

Gjensidige Insurance Group Restricted Tier 1 and Tier 2 capital issue

Investor presentation
March 2021



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Risk factors (1:7)

The Issuer is both the parent company of the Issuer Group and the main operating company.

Investing in bonds issued by Gjensidige Forsikring ASA ("Gjensidige", the "Company") involves inherent risks, and an investment in the bonds is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

Prospective investors should consider, among other things, the risk factors set out below, before making an investment decision. The risks and uncertainties described in these risk factors are risks of which Gjensidige considers to be most material (in each category) to its business. If any of these risks were to occur, the Issuer's business, financial position, operating results or cash flows could be materially adversely affected, and the Issuer could be unable to pay interest, principal or other amounts on or in connection with the bonds.

Gjensidige's risk exposure is essentially connected with insurance risk, investment and market risk, operational risk and strategic risk.

1. Risks related to the Issuer and the markets in which it operates

Insurance Risk

There is insurance risk related to both general insurance and life insurance business. If these risks materialize, it may have a negative impact on the Issuer's business and credit rating, which may have a material effect on financial position and results of operations.

1.1 The Gjensidige Group may misprice risk or accept excessive risks, which may result in significant underwriting losses

The UW¹⁾ results in the insurance business is the most important part of recurring earnings. Although the Issuer Group has delivered very high and stable earnings over several years, the UW result is at risk if there are disruptive changes in the claims pattern or developments. If the Issuer Group charges premiums that are insufficient for the cover provided, it will suffer underwriting losses, leading to volatility in earnings and unpredictable results.

Underwriting risk is the risk that insurance claims will be higher than anticipated due to inadequate pricing, incorrect assumptions or random fluctuations in the frequency and/or size of claims or risk concentration.

The risk originates from uncertainty in premium rates, uncertainty in claims frequency, uncertainty in claims severity, uncertainty in the timing of claims payments, uncertainty in operating and claims handling expenses.

The Issuer Group maintains underwriting and operating controls that it believes are sufficient. However, any mismanagement, fraud, failure to satisfy fiduciary responsibilities or to comply with underwriting guidelines and authorisation limits, or an accusation by a third party of such activities or negative publicity resulting from such activities, could have a material adverse effect. The Issuer Group also runs the risk of selecting customers with an ex post claims experience exceeding expectations.

1.2 Risk related to life insurance

The Issuer Group is exposed to life insurance risk through insurance products sold in Gjensidige Pensjonsforsikring AS. The risk related to these products include:

- Mortality risk; Risk of increased claim payments if mortality rates are higher than expected
- Longevity risk; Risk of increased pension payments if mortality rates are lower than expected
- Disability risk; Risk of higher claim payments if actual disability is higher than expected and/or the recovery is lower than expected
- Lapse risk; Risk of an increase in the number of customers leaving the company, which may reduce future profit and impact eligible own funds to cover the solvency capital requirement negatively
- Expense risk; Risk of actual expenses being higher than expected

There is a portfolio of fully paid policies within Gjensidige Pensjonsforsikring AS. Through these products the Issuer Group is exposed to both longevity risk and the risk of not achieving the interest rate guarantee. The assets funded by this portfolio are invested to meet the interest rate guarantee.

1.3 Adverse and extreme weather-related events and other catastrophic events may have a significant impact on the Issuer Group's results

Insurance companies, such as the Issuer Group, frequently experience losses from unpredictable events that affect multiple covered risks. Such events include, among others, windstorms, severe hail, severe winter weather, floods, other weather-related events, large-scale fires, industrial explosions and other man-made disasters such as terrorist attacks. Such events are referred to as "catastrophes" and the associated risk as "catastrophe risk". The extent of the Issuer Group's losses from catastrophes is a function of the frequency of catastrophic events, the severity of the individual events and the reinsurance arrangements in place. In Norway, the Issuer Group's exposure to losses on buildings and contents due to natural perils is limited to the overall market share, as general insurance companies operating in Norway are obligated by law to participate in the Norwegian Natural Perils Pool (the "Norwegian Pool") through which losses on buildings and their contents are distributed among the participants. The Norwegian Pool buys natural catastrophe reinsurance on behalf of its members and the retention of the Norwegian Pool is distributed among the members in proportion to their market share based on the Company's fire insurance amounts as of July 1 of the claim year. The frequency and severity of catastrophes are inherently unpredictable, and a single catastrophe or multiple catastrophes in any one year could have a material adverse effect. The Issuer Group generally seeks to reduce its exposure to catastrophes by purchasing reinsurance, in addition to what is bought through the Norwegian Pool, utilising selective underwriting practices and monitoring risk accumulation.

¹⁾ UW – underwriting, is a profit term and refers to the earned premiums minus the claims- and operating expenses.

Risk factors (2:7)

1.4 The Issuer Group's profitability and financial condition may be impacted by the inability to obtain sufficient reinsurance and/or by the failure of one of the reinsurers to meet their obligations

The Issuer Group purchases reinsurance to protect the company from major individual events such as natural disasters and major individual claims and cumulation of multiple claims. All major lines of business are covered.

There is a relatively low probability that the Issuer Group will be unable to obtain any reinsurance, but the availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. Should reinsurance not be possible to purchase, the risk related to large losses will increase. The Issuer Group is also exposed to the risk that the claims outcome might exceed the amount of reinsurance capacity purchased.

As a general requirement, the reinsurance purchase is spread on a number of reinsurers and all reinsurers must be rated A- or better by Standard & Poor's (or the equivalent from other rating agencies) when Gjensidige enters into a reinsurance contract. This reduces the risk that reinsurers are not able to pay their obligations.

1.5 The Issuer Group's technical provisions may not be adequate, resulting in run-off losses and a material adverse effect on the financial position

This could be due to either an increase in general inflation or inflation specific to insurance claims such as changes in litigation practice or medical costs. This risk is larger for claims with a long time from the date of loss until final settlement. The Issuer Group's provisions for future claims are based on all known current relevant information. The reserves are set using standard actuarial practice and have been examined by external actuaries regularly, last Q3 2019. To the extent that the Issuer Group's current claims provisions are insufficient to cover actual claims or claims adjustment expenses, it will have to increase its claims provisions and incur a corresponding change to its earnings in the period in which the deficiency is identified. If the Issuer Group's claims provisions are excessive as a result of an over-estimation of risk, it may set premiums at levels too high to be able to compete effectively, which may result in a loss of customers and premium income.

Investment and market risk

Part of the Issuer Group's overall profits is coming from investments into financial assets and real estate. These investments are dependent upon both overall market development and the Issuer Group's ability to manage risks in these assets. Failure to do this may cause volatile profits and have a material adverse effect on its financial position.

The Issuer Group's investment returns are highly susceptible to fluctuations in financial markets. The Issuer Group's investment returns are subject to a variety of risks, including risks related to general economic conditions, market volatility and interest rate fluctuations, liquidity risk, currency risk and credit spread and default risk. The returns on the Issuer Group's investment portfolio are a substantial part of overall profitability.

1.6 Risk factors material to bonds and fixed income investments in general.

All investments in interest bearing securities have risk associated with such investment. In bonds there are to main risk factors a) duration (interest rate) risk and b) credit risk (for bonds other than most secure government bonds). The risk is related to the general volatility in the market for such securities, varying liquidity, interest rates, currency, credit spread as well as company specific risk factors.

An investment in interest bearing securities is only suitable for investors who understand the risk factors associated with this type of investments and who can afford a loss of all or part of the investment. Prospective investors should also read the detailed information set out in the marketing material and reach their own views prior to making any investment decision. The risk factors described in these Risk Factors cover the main risk factors related to the Issuer and the bonds issued by the Issuer, respectively.

The value of the Issuer Group's fixed income portfolio could be affected by fluctuations in interest rates, inflation, currency, changes in the credit rating of the issuers of the securities, and liquidity in the bond markets. A substantial portion of the Issuer Group's fixed income portfolio is booked at amortised cost, meaning that changes in value are not recognised in annual profits unless they are divested, but the changes in market values are nonetheless affecting the capital position of the Issuer Group. The Issuer Group manages the fixed income portfolio with strict limits on single counterparties, the overall amount of credit spread and interest rate risk and requirements as regards diversification. Due to the nature of the Scandinavian fixed income markets, a large part of the fixed income portfolio consists of securities issued by financial institutions including covered bonds.

1.7 Interest rate risk

Interest rate risk occurs in assets as well in liabilities of the company. The risk is associated with changes in interest rates implying changes in the value of assets as well as liabilities. The risk is managed by setting limits to the size of economic impact to the company of changes in interest rates. Limits are set by the board.

There is a risk of mismanagement, lack of control or fraud that might incur losses beyond limits set by the board. The company regard routines and controls to be adequate to avoid such mis-happenings.

1.8 Credit Risk

Credit risk occurs in the investment portfolio through default risk and spread risk. Default risk is the probability of debtors not being able to pay their obligations. Credit spread risk is the changes in or volatility of the price of the credit element. Credit spread risk is traded in the market on a daily basis and will among other things, of course depend on the default risk of a debtor and/or the expected general ability among debtors to fulfil their obligations.

Default risk is handled by the company by setting limits to the size of exposure the company is willing to take on a single debtor, sector and country. Limits are set by the CFO based on advice from the Credit Committee. When investing into funds the default risk is handled by setting minimum requirement to diversification to single debtors in the fund.

Credit spread risk is the magnitude of change in value of the portfolio as a consequence of change in the credit margin in the markets. The credit spread risk is managed by setting a maximum limit measured by credit duration in NOK the portfolio can be exposed to. The limit is set by the board.

Risk factors (3:7)

1.9 Equity investments

The Issuer Group invests a portion of its assets in equities, which are generally subject to higher return volatility than fixed income securities. The Issuer Group's equity investments are affected by fluctuations in equity prices that may be adversely affected by economic conditions, stock market conditions and many other factors beyond the Issuer Group's control. The Issuer Group's equity investments are marked to market. The allocation to equities and the overall market risk is managed within limits set by the Board.

1.10 Real estate investments

The Issuer Group invests a portion of its assets in real estate, mainly in Norway. Rents and values are affected by several factors, including changes in general economic conditions (such as interest rates, inflation and/or volatility), the condition of financial markets, changes in supply and demand within a particular area of competing floor space, and the attractiveness of real estate relative to other investment opportunities. The value of the Issuer Group's real estate portfolio may also fluctuate as a result of changes in political conditions, tax consequences, environmental standards and accounting and control expenses. The Issuer Group's real estate investments are marked to market, and the overall risk to real estate is managed by setting exposure limits by the Board.

1.11 Liquidity Risk

Due to unforeseen liquidity requirements in general, changes in liquidity situation in the markets, liquidity needs could be volatile. This may force the Issuer Group to liquidate investments at times and at prices that are not optimal. To prevent material financial effects of this, the Board has required a substantial amount of very liquid assets to be held at any point in time in the investment portfolio as well as a liquidity reserve to buffer changes in daily liquidity needs in the company. A certain amount of assets are held in less liquid investments, including real estate, private equity and hedge funds. Also, in times of exceptional market volatility, normally liquid instruments might be hard to sell or might attract especially low prices. This may hinder the Issuer Group in reallocating its investment portfolio or the funding of other investments or use.

1.12 Currency risk

Norwegian kroner is the Issuer Group's reporting and functional currency. The Issuer Group, having operations in other countries, also enters into insurance contracts under which the premiums receivable and losses payable are denominated in currencies other than Norwegian kroner, such as Danish kroner, Swedish kronor and Euro. In addition, the Issuer Group maintains a substantial portion of its investments in currencies other than Norwegian kroner. Investments in subsidiaries in foreign currencies are hedged into Norwegian kroner with a view to stabilise surplus capital. In general assets and liabilities in each currency are matched, but the degree of matching will vary over time within certain limits set by the board. Hence, the financial position of the Issuer Group will to some degree be exposed to movements in foreign exchange rates. Limits to maximum exposure to currency risk is set by the Board.

1.13 Use of derivatives

The Issuer Group uses common financial derivative instruments such as swaps, options, futures and forward contracts which it has entered into with a number of counterparties to manage the company's risk position. All instruments used have to be approved by the Board before any use. Risks stemming from the use of derivatives are to be aggregated with other instruments and measured up vs risk limits set by the board for all types of risks.

Derivatives are used to manage the financial risk exposure of the company stemming from the insurance activity as well as from investments.

As for other activities use of derivatives is exposed to operational risk like misreporting, mis-calculations, counterparty risk among other risks. The company is regarded to have routines, systems and controls adequate to manage these risks.

Operational Risk

The Issuer Group is exposed to risk related to the operation of the company.

1.14 Risk of loss arising from inadequate or failed internal processes and systems, from human errors, or from external events.

The Issuer Group has established internal controls to secure reasonable assurance that the organisation's objectives are met and proportional to the significance of risk in all areas. There can, however, be no guarantee that these controls will work efficiently at all times.

Each business area, as well as the corporate functions, of the Issuer Group has responsibility for identifying, assessing, managing, monitoring and reporting operational risks within its various units. The IT-related risk is an operational risk which include for example weaknesses in system functionality, leaked, lost, corrupted and/or misused data, poor data quality and cyber-disruptions. Large organisations, such as the Issuer Group, could be targets for cybercrime, including through the hacking of its IT systems and/or through viruses. Mitigating activities are implemented such as IT-related controls, D-DOS protection services, data security solutions and business continuity planning. The Issuer Group is investing in IT-development projects to minimise risks in the long-term perspective as well as to be able to meet future demands in an efficient and competitive way.

The Issuer's activities are subject to an increasing risk of information and communication technology infringements. Despite security measures in place, its facilities and systems, and those of its third-party service providers, may be vulnerable to cyber-attacks, security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors or other similar events.

If one or more of such events occur, any one of them could potentially jeopardize confidential and other information related to the Issuer, its customers and its counterparties. Any security breach involving the misappropriation, loss or other unauthorized disclosure of confidential information could damage the Issuer's reputation, expose it to risk of litigation, increased capital requirements or sanctions and disrupt its operations.

Risk factors (4:7)

1.15 Compliance risk: Regulatory investigations and sanctions may have a material adverse effect on the Issuer Group

The Issuer Group may experience a financial loss, sanctions by authorities or loss of reputation as a result of failure to comply with internal and external regulations.

Insurance is a highly regulated business with formal rules for minimum capital and capital structure and the Issuer Group's business is subject to regulation in the jurisdictions in which it conducts business. Supervisory authorities have broad jurisdiction over many aspects of the Issuer Group's business, which may include capital adequacy, data protection and privacy, marketing and selling practices, licences, policy terms and conditions, terms of business and permitted investments and anti-money laundering (AML) procedures. The regulations and/or interpretations thereof may differ between the different parts of the industry and between various countries in which the Issuer Group operates. This complexity increases the risk of breaking any regulations.

In particular, the risk that financial institutions will be subjected to or used for money laundering or identity fraud has increased worldwide. The risk of future incidents in relation to money laundering or identity fraud always exists for financial enterprises. Identity fraud incidents or any violation of anti-money laundering rules, or even the suggestion of violations, may have severe financial, legal and reputational consequences for the Issuer and may, as a result, adversely affect the Issuer's business and/or prospects.

The Issuer Group is of the opinion that it complies with all current legal requirements. However, regulations and the interpretation of regulations by relevant authorities in countries in which the Issuer Group operates may change, which could have a material adverse effect on the Issuer Group's business, results of operations and/or financial condition. Regulatory proceedings could result in adverse publicity for, or negative perceptions regarding, the Issuer Group. A significant regulatory action could have a material adverse effect on the business of the Issuer Group, both in monetary terms and reputational consequences as to its ratings and market standing. Failure to comply with regulations can lead to the impositions of sanctions on the Issuer Group or even revocation of permits.

Strategic risks

There is risk of financial losses or lost opportunities due to the inability to establish and implement business plans and strategies, make decisions, allocate resources or respond to changes.

1.16 The risk of increased competition within the insurance business, including potential competition from new entrants attracted by the high current profits for the sector

The Issuer Group has the major part of its business in the mature Scandinavian insurance markets, and growth in these markets are in the long run expected to be in line with the growth in GDP. Negative developments in, or the general weakness of, these economies may therefore have a direct negative impact on the Issuer Group's growth in income.

The Issuer Group faces significant competition from both domestic and international insurers in each of the Issuer Group's principal markets. In addition, the Issuer Group faces competition from banks and life insurers distributing general insurance products.

1.17 A substantial portion of the Issuer Group's revenues is based on cooperation agreements and referral arrangements

The Issuer Group derives a substantial portion of its gross premiums written from cooperation agreements and referral arrangements with several third parties. There is always a risk related to renewal of the agreements, but the Issuer has proven to be competitive in this market.

Other risks related to the Issuer and the market in which it operates

1.18 Risk related to the defined benefit pension scheme

The Issuer Group runs a defined benefit pension scheme for some of its employees. The scheme is closed to new members. The scheme exposes the Issuer Group to longevity risk, interest rate risk and the risk that the general salary levels increase more than the increase in the governments' base amount ('G'). The assets backing these liabilities are managed in a separate pension fund, with the aim to secure the financial risks of the liabilities.

1.19 The Issuer Group is exposed to risks in relation to COVID-19 and other pandemics that disrupts economic activity

The Issuer Group's business is exposed to impacts resulting from COVID-19. The effects of COVID-19 will mainly relate to risk factors already described and is mainly related to investment and market risk, underwriting risk and operational risk.

The pandemic may disrupt economic activity, globally or locally in the Nordic region. The risk is that equity assets and fixed income assets exposed to credit risk decrease in value following a repricing of risk in financial markets. Any negative development in financial markets may in turn have a negative impact on the Issuer's and Issuer Group's solvency position, which can be further exacerbated by declining risk-free market interest rates and lower discount rates as risk-free assets increase in value. Significant uncertainty surrounding the short- and long-term economic effects of a pandemic can also create additional volatility in financial markets which might negatively affect the Issuer Group's result and financial position.

The Issuer Group's underwriting result may also be impacted by a pandemic. In the short to medium run, there could be an increased amount of claims within some lines of business. However, so far, the Covid-19 has resulted in improved underwriting results for the Issuer Group's insurance business as a whole. Despite increased claim payments for travel insurance, lower activity in society generally, will lead to fewer claims. In the long run, a possible decline of the economies in the Nordic region following a pandemic may have a negative impact on the Issuer Group's gross written premium, especially in the business to business segment as customers will face cutbacks or even bankruptcy which will decrease their need of insurance cover.

