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Third quarter 2015: Gjensidige Insurance Group: Best-ever underwriting performance, once again

The Gjensidige Insurance Group recorded a profit before tax expense of NOK 951.7 million (1,336.7) for the third quarter. The profit from general insurance operations measured by the underwriting result was NOK 1,091.0 million (755.0). The investment portfolio yielded a return on financial assets of minus 0.3 per cent (plus 1.0), or minus NOK 150.4 million (plus 552.0). The profit after tax expense was NOK 594.7 million (997.7), corresponding to NOK 1.19 (2.00) per share.

'Gjensidige has again delivered a record-high underwriting result. Our core operations developed positively, with solid growth in premiums, reduced claims payments and good cost control', says CEO Helge Leiro Baastad.

The increase in the underwriting result was driven by a growth in premiums of 5.1 per cent, combined with a continued strong underlying frequency claims development and higher run-off gains, partly offset by increased large losses. The two floods in Norway in September accounts for NOK 80.0 million of the total large losses.

Gjensidige Bank showed a positive, but somewhat decreased profit in the quarter, mainly driven by lower gains on financial instruments. Pension and Savings showed positive profits on a par with the third quarter last year.

The financial result in the quarter was negatively impacted by the widening of credit spreads and weak equity markets.

The Group recorded a profit before tax expense of NOK 3,579.2 million (4,240.5) for the year to date. The profit from general insurance operations measured by the underwriting result was a record-strong NOK 2,577.6 million (2,055.1). The return on financial assets was 1.5 per cent (3.6), or NOK 881.6 million (2,059.0). The profit after tax expense was NOK 2,538.0 million (3,225.5), corresponding to NOK 5.08 (6.45) per share.

'We are increasingly confident of delivering solid earnings and dividend growth over time, and strong underwriting profitability is expected to offset a more challenging environment for investment returns going forward', says Baastad.

Earnings- and dividend growth will be achieved through solid premium growth, even more disciplined underwriting, increased run-off gains and less regulatory uncertainty.

Highlights third quarter 2015 (third quarter 2014):

- Profit before tax expense: NOK 951.7 million (1,336.7)
- Profit per share: NOK 1.19 (2.00)
- Earned premiums: NOK 5,471.2 million (5,203.6)
- Underwriting result: NOK 1,091.0 million (755.0)
- Combined ratio: 80.1 (85.5)
- Cost ratio: 14.5 (14.5)
- Financial result: minus NOK 150.4 million (plus 552.0)

Highlights year to date 2015 (year to date 2014):

- Profit before tax expense: NOK 3,579.2 million (4,240.5)
- Profit per share: NOK 5.08 (6.45)
- Earned premiums: NOK 15,778.5 million (15,172.4)
- Underwriting result: NOK 2,577.6 million (2,055.1)
- Combined ratio: 83.7 (86.5)
- Cost ratio: 14.8 (14.9)
- Financial result: NOK 881.6 million (2,059.0)

Events after the balance sheet date

Gjensidige entered into an agreement on 6 October 2015 for the sale of 50 per cent of the shares in Oslo Areal, to AMF Pensionsforsikring. The proceeds will be reinvested into property. For a closer description, see the quarterly report attached. The transaction is subject to regulatory approval.

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

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