 million (512.9). The profit after tax was NOK 1,952.1 million (1,341.5). Earnings per share amounted to NOK 3.90 (2.68).

-We are very satisfied with delivering a record strong second quarter result and maintaining solid operations. Our market position remains strong. I am very pleased with the efforts of our employees, taking good care of our customers in these extraordinary times, says CEO Helge Leiro Baastad.

The increase in the underwriting result was driven by 11.2 per cent growth in earned premiums and an improved underlying frequency loss ratio, partly offset by lower run-off gains and higher large losses. Earned premiums rose 7.6 per cent in local currency. The underlying frequency loss ratio improved due to effective pricing measures and lower claims because of the pandemic. Overall the Covid-19 pandemic had a slightly positive impact on the Group's underwriting result, with lower claims on several insurance products due to the pandemic, partly offset by higher travel insurance claims. Covid-19 related claims for travel insurance amounted to NOK 71.5 million, recognised in the Corporate Centre.

The Pension operation recorded a lower profit due to higher operating expenses.

All asset classes contributed positively to the financial result in the second quarter, reflecting lower interest rates and credit spreads in combination with strong equity markets.

Year to date the Group recorded a profit before tax of NOK 1,979.7 million (4,753.6). The result in the first half-year 2020 was significantly impacted by negative returns on the investment portfolio, reflecting the turmoil in the financial market in the wake of the Covid-19 situation. The corresponding result in the first half-year 2019 included the gain from the sale of Gjensidige Bank with NOK 1.6 billion. The profit from general insurance operations measured by the underwriting result was NOK 2,401.4 million (2,055.7), corresponding to a combined ratio of 82.0 (82.9).

The Covid-19 pandemic had a limited impact on the Group's underwriting result in the first half of 2020. Claims related to travel insurance increased significantly, but reinsurance coverage limited net claims incurred to NOK 162.1 million, of which NOK 131.6 million was recognised in the Corporate Centre. Several insurance products, in particular motor insurance, recorded lower claims because of the pandemic, which had a positive impact on claims in all segments except Sweden.

The profit after tax from continuing and discontinued operations was NOK 1,472.8 million (4,127.2) and the corresponding earnings per share were NOK 2.95 (8.25).

The return on financial assets was minus 0.6 per cent (plus 2.1) or minus NOK 360.8 million (plus 1,195.1). Current bonds in the match portfolio and high yield bonds, convertible bonds, current equities and PE funds in the free portfolio recorded negative results for the period.

Highlights second quarter 2020 (second quarter 2019)

- Profit/(loss) before tax: NOK 2,476.8 million (1,722.9)
- Earnings per share: NOK 3.90 (2.68)
- Earned premiums: NOK 6,765.3 million (6,082.8)
- Underwriting result: NOK 1,343.8 million (1,257.6)
- Combined ratio: 80.1 (79.3)
- Cost ratio: 14.5 (14.9)
- Financial result: NOK 1,158.5 million (512.9)

Highlights year to date 2020 (year to date 2019)

- Profit/(loss) before tax: NOK 1,979.7 million (4,753.6)
- Earnings per share: NOK 2.95 (8.25)
- Earned premiums: NOK 13,335.8 million (12,019.5)
- Underwriting result: NOK 2,401.4 million (2,055.7)
- Combined ratio: 82.0 (82.9)
- Cost ratio: 14.8 (14.9)
- Financial result: NOK minus 360.8 million (plus 1,195.1)

This release contains alternative performance measures (APMs). APMs are described at www.gjensidige.no/reporting in a document named APMs Gjensidige Forsikring Group Q2 2020.

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 3,700 employees and offer insurance products in Norway, Denmark, Sweden and the Baltic states. In Norway, we also offer pension and savings. The Group's operating income was NOK 28 billion in 2019, while total assets were NOK 112 billion.