The operation of the Issuer Group may be affected by the pandemic or by the government measures related to the pandemic. However, so far, there has been more or less normal operation of all operations in the Issuer Group. If employees should become infected and ill from COVID-19, crisis plans have been prepared, and the Group's crisis management has been in full operation throughout the COVID-19 period.

Furthermore, actions taken by supervisory authorities in relation to a pandemic could potentially impact the Issuer Group's business, including by limiting the Issuer Group's flexibility in relation to solvency, capital, liquidity, asset management and business strategy. There is a risk that supervisory authorities could introduce additional guidelines, conditions or restrictions in relation to capital requirement, distributions and liquidity.

Risk factors (5:7)

2. Capital and regulatory matters, including taxation and accounting standards

There is risk related to capital and regulatory matters, including taxation and accounting standards.

2.1 Capital and regulatory matters

Financial services operate in a highly regulated environment. Solvency capital is an essential means of production in this industry, demonstrating the financial resources necessary to meet the promises made to the customer and enabling risk taking. Capital and regulatory matters hence pose a number of risk factors that could have a material adverse effect for the Issuer Group:

- The Issuer Group's insurance businesses have exposure to reinsurers through reinsurance arrangements. The availability, amount and cost of reinsurance depends on general market conditions, the Issuer Group's claims history and the perceived quality of underwriting and risk management within the Issuer Group. Consequently, the Issuer Group is subject to credit risk with respect to its current and future reinsurers and has sought to mitigate this through strict rating criteria for reinsurers and utilising a large number of reinsurers.
- Financial strength ratings are becoming an increasingly important factor in establishing the competitive position of insurance companies in commercial lines. S&P has assigned an insurer financial strength rating of "A" with stable outlook to the Issuer, as last confirmed August 2020. The Issuer's S&P rating is subject to periodic review, and may be revised downward or revoked at the sole discretion of, S&P. The Issuer acts as a reinsurer to the Norwegian Natural Perils Pool, including this into the Issuer Group's own outwards reinsurance program yielding cost benefits to the overall reinsurance program. The pool requires its reinsurers to have a rating of at least A-.
- The Issuer Group is subject to governmental regulation in each of the jurisdictions in which it currently operates. To conduct its business, the Issuer Group depends upon its ability to obtain and maintain certain licenses, permissions or authorizations. Failure to obtain, hold or renew such licenses, permissions or authorizations could have a material adverse effect on the Issuer Group's business, results of operations and financial position. The Issuer Group also depends upon its ability to comply with the relevant rules and regulations in the jurisdictions where it operates.
- Changes in any of these laws and regulations or government approvals or conditions or lack of approvals could lead to disciplinary action, the imposition of fines and/or the revocation or lack of renewal of the license, permission or authorization to conduct its business in the jurisdictions in which the Issuer Group operates, or to a civil liability.

2.2 The Issuer Group may require additional capital in the future, which may not be available or may only be available on unfavourable terms

The Issuer Group's future capital requirements depend on many factors, including its ability to successfully write new business, its ability to establish premium rates and reserves at levels sufficient to cover losses, and its return on financial assets. To the extent that the funds currently available are insufficient, the Issuer Group may need to raise additional funds through financings or curtail its growth and/or reduce its assets. Any equity or debt financing, if available at all, may be on unfavourable terms.

2.3 Changes in taxation laws may negatively impact the Issuer Group and/or the decisions of customers

Future changes in tax legislation or its interpretation may have a material adverse effect on the Issuer Group's business and consequently have negative consequences to profits.

2.4 Changes in accounting standards or policies could materially adversely affect the Issuer Group's reported results and financial position

Accounting standards impact the presentation of, among other things, shareholders' equity and annual profits. The Issuer Group has adopted IFRS as its accounting standard.

3. Risks related to the Bond Issues

3.1 Risks related to the two bond issues being i) a Restricted Tier 1 Own Funds instrument and ii) a Subordinated Tier 2 Own Funds instrument (the "Bond Issues" and each a "Bond Issue")

Each bond constitutes a subordinated obligation for the Issuer and rank as described in the Bond Terms. There is a risk that the Bondholders will lose their investment in both of the two Bond Issues entirely or partly, if the Issuer's assets are insufficient upon insolvency or liquidation.

The Bondholders may lose their investment in the Bond Issues entirely or partly if the Issuer's assets upon insolvency or liquidation are insufficient to cover the claims of more senior-ranking creditors in full, in which case the Bondholders lose their entire investment. If the Issuer's assets are sufficient to cover the claims of more senior-ranking creditors in full, but insufficient to cover the claims of the Parity Obligations from each Bond Issue, the Bondholders will lose their investment in one or both of the Bond Issues entirely or partly.

The risk of losing the invested money in whole or in part is higher for investments in the Restricted Tier 1 Own Funds instrument since this capital class is more subordinated and will bear losses prior to the Subordinated Tier 2 Own Funds instrument.

Risk factors (6:7)

3.2 Risk factors that apply to Restricted Tier 1 Own Funds instruments ("RT1")

The Bond is a perpetual bond issue with no maturity date but may be redeemed by the Issuer at its discretion from the First Call Date in 2026 onwards, provided the conditions for redemption (as described in the Term Sheet) are all met including but not limited to the continued solvency of the Issuer and the Issuer Group and an approval from the Issuer Supervisor.

Due to the status of the RT1 Bonds as direct, unsecured and subordinated debt obligations of the Issuer, in connection with a Bankruptcy Event of the Issuer, the RT1 Bonds will rank: a) pari passu without any preference among each Bond, b) pari passu with all outstanding Parity Obligations, c) in priority to payments to creditors in respect of any Junior Obligations, and d) junior in right of payment to (i.e. be subordinated to) any present or future claims of (i) policyholders of the Issuer, and (ii) any other unsubordinated creditors of the Issuer, and (iii) subordinated creditors of the Issuer other than the present and future claims of creditors that rank or are expressed to rank pari passu with or junior to the RT1 Bonds to the extent permitted by Applicable Regulations in order for the RT1 Bonds to be classified as Restricted Tier 1 Instruments.

In case of a Bankruptcy Event, payments to investors in subordinated debt will depend on funds left after payments are made to unsubordinated creditors and creditors with higher ranking. This may result in a loss for the bondholder. From the status of the RT1 Bonds it also follows that the interest payments may be suspended without any accumulation. As a consequence, the investor may lose income from not receiving coupon and not being able to reinvest the interest. Finally, if the audited accounts of the Issuer show that a substantial part of its subordinated debt capital has been lost, the loss may be absorbed by reduction of the denomination without any accompanying payment to the investors.

Interest payments under the Restricted Tier 1 instrument may be optionally or mandatorily cancelled. The interest payment obligations of the Issuer under the Bond Terms are conditional upon the Issuer being Solvent at the time of payment and still being solvent immediately thereafter (the "Solvency Condition"). Other than in a Bankruptcy Event, no amount will be payable under or arising from the RT1 Bonds except to the extent that the Issuer could make such payment in satisfaction of the Solvency Condition. Any actual or anticipated cancellation or of interest payments is likely to have an adverse effect on the market price of the RT1 Bonds.

A breach of Solvency capital requirement as stated in the Bond Terms may result in a permanently or temporarily write down of the principal amount, in whole or in parts. A write down may lead to a reduction of the denomination of each Bond in the CSD in order to achieve a pro rata reduction between the Bondholders, and pro rata drawing between the Bonds. A write down may be reinstated at the discretion of the Issuer.

3.3 Risk factors that apply to Subordinated Tier 2 Own Funds instruments ("Tier 2")

Due to the status of each of the Tier 2 Bonds as unsecured and subordinated debt obligations of the Issuer, in connection with a Bankruptcy Event of the Issuer, the Tier 2 Bonds will rank: a) pari passu without any preference among the Bonds; b) pari passu with all outstanding Parity Obligations; c) in priority to payments to creditors in respect of Junior Obligations; and d) junior in right of payment to any present or future claims of (i) policyholders of the Issuer, and (ii) any other obligations of the Issuer ranking or expressed to rank senior to the Tier 2 Bonds. Junior Obligations means (i) the Issuer's share capital, or (ii) any other obligations of the Issuer ranking or expressed to rank junior to the Tier 2 Bonds.

In case of a Bankruptcy Event, payments to investors in subordinated debt will depend on funds left after payments are made to unsubordinated creditors. This may result in a loss for the bondholder. From the status of the Tier 2 Bonds it also follows that the interest payments may be deferred and accrual of interest on the deferred amount will be made for later payment. As a consequence, the investor may not receive timely coupon payments to spend or reinvest. Further, redemption of the principal amount at the stated maturity date may be suspended by the Issuer Supervisor if the Issuer is not in compliance with capital requirements. Finally, if the audited accounts of the Issuer show that a substantial part of its subordinated debt capital has been lost, the loss may be absorbed by reduction of the nominal value without any accompanying payment to the investors.

The Tier 2 Bonds are scheduled to be redeemed at their principal amount in 2051 (the "Maturity Date") provided that on such date that there is no suspension of redemption and the preconditions to redemption as described in the Bond Terms are all fulfilled, including but not limited to the continued solvency of the Issuer and the Issuer Group and the approval by the Issuer Supervisor has been obtained. The Issuer is under no obligation to redeem the Tier 2 Bonds at any time before the Maturity Date, and the Bondholders have no right to call for their redemption. If the Issuer does not fulfil its Solvency Condition, the Maturity date may be postponed without any compensation other than the accrual of coupons.

Interest payments under the Subordinated Tier 2 instrument may be optionally or mandatorily deferred. Any deferred interest is accumulated but will not carry any interest. The interest payment obligations (including any deferred interest) of the Issuer under the Bond Terms is conditional upon the Issuer being Solvent at the time of payment and still being solvent immediately thereafter (the "Solvency Condition"). Other than in a Bankruptcy Event, no amount will be payable under or arising from the Tier 2 Bonds except to the extent that the Issuer could make such payment in satisfaction of the Solvency Condition. Any actual or anticipated deferral or of interest payments is likely to have an adverse effect on the market price of the Tier 2 Bonds.

Risk factors (7:7)

3.4 Applicable risk factors for both of the Bond Issues

If the Issuer's early redemption right (ordinary or conditional (Regulatory Call, Tax Call and/or Rating Call) as stated in the Bond Terms) is exercised, the Call Price is 100 % of the applicable denomination at the time of an early redemption.. The Call Price may limit the market value of the Bonds and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

Liquidity risk is the risk that a party interested in trading bonds cannot do it because nobody else in the market wants to trade the bonds. Missing demand for the bonds may result in a loss for the bondholder in the form of not getting access to liquidity through sale of the bonds but has to wait until maturity for the bonds to receive liquidity.

The interest rate or coupon of this instrument consists of two elements: a) 3 month NIBOR and b) the Margin. The risk is associated with the variability of the sum of these two components. The Margin is fixed at issuance of the bonds and will not represent a risk for an investor as regards the interest income from the bonds. 3 month NIBOR is a reference rate for pricing of 3 month liquidity in the market and will vary over time. The coupon is reset quarterly based on actual 3 month NIBOR plus Margin. This means the risk to interest income from the bonds is associated with the changes in NIBOR. When trading this instrument, the investor is exposed to the risk of changes in market changes in 3 month NIBOR as well as changes in market changes to the margin investors are willing to trade the bonds. These changes will affect the price of the bonds.

Settlement risk is the risk that the settlement of bonds does not take place as agreed. The settlement risk consists of the failure to pay or the failure to deliver the bonds.

Credit risk is the risk that the Borrower fails to make the required payments under the Bond (either principal or interest).

Market risk is the risk that the value of the bonds will decrease due to the change in value of the market risk factors. The price of a single bond issue will fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk of that particular bond issue, and the liquidity of this bond issue in the market. In spite of an underlying positive development in the Issuer's business activities, the price of a bond may fall independent of this fact.

No market-maker agreement is entered into in relation to this bond issue, and the liquidity of bonds will at all times depend on the market participants' view of the credit quality of the Issuer as well as established and available credit lines.

3.5 Regulation and reform of "benchmarks" could adversely affect the Bond Issues

Rates and indices which are deemed to be "benchmarks", such as NIBOR, are the subject of ongoing national, international and other regulatory guidance and proposals for reform, with further changes anticipated. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Bond Issues.

3.6 Changes to Solvency II or other applicable law or regulation may increase the risk of the deferral or cancellation of interest payments, suspension of redemption, write-down or the occurrence of a Capital Disqualification Event

Solvency II requirements adopted, whether as a result of further changes to Solvency II or changes to the way in which the Issuer Supervisor interprets and applies these requirements to the Issuer and/or the Issuer Group may change. Any such changes, either individually and/or in aggregate, may lead to further unexpected changes in relation to the calculation of the Solvency Capital Requirement, Minimum Capital Requirement and/or Eligible Own-Fund Items to cover the Solvency Capital Requirement or Minimum Capital Requirement, and such changes may make the applicable regulatory capital requirements more onerous. Such changes that may occur in the application of Solvency II subsequent to the date of this presentation and/or subsequent changes to such rules and other variables may individually or in aggregate negatively affect the calculation of the Solvency Capital Requirement and/or Minimum Capital Requirement and thus increase the risk of deferral (Tier 2 Bonds) or cancellation (RT1 Bonds) of interest payments, suspension of redemption (applicable to Tier 2 Bonds), write-down (RT1 Bonds) or, alternatively, trigger a Capital Disqualification Event and subsequent redemption of one or both of the Bond Issues by the Issuer. Additionally, the Issuer may be required to raise further capital pursuant to applicable law or regulation or the official interpretation thereof in order to maintain the then applicable Minimum Capital Requirement and Solvency Capital Requirement. Changes to Solvency II requirements may also increase the likelihood of a Capital Disqualification Event and subsequent early redemption of one or both of the Bond Issues by the Issuer.

A Capital Disqualification Event may occur as a result of any replacement of, or change to (or change to the interpretation of), the Applicable Regulations after the Issue Date. Such an event may lead to the whole or a part of the Restricted Tier 1 issue no longer being qualified as Basic Own Funds Tier 1 Capital applicable to the Issuer or Issuer Group, and/or the Tier 2 Bonds no longer being qualified as Tier 2 Capital for the purposes of the Issuer and/or Issuer Group.

3.7 Credit ratings may not reflect all risks

The Bond Issues are expected to be rated BBB (Restricted Tier 1) and BBB+ (Subordinated Tier 2) respectively by S&P. S&P is established in the European Economic Area and registered under the EU CRA Regulation and is as of date included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. The rating S&P has given to the Bond Issues is endorsed by S&P Global Ratings UK Limited which is established in the UK and registered under the UK CRA Regulation. The rating may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the respective Bond issue.

A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised or withdrawn by the rating agency at any time. Any adverse change in an applicable credit rating could adversely affect the trading price for the Bond Issues. In addition, rating agencies other than S&P could seek to rate the Bond Issues and such unsolicited ratings are lower than the comparable ratings assigned to the Bond Issues by S&P, those unsolicited ratings could have an adverse effect on the value and the marketability of the Bond Issues.



Table of contents

- 1** Introduction
- 2** About Gjensidige
- 3** Financial performance
- 4** Solvency & capital
- 5** Credit considerations
- 6** Appendix



Introduction

Gjensidige is a highly profitable and leading general insurer in the Nordic and Baltic market

Leading position

 Strong brand built over 200 years	#1 In Norway (26% market share)
Nordic/ Baltic growth agenda	~2 million customers
Retail SME	Very high loyalty

Strong performance

Premiums NOK 27 bn	
ROE >18% (avg since IPO)	TSR ~600% (since IPO)
Dividend pay-out ratio ~80% Unique customer dividend ~14% (Based on regular dividend, avg since IPO)	

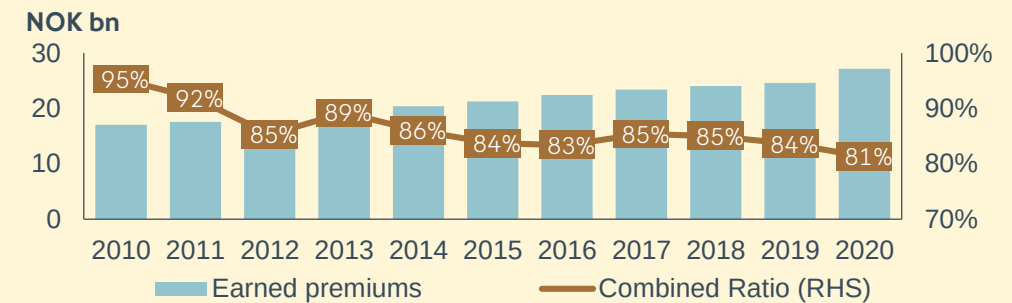
Efficient operation

Superior customer experiences	
Profitability before growth	
Analytical approach from A to Z	Cost efficient <15% cost ratio

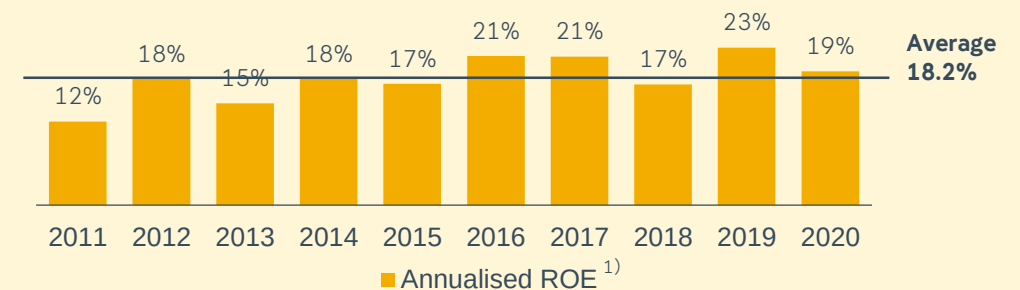
Attractive value proposition

- Proven track-record
- Strong position in attractive market place
- Efficient distribution and loyal customers
- Scalable hard-to-copy business model
- Efficient capital structure and good financial flexibility
- Rated A from S&P for more than 20 years
- Attractive dividend policy

Solid growth, underwriting and cost discipline...



...driving strong value creation since IPO



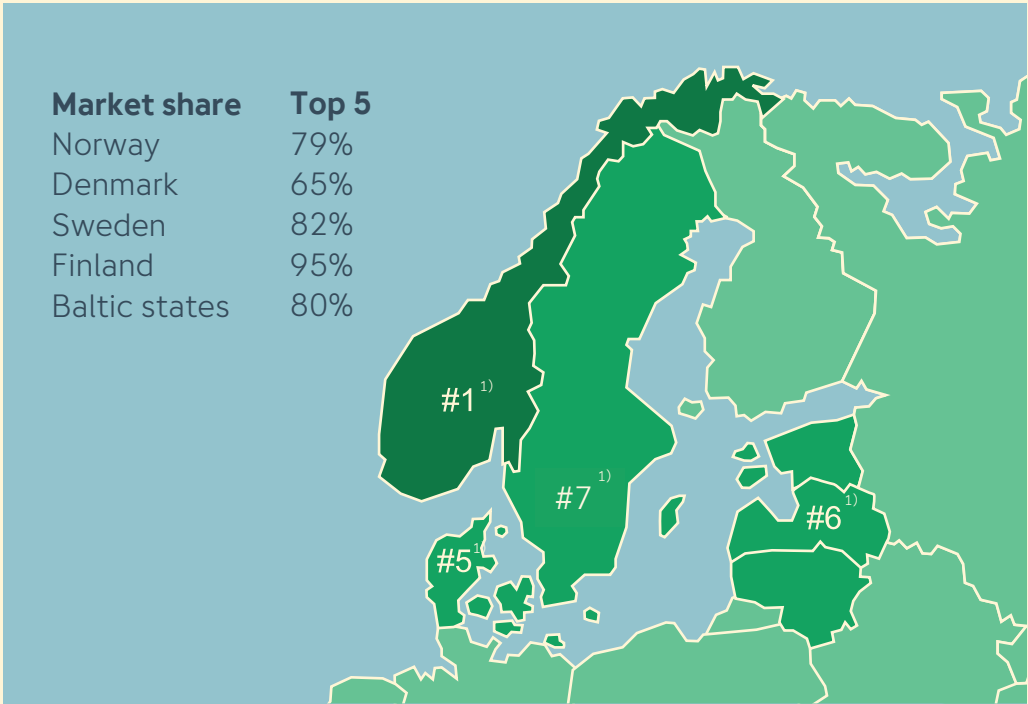
¹⁾ Excl. sale of Gjensidige Bank in 2019



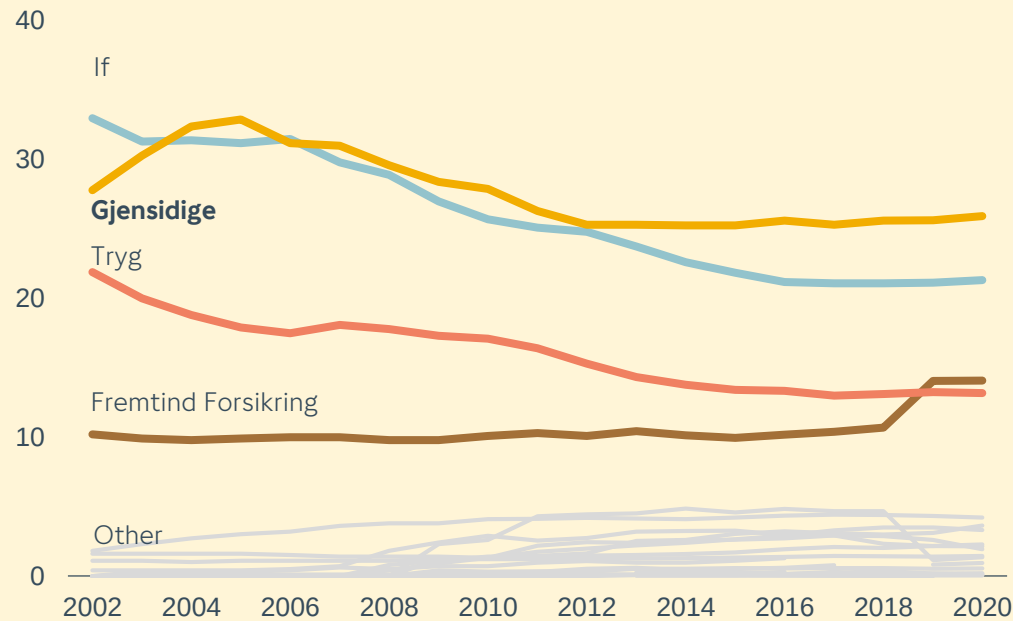
About Gjensidige

Superior Norwegian position, strong potential outside Norway

Growth ambition in Nordic/Baltic region



Ambition to secure strong position in Norway



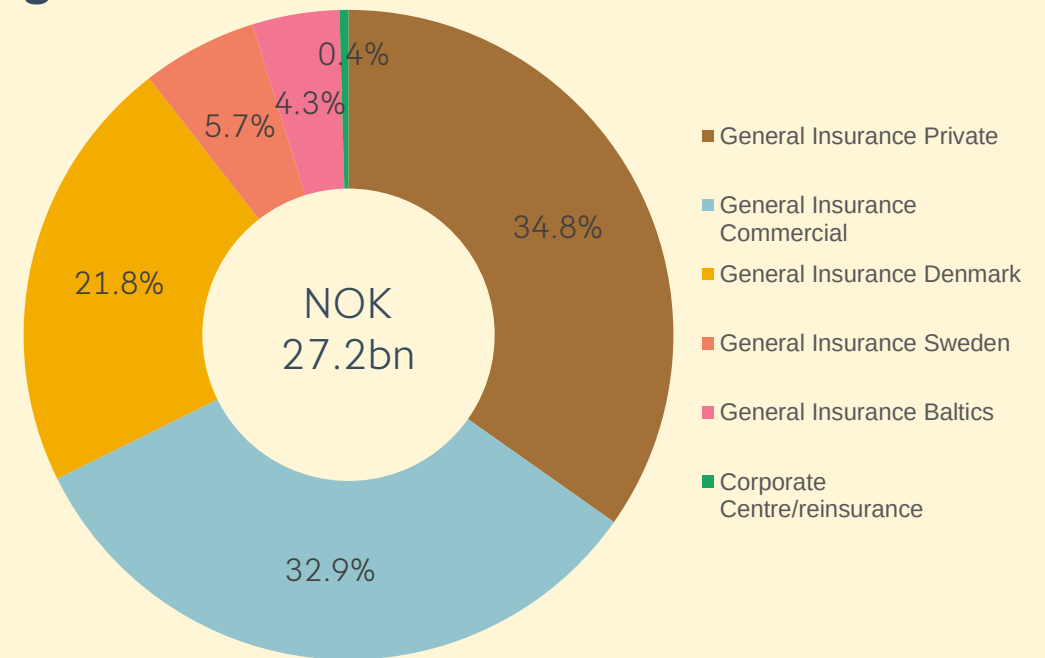
Sources: Finance Norway, non-life insurance, 3rd quarter 2020 , Insurance Sweden, 3rd quarter 2020, The Danish Insurance Association 4th quarter 2019. Baltics Insurance Supervisory Authorities of Latvia and Lithuania, Estonia Statistics, competitor reports, and manual calculations, 3rd quarter 2020. ¹⁾ Based on Net earned premiums for Gjensidige Q4 2020 in each country. Source: Finance Norway. 19 companies in "Other" category

Gjensidige Forsikring Group 16

Norway and Denmark as the two largest markets

- The Norwegian market represents 68% of Gjensidige's net premiums earned
- Private and commercial is fairly equally split in the Norwegian market
- Denmark is the second largest market with 22% of net premiums earned

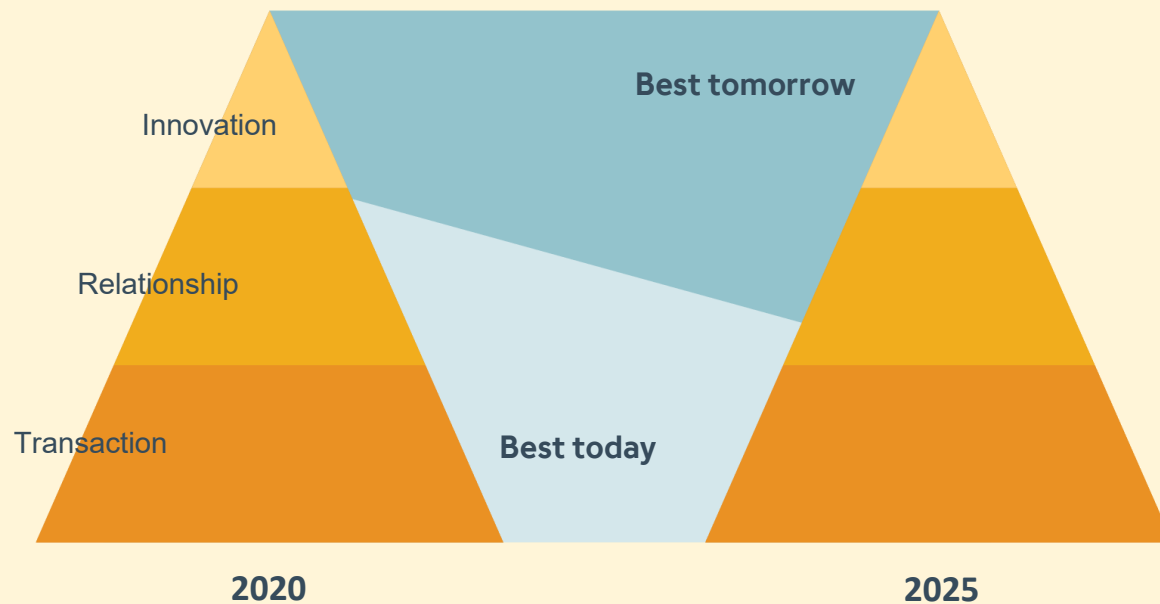
Segment split – net premiums earned from general insurance ¹⁾



¹⁾ Net premiums earned as at 31.12.2020

Moving towards becoming our customers' problem solver

Our customer centric corporate strategy...



....and segment priorities

Retain strong & unique position in Norway

Exceed customer expectation, strengthen customer relationships



Continued strong position in Denmark

Stringent profitability control, further development of business processes



Digital transformation in Sweden

Rationalisation, simplification and digitalisation of the customer journey



Profitable growth in the Baltics

Rationalisation, simplification and digitalisation of the customer journey

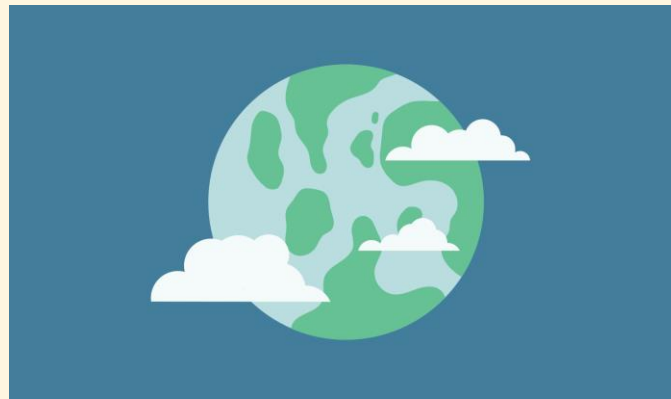


Sustainability goals – focus on three areas



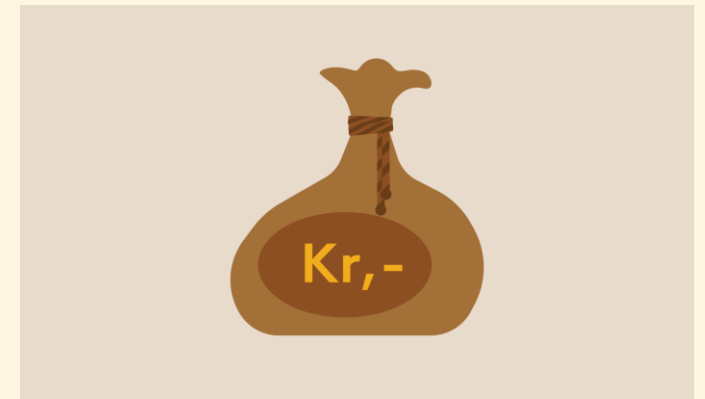
Safe society

- Damage prevention
- Sustainable products
- Engaged employees
- Social responsibility
- Good Corporate Governance



Reduced CO₂ intensity

- Sustainable claims handling
- Digital transformation
- Reduce internal own operations



Responsible investments

- UN's Global Compact Principles
- Signatory UN PRI
- Screening and follow up on investments

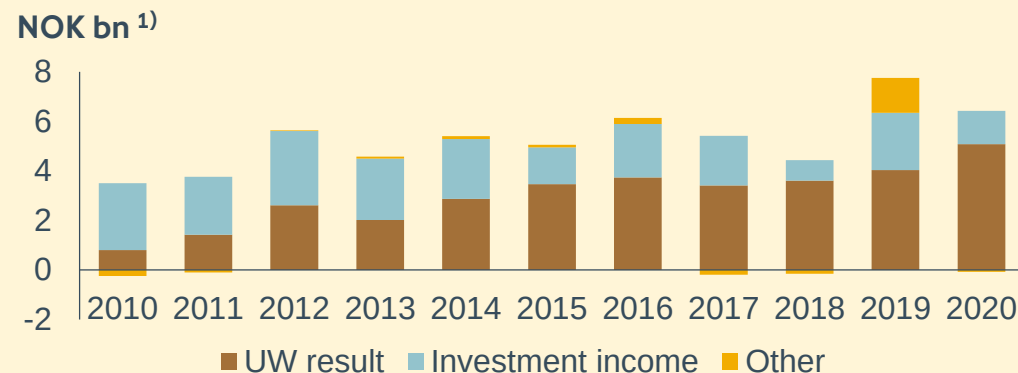


Premium growth and underwriting discipline offset challenging investment environment

Continued solid premium growth expected

- Organic growth in line with nominal GDP growth over time
- Continued complementary growth through M&A

Solid underwriting increasingly important

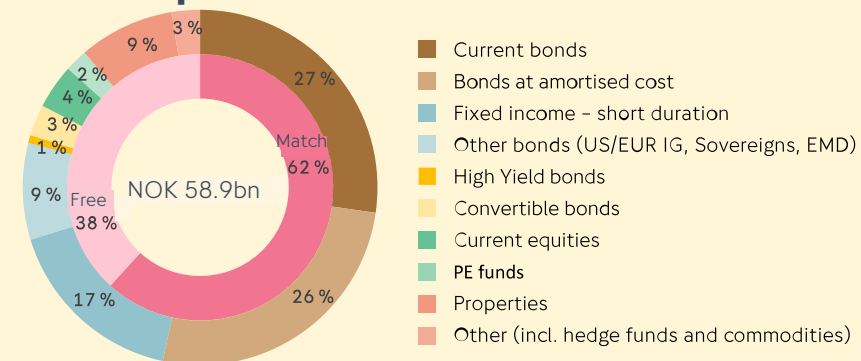


¹⁾ Split of pre-tax profits

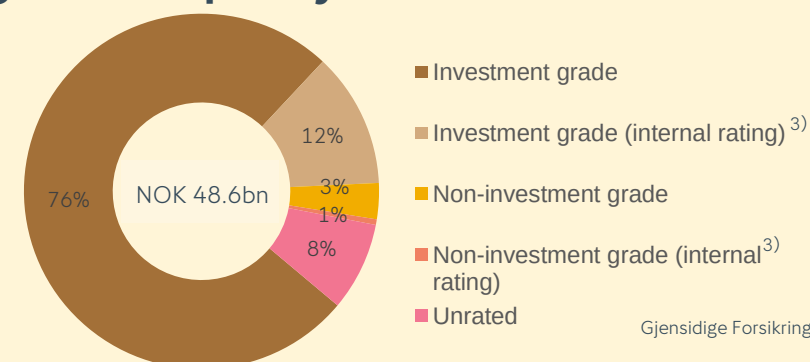
²⁾ Investment portfolio as at 31.12.20

³⁾ Internal rating – rating by Gjensidige. 96% of this portfolio rated as Investment grade

Conservative investment approach – balanced investment portfolio ²⁾

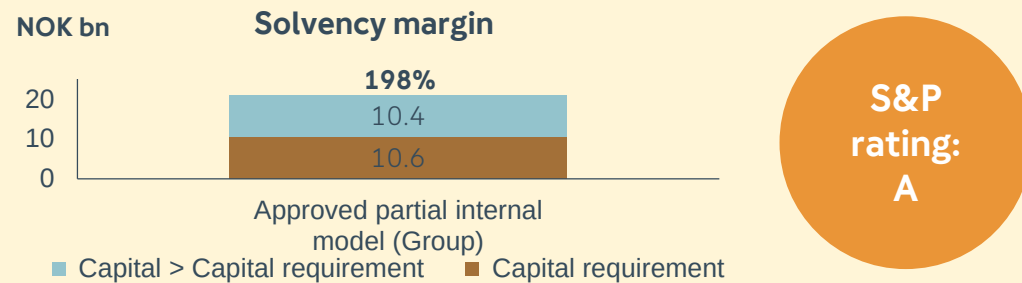


High credit quality

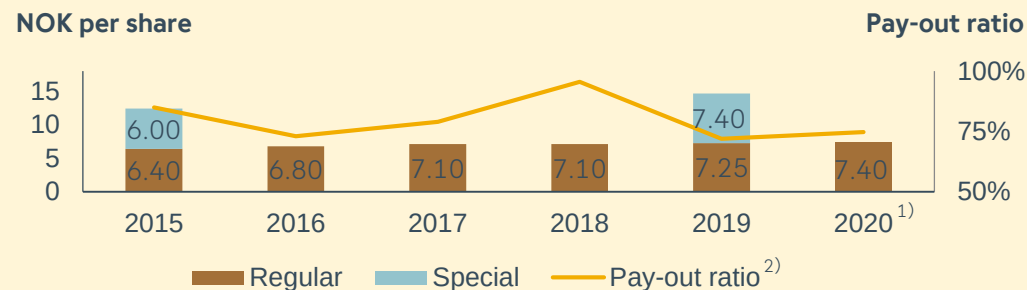


We have a solid capital position – supporting an attractive dividend policy

Strong capital position



Track record of generating attractive shareholder returns



Dividend policy

Gjensidige targets high and stable nominal dividends to its shareholders, and a pay-out ratio over time of at least 80 per cent of profit after tax. When determining the size of the dividend, the expected future capital need will be taken into account.

Over time, Gjensidige will also payout excess capital.

Regular

Special

¹⁾ Proposed 2020 dividend to be decided by the AGM 24 March 2021

²⁾ Pay-out ratio based on regular dividend

Reinsurance limiting downside risk

- Reinsurance is purchased for protection of the Group's capital position and is primarily a capital management tool
- General retention level per claim/event is around NOK 100m
- For weather-related events the retention level per claim/event is around NOK 200m
- Maximum retention level per claim/event hitting more than one reinsurance programme is NOK 500m including any reinstatement premium
- Gjensidige considers additional coverage if this is appropriate considering internal modelling and capital requirement



Gjensidigestiftelsen

- a stable owner with a solid capital position

Solid capital position

- NOK 14bn in proceeds from IPO + special dividend
- Assets at 31.12.2019 include:
 - NOK 11.4bn equity funds
 - NOK 6.7bn fixed income funds
- Yield and dividends for 2019: NOK ~2.3bn
- Asset management policy:
 - Global, diversified portfolio – equities, bonds, private equity and property
 - Parts of the portfolio shall be impact investing

BALANSE EIENDELER 31.12.2019

Tall i millioner kroner	Note	2019	2018
Investeringer			
Inventar		1	1
Sum varige driftsmidler		1	1
Aksjer i datterselskap	9	12 423	12 423
Finansielle eiendeler til virkelig verdi	10,17	21 940	19 950
Sum finansielle anleggsmidler		34 363	32 372
Sum investeringer		34 364	32 374
Fordringer			
Fordringer på datterselskap	11,13,17	0	2 210
Uoppgjorte handler finans og investeringer	10	11	7
Andre kortsiktige fordringer	11	1	39
Sum fordringer		13	2 256
Andre eiendeler			
Bankinnskudd, kontanter o.l.	12,17	145	92
Sum andre eiendeler		145	92
SUM EIENDELER		34 522	34 721

Note 10 Balanserte finansielle investeringer

NOK mill.	2019 Bokført verdi	2018 Bokført verdi	2017 Bokført verdi
Norske og utenlandske aksjefond	11 393	9 106	9 655
Rentefond, obligasjonsfond, ansvarlige lån og realrenteobligasjoner	6 667	7 802	8 837
Eiendomsinvesteringer	1 860	1 413	1 310
Andre investeringer	2 031	1 635	1 039
Sum finansielle investeringer	21 952	19 957	20 841



Financial performance

Record high full year result

- excluding gain on the sale of the bank in 2019

- Pre-tax profit NOK 6,342m
- Underwriting result NOK 5,076m
 - 10.2% premium growth
 - Combined ratio 81.3%
 - Effective pricing and re-underwriting measures
 - Good progress towards NOK 750m outside Norway
 - Good cost control
- Financial result NOK 1,342m, return 2.2%
- Return on equity 19.2%

Annual financial targets through 2022

Metric	Target	
Combined ratio	86-89% ¹⁾	✓
Cost ratio	<15%	✓
Solvency margin (PIM)	150-200%	✓
ROE after tax	>20% ²⁾	✗
UW result outside Norway	NOK 750m (in 2022) ³⁾	
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.

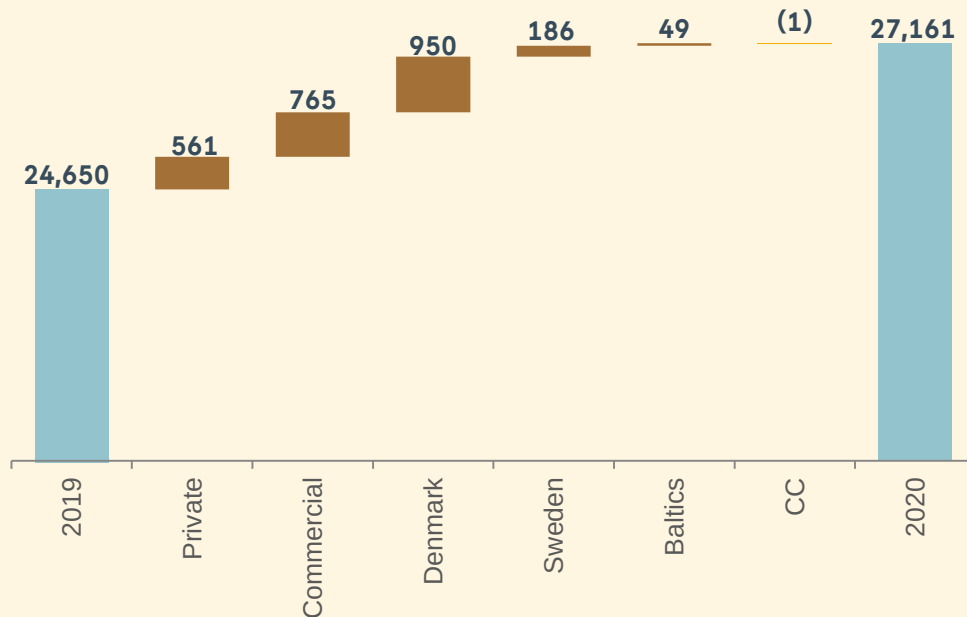
²⁾ Corresponds to >16 per cent given zero run-off gains post 2022

³⁾ Excluding run-off

10.2 per cent premium growth - 7.5 per cent adjusted for currency effects

Premium development

NOK m



CC = Corporate Centre

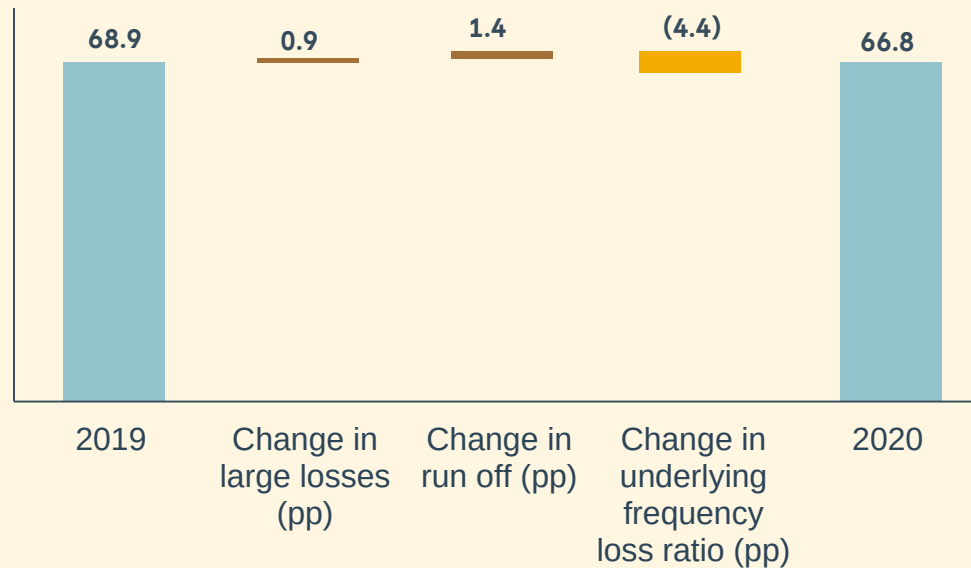
Key drivers – premium development

- Private +6.3%
- Commercial +9.4%
- Denmark +19.2%
 - Positive 9.4% in local currency
- Sweden +13.2%
 - Positive 3.0% in local currency
- Baltics 4.3%
 - Negative 4.2% in local currency

Strong underlying loss ratio

Loss ratio development

Loss ratio (%)



Key drivers

- Improved underlying frequency loss ratio
 - Solid renewals
 - Effective pricing measures
 - Positive Covid-19 impact
- Favourable weather conditions for motor in Norway in Q120

Encouraging outlook

- Solid results for the fourth quarter and full year 2020
- Encouraging outlook for results
- Structural growth ambitions
- Strong capital position

Annual financial targets through 2022

Metric	Target
Combined ratio	86-89% ¹⁾
Cost ratio	<15%
Solvency margin (PIM)	150-200%
ROE after tax	>20% ²⁾
UW result outside Norway	NOK 750m (in 2022) ³⁾
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⁾ Corresponds to >16 per cent given zero run-off gains post 2022.

³⁾ Excluding run-off

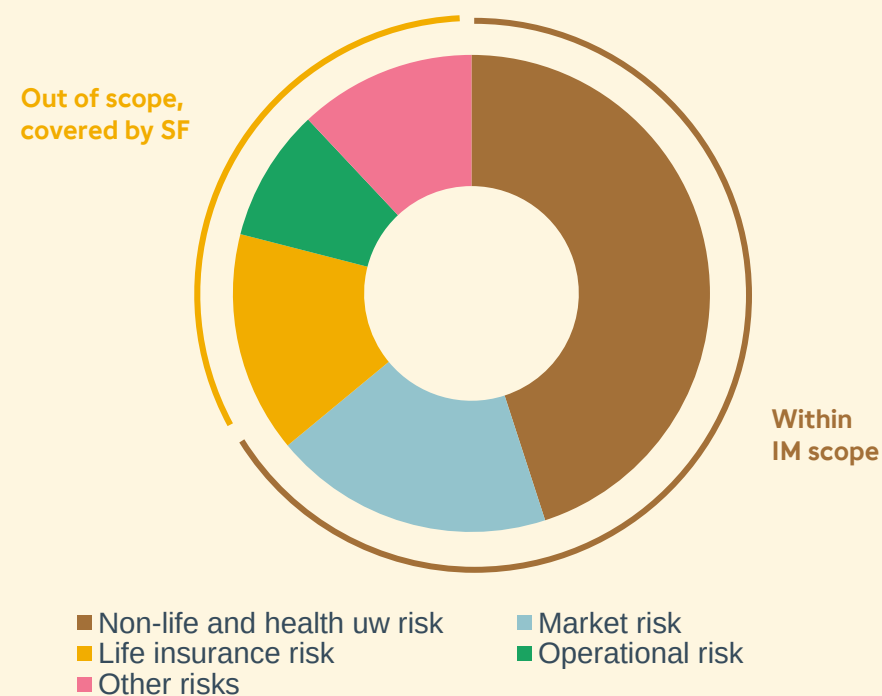


Solvency & capital

Solvency II capital requirements

NOK bn	Approved partial internal model (Group)	Own partial internal model (Group) ¹⁾
Eligible own funds	21.0	21.1
Capital charge for non-life and health uw risk	8.7	6.7
Capital charge for life uw risk	1.4	1.4
Capital charge for market risk	6.6	6.2
Capital charge for counterparty risk	0.3	0.3
Diversification	(4.4)	(4.6)
Basic SCR	12.7	10.0
Operational risk	0.9	0.9
Adjustments (loss-absorbing capacity of deferred tax)	(3.0)	(2.4)
Total solvency capital requirement	10.6	8.5
Surplus	10.4	12.6
Solvency ratio	198%	248%

Scope regulatory approved PIM

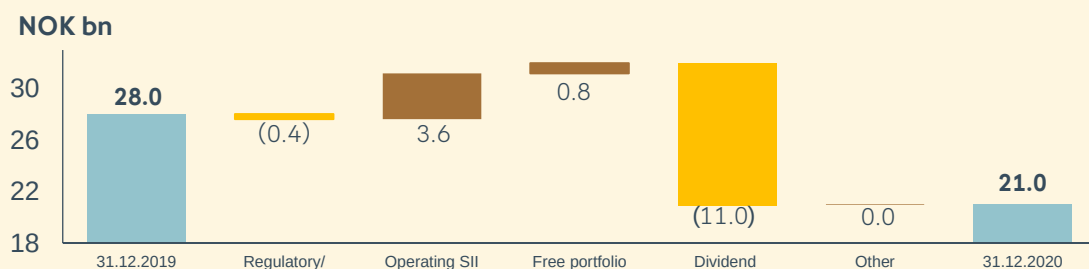


Figures as at 31.12.2020.

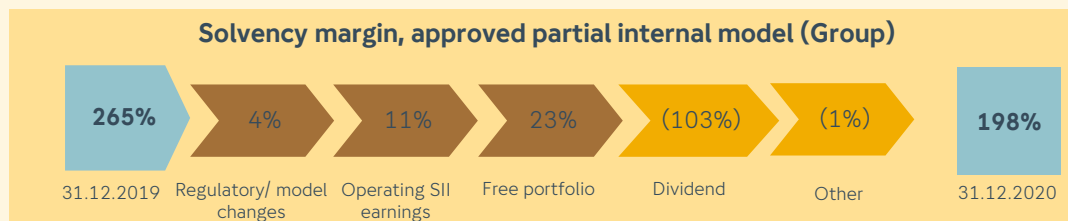
¹⁾ Own partial internal model is not validated

Strong capital generation

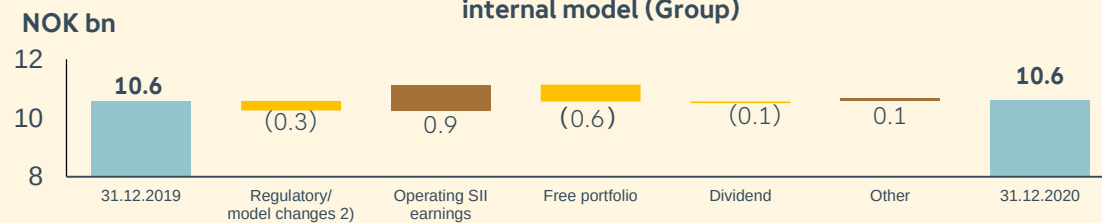
Eligible own funds, approved partial internal model (Group)



Solvency margin, approved partial internal model (Group)



Solvency capital requirement, approved partial internal model (Group)



- Capital generation driven by a strong underwriting result
- Proposed and declared dividend deducted from own funds
- Leverage ratio including all equity of 21.4%³⁾

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

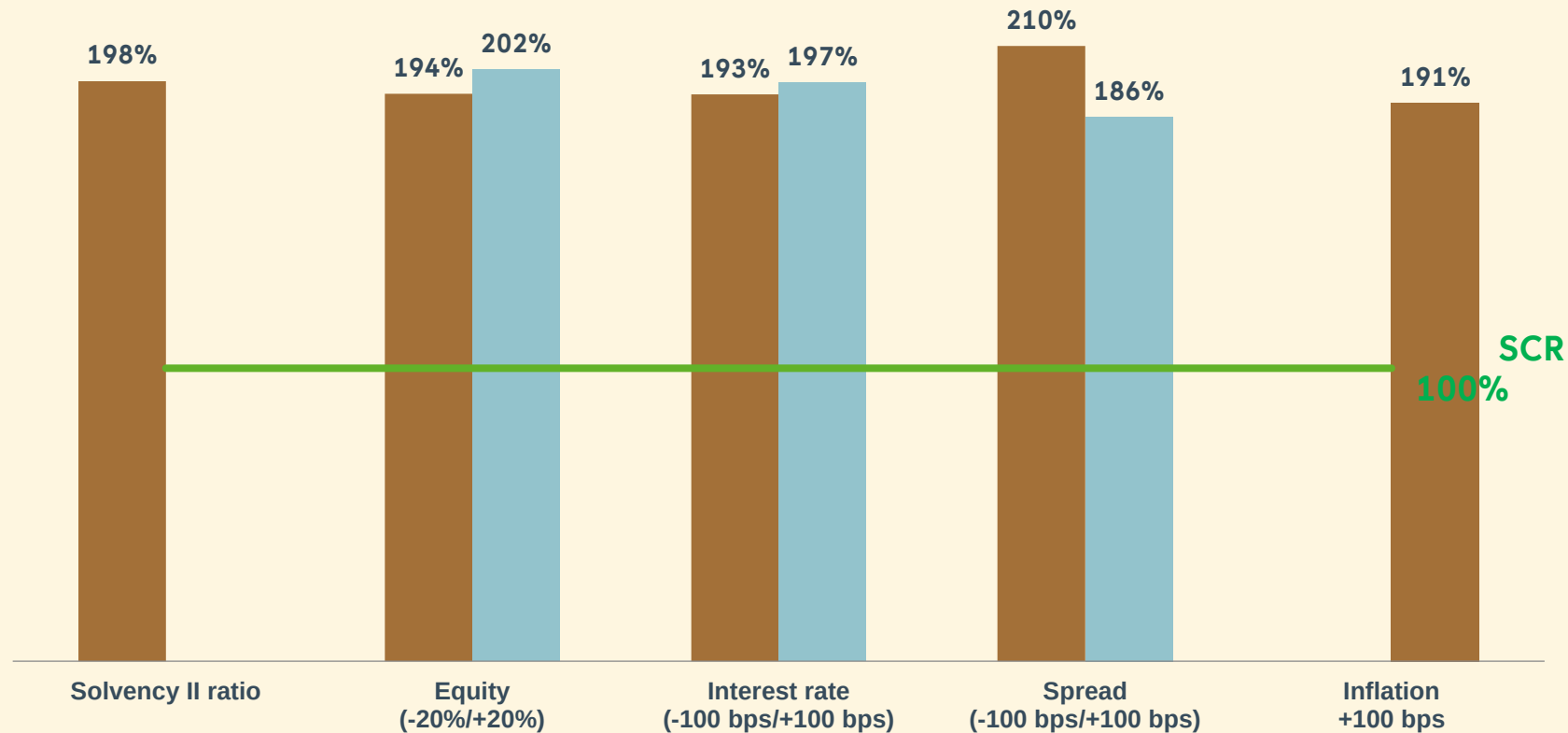
²⁾ Changes in the Norwegian Pensions legislation (introduction of Own Pensions Account). In addition, minor changes have been performed in the calibration of market risk. In Q3 Gjensidige's appeal on the Financial Supervisory Authority of Norway's decision on the calibration of market risk has been partly approved, reducing the capital requirement by NOK 0.2 bn

³⁾ Based on accounting principles and not Solvency II principles. Total equity including RT1 capital, natural perils capital and guarantee scheme provision divided by total assets per 31.12.2020

Capital position per operational areas

(NOK bn)	Approved partial internal model (Group)	Approved partial internal model (general insurance)	Own partial internal model (Group) ¹⁾	Own partial internal model (general insurance) ¹⁾	Gjensidige Pensjonsforsikring
Capital available	21.0	19.1	21.1	19.3	2.1
Capital requirement	10.6	9.5	8.5	7.4	1.4
Solvency margin	198%	201%	248%	260%	146%

Solvency II sensitivities for the approved partial internal model



Figures as at 31.12.2020. The legal perspective is the regulatory approved version of the partial internal model. Solvency margins reflect best estimate reserves. UFR-sensitivity is very limited.

Subordinated debt capacity

Principles for capacity

	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 2.4-2.9bn
 - Utilised Tier 1 debt capacity: NOK 1.0bn
- Tier 2 remaining capacity is 1.2bn
 - Utilised sub debt: NOK 1.5bn¹⁾
 - Utilised natural perils fund: NOK 2.6bn

Key investment highlights





Credit considerations

Key indicative terms for the potential issue of Restricted Tier 1 and Tier 2 capital

	Restricted Tier 1	Tier 2
Issuer	Gjensidige Forsikring ASA	Gjensidige Forsikring ASA
Type of issue	Perpetual Tier 1 Non-Cumulative Callable Bond Issue	Subordinated Tier 2 Callable Bond Issue 2021/2051
Currency	[•]	[•]
Tenor	Perpetual	30 years
Amount	[•]	[•]
Coupon	Reference rate + Margin	Reference rate + Margin
Reference rate	3 month [•]	3 month [•]
Margin	[•] basis points	[•] basis points until the 10 th anniversary, thereafter the initial Margin +100bps
Status of the issue	The Bonds will constitute Basic Own Funds Restricted Tier 1 Instruments of the Issuer under Applicable Regulations, and constitute direct, unsecured and subordinated obligations of the Issuer	The Bonds will constitute Basic Own Funds Tier 2 Instruments of the Issuer under Applicable Regulations, and constitute direct, unsecured and subordinated obligations of the Issuer
Ordinary Call (minimum 5 years to call)	[•] years after Settlement Date	[•] years after Settlement Date
Optional Redemptions	Capital Disqualification Event, Rating Agency Event and/or Taxation Event	Capital Disqualification Event, Rating Agency Event and/or Taxation Event
Deferral/ Cancellation of Coupons	Optional cancellation, and Mandatory cancellation upon insufficient fulfilment of solvency capital requirement or if payment of coupon will lead to breach of the solvency capital requirement. Any cancelled coupons are Non-cumulative.	Any deferred coupons are cumulative. Optional Deferral, and Mandatory Deferral upon insufficient fulfilment of solvency capital requirement or if payment of coupon will lead to breach of the solvency capital requirement. Compulsory payments will apply if decision of- or payments related to Junior Obligations are made
Write-Down (temporary with reinstatement language, subject to regulatory approval)	The Bonds will absorb losses if: i) The Issuer's SCR ratio is equal to or below 75%, or ii) The Issuer is in breach of MCR, or (iii) the SCR is not fulfilled within three months after a breach was observed. A full write down will be made if the amount of Own-fund Items eligible to cover the Solvency Capital Requirement is equal to or less than 75% of the Solvency Capital Requirement. Any redemption subject to regulatory approval	The Issuer has the right to write down parts or all of the Bond Issue if the Issuer's equity is lost, and the share- and guarantee capital has been fully written down. Any redemption subject to regulatory approval
Trustee	Nordic Trustee AS	Nordic Trustee AS
Listing	The Issuer will apply for listing of the Bonds on Euronext Oslo Børs	The Issuer will apply for listing of the Bonds on Euronext Oslo Børs



Appendix

S&P rating: A with stable outlook

Rating	Financial strength rating	
	A/Stable	
	Tier 2 debt rating ¹⁾	Tier 1 debt rating ¹⁾
	BBB+	BBB

S&P confirmed Gjensidige's A rating in August 2020, highlighting the following credit strengths:

- Strong market position in the Norwegian P&C market
- Consistently strong underwriting performance
- *"We currently regard the downside risk over the next 12-24 months as remote, considering Gjensidige's longstanding, strong competitive position in the Norwegian property / casualty (P/C) insurance market and its strong earnings and enterprise risk management (ERM)"*
 - S&P, August 2020

¹⁾ Ratings on outstanding bonds. The same ratings will be expected for new issuances of similar instruments

Solid 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
- Average duration of 3.4 years for the match portfolio and 4.7 years for the free portfolio²⁾

Total fixed income portfolio

Split-Rating	Match portfolio		Free portfolio	
	NOK bn	%	NOK bn	%
AAA	13.9	38.1	0.9	7.5
AA	3.3	8.9	4.1	33.7
A	6.1	16.7	2.3	18.5
BBB	4.6	12.5	1.9	15.1
BB	0.1	0.3	0.4	3.2
B	0.8	2.1	0.2	1.6
CCC or lower	0.1	0.2	0.1	0.5
Internal rating ¹⁾	5.3	14.6	0.9	7.5
Unrated	2.4	6.6	1.5	12.5
Fixed income portfolio	36.4	100.0	12.3	100.0

Split-Counterparty	Match portfolio		Free portfolio	
	NOK bn	%	NOK bn	%
Public sector	5.2	14.2	3.6	29.1
Bank/financial institution	19.0	52.2	5.1	41.6
Corporates	12.2	33.6	3.6	29.3
Total	36.4	100.0	12.3	100.0

Figures as at 31.12.2020

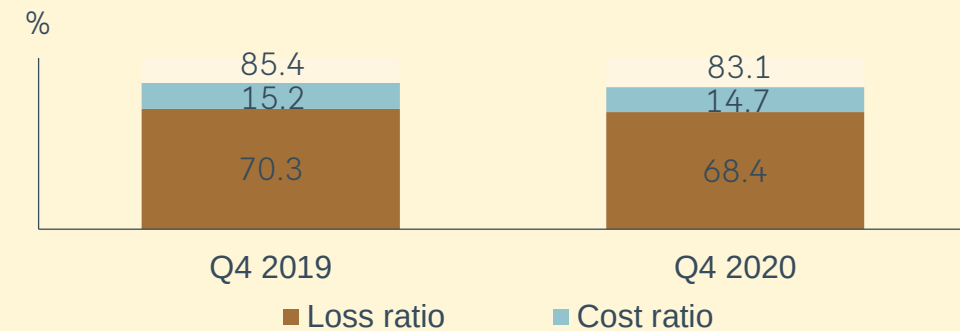
¹⁾ Internal rating – rating by Gjensidige

²⁾ Durations for the portfolios as at 31.12.2020

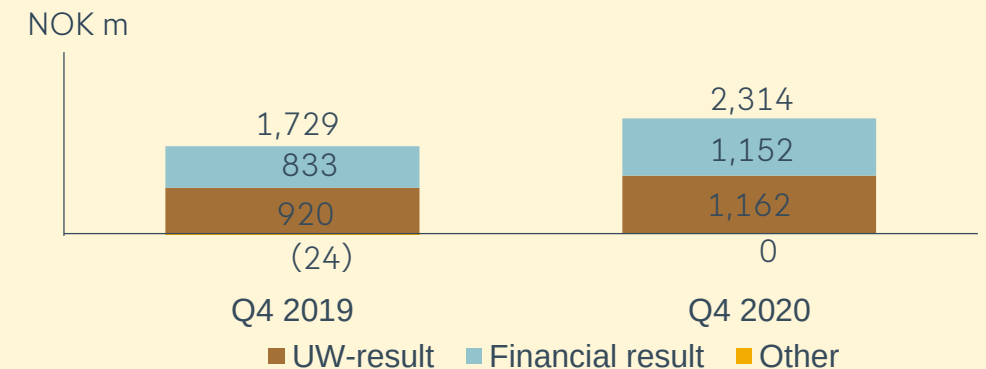
Highest ever fourth quarter underwriting result - excluding run-offs

- Pre-tax profit NOK 2,314m
- Underwriting result NOK 1,162m
 - 8.9% premium growth
 - Strong underlying frequency loss ratio
 - Positive Covid-19 impact
 - Good cost control
- Financial result NOK 1,152m, return 2.0%

Combined ratio



Pre-tax profit

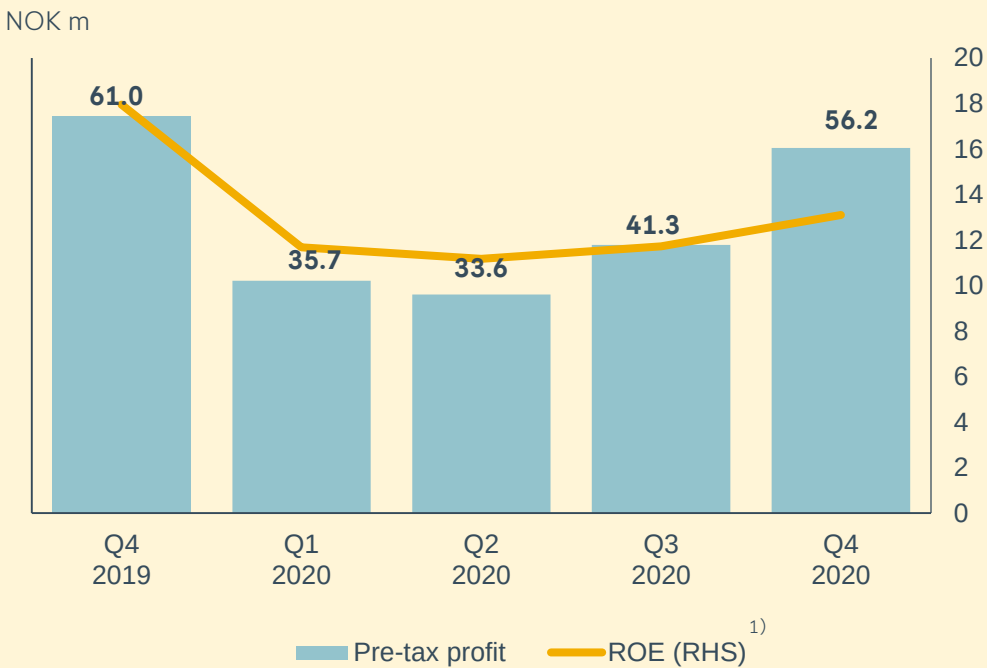


Solid results for the fourth quarter and full year 2020

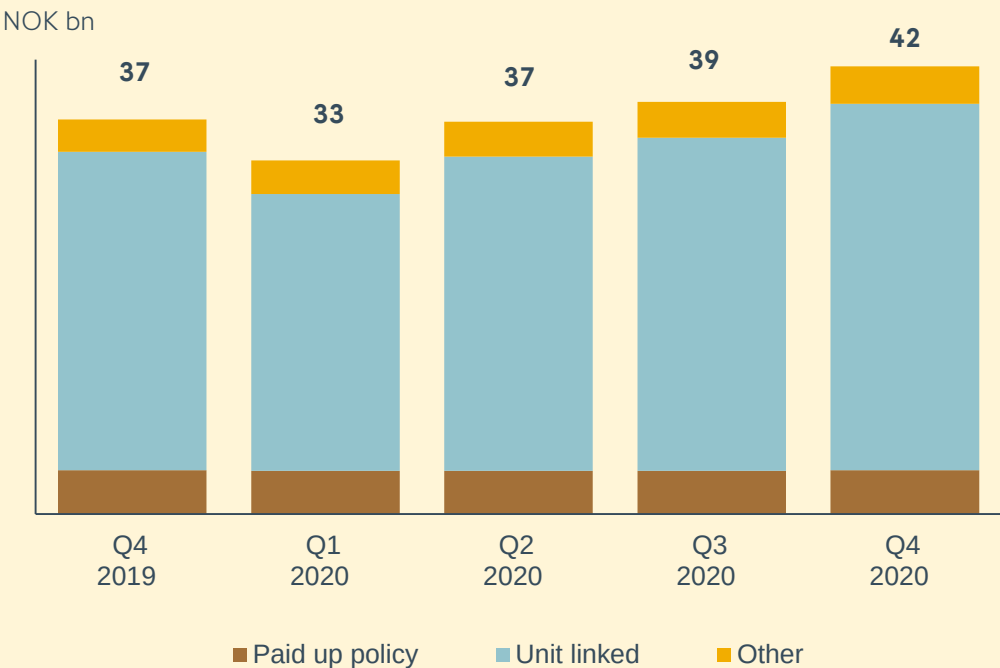
NOK m	Q4 2020	Q4 2019	FY 2020	FY 2019
Private	704	550	2 757	2 025
Commercial	477	428	2 097	1 730
Denmark	225	99	800	599
Sweden	3	18	76	76
Baltics	5	19	68	61
Corporate Centre/costs related to owner	(66)	(90)	(331)	(318)
Corporate Centre/reinsurance	(187)	(105)	(391)	(137)
Underwriting result	1 162	920	5 076	4 036
Pension	56	61	167	197
Financial result from the investment portfolio	1 152	832	1 342	2 306
Amortisation and impairment losses of excess value	(43)	(63)	(182)	(256)
Other items	(13)	(21)	(60)	1 471
Profit/(loss) before tax expenses	2 314	1 729	6 342	7 754

Satisfactory profit for Pension operation

Profit and return



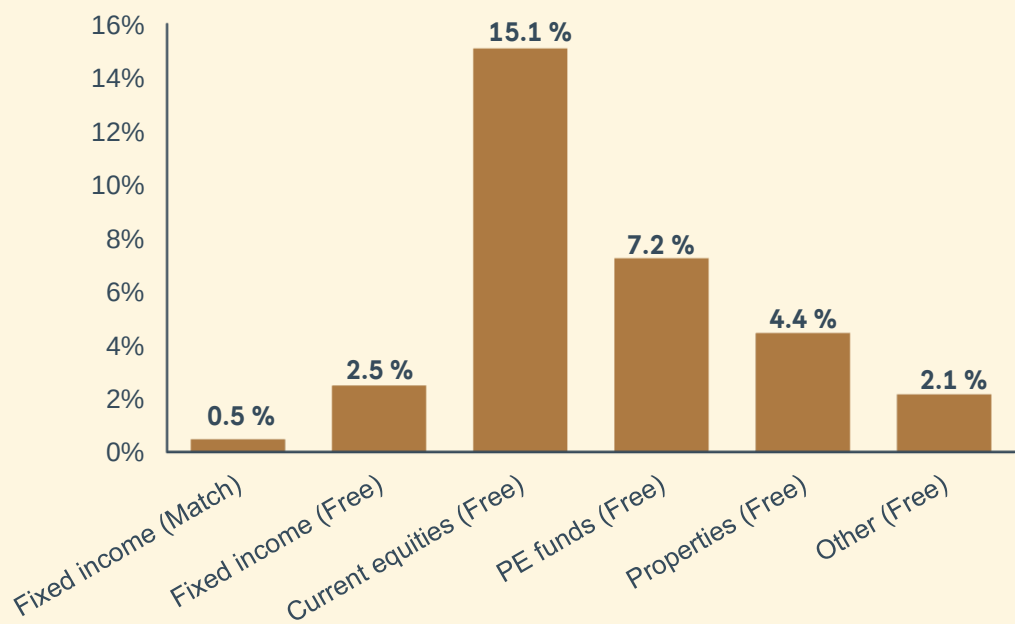
Assets under management



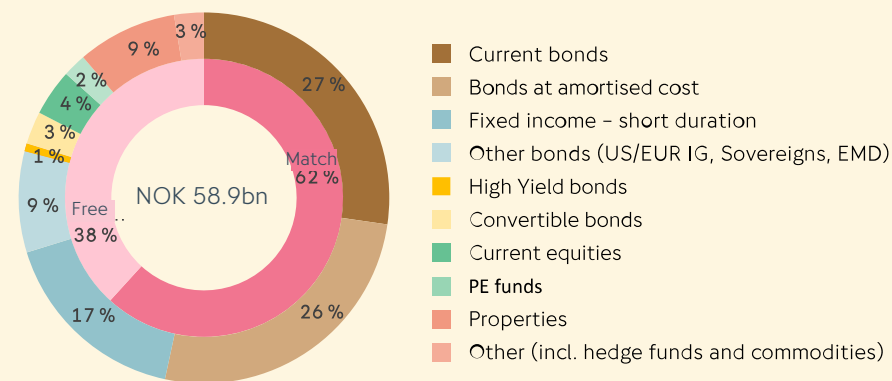
¹⁾ Annualised YTD

Investment return of 2.0 per cent in Q420, reflecting continued rebound

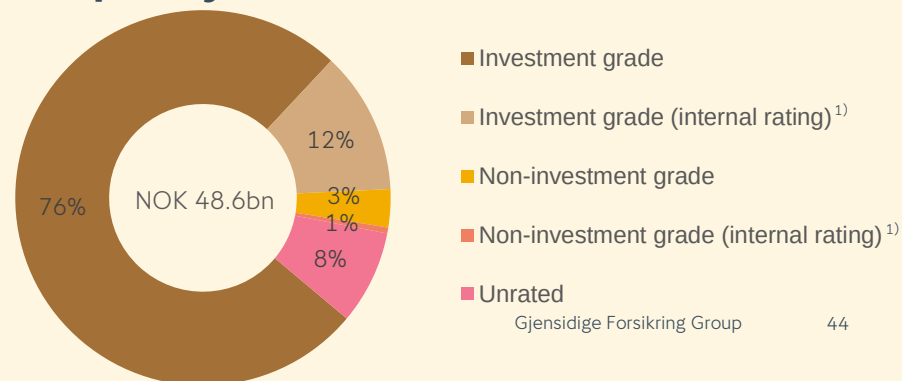
Investment return per asset class



Balanced investment portfolio



High credit quality



Figures as at 31.12.2020 ¹⁾Internal rating – rating by Gjensidige. 96% of this portfolio rated as Investment grade.

Moving ahead on operational targets

Gjensidige Forsikring Group

Metric	Status Q4 2020	Target 2022
Customer satisfaction (CSI)	79	> 78, Group
Customer retention	90%	> 90%, Norway
	79%	> 85%, outside Norway
Sales effectiveness	+10%	+ 10%, Group
Automated tariffs	52%	100%, Group
Digital claims reporting	80%	80%, Norway
Claims straight-through processing	17%	64%, Norway
Claims cost	NOK 483 million	Reduce by NOK 500 million, Group

Record high customer satisfaction

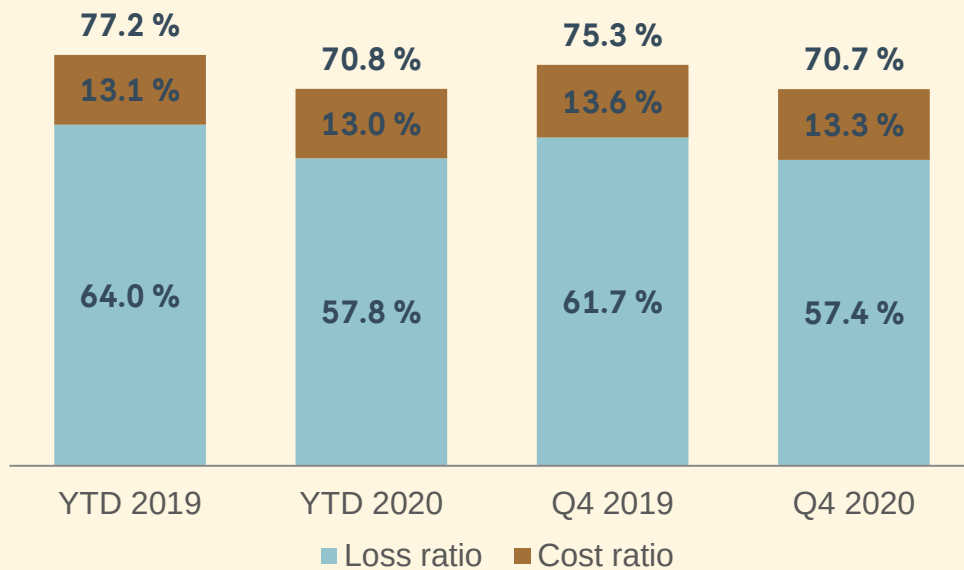


Positive claims impact from Covid-19

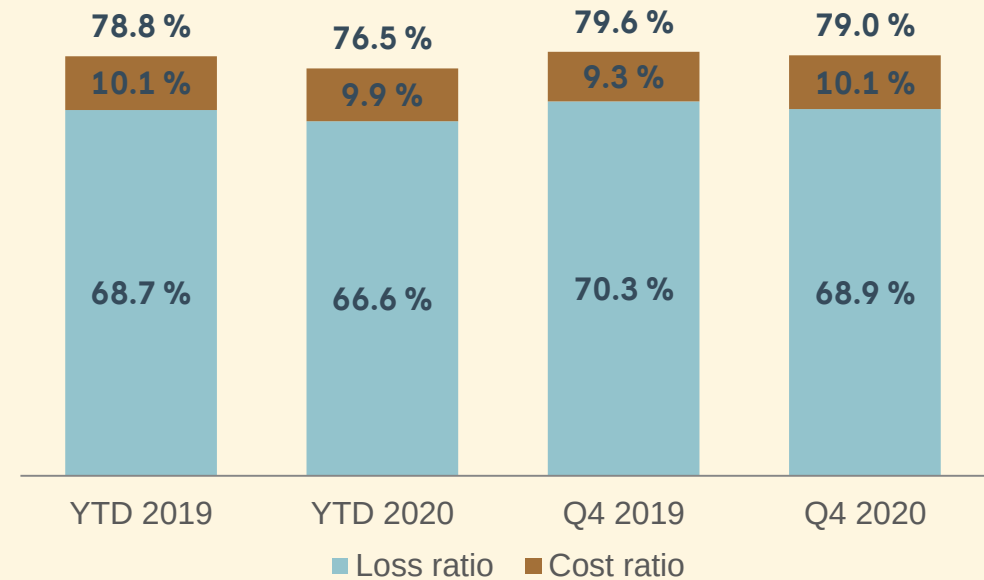
Claims, NOK million	Q1 20	Q2 20	Q3 20	Q4 20	FY 20
Corporate Centre, gross	(222)	(38)	(24)	(20)	(305)
Corporate Centre, net of reinsurance	(60)	(72)	(31)	(22)	(184)
Private	39	69	49	83	240
Commercial	30	25	17	47	119
Denmark	(12)	108	7	22	124
Sweden	(2)	(11)	(5)	(4)	(23)
Baltics	(1)	14	3	3	20
Total impact on claims, net of reinsurance	(6)	132	41	129	296

General insurance – cost ratio and loss ratio per segment

Private

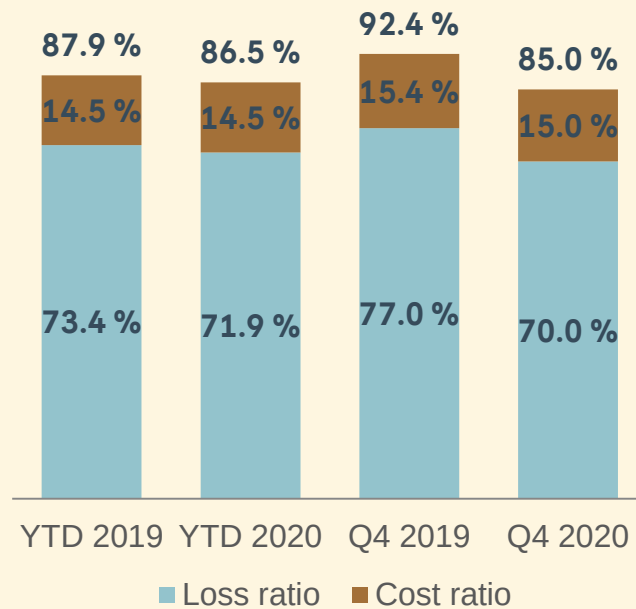


Commercial

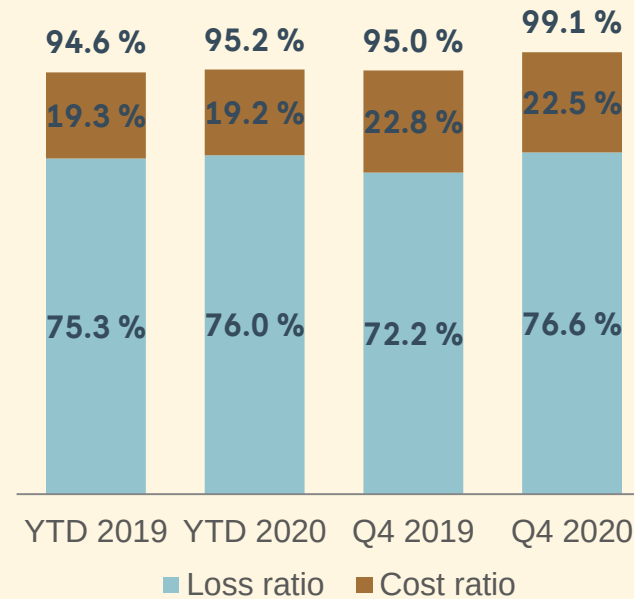


General insurance – cost ratio and loss ratio per segment

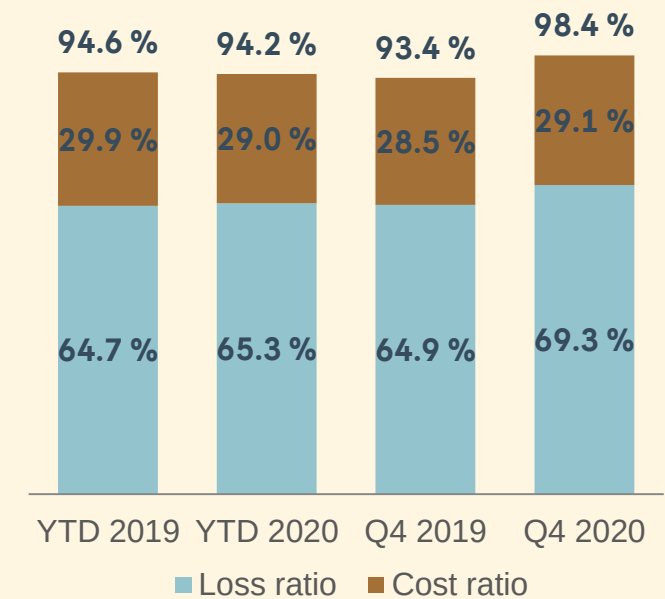
Denmark



Sweden

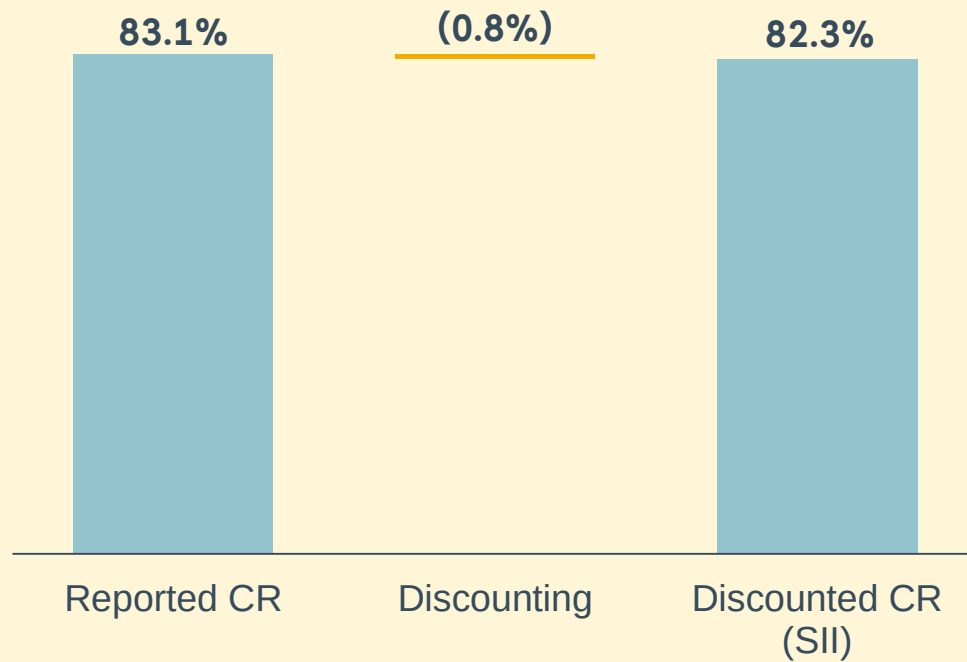


Baltics



Effect of discounting of claims provisions

Effect of discounting on CR – Q4 2020

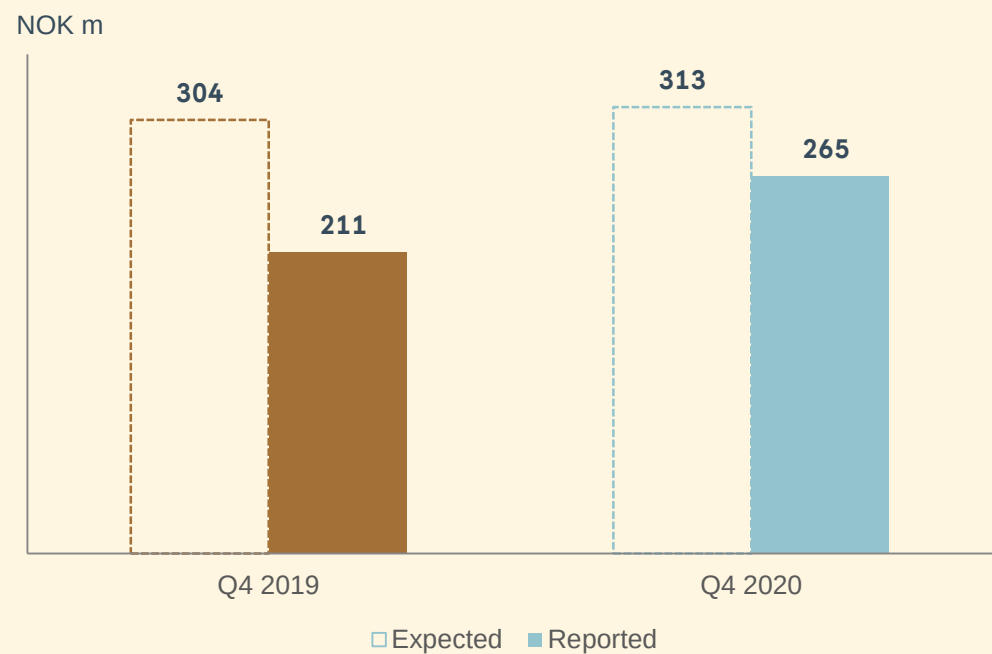


Assumptions

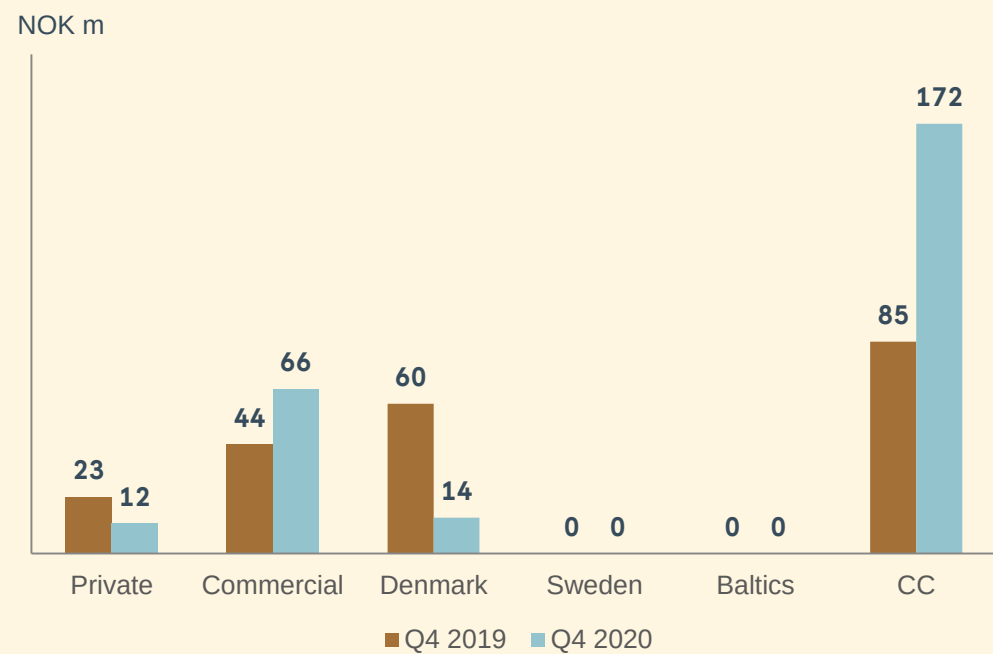
- Only claims provisions are discounted (i.e. premium provisions are undiscounted)
- Swap rates in Norway, Sweden and Denmark
- Euroswap rates in the Baltic countries

Large losses 3.8 percentage points in Q420 – lower than expected

Large losses – reported vs. expected



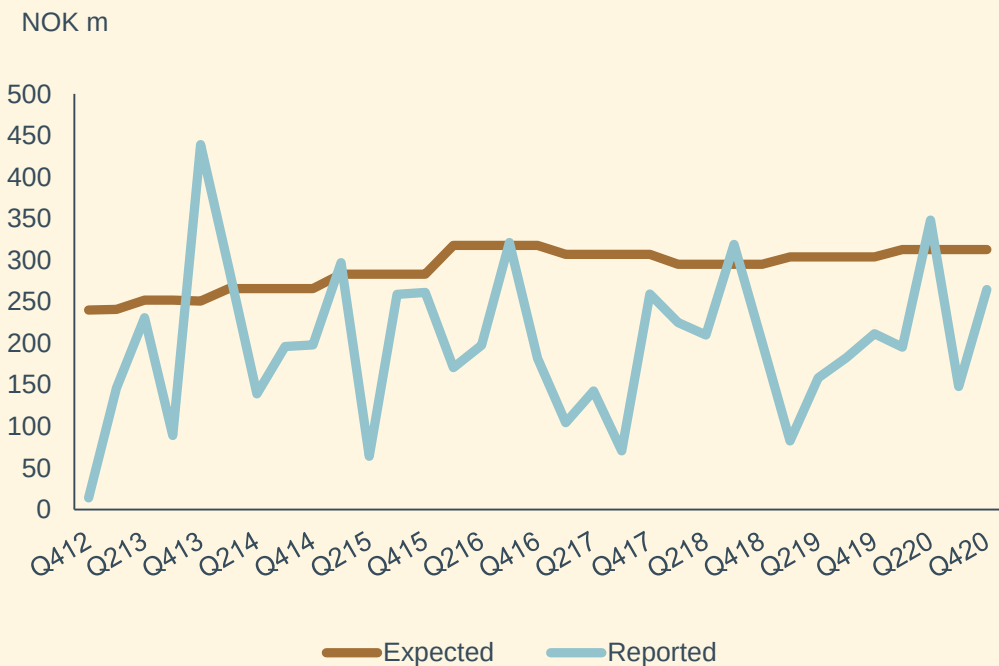
Large losses per segment



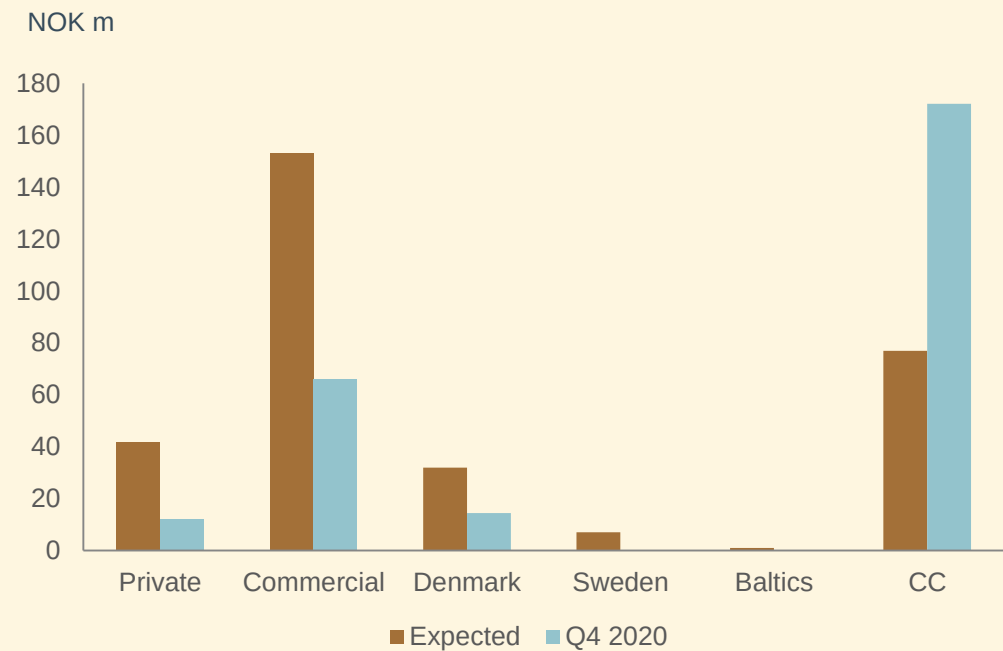
CC = Corporate Centre. Large losses: Losses > NOK 10m. Weather related large losses are included. Large losses in excess of NOK 30m are charged to the Corporate Centre while up to NOK 30m per claim is charged to the segment in which the large loss occurred. The Baltics segment has, as a main rule, a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

Large losses development

~ NOK 1.25bn in large losses expected annually

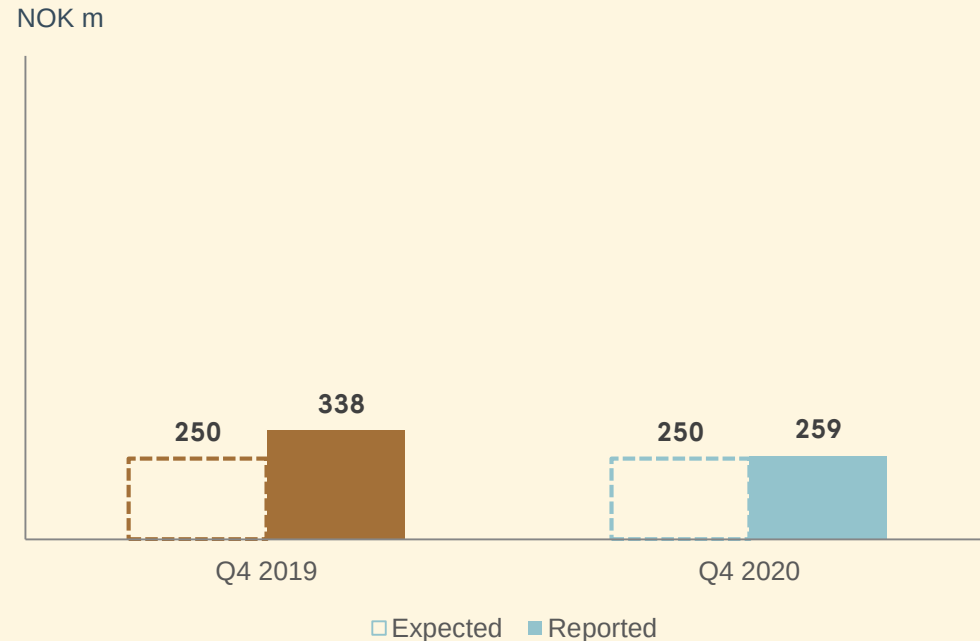


Large losses per segment – actual vs. expected

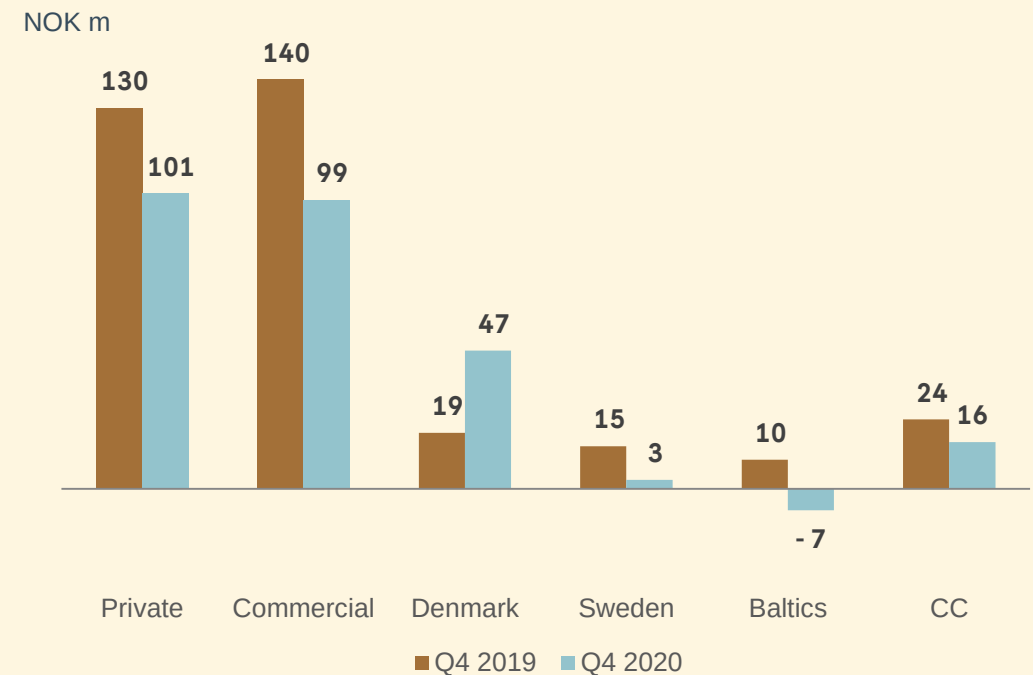


Run-off gains 3.8 percentage points in Q420 – marginally higher than expected

Run-off net



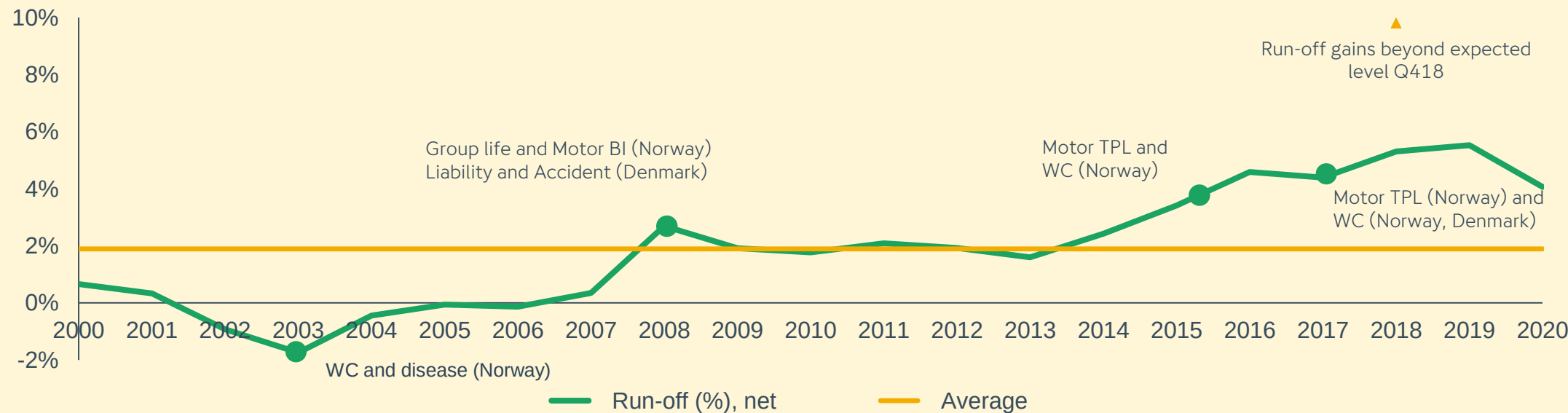
Run-off net per segment



Run-off development

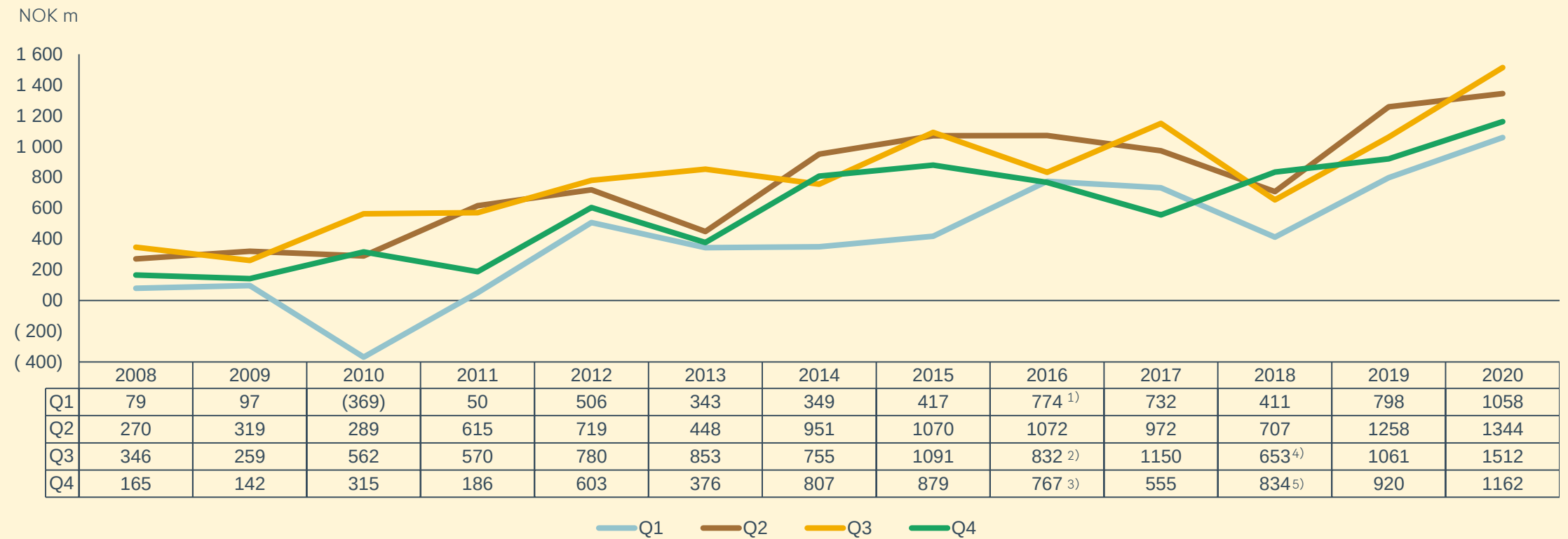
Expected average annual run-off gains of ~4 pp (~NOK 1bn) through 2022

Run-off % of
earned premium



Quarterly underwriting results

- seasonality in Nordic general insurance



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 tac 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.

Norwegian Natural Perils Pool in brief

Details regarding the pool

- As per 01.01.2021 the premium rate is set to 0.065 per thousand of the fire insurance amount, no change from 2020
- Natural perils damages in Norway:
 - NOK 0-1,500m covered by general insurance companies based on national market share
 - NOK 1,500m-16,000m covered by the Norwegian Natural Perils Pool's reinsurance programme
 - Maximum compensation per event is NOK 16,000m
- No limit for the frequency of events

Objects covered

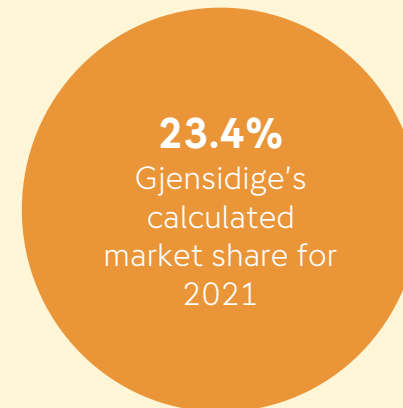
- Fire insurance coverage for buildings and contents in Norway includes coverage for natural catastrophes
- The pool does not cover loss of profits, motor vehicles, leisure boats, and certain other items, which are covered through ordinary insurances
- For damages on private property that cannot be insured, e.g. roads, bridges, farmland and forests, coverage may be sought through the National Natural Perils Fund

Handling of natural perils claims

- The customers report claims to own insurance company
- The insurance company reports claims on to Finance Norway, who coordinates the Norwegian Natural Perils Pool
- Share of claims is allocated to the companies based on national market share for fire insurance
- Through own accounts, the companies cover the allocated claims costs

Gjensidige specific

- Gjensidige is a reinsurer for the pool, for it's own market share



- Natural perils claims are booked in the same month as the claim occurs



Practical example, natural perils claim in Norway

Example: Natural perils event

A natural perils event covered by the Norwegian Natural Perils Pool occurs and is defined by Finance Norway as a single event. The total industry claims exceed NOK 1,500m

- Gjensidige is allocated its share of the NOK 1,500m claim from the pool
- Gjensidige is in addition allocated its share of the amount exceeding NOK 1,500m, as a reinsurer for the pool
- Gjensidige receives claims directly, for damages not covered by the pool
- Gjensidige's total claims related to the natural perils event exceeds Gjensidige's retention level and hits the catastrophe reinsurance programme
- Gjensidige's net impact for this event is around NOK 200m if the event occurs

Investment strategy supporting high and stable nominal dividends

Match portfolio

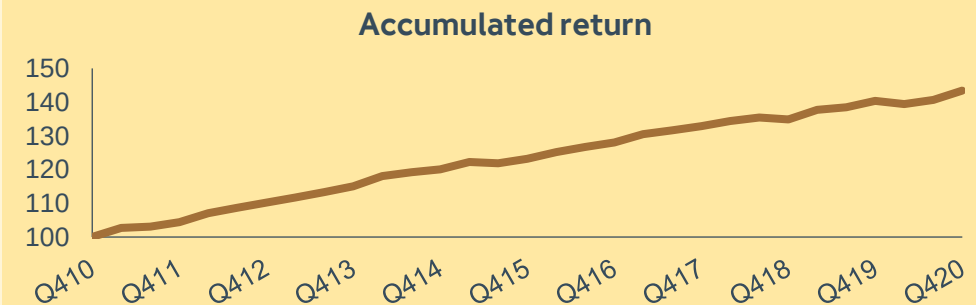
- Duration and currency matching versus technical provisions (undiscounted)
- Credit element for increased returns
- Some inflation hedging

Match 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

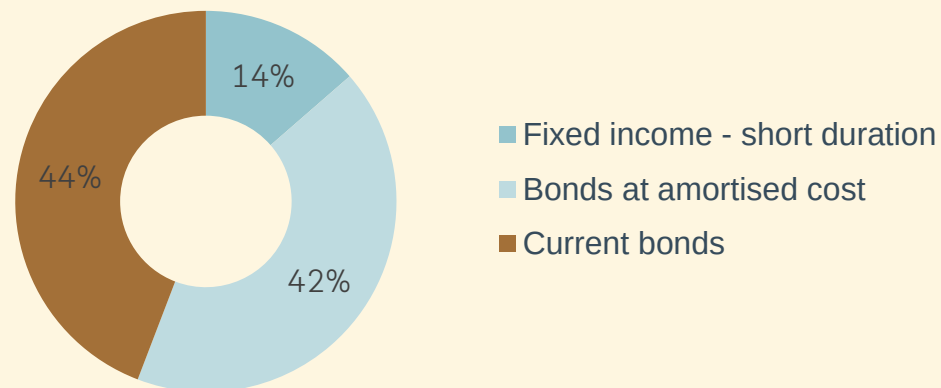
Asset class	Investments, key elements ¹⁾	Benchmark
Match portfolio		
Fixed income – short duration	Norwegian money market	ST1X index
Bonds at amortised cost	Government and corporate bonds	Yield provided in quarterly reports
Current bonds	Mortgage, sovereign and corporate bonds, investment grade bond funds and loan funds containing secured debt	IBOX COR 1-3 years QW5C index
Free portfolio		
Fixed income – short duration	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 31.12.2020

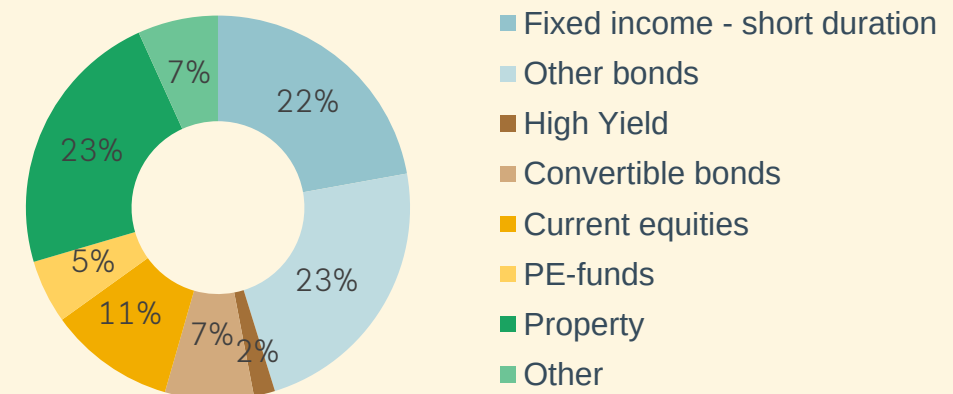
Match portfolio

- Carrying amount: NOK 36.4bn
- Average duration: 3.4 years



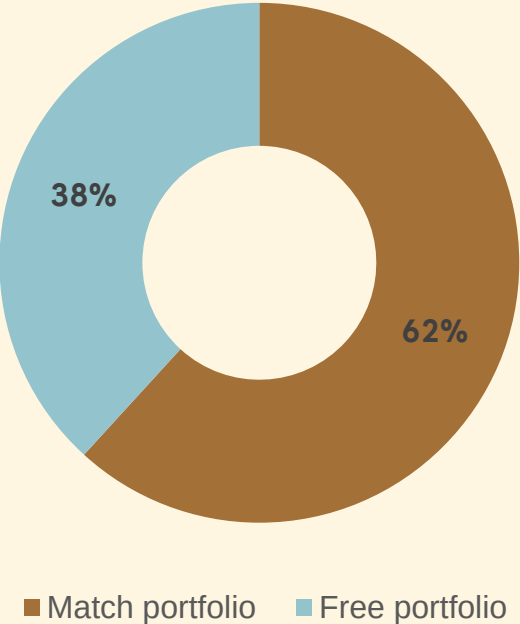
Free portfolio

- Carrying amount: NOK 22.5bn
- Average duration fixed-income instruments: 4.7 years

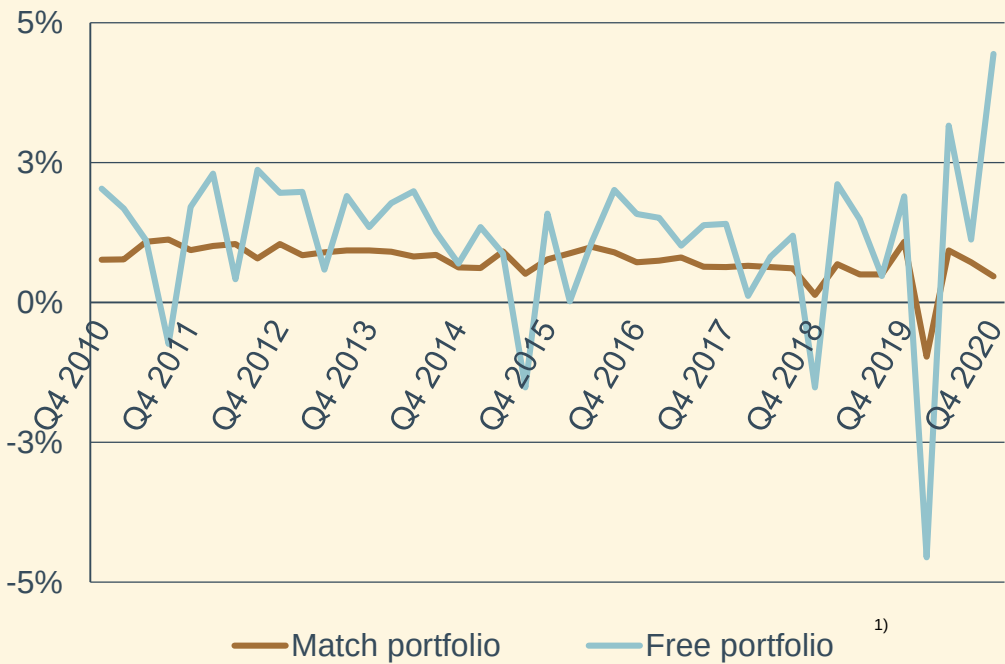


Contribution from the portfolios

Asset allocation as at 31.12.2020



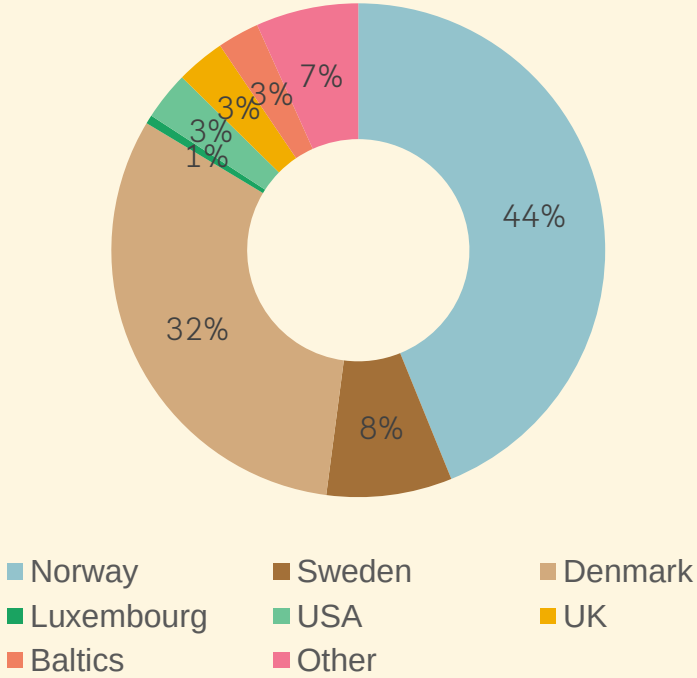
Quarterly investment returns



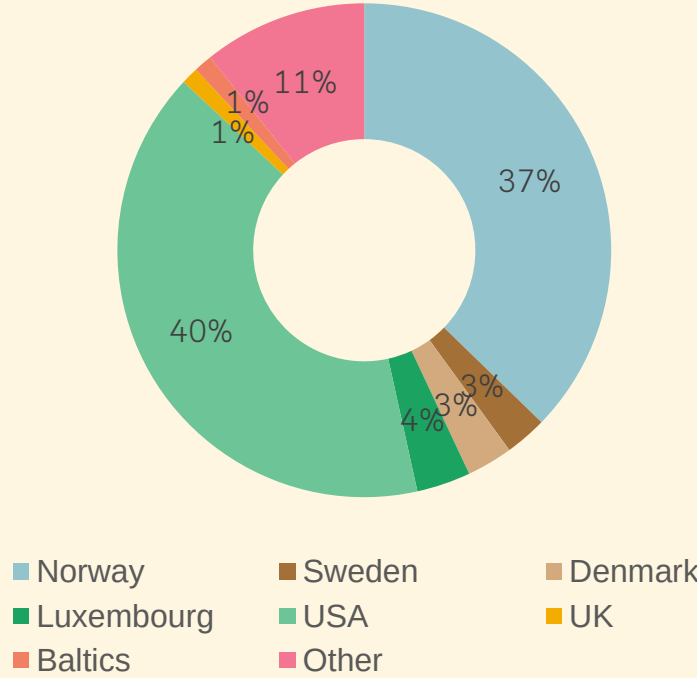
¹⁾ Prior to 2014 former associated companies were not included in the Free portfolio.

Balanced geographical exposure

Match portfolio



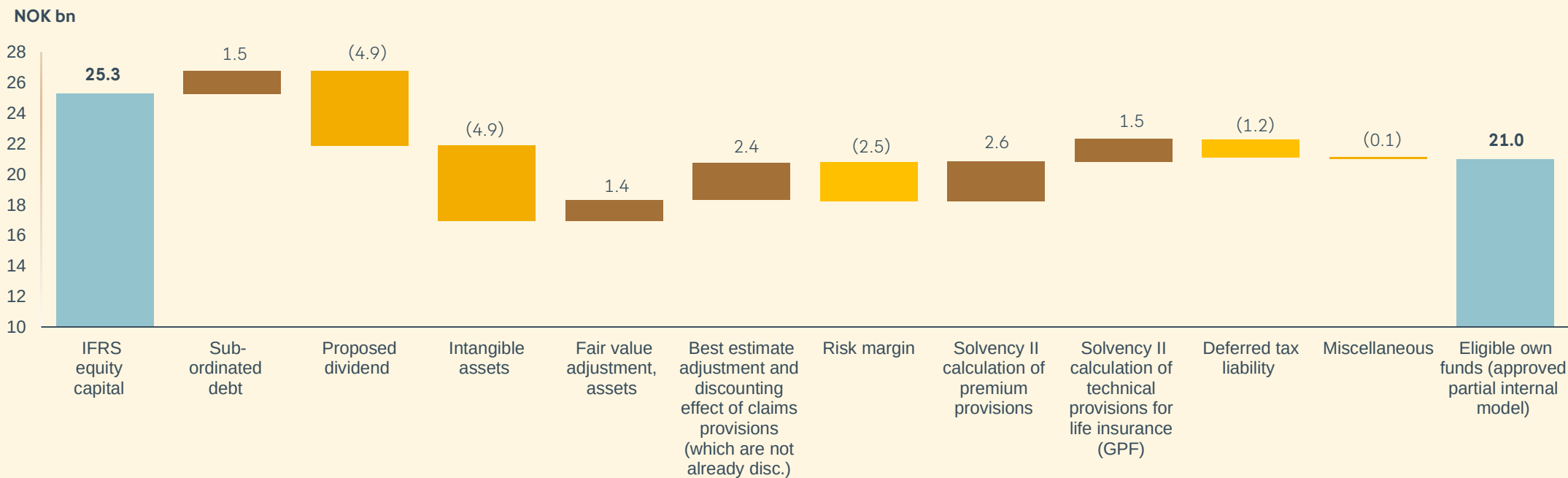
Free portfolio, fixed-income instruments



Figures as at 31.12.2020. Geographical distribution relates to issuers and does not reflect actual currency exposure.

Solvency II eligible own funds as of 31.12.20

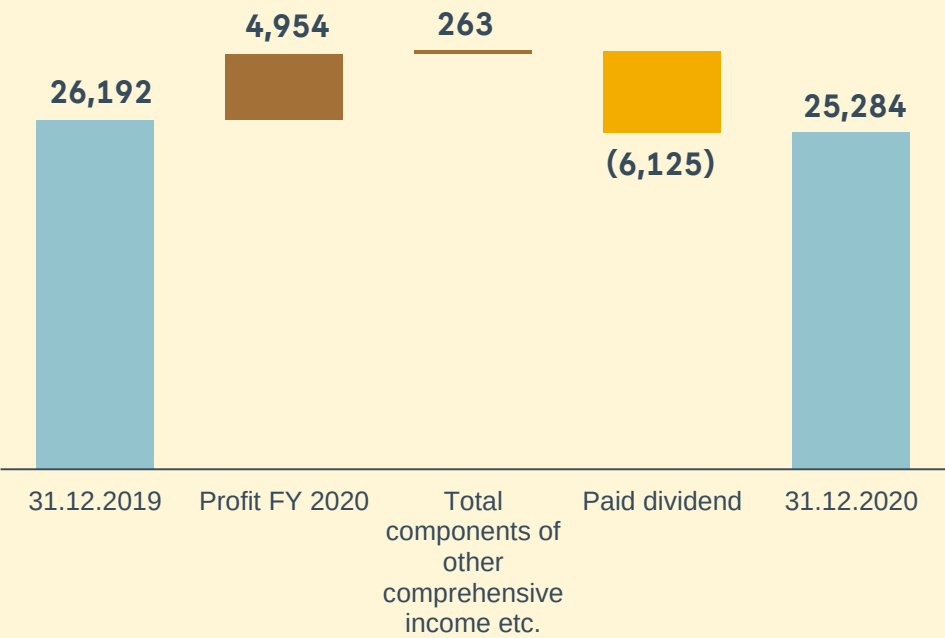
Bridging the gap between IFRS equity and Solvency II capital



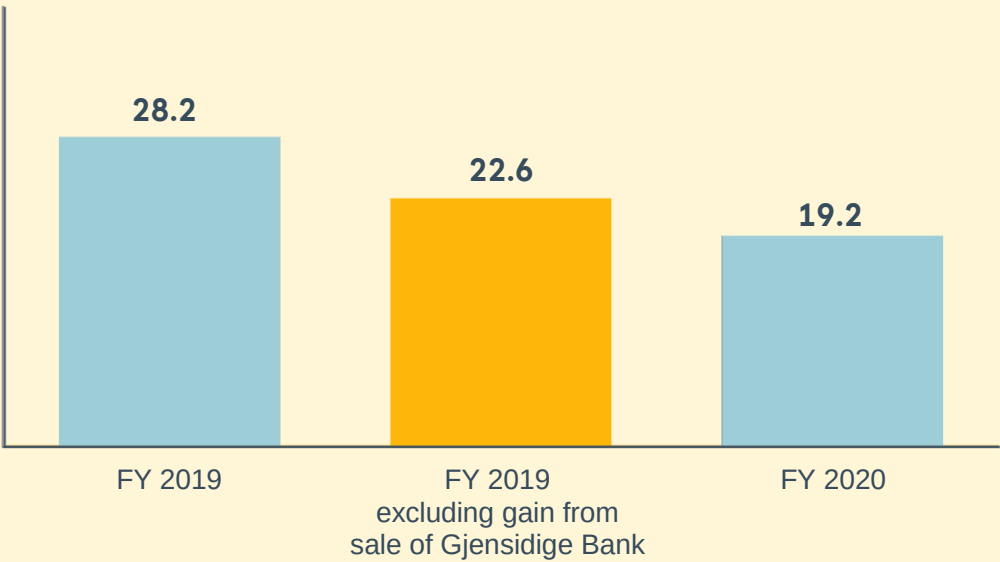
Figures as at 31.12.2020. GPF = Gjensidige Pensjonsforsikring. Deferred tax: All differences in valuation of assets and liabilities are adjusted for tax. Tax is assumed on the security provision. Miscellaneous: Main effects are related to the guarantee scheme provision and different valuation of Oslo Areal.

Annualised return on equity 19.2 per cent

Equity (NOK m)

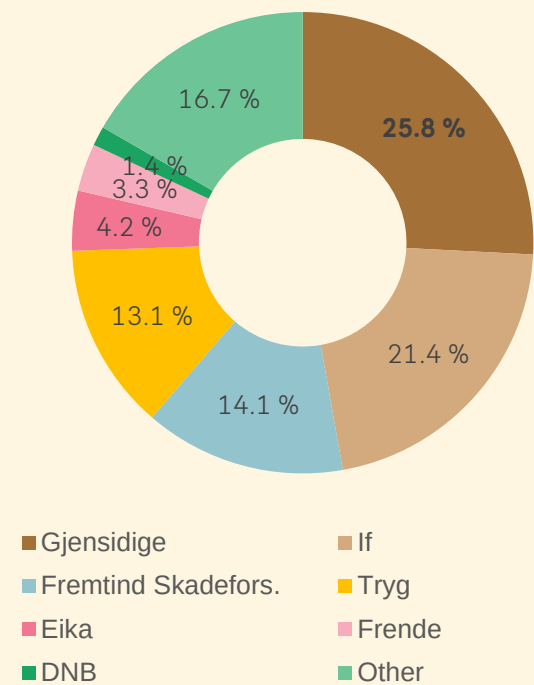


Annualised return on equity (%)

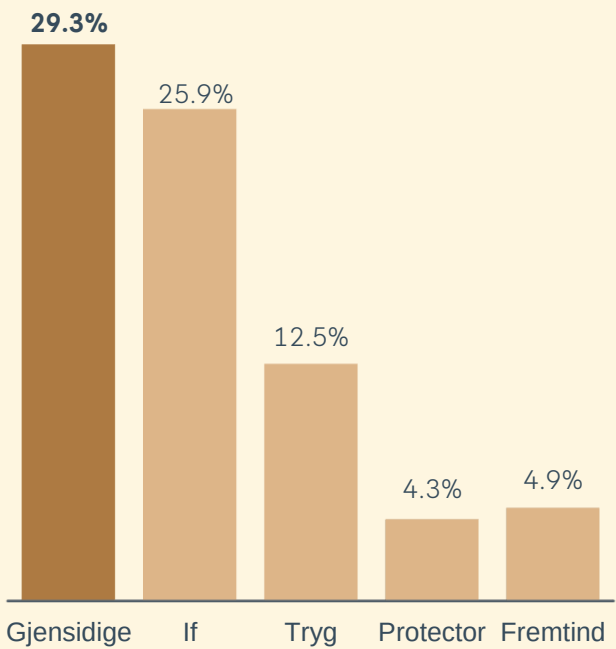


Market leader in Norway

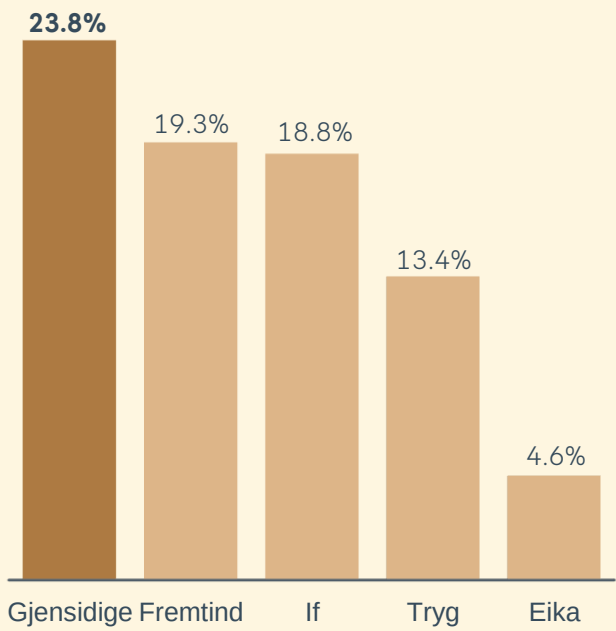
Market share – Total market



Market share – Commercial



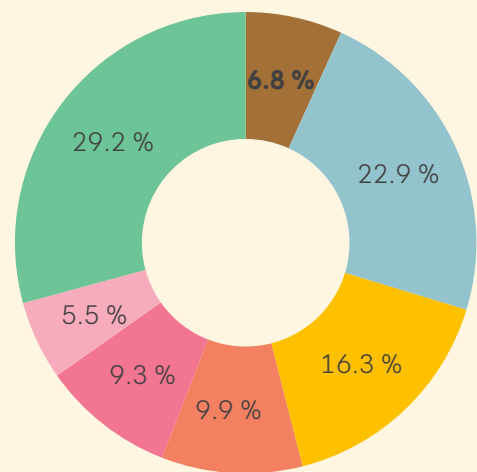
Market share – Private



Source: Finance Norway, non-life insurance, 3rd quarter 2020

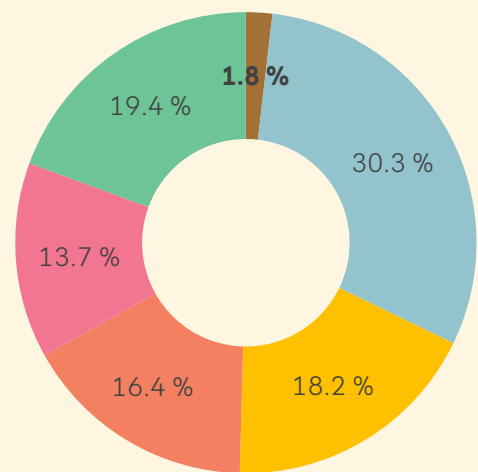
Growth opportunities outside Norway

Market shares Denmark



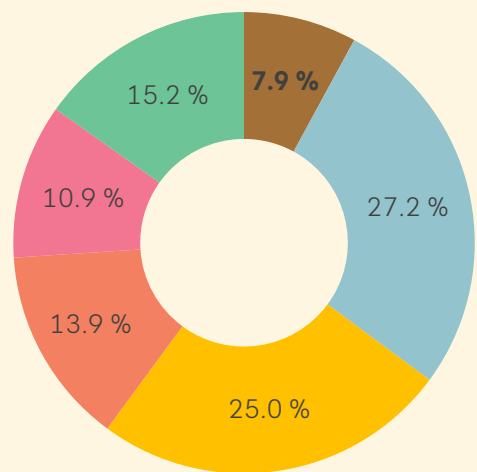
- Gjensidige
- Topdanmark
- Alm.Brand
- Other
- Tryg
- Codan
- If

Market shares Sweden



- Gjensidige
- If
- Trygg Hansa
- Länsförsäkringar
- Folksam
- Other

Market shares Baltics



- Gjensidige
- PZU
- If
- Vienna
- Ergo
- Other

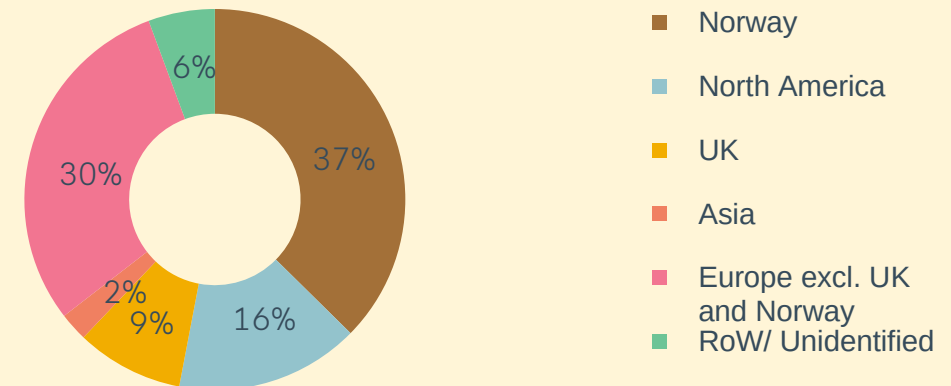
Sources: Insurance Sweden, 3rd quarter 2020 (Gjensidige including Vardia), The Danish Insurance Association 4th quarter 2019.
Baltics Insurance Supervisory Authorities of Latvia and Lithuania, Estonia Statistics, competitor reports, and manual calculations, 3rd quarter 2020

Stable and predictable ownership

10 largest shareholders per 31 December 2020 ¹⁾

No	Shareholder	Stake (%)
1	Gjensidigestiftelsen	62.24
2	Folketrygdfondet	4.29
3	Deutsche Bank	3.58
4	BlackRock Inc	3.04
5	Nordea	1.36
6	State Street Corporation	1.11
7	Svenska Handelsbanken Group	1.08
8	The Vanguard Group, Inc	1.00
9	Danske Bank	0.95
10	ORIX Corporation	0.92
Total 10 largest		79.41

Geographical distribution of shares ²⁾



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 31 December 2020. 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).



Gjensidige